



NEWS RELEASE

Micro-Mechanics Posts 26.6% Gain in Net Profit to S\$3.5 Million in 3Q17

- Group revenue in 3Q17 grew 13.7% to reach a quarterly record of S\$14.2 million
- Net profit margin improved to 24.3% in 3Q17
- Sound balance sheet with cash of S\$19.4 million and zero borrowings

Singapore, 28 April 2017 – 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 that its net profit jumped 26.6% to S\$3.5 million for the three months ended 31 March 2017 (“3Q17”), on the back of a 13.7% increase in revenue to S\$14.2 million.

CEO of Micro-Mechanics, Mr Chris Borch said, “The Group delivered a strong performance in 3Q17 to register double-digit growth at both our top and bottom lines, driven mainly by higher sales in Singapore, Malaysia, Philippines and China.”

In 3Q17, the Group’s sales increased across all its geographical markets with the exception of Europe. Sales in its largest market of China grew 12.9% to S\$3.7 million and contributed 26% to the Group’s revenue. Malaysia, its second largest market, saw sales increase by 8.0% to S\$2.8 million to account for 19% of Group revenue while sales in Singapore jumped 94.5% to S\$1.2 million.

Statistics compiled by the Semiconductor Industry Association showed an encouraging start to 2017 for the global semiconductor industry. After posting record annual sales of US\$338.9 billion in 2016, world-wide chip sales in the first two months of 2017 grew at 15.2%, its fastest pace in more than six years.

Said Mr Borch, “The World Semiconductor Trade Statistics recently raised its chip sales growth forecast for 2017 to 6.5% from 3% previously. Given the robust start to the year, we believe the industry may see even stronger growth as chips become increasingly used in nearly every aspect of modern life.

While this will be a welcome change from the sluggish industry conditions experienced in 2016, the semiconductor industry is being increasingly driven by price-sensitive consumer applications. As such, we expect continued selling price and cycle-time pressures from our customers. Together with rising costs and a shortage of skilled workers, the operating environment for the Group is expected to remain challenging.”

Despite these ongoing cost and price pressures, the Group’s gross profit margin held steady at 57.4% in 3Q17. Thanks to its tight rein on overhead expenses, the Group was also able to improve its net profit margin to 24.3% in 3Q17 as compared to 21.8% in 3Q16.

As at 31 March 2017, Micro-Mechanics maintained a healthy balance sheet with total assets of S\$58.8 million, shareholders’ equity of S\$50.1 million, cash and cash equivalents of S\$19.4 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 28 April 2017.

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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 20 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