

**POISED FOR GROWTH**

**Investor Presentation  
January 2018**

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1. Overview
2. Core Differentiating Capabilities
3. Business Segments & Products
4. Financial Performance
5. Outlook & Strategy

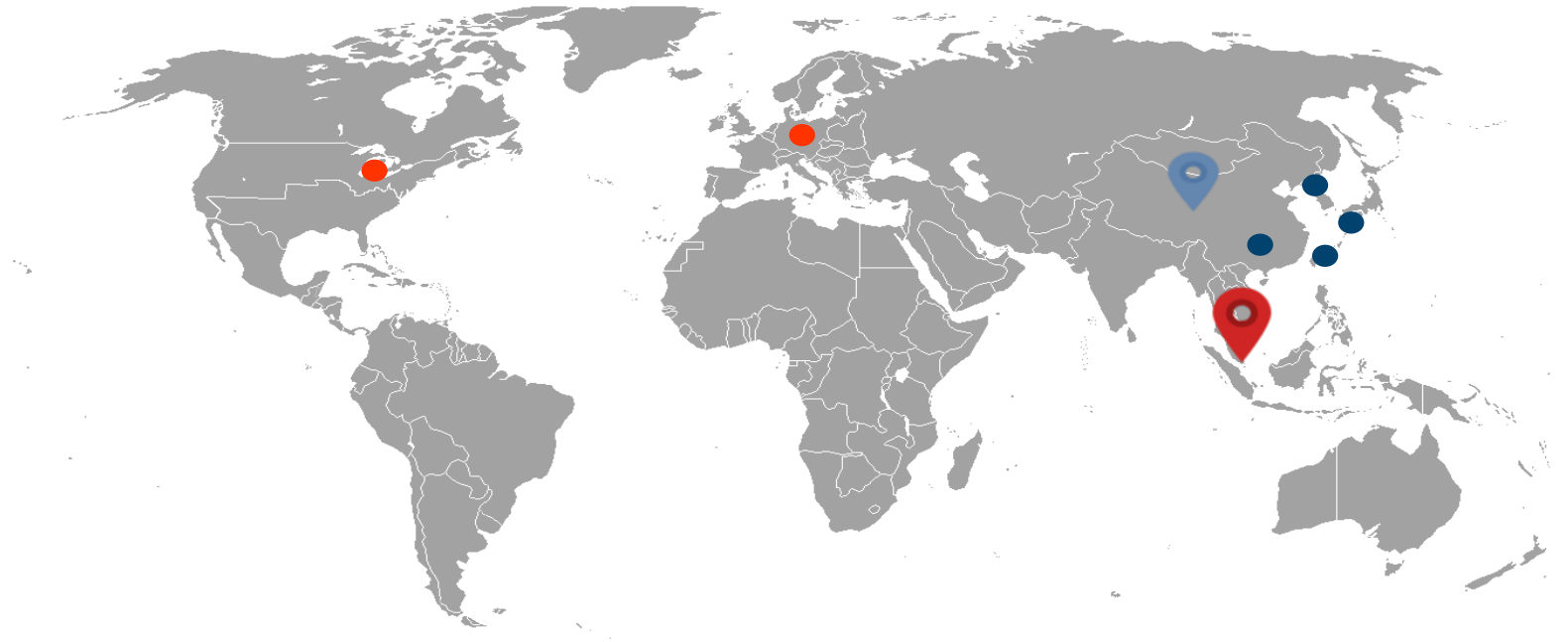
Founded in 2000 and listed on SGX Mainboard (SGX: BOL) since 2004

Liquid Silicon Rubber and Plastics precision components solution provider serving:

1. Automotive (44.0%) \*
2. Consumer Electronics (37.0%)
3. Telco (12.5%)
4. Industrial & Medical (6.5%)

Three manufacturing plants in China: Dongguan, Nantong and Kunshan with a total plant area of 159,866m<sup>2</sup> (equivalent to 145 Olympic-sized swimming pools)





 Headquarter - Singapore

 China Manufacturing Sites

- Dongguan
- Nantong
- Kunshan

 Sales & Engineering Offices Asia

- Tokyo, Japan
- Taipei, Taiwan
- Shanghai, China
- Qingdao, China

 Representative Offices in Europe and US

- Detroit, USA
- Hannover, Germany

# Manufacturing facilities all with tooling capabilities



## Dongguan, China

- 40,600m<sup>2</sup>
- 1,600 employees
- Products manufactured for following sectors:  
Automotive  
Consumer Electronics



## Nantong, China

- 72,600m<sup>2</sup>
- 1,600 employees
- Products manufactured for following sectors:  
Automotive  
Consumer Electronics

