



MICRO-MECHANICS®

perfect parts and tools, on time, every time

Annual General Meeting FY2022

14 October 2022



MICRO-MECHANICS®

perfect parts and tools, on time, every time

Business & Industry

Chris Borch, CEO

Low Ming Wah, COO



Corporate Overview

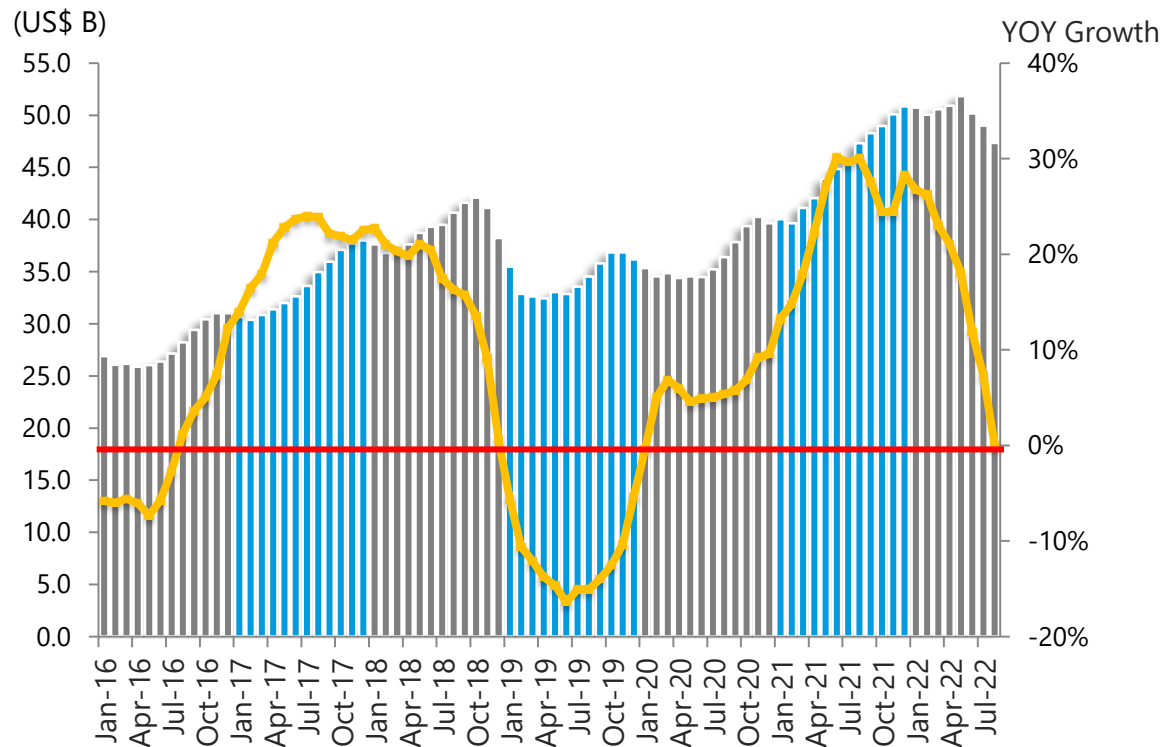
Perfect Parts and Tools On Time, Every Time
based on scalable, repeatable and cost-effective processes

- 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



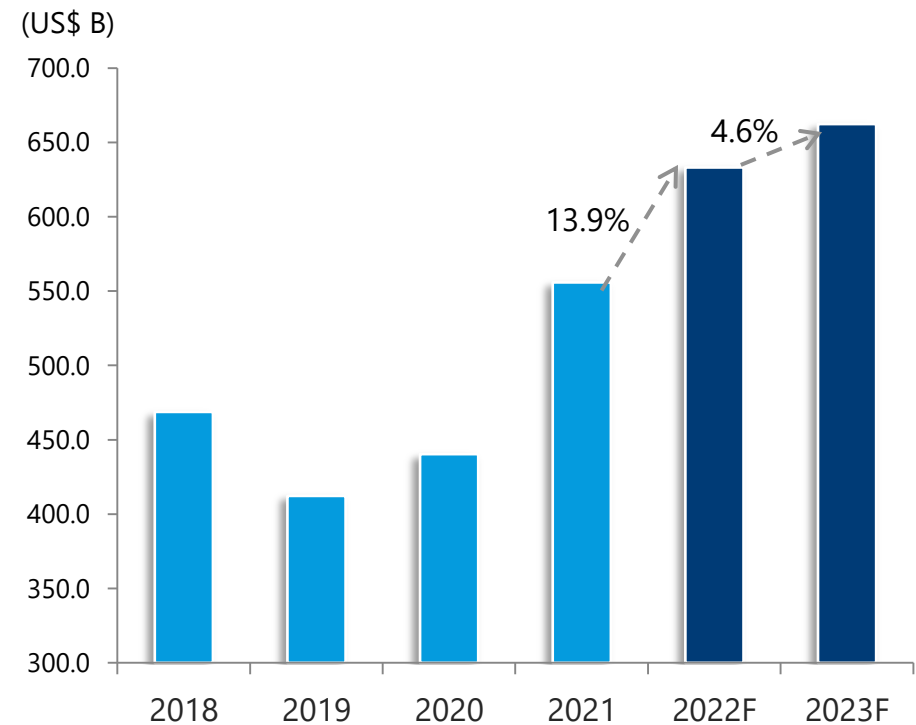
Semiconductor Industry Review

Global Monthly Chip Sales



Worldwide semiconductor sales for the first half of 2022 increased 18% year-on-year to US\$303.5 billion. SIA said global semiconductor sales remained robust in the second quarter of 2022. However, market growth has slowed in recent months with sales growth in June dipping below 15% for the first time since February 2021.

