



Company Registration No.: 200100340R

UMS POSTS 32% QUARTER ON QUARTER GROWTH IN NET ATTRIBUTABLE PROFIT TO S\$15.3 MILLION ON SALES OF S\$71.3 MILLION FOR 3QFY2023

- Reports net attributable profit of S\$44.3 million on softer sales of S\$226.4 million for the first nine months of 2023
- Maintains Interim Dividend of 1.2 cent per share to reward shareholders
- Expects Buoyant Outlook supported by sanguine guidance of key semiconductor equipment makers
- Named winner of the prestigious Centurion Club Award 2023

Singapore, 10 November 2023:

SGX Mainboard-listed UMS Holdings Limited (“UMS” or “The Group”), posted another robust quarter with net attributable profit advancing 32% from 2QFY2023 to S\$15.3 million on revenue of S\$71.3 million in 3QFY2023, which was about 4% lower than 2QFY2023.

On a nine-month basis, the Group recorded lower profits as sales declined 17% to \$226.4 million from S\$271.4 million in 9MFY2022. Group pre-tax profit fell 39% to S\$51.2 million, while net profit dropped 47% to S\$45.4 million and net attributable profit shrank 46% to S\$44.3 million.

The Group continued to generate positive net cash of \$48.6 million (vs S\$59.2 million in 9MFY2022) from operating activities and S\$27.3 million free cash flow (vs S\$26.9 million in 9MFY2022). Its net cash and cash equivalents (net of bank borrowings) improved to S\$36.6 million as at 30 September 2023 compared to S\$31.8 million as at 31 December 2022.

This was achieved even after repaying bank borrowings of S\$10.7 million, clearing off its balance of S\$0.9million in shareholders’ loan and paying S\$20.1 million in dividend during the period.

The Group also accomplished another milestone - by winning the prestigious Centurion Club Award 2023 which recognizes Singapore’s outstanding corporate performers with a market capitalization of between S\$100 million and S\$999 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 1.2 cents for 3QFY2023.

Group Revenue

Group revenue continued to show signs of stabilization in the latest quarter under review. While sales softened 29% YoY to S\$71.3 million in 3QFY2023 from S\$100.1 million in 3QFY2022, revenue dipped about 4% QoQ compared to sales of S\$74.4 million recorded in 2QFY2023.

The weaker performance was due to lower sales from both its Semiconductor and Others businesses, which was partially lifted by a better performance from its Aerospace business.

Year over year, third quarter revenue in its Semiconductor segment fell 30% due to slower global semiconductor demand. Revenue in Others segment also decreased by 55% mainly due to the weaker material and tooling distribution business affected by the general business slowdown.

Revenue in Aerospace grew 35%, buoyed by the sustained recovery of the global aerospace industry.

Quarter over quarter, sales continued to stabilise in 3QFY2023. Semiconductor sales slipped just 3% and others revenue eased by 15% compared to 2QFY2023. Aerospace segment sales dipped 13%.

The lower overall Semiconductor revenue was due to declines in both its Semiconductor Integrated System sales and Component sales. Semiconductor Integrated System sales fell 25% from S\$44.7 million in 3QFY2022 to S\$33.3 million in 3QFY2023 while revenue from component sales dropped 34% from S\$44.7 million in 3QFY2022 to S\$29.7 million in 3QFY2023.

All the Group's key geographical markets posted lower sales in 3QFY2023. Revenue in Singapore fell 28% compared to 3QFY2022 mainly due to lower overall semiconductor sales. US sales decreased 12% due to lower component sales for new equipment. Revenue in Taiwan declined 37% as a result of lower component spares sales and revenue in others eased 5%.

Weaker material and tooling distribution demand caused its revenue in Malaysia to plunge by 65%.

9MFY2023

In the first nine months of the year, sales in the Semiconductor segment and others segment dropped 16% and 53% respectively while revenue in its Aerospace business soared 41% on the back of robust recovery in global aviation.

Semiconductor Integrated System sales inched up 1% to S\$108.0 million in 9MFY2023 from S\$106.6 million in 9MFY2022. During the same period, revenue from Component sales dived 30% to S\$92.7 million from S\$131.7 million.

All of the Group's key geographical markets reported softer sales.

Revenue in Singapore, US, Taiwan, Malaysia and Others decreased 15%, 3%, 20%, 57% and 15% respectively as compared to 9MFY2022.

Profitability

3QFY2023

The Group's 3QFY2023's bottom-line showed an upturn in performance.

Group pre-tax profit grew 26.5% to S\$17.5 million in 3QFY2023 from S\$13.8 million in 2QFY2023 while net profit rose 25.9% to S\$15.4 million from S\$12.3 million in 2QFY2023 and net attributable profit climbed 32.0% to S\$15.3 million from S\$11.6 million in the same period.

Year-over-year, the Group posted a third quarter pre-tax profit decline of 45%, while net profit and net attributable profit fell 65% and 64% respectively.

