

Fu Yu Corporation Limited

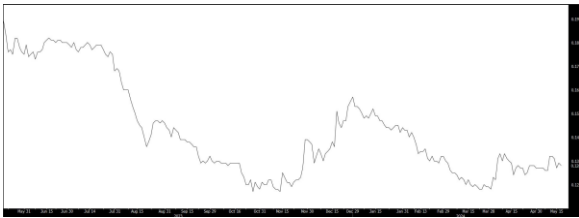
Date: 20 May 2024

Non-rated

Date	20/5/2025	
BBG	FUYU SP	
Market Cap (S\$m)	96.9	
Price (S\$)	0.13	
52-week range (S\$)	0.12 - 0.20	
Target Price (S\$)	Non-rated	
Shares Outstanding (m)	762	
Free Float	68.80%	
Major Shareholder	Pilgrim Capital VCC	29.45%
P/BV (05/24)	0.7	
Net Debt to EBITDA (05/24)	-	

Source: Company data, Bloomberg, SAC Capital

1-Year Share Price



Source: Company data, Bloomberg, SAC Capital

Analyst

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1Q24 Turnaround Fuels Growth Trajectory

Fu Yu achieved a turnaround in 1Q24, reporting a net profit of S\$5,200 compared to a net loss of S\$2.4 m in 1Q23. One of its two business segments, the supply chain arm made a net profit of S\$0.4m in 1Q24 and broke even in 1Q23. This implies its manufacturing business saw a significant y-y reduced loss of S\$0.4 m in 1Q24 from a loss of S\$2.4m in 1Q23.

The contrast between Fu Yu now and in the past is striking. Previously a dominant force, the company had experienced stagnation in capabilities and manpower over the last 10-15 years. Innovation and customer acquisition were slow, lacking excitement. However, with a new team on board and a newly-opened smart factory, the Group has revitalized its capabilities, enabling entry into new markets such as MedTech and IoT consumer electronics.

By recruiting skilled professionals from a prominent local precision plastics manufacturer, the Group has established a New Products Introduction (NPI) team. This team enables the Group to offer a comprehensive end-to-end service, seamlessly guiding products from the design stage through to mass production and market launch.

The four-level smart factory in Tuas, completed in December 2022, represents a significant advancement for Fu Yu. It boasts reduced yield loss, minimized human error, and enhanced precision levels, enabling the production of more intricate products. The factory has achieved products with precision levels of 2 to 5 microns, a substantial improvement from the previous 10 to 20 microns. Key features of this new facility include an automated tool room, considered one of the most advanced in precision manufacturing in Asia, and a sophisticated manufacturing execution system that provides real-time data to optimize efficiency and meet traceability requirements for customers.

The Group's strategic initiatives have borne fruit. Fu Yu was appointed as the exclusive contract manufacturer for Singapore's startup myFirst, facilitating myFirst's expansion into North America. Additionally, the Group secured two new projects with international partners: one for producing microfluidic chips for medical diagnostic devices and another for manufacturing high-precision tools for drug delivery devices. Furthermore, an MoU was signed in 1Q24 to be the exclusive plastics supplier for a Singapore-based medical device manufacturer, demonstrating the Group's commitment to expanding its presence in the MedTech industry.

Mr. David Seow, Group Chief Executive Officer of Fu Yu, expressed optimism about the Group's future growth trajectory, emphasizing the importance of expanding the project pipeline and executing strategic initiatives. Fu Yu aims to leverage its global supply chain to navigate challenges such as delayed shipments and rising costs, while continuing to target high-value projects in key sectors.

YE Dec (S\$m)	FY21A	FY22A	FY23A
Revenue	195.5	240.1	190.4
Net profit	17.6	14.6	(10.1)
EPS (S¢)	2.3	1.9	(1.3)
Dividend per share (S¢)	4.95	1.0	-
Dividend Payout (%)	211.5	52.6	-
Net cash / (debt)	Net cash	Net cash	Net cash

Valuation

Gross profit margin (%)	18.6	15.7	7.0
Net profit margin (%)	9.0	6.1	-
P/E (x)	5.5	6.6	-
P/B (x)	0.6	0.6	0.7

Fu Yu is headquartered in Singapore



Fu Yu Corporation Limited (Headquarters)

No 9, Tuas Drive 1, Singapore 638676

2 manufacturing sites in Malaysia



Classic Advantage Sdn Bhd

No. 21, Jalan Teknologi 4, Taman Teknologi 81400 Senai, Johor, Malaysia



Fu Hao Manufacturing Sdn Bhd

Plot 562, Mukim 1, Jalan Perusahaan Baru 1 Perai III, Perai Industrial Estate 13600 Perai, Penang, Malaysia

3 manufacturing sites in China



Fu Yu Moulding & Tooling (Suzhou) Co., Ltd

No. 89, Xing Nan Road Wu Zhong Economic Development Zone Suzhou, Jiangsu China 215128



Fu Yu Moulding & Tooling (Dongguan) Co., Ltd

Jing Fu Road, Xin Cheng Industry Area Heng Li Town, Dongguan Guangdong China 523477



Fu Yu Moulding & Tooling (Zhuhai) Co., Ltd

477 Jin Hai An Avenue Sanzao, Jinwan district Zhuhai, Guangdong China 519040

Fu Yu began mass production in April 2024 for a S\$15m contract with myFirst



Fu Yu group chief executive and executive director David Seow (left) and myFirst co-founder and chief executive G-Jay Yong. PHOTO: FU YU

Fu Yu has the capabilities to meet the precise manufacturing specifications required by potential customers in the Medtech sector.



