

ELECTROTECH

*International Contract Manufacturer to Capital
Equipment and Consumer Industries*

ELECTROTECH INVESTMENTS LIMITED

FY2006 Results Presentation

2 March 2007

AGENDA

❖ Financial Review

❖ FY2006

❖ 4Q FY2006

❖ Business Review and Outlook

❖ Mechatronics Division

❖ EMS Division

❖ Questions and Answers



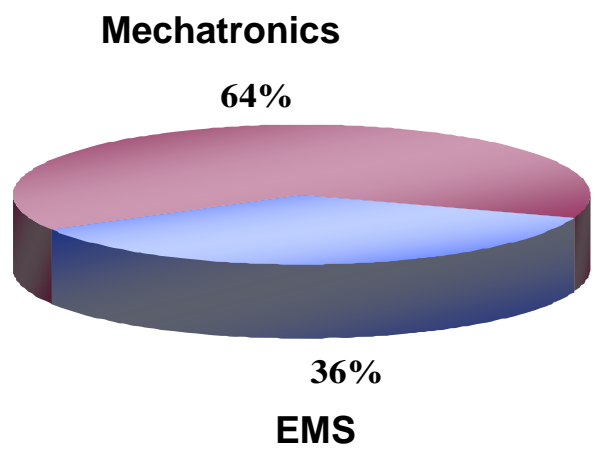
(S\$m)	FY2006	FY2005	% Change
Revenue	222.2	212.6	5%
Gross Profit	47.5	47.4	0%
Profit before Tax	34.8	35.1	-1%
Net Profit	26.3	27.2	-3%
<i>Net Profit Margin</i>	<i>12%</i>	<i>13%</i>	<i>-7%</i>
<i>Effective Tax Rate</i>	<i>24%</i>	<i>23%</i>	<i>8%</i>
<i>Dividend per share (cents)</i>	<i>2.60</i>	<i>2.68</i>	<i>-3%</i>

Benefit of Revenue growth affected by:

- Pricing pressure of keypads
- Forex translation
- Higher admin expenses from assembly facilities expansion

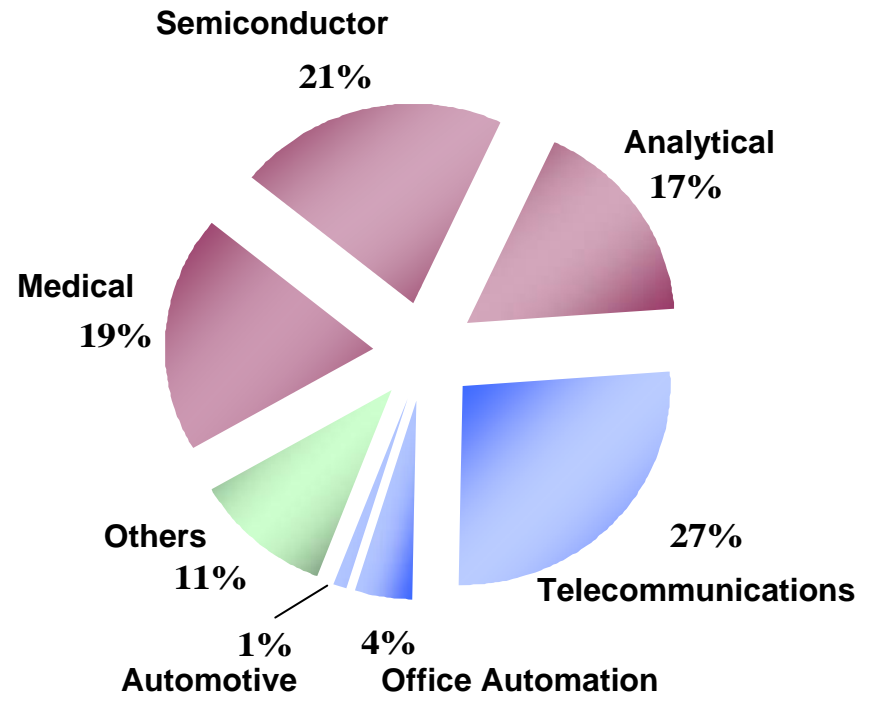
Payout ratio of 30% of Net Profit

Revenue Breakdown by Division



❖ Revenue contributions from Mechatronics and EMS divisions remained stable in FY2006

Revenue Breakdown by Customer Industry



(S\$m)	4Q FY2006	4Q FY2005	Chg YoY
Revenue	59.2	52.7	12%
Gross Profit	12.9	10.8	20%
Profit before Tax	10.1	7.9	29%
Net Profit	7.6	6.4	18%
<i>Net Profit Margin</i>	<i>13%</i>	<i>12%</i>	<i>5%</i>
<i>Effective Tax Rate</i>	<i>25%</i>	<i>19%</i>	<i>36%</i>

Impact of Record Revenue cascading down to Net Profit
in spite of higher effective tax rate

Mechatronics (S\$m)	4Q FY2006	4Q FY2005	% Change
Turnover	38.0	31.4	+ 21%
NPAT	4.2	3.1	+ 37%
Net Profit Margin	11.1%	9.8%	

Revenue Breakdown by Customer Industry		
	% Change	% Contribution to Mechatronics Division
Semiconductor	+ 53%	35%
Medical	- 9%	30%
Analytical	+ 30%	26%

EMS (S\$m)	4Q FY2006	4Q FY2005	% Change
Turnover	21.2	21.3	- 1%
NPAT	3.2	3.4	- 3%
Net Profit Margin	15.3%	15.7%	

