NEWS RELEASE

Fu Yu delivers stable PATMI of S$9.0 million and maintains its interim dividends at 0.6 cents per share for 9M19

- Group recorded steady revenue of S$148.1 million in 9M19
- Gross profit margin for 9M19 sustained at 18.0%; improved to 20.7% excluding one-time expenses
- Optimising its business in China with the consolidation of Shanghai and Suzhou operations
- Profit before tax increased 37.8% to S$16.7 million in 9M19 excluding one-time expenses
- Maintained sound balance sheet - cash balance of S$84.6 million and zero borrowings

Singapore, 13 November 2019 – Fu Yu Corporation Limited ("Fu Yu" or the "Group"), a vertically integrated manufacturer of precision plastic components in Asia, delivered a steady set of financial results for the nine months ended 30 September 2019 ("9M2019").

Notwithstanding the prevailing uncertainties in the global economy, the Group delivered revenue of S$148.1 million in 9M19, which was relatively stable compared to S$149.6 million in 9M18. This performance was buoyed by higher sales of the Group's operations in Singapore and Malaysia which offset reduced revenue from its China segment.

The Singapore segment's sales increased 2.6% to S$36.0 million in 9M19, lifted mainly by higher sales of medical products. Sales of the Malaysia segment also gained 10.2% to S$32.4 million, driven mainly by higher sales of consumer products and power tools. Sales in the China segment declined 6.3% to S$79.7 million in 9M19 due mainly to lower sales of printing & imaging products. As a result, the Singapore and Malaysia segments accounted for a higher 24.3% and 21.9% of Group revenue respectively in 9M19. The remaining 53.8% was contributed by the China operations.

The Group sustained its gross profit at S$26.6 million and gross profit margin of 18.0% in 9M19 compared to 9M18, despite the recognition of one-time expenses in relation to the closure of the Group's subsidiary in Shanghai ("Fu Yu Shanghai"). Excluding these one-time expenses of around S$4.0 million which was recognised in the cost of sales, the Group would have registered a higher gross profit margin of 20.7% in 9M19 compared to 17.8% in 9M18. This margin expansion was attributable mainly to a shift in sales mix and ongoing initiatives to achieve better cost and operational efficiencies.

MEDIA AND INVESTOR RELATIONS CONTACT
OCTANT CONSULTING
phone (65) 62963583
Herman Phua | mobile 9664 7582 | email herman@octant.com.sg
Lisa Heng | mobile 9090 9887 | email lisa@octant.com.sg

The Group’s profit before tax eased marginally by 1.8% to S$11.9 million in 9M19. Excluding one-time expenses totaling S$4.8 million in 9M19 with respect to the closure of Fu Yu Shanghai, the Group’s profit before tax would have increased 37.8% to S$16.7 million compared to S$12.1 million in 9M18.

Notwithstanding the inclusion of the one-time expenses, net profit attributable to owners of the Company (“PATMI”) in 9M19 held steady at S$9.0 million compared to 9M18.

Said Mr Elson Hew, Chief Executive Officer of Fu Yu, “In spite of the difficult business environment and addition of one-time expenses, the Group still posted a stable financial performance in 9M19. Furthermore, the Group has maintained the interim dividends for 9M19 at 0.60 cent per share, which is the same as the dividends paid for 9M18. This represents a dividend payout of 50.4%.

To improve our foundation for long-term sustainability and growth, the Group has been focusing its efforts on sales diversification strategy, as well as initiatives to optimise our organisation structure and operations in Asia. The relatively stable revenue achieved in 9M19 reflects the advantage of our diversified portfolio, as higher sales of consumer and medical products as well as power tools helped to cushion against lower sales from printing & imaging segment which faced weaker end-user demand.

Recently, the Group has also embarked on an exercise to consolidate our Shanghai and Suzhou operations which is in line with our ongoing strategy to streamline and optimise our operations in China. While this exercise will result in one-time expenses in FY2019, it is expected to yield long-term benefits due to better utilisation of production resources and rationalisation of the overall cost structure of our China operations.”

In August 2019, the Group announced a strategic decision to serve its customers in Shanghai from its factory in Suzhou as the manufacturing operations of its factory in Shanghai will cease by the end of December 2019. Majority of the production equipment in Shanghai will also be transferred progressively to the Group’s factory in Suzhou.

As a result of the one-time expenses arising from the closure of Fu Yu Shanghai, the Group’s gross profit for the three months ended 30 September 2019 (“3Q19”) declined 17.8% year-on-year to S$8.7 million although revenue remained largely unchanged at S$51.3 million compared to S$52.4 million in 3Q18. Hence, PATMI for 3Q19 reduced to S$3.9 million from S$4.4 million in 3Q18.

Nevertheless, the Group remained in a sound financial position with cash holdings of S$84.6 million and zero borrowings. It had shareholders’ equity of S$162.2 million, equivalent to net asset value of 21.54 cents per share which includes cash and cash equivalents of around 11.24 cents per share.

The Group believes that its healthy balance sheet, together with its established operations and reputation in Asia, will place Fu Yu in a better position to withstand any difficult business periods. The operating landscape is expected to remain challenging amid rising business uncertainties in the macro environment due to the protracted trade war and geopolitical tensions. Additionally, the Group's financial performance is influenced by other factors such as industry competition, pressure on selling prices and movements in the US Dollar.

With its long-term sights set on achieving sustainable and profitable growth, the Group will continue to execute strategic initiatives to expand market share, broaden and diversify its customer base for greater resilience, focus on products with longer life cycles and high growth potential, as well as improve productivity through lean management and automation.

The Group will also continue seeking ways to further optimise its organisation structure and strengthen its operations as appropriate. Indeed, the consolidation of the Group's Shanghai and Suzhou operations followed closely on the heels of the Group's commencement of members' voluntary liquidation process of a loss-making, 40%-owned joint venture in Malaysia in July 2019. Plans are also afoot to embark on a redevelopment project to expand and improve the Group's operations in Singapore. The redevelopment plans have been submitted to the regulatory authorities for approval.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 13 November 2019.

About Fu Yu Corporation Limited

Fu Yu provides vertically-integrated services for the manufacture of precision plastic components and the fabrication of precision moulds and dies.

Since its inception in 1978, the Group has grown to become one of the largest manufacturers of high precision plastic parts and moulds in Asia. Today, the Group has established a strong presence in the region with manufacturing facilities located in Singapore, Malaysia and China.

Leveraging on over 40 years of operating history, the Group has built a broad and diversified customer base of blue chip companies in the printing and imaging, networking and communications, consumer, medical and automotive sectors.

For further information on Fu Yu, please visit the Group's website at: http://www.fuyucorp.com/