Fu Yu manufactures Consumer products across various categories.

Income Statement

YE Dec (\$\$m)	FY21A	FY22A	FY23A
Revenue	195.5	240.1	190.4
Cost of sales	(159.1)	(202.5)	(177.1)
Gross profit	36.5	37.6	13.3
<i>Gross profit margin</i>	19%	16%	7%
Other income	3.3	2.5	3.7
Selling and administrative expenses	(19.5)	(22.9)	(23.5)
Other operating income, net	1.2	0.6	(3.2)
Results from operating activities	21.5	17.8	(9.6)
Finance costs	(0.3)	(0.4)	(0.9)
Profit before tax	21.2	17.4	(10.6)
Tax expense	(3.7)	(2.8)	0.5
Net profit	17.6	14.6	(10.1)
<i>Net profit margin</i>	9%	6%	-5%

Balance Sheet

YE Dec (\$\$m)	FY21A	FY22A	FY23A
Non-current assets			
Property, plant and equipment	60.0	63.0	58.2
Investment property	7.4	6.1	5.7
Subsidiaries	-	-	-
Goodwill	6.0	6.0	3.2
Other receivables	-	-	-
Deferred tax assets	1.0	0.8	1.3
Total non-current assets	74.4	75.9	68.3
Current assets			
Inventories	17.1	18.4	13.4
Contract assets	1.7	1.6	1.9
Trade and other receivables	35.7	31.9	31.4
Tax recoverable	-	-	0.9
Cash and bank balances	83.9	79.3	60.3
Total current assets	138.5	131.2	107.9
Total assets	212.9	207.2	176.2
Equity attributable to equity holders of the Company			
Share capital	102.2	102.2	103.0
Reserves	51.7	53.0	34.5
Total equity	153.9	155.2	137.4
Non-current liabilities			
Trade and other payables	0.3	0.4	1.1
Loans and borrowings	9.4	9.1	5.0
Deferred tax liabilities	1.7	1.8	1.7
Total non-current liabilities	11.4	11.3	7.9
Current liabilities			
Trade and other payables	35.2	32.4	24.9
Contract liabilities	0.6	0.8	0.5
Loans and borrowings	4.0	5.0	4.2
Tax payable	7.8	2.5	1.2
Total current liabilities	47.6	40.7	30.9
Total liabilities	59.0	52.0	38.7
Total equity and liabilities	212.9	207.2	176.2

Cash Flow Statement

YE Dec (\$\$m)	FY21A	FY22A	FY23A
Cash flows from operating activities			
Profit before income tax	21.2	17.4	(10.6)
Adjustments for:			
Depreciation of PPE & invt prop	7.8	7.8	8.6
Loss on liquidation of a subsidiary	0.1	0.3	0.4
Finance costs	0.3	0.4	0.9
Interest income	(0.5)	(0.8)	(1.9)
Gain on disposal of PPE	(0.7)	(0.1)	-
Provision of impairment on goodwill	-	-	2.7
Equity-settled share-based payment transactions	-	0.9	1.3
Unrealised foreign exchange (gain)/loss	(0.6)	1.2	0.7
	27.7	26.9	2.1
Changes in working capital:			
Inventories	(3.6)	(2.4)	4.4
Trade and other receivables	6.2	2.0	(0.4)
Contract assets	-	-	(0.3)
Trade and other payables	(4.3)	1.9	(7.3)
Contract liabilities	0.2	0.3	(0.2)
Cash generated from operating activities	26.2	28.7	(1.8)
Tax paid	(3.5)	(6.9)	(2.7)
Net cash generated from operating activities	22.7	21.7	(4.5)
Cash flows from investing activities			
Acquisition of subsidiary, net of cash	(1.8)	-	-
Interest income received	0.5	0.8	1.9
Proceeds from disposal of PPE	0.9	0.1	-
Purchase of PPE	(13.2)	(11.6)	(4.0)
Net cash used in investing activities	(13.6)	(10.6)	(2.1)
Cash flows from financing activities			
Repayment of lease liabilities	(1.1)	(1.3)	(1.3)
Repayment of unsecured bank loan	-	(2.7)	(4.0)
Proceeds from unsecured bank loans	5.7	4.3	-
Finance costs paid	-	(0.3)	(0.5)
Dividends paid to owners of the Company	(37.3)	(12.4)	(4.5)
Deposits pledged	-	-	-
Cash restricted-in-use	(10.1)	1.7	2.5
Net cash used in financing activities	(42.8)	(10.7)	(7.9)
Net increase/(decrease) in cash and cash equivalents	(33.7)	0.4	(14.4)
Cash and cash equivalents at 1 January	106.5	73.8	71.4
Effect of exchange rate fluctuations on cash held	1.0	(2.8)	(1.8)
Cash and cash equivalents at 31 December	73.8	71.4	55.2

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