



*International Contract Manufacturer to Capital  
Equipment and Consumer Industries*

# ELECTROTECH INVESTMENTS LIMITED

## 1Q FY2008 Results Presentation

9 May 2008

- ❖ **Financial Review**
  - ❖ **1Q FY2008**
- ❖ **Business Review and Outlook**
  - ❖ **Mechatronics Division**
  - ❖ **EMS Division**
- ❖ **Questions and Answers**

# ElectroTech Investments Limited

## 1Q FY2008 – Financial Highlights



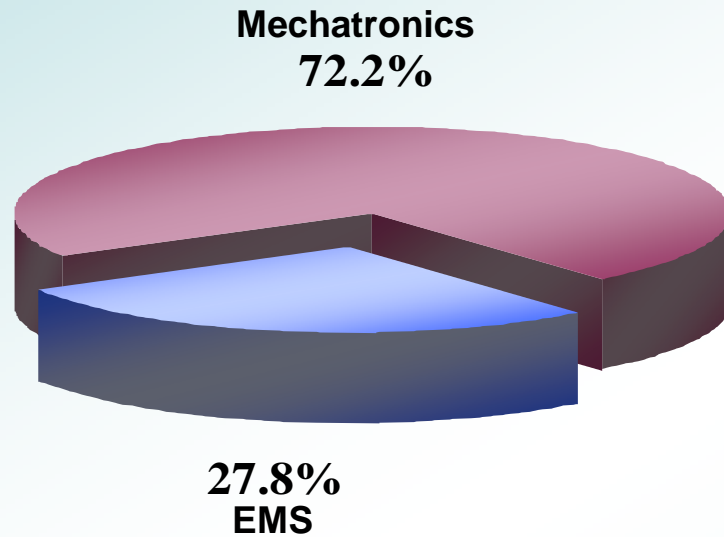
1Q FY2008 Results Briefing

(S\$m)	1Q 2008	1Q 2007	Chg YOY
<b>Revenue</b>	<b>61.7</b>	<b>56.8</b>	<b>9%</b>
- Mechatronics	44.5	41.4	+8%
- EMS	17.2	15.4	+11%
<b>Gross Profit</b>	<b>9.6</b>	<b>10.0</b>	<b>-4%</b>
<b>Profit before Tax</b>	<b>6.0</b>	<b>6.8</b>	<b>-12%</b>
<b>Net Profit</b>	<b>4.4</b>	<b>5.5</b>	<b>-20%</b>
- Mechatronics	4.8	4.6	+3%
- EMS	-0.3	0.9	-133%
<b>Net Profit Margin</b>	<b>7.1%</b>	<b>9.6%</b>	<b>-26%</b>
<b>Effective Tax Rate</b>	<b>26.5%</b>	<b>19.5%</b>	<b>36%</b>

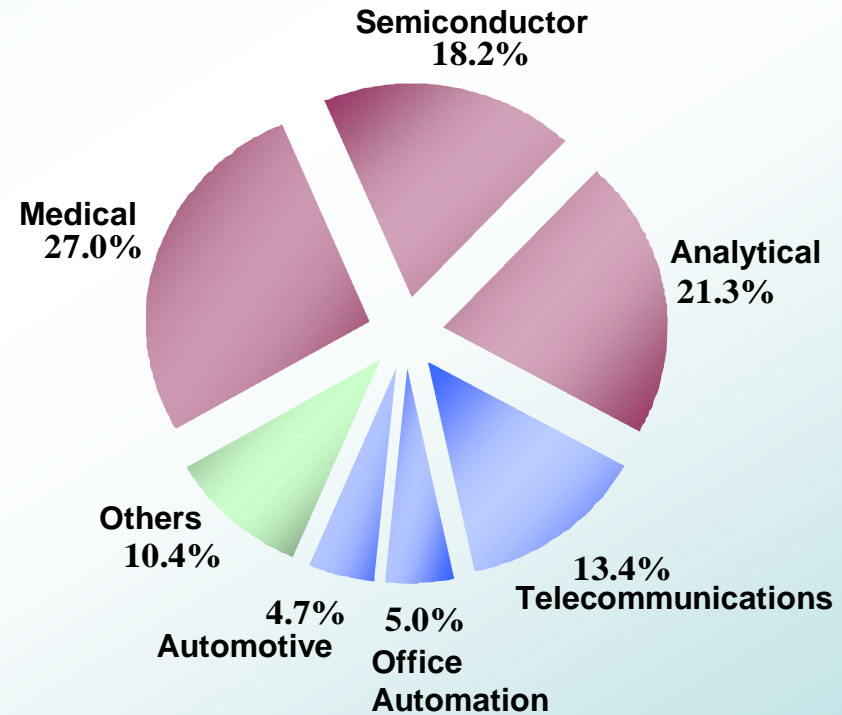
***Mechatronics and EMS Divisions reported revenue growth in spite of weaker external environment***

***Net profit dampened by the weak performance of the EMS Division***

### Revenue Breakdown by Division



### Revenue Breakdown by Business Segment



<b>Mechatronics (S\$m)</b>	<b>1Q FY2008</b>	<b>1Q FY2007</b>	<b>% Change</b>
Revenue	44.5	41.4	<b>+ 8%</b>
NPAT	4.8	4.6	<b>+ 3%</b>
Net Profit Margin	10.8%	11.2%	

<b>Revenue Breakdown by Business Segment</b>		
	<b>% Change</b>	<b>% Contribution to Mechatronics Division</b>
<b>Semiconductor</b>	- 24%	25%
<b>Medical</b>	+ 35%	37%
<b>Analytical</b>	+ 16%	30%

<b>EMS (S\$m)</b>	<b>1Q FY2008</b>	<b>1Q FY2007</b>	<b>% Change</b>
Revenue	17.2	15.4	<b>+ 11%</b>
NPAT	-0.3	0.9	<b>- 133%</b>
Net Profit Margin	-1.7%	5.6%	

<b>Revenue Breakdown by Business Segment</b>		
	<b>% Change</b>	<b>% Contribution to EMS Division</b>
<b>Telco - Keypad</b>	- 22%	42%
<b>- Others</b>	+ 13%	6%
<b>Office Automation</b>	+ 43%	18%
<b>Automotive</b>	+ 393%	17%

