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

UG Healthcare registers record revenue and net profit for FY20

- **Plans to expedite production capacity expansion to 4.6 billion pieces of gloves per annum by end June 2021, a 59% increase from current production capacity**
- **Confident that its integrated supply chain cum own-brand business model will be able to absorb the additional capacity and generate sustainable growth beyond the pandemic crisis**

Key Financial Highlights:

FYE 30 Jun (S$'000)	2H FY20	2H FY19	YoY Change	FY20	FY19	YoY Change
Revenue	91,031	50,317	+ 80.9%	144,209	91,712	+ 57.2%
Gross profit	32,756	10,051	> 100.0%	42,519	18,716	> 100.0%
Gross profit margin	36.0%	20.0%	+ 16.0 pp	29.5%	20.4%	+ 9.1 pp
Profit before tax	17,211	1,255	> 100.0%	18,057	2,763	> 100.0%
Net profit (1)	12,556	1,188	> 100.0%	13,402	2,507	> 100.0%
EPS (2) (cents)	6.40	0.61	> 100.0%	6.83	1.30	> 100.0%

* 2H denotes six 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 196.1 million as at 30 June 2020 and 193.3 million as at 30 June 2019.

Singapore, 11 August 2020 – UG Healthcare Corporation Limited 优格医疗集团 ("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, achieved record revenue and net profit of S$144.2 million and S$13.4 million, respectively, for the financial year ended 30 June 2020 ("**FY20**"). The significant increase in both revenue and net profit were attributable to the increase in the volume of glove products produced and sold with contribution from new production lines, as well as the increase in the selling prices of gloves amidst the outbreak of the global coronavirus pandemic.

Mr Lee Jun Yih, Executive Director of UG Healthcare said, "**We have been building our integrated supply chain from upstream manufacturing to downstream distribution for our proprietary branded products since inception, albeit at a gradual pace. The global pandemic jolted everyone from our conventional lifestyle and led the Group to a breakthrough, pushing us forward at a quicker pace, as we have seen in our fourth quarter performance.**

As we continue to focus on strengthening our relationship with long term customers by prioritising our capacity to ensure they have the required inventory to meet their needs, we have to bring forward our production capacity expansion plans to cope with the higher demand. The earlier planned additional capacity of 300 million pieces of gloves per annum by end June 2021, will be brought forward to March 2021 and the intended additional capacity will be raised by 200 million pieces per annum to 500 million pieces of gloves per annum with the advancements in the design and technology of the production lines.

Currently, we are planning to expedite a further expansion in our production capacity by another 1.2 billion pieces per annum, which will bring our installed production capacity to 4.6 billion pieces per annum by end June 2021 ("FY21") or beginning of the first quarter of FY22 (end September 2021).

We are appreciative of the patience and support from our stakeholders – employees, suppliers, customers and shareholders over the years, and we are confident that our integrated supply chain cum own-brand business model will see us through past the pandemic."

The Board is recommending a first and final (tax-exempted) dividend of 0.714 Singapore cents per ordinary share for FY20, an increase from 0.259 Singapore cents in FY19. Shareholders will have the option of receiving the dividend in scrip or cash.

Financial Review

The outbreak of global coronavirus pandemic raised the awareness of hygiene and inevitably the supposed usage of medical supplies including disposable gloves for every person/patient. This has led to the sudden surge in demand, particularly in developing countries.

Revenue analysis by geographical location

	FY20 (S$'000)	FY19 (S$'000)	Increase /(Decrease)
Europe	51,798	42,607	+ 21.6%
North America	19,706	15,678	+ 25.7%
South America	47,489	16,301	> 100.0%
Africa	7,022	3,835	+ 83.1%
Asia	13,019	8,558	+ 52.1%
Others	5,175	4,733	+ 9.3%
Total	**144,209**	**91,712**	**+ 57.2%**

The Group had completed its major modification and upgrading of some of its existing production lines in early May and has been operating at its optimum efficiency of 2.9 billion pieces of gloves per annum. In FY20, revenue for latex examination gloves, nitrile examination gloves and other ancillary products increased by 58.0%, 55.8% and 60.7% respectively, as compared to a year ago.

Gross profit surged from S$18.7 million in FY19 to S$42.5 million in FY20 on the back of higher selling prices of gloves, particularly in 2H FY20. Composite gross margin increased from 20.4% in FY19 to 29.5% FY20.

Other income increased from S$0.2 million in FY19 to S$0.4 million in FY20 due to higher interest income. Total operating expenses increased 17.5% from S$15.1 million in FY19 to S$17.7 million in FY20. The increase was mainly due to higher marketing and distribution expenses with the increase in marketing campaigns and expansion in the distribution networks in Brazil, the United Kingdom, China, and Nigeria, as well as increase in personnel costs for the manufacturing operations in Malaysia.

Other expenses mainly due to the loss from foreign exchange, increased by S$6.1 million from S$0.2 million in FY19 to S$6.3 million in FY20. The volatile fluctuations of the functional currencies including Brazilian Real, Renminbi and British Pound against the US Dollar for the Group's distribution companies in Brazil, China and the UK which led to foreign exchange losses. In addition, the Group recorded S$0.6 million of allowance for doubtful debt in FY20.

In line with the increase in revenue, finance costs increased by 22.7% from S$1.6 million in FY19 to S$2.0 million in FY20 mainly due to the increased utilisation of trade facilities.

Share of profits from associates increased by 62.6% from S$0.7 million in FY19 to S$1.2 million in FY20 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 surged from S$2.5 million in FY19 to S$13.4 million in FY20.

The Group's net asset value increased to S$52.2 million as at 30 June 2020, as compared with S$42.3 million as at 30 June 2019. Correspondingly, net asset value per share increased from 22.43 Singapore cents as at 30 June 2019 to 27.68 Singapore cents as at 30 June 2020.

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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 August 2020.

UG HEALTHCARE CORPORATION LIMITED 优格医疗集团有限公司

(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 and South America, 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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