



MICRO-MECHANICS (HOLDINGS) LTD.

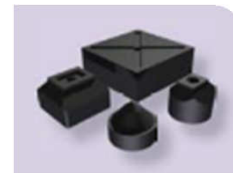
FY2014 Results Briefing
29 August 2014



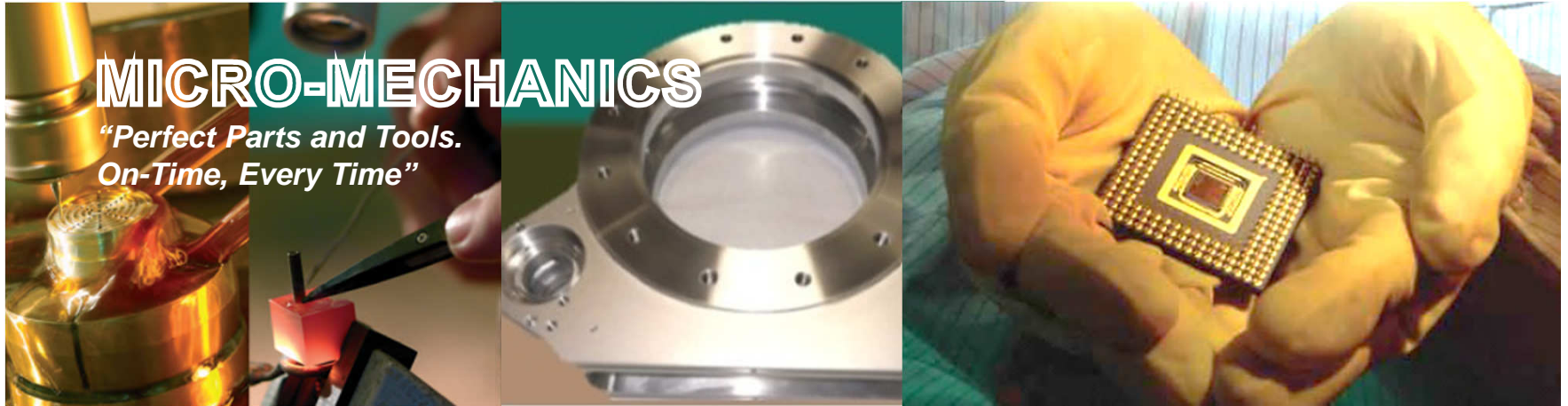
CORPORATE HIGHLIGHTS

Mr. Chris Borch, CEO

Mr. Low Ming Wah, COO

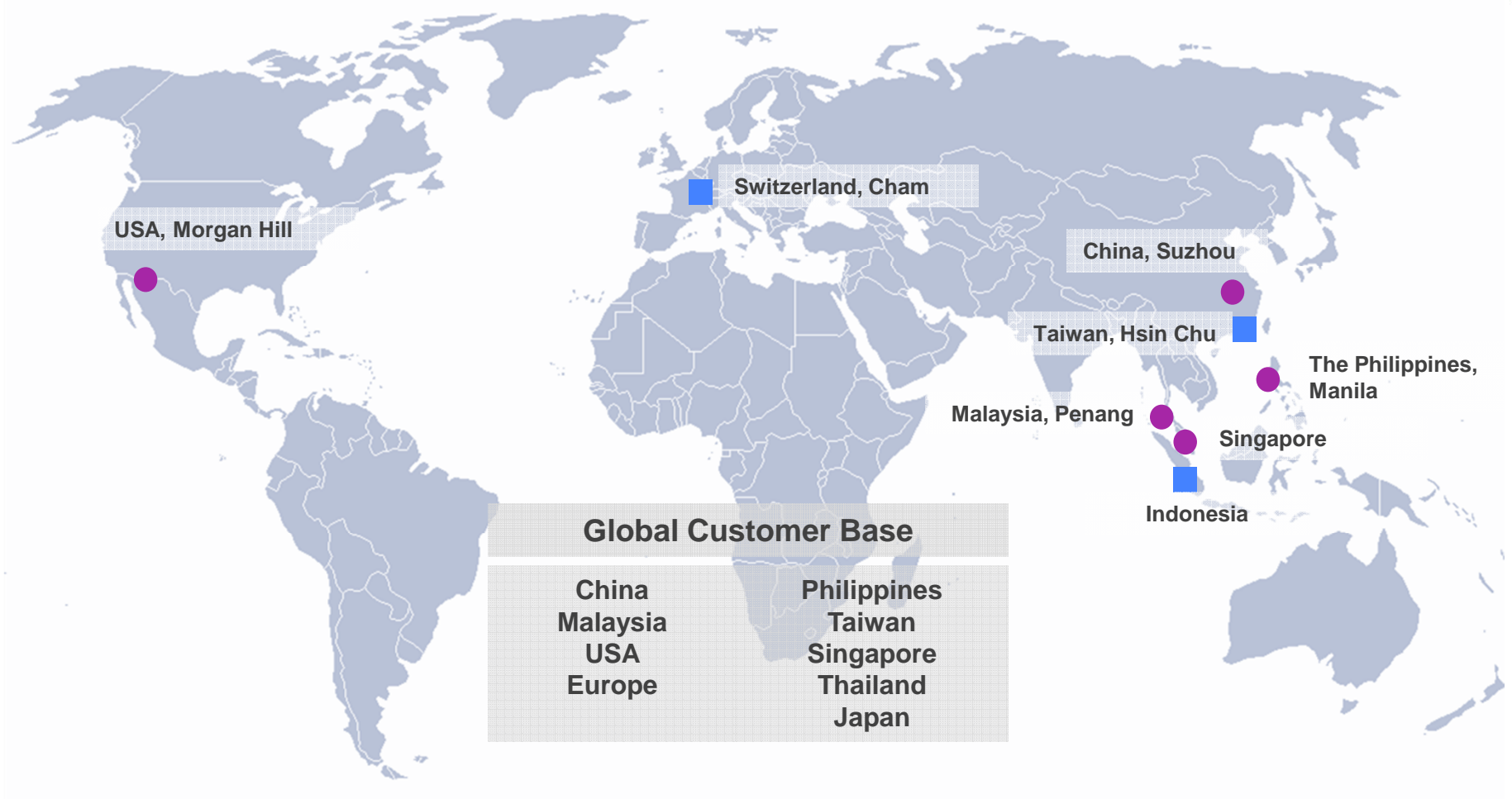


Corporate Overview



- Founded in 1983 in Singapore by CEO Chris Borch
- Listed on the Singapore Exchange (Main Board) since 2003
- Design and manufacture high precision tools, parts and assemblies for the semiconductor, medical, aerospace and other high technology industries
- Serve a worldwide base of customers from five facilities in Asia and the USA
- Two business segments:
 - Semiconductor tooling business serves nearly all the chip manufacturers/assembly and test companies
 - Custom Machining & Assembly (CMA) division serves capital equipment makers
- Committed to generating shareholder returns

