

ANNUAL GENERAL MEETING

28 October 2015

FINANCIAL
YEAR

2015



MICRO-MECHANICS (HOLDINGS) LTD.

AGENDA

2.00 pm – 2.20 pm : Presentation

2.20 am – 2.30 pm : Q&A

2.30 pm – 3.30 pm : AGM Proceedings

3.30 pm : End of AGM



MICRO-MECHANICS

CORPORATE REVIEW

CHRIS BORCH, CEO
LOW MING WAH, COO



Group Financial Snapshot

RECORD PROFIT

- **FY2015 net profit up 55% to S\$12M**
- 1Q16 profit up 28% to S\$3.6M on revenue growth of 4.3%
- **Improving GP Margin** – FY2012: **46.3%** | FY2015: **55.0%** | 1Q16: **57.3%**

SUSTAINABLE GROWTH BASED ON A STRONG CAPITAL STRUCTURE

- **Zero Borrowings**
- Tight control of trade receivables and inventory
- **Strong operating cash flows with cash balance of \$18M at the end of 1Q16**

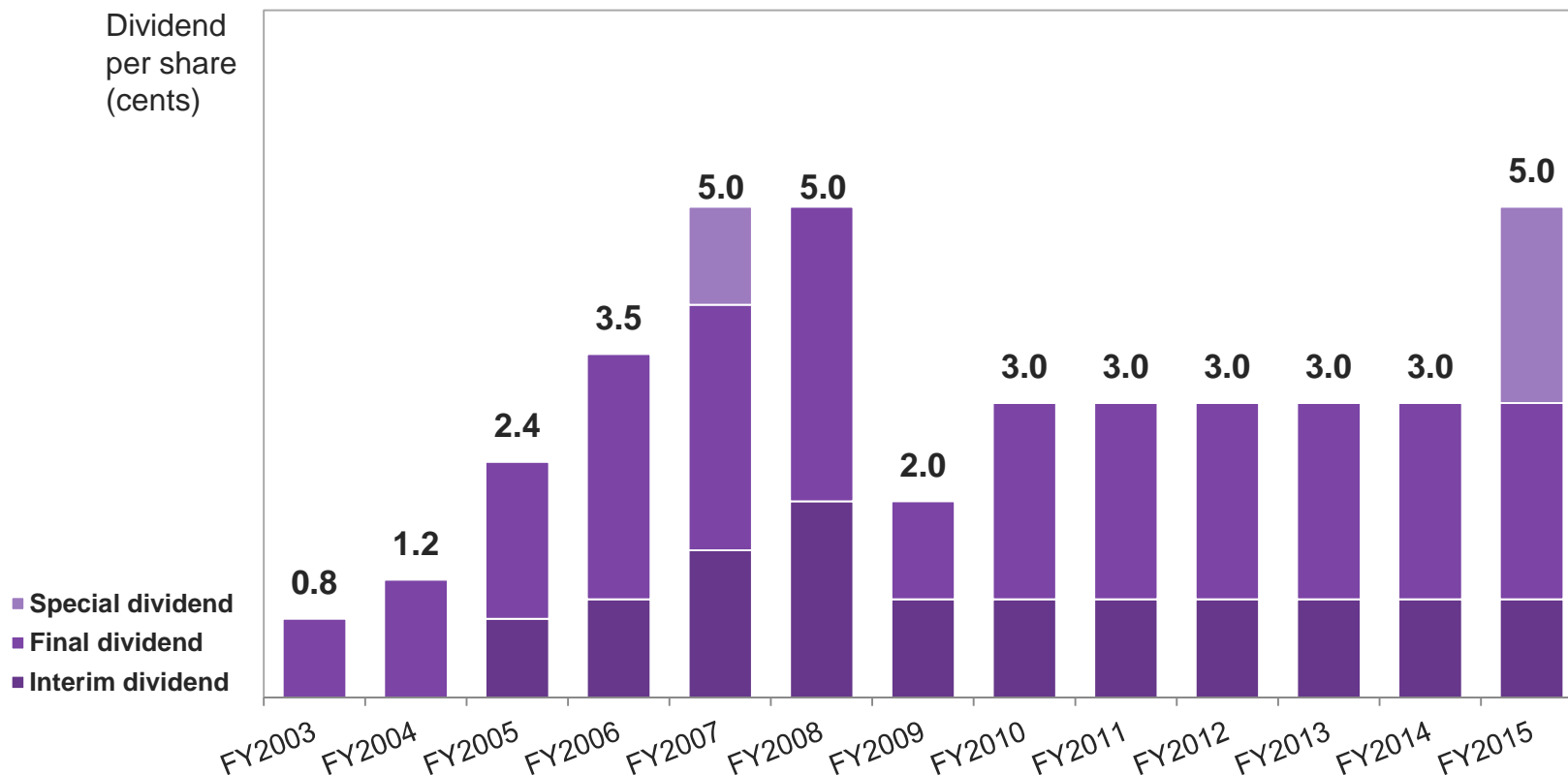


Higher Dividend for FY2015

INTERIM, FINAL AND SPECIAL DIVIDENDS TOTTALLING 5 CENTS PER SHARE

TOTAL DIVIDENDS OF **39.9 CENTS** PER SHARE SINCE LISTING

ADOPTED DIVIDEND POLICY OF NOT LESS THAN 40% OF CONSOLIDATED NET PROFIT



Corporate Accolades

SINGAPORE CORPORATE AWARDS

(companies with market cap of less than S\$300M)

2015 Best Managed Board Award (Silver) Best Investor Relations Award (Silver)

2014 Best Investor Relations Award (Silver)
2013 Best Investor Relations Award (Silver)
2012 Best Managed Board (Gold)
2012 Best Investor Relations Award (Silver)
2011 Best Investor Relations Award (Silver)
2010 Best Investor Relations Award (Bronze)
2008 Chief Financial Officer of the Year (Sesdaq)

SECURITIES INVESTORS ASSOCIATION SINGAPORE

2015 Most Transparent Company (Mainboard Small Caps)

2011 Most Transparent Company (Mainboard Small Caps)
2010 Most Transparent Company (Mainboard Small Caps)
2009 Most Transparent Company (Mainboard Small Caps)
2008 Most Transparent Company (Mainboard Small Caps)
2006 Corporate Governance Award (Sesdaq)
2005 Most Transparent Company (Sesdaq) 2005

ASIAMONEY CORPORATE GOVERNANCE POLL

2010 Best for Shareholders' Rights and Equitable Treatment in Singapore
2009 Best for Shareholders' Rights and Equitable Treatment in Singapore

FORBES

2006 Asia 200 Best Under A Billion Companies

GTI - RANKED 18th

out of 639 listed companies on the SGX

RANK 2015	COMPANY NAME	BASE GTI 2015 SCORE	ADJUSTMENTS FOR BONUSES / PENALTIES	OVERALL GTI2015 SCORE	OVERALL GTI2014 SCORE	RANK 2014
1	SINGAPORE TELECOMMUNICATIONS LTD	86	32	118	115	2
2	SINGAPORE EXCHANGE LTD	86	27	113	112	4
3	KEPPEL CORP LTD	89	23	112	116	1
4	CAPITALAND LTD	84	27	111	106	7
4	DBS GROUP HLDGS LTD	81	30	111	103	8
6	SEMBCORP INDUSTRIES LTD	86	21	107	113	3
7	KEPPEL LAND LTD	82	23	105	107	6
8	SEMBCORP MARINE LTD	79	23	102	85	17
9	OVERSEA-CHINESE BANKING CORP LTD	84	13	97	100	9
10	TUAN SING HLDGS LTD	76	19	95	92	10
11	SATS LTD	80	14	94	108	5
12	SMRT CORP LTD	82	11	93	92	10
13	KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD	84	8	92	83	21
14	SINGAPORE POST LTD	76	15	91	73	34
15	NEPTUNE ORIENT LINES LTD	78	12	90	90	12
15	SINGAPORE AIRLINES LTD	76	14	90	85	17
15	SINGAPORE PRESS HLDGS LTD	83	7	90	90	12
18	MICRO-MECHANICS (HLDGS) LTD	80	7	87	81	22
18	SIA ENGINEERING CO LTD	78	9	87	89	14
20	QIAN HU CORP LTD	73	13	86	88	15
20	STARHUB LTD	65	21	86	84	19





