



Vicplas International Ltd
Registration No: 199805363R
35 Joo Koon Circle,
Singapore 629110
Tel: (65) 6262 3888
Fax: (65) 6349 3877

MEDIA RELEASE

**Vicplas International's FY2021 net profit rose 112.5% to S\$10.4 million
with medical devices segment driving growth**

- Medical devices segment continues its positive growth trajectory and achieves record results
- Pipes and pipe fittings segment's performance improves as Singapore construction sector recovers
- Increase dividend by 20%¹

SINGAPORE, 24 September 2021 – SGX Mainboard-listed Vicplas International Ltd (“Vicplas”, “威百亿国际有限公司” or the “Company”, or collectively with its subsidiaries, the “Group”), is pleased to announce that it has achieved a profit after tax of S\$10.4 million for the financial year ended 31 July 2021 (“FY2021”), an increase of 112.5% from S\$4.9 million for the financial year ended 31 July 2020 (“FY2020”).

Mr Cheng Liang, Chief Executive Officer of Vicplas commenting on the FY2021 results, said: ***“In FY2021, Vicplas achieved its best results ever with the medical devices segment’s positive growth trajectory and the pipes and pipe fittings segment recovering in tandem with the construction industry. With a challenging operating environment due to the ongoing Covid-19 pandemic and uncertainties in the wider macro environment, the Group remains cautiously optimistic for the year ahead.”***

¹ The Board of Directors of Vicplas is recommending a final dividend of S\$0.0045 per ordinary share for FY2021, which is subject to approval by shareholders at the Annual General Meeting to be held on 25 November 2021

Mr Walter Tarca, President of Medical Devices, commenting on the medical devices segment said: *“In order to sustain our growth momentum, we will continue to improve our operational efficiencies and expand our capabilities to provide customers with very effective solutions for their product innovation and manufacturing requirements. We are evolving from a contract manufacturer to becoming a full collaboration partner with strong capabilities serving our global customer base which includes some of the top 30 medical device companies in the world. We are also looking to expand our manufacturing operations to better serve customer demand as we are optimistic about the long-term growth trend of medical device outsourcing.”*

Financial Highlights

The Group’s revenue increased by 28.2% to S\$113.9 million in FY2021 from S\$88.8 million in FY2020, driven by higher revenue from both medical devices and pipes and pipe fittings segments.

Segmental Revenue			
S\$’M	FY2021	FY2010	% Change
Medical Devices	80.2	61.4	30.6
Pipes & Pipe Fittings	33.8	27.5	22.9
Total	113.9	88.8	28.2

Segmental Results ²			
S\$’M	FY2021	FY2010	% Change
Medical Devices	12.1	7.9	53.7
Pipes & Pipe Fittings	3.2	2.6	23.2
Total	15.2	10.4	46.2

The revenue for the medical devices segment was S\$80.2 million in FY2021, an increase of 30.6% from FY2020 due to increased orders from its customers. The pipes and pipe fittings segment also recorded an increase of 22.9% in revenue from FY2020 to S\$33.8 million in FY2021, due to the gradual recovery in the construction industry from the disruptions caused by the Covid-19 pandemic.

² The segmental results of the medical devices segment and pipes and pipe fittings segment are before corporate, interest and tax expenses as set out in Note 4 of the Condensed Interim Financial Statements

Other income increased by 32.4% in FY2021 due to more tools built for customers in the medical devices segment and foreign exchange gain, despite a S\$0.9 million reduction in Covid-19 related government subsidies in FY2021 as compared to FY2020. Raw materials and consumables used by the Group increased by 29.4% in line with the increase in revenue. Employee benefits expense (including salary) also rose by 26.4% due to increased headcount and overtime, especially in the medical devices segment, to meet the higher revenue. Depreciation and amortisation expenses increased by 11.5% mainly due to the increase in property, plant and equipment used in the medical devices segment.

Other operating expenses increased by 15.6% mainly due to the increase in marketing expenses, factory consumables, laboratory and testing, tooling expenses, repairs and maintenance and other operational costs to support the increase in revenue. Income tax expense decreased by 16.4% in FY2021 despite the increase in profit before tax due partly to the utilisation of past years' tax losses brought forward. The income tax expense in FY2020 also included the effects of utilising the deferred tax asset related to a subsidiary in China, which was lower in FY2021.

As a result of the abovementioned, the Group recorded a profit before tax of S\$12.3 million and a profit after tax of S\$10.4 million for FY2021, which is an increase of 71.6% and 112.5% from FY2020 respectively.

Financial Position

As of 31 July 2021, the Group has a net asset value per share (excluding treasury shares) of 14.03 Singapore cents (31 July 2020: 12.17 Singapore cents)³ and shareholders' equity of S\$71.6 million (31 July 2020: S\$61.7 million).