Worldwide markets | Asia and USA bases

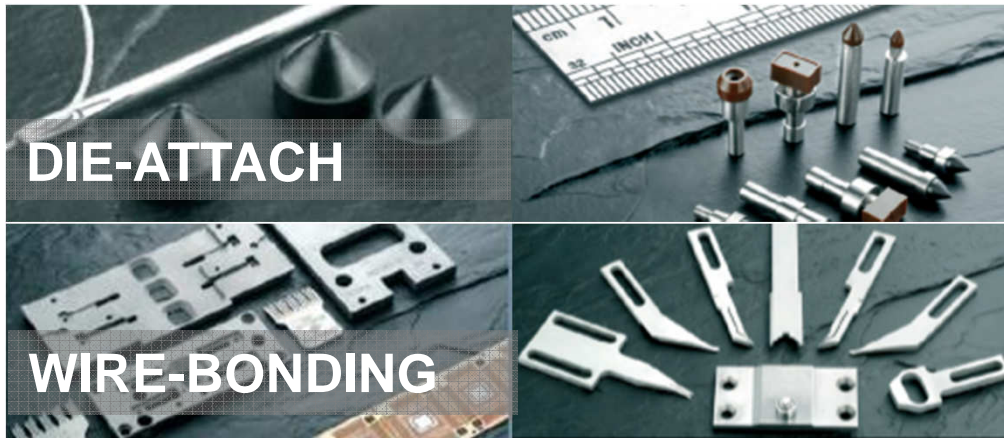
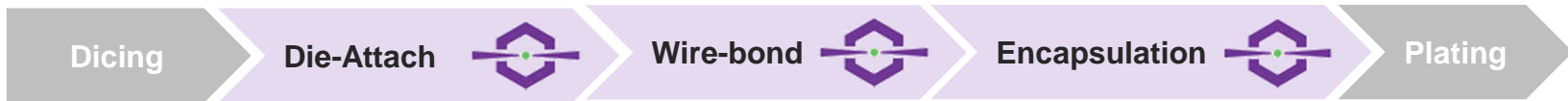


- Manufacturing and sales
- Sales

High Precision Tools for Semiconductor A&T



BACK-END SEMICONDUCTOR ASSEMBLY PROCESS



DIE-ATTACH

WIRE-BONDING

Rubber and Plastic Pick-up Tips
Ejector Needles & Needle Holders
Dispensing Nozzles

Wire bond clamps
Wedges
Wire cutters
Electronic Flame Offs

CONSUMABLE PRODUCTS

require regular replacement

FOCUS ON CYCLE TIME

from customer inquiry to delivery

RAISING BARRIERS

from developing finer tools in line with chip package miniaturization

HUNDREDS OF CUSTOMERS

in chip assembly & testing sector

BROAD PRODUCT RANGE

backed by strong proprietary know-how

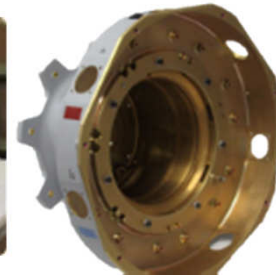


Die collets / ultra-fine tools with small holes from 0.10mm and features from 0.05mm. For eutectic die attach, MEMS.

Custom Machining & Assembly (CMA)



Precision and complex parts / assemblies for Tier-1 capital equipment manufacturers



24/7 MACHINING

Maximising 168 available hours
Zero online tool and fixture set-up
Repeatable processes

INCREASED COMPETITIVENESS

to meet customer needs' in volatile marketplace

DIVERSIFICATION

into other high-tech industries

GREATER REVENUE SCALABILITY

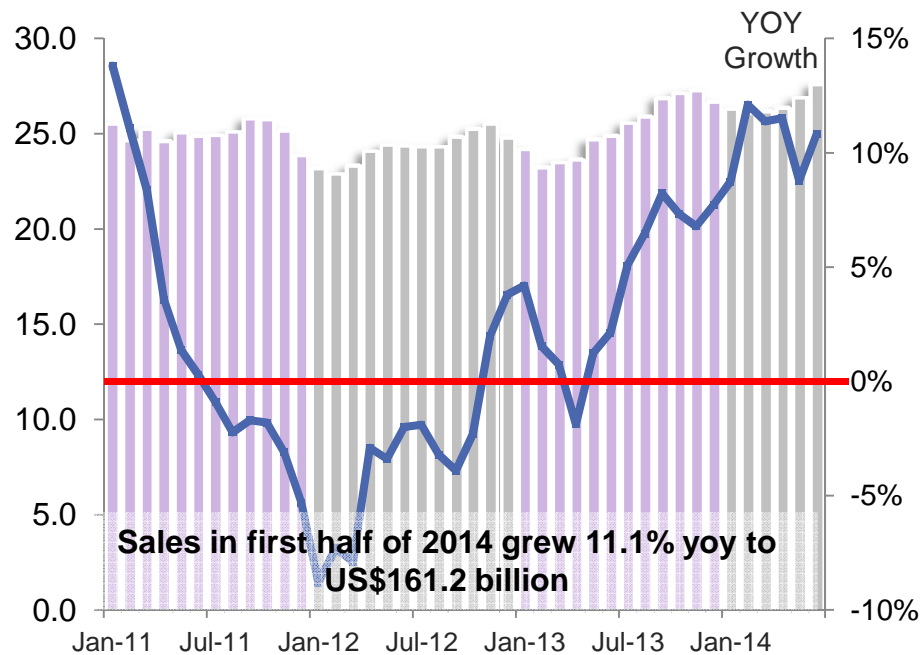
than semiconductor tooling business



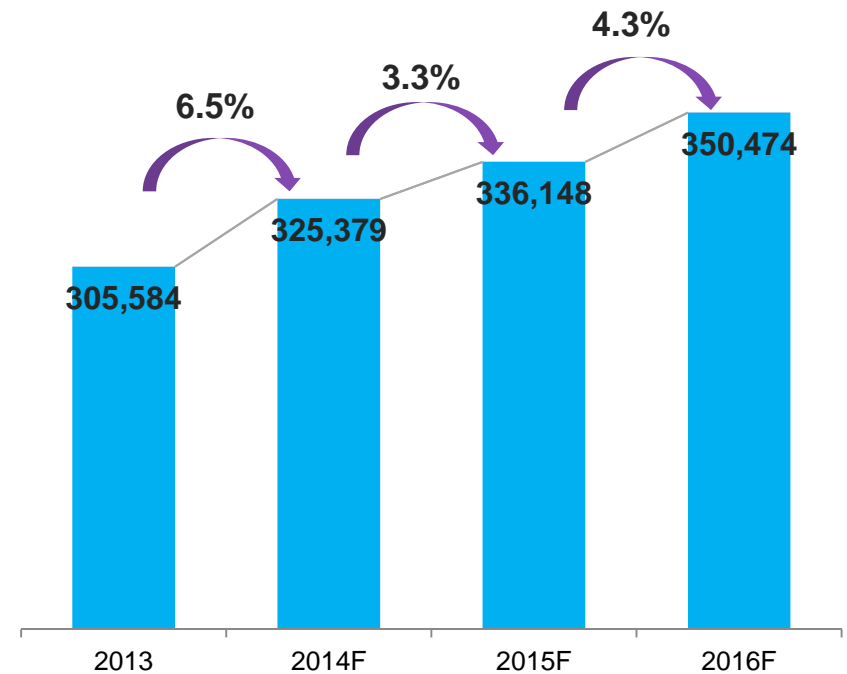
Industry Landscape – Market Drivers & Trends



