



Company Registration No.: 200100340R

## NEWS RELEASE

# UMS HOLDINGS REMAINS PROFITABLE DESPITE SLOWDOWN IN GLOBAL SEMICONDUCTOR INDUSTRY IN 1HFY08

**Singapore, 14 August 2008** – Mainboard-listed **UMS Holdings Limited** (“**UMS**” or “**The Group**”), a global contract equipment manufacturer, today reported a net profit of S\$0.25 million on turnover of S\$54.7 million for the first half of FY2008.

This was lower than the net profit of S\$8.3 million in 1HFY07 as the Group’s core businesses were affected by the economic slowdown in the United States and the foreign exchange losses resulting from the weakening of the US dollar.

Group turnover of S\$54.7 million in 1HFY08 was also lower 23% than that in 1HFY07. The lower revenue was due to the decline in sales from both its core business sectors.

There was however some improvement in the second quarter ended 30 June 2008.

Group net profit for Q2FY08 was S\$7.5 million from S\$2.7 million in Q2FY07. Compared to 1QFY08, the Group also showed healthy return to profitability reversing a loss of S\$7.2 million which was mainly contributed by foreign exchange loss in Q108.

In addition, the Group also enjoyed higher gross margin in 2QFY08 versus 2QFY07. The improved margin was due to changing product mix mainly in the Semiconductor segment.

The Group remained profitable for both Q2FY08 and 1HFY08.

On the quarterly basis, UMS delivered a much improved performance for Q2FY08 as revenue grew from S\$25.5 million to S\$29.5 million.

Group Earnings Per Share (EPS) rose to 2.05 cents for Q2FY08 from 0.72 cents in Q2FY07. Because net profit was dragged down by a weaker Q1FY08, EPS for the first six months of the year declined to 0.07 cents from 2.23 cents in 1HFY07. It also reported an improved Net Asset Value (NAV) of 52.31 cents.

The Group's cash and cash equivalents fell from S\$26.6 million to S\$15.6 million in 1HFY08. The lower cash level was due to capital expenditure for the purchase of machinery, building costs for its Penang plant, share buyback of 32 million shares and a dividend payout of S\$3.6 million.

### **Segmental Analysis**

While there is continued weakness in the global semiconductor industry, the improvement in 2QFY08 can be seen from the relatively smaller drop in contributions from the company's two core business segments - the semiconductor and Contract Equipment Manufacturing (CEM).

In Q2FY08, the Group's semiconductor segment revenue fell by 14.7% to S\$23 million compared to Q2FY07. But this decline is also less, down from the 24.6% fall in sales to S\$42.1 million in 1HFY08.

Compared to Q2FY07, the CEM division's sales contracted by 11.1% in Q2FY08 to S\$6.5 million. However, this is better than the 15.5% drop to S\$12.6 million in 1HFY08 in the same segment.

### **Geographical Analysis**

Geographically, all markets except Malaysia reported lower sales in 1HFY08 and Q2FY08 compared to the corresponding period last year.

For 1HFY08, Malaysia experienced a revenue jump of 47.8% to S\$4.2 million, up from S\$2.8 million in 1HFY07. For Q2FY08, Malaysia enjoyed a 196.7% surge in revenue to S\$2.6 million – up from S\$0.9 million in the same period last year. The higher sales were mainly due to an increase in orders from a key customer.

## Group Outlook

Looking ahead, the Group expects the global semiconductor equipment industry to remain soft for 2008.

According to the mid-year edition of the Capital Equipment Forecast, released in June 2008 by SEMI the Semiconductor Equipment and Materials International (SEMI), the global semiconductor equipment sales is expected to reach US\$34.12 billion in 2008. The forecast indicates the equipment market will decline 20% in 2008, but will see a rebound with annual growth of 13% and 6% in 2009 and 2010 respectively<sup>1</sup>.

The expected slowdown in the semiconductor market worldwide will be driven by lower spending in the memory sector and a less than favourable pricing environment.

Despite this, UMS is well-positioned to benefit from the continued growth and success of its key customers. Recently, its key customer, Applied Materials Inc (AMAT) had set up its new Singapore operations facility/centre that will serve as a hub for AMAT's business activities throughout Asia. The 32,000 square meter facility in the Changi North Industrial Park is expected to be complete in late 2009.

Commented Mr. Luong, "The Group will continue its efforts in developing its new business areas in Oil and Gas and Aerospace.

"The oil and gas industry continues to experience robust growth while the Aerospace industry here is well-poised to grow further with the Singapore Government's push towards making Singapore into a global aviation hub.

"In the meantime, construction of the Group's Penang facility is progressing well and will be able to provide greater cost efficiencies for our core business segments when the campus is completed by FY2009.

"We are also well-positioned to benefit from the continued growth and success of its

---

<sup>1</sup> SEMI.org – "SEMI Capital Equipment Forecast", 14 July 2008.  
[http://wps2a.semi.org/wps/portal/\\_pagr/103/\\_pa.103/248?dFormat=application/msword&docName=P044189](http://wps2a.semi.org/wps/portal/_pagr/103/_pa.103/248?dFormat=application/msword&docName=P044189)

key customers, including Applied Materials, Inc. (“AMAT”), who has also recently reaffirmed its commitment to support Singapore’s strong chip manufacturing industry by setting up its new Singapore operations facility that will serve as a hub for AMAT’s business activities throughout Asia.

“The Group will therefore explore the wealth of opportunities brought about by these developments to secure more projects in the semiconductor and CEM sectors such as the Merge-In-Transit (MIT) integrated system and even solar projects from US customers.”

Barring any unforeseen circumstances and having reviewed management's internal forecast, the company is cautiously optimistic that the Group will remain profitable in the second half of FY08.

---

### **About UMS Holdings Limited**

UMS Holdings Limited engages in manufacturing of mission-critical high precision components, and complex electromechanical assembly and final testing. It serves the semiconductor equipment manufacturers, aerospace and oil field precision component manufacturers and other industries.

Headquartered in Singapore, the Group has production facilities in Singapore, Malaysia and China as well as offices in Fremont and Austin, USA.

UMS Holdings has also launched into the aerospace and oil & gas sectors to capture the higher value-added manufactured components capitalizing on its core competencies in precision machining.

### **Issued on behalf of UMS Holdings Limited**

#### **For more information, please contact:**

Ms. Tham Moon Yee – [tmy@stratagemconsultants.com](mailto:tmy@stratagemconsultants.com)  
Mr. Lee Yew Meng – [yewmeng@stratagemconsultants.com](mailto:yewmeng@stratagemconsultants.com)  
Ms. Heather Chua – [heather@stratagemconsultants.com](mailto:heather@stratagemconsultants.com)

Stratagem Consultants Pte Ltd:  
Tel: 65 6227 0502  
Fax: 65 6227 5663