UG HEALTHCARE CORPORATION LIMITED
(Incorporated in Singapore with Unique Entity No.: 201424579Z)
SGX Stock Code: 41A
website: www.ughealthcarecorporation.com

UG Healthcare maintains growth momentum in revenue and gross margin as production efficiency continues to improve in Q3 FY19

- **Group strengthens marketing and distribution infrastructure to support anticipated increase in production, resulting in higher operating expenses**
- **Group is well-positioned to maximise the value from its integrated supply chain, to enhance value for shareholders in the long term**

Key Financial Highlights:

FYE 30 Jun (S$'000)	Q3 FY19	Q3 FY18	YoY Change	9M FY19	9M FY18	YoY Change
Revenue	23,688	19,361	+ 22.3%	65,084	55,909	+ 16.4%
Gross profit	4,756	3,315	+ 43.5%	13,421	9,539	+ 40.7%
Gross profit margin	20.1%	17.1%	+ 3.0 pp	20.6%	17.1%	+ 3.5 pp
Profit before tax	801	1,244	- 35.6%	2,310	3.518	- 34.3%
Net profit (1)	648	1,104	- 41.3%	1,968	3,006	- 34.5%
EPS (2) (cents)	0.34	0.58	- 41.4 %	1.02	1.57	- 35.0 %

** Q3 denotes three months ended 31 March and 9M FY19 denotes nine months ended 31 March 2019.*

(1) Net profit attributable to owners of the Company

(2) Earnings per share is based on average weighted number of shares of 193.3 million for Q3 FY19 and 9M FY19, and 191.5 million for Q3 FY18 and 9M FY18.

Singapore, 13 May 2019 – UG Healthcare Corporation Limited 优格医疗 ("**UG Healthcare**" and together with its subsidiaries, the "**Group**"), a disposable gloves manufacturer with its own established global downstream distribution business that markets and sells disposable glove products under its proprietary "Unigloves" brand, recorded a 43.5% year-on-year increase in gross profit to S$4.8 million, in tandem with a 22.3% increase in revenue to S$23.7 million, for the three months ended 31 March 2019 ("**Q3 FY19**"). Stronger revenue was due to the higher volume of gloves produced and sold through its integrated supply chain with the additional annual capacity of 500 million pieces of gloves from the new production facility ("**Phase 1**"), achieving full commercialisation at end January 2019. Overall gross profit margin increased from 17.1% in Q3 FY18 to 20.1% in Q3 FY19.

"**We expect the overall utilisation of our production capacity to improve incrementally as we continue to pursue optimal utilisation for our production capacity. To achieve effective branding and marketing campaigns for our proprietary "Unigloves" products, we have also strengthened our marketing and distribution infrastructure to market and sell the anticipated higher volume of gloves. These concurrent**

twin efforts resulted in an increase in our operating expenses in the short-term, but this will enable us to maximise the value in our integrated supply chain, and thereby enhance value for our shareholders in the long term." said Mr Lee Jun Yih, Executive Director of UG Healthcare.

Revenue analysis by geographical location

	9M FY19 (S$'000)	9M FY18 (S$'000)	Increase /(Decrease)	HY19 (S$'000)
Europe	30,897	24,884	+ 24.2%	20,140
North America	12,043	11,394	+ 5.7%	8,133
South America	9,696	7,732	+ 25.4%	4,718
Africa	2,878	1,946	+ 47.9%	1,743
Asia (mainly China)	6,167	5,503	+ 12.1%	4,103
Malaysia	3,403	4,450	- 23.5%	2,558
Total	**65,084**	**55,909**	**+ 16.4%**	**41,395**

Added Mr Lee, "**We are mindful of the ongoing geopolitical uncertainties and have been prudent with expanding both our manufacturing and distribution businesses. As we continue to experience double-digit growth in our key markets, we plan to increase our annual production capacity by another 300 million gloves at the new production facility, potentially bringing the total annual capacity to 3.2 billion gloves by the second half of FY2020.**

In support for the anticipated increase in the volume of gloves produced, we have continued to strengthen our marketing and distribution network in key markets including Europe, the US, China, Nigeria and Brazil. Recently, we have added a new distribution company in Chengdu to expand our market reach in China.