Revenue Breakdown by Customer Industry		
	% Change	% Contribution to EMS Division
Keypad	+ 1%	66%
Office Automation	+ 74%	13%
Telco	- 40%	6%
Automotive	- 29%	3%

Balance Sheet Highlights (S\$m)	31 Dec 2006	31 Dec 2005	% Change
Shareholders' Equity	159.8	140.0	14%
Cash & Cash Equivalents *	46.2	37.8	22%
Total Borrowings	1.0	3.1	-67%

Strong financial position

* Include short term funds with a financial institution

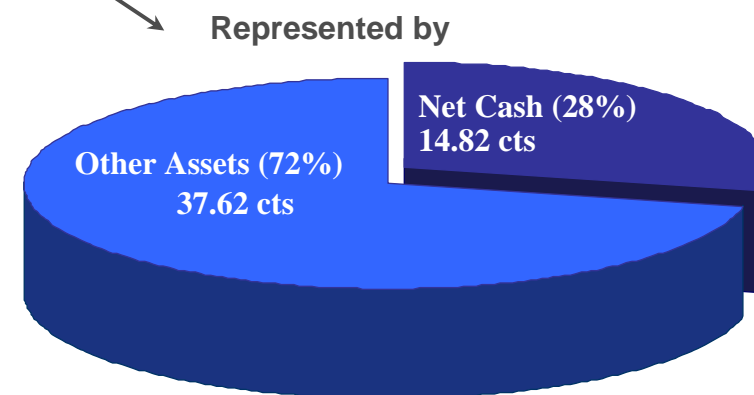
Balance Sheet Highlights (Days)	31 Dec 2006	31 Dec 2005
Inventories Turnover	77	67
Trade Receivables Turnover	75	71
Trade Payables Turnover	88	70

Cash Flow Highlights (S\$m)	YTD Dec 06	YTD Dec 05	% Change
Net cash flow from operations	31.2	27.6	13%
Capital expenditure	11.7	16.3	-28%

Strong cash flow

Key Financial Indicators	FY 2006	FY 2005	% Change
ROAE (%)	17.6	23.5	-25%
ROAE (ex-Net Cash) (%)	23.9	27.7	-14%
EBIT interest coverage *	359.7	53.0	579%
Earnings per share (cents)	8.65	9.59	-10%
Net assets per share (cents)	52.44	45.95	14%

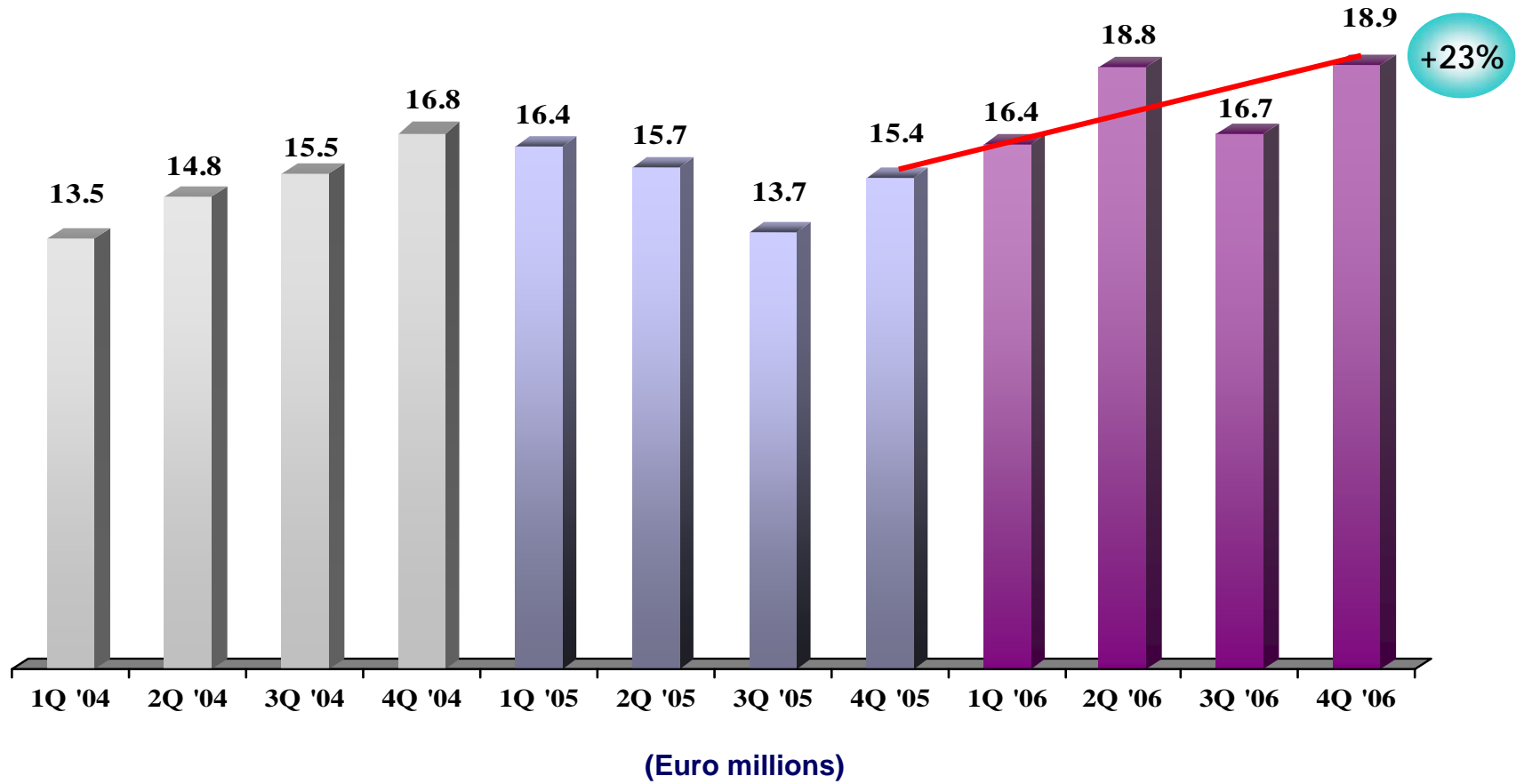
* EBIT interest coverage = Profit before interest & tax / Interest on borrowings

