

FINANCIAL YEAR ENDED 30 JUNE 2015  
**FY2015 RESULTS BRIEFING**  
31 August 2015



MICRO-MECHANICS (HOLDINGS) LTD.

# AGENDA

Corporate Highlights

Financial Review

Q&A

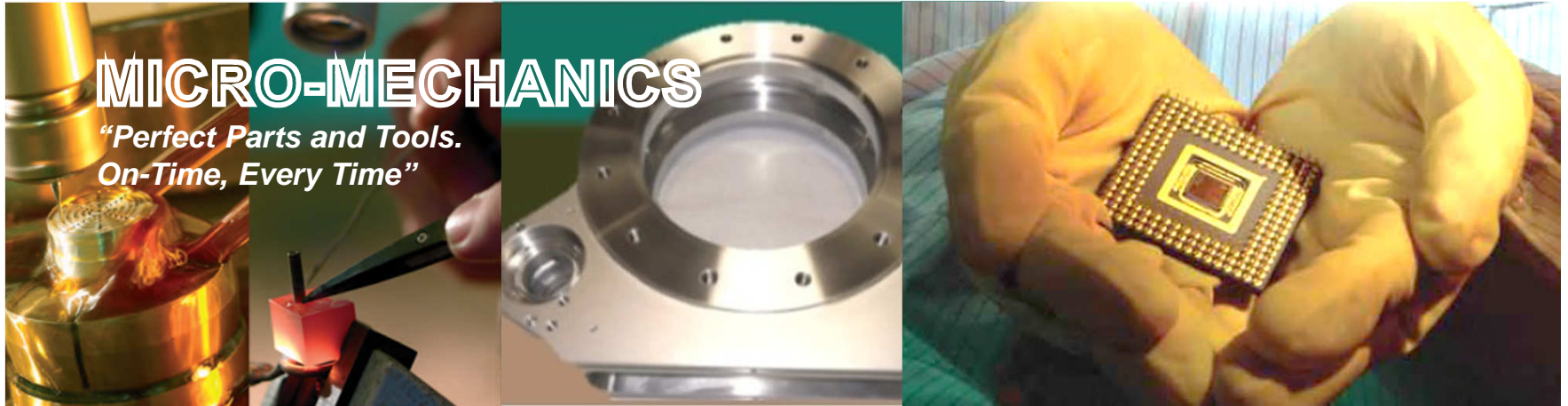


# CORPORATE HIGHLIGHTS

CHRIS BORCH, CEO  
LOW MING WAH, COO



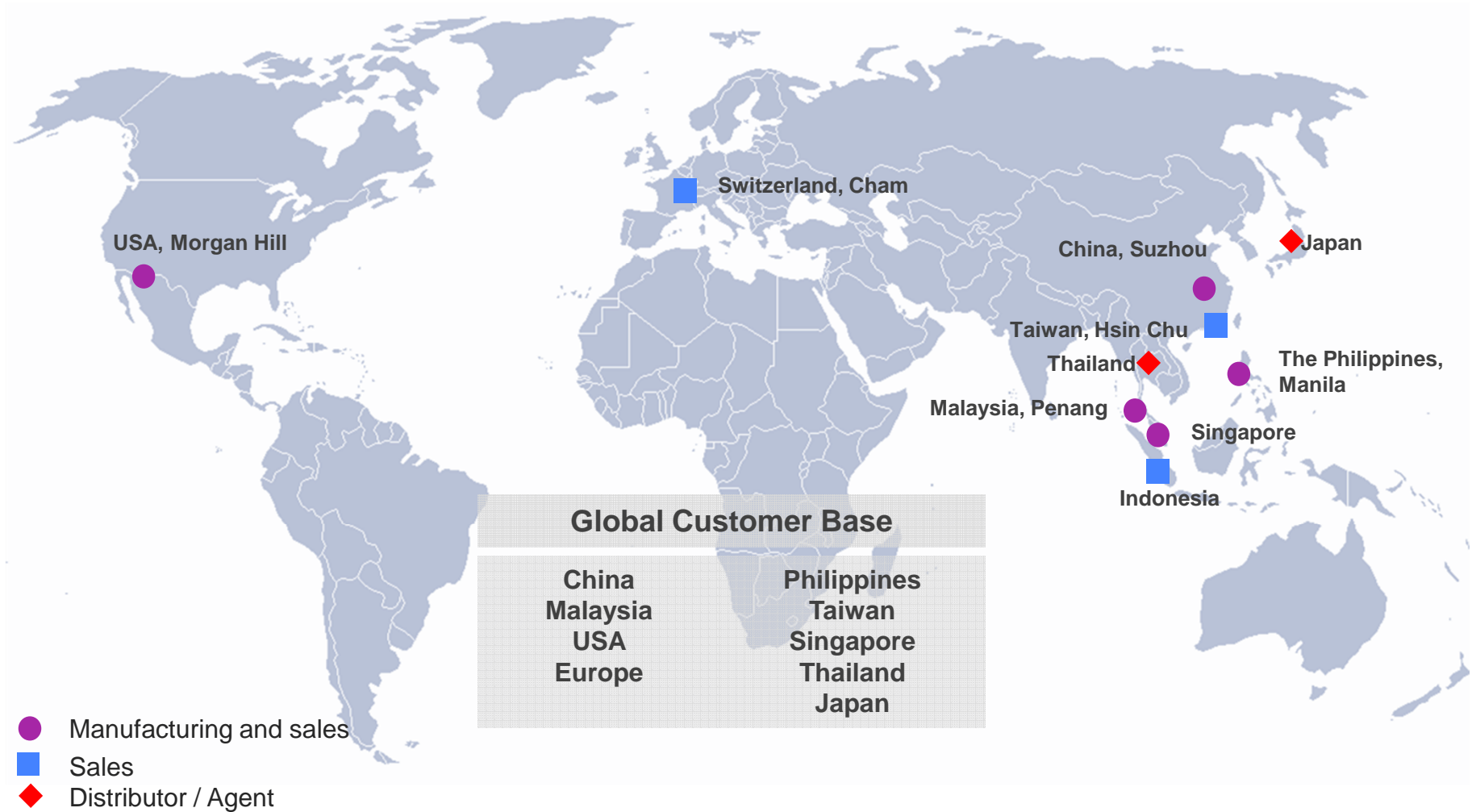
# Corporate Overview



- 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

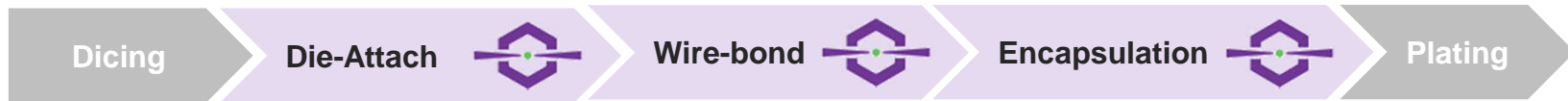


# Worldwide markets | Asia and USA operations



# High Precision Tools for Semiconductor A&T

## BACK-END SEMICONDUCTOR ASSEMBLY PROCESS



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

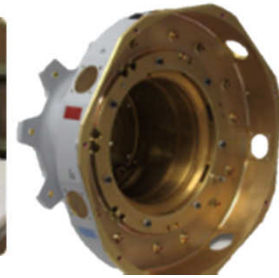


Die collets / ultra-fine  
tools with small holes  
from 0.10mm and  
features from 0.05mm.  
For eutectic die attach,  
MEMS.



