



Company Registration No.: 200100340R

UMS REPORTS RECORD \$79.4 MILLION IN FY2021 PRE-TAX PROFIT ON RECORD REVENUE OF S\$271.2 MILLION

- **Net cash from operations reach all time high of S\$66.1 million while free cash flow hit record of S\$56.2 million**
- **Tax-exempt final dividend doubles to 2 cents to reward shareholders**

Singapore, 28 February 2022:

SGX Mainboard-listed UMS Holdings Limited (“UMS” or “The Group”) delivered another record-breaking performance in FY2021.

Net profit attributable to shareholders for the year ended 31 December 2021 (FY2021) soared 46% to touch an all-time high of S\$53.1 million on record revenue of S\$271.2 million which grew 65% from S\$164.4 million in FY2020.

Group net profit shot up 59% to S\$57.6 million while pre-tax profit more than doubled to S\$79.4 million from S\$38.9 million in FY2020.

The exceptional performance was driven by sustained acceleration of global chip demand as well as the increasing capex of semiconductor fabs worldwide.

The Group also benefitted from its timely acquisition of Catalist-listed JEP Holdings. With its readily available manufacturing facilities in Singapore, JEP was able to support UMS’ strong customer order flows - alleviating the production challenges faced in the Group’s Penang campus due to the manpower crunch in Malaysia during the year.

The Group's bottom line got a boost from other credits which included a foreign exchange gain. The gain was partially offset by a S\$2.0 million accounting loss on acquisition of JEP, following its reclassification from investment in an associate and a S\$2.0 million fair value adjustment on inventories arising from the acquisition.

Gross material margins in FY2021 remained stable at 52.8% compared to 53.3% in FY2020.

The record profit performance was achieved despite higher expenses. Employee costs, depreciation and other expenses went up 82%, 61% and 46% respectively. Income tax expense also jumped 739% in FY2021 as due to higher profits as well as higher tax provisions for the Group's Malaysian entities which did not benefit from pioneer incentives enjoyed previously.

The pioneer tax incentives for one of its Malaysian companies had expired during the year while the other Malaysian subsidiary was unable to comply with the stipulated local employee criteria (due to ongoing labour crunch in Penang) to achieve the pioneer tax incentive.

Sales in all of the Group's core business segments grew substantially - as it logged its highest-ever annual revenue - surpassing S\$250 million for the very first time. Compared to FY2020, semicon sales went up 59% while revenue in Others segment leapt 63%. Aerospace contributed about S\$10 million in sales.

Semiconductor Integrated System sales grew to S\$104.2 million in FY2021 - up 34% from S\$77.6 million in FY2020. Component sales also shot up 84% to S\$138.5 million in FY2021 from S\$75.5 million in FY2020.

All of the Groups key geographical markets grew significantly in FY2021.

Malaysia and the "Others" market reported the strongest growth - clocking in triple-digit sales increases. Compared to FY2020, revenue in Malaysia grew 181% and revenue in Others markets vaulted 480% in FY2021.

Sales in Singapore, US and Taiwan rose 69%, 44% and 16% respectively

The Group's earnings per share ("EPS") for FY2020 improved to 9.4 cents from 6.8 cents in FY2020. Group net asset value per share eased to 41.35 cents from 47.11 cents in FY2020.

FOURTH-QUARTER PERFORMANCE

The Group's 4QFY2021 pre-tax profit leapt by 3354% to S\$22.4 million from S\$0.65 million in 4QFY2020, while net profit shot up 593% to S\$7.2 million and net profit attributable to shareholders rose 351% to S\$5.7 million during the same period.

This was achieved despite higher expenses in all categories, after the consolidation of JEP's results. Personnel cost and other expenses increased by 91% and 58% respectively. Depreciation expenses also went up by 112%.

Income tax expenses too went up substantially to S\$15.2 million (from -S\$0.4 million in 4QFY2020) - mainly due to unprecedented one-off tax provisions for its Malaysian subsidiaries which did not benefit from earlier pioneer tax incentives.

