



ELECTROTECH

ELECTROTECH INVESTMENTS LIMITED

2Q FY2006 Analysis Briefing

10 August 2006



ELECTROTECH

AGENDA

- ❖ **Financial Review**
- ❖ **Business Review of the Mechatronics Division**
- ❖ **Business Review of the EMS Division**
- ❖ **Questions and Answers**

Financial Review

2nd Quarter 2006 - Financial Highlights

+ Revenue increase by 2% YoY due to:-

- ✓ **Mechatronics grew by 11%** - weighed down by translation loss if not would have grown by 20%
- ✓ **EMS declined by 13%** - slow down in office automation

+ Net profit drop by 11% YoY affected by :-

- ✓ **Mechatronics** - grew by 12% in real term but translation drag was 8%.
- ✓ **Keypad business** - margin compression from lower selling price and capacity utilisation.
- ✓ **Admin Expense** - increase by 26% from bonus provision write back in 2005 and higher staff cost.

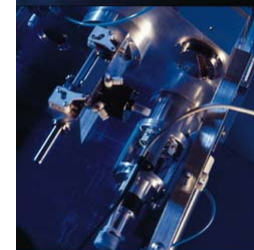
+ Strong Financial Position

- ✓ **Net cash of \$37.6 million** - 26% of Equity
- ✓ **NAV of 47.8 cts per share** - cash backed up of 12.4 cts per share
- ✓ **Current ratio healthy** - 3.0 times
- ✓ **Working capital** - stable as

Inventory Turnover 68 days

AR Turnover 78 days



AP Turnover 80 days

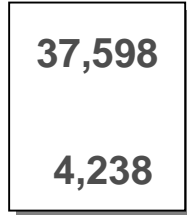
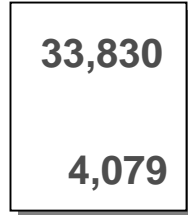

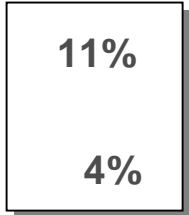


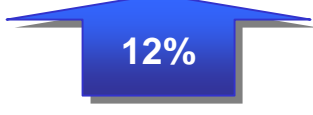
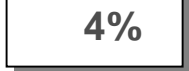


2nd Qtr FY2006 - Financial Highlights

(S\$m)	Q2 FY2006	Q2 FY2005	Chg YoY
Revenue	57.4	56.5	2%
Gross Profit	11.6	12.4	-6%
Profit before Tax	8.4	9.5	-11%
Net Profit	6.4	7.2	-11%
<i>Net Profit Margin</i>	<i>11%</i>	<i>13%</i>	<i>-12%</i>
<i>Effective Tax Rate</i>	<i>24%</i>	<i>25%</i>	<i>-3%</i>

2nd Qtr 2006 Impact of Forex Translation

Exchange Rate	Qtr 2 2006	Qtr 2 2005	Fluctuation (%)
EUR / SGD	1.99	2.15	 -7%
MYR / SGD	0.44	0.44	 N.M.

Mechatronics	Actual Qtr 2 2006		Actual Qtr 2 2005		Fluctuation (%)		Forex Effect
	EUR	SGD	EUR	SGD	EUR	SGD	
Turnover	18,843	 37,598	15,730	 33,830	 20%	 11%	-9%
NPAT	2,126	 4,238	1,897	 4,079	 12%	 4%	-8%

* N.M. – Not Meaningful

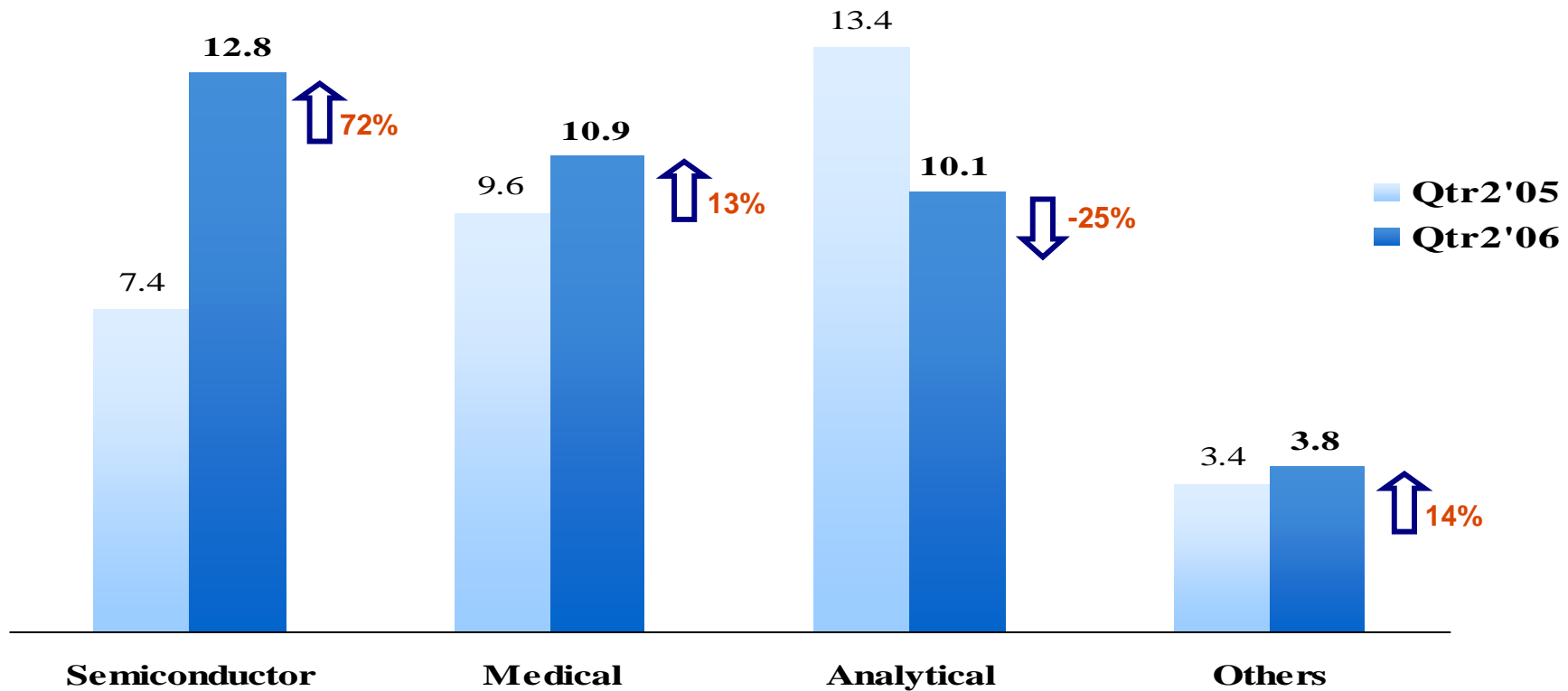
2nd Qtr 2006 Summary of Segmental Results

Key Financial Indicators (S\$m)	QTR 2 2006	QTR 2 2005	Fluctuation (%)	
			SGD	Home Currency
Segmental Performance				
<u>Mechatronics</u>				
Turnover	37.6	33.8	11%	20%
Gross Profit	7.7	7.0	10%	19%
PBT	5.8	5.8	1%	9%
NPAT	4.2	4.1	4%	12%
<i>Net Profit Margin</i>	11%	12%		
<i>Effective Tax Rate</i>	27%	30%		
<u>EMS</u>				
Turnover	19.8	22.6	-13%	N.M.
Gross Profit	3.9	5.4	-27%	N.M.
PBT	2.6	3.7	-30%	N.M.
NPAT	2.2	3.1	-28%	N.M.
<i>Net Profit Margin</i>	11%	14%		
<i>Effective Tax Rate</i>	15%	17%		

* N.M. – Not Meaningful

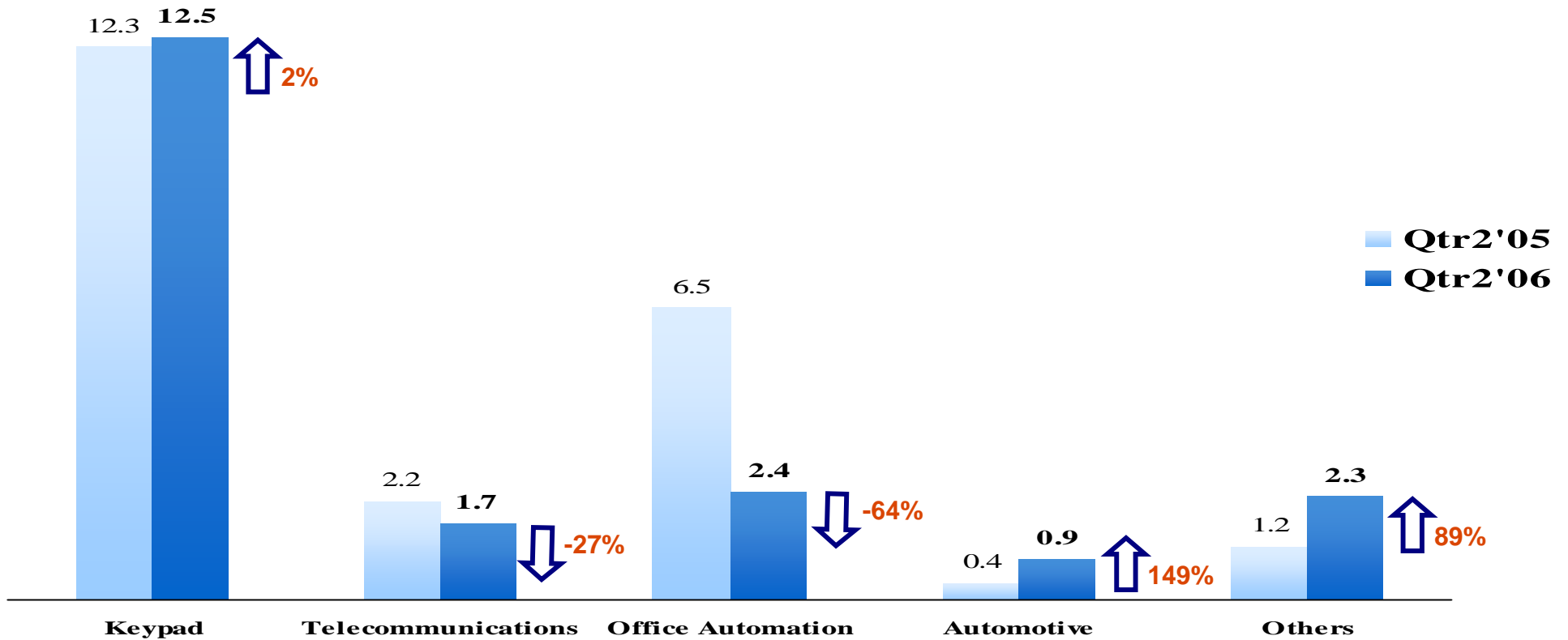
Mechatronics – 2nd Quarter 2006 Revenue Breakdown

