

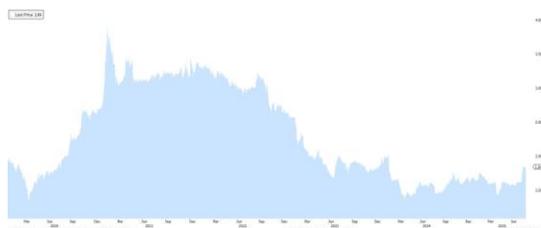
Micro-Mechanics (Holdings) Limited

31 July 2025

Non-Rated

BBG	MMH SP	
Market Cap (S\$m)	255.8	
Price (S\$)	1.84	
52-week range (S\$)	1.40 - 1.90	
Shares Outstanding (m)	139.0	
Free Float	42.9%	
Major Shareholder	Sarcadia LLC	30.1%
	Christopher Reid Borch	13.3%

Source: Company Data, Bloomberg, SAC Capital



Source: Bloomberg, SAC Capital

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Next Generation Supplier of the Semicon Industry

Micro-Mechanics (Holdings) Limited is a Singapore-based precision engineering company that designs, manufactures, and markets high-precision tools and parts for process-critical applications for the semiconductor and other high technology industries. The group operates across two segments: Consumable Tools, which are tiny, consumable precision tools used in the assembly and testing of semiconductor chips, and Wafer Fabrication Equipment (WFE) Parts, which are precision components used in semiconductor wafer fabrication equipment. By serving both back-end and front-end processes, Micro-Mechanics operates in a niche and essential segment of the semiconductor supply chain.

Accelerating profitability. The Group's 9MFY25 net profit grew 54.2% yoy to S\$9.2 million, exceeding FY24 full year net profit of S\$8.0 million. 9MFY25 revenue increased 12.9% yoy to S\$48.5 million, while 9MFY25 gross profit grew 18.6% yoy to S\$24.0 million, attributable to lower cost of sales. 3QFY25 gross profit margin improved to 50.5%, compared to 46.4% in 3QFY24 and 47.5% in 2QFY25. The Group continues to maintain a strong net cash position of S\$19.2 million with no debt financing for 9MFY25.

The Group's US subsidiary (MMUS) achieved its third consecutive quarter of profitability with 3QFY25 profit before tax (PBT) of S\$442k, compared to 2QFY25 PBT of S\$316k and 1QFY25 PBT of S\$216k. In 2HFY24, the Group completed a restructuring plan at MMUS, where it strategically recalibrated the plant's engineering and product focus to create a more compelling, competitive and higher-value product mix of process critical parts for the WFE industry. This successful restructuring and return to profitability for MMUS is a strong indicator of management's agility and its ability to execute strategic turnarounds. The turnaround of MMUS removes a significant headwind and positions the company to benefit more fully from the broader WFE market recovery.

The Group continues to see positive impact from its 'Five-Star Factory' initiative. The 'Five-Star Factory' initiative focuses on *building high-performance teams* by attracting and retaining talent with the right skills; *driving operational excellence* through cost discipline and lean inventory management; *advancing innovation excellence* via internal R&D to support higher-value manufacturing; and *enhancing workplace efficiency & safety*, with all facilities improving their internal 'Five-Star' ratings year-on-year. Together, these efforts position Micro-Mechanics to remain resilient amid global uncertainty and capture long-term structural shifts in manufacturing through product and process innovation.

KEY FINANCIAL HIGHLIGHTS

FY ended 30 Jun (S\$m)	FY22	FY23	FY24	9MFY25
Revenue	82.5	67.0	57.9	48.5
EBIT	26.3	13.9	11.9	12.4
Net profit attributable to owners of the Company	19.8	9.8	8.0	9.2
EPS (S\$ cents)	14.3	7.0	5.8	6.6
Dividend per share (S\$ cents)	14.0	9.0	6.0	3.0
Net cash	20.4	14.3	16.6	19.2
Valuation				
Gross profit margin	53.4%	46.5%	47.0%	49.5%
Net profit margin	24.0%	14.6%	13.9%	19.0%
EV/EBITDA (x)	7.0	11.7	13.0	13.9
P/E (x)	12.9	26.2	31.8	27.8
P/B (x)	4.4	5.5	5.6	5.4
Dividend yield	7.6%	4.9%	3.3%	1.6%
ROE	34.0%	21.0%	17.4%	19.6%

