



ELECTROTECH

ELECTROTECH INVESTMENTS LIMITED

4Q FY2005 Results Presentation

23 February 2006

 **Financial Review**

 **Business Review**

Financial Review



FY2005 - Financial Snapshots



- + Recorded all time high net profit of **SGD27.2 million** with impressive growth of **25%**
- + Record Revenue of **SGD212.6 million** – growth of **10%**
- + Net Margin of **13%** up from **11%**
- + EPS rose to **9.59 cents** from **8.95 cents**
- + Net Cash of **SGD34.7 million** comprising **25%** of Equity

FY2005 - Financial Highlights



- ✦ **Net Profit grew by 25% to report record profit of SGD27.2 million :-**
 - **in spite of Mechatronics' performance being impaired by cyclical downturn in the semiconductor segment**
 - **keypad growth principally negated the semi-conductor's fall**
- ✦ **Cost containment, non-amortisation of goodwill and lower effective tax rate improved net profits**
- ✦ **Improved cash flow benefits :-**
 - **lowered finance cost**
 - **Increased interest income**
- ✦ **4th Quarter 2005 Revenue and Net Profit both drop by 4%**
 - **Attributable to lower sales at Mechatronics and margin compression pending higher utilisation of just expanded keypad facilities**
- ✦ **Strong balance sheet with net cash of SGD34.7 million**
- ✦ **Net asset value of 45.94 SGD cents per share of which 11.40 SGD cents comprise net cash**

4th Qtr FY2005 - Financial Highlights



(S\$m)	Q4 FY2005	Q4 FY2004	Chg YoY
Revenue	52.7	55.1	-4%
Gross Profit	10.8	12.6	-15%
Profit before Tax	7.9	9.0	-13%
Net Profit	6.4	6.7	-4%
Net Profit Margin	12%	12%	-

4th Qtr 2005 Summary of Segmental Results

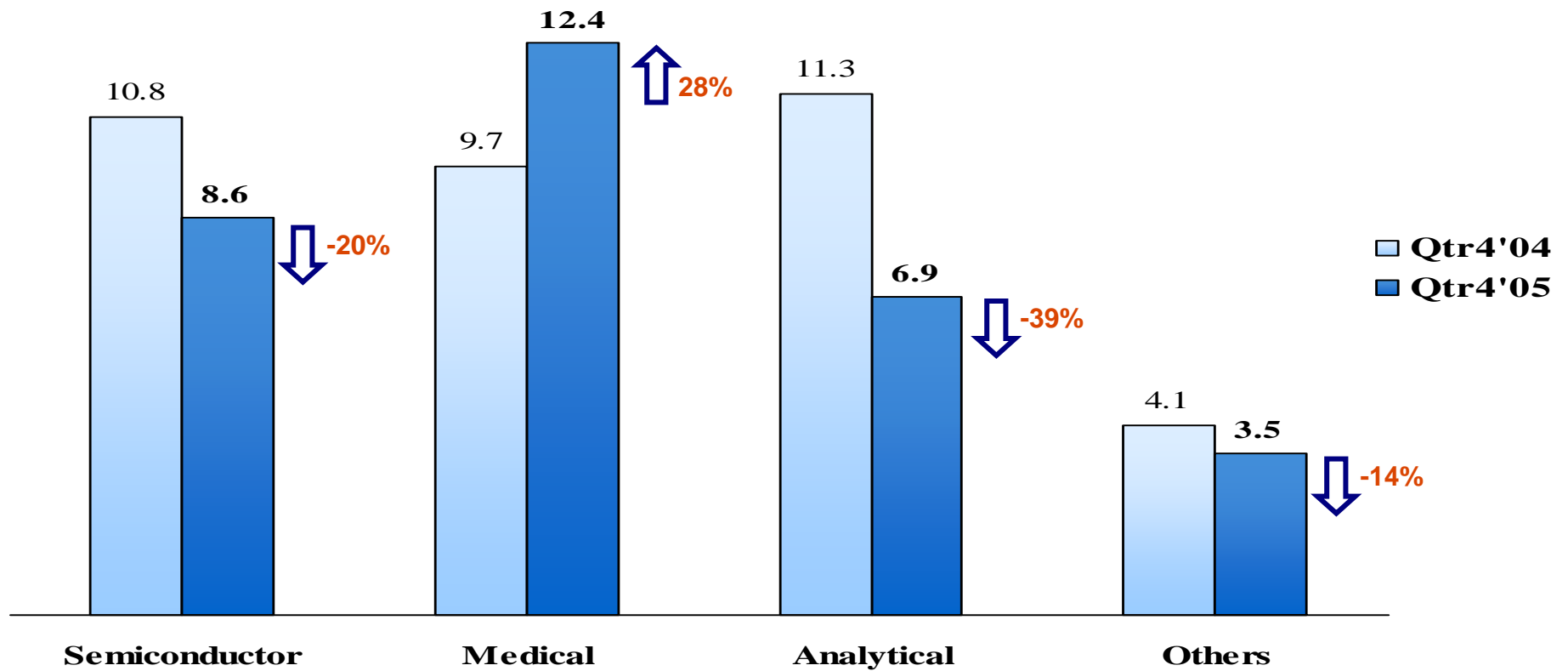


Key Financial Indicators (S\$m)	QTR 4 2005	QTR 4 2004	Fluctuation (%)
Turnover	52.7	55.1	-4%
PBT	7.9	9.0	-13%
NPAT	6.4	6.7	-4%
Segmental Performance			
<u>Mechatronics</u>			
Turnover	31.4	35.9	-12%
PBT	4.3	5.3	-18%
NPAT	3.0	3.5	-12%
<u>EMS</u>			
Turnover	21.3	19.2	11%
PBT	3.6	3.8	-6%
NPAT	3.4	3.3	2%
<u>Investments</u>			
Turnover	-	-	-
PBT/LBT	-	(0.1)	N / M
NPAT/NLAT	-	(0.1)	N / M