(S\$m)	QTR 2 2005	QTR 2 2006	Change
Total	33.8	37.6	11%



EMS – 2nd Quarter 2006 Revenue Breakdown

(S\$m)	QTR 2 2005	QTR 2 2006	Change
Total	22.6	19.8	-13%



YTD June 2006 - Financial Highlights

(S\$m)	YTD June 06	YTD June 05	Chg YoY
Revenue	108.6	110.3	-2%
Gross Profit	22.6	25.7	-12%
Profit before Tax	16.1	19.2	-16%
Net Profit	12.4	13.9	-11%
<i>Net Profit Margin</i>	<i>11%</i>	<i>13%</i>	<i>-10%</i>
<i>Effective Tax Rate</i>	<i>23%</i>	<i>27%</i>	<i>-17%</i>

YTD June 2006 Impact of Forex Translation

Exchange Rate	YTD June 06	YTD June 05	Fluctuation (%)
EUR / SGD	1.98	2.16	-9%
MYR / SGD	0.44	0.43	1%

Mechatronics	Actual YTD June 06		Actual YTD June 05		Fluctuation (%)		Forex Effect
	EUR	SGD	EUR	SGD	EUR	SGD	
Turnover	35,284	69,706	32,119	69,433	10%	-	-10%
NPAT	3,786	7,480	4,013	8,675	-6%	-14%	-8%

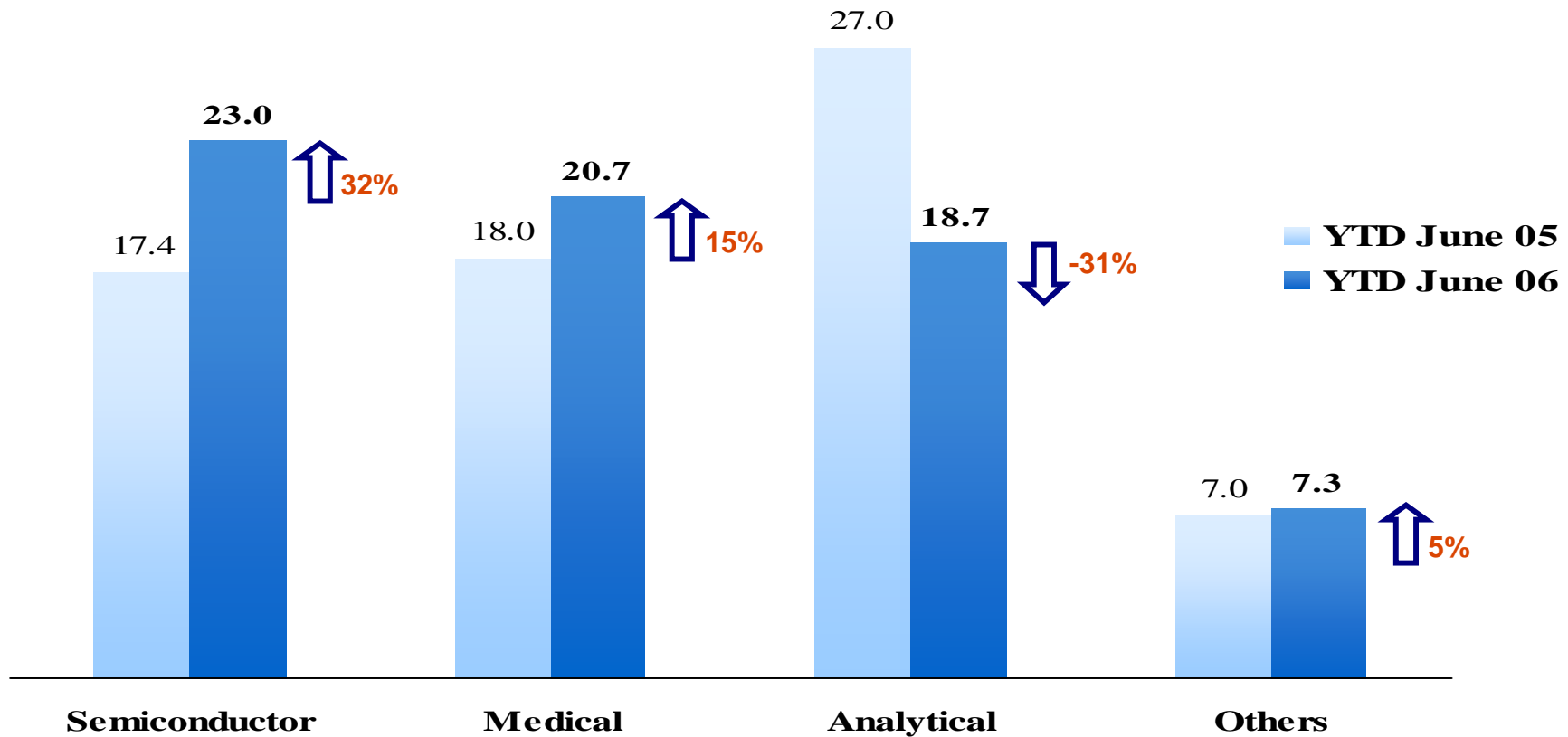
YTD June 2006 Summary of Segmental Results

Key Financial Indicators (\$m)	YTD June 06	YTD June 05	Fluctuation (%)	
			SGD	Home Currency
<i>Segmental Performance</i>				
<u>Mechatronics</u>				
Turnover	69.7	69.4	N.M.	10%
Gross Profit	14.2	15.4	-8%	1%
PBT	10.3	12.4	-16%	-9%
NPAT	7.5	8.7	-14%	-6%
<i>Net Profit Margin</i>	11%	12%		
<i>Effective Tax Rate</i>	28%	30%		
<u>EMS</u>				
Turnover	38.9	40.8	-5%	N.M.
Gross Profit	8.4	10.3	-18%	N.M.
PBT	5.8	7.1	-18%	N.M.
NPAT	5.1	5.5	-8%	N.M.
<i>Net Profit Margin</i>	13%	14%		
<i>Effective Tax Rate</i>	13%	22%		

* N.M. – Not Meaningful

Mechatronics – YTD June 2006 Revenue Breakdown

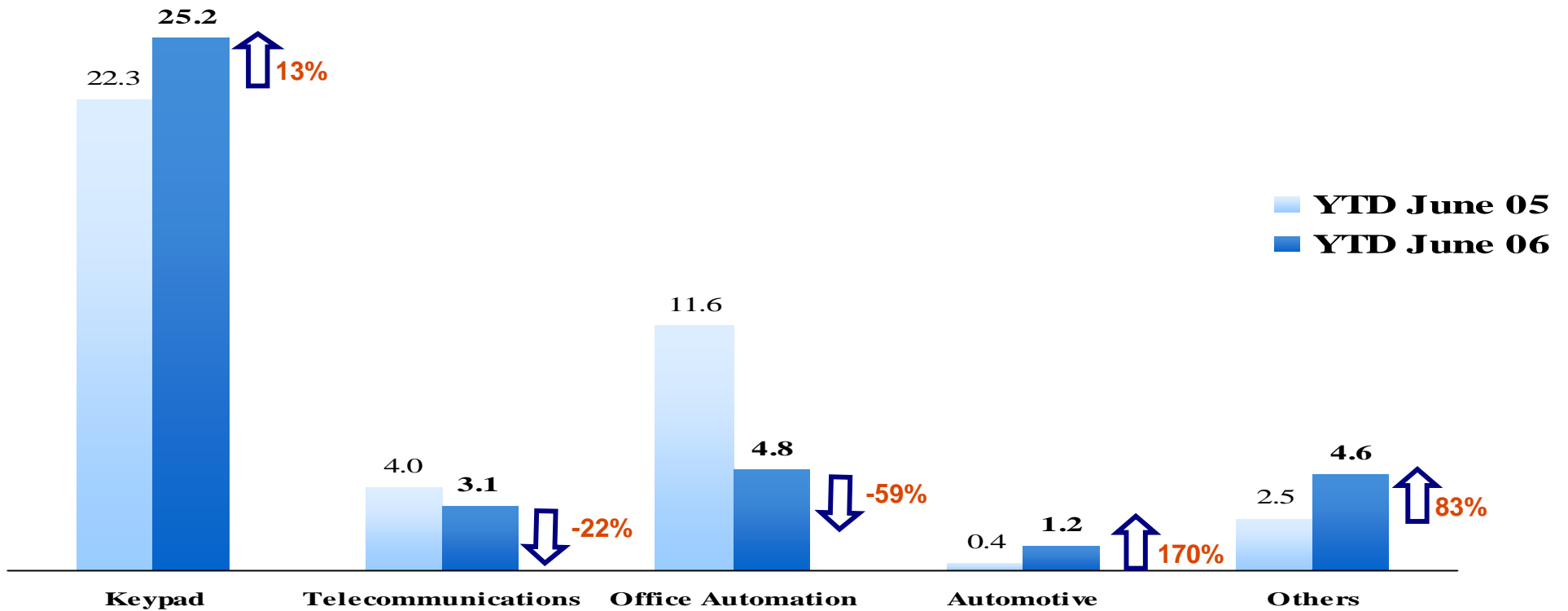
(S\$m)	YTD June 05	YTD June 06	Change
Total	69.4	69.7	N.M.



* N.M. – Not Meaningful

EMS – YTD June 2006 Revenue Breakdown

(S\$m)	YTD June 05	YTD June 06	Change
Total	40.8	38.9	-5%



Financial Position

Balance Sheet Highlights (S\$m)	30 Jun 2006	31 Dec 2005	Fluctuation (%)
Shareholders' Equity	145.7	140.0	4%
Inventories	34.3	30.2	13%
Trade Receivables	46.5	41.2	13%
Trade Payables	27.9	21.8	28%
Cash & Cash Equivalents	38.9	37.8	3%
Total Borrowings	1.3	3.1	-58%

**Strong
financial
position**

Cash Flow Highlights (S\$m)	YTD June 06	YTD June 05	Fluctuation (%)
Net cash flow from operations	10.4	10.8	-3%
Capital expenditure	3.4	6.1	-45%

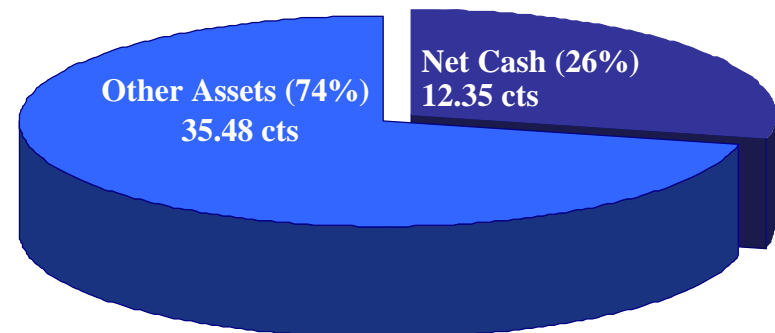
**Strong
cash flow**

Key Financial Indicators

Key Financial Indicators (S\$m)	YTD June 06	YTD June 05	Fluctuation (%)
ROAE (%) - Annualised	17.4	25.0	-30%
ROAE (%) - Annualised (w/o Net Cash)	23.3	28.2	-17%
EBIT interest coverage *	234.0	47.2	395%
Earnings per share (cents)	4.08	5.33	-24%
Net assets per share (cents)	47.83	43.41	10%

