



AVI-TECH ELECTRONICS LIMITED

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Avi-Tech closed FY2019 with revenue of S\$33.6 million and net profit of S\$4.6 million

- **Group proposed final dividend of 1.0 cent per share and special dividend of 0.5 cents per share on the back of a healthy balance sheet**
- **Automotive revenue provided stability and profitability**

SINGAPORE, 28 August 2019 – 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, announced its financial results for the fourth quarter (“4Q2019”) and full year (“FY2019”) ended 30 June 2019.

S\$ Million	4Q2019	4Q2018	Change (%)	FY2019	FY2018	Change (%)
Revenue	10.7	7.5	43.6	33.6	35.7	-5.9
Gross Profit	4.2	1.8	129.2	10.5	9.9	6.0
GP Margin (%)	38.8	24.3	14.5ppt	31.4	27.9	3.5ppt
PBT	3.0	1.1	173.9	5.7	5.7	0.4
Net Profit	2.4	0.8	186.1	4.6	4.9	-4.5
Diluted EPS (cents)	1.41	0.49		2.72	2.84	

The Group delivered a respectable set of financial results with revenue of S\$33.6 million and net profit of S\$4.6 million for FY2019, in spite of the prevailing weak semiconductor industry and challenging economic environment amidst global trade disputes and rising geopolitical tensions.

The Burn-In Services business segment revenue improved by 5.0% to S\$10.6 million in FY2019, riding on demand for burn-in services from the automotive semiconductor segment. The Manufacturing and PCBA Services business segment, while registering a marginal 1.1% decrease in revenue of S\$18.8 million, augmented the Group’s performance with improved profit contribution.

The Engineering Services business segment continued to be impacted by the slowdown in the electronics manufacturing sector and a cyclical downturn in the semiconductor industry, with a resultant loss arising from a 35.6% decline in revenue to S\$4.2 million.

The Group achieved FY2019 gross profit of S\$10.5 million, a 6.0% increase despite the revenue decline. The Group’s higher gross profit was attributed to higher weighted average sales in the

Burn-In Services and Manufacturing and PCBA Services business segments as compared to the Engineering Services business segment. The Group's gross profit margin also increased from 27.9% in FY2018 to 31.4% in FY2019.

Net profit in FY2019 was S\$4.6 million, with a S\$0.4 million impairment loss of bond investment issued under Hyflux Ltd's Medium Term Note Programme, a decrease of 4.5% from S\$4.9 million in the corresponding period last year.

Overall, the Group achieved a creditable performance while maintaining a strong balance sheet with a positive working capital of S\$38.4 million as at 30 June 2019. Net asset value per share was 28.97 cents. Net cash generated from operations was S\$6.1 million, primarily due to the profit generated for the year. The Group's cash position stood at S\$34.5 million compared to S\$33.2 million in the previous financial period.

CONTINUED COMMITMENT TO BUILD SHAREHOLDER VALUE THROUGH PROFIT-SHARING; LEVERAGE CAPABILITIES TO EXPLOIT LONG TERM GROWTH IN SEMICONDUCTOR INDUSTRY WITH SMART TECHNOLOGIES

Mr Lim Eng Hong, CEO of Avi-Tech said, "The Group ended FY2019 commendably as we continued to be profitable despite the worldwide cyclical downswing for semiconductor and electronics, exacerbated by external headwinds such as deglobalisation of trade and tight labour market.

"Automotive revenue which contributed to more than half of Group revenue provided stability and profitability to the Group. Automotive semiconductor products are characterised by more linear growth as compared to other semiconductor products which have more cyclical sales. Thus, notwithstanding a downswing in the semiconductor industry, the Group was able to maintain a positive performance in FY2019."

"We remain committed to profit-sharing with shareholders and to build shareholder value. Reflecting our strong cash position, confidence in the automotive semiconductor outlook and our growth prospects, we are proposing a final dividend of 1.0 cent per share and a special dividend of 0.5 cents per share. Including the interim dividend of 0.8 cents per ordinary share, we would have dividend payout ratio of 84.7% of FY2019 net profit and a dividend yield of 8.8%¹."

"On the corporate front, Avi-Tech was recognised by the industry for our commitment to upholding the principles of corporate governance and transparency with the Best Managed Board (Bronze) Award at the Singapore Corporate Awards 2019. Our rankings in the annual Singapore Governance and Transparency Index inched up 12 places to be ranked among the top 10 per cent of 578 Singapore-listed companies in 2019."

"Looking ahead, while the global economy remains uncertain, the Group remains cautiously optimistic of its performance especially in the long term, stemming from the rapid advancement and deployment of smart technologies such as

¹ Based on closing share price of S\$0.26 on 28 June 2019

autonomous driving, smart cities and internet of things (IoT) applications to industrial and workplace automation.”

Mr Lim added, “Avi-Tech, leveraging on our core competencies, is well-positioned to capitalise on the steady demand for automotive-related semiconductor services. The automotive market, propelled by the increase in electric, hybrid and autonomous vehicles as well as increasing electrification of traditional models, is expected to grow at a compounded annual growth rate of 11.9% through 2020².”

“We will continue strengthening our capabilities, extending our customer base and exploring new growth opportunities, including mergers and acquisitions, to further enhance our business performance and 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 2019.

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, Burn-in Board Manufacturing and PCBA Services, and Engineering Services. Our clients 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 the 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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² PWC. “Opportunities for the global semiconductor market.” 3 April 2019