Mechatronics – 4th Quarter 2005 Revenue Breakdown



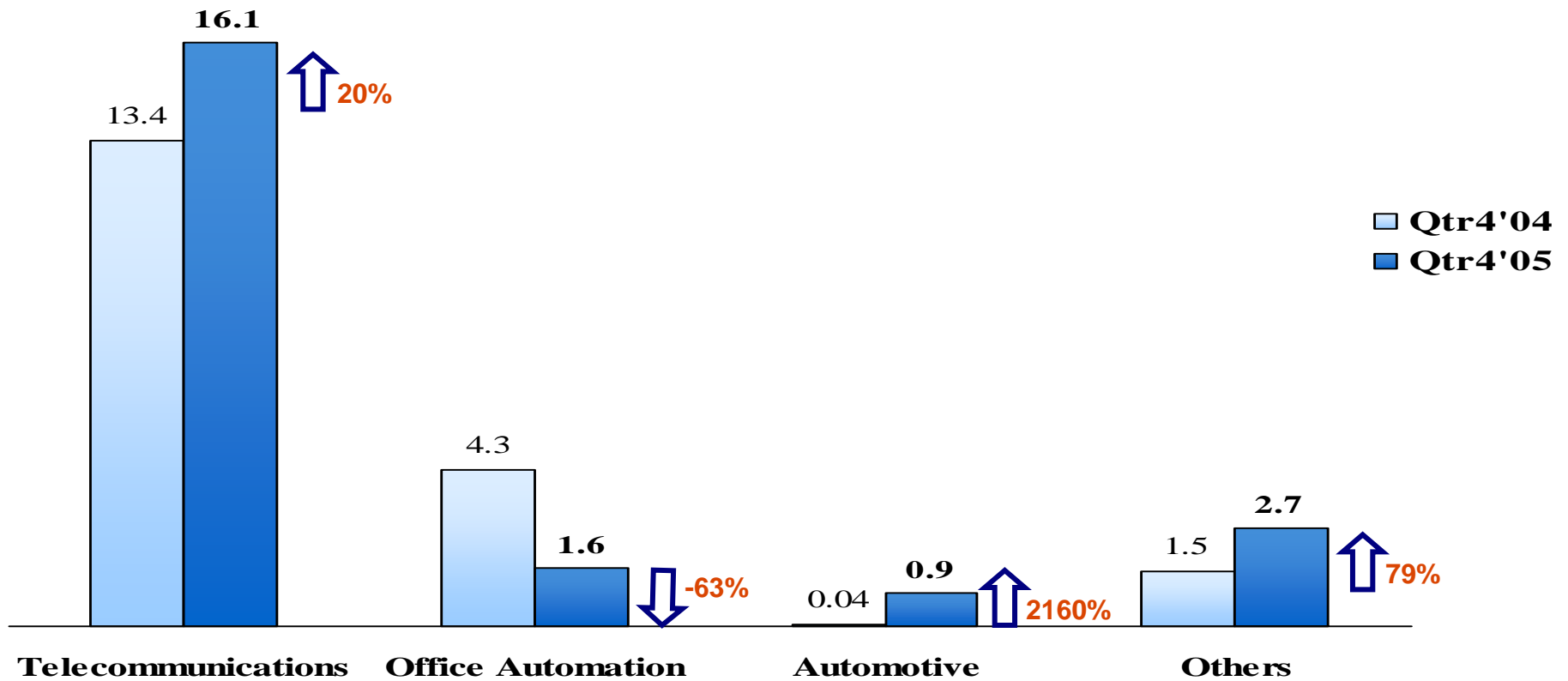
(S\$m)	QTR 4 2004	QTR 4 2005	Change
Total	35.9	31.4	-13%



EMS – 4th Quarter 2005 Revenue Breakdown



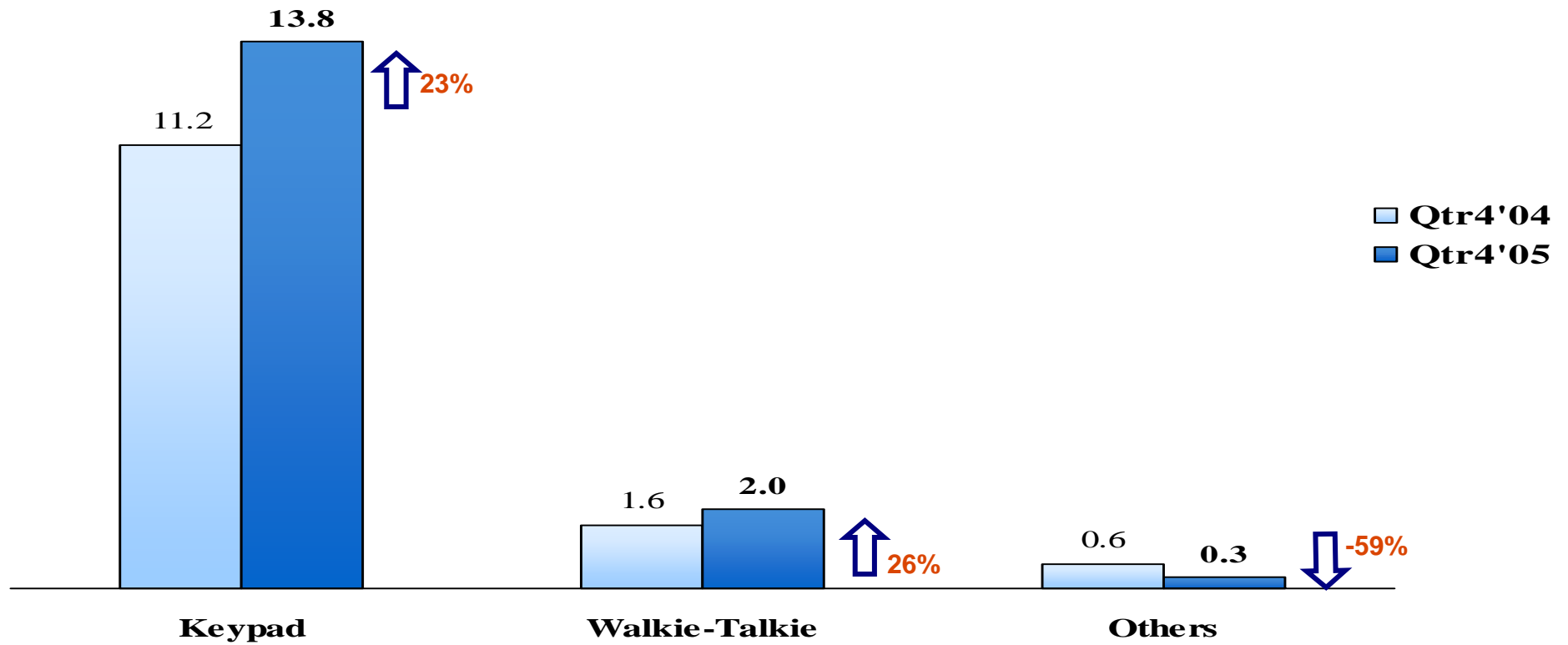
(S\$m)	QTR 4 2004	QTR 4 2005	Change
Total	19.2	21.3	11%



Telecommunication – 4th Quarter 2005 Revenue Breakdown



(S\$m)	QTR 4 2004	QTR 4 2005	Change
Total	13.4	16.1	20%



YTD December 2005 - Financial Highlights



(S\$m)	YTD Dec 2005	YTD Dec 2004	Chg YoY
Revenue	212.6	193.6	10%
Gross Profit	47.4	44.6	6%
Profit before Tax	35.1	29.6	19%
Net Profit	27.2	21.7	25%
Net Profit Margin	13%	11%	18%

