



Company Registration No.: 200100340R

UMS DELIVERS ITS BEST EVER 9MFY2022 PERFORMANCE - WITH RECORD REVENUE OF S\$271.4 MILLION AND ALL-TIME HIGH NET PROFIT OF S\$85.8 MILLION

- 3QFY2022 revenue surged 48.1% to a quarterly high of S\$100.1 million
- 3QFY2022 net profit rose 173% to a new peak of S\$43.9 million
- Interim Dividend of 1 cent per share to reward shareholders

Singapore, 11 November 2022:

The robust expansion of global wafer fabs powered the performance of SGX Mainboard-listed UMS Holdings Limited ("UMS" or "The Group") to new heights in the first nine months of FY2022.

Its 9MFY2022 revenue surpassed the \$250 million mark and beat the sales achieved for the whole of FY2021. Compared to 9MFY2021, revenue for 9MFY2022 rose 48% to S\$271.4 million from S\$184 million as all the Group's core business segments reported much stronger results.

The Semiconductor segment's sales increased by 45%, boosted by the strong performances of its Semiconductor Integrated System sales, which went up by 45% from S\$73.5 million in the 9MFY2021 to S\$106.6 million in the 9MFY2022; and its component sales, jumped 44% from S\$91.6 million in the 9M2021 to S\$131.7 million in the 9MFY2022.

Sales in its "Others" business leapt by 70%, and revenue in its aerospace section surged by 79%.

In all its major markets, the Group posted considerable sales growth. The best performance came from Malaysia and "Others", which soared 124% and 147%, respectively. Sales in Taiwan and the US enjoyed increases of 28% and 12%, while revenue in Singapore climbed by 48% as compared to 9M2021.

On a quarterly basis, the Group's 3QFY2022 revenue jumped 48% to a new high of S\$100.1 million from S\$67.6 million in 3QFY2021.

Semiconductor sales surged by 50%, driven mainly by higher Integrated System sales which more than doubled to \$44.7 million in 3QFY2022 from S\$22.0 million in 3QFY2021.

Revenue from component sales went up by 18% to S\$44.7 million in 3QFY2022 from S\$37.8million in 3QFY2021.

Its aerospace segment also did well - climbing 23% to S\$3.8 million in 3QFY2022 from \$3.1 million in the same period last year.

Sales in "Others" segment grew 42% compared to 3QFY2021 - mainly due to higher material and tooling distribution revenue by its trading subsidiaries.

Geographically, all the Group's key markets reported higher revenue growth in 3QFY2022. Malaysia was the star performer - delivering a 104% surge in sales to \$5.8 million- due mainly to the commencement of first article fabrication for a new customer. Singapore also registered strong sales growth of 54% to hit S\$72.4 million on the back of higher integrated system sales and component sales for new equipment.

Higher component spares sales also lifted Taiwan's 3QFY2022 sales by 53% to almost \$9 million.

US sales stayed relatively flat - edging up 4% in 3QFY2022 compared to 3QFY2021.

On a sequential basis, compared to 2QFY2022, overall, revenue rose about 15.5% driven mainly by the Semiconductor segment which went up 18%, while Aerospace and Others segments eased marginally by 4% and 2% respectively.

Group Profitability

In terms of profitability, the Group hit another historical peak despite higher expenses.

The Group's net profit attributable to shareholders for the 9 months shot up 73% to another all-time high of S\$82 million - more than 50% higher than the Group's full year FY2021 net attributable profit of \$53.1 million.

Net profit for 9MFY2022 soared 70% to S\$85.8 million while net profit before tax jumped 48% to S\$84.3 million when compared to 9M2021.

The sterling performance was driven by the Group's strong sales, improved contributions from other credits which almost doubled, as well as reversal of the tax provision made by its Malaysian subsidiary after the resolution of the pioneer tax incentives with the Malaysian government.

The Group's other credits went up from \$3.6 million in 9MFY2021 to \$4.5 million in 9MFY2021. The surge was mainly due to the absence of one-time debt waiver (S\$3.9m) partially offset by absence of one-time loss on deemed disposal of an associate (\$2m) and higher forex gain from the US dollar appreciation. There is also no allowance for project loss in 9MFY2022.

The record performance was achieved despite slightly lower gross material margin of 51.2% compared to 53.1% in 9MFY2021, and higher expenses.

Personnel costs rose 32%, depreciation and other expenses also increased 39% and 30% respectively.

In terms of quarterly performance, Group net profit attributable to shareholders more than doubled to S\$44.4 million from S\$15.1 million in 3QFY2021 with robust growth from both Semiconductor Integrated Systems and Component sales as well as 232% jump in other credits as a result of strong gains from foreign exchange (due to the appreciation of the US dollar). The Group also benefitted from the reversal of the tax provision made by its Malaysian subsidiary after the resolution of the pioneer tax incentives with the Malaysian government

Group profit before tax climbed 77% while net profit soared 173% compared to 3QFY2021.

Gross material margin in 3QFY2022 edged lower to 50.5% from 54.4% in 3QFY2021 due to higher material costs for manufacturing initial first articles for new customers.