Balance Sheet Highlights (S\$m)	31 Mar 2008	31 Dec 2007	% Change
Shareholders' Equity	182.6	178.3	2%
Cash & Cash Equivalents *	46.7	44.0	6%
Total Borrowings	1.3	0.8	68%

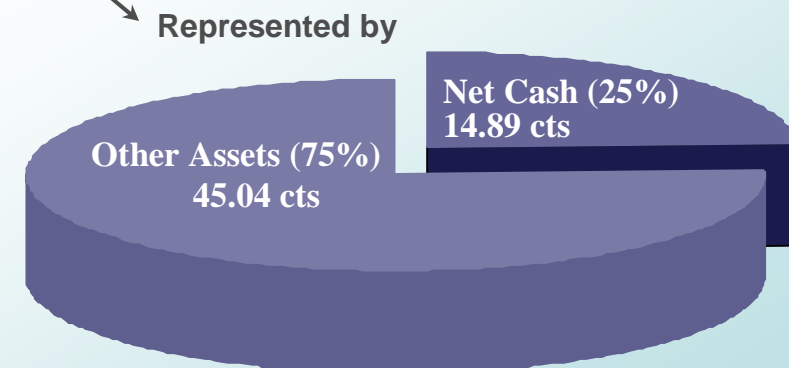
\* Include short term funds with a financial institution

Balance Sheet Highlights (Days)	31 Mar 2008	31 Dec 2007
Inventories Turnover	91	94
Accounts Receivables Turnover	73	72
Accounts Payables Turnover	75	81

Cash Flow Highlights (S\$m)	YTD Mar 08	YTD Mar 07	% Change
Net cash flow from operations	2.6	5.3	-51%
Capital expenditure	0.7	1.4	-51%

Key Financial Indicators	YTD Mar 08	YTD Mar 07	% Change
ROAE (%) - Annualised	9.7	13.5	-28%
ROAE (ex-Net Cash) (%) - Annualised	12.9	19.0	-32%
EBIT interest coverage *	461.1	427.0	8%
Earnings per share (cents)	1.44	1.80	-20%
Net assets per share (cents)	59.93	54.32	10%