Group revenue for 4QFY2021 shot past S\$80 million for the first time - reaching an all-time high of S\$87.3 million - a 98% jump as compared to S\$44.1 million in the previous corresponding quarter. Compared to 3QFY2021, sales surged about 29% - mainly driven by the sustained strong semiconductor sales growth.

All the Group's core business segments (ie Semiconductors, Aerospace and Others comprising water treatment solutions and trading of non-ferrous metal alloys and cutting tools) - continue to deliver strong results.

Semiconductor revenue leapt 86% to S\$77.4 million compared to S\$41.7 million in 4QFY2020, as the Group continued to benefit from the global wafer fabs' robust capex during the period under review.

Semiconductor Integrated System revenue jumped 42% from S\$21.7 million in 4Q2020 to S\$30.7 million in 4Q2021 while component sales clocked a record 134% surge from S\$20.0 million in 4Q2020 to S\$46.9 million in 4Q2021. The sharp rise in component sales is attributed to the growth of UMS' semicon component business, higher utilization of the enlarged group's facilities as well as consolidation of JEP's semicon component business.

Sales from the Group's "Others" segment (comprising the Group's subsidiaries mainly Starke's ("Starke") material distribution, Kalf Engineering and JEP Industrades' tooling distribution business) shot up 149% to S\$5.9 million compared to S\$2.4 million in 4QFY2020.

On a sequential basis, compared to 3QFY2021, all its core business segments delivered double-digit growth. Semiconductor and Aerospace segment sales jumped by 30% and 25% respectively. Others segment grew 22%.

All the Group's key geographical markets grew in 4QFY2021. Singapore, Malaysia and Others (mainly People's Republic of China, Hong Kong and South Korea) were the star performers - registering triple-digit gains - 105%, 277% and 961% respectively. Sales to the US rose 82% while sales to Taiwan increased 2%.

Sales in Singapore rose on the back of higher Integrated System sales and component sales as well as the impact of consolidation of JEP's semicon component business. The robust revenue boost in Malaysia and "Others" markets came mainly from Starke's material distribution business as well as the consolidation of JEP's aerospace and tooling distribution sales.

Revenue to the US rose on higher component sales for new equipment and consolidation of JEP's aerospace revenue.

Higher sales of component spares helped lift sales to Taiwan.

RECORD OPERATING CASHFLOW

The Group generated record cash from operations in FY2021.

Net cash from operating activities and free cash flow also soared to new highs of S\$66.1 million (vs S\$56.4 million in FY2020) and S\$56.2 million (vs S\$45 million in FY2020) respectively.

Net cash and cash equivalents (net of bank borrowings) remained healthy at S\$30.8 million at 31 December 2021 compared to S\$38 million as at 31 December 2020.

The Group grew its cash flow substantially despite investing in higher working capital to support the robust growth in business as well as paying a total of S\$12 million in interim dividend to reward shareholders in 4QFY2021.

OUTLOOK

On the Group's outstanding results, UMS Chairman and CEO Mr Andy Luong said, "The Group achieved exponential growth in FY2021 riding on pandemic-driven opportunities that are transforming the global digital landscape. Despite significant challenges and surging costs, the Group did better than ever!

"This demonstrates UMS's operational resilience and its ability to meet the surge in customer's demands - overcoming tough operational issues such as supply chain disruptions, and severe manpower crunch. And even with unprecedented tax provisions, we were able to hit record cash levels and deliver improved returns to shareholders."

The Group's diversification strategy has also worked well as its timely acquisition of Catalist-listed JEP Holdings provided readily available manufacturing facilities in Singapore, to support UMS' strong customer order flows - alleviating the production challenges faced in the Group's Penang campus due to the manpower crunch in Malaysia during the year.

The Group's order forecasts remain strong as its key customer has recently given positive guidance for FY2022. The strong momentum for its semiconductor systems continue to increase and it expects this strength to sustain into 2022.

