

# Micro-Mechanics Holdings Ltd

Bloomberg: MMH SP | Reuters: MMEC.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

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## HOLD

 (Downgrade from BUY)

Last Traded Price (29 Apr 2022): S\$3.17 (STI : 3,356.90)

Price Target 12-mth: S\$3.42 (8% upside) (Prev S\$4.05)

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### What's New

- 9M22 revenue aligned with expectations, though margins fell short
- (+) 9M22 revenue up c.11% y-o-y driven by China, US, and Malaysia markets
- (-) 3Q22 revenue slowdown, raw material concerns, lower net profit margins, and further risks from China COVID-19 restrictions
- Trimmed FY22/23F earnings by 12%/15%; downgrade to HOLD with TP of S\$3.42

### Price Relative



### Forecasts and Valuation

FY Jun (\$m)	2020A	2021A	2022F	2023F
Revenue	64.2	73.7	80.0	83.5
EBITDA	25.9	30.1	31.2	32.7
Pre-tax Profit	19.1	23.2	23.8	24.8
Net Profit	14.7	18.1	17.6	18.4
Net Pft (Pre Ex.)	14.7	18.1	17.6	18.4
Net Pft Gth (Pre-ex) (%)	13.1	23.3	(2.5)	4.3
EPS (S cts)	10.5	13.0	12.7	13.2
EPS Pre Ex. (S cts)	10.5	13.0	12.7	13.2
EPS Gth Pre Ex (%)	13	23	(3)	4
Diluted EPS (S cts)	10.5	13.0	12.7	13.2
Net DPS (S cts)	11.0	13.0	13.0	13.0
BV Per Share (S cts)	41.7	41.7	41.4	41.6
PE (X)	30.1	24.4	25.0	24.0
PE Pre Ex. (X)	30.1	24.4	25.0	24.0
P/Cash Flow (X)	23.4	17.1	18.0	17.1
EV/EBITDA (X)	16.2	14.0	13.5	12.8
Net Div Yield (%)	3.5	4.1	4.1	4.1
P/Book Value (X)	7.6	7.6	7.7	7.6
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	25.2	31.2	30.5	31.9
Earnings Rev (%):			(12)	(15)

Source of all data on this page: Company, DBS Bank, Bloomberg Finance L.P.

## Watch for headwinds

### Investment Thesis:

**Downgrade to HOLD with TP of S\$3.42.** Despite 9M22 revenue increasing by 10.8% y-o-y, the group witnessed 3Q22 revenue decline by 3% q-o-q due to lower sales from the China market as a result of the government's movement control measures. Furthermore, MMH's US operations have also witnessed impacts due to raw material supply constraints. We trimmed FY22/23F earnings forecasts by 12%/15% in lieu of (i) a potential slowdown in sales from the US and China markets and (ii) lower margins amid rising raw material prices and higher effective taxes.

**Semiconductor industry outlook remains healthy.** The semiconductor industry is expected to grow c.9% in 2022 and see a CAGR of 8% in 2020-2025, led by drivers such as Internet of Things ("IoT"), 5G, and automotive demand. WSTS is projecting the global semiconductor market to grow by another c.10% in 2022.

**Consumable nature of products contributes towards greater resiliency to industry swings.** Consumable nature of MMH's back-end tools and front-end equipment parts supports regular demand across the cycle. In most downturn periods, MMH's revenue was observed to be relatively less impacted than its peers.

**Industry outlook seems healthy, but watch for margins and headwinds.** While we believe the industry outlook remains healthy, we are cautious of the ongoing headwinds, e.g., higher raw material prices and risks around US and China operations.

### Valuation:

**Downgrade to HOLD with revised TP of S\$3.42.** Our TP is pegged to a 27.0x FY22F PE, which is slightly below MMH's +2SD historical forward PE ratios.

### Where we differ:

**We believe the semiconductor industry outlook remains healthy,** based on various industry reports.

### Key Risks to Our View:

Earlier/sharper-than-expected semiconductor industry downturn and/or significant cost pressures from suppliers.

