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NEWS RELEASE

Micro-Mechanics Reports Net Profit of S\$12.9M in FY2019; Proposes to Pay Dividends of 6 Cents per share

- Recommends final dividend of 5 cents per share and special dividend of 1 cent per share
- Total dividends of 10 cents per share for FY2019, the same amount as FY2018
- Group remains in a sound financial position with cash of S\$21.9 million and zero debt

Singapore, 29 August 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, has reported a net profit of S\$12.9 million for its financial year ended 30 June 2019 (“FY2019”).

Reflecting the cyclically slower conditions in the global semiconductor industry, the Group’s revenue eased 7.3% to S\$60.3 million in FY2019. This decline in revenue, coupled with higher depreciation costs from capital investments, caused the Group’s net profit to decrease by 24.5% in FY2019. During FY2018 and FY2019, the Group made capital investments totaling S\$15.5 million on new equipment to improve the efficiency and productivity of its worldwide operations.

In keeping with its long-held practice of rewarding shareholders, Micro-Mechanics is proposing a final dividend of 5 cents per share and a special dividend of 1 cent per share to be paid on 19 November 2019. This will bring the Group’s total dividend payout to 10 cents per share for FY2019 which is the same as FY2018 despite the moderation in its financial performance.

CEO of Micro-Mechanics, Mr Chris Borch said, “Although the Group’s FY2019 performance was affected by the steep downturn in the semiconductor industry, we remained focused on working to enhance the value that we create for customers. As the industry transitions to 10-nanometer and below device geometries, chip fabrication is becoming increasingly more difficult. To enable our customers to achieve their production goals, we are working constantly to improve our manufacturing of the critical tools and parts they require. Ultimately, we believe that only a handful of suppliers will possess the unique capabilities, skilled personnel and intellectual property to meet the critical manufacturing requirements of the semiconductor industry.”

According to the Semiconductor Industry Association, global chip sales fell 14.5% in the first half of 2019. As a result, the World Semiconductor Trade Statistics now expects worldwide chip sales to contract 12.1% to \$412 billion in 2019 amid growing global economic and geopolitical uncertainties.

“Our philosophy is to stay focused on our long-term goals and not get overly distracted by short-term variations in the industry. We believe this is the correct approach for Micro-Mechanics to build sustainable growth and value for all stakeholders. Moving forward, we intend to continue automating our operations and building a flexible, capable and skilled work force,” said Mr Borch.

As at 30 June 2019, Micro-Mechanics maintained its healthy financial position with total assets of S\$69.9 million, shareholders’ equity of S\$58.4 million, cash and cash equivalents of S\$21.9 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 29 August 2019.

MEDIA AND INVESTOR RELATIONS CONTACT

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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

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