

JEP REPORTS RECORD FIRST HALF NET PROFIT

- 1HFY2022 revenue surged 51.2% to S\$44.6 million while Group net attributable profit soared 198.4% to S\$5.5 million

Singapore, 12 August 2022

SGX Catalist-listed JEP Holdings Ltd ("JEP", and together with its subsidiaries, the "Group"), a leading provider of precision machining and engineering solutions today reported record net profit in the first six months of FY2022.

Group revenue in 1HFY2022 jumped 51.2% to S\$44.6 million (from \$29.5 million in 1HFY2021) while net attributable profit shot up 198.4% to S\$5.5 million (from S\$1.8 million in 1HFY2021).

This record performance was achieved on the back of stronger performance from its Equipment Manufacturing segment which reported sales surge of 157.3% due to higher demand during the period. Its Precision Machining segment revenue edged up 5.1% while sales in the Group's Trading and others segment however dipped by 4.7% due to the pandemic-driven weakness in the global aviation sector.

The sterling results from its Equipment Manufacturing segment was attributed to strong demand in the semiconductor and industrial manufacturing equipment sector globally.

The Group's 1HFY2022 performance was 58.7% and 69.7% of its full year revenue and net profit in FY2021.

Singapore and Malaysia sales registered the strongest performance. Singapore sales almost doubled to S\$30.1 million in 1HFY2022 from S\$16.6 million in 1HFY2021 while Malaysia reported a 127.7% rise in sales to S\$5.4 million from S\$2.4 million.

The Group's core business segments remain profitable.

Group profit before tax increased 211% to S\$6.6 million in 1HFY2022 from S\$2.1 million in 1HFY2021.

The Equipment manufacturing segment was the star performer - tripling its profit to S\$4.3 million from about S\$1.0 million.

The Precision machining segment also reported a tripling of profit to S\$2.7 million from S\$0.8 million in 1HFY2021. Trading and Others segment's results eased slightly to S\$0.6 million from S\$0.8 million in the first half of last year.

Reflecting the Group's improved performance, earnings per share ("EPS") for 1HFY2022 soared 201.1% to hit 1.33 cents from 0.44 cents in the first half of last year. Group net asset value ("NAV") per share also increased to 17.7 cents at the end of June 2022 compared to 16.6 cents as of 31 December 2021.

Healthy Cashflow

Net cash generated from operating activities grew significantly by S\$11.8 million from S\$0.4 million in 1HFY2021 to S\$12.2 million in 1HFY2022.

The Group also generated S\$7.4 million in free cash flow.

Approximately S\$5 million was used as capital expenditure to purchase equipment and to fund the progressive construction cost of a new factory in Penang, Malaysia.

The Group also pared down its loans during the period under review.

Outlook

Commenting on the Group's latest results, JEP Executive Chairman and CEO Mr Andy Luong said, "Our performance hit new highs in the first half of FY2022 reflecting the Group's successful pivot towards the semiconductor equipment segment, whilst awaiting the recovery of its core aerospace component manufacturing business which is predicted to be in 2023.

While the aerospace sector is still facing uncertainties caused by geopolitical conflicts, rising costs and manpower issues, its pace of recovery is improving."

International Air Transport Association (IATA) announced an upgrade to its outlook for the airline industry's 2022 financial performance as the recovery from the COVID-19 crisis quickens.¹

Market research reports have also predicted a global aerospace market rebound at a modest pace - growing from US\$328 billion in 2021 to US\$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 US\$573.6 billion in 2030.²

While leading aviation giants such as Boeing had trimmed its 20-year industry wide outlook for planes, it sees strong near-term demand for aircraft despite recession risks. It has also expressed optimism as the long-term fundamentals of the sector remain intact.

Boeing still projects the global airline fleet to nearly double by 2041 as it expects worldwide aviation demand to recover by 2024. Its view of medium-term recovery - when the industry gets back to 2019 levels of global airline traffic - is largely unchanged. Overall, Boeing expects to see late 2023, early 2024 as the time where the industry recovers to full or at least the level of pre-pandemic traffic.³

There will be more clarity and visibility in the Group's aerospace business in the second half of 2023.

Going forward, the Group, which became a 71.39% owned subsidiary of SGX-listed UMS Holdings Ltd ("UMS") in 2QFY2021, will continue to seek new growth opportunities and strengthen operational synergies with UMS.

"Our FY2022 outlook will be positive on strong demand for manufacturing equipment due to post-pandemic accelerated digitalization, chips and cloud expansion trends worldwide." added Mr Luong.

¹Source: Travel recovery hints at profitability in 2023 - <https://airlines.iata.org/analysis/travel-recovery-hints-at-profitability-in-2023>

²Source: 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-covid-19?utm_source=GNOM&utm_medium=PressRelease&utm_code=z1749j&utm_campaign=1586062+-+Global+Aerospace+Market+Outlook+20212030%3a+Growing+Demand+for+Commercial+Use+of+Drones%2c+Emerging+Economies+and+Rapid+Technological+Advances&utm_exec=cari18prd

³Source: Boeing cuts 20-year industrywide outlook for planes <https://www.channelnewsasia.com/business/boeing-cuts-20-year-industrywide-outlook-planes-2816061#:~:text=LONDON%3A%20US%20airplane%20maker%20Boeing,stable%20excluding%20the%20Russian%20market.>

About JEP Holdings Ltd

JEP Holdings Ltd. is a leading solution provider of precision machining and engineering services. With over 30 years of operating history, we have built up a strong value chain to provide seamless manufacturing solutions to our clients. All our operations are supported by an experienced and passionate workforce, strong networks of established customers and suppliers, and stringent quality systems. The Group's main operating subsidiary, JEP Precision Engineering Pte. Ltd. ("JEPS"), was acquired by the Group in 2007. Accredited with AS9100, ISO 45001 and NADCAP. JEPS has built a track record as a reliable sub-contractor for aerospace components since beginning operations in 1990 and is now part of the global supply chain for the world's leading aircraft manufacturers.

The Group is headquartered in Singapore and operates out of three facilities equipped with state-of-the-art machinery for manufacturing and the provision of secondary processes related to engineering services. The Group also owns a large format precision engineering company, Dolphin Engineering Pte. Ltd., and a trading business, JEP Industrades Pte. Ltd., which markets cutting tools used in manufacturing activities for various industries such as aerospace, mould and die. The Group has been listed on SGX Catalist since 2004.

Issued on behalf of JEP Holdings Ltd

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