Mission and Background

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

Based on Repeatable, Scalable and Cost-Effective Processes

- Founded in 1983 in Singapore by CEO Chris Borch
- Listed on the Singapore Exchange (Main Board) since 2003
- Design and manufacture high precision tools, parts and assemblies for the semiconductor, medical, aerospace and other high technology industries
- Serve a worldwide base of customers from five facilities in Asia and the USA
- Two business segments:
 - Semiconductor tooling business serves nearly all the global chip manufacturers/assembly and test companies
 - Custom Machining & Assembly (CMA) division serves capital equipment makers
- Committed to generating shareholder returns





'Micro' Tools for Semiconductors

BACK-END SEMICONDUCTOR ASSEMBLY PROCESS

Dicing

Die-Attach



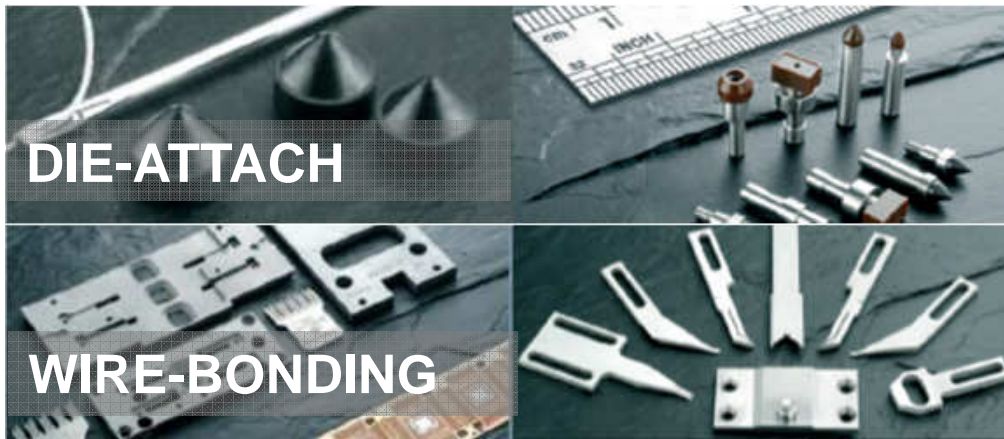
Wire-bond



Encapsulation



Plating



Rubber and Plastic Pick-up Tips
Ejector Needles & Needle Holders
Dispensing Nozzles

Wire bond clamps
Wedges
Wire cutters
Electronic Flame Offs

CONSUMABLE PRODUCTS

require regular replacement

HUNDREDS OF CUSTOMERS

in chip assembly & testing sector

FOCUS ON CYCLE TIME

from customer inquiry to delivery

BROAD PRODUCT RANGE

backed by strong proprietary know-how

RAISING BARRIERS

from developing finer tools in line with
chip package miniaturization



*Die collets / ultra-fine
tools with small holes
from 0.10mm and
features from 0.05mm.
For eutectic die attach,
MEMS.*