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

Represented by





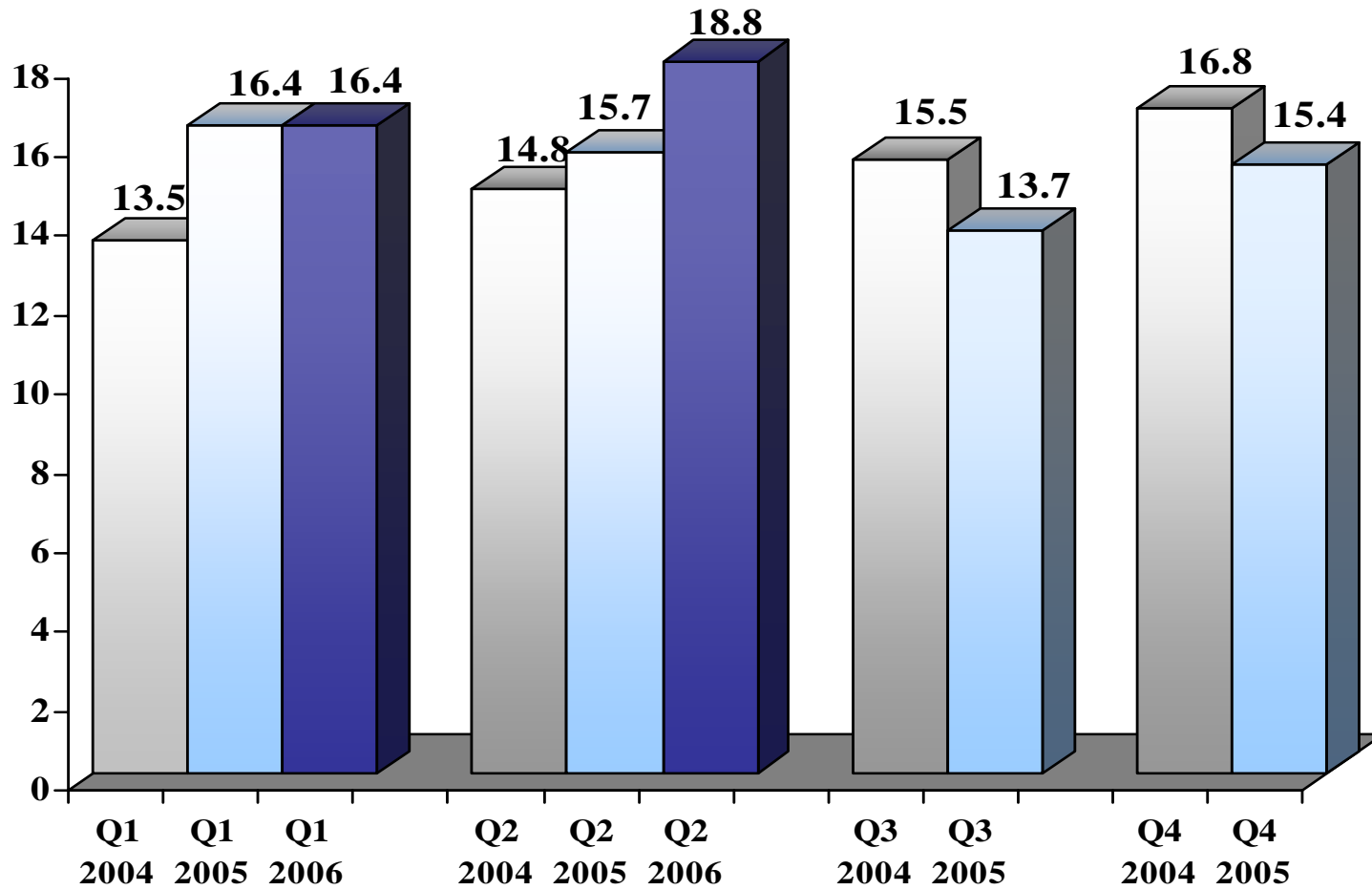
Business Review



Mechatronics Division

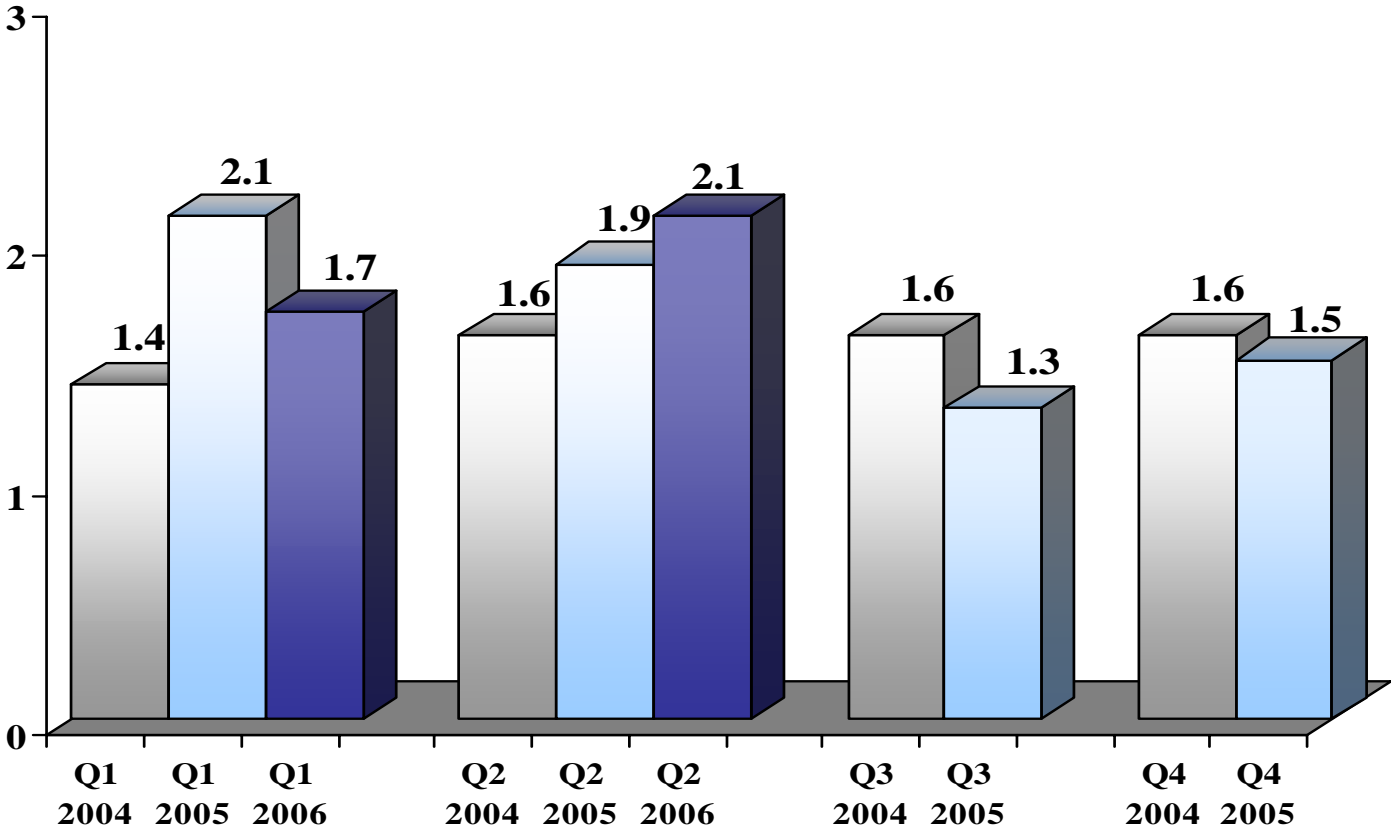
Quarterly Sales Turnover Comparison (for years 2004, 2005 & 2006)

(In Euro millions)





Mechatronics Division
Quarterly Profit after Tax Comparison (for years 2004, 2005 & 2006)
(In Euro millions)

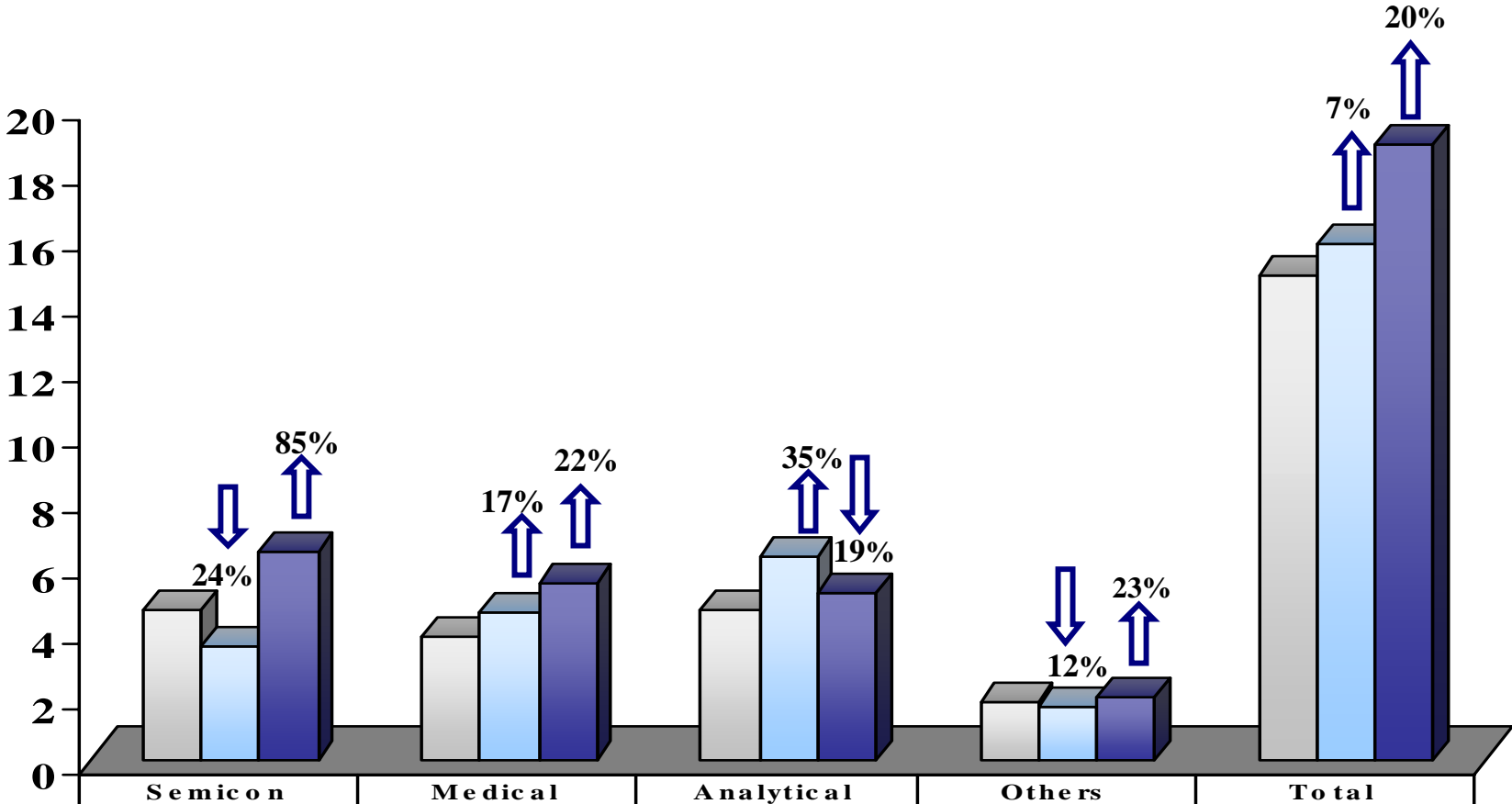




Mechatronics Division

Q2 Sales Turnover Comparison by Business Segment (for years 2004, 2005 & 2006)

