



**MICRO-MECHANICS®**

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

1H FY2017

**RESULTS PRESENTATION**

**7 FEBRUARY 2017**

# KEY OUTCOMES, STRATEGIES & **RESULTS**

CHRIS BORCH, CEO  
LOW MING WAH, COO

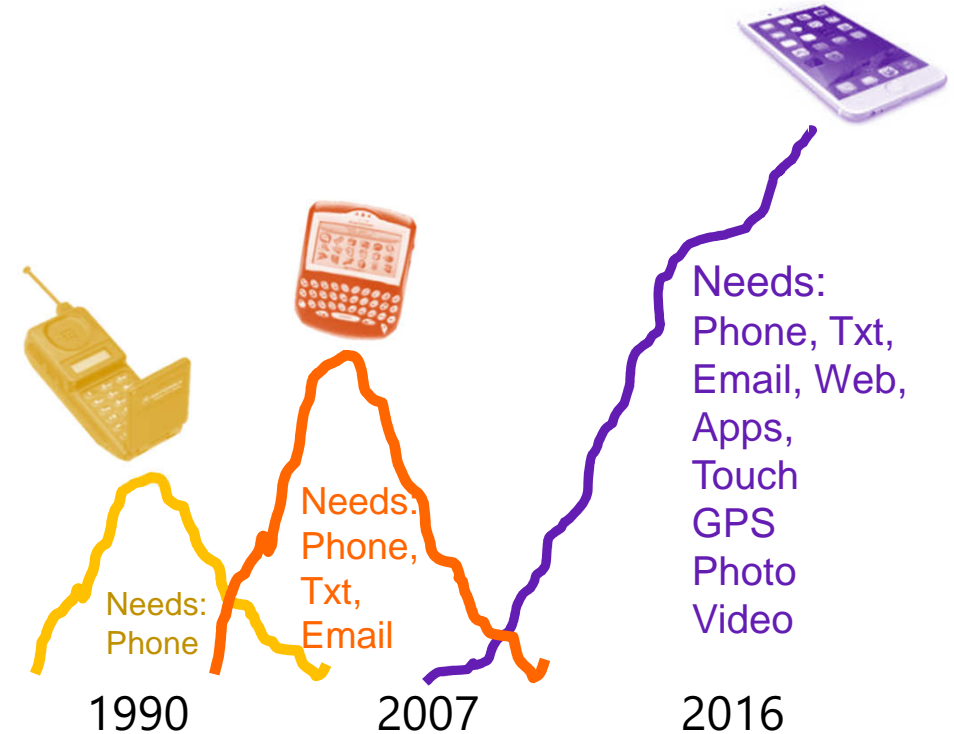


# What is an Outcome?

*"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.



# Key Customer Outcomes

Market demands flow down through our Semiconductor Customers to Us!

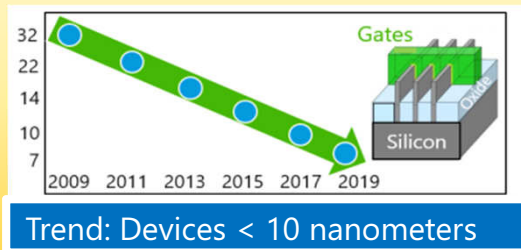
**Market**  
Consumer



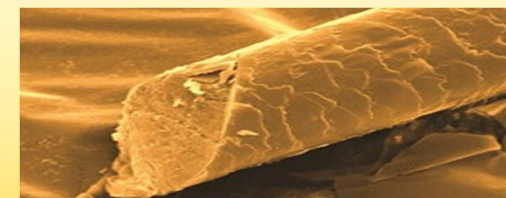
**Mobility + Performance**  
"On-demand! Low Cost!"  
**Need**



**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  $\leq$  Value

**Micro-Mechanics**



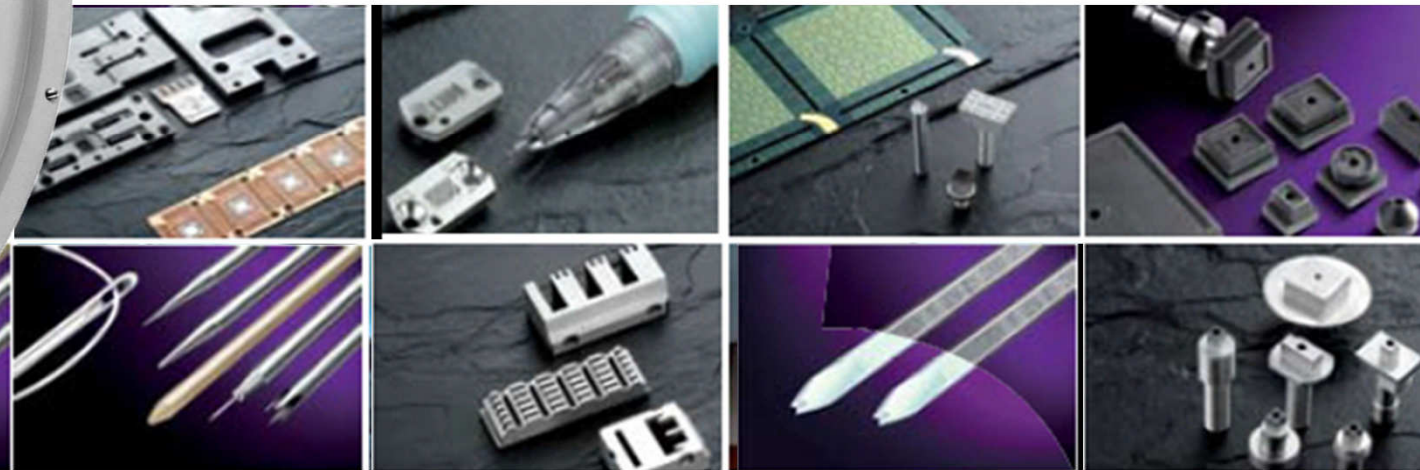
# Our Mission

**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



# Our Strategies



Strategy  
24/7 Machining

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



# Our Strategies

## Welcome to **MM** **University!**

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.