Custom Machining and Assembly

4
Industries



10
Key Customers

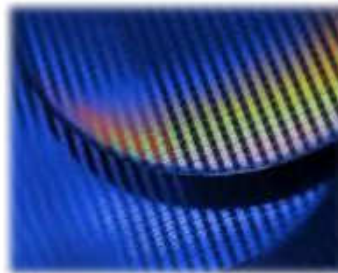


Potential
\$ billion +
combined annual
expenditure on
machined components



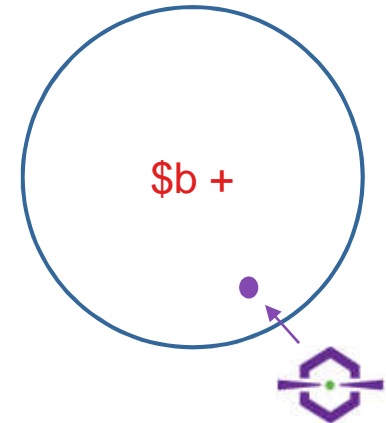
Medical

Semiconductor

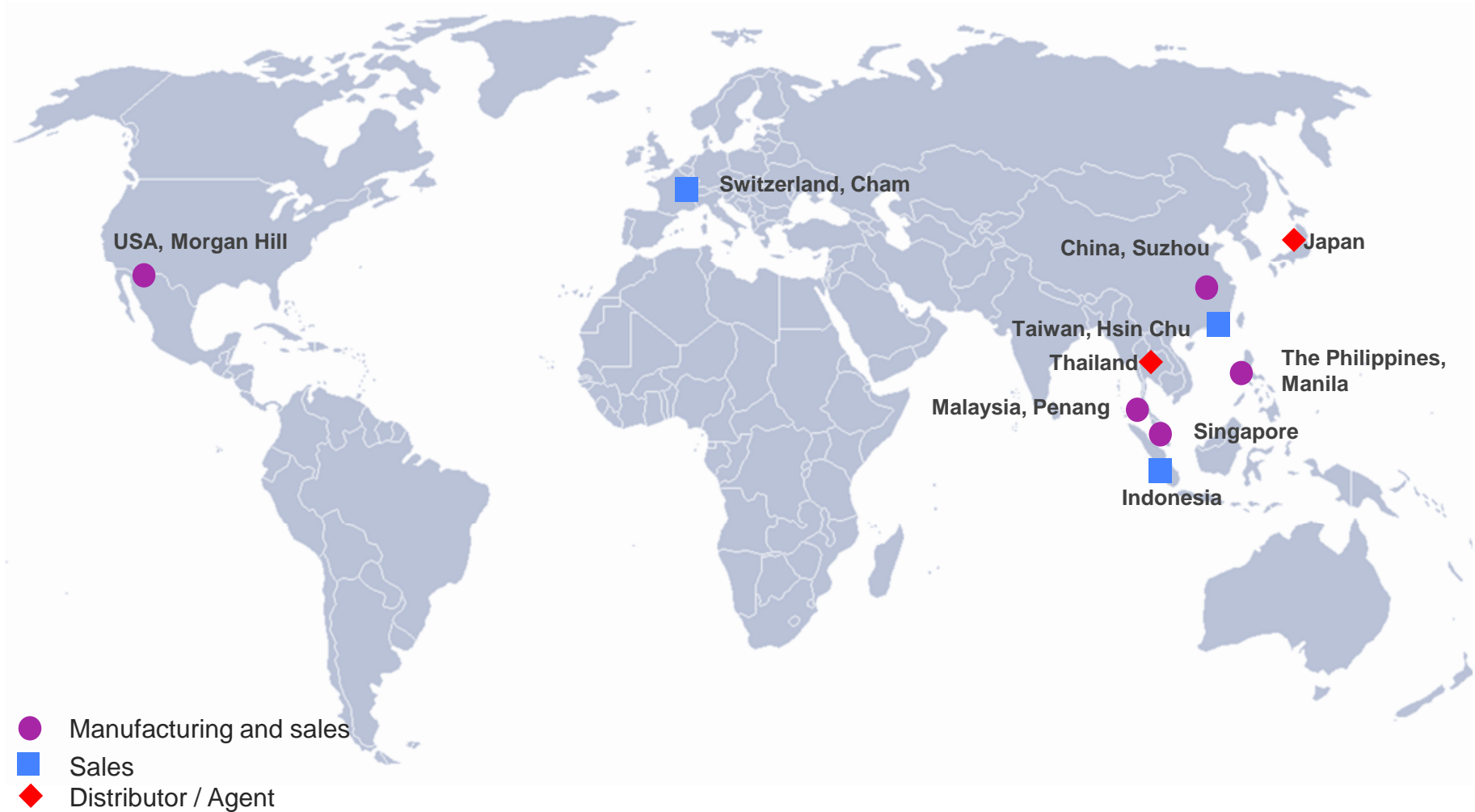


Laser

Aerospace



Fast, Effective and Local Support

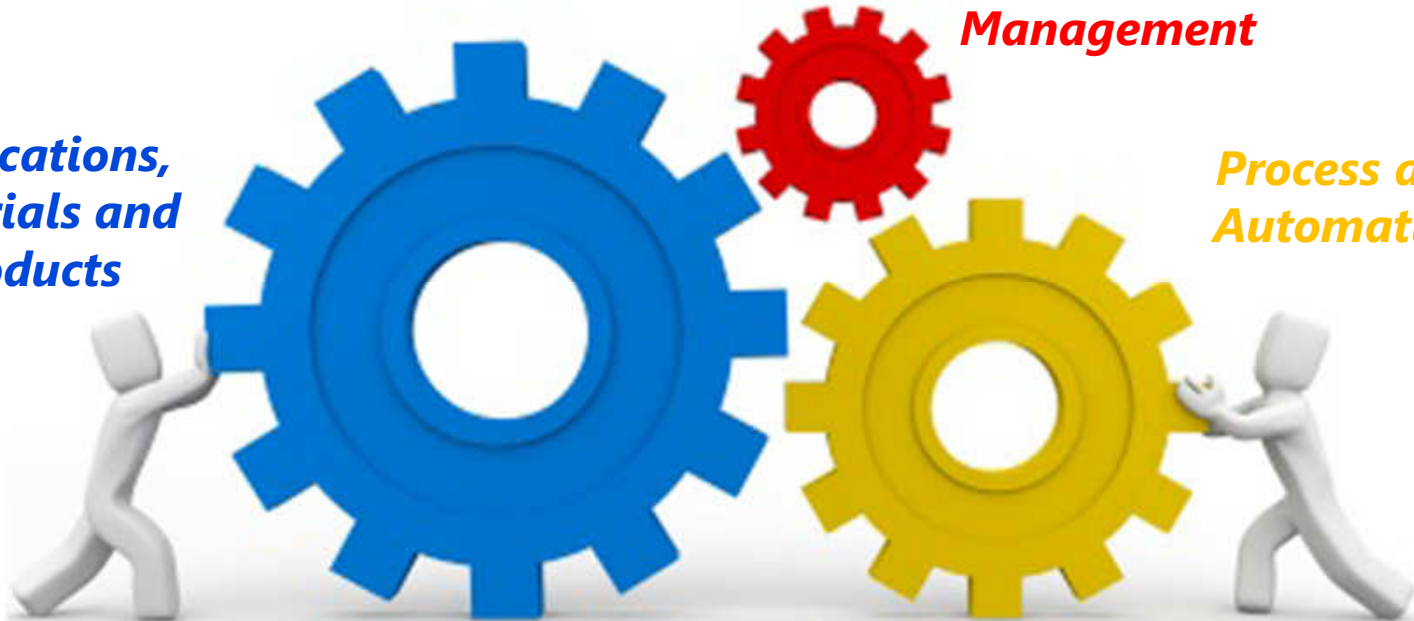


Product, Process & IT Development

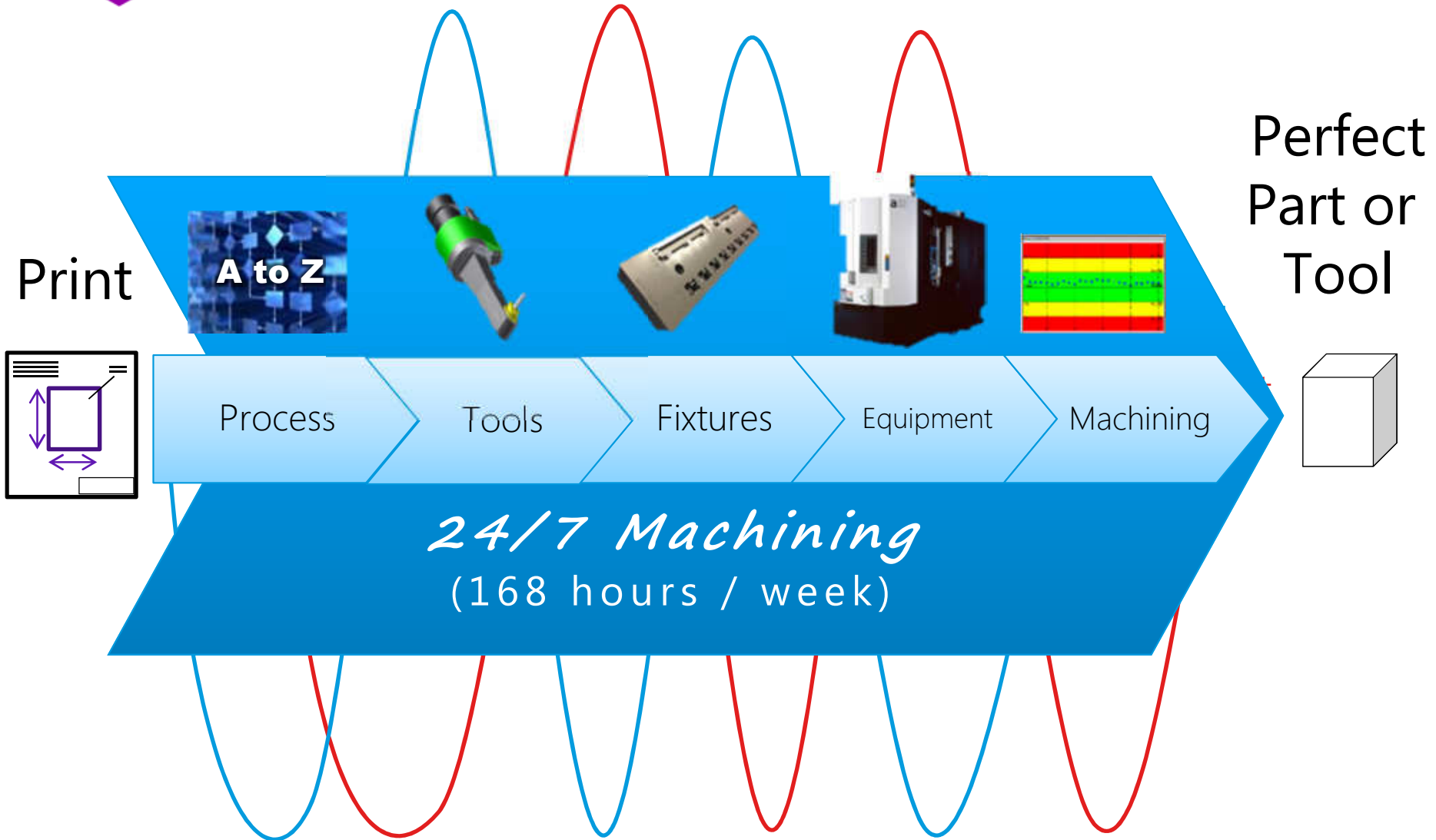
*ERP, IT and Data
Management*

*Applications,
Materials and
Products*

*Process and
Automation*



Production by '24/7 Machining'



Production by '24/7 Machining'





