



*International Contract Manufacturer to Capital  
Equipment and Consumer Industries*

# ELECTROTECH INVESTMENTS LIMITED

## **FY2007 Results Presentation**

29 February 2008

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- changes in currency exchange rates;
- changes in customer preferences and needs;
- changes in competitive conditions in our customers' industries and our ability to compete under these conditions;
- changes in pricing for our products; and
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- ❖ **Financial Review**
- ❖ **Business Review and Outlook**
  - ❖ **Mechatronics Division**
  - ❖ **EMS Division**
- ❖ **Questions and Answers**

(S\$m)	FY2007	FY2006	Chg YOY
<b>Revenue</b>	<b>246.2</b>	<b>222.2</b>	<b>11%</b>
Gross Profit	41.6	47.5	-13%
Profit before Tax	28.3	34.8	-19%
<b>Net Profit</b>	<b>23.0</b>	<b>26.3</b>	<b>-13%</b>
<i>Net Profit Margin</i>	<i>9.3%</i>	<i>11.9%</i>	<i>-22%</i>
<i>Effective Tax Rate</i>	<i>18.8%</i>	<i>24.3%</i>	<i>-23%</i>
<i>Dividend per share (cents)</i>	<i>2.27</i>	<i>2.60</i>	<i>-13%</i>

**Mechatronics Division reported robust growth while EMS Division's performance affected by challenging operating backdrop**

**Dividend payout ratio 30% of Net Profit**

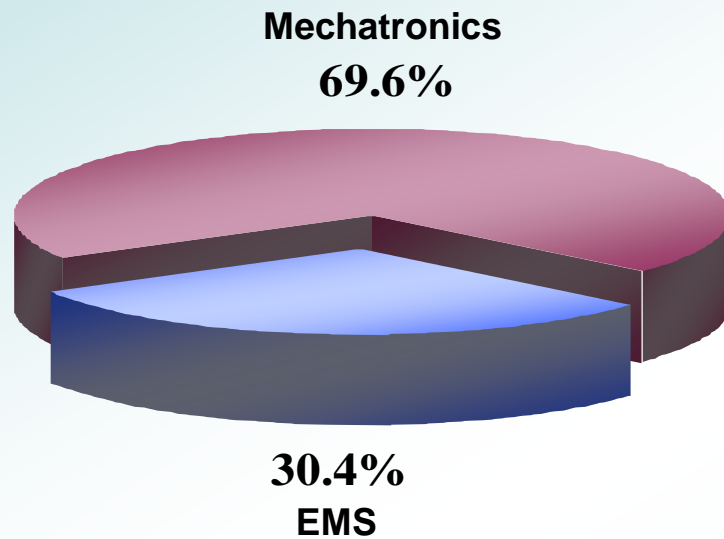
<b>Mechatronics (S\$m)</b>	<b>FY2007</b>	<b>FY2006</b>	<b>% Change</b>
Revenue	171.3	141.6	<b>+ 21%</b>
NPAT	18.9	15.2	<b>+ 24%</b>
Net Profit Margin	11.0%	10.7%	

<b>Revenue Breakdown by Business Segment</b>		
	<b>% Change</b>	<b>% Contribution to Mechatronics Division</b>
<b>Semiconductor</b>	+ 18%	33%
<b>Medical</b>	+ 36%	34%
<b>Analytical</b>	+ 22%	27%

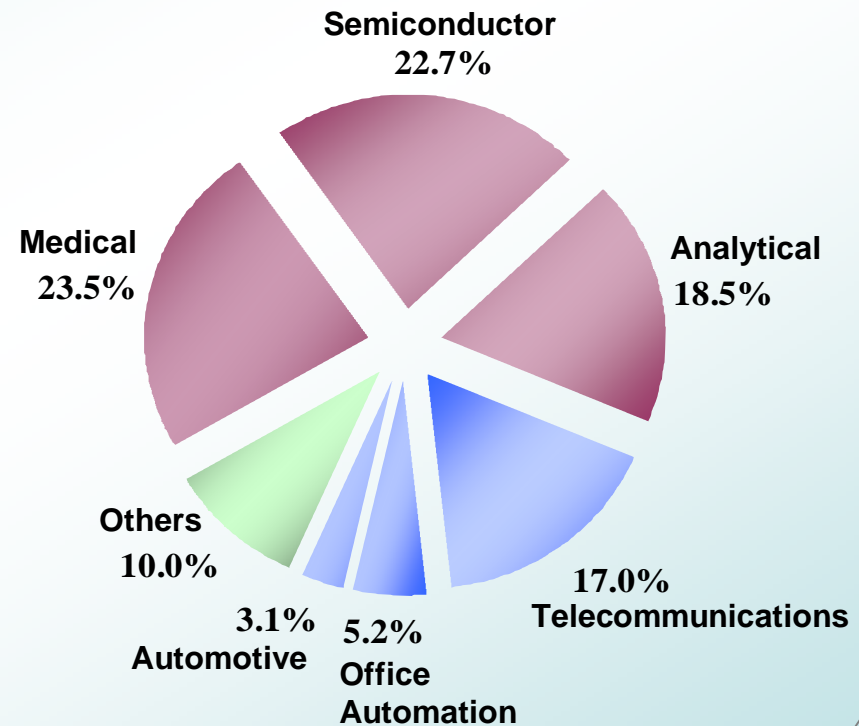
<b>EMS (S\$m)</b>	<b>FY2007</b>	<b>FY2006</b>	<b>% Change</b>
Revenue	74.8	80.6	<b>- 7%</b>
NPAT	4.3	11.3	<b>- 62%</b>
Net Profit Margin	5.8%	14.1%	

<b>Revenue Breakdown by Business Segment</b>		
	<b>% Change</b>	<b>% Contribution to EMS Division</b>
<b>Telco - Keypad</b>	- 30%	49%
<b>- Others</b>	- 18%	7%
<b>Office Automation</b>	+ 32%	17%
<b>Automotive</b>	+ 179%	10%

### Revenue Breakdown by Division



### Revenue Breakdown by Business Segment



# ElectroTech Investments Limited

## 4Q FY2007 – Financial Highlights



FY2007 Results Briefing

(S\$m)	4Q 2007	4Q 2006	Chg YOY
<b>Revenue</b>	<b>63.7</b>	<b>59.2</b>	<b>8%</b>
- Mechatronics	45.5	38.0	+20%
- EMS	18.2	21.2	-14%
<b>Gross Profit</b>	<b>10.7</b>	<b>12.9</b>	<b>-17%</b>
<b>Profit before Tax</b>	<b>6.7</b>	<b>10.1</b>	<b>-34%</b>
<b>Net Profit</b>	<b>5.6</b>	<b>7.6</b>	<b>-26%</b>
- Mechatronics	5.3	4.2	+24%
- EMS	0.3	3.2	-88%
<b>Net Profit Margin</b>	<b>8.8%</b>	<b>12.8%</b>	<b>-31%</b>
<b>Effective Tax Rate</b>	<b>16.0%</b>	<b>25.1%</b>	<b>-36%</b>

**Mechatronics Division's growth off-set by volume decline and weaker USD at EMS Division**

Balance Sheet Highlights (S\$m)	31 Dec 2007	31 Dec 2006	% Change
Shareholders' Equity	178.3	159.8	12%
Cash & Cash Equivalents *	44.0	46.2	-5%
Total Borrowings	0.8	1.0	-23%

