



**MICRO-MECHANICS®**

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**FY2020 Results Presentation**

4 September 2020



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# Business & Industry

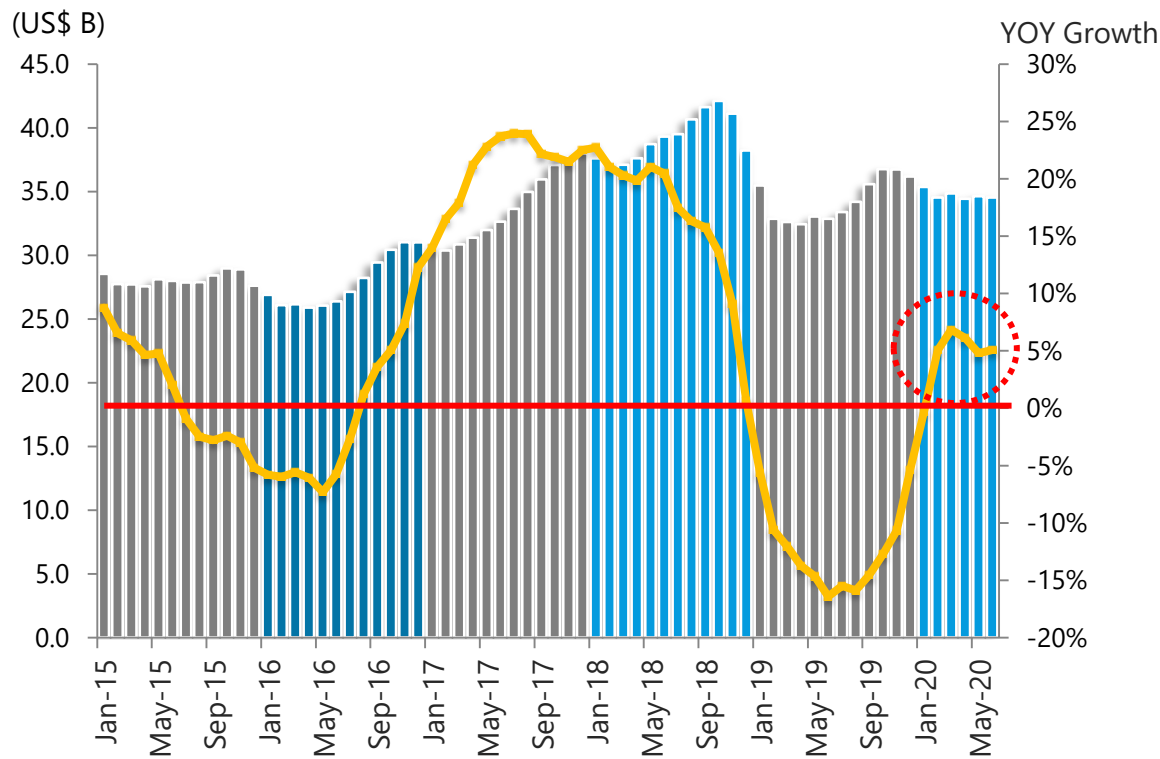
Chris Borch, CEO

Low Ming Wah, COO



# Semiconductor Industry Review

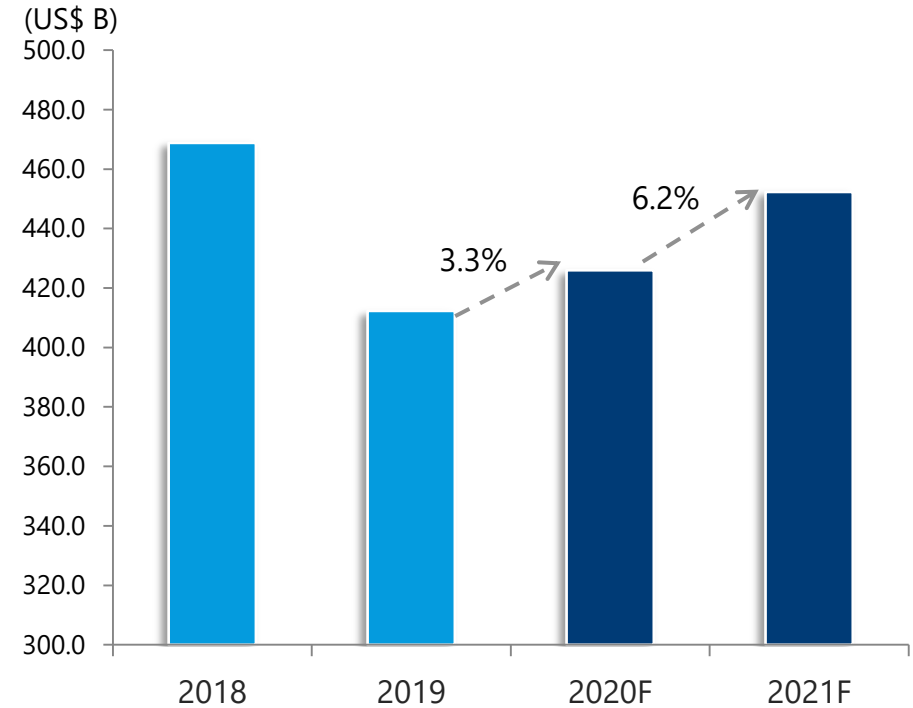
Global Monthly Chip Sales



Global chip sales in first half of 2020 were up 6.0% year-on-year. SIA cautioned that significant uncertainty remains in the second half due to ongoing macroeconomic headwinds

Sources: Semiconductor Industry Association, World Semiconductor Trade Statistics

