

## TECHNOLOGY EQUITY RESEARCH

## GRAND VENTURE TECHNOLOGY

SGX: JLB

Bloomberg: GVTL:SP

ISIN code: SGXE82751350

Country: Singapore

Industry: Technology

21 March 2025

**RECOMMENDATION: HOLD**

Current price: S\$0.810

Target price: S\$0.838

Issued units: 339 million (31 Dec 2024)

Market capitalisation: S\$275 million

52-week range: S\$0.500 - S\$0.900

## PRICE PERFORMANCE



## COMPANY DESCRIPTION

Grand Venture Technology ("GVT") is a solutions and services provider for the manufacture of ultra-precision machining, sheet metal components and complex mechatronics modules. GVT has manufacturing facilities in Singapore, Malaysia (Penang and Johor) and China (Suzhou). GVT's customers come from a range of industries including semiconductor, electronics, analytical life sciences, aerospace, medical and industrial automation. Its vision is to be the "leading manufacturing solutions and services provider in Asia Pacific" that provides "world class precision manufacturing expertise with core competencies in ultra-precision machining, complex mechatronics assembly and advanced materials capabilities"

## SUMMARY

For the six months ended 31 December 2024 (2H FY2024), GVT's revenue rose by 58.8% from S\$57.4 million in 2H FY2023 to S\$91.2 million in 2H FY2024, mainly in line with semiconductor revenue rising by 96.8% from S\$27.2 million in 2H FY2023 to S\$53.6 million in 2H FY2024. Gross profit rose by 47.0% from S\$14.3 million in 2H FY2023 to S\$21.0 million in 2H FY2024, generally in line with the rise in revenue. Profit after tax rose by 207.4% from S\$2.1 million in 2H FY2023 to S\$6.6 million in 2H FY2024 mainly due to a less-than proportional rise in general & administrative expenses and in other operating expenses, as well as income tax credit of S\$2.4 million. Accordingly, Earnings Per Share (basic & diluted "EPS" in cents) rose by 207.4% from 0.63 in 2H FY2023 to 1.94 in 2H FY2024. Dividend Per Share ("DPS" in cents) rose by 200.0% from 0.10 in 2H FY2023 to 0.30 in 2H FY2024, generally in line with the rise in EPS (basic).

## RECOMMENDATION

We conduct a peer comparison analysis by using our projected diluted EPS (cents) of 3.74 in FY2026 as forward EPS. The forward EPS (cents) of 3.74 represents a forward P/E multiple of 21.6x based on the current share price of S\$0.810. The forward P/E multiple of 21.6x is higher than the peer average P/E of 21.2x, which suggests that GVT is overvalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$0.792 if GVT is to trade at the peer average P/E of 21.2x and forward EPS (cents) of 3.74. The projected NAV per share (cents) of 45.41 in 2H FY2026 represents a forward P/B multiple of 1.78x based on the current share price of S\$0.810. The forward P/B multiple of 1.78x is lower than the peer average P/B of 1.94x, which suggests that GVT is undervalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$0.879 if GVT is to trade at the peer average P/B of 1.94x and projected NAV per share (cents) of 45.41 in 2H FY2026. By averaging our estimated target prices based on forward EPS and projected NAV per share, we derive an overall target price of S\$0.836 which implies an upside potential of 3.2% from the current share price of S\$0.810. We project that GVT's diluted EPS (cents) will rise by 16.6% from 3.21 in FY2024 to 3.74 in FY2026 partly due to expected growth in the end-markets of GVT's customers. However, GVT's share price upside potential may be constrained by a fall in GVT's P/E multiple from the current P/E (25.2x) to the peer average P/E (21.2x). Thus, in view of the limited upside potential, we recommend a hold.

KEY FINANCIALS	Revenue	Earnings <sup>(1)</sup>	EPS <sup>(2)</sup>	P/E	DPS	Dividend Yield	NAV per share	P/B
Year ended 31 Dec	(S\$ million)	(S\$ million)	(cents)	(x)	(cents)	(%)	(cents)	(x)
2023 Actual	111.3	5.5	1.63	49.6	0.10	0.12%	34.96	2.32
2024 Actual	159.5	10.9	3.21	25.2	0.30	0.37%	39.09	2.07
<b>2025 Forecast</b>	198.0	10.6	3.13	25.9	0.25	0.31%	41.92	1.93
<b>2026 Forecast</b>	229.1	12.7	3.74	21.6	0.30	0.37%	45.41	1.78

Note: P/E, P/B and dividend yield based on the current share price of S\$0.810.

<sup>(1)</sup> Profit after tax.

<sup>(2)</sup> Diluted Earnings Per Share (Trailing Twelve-Month).

Source: GVT, FPA

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## FINANCIAL ANALYSIS

### (I) FINANCIAL REVIEW

In this section, we review the financial performance of Grand Venture Technology (“GVT”) for the six months ended 31 December 2024 (2H FY2024).

#### Revenue:

Revenue rose by 58.8% from S\$57.4 million in 2H FY2023 to S\$91.2 million in 2H FY2024 as shown in **Exhibit 1**.

Semiconductor revenue rose by 96.8% from S\$27.2 million in 2H FY2023 to S\$53.6 million in 2H FY2024. GVT noted that semiconductor revenue rose by 64.9% Year-on-Year (“y-o-y”) from S\$53.3 million in FY2023 to S\$87.8 million in FY2024 “mainly due to increase in demand for its back-end, mainly in the areas of testers for High-Bandwidth Memory (“HBM”) as well as front-end semiconductor services as the Group begun shipment of mass production of products after obtaining various qualifications for its first articles during the year”.

GVT announced in December 2024 that it was “selected as a preferred supplier of High Level Assembly, inclusive of precision parts and components for next generation Thermal Compression Bonding (“TCB”) equipment by a leading global semiconductor assembly and packaging equipment manufacturer”.

GVT also announced in January 2025 that it was “awarded a pivotal Through-Silicon VIA (“TSV”) project by a global leader in wafer fabrication equipment and services to manufacture components and modules”.

Life sciences revenue rose by 17.6% from S\$10.8 million in 2H FY2023 to S\$12.7 million in 2H FY2024. GVT noted that life sciences revenue rose by 11.3% y-o-y from S\$20.6 million in FY2023 to S\$22.9 million in FY2024 due to an “expansion of wallet shares with Group’s key customers in Life Sciences”.

Electronics, Aerospace, Medical & Others (“EAMO”) revenue rose by 28.5% from S\$19.4 million in 2H FY2023 to S\$25.0 million in 2H FY2024. GVT noted that EAMO revenue rose by 30.3% y-o-y from S\$37.4 million in FY2023 to S\$48.8 million in FY2024 mainly due to the “increase in aerospace and medical segments of S\$11.3 million alongside the Group’s acquisition of ACP”.

**Gross profit:**

Gross profit rose by 47.0% from S\$14.3 million in 2H FY2023 to S\$21.0 million in 2H FY2024 as shown in **Exhibit 1**, generally in line with the rise in revenue. GVT noted that gross margin fell from 25.0% in FY2023 to 24.5% in FY2024 “in view of expenses incurred in onboarding of new customers during the year”, including “S\$0.7 million non-recurring expenses pertaining to provision for inventory written down and written off”.

**Exhibit 1: Revenue & Gross Profit (1H FY2022 to 2H FY2024)**

(in S\$ '000 unless otherwise stated)	Actual		2H FY2024 v 2H FY2023	
	2H FY2024 (ended 31 Dec)	2H FY2023 (ended 31 Dec)	Absolute Change	Change (%)
Semiconductor	53,553	27,218	26,335	96.8%
Life sciences	12,675	10,777	1,898	17.6%
Electronics, Aerospace, Medical & Others ("EAMO")	24,978	19,436	5,542	28.5%
<b>Revenue</b>	<b>91,206</b>	<b>57,431</b>	<b>33,775</b>	<b>58.8%</b>
Semiconductor	13,324	7,460	5,864	78.6%
Life sciences	3,893	3,351	542	16.2%
EAMO	3,793	3,485	308	8.8%
<b>Gross profit</b>	<b>21,010</b>	<b>14,296</b>	<b>6,714</b>	<b>47.0%</b>
Semiconductor	24.9%	27.4%	-	-
Life sciences	30.7%	31.1%	-	-
EAMO	15.2%	17.9%	-	-
<b>Gross margin (%)</b>	<b>23.0%</b>	<b>24.9%</b>	-	-

(in S\$ '000 unless otherwise stated)	Actual					
	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Semiconductor	53,553	34,287	27,218	26,062	30,982	41,634
Life sciences	12,675	10,244	10,777	9,824	11,518	9,437
EAMO	24,978	23,778	19,436	17,980	21,523	15,993
<b>Revenue</b>	<b>91,206</b>	<b>68,309</b>	<b>57,431</b>	<b>53,866</b>	<b>64,023</b>	<b>67,064</b>
Semiconductor	13,324	9,882	7,460	7,516	9,711	12,226
Life sciences	3,893	3,136	3,351	3,000	3,818	3,158
EAMO	3,793	4,990	3,485	3,003	4,210	2,677
<b>Gross profit</b>	<b>21,010</b>	<b>18,008</b>	<b>14,296</b>	<b>13,519</b>	<b>17,739</b>	<b>18,061</b>
Semiconductor	24.9%	28.8%	27.4%	28.8%	31.3%	29.4%
Life sciences	30.7%	30.6%	31.1%	30.5%	33.1%	33.5%
EAMO	15.2%	21.0%	17.9%	16.7%	19.6%	16.7%
<b>Gross margin (%)</b>	<b>23.0%</b>	<b>26.4%</b>	<b>24.9%</b>	<b>25.1%</b>	<b>27.7%</b>	<b>26.9%</b>

Source: GVT's financials, FPA

**Other income:**

Other income rose by 33.9% from S\$0.5 million in 2H FY2023 to S\$0.7 million in 2H FY2024 as shown in **Exhibit 2**, mainly in line with a rise in government grants (S\$170,000<sup>1</sup>) and a fall in reversal of foreign exchange gain (S\$86,000).

**Exhibit 2: Other Income (1H FY2022 to 2H FY2024)**

(in S\$ '000)	Actual		2H FY2024 v 2H FY2023	
	2H FY2024 (ended 31 Dec)	2H FY2023 (ended 31 Dec)	Absolute Change	Change (%)
Amortisation of deferred income	149	162	(13)	(8.0%)
Proceeds from sale of scrap material	292	239	53	22.2%
Government grants	413	243	170	70.0%
Rental income	5	59	(54)	(91.5%)
Interest income	26	70	(44)	(62.9%)
Utilities charged to tenants	-	37	(37)	(100.0%)
Gain on disposal of Property, Plant & Equipment ("PP&E")	-	2	(2)	(100.0%)
Gain/(loss) on lease modification	-	(18)	18	(100.0%)
Foreign exchange gain, net	-	-	-	n.m.
Reversal of foreign exchange gain	(186)	(272)	86	(31.6%)
<b>Other income</b>	<b>699</b>	<b>522</b>	<b>177</b>	<b>33.9%</b>

(in S\$ '000)	Actual					
	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Amortisation of deferred income	149	129	162	351	104	137
Proceeds from sale of scrap material	292	286	239	227	292	203
Government grants	413	333	243	104	168	169
Rental income	5	4	59	98	89	141
Interest income	26	51	70	80	46	7
Utilities charged to tenants	-	-	37	59	79	80
Gain on disposal of PP&E	-	-	2	9	-	-
Gain/(loss) on lease modification	-	-	(18)	18	-	-
Foreign exchange gain, net	-	723	-	272	-	960
Reversal of foreign exchange gain	(186)	-	(272)	-	(960)	-
<b>Other income</b>	<b>699</b>	<b>1,526</b>	<b>522</b>	<b>1,218</b>	<b>(182)</b>	<b>1,697</b>

n.m. = not meaningful.

Source: GVT's financials, FPA

<sup>1</sup> Figures in thousands are written to the nearest thousand.

**Operating expenses:**

Operating expenses rose by 33.8% from S\$11.6 million in 2H FY2023 to S\$15.6 million in 2H FY2024 as shown in **Exhibit 3**, generally in line with the rise in revenue.

