



Company Registration No.: 200100340R

UMS REPORTS ANOTHER RECORD PERFORMANCE FOR FY2022

- **Net profit soared to a new peak of \$102 million on record revenue of S\$372.4 million**
- **Net cash from operations reached an all-time high of S\$95.3 million**
- **EPS shot up 84.8% to 14.71 cents**
- **Tax exempt final dividend of 2 cents per share to reward shareholders**

Singapore, 28 February 2023:

SGX Mainboard-listed UMS Holdings Limited's ("UMS" or "The Group") revenue and profit hit new peaks in FY2022 despite challenging global market conditions.

The Group recorded its highest ever annual net profit - surpassing the S\$100 million mark for the very first time - on record revenue of S\$372.4 million.

Net profit for FY2022 soared 77% to S\$102 million while net profit before tax jumped 30% to S\$103.2 million when compared to FY2021.

Net profit attributable to shareholders for the year shot up 85% to another all-time high of S\$98.2 million.

In light of the Group's exceptional performance, UMS has proposed a final tax-exempt dividend of 2 cents per share, thus rewarding shareholders with total dividends of 5.0 cents a share in FY2022.

The sterling performance was mainly driven by the Group's strong sales, as well as a reversal of the tax provision made by its Malaysian subsidiary after the resolution of its pioneer tax incentives with the Malaysian government.

The record performance was achieved despite slightly lower gross material margin, higher expenses and foreign exchange loss (due to the US currency depreciation).

Gross material margin in FY2022 eased to 49.9% from 52.8% in FY2021. This was partly due to the drop in US dollar exchange rate, higher material costs as well as lower margins from Kalf Engineering's sales.

The Group's overall costs also went up as all expense categories increased, mainly as a result of the full 12 months consolidation of JEP's results vs only 8 months in FY2021.

Sales in the Semiconductor segment rose 33%, buoyed by the robust performances of both its Semiconductor Integrated System sales, which leapt 47% from S\$104.2 million in FY2021 to S\$152.8 million in FY2022, and its component sales which climbed 23% from S\$138.5 million in FY2021 to S\$170.2 million in FY2022.

Revenue in its Aerospace segment also soared 50% while its Others segment registered a 85% hike in sales.

The Group reported significant sales growth in all its key markets. Malaysia and Others delivered the strongest growth of 73% and 87% respectively. Revenue in Singapore jumped 36% as compared to FY2021 while sales in Taiwan and US increased 40% and 12% during the period under review.

The Group's earnings per share ("EPS") for FY2022 jumped to 14.71 cents from 7.96 cents in FY2021. Group net asset value per share climbed to 51.02 cents from 42.14 cents in FY2021.

FOURTH-QUARTER PERFORMANCE

Group revenue remained above the \$100 million mark for 4QFY2022 - rising 16% above the record high achieved in 4QFY2021.

In terms of profitability, the Group reported another sterling performance - 4QFY2022 net profit surged 124% to S\$16.1M while net profit attributable to UMS shareholders shot up 184% to \$16.1M when compared to 4QFY2021.

The profit jump was achieved despite higher expenses and foreign exchange losses (due to the depreciation of the US currency) during the quarter.

The Group's 4QFY2022 profit before tax edged down 16% to \$18.9 million when compared to 4QFY2021.

Gross material margin in 4QFY2022 softened to 46.5% from 52.1% in 4QFY2021. The dip is mainly due to the decline in USD exchange rate and lower margins from Kalf Engineering's completed equipment delivery of a project in Taiwan. The bulk of the profits from this project will be recognized upon completion of project commissioning in 2023. Excluding Kalf Engineering's contributions, overall Group gross material margin would have been 49.9%.

All the Group's core business segments did better.

Semiconductor sales rose 9% to \$84.7 million in 4QFY2022 from S\$77.6 million in 4QFY2021.

The improved revenue was driven mainly by higher Integrated System sales which surged 50% from S\$30.7 million in 4Q2021 to S\$46.1 million in 4Q2022. This was however offset by lower sales from its Components business which fell 18% from S\$46.9 million in 4Q2021 to S\$38.5 million in 4Q2022. The decline is mainly attributed to the business slowdown in some backend semiconductor customers.

Its Aerospace sales also grew 6% to S\$4.2 million in 4QFY2022 from \$3.9 million in the same period last year.

Revenue in "Others" segment jumped 107% compared to 4QFY2021 - mainly due to the delivery of a water disinfection system by its subsidiary - Kalf Engineering - during the quarter.

On a sequential basis, 4QFY2022 revenue remained stable compared to 3QFY2022. Revenue in the semiconductor segment softened slightly by 5% while revenue in the Aerospace and Others segments increased 8% and 77% respectively.

Geographically, all the Group's key markets, except Malaysia, achieved higher revenue growth in 4QFY2022. Malaysia however reported a sales dip of about 8%. Singapore registered sales growth of 11% to hit S\$69.2 million on the back of higher integrated system sales and component sales for new equipment.

Revenue in Taiwan climbed 72% vs 4Q2021 mainly due to the delivery of a water disinfection system during the quarter by the Group's subsidiary - Kalf Engineering.

US sales improved 14% while the Others segment grew 7% in 4QFY2022 compared to 4QFY2021.

HEALTHY CASH FLOW

The Group's positive net cash from operating activities grew to S\$95.3 million in FY2022 from S\$66.2 million in FY2021. It also generated free cash flow of \$42.6 million in FY2022 (vs S\$56.4 million in FY2021). The lower free cash flow is attributed to the \$53.5 million capex spending in FY2022.

