FY2016 Results Briefing

Full year ended 30 June 2016

30 August 2016

FULL YEAR

FY2016

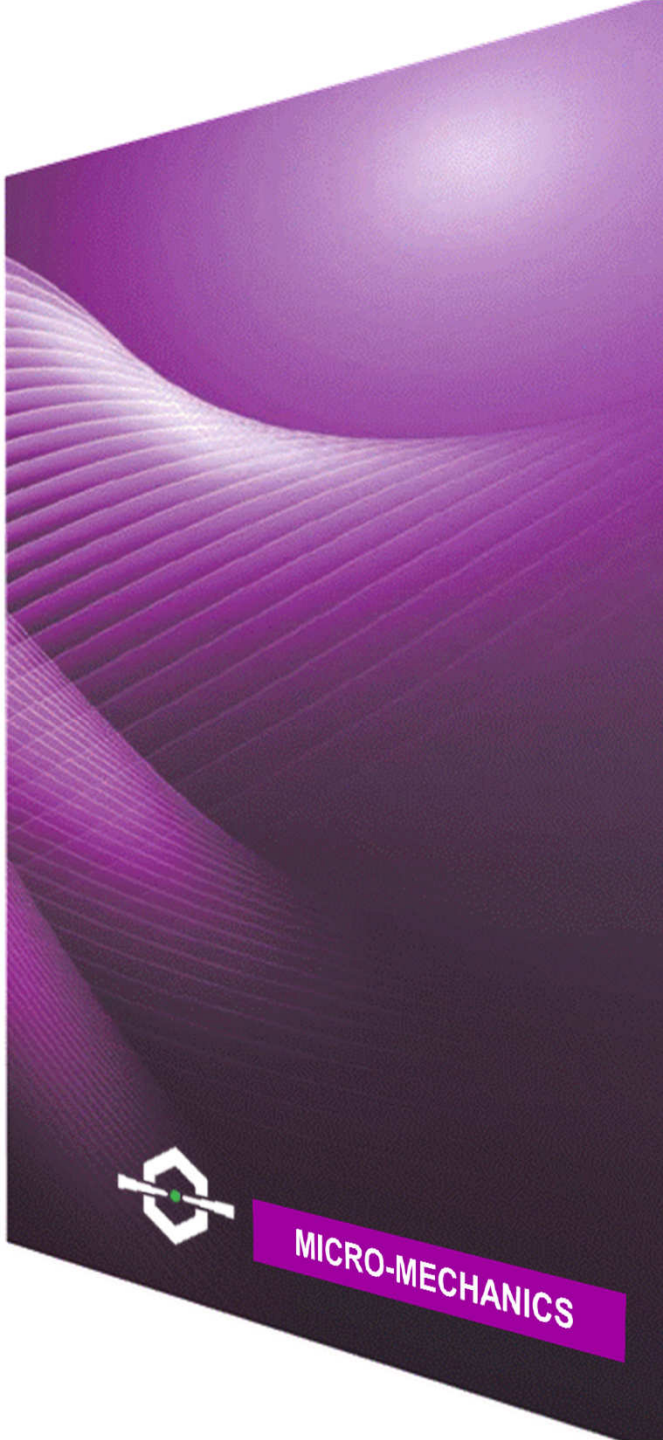
MICRO-MECHANICS (HOLDINGS) LTD.

AGENDA

Corporate Review

Financial Review

Q&A



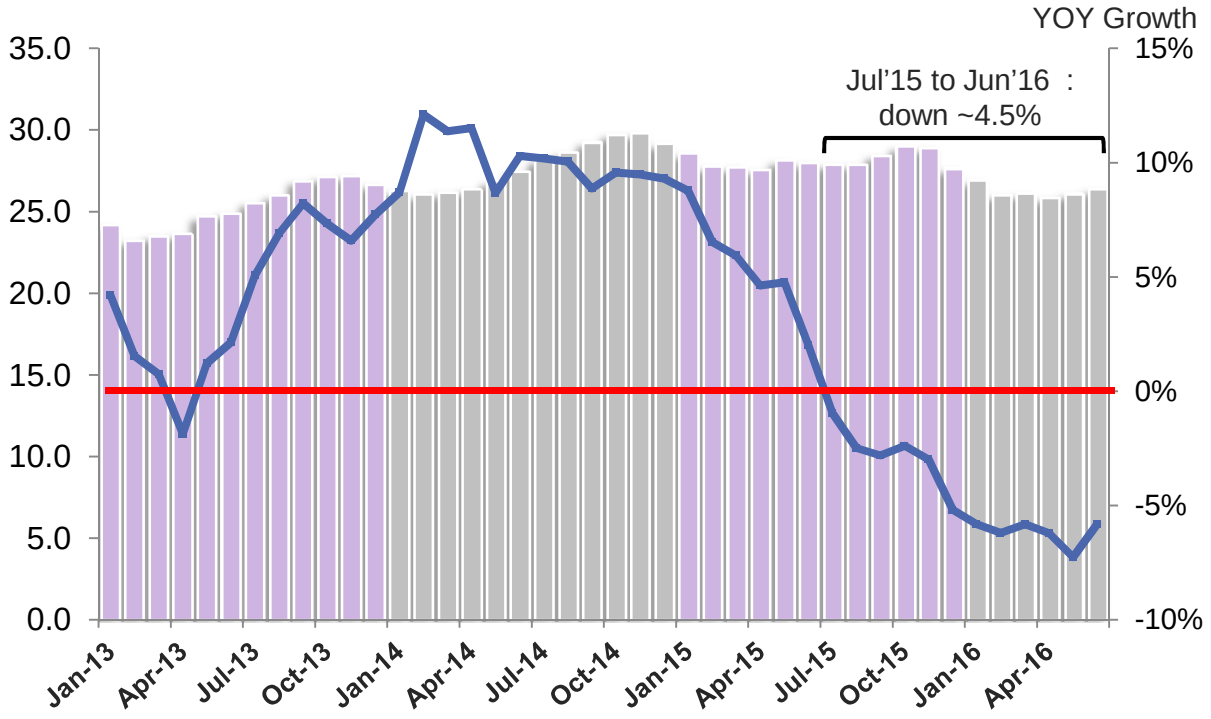
CORPORATE REVIEW

CHRIS BORCH, CEO

LOW MING WAH, COO

Semiconductor Industry Landscape

Global Monthly Chip Sales (US$ B)



