



## NEWS RELEASE

### **Fu Yu's PATMI More than Doubles to S\$1.6 million in 1Q19**

- Revenue holds steady, thanks to the Group's diversified product portfolio
- Gross profit margin improved to 17.7% in 1Q19 from 16.0% previously
- Maintains healthy balance sheet - cash balance of S\$82.8 million and zero borrowings

**Singapore, 9 May 2019** – Fu Yu Corporation Limited (“Fu Yu” or the “Group”), a vertically integrated manufacturer of precision plastic components in Asia, has reported a stellar financial performance for its first quarter ended 31 March 2019 (“1Q19”).

The Group's net profit attributable to owners of the Company (“PATMI”) in 1Q19 more than doubled to S\$1.6 million from S\$0.5 million in 1Q18, driven mainly by higher gross profit margin and a decrease in operating expenses.

During 1Q19, the Group witnessed increased sales for its consumer, medical and automotive & power tools segments. This counterbalanced slower sales from the printing & imaging and networking & communications segments, and enabled the Group to record stable revenue in 1Q19 as compared to 1Q18.

Said Mr Elson Hew, Chief Executive Officer of Fu Yu, “The Group had a positive start to the new financial year and delivered strong growth in PATMI during 1Q19 despite the challenging business environment and macroeconomic uncertainties.

We continue to make good progress with customers in the consumer, medical, and automotive & power tools segments. The Group benefited from higher demand, and contributions from additional projects secured with existing customers as well as new customers in these segments. The increased sales of consumer, medical and automotive & power tools products in 1Q19 helped to offset the softer demand from customers in the printing & imaging and networking & communications segments. This reflects a key element of the Group's strategy, which is to maintain a broad diversity in our product portfolio to achieve our goal of delivering stable and sustainable growth over the long term.”

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While the Group's revenue held steady, it registered a 11.1% increase in gross profit to S\$8.3 million in 1Q19 from S\$7.4 million in 1Q18. As a result, the Group benefited from an expansion in gross profit margin to 17.7% in 1Q19 from 16.0% previously. This is attributed primarily to a shift in its sales mix as well as its continual efforts to achieve better cost and operational efficiencies.

In 1Q19, the Group recorded lower other operating expenses of S\$0.6 million as compared to S\$1.4 million in 1Q18. These expenses arose mainly from foreign exchange loss due to the depreciation of the US Dollar against the Group's functional currencies. Excluding the foreign exchange impact and share of results of joint venture, the Group's profit before tax ("operating profit") gained 26.9% to S\$3.1 million in 1Q19 from S\$2.5 million in 1Q18.

On a geographical basis, the Group's operations in Singapore and Malaysia generated higher sales in 1Q19. Sales from the Singapore operations rose 9.2% to S\$11.9 million in 1Q19, lifted mainly by higher sales of products in the automotive, medical and consumer segments. Sales of the Malaysia segment jumped 31.0% to S\$11.0 million in 1Q19, driven mainly by increased sales of consumer and medical products, as well as power tools. However, sales of the China operations were down 12.2% to S\$23.8 million in 1Q19 due mainly to lower sales of the printing & imaging as well as the networking & communications segments.

As a result, the Singapore and Malaysia segments accounted for a higher 25.5% and 23.5% of Group revenue in 1Q19 as compared to 23.5% and 18.1% respectively in 1Q18. While the revenue contribution from China operations declined to 51.0% in 1Q19 from 58.4% in 1Q18, it remained as the Group's largest geographical segment.

Fu Yu maintained a healthy balance sheet as at 31 March 2019 with cash holdings of S\$82.8 million and zero borrowings. Its shareholders' equity of S\$166.6 million was equivalent to net asset value of 22.1 cents per share which includes cash and cash equivalents of around 11.0 cents per share.

Going forward, the Group expects challenges in the operating environment to prevail due to trade concerns and global economic uncertainties. Additionally, its financial performance is influenced by other factors such as industry competition, pressure on selling prices and movements in the US Dollar.

To attain its goal of sustainable and profitable growth over the long term, the Group has been executing a strategy aimed at expanding market share, broadening and diversifying its customer base, focusing on products with high growth potential and improving operational efficiency.

"Over the past two years, we have also undertaken a number of initiatives to streamline and optimise the Group's organisation structure. In the current financial year, we are planning to liquidate our 40%-owned joint venture in Malaysia, Berry Plastics Malaysia Sdn Bhd, which has been loss-making. We intend to continue looking for ways to further optimise the cost structure of our operations in the region. This

includes rightsizing or the consolidation of operations, as well as the sale or lease of unutilised factory space if suitable opportunities arise,” said Mr Hew.

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 9 May 2019.*

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### **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/>