

FINANCIAL YEAR 2014
ANNUAL GENERAL MEETING
27 October 2014



MICRO-MECHANICS (HOLDINGS) LTD.

AGENDA

9.30 am – 9.50 am : Presentation

9.50 am – 10.00 am : Q&A

10.00 am – 11.00 am : AGM Proceedings

11.00 am : End of AGM

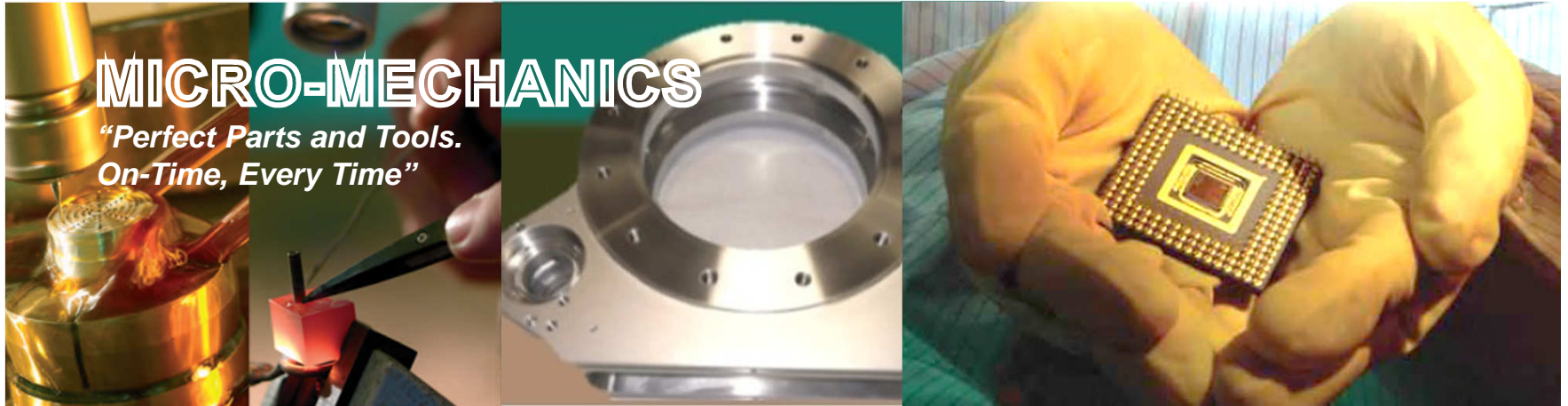


CORPORATE HIGHLIGHTS

CHRIS BORCH, CEO
LOW MING WAH, COO



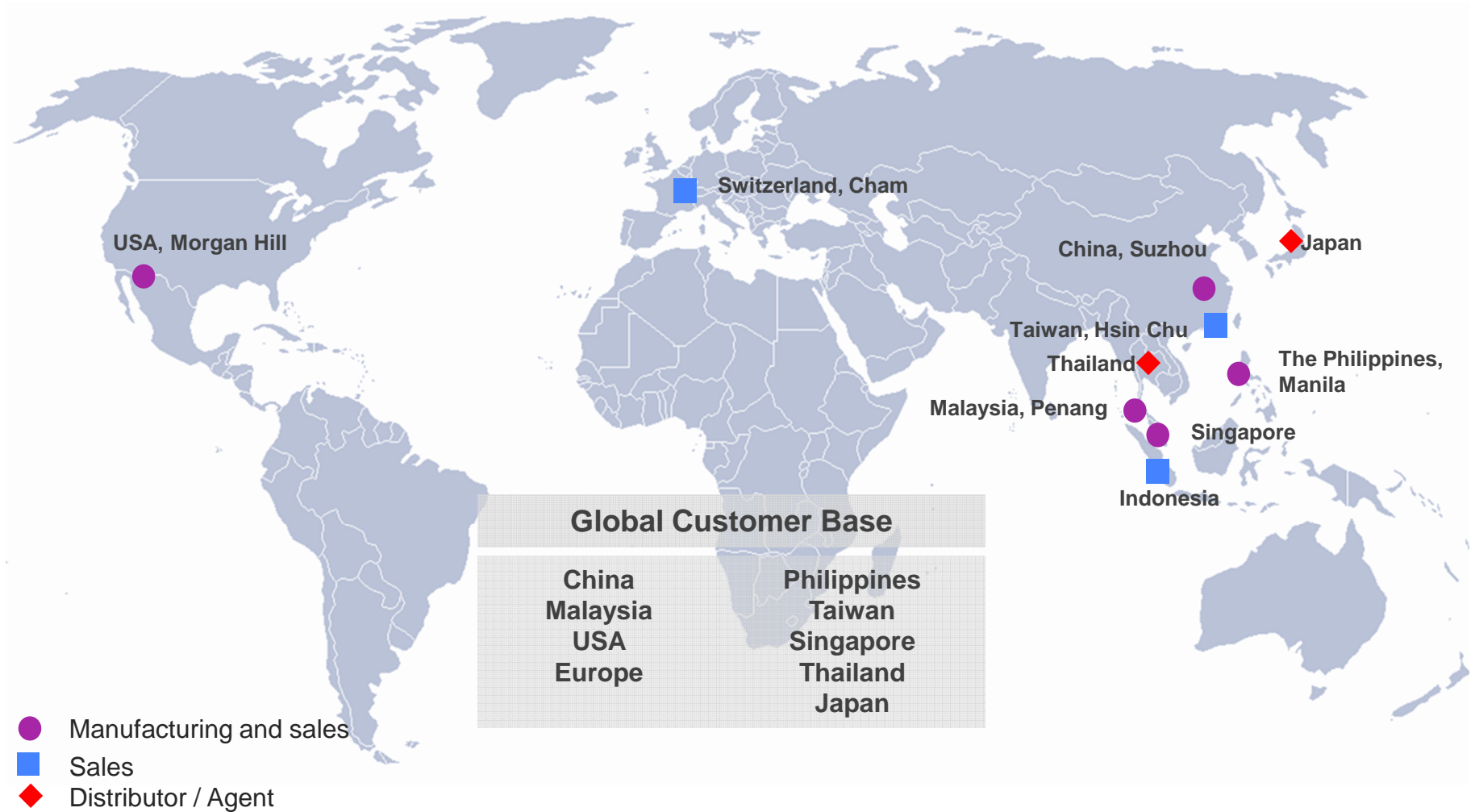
Corporate Overview



- 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

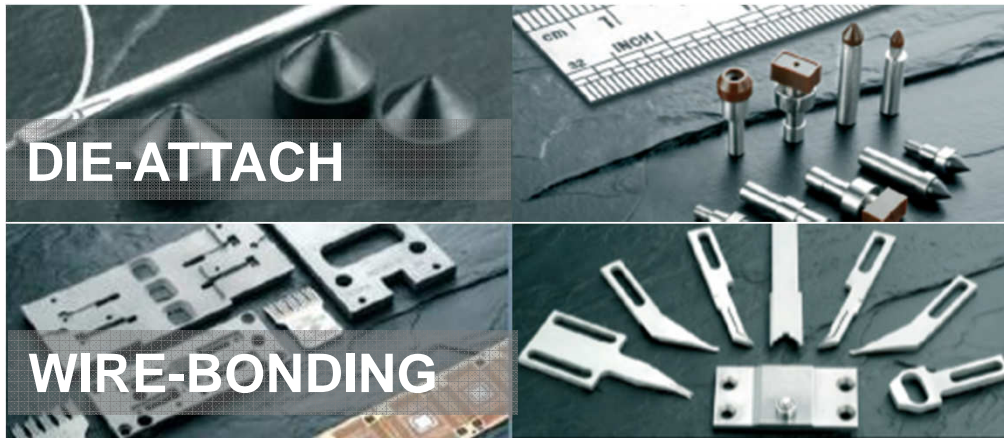
