



**UG HEALTHCARE CORPORATION LIMITED**

(Company Registration No.: 201424579Z)

Incorporated in the Republic of Singapore

## **UG HEALTHCARE REGISTERS RECORD REVENUE OF S\$56 MILLION FOR FY2015**

- **Gross profit grows in tandem with revenue growth, while gross margin maintained stable at 20.7% despite keen industry competition**
- **Group achieved S\$3.2 million in net profit attributable to shareholders as higher operating expenses were incurred in preparation for the next phase of growth, as well as due to the one-off IPO expenses**
- **Expansion of production capacity and sales and distribution network is underway and will be pursued prudently to drive growth to meet customers' and markets' demand for the Group's examination gloves**

**Singapore, 20 August 2015 – UG Healthcare Corporation Limited (优格医疗有限公司)** together with its subsidiaries (“**UG Healthcare**” or the “**Group**”), an established natural latex and nitrile examination gloves manufacturer and distributor, today announced that it has achieved record revenue of S\$55.7 million for the financial year ended 30 June 2015 (“**FY2015**”), an increase of 13.7% from S\$49.0 million in FY2014. Higher revenue was attributed to the increase in volume of gloves produced and sold, in tandem with the Group’s expansion in its production capacity, which was undermined by pricing pressure amid intense competition in the industry. Net profit attributable to shareholders of S\$3.2 million for FY2015 was 35.4% lower than the S\$4.9 million recorded in FY2014, which was mainly due to higher marketing and distribution expenses, and administrative expenses as the Group is expanding its distribution network and also preparing for the upcoming expansion in production capacity, as well as the expenses related to the listing of the Group.

**Executive Director of UG Healthcare, Mr. Lee Jun Yih said, “We have strengthened our business model that encompasses both manufacturing and distribution platforms, with our expansion in production capacity as well as increased our exports to UK, the US, China, Nigeria and Brazil. Amid the intense competition and pricing pressure in the glove manufacturing industry, the Group continues to expand prudently, using our available resources, to enhance operational efficiencies and drive growth through our established manufacturing capabilities and distribution network.”**

### **Business segment review**

FYE 30 Jun (S\$'000)	Revenue		YoY	Gross Profit		YoY
	FY2014	FY2015	Chg	FY2014	FY2015	Chg
Latex examination gloves	28,921	32,202	11.3%	5,959	6,150	3.2%
Nitrile examination gloves	17,292	20,015	15.7%	3,667	4,671	27.4%
Other ancillary products	2,796	3,523	26.0%	576	728	26.4%
<b>Total</b>	<b>49,009</b>	<b>55,740</b>	<b>13.7%</b>	<b>10,202</b>	<b>11,549</b>	<b>13.2%</b>

*Source: Company*

In tandem with revenue growth, gross profit rose by 13.2% from S\$10.2 million in FY2014 to S\$11.5 million in FY2015. Although raw material prices remain subdued, gross profit margin declined marginally from 20.8% in FY2014 to 20.7% in FY2015 due to lower average selling price for the Group’s latex examination gloves.

Total operating expenses increased by 88.6% from S\$4.9 million in FY2014 to S\$9.2 million in FY2015. This was mainly attributed to (i) higher marketing and distribution expenses of S\$1.3 million in FY2015 compared with S\$0.3 million in FY2014, to expand the Group’s distribution network in UK, China and Nigeria; (ii) higher administrative expenses of S\$6.9 million in FY2015 from S\$4.3 million in FY2014, arising from an increase in personnel costs, realised foreign exchange loss and loss in fair value of derivative financial instrument; and (iii) a one-off expense of S\$0.8 million relating to the Group’s IPO in December 2014.

Finance costs increased by S\$62,000 to S\$0.3 million in FY2015 as a result of higher interest incurred from the drawdown of a new term loan to finance the construction of a new production line in FY2015.

As a result of the Group's expansion initiatives and the one-off IPO expenses, net profit attributable to shareholders ("PATMI") decreased by 35.4% to record S\$3.2 million for FY2015. For illustrative and comparative purposes, earnings per share based on the post-IPO share capital of 188,023,530 shares decreased from 2.61 SGD cents in FY2014 to 1.68 SGD cents in FY2015.

## **Business Prospects**

The operating business environment for the Group continues to be challenging with the anticipated slowdown in domestic and local economies, as well as keen competition among the major glove manufacturers. Prospects, however, remain healthy and demand for examination gloves would continue to be underpinned by, amongst others, greater hygiene and healthcare awareness in emerging markets, and the Group's established global distribution network.

**"We are in the midst of upgrading some of our existing production facility to produce surgical examination gloves to keep up with the new technologies and to meet the customers' requirements,"** added Mr Lee.

The Group will continue to adopt a prudent approach at this stage of growth, in the expansion of its production capacity and distribution network, as well as in the development of new products to meet its customers' and markets' demands.

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*This press release is to be read in conjunction with the Company's unaudited full year results announcement posted on the SGX website on 20 August 2015.*

*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 News 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.*

*The contact person for the Sponsor is Ms. Tan Pei Woon (Telephone: (65) 65323829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.*

## **About UG HEALTHCARE CORPORATION LIMITED (SGX STOCK CODE: 41A)**

UG Healthcare Corporation Limited (优格医疗有限公司) and together with its subsidiaries (“**UG Healthcare**” or the “**Group**”), is an established Malaysia-based natural latex and nitrile examination gloves manufacturer and distributor. Currently, the Group has two manufacturing facilities located in Seremban, Malaysia. To complement this manufacturing platform, it has established an extensive distribution network globally through its own distribution companies based in the USA, UK, Germany, the PRC and Nigeria, as well as through third party distributors.

Started in 1989, the Group has built its reputation as a reliable manufacturer and distributor of natural latex and nitrile examination gloves under its own brand names including its “Unigloves” brand name as well as third party labels where it is engaged as original equipment manufacturer. UG Healthcare also distributes ancillary products such as surgical, vinyl and cleanroom gloves, face masks and other medical disposables.

The Group’s competitive edge lies in its successful integration of its manufacturing and distribution businesses. The integrated platforms allow the Group to have full control over the entire supply chain, including (1) the production process, where it can carry out stringent quality control checks at every stage to ensure consistent product quality and compliance with various stringent international standards, as well as (2) the distribution of its products to end-users and intermediaries. With its own facilities, the Group is also able to customise products to meet the evolving requirements of customers in a cost effective manner.

Its products are sold to more than 50 countries including Germany, Nigeria, the PRC, USA, UK, France, Italy, Austria, Switzerland, the Netherlands, Japan, South Korea, Canada and Brazil.

For more information, please visit the company’s website at [www.ughealthcarecorporation.com](http://www.ughealthcarecorporation.com)

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Issued on behalf of **UG HEALTHCARE CORPORATION LIMITED** by:

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**WATERBROOKS CONSULTANTS PTE LTD**

Tel: +65 6100 2228

***For more information, please contact:***

Contact: Ms Rosalina Soh / Ms Lynette Tan

Mobile: +65 9677 6683 / +65 9687 2023

Email: [rosalina@waterbrooks.com.sg](mailto:rosalina@waterbrooks.com.sg) / [lynette@waterbrooks.com.sg](mailto:lynette@waterbrooks.com.sg)

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