

Fulgent Sun (9802) Announces FY2018 2Q Financial Result

Fulgent Sun: 2018 2Q unaudited consolidated sales reached NT\$2,620 million, Net profit at NT\$240mn, reaching same period of historical high

2018/07/16, Douliu

Fulgent Sun International (Holding) Co., Ltd. ("Fulgent Sun", TWSE: 9802) today announced its unaudited results for 2Q 2018.

Key Points:

- Fulgent Sun's 2018 2Q unaudited consolidated sales reached NT\$2,620million. The net profit attributed to parent company arrived at NT\$240million, reaching same period of historical high. The EPS arrived at NT\$1.65. It slightly decreased in compared with the same period of last year, due to the different base period of equity. Accumulated revenue in the first half of 2018 reached NT\$4,780million, operating income reached NT\$350million. The net profit attributed to parent company at NT\$340million and EPS of NT\$2.33.
- In the second quarter of 2018, the main brand customers benefited from the high-visibility level of Fall/Winter new orders, which drove the proportion of outdoor functional shoes in the second quarter to a stable level of 90%, while increasing the proportion of non-China (Vietnam and Cambodia) revenues from 55% to 64%, is the main reason for the single-season performance to a record high in the same period. However, the new production line still has to directly face the cost of the learning curve, which also leads to the gross profit margin and operating profit ratio at decrease to 15.5% and 6.2%in the single-quarter. There are other factors such as traditional Cambodian festival between in April and May, and resulting in fewer working days, and the cost structure due to deferred exchange rate fluctuations.
- Under the rapid changes in the situation of global economic, Fulgent Sun continued to strengthen the Group's competitive advantage and actively build a long-term growth operation base in order to meet the diversified and strong demand of international brand customers. Therefore, the second quarter and the third quarter have been positioned as a positive adjustment period for the production capacity of the plant. Based on the industry's coordination characteristics of people and machine, the size of the Group's operations, there is still a learning curve cost in the short term. However, as the Group's operating scale increases and the management team implements enhanced operational management, the related short-term impact will reduce with the Group's operating scale expand.

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- Since the listing of Fulgent Sun in 2012, the revenue and net profit have increased significantly after many expansion plans, because all business strategies focus on the needs of medium and long-term operation and development. All business thinking also strives to balance all stakeholders. Although the non-Chinese new production line is not as mature as the original production line of the Chinese factory, non-Chinese factories such as Vietnam and Cambodia have successfully crossed to break- even point, and the contribution to the mid- and long-term operations has not been underestimated. Looking further into the second half of the year, although the third quarter is still the capacity adjustment period of the plant. As the working days return to normal and the management team continues to strengthen production efficiency, it will be opportunities to see the progress of the learning curve, and the Group's capacity allocation is increasingly complete. It will meet the next wave of growth peaks with the new customer development.

Fulgent Sun (9802) 2Q 2018 Financial Results :

(In NTD '000)

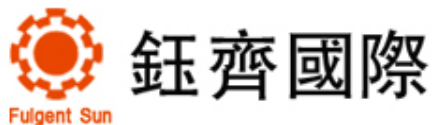
	2018/Q2	2017/Q2	YoY	2018/H1	2017/H1	YoY
Consolidated Sales	2,622,063	2,562,348	2.3	4,784,741	4,919,434	-2.7
Gross Profit	407,645	527,767	-22.8	830,136	1,101,396	-24.6
Gross Profit Margin(%)	15.5%	20.6%	—	17.3%	22.4%	—
Operating Expenses	244,947	220,651	11.0	475,420	448,575	6.0
Operating Expense (%)	9.3%	8.6%	—	9.9%	9.1%	—
Operating Income	162,698	307,116	-47.0	354,716	652,821	-45.7
Operating Profit Margin(%)	6.2%	12.0%	—	7.4%	13.3%	—
Non-operating Revenue & Expenses	118,599	-16,120	-835.7	33,454	-29,076	-215.1
Net profit attributed to parent company	240,361	237,288	1.3	338,896	502,031	-32.5
EPS	1.65	1.70	-2.9	2.33	3.62	-35.6

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



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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.