\* Include short term funds with a financial institution

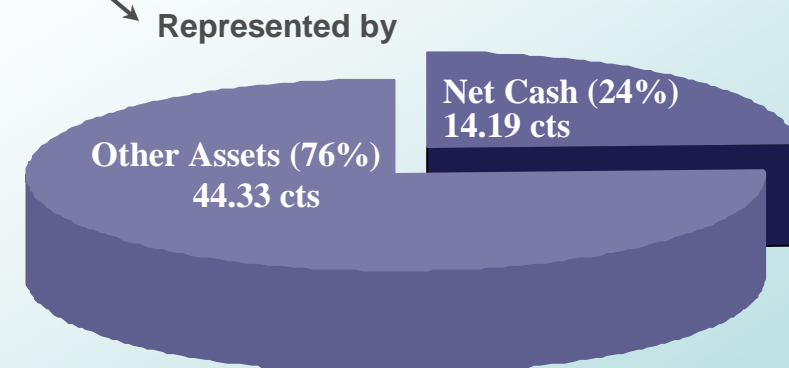
Balance Sheet Highlights (Days)	31 Dec 2007	31 Dec 2006
Inventories Turnover	94	77
Accounts Receivables Turnover	72	75
Accounts Payables Turnover	81	88

Cash Flow Highlights (S\$m)	YTD Dec 07	YTD Dec 06	% Change
Net cash flow from operations	11.2	31.2	-64%
Capital expenditure	8.9	11.0	-19%



Key Financial Indicators	FY2007	FY2006	% Change
ROAE (%) - Annualised	13.6	17.6	-23%
ROAE (ex-Net Cash) (%) - Annualised	18.4	24.0	-23%
EBIT interest coverage *	334.4	359.7	-7%
Earnings per share (cents)	7.55	8.65	-13%
Net assets per share (cents)	58.52	52.44	12%

\* EBIT interest coverage = Profit before interest & tax / Interest on borrowings