**Steady
Growth**

YTD December 2005 Summary of Segmental Results

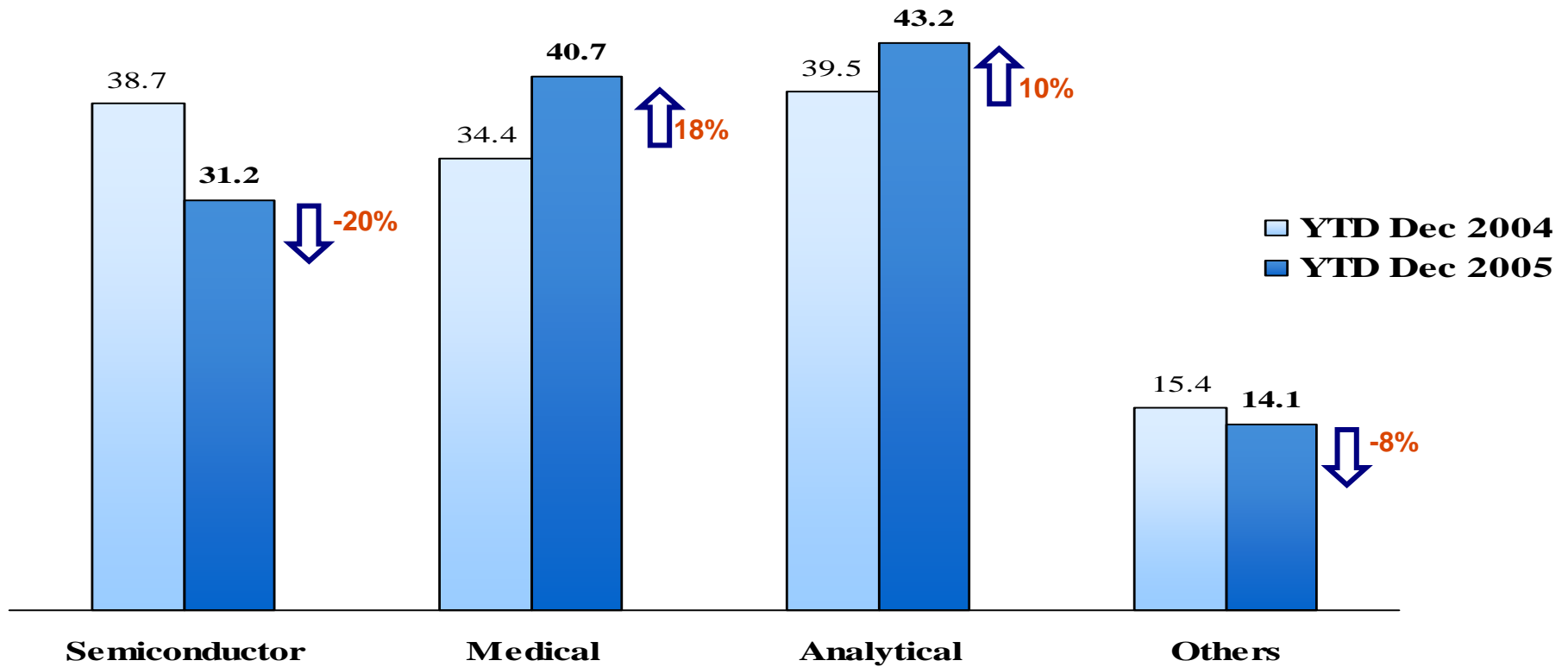


Key Financial Indicators (S\$m)	YTD Dec 2005	YTD Dec 2004	Fluctuation (%)
Turnover	212.6	193.6	10%
PBT	35.1	29.6	19%
NPAT	27.2	21.7	25%
Segmental Performance			
<u>Mechatronics</u>			
Turnover	129.2	128.0	1%
PBT	20.7	19.9	4%
NPAT	14.5	13.3	9%
<u>EMS</u>			
Turnover	83.4	65.6	27%
PBT	14.4	10.1	43%
NPAT	12.7	8.8	44%
<u>Investments</u>			
Turnover	-	-	-
PBT/LBT	-	(0.4)	N / M
NPAT/NLAT	-	(0.4)	N / M

Mechatronics – YTD December 2005 Revenue Breakdown



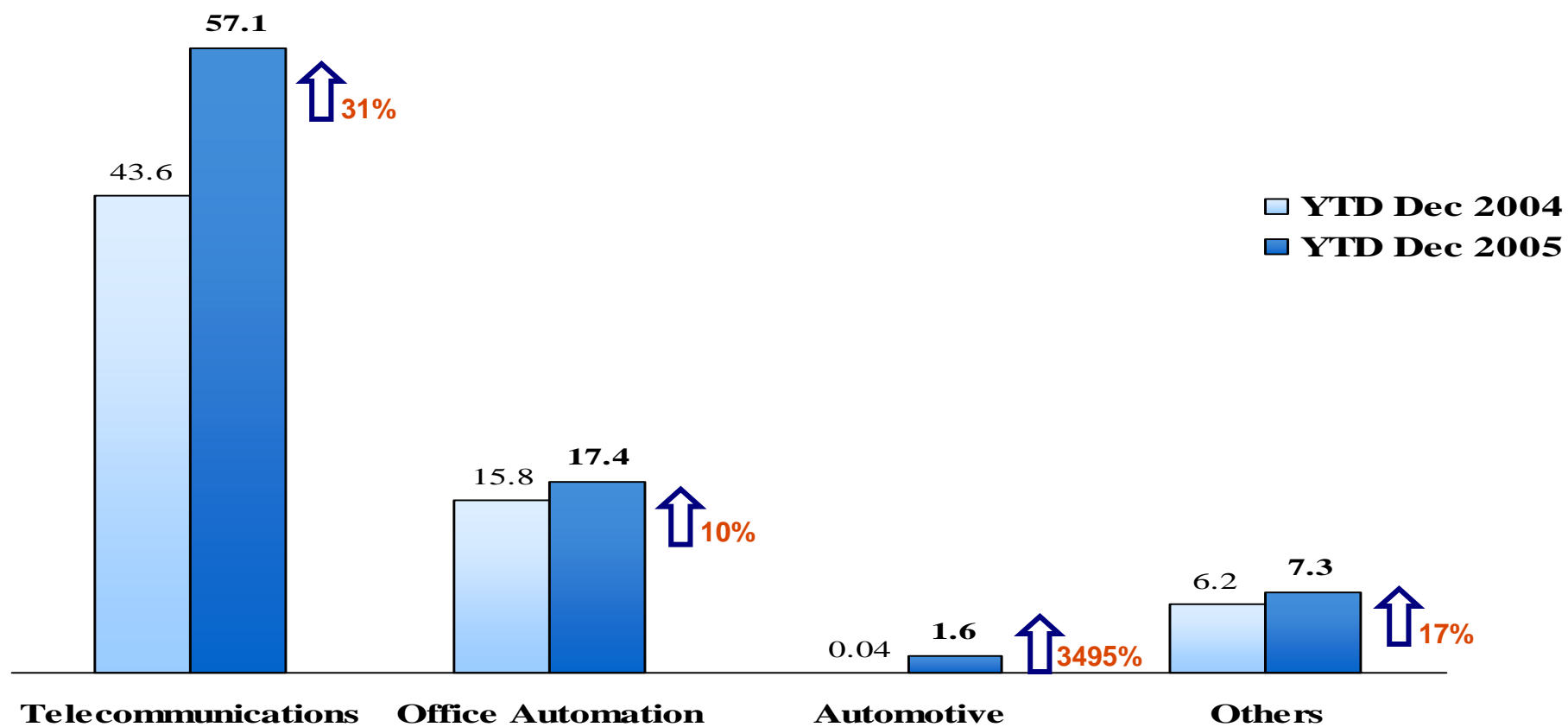
(S\$m)	YTD Dec 2004	YTD Dec 2005	Change
Total	128.0	129.2	1%



