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

UG Healthcare continues to drive double-digit growth in revenue in Q1 FY20

- **Weaker financial performance was mainly due to:**
  - ✓ **modification of existing production lines to raise production efficiency, increased maintenance cost and lowered gross margin**
  - ✓ **unrealised foreign exchange losses from downstream distribution subsidiaries, due to the stronger USD against the respective functional currencies**
- **Improved production efficiency will drive earnings growth in the coming quarters**
- **Group continues to drive growth and strengthen its integrated supply chain in building a sustainable business for the long term**

Key Financial Highlights:

FYE 30 Jun (S$'000)	Q1 FY20	Q1 FY19	*YoY Change*
Revenue	26,302	20,344	*+ 29.3%*
Gross profit	4,976	4,432	*+ 12.3%*
Gross profit margin	18.9%	21.8%	- 2.9 pp
(Loss) / Profit before tax	(70)	1,155	*N.M.*
Net profit (1)	305	1,038	*- 70.6%*
Earnings per share (2) (cents)	0.16	0.54	*- 70.4%*

** Q1 denotes three months ended 30 September, and N.M. denotes not meaningful.*
(1) Net profit attributable to owners of the Company
(2) Based on average weighted number of shares of 193.3 million for Q1 FY20 and 191.8 million for Q1 FY19.

Singapore, 11 November 2019 – UG Healthcare Corporation Limited ("**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, registered a 29.3% year-on-year increase in revenue to S$26.3 million for the three months ended 30 September 2019 ("**Q1 FY20**"). Net profit, however, declined 70.6% year-on-year to S$0.3 million in Q1 FY20, mainly due to (i) increase in maintenance cost arising from the modification of existing production lines to raise production efficiency for the next phase, which also undermined the gross margin, (ii) higher operating expenses as a result of expanded operations in both upstream manufacturing and downstream distribution, as compared to a year ago, and (iii) unrealised foreign exchange losses from downstream distribution subsidiaries due to a stronger US dollar against the functional currencies of the respective subsidiaries in their local markets in Q1 FY20.

The increase in production efficiency and higher sales volume through the expansion of the distribution network continued to drive growth in the Group's revenue, which saw an increase of 29.3% from S$20.3 million for the three months ended 30 September 2018 ("**Q1 FY19**") to S$26.3 million in Q1 FY20. The emerging markets including South America (predominantly Brazil) and Africa, continued to record strong growth.

Revenue analysis by geographical location

	Q1 FY20 (S$'000)	Q1 FY19 (S$'000)	Increase /(Decrease)
Europe	10,905	10,366	+ 5.2%
North America	3,814	3,897	- 2.1%
South America	6,488	1,931	> 100.0%
Africa	1,486	951	+ 56.3%
Asia	2,069	2,160	- 4.2%
Others	1,540	1,039	+ 48.2%
Total	**26,302**	**20,344**	**+ 29.3%**

In line with the increase in revenue, gross profit increased by 12.3% from S$4.4 million in Q1 FY19 to S$5.0 million in Q1 FY20. Due to an increase in maintenance expenses for the scheduled modification of some existing production lines during the quarter under review, gross profit margin slipped to 18.9% in Q1 FY20, down from 21.8% in Q1 FY19.

"**We will continue to persevere in our strategy in managing and strengthening the integrated supply chain, comprising both upstream manufacturing and downstream distribution, through our proprietary branded products amid the challenges in the business environment.**

We are mindful of the variable factors that the Group could experience in the respective emerging markets such as Brazil and Nigeria, where we co-own and co-manage the marketing and distribution operations with our local partners. The initial phase of building our presence requires patience, and overcoming adversities is part-and-parcel of growing a business.

As macro uncertainties persist, we will continue to approach expansion prudently, maximising our production efficiency and driving growth in both revenue and earnings. The Group is determined to build a sustainable business that is capable of generating higher value for our stakeholders in the long term," said Mr. Lee Jun Yih, Executive Director and Finance Director of UG Healthcare.

Financial Review

In the period under review, other income remained fairly stable at S$0.1 million. Total operating expenses increased 26.1% from S$3.1 million in Q1 FY19 to S$3.9 million in Q1 FY20. The increase was mainly due

to the expansion in 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. The marketing efforts are targeted towards achieving optimal utilisation with its production capacity.

Other expenses increased from S$0.2 million in Q1 FY19 to S$0.9 million in Q1 FY20, due mainly to unrealised foreign exchange losses as the Brazilian Real, British pound sterling and Renminbi depreciated against the stronger US dollar during the financial period.

The increased utilisation of trade facilities, which corresponded with the increase in sales, led to higher finance costs, increased from S$0.4 million in Q1 FY19 to S$0.5 million in Q1 FY20.

Share of profits from associates declined slightly from S$235,000 in Q1 FY19 to S$226,000 in Q1 FY20, due to lower 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 70.6% from S$1.0 million in Q1 FY19 to S$0.3 million in Q1 FY20.

The Group's net asset value decreased marginally to S$42.0 million as at 30 September 2019, as compared with S$42.3 million as at 30 June 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 11 November 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

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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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