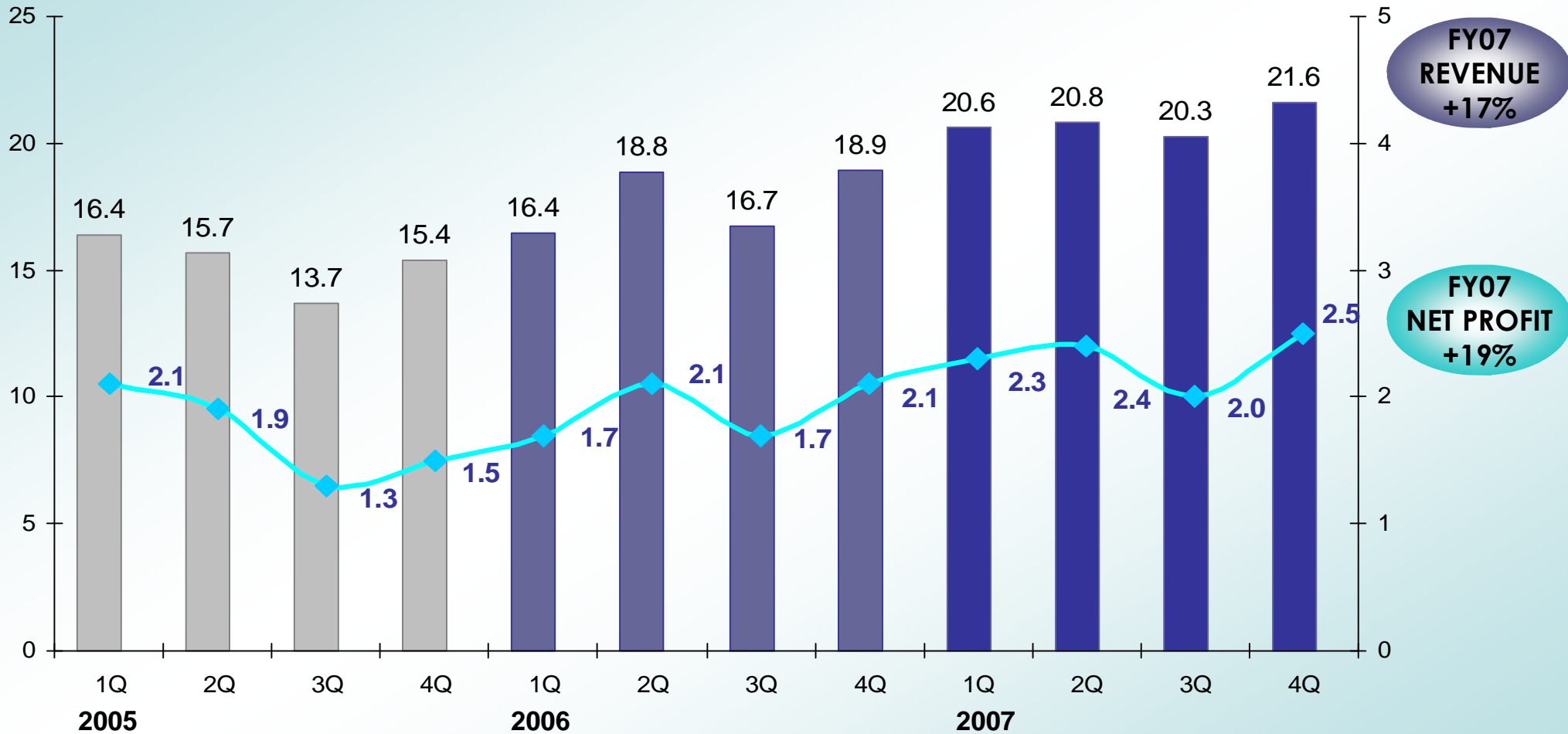
# **Business Review**

# **Mechatronics Division**

# Mechatronics Division

## Sales and Net Profit – Quarterly Performance

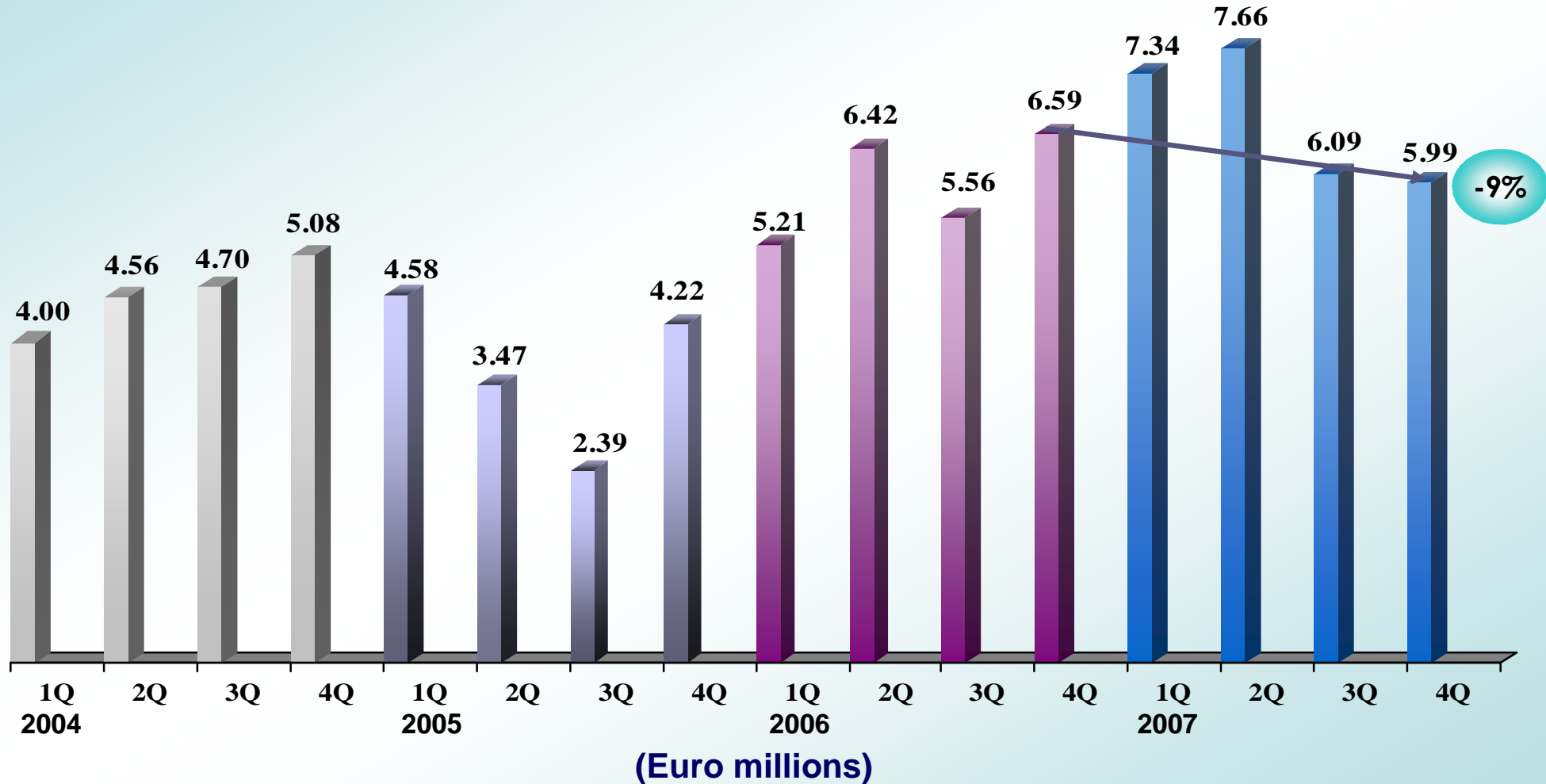
(Euro millions)



# Mechatronics Division

## Sales Analysis – Semiconductor Segment

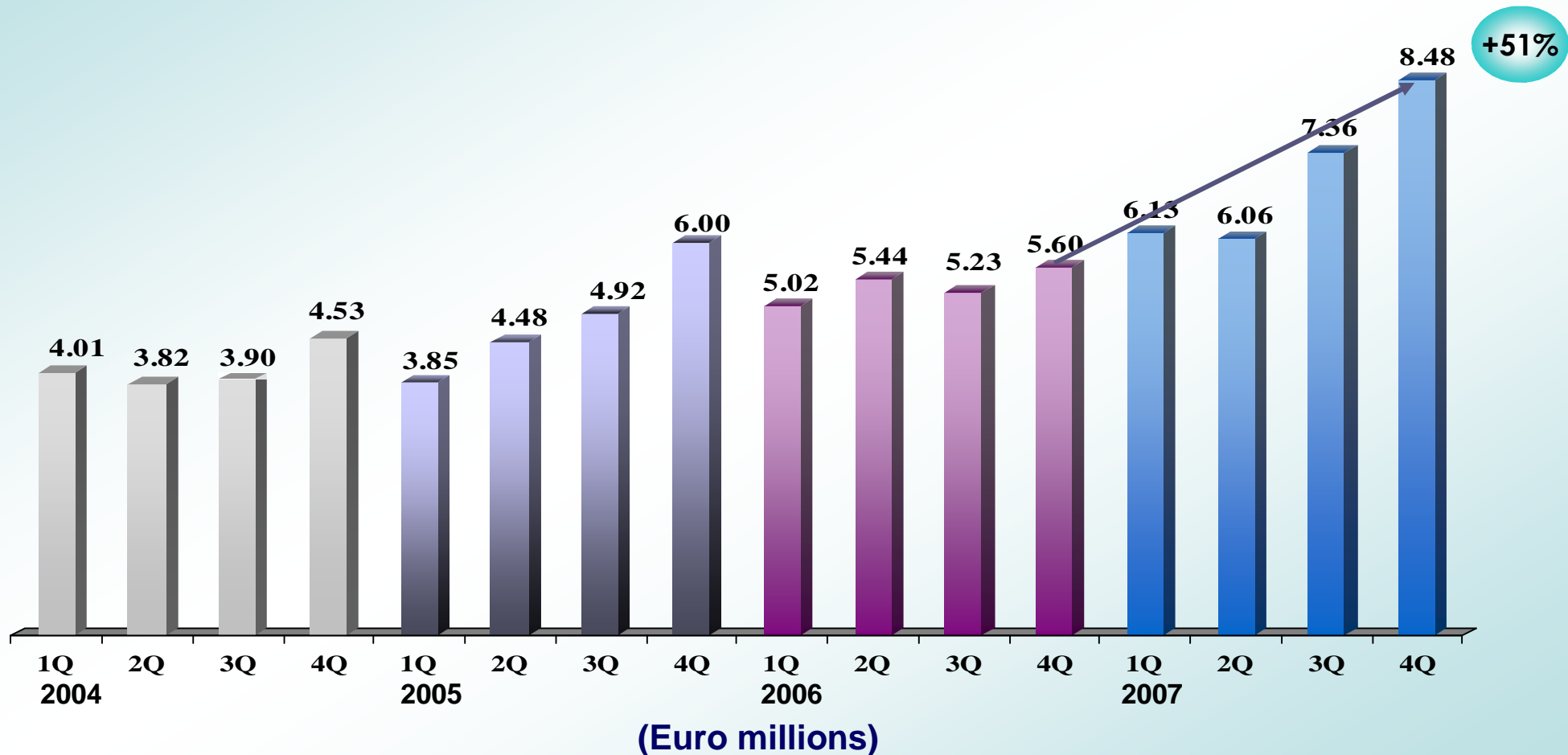
- Revenue decline of -9% yoy and -2% over the previous quarter
- In line with previous guidance that 2H FY2007 revenue is expected to be lower than 1H FY2007



