



VENTURE REPORTS 2Q 2020 NET PROFIT OF S\$70.2 MILLION, AN INCREASE OF 16.4% COMPARED TO THE PRIOR QUARTER

1H 2020 NET PROFIT OF S\$130.5 MILLION ON REVENUE OF S\$1,365.7 MILLION, TRANSLATING TO NET MARGIN OF 9.6%

INTERIM DIVIDEND OF S\$0.25 PER SHARE DECLARED COMPARED TO 1H 2019 INTERIM DIVIDEND OF S\$0.20 PER SHARE

SINGAPORE, 7 AUGUST 2020 – Venture Corporation Limited today reported its financial performance for the quarter and six months ended 30 June 2020.

FINANCIAL RESULTS HIGHLIGHTS

- 2Q 2020 net profit of S\$70.2 million on revenue of S\$692.7 million, translating to net margin of 10.1%.
 - Sequentially, 2Q 2020 net profit grew 16.4%.
- 1H 2020 net profit of S\$130.5 million on revenue of S\$1,365.7 million, translating to net margin of 9.6%.
- Earnings per share of 44.9 Singapore cents in 1H 2020.
- Net cash position of S\$833.0 million as at 30 June 2020.
- Free cash flow of S\$265.7 million generated in 1H 2020.
- Net asset value per share of S\$8.76 as at 30 June 2020.
- Interim dividend of S\$0.25 per share declared.

For the six months ended 30 June 2020 (1H 2020), the Group recorded revenue of S\$1,365.7 million. For the three months ended 30 June 2020 (2Q 2020), the Group generated revenue of S\$692.7 million. Revenue performance for 1H 2020 was initially gated by disruptions to global supply chain and factory lockdowns in Malaysia, Spain, US and China caused by measures implemented in various countries as a result of Covid-19 pandemic. While Venture was able to respond swiftly to mitigate the impact, orders from some customers operating in non-essential end market segments were pushed back to later quarters. In tandem with the lower revenue, changes in finished goods, work in progress and raw materials costs reduced accordingly.

The Group recorded profit before tax (PBT) of S\$81.2 million for 2Q 2020 and S\$151.1 million for 1H 2020. PBT for 2Q 2020 registered healthy sequential recovery at +16.1% over 1Q 2020. In line with the PBT, the Group reported income tax expense of S\$20.5 million for 1H 2020. Net profit (profit attributable to owners of the Company) was S\$70.2 million for 2Q 2020 (+16.4% QoQ) and S\$130.5 million for 1H 2020. This translated to a net margin of 10.1% for 2Q 2020 and 9.6% for 1H 2020 (2Q 2019: 10.1%, 1H 2019: 9.9%). Notwithstanding revenue headwinds from this unprecedented situation, the Group delivered strong sequential quarterly recovery underpinned by resiliency from a diversified customers' portfolio and nimble adaptability to business changes. The Group's differentiating capabilities and relentless focus on operational excellence continue to create impactful value for our partners.

Diluted Earnings Per Share was 44.9 cents for the first half of 2020 (1H 2019: 62.9 cents).

FINANCIAL POSITION AND CASH FLOW

The Group generated operating cash flow of S\$167.6 million before working capital changes for 1H 2020 (1H 2019: S\$223.3 million). The Group registered an improvement in working capital position mainly due to lower net receivables and payables position offset by higher inventories to enable delivery of continuous reliable support for customers' programmes. For the six months ended 30 June 2020, the Group generated strong cash flow from operations at S\$271.3 million (1H 2019: S\$235.6 million).

As at 30 June 2020, the Group recorded S\$834.1 million of cash and bank balances (S\$714.5 million as at 31 Dec 2019). On 16 June 2020, the Group paid a final tax-exempt dividend of 50 cents per ordinary share amounting to S\$144.4 million (1H 2019: S\$144.0 million). Notwithstanding the dividend payment, net cash as at 30 June 2020 grew 16.8% to S\$833.0 million (S\$713.4 million as at 31 Dec 2019).

As at 30 June 2020, equity attributable to owners of the Company was S\$2,532.5 million (S\$2,496.2 million as at 31 Dec 2019) and Net Asset Value per share was S\$8.76 (S\$8.65 as at 31 Dec 2019).

DECLARED INTERIM DIVIDEND

The Board of Directors has declared an interim dividend of S\$0.25 per share on a one-tier tax-exempt basis. The interim dividend payment date will be on 18 September 2020.

OUTLOOK

Venture's sequential recovery in 2Q 2020 was enabled by the effective teamwork, resourcefulness and resiliency of its people. The teams received deep appreciation from several customers and partners, with one of them lauding Venture as their "Heroes in Production". Over the past few months, Venture's dedicated taskforces worked unstintingly in their daily executions, in collaboration with a strong supportive network of customers, partners, business associations and government authorities to sustain operational excellence. Through this combined effort, Venture overcame the challenges precipitated by Covid-19 pandemic to deliver on its commitments to its customers and partners.

Venture's consistent and reliable support is critical for its customers who continue to see sustained demand for their essential products and services. These customers are largely from the Life Science, Medical Devices & Equipment, Networking & Communications and Semiconductor-related Equipment domains. With the gradual reopening of some economies since late April 2020, the Group is also working conscientiously to fulfil its customers' orders from the other technology domains serving non-essential end markets. The steady recovery seen in 2Q 2020 is expected to continue into the second half of this year. Venture's R&D labs have plans to subsequently release a number of newly developed products into manufacturing commencing early 2021.

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Submitted by Devika Rani Davar, Company Secretary, on 7 August 2020 to the Singapore Exchange Securities Trading Limited.

This press release is also available at www.venture.com.sg.
(Company Reg. No.: 198402886H)

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ABOUT VENTURE (www.venture.com.sg)

Venture Corporation Limited (“**Venture**” or the “**Group**”) was founded in 1989 as an electronic services provider after the merger of three companies. Today, it is a leading global provider of technology solutions, products and services with established capabilities spanning marketing research, design and development, product and process engineering, design for manufacturability, supply chain management, as well as product refurbishment and technical support across a widely diversified range of technology domains.

Headquartered in Singapore, the Group comprises more than 30 companies with global clusters in Southeast Asia, Northeast Asia, America and Europe and employs over 12,000 people worldwide.

The Group has built know-how and intellectual property with expertise in several technology domains. These include life science, genomics, molecular diagnostics, medical devices and equipment, healthcare and wellness technology, lifestyle consumer technology, health improvement products, instrumentation, test and measurement technology, networking and communications, fintech, as well as computing, printing and imaging technology. The Group manages a portfolio of more than 5,000 products and solutions and continues to expand into new technology domains through its collaborations with customers and partners in selected ecosystems of interest.

Venture is a strategic partner of choice for over 100 global companies including Fortune 500 corporations. It ranks among the best in managing the value chain for leading electronics companies. The Group is committed to enhancing its competencies through further investments in technologies, market access capabilities, its people and expanding connectivity with other enterprises and research-intensive organisations/institutions in its ecosystem of interests. It stands poised to provide the leading edge and remain relevant in a constantly changing and evolving world.