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Avi-Tech delivers seven consecutive quarters of profitability

- **Profit from continuing operations surged 57.6% to S\$5.0 million in 9M2016 on the back of a 22.2% revenue increase to S\$24.7 million; gross profit margin up 10ppt to 33.3%**
- **Group named as one of two best performing semiconductor stocks in 2016, registering year-to-date total returns of 19.7% in SGX Market Update¹**
- **Paid S\$4.5 million in dividends in FY2015 and declared S\$1.4 million interim dividends in 2Q2016; translates to year-to-date dividend yield of 14.5%²**

Singapore, 12 May 2016 – Avi-Tech Electronics Limited (“Avi-Tech” or “the Group”), a total solutions provider for burn-in services, burn-in board manufacturing and PCBA services, and engineering services for the semiconductor, electronics and life sciences industries, continued its uninterrupted run of profitability for the third quarter (“3Q2016”) and nine months (“9M2016”) ended 31 March 2016.

Results Highlights: Pressing on towards a strong year-end with higher revenue and gross profit margin backed by robust balance sheet

For 9M2016, the Group’s revenue rose by 22.2% to S\$24.7 million (9M2015: S\$20.2 million) with higher contribution from the Burn-In Services and Engineering Services business segments of S\$6.7 million and S\$8.5 million respectively. The Burn-In Boards and Board Manufacturing business segment recorded a slight revenue decrease to S\$9.5 million.

For 3Q2016, revenue jumped 45.1% to S\$8.8 million (3Q2015: S\$6.1 million). The main revenue contributor was the Burn-In Boards and Board Manufacturing business segment which recorded higher revenue of S\$4.0 million. Burn-In Services and Engineering Services business segments also reported higher revenues of S\$2.0 million and S\$2.8 million respectively.

¹ SGX Market Updates dated 11 April 2016, “Singapore's Semiconductor Sector Averaged 4% Gain in 2016 YTD”. Available:

http://www.sgx.com/wps/wcm/connect/sgx_en/home/newsflash/mu_12042016_1%20

² From the financial period 2Q2015 to year-to-date, based on adjusted closing share price of S\$0.235 on 29 April 2016

With higher revenue, ongoing cost control measures and enhanced productivity across all business segments, gross profit and gross profit margins improved in the periods under review. Gross profit in 9M2016 was S\$8.2 million, 73.8% higher as compared to 9M2015. Gross profit margin was 33.3% as compared to 23.4% in 9M2015. Quarter-on-quarter, gross profit was S\$2.8 million, 50.1% higher as compared to 3Q2015. Gross profit margin improved to 32.1% from 31.0% in 3Q2015.

With no further gains being registered from the discontinued operations of the US subsidiaries, and foreign exchange rates contributing to higher administration expenses, 9M2016 net profit fell marginally by 1.4% to S\$4.9 million while 3Q2016 net profit was lower at S\$1.4 million compared to S\$1.9 million in 3Q2015. Nonetheless, profit from continuing operations registered an increase of 57.6% to S\$5.0 million and 7.3% to S\$1.4 million in 9M2016 and 3Q2016 respectively.

Balance sheet wise, the Group continued to maintain a strong position. The Group's total assets stood at S\$52.0 million, which included cash and balances of S\$4.9 million, fixed and call deposits of S\$22.8 million and held-to-maturity financial assets of S\$1.2 million. Group's total liabilities, meanwhile, stood at S\$7.9 million. Net asset value per share was 25.69 cents and the Group maintained a positive working capital position of S\$31.3 million as at 31 March 2016.

In terms of cash flow, the Group generated net cash from operating activities of S\$5.2 million for 9M2016 which was primarily due to the higher profit generated from continuing operations. The Group closed the period with a cash position of S\$4.9 million with bank borrowings of S\$1.1 million.

CEO Commentary: Looking Ahead

Mr Lim Eng Hong, CEO of Avi-Tech Electronics Limited said, "The quarter under review marks an unbroken run of profitability for the Group for seven consecutive quarters, a significant turnaround from its loss-making position two years ago. Our steady progress has garnered market recognition. In an SGX Market Update¹, Avi-Tech was listed as one of the two best performing semiconductor stocks in 2016, registering year-to-date total returns of 19.7%, outperforming the average 4% return of the semiconductor stocks in Singapore. Our share consolidation exercise, which was completed in November 2015, was also met with positive market response. These factors point to the general investor confidence in our Group, its strategic direction and experienced management.

"With our turnaround to profitability, we have resumed our practice of rewarding our shareholders with dividend payments. Since the second quarter of FY2015, we have paid S\$4.5 million in dividends (2.6 cents per share³) in FY2015 and declared an interim dividend of S\$1.4 million (0.8 cents per share) in 2Q2016. This translates to a dividend yield of 14.5%². Should we remain profitable, we will endeavour to keep to this practice, balancing our commitment to rewarding our shareholders with the capital and investment needs of the Group for long-term sustainable growth.

³Adjusted based on post-consolidation basis

“Our immediate objective remains to exit the SGX-watch-list as we press on towards a strong year-end. We will also aim to increase our customer base and find new avenues of growth, such as through partnerships or mergers and acquisitions which will provide synergies and add value to our Group.

“Although the economic outlook for Singapore remains bleak with market volatility and falling consumer confidence, we remain hopeful of our continued positive performance based on the performance shown by all the business segments. We are optimistic that the Internet of Things and other disruptive technologies will continue to drive innovation, revolutionise business and dictate consumer trends. Specifically, the automotive sector is an area which may provide long term growth for the semiconductor industry, with the push towards driverless cars requiring fail-safe electrical components and operating systems. We will work towards strengthening our competencies to take advantage of these opportunities as we strive to remain at the forefront of our industry.”

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

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