# Mechatronics Division

## Sales Analysis – Medical Segment

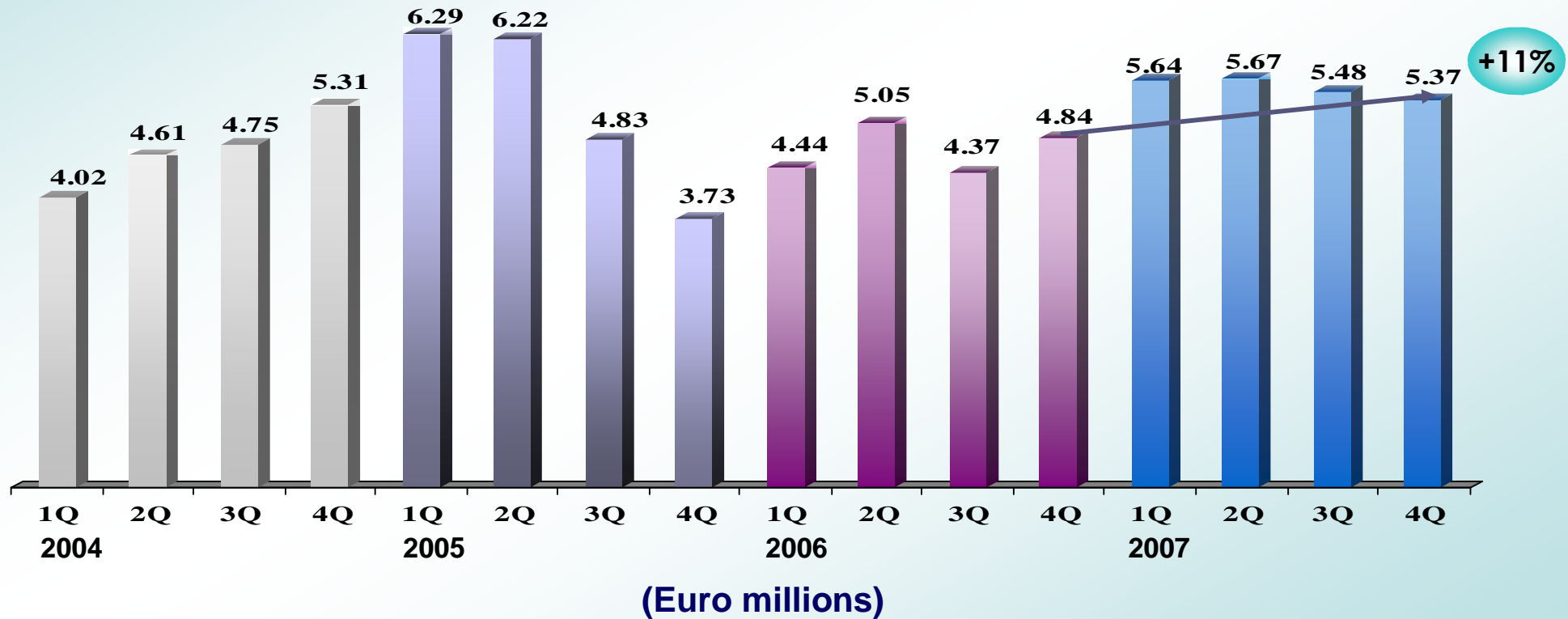
- Revenue growth of +51% yoy and +15% over the previous quarter
- Continue to benefit from the mass production launch of major project in 3Q FY2007 for an existing customer



# Mechatronics Division

## Sales Analysis – Analytical Segment

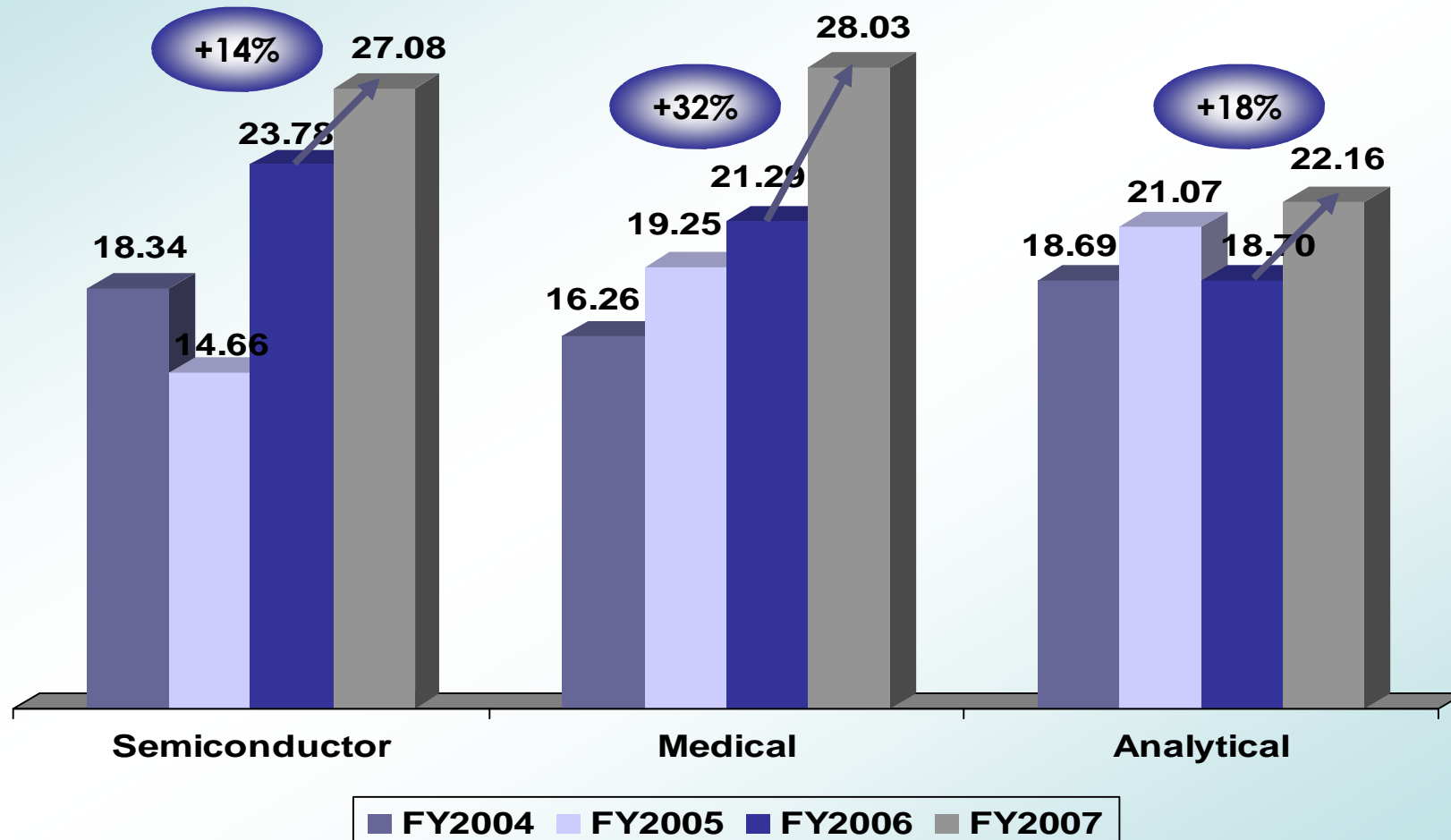
Revenue growth of +11% yoy but a decline of -2% over the previous quarter



# Mechatronics Division

## Full Year Sales by Segments

(Euro millions)



### Frencken Netherlands - Expanded Assembly and Warehouse Facilities

- Fully operational since June 2007
- New facility is fully dedicated to the expanding medical business segment

### Frencken Malaysia - Completed Renovation and Expansion

- Commercial production launch of assembly modules for the medical business segment started in Oct 2007, with volume to grow gradually from 2Q08 onwards
- Plan to launch various assembly projects (with increasing product transfers from Frencken Netherlands) over the next few years