Production by '24/7 Machining'

Scalable, Repeatable and Cost-Effective Processes

**Perfect
Part or
Tool**

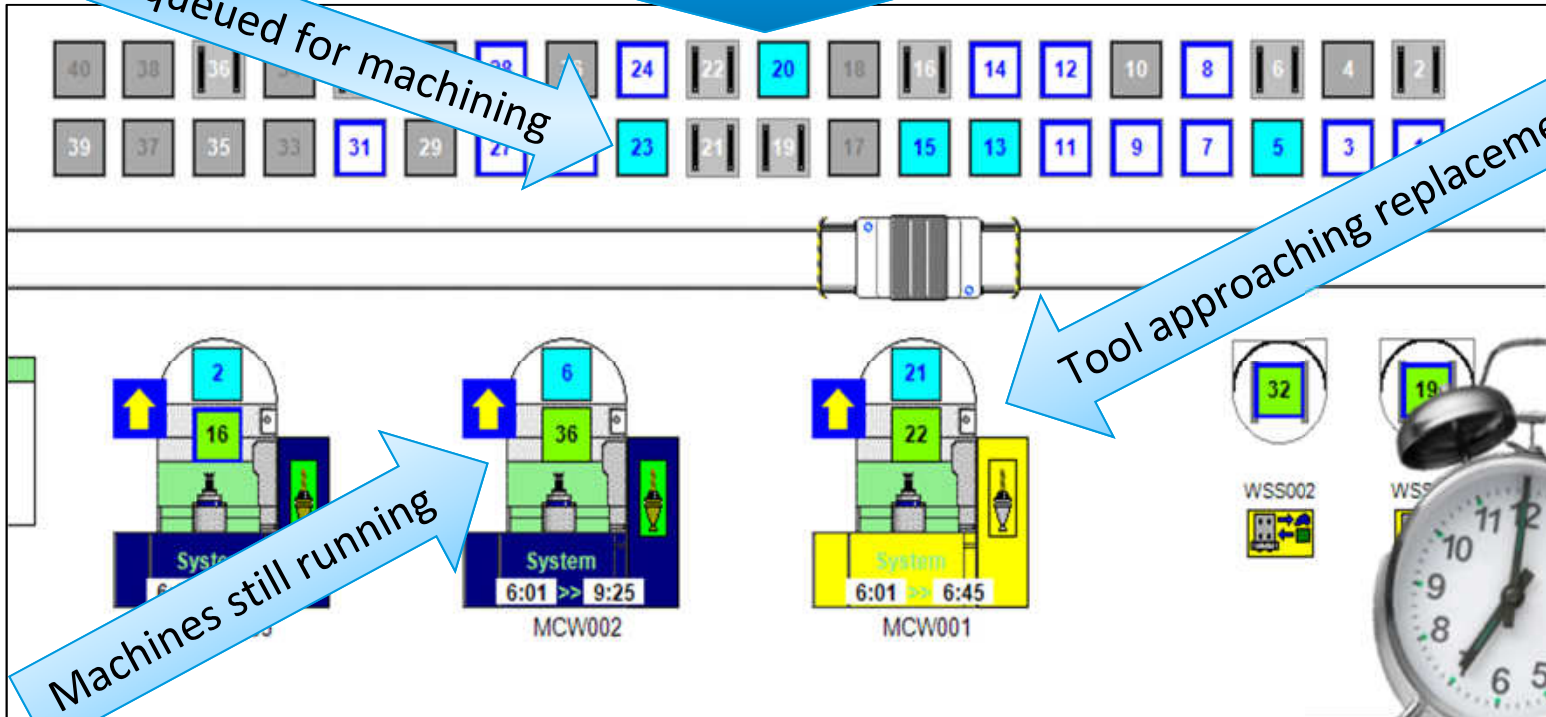
Process → Tools → Fixtures → Equipment → Machining

24/7 Machining Looks Like This!

Pallets still queued for machining

Tool approaching replacement

Machines still running



MM University (In-House Learning)



sSMART for Life™
Basic Life Skills for Success

S

Strive for
Perfection

S

Solve
Big
Problems

M

Mission
Matters
Most

A

Aim
For
Balance

R

Resolve
To
Respect

T

Transparency
and
Metrics Guide
to Excellence



MMUniversity™

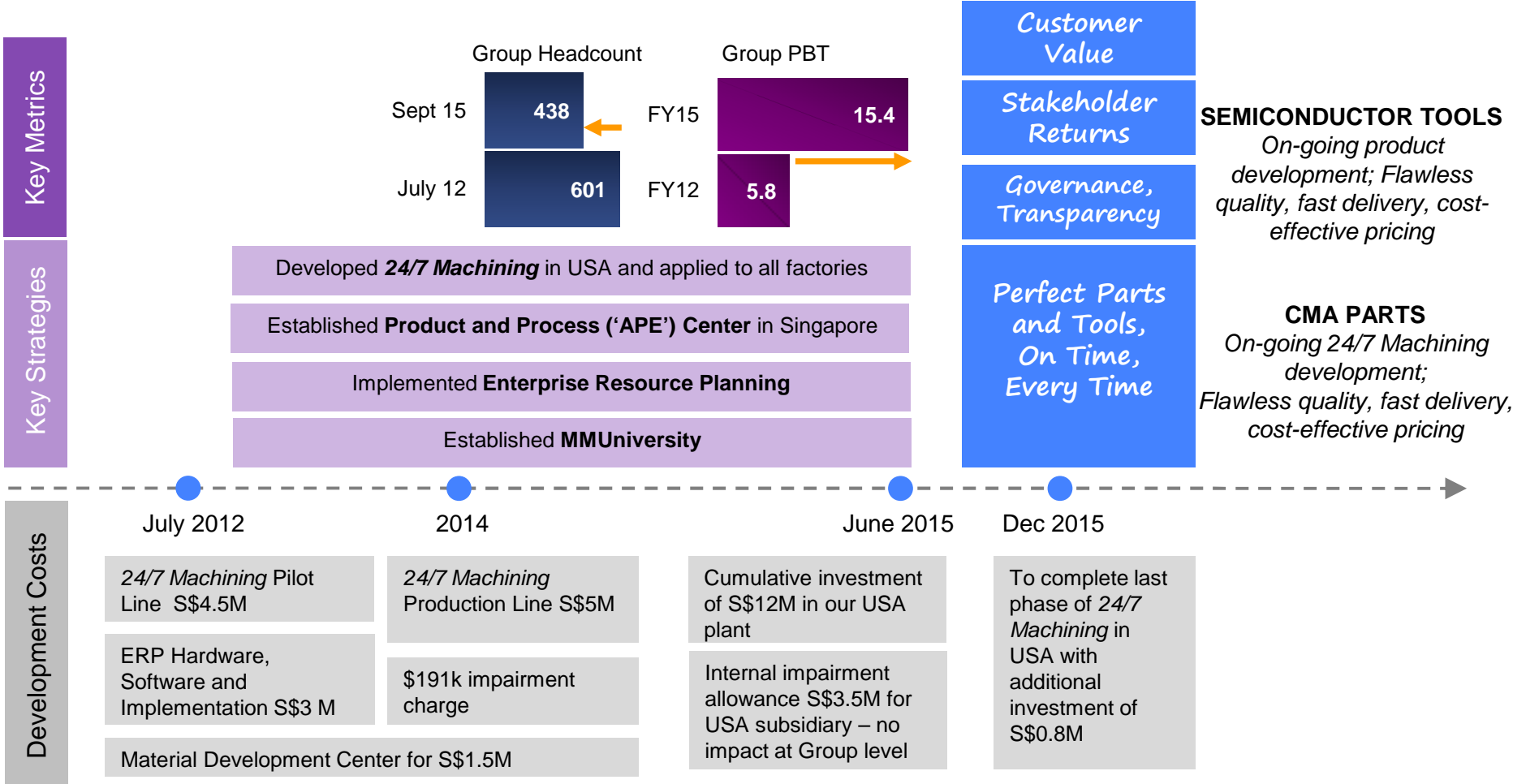
"Developing the Potential Within"





In summary ...