WSTS Semiconductor Sales Forecast

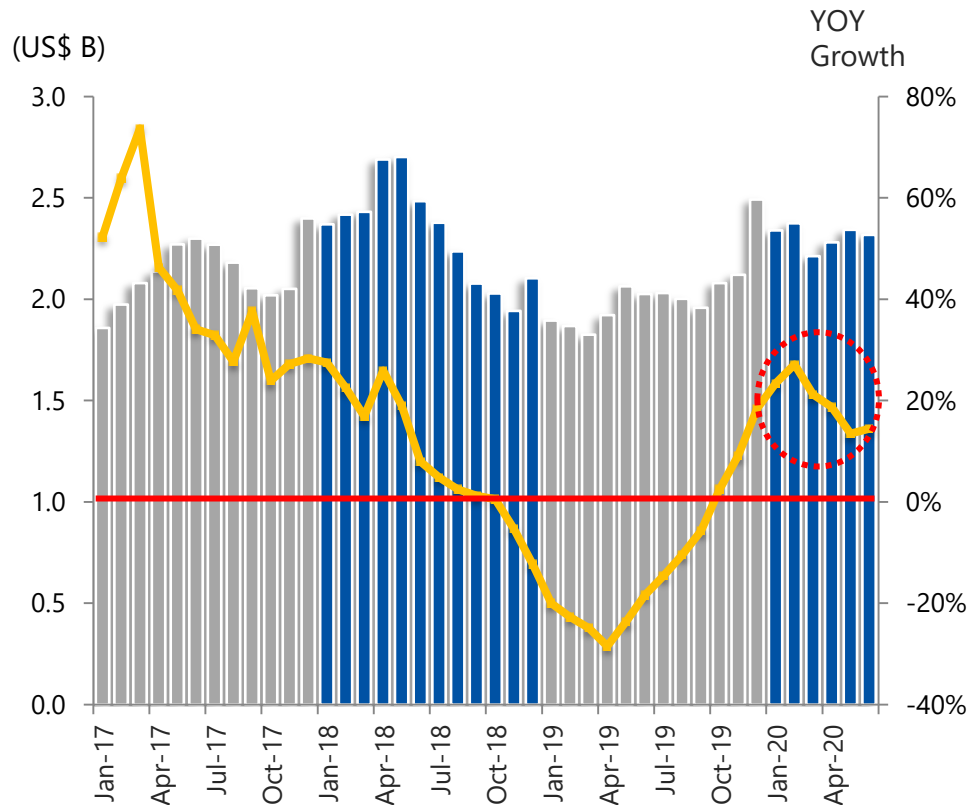


WSTS projects semiconductor sales to increase by 3.3% in 2020 on the back of higher demand for IC, Memory and Logic. Global sales expected to rise a further 6.2% in 2021, driven by Memory



# Semiconductor Industry Review

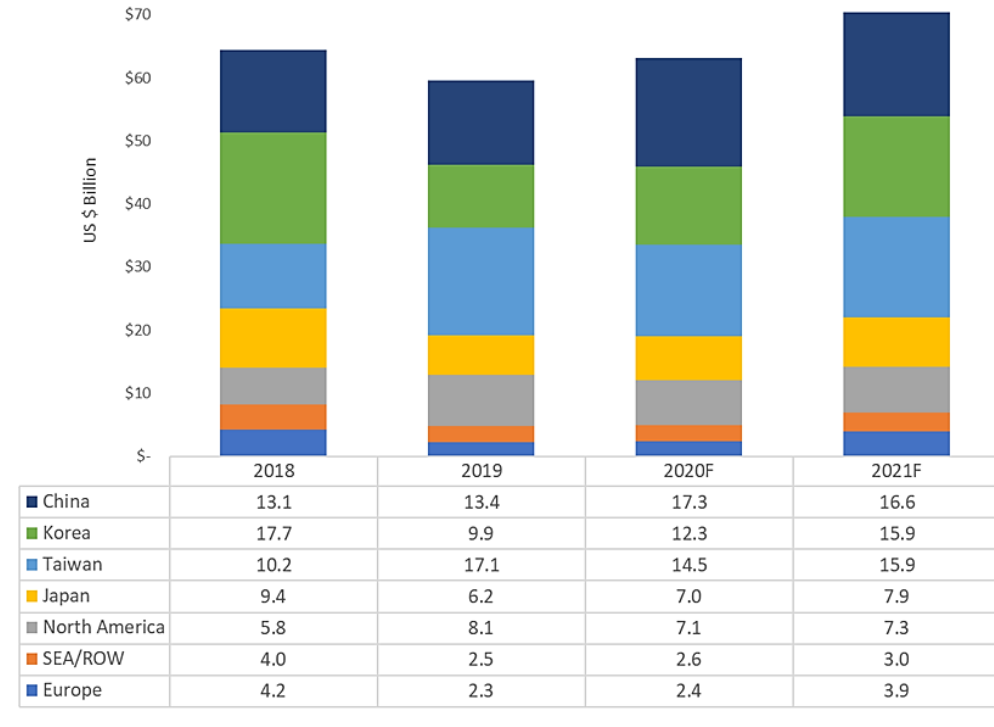
Three-month average of worldwide billings of North American equipment manufacturers



