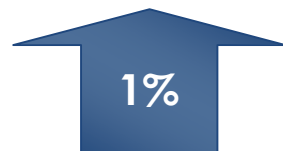


*Global Contract Manufacturer  
of High Tech Capital and Consumer Equipment*

## **3Q FY2009 Results Presentation**

- ❖ **Financial Review**
  - ❖ **3Q FY2009**
  - ❖ **9M09**
- ❖ **Business Review and Outlook**
  - ❖ **Mechatronics Division**
  - ❖ **EMS Division**
- ❖ **Questions and Answers**

## Revenue



- Consolidation of ETLA's revenue (S\$16m) improved total group revenue by 28%
- Conditions across all segments remain slow with signs of potential recovery

## Gross Profit



- Low capacity utilisation continues to exert drag on margin
- Shift in sales mix and pricing pressure

## Net Profit



- Net loss of S\$0.84m.
- Excluding negative goodwill adjustment of S\$0.13m\*, net loss is S\$0.97m  
*(\* Negative goodwill adj. attributable to adjustment to professional fees previously accounted for provisionally)*

## Net Cash Generated from Operations



- Cash flow remains healthy due to lower working capital needs and taxes



# FRENCKEN GROUP LIMITED

3Q09 RESULTS – DIVISION REVENUE ANALYSIS

3Q FY2009 Results Briefing

| (\$\$ m)                          | 2Q09        | 3Q09        | 3Q08        | Chg y-o-y | Back |
|-----------------------------------|-------------|-------------|-------------|-----------|------|
| <b><u>Mechatronics Europe</u></b> |             |             |             |           |      |
| Semiconductor                     | 2.9         | 5.3         | 5.6         | (7%)      |      |
| Medical                           | 9.6         | 13.7        | 18.0        | (24%)     |      |
| Analytical                        | 7.8         | 8.0         | 11.5        | (30%)     |      |
| Others                            | 2.8         | 2.7         | 3.0         | (10%)     |      |
|                                   | 23.1        | 29.7        | 38.1        | (22%)     |      |
| <b><u>Mechatronics Asia</u></b>   |             |             |             |           |      |
| Semiconductor                     | 0.6*        | 2.5         | -           | N.M.      |      |
| Medical                           | 0.1*        | 0.7         | -           | N.M.      |      |
| Analytical                        | 0.8*        | 2.0         | -           | N.M.      |      |
| Industrial Automation             | 3.2*        | 8.7         | -           | N.M.      |      |
| Others                            | 1.2*        | 2.3         | -           | N.M.      |      |
|                                   | 5.9*        | 16.2        | -           | N.M.      |      |
| <b><u>EMS</u></b>                 |             |             |             |           |      |
| Telco (Keypads & Others)          | 4.1         | 4.4         | 8.3         | (46%)     |      |
| Office Automation                 | 3.7         | 3.5         | 4.1         | (16%)     |      |
| Automotive                        | 3.1         | 4.1         | 4.7         | (13%)     |      |
| Others                            | 0.9         | 0.7         | 2.9         | (77%)     |      |
|                                   | 11.8        | 12.7        | 20.0        | (36%)     |      |
| <b>Total</b>                      | <b>40.8</b> | <b>58.7</b> | <b>58.2</b> | <b>1%</b> |      |

\* N.M. – Not Meaningful

\* Comprise consolidation of 1 month revenue

# FRENCKEN GROUP LIMITED



3Q09 RESULTS – P&L SNAPSHOT

3Q FY2009 Results Briefing

| (S\$ m)                                   | 3Q09          | 3Q08        | Chg y-o-y     |
|---|---------------|-------------|---------------|
| Revenue                                   | 58.7          | 58.2        | 1%            |
| Gross Profit (GP)                         | 5.2           | 8.9         | (42%)         |
| Profit Before Tax                         | (0.4)         | 6.0         | (107%)        |
| Net Profit                                | (0.8)         | 4.9         | (117%)        |
| <u>Analysis of Net Profit</u>             |               |             |               |
| Net Profit before negative goodwill       | (0.97)        | 4.94        | (120%)        |
| Negative goodwill                         | 0.13          | -           | N.M.          |
| Net Profit after negative goodwill        | (0.84)        | 4.94        | (117%)        |
| <i>NP Margin before negative goodwill</i> | <i>(1.7%)</i> | <i>8.5%</i> | <i>(119%)</i> |
| Effective Tax Rate                        | N.M.          | 18.1%       | N.M.          |

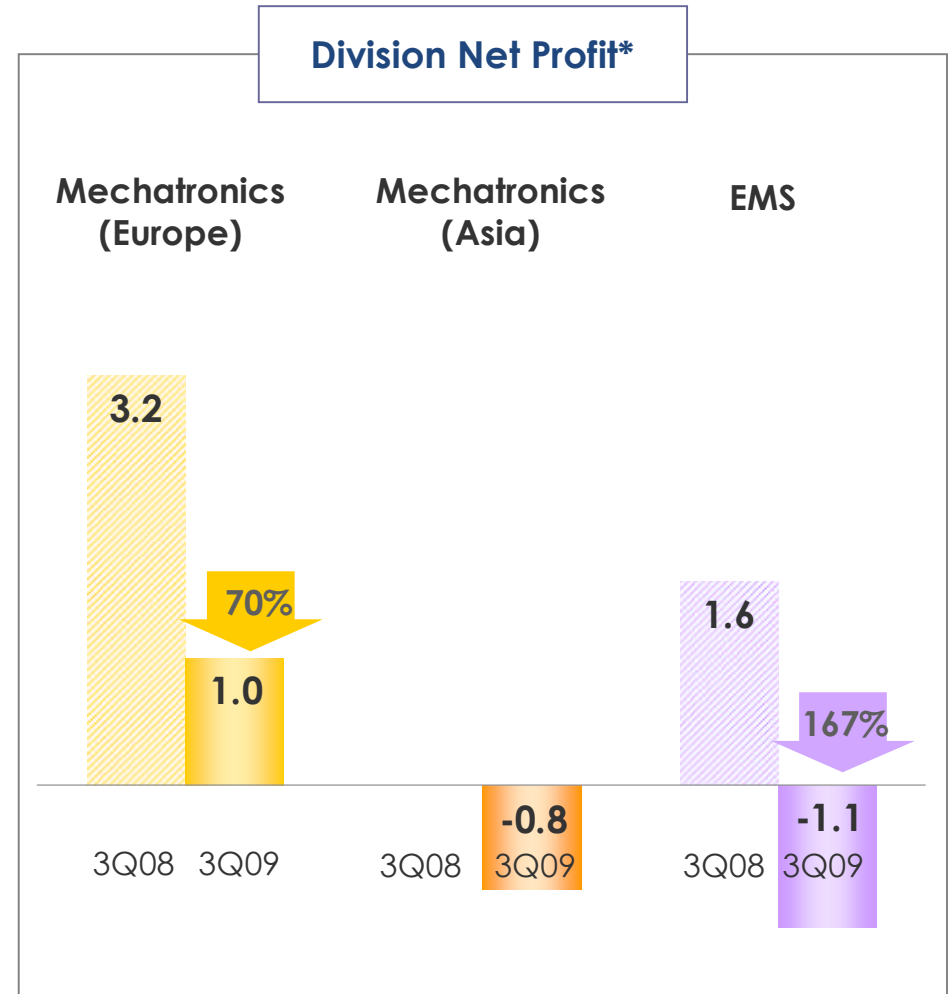
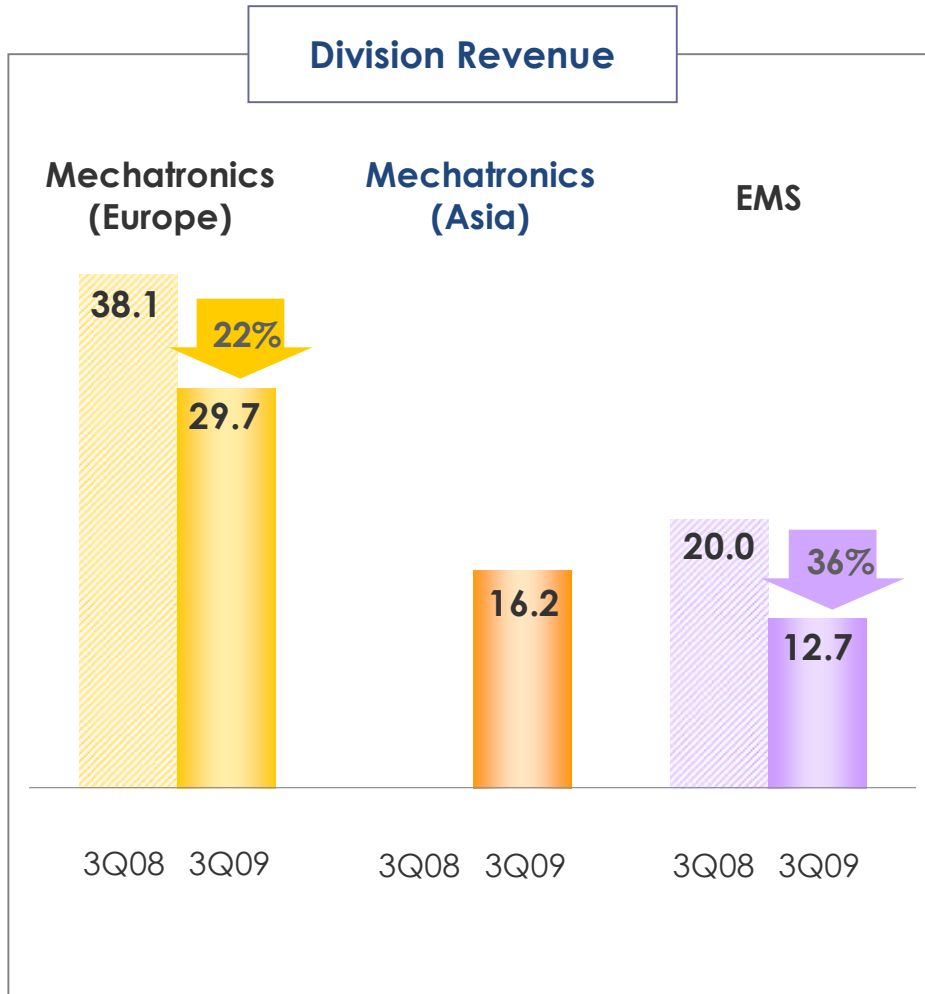
\* N.M. – Not Meaningful

