



MICRO-MECHANICS®

perfect parts and tools, on time, every time

Annual General Meeting FY2020

30 October 2020



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perfect parts and tools, on time, every time

Business & Industry

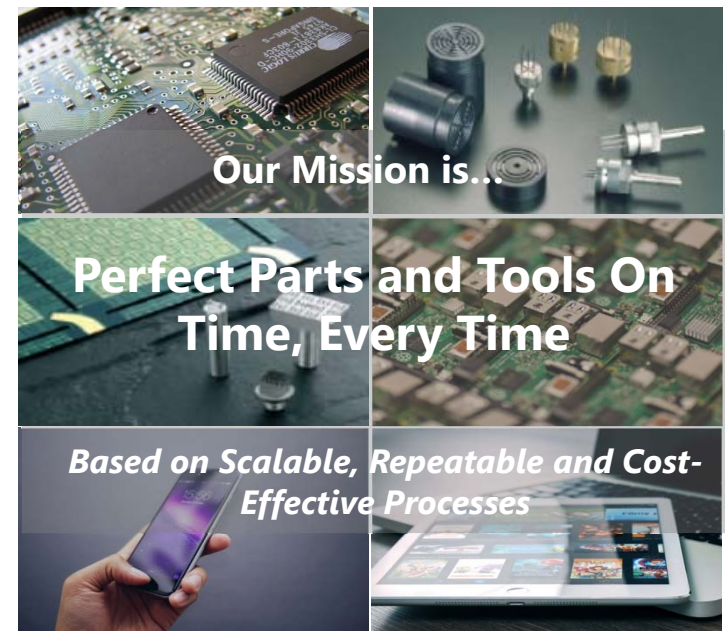
Chris Borch, CEO

Low Ming Wah, COO



Corporate Overview

- Founded in 1983 in Singapore
- Design and manufacture **high precision tools and parts** used in **process-critical applications** for the wafer-fabrication and assembly processes of the **semiconductor industry**
- Serve a worldwide base of customers from five facilities in Asia (Singapore, Malaysia, China, Philippines) and the USA
- More than 600 active customers
- Listed on the Singapore Exchange (Main Board) since 2003
- Committed to generating shareholder returns



Business Model

HIGH PRECISION, PROCESS-CRITICAL Parts and Tools for Semiconductor Industry



Proprietary consumable tools used in the **assembly and testing of semiconductors**, such as die-attach and wirebonding tools

Contract manufacturing of precision parts used in process-critical applications for the **wafer fabrication industry**