³ NAV per share is calculated based on 510,626,699 ordinary shares in issue excluding treasury shares as at 31 July 2021 (31 July 2020: 507,216,699 ordinary shares)

Proposed Final Dividend

The Board of Directors of Vicplas is recommending a final dividend of S\$0.0045 per ordinary share (one-tier tax exempt) for FY2021 (FY2020 final dividend: S\$0.00375 per share), which is subject to approval by shareholders at the Annual General Meeting to be held on 25 November 2021.

The recommended dividend in respect of FY2021 amounting to S\$2.3 million represents a 20% increase from the dividend paid in respect of FY2020, which is a substantial uplift in recognition of significantly higher profit after tax in FY2021. In view of opportunities to keep growing the Group's medical devices segment, more capital has been retained in the business to support such growth in the long term interest of shareholders. In addition, the Group is mindful of the uncertainties in the macro environment as well as the Group's working capital, cashflow and capital expenditure requirements. The Group continues to take all of these considerations into account in striving for a balance between rewarding shareholders and maintaining sufficient capital to grow the business.

Business Outlook

The Group grew its revenue and profit after tax in FY2021 by 28.2% and 112.5% respectively as compared to FY2020. The Group expects its revenue to continue growing into the next reporting period, although it is noted that over time its rate of growth can be expected to moderate given the effect of increasingly higher base. The Group's profit after tax in the next reporting period may also be impacted by increasing operating costs, disruptions in logistics/supply chain, higher development and expansion costs and reductions/cessations of Covid-19 related government subsidies.

While the Group remains cautiously optimistic for the next reporting period, it is keeping a vigilant watch on the challenges that may arise from the ongoing Covid-19 pandemic and uncertainties in the wider macro environment. The Group will continue to exercise prudent cost management, while developing new business opportunities and strengthening its base for future growth.

Medical devices segment

The medical devices segment continued its strong revenue growth over the last three financial years resulting in robust segmental result of S\$12.1 million in FY2021, a 53.7% increase over FY2020. During FY2021, the segment has further expanded its global customer base and commercialised new projects whilst continuing its strong focus on efficiency improvements in its manufacturing plants. It continues to prioritise building expert capabilities to improve collaboration with its customers as well as improving its global manufacturing footprint to meet increasing demand.

The Group expects the positive revenue momentum for the medical devices segment to continue and for the segment to further grow its customer base and revenue, coupled with planned improvements in product mix, plant efficiency and utilisation. Nonetheless, this optimism must be tempered by caution in the face of a macro environment of some uncertainty due to current international trading conditions.

Pipes and pipe fittings segment

The pipes and pipe fittings segment delivered improved segmental result of S\$3.2 million in FY2021, a 23% increase over FY2020 despite operating in a highly competitive environment which has resulted in declining margins over the years. Although the construction industry in Singapore is gradually recovering from the impact of Covid-19, labour shortages and supply chain disruptions have caused delays in construction projects which affected revenue for the segment in FY2021. Increased operating costs and higher raw materials prices also impacted earnings in FY2021 and are likely to continue in the next reporting period.

In view of increased competition and longer completion time required for building construction projects, the segment will continue to focus its growth on civil engineering projects and product expansion.

End.

Note: This media release is to be read in conjunction with the announcement issued on SGXNET on the same date.

About Vicplas International Ltd

Vicplas International Ltd has two core businesses. The first is the design, development and manufacture of sterile and non-sterile medical devices through its wholly-owned subsidiaries, Forefront Medical Technology (Pte) Ltd, Forefront Medical Investment Pte. Ltd. and XentiQ (Pte.) Ltd. in Singapore; Forefront (Xiamen) Medical Devices Co., Ltd and Forefront Medical Technology (Jiangsu) Co., Ltd in China; and Arrow Medical Limited in the United Kingdom. All the subsidiaries have EN ISO13485:2016 quality certification and, with the exception of XentiQ (Pte.) Ltd., are registered under the United States Food and Drug Administration (FDA) as a “contract manufacturer for medical devices”. Forefront Medical Technology (Jiangsu) Co., Ltd additionally has a Class II Medical Device Manufacturing License in China and Accreditation certificate of foreign medical device manufacturer from Japan.

The second is the manufacture and distribution of piping systems for diverse industries including waste and potable water systems for residential homes, schools, commercial and industrial buildings; underground electrical and internal building wire piping systems; and data and signal line piping systems by telecommunications companies, through our wholly-owned subsidiaries, Vicplas Holdings Pte Ltd in Singapore and Rimplas Industries Sdn. Bhd. in Malaysia. Both subsidiaries have ISO9001:2015 quality certification.

For more information, please visit <http://www.vicplas.com>

For media queries, please contact:

Contact : Mr Ivan Hong / Mr Gerald Woon
Email / DID / Mobile : ivanhong@cogentcomms.com / (65) 6704 9287 / (65) 9055 8883
, woon@cogentcomms.com / (65) 6704 9268 / (65) 9694 8364
