



## Sales momentum to continue for ViTrox

Analysts note that this was driven by strong demand, especially from China and Taiwan, for its MVS products, which expanded by 117% y-o-y. AmInvestment Bank Research, following a conference call with ViTrox, said the company expects this trend to continue in the second half of 2021.

PETALING JAYA: Following a strong first quarter, Vitrox Corp Bhd is likely to see its sales performance improving on a quarterly basis, backed by robust demand from its machine vision systems (MVS) segment.

In the first quarter of financial year 2021 (FY21), ViTrox revenue and core profit rose 44% and 46% year-on-year (y-o-y), respectively, resulting in the company recording its highest ever first-quarter sales.

Analysts note that this was driven by strong demand, especially from China and Taiwan, for its MVS products, which expanded by 117% y-o-y.

AmInvestment Bank Research, following a conference call with ViTrox, said the company expects this trend to continue in the second half of 2021.

The research firm said it is raising FY21-FY23 forecast earnings by 6%-10% to account for expectations of more robust demand for its MVS products.

It noted that there is a global shortage of semiconductor components, which is expected to extend into 2022, while higher sales are seen in relation to the automotive, consumer, computing and 5G devices.

Other key takeaways from the conference call is that ViTrox expects "meaningful contribution" from its new subsidiary, ViTrox Agritech, in two to three years.

Last year, ViTrox started research and development activities in precision farming under this subsidiary to come up with viable agriculture solutions.

The aim is to create and promote innovative hi-tech and cost-effective smart agriculture solutions to reduce labour dependencies, promote better yields and reduce the use of pesticides in the local agriculture industry.

Towards this end, ViTrox is investing about RM5mil for its first hi-tech farm cluster in Ara Kuda, Penang.

The global agriculture robot market is set to grow by a compound annual growth rate of 34.5% from 2020 to 2025, according to AmInvestment Bank.

While it continues to like ViTrox, it said valuations for the stock, which is trading at FY21-FY22 price earnings of 43-52 times, are currently expensive.

The research firm maintains a "sell" on the stock.

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