

Fulgent Sun (9802) Announces FY2020 1Q Financial Result

Fulgent Sun: 1Q 2020 revenue, operating income and net income after tax reached new highs.

Gross margin in 1Q 2020 improved 4.2 percentage points to 23.8% compared with a year earlier, while earnings per share rose 50.7% annually to NT\$2.02. Growth of operating profit and net income extends to this quarter.

Impact of new coronavirus (COVID-19) might continue in the coming months.

2020/04/17, Douliu

Fulgent Sun International (Holding) Co., Ltd. (“Fulgent Sun”, TWSE: 9802) today announced its unaudited results for 1Q 2020.

Key Points

- Fulgent Sun’s sales climbed 7.6 % year-on-year to a record NT\$2.77 billion in the first quarter of 2020. Gross profit margin and operating profit margin were as high as 23.8% and 12.9%, which increased 4.2 and 2.7 percentage points respectively compared with a year earlier, while operating profit jumped 35.8% annually to NT\$356 million. Net income attributable to the parent company jumped 72.5% year-on-year to NT\$354 million, while earnings per share jumped 50.7% annually to NT\$2.02. Thanks to improved management and the effect of economies of scale, revenue, net income after tax, and operating profit posted record-high figures. Growth rate of operating profit have surpassed revenue growth for five consecutive quarters.
- Due to COVID-19, Fulgent Sun's factories delayed the resumption of work in China, which led to lower output in February and March 2020. As the pandemic worsened since mid-March, governments all over the world have imposed lockdown measures. Given that transportation of workers, goods and logistics are all affected and cannot operate as before, production, marketing and operating face various challenges in the first quarter of 2020. However, financial and operating results still went against the tide, and reached record highs in the first quarter of 2020, as a result of diversifying orders, increasing production efficiency, distributing production bases evenly, improving product portfolio, and the hard work of every group member.
- In terms of the distribution of production bases, continuous growth in capacity and pragmatic distribution have been vital strategies for Fulgent Sun. Vietnam accounted for 43.2% of overall

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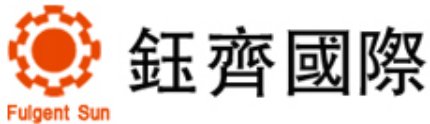
capacity in the first quarter of 2020, Cambodia made up 29.1% and China mounted to 27.7%, with each country reporting various actual working days. Factories outside of China outweighed 70%, while capacity of Cambodia also exceeds China's capacity for the first time. As for market performances (destinations assigned by brand customers), sales in greater Europe region reached NT\$1.23 billion, accounting for 44.4% of total revenue. Greater America region has also shown growth after years of development, with sales arriving at NT\$1.03 billion, or 37.1% of total revenue. Growth in sales can be attributed to diversifying orders, improving product portfolio, increasing scale of operation, and distributing marketing regions evenly.

- To sum up, Fulgent Sun's financial results and non-financial performances in 2019 have shown that the group has achieved a new mile stone. The managing team has been strengthening company's operation, and ensured the improvement in management extends to and reflects on the first quarter of 2020. As COVID-19 keeps taking its toll on global economy and lower production and marketing efficiencies, our brand customers turned conservative and became slow in placing orders. As international uncertainties remain high, prospect for the coming months depends on whether the pandemic can be under control and performances of terminal markets. The company is determined to strengthening management and business capacity continuously in order to stay competitive.

Fulgent Sun (9802) 1Q 2020 Financial Results :

(In NTD '000)

	2020/Q1	2019/Q1	YoY	2019/Q4	QoQ
Consolidated Sales	2,772,864	2,577,643	7.6	3,460,902	-19.9
Gross Profit	660,408	505,836	30.6	814,890	-19.0
Gross Profit Margin (%)	23.8%	19.6%	—	23.5%	—
Operating Expenses	304,030	243,467	24.9	283,922	7.1
Operating Expense (%)	11.0%	9.4%	—	8.2%	—
Operating Profit	356,378	262,369	35.8	530,968	-32.9
Operating Profit Margin (%)	12.9%	10.2%	—	15.3%	—
Non-operating Revenue & Expenses	48,276	-18,754	-357.4	-79,469	-160.7
Net Income	353,620	204,767	72.7	371,052	-4.7
Net Income attributed to parent company	354,143	205,306	72.5	371,418	-4.7
EPS	2.02	1.34	50.7	2.14	-5.6
Exchange rate effect	0.21	-0.22	-195.5	-0.39	-153.8
Excluding exchange rate effect	1.81	1.56	16.0	2.53	-28.5



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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.