



AVI-TECH HOLDINGS LIMITED

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Avi-Tech Reports Full-Year 2023 Results

- ***Achieved revenue and profit growth despite challenging operating conditions; Manufacturing and PCBA Services and Engineering Services business segments delivered double-digit revenue growth***
- ***Recorded stable operating cash flow and maintained sturdy cash balance of \$32.8 million***
- ***Proposed final dividend of 1.0 cent per share***

SINGAPORE, 22 August 2023 – 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 full-year ended 30 June 2023 (“FY2023”).

Mr. Lim Eng Hong, CEO and Executive Chairman of Avi-Tech, remarked, “Our journey through the second half of the year continued to confront us with formidable operating challenges, akin to those encountered in the first half. These encompassed grappling with escalating electricity costs, along with the added complexities of high-interest rates, inflation, foreign exchange fluctuations, and also supply chain disruptions stemming from geopolitical factors like trade barriers on semiconductor chips between the US and China. Nevertheless, Avi-Tech demonstrated exceptional resilience, achieving notable revenue and profit growth in FY2023 despite grappling with significantly elevated business costs.”

“In terms of performance, the Group experienced revenue growth. Manufacturing and PCBA Services, as well as Engineering Services, led the way with commendable growth rates of 19.4% and 12.0% respectively. While all business segments were profitable, Engineering Services showcased a 59.6% growth in profit due to new clients. Geographically, the Group’s operations in China gained momentum, exhibiting a 11.6% revenue increase, while the US market also delivered a strong performance with a 16.5% revenue increase.

With the Group’s positive performance and staying true to our commitment to maintain dividend stability, the Board has proposed a final dividend of 1.0 cent per share.”

RESULTS HIGHLIGHTS

S\$ Million	FY2023	FY2022	Change (%)
Revenue	34.9	30.8	13.1
Gross Profit	8.0	7.8	2.8
GP Margin (%)	22.9	25.2	-2.3ppt
Profit before income tax	4.1	3.7	11.2
Profit for the year	3.3	3.1	3.8
Basic & Diluted EPS (cents)	1.90	1.84	
	As at 30 Jun 2023	As at 30 Jun 2022	
Net assets value per ordinary share (cents)	30.22	30.07	

In FY2023, the Group reported total revenue of S\$34.9 million, an increase of 13.1% compared to S\$30.8 million in FY2022. This growth in revenue was coupled with a corresponding uptick in gross profit. Notably, the escalation in electricity costs posed a significant challenge, affecting the gross profit margin. Despite this hurdle, the Group achieved a profit of S\$3.3 million in FY2023, an increase of 3.8% compared to the profit of S\$3.1 million reported in FY2022. The higher profit in FY2023 and the overall financial performance were supported by an increase in interest income from fixed deposits; however, this was partially offset by an unrealized foreign exchange loss due to adverse fluctuations in USD and RMB rates against SGD.

In term of segmental performance, the Burn-In Services business segment reported a slight decrease in revenue, amounting to S\$6.2 million in FY2023 as compared to S\$6.3 million in FY2022. Conversely, the Manufacturing and PCBA Services business segment, which is the primary revenue generator for the Group, achieved a robust 19.4% growth in revenue, totalling S\$20.3 million in FY2023 compared to S\$17.0 million in FY2022. Similarly, the Engineering Services business segment demonstrated a steady revenue growth of 12%, reaching S\$8.4 million in FY2023 from S\$7.5 million in FY2022. In terms of geographical segments, Singapore and the USA continued to be significant contributors while China displayed notable growth, recording a 48.2% increase in revenue in FY2023 compared to FY2022.

As of 30 June 2023, the Group maintains a strong balance sheet, with total assets amounting to S\$59.4 million, comfortably offset by total liabilities of only S\$7.7 million. The Group also continues to hold a healthy working capital of S\$40.6 million as at 30 June 2023, being a slight uptick from S\$40.3 million in the corresponding period of 2022. In terms of cash flow, the Group achieved a positive net cash from operations of S\$4.0 million in FY2023. The Group concluded the period with a strong cash balance of S\$32.8 million.

PROPOSED FINAL DIVIDEND OF 1.0 CENT PER SHARE

Following a comprehensive evaluation of the Group's performance in FY2023, and careful consideration of the Group's business and operational commitments, cashflow, and balance sheet, the Board is pleased to propose a final dividend of 1.0 cent per ordinary share. The total projected dividend payout of S\$1.7 million for this dividend in respect of FY2023 approximately constitutes 52.5% of the Group's FY2023 profit, which is a proportion well within the net cash generated in the reporting period. Shareholders can anticipate the distribution of the final dividend on 28 November 2023.

OUTLOOK

The Group maintains a cautiously optimistic outlook regarding its growth prospects, owing to prevailing uncertain operating environment, primarily influenced by weakened global demand and China's economic deceleration. While initial indicators suggest easing inflation, concerns loom over sustained high interest rates and the escalating risk of a global recession. Singapore's GDP projections for FY2023 have undergone downward revision, estimating growth to be within the range of 0.5% to 2.5%, and underscoring the economic challenges compared to the 3.6% growth witnessed in 2022. Furthermore, the intensifying geopolitical tensions between China and the US are poised to impact the semiconductor industry, exacerbating market complexities.

In the semiconductor industry, Gartner, Inc. has forecasted a notable 11.2% decline in global semiconductor revenue for 2023, primarily due to economic challenges, weak demand for electronics, and an oversupply of semiconductor chips. Nevertheless, amidst this overall decline, there are promising sectors showing growth. The automotive semiconductor market is poised for a 13.8% expansion, projecting an impressive value of \$76.9 billion in 2023. Likewise, industrial semiconductor markets are also poised for growth during this period.¹

Mr Lim further added, "Avi-Tech will continue to closely monitor market developments, particularly the trade tensions between the US and China, which are accelerating deglobalization and impacting the semiconductor industry. Despite these challenges, we maintain an optimistic yet vigilant outlook for FY2024, drawing upon our positive performance in FY2023.

"Our unwavering focus will remain customer-centric, enabling swift adaptation to evolving demands, and ensuring competitiveness through resource optimization and cost management. One thing remains certain - we can consistently rely on building on Avi-Tech's core strengths, excelling in advancing our services, delivering exceptional value, and driving innovation, which has been a guiding force throughout our 40 years of operations."

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This press release is to be read in conjunction with Avi-Tech's results announcement posted on the SGXNET on 22 August 2023.

¹ <https://www.gartner.com/en/newsroom/press-releases/2023-04-26-gartner-forecasts-worldwide-semiconductor-revenue-to-decline-11-percent-in-2023>

ABOUT AVI-TECH HOLDINGS LIMITED (CO. REG. NO. 202002889W.)

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-inⁱ, 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

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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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.