

## **JEP REPORTS IMPROVED NET ATTRIBUTABLE PROFIT OF S\$1.0 MILLION ON REVENUE OF S\$27.3 MILLION FOR 1HFY2024**

- Earnings Grew On The Back Of Higher Sales For Aerospace And Electronic Components
- All of the Group's business segments remained profitable

### **Singapore, 12 August 2024**

SGX Catalyst-listed JEP Holdings Ltd ("JEP" together with its subsidiaries, the "Group"), a leading provider of precision machining and engineering solutions, posted a 22.3% jump in a net attributable profit of S\$1.0 million on revenue of S\$27.3 million for the first six months of FY2024.

Net attributable profit improved despite a 7.5% dip in Group revenue - as operating income grew 17.7% in the six months under review. The Group benefitted from higher interest income of S\$0.2 million (vs S\$0.1 million) and a foreign exchange gain of S\$0.30 million instead of loss of S\$ 0.03 million recorded in 1HFY2023. The Group also slashed its tax expenses by 15.5% to S\$0.14 million from S\$0.17 million during the same period.

The Group's pre-tax profit grew 16.0% to S\$1.2 million from S\$1.0 million.

All of the Group's business segments remained profitable in the first half of the year.

In terms of revenue, the Group's Precision Machining segment (which includes Aerospace as well as Electronic Components sales) was the star performer - reporting a 16.3% growth in revenue from S\$13.2 million in 1HFY2023 to S\$15.4 million in 1HFY2024. The sales improvement came on the back of stronger contributions from both the Group's Aerospace and Electronics components businesses.

The Group's two other business segments - Equipment Manufacturing and Trading & Others - reported lower sales as a result of weaker global semiconductor demand. The Equipment Manufacturing segment decreased by 30.8% to S\$7.7 million while the Trading & Others segment decreased by 17.8% to S\$4.2 million.

The Precision Machining segment posted a higher segment result of S\$1.0 million in the current half year as compared to the same period last year. Both the Equipment Manufacturing and Trading & Others segments reported lower segment results of S\$0.1 million and S\$0.6 million respectively in 1HFY2024.

In terms of geographical markets, the Group's key markets, (except for Malaysia and Others) - posted lower sales due mainly to softer global semiconductor demand. The Precision Machining segment, however, recorded revenue growth in its key markets of Singapore, China, USA and Others - as its performance was lifted by improvements in its Aerospace and Electronics Components businesses.

Reflecting the Group's performance, earnings per share ("EPS") for 1HFY2024 rose 22.2% to 0.248 cents from 0.203 cents in the first half of last year. Group net asset value ("NAV") per share also edged up to 18.8 cents at the end of June 2024 compared to 18.5 cents as at 31 December 2023.

## **Healthy Cash Flow**

As at end- June 2024, the Group's financial standing continued to be robust, with cash and bank reserves totaling S\$14.4 million - lower than the S\$19.2 million reported at the end of December 2023 - as the Group made full repayment of its bank loans for its Seletar Aerospace Park (SAP) and Loyang Building, after netting off the S\$13.0 million loan from Parent Company and lease liabilities during the period under review.

## **Outlook**

Commenting on the latest financial results of the Group, Mr. Andy Luong, Executive Chairman and CEO of JEP, said: "The Group's commendable performance in the first six months of FY2024 underscores our resilience in the face of global market volatility and economic uncertainties. Despite the slowdown in global semiconductor demand, the Group's profitability improved as all our operating businesses stayed profitable."

Going forward, the sustained demand for global air travel will continue to lift demand for our aerospace business while global chip demand is expected to rebound as Asia's AI-chip trade growth continues to boom.<sup>1</sup>

According to trade organization SEMI, sales of worldwide semiconductor manufacturing equipment are set to reach \$109 billion this year, a growth of 3.4% year-on-year, - a new industry record.

Announced at the recent SEMICON West 2024 event, SEMI forecasts semiconductor equipment sales to continue to grow in 2025, with sales reaching another new record of \$128 billion. This will be driven by both the front-end and back-end segments.

Commenting on the Group's outlook, Mr. Luong said, "The growth in total semiconductor manufacturing equipment sales is already underway this year. SEMI has predicted that there will be a robust expansion of roughly 17% in 2025.<sup>2</sup> This upcycle in the global semiconductor industry - driven by the diverse range of disruptive applications emerging from the Artificial Intelligence wave, - will augur well for us."

According to reports from IATA, average annual air passenger growth is also expected to grow at 3.6% a year to 2043, compared with a forecast of 9.7% increase this year, - with the Asia Pacific region - leading with an average growth of 4.8%.<sup>3</sup>

Looking ahead, the Group will continue to focus on our twin growth engines in the Semiconductor industry and the Aerospace industry.

With a healthy financial position, the Group is well-placed to seize new market opportunities in all of its core business segments to drive growth and profitability.

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1 Source: Asia's AI-chip trade growth continues to boom - <https://think.ing.com/articles/northeast-asia-trade-on-microchips/#:~:text=AI%20chip%20demand%20will%20remain%20strong%20at%20least%20until%202025,%20Accordinging%20to%20industry&text=SK%20Hynix%20announced%20that%20its,expand%20their%20artificial%20intelligence%20services>

2 Source: SEMICON West 2024: Chip equipment sales to set new record in 2024 - <https://electronics360.globalspec.com/article/21280/semicon-west-2024-chip-equipment-sales-to-set-new-record-in-2024>

3 Source: Global airline passenger traffic expected to double in 20 years - <https://e.vnexpress.net/news/world/global-airline-passenger-traffic-expected-to-double-in-20-years-4771802.html>

### **About JEP Holdings Ltd**

JEP Holdings Ltd. is a leading solution provider of precision machining and engineering services. With over 30 years of operating history, we have built up a strong value chain to provide seamless manufacturing solutions to our clients. All our operations are supported by an experienced and passionate workforce, strong networks of established customers and suppliers, and stringent quality systems. The Group's main operating subsidiary, JEP Precision Engineering Pte. Ltd. ("JEPS"), was acquired by the Group in 2007. Accredited with AS9100, ISO 45001 and NADCAP, JEPS has built a track record as a reliable sub-contractor for aerospace components since beginning operations in 1990 and is now part of the global supply chain for the world's leading aircraft manufacturers.

The Group is headquartered in Singapore and operates out of three facilities equipped with state-of-the-art machinery for manufacturing and the provision of secondary processes related to engineering services. The Group also owns a large format precision engineering company, Dolphin Engineering Pte. Ltd., and a trading business, JEP Industrades Pte. Ltd., which markets cutting tools used in manufacturing activities for various industries such as aerospace, mould and die. The Group has been listed on SGX Catalist since 2004.

### **Issued on behalf of JEP Holdings Ltd**

For more information, please contact:

Ms. Tham Moon Yee – [tmy@stratagemconsultants.com](mailto:tmy@stratagemconsultants.com)

Mr. Soh Tiang Keng – [tksoh@stratagemconsultants.com](mailto:tksoh@stratagemconsultants.com)

Stratagem Consultants Pte Ltd:

Tel: 65- 6227 0502