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## MEDIA RELEASE

# Vicplas International achieves 1H FY2022 net profit of S\$5.0 million on the back of 11.9% increase in revenue to S\$63.2 million

- Group continues to grow its revenue and maintains its profit after tax
- Medical devices segment grows both revenue and segmental results

**SINGAPORE, 11 March 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”), would like to announce that it has achieved a net profit after tax of S\$5.0 million for the six months ended 31 January 2022 (“1H FY2022”), which is 0.6% higher than the six months ended 31 January 2021 (“1H FY2021”), despite higher energy and raw material costs, as well as the non-recurrence of Covid-19 related government subsidies.

Mr Walter Tarca, Deputy Group Chief Executive Officer, commented: *“The medical device segment’s positive revenue momentum is expected to continue, albeit with some headwinds and higher costs that we have to mitigate. We have continued to expand our manufacturing capacity and our capability to provide attractive solutions to our growing customer base and focused on delivering operational excellence initiatives that can keep our manufacturing footprints competitive. Our Changzhou plant extension is on track for opening in the second half of this financial year and will provide needed space for new projects and increase in production. The pipe and pipe fittings segment is also recovering alongside Singapore’s construction sector, and is well-positioned in light of increased public housing launches over the next two years. All in all, we are cautiously optimistic given the current international trading conditions and geopolitical uncertainties.”*

## Financial Highlights

For 1H FY2022, the Group's revenue increased by 11.9% to S\$63.2 million from S\$56.5 million in 1H FY2021, driven by higher revenue from both the medical devices and pipes and pipe fittings segments.

Segmental Revenue			
S\$'M	1H FY2022	1H FY2021	% Change
Medical Devices	45.0	40.5	11.0
Pipes & Pipe Fittings	18.3	16.0	14.1

Segmental Results <sup>1</sup>			
S\$'M	1H FY2022	1H FY2021	% Change
Medical Devices	5.7	5.4	6.1
Pipes & Pipe Fittings	1.8	2.2	-20.1

The revenue for the medical devices segment saw an increase of 11.0% to S\$45.0 million in 1H FY2022 from S\$40.5 million in 1H FY2021 due to increased orders from customers. The pipes and pipe fittings segment also recorded an increase of 14.1% in revenue to S\$18.3 million in 1H FY2022 from S\$16.0 million in 1H FY2021, due to a gradual recovery of Singapore's construction industry from Covid-19 related disruptions and slowdown.

The Group's other income decreased by 4.0% in 1H FY2022 mainly due to no receipt of Covid-19 related government subsidies in 1H FY2022 as compared to S\$0.5 million of such subsidies that were received in 1H FY2021.

Raw materials and consumables used increased by 18.3% in 1H FY2022, which was greater than the rate of increase in revenue, mainly due to the increase in raw materials cost. The Group's employee benefits expense (including salary) rose by 15.5% in 1H FY2022 due to increased headcount and overtime, especially in the medical devices segment, to meet the higher revenue.

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<sup>1</sup> 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

In 1H FY2022, other operating expenses increased by 16.1% mainly due to the rise in electricity tariff by S\$0.6 million as compared to 1H FY2021, as well as higher tooling expenses and repairs and maintenance to support the increase in revenue.

Overall, with a decrease in Income tax expense by 20.9% (approximately S\$0.3 million) in 1H FY2022, the Group recorded a profit after tax of S\$5.0 million for 1H FY2022, which was marginally higher by 0.6% as compared to 1H FY2021.

### **Financial Position**

As of 31 January 2022, the Group has a net asset value per share (excluding treasury shares) of 14.62 Singapore cents (31 July 2021: 14.03 Singapore cents)<sup>2</sup> and shareholders' equity of S\$74.7 million (31 July 2021: S\$71.6 million).

### **Business Outlook**

The Group expects its revenue to continue growing into the rest of financial year ending 31 July 2022 ("FY2022"), although it is noted that over time its rate of growth can be expected to moderate given the effect of an increasingly higher base.

While the Group remains cautiously optimistic about its revenue growth over the remainder of FY2022, the Group is vigilant about being impacted by increasing operating costs, disruptions or slowdown in logistics or supply chain and higher development and expansion costs. The Group will continue to watch out for challenges and uncertainties that may arise in the wider macro environment and exercise prudent cost management while developing new business opportunities and strengthening its base for future growth.

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<sup>2</sup> NAV per share is calculated based on 511,076,699 ordinary shares in issue excluding treasury shares as at 31 January 2021 (31 July 2021: 510,626,699 ordinary shares).

### Medical devices segment

The medical devices segment continued to improve on its performance in 1H FY2022 by growing its revenue to S\$45.0 million, an increase of 11.0% over 1H FY2021. This resulted in a segmental result of S\$5.7 million, an increase of 6.1% over the same period last year. During 1H FY2022, the medical devices segment was impacted by rising production costs such as raw materials and electricity brought about by the constraints in logistics, labour shortages leading up to Chinese New Year period as well as start-up costs in preparation for its Changzhou plant extension which will open towards the end of FY2022 with production to soon follow. This segment has continued to commercialise new projects and further expanded its global customer base over 1H FY2022. It continues to prioritise building strong capabilities to provide attractive solutions to its customers as well as improving its global manufacturing footprint to meet increasing demand.

The current expectation for the medical devices segment is for its positive revenue momentum to continue although segmental result may continue to be impacted by the cost factors discussed above relating to ongoing constraints in logistics and start-up costs relating to the plant extension. It continues its strong focus on improvements in product mix, plant efficiency and utilisation and to further underpin its growth with new projects moving from commercialisation to manufacturing phase. Nonetheless, this optimism must be tempered by caution in the face of current international trading conditions and geopolitical uncertainties.

### Pipes and pipe fittings segment

The revenue of the pipes and pipe fittings segment in 1H FY2022 increased by 14.1% to S\$18.3 million from the same period last year as the construction industry in Singapore gradually recovers from the disruptions and slowdown related to Covid-19. It posted a segmental result of S\$1.8 million in 1H FY2022, a 20.1% decrease from the same period last year due mainly to higher raw materials and energy costs.

Notwithstanding challenges in the current operating environment, this segment is well-positioned to cater to increase in demand for its products that is expected from the announced increase in public housing units to be launched over the next 2 years. The segment will also continue its focus on civil engineering projects and product expansion. Overall, this segment expects to continue growing its revenue for the rest of FY2022, although the costs pressure is also expected to continue.

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” and Accreditation certificate of foreign medical device manufacturer from Japan Ministry of Health, Labour and Welfare. Forefront Medical Investments Pte. Ltd. additionally has a Class A, B, C, D Medical Device manufacturer license registered under Health Science Authority (HAS) Singapore and Forefront Medical Technology (Jiangsu) Co., Ltd additionally has a Class II Medical Device Manufacturing License in China.

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 <https://www.vicplas.com>

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