

**AVI-TECH ELECTRONICS LIMITED**

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# Avi-Tech Reports Half-Year 2021 Results

***Profitability with healthy cashflow in challenging operating environment***

***Declared interim dividend of 0.5 cents per ordinary share***

***Remains confident of long-term growth supported by strong balance sheet***

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SINGAPORE, 9 February 2021 – 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 half-year (“1H2021”) ended 31 December 2020.

Mr Lim Eng Hong, CEO of Avi-Tech said, “Avi-Tech has had a challenging 1H2021. The COVID-19 pandemic had severely impacted the automotive and electronics industries with supply chain and manufacturing disruptions on the back of reduced semiconductor inventory, resulting in a global auto chips shortage. This was exacerbated by the US-China trade war, weak consumer sentiments and uncertain recovery in the broader economy.

Notwithstanding the circumstances, we maintained our profitability and generated positive cashflow and are pleased to declare an interim dividend of 0.5 cents per share in keeping with our commitment to delivering shareholder returns.”

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## RESULTS HIGHLIGHTS

S\$ Million	1H2021	1H2020	Change (%)
Revenue	12.6	15.6	-19.1
Gross Profit	3.2	6.0	-46.9
GP Margin (%)	25.3	38.6	-13.3ppt <sup>1</sup>
PBT	1.4	3.8	-62.7
Net Profit	1.2	3.1	-62.8
Basic and Diluted EPS (cents)	0.68	1.82	-

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<sup>1</sup> “ppt” refers to percentage points.

1H2021 Group revenue decreased by 19.1% to S\$12.6 million from S\$15.6 million in 1H2020, which consequently led to a decline in gross profit of 46.9% to S\$3.2 million from S\$6.0 million in 1H2020. The weaker revenue and gross profit were primarily attributed to lower revenue from the Burn-In Services business segment. Nonetheless, the Group maintained a healthy gross profit margin of 25.3%, though this was lower as compared to 38.6% in 1H2020, due to a change in product mix with lower ratio from the Burn-In Services business segment. Net profit in 1H2021 was S\$1.2 million, a 62.8% decrease from S\$3.1 million in 1H2020. Overall, the Group closed 1H2021 with profit and earnings per share of 0.68 cents.

The Group's balance sheet continued to remain strong with total assets of S\$57.3 million against total liabilities of S\$7.5 million as at 31 December 2020. Positive working capital stood at S\$38.5 million, with net asset value per share of 29.13 cents.

Net cash generated from operating activities in the reporting period was S\$1.0 million. The Group has a net cash balance of S\$36.3 million.

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## **DECLARED INTERIM DIVIDEND**

The Board, having reviewed the 1H2021 performance and taking into consideration the Group's business and operational commitments, cashflow and balance sheet, declared an interim dividend of 0.5 cents per ordinary share.

The total expected payout of S\$0.86 million for the dividends is equivalent to around 74.0% of the Group's 1H2021 profit, which is within the net cash generated in the reporting period.

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## **FY2021 OUTLOOK**

The Group maintains a cautious outlook given the ongoing developments of the COVID-19 pandemic. Nevertheless, with its strong balance sheet, continual efforts in seeking new opportunities, measures for cost management and productivity enhancement, as well as the reported ramp up in global auto chip output<sup>2</sup>, the Group remains cautiously optimistic of its performance.

**Mr Lim said, "While Singapore's economy is projected to grow by 4.0% to 6.0% in 2021, significant threats to recovery still remain and with many countries now experiencing a resurgence in COVID-19 infections, the global economic outlook remains uncertain. However, with the developments in relation to COVID-19 vaccines, there is more optimism for business recovery down the road.**

**"Segment wise, while some industries are experiencing a V-shaped recovery, the automotive sector appears to be lagging behind as a result of supply chain disruptions arising from the auto chips shortage and reduced labour force, which may persist in the**

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<sup>2</sup> <https://www.businesstimes.com.sg/transport/tsmc-ramps-up-auto-chip-output-amid-global-shortage>

short-term. For these reasons, we will continue to adopt a cautious approach to our cashflow management, business operations and investments.”

“Nonetheless, the long-term growth trajectory for the semiconductor auto market remains strong. Autonomous and assisted driving as well as electrification of vehicles will remain sustainable forces. Infineon, a major automotive semiconductor manufacturer, estimates that electric vehicle models require 82% higher semiconductor content value compared to traditional models<sup>3</sup>.”

“All of these factors augur well for our business and we are confident in our ability to remain on a growth path. We will continue to strengthen our core competencies and actively look for investment or collaboration opportunities, including opportunities in emerging industries, so as to create further value for the Group and shareholders.”

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*With effect from 7 February 2020, SGX RegCo amended the Listing Rules to adopt a risk-based approach to quarterly reporting. Avi-Tech is not subject to the quarterly reporting requirement and will be required to report financial results for the first-half and full year.*

*This press release is to be read in conjunction with Avi-Tech’s results announcement posted on the SGXNET on 9 February 2021.*

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## **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>i</sup>, manufacturing and printed circuit board assembly (“PCBA”) and engineering services for the semiconductor, electronics, life sciences industries and other emerging industries. We also provide robotics solutions with powerful navigation and intelligent fleet management software for use in a wide range of applications including manufacturing, logistics, healthcare, hospitality and other industries.

Our core business segments include Burn-in Services, Manufacturing and PCBA Services, and Engineering Services. Our clients are global leaders, including Original Equipment Manufacturers, 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, Vietnam, the Philippines, Taiwan, China, Japan, Europe and the United States.

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.

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<sup>3</sup> <https://www.infineon.com/dgdl/2020-10-05+Infineon+ATV+Call+-+Peter+Schiefer.pdf?fileId=5546d46174dd743b0174f89228fe001d>

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

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i 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.