

**AVI-TECH ELECTRONICS LIMITED**

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Avi-Tech ended FY2018 with revenue of S\$35.7 million and net profit of S\$4.9 million

- **Proposed final dividend of 1.0 cent per share and a special dividend of 0.3 cents per share**
- **Burn-In Services continued its growth trajectory due to increased demand from automotive semiconductor industry**
- **Slowdown in the electronics manufacturing and semiconductor industries impacted Group's overall performance, particularly Engineering Services**

SINGAPORE, 28 August 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 fourth quarter (“4Q2018”) and financial year (“FY2018”) ended 30 June 2018.

S\$ Million	4Q2018	4Q2017	Change (%)	FY2018	FY2017	Change (%)
Revenue	7.5	12.0	-37.8	35.7	40.0	-10.7
Gross Profit	1.8	3.3	-44.9	9.9	11.8	-15.7
GP Margin (%)	24.3	27.4	-3.1ppt	27.9	29.5	-1.6ppt
PBT	1.1	2.1	-49.1	5.7	8.0	-29.0
Net Profit	0.8	2.2	-62.1	4.9	7.0	-30.8
Diluted EPS (cents)	0.49	1.30		2.84	4.11	

FY2018 closed with a decline in Group revenue of 10.7% to S\$35.7 million. Nonetheless, the Group continued to be profitable with S\$4.9 million and generating positive cash flow of S\$7.5 million from operating activities.

The Group's Burn-In Services business segment contributed strongly to FY2018 revenue with an 11.0% increase in revenue to S\$10.1 million on the steady contribution from the automotive semiconductor market. Manufacturing and PCBA Services business segment continued to be the main contributor to Group revenue despite a marginal decline of 3.7% to S\$19.0 million. Engineering Services business segment was experiencing weaker growth, in particular, the smart phone market, on the back of softer demand and its revenue declined by 41.1% to S\$6.6

million, and registering a loss for the financial year and causing an overall reduced profit for the Group.

FY2018 Group gross profit declined by 15.7% to S\$9.9 million on account of the Engineering Services business segment's revenue decline while gross profit margin remained relatively stable at around 27.9% in FY2018, after taking into consideration allowance for inventory obsolescence.

The Group registered a net profit of S\$4.9 million in FY2018 mainly attributed to higher revenue and profit from the Burn-In services business segment, offset by the Engineering Services business segment's loss and lower profit by the Manufacturing and PCBA Services business segment.

In terms of the balance sheet, the Group continued to remain strong with a positive working capital of S\$36.3 million as at 30 June 2018, as compared with S\$28.6 million as at 30 June 2017. Net asset value per share was 28.35 cents. Net cash generated from operations was S\$7.5 million due to profit generated for the year. There was an increase in cash and cash equivalents of S\$3.7 million for FY2018. As at 30 June 2018, the Group's cash position increased to S\$33.2 million¹.

Enhancing Shareholder Value: Continued inclination towards greater profit-sharing with shareholders; Strengthen core competencies and pursue new growth opportunities

Mr Lim Eng Hong, CEO of Avi-Tech said, "The downturn in the global semiconductor and electronics industries impacted the Engineering Services business segment. Nonetheless, we are cautiously optimistic for its better performance for this financial year, FY2019. Overall, our business fundamentals remain intact and we are remaining positive about our Group performance, especially with our other two business segments, Burn-In Services and Manufacturing and PCBA Services, continuing with their steady performances as the automotive semiconductor market remains resilient and artificial intelligence, cloud computing and the internet of things will drive semiconductor revenue growth in 2018².

"In line with our inclination towards greater profit-sharing with shareholders, given our profitability, positive operating cash flow, strong cash position and confidence in our future performance, we are declaring a final dividend of 1.0 cent per ordinary share and a special dividend of 0.3 cents per ordinary share. Including the interim dividend of 1.3 cents per ordinary share, we would have paid out 91.4% of net profit, which is well above our dividend policy of minimum pay out of 30% of total annual net profit annually.

¹ Include cash and bank balances, fixed and call deposits and held-to-maturity financial assets

² AI, cloud, and IoT will drive 2018, say chip makers.' <https://venturebeat.com/2018/02/13/ai-cloud-and-iot-will-drive-2018-growth-say-chip-makers/>

“In the year ahead, we will continue to work towards strengthening our core competencies, extending our customer base and exploring new growth opportunities, including mergers and acquisitions, so as to continue to enhance shareholder value.”

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This press release is to be read in conjunction with Avi-Tech's results announcement posted on the SGXNET on 28 August 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-in 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 by 29 Communications LLP for and on behalf of Avi-Tech Electronics Limited

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