



MICRO-MECHANICS®

Perfect Parts and Tools, On Time, Every Time

FY2017

RESULTS PRESENTATION

29 AUGUST 2017

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



Focusing on Key Customer Outcomes

Market demands flow down through our Semiconductor Customers to Us!

Market
Consumer

Semiconductor Customers
Wafer Fab & Chip Assembly

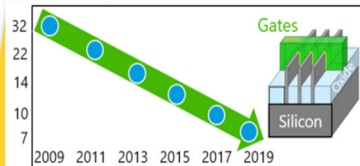
Micro-Mechanics



Mobility + Performance
"On-demand!
Low Cost!"

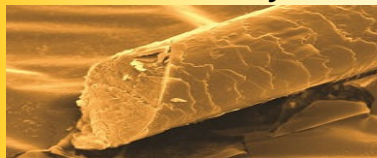


Need



Trend: Devices < 10 nanometers

Miniaturization +
Reliability +
Precision +
Flawless Quality +
Scalability



Requires Nano Precision!
Human Hair = 100,000
nanometers

Supply

How?

Parts and Tools for Process-Critical
Applications based on...
Key Customer Outcomes

DESIGN

Align to Customer
(and Market)
Needs

DELIVERY

On Time, Every
Time in Less Time

PRECISION

Finer features,
smaller tolerances

RELIABILITY

Flawless Quality,
0 PPM

COST

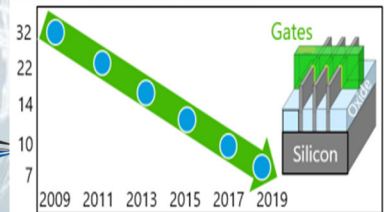
Globally Competitive;
Price \leq Value



Focusing on Key Customer Outcomes

The "Nano" world of semiconductor manufacturing

The "NANO" world of semiconductor manufacturing



Trend: Devices < 10 nanometers

Customers' Requirements for Tools & Parts

Smaller features with tighter tolerances

Greater precision (Higher repeatability)

Towards zero defect

Micro-cleanliness

Micro-Mechanics : Prepared for "Nano" world with Capital and Engineering Resources

More complex design and manufacturing

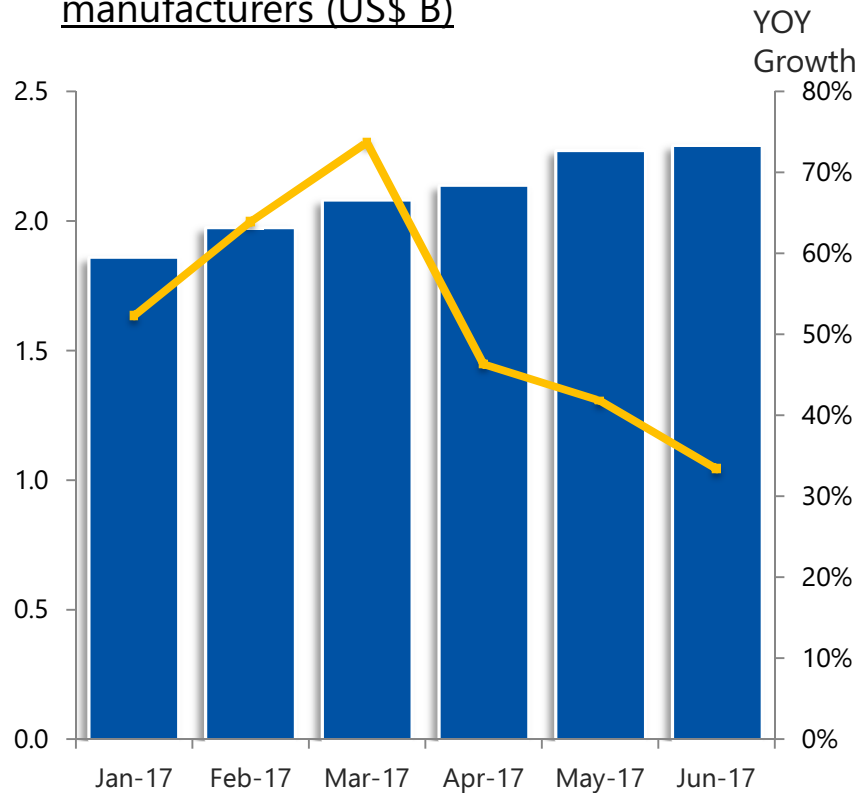
Continuously develop advanced machining processes

Supporting processes – new materials, testing, cleaning & packaging



Industry Review

Three-month average of worldwide billings of North American equipment manufacturers (US\$ B)



Source: SEMI

Gartner Says Worldwide Semiconductor Capital Spending Is Forecast to Grow 10.2 Percent in 2017

- Growth rate is up from the previous quarter's forecast of 1.4%, due to continued aggressive investment in memory and leading-edge logic which is driving spending in wafer-level equipment

(\$ Millions)