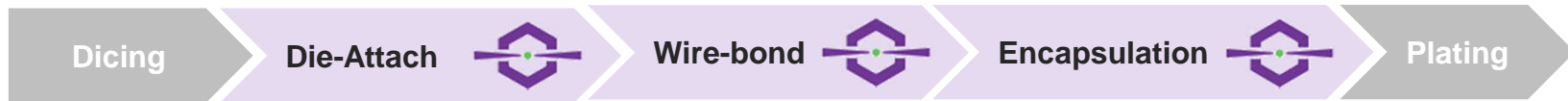


Worldwide markets | Asia and USA operations



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

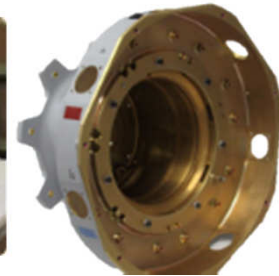


*Die collets / ultra-fine
tools with small holes
from 0.10mm and
features from 0.05mm.
For eutectic die attach,
MEMS.*



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

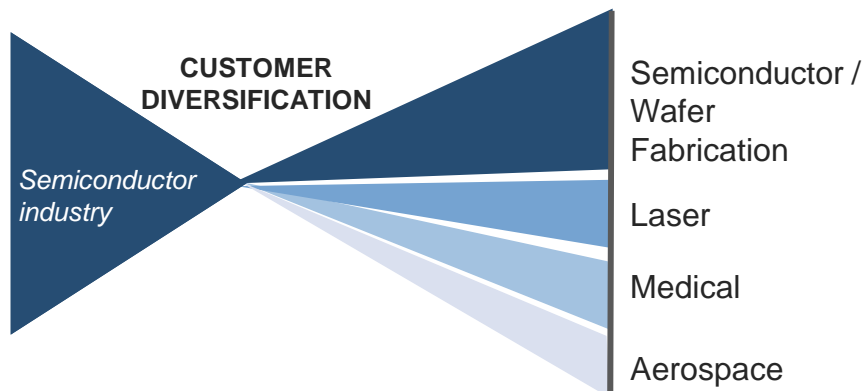
to meet customer needs' in volatile marketplace

