Company Registration No.: 200100340R

UMS POSTS NET ATTRIBUTABLE PROFIT OF $29.0 MILLION ON REVENUE OF S$155.1 MILLION FOR THE FIRST HALF OF FY2023

- First half net cash flow from operating activities and free cash hit new highs of S$45.1 million and S$33.4 million respectively
- Interim Dividend of 1.2 cent per share to reward shareholders
- Buoyant Outlook supported by new customer contract win
- Named on Forbes Asia's Best Under a Billion list (2023) for the second consecutive year

Singapore, 14 August 2023:

SGX Mainboard-listed UMS Holdings Limited (“UMS” or “The Group”), today has reported Group net attributable profit of S$29.0 million on the back of S$155.1 million revenue for 1HFY2023.

Net attributable profit and net profit for the first half of this year slipped 27% and 29% respectively as sales softened 9% compared to the same period last year.

Despite the lower sales and earnings, the Group cash from operations continued to grow - hitting its highest ever first half year record of S$45.1 million, up from the peak of S$41.4 million in 1HFY2022. First half free cash flow also surpassed S$30 million to reach a fresh first half year high of S$33.4 million (vs S$29.2 million in 1HFY2022).

In view of the Group's improved financial position, the Board has proposed to reward shareholders with an interim tax-exempt dividend of 1.2 cent per share - up from 1 cent per share given in the previous quarter.

Group Revenue

On a quarterly basis, Group revenue fell 14% to S$74.4 million compared to S$86.6 million in the previous corresponding quarter. The lower revenue was due to weaker performances of both the Semiconductor and Others businesses, partially offset by improved sales from its Aerospace segment.

Revenue in the Semiconductor segment fell 14% as global semiconductor demand remained soft while revenue in Others plunged 48% mainly due to the weaker material and tooling distribution business affected by the general business slowdown.

Aerospace sales, however, soared 48% - propelled by the robust recovery of the global aerospace industry.

On a sequential basis, compared to 1QFY2023, Group revenue eased just 8% as sales in the Semiconductor and Others segments dipped by 11% and 3% respectively while Aerospace sales climbed 43%.

The decline in Semiconductor revenue was due to a 29% drop in component sales (from S$43.6 million in 2QFY2022 to S$31.0 million in 2QFY2023) caused mainly by the weaker demand from back-end semiconductor customers. The Group's Semiconductor Integrated System sales continued to do well - increasing 6% from S$32.0 million in 2QFY2022 to S$33.8 million in 2QFY2023.

All the Group’s key geographical markets posted lower sales in 2QFY2023 - except for Taiwan which reported 2% sales improvement due mainly to higher component spares sales.

US revenue edged down 5% as component sales for new equipment eased.

Sales in Singapore dropped 15% on the back of lower semiconductor backend-related component sales.

Revenue from Malaysia shrank 63% due to weaker demand for its material and tooling distribution business.

Sales in the "Others" markets remained stable

On a half yearly basis, compared to 1HFY2022, Semiconductor sales eased 8% to S$137.7 million from S$149 million while revenue in aerospace climbed 45% to about S$10.1 million from $7.0 million. Sales in Others segment dived 52% to S$7.3 million from S$15.4 million in the previous half year.

Semiconductor Integrated System sales grew 21% to S$74.7 million in 1HFY2023 from S$61.9 million in 1HFY2022. Component sales however fell 28% to S$63 million from S$87.1 million in 1HFY2022.

All of the Group’s key geographical markets, except for the USA, posted softer sales in 1HFY2023.

US sales improved slightly by 2% in the first half of the year while revenue in Singapore, Taiwan, Malaysia and Others declined 6%, 12%, 52% and 19% respectively.

Group Profitability

The Group's 2QFY2023 pre-tax profit fell 49% to S$13.8 million from S$26.9 million in 2QFY2022, while both net profit and net profit attributable to shareholders dropped 42% to S$12.3 million and S$11.6 million respectively.

Gross material margin edged down to 46.3% from 51.7% in 2QFY2022 - mainly due to the weaker USD and lower machine utilisation rates.

The Group's bottom-line was also affected by higher expenses and lower other credit contributions.

Depreciation expenses rose 28% due mainly to additional fixed assets. Other expenses also went up 23% during the quarter. Machinery upkeep jumped 60%

arising from more maintenance work. Utilities and professional fees increased 41% and 13% respectively.

Other credits plunged 78% compared to 2QFY2022 - due mainly to the lower foreign exchange gain which was partially offset by a higher gain from fixed asset disposal during the quarter.