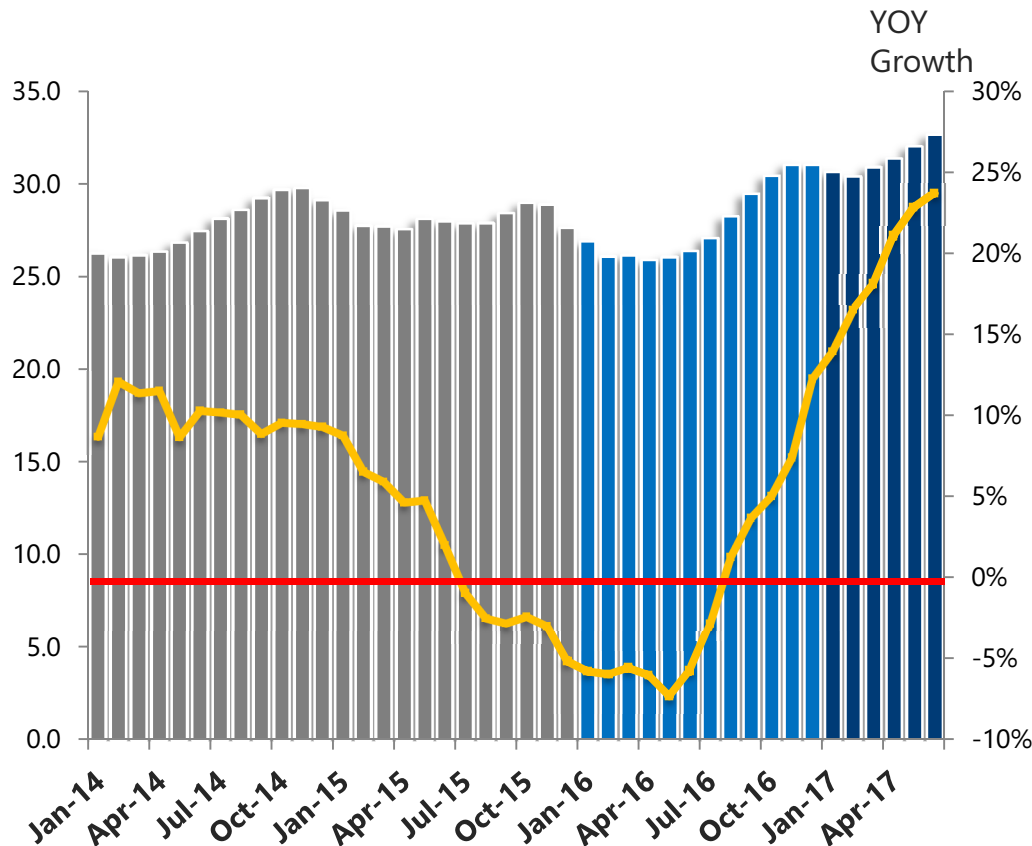
	2016	2017	2018	2019	2020
Semiconductor Capital Spending	70,568.9	77,794.5	77,443.5	71,814.8	73,239.5
Growth	9.1%	10.2%	-0.5%	-7.3%	2.0%

Source: Gartner, 2 August 2017



Industry Review

Global Monthly Chip Sales (US\$ B)



Source: Semiconductor Industry Association

- Global semiconductor industry experienced robust growth during the first six months of 2017
- Semiconductor sales of US\$190.5 billion during the first half of 2017 were 20.8% higher than the same period in 2016.
- World Semiconductor Trade Statistics (WSTS) raised its 2017 sales growth forecast to 11.5% from 6.5% previously – this reflects expected growth in all major categories, led by memory products.



Corporate Milestones

- **Record** revenue and profit in FY2017
- USA operations achieved **turnaround** in 4Q17
- Received **two Gold Awards** for Best Managed Board and Best Investor Relations at the Singapore Corporate Awards 2017
- Received a **Special Commendation Award** at the Singapore Governance and Transparency Forum 2017
- Higher Singapore Governance and Transparency Index (SGTI) score of 92 points to rank **19th out of 606** companies listed on the SGX



"Transparency and good governance are more than just ticking boxes. Indeed, accurate, complete and timely information is the foundation for sound decision making – not just for investors – but for everyone at Micro-Mechanics from the board room to the shop floor."



