



Company Registration No.: 200100340R

UMS REPORTS NET ATTRIBUTABLE PROFIT OF S\$15.7 MILLION ON REVENUE OF S\$73.5 MILLION IN 4QFY2023

- Free cash flow leapt 36% to **S\$23.8 million in 4QFY2023.**
- **EPS eased slightly to 2.3 cents in 4QFY2023**
- **Higher tax exempt final dividend of 2.2 cents per share proposed to reward shareholders**

Singapore, 28 February 2024:

SGX Mainboard-listed UMS Holdings Limited (“UMS” or “The Group”), today has reported Group net attributable profit of S\$15.7 million on the back of S\$73.5 million revenue for 4QFY2023.

Compared to 4QFY2022, net attributable profit and net profit for the quarter eased 2% and 3% respectively while pre-tax profit edged down 9% to S\$17.3 million from \$18.9 million as sales softened 27%.

The Group however continued to generate positive net cash of S\$31.2 million from operating activities and free cash flow of S\$23.8 million in 4QFY2023. In view of the Group's positive performance and strong financial position, the Board has proposed to reward shareholders with a higher final dividend of 2.2 cents for FY2023, up from 2 cents in the previous corresponding period.

Group Revenue

4QFY2023

Group revenue continued to show signs of stabilization in the latest quarter under review.

While overall sales declined 27% Y-o-Y to S\$73.5 million in 4QFY2023 from S\$101 million in 4QFY2022, revenue improved about 3% Q-o-Q compared to sales of S\$71.3 million recorded in 3QFY2023 - lifted by a much stronger performance of its Aerospace business as well as its Others segment.

Compared to 3QFY2023, the Group's Aerospace sales posted a 44% surge to S\$7.4 million while sales in Others segment shot up by 108% to S\$6.3 million. Semiconductor sales eased about 5% to S\$59.8 million during the same period.

Compared to 4QFY2022, Aerospace sales jumped 78% on the back of a robust recovery in the global aviation industry in 4QFY2023 while semiconductor sales fell 29% and revenue in Others decreased by 48% respectively.

Sales in the Others segment slumped due to weaker material and tooling distribution business which were affected by the general business slowdown.

The lower overall revenue from the Semiconductor segment was due to declines in both its Semiconductor Integrated System sales and Component sales.

While Semiconductor Integrated System sales dropped 31% from S\$46.1 million in 4QFY2022 to S\$32.0 million in 4QFY2023, it was comparable to 3QFY2023 revenue of S\$33.3 million, with only a 4% dip.

Component sales fell 27% from S\$38.5 million in 4QFY2022 to S\$28 million in 4QFY2023 and 6% from 3QFY2023 sales of S\$29.7 million.

Geographically, all the Group's key markets - except US and Others - posted lower revenue in 4QFY2023.

Revenue in US inched up 2% vs 4QFY2022 as a result of higher sales to Aerospace customers whilst revenue in Others leapt 52% due to the delivery of a water treatment system by Kalf Engineering.

Lower overall semiconductor sales saw Singapore's sales dip 29% as compared to 4QFY2022, while Taiwan revenue fell 60% mainly due to lower component spares sales.

Weaker material and tooling distribution demand also led to a 51% sales decline in Malaysia.

FY2023

Revenue in FY2023 slipped 19% to S\$299.9 million from S\$372.4 million in FY2022 as sales in the Group's Semiconductor segment and Others segment decreased 19% and 51% respectively. The drop was cushioned by a 52% surge in Aerospace sales during the period under review.

Semiconductor Integrated System sales eased 8% to S\$140 million in FY2023 from S\$152.0 million in FY2022. Revenue from component sales decreased 29.5% from S\$170.2 million to S\$120 million during the same period.

Apart from a 1% sales improvement in the Others market, sales declined in all the Group's key geographical markets. Revenue in Singapore, Malaysia, Taiwan and the US declined by 18%, 56%, 34% and 2% respectively in FY2023 as compared to FY2022.

