Company Registration No.: 200100340R

UMS REPORTS ANOTHER RECORD-BREAKING PERFORMANCE FOR 9MFY2021 – WITH EARNINGS HITTING ALL-TIME HIGH OF S$50 MILLION ON RECORD REVENUE OF S$184 MILLION

- 3QFY2021 performance also hit new peaks with revenue surging 50% to a record S$67.6 million and net profit jumping 25% to S$16.1 million
- Proposed Interim dividend of 1 cent per share, up from 0.5 cent per share paid in the previous corresponding period

Singapore, 12 November 2021:

SGX Mainboard-listed UMS Holdings Limited ("UMS" or "The Group"), today reported record revenue and record profit for 9MFY2021 – surpassing FY2020 full year revenue and profit. Sales shot up 53% year on year to S$184 million while net profit surged 43% to S$50.4 million.

This record performance was achieved on the back of sustained strong growth in the global semiconductor industry and from the consolidation of JEP Holdings ("JEP").

In light of the Group's exceptional performance, UMS has proposed to reward shareholders with an interim dividend of 1 cent per share - up from 0.5 cent per share dividend paid in 3QFY2020. The Group in FY2021, has to date, rewarded shareholders with total of 3.0 cents dividends and one Bonus Share for every four existing ordinary shares of the Company.

For 9MFY2021, all business segments performed well, rising 53% to S$184.0 million from S$120.3 million in the previous corresponding nine months, on the back of a 48% and 45% sales increase in the semiconductor and Other segments, respectively. The addition of JEP's core aerospace segment also led to the increase.

Revenue for 3QFY2021 jumped 50% to S$67.6 million from S$45.2 million a year ago, while the Group's net profit attributable to shareholders rose 17% to S$15.1 million.

For the quarter, semiconductor component sales leapt by 99% to S$37.8 million from a year ago. But semiconductor Integrated Systems sales eased 6% to S$22 million, due to tighter COVID 19 guidelines imposed by the Malaysian Government, resulting in temporary production constraints in August and September.

The Group was able to alleviate the challenges by tapping JEP's ready production capacity in Singapore, and adopting pro-active measures to speed up vaccination rates and enforcement of strict safety protocols to safeguard against COVID 19 infections. Since October, UMS' Penang facilities have resumed full production headcount with operations running smoothly.

Sales in "Others" segment comprising revenue from Starke Singapore ("Starke") and JEP Industrades' tooling distribution business went up by 73 %.

On a sequential basis, compared to 2QFY2021, Semiconductor and Aerospace segment sales edged up 2% and 7% respectively, while Others segment dipped 9%.

Except for Taiwan, all the Group's key geographical markets grew substantially in 3QFY2021. Singapore rose 47%, due to higher component sales and consolidation of JEP's semiconductor component business. US surged 75%, due to higher component sales and consolidation of JEP's aerospace segment sales. Malaysia jumped by 132%, due to higher material distribution sales and consolidation of JEP's tooling distribution sales. Others leapt 462%, brought about by consolidation of JEP's aerospace segment and tooling distribution sales. Taiwan's 9% dip resulted from lower component spare sales.

Group Profitability

Year on year, the Group's 9MFY2021 net profit before tax jumped 49% to S$57.0 million compared to S$38.2 million, while net profit after tax surged 43% to an all-time high of S$50.4 million – beating all quarterly records. Net profit attributable to shareholders leapt 35% to S$47.4 million against S$35.2 million in the previous corresponding nine months.

This record profit was achieved despite higher expenses in all categories, with consolidation of JEP.

The significant improvement in performance came on the back of higher sales, sustained gross material margins and other credits of S$3.6 million. Other credits include a foreign exchange gain as well as the waiver of S$3.8m debt and interest payable by Kalf to a related party. The gain was partially offset by a S$2.0 million loss on acquisition of JEP, after its reclassification from investment in an associate.

9MFY2021 expenses were higher in all categories, as a result of the consolidation of JEP.

Personnel cost and other expenses rose by 78% and 42% respectively. Depreciation expenses went up by 43%.

The Group also incurred more income tax expense in line with its higher profit.

Year on year, the Group's 3QFY2021 net profit before tax surged 30% to S$18.0 million compared to S$13.9 million, while net profit after tax increased 25% from 3QFY2020 – to S$16.1 million from S$12.9 million in 2QFY2020, while net profit attributable to shareholders rose 17% to S$15.1 million during the same period.

Gross material margin for 3QYF2021 remained stable at 54.4% as compared to 55.3% in 3QFY2020. This was however higher than the 51.7% margins recorded in 2QFY2021.