Source: SEMI

Global Semiconductor Equipment Sales Forecast

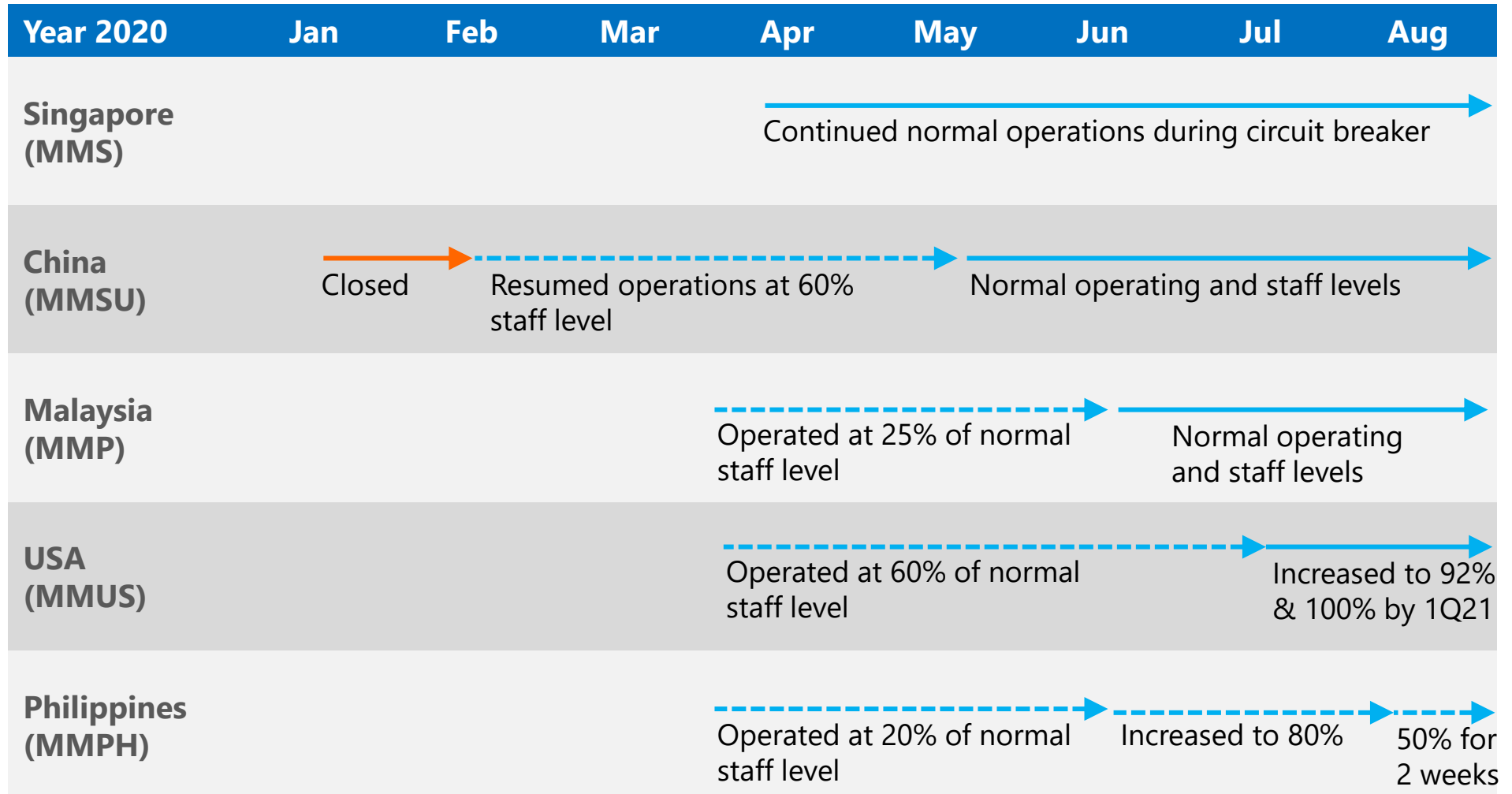
SEMI® Mid-Year Total Equipment Forecast by Region



- Global semiconductor manufacturing equipment sales projected to rise 6% to \$62.3B in 2020, and reach a record revenue of \$70B in 2021

# Impact of COVID-19 on Operations

Temporary closures and reduced operating level of our factories were in compliance with government measures to contain Covid-19, which also led to travel limitations for workforce and supply chain disruptions



# FY2020 Corporate Highlights



REVENUE GROWTH

**S\$64.2M**

▲ 6.4%

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MAINTAINED GROSS  
PROFIT MARGIN

**53.4%**

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RAISED DIVIDENDS BY 20% TO

**12.0 cents**  
PER SHARE



GROWTH IN NET PROFIT

**S\$14.7M**

▲ 13.1%

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# FY2020 Corporate Highlights



**BACK TO BETTER**

It remains difficult to accurately predict the business outlook  
- due to changing market conditions and government measures to contain the spread of COVID-19

**BUT our view of the semiconductor industry remains unchanged, and our goal is not to just go *Back to Normal*, but to go *Back to Better***

In the long term, our view for the future of the semiconductor industry remains unchanged, if not enhanced. We continue to believe the industry is poised for a prolonged period of solid growth



# Strong, Flexible and Resilient

To make it easier to adjust to changes in circumstances and ensure business continuity, we have put in place goals, structures and processes. Some of our key initiatives are:

## Maintain Healthy GP Margin

- Focus on the value we bring to customers
- To be a leading *Next Generation Supplier*
- Only a handful of suppliers in future will be capable of meeting the stringent requirements of the semiconductor industry as chip manufacturing transitions to <10-nanometer geometries

## Control Overhead Expenses

- Keep a tight rein on expenses
- Improve processes and workflow
- Employed 511 great people at end FY2020

## Automate Our Operations

- Automate our operations around processes that are repeatable, scalable and cost-effective

## Grow without Borrowings & Reward Shareholders

- Cash of S\$20.8M and no bank borrowings
- Increased dividend in FY2020 reflects confidence in Group's long-term prospects and benefits shareholders during this unprecedented difficult period