WSTS Semiconductor Sales Forecast (Aug 2022)



WSTS is forecasting chip sales to increase 13.9% to \$633 billion, lifted by high teens year-on-year growth in most of the major categories in 2022. WSTS is forecasting the global semiconductor market to grow a further 4.6% to US\$662 billion in 2023.

Sources: Semiconductor Industry Association, World Semiconductor Trade Statistics



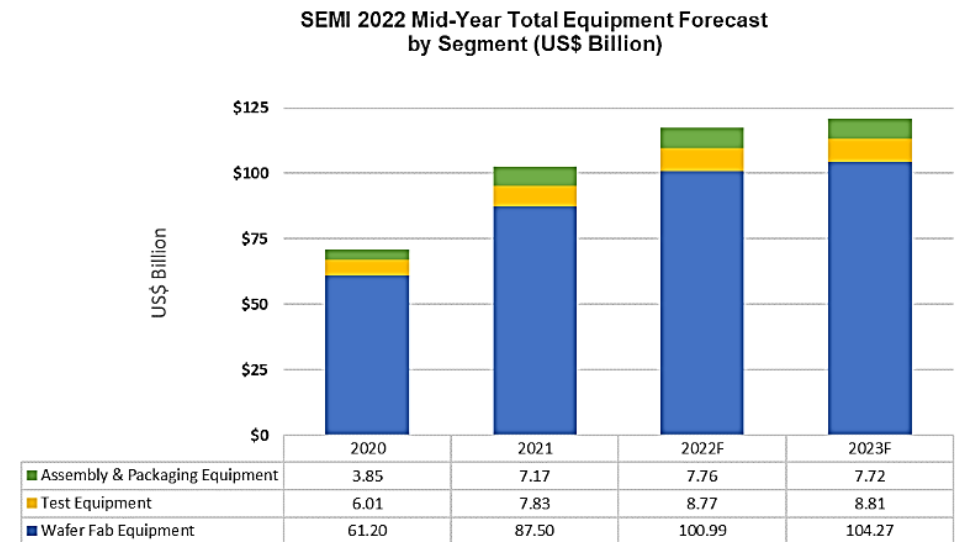
Semiconductor Industry Review

Global Semiconductor Equipment Billings (US\$ B)

Region	2Q2022	1Q2022	2Q2021	2Q (QoQ)	2Q (YoY)
Taiwan	6.68	4.88	5.04	37%	32%
China	6.56	7.57	8.22	-13%	-20%
Korea	5.78	5.15	6.62	12%	-13%
North America	2.64	2.62	1.68	1%	57%
Europe	1.86	1.28	0.71	46%	162%
Japan	1.65	1.90	1.77	-13%	-7%
Rest of World	1.25	1.29	0.84	-3%	50%
Total	26.43	24.69	24.87	7%	6%

SEMI said global semiconductor equipment billings grew 6% year-over-year to US\$26.43 billion in the second quarter of 2022. Quarter-over-quarter billings rose 7% from the first quarter of 2022.

SEMI's Mid-Year Total Semiconductor Equipment Forecast (July 2022)



Global sales of semiconductor manufacturing equipment by original equipment manufacturers are forecast to reach a record \$117.5B in 2022, up 14.7% from the previous industry high of \$102.5B in 2021, and increase further to \$120.8B in 2023. Both the front-end and back-end semiconductor equipment segments are contributing to the market expansion.

FY2022 Corporate Highlights

Amid a challenging backdrop, the Group delivered **record revenue and profit**, sustained **dividend returns**, and maintained a **sound balance sheet**

Operating landscape has become more challenging

SUPPLY-CHAIN SHORTAGES

Difficulty in obtaining materials on timely basis

INFLATIONARY PRESSURES

From raw materials, energy, to transport and labour costs

LABOUR CONSTRAINTS

Tight labour market, exacerbated by COVID-related disruptions

POLITICAL / REGULATORY DISRUPTIONS

Geopolitical tensions, power cutbacks in China, pandemic-related restrictions



REVENUE

\$82.5M

▲ 11.8%

GROSS PROFIT MARGIN
AT

53.4%

NET PROFIT

\$19.8M

▲ 9.7%



Corporate Strategy

We need to have goals, structures and processes in place to adapt to changes in operating environment, ensure business continuity and seize opportunities that come into view



CONTINUING OUR FOCUS ON THE KEY FUNDAMENTALS



Corporate Strategy

CONTINUING OUR FOCUS ON THE KEY FUNDAMENTALS

Building competitive advantages as semiconductor industry requirements and manufacturing processes become ultra-complex and increasingly stringent

