UMS Integration (UMSH SP)

3Q26: Earnings In Line; New Customer Ramp-up Drives Growth

Highlights

- 3Q26 earnings rose 102% yoy and 9% qoq to S$21m. 9M26 earnings of S$54.5m (+78% yoy) were largely in line at 76% of our full-year forecast.
- 3Q26 revenue grew 61% yoy and 9% qoq to S$95m, led by an 87% yoy rise in semiconductor component sales to S$56m.
- Customer demand and outlook remain robust. Capacity expansion in Malaysia and Vietnam supports future growth. Maintain BUY with a 27% lower target price of S$2.40.

3Q26 Results

Year to 31 Dec (S$m)	3Q26	3Q25	yoy % chg	9M26	9M25	yoy % chg
Revenue	95.4	59.3	61	251.9	184.3	37
Gross profit	49.4	34.5	43	133.1	103.3	29
Gross margin (%)	51.8	58.2	-6.4ppt	52.8	56.1	-3.2ppt
PATMI	**21.1**	**10.5**	**102**	**54.5**	**30.5**	**78**
Net margin (%)	22.1	17.6	4.5ppt	21.6	16.6	5.1ppt

Source: UMS, UOB Kay Hian

Analysis

- **9M26 earnings in line with expectations.** UMS Integration (UMS) reported 9M26 earnings of S$54.5m (+78% yoy), which accounts for 76% of our 2026 forecast. 3Q26 earnings rose 102% yoy and 8.7% qoq to S$21.1m. 9M26 revenue of S$251.9m already exceeds the S$251.1m revenue recorded for full-year 2025.
- **New customer ramp-up drives semiconductor growth.** 3Q26 revenue increased 61% yoy/9% qoq to S$95.4m. Semiconductor sales rose 65% yoy to S$83.1m, led by an 87% increase in component sales to S$55.8m. Integrated system sales grew 32% yoy to S$27.3m but fell 19% qoq due to OEM parts shortages, which management expects to ease. Aerospace sales rose 55% yoy to S$9.7m. Malaysia revenue surged 209% yoy to S$24.3m as production for the new customer accelerated; Taiwan and South Korea sales grew 94% and 86% respectively.
- **Margins softened, but cash generation remained strong.** 3Q26 gross material margin fell to 51.8% from 58.2% a year earlier, due to less favourable product mix as component sales to the new customer ramped up. A S$1.6m forex gain also supported earnings. Operating cash flow was S$21.2m in 3Q26 and S$52.7m in 9M26. A third interim dividend of 1.0 S cent/share was declared.

Key Financials

Year to 31 Dec (S$m)	2024	2025	2026F	2027F	2028F
Net turnover	242	251	341	420	483
EBITDA	65	75	118	140	158
Operating profit	46	50	88	108	124
Net profit (rep./act.)	41	42	77	93	107
Net profit (adj.)	41	42	77	93	107
EPS (S$ cent)	5.8	5.9	8.2	9.9	11.4
PE (x)	32.8	32.1	23.1	19.1	16.6
P/B (x)	3.2	3.1	3.0	2.8	2.5
EV/EBITDA (x)	24.6	21.5	13.6	11.5	10.2
Dividend yield (%)	2.8	2.3	2.6	2.6	2.6
Net margin (%)	16.9	16.7	22.5	22.1	22.2
Net debt/(cash) to equity (%)	(18.9)	(10.0)	(33.1)	(33.8)	(37.6)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	10.5	9.9	15.0	15.0	16.0
Consensus net profit (S$m)	-	-	70	88	101
UOBKH/Consensus (x)	-	-	1.11	1.06	1.06

Source: UMS, Bloomberg, UOB Kay Hian

Analyst(s)

John Cheong
johncheong@uobkh.com
+65 6590 6623

BUY (Maintained)

