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Avi-Tech Reports Full-Year 2021 Results

- **Maintained profitability notwithstanding the challenging operating environment due to the automotive semiconductor chips supply crunch**
- **Balance sheet remained strong with healthy cash position of S\$35.8 million**
- **Proposed final dividend of 1.0 cent per share in keeping with commitment to deliver shareholder returns**

SINGAPORE, 17 August 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 second half (“2H2021”) and full-year (“FY2021”) ended 30 June 2021.

Mr Lim Eng Hong, CEO of Avi-Tech said, “We have registered a commendable performance in FY2021. Our revenue in 2H2021 increased 21.2% and we remained profitable notwithstanding the prevailing difficult operating environment due to recurring waves of the COVID-19 infections which disrupted semiconductor chip production. The semiconductor supply crunch, particularly for automotive chips, exacerbated the situation and these have had a domino effect on related industries such as ours.

“In spite of these challenges, we continued to generate positive operating cash and maintained a healthy balance sheet. Given our positive performance, we are pleased to propose a final dividend of 1.0 cent per share in fulfilment of our commitment to delivering shareholder returns.”

RESULTS HIGHLIGHTS

S\$ Million	2H2021	2H2020	Change (%)	FY2021	FY2020	Change (%)
Revenue	16.7	13.8	+21.2	29.3	29.4	-0.2
Gross Profit	4.3	4.5	-3.2	7.5	10.5	-28.3
GP Margin (%)	26.0	32.6	-6.6ppt	25.6	35.7	-10.1ppt
PBT	2.8	3.2	-12.4	4.2	7.0	-39.6
Net Profit	2.3	2.9	-18.8	3.5	6.0	-41.7
Basic & Diluted EPS (cents)	1.36	1.67		2.03	3.49	

Net assets value per ordinary share (cents)	29.99	29.95
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In FY2021, Group revenue declined marginally by 0.2% to S\$29.3 million from S\$29.4 million in FY2020 while gross profit declined by 28.3% to S\$7.5 million from S\$10.5 million in FY2020. The Group's gross profit margin was 25.6% in FY2021 as compared to 35.7% in FY2020 due to lower contribution in the sales mix from the Burn-In Services business segment. Due to lower gross profit in FY2021, the Group registered lower net profit of S\$3.5 million, a 41.7% decrease from S\$6.0 million in FY2020. In 2H2021, the Group improved its revenue by 21.2% to S\$16.7 million from S\$13.8 million in 2H2020. Gross profit declined by 3.2% to S\$4.3 million in 2H2021 from S\$4.5 million in 2H2020, with a resultant fall in net profit of 18.8% to S\$2.3 million from S\$2.9 million in 2H2020.

Segmentally, Manufacturing and PCBA Services business segment remained the largest contributor to the Group's revenue with higher revenue of S\$17.9 million in FY2021 as compared to S\$14.1 million in FY2020. Engineering Services business segment's revenue was also higher at S\$4.7 million in FY2021 as compared to S\$4.2 million in FY2020. The Burn-In Services business segment's revenue was lower at S\$6.7 million in FY2021 as compared to revenue of S\$11.1 million in FY2020.

The Group has maintained a strong balance sheet comprising total assets of S\$59.5 million as at 30 June 2021 against total liabilities of S\$8.3 million as at 30 June 2021. The Group recorded higher positive working capital of S\$40.7 million in FY2021 as compared to S\$39.7 million in FY2020. In terms of cash position, the Group generated positive operating cashflow and ended the financial year with a healthy cash balance of S\$35.8 million.

PROPOSED FINAL DIVIDEND OF 1.0 CENT PER SHARE

In view of the Group's strong balance sheet and net cash position, the Board has proposed a final dividend of 1.0 cent per ordinary share. The total expected payout of S\$1.7 million for the dividend is equivalent to 49% of the FY2021 net profit. With the interim dividend of 0.5 cents per ordinary share, the total dividend paid out in FY2021 represents a dividend yield of 3.7%¹.

FY2022 OUTLOOK

The Group maintains a cautious outlook given the uncertainties in the ongoing developments of the COVID-19 pandemic with the emergence of more contagious strains of the virus as well as inflation risks and rising business costs due to supply chain disruptions, raw material shortages and energy price hike.

Mr Lim said, "Although the outlook remains uncertain, there is room for optimism with the aggressive roll-out of vaccination programme and plans for the gradual reopening of economies. This is anticipated to lead to an acceleration in economic recovery with easing of labour shortage, freer flow of goods and services and increased consumer and business spending.

"For the semiconductor industry, high demand continues to outstrip supply. The automotive and electronics industries are facing challenges in their ability to ramp up production to meet current and backlogged orders given the acute supply limitations across the entire value chain.

¹ Based on closing share price of S\$0.41 as at 30 June 2021.

“The car industry is battling the worst supply crunch in three decades and deliveries by Infineon, a leading automotive semiconductor supplier to core automotive clients have been delayed by production outages and low inventories. Nevertheless, the supply-demand equilibrium is expected to be restored over time by 2022².

“For Avi-Tech, we will continue to improve our capabilities as we position ourselves for the eventual upturn with the gradual improvement in the supply situation. We will also focus on implementing stringent cost control and productivity enhancements, so as to sharpen our competitiveness.

“The prospects for the semiconductor market remain strong in view of developments relating to the Internet of Things, electrification and automation of vehicles and digitalisation of industries which are among the key driving factors for the growth and continued importance of semiconductor chips³. These factors bode well for our business and we are confident in our ability, leveraging on our strong core competencies and financial strength, to participate in the growth sectors and explore other opportunities to further add value to the Group.”

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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 17 August 2021.

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-inⁱ, 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

² “Infineon production outages compound automotive chip supply crunch” TODAY 3 Aug 21

³ Infineon Technologies Third Quarter FY2021 Quarterly Update

<https://www.infineon.com/cms/en/about-infineon/investor/reports-and-presentations/>

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 at 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 the 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.