**Keeping An
Unwavering
Focus on
Customers**

FLAWLESS QUALITY

Develop proprietary materials and cleaning methods for our parts and tools

Critical to ensure the chips are not damaged during the manufacturing process

REPEATABILITY & RESPONSIVE

High precision, repeatable, cost efficient and scalable processes

Automating our operations and implementing Smart Factory technologies

Reduce error-prone human activities and provide real time data for higher responsiveness from our people

DECENTRALISED STRUCTURE

Fast, effective and local support to global customers from our plants in Asia and the USA

Well-positioned for these industry trends:

- 31 new chip-fabrication facilities to be built in China in next 4 years

- major semi equipment makers reported plans to build 12 wafer fabrication plants in the USA and several in Singapore

- efforts to use Singapore and Malaysia as hubs for building wafer-fabrication and assembly equipment



Corporate Strategy

CONTINUING OUR FOCUS ON THE KEY FUNDAMENTALS

Maintaining Healthy Gross Profit Margin

Expect costs to continue rising in FY2023 especially for skilled factory personnel

Continue our relentless focus on working to strengthen our GP margin with initiatives to enhance the value we bring to our customers, improve quality and streamline the way we operate our plants

Building A Lean, Efficient and Resilient Organisation

Maintain a tight rein on expenses while striving for operational efficiency and resilience

Replacing our ERP system with a more powerful and cloud-based ERP

Improves operational efficiency and increases resiliency as our people will have even greater ability to work remotely, especially during situations where movements are restricted

Building with People

Employed 524 great people at the end of FY2022

Plan to do more to create market-relevant policies and work environment while continuing to recognise and reward our people for their contributions



Corporate Strategy

CONTINUING OUR FOCUS ON THE KEY FUNDAMENTALS

Driving
Performance
Through
Good
Governance

SGTI RANKING #13

Ranked **13th out of 489** companies in the Singapore Governance and Transparency Index published on 3 Aug 2022

RANK 2022	COMPANY NAME
1	SATS
2	DBS GROUP HLDGS
3	SINGAPORE TELECOMMUNICATIONS
4	CITY DEVELOPMENTS
4	SINGAPORE EXCHANGE
4	UNITED OVERSEAS BANK
7	OVERSEA-CHINESE BANKING CORP
7	SINGAPORE POST
9	KEPPEL CORP
9	SEBACORP INDUSTRIES
11	SING INVESTMENTS & FINANCE
12	DEL MONTE PACIFIC
13	MICRO-MECHANICS (HLDGS)
14	GREAT EASTERN HLDGS
14	SIA ENGINEERING CO
14	VICOM
17	SBS TRANSIT
17	TUAN SING HLDGS
19	COMFORTDELGRO CORP
19	QIAN HU CORP
21	HONG LEONG ASIA

FORBES ASIA - BEST UNDER A BILLION

Recognised in Forbes Asia Best Under A Billion on 10 Aug 2022

Micro-Mechanics was ranked **among 200-top performing** public companies out of 20,000 listed firms

SCA 2022 BEST IR – GOLD AWARD

Winner of **Best Investor Relations (GOLD)** at the Singapore Corporate Awards 2022

(for companies with S\$300 million to less than S\$1 billion in market capitalisation)





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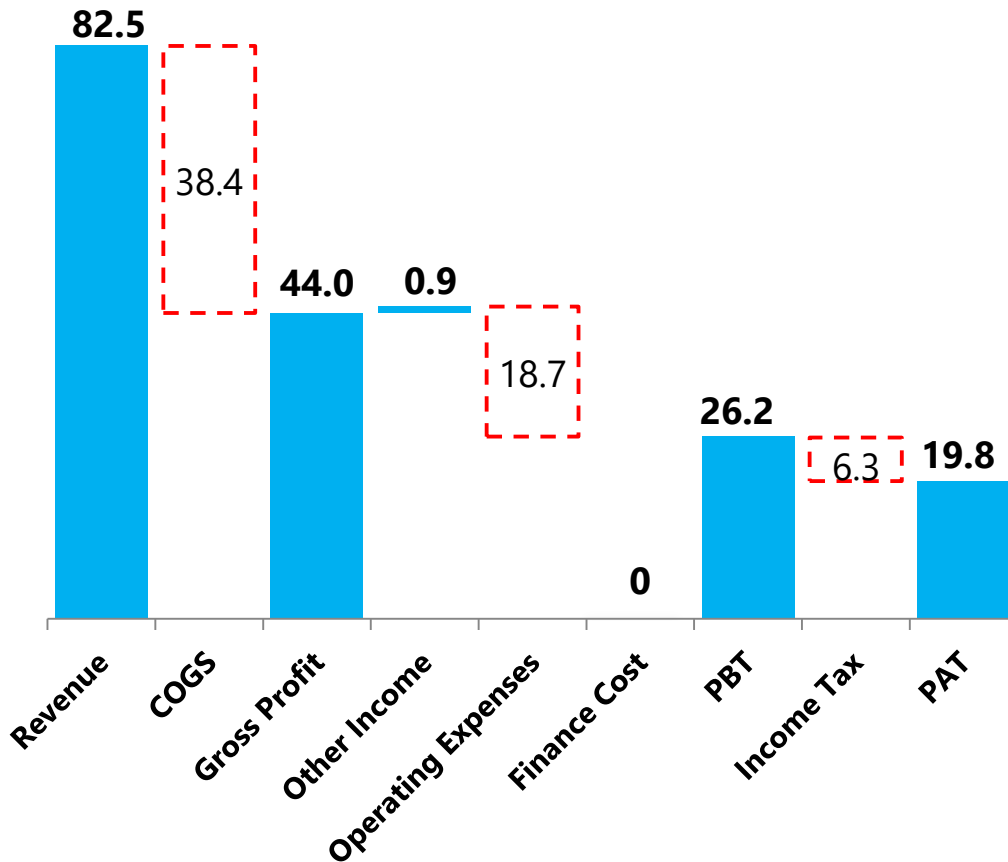
Financial Review