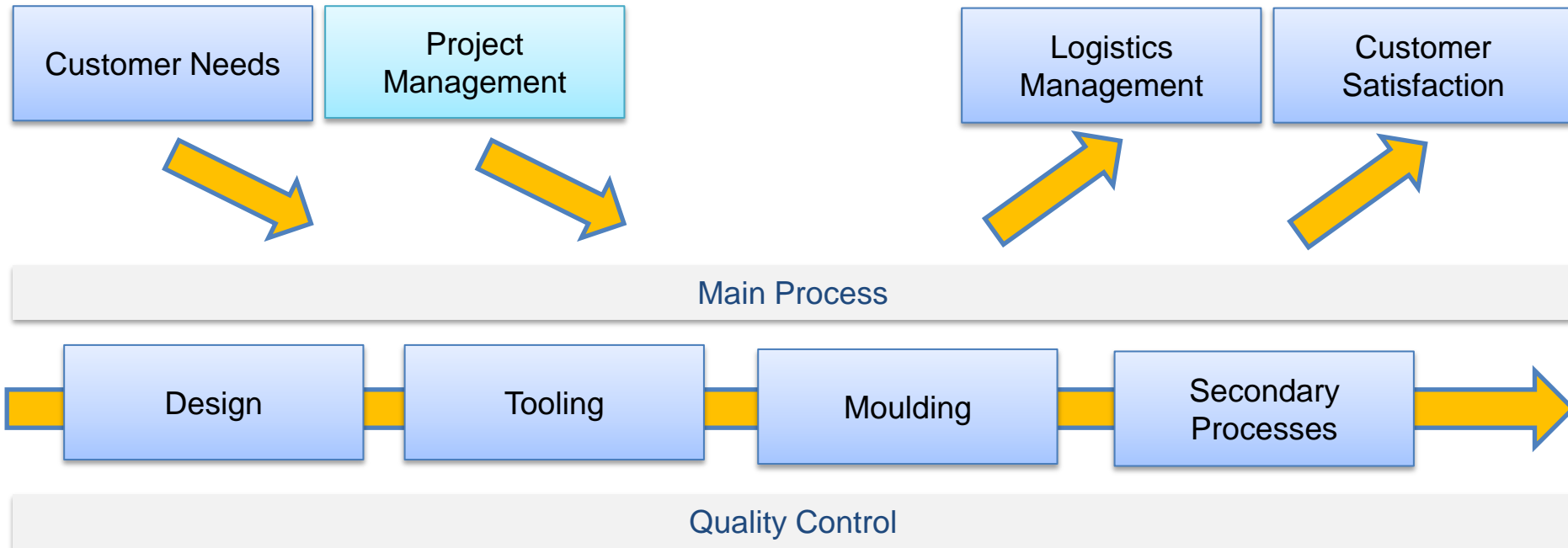


## Kunshan, China

- 46,666m<sup>2</sup>
- 1,000 employees
- Products manufactured for following sectors:  
Automotive  
Consumer Electronics

## One-stop Service Provider

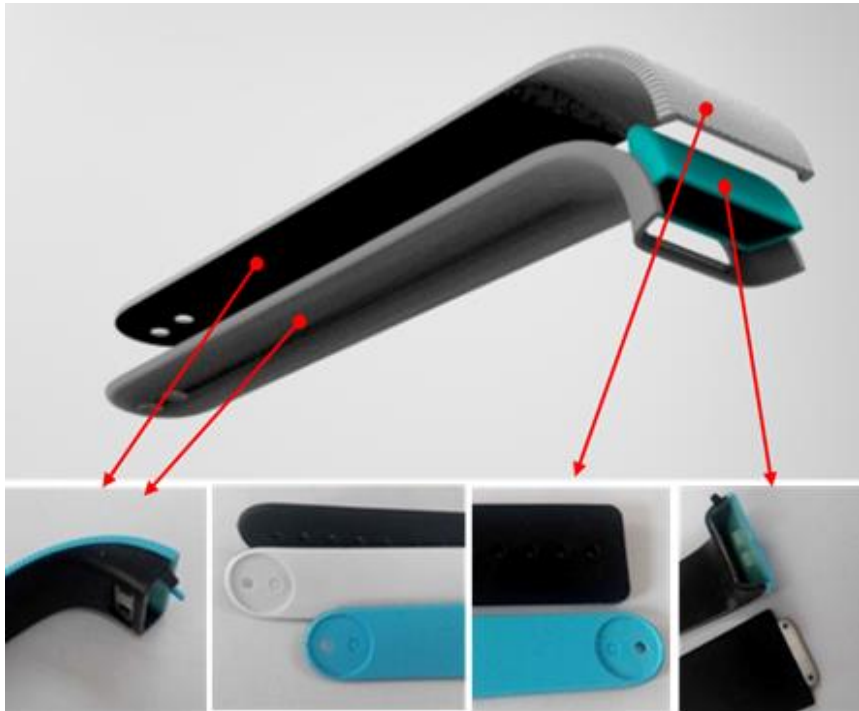
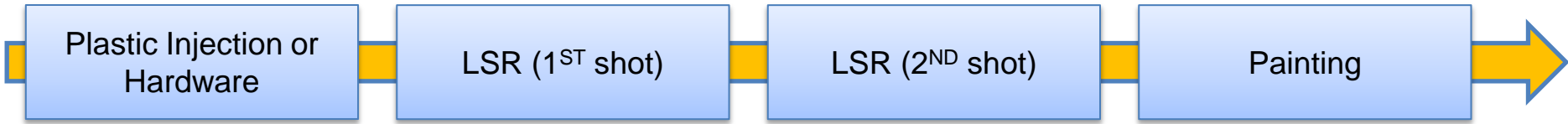
- Understanding customers' requirements and offering tailored solutions
- Engineering Design – Mould Fabrication – Manufacture and Assembly
- Enhancing customer relationships and creating cohesion with more value-added services



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# Core Differentiating Capabilities: Liquid Silicone Rubber



Stratified      Different Colours      Texturing Surface      Co-moulding

## Description

- With Liquid Silicone Rubber (LSR) technology, silicone rubber can now be combined with plastic. It also resolves the flashes problem which occurs in traditional compression moulding
- Memtech has a longstanding understanding of the material over competitors, LSR can be difficult to mould into certain shapes before it hardens

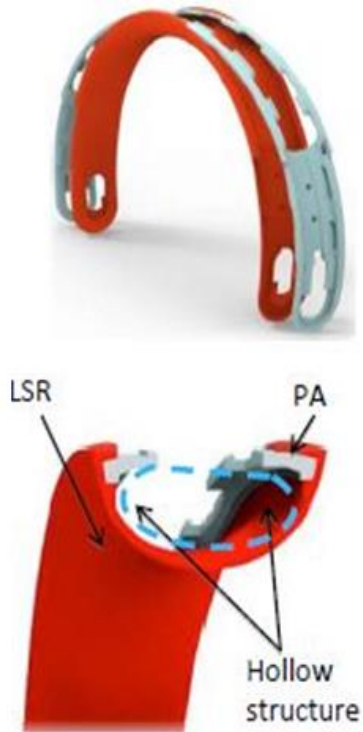
## Advantages

- Can produce in multi-colour option
- Different surface texture can be made according to product's requirement
- Co-moulding process with plastic can be implemented, to improve products' appearance or functionality
- In return, assembly can be simplified