# 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

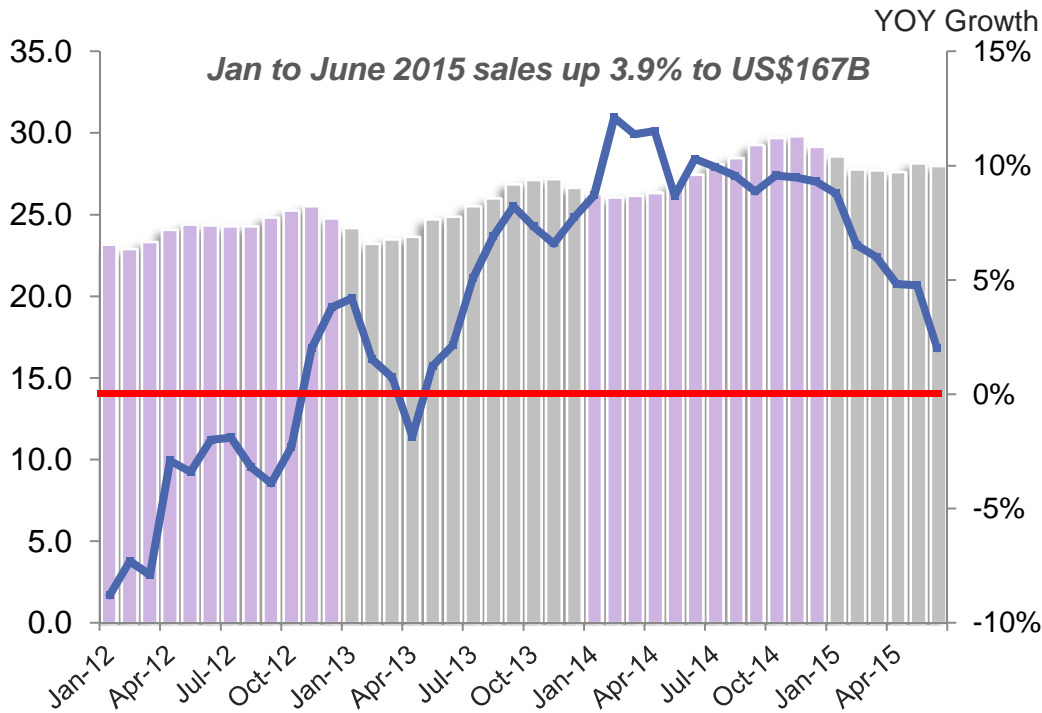
## **DIVERSIFICATION**

into other high-tech industries



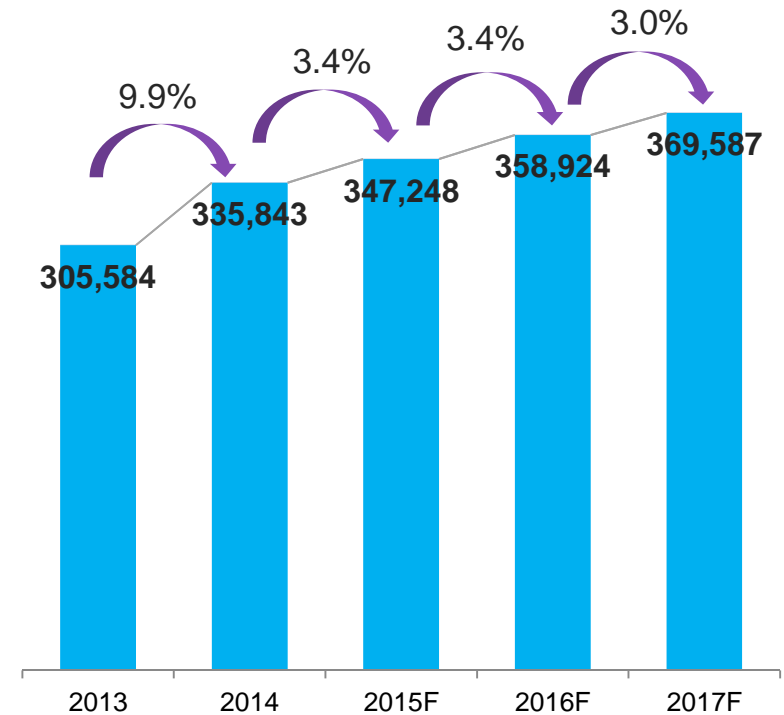
# Industry Landscape

## Global Monthly Chip Sales (US\$ M)



*“Macroeconomic headwinds and softening demand have slowed global semiconductor market growth somewhat, but the industry still posted its **highest-ever second-quarter sales** and remains ahead of the pace of sales set in 2014”*

## WSTS Spring 2015 Forecast Meeting – World Semiconductor Market (US\$ M)



Sources: Semiconductor Industry Association, World Semiconductor Trade Statistics





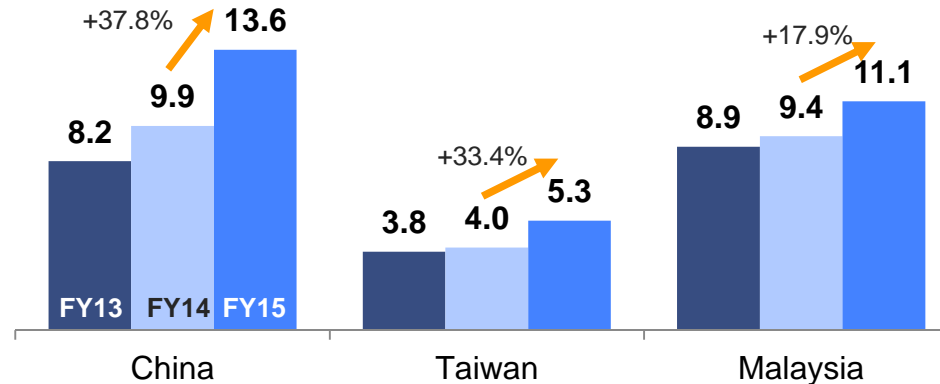
# FY2015 Corporate Highlights

**PROFIT JUMPS  
55% TO  
S\$12M**

**RECORD** revenue and profit  
**4 YEARS** of top- and bottom-line growth since 2011  
**11 CONSECUTIVE QUARTERS** of y-o-y profit growth since 2Q13