IDMs, Semiconductor assembly and test service providers

Leading wafer fabrication equipment manufacturers

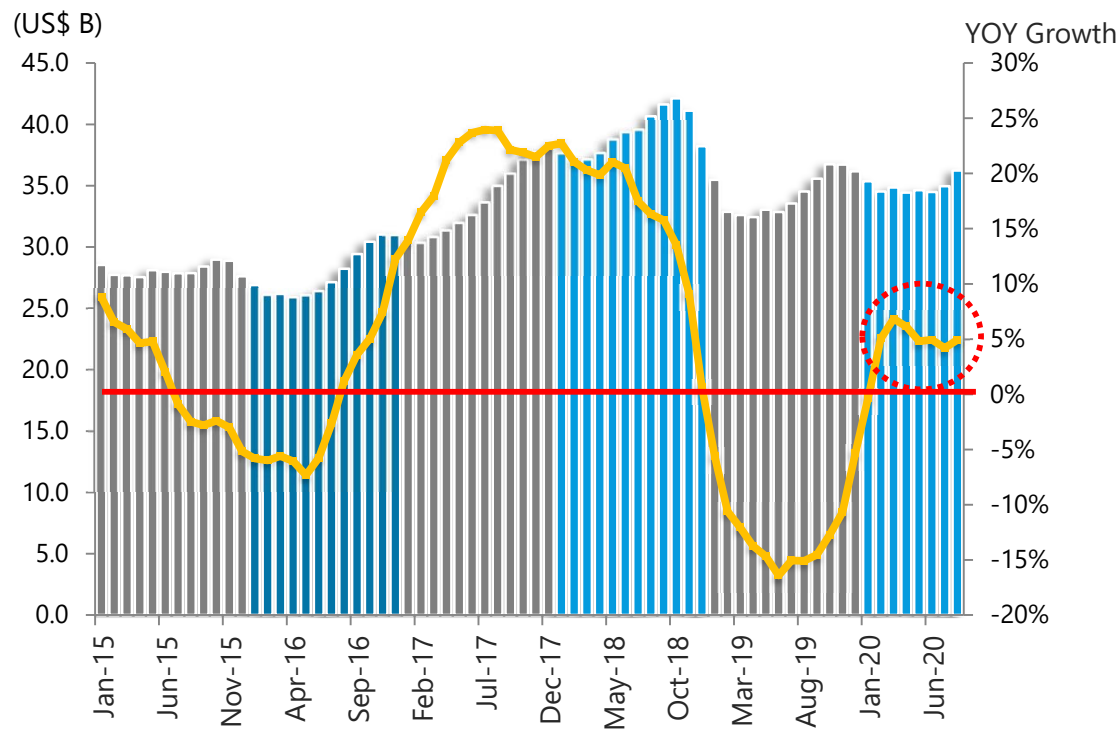


HIGH PRECISION AND QUALITY | SHORT CYCLE TIME |
| WORLDWIDE SUPPORT | VALUE > COST



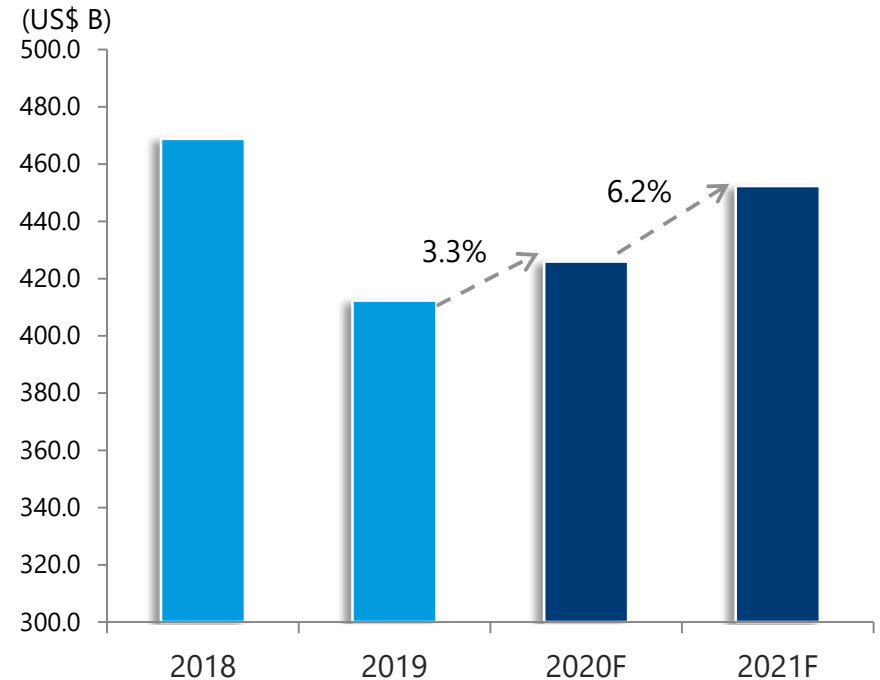
Semiconductor Industry Review

Global Monthly Chip Sales



Global chip sales in Aug 2020 increased year-on-year for the seventh consecutive month, showing that the global market has remained largely insulated from ongoing global macroeconomic headwinds. However, SIA cautioned that significant uncertainty remains for the months ahead.

WSTS Semiconductor Sales Forecast



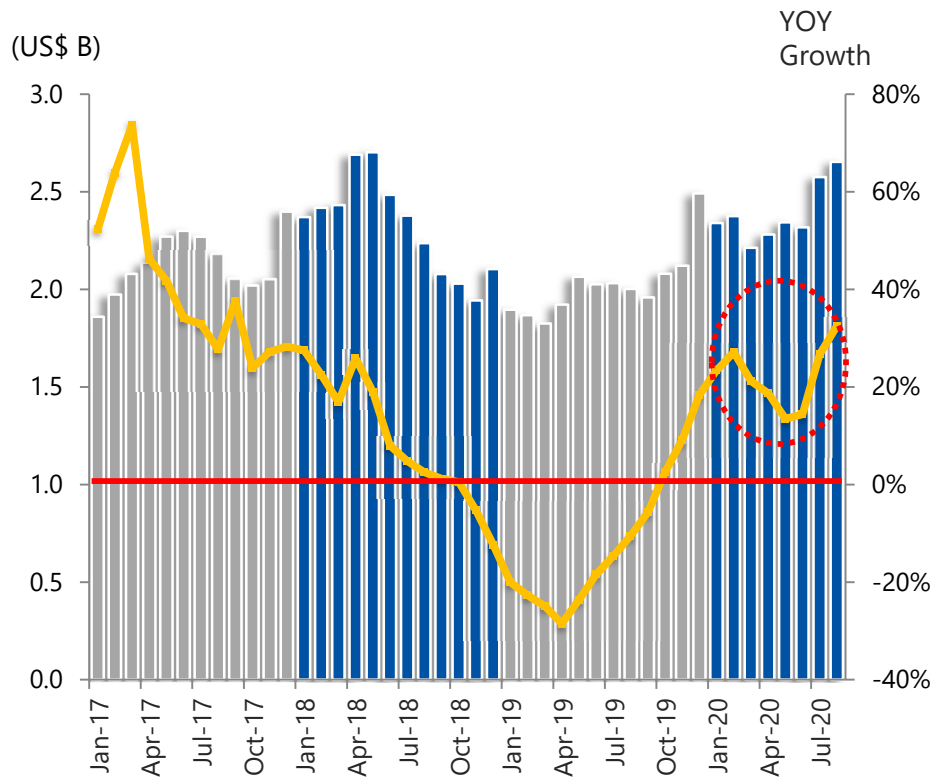
WSTS projects semiconductor sales to increase by 3.3% in 2020 on the back of higher demand for IC, Memory and Logic. Global sales expected to rise a further 6.2% in 2021, driven by Memory

Sources: Semiconductor Industry Association, World Semiconductor Trade Statistics



Semiconductor Industry Review

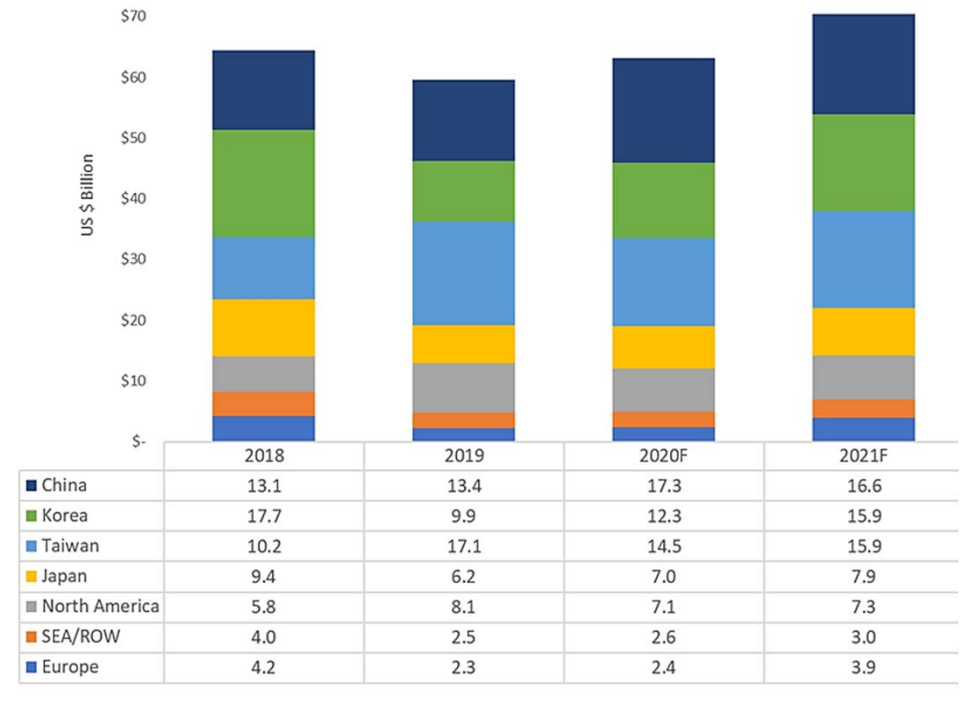
Three-month average of worldwide billings of North American equipment manufacturers



