富裕 FuYu

NEWS RELEASE

Fu Yu's 2Q18 PATMI Surges to S$4.0 million from S$0.7 million in 2Q17

- Group revenue in 2Q18 climbed 7.4% year-on-year to S$50.8 million
- PATMI in 1H18 more than trebled to S$4.6 million from S$1.3 million in 1H17
- Declared an interim dividend of 0.30 cent per share with respect to 1H18
- Balance sheet remained sound with cash balance of S$73.9 million and zero borrowings
- Malaysia subsidiary LCTH is now fully owned by Fu Yu after the privatisation exercise

Singapore, 14 August 2018 – Fu Yu Corporation Limited ("Fu Yu" or the "Group"), a vertically integrated manufacturer of precision plastic components in Asia, today reported that its net profit attributable to owners of the Company ("PATMI") for the three months ended 30 June 2018 ("2Q18") surged to S$4.0 million from S$0.7 million in 2Q17.

The increase in PATMI was boosted mainly by higher revenue and gross profit, as well as gains in other operating income in 2Q18. The Group's revenue in 2Q18 climbed 7.4% year-on-year to S$50.8 million on the back of higher sales from its Singapore and Malaysia operations. Gross profit margin also expanded to 16.9% from 15.5% in 2Q17, resulting in a 17.1% increase in gross profit to S$8.6 million. The Group benefited from a foreign exchange gain which led to a positive change in other operating income of around S$3.0 million in 2Q18 when compared to 2Q17.

The stronger bottom line performance in 2Q18 lifted the Group's PATMI for the six months ended 30 June 2018 ("1H18") to S$4.6 million, up 262.7% from S$1.3 million in 1H17. Group revenue for 1H18 improved 5.6% to S$97.2 million from S$92.0 million in 1H17, driven mainly by the operations in Singapore and Malaysia. Gross profit margin in 1H18 held steady at 16.5% compared to 16.1% in 1H17.

Sales generated from the Singapore segment in 1H18 increased 15.6% year-on-year to S$22.8 million while the Malaysia segment posted a sales increase of 21.0% to S$18.5 million. On the other hand, sales from the China operations in 1H18 dipped marginally by 2.0% to S$55.9 million.

As a result, the revenue contributions from Singapore and Malaysia operations widened to 23.4% and 19.1% in 1H18, as compared to 21.4% and 16.7% respectively in 1H17. China operations, which

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remained as the Group's largest geographical segment, accounted for a lower 57.5% of revenue in 1H18 compared to 61.9% in 1H17.

Said Mr Elson Hew, Chief Executive Officer of Fu Yu, "Although the operating landscape remained highly competitive, the Group has stayed the course with its business development pursuits and operations improvement programs.

During 1H18, our Singapore operations recorded higher sales of products in the printing & imaging segment, as well as automotive segment where the Group continues to make encouraging headway. Higher orders of products in the consumer and medical segments boosted the sales of our Malaysia operations in 1H18. These segments helped to offset the impact of weaker sales of networking & communications products which dampened the performance of our China operations during 1H18. To sustain and improve the profitability of our operations, we also continued to focus on lean management and increasing automation to improve our production processes for better cost efficiencies."

Excluding the foreign exchange impact and share of results of joint venture, the Group's operating profit before tax ("operating profit") in 2Q18 rose to S$3.1 million from S$2.5 million in 2Q17. Operating profit of S$5.6 million for 1H18 was also higher than S$5.3 million recorded in 1H17.

As a demonstration of the Group's commitment to rewarding shareholders, Fu Yu has declared an interim dividend of 0.30 cent per share with respect to 1H18. This interim dividend represents approximately 50% of the Group's 1H18 PATMI.

The Group maintained a sound financial position as at 30 June 2018 with shareholders' equity of S$163.9 million, cash balance of S$73.9 million and zero borrowings. Cash and cash equivalents declined by around S$21.5 million from 31 December 2017. This was attributed mainly to the completion in June 2018 of a selective capital reduction exercise costing S$20.7 million to privatise the Group's subsidiary LCTH Corporation Berhad ("LCTH") that was listed on Bursa Malaysia Securities Berhad. As LCTH is now a wholly-owned subsidiary of Fu Yu, the Group will recognise full earnings contribution from LCTH going forward.

Said Mr Hew, "The privatisation of LCTH is one of the key initiatives that we had undertaken to streamline the Group's corporate structure. Besides cost savings related to LCTH's public listing, the Group will also explore the possibility of centralising certain indirect support functions to reap further cost benefits. With full ownership of LCTH, Fu Yu will have greater flexibility to manage our manufacturing facilities across Asia. This will help the Group to better plan and optimise the utilisation of our available production capacity which can lead to better cycle time and cost management in the long run."

While the Group reported better revenue and profit in 1H18, operating conditions are expected to remain challenging in the second half of 2018 due to escalating trade tensions and uneven end-user demand across the industries it serves. In addition, the continued volatility in the US Dollar and competitive pressures could also affect the Group's financial performance.

As part of its long-term growth strategy, the Group will continue to diversify its customer base across a strategic mix of market segments to ensure greater business stability. The Group will also focus on products that have longer life cycles and exhibit higher growth potential such as medical, automotive, eco-friendly and smart home consumer products, and 3D printers.

On the business development front, Fu Yu is developing a digital marketing platform to enhance its profile with existing and potential customers. The Group is also working to expand its relationship with customers by securing additional projects for customers' existing products or new product introduction. The Group is currently working with existing customers on new product lines and making encouraging progress with new customers particularly in the consumer segment. Nevertheless, the Group's overall sales performance is dependent on, among other factors, the end-user demand for customers' products and the individual performance of each segment in the Group's diverse product portfolio.

To position itself for opportunities with current and new customers, the Group constantly strives to improve its core competencies in tooling and molding to produce high precision products. The Group also places strong emphasis on the cost-effectiveness and efficiency of its manufacturing operations to deliver faster time-to-market for customers and improve its competitive edge.

The Group will continue to seek 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.

This news release is to be read in conjunction with the Group's announcement posted on the SGX website on 14 August 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/