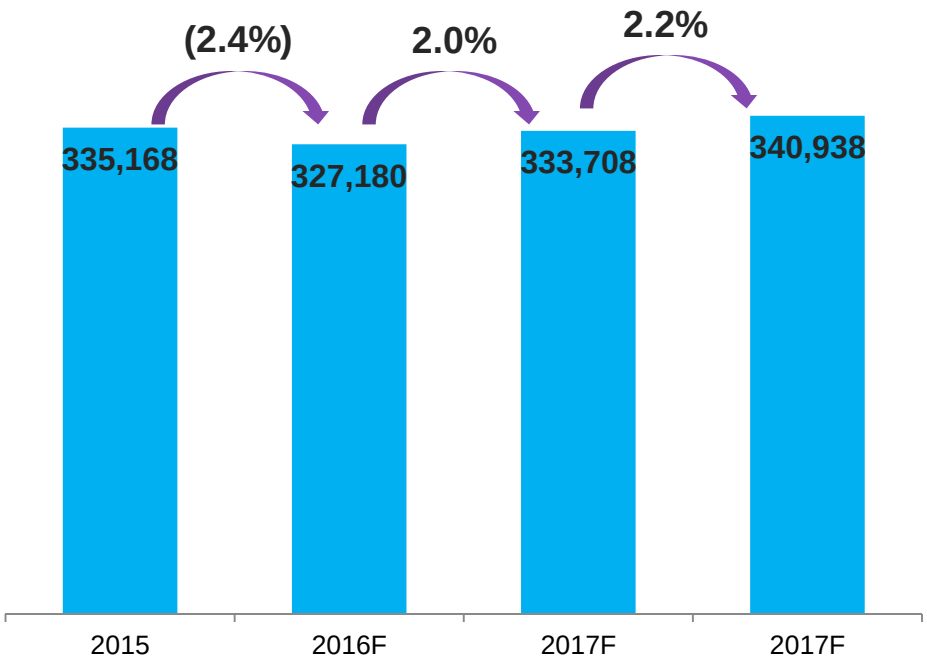
Source: Semiconductor Industry Association

<u>Slowing Industry Conditions</u>

- Global chip sales slowed from July 2015
- Cumulative sales for July 2015 to June 2016 were around 4.5% lower than the same period a year ago
- Apr-Jun 2016 sales down 5.8% year-on-year but up 1.0% from Jan-Mar 2016 quarter

Semiconductor Industry Landscape

WSTS Semiconductor Market Forecast Spring 2016 – World Semiconductor Market (US$ M)



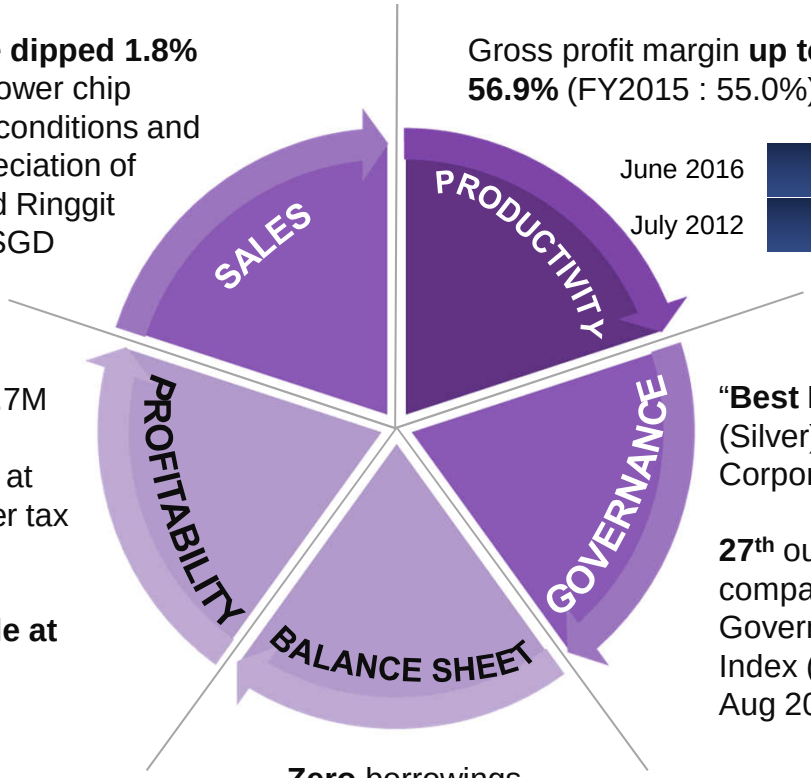
- WSTS expects the world semiconductor market to contract 2.4% in 2016 before resuming growth in 2017

Source: WSTS

Key Metrics – FY2016

Revenue **dipped 1.8%** due to slower chip industry conditions and the depreciation of RMB and Ringgit against SGD

Gross profit margin **up to 56.9%** (FY2015 : 55.0%)





PBT **up 2.0%** to S$15.7M

Net profit **held steady** at S$11.9M despite higher tax expenses

Net profit margin **stable at 23.2%**

"**Best Managed Board**" (Silver) at Singapore Corporate Awards 2016

27th out of 631 SGX-listed companies -- new Singapore Governance Transparency Index (SGTI) published on 4 Aug 2016

