

TECHNOLOGY EQUIPMENT EQUITY RESEARCH PRICE PERFORMANCE

MICRO-MECHANICS (HOLDINGS) LTD

SGX: 5DD

Bloomberg: MMH:SP

ISIN code: SG1O09910991

Country: Singapore

Industry: Technology Equipment

14 March 2025

RECOMMENDATION: HOLD

Current price: S\$1.59

Target price: S\$1.67

Issued units: 139 million (31 Dec 2024)

Market capitalisation: S\$221 million

52-week range: S\$1.370 - S\$1.790



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 as at 31 December 2024. Besides designing & manufacturing consumable tools & parts used for the assembly & testing of semiconductors, MMH also does contract manufacturing of precision tools & parts used for wafer fabrication equipment ("WFE").

SUMMARY

For the six months ended 31 December 2024 (1H FY2025), MMH's revenue rose by 10.8% from S\$29.4 million in 1H FY2024 to S\$32.5 million in 1H FY2025, in line with the rise in silicon wafer shipments. Gross profit rose more-than-proportionately by 14.6% from S\$13.9 million in 1H FY2024 to S\$16.0 million in 1H FY2025, generally in line with the rise in non-USA revenue which has a lower cost of sales. Profit after tax & for the period rose by 46.6% from S\$4.1 million in 1H FY2024 to S\$6.0 million in 1H FY2025. Accordingly, Earnings Per Share (basic & diluted "EPS" in cents) rose by 46.6% from 2.96 in 1H FY2024 to 4.34 in 1H FY2025. MMH declared a Dividend Per Share ("DPS" in cents) of 3.00 in 1H FY2025 (payout ratio of 69.2%), unchanged from 3.00 in 1H FY2024.

RECOMMENDATION

MMH is currently trading at a P/E multiple of 22.2x which is higher than the peer average P/E of 21.7x. This suggests that MMH is overvalued at the current share price. MMH's current dividend yield of 3.77% is more attractive than the peer average yield of 3.37%. This suggests that MMH is undervalued at the current share price. By averaging our estimated target prices based on P/E multiple and dividend yield, we derive an overall target price of S\$1.67 which implies an upside potential of 4.8% from the current share price of S\$1.59. The upside potential may improve should MMH's Trailing Twelve-Month ("TTM") diluted EPS & TTM DPS rise as projected by us, especially if MMH keeps pace with the advancement of semiconductor nodes or declares higher-than-projected DPS. However, the limited upside potential based on peer comparison analysis using current valuation metrics may justify only a hold.

KEY FINANCIALS	Revenue	Earnings ⁽¹⁾	EPS ⁽²⁾	P/E	DPS	Dividend Yield	NAV per share	P/B
Year ended 30 June	(S\$ million)	(S\$ million)	(cents)	(x)	(cents)	(%)	(cents)	(x)
2023 Actual	67.0	9.8	7.03	22.6	9.00	5.66%	33.40	4.76
2024 Actual	57.9	8.0	5.78	27.5	6.00	3.77%	33.14	4.80
2025 Forecast	64.8	11.4	8.21	19.4	7.00	4.40%	34.76 ⁽³⁾	4.57
2026 Forecast	72.5	12.4	8.95	17.8	9.00	5.66%	n.a.	n.a.

Note: P/E, P/B and dividend yield based on current share price of S\$1.59. n.a. = not available.

⁽¹⁾ Profit after tax & for the period.

⁽²⁾ Diluted Earnings Per Share (TTM).

⁽³⁾ As at 31 December 2024.

Source: MMH, FPA

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¹ Note: to navigate this update report, you can click on the relevant section in the Table of Contents, or any reference to an Exhibit (e.g., **Exhibit 36**) or page number (e.g., page 35). Also, references to external sources (e.g., "SEMI forecasted in October 2024") may be clickable.

FINANCIAL ANALYSIS

(I) FINANCIAL REVIEW

In this section, we review the financial performance of Micro-Mechanics (Holdings) Ltd (“MMH”) for the six months ended 31 December 2024 (1H FY2025).

Revenue:

Revenue rose by 10.8% from S\$29.4 million in 1H FY2024 to S\$32.5 million in 1H FY2025.

Consumable tools revenue rose by 6.4% from S\$23.9 million in 1H FY2024 to S\$25.5 million in 1H FY2025, in line with silicon wafer shipments (reported by Semiconductor Equipment & Materials International or “SEMI”) rising by 6.5% from 6,006 Million Square Inches (“MSI”) in 1H FY2024 to 6,397 MSI in 1H FY2025.

As a proxy for consumable tools revenue (which was reported only from 1Q FY2025), non-USA revenue rose by 9.1% from S\$23.1 million in 1H FY2024 to S\$25.2 million in 1H FY2025. MMH produces at its non-USA plants consumable tools used for assembly & testing of semiconductor chips.

Non-USA revenue generally fluctuated in line with wafer shipments from 1H FY2022 to 1H FY2025 as shown in **Exhibit 1**.

MMH previously noted that their non-USA revenue is mainly driven by semiconductor chip volume (instead of industry revenue) as their customers (IDMs & OSATs)¹ may replace the tools & parts after every set number of semiconductor chips manufactured to minimise contamination and maximise yield. We also note that wafer shipments may reflect semiconductor chip volume as silicon wafers are the material on which semiconductor chips are etched.

Exhibit 1: Consumable Tools & Non-USA Revenues (C. T.: 1H FY2024 & 1H FY2025; non-USA: 1H FY2022 to 1H FY2025)

(in S\$ '000)	Actual		1H FY2025 v 1H FY2024	
	1H FY2025 (ended 31 Dec)	1H FY2024 (ended 31 Dec)	Absolute Change	Change (%)
Consumable tools revenue	25,454	23,920	1,535	6.4%
Silicon wafer shipments (MSI)	6,397	6,006	391	6.5%
Consumable tools revenue	25,454	23,920	1,535	6.4%
Non-USA revenue (proxy for consumable tools)	25,241	23,140	2,101	9.1%
Difference (%)	(0.8%)	(3.3%)	-	-

(in S\$ '000 unless otherwise stated)	Actual						
	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Non-USA rev. (proxy for consumable tools; in S\$ '000)	25,241	24,587	23,140	22,052	26,502	32,168	32,704
Non-USA rev. (proxy for consumable tools; previous year)	23,140	22,052	26,502	32,168	32,704	28,642	28,615
Y-o-y growth (%)	9.1%	11.5%	(12.7%)	(31.4%)	(19.0%)	12.3%	14.3%
Silicon wafer shipments (in Million Sq. Inches or “MSI”)	6,397	5,869	6,006	6,596	7,330	7,383	7,294
Silicon wafer shipments (previous year)	6,006	6,596	7,330	7,383	7,294	6,871	6,335
Y-o-y growth (%)	6.5%	(11.0%)	(18.1%)	(10.7%)	0.5%	7.5%	15.1%

Source: MMH’s financials, SEMI, FPA

¹ IDMs (or Integrated Device Manufacturers) are companies that does both the design of integrated circuits & manufacture of semiconductor chips. OSATs (or Outsourced Semiconductor Assembly & Test) are companies that engages in back-end processes like assembly & testing.

In fact, non-USA revenue from 1Q FY2022 to 1Q FY2025 seemed to be a leading indicator of wafer shipments in the next quarter (such that wafer shipments may serve as a lagging indicator of non-USA revenue) as shown in **Exhibit 2**.

Exhibit 2: Non-USA Revenue vs Silicon Wafer Shipments (1Q FY2022 to 2Q FY2025)



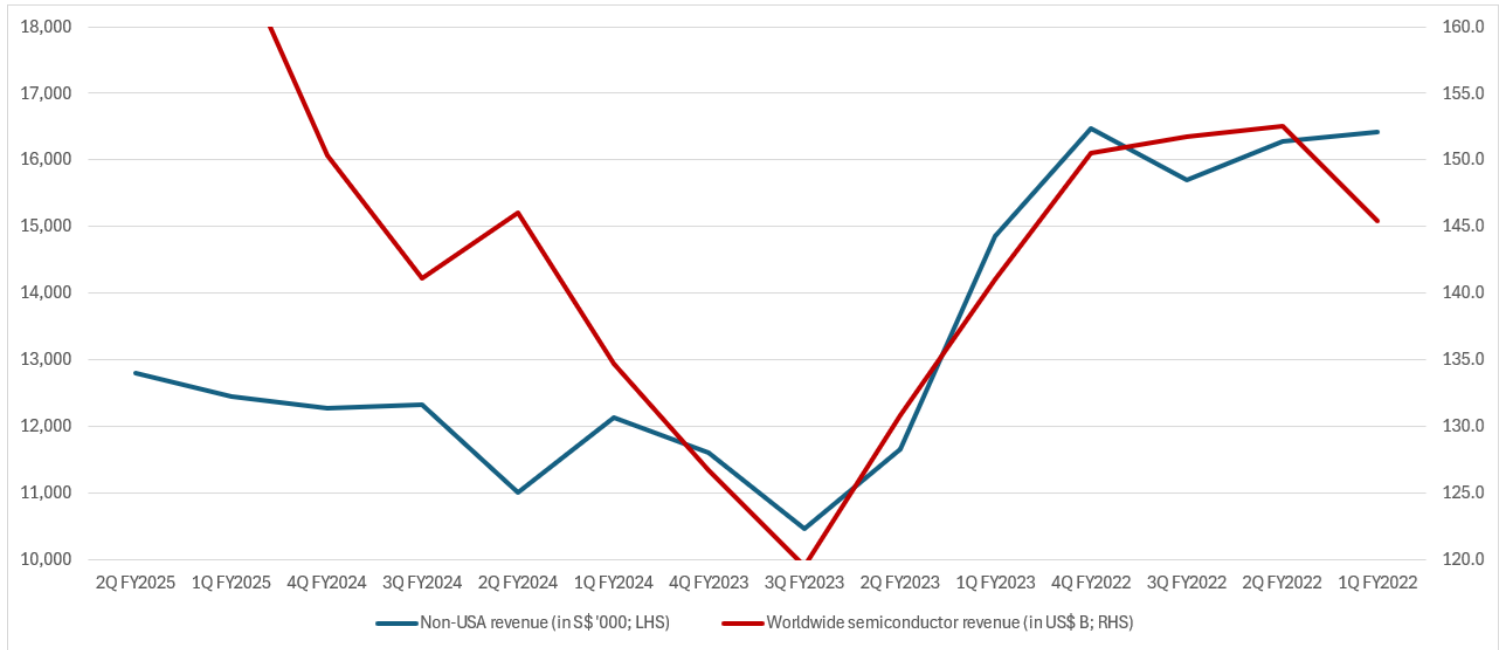
(in S\$ '000 unless otherwise stated)	Actual						
	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
1Q	12,439		12,129		14,849		16,425
2Q	12,802		11,011		11,653		16,279
3Q		12,323		10,450		15,701	
4Q		12,264		11,603		16,467	
Non-USA revenue (proxy for consumable tools)	25,241	24,587	23,140	22,052	26,502	32,168	32,704
1Q	3,214		3,010		3,741		3,649
2Q	3,183		2,996		3,589		3,645
3Q		2,834		3,265		3,679	
4Q		3,035		3,331		3,704	
Silicon wafer shipments (in MSI)	6,397	5,869	6,006	6,596	7,330	7,383	7,294
Y-o-y growth (%):							
1Q	2.6%		(18.3%)		(9.6%)		17.6%
2Q	16.3%		(5.5%)		(28.4%)		11.1%
3Q		17.9%		(33.4%)		13.5%	
4Q		5.7%		(29.5%)		11.2%	
Non-USA revenue (proxy for consumable tools)	9.1%	11.5%	(12.7%)	(31.4%)	(19.0%)	12.3%	14.3%
1Q	6.8%		(19.5%)		2.5%		16.4%
2Q	6.2%		(16.5%)		(1.5%)		13.9%
3Q		(13.2%)		(11.3%)		10.2%	
4Q		(8.9%)		(10.1%)		4.8%	
Silicon wafer shipments	6.5%	(11.0%)	(18.1%)	(10.7%)	0.5%	7.5%	15.1%

Note: for comparability with the presentation of financial statements, tables & graphs done by us in the financial analysis & financial projections sections are presented in left-to-right chronological order,

Source: MMH's financials, SEMI, FPA

Meanwhile, MMH's non-USA revenue may show higher correlation with silicon wafer shipments (top) as compared with worldwide semiconductor revenue (bottom) from 1Q FY2022 to 2Q FY2025 as shown in **Exhibit 3**.

Exhibit 3: Non-USA Revenue vs Wafer Shipments & Semiconductor Revenue (1Q FY2022 to 2Q FY2025)



Note: Semiconductor revenue scaled for visual comparability such that the trend from 1Q FY2022 to 4Q FY2023 fits that of non-USA revenue in the same period.

Source: MMH's financials, WSTS, FPA

Wafer Fabrication Equipment (“WFE”) parts revenue rose by 30.4% from S\$5.4 million in 1H FY2024 to S\$7.1 million in 1H FY2025. As a proxy for WFE parts revenue (which was reported only from 1Q FY2025), USA revenue rose by 17.4% from S\$6.2 million in 1H FY2024 to S\$7.3 million in 1H FY2025. MMH produces WFE parts at its USA plant.

Semiconductor equipment billings (reported by SEMI) fell by 1.8% from US\$54.20 billion in 1H FY2022 to US\$53.20 billion in 2H FY2024. However, USA revenue showed a larger decrease of 51.4% in the same period from S\$8.1 million in 1H FY2022 to S\$3.9 million in 2H FY2024, although it recovered to S\$7.3 million in 1H FY2025 (10.2% below USA revenue in 1H FY2022).

The discrepancy between the declines in equipment billings & USA revenue may be partially explained by the growth in Chinese equipment billings. Over the same period, equipment billings in China rose by 60.1% from US\$15.45 billion in 1H FY2022 to US\$24.73 billion in 2H FY2024, in line with China’s pursuit of self-sufficiency in semiconductor manufacturing in recent years.

MMH noted previously that it has refrained from exporting to China from the U.S. or vice-versa to minimise its odds of being impacted by trade or other restrictions in view of the ongoing geopolitical tensions.

Excluding China, equipment billings fell by 36.1% from US\$38.75 billion in 1H FY2022 to US\$28.47 billion in 2H FY2024—more in line with the decrease in non-USA revenue of 51.4% over the same period.

We also note that USA revenue generally fluctuated in line with equipment billings (excluding China) from 1H FY2022 to 2H FY2024 as may be seen in **Exhibit 4**. The quarterly breakdowns of USA revenue and equipment billings (including & excluding China) from 1Q FY2022 to 2Q FY2025 are shown in **Exhibit 5**.

Exhibit 4: WFE Parts & USA Revenues (WFE Parts: 1H FY2024 & 1H FY2025; USA: 1H FY2022 to 1H FY2025)

(in S\$ '000)	Actual		1H FY2025 v 1H FY2024	
	1H FY2025 (ended 31 Dec)	1H FY2024 (ended 31 Dec)	Absolute Change	Change (%)
WFE parts revenue	7,082	5,433	1,649	30.4%
USA revenue (proxy for WFE parts)	7,295	6,213	1,083	17.4%
Difference (%)	3.0%	14.4%	-	-

(in respective units)	Actual						
	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
USA revenue (proxy for WFE parts; in S\$'000)	7,295	3,949	6,213	8,055	10,413	9,464	8,129
USA revenue (proxy for WFE parts; previous year)	6,213	8,055	10,413	9,464	8,129	8,191	8,280
Y-o-y growth (%)	17.4%	(51.0%)	(40.3%)	(14.9%)	28.1%	15.5%	(1.8%)
Equipment billings (in US\$ B)	n.a.	53.20	53.60	52.65	56.53	51.12	54.20
Equipment billings (previous year)	53.60	52.65	56.53	51.12	54.20	48.44	38.84
Y-o-y growth (%)	n.a.	1.0%	(5.2%)	3.0%	4.3%	5.5%	39.5%
Less: Equipment billings (China; in US\$ B)	n.a.	(24.73)	(23.18)	(13.42)	(14.14)	(14.13)	(15.45)
Less: Equipment billings (China; previous year)	(23.18)	(13.42)	(14.14)	(14.13)	(15.45)	(14.18)	(10.64)
Y-o-y growth (%)	n.a.	84.3%	63.9%	(5.0%)	(8.5%)	(0.4%)	45.2%
Equipment billings (excluding China; in US\$ B)	n.a.	28.47	30.42	39.23	42.39	36.99	38.75
Equipment billings (excluding China; previous year)	30.42	39.23	42.39	36.99	38.75	34.26	28.20
Y-o-y growth (%)	n.a.	(27.4%)	(28.2%)	6.1%	9.4%	8.0%	37.4%

n.a. = not available. From 2021 to 2024, SEMI reported annual equipment billings (from which 4Q billings can be derived) in April.
Source: MMH’s financials, SEMI, FPA

Exhibit 5: USA Revenue (1Q FY2022 to 2Q FY2025)