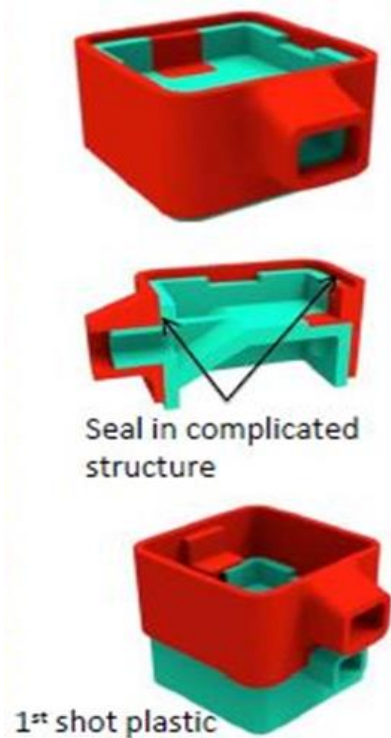
# Core Differentiating Capabilities: Liquid Silicone Rubber



LSR co-mould with hollow structure



LSR co-mould with complicated structure

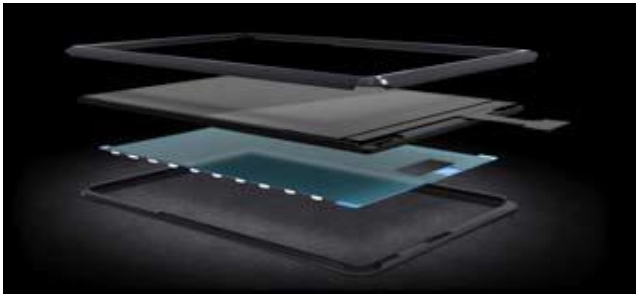


Micro precision dual co-moulding



Dual material co-mould with wire embedded





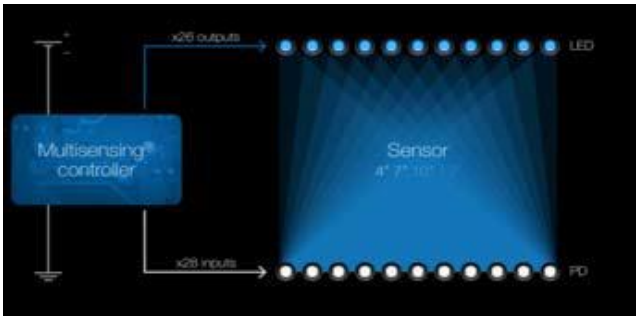
One of the few vendors worldwide qualified and experienced with Infra-Red (IR) light guide capability

## Applications

- Tooling & Fabrication
- Mass production of light guide injection

## Benefits

- Attains uniform light distribution
- Through the programming test fixture, each piece will be screened 100% before delivery



# Core Differentiating Capabilities: Waterproof Housing



## Housing Parts

## Illustration

Waterproof housing  
PA/PC+GF+LSR  
IPX5/X7



7" Tablet



4" Smart Phone



Camera battery sealing  
SUS + LSR / IPX5



Phone, Tablet & E-book  
Sidekey sealing SUS  
+LSR  
IPX5/X7 certified



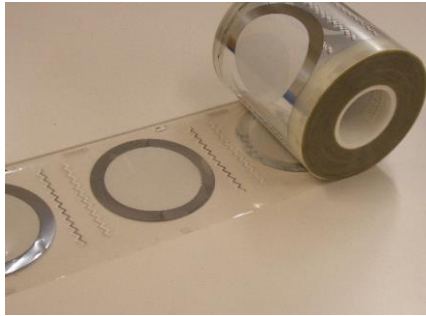
Phone, Tablet & E-book  
Side Door sealing  
SUS +LSR  
IPX5/X7 certified



# Core Differentiating Capabilities: In-Mould Design Technology

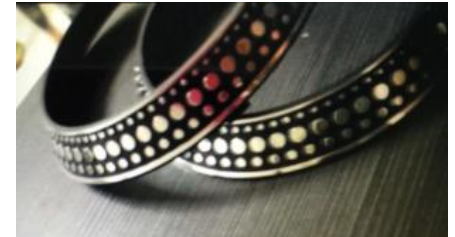


## In-Mould Decoration



## Advantages

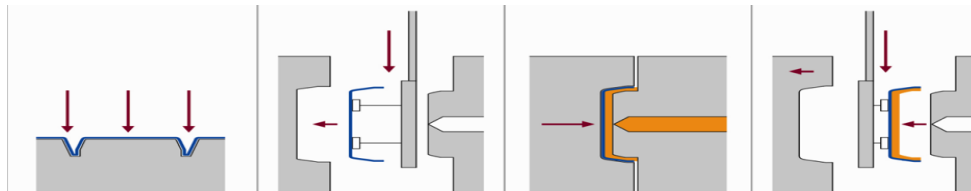
- Cost saving during mass production
- Metallic effect, pearl/bright chrome effect, matt finishing effect, etc
- Non-conductive vacuum metalising (NCVM) can be done on Insert Moulding Decoration film, this can prevent signal interference from automotive key fobs
- Environmental protection