# FRENCKEN GROUP LIMITED



3Q09 RESULTS – P&L SNAPSHOT

3Q FY2009 Results Briefing



\*Note: Excludes Investment Division & Negative Goodwill

# FRENCKEN GROUP LIMITED



9M09 RESULTS – P&L SNAPSHOT

3Q FY2009 Results Briefing

| (S\$ m)                                   | 9M09          | 9M08         | Chg y-o-y     |
|---|---------------|--------------|---------------|
| Revenue                                   | 138.2         | 178.2        | (23%)         |
| Gross Profit (GP)                         | 10.6          | 26.6         | (60%)         |
| Profit Before Tax                         | 13.1          | 17.1         | (24%)         |
| Net Profit                                | 12.6          | 13.4         | (6%)          |
| <u>Analysis of Net Profit</u>             |               |              |               |
| Net Profit before negative goodwill       | (0.92)        | 13.38        | (107%)        |
| Negative goodwill                         | 13.56         | -            | N.M.          |
| <b>Net Profit after negative goodwill</b> | <b>12.64</b>  | <b>13.38</b> | <b>(6%)</b>   |
| <i>NP Margin before negative goodwill</i> | <i>(0.7%)</i> | <i>7.5%</i>  | <i>(109%)</i> |
| Effective Tax Rate                        | N.M.          | 21.9%        | N.M.          |

\* N.M. – Not Meaningful

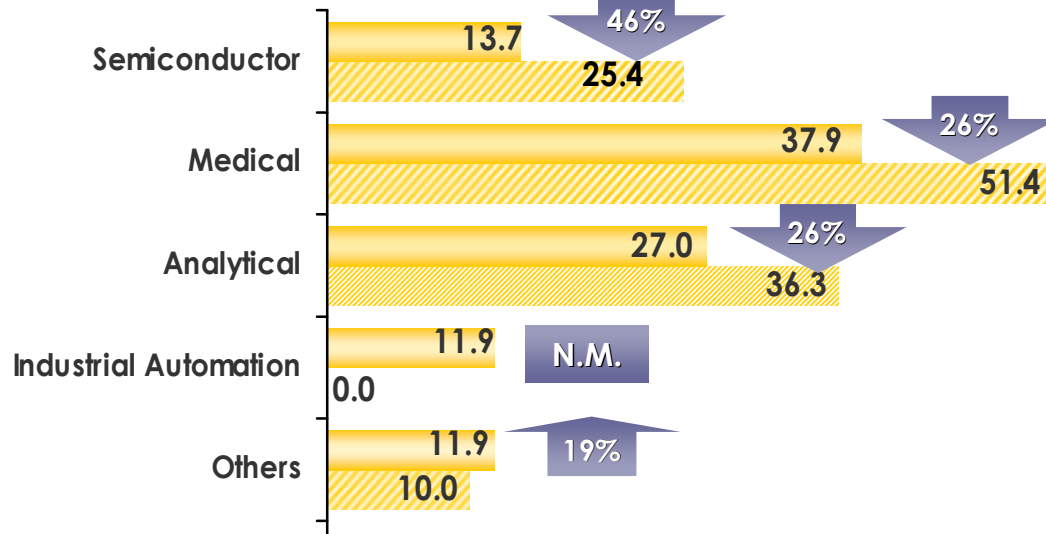
# FRENCKEN GROUP LIMITED



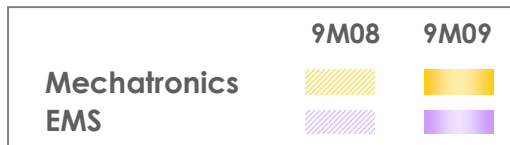
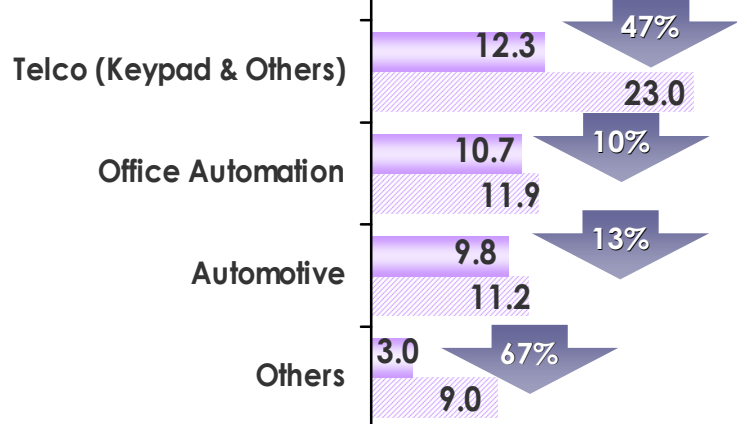
9M09 RESULTS – GROUP REVENUE ANALYSIS

