



**AVI-TECH HOLDINGS LIMITED**

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# Avi-Tech Reports Full-Year 2022 Results

- ***Revenue increased to \$30.8 million with a steady gross profit of \$7.8 million and gross profit margin of 25%; Net profit was lower at \$3.1 million on account of a substantial increase in electricity cost and the absence of government support grants***
  - ***Registered positive operating cash flow with a strong balance sheet; cash position remained healthy at \$33.1 million***
  - ***Proposed final dividend of 1.0 cents per share; FY2022 total dividend amounted to 1.75 cents per share***
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SINGAPORE, 23 August 2022 – Avi-Tech Holdings Limited and its subsidiaries (“Avi-Tech” or “the Group”), which operate a core business in the provision of burn-in services, manufacturing and printed circuit board assembly (“PCBA”) services and engineering services for the semiconductor, electronics and life sciences industries, announced its financial results for the second half (“2H2022”) and full-year (“FY2022”) ended 30 June 2022.

**Mr Lim Eng Hong, CEO of Avi-Tech stated: “FY2022 had a promising start with the Group recording encouraging revenue and profit growth in the first half following the reopening of more borders whereby countries moved toward co-existing with COVID-19 pandemic. The second half of the financial year, however, was disconcerting with the start of the Russia-Ukraine conflict in February which aggravated the energy crisis, leading to significant spikes in electricity prices. This impacted our business operations, especially our Burn-in Services which are energy-intensive. Additionally, the conflict also disrupted the fragile supply chain, worsening the shortage of raw material components which also impacted our operations.**

**“As a result, although our revenue increased in FY2022, our net profit was lower on account of the substantial increase in electricity cost of more than \$0.6 million and the absence of \$0.6 million COVID-19 government support grant as compared to FY2021. Notwithstanding these headwinds, the Group nonetheless turned in a commendable performance with profit contribution from all our business segments. In particular, our Engineering Services business segment continued to improve with revenue growth of more than 50% in the year.**

**“In appreciation of our shareholders for their continued support and mindful of the significance of distributing returns during these uncertain times, the Board is pleased to propose a final dividend of 1.0 cents per share, taking our total dividend payout in the year to 1.75 cents per share.”**

## **RESULTS HIGHLIGHTS**

<b>S\$ Million</b>	<b>2H2022</b>	<b>2H2021</b>	<b>Change (%)</b>	<b>FY2022</b>	<b>FY2021</b>	<b>Change (%)</b>
<b>Revenue</b>	15.3	16.7	-8.1	30.8	29.3	+5.1
<b>Gross Profit</b>	3.5	4.3	-19.8	7.8	7.5	3.3
<b>GP Margin (%)</b>	22.9	25.8	-2.9ppt	25.3	25.6	-0.3ppt
<b>PBT</b>	1.3	2.8	-53.9	3.7	4.2	-12.7
<b>Net Profit</b>	1.2	2.3	-49.8	3.1	3.5	-9.7
<b>Basic &amp; Diluted EPS (cents)</b>	0.68	1.36		1.84	2.03	
<b>Net assets value per ordinary share (cents)</b>				30.07	29.99	

The Group’s revenue increased by 5.1% to \$30.8 million in FY2022 from \$29.3 million in FY2021 due to higher revenue contribution from the Engineering Services business segment. Gross profit also increased by 3.3% to \$7.8 million as compared to \$7.5 million while gross profit margin held steady at 25.3%. The Group recorded a lower net profit of \$3.1 million in FY2022, a decrease of 9.7% from \$3.5 million due to a substantial increase in electricity cost of more than \$0.6 million incurred in 2H2002 as well as the absence of payouts from the Job Support Scheme (“JSS”) amounting to \$0.6 million as compared to FY2021.

Segmentally, the Manufacturing and PCBA Services business segment remained the Group’s largest revenue contributor with \$17.0 million in FY2022 as compared to \$17.9 million in FY2021. Engineering Services business segment revenue grew 59.6% to \$7.5 million from \$4.7 million. The Burn-In Services business revenue was marginally lower at \$6.3 million in FY2022 compared to \$6.7 million in FY2021. In terms of geographical segments, Singapore and USA continue to be major contributors to the Group’s revenue while China’s contribution increased by 57.5% in the year.

The Group’s balance sheet remained healthy with total assets of \$58.7 million against total liabilities of \$7.3 million as at 30 June 2022. The Group registered positive working capital of \$40.3 million in FY2022, an increase from \$40.7 million in FY2021. Cash flow-wise, the Group generated positive operating cash flow with an increase in cash and cash equivalents of \$1.3 million. The Group closed the year with a healthy cash balance of \$33.1 million.