(In Euro millions)



	Semicon	Medical	Analytical	Others	Total
Qtr2'04	4.6	3.8	4.6	1.8	14.8
Qtr2'05	3.5	4.5	6.2	1.6	15.8
Qtr2'06	6.4	5.4	5.1	1.9	18.8



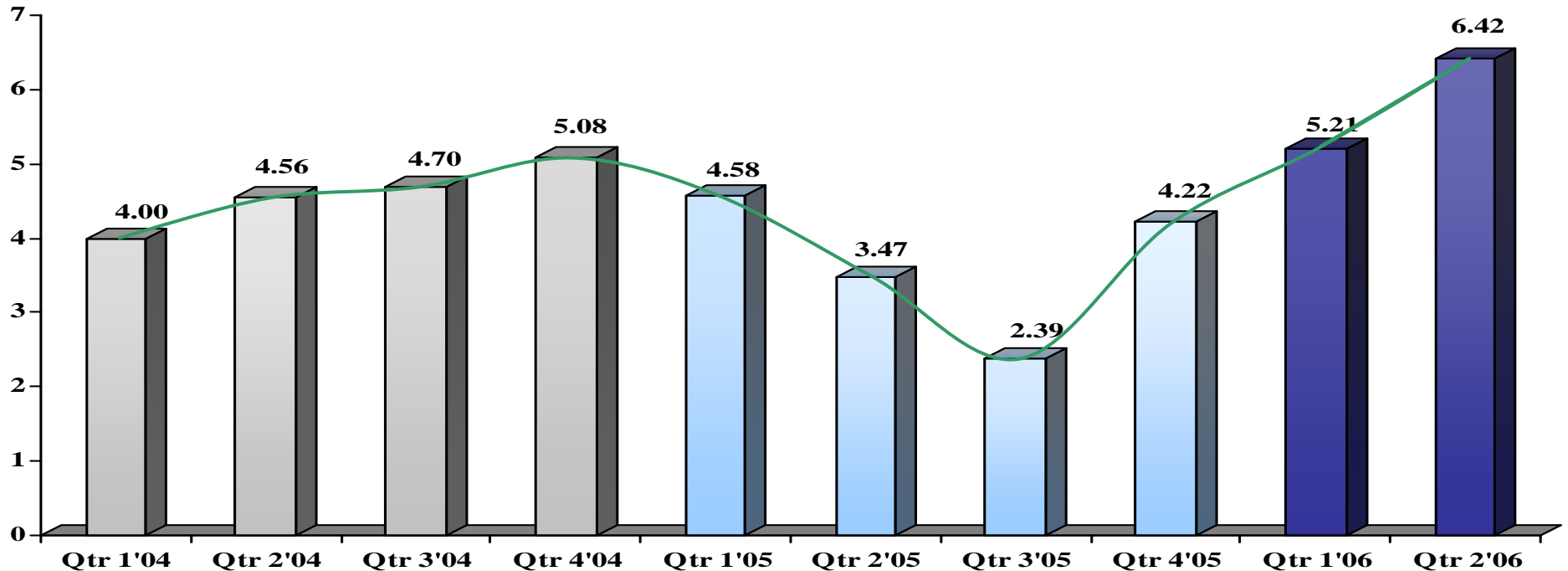
Mechatronics Division

Review of Sales Turnover (Semiconductor Segment)

(In Euro millions)

- ❖ Significant upturn in Q4 2005 is continuing into Q2 2006
- ❖ Based on current visibility – this trend is sustainable throughout 2006
- ❖ On a full year basis – expect good growth in revenue from this segment as compared to 2005

Revenue

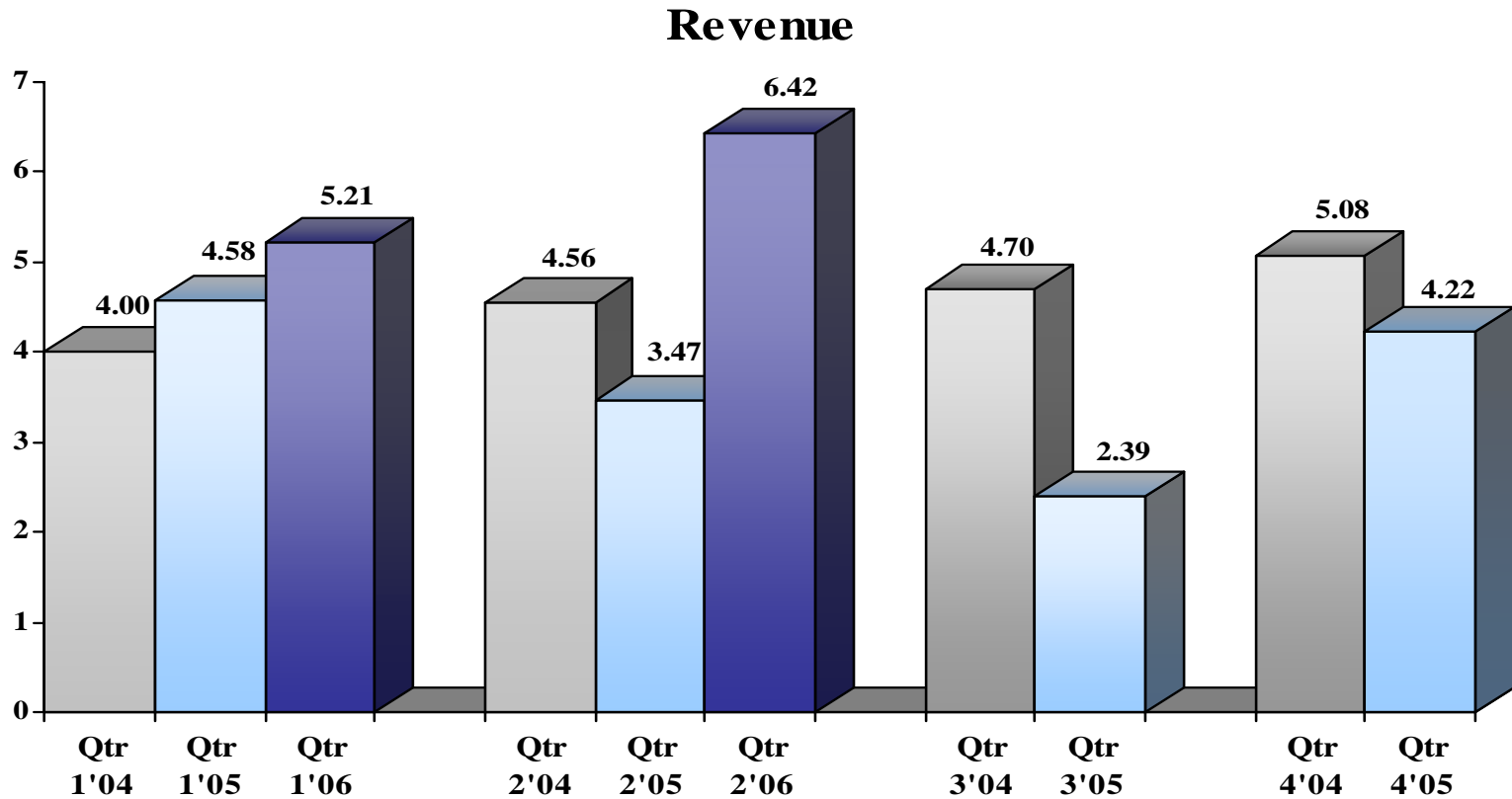




Mechatronics Division

Quarterly Sales Turnover Comparison (Semiconductor Segment)

(In Euro millions)



Mechatronics Division

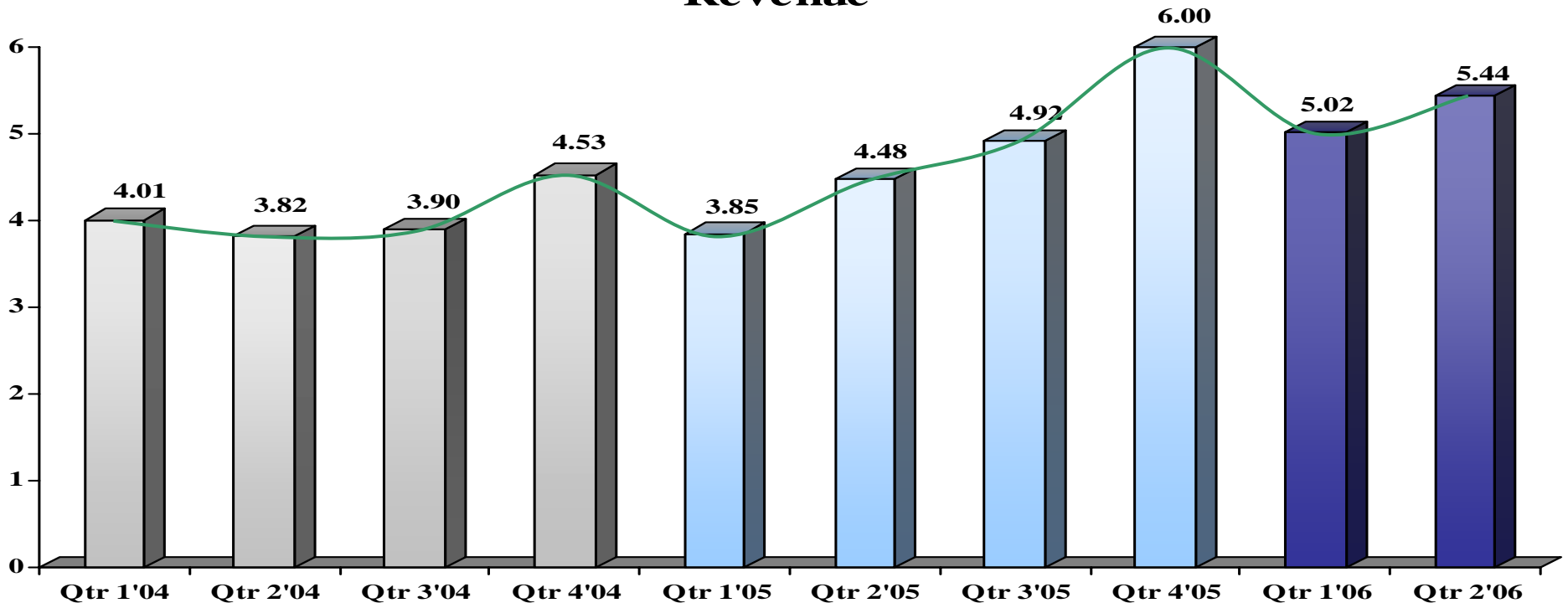
Review of Sales Turnover (Medical Segment)

(In Euro millions)



- ❖ Steady growth in 2005 is continuing into 2006 with both quarters of 2006 at a higher level than that of 2005
- ❖ New customers together with new and enhanced redesigned products will provide further growth in 2006 and beyond

