UG HEALTHCARE CORPORATION LIMITED
优格医疗有限公司
Incorporated in the Republic of Singapore
website: www.ughealthcarecorporation.com

UG HEALTHCARE REGISTERS 21% GROWTH IN NET PROFIT FOR Q1FY19

- ***Gross margin strengthened to 21.8% in Q1FY19, demonstrating the effect of the Group's integrated supply chain***
- ***The Group continues to strengthen its integrated supply chain with its proprietarily branded glove products and global direct customer base to enhance stable and sustainable earnings growth for the long term***

Key Financial Highlights:

FYE 30 Jun (S$'000)	Q1 FY19	Q1 FY18	*YoY Change*
Revenue	20,344	18,265	*+ 11.4%*
Gross profit	4,432	2,969	*+ 49.3%*
Gross profit margin	*21.8%*	*16.3%*	*+ 5.5 pp*
Profit before tax	1,155	1,093	*+ 5.7%*
Net profit (1)	1,038	859	*+ 20.8%*
Earnings per share (2) (cents)	0.54	0.45	*+ 20.0%*

** Q1 denotes three months ended 30 September*

(1) Net profit attributable to owners of the Company

(2) Based on average weighted number of shares of 191.79 million for Q1FY19 and 191.82 million for Q1FY18.

Singapore, 12 November 2018 – UG Healthcare Corporation Limited (优格医疗有限公司) ("**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, announced that the Group registered a 20.8% growth in net profit to S$1.0 million on the back of an 11.4% increase in revenue to S$20.3 million for the three months ended 30 September 2018 ("**Q1FY19**").

Reconfiguration of production together with the progressive commercialisation of the additional production capacity of 500 million gloves per annum, continues to drive productivity for its proprietary brand of gloves, which the Group markets and sells through its own downstream global distribution network. The Group expects to record revenue for the additional gloves produced in the following quarters after they have been delivered and sold by its distribution companies to end customers. The shipments of gloves that are currently en route or at the docks of their destination countries awaiting customs clearance are classified as inventories in the balance sheet.

Commenting on the financial performance, Mr. Lee Jun Yih, Executive Director of UG Healthcare said, ***"As a result of our integrated supply chain model that encompasses upstream manufacturing and downstream distribution network, the Group has to adhere to the accounting treatment on the recognition of our sales revenue. The mismatch on the increase in production capacity and revenue growth is more prominent, particularly at the initial stage when new production lines go into commercialisation. We foresee that this delay in revenue recognition of the additional 500 million gloves will smooth out over the next two quarters as the increase in productivity normalises.***

Our conscientious effort in building on integrated supply chain with our proprietary brand of glove products as well as a global direct customer base over the last few years, is bearing fruit in a gradual and sustainable manner."

In tandem with revenue growth, gross profit increased by 49.3% from S$3.0 million in Q1FY18 to S$4.4 million in Q1FY19. The relatively stable raw material prices and higher production efficiency lifted overall gross profit margin from 16.3% in Q1FY18 to 21.8% in Q1FY19.

The decrease in realised foreign exchange gain resulted in a slight decline in other income from S$0.5 million in Q1FY18 to S$0.4 million in Q1FY19.

Total operating expenses increased by 32.1% from S$2.3 million in Q1FY18 to S$3.1 million in Q1FY19. This was mainly due to higher administrative expenses with the increase in personnel across all departments to accommodate the expansion in both manufacturing and distribution network in the United Kingdom, China, and Nigeria. This preparation is essential for the Group's next phase of growth.

Other expenses increased significantly from S$30,000 in Q1FY18 to S$0.5 million in Q1FY19, mainly due to an increase in unrealised foreign exchange losses as the US dollar strengthened against the British Pound, Euro and Renminbi, which are the functional currencies of some of its subsidiaries. The increased utilisation of trade facilities raised finance costs from S$0.2 million in Q1FY18 to S$0.4 million in Q1FY19.

Share of profits from its German and USA associates increased by 28.4% to S$235,000 in Q1FY19, as compared with S$183,000 in Q1FY18. Taking into account the tax expenses and minority interests, the Group registered a 20.8% increase in net profit attributable to shareholders of S$1.0 million in Q1FY19.

Net asset value increased to S$42.4 million as at 30 September 2018, up from S$42.0 million as at 30 June 2018. Consequently, net asset value per share increased from 21.87 Singapore cents as at 30 June 2018 to 21.92 Singapore cents as at 30 September 2018.

Business Outlook

Amid geopolitical uncertainties, trade issues and macroeconomic conditions, the Group will continue to monitor and manage its risks in raw material prices and currency fluctuations closely.

Added Mr. Lee, "***We will continue to work on optimising our capabilities in both upstream manufacturing and downstream distribution to maximise value from our integrated supply chain model. The Group is committed to improving values for all our stakeholders.***"

The Group's upstream manufacturing has progressively rolled out Phase 1 of the new production facility, adding 500 million gloves per annum, bringing total production capacity to 2.9 billion gloves per annum. It expects full commercialisation, that takes into account production, distribution, marketing, sales and customer support, to be achieved by December 2018.

In addition, the Group will update shareholders in due course if it decides to increase production capacity by another 300 million gloves per annum at the new production facility. This could potentially bring the Group's total capacity to 3.2 billion gloves per annum eventually.

It is the Group's intention and strategy to market and sell the increased volume of gloves produced under its proprietary "Unigloves" brand through its established distribution companies located in its key markets of Europe, the US, China, Nigeria and Brazil, where they operate their own warehousing and logistics infrastructure, and focus on driving marketing and sales in their respective markets.

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This press release is to be read in conjunction with the Company's results announcement posted on the SGX website on 12 November 2018.



About UG HEALTHCARE CORPORATION LIMITED

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

UG Healthcare Corporation Limited (优格医疗有限公司) ("**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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Issued for and on behalf of **UG HEALTHCARE CORPORATION LIMITED** *by*:

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*This press release has been prepared by UG Healthcare Corporation Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this press release.*

This press release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release.

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