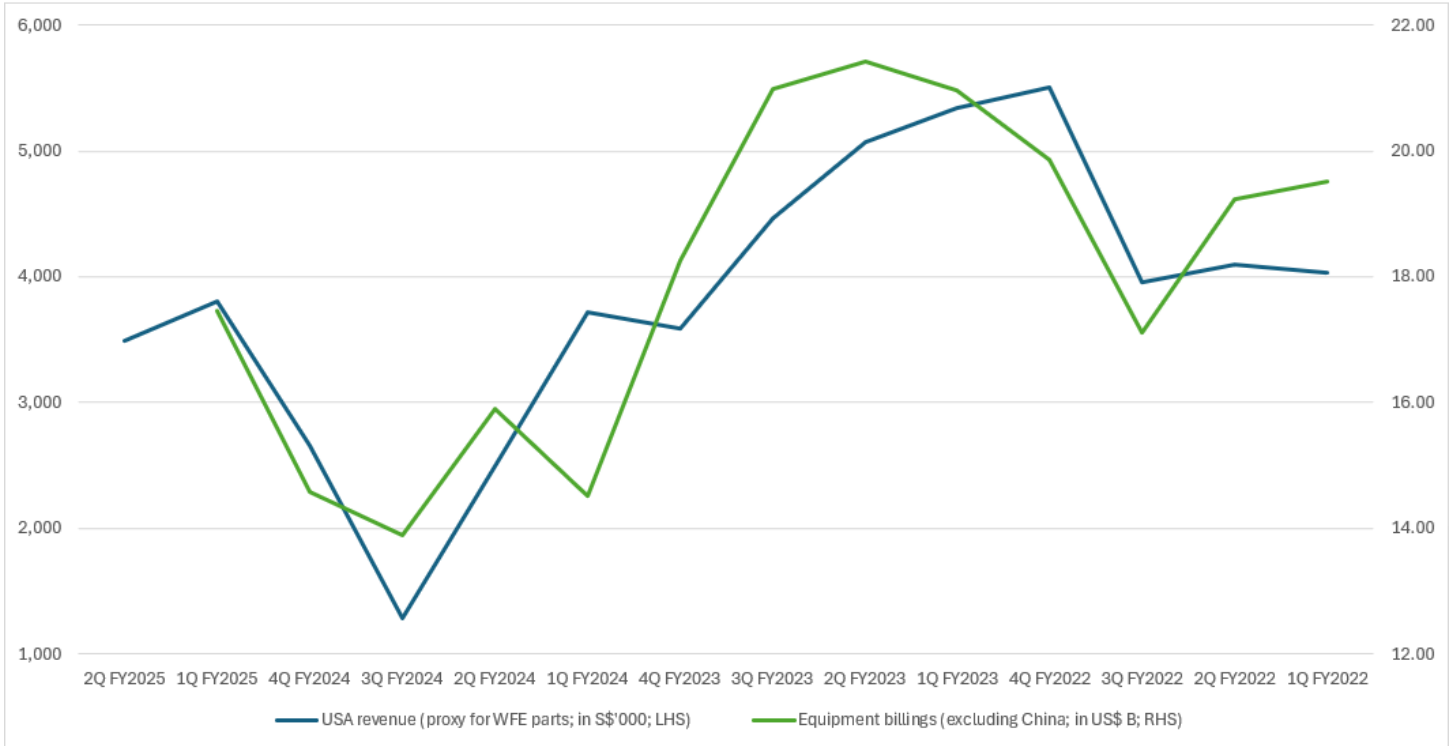
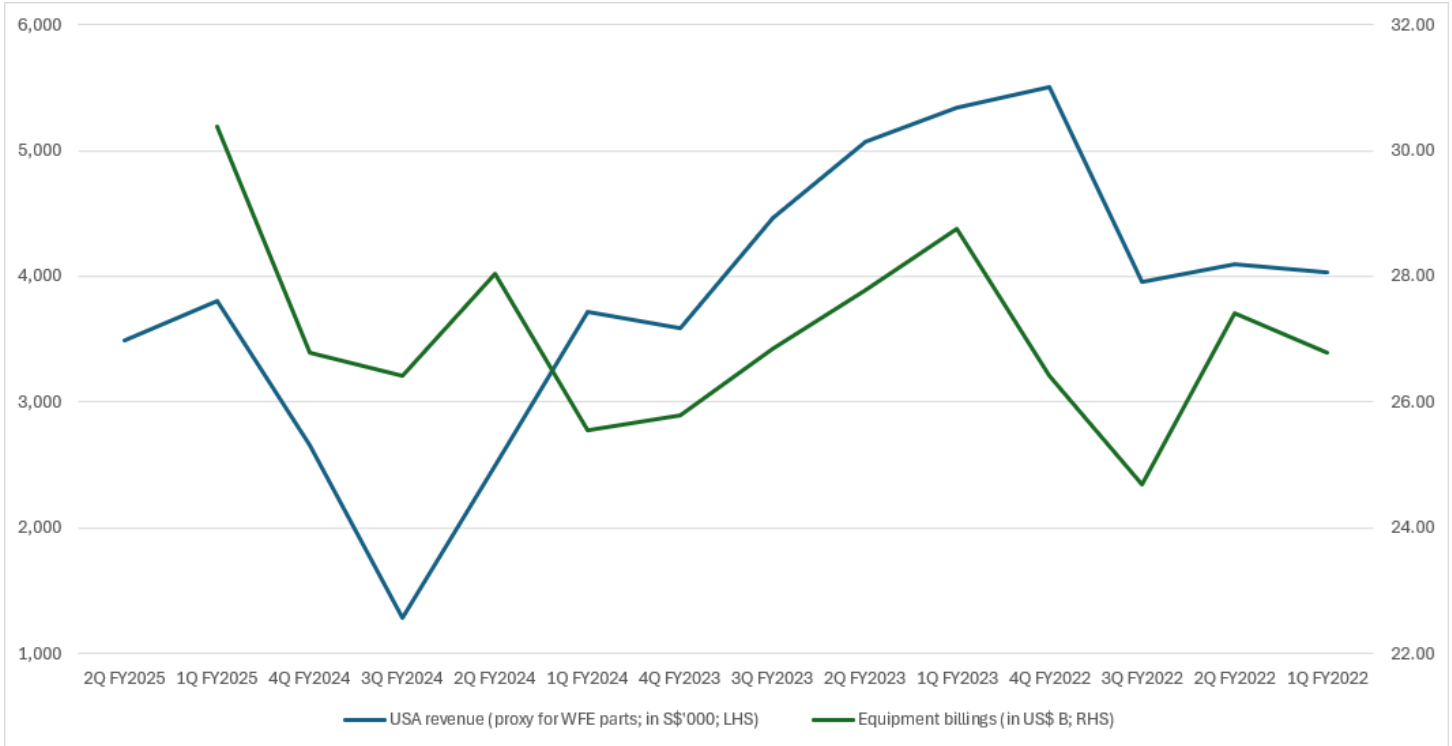
(in S\$ '000 unless otherwise stated)	Actual						1H FY2022
	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	
1Q	3,803		3,721		5,345		4,035
2Q	3,492		2,491		5,068		4,093
3Q		1,287		4,462		3,962	
4Q		2,661		3,593		5,502	
USA revenue (proxy for WFE parts)	7,295	3,949	6,213	8,055	10,413	9,464	8,129
1Q	30.38		25.56		28.75		26.79
2Q	n.a.		28.04		27.78		27.41
3Q		26.42		26.85		24.69	
4Q		26.78		25.80		26.43	
Equipment billings (in US\$ B)	n.a.	53.20	53.60	52.65	56.53	51.12	54.20
1Q	(12.93)		(11.05)		(7.78)		(7.27)
2Q	n.a.		(12.13)		(6.36)		(8.18)
3Q		(12.52)		(5.87)		(7.57)	
4Q		(12.21)		(7.55)		(6.56)	
Less: Equipment billings (China; in US\$ B)	n.a.	(24.73)	(23.18)	(13.42)	(14.14)	(14.13)	(15.45)
1Q	17.45		14.51		20.97		19.52
2Q	n.a.		15.91		21.42		19.23
3Q		13.90		20.98		17.12	
4Q		14.57		18.25		19.87	
Equipment billings (excluding China; in US\$ B)	n.a.	28.47	30.42	39.23	42.39	36.99	38.75
Y-o-y growth (%):							
1Q	2.2%		(30.4%)		32.5%		(3.5%)
2Q	40.2%		(50.8%)		23.8%		(0.1%)
3Q		(71.2%)		12.6%		2.6%	
4Q		(25.9%)		(34.7%)		27.1%	
USA revenue (proxy for WFE parts)	17.4%	(51.0%)	(40.3%)	(14.9%)	28.1%	15.5%	(1.8%)
1Q	18.9%		(11.1%)		7.3%		38.2%
2Q	n.a.		0.9%		1.3%		40.9%
3Q		(1.6%)		8.7%		4.8%	
4Q		3.8%		(2.4%)		6.3%	
Equipment billings	n.a.	1.0%	(5.2%)	3.0%	4.3%	5.5%	39.5%
1Q	17.0%		42.0%		7.0%		29.4%
2Q	n.a.		90.7%		(22.2%)		62.9%
3Q		113.3%		(22.5%)		27.0%	
4Q		61.7%		15.1%		(20.2%)	
Less: Equipment billings (China)	n.a.	84.3%	63.9%	(5.0%)	(8.5%)	(0.4%)	45.2%
1Q	20.3%		(30.8%)		7.4%		41.9%
2Q	n.a.		(25.7%)		11.4%		33.2%
3Q		(33.7%)		22.5%		(2.8%)	
4Q		(20.2%)		(8.2%)		19.3%	
Equipment billings (excluding China)	n.a.	(27.4%)	(28.2%)	6.1%	9.4%	8.0%	37.4%

n.a. = not available. From 2021 to 2024, SEMI reported annual equipment billings (from which 4Q billings can be derived) in April.

Source: MMH's financials, SEMI, FPA

As shown in **Exhibit 6**, USA revenue showed limited correlation with equipment billings (including China; top) from 1Q FY2022 to 1Q FY2025. However, USA revenue generally fluctuated with equipment billings (excluding China; bottom) in the same period.

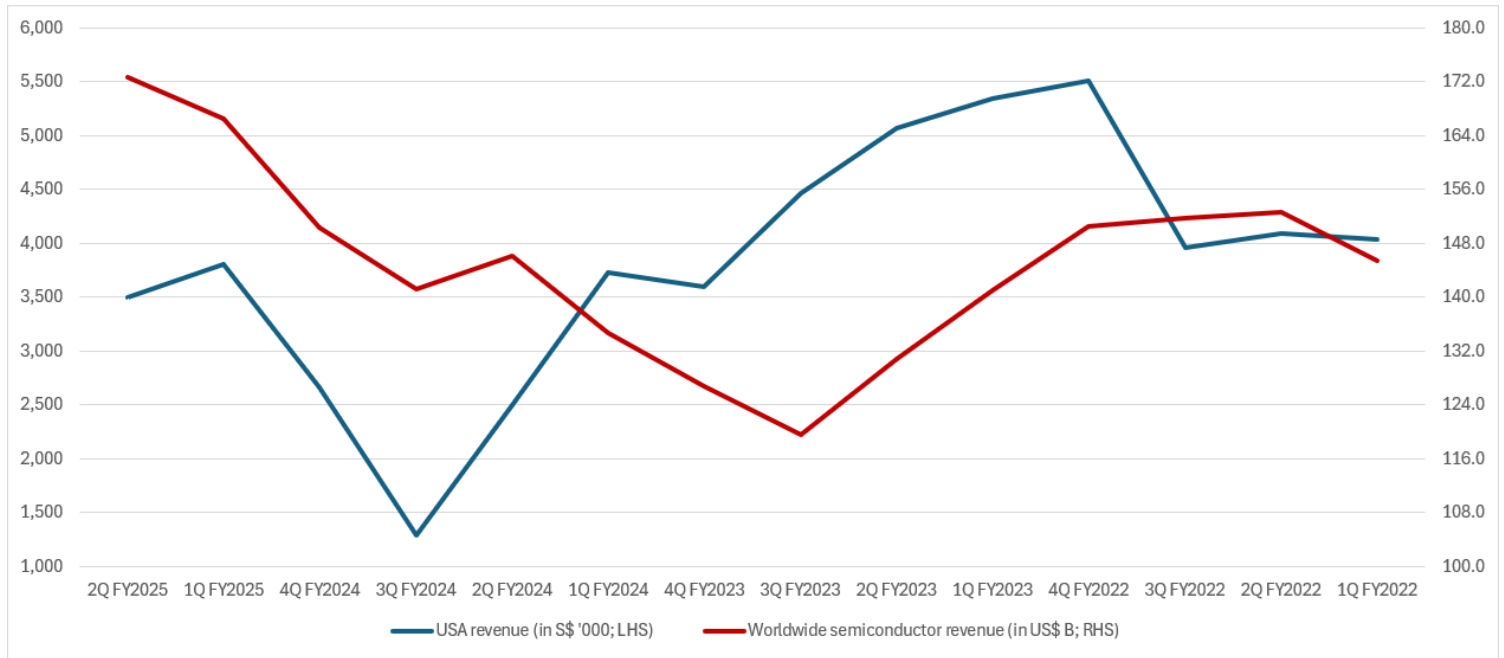
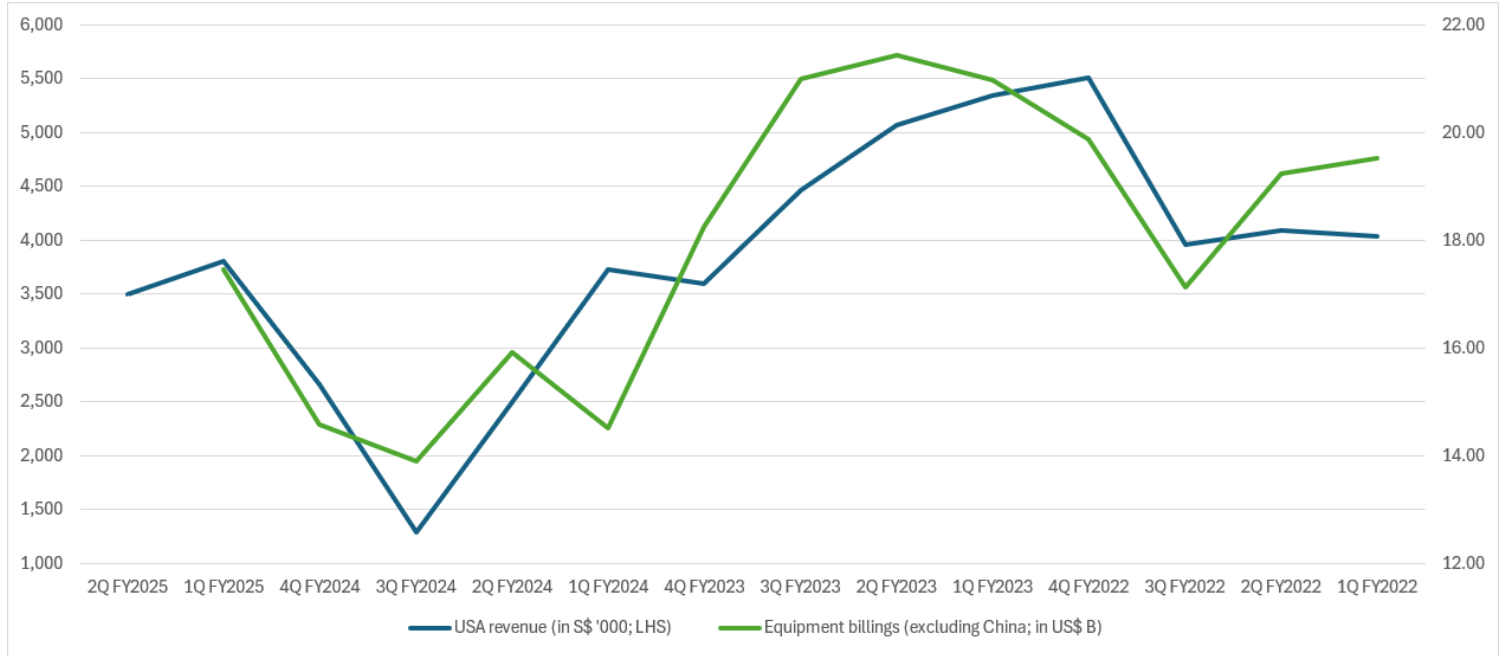
Exhibit 6: USA Revenue vs Equipment Billings (including & excluding China) (1Q FY2022 to 2Q FY2025)



Source: MMH's financials, SEMI, WSTS, FPA

We also note that MMH's USA revenue may show higher correlation with equipment billings (excluding China; top) as compared with worldwide semiconductor revenue (bottom) from 1Q FY2022 to 2Q FY2025 as shown in **Exhibit 7**.

Exhibit 7: USA Revenue vs Equipment Billings (excluding China) & Semiconductor Revenue (1Q FY2022 to 2Q FY2025)



Note: Semiconductor revenue scaled such that the magnitude of decline from 4Q FY2022 to 3Q FY2023 is visually comparable with that of USA revenue in the same period.

Source: MMH's financials, WSTS, FPA

Gross profit:

Gross profit rose by 14.6% from S\$13.9 million in 1H FY2024 to S\$16.0 million in 1H FY2025 as shown in **Exhibit 8**. In line with the more-than-proportional increase in gross profit as compared to the rise in revenue, gross margin rose from 47.5% in 1H FY2024 to 49.1% in 1H FY2025.

Annual changes in gross margin showed higher correlation with Year-on-Year (“y-o-y”) growth of non-USA revenue than with that of USA revenue from 1Q FY2022 to 2Q FY2025 as shown in **Exhibit 9**.

MMH previously noted that the cost of sales for non-USA revenue (proxy for consumable tools revenue) is lower due to lower material costs. Thus, we expect the gross margin of non-USA revenue to be higher than that of USA revenue (proxy for WFE parts revenue).

Exhibit 8: Gross Margin (1H FY2022 to 1H FY2025)

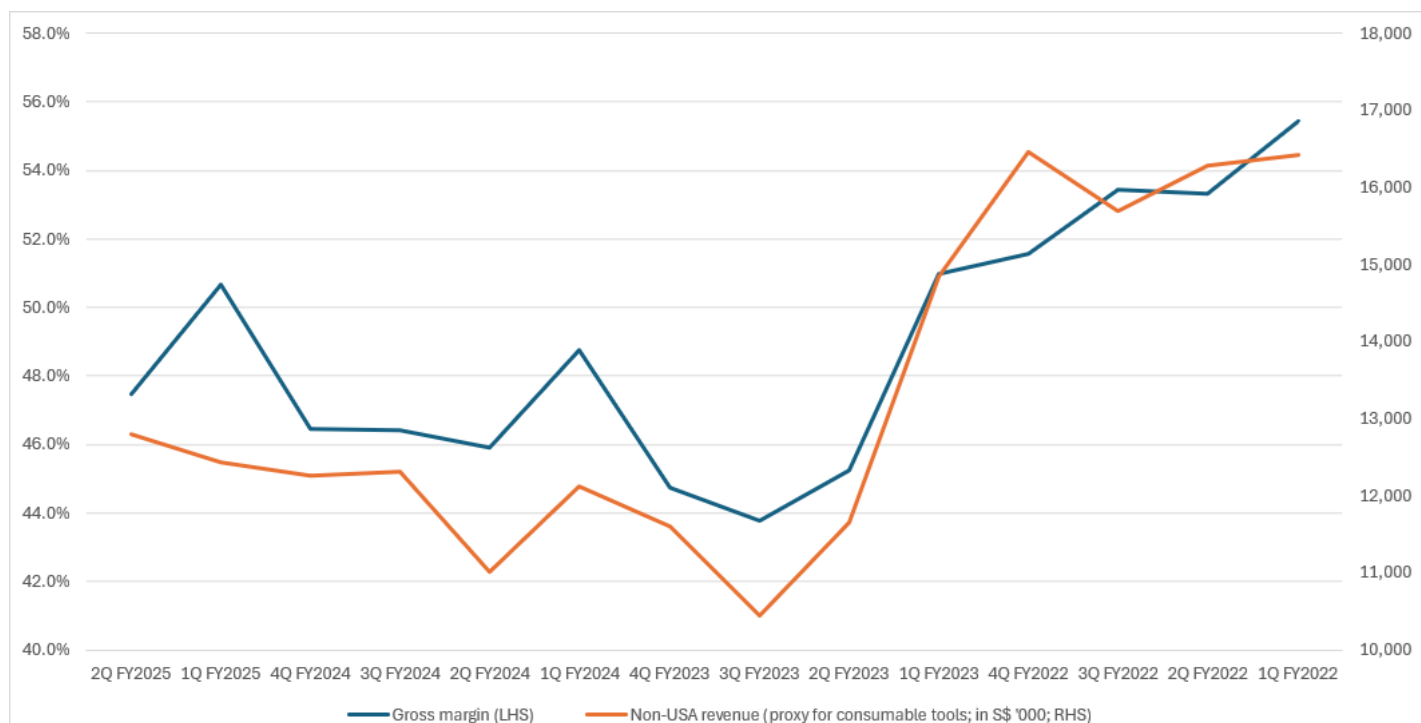
(in S\$ '000)	Actual		1H FY2025 v 1H FY2024	
	1H FY2025 (ended 31 Dec)	1H FY2024 (ended 31 Dec)	Absolute Change	Change (%)
Gross profit	15,967	13,932	2,035	14.6%
Revenue	32,536	29,352	3,184	10.8%
Gross margin (%)	49.1%	47.5%	-	-

(in S\$ '000 unless otherwise stated)	Actual						
	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Gross profit	15,967	13,254	13,932	13,326	17,864	21,835	22,206
Revenue	32,536	28,536	29,352	30,108	36,914	41,632	40,833
Gross margin (%)	49.1%	46.4%	47.5%	44.3%	48.4%	52.4%	54.4%
Gross margin (% in previous year)	47.5%	44.3%	48.4%	52.4%	54.4%	54.2%	54.3%
Annual change (%)	1.6%	2.2%	(0.9%)	(8.2%)	(6.0%)	(1.8%)	0.1%
Non-USA revenue (proxy for consumable tools)	25,241	24,587	23,140	22,052	26,502	32,168	32,704
Non-USA revenue (proxy for cons. tools; prev. year)	23,140	22,052	26,502	32,168	32,704	28,642	28,615
Y-o-y growth (%)	9.1%	11.5%	(12.7%)	(31.4%)	(19.0%)	12.3%	14.3%
USA revenue (proxy for WFE parts)	7,295	3,949	6,213	8,055	10,413	9,464	8,129
USA revenue (proxy for WFE parts; previous year)	6,213	8,055	10,413	9,464	8,129	8,191	8,280
Y-o-y growth (%)	17.4%	(51.0%)	(40.3%)	(14.9%)	28.1%	15.5%	(1.8%)

Source: MMH's financials, FPA

In fact, gross margin generally fluctuated with non-USA revenue from 1Q FY2022 to 2Q FY2025 as shown in **Exhibit 9**.

Exhibit 9: Gross Margin vs Non-USA Revenue (1Q FY2022 to 2Q FY2025)



(in S\$ '000 unless otherwise stated)	Actual						
	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
1Q	50.7%		48.8%		51.0%		55.5%
2Q	47.5%		45.9%		45.2%		53.3%
3Q		46.4%		43.8%		53.4%	
4Q		46.5%		44.7%		51.6%	
Gross margin (%)	49.1%	46.4%	47.5%	44.3%	48.4%	52.4%	54.4%
1Q	1.9%		(2.2%)		(4.5%)		0.7%
2Q	1.5%		0.7%		(8.1%)		(0.6%)
3Q		2.7%		(9.7%)		(1.1%)	
4Q		1.7%		(6.8%)		(2.4%)	
Annual change (%)	1.6%	2.2%	(0.9%)	(8.2%)	(6.0%)	(1.8%)	0.1%
Y-o-y growth (%):							
1Q	2.6%		(18.3%)		(9.6%)		17.6%
2Q	16.3%		(5.5%)		(28.4%)		11.1%
3Q		17.9%		(33.4%)		13.5%	
4Q		5.7%		(29.5%)		11.2%	
Non-USA revenue (proxy for consumable tools)	9.1%	11.5%	(12.7%)	(31.4%)	(19.0%)	12.3%	14.3%
1Q	2.2%		(30.4%)		32.5%		(3.5%)
2Q	40.2%		(50.8%)		23.8%		(0.1%)
3Q		(71.2%)		12.6%		2.6%	
4Q		(25.9%)		(34.7%)		27.1%	
USA revenue (proxy for WFE parts)	17.4%	(51.0%)	(40.3%)	(14.9%)	28.1%	15.5%	(1.8%)

Source: MMH's financials, FPA

Other income:

Other income fell by 8.1% from S\$194,000¹ in 1H FY2024 to S\$178,000 in 1H FY2025 as shown in **Exhibit 10**, mainly due to a fall in rental income.

