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### KEY HIGHLIGHTS

*Update*

**UMS Holdings (UMSH SP/BUY/S\$1.26/Target:S\$1.56)** Page 2  
Well-positioned for semiconductor industry recovery and boost from new customer.

**TRADERS' CORNER** Page 5

**Yangzijiang Financial Holding (YZJFH SP): Trading BUY**

**Aztech Global (AZTECH SP): Trading BUY**

### KEY INDICES

|                        | Prev Close | 1D %  | 1W %  | 1M %  | YTD % |
|------------------------|------------|-------|-------|-------|-------|
| DJIA                   | 34618.2    | (0.8) | 0.1   | 0.3   | 4.4   |
| S&P 500                | 4450.3     | (1.2) | (0.2) | 1.8   | 15.9  |
| FTSE 100               | 7711.4     | 0.5   | 3.1   | 6.2   | 3.5   |
| AS30                   | 7482.6     | 1.4   | 1.7   | 1.6   | 3.6   |
| CSI 300                | 3708.8     | (0.7) | (0.8) | (2.0) | (4.2) |
| FSSTI                  | 3280.7     | 1.0   | 2.3   | 3.4   | 0.9   |
| HSCEI                  | 6309.6     | 0.5   | (0.1) | 2.6   | (5.9) |
| HSI                    | 18182.9    | 0.7   | (0.1) | 1.3   | (8.1) |
| JCI                    | 6982.8     | 0.3   | 0.8   | 1.8   | 1.9   |
| KLCI                   | 1459.0     | 0.7   | 0.3   | 0.9   | (2.4) |
| KOSPI                  | 2601.3     | 1.1   | 2.1   | 3.9   | 16.3  |
| Nikkei 225             | 33533.1    | 1.1   | 2.8   | 6.6   | 28.5  |
| SET                    | 1542.0     | (0.2) | (0.3) | 1.5   | (7.6) |
| TWSE                   | 16920.9    | 0.7   | 2.1   | 3.3   | 19.7  |
| BDI                    | 1381       | 3.1   | 16.4  | 11.6  | (8.8) |
| CPO (RM/mt)            | 3701       | 1.6   | (1.4) | (0.1) | (8.6) |
| Brent Crude (US\$/bbl) | 94         | 0.2   | 3.6   | 10.6  | 9.3   |

Source: Bloomberg

### TOP VOLUME

| Company                      | Price (S\$) | Chg (%) | Volume ('000s) |
|------------------------------|-------------|---------|----------------|
| Seatrium                     | 0.14        | 0.7     | 414,934        |
| Thai Beverage                | 0.59        | (0.8)   | 79,425         |
| OUE Commercial REIT          | 0.21        | (6.7)   | 47,710         |
| Genting Singapore            | 0.87        | 0.0     | 35,079         |
| Singapore Telecommunications | 2.40        | 1.7     | 30,063         |

### TOP GAINERS

| Company                      | Price (S\$) | Chg (%) | Volume ('000s) |
|------------------------------|-------------|---------|----------------|
| Nio Inc                      | 10.70       | 5.9     | 245            |
| Fraser's Property            | 0.85        | 5.6     | 1,228          |
| Yanlord Land Group           | 0.72        | 4.4     | 3,881          |
| Singapore Telecommunications | 2.42        | 3.0     | 109            |
| Cromwell REIT EUR            | 1.40        | 2.9     | 860            |

### TOP LOSERS

| Company                     | Price (S\$) | Chg (%) | Volume ('000s) |
|-----------------------------|-------------|---------|----------------|
| OUE Commercial REIT         | 0.21        | (6.7)   | 47,710         |
| Aims APAC REIT              | 1.30        | (2.3)   | 6,596          |
| Keppel Infrastructure Trust | 0.48        | (2.1)   | 18,561         |
| Golden Agri-Resources       | 0.25        | (2.0)   | 17,290         |
| ESR-LOGOS REIT              | 0.31        | (1.6)   | 7,937          |

