



Company Registration No.: 200100340R

UMS HOLDINGS' 3Q PROFITS DOUBLED FROM A YEAR AGO TO \$13.6 MILLION ON BACK OF STRONG SALES OF S\$39.3 MILLION

- Proposes 1 cent interim dividend to reward shareholders

Singapore, 10 November 2017 – SGX Mainboard-listed UMS Holdings Limited (“UMS” or “The Group”) has chalked up a net profit attributable to shareholders of S\$13.6 million – an increase of 100% from a year ago on the back of a 51% year-on-year rise in sales to S\$39.3 million for the period ended 30 September (“3Q2017”) due to robust customer demand in the Semiconductor business segment.

Net profit for the nine months ended on 30 September 2017 (“9M2017”) saw a 118% increase to S\$36.2 million from S\$16.6 million in the corresponding year-ago period (“9M2016”). Sales for 9M2017 had increased by 77% to S\$123.8 million from S\$70.1 million in the corresponding period last year (“9M2016”).

Semiconductor segment sales for the nine months climbed 78%, fuelled by a 116% surge in Semiconductor Integrated System revenue to S\$69.1 million compared to S\$32.0 million last year. Revenue from component sales also grew over the same period by 45% to S\$53.7 million in 9M2017 from S\$37.1 million in 9M2016.

The Group’s gross material margin for the third quarter rose year-on-year to 59% from 57% in 3Q2016 mainly due to a change in product mix with a higher proportion of component sales compared to the first two quarters of 2017. Component sales command a higher margin compared to integrated systems sales.

Semiconductor Integrated System sales was up 61% on year to S\$20.3 million for 3Q2017 while Component sales increased by 44% to S\$19.0 million compared to S\$13.2 million during the same period a year ago.

While the Group had benefited from lower depreciation expenses by 23%, overall expenses generally were higher due to increased expenses to support the higher level of production activities, consolidation of costs for a new subsidiary and an increase in employee benefits.

The Group's foreign exchange losses also increased due to the depreciation of USD during the period under review compared to an exchange gain of about S\$0.7 million in 3Q2016. Income tax expense rose 95% in line with the higher profits.

On a quarter-on quarter basis, revenue in the Semiconductor segment eased 8% from the preceding quarter (“2Q2017”); while revenue in the "Others" segment dipped due to fluctuations in the shipment of its engineering systems.

Geographical contributions

Geographically, Singapore continues to account for the bulk or 66% of the Group's revenue, contributing S\$25.8 million for 3Q2017. The year-on-year sales increase of 52% (from \$16.9 million in 3Q2016) was boosted by higher Semiconductor Integrated System sales.

Singapore also remains the largest contributor to Group sales for the first nine months of FY2017 with a year-on-year increase of 110% compared to 9M2016, driven mainly by strong demand for Semiconductor Integrated Systems from our key customers. Revenue in US increased 60% vs 3Q2016 benefiting from higher component sales for new system built.

Net Asset Value Per Share and Earnings Per Share

The Group's earnings per share (EPS) grew to 3.16 cents in 3QFY2017 - up from 1.58 cents in 3QFY2016. On a 9-month basis, UMS' EPS rose to 8.44 cents from 3.88 cents - reflecting the Group's strong earnings performance.

Group Net Asset Value (NAV) weighed in at 48.47 as of 30 Sep 2017, up from 44.16 cents for the second quarter.

Cashflow

UMS continued to deliver strong positive cashflow, registering S\$29.6 million positive net cash from operating activities and also \$23.7 million free cash flow for 9M2017. Despite the higher material purchases during the current quarter and a dividend payout of S\$17.2 million to shareholders, the Group continues to enjoy a healthy cash balance of S\$43.9 million in net cash and cash equivalents as of 30 Sep 2017. Cash flow generation is expected to improve even further in 4Q2017.

Outlook

Semiconductor shipments are currently at record levels, driven by proliferation of connected devices required for automotive, medical, wearables, and high-performance computing applications.

According to SEMI'S Forecast, 2017 fab equipment spending (both new and refurbished) is expected to increase by 37 percent to a new annual spending record of about US\$55 billion. The World Fab Forecast also forecasts that fab equipment spending in 2018 will rise further by another 5 percentage points for a new high of about US\$58 billion. The last record spending was in 2011 with about US\$40 billion. The spending in 2017 is now expected to top that by about US\$15 billion.*

"These trends augur well for the Group and we expect to benefit further from the robust results of our major customer who has recently posted sterling 3QFY2017 results and has projected accelerated growth in the coming quarter. We will continue to reward our shareholders for their strong support with another interim dividend payout of 1 cent per share," said Mr Andy Luong, UMS' Chairman and Chief Executive Officer (CEO).

Meanwhile, the Group has a strong pipeline of orders from its key customer and will gain from cost savings after it shifted its system integration operations from Singapore to its expanded facilities in Penang as well as higher production output in Malaysia.

UMS also expects to reap benefits from tax incentives secured for its Malaysian operations as its Malaysian subsidiary Ultimate Manufacturing Solutions Sdn Bhd (which will manage the Group's system integration operations) has received in-principle approval for a new 10-Year Pioneer Tax Incentive from MIDA recently.

Barring unforeseen circumstances, FY2017 will remain a profitable year for the Group.

*Source: New Records in Fab Equipment Spending, SEMI (September 12, 2017)

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 Texas and California, USA.

Issued on behalf of UMS Holdings Limited

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