Profitability

4QFY2023

The Group's bottom line remained stable in 4QFY2023.

Compared to 4QFY2022, Group profit before tax eased just 9% to S\$17.3 million in 4QFY2023 from S\$18.9 million. Net profit and net profit attributable to shareholders edged down 2% and 3% to S\$15.8 million and S\$15.7 million respectively during the same period.

Its gross material margin improved to 52.8% from 46.5% in 4QFY2022 as a result of the renewal of its integrated system contract and reversal of inventory provisions.

The Group also trimmed its costs. Personnel costs fell 6% mainly due to lower bonus provisions and depreciation and other expenses which shrank 18% and 8% respectively.

Other charges were also slashed by 63%, mainly due to lower exchange loss, reduced fair value inventory adjustment arising from acquisition of a subsidiary and reversal of project loss provisions.

Income tax expenses also dropped 48% due to adjustment in deferred tax provision.

On a Q-o-Q basis, the Group showed a stronger upturn.

Compared to 3QFY2023, Group pre-tax profit was stable compared to S\$17.5 million in 3QFY2023 while net profit and net attributable profit improved 2% from S\$15.4 million and S\$15.3 million respectively in the same period.

FY2023

Group profit for FY2023 was lower.

Net profit before tax declined 34% to S\$68.5 million when compared to S\$103.2 million in FY2022 while net profit and net attributable profit fell 40% and 39% to S\$61.2 million and S\$60 million respectively.

The drop in profit was due to lower revenue as well as higher expenses.

Depreciation expenses increased 15% mainly due to fixed asset additions. Other expenses also rose 13% as upkeep of machinery cost went up 16% vs last year - arising from more maintenance work while utilities jumped 38% mainly due to the implementation of ICPT (Imbalance cost pass-through) in Malaysia. The Group also incurred a one-off reversal of tax penalty provision for one of its Malaysian subsidiaries in FY2022.

Gross material margin in FY2023, however, improved to 50.1% from 49.9% in FY2022.

Group Earnings per Share (EPS) softened to 8.95 cents in FY2023 from 14.7 cents in FY2022 while Net Asset Value per share (NAV) grew to 53.7 cents from 51 cents during the same period.

ROBUST CASH FLOW

The Group's financial position remains healthy, generating positive net cash of S\$31.2 million from operating activities and free cash flow of S\$23.8 million in 4QFY2023.

The 18% dip in net cash from operations compared to 4QFY2022 was caused by adjustment differences of non-cash items while free cash flow, which leapt 36%, was due to lower capex in 4QFY2023.

Net cash increased by \$3.2 million from \$7.2 million on 4QFY2022 to \$10.4 million at the end of 4QFY2023 - even after paying out S\$16.1 million in dividends during the last quarter of the year.

Similarly, the Group generated positive net cash from operating activities in FY2023 despite net cash falling to S\$79.8 million from S\$92.4 million in FY2022 due to lower profits. Free cash flow, however, grew to S\$51.1 million from \$39.6 million in FY2022 - attributed mainly to reduced capex in FY2023.

The Group's cash and cash equivalents grew to S\$67.5 million at the end of December 2023 - up from S\$61.7 million in the previous year after repaying \$11.9 million of bank borrowings and the balance of \$0.9 million shareholders' loan as well as paying out a total of \$36.2 million in dividends during the year.

OUTLOOK

On the Group's latest results, UMS Chairman and CEO Mr Andy Luong said, "UMS delivered a set of good results in FY2023 following an exceptional growth year of historic highs in FY2022.

Despite persistent inflationary pressures, intensifying geopolitical tensions and market uncertainties, we remained profitable and the Group's top line performance stayed around S\$300 million. The Group also generated nearly S\$79.8 million in operating cash flow and about S\$51.1 million of free cash flow.