### KEY ASSUMPTIONS

| GDP (% yoy)                | 2022  | 2023F | 2024F |
|----------------------------|-------|-------|-------|
| US                         | 2.1   | 0.8   | 1.2   |
| Euro Zone                  | 3.5   | 0.1   | 1.0   |
| Japan                      | 1.0   | 1.0   | 1.5   |
| Singapore                  | 3.6   | 0.7   | 3.0   |
| Malaysia                   | 8.7   | 4.4   | 4.6   |
| Thailand                   | 2.6   | 3.1   | 3.5   |
| Indonesia                  | 5.4   | 4.9   | 5.2   |
| Hong Kong                  | -3.5  | 4.6   | 3.0   |
| China                      | 3.0   | 5.0   | 4.6   |
| CPO (RM/mt)                | 5,088 | 4,000 | 4,200 |
| Brent (Average) (US\$/bbl) | 99.0  | 81.0  | 84.0  |

Source: Bloomberg, UOB ETR, UOB Kay Hian

COMPANY UPDATE

UMS Holdings (UMSH SP)

Well-positioned For Semiconductor Industry Recovery And Boost From New Customer

UMS's key customer AMAT has recently raised earnings guidance significantly for the coming quarter due to improving demand for chips. Together with its new customer, which is actively seeking new production capacity in Malaysia based on our channel check, UMS is in a good position to benefit from the semiconductor industry recovery. We raise our 2024 earnings by 17% and target price by 26% to S\$1.56. Maintain BUY.

WHAT'S NEW

- **Key customer's better-than-expected guidance indicates improving demand for chips and should benefit UMS.** UMS Holdings (UMS) is well-positioned to benefit from an improving outlook of its key customer Applied Materials (AMAT). In Aug 23, AMAT reported earnings that beat analyst estimates, and also guided for earnings in the coming quarter to be around 10% higher than analyst estimates. This is mainly due to improving demand from AI-related chips and increasing orders from customers in China who are looking to increase purchases of equipment that are capable of older manufacturing processes. AMAT also highlighted that over the past few years, it has focused its strategy and investments on key technologies to accelerate the Internet of Things and AI era, enabling AMAT to consistently deliver strong results.
- **Channel check indicates that UMS' new customer is actively seeking to expand in Malaysia and is expected to contribute meaningfully from 2024 onwards.** Our recent channel check suggests that UMS' new customer (Customer L) is seeking more production capacity from several local semiconductor-related manufacturers to support its expansion/relocation of its Malaysian operation. UMS estimates that this new customer should contribute at least US\$30m in 2024, which will make up a meaningful 11% contribution to our 2024 forecasted revenue. For the longer term, UMS targets to grow Customer L's contribution to be around the level of its existing largest customer.
- **SEMI expects global fab equipment spending to recover in 2023.** In the 12 Sep 23 quarterly World Fab Forecast Report by Semiconductor Equipment and Materials International (SEMI), global fab equipment spending for front-end facilities in 2023 is expected to decline 15% yoy before rebounding 15% yoy in 2024. Next year's fab equipment spending recovery will be partly driven by the end of the semiconductor inventory correction in 2023 and strengthening demand for semiconductors in the high-performance computing (HPC) and memory segments. The 2023 decline in equipment investment is proving shallower than expected, while the rebound in 2024 should be better than expected. The trend suggests the semiconductor industry is turning the corner on the downturn and on a path back to robust growth, fuelled by healthy chip demand.

KEY FINANCIALS

| Year to 31 Dec (S\$m)         | 2021   | 2022  | 2023F  | 2024F  | 2025F  |
|-------------------------------|--------|-------|--------|--------|--------|
| Net turnover                  | 271    | 372   | 320    | 378    | 408    |
| EBITDA                        | 92     | 120   | 90     | 114    | 124    |
| Operating profit              | 80     | 104   | 70     | 89     | 98     |
| Net profit (rep./act.)        | 53     | 98    | 60     | 77     | 85     |
| Net profit (adj.)             | 53     | 98    | 60     | 77     | 85     |
| EPS (S\$ cents)               | 7.9    | 14.7  | 8.9    | 11.5   | 12.7   |
| PE (x)                        | 15.9   | 8.6   | 14.1   | 10.9   | 9.9    |
| P/B (x)                       | 3.1    | 2.5   | 2.3    | 2.1    | 1.9    |
| EV/EBITDA (x)                 | 8.6    | 6.6   | 8.8    | 7.0    | 6.4    |
| Dividend yield (%)            | 4.0    | 4.0   | 4.3    | 4.4    | 4.4    |
| Net margin (%)                | 19.7   | 26.4  | 18.7   | 20.5   | 20.9   |
| Net debt/(cash) to equity (%) | (11.1) | (9.3) | (21.0) | (24.5) | (32.4) |
| Interest cover (x)            | 123.2  | 134.7 | n.a.   | n.a.   | n.a.   |
| ROE (%)                       | 20.2   | 31.9  | 17.0   | 20.1   | 19.9   |
| Consensus net profit          | -      | -     | 62     | 75     | 84     |
| UOBKH/Consensus (x)           | -      | -     | 0.96   | 1.03   | 1.02   |