3Q FY2009 Results Briefing

## MECHATRONICS (\$\$ m)

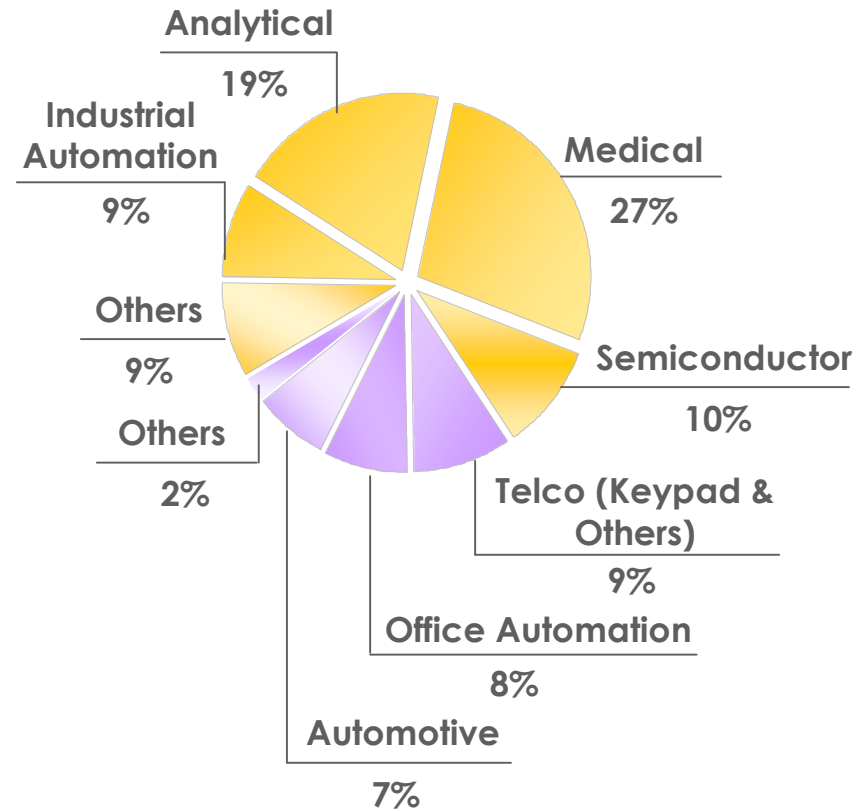


## EMS (\$\$ m)



\* N.M. – Not Meaningful

## Breakdown by Business Segment



**Breakdown by Division:**  
 Mechatronics – 74%  
 EMS – 26%

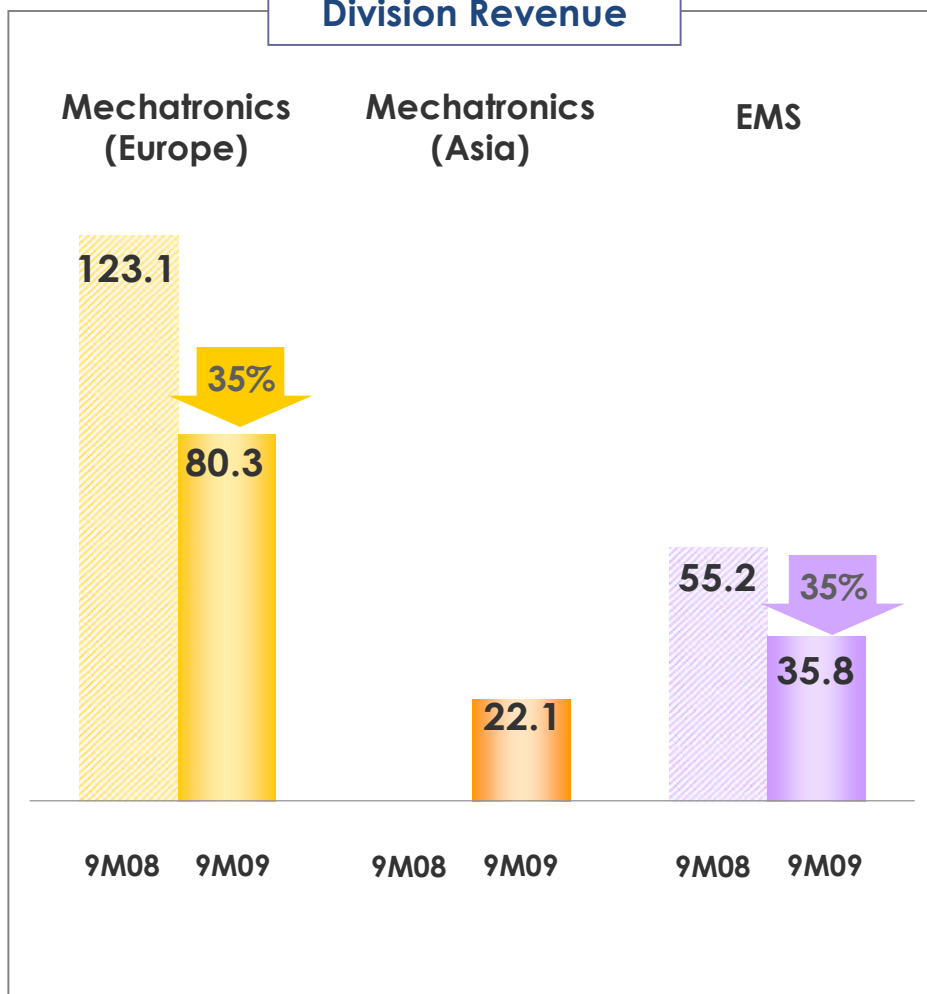


# FRENCKEN GROUP LIMITED

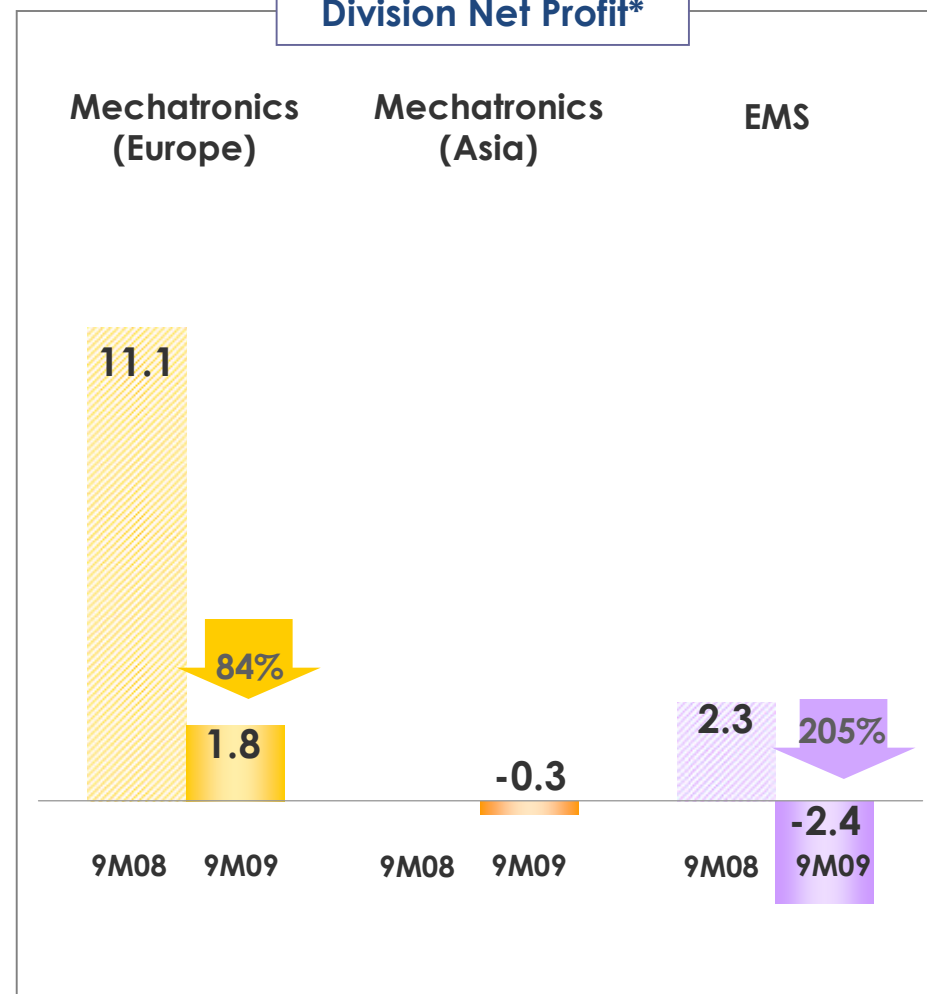
9M09 RESULTS – P&L SNAPSHOT

3Q FY2009 Results Briefing

## Division Revenue



## Division Net Profit\*



\*Note: Excludes Investment Division & Negative Goodwill

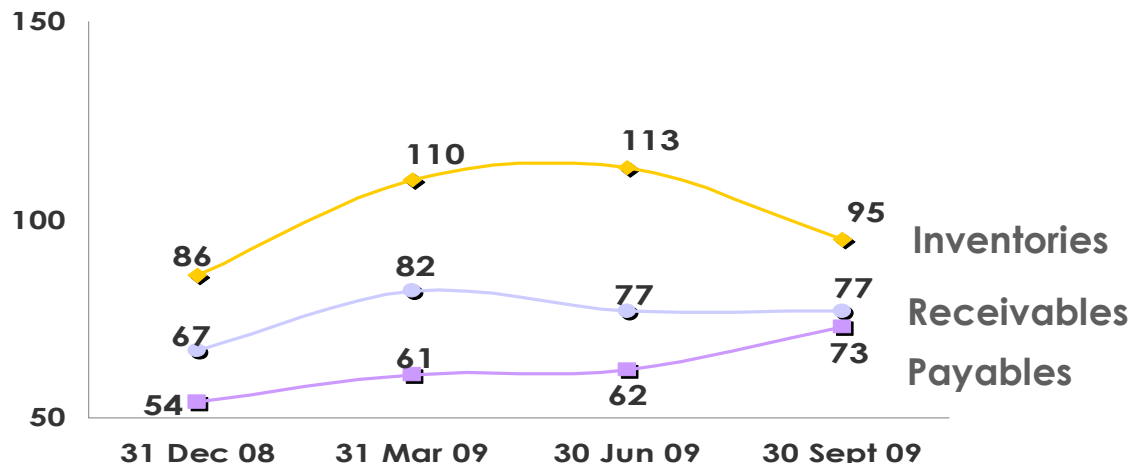
# FRENCKEN GROUP LIMITED



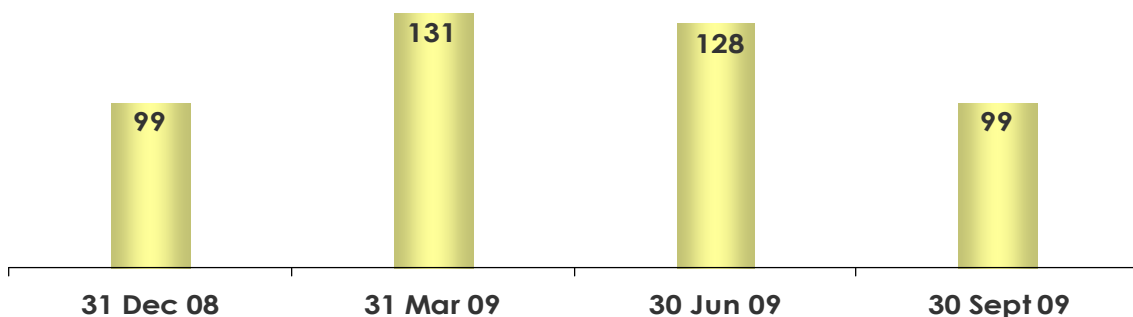
WORKING CAPITAL MANAGEMENT

3Q FY2009 Results Briefing

## Turnover Days \*



## Cash Conversion Cycle (Days) \*



Cash Conversion Cycle (Days) = Days sales outstanding + Days inventory outstanding – Days payables outstanding

| (\$ m)              | 30 Sept 09 | 31 Dec 08 |
|---------------------|------------|-----------|
| Inventories *       | 38.1       | 46.0      |
| Trade Receivables * | 32.9       | 41.6      |
| Trade Payables *    | 17.7       | 19.9      |

