



PRESS RELEASE

VENTURE ACHIEVES S\$207M NET PROFIT ON REVENUE OF S\$3.2B FOR 2004

SINGAPORE – 21 February 2005 – Venture Corporation Limited (SGX: Venture), a leading global electronics services provider today reported a full year net profit of S\$206.8m on revenue of S\$3.19b for the financial year ended 31 December 2004, compared with a net profit of S\$240.4m on revenue of S\$3.17b a year ago. Earnings per share on a fully-diluted basis was 77.3 Singapore cents, compared with 93 cents for the same period last year.

The flat full-year revenue as compared to 2003, reflected record fourth quarter sales that, for the first time in its history, exceeded S\$1b. This was on the back of relatively strong contribution from the networking and communications product segment, and healthy demand growth from the test & measurement, automotive and medical segments. Net after-tax profit on the other hand saw a 14% decline due to a number of factors. For one, there was a shift in product mix towards high-volume, and relatively lower-margin business. For another, expenses incurred in preparation for new business introduction and transfers were not recovered in time due to customer delays. This was further compounded by a S\$9m foreign exchange loss resulting from the weakening US dollar, a S\$6m allowance for doubtful debts and inventory obsolescence, and higher effective tax rate of 2.8% compared to 1.5% the previous year.

Chairman and CEO, Wong Ngit Liong said, “2004 was a year of consolidation following two consecutive years of very strong growth in 2002 and 2003. During the year, we made good progress in moving towards a more balanced contribution across the various product segments. We actually grew our customer base by more than 10%, and expanded our scope of activities.”



Operations Review

The Group saw mixed demand for products in the various segments. The networking & communications segment, which contributed 19% of total revenue, surged 128% year-on-year, as several new customers and some high-volume telecommunication products were added in the later part of the year. Revenue from the test & measurement/automotive/medical/others category contributed 13% of the total revenue, grew 43% over the previous year, reflecting an increase in higher value-added activities in relation to instrumentation and automotive products. Contribution from the printing & imaging, as well as the computer peripherals & data storage segments was 32% and 37% respectively. This represented year-on-year declines of 17% each.

New customers added during the year comprised American, European and Japanese OEM companies. These are engaged in the data storage, networking & communications, test & measurement, automotive, and medical business segments.

The Group also took steps to strengthen its clusters of excellence, particularly in the USA and China. To cater to increasing demand for high-value added services in the USA, a new facility totaling some 75,000 square-feet was added in Southern California, and the scope of activities enlarged to include repair services, systems integration, and box-build. In China, its manufacturing operations were expanded into a second facility, while a new 40,000 square-foot facility in the Shanghai Free Trade Zone was added to support the growth of its e fulfillment business. A further 30,000 square-feet was added in Singapore to accommodate the establishment of high-end test & measurement business. In Malaysia, the Group made the decision to purchase a 400,000 square-foot facility that it had been leasing since end-2002.

Balance Sheet

Balance sheet remained strong with total shareholders' equity standing at S\$1.57 billion, an increase of 17% over the previous year. Net assets per share increased 14% to S\$5.96, from S\$5.22 the year before.



Cash and cash equivalents fell 17% to S\$610m, compared to S\$779m the year before. Over S\$200m of cash were used to invest in long-term fixed income instruments aimed at limiting the Group foreign currency exposure.

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. This is more than 2.5 times the total dividends paid for the financial year 2003.

Outlook

Recent outsourcing trend has seen Original Equipment Manufacturers (OEMs) showing greater interest in end-to-end solution, high-mix business and larger product portfolio. The strong Euro currency has also driven more European companies to explore outsourcing solutions in Asia. The Group has been able to build a healthy pipeline of new customers and new products by building up resources to participate in larger portions of the value chain and entering into greater collaboration with customers.

The growth in its customer base and New Product Introduction (NPIs) for the networking & communications product segment is expected to contribute to increased revenue into 2005. Demand for test & measurement and automotive products is expected to be sustained as the Group works to increase its market share in these areas. At the same time, it is also making good inroads into the medical product segment. The printing & imaging, and computer peripherals & data storage segments are expected to see an increase in the number of NPIs and activities for the year.

Said Mr Wong, "We devoted considerable effort towards strengthening our fundamentals and developing new capabilities in 2004. We have maintained superior operational excellence at all our sites. As we work on improving our cost structure, we will also continue to build on our existing capabilities to work with OEM leaders in each market segment. More importantly, we have taken steps to achieve a more balanced revenue contribution from our



various product segments, which should enable us to continue to grow steadily for the long-haul”.

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, Venture aims to be the best and most reliable electronics services provider and strategic partner for successful global companies worldwide. 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, Motorola 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” “Leader in Corporate Governance” by regional financial publications such as Businessweek, Asiamoney, and FinanceAsia .

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