

SIX MONTHS ENDED 31 DEC 2014
1H15 RESULTS BRIEFING
2 February 2015



MICRO-MECHANICS (HOLDINGS) LTD.

AGENDA

Corporate Highlights

Financial Review

Q&A

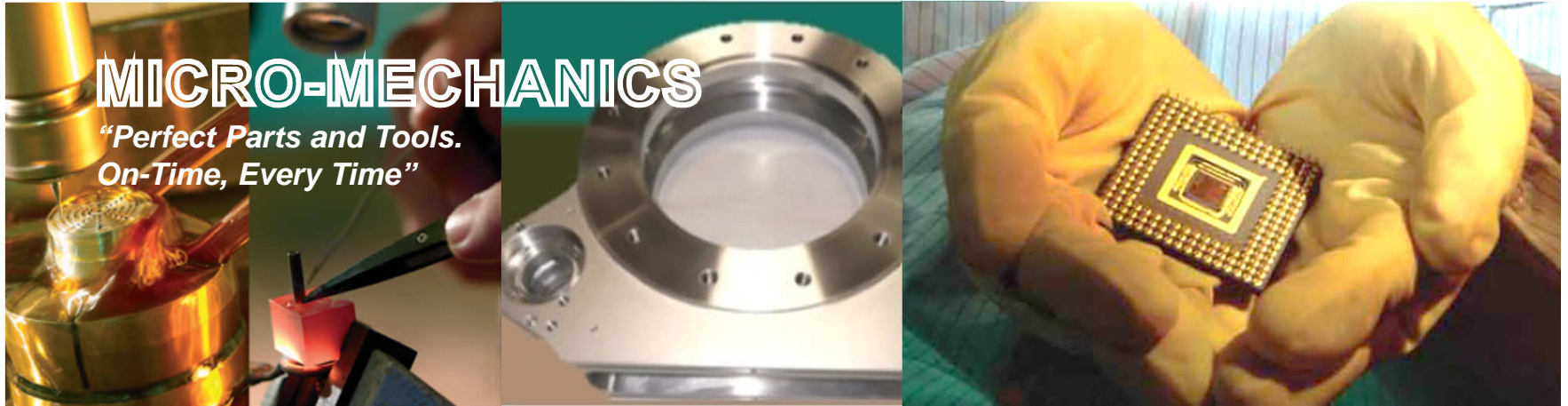


CORPORATE HIGHLIGHTS

LOW MING WAH, COO



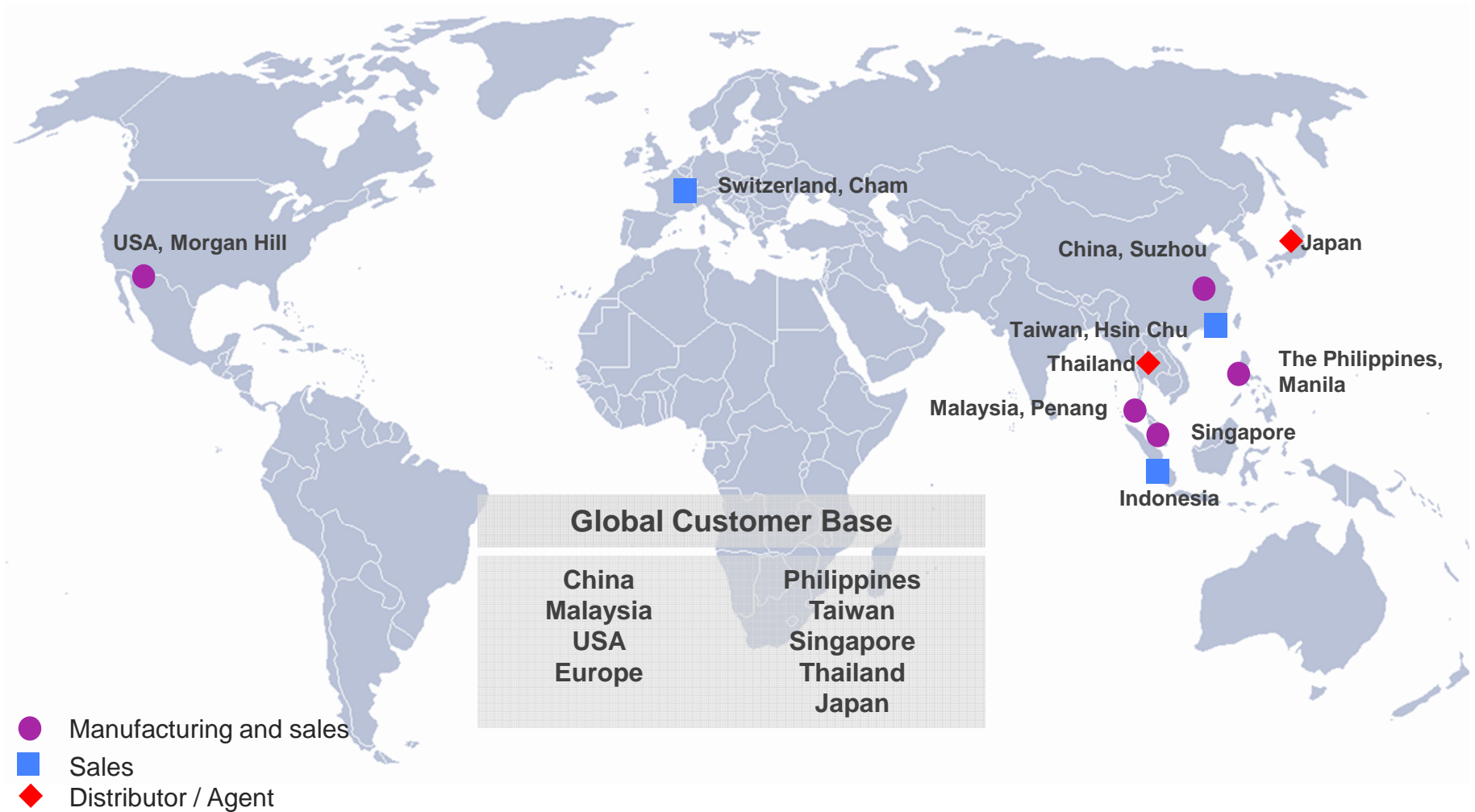
Corporate Overview



- 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

Dicing

Die-Attach



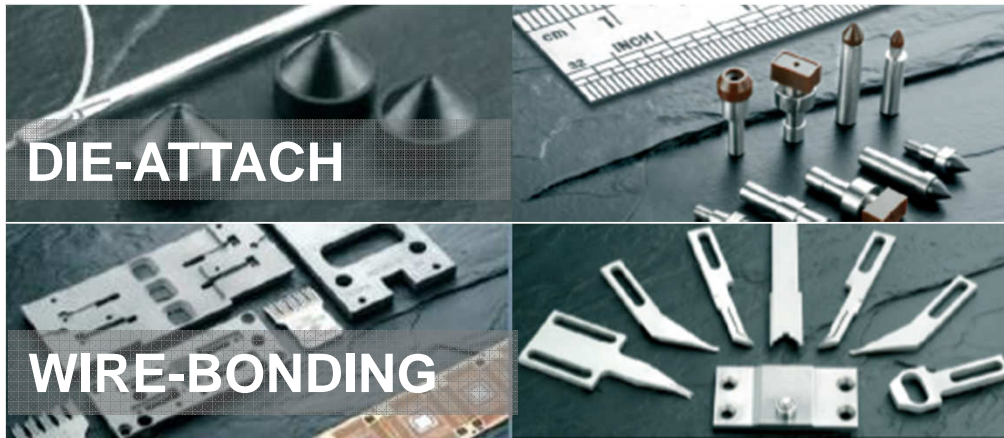
Wire-bond



Encapsulation



Plating



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

HUNDREDS OF CUSTOMERS

in chip assembly & testing sector

FOCUS ON CYCLE TIME

from customer inquiry to delivery

BROAD PRODUCT RANGE

backed by strong proprietary know-how

RAISING BARRIERS

from developing finer tools in line with chip package miniaturization

