Company Registration No.: 200100340R

UMS POSTS 11.5 % QUARTER ON QUARTER GROWTH IN NET ATTRIBUTABLE PROFIT TO S$10.4 MILLION ON SALES OF S$64.9 MILLION FOR 3QFY2024

- Net attributable profit fell 33% to S$29.5 million on lower revenue of S$174.9 million for the first nine months of 2024
- Interim Dividend of 1 cent per share to reward shareholders
- Brighter outlook supported by positive guidance of key semiconductor equipment customers

Singapore, 8 November 2024:

SGX Mainboard-listed UMS Integration Limited ("UMS" or "The Group"), posted another quarter of growth with net attributable profit rising 11.5% Q-o-Q to S$10.4 million on increased revenue of S$64.9 million in 3QFY2024, which was about 16.1% higher than 2QFY2024.

On a nine-month basis, the Group recorded lower profits as sales declined 23% to S$174.9 million in the first 9 months of this year from S$226.4 million in 9MFY2023. Group pre-tax profit fell 34% to S$34.1 million from S$51.2 million in 9MFY2023 while Group net profit and net attributable profit also declined 34% and 33% to $29.8 million and $29.5 million respectively during the period under review.

The Group's financial position strengthened during the quarter.

Overall, the Group's net cash increased by $28.1 million from $44.9 million on 31 Dec 2023 to $73 million at the end of September 2024. The higher net cash was mainly due to proceeds from the Group's share placement in 1Q2024 which raised net cash of $49.9 million.

In view of the Group's robust performance and in line with its practice of consistently rewarding shareholders for their loyalty and support, the Board has recommended to maintain its interim dividend of 1 cent per share for 3QFY2024.

Group Revenue

Group revenue continued to show Q-o-Q growth.

While sales fell 9% Y-o-Y to S$64.9 million in 3QFY2024 from S$71.3 million in 3QFY2023, it rose 16.1% Q-o-Q from S$56 million in 2QFY2024. Sales have resumed quarterly growth since 1QFY2024.

The Group's Semiconductor segment sales fell 13% Y-o-Y from 3QFY2023 due to weaker global chip demand while revenue in Others declined 22% as its material and tooling distribution business was affected by the general business slowdown.

Lower Integrated System and Component sales resulted in the Group's semiconductor segment's revenue decline. Semiconductor Integrated System sales fell 19% from S$33.3 million in 3Q2023 to S$27.1 million in 3Q2024 while component sales dipped 6% from S$29.7 million in 3Q2023 to S$28 million in 3Q2024.

The Group's Aerospace segment performance continued to improve - rising 44% - lifted by the sustained recovery in the aerospace industry.

On a Q-o-Q basis, the Group's semiconductor sales jumped 19% on the back of higher integrated system shipments. Its Aerospace revenue also rose 19%. Revenue from its Others segment however remained soft - slumping 30%.

On a Q-o-Q basis, sales in all of the Group's key markets - except for Taiwan and Others - also improved. Singapore sales rose about 18.9% to S$44.7 million from S$37.6million, US sales increased 11.6% to S$8.8 million from S$7.9 million while Malaysia's revenue grew 81.7% to S$4.6 million from S$2.5 million.

On a Y-o-Y basis, all the Group's key geographical markets (except Malaysia and US) posted lower revenue in 3QFY2024. Malaysia was the star performer -- reporting a sales surge of 130% mainly due to the commencement of business with the new major customer.

US revenue rose 12% mainly due to higher aerospace component sales.

Sales in Singapore slumped 14% on the back of lower semiconductor component sales while Taiwan revenue fell 35% on lower sales of component spares.

Sales in the "Others" markets also decreased 19% mainly due to weaker material/tooling distribution business.

9MFY2023

In the first nine months of the year, Semiconductor segment sales decreased 27% on the back of lower Semiconductor Integrated System sales which declined 36% to S$69.3 million in 9M2024 vs S$108.0 million in 9M2023 while component sales fell 16% from S$92.6 million in 9M2023 to S$77.8 million in 9M2024. Revenue in the Others segment also declined 15%.

The Group's aerospace revenue however grew 23% buoyed by the surge in global air travel during the period under review.

