



## Plover Bay Technologies Announces 2018 Full Year Results

*Growth of recurring revenues from services and software continue to accelerate*

(28 February 2019, Hong Kong) Plover Bay Technologies Limited ("Plover Bay", SEHK stock code: 1523), a world leading SD-WAN technology company, announced its financial results for the year ended 31 December 2018 ("FY18").

Plover Bay reports a revenue of approximately \$41.8 million, gross profit of approximately US\$26.2 million, net income of approximately US\$10.6 million and diluted earnings per share of about US1.04 cents. During the year, the Group improved its management of production flow, inventories and trade receivables, which led to a substantial improvement in cash flows from operations. As a result, the Group has declared a special dividend of HK1.52 cents, in addition to a second interim dividend of HK4.36 cents. Together with the HK2.92 cents interim dividend already paid, total dividend per share for 2018 amounts to HK 8.80 cents, representing a payout ratio of 109%.

### Financial Highlights:

Year ended 31 December (USD'000)	FY17	FY18	Change
Revenue	\$37,132	\$41,806	Up 12.6%
Gross margin %	61.9%	62.6%	Up 0.7 ppt
Operating expense / revenue %	34.4%	34.1%	Decreased 0.3 ppt
Operating income	\$10,654	\$12,245	Up 14.9%
Net profit	\$8,754	\$10,620	Up 21.3%
Net margin %	23.6%	24.5%	Up 0.9 pp
Diluted earnings per share (US cents)	0.84	1.00	Up 19.0%
Cash flow from operations	\$2,808	\$19,491	Up 594.1%

Plover Bay's revenue increased 12.6% year-on-year amid heightened global uncertainties. During the year, warranty and services segment recorded strong growth of 45.5% due to strong organic growth of devices registered for cloud platform and increased promotion of software products. Sales of wired and wireless SD-WAN routers increased at a slower pace of 3.0% and 4.1%, respectively, because of weakness in Asia and other regions as well as longer production lead time due to shortages of certain

electronic components during the year. Geographically, revenue from key markets such as North America and EMEA maintained healthy year-on-year growth of 14.4% and 34.5%, respectively. However, sales to Asia and Other regions fell 12.8% and 10.6% year-on-year due to uncertainties introduced by government changes and global trade policy changes.

Net profit rose 21.3% year-on-year due to multiple factors. First, gross margin further improved from FY17 because of the increased product mix of the warranty and support services segment. Secondly, operating costs as a percentage of revenue decreased 0.3 percentage point as a result of our constant drive to achieve greater cost efficiency. Finally, the Group also had a lower effective tax rate as new tax benefits implemented by the HKSAR Government has been factored in to our income tax expense calculations.

The Group also enhanced its inventory control and trade receivables management during the year, which led to faster turnover of working capital. This resulted in almost 6 times surge in cash flow from operations to approximately US\$19,491,000 in the current period, from US\$2,808,000 in FY17. As at 31 December 2018, the Group's strong net cash position further improved to approximately US\$25,544,000, with a gearing ratio of approximately 4.0%.

**Mr. Keith Chau, CEO of the Group** said “despite the many challenges posed by the ongoing global trade uncertainties, we reached many important milestones during the year. We were recognized as a SD-WAN vendor with strong technical capabilities in wireless connectivity solutions in a report titled “Magic Quadrant for WAN Edge Infrastructure” published by Gartner. We were also selected as one of the 200 companies in “Asia's Best Under a Billion 2018” by Forbes Asia in recognition of our consistent historic growth. These honours will undoubtedly improve the reputation and confidence of our brand among existing and potential customers around the world. We also made significant progress with our research and development efforts during the year. For instance, our new 5G ready high-end SD-WAN routers are now designed with an industry-first modular approach so that users can choose from a range of expansion modules to meet their connectivity needs and provide a simple upgrade path to new connectivity technologies, such as the various 5G interfaces that will be launched in the market soon. We also improved the integration of our cloud platform with our hardware products, facilitating large scale network deployment and management. We also expect to launch new SD-WAN and IoT services which will provide management service providers with disruptive features to gain an edge over their competitors. Looking forward, we anticipate the arrival of 5G will jumpstart the adoption of wireless SD-WAN among enterprises and Internet of Things applications, and we are particularly well positioned as a leader in this area.”

---

## **About Plover Bay Technologies Limited**

Plover Bay Technologies (stock code: 1523) is a world-leading Internet connectivity technology company. The Group is primarily engaged in developing and commercialising SD-WAN solutions under its own brands – ‘Peplink’ and ‘Pepwave.’ The Group also grants software licences and provides support services in connection with its SD-WAN solutions. The Group sells its own branded products to an extensive global network of more than 500 resellers in approximately 70 countries.

For more details, please visit [www.ploverbay.com](http://www.ploverbay.com)

**Enquiries:**

Phone: +852 2990 7667

Email: [ir@ploverbay.com](mailto:ir@ploverbay.com)