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





# **Business Review**

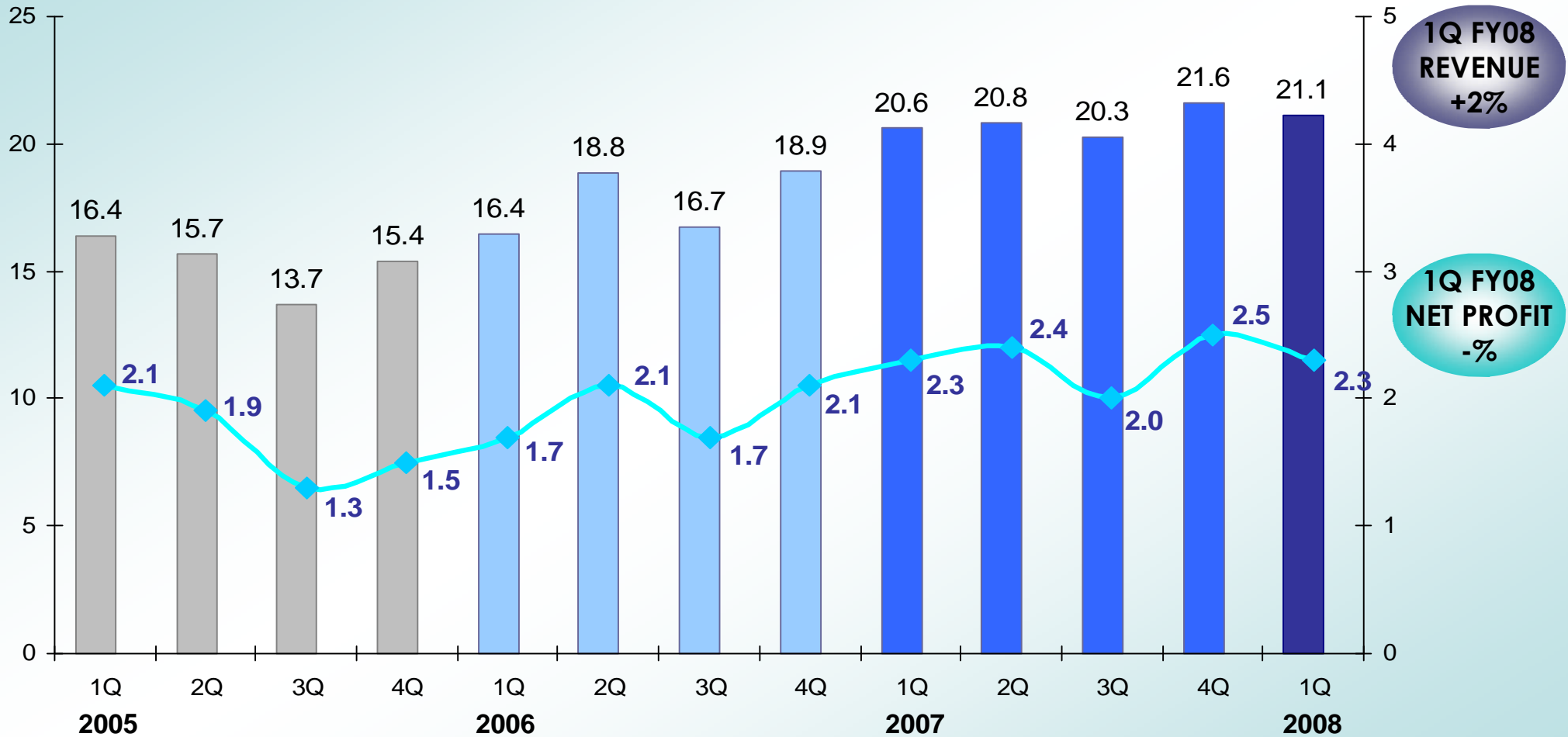
# **Mechatronics Division**



# Mechatronics Division

## Sales and Net Profit – Quarterly Performance

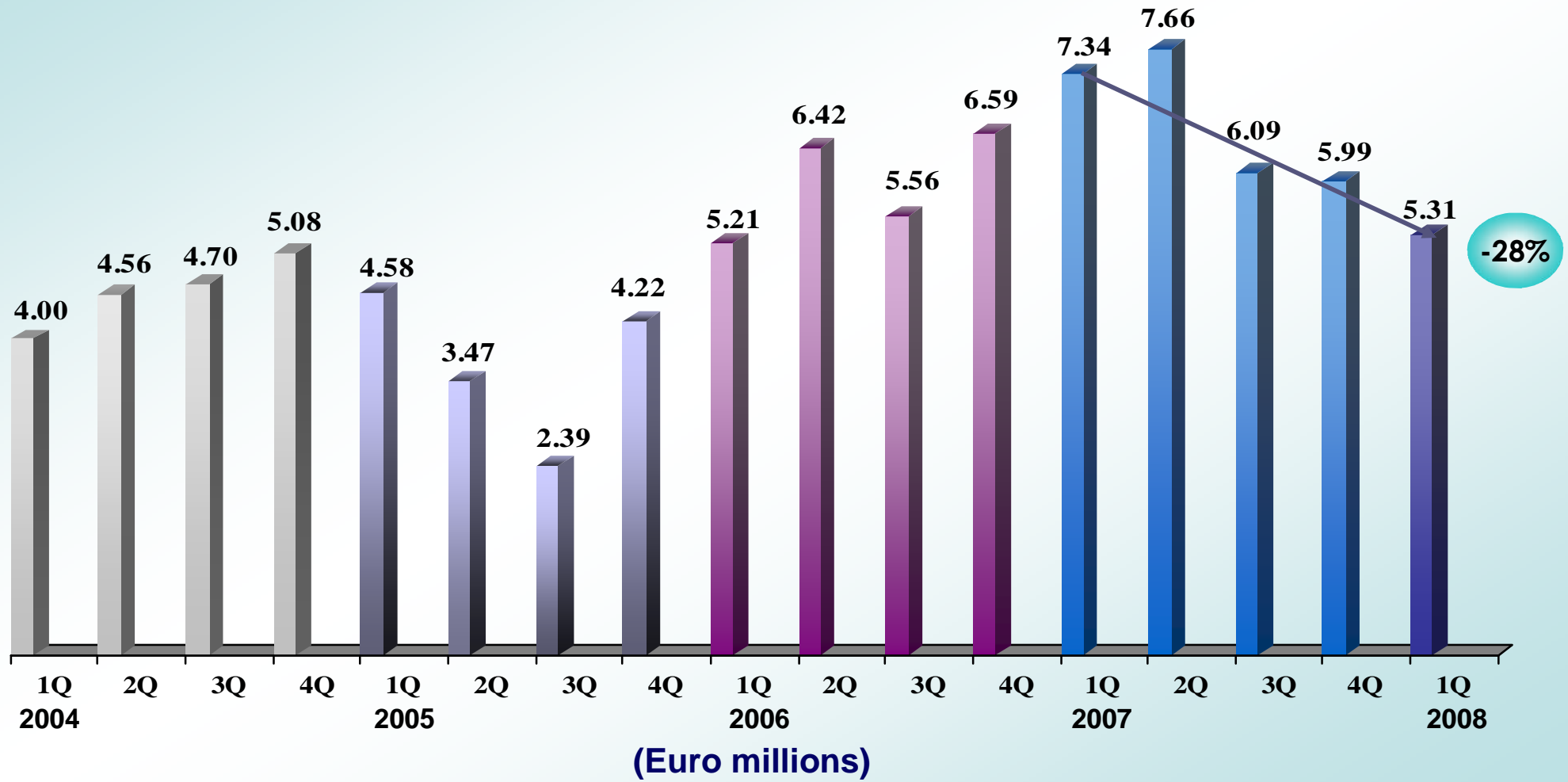
(Euro millions)



# Mechatronics Division

## Sales Analysis – Semiconductor Segment

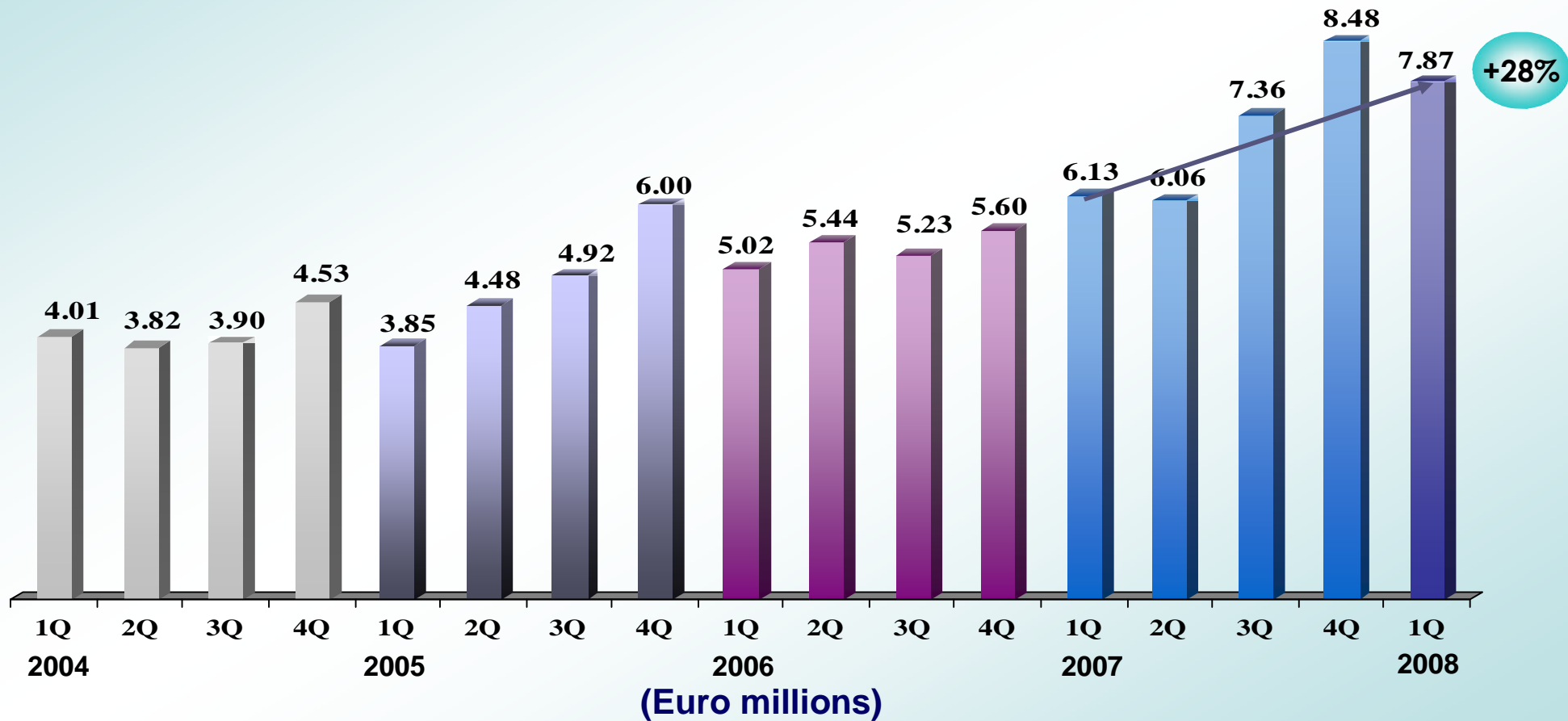
- Revenue decline of 28% yoy and 11% over the preceding quarter
- Slower conditions in the semiconductor industry