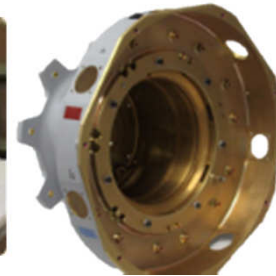


Die collets / ultra-fine tools with small holes from 0.10mm and features from 0.05mm. For eutectic die attach, MEMS.



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

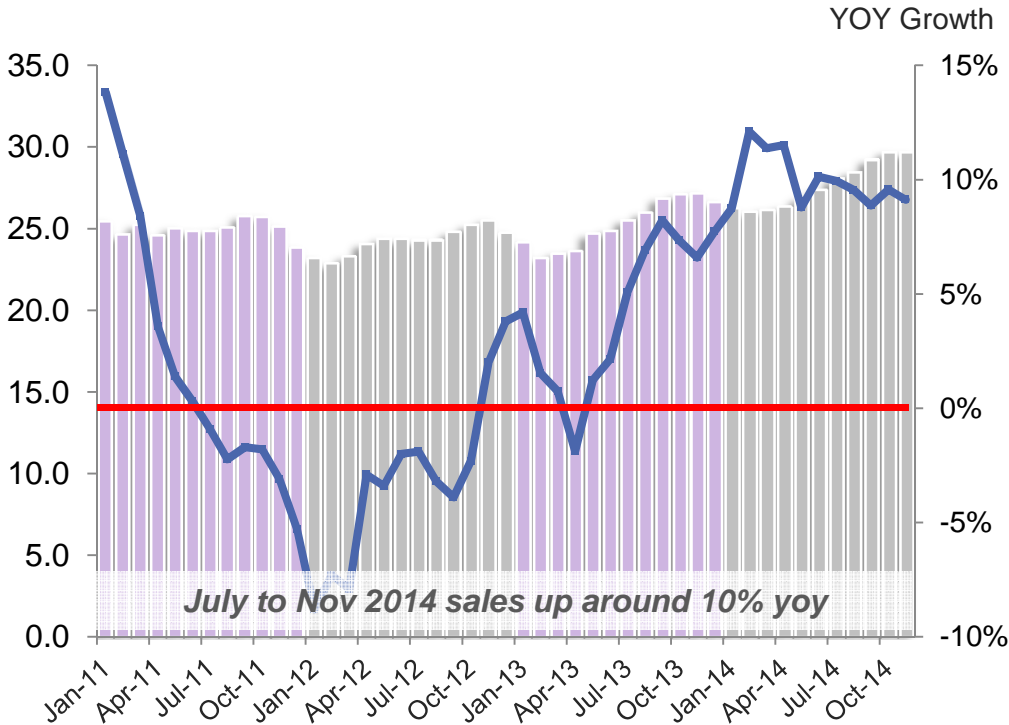
into other high-tech industries



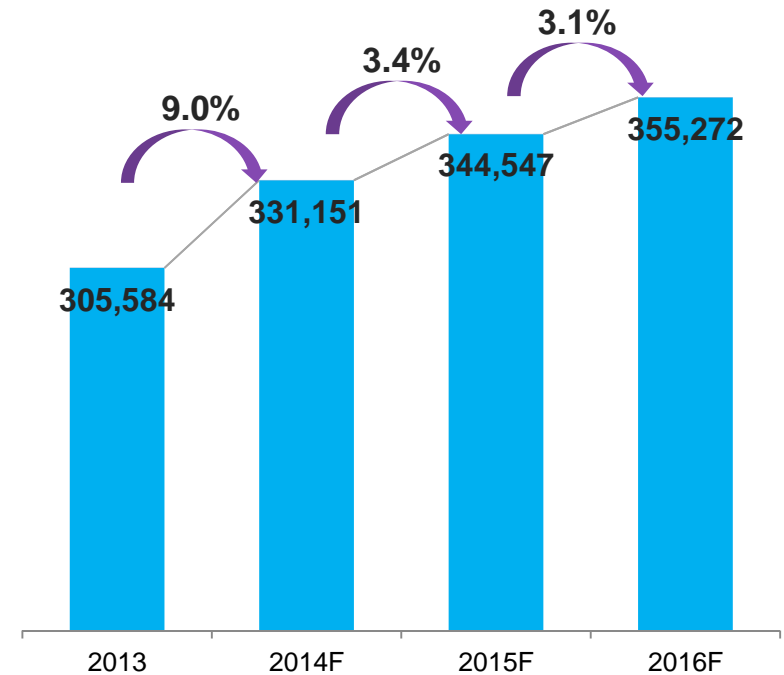
Industry Landscape

Global Monthly Chip Sales (US\$ M)

Record sales expected in 2014 as Jan-to-Nov 2014 sales (US\$304B) matched the total from 2013



WSTS Autumn 2014 Forecast Meeting – World Semiconductor Market (US\$ M)



“Demand remains strong across nearly all semiconductor product categories, and the Americas and Asia Pacific regional markets continue to post the most robust growth.”

