FOR IMMEDIATE RELEASE

# ORBIT INTERNATIONAL CORP. REPORTS 2019 FIRST QUARTER RESULTS

## First Qtr. 2019 Net Income of $70,000 ($0.02 per diluted share) v. $421,000 ($0.12 per diluted share) in Prior Period

## Board Authorizes New $600,000 Repurchase Plan of Common Stock

Hauppauge, New York, May 7, 2019 - Orbit International Corp. (OTC PINK:ORBT) today announced results for the first quarter ended March 31, 2019.

**First Quarter 2019 vs. First Quarter 2018**

- Net sales were $6,492,000, as compared to $5,349,000.
- Gross margin was 26.0%, as compared to 40.2%.
- Net income was $70,000 ($0.02 per diluted share), as compared to a net income of $421,000 ($0.12 per diluted share).
- Earnings before interest, taxes, depreciation and amortization and stock-based compensation (EBITDA, as adjusted) was $121,000 ($0.03 per diluted share), as compared to EBITDA of $466,000 ($0.13 per diluted share).
- Backlog at March 31, 2019 was $17.9 million compared to $20.6 million at December 31, 2018.

Mitchell Binder, President and CEO of Orbit International Corp. commented, "Our net income for the three months ended March 31, 2019 decreased to $70,000 from $421,000 in the prior year. Our net income for the current period was impacted by lower sales from our Orbit Electronics Group (OEG) due to delays in the receipt of certain contracts in the third quarter of 2018. These delays ultimately had an adverse impact on delivery schedules for the first quarter. However, strong bookings in the fourth quarter of 2018 as well as bookings in the first quarter of 2019 have firmed up delivery schedules for the OEG for the remaining three quarters of 2019. As a result, we expect improved operating results for the remainder of the year. Earnings from our Orbit Power Group (OPG) were solid for the first quarter as deliveries continue on the Common Aircraft Armament Test Sets (CAATS). Deliveries of this product will continue through the first half of 2020. We continue to tightly manage our costs and should take advantage of our operating leverage in future quarters as revenue levels increase, particularly from our OEG."

Binder added, "Despite higher sales, our gross margin for the three months ended March 31, 2019 decreased to 26.0% compared to 40.2% in the prior year. This decrease was expected due to the high percentage of shipment of CAATS units which have a lower gross margin than our other products. There were no shipments of CAATS units in the prior comparable period. Furthermore, our gross margins were adversely affected by lower sales from our OEG during the quarter which historically have higher gross margins when sales levels are higher due to operating leverage."

Mr. Binder continued, "Our backlog at March 31, 2019 was $17,882,000 compared to $20,566,000 at December 31, 2018. The decrease in backlog from the prior year-end was expected and principally due to shipments by the OPG of the CAATS during the first quarter pursuant to our delivery schedule with the U.S. Navy. However, in April 2019, our OPG received an approximately $4,100,000 follow-on purchase order for the production and delivery of an additional 31 CAATS units. This follow-on award brings the total production orders received under the IDIQ contract to $20,000,000. Backlog at our OEG at March 31, 2019 was approximately 5.3% higher than at December 31, 2018."

Mr. Binder added, "We ended 2018 with a strong booking quarter which approximated $6,000,000 and was highlighted by firm bookings by our OEG. Despite a relatively weak first quarter due, principally to delivery schedules, our outlook for 2019 for our OEG again looks strong with significant bookings and deliveries expected in the second half of the year. Aside from the CAATS award received in April 2019, our OPG remains focused on remaining at the forefront of VPX technology as the demand for our VPX power supplies continues to grow. Bookings for our VPX products in 2018 increased by more than 90% over orders received in the prior year with all orders representing pre-production phase. We are hopeful that the value of orders for these VPX products will further increase in 2019 as programs move to the production stage."