Global Monthly Chip Sales (US\$ M)



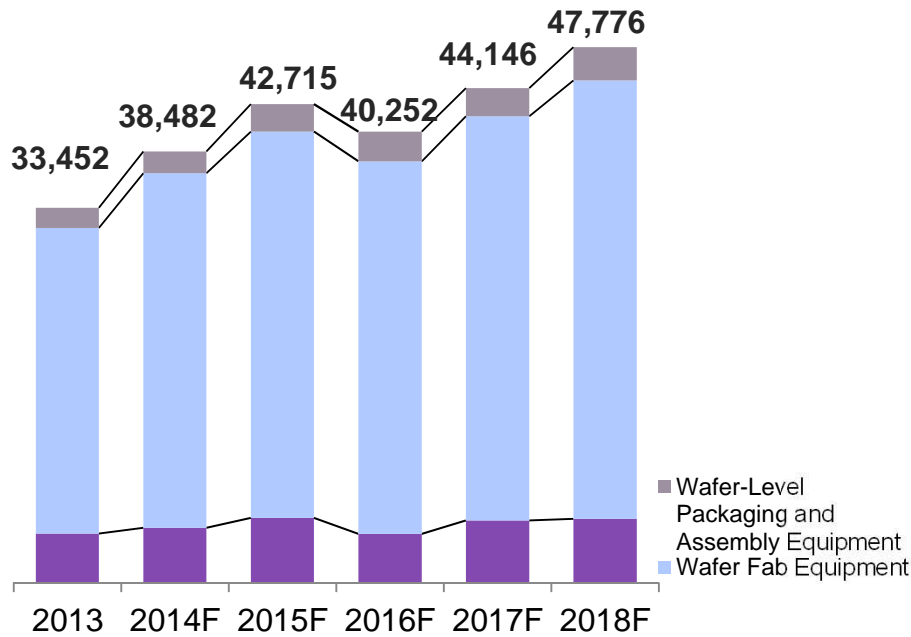
WSTS Spring 2014 World Semiconductor Market (US\$ M)



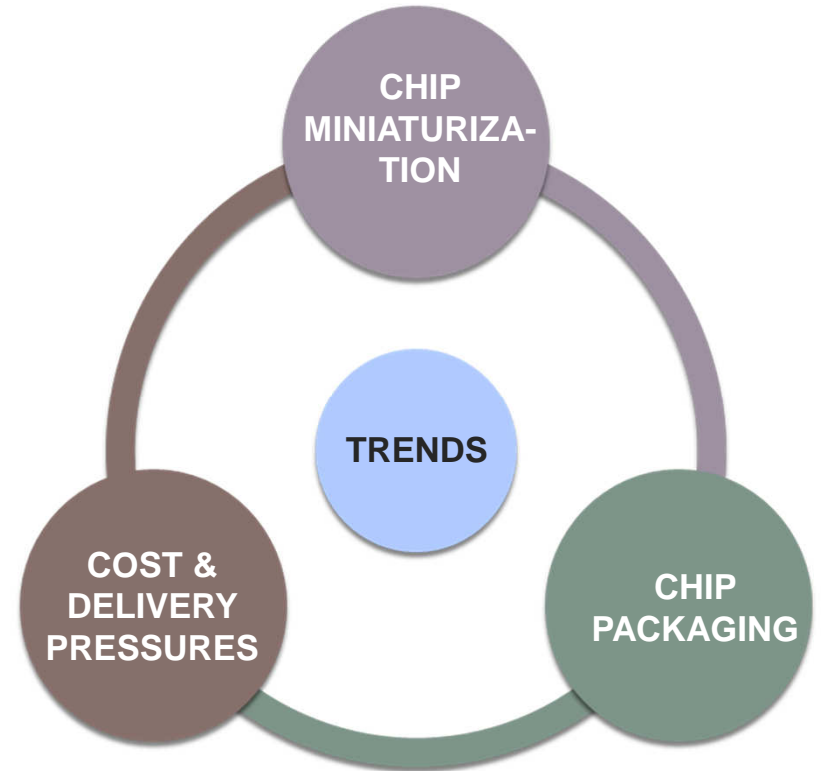
Industry Landscape – Market Drivers & Trends



Worldwide Semiconductor Manufacturing Equipment Spending Forecast, 2013-2018 (US\$ M)



Source: Gartner



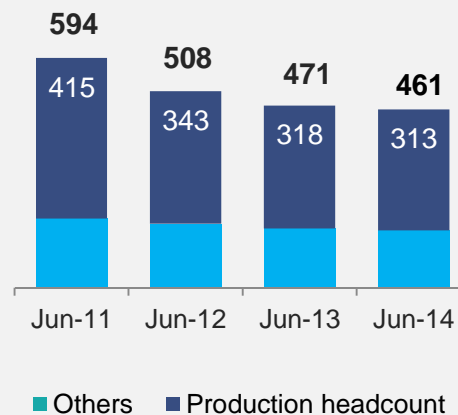
Operational Strategies



HIGHER AUTOMATION & PRODUCTIVITY

- **INVESTED AROUND S\$22M** in new equipment since FY2011
- **CMA R&D PROJECT** to develop the *24/7 Machining Line*
- **24/7 FUNDAMENTALS** introduced to factories in Asia
- **IMPROVE** Quality, Cost, Cycle Time & Manufacturing Flexibility

REDUCED HEADCOUNT



CONTINUING TRAINING

- In-house training program – *MMUniversity* started since 2012
- Customer Value, Business Planning, 24/7 Machining, Business Fundamentals.

IMPROVED PROFITABILITY

- CMA's GP margin expanded to 23.2% from 6.3% in FY2013
- Group GP margin widened to 50.7% from 49.1%
- Net profit jumped 51%; NP margin up to 17.6% from 13.1%

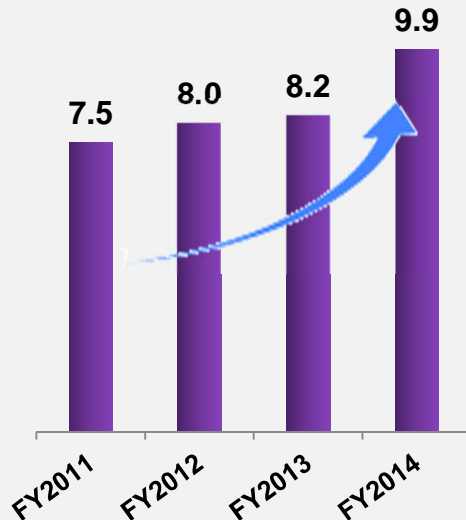
Operational Strategies



GROWING SALES IN CHINA

- China developing into a major centre for global chip manufacturing activity
- Successfully expanding our customer base
- China is now our largest market - 22% of FY14 revenue

3 YEAR CAGR 10%



RIGHTSIZE OPERATIONS

- Closed Thailand factory (*accounted for only 3% of FY14 profit*) due to substantial decline in customers' business activities
- Appointed agent/distributor in Thailand

FOCUS ON CUSTOMERS

- Enhance the value we bring to customers
- Quality, cost-effectiveness, speed

PROCESS INNOVATION

What does it take to make a **Perfect Part**?