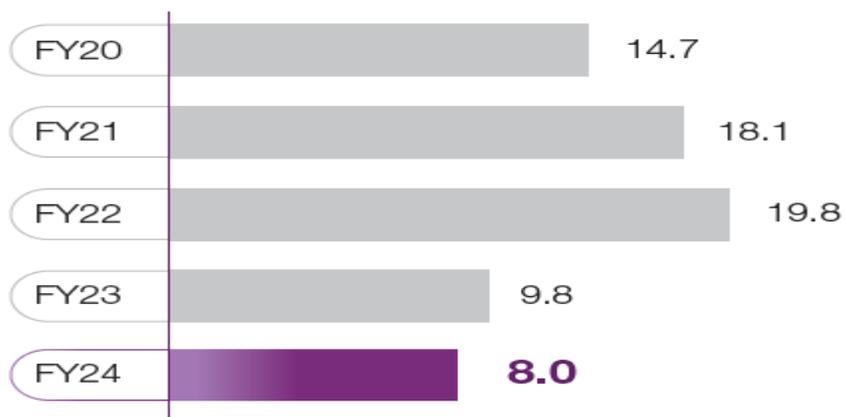
Micro-Mechanics (Holdings) Limited

No direct impact from tariffs across major economies. Another key pillar of the Group's strategy has been *providing fast and effective local* support to the global customers by decentralising operations and establishing local manufacturing capabilities. This approach has proven to be a strategic advantage – insulating operations from tariff risks and geopolitical disruptions, while enabling the Group to support over 600 global customers as they seek to localise and strengthen their supply chains. The Group's diversified geographical footprint spans five operating facilities located in Singapore, Malaysia, China, the Philippines, and the USA. As the US tariff situation continues to evolve, the Group's minimal cross-border exports, especially to the US, have shielded the Group from direct tariff exposure.

Micro-Mechanics' positive outlook is driven by strong demand. According to the World Semiconductor Trade Statistics (WSTS) organization, the global semiconductor market is projected to expand by 11.2% in 2025 following a strong rebound in 2024, reaching a total value of \$700.9 billion. WSTS also projects the global semiconductor market to grow by 8.5% in 2026, reaching \$760.7 billion. Growth will be broad-based across regions and product categories. **Alongside this, the Group has consistently delivered shareholder value – paying out over 131.9 cents in cumulative dividends since listing (>700% in dividend returns) and generating total shareholder returns of more than 3,000%**

Risks The Group is exposed to foreign currency risk that relates to the countries in which the subsidiaries operate. Rising labour and utility costs could also place pressure on operating margins going forward.

GROUP NET PROFIT (S\$M)



Source: Company

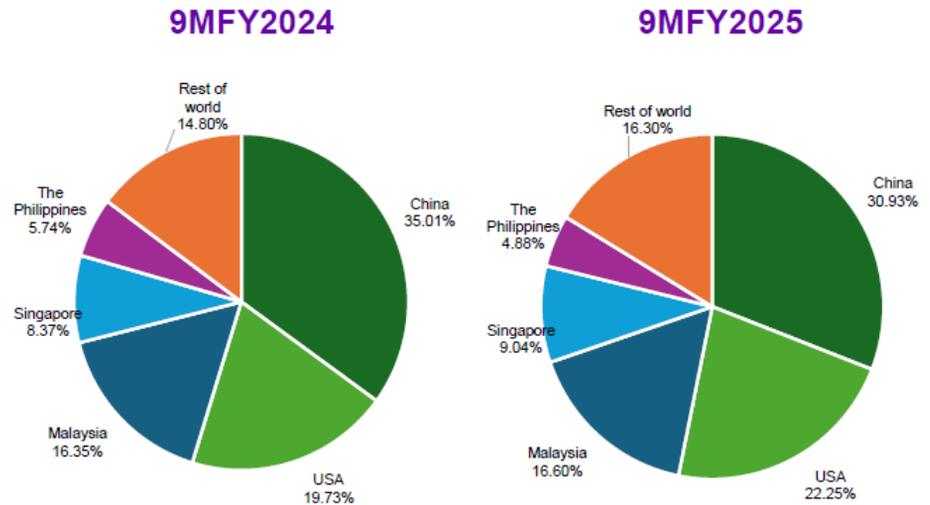
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Increased revenue across business segments and orders rebounding in tandem with improved product mix



