



# Venture Corporation Limited

2025 looks tough

SINGAPORE | TECHNOLOGY (MANUFACTURING) | 1Q25 UPDATE

- 1Q25 results were below expectations, with revenue and PATMI at 23% of our FY25e forecast. Net profit in 1Q25 declined 7.0% YoY to S\$55mn. Quarterly revenue is the lowest in a decade or since 1Q15. Lower contribution from a key lifestyle consumer product impacted revenue.
- Venture's guidance remains cautious for the rest of the year. The company mentioned that there is significant uncertainty in the global economic environment due to tariffs, and there is no clear visibility in the tariff landscape over the next 12 months.
- We lower both our FY25e revenue and PATMI by 5%. Our NEUTRAL recommendation is maintained, but we have lowered our TP to S\$10.40 (prev. S\$11.80) and 13x PE FY25e, in line with the 2-year average. We expect another year of sluggish growth in FY25e. Nevertheless, Venture pays an attractive yield of 6.7% backed by net cash of S\$1.3bn with aggressive share buyback plans.

## Results at a glance

SGDmn	1Q25	1Q24	YoY	Comments
Revenue	616.6	666.7	-7.5%	Dragged by lifestyle consumer.
Net profit	55.9	60.1	-7.0%	
Net margin	9.1%	9.0%	0.1%	
Cash from operations	55.4	132.9	-58.3%	Record net cash S\$1.3bn.

Source: Company, PSR #Note – Only selected financials are provided in the 1Q25 update.

## The Positive

**+ Still cash generative.** Despite softer growth, the company continues to deliver steady operating cash flows of S\$55mn in 1Q25. The company enjoys a high cash-to-net-profit conversion rate. Capital expenditure is also expected to be stable, around S\$30mn.

## The Negative

**- Structurally weak revenue.** Revenue is sliding toward decade lows or 2015 levels. The decline in revenue for 1Q25 was attributed to a lifestyle consumer product. Ironically, innovative designs by Venture led to lower product replacement by the customer. Excluding this product, revenue in 1Q25 would have risen.

## Outlook

We believe Venture is inherently guiding towards softer performance in 2025. The negative drag from the lifestyle consumer product is likely to persist over the next few quarters. There has yet to be any cut in orders due to the tariffs. But 90-day window on tariffs is also causing uncertainty regarding possible changes in orders. Venture's direct exports to the US are around 20%. Even if full reciprocal tariffs are imposed, Venture's manufacturing footprint in Singapore and Malaysia does give it an edge over other ASEAN locations. Venture continues to enjoy new product lines, including network test solutions, data centre networking, precision engineering (bicycle, filtration), life science (DNA/protein sequencer), wafer fab measurement equipment, and IoT.

## Maintain NEUTRAL with a lower TP of S\$10.40 (prev. S\$11.80)

We lower both FY25e revenue and PATMI by 5%.

15 May 2025

## NEUTRAL (Maintained)

CLOSING PRICE	SGD 11.27
FORECAST DIV	SGD 0.75
TARGET PRICE	SGD 10.40
TOTAL RETURN	-1.1%

## COMPANY DATA

BLOOMBERG CODE:	VMS SP
O/S SHARES (MN):	288
MARKET CAP (USD mn / SGD mn):	2465 / 3196
52 - WK HI/LO (SGD):	15.64 / 10.17
3M Average Daily T/O (mn):	0.78

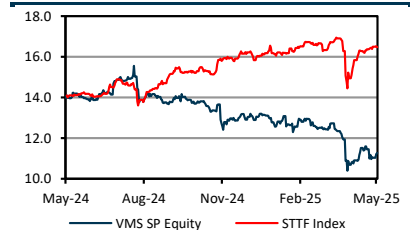
## MAJOR SHAREHOLDERS

Silchester International	9.0%
Wong Ngit Liong	7.2%
Ameriprise Financial	7.1%

## TOTAL PERFORMANCE (%)

	1MTH	3MTH	YTD
COMPANY	5.4	(8.7)	(12.8)
STTF	10.5	2.0	4.1

## PRICE VS. STTF



Source: Bloomberg, PSR

## KEY FINANCIALS

Y/E Dec, SGD mn	FY23	FY24	FY25e	FY26e
Revenue	3,025	2,736	2,490	2,390
EBITDA	330.1	294.1	277.9	277.6
Net Profit	270.0	245.0	230.9	211.5
P/E (X)	12.2	13.3	14.1	15.4
Dividend Yield	6.7%	6.7%	6.7%	7.1%
ROE	9.5%	8.5%	8.0%	7.3%
ROA	7.6%	6.6%	6.2%	5.7%