DIVERSIFICATION

into other high-tech industries

GREATER REVENUE SCALABILITY

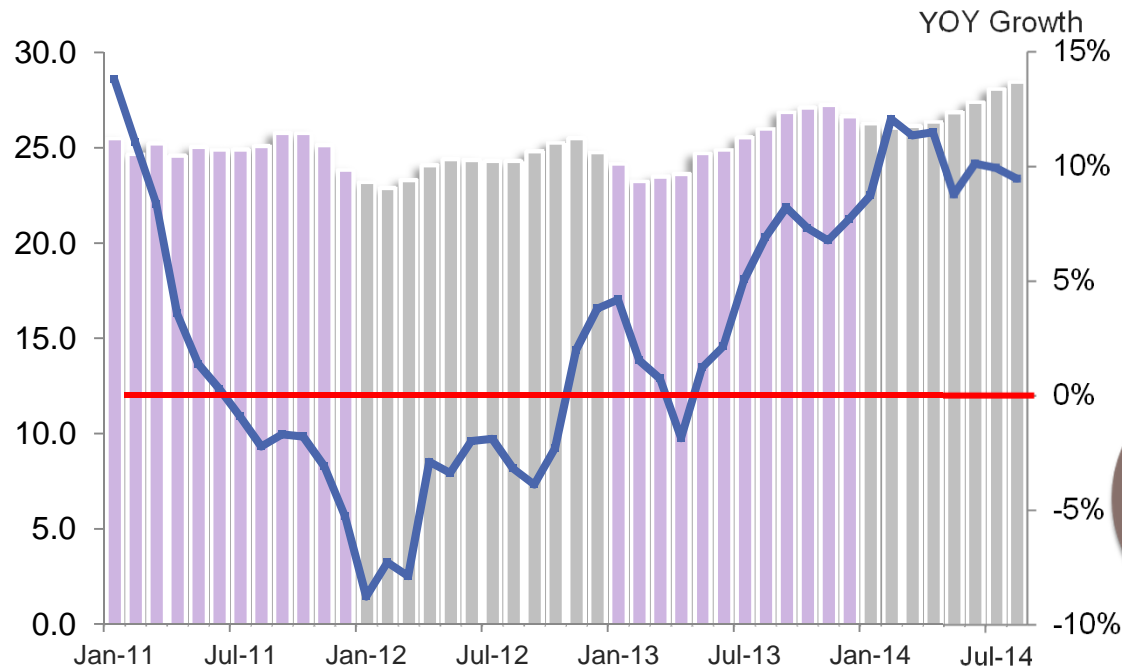
than semiconductor tooling business



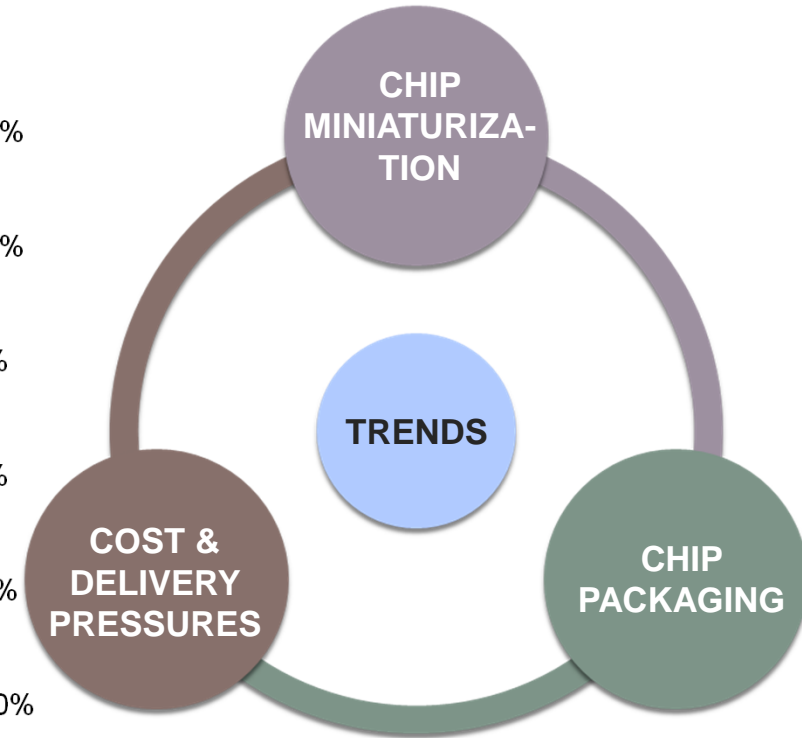
Industry Landscape – Market Drivers & Trends

Global Monthly Chip Sales (US\$ M)

Jan to June 2014 sales up 11.1% yoy to US\$161.2 billion
Chip sales continued to improve in July and August 2014



Sources: Semiconductor Industry Association

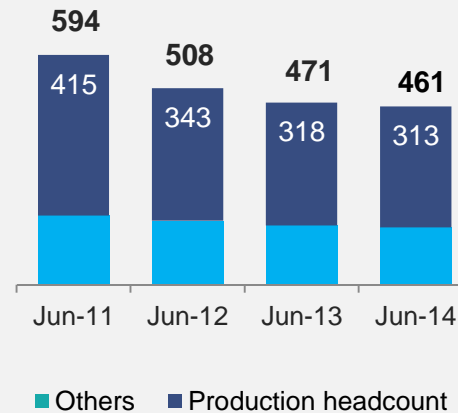


Operational Strategies – FY2014

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
- Value-Driven Decision Making, sSmart for Life, Customer Value, Business Planning, 24/7 Machining, Business Fundamentals.

IMPROVED PROFITABILITY

- Group GP margin widened to 50.7% from 49.1%
- Net profit jumped 51%; NP margin up to 17.6% from 13.1%

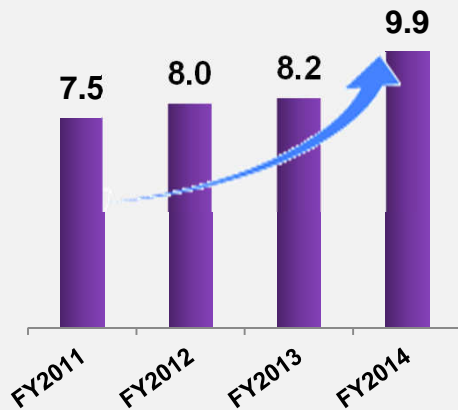


Operational Strategies – FY2014

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

3 YEAR CAGR 10%



RIGHTSIZE OPERATIONS

- Closed Thailand factory (*accounted for only 3% of FY2014 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