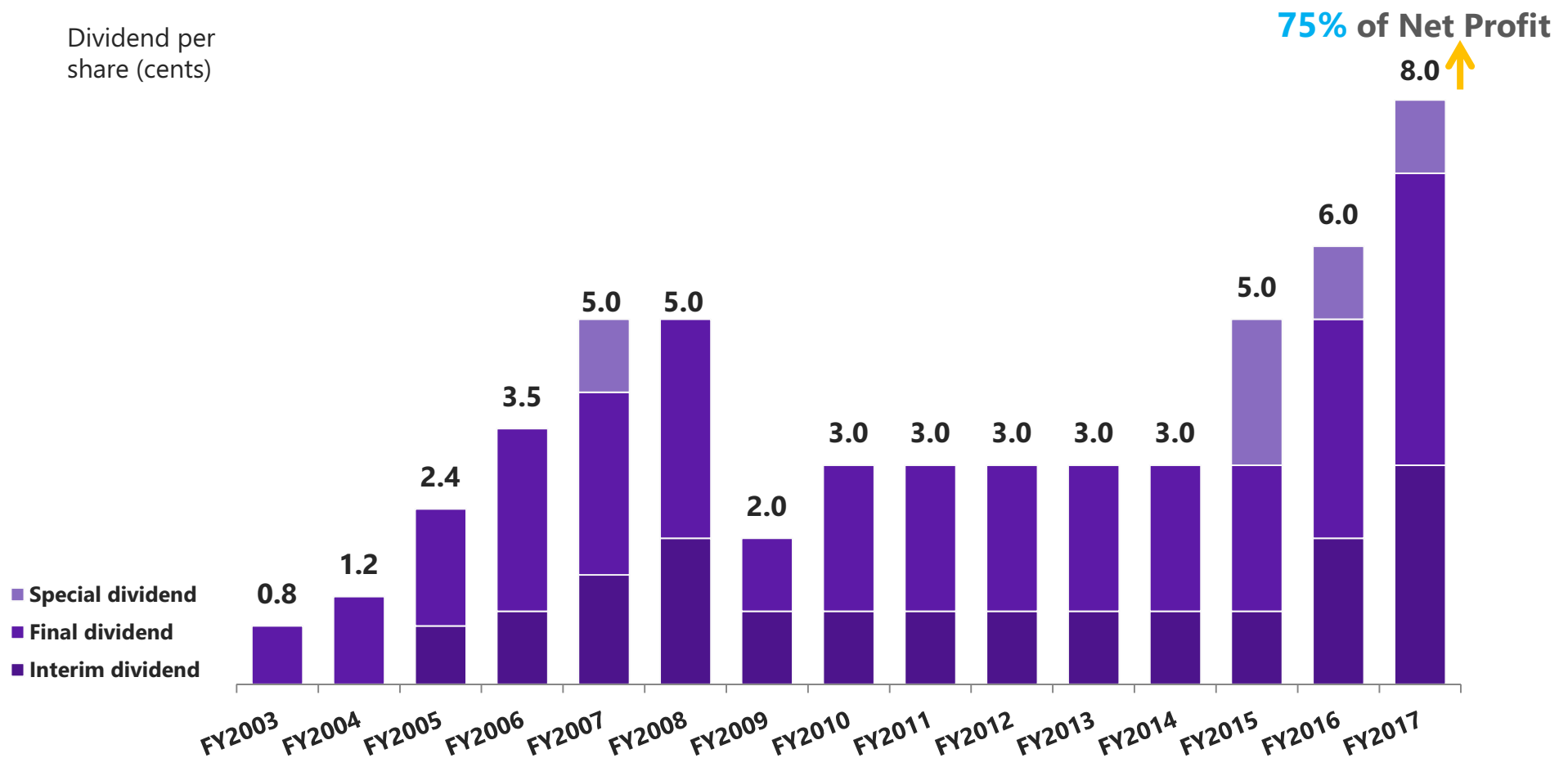
Dividend Performance

HIGHER DIVIDENDS OF 8 CENTS FOR FY2017

Brings total dividend payout since our listing to **53.9 CENTS** per share

Dividend Policy of Not Less Than 40% of Earnings*

Dividend per share (cents)



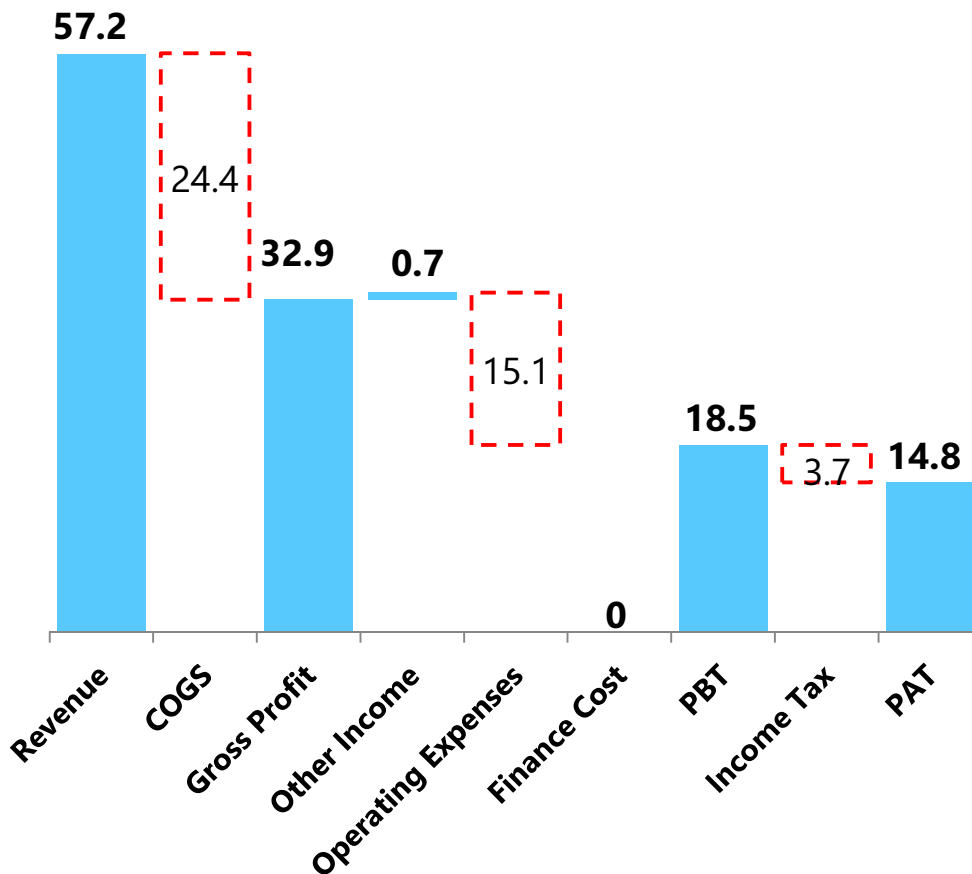
FINANCIAL **REVIEW**

CHOW KAM WING, CFO



FY2017 in Review

FY2017 P&L Overview (S\$ million)



N.B. Due to rounding, some totals may not correspond with the sum/subtraction of separate figures.

