



Company Registration No.: 200100340R

## **UMS reports net profit of S\$11.3 million for 1QFY2018**

- Generated strong operating cash flow of \$15.2 million and free cash flow of \$12.0 million
- Proposes 1 cent tax-exempt interim dividend to reward shareholders

**Singapore, May 11 2018** - SGX Mainboard-listed UMS Holdings Limited (“UMS” or “The Group”) continued to reward shareholders with a proposed 1 cent tax-exempt interim dividend as it maintained its profitable track record. The Group reported a net profit of \$11.3 million for the first quarter of the financial year 2018 (1Q2018) ended 31 March 2018.

Net profit was maintained despite revenue easing 10% to \$37.5 million for the quarter. The lower Group turnover was due to a 9% dip in revenue from the semiconductor business while sales from its “Other” segments fell 44%. Most of the Group’s revenue is denominated in USD which has depreciated against the SGD when compared to 1Q2017.

On a sequential basis, revenue in the semiconductor segment for 1Q2018 was stable - easing by just 1% as compared to 4Q2017 while revenue in “Others” segment shrunk by 58% during the period due mainly to lower sales from its water solutions engineering subsidiary, Kalf Engineering Pte Ltd.

The Group's profitability was boosted by better gross material margins in 1Q2018 which jumped to 57% from 51% in 1Q2017 as it benefitted from higher component sales vs Integrated Systems sales. Component sales enjoy a higher margin compared to Integrated Systems sales.

The improved gross margin reflects the Group’s success in growing its component business to boost its bottom line.

The Group has also slashed its income tax expense by 30% as it booked more profits in its Malaysian subsidiary which enjoys Pioneer Tax incentive in Malaysia. Depreciation charges went down by 9% as some of its fixed assets were fully depreciated. Rental fees were cut by 46% as UMS shifted more of its operations to Malaysia.

The Group also registered a maiden profit contribution of S\$16,000 from its newly acquired associate - Catalyst-listed JEP Holdings Ltd.

Profits attributable to shareholders edged up 2% to S\$11.4 million in 1Q2018 vs \$11.2 million in 1Q2017.

## **Segmental Performance**

Within the semiconductor segment, those of Semiconductor Integrated System decreased 24% to S\$18.4 million in 1Q2018 from S\$24.2 million in 1Q2017; while revenue from component sales went up by 12% to S\$18.7 million - up from S\$16.7 million in 1Q2017. Geographically, the first quarter saw revenue from Singapore dip 24% due to weaker demand for the semiconductor Integrated System sales; while US component sales for new system built rose 47% compared to 1Q2017. Revenue from Taiwan rose 16% on the back of higher component spares sales while those in "Other" regions fell 80% due mainly to lower component sales to a customer in China.

## **Strong Cashflow**

UMS continued to achieve strong cash flow with \$15.2 million in net cash from operating activities and \$12.0 million in free cash flow in 1Q2018.

Bank borrowings pared down by \$2.0 million with the Group's net cash and cash equivalents remaining healthy at S\$23.8 million as of 31 Mar 2018.

During the first quarter, the Group made an investment of \$28.2 million for a 28.6% stake in Catalyst-listed JEP Holdings Ltd, in line with its diversification strategy.

## **Vibrant Prospects**

The Group's prospects remain bright in 2018 because of sustained high demand in orders from its key customer. The global semiconductor industry is predicted to continue its strong growth trajectory despite challenges to world economies posed by the ongoing US-China trade dispute.

Total global fab tool spending will increase 9 percent to reach more than \$62 billion this year, according to the latest forecast from the SEMI, the global industry association serving the manufacturing supply chain for the electronics industry. Spending on tools is forecast to rise an additional 5 percent in 2019, which would mark the fourth straight year of spending increases.\*

Commenting on the Group's performance and outlook, Mr Andy Luong, UMS' Executive Chairman and CEO said, "We are pleased to deliver a profitable start to FY2018 despite the global volatility arising from the US-China trade debacle. We are confident that the wave of IOT, AI and big data growth will stay as smart products and smart cities will continue to flourish. UMS, which is a beneficiary of this favourable uptrend, will therefore forge ahead with its expansion plans and efforts to improve performance."

UMS will work towards enhancing the performance of its Malaysian associate, AllStar Manufacturing Sdn Bhd ("Allstar") as operations will go through restructuring with UMS taking a more active role.

The Group is progressing well with its due diligence for the proposed acquisition of a 70% stake in a non-ferrous metal alloys specialist, Starke Singapore Pte Ltd ("Starke") which will be funded by internal resources. This proposed deal is in line with UMS' strategy to strengthen its upstream integration to reap cost savings and enhance business and operational synergies within the Group through a more efficient supply chain to serve global customers.

Barring any unforeseen circumstances, prospects remain bright for FY2018.

## **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 as well as Texas and California, USA.

## **Issued on behalf of UMS Holdings Limited**

### **For more information, please contact:**

Ms. Tham Moon Yee – [tmy@stratagemconsultants.com](mailto:tmy@stratagemconsultants.com)  
Mr. Soh Tiang Keng – [sohtk@stratagemconsultants.com](mailto:sohtk@stratagemconsultants.com)  
Mr. Alex Lim – [alex@stratagemconsultants.com](mailto:alex@stratagemconsultants.com)  
Stratagem Consultants Pte Ltd:  
Tel: 65 6227 0502 Fax: 65 6227 5663