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NEWS RELEASE

Micro-Mechanics' 1H18 Net Profit Grows 34.6% to S\$9.1 million

- Group net profit in 2Q18 increases 16.1% to S\$3.9 million
- Paying higher interim dividend of 4.0 cents per share on 13 February 2018
- Sound balance sheet with cash of S\$22.4 million and zero debt

Singapore, 27 January 2018 – Micro-Mechanics (Holdings) Ltd. (“Micro-Mechanics” or the “Group”), a manufacturer of high precision tools and parts used in process-critical applications for the semiconductor industry, has delivered a record first half net profit of S\$9.1 million for the six months ended 31 December 2017 (“1H18”), up 34.6% from the same period a year ago.

The bottom line was driven by higher revenue, better gross profit margin and a continued tight rein on expenses. The Group achieved its highest-ever first half revenue of S\$33.3 million in 1H18, up 21.1% from 1H17. Gross profit margin in 1H18 also improved to 58.7% from 56.4% in 1H17.

For the second quarter ended 31 December 2017 (“2Q18”), the Group reported a 16.1% increase in net profit to S\$3.9 million on the back of revenue growth of 10.3% to S\$15.6 million.

In line with Micro-Mechanics’ long-held practice of rewarding shareholders, the Group will be paying a higher interim dividend of 4 cents per share (one-tier tax exempt) on 13 February 2018, compared to 3 cents per share a year ago.

CEO of Micro-Mechanics, Mr Chris Borch said, “The growth in the Group’s revenue and net profit in 1H18 reflected the strength of the semiconductor industry, our focus on customers and the value we create for them, as well as our continual efforts to enhance manufacturing processes, productivity and cost structure. This enabled the Group to deliver higher profit margins in spite of ongoing selling price and cost pressures.”

According to the Semiconductor Industry Association, world-wide chip sales rose 22.6% during the five-month period from July to November 2017. The World Semiconductor Trade Statistics recently reported that it expects worldwide chip sales to grow 20.6% to a record US\$408.7 billion for 2017, and to increase by another 7% in 2018.

“Current market forecasts point to an upward trajectory for global chip sales in 2018. We believe this positive outlook is underpinned by the prevalence of semiconductors in our daily lives. However, we expect to see continued price and cycle-time pressures as the chip industry is increasingly driven by price-sensitive consumer applications. We will also need to manage challenges from rising costs and shortage of skilled workers. As the Group grows, we plan to continue automating our operations, streamlining our processes and using technology to leverage the know-how and skills of our people,” said Mr Borch.

As at 31 December 2017, Micro-Mechanics had a sound financial position with total assets of S\$70.2 million, shareholders’ equity of S\$57.2 million, cash and cash equivalents of S\$22.4 million and zero debt.

This news release should be read in conjunction with the Group’s financial statements posted on the SGX website on 27 January 2018.

MEDIA AND INVESTOR RELATIONS CONTACT

OCTANT CONSULTING

phone (65) 62963583

Herman Phua | mobile 9664 7582 | email herman@octant.com.sg

Lisa Heng | mobile 9090 9887 | email lisa@octant.com.sg

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About Micro-Mechanics

Micro-Mechanics designs, manufactures and markets high precision tools and parts used in process-critical applications for the wafer-fabrication and assembly processes of the semiconductor industry.

The Group serves a worldwide base of customers from five manufacturing facilities located in Singapore, Malaysia, China, the Philippines and the USA, and a direct sales presence in Taiwan and Europe. Micro-Mechanics' strategy is to relentlessly pursue product and operational improvements while providing fast, effective and local support to its customers worldwide.

In addition to designing and manufacturing a market-leading range of consumable tools and parts used in the assembly and testing of semiconductors, the Group also engages in the contract manufacturing of precision parts and tools used in process-critical applications for the semiconductor wafer-fabrication industry.

Since listing on the Singapore Exchange in June 2003, Micro-Mechanics has won over 25 awards in recognition of its high standards of corporate governance, quality of disclosure, transparency and investor relations.

For more information, please visit the Group's website at www.micro-mechanics.com