Source: UMS Holdings, Bloomberg, UOB Kay Hian

BUY

(Maintained)

|               |         |
|---------------|---------|
| Share Price   | S\$1.26 |
| Target Price  | S\$1.56 |
| Upside        | +23.8%  |
| (Previous TP) | S\$1.24 |

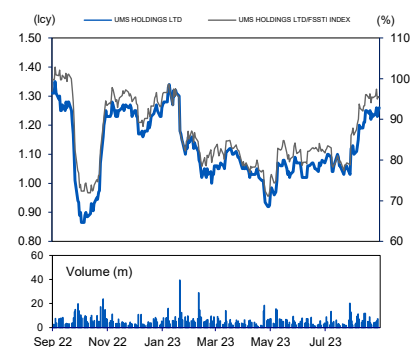
COMPANY DESCRIPTION

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

STOCK DATA

|                                 |                        |             |            |            |
|---------------------------------|------------------------|-------------|------------|------------|
| GICS sector                     | Information Technology |             |            |            |
| Bloomberg ticker:               | UMSH SP                |             |            |            |
| Shares issued (m):              | 670.5                  |             |            |            |
| Market cap (S\$m):              | 844.9                  |             |            |            |
| Market cap (US\$m):             | 620.1                  |             |            |            |
| 3-mth avg daily t'over (US\$m): | 3.9                    |             |            |            |
| <b>Price Performance (%)</b>    |                        |             |            |            |
| 52-week high/low                | S\$ 1.35/S\$ 0.865     |             |            |            |
| <b>1mth</b>                     | <b>3mth</b>            | <b>6mth</b> | <b>1yr</b> | <b>YTD</b> |
| 12.5                            | 16.7                   | 22.3        | (5.3)      | 6.8        |
| <b>Major Shareholders</b>       |                        |             |            |            |
|                                 |                        |             |            | <b>%</b>   |
| Andy Luong (Founder)            |                        |             |            | 15.9       |
| -                               |                        |             |            | -          |
| -                               |                        |             |            | -          |
| FY23 NAV/Share (S\$)            |                        |             |            | 0.54       |
| FY23 Net Cash/Share (S\$)       |                        |             |            | 0.11       |

PRICE CHART



Source: Bloomberg

ANALYST(S)

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### STOCK IMPACT

- Global semiconductor industry is increasing capacity by 5% in 2023 after an 8% rise in 2022; capacity growth is expected to continue in 2024.** Taiwan is expected to retain the global lead in fab equipment spending in 2024 with US\$23b in investments (+4% yoy). Korea is projected to rank second in spending, with an estimated US\$22b in investments in 2024 (+41% yoy), reflecting a memory sector recovery. With export controls expected to limit China's spending in leading-edge technologies and foreign investment, the region is forecast to place third in equipment spending worldwide in 2024 at US\$20b, a decline from 2023. Despite the constraints, Chinese foundry suppliers are expected to continue investments in mature process nodes.
- Near-term conditions for the semiconductor industry may remain cloudy, but mid- to longer-term prospects are expected to brighten.** Moving into 3Q23, there are signs that demand may stabilise. UMS' customer has shared it expects to outperform the industry this year and UMS has successfully renewed its Integrated System contract.
- AI- related and automotive chips are expected to drive double-digit growth of spending in fab equipment spending in the next three years.** Global 300mm fab equipment spending for front-end facilities next year is expected to begin a growth streak to hit a US\$119b record high in 2026, following a decline in 2023, according to SEMI. Strong demand for high-performance computing, automotive applications and improved demand for memory will fuel double-digit growth of spending in equipment investments over the three-year period. After the projected 18% drop to US\$74b this year, global 300mm fab equipment spending is forecast to rise 12% to US\$82b in 2024, 24% to US\$101.9b in 2025 and 17% to US\$118.8b in 2026.