Zero borrowings

S$20.1M cash

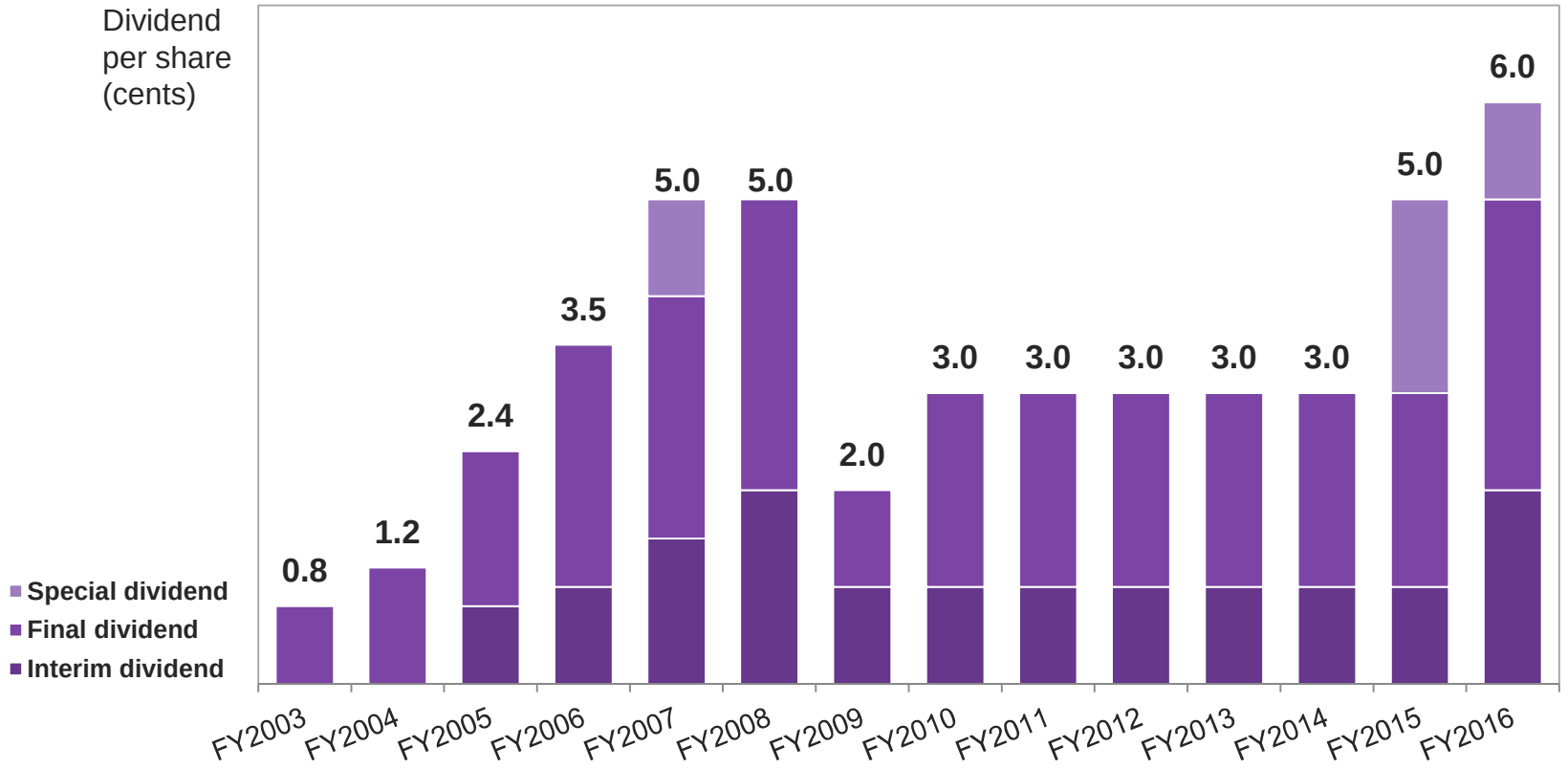
Strong capital structure to support future growth

Higher Dividend for FY2016

DIVIDEND PAYMENTS TOTALING 6 CENTS

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

DIVIDEND POLICY TO PAY NOT LESS THAN 40% OF CONSOLIDATED NET PROFIT



Strategic Focus

PARTS AND TOOLS FOR PROCESS-CRITICAL APPLICATIONS

- After re-evaluating the engineering and investment requirements to support multiple industry segments and
- Based on promising inroads with leading wafer-fab equipment makers

Align USA plant with our core semiconductor business

From FY2017, all five of the Group's plants will have a common focus …***Perfect Parts and Tools, On Time, Every Time*** based on scalable, repeatable and cost-effective processes

CUSTOM MACHINING & ASSEMBLY (CMA)

SEMICONDUCTOR TOOLING

FOCUS ON SEMICONDUCTOR INDUSTRY

Wafer-Fabrication Process

Assembly Process



PROCESS-CRITICAL PARTS AND TOOLS



Parts and tools used in critical wafer-fabrication processes

Parts and tools used in critical assembly processes



HEALTHY GROSS PROFIT MARGIN

Group Strategy

GOALS AND OPERATING STRATEGIES

KEY GOALS

- Value-Driven Mission: Perfect Parts and Tools, On Time, Every Time
- Enhanced Stakeholder Returns
- Excellence in Governance & Transparency

CORE STRATEGIES

- **Proprietary Materials and Process Development**
- **Fast, Effective and Local Customer Support**
- **Repeatable, Scalable and Cost-Effective Operations**
- **Personnel, Organizational and Culture Development**