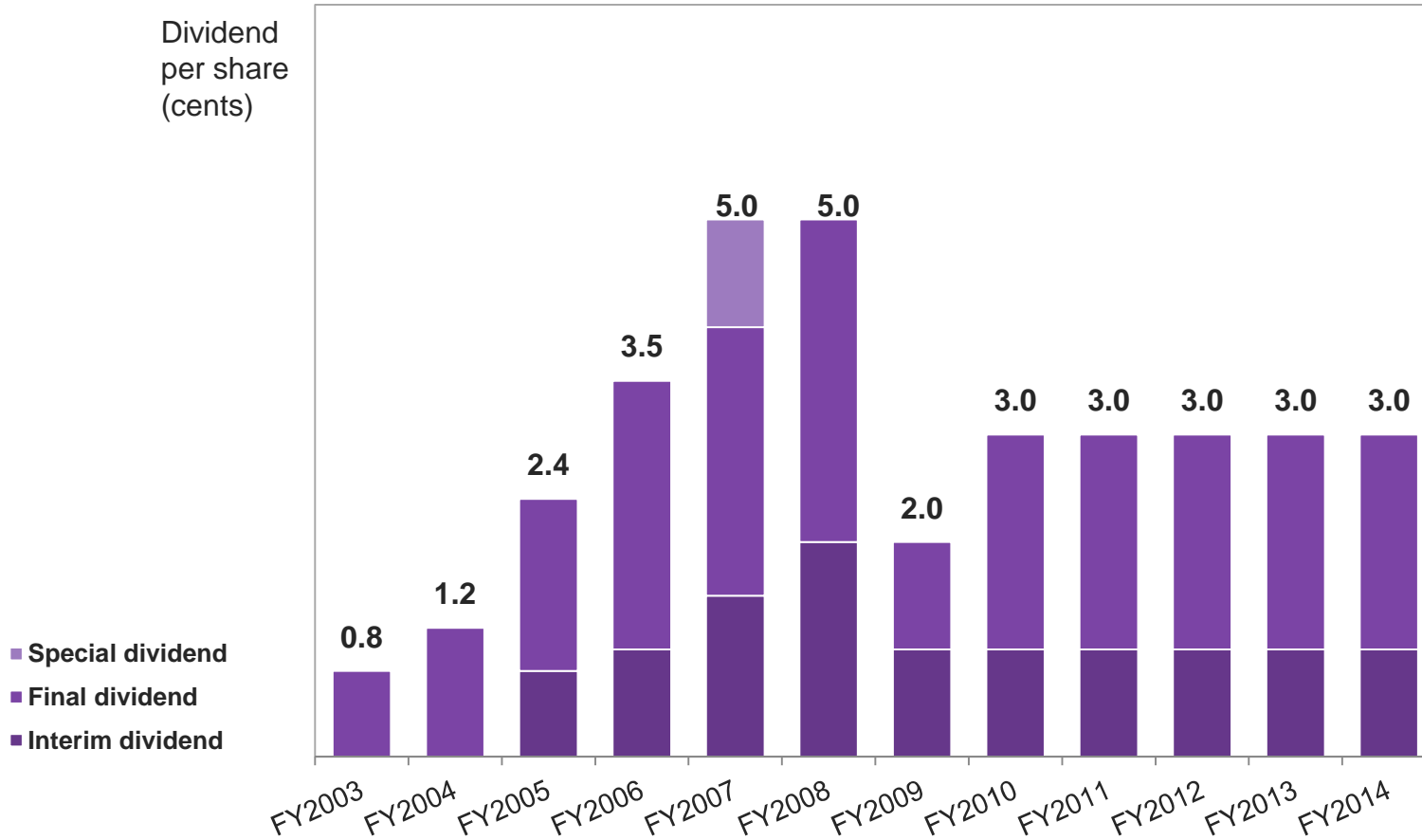
What does it take to make a **Perfect Part?**

(in a volatile market)



Shareholder Value

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



Corporate Transparency

SINGAPORE CORPORATE AWARDS

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

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 22nd

out of 644 listed companies on the SGX

Governance and Transparency Index 2014 – the full rankings

RANK 2014	COMPANY NAME	BASE GTI SCORE	ADJUSTMENTS FOR BONUSES / PENALTIES	OVERALL GTI 2014 SCORE	OVERALL GTI 2013 SCORE	RANK 2013
1	KEPPEL CORP LTD	90	26	116	107	3
2	SINGAPORE TELECOMMUNICATIONS LTD	83	32	115	112	2
3	SEBACORP INDUSTRIES LTD	90	23	113	106	4
4	SINGAPORE EXCHANGE LTD	88	24	112	113	1
5	SATS LTD	85	23	108	89	9
6	KEPPEL LAND LTD	86	21	107	104	5
7	CAPITALAND LTD	82	24	106	103	6
8	DBS GROUP HLDGS LTD	76	27	103	98	7
9	OVERSEA-CHINESE BANKING CORP LTD	85	15	100	81	21
10	SMRT CORP LTD	92	0	92	87	11
10	TUAN SING HLDGS LTD	77	15	92	80	22
12	NEPTUNE ORIENT LINES LTD	78	12	90	83	15
12	SINGAPORE PRESS HLDGS LTD	85	5	90	83	15
14	SIA ENGINEERING CO LTD	77	12	89	88	10
15	QIAN HU CORP LTD	75	13	88	82	18
16	ASL MARINE HLDGS LTD	74	13	87	90	8
17	SEBACORP MARINE LTD	74	11	85	86	12
17	SINGAPORE AIRLINES LTD	71	14	85	84	13
19	DEL MONTE PACIFIC LTD	67	17	84	79	23
19	STARHUB LTD	66	18	84	82	18
21	KEPPEL TELE & TRAN LTD	80	3	83	83	15
22	MICRO-MECHANICS (HLDGS) LTD	71	10	81	82	18
23	CAPITAMALLS ASIA LTD	74	6	80	78	25
23	GREAT EASTERN HLDGS LTD	68	12	80	78	25
25	GLOBAL LOGISTIC PROPERTIES LTD	67	12	79	77	28