## IMD by Forming-film



## IMD by Forming-film

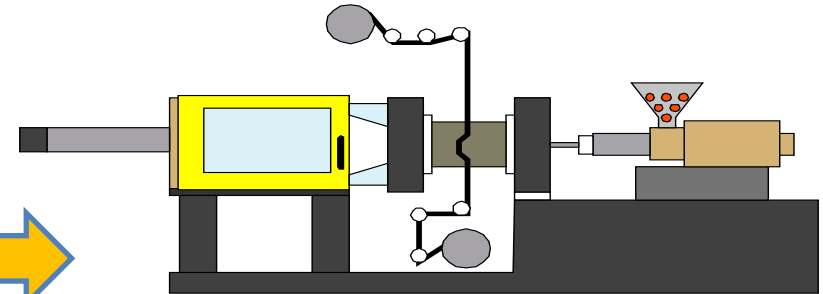


IMD film – pre-heating

Place on tool

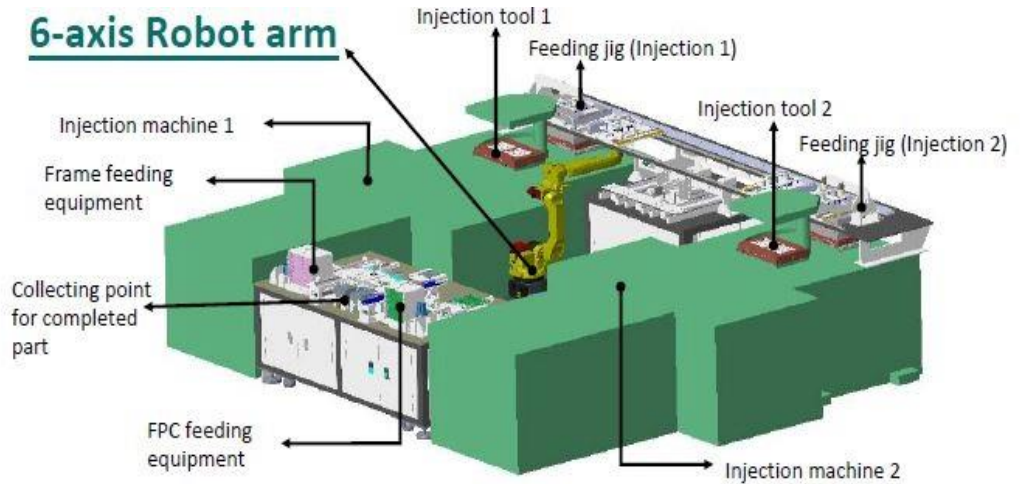
Injection

IMD complete



## Automation Manufacturing

- High efficiency mass production set-up
- Stable process with high yield rate
- Reduce reliance on labour
- Improves productivity
- Cost savings on tools and equipment