### At A Glance

Issued Capital (m shrs)	139
Mkt. Cap (S\$m/US\$m)	441 / 318
Major Shareholders (%)	
Sarcadia LLC (CEO's Trust)	27.2
Christopher Borch ("CEO")	20.6
Low Ming Wah ("COO")	5.1
Free Float (%)	47.1
3m Avg. Daily Val (US\$m)	0.06

**GIC Industry:** Industrials / Commercial & Professional Serv

## Micro-Mechanics Holdings Ltd

### WHAT'S NEW

#### Watch for headwinds

**(-) Revenue growth slowed in 3Q22, with further risks to China and US operations.** Group revenue reached a record S\$60.5m in 9M22, up 10.8% y-o-y on the back of double-digit sales growth in the China, US, and Malaysia markets. However, on a q-o-q basis, group revenue in 3Q22 eased slightly by 3% to S\$19.7m, down from S\$20.4m in 2Q22, mainly due to lower sales from China due to the government's movement control measures arising from the COVID-19 outbreak. Further, in 3Q22, MMUS experienced difficulties obtaining, on a timely basis, some of the materials for its production operations. Some of MMUS's customers have also experienced supply disruptions, which have caused them to reschedule planned deliveries and new orders from MMUS.

In lieu of the risks related to the group's operations in US and China, we have adjusted our revenue downwards slightly. Our FY22/23F group revenue is adjusted to S\$80.0m/83.5m from S\$81.6m/86.5m.

**(-) Lower gross margins assumed; margins under pressure ahead.** 3Q22 gross margin was at 53.4%, versus 54.5% in 3Q21. The group had witnessed rapidly rising raw material prices (e.g., aluminum and steel) for its US subsidiary (MMUS). Going forward, we have adjusted our gross margin assumptions from 54.5% to 53.0% for FY22/23F, as we anticipate continued raw material price pressure.

**(-) Watch for net profit margins.** Additionally, 3Q22 net profit margins declined to 22.5% from 23.6% in 3Q21, mainly due to higher effective tax rates, which increased from 22.4% in 3Q21 to 26.0% in 3Q22. This is due to higher income tax expenses incurred by the China and

Malaysia subsidiaries with their increased profits, as well as losses from the US subsidiary (attributed by lower sales growth due to raw material/manpower challenges). Going forward, we have adjusted our effective tax rates from 22% to 26%. Our revised net profit margin for FY22/23F is at c.22%, which is more conservative than management's forward guidance of 23%-25% shared back in 2Q22.

**(+) Industry outlook remains intact.** We believe the outlook for semiconductors remains healthy, with WSTS projecting global semiconductor revenue to grow by another c.10% in 2022.

**(+) Sound financial position.** Furthermore, we also like that the group holds a healthy financial position with cash of S\$15.0m and no bank borrowings.

**We downgrade our recommendation to HOLD with a TP of S\$3.42.** While we believe the semiconductor industry outlook remains positive, we are cautious of the ongoing headwinds, e.g., higher raw material prices and impacted China/US operations. In lieu of these headwinds, we revised our FY22/23F earnings downwards by 12%/15%, to consider slower revenue growth and, most importantly, lower margins to account for rising raw material prices and higher effective tax rates.

#### Company Background

Micro-Mechanics (MMH) produces consumables used in the chip testing and assembly process of semiconductors and contract manufactures precision parts used in critical processes during wafer fabrication.

#### Critical factors

3 Months ending	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22		
Fiscal Quarter	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	Q-o-Q %	Y-o-Y %
Global Chip Sales (US\$b)	37.86	39.63	41.05	44.53	48.28	50.85	52.48	3.2%	27.8%
Semiconductor Equipment Sales (US\$m)	2.74	2.68	3.27	3.69	3.92	n.a.	n.a.	-	-
Gross Margins (%)	54.8	53.9	54.5	54.0	55.5	53.3	53.4	-	-
Capex, Quarterly (\$m)	2.27	2.98	0.41	1.12	0.30	1.11	1.74	-	-