# Mechatronics Division

## Sales Analysis – Medical Segment

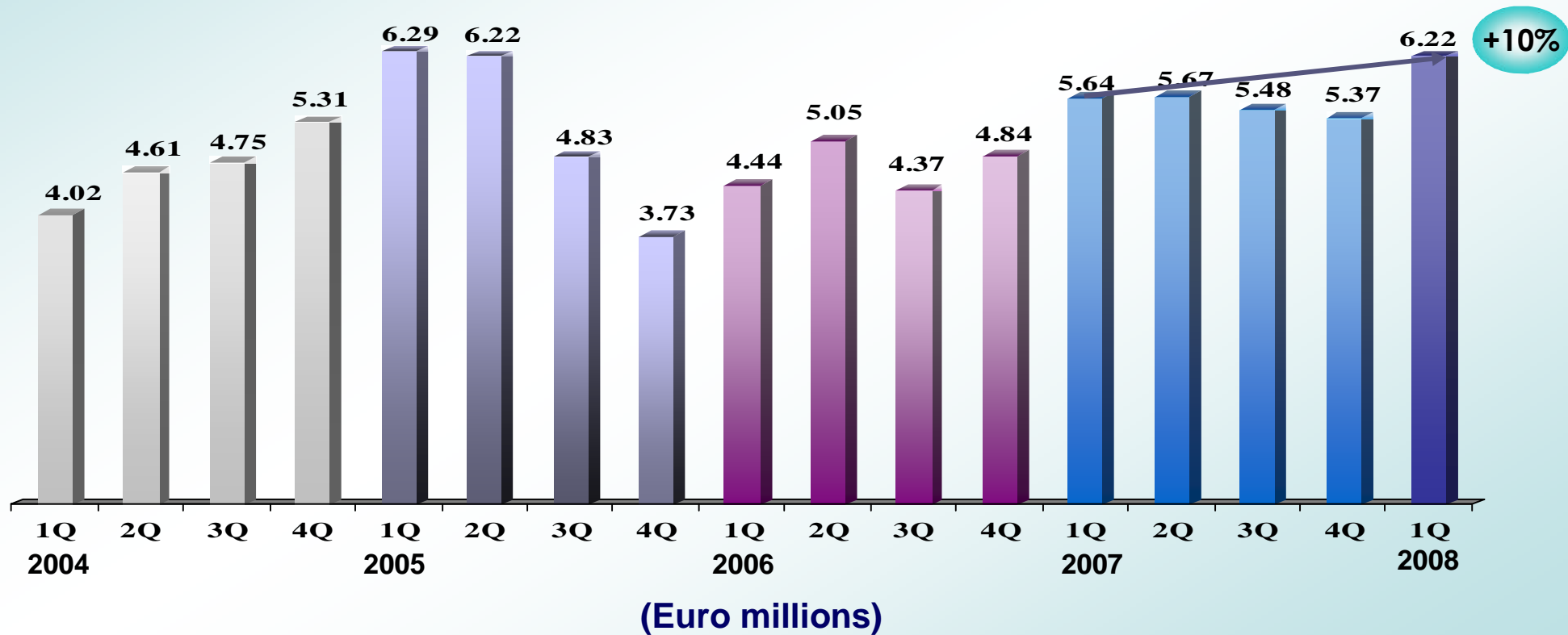
- Revenue growth of +28% yoy but a decline of 7% from the preceding quarter



# Mechatronics Division

## Sales Analysis – Analytical Segment

- Revenue growth of +10% yoy and +16% over the preceding quarter



### Frencken Malaysia – Modules for the Medical Business Segment

- Expected volume ramp up in 1Q FY2008 is delayed to end 2Q/early 3Q 2008 as longer evaluation time required due to a change of material for cost reduction purposes
- Qualification of next module expected to commence in 3Q FY2008

### Frencken Netherlands – Development Projects

- Focusing on new development projects in the Analytical and Medical business segments with commercial production targeted for 4Q FY2009/1Q FY2010

### Frencken Netherlands – CFRR Alliance

- First project has progressed to prototyping and system test
- Initial orders for production received

- Growth dampened by softer global economic situation
- Near-term concerns over the weakening USD translating into selling price pressure

Based on current visibility,

### **Semiconductor**

- Revenue in FY2008 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 existing customers

### **Analytical**

- Current visibility indicates that revenue from a major customer may be lower in FY2008 as compared to FY2007
- Sales to two new customers starting to gain momentum



