

Company Of The Year: ViTrox Corp Bhd - Test equipment giant sets its sights on greater expansion while contributing to the world

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While the storm of the Asian financial crisis was wreaking havoc in 1998, two young men quit their jobs at Hewlett-Packard Malaysia in Penang to start their own business. Few would have done that, especially in harsh economic conditions.

With the towering ambition to make the world better with technology, the two Universiti Sains Malaysia (USM) graduates — Chu Jenn Weng and Steven Siaw Kok Tong — began their entrepreneurial journey in a 100 sq ft rented bedroom in Sungai Dua, Gelugor, Penang, with RM20,000 in seed capital borrowed from family and friends. Yeoh Shih Hoong subsequently came on board and, two years later, the trio established ViTrox in 2000.

The little seed capital then helped cultivate the homegrown automated test equipment (ATE) maker, which today serves more than 600 customers locally, as well as in China, Taiwan, the US, Mexico and 40 other countries. It is an industry leader in machine vision technology.

Chu is the group's president and single-largest shareholder, with a 26.9% stake; Siaw and Yeoh sit on the board as executive directors and executive vice-presidents, with 19.04% and 10.23% equity interest respectively.

The trio takes pride in the fact that ViTrox is not a contract manufacturer. It makes machine vision inspection systems that scan for defects in semiconductors and other hi-tech gear.

The group has two main business segments — machine vision system (MVS), which provides component-level inspection solutions; and automated board inspection (ABI), which offers board-level inspection solutions.



Its MVS division serves mainly semiconductor manufacturers, including integrated device manufacturers (IDMs) and outsourced semiconductor assembly and test (OSAT) players; and its ABI business unit serves electronics manufacturing service (EMS) providers and contract manufacturers.

Remarkably, since its 2005 listing on Bursa Malaysia, ViTrox's share price has jumped 185-fold from 12 sen (adjusted price) to its historical high of RM22.16 on Dec 1.

The company's market capitalisation has grown from RM55.8 million on its first listing day to almost RM10 billion now, making it one of the country's largest ATE manufacturers.

Based on the latest semi-annual review of the FTSE Bursa Malaysia Index Series, ViTrox is now included on the FBM KLCI reserve list, comprising the five highest-ranking non-constituents of the index by market capitalisation.

The period between March 31, 2018, and March 31, 2020, is the best-performing for ViTrox's share price, which climbed from RM5.23 to a record high of RM14.90, a sharp gain of 185%.

This boosted the group's three-year compound annual growth rate (CAGR) returns to shareholders between March 31, 2018, and March 31, 2021, to 41.8%.

In fact, ViTrox has scored high on return on equity (ROE), earnings growth and returns to shareholders over the last three

years. And that performance won the group the coveted The Edge Billion Ringgit Club (BRC) Company of the Year award this year.

ViTrox's ROE was 28.4% in 2018. Although it fell to 17.8% in 2019, it improved to 20.1% in 2020, giving it an adjusted weighted ROE over three years of 21.1%.

The group's profit after tax (PAT) climbed to a record high of RM105.62 million in the financial year ended Dec 31, 2020 (FY2020), riding on the semiconductor boom globally and after earnings contracted in FY2019, when it posted a PAT of RM79.65 million compared with RM105.48 million in FY2018.

The group's earnings grew at a three-year CAGR of 8.4%. On a longer horizon, its revenue and net profit have grown 19 times and 10 times respectively over the past 15 years.

For The Edge BRC review period, the total remuneration of its board was RM1.32 million in FY2018, RM1.21 million in FY2019 and RM1.38 million in FY2020. The three pioneers' remuneration ranges between RM361,000 and RM399,000 each.

In an exclusive interview with The Edge in July, Chu stressed that the management envisions much for the group to achieve, as it intends to grow beyond the ATE industry and semiconductor space.



Chu: As long as we can make a positive contribution to the world, we will go

"ViTrox will not be heading towards the sole direction of ATE. Perhaps two or three business units of ours will focus on ATE and be the best in the world. But, as a group, we want to move up the value chain, be an innovative technology company, and we want to use technology and equipment to expand into other areas such as precision smart farming.

"As long as we can make a positive contribution to the world, we will go," he said.

Those who have been to the corporate headquarters of ViTrox at the Batu Kawan Industrial Park usually leave impressed by the architecture of the building. A bird's eye view of ViTrox Campus 2.0, which has a built-up area of 450,000 sq ft, reveals an eye-shaped structure on a green building with its own solar photovoltaic (PV) system.

The facility also incorporates an eco-pond with a rainwater harvesting system for irrigation, a garden in the centre to promote a green working environment, and a sky herb garden to promote healthy eating habits.

In ViTrox's V-Gallery, there is an old Pentax SLR camera on display. It is a second-hand camera that Chu's mother bought for him for his 20th birthday. That gift sparked Chu's interest in photography.

"I never thought the photography skills that I learnt would benefit me when I ventured into machine vision technology. So, I always tell others that it was a mother's selfless love for her son that led to the birth of ViTrox eight years later," he says.

Under its 10-year expansion master plan, ViTrox aims to invest more than RM2 billion as well as expand its floor space to between two million and three million sq ft, from 450,000 sq ft now. The group also intends to increase its workforce from less than 1,000 now to between 3,000 and 5,000 in the next five years.

"We plan to set up an institution of technology or a university that is people-oriented and emphasises work-based and practical learning. We want to produce talents who are creative, energetic and kind-hearted, who are competent and willing to work relentlessly to solve the world's problems," Chu says.

Major corporate milestones

- 2000 • ViTrox is established
- 2004 • Launches first 3D vision inspection system for semiconductor components
 - Converted into public limited company
- 2005 • Listed on the ACE Market, previously known as Mesdaq
 - Launches five-sided vision inspection system for semiconductor components

- 2006 • Moves to ViTrox Innovation Centre in Bayan Lepas
 - Achieves first overseas sales and sets up support office in Suzhou, China
- 2009 • Forms Automated Board Inspection (ABI) business unit
 - Launches first 2D advanced optical inspection (AOI) for electronics assembly
 - Transfers to Main Market
- 2010 • Establishes machine vision system tray (MVST)
 - Launches 3D advanced X-ray inspection (AXI) for electronics assembly
- 2011 • Forms its refined core values of Integrity, Accountability, Courage, Trust & Respect, Gratitude & Care
 - Launches tray-based vision inspection handler
- 2014 • Launches Centre of Excellence for Machine Vision
- 2018 • Relocates to ViTrox Campus 2.0 in Batu Kawan
- 2019 • Begins operations of Penang Automation Cluster (PAC)
 - Sets up overseas offices in Hamburg, Germany, and Shenzhen, China
- 2020 • Celebrates 20th anniversary
- 2021 • Acquiring land in Batu Kawan to execute 10-year expansion master plan
 - Wins coveted The Edge Billion Ringgit Club Company of the Year award

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