



Company Registration No.: 200100340R

UMS CONTINUES TO DELIVER RECORD SALES AND EARNINGS FOR 1HFY2022

- 1HFY2022 revenue surged 47% to S\$171.3 million - its highest ever half yearly revenue - surpassing S\$170 million for the very first time.
- 1HFY2022 net profit rose 22% to S\$42 million to hit an all-time high
- Free cash flow also hit a new half year record of S\$29.2 million
- Interim Dividend of 1 cent per share to reward shareholders

Singapore, 12 August 2022:

Solid semiconductor demand worldwide and favourable tailwinds in the recovering aerospace sector in the first six months of the year powered the performance of UMS Holdings Limited (“UMS” or “The Group”) to new high.

Its half year sales and net profit pushed past its recent performance records to hit S\$171.3 million (or about 63% of its full year FY2021 sales) and S\$42 million (about 73% of full year FY2021 net profit) respectively.

Compared to 1HFY2021, semiconductor sales increased 41% to S\$149 million, while aerospace revenue more than doubled by 139% to about \$7 million from S\$2.9 million. Sales in the Others category jumped by 89 percent to S\$15.4 million from S\$8.2 million.

Semiconductor Integrated System sales grew 20% to S\$61.9 million in 1HFY2022 from S\$51.5 million in 1HFY2021. Component sales also shot up 62% to S\$87.1 million in 1HFY2022 from S\$53.8 million in 1HFY2021.

In 1HFY2022, all the Group's key geographies experienced strong growth.

Malaysia and the "Others" market reported the strongest growth - clocking in triple-digit sales increases. Compared to 1HFY2021, revenue in Malaysia grew 131% and revenue in others markets vaulted 175% in 1HFY2022.

Sales in Singapore went up by 47%, while revenue in Taiwan and the United States increased by 18% each.

On a quarterly basis, Group revenue continued to climb hitting S\$86.6 million, a 30% jump, against S\$66.8 million in the previous corresponding quarter. Revenue growth was mainly driven by the sustained global semiconductor demand and consolidation of JEP's full 3 months' results in 2QFY2022 (vs 2 months recorded for 2QFY2021).

All the Group's core business segments continue to perform strongly.

Semiconductor revenue grew 29% to S\$75.6 million from S\$58.6 million in 2QFY2021, as the Group continued to benefit from the global wafer fabs' robust capex during the period under review. Semiconductor Integrated System revenue rose 11% from S\$28.9 million in 2QFY2021 to S\$32 million in 2QFY2022 while component sales surged 46% from S\$29.7 million in 2QFY2021 to S\$43.6 million in 2QFY2022. The jump in component sales is attributed to the growth of UMS' semiconductor component business, as well as consolidation of JEP's semiconductor component business.

All the Group's key geographical markets grew in 2QFY2022 recording double-digit sales surge, except for USA which reported a flat 2% sales improvement.

Malaysia and Taiwan were the star performers with revenue soaring 72% and 70% respectively. Singapore sales rose 27% while Others revenue increased 35%.

Sales in Singapore rose on the back of higher Integrated System sales and component sales as well as the impact of consolidation of JEP's semiconductor component business.

On a sequential basis, compared to 1QFY2022, Semiconductor sales edged up 3% while aerospace segment revenue leapt 35%. Sales in the Others segment eased 15% mainly due to the absence of project revenue from its subsidiary Kalf Engineering. However, excluding Kalf Engineering, the Others segment registered sales increase of 42%.

Group Profitability

In terms of profitability, the Group achieved yet another record half-year result surpassing S\$170 million for the very first time.

Group net profit rose 22% to S\$42 million while pre-tax surged 34% to hit an all-time high of S\$52.3 million for the first six months of the year. The Group's net profit attributable to shareholders climbed 23% to S\$39.5 million, from S\$32.3 million in 1HFY2021. Gross material margins in 1HFY2022 remained stable at 51.6% compared to 52.3% in 1HFY2021.

On a quarterly basis, its 2QFY2022 pre-tax profit rose 22% to S\$26.9 million from S\$22.1 million in 2QFY2021, while net profit edged up 10% to S\$21.3 million and net profit attributable to shareholders exceeded S\$20 million for the first time - climbing 19% to S\$20.2 million. This was achieved despite higher expenses in all categories, after consolidation of JEP's results. Personnel cost and other expenses increased by 29% and 31% respectively. Depreciation expenses also went up by 38%.

Income tax expenses too shot up by 96% to S\$5.6 million (from S\$2.9 million in 2QFY2021). While the Group incurred higher taxes arising from higher profits, it had to make higher tax provisions for its Malaysian subsidiaries. The pioneer tax incentives for one of its Malaysian companies had expired during the year while the

other Malaysian subsidiary was unable to comply with the stipulated local employee criteria (due to ongoing labour crunch in Penang) to qualify for the pioneer tax incentive.

The Group is currently still in discussion with the relevant Malaysian authorities with a view to achieve a favourable outcome for these tax issues.