David Goldman, Chief Financial Officer, noted, "On January 1, 2019, we adopted the new lease accounting standard (ASC 842). The initial adoption of this standard had no effect on our income statement or beginning retained earnings (accumulated deficit) but created an asset (right of use asset) and a lease liability based on the remaining present value of our operating lease payments. Our tangible book value per share at March 31, 2019 was $4.50 as compared to $4.52 at December 31, 2018 and $4.04 at March 31, 2018 (Note tangible book value per share does not include any additional value for our remaining reserved deferred tax asset)."

David Goldman, Chief Financial Officer, concluded, "At March 31, 2019, our cash and cash equivalents aggregated approximately $2.9 million and our financial condition remained strong as evidenced by our 5.2 to 1 current ratio. Our cash and cash equivalents balance at March 31, 2019 was impacted by an increase in accounts receivable relating to the timing of shipments and cash receipts. To offset future federal and state taxes resulting from profits, we have approximately $8.1 million and $0.6 million in available federal and New York State net operating loss carryforwards, respectively, which should enhance future cash flow."

Mr. Binder concluded, "Because our revenue is tied to the delivery schedules stated in our contracts, it is difficult to judge our performance on a quarterly basis. Despite a relatively weak first quarter, based on our delivery schedules, we expect improved operating performance for the remainder of 2019. Our balance sheet remains very strong and we currently have no bank debt. We continue to make opportunistic repurchases of our stock. We have repurchased 54,308 shares since the beginning of the fourth quarter of 2018 and 617,561 shares since January 1, 2017, approximately 14.7% of our outstanding shares. We believe our backlog is firm and we are well positioned with our customers for future opportunities. Consequently, as a result of our continued confidence in our business outlook and expected operating performance for 2019, our Board of Directors has authorized management to purchase up to an additional $600,000 of our common stock."

Orbit International Corp., through its Electronics Group, is involved in the development and manufacture of custom electronic device and subsystem solutions for military and nonmilitary government applications through its production facility in Hauppauge, New York. Orbit's Power Group, also located in Hauppauge, NY, designs and manufactures a wide array of power products including AC power supplies, frequency converters, inverters, uninterruptible power supplies, VME/VPX power supplies as well as various COTS power sources. The Company also has a sales office in Bradenton, FL.

Certain matters discussed in this news release and oral statements made from time to time by representatives of the Company including, statements regarding our expectations of Orbit's operating plans, deliveries under contracts and strategies generally; statements regarding our expectations of the performance of our business; expectations regarding costs and revenues, future operating results, additional orders, future business opportunities and continued growth, may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and the Federal securities laws. Although Orbit believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be achieved.

Forward-looking information is subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those projected. Many of these factors are beyond Orbit International's ability to control or predict. Important factors that may cause actual results to differ materially and that could impact Orbit International and the statements contained in this news release can be found in Orbit's reports posted with the OTC Disclosure and News service. For forward-looking statements in this news release, Orbit claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Orbit assumes no obligation to update or supplement any forward-looking statements whether as a result of new information, future events or otherwise.

CONTACT
Mitchell Binder
President & Chief Executive Officer
631-435-8300

(See Accompanying Tables)

**Orbit International Corp.**
**Consolidated Statements of Operations**
**(in thousands, except per share data)**

| | Three Months Ended March 31, (unaudited) 2019 | 2018 |
|---|---|---|
| Net sales | $ 6,492 | $ 5,349 |
| Cost of sales | 4,803 | 3,197 |
| Gross profit | 1,689 | 2,152 |
| Selling general and administrative expenses | 1,611 | 1,717 |
| Investment and other (income) expense | (11) | 2 |
| Income before income taxes | 89 | 433 |
| Income taxes | 19 | 12 |
| Net income | $ 70 | $ 421 |
| Basic income per share | $ 0.02 | $ 0.12 |
| Diluted income per share | $ 0.02 | $ 0.12 |
| Weighted average number of shares outstanding**:** | | |
| Basic | 3,554 | 3,594 |
| Diluted | 3,558 | 3,602 |

 