Exhibit 10: Other Income (1H FY2022 to 1H FY2025)

(in S\$ '000)	Actual		1H FY2025 v 1H FY2024	
	1H FY2025 (ended 31 Dec)	1H FY2024 (ended 31 Dec)	Absolute Change	Change (%)
Gain on disposal of PP&E	2	10	(7)	(76.9%)
Rental income	33	63	(30)	(47.8%)
Government grant	12	17	(5)	(28.3%)
Others	131	105	26	25.2%
Other income	178	194	(16)	(8.1%)

(in S\$ '000)	Actual						
	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Gain on disposal of PP&E	2	5	10	68	6	261	(9)
Rental income	33	62	63	65	65	60	61
Government grant	12	53	17	37	16	46	31
Others	131	100	105	116	142	148	139
Interest income from banks & others ⁽¹⁾	-	-	-	-	-	44	24
Foreign currency exchange gain/(loss), net ⁽²⁾	-	-	-	-	-	73	(16)
Other income	178	219	194	287	229	632	230

⁽¹⁾ Included in finance income from 1H FY2023 onwards. ⁽²⁾ Included in finance expense from 1H FY2023 onwards.

Source: MMH's financials, FPA

Operating expenses:

Operating expenses (distribution expenses + administrative expenses + other operating expenses) rose by 1.9% from S\$7.9 million in 1H FY2024 to S\$8.1 million in 1H FY2025 as shown in **Exhibit 11**. Operating expenses as a percentage of revenue remained around 21.8% (2H FY2022) to 27.8% (2H FY2023) from 1H FY2022 to 1H FY2025.

Exhibit 11: Operating Expenses (1H FY2022 to 1H FY2025)

(in S\$ '000 unless otherwise stated)	Actual		1H FY2025 v 1H FY2024	
	1H FY2025 (ended 31 Dec)	1H FY2024 (ended 31 Dec)	Absolute Change	Change (%)
Distribution expenses	1,574	1,403	171	12.2%
Administrative expenses	4,791	4,569	221	4.8%
Other operating expenses	1,691	1,932	(241)	(12.5%)
Operating expenses	8,055	7,904	151	1.9%
Revenue	32,536	29,352	3,184	10.8%
Operating expenses as % of revenue	24.8%	26.9%	-	-

(in S\$ '000 unless otherwise stated)	Actual						
	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Distribution expenses	1,574	1,470	1,403	1,437	1,443	1,537	1,608
Administrative expenses	4,791	4,558	4,569	4,547	5,466	5,223	5,695
Other operating expenses	1,691	1,811	1,932	2,391	2,644	2,325	2,361
Operating expenses	8,055	7,839	7,904	8,374	9,553	9,084	9,665

As % of revenue:

Distribution expenses	4.8%	5.2%	4.8%	4.8%	3.9%	3.7%	3.9%
Administrative expenses	14.7%	16.0%	15.6%	15.1%	14.8%	12.5%	13.9%
Other operating expenses	5.2%	6.3%	6.6%	7.9%	7.2%	5.6%	5.8%
Operating expenses	24.8%	27.5%	26.9%	27.8%	25.9%	21.8%	23.7%

Source: MMH's financials, FPA

¹ Figures in thousands are written to the nearest thousand.

Net finance expense:

Net finance expense (finance expense – finance income) fell by 79.1% from S\$194,000 in 1H FY2024 to S\$41,000 in 1H FY2025 as shown in **Exhibit 12**, mainly due to lower foreign exchange loss and a fall in interest expense on lease liabilities.

Exhibit 12: Net Finance Expense (1H FY2022 to 1H FY2025)

(in S\$ '000)	Actual		1H FY2025 v 1H FY2024	
	1H FY2025 (ended 31 Dec)	1H FY2024 (ended 31 Dec)	Absolute Change	Change (%)
Interest income from banks & others	119	110	9	8.2%
Bank charges	(48)	(47)	(1)	2.5%
Unwind of discount on restoration cost provision	(10)	(9)	(1)	5.6%
Interest expense on lease liabilities	(48)	(97)	49	(50.9%)
Foreign currency exchange gain/(loss), net	(55)	(151)	97	(63.9%)
Net finance (expense)/income	(41)	(194)	153	(79.1%)

(in S\$ '000)	Actual						
	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Interest income from banks & others	119	84	110	79	90	44	24
Bank charges	(48)	(43)	(47)	(30)	(48)	n.a.	n.a.
Unwind of discount on restoration cost provision	(10)	(9)	(9)	(9)	(5)	n.a.	n.a.
Interest expense on lease liabilities	(48)	(74)	(97)	(57)	(38)	(43)	(48)
Foreign currency exchange gain/(loss), net	(55)	(87)	(151)	(17)	(114)	73	(16)
Net finance (expense)/income	(41)	(129)	(194)	(34)	(115)	n.a.	n.a.

n.a. = not available.

Source: MMH's financials, FPA

Profit before tax:

Accordingly, profit before tax rose by 33.5% from S\$6.0 million in 1H FY2024 to S\$8.0 million in 1H FY2025 as shown in **Exhibit 13**, mainly in line with a less-than-proportional rise in operating expenses.

Exhibit 13: Profit Before Tax (1H FY2024 & 1H FY2025)

(in S\$ '000)	Actual		1H FY2025 v 1H FY2024	
	1H FY2025 (ended 31 Dec)	1H FY2024 (ended 31 Dec)	Absolute Change	Change (%)
Gross profit	15,967	13,932	2,035	14.6%
Other income	178	194	(16)	(8.1%)
Administrative expenses	(1,574)	(1,403)	(171)	12.2%
Other operating expenses	(4,791)	(4,569)	(221)	4.8%
Distribution expenses	(1,691)	(1,932)	241	(12.5%)
Results from operating activities	8,090	6,222	1,868	30.0%
Net finance expense	(41)	(194)	153	(79.1%)
Profit before tax	8,049	6,028	2,021	33.5%

Source: MMH's financials, FPA

Tax expense:

Tax expense rose by 5.4% from S\$1.9 million in 1H FY2024 to S\$2.0 million in 1H FY2025 as shown in **Exhibit 14**. The effective tax rate ($\frac{\text{Tax expense}}{\text{Profit before tax}}$) ranged between 23.2% (2H FY2022) to 31.8% (1H FY2024) from 1H FY2022 to 1H FY2025.

Exhibit 14: Tax Expense (1H FY2022 to 1H FY2025)

(in S\$ '000 unless otherwise stated)	Actual		1H FY2025 v 1H FY2024	
	1H FY2025 (ended 31 Dec)	1H FY2024 (ended 31 Dec)	Absolute Change	Change (%)
Tax expense	2,018	1,915	103	5.4%
Profit before tax	8,049	6,028	2,021	33.5%
Effective tax rate (%)	25.1%	31.8%	-	-

(in S\$ '000 unless otherwise stated)	Actual						
	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Tax expense	2,018	1,581	1,915	1,578	2,281	3,103	3,244
Profit before tax	8,049	5,505	6,028	5,205	8,424	13,382	12,771
Effective tax rate (%)	25.1%	28.7%	31.8%	30.3%	27.1%	23.2%	25.4%

(in S\$ '000 unless otherwise stated)	Actual						
	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
1Q	1,074		1,050		1,401		1,690
2Q	944		865		880		1,554
3Q		742		702		1,549	
4Q		838		876		1,554	
Tax expense	2,018	1,581	1,915	1,578	2,281	3,103	3,244
1Q	4,151		3,749		5,648		6,660
2Q	3,898		2,280		2,777		6,112
3Q		2,586		2,338		5,963	
4Q		2,919		2,867		7,419	
Profit before tax	8,049	5,505	6,028	5,205	8,424	13,382	12,771
1Q	25.9%		28.0%		24.8%		25.4%
2Q	24.2%		38.0%		31.7%		25.4%
3Q		28.7%		30.0%		26.0%	
4Q		28.7%		30.5%		21.0%	
Effective tax rate (%)	25.1%	28.7%	31.8%	30.3%	27.1%	23.2%	25.4%

Source: MMH's financials, FPA

Profit after tax & for the period:

After deducting tax expense from profit before tax, profit after tax & for the period rose by 46.6% from S\$4.1 million in 1H FY2024 to S\$6.0 million in 1H FY2025 as shown in **Exhibit 15**. Net margin rose from 14.0% in 1H FY2024 to 18.5% in 1H FY2025 in line with the more-than-proportional rise in profit after tax & for the period as compared to the rise in revenue.

The difference between gross & net margins fluctuated around 27.8% (2H FY2022) to 33.5% (1H FY2024) from 1H FY2022 to 1H FY2025.

Exhibit 15: Profit After Tax & for the Period (1H FY2022 to 1H FY2025)

(in S\$ '000 unless otherwise stated)	Actual		1H FY2025 v 1H FY2024	
	1H FY2025 (ended 31 Dec)	1H FY2024 (ended 31 Dec)	Absolute Change	Change (%)
Profit before tax	8,049	6,028	2,021	33.5%
Tax expense	(2,018)	(1,915)	(103)	5.4%
Profit after tax & for the period	6,031	4,114	1,918	46.6%
Revenue	32,536	29,352	3,184	10.8%
Net margin (%)	18.5%	14.0%	-	-

(in S\$ '000 unless otherwise stated)	Actual						
	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Profit before tax	8,049	5,505	6,028	5,205	8,424	13,382	12,771
Tax expense	(2,018)	(1,581)	(1,915)	(1,578)	(2,281)	(3,103)	(3,244)
Profit after tax & for the period	6,031	3,925	4,114	3,627	6,144	10,279	9,527
Revenue	32,536	28,536	29,352	30,108	36,914	41,632	40,833
Net margin (%)	18.5%	13.8%	14.0%	12.0%	16.6%	24.7%	23.3%
Gross margin	49.1%	46.4%	47.5%	44.3%	48.4%	52.4%	54.4%
Net margin	18.5%	13.8%	14.0%	12.0%	16.6%	24.7%	23.3%
Difference (%)	30.5%	32.7%	33.5%	32.2%	31.7%	27.8%	31.1%

As % of revenue:

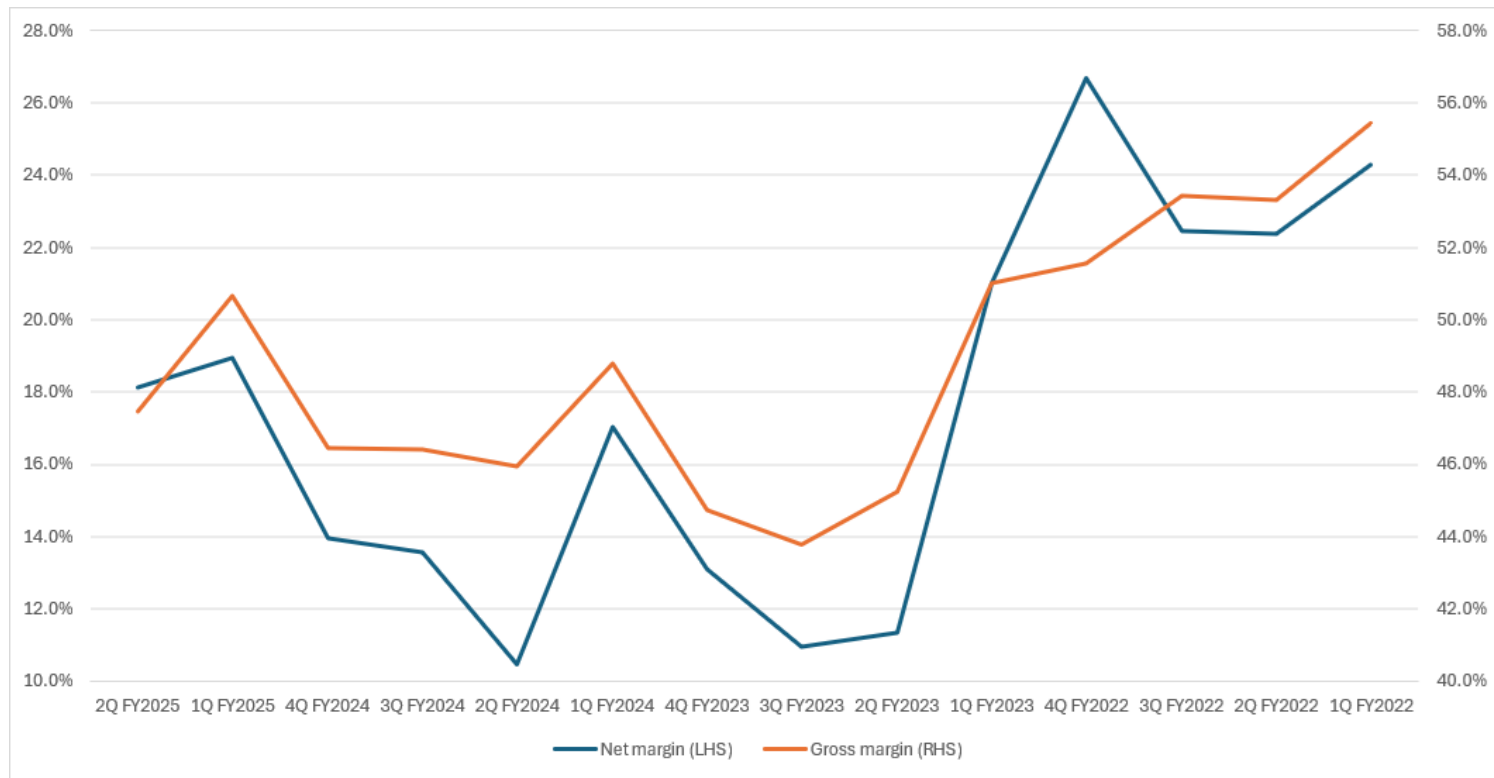
Other income	(0.5%)	(0.8%)	(0.7%)	(1.0%)	(0.6%)	(1.5%)	(0.6%)
Operating expenses	24.8%	27.5%	26.9%	27.8%	25.9%	21.8%	23.7%
Net finance expense	0.1%	0.5%	0.7%	0.1%	0.3%	n.a.	n.a.
Tax expense	6.2%	5.5%	6.5%	5.2%	6.2%	7.5%	7.9%
Difference between net & gross margin (%)	30.5%	32.7%	33.5%	32.2%	31.7%	27.8%	31.1%

n.a. = not available.

Source: MMH's financials, FPA

Net margin generally fluctuated in line with gross margin from 1Q FY2022 to 2Q FY2025 as shown in **Exhibit 16**.

Exhibit 16: Net Margin vs Gross Margin (1Q FY2022 to 2Q FY2025)



(in %)	Actual						
	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Gross margin (%)	49.1%	46.4%	47.5%	44.3%	48.4%	52.4%	54.4%
Net margin (%)	18.5%	13.8%	14.0%	12.0%	16.6%	24.7%	23.3%
Difference (%)	30.5%	32.7%	33.5%	32.2%	31.7%	27.8%	31.1%

Source: MMH's financials, FPA

Earnings Per Share (“EPS”):

The weighted average number of shares in issue (basic & diluted) remained the same from 1H FY2024 to 1H FY2025. Thus, EPS (basic & diluted in cents) rose by 46.6% from 2.96 in 1H FY2024 to 4.34 in 1H FY2025 as shown in **Exhibit 17**.

Exhibit 17: Financial Performance (1H FY2024 & 1H FY2025)

(in S\$ '000)	Actual		1H FY2025 v 1H FY2024	
	1H FY2025 (ended 31 Dec)	1H FY2024 (ended 31 Dec)	Absolute Change	Change (%)
Non-USA (mainly consumable tools)	25,241	23,140	2,101	9.1%
USA (mainly WFE parts)	7,295	6,213	1,083	17.4%
Revenue	32,536	29,352	3,184	10.8%
Cost of sales	(16,570)	(15,420)	(1,149)	7.5%
Gross profit	15,967	13,932	2,035	14.6%
Other income	178	194	(16)	(8.1%)
Administrative expenses	(1,574)	(1,403)	(171)	12.2%
Other operating expenses	(4,791)	(4,569)	(221)	4.8%
Distribution expenses	(1,691)	(1,932)	241	(12.5%)
Results from operating activities	8,090	6,222	1,868	30.0%
Net finance expense	(41)	(194)	153	(79.1%)
Profit before tax	8,049	6,028	2,021	33.5%
Tax expense	(2,018)	(1,915)	(103)	5.4%
Profit after tax & for the period	6,031	4,114	1,918	46.6%
Weighted average issued shares (basic & diluted; '000)	139,032	139,032	-	-
Earnings per share (basic & diluted in cents)	4.34	2.96	1.38	46.6%

Source: MMH's financials, FPA

Dividends Per Share (“DPS”) & payout ratio:

DPS (cents) remained at 3.00 in 1H FY2024 & 1H FY2025. However, payout ratio fell from 101.4% in 1H FY2024 to 69.2% in 1H FY2025 as shown in **Exhibit 18**. We note that MMH maintained DPS (cents) at 3.00 from 2H FY2023 after its cash & cash equivalents fell by 20.9% from S\$17.9 million in 1H FY2023 to S\$14.1 million in 2H FY2023.

Exhibit 18: Dividends Per Share (1H FY2022 to 1H FY2025)

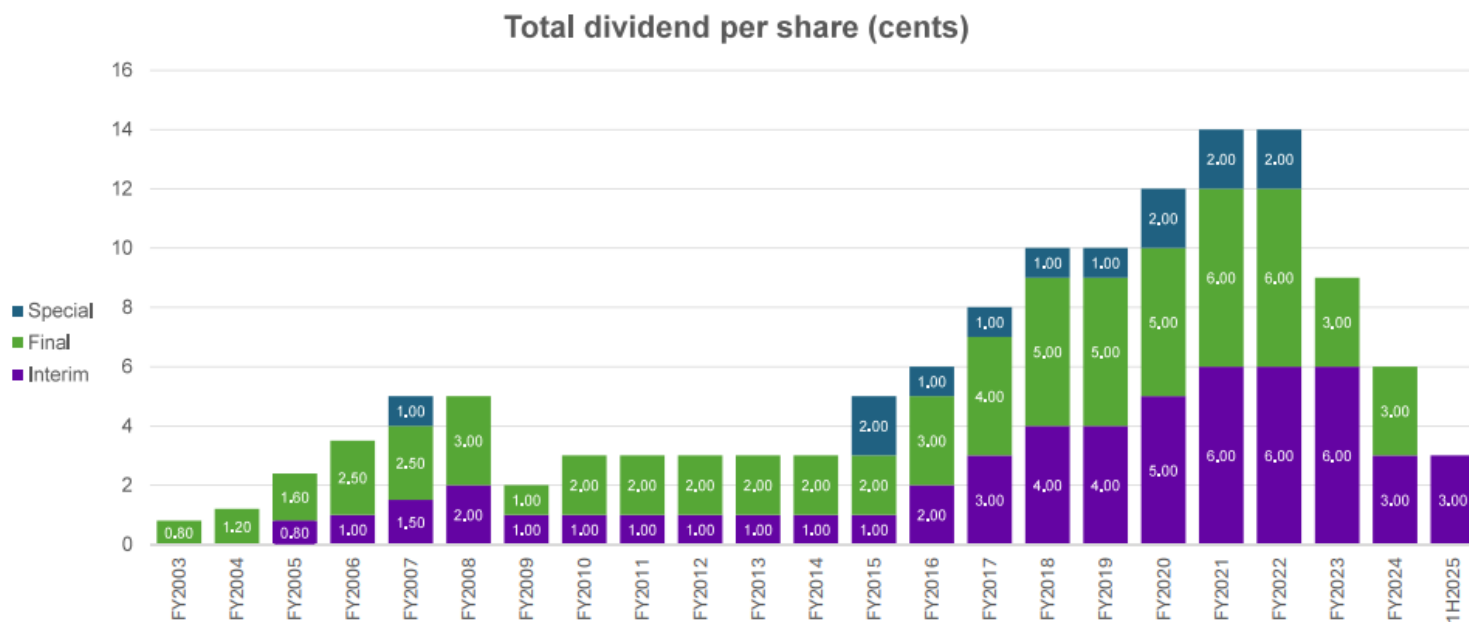
(in S\$ '000 unless otherwise stated)	Actual						
	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Interim	3.00	-	3.00	-	6.00	-	6.00
Final	-	3.00	-	3.00	-	6.00	-
Special	-	-	-	-	-	2.00	-
Dividend per share ("DPS" in cents)	3.00	3.00	3.00	3.00	6.00	8.00	6.00
Shares in issue at end of period	139,032	139,032	139,032	139,032	139,032	139,032	139,032
Dividends to be paid (usually in next semi-annual period)	4,171	4,171	4,171	4,171	8,342	11,123	8,342
Profit after tax & for the period	6,031	3,925	4,114	3,627	6,144	10,279	9,527
Payout ratio (%)	69.2%	106.3%	101.4%	115.0%	135.8%	108.2%	87.6%
Summary of income statement:							
Revenue	32,536	28,536	29,352	30,108	36,914	41,632	40,833
Cost of sales	(16,570)	(15,282)	(15,420)	(16,781)	(19,051)	(19,797)	(18,627)
Other income & expenses and tax expense	(9,936)	(9,329)	(9,819)	(9,699)	(11,720)	(11,555)	(12,679)
Profit after tax & for the period	6,031	3,925	4,114	3,627	6,144	10,279	9,527
Gross margin (%)	49.1%	46.4%	47.5%	44.3%	48.4%	52.4%	54.4%
Net margin (%)	18.5%	13.8%	14.0%	12.0%	16.6%	24.7%	23.3%
Summary of cash flows statement:							
Profit after tax & for the period	6,031	3,925	4,114	3,627	6,144	10,279	9,527
Non-cash adjustments	5,195	4,971	5,304	4,990	5,597	6,457	6,793
Operating profit before changes in working capital	11,227	8,895	9,417	8,617	11,741	16,736	16,321
Changes in working capital	302	428	(691)	(169)	2,775	217	(2,782)
Cash generated from operations	11,528	9,323	8,726	8,448	14,515	16,954	13,539
Income tax paid	(1,898)	(1,736)	(1,735)	(3,047)	(2,216)	(2,551)	(2,719)
Net cash from operating activities	9,630	7,587	6,991	5,401	12,299	14,402	10,820
Net cash used in investing activities	(1,062)	(1,068)	(1,177)	(13)	(2,411)	(3,127)	(1,388)
Net cash used in financing activities	(4,956)	(4,982)	(4,946)	(9,012)	(11,765)	(8,987)	(11,764)
Net increase/(decrease) in cash & cash equivalents	3,613	1,537	868	(3,624)	(1,877)	2,288	(2,332)
Cash & cash equivalents (start of period)	16,410	14,826	14,122	17,862	20,210	18,164	20,450
Net increase/(decrease) in cash & cash equivalents	3,613	1,537	868	(3,624)	(1,877)	2,288	(2,332)
Exchange rate fluctuations	47	48	(164)	(116)	(472)	(242)	46
Cash & cash equivalents (end of period)	20,070	16,410	14,826	14,122	17,862	20,210	18,164
Selected items:							
Purchase of PP&E	(1,183)	(1,164)	(1,298)	(823)	(2,513)	(3,490)	(1,415)
Net cash used in investing activities	(1,062)	(1,068)	(1,177)	(13)	(2,411)	(3,127)	(1,388)
Purchase of PP&E as % of investing cash flow	111.4%	108.9%	110.2%	6,372.6%	104.2%	111.6%	101.9%
Dividends paid	(4,171)	(4,171)	(4,171)	(8,342)	(11,123)	(8,342)	(11,123)
Net cash used in financing activities	(4,956)	(4,982)	(4,946)	(9,012)	(11,765)	(8,987)	(11,764)
Dividends paid as % of financing cash flow	84.2%	83.7%	84.3%	92.6%	94.5%	92.8%	94.5%

Source: MMH's financials, FPA

MMH's DPS from FY2003 to 1H FY2025 is shown in **Exhibit 19**.