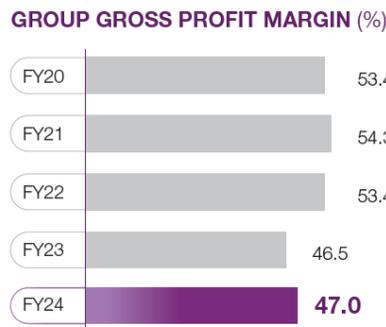
Source: Company

YOY segmental breakdown by Geography

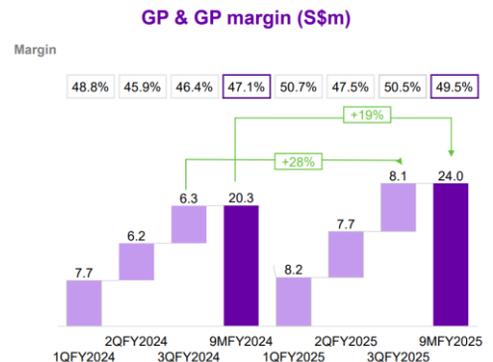


Source: Company

Group demonstrated recovery in gross profit margin in FY2024 and further improvement in FY2025, alongside strong YoY growth in gross profit for 9MFY25.

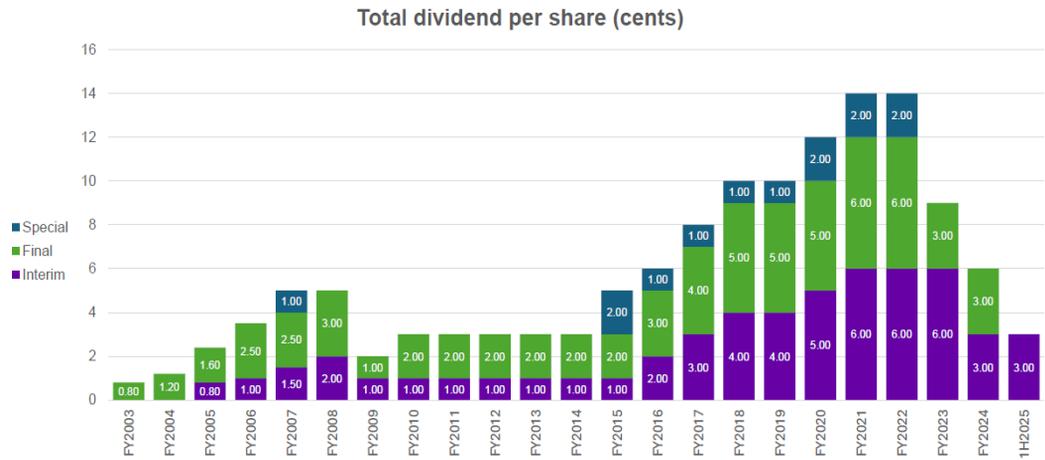


Source: Company



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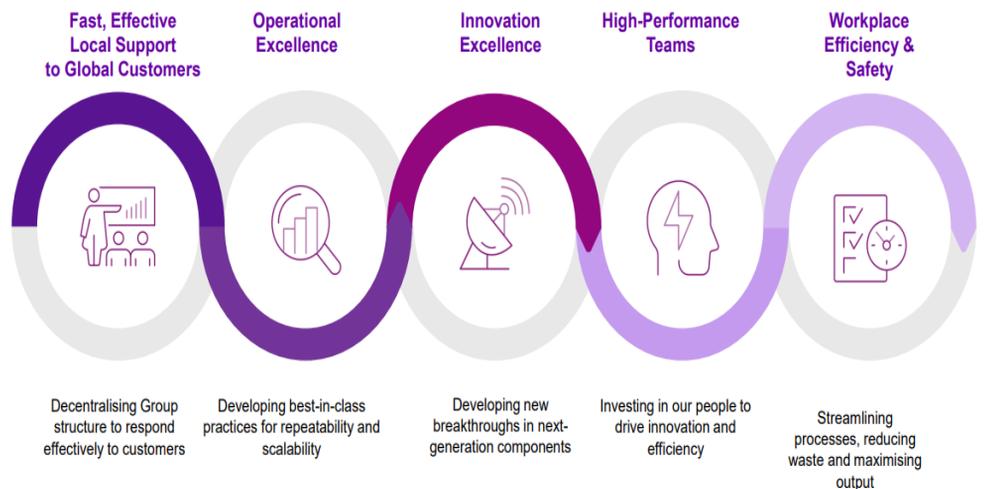
Total dividend payout of 131.9 cents per share since listing in 2003, which translates to a return of over 700% based on dividends alone.



