



Trek 2000 International Ltd
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FOR IMMEDIATE RELEASE

Trek reports 24.0% rise in net profit to US\$2.2 million for 3Q2017 as core segment maintains growth momentum

- **Improved product mix and new applications drive gross profit margin expansion by 5.0 percentage points to 16.1%, mitigating decline in revenue**
- **Core business operations contribute to a strong balance sheet as the Group generated robust positive operating cash flow of US\$5.5 million**
- **Backed by a net cash position of US\$33.6 million and US\$16.5 million worth of quoted investments, the Group remains well-positioned to execute its growth strategies within the burgeoning Internet of Things (“IoT”) market**

SINGAPORE – 7 November 2017 - Trek 2000 International Ltd. (“Trek” or “the Group”), inventor and patent owner of the ThumbDrive™, board director of SD Card Association¹ and co-chairman of iSDIO forum, has announced its financial results for the three months (“3Q2017”) and nine months ending 30 September 2017 (“9M2017”).

Financial Highlights (US\$ millions)	3Q2017	3Q2016	Change	9M2017	9M2016	Change
Revenue	28.8	43.2	(33.4%)	100.4	124.8	(19.6%)
Gross Profit	4.6	4.8	(3.6%)	17.0	11.6	46.3%
Gross Profit Margin (%)	16.1	11.1	5.0ppt	16.9	9.3	7.6ppt
Net Profit Attributable to Owners of the Company	2.2	1.8	24.0%	5.5	3.6	52.8%
Net Profit Margin (%)	8.2	5.1	3.1ppt	5.7	3.2	2.5ppt
Earnings per share (US cents)	0.68	0.55	23.6%	1.70	1.11	53.2%

Following the disposal of Racer Technology Pte Ltd (“Racer”) on 14 March 2017, the Group has concentrated its efforts within its core electronics and technology business. As a result of the disposal, the Group’s revenue declined 33.4% year-on-year (“yoy”) to US\$28.8 million for 3Q2017.

Despite the decline in revenue, the Group’s gross profit decreased marginally by 3.6% yoy to US\$4.6 million. Correspondingly, the Group’s gross profit margin expanded 5.0 percentage points to 16.1%. The catalyst for this increase has been driven by an improved product mix with a focus on higher margin products. Tightening cost controls related to cost of goods sold has also led to this improvement in profitability.

To further fuel growth in its mainstay Interactive Consumer Solutions (“ICS”) segment, the Group continues to leverage on its specialisation in external storage and security solutions to reinvent and develop new product offerings. Consequently, the Group’s marketing and distribution costs increased to US\$1.3 million for 3Q2017.

Conversely, the Group’s research and development (“R&D”) expenses declined 37.5% yoy to US\$0.5 million. This was mainly attributed to a decrease in staff and patent maintenance costs. Similarly, the Group’s administrative expenses decreased 44.9% yoy to US\$0.9 million due to lower professional fees, depreciation and staff-related costs.

¹ The SD Association is a global ecosystem of companies setting industry-leading memory card standards. (<https://www.sdcard.org/home/>)

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Stemming from the above factors, the Group reported a 24.0% yoy increase in net profit attributable to shareholders amounting US\$2.2 million for 3Q2017.

The Group's core business operations generated robust positive operating cash flow of US\$5.5 million for the quarter. This was supported by a continuous effort to improve working capital cycle, where inventory turnover year-to-date has remained stable at 28 days (9M2016: 27 days) while trade payables turnover declined to 29 days (9M2016: 37 days).

During the quarter, the Group continued to strengthen its balance sheet as net cash and cash equivalents increased to US\$33.6 million as at 30 September 2017 (31 December 2016: US\$28.4 million). In addition, the Group holds US\$16.5 million worth of quoted investments, primarily in corporate bonds which further bolsters its resilient balance sheet.

“Technological developments within the Internet of Things (“IoT”) have led to a host of innovations that have transformed the way we live. In a rapidly evolving technological landscape, we are working tirelessly to position the Group for the future. By leveraging on our history of R&D capabilities and a track record of innovative solutions, our core ICS division continues its growth momentum as we seek to develop disruptive technologies within consumer wearable, medical and cloud technologies.

Year to date, our shift in product mix to high-margin products coupled with enhanced cost controls has translated to improved profitability margins. Amid an increasingly competitive landscape, we continue to streamline operations within our asset-light business model and strengthen our balance sheet to ensure long-term sustainability.

Heading into the remainder of the year, we are confident in our ability to execute our growth strategies. Against the backdrop of a global IoT marketplace that is expected to reach US\$1.29 trillion in 2020², we are well placed to capture prevailing industry trends and capitalise on opportunities for growth within each of our business segments. Our relentless pursuit of innovation will continue to set us apart from the competition and pave the way for future success as we continue to deliver value to our stakeholders.”

- Mr Henn Tan, Executive Chairman and CEO of Trek 2000 International Ltd

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² Financial Times, Digital eyes and ears on: the internet of things takes off, 4 October 2017

About Trek 2000 International Ltd

Trek 2000 International Ltd (“Trek”), an industry leader, innovator, original inventor and patent owner of the ThumbDrive® offers state-of-the-art design solutions ranging from Interactive Consumer Solutions, Wireless, Antipiracy, Compression and Encryption to sophisticated Enterprise Solutions all catering to the fast changing digital industry. Trek with its library of granted patents is represented all over the world and has offices in the U.S., Malaysia, Thailand, India, Hong Kong, Singapore, the Netherlands, China, the Philippines, Vietnam, Indonesia and Japan to serve the rapidly expanding markets across all regions.

A public listed company whose shares are quoted on the Singapore Stock Exchange (SGX:5AB), Trek was named by Forbes Global as one of the Best Small Companies in the World of 2000 and 2002. Trek also received the Best Managed small Company in Singapore by AsiaMoney (of Euromoney), the INVENT Singapore Award 2008 and the ASEAN Business Award for Innovation in 2011. The company was awarded Asia-Pacific Enterprise Leadership Awards for Spirit of Innovation Award in 2013, the SD Association Awards of Excellence in 2014 and conferred the One Asia – Avant-Garde Award and International Management Action Award in 2015. More recently in July 2016, the company was bestowed the prestigious Engineering Feats@IES-SG50 award by the Prime Minister of Singapore.

Trek®, ThumbDrive®, DivaDrive® and Flucard® are trademarks or registered trademarks of Trek Group of Companies in Singapore and / or other countries.

For more information, visit our website at <http://www.trek2000.com.sg>, <http://www.thumbdrive.com>, <http://www.flu-card.com>, <https://www.cloudstringers.com/>

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