

TECHNOLOGY EQUIPMENT EQUITY RESEARCH PRICE PERFORMANCE

MICRO-MECHANICS (HOLDINGS) LTD

SGX: 5DD

Bloomberg: MMH:SP

ISIN code: SG1O09910991

Country: Singapore

Industry: Technology Equipment

25 September 2026

RECOMMENDATION: HOLD

Current price: S\$2.720

Target price: S\$3.025

Issued shares: 139 million (2 Jul 2026)

Market capitalisation: S\$377.5 million

52-week range: S\$1.570 - S\$3.860



COMPANY DESCRIPTION

Micro-Mechanics (Holdings) ("MMH") is a company that designs, manufactures and markets high-precision tools & parts used in the assembly and wafer fabrication processes of the semiconductor industry. It has five operating facilities located in Singapore, Malaysia, China, the Philippines, and the U.S., and serves more than 600 customers. Besides designing & manufacturing consumable tools & parts used for the assembly & testing of semiconductors, MMH also produces parts for Wafer Fabrication Equipment ("WFE").

SUMMARY

For the six months ended 30 June 2026 (2H FY2026), revenue rose by 22.9% to S\$40.1 million in 2H FY2026 from S\$32.7 million in 2H FY2025. Consumable tools revenue rose by 27.3% to S\$31.8 million in 2H FY2026 from S\$25.0 million in 2H FY2025, while WFE Parts revenue rose by 8.7% to S\$8.4 million in 2H FY2026 from S\$7.7 million in 2H FY2025. Gross profit rose by 28.0% to S\$20.8 million in 2H FY2026 from S\$16.3 million in 2H FY2025, with gross margin rising to 51.8% in 2H FY2026 from 49.7% in 2H FY2025 in line with the rise in consumable tools as a percentage of revenue. Profit after tax (and Earnings Per Share or "EPS" in cents) rose by 42.2% (42.3%) to S\$9.1 million (6.51) in 2H FY2026 from S\$6.3 million (4.58) in 2H FY2025. MMH declared Dividend Per Share ("DPS" in cents) of 3.0 for 2H FY2026, unchanged from 3.0 for 2H FY2025.

RECOMMENDATION

MMH is currently trading at a P/E multiple of 23.8x, which is lower than the peer average P/E of 39.5x. This suggests that MMH is undervalued at its current share price. Adopting a relative valuation approach, we estimate a target price of S\$4.524 if MMH is to trade at the peer average P/E of 39.5x. MMH is currently trading at a P/B multiple of 6.57x, which is higher than the peer average P/B of 3.80x. This suggests that MMH is overvalued at its current share price. Adopting a relative valuation approach, we estimate a target price of S\$1.571 if MMH is to trade at the peer average P/B of 3.80x. MMH's current yield of 2.21% is more attractive than the peer average yield of 2.01%. This suggests that MMH is undervalued at its current share price. Adopting a relative valuation approach, we estimate a target price of S\$2.980 if MMH is to trade at the peer average yield of 2.01%. By averaging our estimated target prices based on P/E multiple, P/B multiple, and dividend yield, we derive an overall target price of S\$3.025 which represents an upside potential of 11.2% from the current share price of S\$2.720.

Given how MMH's share price has already risen by 51.1% over the last twelve months, and the limited upside potential based on our target price, we recommend a hold. There are also risks to our target price, such as lower-than-expected demand for Artificial Intelligence ("AI") compute and depreciation of United States Dollar ("USD") against Singapore Dollar ("SGD").

KEY FINANCIALS	Revenue	Earnings ⁽¹⁾	EPS ⁽²⁾	P/E	DPS ⁽³⁾	Dividend Yield	NAV per share	P/B
Year ended 30 June	(S\$ million)	(S\$ million)	(cents)	(x)	(cents)	(%)	(cents)	(x)
2025 Actual	65.2	12.4	8.92	30.5	6.00	2.21%	35.40	7.68
2026 Actual	75.5	15.9	11.44	23.8	6.00	2.21%	41.38	6.57
2027 Forecast	83.6	18.6	13.42	20.3	6.00	2.21%	n.a.	n.a.
2028 Forecast	91.4	19.7	14.18	19.2	6.00	2.21%	n.a.	n.a.

Note: P/E, P/B, and dividend yield based on current share price of S\$2.720. n.a. = not available.

⁽¹⁾ Profit after tax & for the period.

⁽²⁾ Earnings Per Share.

⁽³⁾ Dividend Per Share.

Source: MMH, FPA

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FINANCIAL ANALYSIS

In this section, we review the financial performance of Micro-Mechanics (Holdings) (“MMH”) for the six months ended 30 June 2026 (2H FY2026).

(I) FINANCIAL REVIEW

Revenue:

Revenue rose by 22.9% to S\$40.1 million in 2H FY2026 from S\$32.7 million in 2H FY2025, as shown in **Exhibit 1**.

Consumable tools revenue rose by 27.3% to S\$31.8 million in 2H FY2026 from S\$25.0 million in 2H FY2025. MMH noted, “On a qoq basis, sales increased by 20.7% from S\$14.4 million for 3QFY2026 driven by stronger customer demand.”

Meanwhile, Wafer Fabrication Equipment (“WFE”) Parts revenue rose by 8.7% to S\$8.4 million in 2H FY2026 from S\$7.7 million in 2H FY2025. MMH noted, “Wafer Fabrication Equipment (“WFE”) sales grew 15.4% yoy and 1.7% qoq to S\$4.2 million for 4QFY2026, supported by higher bookings and continued recovery from material delays and shortages during 1QFY2026.”

Exhibit 1: Revenue (2H FY2026 & 2H FY2025)

(in S\$)	Actual		2H FY2026 v 2H FY2025	
	2H FY2026	2H FY2025	Absolute Change	Change (%)
Consumable tools / non-USA revenue	31,776,754	24,970,843	6,805,911	27.3%
WFE parts / USA revenue	8,373,119	7,703,351	669,768	8.7%
Revenue	40,149,873	32,674,194	7,475,679	22.9%

Source: MMH, FPA

Revenue from 1H FY2022 to 2H FY2026 is shown in **Exhibit 2**.

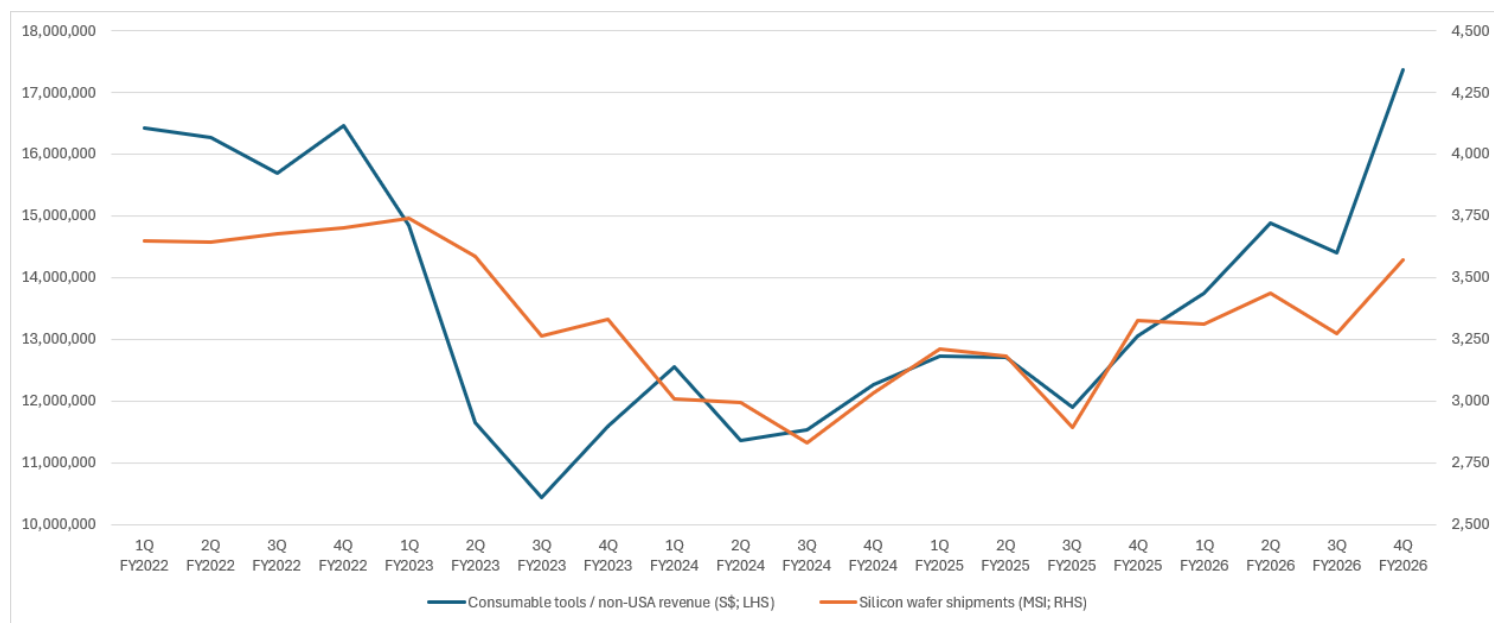
Exhibit 2: Revenue (1H FY2022 to 2H FY2026)

(in S\$)	Actual									
	1H FY2022	2H FY2022	1H FY2023	2H FY2023	1H FY2024	2H FY2024	1H FY2025	2H FY2025	1H FY2026	2H FY2026
Consumable tools / non-USA revenue	32,704,121	32,168,018	26,501,752	22,052,204	23,919,661	23,807,247	25,454,226	24,970,843	28,621,142	31,776,754
WFE parts / USA revenue	8,128,660	9,463,966	10,412,683	8,055,354	5,432,831	4,728,639	7,082,255	7,703,351	6,752,997	8,373,119
Revenue	40,832,781	41,631,984	36,914,435	30,107,558	29,352,492	28,535,886	32,536,481	32,674,194	35,374,139	40,149,873

Source: MMH, FPA

Consumable tools revenue (or revenue from non-USA facilities prior to FY2025) generally trended with silicon wafer shipments (in Million Square Inches or “MSI”) from 1Q FY2022 to 4Q FY2026, as shown in **Exhibit 3**.

Exhibit 3: Consumable Tools (or Non-USA) Revenue vs Silicon Wafer Shipments (1Q FY2022 to 4Q FY2026)



Source: MMH, SEMI, FPA

WFE Parts revenue (or revenue from MMH’s USA facility, “MMUS”, prior to FY2025) generally trended with equipment billings (excluding China, as MMUS does not sell to China) from 1Q FY2022 to 4Q FY2026, as shown in **Exhibit 4**.

Exhibit 4: WFE Parts (or USA) Revenue vs Equipment Billings (excluding China) (1Q FY2022 to 4Q FY2026)

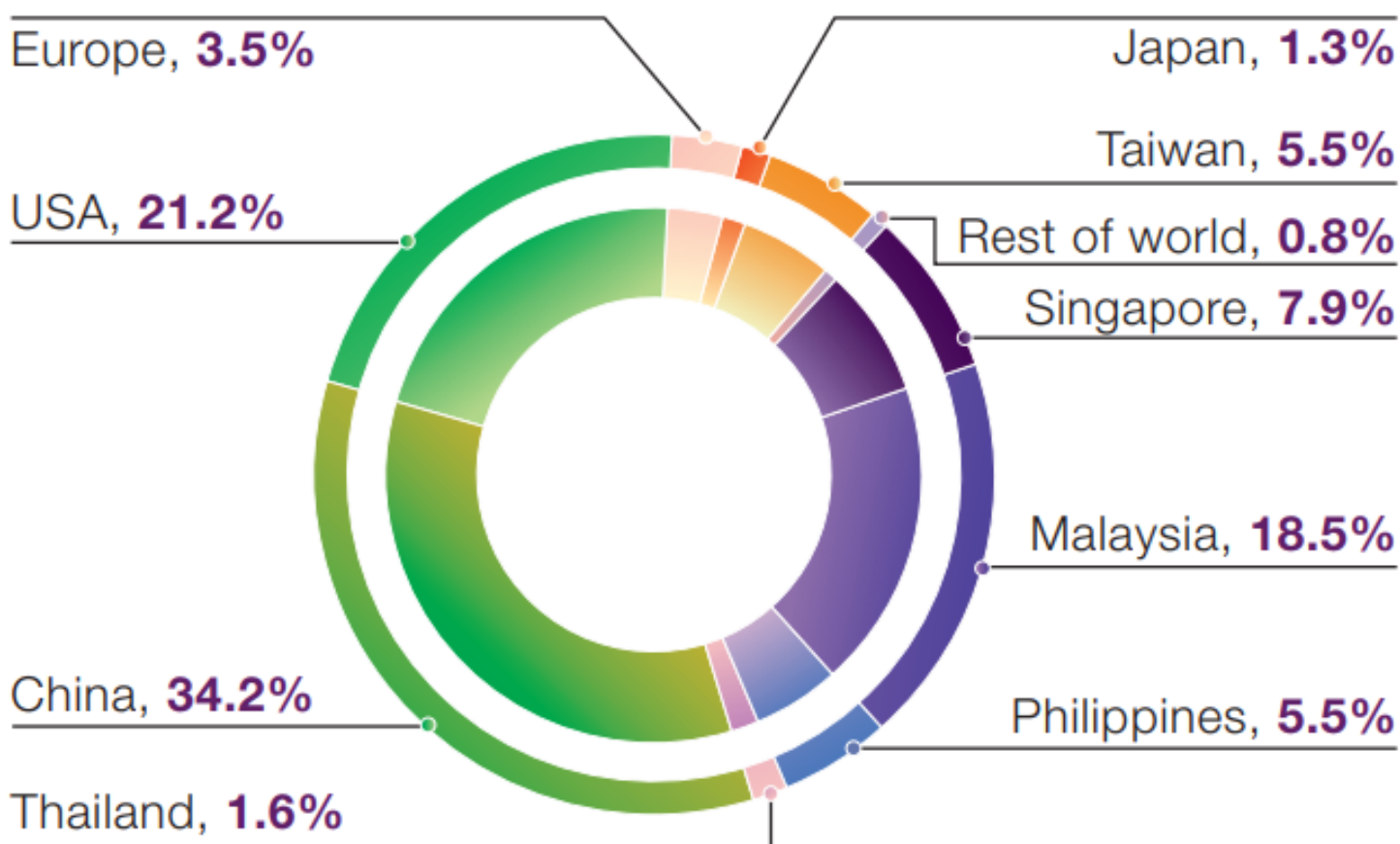


Source: MMH, SEMI, FPA

The geographical breakdown of revenue in FY2026 is shown in **Exhibit 5**.