Sources: Semiconductor Industry Association, World Semiconductor Trade Statistics

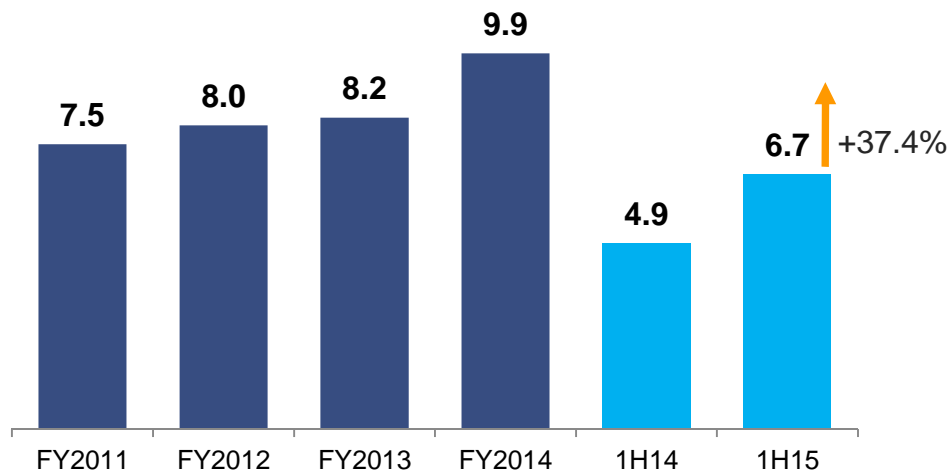


1H15 Business Review

RECORD PROFIT OF S\$5.5M AT HALF TIME

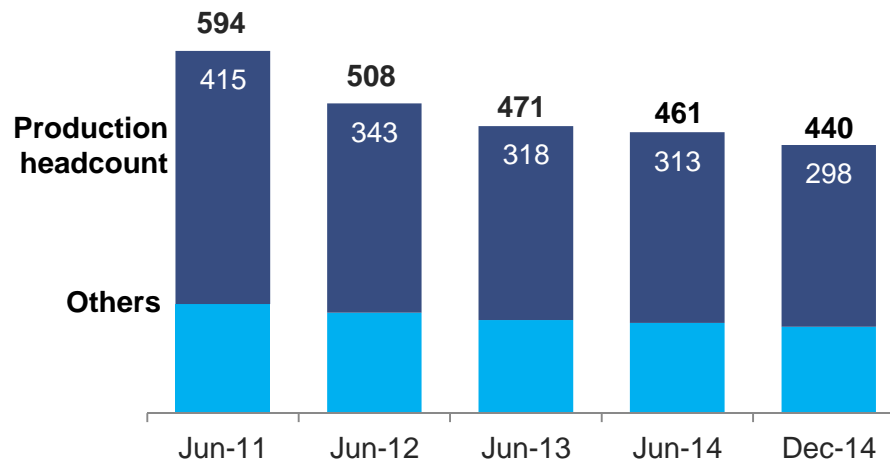
- Sterling revenue and profit growth over two consecutive quarters
- Semiconductor tooling business performed strongly with over 20% revenue growth and expansion in gross profit margin to 62%
 - Supported by higher sales in Malaysia, Taiwan and particularly China which has become our largest geographical market
 - Higher capacity utilisation and continual focus on productivity lifted GP margin, despite pricing pressures typical of the semiconductor industry

China Sales (S\$ mil)



1H15 Business Review

- **CMA Division making engineering and development progress**
 - Transitioned 70% of CMA's manufacturing to *24/7 Machining Line*
 - Expedite the transition while retiring old equipment
 - Strengthen engineering team
- **Continue to focus on Customer Value, and deploy resources towards automation to achieve repeatable, scalable and cost-effective processes**



FINANCIAL REVIEW

CHOW KAM WING, CFO

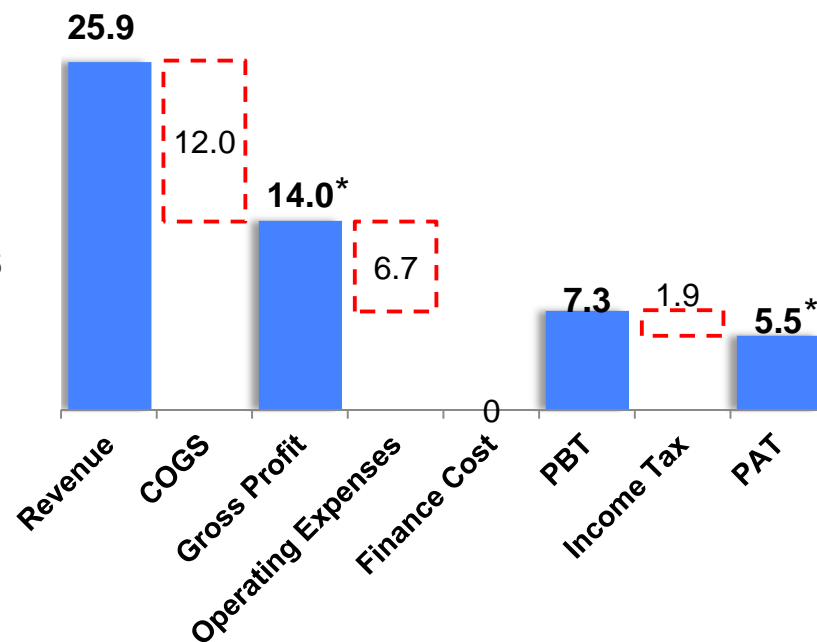


1H15 in Review

TWO CONSECUTIVE QUARTERS OF REVENUE AND PROFIT GROWTH

- REVENUE UP 20.3%
- GROSS PROFIT MARGIN EXPANDED TO 53.8%
- NET PROFIT UP 55.3%, NP MARGIN UP TO 21.1%
- EPS IMPROVED TO 3.93 CENTS FROM 2.53 CENTS
- SOUND BALANCE SHEET WITH CASH OF S\$13.5 MILLION AND ZERO DEBT
- TOTAL DIVIDEND OF 2.0 CENTS PER SHARE