## Excel in Transparency & Governance

- Improved ranking to 13<sup>th</sup> out of 577 companies in SGTI 2020 (Previously 17<sup>th</sup> out of 578)







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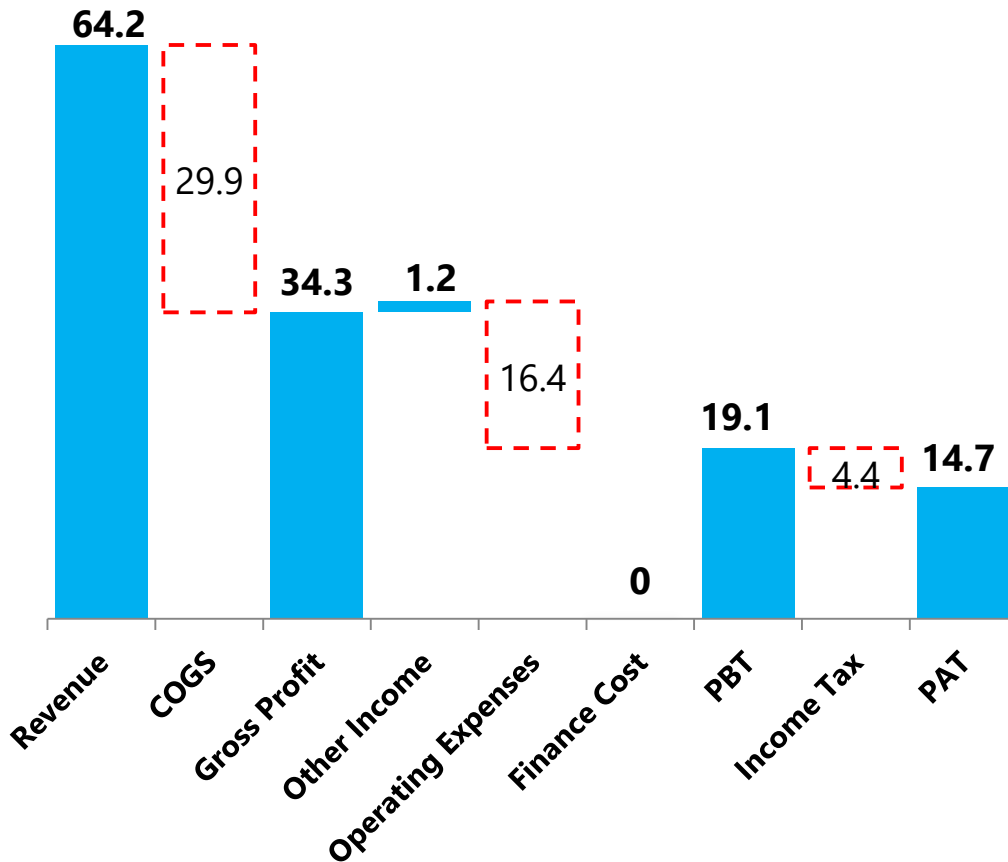
# Financial Review

Chow Kam Wing, CFO



# FY2020 in Review

FY2020 P&L Overview (S\$ 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	6.4%
GROSS PROFIT GROWTH	6.0%
PBT GROWTH	11.8%
NET PROFIT GROWTH	13.1%
GROSS PROFIT MARGIN	53.4%
NET PROFIT MARGIN	22.8%
EARNINGS PER SHARE	10.54 cents
DIVIDEND PAYOUT (FY2020)	114%
RETURN ON EQUITY	25.3%
CASH	S\$20.8M
BORROWINGS	Zero