*People make everything happen*



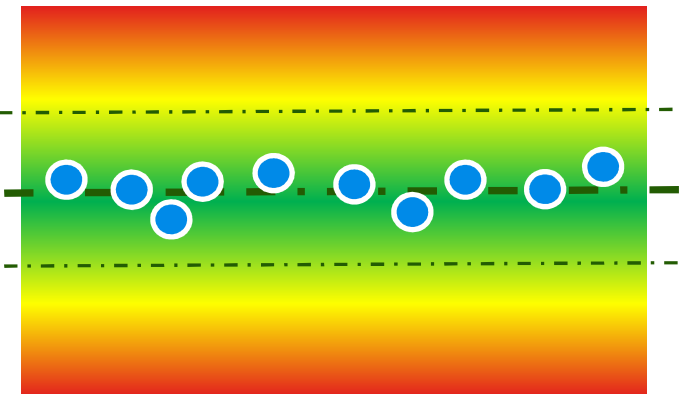
Let's use a Common framework to make...

● Decisions

Ineffective Decisions

Effective Decisions

Ineffective Decisions

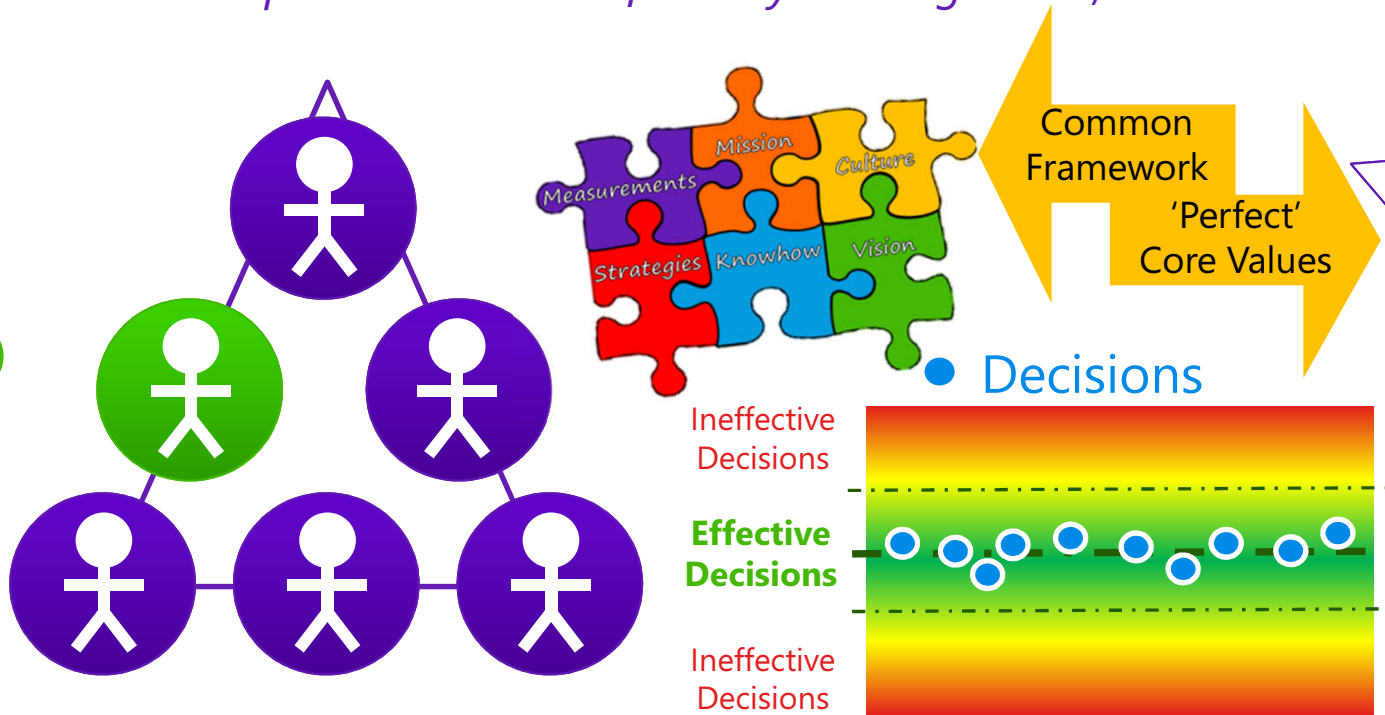


**Our vision is to build a culture or a way for ...**  
*Making Effective Decisions and Working Together To Get **Big** Things Done.*