GVT noted that general & administrative expenses “increased by 38.5% from S\$15.2 million in FY2023 to S\$21.1 million in FY2024” after accounting for “(i) S\$2.2 million expenses from its newly acquired subsidiary – ACP (ii) increase in staff cost of S\$2.4 million as the Group strengthened its human capital and (iii) increase in non-recurring professional fee of S\$1.0 million mainly in connection with the proposed potential secondary listing on the Main Market of Bursa Malaysia Securities Berhad”.

GVT also noted that other operating expenses “increased by 26.0% from S\$5.0 million in FY2023 to S\$6.3 million in FY2024” after accounting for “S\$0.5 million expenses from its newly acquired subsidiary – ACP, alongside overall expanded production scale and its higher overheads expenses in the areas of indirect depreciation charges, ancillary production expenses, repair and maintenance expenses”.

**Exhibit 3: Operating Expenses (1H FY2022 to 2H FY2024)**

(in S\$ '000 unless otherwise stated)	Actual		2H FY2024 v 2H FY2023	
	2H FY2024 (ended 31 Dec)	2H FY2023 (ended 31 Dec)	Absolute Change	Change (%)
Selling & distribution costs	839	503	336	66.8%
General & administrative expenses	11,478	8,496	2,982	35.1%
Other operating expenses	3,255	2,641	614	23.2%
<b>Operating expenses</b>	<b>15,572</b>	<b>11,640</b>	<b>3,932</b>	<b>33.8%</b>
Revenue	91,206	57,431	33,775	58.8%
<b>Operating expenses as % of revenue</b>	<b>17.1%</b>	<b>20.3%</b>	-	-

(in S\$ '000 unless otherwise stated)	Actual					
	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Selling & distribution costs	839	590	503	409	720	629
General & administrative expenses	11,478	9,608	8,496	6,732	7,575	7,223
Other operating expenses	3,255	3,034	2,641	2,350	2,581	2,349
<b>Operating expenses</b>	<b>15,572</b>	<b>13,232</b>	<b>11,640</b>	<b>9,491</b>	<b>10,876</b>	<b>10,201</b>

**As % of revenue:**

Selling & distribution costs	0.9%	0.9%	0.9%	0.8%	1.1%	0.9%
General & administrative expenses	12.6%	14.1%	14.8%	12.5%	11.8%	10.8%
Other operating expenses	3.6%	4.4%	4.6%	4.4%	4.0%	3.5%
<b>Operating expenses</b>	<b>17.1%</b>	<b>19.4%</b>	<b>20.3%</b>	<b>17.6%</b>	<b>17.0%</b>	<b>15.2%</b>

Source: GVT's financials, FPA

**Finance costs:**

Finance costs rose by 64.2% from S\$1.2 million in 2H FY2023 to S\$1.9 million in 2H FY2024 as shown in **Exhibit 4**, mainly in line with interest-bearing liabilities<sup>1</sup> rising by 50.9% from S\$55.9 million in 2H FY2023 to S\$84.3 million in 2H FY2024.

The annualised effective interest on finance costs ( $\frac{\text{Finance costs}}{\text{Interest-bearing liabilities}} \times 2$ ) rose from 4.2% in 2H FY2023 to 4.5% in 2H FY2024 despite the fall in the average target federal funds rate and in the average Compounded 3-Months Singapore Overnight Rate Average (“3M SORA”) in the same period.

GVT noted that finance costs “increased by 45.3% from S\$2.3 million in FY2023 to S\$3.4 million in FY2024”, “in line with increased in borrowings, mainly in connection with the acquisition of ACP and other bank borrowings during the year”.

**Exhibit 4: Finance Costs (1H FY2022 to 2H FY2024)**

(in S\$ '000 unless otherwise stated)	Actual					
	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Finance costs	1,913	1,499	1,165	1,184	1,205	1,149
Interest-bearing liabilities	84,292	76,510	55,855	56,385	59,924	63,948
<b>Effective interest on finance costs (annualised)</b>	<b>4.5%</b>	<b>3.9%</b>	<b>4.2%</b>	<b>4.2%</b>	<b>4.0%</b>	<b>3.6%</b>
<b>Average 3M SORA</b>	<b>3.4%</b>	<b>3.7%</b>	<b>3.7%</b>	<b>3.5%</b>	<b>2.2%</b>	<b>0.4%</b>
<b>Average target federal funds rate</b>	<b>5.0%</b>	<b>5.5%</b>	<b>5.5%</b>	<b>5.0%</b>	<b>3.3%</b>	<b>0.7%</b>
Interest-bearing liabilities (current)	32,582	27,667	22,985	20,985	21,040	22,993
Interest-bearing liabilities (non-current)	51,710	48,843	32,870	35,400	38,884	40,955
<b>Interest-bearing liabilities</b>	<b>84,292</b>	<b>76,510</b>	<b>55,855</b>	<b>56,385</b>	<b>59,924</b>	<b>63,948</b>
<b>Breakdown of interest-bearing liabilities:</b>						
Lease liabilities (current)	2,927	1,948	2,200	2,343	2,358	2,737
Loans & borrowings (current)	29,655	25,719	20,785	18,642	18,682	20,256
<b>Interest-bearing liabilities (current)</b>	<b>32,582</b>	<b>27,667</b>	<b>22,985</b>	<b>20,985</b>	<b>21,040</b>	<b>22,993</b>
Lease liabilities (non-current)	9,484	6,921	4,645	5,485	6,599	7,664
Loans & borrowings (non-current)	42,226	41,922	28,225	29,915	32,285	33,291
<b>Interest-bearing liabilities (non-current)</b>	<b>51,710</b>	<b>48,843</b>	<b>32,870</b>	<b>35,400</b>	<b>38,884</b>	<b>40,955</b>

Source: GVT's financials, FPA

<sup>1</sup> GVT used the term “Borrowings” in its 2H FY2024 financial statements. However, we use the term “interest-bearing liabilities” instead as: (1) “Borrowings” may be misleading as the term includes “loans and borrowings”, of which the latter may be mistaken as including the former (whereas the 2H FY2024 financial statements present the former as including the latter); (2) “Borrowings” also included lease liabilities in the 2H FY2024 financial statements; (3) interest expense on lease liabilities were also included in finance costs in FY2023 (the Annual Report for FY2024 has yet been published); such that (4) given the first three points, “interest-bearing liabilities” may be a more accurate representation than the term “Borrowings”. We have also mistakenly excluded non-current lease liabilities from “total loans & borrowings” (the term we used previously) in our initiation report.

For reference, the average 3M SORA and the average target federal funds rate from 1H FY2022 to 2H FY2024 are shown in **Exhibit 5**.

**Exhibit 5: Interest Rates (1H FY2022 to 2H FY2024)**

(in %)	Actual					
	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
January		3.65%		3.14%		0.21%
February		3.65%		3.22%		0.25%
March		3.68%		3.58%		0.28%
April		3.65%		3.61%		0.32%
May		3.66%		3.62%		0.53%
June		3.63%		3.65%		0.77%
July	3.64%		3.67%		1.27%	
August	3.57%		3.70%		1.60%	
September	3.49%		3.70%		2.07%	
October	3.38%		3.75%		2.46%	
November	3.21%		3.75%		2.92%	
December	3.03%		3.70%		3.03%	
<b>3M SORA (average)</b>	<b>3.39%</b>	<b>3.65%</b>	<b>3.71%</b>	<b>3.47%</b>	<b>2.22%</b>	<b>0.39%</b>
January		5.50%		4.50%		0.25%
February		5.50%		4.75%		0.25%
March		5.50%		5.00%		0.50%
April		5.50%		5.00%		0.50%
May		5.50%		5.25%		1.00%
June		5.50%		5.25%		1.75%
July	5.50%		5.50%		2.50%	
August	5.50%		5.50%		2.50%	
September	5.00%		5.50%		3.25%	
October	5.00%		5.50%		3.25%	
November	4.75%		5.50%		4.00%	
December	4.50%		5.50%		4.50%	
<b>Target federal funds rate (average)</b>	<b>5.04%</b>	<b>5.50%</b>	<b>5.50%</b>	<b>4.96%</b>	<b>3.33%</b>	<b>0.71%</b>

Source: Singapore Department of Statistics, U.S. Federal Reserve, FPA



**Profit before tax:**

Accordingly, profit before tax rose by 109.8% from S\$2.0 million in 2H FY2023 to S\$4.2 million in 2H FY2024 as shown in **Exhibit 6**, mainly in line with a less-than-proportional rise in general & administrative expenses and in other operating expenses.

**Exhibit 6: Profit Before Tax (2H FY2023 & 2H FY2024)**

(in S\$ '000)	Actual		2H FY2024 v 2H FY2023	
	2H FY2024 (ended 31 Dec)	2H FY2023 (ended 31 Dec)	Absolute Change	Change (%)
<b>Gross profit</b>	<b>21,010</b>	<b>14,296</b>	<b>6,714</b>	<b>47.0%</b>
Other income	699	522	177	33.9%
Selling & distribution costs	(839)	(503)	(336)	66.8%
General & administrative expenses	(11,478)	(8,496)	(2,982)	35.1%
Other operating expenses	(3,255)	(2,641)	(614)	23.2%
Finance costs	(1,913)	(1,165)	(748)	64.2%
<b>Profit before tax</b>	<b>4,224</b>	<b>2,013</b>	<b>2,211</b>	<b>109.8%</b>

Source: GVT's financials, FPA

**Income tax credit:**

Income tax credit rose from S\$0.1 million in 2H FY2023 to S\$2.4 million in 2H FY2024 as shown in **Exhibit 7**.

GVT noted that income tax credit was S\$1.9 million in FY2024 "mainly due to tax credits comprising mainly S\$1.4 million tax allowances in connection with the Company's acquisition of subsidiaries and re-investment allowances".

**Exhibit 7: Income Tax Credit (1H FY2022 to 2H FY2024)**

(in S\$ '000 unless otherwise stated)	Actual		2H FY2024 v 2H FY2023	
	2H FY2024 (ended 31 Dec)	2H FY2023 (ended 31 Dec)	Absolute Change	Change (%)
Income tax expense	(2,358)	(128)	(2,230)	n.m.
Profit before tax	4,224	2,141	2,083	97.3%
<b>Effective tax rate (%)</b>	<b>(55.8%)</b>	<b>(6.0%)</b>	-	-

(in S\$ '000 unless otherwise stated)	Actual					
	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Income tax expense	(2,358)	495	(128)	659	(717)	1,276
Profit before tax	4,224	4,803	2,013	4,062	5,476	8,408
<b>Effective tax rate (%)</b>	<b>(55.8%)</b>	<b>10.3%</b>	<b>(6.4%)</b>	<b>16.2%</b>	<b>(13.1%)</b>	<b>15.2%</b>

n.m. = not meaningful.

Source: GVT's financials, FPA

**Profit after tax:**

In line with the changes in profit before tax and the income tax credit of S\$2.4 million, profit after tax rose by 207.4% from S\$2.1 million in 2H FY2023 to S\$6.6 million in 2H FY2024 as shown in **Exhibit 8**.

**Earnings Per Share (“EPS”):**

The weighted average number of shares in issue remained the same in 2H FY2023 & 2H FY2024. Accordingly, EPS (basic & diluted in cents) rose by 207.4% from 0.63 in 2H FY2023 to 1.94 in 2H FY2024 as shown in **Exhibit 8**.

**Dividend Per Share (“DPS”):**

DPS (cents) rose by 200.0% from 0.10 in 2H FY2023 to 0.30 in 2H FY2024 as shown in **Exhibit 8**, generally in line with the rise in EPS (basic & diluted). Payout ratio ( $\frac{\text{EPS (basic)}}{\text{DPS}}$ ) was 15.5% in 2H FY2024, relatively unchanged from 15.8% in 2H FY2023.