### EARNINGS REVISION/RISK

- We raise our 2024/25 earnings estimates by 17%/14%, after raising our revenue estimates by 4%/3% to factor in the potential recovery in the semiconductor industry from AMAT's improved guidance.** We also raise our gross margin assumption by 1.5% to 48.5% to account for better operating leverage from improved revenue.

### VALUATION/RECOMMENDATION

- Maintain BUY with a 26% higher target price of S\$1.56 (from S\$1.24),** based on a PE-based valuation of 13.5x 2024F EPS. This is pegged at 0.5SD above UMS' historical mean PE, up from the average of 12.5x previously. The reason for raising our PE-based valuation multiple from below mean is to reflect the improving semiconductor industry outlook and potential increase in UMS' earnings quality from new contributions from its new customer.

### SHARE PRICE CATALYST

- Better-than-expected factory utilisation rates and cost management, dividend surprise.**

### PEER COMPARISON

| Company                  | Ticker  | Trading Curr (lcy) | Price @ 15 Sep 23 (lcy) | Market Cap (US\$m) | PE          |             | P/B         |             | EV/EBITDA   |             | ROE 2023 (%) | Yield 2023 (%) |
|--------------------------|---------|--------------------|-------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|----------------|
|                          |         |                    |                         |                    | 2023 (x)    | 2024 (x)    | 2023 (x)    | 2024 (x)    | 2023 (x)    | 2024 (x)    |              |                |
| AEM                      | AEM SP  | SGD                | 3.42                    | 775                | n.a.        | 12.0        | 2.2         | 1.9         | 45.5        | 8.9         | 0.2          | 0.0            |
| Venture                  | VMS SP  | SGD                | 13.13                   | 2,803              | 13.6        | 13.1        | 1.3         | 1.3         | 8.1         | 7.9         | 9.8          | 5.7            |
| Frencken                 | FRKN SP | SGD                | 1.12                    | 351                | 18.7        | 13.5        | 1.2         | 1.1         | 9.2         | 7.3         | 6.5          | 1.6            |
| <b>Singapore average</b> |         |                    |                         |                    | <b>16.1</b> | <b>12.9</b> | <b>1.6</b>  | <b>1.4</b>  | <b>20.9</b> | <b>8.0</b>  | <b>5.5</b>   | <b>2.4</b>     |
| Kulicke & Soffa          | KLIC US | USD                | 48.10                   | 2,716              | 27.8        | 24.0        | n.a.        | n.a.        | 18.1        | 13.5        | 8.6          | n.a.           |
| Applied Materials        | AMAT US | USD                | 144.57                  | 120,938            | 18.3        | 18.4        | 7.7         | 7.4         | 14.8        | 15.1        | 46.6         | 0.8            |
| Lam Research             | LRCX US | USD                | 656.43                  | 86,985             | 19.7        | 23.8        | 10.7        | 11.1        | 15.5        | 19.1        | 62.3         | 1.1            |
| KLA Corp                 | KLAC US | USD                | 479.9                   | 65,612             | 19.8        | 21.2        | 22.5        | 18.0        | 15.4        | 17.1        | 156.8        | 1.1            |
| Teradyne                 | TER US  | USD                | 97.96                   | 15,087             | 34.5        | 21.5        | 6.3         | 5.9         | 22.3        | 15.6        | 18.5         | 0.5            |
| <b>Global average</b>    |         |                    |                         |                    | <b>24.0</b> | <b>21.8</b> | <b>11.8</b> | <b>10.6</b> | <b>17.2</b> | <b>16.1</b> | <b>58.6</b>  | <b>0.8</b>     |
| UMS                      | UMSH SP | SGD                | 1.26                    | 620                | 14.1        | 10.9        | 2.3         | 2.1         | 8.8         | 7.0         | 17.0         | 4.3            |