Exhibit 5: Geographical Breakdown of Revenue (FY2026)

REVENUE BREAKDOWN BY GEOGRAPHICAL MARKET (FY2026)



Source: MMH

Gross profit:

Gross profit rose by 28.0% to S\$20.8 million in 2H FY2026 from S\$16.3 million in 2H FY2025, as shown in **Exhibit 6**. Gross margin rose to 51.8% in 2H FY2026 from 49.7% in 2H FY2025, as also shown in **Exhibit 6**, in line with consumable tools as a percentage of revenue rising to 79.1% in 2H FY2026 from 76.4% in 2H FY2025. MMH noted, “Margin expansion was driven by operating leverage, stronger customer engagement, continued development of new products, and enhanced manufacturing processes for existing products.”

Exhibit 6: Gross Profit (2H FY2026 & 2H FY2025)

(in S\$)	Actual		2H FY2026 v 2H FY2025	
	2H FY2026	2H FY2025	Absolute Change	Change (%)
Gross profit	20,800,270	16,251,583	4,548,687	28.0%
Divide by: Revenue	40,149,873	32,674,194	7,475,679	22.9%
Gross margin	51.8%	49.7%	-	-

Consumable tools as a % of revenue

79.1%

76.4%

-

-

Source: MMH, FPA

Gross profit from 1H FY2022 to 2H FY2026 is shown in **Exhibit 7**.

Exhibit 7: Gross Profit (1H FY2022 to 2H FY2026)

(in S\$)	Actual									
	1H FY2022	2H FY2022	1H FY2023	2H FY2023	1H FY2024	2H FY2024	1H FY2025	2H FY2025	1H FY2026	2H FY2026
Gross profit	22,206,172	21,834,629	17,863,551	13,326,091	13,932,384	13,253,706	15,966,931	16,251,583	18,134,842	20,800,270
Divide by: Revenue	40,832,781	41,631,984	36,914,435	30,107,558	29,352,492	28,535,886	32,536,481	32,674,194	35,374,139	40,149,873
Gross margin	54.4%	52.4%	48.4%	44.3%	47.5%	46.4%	49.1%	49.7%	51.3%	51.8%

Consumable tools as a % of revenue

80.1%

77.3%

71.8%

73.2%

81.5%

83.4%

78.2%

76.4%

80.9%

79.1%

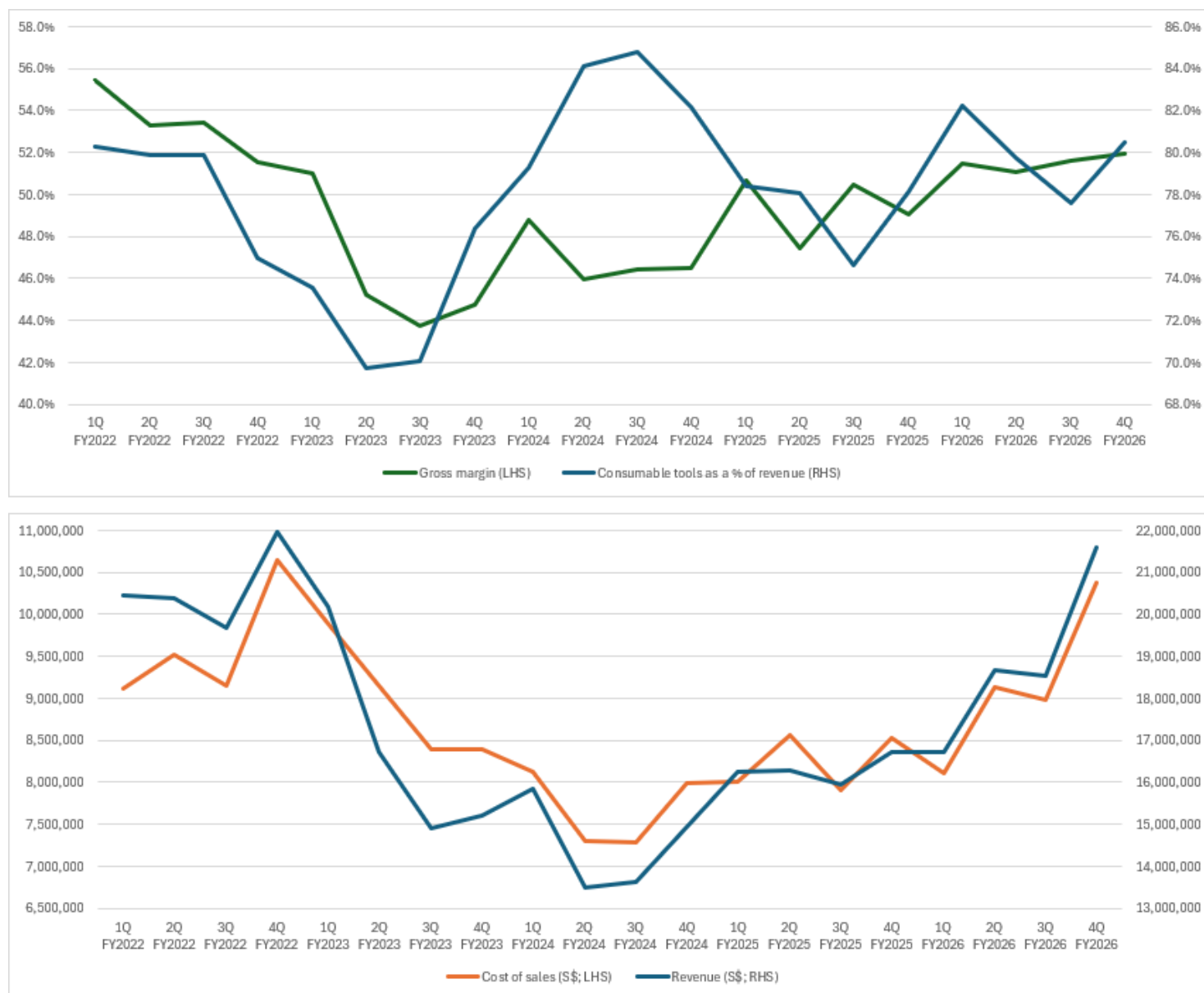
Source: MMH, FPA

Gross margin generally trended with consumable tools as a percentage of revenue from 1Q FY2022 to 4Q FY2026, as shown in **Exhibit 8** (top). However, gross margin deviated from trending with consumable tools as a percentage of revenue from 3Q FY2023 to 4Q FY2024 (2H FY2023 to 2H FY2024), in line with a fall in revenue according to MMH.

MMH noted in its financial statements for 3Q FY2023 that, "As our operating costs are mainly fixed-cost in nature, the significant decline" in business activities "resulted in the under absorption of costs." Similarly, MMH noted in its financial statements for 4Q FY2024, "As the cost structure of the Group's operations is largely fixed in nature, any significant reduction in our revenue would have an adverse impact on the Group's GP margin due to operating leverage."

Accordingly, we note that, on a quarter-on-quarter ("q-o-q") basis, cost of sales generally fell less than revenue from 2Q FY2023 to 3Q FY2024, as shown in **Exhibit 8** (bottom).

Exhibit 8: Comparison with Gross Margin (1Q FY2022 to 4Q FY2026)



Source: MMH, FPA

Operating expenses:

Operating expenses (administrative expenses + distribution expenses + other operating expenses) rose by 12.0% to S\$8.9 million in 2H FY2026 from S\$7.9 million in 2H FY2025, as shown in **Exhibit 9**.

MMH noted that, in 4Q FY2026:

- Distribution expenses rose by 33.9% y-o-y “primarily attributable to higher sales incentives programme payouts and more engagement with customers”
- Administrative expenses rose by 1.1% y-o-y, and that “Excluding a one-off reversal of prior years’ bonus accruals of approximately S\$0.4 million, administrative expenses would have increased by 19.4% yoy for 4QFY2026, primarily due to increased bonus payments associated with improved performance, software subscriptions and increased spending to strengthen IT systems and cybersecurity”
- Other operating expenses rose by 21.9% y-o-y “due to higher headcount, and additional purchases of engineering fixtures and overseas customers visits.”

Exhibit 9: Operating Expenses (2H FY2026 & 2H FY2025)

(in S\$)	Actual		2H FY2026 v 2H FY2025	
	2H FY2026	2H FY2025	Absolute Change	Change (%)
Distribution expenses	(1,838,788)	(1,434,813)	(403,975)	28.2%
Administrative expenses	(4,979,675)	(4,741,021)	(238,654)	5.0%
Other operating expenses	(2,054,662)	(1,747,187)	(307,475)	17.6%
Operating expenses	(8,873,125)	(7,923,021)	(950,104)	12.0%

As % of revenue:

Distribution expenses	4.6%	4.4%	-	-
Administrative expenses	12.4%	14.5%	-	-
Other operating expenses	5.1%	5.3%	-	-
Operating expenses	22.1%	24.2%	-	-

Source: MMH, FPA

As a percentage of revenue, semi-annual operating expenses ranged between 21.8% and 27.8% from 1H FY2022 to 2H FY2026, as shown in **Exhibit 10**.

Exhibit 10: Operating Expenses (1H FY2022 to 2H FY2026)

(in S\$)	Actual									
	1H FY2022	2H FY2022	1H FY2023	2H FY2023	1H FY2024	2H FY2024	1H FY2025	2H FY2025	1H FY2026	2H FY2026
Distribution expenses	(1,608,141)	(1,536,764)	(1,442,782)	(1,437,041)	(1,403,108)	(1,470,073)	(1,573,913)	(1,434,813)	(1,623,711)	(1,838,788)
Administrative expenses	(5,695,295)	(5,223,042)	(5,466,425)	(4,546,564)	(4,569,347)	(4,558,304)	(4,790,651)	(4,741,021)	(5,227,864)	(4,979,675)
Other operating expenses	(2,380,262)	(2,324,525)	(2,643,969)	(2,390,777)	(1,931,657)	(1,810,937)	(1,690,841)	(1,747,187)	(1,796,908)	(2,054,662)
Operating expenses	(9,683,698)	(9,084,331)	(9,553,176)	(8,374,382)	(7,904,112)	(7,839,314)	(8,055,405)	(7,923,021)	(8,648,483)	(8,873,125)

As % of revenue:

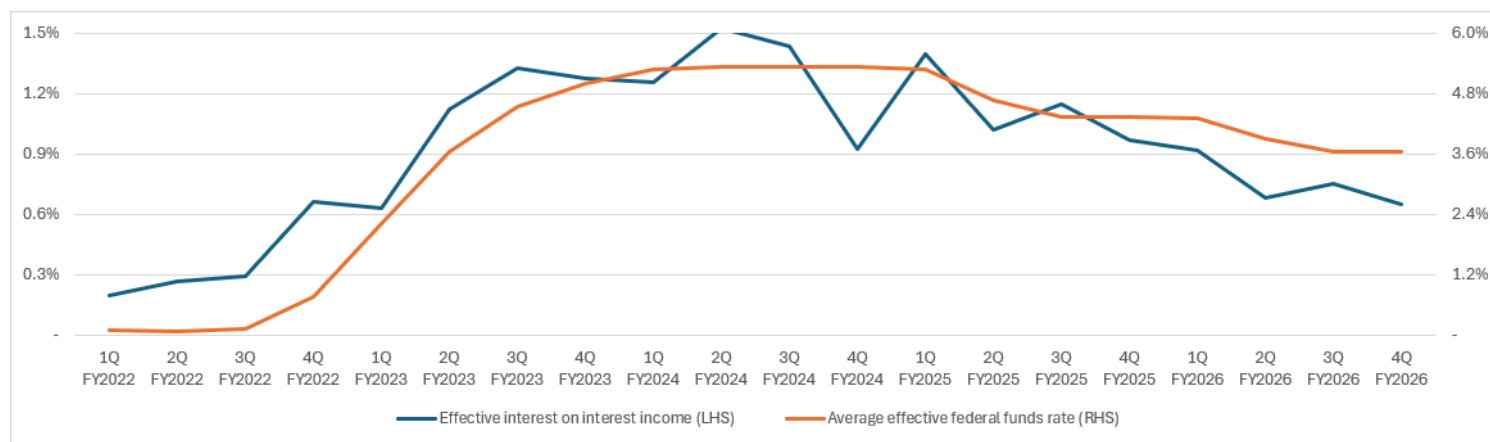
Distribution expenses	3.9%	3.7%	3.9%	4.8%	4.8%	5.2%	4.8%	4.4%	4.6%	4.6%
Administrative expenses	13.9%	12.5%	14.8%	15.1%	15.6%	16.0%	14.7%	14.5%	14.8%	12.4%
Other operating expenses	5.8%	5.6%	7.2%	7.9%	6.6%	6.3%	5.2%	5.3%	5.1%	5.1%
Operating expenses	23.7%	21.8%	25.9%	27.8%	26.9%	27.5%	24.8%	24.2%	24.4%	22.1%

Source: MMH, FPA

Other income, finance income, and finance expense:

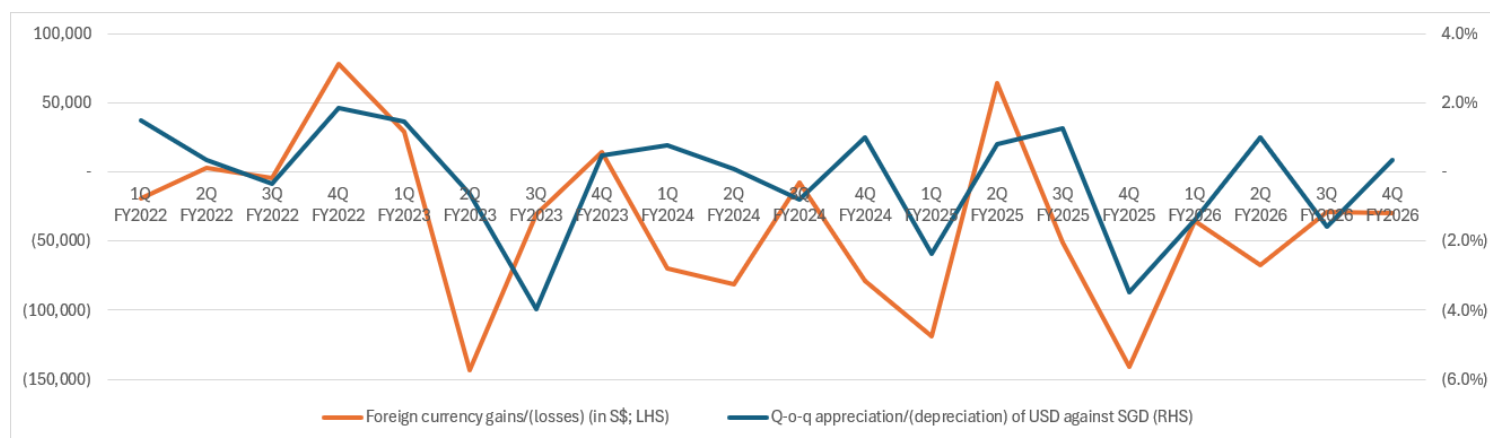
Other income rose by 50.1% to S\$222.6K in 2H FY2026 from S\$148.3K in 2H FY2025.

Finance income fell by 12.6% to S\$95.7K in 2H FY2026 from S\$109.6K in 2H FY2025, amid a fall in the average Effective Federal Funds Rate (“EFFR”). Quarterly annualised effective interest on interest income $\left[\frac{\text{Interest income}}{\text{Cash \& cash equivalents}} \times \frac{\text{Days in Financial Year ("FY")}}{\text{Days in period}} \right]$ generally trended with average EFFR from 1Q FY2022 to 4Q FY2026, as shown in **Exhibit 11**.

Exhibit 11: Annualised Effective Interest on Interest Income vs Average EFFR (1Q FY2022 to 4Q FY2026)

Source: MMH, Federal Reserve Bank of New York, FPA

Finance expense fell by 29.1% to S\$200.6K in 2H FY2026 from S\$283.1K in 2H FY2025. Based on the Annual Report (“AR”) for FY2026, MMH’s foreign currency exposure was mostly in United States Dollar (“USD”)¹. Accordingly, MMH generally made foreign exchange gains when USD appreciated against Singapore Dollar (“SGD”) on a q-o-q basis (and vice-versa when USD depreciated against SGD), from 1Q FY2022 to 4Q FY2026, as shown in **Exhibit 12**.

Exhibit 12: Foreign Exch. Gains/(Losses) vs Appreciation/(Depreciation) of USD against SGD (1Q FY2022 to 4Q FY2026)

Source: MMH, Yahoo! Finance (exchange rates), FPA

¹ Nonetheless, most of MMH’s cash & bank balances seemed to be in SGD. Out of cash & bank balances of S\$30.1 million (S\$23.3 million) as at end-FY2026 (end-FY2025), only S\$1.1 million (S\$0.7 million) were in USD.

Other income, finance income, and finance expense, from 1H FY2022 to 2H FY2026, are shown in **Exhibit 13**.

Exhibit 13: Other Income, Finance Income, and Finance Expense (1H FY2022 to 2H FY2026)

(in S\$)	Actual									
	1H FY2022	2H FY2022	1H FY2023	2H FY2023	1H FY2024	2H FY2024	1H FY2025	2H FY2025	1H FY2026	2H FY2026
Gain/(loss) on disposal of property, plant and equipment	(9,353)	260,878	6,372	68,460	9,560	4,627	2,213	3,385	3,999	-
Rental income	61,116	60,348	65,062	64,785	62,690	61,794	32,743	68	-	-
Government grant	30,565	46,209	15,873	37,192	16,990	53,016	12,186	16,985	5,597	15,366
Exchange gain	2,888	72,973	-	-	-	-	-	-	-	-
Interest income from banks and others	24,339	43,871	-	-	-	-	-	-	-	-
Others	139,398	147,596	141,923	116,075	104,905	100,036	131,353	127,888	139,206	207,283
Other income	248,953	631,875	229,230	286,512	194,145	219,473	178,495	148,326	148,802	222,649

(in S\$)	Actual									
	1H FY2022	2H FY2022	1H FY2023	2H FY2023	1H FY2024	2H FY2024	1H FY2025	2H FY2025	1H FY2026	2H FY2026
Interest income from banks and others	-	-	90,143	79,182	109,859	83,534	118,908	109,552	109,197	95,726
Foreign currency exchange losses, net /(gains, net)	-	-	(29,088)	-	-	-	(64,054)	-	-	-
Finance income	-	-	119,231	79,182	109,859	83,534	182,962	109,552	109,197	95,726

Effective interest on interest income:

Interest income from banks and others	24,339	43,871	90,143	79,182	109,859	83,534	118,908	109,552	109,197	95,726
Cash and cash equivalents at the end of period	18,164,104	20,210,293	17,861,944	14,122,013	14,825,828	16,409,971	20,069,790	23,132,344	27,081,545	29,978,938
Effective interest in interest income (annualised)	0.3%	0.4%	1.0%	1.1%	1.5%	1.0%	1.2%	1.0%	0.8%	0.6%

Average effective federal funds rate	0.1%	0.4%	2.9%	4.8%	5.3%	5.3%	5.0%	4.3%	4.1%	3.6%
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(in S\$)	Actual									
	1H FY2022	2H FY2022	1H FY2023	2H FY2023	1H FY2024	2H FY2024	1H FY2025	2H FY2025	1H FY2026	2H FY2026
Bank charges	-	-	48,382	29,836	46,650	42,634	47,826	44,499	46,606	44,358
Unwind of discount on restoration cost provision	-	-	4,732	8,853	9,099	9,351	9,612	9,880	10,154	10,437
Interest expense on lease liabilities	-	-	38,432	57,435	96,826	73,700	47,500	36,670	79,356	86,763
Foreign currency exchange losses, net /(gains, net)	-	-	143,043	16,730	151,225	86,578	118,641	192,014	102,595	59,007
Finance expense	-	-	234,589	112,854	303,800	212,263	223,579	283,063	238,711	200,565

Foreign exchange gains/(losses) allocation:

1Q	(18,843)		29,088		(69,933)		(118,641)		(35,582)	
2Q	2,888		(143,043)		(81,292)		64,054		(67,013)	
3Q		(4,754)		(30,797)		(7,555)		(51,320)		(29,115)
4Q		77,727		14,067		(79,023)		(140,694)		(29,892)
Foreign exchange gains/(losses)⁽¹⁾	(15,955)	72,973	(113,955)	(16,730)	(151,225)	(86,578)	(54,587)	(192,014)	(102,595)	(59,007)

Appreciation/(depreciation) of USD against SGD:

1Q	1.5%		1.4%		0.8%		(2.4%)		(1.4%)	
2Q	0.4%		(0.6%)		0.1%		0.8%		1.0%	
3Q		(0.4%)		(4.0%)		(0.8%)		1.3%		(1.6%)
4Q		1.8%		0.5%		1.0%		(3.5%)		0.3%

⁽¹⁾ Foreign exchange gains/(losses) in 1Q FY2022 was recorded under unclassified "Expenses".

Source: MMH, Federal Reserve Bank of New York (EFFRs), Yahoo! Finance (exchange rates), FPA

Profit before tax:

Accordingly, profit before tax rose by 45.1% to S\$12.0 million in 2H FY2026 from S\$8.3 million in 2H FY2025, as shown in **Exhibit 14**.

Exhibit 14: Profit Before Tax (2H FY2026 & 2H FY2025)

(in S\$)	Actual		2H FY2026 v 2H FY2025	
	2H FY2026	2H FY2025	Absolute Change	Change (%)
Gross profit	20,800,270	16,251,583	4,548,687	28.0%
Other income	222,649	148,326	74,323	50.1%
Distribution expenses	(1,838,788)	(1,434,813)	(403,975)	28.2%
Administrative expenses	(4,979,675)	(4,741,021)	(238,654)	5.0%
Other operating expenses	(2,054,662)	(1,747,187)	(307,475)	17.6%
Results from operating activities	12,149,794	8,476,888	3,672,906	43.3%
Finance income	95,726	109,552	(13,826)	(12.6%)
Finance expense	(200,565)	(283,063)	82,498	(29.1%)
Profit before tax	12,044,955	8,303,377	3,741,578	45.1%

Source: MMH, FPA

Profit before tax from 1H FY2022 to 2H FY2026 is shown in **Exhibit 15**.

Exhibit 15: Profit Before Tax (1H FY2022 to 2H FY2026)

(in S\$)	Actual									
	1H FY2022	2H FY2022	1H FY2023	2H FY2023	1H FY2024	2H FY2024	1H FY2025	2H FY2025	1H FY2026	2H FY2026
Gross profit	22,206,172	21,834,629	17,863,551	13,326,091	13,932,384	13,253,706	15,966,931	16,251,583	18,134,842	20,800,270
Other income	248,953	631,875	229,230	286,512	194,145	219,473	178,495	148,326	148,802	222,649
Distribution expenses	(1,608,141)	(1,536,764)	(1,442,782)	(1,437,041)	(1,403,108)	(1,470,073)	(1,573,913)	(1,434,813)	(1,623,711)	(1,838,788)
Administrative expenses	(5,695,295)	(5,223,042)	(5,466,425)	(4,546,564)	(4,569,347)	(4,558,304)	(4,790,651)	(4,741,021)	(5,227,864)	(4,979,675)
Other operating expenses	(2,380,262)	(2,324,525)	(2,643,969)	(2,390,777)	(1,931,657)	(1,810,937)	(1,690,841)	(1,747,187)	(1,796,908)	(2,054,662)
Results from operating activities	12,771,427	13,382,173	8,539,605	5,238,221	6,222,417	5,633,865	8,090,021	8,476,888	9,635,161	12,149,794
Finance income	-	-	119,231	79,182	109,859	83,534	182,962	109,552	109,197	95,726
Finance expense	-	-	(234,589)	(112,854)	(303,800)	(212,263)	(223,579)	(283,063)	(238,711)	(200,565)
Profit before tax	12,771,427	13,382,173	8,424,247	5,204,549	6,028,476	5,505,136	8,049,404	8,303,377	9,505,647	12,044,955

Source: MMH, FPA

Tax expense:

Tax expense rose by 54.4% to S\$3.0 million in 2H FY2026 from S\$1.9 million in 2H FY2025, with the effective tax rate rising to 24.9% in 2H FY2026 from 23.4% in 2H FY2025, as shown in **Exhibit 16**. MMH noted that the increase in tax expense “was mainly due to improved profitability, as well as withholding tax incurred on dividends remitted from subsidiaries.”

Exhibit 16: Tax Expense (2H FY2026 & 2H FY2025)

(in S\$)	Actual		2H FY2026 v 2H FY2025	
	2H FY2026	2H FY2025	Absolute Change	Change (%)
Tax expense	2,993,252	1,939,254	1,053,998	54.4%
Divide by: Profit before tax	12,044,955	8,303,377	3,741,578	45.1%
Effective tax rate	24.9%	23.4%	-	-

Source: MMH, FPA

Tax expense from 1H FY2022 to 2H FY2026 is shown in **Exhibit 17**.

Exhibit 17: Tax Expense (1H FY2022 to 2H FY2026)

(in S\$)	Actual									
	1H FY2022	2H FY2022	1H FY2023	2H FY2023	1H FY2024	2H FY2024	1H FY2025	2H FY2025	1H FY2026	2H FY2026
Tax expense	3,244,072	3,102,977	2,280,599	1,577,717	1,914,970	1,580,526	2,018,059	1,939,254	2,648,474	2,993,252
Divide by: Profit before tax	12,771,427	13,382,173	8,424,247	5,204,549	6,028,476	5,505,136	8,049,404	8,303,377	9,505,647	12,044,955
Effective tax rate	25.4%	23.2%	27.1%	30.3%	31.8%	28.7%	25.1%	23.4%	27.9%	24.9%

Source: MMH, FPA

Profit after tax and Earnings Per Share (“EPS”):

After deducting tax expense from profit before tax, profit after tax rose by 42.2% to S\$9.1 million in 2H FY2026 from S\$6.3 million in 2H FY2025, as shown in **Exhibit 18**. As the weighted average number of shares in 2H FY2026 fell by less than 0.1% y-o-y, EPS (in cents) similarly rose by 42.3% to 6.51 in 2H FY2026 from 4.58 in 2H FY2025.