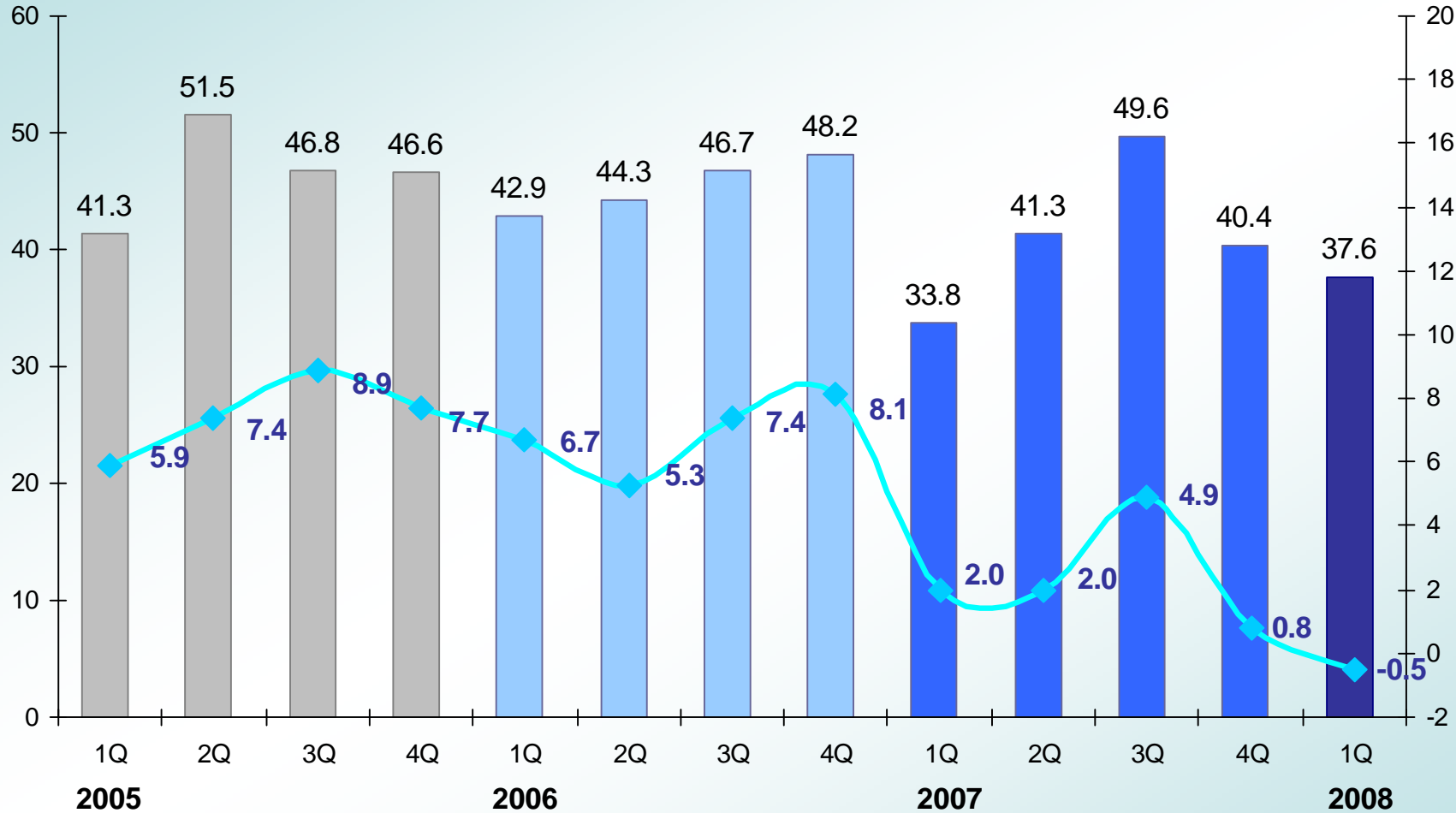
# **Business Review**

## **EMS Division**

# EMS Division

## Sales and Net Profit – Quarterly Performance

(RM millions)

