



89 Short Street, Golden Wall Centre
 #04-01 Singapore 188216
 Tel: (65) 6339 0833
 Registration No: 200312032Z

Memtech reports US\$3.1 million net profit for 3Q2018

- Revenue rises 16.3% yoy to US\$53.7 million driven by robust growth across the Automotive, Consumer Electronics and Industrial & Medical segments
- Gross margin declines 1.5 percentage points to 16.9% due to rising input costs and lower manufacturing yield during the initial ramp up phase for new projects
- Growth within the Consumer Electronics segment impacted by key customers delaying the launch of certain projects where a significant portion of the volume is expected to shift into 1Q2019
- Business development initiatives continue to garner momentum as the Group expects to launch new projects within each business segment in FY2019

Singapore, 8 November 2018 – Singapore Exchange Mainboard-listed Memtech International Ltd. (“Memtech” or “the Group”), a global components solution provider, has announced its financial results for the third quarter (“3Q2018”) ended 30 September 2018.

Financial Highlights (US\$'000)	3Q2018	3Q2017	Change %
Revenue	53,736	46,211	16.3
Gross Profit	9,093	8,493	7.1
Gross Profit Margin (%)	16.9	18.4	(1.5) pts
Profit Attributable to Owners of the Company (“PATMI”)	3,144	3,898	(19.3)
Net Profit Margin (%)	5.9	8.4	(2.5) pts
Earnings per Share – Basic (US cents)	2.2	2.8	(21.4)
Net Asset Value per Share (US cents)	87.3	86.2	1.3

Despite trade war tensions and a more cautious market sentiment, the Group’s revenue increased 16.3% year-on-year (“yoy”) to US\$53.7 million for 3Q2018. The Group registered growth across key segments including the Automotive segment which surged 23.8% yoy to US\$24.8 million. Growth within the Automotive segment was driven by major projects with key customers going into mass production in addition to higher volume from other projects. Similarly, topline growth was supported by the Industrial & Medical segment which rose 76.1% yoy to US\$5.8 million as new projects entered into mass production.

Adding further fuel to the growth in revenue was the Consumer Electronics segment which increased 10.4% yoy to US\$18.8 million. The relatively slower than expected growth within the Consumer Electronics segment was attributed to a key multinational customer delaying the launch of certain projects whereby a significant portion of the volume is expected to shift into 1Q2019. Similarly, within the Consumer Electronics segment, a key multinational customer pushed back the launch of certain projects as it looks to refresh and transition to newer models in FY2019.

While gross profit increased 7.1% yoy to US\$9.1 million, the Group’s gross profit margin declined to 16.9% for 3Q2018. This decline in gross profit margin was attributed to several reasons including rising labour and raw material costs, and lower manufacturing yield during the initial ramp up phase with new customers.

As a result, the Group reported a 19.3% yoy decline in net profit attributable to owners of the Company amounting to US\$3.1 million for 3Q2018.

The Group maintained its resilient balance sheet with cash and cash equivalents of US\$19.2 million as at 30 September 2018. After factoring in total borrowings amounting to US\$3.4 million, the Group's net cash position stood at US\$15.8 million (31 Dec 2017: US\$30.1 million).

Commenting on the Group's third quarter results, **Executive Chairman Mr. Chuang Wen Fu said**, *"Despite the negative trade war sentiment weighing on global supply chains, we registered strong growth across key verticals in the Automotive, Consumer Electronics and Industrial & Medical segments. The relatively subdued growth within the Consumer Electronics segment was the result of key customers delaying the launch their new projects. We expect a significant portion of the volume to ramp up in 1Q2019.*

Leveraging on our niche capabilities in plastic, rubber and hybrid materials, our business development initiatives continue to garner momentum having secured new project wins in key business segments for FY2019. While continuing to monitor the trade war situation closely, we remain cautiously optimistic on our outlook."

While charting steady growth, the Group remains vigilant of the headwinds such as rising costs amid the trade war tensions. Speaking on the Group's strategic long-term initiatives, **Mr. Chuang added**, *"In light of market conditions, the Group is in the preliminary stages of exploring potential manufacturing locations in new geographic regions. In addition to organic growth initiatives, we are also looking into potential inorganic growth opportunities that may be synergistic to our operations."*

– 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

Investor & Media Relations:

James Bywater

Mattias Chia

Financial PR

Tel: +65 6438 2990

memtech@financialpr.com.sg