*FY: Financial year ending 30 June*

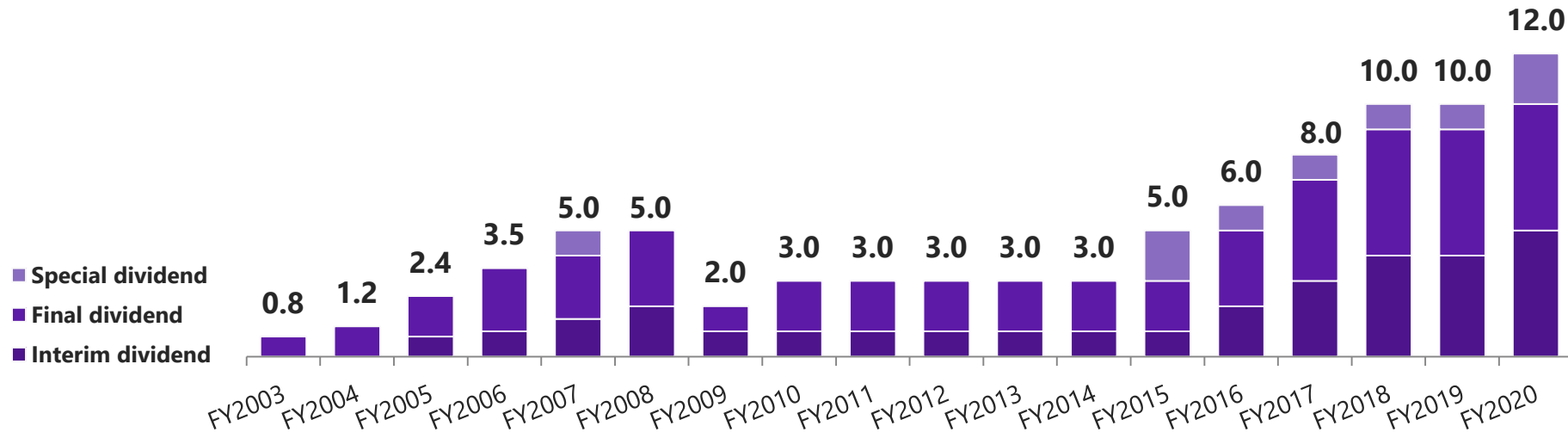


# Dividend Performance

## HIGHER INTERIM DIVIDEND OF 12 CENTS PER SHARE FOR FY2020

Total dividend payout since listing – **85.9 CENTS** per share

### DIVIDEND PER SHARE (CENTS)



### DIVIDEND PAYOUT RATIO

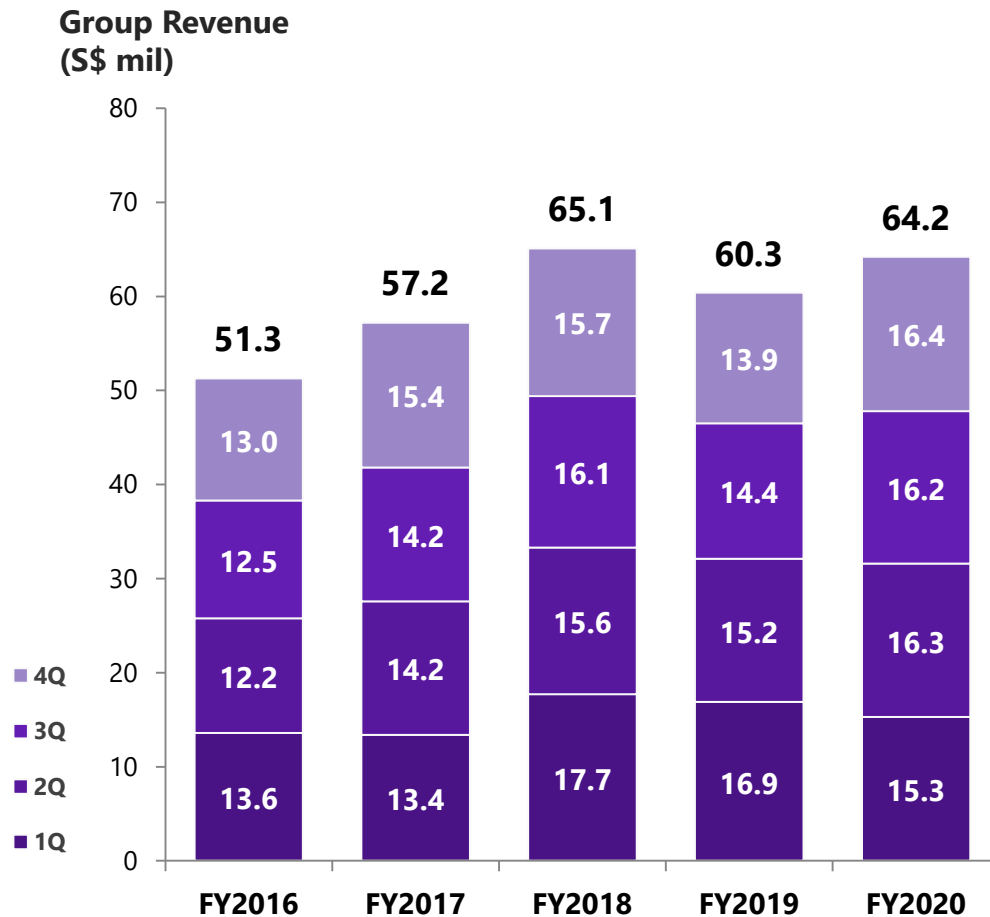
FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
29%	35%	61%	63%	83%	78%	513%	87%	61%	99%	81%	54%	58%	70%	75%	81%	107%	114%

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



# Group Revenue

## YOY GROWTH IN QUARTERLY REVENUE SINCE 2Q20



FY2020 REVENUE ▲ **6.4%**

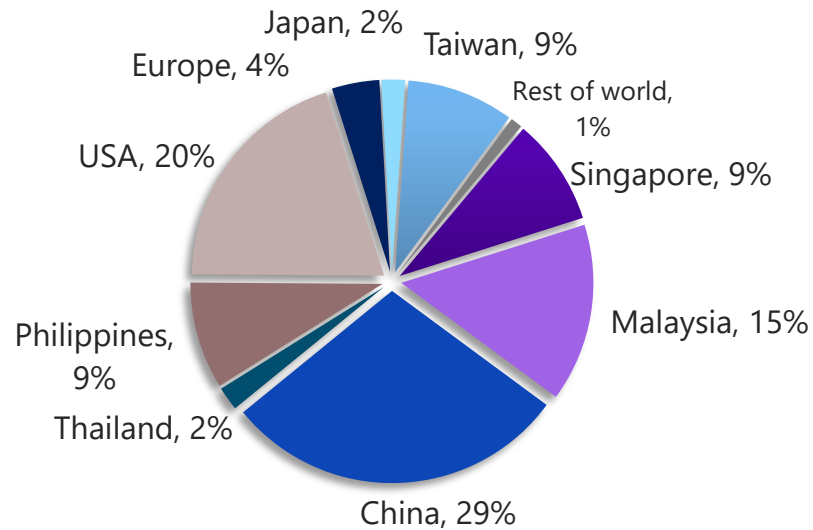
- Reflects the semiconductor industry's resilience amid the COVID-19 pandemic



