



**AVI-TECH HOLDINGS LIMITED**

19A Serangoon North Avenue 5 Singapore 554859

Tel: (65) 6482 6168 Fax: (65) 6482 6123

Website: [www.avi-tech.com.sg](http://www.avi-tech.com.sg)

# Avi-Tech Reports Half-Year 2024 Results

- ***Net profit increased 40.3% to \$2.9 million with 7.5% increase in gross margin to 33.2%***
- ***Operating cash flow rose to \$6.3 million; robust cash reserves grew to \$37.1 million***
- ***Declared interim dividend of 0.75 cents per share; dividend yield stood at 2.9%<sup>1</sup>***

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SINGAPORE, 8 February 2024 – Avi-Tech Holdings Limited and its subsidiaries (“Avi-Tech” or “the Group”), which operate the core businesses of providing 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 first half (“1H2024”) ended 31 December 2023.

**Mr Lim Eng Hong, CEO and Executive Chairman of Avi-Tech stated: “Our performance in 1H2024 reflects a healthy start to the financial year, with a noteworthy increase in profit and higher operating cash flow despite a decline in revenue. This achievement is a testament to our unwavering commitment to meeting productivity and cost-control targets, and maintaining rigorous operational discipline throughout.**

**Segmentally, our Engineering Services business segment continues to grow, with a 24.4% increase in revenue attributable to sustained demand from a major US customer. Concurrently, the Burn-In Services business segment maintained revenue growth.**

**Our focus on operational efficiency, strategic market entries, and maintaining robust customer relationships has positioned Avi-Tech to successfully navigate the challenging business landscape in 1H2024. Considering the Group’s commendable performance and our commitment to delivering shareholder value, the Board is pleased to declare an interim dividend of 0.75 cents per share.”**

## RESULTS HIGHLIGHTS

<b>\$ Million</b>	<b>1H2024</b>	<b>1H2023</b>	<b>Change (%)</b>
<b>Revenue</b>	16.6	17.8	-6.4
<b>Gross Profit</b>	5.5	4.6	21.0
<b>GP Margin (%)</b>	33.2	25.7	7.5ppt
<b>Profit before income tax</b>	3.4	2.5	37.6
<b>Net Profit</b>	2.9	2.0	40.3
<b>Basic &amp; Diluted EPS (cents)</b>	1.67	1.19	
	<b>As at 31 Dec 2023</b>	<b>As at 30 Jun 2023</b>	
<b>Net asset value per ordinary share (cents)</b>	30.9	30.2	

In 1H2024, the Group achieved a notable 40.3% increase in net profit to \$2.9 million from \$2.0 million in 1H2023, despite a 6.4% decline in revenue to \$16.6 million from \$17.8 million in 1H2023. The profit growth can be primarily attributed to an increased gross margin of 33.2% in 1H2024, up from 25.7% in 1H2023, marking a 7.5 percentage point improvement. This improvement is a direct result of higher sales in both the Engineering Services and Burn-In Services business segments, as well as a reduction in fixed costs. The Group's strategic cost-cutting initiatives, which encompassed a favourable power retailer agreement, the adoption of energy-efficient equipment and the implementation of automation were effective in generating economies of scale, improving operational efficiency and also contributed to a reduction in fixed costs. Separately, a substantial increase in other operating income, driven by higher interest income further contributed to the overall improvement in profitability for 1H2024.

In terms of segmental performance, the Engineering Services business segment continued its growth trajectory with a 24.4% increase in revenue from \$4.5 million in 1H2023 to \$5.6 million in 1H2024. Similarly, the Burn-In Services business segment experienced positive growth, with an increase from \$3.4 million to \$3.7 million. Conversely, the Manufacturing and PCBA Services business segment, which is the Group's primary revenue driver, reported lower revenue of \$7.3 million from \$9.9 million primarily due to a slowdown in the sector in line with market dynamics.