Source: SEMI

Global Semiconductor Equipment Sales Forecast

SEMI® Mid-Year Total Equipment Forecast by Region

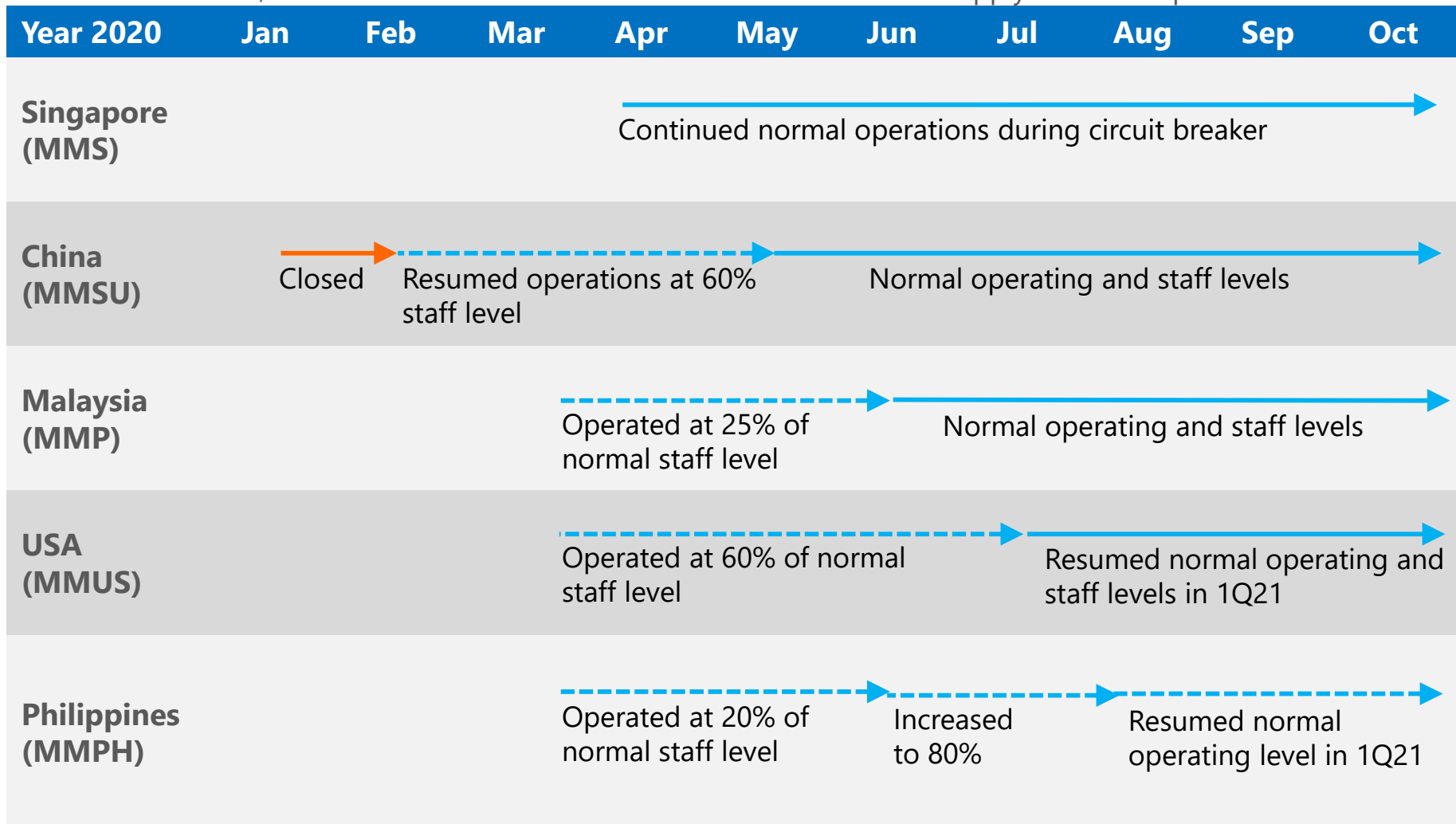


- Global semiconductor manufacturing equipment sales projected to rise 6% to \$62.3B in 2020, and reach a record revenue of \$70B in 2021



Impact of COVID-19 on Operations

Temporary closures and reduced operating level of our factories were in compliance with government measures to contain Covid-19, which also led to travel limitations for workforce and supply chain disruptions



FY2020 Corporate Highlights



REVENUE GROWTH

S\$64.2M

▲ 6.4%

MAINTAINED GROSS
PROFIT MARGIN

53.4%

RAISED DIVIDENDS BY 20% TO

12.0 cents

PER SHARE



GROWTH IN NET PROFIT

S\$14.7M

▲ 13.1%



FY2020 Corporate Highlights



It remains difficult to accurately predict the business outlook
- due to changing market conditions and government measures to contain the spread of COVID-19

BUT our view of the semiconductor industry remains unchanged, and our goal is not to just go *Back to Normal*, but to go *Back to Better*

In the long term, our view for the future of the semiconductor industry remains unchanged, if not enhanced. We continue to believe the industry is poised for a prolonged period of solid growth



Strong, Flexible and Resilient

To make it easier to adjust to changes in circumstances and ensure business continuity, we have put in place goals, structures and processes. Some of our key initiatives are:

Maintain Healthy GP Margin

- Focus on the value we bring to customers
- To be a leading *Next Generation Supplier*
- Only a handful of suppliers in future will be capable of meeting the stringent requirements of the semiconductor industry as chip manufacturing transitions to <10-nanometer geometries

Control Overhead Expenses

- Keep a tight rein on expenses
- Improve processes and workflow
- Employed 511 great people at end FY2020

Automation & Digitalization

- Automate our operations around processes that are repeatable, scalable and cost-effective
- Digitalize workflows for efficiency, mobility and remote working