KEY RATIOS & STATISTICS

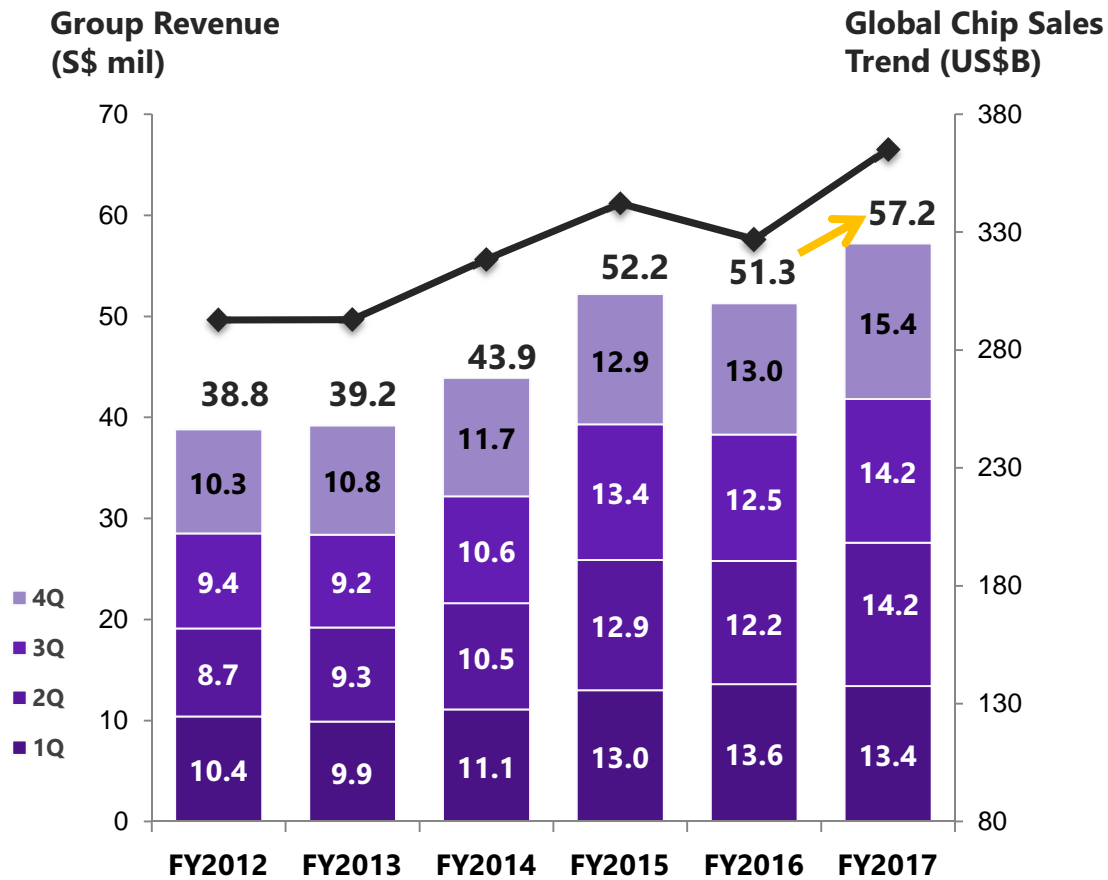
REVENUE GROWTH	11.7%
GROSS PROFIT GROWTH	12.8%
PBT GROWTH	17.9%
NET PROFIT GROWTH	24.2%
GROSS PROFIT MARGIN	57.4%
NET PROFIT MARGIN	25.8%
EARNINGS PER SHARE	10.62 cents
RETURN ON EQUITY	27.0%
CASH	S\$23.4M
DEBT	Zero

FY: Financial year ending 30 June



Group Revenue

HIGHEST EVER REVENUE IN FY2017



- Revenue increased 11.7% in FY2017
- Quarterly revenue hit a record S\$15.4 million in 4Q17 – reflecting strong growth of the global semiconductor industry since the start of 2017