Revenue

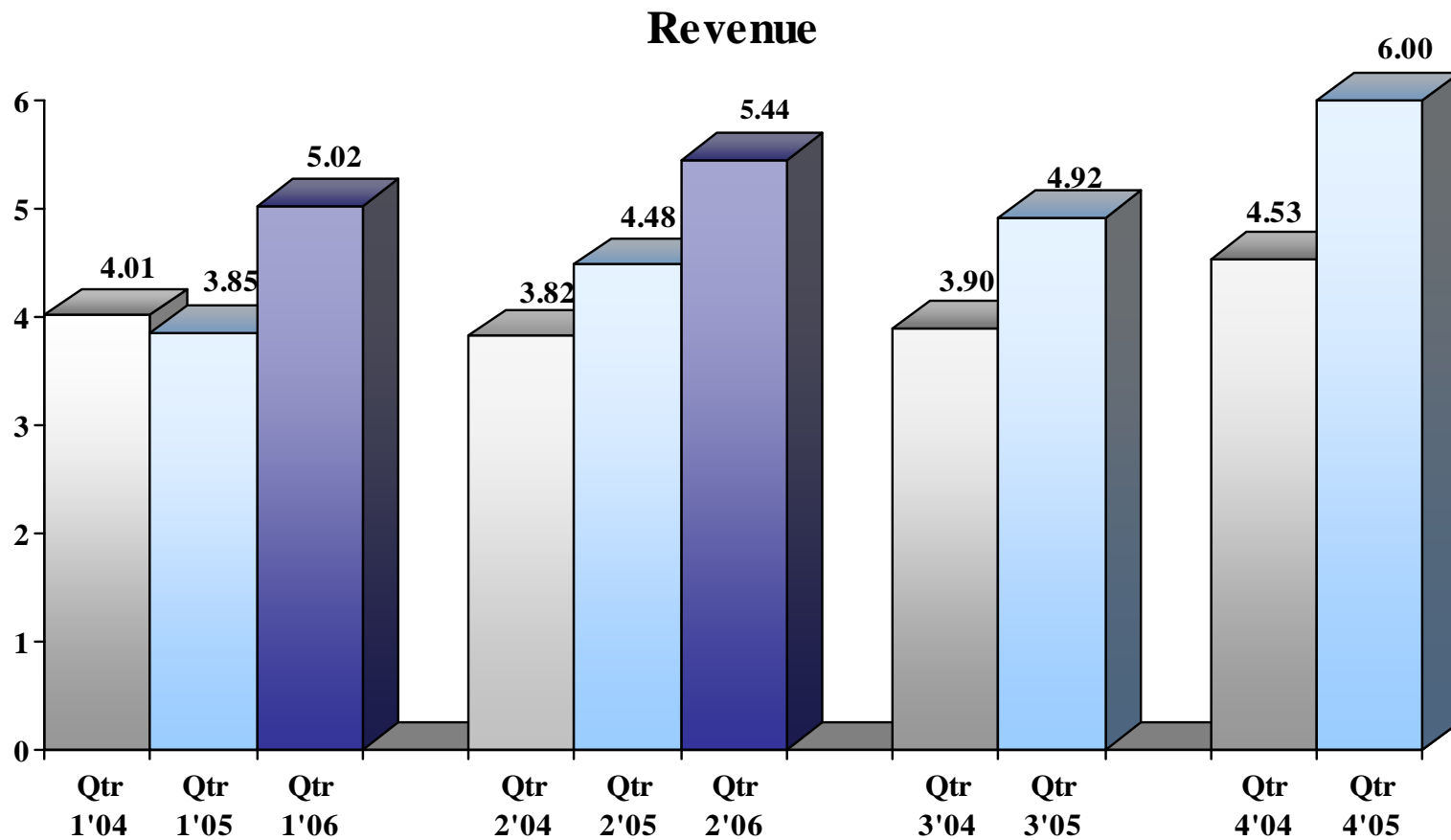




Mechatronics Division

Quarterly Sales Turnover Comparison (Medical Segment)

(In Euro millions)



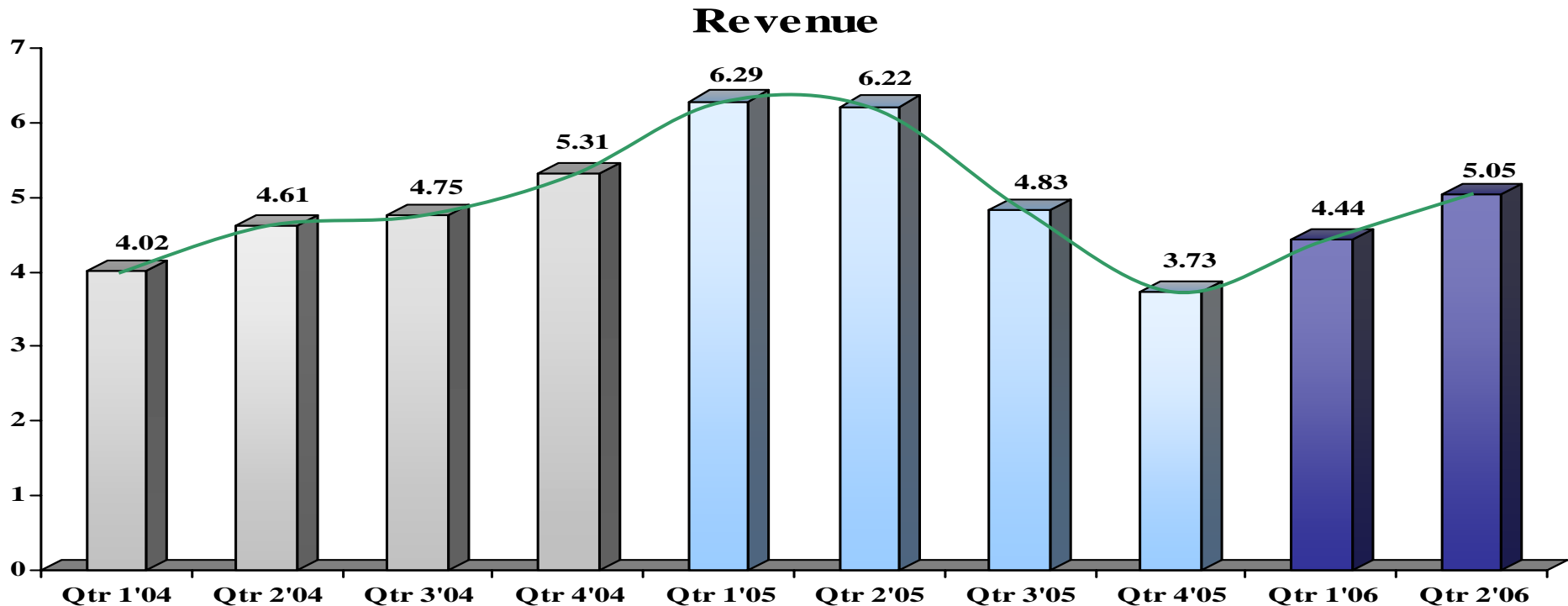


Mechatronics Division

Review of Sales Turnover (Analytical Segment)

(In Euro millions)

- ❖ After 4 consecutive quarterly dips in 2005, upturn in Q1 is continuing into Q2 2006
- ❖ Seeing a return to a more stable quarterly turnover in 2006
- ❖ Based on current visibility – this stable trend is sustainable throughout 2006

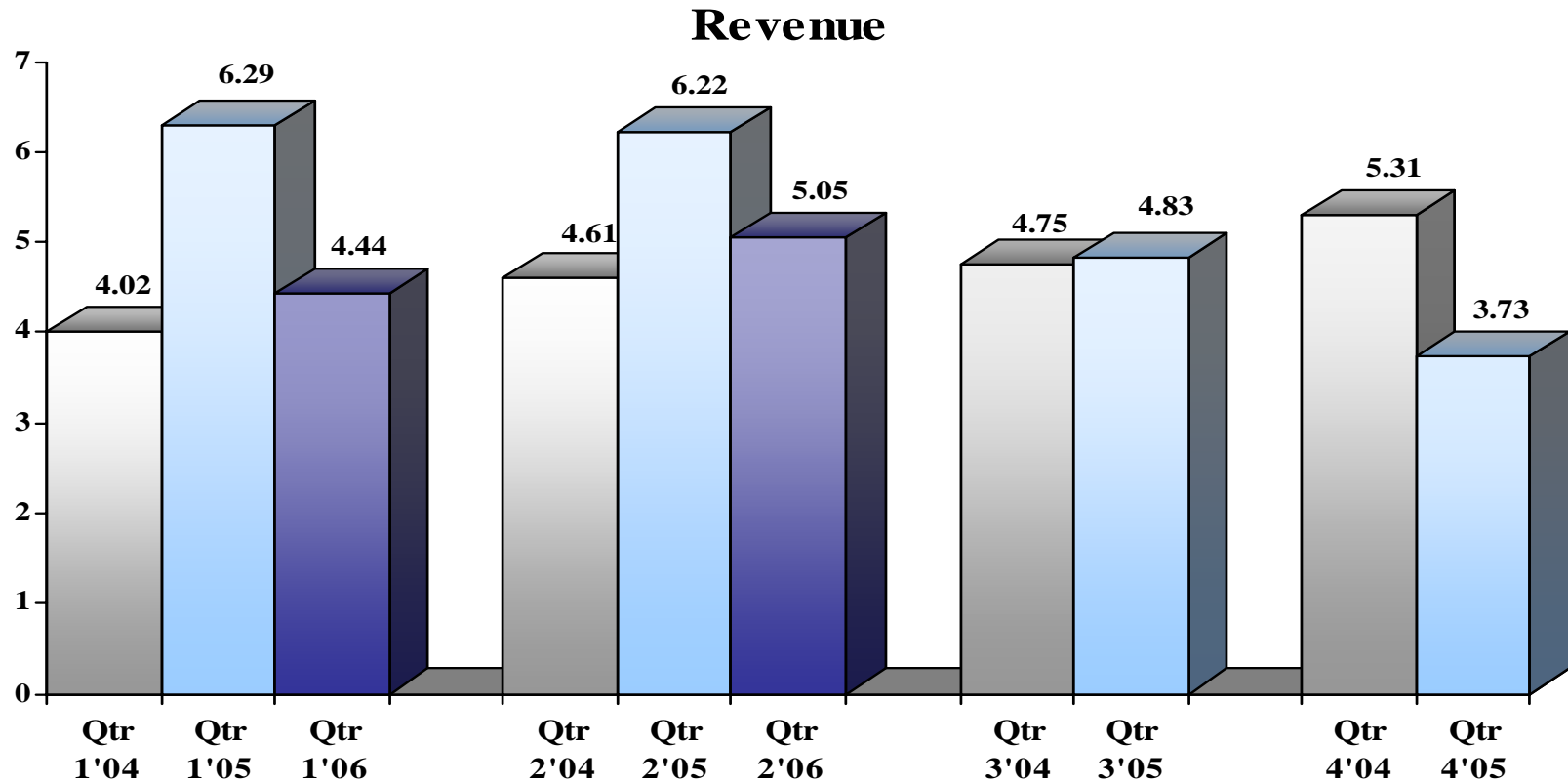




Mechatronics Division

Quarterly Sales Turnover Comparison (Analytical Segment)

(In Euro millions)



Mechatronics Division

Current Plans & Developments (status update as at August 2006)



Expanding Assembly and Warehouse Facilities at Frencken Mechatronics

- Commenced utilisation of expanded Assembly and Warehouse facilities for the assembly of Medical Equipment.