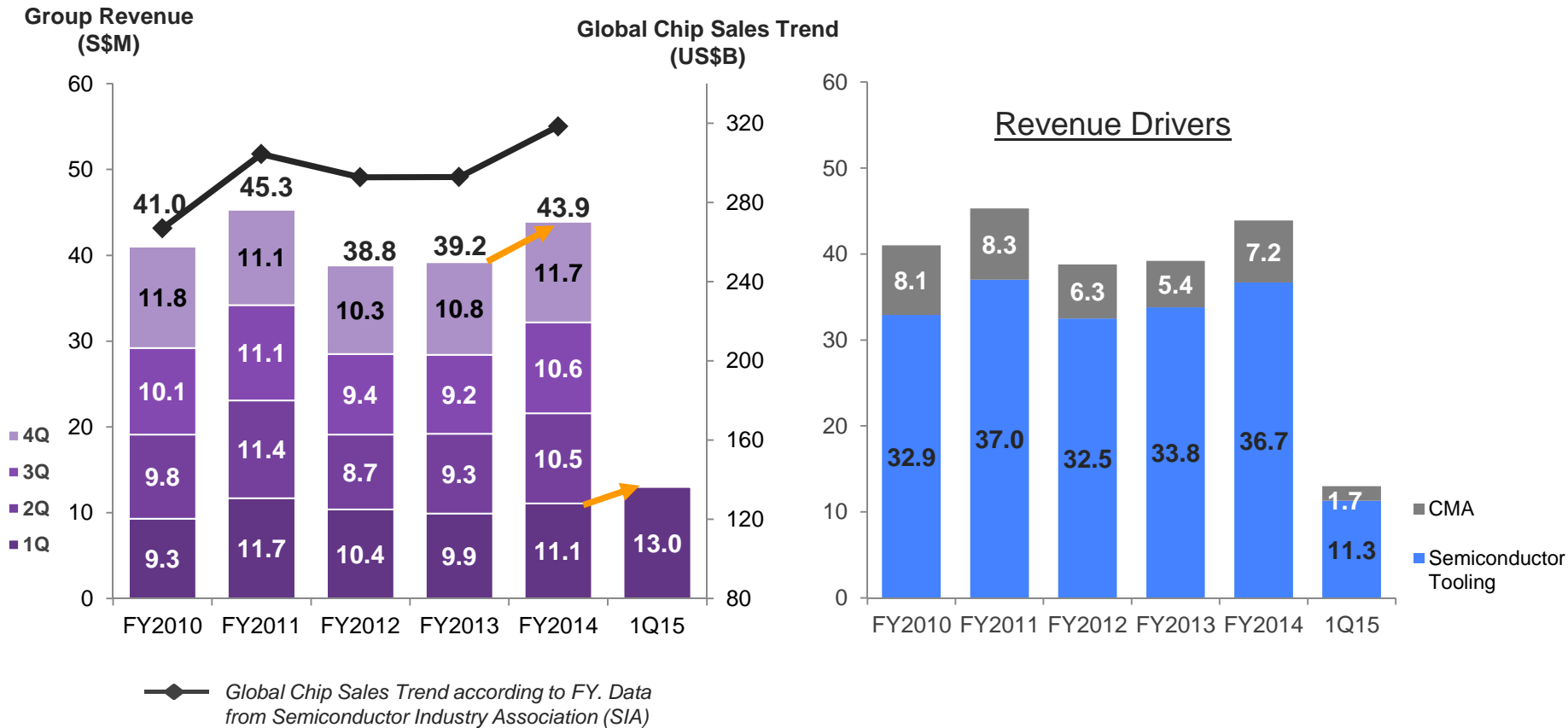
FINANCIAL REVIEW

CHOW KAM WING, CFO



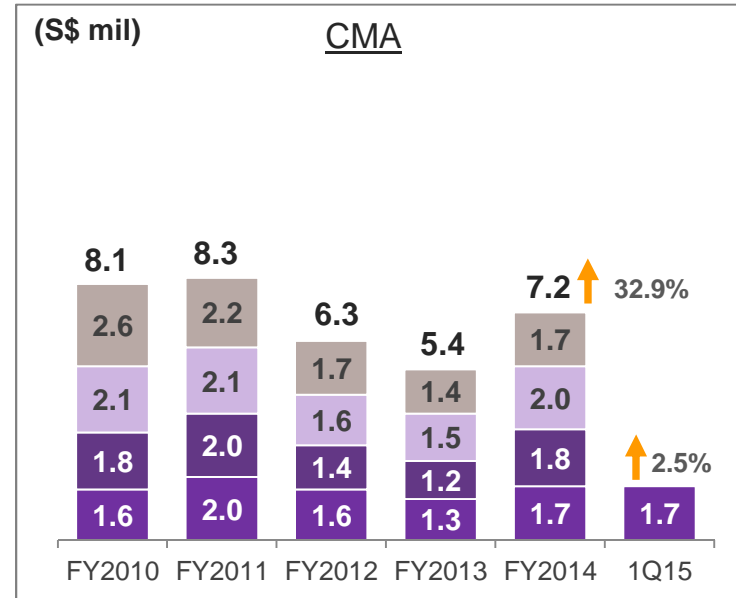
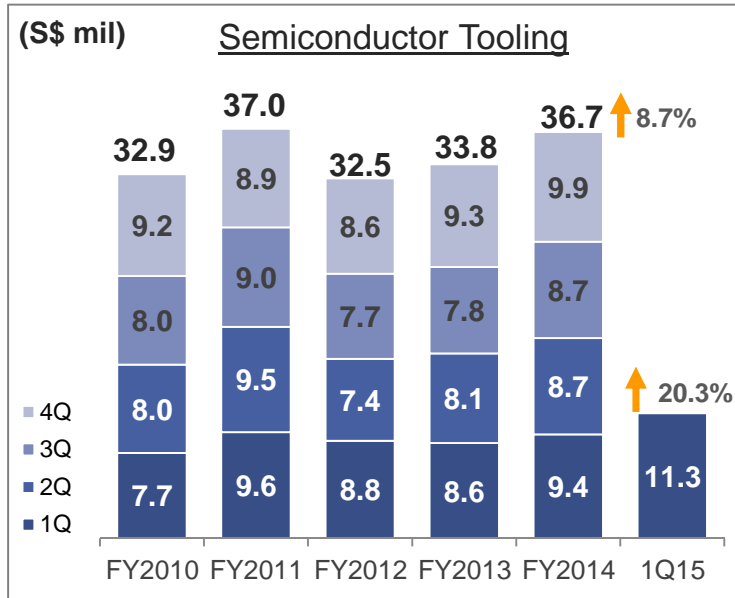
Group Revenue