The Group's performance also reflects the success of our diversification strategy - as the Aerospace business continued to report robust growth, moderating the impact of the global semiconductor slowdown."

The Group's new 300,000 square feet production facility in Penang is successfully completed and has obtained its Certificate of Completion Compliance. Built at an estimated cost of RM250 million, the new plant is focused on medium and large format products, special processes and modular assembly of products for its new customer. Located at Penang Science Park North, the new factory employs more than 150 people.

It will commence volume production from March 2024 for its new customer and expects an uptick in order flow in the coming months.

According to SEMI, while there was a temporary contraction in 2023 due to the cyclical nature of the semiconductor market, semiconductor manufacturing equipment growth is expected to resume in 2024, with sales forecast to reach a new high of \$124 billion in 2025, supported by both the front-end and back-end segments.¹

In its latest quarterly World Fab Forecast report, SEMI has also predicted global semiconductor capacity to increase 6.4% in 2024 to top the 30 million wafers per month (wpm) mark for the first time after rising 5.5% to 29.6 wpm in 2023.²

Meanwhile, IATA expects global revenue passenger kilometres (RPK) to grow 9.8% in 2024, rising 4.5% above 2019 levels. This is based on a projected 4.7 billion air passengers in 2024, 9% more than the 4.5 billion in 2019.³

Commenting on the Group's outlook, Mr Luong said, "While the global semiconductor sector could see some near-term softness due to surplus inventories issues, the overall longer-term prospects look brighter. Our key customers have recently shared positive performance guidance in the coming months as they look to benefit from the robust semiconductor industry growth driven by the surge in AI and IoT demand in the years to come.

In view of the favourable forecasts from our customers and the expected global semiconductor industry rebound as well as the sustained strong global aviation demand, we remain confident of future prospects and will continue to make investments across our key business segments to support our long-term growth plans."

UMS which successfully completed a placement of 40 million new shares recently, raising proceeds of about S\$50 million, is well-poised to capture the myriad of new opportunities in both the semiconductor and aerospace sectors.

Barring unforeseen circumstances, the Group expects to remain profitable in FY2024.

Sources :

1 - <https://www.semi.org/en/news-media-press-releases/semi-press-releases/global-total-semiconductor-equipment-sales-forecast-to-reach-record-%24124-billion-in-2025-semi-reports>

2. - <https://www.prnewswire.com/in/news-releases/global-semiconductor-capacity-projected-to-reach-record-high-30-million-wafers-per-month-in-2024-semi-reports-302024137.html>

3. - <https://www.businesstimes.com.sg/companies-markets/transport-logistics/global-air-travel-surpass-pre-covid-levels-2024-asia-pacific#:~:text=lata%20expects%20RPK%20to%20grow,the%204.5%20billion%20in%202019.>

About UMS Holdings Limited

Incorporated in Singapore on January 17, 2001, UMS Holdings Limited is a one-stop strategic integration partner providing equipment manufacturing and engineering services to Original Equipment Manufacturers of semiconductors and related products. The Group is in the business of front-end semiconductor equipment contract manufacturing and is also involved in complex electromechanical assembly and final testing devices. The products we offer include modular and integration systems for original semiconductor equipment manufacturing. Other industries that we also support include electronics, machine tools and oil & gas. Headquartered in Singapore, the Group has production facilities in Singapore, Malaysia and California, USA. UMS was named in the Forbes Best under a Billion list for two consecutive years - 2022 and 2023 - as one of the top-performing public companies with less than US\$1 billion (S\$1.38 billion) in yearly sales in the Asia-Pacific region. On October 7, 2022, UMS was also named Runner-Up of the Most Transparent Company Award 2022, Technology Category in the SIAS' Investors Choice Awards 2022.

UMS was also named winner of the prestigious Centurion Club Award 2023.

UMS was added to the MSCI Global Small Cap Index in February 2023.

Issued on behalf of UMS Holdings Limited

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