The Group has further strengthened its sturdy balance sheet with an increase in total assets to \$59.6 million as of 31 December 2023, compared to \$59.4 million as at 30 June 2023. Total liabilities decreased to \$6.8 million from \$7.7 million during the same financial period. Working capital increased to \$42.2 million as at 31 December 2023 as compared to \$40.6 million as at 30 June 2023. With respect to cash flow, the Group achieved a positive net cash flow of \$6.3 million from its business operations. The Group concluded the period with \$12.0 million in cash and cash equivalents and a robust cash balance of \$37.1 million, an increase of \$4.3 million compared to \$32.8 million as at 30 June 2023.

## DECLARED INTERIM DIVIDEND OF 0.75 CENTS PER SHARE

After conducting a thorough review of the Group's performance in 1H2024, taking into account business commitments, operational considerations, and an assessment of the cash flow and balance sheet, the Board is pleased to announce an interim dividend of 0.75 cents per ordinary share. The expected total payout of \$1.3 million for the dividends approximately represents 45% of the Group's 1H2024 profit, a figure well within the net cash generated during the reporting period. The dividend yield stands at 2.9%<sup>1</sup> Shareholders can expect to receive the interim dividend on 17 May 2024.

## OUTLOOK

Notwithstanding the Group's positive performance in 1H2024, the Group continues to adopt a cautious outlook for the second half of the financial year amid macroeconomic challenges. These challenges include trade tensions between China and the United States, uncertainties relating to inflationary pressures, the direction of interest rates, and the potential escalation of conflicts in Europe and the Middle East into more significant regional crises.

While the outlook for the semiconductor industry remains positive, there are initial signs of weakness in the industrial and automotive markets<sup>2</sup>. Despite robust investments in sectors such as artificial intelligence and cloud computing, both business and consumer spending are taking a more cautious approach<sup>3</sup>.

**Mr Lim stated: "The semiconductor sector is dynamic, with various segments experiencing declines during different time periods. Market data indicates that industrial demand has decreased for three consecutive quarters, while the automotive sector has recently started contracting. In contrast, demand for personal electronics, which had previously faced a downturn, has stabilised<sup>4</sup>.**

**In view of the potential challenges in the second half of the financial year, we are adopting a cautious outlook. Nevertheless, major semiconductor companies such as Infineon, Intel, and Texas Instruments are maintaining their investments in expansion and production facilities this year. In the long term, we have strong confidence in the growing demand for semiconductors, particularly in the automotive and industrial sectors. In this regard, projections indicate that the value of semiconductor components in automotive applications may surge to US\$2,000 per electric vehicle, with even higher estimates for autonomous vehicles<sup>5</sup>. It is imperative that we continue to stay the course despite the short-term uncertainties.**

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<sup>1</sup> Share price of \$0.26 as at 31 December 2023

<sup>2</sup> Semiconductor Market: Rebound Expected in 2024, But Challenges Lie Ahead

<https://www.eetimes.eu/semiconductor-market-rebound-expected-in-2024-but-challenges-lie-ahead/>

<sup>3</sup> AI drives upswing for chipmakers but doubts linger

<https://www.ft.com/content/6c611a07-0122-4d5b-89cc-00615f731a1a>

<sup>4</sup> Texas Instruments Gives Weak Forecast as Chip Slump Persists

<https://finance.yahoo.com/news/texas-instruments-gives-weak-forecast-212301603.html>

<sup>5</sup> Infineon Fourth Quarter FY 2023 Quarterly Update

<https://www.infineon.com/dgdl/2023-11-15+Q4+FY23+Investor+Presentation.pdf?fileId=8ac78c8b8b657de2018bcea7a6f50033>

**Moving forward, the Group will maintain its focus on core business activities and strive for operational efficiency by managing elements within our control, including stringent cost management. At the same time, the Group will continue to pursue new opportunities for development and growth through strategic mergers, acquisitions and partnerships, with the goal of enhancing shareholder value and delivering returns."**

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*This press release is to be read in conjunction with Avi-Tech's results announcement posted on the SGXNET on 8 February 2024.*

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## **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-in<sup>i</sup>, 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**

**Media & Investor Relations Contact:**

Lim Siew Yin, Mobile: +65 9858 4673, Email: [siewyin@29communications.com.sg](mailto:siewyin@29communications.com.sg)

Angelina Pereira, Mobile: +65 9191 4756, Email: [angiep@29communications.com.sg](mailto:angiep@29communications.com.sg)

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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.