**Orbit International Corp.**
**Consolidated Statements of Operations**
**(in thousands, except per share data)**
**(unaudited)**

| | Three Months Ended March 31, 2019 | | Three Months Ended March 31, 2018 | |
|---|---|---|---|---|
| EBITDA (as adjusted) Reconciliation | | | | |
| Net income | $ | 70 | $ | 421 |
| Income tax expense | | 19 | | 12 |
| Depreciation and amortization | | 21 | | 24 |
| Stock based compensation | | 11 | | 9 |
| EBITDA (as adjusted) (1) | $ | 121 | $ | 466 |
| | | | | |
| EBITDA (as adjusted) Per Diluted Share Reconciliation | | | | |
| Net income | $ | 0.02 | $ | 0.12 |
| Income tax expense | | 0.00 | | 0.00 |
| Depreciation and amortization | | 0.01 | | 0.01 |
| Stock based compensation | | 0.00 | | 0.00 |
| EBITDA (as adjusted) per diluted share (1) | $ | 0.03 | $ | 0.13 |

(1) The EBITDA (as adjusted) tables presented are not determined in accordance with accounting principles generally accepted in the United States of America. Management uses EBITDA (as adjusted) to evaluate the operating performance of its business. It is also used, at times, by some investors, securities analysts and others to evaluate companies and make informed business decisions. EBITDA (as adjusted) is also a useful indicator of the income generated to service debt. EBITDA (as adjusted) is not a complete measure of an entity's profitability because it does not include costs and expenses for interest, depreciation and amortization, income taxes and stock based compensation. EBITDA (as adjusted) as presented herein may not be comparable to similarly named measures reported by other companies.

| Reconciliation of EBITDA, as adjusted, to cash flows (used in) provided by operating activities (1) | Three Months Ended March 31, 2019 | | Three Months Ended March 31, 2018 | |
|---|---|---|---|---|
| EBITDA (as adjusted) | $ | 121 | $ | 466 |
| Income tax expense | | (19) | | (12) |
| Loss on sale of marketable securities | | - | | 6 |
| Net change in operating assets and liabilities | | (1,677) | | (1,201) |
| Cash flows used in operating activities | $ | (1,575) | $ | (741) |

# Orbit International Corp.
## Consolidated Balance Sheets

| | March 31, 2019 (unaudited) | December 31, 2018 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $ 2,890,000 | $ 4,506,000 |
| Accounts receivable, less allowance for doubtful accounts | 3,421,000 | 2,105,000 |
| Inventories | 10,681,000 | 10,127,000 |
| Contract assets | 359,000 | 296,000 |
| Other current assets | 267,000 | 345,000 |
| Total current assets | 17,618,000 | 17,379,000 |
| Property and equipment, net | 284,000 | 266,000 |
| Right of use assets, operating leases | 1,226,000 | - |
| Goodwill | 868,000 | 868,000 |
| Deferred tax asset | 1,123,000 | 1,123,000 |
| Other assets | 30,000 | 30,000 |
| Total assets | $ 21,149,000 | $ 19,666,000 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | $ 1,861,000 | $ 1,273,000 |
| Accrued expenses | 853,000 | 1,175,000 |
| Lease liabilities, operating leases | 436,000 | - |
| Dividend payable | 143,000 | 36,000 |
| Customer advances | 72,000 | 171,000 |
| Total current liabilities | 3,365,000 | 2,655,000 |
| Lease liabilities, operating leases | 873,000 | - |
| Total liabilities | 4,238,000 | 2,655,000 |
| Stockholders' Equity | | |
| Common stock | 361,000 | 361,000 |
| Additional paid-in capital | 17,634,000 | 17,623,000 |
| Treasury stock | (265,000) | (227,000) |
| Accumulated deficit | (819,000) | (746,000) |
| Stockholders' equity | 16,911,000 | 17,011,000 |
| Total liabilities and stockholders' equity | $ 21,149,000 | $ 19,666,000 |