All of the Group's key geographic markets, except for Malaysia, reported lower sales.

New customer orders boosted Malaysia sales by 39% during the period under review.

Sales in Singapore shrank 26% in 9MFY2024, while revenue in the US, Taiwan and Others fell 5%, 38% and 25% respectively.

Profitability

3QFY2024

The Group's performance continued to improve in the third quarter of 2024 with gross material margin improving to 51.7% from 51.2% of 3QFY2023.

The Group's bottomline also benefitted from higher finance income which increased 70% mainly due to higher interest income generated from higher cash balances from its share placement exercise in January 2024 and lower bank borrowings due to repayment of secured term loans.

On a Q-o-Q basis, the Group's profitability improved compared to 2QFY2024. Net attributable profit grew 11.5% from S$9.3million while net profit increased 8.7% to S$10.3 million and pre-tax profit jumped 13.6% from S$10.5 million.

On a Y-o-Y basis, the Group posted a 32% decline in net attributable profit to S$10.4 million in 3QFY2024 from S$15.3 million in 3QFY2023. Net profit also fell 33% to S$10.3 million from S$15.4 million while pre-tax profit decreased 32% to S$11.9 million during the period under review

Depreciation expenses increased 6% while other expenses increased 10% over last year - mainly due to increase in legal and professional fees (especially for the Group's secondary listing) as well as for the upkeep of property and machinery.

The Group also incurred a foreign exchange loss (vs a foreign exchange gain in 3QFY2023) which was partially offset by a gain from disposal of fixed assets. The foreign exchange loss was caused largely by the US Dollar depreciation.

Income tax expenses were reduced by 19% due to the lower profits.

9MFY2024

Gross material margin in 9M2024 increased to 52.8% from 49.2% in 9M2023 mainly due to a change in its product mix.

Group pre-tax profit however fell 34% to S$34.1 million from S$51.2 million in 9MFY2023 while Group net profit and net attributable profit also declined 34% and 33% to $29.8 million and $29.5 million respectively during the period under review.

The Group continued to cut its expenses - reducing its personnel costs, depreciation and other expenses by 7%, 2% and 2% respectively. Its income tax expenses were also reduced by 27% to S$4.3 million in 9MFY2024 due to lower profits.

The Group's bottomline was lifted by higher finance income which surged 117% to over S$1.8 million due to higher cash balances mainly attributed to its share placement exercise in January 2024.

Reflecting the softer performance, the Group's earnings per share attributable to owners of the company ("EPS") fell to 1.46 cents from 2.29 cents in 3QFY2023. On a nine-month basis, EPS declined to 4.18 cents from 6.61 cents in 9MFY2023.

Group net asset value ("NAV") per share grew to 59.11 cents as at 30 September 2024 from 53.69 cents on 31 December 2023.

Healthy Financial Position

The Group remained financially healthy during the nine-month period. It registered $31.2 million (vs $48.6 million in 9MFY2023) positive net cash from operating activities. The lower operating cash flow was mainly due to lower profits. Its free cash flow remained positive - dipping to $8.0 million from S$27.3 million in 9MFY2023.

Overall, the Group's net cash increased by $28.1 million from $44.9 million on 31 Dec 2023 to $73 million at the end of September 2024. The higher net cash was mainly due to proceeds from the Group's share placement in 1Q2024 which raised net cash of $49.9 million.

In 3QFY2024, the Group registered $16.8 million (vs 3QFY2023: $3.5 million) positive net cash from operating activities and a positive $8.8 million (vs negative $6.1 million in 3QFY2023) free cash flow.

Brighter Outlook

Commenting on the Group's performance, Mr Andy Luong, UMS' Chairman and CEO said, "The Group has delivered another quarter of robust growth. Group revenue and earnings have improved every quarter since the year started. We continued to grow on the back of the sustained international air travel boom and robust demand from our key customers.

Despite higher costs and challenging market conditions, we grew our gross margins and profits Q-o-Q - group pre-tax and net attributable profit posted double-digit improvements - rising 13.7% and 11.5% respectively.

The Group also continued to generate cash and deliver positive returns to shareholders. In the current quarter under review, the Group registered $16.8 million positive net cash from operating activities and a positive $8.8 million free cash flow in 3QFY2024.