MAJOR INITIATIVES

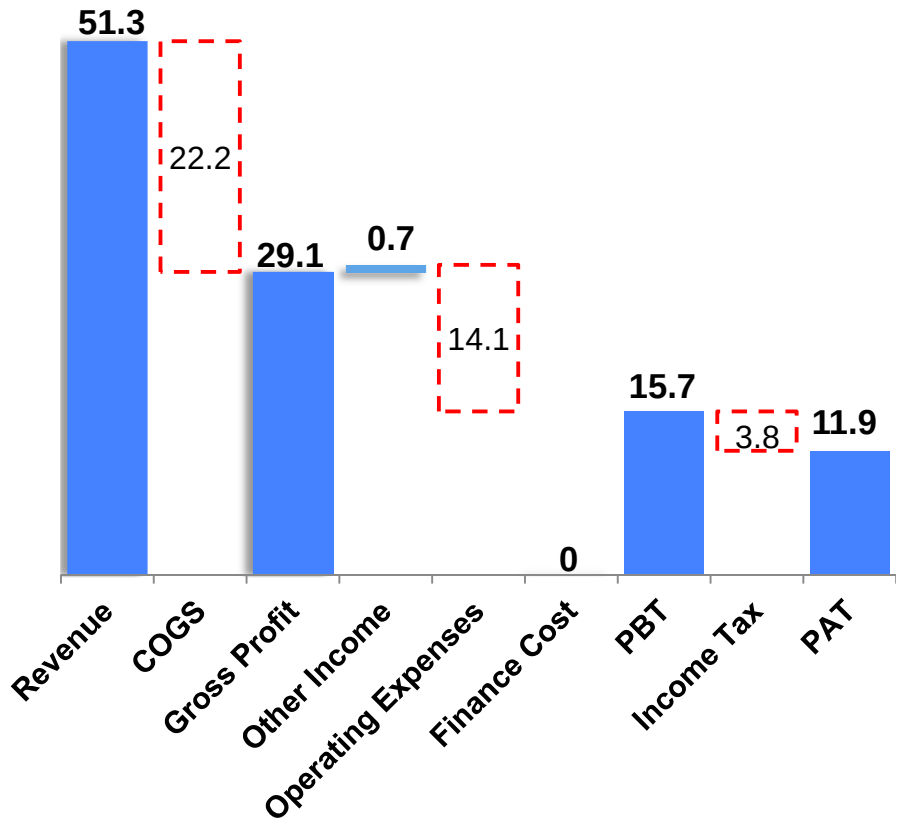
- Established **Applications and Process Engineering ("APE")** Centre in Singapore
- Established **R&D Center for Materials and Micro-Machining** in Singapore
- Developed *24/7 Machining* and designated USA subsidiary as our **Corporate Center for Machining Excellence**
- Implemented **Enterprise Resource Planning**
- Established **MMUniversity**

FINANCIAL REVIEW

CHOW KAM WING, CFO

FY2016 in Review

FY2016 P&L Overview (S$ million)