## PROPOSED FINAL DIVIDEND OF 1.0 CENTS PER SHARE

In view of the Group's performance for the year and the strength of the balance sheet, the Board has proposed a final dividend of 1.0 cents per ordinary share. The total expected dividend payout of \$3.0 million is equivalent to 95.5% of the net profit for FY2022. With the interim dividend of 0.75 cents per ordinary share, the total dividend paid out in FY2022 represented a dividend yield of 5.4%<sup>1</sup>.

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## BOARD RENEWAL

In line with the progressive renewal of the Board, the Board is reviewing new candidates for ongoing succession planning and the continuing relevance of the existing skills, knowledge and experience of Directors individually and the Board collectively. As part of the search process, the Board has identified various factors including independence, Board diversity, and cultural fit with the existing Board members, with a view to facilitating engaging Board discussions, planning and decisions for the growth of the Group. The Board will keep the shareholders updated as and when it has approved the nomination or appointment of a candidate.

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## FY2023 OUTLOOK

While Gartner's Forecast in July had lowered its growth forecast from its previous forecast in April, it projected that the overall semiconductor industry will grow by 7.4% in 2022 to US\$640b, compared to US\$595b in 2021. The drivers of such growth include the demand from the data centre segment driven by accelerated digital transformation, cloud and IoT applications. In addition, the automotive electronics segment is projected to continue to record double-digit growth over the next three years as semiconductor content per vehicle will increase due to the transition to electric and autonomous vehicles. The semiconductor content per vehicle is projected to increase from \$712 in 2022 to \$931 in 2025<sup>2</sup>.

As a whole, the outlook remains mixed. The Group maintains cautiously optimistic, despite recent developments including the recent interest rate hikes by many central banks to combat inflation, the challenges posed by the onset of the Russia-Ukraine conflict, the evolution of the COVID-19 pandemic and China's zero-COVID policy, which may continue to weigh in on supply chain disruptions.

**Mr Lim added, "Amidst the challenges and opportunities, the Group will continue to focus on enhancing our core businesses by becoming better and faster. To this end, we have been focusing on cost management, particularly in managing electricity costs by exploring solutions with the authorities and suppliers, improving our productivity and generating more output from our existing capacity to better meet our customers' demands more efficiently and effectively. We have also been working closely with our customers to broaden our services, employ new capabilities and accelerate digital transformation to sustain and strengthen our competitive advantages. In the year, we**

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<sup>1</sup> Based on closing share price of S\$0.325 as at 30 June 2022

<sup>2</sup> Gartner Forecasts Worldwide Semiconductor Revenue Growth to Slow to 7% in 2022", 27 July 2022  
<https://www.gartner.com/en/newsroom/press-releases/2022-07-27-gartner-forecasts-worldwide-semiconductor-revenue-growth-to-slow-to-7-percent-in-2022>

**incorporated a wholly owned subsidiary, Avi-Tech Electronics (Suzhou) Limited, in China to expand our markets and better support our customers.**

**“At the same time, we will continue to leverage global opportunities afforded by digital transformation, vehicle electrification, autonomous driving and smart technologies to capture growth from these favourable megatrends by exploring new collaborations, including mergers and acquisitions or even new partnerships, to deliver long-term sustainable returns to shareholders.”**

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*This press release is to be read in conjunction with Avi-Tech’s results announcement posted on the SGXNET on 23 August 2022.*

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## **ABOUT AVI-TECH HOLDINGS LIMITED (CO. REG. NO. 2020002889W.)**

Avi-Tech Electronics Limited (which has been renamed as Avi-Tech Electronics Pte. Ltd.) was incorporated in Singapore in 1981 and listed on the Main Board of the Singapore Exchange Securities Trading Limited in 2007. The Group’s corporate history therefore spans more than 40 years. Following the successful completion of its corporate restructuring exercise in December 2021, Avi-Tech Holdings Limited has replaced its wholly-owned subsidiary, Avi-Tech Electronics Pte. Ltd. as the listed entity.

Starting as a provider of Burn-In solutions, we have since expanded our capabilities to include manufacturing and PCBA services and Engineering services. Today, we are one of the leading total solutions providers for burn-in, manufacturing and PCBA and engineering services for the semiconductor, electronics, life sciences industries and other emerging industries. We also provide robotics solutions with powerful navigation and intelligent fleet management software for use in a wide range of applications including manufacturing, logistics, healthcare, hospitality and other industries.

Headquartered in Singapore, our 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, Vietnam, the Philippines, Taiwan, China, Japan, Europe and the United States.

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 received 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 which are based on the current view of management on future events.*

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**ISSUED BY 29 COMMUNICATIONS LLP FOR AND ON BEHALF OF AVI-TECH HOLDINGS LIMITED**

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i 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.