Grow without Borrowings & Reward Shareholders

- Healthy cash balance and no bank borrowings
- Increased dividend in FY2020 reflects confidence in Group's long-term prospects and benefits shareholders during this unprecedented difficult period

Excel in Transparency & Governance

- Improved ranking to 13th out of 577 companies in SGTI 2020 (Previously 17th out of 578)



Commitment to Governance

Singapore Governance and Transparency Index 2020

Micro-Mechanics ranked among the Top 20 companies

RANK 2020	COMPANY NAME	BASE SCORE	ADJUSTMENTS FOR BONUSES/PENALTIES	OVERALL SGTI 2020 SCORE	OVERALL SGTI 2019 SCORE	RANK 2019
1	SATS	97	34	131	115	6
2	SINGAPORE TELECOMMUNICATIONS	96	32	128	129	1
3	CITY DEVELOPMENTS	91	34	125	117	5
4	CAPITALAND	92	31	123	122	3
4	DBS GROUP HLDGS	91	32	123	125	2
6	KEPPEL CORP	97	25	122	100	21
7	SINGAPORE EXCHANGE	96	25	121	121	4
8	SEBACORP INDUSTRIES	94	24	118	115	6
9	OVERSEA-CHINESE BANKING CORP	91	23	114	115	6
10	UNITED OVERSEAS BANK	92	21	113	111	9
11	SINGAPORE PRESS HLDGS	90	22	112	110	10
12	SINGAPORE POST	86	25	111	91	32
13	COMFORTDELGRO CORP	92	18	110	103	14
13	MICRO-MECHANICS (HLDGS)	85	25	110	101	17
15	DEL MONTE PACIFIC	83	26	109	104	13
16	VICOM	80	27	107	101	17
17	PERENNIAL REAL ESTATE HLDGS	89	17	106	100	21
17	SBS TRANSIT	83	23	106	87	40
17	TUAN SING HLDGS	84	22	106	106	11
20	GLOBAL INVESTMENTS	81	24	105	106	11



2020 Singapore Governance and Transparency Index

Special Commendation – Small Cap

Since listing in 2003, we have received over 30 awards in recognition of our high standards of corporate governance, quality of disclosure, transparency and investor relations.

Singapore Corporate Awards

Best Managed Board Award – 2012, 2015, 2016, 2017

Best Investor Relations Award – 2010 to 2015, 2017

SIAS Investors Choice Awards

Shareholder Communications Excellence Award – 2018, 2019

Singapore Corporate Governance Award – 2016 to 2019

Most Transparent Company Award – 2005, 2008 to 2016

Corporate Governance Award (Sesdaq) - 2006

Asiamoney Corporate Governance Poll

Best for Shareholders' Rights & Equitable Treatment in Singapore – 2009, 2010

Our management has also been recognised for their business leadership

Singapore Corporate Awards

Best Chief Executive Officer Award - 2018

Chief Financial Officer of the Year - 2008





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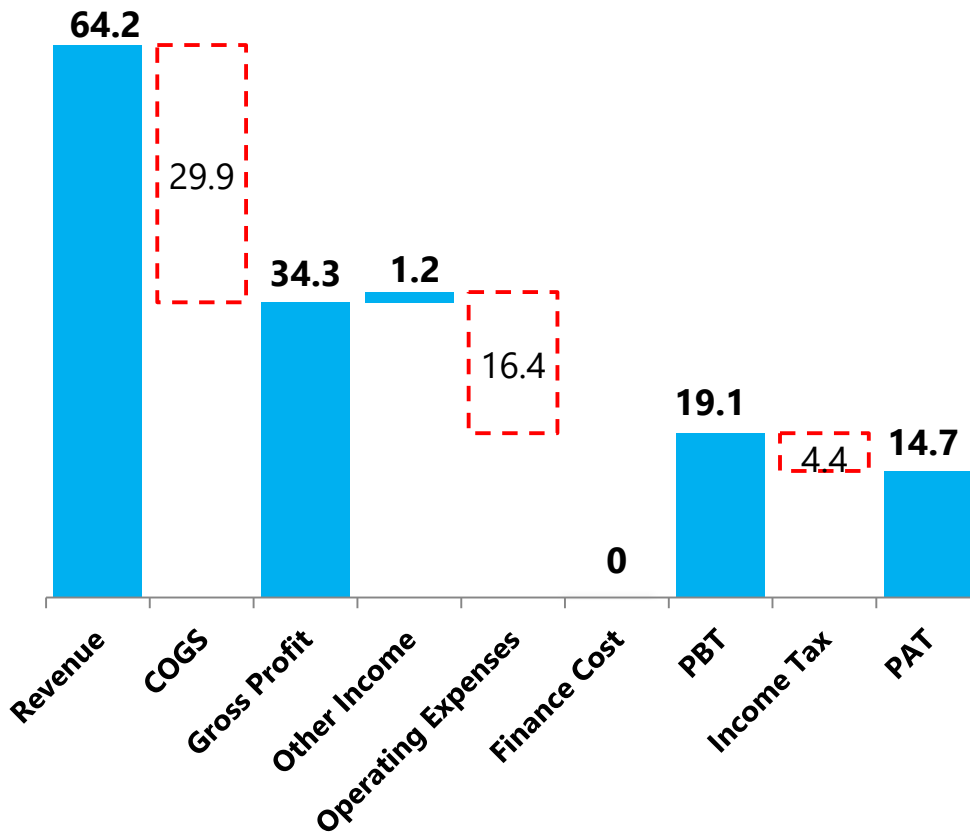
Financial Review

Chow Kam Wing, CFO



FY2020 in Review

FY2020 P&L Overview (S\$ million)



N.B. Due to rounding, some totals (in this and the following slides) may not correspond with the sum/subtraction of separate figures.

