



**AVI-TECH ELECTRONICS LIMITED**

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## **Avi-Tech firmly back on track with steady growth momentum backed by increasing contribution from automotive sector**

- **2QFY2017 revenue increased 10.7% to S\$8.7 million with net profit up 6.4% to S\$1.8 million**
- **Declared interim dividend of 1.0 cent per share as Group marked 10 consecutive quarters of return to profitability**
- **Board approved dividend policy of minimum payout of 30% of total net profit in the year as part of ongoing commitment to enhance shareholder value**

**SINGAPORE, 8 FEBRUARY 2017** – Avi-Tech Electronics Limited (“Avi-Tech” or “the Group”), a total solutions provider for burn-in services, burn-in board manufacturing and PCBA services and engineering services for the semiconductor, electronics and life sciences industries, continued with revenue growth and profitability in 2017 with its results for the second quarter (“2QFY2017”) and half-year (“1HFY2017”) ended 31 December 2016.

<b>S\$ Million</b>	<b>2QFY2017</b>	<b>2QFY2016</b>	<b>Change (%)</b>	<b>1HFY2017</b>	<b>1HFY2016</b>	<b>Change (%)</b>
<b>Revenue</b>	8.7	7.9	10.7	17.2	15.9	8.5
<b>Gross Profit</b>	2.7	2.7	-	5.2	5.4	(2.7)
<b>GP Margin (%)</b>	31.4	34.7		30.5	34	
<b>PBT</b>	2.2	2.0	6.2	3.9	4.3	(9.4)
<b>Net Profit</b>	1.8	1.7	6.4	3.3	3.4	(5.6)
<b>Diluted EPS (cents)</b>	1.04	0.98		1.90	2.01	

## **On track: Revenue and profit, healthy gross profit margin underpinned 10<sup>th</sup> consecutive quarters of profitability**

**Mr Lim Eng Hong, CEO of Avi-Tech Electronics Limited said, “With another profitable quarter, we are firmly on track with business expansion while continuing to seek other opportunities to enhance shareholders value.**

**Focusing on our core capabilities, we have been able to leverage on the rebound in the semiconductor industry brought about by greater demand for electronic components and other fail-safe devices particularly in the automotive industry<sup>1</sup>. In fact, revenue from the automotive sector now forms a substantial portion of our total revenue.”**

For 2QFY2017, Avi-Tech racked up revenue of S\$8.7 million, a 10.7% increase over the second quarter ended 31 December 2016 (2QFY2016: S\$7.9 million), with all business segments contributing strong revenue and the Burn-In Board Manufacturing and PCBA Services business segment registering an increase in revenue. Gross profit margin remained strong at above 30% in 2QFY2017 with the Group’s continued efforts in productivity improvement and the implementation of cost control measures. 2QFY2017 net profit rose by 6.4% to S\$1.8 million (2QFY2016: S\$1.7 million) propelled by higher revenue, favourable foreign exchange gain offset by a lower gains in other operating income.

### **Strong balance sheet with \*robust cash position of S\$31.4million**

As at 31 December 2016, the Group’s total assets increased by 4.9% to S\$55.3 million with cash and bank balances of S\$28.6 million, and held-to-maturity financial investments of S\$2.8 million. The Group’s total liabilities increased by 13.9% to S\$8.4 million with the Group’s bank borrowings standing at \$0.7 million. Net asset value per share was 27.42 cents (30 June 2016: 26.50 cents). The Group had positive working capital of S\$25.8 million (30 June 2016: S\$30.9 million).

The Group continued to generate positive cash flow, with net cash from operating activities of S\$4.4 million. Cash and cash equivalents stood at S\$8.6 million with net cash used in investing activities of S\$0.3 million and net cash used in financing activities of S\$2.0 million.

The Group continues to maintain a \*robust cash position of S\$31.4 million including cash and bank balances, fixed and call deposits and held to maturity financial investments.

## **Enhancing shareholder value: Declares interim dividend and adopts dividend policy**

On the back of the Group’s continuing positive financial performance, the Board is declaring an interim dividend of 1.0 cent per share.