The lower 3QFY2023 profit was caused by the Group's softer sales, lower foreign exchange gain, higher expenses as well as an increase in income tax due to the reversal of tax provision for one of its Malaysian subsidiaries in Q3 FY2022.

The Group however benefitted from lower personnel expenses (which fell 17%) and improved material margins which grew to 51.2% from 50.5% in 3QFY2022 - mainly due to higher USD/SGD exchange rates and better margins arising from the renewal of its integrated system contract with its key customer.

9MFY2023

Group pre-tax profit decreased 39% compared to S\$51.2 million in 9MFY2023 compared to S\$84.3 million in 9MFY2022. Net profit and net attributable profit fell 47% to S\$45.4 million and 46% to S\$44.3 million respectively.

The lower earnings were due to lower gross material margin which edged down to 49.2% from 51.2% in 9MFY2022, lower foreign exchange gain as well as higher expenses and increased income tax for one of its Malaysian subsidiaries. The Group's bottom-line however, benefitted from lower personnel costs and freight charges.

Reflecting the softer performance, the Group's earnings per share ("EPS") for 3QFY2023 edged down to 2.29 cents compared to 6.35 cents in 3QFY2022. On a nine month basis, EPS declined to 6.61 cents in 9MFY2023 from 12.29 cents in 9MFY2022.

Group net asset value ("NAV") per share grew to 54.13 cents as at 30 September 2023 from 50.65 cents on 31 December 2022.

Healthy Financial Position

The Group's financial position remains healthy.

It continued to generate positive net cash and grew its free cash flow to S\$27.3 million in 9MFY2023 from S\$26.9 million in 9MFY2022.

Optimistic Outlook

Commenting on the Group's performance, Mr Andy Luong, UMS' Chairman and CEO said, "The Group has once again proven our resilience and strong track record of success despite the devastating impact of the Covid19 pandemic and intense macro-economic pressures imposed by ongoing geopolitical tensions. We are extremely

proud of being conferred another prestigious corporate award recently - The Centurion Club Award by The Edge, a leading financial publication in the region. This is the fourth corporate accolade the Group has received since last year (2022).

We have also done well in our latest 3QFY2023 performance.

While global chip demand remains soft and macro-economic challenges persist, there are now signs of an industry rebound. Compared to 2QFY2023, Group sales continued to stabilize in 3QFY2023 while earnings recorded double digit growth.

Our robust Semiconductor business performance is mainly attributed to our Integrated System business, which forms a higher share in the global foundry sector."

The Group's performance in the coming months will be supported by the sanguine guidance of some major semiconductor equipment makers which expect "to deliver sustainable outperformance" going forward¹ and "tremendous growth vectors ahead and will be investing strategically to drive long-term outperformance."²

According to SEMI, a 2024 rebound is expected to continue through 2026, with wafer shipments setting new highs as silicon demand increases to support artificial intelligence (AI), high-performance computing (HPC), 5G, automotive and industrial applications.³

SEMI also predicts Fab equipment spending to recover to US\$97billion (rising 15.5% YoY) and Total Foundry capacity (including Foundry/IDM) to increase 7% in 2024. Investments into fab construction projects which hit a historical high in 2023 is expected to continue to a higher level in 2024.⁴

On the Group's growth prospects ahead, Mr Luong said, "The latest industry data heralds good news for us. With the completion of our new production facilities in Penang, the Group is well poised to capture new growth opportunities on the horizon. Additional power supply for the factory has been secured and machine installation is progressing well.

Going forward, our growth will continue to be powered by our twin growth engines - Semiconductors - which will benefit from new tech innovations and the AI boom - and Aerospace as global air travel trends extend their strong rebound.

With our good performance and brighter outlook, we are pleased to maintain our interim dividend of 1.2 cents for 3QFY2023 to reward our loyal shareholders."

Barring any unforeseen circumstances, the Group will remain profitable for FY2023.

Source:

1. Applied Materials Announces 3Q 2023 Results
https://www.printedelectronicsnow.com/contents/view_breaking-news/2023-08-18/applied-materials-announces-3q-2023-results/
2. Lam Research Corporation Reports Financial Results for the Quarter Ended September 24, 2023
<https://newsroom.lamresearch.com/2023-10-18-Lam-Research-Corporation-Reports-Financial-Results-for-the-Quarter-Ended-September-24,-2023>
3. Global Silicon Wafer Shipment Growth to Bounce Back in 2024 after 2023 decline, SEMI reports
<https://www.semi.org/en/news-media-press-releases/semi-press-releases/global-silicon-wafer-shipment-growth-to-bounce-back-in-2024-after-2023-decline-semi-reports>
4. World Fab forecast
https://www.semi.org/en/products-services/market-data/world-fab-forecast?utm_source=google&utm_medium=cpc&utm_campaign=HQ-OA-20220307--MITGoogle&utm_content=136742692200&utm_term=chip%20making%20companies&utm_source=google&utm_medium=cpc&utm_device=c&utm_campaign=16510734446&utm_adgroup=136742692200&utm_extension=&utm_term=chip%20making%20companies&utm_landingpage=https://www.semi.org/en/

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 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