KEY RATIOS & STATISTICS

REVENUE GROWTH	6.4%
GROSS PROFIT GROWTH	6.0%
PBT GROWTH	11.8%
NET PROFIT GROWTH	13.1%
GROSS PROFIT MARGIN	53.4%
NET PROFIT MARGIN	22.8%
EARNINGS PER SHARE	10.54 cents
DIVIDEND PAYOUT (FY2020)	114%
RETURN ON EQUITY	25.3%
CASH	S\$20.8M
BORROWINGS	Zero

FY: Financial year ending 30 June

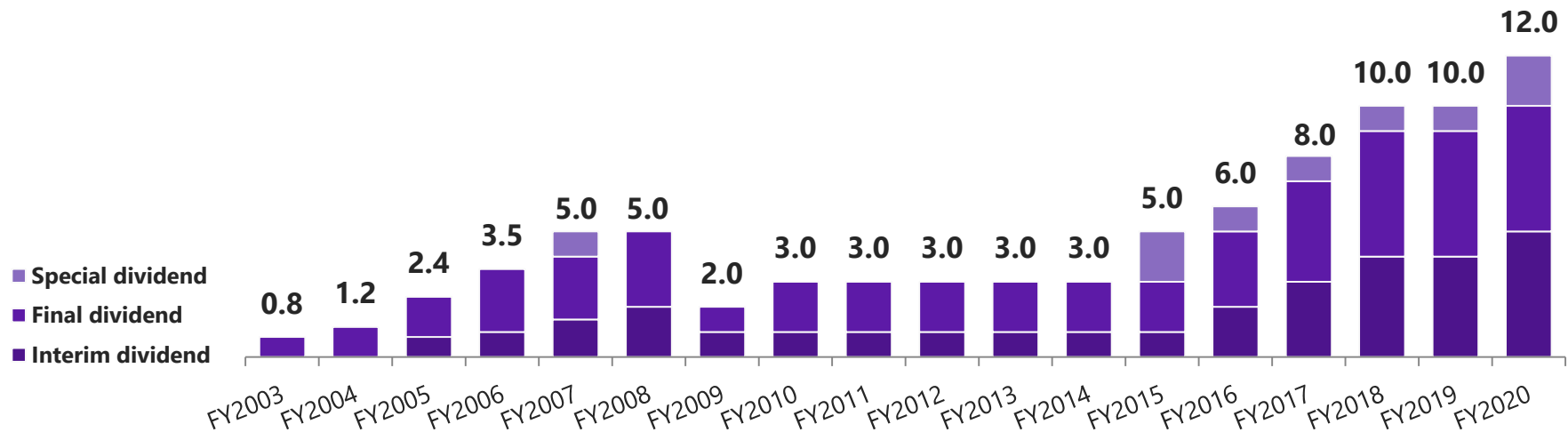


Dividend Performance

HIGHER TOTAL DIVIDENDS OF 12 CENTS PER SHARE FOR FY2020

Total dividend payout since listing – **85.9 CENTS** per share

DIVIDEND PER SHARE (CENTS)



DIVIDEND PAYOUT RATIO

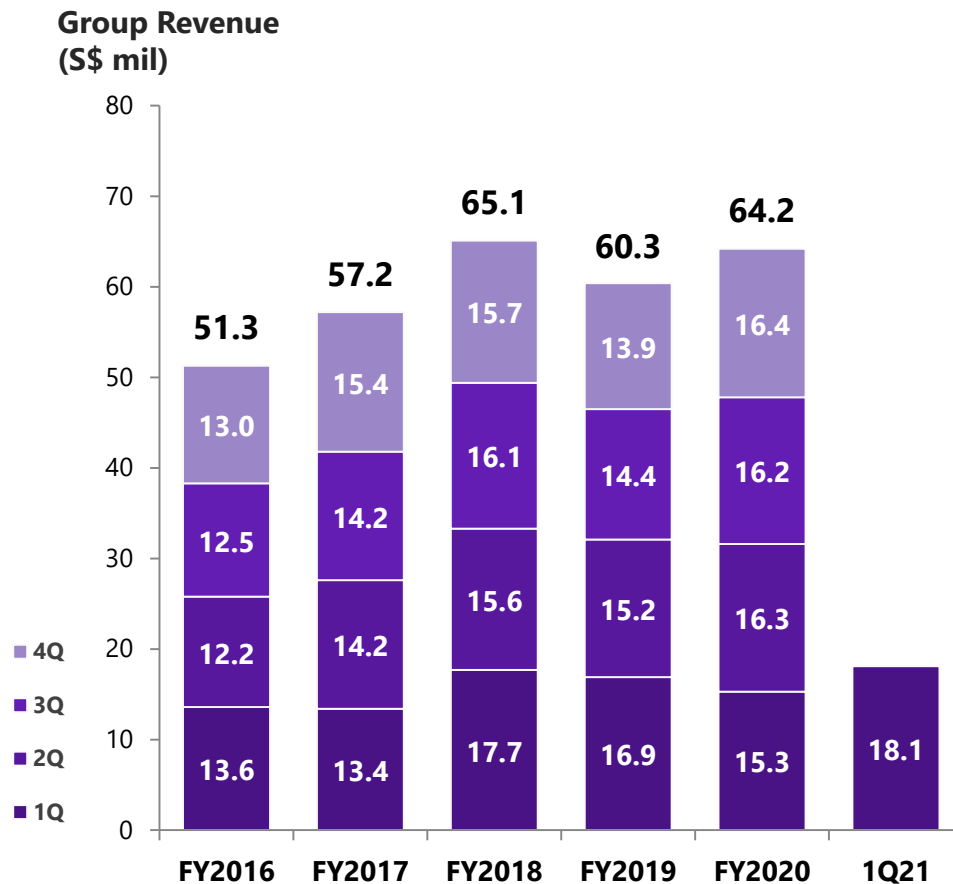
FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
29%	35%	61%	63%	83%	78%	513%	87%	61%	99%	81%	54%	58%	70%	75%	81%	107%	114%

