

**AVI-TECH ELECTRONICS LIMITED**

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## Avi-Tech registers 1H2018 revenue growth of 19.5% to S\$20.6 million

- 1H2018 gross profit was up 16.8% to S\$6.1 million with gross profit margin stability maintained at around 30%
- Continues to generate positive cash flow with strong cash position of S\$32.0\* million
- Declares higher interim dividend of 1.3 cents per share on account of steady performance

SINGAPORE, 13 February 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, continued to deliver positive performance for the second quarter (“2Q2018”) and half-year (“1H2018”) ended 31 December 2017 **as compared to the same period last year** (“2Q2017”/“1H2017”).

S\$ Million	2Q2018	2Q2017	Change (%)	1H2018	1H2017	Change (%)
Revenue	9.4	8.7	8.1	20.6	17.2	19.5
Gross Profit	3.2	2.7	16.2	6.1	5.2	16.8
GP Margin (%)	33.7	31.4	2.3 ppt	29.8	30.5	-0.7 ppt
PBT	2.0	2.2	-6.6	3.9	3.9	-1.7
Net Profit	1.7	1.8	-6.7	3.4	3.3	3.8
Diluted EPS (cents)	0.97	1.04		1.98	1.90	

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

### Delivering a Steady Performance

On the back of increased contribution from Burn-In Services and Manufacturing and PCBA Services business segments, the Group’s revenue grew 19.5% to S\$20.6 million in 1H2018 from S\$17.2 million in 1H2017. 2Q2018 revenue was up by 8.1% to S\$9.4 million from S\$8.7 million in the corresponding quarter last year. Gross profit margin held relatively stable at around 30% in 1H2018.

In terms of profits, 1H2018 net profit improved by 3.8% to S\$3.4 million from S\$3.3 million in 1H2017. **The Group’s 2Q2018** operating profit improved although net profit declined marginally

to S\$1.7 million from S\$1.8 million in 2Q17 due primarily to foreign exchange loss as compared to a gain of \$0.4 million in 2Q2017 as well as a decrease in other operating income.

The Group continues to generate positive cash flow quarter on quarter, maintaining its strong cash position. As at 31 December 2017, the **Group's cash position** increased to S\$32.0\* million while bank borrowings were lower at S\$0.1 million. The Group had a positive working capital of S\$36.7 million as at 31 December 2017 as compared with S\$28.6 million as at 30 June 2017. Net asset value per ordinary share as at 31 December 2017 was 28.78 cents.

## Increase in Interim Dividend to **Reflect Group's** Positive Performance

Given the Group's steady performance and strong cash flow generated, and to reward shareholders for their continued support of the Group, the Board is declaring an interim dividend of 1.3 cents per share, which is higher than the interim dividend of **1.0** cent per share paid in the corresponding period last year.

## On Track for Sustained Growth Driven by Automotive Semiconductors, Digitisation Trends and Emerging Technologies

Mr Lim Eng Hong, CEO of Avi-**Tech Electronics Limited** said, "We have closed the first half of our financial year on a positive note. While with the weakening USD, we registered a loss on foreign exchange. Nonetheless, the operating income, excluding the foreign exchange, has improved. On that basis, we are confident to reward our shareholders with a higher interim dividend than the corresponding period last year. This reflects our confidence and optimism for the Group, based on continued global trends in the automotive semiconductor, infocommunications, cloud computing and data centre spaces.

The automotive semiconductor market is expected to reach US\$48.78 billion by 2022 with CAGR projected at 5.8%.<sup>1</sup> Increasing vehicle production, particularly in the Asia-Oceania region, as well as vehicle electrification, automation and growing demand for advanced safety, convenience and comfort systems, are fuelling growth.

The convergence of voice, video and data networks has led to exponential growth of data traffic and data storage. Data centre and cloud computing require fail-safe chips, which means continued and sustained demand for semiconductor-related services, such as burn-in and board manufacturing. Having built expertise in these spaces, coupled with strong partnerships with key players, we are well-placed to grow in tandem with our **customers' and industry's** projections.

Our next growth phase will be driven by the megatrends in digitisation and the Internet of **Things ("IoT")**. **Semiconductors are a key component** of digitisation, which is sweeping across the global economy. It is estimated that IoT semiconductors will increase by 15-

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<sup>1</sup> "Automotive Semiconductor Market Worth 48.78 Billion USD by 2022."  
<https://www.marketsandmarkets.com/PressReleases/automotive-semiconductor.asp>

20% annually over the next few years to 26-30 billion units by 2020.<sup>2</sup> We will continue to develop competencies and seek new opportunities to capitalise on these trends, while leveraging our advantages in existing capabilities.

We remain committed and open to exploring other profitable businesses which present a synergistic fit with our current service offerings that will aid our business and 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 13 February 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<sup>3</sup> 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](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 that are based on current view of management on future events.*

Issued for and on behalf of Avi-Tech Electronics Limited

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<sup>2</sup> Semiconductor Industry Outlook – December 2017.

<http://www.nasdaq.com/article/semiconductor-industry-outlook-december-2017-cm890008>

<sup>3</sup> 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.