Source: Company

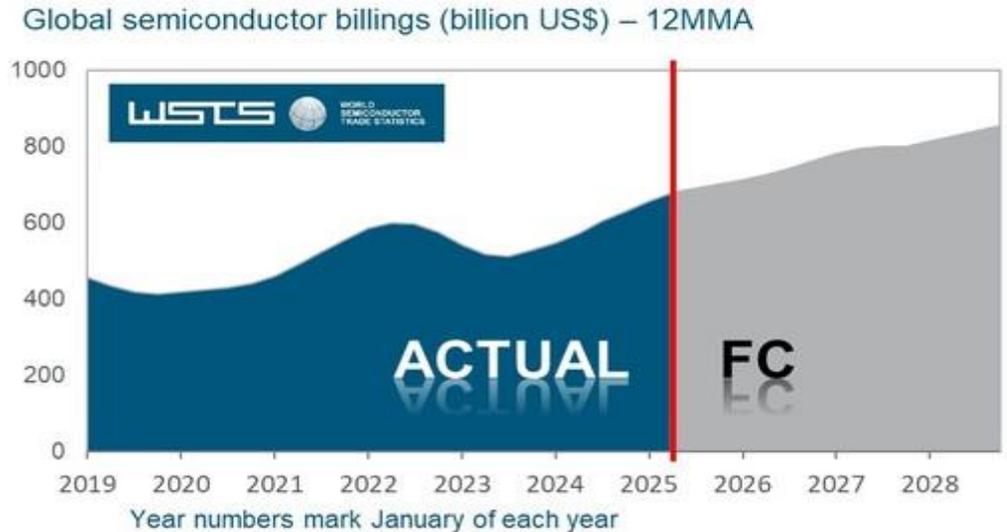
Five-Star Factory strengthens the core foundations of our business

Five core pillars to drive excellence, navigate headwinds and capture growth



Source: Company

Micro-Mechanics (Holdings) Limited



Source: World Semiconductor Trade Statistics

WSTS confirmed growth for 2025 and highlighted continued robust growth for the global semiconductor market through 2026.

Spring 2025	Amounts in US\$M			Year on Year Growth in %		
	2024	2025	2026	2024	2025	2026
Americas	195,123	230,256	252,472	45.2	18.0	9.6
Europe	51,250	52,969	56,201	-8.1	3.4	6.1
Japan	46,739	47,037	49,776	0.0	0.6	5.8
Asia Pacific	337,437	370,613	402,252	16.4	9.8	8.5
Total World - \$M	630,549	700,874	760,700	19.7	11.2	8.5
Discrete Semiconductors	31,026	30,219	32,733	-12.7	-2.6	8.3
Optoelectronics	41,095	39,290	39,956	-4.8	-4.4	1.7
Sensors	18,923	19,782	20,622	-4.1	4.5	4.2
Integrated Circuits	539,505	611,582	667,390	25.9	13.4	9.1
Analog	79,588	81,642	85,535	-2.0	2.6	4.8
Micro	78,633	77,840	80,186	3.0	-1.0	3.0
Logic	215,768	267,259	286,842	20.8	23.9	7.3
Memory	165,516	184,841	214,826	79.3	11.7	16.2
Total Products - \$M	630,549	700,874	760,700	19.7	11.2	8.5

Source: World Semiconductor Trade Statistics

Income Statement

FYE Jun (S\$m)	FY22	FY23	FY24	9MFY25
Revenue	82.5	67.0	57.9	48.5
Cost of sales	(38.4)	(35.8)	(30.7)	(24.5)
Gross profit	44.0	31.2	27.2	24.0
Other income	0.9	0.5	0.4	0.2
Distribution expenses	(3.1)	(2.9)	(2.9)	(2.3)
Administrative expenses	(10.9)	(10.0)	(9.1)	(7.1)
Other operating expenses	(4.7)	(5.0)	(3.7)	(2.6)
Results from operating activities	-	13.8	11.9	12.3
Finance income	-	0.2	0.2	0.2
Finance expense	-	(0.3)	(0.5)	(0.3)
Net finance expense	-	(0.1)	(0.3)	(0.1)
Profit before tax	26.2	13.6	11.5	12.2
Tax expense	(6.3)	(3.9)	(3.5)	(3.0)
Profit for the year	19.8	9.8	8.0	9.2