EMS –YTD December 2005 Revenue Breakdown



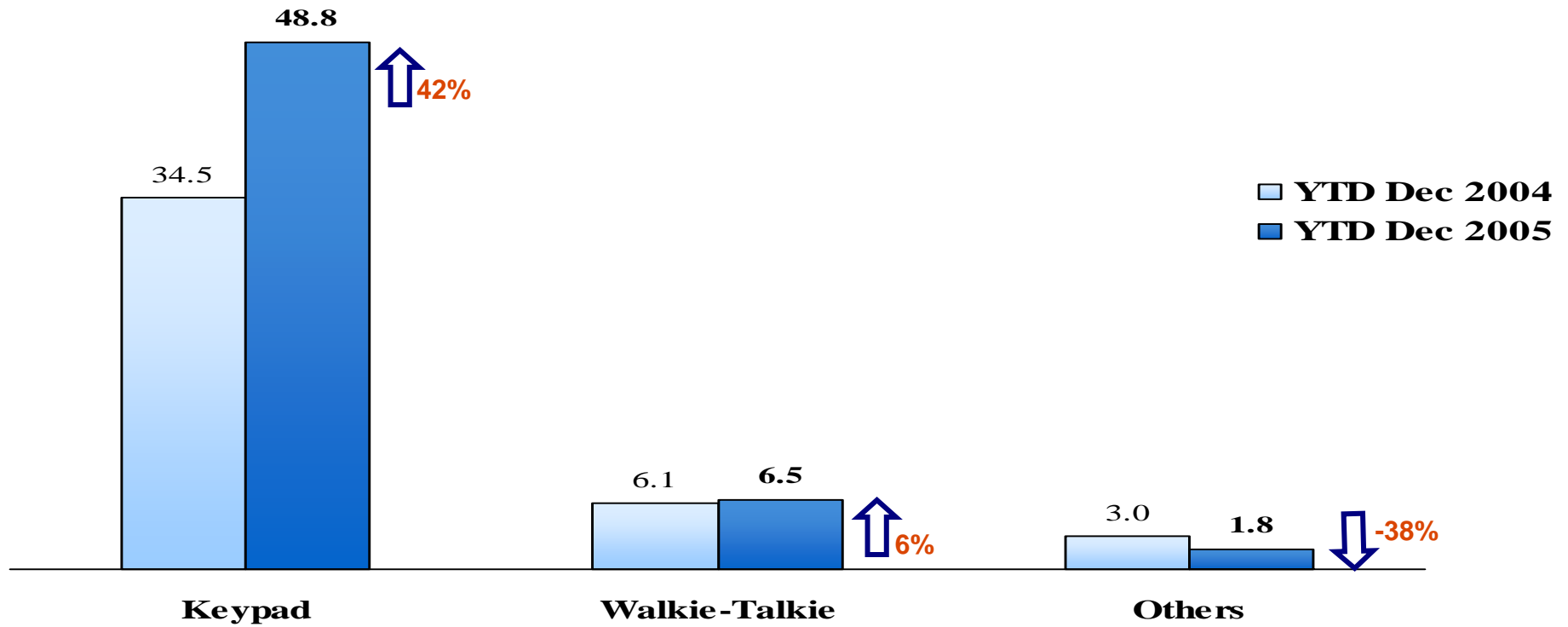
(S\$m)	YTD Dec 2004	YTD Dec 2005	Change
Total	65.6	83.4	27%



Telecommunication – YTD December 2005 Revenue Breakdown



(S\$m)	YTD Dec 2004	YTD Dec 2005	Change
Total	43.6	57.1	31%



Financial Position



Balance Sheet Highlights (S\$m)	Dec 2005	Dec 2004	Fluctuation
Shareholders' Equity	140.0	91.0	54%
Inventories	30.2	32.3	-7%
Trade Receivables	41.2	42.1	-2%
Trade Payables	21.8	24.6	-11%
Cash & Cash Equivalents	37.8	13.6	178%
Total Borrowings	3.1	18.3	-83%

**Strong
financial
position**

Cash Flow Highlights (S\$m)	YTD Dec 2005	YTD Dec 2004	Fluctuation
Net cash flow from operations	27.5	19.9	39%
Capital expenditure	13.1	7.4	78%

**Strong
cash flow**

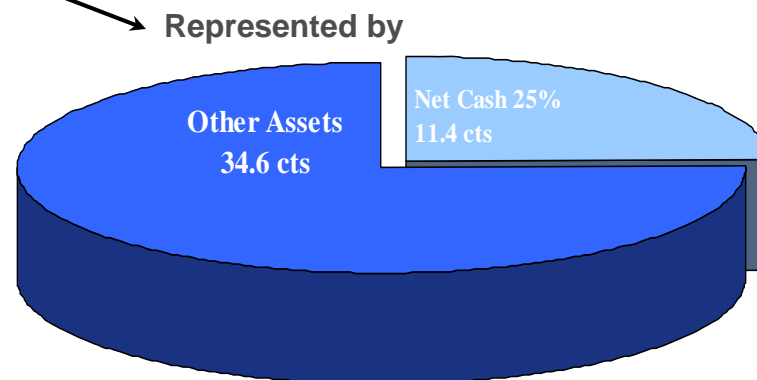
Key Financial Indicators

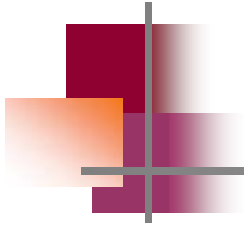
Key Financial Indicators (S\$m)	YTD Dec'05	YTD Dec'04	Fluctuation (%)
Return on average equity (%)	23.5	27.2	-14%
Net debt to equity (%)	- #	5.1	N / M
EBIT interest coverage *	53.0	26.0	104%
Earnings per share (cents)	9.6	9.0	7%
Net assets per share (cents)	46.0	37.4	23%