INCREASED 12.0% IN FY2014; UP 17.7% IN 1Q15

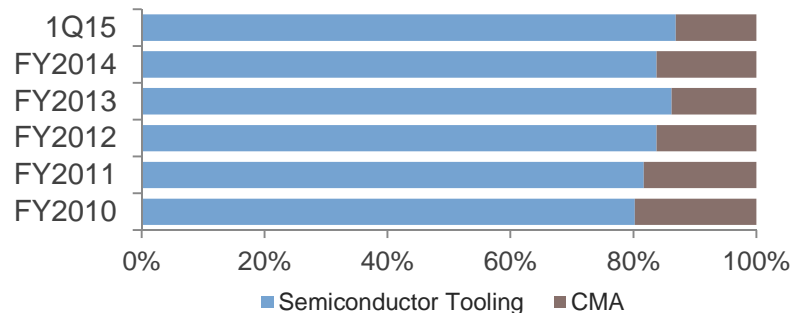


Quarterly Revenue By Business Segments

TOOLING AND CMA SALES IMPROVED IN FY2014 AND 1Q15



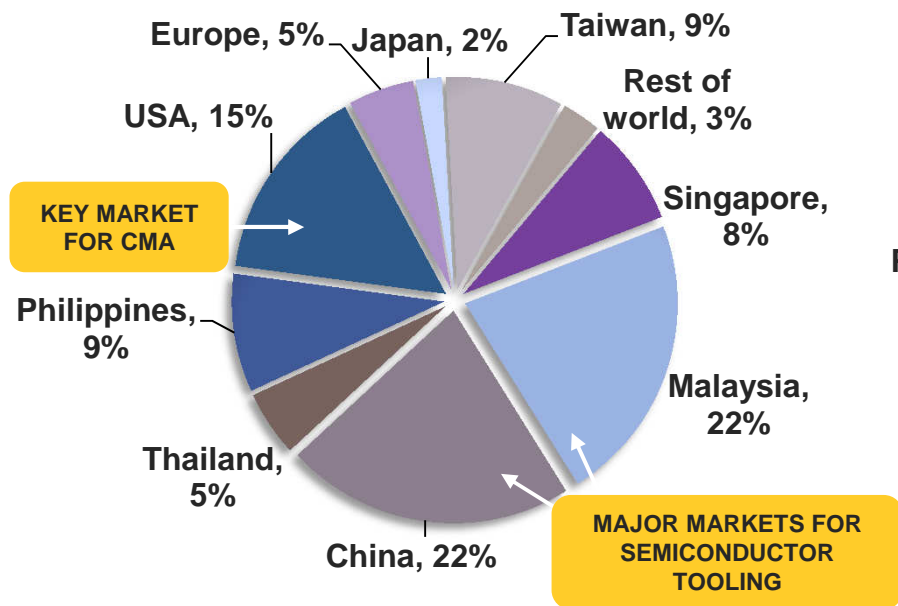
Percentage of Revenue



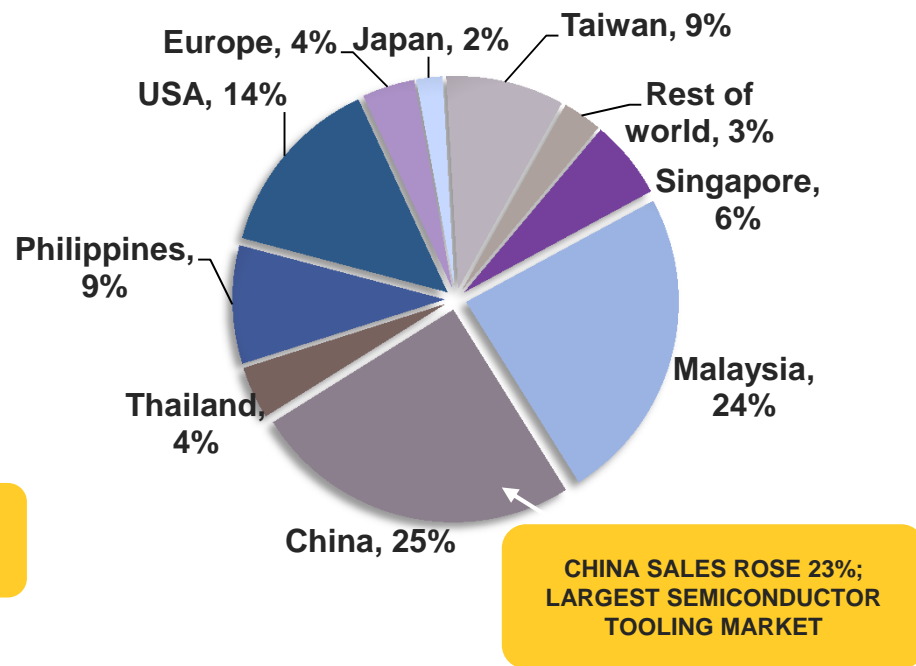
Revenue by Geographical Market

DIVERSIFIED REVENUE STREAMS

Sales Breakdown for FY2014



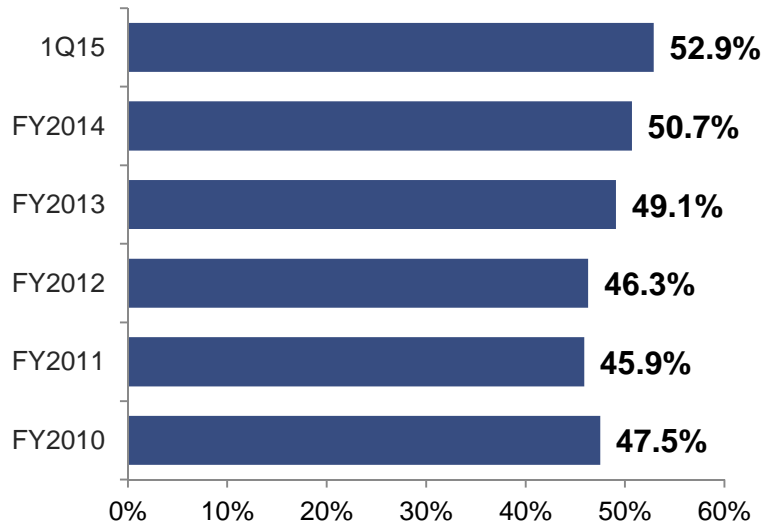
Sales Breakdown for 1Q15



