



**AVI-TECH ELECTRONICS LIMITED**

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## **Avi-Tech maintains its profitability momentum in 2Q2016 with revenue growth and margin improvement**

- **2Q2016 gross profit jumped 75.0% on the back of improved revenue of 14.1%; gross profit margin also higher at 34.7%**
- **Group continues to generate positive operating cash flow with strong financial position and healthy cash balance**
- **Interim dividend of 0.8 cents per share declared**

Singapore, 12 February 2016 – Avi-Tech Electronics Limited (“Avi-Tech” or “the Group”), a total solutions provider for Burn-In, engineering and manufacturing services for the semiconductor, electronics and life sciences industries, maintained its profitability momentum going into 2016 with its results for the second quarter and half year ended 31 December 2015.

### **Results Highlights: Heralding another quarter of profitability**

- **Higher revenue and gross profit from continuing operations with improved margins**

Group revenue in the second quarter ended 31 December 2015 (“2Q2016”) rose to S\$7.9 million, 14.1% higher than the corresponding quarter ended 31 December 2014 (“2Q2015”). As compared to the half year ended 31 December 2014 (“1H2015”), revenue for the half year ended 31 December 2015 (“1H2016”) increased by 12.4% to S\$15.9 million. The higher revenue was largely driven by increased contribution from the Engineering Services business segment. The increased revenue resulted in an increase in gross profit in 2Q2016 and 1H2016 by 75% to S\$2.7 million, and 89.5% to S\$5.4 million respectively. The higher revenue recorded, coupled with ongoing cost control measures and enhanced productivity, resulted in gross profit margin improving significantly to 34.7% in 2Q2016 and 34.0% in 1H2016.

With no further gains being registered in the discontinued operations of the US subsidiaries, and foreign exchange rates contributing to higher administration expenses, net profit dropped by 36.3% to S\$1.7 million in 2Q2016 and was 1.4% lower at S\$3.4 million in 1H2016. However, net profit from continuing operations was S\$1.7 million and S\$3.6 million in 2Q2016 and 1H2016 respectively, which was a 43.5% and a 92.9% improvement over the same period last year, rounding off a positive set of results for the Group.

- **Strong financial and cash position maintained**

The Group's working capital was S\$31.7 million as at 31 December 2015 as compared to S\$32.3 million as at 30 June 2015. Totals assets amounted to S\$53.0 million (including fixed and called deposits of S\$21.9 million), while total liabilities amounted to S\$9.0 million. The Group generated a net operating cash flow of S\$5.1 million for the six months ended 31 December 2015, mainly from the higher profit generated from its continuing operations in comparison to the prior period. Cash and cash equivalents was S\$8.7 million after taking into account net cash of S\$7.5 million used in investing activities and net cash of S\$1.4 million used in financing activities. Net asset value per share as at 31 December 2015 was 25.69 cents, as compared to 25.58 cents as at 30 June 2015. Overall, the Group's balance sheet reflected its strong financial position.

### **CEO Commentary: Looking Ahead**

Mr Lim Eng Hong, CEO of Avi-Tech Electronics Limited said, "We continued our positive showing into the year, a resultant of our continued commitment to productivity enhancement, financial prudence and a focus on our core competencies.

"The Singapore Exchange ("SGX") issued a market update last month which quoted the Semiconductor Industry Association that "the semiconductor industry is projected to post modest sales increases in 2016 and beyond<sup>1</sup>". In the market update, Avi-Tech was also named one of the five best performers out of the 12 listed companies that represented the Semiconductors & Semiconductor Equipment industry, with a total return of 51% in 2015 and indicative dividend yield of 5.6%.

"Going forward, the semiconductor industry will be driven mainly by the automotive sector, with the increase in electronic components in vehicles as we advance towards the driverless car era. Furthermore, the "Internet of Things" will provide another avenue of growth for our semiconductor and board manufacturing services. To this end, we will continue to leverage on our existing capabilities to capitalise on the steadily recovering semiconductor industry, increase our customer base and find new avenues of growth through partnerships or mergers and acquisitions.

"In November last year, we completed our share consolidation exercise to meet the SGX Minimum Trading Price of S\$0.20 a share for Mainboard companies which was introduced on 2 March 2015. The Group will work tirelessly towards improving profitability and long-term sustainability and growth, and with a view to exit the SGX-watch-list."

"Lastly, in view of our stable operating profit for the past few quarterly results and an

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<sup>1</sup> SGX "Singapore's Semiconductor Sector Averaged 30% Gain in 2015". Available: [http://www.sgx.com/wps/wcm/connect/sgx\\_en/home/newsflash/mu\\_07012016\\_1](http://www.sgx.com/wps/wcm/connect/sgx_en/home/newsflash/mu_07012016_1)

optimistic outlook for the coming months, the Board has declared an interim dividend of 0.8 cents per share for 2Q2016, having taken into account the Group's cash position for growth, including merger & acquisition considerations. The interim dividend will be paid on 27<sup>th</sup> May 2016."

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*This press release is to be read in conjunction with Avi-Tech's announcement posted on the SGXNET on 12 February 2016.*

For more information on Avi-Tech Electronics Limited, please visit <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 are based on current view of management on future events.

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

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