We believe that our strategy in producing the gloves under our proprietary "Unigloves" brand and selling through our downstream distribution network enables us to maintain our margins and drive earnings growth, as we work towards optimal efficiency in our upstream manufacturing and achieve effective branding and marketing for our proprietary brands."

As a result of the integrated supply chain, the Group recognises sales only after the products have been sold by the distribution companies. The goods in transit and in the warehouses of its distribution companies are recorded as inventory, and can only be recognised as revenue when they are sold to end consumers.

Financial Review

In the period under review, other income decreased by 32.8% from S$0.7 million in Q3 FY18 to S$0.5 million in Q3 FY19 as a result of an absence of realised and unrealised gains from foreign exchange, partially offset by a fair value gain on financial derivative.

Total operating expenses increased 43.5% from S$2.8 million in Q3 FY18 to S$4.0 million in Q3 FY19. The significant increase was mainly due to higher marketing and distribution expenses in anticipation of higher volume of gloves produced, as well as higher administrative expenses with the increase in personnel across all departments to accommodate the expansion in both manufacturing and distribution networks in Brazil, the United Kingdom, China, and Nigeria.

Other expenses increased significantly from S$28,000 in Q3 FY18 to S$0.2 million in Q3 FY19, mainly due to an increase in unrealised foreign exchange losses. In particular, the appreciation of Ringgit, in which the Group's trade payables are denominated.

The increased utilisation of trade facilities and term loans to finance the construction of the new production facility and installation of new production lines, increased finance costs from S$0.2 million in Q3 FY18 to S$0.5 million in Q3 FY19.

Share of profits from associates remained fairly constant at S$0.2 million in Q3 FY19 and Q3 FY18. After taking into account the tax expenses and minority interests, the Group's net profit attributable to shareholders declined by 41.3% from S$1.1 million in Q3 FY18 to S$0.6 million in Q3 FY19.

As at 31 March 2019, the Group's net asset value increased marginally to S$42.5 million as compared with S$41.9 million as at 30 June 2018. Consequently, net asset value per share increased from 21.87 Singapore cents as at 30 June 2018 to 22.00 Singapore cents as at 31 March 2019.

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This media release is to be read in conjunction with the Company's results announcement posted on the SGX website on 13 May 2019.

About UG HEALTHCARE CORPORATION LIMITED 优格医疗有限公司

UG Healthcare Corporation Limited ("**UG Healthcare**" and together with its subsidiaries, the "**Group**"), is a disposable gloves manufacturer with its own established global downstream distribution that markets and sells disposable glove products under its proprietary "**Unigloves**" brand.

The Group owns and operates an extensive downstream network of distribution companies with a local presence in Europe, United Kingdom, USA, China, Africa, South America, Japan, Korea and Canada, where it markets and sells its own proprietary "Unigloves" brand of disposable gloves. The Group also distributes ancillary products including surgical gloves, vinyl and cleanroom disposable gloves, face masks and other medical disposables.

These downstream distribution companies are supported and complemented by the Group's own upstream manufacturing division, manufacturing natural latex and nitrile disposable gloves under its "Unigloves" brand and third-party labels in its manufacturing facilities located in Seremban, Malaysia.

Its "Unigloves" brand of disposable gloves offers an extensive product range that includes both specialised products, with a variety of coatings, scents, colours, thickness, anti-microbial properties for more specialised users, as well as generic products. These products are used across a diverse range of industries requiring cross infection protection and hygiene standards, whilst catering to different applications and preferences.

For more information, please visit the company's website at www.ughealthcarecorporation.com

Issued for and on behalf of **UG HEALTHCARE CORPORATION LIMITED** by:

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