The Group however benefitted from reductions in personnel costs, income tax and freight charges from lower material purchases during the quarter as well as lower income tax provision after the reinstatement of pioneer status for one of its subsidiaries in Malaysia.

On a half year basis, Group pre-tax profit fell 35% to S$33.8 million in 1HFY2023 from S$52.3 million in 1HFY2022.

Gross material margins in 1HFY2023 also eased to 48.3% compared to 51.6% in 1HFY2022. The decline was mainly due to lower USD/SGD exchange rates and machine utilization.

Reflecting the Group’s performance, the Group's earnings per share (EPS) slid to 4.32 cents in 1HFY2023 compared to 5.9 cents in 1HFY2022. Group EPS for 2QFY2023 fell to 1.7 cents from 3 cents in 2QFY2022.

Group net asset value ("NAV") per share rose to 52.82 cents from 50.89 cents as at 31 December 2022.

Healthy Cashflow

The Group’s financial position continued to strengthen as its net cash and cash equivalents rose to S$72.1 million on 30 June 2023 as compared to S$61.7 million as at end December 2022.

Optimistic Outlook

Commenting on the Group's performance, Mr Andy Luong, UMS' Chairman and CEO said, "Our resilience and strategic business diversification have once again enabled us to deliver another profitable performance amid tough market conditions and geopolitical tensions. While the ongoing global slowdown in semiconductor demand has put pressure on our top and bottom lines, our overall performance in the first half of the year benefitted from sustained demand in the front-end semiconductor sector and stronger contributions from our aerospace business.

Near term conditions for the semiconductor industry may remain cloudy, but mid-to-longer-term prospects are expected to brighten. Moving into the third quarter of 2023, there are signs that demand may stabilise. Our key customer has shared it expects to outperform its markets this year and we are delighted that we have successfully renewed our Integrated System contract until end 2025.

We have also secured an in-principle agreement with our new customer for a new renewable three-year contract.

This new customer contract win will boost our buoyant outlook as our new Penang facilities will be ready for volume production by September this year. The production ramp-up will enable us to take on new orders from our new customer which is estimated to reach at least US$30 million next year. "

Mr Luong added, "Our strong financial standing and new Penang facilities will also position the Group to take on new orders from potential new customers which are expanding in Southeast Asia. Several global semiconductor equipment makers have announced multi-billion-dollar expansion plans in Singapore and the region.

On the corporate front, UMS has just been named as one of 7 Singapore companies on Forbes Asia's Best Under a Billion List (2023). The Group has been recognised as one of the Top Performing companies for the second consecutive year - another major accolade for our strong track record of performance excellence."

According to SEMI, global 300mm fab equipment spending for front-end facilities next year is expected to begin a growth streak to hit a US$119 billion record high in 2026 following a decline in 2023. Strong demand for high-performance computing, automotive applications and improved demand for memory will fuel double-digit spending in equipment investments over the three-year period.

After the projected 18% drop to US$74 billion this year, global 300mm fab equipment spending is forecast to rise 12% to $US82 billion in 2024, 24% to US$101.9 billion in 2025 and 17% to US$118.8 billion in 2026.[1]

Similarly, the aviation industry is enjoying a robust rebound. Having clocked in much better aerospace sales in 1HFY2023, the Group is well-poised to seize new growth opportunities as the global aviation industry takes flight on the tailwinds of a global air travel boom.

According to IATA, the demand for air travel is expected to double by 2040, growing at an annual average rate of 3.4%. Origin-destination passengers are projected to increase from around 4 billion in 2019 to just over 8 billion at the end of 2040.[2]

While these trends bode well for the Group, market uncertainties persist, and the Group will stay vigilant while pursuing growth opportunities ahead.

Barring any unforeseen circumstances, the Group will remain profitable for FY2023.

[[1]Source: Global 300mm Fab Equipment Spending Forecast to Reach Record $119 Billion in 2026, SEMI Reports - https://www.semi.org/en/news-media-press-releases/semi-press-releases/global-300mm-fab-equipment-spending-forecast-to-reach-record-%24119-billion-in-2026-semi-reports]

[[2]Source: IATA: Global Outlook for Air Transport - https://www.iata.org/en/iata-repository/publications/economic-reports/global-outlook-for-air-transport----june-2023/]

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 semiconductor equipment contract manufacturing and is also involved in complex electromechanical assembly and final testing devices. The products we offer include modular and integration systems 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 for two consecutive years - 2022 and 2023 - as one of the 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.

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