

**MEDIA RELEASE**

For Immediate Release

## United Global's lubricants business remains resilient despite Covid-19 impact; posts US\$1.7M net profit in 1H20

- *Net profit dipped 63.5% due to de-recognition of 40% share of profits from UOC to Spanish oil major, Repsol S.A, in November 2019*
- *Its core lubricants manufacturing business benefited from higher gross profit margins from lower crude oil prices*
- *Robust cash position - US\$32.5M, as at 30 June 2020*

| (US\$'000)                                     | 1H2020 | 1H2019 | Change  |
|--|--------|--------|---------|
| <b>Revenue</b>                                 | 83*    | 63,285 | (99.9%) |
| <b>Gross (Loss)/Profit</b>                     | (133)  | 10,077 | NM**    |
| <b>Profit Before Tax</b>                       | 1,682  | 5,546  | (69.7%) |
| <b>Net Profit Attributable to Shareholders</b> | 1,677  | 4,589  | (63.5%) |

\* Revenue generated from manufacturing nano-fibre oil absorbent materials for joint venture company, M-TechX United Pte Ltd. Post-disposal of partial stake in UOC, results from the Group's lubricants business is reported as a line item in the profit and loss statements as "Share of profit of joint ventures".

\*\* NM: Not meaningful

**SINGAPORE, 11 August 2020** – Catalyst-listed **United Global Limited** ("United Global" or the "**Company**", and together with its subsidiaries, the "**Group**"), an established, independent lubricants manufacturer in Singapore and Indonesia, today posted net profit attributable to shareholders of US\$1.7 million for the half year financial period ended 30 June 2020 ("**1H2020**").

This was 63.5% lower year-on-year as the Group recognized only 60% of its share of profits in United Oil Company Pte Ltd (“**UOC**”) following the disposal of a 40% stake in UOC to Repsol Downstream Internacional S.A. (“**Repsol Downstream**”), a subsidiary of Madrid-listed international oil and gas company, Repsol S.A., in November 2019 (“**Disposal**”).

Post-Disposal, the Group reported its interest in UOC group as a line item in the profit and loss statements as “Share of profit of joint ventures”. In the latest first half-year results, the Group’s 60% share of profits from the UOC joint venture (the lubricants business) amounted to US\$2.3 million.

In the absence of UOC’s 40% revenue as a result of the de-consolidation, the Group reported revenue of US\$83,000 for 1H2020, comprising sales from the manufacturing of nano-fibre oil absorbent materials for its joint venture company, M-TechX United Pte Ltd.

### Review of UOC’s Lubricants Business

| (US\$'000)                     | 1H2020 | 1H2019 | Change  |
|--------------------------------|--------|--------|---------|
| <b>Revenue</b>                 | 33,967 | 63,285 | (46.3%) |
| <b>Gross Profit</b>            | 8,370  | 10,077 | (16.9%) |
| <b>Gross Profit Margin (%)</b> | 24.6   | 15.9   | 8.7 pp  |
| <b>Profit from the Period</b>  | 3,832  | 4,794  | (20.1%) |

For 1H2020, the UOC joint venture saw overall lubricants sales retreating by 46.3% to nearly US\$34.0 million brought about by lower sales volume, particularly from its Singapore plant, as a result of (i) impact from Covid-19 pandemic, and lower average selling price from its Manufacturing segment, and (ii) lower revenue from its Trading segment due to the absence of a one-time trading arrangement with a joint venture partner. This was mitigated by sales to its customers around the world who continued their essential business operations.

As a result, UOC generated a 16.9% reduction in gross profit year-on-year to US\$8.4 million. However, the segment achieved higher gross profit margin year-on-year, up 8.7 percentage points to 24.6%, largely due to lower raw materials costs.

## **Financial Position**

As at 30 June 2020, the Group achieved earnings per share of 0.5 US cents, and net asset value per ordinary share of 30.8 US cents. The Group's cash position is robust, with total cash and cash equivalents amounting to US\$32.5 million.

***Said Mr Jacky Tan, United Global's Executive Director and CEO, "We are gratified that the impact of the pandemic has not severely affected our core lubricants business, as many of our customers in various countries around the world were operating essential services. The decline in global crude oil and base oil prices has also boosted the margins of our lubricants business. Looking ahead to the second half of FY2020, we are expecting the broad-based effects of the pandemic to continue to pose challenges to the Group's businesses and we remain diligent and disciplined in managing our costs and receivables."***

***"In the longer term, we remain committed to identifying growth opportunities in our key markets of Singapore, Malaysia, Indonesia and Vietnam," Mr Tan added.***

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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 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.*

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***About United Global Limited ([www.unitedgloballimited.com](http://www.unitedgloballimited.com))***

United Global Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) was listed on Catalist of the SGX-ST on 8 July 2016. The Group is an established, independent lubricants manufacturer providing a wide range of high quality, well-engineered lubricants under its in-house brands such as “United Oil”, as well as a host of third-party brands. Through its 60%-owned United Oil Company, a joint-control venture between the Company and Madrid-listed oil major Repsol, the Group manufactures a wide range of lubricants, which are distributed throughout its extensive network covering more than 30 countries.

United Global also has three other business pillars, namely United Innovations, which is mainly engaged in the manufacturing of nano-fibre oil absorbent materials; United Fuels, which is involved in the trading of petrol related products, and United Renewables which looks for opportunities in materials recycling and sustainability.