

FIRST QUARTER RESULTS * FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT



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Name of Announcer *	YHI INTERNATIONAL LIMITED
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Announcement is submitted with respect to *	YHI INTERNATIONAL LIMITED
Announcement is submitted by *	Tay Tian Hoe Richard
Designation *	Executive Chairman and Group Managing Director
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>> ANNOUNCEMENT DETAILS

The details of the announcement start here ...

For the Financial Period Ended *	31-03-2013
Description	Q1 unaudited financial statement and press release for the period ended 31 March 2013
Attachments	<ul style="list-style-type: none">  YHIPressRelease1Q2013.pdf  YHIFY2013Q1Results.pdf Total size = 352K (2048K size limit recommended)



YHI International Limited

MEDIA RELEASE
For Immediate Release

YHI International posts S\$120.4m revenue for its first quarter ended 31 March 2013

“We will focus our efforts on expanding both our distribution and manufacturing businesses and implement stringent cost control measures to maximise our operation efficiency. We believe that such steps will help us move ahead together as a team to build up our businesses as an established distributor of high-quality automotive and industrial products and a reliable manufacturer of alloy,” said Group Managing Director Richard Tay

Singapore, 15 May 2013 – MAINBOARD-LISTED YHI International Limited (YHI or the Group) (友发国际有限公司) today announced its results for first quarter ended 31 March 2013, posting S\$120.4 million and net profit attributable to equity holders of the company (net profit) of S\$1.5 million.

In the corresponding quarter last year, revenue was S\$137.9 million and net profit was S\$5.5 million. Due to the continued weakness in the global economy, the Group saw lower demand for its products in both distribution and manufacturing segments, resulting in lower revenue and net profit for the period under review.

The Group's distribution segment, which accounted for 75.8 per cent of the total revenue, registered a revenue of S\$91.3 million. Its manufacturing segment, which accounted for the remaining 24.2 per cent of the total revenue, saw S\$29.1 million in revenue.

YHI INTERNATIONAL LIMITED

For the quarter under review, gross profit was S\$26.0 million as compared to S\$31.0 million a year ago. This was mainly due to both lower revenue and gross profit margin. In terms of the Group's operating expenses, distribution expenses increased by 2.5 per cent year-on-year to S\$11.3 million from S\$11.0 million mainly due to higher staff costs. Administrative expenses dipped by 3.0 per cent to S\$10.7 million as compared to S\$11.0 million a year ago, due to lower rental expenses in Singapore. Financing costs dropped by 12.5 per cent year-on-year to S\$1.2 million from S\$1.4 million due to lower borrowings in some of the Group's subsidiaries.

Earnings per share were 0.25 Singapore cent for the first quarter ended 31 March 2013 compared with 0.94 Singapore cent a year ago.

Executive Chairman and Group Managing Director, Mr Richard Tay (郑添和) said: "The lingering global economic climate due to the Euro zone sovereign debt situation and the slow economic recovery in United States and China continues to affect the business environment in which YHI is operating. It has been a very challenging quarter for the Group but we will focus our efforts on expanding both our distribution and manufacturing businesses and implement stringent cost control measures to maximise our operation efficiency. We believe that such steps will help us move ahead together as a team to build up our businesses as an established distributor of high-quality automotive and industrial products and a reliable manufacturer of alloy wheels."

He highlighted some of the Group's latest corporate developments. "We are setting up a new office in the Philippines; started distributing our propriety brand, Neutron Tyres in China, the Middle East and Latin America; and have obtained exclusive distribution rights for Otani Tires in Singapore and Hong Kong and Double Coin Tires in Cambodia. We have also inked a new Formula One sponsorship for supplying the Advanti Racing brand of alloy wheels to MERCEDES AMG PETRONAS Formula One Team. I believe that as we focus on executing well and step up our efforts, we will be able to achieve steady revenues in the year ahead," said Mr Tay.

Strong Financial Position

The Group continues to benefit from a healthy balance sheet with net assets of S\$265.6 million. This gives a net asset value per share of 42.94 Singapore cents as of 31 March 2013. Its net working capital was S\$149.6 million with cash and cash equivalents balance of S\$39.9 million and net gearing ratio of 33.8 per cent.

Market capitalisation was S\$172.5 million, derived from a closing share price of 29.5 Singapore cents as at 15 May 2013. The total number of shares issued to date was 584.6 million.

Business Updates

With the continuing uncertainties in the global economy, the Group remains cautious over its business prospects and expects global demand to remain weak. The Group also expects volatility in raw materials prices such as aluminium and currencies to continue in 2013. In view of these challenges, YHI has undertaken the following initiatives to strengthen its performance:

a) Distribution

- **Setting new office in Philippines**

The Philippines office will start operation in the second half of 2013 and its market target is countrywide. It will start off selling tyres and wheels first before progressing to industrial products such as rechargeable energy and automotive batteries.

- **Distribution of Neutron Tyres in China, Middle East and Latin America**

The Group has started distributing its propriety brand, Neutron Tyres in China this month. This is done through distributors at province or city level except in Guangzhou and Beijing. In these two cities where YHI offices are located, the Group will sell directly to retailers. For distributors in other provinces or major cities, they will be managed from YHI's Shanghai office. It is penetrating into China from this year as it has recently obtained the China Compulsory

YHI INTERNATIONAL LIMITED

Certificate for Neuton Tyres, which is a compulsory safety certificate requirement in order to sell tyres in China. In China, YHI will be targeting at the passenger and 4x4 (SUV) segments.