### Operational and Capital Investments

- **ERP system upgraded** for optimized planning, inventory control and overall delivery performance
- **Expanding “turning” process capacity** to fulfill higher requirements from existing customer
- **Investment in sheet metal CNC laser cutting machine** to improve productivity, precision and automation of operations
- **Investment in new CMMs** to support the management of more accurate and complex parts
- **Further investment in CNC machining capacity** at Frencken Malaysia



- Outlook remains good despite an anticipated softer global economic situation
- Near-term concern over the weakening USD could translate into selling price pressure
- Revenue in FY2008 expected to be higher than FY2007

### Based on current visibility,

#### Semiconductor

- Revenue in FY2008 is expected to be lower than FY2007 in anticipation of slower industry conditions

#### Medical

- Growth momentum in FY2007 expected to continue in FY2008, driven by orders from new and existing customers

#### Analytical

- Current visibility indicates revenue in FY2008 to be at a similar level to FY2007
- New development program that has started for an existing customer to contribute to future revenue growth



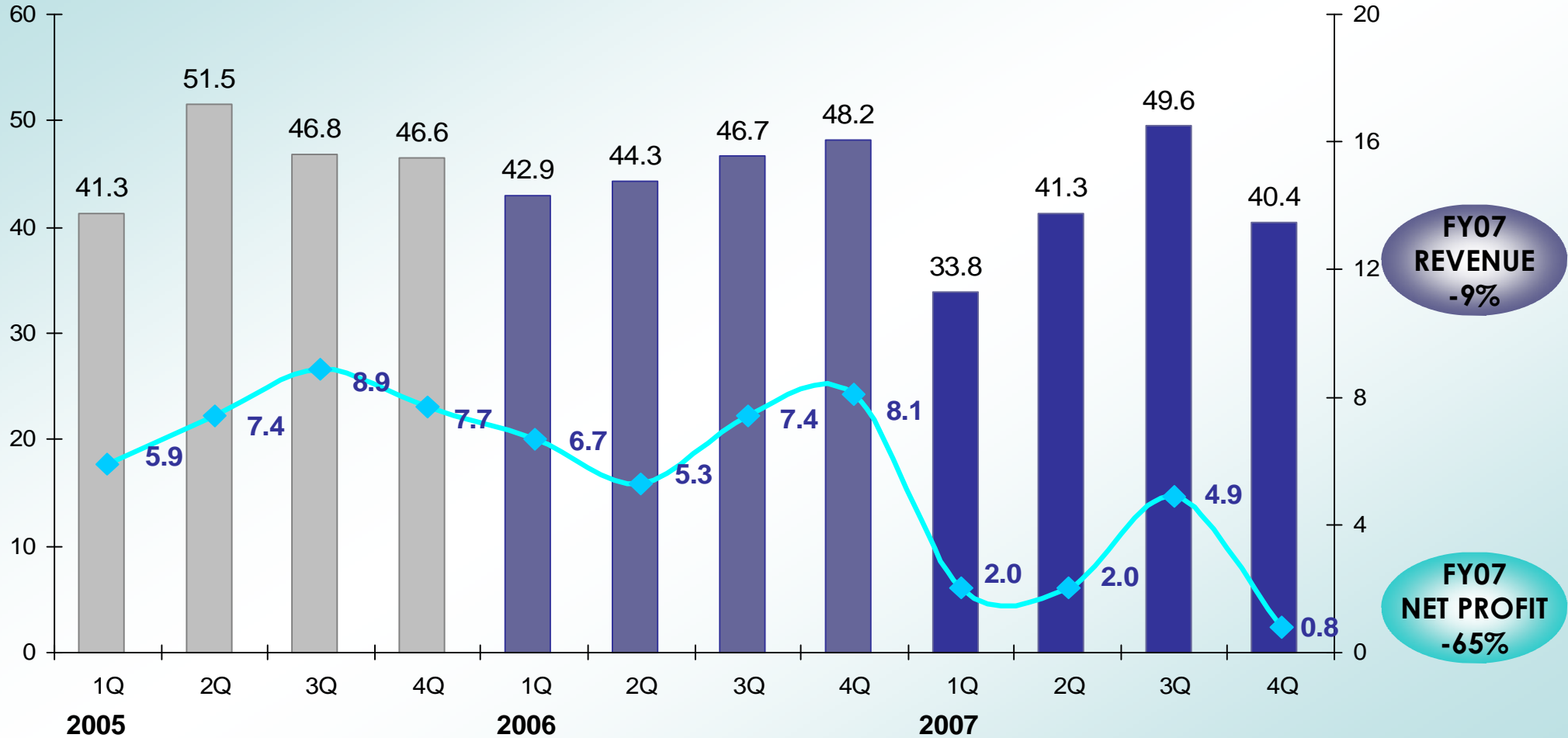
# **Business Review**

## **EMS Division**

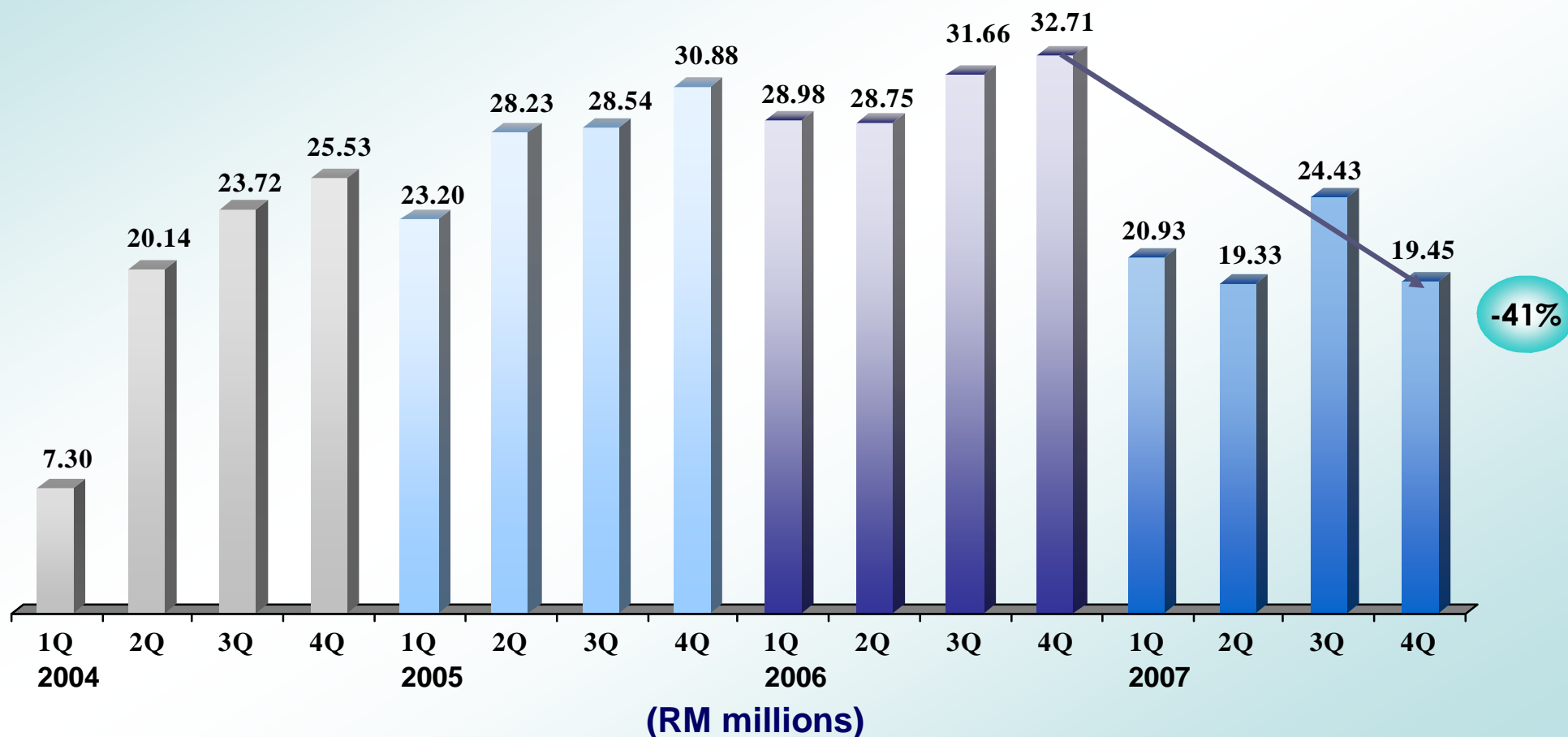
# EMS Division

## Sales and Net Profit – Quarterly Performance

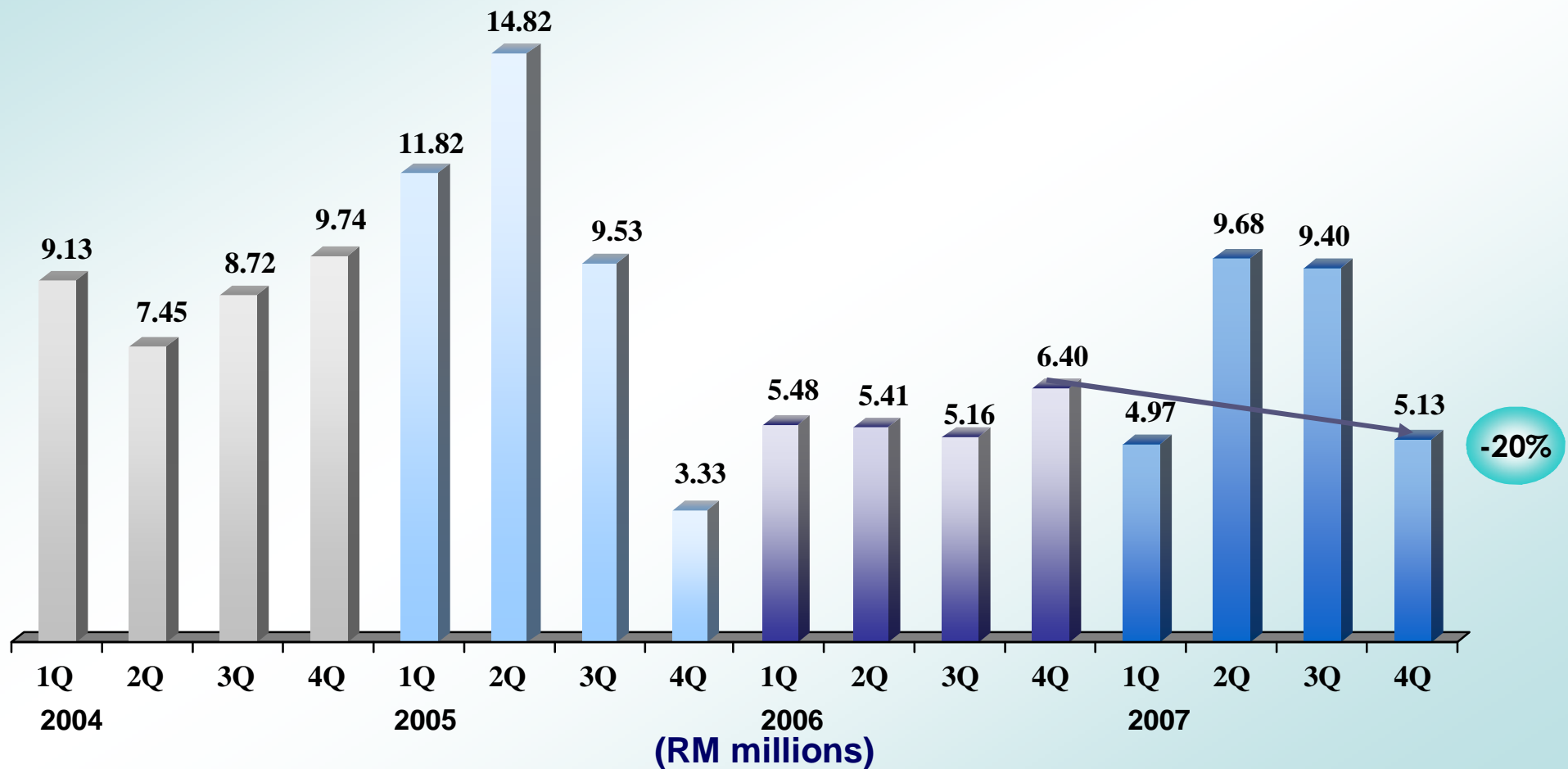
(RM millions)



- Dip of 41% yoy and -20% as compared to the previous quarter
- Historically 4Q has been the strongest quarter in the past 3 years. A dip in 4Q FY2007 reaffirm the very challenging market condition of the keypad business