Organic and Sustainable Growth Strategies



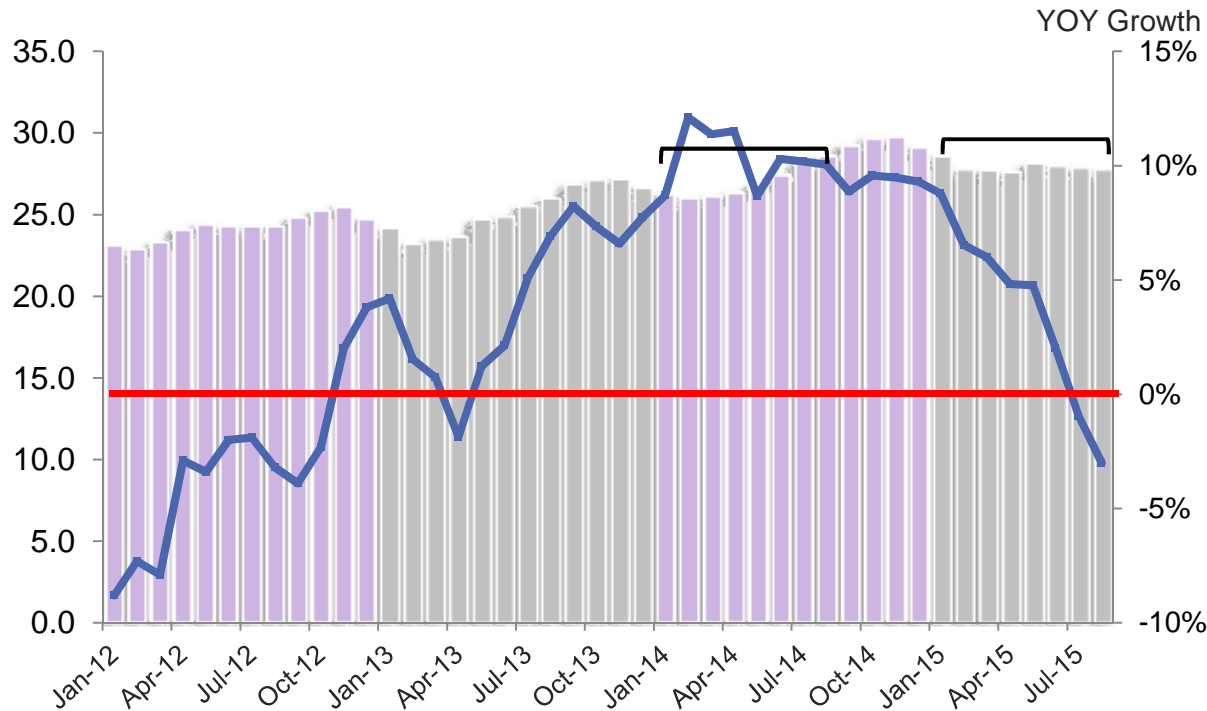
FINANCIAL REVIEW

CHOW KAM WING, CFO



Semiconductor Industry Landscape

Global Monthly Chip Sales (US\$ M)



- Global sales slowed in July and August after posting growth in first half of 2015
- Cumulative sales for first 8 months of 2015 higher than same period in 2014, which was a record year for semiconductor revenues

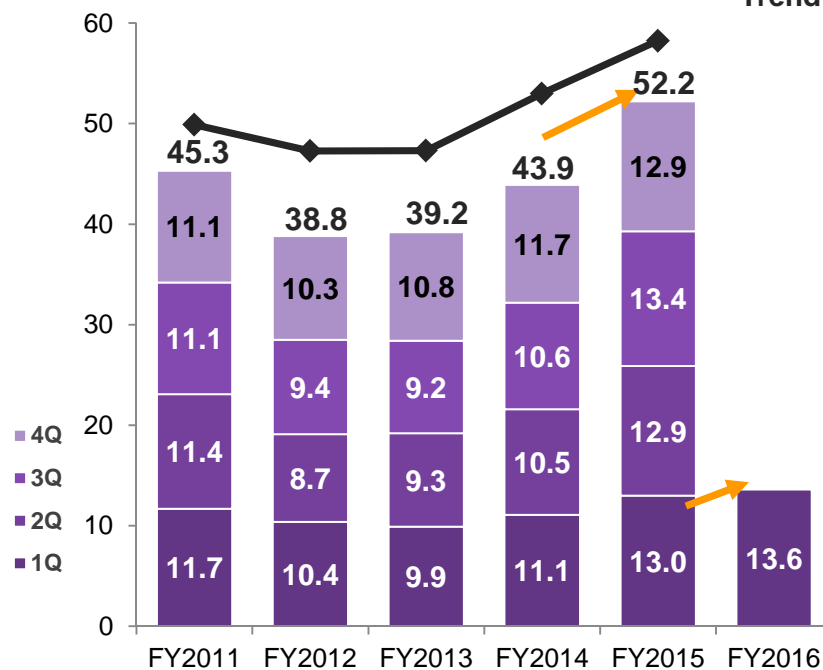
Source: Semiconductor Industry Association



Group Revenue

FY2015 : +19.0% | 1Q16 : +4.3%

Group Revenue
(S\$ mil)

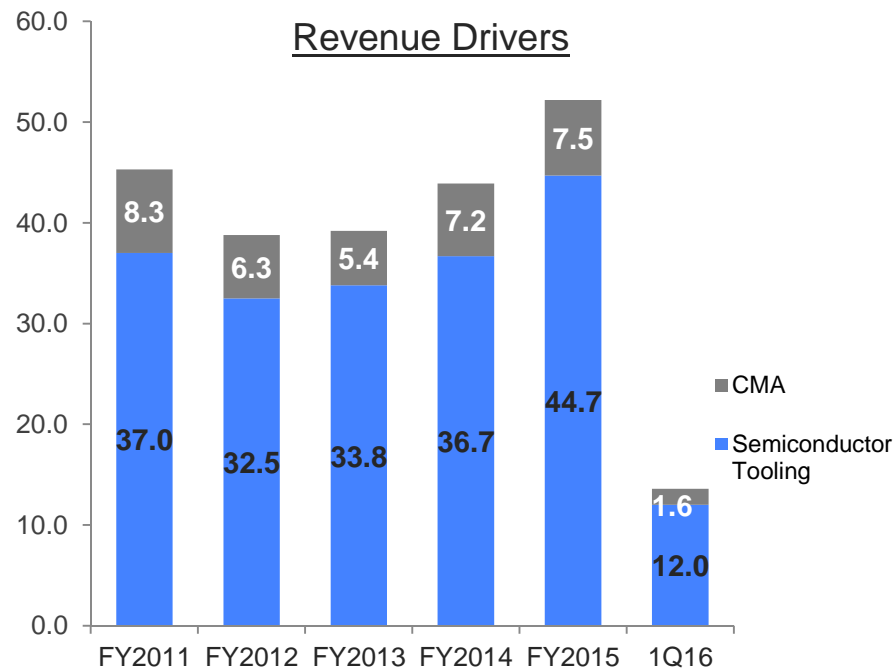


—◆— Global Chip Sales Trend according to FY. Data from Semiconductor Industry Association (SIA)

Global Chip Sales
Trend (US\$B)