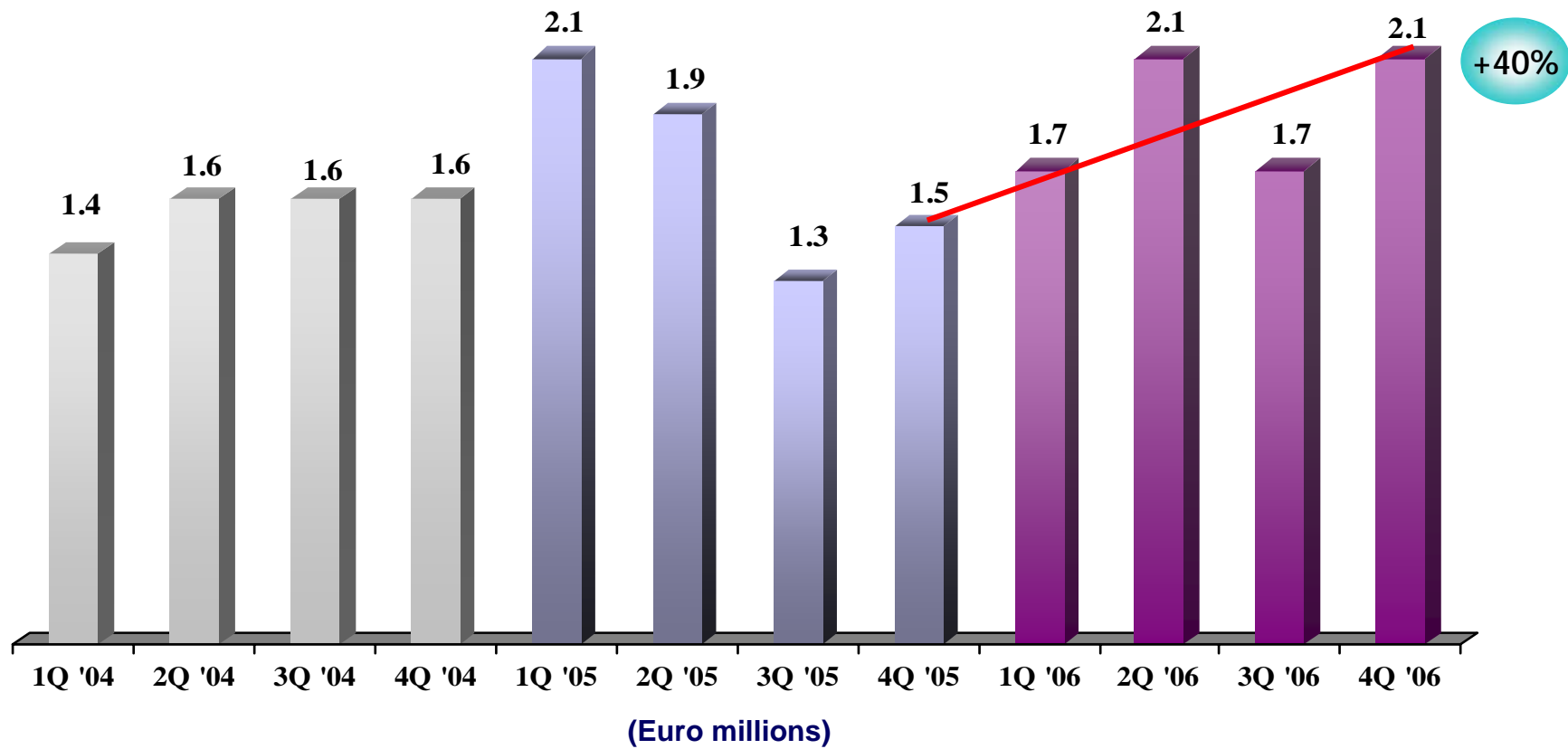




Business Review Mechatronics Division

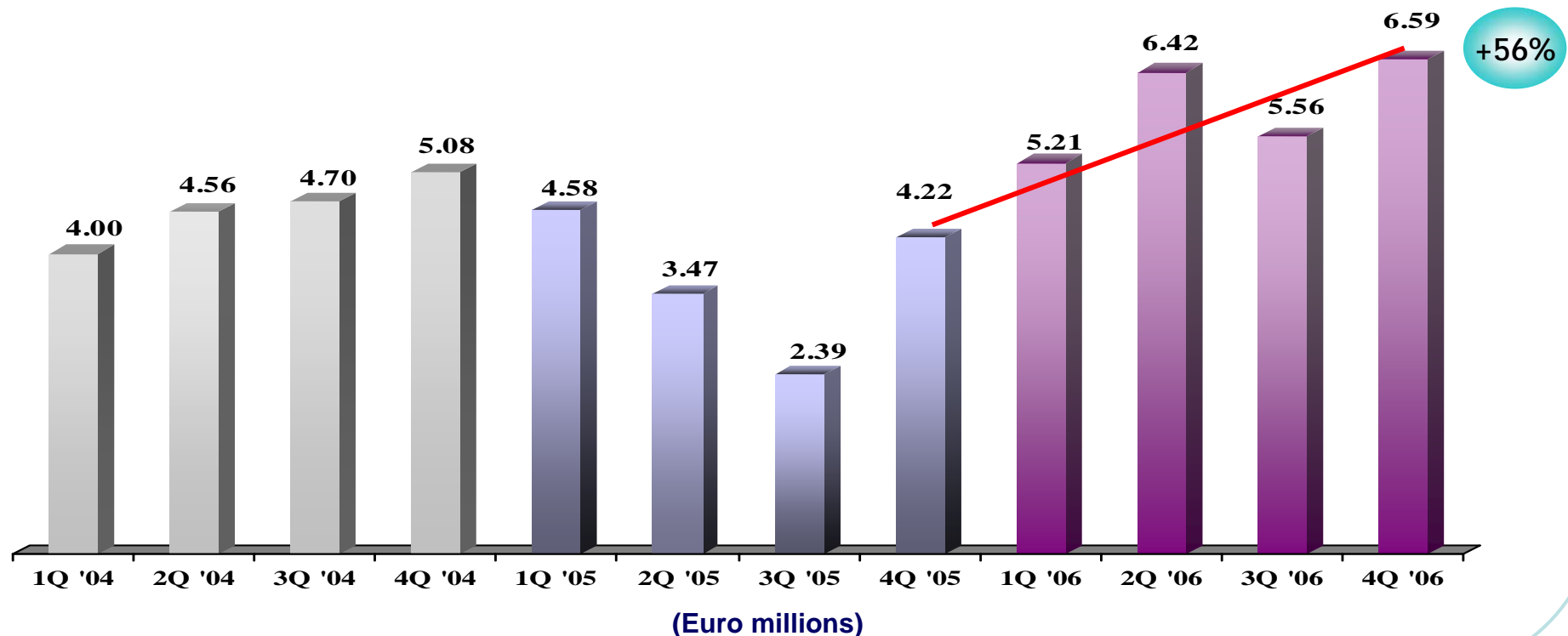






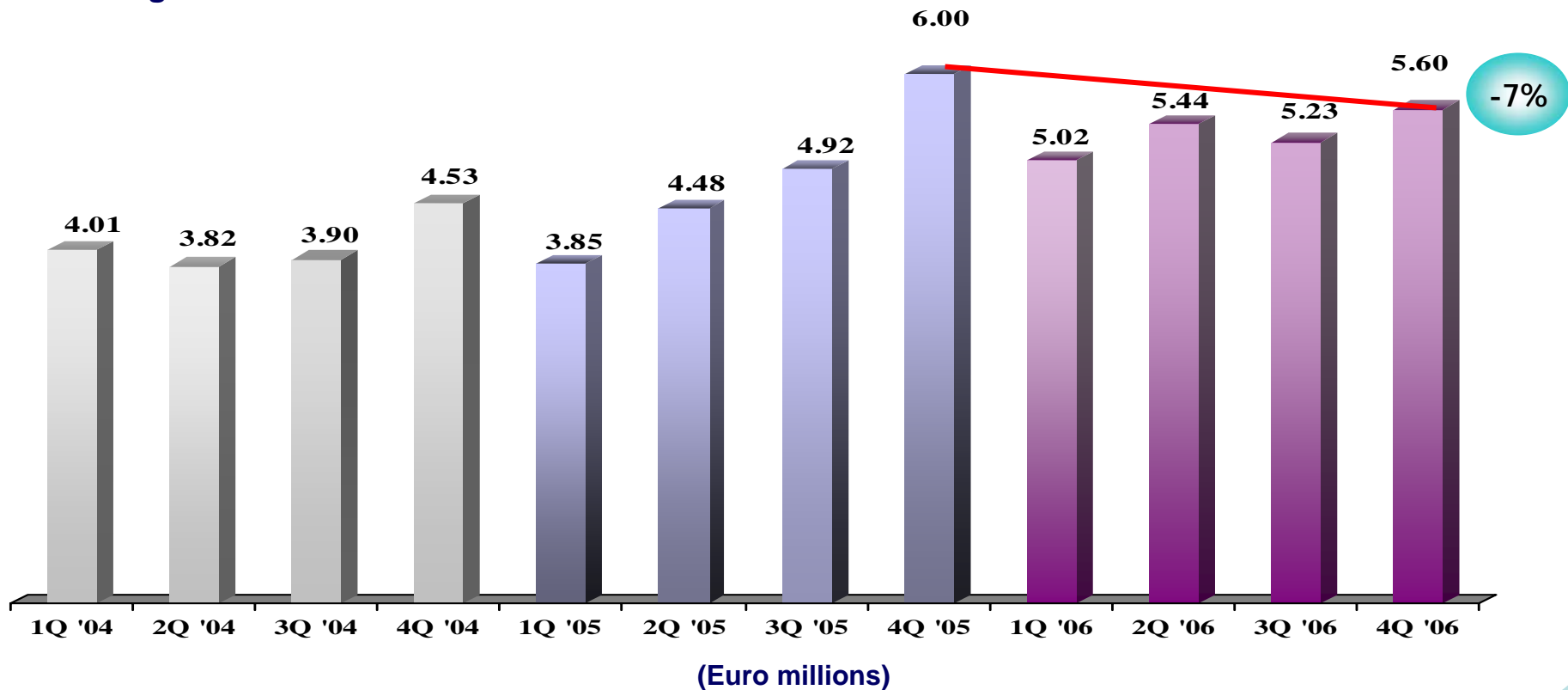


- ❖ Highest ever quarterly turnover of Euro 6.59m in 4Q FY2006
- ❖ Optimistic of sustainable trend based on current visibility and customers' forecast despite concerns of a flatter growth of the semiconductor equipment industry in 2007
- ❖ New and enhanced design and engineering products to drive growth in 2007