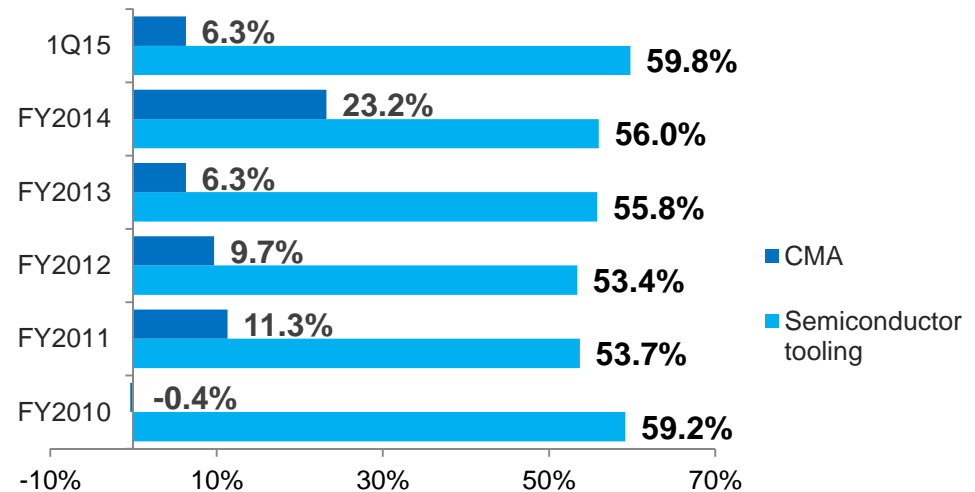
Gross Profit Margin

MARGIN EXPANSION IN FY2014 AND 1Q15

Group GPM



GPM by Business Segments



Semiconductor tooling

GPM has improved steadily to 59.8% in 1Q15 despite the constant price pressures typical of the semiconductor industry

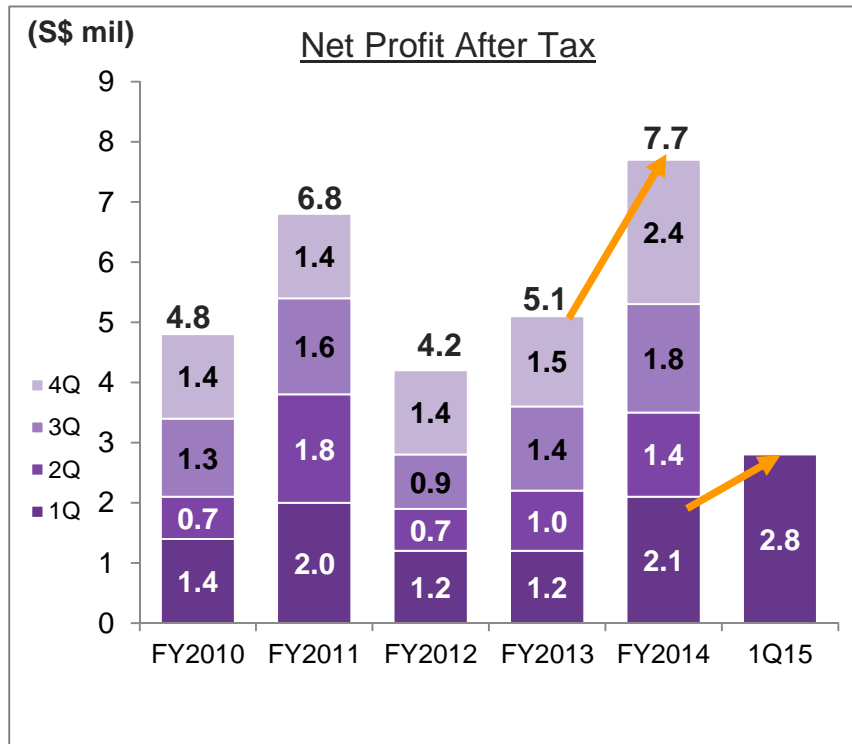
CMA

GPM improved to 23.2% in FY2014 on higher sales and operational efficiency. Declined in 1Q15 due to shift in product mix and higher depreciation expense