1H15 P&L Overview (S\$ million)



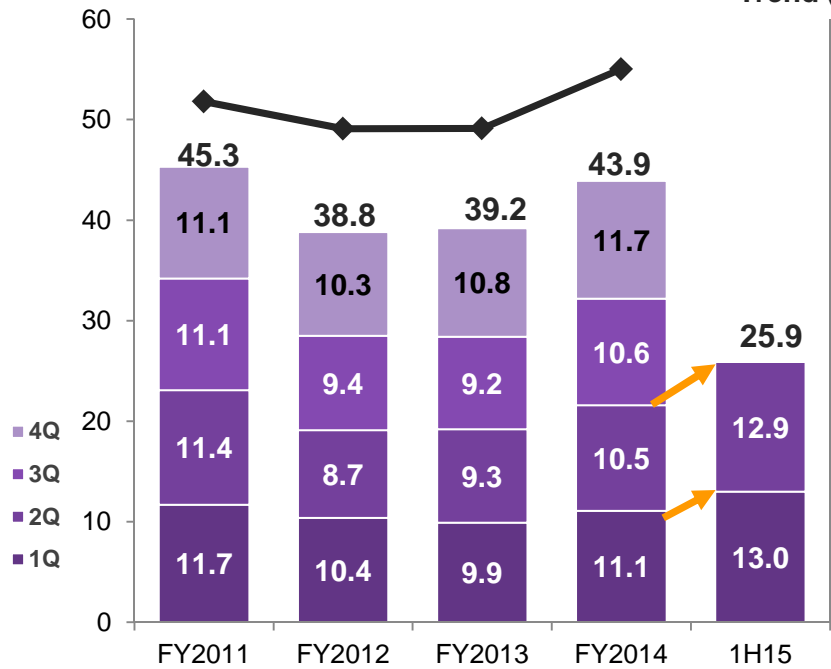
* Due to rounding difference



Group Revenue

1Q15 : +17.7% | 2Q15 : +23.0%

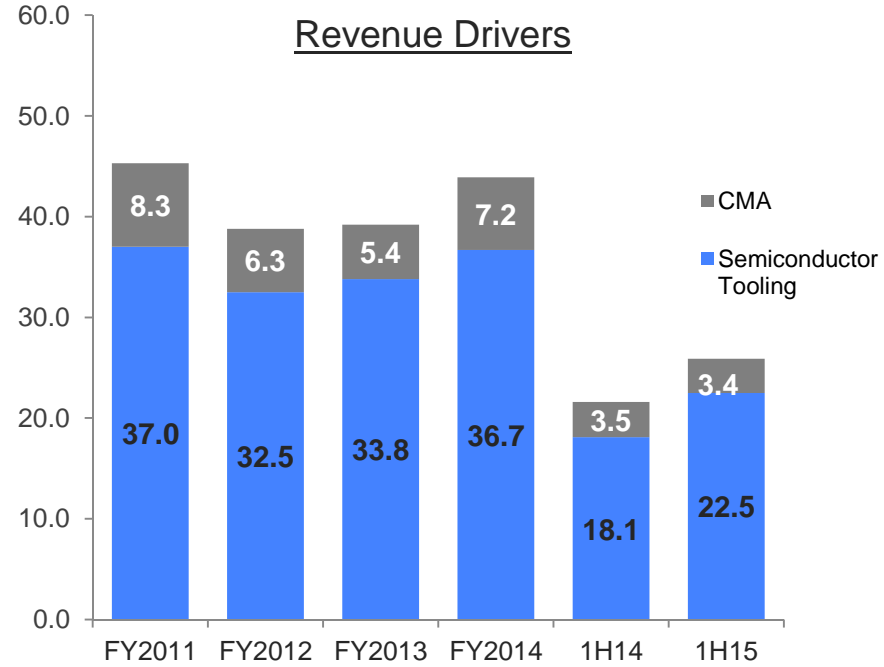
Group Revenue
(S\$ mil)



Global Chip Sales
Trend (US\$B)