Dividend Policy of Not Less Than 40% of Earnings*



Group Revenue

YOY GROWTH IN QUARTERLY REVENUE SINCE 2Q20



FY2020 REVENUE ▲ 6.4%

- Reflects the semiconductor industry's resilience amid the COVID-19 pandemic

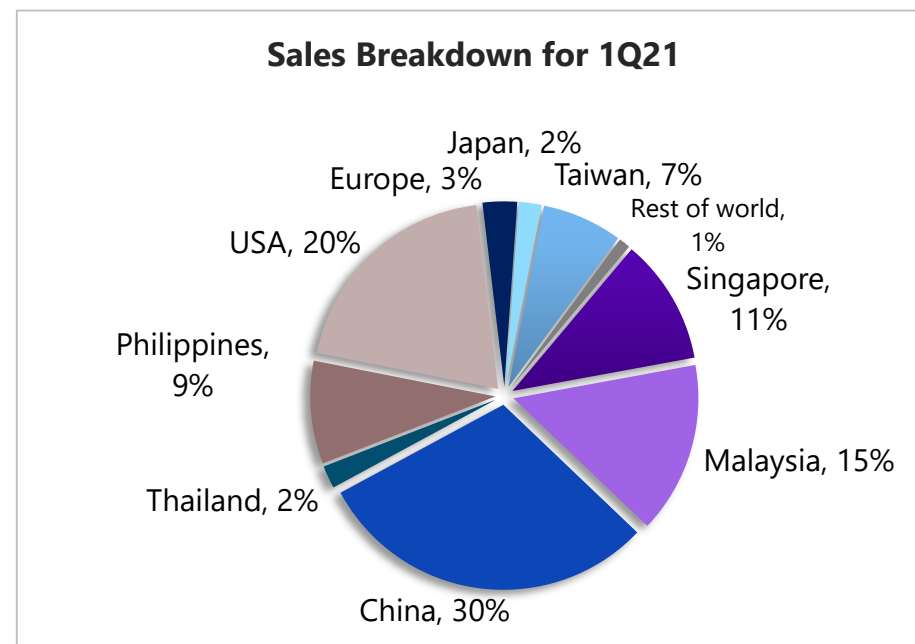
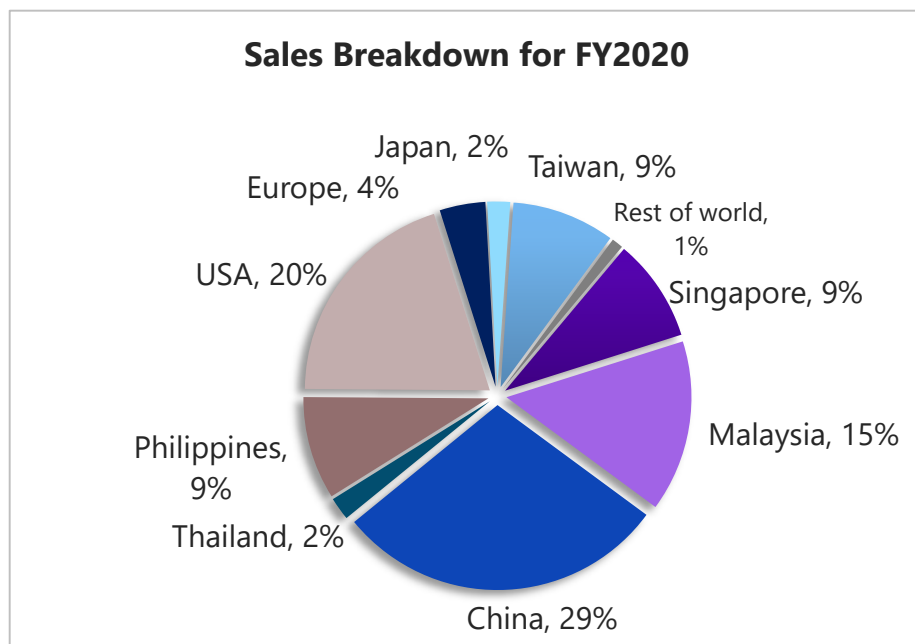
1Q21 REVENUE ▲ 18.3%

- Record quarterly sales in 1Q21
- Rose in tandem with steady growth of the global semiconductor industry
- 1Q21 sales up 10.8% from 4Q20 as more businesses resume operations following gradual easing of COVID-19 related restrictions



Group Revenue

DIVERSIFIED REVENUE STREAMS



TOP 3 MARKETS

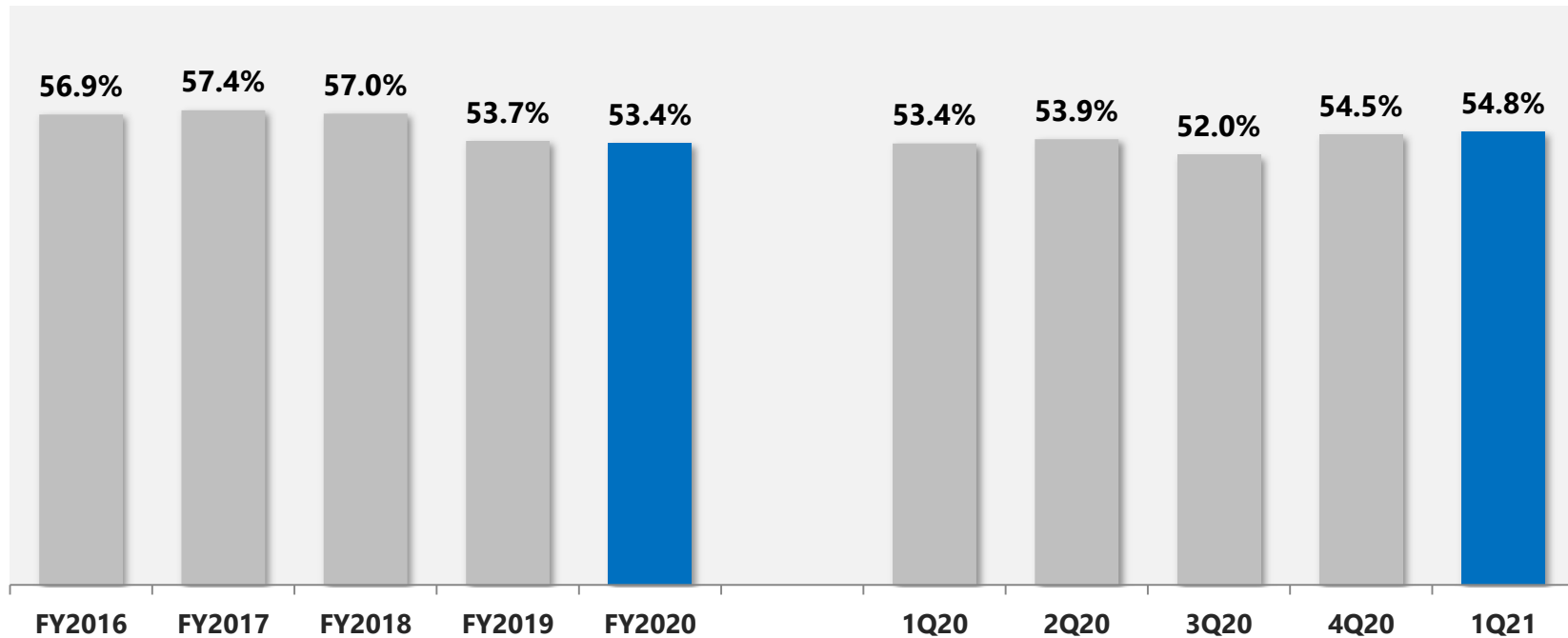
Country	FY2020 S\$ mil	FY2019 S\$ mil	% change
China	19.0	17.3	9%
USA	13.2	12.5	6%
Malaysia	9.9	11.2	(12%)