# Results...

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



## 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

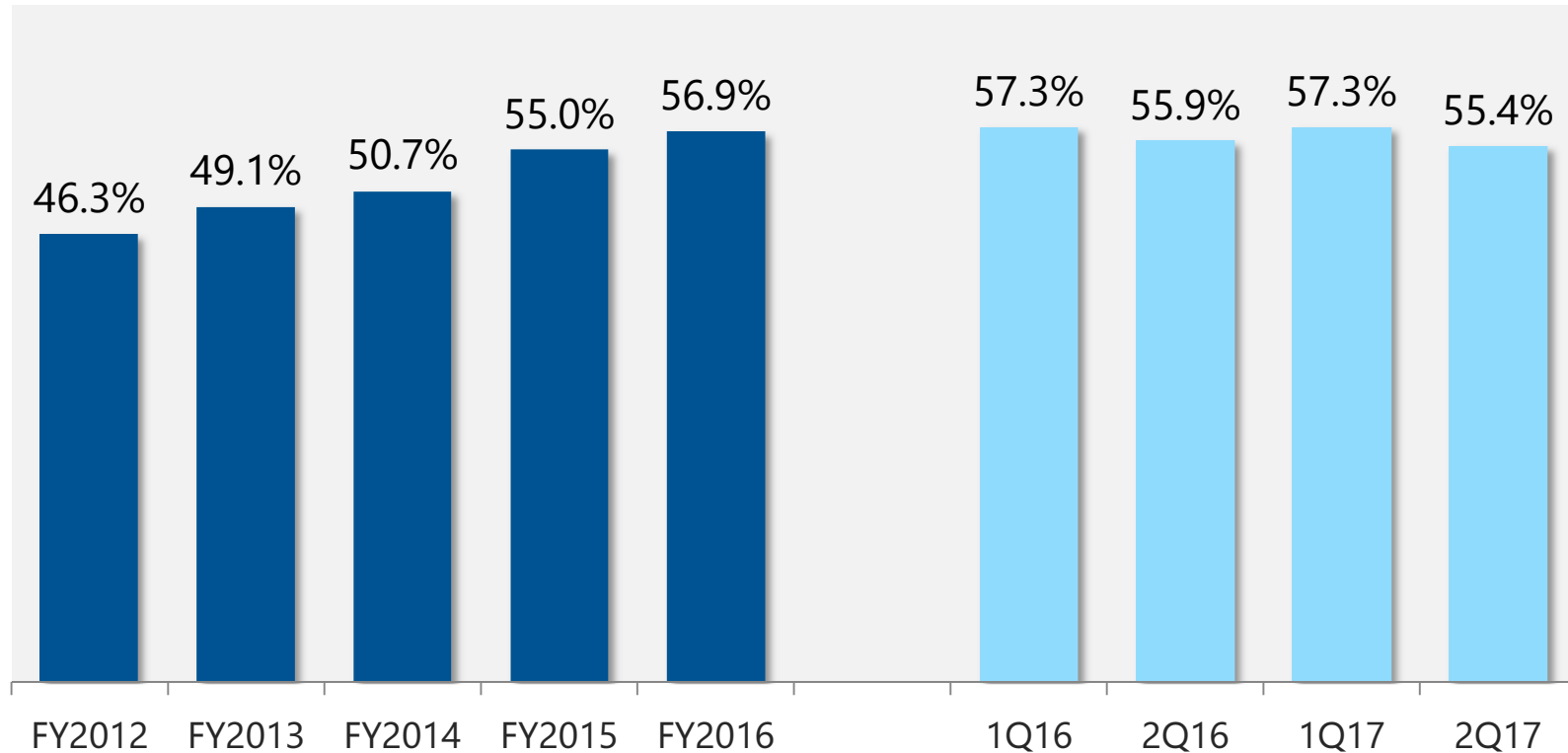
“Transparency within an organization – accurate, complete and timely information – is the foundation for sound decision making”

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.



# Results...

## 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.



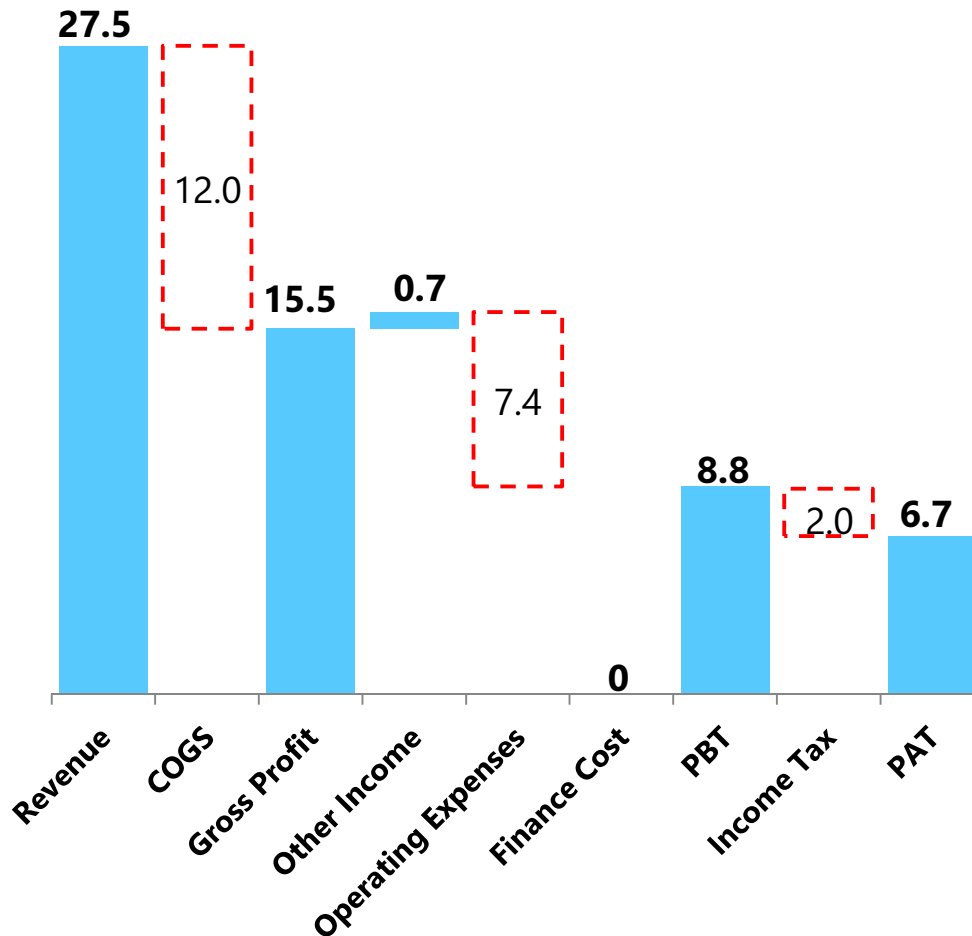
# FINANCIAL **REVIEW**

CHOW KAM WING, CFO



# 1H17 in Review

1H17 P&L Overview (S\$ million)



N.B. Due to rounding, some totals may not correspond with the sum/subtraction of separate figures.

