



FOR IMMEDIATE RELEASE

RADA Electronic Industries Announces Fourth Quarter and Full Year 2018 Results

**2018 revenues of \$28 million;
2019 revenues expected to grow by over 43% to \$40 million**

Netanya, Israel, March 20, 2018 – RADA Electronic Industries Ltd. (NASDAQ: RADA) announced today its financial results for the year and quarter ended December 31, 2018.

Highlights of 2018

- Revenues of \$28 million, representing highest level in over two decades;
- US subsidiary established to capitalize on significant opportunities;
- EBITDA of \$1.9 million; Net Loss of \$0.2 million;
- Year-end net cash position of \$20.8 million.

Management Comments

Dov Sella, RADA's Chief Executive Officer commented, "We are pleased with our continued top line growth in 2018. Furthermore, we see strong acceleration in 2019 and beyond, and expect revenues of \$40 million – up 43% year-over-year for 2019. This will be driven primarily by growth in tactical radars' sales, with strong contribution from the US market."

Continued Mr. Sella, "A major goal in 2019 is to invest in and grow our US business, which will include a new radar production line. This is in order to capitalize on the significant potential we are evidencing, and beginning to realize. We plan to increase our R&D and sales and marketing investments in order to maintain and enhance our leadership position in the market segment of tactical radars for the maneuver force."

"Furthermore, during 2018, we strengthened our balance sheet and have adequate working and investment capital to take advantage of the many opportunities ahead of us. We are very encouraged with the solid level and stability of our gross margins as well as our growth potential ahead," concluded Mr. Sella.

2018 Fourth Quarter Summary

Revenues totaled \$8.4 million in the fourth quarter of 2018, compared with revenues of \$9.1 million in the fourth quarter of 2017. Approximately \$2.5 million of deliveries to the United States, which were ready for delivery by year-end, were delayed to 2019.

Gross profit totaled \$3.0 million in the fourth quarter of 2018 (or 36% of revenues) compared to gross profit of \$2.2 million in the fourth quarter of 2017 (or 24% of revenues).

Operating income was \$1 thousand in the fourth quarter of 2018 compared to operating income of \$0.1 million in the fourth quarter of 2017.

Net loss attributable to RADA's shareholders in the fourth quarter of 2018, was \$0.1 million, or \$0.00 per share, compared to a net profit of \$0.6 million, or \$0.02 per share, in the fourth quarter of 2017. The loss in the fourth quarter was mainly due the impact of the Company's discontinued operations, including the loss of \$159 thousand recorded with respect to the sale of the Company's Chinese subsidiary in December 2018.

EBITDA was \$0.5 million in the fourth quarter of 2018, similar to that of the fourth quarter of 2017.

Full Year 2018 Results Summary

Revenues totaled \$28.0 million, compared to revenues of \$26.2 million in 2017.

Gross profit totaled \$10.1 million (or 36% of revenues) compared to gross profit of \$8.3 million (or 32% of revenues) in 2017.

Operating income totaled \$0.2 million (or 0.6% of revenues) compared to operating income of \$2.0 million in 2017.

Net income attributable to RADA's shareholders was \$0.2 million, or \$0.00 per share for the year ended December 31, 2018, compared to a net Income of \$2.2 million, or income of \$0.09 per share, for the year ended December 31, 2017.

EBITDA totaled \$1.9 million compared to EBITDA of \$3.5 million in 2017.

As of December 31, 2018, RADA had **net cash and cash equivalents** of \$20.8 million, compared to \$12.4 million as of year-end 2017. The increase was mainly due to a capital raise of approximately \$12.5 million in 2018.

Investor Conference Call

The Company will host a conference call later today, starting at 10:00 am ET (4pm Israel time). Management will host the call and will be available to answer questions after presenting the results.

Dial in numbers are: US 1-888-668-9141; UK 0800-917-5108; Israel 03-918-0609 and International +972-3-918-0609.

For those unable to participate, the teleconference will be available for replay on RADA's website at <http://www.rada.com> beginning 48 hours after the call.

About RADA Electronic Industries Ltd

RADA Electronic Industries Ltd. is an Israel-based defense electronics contractor. The Company specializes in the development, production, and sales of tactical land radar for force and border protection, inertial navigation systems for air and land applications and avionics systems and upgrades.

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Forward Looking Statements

Certain statements in this press release are "forward-looking statements" within the meaning of the Private Securities Litigation Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially. Such risk uncertainties and other factors include, but are not limited to, changes in general economic conditions, risks in product and technology developments, market acceptance of new products and continuing product demand, level of competition and other factors described in the Company's Annual Report on Form 20-F and other filings with the Securities and Exchange Commission.

Information with Regard to non-GAAP Financial Measures

The Company presents its financial statements in accordance with U.S. GAAP. RADA's management uses supplemental non-GAAP financial measures internally to understand, manage and evaluate its business and make operating decisions. EBITDA is provided in this press release and the accompanying supplemental information because management believes this non-GAAP measure is useful for investors and financial institutions as it facilitates operating performance comparisons from period to period. As presented in this release, the term EBITDA consists of net profit (loss) according to U.S. GAAP, excluding net financing expenses, taxes, depreciation and amortization and ESOP expenses. EBITDA should not be considered in isolation or as a substitute for net profit (loss) or other statement of operations data prepared in accordance with GAAP as a measure of profitability. Reconciliation between the Company's results on a GAAP and non-GAAP basis is provided in the table below.