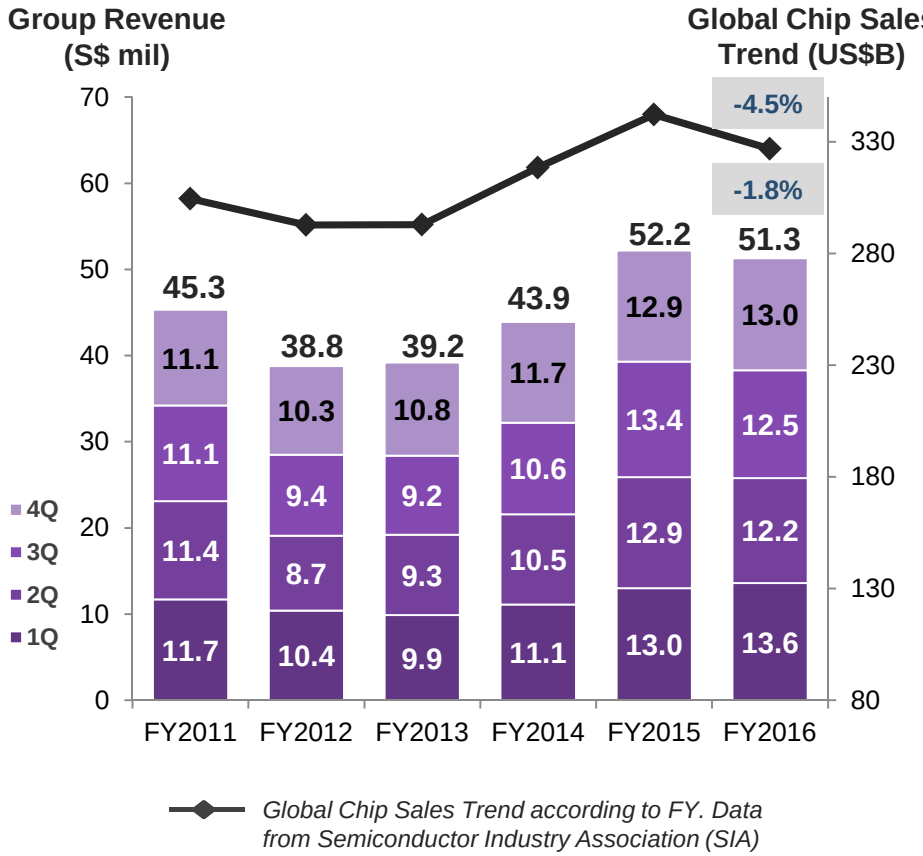


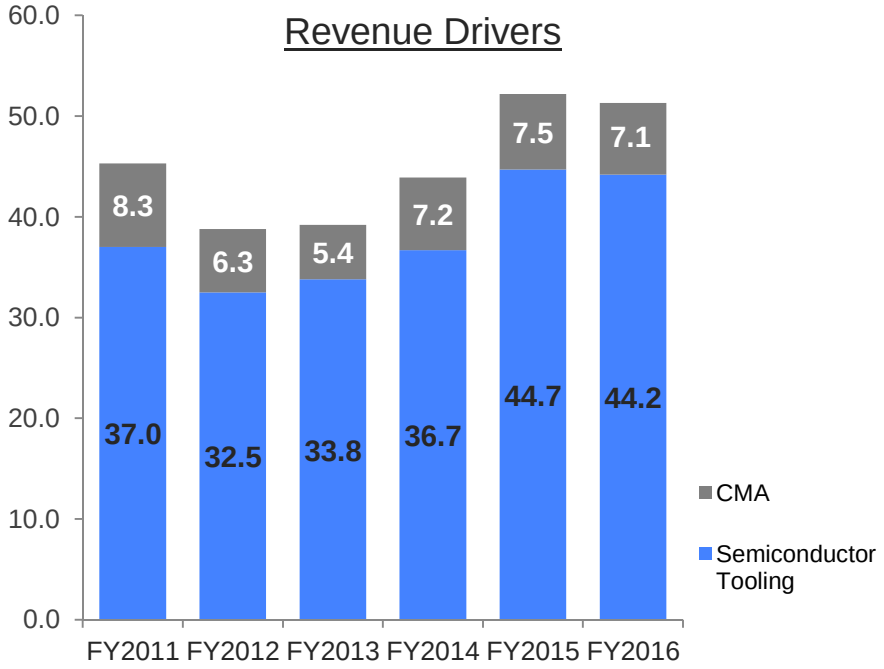
KEY RATIOS & STATISTICS

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

Group Revenue

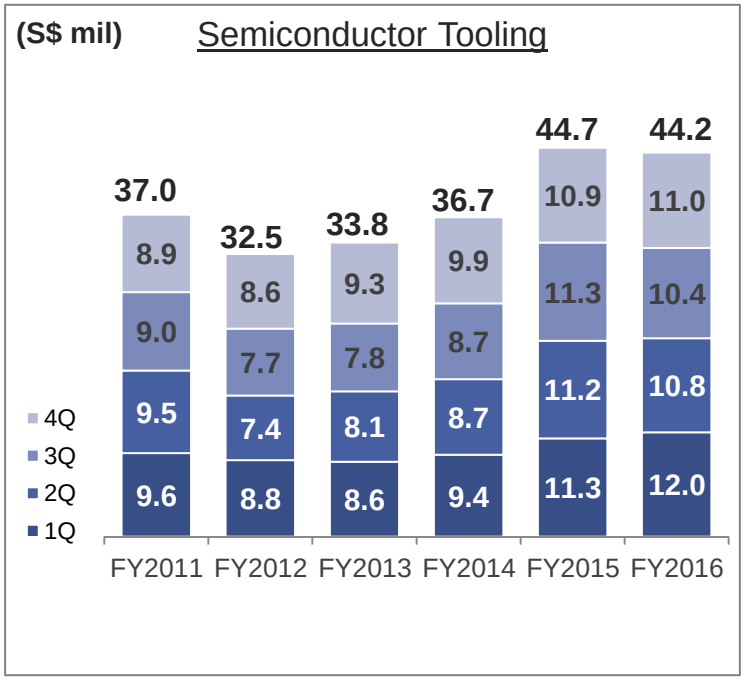
FY2016 REVENUE EASED 1.8%

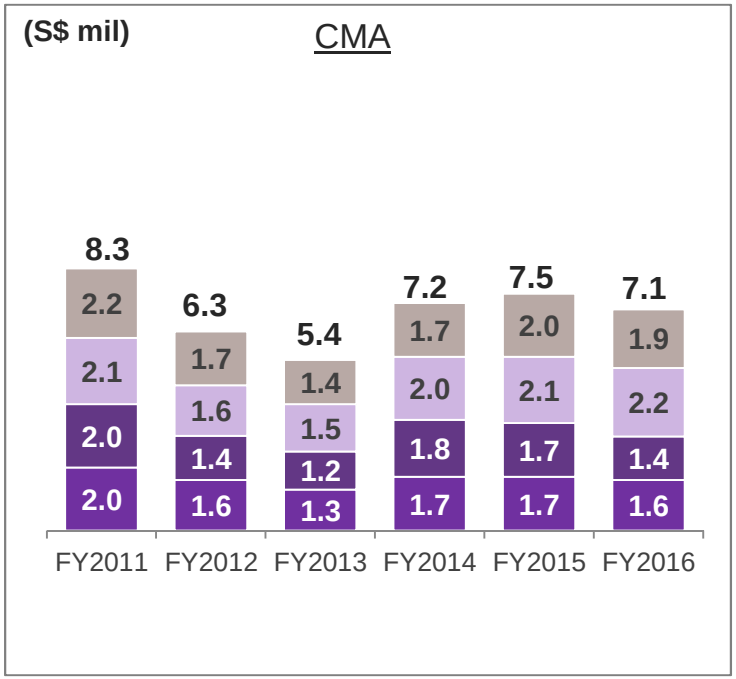


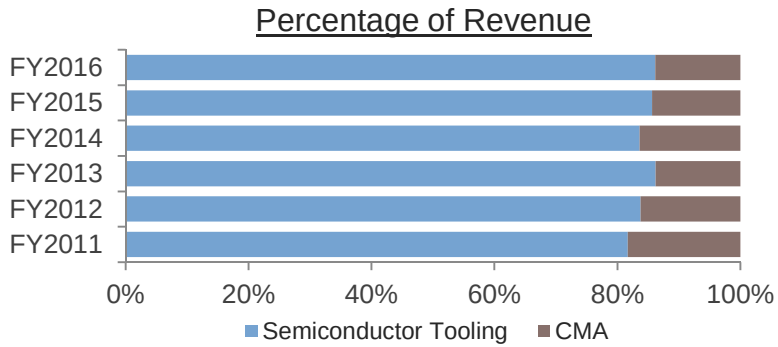


FY: Financial year ending 30 June

Quarterly Revenue By Business Segments







Revenue by Geographical Market

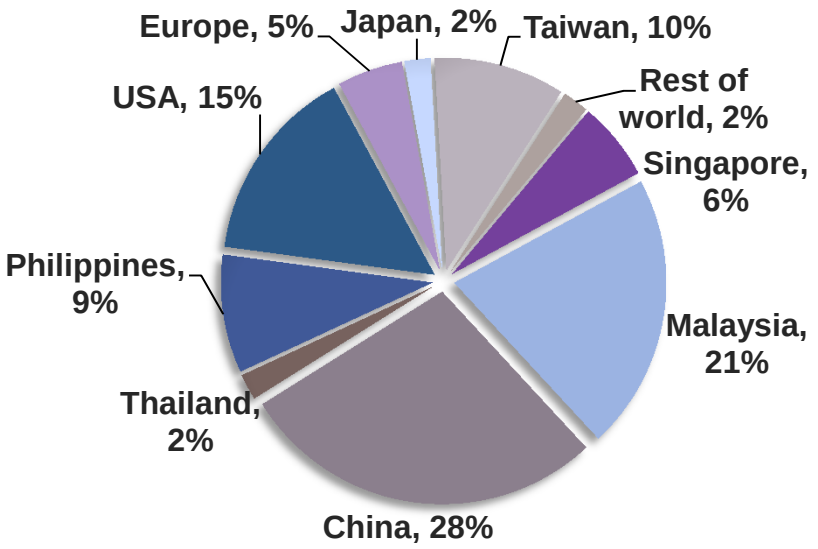
DIVERSIFIED REVENUE STREAMS