**Exhibit 8: Financial Performance (2H FY2023 & 2H FY2024)**

(in S\$ '000)	Actual		2H FY2024 v 2H FY2023	
	2H FY2024 (ended 31 Dec)	2H FY2023 (ended 31 Dec)	Absolute Change	Change (%)
Semiconductor	53,553	27,218	26,335	96.8%
Life sciences	12,675	10,777	1,898	17.6%
EAMO	24,978	19,436	5,542	28.5%
<b>Revenue</b>	<b>91,206</b>	<b>57,431</b>	<b>33,775</b>	<b>58.8%</b>
Cost of sales	(70,196)	(43,135)	(27,061)	62.7%
<b>Gross profit</b>	<b>21,010</b>	<b>14,296</b>	<b>6,714</b>	<b>47.0%</b>
Other income	699	522	177	33.9%
Selling & distribution costs	(839)	(503)	(336)	66.8%
General & administrative expenses	(11,478)	(8,496)	(2,982)	35.1%
Other operating expenses	(3,255)	(2,641)	(614)	23.2%
Finance costs	(1,913)	(1,165)	(748)	64.2%
<b>Profit before tax</b>	<b>4,224</b>	<b>2,013</b>	<b>2,211</b>	<b>109.8%</b>
Income tax credit/(expense)	2,358	128	2,230	n.m.
<b>Profit after tax</b>	<b>6,582</b>	<b>2,141</b>	<b>4,441</b>	<b>207.4%</b>
Weighted average no. of shares (basic & diluted; '000)	339,289	339,289	-	-
<b>Earnings per share (cents)</b>	<b>1.94</b>	<b>0.63</b>	<b>1.31</b>	<b>207.4%</b>
<b>Dividend per share (cents)</b>	<b>0.30</b>	<b>0.10</b>	<b>0.20</b>	<b>200.0%</b>
<b>Payout ratio</b>	<b>15.5%</b>	<b>15.8%</b>	-	-

n.m. = not meaningful.

Source: GVT's financials, FPA

**INDUSTRY OUTLOOK**

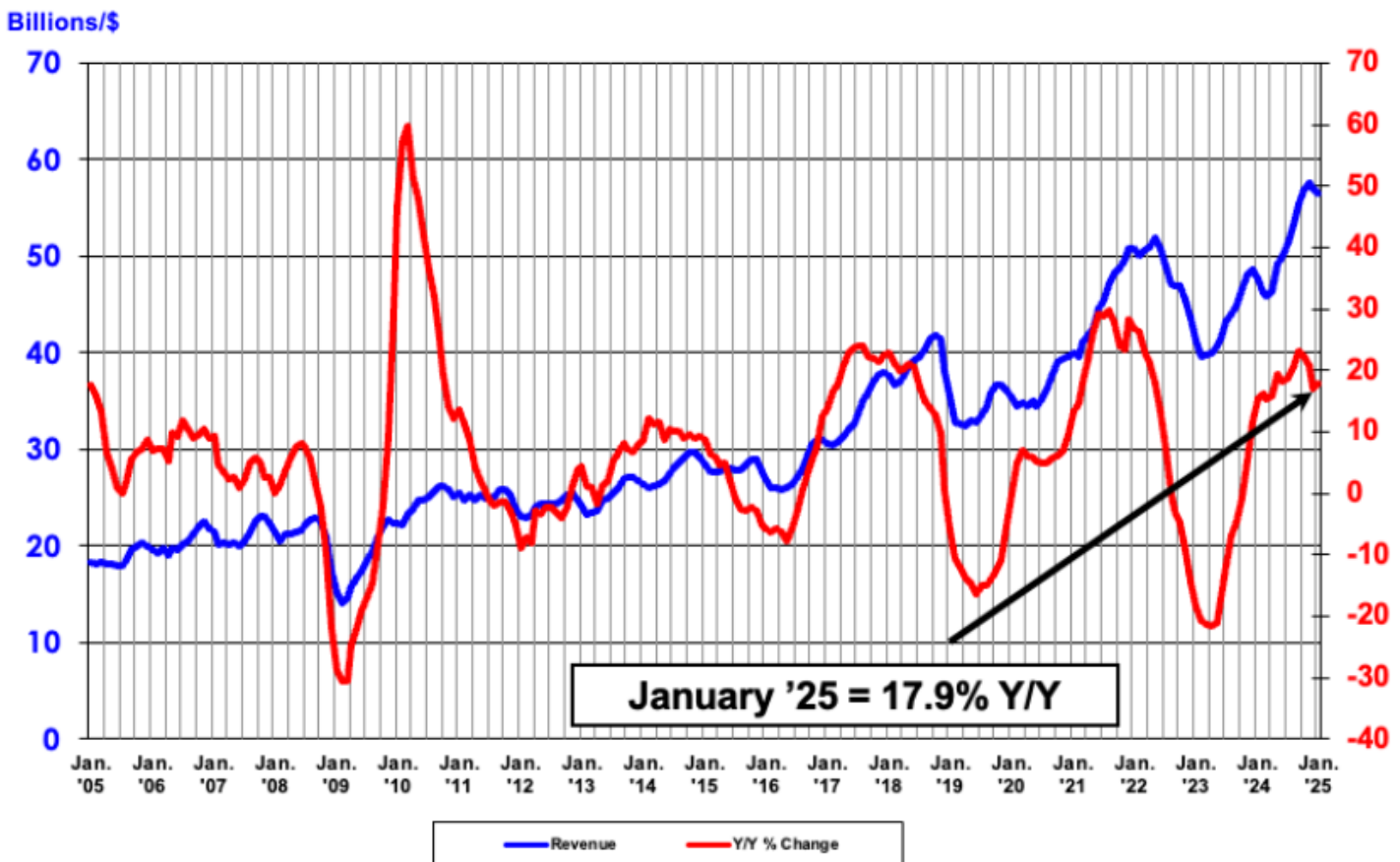
**(I) GLOBAL SEMICONDUCTOR INDUSTRY**

According to the Semiconductor Industry Association (“SIA”), the 3-Month Moving Average (“3MMA”) worldwide semiconductor revenue rose by 17.9% y-o-y from US\$47.9 billion in January 2024 to US\$56.5 billion in January 2025 as shown in **Exhibit 9**. SIA noted in March 2025 that the y-o-y rise was mainly “driven by a 50.7% year-to-year sales increase into the Americas”. Citing WSTS, SIA also updated in March 2025 that the (actual, not 3MMA<sup>1</sup>) semiconductor revenue in 2024 was US\$630.5 billion.

WSTS forecasted in December 2024 that the (actual) worldwide semiconductor revenue will rise to US\$697.2 billion in 2025. Thus, worldwide semiconductor revenue is expected to rise by 10.6% from US\$630.5 billion in 2024 to US\$697.2 billion in 2025.

**Exhibit 9: Worldwide Semiconductor Revenue (January 2005 to January 2025)**

**Worldwide Semiconductor Revenues  
Year-to-Year Percent Change**



Source: WSTS (cited by SIA in March 2025)

<sup>1</sup> WSTS reported only actual (instead of 3MMA) annual worldwide semiconductor revenues in its historical billings report.

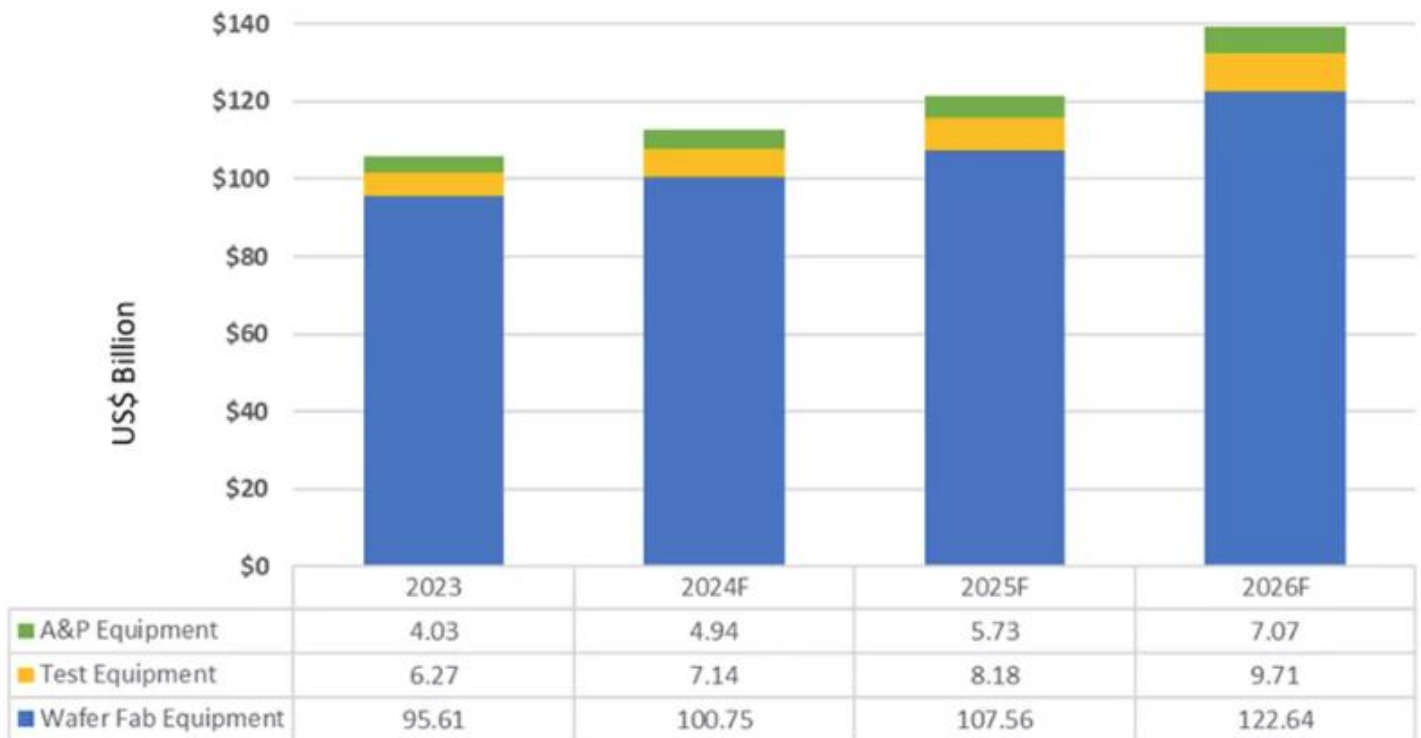
However, semiconductor revenue may not reflect semiconductor equipment billings. Thus, we review the developments & outlook for equipment billings.

Based on the forecasts published by SEMI in December 2024, equipment billings were expected to rise by 6.5% from US\$105.9 billion (US\$4.03B + US\$6.27B + US\$95.61B) in 2023 to US\$112.8 billion (US\$4.94B + US\$7.14B + US\$100.75B) in 2024 as shown in **Exhibit 13**, before rising by 7.7% to US\$121.5 billion (US\$5.73B + US\$8.18B + US\$107.56B) in 2025 and 14.8% to US\$139.4 billion (US\$7.07B + US\$9.71B + US\$122.64B) in 2026.

SEMI noted that demand for wafer fabrication equipment is expected to rise “due to increased demand for advanced logic and memory applications”. SEMI also noted that back-end equipment growth will be “supported by the increasing complexity of semiconductor devices for high-performance computing and the expected increase in demand in the mobile, automotive, and industrial end-markets”.

**Exhibit 10: Forecasted Semiconductor Equipment Billings (2024 to 2026)**

SEMI 2024 Year-end Total\* Equipment Forecast by Segment (US\$ Billion)



Source: SEMI Equipment Market Data Subscription (EMDS), December 2024

\*Total equipment includes new wafer fab, test, and assembly and packaging. Total equipment excludes wafer manufacturing equipment. Totals may not add due to rounding.

Source: SEMI (dated December 2024)

**(II) GLOBAL LIFE SCIENCES INDUSTRY**

GVT cited BioSpace and Technavio in its presentation for FY2024.

Biospace forecasted in April 2024 that the “Global High-Performance Liquid Chromatography Market” would grow at a Compound Annual Growth Rate (“CAGR”) of 4.43% from US\$5.16 billion in 2023 to US\$7.30 billion in 2031. Biospace noted that “technological improvements in high-performance liquid chromatography techniques have made liquid chromatography processes more reliable and robust” thus spurred demand. Biospace also noted that “the increasing number of acute and chronic illnesses and the need for more preclinical and clinical investigations to find new drugs” have also boosted demand.

However, Biospace added that the “high price of high-performance liquid chromatography systems and the scarcity of trained workers are two factors that can slow the market’s expansion during the projection period”.

Meanwhile, Technavio forecasted in September 2024 that the “Mass Spectrometry Market” would grow at a CAGR of 12.26% (or increase by US\$3.52 billion) from 2023 to 2028<sup>1</sup>. Technavio noted that rising demand for personalised medicine is expected to increase demand for mass spectrometers, as mass spectrometers are “crucial” for “screening biomarkers for disease phenotypes, enabling targeted drug development and individualized therapy”.