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

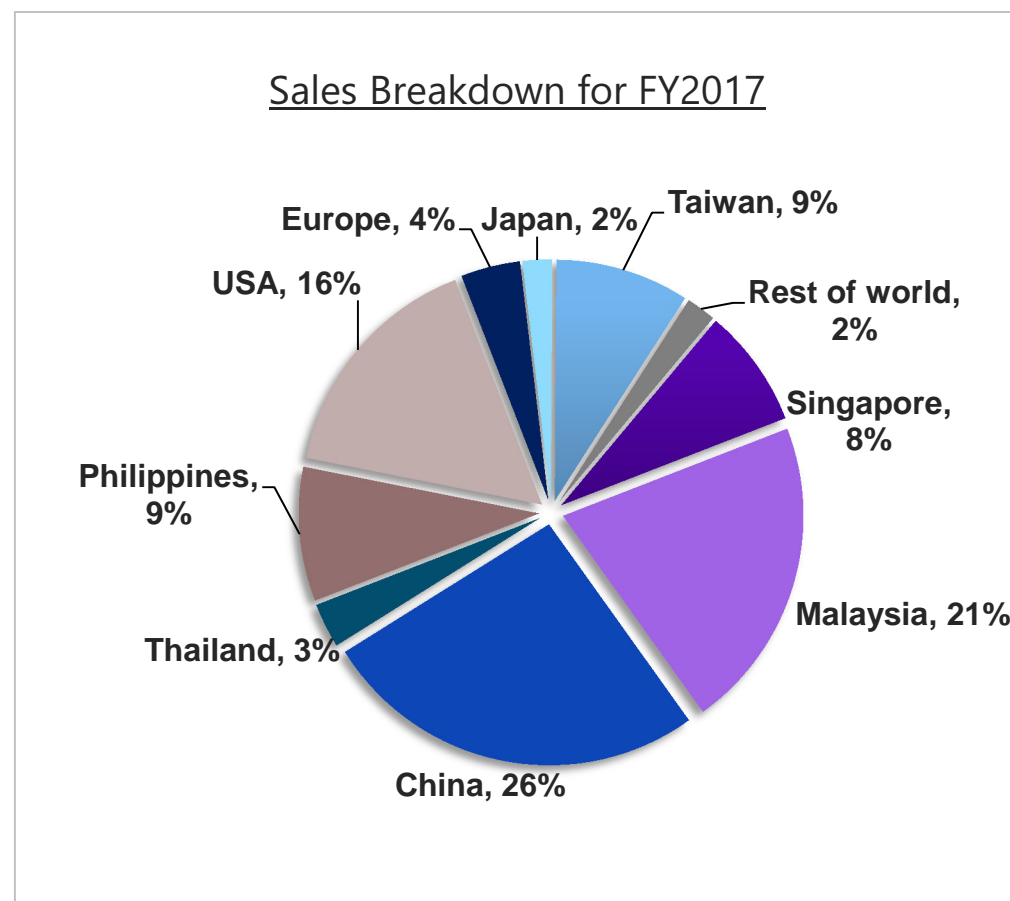
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Group Revenue

DIVERSIFIED REVENUE STREAMS

Country	FY2017 S\$ mil	FY2016 S\$ mil	% change
Singapore	4.7	3.0	58%
Malaysia	11.9	10.6	12%
Philippines	5.1	4.6	10%
Thailand	1.6	1.1	45%
China	14.8	14.3	4%
USA	9.1	7.9	16%
Europe	2.2	2.4	(8%)
Japan	1.1	1.0	17%
Taiwan	5.0	5.0	1%
Rest of world	1.7	1.4	19%
Total	57.2	51.3	12%

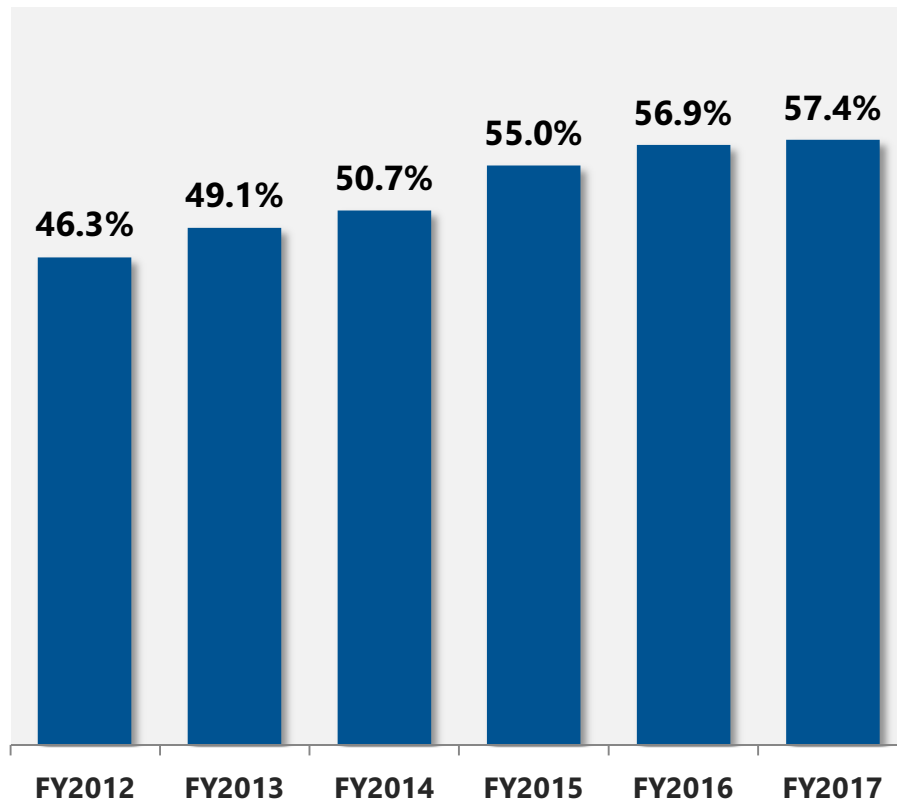


Higher sales to all markets except Europe.
Sales to China would have been higher if not for the translational impact of 5% depreciation of the RMB against the SGD.



