



## **Pivotal Systems Releases Half Year 2018 Results**

### **Half-Year 2018 Highlights:**

- Half-year results are in line with the Company's expectations of high-profile customer deployment of Pivotal's main products, gas flow controllers: GFC 1000 and GFC 200 while simultaneously achieving cost and operational efficiencies.
- Company demonstrated its new Flow Ratio Controller, 100 SLM GFC and Ultra High Speed GFC at Semicon West 2018.
- Successful completion of the Company's IPO and listing on the Australian Securities Exchange.
- Revenue increased 23% to US\$11.19 million (2017 1H: US\$9.07 million) as a result of increased shipments to customers.
- Cost of Goods Sold (COGS) decreased 6% due to operating efficiency improvements.
- Gross profit increased 159% to US\$4.17 million (2017 1H: US\$1.61 million) with gross margins of 37% exceeding forecasts (2017 1H: 18%).
- EBITDA for the period was -US\$0.17 million (showing decreased losses from the comparable period in 2017 1H: -US\$0.30 million). Normalized EBITDA, excluding the impact of the IPO transaction expenses (US\$0.72 million) was US\$0.55 million.
- Cash flow from operations of US\$0.33 million improved from the same period a year ago (2017 1H: -US\$0.56 million).

**Sydney - 29 August 2018** - Pivotal Systems Corporation ("Pivotal" or the "Company") (ASX: PVS), a leading Silicon Valley based, international technology company, is pleased to announce its half-year results and Appendix 4D for the period ending 2 July 2018.

Pivotal listed on the Australian Securities Exchange ("ASX") on the 2 July, 2018, following the successful Initial Public Offering ("IPO") of CHESS Depositary Interests to raise A\$53.54m (US\$39.54m). Although the funds raised from the IPO were received by the Company on 29 June 2018, the conversion of preferred stock and warrants, issue of new shares, and the official listing of Pivotal Systems Corporation did not occur until 2 July 2018 in Australia. As a result, the Company's half year financial report is presented effective 2 July 2018 to provide a more complete and informative reflection of the position of the Pivotal and its subsidiaries ("Group").

During the half year ended 2 July 2018, the Company continued to bring new gas flow controller (GFC) products to market, and to increase the sales of its existing products. Pivotal's customers include major semiconductor manufacturers, and also the capital equipment companies that serve the semiconductor manufacturing industry.

**Commenting on the Company's first half results, John Hoffman Chairman and CEO, said:** "The first half results are in line with our expectations. We were happy to see the early market acceptance of our High Flow GFC products, both by leading semiconductor manufacturers and by capital equipment companies. This bodes well for our 2019 plans as this new High Flow GFC product line is expected to be material in



our revenue. Adding to our increasing operating leverage, our new production center in Korea has now come on line, and has been accepted by our major customers.”

### **Key highlights and achievements for the first half**

#### *Introduction of the new Flow Ratio Control (FRC) Product*

Pivotal’s newly introduced FRC features 3 channel control, with each channel able to flow two (2) liters per minute. The FRC can be configured for either DNET or EtherCat and is compatible with all current and advanced generation original equipment maker (OEM) tool sets. This prototype was launched with live product demonstrations at the Semicon West trade show in San Francisco, California in July 2018.

#### *Pivotal’s Initial Public Offering*

On 2 July 2018, the Company successfully listed its CHESS Depository Interests (CDIs) on the ASX, following an A\$53.54 million (US\$39.54 million) IPO that was significantly oversubscribed. Moelis Australia and Shaw and Partners were joint lead managers of the listing. Over 40 institutions participated in the IPO, including a strategic customer.

The capital raised by the IPO will be mainly used to expand operations in Korea, Japan, Taiwan, China and the United States, to invest in research and development, and was used to repay an existing bank facility.

#### *Subsidiary in the Republic of South Korea*

On 16 March 2018, Pivotal incorporated a wholly-owned subsidiary in the Republic of South Korea named Pivotal Systems Korea Limited. The subsidiary enables us to better serve important local customers. Additionally, the Company is transitioning operations to the new South Korean production center. The new center brings us closer to key customers while also delivering significant cost efficiencies.

### **Significant Events after the Balance Date**

On 31 July 2018, the Company repaid all outstanding borrowings with Bridge Bank for a total amount of US\$5.07 million.

The Company appointed Mr. Peter McGregor, as an Independent Non-Executive Director and Chair of the Company’s Remuneration Committee on the 23 August, 2018. Mr. McGregor is based in Australia and has extensive corporate governance experience, having served as a Chairman and/or Director (and also as Chairman or member of the Finance/Audit & Risk and Remuneration committees) of a range of ASX-listed, unlisted and not-for-profit companies.



## Full Year 2018 Outlook and Conference Call to Discuss First Half Results

In accordance with the Company's Prospectus dated 22 June 2018, Pivotal maintains its full year 2018 forecast outlook of revenue of US\$30.1m. Mr. Hoffman commented, "In regards to our second half plans, we are winning market share in line with our expectations. As always, the CAPEX timing by the major device manufacturers is being closely monitored by the Company."

A conference call will be held this morning, Wednesday 29 August, at 9.00am AEST. Investors are encouraged to email questions prior to the conference call to [ir@pivotalsystems.com](mailto:ir@pivotalsystems.com).

### Conference call details

At the time of the conference, please dial in with one of the numbers below and provide the **conference ID 720529** to an operator.

<b>Australia Toll Free:</b>	<b>1800 908 299</b>	<b>Australia Alt. Toll Free:</b>	<b>1800 455 963</b>
<b>Australia Local:</b>	<b>+61 2 9007 8048</b>	<b>Australia Alt. Local:</b>	<b>+61 7 3145 4005</b>
New Zealand Toll Free:	0800 452 795		
Hong Kong Toll Free:	800 968 273		
Canada/USA Toll Free:	1855 624 0077		

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### Safe Harbor Statement

This press release and the accompanying Appendix 4D contain forward-looking statements, which address a variety of subjects including, for example, our statements regarding expected, including expected growth rates, expected product offerings, product development, marketing position and technical advances. Statements that are not historical facts, including statements about our beliefs, plans and expectations, are forward-looking statements. Such statements are based on our current expectations and information currently available to management and are subject to a number of factors and uncertainties, which could cause actual results to differ materially from those described in the forward-looking statements. The Company's management believes that these forward-looking statements are reasonable as and when made. However, you should not place undue reliance on any such forward-



looking statements because such statements speak only as of the date when made. We do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law or the ASX Listing Rules. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results, events and developments to differ materially from our historical experience and our present expectations or projections.

**About Pivotal Systems**

Pivotal Systems Corporation (ARBN 626 346 325), is a company incorporated in Delaware, USA, whose stockholders have limited liability. Pivotal Systems provides the best-in-class gas flow monitoring and control technology platform for the global semiconductor industry. The company's proprietary hardware and software utilizes advanced machine learning to enable preventative diagnostic capability resulting in an order of magnitude increase in fab productivity and capital efficiency for existing and future technology nodes.