



AVI-TECH ELECTRONICS LIMITED

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Avi-Tech posts revenue of S\$28.3 million and net profit of S\$4.0 million for 9M2018

- **Burn-In Services, and Manufacturing and PCBA Services continued to garner respectable sales**
- **Slowdown in semiconductor industry growth impacted Engineering Services' revenue**
- **Increased cash position to S\$33.1* million on the back of positive cash flow and healthy balance sheet**
- **Company inclines to greater profit-sharing with shareholders on the back of strong cash reserve**

SINGAPORE, 15 May 2018 – Avi-Tech Electronics Limited (“Avi-Tech” or “the Group”), a total solutions provider for burn-in services, manufacturing and PCBA services and engineering services for the semiconductor, electronics and life sciences industries, announced its financial results for the third quarter (“3Q2018”) and nine months (“9M2018”) ended 31 March 2018.

S\$ Million	3Q2018	3Q2017	Change (%)	9M2018	9M2017	Change (%)
Revenue	7.7	10.8	-28.6	28.3	28.0	1.0
Gross Profit	2.0	3.3	-38.3	8.1	8.5	-4.4
GP Margin (%)	26.2	30.4	-4.2 ppt	28.8	30.4	-1.6 ppt
PBT	0.8	2.0	-61.7	4.6	5.9	-21.8
Net Profit	0.6	1.6	-58.7	4.0	4.8	-16.4
Diluted EPS (cents)	0.38	0.91		2.35	2.81	

The Group’s Burn-In Services, and Manufacturing and PCBA Services business segments, which are related to the automotive semiconductor industry, continued to deliver respectable performance in 9M2018 vis-à-vis the same period last year, flowing from the relatively resilient demand in the automotive segment. Burn-In Services business segment’s revenue over the period improved by 15.2% to S\$7.6 million from the corresponding period last year. Manufacturing and PCBA Services business segment’s revenue over the period improved by 17.0% to S\$15.8 million from the corresponding period last year.

* Include cash and bank balances, fixed and call deposits and held-to-maturity financial assets

The Group's performance was tempered by its Engineering Services business segment which registered revenue of S\$4.9 million, a 38.0% decline against S\$7.9 million in the nine months ("9M2017") ended 31 March 2017, largely due to delays in production ramp-up from customers as a result of macroeconomic uncertainty in the broad semiconductor and electronics manufacturing sector.

In terms of profitability, 9M2018 gross profit declined by 4.4% to S\$8.1 million, primarily attributed to the decrease in revenue contributed by the Engineering Services business segment, resulting in a gross margin decline of 1.6% which nonetheless continued to remain healthy at 28.8%. Correspondingly, net profit in the period declined from S\$4.8 million to S\$4.0 million, attributed to lower Engineering Services business segment revenue. Additionally, a reduction in other operating income and foreign exchange loss incurred amounting to \$0.9 million in total also impacted net profit.

The Group's balance sheet remained robust with a positive working capital of S\$35.3 million as at 31 March 2018 as compared with S\$28.6 million as at 30 June 2017, while net asset value per share stood at 27.85 cents. The Group continued to generate positive cash flow of S\$5.1 million for 9M2018. As at 31 March 2018, the Group's cash position increased to S\$33.1 million.

Growth Fundamentals Remains Intact; Company Inclines to Greater Profit-sharing with Shareholders with Strong Cash Reserve

Mr Lim Eng Hong, CEO of Avi-Tech said, "The financial period under review was a challenging one, particularly for the Engineering Services business segment due to the delay in delivery stemming from the softening of the general semiconductor industry in recent months¹. However, we are optimistic of a pick-up, given the outstanding and open orders we already have on hand.

Notwithstanding the increased volatility and headwinds, the automotive semiconductor market is still projected to remain strong as electrical & autonomous vehicles are an irreversible trend. Rapid growth of semiconductor content, advanced design rules for vehicles necessitating more complex semiconductors and higher reliability requirements of semiconductor devices will continue to drive the automotive semiconductor market,² which is expected to reach US\$48.78 billion by 2022 with CAGR projected at 5.8%.³ These augur well for our Burn-In Services, and Manufacturing and PCBA Services business segments.

With our fundamentals intact, we remain positive of our performance and profitability. Given our strong cash reserve, we are inclined to sharing more profits with shareholders."

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¹ "Singapore semiconductor growth to ease in 2018: Industry group." CNA 1 Mar 2018. <https://www.channelnewsasia.com/news/business/singapore-semiconductor-growth-to-ease-in-2018-industry-group-10002690>.

² <https://semiengineering.com/automotive-ic-industry-trends/>

³ "Automotive Semiconductor Market Worth 48.78 Billion USD by 2022." <https://www.marketsandmarkets.com/PressReleases/automotive-semiconductor.asp>

This press release is to be read in conjunction with Avi-Tech's results announcement posted on the SGXNET on 15 May 2018.

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-in⁴ and engineering services for the semiconductor, electronics and life sciences industries.

Our core business segments include Burn-in Services, 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.

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-looking statements which are based on current view of management on future events.

Issued for and on behalf of Avi-Tech Electronics Limited

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⁴ Burn-In is a reliability testing process during which semiconductor components are stress-tested by subjecting them to voltages in a burn-in oven 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.