**(III) GLOBAL AEROSPACE INDUSTRY**

As discussed in our initiation report (dated November 2024) and similarly noted by GVT in its presentation for FY2024, the number of aircraft is expected to rise by close to 100% from 2023 to 2043 as shown in **Exhibit 11**.

**Exhibit 11: Forecasted Aircraft Demand (2023 to 2043)**



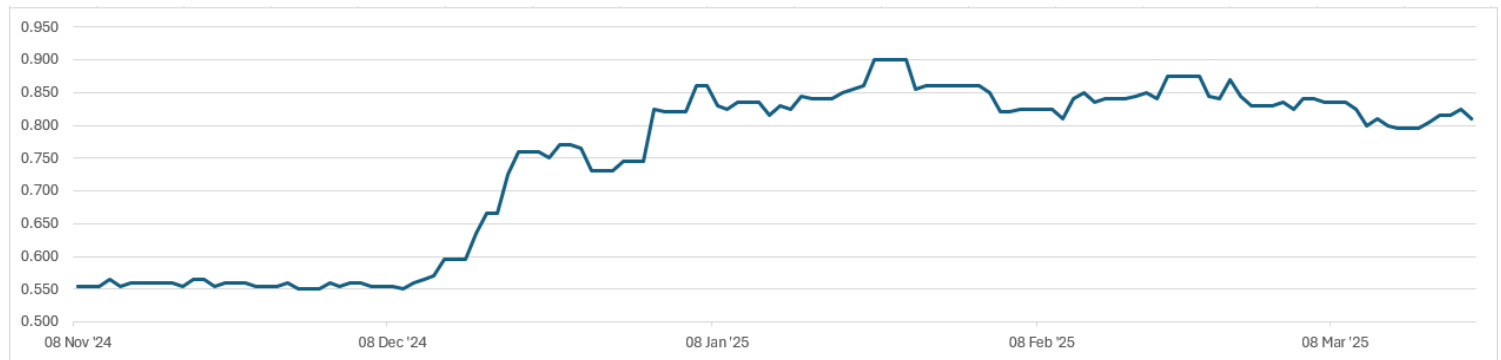
Source: GVT’s presentation (FY2024)

<sup>1</sup> Based on figures provided by Technavio, we estimate that the “Mass Spectrometry Market” was expected to grow at a CAGR of 12.26% from US\$4.50 billion in 2023 to US\$8.02 billion in 2028.

## SHARE PRICE PERFORMANCE

Since the publication of our initiation report, GVT's share price has risen by 45.9% from S\$0.555 on 8 November 2024 to S\$0.810 on 21 March 2025 as shown in **Exhibit 12**.

### Exhibit 12: Share Price Performance (8 November 2024 to 21 March 2025)



Source: *Investing.com, FPA*

On 18 December 2024, GVT announced that it was “selected as a preferred supplier of High Level Assembly, inclusive of precision parts and components for next generation Thermal Compression Bonding (“TCB”) equipment by a leading global semiconductor assembly and packaging equipment manufacturer”. Interestingly, share price rose by 17.7% from S\$0.565 on 11 December 2024 (pre-announcement) to S\$0.665 on 18 December 2024 (announcement date). Share price rose further by 15.0% to S\$0.765 on 26 December 2024 (post-announcement).

On 23 January 2025, GVT also announced that it was “awarded a pivotal Through-Silicon VIA (“TSV”) project by a global leader in wafer fabrication equipment and services to manufacture components and modules”. Interestingly, share price rose by 6.5% from S\$0.845 on 16 January 2025 to S\$0.900 on 23 January 2025, before falling by 4.4% to S\$0.860 on 31 January 2025.

On 25 February 2025, GVT released its 2H FY2024 results. Revenue rose by 58.8% from S\$57.4 million in 2H FY2023 to S\$91.2 million in 2H FY2024 while profit after tax rose by 207.4% from S\$2.1 million in 2H FY2023 to S\$6.6 million in 2H FY2024. However, share price fell by 1.2% from S\$0.850 on 18 February 2025 (pre-announcement) to S\$0.840 on 25 February 2025 (announcement date), and fell further by 1.8% to S\$0.825 on 4 March 2025 (post-announcement).

## FINANCIAL PROJECTIONS

### (I) REVENUE & GROSS PROFIT PROJECTIONS

GVT noted in February 2025 that revenue in 1H FY2025 was expected to be “between S\$90 million and S\$96 million”.

GVT previously exceeded the upper-end of its guidance range by 6.7% in 1H FY2024 (upper-end of guidance: S\$64.0 million; actual revenue: S\$68.3 million) and 6.1% in 2H FY2024 (upper-end of guidance: S\$86.0 million; actual revenue: S\$91.2 million).

Partly in line with GVT’s past performance, we assume that GVT’s revenue will reach (instead of exceed) the upper-end of its guidance range in 1H FY2025. Thus, we project that GVT’s revenue will be S\$96.0 million in 1H FY2025.

Biospace forecasted in April 2024 that the “Global High-Performance Liquid Chromatography Market” would grow at a CAGR of 4.43% from 2023 to 2031, while Technavio forecasted in September 2024 that the “Mass Spectrometry Market” would grow at a CAGR of 12.26% from 2023 to 2028.

GVT produces both mass spectrometers and equipment for “High Performance Liquid Chromatography” (as cited from its presentation for FY2024). We assume that revenue from each will account for half of life sciences revenue in FY2025 & FY2026 and that revenue for both will grow at their respective markets’ forecasted growth rates. Thus, we project that life sciences revenue will rise by 8.3% y-o-y in FY2025 & FY2026 as follows:

$$\begin{aligned}
 \text{Life sciences revenue y-o-y growth (1H FY2025 to 2H FY2026)} &= \frac{1}{2} \times [\text{liquid chromatography CAGR (2023 to 2031)} \\
 &\quad + \text{mass spectrometry CAGR (2023 to 2028)}] \\
 &= \frac{1}{2} \times [4.43\% + 12.26\%] \\
 &= 8.3\%
 \end{aligned}$$

We also assume that life sciences revenue from 1H FY2025 to 2H FY2026 will maintain a y-o-y growth rate of 8.3% in each semi-annual period, the same as in the respective financial years (“FYs”). Accordingly, we project that life sciences revenue will rise to S\$11.1 million in 1H FY2025, S\$13.7 million in 2H FY2025, S\$12.0 million in 1H FY2026 and S\$14.9 million in 2H FY2026.

GVT produces not only landing gear sets for the aerospace industry, but other equipment too under the EAMO segment. Therefore, projecting EAMO revenue by relying solely on projections of aircraft number growth from Boeing & Airbus may be unsuitable. Instead, we assume that EAMO revenue from 1H FY2025 to 2H FY2026 will maintain a y-o-y growth rate of 12.4%, the slowest positive y-o-y growth rate from 1H FY2022 to 2H FY2024. Accordingly, we project that EAMO revenue will rise to S\$26.7 million in 1H FY2025, S\$28.1 million in 2H FY2025, S\$30.1 million in 1H FY2026 and S\$31.6 million in 2H FY2026.

Based on the forecasts published by SEMI in December 2024, the average y-o-y growth rate across equipment segments was expected to be 12.4% in FY2025 and 18.7% in FY2026 as follows (and shown in **Exhibit 13**):

$$\begin{aligned} \text{Average y-o-y growth (FY2025)} &= \frac{1}{3} \times [\text{Assembly \& Packaging ("A\&P") equipment y-o-y growth (FY2025)} \\ &\quad + \text{test equipment y-o-y growth (FY2025)} \\ &\quad + \text{wafer fabrication equipment y-o-y growth (FY2025)}] \\ &= \frac{1}{3} \times \left[ \frac{\text{US\$5.73B}}{\text{US\$4.94B}} + \frac{\text{US\$8.18B}}{\text{US\$7.14B}} + \frac{\text{US\$107.56B}}{\text{US\$100.75B}} \right] \\ &= \frac{1}{3} \times [16.0\% + 14.6\% + 6.8\%] \\ &= 12.4\% \end{aligned}$$

$$\begin{aligned} \text{Average y-o-y growth (FY2026)} &= [\text{A\&P equipment y-o-y growth (FY2026)} + \text{test equipment y-o-y growth (FY2026)} \\ &\quad + \text{wafer fabrication equipment y-o-y growth (FY2026)}] \\ &= \frac{1}{3} \times \left[ \frac{\text{US\$7.07B}}{\text{US\$5.73B}} + \frac{\text{US\$9.71B}}{\text{US\$8.18B}} + \frac{\text{US\$122.64B}}{\text{US\$107.56B}} \right] \\ &= \frac{1}{3} \times [23.4\% + 18.7\% + 14.0\%] \\ &= 18.7\% \end{aligned}$$

In line with our projections for life sciences & EAMO revenues, we project that semiconductor revenue will be S\$58.2 million (total revenue of S\$96.0 million – life sciences revenue of S\$11.1 million – EAMO revenue of S\$26.7 million) in 1H FY2025. Thereafter, we project that semiconductor revenue will grow by 12.4% y-o-y to S\$60.2 million in 2H FY2025, rise by 18.7% y-o-y to S\$69.0 million in 1H FY2026 and rise by 18.7% y-o-y to S\$71.5 million in 2H FY2026.

### **Exhibit 13: Forecasted Equipment Billings (FY2024 to FY2026)**

(in US\$ B unless otherwise stated)	Forecast			Actual	
	FY2026	FY2025	FY2024	FY2023	FY2022
A&P equipment	7.07	5.73	4.94	4.03	5.78
Test equipment	9.71	8.18	7.14	6.27	7.52
Wafer fab equipment	122.64	107.56	100.75	95.61	94.10
<b>Semiconductor equipment</b>	<b>139.42</b>	<b>121.47</b>	<b>112.83</b>	<b>105.91</b>	<b>107.40</b>
<b>Y-o-y growth (%):</b>					
A&P equipment	23.4%	16.0%	22.6%	(30.3%)	(19.4%)
Test equipment	18.7%	14.6%	13.9%	(16.6%)	(4.0%)
Wafer fab equipment	14.0%	6.8%	5.4%	1.6%	7.5%
<b>Average growth</b>	<b>18.7%</b>	<b>12.4%</b>	<b>13.9%</b>	<b>(15.1%)</b>	<b>(5.3%)</b>

Source: SEMI (dated July & December 2024)



Overall, we project that revenue will rise to S\$96.0 million in 1H FY2025, S\$102.0 million in 2H FY2025 (totalling S\$198.0 million in FY2025), S\$111.1 million in 1H FY2026 and S\$117.9 million in 2H FY2026 (totalling S\$229.1 million in FY2026) as shown in **Exhibit 14**.

#### Exhibit 14: Projected Revenue (1H FY2025 to 2H FY2026)

(in S\$ '000 unless otherwise stated)	Projection				Actual					
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Semiconductor	71,477	69,048	60,214	58,169	53,553	34,287	27,218	26,062	30,982	41,634
Life sciences	14,879	12,025	13,733	11,099	12,675	10,244	10,777	9,824	11,518	9,437
EAMO	31,570	30,053	28,081	26,732	24,978	23,778	19,436	17,980	21,523	15,993
<b>Revenue</b>	<b>117,925</b>	<b>111,127</b>	<b>102,029</b>	<b>96,000</b>	<b>91,206</b>	<b>68,309</b>	<b>57,431</b>	<b>53,866</b>	<b>64,023</b>	<b>67,064</b>
<b>Y-o-y growth (%)</b>										
Semiconductor	<b>18.7%</b>	<b>18.7%</b>	<b>12.4%</b>	69.7%	96.8%	31.6%	(12.1%)	(37.4%)	(29.3%)	7.2%
Life sciences	<b>8.3%</b>	<b>8.3%</b>	<b>8.3%</b>	<b>8.3%</b>	17.6%	4.3%	(6.4%)	4.1%	13.7%	14.2%
EAMO	<b>12.4%</b>	<b>12.4%</b>	<b>12.4%</b>	<b>12.4%</b>	28.5%	32.2%	(9.7%)	12.4%	145.4%	149.0%
<b>Revenue</b>	<b>15.6%</b>	<b>15.8%</b>	<b>11.9%</b>	<b>40.5%</b>	<b>58.8%</b>	<b>26.8%</b>	<b>(10.3%)</b>	<b>(19.7%)</b>	<b>2.1%</b>	<b>25.3%</b>

Note: Y-o-y growth rates referenced in the written analysis are bolded.