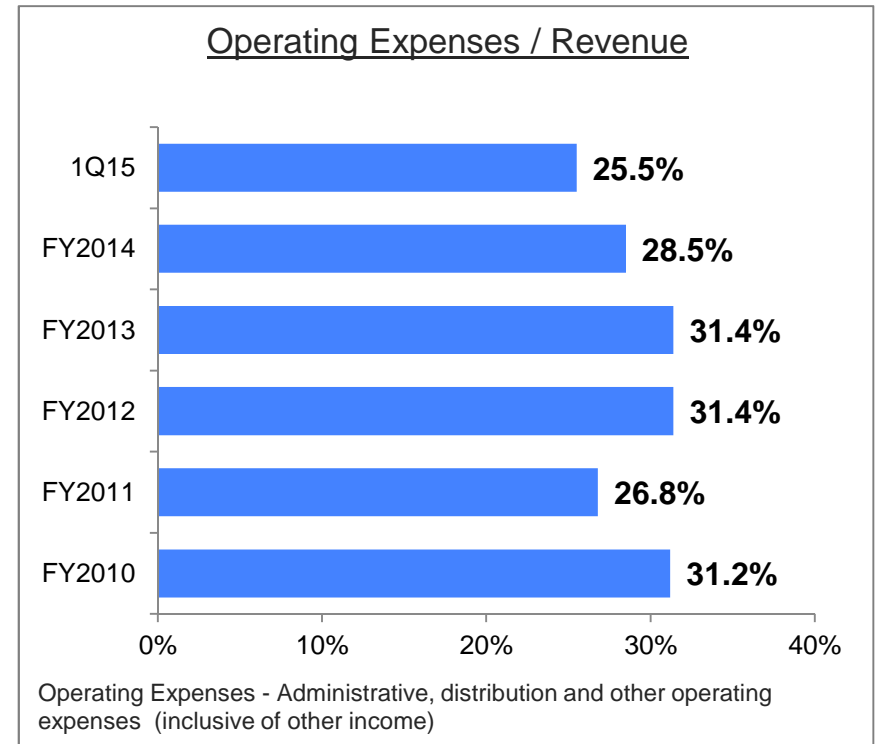


Group Net Profit

INCREASED 51.0% IN FY2014; UP 29.6% IN 1Q15



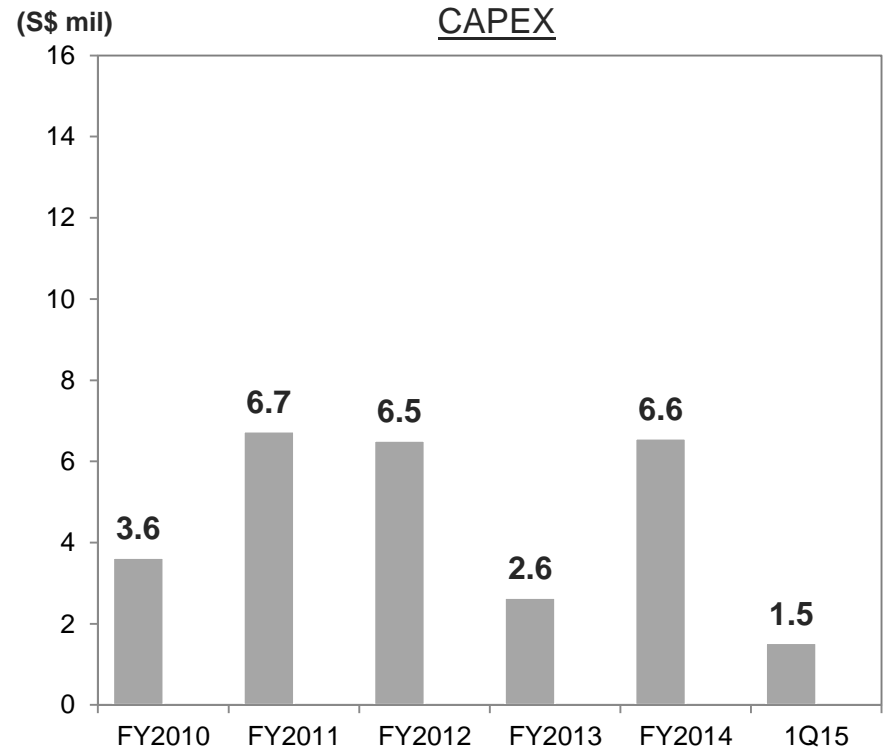
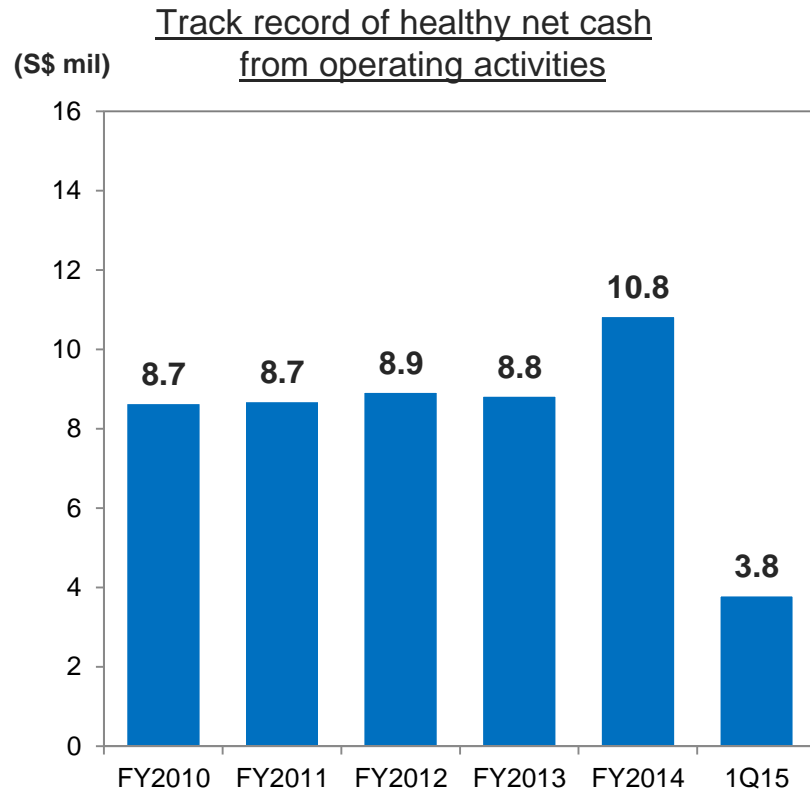
Net profit in FY2014 and 1Q15 improved on higher sales, increased GPM and tight control of expenses



Admin, Distribution and Other Operating expenses (excl. other income) has declined steadily as a percentage of revenue



Net Cash from Operating Activities and CAPEX



Balance Sheet

		30 September 2014	30 June 2014
<u>Cash</u>	Cash and cash equivalents	S\$13.5M	S\$11.1M [#]
<u>Gearing</u>	Total borrowings	Nil	Nil
<u>Trade Receivables</u>	Trade Receivables (Outstanding > 90days) / Total trade receivables Bad debt expense	S\$8.9M 0.7% (1Q15) 1.2k(1Q15)	S\$8.0M 0.2% (FY14) 8k(FY14)
<u>Inventory</u>	Inventory Inventory / Sales Inventory write-off	S\$3.3M 6.3% (1Q15) S\$28k (1Q15)	S\$3.1M 7.0% (FY14) S\$98k (FY14)
<u>Equity</u>	Shareholders' equity NAV per share	S\$44.0M 31.63 cents	S\$41.1M [#] 29.57 cents

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



CORPORATE SUMMARY

CHRIS BORCH, CEO
LOW MING WAH, COO



Key Takeaways

- FY2014 was another **year of profitable growth**
- Achieved **record** quarterly revenue and net profit in 1Q15
- 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**
- Continuous focus on **improving efficiency** across our worldwide operations
- 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.

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

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



MICRO-MECHANICS (HOLDINGS) LTD.