## KEY RATIOS & STATISTICS

REVENUE GROWTH	6.8%
GROSS PROFIT GROWTH	6.2%
PBT GROWTH	7.5%
NET PROFIT GROWTH	6.7%
GROSS PROFIT MARGIN	56.4%
NET PROFIT MARGIN	24.5%
EARNINGS PER SHARE	4.85 cents
RETURN ON EQUITY (annualised)	26.2%
CASH	S\$21.0M
DEBT	Zero



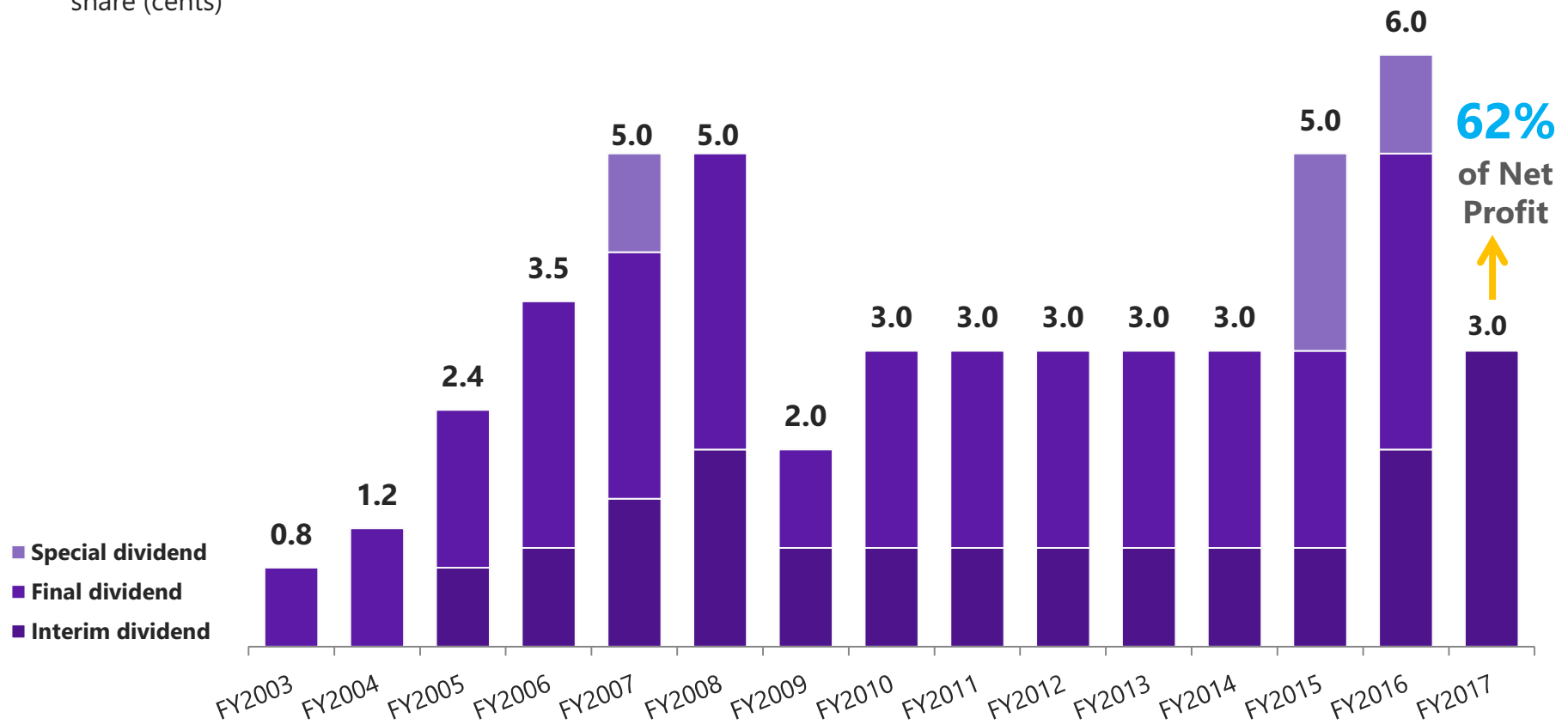
# Dividend Performance

## HIGHER INTERIM DIVIDEND OF 3 CENTS FOR 1H17

Brings total dividend payout since our listing to **48.9 CENTS** per share

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

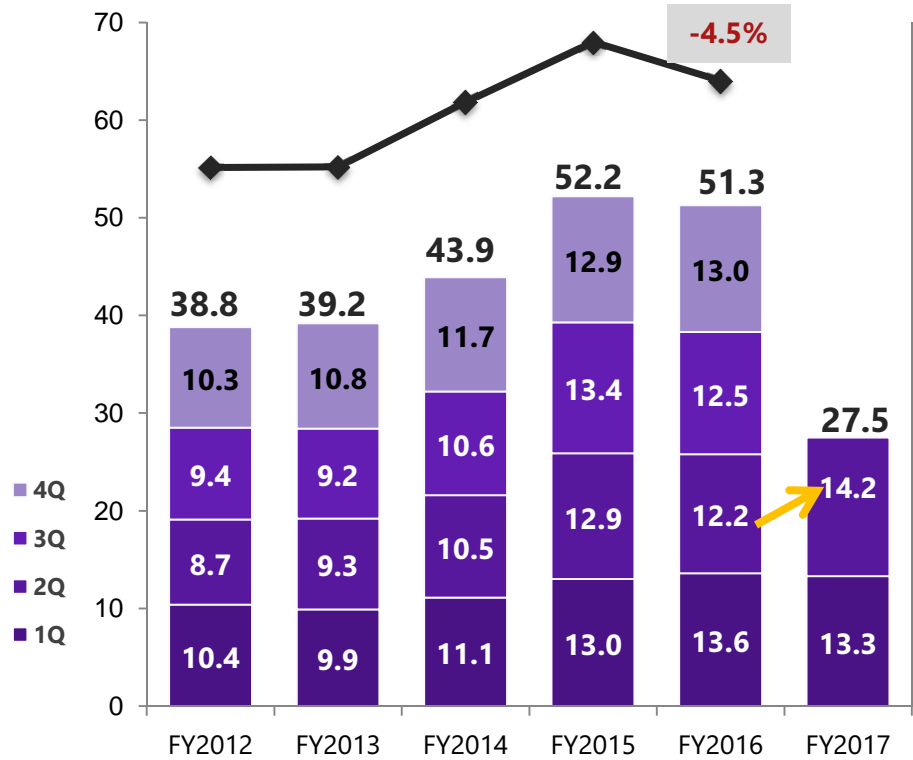
Dividend per share (cents)



