



THESTRATECH GROUP LIMITED

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MEDIA RELEASE

Singapore, 27 May 2015

Stratech reports a strong 4Q FY15 net profit of S\$2.4m, driven by its flagship iFerret™ system

- Sees sharp 355% rise in revenue, mainly from the installation of its proprietary iFerret™ FOD detection system at two global airline hubs
- Expects recently awarded contracts for airfield surveillance in Hong Kong and Singapore to contribute to earnings in FY16
- Growing recurrent income from maintenance as more iFerret™ systems are installed around the world

The Stratech Group Limited (Stratech or the Group) has reported a net profit of S\$2.4 million for the fourth quarter of the financial year ended 31 March 2015 (4Q FY15) – a sharp turnaround from the net loss of S\$1.8 million seen in 3Q FY15.

Group revenue also spiked – by 355% to S\$6.0 million, against S\$1.3 million previously – following the completion or near-completion of key contracts and commencement of new contracts. They include the installation of its flagship iFerret™ *intelligent* Airfield/Runway Surveillance and Foreign Object & Debris (FOD) Detection System at Dubai International Airport in the U.A.E. and Hong Kong International Airport.

Work done at these two global commercial aviation hubs and the installation of iFerret™ at the air base of one of the world's top air forces – helped lift Stratech's full-year (FY15) revenue by 48% to S\$16.5 million.

Since its certification by the US Federal Aviation Administration in 2012, this cutting-edge product has been key to Stratech's growth, boosting gross profit from S\$0.8 million in FY13 to S\$9.6 million in FY15.

Executive Chairman Dr. David K.M. Chew (周健謀), said: "The market has woken up to iFerret™ and the use of modern technology for more effective airfield/runway surveillance, so FOD detection is now taking off rapidly."



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“Stratech is ready to ride this wave as we have a superior product in iFerret™ – we have invested in our people, improved our operating efficiency and restructured our Group in anticipation of this uptrend.”

These investments have resulted in higher staff expenses of S\$0.4 million and a restructuring charge of S\$0.6 million in FY15, so the Group reported a FY15 net profit of S\$0.7 million against the previous year’s S\$1.5 million. The restructuring, which saw the company relist as The Stratech Group Limited in April, will enable it to streamline its key product groups into distinct operating subsidiaries, as it moves to capture new business opportunities and attract strategic equity partners.

The Group recently won a joint bid worth HK\$280 million (approximately US\$36.88 million) to install iFerret™ at Hong Kong International Airport. Furthermore, Changi International Airport – the first to install the system, back in 2009 – has awarded Stratech a contract to upgrade the existing runway surveillance and FOD detection system.

Commenting on the Group’s prospects, Dr. Chew added: “We expect these two contracts to contribute to our FY16 earnings.

“At the same time, we plan to build a growing recurrent income from maintenance as we install more iFerret™ systems around the world.”

ABOUT STRATECH

Relisting: 6 April 2015

The Stratech Group Limited is a market leader in technology innovation, whose key breakthroughs include intelligent vision systems – highly sophisticated and adaptive technologies that provide precise image processing solutions for surveillance and security. Building on its long expertise in developing mission-critical e-systems for both government and business clients, it is now making swift inroads into the aerospace sector.

In particular, the iFerret™ airfield/runway surveillance system – which can detect, track and display foreign objects and debris (FOD) in real time – has gained international recognition since it was certified by the US Federal Aviation Administration in 2012. This certification opens up vast opportunities in the global civil aviation market, especially with the heightened focus on airport safety and security. Customers of the system include Singapore’s Changi Airport, Dubai International Airport and Hong Kong International Airport.



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Moreover, the state-of-the-art system was recently selected by one of the world's top Air Forces for its airbase. The contract included iFerret™'s rapid airfield damage assessment system (RADAS), which can chart damage resulting from enemy attacks. The passive sensor technology used by iFerret™ makes it far more suitable than conventional radar-based systems for airbase deployment.

Stratech has designed and rolled out other innovative solutions for a wide array of markets worldwide. These premier products include the iVACS® Intelligent Vehicle Access Control System, the Super Bulls Eye® Advanced Weapons Scoring System and the VIPS® Vessel Identification and Positioning System. iVACS® recently clinched a major contract for a Smart City Project in the Middle East.

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