

Fulgent Sun (9802) Announces FY2022 1Q Unaudited Financial Result

Fulgent Sun: The Consolidated Sales for 2022 Q1 amounted to NT\$4.53 billion and the EPS after tax hit a record high, reaching NT\$2.93

Gross profit margin increased by 21.7%, operating profit margin by 14.0%, and profit margin by 12.0%, indicating a strong recovery

The scale of business is expected to expand quarter by quarter, the growth rate of production and sales is optimistic, and the growth momentum in the medium and long term is strong

2022/04/20, Douliu

Fulgent Sun International (Holding) Co., Ltd. ("Fulgent Sun", TWSE: 9802) today announced its unaudited results for 2022 1Q.

Key Points

- Fulgent Sun's consolidated sales for 2022 Q1 amounted NT\$4.53 billion (annual increase of 32.5%/quarterly increase of 0.6%), a substantial increase of 32.5% on a YoY basis. Its single-quarter revenue performance has registered annual growth for five consecutive quarters and even set a new record. Although the recent production and sales are still affected by the global pandemic and multiple daunting external challenges, Fulgent Sun bucked the trend and achieved the best single-quarter operating performance over the years. This indicates that the group's operations have been gradually backed on track and the scale of business and growth momentum has moved up a notch.
- Looking at the profit performance in Q1, regarding the absolute amount of profit, the gross profit reached NNT\$981 million (annual increase of 39.4%/quarterly increase of 13.9%); operating margin stood at NT\$636 million (annual increase of 66.4%/quarterly increase of 22.8%); net income before tax was NT\$691 million (annual increase of 78.1%/quarterly increase of 46.3%); net income after tax attributable to the parent company was NT\$543 million (annual increase of 66.9%/quarterly increase of 39.9%); earnings per share after tax reached NT\$2.93 (annual increase of 67.4%/quarterly increase of 40.2%). The gross profit, operating margin, net income before tax, and net income after tax attributable to the parent company all hit record highs. With a further look on the profitability ratios for Q1, the gross margin and operating margin stood at 21.7 % and 14.0%, respectively, up by 2.6 and 2.5 percentage points compared with 2021 Q4. In addition, with the proper control over operating expenses (only 7.6%), the operating margin in Q1 surged by 2.5 percentage points to 14.0%, and the profit margin attributable to the parent company was as high as 12.0%, hitting a second record high. The overall profit growth rate is significantly higher than the revenue growth rate.

Fulgent Sun (9802) Announces FY2022 1Q Unaudited Financial Result

- Regarding the percentage of output value in each country, the percentages in 2022 Q1 are similar to those throughout 2021. Vietnam's output value accounted for the highest proportion (about 50%), followed by China (about 30%), and Cambodia (20%). The group's production capacity will continue to increase steadily in a diverse and balanced manner. Fulgent Sun will continue to improve employees' learning effectiveness so as to increase the per capita output value. In 2022, the focus of production line expansion will be placed on Vietnam, followed by Cambodia, and it also has a plan to expand the production lines at China's factories to increase production. In terms of sales regions (destinations designated by brand clients), the revenue and percentage thereof from Greater Europe in Q1 reached NT\$2.08 billion and 46.0% respectively, while the Greater Americas has witnessed a positive trend year by year. Driven by the mass production orders placed by new brands on a quarterly basis, the revenue performance in Q1 reached NT\$1.97 billion (43.4%); thus, the focus of sales is still placed on Greater Europe and the Greater Americas. The number of brands with mass production orders for OEM has reached 50. Among them, the top three brands occupy more than 30% of the production capacity, the top ten more than 70%, and the top 20 more than 90%. In summary, Fulgent Sun has gradually achieved operating synergy, including the diverse distribution of factories, distributed sales areas, and an optimized product mix.
- Looking ahead to 2022, Fulgent Sun continues to be optimistic that the pandemic will prompt consumers to turn their attention to outdoor leisure activities. With the increasing awareness of health, the global footwear industry will witness a structural growth in the basic needs and encounter a supply and demand imbalance. Therefore, Fulgent Sun has accelerated capital investment and recruited various talents since 2019. Despite the severe impact of the COVID-19 pandemic for two consecutive years, it has coped with the challenge actively, pragmatically, and flexibly, and the group's new production capacity has also been successfully launched. With the strong demand from various new brands and new orders, its overall development and mass production capacity and scale of production and sales have moved up a notch. The total production and sales of spring and summer shoes in 2022 has reached a record high, and 2022 autumn and winter shoes will surely continue to grow. The annual business will increase quarter by quarter, and the quarterly and annual production and sales growth is predictably optimistic. Therefore, although there are still many external force majeure factors, its management team's ambition and execution will not be affected. Instead, it, with a large number of mass production orders, will turn crises into opportunities, to strengthen the group's relative competitive advantages more comprehensively, to further achieve the effect of economies of scale and create operating and management synergy.

Fulgent Sun (9802) Announces FY2022 1Q Unaudited Financial Result

(Appendix) Fulgent Sun (9802) 1Q 2022 Unaudited Financial Results :

(In NTD '000 ; %)

	2022/Q1	2021/Q1	YoY	2021/Q4	QoQ
Consolidated Sales	4,527,115	3,416,849	32.5	4,498,231	0.6
Gross Profit	980,607	703,604	39.4	861,225	13.9
Operating Expenses	344,965	321,648	7.2	343,800	0.3
Operating Profit	635,642	381,956	66.4	517,425	22.8
Non-operating Revenue & Expenses	55,556	6,152	803.1	(44,967)	-223.5
Net Income	543,347	325,376	67.0	388,210	40.0
Net Income attributed to parent company	543,382	325,491	66.9	388,314	39.9
EPS	2.93	1.75	67.4	2.09	40.2
Exchange rate effect	0.22	0.01	—	-0.17	—
Gross Profit Margin (%)	21.7%	20.6%	+1.1 percentage point	19.1%	+2.6 percentage point
Operating Expense Ratio(%)	7.6%	9.4%	—	7.6%	—
Operating Profit Margin (%)	14.0%	11.2%	+2.8 percentage point	11.5%	+2.5 percentage point
Net Income attributed to owners of the parent Ratio (%)	12.0%	9.5%	—	8.6%	—

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 50 international well-known brand customers. Its headquarters is located at Douliu City, Yunlin County, Taiwan. The Group’s production bases which spread throughout China Fujian, China Hubei, 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.