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

UG Healthcare registers 18% revenue growth in FY2019 and enhances gross margin to 20% with higher production efficiency and strengthening of its downstream distribution in Brazil, China, Europe and Africa

- **Group continues to invest to build its downstream marketing infrastructure**
- **Proposes first and final dividend of S$0.00259 per share to reward shareholders**
- **Group is on track to achieve higher revenue and improved earnings in the coming quarters as production efficiency continues to increase and production capacity stabilises through its distribution network**

Key Financial Highlights:

FYE 30 Jun (S$'000)	Q4 FY19	Q4 FY18	YoY Change	FY19	FY18	YoY Change
Revenue	26,628	22,151	+ 20.2%	91,712	78,060	+ 17.5%
Gross profit	5,295	3,225	+ 64.2%	18,716	12,764	+ 46.6%
Gross profit margin	19.9%	14.6%	+ 5.3 pp	20.4%	16.4%	+ 4.0 pp
Profit before tax	453	1,529	- 70.4%	2,763	5,047	- 45.3%
Net profit (1)	539	1,329	- 59.4%	2,507	4,335	- 42.2%
EPS (2) (cents)	0.28	0.69	- 59.4 %	1.30	2.26	- 42.5%

** Q4 denotes three months ended 30 June and FY denotes twelve months ended 30 June.*

(1) Net profit attributable to owners of the Company

(2) Earnings per share is based on the average weighted number of shares of 193.3 million for Q4 FY19 and FY19, and 191.8 million for Q4 FY18 and FY18.

Singapore, 26 August 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, reported a 42.2% decrease in net profit to S$2.5 million for the financial year ended 30 June 2019 ("**FY19**"). The weaker performance was due to higher marketing and distribution, administrative and finance expenses as the Group continued to expand its distribution network with new subsidiaries in Brazil and Chengdu, China, as well as marketing campaigns, to ensure demand for its new additional production capacity.

The additional annual capacity of 500 million pieces of gloves from the new production facility, which achieved full commercialisation at end January 2019, together with its expanded distribution network, increased the Group's revenue by 17.5% from S$78.1 million in FY2018 to S$91.7 million in FY2019 with higher volume of gloves produced and sold through its integrated supply chain[1].

Revenue analysis by geographical location

	FY19 (S$'000)	FY18 (S$'000)	Increase /(Decrease)
Europe	42,607	34,192	+ 24.6%
North America	15,678	15,279	+ 2.6%
South America	16,301	12,640	+ 29.0%
Africa	3,835	2,573	+ 49.0%
Asia	8,558	7,683	+ 11.4%
Others	4,733	5,693	- 16.9%
Total	**91,712**	**78,060**	**+ 17.5%**

The increase in manufacturing capacity lifted overall production efficiency and economies of scale, which saw gross profit increased by 46.6% from S$12.8 million in FY18 to S$18.7 million in FY19, and gross profit margin increased from 16.4% in FY18 to 20.4% in FY19.

Mr. Lee Jun Yih, Executive Director of UG Healthcare said, "**We are appreciative of the patience and support from our shareholders towards our ambition to build, manage and operate an integrated supply chain for our proprietary branded glove products. The increase in operating expenses as we increase our production capacity and expand our market reach is inevitable in the short-term.**

While it is relatively demanding for a Group of our size to manage the twin engines concurrently, we believe our strategy to manage both upstream manufacturing and downstream distribution through our proprietary branded products, will enable us to have a sustainable business that is capable of generating higher value for the Group in the long run.

Taking into consideration of the ongoing macro uncertainties, we postponed slightly our initial timing to construct new production lines to increase our annual production capacity at the new production facility by another 300 million gloves, to achieve 3.2 billion gloves in FY2020. Instead, we are taking the prudent approach of upgrading some of our existing production lines, which would further enhance their production efficiency and economies of scale.

As disposable gloves are essential consumables in a wide range of industries including healthcare, medical, food & beverage, automotive, and beauty, we believe that the Group is on track to achieve better margins and improved earnings in the coming quarters as we raise production efficiency and volume, which will be absorbed through our distribution network in key markets."

[1] 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 57.4% from S$4.2 million in FY18 to S$1.8 million in FY19, due to lower realised and unrealised foreign exchange gain amounting to S$3.3 million as Malaysia Ringgit remained fairly stable against the US dollar, and offset by the fair value gain on financial derivative amounting to S$0.7 million.

Total operating expenses increased 41.6% from S$10.7 million in FY18 to S$15.1 million in FY19. The significant increase was mainly due to the expansion of both the Group's manufacturing operations in Malaysia and its distribution networks, particularly in Brazil, United Kingdom, China, and Nigeria, which saw higher marketing and distribution expenses, as well as higher administrative expenses with increases in personnel across all departments.

Other expenses increased from S$1.2 million in FY18 to S$1.8 million in FY19, due to unrealised foreign exchange losses amounting to S$1.5 million as British pound sterling and Renminbi depreciated against the US dollar during the financial period. This was offset by the absence of fair value loss on financial derivative of S$1.1 million reported in FY18.

The increased utilisation of trade facilities and the term loan to finance the construction of the new production facility, doubled finance costs from S$0.8 million in FY18 to S$1.6 million in FY19.

Share of profits from associates increased slightly from S$0.6 million in FY18 to S$0.7 million, due to higher profits reported by its German and US associates. After taking into account the tax expenses and minority interests, the Group's net profit attributable to shareholders declined by 42.2% from S$4.3 million in FY18 to S$2.5 million in FY19.

The Group's net asset value increased to S$43.2 million as at 30 June 2019, 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 22.32 Singapore cents as at 30 June 2019.

The Board is recommending a first and final (tax-exempted) dividend of S$0.00259 per ordinary share for FY19, which translates to approximately 20% of the net profit. Shareholders will have the option of receiving the dividend in scrip or cash.

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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 26 August 2019.

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

(Stock Codes – SGX: 41A | Bloomberg: UGHC SP | Reuters: UGHE.SI)

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:

OCTAVE FINCOMM 富登财经

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*This media release has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**").*

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