



Fulgent Sun (9802) Announces FY2017 4Q Financial Results

4Q New line efficiency up, Gross Profit Margin of 10.7%, EPS of NT\$1.33.

The single-season operating income has been reaching 8th consecutive quarter of historical same period.

Net profit at NT\$819mn for 2017, reaching historical high.

High dividend policy unchanged.

2017 EPS of NT\$5.76, excluding exchange rate effect, it reached NT\$6.63.

2018/01/19, Douliu

Fulgent Sun International (Holding) Co., Ltd. ("Fulgent Sun", TWSE: 9802) today announced its unaudited results for 4Q 2017.

- Fulgent Sun's 2017 4Q unaudited consolidated sales reached NT\$2,750 million and operating income reached NT\$295 million. Respectively, over the same period of last year grew 21.3%, 62.4%, and also up 1.1%, 60.7% from 3rd quarter. Meanwhile, the single-season operating income has been reaching 8th consecutive quarter of historical same period high since 2016 1Q. The gross profit margin was 19.2% and operating profit margin was 10.7% for 4th quarter. It means the production efficiency has been significantly boosted from the new line at 3rd quarter. It reached short-term operating targets set by the management team. Although there is still a loss of exchange rate assessment (\$EPS 0.29) in 4Q, the single-season EPS is still at \$ 1.33, is second highest of historical same period.
- Accumulated sales in full year of 2017 reached NT\$10,388 million and operating income reached NT\$1,131 million. The net profit attributed to parent company at NT\$819 million and EPS of NT\$5.76. All indicators have reached the highest in history. However, an annual growth of only 10 percent in EPS, it got the interference with the exchange rate evaluation. The foreign exchange gains (EPSS\$ 0.78) in 2016 and foreign exchange loss (EPSS\$ -0.87 which realized loss was EPSS\$ -0.11)

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in 2017. If we view the actual business results of the industry, the operating income for 2017 (\$1,131 million) has not only set a record high, but also surged 60% over 2016 (\$698 million).

- The gross profit margin and operating profit margin reached 19.8% and 10.9% in 2017, reaching new record high together. The Group's gross profit margin increased by 1.8% over 2016 and the expense ratio decreased by 1.4% over 2016, under the double assistance, the operating profit margin increased by 3.2% over 2016. It exceeded the double digit for the first time. With the steady expansion of production and marketing scale, the economies of scale will also increasingly show. It is appropriate that to increase income and save on spending.
- Fulgent Sun is still optimistic about the global trend of outdoor sports. The major outdoor brands will continue to integrate fashion design, and be committed to the development of both leisure and function of multi-functional shoes. This is the core of competitive advantage of Fulgent Sun for many years. In addition, the group plan of capacity expansion will still be 10% to 15% of the annual growth as the goal. The increasing in output value is from construction of new production lines, and enhancing production efficiency. The new production lines have been expanded and a large number of new staff been recruited in 2017. Therefore, it will no longer be aggressively expanded in the first half of 2018. Instead, it will continue to improve its production efficiency and managerial efficiency as its main business.
- Fulgent Sun was listed since in 2012, the group's sales have grown 73.4% and the net profit after tax has increased significantly by 182.4%. Further review of the operating results for the last three years, Fulgent Sun targeted volume increase in 2015, worked on raising quality in 2016, and then focusing on volume increase while raising quality/profitability in 2017. The management team has indeed reached the commitments and goals of different stages. Looking forward, Fulgent Sun would uphold the spirit of "moral, wisdom, hardworking, patient" to develop more stable and remarkable operating results. Meantime, we will continue to carry out the import of automated production equipment while expanding the production capacity as to strengthen the intelligent production layout. We will also focus on the substantial enhancement of the production efficiency of each plant and the concrete performance of the management of all the staff units.

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Fulgent Sun (9802) 4Q 2017 Financial Results :

(In NTD '000)

	2017/4Q	2016/4Q	YoY	2017	2016	YoY
Consolidated Sales	2,749,812	2,267,357	21.3	10,388,151	9,079,845	14.4
Operating Expenses	234,286	259,300	-9.6	924,293	935,341	-1.2
Operating Expense (%)	8.5%	11.4%	—	8.9%	10.3%	—
Operating Income	294,666	181,450	62.4	1,130,850	697,979	62.0
Operating Profit Margin(%)	10.7%	8.0%	—	10.9%	7.7%	—
Non-operating Revenue & Expenses	-45,065	110,408	-140.8	-111,027	202,036	-155.0
Net profit attributed to parent company	193,804	222,834	-13.0	818,702	702,262	16.6
EPS	1.33	1.62	-17.9	5.76	5.23	10.1
Exchange rate effect	(0.29)	0.51	-156.86	(0.87)	0.78	-211.54
Excluding exchange rate effect	1.62	1.11	45.95	6.63	4.45	48.99

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. 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.