



AVI-TECH ELECTRONICS LIMITED

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Avi-Tech posts net profit of S\$1.8 million for 1H 2019

- **Burn-In Services and Manufacturing and PCBA Services contribute positively despite downturn in the global semiconductor and electronics industry**
- **Declares interim dividend of 0.8 cents per share on the back of profitability, healthy operating cash flow and strong balance sheet**

SINGAPORE, 12 February 2019 – Avi-Tech Electronics Limited (“Avi-Tech” or “the Group”), a total solutions provider of burn-in services, manufacturing and PCBA services and engineering services for the semiconductor, electronics and life sciences industries, announced its financial results for the second quarter (“2Q2019”) and half-year (“1H2019”) ended 31 December 2018.

| S\$ Million | 2Q2019 | 2Q2018 | Change (%) | 1H2019 | 1H2018 | Change (%) |
|----------------------------|---------------|---------------|-------------------|---------------|---------------|-------------------|
| Revenue | 7.7 | 9.4 | -18.5 | 15.5 | 20.6 | -24.6 |
| Gross Profit | 2.1 | 3.2 | -32.6 | 4.4 | 6.1 | -28.4 |
| GP Margin (%) | 27.9 | 33.7 | -5.8 ppt | 28.2 | 29.8 | -1.6 ppt |
| PBT | 1.2 | 2.0 | -42.0 | 2.2 | 3.9 | -42.3 |
| Net Profit | 1.0 | 1.7 | -42.7 | 1.8 | 3.4 | -46.2 |
| Diluted EPS (cents) | 0.56 | 0.97 | | 1.06 | 1.98 | |

Group Remains Profitable Amidst Market Volatility and Headwinds; Stable Contribution from Burn-In Services and Manufacturing and PCBA Services

The Group’s reporting period performance reflected the difficult operating environment of the semiconductor and electronics industries which have been impacted by lower demand and market volatility. Nevertheless, the Group remained profitable with net profit of S\$1.0 million in 2Q2019 and S\$1.8 million in 1H2019, notwithstanding revenue decline of 18.5% to S\$7.7 million in 2Q2019, and 24.6% to S\$15.5 million in 1H2019. As a result of the lower revenue, gross profit

declined by 32.6% to S\$2.1 million in 2Q2019, and 28.4% to S\$4.4 million in 1H2019. Earnings per share stood at 0.56 cents in 2Q2019 and 1.06 cents in 1H2019.

In terms of business segments, the Group's Burn-In Services and Manufacturing and PCBA Services business segments continued to generate positive returns and contributed to the Group's performance. Burn-In-Services business segment's revenue was S\$2.4 million in 2Q2019 (2Q2018: S\$2.9 million) and S\$4.7 million in 1H2019 (1H2018: S\$5.2 million). Manufacturing and PCBA Services business segment registered revenue of S\$4.2 million in 2Q2019 (2Q2018: S\$4.7 million) and S\$8.4 million in 1H2019 (1H2018: S\$11.4 million). Engineering Services business segment continued to be impacted by the challenging market conditions with a resultant decline in revenue of S\$0.7 million and S\$1.6 million and in 2Q2019 and 1H2019 respectively, as compared to the corresponding periods in the last financial year.

The Group continued to maintain a sound balance sheet with total assets of S\$53.3 million against total liabilities of S\$5.2 million. As at 31 December 2018, the Group had a positive working capital of S\$36.7 million, and net assets value per ordinary share was 28.12 cents.

In terms of cashflow, the Group generated net cash of S\$2.3 million from operating activities in 1H2019, resulting in a net cash position of S\$31.9¹ million which is approximately 58.7% of current market capital².

Group Continues on Profit-sharing with Shareholders with Interim Dividend of 0.8 Cents Per Share on the Back of Profitability, Healthy Operating Cash Flow and Strong Balance Sheet

Mr Lim Eng Hong, CEO of Avi-Tech said, "The US-China trade war uncertainty, coupled with rising interest rates, has triggered volatility in the global economy. The semiconductor and electronics manufacturing sectors experienced a slowdown in demand and Avi-Tech, like our industry peers, was negatively impacted.

For the current reporting period, our Engineering Services business segment continued to experience significant cyclical weakness as customers held back on investment and inventories amidst uncertainties in the operating environment. Our Burn-In Services and Manufacturing and PCBA Services business segments were, to a certain extent, less affected as these two business segments are supporting more towards the automotive sector which continue to have a steady and gradual growth environment.

Even against this very challenging period, Avi-Tech put in a creditable performance and remained profitable. Although we continue to be cautious of the months ahead, we are optimistic of our outlook given the trends of greater digitalisation, autonomous driving and smart city initiatives.

In light of our confidence in our sustainable growth and our industry prospects over the long term, coupled with the Group's net cash balance sheet and healthy operating cashflow, the Board wishes to distribute returns to our shareholders for their support by

¹ Include cash and bank balances, fixed and call deposits

² Based on closing share price of S\$0.31 as at 28 January 2019

declaring an interim dividend of 0.8 cents per ordinary share, equivalent to a dividend payout ratio of 75.3% and a dividend yield of 2.6%³.

Going forward, Avi-Tech will continue to explore new avenues of growth such as accretive acquisitions that would fit synergistically with our existing businesses so as to improve our profitability and enhance shareholder returns.”

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This press release is to be read in conjunction with Avi-Tech’s results announcement posted on the SGXNET on 12 February 2019.

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 that are based on current view of management on future events.

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

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³ Based on closing share price of S\$0.31 as at 28 January 2019

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.