



Company Registration No.: 200100340R

**UMS REWARDS SHAREHOLDERS WITH 1.0 CENT PER SHARE
INTERIM DIVIDEND PAYOUT AFTER 1QFY2020 NET PROFIT
ATTRIBUTABLE TO SHAREHOLDERS ROSE 53% TO \$10.7M ON
HIGHER REVENUE OF \$34.9 MILLION**

Singapore, 12 May 2020:

SGX Mainboard-listed UMS Holdings Limited (“UMS” or “The Group”) has proposed a 1.0 cent tax-exempted interim dividend after reporting a strong start for FY2020.

The Group posted a 53% jump in net profit attributable to shareholders to \$10.7 million as revenue grew 22% to \$34.9 million for 1QFY2020.

The sales surge was driven by a 17% increase from its semiconductor business while sales from its Others segment shot up by 99%. Rise in revenue from Others segment was mainly derived from its subsidiary, Starke Singapore’s material distribution business.

Compared to 1QFY2019 a year ago, the semiconductor segment saw a robust improvement in customer demand as revenue from its integrated systems business and component sales grew by 3% and 29% respectively. Integrated systems and component sales clocked in S\$12.9 million and S\$18.8 million respectively for the quarter.

Sales from Singapore rose 27% compared to a year ago due to higher shipments of Semiconductor Integrated System and material distribution sales. Malaysia performed well, clocking in a 25% increase in revenue during the same period from higher material distribution sales. Revenue in US and Taiwan also grew 18% and 4% respectively on the back of improved component sales.

The Group’s 1QFY2020 revenue of \$34.9 million however had dipped quarter-on-quarter by 14% from S\$40.4 million in 4QFY2019.

Group Profitability

The Group’s 1QFY2020 net profit surged 60% compared to Q1FY2019 – booking a net profit of S\$10.8 million versus \$6.7 million in 1QFY2019, while net profit attributable to shareholders rose 53% year-on-year.

The Group’s net profit for the latest quarter was also 16% higher than 4QFY2019.

Gross material margins of 53.3% in 1QFY2020 remains comparable to 53.2% from 1QFY2019. The increase in higher margin component sales was offset by lower margin material distribution sales.

The Group’s bottom line was boosted by higher contributions from its associate company, JEP Holdings Ltd (JEP) which saw its share of profit climb 86% compared to the same period last year.

The Group also benefited from a foreign exchange gain of S\$1.5 million and S\$0.2 million from the disposal of fixed assets during the first quarter of the year.

The Group's personnel costs rose 15% as higher bonus provisions were made, while the 14% rise in other expenses stemmed from increased freight charges as a result of higher material purchases and freight rates. Cost of machinery maintenance carried out during the period also rose by 42%.

The Group's earnings per share ("EPS") for Q1FY2020 leapt to 2.0 cents compared to 1.3 cents in the first quarter of last year. Group net asset value per share also grew to 47.6 cents from 45.4 cents as at 31 December 2019.

Healthy Cashflow

The Group continued to generate a healthy free cash flow of S\$8.9 million, a dip from S\$10.7 million in 1QFY2019. Net cash as at 1QFY2020 grew by S\$6.7 million to S\$31.8 million from S\$25.0 million in 31 December 2019.

Inventories declined by S\$1.1 million, while trade receivable and other current assets increased by S\$4.3 million. The Group also had invested S\$1.0 million to increase its shareholding in JEP, S\$1.9 million for purchase of treasury shares and pared down S\$2.7 million in bank borrowings.

Outlook

Commenting on the Group's latest results, Mr Andy Luong, UMS Chairman and CEO, said, "The Group's first quarter performance demonstrates the robust improvement in customer demand. The higher profitability and healthy cashflow reflect our strategic focus in driving value for our shareholders even during tough times. We are therefore pleased to continue rewarding our loyal shareholders for their support with a 1.0 cent interim dividend for this quarter.

However, we are mindful that this strong start to the year may now be moderated by market uncertainty created by the ongoing coronavirus (COVID-19) pandemic. To address this, the company will sharpen its production efficiencies and supply networks to cope with the impact of COVID-19."

According to Gartner, Inc., worldwide semiconductor revenue is forecast to decline 0.9% in 2020. This is down from the previous quarter's forecast of 12.5% growth.¹ In addition to the supply chain disruptions caused by the outbreak, tough government measures to contain the contagion, have also weighed on the industry.

The global semiconductor industry is also poised for a dip in capital expenditure (capex). According to IC Insights, global capex is expected to shrink by 3% compared to 2019 due primarily to spending cutbacks by the three leading memory suppliers – Samsung, SK Hynix and Micron – which accounted for a combined spending of US\$39.7 billion in 2019. The forecast is for a 15% decline to US\$33.6 billion in 2020.²

Mr Luong added, "The Group expects some challenges in the near term due to supply chain disruptions, manpower constraints and other issues from the COVID 19 fallout. The long-term outlook however remains positive due to the acceleration of 5G, artificial intelligence (AI) and other technology-driven developments such as Smart Cities and the increased demand for data. Data centre and communications infrastructure sectors will prove more resilient as both public and private sector organizations continue to drive strategic investments required

to support increased remote working and online access which have accelerated in the light of the COVID 19 pandemic.”

Barring any unforeseen circumstances, the Group will stay profitable in FY2020.

[¹Source: Gartner Forecasts Worldwide Semiconductor Revenue to Decline 0.9% in 2020 Due to Coronavirus Impact - <https://www.gartner.com/en/newsroom/press-releases/2020-04-09-gartner-forecasts-worldwide-semiconductor-revenue-to-0>]

[²Source: Global Semiconductor Capex Forecast to Drop 3% in 2020 - <https://www.eetimes.com/global-semiconductor-capex-forecast-to-drop-3-in-2020/>]

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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