Chow Kam Wing, CFO



FY2022 in Review

FY2022 P&L Overview (\$ million)



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

KEY RATIOS & STATISTICS

REVENUE GROWTH	11.8%
GROSS PROFIT GROWTH	10.0%
PBT GROWTH	12.6%
NET PROFIT GROWTH	9.7%
GROSS PROFIT MARGIN	53.4%
NET PROFIT MARGIN	24.0%
EARNINGS PER SHARE	14.25 cents
DIVIDEND PAYOUT (FY2022)	98%
RETURN ON EQUITY	34.0%
CASH	S\$20.4M
BORROWINGS	Zero

FY: Financial year ending 30 June

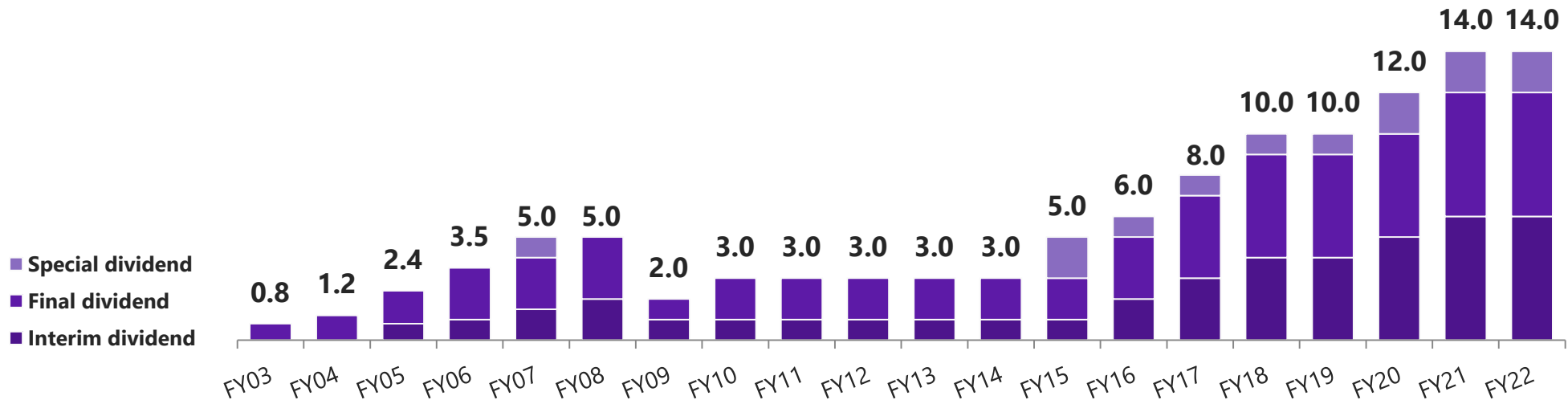


Dividend Performance

MAINTAINED DIVIDEND OF 14 CENTS PER SHARE FOR FY2022

Total dividend payout since listing – **\$1.139** per share

DIVIDEND PER SHARE (CENTS)