**SEMICONDUCTOR  
TOOLING SALES  
EXPANDED  
21.9%**

## Our top 3 fastest growing markets:



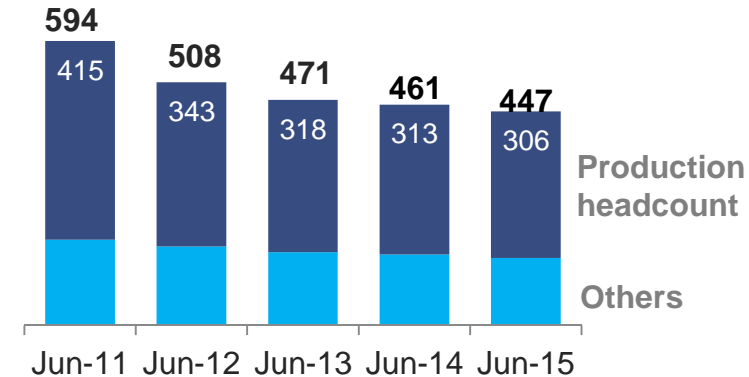
# FY2015 Corporate Highlights

**REAP REWARDS  
FROM**

**AUTOMATION &  
HIGHER  
PRODUCTIVITY**

**Grew our topline on lower headcount**

**Gross profit margin widened to 55%  
from 50.7%**



**24/7 MACHINING  
FACILITY**

**PRIMED FOR  
FUTURE  
OPPORTUNITIES**

**CMA Division successfully crossed the challenging engineering  
phase of building a 24/7 Machining facility**

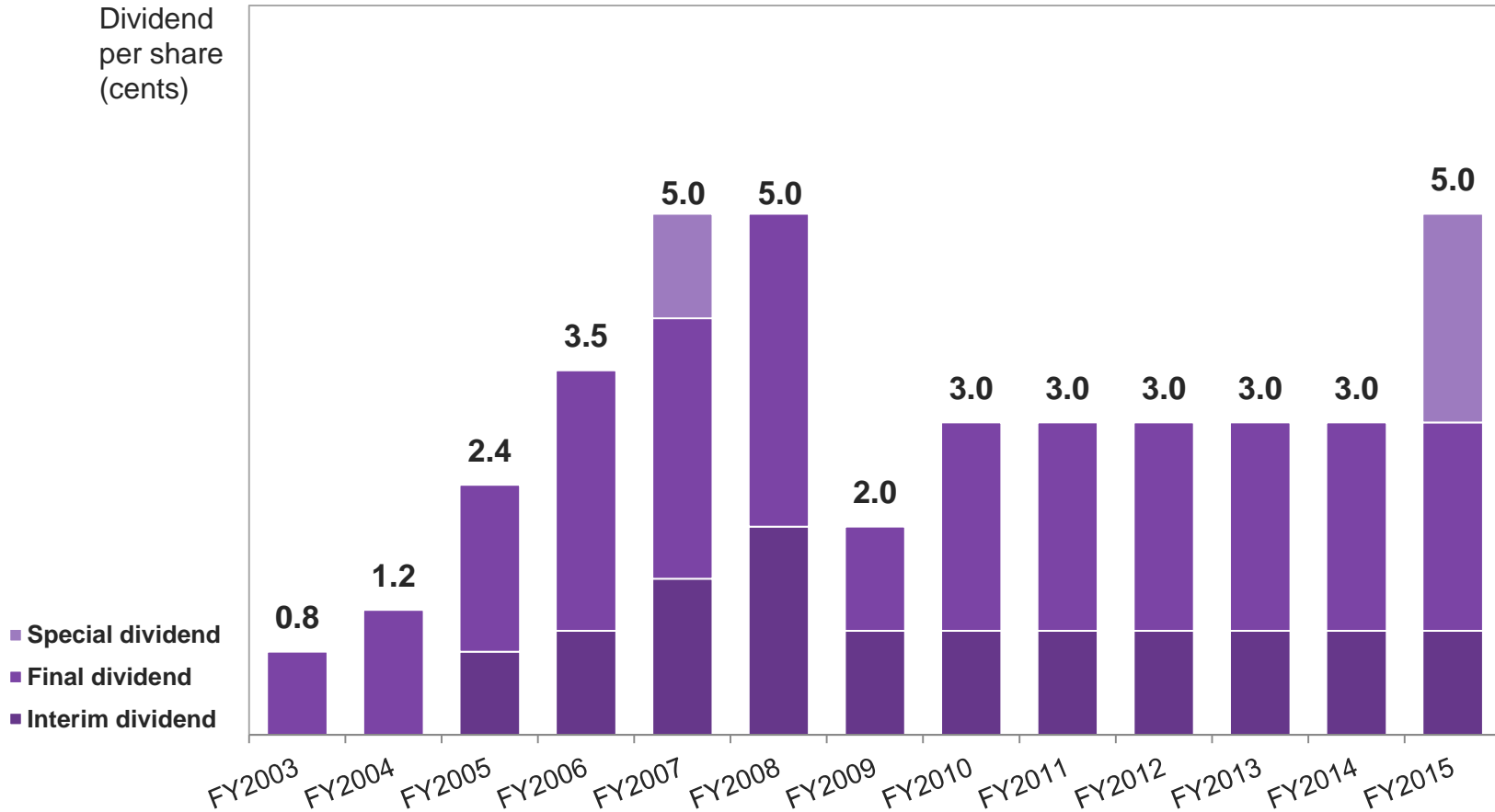
**Focus on developing cost-effective processes for new parts  
and grow CMA revenue**



# Higher Dividend for FY2015

INTERIM, FINAL AND SPECIAL DIVIDENDS TOTTALLING 5 CENTS PER SHARE

TOTAL DIVIDENDS OF **39.9 CENTS** PER SHARE SINCE LISTING



# Corporate Accolades

## SINGAPORE CORPORATE AWARDS

(companies with market cap of less than S\$300M)