Exhibit 18: Profit After Tax and Earnings Per Share (2H FY2026 & 2H FY2025)

(in S\$)	Actual		2H FY2026 v 2H FY2025	
	2H FY2026	2H FY2025	Absolute Change	Change (%)
Profit before tax	12,044,955	8,303,377	3,741,578	45.1%
Tax expense	(2,993,252)	(1,939,254)	(1,053,998)	54.4%
Profit after tax	9,051,703	6,364,123	2,687,580	42.2%
Weighted average number of ordinary shares	138,970,838	139,031,881	(61,043)	(0.0%)
Diluted EPS (SGD in cent)	6.51	4.58	1.94	42.3%
Dividend Per Share ("DPS" in cents)	3.00	3.00	-	-

Source: MMH, FPA

Profit after tax and EPS from 1H FY2022 to 2H FY2026 are shown in **Exhibit 19**.

Exhibit 19: Profit After Tax and Earnings Per Share (1H FY2022 to 2H FY2026)

(in S\$)	Actual									
	1H FY2022	2H FY2022	1H FY2023	2H FY2023	1H FY2024	2H FY2024	1H FY2025	2H FY2025	1H FY2026	2H FY2026
Profit before tax	12,771,427	13,382,173	8,424,247	5,204,549	6,028,476	5,505,136	8,049,404	8,303,377	9,505,647	12,044,955
Tax expense	(3,244,072)	(3,102,977)	(2,280,599)	(1,577,717)	(1,914,970)	(1,580,526)	(2,018,059)	(1,939,254)	(2,648,474)	(2,993,252)
Profit after tax	9,527,355	10,279,196	6,143,648	3,626,832	4,113,506	3,924,610	6,031,345	6,364,123	6,857,173	9,051,703
Weighted average number of ordinary shares	139,031,881	139,031,881	139,031,881	139,031,881	139,031,881	139,031,881	139,031,881	139,031,881	139,031,881	138,970,838
Diluted EPS (SGD in cent)	6.85	7.39	4.42	2.61	2.96	2.82	4.34	4.58	4.93	6.51
Dividend Per Share ("DPS" in cents)	6.00	8.00	6.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00

Source: MMH, FPA

Dividend Per Share ("DPS"):

MMH declared DPS (in cents) of 3.0 for 2H FY2026, unchanged from 3.0 for 2H FY2025. We note that the DPS (in cents) of 3.0 declared for 2H FY2026 was below our projection of 6.0 for 2H FY2026 as indicated in our [previous update report \(dated August 2026\)](#). Payout ratio fell to 52.4% in FY2026 from 128.0% in FY2023, as shown in **Exhibit 20**. Accordingly, cash & cash equivalents rose to a new high of S\$30.0 million as at end-FY2026.

Exhibit 20: Dividend Per Share (FY2022 to FY2026)

(in S\$ unless indicated otherwise)	Actual				
	FY2022	FY2023	FY2024	FY2025	FY2026
Dividend Per Share ("DPS" in cents)	14.00	9.00	6.00	6.00	6.00
Divide by: Diluted EPS (SGD in cent)	14.25	7.03	5.78	8.92	11.44
Payout ratio	98.2%	128.0%	103.8%	67.3%	52.4%

Summarised cash flows statement:

Profit for the period	19,806,551	9,770,480	8,038,116	12,395,468	15,908,876
Net cash from operating activities	25,222,341	17,699,778	14,577,880	18,280,911	18,913,371
Net cash used in investing activities	(4,515,008)	(2,423,803)	(2,245,523)	(1,228,679)	(1,925,378)
Net cash used in financing activities	(20,751,524)	(20,776,423)	(9,927,813)	(9,895,846)	(10,616,629)
Net (decrease)/ increase in cash and cash equivalents	(44,191)	(5,500,448)	2,404,544	7,156,386	6,371,364
Cash and cash equivalents at beginning of period	20,449,978	20,210,293	14,122,013	16,409,971	23,132,344
Effect of exchange rate fluctuations on cash held	(195,494)	(587,832)	(116,586)	(434,013)	475,230
Cash and cash equivalents at the end of period	20,210,293	14,122,013	16,409,971	23,132,344	29,978,938

Dividends paid as a % of net cash used in financing activities:

Dividends paid	(19,464,463)	(19,464,463)	(8,341,910)	(8,341,910)	(8,341,910)
Divide by: Net cash used in financing activities	(20,751,524)	(20,776,423)	(9,927,813)	(9,895,846)	(10,616,629)
Dividends paid as a % of net cash used in financing activities	93.8%	93.7%	84.0%	84.3%	78.6%

Source: MMH, FPA

MMH's financial performance in 2H FY2026 vs in 2H FY2025 is summarised in **Exhibit 21**.

Exhibit 21: Financial Performance (2H FY2026 & 2H FY2025)

(in S\$ unless indicated otherwise)	Actual		2H FY2026 v 2H FY2025	
	2H FY2026	2H FY2025	Absolute Change	Change (%)
Consumable tools / non-USA revenue	31,776,754	24,970,843	6,805,911	27.3%
WFE parts / USA revenue	8,373,119	7,703,351	669,768	8.7%
Revenue	40,149,873	32,674,194	7,475,679	22.9%
Cost of sales	(19,349,603)	(16,422,611)	(2,926,992)	17.8%
Gross profit	20,800,270	16,251,583	4,548,687	28.0%
Other income	222,649	148,326	74,323	50.1%
Distribution expenses	(1,838,788)	(1,434,813)	(403,975)	28.2%
Administrative expenses	(4,979,675)	(4,741,021)	(238,654)	5.0%
Other operating expenses	(2,054,662)	(1,747,187)	(307,475)	17.6%
Results from operating activities	12,149,794	8,476,888	3,672,906	43.3%
Finance income	95,726	109,552	(13,826)	(12.6%)
Finance expense	(200,565)	(283,063)	82,498	(29.1%)
Profit before tax	12,044,955	8,303,377	3,741,578	45.1%
Tax expense	(2,993,252)	(1,939,254)	(1,053,998)	54.4%
Profit after tax	9,051,703	6,364,123	2,687,580	42.2%
Weighted average number of ordinary shares	138,970,838	139,031,881	(61,043)	(0.0%)
Diluted EPS (SGD in cent)	6.51	4.58	1.94	42.3%
Dividend Per Share ("DPS" in cents)	3.00	3.00	-	-

Source: MMH, FPA

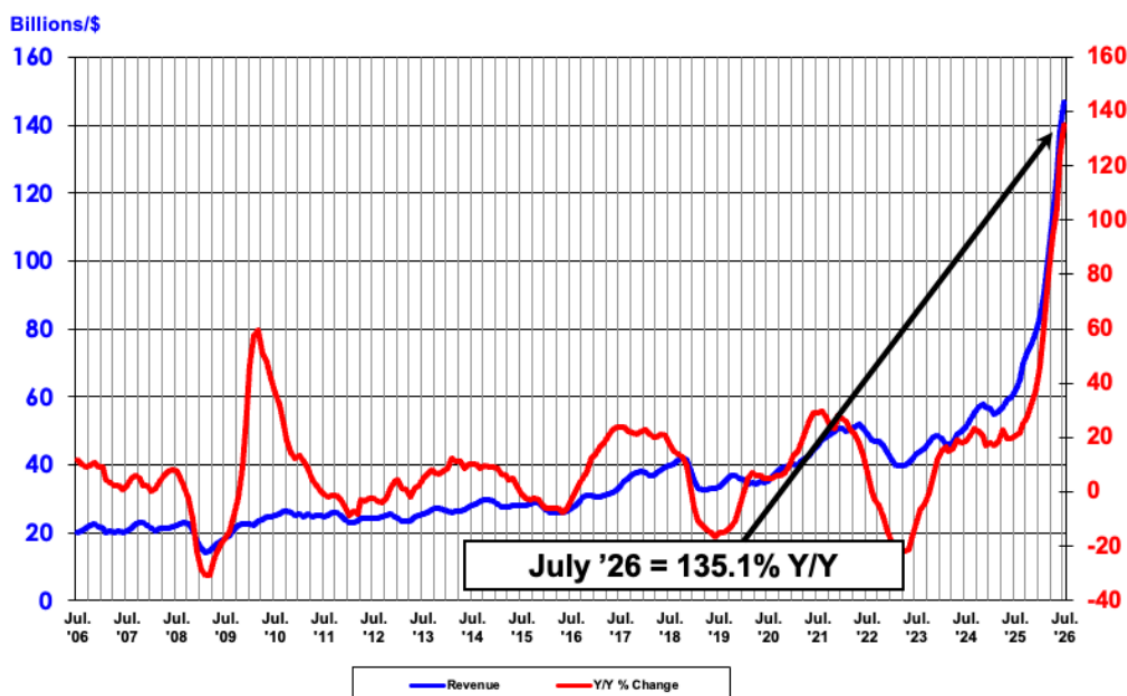
INDUSTRY OUTLOOK

Wall Street Journal (“WSJ”) reported in September 2026, [“The AI Build-Out Is Becoming the Biggest Economic Bet in U.S. History”](#). WSJ noted, “Data-center spending is greater than that for the canals, railroads and grid combined—creating jobs and wealth but also boosting inflation”.

Meanwhile, based on 3-Month Moving Average (“3MMA”) data from the World Semiconductor Trade Statistics (“WSTS”), Semiconductor Industry Association (“SIA”) noted in September 2026 that [“global semiconductor sales were \\$146.8 billion during the month of July 2026, an increase of 6.4% compared to the June 2026 total of \\$137.9 billion and 135.1% more than the July 2025 total of \\$62.5 billion.”](#) Global semiconductor revenue (based on 3MMA) has risen by 30.4% from US\$112.6 billion in April 2026 and 76.1% from US\$83.4 billion in January 2026, as shown in **Exhibit 22**.

Exhibit 22: Global Semiconductor Revenue (based on 3-Month Moving Average; July 2006 to July 2026)

Worldwide Semiconductor Revenues Year-to-Year Percent Change



Source: WSTS

Source: SIA

The notable growth in global semiconductor revenue is expected to continue, with WSTS noting in August 2026, [“Based on the incorporation of actual Q2 data, the calculation for the full-year 2026 market reaches 1,655 billion US dollars, corresponding to annual growth of approximately 108 percent, 18 percentage points above the original Spring estimate. The calculation for 2027 reaches approximately 2.1 trillion US dollars, corresponding to annual growth of approximately 29 percent.”](#)

However, as noted in our [semiconductor industry report \(dated May 2026\)](#), MMH’s revenue may not necessarily trend with global semiconductor revenue. Instead, as also illustrated in **Exhibit 3** and **Exhibit 4** on page 4, MMH’s revenue may trend with global silicon wafer shipments and semiconductor equipment billings. Accordingly, we review the outlook for both wafer shipments and equipment billings.

SEMI reported in July 2026, “[worldwide silicon wafer shipments increased 7.4% year-on-year to 3,573 million square inches \(MSI\)](#)” in 2Q 2026 (4Q FY2026) “[from the 3,327 MSI recorded during the same quarter of 2025.](#)”

Chairman of SEMI Silicon Manufacturers Group Ginji Yada noted, “Silicon wafer shipments maintained steady growth in the second quarter, driven by strong and increasing AI-related demand beyond advanced logic and memory to include power devices, photonics, and other markets”. Ginji Yada added though, “memory price pressures are contributing to constrained PC and smartphone demand.”

Previously, SEMI forecasted in October 2025 that [silicon wafer shipments “are projected to increase 5.4% in 2025 to 12,824 million square inches \(MSI\) followed by steady growth through 2028 when the market is expected to reach a new industry record of 15,485 MSI”](#), as shown in **Exhibit 23**. SEMI also forecasted that global wafer shipments will rise to 13,493 MSI in 2026. Later, SEMI reported in February 2026 that [global wafer shipments rose to 12,973 MSI \(above SEMI’s forecast of 12,824 MSI\) in 2025.](#)

Should SEMI’s forecast hold, we estimate that wafer shipments will be 6,645 MSI in 2H 2026 (1H FY2027; forecast of 13,493 MSI in [2026](#) – actual of 6,848 MSI in [1H 2026](#)), a 1.6% y-o-y decrease from 6,750 MSI in 2H 2025. However, given the recent growth in global semiconductor revenue, we consider that SEMI’s October 2025 forecast for 2026 may have been superseded. Accordingly, we assume instead that wafer shipments growth in 1H FY2027 will be 7.4%, the same as in 2Q 2026.

We also assume that: (1) global wafer shipments will rise by 8.6% in 2027, and rise further by 5.7% in 2028; and (2) that the y-o-y growth in wafer shipments for each semi-annual period from 1H 2027 to 2H 2028 will be the same as for the respective full years.