\* Excluding ETLA Group

| (\$ m)                        | Q309 | Q308 |
|-------------------------------|------|------|
| Net cash flow from operations | 11.0 | 5.5  |
| Capital expenditure           | 0.8  | 2.2  |
| Free cash flow                | 10.2 | 3.3  |

# FRENCKEN GROUP LIMITED

STRONG BALANCE SHEET

3Q FY2009 Results Briefing

| Balance Sheet (\$\$ m)                        | 30 Sept 09 | 31 Dec 08 | Financial Indicators                   | 9M09   | 9M08  |
|---|------------|-----------|--|--------|-------|
| Shareholders' equity                          | 201.5      | 179.7     | Gross gearing (%)                      | 16.0   | 0.3   |
| Total borrowings                              | 32.1       | 0.2       | Net asset value per share (\$\$ cents) | 53.56  | 59.43 |
| Cash and cash equivalents                     | 56.9       | 39.7      | EPS (\$\$ cents)                       |        |       |
| Short-term funds with a financial institution | 5.2        | 6.1       | - Before negative goodwill             | (0.27) | 4.39  |
| Total cash and cash equivalents               | 62.1       | 45.8      | - After negative goodwill              | 3.72   | 4.39  |

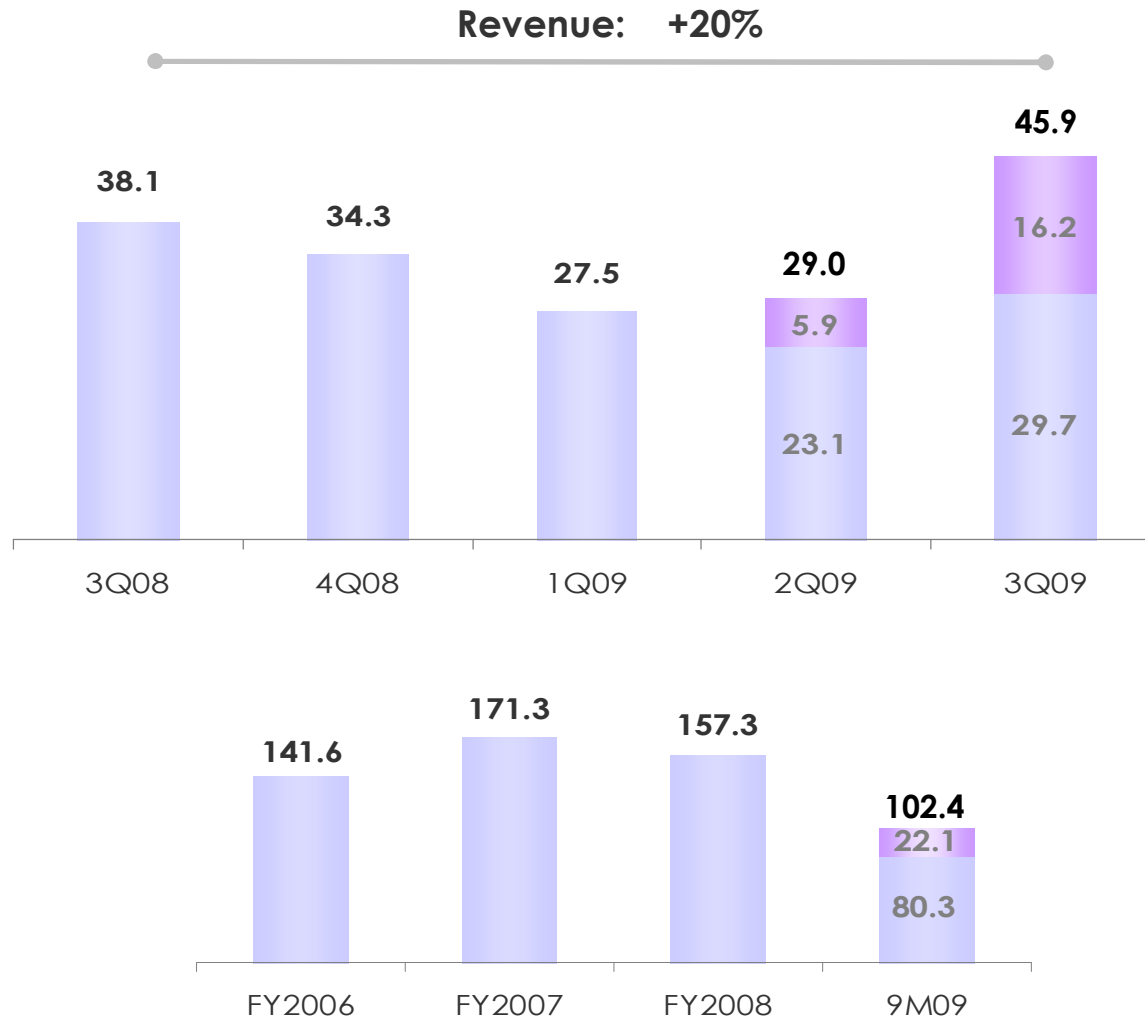
## **Mechatronics Division Business Review & Outlook**

# MECHATRONICS DIVISION



SALES

3Q FY2009 Results Briefing



Currency: SGD million

- Mechatronics Europe
- Mechatronics Asia

### 3Q09 Review

- Sales increased 20% y-o-y and 58% q-o-q
- Sales from European operations declined 22% y-o-y but increased by 29% q-o-q
- Global demand for capital equipment remained weak

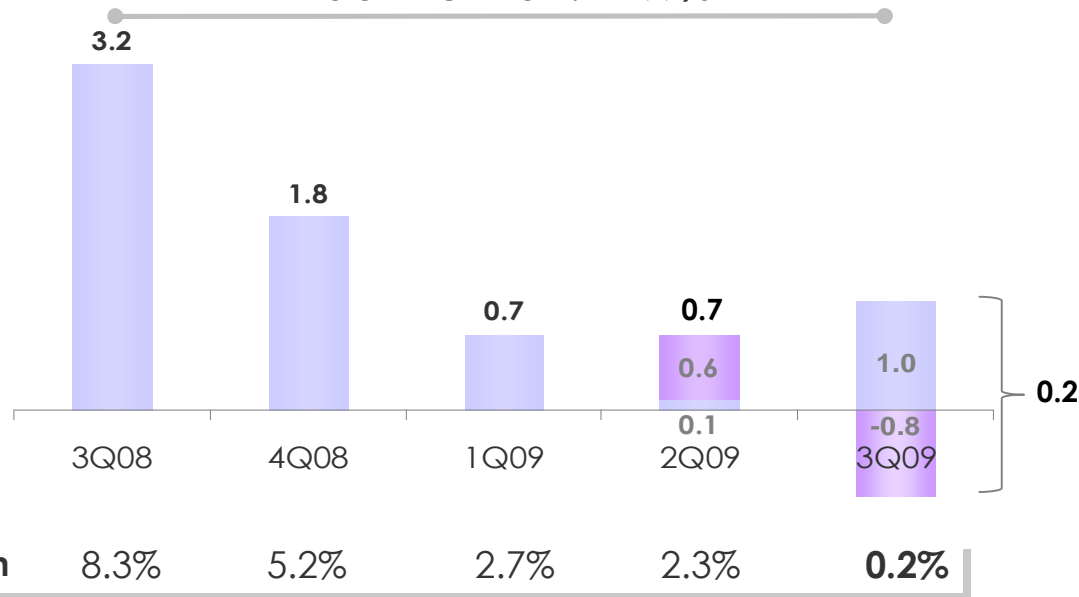
Figures are inclusive of 4 months contribution from the Asia operations – i.e. 1 month in 2Q09 and 3 months in 3Q09