## Single & Dual shot, Multi-Colour, Electroforming, Rubber moulding



Makino CNC



High Speed CNC



Makino WEDM



Rockwell Hardness  
Tester



Makino EDM



CMM



Flat Scope



Erowa UPC

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## Automotive

### Climate & Audio Controller

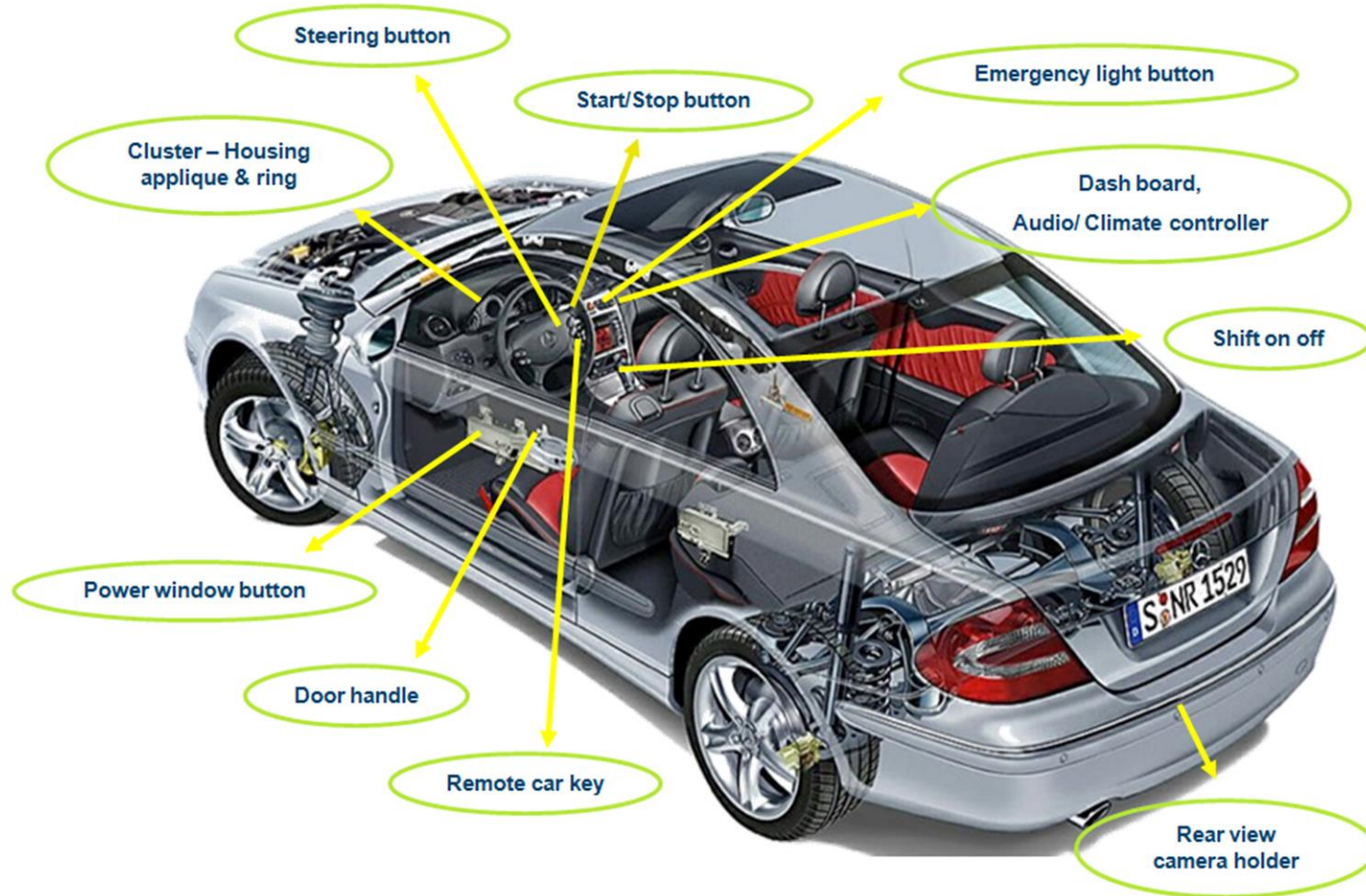


### Key Fobs



### Other Plastic Parts





## Consumer Electronics

### Computer Keyboard



### Infrared (IR) Guide Light



### Speakers & Headphones



### Router & Digital Box Housing



### Remote Controls



### Streaming Devices



### Gaming Devices

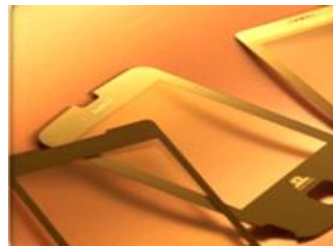


## Telecommunications

### Keypads



### Window & Anti-Reflective Lens



### Waterproof Housing



### Casing



## Industrial & Medical

### Bar Code Scanner



### Medical



### Others



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# Financial Highlights

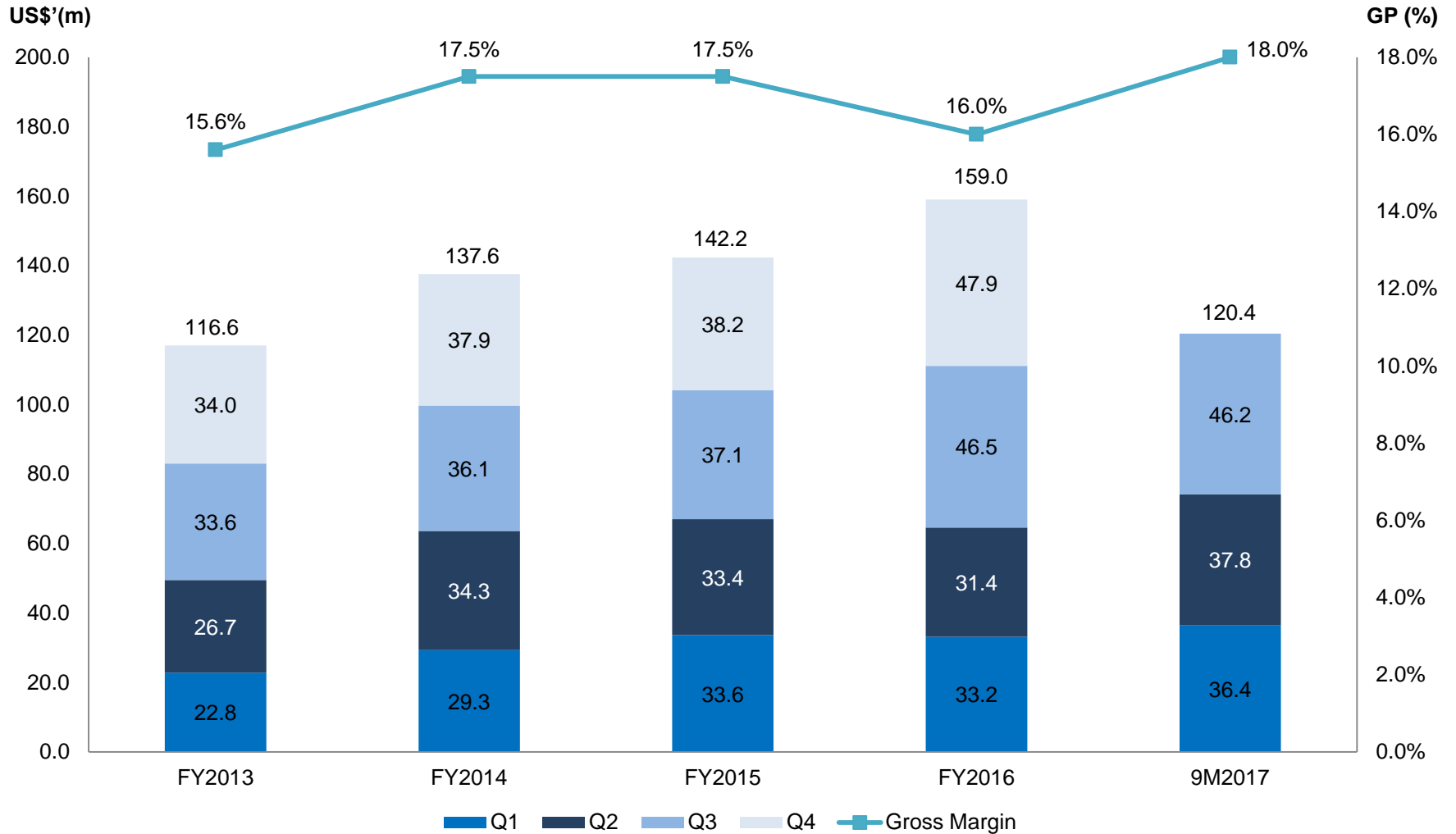


US(\$'000)	FY2013	FY2014	FY2015	FY2016	9M2016	9M2017
<b>Revenue</b>	116,582	137,573	142,214	159,005	111,072	120,399
<b>Gross Profit</b>	18,197	24,037	24,819	25,395	16,204	21,631
<b>Gross Margin</b>	15.6%	17.5%	17.5%	16.0%	14.6%	18.0%
<b>EBITDA</b>	9,100	15,600	16,500	15,000	8,812	14,771 <sup>1</sup>
<b>Net Profit</b>	(4,436)	17,180	8,122	6,270	2,250	10,366
<b>Net Margin</b>	n.m.	12.5%	5.7%	3.9%	2.0	8.6
<b>EPS (US Cents)</b>	(0.5)	2.4	1.2	4.5*	1.6	7.4
<b>Dividends Paid (US\$)</b>	3,351	3,211	3,287	2,516	-	-
<b>Dividend payout Ratio</b>	88.1%	18.82%	40.5%	40.1%	-	-
<b>Debt to Equity Ratio</b>	4.0%	3.0%	2.0%	4.1%	2.8%	4.1%

\*On 7 January 2016, the Company completed a share consolidation exercise ("Share Consolidation") in which every five (5) existing ordinary share were consolidated into one (1) ordinary share. Before the Share Consolidation, the issued share capital of the Company comprised of 720,000,000 ordinary shares. After the Share Consolidation, the issued share capital of the Company comprised 143,999,998 ordinary shares, after disregarding fractional entitlements.