330
280
230
180
130
80

Revenue Drivers



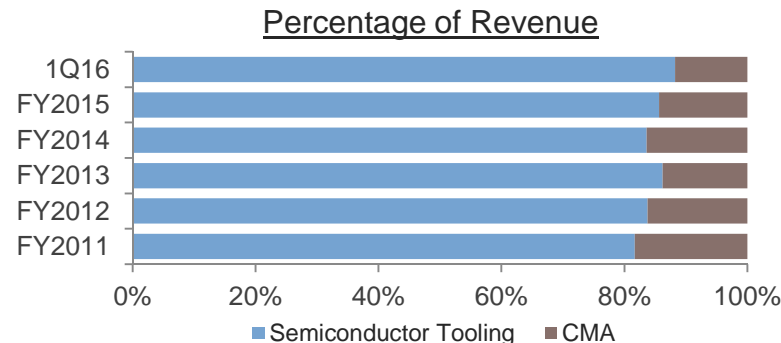
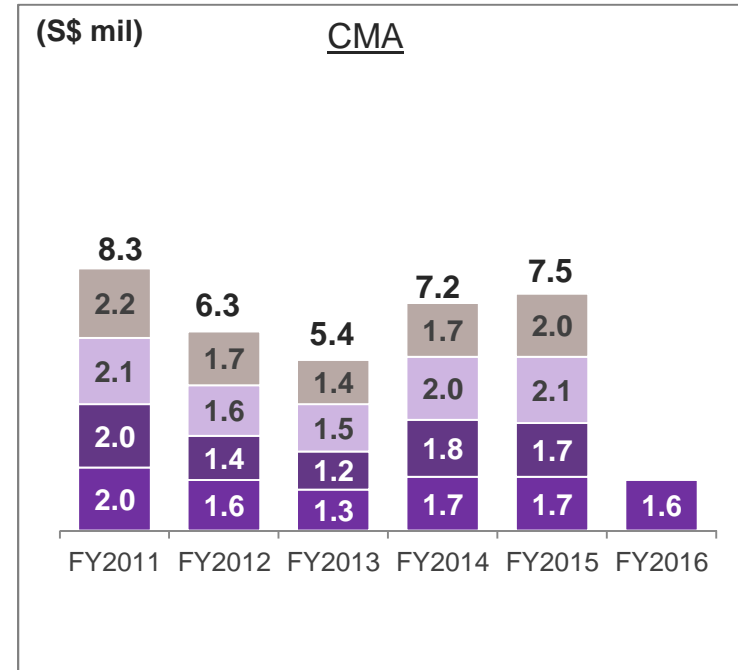
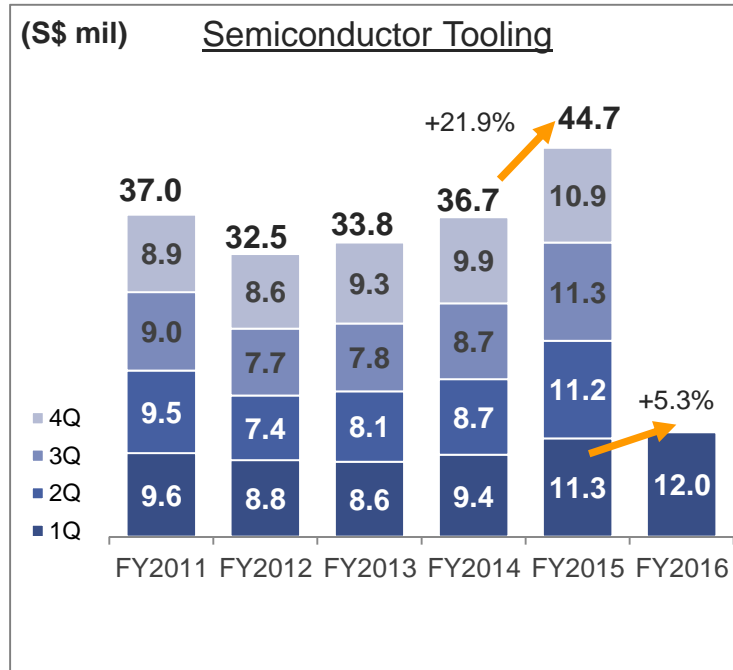
FY: Financial year ending 30 June



MICRO-MECHANICS (HOLDINGS) LTD.