Country	FY2016 S$ mil	FY2015 S$ mil	% change
Singapore	3.0	3.5	(16.0%)
Malaysia	10.6	11.1	(4.7%)
Philippines	4.6	4.6	(0.1%)
Thailand	1.1	1.3	(12.0%)
China	14.3	13.6	5.3%
USA	7.9	7.7	2.7%
Europe	2.4	2.3	3.6%
Japan	1.0	1.0	(3.6%)
Taiwan	5.0	5.3	(5.7%)
Rest of world	1.4	1.8	(21.2%)
Total	**51.3**	**52.2**	(1.8%)

Sales in China grew despite industry slowdown and depreciation of RMB against the SGD

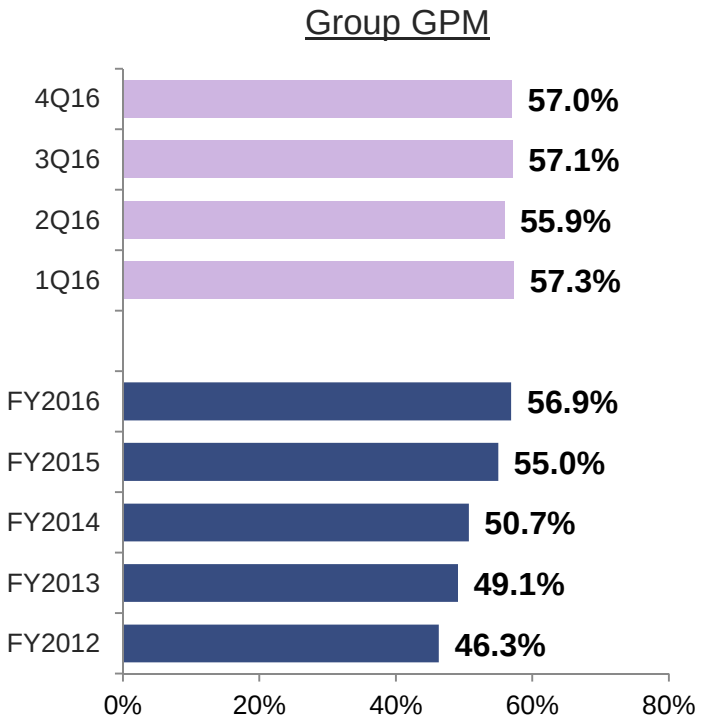
Higher sales volume in Malaysia offset by depreciation of the Ringgit