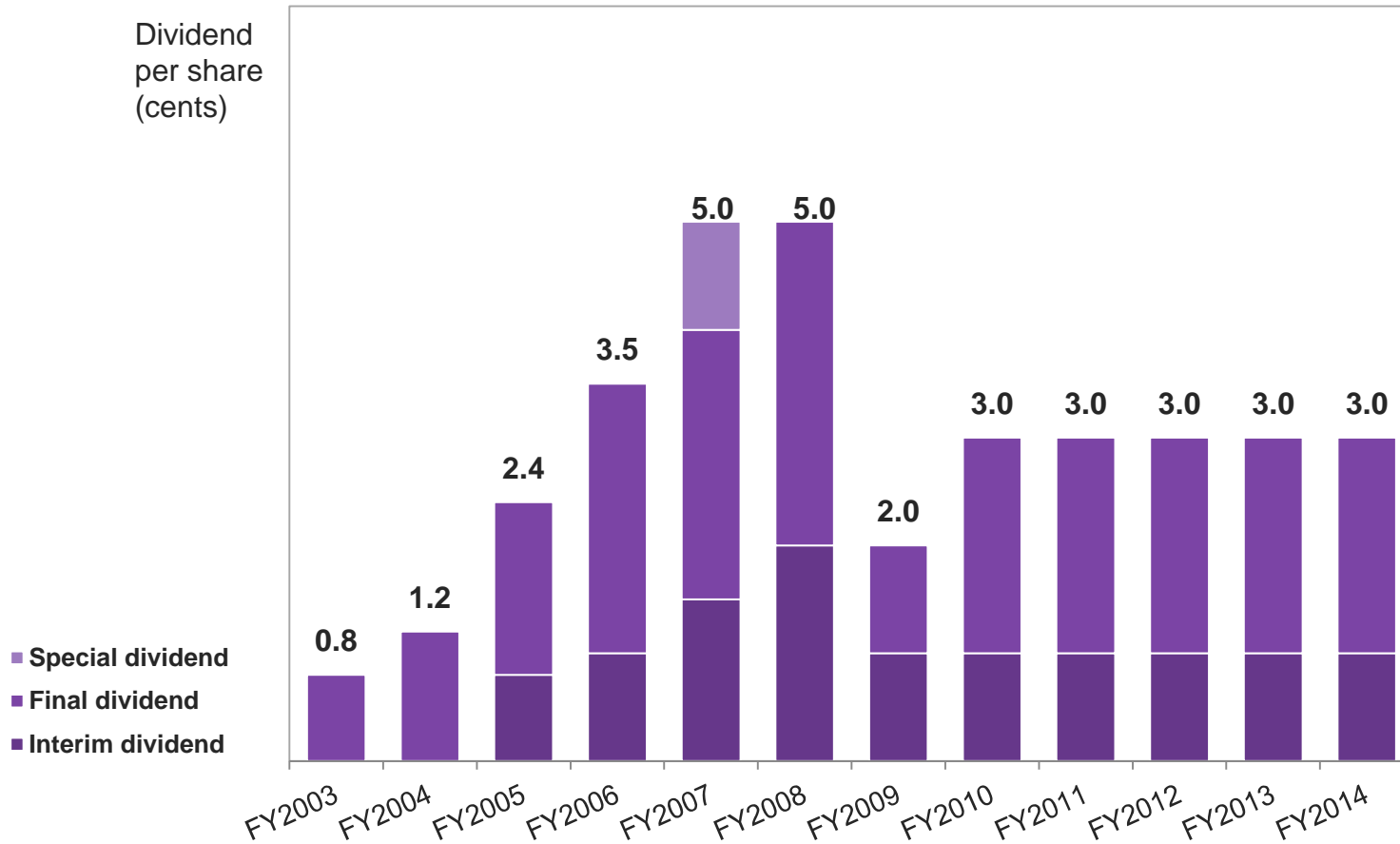
(in a volatile market)



Shareholder Value



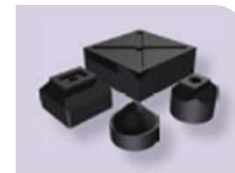
TOTAL DIVIDENDS OF **34.9 CENTS** PER SHARE SINCE LISTING





FINANCIAL REVIEW

Mr. Chow Kam Wing, CFO



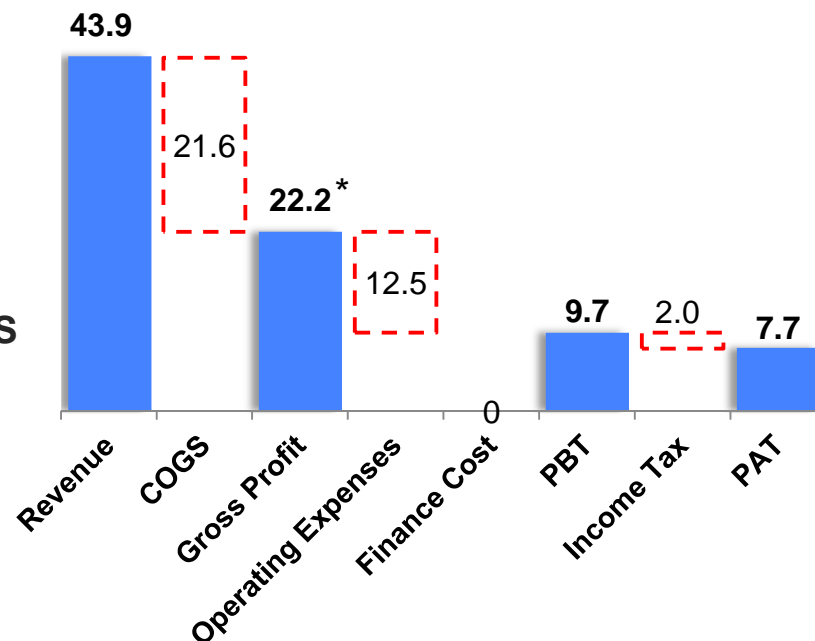
FY2014 in Review

THIRD CONSECUTIVE YEAR OF REVENUE AND NET PROFIT GROWTH



- REVENUE UP 12.0%
- GROSS PROFIT MARGIN EXPANDED TO 51.1%
- NET PROFIT UP 51.0%, NP MARGIN UP TO 17.6%
- EPS IMPROVED TO 5.57 CENTS FROM 3.69 CENTS
- SOUND BALANCE SHEET WITH CASH OF \$11.1 MILLION AND ZERO DEBT

FY2014 P&L Overview (\$ million)