**2015 Best Managed Board Award (Silver)**  
**Best Investor Relations Award (Silver)**

2014 Best Investor Relations Award (Silver)  
 2013 Best Investor Relations Award (Silver)  
 2012 Best Managed Board (Gold)  
 2012 Best Investor Relations Award (Silver)  
 2011 Best Investor Relations Award (Silver)  
 2010 Best Investor Relations Award (Bronze)  
 2008 Chief Financial Officer of the Year (Sesdaq)

## SECURITIES INVESTORS ASSOCIATION SINGAPORE

2011 Most Transparent Company (Mainboard Small Caps)  
 2010 Most Transparent Company (Mainboard Small Caps)  
 2009 Most Transparent Company (Mainboard Small Caps)  
 2008 Most Transparent Company (Mainboard Small Caps)  
 2006 Corporate Governance Award (Sesdaq)  
 2005 Most Transparent Company (Sesdaq) 2005

## ASIAMONEY CORPORATE GOVERNANCE POLL

2010 Best for Shareholders' Rights and Equitable Treatment in Singapore  
 2009 Best for Shareholders' Rights and Equitable Treatment in Singapore

## FORBES

2006 Asia 200 Best Under A Billion Companies

## GTI - RANKED 18<sup>th</sup>

out of 639 listed companies on the SGX

RANK 2015	COMPANY NAME	BASE GTI 2015 SCORE	ADJUSTMENTS FOR BONUSES / PENALTIES	OVERALL GTI2015 SCORE	OVERALL GTI2014 SCORE	RANK 2014
1	SINGAPORE TELECOMMUNICATIONS LTD	86	32	118	115	2
2	SINGAPORE EXCHANGE LTD	86	27	113	112	4
3	KEPPEL CORP LTD	89	23	112	116	1
4	CAPITALAND LTD	84	27	111	106	7
4	DBS GROUP HLDGS LTD	81	30	111	103	8
6	SEMBCORP INDUSTRIES LTD	86	21	107	113	3
7	KEPPEL LAND LTD	82	23	105	107	6
8	SEMBCORP MARINE LTD	79	23	102	85	17
9	OVERSEA-CHINESE BANKING CORP LTD	84	13	97	100	9
10	TUAN SING HLDGS LTD	76	19	95	92	10
11	SATS LTD	80	14	94	108	5
12	SMRT CORP LTD	82	11	93	92	10
13	KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD	84	8	92	83	21
14	SINGAPORE POST LTD	76	15	91	73	34
15	NEPTUNE ORIENT LINES LTD	78	12	90	90	12
15	SINGAPORE AIRLINES LTD	76	14	90	85	17
15	SINGAPORE PRESS HLDGS LTD	83	7	90	90	12
18	MICRO-MECHANICS (HLDGS) LTD	80	7	87	81	22
18	SIA ENGINEERING CO LTD	78	9	87	89	14
20	QIAN HU CORP LTD	73	13	86	88	15
20	STARHUB LTD	65	21	86	84	19



# FINANCIAL REVIEW

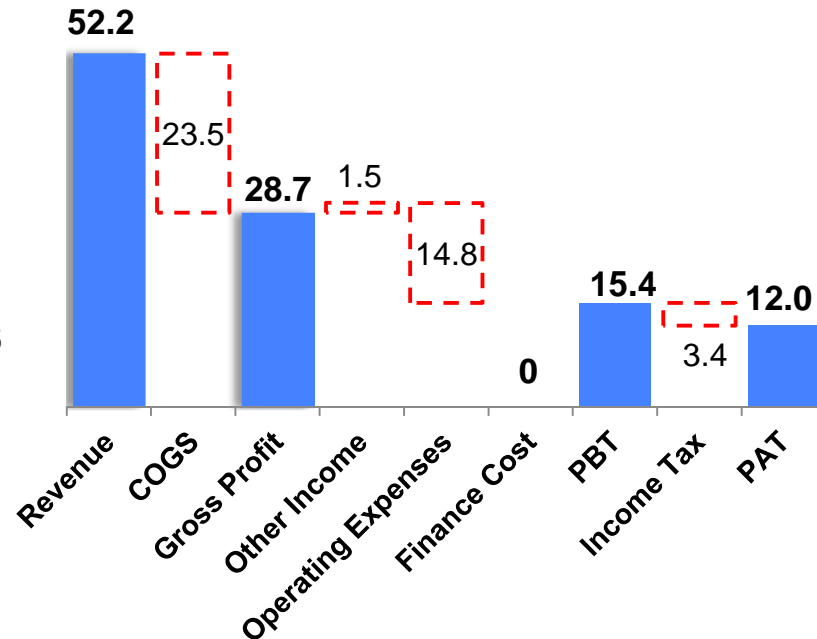
CHOW KAM WING, CFO



# FY2015 in Review

- REVENUE UP 19.0%
- GROSS PROFIT MARGIN EXPANDED TO 55.0%
- NET PROFIT UP 55.3%, NP MARGIN UP TO 23.0%
- EPS IMPROVED TO 8.65 CENTS FROM 5.57 CENTS
- SOUND BALANCE SHEET WITH CASH OF S\$15.2 MILLION AND ZERO DEBT

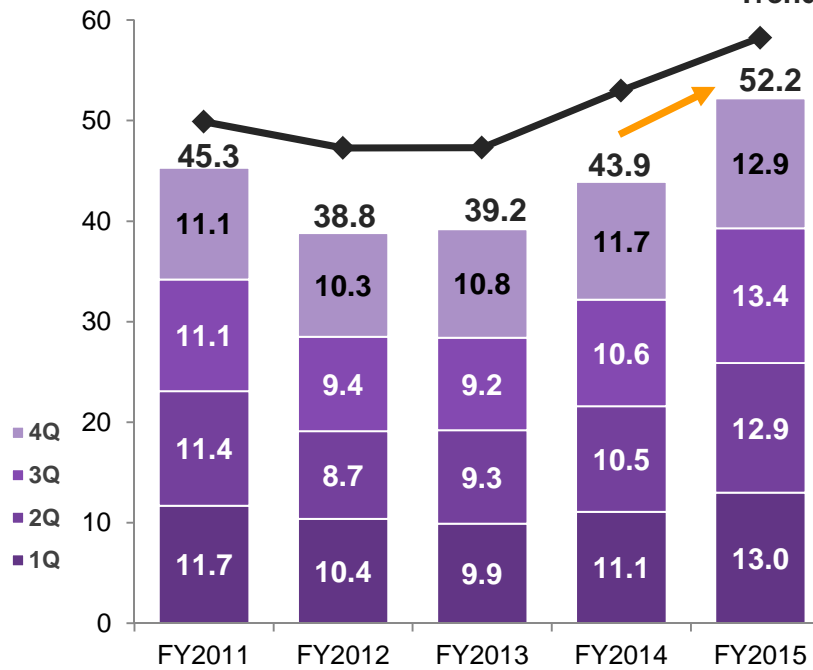
FY2015 P&L Overview (S\$ million)