In fact, in almost the past 10 years (1H FY2015 to 1H FY2025), we note that MMH started having payout ratios above 100% from 2H FY2018 three semi-annual periods after its cash & cash equivalents exceeded S\$20.0 million in 1H FY2017 as shown in **Exhibit 20**.

Exhibit 19: Dividend Per Share (FY2003 to 1H FY2025)



Source: MMH's presentation

Exhibit 20: Payout Ratio (1H FY2015 to 1H FY2025)

(in respective units)	Actual										
	FY2025	FY2024	FY2023	FY2022	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015
1H	3.00	3.00	6.00	6.00	6.00	5.00	4.00	4.00	3.00	2.00	2.00
2H	n.a.	3.00	3.00	8.00	8.00	7.00	6.00	6.00	5.00	4.00	3.00
DPS (in cents; interim + final + special)	n.a.	6.00	9.00	14.00	14.00	12.00	10.00	10.00	8.00	6.00	5.00
1H	4.34	2.96	4.42	6.85	6.55	4.92	5.49	6.53	4.85	4.54	3.93
2H	n.a.	2.82	2.61	7.39	6.44	5.61	3.82	5.80	5.77	4.00	4.71
EPS (diluted in cents)	n.a.	5.78	7.03	14.25	12.99	10.54	9.31	12.33	10.62	8.55	8.65
1H	69.2%	101.4%	135.8%	87.6%	91.6%	101.6%	72.9%	61.3%	61.9%	44.0%	50.8%
2H	n.a.	106.3%	115.0%	108.2%	124.2%	124.7%	156.9%	103.4%	86.7%	99.9%	63.7%
Payout ratio (full year)	n.a.	103.8%	128.1%	98.3%	107.8%	113.9%	107.4%	81.1%	75.3%	70.2%	57.8%

Cash & cash equivalents (end of period; in S\$ '000):

1H	20,070	14,826	17,862	18,164	20,909	19,007	20,193	22,230	20,827	16,475	13,257
2H	n.a.	16,410	14,122	20,210	20,450	20,652	21,718	20,918	23,262	19,907	14,983

Note: Payout ratios above 100% and cash & cash equivalents above S\$20.0 million are bolded.

Source: MMH's presentation & financials, FPA

INDUSTRY OUTLOOK

In this section, we review the outlook for the global semiconductor industry. An elaboration on the outlook can be found in our global semiconductor industry report (dated January 2025).

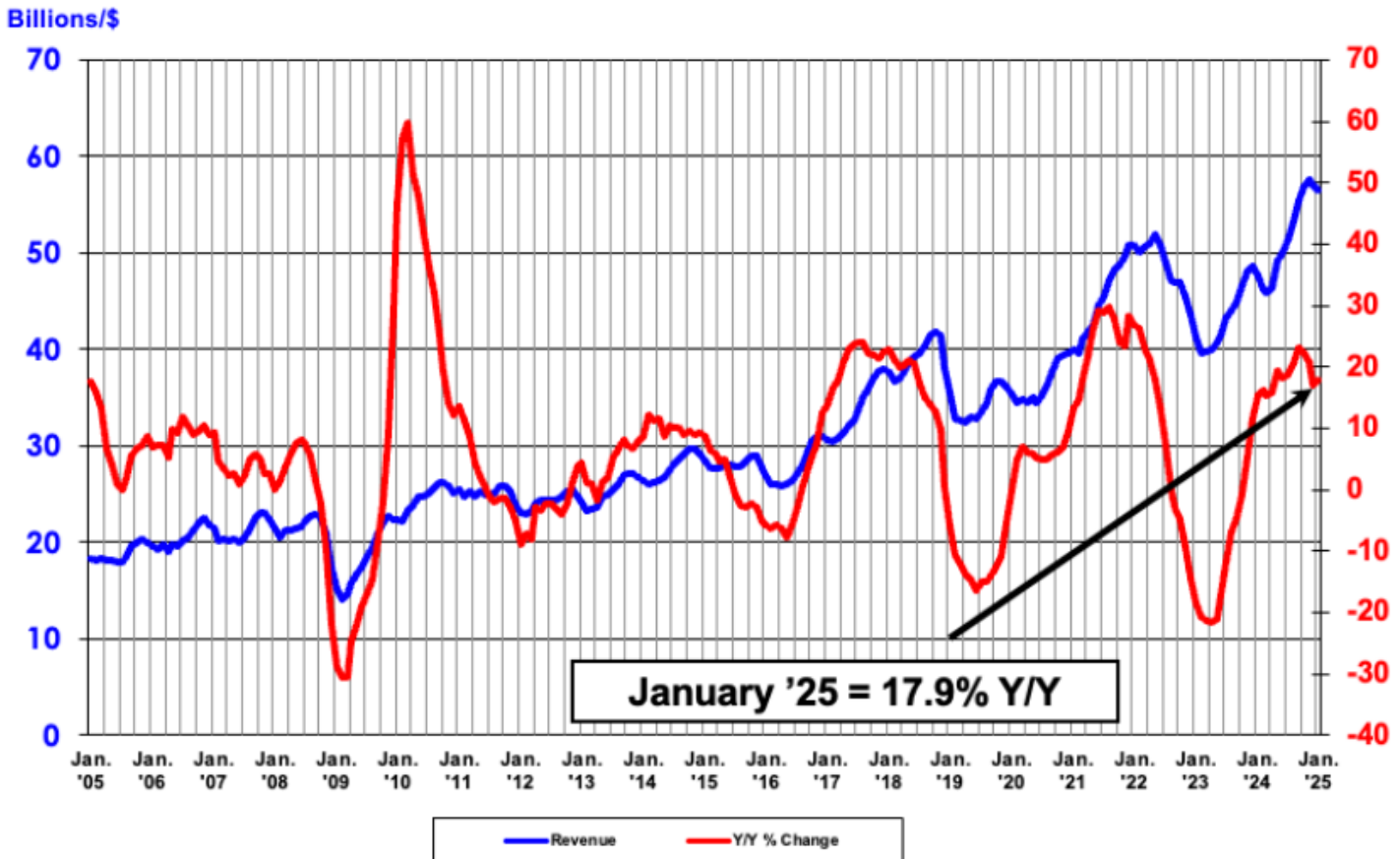
(I) GLOBAL SEMICONDUCTOR INDUSTRY

According to the Semiconductor Industry Association (“SIA”), the 3-Month Moving Average (“3MMA”) worldwide semiconductor revenue rose by 17.9% y-o-y from US\$47.9 billion in January 2024 to US\$56.5 billion in January 2025 as shown in **Exhibit 21**. SIA noted in March 2025 that the y-o-y rise was mainly “driven by a 50.7% year-to-year sales increase into the Americas”. Citing WSTS, SIA also noted that the (actual, not 3MMA¹) worldwide semiconductor revenue in 2024 was US\$630.5 billion.

WSTS forecasted in December 2024 that (actual) worldwide semiconductor revenue will rise to US\$697.2 billion in 2025. Thus, worldwide semiconductor revenue is expected to rise by 10.6% from US\$630.5 billion in 2024 to US\$697.2 billion in 2025.

Exhibit 21: Worldwide Semiconductor Revenue (January 2005 to January 2025)

**Worldwide Semiconductor Revenues
Year-to-Year Percent Change**



Source: WSTS (cited by SIA in March 2025)

¹ WSTS reported only actual (instead of 3MMA) annual worldwide semiconductor revenues in its historical billings report.

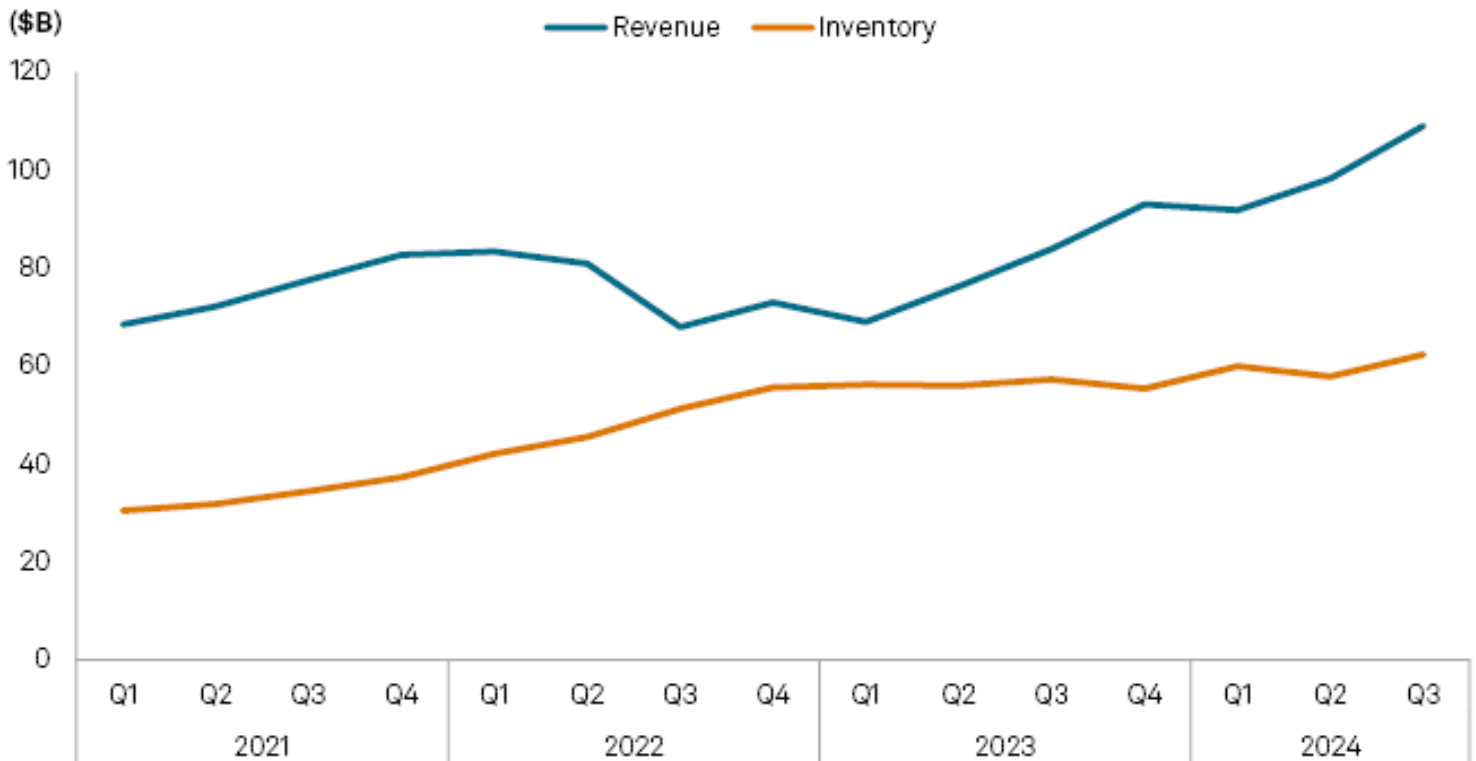
S&P Global noted in December 2024 that “the broader semiconductor sector is showing early signs of recovery in terms of clearing inventory”. S&P Global added that until 3Q 2024, “semiconductor demand was mainly driven by chips used for AI, primarily those from advanced chipmaker NVIDIA Corp”.

S&P elaborated that the “gap between chip companies' revenue and inventories — a sign the companies are selling more chips than they are holding onto — reached its highest point in the third quarter since 2021, when there was a widespread shortage of semiconductors of all types” as shown in **Exhibit 22**.

S&P commented that the automotive industry “saw a notable recovery in the Chinese electric vehicle industry and a smaller ramp in the US”, while “PCs and personal electronics also experienced an increase in demand”.

Exhibit 22: Semiconductor Revenues & Inventories (1Q 2021 to 3Q 2024)

Gap between semiconductor revenues and inventories widens farther in Q3



Data compiled Dec. 12, 2024.

Includes constituents in S&P Semiconductors Select Industry Index.

Source: S&P Global Market Intelligence.

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Source: S&P Global (dated December 2024)

However, semiconductor revenue may not reflect semiconductor chip volume (e.g., semiconductor revenue growth may be driven by high-priced, low-volume AI chips as similarly noted by S&P Global). Thus, we review the developments & outlook for wafer shipments (which may better reflect semiconductor chip volume) and equipment billings.

According to SEMI, silicon wafer shipments fell by 2.7% from 12,602 MSI in 2023 to 12,266 MSI in 2024. SEMI noted in February 2025 that, in 2024, a “broad-based inventory correction was slower due to the weak end demand from the higher volume segments impacting fab utilization rates and wafer shipments to specific applications”. SEMI Chairman, Lee Chungwei, added that “Generative AI and new data-center construction has been a driver for the most advanced foundry and memory devices such as High Bandwidth Memory (HBM), but most other end markets are still recovering from excess inventory”.

Based on SEMI’s data, we note that wafer shipments rose by 6.5% from 6,006 MSI in 2H 2023 (1H FY2024) to 6,397 MSI in 2H 2024 (1H FY2025) as shown in **Exhibit 23**.

Exhibit 23: Silicon Wafer Shipments (3Q 2021 to 4Q 2024)

(in MSI unless otherwise stated)	Actual						
	2H 2024	1H 2024	2H 2023	1H 2023	2H 2022	1H 2022	2H 2021
1Q		2,834		3,265		3,679	
2Q		3,035		3,331		3,704	
3Q	3,214		3,010		3,741		3,649
4Q	3,183		2,996		3,589		3,645
Silicon wafer shipments	6,397	5,869	6,006	6,596	7,330	7,383	7,294
Y-o-y growth (%):							
1Q		(13.2%)		(11.3%)		10.2%	
2Q		(8.9%)		(10.1%)		4.8%	
3Q	6.8%		(19.5%)		2.5%		16.4%
4Q	6.2%		(16.5%)		(1.5%)		13.9%
Silicon wafer shipments	6.5%	(11.0%)	(18.1%)	(10.7%)	0.5%	7.5%	15.1%

Note: Based on the same data used in **Exhibit 2** (page 4).

Source: SEMI, FPA

SEMI forecasted in October 2024 that silicon wafer shipments will rise to 13,328 MSI in 2025 as shown in **Exhibit 24**. Compared with the actual wafer shipments of 12,266 MSI in 2024, wafer shipments are thus expected to rise by 8.7% y-o-y in 2025. SEMI also projected that wafer shipments will rise by 8.8% y-o-y to 14,507 MSI in 2026.

SEMI noted that “Strong silicon wafer shipment growth is expected to continue through 2027 to meet increasing demand related to AI and advanced processing”. SEMI also noted that “new applications in advanced packaging and high-bandwidth memory (HBM) production, which require additional wafers, are contributing to the rising need for silicon wafers”.

Exhibit 24: Forecasted Silicon Wafer Shipments (2024 to 2027)

Global Silicon* Wafer Shipments Forecast, 2022-2027F



Source: SEMI (www.semi.org), October 2024

* “Total electronic grade silicon slices – excludes non-polished and reclaimed wafers; shipments are for semiconductor applications only and do not include solar applications” as noted by SEMI.

Source: SEMI (dated October 2024)

SEMI also noted in December 2024 that equipment billings rose by 18.9% from US\$25.56 billion in 3Q 2023 to US\$30.38 billion in 3Q 2024. Excluding China, equipment billings rose by 20.3% from US\$14.51 billion in 3Q 2023 to US\$17.45 billion in 3Q 2024 as shown in **Exhibit 25**.

SEMI President & CEO, Ajit Manocha, added that equipment billings growth in 3Q 2024 was “driven by investments aimed at supporting proliferation of Artificial Intelligence as well as production of mature technologies”. Ajit Manocha mentioned too that equipment investment growth was “spread across multiple regions seeking to bolster their chipmaking ecosystems, with North America posting the largest year-over-year gain while China continues to lead in spending”.

Exhibit 25: Equipment Billings (3Q 2021 to 4Q 2024)

(in US\$ B unless otherwise stated)	Actual						
	2H 2024	1H 2024	2H 2023	1H 2023	2H 2022	1H 2022	2H 2021
1Q		26.42		26.85		24.69	
2Q		26.78		25.80		26.43	
3Q	30.38		25.56		28.75		26.79
4Q	n.a.		28.04		27.78		27.41
Equipment billings	n.a.	53.20	53.60	52.65	56.53	51.12	54.20
1Q		(12.52)		(5.87)		(7.57)	
2Q		(12.21)		(7.55)		(6.56)	
3Q	(12.93)		(11.05)		(7.78)		(7.27)
4Q	n.a.		(12.13)		(6.36)		(8.18)
Less: Equipment billings (China)	n.a.	(24.73)	(23.18)	(13.42)	(14.14)	(14.13)	(15.45)
1Q		13.90		20.98		17.12	
2Q		14.57		18.25		19.87	
3Q	17.45		14.51		20.97		19.52
4Q	n.a.		15.91		21.42		19.23
Equipment billings (excluding China)	n.a.	28.47	30.42	39.23	42.39	36.99	38.75
Y-o-y growth (%):							
1Q		(1.6%)		8.7%		4.8%	
2Q		3.8%		(2.4%)		6.3%	
3Q	18.9%		(11.1%)		7.3%		38.2%
4Q	n.a.		0.9%		1.3%		40.9%
Equipment billings	n.a.	1.0%	(5.2%)	3.0%	4.3%	5.5%	39.5%
1Q		113.3%		(22.5%)		27.0%	
2Q		61.7%		15.1%		(20.2%)	
3Q	17.0%		42.0%		7.0%		29.4%
4Q	n.a.		90.7%		(22.2%)		62.9%
Less: Equipment billings (China)	n.a.	84.3%	63.9%	(5.0%)	(8.5%)	(0.4%)	45.2%
1Q		(33.7%)		22.5%		(2.8%)	
2Q		(20.2%)		(8.2%)		19.3%	
3Q	20.3%		(30.8%)		7.4%		41.9%
4Q	n.a.		(25.7%)		11.4%		33.2%
Equipment billings (excluding China)	n.a.	(27.4%)	(28.2%)	6.1%	9.4%	8.0%	37.4%

Note: Based on the same data used in **Exhibit 5** (page 7). n.a. = not available; likely available only in April 2025.

