



## YHI International Limited

### MEDIA RELEASE

For Immediate Release

# YHI International records 15% rise in net profit to S\$6.3 m on S\$385.5m turnover for nine months ended 30 September 2014

#### Highlights:

- Third consecutive quarter of profit growth
- Stable revenue and improved gross profit margin
- Strong balance sheet with net assets of S\$265.0 million
- Net asset value per share at 43.09 cents

**Singapore, 13 November 2014** – Mainboard-listed **YHI International Limited** (“YHI” or “the Group”) (友发国际有限公司) has reported turnover of S\$385.5 million for the first nine months of 2014 (9M2014), as compared to S\$389.2 million in the same period last year (9M2013). Net profit after tax and non-controlling interests attributable to shareholders (PATMI) increased by 15% to S\$6.3 million in 9M2014. Earnings per share (EPS) was 1.09 Singapore cents in 9M2014 as compared to 0.95 cent in 9M2013.

Distribution business, accounting for 70.8% of the Group’s total turnover, recorded a decrease of 2.7% in turnover, from S\$280.7 million in 9M2013 to S\$273.0 million in 9M2014. Manufacturing business, accounting for 29.2% of the Group’s total turnover, recorded an increase of 3.7% in turnover, from S\$108.5 million in 9M2013 to S\$112.5 million in 9M2014.

Gross profit increased by 3.8% to S\$86.0 million in 9M2014 from S\$82.8 million in 9M2013. The Group’s gross profit margin increased by 1.0% to 22.3% in 9M2014 compared to 21.3%

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in 9M2013, mainly due to improved margins from both the distribution and manufacturing business.

**Executive Chairman and Group Managing Director, Mr Richard Tay (郑添和), said: “With the successful operational consolidation for manufacturing facility in Malaysia, we have witnessed a turnaround in productivity and production efficiency progressively at the Malacca plant. At the same time, we are optimistic that the sale of the Sepang plant will proceed as planned and is scheduled for completion by end of FY2014.”**

**“Moving forward, we will remain vigilant and continue to improve our business and financial fundamentals, keeping in line with our strategy of strengthening our core competencies. YHI strives to focus on brand building, product innovation and design, as well as improvements in our production systems to enhance quality and productivity.”**

### **THIRD QUARTER RESULTS REVIEW**

The Group reported a 4.2% decrease in turnover to S\$133.0 million for third quarter 2014 (3Q2014) from S\$138.9 million in third quarter 2013 (3Q2013) mainly due to lower sales in both distribution and manufacturing business as compared to the corresponding period last year.

Distribution business, accounting for 68.9% of the Group’s total turnover, recorded a decrease of 1.5% in turnover, from S\$93.1 million in 3Q2013 to S\$91.7 million in 3Q2014. Manufacturing business, accounting for 31.1% of the Group’s total turnover, recorded a decrease of 9.8% in turnover, from S\$45.8 million in 3Q2013 to S\$41.3 million in 3Q2014.

Gross Profit increased by 6.1% to S\$30.8 million in 3Q2014 from S\$29.0 million in 3Q2013. The Group’s gross profit margin increased by 2.2% to 23.1% in 3Q2014 compared to 20.9% in 3Q2013 mainly due to improved margins from both the distribution and manufacturing business.

## **FINANCIAL HIGHLIGHTS**

The Group continues to record a healthy balance sheet with net asset of S\$265.0 million. This gives a net asset value per share of 43.09 Singapore cents as at 30 September 2014. Net cashflow from operating activities for 9M2014 was healthy at S\$ 22.9 million with cash and cash equivalents amounted to S\$55.3 million at the end of September 2014.

Market capitalisation was S\$ 131.5 million, derived from a closing share price of 22.5 Singapore cents as at 12 November 2014. The total number of shares issued to date was 584.6 million.

## **BUSINESS OUTLOOK & STRATEGIES**

The operating environment for our manufacturing business is expected to remain challenging. The economic slowdown in our key markets in Europe and China is expected to dampen demand for our alloy wheels.

In Malaysia, YHI Manufacturing (Malaysia) Sdn Bhd, a wholly-owned subsidiary, had entered into a conditional Sale and Purchase Agreement (the "SPA") with Mission Foods Malaysia Sdn Bhd (the "Purchaser") for the sale of the Group's factory in Sepang. Currently, the Group has met most of the key conditions precedent of the SPA and is now waiting for approval from the relevant state authority for the transfer of the land title in favour of the Purchaser.

With the reorganisation of our manufacturing business in both Malaysia and China, we expect to improve production efficiency and reduce operating costs progressively. We will continue to focus on brand building, product innovation & design and improvements in our production technology to strengthen our competitiveness in the market.

The operating environment of our distribution business is expected to remain competitive. The prevailing weak global demand for tyres has impacted our tyres distribution business in Malaysia, Thailand, Indonesia and Australia.

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The Group will continue to leverage on its stable of products to develop and grow its distribution business adopting the multi-product, multi-brand and multi-category (“3M”) growth strategies. The Company will also continue to focus on the 3R policy vigilantly to reduce inventory, reduce accounts receivables and reduce operating costs.

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### **About YHI International Limited ([www.yhi.com.sg](http://www.yhi.com.sg))**

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 supplier to the Mercedes AMG Petronas Formula One Team for 2013 to 2015 Championships after being the official partner to Scuderia Toro Rosso Formula One Team from 2008 to 2012.

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 four alloy wheels manufacturing plants located in Shanghai and Suzhou, China, Taoyuan in Taiwan and Malacca in Malaysia with a current total production capacity of 4.0 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, multicategory 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.

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

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