



Company Registration No.: 200100340R

UMS REPORTS \$17.4 MILLION IN 1QFY2023 NET ATTRIBUTABLE PROFIT ON REVENUE OF S\$80.8 MILLION

- **Earnings per share eased to 2.59 cents**
- **Generated net cash of \$20.8 million from operating activities and a free cashflow of S\$17.0 million**
- **Tax-exempt dividend of 1 cent to reward shareholders**

Singapore, May 10 2023:

Despite a challenging global economy and a slowing semiconductor industry, SGX Mainboard-listed UMS Holdings Limited (“UMS” or “The Group”) continued to deliver robust first quarter results for FY2023.

Group revenue for 1QFY2023 remained relatively stable, easing 5% to S\$80.8 million compared to S\$84.7 million in 1QFY2022 while the Group stayed profitable - posting a net profit attributable to shareholders of S\$17.4 million, which was 10% lower compared to 1QFY2022.

The revenue drop was due to the 1% dip in the Group’s semiconductor sales and the 56% revenue decline in the “Others” segment.

The “Others” segment was impacted by the absence of the delivery of Kalf’s water disinfection system and a slowdown in the Group’s material distribution business.

The Group’s Aerospace business continued to enjoy robust growth - soaring 40% compared to 1QFY2022.

On a sequential basis - compared to 4QFY2022, its Semicon segment sales fell 14% while revenue in the “Others” segment dived 69% due mainly to the absence of contribution from Kalf’s water disinfection system delivery and the weaker material distribution business.

The Group’s Semiconductor Integrated System sales remained strong, surging 37% from S\$29.9 million in 1QFY2022 to S\$40.9 million in 1QFY2023. Revenue from component sales however slid 26% from S\$43.4 million in 1Q2022 to S\$32.0 million in 1QFY2023. The decline in component sales was mainly attributed to the weaker demand from back-end semiconductor customers.

The Group’s Aerospace sales stayed stable at about S\$4.1 million compared to S\$4.2 million in 4QFY2022.

Geographically, all the Group's key markets (except Singapore and the US) reported reduced revenue in 1QFY2023.

Sales in Singapore inched up 3% as compared to 1QFY2022 on the back of higher shipment of semiconductor Integrated System sales which was partially offset by lower semicon back-end related component sales.

Higher component sales for new equipment helped boost US sales by 10%.

Taiwan revenue dropped 26% on lower sales of component spares. Revenue in Malaysia shrank 42% compared to the past corresponding period due to the slowdown in the material distribution business.

Group Profitability

The Group's net profit in 1QFY2023 slid 15% to S\$17.7 million vs S\$20.7 million in 1QFY2022. Pre-tax profit also fell 22% to S\$19.9 million during the period under review.

The Group's bottom line was affected mainly by higher expenses and a foreign exchange loss of S\$0.2 million arising from the weaker US dollar.

Depreciation expenses rose 26% mainly due to fixed assets addition while Other expenses jumped 31% over last year. Upkeep of machinery shot up 106% compared to last year due to more maintenance work. Utilities climbed 52% arising from the implementation of ICPT (Imbalance cost past-through) in Malaysia. Professional fees also went up 11% during the quarter.

The Group, however, benefitted from a 5% decline in personnel costs and a \$0.4million gain from disposal of fixed assets, as well as a 52% decrease in income tax provision after the pioneer status reinstatement for one of its subsidiaries in Malaysia.

On a sequential basis, the Group's net profit grew about 10% to S\$17.7 million compared to S\$16.1 million in 4QFY2022. Group net attributable profit also rose 8% during the same period.

The Group's gross material margin in 1QFY2023 stayed relatively stable at 50.2% vs 51.4% in 1QFY2022. This is mainly due to lower US dollar exchange rates.

Compared to 4QFY2022, the Group's 1QFY2023 gross material margin improved about 8% from 46.6%.

Reflecting the softer performance, the Group's earnings per share ("EPS") for 1QFY2023 edged down to 2.59 cents compared to 2.91 cents in the first quarter of last year.

Group net asset value ("NAV") per share grew to 53.54 cents as at 31 March 2023 from 50.89 cents on 31 December 2022.

Healthy Cashflow

The Group's financial position remained robust - generating net cash of \$20.8 million from operating activities and a free cashflow of S\$17.0 million in 1QFY2023 - compared to S\$24.7 million and S\$18.7 million respectively in the same period last year.

During the quarter, the Group continued to pare down loans. It repaid \$9.6 million of bank borrowings and sold its remaining Treasury shares.

The Group's net cash grew by \$18.6 million from \$31.8 million at the end of December 2022 to \$50.4 million at the end of March 2023.

Optimistic Outlook

On the Group's first quarter performance, UMS Chairman and CEO Mr Andy Luong said, "In the face of global economic challenges and a slowing semiconductor industry, UMS remained resilient. We delivered another commendable performance and strengthened our financial position as we continue to support our leading customers as they grow their presence in Southeast Asia.

In view of the robust 1Q performance of the Group, the Board will maintain its interim dividend of 1 cent per share to reward shareholders."

Commenting on the Group's outlook, Mr Luong said, "While lower wafer fabrication equipment spending will persist in the coming months, we will focus on managing costs as we strengthen our production capacity in Malaysia. Indeed we will be in an excellent position to capture new growth opportunities when the global fab equipment demand resumes. "

SEMI predicts global fab equipment spending for front-end facilities to decrease 22% year-on-year (YoY) to US\$76 billion in 2023 from a record high of US\$98 billion in 2022 before rising 21% YoY to US\$92 billion in 2024.¹

According to the Semiconductor Industry Association (SIA) - despite the current short-term cyclical downturn, the long-term outlook for the semiconductor market remains strong due to the ever-increasing role of chips in powering the critical technologies of today and tomorrow.²

Going forward, the Group's production plans are proceeding well with the completion of its new production facilities in Penang, Malaysia. Its Factory 1 is already completed and Factory 2 is on schedule to complete by mid-2023. The Group is currently working with the Malaysian authorities to secure additional power supply.

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

1 Source: <https://www.semi.org/en/news-media-press-releases/semi-press-releases/global-fab-equipment-spending-on-track-for-2024-recovery-after-2>

2 Source : <https://www.semiconductors.org/global-semiconductor-sales-decrease-5-2-month-to-month-in-january/>

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 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 (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.

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

Issued on behalf of UMS Holdings Limited

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