Source: GVT's financials, SEMI (dated Dec 2024), Biospace (dated Apr 2024), Technavio (dated Sep 2024), FPA

#### Gross profit:

Semiconductor gross margin generally fell from 29.4% in 1H FY2022 to 24.9% in 2H FY2024. In view of the general decline, we assume that semiconductor gross margin from 1H FY2025 to 2H FY2026 will be 27.5%, the average from the four most recent semi-annual periods (1H FY2023 to 2H FY2024) only.

Life sciences gross margin fell from 33+% in 2H FY2022 to 30+% in 1H FY2023, before remaining around 30.5% to 31.1% from 1H FY2023 to 2H FY2024. We assume that life sciences gross margin from 1H FY2025 to 2H FY2026 will be 30.7%, the average from the four most recent semi-annual periods (1H FY2023 to 2H FY2024) only.

EAMO gross margin was generally higher in 2H than 1H of each FY from FY2022 to FY2024. We assume that EAMO gross margin will be 18.1% in 1H FY2025 & 1H FY2026, the average of 1H of FY2022 to FY2024. We also assume that EAMO gross margin will be 17.6% in 2H FY2025 & 2H FY2026, the average of 2H of FY2022 to FY2024.

Thus, we project gross profit to be S\$24.1 million in 1H FY2025, S\$25.7 million in 2H FY2025 (totalling S\$49.9 million in FY2025), S\$28.0 million in 1H FY2026 and S\$29.8 million in 2H FY2026 (totalling S\$57.8 million in FY2026) as shown in **Exhibit 15**.

#### Exhibit 15: Projected Gross Profit (1H FY2025 to 2H FY2026)

(in S\$ '000 unless otherwise stated)	Projection				Actual					
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Semiconductor	71,477	69,048	60,214	58,169	53,553	34,287	27,218	26,062	30,982	41,634
Life sciences	14,879	12,025	13,733	11,099	12,675	10,244	10,777	9,824	11,518	9,437
EAMO	31,570	30,053	28,081	26,732	24,978	23,778	19,436	17,980	21,523	15,993
<b>Revenue</b>	<b>117,925</b>	<b>111,127</b>	<b>102,029</b>	<b>96,000</b>	<b>91,206</b>	<b>68,309</b>	<b>57,431</b>	<b>53,866</b>	<b>64,023</b>	<b>67,064</b>
Semiconductor	19,647	18,979	16,551	15,989	13,324	9,882	7,460	7,516	9,711	12,226
Life sciences	4,574	3,696	4,221	3,412	3,893	3,136	3,351	3,000	3,818	3,158
EAMO	5,588	5,320	4,971	4,732	3,793	4,990	3,485	3,003	4,210	2,677
<b>Gross profit</b>	<b>29,809</b>	<b>27,996</b>	<b>25,743</b>	<b>24,133</b>	<b>21,010</b>	<b>18,008</b>	<b>14,296</b>	<b>13,519</b>	<b>17,739</b>	<b>18,061</b>
Semiconductor	<b>27.5%</b>	<b>27.5%</b>	<b>27.5%</b>	<b>27.5%</b>	24.9%	28.8%	27.4%	28.8%	31.3%	29.4%
Life sciences	<b>30.7%</b>	<b>30.7%</b>	<b>30.7%</b>	<b>30.7%</b>	30.7%	30.6%	31.1%	30.5%	33.1%	33.5%
EAMO	<b>17.7%</b>	<b>17.7%</b>	<b>17.7%</b>	<b>17.7%</b>	15.2%	21.0%	17.9%	16.7%	19.6%	16.7%
<b>Gross margin (%)</b>	<b>25.3%</b>	<b>25.2%</b>	<b>25.2%</b>	<b>25.1%</b>	<b>23.0%</b>	<b>26.4%</b>	<b>24.9%</b>	<b>25.1%</b>	<b>27.7%</b>	<b>26.9%</b>

Source: GVT's financials, FPA

**(II) EARNINGS PROJECTION****Other income:**

We project that amortisation of deferred income, proceeds from sale of scrap material, government grants and interest income from 1H FY2025 to 2H FY2026 will be the average from 1H FY2022 to 2H FY2024. Thus, we project them to be S\$172,000, S\$257,000, S\$238,000 and S\$47,000 respectively from 1H FY2025 to 2H FY2026.

Rental income fell from S\$141,000 in 1H FY2022 to S\$5,000 in 2H FY2024. We assume that rental income from 1H FY2025 to 2H FY2026 will be S\$5,000, the same as in 2H FY2024.

Accordingly, we project that other income will be S\$719,000 from 1H FY2025 to 2H FY2026 (totalling S\$1.4 million in FY2025 & FY2026) as shown in **Exhibit 16**.

**Exhibit 16: Projected Other Income (1H FY2025 to 2H FY2026)**

(in S\$ '000)	Projection				Actual					
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Amortisation of deferred income	172	172	172	172	149	129	162	351	104	137
Proceeds from sale of scrap material	257	257	257	257	292	286	239	227	292	203
Government grants	238	238	238	238	413	333	243	104	168	169
Rental income	5	5	5	5	5	4	59	98	89	141
Interest income	47	47	47	47	26	51	70	80	46	7
Utilities charged to tenants	-	-	-	-	-	-	37	59	79	80
Gain on disposal of PP&E	-	-	-	-	-	-	2	9	-	-
Gain/(loss) on lease modification	-	-	-	-	-	-	(18)	18	-	-
Foreign exchange gain, net	-	-	-	-	-	723	-	272	-	960
Reversal of foreign exchange gain	-	-	-	-	(186)	-	(272)	-	(960)	-
<b>Other income</b>	<b>719</b>	<b>719</b>	<b>719</b>	<b>719</b>	<b>699</b>	<b>1,526</b>	<b>522</b>	<b>1,218</b>	<b>(182)</b>	<b>1,697</b>

Source: GVT's financials, FPA

**Operating expenses:**

We assume that as percentages of revenue, selling & distribution costs, general & administrative expenses and other operating expenses from 1H FY2025 to 2H FY2026 will be the average from 1H FY2022 to 2H FY2024. Thus, we project that the percentages from 1H FY2025 to 2H FY2026 will be 0.9%, 12.8% and 4.1% respectively.

Accordingly, we project that operating expenses will total S\$17.0 million in 1H FY2025, S\$18.1 million in 2H FY2025 (totalling S\$35.2 million in FY2025), S\$19.7 million in 1H FY2026 and S\$20.9 million in 2H FY2026 (totalling S\$40.7 million in FY2026) as shown in **Exhibit 17**.

**Exhibit 17: Projected Operating Expenses (1H FY2025 to 2H FY2026)**

(in S\$ '000 unless otherwise stated)	Projection				Actual					
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Selling and distribution costs	1,077	1,015	932	877	839	590	503	409	720	629
General and administrative expenses	15,044	14,177	13,016	12,247	11,478	9,608	8,496	6,732	7,575	7,223
Other operating expenses	4,816	4,539	4,167	3,921	3,255	3,034	2,641	2,350	2,581	2,349
<b>Operating expenses</b>	<b>20,938</b>	<b>19,731</b>	<b>18,115</b>	<b>17,045</b>	<b>15,572</b>	<b>13,232</b>	<b>11,640</b>	<b>9,491</b>	<b>10,876</b>	<b>10,201</b>

**As % of revenue:**

Selling and distribution costs	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	1.1%	0.9%
General and administrative expenses	12.8%	12.8%	12.8%	12.8%	12.6%	14.1%	14.8%	12.5%	11.8%	10.8%
Other operating expenses	4.1%	4.1%	4.1%	4.1%	3.6%	4.4%	4.6%	4.4%	4.0%	3.5%
<b>Operating expenses</b>	<b>17.8%</b>	<b>17.8%</b>	<b>17.8%</b>	<b>17.8%</b>	<b>17.1%</b>	<b>19.4%</b>	<b>20.3%</b>	<b>17.6%</b>	<b>17.0%</b>	<b>15.2%</b>

Source: GVT's financials, FPA

**Finance costs:**

The annualised effective interest on finance costs rose from 4.2% in 2H FY2023 to 4.5% in 2H FY2024 despite the fall in the average target federal funds rate and the average 3M SORA in the same period. Thus, we assume that the annualised effective interest on finance costs from 1H FY2025 to 2H FY2026 will remain at 4.5%, the same as in 2H FY2024, despite an expected fall in the average target federal funds rate (which may also lead to a fall in the average 3M SORA).

We also assume that the interest-bearing liabilities from 1H FY2025 to 2H FY2026 will remain at S\$84.3 million, the same as in 2H FY2024. Thus, we project that finance costs will be S\$1.9 million from 1H FY2025 to 2H FY2026 (totalling S\$3.8 million in FY2025 & FY2026) as shown in **Exhibit 18**.

**Exhibit 18: Projected Finance Costs (1H FY2025 to 2H FY2026)**

(in S\$ '000 unless otherwise stated)	Projection				Actual					
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Finance costs	1,913	1,913	1,913	1,913	1,913	1,499	1,165	1,184	1,205	1,149
Interest-bearing liabilities	84,292	84,292	84,292	84,292	84,292	76,510	55,855	56,385	59,924	62,883
<b>Effective interest on finance costs (annualised)</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>4.5%</b>	<b>3.9%</b>	<b>4.2%</b>	<b>4.2%</b>	<b>4.0%</b>	<b>3.7%</b>
Average 3M SORA					3.4%	3.7%	3.7%	3.5%	2.2%	0.4%
Average target federal funds rate			--- not projected ---		4.9%	5.5%	5.5%	5.0%	3.3%	0.7%

Source: GVT's financials, FPA

**Profit before tax:**

Accordingly, we project that profit before tax will be S\$5.9 million in 1H FY2025, S\$6.4 million in 2H FY2025 (totalling S\$12.3 million in FY2025), S\$7.1 million in 1H FY2026 and S\$7.7 million in 2H FY2026 (totalling S\$14.7 million in FY2026) as shown in **Exhibit 19**.

**Exhibit 19: Projected Profit Before Tax (1H FY2025 to 2H FY2026)**

(in S\$ '000)	Projection				Actual					
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Gross profit	29,809	27,996	25,743	24,133	21,010	18,008	14,296	13,519	17,739	18,061
Other income	719	719	719	719	699	1,526	522	1,218	(182)	1,697
Selling & distribution costs	(1,077)	(1,015)	(932)	(877)	(839)	(590)	(503)	(409)	(720)	(629)
General & administrative expenses	(15,044)	(14,177)	(13,016)	(12,247)	(11,478)	(9,608)	(8,496)	(6,732)	(7,575)	(7,223)
Other operating expenses	(4,816)	(4,539)	(4,167)	(3,921)	(3,255)	(3,034)	(2,641)	(2,350)	(2,581)	(2,349)
Finance costs	(1,913)	(1,913)	(1,913)	(1,913)	(1,913)	(1,499)	(1,165)	(1,184)	(1,205)	(1,149)
<b>Profit before tax</b>	<b>7,677</b>	<b>7,071</b>	<b>6,434</b>	<b>5,893</b>	<b>4,224</b>	<b>4,803</b>	<b>2,013</b>	<b>4,062</b>	<b>5,476</b>	<b>8,408</b>

Source: GVT's financials, FPA

**Income tax & profit after tax:**

GVT incurred income tax expense of around 10.3% (1H FY2024) to 16.2% (1H FY2023) in 1H of FY2022 to FY2024. However, GVT had income tax credit in 2H of FY2022 to FY2024. GVT noted that the income tax credit of S\$1.9 million in FY2024 was “mainly due to tax credits comprising mainly S\$1.4 million tax allowances in connection with the Company’s acquisition of subsidiaries and re-investment allowances”.

We note that the income tax credit in 2H of FY2022 to FY2024 may be one-off and coincidental. Thus, we assume that GVT will continue incurring income tax expense in 2H FY2025 & 2H FY2026 such that the effective tax rate from 1H FY2025 to 2H FY2026 will be 13.9%, the average of 1H of FY2022 to FY2024.

Accordingly, we project that GVT will incur income tax expense of S\$0.8 million in 1H FY2025, S\$0.9 million in 2H FY2025 (totalling S\$1.7 million in FY2025), S\$1.0 million in 1H FY2026 and S\$1.1 million in 2H FY2026 (totalling S\$2.1 million in FY2026) as shown in **Exhibit 20**.