Source: SEMI, FPA

SEMI forecasted in December 2024 that equipment billings would rise by 6.5% from US\$105.9 billion in 2023 to US\$112.8 billion in 2024 as shown in **Exhibit 26**. SEMI also projected that equipment billings will rise to US\$121.5 billion in 2025 and US\$139.4 billion in 2026.

SEMI noted that demand for WFE is expected to rise “due to increased demand for advanced logic and memory applications”. SEMI also noted that back-end equipment growth will be “supported by the increasing complexity of semiconductor devices for high-performance computing and the expected increase in demand in the mobile, automotive, and industrial end-markets”.

SEMI separately noted in September 2024 though that China’s 300mm equipment spending is “anticipated to gradually decrease from a peak of US\$45 billion in 2024 to US\$31 billion by 2027”.

By comparing SEMI’s forecasts on equipment billings (dated December 2024) & 300mm equipment spending (dated September 2024), we note that the respective figures for both may be comparable for 2025 (difference of 1.4%) & 2026 (difference of 2.4%) as shown in **Exhibit 26**.

We assume that: (1) China’s equipment billings will equal China’s 300mm equipment spending from 2024 to 2026; and (2) China’s 300mm equipment spending will decrease linearly (by US\$4.7 billion each year) from US\$45.0 billion in 2024 to US\$31.0 billion in 2027.

Thus, we project China’s equipment billings to be US\$40.3 billion in 2025 and US\$35.7 billion in 2026 such that equipment billings (excluding China) will rise by 19.6% from US\$67.8 billion in 2024 to US\$81.1 billion in 2025 and rise by 27.9% to US\$103.8 billion in 2026 as shown in **Exhibit 26**.

Exhibit 26: Projected Equipment Billings (2024 to 2026)

(in US\$ B unless otherwise indicated)	Projection			Actual	
	2026	2025	2024	2023	2022
A&P equipment	7.1	5.7	4.9	4.0	5.8
Test equipment	9.7	8.2	7.1	6.3	7.5
Wafer fab equipment	122.6	107.6	100.8	95.6	94.1
Equipment billings (dated Dec 2024)	139.4	121.5	112.8	105.9	107.4
300mm equipment spending (dated Sep 2024)	136.2	123.2	99.3	n.a.	n.a.
Difference (%)	2.4%	(1.4%)	13.6%	n.a.	n.a.
Equipment billings (dated Dec 2024)	139.4	121.5	112.8	105.9	107.4
Less: China billings (actual)	-	-	-	(36.6)	(28.3)
Less: China spend (projection dated Sep 2024)	(35.7)	(40.3)	(45.0)	-	-
Equipment billings (excluding China)	103.8	81.1	67.8	69.3	79.1
Equipment billings (excluding China; previous year)	81.1	67.8	69.3	79.1	72.9
Y-o-y growth (%)	27.9%	19.6%	(2.1%)	(12.4%)	8.6%

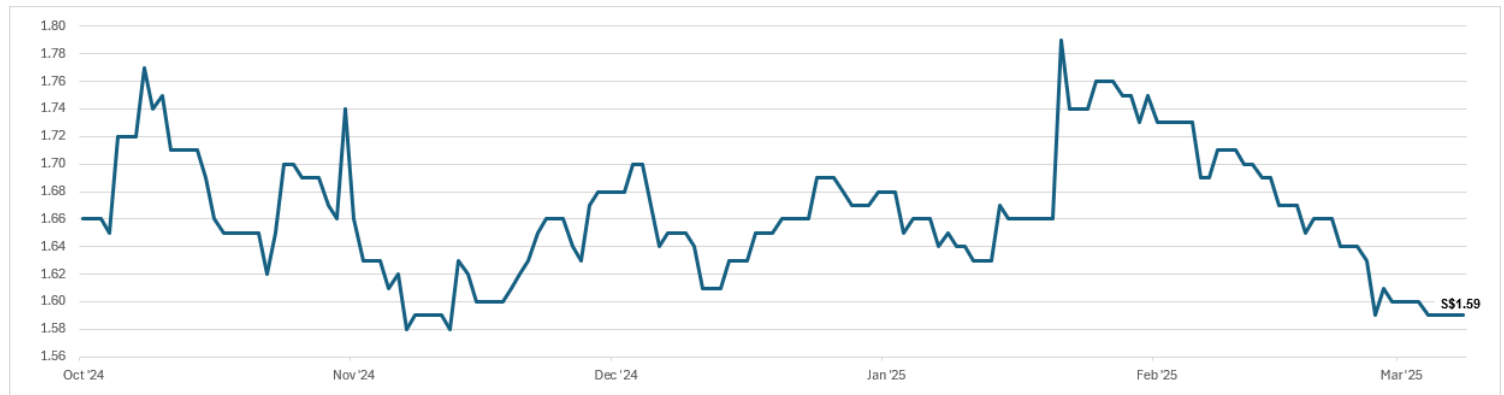
n.a. = not available.

Source: SEMI (dated September & December 2024), FPA

SHARE PRICE PERFORMANCE

Since the publication of our initiation report, MMH's share price fell by 4.2% from S\$1.66 on 7 October 2024 to S\$1.59 on 14 March 2025 as shown in **Exhibit 27**.

Exhibit 27: Share Price Performance (7 October 2024 to 14 March 2025)



Source: *Investing.com, FPA*

On 30 October 2024, MMH released its 1Q FY2025 results. Revenue rose by 2.5% from S\$15.9 million in 1Q FY2024 to S\$16.2 million in 1Q FY2025 while profit after tax & for the period rose by 14.0% from S\$2.7 million in 1Q FY2024 to S\$3.1 million in 1Q FY2025.

On the same day, MMH announced that Ms Sumitri Mirnalini Menon @ Rabia (previously Independent Director and Chairperson of the Board & Nominating Committee) and Ms Lai Chin Yee (previously Independent Director and Chairperson of the Audit Committee & Risk Management Committee) ceased to be Directors of MMH at the conclusion of MMH's Annual General Meeting as both have served for more than nine years from the respective dates of their first appointment.

Share price rose by 2.4% from S\$1.70 on 30 October 2024 to S\$1.74 on 6 November 2024.

On 25 January 2025, MMH released its 2Q FY2025 results. Revenue rose by 20.7% from S\$13.5 million in 2Q FY2024 to S\$16.3 million in 2Q FY2025 while profit after tax & for the period rose by 108.9% from S\$1.4 million in 2Q FY2024 to S\$3.0 million in 2Q FY2025. MMH also declared an interim DPS (cents) of with an ex-date of 6 February 2025.

Share price rose by 6.0% from S\$1.66 on 25 January 2025 to S\$1.76 on 1 February 2025.

Subsequently, share price fell by 3.4% from S\$1.75 on the ex-date of 6 February 2025 to S\$1.69 on 13 February 2025.

FINANCIAL PROJECTIONS

(I) REVENUE PROJECTION

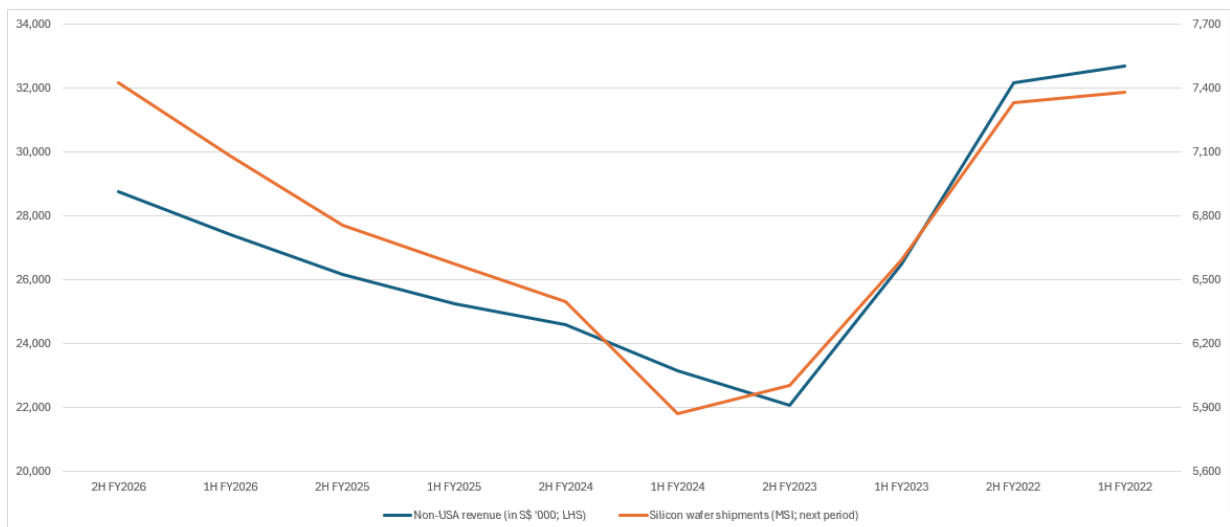
We assume that non-USA revenue will comprise only consumable tools revenue from 2H FY2025.

Non-USA revenue did not seem to exhibit any seasonality (e.g., higher in 1Q & 2Q than in 3Q & 4Q) from 1Q FY2022 to 2Q FY2025 (as may be seen in **Exhibit 2** on page 4). Thus, we shall project non-USA revenue using semi-annual growth rates only.

Based on SEMI's forecasts, silicon wafer shipments are expected to rise by 8.7% from 12,266 MSI in 2024 to 13,328 MSI in 2025 and rise by 8.8% to 14,507 MSI in 2026. We assume that wafer shipments will grow at a constant semi-annual growth rate within the same calendar year. Thus, we project that wafer shipments will rise by 2.8% to 6,573 MSI in 2H FY2025 (1H 2025), rise by 2.8% to 6,754 MSI in 1H FY2026 (2H 2025; totalling 13,328 MSI in 2025), rise by 4.8% to 7,082 MSI in 2H FY2026 (1H 2026) and rise by 4.8% to 7,425 MSI in 1H FY2027 (2H 2026; totalling 14,507 MSI in 2026).

We also assume that consumable tools revenue will rise at the same semi-annual growth rates as those of wafer shipments in the next semi-annual period. Therefore, we project that consumable tools revenue (thus non-USA revenue) will rise by 2.8% (3.6%) to S\$26.2 million in 2H FY2025 (non-USA revenue totalling S\$51.4 million in FY2025), rise by 4.8% to S\$27.4 million in 1H FY2026 and rise by 4.8% to S\$28.8 million in 2H FY2026 (totalling S\$56.2 million in FY2026) as shown in **Exhibit 28**.

Exhibit 28: Projected Non-USA Revenue (2H FY2025 to 2H FY2026)



(in S\$ '000 unless otherwise stated)	Projection			Actual						
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Non-USA revenue	28,752	27,423	26,156	25,241	24,587	23,140	22,052	26,502	32,168	32,704
Silicon wafer shipments (MSI; next period)	7,425	7,082	6,755	6,573⁽¹⁾	6,397	5,869	6,006	6,596	7,330	7,383
Consumable tools	28,752	27,423	26,156	25,454	n.a.	23,920	n.a.	n.a.	n.a.	n.a.
Semi-annual growth (%):										
Non-USA revenue	4.8%	4.8%	3.6%	2.7%	6.3%	4.9%	(16.8%)	(17.6%)	(1.6%)	14.2%
Silicon wafer shipments (next period)	4.8%	4.8%	2.8%	2.8%	9.0%	(2.3%)	(8.9%)	(10.0%)	(0.7%)	1.2%
Consumable tools	4.8%	4.8%	2.8%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Y-o-y growth (%):										
Non-USA revenue	9.9%	8.6%	6.4%	9.1%	11.5%	(12.7%)	(31.4%)	(19.0%)	12.3%	14.3%
Silicon wafer shipments (next period)	9.9%	7.7%	5.6%	12.0%	6.5%	(11.0%)	(18.1%)	(10.7%)	0.5%	7.5%
Consumable tools	9.9%	7.7%	n.a.	6.4%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Note: Figures referenced in our written analysis are bolded. Scaling of LHS & RHS axes done with reference to **Exhibit 2** (page 4). n.a. = not available. ⁽¹⁾ Projection.

Source: MMH's financials, SEMI, FPA

We assume too that USA revenue will comprise only WFE parts revenue from 2H FY2025.

USA revenue did not seem to exhibit seasonality from 1Q FY2022 to 2Q FY2025 (as may be seen in **Exhibit 6** on page 8). However, equipment billings (including China) may be higher in 1Q & 2Q than in 3Q & 4Q of the same Financial Year ("FY"; as also shown in **Exhibit 6**). Thus, we shall project USA revenue with reference to annual (i.e., y-o-y) growth rates.

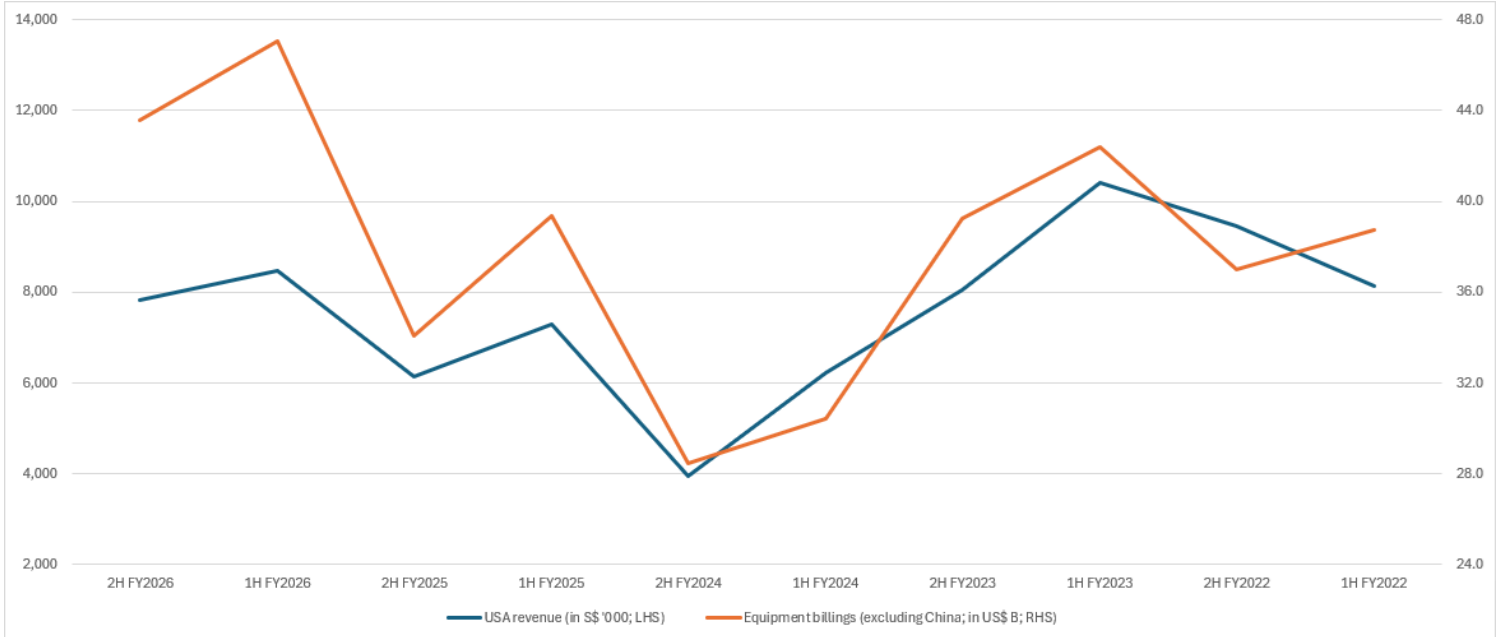
Based on SEMI's forecasts, we project that equipment billings (excluding China) will rise by 19.6% from US\$67.8 billion in 2024 to US\$81.1 billion in 2025 and rise by 27.9% to US\$103.8 billion in 2026. We assume that equipment billings (excluding China) will grow at a constant y-o-y growth rate within the same calendar year. Thus, we project that equipment billings (excluding China) will rise by 19.6% y-o-y to US\$34.1 billion in 2H FY2025 (1H 2025), rise by 19.6% y-o-y to US\$47.1 billion in 1H FY2026 (2H FY2026; totalling US\$81.1 billion in 2025), rise by 27.9% y-o-y to US\$43.5 billion in 2H FY2026 (1H 2026) and rise by 27.9% y-o-y to US\$60.2 billion in 1H FY2027 (2H 2026; totalling US\$103.8 billion in 2026).

We also assume that WFE parts revenue will rise at the same semi-annual growth rates¹ as those of equipment billings (excluding China) in the same period. Therefore, we project that WFE parts revenue (thus USA revenue) will fall by 13.5% (16.0%) to S\$6.1 million in 2H FY2025 (USA revenue totalling S\$13.4 million in FY2025), rise by 38.3% to S\$8.5 million in 1H FY2026 and fall by 7.5% to S\$7.8 million in 2H FY2026 (totalling S\$16.3 million in FY2026) as shown in **Exhibit 29**.

Accordingly, we project that revenue will fall to S\$32.3 million in 2H FY2025 (totalling S\$64.8 million in FY2025), rise to S\$35.9 million in 1H FY2026 and rise to S\$36.6 million in 2H FY2026 (totalling S\$72.5 million in FY2026).

¹ We find that the use of semi-annual (rather than annual) growth rates of equipment billings (excluding China) provided more sensible WFE parts revenue projections.

Exhibit 29: Projected USA Revenue (2H FY2025 to 2H FY2026)



(in S\$ '000 unless otherwise stated)	Projection			Actual						
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
USA revenue	7,836	8,472	6,128	7,295	3,949	6,213	8,055	10,413	9,464	8,129
Equipment billings (excluding China; in US\$ B)	43.5	47.1	34.1	39.4	28.5	30.4	39.2	42.4	37.0	38.8
WFE parts	7,836	8,472	6,128	7,082	n.a.	5,433	n.a.	n.a.	n.a.	n.a.
Semi-annual growth (%):										
USA revenue	(7.5%)	38.3%	(16.0%)	84.8%	(36.4%)	(22.9%)	(22.6%)	10.0%	16.4%	(0.8%)
Equipment billings (excluding China)	(7.5%)	38.3%	(13.5%)	2.8%	(6.4%)	(22.5%)	(7.5%)	14.6%	(4.5%)	13.1%
WFE parts	(7.5%)	38.3%	(13.5%)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Y-o-y growth (%):										
USA revenue	27.9%	16.1%	55.2%	17.4%	(51.0%)	(40.3%)	(14.9%)	28.1%	15.5%	(1.8%)
Equipment billings (excluding China)	27.9%	19.6%	19.6%	29.4%	(27.4%)	(28.2%)	6.1%	9.4%	8.0%	37.4%
WFE parts	27.9%	19.6%	n.a.	30.4%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

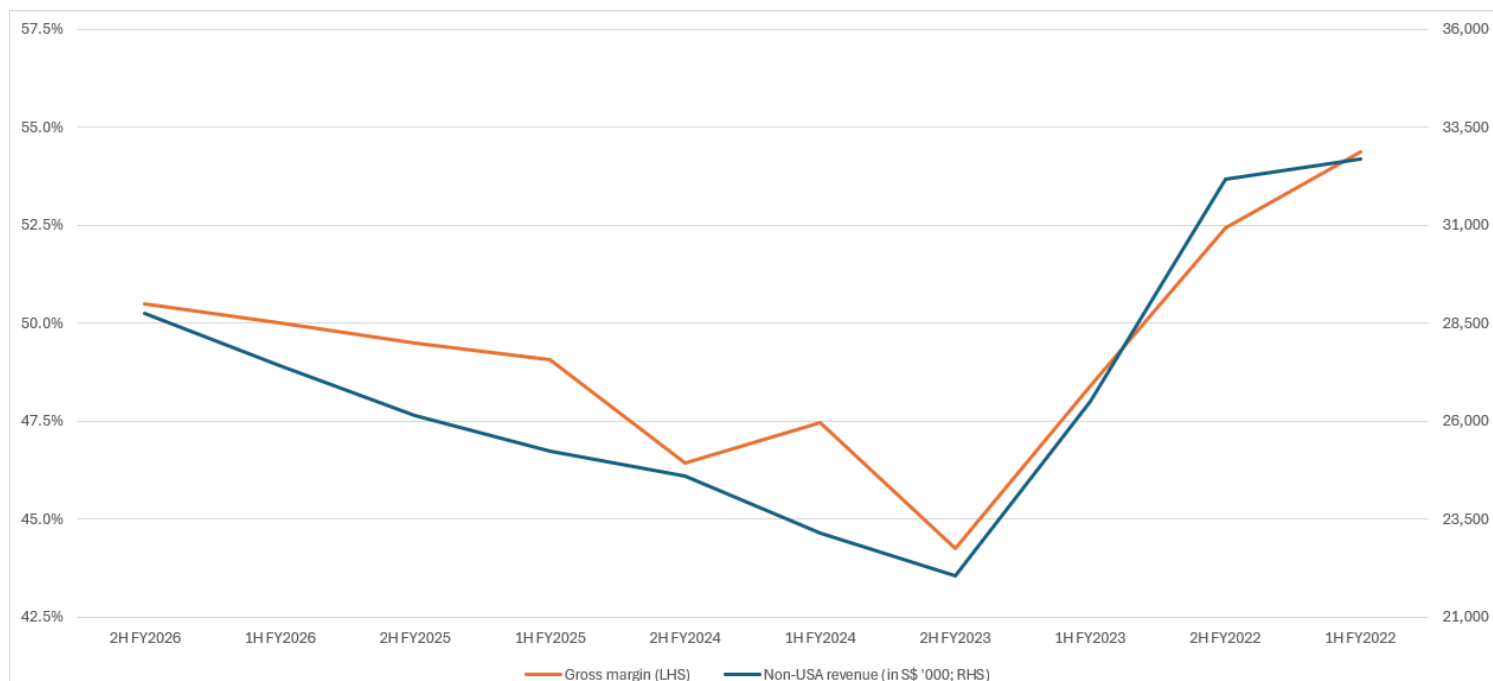
Note: Figures referenced in our written analysis are bolded. Scaling of LHS & RHS axes done with reference to **Exhibit 6** (page 8). n.a. = not available.