RECONCILIATION FROM GAAP TO NON-GAAP RESULTS

U.S. dollars in thousands

| | Year ended December 31, | | Three months ended December 31, | |
|-------------------------------|-------------------------|----------------|------------------------------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| Operating Income (loss) | \$165 | \$1,983 | \$1 | \$104 |
| Depreciation | 799 | 638 | 250 | 184 |
| Employees Option Compensation | 898 | 559 | 253 | 168 |
| Other non-cash amortization | 33 | 325 | - | 84 |
| EBITDA | <u>\$1,895</u> | <u>\$3,505</u> | <u>\$504</u> | <u>\$540</u> |

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands, except share and per share data

| | December 31, | |
|---|-------------------------|-------------------------|
| | 2018 | 2017 |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 20,814 | \$ 12,417 |
| Restricted deposits | 422 | 322 |
| Trade receivables (net of allowance for doubtful accounts of \$2 at December 31, 2018 14 at December 31, 2017) | 13,382 | 7,286 |
| Contract Asset | 899 | 1,140 |
| Other accounts receivable and prepaid expenses | 506 | 330 |
| Inventories, net | 11,244 | 7,910 |
| Current assets related to discontinued operations | 1,524 | 2,468 |
| <u>Total current assets</u> | <u>48,791</u> | <u>31,873</u> |
| LONG-TERM ASSETS: | | |
| Long-term receivables and other deposits | 79 | 68 |
| Property, plant and equipment, net | 4,632 | 3,915 |
| Long-term assets related to discontinued operations | - | 319 |
| <u>Total assets</u> | <u>\$ 53,502</u> | <u>\$ 36,175</u> |

CONSOLIDATED BALANCE SHEETS**U.S. dollars in thousands, except share and per share data**

| | December 31, | |
|---|---------------------|------------------|
| | 2018 | 2017 |
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES: | | |
| Trade payables | \$ 5,650 | \$ 2,904 |
| Other accounts payable and accrued expenses | 3,842 | 2,814 |
| Advances from customers | 727 | 41 |
| Contract Liabilities | 366 | 145 |
| Current liabilities related to discontinued operations | 366 | 328 |
| Total current liabilities | 10,951 | 6,232 |
| LONG-TERM LIABILITIES: | | |
| Accrued severance pay and other long term liability | 690 | 758 |
| Total long-term liabilities | 690 | 758 |
| EQUITY: | | |
| Share capital - | | |
| Ordinary shares of NIS 0.03 par value - Authorized: 100,000,000 shares and 37,500,000 shares at December 31, 2018 and December 31, 2017 respectively; Issued and outstanding: 37,516,891 and 31,392,040 at December 31, 2018 and at December 31, 2017 respectively. | 386 | 335 |
| Additional paid-in capital | 118,568 | 104,923 |
| Accumulated other comprehensive income | 220 | 392 |
| Accumulated deficit | (76,961) | (77,124) |
| Total RADA Electronic Industries shareholders' equity | 42,213 | 28,526 |
| Non-controlling interest | (352) | 659 |
| Total equity | 41,861 | 29,185 |
| Total liabilities and equity | \$ 53,502 | \$ 36,175 |

CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands, except per share data

| | Year ended December 31, | | Three months ended December 31, | |
|--|-------------------------|------------|------------------------------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| Revenues: | | | | |
| Products | \$ 26,909 | \$ 25,010 | \$ 8141 | \$ 8,845 |
| Services | 1,123 | 1,172 | 250 | 274 |
| | 28,032 | 26,182 | 8,391 | 9,119 |
| Cost of revenues: | | | | |
| Products | 17,771 | 17,807 | 5,306 | 6,922 |
| Services | 143 | 112 | 36 | 22 |
| | 17,914 | 17,919 | 5,342 | 6,944 |
| Gross profit | 10,118 | 8,263 | 3,049 | 2,175 |
| Operating expenses: | | | | |
| Research and development, net | 3,092 | 1,575 | 1,016 | 689 |
| Marketing and selling | 2,860 | 2,137 | 847 | 653 |
| General and administrative | 4,001 | 2,568 | 1,185 | 729 |
| Total operating expenses: | 9,953 | 6,280 | 3,048 | 2,071 |
| Operating Income | 165 | 1,983 | 1 | 104 |
| Amortization of shareholders' convertible loans discount and beneficial conversion feature (BCF) | - | 103 | - | - |
| Other financial expenses (income), net | (119) | 53 | (72) | (41) |
| Total financial expenses(Income), net | (119) | 156 | (72) | (41) |
| Net Loss from sale of fixed asset | 103 | - | 103 | - |
| Net income (loss) from continuing operations | 181 | 1,827 | (30) | 145 |
| Net Income (loss) from discontinued operations | (404) | 515 | (233) | 512 |
| Net income (loss) | (223) | 2,342 | (263) | 657 |
| Net income (loss) attributable to non-controlling interest | (386) | 103 | (177) | 102 |
| Net income (loss) attributable to RADA Electronic Industries' shareholders | \$ 163 | \$ 2,239 | \$ (86) | \$ 555 |
| Basic net income from continuing operations per Ordinary share | \$ 0.02 | \$ 0.07 | \$ 0.00 | \$ 0.00 |
| Diluted net income from continuing operations per Ordinary share | \$ 0.02 | \$ 0.06 | \$ 0.00 | \$ 0.00 |
| Basic and diluted net income (loss) from discontinued operations per Ordinary share | \$ (0.01) | \$ 0.02 | \$ (0.01) | \$ 0.02 |
| Basic net income per Ordinary share | \$ 0.00 | \$ 0.09 | \$ 0.00 | \$ 0.02 |
| Diluted net income per Ordinary share | \$ 0.00 | \$ 0.08 | \$ 0.00 | \$ 0.02 |
| Weighted average number of Ordinary shares used for computing basic net income (loss) per share | 33,184,570 | 24,956,915 | 34,324,897 | 31,027,341 |
| Weighted average number of Ordinary shares used for computing diluted net income (loss) per share | 33,716,931 | 28,126,509 | 34,823,139 | 33,155,420 |