Revenue Drivers

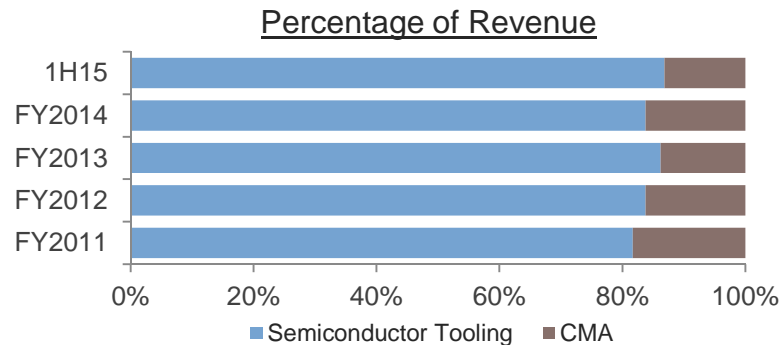
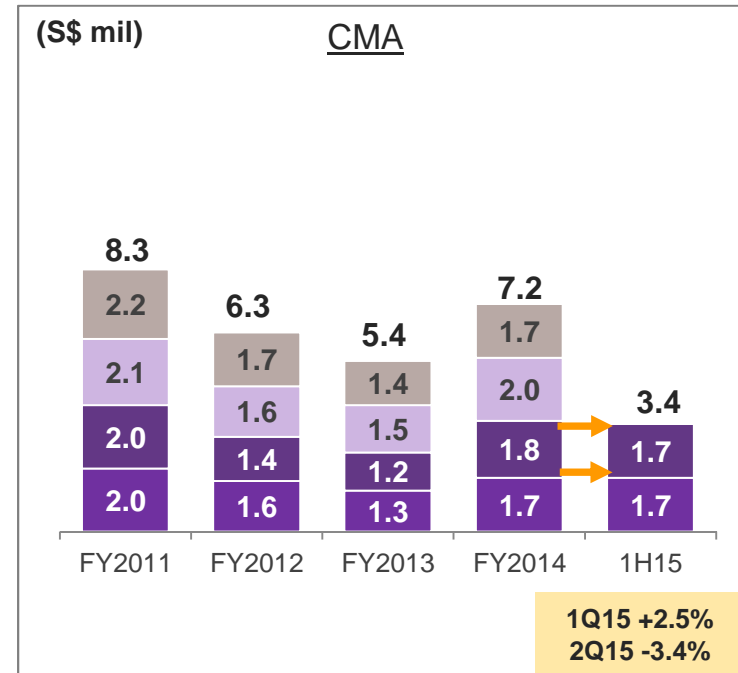
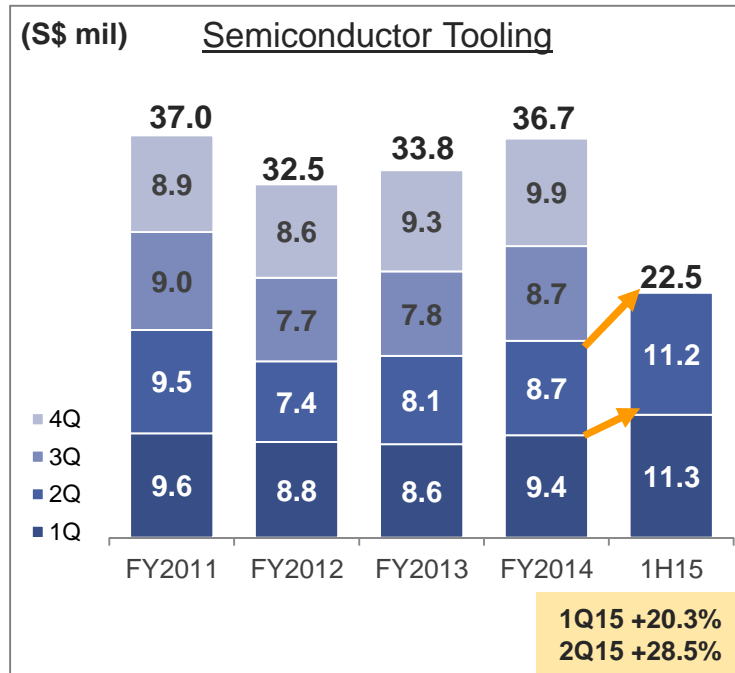


◆ Global Chip Sales Trend according to FY. Data from Semiconductor Industry Association (SIA)



Quarterly Revenue By Business Segments

ROBUST SALES GROWTH IN SEMICONDUCTOR TOOLING

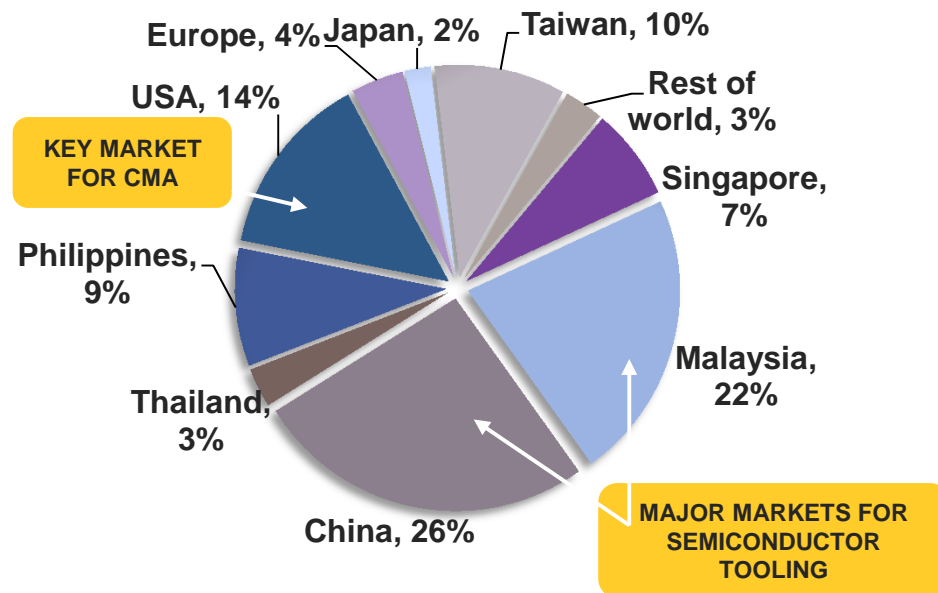


Revenue by Geographical Market

DIVERSIFIED REVENUE STREAMS

CHINA SALES ROSE 37.4%; LARGEST SEMICONDUCTOR TOOLING MARKET			
Country	1H15 S\$ mil	1H14 S\$ mil	% change
Singapore	1.7	1.7	0.7%
Malaysia	5.7	4.7	21.5%
Philippines	2.2	2.0	10.5%
Thailand	0.8	1.1	(25.3%)
China	6.7	4.9	37.4%
USA	3.7	3.1	17.3%
Europe	1.1	1.1	(3.0%)
Japan	0.5	0.5	16.3%
Taiwan	2.6	1.8	39.5%
Rest of world	0.9	0.7	40.6%
Total	25.9	21.6	20.3%