Country	1Q21 S\$ mil	1Q20 S\$ mil	% change
China	5.4	4.7	17%
USA	3.7	3.0	24%
Malaysia	2.8	2.6	7%



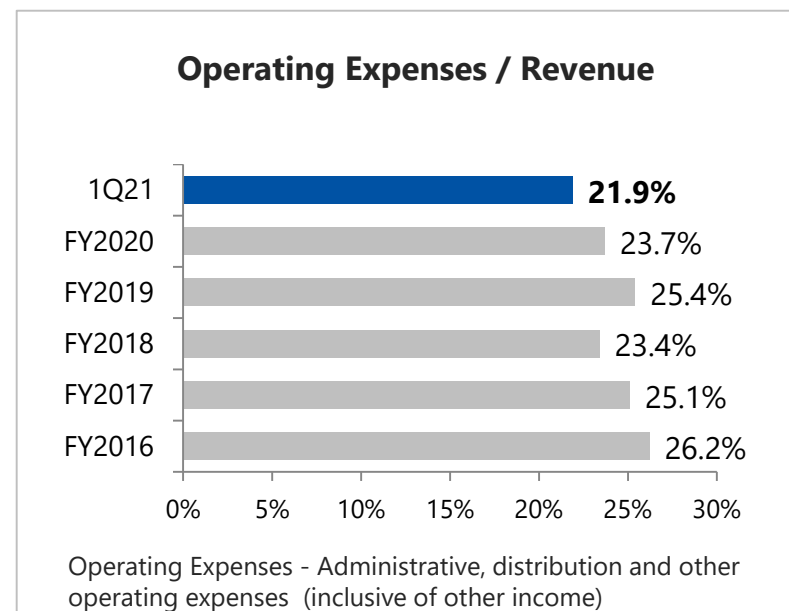
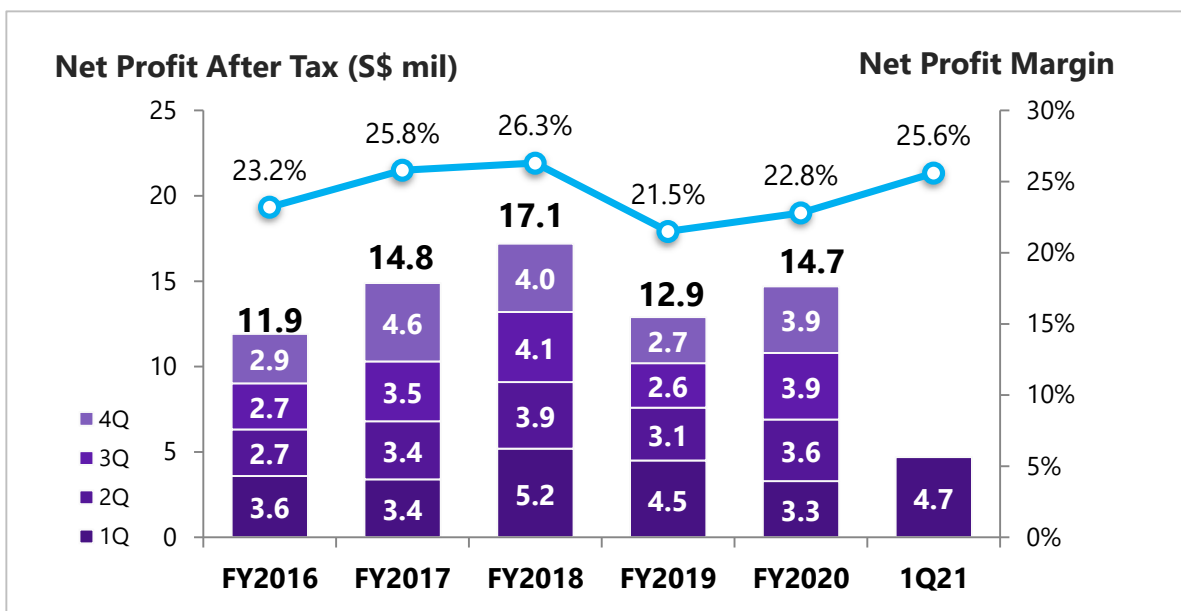
Gross Profit Margin