# MECHATRONICS DIVISION

NET PROFIT & NET PROFIT MARGIN

3Q FY2009 Results Briefing

Division Net Profit: -97%

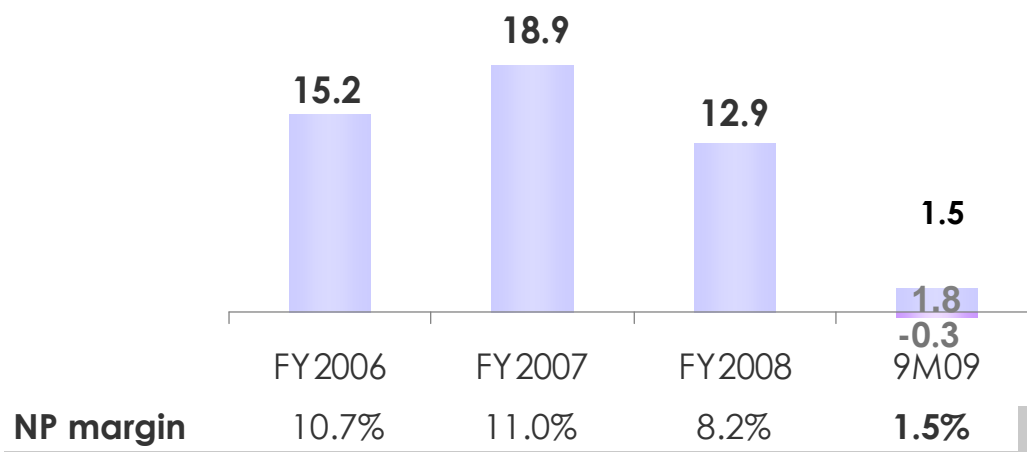


Currency: SGD million

Mechatronics Europe

Mechatronics Asia

\* The net loss of S\$0.8 m from the Asia operations includes a one time costs totaling S\$0.7m for write-off of fixed assets and relocation of machinery arising from the shift of its Penang operations to the new plant in Bangi

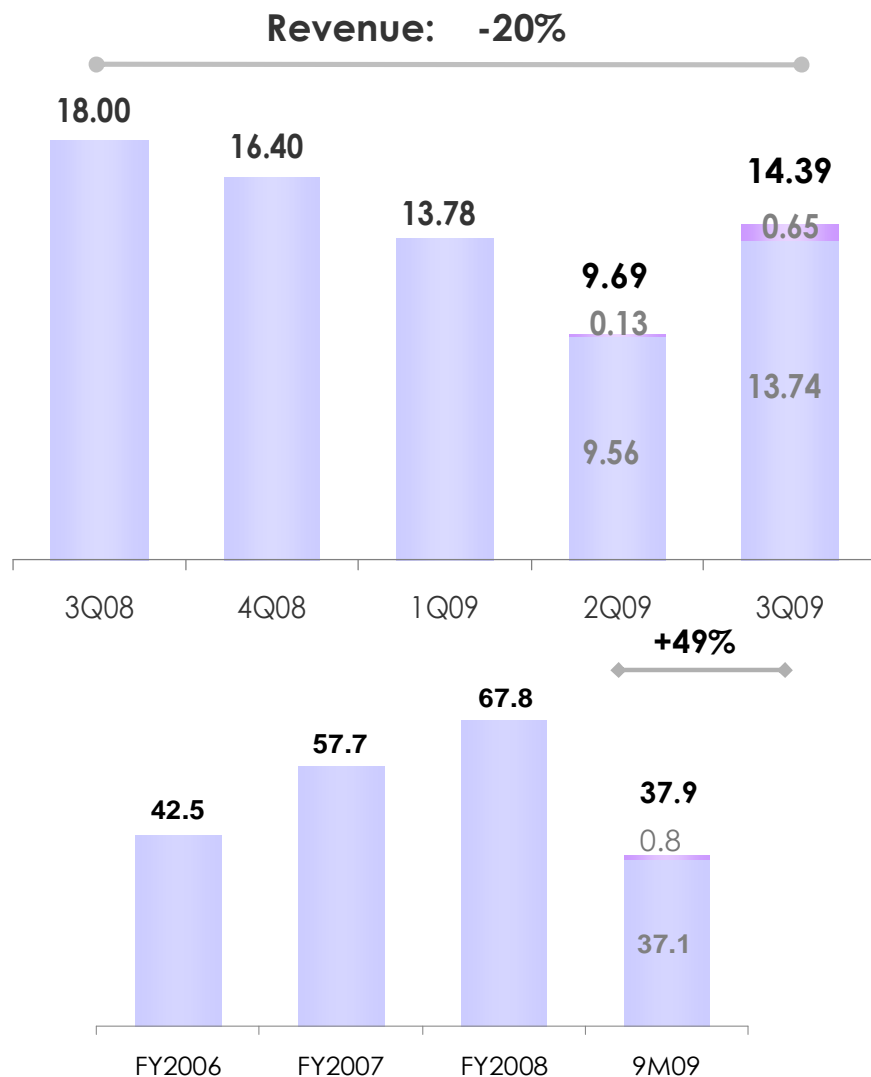


\* Figures include 1 month of 2Q09 and 3 months of 3Q09 sales contribution from Asia operations.

# MECHATRONICS DIVISION

SALES ANALYSIS – MEDICAL SEGMENT

3Q FY2009 Results Briefing



Currency: SGD million

Mechatronics Europe

Mechatronics Asia

## 3Q09 Review

- Sales declined 20% y-o-y but increased 49% q-o-q

### Europe

- Sales was lower by 24% y-o-y but rose 44% q-o-q
- Higher sales to an existing customer but continued delay in the market introduction of a new product for an existing customer

### Asia

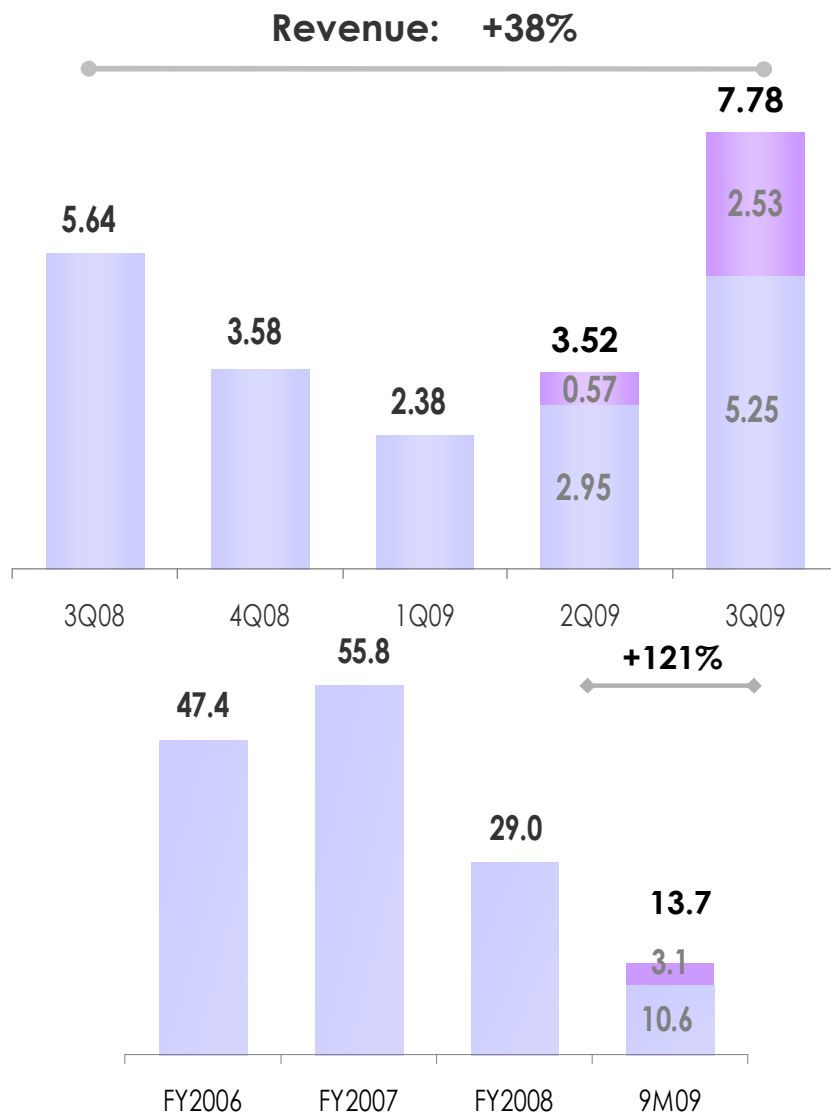
- Starting from a low base with emerging business potential for the Singapore and China operations
- Engaging in the imaging and in-vitro diagnostic product segment

\* Figures include 1 month of 2Q09 and 3 months of 3Q09 sales contribution from Asia operations.