# Group Revenue

**2Q17 SALES IMPROVED 16.3% Y-O-Y & 6.2% Q-O-Q**

**Group Revenue (S\$ mil)**

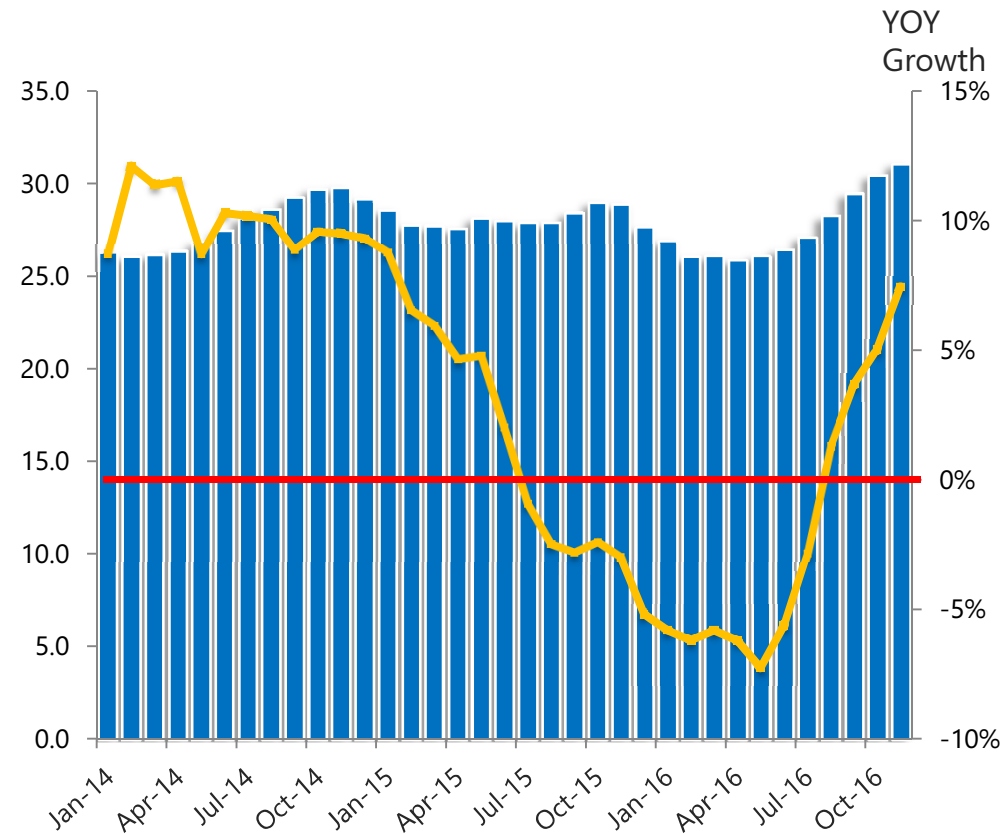


◆ Global Chip Sales Trend according to FY. Data from Semiconductor Industry Association (SIA)