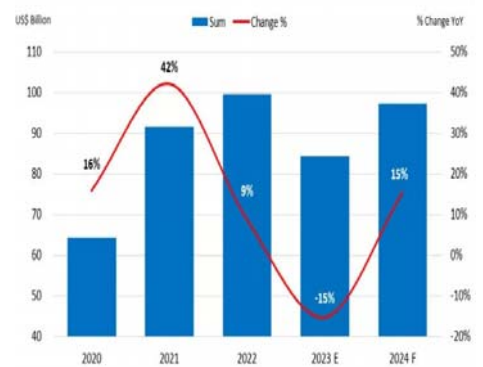
Source: Bloomberg, UOB KayHian

### HISTORICAL PE BAND



Source: Bloomberg, UOB KayHian

### FAB EQUIPMENT SPENDING (FRONT END)



Source: World Fab Forecast Report 3Q23 update, SEMI

### PROFIT & LOSS

| Year to 31 Dec (\$m)          | 2022         | 2023F        | 2024F        | 2025F        |
|-------------------------------|--------------|--------------|--------------|--------------|
| <b>Net turnover</b>           | <b>372.4</b> | <b>320.3</b> | <b>377.9</b> | <b>408.1</b> |
| EBITDA                        | 120.0        | 90.1         | 113.9        | 124.4        |
| Deprec. & amort.              | 15.6         | 20.4         | 24.7         | 26.6         |
| EBIT                          | 104.4        | 69.7         | 89.2         | 97.8         |
| Associate contributions       | 0.0          | 0.0          | 0.0          | 0.0          |
| Net interest income/(expense) | (0.9)        | 1.1          | 1.1          | 1.2          |
| <b>Pre-tax profit</b>         | <b>103.5</b> | <b>70.8</b>  | <b>90.3</b>  | <b>99.0</b>  |
| Tax                           | (1.2)        | (7.1)        | (9.0)        | (9.9)        |
| Minorities                    | (3.8)        | (3.8)        | (3.8)        | (3.8)        |
| <b>Net profit</b>             | <b>98.5</b>  | <b>59.9</b>  | <b>77.4</b>  | <b>85.3</b>  |
| Net profit (adj.)             | 98.5         | 59.9         | 77.4         | 85.3         |

### CASH FLOW

| Year to 31 Dec (\$m)                        | 2022          | 2023F         | 2024F         | 2025F         |
|---|---------------|---------------|---------------|---------------|
| <b>Operating</b>                            | <b>95.3</b>   | <b>104.8</b>  | <b>84.8</b>   | <b>110.0</b>  |
| Pre-tax profit                              | 103.2         | 70.8          | 90.3          | 99.0          |
| Tax   | (8.5)         | (10.2)        | (6.3)         | (10.4)        |
| Deprec. & amort.                            | 15.6          | 20.4          | 24.7          | 26.6          |
| Working capital changes                     | (36.0)        | 22.0          | (24.8)        | (7.0)         |
| Non-cash items                              | 21.1          | 1.8           | 0.9           | 1.8           |
| <b>Investing</b>                            | <b>(56.2)</b> | <b>(19.0)</b> | <b>(20.0)</b> | <b>(20.0)</b> |
| Capex (growth)                              | (38.5)        | (20.0)        | (20.0)        | (20.0)        |
| Proceeds from sale of assets                | 0.0           | 0.0           | 0.0           | 0.0           |
| Others                                      | (17.6)        | 1.0           | 0.0           | 0.0           |
| <b>Financing</b>                            | <b>(37.6)</b> | <b>(30.6)</b> | <b>(34.1)</b> | <b>(36.1)</b> |
| Dividend payments                           | (30.8)        | (36.2)        | (37.6)        | (37.6)        |
| Issue of shares                             | 0.0           | 0.0           | 0.0           | 0.0           |
| Loan repayment                              | (4.4)         | 4.6           | 2.4           | 0.3           |
| Others/interest paid                        | (2.4)         | 1.1           | 1.1           | 1.2           |
| <b>Net cash inflow (outflow)</b>            | <b>1.6</b>    | <b>55.2</b>   | <b>30.7</b>   | <b>53.9</b>   |
| <b>Beginning cash &amp; cash equivalent</b> | <b>65.1</b>   | <b>61.5</b>   | <b>111.0</b>  | <b>135.9</b>  |
| Changes due to forex impact                 | (5.1)         | (5.7)         | (5.8)         | (5.8)         |
| <b>Ending cash &amp; cash equivalent</b>    | <b>61.5</b>   | <b>111.0</b>  | <b>135.9</b>  | <b>183.9</b>  |