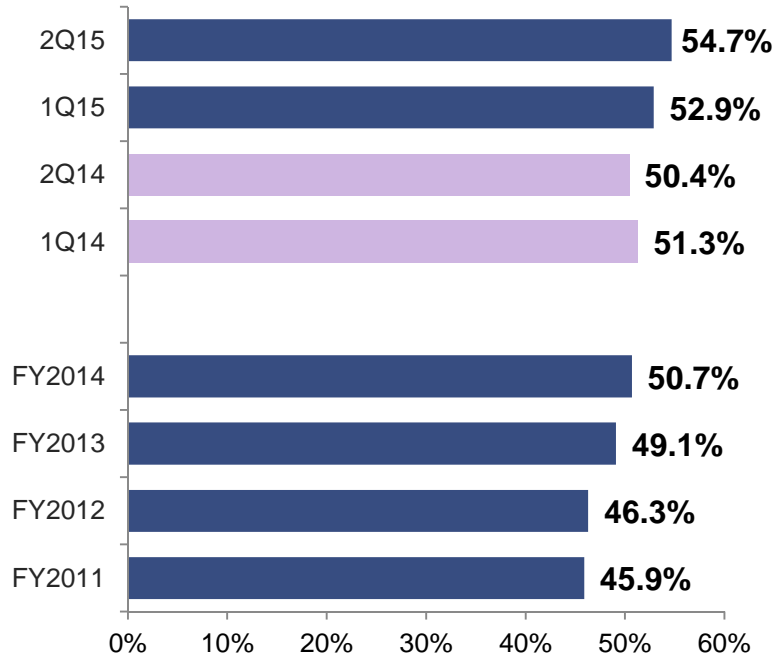
Sales Breakdown for 1H15



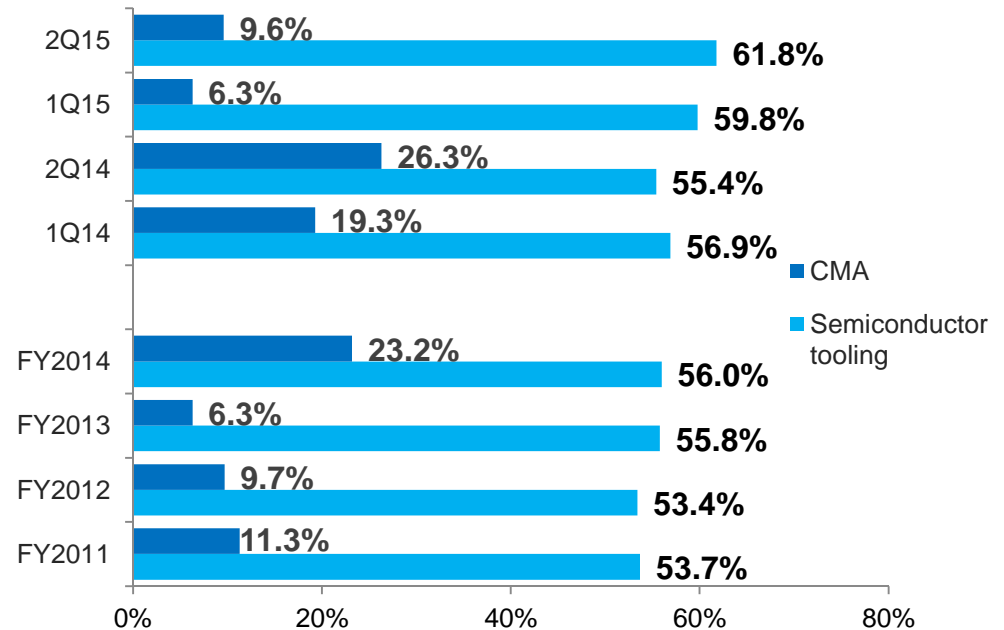
Gross Profit Margin

MARGIN EXPANSION IN 1Q15 and 2Q15

Group GPM



GPM by Business Segments



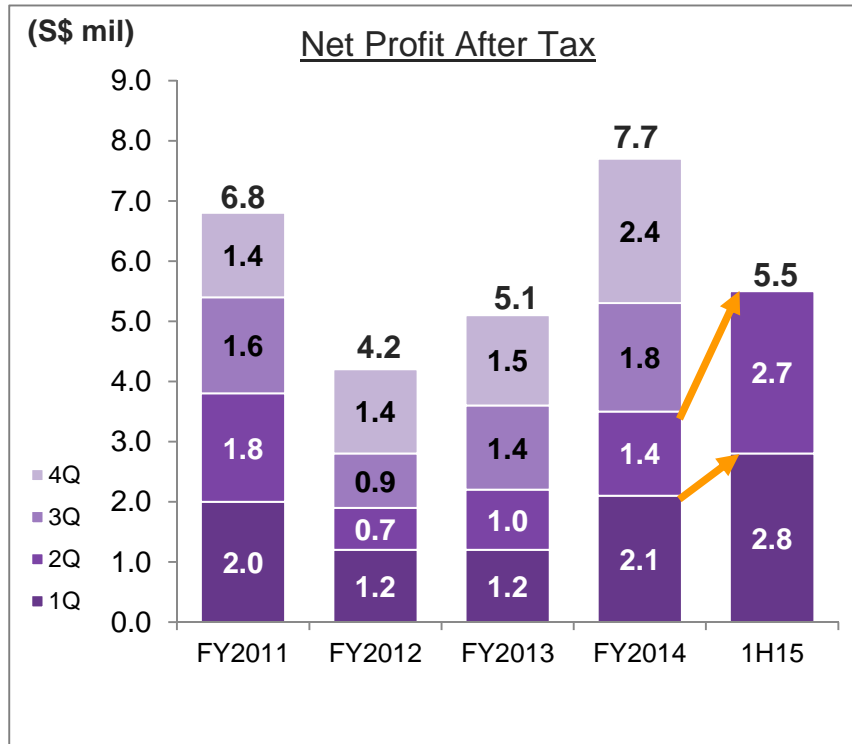
Semiconductor tooling GPM improved steadily to 61.8%

CMA GPM softened during 1H15 due to shift in product mix and higher depreciation expense

