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NEWS RELEASE

Micro-Mechanics' Net Profit Climbs 33.0% to a Record S\$9.1M in 1H21; Raises Interim Dividend by 20% to 6 cents a share

- Group revenue increased 16.7% to a record S\$36.9 million in 1H21
- Investing in new machining technology for making the next-generation of parts for wafer-processing equipment
- Group maintained a healthy financial position with cash of S\$21.1 million and no bank borrowings as at 31 December 2020

Singapore, 29 January 2021 – 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 climbed 33.0% to a half-yearly record of S\$9.1 million for the six months ended 31 December 2020 (“1H21”). The improved bottom line result was attained on revenue growth of 16.7% to a record S\$36.9 million, thanks to buoyant conditions in the semiconductor industry.

For the three months ended 31 December 2020, the Group’s net profit jumped 24.6% to S\$4.5 million on revenue growth of 15.2% to S\$18.7 million.

CEO of Micro-Mechanics, Mr Chris Borch said, “Despite ongoing headwinds from the COVID-19 pandemic, the Group continued to benefit from positive semiconductor industry conditions to deliver record revenue and profit in 1H21. We witnessed higher sales in the majority of our geographical markets, with double-digit growth in our top three markets of China, the USA and Malaysia.”

“One of the Group’s key corporate initiatives is to ensure that our shareholders are consistently rewarded for their continuous support of Micro-Mechanics. To this end, the Group is raising its interim dividend by 20% to 6 cents per share from 5 cents per share a year ago. In addition to reflecting our confidence in the Group’s long-term prospects, we hope our commitment to shareholder returns will be helpful to shareholders during this difficult period,” said Mr Borch.

In its Semiconductor Market Forecast released on 1 December 2020, World Semiconductor Trade Statistics expects the global semiconductor market to have increased 5.1% to US\$433 billion in 2020 and forecasts it will grow another 8.4% to US\$469 billion in 2021.

“Indeed, we believe the semiconductor industry may be entering a Supercycle of multi-year growth powered by skyrocketing demand for computers, mobile devices and the need for massive data centers as well as the proliferation of applications for chips. As a result, we foresee the semiconductor industry’s yearly growth rate could possibly accelerate to double digits which would translate into a massive industry with annual chip sales of over US\$1 trillion in as little as seven years,” said Mr Borch.

Given the industry’s positive outlook and after relatively modest capital spending over the last two financial years, the Group decided to accelerate its plans for several key investments. This resulted in an increase in capital expenditure to S\$5.3 million in 1H21 which included an initiative to develop a new machining technology at its factory in the USA. “We believe this new machining technology will be essential for making the next-generation of parts for wafer-processing equipment that are designed to fabricate chips with geometries measuring well below 10 nano-meters,” said Mr Borch.

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This news release should be read in conjunction with the Group's financial statements posted on the SGX website on 29 January 2021.

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 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