

MEDIA RELEASE

For Immediate Release

Share of profits from United Global's lubricants JV uplifts Group's earnings in 2H2020

- Group posts 2H2020 net profit of US\$1.6M; US\$3.2M for the full year
- The UOC joint venture achieved a 10.7% rise in profit for the year, amounting to approximately US\$11.0 million. The Group's 60% share of profits in the joint venture, after amortization, depreciation and partial reversal of deferred tax, amounted to US\$5.4M
- Its lubricants manufacturing segment benefited from higher gross profit margins from lower raw material costs while its trading segment achieved higher average prices
- Directors propose a final ordinary dividend of 1.0 Singapore cent

(US\$'000)	2H2020	2H2019	Change	FY2020	FY2019	Change
Revenue	92*	39,186	(99.8%)	175*	102,471	(99.8%)
Gross (loss)/ profit	(131)	9,626	NM**	(264)	19,703	NM**
Share of Profit/ (Loss) of Joint Ventures	3,117	(11)	NM**	5,393	4	>100%
Profit Before Tax	1,559	62,708	(97.5%)	3,241	68,254	(95.3%)
Net Profit Attributable to Shareholders	1,564	61,874	(97.5%)	3,241	66,463	(95.1%)

* 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, 25 February 2021 – United Global Limited ("United Global" or the "Company", and together with its subsidiaries, the "Group"), an established, independent lubricants manufacturer in Singapore and Indonesia, announced today that it achieved net

profit attributable to shareholders of approximately US\$1.6 million for the second half year ended 31 December 2020 (“**2H2020**”).

This was 97.5% 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**”). In addition, there were gains on disposal of UOC group and the re-measurement of remaining stakes in the joint venture arising from the 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 second half-year results, the Group’s 60% share of profits from the UOC joint venture (the lubricants business) amounted to US\$3.1 million.

In the absence of UOC’s revenue as a result of the de-consolidation, the Group reported revenue of US\$92,000 for 2H2020, comprising sales from the manufacturing of nano-fibre oil absorbent materials for its joint venture company, M-TechX United Pte Ltd.

For the full-year ended 31 December 2020, the Group posted net profit attributable to shareholders of approximately US\$3.2 million on revenue of US\$175,000. Share of profits from the lubricants business rose significantly to US\$5.4 million as the Group recognised 12-months contribution from UOC Group as share of profit of joint ventures during FY2020 in comparison to 1 month contribution during FY2019 when the Group recorded its first 11-months contribution from UOC Group in the consolidated statements of profit or loss and other comprehensive income as a subsidiary.

Review of UOC’s Lubricants Business

(US\$'000)	FY2020	FY2019	Change
Revenue	89,664	109,604	(18.2%)
Gross Profit	22,484	21,652	3.8%
Gross Profit Margin (%)	25.1	19.8	5.3 ppt
Profit for the year	10,987	9,921	10.7%

In the latest full year, the UOC joint venture posted a 10.7% profit for the year, amounting to nearly US\$11.0 million.

It reported an 18.2% decline in lubricants sales to US\$89.7 million in both the manufacturing and trading segments. Manufacturing dipped 2.4% year-on-year due to lower average selling price. Revenue from its trading business retreated by 92.8% due to the absence of a one-time trading arrangement with a joint venture partner.

As a result, UOC generated a modest 3.8% increase in gross profit year-on-year to US\$22.5 million, contributed by higher gross profit margins from both the manufacturing and trading segments. Overall, the Group's blended gross profit margin rose by 5.3 percentage points to 25.1% in FY2020, largely due to lower raw materials costs and average trading prices achieved.

Financial Position

For its full year ended 31 December 2020, the Group achieved earnings per share of 1.0 US\$ cents, and net asset value per ordinary share of 31.4 US\$ cents. The Group's cash position is healthy, with total cash and cash equivalents amounting to US\$9.7 million.

Dividend

The Directors have recommended a final dividend of 1.0 Singapore cent per ordinary share. If approved by shareholders at the forthcoming Annual General Meeting, the dividend will be paid on 24 May 2021.

Said Mr Jacky Tan, United Global's Executive Director and CEO, "With the roll-out of vaccinations in various countries around the world, we have every reason to be cautiously optimistic about our business prospects especially since our lubricants business is essential to these economies and ensures that the global supply chains continue to run smoothly. However, the broad-based effects of the pandemic continue to pose challenges, and we remain vigilant in managing our costs and finances."

"Looking ahead, we are laser-focused on growing our key markets of Asia Pacific for the lubricants business, and are also actively seeking opportunities to diversify our revenue streams and to propel and transform the Group towards long-term sustainability," Mr Tan added.

On 26 January 2021, the Group announced that its wholly-owned subsidiary United Supply Chain Pte Ltd (“**USC**”) had formed a joint venture company with Latitude Shipping Pte Ltd, in which USC has the 45% stake while Latitude Shipping owns the remaining 55%. The joint venture company – Latitude United Shipping Pte Ltd (“**LUS**”) – in turn has acquired Latitude Shipping’s 49% stake in Indonesia-based maritime transport service provider, PT Latitude Inti Mitra Abadi (“**PT Lima**”) for US\$3.8 million, through a combination of new LUS shares and cash.

“This acquisition provides a platform for the Group to access the maritime transport section in this part of the world, and to expand beyond lubricants. Moving ahead, the Group is placing more talent and resources to spearhead our expansion and transformation initiatives,” Mr Tan said.

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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)

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 four other business pillars, namely United Supply Chain, which involved in logistics or shipping businesses; 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.