Quarterly Revenue By Business Segments

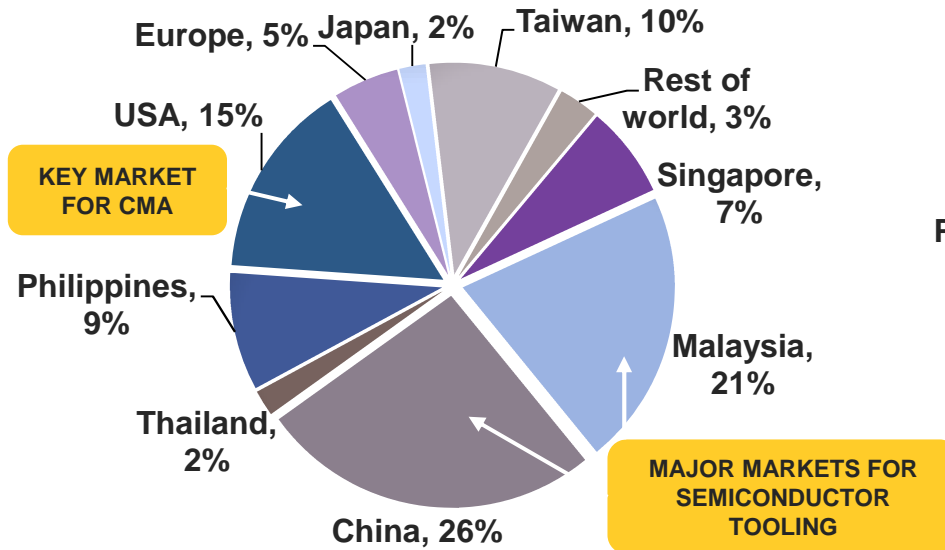
SEMICONDUCTOR TOOLING SALES INCREASED IN FY2015 & 1Q16



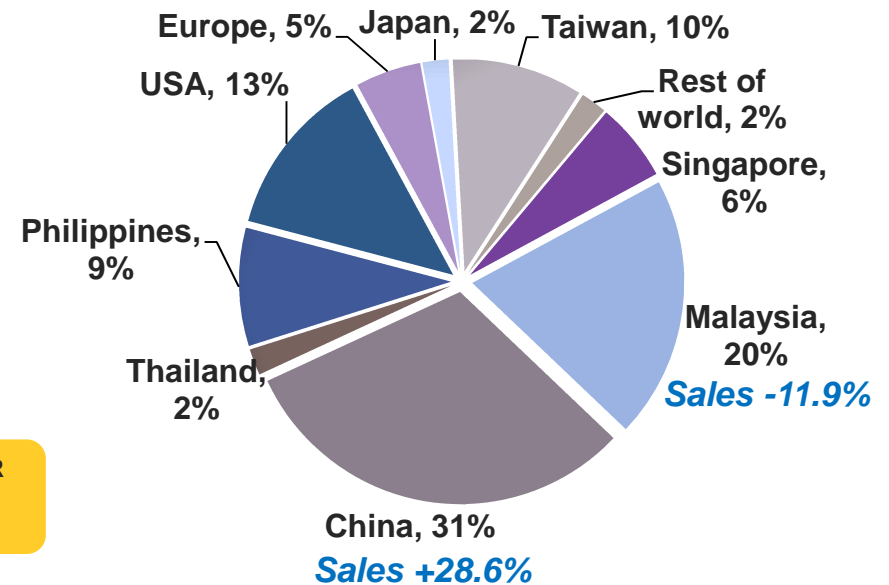
Revenue by Geographical Market

DIVERSIFIED REVENUE STREAMS

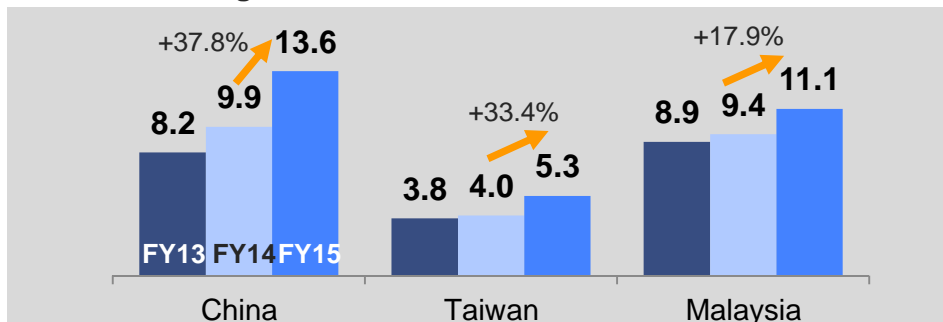
Sales Breakdown for FY2015



Sales Breakdown for 1Q16



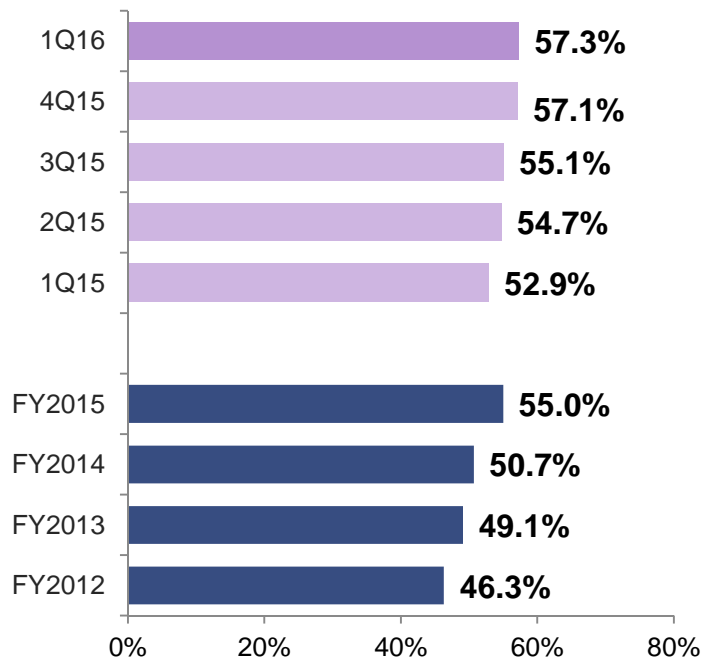
Fastest Growing Markets



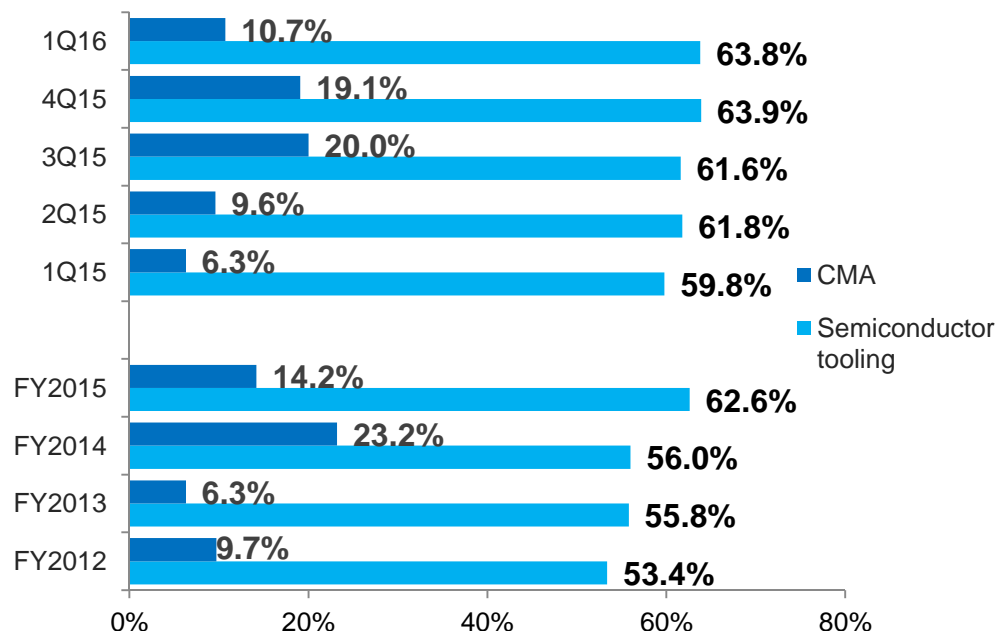
Gross Profit Margin

STEADY MARGIN EXPANSION

Group GPM



GPM by Business Segments

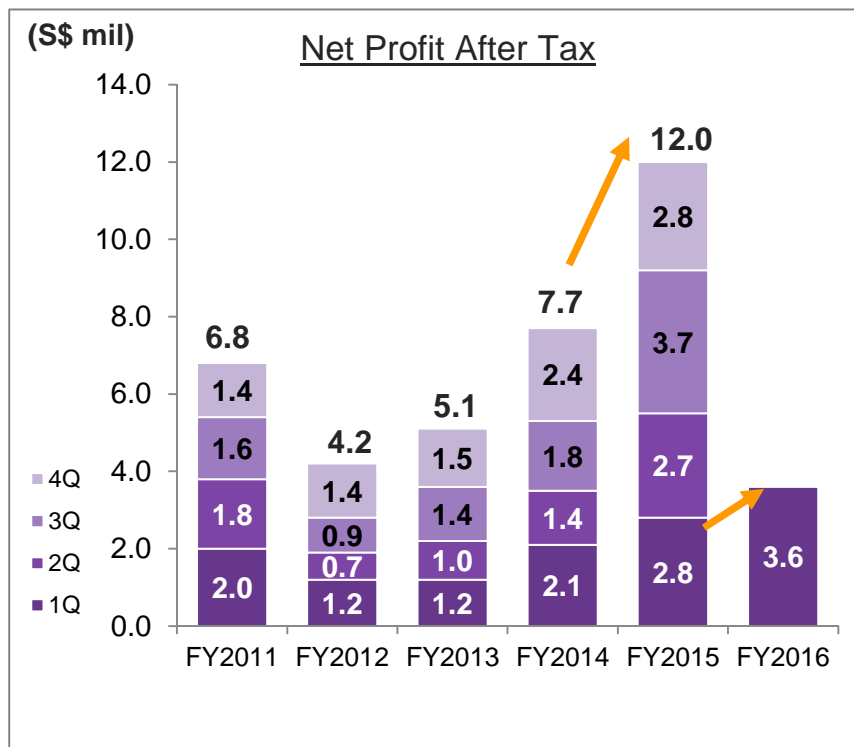


Semiconductor tooling GPM improved steadily to 62.6% in FY2015, and 63.8% in 1Q16
CMA GPM softened in FY2015 due to higher depreciation expense; improved in 1Q16 vs 1Q15