The Group's bottom line however benefitted from the appreciation of the USD with a foreign exchange gain of S\$1.7 million - which increased 195% from S\$0.6 million in 2QFY2021. Gross material margin for 2QFY2022 remained relatively stable at 51.7%.

Reflecting the Group's improved performance, group net asset value ("NAV") per share also grew to 45.30 cents from 41.83 cents as of 31 December 2021. Earnings per share ("EPS") for 1HFY2022 rose to 5.93 cents from 4.84 cents.

Healthy Cashflow

The Group continued to strengthen its financial position as a result of its sustained strong free cash flow generation.

Net cash from operating activities surpassed S\$40 million to reach S\$41.4 million (vs S\$28.8 million in 1HFY2021)

Free cash flow also hit a new half year record of S\$29.2 million from S\$25.5 million in 1HFY2021.

The group's net cash and cash equivalents (net of bank borrowing) also improved to S\$41.2 million at 30 June 2022 from the previous corresponding period of S\$30.8 million at 31 December 2021.

Outlook

Commenting on the Group's strong half year performance, Mr Andy Luong, UMS' Chairman and CEO said, "Delivering another set of record-breaking results in the first six months of the year amid tough market conditions and geopolitical tensions demonstrates the Group's resilience and success of our corporate strategies. Our JEP acquisition not only gave us a shot in the arm by boosting our ability to ramp up production despite a tight labour situation in Malaysia but also lifted our top and bottomlines."

He added, "As global economies emerge from the depths of the COVID 19 pandemic, we will continue to work hard to manage ongoing supply chain constraints to ensure timely delivery of customer orders. We will also persist in optimising our cost base, maximising operational synergies of our enlarged Group of companies and taking prudent measures to tackle rising inflationary pressures and increased market risks. With our record half year performance, we will continue to reward our shareholders with an interim dividend of 1 cent per share."

The Group's order forecasts remain strong as its key customer has recently given a bright outlook as it expects increased sales despite the impact of ongoing supply chain challenges in FY2022. Its key customer has also announced accelerating of technology inflections which will enable it to outgrow the semiconductor market in the years ahead. This strong customer forecast heralds good news for UMS' growth momentum in the coming months.

According to SEMI, global sales of total semiconductor manufacturing equipment by original equipment manufacturers are forecast to reach a record \$117.5 billion in 2022, rising 14.7% from the previous industry high of \$102.5 billion in 2021, and will increase to \$120.8 billion in 2023.¹

Both the front-end and back-end semiconductor equipment segments are contributing to the market expansion. The wafer fab equipment segment, which includes wafer processing, fab facilities, and mask/reticle equipment, is projected to expand 15.4% to a new industry record of \$101 billion in 2022, followed by a 3.2% increase to \$104.3 billion in 2023.

While the bullish SEMI forecast provides new oomph to the sustained semicon boom, near-term challenges such as supply disruptions and rising inflation persist.

Some global chipmakers have softened their forecast and scaled down their capex plans in view of the expected global economic slowdown.

The Group however will carry on with its expansion plans with its new Penang factory scheduled for completion by end 2022. This will increase current production capacity substantially and position the Group well to take on new orders from potential new customers which are expanding in South-east Asia. Ongoing engagements with prospective customers are progressing well.

There are bright sparks in the labour landscape in Malaysia as the Malaysian authorities have announced easing of the 80-20 employment policy by 2 years and opening up new sources for foreign worker recruitment.²

The Group has intensified its hiring progress since getting its quota approval to hire more foreign workers. Efforts to recruit local talent will persist. Although some challenges remain, the easing of foreign worker restrictions will help alleviate the tight labour situation in Penang.

In addition to the upbeat semiconductor market outlook, the Group is also well-poised to ride the upturn in the aviation sector. JEP with its established track record in the aerospace industry is expected to further gain from the aviation industry's gradual recovery.

According to ICAO - the aviation sector will continue to improve. The most recent estimates suggest that demand for air transport will increase by an average of 4.3% per annum over the next 20 years.³

Market research reports have also predicted a global aerospace market rebound at a modest pace - growing from US\$328 billion in 2021 to \$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 \$573.6 billion in 2030.⁴

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 the year ahead.

[¹Source: Global total semiconductor equipment sales on track to record \$118 billion in 2022, semi reports -

<https://www.semi.org/en/news-media-press-releases/semi-press-releases/global-total-semiconductor-equipment-sales-on-track-to-record-%24118-billion-in-2022-semi-reports>]

[²Source: Putrajaya delays 80 20 employment ruling by 2 years -

<https://www.freemalaysiatoday.com/category/nation/2022/07/16/putrajaya-delays-8020-employment-ruling-by-2-years/>]

[Home minister: Manufacturing, construction, service sectors may now recruit workers from 15 countries -

<https://www.malaymail.com/news/malaysia/2022/07/18/home-minister-manufacturing-construction-service-sectors-may-now-recruit-workers-from-15-countries/18064>]

[³Source: Future of Aviation - <https://www.icao.int/Meetings/FutureOfAviation/Pages/default.aspx>]

[⁴Source: 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]

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.

Issued on behalf of UMS Holdings Limited

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