Source: Company, PSR

## VALUATION METHOD

13x PE Multiple FY25e

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## Financials

### Income Statement

Y/E Dec, SGD '000	FY22	FY23	FY24	FY25e	FY26e
<b>Revenue</b>	<b>3,863,721</b>	<b>3,025,028</b>	<b>2,735,927</b>	<b>2,489,694</b>	<b>2,390,106</b>
Gross profit	942,153	774,758	714,965	646,586	624,228
<b>EBITDA</b>	<b>470,960</b>	<b>330,061</b>	<b>294,130</b>	<b>277,901</b>	<b>277,552</b>
Depreciation & Amortisation	(32,851)	(31,481)	(32,775)	(33,997)	(35,972)
<b>EBIT</b>	<b>438,109</b>	<b>298,580</b>	<b>261,355</b>	<b>243,904</b>	<b>241,580</b>
Net Finance Inc/(Exp)	8,715	27,436	41,414	35,595	14,341
Profit before tax	448,896	330,761	306,587	282,499	258,721
Taxation	(78,782)	(60,034)	(60,837)	(50,850)	(46,570)
<b>PATMI</b>	<b>369,617</b>	<b>270,017</b>	<b>245,029</b>	<b>230,950</b>	<b>211,451</b>

### Per share data (SGD Cents)

Y/E Dec	FY22	FY23	FY24	FY25e	FY26e
EPS, reported	126.6	92.5	84.8	79.9	73.1
DPS	75.0	75.0	75.0	75.0	80.0
BVPS	9.7	9.7	10.0	10.0	10.0

### Cash Flow

Y/E Dec, SGD '000	FY22	FY23	FY24	FY25e	FY26e
<b>CFQ</b>					
<b>Profit before tax</b>	<b>448,896</b>	<b>330,761</b>	<b>306,587</b>	<b>282,499</b>	<b>258,721</b>
Adjustments	24,326	642	(6,537)	(1,370)	21,809
WC changes	(152,566)	263,357	247,761	64,021	33,860
Cash generated from ops	320,656	594,760	547,811	345,151	314,389
Tax paid	(51,054)	(72,618)	(64,164)	(50,850)	(46,570)
Others	(517)	(724)	(1,137)	0	0
<b>Cashflow from ops</b>	<b>269,085</b>	<b>521,418</b>	<b>482,510</b>	<b>294,301</b>	<b>267,820</b>
<b>CFI</b>					
CAPEX, net	(32,724)	(47,527)	(16,554)	(30,000)	(30,000)
Others	7,846	24,883	27,049	35,395	14,141
<b>Cashflow from investments</b>	<b>(24,878)</b>	<b>(22,644)</b>	<b>10,495</b>	<b>5,395</b>	<b>(15,859)</b>
<b>CFE</b>					
Share issuance, net	5,320	776	0	0	0
Loans, net of repayments	0	0	0	0	0
Dividends	(218,115)	(218,233)	(217,537)	(218,676)	(218,676)
Others	(13,933)	(19,013)	(31,417)	0	0
<b>Cashflow from financing</b>	<b>(226,728)</b>	<b>(236,470)</b>	<b>(248,954)</b>	<b>(218,676)</b>	<b>(218,676)</b>
Net change in cash	17,479	262,304	244,051	81,020	33,285
<b>CCE, end</b>	<b>812,593</b>	<b>1,056,303</b>	<b>1,316,706</b>	<b>1,397,726</b>	<b>1,431,011</b>

Source: Company, Phillip Securities Research (Singapore) Estimates

### Balance Sheet

Y/E Dec, SGD '000	FY22	FY23	FY24	FY25e	FY26e
<b>ASSETS</b>					
PPE	224,934	247,502	249,589	245,328	239,117
Others	693,563	702,053	723,788	724,024	724,285
<b>Total non-current assets</b>	<b>918,497</b>	<b>949,555</b>	<b>973,377</b>	<b>969,352</b>	<b>963,402</b>
Receivables	944,278	713,126	708,499	688,230	662,338
Cash	812,593	1,056,303	1,316,706	1,397,726	1,431,011
Inventories	1,065,300	822,895	686,431	647,320	621,428
Others	10,735	12,904	14,933	14,933	14,933
<b>Total current assets</b>	<b>2,832,906</b>	<b>2,605,228</b>	<b>2,726,569</b>	<b>2,748,210</b>	<b>2,729,709</b>
<b>Total Assets</b>	<b>3,751,403</b>	<b>3,554,783</b>	<b>3,699,946</b>	<b>3,717,562</b>	<b>3,693,111</b>