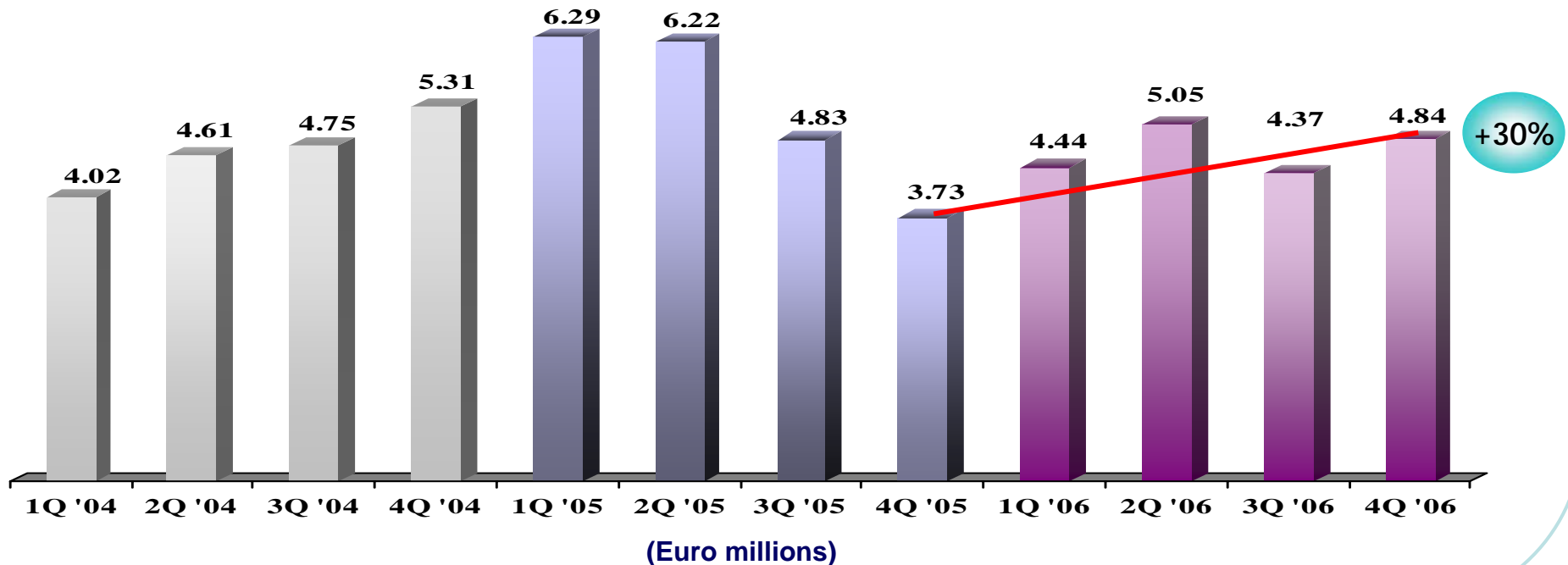


- ❖ Steady growth in 4Q FY2006 despite a delay in market introduction of some of our customers' major projects
- ❖ Contribution from a major new customer and expanded services to an existing customer to fuel growth in FY2007
- ❖ Confident of strong growth from launch of delayed projects and new projects under negotiation





- ❖ Quarterly turnover stabilised in FY2006 after an unusually volatile performance in FY2005
- ❖ Turnover in FY2006 has normalised to the same level as FY2004
- ❖ Expect to maintain current steady level in FY2007. Any upturn will depend on the speed of launching new projects with new and existing customers





Expanded Assembly and Warehouse Facilities at Frencken Mechatronics

- Expansion and refurbishment completed to world class standards. Fully operational with additional 20,000 sq ft of assembly area
- Increased space and assembly capacity is timely for the expansion of business with a major new customer

Completed Renovation and Expansion of Frencken Malaysia

- Assembly area expanded by 10,000 sq ft. Relocation of machining and assembly department as well as new clean room are fully operational
- Launch of various new assembly projects in phases to fuel growth of the Malaysian facility's assembly business

Completed Investments in new Machines

- New investments in very high precision automated and/or robotic milling and turning machines to support new and more complex modules and complete machines and equipment
- Higher degree of automation enabling the extension of production hours starting to pay off with higher machine utilization rates

CFRR Alliance – To Widen our Value Add and Supply Chain

- *Your idea* > our concept, design, engineering, production, service > *your product*
- Frencken has teamed up with 3 companies to form this strategic alliance
- Combines the complementary skills and experience of four of the best companies in their respective field

