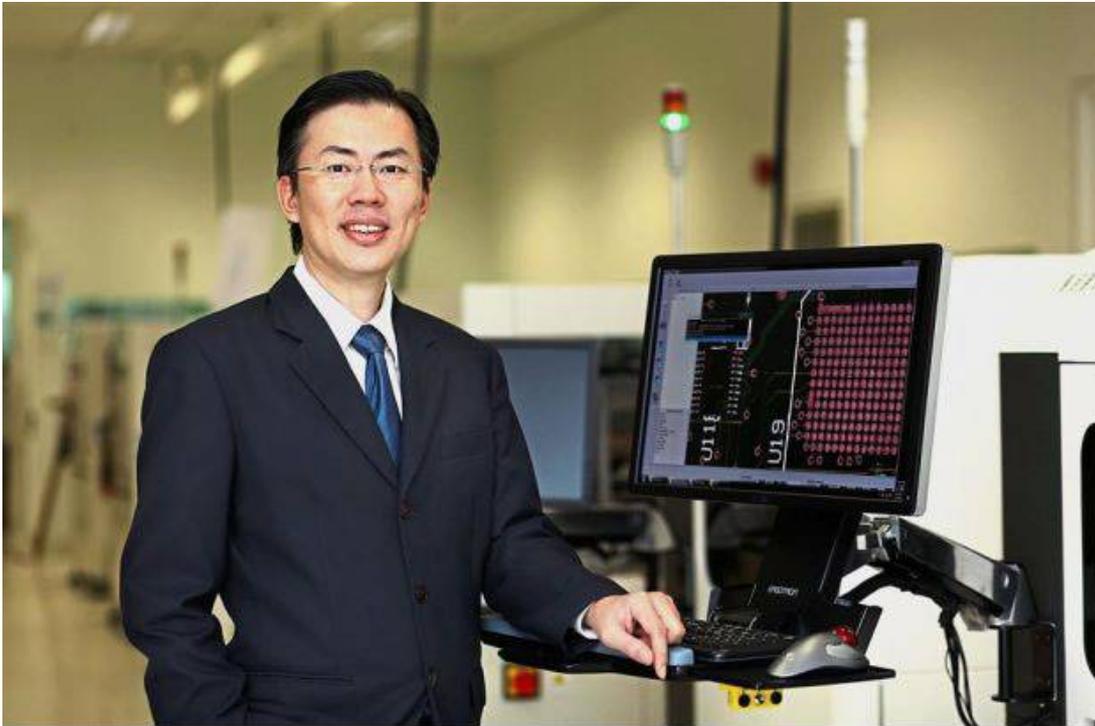


Vitrox expects strong Q1

Monday, 20 February 2017

GEORGE TOWN: Semiconductor test equipment maker Vitrox Corp Bhd expects increased orders from automotive and smart device manufacturers to translate into a strong start to the year for the company.



Chu: "We are able to see an improvement over last year due to a significant increase in orders from these two sectors."

Group chief executive Chu Jenn Weng is predicting a better performance for the first quarter ended March 31 compared with the same corresponding period last year.

"We are able to see an improvement over last year due to a significant increase in orders from these two sectors," he told StarBiz recently.

"Both these sectors require our advanced optical inspection, advanced x-ray inspection, tray inspection handlers, semiconductor components and printed circuit board assembly products used in electronic systems," Chu said.

The United States, Mexico and Brazil are key markets which contribute about 25% of the group's revenue, according to the Vitrox chief.

"Europe's contribution is 5%, while China, Taiwan, Japan, South Korea, India and the rest of the world generate the remainder," he said.

To cater for the growing demand for its services, the company is investing another RM60mil this year to complete its new plant in Batu Kawan. "We have already spent about RM60mil for the new RM120mil plant, currently under construction in Batu Kawan.

"The facility should be ready for in the second half of 2017," Chu said.

On the group's performance for 2016, Chu said he expected its 2016 revenue to improve by a double digit percentage over 2015.

According to the Connecticut-based research house Gartner, the worldwide semiconductor capital spending is forecast to grow 2.9% in 2017 to RM69.9bil.

"Compared with early 2016, the semiconductor outlook has improved, particularly in memory, due to stronger pricing and a better-than-expected market for smartphones.

"An earlier-than-anticipated recovery in memory should lead to growth in 2017 and be slightly enhanced by changes in key applications," the Gartner report added.

According to an Euler Hermes report, the global automotive market will experience a slight slowdown in 2017.

"The three key markets for sales are China, the US, and Europe.

"In China, sales grew by 15% (24 million units) in 2016, but a slowdown to around 5% is expected in 2017.

"US sales grew by 0.2% (17.9 million units) in 2016 but a contraction of -1% is expected in 2017.

"In Europe, sales expanded by 7% (15 million units) in 2016, while '0%' growth is forecasted in 2017 due to the Brexit effect and the end of Spain's incentive regime.

"A 1.5% decrease in Japan is caused by the continuously adverse effects of the value-added tax (VAT) increase in April 2014," the report said.

Euler Hermes, which has a global presence, provides economic intelligence, market insights and industry risk analysis reports for its clients.

<http://www.thestar.com.my/business/business-news/2017/02/20/vitrox-expects-strong-q1/>