Source: MMH's financials, SEMI, FPA

(II) EARNINGS PROJECTION**Gross profit:**

In line with our projected rise in non-USA revenue, we project that gross margin will rise to 49.5% in 2H FY2025, 50.0% in 1H FY2026 and 50.5% in 2H FY2026 as shown in **Exhibit 30**.

Thus, we project that gross profit will rise to S\$16.0 million in 2H FY2025 (totalling S\$31.9 million in FY2025), S\$17.9 million in 1H FY2026 and S\$18.5 million in 2H FY2026 (totalling S\$36.4 million in FY2026).

Exhibit 30: Projected Gross Profit (2H FY2025 to 2H FY2026)

(in S\$ '000 unless otherwise stated)	Projection					Actual				
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Non-USA	28,752	27,423	26,156	25,241	24,587	23,140	22,052	26,502	32,168	32,704
USA	7,836	8,472	6,128	7,295	3,949	6,213	8,055	10,413	9,464	8,129
Revenue	36,588	35,895	32,284	32,536	28,536	29,352	30,108	36,914	41,632	40,833
Cost of sales	(18,111)	(17,948)	(16,303)	(16,570)	(15,282)	(15,420)	(16,781)	(19,051)	(19,797)	(18,627)
Gross profit	18,477	17,948	15,980	15,967	13,254	13,932	13,326	17,864	21,835	22,206
Gross margin (%)	50.5%	50.0%	49.5%	49.1%	46.4%	47.5%	44.3%	48.4%	52.4%	54.4%

Source: MMH's financials, FPA

Operating expenses:

We assume that distribution expenses as a percentage of revenue from 2H FY2025 to 2H FY2026 will be 4.7%, the average from 1H FY2023 to 1H FY2025. Thus, we project distribution expenses to be S\$1.5 million in 2H FY2025, S\$1.7 million in 1H FY2026 and S\$1.7 million in 2H FY2026.

Similarly, we assume that administrative expenses as a percentage of revenue from 2H FY2025 to 2H FY2026 will be 15.2%, the average from 1H FY2023 to 1H FY2025. Thus, we project administrative expenses to be S\$4.9 million in 2H FY2025, S\$5.5 million in 1H FY2026 and S\$5.6 million in 2H FY2026.

We also assume that other operating expenses as a percentage of revenue from 2H FY2025 to 2H FY2026 will be 6.6%, the average from 1H FY2023 to 1H FY2025. Thus, we project other operating expenses to be S\$2.1 million in 2H FY2025, S\$2.4 million in 1H FY2026 and S\$2.4 million in 2H FY2026.

Accordingly, we project that operating expenses will be S\$8.6 million in 2H FY2025 (totalling S\$16.6 million in FY2025), S\$9.5 million in 1H FY2026 and S\$9.7 million in 2H FY2026 (totalling S\$19.3 million in FY2026) as shown in **Exhibit 31**.

Exhibit 31: Projected Operating Expenses (2H FY2025 to 2H FY2026)

(in S\$ '000 unless otherwise stated)	Projection			Actual						
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Distribution expenses	1,716	1,684	1,514	1,574	1,470	1,403	1,437	1,443	1,537	1,608
Administrative expenses	5,574	5,469	4,918	4,791	4,558	4,569	4,547	5,466	5,223	5,695
Other operating expenses	2,431	2,385	2,145	1,691	1,811	1,932	2,391	2,644	2,325	2,361
Operating expenses	9,722	9,537	8,578	8,055	7,839	7,904	8,374	9,553	9,084	9,665
As % of revenue:										
Distribution expenses	4.7%	4.7%	4.7%	4.8%	5.2%	4.8%	4.8%	3.9%	3.7%	3.9%
Administrative expenses	15.2%	15.2%	15.2%	14.7%	16.0%	15.6%	15.1%	14.8%	12.5%	13.9%
Other operating expenses	6.6%	6.6%	6.6%	5.2%	6.3%	6.6%	7.9%	7.2%	5.6%	5.8%
Operating expenses	26.6%	26.6%	26.6%	24.8%	27.5%	26.9%	27.8%	25.9%	21.8%	23.7%

Source: MMH's financials, FPA

Other income:

We assume no gain on disposal of Property, Plant & Equipment ("PP&E") from 2H FY2025 to 2H FY2026.

MMH noted that it ceased to earn rental income after October 2024 as the industrial building "ceased to be held to earn rental income and is now owner-occupied". Thus, we assume no rental income from 2H FY2025 to 2H FY2026.

Government grant seemed to be higher in 2H than 1H of each FY from FY2022 to FY2024. Thus, we project that government grant in 2H FY2025 & 2H FY2026 will be S\$45,000, the average from 2H of FY2022 to FY2024. We also project that government grant in 1H FY2026 will be S\$15,000, the average from 1H of FY2023 to FY2025.

We assume that "Others" from 2H FY2025 to 2H FY2026 will be S\$0.1 million, the average from 1H FY2023 to 1H FY2025.

Thus, we project that other income will be S\$164,000 in 2H FY2025 (totalling S\$343,000 in FY2025), S\$134,000 in 1H FY2026 and S\$164,000 in 2H FY2026 (totalling S\$298,000 in FY2026) as shown in **Exhibit 32**.

Exhibit 32: Projected Other Income (2H FY2025 to 2H FY2026)

(in S\$ '000)	Projection			Actual							
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	
Gain on disposal of PP&E	-	-	-	2	5	10	68	6	261	(9)	
Rental income	-	-	-	33	62	63	65	65	60	61	
Government grant	45	15	45	12	53	17	37	16	46	31	
Others	119	119	119	131	100	105	116	142	148	139	
Interest expense on lease liabilities ⁽¹⁾	-	-	-	-	-	-	-	-	44	24	
Foreign currency exchange gain/(loss) ⁽²⁾	-	-	-	-	-	-	-	-	73	(16)	
Other income	164	134	164	178	219	194	287	229	632	230	

⁽¹⁾ Included in finance income from 1H FY2023 onwards. ⁽²⁾ Included in finance expense from 1H FY2023 onwards.

Source: MMH's financials, FPA

Net finance expense:

Given the small sum involved, we project interest income from banks & others from 2H FY2025 to 2H FY2026 to be S\$0.1 million, the average from 1H FY2023 to 1H FY2025 (instead of projecting then accounting for changes in interest rates too).

Similarly, we project bank charges from 2H FY2025 to 2H FY2026 to be S\$43,000, the average from 1H FY2023 to 1H FY2025.

We also project interest expense on lease liabilities from 2H FY2025 to 2H FY2026 to be S\$63,000, the average from 1H FY2023 to 1H FY2025.

Unwind of discount on restoration cost provision rose from 1H FY2023 to 1H FY2025. Thus, we project unwind of discount on restoration cost provision on lease liabilities from 2H FY2025 to 2H FY2026 to be S\$10,000, the same as in 1H FY2025.

We assume no foreign currency exchange gain or loss from 2H FY2025 to 2H FY2026.

Accordingly, we project net finance expense to remain at S\$19,000 from 2H FY2025 to 2H FY2026 (totalling S\$60,000 in FY2025 and S\$38,000 in FY2026) as shown in **Exhibit 33**.

Exhibit 33: Projected Net Finance Expense (2H FY2025 to 2H FY2026)

(in S\$ '000)	Projection			Actual							
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022	
Interest income from banks & others	96	96	96	119	84	110	79	90	44	24	
Bank charges	(43)	(43)	(43)	(48)	(43)	(47)	(30)	(48)	n.a.	n.a.	
Unwind of discount on restoration cost provisn	(10)	(10)	(10)	(10)	(9)	(9)	(9)	(5)	n.a.	n.a.	
Interest expense on lease liabilities	(63)	(63)	(63)	(48)	(74)	(97)	(57)	(38)	(43)	(48)	
Foreign currency exchange gain/(loss)	-	-	-	(55)	(87)	(151)	(17)	(114)	73	(16)	
Net finance income/(expense)	(19)	(19)	(19)	(41)	(129)	(194)	(34)	(115)	n.a.	n.a.	

n.a. = not available.

Source: MMH's financials, FPA

Profit before tax:

Accordingly, we project that profit before tax will be S\$7.4 million in 2H FY2025 (totalling S\$15.6 million in FY2025), S\$8.4 million in 1H FY2026 and S\$8.7 million in 2H FY2026 (totalling S\$17.4 million in FY2026) as shown in **Exhibit 34**.

Exhibit 34: Projected Profit Before Tax (2H FY2025 to 2H FY2026)

(in S\$ '000 unless otherwise stated)	Projection				Actual					
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Gross profit	18,477	17,948	15,980	15,967	13,254	13,932	13,326	17,864	21,835	22,206
Distribution expenses	(1,716)	(1,684)	(1,514)	(1,574)	(1,470)	(1,403)	(1,437)	(1,443)	(1,537)	(1,608)
Administrative expenses	(5,574)	(5,469)	(4,918)	(4,791)	(4,558)	(4,569)	(4,547)	(5,466)	(5,223)	(5,695)
Other operating expenses	(2,431)	(2,385)	(2,145)	(1,691)	(1,811)	(1,932)	(2,391)	(2,644)	(2,325)	(2,361)
Other income	164	134	164	178	219	194	287	229	632	230
Results from operating activities	8,755	8,410	7,403	7,912	5,414	6,028	4,952	8,310	12,750	12,541
Net finance expense	(19)	(19)	(19)	(41)	(129)	(194)	(34)	(115)	n.a.	n.a.
Profit before tax	8,736	8,391	7,383	7,871	5,286	5,834	4,918	8,195	12,750	12,541

n.a. = not available.

Source: MMH's financials, FPA

Tax expense and profit after tax & for the period:

We assume that the effective tax rate from 2H FY2025 to 2H FY2026 will be 28.6%, the average from 1H FY2023 to 1H FY2025. Thus, we project that tax expense will be S\$2.2 million in 2H FY2025, S\$2.4 million in 1H FY2026 and S\$2.5 million in 2H FY2026.

Accordingly, we project that profit after tax & for the period will be S\$5.4 million in 2H FY2025 (totalling S\$11.4 million in FY2025), S\$6.1 million in 1H FY2026 and S\$6.4 million in 2H FY2026 (totalling S\$12.4 million in FY2026) as shown in **Exhibit 35**.

Exhibit 35: Projected Tax Expense (2H FY2025 to 2H FY2026)

(in S\$ '000 unless otherwise stated)	Projection				Actual					
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Tax expense	2,544	2,437	2,158	2,018	1,581	1,915	1,578	2,281	3,103	3,244
Profit before tax	8,901	8,525	7,548	8,049	5,505	6,028	5,205	8,424	13,382	12,771
Effective tax rate (%)	28.6%	28.6%	28.6%	25.1%	28.7%	31.8%	30.3%	27.1%	23.2%	25.4%
Profit before tax	8,901	8,525	7,548	8,049	5,505	6,028	5,205	8,424	13,382	12,771
Tax expense	(2,544)	(2,437)	(2,158)	(2,018)	(1,581)	(1,915)	(1,578)	(2,281)	(3,103)	(3,244)
Profit after tax & for the period	6,356	6,088	5,390	6,031	3,925	4,114	3,627	6,144	10,279	9,527

Source: MMH's financials, FPA

Earnings per share:

We assume that the weighted average number of shares in issue (basic & diluted) from 2H FY2025 to 2H FY2026 will remain the same as in 1H FY2025. Thus, we project that EPS (basic & diluted in cents) will be 3.88 in 2H FY2025 (totalling 8.21 in FY2025), 4.38 in 1H FY2026 and 4.57 in 2H FY2026 (totalling 8.95 in FY2026).

Our semi-annual projections of MMH's performance are shown in **Exhibit 36**. Our annual projections are shown in **Exhibit 37**.

Exhibit 36: Projected Financial Performance (2H FY2025 to 2H FY2026)

(in S\$ '000 unless otherwise stated)	Projection			Actual						
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Non-USA	28,752	27,423	26,156	25,241	24,587	23,140	22,052	26,502	32,168	32,704
USA	7,836	8,472	6,128	7,295	3,949	6,213	8,055	10,413	9,464	8,129
Revenue	36,588	35,895	32,284	32,536	28,536	29,352	30,108	36,914	41,632	40,833
Cost of sales	(18,111)	(17,948)	(16,303)	(16,570)	(15,282)	(15,420)	(16,781)	(19,051)	(19,797)	(18,627)
Gross profit	18,477	17,948	15,980	15,967	13,254	13,932	13,326	17,864	21,835	22,206
Distribution expenses	(1,716)	(1,684)	(1,514)	(1,574)	(1,470)	(1,403)	(1,437)	(1,443)	(1,537)	(1,608)
Administrative expenses	(5,574)	(5,469)	(4,918)	(4,791)	(4,558)	(4,569)	(4,547)	(5,466)	(5,223)	(5,695)
Other operating expenses	(2,431)	(2,385)	(2,145)	(1,691)	(1,811)	(1,932)	(2,391)	(2,644)	(2,325)	(2,361)
Other income	164	134	164	178	219	194	287	229	632	230
Results from operating activities	8,920	8,544	7,567	8,090	5,634	6,222	5,238	8,540	13,382	12,771
Net finance expense	(19)	(19)	(19)	(41)	(129)	(194)	(34)	(115)	n.a.	n.a.
Profit before tax	8,901	8,525	7,548	8,049	5,505	6,028	5,205	8,424	13,382	12,771
Tax expense	(2,544)	(2,437)	(2,158)	(2,018)	(1,581)	(1,915)	(1,578)	(2,281)	(3,103)	(3,244)
Profit after tax & for the period	6,356	6,088	5,390	6,031	3,925	4,114	3,627	6,144	10,279	9,527
Wghted avg issued shares (basic & diluted; '000)	139,032	139,032	139,032	139,032	139,032	139,032	139,032	139,032	139,032	139,032
Earnings per share (basic & diluted in cents)	4.57	4.38	3.88	4.34	2.82	2.96	2.61	4.42	7.39	6.85

n.a. = not available.

Source: MMH's financials, FPA

Exhibit 37: Projected Financial Performance (FY2025 to FY2026)

(in S\$ '000 unless otherwise stated)	Projection		Actual		
	FY2026	FY2025	FY2024	FY2023	FY2022
Non-USA	56,176	51,397	47,727	48,554	64,872
USA	16,307	13,423	10,161	18,468	17,593
Revenue	72,483	64,820	57,888	67,022	82,465
Cost of sales	(36,059)	(32,873)	(30,702)	(35,832)	(38,424)
Gross profit	36,425	31,947	27,186	31,190	44,041
Distribution expenses	(3,400)	(3,088)	(2,873)	(2,880)	(3,145)
Administrative expenses	(11,043)	(9,709)	(9,128)	(10,013)	(10,918)
Other operating expenses	(4,817)	(3,836)	(3,743)	(5,035)	(4,686)
Other income	298	343	414	516	862
Results from operating activities	17,464	15,657	11,856	13,778	26,154
Net finance expense	(38)	(60)	(323)	(149)	n.a.
Profit before tax	17,425	15,597	11,534	13,629	26,154
Tax expense	(4,981)	(4,176)	(3,495)	(3,858)	(6,347)
Profit after tax & for the period	12,444	11,421	8,038	9,770	19,807
Wghted avg issued shares (basic & diluted; '000)	139,032	139,032	139,032	139,032	139,032
Earnings per share (basic & diluted in cents)	8.95	8.21	5.78	7.03	14.25

n.a. = not available.

Source: MMH's financials, FPA

(III) DIVIDEND PROJECTION

While the payout ratio fell to 69.2% in 1H FY2025 after staying above 100% for five consecutive semi-annual periods prior (2H FY2022 to 2H FY2024), we note that MMH managed to restore its cash & cash equivalents to above S\$20.0 million in 1H FY2025. Thus, payout ratio may exceed 100% again from 2H FY2025 to 2H FY2026.

To derive an idea of the dividends that MMH may declare from 2H FY2025 to 2H FY2026, we begin by projecting cash flows.

We note that non-cash adjustments (i.e., adjustments to profit for the period for calculating operating profit before changes in working capital) as a percentage of other income & expenses and tax expense (i.e., operating expenses + other income + net finance expense + tax expense) fluctuated between 47.8% (1H FY2023) and 55.9% (2H FY2022) from 1H FY2022 to 1H FY2025. We assume the percentage from 2H FY2025 to 2H FY2026 to be 51.8%, the average from 1H FY2023 to 1H FY2025.

Cash income tax paid as a percentage of tax expense fluctuated between 51.8% (2H FY2023) and 121.6% (2H FY2022) from 1H FY2022 to 1H FY2025. We assume that the percentage from 2H FY2025 to 2H FY2026 will be 102.7%, the average from 1H FY2023 to 1H FY2025 (excluding 2H FY2023, where the percentage of 51.8% seemed to deviate from the prevailing trend).

MMH remarked in January 2025 that it expected to “incur capital expenditure of approximately S\$2.0 million on machinery and equipment” in FY2025 “to upgrade the production capabilities of the Group’s five factories”. Partly in line with MMH’s remarks, we project purchase of PP&E from 2H FY2025 to 2H FY2026 to be S\$1.4 million, the average from 1H FY2023 to 1H FY2025.

We also note that purchase of PP&E as a percentage of net cash used in investing activities (or investing cash flow) fluctuated between 101.9% (1H FY2022) and 111.6% (2H FY2022) from 1H FY2022 to 1H FY2025 (except 2H FY2023, where the percentage was over 6,000%). We assume that the percentage from 2H FY2025 to 2H FY2026 will be 108.7%, the average from 1H FY2022 to 1H FY2025 (except 2H FY2023).

We note too that dividends paid as a percentage of net cash used in financing activities fluctuated between 83.7% (2H FY2024) and 94.5% (1H FY2022 & 1H FY2023) from 1H FY2022 to 1H FY2025. We assume that the percentage from 2H FY2025 to 2H FY2026 will be 87.9%, the average from 1H FY2023 to 1H FY2025.

We project changes in working capital from 2H FY2025 to 2H FY2026 to be S\$0.5 million, the average from 1H FY2023 to 1H FY2025. We also assume no exchange rate fluctuation from 2H FY2025 to 2H FY2026.

Our projections of cash flow items from 2H FY2025 to 2H FY2026 are shown in **Exhibit 38**.

