



NEWS RELEASE

Fu Yu's PATMI Soars to S\$4.4 million in 3Q18 from S\$0.8 million in 3Q17

- Group revenue rose 4.4% year-on-year to S\$52.4 million
- PATMI in 9M18 jumped over three-fold to S\$9.0 million
- Group declares a second interim dividend of 0.30 cent per share
- Sound balance sheet with cash balance of S\$77.3 million and zero borrowings

Singapore, 14 November 2018 – Fu Yu Corporation Limited (“Fu Yu” or the “Group”), a vertically integrated manufacturer of precision plastic components in Asia, today unveiled a sterling set of results for the three months ended 30 September 2018 (“3Q18”).

The Group’s net profit attributable to owners of the Company (“PATMI”) in 3Q18 soared to S\$4.4 million from S\$0.8 million in 3Q17, driven mainly by higher revenue, better gross profit margin and an increase in other operating income.

Fu Yu delivered 4.4% growth in revenue to S\$52.4 million in 3Q18 due mainly to higher sales from its operations in Singapore and Malaysia. Coupled with an expansion in its gross profit margin to 20.2% from 16.8% in 3Q17, this drove a 25.6% jump in gross profit to S\$10.6 million in 3Q18. The appreciation of the US Dollar also resulted in a foreign exchange gain in 3Q18 which saw the Group benefiting from a positive change in other operating income of around S\$1.2 million when compared to 3Q17.

Excluding the foreign exchange impact and share of results of joint venture, the Group’s profit before tax (“operating profit”) in 3Q18 increased 77.1% to S\$5.8 million from S\$3.3 million in 3Q17.

Due to the improved performances of its latest two quarters, the Group’s PATMI for the nine months ended 30 September 2018 (“9M18”) jumped more than three-fold to S\$9.0 million from S\$2.1 million in 9M17, on the back of revenue growth of 5.2% to S\$149.6 million. Operating profit in 9M18 also climbed 32.7% to S\$11.3 million from S\$8.5 million in 9M17.

Revenue from the Group’s operations in Singapore increased 17.0% to S\$35.1 million in 9M18, lifted mainly by higher sales of products in the printing & imaging, consumer and automotive segments. The Malaysia segment registered revenue growth of 18.7% to S\$29.4 million in 9M18 due primarily to higher

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sales of products in the consumer and medical segments. The China segment's revenue however fell marginally by 2.7% to S\$85.1 million due to lower sales of networking & communications products.

As a result, the Singapore and Malaysia segments accounted for a higher 23.5% and 19.6% of Group revenue in 9M18 as compared to 21.1% and 17.4% respectively in 9M17. While the China segment's revenue contribution declined to 56.9% in 9M18 as compared to 61.5% in 9M17, it remains as the Group's largest geographical segment.

Said Mr Elson Hew, Chief Executive Officer of Fu Yu, "Despite the challenging business backdrop, the Group sustained our focus on strengthening the top line and improving operational efficiencies which enabled us to deliver a strong set of results for 3Q18. Indeed, on a quarter-on-quarter basis, the Group's revenue and operating profit have continued to improve consecutively throughout the first three quarters of FY2018.

During 9M18, the Group chalked up higher sales for products in the printing & imaging, consumer, medical and automotive segments which helped to offset slower sales of networking & communications products at our China operations. This sales growth was the result of our continual efforts to secure additional projects with existing customers, as well as the encouraging progress we have been making with new customers.

In addition, our continuing programs to improve cost and operational efficiencies, coupled with a shift in product sales mix, have led to an expansion of our gross profit margins for 3Q18 and 9M18."

To demonstrate its commitment to rewarding shareholders, Fu Yu has declared a second interim dividend of 0.30 cent per share. Together with the first interim dividend of 0.30 cent per share paid on 10 September 2018, this will bring its total dividend payment to 0.60 cent per share for the current financial year-to-date which translates into a payout of approximately 50.4% based on the Group's PATMI in 9M18.

The Group maintained a sound financial position as at 30 September 2018 with a cash balance of S\$77.3 million and zero borrowings. Shareholders' equity stood at S\$163.6 million, equivalent to net asset value of 21.73 cents per share which includes cash and cash equivalents of around 10.27 cents per share.

While the Group's performance has continued to strengthen in 9M18, the operating landscape is expected to remain challenging due to concerns that escalating trade tensions will adversely affect global economic growth. In addition to heightened business uncertainties, the Group's financial performance is affected by other factors such as intensifying industry competition, pressure on selling prices and continued volatility in the US Dollar.

“To drive sustainable growth over the long term, we will continue to pursue and execute a number of strategic initiatives. We intend to further strengthen our business development team with the aim of expanding our market share with existing customers and securing new customers in target market segments. To ensure greater business stability, we are also looking to diversify the Group’s customer base across target market segments. Our focus will be on securing products that have greater stability, longer life cycles and higher growth potential such as medical, automotive, eco-friendly and smart home consumer products, and 3D printers,” said Mr Hew.

As part of its strategy, Fu Yu also plans to continually improve its operations to achieve optimal capacity utilisation, high production efficiency and lean cost structure. The Group will also be seeking ways to further optimise the cost structure of its operations in the region, such as rightsizing exercises and the sale or lease of unutilised factory space if suitable opportunities arise.

Backed by its strong one-stop manufacturing capabilities, strategically-located facilities in Asia, diversified customer base and sound financial position, the Group is confident it has a solid platform to capitalise on opportunities that arise as well as to withstand challenging business periods.

This news release is to be read in conjunction with the Group’s announcement posted on the SGX website on 14 November 2018.

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 close to 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/>