

JF Technology Berhad 4QFY6/2017 EPS up 7900% YoY from exports of test sockets and contact pins to the U.S., Asia and Japan; Full-year EPS up 510%

JF Technology Berhad, one of the world's pre-eminent manufacturers of test contacting solutions - test sockets and contact pins - for Integrated Circuits (ICs) testing reported a 7900% year-on-year increase in profit after tax to RM2.16m in its 4QFY6/2017 quarter. Revenues rose 39% year-on-year on the April-June primarily from exports to the United States, Southeast Asia and increasingly North Asia.

Full-year 2017 revenues rose 29.6% year-on-year to RM24.7m, EBITDA leapt 223% to RM8.5m and net income grew 512% to RM6.4m. The financial performance for 2017 fiscal year is the best achievement for the Group since its debut on Bursa Malaysia Securities Berhad in 2008. A final dividend of 2 sen per ordinary share or RM2.52m has been proposed for FY6/2017 subject to shareholders' approval.

Market share gains abroad particularly to the United States, Thailand and Philippines and increasingly China, Taiwan and Japan is gaining traction which led to exports now accounting for 65% of the Group revenue.

For the automotive segment, test sockets' revenue particularly *ALPHA* and *GAMMA* test contacting solutions grew 36% year-on-year, contributing 48% to the Group revenue. For the mobile devices and IoT segments, demand for *ZIGMA* and *ETA* product lines continued to be encouraging, with revenues up over 25% year-on-year. In the meantime, Sales of contact pins and elastomers, which are recurring consumables, to both automotive and IoT mobiles grew 61% year-on-year to 17% to the Group revenue. Finally, sales of original equipment manufacturer (OEM) products grew at 9% year-on-year and contributed 20% to the Group revenue, mainly to domestic customers including one of the world's leading test handler manufacturers, SRM Integration Sdn Bhd, outsourced semiconductor assembly and test providers (OSATs) and major MNC semiconductor manufacturers based in Malaysia.

When exclude legal fees, operating profit as measured by core EBITDA was up 57% year-on-year to RM10m from increasing exports of high-performance test sockets particularly to the automotive IC devices segment and rising contribution of contact pins. EBITDA margin has now risen to 41% thanks to increased capacity utilisation. The full-scale effects of this rapidly improving economies-of-scale and operating leverage will be felt across the Group operations in the years ahead. Our 100%-owned subsidiary JF Microtechnology Sdn Bhd has been granted a Pioneer Status by MIDA which resulted in lower provision for taxation.