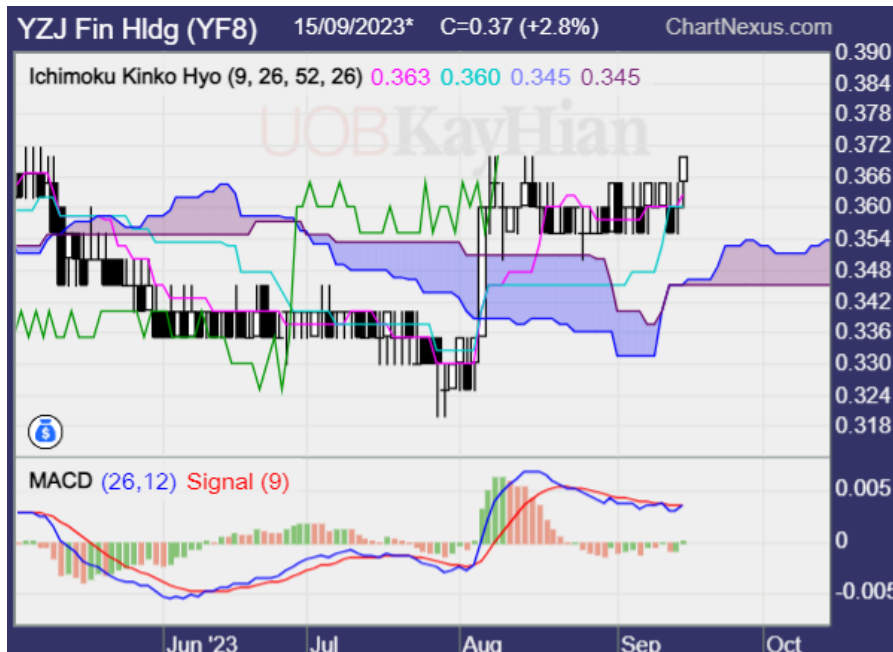
### BALANCE SHEET

| Year to 31 Dec (\$m)                  | 2022         | 2023F        | 2024F        | 2025F        |
|---------------------------------------|--------------|--------------|--------------|--------------|
| <b>Fixed assets</b>                   | <b>135.4</b> | <b>135.0</b> | <b>130.3</b> | <b>123.8</b> |
| Other LT assets                       | 100.8        | 100.7        | 100.7        | 100.7        |
| Cash/ST investment                    | 61.7         | 111.0        | 135.9        | 183.9        |
| Other current assets                  | 190.3        | 157.1        | 192.7        | 204.3        |
| <b>Total assets</b>                   | <b>488.2</b> | <b>503.8</b> | <b>559.6</b> | <b>612.7</b> |
| ST debt                               | 11.5         | 16.1         | 18.5         | 18.8         |
| Other current liabilities             | 69.5         | 59.1         | 67.8         | 72.3         |
| LT debt                               | 18.4         | 18.4         | 18.4         | 18.4         |
| Other LT liabilities                  | 20.4         | 17.4         | 22.3         | 21.9         |
| Shareholders' equity                  | 340.4        | 364.9        | 404.8        | 452.5        |
| Minority interest                     | 27.9         | 27.9         | 27.9         | 27.9         |
| <b>Total liabilities &amp; equity</b> | <b>488.1</b> | <b>503.8</b> | <b>559.6</b> | <b>611.8</b> |