Share Price	S$1.89
Target Price	S$2.40
Upside	+27.0%
Previous TP	S$3.27

Stock Data

Sector	Information Technology
Bloomberg ticker	UMSH SP
Shares issued (m)	941.1
Market cap (S$m)	1,778.7
Market cap (US$m)	1,387.3
3-mth avg daily t'over (US$m)	18.1

Price Performance (%)

52-week high/low				S$3.15/S$1.03
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(32.7)	(25.0)	(19.9)	64.1	66.4

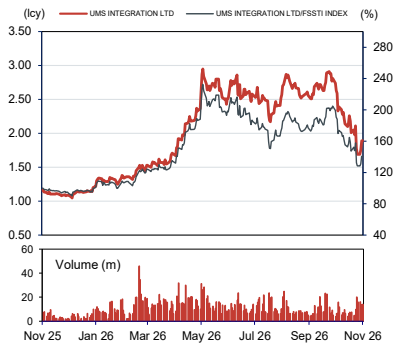
Major Shareholders (%)

Luong Andy	14.04
Catcher Technology	5.12

Balance Sheet

FY26 NAV/Share (S$)	0.63
FY26 Net Cash/Share (S$)	0.05

Price Chart



Source: Bloomberg

Company Description

UMS provides high precision components and complex electromechanical assembly and final testing for semiconductor equipment manufacturers.

- **Capacity expansion supports the next phase of growth.** UMS reports strong demand guidance from both major customers, supported by AI, memory and advanced packaging investments. It is setting up a Vietnam joint venture to complement Singapore and Malaysia operations. The October placement of 52.9m shares raised S$138.6m net proceeds for projects in Penang, Vietnam and Singapore. These initiatives expand capacity and diversify its production footprint as new customer programmes ramp up.
- **The outlook for the semiconductor industry remains robust** as global semiconductor giants continue to accelerate production to meet surging AI demand. According to SEMI, global 300mm front-end fab equipment spending is projected to reach US$149b in 2026, up 31% yoy. Investment is expected to continue growing at double-digit rates through 2029, reaching US$227b. The stronger investment trajectory is accompanied by a sustained pipeline of new 300mm fabs and production lines moving through construction and into operation. Excluding pure R&D fabs, SEMI projects 20 new 300mm fabs or lines to begin construction worldwide in 2026 and 18 in 2027.

Valuation/Recommendation

- **Maintain BUY with a 27% lower target price of S$2.40.** This is based on 24.3x 2027F PE (+1SD above mean) on the enlarged share base from Malaysia placement exercise, vs the previous 32x (+2SD above mean) to account for the recent semiconductor sector derating. We remain positive on the semiconductor sector outlook, rising contributions from the new customer and capacity expansion.

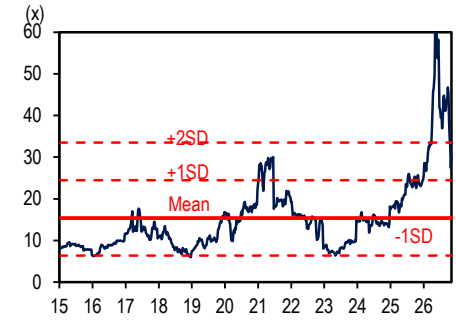
Earnings Revision/Risk

- **Net profit forecasts raised by 7-11%.** We raised 2026/27/28 earnings forecasts by 5%/16%/20% after raising our revenue estimates by 7%/10%/11%, supported by the positive outlook for increased orders from the new customer. Risks include prolonged parts shortages, customer concentration, weaker product mix and execution delays in capacity expansion.

Share Price Catalyst

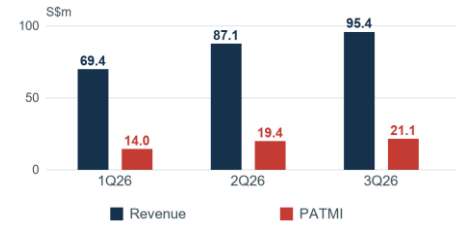
- Faster customer ramp-up and easing OEM parts shortages.
- New project wins and successful capacity expansion.