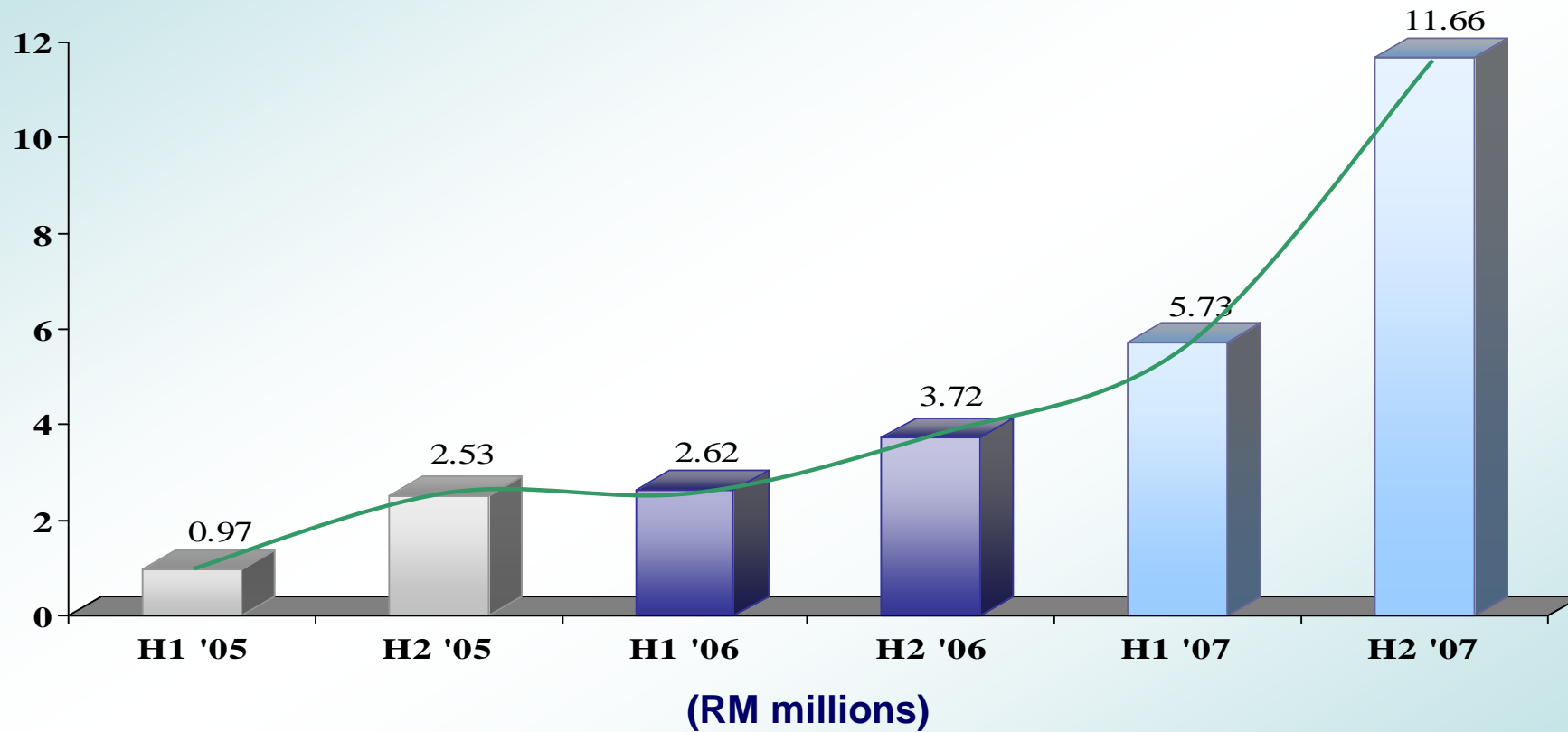


- Revenue dip of -20% yoy and -45% as compared to the previous quarter
- Experienced a very sudden and sharp drop in orders from all OA customers in 4Q FY2007



# EMS Division

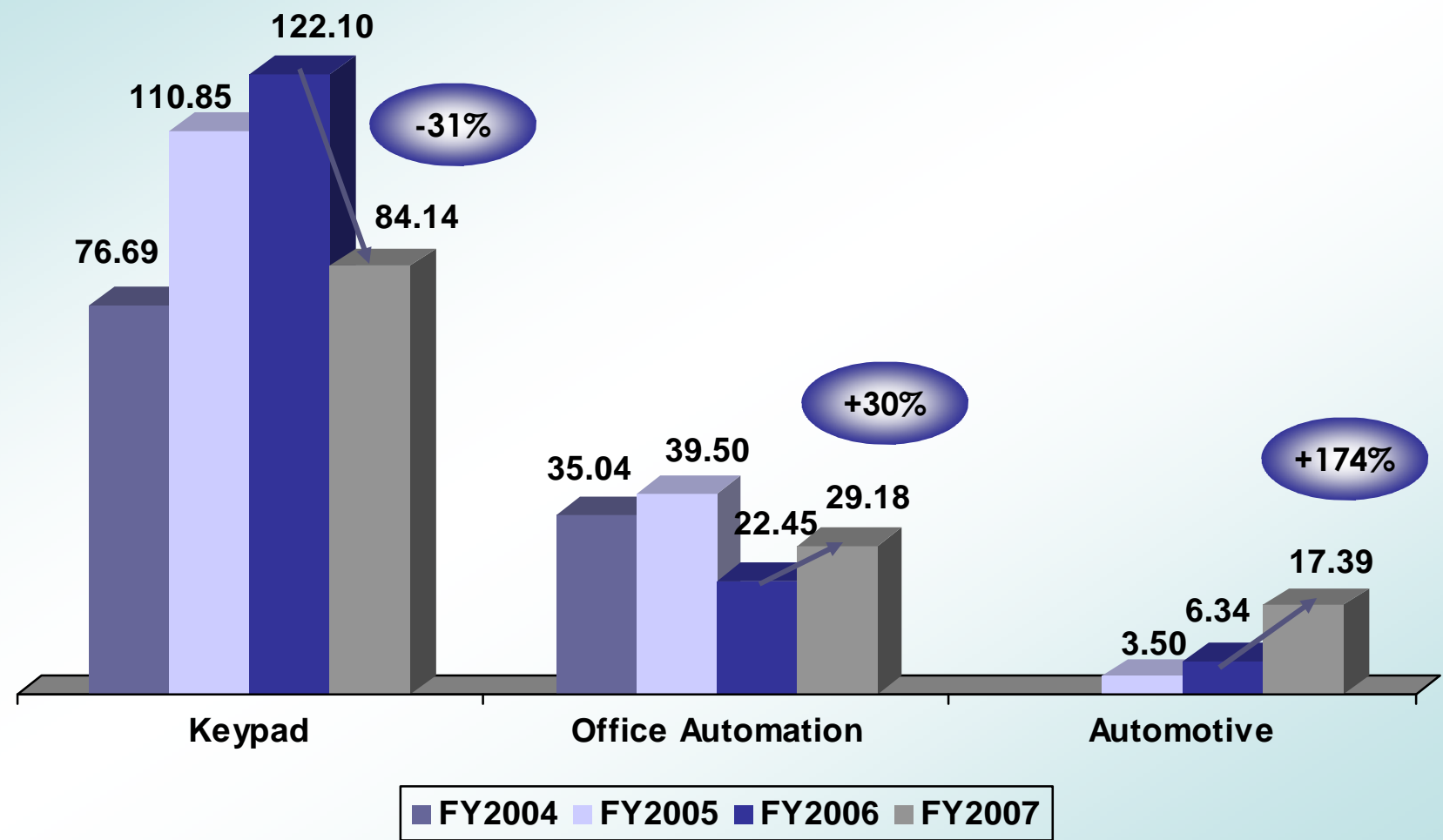
## Sales Analysis – Automotive Segment



# EMS Division

## Full Year Sales by Segments

(RM millions)



### Integrated Manufacturing Services (IMS)

- Official date of integration deferred to focus on other priorities in view of a possible global economic slowdown
- Presently reviewing situation and expect to set a new date for integration at the end of 1H08

### Continuous Upgrading of Facilities to match Future Business Needs

- New production area for “sputtering” process completed and operational since January 2008.
- Phase 1 expansion of assembly and warehousing facilities to cater for expected growth of electro-mechanical products (OA) is targeted for completion by end 2008 to early 2009
- Phase 2 expansion to be completed by 3Q 2009 to 4Q 2009

### Capital Investments to Expand our Service Offerings

- Two (2) units of sputtering machines together with supporting facilities commissioned and tested in Jan 2008. Commercial production scheduled to commence in March 2008



- Outlook remains challenging for the EMS Division
- Weakening US Dollar will impact margins and exert selling price pressure

### Keypads

- While projects under discussion are expected to lead to a pick-up in sales during 2H08, current global and mobile handset market conditions could pose risk
- Keypads manufactured using the “sputtering” process are anticipated to generate sales from 2Q08 onwards
- Cap production capacity of keypads and reallocate part of the spray and laser facilities to automotive business

