



UMS Holdings Limited
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UMS POSTS NET PROFIT OF S\$24.9 MILLION FOR FY2014 AND PROPOSES DIVIDENDS OF 3 SINGAPORE CENTS PER SHARE FOR 4Q2014

Highlights

- Proposed dividend of 3 Singapore cents per share comprising final dividend of 2 Singapore cents per share and special dividend of 1 Singapore cent per share, bringing the total dividend paid and proposed for FY2014 to SIX (6.0) Singapore cents per share
- Revenue for FY2014 declined 9% to S\$109.8 million from S\$120.5 million in FY2013, while net profit for the same period decreased 14% from S\$28.9 million a year ago to S\$24.9 million
- The Group continues its healthy cash generation ability by registering a free cash flow of S\$28.9 million in FY2014 and has a cash & cash equivalent of S\$33.8 million as of 31 December 2014
- The Group expects business activities to improve in 1H2015

Financial Highlights:

S\$ (million)	3 months 4Q2014 A	3 months 4Q2013 B	Change (A-B)/B	12 months FY2014 C	12 months FY2013 D	Change (C-D)/D
Revenue	22.1	34.5	↓ 36%	109.8	120.5	↓ 9%
Profit before tax	4.0	12.8	↓ 68%	27.7	32.7	↓ 15%

S\$ (million)	3 months 4Q2014 A	3 months 4Q2013 B	Change (A-B)/B	12 months FY2014 C	12 months FY2013 D	Change (C-D)/D
Net profit	3.7	11.0	↓ 67%	24.9	28.9	↓ 14%
Free cash flow	9.0	5.8	↑ 56%	28.9	25.8	↑ 12%

SINGAPORE, 26 February 2015 – SGX Mainboard-listed UMS Holdings Limited (“UMS” or “the Group”), a strategic integration partner in manufacturing and engineering for front-end semiconductor equipment manufacturers, today announced its financial results for the three months and full year ended 31 December 2014 (“4Q2014” and “FY2014” respectively).

In 4Q2014, revenue for the Group stood at S\$22.1 million, a 36% decline from the S\$34.5 million reported in the three months ended 31 December 2013 (“4Q2013”). This was in line with the drop in performance noted in the semiconductor industry towards the later part of FY2014. Comparing quarter on quarter (Q-o-Q) results, revenue declined 11% from S\$24.8 million for the three months ended 30 September 2014 (“3Q2014”).

According to a Semiconductor Market Forecast Update by SEMI and SEAJ in December 2014¹, the bookings and billings of the semiconductor equipment had been declining since 2Q2014. Similarly, SEMI’s book-to-bill ratio² had fallen below the 1.00 mark in October and December, indicating global contraction within the semiconductor equipment market.

The lower sales in the second half of FY2014 resulted in a decrease of 9% in the Group’s annual revenue to S\$109.8 million from S\$120.5 million for the full year ended 31 December 2013 (“FY2013”).

¹<http://www.design-reuse.com/news/36164/semiconductor-capacity-utilization.html>

²<http://www.semi.org/en/node/54341>

Profitability

The Group's gross material margin for 4Q2014 was similar to those of previous quarters during the year at 54% but was lower than that of 4Q2013. The higher gross material margin in 4Q2013 was mainly a result of inventory provision adjustments made a year ago.

Employee benefits expense decreased 28% from S\$4.0 million in 4Q2013 to S\$2.9 million in 4Q2014, largely due to lower bonus provisions. Depreciation expense experienced a slight decline of 5% to S\$1.9 million as some fixed assets have been fully depreciated.

Other credits/ charges for 4Q2014 included an exchange gain of S\$0.5 million (4Q2013: S\$0.3 million), a result of the appreciation of USD during 4Q2014. The gain was partially offset by fixed assets written off amounting to S\$0.3 million as well as inventory provision of S\$0.1 million (4Q2013: S\$0.2 million).

As a result of the above, UMS registered a 67% decrease in net profit from S\$11.0 million in 4Q2013 to S\$3.7 million in 4Q2014.

During FY2014, employee benefits expense declined 7% to S\$12.2 million from S\$13.1 million in 4Q2013. Depreciation expense decreased 2% to S\$7.7 million (FY2013: S\$7.9 million) while other expenses grew 2% to S\$12.3 million (FY2013: S\$12.0 million) for the reasons stated above.

Correspondingly, the net profit for FY2014 declined 14% from S\$28.9 million in FY2013 to S\$24.9 million in FY2014.

Strong Cash Generation Ability

The Group continues to exhibit robust cash generation capability by achieving S\$10.3 million positive net cash from operating activities, which was a 54% growth from S\$6.7 million in 4Q2013. Similarly, free cash flow increased 56% from S\$5.8 million in 4Q2013 to S\$9.0 million in 4Q2014.

For the full year under review, the Group's net cash from operating activities grew 28% from S\$27.8 million in FY2013 to S\$35.6 million in FY2014, while free cash flow also increased 12% to S\$28.9 million in FY2014, from S\$25.8 million a year ago.

As of 31 December 2014, the Group has no bank borrowings and has a cash position of S\$33.8 million, despite paying out S\$24.9 million of dividend during the year. In addition, the Directors are pleased to propose a final dividend of TWO (2.0) Singapore cents per share and a special dividend of ONE (1.0) Singapore cents per share for this quarter, bringing the total dividend paid and proposed for FY2014 to SIX (6.0) Singapore cents per share.

Outlook

The weaker performance in 4Q2014 was due to the global slowdown in the semiconductor equipment market as major foundries continue to push back their investments. Despite the recent slowdown, major research publications are still forecasting growth in capital equipment spending. According to Gartner, capital equipment spending is expected to increase 5.6 percent to US\$41.1 billion in 2015.³

Additionally, we are seeing stronger demands for new components which may translate into stronger product mix offering for the Group.

Barring any unforeseen circumstances, the Group is optimistic that it will remain profitable in FY2015.

Commenting on its latest financial performance, Mr Andy Luong, Chief Executive Officer, UMS Holdings Limited remarked “***The latest slowdown was expected to be temporary and business activities should pick up in 1H2015. We are pleased that our cash generation has remained strong, which enables us to continue rewarding our shareholders.***”

#End of Release#

³Refer to <http://www.gartner.com/newsroom/id/2961017>

Note: This press release is to be read in conjunction with the related mandatory announcement filed by UMS on SGX net.

ISSUED ON BEHALF OF **UMS HOLDINGS LIMITED**
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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.