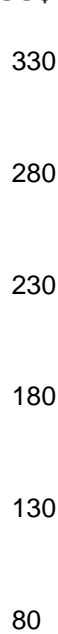
# Group Revenue

FY2015 : +19.0%

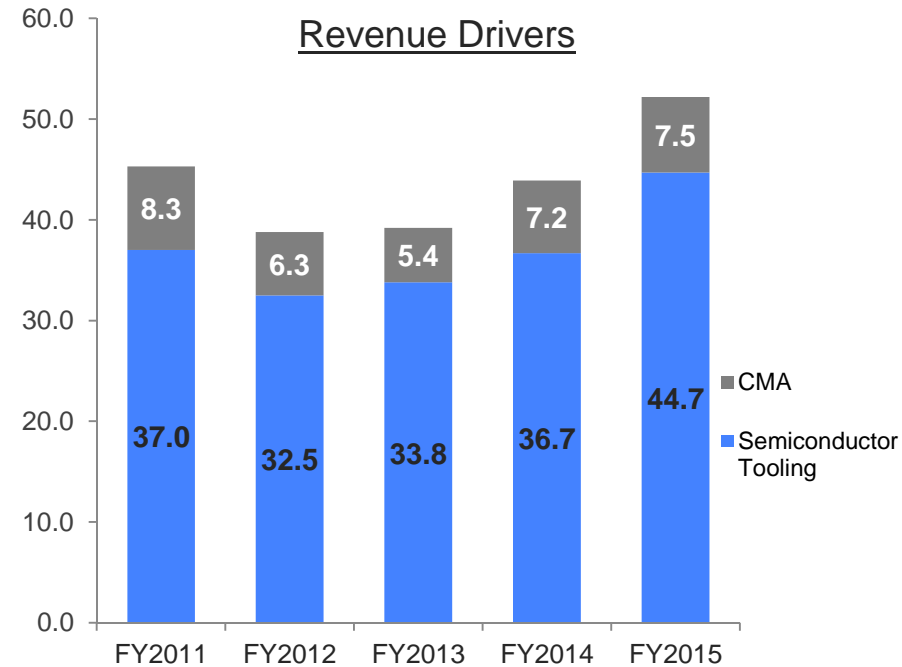
Group Revenue  
(S\$ mil)



Global Chip Sales  
Trend (US\$B)



Revenue Drivers

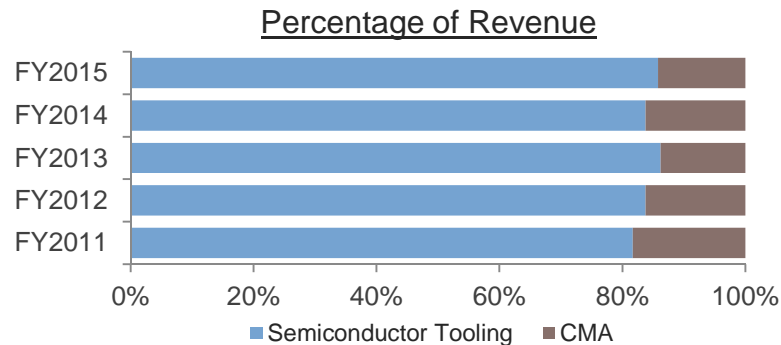
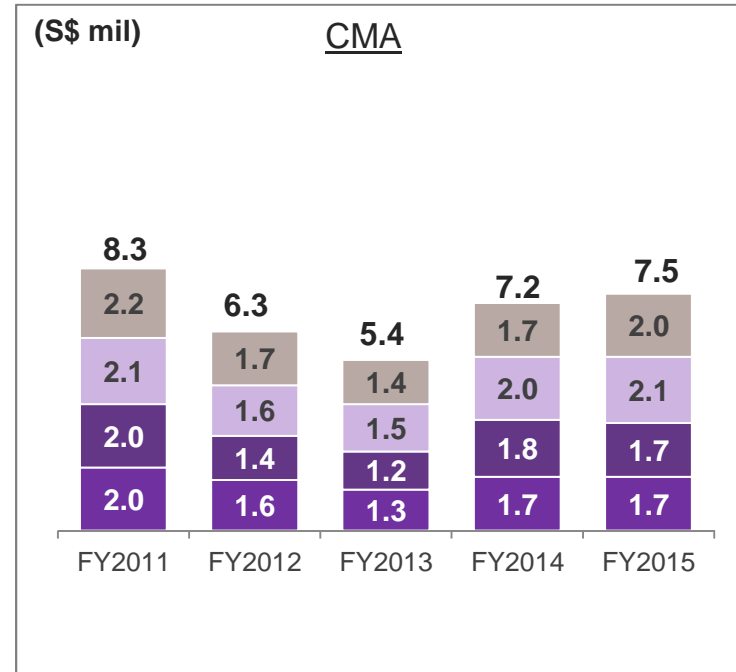
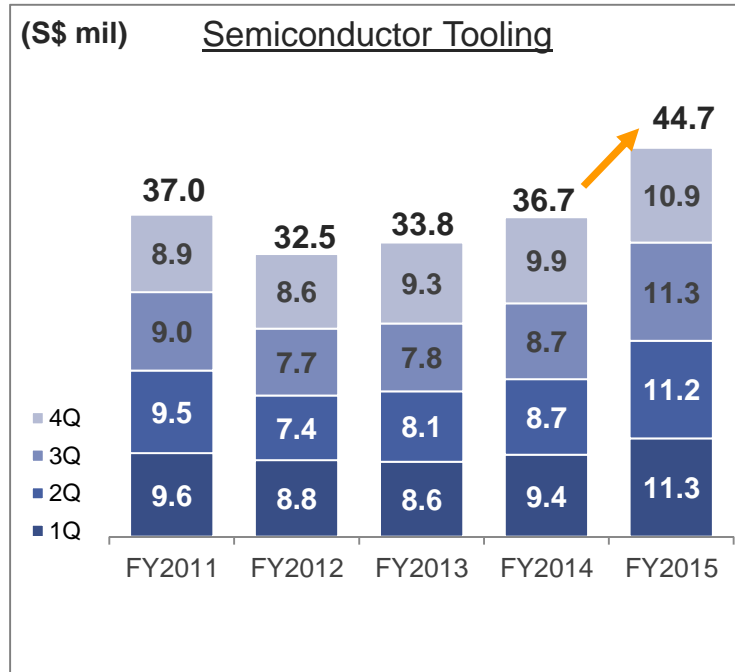