### Office Automation

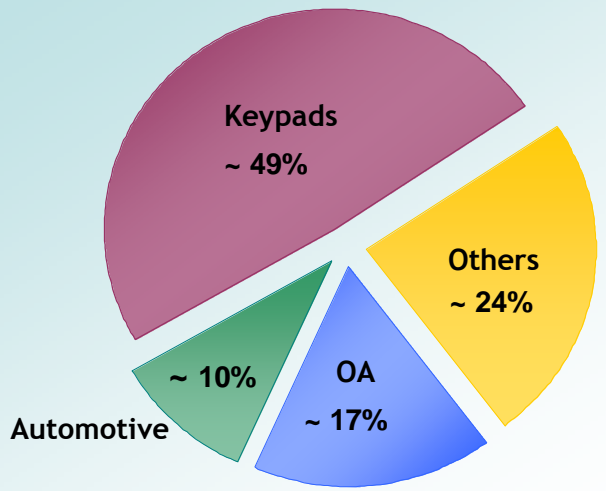
- Revenue in FY2008 expected to be higher than FY2007
- Mass production of a current development project launched in Jan 2008 to drive growth of this segment in FY2008. However, a major portion of this new product is catered to the US market.
- Another development project undergoing industrialisation presently expected to be launched in 4Q08
- Optimistic of longer term prospects despite short term impact of the US and global economic slowdown

### Automotive

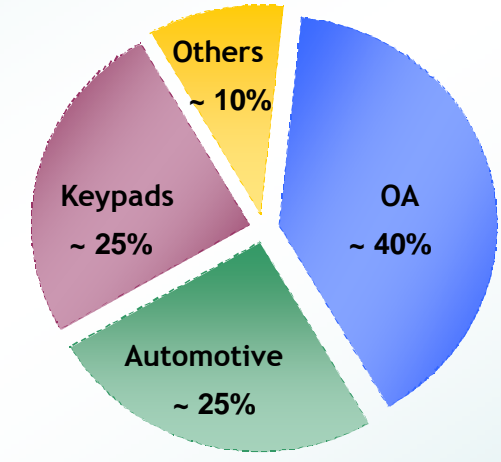
- Anticipate continued revenue growth in FY2008
- Progressive mass production launch of various new projects over the next 12 months as well as new industrialisation projects in the pipeline
- Allocating more “spraying” and “laser etching” capacity to this business segment to drive further growth in the coming years

## Progressive Shift in Revenue Mix (status update as at Feb 2008)

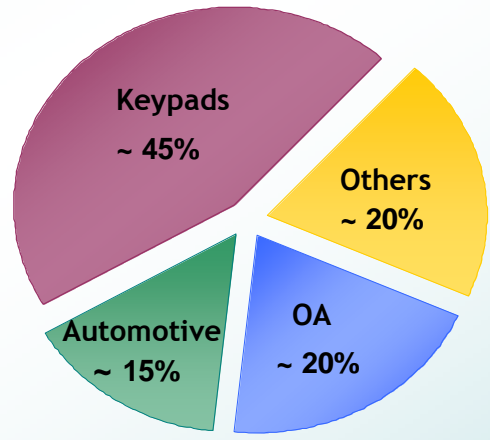
**FY2007 (Actual)**



**FY2011 (Projected)**

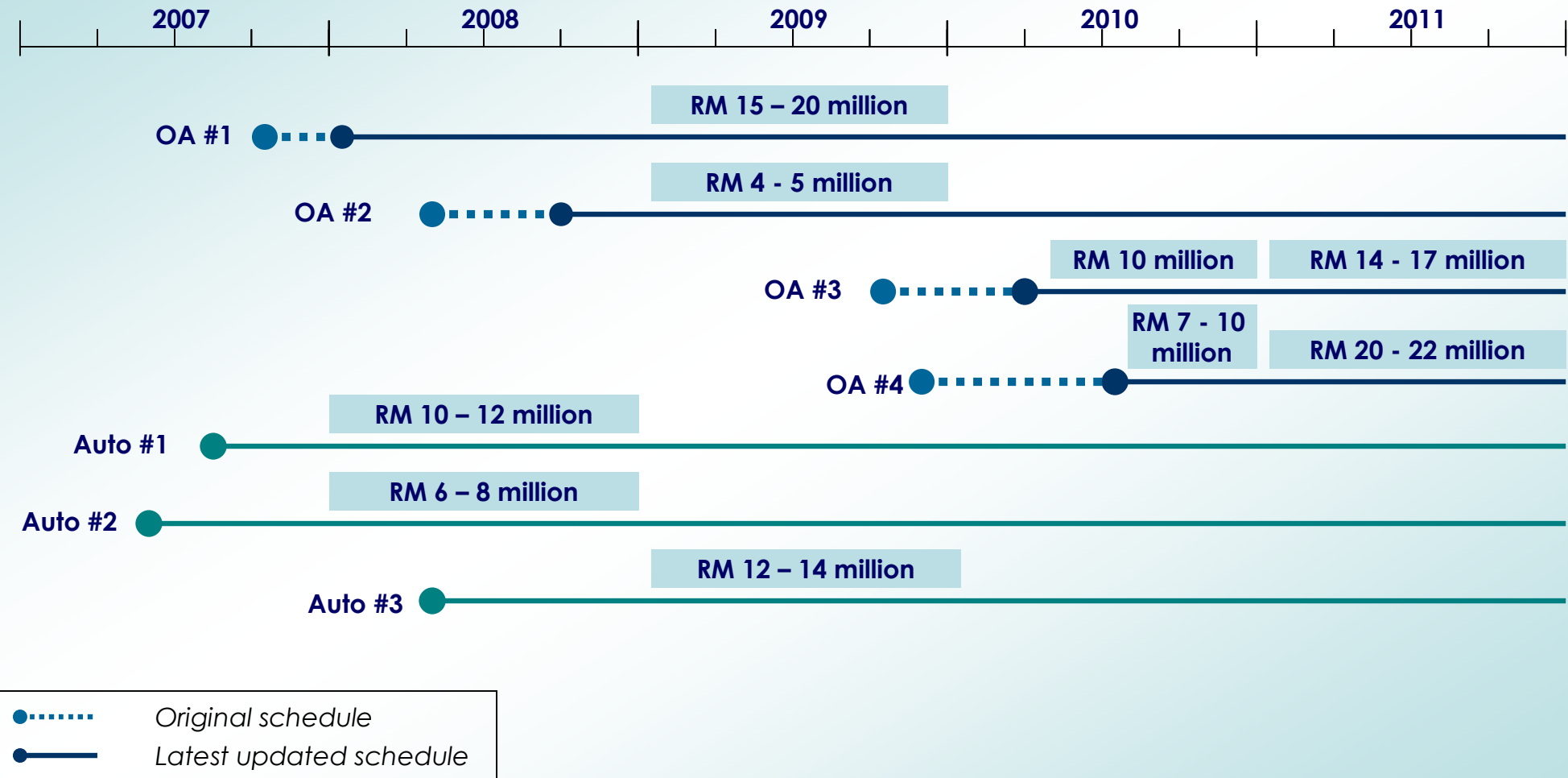


**FY2008 (Estimate)**



## Projects in OA and Automotive Segments Update

Update on some of the industrialisation programs :



\*Estimated start of production and revenues are subject to change

# Thank You

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