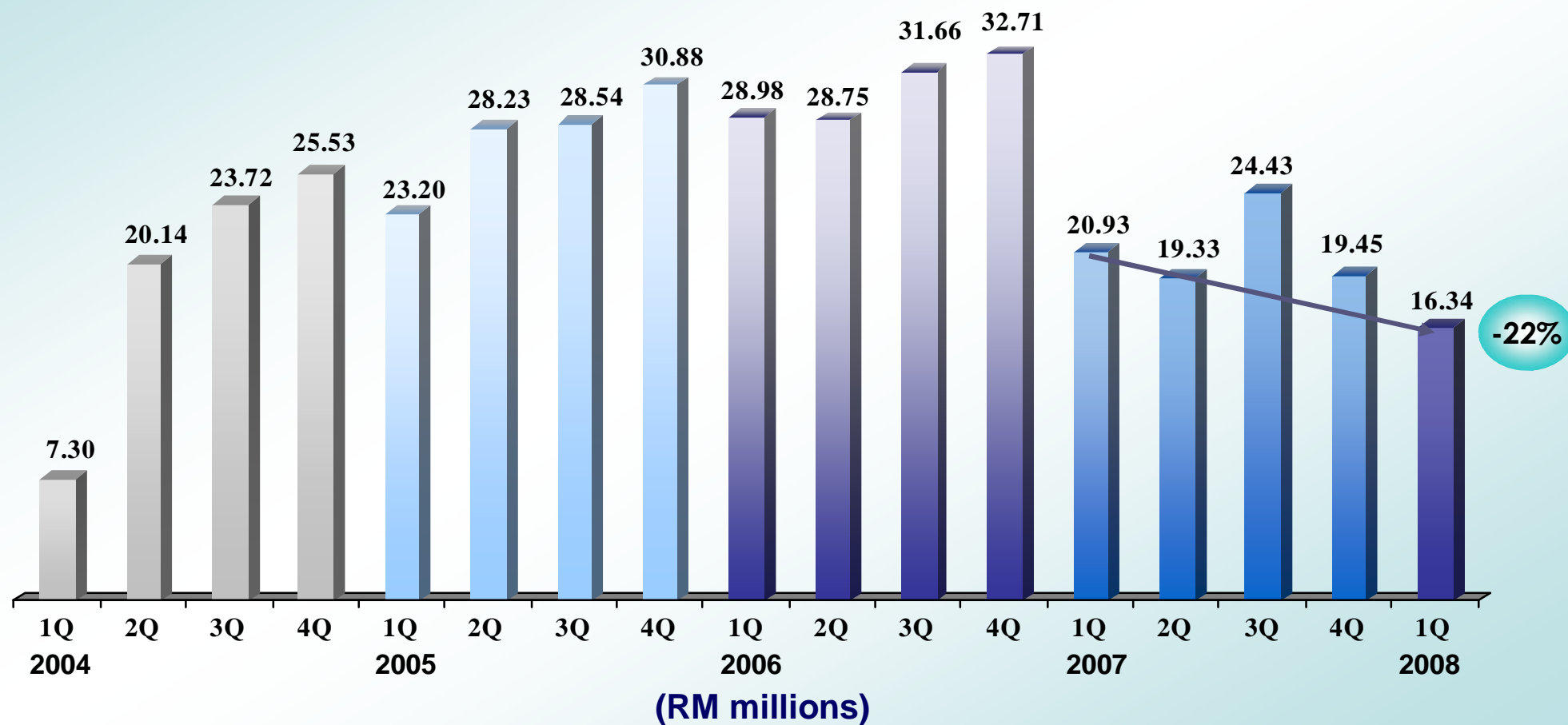


**1Q FY08  
REVENUE  
+11%**

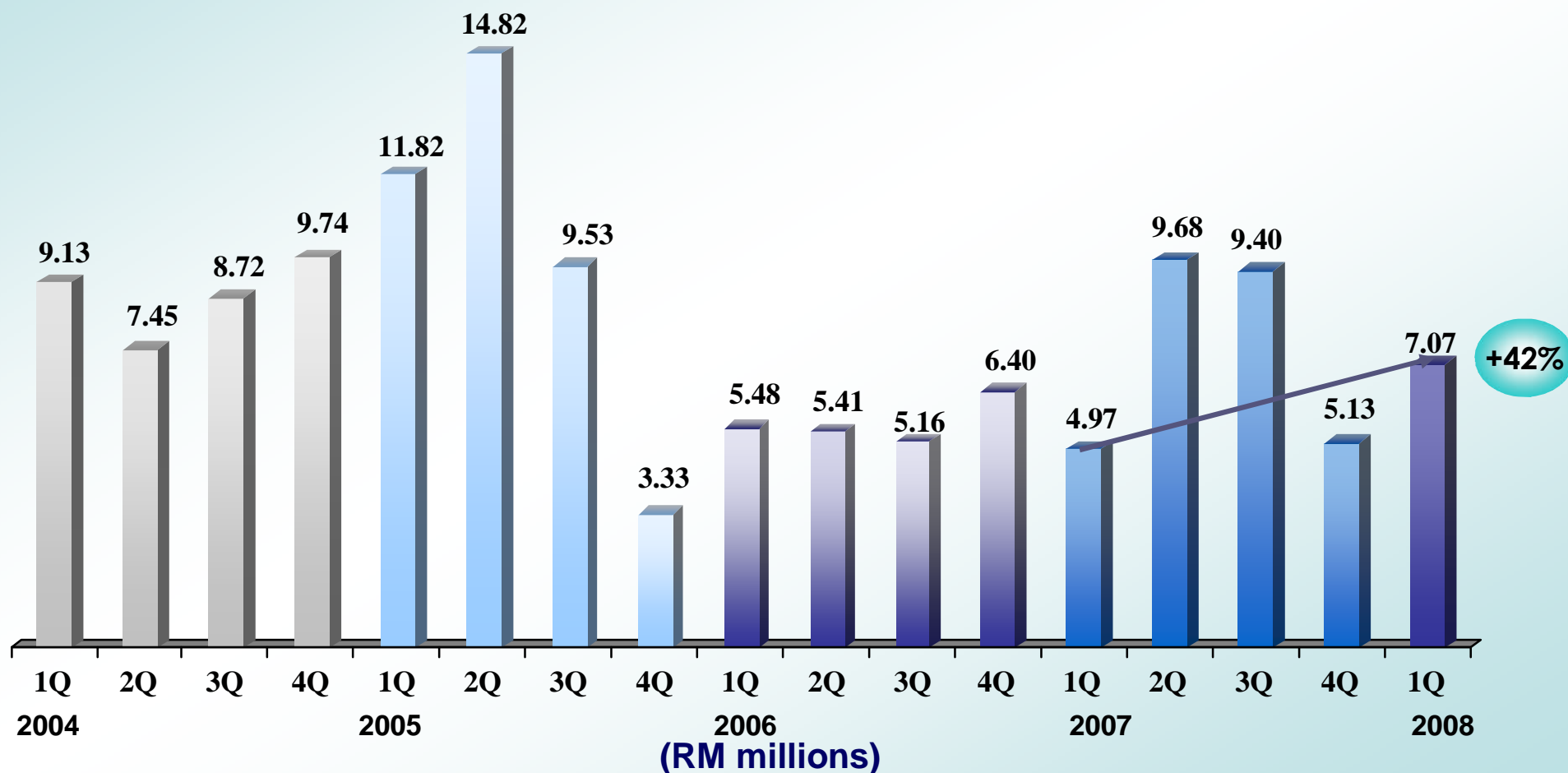
**1Q FY08  
NET PROFIT  
-127%**



- Dip of 22% yoy and 16% as compared to the preceding quarter
- Challenging conditions in the global handset market