Divest Frencken Brno in the Czech Republic

- Sale completed in June 2006.
- Sales amount less taxes and legal cost resulted in a small profit against book value.

Divest auto lathe turning parts business from Frencken Malaysia

- New company called Frencken Koike Precision Sdn. Bhd. will officially commence business in August 2006.
- Frencken Malaysia will retain 51% in new company which will gradually be reduced to 30% within the next 12 to 18 months.
- Renovation work to expand mechatronics assembly space vacated by the auto lathe business is expected to be completed and operational by end 2006.

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.

Mechatronics Division

Outlook for Q3 2006 (status update as at August 2006)

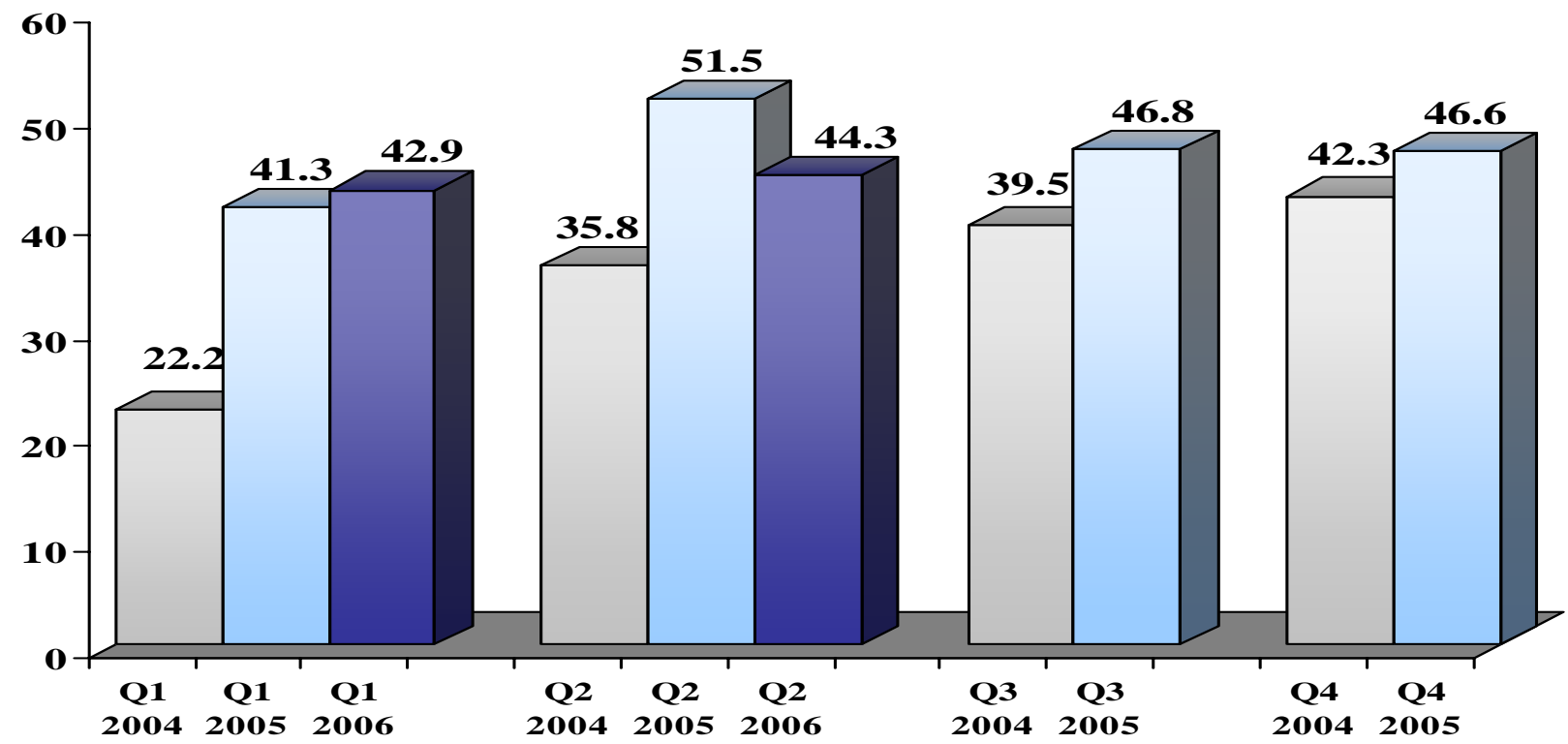


- **Strong growth from the Semiconductor and Medical segment expected to continue through the year.**
- **Sustained growth in new and re-engineering projects.**
- **Analytical segment returning to a stable trend.**
- **New customers, new leads and new projects in the pipeline.**
- **With the higher turnover and profit achieved in the 1st half of 2006 and the expectations above, prospects for the rest of 2006 remain positive.**

EMS Division

Quarterly Sales Turnover Comparison (for years 2004, 2005 & 2006)

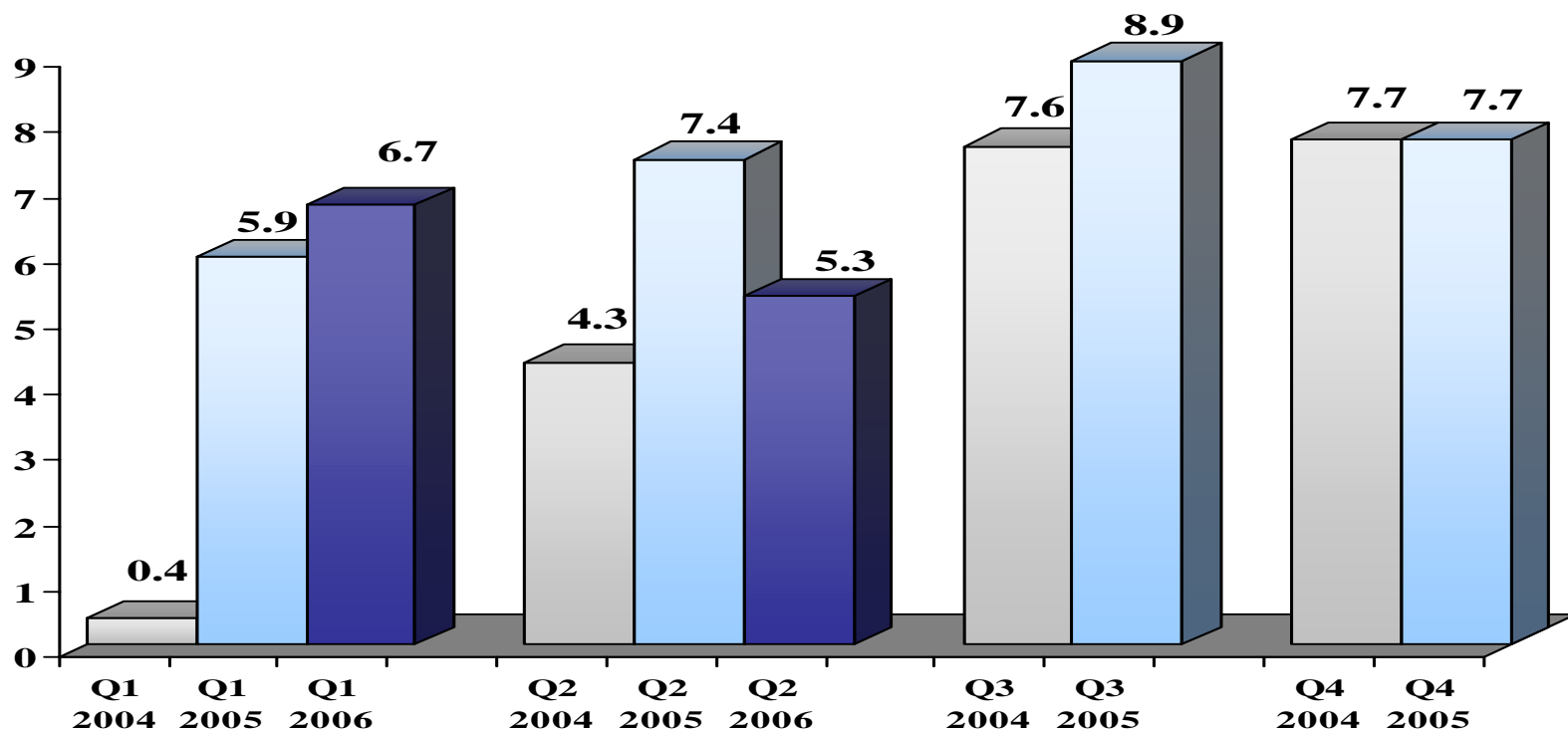
(In RM millions)



EMS Division

Quarterly Profit after Tax Comparison (for years 2004, 2005 & 2006)

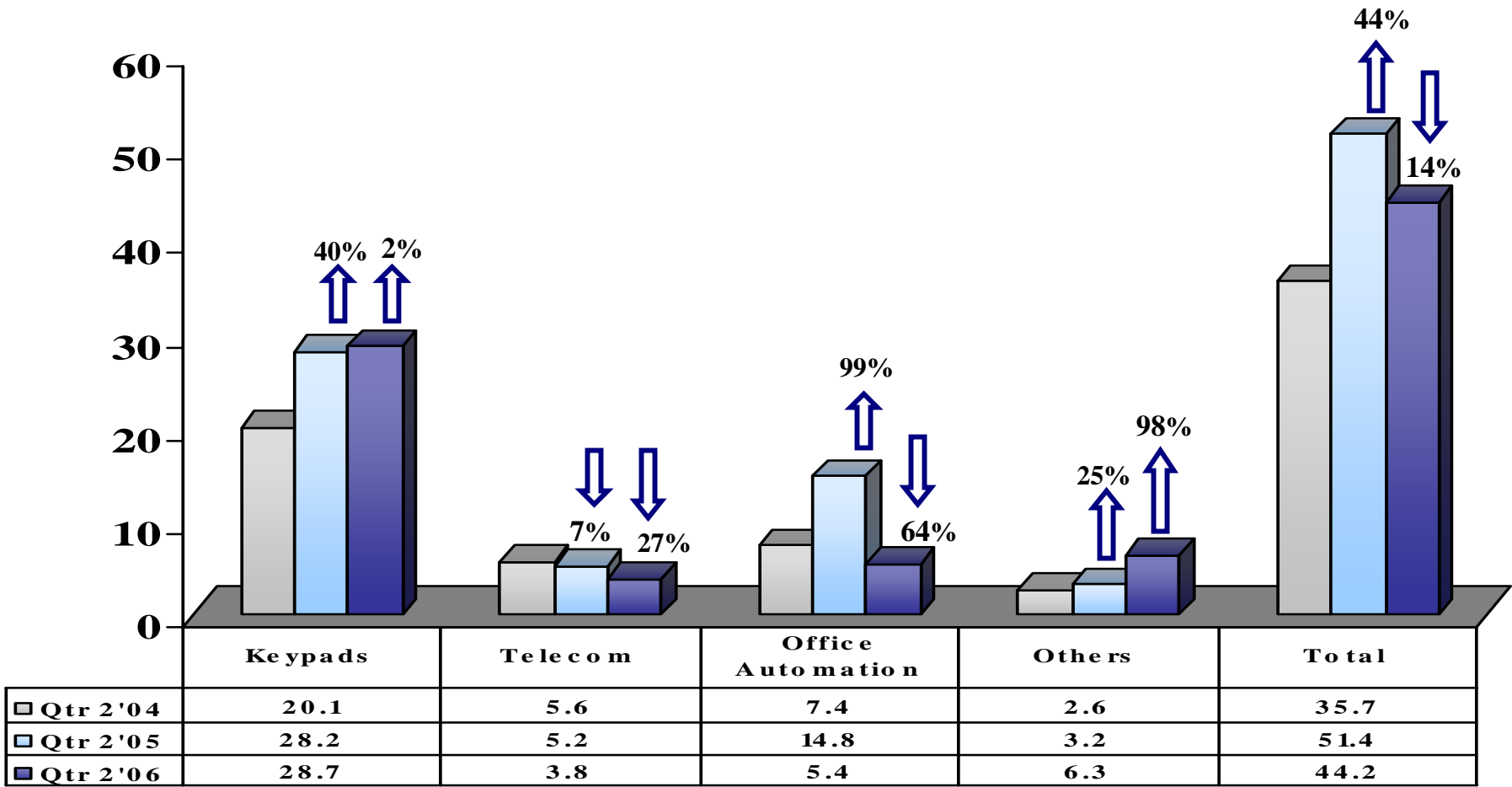
(In RM millions)