Net cash of S\$35 million

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

N / M – Not meaningful





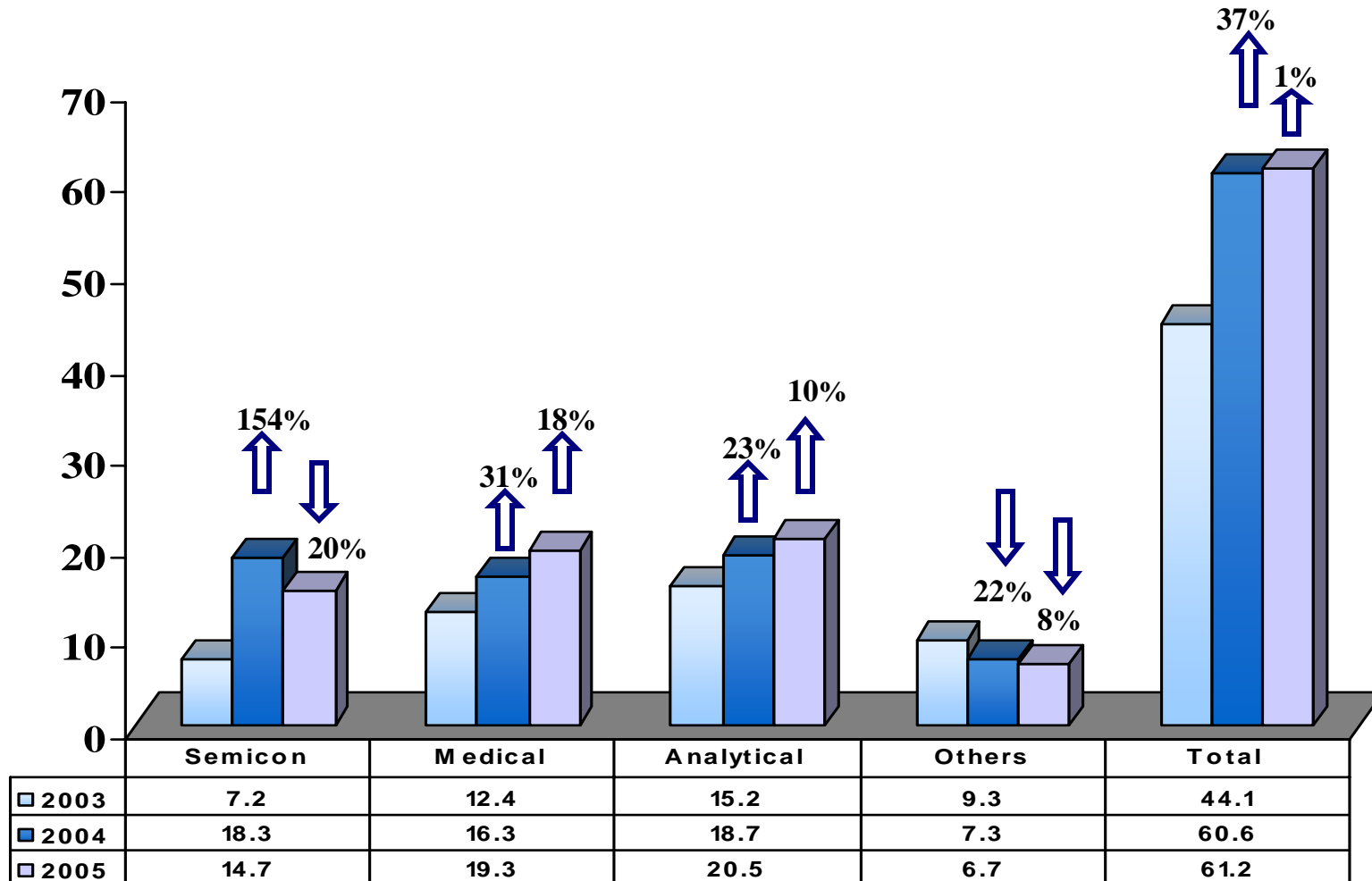
Business Review

Mechatronics Division



Turnover for Year Ended 2003 to 2005

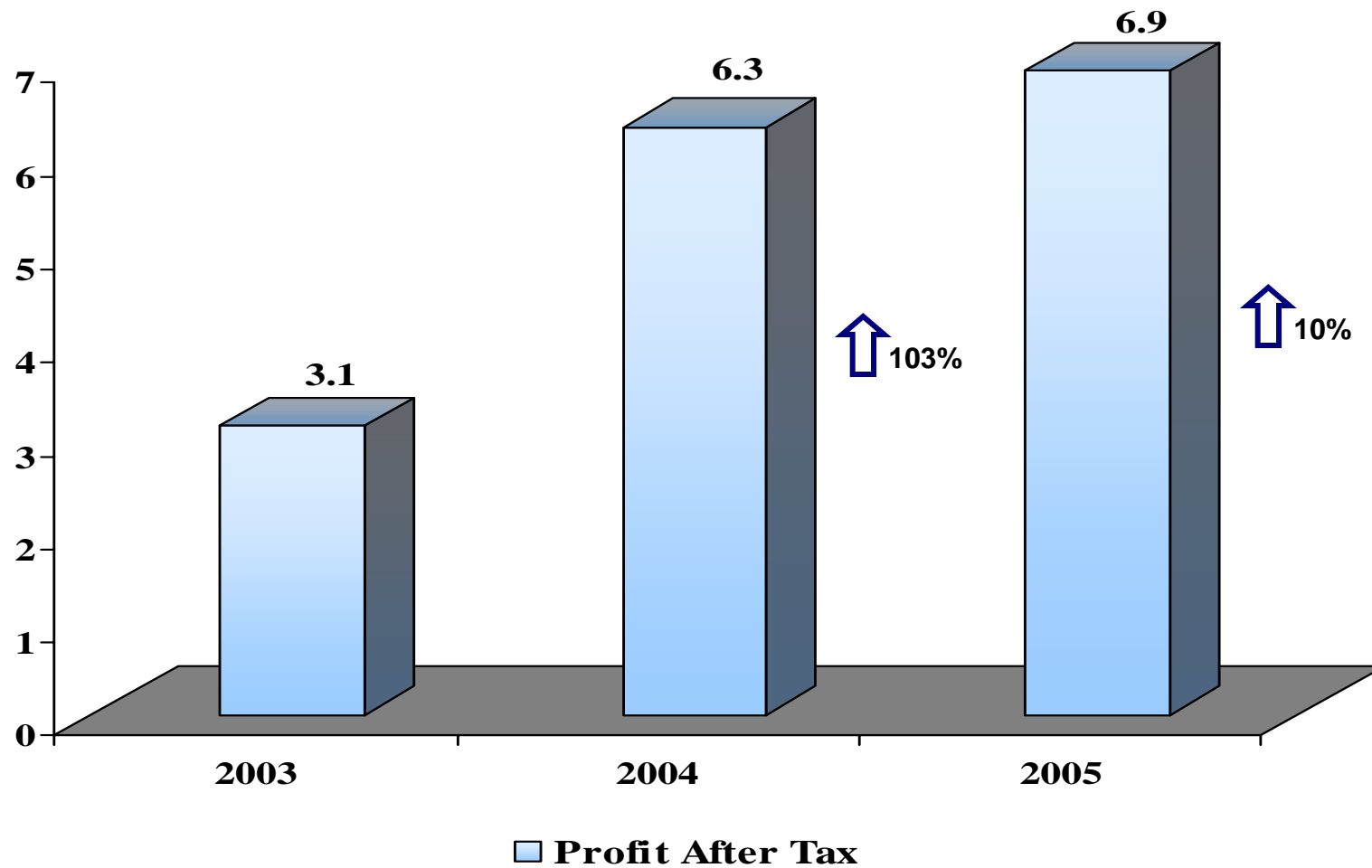
(In Euro millions)



Mechatronics Division

Profit after Tax for Year Ended 2003 to 2005

(In Euro millions)



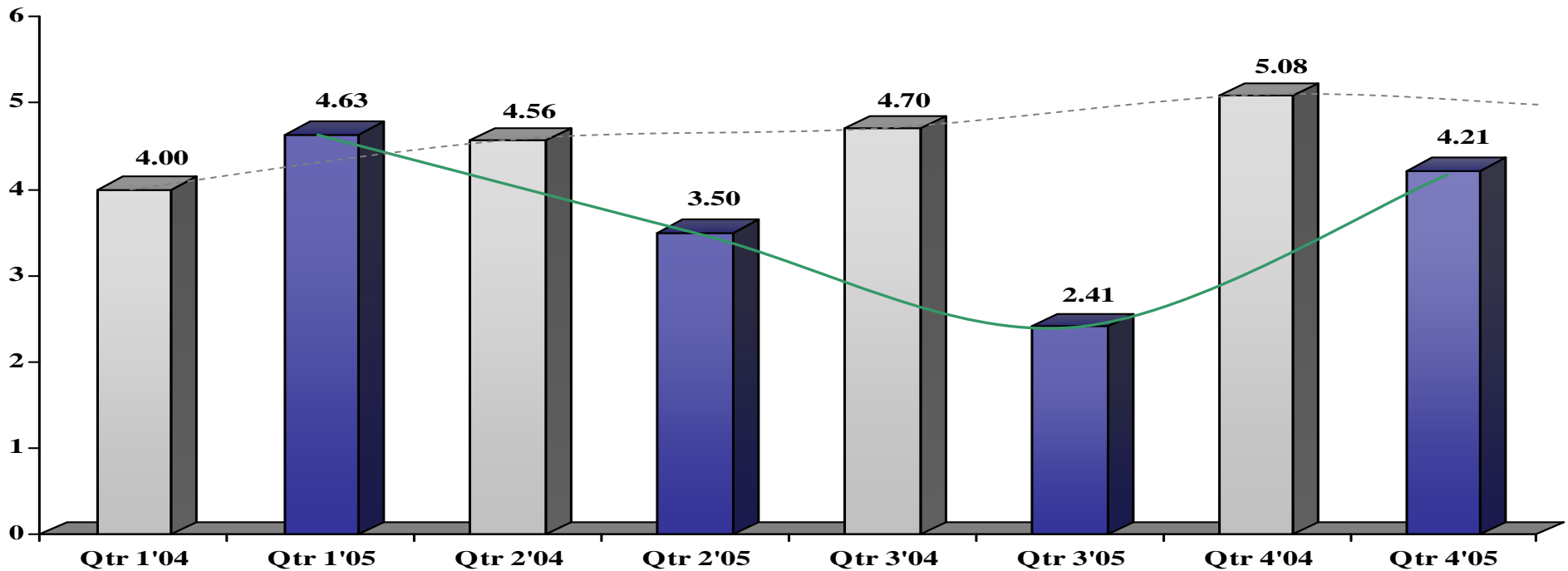
Mechatronics Division Review of Turnover (Semiconductor Segment)



(In Euro millions)

- ❖ 2005 Revenue was sharply lower in Q2 and Q3
- ❖ Significant upturn seen in Q4
- ❖ Based on current visibility – expect this upturn to be sustainable in 2006