Exhibit 38: Projected Cash Flow Items (2H FY2025 to 2H FY2026)

(in S\$ '000 unless otherwise stated)	Projection					Actual				
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Non-cash adjustments	6,273	6,138	5,481	5,195	4,971	5,304	4,990	5,597	6,457	6,793
Other income & expenses and tax expense	12,121	11,860	10,590	9,936	9,329	9,819	9,699	11,720	11,555	12,679
Non-cash adj as % of selected income & expenses	51.8%	51.8%	51.8%	52.3%	53.3%	54.0%	51.4%	47.8%	55.9%	53.6%
Tax expense	2,544	2,437	2,158	2,018	1,581	1,915	1,578	2,281	3,103	3,244
Income tax paid (noted in cash flows statement)	2,478	2,374	2,102	1,898	1,736	1,735	3,047	2,216	2,551	2,719
Income tax paid as % of tax expense	102.7%	102.7%	102.7%	106.3%	91.0%	110.4%	51.8%	102.9%	121.6%	119.3%
Purchase of PP&E	1,396	1,396	1,396	1,183	1,164	1,298	823	2,513	3,490	1,415
Net cash used in investing activities	1,284	1,284	1,284	1,062	1,068	1,177	13	2,411	3,127	1,388
Purchase of PP&E as % of investing cash flow	108.7%	108.7%	108.7%	111.4%	108.9%	110.2%	6,372.6%	104.2%	111.6%	101.9%
Dividends paid	6,256	5,561	4,171	4,171	4,171	4,171	8,342	11,123	8,342	11,123
Net cash used in financing activities	7,121	6,329	4,747	4,956	4,982	4,946	9,012	11,765	8,987	11,764
Dividends paid as % of financing cash flow	87.9%	87.9%	87.9%	84.2%	83.7%	84.3%	92.6%	94.5%	92.8%	94.5%
Changes in working capital	529	529	529	302	428	(691)	(169)	2,775	217	(2,782)
Exchange rate fluctuations	-	-	-	47	48	(164)	(116)	(472)	(242)	46

Source: MMH’s financials, FPA

Based on our assumptions & projections, we note that MMH may be able to declare DPS (cents) of 6.00 from 2H FY2025 to 2H FY2026 yet maintain cash & cash equivalents of over S\$20.0 million in the same period as shown in **Exhibit 39**. Based on our projected profit after tax & for the period from 2H FY2025 to 2H FY2026, the DPS (cents) of 6.00 will represent payout ratios of 154.8% in 2H FY2025, 137.0% in 1H FY2026 and 131.2% in 2H FY2026.

However, MMH may maintain its payout ratio at around 100% instead. Thus, we project that MMH will declare DPS (cents) of 4.00 in 2H FY2025 (payout ratio of 103.2%; totalling 7.00 in FY2025), and DPS (cents) of 4.50 in 1H FY2026 & 2H FY2026 (payout ratios of 102.8% & 98.4% respectively; totalling 9.00 in FY2026) as shown in **Exhibit 40**.

Exhibit 39: Potential Dividend Per Share (2H FY2025 to 2H FY2026)

(in S\$ '000 unless otherwise stated)	Projection			Actual						
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Interim	-	6.00	-	3.00	-	3.00	-	6.00	-	6.00
Final	6.00	-	6.00	-	3.00	-	3.00	-	6.00	-
Special	-	-	-	-	-	-	-	-	2.00	-
Dividend per share ("DPS" in cents)	6.00	6.00	6.00	3.00	3.00	3.00	3.00	6.00	8.00	6.00
Shares in issue at end of period	139,032	139,032	139,032	139,032	139,032	139,032	139,032	139,032	139,032	139,032
Dividends to be paid (usually in next period)	8,342	8,342	8,342	4,171	4,171	4,171	4,171	8,342	11,123	8,342
Profit after tax & for the period	6,356	6,088	5,390	6,031	3,925	4,114	3,627	6,144	10,279	9,527
Payout ratio (%)	131.2%	137.0%	154.8%	69.2%	106.3%	101.4%	115.0%	135.8%	108.2%	87.6%
Summary of income statement:										
Revenue	36,588	35,895	32,284	32,536	28,536	29,352	30,108	36,914	41,632	40,833
Cost of sales	(18,111)	(17,948)	(16,303)	(16,570)	(15,282)	(15,420)	(16,781)	(19,051)	(19,797)	(18,627)
Other income & expenses and tax expense	(12,121)	(11,860)	(10,590)	(9,936)	(9,329)	(9,819)	(9,699)	(11,720)	(11,555)	(12,679)
Profit after tax & for the period	6,356	6,088	5,390	6,031	3,925	4,114	3,627	6,144	10,279	9,527
Gross margin (%)	50.5%	50.0%	49.5%	69.5%	46.4%	47.5%	44.3%	48.4%	52.4%	54.4%
Net margin (%)	17.4%	17.0%	16.7%	18.5%	13.8%	14.0%	12.0%	16.6%	24.7%	23.3%
Summary of cash flows statement:										
Profit after tax & for the period	6,356	6,088	5,390	6,031	3,925	4,114	3,627	6,144	10,279	9,527
Non-cash adjustments	6,273	6,138	5,481	5,195	4,971	5,304	4,990	5,597	6,457	6,793
Operating profit before changes in working capital	12,630	12,226	10,871	11,227	8,895	9,417	8,617	11,741	16,736	16,321
Changes in working capital	529	529	529	302	428	(691)	(169)	2,775	217	(2,782)
Income tax paid	(2,478)	(2,374)	(2,102)	(1,898)	(1,736)	(1,735)	(3,047)	(2,216)	(2,551)	(2,719)
Net cash from operating activities	10,680	10,381	9,299	9,630	7,587	6,991	5,401	12,299	14,402	10,820
Net cash used in investing activities	(1,284)	(1,284)	(1,284)	(1,062)	(1,068)	(1,177)	(13)	(2,411)	(3,127)	(1,388)
Net cash used in financing activities	(9,494)	(9,494)	(4,747)	(4,956)	(4,982)	(4,946)	(9,012)	(11,765)	(8,987)	(11,764)
Net increase/(decrease) in cash & cash equivalents	(98)	(397)	3,267	3,613	1,537	868	(3,624)	(1,877)	2,288	(2,332)
Cash & cash equivalents (start of period)	22,940	23,337	20,070	16,410	14,826	14,122	17,862	20,210	18,164	20,450
Net increase/(decrease) in cash & cash equivalents	(98)	(397)	3,267	3,613	1,537	868	(3,624)	(1,877)	2,288	(2,332)
Exchange rate fluctuations	-	-	-	47	48	(164)	(116)	(472)	(242)	46
Cash & cash equivalents (end of period)	22,842	22,940	23,337	20,070	16,410	14,826	14,122	17,862	20,210	18,164

Source: MMH's financials, FPA

Exhibit 40: Projected Dividend Per Share (2H FY2025 to 2H FY2026)

(in S\$ '000 unless otherwise stated)	Projection			Actual						
	2H FY2026	1H FY2026	2H FY2025	1H FY2025	2H FY2024	1H FY2024	2H FY2023	1H FY2023	2H FY2022	1H FY2022
Interim	-	4.50	-	3.00	-	3.00	-	6.00	-	6.00
Final	4.50	-	4.00	-	3.00	-	3.00	-	6.00	-
Special	-	-	-	-	-	-	-	-	2.00	-
Dividend per share ("DPS" in cents)	4.50	4.50	4.00	3.00	3.00	3.00	3.00	6.00	8.00	6.00
Shares in issue at end of period	139,032	139,032	139,032	139,032	139,032	139,032	139,032	139,032	139,032	139,032
Dividends to be paid (usually in next period)	6,256	6,256	5,561	4,171	4,171	4,171	4,171	8,342	11,123	8,342
Profit after tax & for the period	6,356	6,088	5,390	6,031	3,925	4,114	3,627	6,144	10,279	9,527
Payout ratio (%)	98.4%	102.8%	103.2%	69.2%	106.3%	101.4%	115.0%	135.8%	108.2%	87.6%

Source: MMH's financials, 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 valuation metrics. We selected peer companies which were also SGX-listed companies that were related to the semiconductor industry¹. Then, we compared MMH against its peers in terms of P/E multiple, P/B multiple and dividend yield.

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

i. Venture Corporation (“Venture”)

Venture has a market capitalisation of S\$3.6 billion as at 14 March 2025. According to Venture, it provides “manufacturing, engineering, design and fulfilment services to the global electronics industry”. Venture deals with semiconductor-related equipment. Venture noted in its Annual Report (“AR”) for the FY ended 31 December 2023 that revenue from two customers individually made up more than 10% of total revenue.

ii. UMS Integration Limited (“UMS”)

UMS has a market capitalisation of S\$788.0 million as at 14 March 2025. According to UMS, its principal activities include the manufacture of “precision machining components, assembly and integration of equipment modules for semiconductor equipment manufacturers”. UMS noted in its AR for the FY ended 31 December 2023 that 86.7% (S\$260.0 million out of S\$299.9 million) of revenue was from sales to its largest customer.

iii. AEM Holdings Limited (“AEM”)

AEM has a market capitalisation of S\$422.6 million as at 14 March 2025. According to AEM, its principal activities are “design and manufacturing of semiconductor assembly and testing equipment, and related tooling parts”. AEM disclosed in its AR for the FY ended 31 December 2024 that 49.6% (S\$238.8 million out of S\$481.3 million) of revenue was from one of its customers.

iv. Frencken Group (“Frencken”)

Frencken has a market capitalisation of S\$457.0 million as at 14 March 2025. According to Frencken, its principal activities include “value engineering, prototyping, program management, supply chain management, precision machining components and sheet metal parts manufacturing, modular and equipment system assembly, integration, testing and commissioning”. One segment it serves is the semiconductor segment. Frencken disclosed in its AR for the FY ended 31 December 2023 that 49.4% (S\$366.7 million out of S\$742.9 million) of revenue was from its three largest Mechatronics customers.

v. Grand Venture Technology (“GVT”)

GVT has a market capitalisation of S\$271.4 million as at 14 March 2025. According to GVT, its principal activities are “that of manufacturing ultra-precision machining parts, modules, complex 3D sheet metal components, mechatronics module assembly, and provision of customised electro-plating and surface treatment services”. One segment it serves is the semiconductor segment. GVT disclosed in its AR for the FY ended 31 December 2023 that 54.9% (S\$61.1 million out of S\$111.3 million) of revenue was from its four major customers.

¹ We have excluded Avi-Tech Holdings and Global Testing Corporation partly due to their comparatively low market capitalisations (less than S\$40.0 million each) as at 14 March 2025.

The results of our peer comparison analysis are shown in **Exhibit 41**.

Exhibit 41: Peer Comparison Analysis

Company	Stock Symbol	Price as at 14 Mar '25	Market Cap (S\$ million)	Diluted EPS (cents) ⁽¹⁾	P/E	DPS (cents) ⁽²⁾	Dividend Yield (%) ⁽³⁾	NAV per share (cents) ⁽⁴⁾	P/B
Micro-Mechanics (Holdings)	SDD	1.590	221.1	7.16	22.2 x	6.00	3.77%	34.76	4.57 x
Peers:									
Venture Corporation Limited	V03	12.440	3,607.8	84.4	14.7 x	75.00	6.03%	10.00	1.24 x
UMS Integration Limited	558	1.120	788.0	5.74	19.5 x	5.20	4.64%	58.88	1.90 x
AEM Holdings Limited	AWX	1.360	422.6	3.65	37.3 x	-	-	155.20	0.88 x
Frencken Group	E28	1.070	457.0	8.68	12.3 x	2.61	2.44%	101.61	1.05 x
Grand Venture Technology	JLB	0.795	271.4	3.21	24.8 x	0.30	0.38%	39.09	2.03 x
Peer average	-	-	-	-	21.7 x	-	3.37%	-	1.42 x

⁽¹⁾ Trailing Twelve-Month ("TTM"); decimal places as reported by the respective companies. ⁽²⁾ TTM. ⁽³⁾ Excludes AEM, which did not declare any dividend in the past twelve months. ⁽⁴⁾ Based on the most recent financial statement.

Source: SGX Stock Screener, respective companies' financial statements, FPA

(a) P/E multiple

Based on the results in **Exhibit 41**, MMH is currently trading at a P/E multiple of 22.2x which is higher than the peer average P/E of 21.7x. This suggests that MMH is overvalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$1.56 if MMH is to trade at the peer average P/E of 21.7x as follows:

$$\begin{aligned}
 \text{Estimated Target Price} &= \text{Peer average P/E} \times \text{TTM EPS (1H FY2025)} \\
 &= 21.7 \times \text{S\$0.0716} \\
 &= \text{S\$1.56}
 \end{aligned}$$

The estimated target price of S\$1.56 implies a downside potential of 2.2% from the current share price of S\$1.59.

(b) PB multiple

Based on the results in **Exhibit 41**, MMH is currently trading at a P/B multiple of 4.57x which is higher than the peer average P/B of 1.42x. This suggests that MMH is overvalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$0.49 if MMH is to trade at the peer average P/B of 1.42x as follows:

$$\begin{aligned}
 \text{Estimated Target Price} &= \text{Peer average P/B} \times \text{NAV per share (1H FY2025)} \\
 &= 1.42 \times \text{S\$0.3476} \\
 &= \text{S\$0.49}
 \end{aligned}$$

The estimated target price of S\$0.49 implies a downside potential of 68.9% from the current share price of S\$1.59.

(c) Dividend yield

Based on the results in **Exhibit 41**, MMH's current dividend yield of 3.77% is more attractive than the peer average yield of 3.37%. This suggests that MMH is undervalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$1.78 as follows:

$$\begin{aligned} \text{Estimated Target Price} &= \frac{\text{MMH's dividend yield}}{\text{Peer average yield}} \times \text{Current share price} \\ &= \frac{3.77\%}{3.37\%} \times \text{S\$1.59} \\ &= \text{S\$1.78} \end{aligned}$$

The estimated target price of S\$1.78 implies an upside potential of 11.9% from the current share price of S\$1.59.

(d) Target price

From our analysis, MMH may be undervalued in terms of its dividend yield. However, it seems to be overvalued in terms of its P/E multiple and 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\$1.28 as follows:

$$\begin{aligned} \text{Overall Target Price} &= \frac{1}{3} \times [\text{Estimated Target Price (P/E multiple)} + \text{Estimated Target Price (P/B multiple)} \\ &\quad + \text{Estimated Target Price (Dividend yield)}] \\ &= \frac{1}{3} \times [\text{S\$1.56} + \text{S\$0.49} + \text{S\$1.78}] \\ &= \text{S\$1.28} \end{aligned}$$

The overall target price of S\$1.28 implies a downside potential of 19.7% from the current share price of S\$1.59.

We note that our overall target price of S\$1.28 was pulled down mainly by the estimated target price of S\$0.49 based on P/B multiple, as MMH's current P/B multiple (4.57x) is substantially higher than that of its peer average (1.42x).

However, we note that MMH is currently trading near its historical minimum P/B multiple (4.44x) based on MMH's historical valuation metrics over the past five financial years (3Q FY2020 to 2Q FY2025) as shown in **Exhibit 42**.

Thus, we derive another overall target price by excluding the estimated target price based on P/B multiple. By averaging our estimated target prices based on P/E multiple and dividend yield, we derive an overall target price of S\$1.67 as follows:

$$\begin{aligned} \text{Overall Target Price (Amended)} &= \frac{1}{2} \times [\text{Estimated Target Price (P/E multiple)} + \text{Estimated Target Price (Dividend yield)}] \\ &= \frac{1}{2} \times [\text{S\$1.56} + \text{S\$1.78}] \\ &= \text{S\$1.67} \end{aligned}$$

The overall target price of S\$1.67 implies an upside potential of 4.8% from the current share price of S\$1.59.

Exhibit 42: Historical Valuation Metrics (3Q FY2020 to 2Q FY2025)

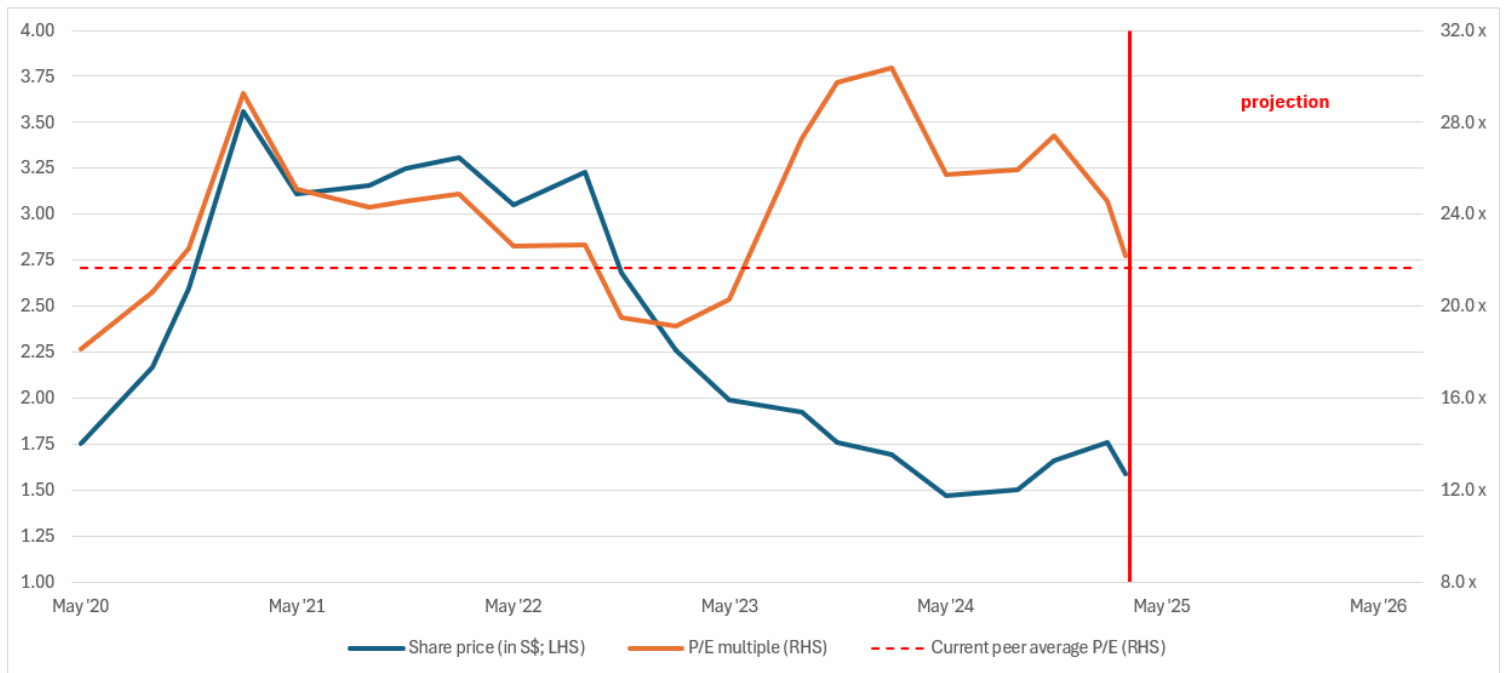
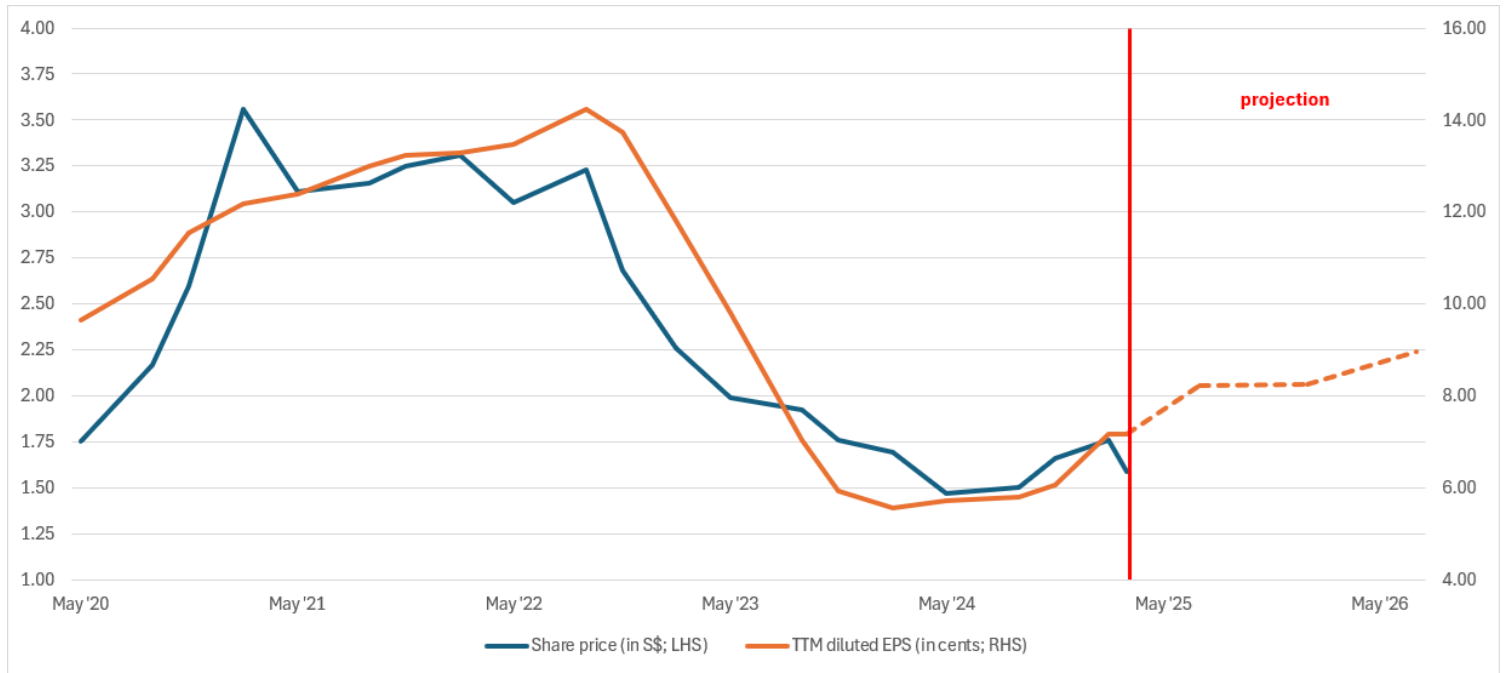
Period	Results release date + 7 days ⁽¹⁾	Share price (S\$)	Diluted EPS (cents)	TTM EPS (cents)	P/E multiple	DPS (cents)	TTM DPS (cents)	Dividend yield	Payout ratio (TTM)	NAV per share (cents)	P/B multiple
2Q FY2025	02 Feb '25	1.76	2.12	7.16	24.6 x	3.00	6.00	3.41%	83.8%	34.76	5.06 x
1Q FY2025	07 Nov '24	1.66	2.21	6.05	27.4 x	-	6.00	3.61%	99.1%	35.15	4.72 x
4Q FY2024	06 Sept '24	1.50	1.50	5.78	25.9 x	3.00	6.00	4.00%	103.8%	33.14	4.53 x
3Q FY2024	08 May '24	1.47	1.33	5.72	25.7 x	-	6.00	4.08%	104.9%	31.58	4.65 x
2Q FY2024	06 Feb '24	1.69	1.02	5.57	30.4 x	3.00	6.00	3.55%	107.8%	33.01	5.12 x
1Q FY2024	07 Nov '23	1.76	1.94	5.91	29.8 x	-	9.00	5.11%	152.2%	35.46	4.96 x
4Q FY2023	05 Sept '23	1.92	1.43	7.03	27.3 x	3.00	9.00	4.69%	128.1%	33.40	5.75 x
3Q FY2023	06 May '23	1.99	1.18	9.81	20.3 x	-	14.00	7.04%	142.7%	32.29	6.16 x
2Q FY2023	07 Feb '23	2.26	1.36	11.81	19.1 x	6.00	14.00	6.19%	118.5%	37.20	6.08 x
1Q FY2023	05 Nov '22	2.68	3.05	13.73	19.5 x	-	14.00	5.22%	102.0%	44.84	5.98 x
4Q FY2022	03 Sept '22	3.23	4.22	14.25	22.6 x	8.00	14.00	4.34%	98.3%	41.94	7.69 x
3Q FY2022	07 May '22	3.05	3.18	13.47	22.6 x	-	14.00	4.59%	104.0%	37.89	8.04 x
2Q FY2022	05 Feb '22	3.31	3.28	13.29	24.9 x	6.00	14.00	4.23%	105.3%	40.69	8.12 x
1Q FY2022	05 Nov '21	3.25	3.57	13.22	24.6 x	-	14.00	4.31%	105.9%	45.47	7.14 x
4Q FY2021	04 Sept '21	3.16	3.44	12.99	24.3 x	8.00	14.00	4.43%	107.8%	41.69	7.57 x
3Q FY2021	08 May '21	3.11	3.00	12.38	25.1 x	-	13.00	4.18%	105.0%	38.08	8.16 x
2Q FY2021	06 Feb '21	3.56	3.20	12.16	29.3 x	6.00	13.00	3.65%	106.9%	40.98	8.68 x
1Q FY2021	06 Nov '20	2.59	3.35	11.53	22.5 x	-	12.00	4.63%	104.1%	45.08	5.75 x
4Q FY2020	05 Sept '20	2.17	2.83	10.54	20.6 x	7.00	12.00	5.53%	113.9%	41.71	5.20 x
3Q FY2020	02 May '20	1.75	2.78	9.65	18.1 x	-	11.00	6.29%	114.0%	39.44	4.44 x
Maximum					30.4 x			7.04%			8.68 x
Minimum					18.1 x			3.41%			4.44 x
Average					24.2 x			4.66%			6.19 x