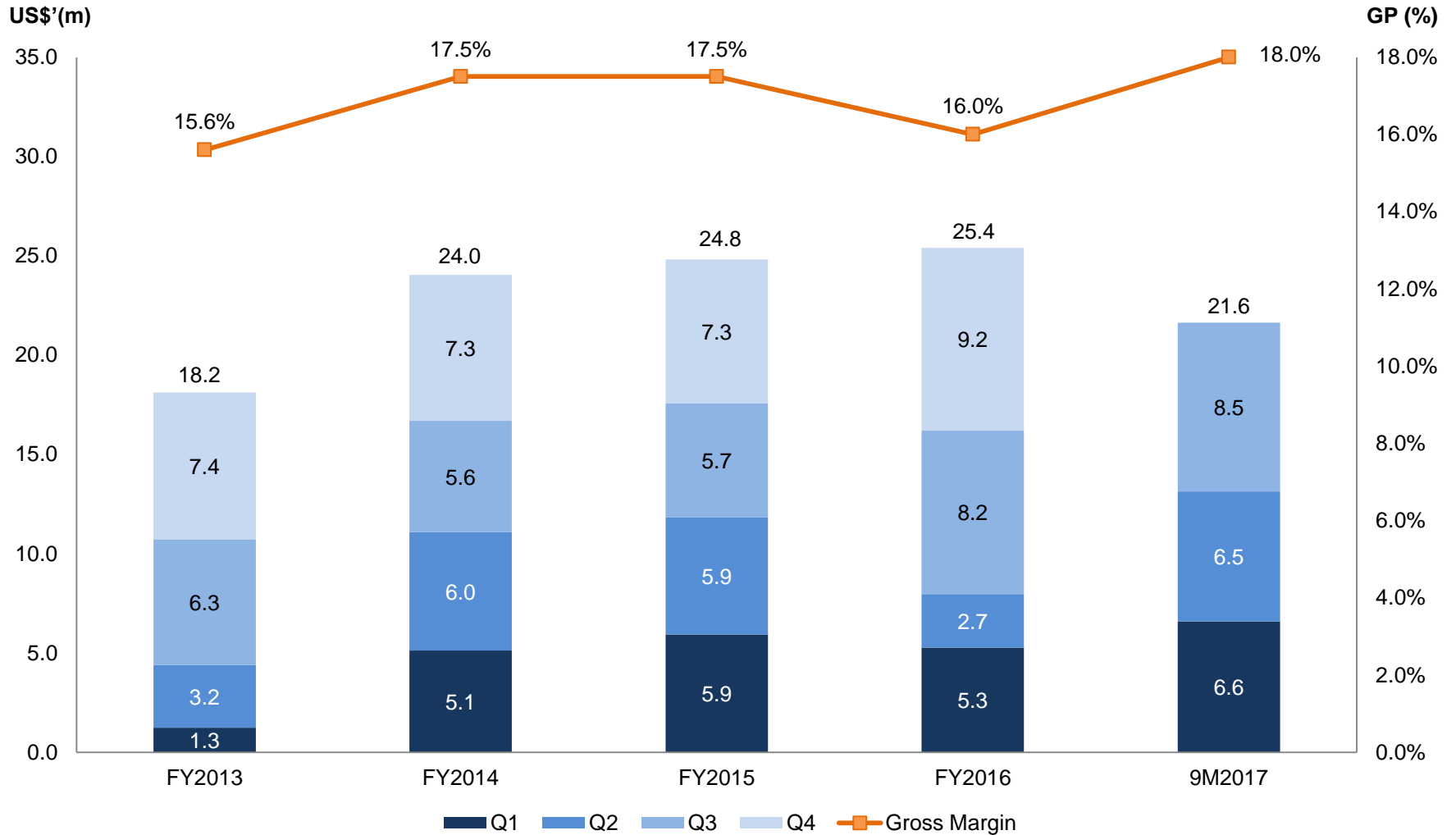
Note (1): Excluding one-off gains on disposal of PP&E