Revenue



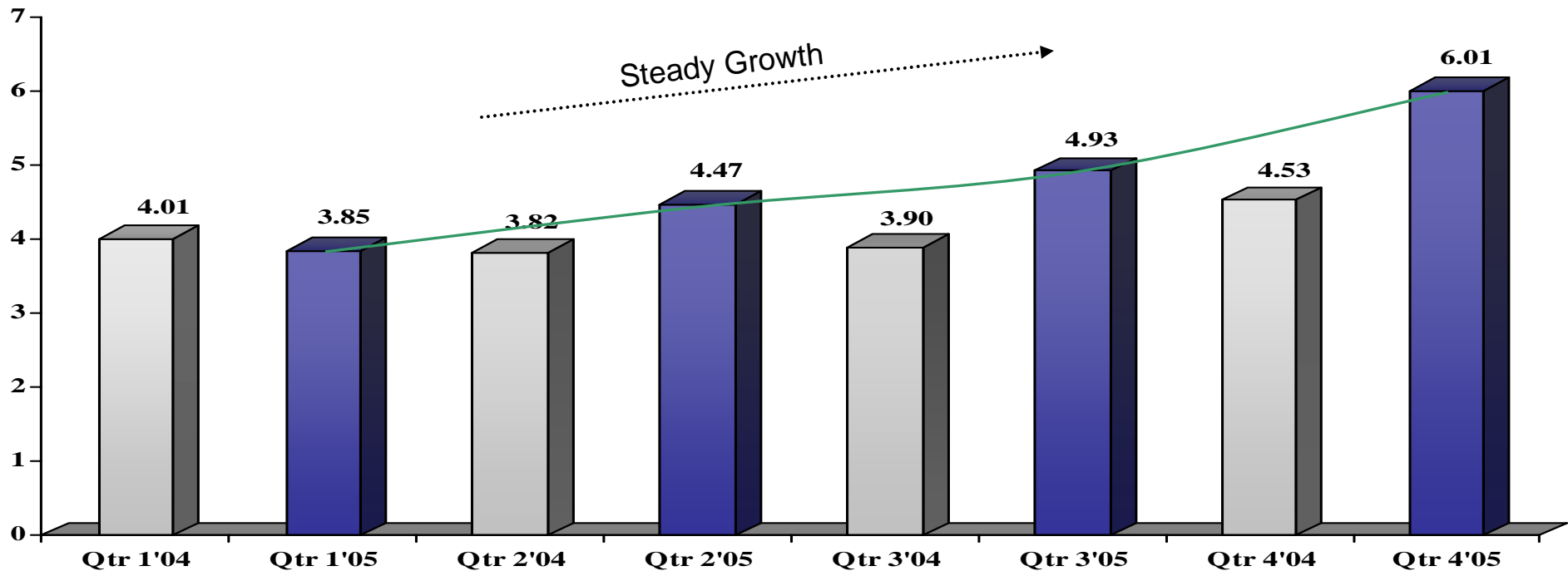
Mechatronics Division Review of Turnover (Medical Segment)



(In Euro millions)

- ❖ Steady growth throughout 2005
- ❖ New customers together with new and enhanced designed products should provide further growth in 2006
- ❖ However, likely to encounter some delays in mass production launch of some new development projects due to the long customer and medical standards approval cycle

Revenue



Mechatronics Division

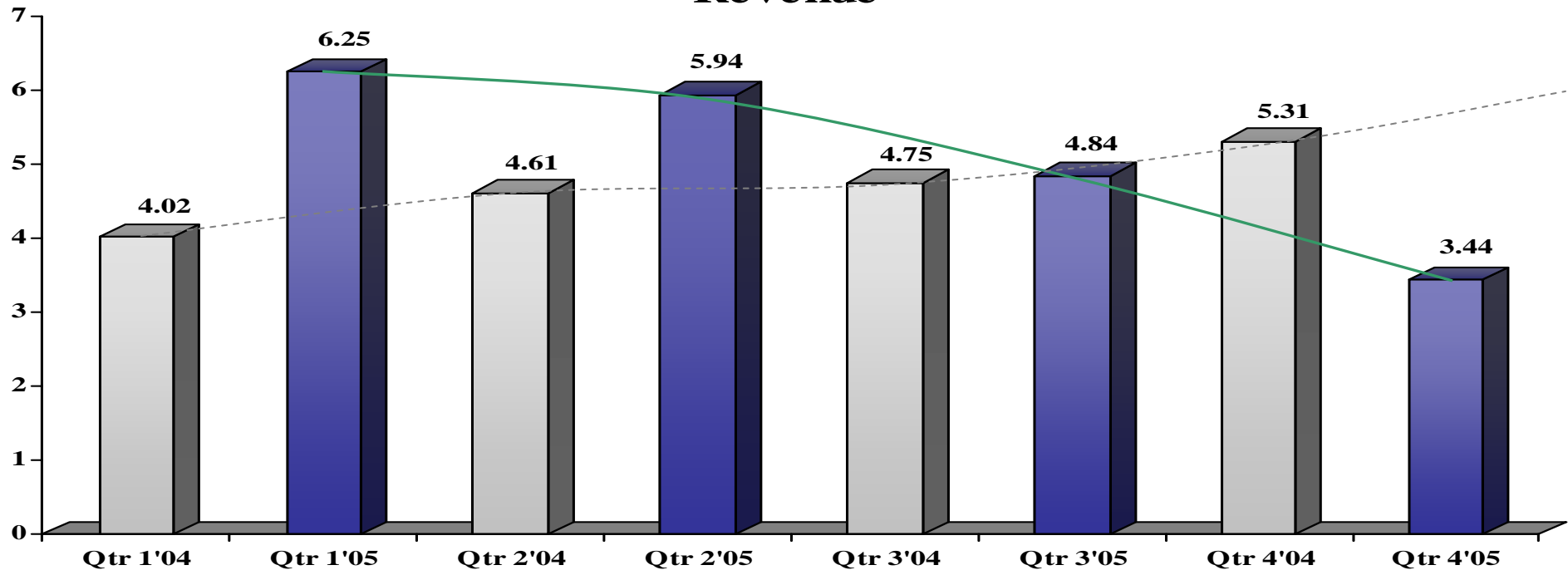
Review of Turnover (Analytical Segment)

(In Euro millions)



- ❖ Sharp dip in Q3 and especially Q4 2005 due to one major customer's de-stocking and revamp of their supply chain and logistic management system
- ❖ Based on current visibility, no. of systems to be delivered to the above customer should pick up again in 2006 - but not expected to be at the level of 2004 and 2005
- ❖ Envisaged a flat growth for this business segment in 2006

Revenue



Mechatronics Division

Current Plans & Developments



Expanding Assembly and Warehouse Facilities at Frencken Mechatronics

- To cater for expected increase in assembly business
- Rented building next to current Eindhoven facilities

Divest Frencken Brno in the Czech Republic

- No longer strategic to the Group
- No price advantage compared to Frencken's current machine part suppliers
- Company has veered towards machining parts predominantly for the aircraft industry

Divest auto lathe turning parts business from Frencken Malaysia

- No longer core to the Group – such parts are readily available from the local supporting industries
- Focus on growing the mechatronics machining and assembly business
- Better utilisation of space vacated by auto lathe business to expand mechatronics assembly facilities
- Short term impact on Frencken Malaysia's profitability but not significant at Group level