Exhibit 23: Forecasted Silicon Wafer Shipments (2025 to 2028)

Global Silicon* Wafer Shipments Forecast, 2022-2028F



Source: SEMI (www.semi.org), October 2025

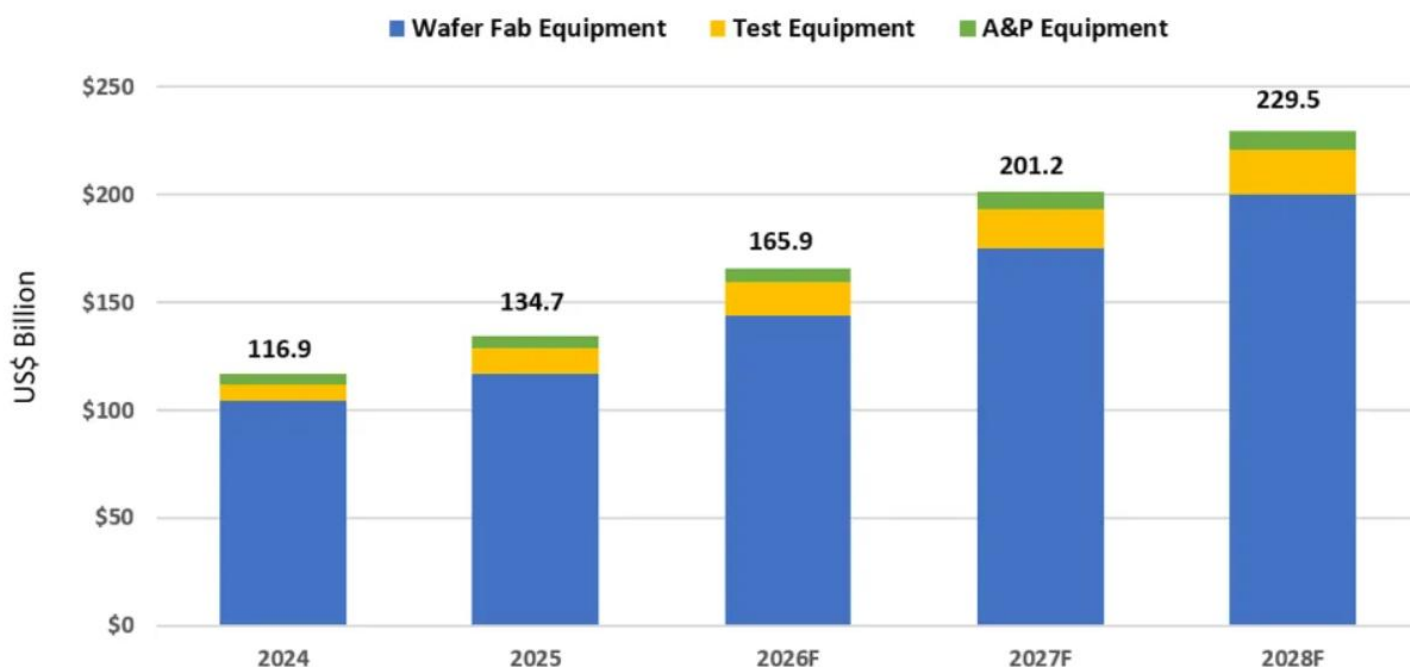
*Total Electronic Grade Silicon Slices – Excludes Non-Polished and Reclaimed Wafers; Shipments are for semiconductor applications only and do not include solar applications.

Source: SEMI

Meanwhile, SEMI [forecasted in July 2026 that global semiconductor equipment sales would rise by 23.2% y-o-y to US\\$165.9 billion in 2026](#), as shown in **Exhibit 24**.

Exhibit 24: Forecasted Equipment Sales (2026 to 2028)

**SEMI 2026 Mid-Year Total* Semiconductor Equipment Forecast - OEM Perspective
2024-2028F**



Source: SEMI Equipment Market Data Subscription (EMDS), July 2026

*Total equipment includes new wafer fab, test, assembly, and packaging, but does not include wafer manufacturing equipment.

Source: SEMI

SEMI noted, “Growth momentum is expected to continue through 2028, with total equipment sales forecast to reach a record \$229.5 billion, marking five consecutive years of growth as AI-driven demand reshapes semiconductor manufacturing investment.” SEMI added, “The stronger outlook reflects accelerating investment in AI infrastructure, leading-edge logic, advanced memory, and back-end technologies needed to support higher compute density, high bandwidth memory (HBM)-related investment, and increasingly complex device architectures.”

SEMI reported in September 2026 that [“global semiconductor equipment billings increased 23% year-over-year to US\\$40.53 billion” in 2Q 2026 \(4Q FY2026\)](#). SEMI noted, “The results mark a second consecutive record quarter, reflecting accelerating demand for technology and capacity solutions to support AI investments momentum as well as global buildout of AI computing infrastructure.”

We note that SEMI's [equipment billing figures](#) (for which SEMI provides geographical breakdowns) have been between 0.1% and 0.3% higher than its [equipment sales figures](#) (for which SEMI provides projections but does not provide geographical breakdowns) over the past five years, as shown in **Exhibit 25** (top).

China's equipment billings rose by over 67% from US\$29.62 billion in 2021 to US\$49.55 billion in 2024, before falling by 0.5% to US\$49.31 billion in 2025, as shown in **Exhibit 25** (bottom). SEMI noted in April 2026, "[China, Taiwan, Korea, and the Americas are each expected to see substantial levels of spending](#)" from 2027 to 2029, and that Chinese investment "is expected to remain supported by ongoing domestic capacity expansion and national initiatives aimed at strengthening semiconductor manufacturing capabilities." Accordingly, we assume that Chinese equipment billings will grow at the same rate as global equipment billings.

We also assume that the y-o-y growth of equipment billings in 1H & 2H of each year will be the same as that for the full year.

Exhibit 25: Equipment Billings (Total excluding China) (2021 to 2025; projections from 2026)

(in US\$ billion)	Actual					Projection		
	2021	2022	2023	2024	2025	2026	2027	2028
Equipment billings	102.64	107.64	106.25	117.14	135.06	166.4	201.8	230.1
Equipment sales (proj. from Jul '26 article)	102.50	107.40	105.91	116.86	134.7	165.9	201.2	229.5
Difference (%)	0.1%	0.2%	0.3%	0.2%	0.3%	0.3%	0.3%	0.3%

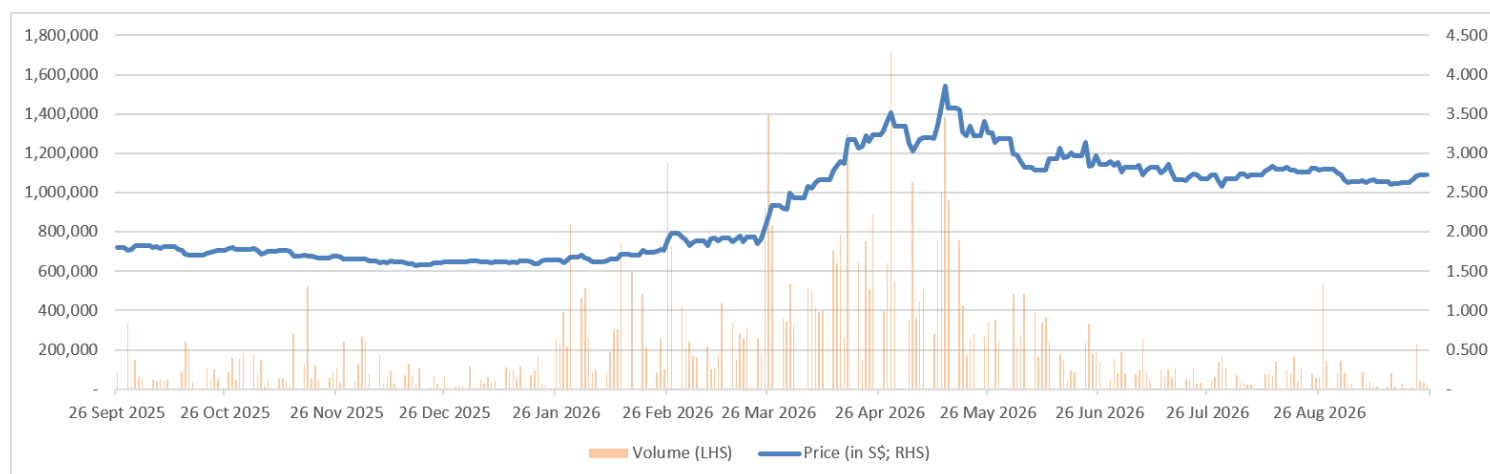
(in US\$ billion)	Actual					Projection		
	2021	2022	2023	2024	2025	2026	2027	2028
Equipment billings (total)	102.64	107.64	106.25	117.14	135.06	166.36	201.76	230.13
Equipment billings (China)	(29.62)	(28.27)	(36.60)	(49.55)	(49.31)	(60.74)	(73.66)	(84.02)
Equipment billings (excl. China)	73.02	79.37	69.65	67.59	85.75	105.62	128.10	146.11

Source: SEMI, FPA

RECENT SHARE PRICE DEVELOPMENTS

Over the last twelve months, MMH's share price rose by 51.1% to S\$2.720 on 25 September 2026 from S\$1.800 on 26 September 2025, as shown in **Exhibit 26**.

Exhibit 26: Share Price Performance (Last Twelve Months)



Source: Yahoo! Finance, FPA

We discuss developments that occurred after the publication of our [previous update report dated 7 August 2026](#).

On 26 August 2026 (after trading hours), MMH released its results for 2H FY2026 (reviewed in Financial Review section). Share price rose by 0.4% from S\$2.790 on 26 August to S\$2.800 on 27 August, before falling to S\$2.660 on 2 September 2026.

On 23 September 2026 (before trading hours), MMH announced that it was "Recognised for Risk Management Excellence at Singapore Corporate Awards 2026". Share price rose from S\$2.710 on 22 September to S\$2.720 on 23 September 2026.

On 24 September 2026 (after trading hours), MMH released its AR for FY2026. Share price closed at S\$2.720 on 25 September, unchanged from S\$2.720 on 24 September 2026.

FINANCIAL PROJECTIONS

(I) REVENUE & GROSS PROFIT PROJECTIONS

Revenue:

We assume that the y-o-y change in Consumable Tools revenue from 1H FY2027 to 2H FY2028 will be the same as that of silicon wafer shipments in the same period. Thus, we project that Consumable Tools revenue will be S\$30.7 million in 1H FY2027, S\$34.5 million in 2H FY2027 (totalling S\$65.2 million in FY2027), S\$33.4 million in 1H FY2028, and S\$36.5 million in 2H FY2028 (totalling S\$69.8 million in FY2028), as shown in **Exhibit 27**.

We also assume that the y-o-y change in WFE Parts revenue from 1H FY2027 to 2H FY2028 will be the same as that of equipment billings (excluding China) in the same period. Thus, we project that WFE Parts revenue will be S\$8.2 million in 1H FY2027, S\$10.2 million in 2H FY2027 (totalling S\$18.4 million in FY2027), S\$10.0 million in 1H FY2028, and S\$11.6 million in 2H FY2028 (totalling S\$21.6 million in FY2028), as also shown in **Exhibit 27**.

Overall, we project that revenue will be S\$83.6 million in FY2027 and S\$91.4 million in FY2028.

Exhibit 27: Projected Revenue (1H FY2027 to 2H FY2028)

(in S\$ unless indicated otherwise)	Actual						Projection			
	1H FY2024	2H FY2024	1H FY2025	2H FY2025	1H FY2026	2H FY2026	1H FY2027	2H FY2027	1H FY2028	2H FY2028
Consumable tools / non-USA revenue	23,919,661	23,807,247	25,454,226	24,970,843	28,621,142	31,776,754	30,739,107	34,508,618	33,381,763	36,468,023
WFE parts / USA revenue	5,432,831	4,728,639	7,082,255	7,703,351	6,752,997	8,373,119	8,223,993	10,154,741	9,973,885	11,583,067
Revenue	29,352,492	28,535,886	32,536,481	32,674,194	35,374,139	40,149,873	38,963,100	44,663,359	43,355,647	48,051,090
Consumable Tools / non-USA:										
Consumable Tools / Non-USA	23,919,661	23,807,247	25,454,226	24,970,843	28,621,142	31,776,754	30,739,107	34,508,618	33,381,763	36,468,023
Consumable Tools / Non-USA (period one year ago)	26,501,752	22,052,204	23,919,661	23,807,247	25,454,226	24,970,843	28,621,142	31,776,754	30,739,107	34,508,618
Y-o-y change	(9.7%)	8.0%	6.4%	4.9%	12.4%	27.3%	7.4%	8.6%	8.6%	5.7%
Silicon wafer shipments (in Million Square Inches or "MSI")	6,006	5,869	6,396	6,223	6,750	6,848	7,250	7,437	7,873	7,859
Silicon wafer shipments (in MSI; period one year ago)	7,330	6,596	6,006	5,869	6,396	6,223	6,750	6,848	7,250	7,437
Y-o-y change	(18.1%)	(11.0%)	6.5%	6.0%	5.5%	10.0%	7.4%	8.6%	8.6%	5.7%
WFE Parts / USA:										
WFE Parts / USA	5,432,831	4,728,639	7,082,255	7,703,351	6,752,997	8,373,119	8,223,993	10,154,741	9,973,885	11,583,067
WFE Parts / USA (period one year ago)	10,412,683	8,055,354	5,432,831	4,728,639	7,082,255	7,703,351	6,752,997	8,373,119	8,223,993	10,154,741
Y-o-y change	(47.8%)	(41.3%)	30.4%	62.9%	(4.6%)	8.7%	21.8%	21.3%	21.3%	14.1%
Equipment billings (total excl. China; in US\$ B)	30.42	28.47	39.13	43.50	42.24	54.18	51.44	65.71	62.39	74.95
Equipment billings (total excl. China; in US\$ B; one year ago)	42.39	39.23	30.42	28.47	39.13	43.50	42.24	54.18	51.44	65.71
Y-o-y change	(28.2%)	(27.4%)	28.6%	52.8%	7.9%	24.6%	21.8%	21.3%	21.3%	14.1%
Equipment billings (total; in US\$ B)	53.60	53.20	63.94	65.12	69.93	77.08	89.28	93.48	108.27	106.63
Deduct: Equipment billings (China; in US\$ B)	(23.18)	(24.73)	(24.81)	(21.62)	(27.69)	(22.90)	(37.84)	(27.77)	(45.89)	(31.68)
Equipment billings (total excl. China; in US\$ B)	30.42	28.47	39.13	43.50	42.24	54.18	51.44	65.71	62.39	74.95

Source: MMH, SEMI, FPA

Gross profit:

We assume that gross margin will trend with Consumable Tools (non-USA) as a percentage of revenue. Thus, we project that gross profit will be S\$20.2 million in 1H FY2027, S\$22.7 million in 2H FY2027 (S\$43.0 million in FY2027), S\$22.0 million in 1H FY2028, and S\$24.0 million in 2H FY2028 (S\$46.1 million in FY2028), as shown in **Exhibit 28**.