**Global Chip Sales Trend (US\$B)**



**Global Monthly Chip Sales (US\$ B)**



Source: Semiconductor Industry Association

FY: Financial year ending 30 June

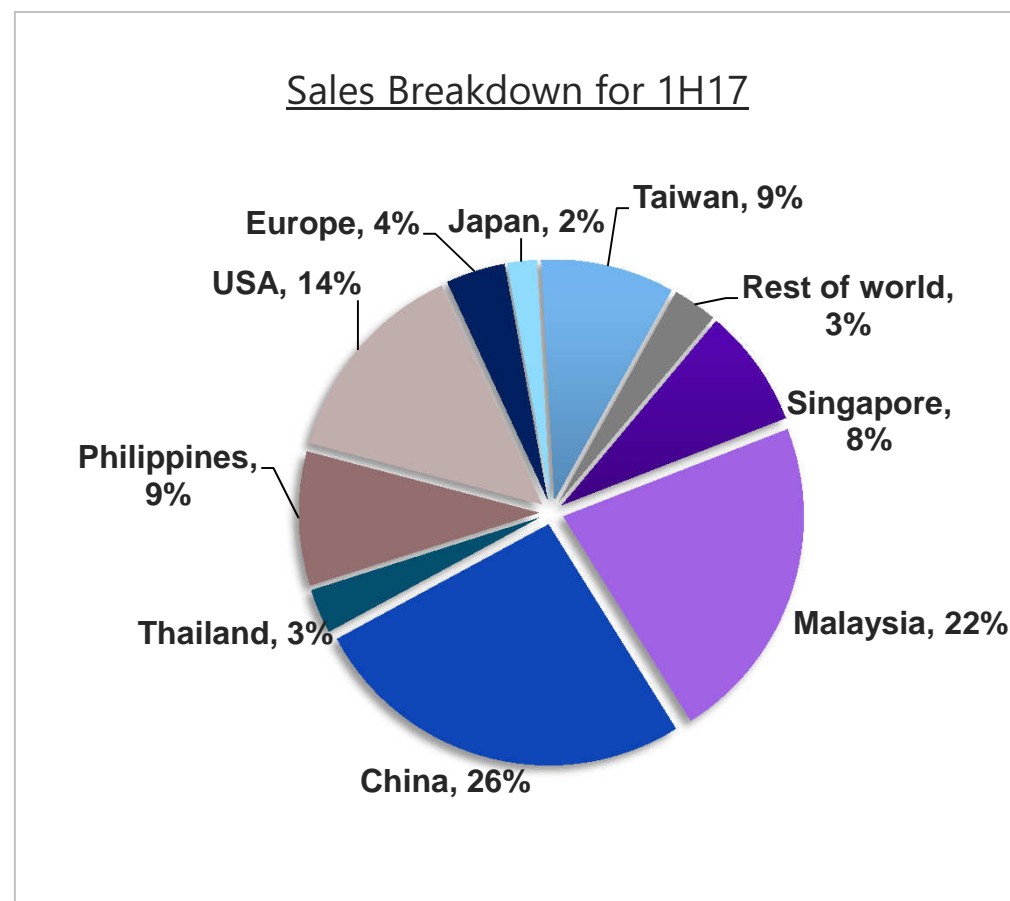


Micro-Mechanics 1H FY2017

# Group Revenue

## DIVERSIFIED REVENUE STREAMS

Country	1H17 S\$ mil	1H16 S\$ mil	% change
<b>Singapore</b>	<b>2.0</b>	1.4	41.0%
<b>Malaysia</b>	<b>6.1</b>	5.2	16.9%
<b>Philippines</b>	<b>2.4</b>	2.4	0.6%
<b>Thailand</b>	<b>0.8</b>	0.5	69.7%
<b>China</b>	<b>7.1</b>	7.7	(7.0%)
<b>USA</b>	<b>3.9</b>	3.5	10.9%
<b>Europe</b>	<b>1.2</b>	1.3	(10.1%)
<b>Japan</b>	<b>0.6</b>	0.5	28.9%
<b>Taiwan</b>	<b>2.5</b>	2.6	(3.0%)
<b>Rest of world</b>	<b>0.9</b>	0.7	21.4%
<b>Total</b>	<b>27.5</b>	25.8	6.8%



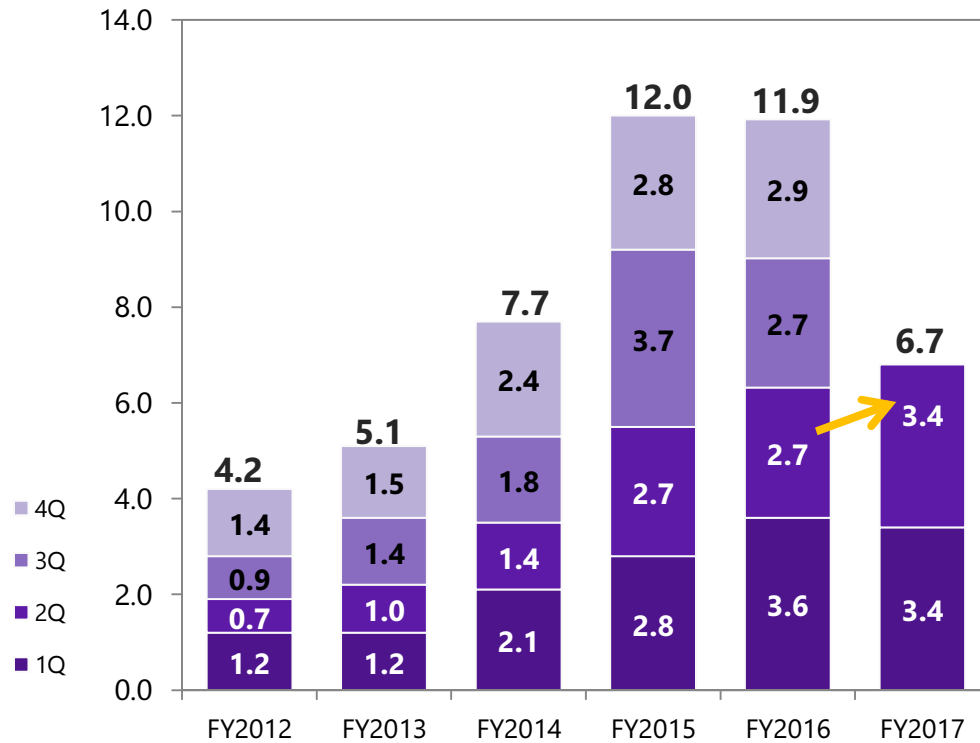
Higher sales to Singapore, Malaysia and USA.  
Sales to China would have been higher if not for the depreciation of the RMB against the SGD.

