



NEWS RELEASE

## **Fu Yu Posts Net Profit of S\$14.4 million in FY2022; Proposes final dividend of 0.6 cent per share**

- Group revenue grew 22.8% to S\$240.1 million, lifted by maiden full-year contribution from the supply chain management services business
- Healthy financial position with net cash of S\$72.0 million
- New biomedical unit to focus on higher precision biomedical devices, life sciences products and consumables as Fu Yu undergoes a transformation

**Singapore, 28 February 2023** – Fu Yu Corporation Limited (“**Fu Yu**” or the “**Group**”), a vertically integrated manufacturer of precision plastic components in Asia, today reported its financial results for the 12 months ended 31 December 2022 (“**FY2022**”).

Notwithstanding strong headwinds in the global business environment during FY2022, the Group recorded double-digit revenue growth of 22.8% to S\$240.1 million. At the bottom line, the Group’s net profit eased 17.9% to S\$14.4 million due to increased selling and administrative expenses, lower foreign exchange gain and reduction in other income.

Group revenue in FY2022 was lifted mainly by the maiden full-year contribution from its supply chain management services business which nearly doubled its revenue to S\$100.0 million in FY2022.

Despite challenging operating conditions, Fu Yu’s manufacturing business produced a resilient performance with relatively stable revenue of S\$140.1 million in FY2022 compared to S\$143.7 million in FY2021. This was buoyed by higher sales from its Singapore operations, which partially blunted the impact of softer sales from the Malaysia and China segments.

Sales from the Singapore operations in FY2022 increased 4.0% to S\$51.9 million in FY2022, driven mainly by higher sales of medical products. The Malaysia segment recorded a 6.1% decrease in sales to S\$33.4 million in FY2022 with higher orders of consumer products helping to partially offset softer sales of printing & imaging, power tools and automotive products.

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The China segment's sales in FY2022 fell 5.9% to S\$54.8 million as the restriction measures put in place to curb COVID-19 infections posed operating challenges in logistics and supply chains, as well as dampened business and consumer demand in the country. Higher sales of medical products partially cushioned against the impact of lower sales from networking & communications, consumer and printing & imaging products in FY2022.

Group Chief Executive Officer of Fu Yu, Mr David Seow said, "Businesses worldwide had to contend with a broad-based slowdown in the global economy during 2022 due to mounting business uncertainties arising from geopolitical tensions, growing inflationary cost pressures, rising interest rates and the severe dislocation in supply chains caused by the Russia-Ukraine war. Companies operating in China also experienced business disruptions amid COVID-related shutdowns and mobility restrictions.

The Group managed to successfully navigate our way through these difficult operating conditions and still delivered a respectable performance for FY2022. To reward shareholders for supporting Fu Yu, the Group is proposing a final dividend of 0.6 cent per share for FY2022. Together with the interim dividend of 0.4 cent per share, Fu Yu would be paying a total dividend of 1.0 cent per share for FY2022. This amount is in line with our dividend policy to distribute at least 50% of our net profit, and also takes into consideration the investments required for the Group's transformation plan to enhance long term shareholder value."

At the end of December 2022, the Group remained in a sound financial position with net cash of S\$72.0 million. Cash and bank balances was S\$79.4 million while total unsecured bank loans amounted to S\$7.4 million as at 31 December 2022. Shareholders' equity stood at S\$151.4 million, equivalent to net asset value of 20.1 cents per share which included net cash of around 9.6 cents per share.

Said Mr Seow, "Thanks to the continuing health of the Group's balance sheet, we remain in good position to weather any turbulence in the business environment and emerge even stronger. Having said that, we will be adopting a cautious stance going forward amid the ongoing global uncertainties and expectations for the world's economy to grow at a slower pace in 2023."

Besides the challenging macro environment, the Group's operational and financial performance could also be affected by other factors such as intensifying industry competition, pressure on selling prices and movements in the US Dollar.

"While the short-term business outlook remains uncertain, our management believes this is an opportune time to execute our strategy to transform the Group. Hence, we are continuing with our plans to rebrand the manufacturing business and elevate Fu Yu's profile as an advanced solutions provider in the high precision plastics manufacturing industry. This will ensure the Group will be in a stronger position to seize new market opportunities and enhance our growth profile for the long term," added Mr Seow.

As part of its transformational strategy, the Group has been working on several key initiatives aimed at strengthening its capabilities and improving the customer base of its manufacturing business.

Said Mr Seow, “We are refreshing our talent pool with new hires at both senior and mid management levels which will provide the Group with stronger marketing resources and greater technical know-how to expand our capabilities in high precision engineering, R&D, product design, materials engineering and rapid prototyping. At the same time we will be making the requisite investments to upgrade our production equipment and software.

By strengthening our personnel, capabilities and infrastructure, we believe Fu Yu will be better placed to pursue our goals to broaden and improve the quality of our customer base, as well as build new revenue drivers to boost long term growth.”

To this end, the Group will be putting greater emphasis on growing its medical and consumer segments while working to tap opportunities in higher-margin businesses such as export tooling. The Group has also set up a new subsidiary, Fu Yu Biomedical Pte. Ltd. (“**Fu Yu Biomedical**”), to mark its entry into the production of higher precision biomedical devices, life sciences products and consumables that have more stringent tolerances such as endoscopes, vials, syringes and in vitro diagnostics.

“With the redevelopment of our “smart factory” in Singapore completed in December 2022, we will be leveraging its advanced manufacturing capabilities as the flagship to propel the Group into this new biomedical arena. We intend to build Fu Yu Biomedical’s business and enhance its competitiveness by distinguishing its integrated value-chain capabilities to enable the delivery of sustainable design-to-fulfilment services to customers. Our long term goal is to grow Fu Yu Biomedical’s reputation in the global biomedical, life sciences & in vitro diagnostics ecosystems,” said Mr Seow.

The new “smart factory” meets the standards of Industry 4.0 and will serve as a showcase of the Group’s advanced manufacturing competencies. In addition to higher precision manufacturing capabilities and increased automation, the factory’s layout allows for efficient, seamless workflow across its tooling, moulding and assembly operations.

For its supply chain management services business, the Group will maintain an opportunistic approach to expand its revenue base. To increase value-add to customers, the Group has begun offering supply chain management services to enable them to better manage their inventory requirements. The Group will also be looking at centralising the procurement and logistics management of raw materials for its manufacturing business to reap potential cost savings.

*This news release is to be read in conjunction with the Group’s announcement posted on the SGX website on 28 February 2023.*

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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, automotive and power tool sectors.

To broaden its revenue base beyond the core manufacturing business, the Group formed a new business arm in July 2021 under Fu Yu Supply Chain Solutions Pte Ltd which is engaged in the business of providing supply chain management services for commodities.

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