Source: Company, DBS Bank; N.a. = information not available

## Key Financial Summary

3 Months ending Fiscal Quarter (\$\$m)	Sep-20 1Q21	Dec-20 2Q21	Mar-21 3Q21	Jun-21 4Q21	Sep-21 1Q22	Dec-21 2Q22	Mar-22 3Q22	% Change Q-o-Q	% Change Y-o-Y	9M21	9M22	% Change Y-o-Y
<b>Revenue</b>	<b>18.1</b>	<b>18.7</b>	<b>17.7</b>	<b>19.1</b>	<b>20.5</b>	<b>20.4</b>	<b>19.7</b>	<b>-3%</b>	<b>11%</b>	<b>54.6</b>	<b>60.5</b>	<b>11%</b>
Singapore	1.9	1.7	1.6	2.0	1.7	1.5	1.9	23%	17%	5.2	5.1	-2%
Malaysia	2.8	3.1	2.7	3.0	2.9	3.4	3.3	-1%	24%	8.6	9.6	12%
Philippines	1.5	1.6	1.4	1.4	1.4	1.4	1.3	-2%	-4%	4.5	4.1	-8%
Thailand	0.3	0.5	0.3	0.4	0.3	0.3	0.3	2%	15%	1.1	1.0	-8%
China	5.4	5.8	5.9	5.9	7.3	7.3	6.6	-10%	11%	17.1	21.1	24%
USA	3.7	3.8	3.5	3.8	4.0	4.1	3.9	-6%	12%	11.0	12.1	10%
Europe	0.6	0.6	0.6	0.7	0.8	0.6	0.8	29%	29%	1.8	2.1	18%
Japan	0.3	0.3	0.2	0.3	0.3	0.3	0.2	-25%	20%	0.8	0.9	11%
Taiwan	1.3	1.1	1.1	1.3	1.3	1.1	1.1	-6%	-4%	3.5	3.5	-1%
ROW	0.3	0.2	0.4	0.3	0.5	0.3	0.2	-20%	-48%	0.9	0.9	4%
<b>Gross Profit</b>	<b>9.9</b>	<b>10.1</b>	<b>9.6</b>	<b>10.3</b>	<b>11.3</b>	<b>10.9</b>	<b>10.5</b>	<b>-3%</b>	<b>9%</b>	<b>29.7</b>	<b>32.7</b>	<b>10%</b>
<b>EBIT</b>	<b>6.0</b>	<b>5.7</b>	<b>5.4</b>	<b>6.2</b>	<b>6.7</b>	<b>6.1</b>	<b>6.0</b>	<b>-2%</b>	<b>11%</b>	<b>17.0</b>	<b>18.7</b>	<b>10%</b>
<b>Net Profit</b>	<b>4.7</b>	<b>4.5</b>	<b>4.2</b>	<b>4.8</b>	<b>5.0</b>	<b>4.6</b>	<b>4.4</b>	<b>-3%</b>	<b>6%</b>	<b>13.3</b>	<b>13.9</b>	<b>5%</b>
Gross Margins (%)	54.8	53.9	54.5	54.0	55.5	53.3	53.4	-	-	54.4	54.1	-
EBIT Margins (%)	32.8	30.3	30.4	32.4	32.5	30.0	30.3	-	-	31.2	31.0	-
Net Profit Margins (%)	25.6	23.8	23.6	25.0	24.3	22.4	22.5	-	-	24.3	23.0	-

Source: Company, DBS Bank

## Quarterly / Interim Income Statement (\$\$m)

FY Jun	3Q2021	2Q2022	3Q2022	% chg y-o-y	% chg q-o-q
Revenue	17.7	20.4	19.7	11.2	(3.5)
Cost of Goods Sold	(8.1)	(9.5)	(9.2)	13.7	(3.8)
<b>Gross Profit</b>	<b>9.64</b>	<b>10.9</b>	<b>10.5</b>	<b>9.0</b>	<b>(3.2)</b>
Other Oper. (Exp)/Inc	(4.3)	(4.8)	(4.5)	6.7	(4.3)
<b>Operating Profit</b>	<b>5.38</b>	<b>6.11</b>	<b>5.96</b>	<b>10.9</b>	<b>(2.4)</b>
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	-	-
Associates & JV Inc	0.0	0.0	0.0	-	-
Net Interest (Exp)/Inc	0.0	0.0	0.0	-	-
Exceptional Gain/(Loss)	0.0	0.0	0.0	-	-
<b>Pre-tax Profit</b>	<b>5.38</b>	<b>6.11</b>	<b>5.96</b>	<b>10.9</b>	<b>(2.4)</b>
Tax	(1.2)	(1.6)	(1.6)	28.5	(0.4)
Minority Interest	0.0	0.0	0.0	nm	nm
<b>Net Profit</b>	<b>4.17</b>	<b>4.56</b>	<b>4.41</b>	<b>5.8</b>	<b>(3.1)</b>
Net profit bef Except.	4.17	4.56	4.41	5.8	(3.1)
EBITDA	5.38	6.11	5.96	10.9	(2.4)
<b>Margins (%)</b>					
Gross Margins	54.5	53.3	53.4		
Opg Profit Margins	30.4	30.0	30.3		
Net Profit Margins	23.6	22.4	22.5		