# Financial Highlights: Revenue & Gross Profit Margin

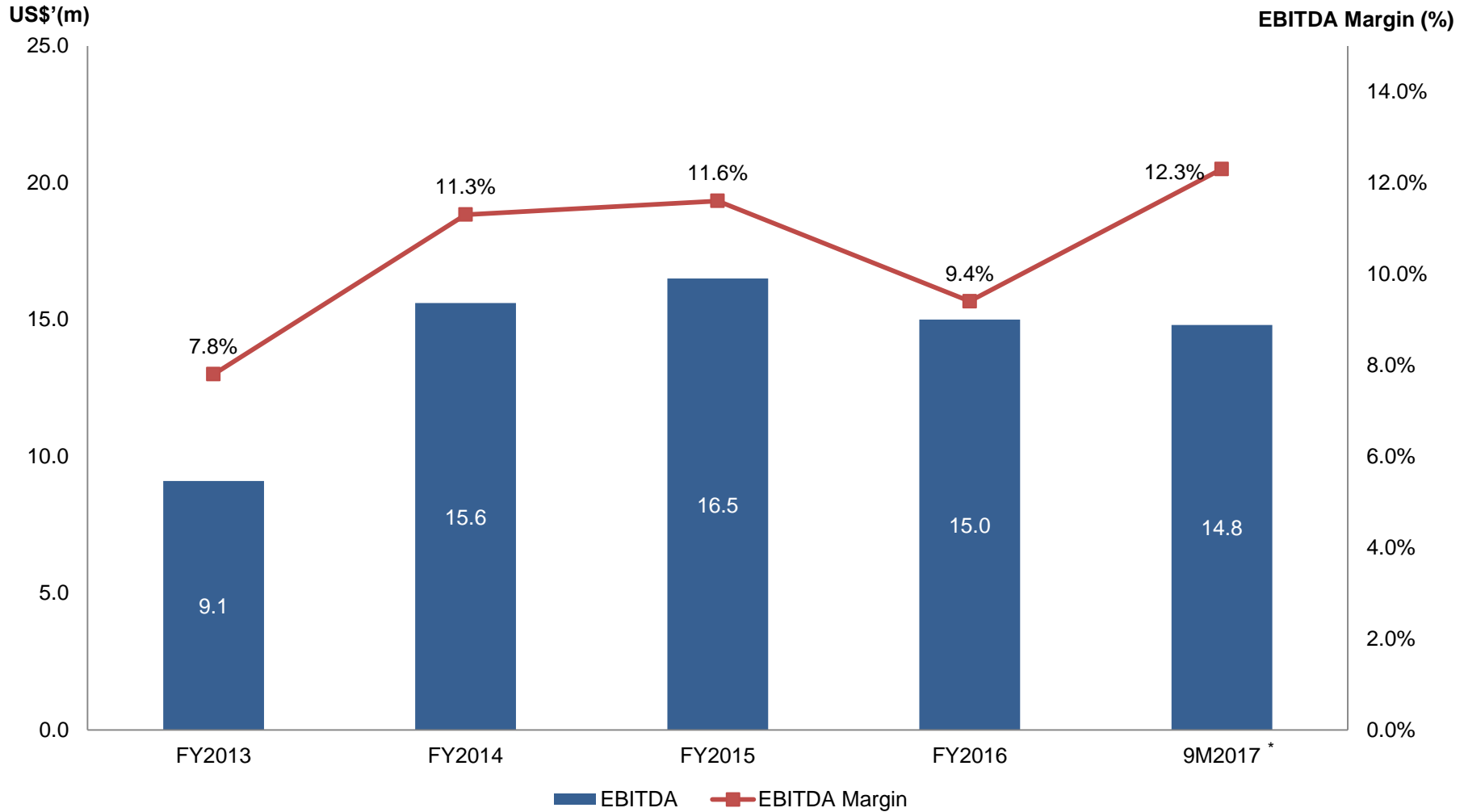




# Financial Highlights: Gross Profit & Gross Profit Margin

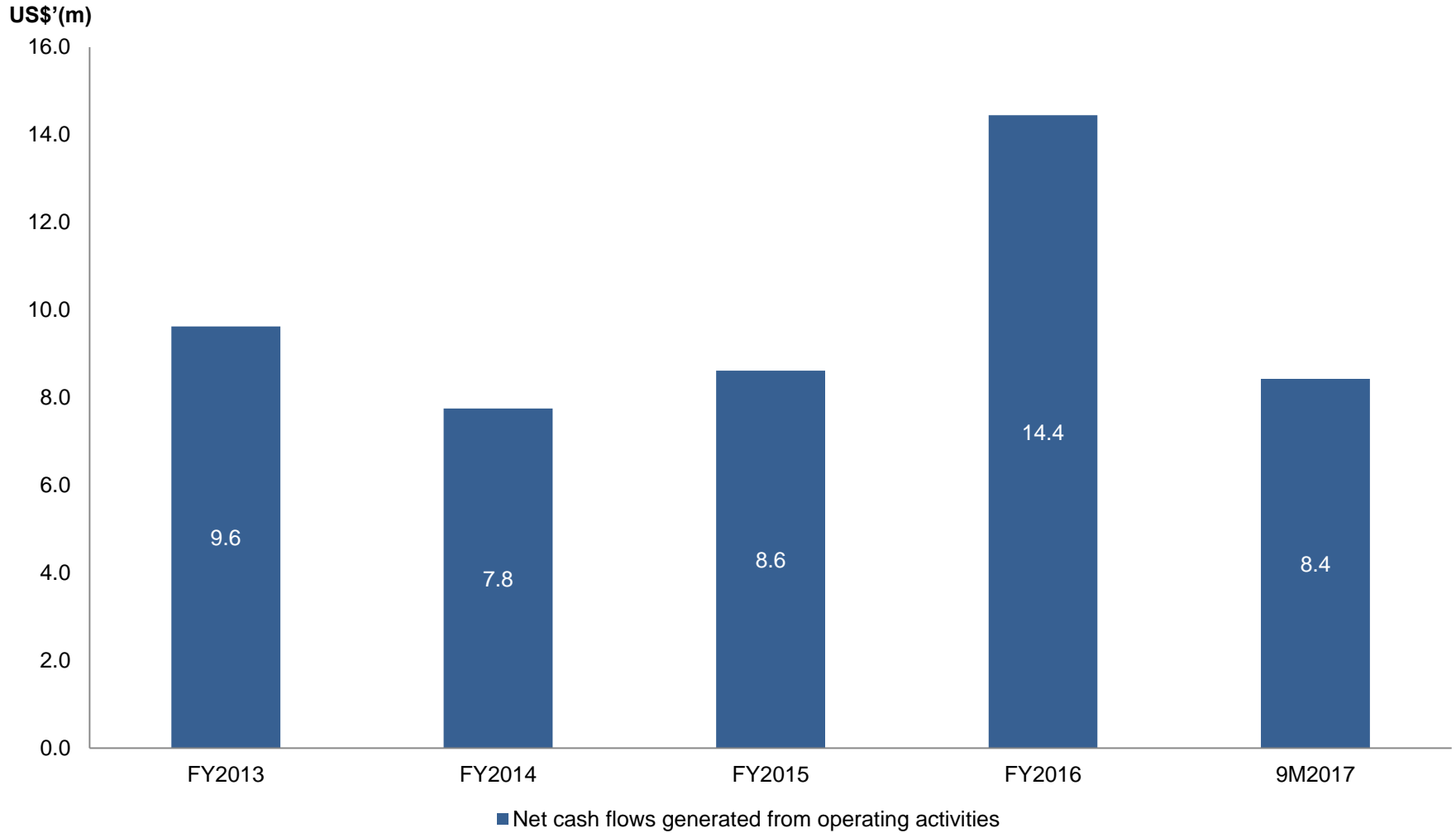


# Financial Highlights: EBITDA & EBITDA Margin



Note: Excluding one-off gains on disposal of PP&E

# Financial Highlights: Positive Operating Cash Flows

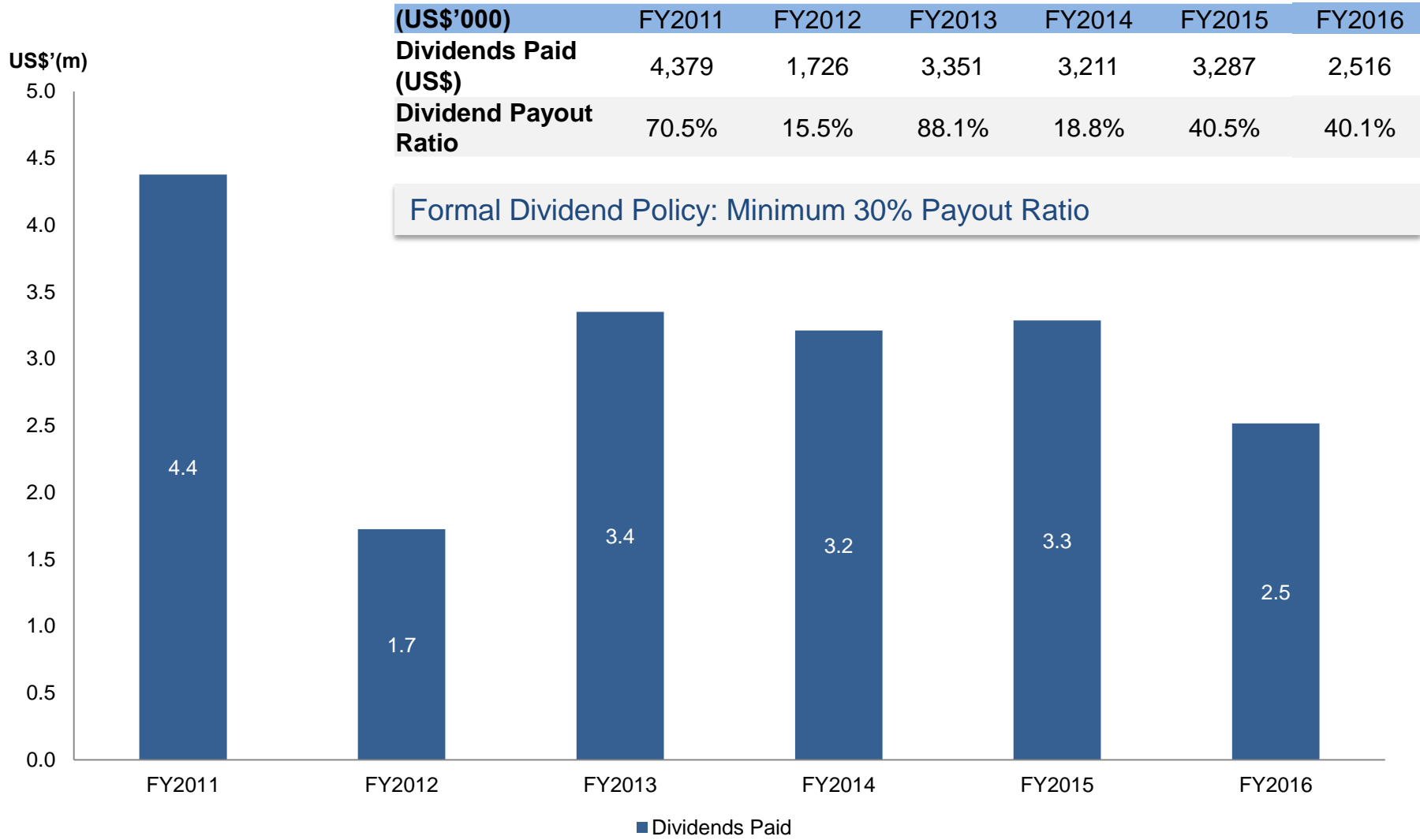


# Financial Highlights: Balance Sheet



US(\$'000)	FY2013	FY2014	FY2015	FY2016	9M2017
<b>Total Shareholders Equity</b>	109,783	112,126	112,138	110,642	121,463
<b>Total Assets</b>	147,251	152,900	151,428	165,733	176,399
<b>Total Liabilities</b>	37,468	40,774	39,049	54,900	54,655
<b>Net Current Assets</b>	71,416	71,609	74,496	78,214	86,577
<b>Cash &amp; Cash Equivalents</b>	37,094	32,433	26,767	27,353	33,247
<b>Debt to Equity Ratio</b>	4.0%	3.0%	2.0%	4.1%	4.1%

# Financial Highlights: Dividend track record



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- Differentiating with innovative technological competencies
- Portfolio of manufacturing technologies backed by at least 120 registered Intellectual Properties

- Gradually reducing reliance on labour with shift towards automation
- Increase in automation helps to drive productivity levels and average output per headcount

- Sales and costs are primarily in USD
- Reduced earnings sensitivity due to due to FX fluctuation, particularly with USD
- Reporting currency is also denominated in USD



## Diversifying customer base across all business segments

- Focus on Automotive and Consumer Electronics segments as growth drivers
- Strategically located near automotive manufacturing hubs in China (penetrated a segment which has high barriers of entry in 2011 ; quickly grown to be the largest revenue contributor by 3QFY2017)
- Expansion into acoustic-related products and tapping on the Smart Home trend worldwide

## Increasing order allocation from existing key customers

- Strengthen relationships with existing customers by value-adding with engineering design capabilities
- Long term relationships with key customers; sole source supplier source for some