# Profitability

2Q17 PROFIT GREW 23.5% Y-o-Y

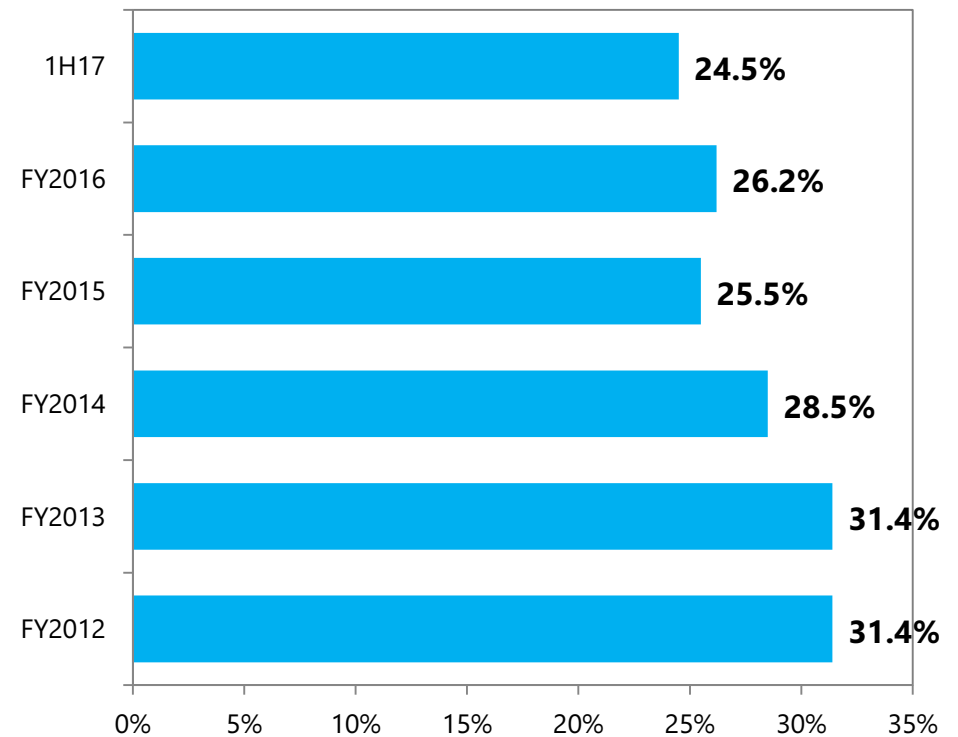
(\$ mil)

Net Profit After Tax



*N.B. Due to rounding, some totals may not correspond with the sum of separate figures.*

Operating Expenses / Revenue



Operating Expenses - Administrative, distribution and other operating expenses (inclusive of other income)



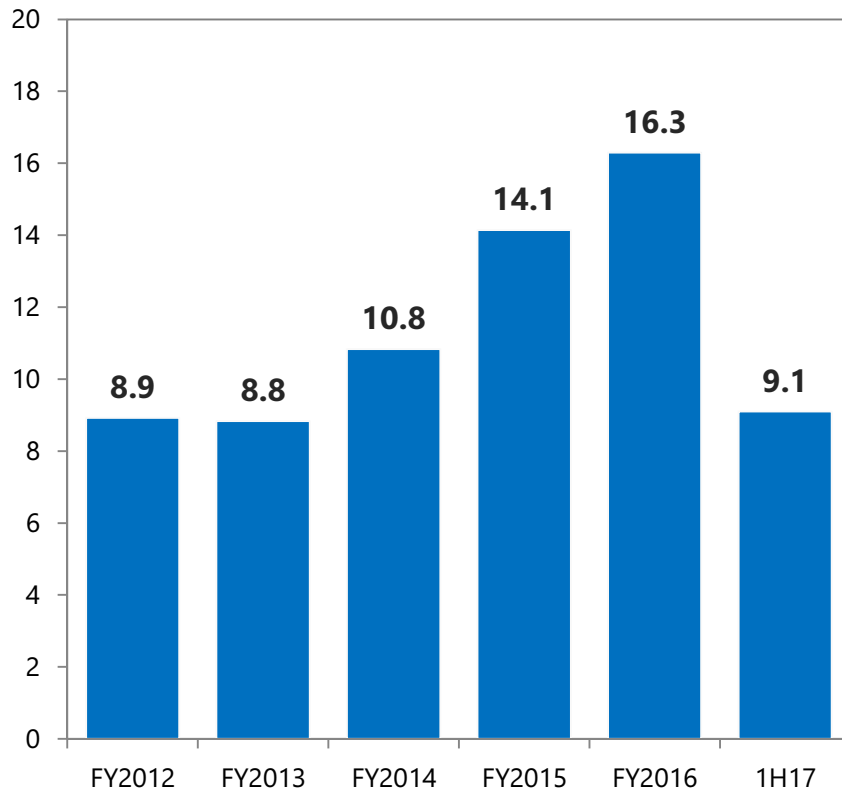


# Cash Flow

## CASH-FLOW GENERATIVE OPERATIONS

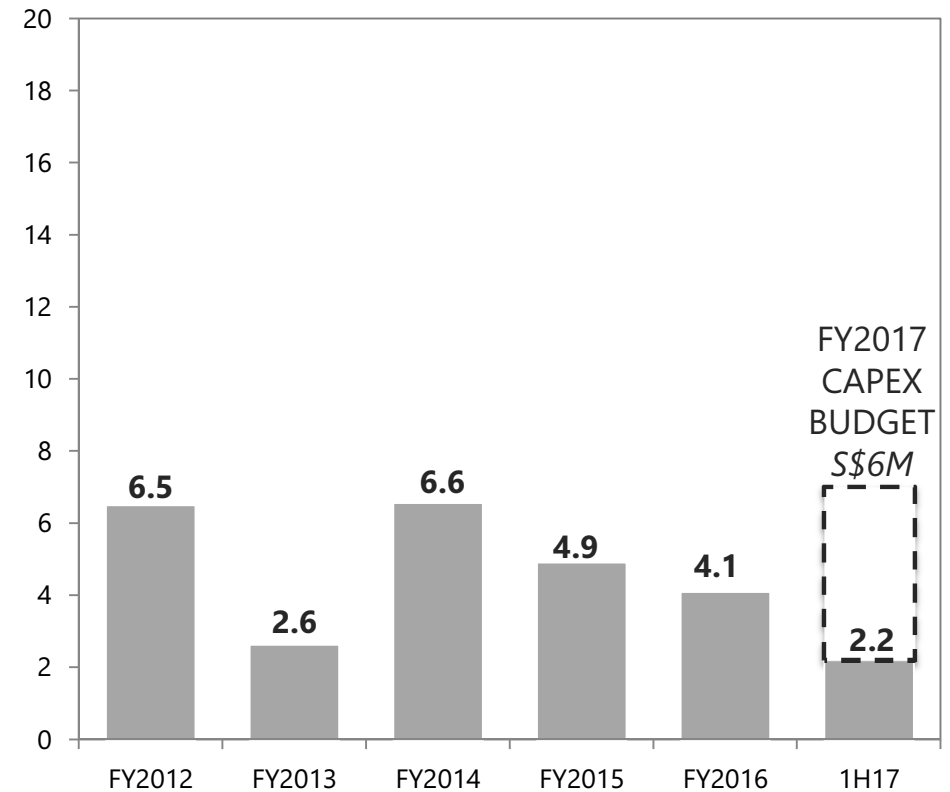
Track record of healthy net cash  
from operating activities