DIVIDEND PAYOUT RATIO

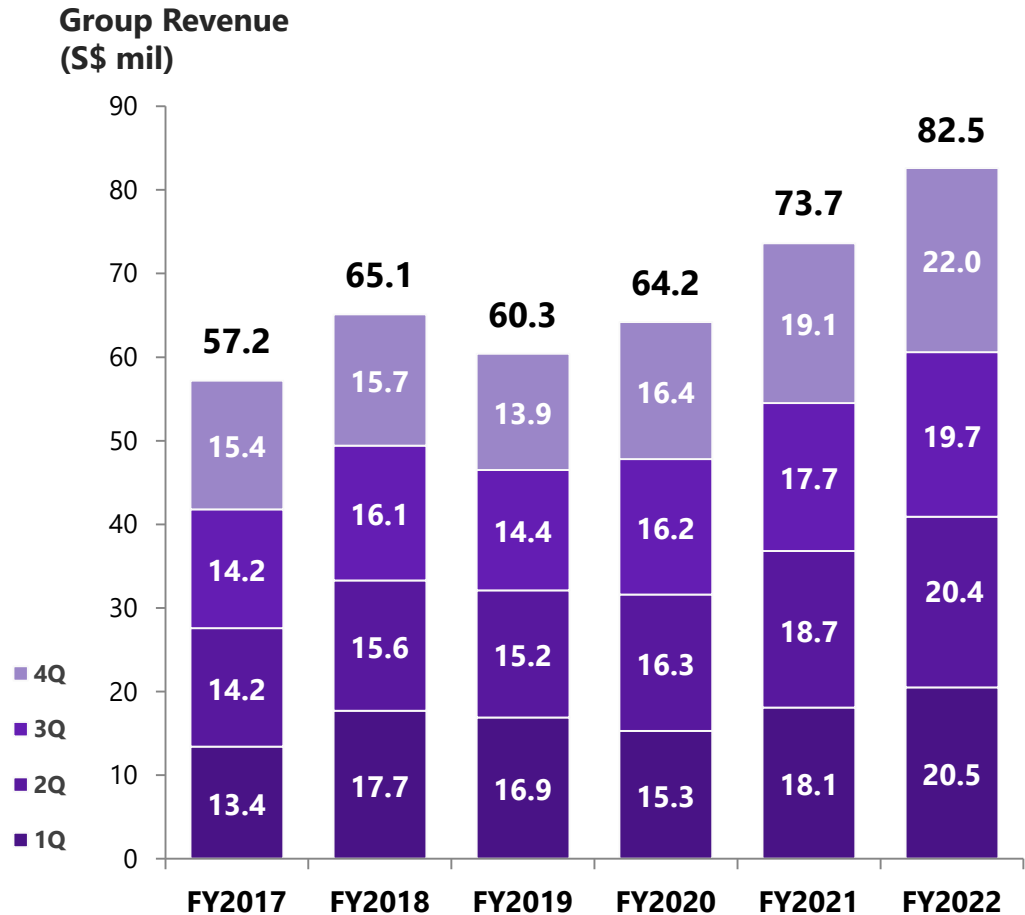
FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	F11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
29%	35%	61%	63%	83%	78%	513%	87%	61%	99%	81%	54%	58%	70%	75%	81%	107%	114%	108%	98%

Dividend Policy of Not Less Than 40% of Earnings*



Group Revenue

RECORD REVENUE FOR FY2022



4Q22 REVENUE ▲ 14.8%

- Quarterly record sales

FY2022 REVENUE ▲ 11.8%

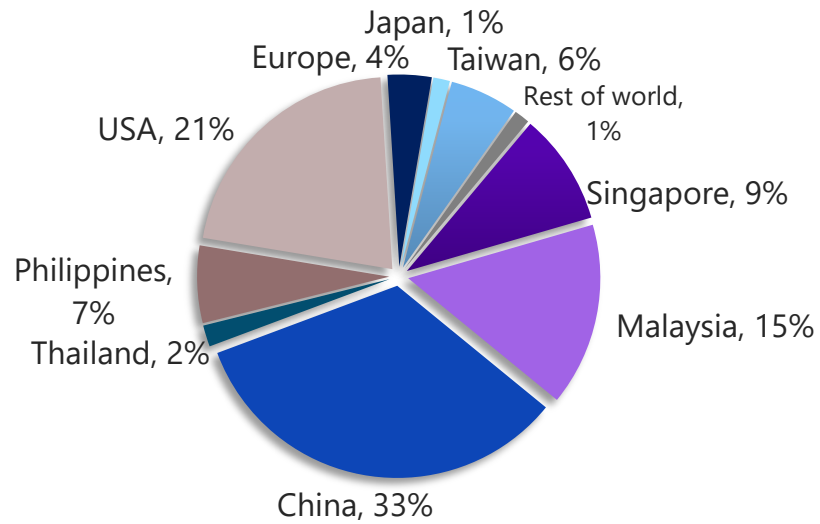
- Driven mainly by higher sales to customers in China, Malaysia and the USA



