



Plover Bay Technologies Announces 2017 Interim Results

Profit Attributable to Owners of the Company Surges 47.6% to US\$4.1 million Revenue Continues to Rise On Robust SD-WAN Adoption

Results Highlights:

1. Revenue rose by around 47.8% to approximately US\$17.8 million (approximately HK\$138.9 million*)
2. Gross profit increased by around 32.6% to approximately US\$10.5 million (approximately HK\$82.0 million*). Gross profit margin decreased 6.8 ppt to around 59.0% mainly due to introduction of new entry level products to drive new user adoption
3. Profit attributable to owners of the Company surged by around 47.6% to approximately US\$4.1 million (approximately HK\$32.3 million*), while net profit margin dipped 0.1 ppt to around 23.2%
4. The Board recommended an interim dividend of HK 2.58 cents per share, an increase of around 49.1%
5. Dividend payout ratio for the six months ended 30 June 2017 was approximately 80% (note 1)

(1 August 2017, Hong Kong) Plover Bay Technologies Limited ('Plover Bay Technologies' or the 'Group', stock code: 1523), a world-leading Internet connectivity technology company and the world's fifth largest SD-WAN router vendor (note 2) today announced its interim results for the six months ended 30 June 2017 (the 'period under review').

During the period under review, the revenue of the Group was approximately US\$17.8 million (approximately HK\$138.9 million*), representing an increase of around 47.8% from approximately US\$12.0 million (approximately HK\$94.0 million*) for the six months ended 30 June 2016. The increase in revenue was mainly attributable to an overall increase in revenue from all of our product and service categories including sale of SD-WAN routers, provision of warranty and support services, and sale of software licences during the period under review. Gross profit for the period under review was approximately US\$10.5 million (approximately HK\$82.0 million*) (six months ended 30 June 2016: approximately US\$7.9 million or approximately HK\$61.9 million*). Gross profit margin was around 59.0%, decreasing around 6.8 ppt (six months ended 30 June 2016: around 65.8%). During the period under review, the Group introduced various new wireless models (including MAX BR1 Mini) with relatively lower margins which helped drive new user adoption, enlarging the Group's addressable market for high-margin multi-WAN routers in the future.

Profit attributable to owners of the Company for the period under review increased by around 47.6% to approximately US\$4.1 million or approximately HK\$32.3 million* (six months ended 30 June 2016: approximately US\$2.8 million or approximately HK\$21.9 million*). The increase was mainly due to the increase in revenue fueled by enhanced global awareness of our brand and SD-WAN technology as well as strong market demand for high performance Internet connectivity and entry into new verticals, partially offset by lower gross margin due to the launch of new lower margin wireless models.

The Group maintained a healthy financial position with cash and cash equivalents amounting to approximately US\$17.3 million (approximately HK\$135.1 million*) as at 30 June 2017. The Board has declared the payment of an interim dividend of HK 2.58 cents per share for the six months ended 30 June 2017, representing a dividend payout ratio of approximately 80%.

Mr. Keith Chau, CEO of the Group, said, 'We are delighted to see that the Group continued to deliver strong financial results during the period under review, highlighted by an impressive 47.6% surge in the net profit. Our sales to North America and Asia experienced remarkable growth in the first half of 2017, with year-on-year increases of approximately 46.9% and 66.0%, respectively. Moving forward, we foresee that the factors that are driving demand for our products will remain valid and strong. First, the emergence of SD-WAN has enabled many applications that were deemed technologically or financially infeasible in the past. Working with our global channel partners, we will continue to explore and grow into new specialised verticals. Second, our proprietary SD-WAN bandwidth bonding technology, SpeedFusion, will continue to gain traction. This technology is key to deliver rapid deployable high definition video surveillance and rapid deployable high bandwidth branch networks in hours instead of weeks. SpeedFusion will also benefit the next generation of high definition connected camcorders and smart cities. Third, cost savings and improved efficiency in corporate branch network infrastructure remain strong factors that drive SD-WAN adoption.

Mr. Keith Chau concluded, 'We will continue to develop new innovative products and expand into new markets. We will release the Advanced Performance SD-WAN (APX) Platform, the industry's most advanced SD-WAN product capable of supporting up to 18 LTE-A connections. This product addresses the increased demand for having a rapid deployable, high bandwidth, full network redundancy SD-WAN products for customers in specialised verticals. We will also launch the SpeedFusion Engine, the industry's smallest SD-WAN product. This compact, small footprint product will allow system builders to integrate SD-WAN capabilities into novel applications such as robotics and drones and digital signage easily. We continue to see tremendous opportunities in the SD-WAN market. We will continue our leadership within this expanding market by delivering disruptive Internet connectivity technologies to industrial, enterprise and service provider customers.

About Plover Bay Technologies Limited

Plover Bay Technologies (stock code: 1523) is a world leading Internet connectivity technology company and the world's fifth largest SD-WAN (Software-Defined WAN) router vendor (in terms of revenue value in 2015). Primarily engaged in developing and commercialising SD-WAN solutions under its own brands – 'Peplink' and 'Pepwave', the Group also grants software licences and provides warranty as well as support services in connection with its SD-WAN solutions. The Group sells its own branded products to an extensive network of more than 400 distributors in approximately 70 countries.

For more details, please visit www.ploverbay.com

Investor Relations Enquiries:

Phone: +852 2990 7667

Email: ir@ploverbay.com

Note:

(1) Dividend payout ratio is calculated by dividing total dividend declared by profit attributable to owners of the Company during the period under review

(2) In terms of revenue value in 2015

** Translated into Hong Kong dollars at the rate of US\$1 to HK\$7.8108, the exchange rate prevailing on 31 July 2017*