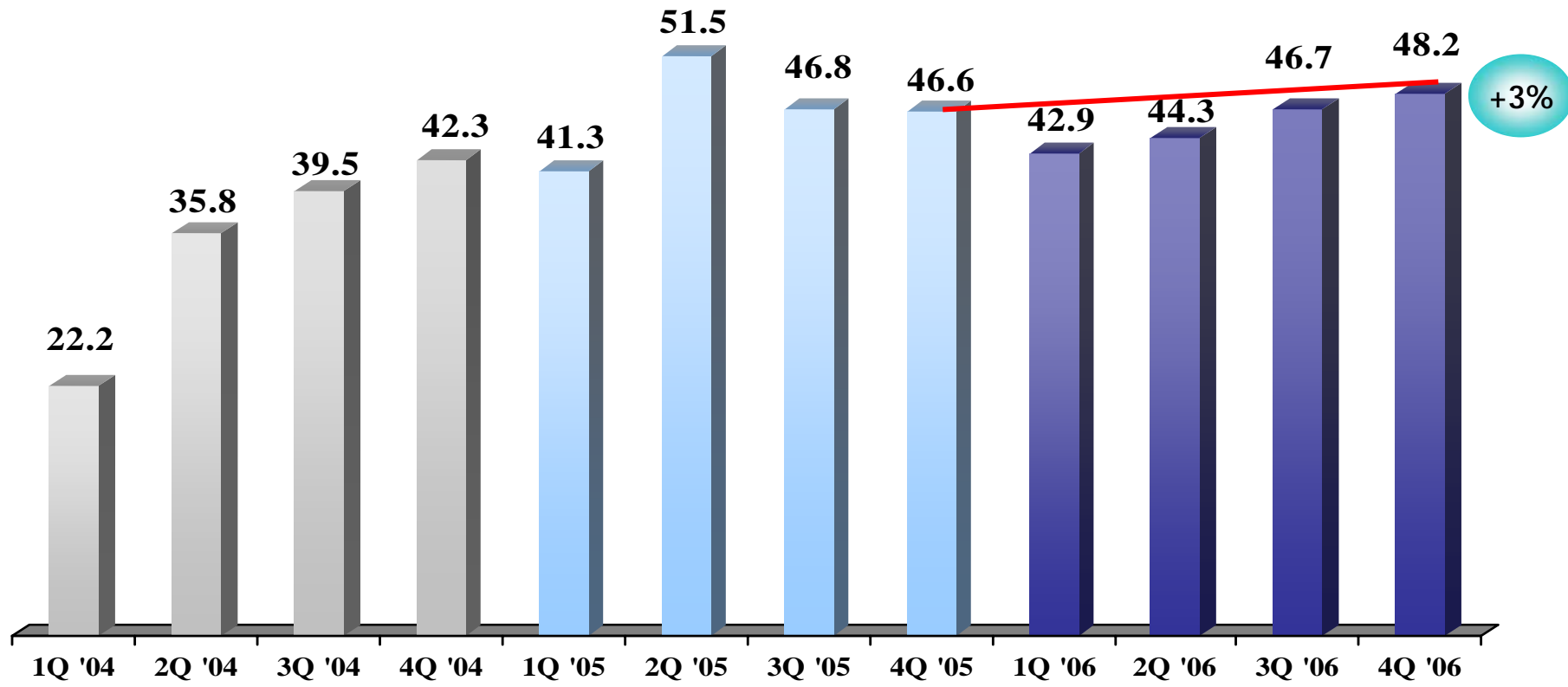


- **Sustainable growth in the Semiconductor segment expected to continue through new and enhanced designed products**
- **Stronger growth is anticipated in the Medical segment from new and re-engineering projects**
- **Analytical segment expected to remain flat with upside dependent on speed of new project launches with new and existing customers. No significant change expected in 1QFY2007**
- **Confident of securing new customers, new leads and new projects**
- **Frencken Malaysia to see significant growth due to positive response from new and existing customers and increased product transfer from The Netherlands**
- **Riding on positive momentum of FY2006, prospects remain upbeat**