## Improving product mix and quality of earnings

- Targeting higher value work with better margins which includes more complex projects that involves semi-automation, robotic and advanced manufacturing technologies
- Gradually reduce outsourcing work that command lower profit and margin

## Consistent CAPEX investments to drive mid-long term growth

- Targets CAPEX of approximately US\$10.0 million for FY2017 (FY2016: US\$11.3 million) to support overall growth initiatives
- Guides for an additional CAPEX of up to US\$9.0 million for FY2018 to maintain growth trajectory for next 3-5 years

## Ensuring earnings stability

- Committed to stable earnings growth to prevent earnings volatility
- Continue to support dividend payout to reward shareholders (Current dividend policy with min. 30% payout ratio)



## Automotive

- Gaining Projects from Chinese auto companies
- Next Car [www.nio.io](http://www.nio.io)
- WEY [www.wey.com](http://www.wey.com)
- Electric Vehicle components companies



## Consumer Electronics

- Beats: Two new projects awarded for Y2018
- Bose: First project into small batch production
- JBL: Prototype samples submitted
- Major US Consumer Electronics Company: received tooling orders for 1<sup>st</sup> project, expect to go into mass production in 2H Y2018 ; with multiple projects in the pipeline including accessories for their phone model.
- Smart Home Devices: Delivery for Google/Nest products has began



## R&D

- 3D printing technology for Tooling gaining appreciation from Tesla

## Continuing Automation of LSR technology

Turnaround  
play with  
earnings  
recovery

Valuation gap  
compared to  
industry peers\*

- FY/18 PE of 10.4 (Peers: 13.17)
- FY18 EV/EBITDA of 3.72 (Peers: 7.3)
- FYP/B of 0.97 (Peers: 1.98)

Positive  
operating cash  
flow yearly  
since listing in  
2004

Resilient  
balance sheet  
with net cash  
position  
approximately  
25% of market  
cap

Rewards  
shareholders  
with dividend  
policy of min  
30% payout  
ratio

High earnings  
growth  
trajectory  
driven by  
Automotive  
and Consumer  
Electronics  
project ramp-  
ups

\*Bloomberg consensus estimates, 7 November 2017

**Thank You**



**Investor Relations:**

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