

August 14, 2017



Cemtrex Reports Financial Results for the 2017 Fiscal Third Quarter

Total Revenue Increased 13% Year-Over-Year to \$27.8 Million, Book Value Increased 108% to \$3.49 per share from year ago

Farmingdale, NY, Aug. 14, 2017 (GLOBE NEWSWIRE) -- Cemtrex (Nasdaq: CETX, CETXP, CETXW), a world leading industrial and manufacturing leader, today reported its financial results for the three-month and nine-month periods ended June 30, 2017.

“We maintained strong topline growth in the third quarter of fiscal 2017, with total revenue increasing 13% to \$27.8 million, while remaining profitable. Our ability to drive steady revenue growth is evident when looking out over the past couple of years. Our revenue has increased from \$42 million to \$56 million to \$86 million for the nine month periods ended June 30, 2015, 2016 and 2017, respectively,” stated Saagar Govil, Chairman and CEO of Cemtrex. “We are focused on continuing to grow our business through the acquisition of new, high quality customers, as well as expanding organically through our existing customers. In April 2017, we received a record number of new incoming orders for a single month, totaling over \$21 million. Included in these orders is a \$15 million, three year agreement with one of our existing customers, which is the single largest order we have ever received.”

“In addition, we announced the establishment of our new subsidiary, Cemtrex Advanced Technologies along with its first development product, an advanced ‘smart desk.’ It is an exciting time at Cemtrex as we leverage our deep experience in electronics development and manufacturing and focus on bringing to market proprietary technologies that we believe are revolutionary. Our initial products, in line with the innovative ‘smart desk’, will embrace the concept of bringing the workspace environment up to speed with technological advances.”

“Cemtrex is strategically positioned to continue growth organically and through acquisitions. With \$13.2 million in cash and cash equivalents we are consistently evaluating growth opportunities to advance our businesses. This is a pivotal time for the company as we see a strong pipeline in new and existing customers as well as new product development under our subsidiary. We continue to scale the business with shareholder value as a core focus on going,” concluded Mr. Govil.

Fiscal 2017 Third Quarter Business Highlights and Financial Highlights

- **Total Revenue** for Q3 2017 increased 13% to \$27.8 million, compared to \$24.7 million for Q3 2016. This increase was primarily due to the acquisition of Periscope on May 31, 2016.
 - **Industrial Products & Services (IPS) Revenue** for Q3 2017 increased 8% to \$13.5 million, compared to \$12.5 million for Q3 2016. The increase was primarily

due to increased shipment of goods and execution of projects.

- **Electronics Manufacturing Services (EMS) Revenue** for Q3 2017 increased by 17% to \$14.3 million, compared to \$12.2 million for Q3 2016. This increase was primarily due to the acquisition of Periscope, an electronics manufacturing solutions business.
- **Gross Margin** for Q3 2017 was 36%, compared to 33% for Q3 2016.
- **Operating Margin** for Q3 2017 decreased to 5.1% compared to 6.9% for Q3 2016. This is attributable to an increase in operating expenses of 31% to \$8.5 million, compared to \$6.5 million for Q3 2016, which includes an increase of sales, marketing and professional service costs for the 2017 period.
- **Net Income** for Q3 2017 was \$1.2 million or \$0.11 per share, compared to \$1.4 million, or \$0.16 per share for Q3 2016. This decrease was due to increase sales and marketing expenses in the third quarter, and loss on disposal of assets.