Business Review EMS Division

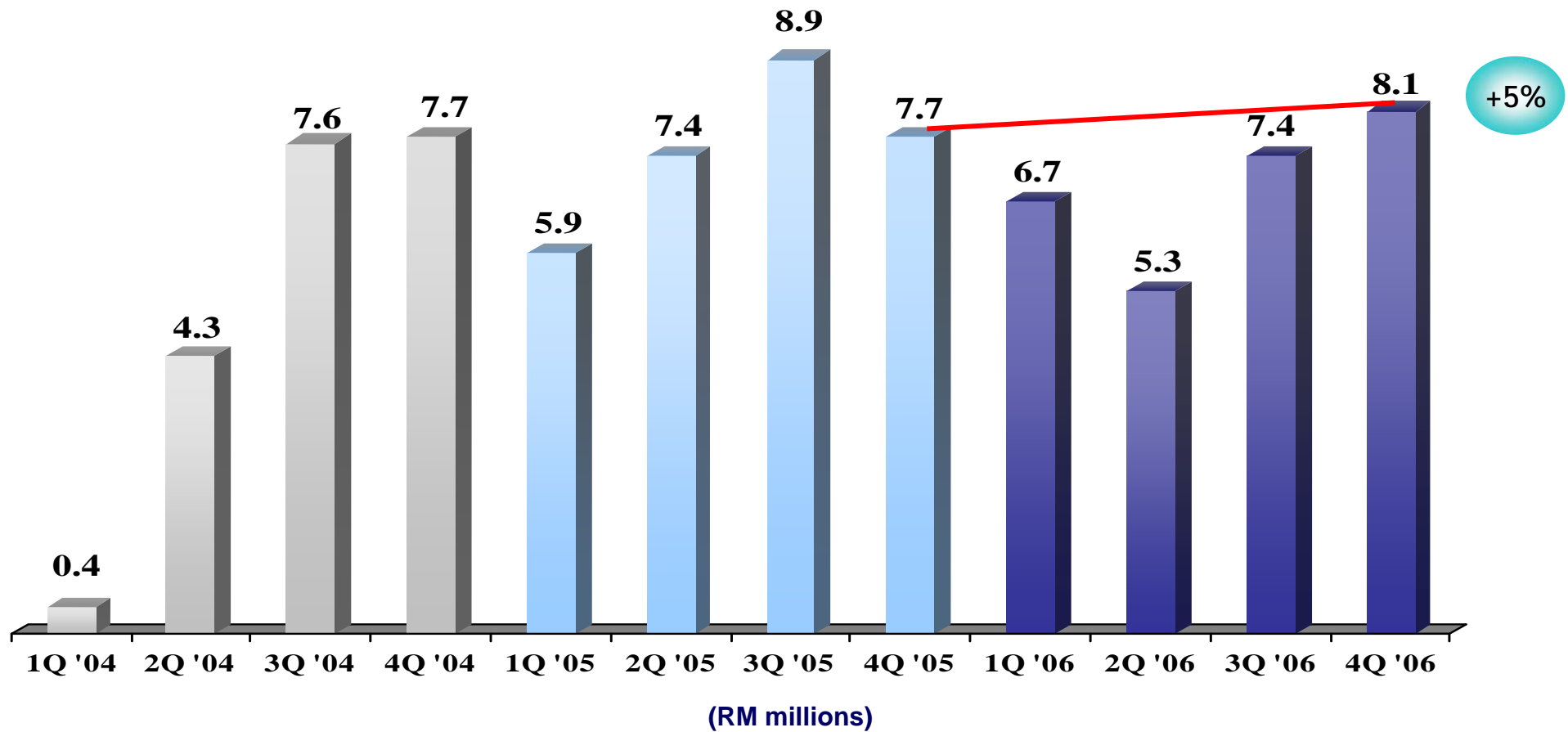




(RM millions)

