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## Memtech garners growth momentum as revenue climbs to US\$41.6 million for 1Q2018

- Excluding foreign exchange losses, core business operations continue to perform as net profit remains stable at US\$1.8 million
- Backed by a resilient balance sheet with a net cash position of US\$28.9 million, capital expenditure more than doubles to US\$3.8 million as the Group lays the foundation for a stronger second half
- New project wins in the Automotive and Consumer Electronics segments from key multinational customers are expected to ramp up in 2H2018

**Singapore, 25 April 2018** – Singapore Exchange Mainboard-listed Memtech International Ltd. (“Memtech” or “the Group”), a global components solution provider, has announced its financial results for the first quarter (“1Q2018”) ended 31 March 2018.

Financial Highlights (US\$'000)	1Q2018	1Q2017	Change %
<b>Revenue</b>	41,613	36,438	14.2
<b>Gross Profit</b>	6,053	6,594	(8.2)%
<b>Gross Profit Margin (%)</b>	14.5	18.1	(3.6) pts
<b>Profit Attributable to Owners of the Company (“PATMI”)</b>	1,337	1,597	(16.3)%
<b>PATMI excluding FX losses</b>	1,800	1,661	8.4%
<b>Net Profit Margin (%)</b>	3.2	4.4	(1.2) pts
<b>Earnings per Share – Basic (US cents)</b>	0.9	1.1	(18.2)%
<b>Net Asset Value per Share (US cents)</b>	93.2	79.9	16.6

Driven by growth in the Group’s Automotive and Industrial & Medical segments, revenue climbed 14.2% year-on-year (“yoy”) to US\$41.6 million for 1Q2018. The Group’s Automotive segment, which accounted for 54.3% of total revenue, increased 25.5% yoy to US\$22.6 million. Similarly, the Industrial & Medical segment more than doubled to US\$3.7 million driven by the launch of new products going into mass production.

Conversely, the Group’s Consumer Electronics segment declined 5.3% yoy to US\$11.4 million. The decline can be attributed to (1) the Group’s strategy to shift its focus towards the production of high-margin, complex engineering parts, (2) lower demand from certain customers as they refresh product lines transitioning to newer models and new products

The Group’s gross profit declined 8.2% yoy to US\$6.1 million. This was mainly attributed to more pronounced labour shortage, reduced labour efficiency and lower manufacturing yield. The lower manufacturing yield was the result of the allocation of resources for a key customer as the Group undergoes the preparation phase of testing and small batch production for an expected mass production in 2H2018. Correspondingly, the Group’s gross profit margin declined from 18.1% to 14.5%.

The Group's other operating income increased to US\$0.8 million for 1Q2018 as the Group received government incentives and subsidies due to its use of innovative manufacturing technologies.

While business development efforts to expand the Group's customer base have yielded positive results, a similar commitment has been channeled to tightening cost controls as sales and marketing expenses decreased 13.6% yoy to US\$1.8 million.

Over the quarter, the Group reported foreign exchange losses amounting to US\$0.5 million due to the depreciation of the US Dollar against the Chinese Renminbi.

Due to the above factors, the Group reported a 16.3% yoy decline in net profit attributable to owners of the Company amounting US\$1.3 million for 1Q2018. Excluding the impact of foreign exchange losses amounting US\$0.5 million, the Group's net profit would be comparable to 1Q2017.

The Group's resilient balance sheet remained healthy with cash and cash equivalents of US\$33.8 million as at 31 March 2018. After factoring total borrowings amounting US\$4.9 million, the Group's net cash position stood at US\$28.9 million (31 Dec 2017: US\$30.1 million).

Commenting on the Group's FY2017 results, **Executive Chairman Mr. Chuang Wen Fu said**, *"We have laid a strong foundation for the future as our growth strategies for the remainder of the year remain on track. In addition to the investments we have made over the past two years, we have increased capital expenditure to US\$3.8 million for 1Q2018 in preparation for upcoming projects as we look to capitalise on growth opportunities within our Automotive and Consumer Electronics segments.*

*The decline in our profitability margins during the quarter was due to seasonality faced industry-wide but we expect improvements going forward. Nevertheless, we are relentless in our pursuit to further automate our processes and enhance operational efficiency to ensure sustainable margin improvements for the long term.*

*One of the Group's key competitive advantages can be found in our consistent ability to provide solutions for our customers. In this light, we are working together with a major US multinational customer for projects that are expected to enter the ramp up phase in the second half of FY2018. Leveraging on our material science know-how, our business development initiatives have also translated to potential opportunities with new customers in areas such as electric vehicles, smart home devices and audio-related products. Within each segment, our strategy of diversifying into the production of high-margin complex engineering parts has gained momentum as the focus on earnings quality remains at the core of our operations.*

*Backed by our resilient balance sheet with its net cash position of US\$28.9 million, we are confident in executing the growth strategies planned for the year ahead. Despite the potential headwinds in a challenging business environment, we remain cautiously optimistic on our outlook."*

**– The End –**

**About Memtech International Ltd (Bloomberg Code: MTEC:SP)**

Listed on the Mainboard of the Singapore Stock Exchange in 2004, Memtech is a global components solution provider working with our partners in the business of Automotive Components, Industrial & Medical, Mobile Communications and Consumer Digital devices.

The Group is a Singapore-based company with three manufacturing sites in the People's Republic of China ("PRC"): Dongguan, Kunshan & Nantong. Besides a wide network of sales and engineering offices in the PRC, the Group also has offices in Germany, Japan, U.S.A and Taiwan to support its global reach of products and services.

Memtech's customers include major automotive suppliers Hella, Magna, Lear, Denso, and Kostal. The Group also provides solutions to major car manufacturers including VW, GM and most recently Tesla; leading manufacturers including Foxconn and Celestica, along with renowned brands such as Huawei, Lenovo, Samsung, and Netgear.

For more information, please visit [www.memtechchina.com](http://www.memtechchina.com)

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