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

UG Healthcare maintains double-digit revenue growth momentum in HY2020, continues to strengthen both upstream manufacturing and downstream distribution networks and infrastructure

- **Group continues to drive earnings growth through targeted marketing campaigns and expanded downstream distribution networks in Brazil, UK, China, and Nigeria, as upstream manufacturing stabilises with higher production efficiency**

Key Financial Highlights:

FYE 30 Jun (S$'000)	HY2020	HY2019	YoY Change	FY2019
Revenue	53,178	41,395	+ 28.5%	91,712
Gross profit	9,763	8,665	+ 12.7%	18,716
Gross profit margin	18.4%	20.9%	- 2.5 pp	20.4%
Profit before tax	846	1,508	- 43.9%	2,763
Net profit (1)	846	1,319	- 35.9%	2,507
EPS (2) (cents)	0.43	0.68	- 36.8%	1.30

* HY denotes six months ended 31 December
(1) Net profit attributable to owners of the Company
(2) Earnings per share is based on the average weighted number of shares of 196.1 million for HY2020 and 193.3 million for HY2019.

Singapore, 13 February 2020 – **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 lower net profit of S$0.8 million on the back of an increase in revenue to S$53.2 million for the six months ended 31 December 2019 ("**HY2020**"). The decline in net earnings was attributed to the Group's continuous efforts to drive sustainable long term growth through (i) increasing marketing campaigns and expansion of its distribution network as its upstream production capacity works towards achieving optimal utilisation, and (ii) increasing recruitment across all departments and at its distribution network in Brazil, the United Kingdom, China and Nigeria.

The increase in revenue was mainly driven by higher volume of gloves produced and sold as a result of improved production efficiency, and higher sales that flowed through the Group's expanded global distribution network.

Revenue analysis by geographical location

	HY2020 (S$'000)	HY2019 (S$'000)	Increase /(Decrease)
Europe	20,714	20,140	+ 2.9%
North America	8,780	8,133	+ 8.0%
South America	14,220	4,718	> 100.0%
Africa	2,536	1,743	+ 45.5%
Asia	4,184	4,103	+ 2.0%
Others	2,744	2,558	+ 7.3%
Total	**53,178**	**41,395**	**+ 28.5%**

The Group had commenced its program on major modification and upgrading of some of its existing production lines in progressive stages since June 2019 and this program is scheduled to complete in June 2020. This program aimed to raise overall production efficiency is to complement the additional 500 million gloves added to the annual production capacity at end January 2019. Gross profit increased by 12.7% from S$8.7 million in HY2019 to S$9.8 million in HY2020, while gross profit margin slipped from 20.9% in HY2019 to 18.4% in HY2020 as a result of an increase in maintenance costs from the modification of production lines to increase production efficiency for the next phase of expansion.

Mr. Lee Jun Yih, Executive Director of UG Healthcare said, "**Due to the recent outbreak of the coronavirus, we have been receiving a surge in orders for latex and nitrile gloves. This delayed our plan to modify certain production lines slightly. Nevertheless, we are on track to achieve optimal utilisation with the existing production capacity of 2.9 billion gloves per annum in this current financial year, before we embark to construct new production lines. The additional 300 million gloves annual capacity is planned to come on stream in the financial year ending 30 June 2021 ("FY2021").**

While our upstream manufacturing stabilises, we continue to step up our efforts to develop our key downstream markets in Brazil, UK, China, and Nigeria, where we deploy targeted marketing campaigns to build demand for our "Unigloves" brand of glove products and strengthen our own distribution networks and infrastructure.

We believe that the increase in operating expenses in the short-term is temporary, but essential in building our proprietary "Unigloves" brand, expanding market reach, and improving sustainable sales for the long term.

We are appreciative of the confidence our stakeholders have in us, supporting us in our ambition to build an integrated supply chain with our proprietary brand. We believe the progressive

completion of the ongoing major modifications of our existing production lines, coupled with the targeted marketing campaigns and expanded distribution networks, will see the Group continue to improve our growth momentum in both revenue and earnings in the near future."

Financial Review

In the period under review, other income remained relatively stable at S$0.1 million as compared to HY2019. Total operating expenses increased 23.6% from S$6.4 million in HY2019 to S$7.9 million in HY2020. The increase was mainly due to higher marketing and distribution expenses with increases in marketing campaigns and expansion in distribution networks, as well as higher administrative expenses with increases in headcount across all departments and distribution networks in Brazil, the United Kingdom, China, and Nigeria.

Other expenses mainly arise from the unrealised loss from foreign exchange, remained fairly stable at S$0.4 million in HY2020.

In line with the increase in revenue, finance costs increased by 30.9% from S$0.8 million in HY2019 to S$1.0 million in HY2020 with increased utilisation of trade facilities.

Share of profits from associates decreased by 23.0% to S$0.3 million in HY2020 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 35.9% from S$1.3 million in HY2019 to S$0.8 million in HY2020.

UG Healthcare is not required to announce quarterly results and it will announce its unaudited financial statements for the full year ending 30 June 2020 in August 2020. Nevertheless, the Group will update shareholders of any material developments as and when they arise.

###

This media release is to be read in conjunction with the Company's results announcement posted on the SGX website on 13 February 2020.

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:

富登财经 FinComm
OCTAVE

Investor relations contact:

Rosalina Soh 苏沛熙
Office : (65) 6260 4290
Mobile : (65) 9677 6683
Email : rosalina@octavecomms.com

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

*This media release has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this media release, including the correctness of any of the statements or opinions made or reports contained in this media release.*

The contact person for the Sponsor is Ms Tay Sim Yee (Telephone: +65 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.