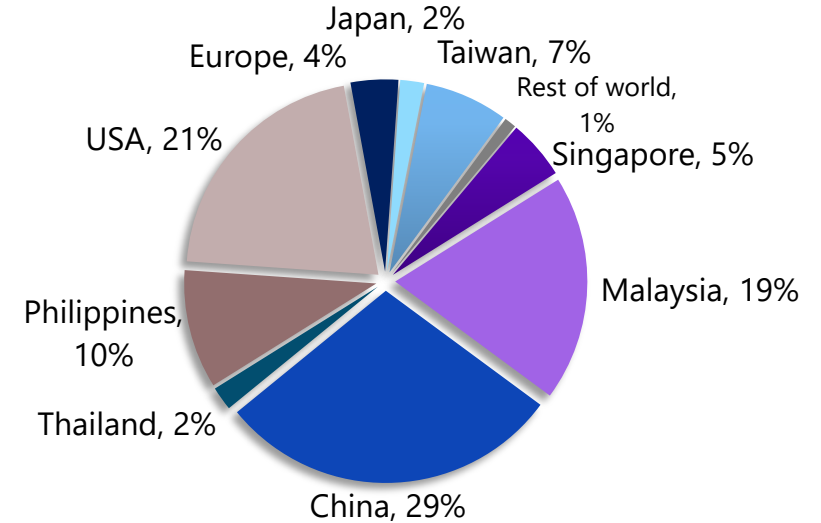
# Group Revenue

## DIVERSIFIED REVENUE STREAMS

Sales Breakdown for FY2020



Sales Breakdown for FY2019



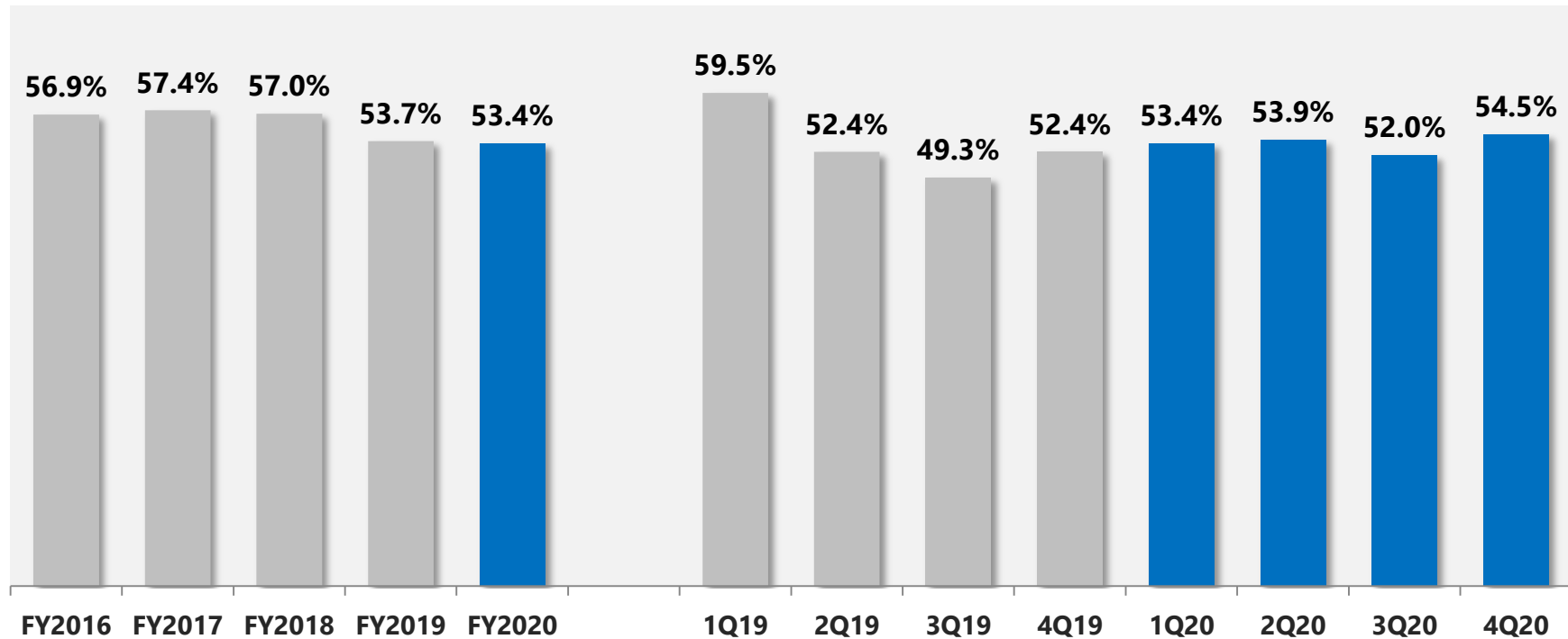
## TOP 3 MARKETS

Country	FY2020 S\$ mil	FY2019 S\$ mil	% change
<b>China</b>	<b>19.0</b>	17.3	<b>9%</b>
<b>USA</b>	<b>13.2</b>	12.5	<b>6%</b>
<b>Malaysia</b>	<b>9.9</b>	11.2	<b>(12%)</b>