We also project that profit after tax will be S\$5.1 million in 1H FY2025, S\$5.5 million in 2H FY2025 (totalling S\$10.6 million in FY2025), S\$6.1 million in 1H FY2026 and S\$6.6 million in 2H FY2026 (totalling S\$12.7 million in FY2026) as also shown in **Exhibit 20**.

**Exhibit 20: Projected Income Tax & Profit After Tax (1H FY2025 to 2H FY2026)**

(in S\$ '000 unless otherwise stated)	Projection				Actual					
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Income tax credit/(expense)	(1,067)	(983)	(894)	(819)	2,358	(495)	128	(659)	717	(1,276)
Profit before tax	7,677	7,071	6,434	5,893	4,224	4,803	2,013	4,062	5,476	8,408
Effective tax rate (%)	13.9%	13.9%	13.9%	13.9%	(55.8%)	10.3%	(6.4%)	16.2%	(13.1%)	15.2%

(in S\$ '000)	Projection				Actual					
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Profit before tax	7,677	7,071	6,434	5,893	4,224	4,803	2,013	4,062	5,476	8,408
Income tax credit/(expense)	(1,067)	(983)	(894)	(819)	2,358	(495)	128	(659)	717	(1,276)
Profit after tax	6,609	6,088	5,539	5,074	6,582	4,308	2,141	3,403	6,193	7,132

Source: GVT’s financials, FPA

**Earnings per share:**

We assume that the weighted average number of shares in issue (basic & diluted) from 1H FY2025 to 2H FY2026 will remain the same as in 2H FY2024. Thus, we project that EPS (basic & diluted in cents) will be 1.50 in 1H FY2025, 1.63 in 2H FY2025 (totalling 3.13 in FY2025), 1.79 in 1H FY2026 and 1.95 in 2H FY2026 (totalling 3.74 in FY2026) as shown in **Exhibit 21**.

**Dividend per share:**

We assume that GVT will not declare any dividend in 1H FY2025 & 1H FY2026 as it did not declare any dividend in 1H FY2023 & 1H FY2024. However, we assume that in 2H FY2025 & 2H FY2026, GVT will maintain a payout ratio of 15.9%, around the average of 2H of FY2022 to FY2024. Accordingly, we project that DPS (cents) will be 0.25 in 2H FY2025 and 0.30 in 2H FY2026 as shown in **Exhibit 21**.

**Exhibit 21: Projected EPS (basic) & DPS (1H FY2025 to 2H FY2026)**

(in cents unless otherwise stated)	Projection				Actual					
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
DPS	0.30	-	0.25	-	0.30	-	0.10	-	0.30	0.30
EPS (basic)	1.95	1.79	1.63	1.50	1.94	1.27	0.63	1.00	1.83	2.12
Payout ratio (%)	15.9%	-	15.9%	-	15.5%	-	15.8%	-	16.4%	14.2%

Source: GVT’s financials, FPA

Our semi-annual projections from 1H FY2025 to 2H FY2026 are shown in **Exhibit 22**.

**Exhibit 22: Projected Financial Performance (1H FY2025 to 2H FY2026)**

(in S\$ '000 unless otherwise stated)	Projection				Actual					
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Semiconductor	71,477	69,048	60,214	58,169	53,553	34,287	27,218	26,062	30,982	41,634
Life sciences	14,879	12,025	13,733	11,099	12,675	10,244	10,777	9,824	11,518	9,437
EAMO	31,570	30,053	28,081	26,732	24,978	23,778	19,436	17,980	21,523	15,993
<b>Revenue</b>	<b>117,925</b>	<b>111,127</b>	<b>102,029</b>	<b>96,000</b>	<b>91,206</b>	<b>68,309</b>	<b>57,431</b>	<b>53,866</b>	<b>64,023</b>	<b>67,064</b>
Cost of sales	(88,117)	(83,131)	(76,285)	(71,867)	(70,196)	(50,301)	(43,135)	(40,347)	(46,284)	(49,003)
<b>Gross profit</b>	<b>29,809</b>	<b>27,996</b>	<b>25,743</b>	<b>24,133</b>	<b>21,010</b>	<b>18,008</b>	<b>14,296</b>	<b>13,519</b>	<b>17,739</b>	<b>18,061</b>
Other income	719	719	719	719	699	1,526	522	1,218	(182)	1,697
Selling & distribution costs	(1,077)	(1,015)	(932)	(877)	(839)	(590)	(503)	(409)	(720)	(629)
General & administrative expenses	(15,044)	(14,177)	(13,016)	(12,247)	(11,478)	(9,608)	(8,496)	(6,732)	(7,575)	(7,223)
Other operating expenses	(4,816)	(4,539)	(4,167)	(3,921)	(3,255)	(3,034)	(2,641)	(2,350)	(2,581)	(2,349)
Finance costs	(1,913)	(1,913)	(1,913)	(1,913)	(1,913)	(1,499)	(1,165)	(1,184)	(1,205)	(1,149)
<b>Profit before tax</b>	<b>7,677</b>	<b>7,071</b>	<b>6,434</b>	<b>5,893</b>	<b>4,224</b>	<b>4,803</b>	<b>2,013</b>	<b>4,062</b>	<b>5,476</b>	<b>8,408</b>
Income tax credit/(expense)	(1,067)	(983)	(894)	(819)	2,358	(495)	128	(659)	717	(1,276)
<b>Profit after tax</b>	<b>6,609</b>	<b>6,088</b>	<b>5,539</b>	<b>5,074</b>	<b>6,582</b>	<b>4,308</b>	<b>2,141</b>	<b>3,403</b>	<b>6,193</b>	<b>7,132</b>
Weighted average no. of shares (basic & diluted; '000)	339,289	339,289	339,289	339,289	339,289	339,289	339,289	339,289	339,289	336,616
<b>Earnings per share (cents)</b>	<b>1.95</b>	<b>1.79</b>	<b>1.63</b>	<b>1.50</b>	<b>1.94</b>	<b>1.27</b>	<b>0.63</b>	<b>1.00</b>	<b>1.83</b>	<b>2.12</b>
<b>Dividend per share (cents)</b>	<b>0.30</b>	<b>-</b>	<b>0.25</b>	<b>-</b>	<b>0.30</b>	<b>-</b>	<b>0.10</b>	<b>-</b>	<b>0.30</b>	<b>0.30</b>
<b>Payout ratio</b>	<b>15.9%</b>	<b>-</b>	<b>15.9%</b>	<b>-</b>	<b>15.5%</b>	<b>-</b>	<b>15.8%</b>	<b>-</b>	<b>16.4%</b>	<b>14.2%</b>

Source: GVT's financials, FPA

Our annual projections from FY2025 to FY2026 are shown in **Exhibit 23**.

**Exhibit 23: Projected Financial Performance (FY2025 to FY2026)**

(in S\$ '000 unless otherwise stated)	Projection		Actual		
	FY2026	FY2025	FY2024	FY2023	FY2022
Semiconductor	140,525	118,383	87,840	53,280	72,616
Life sciences	26,904	24,832	22,919	20,601	20,955
EAMO	61,624	54,814	48,756	37,416	37,516
<b>Revenue</b>	<b>229,052</b>	<b>198,029</b>	<b>159,515</b>	<b>111,297</b>	<b>131,087</b>
Cost of sales	(171,248)	(148,153)	(120,497)	(83,482)	(95,287)
<b>Gross profit</b>	<b>57,804</b>	<b>49,876</b>	<b>39,018</b>	<b>27,815</b>	<b>35,800</b>
Other income	1,437	1,437	2,225	1,740	1,515
Selling & distribution costs	(2,092)	(1,809)	(1,429)	(912)	(1,349)
General & administrative expenses	(29,221)	(25,263)	(21,086)	(15,228)	(14,798)
Other operating expenses	(9,355)	(8,088)	(6,289)	(4,991)	(4,930)
Finance costs	(3,826)	(3,826)	(3,412)	(2,349)	(2,354)
<b>Profit before tax</b>	<b>14,747</b>	<b>12,327</b>	<b>9,027</b>	<b>6,075</b>	<b>13,884</b>
Income tax expense	(2,050)	(1,714)	1,863	(531)	(559)
<b>Profit after tax</b>	<b>12,697</b>	<b>10,613</b>	<b>10,890</b>	<b>5,544</b>	<b>13,325</b>
Weighted average no. of shares (basic & diluted; '000)	339,289	339,289	339,289	339,289	337,964
<b>Earnings per share (cents)</b>	<b>3.74</b>	<b>3.13</b>	<b>3.21</b>	<b>1.63</b>	<b>3.94</b>
<b>Dividend per share (cents)</b>	<b>0.30</b>	<b>0.25</b>	<b>0.30</b>	<b>0.10</b>	<b>0.60</b>
<b>Payout ratio</b>	<b>8.0%</b>	<b>8.0%</b>	<b>9.3%</b>	<b>6.1%</b>	<b>15.2%</b>

Source: GVT's financials, FPA

## VALUATION ANALYSIS

### (I) PEER COMPARISON ANALYSIS

We performed a peer comparison analysis to review how GVT is faring against industry peers in terms of current valuation metrics. We selected peer companies which were also SGX-listed companies that engaged in precision engineering or had exposure to the semiconductor industry<sup>1</sup> (at least 47.4% of GVT's revenue from 1H FY2022 to 2H FY2024 came from the semiconductor industry). Then, we compared GVT against its peers in terms of P/E multiple, P/B multiple and dividend yield.

Below, we list the selected peer companies to compare with GVT (along with a brief description of each company) as follows:

#### i. Venture Corporation (“Venture”)

Venture has a market capitalisation of S\$3.7 billion as at 21 March 2025. According to Venture, it provides “manufacturing, engineering, design and fulfilment services to the global electronics industry”. Venture deals with semiconductor-related equipment. Venture noted in its Annual Report (“AR”) for the FY ended 31 December 2023 that revenue from two customers individually made up more than 10% of total revenue.

#### ii. UMS Integration Limited (“UMS”)

UMS has a market capitalisation of S\$795.1 million as at 21 March 2025. According to UMS, its principal activities include the manufacture of “precision machining components, assembly and integration of equipment modules for semiconductor equipment manufacturers”. UMS noted in its AR for the FY ended 31 December 2023 that 86.7% (S\$260.0 million out of S\$299.9 million) of revenue was from sales to its largest customer.

#### iii. AEM Holdings Limited (“AEM”)

AEM has a market capitalisation of S\$416.3 million as at 21 March 2025. According to AEM, its principal activities are “design and manufacturing of semiconductor assembly and testing equipment, and related tooling parts”. AEM disclosed in its AR for the FY ended 31 December 2023 that 49.6% (S\$238.8 million out of S\$481.3 million) of revenue was from one of its customers.

#### iv. Frencken Group (“Frencken”)

Frencken has a market capitalisation of S\$465.5 million as at 21 March 2025. According to Frencken, its principal activities include “value engineering, prototyping, program management, supply chain management, precision machining components and sheet metal parts manufacturing, modular and equipment system assembly, integration, testing and commissioning”. One segment it serves is the semiconductor segment. Frencken disclosed in its AR for the FY ended 31 December 2023 that 49.4% (S\$366.7 million out of S\$742.9 million) of revenue was from its three largest “Mechatronics” customers.

#### v. Micro-Mechanics (Holdings) (“MMH”)

MMH has a market capitalisation of S\$221.1 million as at 21 March 2025. According to MMH, its principal activities are “that of manufacturing ultra-precision machining parts, modules, complex 3D sheet metal components, mechatronics module assembly, and provision of customised electro-plating and surface treatment services”. MMH disclosed in its AR for the FY ended 31 December 2023 that 54.9% (S\$61.1 million out of S\$111.3 million) of revenue was from four major customers.

<sup>1</sup> We have excluded Avi-Tech Holdings and Global Testing Corporation partly due to their comparatively low market capitalisations (less than S\$40.0 million each) as at 21 March 2025.

The results of our peer comparison analysis are shown in **Exhibit 24**.