* Due to rounding difference

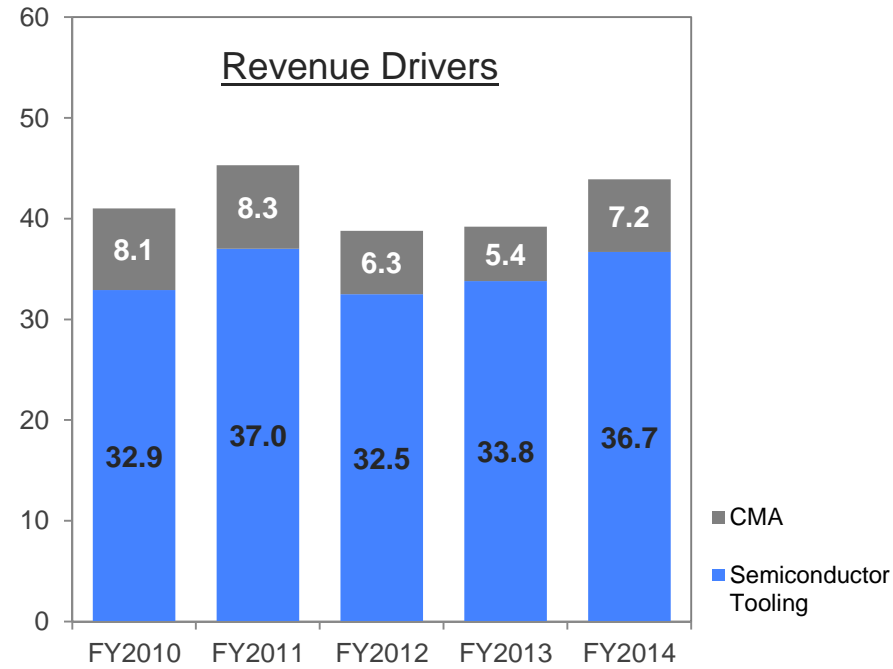
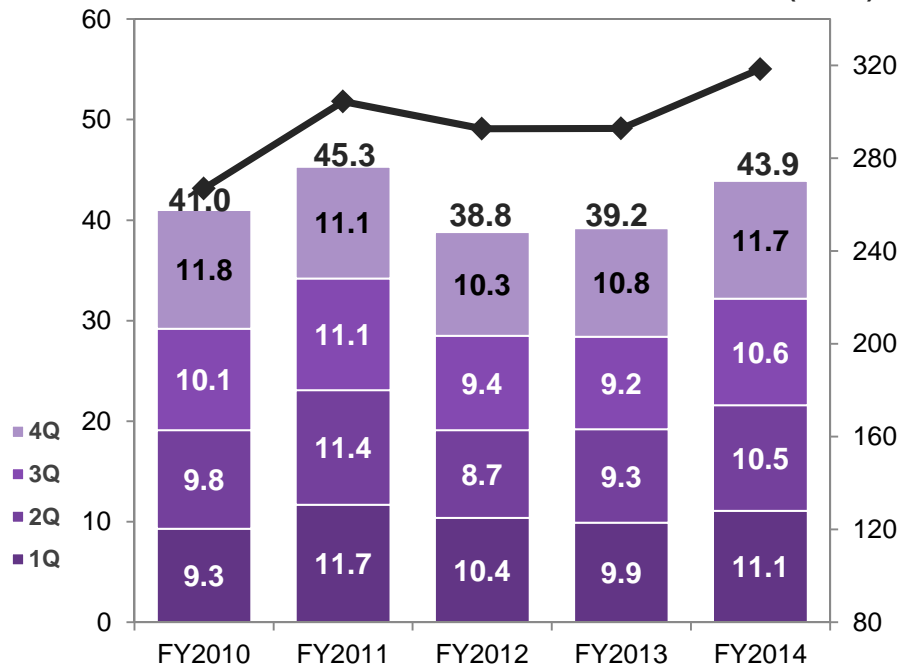
Group Revenue

FY2014 SALES UP 12.0%



Group Revenue (\$M)

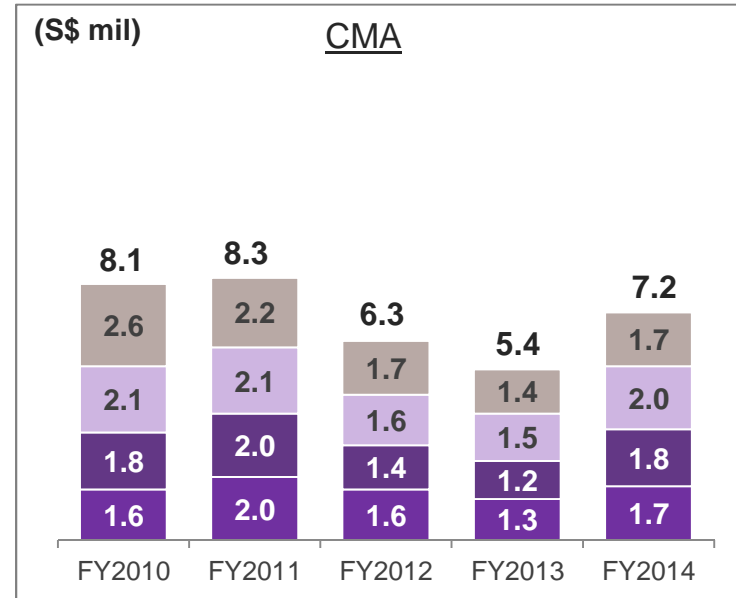
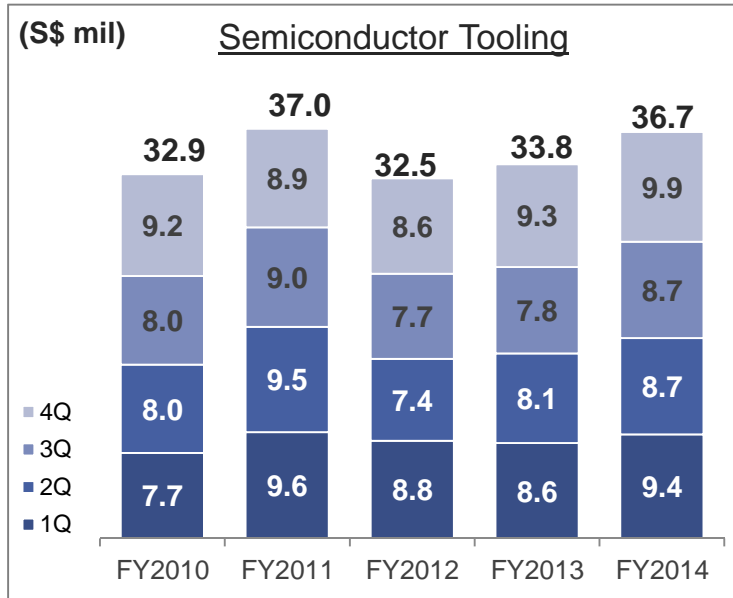
Global Chip Sales Trend (US\$B)



◆ Global Chip Sales Trend according to FY. Data from Semiconductor Industry Association (SIA)