In addition, Neuton Tyres will be sold through distributors in the Middle East and Latin America. In the Middle East, the Group already has distributors in United Arab Emirates, Jordan, Saudi Arabia and is expanding into Lebanon, Iraq and Oman. For Latin America, YHI currently has a presence in Brazil while still undertaking an assessment of the market. For these two areas, YHI is targeting mainly the passenger cars and 4x4 segments.

- **Sponsorship for MERCEDES AMG PETRONAS F1 Team**

In line with YHI's multi-product, multi-brand and multi-category (3M) strategy to raise its profile of its own proprietary brands, the Group, through its business associate, OZ Racing, has secured the rights to supply the Advanti Racing brand of alloy wheels to MERCEDES AMG PETRONAS Formula One Team. This is YHI's second sponsorship in the Formula One after ending its sponsorship of Scuderia Toro Formula One earlier. The Group believes that this new sponsorship would create better branding in terms of the team brand name and racers. The Official Supplier status has been granted to YHI for the 2013, 2014 and 2015 Championships.

- **Exclusive distribution rights for Otani Tires**

The Group has obtained an exclusive distribution rights for Otani Tires from Otani Tires Co., Ltd in Singapore and Hong Kong, mainly for its commercial tyres. Otani Tires Co., Ltd is an established manufacturer of various types of commercial tyres in Thailand.

- **Exclusive distribution rights for Double Coin Tires**

The Group has also recently obtained distribution rights for Double Coin Tires from Double Coin Holdings Ltd in Cambodia for its commercial tyres. Double Coin Holdings Ltd is a leading tyres manufacturer in China.

- **Expansion of Neutron Tyres sizes**

For its proprietary brand, Neutron Tyres, the Group is adding another 10 sizes of 4x4 range and two sizes for passenger cars range. This will bring the total sizes available to more than 70 sizes, thus giving consumers a wider choice. The Group is also planning to add another new 19 sizes of passenger cars range to cater to the China market.

Moving forward, the Group will continue to develop business opportunities implementing its Multi-product, Multi-brand and Multi-category (“3M”) marketing strategies and will focus on promotion and development of its portfolio of premium and proprietary brands.

b) Manufacturing

- **China**

The Group will continue its efforts in innovations, designs and improvements in its production systems to reduce operating costs and improve productivity, and one of its projects is to change the product mix targeting higher value (bigger sizes) alloy wheels for the United States of America and Asia markets to improve margins. In its relentless pursuit in manufacturing R&D, the team has achieved a breakthrough with a new YHI “Flow Forming” technology that enables YHI to produce lighter and stronger alloy wheels. This new technology will lead to lower production costs and enhance the Group’s competitiveness.

- **Malaysia**

Machines for the Malacca factory phase two expansion will be arriving by the end of May 2013 for installation and trial production is expected to start by end of June 2013. With the phase two installation, the Group’s Malacca factory will have an annual production capacity of 600,000 wheels per annum.

This press release should be read in conjunction with the full SGX announcement released by YHI dated 15 May 2013. A copy of the announcement is available on www.sgx.com.

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YHI INTERNATIONAL LIMITED

YHI International Limited (YHI) (友发国际有限公司) is a recognised distributor of high-quality automotive and industrial products, and a familiar and trusted brand name in alloy wheels manufacturing as an Original Design Manufacturer (ODM). It provides integrated services from the design and development to the manufacturing, marketing and distribution of alloy wheels.

Today, YHI's wide international presence can be seen in over 100 countries operating through its 29 subsidiaries and one associated company located in Asia Pacific, North America and Europe. YHI distributes a diverse range of automotive products, which includes tyres, alloy wheels, automotive and industrial batteries, as well as golf and utility buggies to more than 5,000 customers globally.

The key tyre brands are Yokohama, Archilles, Roadstone, Nankang, Nexen, Pirelli, Corsa, Nitto, Otani and its proprietary brand – Neuton. YHI's portfolio of alloy rims includes renowned brands such as Enkei, OZ, Konig, Advanti Racing and Breyton. Advanti Racing is an official partner to Scuderia Toro Rosso Formula One Team since 2008.

YHI's industrial product portfolio includes both automotive batteries and rechargeable batteries for commercial and industrial use as well as golf and utility buggies from EZGO. Some of the key brands of rechargeable batteries it distributes are Hitachi, Trojan, CSB, Benning, Crown, Vision and FIAMM. YHI also has its own proprietary brand of industrial and automotive batteries called Neuton Power.

As an integrated ODM solutions provider, YHI currently has five alloy wheels manufacturing plants located in Shanghai and Suzhou, China, Taoyuan in Taiwan, Sepang and Malacca in Malaysia with a current total production capacity of 3.8 million units per annum.

The Group aims to develop YHI into a global brand name where its tagline "The World is Our Market" will come true. Its plan is to continue to strengthen and widen the YHI's distribution network, through its multi-brand, multi-category and multi-product (3M) marketing strategies, focusing on promotion and development of its portfolio of premium and proprietary brands in the global market.

YHI (Malaysia) Sdn Bhd (YHI Malaysia) received the Super Golden Bull award four times, the latest being 2012 among small and medium-sized enterprises (SMEs) in Malaysia. The award which was organised by Nanyang Siang Pau honoured the best of SMEs in Malaysia.

Started as a sole proprietor in 1948, YHI has successfully diversified its business and was listed on the Mainboard of the Singapore Exchange on 3 July 2003.

Issued on behalf of YHI International Limited by: Waterbrooks Consultants Pte Ltd

Media and Analysts Contact:

Waterbrooks Consultants Pte Ltd

Tel: (+65) 6100 2228

Mr Wayne Koo
Mobile: (+65) 9338 8166
Email: wayne.koo@waterbrooks.com.sg

Mr Daniel Ong
Mobile: (+65) 9181 0139
Email: daniel.ong@waterbrooks.com.sg