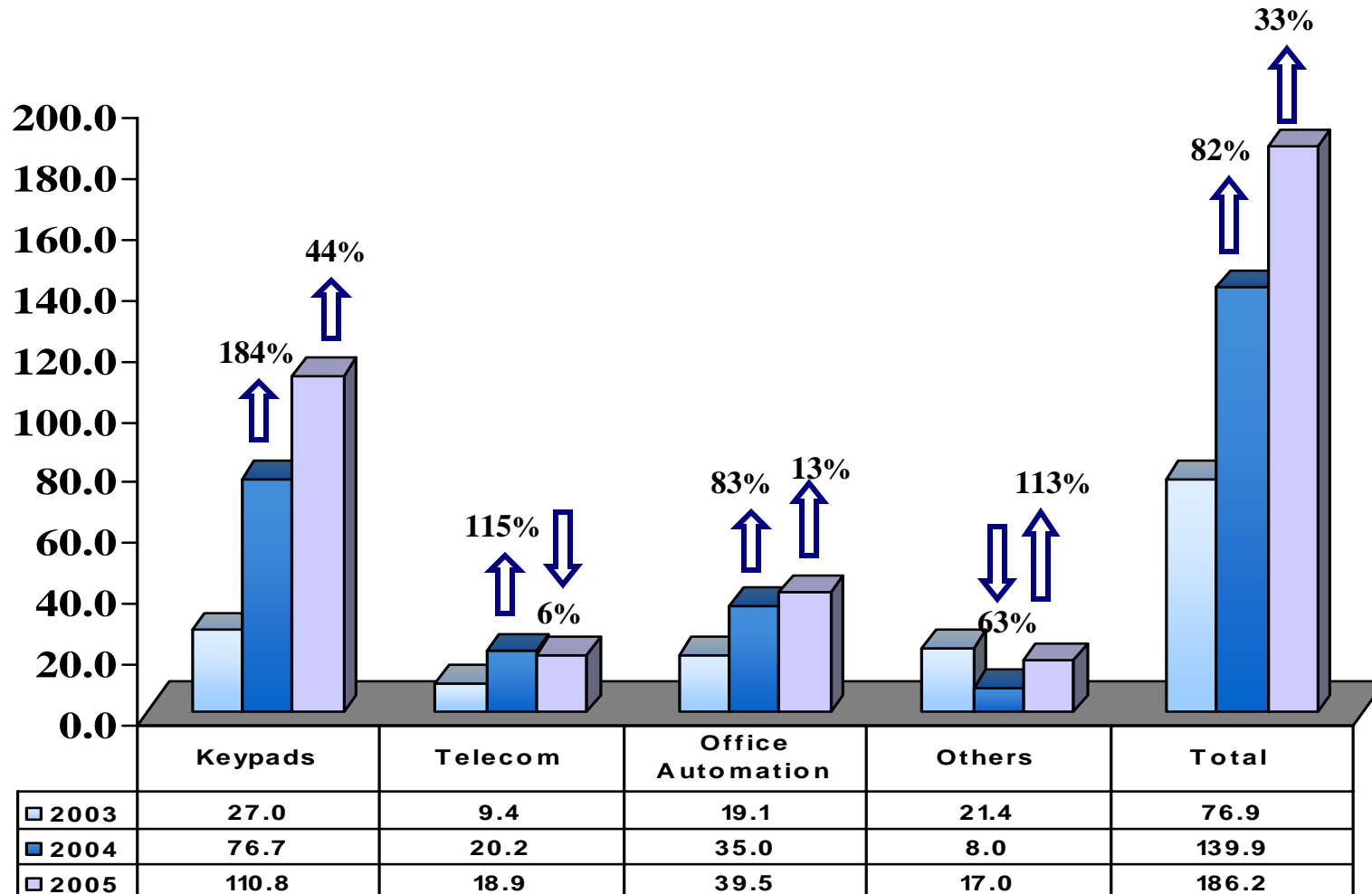


- Seeing increasing orders from the Semiconductor business segment
- Continued growth in the Medical business segment via :
 - ◆ *New and enhanced design product launches*
 - ◆ *Some new customers*
- Flat or no growth expected from the Analytical business segment
- Growth in mechatronics assembly business at Frencken Malaysia via product transfers from Holland as well as its own direct customers
- New leads and development projects:
 - ◆ *Medical (new projects for new customers)*
 - ◆ *Semicon (new projects for existing and new customers)*
 - ◆ *Analytical (new projects for new customers)*
 - ◆ *Others (new projects for new customers)*
- Expect some price erosion but should be able to compensate through increased efficiency
- Prospect of growth in turnover and profitability remains good

EMS Division Turnover for Year Ended 2003 to 2005



(In RM millions)

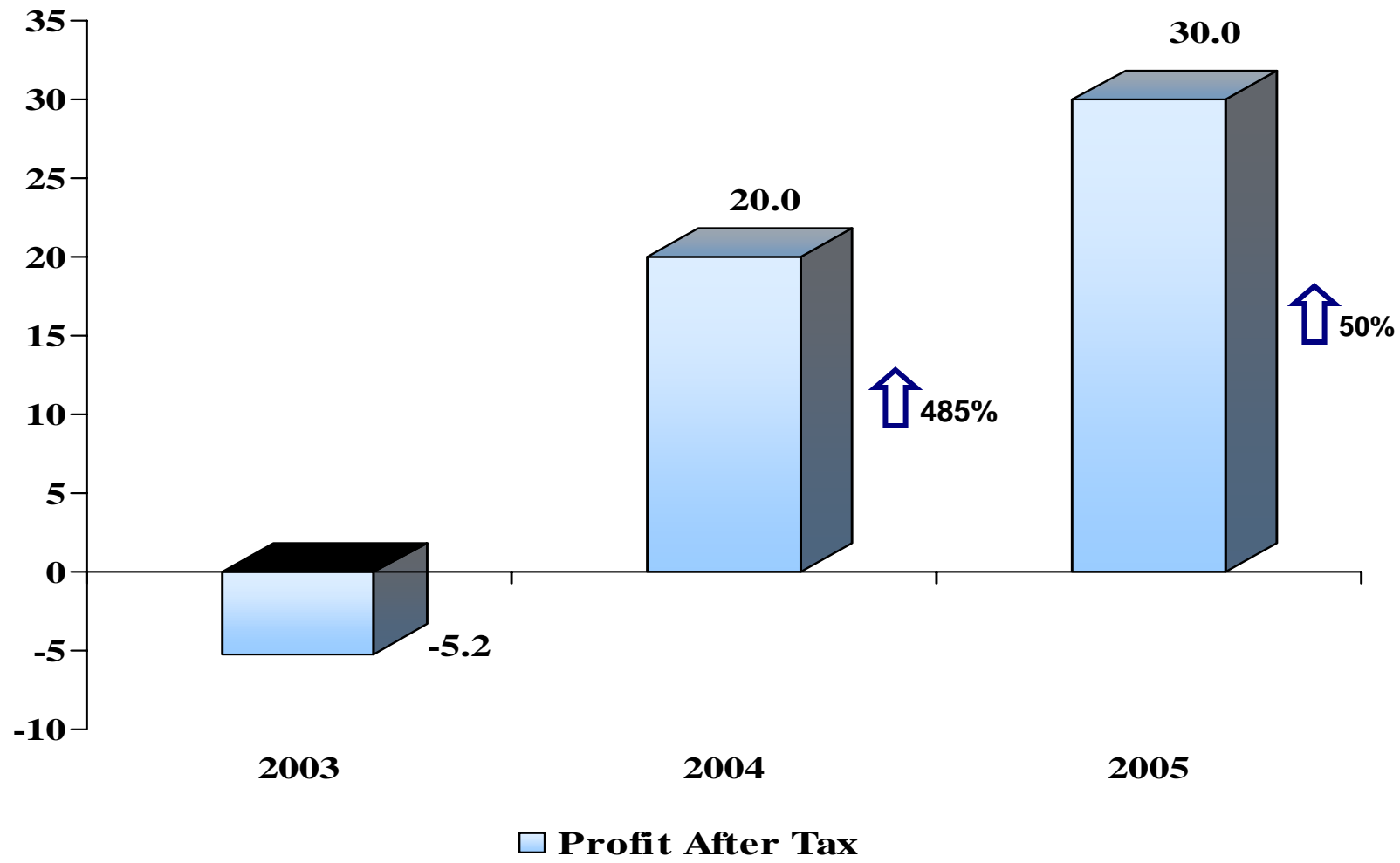


EMS Division

Profit after Tax for Year Ended 2003 to 2005



(In RM millions)