Gross Profit Margin

STEADY GROSS PROFIT MARGIN



- Higher gross profit margin in FY2017 attributed to higher capacity utilisation, as well as cost, productivity and cycle time improvements

Gross profit margin is one of the results that matters most – It reflects the **value we help to create for our customers**, and our ability to develop and deliver a **cost-effective outcome**

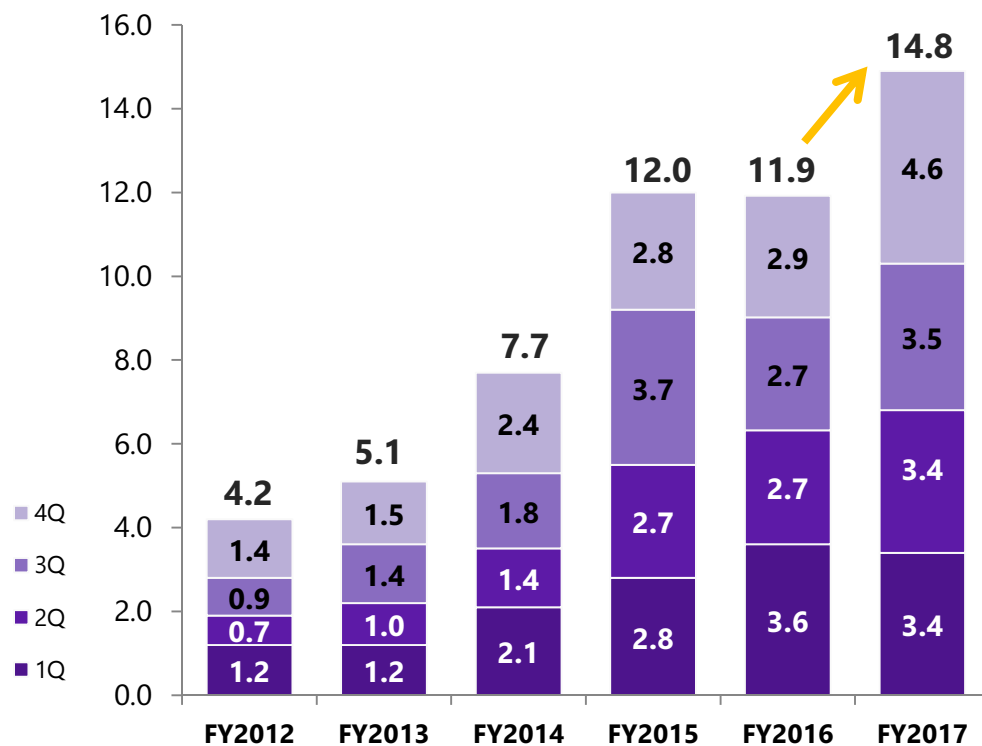


Profitability

FY2017 PROFIT UP 24.2% TO RECORD LEVEL

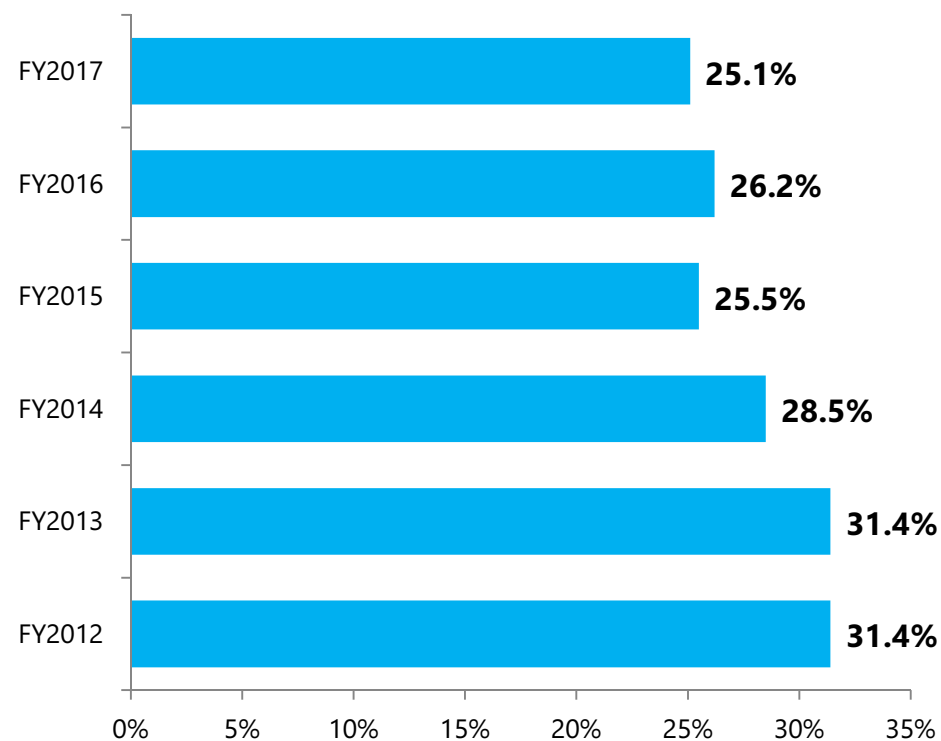
(\$ mil)

Net Profit After Tax



N.B. Due to rounding, some totals may not correspond with the sum of separate figures.

