



UMS Holdings Limited
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UMS ACHIEVES RECORD-BREAKING NET PROFIT OF S\$34.3 MILLION IN FY2015

Highlights

- Revenue stable at S\$111.1 million in FY2015 while net profit grew 38% from S\$24.9 million in FY2014 to a record high of S\$34.3 million
- Proposed dividends of 3.0 Singapore cents per share comprising final dividend of 2.0 Singapore cents per share and special dividend of 1.0 Singapore cent per share, bringing the total dividends paid and proposed for FY2015 to SIX (6.0) Singapore cents per share
- As at 31 December 2015, the Group registered an all-time high net cash and cash equivalents of S\$38.9 million

Financial Highlights:

S\$ (million)	3 months 4Q2015 A	3 months 4Q2014 B	Change (A-B)/B	12 months FY2015 C	12 months FY2014 D	Change (C-D)/D
Revenue	21.9	22.1	↓ 1%	111.1	109.8	↑ 1%
Profit before tax	9.7	4.0	↑ 140%	36.8	27.7	↑ 33%
Net profit	10.0	3.7	↑ 171%	34.3	24.9	↑ 38%
Free cash flow	8.8	9.0	↓ 2%	31.3	28.9	↑ 8%

SINGAPORE, 29 February 2016 – SGX Mainboard-listed UMS Holdings Limited (“UMS” or “the Group”), a strategic integration partner in manufacturing and engineering for front-end semiconductor equipment manufacturers, today announced an outstanding set of financial results for the three months and full year ended 31 December 2015 (“4Q2015” and “FY2015” respectively).

For the quarter under review, the Group’s revenue remained relatively flat at S\$21.9 million, compared to S\$22.1 million a year ago (“4Q2014”). Sequentially, when compared to the preceding quarter (“3Q2015”), UMS’ revenue declined 29% from S\$30.7 million. As highlighted in the Group’s previous quarter announcement, business activities in 4Q2015 were expected to be lower due to a decline in orders arising from a weaker global economy.

In FY2015, UMS registered revenue of S\$111.1 million, as compared to S\$109.8 million in the previous financial year (“FY2014”).

Profitability

4Q2015

The Group’s gross material margin in 4Q2015 jumped to 76%, mainly due to favorable USD exchange rate as compared to Q42014 and higher component sales that enjoyed higher margins.

Employee benefits expense maintained at S\$2.8 million in 4Q2015 while depreciation expense decreased 14% from S\$1.9 million in 4Q2014 to S\$1.6 million in 4Q2015 as a result of some fixed assets being fully depreciated.

The Group had transferred substantial amount of production activities to its Penang plant and vacated most of its leased space in 25 Changi North Rise, Changi North Industrial Estate, in November 2015. This had allowed the Group to achieve cost savings in terms of lower energy costs and rental expense, contributing to the reduction of Other expenses by 15% from S\$3.1 million in 4Q2014 to S\$2.6 million in 4Q2015. Other credits in 4Q2015 stood at S\$0.1 million (4Q2014: S\$0.1 million).

In 4Q2015, the Group had registered a tax credit of S\$0.3 million as compared to a tax expense of S\$0.4 million in 4Q2014. This was due to lower tax provisions in Singapore resulting from higher Productivity and Innovation Credit Scheme claims associated with a Singapore subsidiary as well as a write back of overprovisions in the Group's US subsidiary for the quarter.

Due to the above mentioned reasons, the Group's net profit after tax increased 171% from S\$3.7 million in 4Q2014 to S\$10.0 million in 4Q2015.

FY2015

In FY2015, the Group's gross material margin stood at 60%, a 6 percentage points increase from 54% in FY2014. This was mainly due to favorable USD exchange rate as compared to last year, higher component sales and lower raw material prices.

Employee benefits expense increased 11% to S\$13.5 million in FY2015, while depreciation expense and Other expenses declined 4% and 3% to S\$7.4 million and S\$11.8 million respectively. Other credits grew from S\$0.3 million in FY2014 to S\$2.5 million in FY2015.

Summarily, the Group's net profit after tax in FY2015 increased 38% to a record high of S\$34.3 million, making FY2015 the Group's most profitable financial year to date.

Strong Cash Generation Ability

UMS continues to display robust cash generation capabilities, registering an operating cash flow of S\$11.7 million and free cash flow of S\$8.8 million in 4Q2015, compared to S\$10.3 million and S\$9.0 million respectively in 4Q2014.

For FY2015, the Group generated a positive operating cash flow of S\$35.8 million and free cash flow of S\$31.3 million.

As at 31 December 2015, the Group had no bank borrowings and had amassed an all-time high net cash and cash equivalents of S\$38.9 million, despite dividends payout of S\$25.7 million in FY2015.

Additionally, the Directors are pleased to propose a final dividend of TWO (2.0) Singapore cents per share and a special dividend of ONE (1.0) Singapore cents per share for this quarter, bringing the total dividend paid and proposed for FY2015 to SIX (6.0) Singapore cents per share.

Announcing the Group's latest financial results, Mr Andy Luong, Chief Executive Officer, UMS Holdings Limited said, **"FY2015 had been very rewarding for UMS. Even though the demand for integrated system sales were not as robust in FY2015, our component business carried us through. Our portfolio of consumables parts, a recurring income, provided stability to our revenue. Coupled with the tight rein over our costs, it allowed us to achieve record-high net profit and net cash position."**

Outlook

The slower orders in the last quarter of FY2015 is expected to continue into the first half of FY2016, in line with the slowdown in global economy and the Group expects business activities in 1H2016 to be subdued.

On the other hand, the Group's major customer had forecasted global foundry investment levels to be slightly higher in 2016 with the bulk of spending in the second half of the year. Additionally, SEMI, a leading global semiconductor trade association, had expected global semiconductor equipment sales to grow, albeit nominally at 1.4% in 2016¹.

As announced on 27 Jan 2016, UMS had embarked on its diversification strategy by investing into a Malaysia aerospace manufacturer. It will be a long term investment with significant growth potential into the regional aerospace industry. The investment amount as well as subsequent performance of this investment will not have any material impact to the Group's financial performance in the next 12 months.

Barring unforeseen circumstances, the Board of Directors remains cautiously optimistic that FY2016 will be a profitable year for the Group.

#End of Release#

¹Refer to <http://www.semi.org/en/node/60181>

Note: This press release is to be read in conjunction with the related mandatory announcement filed by UMS on SGX net.

ISSUED ON BEHALF OF **UMS HOLDINGS LIMITED**
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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.