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<sup>1</sup> “Automotive Semiconductor Market worth 48.78 Billion USD by 2022”  
<http://www.marketsandmarkets.com/PressReleases/automotive-semiconductor.asp>

In keeping with the Group's commitment to enhancing shareholder value, the Board has also approved the adoption of a dividend policy with immediate effect which will see the Group distributing in respect of any one financial year, a total annual dividend amount of not less than 30 per cent of the Group's consolidated net profits after tax and minority interest and excluding non-recurring, one-off and exceptional items, for that financial year, on condition of a regular operating environment and taking into account the Group's earnings, financial position, capital expenditure requirements, cash flow, future expansion, investment plans, and other factors which the Board may deem appropriate<sup>2</sup>.

## **A strong base for future growth: Riding on driverless automotive and cloud boom**

**Mr Lim continued, "Looking ahead, we are optimistic of our continuing positive performance. The Group's burn-in services business segment is well-positioned to benefit from the increasing sophistication of vehicles and ultimately, the advent of driverless vehicles. With other disruptive technologies in the Internet of Things era and the relentless march towards cloud businesses and smart cities, another wave of demand for semiconductor burn-in and other related services is coming which will be a further boost to the Group.**

**"We will continue to deepen our capabilities in existing industries such as automotive and networking industries, and to extend our customer base in medical, mobile communication and aviation industries. Concurrently, we will explore other profitable businesses and new avenues of growth which will afford a synergistic fit with our existing service offerings in Burn-In Services, Burn-In Board Manufacturing and PCBA Services, and Engineering Services."**

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*This press release is to be read in conjunction with Avi-Tech's results announcement posted on the SGXNET on 8 February 2017*

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<sup>2</sup> Dividends declared are subject to shareholders' approval (where applicable), applicable law(s) and Avi-Tech's constitution.

The Board will continually review the dividend policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the dividend policy at any time, and the dividend policy shall in no way constitute a legally binding commitment by the Group in respect of its future dividend and/or in no way obligates the Group to declare a dividend at any time or from time to time.

The Group's dividend policy is not indicative in any way of, and should not be construed in any manner as, a forecast statement or projection made by the Group or the Board on the future financial results and performance of the Group. In particular, no inference should or can be made from any of the foregoing statements as to the actual future profitability of the Group or the ability of the Group to pay dividends in any of the periods discussed.

## **About Avi-Tech Electronics Limited (Co. Reg. No. 198105976H)**

Incorporated in Singapore in 1981 and listed on the Main Board of the Singapore Exchange Securities Trading Limited in 2007, Avi-Tech Electronics Limited is a total solutions provider for burn-in<sup>3</sup> and engineering services for the semiconductor, electronics and life sciences industries.

Our core business segments include Burn-in Services, Burn-in Board Manufacturing and PCBA Services, and Engineering Services. Our clientele are global leaders in semiconductor automotive, networking, and industrial products.

Headquartered in Singapore, Avi-Tech's production facility is equipped with advanced burn-in systems, many of which are designed and fabricated in-house. Our market presence has expanded beyond Singapore to Malaysia, Thailand, the Philippines, Taiwan, China, Japan, the United States and Europe.

Business excellence and quality assurance are of utmost importance in our business. We are proud to be one of only a few local SMEs to be conferred the prestigious Singapore Quality Award by the SQA Governing Council in 2008. We also garnered the Singapore Quality Class award by SPRING Singapore in 1998 (with award renewals in 2001, 2003 and 2005) and won the Enterprise 50 award (Ranking: 1st) by the Singapore Economic Development Board in 1999. In addition, we have achieved ISO 9001, ISO 14001 and ISO 13485 and EICC certifications. For more information, please visit our website [www.avi-tech.com.sg](http://www.avi-tech.com.sg)

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward are based on current view of management on future events.

### **Issued for and on behalf of Avi-Tech Electronics Limited**

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<sup>3</sup> Burn-In is a reliability testing process during which semiconductor components are stress-tested by subjecting them to voltages in a burn-in oven so as to detect failures and weed out defective components.

Semiconductor components used in fail-safe products such as automotive, networking, aviation and other critical industrial applications, must undergo burn-in tests.

A burn-In board is a printed circuit board which consists of sockets. The semiconductor components are loaded onto the sockets of the burn-in boards which are then inserted into the burn-in ovens for the burn-in stress test.

Avi-Tech's business covers the full-range of burn-in services including the design and manufacture of burn-in boards and the various burn-in tests such as Static, Dynamic, Test During Burn-In and High Power Burn-In.