



## UG Healthcare Corporation Limited

(Incorporated in Singapore with Unique Entity No.: 201424579Z)

SGX Stock Code: 8K7

website: [www.ughealthcarecorporation.com](http://www.ughealthcarecorporation.com)

## UG Healthcare registers S\$21.2 million net profit for 1H FY22

- Steady decline in ASP across all product segments resulted in lower gross margins as market supply of disposable examination gloves increases and most countries gradually returned to normality
- Group to build on integrated OBM foundation to broaden product portfolio and earnings base through diversification in non-glove business opportunities in the healthcare related sector

### Key Financial Highlights:

FYE 30 Jun (S\$'000)	1H FY22	1H FY21	YoY Change	FY21
Revenue	117,278	159,417	- 26.4%	338,201
Gross profit	44,550	99,228	- 55.1%	196,160
Gross margin	38.0%	62.2%	- 24.2 pp	58.0%
Profit before tax	25,911	82,049	- 68.4%	159,403
Net profit after tax	20,056	61,128	- 67.2%	119,944
Net profit <sup>(1)</sup>	21,246	54,939	- 61.3%	118,765
Net margin	18.1%	34.5%	- 16.4 pp	35.1%
EPS <sup>(2)</sup> (Singapore cents)	3.45	9.05	- 61.9%	19.42

Notes:

\* 1H denotes six months ended 31 December and FY denotes 12 months ended 30 June.

(1) Net profit attributable to owners of the Company.

(2) Earnings per share (“EPS”) is based on the average weighted number of shares of 616.6 million for 1H FY22, 606.8 million for 1H FY21 and 611.5 million FY21.

**Singapore, 11 February 2022 – 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, registered lower revenue and net profit of S\$117.3 million and S\$21.2 million, respectively, for the six months ended 31 December 2021 (“**1H FY22**”). The financial performance was predominantly undermined by the steady decline in the average selling price (“**ASP**”) of gloves since March 2021 with the increase in market supply of disposable examination gloves and the gradual return to normality in most countries around the world. In addition, the temporary closure

and the mandated 60% workforce capacity at the Group's upstream manufacturing operations in Malaysia, as well as customers' preference to hold lower inventory during the period under review, had also contributed to the Group's weaker financial performance in 1H FY22.

Mr. Lee Jun Yih, Executive Director and Finance Director of UG Healthcare said, **“Despite intense competition and lower ASP, the Group remains confident to achieve better financial performance compared to pre-COVID times as heightened hygiene awareness is likely to continue to drive demand for disposable gloves.**

**Whilst our proprietary branded disposable examination gloves remain as our mainstay products, we are mindful of the evolving business situation and will be prudent regarding any further expansion of production capacity beyond 4.6 billion pieces of gloves per annum. We will, however, continue to seek diversification in non-glove business opportunities in the healthcare related sector, tapping on our entrenched downstream distribution infrastructure and capabilities to broaden our product portfolio as well as our earnings base. This strategy allows scalability with our integrated own-brand manufacturing (“OBM”) foundation, reinforcing the market position of our proprietary brand, expanding our customer base, and diversifying our product portfolio, which in turn, balances the Group's risk exposure.**

**The launch of a new range of proprietary branded reusable gloves for heavy industry users in October 2021 was a milestone for the Group, broadening our product portfolio beyond disposable glove products. This range of reusable gloves offers comprehensive hand protection against major workplace hazards in the heavy industry including chemicals, railway and energy. As a new entrant, it will take us time to establish our proprietary brand of reusable gloves with the heavy industry users – a new set of customers. Nevertheless, we believe our dedication in building sustainable growth together with our stakeholders, will continue to see us through the challenges ahead.”**

Currently, the Group's installed production capacity at its upstream manufacturing operations stands at 3.4 billion pieces of gloves per annum. The additional production capacity of 1.2 billion pieces of gloves per annum was delayed by the temporary shutdown of construction activities in Malaysia between June and September 2021. This new manufacturing facility for disposable gloves expected to bring the total installed production capacity to 4.6 billion pieces of gloves per annum, will commence production in May 2022.

## FINANCIAL REVIEW

Amid the downward adjustments of ASP across all product segments and lower production volume due to the temporary closure of the manufacturing facilities and the mandated 60% workforce capacity during the period under review, the Group recorded lower revenue and gross profit across its product segments.