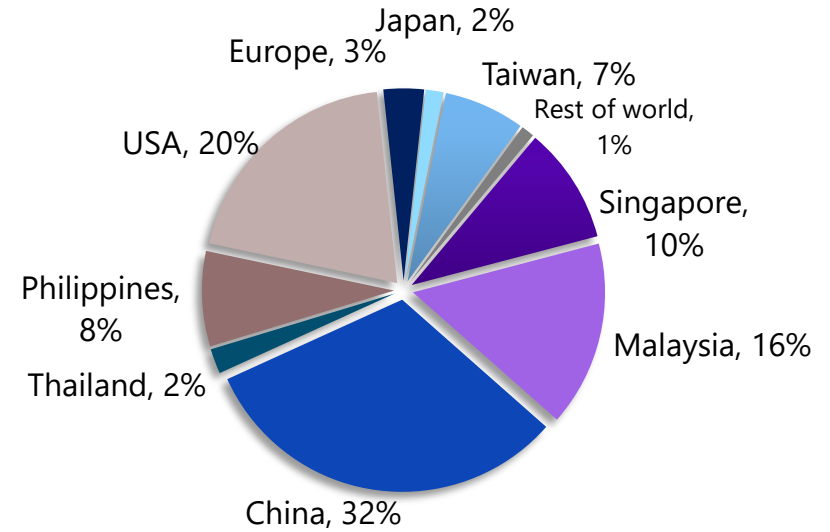
Group Revenue

DIVERSIFIED REVENUE STREAMS

Sales Breakdown for FY2022



Sales Breakdown for FY2021



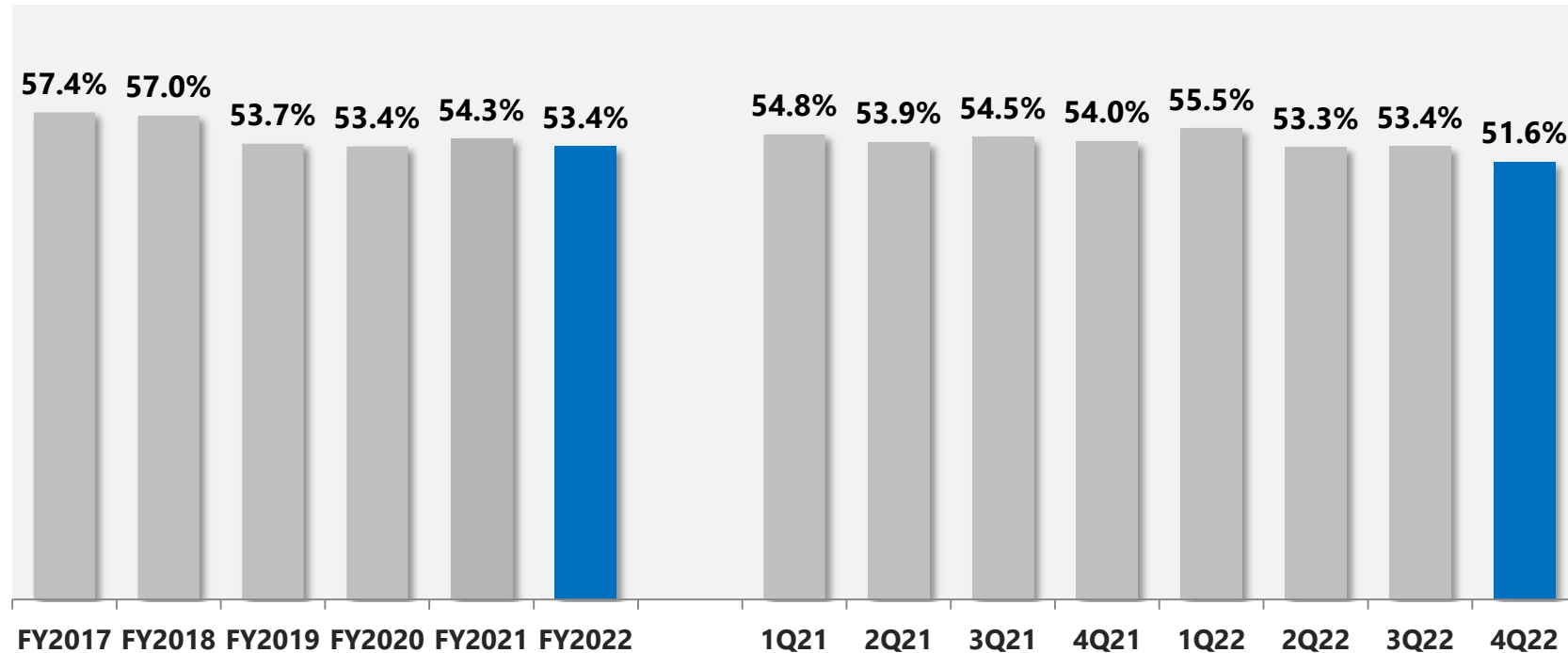
TOP 3 MARKETS*

Country	FY2022 S\$ mil	FY2021 S\$ mil	% change
China	27.6	23.3	18%
USA	17.6	14.8	19%
Malaysia	12.7	11.5	11%