### Exhibit 24: Peer Comparison Analysis

Company	Stock Symbol	Price as at 21 Mar '25	Market Cap (S\$ million)	Diluted EPS (cents) <sup>(1)</sup>	P/E	DPS (cents) <sup>(2)</sup>	Dividend Yield (%) <sup>(3)</sup>	Payout ratio <sup>(4)</sup>	NAV per share (cents) <sup>(5)</sup>	P/B
Grand Venture Technology ("GVT")	JLB	0.810	274.8	3.21	25.2 x	0.30	0.37%	9.3%	39.09	2.07 x
<b>Peers:</b>										
Venture Corporation Limited ("Venture")	V03	12.730	3,680.1	84.4	15.1 x	75.00	5.89%	88.9%	10.00	1.27 x
UMS Integration Limited ("UMS")	558	1.120	795.1	5.74	19.5 x	5.20	4.64%	90.6%	58.88	1.90 x
AEM Holdings Limited ("AEM")	AWX	1.330	416.3	3.65	36.4 x	-	-	-	155.20	0.86 x
Frencken Group ("Frencken")	E28	1.090	465.5	8.68	12.6 x	2.61	2.39%	30.1%	101.61	1.07 x
Micro-Mechanics (Holdings) ("MMH")	5DD	1.590	221.1	7.16	22.2 x	6.00	3.77%	83.8%	34.76	4.57 x
<b>Peer average</b>	-	-	-	-	<b>21.2 x</b>	-	<b>4.18%</b>	<b>73.3%</b>	-	<b>1.94 x</b>

<sup>(1)</sup> Trailing Twelve-Month ("TTM"); decimal places as reported by the respective companies. <sup>(2)</sup> TTM. <sup>(3)</sup> & <sup>(4)</sup> Excludes AEM, which did not declare any dividend in the past twelve months. Payout ratio calculated by  $\left(\frac{\text{TTM basic EPS}}{\text{TTM DPS}}\right)$ . <sup>(5)</sup> Based on the most recent financial statement.

Source: SGX Stock Screener, respective companies' financials, FPA

#### (a) P/E multiple

Based on the results in **Exhibit 24**, GVT is currently trading at a P/E multiple of 25.2x which is higher than the peer average P/E of 21.2x. This suggests that GVT is overvalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$0.679 if GVT is to trade at the peer average P/E of 21.2x as follows:

$$\begin{aligned} \text{Estimated Target Price} &= \text{Peer average P/E} \times \text{TTM diluted EPS} \\ &= 21.2 \times \text{S\$}0.0321 \\ &= \text{S\$}0.679 \end{aligned}$$

The estimated target price of S\$0.679 implies a downside potential of 16.2% from the current share price of S\$0.810.

#### (b) PB multiple

Based on the results in **Exhibit 24**, GVT is currently trading at a P/B multiple of 2.07x which is higher than the peer average P/B of 1.94x. This suggests that GVT is overvalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$0.757 if GVT is to trade at the peer average P/B of 1.94x as follows:

$$\begin{aligned} \text{Estimated Target Price} &= \text{Peer average P/B} \times \text{NAV per share (2H FY2024)} \\ &= 1.94 \times \text{S\$}0.3909 \\ &= \text{S\$}0.757 \end{aligned}$$

The estimated target price of S\$0.757 implies a downside potential of 6.6% from the current share price of S\$0.810.



**(c) Dividend yield**

Based on the results in **Exhibit 24**, GVT's current dividend yield of 0.37% is less attractive than the peer average yield of 4.18%. This suggests that GVT is overvalued at the current share price. However, we also note that GVT has a lower TTM payout ratio (9.3%) than that of its peer average (73.3%) which suggests that GVT's dividend yield is unlikely to match the peer average should it choose to maintain its payout ratio.

Therefore, we shall exclude dividend yield from our peer comparison analysis.

**(d) Target price**

From our analysis, GVT seems to be overvalued in terms of its P/E multiple and P/B multiple. By averaging our estimated target prices based on P/E multiple and P/B multiple, we derive an overall target price of S\$0.718 as follows:

$$\begin{aligned}\text{Overall Target Price \#2} &= \frac{1}{2} \times [\text{Estimated Target Price (P/E multiple)} + \text{Estimated Target Price (P/B multiple)}] \\ &= \frac{1}{2} \times [\text{S\$0.679} + \text{S\$0.757}] \\ &= \text{S\$0.718}\end{aligned}$$

The overall target price of S\$0.718 implies a downside potential of 11.4% from the current share price of S\$0.810.

The downside potential implies that GVT's share price will fall despite a projected rise in diluted EPS (cents) by 16.6% from 3.21 in FY2024 to 3.74 in FY2026. Thus, to account for the projected rise in diluted EPS, we conduct a forward valuation analysis.

**(II) FORWARD VALUATION**

We conduct a forward valuation analysis by using our projected diluted EPS (cents) of 3.74 in FY2026 as forward EPS. We also project that NAV per share (cents) will rise to 45.41 at the end of 2H FY2026 as follows:

$$\begin{aligned}
 \text{Projected NAV per share (2H FY2025; in cents)} &= \text{NAV per share (2H FY2024)} \\
 &\quad + \text{Proj. Basic EPS (1H FY2025)} - \text{Proj. DPS (2H FY2024)} \\
 &\quad + \text{Proj. Basic EPS (2H FY2025)} - \text{Proj. DPS (1H FY2025)} \\
 &= 39.09 + [1.50 - 0.30] + [1.63 + 0] \\
 &= 41.92 \\
 \\
 \text{Projected NAV per share (2H FY2026; in cents)} &= \text{Projected NAV per share (2H FY2025)} \\
 &\quad + \text{Proj. Basic EPS (1H FY2026)} - \text{Proj. DPS (2H FY2025)} \\
 &\quad + \text{Proj. Basic EPS (2H FY2026)} - \text{Proj. DPS (1H FY2026)} \\
 &= 41.92 + [1.79 - 0.25] + [1.95 + 0] \\
 &= 45.41
 \end{aligned}$$

The projected NAV per share (cents) of 45.41 in 2H FY2026 represents a forward P/B multiple of 1.78x based on the current share price of S\$0.810.

**(a) P/E multiple**

The forward EPS (cents) of 3.74 represents a forward P/E multiple of 21.6x based on the current share price of S\$0.810. The forward P/E multiple of 21.6x is higher than the peer average P/E of 21.2x, which suggests that GVT is overvalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$0.792 if GVT is to trade at the peer average P/E of 21.2x and forward EPS (cents) of 3.74 as follows:

$$\begin{aligned}
 \text{Estimated Target Price} &= \text{Peer average P/E} \times \text{Forward EPS} \\
 &= 21.2 \times \text{S\$}0.0374 \\
 &= \text{S\$}0.792
 \end{aligned}$$

The estimated target price of S\$0.792 implies a downside potential of 2.2% from the current share price of S\$0.810.

**(b) P/B multiple**

The projected NAV per share (cents) of 45.41 in 2H FY2026 represents a forward P/B multiple of 1.78x based on the current share price of S\$0.810. The forward P/B multiple of 1.78x is lower than the peer average P/B of 1.94x, which suggests that GVT is undervalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$0.879 if GVT is to trade at the peer average P/B of 1.94x and projected NAV per share (cents) of 45.41 in 2H FY2026 as follows:

$$\begin{aligned}\text{Estimated Target Price} &= \text{Peer average P/B} \times \text{Projected NAV per share (2H FY2026)} \\ &= 1.94 \times \text{S\$0.4541} \\ &= \text{S\$0.879}\end{aligned}$$

The estimated target price of S\$0.879 implies an upside potential of 8.5% from the current share price of S\$0.810.

**(c) Dividend yield**

As discussed on page 25, we note that GVT has a lower payout ratio (8.02%) than that of its peer average (73.33%) which suggests that GVT's dividend yield is unlikely to match the peer average should it choose to maintain its payout ratio.

Therefore, we shall exclude dividend yield from our forward valuation analysis.

**(d) Target price**

From our analysis, GVT seems to be overvalued in terms of forward EPS. However, GVT may be undervalued in terms of its projected NAV per share in 2H FY2026. By averaging our estimated target prices based on forward EPS and projected NAV per share, we derive an overall target price of S\$0.836 as follows:

$$\begin{aligned}\text{Overall Target Price \#3} &= \frac{1}{2} \times [\text{Estimated Target Price (Forward EPS)} + \text{Estimated Target Price (Proj. NAV per share)}] \\ &= \frac{1}{2} \times [\text{S\$0.792} + \text{S\$0.879}] \\ &= \text{S\$0.836}\end{aligned}$$

The overall target price of S\$0.836 implies an upside potential of 3.2% from the current share price of S\$0.810, which may be more representative of the projected rise in diluted EPS.

## POTENTIAL CATALYSTS

### (I) ONBOARDING OF NEW CUSTOMERS

According to GVT, it increased its revenue from S\$40 million in FY2019 to over S\$159 million in FY2024 by growing its wallet share with existing customers and onboarding new customers. GVT added that it had “no churn” thus far.

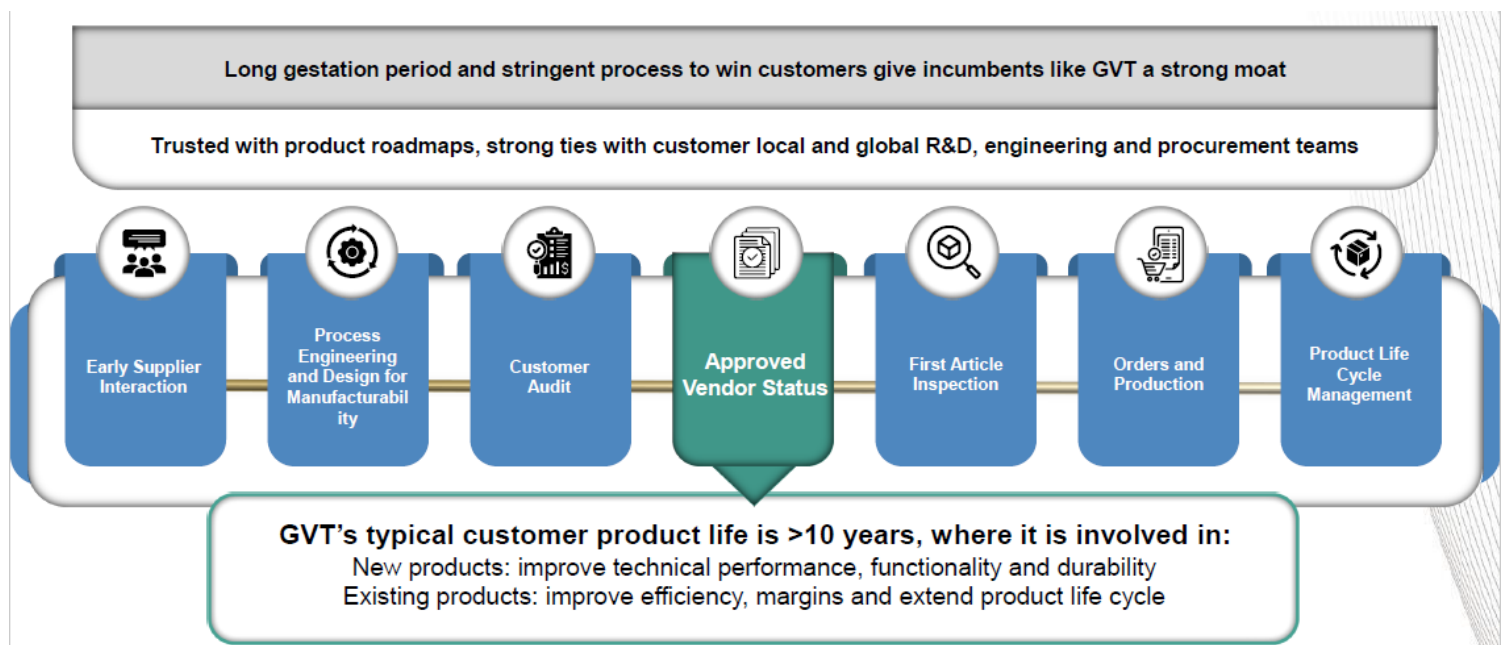
GVT noted that acquiring customers involves a “Long gestation period and stringent process”, after which the “customer product life” typically exceeds 10 years where GVT would be involved in both new & existing products as shown in **Exhibit 25**.

For instance, after securing “approved vendor” status, GVT may produce first article(s) for customers’ inspection. Should the customers approve of the first article(s), GVT may begin mass production.

GVT’s revenue growth may rise as it begins mass production for more products for new (and existing) customers. Semiconductor revenue rose by 96.8% from S\$27.2 million in 2H FY2023 to S\$53.6 million in 2H FY2024, partly because GVT “began shipment of mass production of products after obtaining various qualifications for its first articles during the year” according to GVT.

