

Fulgent Sun (9802) Announces FY2018 1Q Financial Results

Fulgent Sun: 2018 1Q Gross Profit Margin 19.5%, EPS of NT\$0.68,

Exchange rate effect NT\$-0.48

The second quarter begins to enter the Fall/Winter style peak season shipment, operations results will be well month by month

2018/04/18, Douliu

Fulgent Sun International (Holding) Co., Ltd. ("Fulgent Sun", TWSE: 9802) today announced its unaudited results for 1Q 2018.

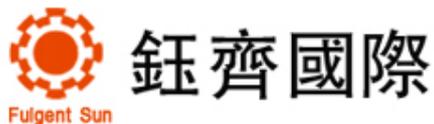
- Fulgent Sun's 2018 1Q unaudited consolidated sales reached NT\$2,163million. (-YoY 8.25%){(In dollar terms,(-YoY 2.75%)}.The operating income reached NT\$192 million, the net profit attributed to parent company at NT\$99 million and EPS of NT\$0.68. Due to the appreciation of the RMB and TWD, the loss of the exchange assessment amounted to EPS NT\$0.48. If the exchange rate evaluation factor is excluded, the actual EPS after tax is NT\$ 1.16.
- Although the number of working days in the first quarter was less and the fixed cost per unit was higher, the gross profit margin increased since the fourth quarter of last year. The gross profit margin climbed from 15.6% in Q3 2017 to 19.2% in Q4 2017, and then to 19.5% in Q1 2018. Due to shipping schedule and delivery specified by customer, it resulted to the significant gap in production and sales in March. Also, the impact of the appreciation of the New Taiwan dollar, revenue in the first quarter was at a new low in recent years. The operating expenses were well managed and lower than the previous quarter, but the operating expense ratio was 10.7%. It was higher than the previous quarter (8.5%), which also directly affected the operating profit rate performance.
- The loss of foreign exchange assessment affected EPS up to NT\$0.48, which was mainly due to the large appreciation of RMB in a short period of time. It is further explained that the functional currency of China's producing areas is RMB. For those Non-RMB denominated, it should be evaluated in accordance with the relevant provisions of IFRS. The Group's revenue is mainly in US dollars, and the proportion of total output value of China's is still higher than 40%. Although risk management strategies have been planned, the accounts receivable and bank deposits denominated in US dollars are still subject to high evaluation.

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- In the first quarter, new production capacity benefits continued to emerge in non-China area (Vietnam/Cambodia), resulted the proportion of revenue exceeding 55% for the first time. The proportion of outdoor functional footwear revenue maintained at 90% of the high level (GORE-TEX shoes also account for the same proportion as last year). The Company will continue to strengthen the introduction of automated intelligent production lines, and gradually reduce the production process and consolidation. It is expected to reduce the demand for manpower and increase the effect of yield efficiency, and further increase the effect of economies of scale. However, all refinement measures and strategies need time to be demonstrated.
- Looking forward, Fulgent Sun continues to remain committed to the 3 key strategies and to taking small-volume, large-variety production with flexible orders. The Company will enhance the absolute growth of operating income for the major operational objectives. With benefiting from the global outdoor leisure craze and deepen the development of customers for many years, driving the overall order visibility keep 3 to 4 months. Shoes orders of 2018 Spring/Summer style have seen growth and Fall/Winter style has been shipping in the second quarter, the overall shipment performance will gradually enter the peak season of shipments, and the overall operating performance will be better than the first quarter. Long-term growth momentum is guaranteed.

Fulgent Sun (9802) 1Q 2018 Financial Results : (In NTD '000)

	2018/Q1	2017/Q1	YoY	2017/Q4	QoQ
Consolidated Sales	2,162,678	2,357,086	-8.2	2,749,812	-21.4
Gross Profit	422,491	573,629	-26.3	528,952	-20.1
Gross Profit Margin(%)	19.5%	24.3%	-	19.2%	-
Operating Expenses	230,473	227,924	1.1	234,286	-1.6
Operating Expense (%)	10.7%	9.7%	-	8.5%	-
Operating Income	192,018	345,705	-44.5	294,666	-34.8
Operating Profit Margin(%)	8.9%	14.7%	-	10.7%	-
Non-operating Revenue & Expenses	-85,145	-12,956	557.2	-45,065	-88.9
Net profit attributed to parent company	98,535	264,743	-62.8	178,215	-44.7
EPS	0.68	1.92	-64.6	1.22	-44.3
Exchange rate effect	-0.48	-0.20	140.0	-0.29	65.5
Excluding exchange rate effect	1.16	2.12	-45.3	1.51	-23.2



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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.