◆ Global Chip Sales Trend according to FY. Data from Semiconductor Industry Association (SIA)



# Quarterly Revenue By Business Segments

SEMICONDUCTOR TOOLING SALES GREW 22% IN FY2015





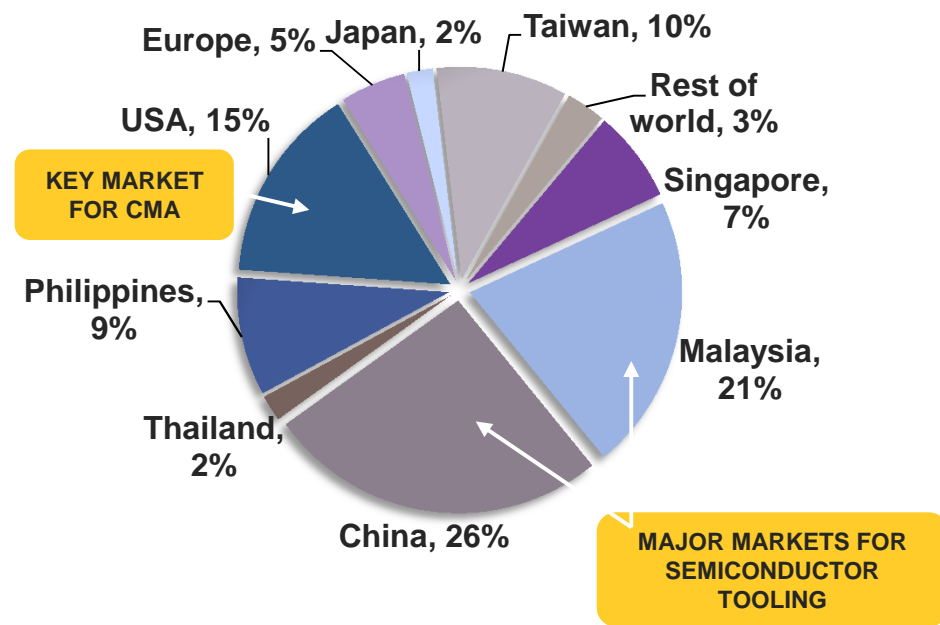
# Revenue by Geographical Market

## DIVERSIFIED REVENUE STREAMS

**CHINA SALES ROSE 37.8%;  
LARGEST SEMICONDUCTOR TOOLING MARKET**

Country	FY2015	FY2014	% change
	S\$ mil	S\$ mil	
Singapore	3.5	3.4	4.8%
Malaysia	11.1	9.4	17.9%
Philippines	4.6	4.0	15.0%
Thailand	1.3	2.1	(39.9%)
<b>China</b>	<b>13.6</b>	<b>9.9</b>	<b>37.8%</b>
USA	7.7	6.8	13.6%
Europe	2.3	2.2	7.8%
Japan	1.0	0.9	3.8%
Taiwan	5.3	4.0	33.4%
Rest of world	1.8	1.2	44.7%
<b>Total</b>	<b>52.2</b>	<b>43.9</b>	<b>19.0%</b>

