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Memtech more than double net profit to US\$14.1 million for FY2017

- Revenue rises 6.9% yoy to a record US\$170.0 million driven by growth across the Group's Automotive, Consumer Electronics and Industrial & Medical segments
- Higher revenue coupled with a strategic shift to producing higher margin and complex products drives a 21.8% yoy increase in gross profit to US\$30.9 million while gross profit margin expands 2.2 percentage points to 18.2%
- Robust core business operations generate strong positive operating cash flows of US\$12.3 million; balance sheet strengthens to a net cash position of US\$30.1 million (31 Dec 2016: US\$22.8 million)
- Confident in the Group's outlook, the Board of Directors recommends an increase in final dividend to 5.5 Sing cents per share (FY2016: 2.5 Sing cents)
- Growth momentum set to continue as the Group remains poised to capture opportunities in the Automotive and Consumer Electronics segments with new project wins amongst key multinational customers expected to ramp up in 2H2018

Singapore, 27 February 2018 – Singapore Exchange Mainboard-listed Memtech International Ltd. ("Memtech" or "the Group"), a global components solution provider, has announced its financial results for the fourth quarter ("4Q2017") and twelve months ("FY2017") ended 31 December 2017.

Financial Highlights (US\$'000)	4Q2017	4Q2016	Change %	FY2017	FY2016	Change %
Revenue	49,614	47,933	3.5	170,013	159,005	6.9
Gross Profit	9,306	9,191	1.3	30,937	25,395	21.8
Gross Profit Margin (%)	18.8	19.2	(0.4) pts	18.2	16.0	2.2
Profit Attributable to Owners of the Company	3,759	4,020	(6.5)	14,125	6,270	125.3
Net Profit Margin (%)	7.6	8.4	(0.8) pts	8.3	3.9	4.4 pts
Earnings per Share – Basic (US cents)	2.7	2.9	(6.9)	10.0	4.5	122.2
Net Asset Value per Share (US cents)	90.1	78.5	14.8	90.1	78.5	14.8

Despite an increasingly competitive business landscape, the Group reported a 6.9% year-on-year ("yoy") increase in revenue to a record US\$170.0 million for FY2017. This growth in topline was led by the Automotive segment which increased 14.2% yoy to US\$79.6 million while the Consumer Electronics segment increased 5.9% yoy to US\$58.6 million. Similarly, the Industrial & Medical segment recorded the highest growth, reporting a 24.6% yoy surge in revenue to US\$11.9 million.

During the year, a conscious effort was made to shift the Group's focus towards the production of high-margin, complex engineering parts. Coupled with ongoing efforts in increasing automation and improvements to operational efficiency, gross profit increased 21.8% yoy to US\$30.9 million. Correspondingly, gross profit margin expanded 2.2 percentage points to 18.2%, the Group's highest over the past five years and testament to the successful repositioning of its product mix.

The Group's other operating income increased to US\$5.8 million for FY2017. This was primarily attributed to the one-off disposal gain amounting US\$3.2 million from the sale of the Group's land and factory in Huzhou, China.

Notwithstanding business development efforts to expand the Group's customer base, similar commitment has been channeled to tightening cost controls as sales and marketing expenses decreased 10.3% yoy to US\$8.1 million.

Fueled by an increasingly complex product mix and improvements to operational efficiency, the Group reported a 122.2% yoy surge in net profit to US\$14.1 million.

The Group continued to generate strong positive operating cash flows amounting US\$12.3 million for FY2017. This led to a strengthening of the Group's resilient balance sheet as cash and cash equivalents increased to US\$34.9 million as at 31 December 2017. After factoring total borrowings amounting US\$4.8 million, the Group's net cash position improved to US\$30.1 million (31 Dec 2016: US\$22.8 million).

Commenting on the Group's FY2017 results, **Executive Chairman Mr. Chuang Wen Fu said**, *"This year's financial performance reflected the strong operational execution of strategic initiatives focused on improving earnings quality. During the course of the year, we prioritised efforts to enhance product mix as we were able to successfully diversify away from lower margin activities to producing higher margin complex engineering parts for our customers. Furthermore, we are relentless in our pursuit to further automate our processes and enhance operational efficiency to ensure sustainable margin improvements."*

The successful repositioning of our product mix has been the culmination of our diversification strategy to capture the tremendous growth opportunities within segments such as Automotive and Consumer Electronics. We are working hand in hand with customers as we continue to provide value-added solutions to meet their production needs. Together with our niche capabilities, we are gaining traction in increasing allocation with existing customers and broadening our product mix with new project wins. Additionally, we have begun the necessary preparations with a major US multinational customer for projects that are expected to enter the ramp up phase in the second half of FY2018. Having begun small batch production and the submission of prototype samples, we are also excited about the opportunities with new customers in areas such as smart home devices and audio-related products.

Looking ahead, our resilient balance sheet has provided the impetus for us to aggressively pursue our growth strategies. As a signal of confidence in our future and to reward shareholders for their continued support, the Board has recommended an increase in final dividend to 5.5 Sing cents per share (31 Dec 2016: 2.5 Sing cents)."

– 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

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