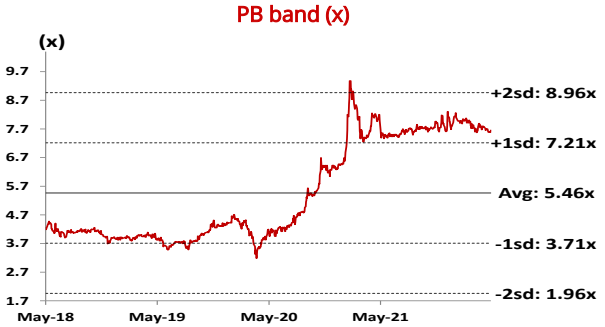
Source: Company, DBS Bank

**Micro-Mechanics Holdings Ltd**

**Historical PE and PB band**



Source: Bloomberg Finance L.P., DBS Bank estimates



Source: Bloomberg Finance L.P., DBS Bank estimates

## Micro-Mechanics Holdings Ltd

### Key Assumptions

FY Jun	2019A	2020A	2021A	2022F	2023F
Revenue Growth Rate	(7.3)	6.43	14.8	8.44	4.50
Gross Margin	53.7	53.4	54.3	53.0	53.0
Operating Expenses (As % of Sales)	26.4	25.6	24.1	24.5	24.5

Assumed slower growth in FY22/23F, down from 10.7% and 6.0%

Adjusted gross margin assumptions, down from 54.5%

Adjusted operating expenses (%), up from 24.1%

### Segmental Breakdown

FY Jun	2019A	2020A	2021A	2022F	2023F
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#### Revenues (S\$m)

Singapore	14.4	15.9	16.8	17.3	17.8
Malaysia	11.8	10.8	12.2	12.7	13.2
The Philippines	6.37	6.04	6.21	6.09	6.15
USA	11.3	13.6	16.5	16.3	16.5
Others	16.5	17.8	22.1	27.6	29.9

<b>Total</b>	<b>60.3</b>	<b>64.2</b>	<b>73.7</b>	<b>80.0</b>	<b>83.5</b>
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#### Operating Profit (S\$m)

Singapore	4.49	6.15	6.06	6.24	6.42
Malaysia	5.45	4.85	5.76	5.99	6.23
The Philippines	3.17	2.49	2.25	2.20	2.23
USA	(1.0)	(0.2)	1.22	1.21	1.22
Others	5.40	6.32	8.60	10.8	11.7

<b>Total</b>	<b>17.1</b>	<b>19.1</b>	<b>23.2</b>	<b>23.8</b>	<b>24.8</b>
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#### Operating Profit Margins (%)

Singapore	31.2	38.6	36.1	36.1	36.1
Malaysia	46.2	44.7	47.2	47.2	47.2
The Philippines	49.8	41.3	36.2	36.2	36.2
USA	(9.2)	(1.1)	7.4	7.4	7.4
Others	32.8	35.5	39.0	39.0	39.0

<b>Total</b>	<b>28.3</b>	<b>29.7</b>	<b>31.5</b>	<b>29.7</b>	<b>29.7</b>
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Source: Company, DBS Bank