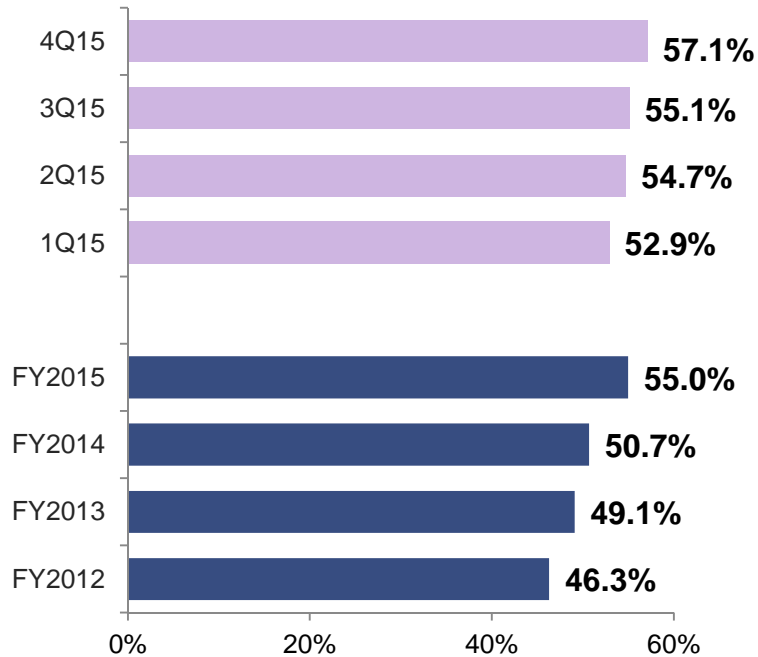
Sales Breakdown for FY2015



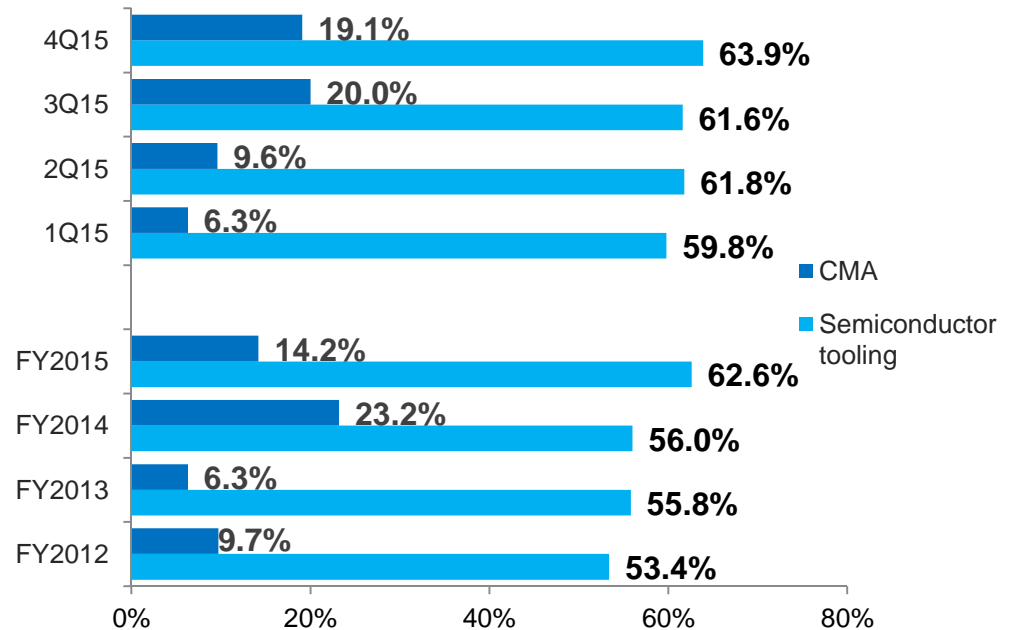
# Gross Profit Margin

STEADY MARGIN EXPANSION DURING FY2015

Group GPM



GPM by Business Segments

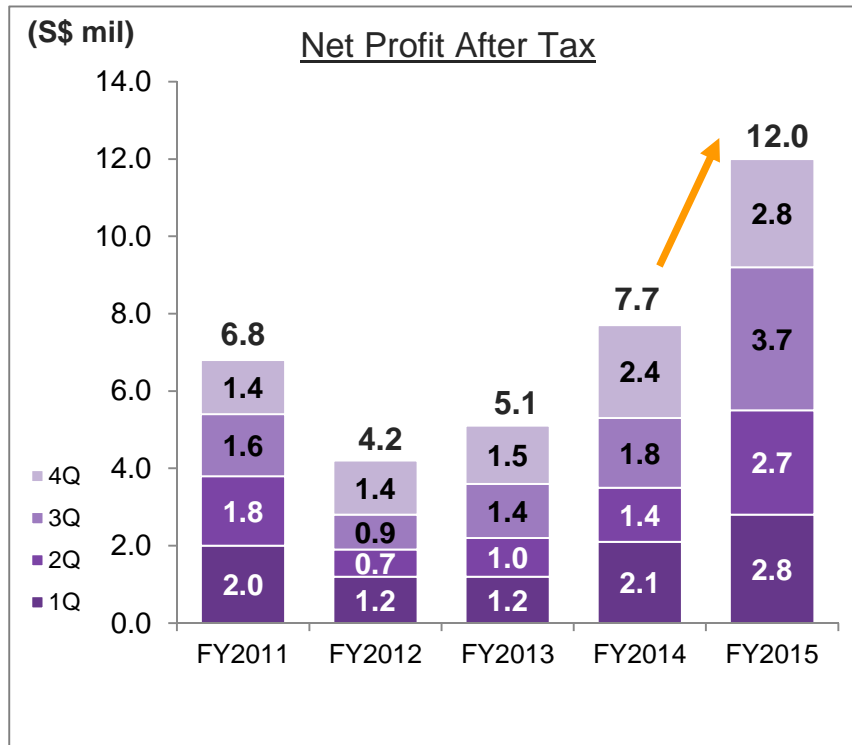


**Semiconductor tooling** GPM improved steadily to 62.6% in FY2015  
**CMA** GPM softened due to higher depreciation expense

