



YHI International Limited

MEDIA RELEASE

For Immediate Release

YHI International yields 32% in net profit to S\$1.9m for first quarter ended 31 March 2014

Highlights:

- Stable revenue and gross profit margin
- Strong balance sheet with net assets of S\$264.7 million
- Net asset value per share at 43.0 cents

Singapore, 12 May 2014 – Mainboard-listed **YHI International Limited** (“YHI” or “the Group”) (友发国际有限公司) has reported a stable turnover at S\$120.5 million (1Q2014) in the first quarter of 2014 (1Q2014), as compared to S\$120.4 million (1Q2013) in the same period last year. Net profit after tax and non-controlling interests attributable to shareholders (PATMI) increased by 32.0% to S\$1.9 million in 1Q2014.

Executive Chairman and Group Managing Director, Mr Richard Tay (郑添和), said: *“The Group has kickstarted the new fiscal year on a steady pace. We have focused our key priorities on cost management and greater operational efficiency for the year ahead. At the same time, we are well on track for the operational consolidation in Malaysia and China manufacturing plants. We expect our strategic growth plans for both business segments to yield the anticipated results.”*

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.”

FINANCIAL HIGHLIGHTS

Manufacturing business which accounts for 27.6% of the Group's total turnover, recorded an increase of 14.1% in turnover, from S\$29.1 million in 1Q2013 to S\$33.2 million in 1Q2014. Distribution business which accounts for 72.4% of the Group's total turnover, recorded a decrease of 4.5% in turnover, from S\$91.3 million in 1Q2013 to S\$87.3 million in 1Q2014.

Gross Profit increased marginally to S\$26.3 million in 1Q2014 from S\$26.0 million (1Q2013). The Group's gross profit margin increased slightly by 0.2% to 21.8% in 1Q2014 compared to 21.6% in 1Q2013 mainly due to improved margins from the manufacturing business.

The Group continues to benefit from a healthy balance sheet with net asset of S\$264.7 million. This gives a net asset value per share of 43.0 Singapore cents as of 31 March 2014. Cash and cash equivalents amounted to S\$51.5 million at the end of March 2014

Market capitalisation was S\$134.5 million, derived from a closing share price of 23.0 Singapore cents as at 12 May 2014. The total number of shares issued to date was 584.6 million.

BUSINESS OUTLOOK & STRATEGIES

The near-term outlook for our manufacturing business is expected to remain challenging due to the prevailing weak global demand for the After-Market wheels. In order to mitigate the impact of the weak global demand, the Group has started to restructure and reorganize its manufacturing business.

In Malaysia, the relocation of the manufacturing facilities in Sepang to Malacca as well as the consolidation all our manufacturing capacity in the Malacca plant are well underway. With the eventual relocation of all the machinery from Sepang, we expect to raise productivity and

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production efficiency progressively. In China, the two production facilities have been streamlined to cater for domestic and export markets in Shanghai and Suzhou respectively.

The Group will continue to focus on brand building, product innovation & design and improvements in our production systems to enhance quality, productivity and reduce operating costs.

The operating environment of our distribution business is expected to remain competitive. The Group will continue to evaluate and pursue new growth opportunities for our stable of products in existing markets as well as to develop new business opportunities in new markets adopting our multi-product, multi-brand and multi-category (“3M”) growth strategies. In addition to the 3M growth strategies, cost management and higher operational efficiency will be our key priorities for 2014. We will vigilantly pursue our 3R policy to reduce inventory, reduce accounts receivables and reduce operating costs in 2014.

The Group expects the distribution business to continue to be the key contributor for the Group.

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## **YHI INTERNATIONAL LIMITED**

### **About YHI International Limited (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 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 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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