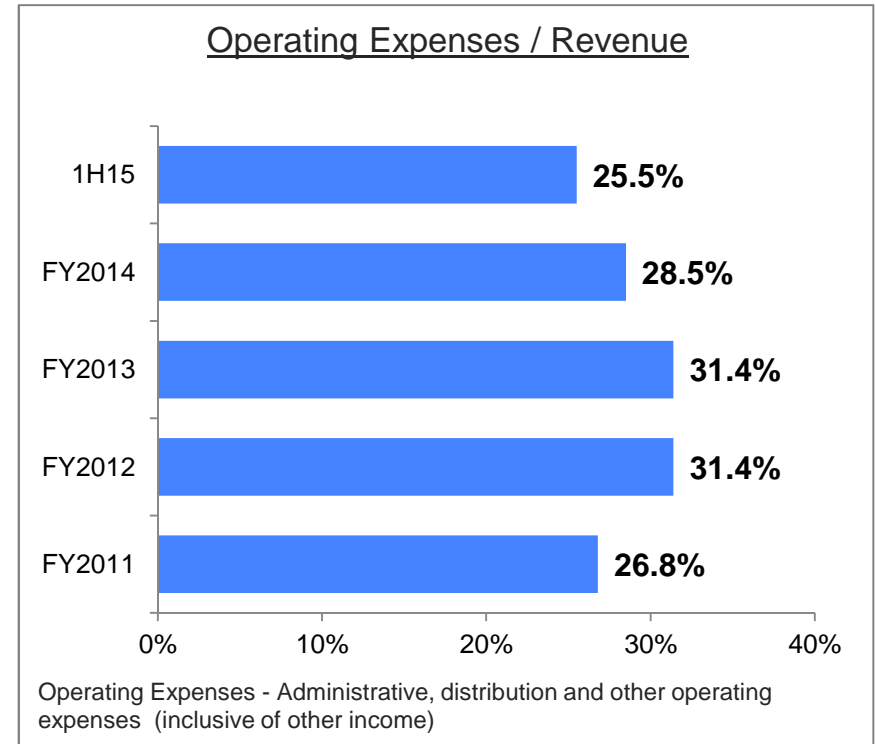


Group Net Profit

1Q15 : +29.6% | 2Q15 : +96.2%



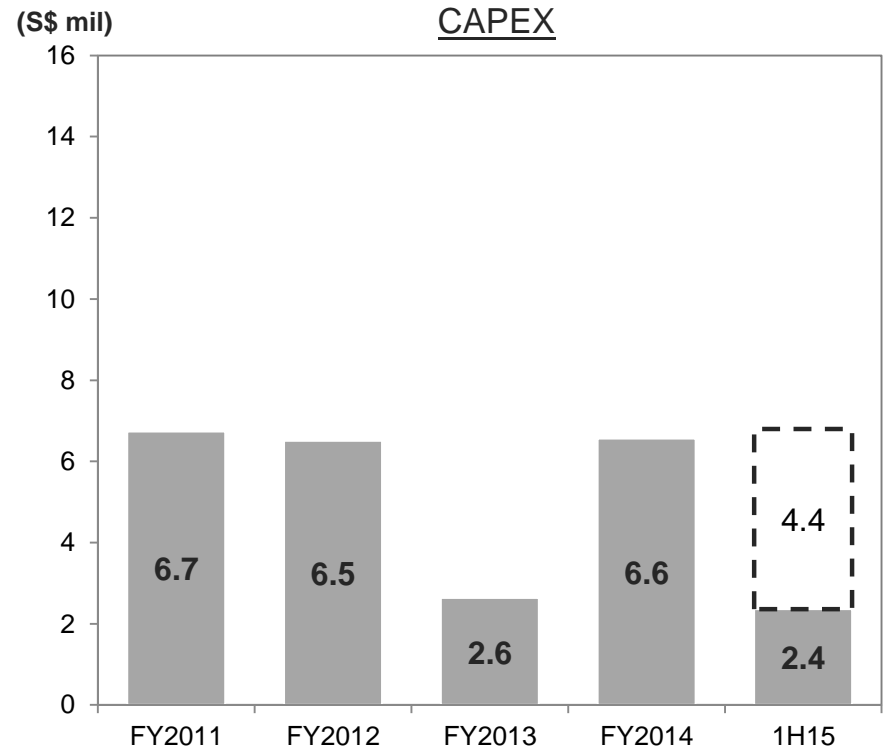
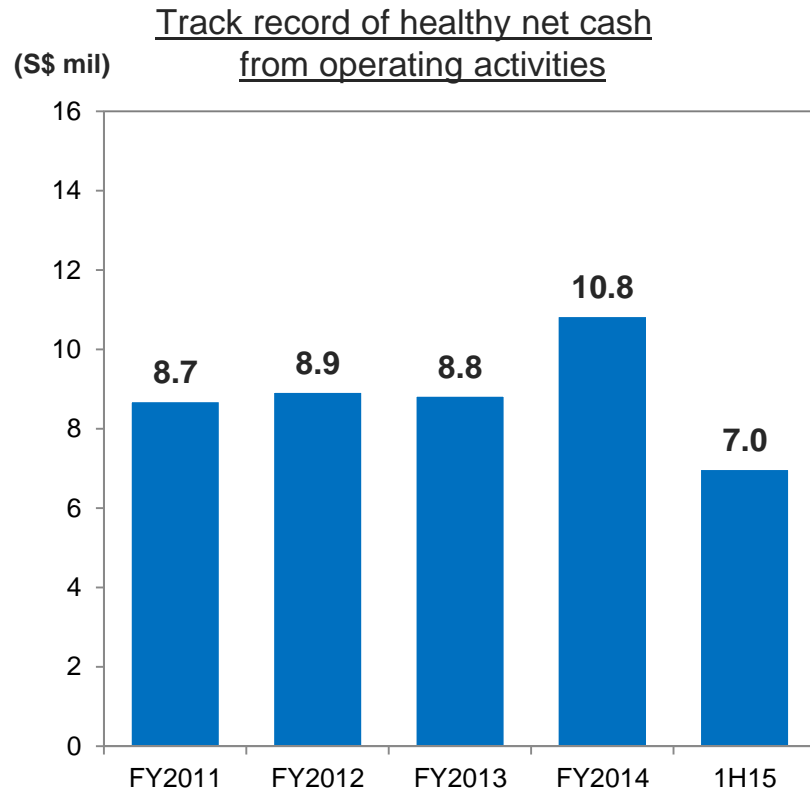
Net profit jumped on higher sales, increased GPM and tight control of expenses



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



Net Cash from Operating Activities and CAPEX



CAPEX Budget for FY2015 : S\$6.8M



Balance Sheet

		31 December 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	S\$8.9M 0.3% (1H15)	S\$8.0M 0.2% (FY14)
	Bad debt expense	1.6k (1H15)	8k (FY14)
<u>Inventory</u>	Inventory Inventory / Sales Inventory write-off	S\$3.4M 6.6% (1H15) S\$59k (1H15)	S\$3.1M 7.0% (FY14) S\$98k (FY14)
<u>Equity</u>	Shareholders' equity NAV per share	S\$43.8M [#] 31.50 cents	S\$41.1M 29.57 cents