Historical PE Band



Source: UMS, UOB Kay Hian

Quarterly Performance



Source: UMS, UOB Kay Hian

Peer Comparison

Company	Ticker	Trading Curr (lcy)	Price @ 11 Nov 26 (lcy)	Market Cap (US$m)	PE 2026 (x)	PE 2027 (x)	P/B 2026 (x)	P/B 2027 (x)	EV/EBITDA 2026 (x)	EV/EBITDA 2027 (x)	ROE 2026 (%)	Yield 2026 (%)
AEM	AEM SP	SGD	7.05	1,754	25.7	22.5	4.0	3.6	18.0	16.1	16.7	1.0
Venture	VMS SP	SGD	15.31	3,429	17.9	16.9	1.6	1.5	11.2	10.6	8.8	5.2
Frencken	FRKN SP	SGD	1.89	698	17.9	16.6	1.6	1.5	10.7	9.9	9.1	1.7
Singapore average						**20.5**	**18.7**	**2.4**	**2.2**	**13.3**	**12.2**	**11.5**
Kulicke & Soffa	KLIC US	USD	69.7	3,647	17.9	12.6	n.a.	n.a.	12.4	7.0	22.7	1.2
ASML	ASML NA	EUR	1405.2	607,604	33.8	24.6	21.8	14.8	27.3	19.7	70.0	0.7
Applied Materials	AMAT US	USD	372.53	295,639	29.1	20.0	11.3	8.9	24.8	16.7	43.1	0.5
Lam Research	LRCX US	USD	222.39	277,803	38.4	23.0	22.3	15.5	31.7	18.5	65.1	0.5
KLA Corp	KLAC US	USD	152.99	199,653	41.6	26.4	31.5	21.7	32.8	21.5	87.5	3.9
Teradyne	TER US	USD	245.4	38,313	26.0	20.1	10.3	7.9	20.3	15.5	42.9	0.2
Global average					**31.1**	**21.1**	**19.4**	**13.8**	**24.9**	**16.5**	**55.2**	**1.2**
UWC	UWC MK	MYR	6.68	1,810	78.5	42.5	12.9	9.9	47.6	30.1	17.9	0.0
Sam Engineering	SEQB MK	MYR	3.74	622	31.2	22.0	1.8	1.7	13.7	11.2	5.6	0.7
Coraza Integrated	CORAZA MK	MYR	1.23	150	30.8	21.6	3.6	3.1	12.8	9.9	12.6	n.a.
Greatech	GREATEC MK	MYR	2.53	1,562	40.8	26.6	5.4	4.6	28.8	19.0	14.5	0.1
Inari Amertron	INRI MK	MYR	2.27	2,160	67.8	31.1	3.1	3.0	39.5	18.2	4.6	2.1
Northeast	NE MK	MYR	0.96	174	19.2	17.1	n.a.	n.a.	9.8	8.4	12.7	0.0
Oppstar	OPPSTAR MK	MYR	0.525	83	25.0	22.8	2.6	2.6	n.a.	n.a.	n.a.	n.a.
Pentamaster	PENT MK	MYR	5.29	924	52.9	33.7	4.4	4.0	24.7	18.2	8.1	0.4
Vitrox	VITRO MK	MYR	10.06	4,680	54.1	42.8	13.7	11.3	46.4	37.7	26.9	0.5
Malaysia average						**44.5**	**28.9**	**6.0**	**5.0**	**27.9**	**19.1**	**12.9**
UMS	UMSH SP	SGD	1.89	1,387	23.1	19.1	3.0	2.8	15.0	12.6	15.0	2.6