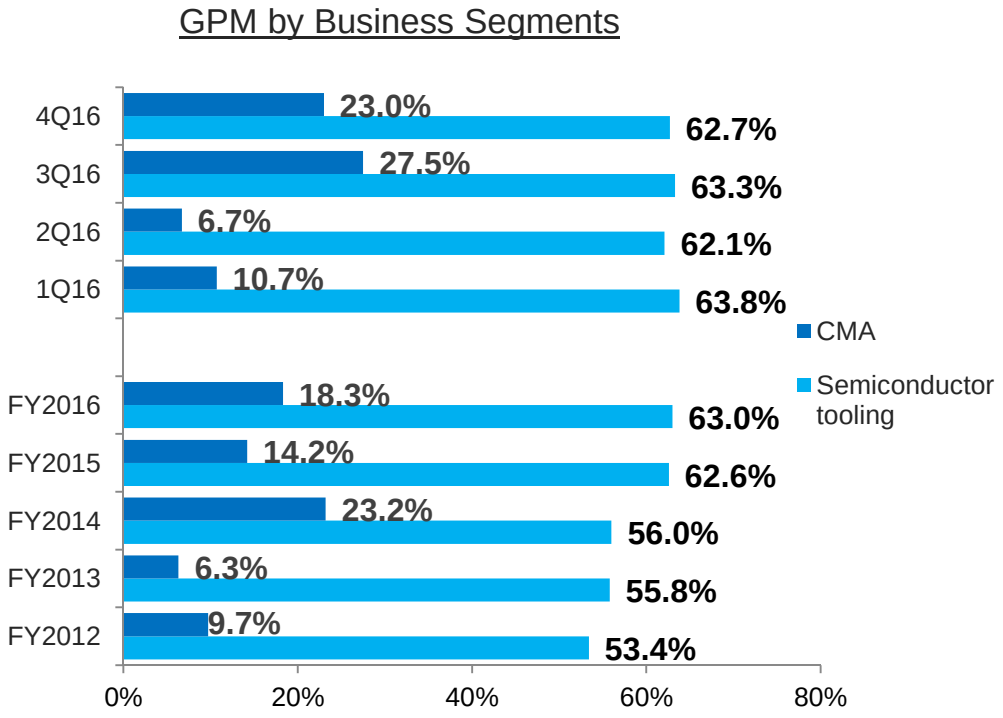
Sales Breakdown for FY2016



Gross Profit Margin

STEADY MARGIN EXPANSION YOY

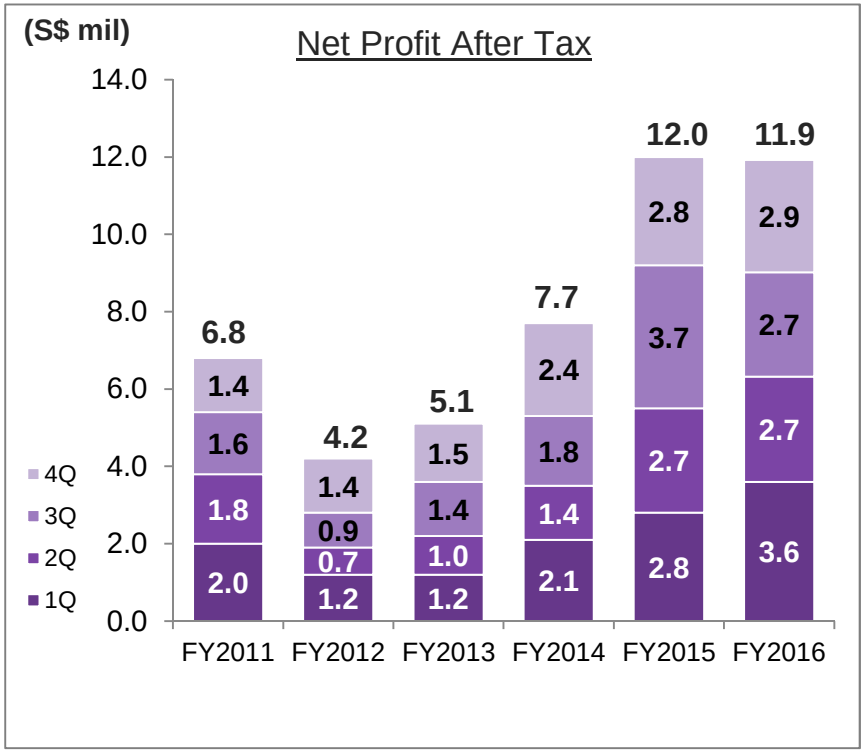


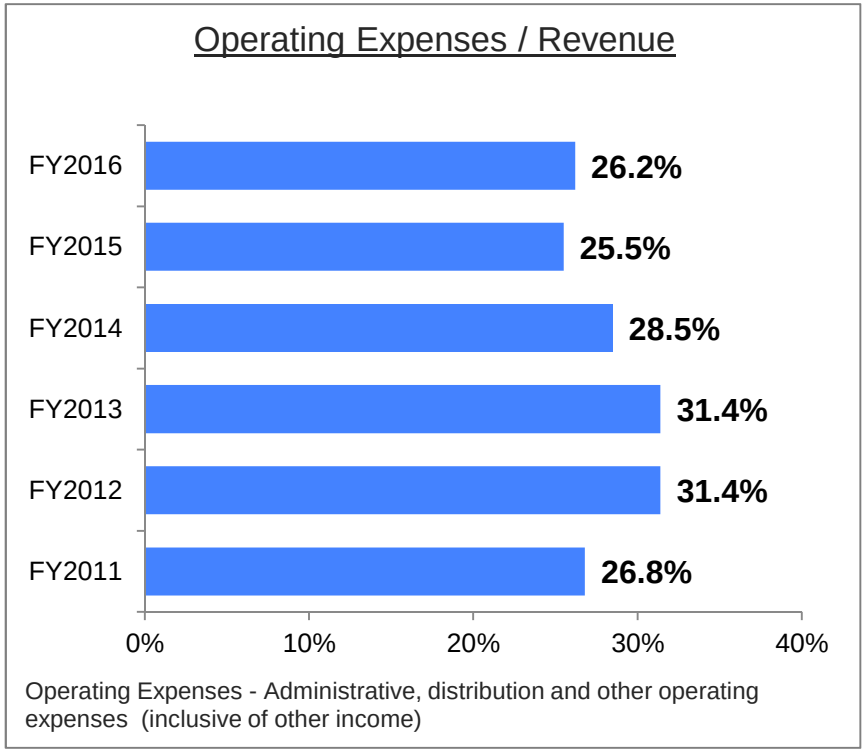


Expansion of GP margin in FY2016 attributed to
implementation of *24/7 Machining* and other strategies that have raised productivity, improved operating efficiency and reduced production costs

Group Net Profit

FY2016 NET PROFIT DIPPED 1.1%



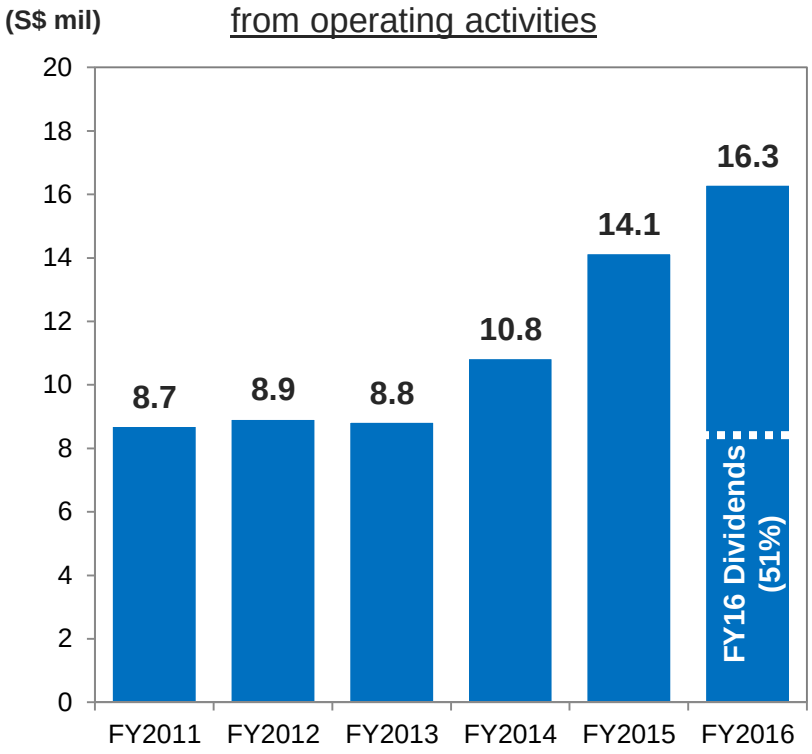


FY2016 PBT rose 2.0% to S$15.7M.
Net profit held steady despite higher tax expenses in FY2016