EMS Division

Q2 Sales Turnover Comparison by Business Segment (for years 2004, 2005 & 2006)

(In RM millions)



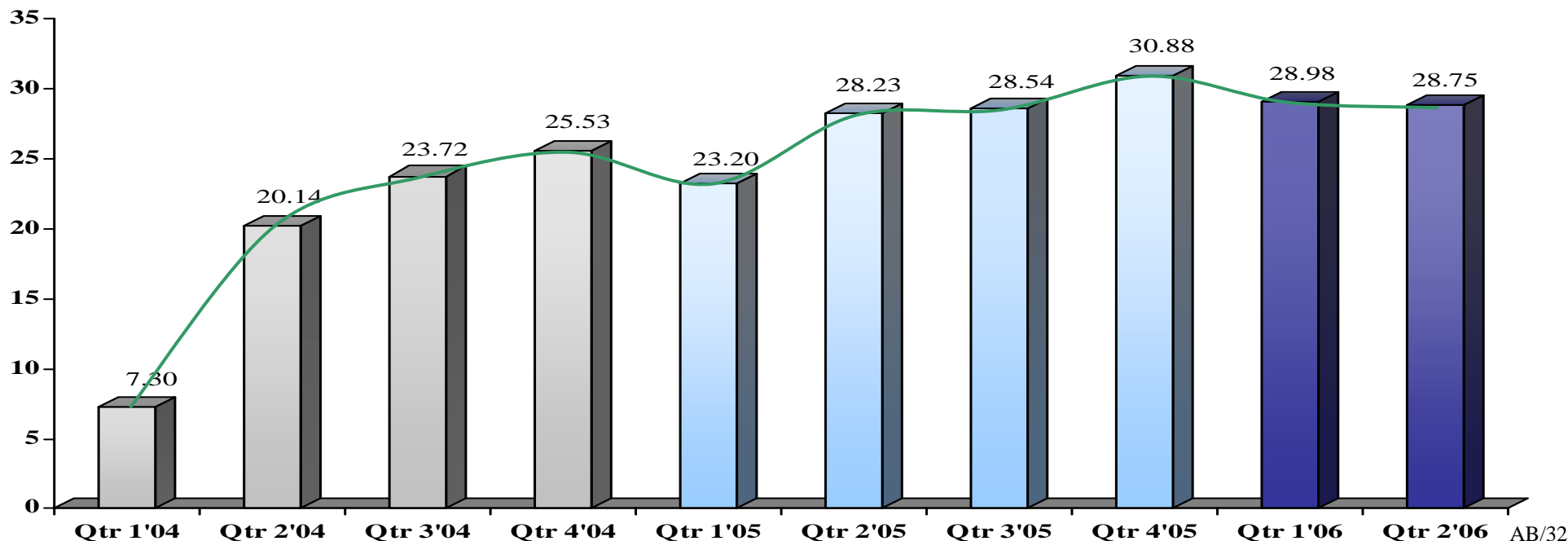
EMS Division

Review of Sales Turnover (Keypads Segment)

(In RM millions)

- ❖ Quarterly revenue is stable at around the RM29 million level for both quarters of 2006
- ❖ On a year on year comparison, both quarters of 2006 are still showing growth over the years of 2004 and 2005
- ❖ With 30% new capacity fully operational in 2006, this has helped maintain marginal growth despite pricing pressures
- ❖ Quantity wise, volume has grown by approximately 20% which is offset by the drastic reduction in selling prices

Revenue

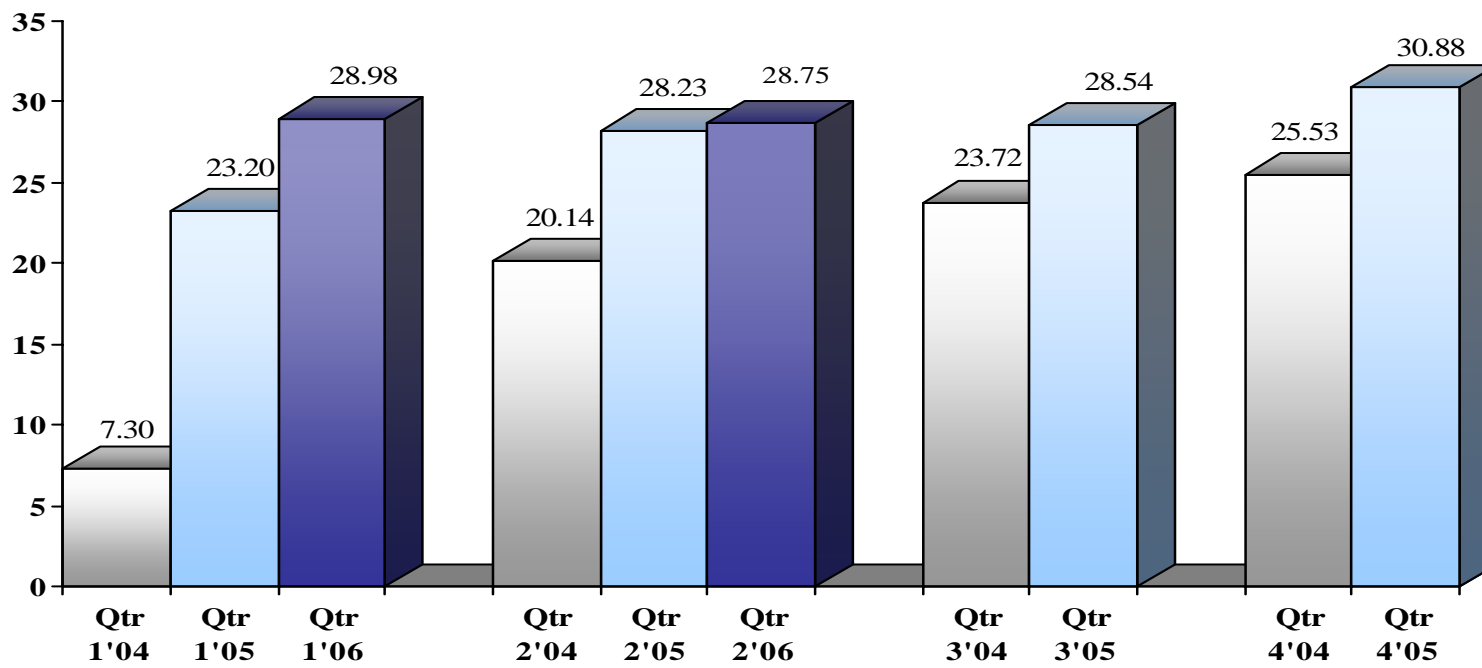


EMS Division

Quarterly Sales Turnover Comparison (Keypads Segment)

(In RM millions)

Revenue



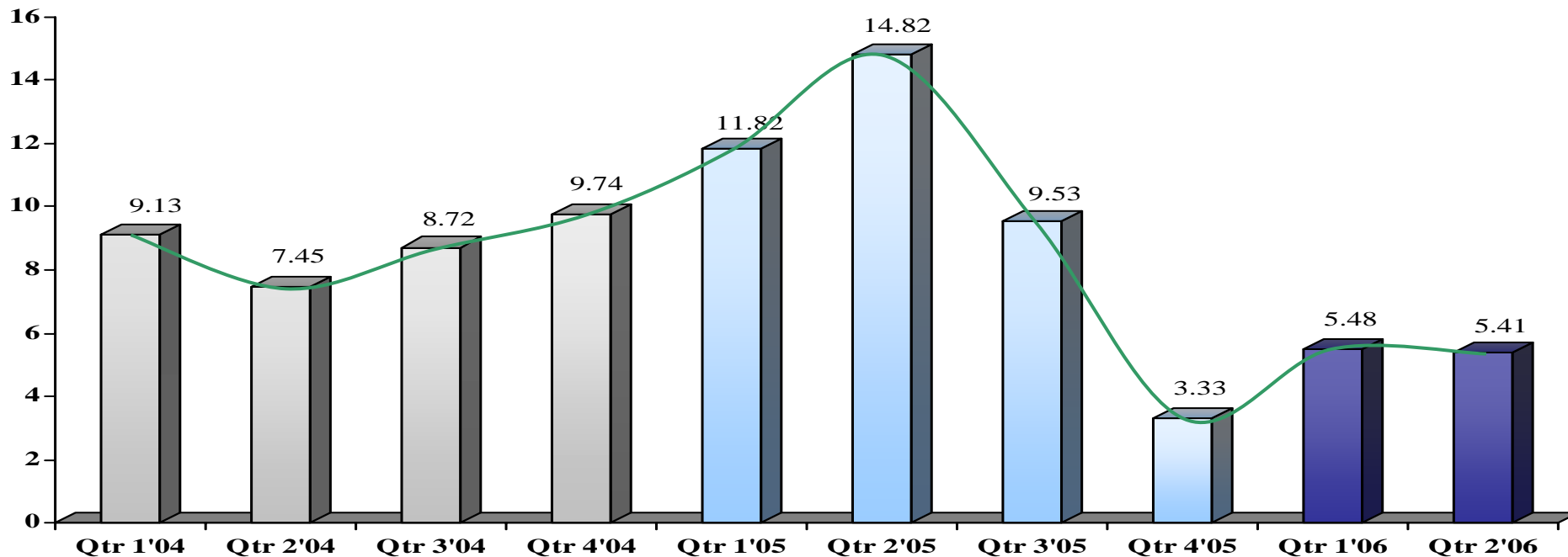
EMS Division

Review of Sales Turnover (Office Automation Segment)

(In RM millions)

- ❖ Revenue is stable at around RM5.5 million level for both quarters of 2006 after a sharp dip in Q3 and Q4 2005 due to end of product life (Canon)
- ❖ Expect a lower sales revenue from this business segment in 2006 as compared to 2005
- ❖ Expect gradual growth from 2007 and beyond when current development projects (with long product life) goes into mass production