Operating Expenses / Revenue

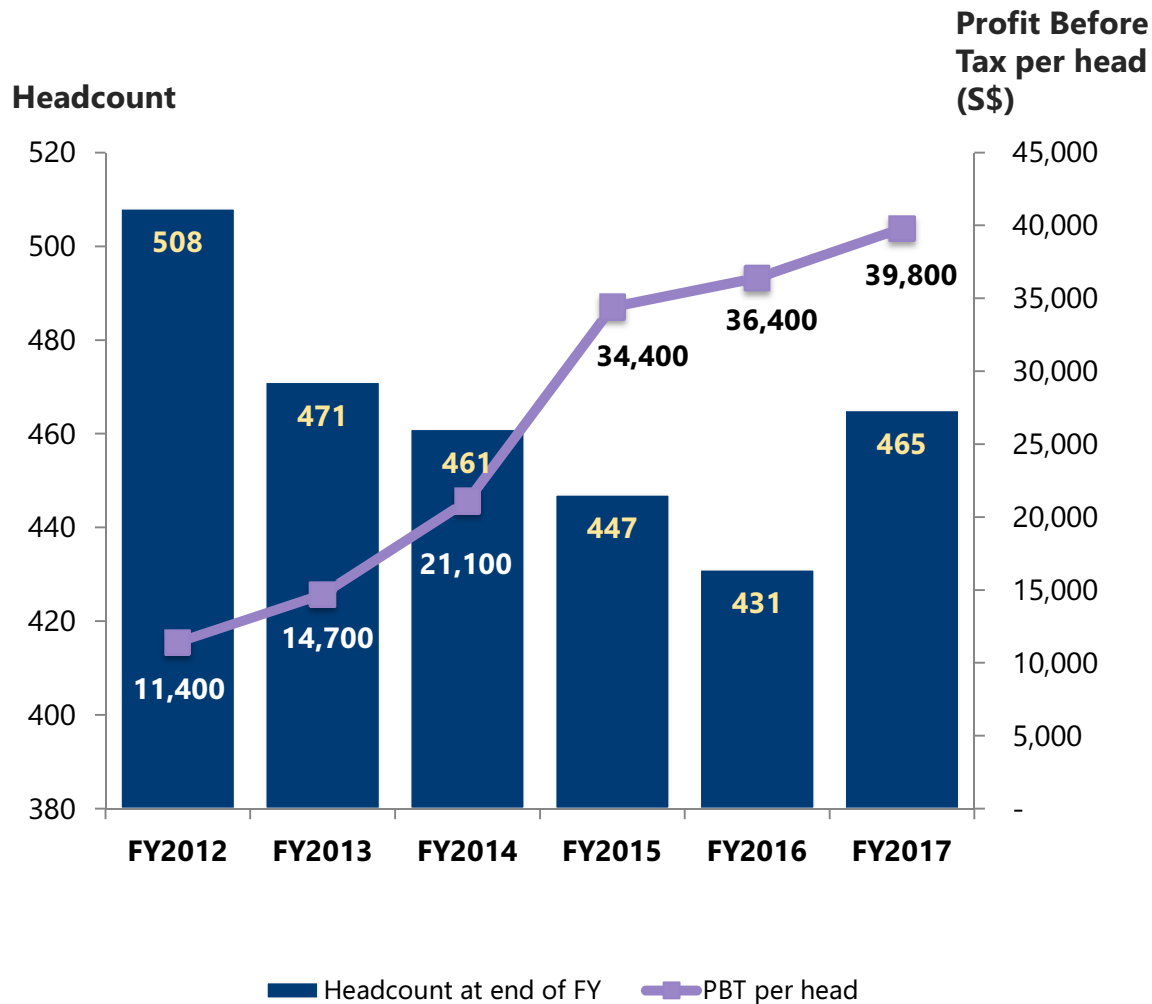


Operating Expenses - Administrative, distribution and other operating expenses (inclusive of other income)



Personnel

BUILDING A LEAN MANPOWER STRUCTURE



- Lean manpower structure as a by-product of our improvement initiatives
- Added 34 people during FY17 – mainly non-supervisory and production roles to strengthen manufacturing and delivery responsiveness
- Intend to continue automating operations and building improved processes