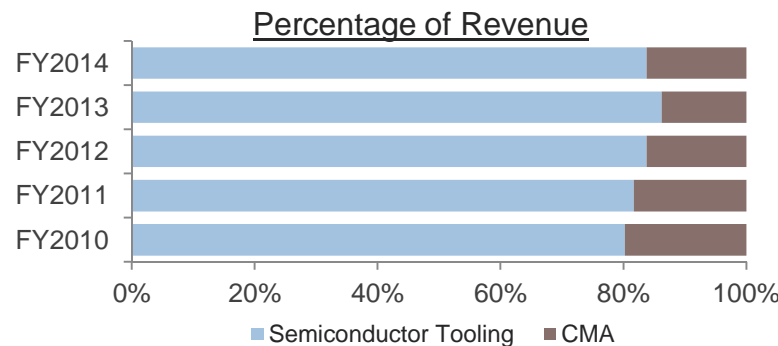
Quarterly Revenue By Business Segments

TOOLING AND CMA SALES IMPROVED IN FY2014



Semiconductor tooling
+8.7%

CMA
+32.9%

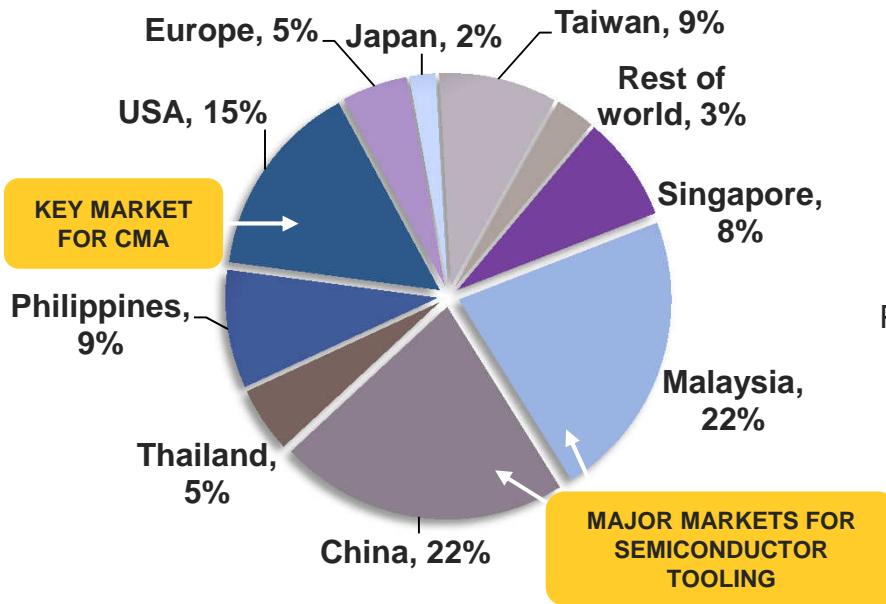


Revenue by Geographical Market

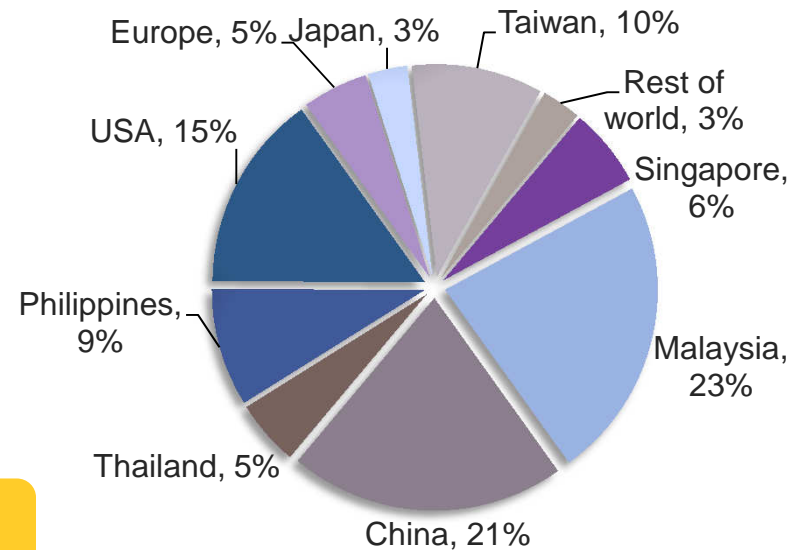
DIVERSIFIED REVENUE STREAMS



Sales Breakdown for FY2014



Sales Breakdown for FY2013

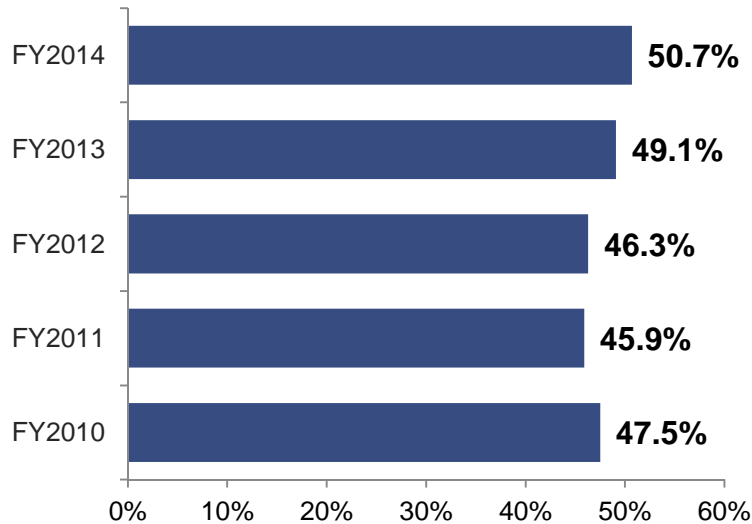


Gross Profit Margin

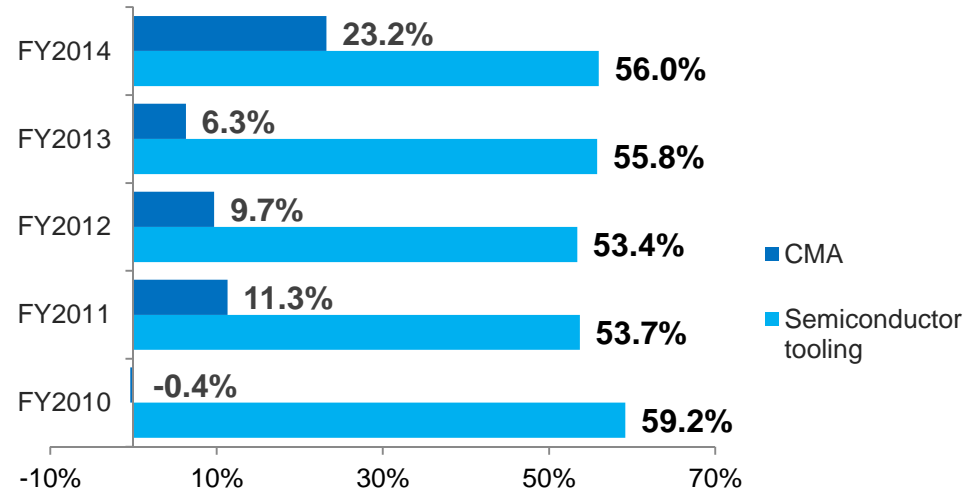
MARGIN EXPANSION IN FY2014



Group GPM



GPM by Business Segments



Semiconductor tooling

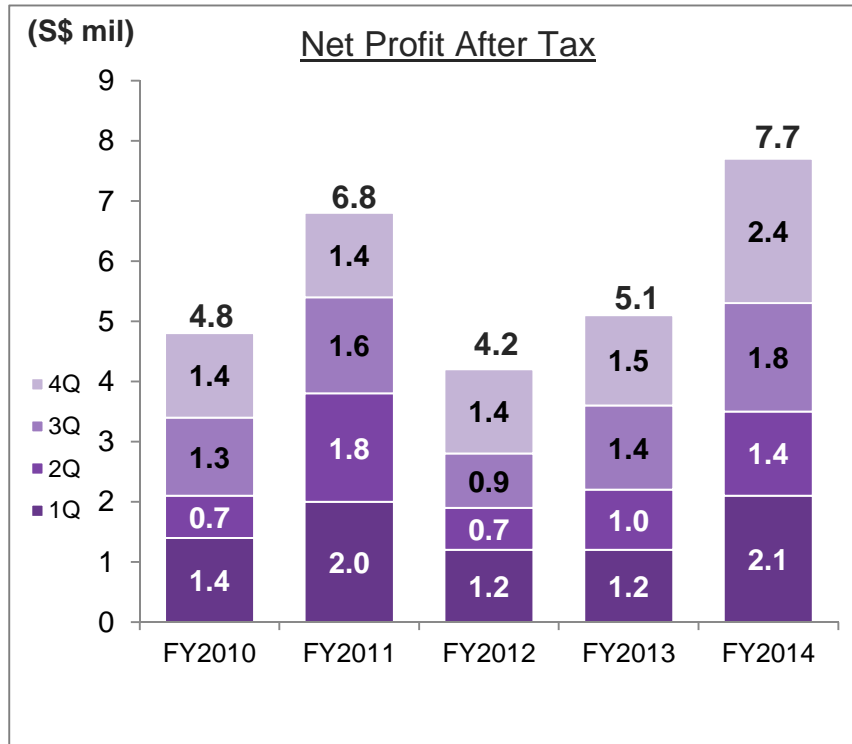