Source: Bloomberg, UOB Kay Hian

Profit & loss

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Net turnover	**251.1**	**341.4**	**420.0**	**483.0**
EBITDA	75.0	118.1	139.9	158.4
Deprec. & amort.	24.9	29.9	32.0	34.0
EBIT	50.1	88.2	107.9	124.4
Total other non-operating income	(0.0)	0.0	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	0.5	0.0	0.0	0.0
Pre-tax profit	**50.6**	**88.3**	**107.9**	**124.4**
Tax	(6.6)	(9.3)	(12.9)	(14.9)
Minorities	(2.0)	(2.0)	(2.0)	(2.0)
Net profit	**41.9**	**77.0**	**92.9**	**107.4**
Net profit (adj.)	41.9	77.0	92.9	107.4

Balance Sheet (Pre-Placement)

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Fixed assets	194.4	190.5	183.6	174.5
Other LT assets	96.3	96.2	96.2	96.2
Cash/ST investment	43.1	197.9	217.4	264.5
Other current assets	194.8	221.1	273.3	308.9
Total assets	**528.5**	**705.6**	**770.4**	**844.1**
ST debt	0.0	0.0	0.0	0.0
Other current liabilities	53.5	55.8	67.6	77.0
LT debt	0.0	0.0	0.0	0.0
Other LT liabilities	18.6	24.7	31.8	35.7
Shareholders' equity	428.7	597.3	643.2	703.6
Minority interest	27.8	27.8	27.8	27.8
Total liabilities & equity	**528.5**	**705.6**	**770.4**	**844.2**

Cash Flow (Pre-Placement)

Year to 31 Dec (S$m)	2025	2026F	2027F	2028F
Operating	**39.7**	**89.2**	**91.6**	**119.2**
Pre-tax profit	50.3	88.3	107.9	124.4
Tax	(6.0)	(6.3)	(9.2)	(12.5)
Deprec. & amort.	24.9	29.9	32.0	34.0
Associates	0.0	0.0	0.0	0.0
Working capital changes	(21.8)	(20.7)	(37.1)	(24.7)
Non-cash items	(7.7)	(1.9)	(2.0)	(2.1)
Other operating cashflows	0.0	0.0	0.0	0.0
Investing	**(36.6)**	**(26.0)**	**(25.0)**	**(25.0)**
Capex (growth)	(38.6)	(26.0)	(25.0)	(25.0)
Investment	0.0	0.0	0.0	0.0
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	2.0	0.0	0.0	0.0
Financing	**(37.4)**	**91.6**	**(47.1)**	**(47.1)**
Dividend payments	(31.3)	(42.4)	(47.1)	(47.1)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	(0.8)	0.0	0.0	0.0
Others/interest paid	(5.4)	134.0	0.0	0.0
Net cash inflow (outflow)	**(34.4)**	**154.8**	**19.5**	**47.1**
Beginning cash & cash equivalent	**79.9**	**43.1**	**197.9**	**217.4**
Changes due to forex impact	(2.5)	0.0	0.0	0.0
Ending cash & cash equivalent	**43.1**	**197.9**	**217.4**	**264.5**

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	29.9	34.6	33.3	32.8
Pre-tax margin	20.1	25.8	25.7	25.8
Net margin	16.7	22.5	22.1	22.2
ROA	8.1	12.5	12.6	13.3
ROE	9.9	15.0	15.0	16.0
Growth				
Turnover	3.7	36.0	23.0	15.0
EBITDA	14.8	57.5	18.4	13.3
Pre-tax profit	7.4	74.6	22.3	15.3
Net profit	2.4	83.7	20.7	15.6
Net profit (adj.)	2.4	83.7	20.7	15.6
EPS	2.4	38.7	20.7	15.6
Leverage				
Debt to total capital	0.0	0.0	0.0	0.0
Debt to equity	0.0	0.0	0.0	0.0
Net debt/(cash) to equity	(10.0)	(33.1)	(33.8)	(37.6)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at this link or by scanning the QR code below:

The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full.