The Group's bottom line benefitted from a S$0.6 million exchange gain which was partially offset by a $0.15 million intangible asset amortisation from the JEP acquisition.

Reflecting the Group's improved performance, earnings per share ("EPS") for 9MFY2021 rose to an all-time high of 8.89 cents from 6.60 cents in the first nine months of last year. Group net asset value ("NAV") per share also grew to 53.04 cents from 47.11 cents as at 31 December 2020.

Healthy Cashflow

The Group maintains its healthy financial position.

Its net cash and cash equivalents (net of bank borrowings) remained healthy at S$26.8 million compared to S$38.1 million as at 31 December 2020, after the consolidation of JEP's balance sheet.

For 9MFY2021, the Group generated S$45.0 million positive net cash from operating activities and S$38.4 million free cash flow.

The Group's overall cash and cash equivalents improved to S$53.7million as at end of September 2021, compared with S$47.7 million during the previous corresponding period last year.

Outlook

On the Group's latest results, UMS Chairman and CEO Mr Andy Luong said, "We are delighted to report another set of record-breaking results. The Group has beaten the odds of tough operating conditions to deliver exceptional performance. We benefitted from the acceleration of global chip demand and the sustained strong growth in capex investments by global foundries in all our key markets. Our growth is also a testament to the Group's timely diversification and acquisition of JEP as well as the effectiveness of our team in managing production challenges brought about by tighter national COVID 19 measures imposed to safeguard public health and well-being."

This powerful momentum, driven by the explosion in global chip demand in the past months will spur the semiconductor market to substantial growth for the full year 2021 and beyond.

According to SEMI, global fab equipment spending is expected hit another record high in 2022. Driven by digital transformation and other secular technology trends, global semiconductor equipment investments for front end fabs in 2022 are expected to reach nearly US$100 billion, after topping a projected US$90 billion investment in 2021. The foundry sector will account for the bulk of fab equipment investments in 2022. Both DRAM and NAND are also showing large investment increases in 2022 with spending increasing to US$17 million and US$21 billion, respectively.[1]

Similarly, in the medium to long term, the global semiconductor manufacturing equipment market is expected to grow at 9.6% from 2021 through to 2026, aided by technological advancements such as the use of artificial intelligence (AI) solutions and integration of connected devices with the Internet of Things (IoT). In addition, electronics manufacturers are using IoT-enabled silicon-based sensors in the manufacturing equipment with remote monitoring capabilities for complex circuit boards.[2]

To take advantage of this ongoing global semiconductor boom, the Group expects to increase its production capacity by doubling its capex in FY2022. Its new Penang factory is scheduled for completion in 3QFY2022.

Mr Luong added, "In addition to the strong semiconductor market outlook, the Group is also well-poised to ride the potential upswing in the aviation sector. JEP with its established track record in the aerospace industry stands to reap the gains from the aviation industry recovery."

The 2021 Boeing Market Outlook (BMO) – Boeing's analysis of long-term market dynamics – states that commercial airplanes and services are showing signs of recovery. The BMO projects a $9 trillion market over the next decade for aerospace products and services that Boeing addresses. The forecast is up from $8.5 trillion a year ago, and up from $8.7 trillion in the pre-pandemic 2019 forecast, reflecting the market's continued recovery progress.[3]

Barring any unforeseen circumstances, the Group's growth prospects ahead remain bright.

[[1]Source: Global fab equipment spending to hit another record high in 2022, says SEMI: https://www.digitimes.com/news/a20210915PR201.html]

[[2]Source: Semiconductor Manufacturing Equipment Market: Global Industry Trends, Share, Size, Growth, Opportunity and Forecast 2021-2026: https://www.imarcgroup.com/semiconductor-manufacturing-equipment-market]

[[3]Source: Boeing forecasts $9 trillion aerospace market opportunities in commercial, defense and services over next decade: https://www.prnewswire.com/news-releases/boeing-forecasts-9-trillion-aerospace-market-opportunities-in-commercial-defense-and-services-over-next-decade-301376015.html]

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 products we offer include modular and integration system for original semiconductor equipment manufacturing. With a track record of more than 35 years, the Group's core business is on front-end semi-conductor equipment contract manufacturing which makes modular and integrated systems for global semiconductor OEM customers. Today, the enlarged Group includes subsidiaries JEP Holdings Ltd and Starke Pte Ltd, which serve the aerospace, materials sourcing and distribution sector respectively.

The enlarged Group is well-positioned to maximise operational synergies to capitalize on the global upcycle in chip demand and expected rebound in global aviation.

Headquartered in Singapore, the Group has production facilities in Singapore, Malaysia and California, USA.

Issued on behalf of UMS Holdings Limited
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