GPM remained steady at 55.7% despite the constant price pressures typical of the semiconductor industry

CMA

GPM improved to 25.9% due to increased sales and improved operational efficiency of our factory in the USA

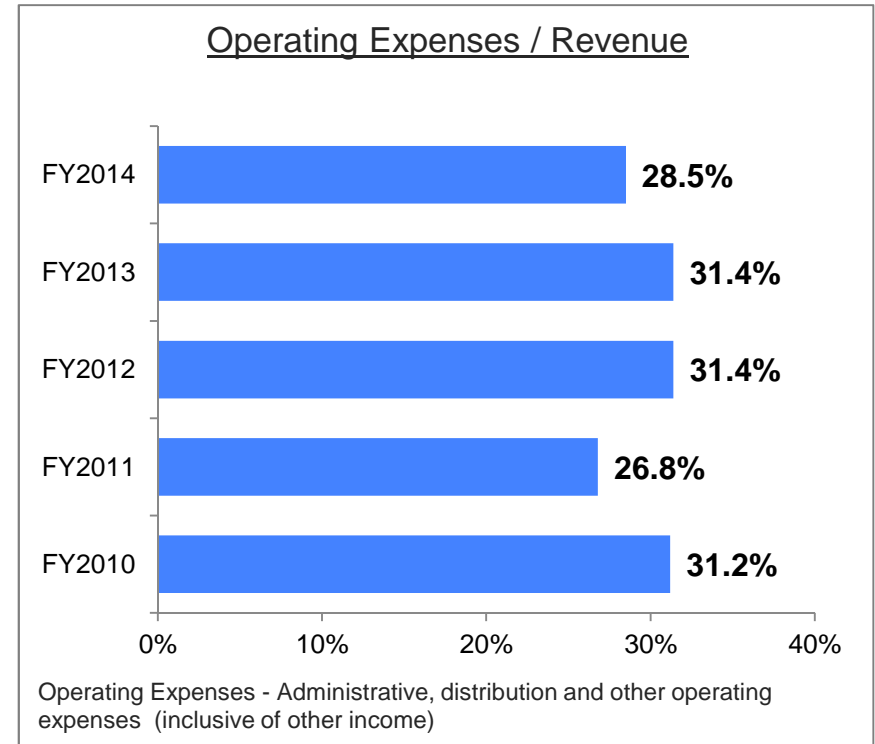
Group Net Profit

FY2014 PROFIT INCREASED 51.0%



Net profit

FY2014 profit rose on higher sales, increased GPM and tight control of expenses

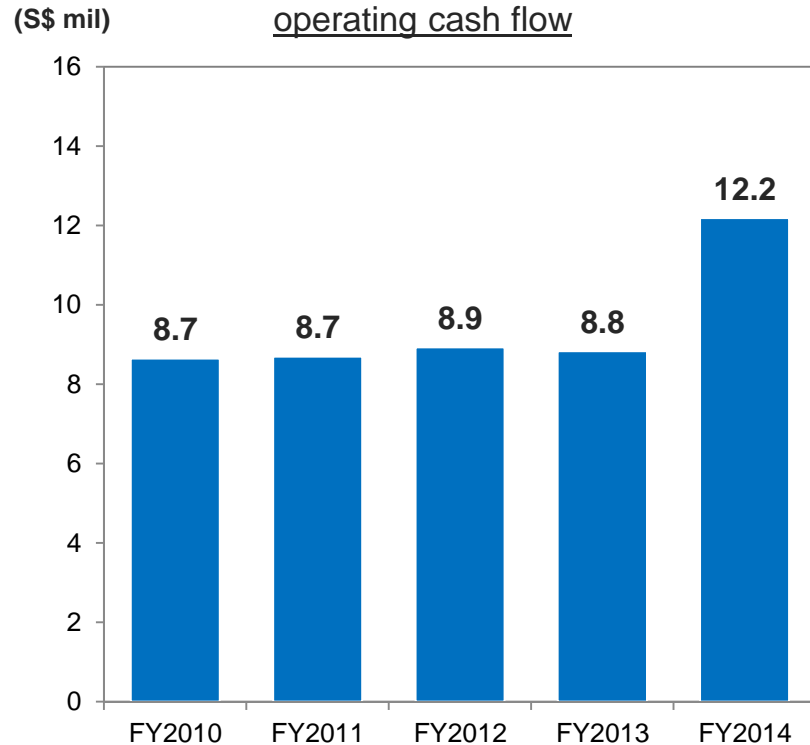


Admin, Distribution and Other Operating expenses (excl. other income) increased at a slower 3.0% relative to revenue growth of 12%

