



Company Registration No.: 200100340R

UMS REPORTS 1QFY2024 NET ATTRIBUTABLE PROFIT OF \$9.8 MILLION ON REVENUE OF S\$54 MILLION

- **Earnings per share eased to 1.41 cents**
- **Generated positive net cash from operating activities of \$10.1 million and a free cashflow of S\$3.2 million**
- **Tax-exempt dividend of 1.2 cents to reward shareholders - up from 1 cent paid in 1QFY2023**
- **Brighter Outlook as Group is well-positioned for growth as global semiconductor rebound accelerates**

Singapore, May 10 2024:

SGX Mainboard-listed UMS Holdings Limited (“UMS” or “The Group”) continued to deliver favourable first quarter results for FY2024 as it strengthened its capital base to drive growth as the global semiconductor industry upturn accelerates.

The Group stayed profitable and grew its gross margins despite lower sales, persistent inflationary pressures, intensifying geopolitical tensions and market uncertainties.

Group revenue in 1QFY2024 softened 33% to S\$54.0 million compared to S\$80.8 million in 1QFY2023. This was mainly due to the 37% drop in the Group’s semiconductor sales and a 12% revenue decline in the “Others” segment. The weaker semiconductor performance was caused by softness in both the Group’s Semiconductor Integrated Systems and Components businesses.

Semiconductor Integrated System sales fell 48% from S\$40.9 million in 1QFY2023 to S\$21.4 million in 1QFY2024 mainly due to the high inventory of one of its key customers. Component sales declined 24% from S\$32.0 million to S\$24.3 million during the same period.

Sales in the Others segment declined due to the weaker material and tooling distribution business which was affected by the continued soft general business environment.

The Group’s Aerospace business however continued to enjoy robust growth - soaring 22% compared to 1QFY2023.

On a sequential basis, compared to 4QFY2023, Group semiconductor revenue decline continued to moderate - easing by 24%.

Aerospace sales however fell 32% as some products scheduled for delivery in 1QFY2024 were shipped in 4QFY2023.

Revenue in the "Others" segment declined by 48% - mainly due to the absence of a Kalf Engineering water disinfection system delivery compared to 4QFY2023.

Geographically, all the Group's key markets reported reduced revenue in 1QFY2024 due to weaker semiconductor demand as well as the slowdown in the material distribution business.

Group Profitability

The Group remained profitable in the first quarter of 2024 while it continued to grow its Gross material margin from 50.2% in 1QFY2023 to 53.2% in 1QFY2024. The 3% improvement is mainly due to the change in product mix.

In terms of profitability, the Group reported a 44% decline in net attributable profit to S\$9.8 million from S\$17.4 million in 1QFY2023. Net profit also fell 43% to S\$10 million from S\$17.7 million while pre-tax profit tumbled 42% to S\$11.6 million during the period under review.

The Group trimmed its expenses in the first quarter of the year.

Personnel costs were cut by 11% as lower bonus provisions were made while Professional fees were slashed by 25%.

Depreciation was also 7% lower while Other expenses shrank 18%. Upkeep of machinery was reduced by 24% compared to last year due to less maintenance work.

Utilities also fell 17% due to the lower production volume during the period and some energy savings from the use of solar panels in its production facilities. Freight charges slumped 56% due to lower material purchases during the period under review.

Income tax expenses were reduced by 30% due to the lower profits.

The Group however benefitted from a S\$1.4 million foreign exchange gain and a fair value gain of S\$0.2 million from the appreciation of a quoted investment.

On a sequential basis, the Group's net attributable profit decreased by 37% to S\$9.8 million compared to S\$15.7 million in 4QFY2023. Group net profit also declined by 37% during the same period.

The Group's gross material margin in 1QFY2024 improved to 53.2% from 52.8% in 4QFY2023.

Reflecting the softer performance, the Group's earnings per share ("EPS") for 1QFY2024 dipped to 1.41 cents compared to 2.59 cents in the first quarter of last year.

Group net asset value ("NAV") per share grew to 59.03 cents as at 31 March 2024 from 53.69 cents on 31 December 2023.

Healthy Cashflow

The Group's financial position remained strong.

Net cash grew S\$52.8 million (versus S\$44.9 million in 31 December 2023) to S\$97.8 million in 31 March 2024 - due mainly to the proceeds from a share placement during the quarter which raised net cash of S\$49.9 million.