In view of our robust performance, the Board has decided to maintain its interim dividend of 1 cent for 3Q2024, bringing our total dividend payout to shareholders to 3.2 cents for the nine months of this year."

Going forward, the outlook for the Group's core business sectors remains upbeat.

The semiconductor industry outlook appears to be promising.

A recent report by the Semiconductor Industry Association (SIA) and the Boston Consulting Group on the semiconductor supply chain forecasts significant improvements in the resilience of the supply chain in both the U.S. and globally in coming years. The study shows that investments from the industry, facilitated by incentives under the CHIPS Act, are making progress in growing domestic semiconductor manufacturing and strengthening the U.S. economy.

U.S. fab capacity is projected to increase by 203% by 2032, a tripling of U.S. capacity. The U.S. is expected to increase its share of global fab capacity for the first time in decades, growing from 10% today to 14% by 2032.

The U.S. is forecast to grow its capabilities in critical technology segments, such as leading-edge fabrication, DRAM memory, analog and advanced packaging. For example, U.S. capacity for advanced logic will grow from 0% in 2022 to 28% by 2032, including new capabilities at the leading edge.

The U.S. will secure more than one-quarter (28%) of global capital expenditures between 2024-2032 – an estimated $646 billion.[1]

According to SEMI, Global spending on 300mm fab equipment is expected to reach a record US$400 billion from 2025 to 2027, SEMI highlighted in its quarterly 300mm Fab Outlook Report. The robust spending is being driven by the regionalization of semiconductor fabs and the increasing demand for artificial intelligence - (AI) chips used in data centers and edge devices. Worldwide, 300mm fab equipment spending is projected to grow by 4% to US$99.3 billion in 2024, and further increase by 24% to US$123.2 billion in 2025, surpassing the US$100 billion level for the first time. Spending is forecast to experience 11% growth to US$136.2 billion in 2026 followed by a 3% increase to US$140.8 billion in 2027.[2]

The Group remains confident of working closely with its key customers to benefit from rapidly rising demand for wafer fabrication equipment to produce high-value artificial intelligence (AI) chips which are experiencing phenomenal growth in global markets.

Signalling improving chip demand, the Group's new key customer has requested UMS to ramp up production in the coming months.

The Group is also well-placed to capitalise on the post-COVID aviation boom as air travel accelerates worldwide.

According to the Airports Council International Asia-Pacific and the Middle East (ACI), the Asia-Pacific region is set to dominate global air passenger traffic growth in the next 15 years, with the numbers projected to more than double the 2019 levels in that time, and hit 8.7 billion by 2042.[3]

The Group's preparations for a secondary listing of its entire issued shares on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) have commenced. This listing is part of the Group's overall strategy to unlock shareholder value and enable the Group to tap into different equity markets to support the Group's growth in the coming years.

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

Source:

1. Emerging Resilience in the Semiconductor Supply Chain https://www.semiconductors.org/emerging-resilience-in-the-semiconductor-supply-chain/
2. Global Semiconductor Industry Plans to Invest $400 Billion in 300mm Fab Equipment Over Next Three Years, SEMI Reports - https://www.semi.org/en/semi-press-releases/global-semiconductor-industry-plans-to-invest-%24400-billion-in-300mm-fab-equipment-over-next-three-years-semi-reports
3. Asia Pacific set for take-off in global air traffic despite supply chain headwinds - https://www.businesstimes.com.sg/international/asean/asia-pacific-set-take-global-air-traffic-despite-supply-chain-headwinds-

About UMS Integration Limited

Incorporated in Singapore on January 17, 2001, UMS Integration 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 remains on the MSCI Global Small Cap Index since February 2023.

As of June 2024, UMS is ranked as one of the top-10 constituents of the MSCI Singapore Investable Market (IMI) Islamic Index. The index applies stringent screens based on several criteria including business activities and financial ratios derived from total assets.

The Group changed its name to UMS Integration Limited on 5 September 2024 to better reflect the identity and status of the Group in connection with its Secondary Listing on Bursa, Malaysia and to distinguish it from similarly named companies in Malaysia. The name change will also strengthen the Group's profile as an integrated comprehensive service provider for global chip companies.

Issued on behalf of UMS Integration 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