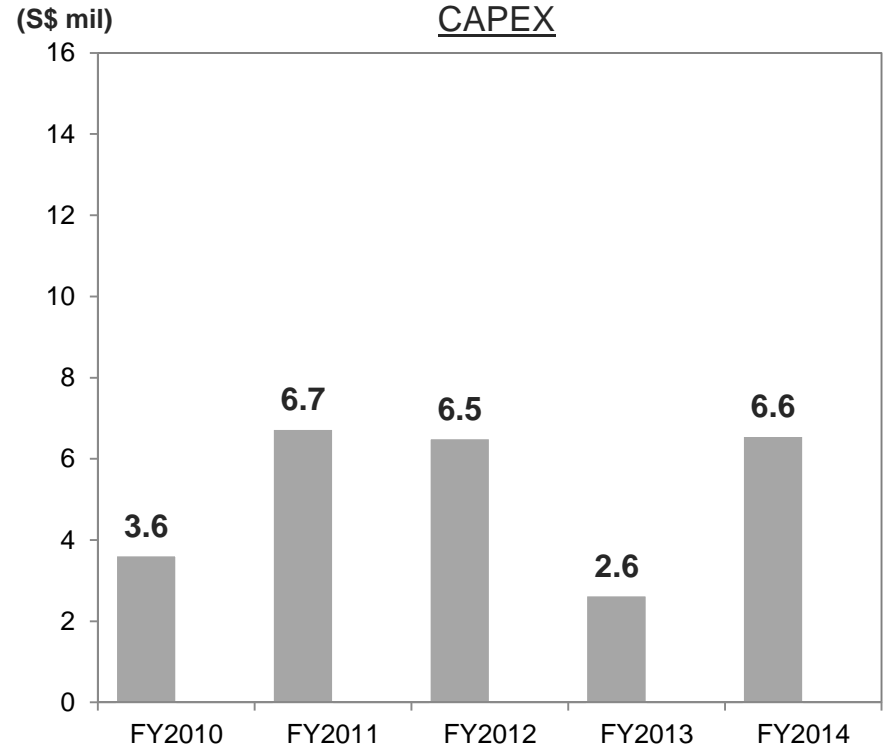
Operating Cash Flow and CAPEX



Track record of healthy operating cash flow



CAPEX



Balance Sheet



		30 June 2014	30 June 2013
<u>Cash</u>	Cash and cash equivalents	S\$11.1M [#]	S\$9.2M
<u>Gearing</u>	Total borrowings	Nil	Nil
<u>Trade Receivables</u>	(Outstanding > 90days) / Total trade receivables Bad debt expense	0.2% (FY14) 8k(FY14)	0.2% (FY13) Nil (FY13)
<u>Inventory</u>	Inventory / Sales Inventory write-off	7.0% (FY14) S\$98k (FY14)	5.5% (FY13) S\$72k (FY13)
<u>Equity</u>	Shareholders' equity NAV per share	S\$41.1M [#] 29.57 cents	S\$37.9M 27.29 cents

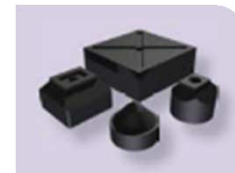
[#] Paid dividends of S\$4.2M (Final dividend for FY2013 and Interim dividend in FY2014)



SUMMARY

Mr. Chris Borch, CEO

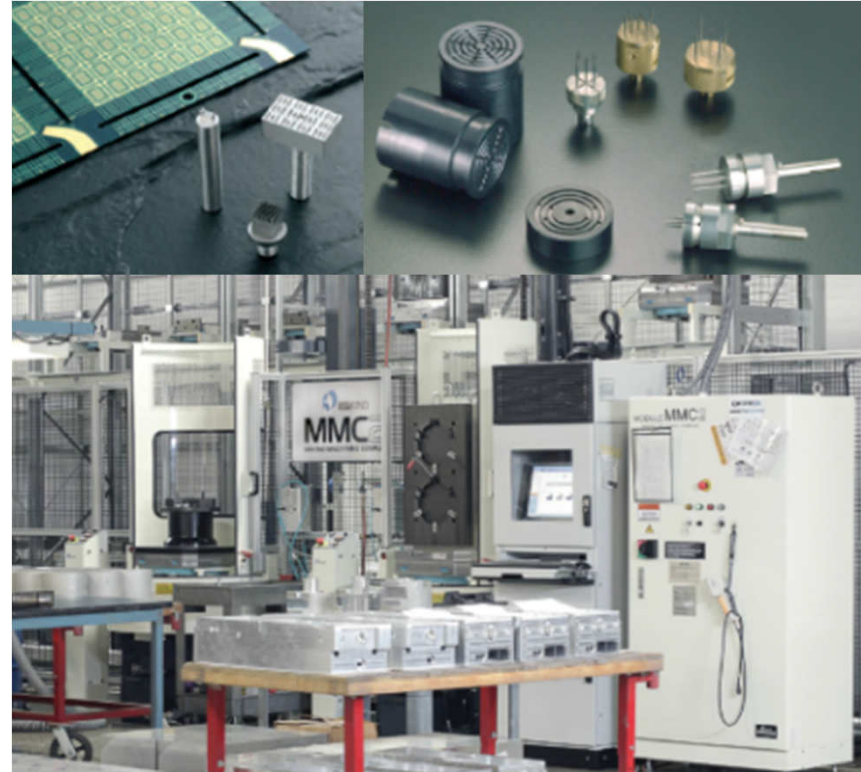
Mr. Low Ming Wah, COO



Key Takeaways



- FY2014 was another **year of profitable growth**
- **Improved efficiency** across our worldwide operations
- **Consistent returns** to our shareholders
- Semiconductor industry outlook has become **more positive**
- Limited business visibility, escalating cost for skilled labour, selling price and delivery lead time pressures
- Operational strategies in place to **sustain growth over the long-term**



Safe Harbour for Forward-Looking Statements



This presentation contains certain statements that are not statements of historical fact, i.e. forward-looking statements. Investors can identify some of these statements by forward-looking items such as ‘expect’, ‘believe’, ‘plan’, ‘intend’, ‘estimate’, ‘anticipate’, ‘may’, ‘will’, ‘would’, and ‘could’ or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. These forward-looking statements are based on current expectations, projections and assumptions about future events. Although Micro-Mechanics (Holdings) Ltd. believes that these expectations, projections, and assumptions are reasonable, these forward-looking statements are subject to the risks (whether known or unknown), uncertainties and assumptions about Micro-Mechanics (Holdings) Ltd. and its business operations.

Some of the key factors that could cause such differences are, among others, the following:

- changes in the political, social and economic conditions and regulatory environment in the jurisdictions where we conduct business or expect to conduct business;
- the risk that we may be unable to realise our anticipated growth strategies and expected internal growth;
- changes in and new developments in technologies and trends;
- changes in currency exchange rates;
- changes in customer preferences and needs;
- changes in competitive conditions in the semiconductor industry and our ability to compete under these conditions;
- changes in pricing for our products; and
- changes in our future capital needs and the availability of financing and capital to fund these needs.

Given these risks, uncertainties and assumptions, the forward-looking events referred to in this presentation may not occur and actual results may differ materially from those expressly or impliedly anticipated in these forward-looking statements. Investors are advised not to place undue reliance on these forward-looking statements.

Investors should assume that the information in this presentation is accurate only as of the date it is issued. Micro-Mechanics (Holdings) Ltd.’s business, financial conditions, results of operations and prospects may have changed since that day. Micro-Mechanics (Holdings) Ltd. has no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.



MICRO-MECHANICS (HOLDINGS) LTD.

Micro-Mechanics

31 Kaki Bukit Place
Eunos Techpark
Singapore 416209
www.micro-mechanics.com

Investor Relations Contact

Octant Consulting
Tel (65) 6296 3583
herman@octant.com.sg /
lisa@octant.com.sg