



UG HEALTHCARE CORPORATION LIMITED

优格医疗有限公司

Incorporated in the Republic of Singapore

website: www.ughealthcarecorporation.com

UG HEALTHCARE ACHIEVES RECORD REVENUE OF S\$78 MILLION AND NET PROFIT ROSE 77% TO S\$4.3 MILLION IN FY2018

- *Realignment of integrated upstream manufacturing and expansion of downstream distribution businesses fuelled four quarters of consecutive growth*
- *Proposes first and final dividend of S\$0.00235 per share to reward shareholders*
- *Group to achieve better economies of scale and higher sales with the additional capacity of 500 million gloves per annum that will bolster production efficiency, and flow through its own expanded downstream distribution network*

Key Financial Highlights:

FYE 30 Jun (S\$'000)	Q4 FY18	Q4 FY17	Change	FY18	FY17	Change
Revenue	22,151	16,702	+ 32.6%	78,060	65,239	+ 19.7%
Gross profit	3,225	1,932	+ 66.9%	12,764	9,666	+ 32.1%
Profit before tax	1,529	237	> 100%	5,047	2,569	+ 96.5%
Net profit ⁽¹⁾	1,329	111	> 100%	4,335	2,444	+ 77.4%

* Q4 denotes three months ended 30 June and FY denotes 12 months ended 30 June.

(1) Net profit attributable to owners of the Company

Singapore, 23 August 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 it achieved 77.4% growth in net profit to S\$4.3 million, on the back of 19.7% growth in revenue to S\$78.1 million for the financial year ended 30 June 2018 (“FY18”). The significant increase in net profit was mainly due to an increase in production and sales of gloves, higher gross profit margin as a result of a reduction in raw material prices and an increase in production volume and manufacturing capacity, as well as an increase in foreign exchange gain, which was partially offset by an increase in administrative expenses due to the Group’s overseas expansion on the warehousing and logistics infrastructure and recruitment of key personnel that are essential for its next phase of growth.

Commenting on the results, Mr. Lee Jun Yih, Executive Director of UG Healthcare said, “*We are encouraged that our concurrent efforts in realigning our manufacturing operations and expanding our downstream distribution network are paying off, resulting in higher production efficiency and fuelled four consecutive quarters of earnings growth.*”

We believe the additional production capacity of 500 million gloves per annum that we have started commercialisation in stages, will further enhance the efficiency of the overall manufacturing business. We expect the higher productivity in our own brands of gloves that are marketed through our own downstream global distribution network, will allow us to increase our market penetration and serve our customers more effectively.

Product segment review

FYE 30 Jun (S\$'000)	Revenue		YoY	Gross Profit		YoY
	FY18	FY17	Change	FY18	FY17	Change
Latex examination gloves	38,756	33,585	15.4%	6,552	5,431	20.6%
Nitrile examination gloves	28,594	23,783	20.2%	4,729	3,528	34.0%
Other ancillary products	10,710	7,871	36.1%	1,483	707	>100%
Total	78,060	65,239	19.7%	12,764	9,666	32.1%

Source: Company's results announcement

In tandem with revenue growth, gross profit increased by 32.1% from S\$9.7 million in FY17 to S\$12.8 million in FY18. Overall gross profit margin was lifted from 14.8% in FY17 to 16.4% in FY18, mainly due to a reduction in raw material prices and higher production efficiency.

The increase in unrealized and realized foreign exchange gain resulted in a surge in other income from S\$1.8 million in FY17 to S\$4.2 million in FY18.

Total operating expenses increased by 27.4% from S\$8.4 million in FY17 to S\$10.7 million in FY18. This was mainly due to higher administrative expenses incurred for the expansion of the distribution network in the United Kingdom, China, and Nigeria, with the increase in overseas warehousing and logistics infrastructure as well as recruitment of key personnel across all departments that are essential for the next phase of growth.

Other expenses increased by 93.4% from S\$0.6 million in FY17 to S\$1.2 million in FY18 as a result of an increase in the fair value loss on financial derivatives of S\$0.9 million, and mitigated by the non-incurrence of unrealised and realised foreign exchange losses of S\$0.5 million. Finance costs increased by 52.5% from S\$0.5 million in FY17 to S\$0.8 million in FY18, due to the increased usage of trade facilities and term loan.

Taking into consideration the share of profits from its German associate amounting to S\$0.6 million in FY18, as compared with S\$0.5 million in FY17, the Group reported a 77.4% increase in net profit attributable to shareholders of S\$4.3 million in FY18. Earnings per share based on issued and paid-

up share capital of approximately 191.4 million shares increased from 1.27 Singapore cents in FY17 to 2.26 Singapore cents in FY18.

Net asset value increased from S\$37.1 million as at 30 June 2017 to S\$41.9 million as at 30 June 2018. Consequently, net asset value per share increased from 19.36 Singapore cents in FY17 to 21.87 Singapore cents in FY18.

The Board is recommending a first and final (tax exempted) dividend of S\$0.00235 per share for FY18 to reward shareholders. Shareholders will have the option of receiving the dividend in scrip or cash.

Business Outlook

The Group's strategy has always been to cultivate demand for its proprietary "Unigloves" range of disposable gloves through its downstream distribution companies. These strategically established distribution companies in both developed and developing countries have their local sales and marketing teams and distribution infrastructures (including local warehouses and logistics) as well as direct customer base. The market demand for its "Unigloves" range of products, in turn, drives the production volume in its upstream manufacturing facilities in Malaysia. This approach allows the Group to manage the value chain seamlessly and efficiently.

During the financial year, the Group completed the construction of a new production facility and commenced partial commercialisation of Phase 1, which comprises additional capacity of 500 million gloves per annum. Phase 1 is expected to be in full commercialisation by October this year. This additional capacity is expected to bolster the production efficiency, leading to higher production volume and sales through the Group's expanded downstream distribution network in FY19.

The Group is planning for a potential increase of another 300 million gloves per annum in capacity for Phase 2, which will bring the Group's total capacity to 3.2 billion gloves per annum. In addition, the Group has also acquired a new distribution subsidiary in Brazil in May this year, allowing the Group to make further inroads in South America, where there is growth potential.

Added Mr. Lee, "***We envision the macro uncertainties to remain, particularly the ongoing trade wars and volatile political situation, which may have an impact on the fluctuations of raw material prices and currency fluctuations. We are, however, cautiously optimistic as we continue to drive growth through our value chain and essential gloves products for all our end users on hygiene and protection against contamination.***"

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This press release is to be read in conjunction with the Company's announcement posted on the SGX website on 23 August 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

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



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