New smart devices and innovative tech solutions as well as Artificial Intelligence ("AI") are lifting computing power to new heights. Digital acceleration of global economies arising from the ongoing virus pandemic will continue to step up chip production worldwide.

World Semiconductor Trade Statistics (WSTS) also predicted that the global semiconductor market will grow by 8.8 percent in 2022, to US\$ 601 billion, driven by double-digit growth of the sensors and logic category. All regions and all product categories are expected to continue positive growth.¹

According to SEMI, global total semiconductor manufacturing equipment market will expand to \$114 billion by 2022. Both the front-end (wafer fab) and back-end (assembly/packaging and test) semiconductor equipment segments are contributing to the global expansion.

The wafer fab equipment segment, which includes wafer processing, fab facilities, and mask/reticle equipment, is projected to expand 43.8 percent to a new industry record of \$88 billion in 2021, followed by a 12.4 percent increase in 2022 to about \$99 billion.²

IC Insights has also given a bullish outlook as it expects total semiconductor sales to grow 11% in 2022 to reach another record high of US\$680.6 billion.³

The Group's new Penang factory is scheduled for completion by end 2022. This will increase current production capacity substantially and position the Group well to take on new orders from potential new customers which are expanding in South-east Asia.

Mr Luong added, "Going forward, in addition to the strong semiconductor market outlook, the Group is also well-poised to tap post-pandemic growth opportunities - especially in the potential upswing in the aviation sector. JEP with its established track record in the aerospace industry stands to gain from the gradual aviation industry recovery."

The global aerospace market is expected to rebound - growing from US\$328 billion in 2021 to \$430.9 billion in 2025 at a rate of about 7%. It is forecast to expand further at a CAGR of 5.9% from 2025 and reach \$573.6 billion in 2030.⁴

According to Deloitte- OEM production rates are expected to ramp up, especially for narrow-body aircraft. Broader global distribution of vaccines in 2022 should lead to higher levels of international travel as restrictions are eased and lifted, which should translate into higher demand for new wide-body aircraft. This should result in some new large orders from airlines.⁵

"In view of the bullish prospects ahead and the Group's exceptional results, we propose doubling the final dividend to 2 cents instead of a 1 cent final dividend (announced in 4QFY2020) to reward shareholders," said Mr Luong.

[¹Source: Global semiconductor industry forecasts for 2022:
<https://www.digitimes.com/news/a20211229VL205.html>

[²Source: Global semiconductor manufacturing equipment sales on track to exceed \$100 billion in 2021 for first time - <https://roboticsandautomationnews.com/2021/12/28/global-semiconductor-equipment-sales-on-track-to-exceed-100-billion-in-2021-for-first-time/47888/>

[³Source: 2022 Semiconductor Sales to Grow 11% After Surging 25% in 2021

<https://www.icinsights.com/news/bulletins/2022-Semiconductor-Sales-To-Grow-11-After-Surging-25-In-2021/>

[⁴Source: Global Aerospace Outlook - <https://finance.yahoo.com/news/global-aerospace-market-outlook-2021-080800824.html> - and Global aerospace markets expect to grow from US\$328 billion in 2021 to US\$431 billion in 2025 - https://www.researchandmarkets.com/reports/5240238/aerospace-global-market-report-2021-covid19?utm_source=GNOM&utm_medium=PressRelease&utm_code=z1749j&utm_campaign=1586062+-+Global+Aerospace+Market+Outlook+2021-2030%3a+Growing+Demand+for+Commercial+Use+of+Drones%2c+Emerging+Economies+and+Rapid+Technological+Advances&utm_exec=cari18prd]

[⁵Source : Deloitte : 2022 aerospace and defense industry outlook

<https://www2.deloitte.com/content/dam/Deloitte/us/Documents/manufacturing/us-eri-outlooks-2022-aerospace-defense.pdf>]

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 and California, USA.

Issued on behalf of UMS Holdings Limited

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