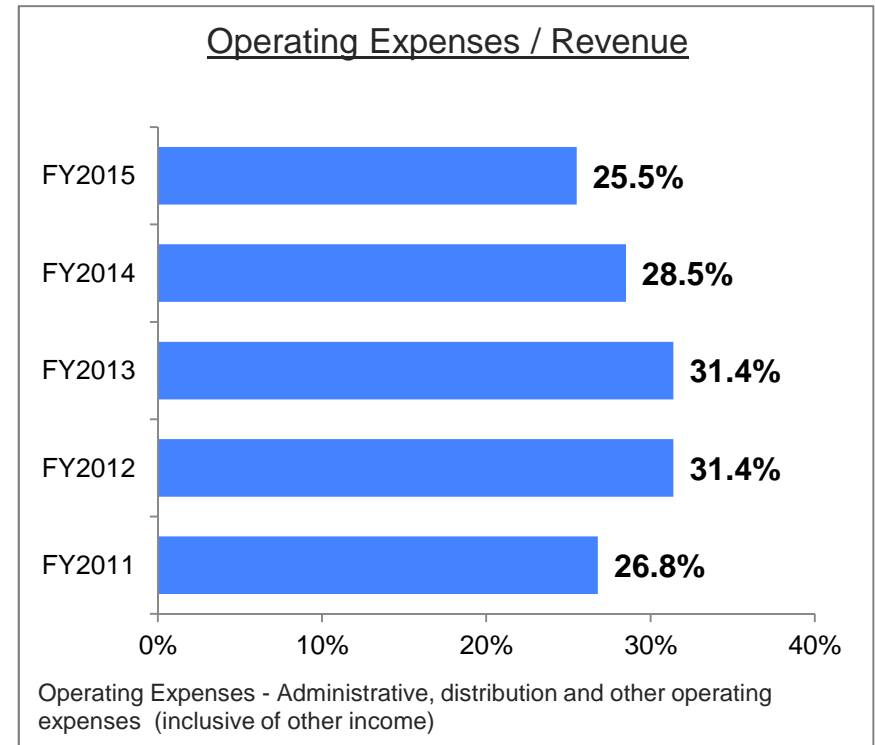


# Group Net Profit

FY2015 : +55.3%



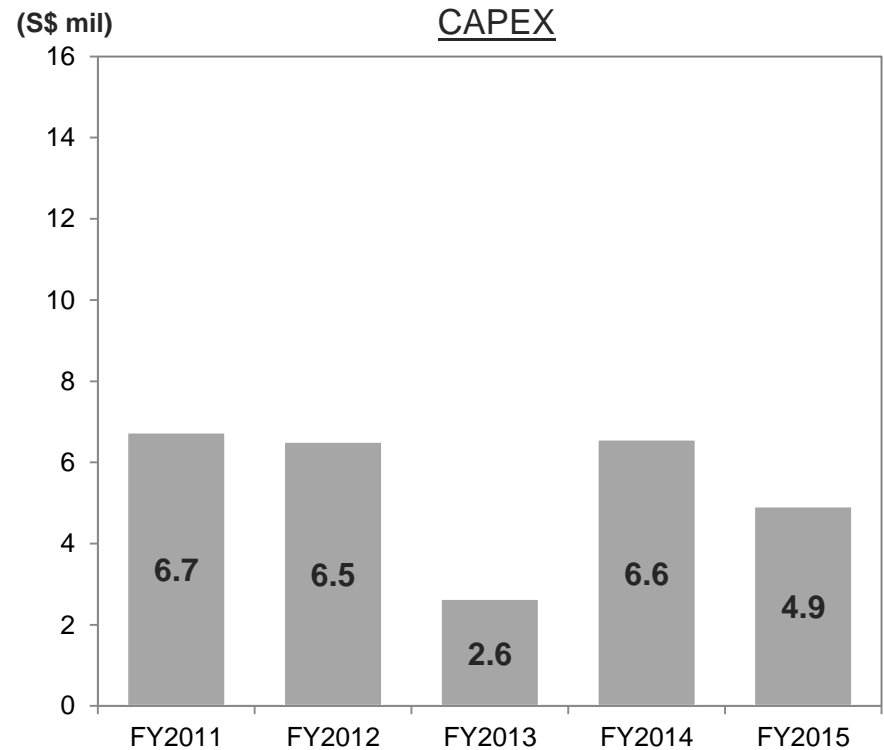
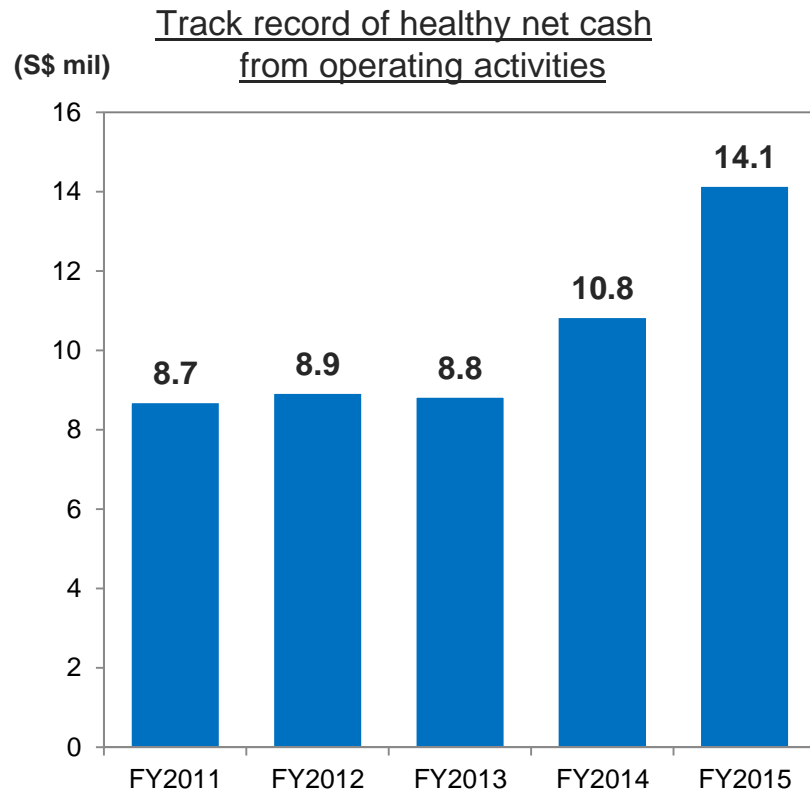
**Net profit** jumped on higher sales, increased GPM and tight control of expenses



**Admin, Distribution and Other Operating expenses** has declined steadily as a percentage of revenue



# Net Cash from Operating Activities and CAPEX



# Balance Sheet

		30 June 2015	30 June 2014
<u>Cash</u>	Cash and cash equivalents	S\$15.2 <sup>#</sup>	S\$11.1M
<u>Gearing</u>	Total borrowings	Nil	Nil
<u>Trade Receivables</u>	Trade Receivables (Outstanding > 90days) / Total trade receivables	S\$9.2M 0.3%	S\$8.0M 0.2%
	Bad debt expense	S\$1.2k	S\$7.8k
<u>Inventory</u>	Inventory Inventory / Sales Inventory write-off	S\$3.5M 6.7% S\$104k	S\$3.1M 7.0% S\$98k
<u>Equity</u>	Shareholders' equity NAV per share	S\$46.9M <sup>#</sup> 33.72 cents	S\$41.1M 29.57 cents

<sup>#</sup> Paid dividends of S\$5.6M (Final dividend for FY2014 plus interim and special dividends for FY2015)



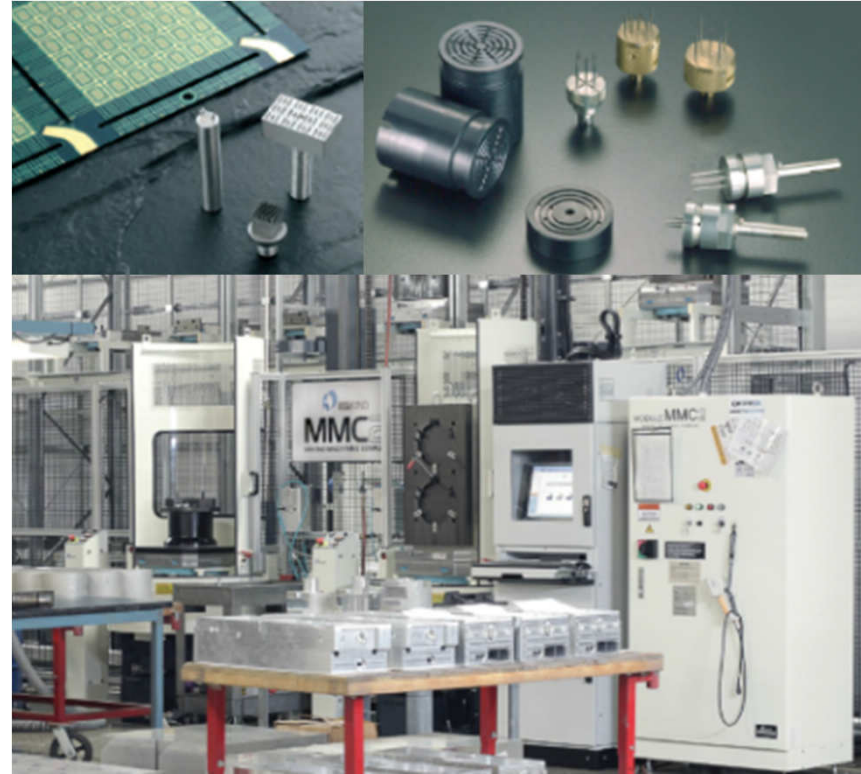
# KEY TAKEAWAYS

CHRIS BORCH, CEO  
LOW MING WAH, COO



# Key Takeaways

- **Delivered revenue and profit growth** in FY2015
- **Broader customer base and higher sales penetration** in China and Taiwan markets
- **Expansion of GP margin**, the result of improved operational efficiency and productivity gains
- **Enhancing shareholder value** with total dividend payments of 5.0 cents per share, up from 3.0 cents per share for FY2014
- **Global chip sales expected to continue growing**, albeit at a more moderate pace, in the second half of 2015 and 2016
- Continue to focus on **enhancing our value for customers to grow our top line**
- Aim to deliver **consistent returns** to our shareholders



# 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.

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