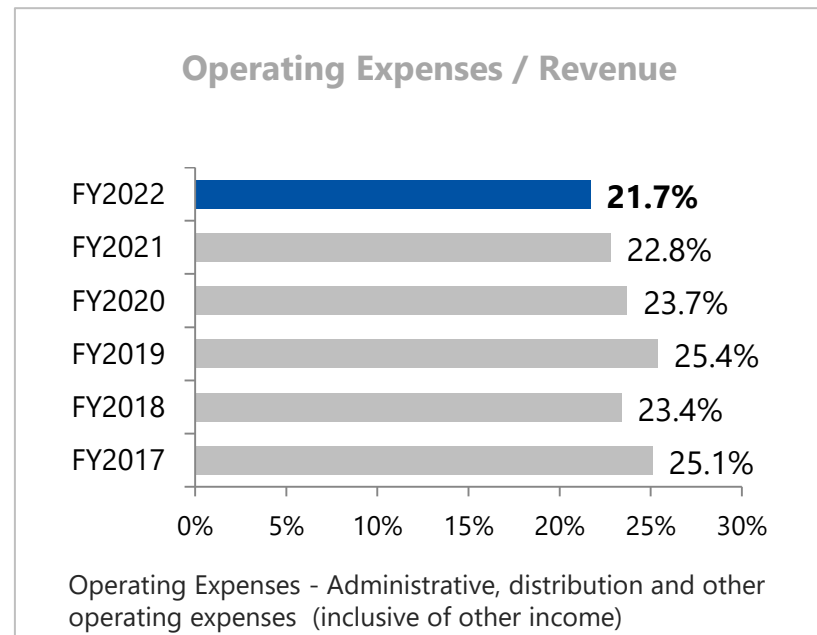
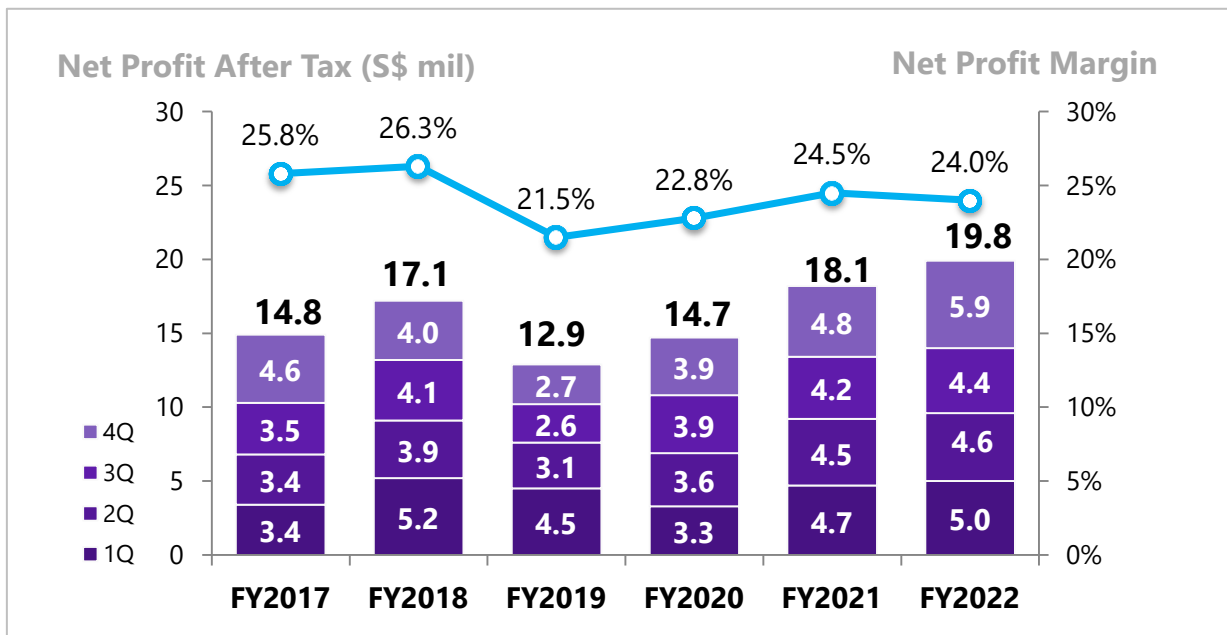
Gross Profit Margin