The Group's net cash and cash equivalents (net of bank borrowings) as at 31 Dec 2022 remained largely stable at S\$31.8 million compared to S\$30.8 million as at 31 Dec 2021.

OUTLOOK

On the Group's latest results, UMS Chairman and CEO Mr Andy Luong said, "We have beaten our best ever results again – smashing all previous records to hit new highs! This exceptional performance amid tough market conditions underscores the Group's resilience and competence in managing market risks while pursuing diversified growth trajectories that provide sustainable long-term value to shareholders. The Group also did well in terms of corporate recognition. UMS was named in the Forbes Best Under a Billion list (2022) which recognises 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. We are also delighted that UMS has been added to the MSCI Global Small Cap index recently."

Sustained global chip demand in the first nine months of the year helped lift the Group sales to record highs.

"Indeed, we experienced higher demand for our systems and components than our existing production capacity can accommodate," added Mr Luong. "Looking ahead, the outlook for UMS in next 6 months will be softer as global chip demand is expected to ease in the near term as customers turn more cautious in the face of an economic slowdown, rising inflation and ongoing geopolitical tensions."

The Group's order book remains healthy and it will continue to expand capacity to meet customer demands.

Meanwhile, construction of the Group's new Penang factory is progressing as planned and is scheduled for completion in mid-2023. The hiring of workers is also proceeding well, thus helping to alleviate the tight labour situation in Penang.

The Group remains upbeat of longer-term growth prospects. Mr Luong said, "Our long term outlook stays strong as we are well-poised to scale higher with our twin growth engines in semiconductors and aerospace. Both industries have bright futures and will be our key growth drivers in the years ahead."

While Gartner is forecasting total worldwide semiconductor revenue to decrease 6.5% in 2023 to \$562.7 billion, the market is expected to recover in 2024, growing 16.3% to reach \$654.3 billion in revenue. ¹

According to SEMI, the worldwide semiconductor industry is projected to invest more than \$500 billion in 84 volume chipmaking facilities starting construction from 2021 to 2023, with segments including automotive and high-performance computing fuelling

the spending increases. The projected growth in global factory count includes a record high 33 new semiconductor manufacturing facilities starting construction in 2022 and 28 more in 2023.²

SEMI also expects 300mm fab equipment spending in 2023 to be about \$77 billion (-14% YoY), \$94 billion (+22% YoY) in 2024 and \$116 billion (+24% YoY) in 2025 respectively.

Total installed capacity is expected to grow 9% in 2022, 7% in 2023, 8% in 2024 and 11% in 2025.³

The aerospace industry is also in better shape as business and leisure travel is picking up gradually across the world including Asia as pandemic travel curbs are lifted. According to IATA, international traffic in 2022 climbed 152.7% versus 2021, reaching 62.2% of 2019 levels. This growth momentum is expected to continue into 2023. IATA also expects the global airline industry to return to profitability in 2023.⁴

Fitch Ratings too predicts that new, large commercial aircraft (LCA) deliveries will increase by more than 20% in 2023 vs 2022.⁵

The Group will continue active engagement with prospective customers whilst First Article inspection processes for a new customer has already commenced.

The Group plans to secure additional power supply for its new Penang factory in the coming months. The Malaysian Authorities has also given approval for the Pioneer Status incentive application of the Group's Malaysian subsidiary for an additional 5 years from 2023.

Barring unforeseen circumstances, the Group will remain profitable in 2023.

¹Source:<https://www.gartner.com/en/newsroom/press-releases/2022-02-02-navigating-the-dynamics-of-the-chip-market-cyclicality-is-back>and<https://www.gartner.com/en/newsroom/press-releases/2022-11-28-gartner-forecasts-worldwide-semiconductor-revenue-growth-to-decline-3-6-percent-in-2023>

²Source:<https://www.semi.org/en/news-media-press-releases/semi-press-releases/global-chip-industry-projected-to-invest-more-than-%24500-billion-in-new-factories-by-2024-semi-reports>]

³ Source: <https://www.semi.org/en/products-services/market-data/300mm-fab-outlook>

⁴Source:<https://airlines.iata.org/news/air-travel-recovery-strengthens-in-2022> and <https://www.iata.org/en/pressroom/2022-releases/2022-12-06-01/#:~:text=North%20American%20carriers%20are%20expected,%25%20of%20pre%2Dcrisis%20capacity.>

⁵Source:<https://www.fitchratings.com/research/corporate-finance/a-d-outlook-improving-on-stronger-aircraft-demand-defense-spend-30-11-2022>

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 semi-conductor equipment contract manufacturing and is also involved in complex electromechanical assembly and final testing devices. The products we offer include modular and integration system for original semiconductor equipment manufacturing. Other industries that we also support include the electronic, machine tools and oil and gas. Headquartered in Singapore, the Group has production facilities in Singapore, Malaysia and California, USA.

UMS was recently named in the Forbes Best Under a Billion list (2022) which recognises 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,

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

Issued on behalf of UMS Holdings Limited

For more information, please contact:

Ms. Tham Moon Yee – tmy@stratagemconsultants.com

Mr. Soh Tiang Keng – tksoh@stratagemconsultants.com

Stratagem Consultants Pte Ltd:

Tel: 65- 6227 0502

Fax: 65- 6227 5663