### LIABILITIES

Accounts payables	706,561	546,197	632,606	637,248	619,322
Tax payable	54,567	46,805	46,664	46,664	46,664
Bank loan	0	0	0	0	0
Others	121,211	94,731	94,062	94,062	94,062
<b>Total current liabilities</b>	<b>893,139</b>	<b>696,714</b>	<b>785,164</b>	<b>789,806</b>	<b>771,880</b>
Deferred tax liabilities	1,888	1,670	2,037	2,037	2,037
<b>Total non-current liabilities</b>	<b>15,373</b>	<b>20,215</b>	<b>20,458</b>	<b>20,458</b>	<b>20,458</b>
<b>Total Liabilities</b>	<b>908,512</b>	<b>716,929</b>	<b>805,622</b>	<b>810,264</b>	<b>792,338</b>

### EQUITY

Non-controlling Interests	3,207	3,747	4,511	5,211	5,911
Shareholder's Equity	2,839,684	2,834,107	2,889,813	2,902,087	2,894,862

### Valuation Ratios

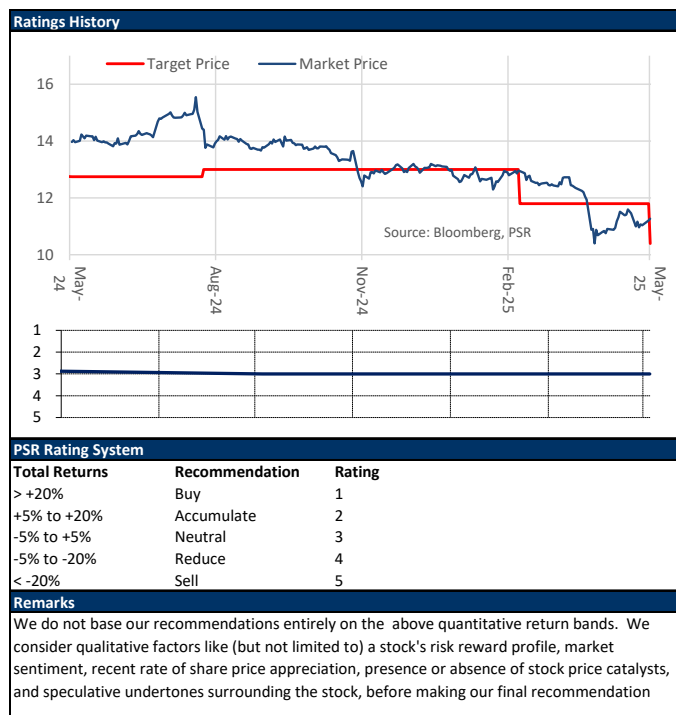
Y/E Dec	FY22	FY23	FY24	FY25e	FY26e
P/E (X)	8.9	12.2	13.3	14.1	15.4
P/B (X)	1.2	1.2	1.1	1.1	1.1
EV/EBITDA (X)	5.2	6.7	6.6	6.7	6.6

### Growth & Margins

<b>Growth</b>					
Revenue	24.3%	-21.7%	-9.6%	-9.0%	-4.0%
EBITDA	21.5%	-29.9%	-10.9%	-5.5%	-0.1%
EBIT	24.9%	-31.8%	-12.5%	-6.7%	-1.0%
PATMI	18.4%	-26.9%	-9.3%	-5.7%	-8.4%
<b>Margins</b>					
Gross margin	24.4%	25.6%	26.1%	26.0%	26.1%
EBITDA margin	12.2%	10.9%	10.8%	11.2%	11.6%
EBIT margin	11.3%	9.9%	9.6%	9.8%	10.1%
Net profit margin	9.6%	8.9%	9.0%	9.3%	8.8%

### Key Ratios

ROE	13.0%	9.5%	8.5%	8.0%	7.3%
ROA	9.9%	7.6%	6.6%	6.2%	5.7%
Dividend Yield	6.7%	6.7%	6.7%	6.7%	7.1%
Dividend Payout Ratio	59.2%	81.1%	88.5%	93.9%	109.4%



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