# MECHATRONICS DIVISION

SALES ANALYSIS – SEMICONDUCTOR SEGMENT

3Q FY2009 Results Briefing



Currency: SGD million

Mechatronics Europe

Mechatronics Asia

## 3Q09 Review

- Sales up 38% y-o-y and 121% q-o-q

### Europe

- Sales down 7% y-o-y but up 78% q-o-q
- Increased orders from existing customers resulting from the slight improvement in market conditions

### Asia

- Slight growth in revenue – derived mainly from back-end semiconductor customers

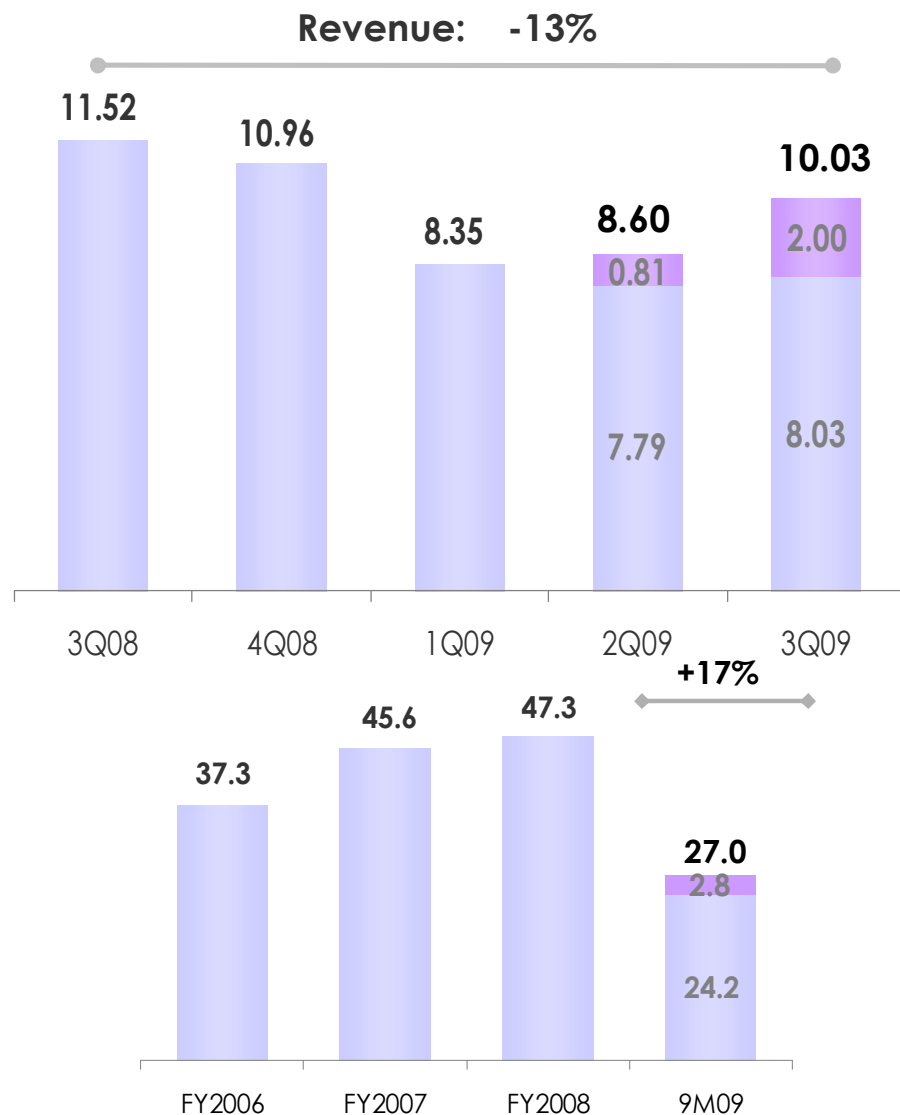
\* Figures include 1 month of 2Q09 and 3 months of 3Q09 sales contribution from Asia operations.



# MECHATRONICS DIVISION

SALES ANALYSIS – ANALYTICAL SEGMENT

3Q FY2009 Results Briefing



Currency: SGD million

Mechatronics Europe

Mechatronics Asia

### 3Q09 Review

- Sales down 13% y-o-y but up 17% q-o-q
- Growth in sales due to inclusion of contribution from Asia operations

### Europe

- Sales down 30% y-o-y but up 3% q-o-q
- Slight growth due to change in product mix for an existing customer

### Asia

- Revenue below expectations but remain positive of the mid to long term growth prospects for this product segment

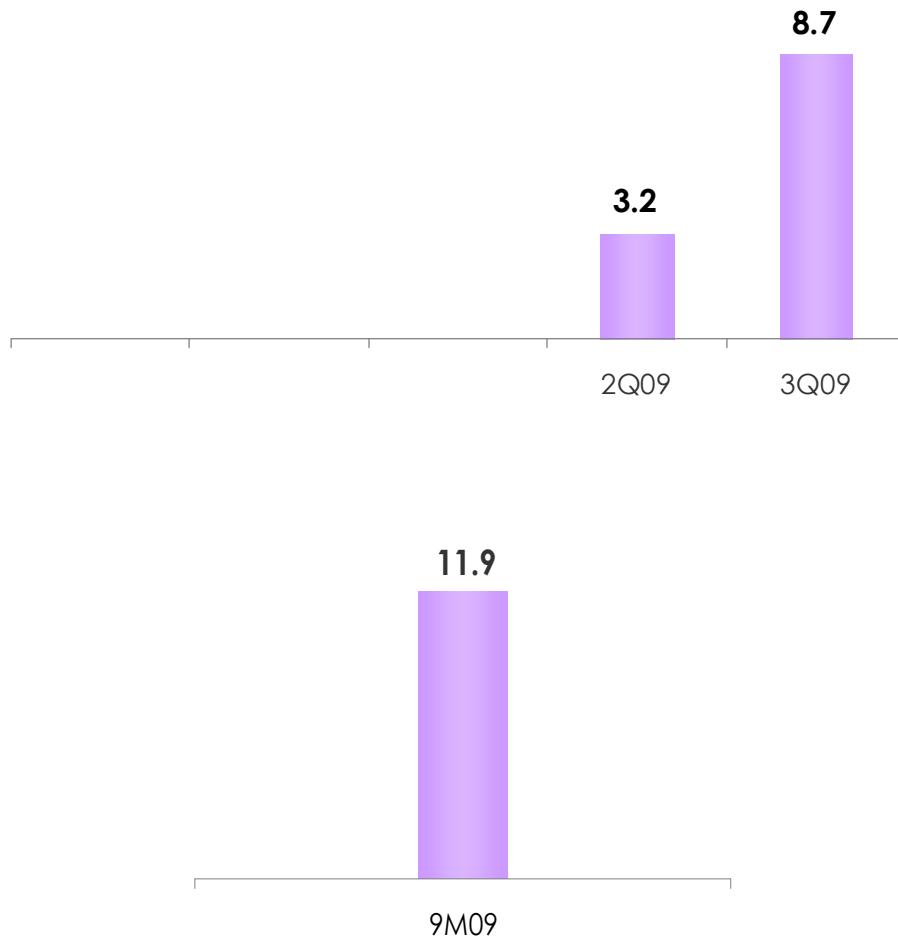
\* Figures include 1 month of 2Q09 and 3 months of 3Q09 sales contribution from Asia operations.

# MECHATRONICS DIVISION (ASIA)



SALES ANALYSIS – INDUSTRIAL AUTOMATION SEGMENT

3Q FY2009 Results Briefing



Currency: SGD million

## 3Q09 Review

### Asia

- Sales contribution mainly from data storage and pharmaceutical packaging equipment
- Revenue from this segment is subject to high volatility on a monthly basis

\* Figures are based on 1 month of 2Q09 and 3 months of 3Q09 sales contribution from Asia operations only.

