



Company Registration No.: 200100340R

UMS reports net profit of S\$7 million on revenue of \$28.6 million in 1Q2019

- Continues to reward shareholders with quarterly dividend

Singapore, 15 May 2019 - SGX Mainboard-listed UMS Holdings Limited (“UMS” or “The Group”) has reported a profitable start for FY2019 and aims to continue rewarding shareholders with quarterly dividends.

The Group posted a net profit attributable to shareholders of \$7.0 million on revenue of \$28.6 million in the first quarter of the year.

Compared to 4Q2018, Group revenue improved about 10% in 1Q2019 from S\$25.9 million in the last quarter of FY2018. This was attributed to higher sales achieved by the semiconductor segment in 1Q2019.

On a quarterly basis (compared to 1Q2018), Group revenue however declined by 24% from S\$37.5 million a year ago. This was due to a 27% decrease in revenue from its semiconductor business while sales from its “Others” segment shot up by 223%.

Revenue from “Others” segment came from Kalf Engineering’s projects and Starke Singapore’s material distribution business. Starke Singapore began contributing to the Group’s performance since 3Q2018.

Within the semiconductor segment, revenue from its integrated systems business declined 32% from S\$18.4 million in 1Q2018 to S\$12.5 million in 1Q2019 while revenue from component sales fell by 22% from S\$18.6 million to S\$14.5 million during the same period.

The semiconductor equipment industry faced weak near term demands brought about by lower memory prices and a decline in capital expenditures caused by a shift in chipmakers’ strategies in response to global trade tensions. These trends exerted downward pressure on the Group’s revenues in 1Q2019 in all geographical markets.

1Q2019 revenue in Singapore declined 28% as compared to 1Q2018 mainly due to weaker demand for Semiconductor Integrated Systems. Softer demand for components also impacted the performance of the Group’s other regions. Revenue in US eased 12% vs 1Q2018, while Taiwan sales softened by 11%.

Group Profitability

The Group remained profitable despite the lower revenue achieved.

Gross material margins eased to 53% from 57% from the year-ago period due to a change in product mix and higher contribution from subsidiary company Starke Singapore which earns

lower margins from its material distribution business compared to the Group's semiconductor business.

The weaker gross margin was mitigated by improved contributions from its associate, JEP Holdings which continued to grow its bottom line in the quarter.

The Group also cut its expenses with personnel costs easing 2% while other expenses fell 19%. Foreign exchange losses were slashed by 99% as the US dollar remained stable during the quarter while income tax expenses fell 37% in line with the lower profits.

Healthy Cashflow

UMS continued to generate a healthy cash flow of S\$11.8 million in net cash from operating activities and S\$10.7 million free cash flow in 1Q2019. This was largely due to reduction in capital expenditures and the running down of inventory.

Bank borrowings were pared down by S\$1.0 million. The Group's net cash and cash equivalents stayed healthy at S\$9.3 million as of 31 Mar 2019 compared to a net debt of \$1.4 million as at 31 Dec 2018.

In view of the Group's healthy financial position and its practice of rewarding shareholders, an interim dividend of 0.5 cents per ordinary share has been declared and will be payable on 26 July 2019.

Outlook

Said Mr Andy Luong, UMS' Chairman and CEO, "The Group has delivered a commendable performance. We stayed profitable despite ongoing economic and business headwinds. We have worked hard to achieve positive results for our shareholders. We are pleased that our order books had remained stable and together with our key customer, we are making concerted efforts to navigate the current market dynamics to stay ahead of the competition."

"Our diversification strategy has also reaped positive returns for us. Our associate JEP has turned around its fortunes and made improved contributions to the Group. Going forward, we expect to further benefit from the continued growth of our associate and subsidiary companies," added Mr Luong.

Near-term uncertainties remain as global markets are still grappling with the negative impact of the trade tensions between the world's two largest economies, the USA and China.

Global fab equipment spending is expected to decline 14 percent (US\$ 53 billion) in 2019, it is expected to stage a strong recovery of 27 percent (US\$ 67 billion) to set a new record in 2020, according to the Q1 2019 World Fab Forecast report issued by the Industry Research & Statistics Group at SEMI.

[Source: <http://www1.semi.org/en/global-fab-spending-see-2019-decline-new-highs-2020>]

In view of this trend, the Group maintains an optimistic view about the long-term prospects of the industry's future growth.

A mandatory conditional cash offer (“Offer”) to acquire all the remaining issued and paid-up ordinary shares (which UMS does not already own or control) of its associate company - SGX Catalist-listed JEP Holdings Ltd (“JEP”) has been announced on 13 May 2019. The proposed acquisition is in line with the Group's diversification strategy to grow its revenue base beyond semiconductors to other high-growth sectors especially the buoyant aerospace industry.

The Share Offer Document will be despatched to Shareholders in due course.

Barring any unforeseen circumstances, the Group will stay profitable in FY2019.

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 California, USA. Issued on behalf of UMS Holdings Limited

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