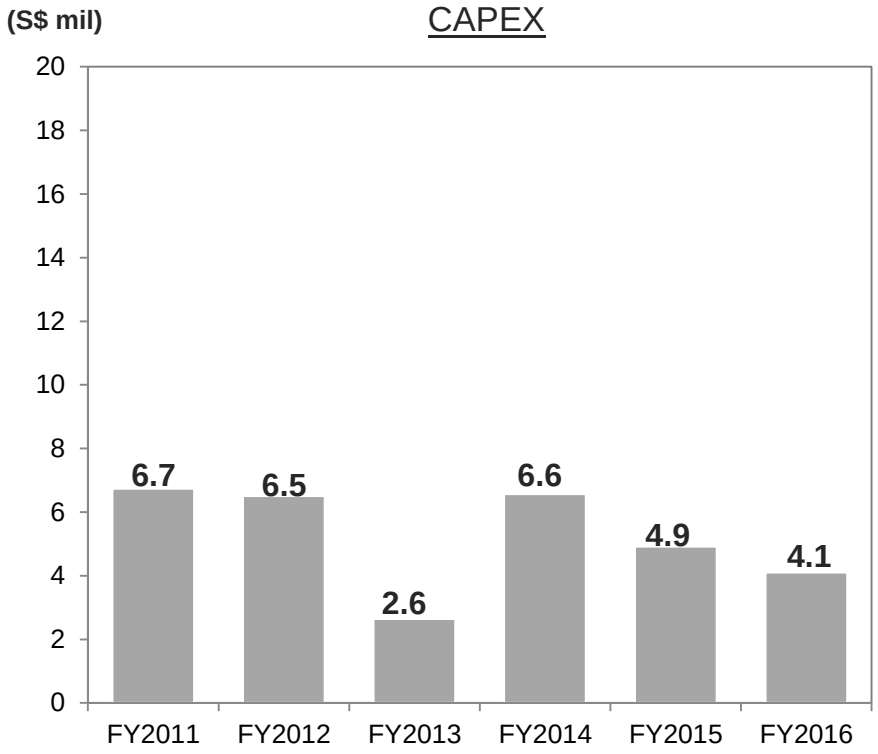
Admin, Distribution and Other Operating expenses (net of other income) increased to S$13.4M compared to S$13.3M in FY2015. Incurred foreign exchange loss of S$0.1M vs foreign exchange gain of S$0.4M in FY2015

Net Cash from Operating Activities and CAPEX

Track record of healthy net cash from operating activities



CAPEX



Balance Sheet

		30 June 2016	30 June 2015
Cash	Cash and cash equivalents	S$20.1M[#]	S$15.2M
Gearing	Total borrowings	Nil	Nil
Trade Receivables	Trade Receivables (Outstanding > 90days) / (Total trade receivables) Bad debt expense	S$9.4M 0.1% S$11.2k (FY16)	S$9.2M 0.3% S$1.2k (FY15)
Inventory	Inventory Inventory / Sales Inventory write-off	S$3.3M 6.4% S$76k (FY16)	S$3.5M 6.7% S$104k (FY15)
Equity	Shareholders' equity NAV per share	S$50.2M[#] 36.14 cents	S$46.9M 33.72 cents

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

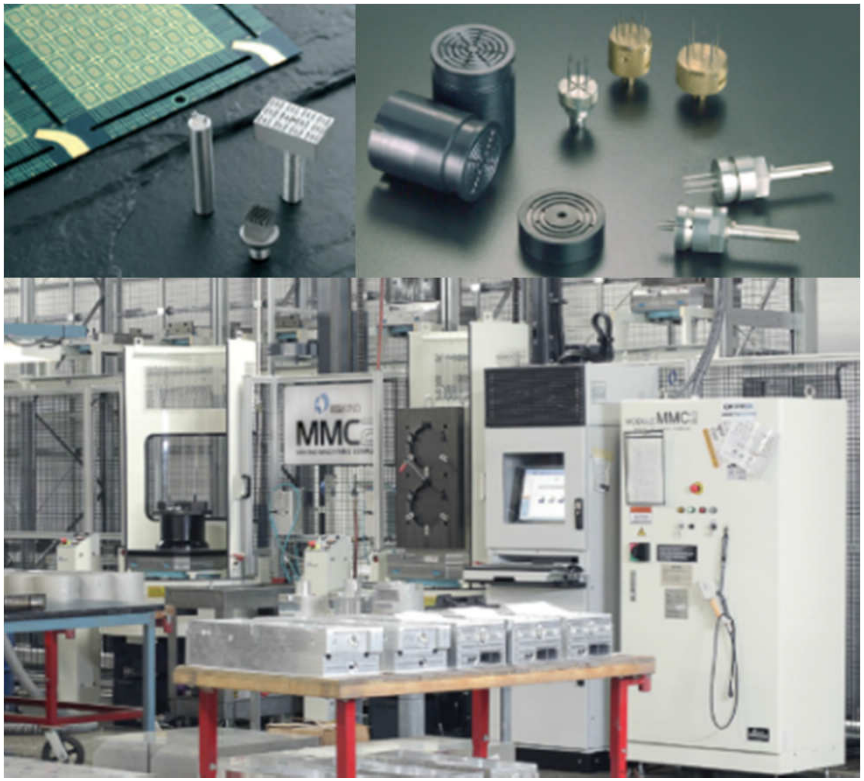
KEY TAKEAWAYS

CHRIS BORCH, CEO

LOW MING WAH, COO

Key Takeaways

- **Steady profit** despite slowing market conditions and volatile currency rates
- **Healthy and improving GP margin** from continuous efforts to improve productivity and an on-going focus on manufacturing parts and tools for process-critical applications **where flawless quality, on-time delivery and cost-effective performance create value for our customers.**
- **Higher dividends** of 6.0 cents per share for FY2016 and a focus on **continually enhancing long-term stakeholder value**
- **Sound financial position** with more than S$20 million in cash and no borrowings
- **Markets remain unpredictable and cost-competitive** Global chip sales for 2016 expected to decline



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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