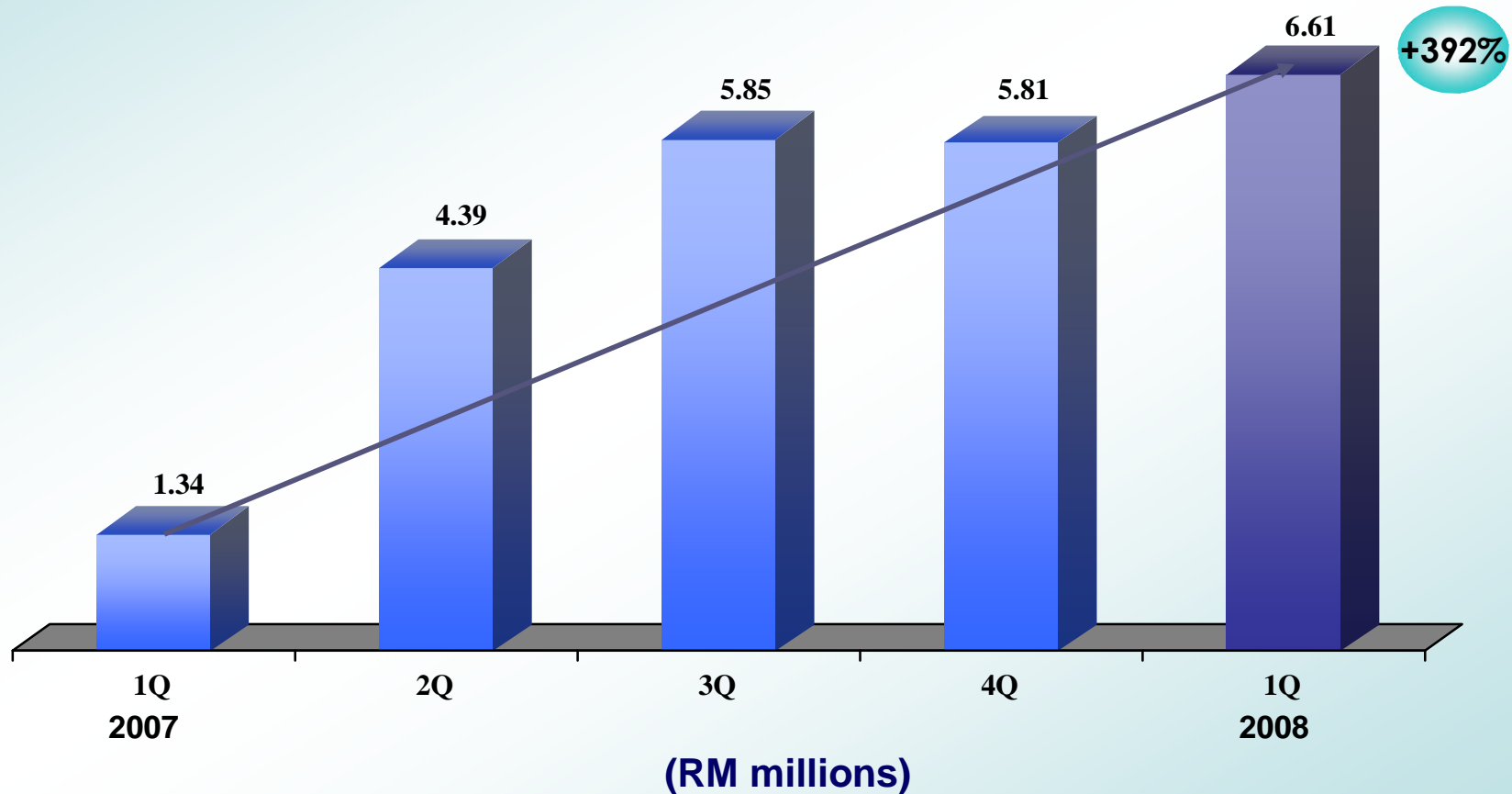
- Revenue growth of +42% yoy and +38% as compared to the preceding quarter
- Higher revenue derived from the recent launch of an industrialisation project into commercial production



# EMS Division

## Sales Analysis – Automotive Segment

- Significant revenue growth of +392% yoy and +14% over the previous quarter



### Integrated Manufacturing Services (IMS)

- Official date of integration deferred to focus on other priorities in view of current global economic situation
- Reviewing the situation and expect to set a new date for integration at the end of 1H FY2008

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

- Specific assembly lines and facilities for new automotive assembly project - targeted for completion by 4Q FY2008
- Phase 1 expansion of assembly and warehousing facilities for commercial production of OA project (currently under industrialisation) – targeted for completion by end FY2008 to early FY2009
- Phase 2 expansion to cater for commercial production of another major OA project - targeted for completion by 3Q/4Q FY2009

### Capital Investments to Expand our Service Offerings

- Two (2) units of sputtering machines together with supporting facilities commissioned and tested in Jan 2008 have commenced commercial production in April 2008

- Outlook remains challenging for the EMS Division
- Weakening US Dollar impacting margins and exerting pressure on selling prices

### Keypads

- While projects under discussion are expected to lead to a pick-up in sales during 2H FY2008, current conditions in the global economy and mobile handset market could pose risk
- High level of revenue volatility expected to continue in the coming quarters
- Keypads manufactured using the “sputtering” process to contribute to sales from 2Q FY2008 onwards

### Office Automation

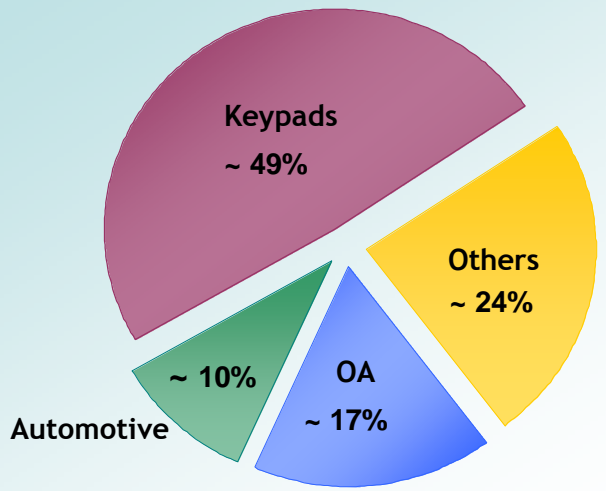
- Revenue from the recently launched project expected to gradually pick up over the next few quarters
- Commercial production of another development project is expected to be launched in 4Q FY2008
- Optimistic of longer term prospects despite short term impact of the US and global economic slowdown