Exhibit 28: Projected Gross Profit (1H FY2027 to 2H FY2028)

(in S\$)	Actual						Projection			
	1H FY2024	2H FY2024	1H FY2025	2H FY2025	1H FY2026	2H FY2026	1H FY2027	2H FY2027	1H FY2028	2H FY2028
Gross profit	13,932,384	13,253,706	15,966,931	16,251,583	18,134,842	20,800,270	20,247,662	22,744,431	22,003,986	24,048,623
Divide by: Revenue	29,352,492	28,535,886	32,536,481	32,674,194	35,374,139	40,149,873	38,963,100	44,663,359	43,355,647	48,051,090
Gross margin	47.5%	46.4%	49.1%	49.7%	51.3%	51.8%	52.0%	50.9%	50.8%	50.0%
Consumable tools as a % of revenue	81.5%	83.4%	78.2%	76.4%	80.9%	79.1%	78.9%	77.3%	77.0%	75.9%

Source: MMH, FPA

(II) EARNINGS PROJECTION**Operating expenses:**

We assume that, as percentages of revenue, all three operating expenses from 1H FY2027 to 2H FY2028 will remain the same as in 2H FY2026, as shown in **Exhibit 29**.

Exhibit 29: Projected Operating Expenses (1H FY2027 to 2H FY2028)

(in S\$)	Actual						Projection			
	1H FY2024	2H FY2024	1H FY2025	2H FY2025	1H FY2026	2H FY2026	1H FY2027	2H FY2027	1H FY2028	2H FY2028
Distribution expenses	(1,403,108)	(1,470,073)	(1,573,913)	(1,434,813)	(1,623,711)	(1,838,788)	(1,784,436)	(2,045,497)	(1,985,606)	(2,200,649)
Administrative expenses	(4,569,347)	(4,558,304)	(4,790,651)	(4,741,021)	(5,227,864)	(4,979,675)	(4,832,483)	(5,539,470)	(5,377,278)	(5,959,641)
Other operating expenses	(1,931,657)	(1,810,937)	(1,690,841)	(1,747,187)	(1,796,908)	(2,054,662)	(1,993,929)	(2,285,639)	(2,218,717)	(2,459,005)
Operating expenses	(7,904,112)	(7,839,314)	(8,055,405)	(7,923,021)	(8,648,483)	(8,873,125)	(8,610,848)	(9,870,606)	(9,581,601)	(10,619,295)

As % of revenue:

Distribution expenses	4.8%	5.2%	4.8%	4.4%	4.6%	4.6%	4.6%	4.6%	4.6%	4.6%
Administrative expenses	15.6%	16.0%	14.7%	14.5%	14.8%	12.4%	12.4%	12.4%	12.4%	12.4%
Other operating expenses	6.6%	6.3%	5.2%	5.3%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
Operating expenses	26.9%	27.5%	24.8%	24.2%	24.4%	22.1%	22.1%	22.1%	22.1%	22.1%

Source: MMH, FPA

Other income, finance income, and finance expense:

We assume no foreign exchange gain or loss from 1H FY2027 to 2H FY2028.

For other income, we assume: (1) no gain on disposal of Property, Plant, and Equipment from 1H FY2027 to 2H FY2028; and (2) "Others" in other income from 1H FY2027 to 2H FY2028 will be the average from 1H FY2024 to 2H FY2026. Rental income ceased from October 2024 (2Q FY2025). Government grants may no longer rise to S\$53.0K like in 2H FY2024 or to S\$37.2K like in 2H FY2023, years after COVID-19. Accordingly, we assume that government grants from 1H FY2027 to 2H FY2028 will be the same as in 2H FY2026.

In September 2026, [the U.S. Federal Open Market Committee \("FOMC"\) raised the federal funds range to 3.75–4.00%](#). The U.S. Federal Reserve also released the Summary of Economic Projections, in which [the median projected federal funds rate was indicated to be 4.1% in end-2026, and 4.1% in end-2027](#).

J.P. Morgan also noted later in September 2026 that it ["forecasts another quarter-point raise in December"](#). Meanwhile, Morgan Stanley noted that they ["now expect two additional quarter point rate hikes in December and March, taking the Fed's target rate range from 4.25 to 4.5 percent"](#).

Accordingly, we assume that the U.S. Federal Reserve will raise the federal funds range by 25 bps in December 2026 and March 2027. We also assume that the annualised effective interest on interest income from 1H FY2027 to 2H FY2028 will trend in line with the average EFFR. We discuss our projected cash & cash equivalents on the next page.

We assume that bank charges, unwind of discount on restoration cost provision, and interest expense on lease liabilities from 1H FY2027 to 2H FY2028 will be the respective averages from 1H FY2024 to 2H FY2026.

Our projections of other income, finance income, and finance expense from 1H FY2027 to 2H FY2028 are shown in **Exhibit 30**.

Exhibit 30: Projected Other Income, Finance Income, and Finance Expense (1H FY2027 to 2H FY2028)

(in S\$)	Actual						Projection			
	1H FY2024	2H FY2024	1H FY2025	2H FY2025	1H FY2026	2H FY2026	1H FY2027	2H FY2027	1H FY2028	2H FY2028
Gain/(loss) on disposal of property, plant and equipment	9,560	4,627	2,213	3,385	3,999	-	-	-	-	-
Rental income	62,690	61,794	32,743	68	-	-	-	-	-	-
Government grant	16,990	53,016	12,186	16,985	5,597	15,366	15,366	15,366	15,366	15,366
Exchange gain	-	-	-	-	-	-	-	-	-	-
Interest income from banks and others	-	-	-	-	-	-	-	-	-	-
Others	104,905	100,036	131,353	127,888	139,206	207,283	135,112	135,112	135,112	135,112
Other income	194,145	219,473	178,495	148,326	148,802	222,649	150,478	150,478	150,478	150,478

(in S\$)	Actual						Projection			
	1H FY2024	2H FY2024	1H FY2025	2H FY2025	1H FY2026	2H FY2026	1H FY2027	2H FY2027	1H FY2028	2H FY2028
Interest income from banks and others	109,859	83,534	118,908	109,552	109,197	95,726	105,088	126,421	136,761	142,673
Foreign currency exchange losses, net/(gains, net)	-	-	(64,054)	-	-	-	-	-	-	-
Finance income	109,859	83,534	182,962	109,552	109,197	95,726	105,088	126,421	136,761	142,673

Effective interest on interest income:

Interest income from banks and others	109,859	83,534	118,908	109,552	109,197	95,726	105,088	126,421	136,761	142,673
Cash and cash equivalents at the end of period	14,825,828	16,409,971	20,069,790	23,132,344	27,081,545	29,978,938	30,345,929	31,703,808	32,684,951	34,472,500
Effective interest in interest income (annualised)	1.5%	1.0%	1.2%	1.0%	0.8%	0.6%	0.7%	0.8%	0.8%	0.8%

Average effective federal funds rate	5.3%	5.3%	5.0%	4.3%	4.1%	3.6%	3.8%	4.3%	4.4%	4.4%
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(in S\$)	Actual						Projection			
	1H FY2024	2H FY2024	1H FY2025	2H FY2025	1H FY2026	2H FY2026	1H FY2027	2H FY2027	1H FY2028	2H FY2028
Bank charges	46,650	42,634	47,826	44,499	46,606	44,358	45,429	45,429	45,429	45,429
Unwind of discount on restoration cost provision	9,099	9,351	9,612	9,880	10,154	10,437	9,756	9,756	9,756	9,756
Interest expense on lease liabilities	96,826	73,700	47,500	36,670	79,356	86,763	70,136	70,136	70,136	70,136
Foreign currency exchange losses, net/(gains, net)	151,225	86,578	118,641	192,014	102,595	59,007	-	-	-	-
Finance expense	303,800	212,263	223,579	283,063	238,711	200,565	125,320	125,320	125,320	125,320

Source: MMH, U.S. Federal Reserve, Federal Reserve Bank of New York (EFFRs), FPA

For reference, our projections of cash & cash equivalents from 1H FY2027 to 2H FY2028, based on projections that follow afterwards, are shown in **Exhibit 31**.

Exhibit 31: Projected Cash & Cash Equivalents (1H FY2027 to 2H FY2028)

(in S\$)	Actual						Projection			
	1H FY2024	2H FY2024	1H FY2025	2H FY2025	1H FY2026	2H FY2026	1H FY2027	2H FY2027	1H FY2028	2H FY2028
Summarised cash flows statement:										
Net cash from operating activities	6,990,859	7,587,021	9,630,487	8,863,699	9,433,135	9,480,236	11,221,813	12,191,368	11,804,293	12,604,787
Net cash used in investing activities	(1,177,268)	(1,068,255)	(1,061,886)	(380,068)	(687,548)	(1,237,830)	(5,894,912)	(5,873,579)	(5,863,239)	(5,857,327)
Net cash used in financing activities	(4,945,686)	(4,982,127)	(4,956,084)	(4,939,762)	(4,988,859)	(5,627,770)	(4,959,911)	(4,959,911)	(4,959,911)	(4,959,911)
Net (decrease)/ increase in cash and cash equivalents	867,905	1,536,639	3,612,517	3,543,869	3,756,728	2,614,636	366,991	1,357,879	981,143	1,787,549
Cash and cash equivalents at beginning of period	14,122,013	14,825,828	16,409,971	20,069,790	23,132,344	27,081,545	29,978,938	30,345,929	31,703,808	32,684,951
Effect of exchange rate fluctuations on cash held	(164,091)	47,504	47,302	(481,315)	192,473	282,757	-	-	-	-
Cash and cash equivalents at the end of period	14,825,828	16,409,971	20,069,790	23,132,344	27,081,545	29,978,938	30,345,929	31,703,808	32,684,951	34,472,500
Cash flows statement:										
Profit for the period	4,113,506	3,924,610	6,031,345	6,364,123	6,857,173	9,051,703	8,842,867	9,788,504	9,457,020	10,218,174
Adjustments for non-cash items	5,292,833	4,970,619	5,203,592	5,049,846	5,646,953	5,949,783	6,078,272	6,369,646	6,249,690	6,495,479
Operating profit before changes in working capital	9,406,339	8,895,229	11,234,937	11,413,969	12,504,126	15,001,486	14,921,139	16,158,150	15,706,709	16,713,653
Changes in working capital	(680,594)	428,238	341,803	(787,767)	(684,246)	(2,987,798)	(730,178)	(730,178)	(730,178)	(730,178)
Cash generated from operations	8,725,745	9,323,467	11,576,740	10,626,202	11,819,880	12,013,688	14,190,961	15,427,972	14,976,531	15,983,475
Retirement benefits adjustment/(paid)	-	-	(48,409)	(145)	(41,500)	738	(44,955)	297	(44,955)	297
Income tax paid	(1,734,886)	(1,736,446)	(1,897,844)	(1,762,358)	(2,345,245)	(2,534,190)	(2,924,193)	(3,236,900)	(3,127,284)	(3,378,985)
Net cash from operating activities	6,990,859	7,587,021	9,630,487	8,863,699	9,433,135	9,480,236	11,221,813	12,191,368	11,804,293	12,604,787
Purchase of property, plant and equipment	(1,297,795)	(1,163,778)	(1,182,873)	(476,314)	(799,166)	(1,340,799)	(6,000,000)	(6,000,000)	(6,000,000)	(6,000,000)
Proceeds from disposal of property, plant and equipment	15,793	6,834	2,219	3,386	4,000	-	-	-	-	-
Proceeds from disposal of assets held for sale	-	-	-	-	-	-	-	-	-	-
Deposits pledged (investing)	-	-	-	-	-	-	-	-	-	-
Interest received	104,734	88,689	118,768	46,341	107,618	49,694	105,088	126,421	136,761	142,673
Net cash used in investing activities	(1,177,268)	(1,068,255)	(1,061,886)	(380,068)	(687,548)	(1,237,830)	(5,894,912)	(5,873,579)	(5,863,239)	(5,857,327)
Interest paid	(96,826)	(73,700)	(47,500)	(36,670)	(79,356)	(86,763)	(70,136)	(70,136)	(70,136)	(70,136)
Payment of lease liabilities	(677,904)	(723,646)	(737,628)	(746,716)	(738,547)	(733,470)	(726,319)	(726,319)	(726,319)	(726,319)
Dividends paid	(4,170,956)	(4,170,954)	(4,170,956)	(4,170,954)	(4,170,956)	(4,170,954)	(4,163,456)	(4,163,456)	(4,163,456)	(4,163,456)
Treasury shares acquired	-	-	-	-	-	(636,583)	-	-	-	-
Deposits pledged (financing)	-	(13,827)	-	14,578	-	-	-	-	-	-
Net cash used in financing activities	(4,945,686)	(4,982,127)	(4,956,084)	(4,939,762)	(4,988,859)	(5,627,770)	(4,959,911)	(4,959,911)	(4,959,911)	(4,959,911)

Source: MMH, FPA

Key assumptions used to project cash & cash equivalents include:

- Capital expenditure ("CapEx") of S\$6.0 million in each of 1H FY2027 to 2H FY2028, given that MMH noted in its latest AR, "In FY2027, we expect to invest S\$12.0 million to support the five-year plan by expanding operations in markets where our customers are growing, and by investing in next-generation processes and smarter manufacturing." (We assume that CapEx will also remain at S\$12.0 million in FY2028.)
- Semi-annual DPS (in cents) remaining at 3.0 in each of 1H FY2027 to 2H FY2028, given that MMH may be conserving cash for an expansion of its WFE parts segment—a scenario which we indicated as a catalyst in our [previous update](#).

Profit before tax:

Accordingly, we project profit before tax to be S\$11.8 million in 1H FY2027, S\$13.0 million in 2H FY2027 (totalling S\$24.8 million in FY2027), S\$12.6 million in 1H FY2028, and S\$13.6 million in 2H FY2028 (totalling S\$26.2 million in FY2028), as shown in **Exhibit 32**.