Assumed lower operating profit margins in FY22/23F, down from 31.6%/32.2%

## Micro-Mechanics Holdings Ltd

### Income Statement (\$m)

FY Jun	2019A	2020A	2021A	2022F	2023F
Revenue	60.3	64.2	73.7	80.0	83.5
Cost of Goods Sold	(28.0)	(29.9)	(33.7)	(37.6)	(39.3)
<b>Gross Profit</b>	<b>32.4</b>	<b>34.3</b>	<b>40.0</b>	<b>42.4</b>	<b>44.3</b>
Other Opng (Exp)/Inc	(15.3)	(15.2)	(16.8)	(18.6)	(19.5)
<b>Operating Profit</b>	<b>17.1</b>	<b>19.1</b>	<b>23.2</b>	<b>23.8</b>	<b>24.8</b>
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	0.0	0.0	0.0	0.0	0.0
Net Interest (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>17.1</b>	<b>19.1</b>	<b>23.2</b>	<b>23.8</b>	<b>24.8</b>
Tax	(4.1)	(4.4)	(5.2)	(6.2)	(6.5)
Minority Interest	0.0	0.0	0.0	0.0	0.0
Preference Dividend	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>13.0</b>	<b>14.7</b>	<b>18.1</b>	<b>17.6</b>	<b>18.4</b>
Net Profit before Except.	13.0	14.7	18.1	17.6	18.4
EBITDA	23.6	25.9	30.1	31.2	32.7
<b>Growth</b>					
Revenue Gth (%)	(7.3)	6.4	14.8	8.4	4.5
EBITDA Gth (%)	(15.0)	9.6	16.3	3.7	4.8
Opg Profit Gth (%)	(21.9)	11.8	21.7	2.4	4.3
Net Profit Gth (Pre-ex) (%)	(24.5)	13.1	23.3	(2.5)	4.3
<b>Margins &amp; Ratio</b>					
Gross Margins (%)	53.7	53.4	54.3	53.0	53.0
Opg Profit Margin (%)	28.3	29.7	31.5	29.7	29.7
Net Profit Margin (%)	21.5	22.8	24.5	22.0	22.0
ROAE (%)	21.8	25.2	31.2	30.5	31.9
ROA (%)	18.1	20.8	25.2	24.3	25.1
ROCE (%)	20.7	23.9	29.4	28.7	30.0
Div Payout Ratio (%)	107.4	104.4	100.1	102.7	98.5
Net Interest Cover (x)	NM	NM	NM	NM	NM

Source: Company, DBS Bank

## Micro-Mechanics Holdings Ltd

### Quarterly Income Statement (\$m)

FY Jun	3Q2021	4Q2021	1Q2022	2Q2022	3Q2022
Revenue	17.7	19.1	20.5	20.4	19.7
Cost of Goods Sold	(8.1)	(8.8)	(9.1)	(9.5)	(9.2)
<b>Gross Profit</b>	<b>9.64</b>	<b>10.3</b>	<b>11.4</b>	<b>10.9</b>	<b>10.5</b>
Other Oper. (Exp)/Inc	(4.3)	(4.1)	(4.7)	(4.8)	(4.5)
<b>Operating Profit</b>	<b>5.38</b>	<b>6.20</b>	<b>6.66</b>	<b>6.11</b>	<b>5.96</b>
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	0.0	0.0	0.0	0.0	0.0
Net Interest (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Exceptional Gain/(Loss)	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>5.38</b>	<b>6.20</b>	<b>6.66</b>	<b>6.11</b>	<b>5.96</b>
Tax	(1.2)	(1.4)	(1.7)	(1.6)	(1.6)
Minority Interest	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>4.17</b>	<b>4.78</b>	<b>4.97</b>	<b>4.56</b>	<b>4.41</b>
Net profit bef Except.	4.17	4.78	4.97	4.56	4.41
EBITDA	5.38	6.20	6.66	6.11	5.96

### Growth

Revenue Gth (%)	(5.6)	8.2	6.9	(0.4)	(3.5)
EBITDA Gth (%)	(5.4)	15.3	7.4	(8.2)	(2.4)
Opg Profit Gth (%)	(5.4)	15.3	7.4	(8.2)	(2.4)
Net Profit Gth (Pre-ex) (%)	(6.3)	14.5	4.0	(8.3)	(3.1)

### Margins

Gross Margins (%)	54.5	54.0	55.5	53.3	53.4
Opg Profit Margins (%)	30.4	32.4	32.5	30.0	30.3
Net Profit Margins (%)	23.6	25.0	24.3	22.4	22.5

