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Vietnam Fortress Tools JSC
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VIETNAM FORTRESS TOOLS ANNOUNCED 2017 RESULTS WITH NET PROFIT UP 175%

Thai Binh, Vietnam – Vietnam Fortress Tools has released very positive financial results for the financial year ended 31 December 2017.

Revenues were up 19% versus 2016, achieved VND 545 billion, equivalent to USD 24 million. The growth was driven by strong European customer demands, especially from giant retailer LIDL.

Gross profit margin was improved from 15% in 2016 to 22% in 2017, thanks to increased volume in cutting tools and greater production efficiency with the operation of the second factory, which specializes in cutting tools like pruners & loppers. Thanks to this, net profit increased 175% to VND 67.7 billion in 2017 (compare to 24.6 billion in 2016).

Operating cash flow was down due to a significant increase in inventory levels, which resulted from the need to stock inventory as buffer for strong sales in Q1.2018, which is estimated at USD 12 million, equivalent to 50% of total sales in 2017. Forecasted sales of 2018 is impressive at USD 60 million, and the company hopes to exceed USD 100 million of sales in the next 3 years, accordance to the management of Fortress.

Vietnam Fortress Tools's 2017 financial statements is audited by VACO Hai Phong, a local audit firm. EY Vietnam, the appointed auditor for 2018 financial statements, has also performed agreed-upon procedures, to ensure the 2017 financial statements present fairly the results of the company's operations and its financial position, and prepare for the financial year ended 31 December 2018.

2018 outlook

2018 will be a very important year for Fortress, when the company becomes a listed public company after converted to a Joint Stock Company in 2016. Previously in 2017, the company as successfully called for capital injection to fund for the 3rd factory, with number of shareholders reached more than 100 and satisfied the criteria of a public company. Among the investors are 2 equity funds from Europe and Thailand.



“More than a decade ago, when we first started in Thai Binh, it was very difficult to convince customers like Walmart or Home depot to place orders directly from Vietnam. For the last few years, Vietnam has become one of the star performers in terms of economic growth, boosted by strong growth in exports, especially in manufacturing sector. Companies like Fortress now has significant advantages compare to competitors in China, who are suffering from rising labor costs, high tax and government’s withdrawal of subsidizing its exporters. I strongly believe that Fortress will continue our dynamic growth in Vietnam in the next decade, with the strong support from our long term customers like LIDL, as well as the local Thai Binh and Vietnam government.” said Mr Hsu Ting Hsin, Chairman cum CEO of Vietnam Fortress Tools as well as General Manager of Formosa Tools Taiwan.

Giant retailer LIDL, one of the biggest and most important customers of Vietnam Fortress Tools, has expressed the intention to assist Vietnam Fortress Tools in becoming their biggest sourcing partner in Vietnam. LIDL will help Fortress develop production capacity in new products such as wooden toys and housewares, apart from our traditional garden tools lines of products. Thai Binh government also gave permission to Fortress to build the 3rd factory in Thai Binh, which will create 1,200 more jobs from our existing workforce of 1,800 employees, and encourage the company to become the province’s most successful listed company. In the next few years, Fortress sets to evolve from a leading garden tools manufacturer to consumer goods manufacturer.

About Vietnam Fortress Tools

Vietnam Fortress Tools JSC (Fortress) was established in 2006 and is the world’s leading manufacturer of gardening tools with over 90% of our products exported to the North American and European markets. Fortress is a member of Formosa Tools Co., a Taiwanese company founded in 1974 by the Hsu family. Fortress currently has two factories located in Thai Binh province (north of Vietnam) that serve as the main production hub for Formosa Tools.