Exhibit 32: Projected Profit Before Tax (1H FY2027 to 2H FY2028)

(in S\$)	Actual						Projection			
	1H FY2024	2H FY2024	1H FY2025	2H FY2025	1H FY2026	2H FY2026	1H FY2027	2H FY2027	1H FY2028	2H FY2028
Gross profit	13,932,384	13,253,706	15,966,931	16,251,583	18,134,842	20,800,270	20,247,662	22,744,431	22,003,986	24,048,623
Other income	194,145	219,473	178,495	148,326	148,802	222,649	150,478	150,478	150,478	150,478
Distribution expenses	(1,403,108)	(1,470,073)	(1,573,913)	(1,434,813)	(1,623,711)	(1,838,788)	(1,784,436)	(2,045,497)	(1,985,606)	(2,200,649)
Administrative expenses	(4,569,347)	(4,558,304)	(4,790,651)	(4,741,021)	(5,227,864)	(4,979,675)	(4,832,483)	(5,539,470)	(5,377,278)	(5,959,641)
Other operating expenses	(1,931,657)	(1,810,937)	(1,690,841)	(1,747,187)	(1,796,908)	(2,054,662)	(1,993,929)	(2,285,639)	(2,218,717)	(2,459,005)
Results from operating activities	6,222,417	5,633,865	8,090,021	8,476,888	9,635,161	12,149,794	11,787,292	13,024,303	12,572,862	13,579,806
Finance income	109,859	83,534	182,962	109,552	109,197	95,726	105,088	126,421	136,761	142,673
Finance expense	(303,800)	(212,263)	(223,579)	(283,063)	(238,711)	(200,565)	(125,320)	(125,320)	(125,320)	(125,320)
Profit before tax	6,028,476	5,505,136	8,049,404	8,303,377	9,505,647	12,044,955	11,767,060	13,025,405	12,584,303	13,597,159

Source: MMH, FPA

Tax expense:

We assume that the effective tax rate from 1H FY2027 to 2H FY2028 will be 24.9%, the same as in 2H FY2026, as shown in **Exhibit 33**.

Exhibit 33: Projected Tax Expense (1H FY2027 to 2H FY2028)

(in S\$)	Actual						Projection			
	1H FY2024	2H FY2024	1H FY2025	2H FY2025	1H FY2026	2H FY2026	1H FY2027	2H FY2027	1H FY2028	2H FY2028
Tax expense	1,914,970	1,580,526	2,018,059	1,939,254	2,648,474	2,993,252	2,924,193	3,236,900	3,127,284	3,378,985
Divide by: Profit before tax	6,028,476	5,505,136	8,049,404	8,303,377	9,505,647	12,044,955	11,767,060	13,025,405	12,584,303	13,597,159
Effective tax rate	31.8%	28.7%	25.1%	23.4%	27.9%	24.9%	24.9%	24.9%	24.9%	24.9%

Source: MMH, FPA

Profit after tax and EPS:

After deducting tax expense from profit before tax, we project that profit after tax would be S\$8.8 million in 1H FY2027, S\$9.8 million in 2H FY2027 (totalling S\$18.6 million in FY2027), S\$9.5 million in 1H FY2028, and S\$10.2 million in 2H FY2028 (totalling S\$19.7 million in FY2028), as shown in **Exhibit 34**.

We assume that the weighted average number of shares from 1H FY2027 to 2H FY2028 will be 138,781,881, the total number of issued shares (excluding treasury shares) as at 2 July 2026 (1 day after 1 July 2026, the start of 1H FY2027). Thus, we project EPS (in cents) to be 6.37 in 1H FY2027, 7.05 in 2H FY2027 (totalling 13.42 in FY2027), 6.81 in 1H FY2028, and 7.36 in 2H FY2028 (totalling 14.18 in FY2028), as also shown in **Exhibit 34**.

Exhibit 34: Projected Profit After Tax and Earnings Per Share (1H FY2027 to 2H FY2028)

(in S\$ unless indicated otherwise)	Actual						Projection			
	1H FY2024	2H FY2024	1H FY2025	2H FY2025	1H FY2026	2H FY2026	1H FY2027	2H FY2027	1H FY2028	2H FY2028
Profit before tax	6,028,476	5,505,136	8,049,404	8,303,377	9,505,647	12,044,955	11,767,060	13,025,405	12,584,303	13,597,159
Tax expense	(1,914,970)	(1,580,526)	(2,018,059)	(1,939,254)	(2,648,474)	(2,993,252)	(2,924,193)	(3,236,900)	(3,127,284)	(3,378,985)
Profit after tax	4,113,506	3,924,610	6,031,345	6,364,123	6,857,173	9,051,703	8,842,867	9,788,504	9,457,020	10,218,174
Weighted average number of ordinary shares	139,031,881	139,031,881	139,031,881	139,031,881	139,031,881	138,970,838	138,781,881	138,781,881	138,781,881	138,781,881
Diluted EPS (SGD in cent)	2.96	2.82	4.34	4.58	4.93	6.51	6.37	7.05	6.81	7.36

Source: MMH, FPA

(III) DIVIDEND PROJECTION

Given that MMH declared DPS (in cents) of 3.0 for 2H FY2026, below our projection of 6.0 for 2H FY2026 as indicated in our [previous update \(dated August 2026\)](#), we consider it likely that MMH may be accumulating cash for an expansion of its WFE parts segment—a scenario which we indicated as a catalyst in our previous update. Accordingly, we assume that MMH will continue to declare DPS (in cents) of 6.0 for each of FY2027 and FY2028 (or 3.0 for each of 1H FY2027 to 2H FY2028).

Our projections of MMH's financial performance for FY2027 & FY2028 are shown in **Exhibit 35**.

Exhibit 35: Projected Financial Performance (FY2027 & FY2028)

(in S\$ unless indicated otherwise)	Actual			Projection	
	FY2024	FY2025	FY2026	FY2027	FY2028
Consumable tools / non-USA revenue	47,726,908	50,425,069	60,397,896	65,247,724	69,849,786
WFE parts / USA revenue	10,161,470	14,785,606	15,126,116	18,378,734	21,556,951
Revenue	57,888,378	65,210,675	75,524,012	83,626,458	91,406,738
Cost of sales	(30,702,288)	(32,992,161)	(36,588,900)	(40,634,365)	(45,354,129)
Gross profit	27,186,090	32,218,514	38,935,112	42,992,094	46,052,609
Other income	413,618	326,821	371,451	300,956	300,956
Distribution expenses	(2,873,181)	(3,008,726)	(3,462,499)	(3,829,933)	(4,186,255)
Administrative expenses	(9,127,651)	(9,531,672)	(10,207,539)	(10,371,953)	(11,336,919)
Other operating expenses	(3,742,594)	(3,438,028)	(3,851,570)	(4,279,568)	(4,677,722)
Results from operating activities	11,856,282	16,566,909	21,784,955	24,811,596	26,152,669
Finance income	193,393	228,460	204,923	231,510	279,434
Finance expense	(516,063)	(442,588)	(439,276)	(250,640)	(250,640)
Profit before tax	11,533,612	16,352,781	21,550,602	24,792,465	26,181,462
Tax expense	(3,495,496)	(3,957,313)	(5,641,726)	(6,161,094)	(6,506,269)
Profit after tax	8,038,116	12,395,468	15,908,876	18,631,371	19,675,194
Weighted average number of ordinary shares	139,031,881	139,031,881	139,005,629	138,781,881	138,781,881
Diluted EPS (SGD in cent)	5.78	8.92	11.44	13.42	14.18
Dividend Per Share ("DPS" in cents)	6.00	6.00	6.00	6.00	6.00

Source: MMH, FPA

VALUATION ANALYSIS

(I) PEER COMPARISON ANALYSIS

We performed a peer comparison analysis to review how MMH is faring against industry peers in terms of current valuation metrics. We selected some SGX-listed peer companies that may also be involved in the semiconductor industry.

Below, we list the selected companies to compare with MMH (along with a brief description of each company) as follows:

i. Venture Corporation (“Venture”; SGX:V03)

According to Venture, it is a [“leading provider of technology services, products and solutions”](#). Venture added that it has “deep know-how and expertise in various technology domains” including “life science, genomics, molecular diagnostics, medical devices and equipment, healthcare, luxury lifestyle and wellness technology, test and measurement instrumentation, networking and communications, semiconductor equipment, advanced industrial as well as computing, printing and imaging technology.” Venture deals with semiconductor-related equipment. Based on its latest AR, [two customers individually contributed over 10% of its total revenue in its most recent FY.](#)

ii. AEM Holdings Limited (“AEM”; SGX:AWX)

According to AEM, it provides [“the most comprehensive semiconductor and electronics test solutions based on the best-in-class technologies, processes, and customer support.”](#) Based on its latest AR, [one customer contributed around 38.1% of its revenue in its most recent FY.](#)

iii. UMS Integration Limited (“UMS”; SGX:558)

According to UMS, it is a [“one-stop strategic integration partner providing equipment manufacturing and engineering services to Original Equipment Manufacturers of semiconductors and related products.”](#) UMS added that its semiconductor business is “focused on front-end semiconductor equipment contract manufacturing.” Based on its latest AR, [its largest customer contributed over 50% of its semiconductor segment revenue \(which comprised around 85.5% of its total revenue\) in its most recent FY.](#)

iv. Frencken Group (“Frencken”; SGX:E28)

According to Frencken, it is a [“Global Integrated Technology Solutions Company that serves world-class multinational companies in the aerospace, analytical life sciences, automotive, healthcare, industrial and semiconductor industries.”](#) Based on its latest AR, [its three largest customers contributed around 47.7% of its total revenue in its most recent FY.](#)

The results of our peer comparison analysis are shown in **Exhibit 36**.

Exhibit 36: Peer Comparison Analysis

Company	Currency	Stock Symbol	Price (S\$) as at 25 Sept '26	Market Cap (S\$ million)	Diluted EPS (cents)	P/E	DPS (cents)	Dividend Yield (%)	NAV per share (S\$)	P/B
Micro-Mechanics (Holdings) ("MMH")	SGD	5DD	2.720	377.5	11.44	23.8 x	6.00	2.21%	0.41	6.57 x
Peer companies:										
Venture Corporation ("Venture")	SGD	V03	16.720	4,804.0	80.9	20.7 x	80.00	4.78%	9.64	1.73 x
AEM Holdings Limited ("AEM")	SGD	AWX	9.610	3,068.9	14.05	68.4 x	3.70	0.39%	1.68	5.72 x
UMS Integration Limited ("UMS")	SGD	558	2.720	2,415.8	6.84	39.7 x	5.00	1.84%	0.50	5.42 x
Frencken Group ("Frencken")	SGD	E28	2.630	1,245.5	8.97	29.3 x	2.75	1.05%	1.13	2.32 x
Peer average						39.5 x		2.01%		3.80 x

Note: Market capitalisation based on [share price × total issued shares excluding treasury shares (most recent source)]. Diluted EPS and DPS based on Trailing Twelve-Month ("TTM") of most recent financial statements. NAV per share based on last disclosed figures. Peer averages exclude nil values.

Source: SGX Stock Screener, respective companies, FPA

(a) P/E multiple

Based on **Exhibit 36**, MMH is currently trading at a P/E multiple of 23.8x, which is lower than the peer average P/E of 39.5x. This suggests that MMH is undervalued at its current share price. Adopting a relative valuation approach, we estimate a target price of S\$4.524 if MMH is to trade at the peer average P/E of 39.5x as follows:

$$\begin{aligned}
 \text{Estimated target price (P/E multiple)} &= \text{Peer average P/E} \times \text{TTM EPS} \\
 &= 39.5 \times \text{S\$}0.1144 \\
 &= \text{S\$}4.524
 \end{aligned}$$

The estimated target price of S\$4.524 represents an upside potential of 66.3% from the current share price of S\$2.720.

(b) P/B multiple

Based on **Exhibit 36**, MMH is currently trading at a P/B multiple of 6.57x, which is higher than the peer average P/B of 3.80x. This suggests that MMH is overvalued at its current share price. Adopting a relative valuation approach, we estimate a target price of S\$1.571 if MMH is to trade at the peer average P/B of 3.80x as follows:

$$\begin{aligned}
 \text{Estimated target price (P/B multiple)} &= \text{Peer average P/B} \times \text{NAV per share} \\
 &= 3.80 \times \text{S\$}0.4138 \\
 &= \text{S\$}1.571
 \end{aligned}$$

The estimated target price of S\$1.571 represents a downside potential of 42.2% from the current share price of S\$2.720.

(c) Dividend yield

Based on **Exhibit 36**, MMH's current yield of 2.21% is more attractive than the peer average yield of 2.01%. This suggests that MMH is undervalued at its current share price. Adopting a relative valuation approach, we estimate a target price of S\$2.980 if MMH is to trade at the peer average yield of 2.01% as follows:

$$\begin{aligned}\text{Estimated target price (Dividend yield)} &= \frac{\text{TTM DPS}}{\text{Peer average yield}} \\ &= \frac{\text{S\$0.0600}}{2.01\%} \\ &= \text{S\$2.980}\end{aligned}$$

The estimated target price of S\$2.980 represents an upside potential of 9.6% from the current share price of S\$2.720.

(d) Target price

From our analysis, MMH seems to be undervalued in terms of its P/E multiple and dividend yield, but overvalued in terms of its P/B multiple. By averaging our estimated target prices based on P/E multiple, P/B multiple, and dividend yield, we derive an overall target price of S\$3.025 as follows:

$$\begin{aligned}\text{Overall target price} &= \frac{1}{3} \times [\text{Est. target price (P/E multiple)} + \text{Est. target price (P/B multiple)} \\ &\quad + \text{Est. target price (Dividend yield)}] \\ &= \frac{1}{3} \times [\text{S\$4.524} + \text{S\$1.571} + \text{S\$2.980}] \\ &= \text{S\$3.025}\end{aligned}$$

The overall target price of S\$3.025 represents an upside potential of 11.2% from the current share price of S\$2.720.