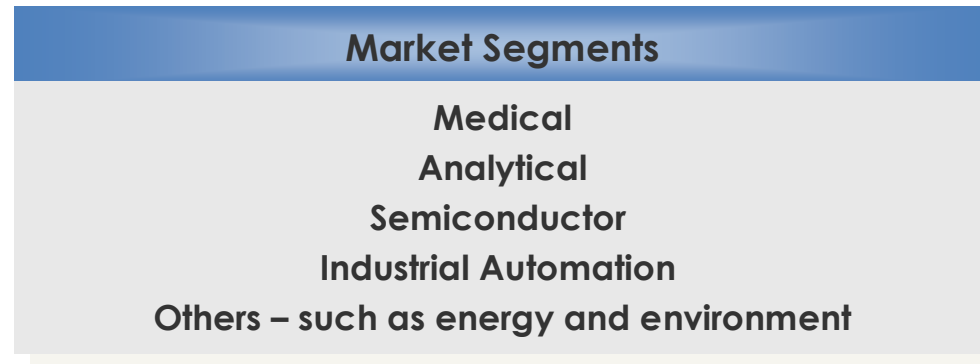
# MECHATRONICS DIVISION



NEW PROJECT PLANS

3Q FY2009 Results Briefing

|                     |                       |   |
|---------------------|-----------------------|---|
| Mechatronics Europe | <b>Medical</b>        | <ul style="list-style-type: none"> <li>• Redesign project for enhancement of an existing product</li> <li>• Ongoing development project – commercial production anticipated in FY2010</li> <li>• Ongoing development project for pathology market</li> </ul>  |
|                     | <b>Semiconductor</b>  | <ul style="list-style-type: none"> <li>• Continued engagement in next generation (EUV) lithography tools</li> <li>• Ongoing design &amp; development project for advanced lithography equipment</li> </ul>  |
|                     | <b>Analytical</b>     | <ul style="list-style-type: none"> <li>• Ongoing development project – commercial production expected by 2Q10</li> <li>• New development project for market introduction targeted for mid FY2010</li> </ul>   |
| Mechatronics Asia   | <b>Medical</b>        | <ul style="list-style-type: none"> <li>• Increasing production in Wuxi, China of imaging modules for an existing customer</li> <li>• Increasing volume production of parts for existing in-vitro diagnostic product</li> <li>• Continued engagement in prototype parts for 2 new diagnostic products</li> </ul> |
|                     | <b>Semiconductor</b>  | <ul style="list-style-type: none"> <li>• Ongoing qualification of a range of modules for an existing customer</li> </ul>  |
|                     | <b>Analytical</b>     | <ul style="list-style-type: none"> <li>• Ongoing qualification of new parts and modules</li> </ul>  |
|                     | <b>Ind Automation</b> | <ul style="list-style-type: none"> <li>• Development projects for new automation stations for an existing customer</li> </ul>   |
|                     | <b>Others</b>         | <ul style="list-style-type: none"> <li>• Advanced evaluation stage of new project for sheetmetal modules for a new customer</li> </ul>  |



## Strategic Initiatives

- Accelerate and enhance design and development capability and capacity in Europe to utilise the enlarged manufacturing facilities in Asia
- Strengthen New Product Introduction (NPI) team in Asia for smooth transfer of projects from customers and also within the Group
- Accelerate sales expansion opportunities via strategic partnerships with existing and new customers by leveraging on the Group's capabilities from design to manufacturing and its enlarged geographical footprint
- Strengthen overall manufacturing capability in Asia to capitalise on new opportunities in key and emerging markets
- Build up global sourcing, procurement and total supply chain – seek out best value components and strategic suppliers worldwide to enhance Group's overall competitiveness

## EMS Division Business Review & Outlook

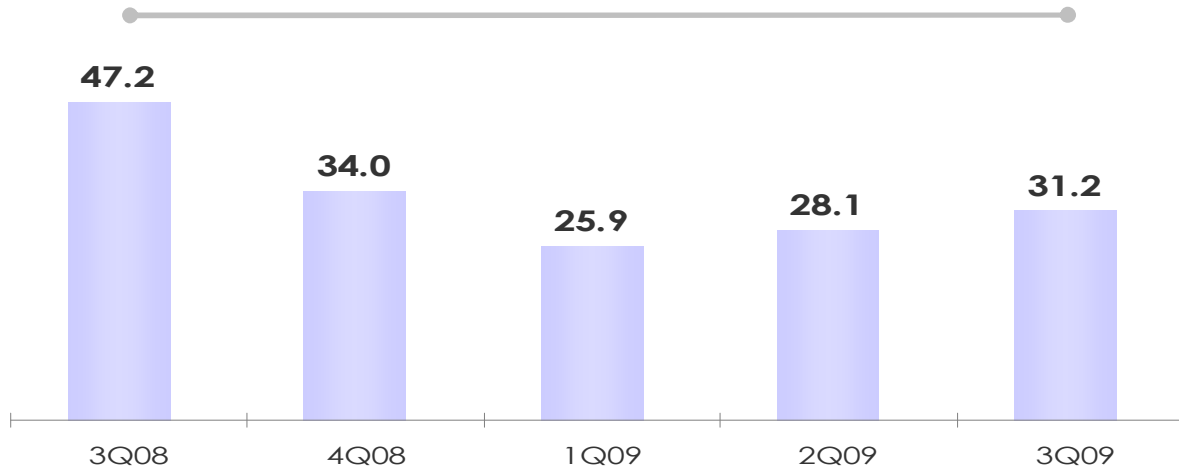
# EMS DIVISION



SALES

3Q FY2009 Results Briefing

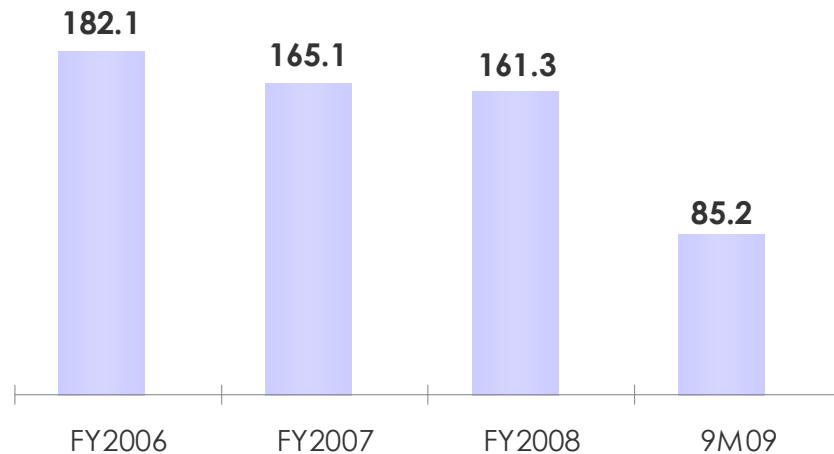
Revenue: -34%



Currency: RM million

## 3Q09 Review

- Sales declined by 34% y-o-y but increased 11% q-o-q
- Global demand for consumer electronics remained weak



# EMS DIVISION

NET PROFIT & NET PROFIT MARGIN

3Q FY2009 Results Briefing

Division Net Profit: **-157%**



Currency: RM million

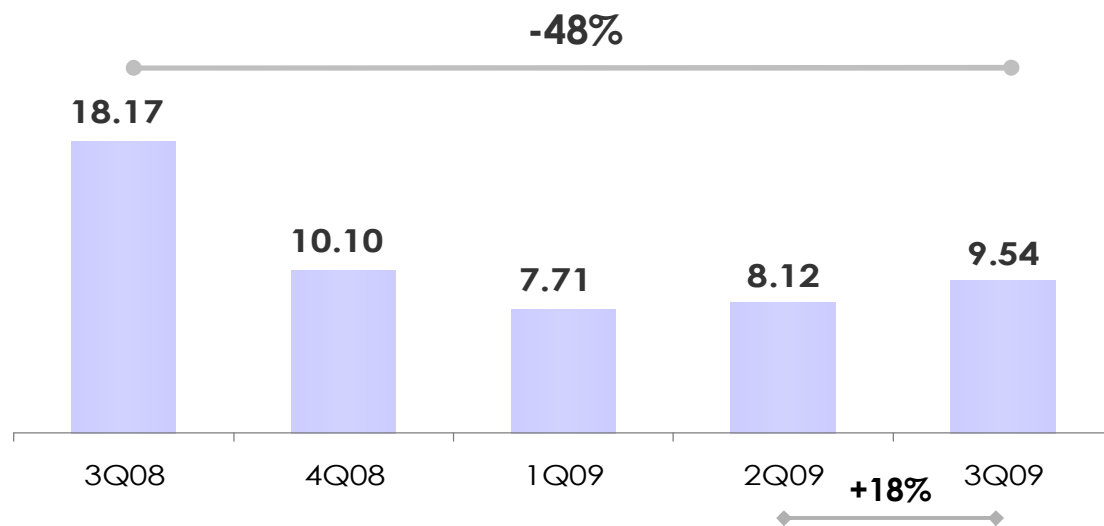
| Net Profit Margin |              |
|-------------------|--------------|
| 3Q08              | 8.0%         |
| 4Q08              | -0.9%        |
| 1Q09              | -4.0%        |
| 2Q09              | -7.1%        |
| <b>3Q09</b>       | <b>-6.9%</b> |

| Net Profit Margin |              |
|-------------------|--------------|
| FY2006            | 15.1%        |
| FY2007            | 5.9%         |
| FY2008            | 3.2%         |
| <b>9M09</b>       | <b>-6.1%</b> |