⁽¹⁾ To account for share price movements after results release.

Source: MMH's financials, FPA

The overall target price of S\$1.67 is based on the peer average P/E of 21.7x & yield of 3.37%. For reference, we provide a comparison of MMH's share price with its historical TTM diluted EPS & P/E multiple over around the past five years (along with our projected rise in TTM diluted EPS until July 2026 and the current peer average P/E) as shown in **Exhibit 43**.

Exhibit 43: MMH's Share Price vs TTM Diluted EPS (Actual: May 2016 to March 2025; TTM EPS projected to July 2026)

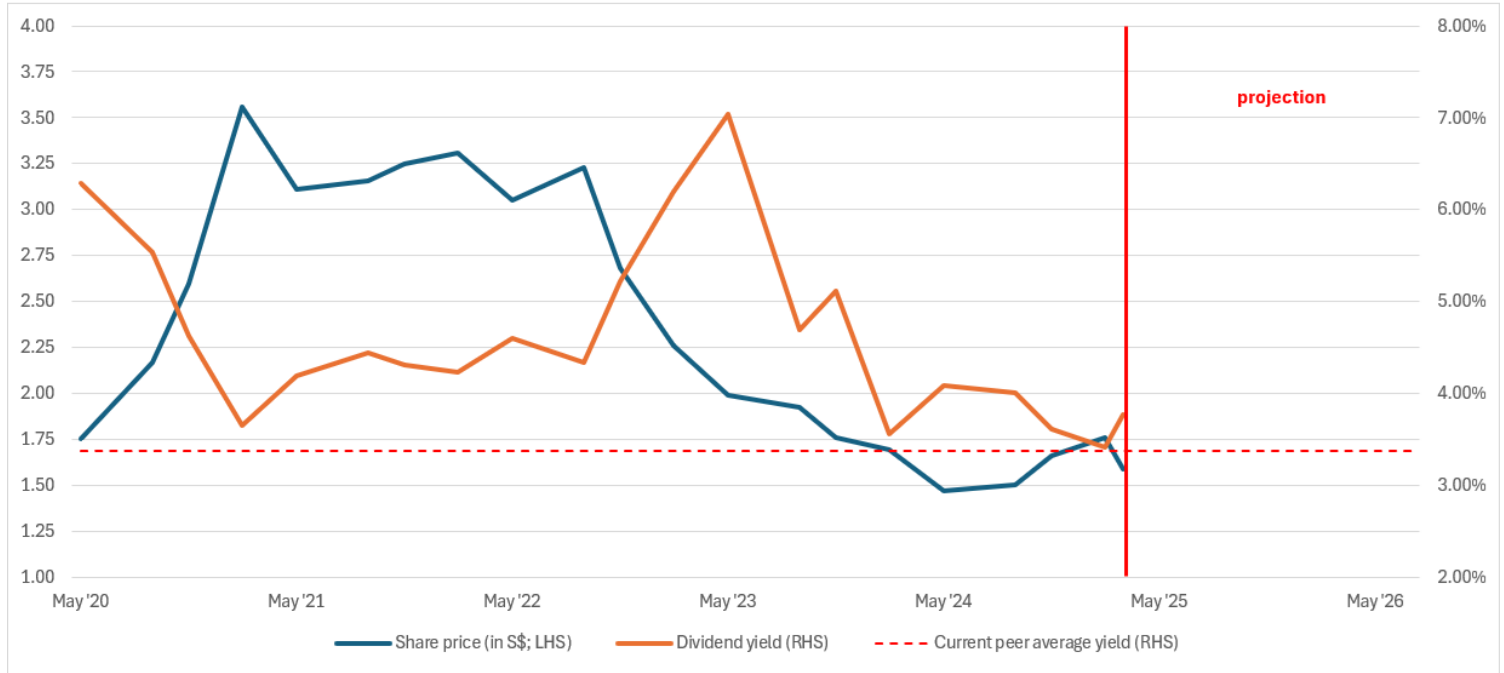
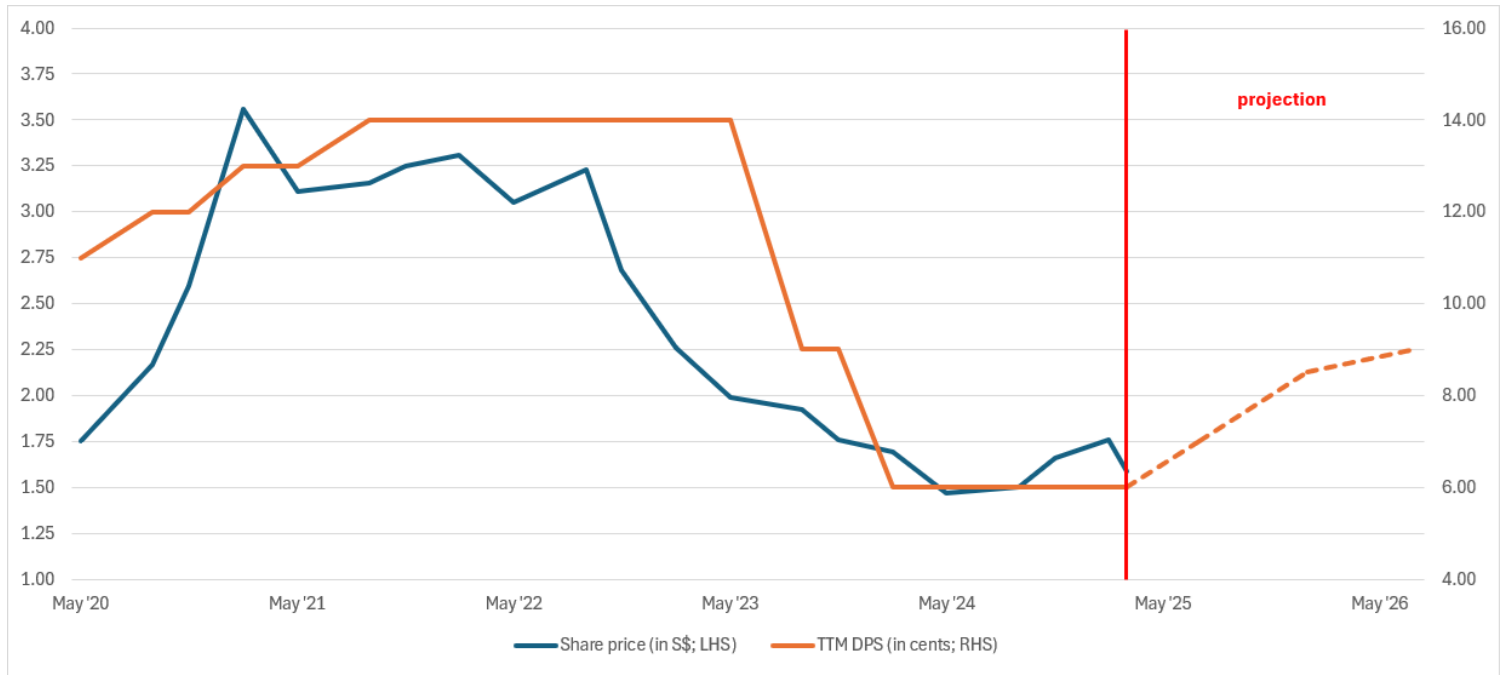


Note: for this exhibit, we scale the RHS axes proportionally to the LHS axes such that a 1% change in TTM diluted EPS or P/E multiple (RHS) can be compared against the corresponding percentage change in share price (LHS). Historical TTM diluted EPS from April 2020 (3Q FY2020) to January 2025 (2Q FY2025) are listed in **Exhibit 42** on page 41.

Source: *Investing.com, MMH's financials, peer companies' financials, FPA*

We also include, for readers' reference, a comparison of MMH's share price with its historical TTM DPS & dividend yield over around the past five years (along with our projected rise in TTM DPS until July 2026 and the current peer average yield) as shown in **Exhibit 44**.

Exhibit 44: MMH's Share Price vs TTM DPS (Actual: May 2016 to March 2025; TTM DPS projected to July 2026)



Note: for this exhibit, we scale the RHS axes proportionally to the LHS axes such that a 1% change in TTM DPS or dividend yield (RHS) can be compared against the corresponding percentage change in share price (LHS). Historical TTM DPS from April 2020 (3Q FY2020) to January 2025 (2Q FY2025) are listed in **Exhibit 42** on page 41.

Source: *Investing.com, MMH's financials, peer companies' financials, FPA*

POTENTIAL CATALYSTS

(I) ADVANCEMENT OF SEMICONDUCTOR NODES

As noted from the International Roadmap for Devices and Systems (“IRDS”), semiconductor nodes will grow increasingly advanced from 2nm in 2025 to 1.5nm in 2028. As nodes grow increasingly advanced, the stringency of requirements that WFE suppliers may face will likely rise such that competitors may struggle to keep pace with the market. For instance, MMH noted previously that customers have raised their cleanliness requirements and asked for parts to have less than 5,000 copper atoms per cm³, such that MMH needed to send its parts to a specialty cleanliness provider before delivery to customers.

Should MMH’s U.S. facility keep pace with the node transitions while managing costs, the U.S. facility may thus secure a larger market share such that USA revenue growth may improve while the associated cost of sales falls.

(II) HIGHER-THAN-PROJECTED RISE IN DIVIDENDS

As discussed on pages 18 & 19, we note that: (1) MMH lowered its DPS (cents) from 6.00 in 1H FY2023 to 3.00 in 2H FY2023 after its cash & cash equivalents fell by 20.9% from S\$17.9 million in 1H FY2023 to S\$14.1 million in 2H FY2023; and (2) MMH started having payout ratios of 100+% from 2H FY2018 after its cash & cash equivalents exceeded S\$20.0 million in 1H FY2017.

As discussed on pages 36 & 37, we also note that: (3) MMH managed to restore its cash & cash equivalents to above S\$20.0 million in 1H FY2025; and (4) based on our assumptions & projections, MMH will be able to maintain cash & cash equivalents at above S\$20.0 million even if it declares DPS (cents) of 6.00 from 2H FY2025 to 2H FY2026.

We project that MMH will declare DPS (cents) of 4.00 in 2H FY2025 (payout ratio of 103.2%) and 4.50 in 1H FY2026 & 2H FY2026 (payout ratios of 102.8% & 98.4% respectively). Should MMH choose to declare dividends higher than as projected by us, MMH’s share price may rise.

INVESTMENT RECOMMENDATION

MMH is currently trading at a P/E multiple of 22.2x which is higher than the peer average P/E of 21.7x. This suggests that MMH is overvalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$1.56 if MMH is to trade at the peer average P/E of 21.7x.

MMH's current dividend yield of 3.77% is more attractive than the peer average yield of 3.37%. This suggests that MMH is undervalued at the current share price. Adopting a relative valuation approach, we estimate a target price of S\$1.78.

By averaging our estimated target prices based on P/E multiple and dividend yield, we derive an overall target price of S\$1.67 as follows:

$$\begin{aligned}\text{Overall Target Price (Amended)} &= \frac{1}{2} \times [\text{Estimated Target Price (P/E multiple)} + \text{Estimated Target Price (Dividend yield)}] \\ &= \frac{1}{2} \times [\text{S\$1.56} + \text{S\$1.78}] \\ &= \text{S\$1.67}\end{aligned}$$

The overall target price of S\$1.67 implies an upside potential of 4.8% from the current share price of S\$1.59.

The upside potential may improve should MMH's TTM diluted EPS & TTM DPS rise as projected by us, especially if MMH keeps pace with the advancement of semiconductor nodes or declares higher-than-projected DPS.

However, the limited upside potential based on peer comparison analysis using current valuation metrics may justify only a hold.

We also note that there are risks to our target price which we highlight in the next section.

RISKS TO TARGET PRICE

(I) ESCALATION OF TRADE RESTRICTIONS

Since January, the Donald Trump administration has been “sketching out tougher versions of US semiconductor curbs and pressuring key allies to escalate their restrictions on China’s chip industry” as reported by Bloomberg in February 2025. Bloomberg noted that “Trump officials recently met with their Japanese and Dutch counterparts about restricting Tokyo Electron Ltd. and ASML Holding NV engineers from maintaining semiconductor gear in China” to “see key allies match China curbs the US has placed on American chip-gear companies, including Lam Research Corp., KLA Corp. and Applied Materials Inc”.

In line with the rising scrutiny over chips exports, the U.S. probed “whether Chinese AI startup DeepSeek bought advanced Nvidia Corp. semiconductors through third parties in Singapore, circumventing US restrictions on sales of chips used for artificial intelligence tasks” as reported by Bloomberg. Bloomberg noted that the release of Deepseek “triggered a debate about the effectiveness of US attempts to cut China off from advanced technology”, such that the U.S. was considering the imposition of “strict licensing requirements” on countries that were unwilling to comply with the U.S.’s chips export restrictions.

Revenues from the USA and China (based on customers’ geographical locations) respectively comprised 22.4% and 31.9% of MMH’s total revenue in 1H FY2025. As also noted in our initiation report, while MMH “has refrained from exporting to China from the U.S. or vice-versa, MMH’s revenue may be impacted should U.S. extend its trade restrictions to also target firms with businesses in both U.S. and China”.

(II) GLOBAL ECONOMIC SLOWDOWN

According to the Financial Times (“FT”), U.S. President Donald Trump’s decision to “impose tariffs on imports from its three biggest trading partners — 25 per cent on Canada and Mexico, coupled with an additional 10 per cent levy on Chinese imports — raises the prospect of higher costs for US consumers and businesses”. FT reported in March 2025 that that cuts “to the federal workforce and government spending are also weighing on confidence, while the clampdown on immigration is raising concerns about companies’ access to labour”, such that the U.S. may experience a “stagflationary shock”.

Citing a poll by Consensus Economics, FT noted that U.S. growth is expected to fall to “about 2 per cent in 2025, down from 2.8 per cent in 2024”.

The World Bank noted in January 2025 that the U.S. & China collectively contributed around half of global growth from 2010 to 2019 as shown in **Exhibit 45**. Should growth in either the U.S. or China fall, global growth in 2025 & 2026 may be impacted.

While China has postured that it would be minimally affected by the U.S. tariffs through the setting of its growth target for 2025 at around 5% (unchanged from growth in 2024¹; as reported by Reuters in March 2025), the imposition of tariffs by & the fall in growth of the U.S., one of China’s largest trading partners, may weigh on Chinese (thus further weigh on global) growth.

To add, we note that our projected rise in TTM diluted EPS (cents) of 25.0% from 7.16 in 1H FY2025 to 8.95 in 2H FY2026 (from which our projected rise in TTM DPS of 50.0% from 6.00 in 1H FY2025 to 9.00 in 2H FY2026 is derived) is based on forecasts provided by SEMI in October 2024 (silicon wafer shipments) and in September & December 2024 (equipment billings), of which the publication dates were before U.S. President Donald Trump’s inauguration in January 2025.

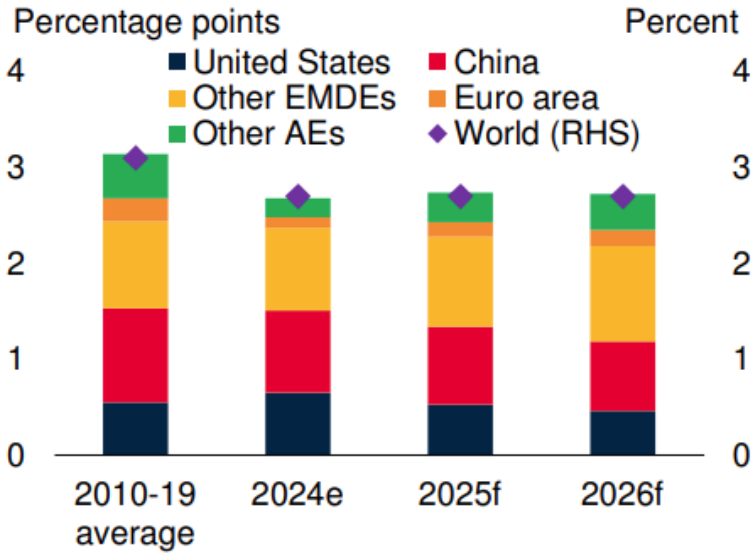
As noted by the SIA in May 2024, the “vast majority of semiconductor demand” in 2023 was “driven by products ultimately purchased by consumers, such as laptops, smartphones, automobiles, and more”. Should global growth slow, consumers’ disposable income may fall such that end-use (thus derived) demand for semiconductor chips may fall.

¹ The reliability of Chinese official data is another question altogether. Research firm Rhodium Group estimated in December 2024 that “China’s GDP growth in 2024 improved modestly to around 2.4% to 2.8%, well below target”, and projected that Chinese growth “could get to 3-4.5% growth in 2025”.

Given the global developments after Trump’s inauguration, the growth in silicon wafer shipments & equipment billings may fall below those forecasted by SEMI such that TTM diluted EPS (cents) may be lower than 8.95 in 2H FY2026 as projected by us.

Given the above possibilities, MMH’s revenue growth (not just those from the U.S. and China) may fall.

Exhibit 45: Contributions to Global Growth



Source: Bloomberg, Consensus Economics and Haver Analytics (cited by the World Bank in January 2025)

DISCLOSURES/DISCLAIMERS

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