



MICRO-MECHANICS (HOLDINGS) LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199604632W)

Media Release

Micro-Mechanics Posts Net Profit of S\$8.0 Million for FY2024

- Net profit for 4QFY2024 increased 4.5% yoy to S\$2.1 million on lower revenue of S\$14.9 million
- Net cash generated from operating activities was S\$14.6 million for FY2024 with no borrowings
- Final dividend of 3.0 cents per share, bringing total dividend payout for FY2024 to 6.0 cents per share
- Continued commitment to strong governance – Ranked 22nd on Singapore Governance and Transparency Index 2024 and Silver Award recipient for Best Managed Board at 2024 Singapore Corporate Awards

Financial highlights (S\$)	4QFY2024	4QFY2023	Change (%)	FY2024	FY2023	Change (%)
Revenue	14,925,946	15,195,482	(1.8)	57,888,378	67,021,993	(13.6)
Gross profit	6,935,952	6,799,935	2.0	27,186,090	31,189,642	(12.8)
Gross profit margin	46.5%	44.7%	1.8 ppt	47.0%	46.5%	0.5 ppt
EBITDA	4,618,759	4,521,531	2.2	18,365,948	20,495,890	-10.4
EBITDA Margin	30.9%	29.8%	1.1 ppt	31.7%	30.6%	1.1 ppt
Net profit	2,080,351	1,991,346	4.5	8,038,116	9,770,480	(17.7)
Earnings per share	1.50	1.43	4.9	5.78	7.03	(17.8)

Singapore, 29 August 2024 – 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, today reported its financial results for the fourth quarter and 12 months ended 30 June 2024 (“**4QFY2024**” and “**FY2024**”).

Revenue decreased 13.6% year-on-year (“**yoy**”) to S\$57.9 million for FY2024, mainly as the global semiconductor industry worked through excess inventory. The slowdown in the Wafer-Fabrication Equipment (“**WFE**”) sector was particularly evident in the Group’s USA subsidiary (“**MMUS**”), the Group’s second largest market, where sales dropped to S\$10.2 million for FY2024 from S\$18.5 million for FY2023. However, on a quarter-on-quarter basis, Group revenue increased 9.7% from 3QFY2024 to S\$14.9 million in 4QFY2024.

Gross profit margin remained healthy, improving from 46.5% for FY2023 to 47.0% for FY2024, attributed mainly to a change in sales mix and financial discipline efforts to control costs. Net profit for 4Q24 increased by 4.5% yoy to S\$2.1 million, bringing net profit for FY2024 to S\$8.0 million.

In line with its continued commitment to delivering shareholder returns, the Group has proposed a final dividend of 3.0 Singapore cents per share, bringing the Group’s total dividend for FY2024 to 6.0 cents per share. This represents a dividend payout ratio of 104% for FY2024, exceeding the formal dividend policy payout of 40%.

Mr. Christopher Borch, Founder and CEO, said: “Market conditions remained challenging in FY2024 as chipmakers worldwide continued to work through excess inventory. Nonetheless, we remained steadfast in our efforts to improve operational excellence through our ‘*Five-Star Factory*’ initiative. Our efforts have not only sharpened our competitive edge but have established the necessary foundations for long-term sustainable growth as the global semiconductor industry continues to recover.”

Key initiatives for FY2025

The Group is encouraged by the improving conditions for the semiconductor industry and is taking a bottom-up approach focused on driving earnings recovery.

Improving profitability at MMUS

Improving the core operating performance at MMUS is a top priority. In 2H2024, the Group completed a restructuring plan at MMUS, which resulted in annual operating cost savings on an ongoing basis. The Group also recalibrated the engineering and product focus at MMUS to develop a more compelling, competitive and higher-value product mix of process-critical parts for the WFE sector, in line with the Group's overarching focus on enhancing operational excellence and accelerating innovation at each of its five plants.

Since the start of FY2025, the Group has seen a rebound in orders at MMUS. Together with existing cost-reduction efforts and other initiatives aimed at improving efficiency, the Group is committed to returning MMUS to profitability during FY2025.

'Five-Star Factory' initiative

The Group launched the '*Five-Star Factory*' initiative in FY2024, with the aim of strengthening five fundamentals or "pillars" of excellence across the Group's factories. These include:

- Fast, Effective & Local Support to Global Customers
- Operational Excellence
- Innovation Excellence
- High-Performance Teams
- Workplace Efficiency, Health, and Safety

The '*Five-Star Factory*' initiative has yielded positive impact across its operations and the Group remains focused on improving operational processes and practices across its operations to achieve the objectives set out under the initiative.

Prioritising disciplined capital management, financial discipline and good governance

The Group has consistently prioritised disciplined capital management to effectively navigate the cyclicity of the semiconductor industry. This involves maintaining financial discipline, building a strong balance sheet and efficiently allocating capital to generate positive cash flow. For FY2024, the Group generated net cash from operations of S\$14.6 million and as of 30 June 2024, the Group has S\$16.6 million of cash and bank balances and no bank borrowings.

Strong governance remains a core tenet of the Group's ability to deliver sustainable long-term shareholder returns. In the past 20 years, the Group has received over 30 awards for good governance, transparency and investor relations. This includes being ranked 22nd out of 477 SGX-listed companies in the latest Singapore Governance and Transparency Index 2024. The Group also received the Silver Award at the annual Singapore Corporate Awards for Best Managed Board (market capitalisation of less than S\$300 million).

Management outlook

The Group remains focused on its goal to become a leading '*Next Generation Supplier*' of high precision tools and parts used in process-critical applications for the wafer-fabrication and assembly processes of the semiconductor industry. With a diversified footprint and fully equipped plants in the USA and Asia, the Group is well-positioned to support customers across the industry's value chain.

Looking ahead, the Group is cautiously optimistic of the continued recovery of the semiconductor sector. Given the ongoing and evolving macroeconomic and geopolitical challenges, the Group remains vigilant and will continue to build the core foundation of the business to future-proof its operations for sustainable long-term growth and high-quality earnings.

This news release should be read in conjunction with the Group's financial statements posted on the SGX website on 29 August 2024.

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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. 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 30 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