# EMS DIVISION

## SALES ANALYSIS – KEYPAD SEGMENT

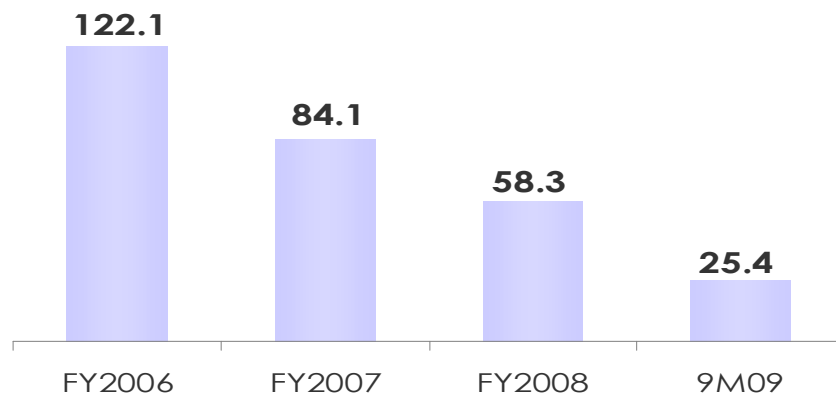
3Q FY2009 Results Briefing



Currency: RM million

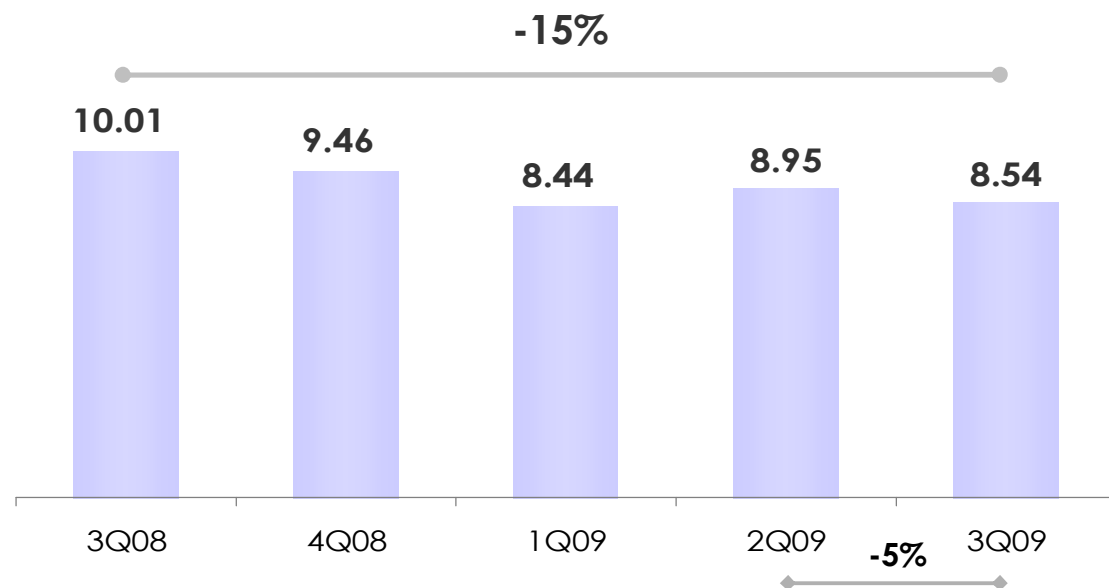
### 3Q09 Review

- Sales declined 48% y-o-y but increased by 18% q-o-q
- No significant recovery in FY2009
- Order visibility remains very short while volatility remains high





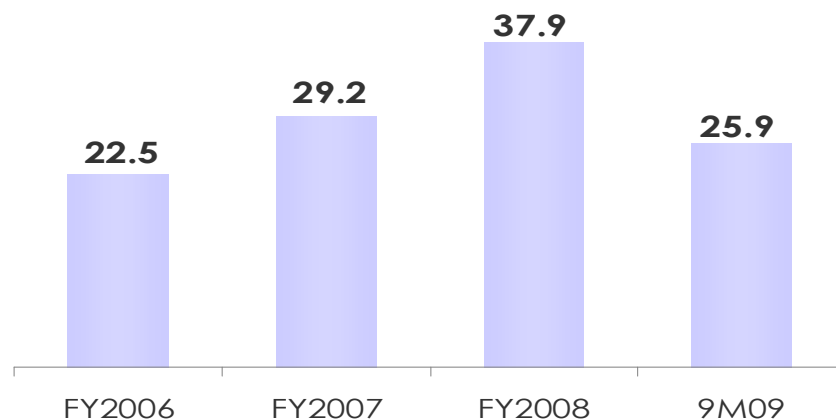
# EMS DIVISION



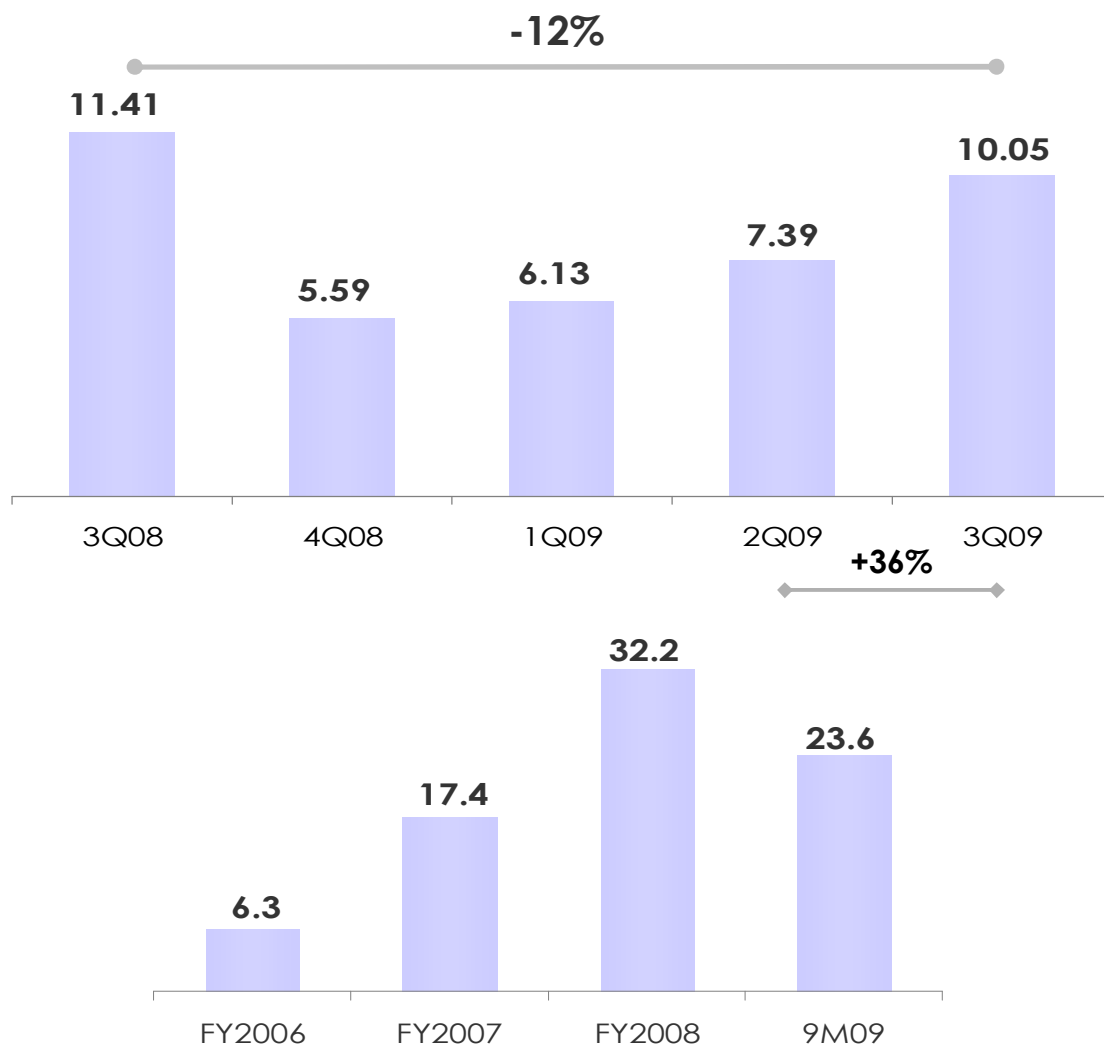
Currency: RM million

## 3Q09 Review

- Sales declined 15% y-o-y and 5% q-o-q
- Growth continued to be hampered by subdued conditions in end-user market
- Continued delay in the commercial production of new industrialisation projects



# EMS DIVISION



Currency: RM million

## 3Q09 Review

- Sales declined 12% y-o-y but increased 36% q-o-q
- Improving order inflow but still significantly below original projections

## