

MICRO-MECHANICS®

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



Process-Critical Applications for Semiconductor
Wafer-Fabrication and Assembly / Test

**Welcome to Micro-Mechanics
(Holdings) Ltd.**

1H24 Results Presentation

31 January 2024

Corporate Overview

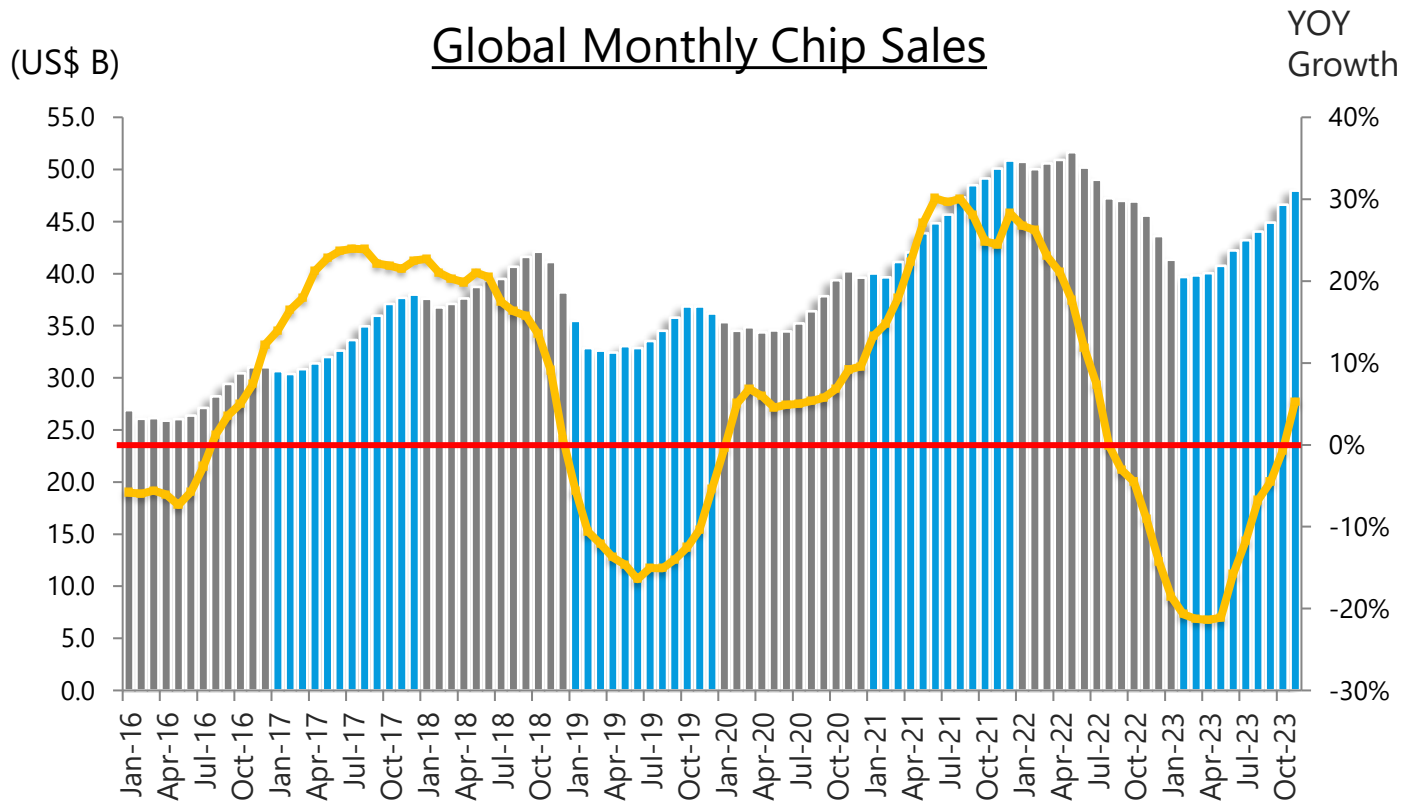
- Founded in 1983 and listed on the Singapore Exchange (Main Board) since 2003
- Specializes in the design and manufacture of **high precision tools and parts** used in *process-critical applications for semiconductor wafer-fabrication and assembly*
- Serves a worldwide base of more than 600 customers from five facilities in Asia (Singapore, Malaysia, China, Philippines) and the USA
- Recognized more than 30 times for our efforts to practice good corporate governance, transparency and investor relations

Perfect Parts and Tools On Time, Every Time based on scalable, repeatable and cost-effective processes



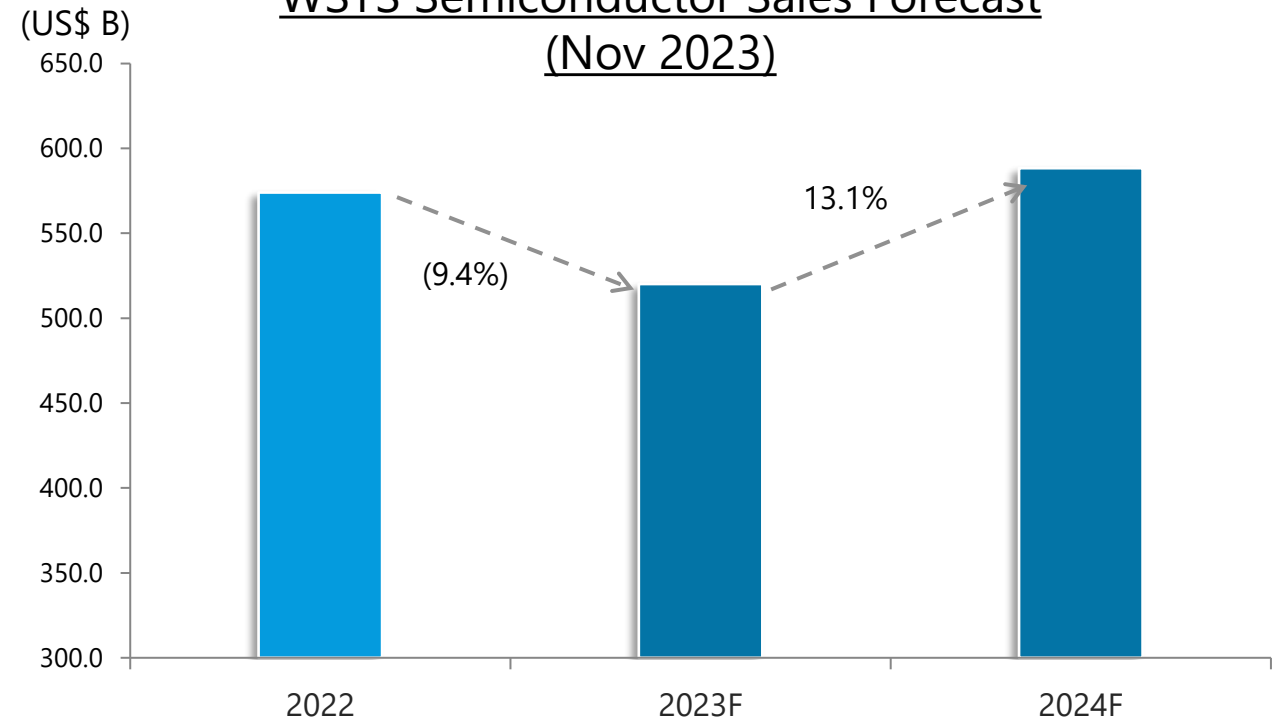
Semiconductor Industry Review

Global Monthly Chip Sales



The Semiconductor Industry Association (SIA) said that worldwide semiconductor sales in November increased for the first time on a year-on-year basis since August 2022. Monthly sales from July to October 2023 were lower when compared to the same period in 2022.

WSTS Semiconductor Sales Forecast
(Nov 2023)

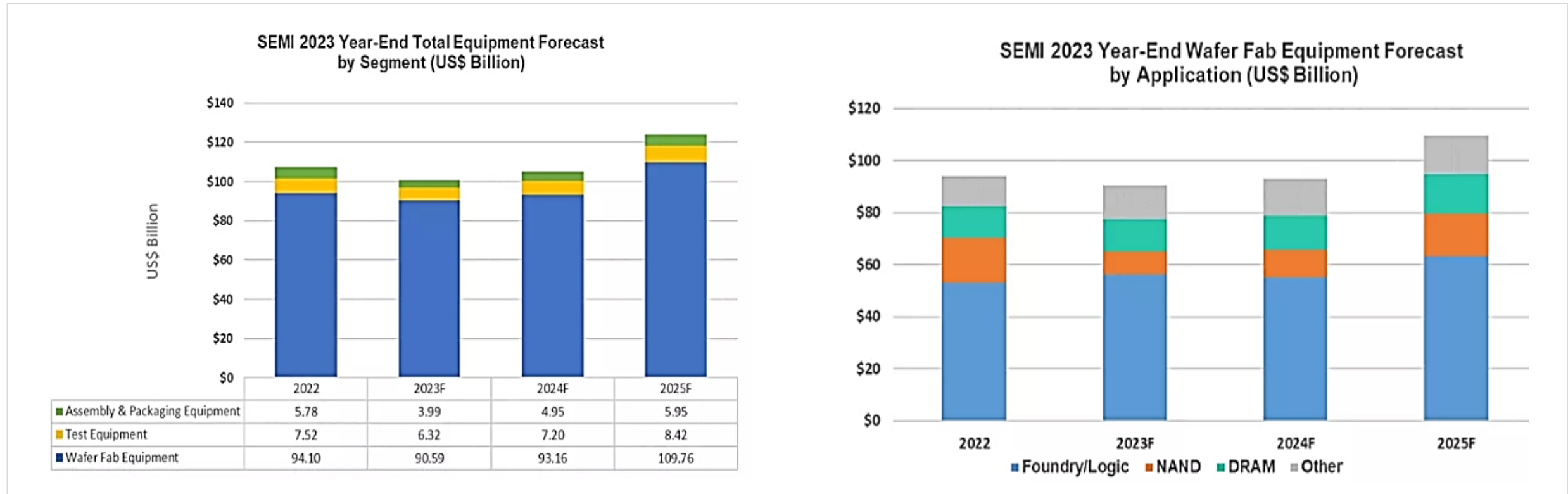


WSTS revised higher its projection for global chip sales which are now expected to decrease 9.4% to US\$520B in 2023. For 2024, WSTS anticipates a vigorous upswing in worldwide chip sales by 13.1% to US\$588B.

Sources: Semiconductor Industry Association, World Semiconductor Trade Statistics

Semiconductor Industry Review

SEMI's Year-end Total Semiconductor Equipment Forecast (Dec 2023)



- Global sales of total semiconductor manufacturing equipment are projected to contract 6.1% to \$100B in 2023
- Growth is expected to resume in 2024 (sales of ~\$105B), with a strong rebound in 2025 driven by capacity expansion, new fab projects, and high demand for advanced technologies and solutions across the front-end and back-end segments
- Sales of wafer fab equipment are forecast to decline 3.7% in 2023 and increase by 3% in 2024.
- Sales of back-end equipment segment are expected to continue its decline in 2023 before staging a recovery in 2024.

1H24 Review

REVENUE

S\$29.4M

▼ 20.5%

Significant reduction in revenue amid slower conditions in global semiconductor industry led to underabsorption of fixed costs in 1H24



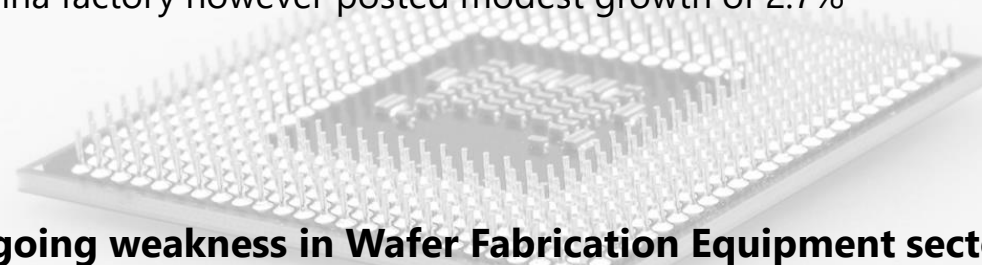
GROSS PROFIT MARGIN eased to

47.5%

Soft demand conditions and higher inventories in global chip industry

Led to softer demand for consumable tools used in back-end A&T processes

- Sales from our factories in Asia declined around 9.7%
- China factory however posted modest growth of 2.7%



Ongoing weakness in Wafer Fabrication Equipment sector

Resulted in sales decline of around 48% at our USA factory

Lower GPM as cost structure is largely fixed in nature

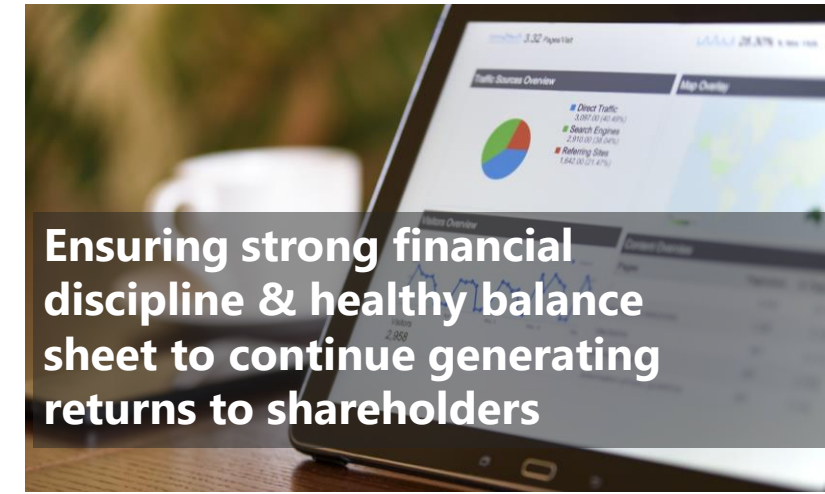


NET PROFIT

S\$4.1M

▼ 33.0%

Commitment to shareholders' returns



1H24 DIVIDEND

3.0 cents

PER SHARE



FY2024 Key Areas of Focus

LEADERSHIP SUCCESSION

Essential for new ideas, energy and growth opportunities

New Deputy CEO and VP Finance in 2023

Deputy CEO is currently based at Singapore HQ to oversee operations in Asia, and also spearhead “Five-Star Factory” initiative

MMUS

Restructured for increased competitiveness

Sharpen engineering focus to four main product areas for the WFE sector to develop a compelling offering and competitive differentiation.

4Q23 : Eliminated S\$2M in annual operating costs

2Q24 : Completed restructuring; resulted in elimination of an additional S\$1.3M in annual operating costs.

POSITIONING FOR RECOVERY IN SEMICONDUCTOR INDUSTRY



Our “FIVE-STAR FACTORY” initiative

Enable each of our factories to achieve sustainable success

- RESPONSIVE TO CUSTOMERS & SOLVING HIGH-VALUE PROBLEMS
- PROCESS- ORIENTED & DATA-DRIVEN TO RAISE OPERATIONAL EXCELLENCE
- CULTURE OF INNOVATION EXCELLENCE
- DEVELOP HIGH PERFORMANCE TEAMS
- ORGANISED, LEAN & PRODUCTIVE WORK AREAS

FY2024 Key Areas of Focus

The Five Pillars of a *Five-Star Factory*



VISION

High Performance Teams

Fast, Effective & Local Support to Our Global Customers

Five Star Implementation of 8s and ESG

Operational Excellence **Innovation Excellence**

STRATEGY

The Right People in the Right Positions Make Everything Happen

- MMUniversity to build skills and develop employees (training and certification)
- Constantly DO IT RIGHT through our Code of Conduct
- Sales and Bonus Programs aligned to vision, goals & KPIs

Creating value for our customers and the industries we serve

- Solving high-value customer and industry problems
- Fully localized design, manufacturing and administrative support
- Factory of the Future with strong digital processes

Strong practices by all personnel resulting in organized, productive, clean, safe and environmentally responsible operations

- Full implementation of 8S
- ESG initiatives that reduce waste, improve the well-being of our employees and stakeholders, fulfill our company promise to good governance AND yield positive financial returns

Best in class engineering, quality, manufacturing, finance and management processes

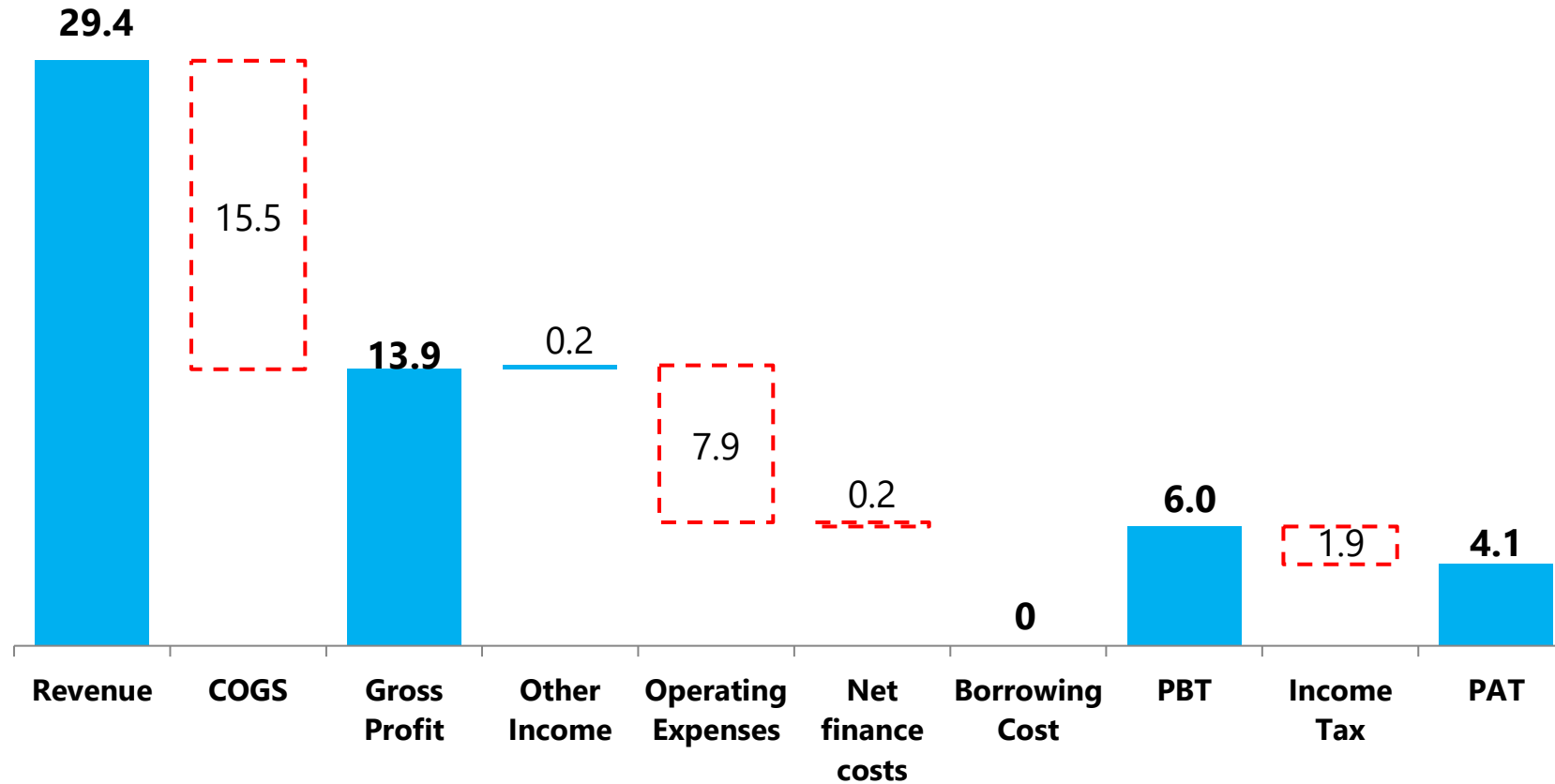
- 24/7 Machining Fundamentals
- Automated manufacturing and inspection
- Lean, Six Sigma, Cpk
- Overall Equipment Effectiveness (OEE, SMED, MRB, TQM, PM)

Deliberate focus on fresh thinking, ingenuity and innovation to develop breakthroughs in processes, products, methods, and materials

- Dedicated and separate resources to focus on next generation advantages and developments
- AI, Factory of the Future

1H24 In Review

1H24 P&L Overview (S\$ million)



KEY RATIOS & STATISTICS

REVENUE GROWTH	(20.5%)
GROSS PROFIT GROWTH	(22.0%)
PBT GROWTH	(28.4%)
NET PROFIT GROWTH	(33.0%)
GROSS PROFIT MARGIN	47.5%
NET PROFIT MARGIN	14.0%
EARNINGS PER SHARE	2.96 cents
DIVIDEND PAYOUT (1H24)	101%
RETURN ON EQUITY (annualised)	17.9%
CASH	S\$15.0M
BORROWINGS	Zero

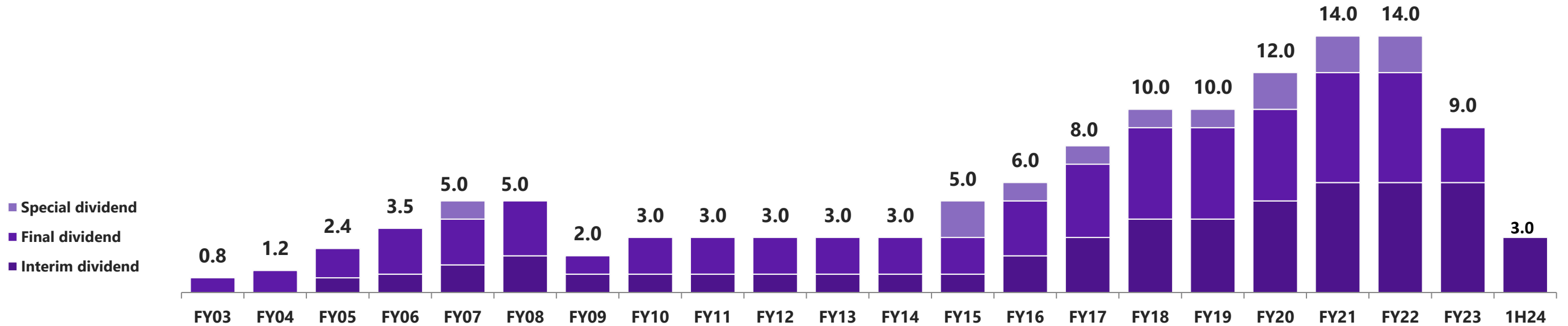
FY: Financial year ending 30 June

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

Dividend Performance

Total dividend payout since listing – \$1.259 per share

DIVIDEND PER SHARE (CENTS)



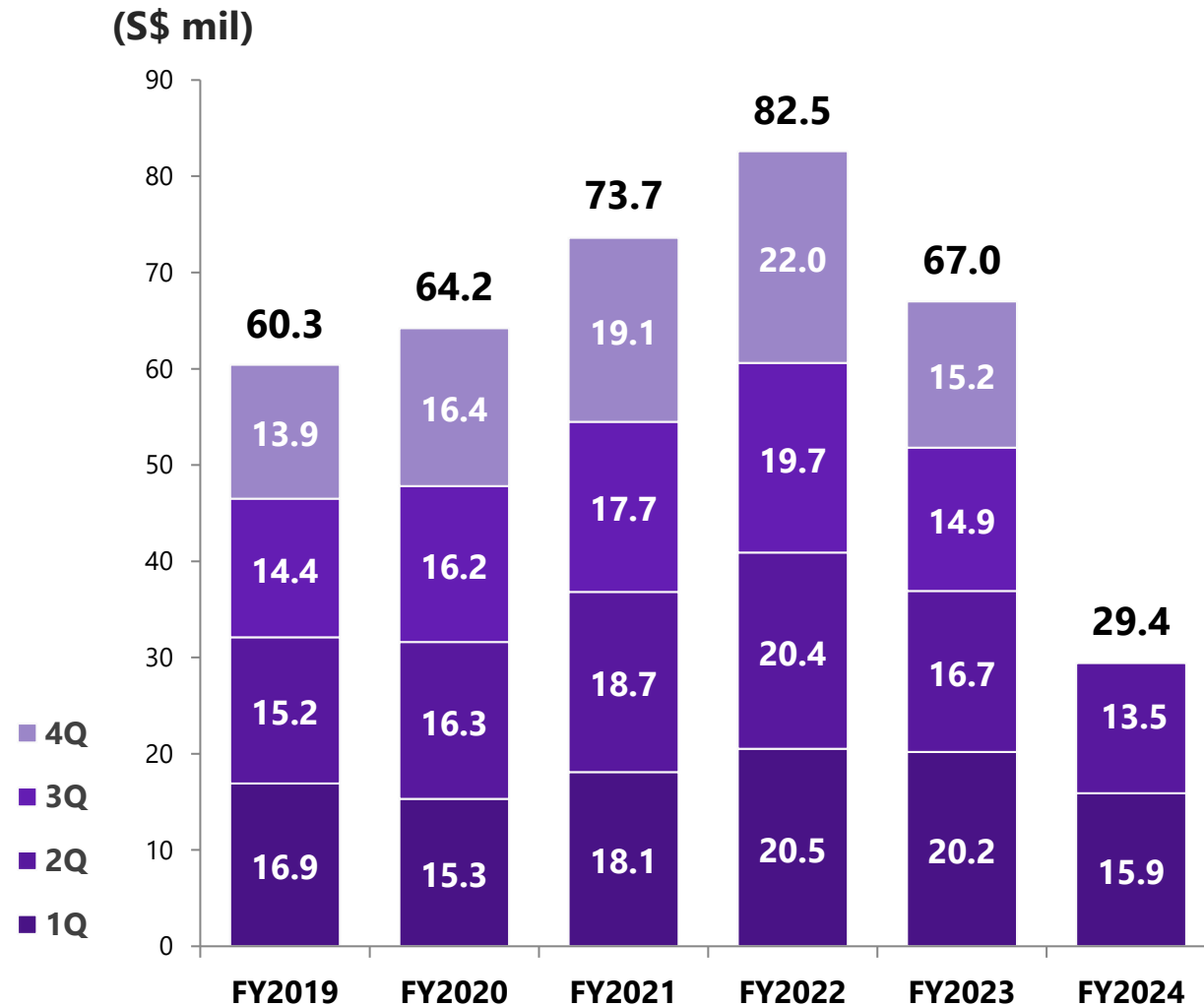
DIVIDEND PAYOUT RATIO

FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	F11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	1H24
29%	35%	61%	63%	83%	78%	513%	87%	61%	99%	81%	54%	58%	70%	75%	81%	107%	114%	108%	98%	128%	101%

Dividend Policy of Not Less Than 40% of Earnings*

Group Revenue

SLOWER INDUSTRY CONDITIONS SINCE THE START OF FY2023



1H24 REVENUE ▼ **20.5%**

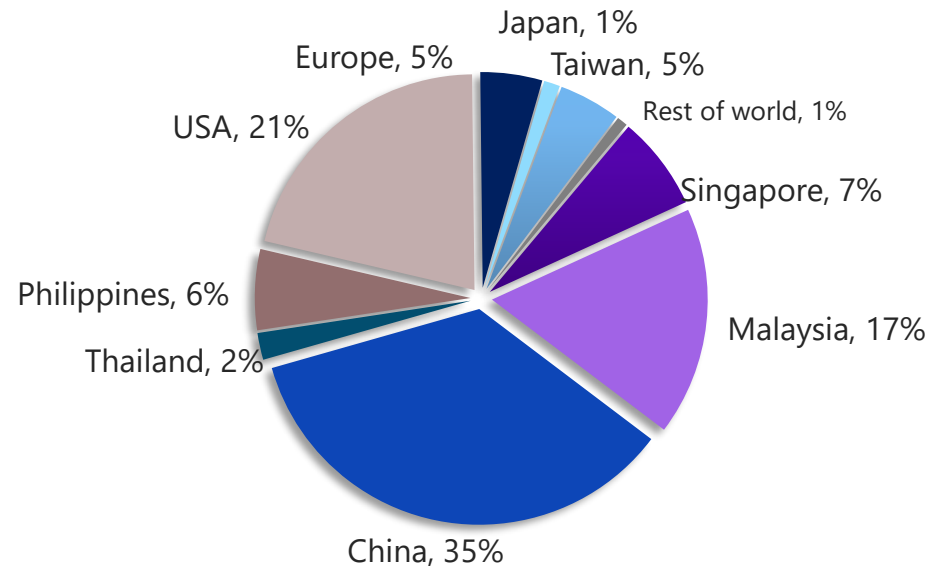
2Q24 REVENUE ▼ **19.2%**

- Lower revenue performance is generally in line with soft conditions in the global semiconductor industry, particularly the wafer fabrication equipment sector

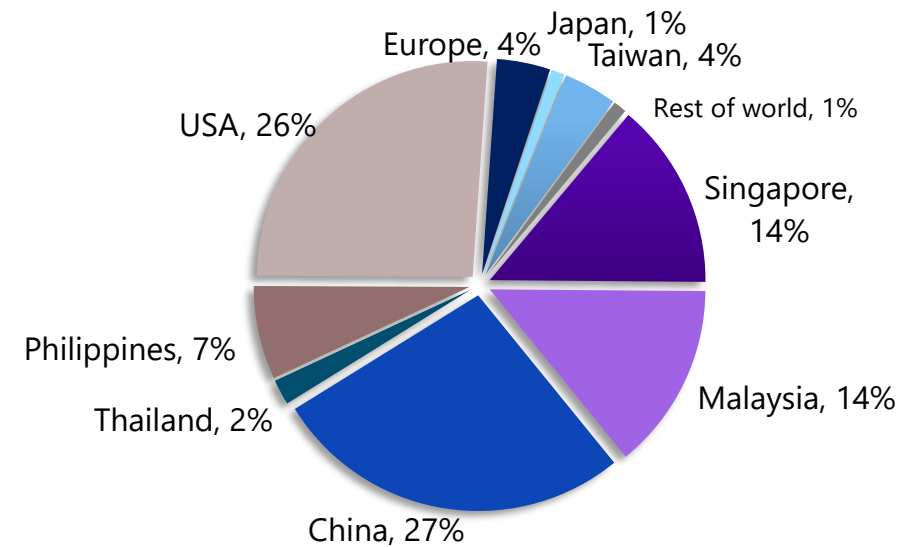
Group Revenue

DIVERSIFIED REVENUE STREAMS

Sales Breakdown for 1H24



Sales Breakdown for 1H23



TOP 4 MARKETS*

Country	1H24 S\$ mil	1H23 S\$ mil	% change
China	10.3	9.9	4%
USA	6.2	9.4	(34%)
Malaysia	4.9	5.3	(9%)
Singapore	2.2	5.0	(56%)

*by customer destination



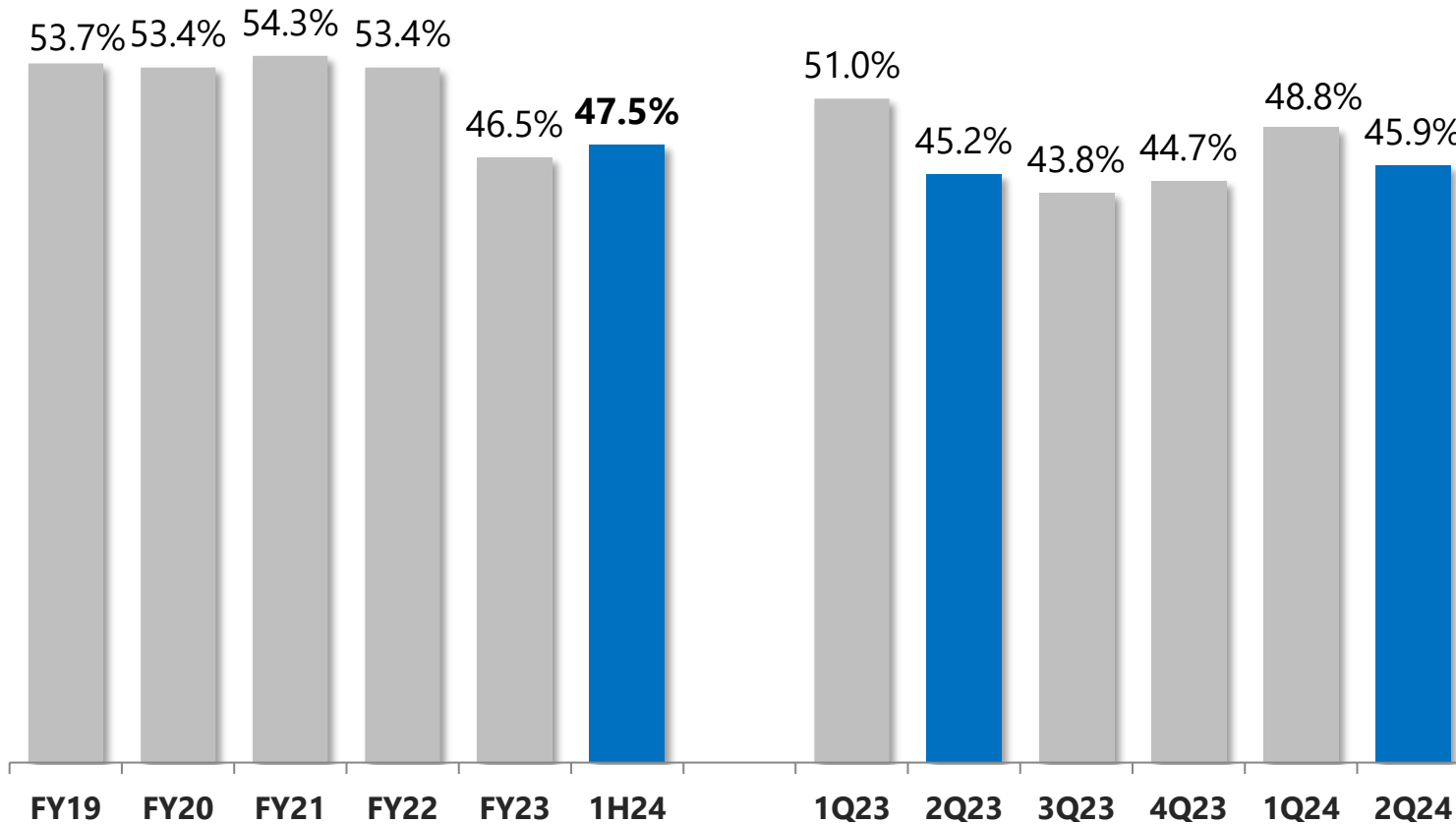
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Gross Profit Margin

STABLE GROSS PROFIT MARGIN IN 2Q24



GPM in 1H24 dipped slightly from 48.3% in 1H23

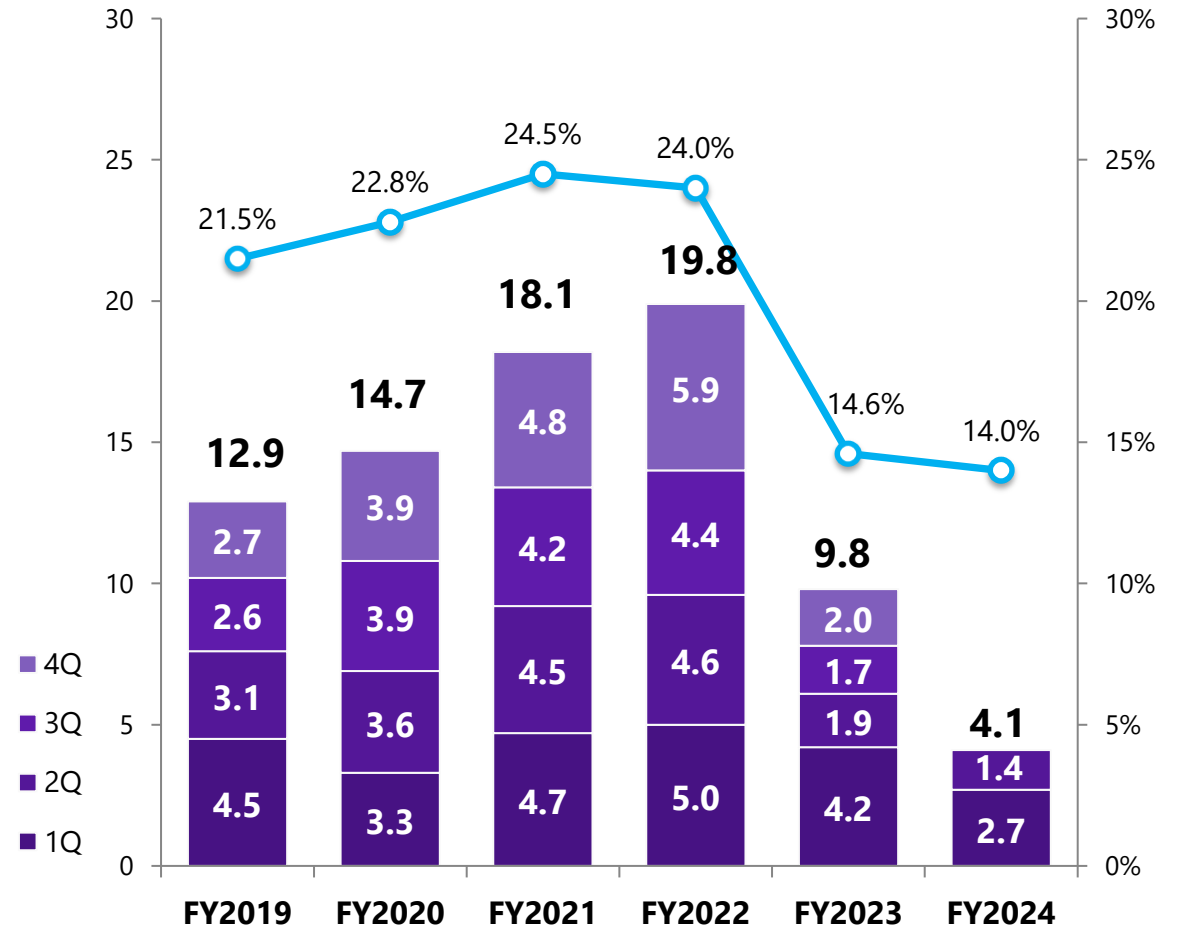
- Significant decline in revenue led to underabsorption of costs as our cost structure is largely fixed in nature
- Continue to work on strengthening our GP margin with initiatives to enhance the value we bring to our customers, improve quality and streamline the way our plants operate



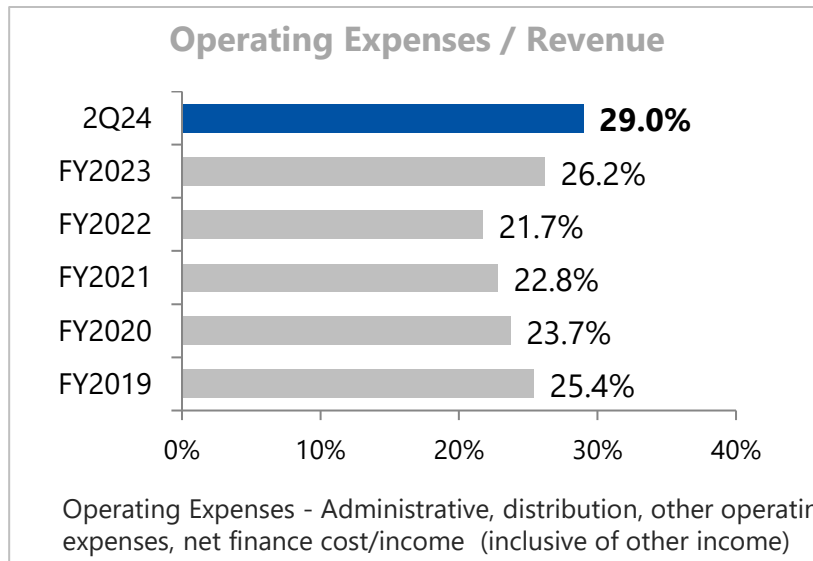
Profitability

NET PROFIT IN 1H24 DECLINED WITH LOWER SALES

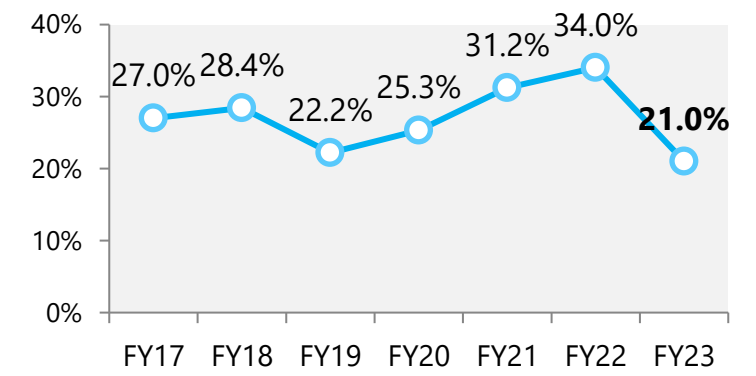
Net Profit After Tax (\$ mil)



Net Profit Margin



Return on Equity



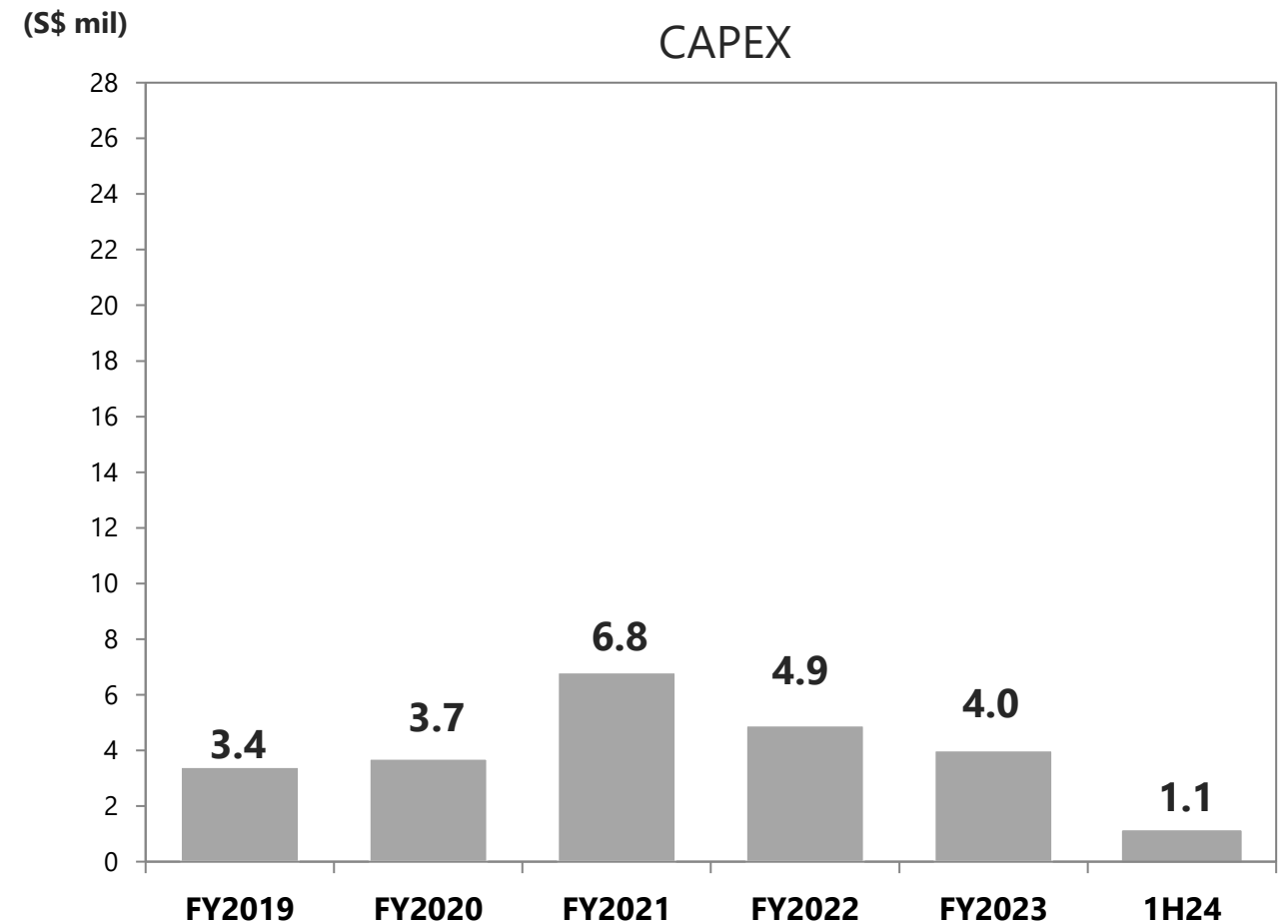
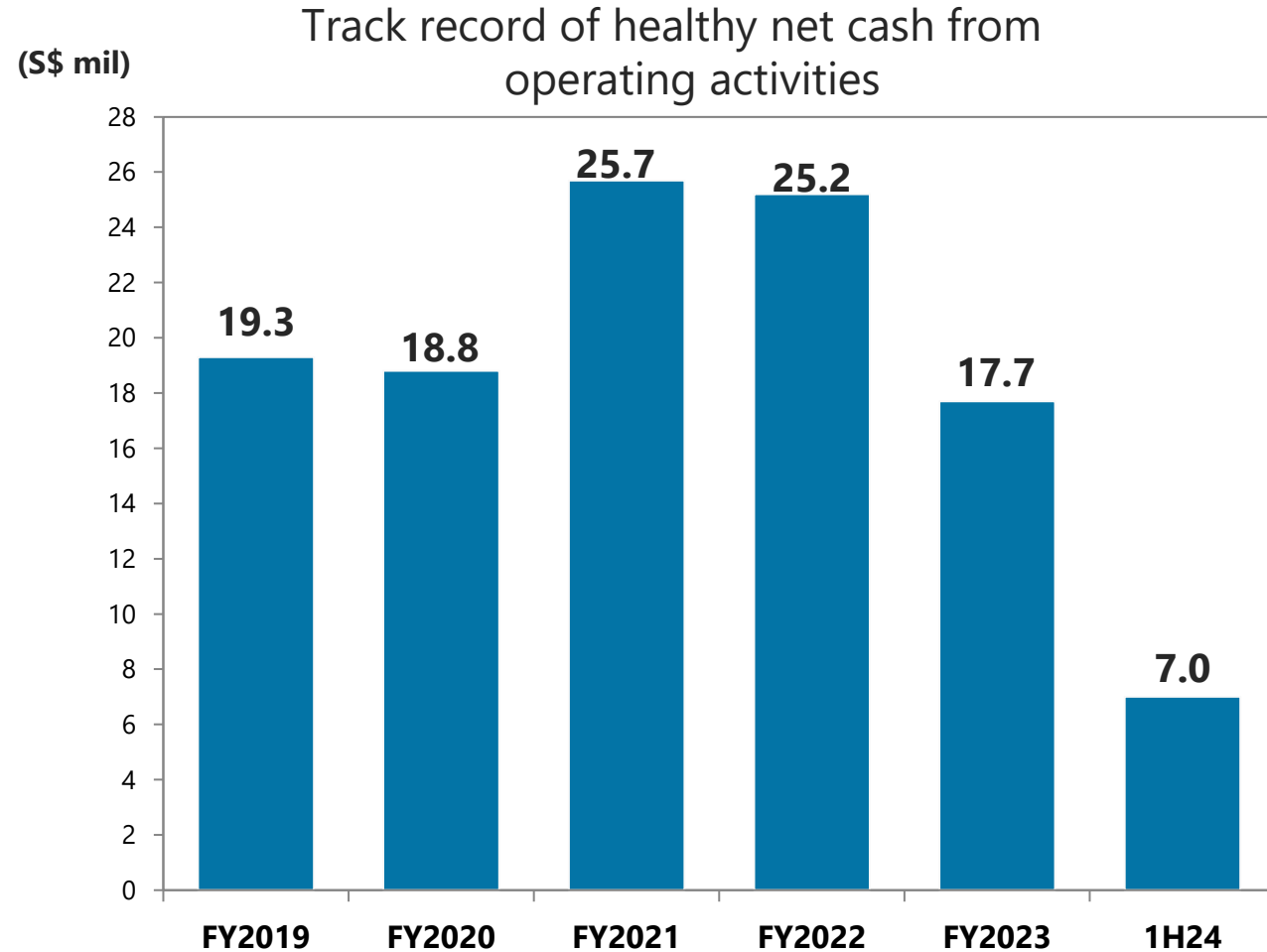
1H24 PROFIT ▼ **33.0%**

2Q24 PROFIT ▼ **25.4%**

- Weaker bottom line y-o-y as a result of lower revenue and GP margin
- Continued to keep a tight rein on expenses – opex decreased 18.1% year-on-year in 2Q24

Cash Flow

CASH-FLOW GENERATIVE OPERATIONS



- Capex budget for FY2024 – approx. S\$3M

Balance Sheet

		31 December 2023	30 June 2023
<u>Cash</u>	Cash and cash equivalents [#]	S\$15.0M	S\$14.3M
<u>Gearing</u>	Total borrowings	Nil	Nil
<u>Trade Receivables</u>	Trade Receivables (Outstanding > 90days) / (Total trade receivables) Bad debt expense	S\$10.0M 0.03% \$2k (1H24)	S\$10.6M 0.7% \$141 (FY23)
<u>Inventory</u>	Inventory Inventory / Sales Inventory write-off	S\$4.2M 7.1% S\$11K (2Q24)	S\$4.3M 6.5% S\$76K (FY23)
<u>Equity</u>	Shareholders' equity [#] NAV per share	S\$45.9M 33.01 cents	S\$46.4M 33.40 cents

[#] Paid dividends totalling S\$4.2M in 1H24

Safe Harbour for Forward-Looking Statements

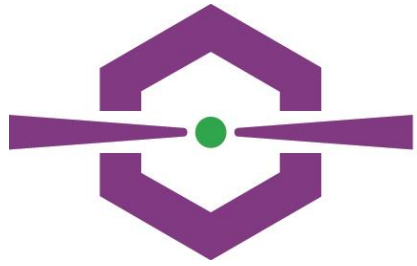
This presentation contains certain statements that are not statements of historical fact, i.e. forward-looking statements. Investors can identify some of these statements by forward-looking items such as 'expect', 'believe', 'plan', 'intend', 'estimate', 'anticipate', 'may', 'will', 'would', and 'could' 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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**Thank you for attending
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31 January 2024

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