

# Weaker ringgit helps to lift Vitrox's margins

StarBiz, Malaysia 25 Dec 2015 2



The weaker ringgit is helping Vitrox Corp Bhd, a test equipment

maker, lift its margins even as the company sees flattish revenue growth this year amid a slowdown in the semiconductor sector.

The company expected demand momentum to pick up next year.

"Moving forward, the first quarter of 2016 is expected to improve compared with the previous year's corresponding period, although the first three months of the year are usually slow due to the long Chinese New Year holidays," group chief executive officer Chu Jenn Weng (pic) told StarBiz.

"The company has delivered more than RM20mil worth of equipment in the fourth quarter," he added.

Chu said the orders for the fourth quarter were still coming in for delivery within this period. The company is also taking orders for the first quarter of 2016.

"We expect to see some growth next year," he said.

Vitrox manufactures vision inspection equipment and tray vision inspection equipment to check printed circuit board assembly products and semiconductor components used in smart devices and in the automotive industry.

"There will be new inspection equipment to be launched for the first half of 2016 for the automotive industry.

"We are also looking at penetrating into new markets in Europe and South America in 2016," Chu said.

Vitrox's main markets are in the United States, China and South America, while the multinational corporations in Malaysia contribute about 20% to group revenue.

According to Chu, about 85% of the group's sales are

denominated in US dollars. The ringgit's 23% drop against the dollar since January had helped, but fierce competition has forced the company to reduce its prices.

"Due to increased competition in the market, the pricing of our equipment has also dropped by about 5%," he said.

According to a recent SEMI report, worldwide sales of new semiconductor manufacturing equipment will decrease 0.6% to US\$37.3bil in 2015.

In 2016, nominal positive growth is expected, resulting in a global market increase of 1.4%.

SEMI also forecast that the market for assembly and packaging equipment would decrease by 16.4% to US\$2.6bil in 2015, while the semiconductor test equipment market was projected to decrease by 7.4%, totalling US\$3.3bil this year.

SEMI is the global industry association serving the electronics manufacturing supply chains.