



**AVI-TECH ELECTRONICS LIMITED**

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## **Avi-Tech enters the new financial year on strong footing with continued revenue and profit growth in 1Q2016**

- **Highest operating profit growth in its fifth consecutive quarter of profitability since the Group's turnaround**
- **Steady growth with gross profit increased by 107.2% and gross profit margin at 33.2%**

Singapore, 12 November 2015 – Avi-Tech Electronics Limited (“Avi-Tech” or “the Group”), a total solutions provider for Burn-In, engineering and manufacturing services for the semiconductor, electronics and life sciences industries, is off to a good start to the financial year with the results of its first quarter ended 30 September 2015 (“1Q2016”).

### **Results Snapshot: Continued top and bottom-line growth**

- **Profit Growth and Improved Profit Margins**

The Group achieved higher 1Q2016 revenue of S\$8.0 million, a 10.7% improvement over the corresponding quarter last year due to higher revenue contribution of S\$2.2 million and S\$3.0 million from its Burn-In Services and Engineering Services business segments respectively (1Q2015: S\$1.3 million and S\$2.5 million respectively). Gross profit in 1Q2016 leaped 107.2% to S\$2.7 million (1Q2015: S\$1.3 million) and gross profit margin was also higher at 33.2% as compared to 17.8% in 1Q2015. The increase in gross profit margin was primarily due to the economies of scale achieved with higher revenue registered in 1Q2016, combined with successful planning and timely implementation of cost control measures.

The Group ended the quarter with a net profit of S\$1.8 million (1Q2015: S\$ 1.7 million), with operating profit (profit before income tax) of S\$2.3 million, attributed to profit growth from all its three business segments. The improved performance was also enhanced by the reduction in administrative expenses attributable to favourable foreign exchange gain, and on-going cost control efforts.

- **Robust Balance Sheet and Healthy Cash Position Reflective of Group's Strong Financial Standing**

As at 30 September 2015, the Group has a positive working capital of S\$33.3 million with total assets of S\$51.6 million and total liabilities of S\$5.9 million. The Group generated net operating cash flow of S\$2.1 million. Its cash position stands at S\$8.5 million after net cash used in investing activities of approximately S\$6.0 million, comprising S\$5.0 million in fixed deposits placed with financial institutions with over three-month tenures, and the purchase of held-to-maturity investments of S\$1.0 million. Net asset value per share was 13.35 cents as at 30 September 2015, compared to 12.79 cents as at 30 June 2015.

## **CEO Commentary: Looking Ahead**

Mr Lim Eng Hong, CEO of Avi-Tech Electronics Limited said, "We are pleased to begin the new financial year positively continuing from our past four consecutive quarters of profitability. 1Q2016 marks the highest operating profit growth we achieved since our turnaround. Our performance demonstrates the positive impact of productivity enhancements, prudent financial management and most of all, our staff's continuing efforts to drive growth and profitability.

"For our Burn-In Services and Burn-In Boards and Board Manufacturing business segments, we have capitalised on the pick-up in the semiconductor industry driven largely by the burgeoning automotive sector and the increasing number of electronics components used in vehicles. The proliferation of networking devices with the advent of the Internet of Things, will potentially be another growth driver for the semiconductor industry, which may provide opportunities for these two business segments. Overall, we remain optimistic of the Group's continued improved performance, provided that demand in the sectors we serve remains strong and assuming there are no unforeseen economic or other factors which may impact the Group's performance.

"A key focus in the year for Avi-Tech will be to exit the SGX watch-list. With the restructuring we undertook since 4Q2014, the Group has returned to profitability in the last financial year. Our business fundamentals remain sound and we will continue to work hard to improve our operating performance with strategic cost management and productivity enhancements. At the same time, we will seek new areas of growth such as through partnerships or mergers and acquisitions. We are grateful to our shareholders for their continued support and we will work towards achieving fair valuation of our stock and enhancing shareholder returns."

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*This press release is to be read in conjunction with Avi-Tech's announcement posted on the SGXNET on 12 November 2015*

For more information on Avi-Tech Electronics Limited, please visit <http://www.avi-tech.com.sg/>

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**Issued by 29 Communications LLP on behalf of Avi-Tech Electronics Limited**

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