



NEWS RELEASE

Fu Yu Reports 165% Jump in PATMI to S\$11.9 million for FY2018; Proposes Final Dividend of 1.0 Cent per Share

- Final dividend brings its total dividend payments for FY2018 to 1.6 cents per share
- Sound balance sheet with cash balance of S\$80.3 million and zero borrowings

Singapore, 26 February 2019 – Fu Yu Corporation Limited (“Fu Yu” or the “Group”), a vertically integrated manufacturer of precision plastic components in Asia, has reported a sterling financial performance for the 12 months ended 31 December 2018 (“FY2018”).

Notwithstanding a challenging operating environment, the Group’s net profit attributable to owners of the Company (“PATMI”) jumped 165.5% to S\$11.9 million in FY2018 from S\$4.5 million in FY2017, driven by an expansion of its gross profit margin and an increase in other operating income. Group revenue in FY2018 edged higher by 1.4% to S\$197.7 million due mainly to higher sales of its operations in Singapore and Malaysia which helped to offset slower sales of its China operations.

A shift in the Group’s revenue mix, coupled with its continual efforts to streamline cost and raise operational efficiencies, led to its gross profit margin expanding to 17.8% in FY2018 from 17.1% in FY2017. The appreciation of the US Dollar also resulted in a foreign exchange gain in FY2018 which saw the Group benefiting from a positive change in other operating income of around S\$5.8 million between the two financial years.

Excluding the foreign exchange impact and share of results of joint venture, the Group’s profit before tax (“operating profit”) in FY2018 increased 16.9% to S\$15.5 million from S\$13.2 million in FY2017.

To demonstrate its commitment to rewarding shareholders for their support of Fu Yu, the Group has proposed to pay a final dividend of 1.0 cent per share. Together with interim dividends of 0.6 cent per share, the Group’s total dividends with respect to FY2018 would be 1.6 cents per share. This is an increase from 1.5 cents per share in FY2017 and translates into a dividend payout of approximately 100% based on the Group’s PATMI in FY2018.

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Said Mr Elson Hew, Chief Executive Officer of Fu Yu, “The Group delivered a commendable set of results for FY2018 despite the challenging business environment and uncertainties in the macroeconomic backdrop caused by ongoing trade tensions. The better performance in our bottom line can be attributed to our continuous efforts to improve top line, operational efficiency and cost structure.

We have been making good progress in the consumer, medical and automotive segments and successfully secured additional projects with existing customers for product upgrades and new products, as well as projects with new customers. As a result, the increased sales of these segments more than offset a slowdown in orders for networking and communications products during FY2018.”

On a geographical basis, sales from the Group’s operations in Singapore increased 15.4% to S\$47.3 million in FY2018 while sales of its Malaysia operations rose 6.5% to S\$38.1 million in FY2018. The higher revenue generated from the Singapore and Malaysia operations offset lower sales from the Group’s China operations where revenue slipped 5.0% to S\$112.3 million in FY2018 due mainly to lower sales of networking and communications products.

Accordingly, the Singapore and Malaysia segments accounted for a higher 23.9% and 19.3% of Group revenue in FY2018 as compared to 21.0% and 18.4% respectively in FY2017. While the China segment’s revenue contribution declined to 56.8% in FY2018 as compared to 60.6% in FY2017, it remained as the Group’s largest geographical segment.

As at 31 December 2018, the Group maintained a sound financial position with a cash balance of S\$80.3 million and zero borrowings. Shareholders’ equity stood at S\$164.1 million, equivalent to net asset value of 21.80 cents per share, inclusive of cash and cash equivalents of around 10.67 cents per share.

“Looking ahead, we expect the operating environment in FY2019 to remain challenging. Although the ongoing trade tensions between the USA and China have not directly affected the Group so far, an escalation of the trade war is likely to hurt the global economy which will lead to increased business risks. We will continue to monitor the situation closely. With our established manufacturing locations across Asia, we have the capability to support any changes in the production requirements of our customers,” said Mr Hew.

In addition to heightened business uncertainties, the Group’s financial performance is influenced by other factors such as intensifying industry competition, pressure on selling prices and movements in the US Dollar.

“Our goal is to ensure sustainable and profitable growth for the Group over the long term. To attain this, we intend to continue executing a number of strategic initiatives. Our business development team will continue working to expand our market share with existing customers, and win projects with new customers. To ensure greater business resilience and stability, we are diversifying our customer base

across target market segments and working to secure projects with longer product life cycles and higher growth potential,” added Mr Hew.

To maintain its competitive edge, the Group will focus its efforts on improving its core competencies to produce high precision and quality products, as well as raise the cost-effectiveness and efficiency of its manufacturing operations to ensure fast time-to-market for customers.

With its strong one-stop manufacturing capabilities, strategically-located facilities in Asia, diversified customer base and sound financial position, the Group believes it is well positioned to capitalise on future business opportunities and withstand challenging business periods.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 26 February 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/>