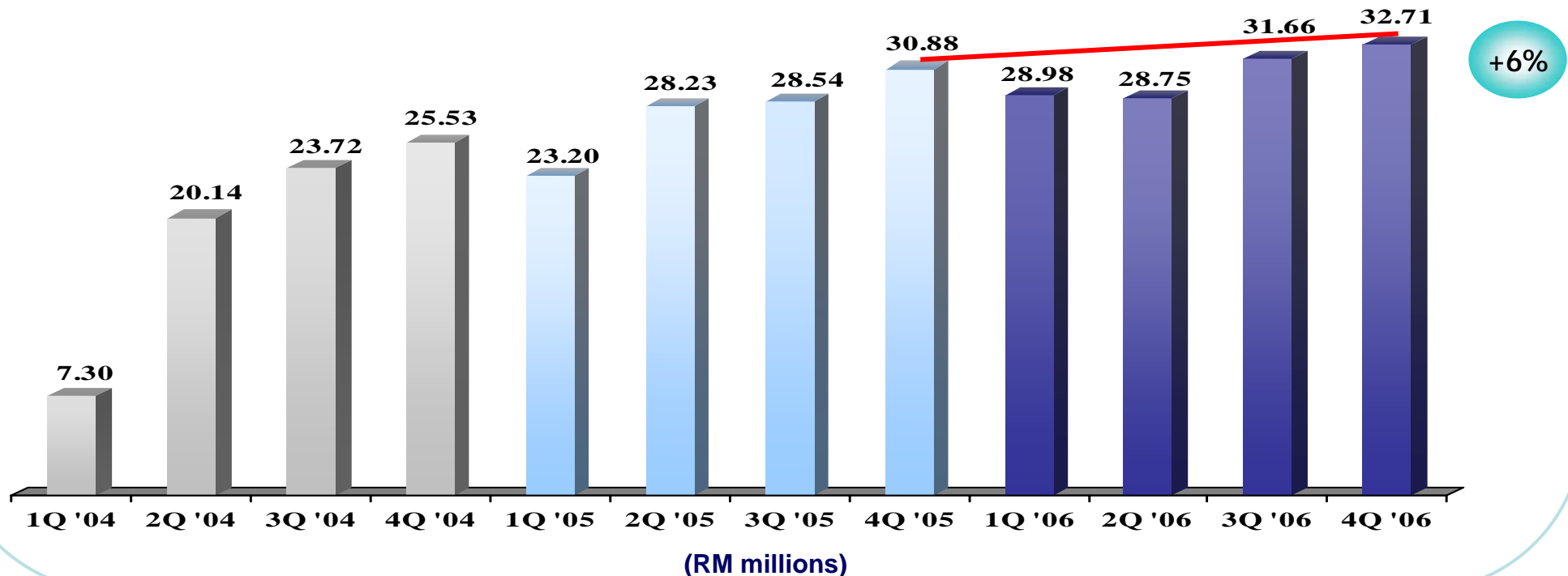
EMS Division

Net Profit After Tax – Quarterly Performance



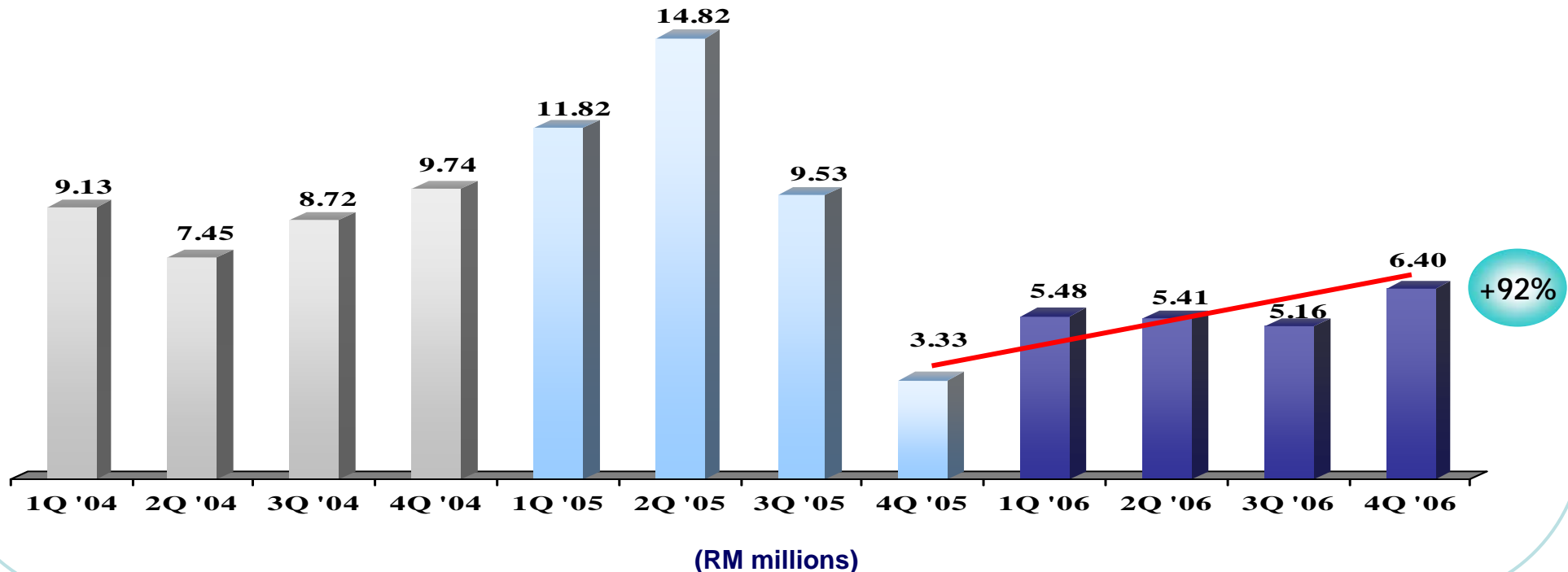


- ❖ Strong quarterly turnover of 32.71m achieved in Q4 2006
- ❖ For FY2006, turnover of keypad business grew 10% from 2005. However, turnover growth did not translate to proportionate growth in profit due to severe pricing pressure
- ❖ Additional new capacity of 30% fully operational in FY2006, which helped to maintain growth and cushion pricing pressures
- ❖ New competitors and shrinking handset CM margins will fuel further pricing pressure in 2007
- ❖ Expect 2007 to be very challenging due to volatile turnover, short visibility and high pricing pressure





- ❖ Stable revenue performance during FY2006
- ❖ No significant growth or dip expected for the first 3 quarters of FY2007
- ❖ Expect higher growth from 4Q FY2007 onwards when current development projects (with long product life cycles) go into mass production
- ❖ New industrialisation programme (higher end products) awarded in February 2007 will contribute to additional growth from 3Q/4Q FY2008 when it goes into mass production (long product life cycle)





Integrated Manufacturing Services (IMS)

- Consolidated IMS manufacturing license being processed by MIDA – expect license to be issued by 1Q/2Q FY2007
- Date of official integration dependent on other statutory requirements and legal time line
- Expect a leaner and more cost effective organisation when completed

Continuous Upgrading of Facilities to match Future Business Needs

- First phase of refurbishment of the plastic division is completed
- Next phase of upgrading and refurbishment of the assembly division to commence in 1Q FY2007 and expected to be completed by 3Q FY2007

Investments to Expand our Service Offerings

- Due to some technicalities, first 2 units of sputtering machines together with supporting facilities will only be available for commercial production by 3Q FY2007
- Second 2K injection moulding machine to be commissioned by 2Q FY2007 to cater for additional demand from the automotive business.



- **Keypad sales in FY2007 expected to be volatile with very short visibility**
- **Revenue from Office Automation business expected to remain flat in 1H FY2007 and gradually grow from 3Q FY2007 onwards when the current development project goes into mass production**
- **Expecting more significant turnover growth from the Automotive business segment in FY2007. Lesser volatility of this segment is expected to balance the EMS Division's current reliance on the keypad business in the long term**
- **Working on a number of new projects with customers in the Automotive business segment with production expected to be launched in FY2008**
- **Current focus and expansion into the Automotive and Electro-Mechanical Assemblies business segments will provide better balance and stability of the EMS Division's business in the mid to long term. Trade-off is a dip/flat performance in the short term**

- **Robust business model**
 - total outsourcing solutions from product design and engineering to commercial production

- **Sustainable competitive advantage**
 - emphasis on integrated design and modules assembly raises entry barriers and increases value-add to customers

- **Sound financial position**
 - supports continued expansion of technological capabilities and increased geographical presence

- **Aiming for greater stability and higher operating leverage**
 - strengthening foothold in industries with lesser volatility and more stable growth potential



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Thank You