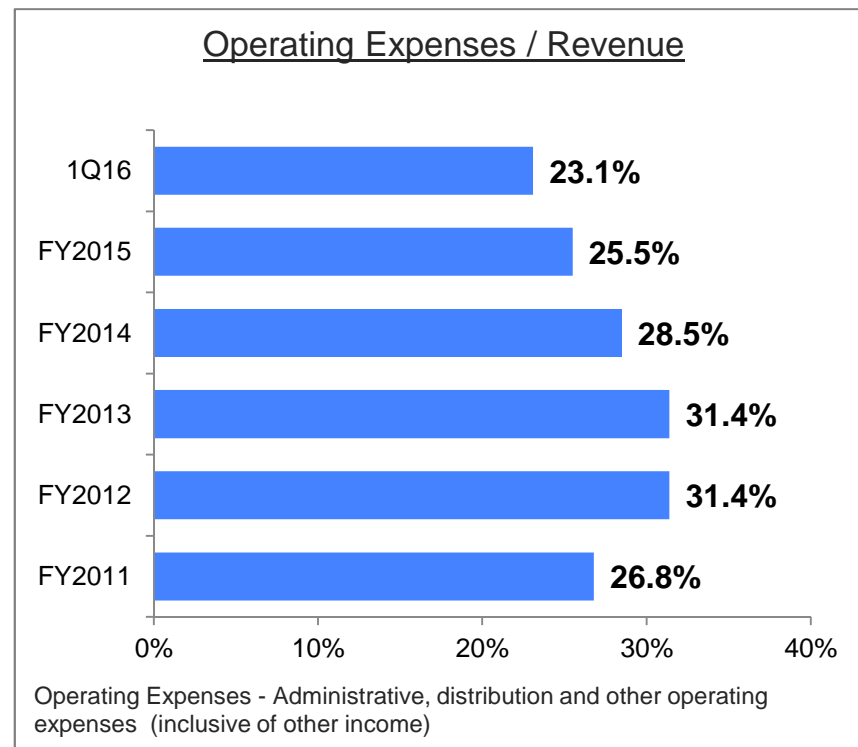


Group Net Profit

FY2015 : +55.3% | 1Q16 : +28.4%



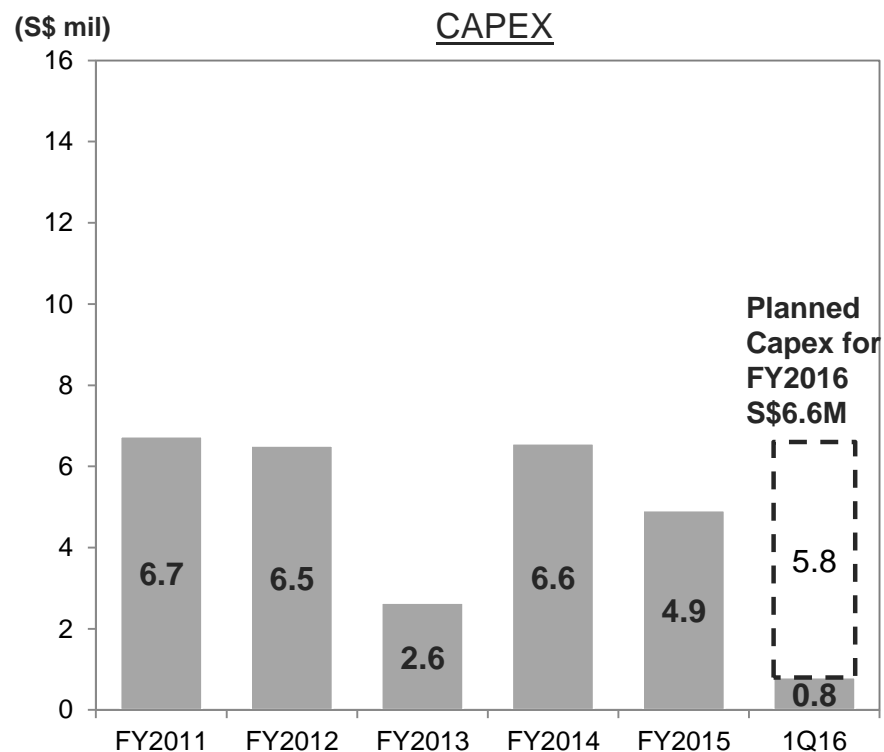
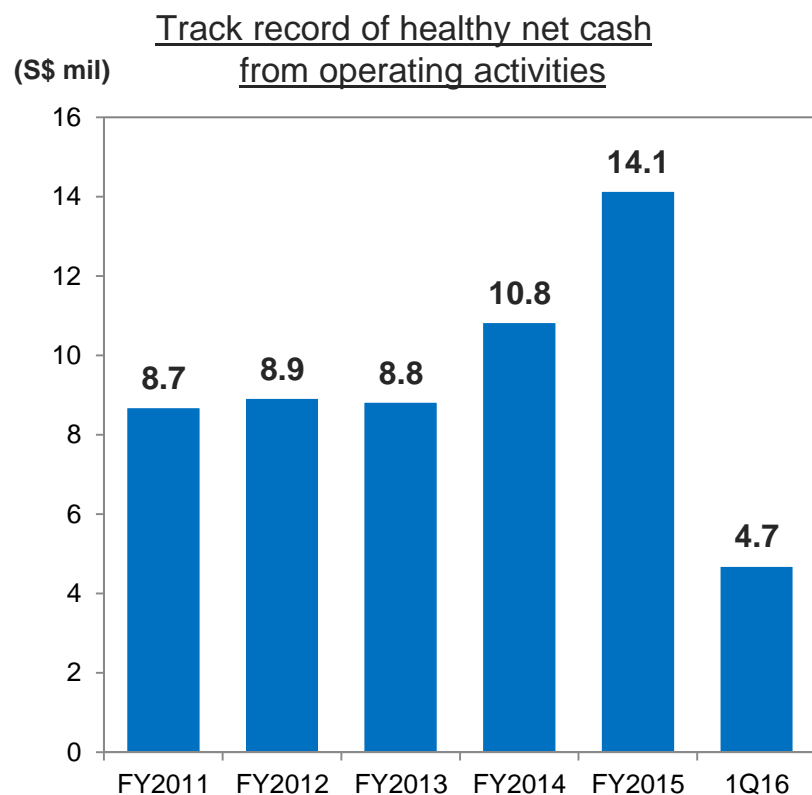
Net profit jumped on higher sales, increased GPM and tight control of expenses.



Admin, Distribution and Other Operating expenses has declined steadily as a percentage of revenue



Net Cash from Operating Activities and CAPEX



Balance Sheet

		30 September 2015	30 June 2015
<u>Cash</u>	Cash and cash equivalents	S\$17.9	S\$15.2 [#]
<u>Gearing</u>	Total borrowings	Nil	Nil
<u>Trade Receivables</u>	Trade Receivables (Outstanding > 90days) / Total trade receivables Bad debt expense	S\$9.9M 0.2% (1Q15) nil (1Q15)	S\$9.2M 0.3% (FY15) S\$1.2k (FY15)
<u>Inventory</u>	Inventory Inventory / Sales Inventory write-off	S\$3.5M 6.4% (1Q15) S\$14.9k (1Q15)	S\$3.5M 6.7% (FY15) S\$104k (FY15)
<u>Equity</u>	Shareholders' equity NAV per share	S\$49.2M 35.42 cents	S\$46.9M [#] 33.72 cents

[#] Paid dividends of S\$5.6M (Final dividend for FY2014 plus interim and special dividends for FY2015)



KEY TAKEAWAYS

CHRIS BORCH, CEO
LOW MING WAH, COO



Key Takeaways

- **Delivered revenue and profit growth**
- **Broader customer base and higher sales penetration** in China and Taiwan markets
- **Expansion of GP margin**, the result of improved operational efficiency and productivity gains
- **Enhancing shareholder value** with total dividend payments of 5.0 cents per share, up from 3.0 cents per share for FY2014
- **Markets remain unpredictable and cost-competitive.** Global chip sales outlook for 2015 may be moderated to reflect slower demand
- Continue to focus on **enhancing our value for customers** to grow our top line & sustain growth over long-term
- Aim to deliver **consistent returns** to our shareholders



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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