### Revenue analysis by product segments

FYE 30 Jun (S\$'000)	Revenue			Gross Profit			Gross Margin	
	1H FY22	1H FY21	YoY Change	1H FY22	1H FY21	YoY Change	1H FY22	1H FY21
Latex examination gloves	49,880	69,077	- 27.8%	19,836	45,718	- 56.6%	39.8%	66.2%
Nitrile examination gloves	64,392	83,700	- 23.1%	24,330	51,043	- 52.3%	37.8%	61.0%
Other ancillary products	3,006	6,640	- 54.7%	384	2,467	- 84.4%	12.8%	37.2%
<b>Total</b>	<b>117,278</b>	<b>159,417</b>	<b>- 26.4%</b>	<b>44,550</b>	<b>99,228</b>	<b>- 55.1%</b>	<b>38.0%</b>	<b>62.2%</b>

The lower production volume of disposable examination gloves produced at our upstream manufacturing and delays in shipment of products affected the sales revenue in key markets.

### Revenue analysis by key markets

FYE 30 June (S\$'000)	1H FY22	1H FY21	YoY Change	FY21
Europe	50,576	69,516	- 27.2%	162,745
North America	13,813	10,598	+ 30.3%	26,452
South America	21,128	42,255	- 50.0%	75,639
Africa	8,081	7,218	+ 12.0%	18,207
Asia	21,284	23,305	- 8.7%	46,473
Others	2,396	6,525	- 63.3%	8,885
<b>Total</b>	<b>117,278</b>	<b>159,417</b>	<b>- 26.4%</b>	<b>338,401</b>

Note: As a result of the integrated supply chain, the Group recognises sales only after the products have been sold by the distribution companies. The goods in transit and in the warehouses of its distribution companies are recorded as inventory, and can only be recognised as revenue when they are sold to end consumers.

Gross profit decreased by 55.1% from S\$99.2 million in 1H FY21 to S\$44.6 million in 1H FY22. This was mainly due to the lower ASP of products and higher fixed overheads with the increase in production capacity in 1H FY22. Correspondingly, gross profit margin declined from 62.2% in 1H FY21 to 38.0% in 1H FY22.

Other income remained relatively stable at S\$0.2 million in both 1H FY22 and 1H FY21 and total operating expenses comprising marketing and distribution expenses and administrative expenses decreased marginally from S\$17.1 million in 1H FY21 to S\$16.5 million in 1H FY22.

Other expenses, arising mainly from the loss from foreign exchange, decreased from S\$1.7 million in 1H FY21 to S\$1.3 million in 1H FY22. The loss was due to the volatility of the functional currencies of the Group's distribution subsidiaries, namely the Brazilian Real, Renminbi and the British Pound against the US dollar.

Finance costs increased by 13.5% or S\$51,000 from S\$377,000 in 1H FY21 to S\$428,000 in 1H FY22, due to an increase in long-term borrowing for construction of new factory and new production lines.

Share of results from associates saw a reversal of profit of S\$1.8 million in 1H FY21 to a loss of S\$0.5 million in 1H FY22. This was due to the losses reported by the German and the USA associates as a result of the decrease in the ASP of gloves as compared to the cost of their inventories. After taking into account tax expenses and minority interests, the Group's net profit attributable to shareholders declined from S\$54.9 million in 1H FY21 to S\$21.2 million in 1H FY22.

## FINANCIAL POSITION

FYE 30 Jun (S\$'000)	As at 31 December 2021	As at 30 June 2021
Equity attributable to the owners of the Company (" <b>Net asset value</b> ")	210,628	190,636
Cash and bank balances	85,809	68,441
Long-term bank borrowings	6,089	5,303
Short-term bank borrowings	6,618	9,957
Net asset value per share (Singapore cents)	33.76	30.93

Note: Net asset value per share was computed based on the share capital of 616.3 million shares as at 30 June 2021 and 623.8 million shares as at 31 December 2021.

The Group remains in a strong net cash position with net asset value attributable to the owners of the Company increased from S\$190.6 million as at 30 June 2021 to S\$210.6 million as at 31 December 2021. Correspondingly, net asset value per share increased from 30.93 Singapore cents as at 30 June 2021 to 33.76 Singapore cents as at 31 December 2021.

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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 February 2022.*

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

(Stock Codes – SGX: 8K7 | Bloomberg: UGHC SP | Reuters: 8K7.SI)

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**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, antimicrobial 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.

The Group’s products are certified by The TUV Cert Certification Body of Rheinich Westfalischer TUV for ISO9002 / EN ISO 9002 / MS ISO 9002 for the manufacture and supply of both natural latex and nitrile powder and powder-free examination gloves. The Group has also obtained ISO 13485:2003 and ISO 2001:2008 certification by URS:UKAS.

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

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Issued for and on behalf of **UG Healthcare Corporation Limited** by:

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**Investor relations contact:**

Rosalina Soh 苏沛熙  
Office : (65) 6955 7767  
Mobile : (65) 9677 6683  
Email : rosalina@octavecomms.com

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*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 Charmian Lim (Telephone: +65 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.*