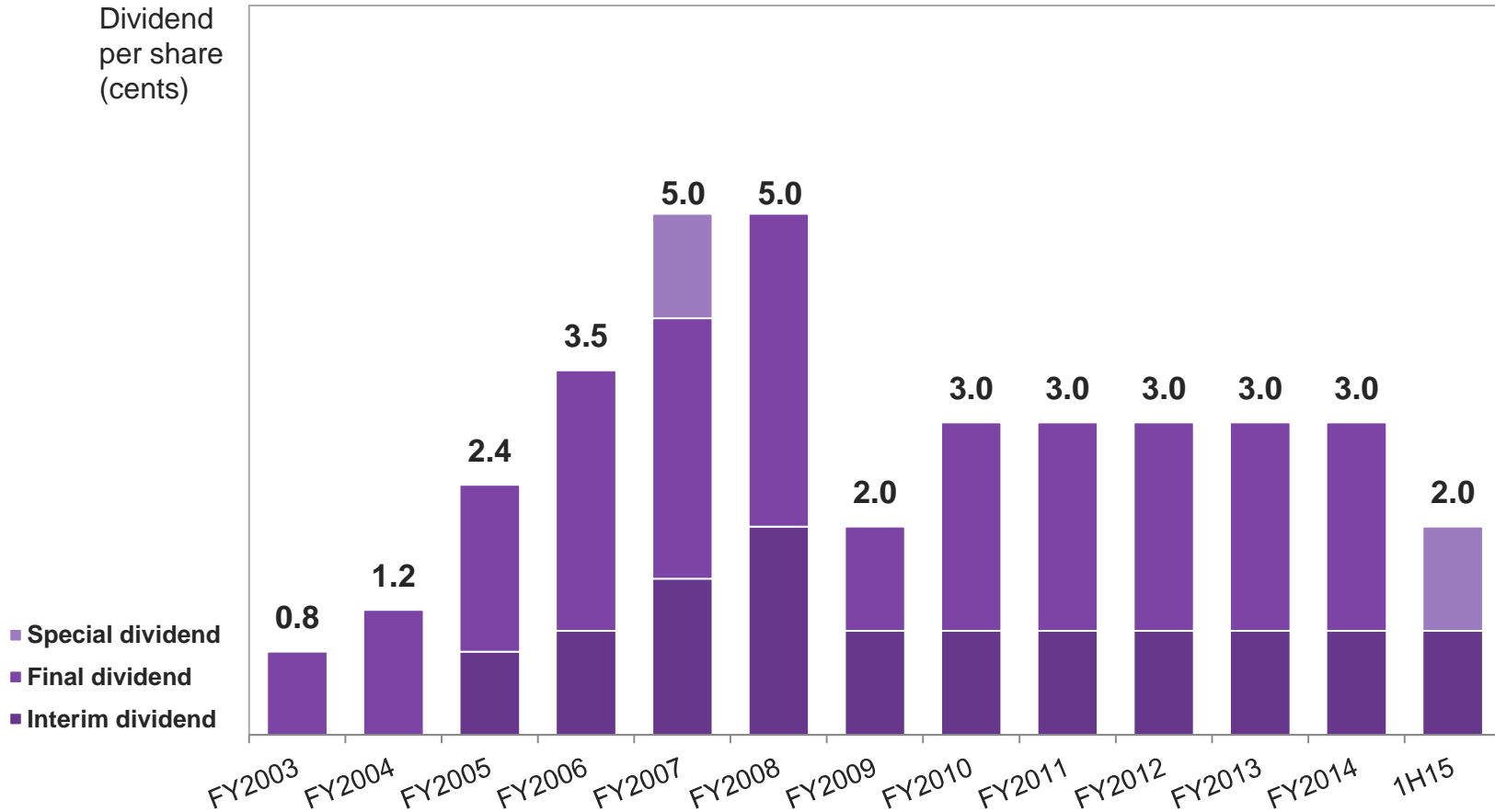
[#] Paid dividends of S\$2.8M (Final dividend for FY2014)



Higher Dividend for 1H15

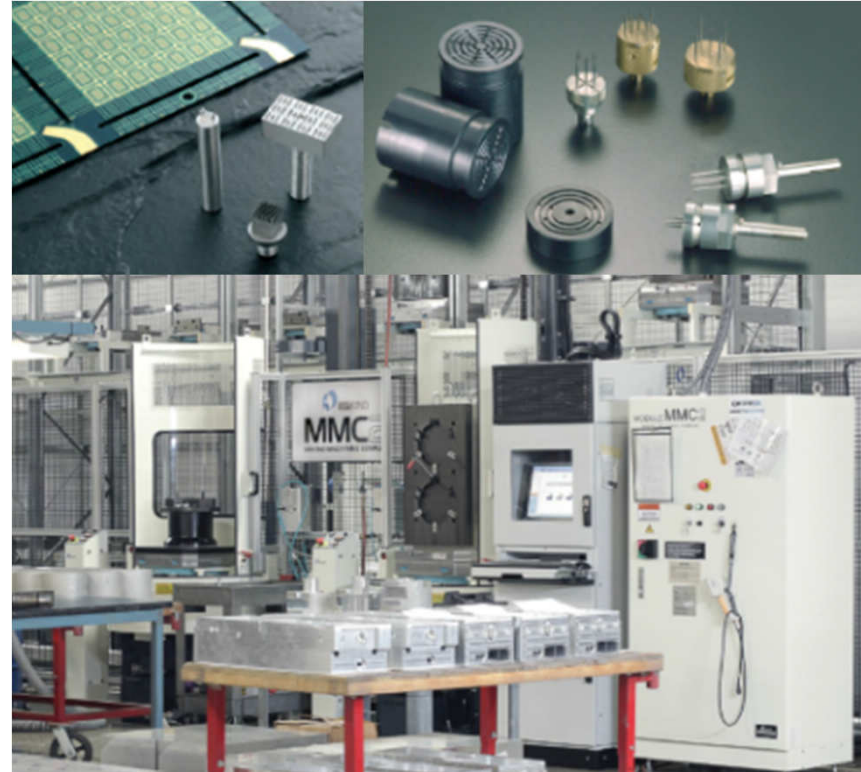
INTERIM AND SPECIAL DIVIDENDS TOTTALLING 2 CENTS PER SHARE

TOTAL DIVIDENDS OF **36.9 CENTS** PER SHARE SINCE LISTING



Key Takeaways

- Achieved **record revenue and profit** in 1H15
- **Enhancing shareholder value** with higher dividend payment of 2.0 cents per share (1.0 cent per share for 1H14)
- Business visibility remains limited; escalating cost for skilled labour; selling price and delivery lead time pressures
- Operational strategies in place to **sustain market competitiveness and growth over the long-term**
- 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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