GVT may also begin to onboard more customers as it has been expanding its capabilities, which we discuss in the next catalyst.

#### **Exhibit 25: GVT’s Business Process**



Source: GVT's presentation

**(II) EXPANSION OF CAPABILITIES**

GVT noted that it has been, through acquisitions, expanding its capabilities over the years as shown in **Exhibit 26**. GVT also noted that it may expand its capabilities to include “Advanced Material” and “Consumables & Services” in the future.

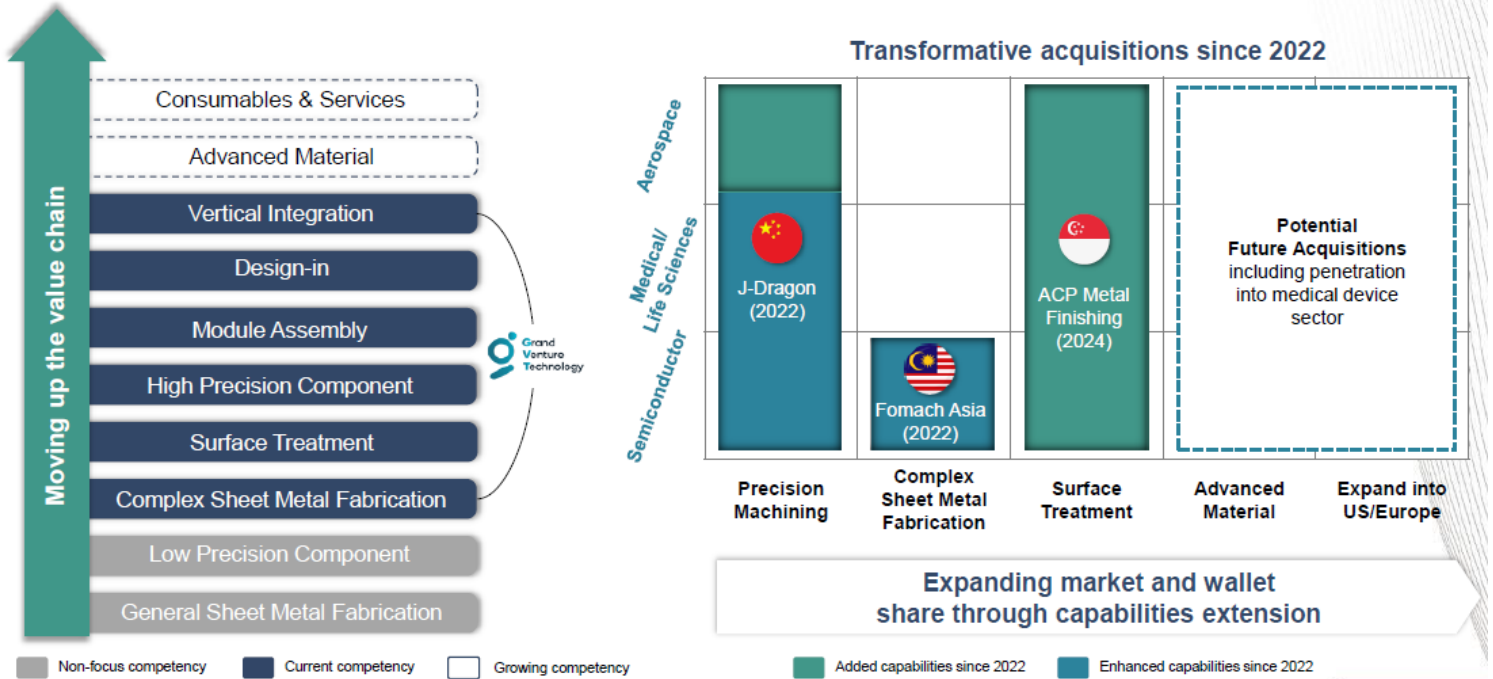
GVT added that its expanded capabilities allowed it to “wallet share across new and existing customers” (e.g., by cross-selling services based on the same expanded capabilities to customers in different segments).

Should GVT manage its cash flows well and expand its capabilities, it may be able to produce a wider range of products for new & existing customers across different segments. Thus, GVT’s revenue growth may rise.

**Exhibit 26: Capabilities Expansion**

**ENHANCING CAPABILITIES AND EXPANDING OFFERINGS**

Moving up the value chain through organic and inorganic growth



Source: GVT’s presentation

**(III) POTENTIAL INCOME TAX CREDIT IN 2H FY2025 & 2H FY2026**

GVT had income tax credit in 2H of FY2022 to FY2024. In fact, the income tax credit of S\$2.4 million in 2H FY2024 accounted for 35.8% of profit after tax of S\$6.6 million in the same period as shown in **Exhibit 27**.

GVT noted that the income tax credit of S\$1.9 million in FY2024 was “mainly due to tax credits comprising mainly S\$1.4 million tax allowances in connection with the Company’s acquisition of subsidiaries and re-investment allowances”.

As the income tax credit in 2H of FY2022 to FY2024 may be one-off and coincidental, we assume that GVT will continue incurring income tax expense in 2H FY2025 & 2H FY2026. Should GVT receive a net income tax credit in 2H FY2025 or 2H FY2026, profit after tax (and diluted EPS) in the respective period may rise by at least 16.1% based on our assumed effective tax rate of 13.9% as follows:

$$\begin{aligned}
 \text{Minimum rise in profit after tax} &= \left[ \frac{\text{Profit after tax (without tax expense)}}{\text{Profit after tax (with tax expense)}} - 1 \right] \times 100\% \\
 &= \left[ \frac{\text{Profit before tax}}{\text{Profit after tax (with tax expense)}} - 1 \right] \times 100\% \\
 &\quad \text{(if income tax = 0, profit after tax = profit before tax)} \\
 &= \left[ \frac{\text{Profit before tax}}{\text{Profit before tax} \times (1 - \text{effective tax rate})} - 1 \right] \times 100\% \\
 &= \left[ \frac{1}{1 - 13.9\%} - 1 \right] \times 100\% \\
 &= 16.1\%
 \end{aligned}$$

**Exhibit 27: Income Tax Credit/Expense (1H FY2022 to 2H FY2024)**

(in S\$ '000 unless otherwise stated)	Actual					
	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Income tax (credit)/expense	2,358	(495)	128	(659)	717	(1,276)
Profit before tax	4,224	4,803	2,013	4,062	5,476	8,408
Effective tax rate (%)	(55.8%)	10.3%	(6.4%)	16.2%	(13.1%)	15.2%

(in S\$ '000 unless otherwise stated)	Actual					
	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Income tax (credit)/expense	2,358	(495)	128	(659)	717	(1,276)
Profit after tax	6,582	4,308	2,141	3,403	6,193	7,132
Income tax (credit)/expense as % of profit after tax	35.8%	(11.5%)	6.0%	(19.4%)	11.6%	(17.9%)

Source: GVT's financials, FPA

#### **(IV) DIVERSIFICATION OF SEMICONDUCTOR SUPPLY CHAIN**

According to Nikkei Asia, semiconductor companies have been expanding in Malaysia as part of diversification efforts amidst rising U.S.-China tensions.

Nikkei Asia reported in February 2025 that “ASE Technology Holding, the world's biggest chip packaging and testing supplier, is opening by far its largest overseas operation in Penang”, while its “affiliate Siliconware Precision Industries, also known as SPIL, a key supplier to MediaTek and Nvidia, is building its first facility in Penang”. Nikkei Asia also noted that “European chipmaker Infineon opened its largest power semiconductor plant in the country, and Lam Research has established a sizable chipmaking tool facility” in Malaysia.

Nikkei Asia cited ASE Technology Holding’s CEO, Tien Wu, as noting that Malaysia “has been taking a neutral stance between the U.S. and China” and praising Malaysia’s “social and economic stability”, both of which may have contributed to ASE’s decision to expand in Malaysia.

Revenue from Malaysia accounted for at least 37.8% of GVT’s revenue from 1H FY2022 to 2H FY2024. Should more semiconductor firms expand in Malaysia, GVT may be able to secure more customers in Malaysia. Accordingly, GVT’s revenue may rise.

## INVESTMENT RECOMMENDATION

We conduct a peer comparison analysis by using our projected diluted EPS (cents) of 3.74 in FY2026 as forward EPS. The forward EPS (cents) of 3.74 represents a forward P/E multiple of 21.6x based on the current share price of S\$0.810. The forward P/E multiple of 21.6x is higher than the peer average P/E of 21.2x, which suggests that GVT is overvalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$0.792 if GVT is to trade at the peer average P/E of 21.2x and forward EPS (cents) of 3.74.

The projected NAV per share (cents) of 45.41 in 2H FY2026 represents a forward P/B multiple of 1.78x based on the current share price of S\$0.810. The forward P/B multiple of 1.78x is lower than the peer average P/B of 1.94x, which suggests that GVT is undervalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$0.879 if GVT is to trade at the peer average P/B of 1.94x and projected NAV per share (cents) of 45.41 in 2H FY2026.

By averaging our estimated target prices based on forward EPS and projected NAV per share, we derive an overall target price of S\$0.836 as follows:

$$\begin{aligned}\text{Overall Target Price \#3} &= \frac{1}{2} \times [\text{Estimated Target Price (Forward EPS)} + \text{Estimated Target Price (Proj. NAV per share)}] \\ &= \frac{1}{2} \times [\text{S\$0.792} + \text{S\$0.879}] \\ &= \text{S\$0.836}\end{aligned}$$

The overall target price of S\$0.836 implies an upside potential of 3.2% from the current share price of S\$0.810.

We project that GVT's diluted EPS (cents) will rise by 16.6% from 3.21 in FY2024 to 3.74 in FY2026 partly due to expected growth in the end-markets of GVT's customers. However, GVT's share price upside potential may be constrained by a fall in GVT's P/E multiple from the current P/E (25.2x) to the peer average P/E (21.2x). Thus, in view of the limited upside potential, we recommend a hold.

We also note that there are risks to our target price which we highlight in the next section.



## RISKS TO TARGET PRICE

### (I) DEPRECIATION OF THE UNITED STATES DOLLAR (“USD”)

According to the Wall Street Journal (“WSJ”), the USD may continue to depreciate amidst U.S. President Donald Trump’s “unprecedented challenge to a geopolitical order that has prevailed for decades”.

WSJ reported in March 2025 that a “steep increase in tariffs and uncertainty over trade have sparked fears that U.S. growth will slow”, while “major shifts in U.S. foreign policy have led to a surge in optimism about the European economy—driving the dollar down sharply against the euro”. WSJ also noted that Trump & his advisors have been “saying they want a weaker currency to boost domestic manufacturing, by making goods cheaper to foreign buyers”. According to data from Investing.com, the U.S. Dollar Index (DXY) has fallen by 4.8% from 109.35 on 20 January 2025 (Trump’s inauguration) to 104.09 on 21 March 2025.

In its AR for FY2023, GVT noted that “Approximately 78% (2022: 77%) of the Group’s sales are denominated in foreign currencies” and that the “foreign currencies in which these transactions are denominated are mainly in USD”. GVT also noted that its profit before tax (S\$6.1 million) would have fallen by S\$0.6 million (or 10.2%) had the USD depreciated against the Singapore Dollar by 5% in FY2023. In the past five years (2019 to 2024), GVT published its ARs in April.

### (II) GLOBAL ECONOMIC SLOWDOWN

Fitch noted in March 2025 that global growth is expected to “slow to 2.3%” in 2025 and “remain weak at 2.2% in 2026”, “well below trend and down from 2.9% in 2024”.

Fitch mentioned that the “new US administration has started a global trade war that will reduce US and world growth, push up US inflation and delay Federal Reserve rate cuts”, such that it lowered its U.S. growth forecast for 2025 from 2.1% in its “December 2024 Global Economic Outlook (GEO)” to 1.7% and its forecast for 2026 from 1.7% to 1.5%. Fitch cautioned that there “is huge uncertainty about how far the US will go” and that its “assumptions could be too harsh”. However, Fitch added that there “are also risks of a larger tariff shock including from an escalating global trade war”.

Should global growth slow, end-use demand across sectors (e.g., consumer technology, healthcare and air travel) may slow such that derived demand for equipment used in each of the sectors may fall. Accordingly, GVT’s customers may reduce their order size such that GVT’s revenue may fall.

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