### KEY METRICS

| Year to 31 Dec (%)        | 2022  | 2023F  | 2024F  | 2025F  |
|---------------------------|-------|--------|--------|--------|
| <b>Profitability</b>      |       |        |        |        |
| EBITDA margin             | 32.2  | 28.1   | 30.1   | 30.5   |
| Pre-tax margin            | 27.8  | 22.1   | 23.9   | 24.2   |
| Net margin                | 26.4  | 18.7   | 20.5   | 20.9   |
| ROA                       | 21.3  | 12.1   | 14.6   | 14.5   |
| ROE                       | 31.9  | 17.0   | 20.1   | 19.9   |
| <b>Growth</b>             |       |        |        |        |
| Turnover                  | 37.3  | (14.0) | 18.0   | 8.0    |
| EBITDA                    | 29.9  | (24.9) | 26.4   | 9.2    |
| Pre-tax profit            | 30.0  | (31.6) | 27.6   | 9.6    |
| Net profit                | 84.7  | (39.2) | 29.3   | 10.1   |
| Net profit (adj.)         | 84.7  | (39.2) | 29.3   | 10.1   |
| EPS                       | 84.7  | (39.2) | 29.3   | 10.1   |
| <b>Leverage</b>           |       |        |        |        |
| Debt to total capital     | 7.5   | 8.1    | 7.8    | 7.2    |
| Debt to equity            | 8.8   | 9.5    | 9.1    | 8.2    |
| Net debt/(cash) to equity | (9.3) | (21.0) | (24.5) | (32.4) |
| Interest cover (x)        | 134.7 | n.a.   | n.a.   | n.a.   |

TRADERS' CORNER



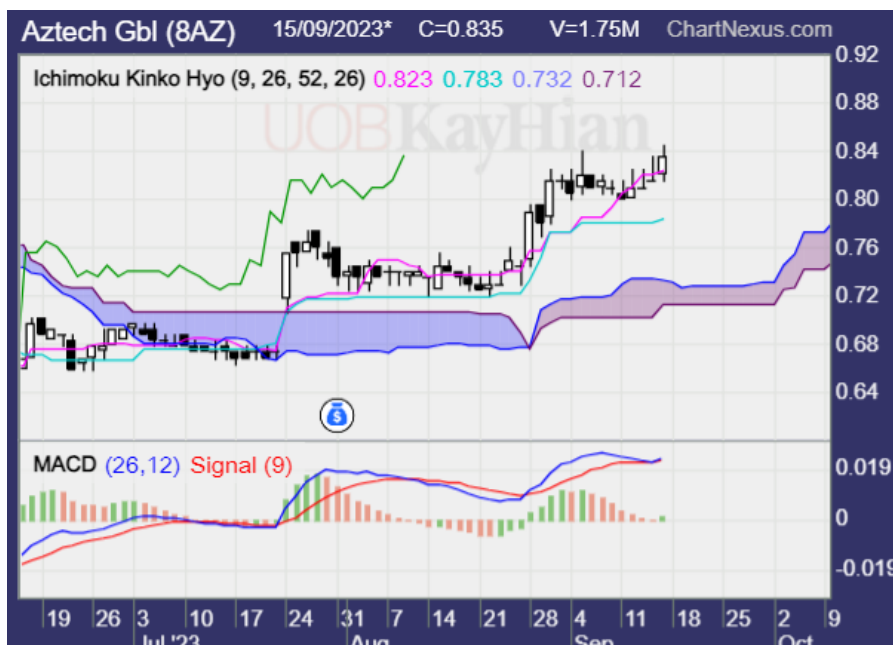
**Yangzijiang Financial Holding (YZJFH SP)**

Trading buy range: S\$0.360-0.365  
 Last price: S\$0.370  
 Target price: S\$0.400  
 Protective stop: S\$0.345

**Price managed to stay above the cloud, keeping the uptrend intact. Conversion and base lines remain in a bullish crossover. The MACD is bullish with both of its lines above the zero line. These could increase chances of the stock price moving higher.**

The potential upside target is S\$0.40. Stop-loss could be placed at S\$0.345.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)



**Aztech Global (AZTECH SP)**

Trading buy range: S\$0.810-0.815  
 Last price: S\$0.835  
 Target price: S\$0.870  
 Protective stop: S\$0.790

**Price is trading far above the cloud, suggesting the strong bullish uptrend. Conversion and base lines remain in a bullish crossover that hints at potential upside ahead. The MACD is strong and bullish. These could increase chances of the stock price moving higher.**

The potential upside target is S\$0.87. Stop-loss could be placed at S\$0.79.

Approximate timeframe on average: 1-2 weeks (initiate this trade idea if the stock hits the entry price range within three trading days)

Our institutional research has a fundamental BUY and target price of S\$1.00.

ANALYST

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