GROSS PROFIT MARGIN REMAINED ABOVE 50%



Profitability

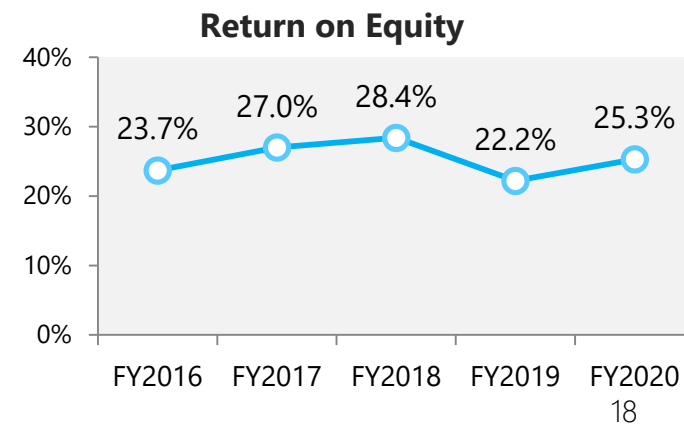
MAINTAINED TIGHT REIN ON OPERATING EXPENSES



FY2020 PROFIT ▲ **13.1%**

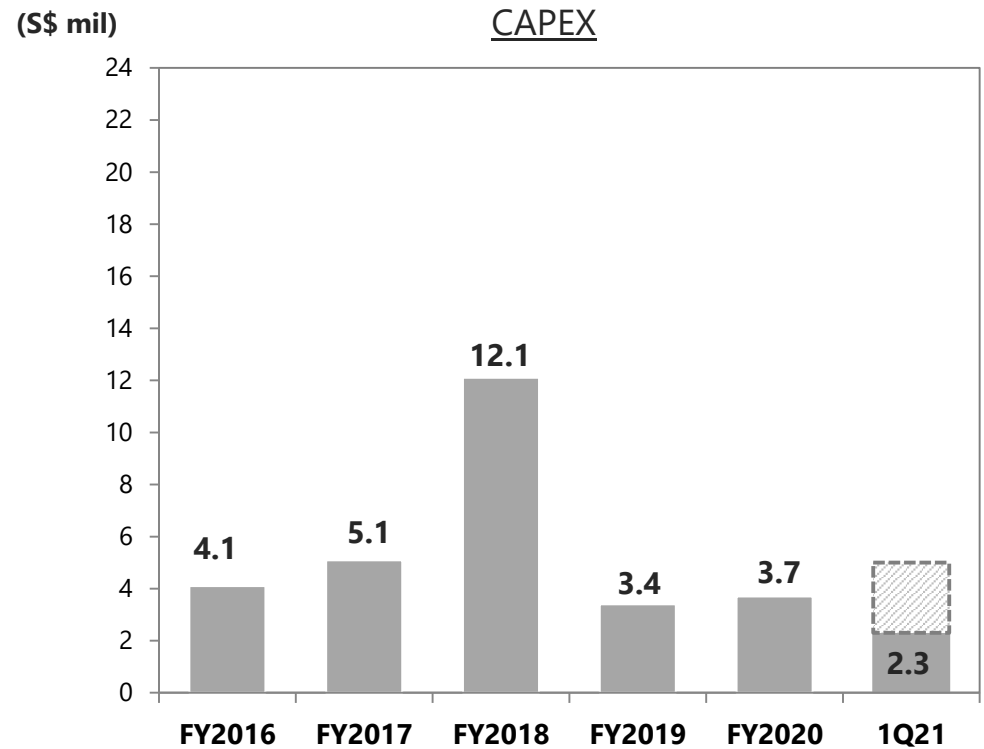
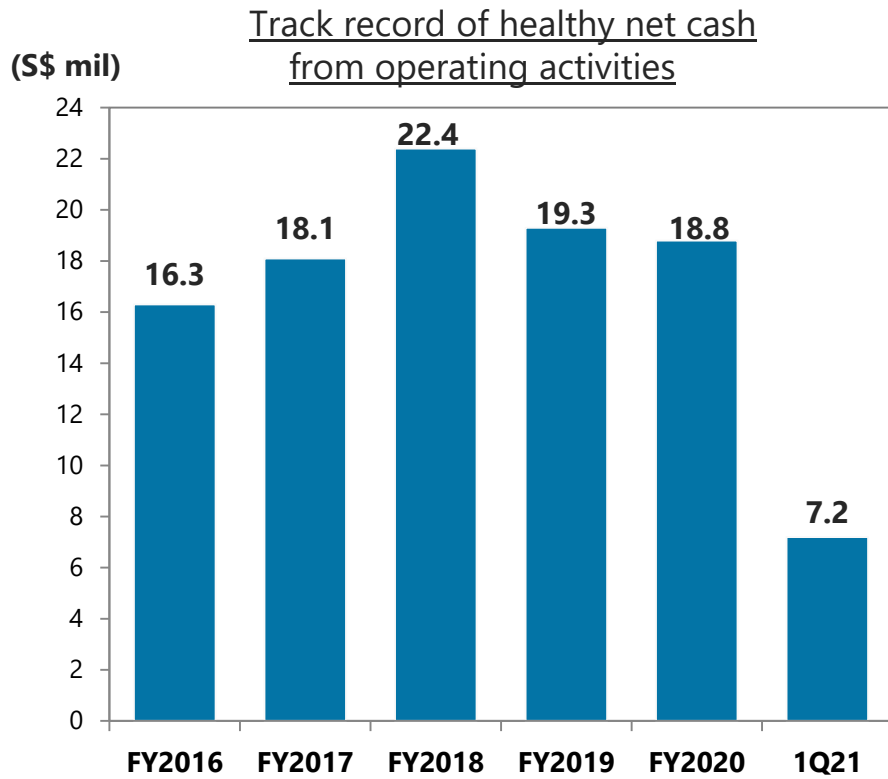
1Q21 PROFIT ▲ **42.3%**

- Attributed to higher sales and GP, combined with a tight rein on expenses
- Steady improvement in profit from 2Q20 to 1Q21



Cash Flow

CASH-FLOW GENERATIVE OPERATIONS



- Capex budget for FY2021 – approx. S\$4M to S\$5M



Balance Sheet

		30 September 2020	30 June 2020
<u>Cash</u>	Cash and cash equivalents [#]	S\$25.5M	S\$20.8M
<u>Gearing</u>	Total borrowings	Nil	Nil
<u>Trade Receivables</u>	Trade Receivables (Outstanding > 90days) / (Total trade receivables) Bad debt expense	S\$12.1M 0.09% Nil (1Q21)	S\$11.8M 0.0% Nil (FY20)
<u>Inventory</u>	Inventory Inventory / Sales Inventory write-off	S\$5.3M 7.3% S\$27k (1Q21)	S\$5.4M 8.4% S\$31k (1Q20)
<u>Equity</u>	Shareholders' equity [#] NAV per share	S\$62.7M 45.08 cents	S\$58.0M 41.71 cents

[#] Paid final and special dividends totalling S\$8.3M for FY2019 and interim dividend of S\$7.0M for 1H20



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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