



MICRO-MECHANICS®

Perfect Parts and Tools, On Time, Every Time

FY2016 ANNUAL GENERAL MEETING

28 October 2016

AGM Agenda

- 2.00 pm – 2.20 pm *Presentation*
- 2.20 pm – 2.30 pm *Q&A*
- 2.30 pm – 3.30 pm *AGM Proceedings*
- 3.30 pm *End of AGM*



AGM Presentation

*“Key Outcomes, Strategies
and Results”*

Chris Borch, CEO
Low Ming Wah, COO

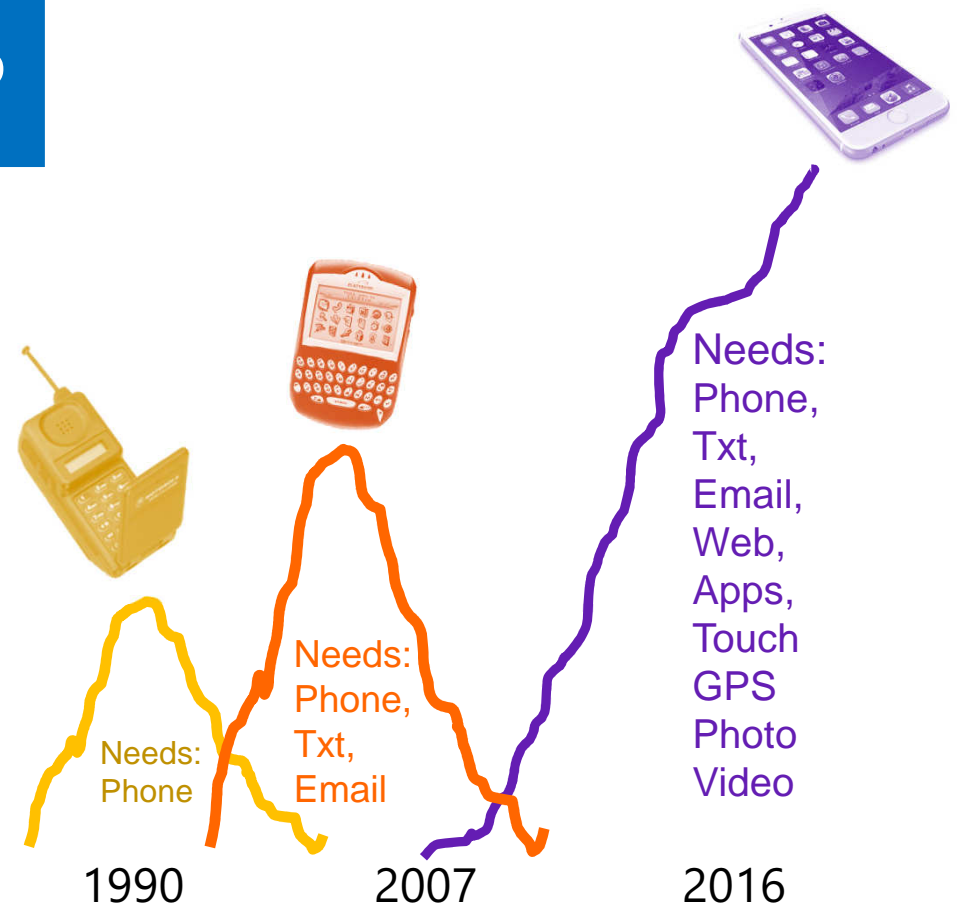


What is an Outcome?

"something that happens as a result of a process or activity"

In a rapidly changing market place, customer expectations and requirements are constantly changing and market forces are powerful. Companies are rewarded -- or punished -- according to their ability to evolve with changing conditions and deliver compelling customer value.

As a result, one of the first and most important steps in any business is to develop a deep understanding of the market place and then apply this knowledge to the development of products and processes that result in outcomes valued by customers.



Great products satisfy customer needs and wants.

Indeed, being responsive is crucial. Since the 1990s, the mobile phone market has undergone a remarkable transformation in capability and market size! However, the early market leaders were overtaken by new entrants who responded to the evolving market with innovative technologies, products and outcomes.



Market demands flow down through our Semiconductor Customers to Us!

Key Customer Outcomes

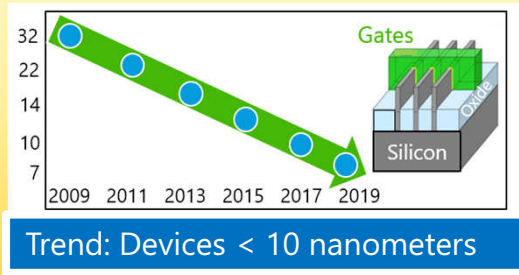
Market
Consumer



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

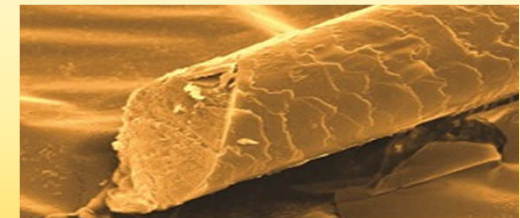


Semiconductor Customers
Wafer Fab & Chip Assembly



How?

Miniaturization +
Reliability +
Precision +
Flawless Quality +
Scalability



Requires Nano Precision!
Human Hair = 100,000 nanometers

How?

Supply

Parts and Tools for Process-Critical Applications based on...

Key Customer Outcomes

Design: Align to Customer (and Market) Needs

Reliability: Flawless Quality, 0 PPM

Precision: Finer Features, smaller tolerances

Delivery: On Time, Every Time in Less Time

Cost: Globally Competitive, Price ≤ Value

Micro-Mechanics

Our Mission...

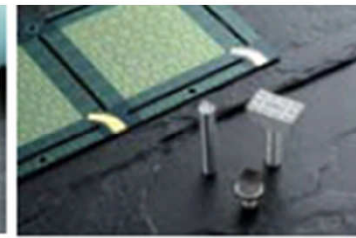
Our Mission is...

**Perfect Parts and Tools
On Time, Every Time**

*Based on
Scalable, Repeatable and
Cost-Effective Processes*



*...for Process-Critical Applications
in the Semiconductor and other
High-Tech Industries*



Our Strategies...

Strategic Outcomes

Micro-Mechanics

Vision
Mission

Scalable

KPI

Repeat-able

KPI

Cost-Effective

KPI

- Customer: Flawless Quality
- On-Time, Less Time
- Design = Need
- Price \leq Value

"Maintain and improve our workplace and processes through a system"

Strategy

24 7s

"People make everything happen"
(but better things happen faster when everyone's decisions and actions are aligned and consistent with our vision, mission, goals, strategies and values)

Strategy

MM University

Strategy

24/7 Machining

"Anything and everything to achieve 95% (160 hours) utilization"

Strategy

24/7 Logistics

"Efficiently and effectively coordinate our resources through process"

Strategy

24/7 Design & Develop

"Create value by aligning to our Customer's Needs"



Our Strategies...



Strategy
24/7 Machining

"Anything and everything to achieve 95% (160 hours) utilization"



Welcome to *MM University!*

Our Strategies ...



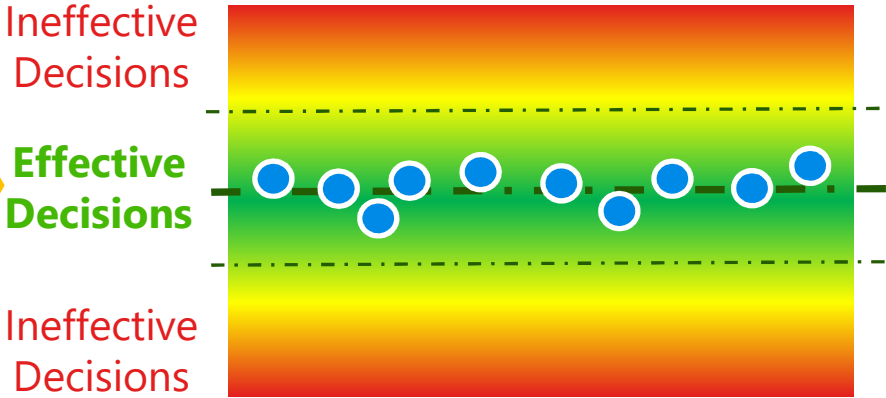
People make everything happen

When it comes to building an enduring and successful company, nothing is more important than the WAY our people --at all levels -- make decisions and work together to get things done. Just like machining, this is a science-based process that we can continuously improve.



Let's use a Common framework to make...

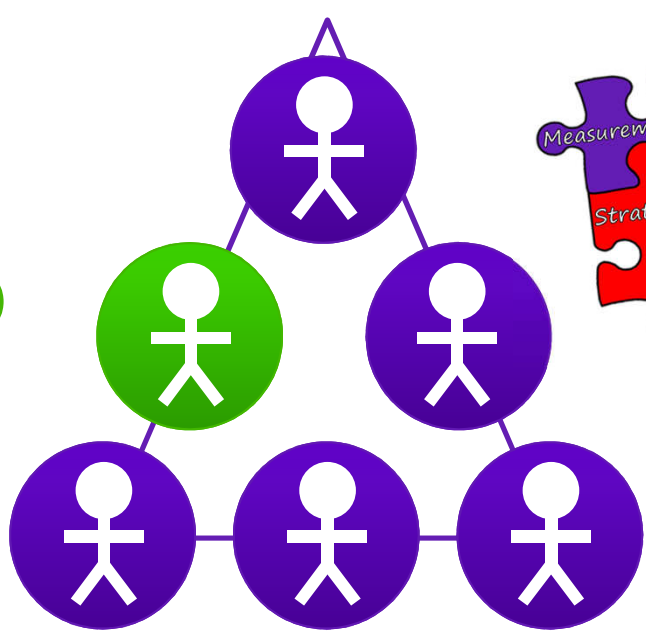
● Decisions



Our vision is to build a culture or a way for ...
Making Effective Decisions and Working Together To Get Big Things Done.

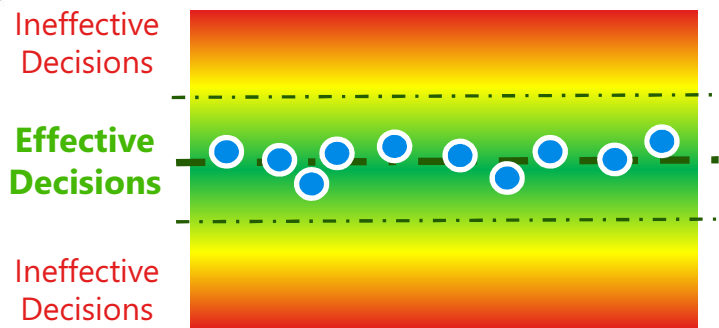
Leadership at MM is not defined by the Org Chart; it is something we need everywhere!

Results ...



Common Framework
'Perfect' Core Values

Decisions



Core Values
 People make everything happen
 Excellence – everyone, everywhere, every time
 Respect and trust
 Fairness and integrity
 Explore and experiment
 Continuous improvement
 Transparency, metrics and accountability

Leadership means making decisions and taking actions according to our framework and core values!

Transparency and Governance

“Transparency within an organization – accurate, complete and timely information – is the foundation for sound decision making”

Since 2003, the Group has been recognized 21 times for our good governance and transparency practices. We intend to continue working to build a strong culture that embraces transparency and governance.

AWARDS AND ACCOLADES

Since becoming a public company in 2003, Micro-Mechanics has received consistent recognition for our efforts to practice sound corporate governance and transparency.

In 2016, we received the Silver Award for Best Managed Board at the Singapore Corporate Awards. In the newly launched Singapore Governance and Transparency Index (SGTI) 2016 released on 4 August 2016, Micro-Mechanics attained a score of 86 points to rank 27th out of 631 companies listed on the Singapore Exchange.

The Group has an Investor Relations policy which can be found in the Corporate Governance section of this Annual Report.

SINGAPORE CORPORATE AWARDS	
2016	Silver Award – Best Managed Board
2015	Silver Award – Best Managed Board
2014	Silver Award – Best Investor Relations
2014	Silver Award – Best Investor Relations
2013	Silver Award – Best Investor Relations
2012	Gold Award – Best Managed Board
2012	Silver Award – Best Investor Relations
2011	Silver Award – Best Investor Relations
2010	Platinum Award – Best Investor Relations
2009	Chief Financial Officer of the Year (Standard)
For the category of companies with market capitalization of less than \$500 million	

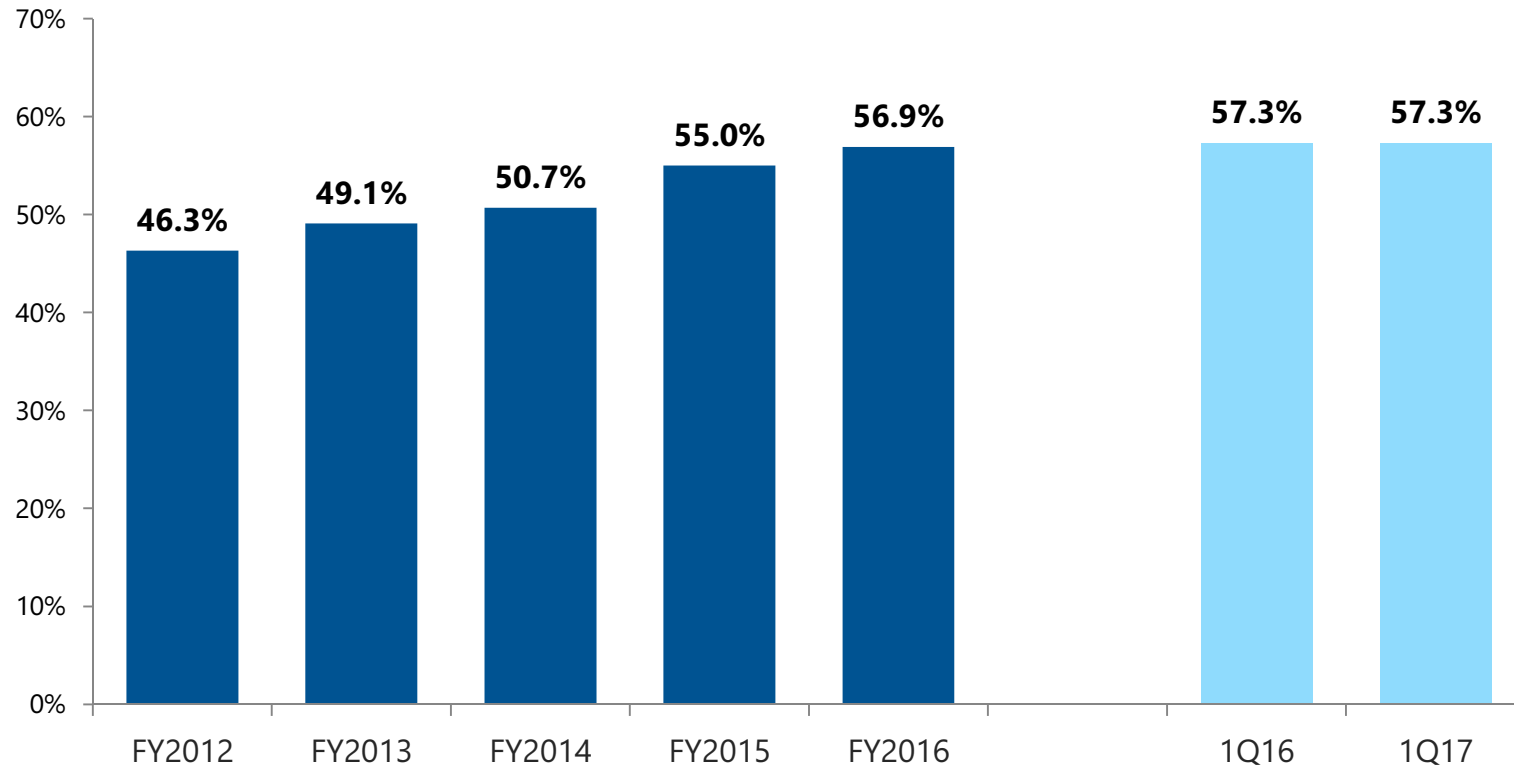
INVESTORS' CHOICE AWARDS – SECURITIES INVESTORS ASSOCIATION (SINGAPORE)	
2015	Most Transparent Company (Mainboard Small Caps)
2011	Most Transparent Company (Mainboard Small Caps)
2010	Most Transparent Company (Mainboard Small Caps)
2009	Most Transparent Company (Mainboard Small Caps)
2008	Most Transparent Company (Mainboard Small Caps)
2006	Corporate Governance Award (Standard)
2005	Most Transparent Company (Standard)

ASAMONEY 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	Aaa 200 (Best Under A Billion Companies)

ANNUAL REPORT FY2016

Gross Margin



Gross 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.





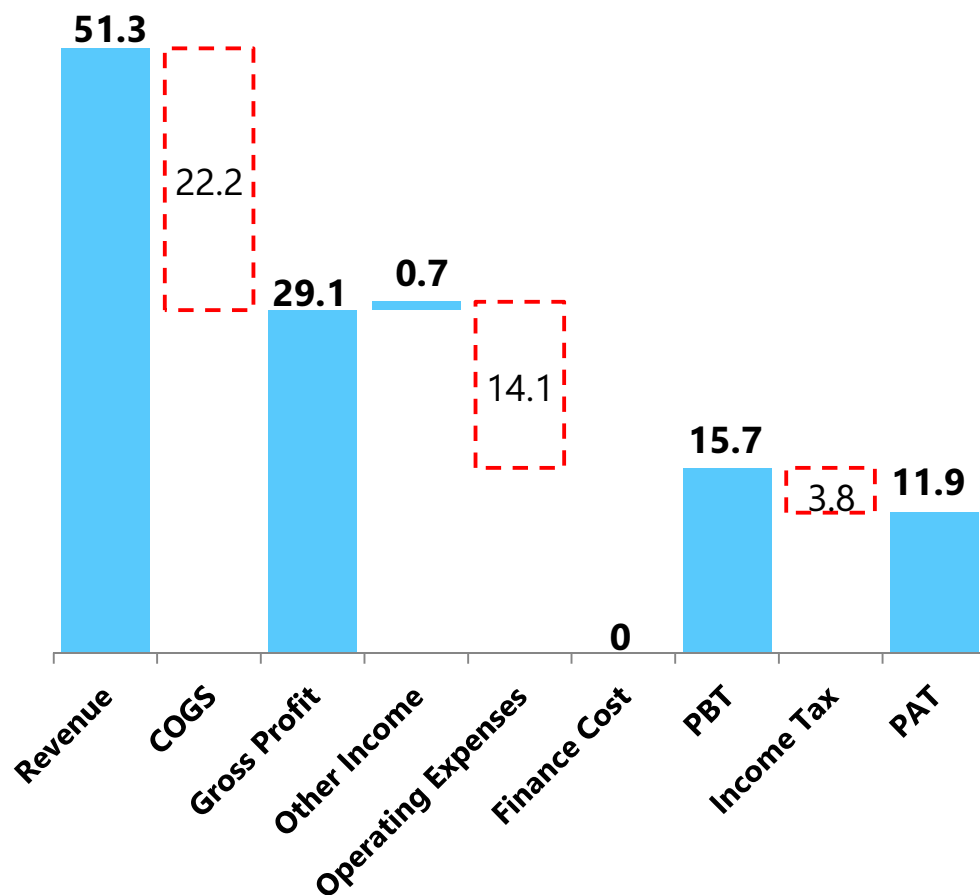
Results Review

Chow Kam Wing, CFO



FY2016 in Review

FY2016 P&L Overview (S\$ million)



KEY RATIOS & STATISTICS

REVENUE GROWTH	(1.8%)
GROSS PROFIT GROWTH	1.6%
PBT GROWTH	2.0%
NET PROFIT GROWTH	(1.1%)
GROSS PROFIT MARGIN	56.9%
NET PROFIT MARGIN	23.2%
EARNINGS PER SHARE	8.55 cents
RETURN ON EQUITY	23.7%
CASH	S\$20.1M
DEBT	Zero

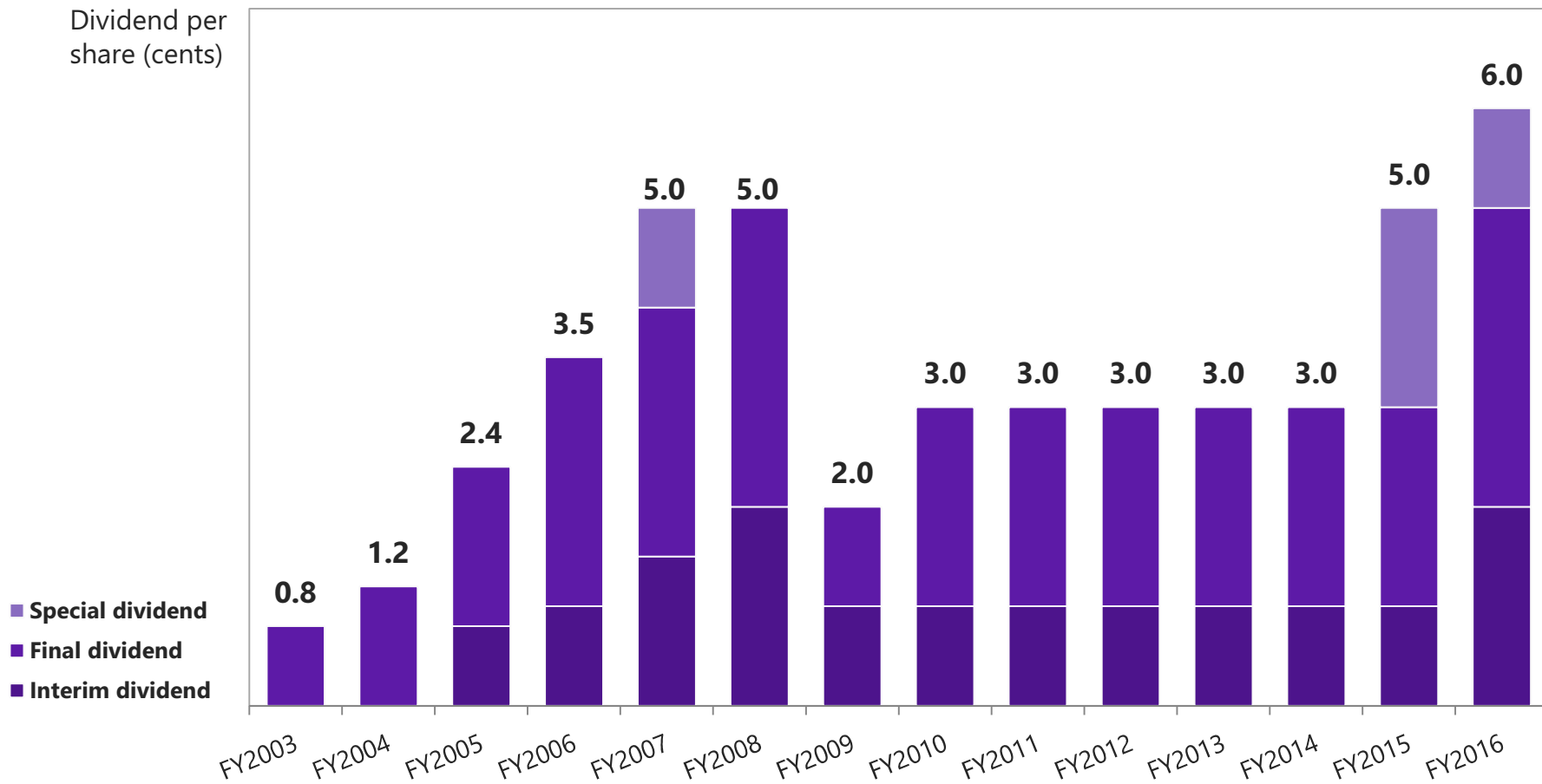


Dividend Performance

DIVIDEND PAYMENTS OF 6 CENTS FOR FY2016

Brings total dividend payout since our listing to **45.9 CENTS**

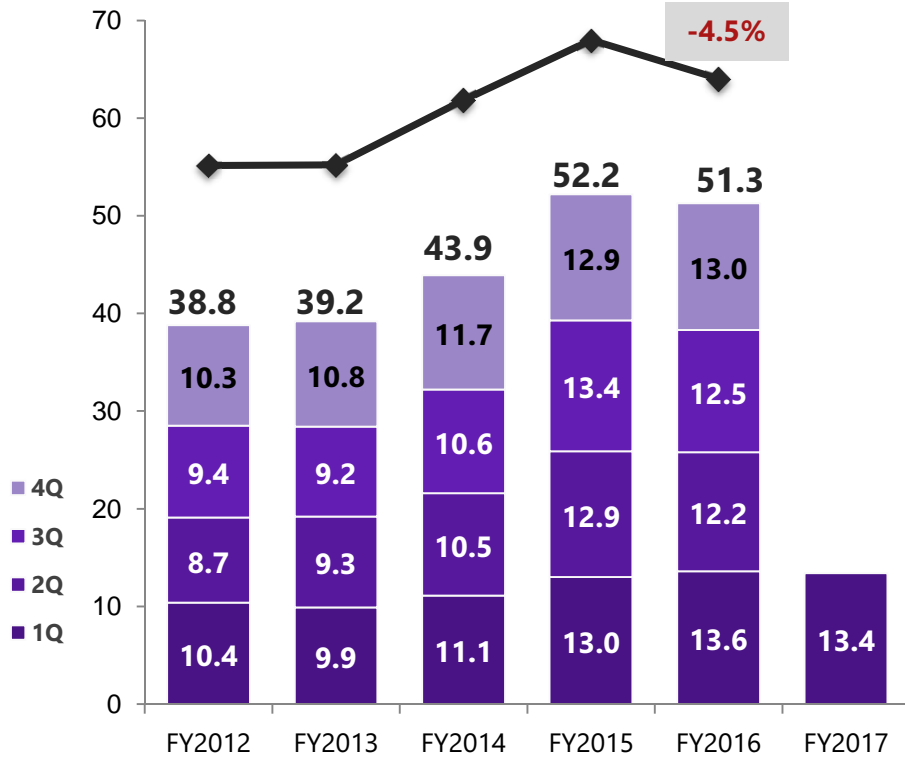
Dividend Policy of Not Less Than 40% of Earnings**



Group Revenue

REVENUE RELATIVELY STABLE DESPITE WEAKER INDUSTRY BACKDROP

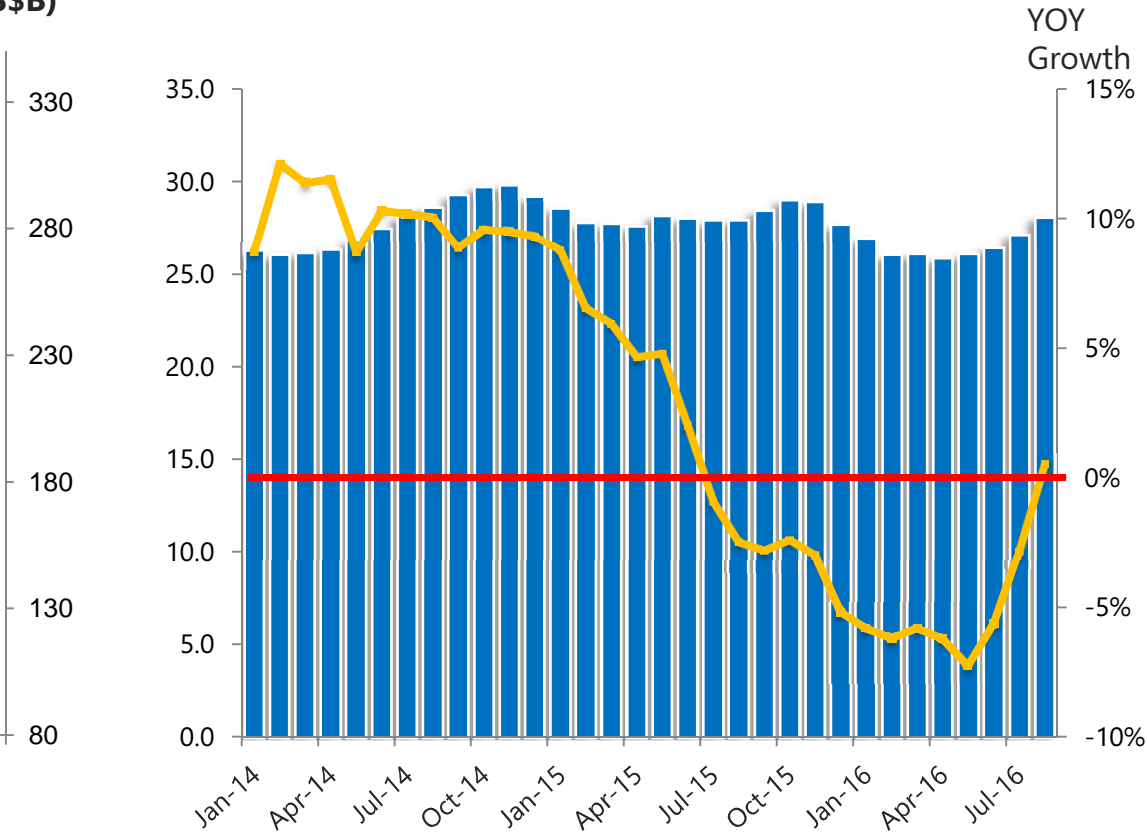
Group Revenue
(S\$ mil)



Global Chip Sales
Trend (US\$B)

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

Global Monthly Chip Sales (US\$ B)



Source: Semiconductor Industry Association

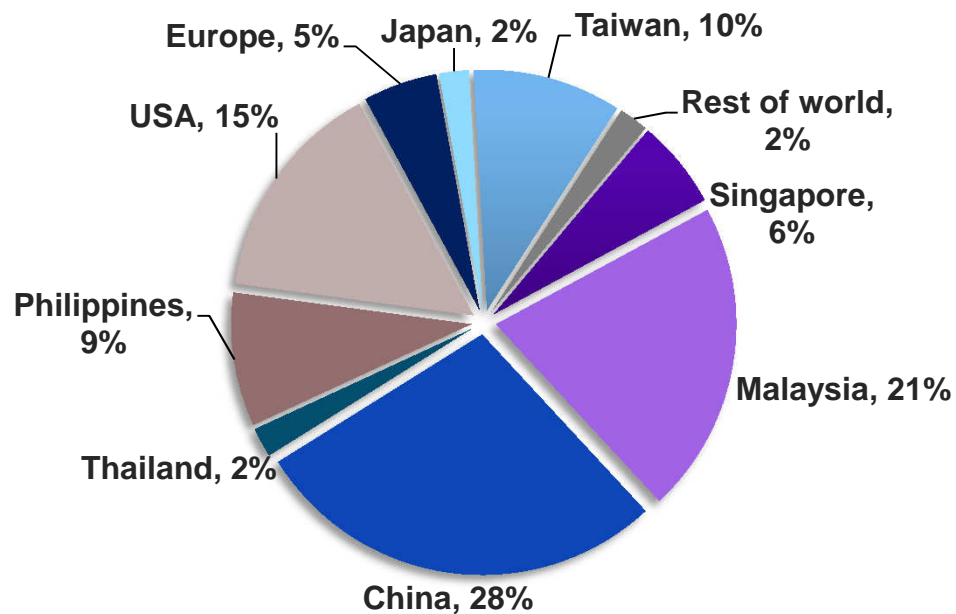
FY: Financial year ending 30 June



Group Revenue

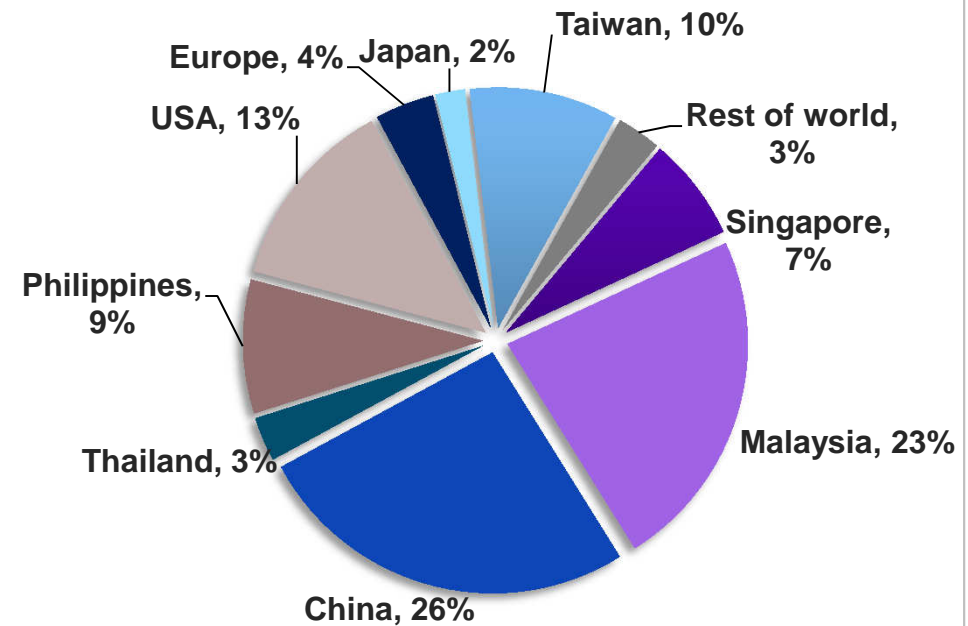
DIVERSIFIED REVENUE STREAMS

Sales Breakdown for FY2016



Sales in China continued to grow
Higher sales volume in Malaysia offset by depreciation of the Ringgit

Sales Breakdown for 1Q17



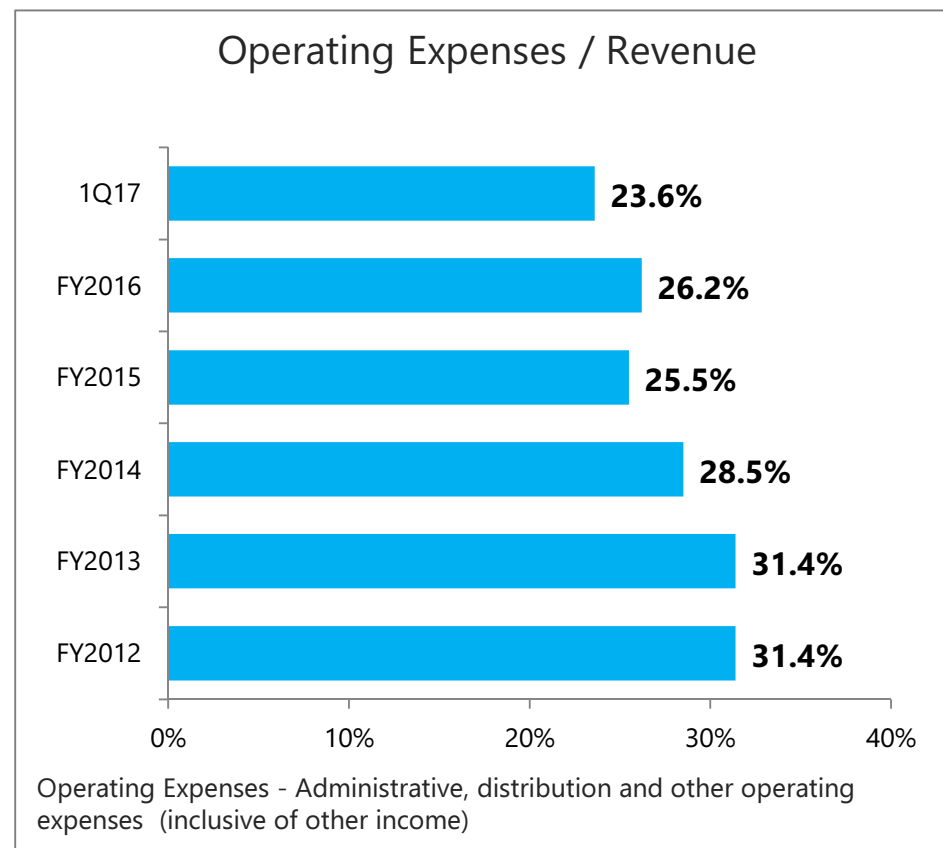
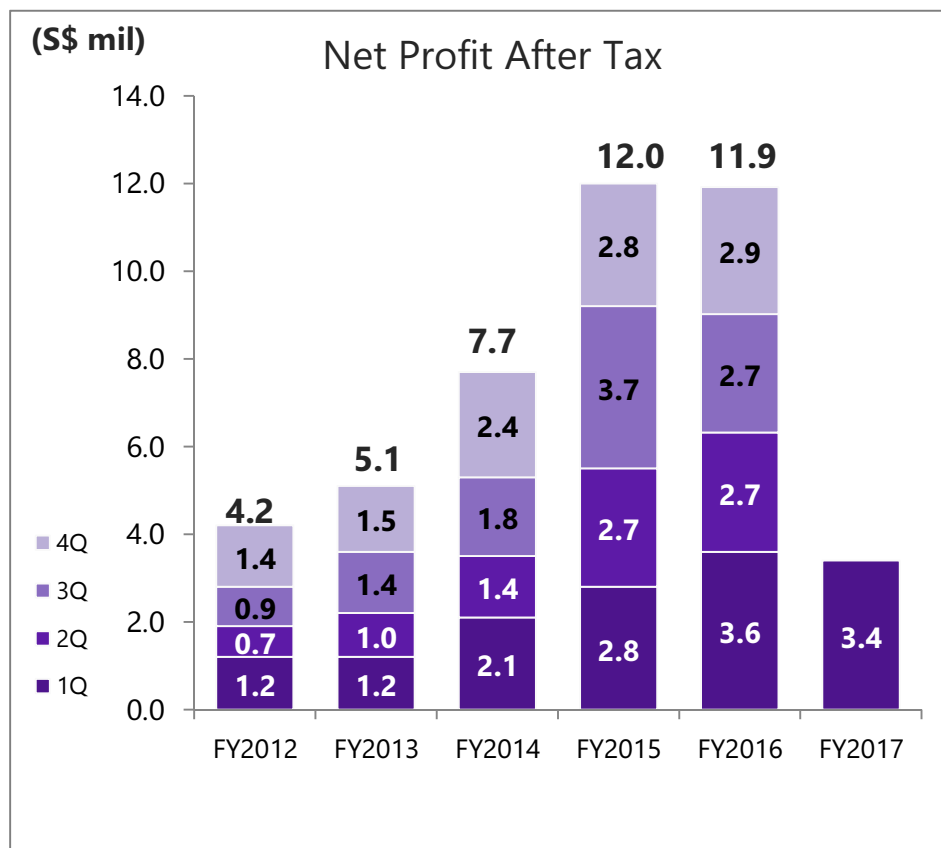
Lower year-on-year sales in China due to industry slowdown and depreciation of RMB against SGD

Sales in Malaysia grew in 1Q17



Profitability

STABLE PROFITABILITY



Steady net profit in FY2016.
 1Q17 declined 5.9% but improved 19.4% from 4Q16.
 Net profit margin in 1Q17 was 25.3%.

Keeping a tight rein on expense structure

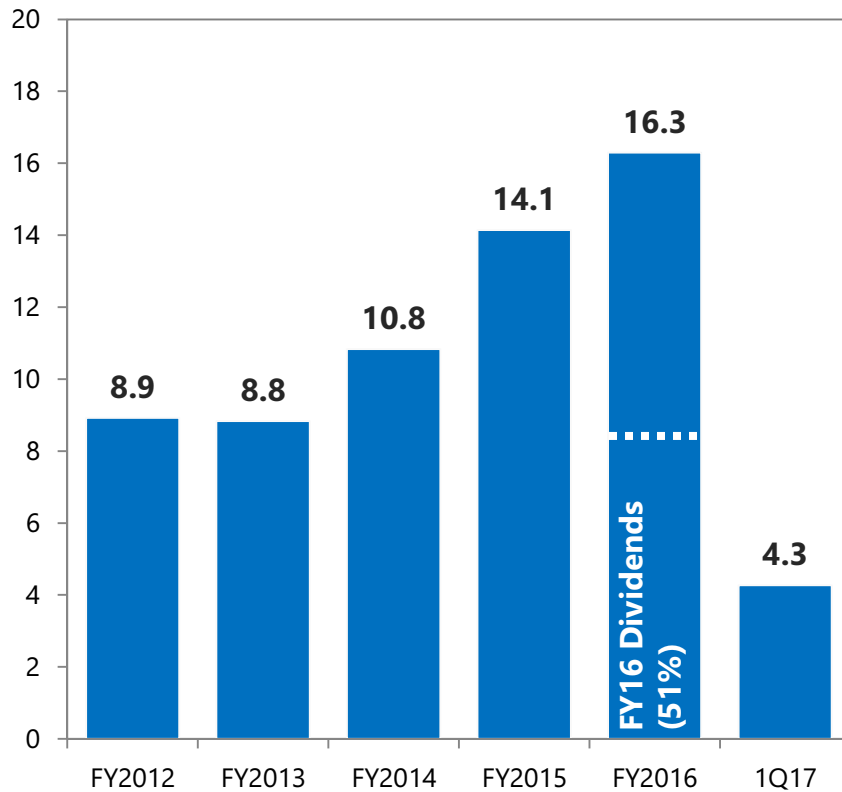


Cash Flow

CASH-FLOW GENERATIVE OPERATIONS

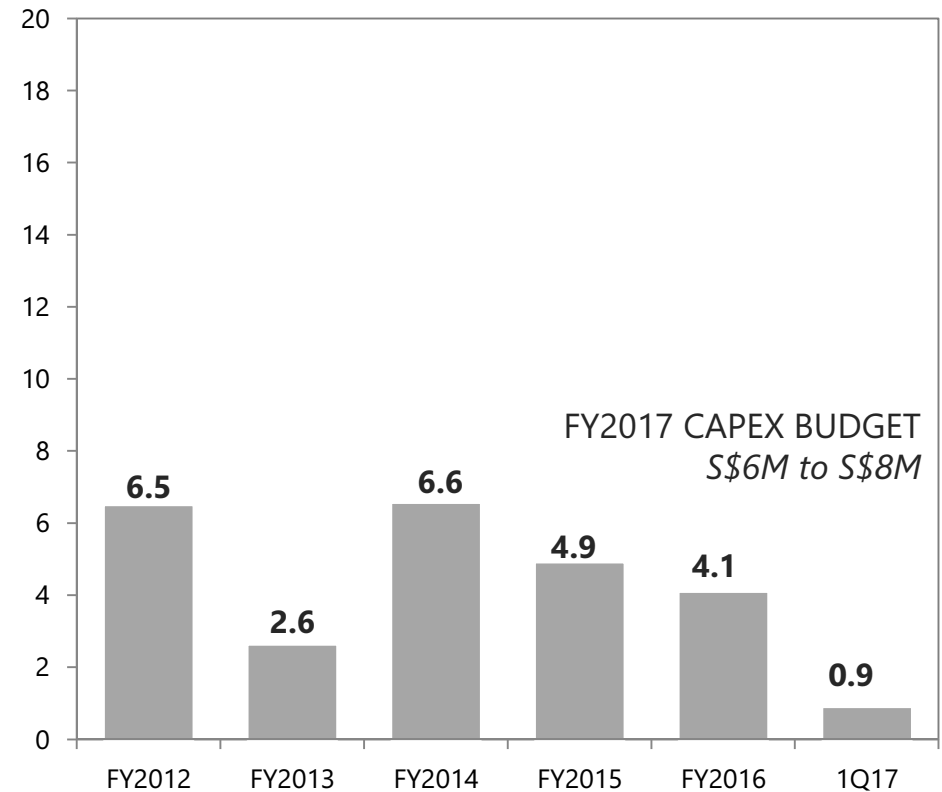
Track record of healthy net cash
from operating activities

(S\$ mil)



(S\$ mil)

CAPEX



Balance Sheet

		30 September 2016	30 June 2016
<u>Cash</u>	Cash and cash equivalents	S\$23.7M	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\$9.3M 0.8% Nil (1Q17)	S\$9.4M 0.1% S\$11.2k (FY16)
<u>Inventory</u>	Inventory Inventory / Sales Inventory write-off	S\$3.3M 6.1% (annualised) S\$29k (1Q17)	S\$3.3M 6.4% S\$76k (FY16)
<u>Equity</u>	Shareholders' equity NAV per share	S\$53.5M 38.47 cents	S\$50.2M [#] 36.14 cents

[#] Paid dividends of S\$6.95M (Final and special dividends for FY2015; interim dividend for FY2016)

In Summary

"When our customers talk, we listen for..." **Key Customer Outcomes**

Market demands flow down through our Semiconductor Customers to Us!

Market

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

Semiconductor Customers
Wafer Fab & Chip Assembly

How?
Miniaturization + Reliability + Precision + Flawless Quality + Scalability

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

Micro-Mechanics

Design: Align to Customer (and Market) Needs	Reliability: Flawless Quality, 0 PPM
Precision: Finer Features, smaller tolerances	
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Our Mission...

Our Mission is...
Perfect Parts and Tools
On Time, Every Time
Based on Scalable, Repeatable and Cost-Effective Processes

...for Process-Critical Applications in the Semiconductor and other High-Tech Industries

Our Strategies...

Strategic Outcomes

Micro-Mechanics
Vision
Scalable, Repeatable, Cost-Effective
KPI, KPI, KPI

Customer:
Flawless Quality
On-Time, Less Time
Design=Need
Price < Value

Strategy 24 75
"Maintain and improve our workplace and processes through a system"

Strategy 24/7 Machining
"Anything and everything to achieve 95% (160 hours) utilization"

Strategy 24/7 Design & Develop
"Create value by aligning to our Customer's Needs"

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Strategy MM University
"People make everything happen" (but better things happen faster when everyone's decisions and actions are aligned and consistent with our vision, mission, goals, strategies and values)

Micro-Mechanics AGM FY2016

Results ...

Gross Margin

Year	Gross Margin
FY2012	46.3%
FY2013	49.1%
FY2014	50.7%
FY2015	55.0%
FY2016	56.9%
1Q16	57.3%
1Q17	57.3%

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

Micro-Mechanics AGM FY2016

Results ...

Core Values
People make everything happen
Excellence – everyone, everywhere, every time
Respect and trust
Fairness and integrity
Explore and experiment
Continuous improvement
Transparency, metrics and accountability

Transparency and Governance
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Micro-Mechanics AGM FY2016

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Q&A



Thank You!



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.





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