### Automotive

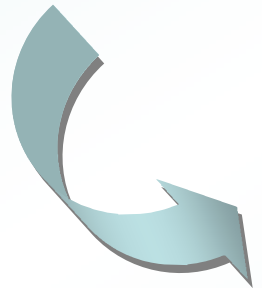
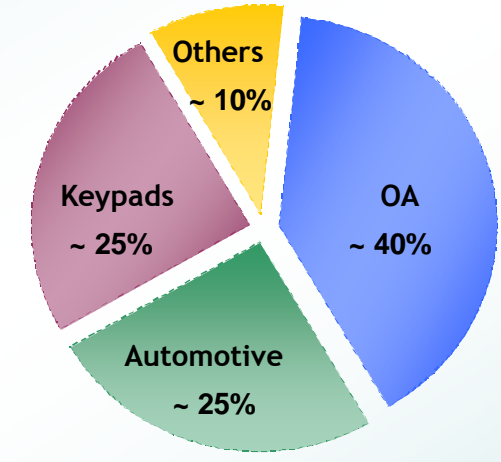
- Anticipate continued revenue growth in FY2008 based on current industrialisation projects going into commercial production
- Realigning the “spraying” and “laser etching” capacity to match the expected growth in this business segment

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

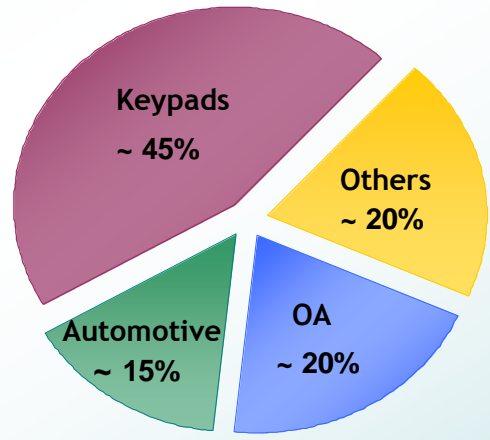
**FY2007 (Actual)**



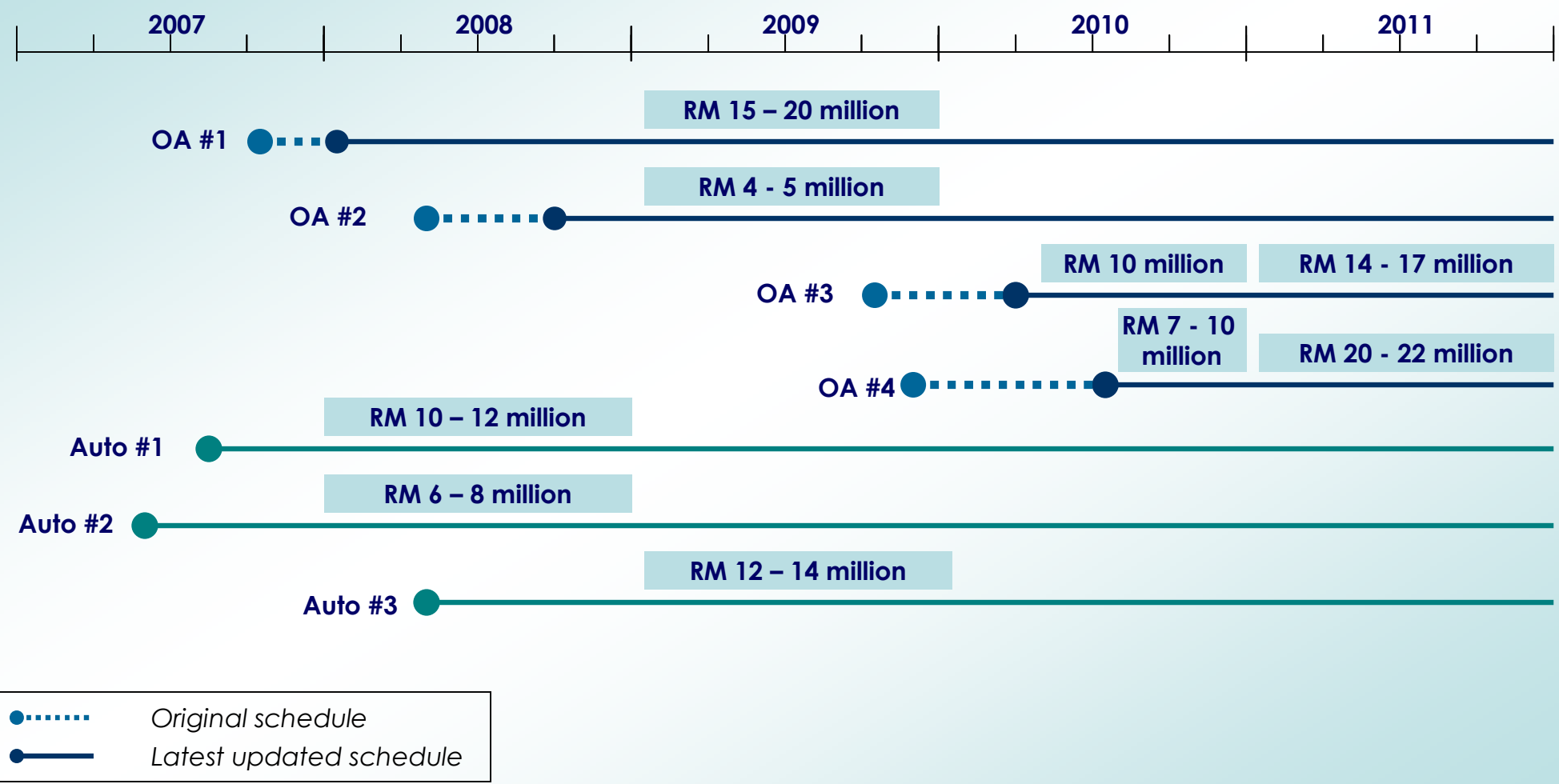
**FY2011 (Projected)**



**FY2008 (Estimate)**



Update on some of the industrialisation programs :



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

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# Thank You

**ElectroTech Investments Limited**

Plot 410, Lorong Perusahaan 8B  
Prai Industrial Estate  
Prai 13600, Malaysia  
Website : [www.electrotechgroup.com](http://www.electrotechgroup.com)

**Investor Relations Contact**

Octant Consulting  
tel (65) 6220 2842  
[herman@octant.com.sg](mailto:herman@octant.com.sg) or [lisa@octant.com.sg](mailto:lisa@octant.com.sg)