Nine Month 2017 Financial Highlights

- **Total Revenue** for the nine months ended June 30, 2017 increased 54% to \$87.7 million, compared to \$56.9 million for the same period in 2016. This increase was primarily due to the acquisitions of Advanced Industrial Services (AIS) and Periscope.
 - **IPS Revenue** for the nine months ended June 30, 2017 increased 27% to \$42.0 million, compared to \$33.2 million for the same period in 2016. The increase was primarily due to increased shipment of goods and execution of projects.
 - **EMS Revenue** for the nine months ended June 30, 2017 increased 93% to \$45.7 million, compared to \$23.7 for the same period in 2016. The primary reason for increased sales was due to the acquisition of Periscope.
- **Gross Margin** for the nine months ended June 30, 2017 was 33%, compared to 31% for the same period in 2016.
- **Operating Margin** for the nine months ended June 30, 2017 decreased to 4.3% from 5.4% in the same period of 2016. This increase was primarily due to an increase of sales, marketing and professional service costs for the 2017 period. Operating expenses increased 68% to \$24.8 million, compared to \$14.8 million for the same period in 2016 due to the increase from the acquisitions of AIS and Periscope.
- **Net Income** for the nine months ended June 30, 2017 increased 2% to \$3.0 million, or \$0.26 per share, compared to \$2.9 million, or \$0.36 per share for the same period in 2016. This increase was primarily due to the acquisitions of AIS and Periscope.

Balance Sheet as of June 30, 2017:

- Cash and Cash equivalents were \$13.2 million or \$1.28 per share.
- Book value was \$3.49 per share.

Conference Call and Webcast Information

Centrex will host a conference call with the investment community on Thursday, August 14th at 11:00 a.m. Eastern Time featuring remarks by Saagar Govil, Chairman and CEO of

Cemtrex. The dial-in numbers for the conference call are 877-524-8416 (Toll-Free) or 412-902-1028 (Toll). Please call at least five minutes before the scheduled start time.

For interested individuals unable to join the conference call, a replay of the call will be available through August 28, 2017, at 877-660-6853 (Toll-Free) or 201-612-7415 (Toll). Participants must use the following code to access the replay of the call: 13667842.

Cemtrex will also offer a live and archived webcast of the conference call, accessible from the “Investor Relations” section of the Company’s website at <http://www.cemtrex.com/investor-relations/>. The online archive of the webcast will be available for 30 days following the call.

About Cemtrex

Cemtrex Inc. ([CETX](#)) is a global, diversified industrial and manufacturing company that provides a wide array of solutions to meet today’s technology challenges and is rapidly growing through acquisitions. Cemtrex provides: manufacturing services of advanced custom engineered electronics, industrial contracting services, monitoring instruments for industrial processes and environmental compliance, and equipment for controlling particulates, hazardous pollutants and greenhouse gases used in carbon trading globally. [@Cemtrex](#)

Safe Harbor Statement

This press release contains forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements as a result of a number of risks and uncertainties. Statements made herein are as of the date of this press release and should not be relied upon as of any subsequent date. This release may contain non-GAAP financial information and are not calculated or presented in accordance with US GAAP. The Company believes that the presentation of non-GAAP financial measures provides useful information to management and investors regarding underlying trends in its consolidated financial condition and results of operations. The Company’s management regularly uses these supplemental non-GAAP financial measures internally to understand, manage and evaluate the Company’s business and to make operating decisions.

	For the three months ended June 30,		For the nine months ended June 30,	
	2017	2016	2017	2016
Revenues				
Industrial Products & Services Revenue	\$ 13,467,483	\$ 12,468,737	\$ 42,024,611	\$ 33,206,953
Electronics Manufacturing Services Revenue	14,339,173	12,246,116	45,684,285	23,730,693
Total revenues	27,806,656	24,714,853	87,708,896	56,937,646
Cost of revenues				
Cost of Sales, Industrial Products & Services	9,437,556	8,935,388	30,327,245	24,298,643
Cost of Sales, Electronics Manufacturing Services	8,437,194	7,620,796	28,393,397	14,774,708
Total cost of revenues	17,874,750	16,556,184	58,720,642	39,073,351
Gross profit	9,931,906	8,158,669	28,988,254	17,864,295
Operating expenses				