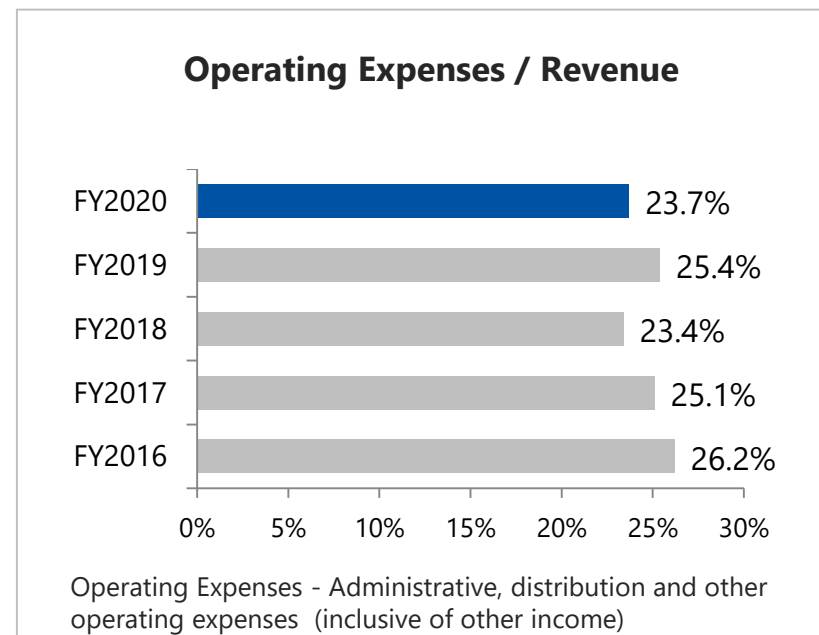
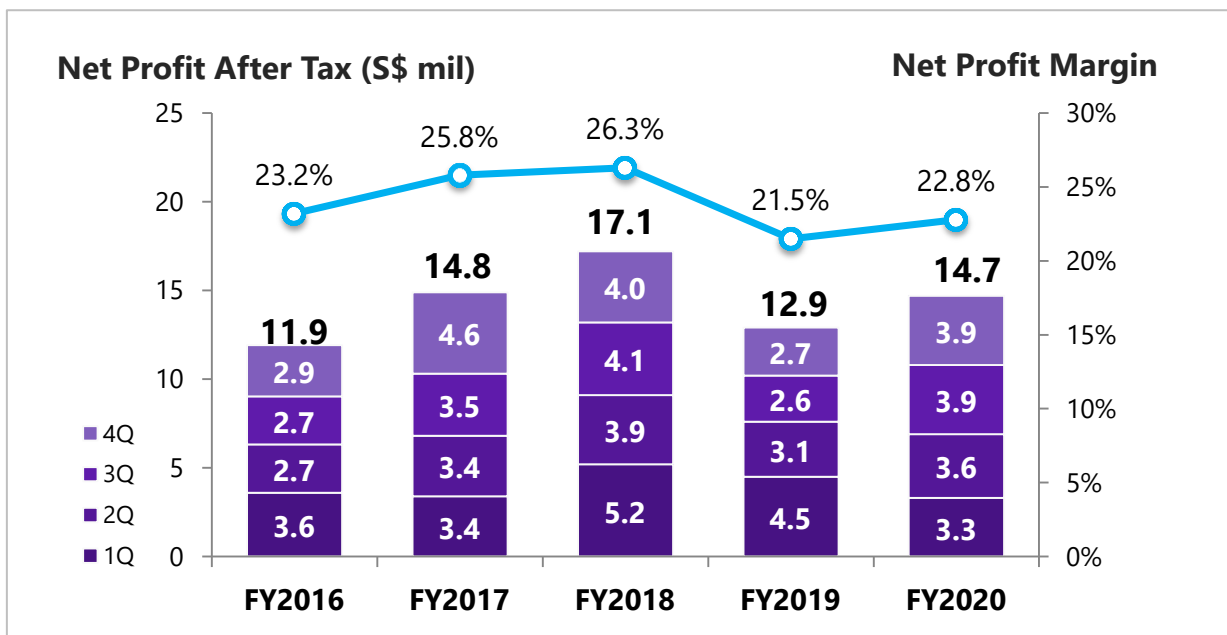
# Gross Profit Margin