Revenue

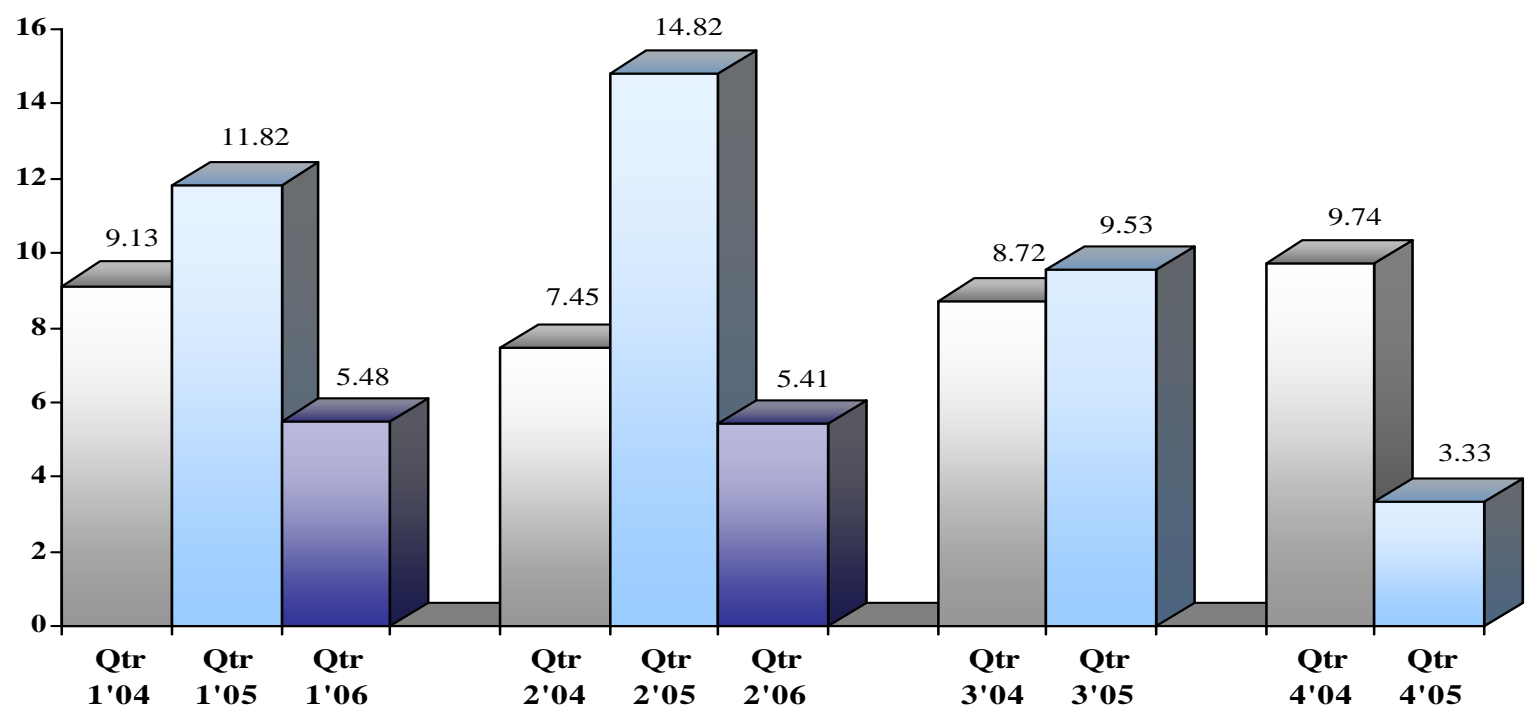


EMS Division

Review of Turnover (Office Automation Segment)

(In RM millions)

Revenue



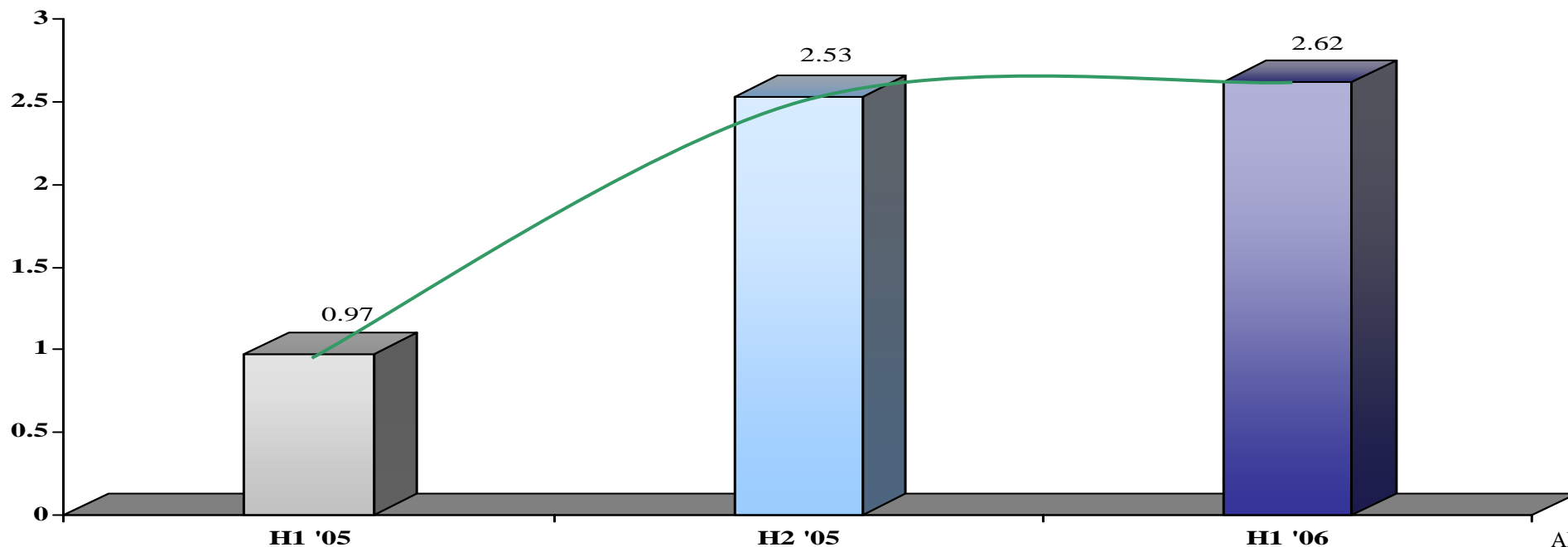
EMS Division

Review of Sales Turnover (Automotive Segment)

(In RM millions)

- ❖ Turnover for full year of 2005 was approximately RM3.5 million
- ❖ Expect a 100% increase as compared to 2005 to approximately RM7 million for the full year of 2006
- ❖ Based on current visibility of projects in hand, expect turnover to increase by another 50% in 2007
- ❖ Various potential new projects are under discussions and negotiations

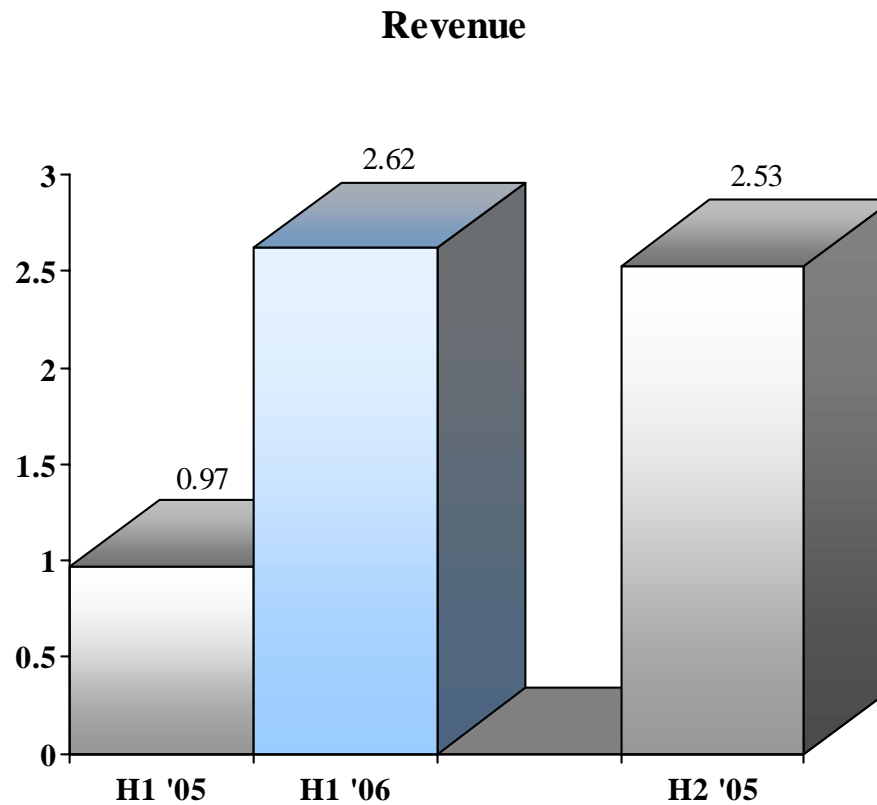
Revenue



EMS Division

Review of Turnover (Automotive Segment)

(In RM millions)



Current Plans & Developments (status update as at August 2006)

Integrated Manufacturing Services (IMS)

- ERP system implementation progressing as planned and based on current timeline – expectation to go live by end December 2006 is still on schedule. (Based on experience, teething problems are anticipated at the initial stages).
- Official integration is however not expected before Q2/Q3 2007 due to legal and statutory requirements to be completed.

Upgrading facilities towards Automotive Business

- First 2K (double injection) moulding system commissioned and operational since July 2006.
- First custom designed “water base” spray painting system (dedicated to automotive parts) on schedule and will be commissioned and operational by September 2006.
- Plans for dedicated automotive production areas are completed and renovation works will commence in stages from October 2006 and be completed and operational in stages from Q1 2007.

Investment in new technology (Sputtering)

- Expand the range of surface coating finishes available to our customers.
- First 2 units of sputtering machines together with supporting facilities will be available for commercial production by Q1 2007.
- First products will be mobile phone parts and decorative parts for automotive interiors.
- Expect to generate additional turnover for this Division from 2007 onwards.

Outlook for Q3 2006 (status update as at August 2006)

- Expect keypad sales revenue to be maintained at 2005 level for the rest of the year – although in quantity wise, volume should be higher by approximately 20% (due to drastic reduction in selling prices).
- Revenue from current Office Automation business expected to remain flat for the rest of 2006.
- Expect to launch approximately 125 plastic injection and metal stamping tools for a new Office Automation project (with long product life cycle of between 7 to 10 years) in September 2006.
- Investments into the Automotive business segment without corresponding increase in profits in the short term will continue as this segment is expected to bring stability to the EMS Division's current high reliance on keypads.
- Launching approximately 100+ plastic injection tools in Q2/Q3 2006 for the Automotive business segment with commercial sale of products expected from Q1/Q2 2007.
- Benefits of this Division's current focus and expansion into the Automotive and Electro-Mechanical Assemblies business segments will not be visible in 2006 but will result in a better balance and stability of this Division's business in the mid and long term.



END OF PRESENTATION

Thank You