The Group continued to generate positive net cash from operating activities in the first quarter although its net cash from operating activities eased to S\$10.1 million from S\$20.8 million in 1QFY2023 due to lower profits.

It also generated S\$3.2 million in free cashflow compared to S\$17 million in the corresponding period last year.

During the quarter, the Group also trimmed loans by repaying S\$4.6 million of bank borrowings.

Brighter Outlook: Prospects lifted by potential additional business from new customer

On the Group's first quarter performance, UMS Chairman and CEO Mr Andy Luong said, "The Group's performance in the first quarter of this year is consistent with our guidance given in the last quarterly result announcements. The Group stayed profitable and increased its gross margins. We have also strengthened our financial position, and trimmed our expenses. As such, the Board is pleased to reward shareholders with a higher interim dividend of 1.2 cents per share - up from the 1 cent dividend given in the same period last year. "

In the past months, the Group has taken firm actions to drive revenue, new customer acquisitions and working capital improvements to enhance its ability to capture new growth opportunities as global production resources continue to shift their focus towards Southeast Asia, in particular Malaysia, where UMS has grown its presence with the successful completion of its 300,000 sq ft factory in Penang.

Built at a cost of about RM250 million, the new plant which has received its Certificate of Compliance, is focused on medium and large format products, special processes and modular assembly of products for its new customer. It has commenced volume production from March 2024 for its new customer and expects an uptick in order flow in the coming months.

UMS also strengthened its capital base with the successful placement of shares in the first quarter of the year.

Commenting on the Group's outlook, Mr Luong said, "While our semiconductor sales slowed down in the first quarter of the year, the pace of decline has moderated as the outlook continues to brighten. We have taken the right initiatives to beef up our production capabilities and strengthened our capital base, hence we will be in an excellent position to capture new growth opportunities when the global semiconductor demand rebounds."

Both the Group's key customers have given upbeat guidance for the coming months.

Its existing key customer expects to deliver continued outperformance as its customers ramp next-generation chip technologies critical to AI (artificial intelligence) and IoT (Internet of Things) over the next several years".

Its new customer too "is strengthening its leadership and is well-positioned for the significant opportunities ahead"

Mr Luong also shared that its new customer was impressed by UMS' new Penang factory's facilities and capabilities during a recent visit to Malaysia and expressed willingness to deepen the relationship.

"This commitment from our new customer, a leading global chip giant - is another testimony of our strengths and capabilities and will further boost our robust growth trajectory in the coming months," added Mr Luong.

According to SEMI, the opportunities for semiconductor industry growth are abundant. While the global industry experienced about a 10% revenue decline to \$520 billion in 2023, signs point to a return to growth in 2024 with analysts' projections ranging from an increase of 9% to 16%. The SEMI Market Intelligence Team also expects the semiconductor equipment and materials segments to rebound from 2023 declines.

SEMI remains bullish on the industry reaching \$1 trillion sales around the end of this decade. Fast-growing demand for a diverse range of disruptive technologies and emerging applications – from AI, autonomous and electric vehicles, and high-performance computing to 6G and autonomous machines – will fuel this historic expansion.

To support anticipated industry growth, 109 new fabs are expected to come online between 2022 and 2026, according to the most recent SEMI World Fab Forecast report. Fully 89 of these fabs have already either begun operations, equipping or construction, and more fabs will be needed through the end of the decade to support the burgeoning demand for chips.¹

The aviation sector too expects brighter prospects.

According to IATA, global air passenger growth was up 21.5% in February 2024 compared to February 2024. The strong start to 2024 saw all markets (except North America) reporting double-digit growth in passenger traffic. There is good reason to be optimistic about the industry's prospects in 2024 as airlines accelerate investments in decarbonization, and passenger demand shows resilience in the face of geopolitical and economic uncertainties.²

Looking ahead, the Group's strong fundamentals and financial position will enable it to capitalize on these growth trends to deliver sustained positive returns to shareholders. The Group remains confident of future prospects, and will continue to make investments across key business segments to support its long-term growth plans.

Barring unforeseen circumstances, the Group will remain profitable in 2024.

Sources:

1 Source: Global Semiconductor Industry – Driving to \$1 Trillion and Beyond Together - <https://www.semi.org/en/blogs/semi-news/globalsemiconductor-industry-driving-%241-trillion-and-beyond-together>

2 Source: <https://www.iata.org/en/pressroom/2024-releases/2024-04-04-01/>:

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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