



## NEWS RELEASE

### **Micro-Mechanics Posts Net Profit of S\$10.2M in 9M19 Amid the Cyclical Downturn in the Global Semiconductor Industry**

- Group maintains healthy financial position with cash of S\$19.0 million and zero debt
- Continues to focus on its long term goals to improve operations and customer engagement

**Singapore, 27 April 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\$10.2 million for the nine months ended 31 March 2019 (“9M19”).

As a result of the cyclical downturn in the global semiconductor industry that began during the second half of 2018, the Group’s net profit was reduced by 22.3% compared to 9M18 while its revenue eased 6.1% to S\$46.4 million in 9M19.

In addition to the impact of the slowdown on the global semiconductor value chain, the Group’s bottom line in 9M19 was also affected by an increase in overhead costs. This was due to higher depreciation costs as a result of its record capital expenditure of S\$12.1 million during FY2018 when the Group purchased new equipment to improve the efficiency and productivity of its worldwide operations. Following this investment for future growth, the Group is reducing its capital expenditure to about S\$4.0 million for FY2019.

Historically, the semiconductor industry has followed a cyclical growth pattern. After a period of solid expansion since early 2016, global chip sales growth began to moderate from the second half of 2018. The industry has now moved into the contractionary phase of its cycle as latest statistics from the Semiconductor Industry Association (SIA) show that worldwide semiconductor sales during the first two months of 2019 fell by 12.3% year-on-year. The World Semiconductor Trade Statistics (WSTS) now expects the global semiconductor market to decline by 3.0% to US\$454.5 billion in 2019.

Consequently, the Group saw its revenue ease 10.7% to S\$14.4 million for the three months ended 31 March 2019 (“3Q19”). Coupled with the higher overheads and an increase in production headcount, the Group’s net profit declined 36.5% to S\$2.6 million in 3Q19 from 3Q18.

CEO of Micro-Mechanics, Mr Chris Borch said, “While growing the Group’s top line and the value we create for our customers remains a key priority, we also recognise that such short-term fluctuations in business conditions are normal and inevitable in the semiconductor industry. We prefer to focus on the industry’s long-term trends and try not to get side-tracked by these short-term variations.

Hence, our practice is to continue working tirelessly towards achieving long-term goals such as increasing automation and repeatable processes in our manufacturing operations, as well as building stronger customer engagement.”

As at 31 March 2019, Micro-Mechanics remained in a sound financial position with total assets of S\$67.3 million, shareholders’ equity of S\$56.1 million, cash and cash equivalents of S\$19.0 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 27 April 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](http://www.micro-mechanics.com)