

Fulgent Sun (9802) Announces FY2019 2Q Financial Result

Fulgent Sun 192Q EPS of NT\$1.85 and 1H EPS of NT\$3.21, starting showing economies of scale.

2Q Net Profit of NT\$296 million and 1H Net Profit of NT\$500 million, both reached historically high. Operating Incomes shows higher increase than Sales.

The Company sees stronger growth momentum in 2H19 with steady capacity expansion and mass production of new brands.

2019/07/18, Douliu

Fulgent Sun International (Holding) Co., Ltd. (“Fulgent Sun”, TWSE: 9802) today announced its unaudited results for 2Q 2019.

- Fulgent Sun reported 2019 2Q unaudited consolidated sales of NT\$3,354 million (+YoY 27.9%). The net profit attributed to parent company arrived at NT\$297 million (+YoY 23.4%) and EPS at NT\$1.85 (+YoY 12.1%). The Company reached record-high on quarterly unaudited consolidated sales, quarterly net profit attributed to parent company, and 2Q EPS. Accumulated revenue in 191H achieved new high of NT\$5,932 million (+YoY 24.0%), the net profit attributed to parent company at NT\$502 million (+YoY 48.1%), EPS at NT\$3.21 (+YoY 37.8%).
- Fulgent Sun attributes its historically high on operation in 2Q and 1H to steady capacity expansion, management team’s instrumental efforts on improving performance on production management and automated production, and effective operating expense control. And also thanks to clear visibility on sports and leisure industry, which drives prosperous ordering from new and existing customers and keeps utilization rate high. Management team expects the promising operation will continue into the second half and also the next year.
- Based on its successful experience, the Company took “volume comes before revenue” as core of phase-in operation strategy. However, the cost of the learning curve directly reflects on the new production line and fewer working days because of traditional holidays in Cambodia between April and May, which caused 2Q19 profit margin only at 15.9 % (vs.15.5% at 2Q18). With effective control on operating expense and economies of scale, operating profit ratio has decreased to 7.4%, an all-time low compared to the same period, while operating profit ratio kept at least 8.5%. The Company was not only released from its past that new production line affecting short-term financial reports performance (in 2Q15, 3Q17, and 2Q18), but also reached new high net profit of NT\$296 million in single-quarter, much higher than second high of NT\$263 million in 1Q17. Operating income and net profit show higher annual increase than sales.
- Fulgent Sun keeps optimistic outlook for 2H19. Ordering from new and existing brand customers remain active and sustained. Utilization rate of each plant is expected to stay high level with at

Fulgent Sun (9802) Announces FY2019 2Q Financial Result

least 4 new brands entering bulk production one after another recently. The foregoing indicates growth momentum of the Company still being dynamic, and shows chances of 2H outperform 1H. Meanwhile, the Company will follow its patterns in recent years to build its medium-to-long-term growth momentum. In addition to steadily expanding capacity and developing new styles for new brand customers, management team actively to take efforts on strengthening production transition and learning curve. Production lines are getting refined and gradually shows positive outcomes on overall profitability and economies of scale. The Company expects to shine its strength on diverse order-taking and flexible allocation deployment while maintaining long-term relationships with international brand customers.

Fulgent Sun (9802) 2Q 2019 Financial Results :

(In NTD '000)

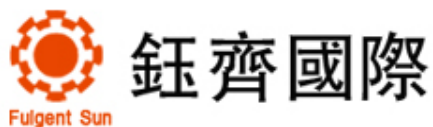
	2019/Q2	2018/Q2	YoY(%)	2019/H1	2018/H1	YoY(%)
Consolidated Sales	3,354,345	2,622,063	27.9	5,931,988	4,784,741	24.0
Gross Profit	534,476	407,645	31.1	1,040,312	830,136	25.3
Gross Profit Margin (%)	15.9%	15.5%	–	17.5%	17.3%	–
Operating Expenses	248,591	244,947	1.5	492,058	475,420	3.5
Operating Expense (%)	7.4%	9.3%	–	8.3%	9.9%	–
Operating Income	285,885	162,698	75.7	548,254	354,716	54.6
Operating Profit Margin (%)	8.5%	6.2%	–	9.2%	7.4%	–
Non-operating Revenue & Expenses	51,173	118,599	-56.9	32,419	33,453	-3.1
Net profit	295,664	238,965	23.7	500,431	336,777	48.6
Net profit attributed to parent company	296,708	240,361	23.4	502,014	338,896	48.1
EPS	1.85	1.65	12.1	3.21	2.33	37.8
Exchange rate effect	0.29	0.64	–	0.07	0.16	–
Excluding exchange rate effect	1.56	1.01	54.5	3.14	2.17	44.7

About Fulgent Sun

Fulgent Sun International (Holding) Co., Ltd. ("Fulgent Sun", TWSE: 9802) was established in 1995, principally engaged in foundry production and distribution of sports shoes and outdoor shoes. There are more than 40 international well-known brand customers. Its headquarters is located at Douliu City, Yunlin County, Taiwan. There are six factories which spread throughout China, Vietnam, and Cambodia.

Forward Looking Statements

Some of the statements contained in this press release may be considered forward-looking statements.



Fulgent Sun (9802) Announces FY2019 2Q Financial Result

These statements identify prospective information. Forward-looking statements are based on information available at the time and/or management's good faith belief with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in the statements. These forward-looking statements are subject to a number of factors that may cause actual results to differ materially from the expectations described, which include but are not limited to economic, competitive, market, currency, governmental and financial factors. Fulgent Sun International (Holding) Co., Ltd. assumes no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information except to the extent required by applicable securities laws.