



## PRESS RELEASE

### S\$201M NET PROFIT ON S\$3.24B REVENUE FOR 2005

#### Fourth Quarter Net Profit Increased 27%

**SINGAPORE – 20 February 2006** – Venture Corporation Limited (SGX: Venture), a leading global electronics services provider today reported a 7% increase in profit attributable to shareholders of S\$201m, or 75 cents per share, for the financial year ended 31 December 2005, compared with S\$189m, or 71 cents per share a year ago. Annual revenue was S\$3.24b, compared to S\$3.19b last year.

For the quarter ended 31 December 2005, the Group registered a 27% improvement in profit attributable to shareholders from S\$43m to S\$55m, in spite of a 13% decline in revenue from S\$1b to S\$878m.

#### Key Performance Highlights :

	<b><u>FY05</u></b>	<b><u>FY04</u></b>	<b><u>Change</u></b>
Revenue (S\$m)	3,238	3,193	↑ 1%
Profit Attributable to Shareholders (S\$m)	201	189	↑ 7%
Fully Diluted EPS (Sgp cents)	75	71	↑ 6%

Chairman and CEO, Wong Ngit Liong said, “While operating conditions were relatively demanding and the competitive landscape intense, the initiatives that we undertook to strengthen our fundamentals since 2004 are bearing fruit, and steering us back onto the path of steady growth and progress.

“In the course of the year, we also succeeded in achieving a healthy balance in revenue contribution from each product segments, improving on our customer mix, and adding substantial capabilities and knowledge. All these attest to our firm commitment to strive for



customer satisfaction, and provide creative and innovative solutions in our relentless pursuit of excellence.”

### **Performance Review & Update**

The Group’s revenue breakdown by product segment was as follows :

	<u><b>% of Total Revenue</b></u>
Test & Measurement / Others	16%
Networking & Communication	23%
Printing & Imaging	30%
Computer Peripherals & Data Storage	31%

This breakdown, which reflects a more balanced business portfolio with good contribution from each product segment, resulted from a reduction in some low-end manufacturing activities in favour of high-mix, high value-added business. In the course of the year, more customers were added, thereby broadening and diversifying the Group’s customer base in terms of geography and industry, and improving its customer mix. Along with this was the addition of substantial capabilities and knowledge that enabled Venture to serve customers in various niche markets. As a result, it was able to increase the proportion of high value-added activities in the second half of the year, which provided for overall margin stability.

As part of its initiative to significantly enhance its operational excellence and optimize its capabilities, the Group reinforced its cluster strategy by re-aligning its activities within each cluster. In so doing, R&D capabilities were added to the China operations, and the capabilities in Singapore strengthened with the acquisition of Scinetic Engineering Pte Ltd, a design house specializing in retail systems solutions. The Group also acquired a new freehold facility in Malaysia to support the growing manufacturing and e-fulfillment business there. In the USA, various scattered facilities in Southern California were relocated to a single larger site in Anaheim, while a new facility was added in Northern California to cater for a new platform of products.



The Group continued to make investments to enhance its technological excellence. These investments will advance Venture's high-mix capabilities beyond printer circuit board assembly into precision mechanical assembly, and the entire supply chain. The Group also made strategic enhancements to its IT infrastructure and invested in some IT operational tools, to better support the e-fulfillment and other value chain activities.

2005 also saw Venture tightening relationships with a number of its customers through an expansion of the scope of activities across a wide spectrum of products. Among these were NPI engagement for storage blade cards, and the expansion of engineering support activities for a customer in the storage tape business. A focus factory was also established in Shanghai to support a customer in the test and instrumentation business. The Group also strengthened its NPI and other engineering capabilities to achieve a seamless transition from the design of complex products to the manufacturing process, and throughout the entire product life cycle, thus enhancing the standard of customer satisfaction.

On the R&D front, globalizing the network of design centres continued its momentum, with design activities now being carried out in all four clusters – Southeast Asia, North Asia, Europe and the USA. This is targeted at improving Venture's capability-to-cost ratio, and to facilitate scalability of the service over time. Supporting this globalization process is the expansion of technological capabilities, into areas such as laser, telemetry, and the development of various niche and retail systems solutions products. Such initiatives are expected to provide the basis for recurring manufacturing income, and help maintain gross margin going forward.

### **Balance Sheet**

The Group ended the year with total shareholders' equity standing at S\$1.7b, an increase of 6% over the previous year. Net assets per share increased 4% to S\$6.17, from S\$5.96 the year before. Cash and cash equivalents fell 2% to S\$590m, compared to S\$602m the year before.



## **Dividend**

For the year 2005, the Board of Directors has proposed a final dividend of S\$0.25 and a bonus dividend of S\$0.25 on a tax-exempt basis.

## **Outlook**

The initiatives undertaken over the past two years have positioned the Group well for the future, and give good reason for a cautiously optimistic view of its prospects for 2006.

While the business environment will continue to be demanding, the Group's relentless focus on enhancing its operational excellence and technological edge should bring about a steady flow of business both from the traditional computer-related market segment, and from the newer, more complex and high-mix business, such as test and instrumentation, enterprise storage, and network storage infrastructure.

The Group expects a continued growth in activities with its customers, with a deepening of partnerships and the engagement with more business units within the customer organizations. With its partnership with medium-sized customers who are leaders in their respective fields and engaged in various niche industries, the Group's push towards higher value-added, higher-mix activities is also growing in momentum.

The original design and manufacturing (ODM) continues to gain good customer traction, and activities in this area are expected to remain high. New business programmes in the pipeline include bio-medical instrumentation equipment employing laser technology, microwave components for new instrumentation products, and box-build of test & measurement equipment for various applications. Added to these are optical switches and server blade systems modules. The Group also expects a strong flow of computer-related products.

In line with this, the Group is strengthening its position in the communication and instrumentation technologies, as well as in storage test development to enable it to carry out more co-development work with its customers in these areas. It will also continue to extend its competitive advantage in high-mix operations by enhancing its IT systems, particularly in



the area of advanced planning and materials management. With the acquisition of Scinetic Engineering, the Group has added yet another core competency to support growing demand from customers dealing with products such as point of sales products, data capture terminals, and other retail systems solutions.

Said Mr Wong, “Venture has now established a solid and diversified customer base. With our commitment towards operational excellence, and our proven capabilities, we are well-positioned to face the challenges in 2006.”

### ***About Venture Corporation***

Venture Corporation Limited ranks among the best in managing the value-chains of leading electronics companies around the world. Offering a combination of cutting-edge design expertise, innovative manufacturing technology and reliable testing and fulfillment capabilities, the Venture group comprises some 30 companies with global clusters of excellence in South-East Asia, North Asia, the Americas and Europe. Top Fortune 500 companies including HP, Agilent, IBM, Intermec, as well as other up-and-coming MNCs have selected Venture as their strategic partner for their long-term manufacturing, engineering, product development and supply chain management needs.

Venture is recognized as one of the companies with the strongest management and technical expertise in the industry, and has received numerous accolades such as “Supplier of the Year” and “Successful Strategic Partnership” from customers, and “Singapore’s Best Managed Company”, “Singapore’s Top 10 Innovative Companies” and “Leader in Corporate Governance” by regional financial publications such as Businessweek, Asiamoney, and FinanceAsia.

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