General and administrative	8,526,625	6,461,447	24,833,985	14,805,001
Total operating expenses	8,526,625	6,461,447	24,833,985	14,805,001
Operating income	1,405,281	1,697,222	4,154,269	3,059,294
Other income (expense)				
Other Income (expense)	154,579	94,781	(81,969)	559,287
Interest Expense	(204,992)	(237,665)	(948,360)	(597,826)
Total other income (expense)	(50,413)	(142,884)	(1,030,329)	(38,539)
Net income before income taxes	1,354,868	1,554,338	3,123,940	3,020,755
Provision for income taxes	172,286	123,298	122,197	67,424
Net income	1,182,582	1,431,040	3,001,743	2,953,331
Preferred dividends paid	-	-	332,938	-
Net income available to common shareholders	1,182,582	1,431,040	2,668,805	2,953,331
Other comprehensive income/(loss)				
Foreign currency translation gain/(loss)	891,215	38,392	573,389	(375,709)
Comprehensive income available to common shareholders	\$ 2,073,797	\$ 1,469,432	\$ 3,242,194	\$ 2,577,622
Income Per Common Share-Basic	\$ 0.12	\$ 0.16	\$ 0.27	\$ 0.36
Income Per Common Share-Diluted	\$ 0.11	\$ 0.16	\$ 0.26	\$ 0.36
Weighted Average Number of Common Shares-Basic	10,033,060	8,804,446	9,932,894	8,116,266
Weighted Average Number of Common Shares-Diluted	10,300,022	8,872,966	10,214,020	8,184,552

	June 30, 2017	September 30, 2016
Assets		
Current assets		
Cash and equivalents	\$ 13,241,368	\$ 6,045,521
Restricted Cash	811,569	698,459
Accounts receivable, net	14,576,581	13,568,727
Inventory, net	16,565,678	14,071,627
Prepaid expenses and other current assets	2,102,444	2,475,404
Deferred tax asset	67,000	67,000
Total current assets	47,364,640	36,926,738
Property and equipment, net	16,860,577	17,647,888
Goodwill	918,819	918,819
Other assets	85,203	540,064
Total Assets	\$ 65,229,239	\$ 56,033,509
Liabilities & Stockholders' Equity (Deficit)		
Current liabilities		
Accounts payable	\$ 8,026,375	\$ 7,733,459
Credit card payable	218,204	294,169
Sales tax payable	247,531	263,107
Revolving line of credit	2,823,047	3,454,913
Accrued expenses	3,010,121	5,174,529
Deferred revenue	564,901	1,387,139
Accrued income taxes	1,139,220	1,042,589
Convertible notes payable	520,000	3,748,000
Current portion of long-term liabilities	2,015,434	2,056,887
Total current liabilities	18,564,833	25,154,792

Long-term liabilities		
Loans payable to bank	5,486,709	6,402,228
Notes payable	397,468	1,222,158
Mortgage payable	3,785,016	3,869,066
Notes payable to related party	-	3,599,307
Total long-term liabilities	9,669,193	15,092,759
Deferred tax liabilities	94,000	94,000
Total liabilities	28,328,026	40,341,551
Commitments and contingencies	-	-
Shareholders' equity		
Preferred stock , \$0.001 par value, 10,000,000 shares authorized, Series A, 1,000,000 shares authorized, issued and outstanding at June 30, 2017 and September 30, 2017	1,000	1,000
Series 1, 3,000,000 shares authorized, 1,736,858 and no shares issued and outstanding as of June 30, 2017 and September 30, 2016, respectively	1,736	-
Common stock, \$0.001 par value, 20,000,000 shares authorized, 10,207,739 shares issued and outstanding at June 30, 2017 and 9,460,283 shares issued and outstanding at September 30, 2016	10,207	9,460
Additional paid-in capital	23,350,562	5,230,745
Retained earnings	13,938,466	11,424,900
Accumulated other comprehensive loss	(400,758)	(974,147)
Total shareholders' equity	36,901,213	15,691,958
Total liabilities and shareholders' equity	\$ 65,229,239	\$ 56,033,509

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Source: Centrex Inc.