Further context on each of MMH's peers, as well as their valuation metrics, can be found in our [local semiconductor industry report dated May 2026](#).

(II) HISTORICAL VALUATION ANALYSIS

We also conduct a historical valuation analysis based on valuation metrics over the past five FYs, as shown in **Exhibit 37**.

Exhibit 37: Historical Valuation Metrics (1Q FY2022 to 4Q FY2026)

Period	Results Release Date ("RRD")	Share price (RRD + 7 days)	Diluted EPS (cents)	TTM EPS (cents)	P/E multiple	DPS (cents)	TTM DPS (cents)	Dividend yield	NAV per share (cents)	P/B multiple
4Q FY2026	26 Aug '26	2.660	3.79	11.44	23.2 x	3.0	6.0	2.26%	41.38	6.43 x
3Q FY2026	28 Apr '26	3.030	2.72	9.94	30.5 x	-	6.0	1.98%	37.76	8.03 x
2Q FY2026	29 Jan '26	1.620	2.66	9.51	17.0 x	3.0	6.0	3.70%	37.82	4.28 x
1Q FY2026	30 Oct '25	1.730	2.27	8.97	19.3 x	-	6.0	3.47%	37.93	4.56 x
4Q FY2025	28 Aug '25	1.790	2.29	8.92	20.1 x	3.0	6.0	3.35%	35.40	5.06 x
3Q FY2025	29 Apr '25	1.610	2.29	8.12	19.8 x	-	6.0	3.73%	33.83	4.76 x
2Q FY2025	25 Jan '25	1.760	2.12	7.16	24.6 x	3.0	6.0	3.41%	34.76	5.06 x
1Q FY2025	30 Oct '24	1.740	2.21	6.05	28.7 x	-	6.0	3.45%	35.15	4.95 x
4Q FY2024	29 Aug '24	1.480	1.50	5.78	25.6 x	3.0	6.0	4.05%	33.14	4.47 x
3Q FY2024	30 Apr '24	1.450	1.33	5.72	25.4 x	-	6.0	4.14%	31.58	4.59 x
2Q FY2024	29 Jan '24	1.700	1.02	5.57	30.5 x	3.0	6.0	3.53%	33.01	5.15 x
1Q FY2024	30 Oct '23	1.780	1.94	5.91	30.1 x	-	9.0	5.06%	35.46	5.02 x
4Q FY2023	28 Aug '23	1.890	1.43	7.03	26.9 x	3.0	9.0	4.76%	33.40	5.66 x
3Q FY2023	28 Apr '23	1.990	1.18	9.81	20.3 x	-	14.0	7.04%	32.29	6.16 x
2Q FY2023	30 Jan '23	2.230	1.36	11.81	18.9 x	6.0	14.0	6.28%	37.20	5.99 x
1Q FY2023	28 Oct '22	2.680	3.05	13.73	19.5 x	-	14.0	5.22%	44.84	5.98 x
4Q FY2022	27 Aug '22	3.250	4.22	14.25	22.8 x	8.0	14.0	4.31%	41.94	7.75 x
3Q FY2022	29 Apr '22	3.070	3.18	13.47	22.8 x	-	14.0	4.56%	37.89	8.10 x
2Q FY2022	28 Jan '22	3.330	3.28	13.29	25.0 x	6.0	14.0	4.20%	40.69	8.18 x
1Q FY2022	28 Oct '21	3.290	3.57	13.22	24.9 x	-	14.0	4.26%	45.47	7.24 x
Maximum					30.5 x				7.04%	8.18 x
Minimum					17.0 x				1.98%	4.28 x
Average					23.8 x				4.14%	5.87 x

Source: MMH, Yahoo! Finance, FPA

(a) P/E multiple

Based on **Exhibit 37**, MMH is currently trading at a P/E multiple of 23.8x (23.77x), which is lower than the historical average P/E of 23.8x (23.80x). This suggests that MMH is undervalued at its current share price. Adopting a relative valuation approach, we estimate a target price of S\$2.724 if MMH is to trade at the historical average P/E of 23.8x as follows:

$$\begin{aligned}
 \text{Estimated target price (Historical P/E)} &= \text{Historical average P/E} \times \text{TTM EPS} \\
 &= 23.8 \times \text{S\$0.1144} \\
 &= \text{S\$2.724}
 \end{aligned}$$

The estimated target price of S\$2.724 represents an upside potential of 0.1% from the current share price of S\$2.720.

(b) P/B multiple

Based on **Exhibit 37**, MMH is currently trading at a P/B multiple of 6.57x, which is higher than the historical average P/B of 5.87x. This suggests that MMH is overvalued at its current share price. Adopting a relative valuation approach, we estimate a target price of S\$2.430 if MMH is to trade at the historical average P/B of 5.87x as follows:

$$\begin{aligned}\text{Estimated target price (Historical P/B)} &= \text{Historical average P/B} \times \text{NAV per share} \\ &= 5.87 \times \text{S\$}0.4138 \\ &= \text{S\$}2.430\end{aligned}$$

The estimated target price of S\$2.430 represents a downside potential of 10.7% from the current share price of S\$2.720.

(c) Dividend yield

Based on **Exhibit 37**, MMH's current yield of 2.21% is less attractive than the historical average yield of 4.14%. This suggests that MMH is overvalued at its current share price. Adopting a relative valuation approach, we estimate a target price of S\$1.450 if MMH is to trade at the historical average yield of 4.14% as follows:

$$\begin{aligned}\text{Estimated target price (Dividend yield)} &= \frac{\text{TTM DPS}}{\text{Historical average yield}} \\ &= \frac{\text{S\$}0.0600}{4.14\%} \\ &= \text{S\$}1.450\end{aligned}$$

The estimated target price of S\$1.450 represents a downside potential of 46.7% from the current share price of S\$2.720.

(d) Target price

From our analysis, MMH seems to be undervalued in terms of its historical average P/E, but overvalued in terms of its historical average P/B and yield. By averaging our estimated target prices based on historical average P/E, P/B, and yield, we derive an overall target price of S\$2.201 as follows:

$$\begin{aligned}\text{Overall target price} &= \frac{1}{3} \times [\text{Est. target price (Historical P/E)} + \text{Est. target price (Historical P/B)} \\ &\quad + \text{Est. target price (Historical yield)}] \\ &= \frac{1}{3} \times [\text{S\$}2.724 + \text{S\$}2.430 + \text{S\$}1.450] \\ &= \text{S\$}2.201\end{aligned}$$

The overall target price of S\$2.201 represents a downside potential of 19.1% from the current share price of S\$2.720.

However, MMH's earnings prospects may have improved amid the recent AI-related technological advances that may have raised longer-term demand for semiconductor chips and related equipment. Accordingly, we consider that historical valuation metrics may no longer be as reliable an indicator of MMH's future valuation, such that we favour the target price of S\$3.025 (upside potential of 11.2%) derived from peer comparison analysis over the target price of S\$2.201 (downside potential of 19.1%) derived from our historical valuation analysis.

POTENTIAL CATALYSTS

(I) ADVANCEMENT OF SEMICONDUCTOR NODES

According to the International Roadmap for Devices and Systems (“IRDS”), [semiconductor nodes were expected to advance from “2nm” in 2025 to “1.5nm” in 2028](#). As nodes become increasingly advanced, the stringency of requirements that WFE suppliers may request will likely rise such that fewer firms may be able to keep pace with the market.

MMH’s CEO noted though in October 2025 that, “Drawing on the experience gained through the U.S. operations of MMUS,” “the Company has strengthened its capabilities in areas required by next-generation suppliers, including precision, speed, cost efficiency, cleanliness, and consistency.”

The CEO added that “Management expects these advancements to benefit the organisation as a whole and uniquely position it to capture growth across the traditional packaging, advanced packaging, assembly and test, and WFE segments as these markets continue to converge.”

Should MMUS keep pace with the node transitions while managing costs, MMUS may secure a larger market share over time such that WFE Parts revenue rises. Accordingly, MMH’s revenue may rise.

(II) LOCALISATION OF SEMICONDUCTOR SUPPLY CHAINS

[BT reported in November 2025 that, “Lately, Micro-Mechanics’ Suzhou-based manufacturing plant has become the largest revenue driver for the business.”](#) BT noted that, in 1Q FY2026, MMH’s revenue from China “surged 19.3 per cent year on year to S\$6.1 million, comprising 36.2 per cent of total revenue.”

BT cited MMH’s CEO as noting that “Countries like China are realising how important semiconductors are to their own national interests and are accelerating localisation of their supply chains”. BT also cited from the CEO that the “domestic emphasis” “is a tailwind for the company’s operations in China.”

MMH likewise noted in October 2025, in its responses to shareholders’ questions, that it “expects the localisation of supply chains to be a key growth driver, as industry players continue to establish or strengthen their domestic supply chains across all product segments.”

Even though the semiconductor industry as a whole may grow less efficient, the localisation of semiconductor supply chains may mean that each of MMH’s facilities may see a rise in local orders, thus an increase in revenue.

(III) POTENTIAL EXPANSION OF WFE PARTS SEGMENT

The CEO noted in October 2025 that MMH aims to “achieve a more balanced contribution” between the Consumable Tools and WFE Parts segments. Should WFE Parts revenue rise to be the same as that of Consumable Tools revenue in FY2026, WFE Parts revenue would need to rise by 299.3% to S\$60.4 million from S\$15.1 million in FY2026.

Accordingly, should MMH pursue the expansion of its WFE parts segment, WFE Parts revenue may rise.

INVESTMENT RECOMMENDATION

MMH is currently trading at a P/E multiple of 23.8x, which is lower than the peer average P/E of 39.5x. This suggests that MMH is undervalued at its current share price. Adopting a relative valuation approach, we estimate a target price of S\$4.524 if MMH is to trade at the peer average P/E of 39.5x.

MMH is currently trading at a P/B multiple of 6.57x, which is higher than the peer average P/B of 3.80x. This suggests that MMH is overvalued at its current share price. Adopting a relative valuation approach, we estimate a target price of S\$1.571 if MMH is to trade at the peer average P/B of 3.80x.

MMH's current yield of 2.21% is more attractive than the peer average yield of 2.01%. This suggests that MMH is undervalued at its current share price. Adopting a relative valuation approach, we estimate a target price of S\$2.980 if MMH is to trade at the peer average yield of 2.01%.

By averaging our estimated target prices based on P/E multiple, P/B multiple, and dividend yield, we derive an overall target price of S\$3.025 as follows:

$$\begin{aligned}\text{Overall target price} &= \frac{1}{3} \times [\text{Est. target price (P/E multiple)} + \text{Est. target price (P/B multiple)} \\ &\quad + \text{Est. target price (Dividend yield)}] \\ &= \frac{1}{3} \times [\text{S\$4.524} + \text{S\$1.571} + \text{S\$2.980}] \\ &= \text{S\$3.025}\end{aligned}$$

The overall target price of S\$3.025 represents an upside potential of 11.2% from the current share price of S\$2.720.

Given how MMH's share price has already risen by 51.1% over the last twelve months, and the limited upside potential based on our target price, we recommend a hold.

There are also risks to our target price, which we discuss on the next page.

RISKS TO TARGET PRICE

(I) LOWER-THAN-EXPECTED DEMAND FOR ARTIFICIAL INTELLIGENCE (“AI”) COMPUTE

In August 2026, Financial Times (“FT”) reported that [Goldman Sachs estimated hyperscalers have “totted up a massive \\$1.5tn of lease commitments, of which about \\$1tn doesn’t appear in the financial statements”](#). FT noted, “This is a hefty increase from total lease commitments of about \$200bn just five years ago, and an even larger estimate than Goldman came up with just last month (when it estimated \$1.2tn of leases, of which \$750bn hadn’t commenced yet).”

FT also noted that, “Of course, all this will be fine if the massive data centre investments pay off.” FT quipped, though, “But at some point those capex returns do kinda need to materialise, surely?”

Later, in September 2026, FT reported, [“Big Tech companies are rapidly expanding their use of guarantees to back debt for AI data centres and chips, issuing up to \\$300bn in commitments in less than a year while recording little of that exposure on their balance sheets.”](#) FT also noted, “The rise of guarantees adds a layer of exposure if Big Tech’s multitrillion-dollar bet on AI does not pay off because of disappointing usage, an oversupply of computing power or the failure to build sustainable business models around the technology.”

Should there be lower-than-expected demand for AI compute, semiconductor-related companies that accumulated debt and over-invested in AI-related infrastructure such as Graphics Processing Units (“GPUs”) may, as noted by BBC News in November 2025, [go “bust”](#). Industry-wide credit risks may rise, resulting in an increase in interest rates and finance costs such that the surviving semiconductor-related companies may scale back demand for advanced semiconductor chips, or the WFE that produces advanced semiconductor chips, from what may currently be elevated levels. Accordingly, WFE Parts revenue may fall.

The resulting sector downturn could also weaken global growth and slow consumer spending on consumer electronics. Accordingly, demand for semiconductor chips may fall, such that demand for and revenue from consumable tools used to manufacture chips may, in tandem, fall.

(II) DEPRECIATION OF USD AGAINST SGD

In its latest AR, MMH noted that a 10% strengthening of SGD against USD would lead to profit falling by S\$454,504 in FY2026 and S\$324,113 in FY2025.

Based on Yahoo! Finance data, over the last twelve months, USD has depreciated against SGD by 1.1% to a USD-to-SGD exchange rate of 1.280 as at 25 September 2026 from 1.294 as at 26 September 2025. Over the past five years, USD has also depreciated by 5.4% from 1.353 as at 27 September 2021. Should USD continue to depreciate against SGD, MMH may incur foreign exchange loss. Assuming all else (e.g., gross profit, operating expenses) remains equal, MMH’s profit after tax would thus be adversely affected.

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