Lower margins observed, down from 54.5% in 3Q2021

Higher effective tax rates in 2Q and 3Q22, from 22% to 26%

### Balance Sheet (\$m)

FY Jun	2019A	2020A	2021A	2022F	2023F
Net Fixed Assets	30.8	29.1	29.7	28.3	26.4
Invt in Associates & JVs	0.0	0.0	0.0	0.0	0.0
Other LT Assets	2.29	3.14	3.29	3.29	3.29
Cash & ST Invt	21.9	20.8	20.6	21.0	22.6
Inventory	4.51	5.40	5.20	5.91	6.17
Debtors	10.4	12.7	13.6	14.2	14.9
Other Current Assets	0.0	0.0	0.0	0.0	0.0
<b>Total Assets</b>	<b>69.9</b>	<b>71.2</b>	<b>72.3</b>	<b>72.7</b>	<b>73.4</b>
ST Debt	0.0	0.0	0.0	0.0	0.0
Creditor	6.44	7.71	7.86	8.68	9.07
Other Current Liab	2.04	2.27	2.91	2.91	2.91
LT Debt	0.0	0.0	0.0	0.0	0.0
Other LT Liabilities	3.05	3.18	3.59	3.59	3.59
Shareholder's Equity	58.4	58.0	58.0	57.5	57.8
Minority Interests	0.0	0.0	0.0	0.0	0.0
<b>Total Cap. &amp; Liab.</b>	<b>69.9</b>	<b>71.2</b>	<b>72.3</b>	<b>72.7</b>	<b>73.4</b>
Non-Cash Wkg. Capital	6.42	8.13	7.99	8.56	9.08
Net Cash/(Debt)	21.9	20.8	20.6	21.0	22.6
Debtors Turn (avg days)	67.4	65.7	65.0	63.4	63.6
Creditors Turn (avg days)	115.1	111.7	105.8	100.1	103.2
Inventory Turn (avg days)	77.4	78.2	72.0	67.2	70.2
Asset Turnover (x)	0.8	0.9	1.0	1.1	1.1
Current Ratio (x)	4.3	3.9	3.7	3.5	3.6
Quick Ratio (x)	3.8	3.4	3.2	3.0	3.1
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	N/A	N/A	N/A	N/A	N/A

Source: Company, DBS Bank

## Micro-Mechanics Holdings Ltd

### Cash Flow Statement (\$m)

FY Jun	2019A	2020A	2021A	2022F	2023F
Pre-Tax Profit	17.1	19.1	23.2	23.8	24.8
Dep. & Amort.	6.53	6.77	6.84	7.40	7.88
Tax Paid	(4.6)	(4.4)	(5.2)	(6.2)	(6.5)
Assoc. & JV Inc/(loss)	0.0	0.0	0.0	0.0	0.0
Chg in Wkg. Cap.	0.33	0.0	0.0	(0.6)	(0.5)
Other Operating CF	(0.1)	(2.6)	0.81	0.0	0.0
<b>Net Operating CF</b>	<b>19.3</b>	<b>18.8</b>	<b>25.7</b>	<b>24.4</b>	<b>25.7</b>
Capital Exp. (net)	(3.4)	(3.6)	(6.8)	(6.0)	(6.0)
Other Invts. (net)	0.0	0.0	0.0	0.0	0.0
Invts in Assoc. & JV	0.0	0.0	0.0	0.0	0.0
Div from Assoc & JV	0.0	0.0	0.0	0.0	0.0
Other Investing CF	0.23	0.22	0.05	0.0	0.0
<b>Net Investing CF</b>	<b>(3.2)</b>	<b>(3.4)</b>	<b>(6.7)</b>	<b>(6.0)</b>	<b>(6.0)</b>
Div Paid	(13.9)	(15.3)	(18.1)	(18.1)	(18.1)
Chg in Gross Debt	0.0	0.0	0.0	0.0	0.0
Capital Issues	0.0	0.0	0.0	0.0	0.0
Other Financing CF	(1.1)	(1.1)	(1.2)	0.0	0.0
<b>Net Financing CF</b>	<b>(15.0)</b>	<b>(16.4)</b>	<b>(19.3)</b>	<b>(18.1)</b>	<b>(18.1)</b>
Currency Adjustments	(0.3)	(0.1)	0.12	0.0	0.0
Chg in Cash	0.80	(1.1)	(0.2)	0.35	1.65
Opg CFPS (S cts)	13.6	13.5	18.5	18.0	18.9
Free CFPS (S cts)	11.4	10.9	13.6	13.3	14.2

Source: Company, DBS Bank

### Target Price & Ratings History



Note: Share price and Target price are adjusted for corporate actions.

S.No.	Date of Report	Closing Price	12-mth Target Price	Rating
1:	07 Dec 21	3.24	4.05	BUY

Source: DBS Bank

Analyst: Singapore Research Team

Lee Keng LING



DBS Bank recommendations are based on an Absolute Total Return\* Rating system, defined as follows:  
**STRONG BUY** (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)  
**BUY** (>15% total return over the next 12 months for small caps, >10% for large caps)  
**HOLD** (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)  
**FULLY VALUED** (negative total return, i.e., > -10% over the next 12 months)  
**SELL** (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

\*Share price appreciation + dividends

Completed Date: 4 May 2022 06:58:31 (SGT)

Dissemination Date: 4 May 2022 08:21:07 (SGT)

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**Micro-Mechanics Holdings Ltd**

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