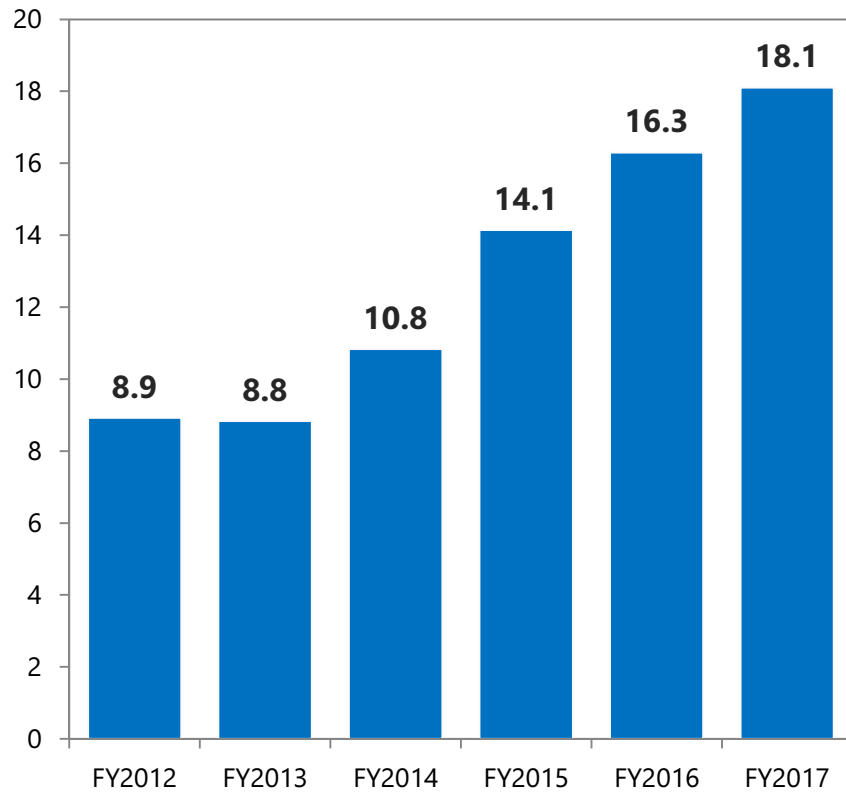


Cash Flow

CASH-FLOW GENERATIVE OPERATIONS

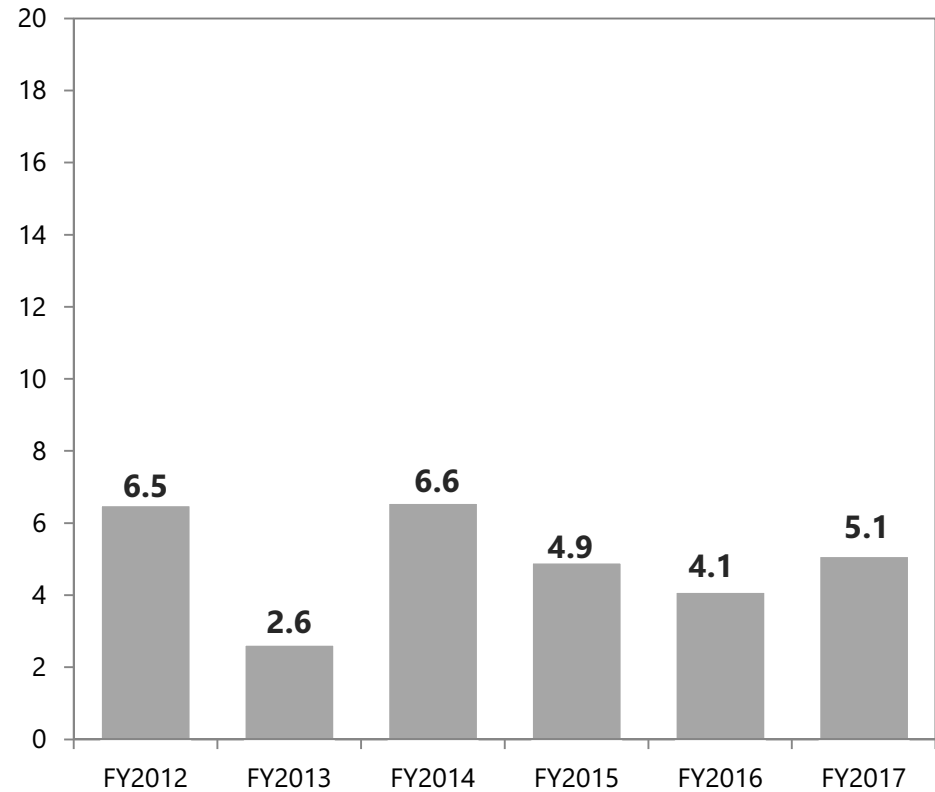
Track record of healthy net cash
from operating activities

(S\$ mil)



(S\$ mil)

CAPEX



Balance Sheet

		30 June 2017	30 June 2016
<u>Cash</u>	Cash and cash equivalents	S\$23.4M [#]	S\$20.1M
<u>Gearing</u>	Total borrowings	Nil	Nil
<u>Trade Receivables</u>	Trade Receivables (Outstanding > 90days) / (Total trade receivables) Bad debt expense	S\$11.0M 0.1% Nil (FY17)	S\$9.4M 0.1% S\$11.2k (FY16)
<u>Inventory</u>	Inventory Inventory / Sales Inventory write-off	S\$3.7M 6.4% S\$102k (FY17)	S\$3.3M 6.4% S\$76k (FY16)
<u>Equity</u>	Shareholders' equity NAV per share	S\$54.8M [#] 39.39 cents	S\$50.2M 36.14 cents

[#] Paid final dividends of S\$5.6M for FY2016 and interim dividends of S\$4.2M for 1H17



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.





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