Reflecting the Group's improved performance, Group earnings per share (EPS) for 9MFY2022 leapt 38.2% to 12.3 cents (vs 8.89 cents in 9MFY2021) while EPS for 3QFY2022 more than doubled - shooting up 123.6% to 6.4 cents from 2.8 cents in 3QFY2021. Group net asset value ("NAV") per share also grew to 50.65 cents on 30 September 2022 from 41.83 cents on 31 December 2021.

Healthy Cashflow

The Group's financial position remains healthy.

In the first nine months of FY2022, the Group generated net cash flow of S\$59.2 million (vs S\$45 million in the year ended September 2021) and free cash flow of S\$26.9 million (vs S\$38.5 million in 9MFY2021.)

For 3QFY2022, its net cash position (excluding bank borrowings) improved to S\$33.3 million on 30 September 2022 compared to S\$30.8 million on 31 December 2021.

The Group registered \$17.8 million positive net cash (vs \$16.1 million in 3QFY2021) from operating activities. The lower than expected cashflow is mainly due to increased raw material purchases to meet the higher integrated system demand as well as the new customers' first article requirements.

The Group's key customer's transition to the new electronic invoicing/payment process also resulted in some delay in remittance. More advance payments were also made to equipment suppliers for its Penang expansion.

Outlook

Said Mr Andy Luong, UMS' Chairman and CEO, "Our Group sales and earnings for the 3QFY2022 and the 9MFY2022 have smashed all previous records. This exceptional performance is another testimony of our operational resilience, manufacturing excellence and the success of our efforts to expand our top line through new customer acquisitions, increased orders from existing customers as well as strategic diversification into the aerospace sector. "

The Group's stellar performance in the first nine months of the year will continue to fuel its growth momentum going forward.

Although near-term challenges remain arising from uncertainties caused by ongoing US-China tech rivalry, rising inflation and supply chain disruption caused by geopolitical tensions such as the Russia-Ukraine crisis, global chip demand is expected to stay fairly strong in the longer term.

Semiconductor manufacturers worldwide are forecast to expand 300mm fab capacity at a nearly 10% compound average growth rate (CAGR) from 2022 to 2025, hitting an all-time high of 9.2 million wafers per month (wpm). ¹

Global sales of total semiconductor manufacturing equipment by original equipment manufacturers are forecast to reach \$120.8 billion in 2023 up 2.8 percent from \$117.5 billion in 2022, according to SEMI.²

WSTS expects another year of double-digit growth for the worldwide semiconductor market in 2022 with a forecast of \$633 billion, up 13.9 percent and continuing to grow by 4.6 percent in 2023.³

The semiconductor market is predicted to surpass USD1 trillion dollars by 2030 – led by autos and data centres.⁴

The aerospace industry is also looking up. While current recovery is still impacted by issues such as manpower crunch, supply chain and geopolitical problems and pandemic curbs in some markets, global leaders such as Boeing forecasts a market value of \$7.2 trillion for new airplane deliveries, with the global fleet increasing by 80% through 2041 compared to 2019 pre-pandemic levels.⁵

Mr Andy Luong added, "These positive trends augur well for us. Our outlook in the next 6 months remains robust as business continues to be strong with huge order backlog from our key customer to be produced and delivered. The slightly lower forecast given by our key customer recently is unlikely to have a significant impact on the Group's performance. The Group is ready to take on more orders from new customers. In view of our all-time high performance, we will continue to reward our shareholders with an interim dividend of 1 cent per share. "

The Group's expansion plans are progressing well. Construction of the new Penang factory is on schedule for completion by end of the year and the Group is preparing to ramp up production from the middle of 2023.

The Group will continue active engagement with prospective customers.

The labour situation in Malaysia has also improved and the Group recently hired more foreign workers to help alleviate the manpower crunch in Penang. The Group will carry on with its plans to recruit more local and foreign workers in the coming months.

Barring any unforeseen circumstances, the Group will remain profitable in 2022.

¹ Source – <https://www.semi.org/en/news-media-press-releases/semi-press-releases/global-300mm-semiconductor-fab-capacity-projected-to-reach-new-high-in-2025-semi-reports>

² Source – <https://www.eenewsanalog.com/en/chipmaking-equipment-spending-spree-to-slow-in-2023/>

³ Source – <https://www.wsts.org/76/103/The-World-Semiconductor-Trade-Statistics-WSTS-has-released-its-new-semiconductor-market-forecast-generated-in-August-2022>

⁴ Source – McKinsey – <https://www.mckinsey.com/industries/semiconductors/our-insights/the-semiconductor-decade-a-trillion-dollar-industry>

⁵Source – As Air Travel Rebounds, Boeing Forecasts Demand for More than 41,000 New Airplanes by 2041 – <https://boeing.mediaroom.com/2022-07-16-As-Air-Travel-Rebounds,-Boeing-Forecasts-Demand-for-More-than-41,000-New-Airplanes-by-2041>

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.

UMS was recently 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.

Issued on behalf of UMS Holdings Limited

For more information, please contact:

Ms. Tham Moon Yee – tmy@stratagemconsultants.com

Mr. Soh Tiang Keng – tksoh@stratagemconsultants.com

Stratagem Consultants Pte Ltd:

Tel: 65- 6227 0502