GROSS PROFIT MARGIN REMAINED ABOVE 50%
in spite of rising cost pressures



Profitability

RECORD NET PROFIT FOR FY2022

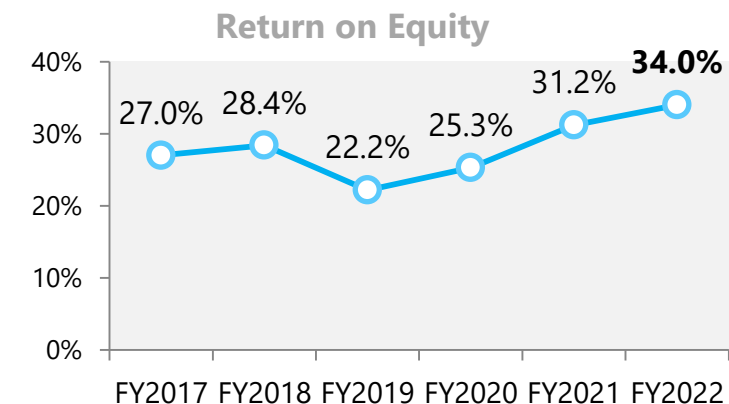


4Q22 PROFIT ▲ **22.7%**

- Quarterly record profit

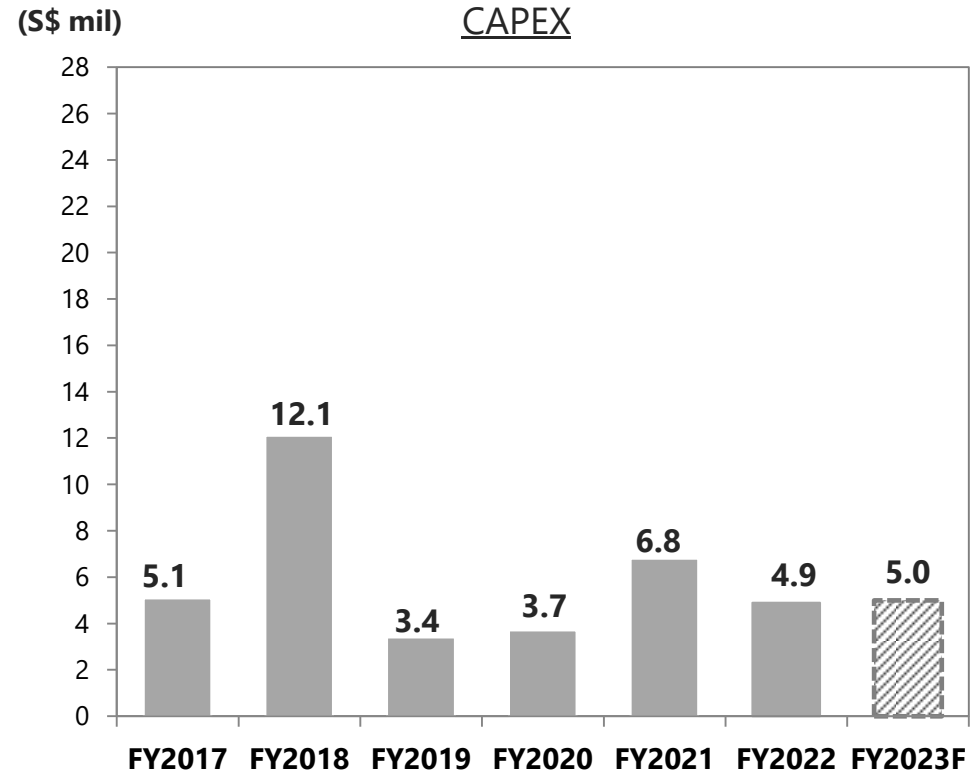
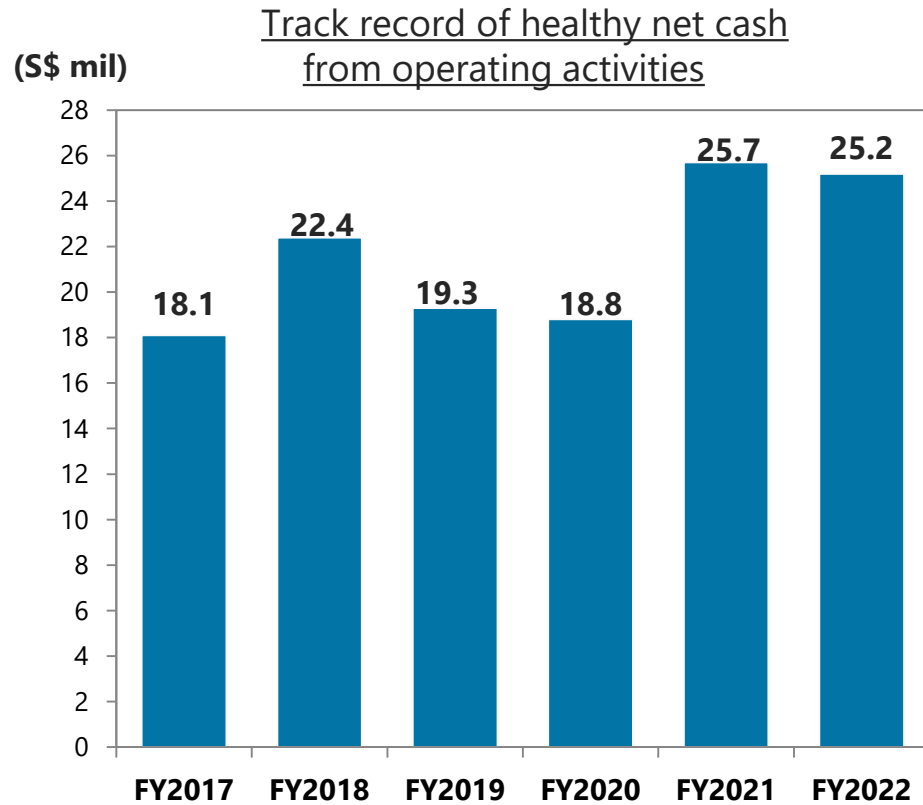
FY2022 PROFIT ▲ **9.7%**

- FY2022 PBT up 12.6% year-on-year
- Higher effective tax rate of 24.3% in FY2022 vs 22.2% in FY2021



Cash Flow

CASH-FLOW GENERATIVE OPERATIONS



- Capex budget for FY2023 – approx. S\$5M

Balance Sheet

		30 June 2022	30 June 2021
<u>Cash</u>	Cash and cash equivalents [#]	S\$20.4M	S\$20.6M
<u>Gearing</u>	Total borrowings	Nil	Nil
<u>Trade Receivables</u>	Trade Receivables (Outstanding > 90days) / (Total trade receivables) Bad debt expense	S\$15.6M 0.02% Nil (FY2022)	S\$12.9M 0.0% Nil (FY2021)
<u>Inventory</u>	Inventory Inventory / Sales Inventory write-off	S\$5.7M 6.9% S\$141k (FY2022)	S\$5.2M 7.1% S\$130k (FY2021)
<u>Equity</u>	Shareholders' equity [#] NAV per share	S\$58.3M 41.94 cents	S\$58.0M 41.69 cents

[#] Paid dividends totalling S\$19.5M in FY2022



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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