(S\$ mil)



(S\$ mil)

CAPEX



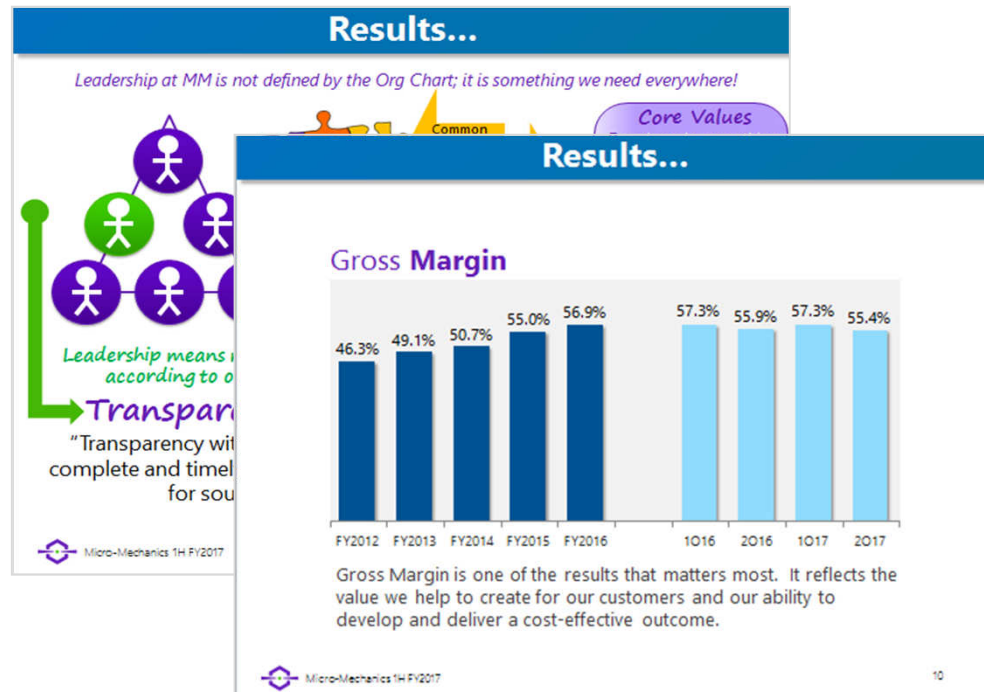
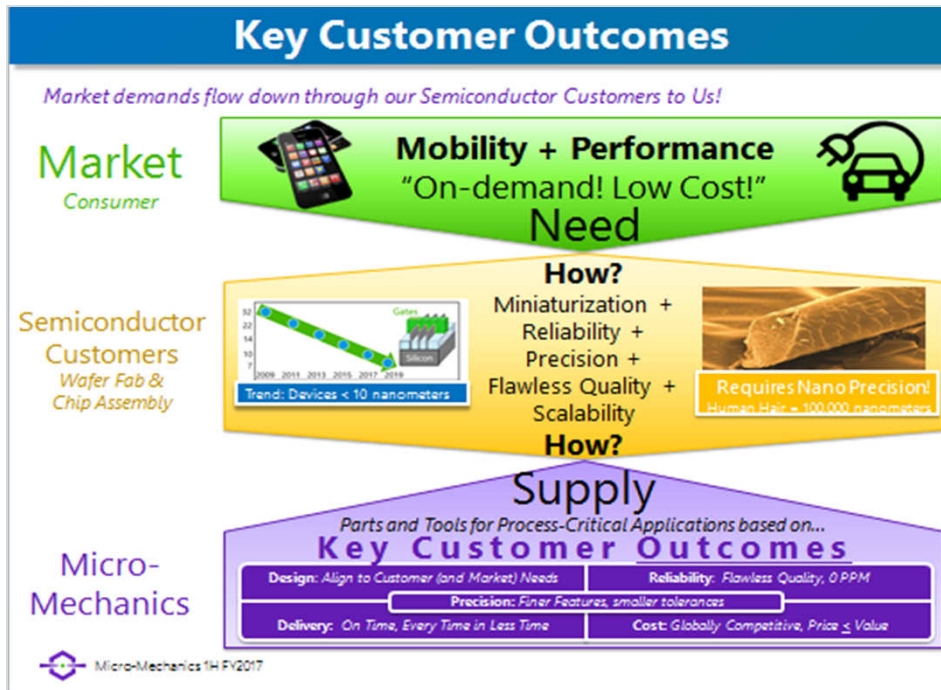
# Balance Sheet

		31 Dec 2016	30 June 2016
<u>Cash</u>	Cash and cash equivalents	S\$21.0M <sup>#</sup>	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\$10.2M 0.2% Nil (1H17)	S\$9.4M 0.1% S\$11.2k (FY16)
<u>Inventory</u>	Inventory Inventory / Sales Inventory write-off	S\$3.1M 5.7% (annualised) S\$48k (1H17)	S\$3.3M 6.4% S\$76k (FY16)
<u>Equity</u>	Shareholders' equity NAV per share	S\$51.4M <sup>#</sup> 36.96 cents	S\$50.2M 36.14 cents

<sup>#</sup> Paid final dividends of S\$5.6M for FY2016



# In Summary



# 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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