**GROSS PROFIT MARGIN REMAINED ABOVE 50%**



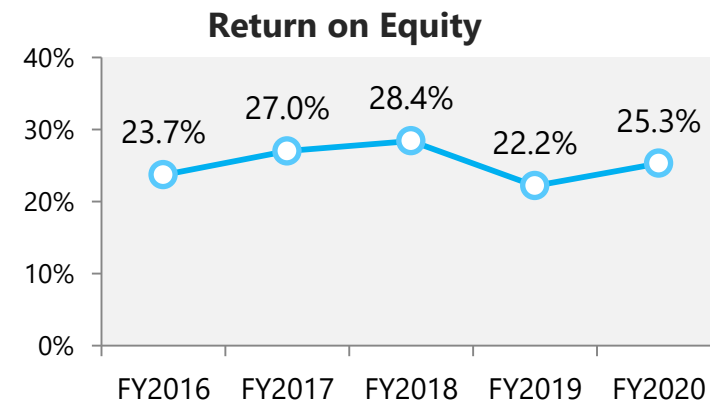
# Profitability

## MAINTAINED TIGHT REIN ON OPERATING EXPENSES



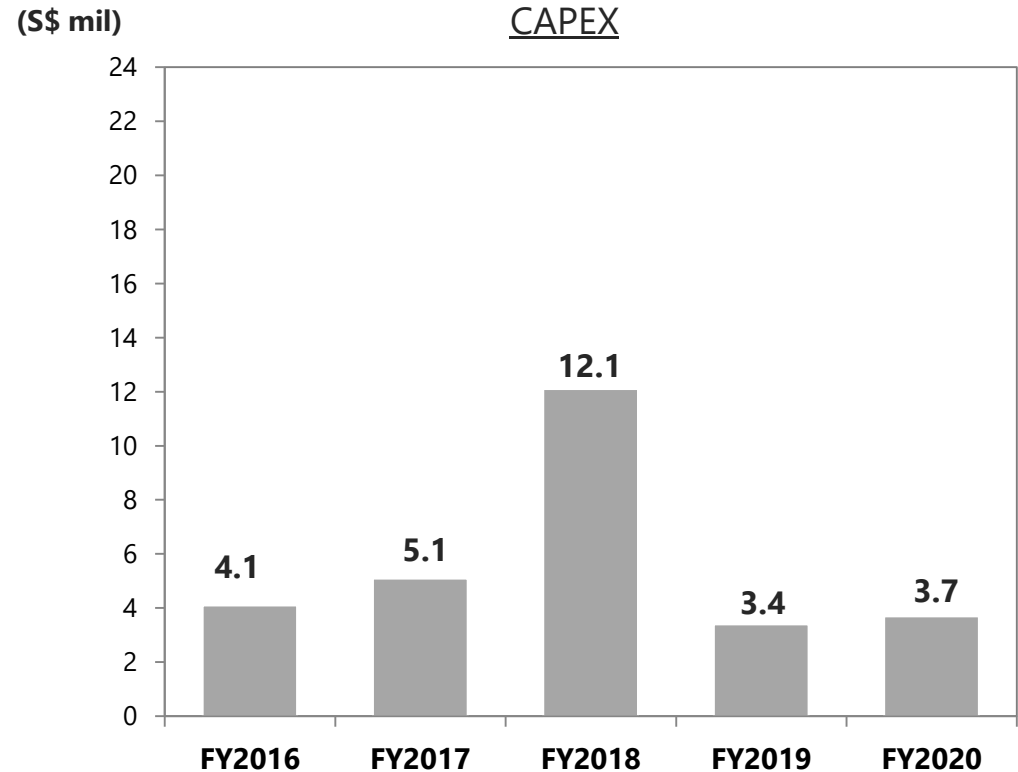
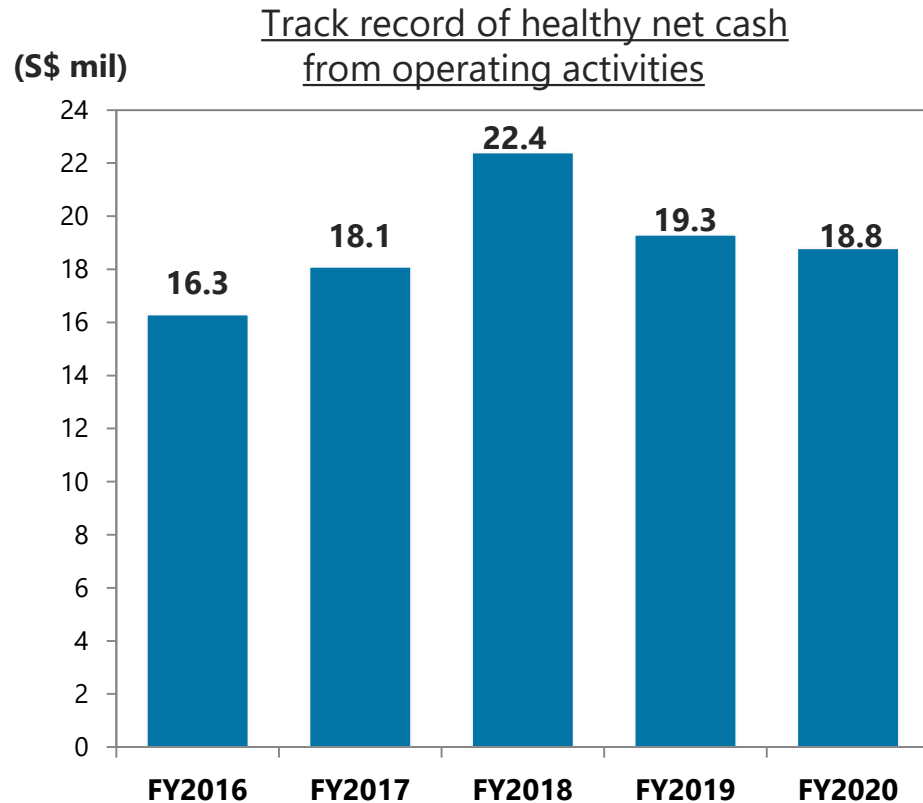
### FY2020 PROFIT ▲ **13.1%**

- Attributed to higher sales and GP, combined with a tight rein on expenses
- Improved profits from 2Q20 to 4Q20 cushioned impact of softer bottomline in 1Q20



# Cash Flow

## CASH-FLOW GENERATIVE OPERATIONS



- Capex in FY2020 primarily for new equipment to increase the manufacturing capacity and capabilities of our five factories
- Capex budget for FY2021 – approx. S\$4M



# Balance Sheet

		30 June 2020	30 June 2019
<u>Cash</u>	Cash and cash equivalents <sup>#</sup>	S\$20.8M	S\$21.9M
<u>Gearing</u>	Total borrowings	Nil	Nil
<u>Trade Receivables</u>	Trade Receivables (Outstanding > 90days) / (Total trade receivables) Bad debt expense	S\$11.8M 0.0% Nil (FY20)	S\$9.5M 0.0% Nil (FY19)
<u>Inventory</u>	Inventory Inventory / Sales Inventory write-off	S\$5.4M 8.4% S\$95k (FY20)	S\$4.5M 7.5% S\$104k (FY19)
<u>Equity</u>	Shareholders' equity <sup>#</sup> NAV per share	S\$58.0M 41.71 cents	S\$58.4M 41.98 cents

<sup>#</sup> Paid final and special dividends totalling S\$8.3M for FY2019 and interim dividend of S\$7.0M for 1H20



# 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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