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NEWS RELEASE

Micro-Mechanics Reports Net Profit of S\$7.6M on Revenue of S\$32.0M in 1H19

- Slower 1H19 performance reflects moderating conditions in the global semiconductor industry
- Group maintains interim dividend at 4.0 cents per share; pay-out of 73% of its EPS for 1H19
- Sound financial position with cash of S\$20.4 million and zero debt

Singapore, 26 January 2019 – 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 a net profit of S\$7.6 million for the six months ended 31 December 2018 (“1H19”), down 15.9% from 1H18. Group revenue in 1H19 eased 3.9% to S\$32.0 million in tandem with moderating market conditions in the global semiconductor industry.

The semiconductor industry’s slowdown was also reflected in the Group’s performance for the three months ended 31 December 2018 (“2Q19”) as its revenue declined 3.1% year-on-year (yoy) to S\$15.2 million while its net profit fell 20.0% yoy to S\$3.1 million.

After surging 20.4% in the first six months of 2018, global sales of semiconductors grew at a slower pace during the second half of the year. Latest statistics compiled by the Semiconductor Industry Association (SIA) showed that worldwide chip sales increased about 12.8% from July to November 2018 compared to the same five-month period in 2017. The slowdown of the semiconductor industry is also evident in the market for Wafer Fabrication Equipment (“WFE”). According to Semiconductor Equipment and Materials International (“SEMI”), purchases of WFE fell 13% during the second half of 2018.

CEO of Micro-Mechanics, Mr Chris Borch said, “Against this backdrop of slowing industry conditions and, hence lower demand for the tools and parts that we manufacture for semiconductor assembly and wafer fabrication, the Group still performed reasonably well in 1H19. As cyclical conditions are typical for the semiconductor industry, particularly for wafer fabrication equipment, we prefer to focus on the industry’s long-term trends and try not to get side-tracked by short-term variations.

We continue to believe the semiconductor industry is poised for a prolonged period of solid growth as chips are becoming increasingly embedded in nearly every aspect of modern life, from today’s smart phones to tomorrow’s driverless cars. Hence, the key to Micro-Mechanics’ success lies in our continuing ability to seize long-term opportunities and correctly identify the initiatives and investments that bring value to our customers as the chip industry adopts processing methods for 10 nanometer and below device geometries.”

In line with its long-held practice of rewarding shareholders, the Group is maintaining its interim dividend at 4 cents per share (one-tier tax exempt) which is payable on 18 February 2019. This translates to a pay-out of about 73% of its earnings per share of 5.49 cents for 1H19.

As at 31 December 2018, Micro-Mechanics had a sound financial position with total assets of S\$70.0 million, shareholders’ equity of S\$58.9 million, cash and cash equivalents of S\$20.4 million and no bank borrowings.

This news release should be read in conjunction with the Group’s financial statements posted on the SGX website on 26 January 2019.

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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