

Vitrox in for double-digit growth

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PETALING JAYA: Vitrox Corp Bhd, an automated machine vision inspection system equipment and service provider, is expected to chalk up double-digit growth in sales this year, underpinned by healthy industry outlook and timely capacity expansion.

The Penang-based company is also expected to be at an advantage from the appreciation of the US dollar.

According to Kenanga Research analyst Desmond Chong, the healthy outlook of equipment spending and semiconductor sales bodes well for Vitrox.

He said the Semiconductor Equipment and Materials International (SEMI) anticipated worldwide equipment sales to register a decent growth of 15% in 2015, alongside with the healthy global semiconductor sales forecasts, even from a high base in 2014.

"The growth will be underpinned by the surging demand in smartphones, followed by big data as well as Internet of Things.

"All these drivers, in turn, will boost high volume and increase complexity of semiconductor packages and printed circuit board assembly, which require enormous inspections to ensure good quality and high productivity.

"We believe Vitrox is well-positioned to ride on the surging wave of these rising trends," he said in a note to clients.

The research house has a "trading buy" call on the counter with a fair value of RM3.84 per share.

Chong's positive view is also further reaffirmed by the management's confidence of achieving "double-digit" growth in revenue for the current financial year ending Dec 31, even from a high base of about 60% in 2014.

In terms of outlook for the first quarter this year, Chong said the group expected revenue to hit the range of RM32mil to 36mil or implied 15% to 17% of Kenanga's estimates for 2015 sales – having considered the seasonality weakness – on the back of healthy order backlog of RM18mil and book-to-bill ratio of 1.05 times.

On expansion, Vitrox recently acquired a land at Batu Kawan Industrial Park for RM34.2mil, to be developed as a new facility dubbed as ViTrox Campus 2.0.

The construction of Phase 1 will start in early second half of this year and scheduled for completion by early 2017.

The group is at a zero-gearing position with strong net cash of RM56mil as of end 2014.

"We believe the group could offer up to 5.1 sen and 5.8 sen dividend per share for 2015 and 2016 respectively, translating into a dividend yield of 1.6% to 1.8%," he said.

<http://www.thestar.com.my/Business/Business-News/2015/03/20/Vitrox-in-for-doubledigit-growth/?style=biz>