Balance Sheet

FYE Jun (S\$m)	FY22	FY23	FY24	9MFY25
Non-current assets				
Property, plant and equipment	28.6	25.4	22.3	20.1
Right-of-use assets	1.5	2.1	1.7	0.9
Investment property	0.3	0.3	0.3	-
Trade and other receivables	0.8	0.5	0.5	0.4
Deferred tax assets	0.0	0.0	0.0	0.0
Total Non-current assets	31.3	28.4	24.8	21.4
Current assets				
Inventories	5.7	4.3	3.9	3.7
Trade and other receivables	16.4	11.2	11.6	12.2
Cash and bank balances	20.4	14.3	16.6	19.2
Total Current assets	42.4	29.8	32.1	35.1
Total assets	73.7	58.2	56.9	56.6
Current liabilities				
Trade and other payables	8.9	5.9	5.6	4.9
Lease liabilities	1.0	1.2	1.4	0.8
Current tax payable	2.7	1.0	1.2	1.4
Total Current liabilities	12.5	8.1	8.2	7.1
Non-current liabilities				
Deferred tax liabilities	1.5	1.6	1.4	1.4
Trade and other payables	0.8	0.2	-	-
Provisions	-	0.8	0.8	0.8
Lease liabilities	0.7	1.0	0.3	0.2
Total Non-current liabilities	2.9	3.6	2.6	2.4
Total liabilities	15.4	11.7	10.8	9.5
Equity attributable to equity holders of the Company				
Share capital	14.8	14.8	14.8	14.8
Reserves	43.5	31.7	31.3	32.3
Total equity	58.3	46.4	46.1	47.0
Total liabilities and equity	73.7	58.2	56.9	56.6

Cash Flow Statement

FYE Jun (S\$m)	FY22	FY23	FY24	9MFY25
Cash flows from operating activities				
Profit for the year	19.8	9.8	8.0	9.2
Adjustments for:				
Depreciation of property, plant and equipment	7.1	6.7	6.5	4.6
Depreciation of investment property	0.0	0.0	0.0	0.0
Property, plant and equipment written off	0.0	0.0	0.0	0.0
Gain on disposal of property, plant and equipment	(0.3)	(0.1)	(0.0)	(0.0)
Interest income	(0.1)	(0.2)	(0.2)	(0.2)
Interest expense on lease liabilities	0.1	0.1	0.2	0.1
Retirement benefits cost	-	0.1	0.1	0.0
Unwind of discount on reinstatement costs	-	0.0	0.0	0.0
Doubtful debts written off	-	0.0	0.0	-
Inventories written off	-	0.1	0.2	0.1
Tax expense	6.3	3.9	3.5	3.0
Changes in:				
Inventories	(0.5)	1.0	0.2	0.1
Trade and other receivables	(3.2)	4.5	(0.4)	(0.5)
Provisions and retirement benefits	-	-	-	(0.0)
Trade and other payables	1.2	(2.9)	(0.1)	(0.5)
Cash generated from operations	30.5	23.0	18.0	16.1
Tax paid	(5.3)	(5.3)	(3.5)	(2.8)
Net cash generated from operating activities	25.2	17.7	14.6	13.3
Cash flows from investing activities				
Interest received	(4.9)	0.2	0.2	0.2
Payment of property, plant and equipment	0.3	(3.3)	(2.5)	(1.2)
Proceeds from disposal of property, plant and equipment	0.1	0.8	0.0	0.0
Net cash used in investing activities	(4.5)	(2.4)	(2.2)	(1.0)
Cash flows from financing activities				
Deposit pledged	-	-	(0.0)	-
Dividends paid	(19.5)	(19.5)	(8.3)	(8.3)
Interest paid	(0.1)	(0.1)	(0.2)	(0.1)
Payment of lease liabilities	(1.2)	(1.2)	(1.4)	(1.1)
Net cash used in financing activities	(20.8)	(20.8)	(9.9)	(9.5)
Net (decrease)/increase in cash and cash equivalents	(0.0)	(5.5)	2.4	2.7
Cash and cash equivalents at beginning of the year	20.4	20.2	14.1	16.4
Effect of exchange rate fluctuations on cash held	(0.2)	(0.6)	(0.1)	(0.1)
Cash and cash equivalents at end of the year	20.2	14.1	16.4	19.1

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