EMS Division

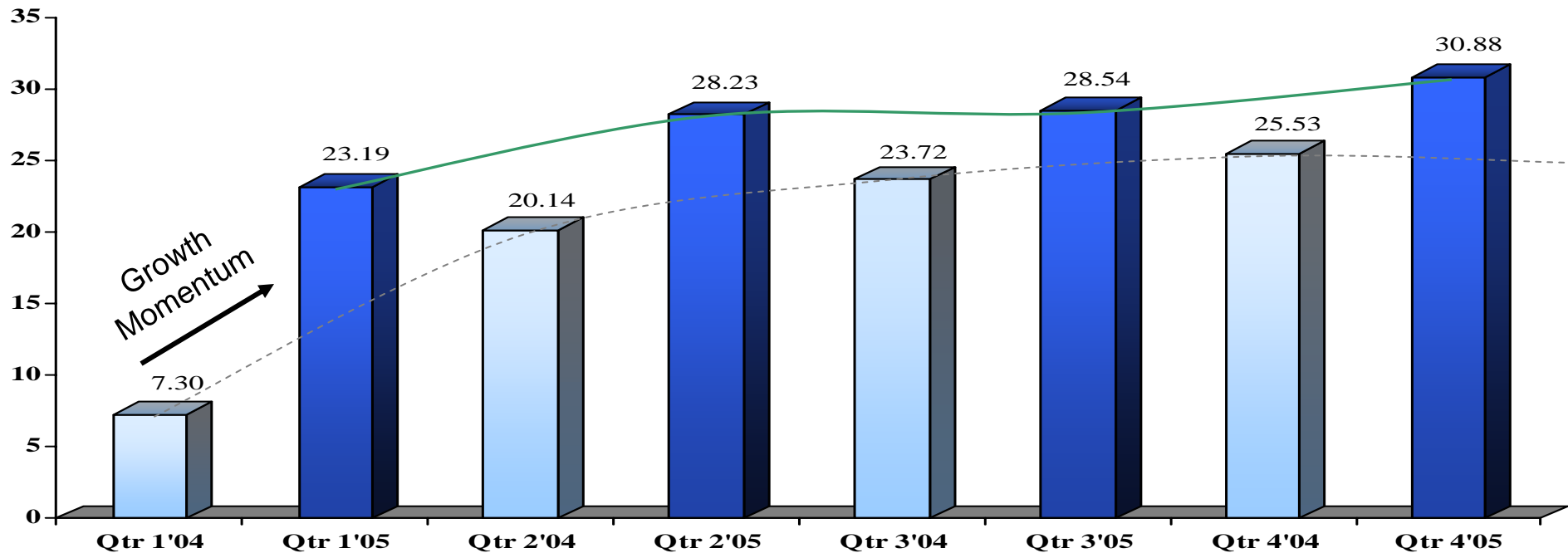
Review of Turnover (Keypads Segment)



(In RM millions)

- ❖ Steady growth throughout 2005
- ❖ With 30% new capacity fully operational in 2006, expect further growth in 2006
- ❖ However, this segment now faces price pressure – hence, increase in capacity will be somewhat offset by reduction in selling prices (especially for new models)

Revenue



EMS Division

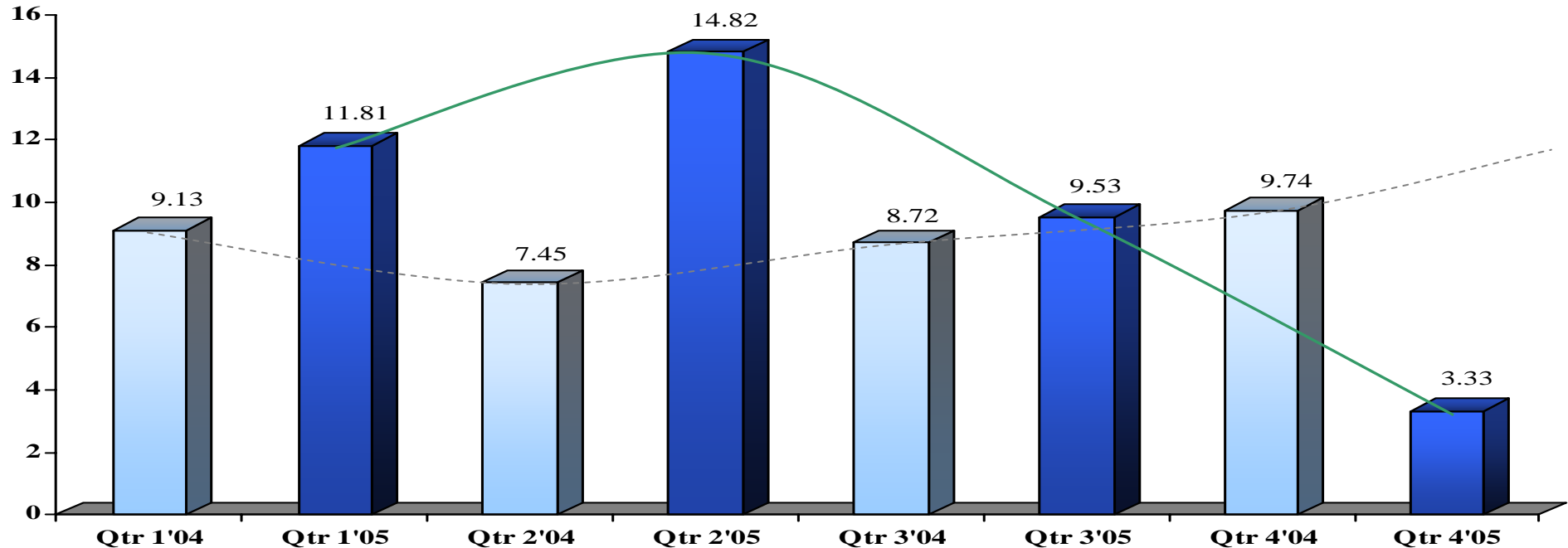
Review of Turnover (Office Automation Segment)



(In RM millions)

- ❖ Surge in 1st half due to customer building up inventory for product launch in new market
- ❖ Dip in Q3 and Q4 due to end of product life (Canon)
- ❖ No growth expected for this product segment in 2006
- ❖ Expect growth again from 2007 when current development projects (with long product life) goes into mass production

Revenue



EMS Divison

Current Plans & Developments



Integrated Manufacturing Services (IMS)

- One Integrated Manufacturing Services (IMS) company via consolidation of:

- *Precico Sdn Bhd (Plastics)*
- *Precico Electronics Sdn Bhd (PCBAs & Box Built)*
- *Precico M&D Sdn Bhd (Tooling manufacture)*

into one single Design, Development and Manufacturing entity

Upgrading facilities towards Automotive Business

- Dedicated secondary process area for automotive plastic parts
- Dedicated assembly area for automotive modules
- Upgrading and relocation of SMT facilities towards full compliance with automotive manufacturing standards – such as ESD flooring, etc.



EMS Divison Outlook



- **After 2 years of outstanding growth (from a low base) 2006 year of consolidation**
- **Moderate growth expected in 2006**
- **Increased revenue from expanded keypad capacity will be partly offset by price erosion**
- **No growth expected from the Office Automation business segment in 2006 but expected to grow again from 2007 when current projects under development are launched in 2007**
- **Gaining good momentum in terms of growth and market penetration into the Automotive business segment and optimistic about prospects of market penetration with significant contribution from 2007 onwards**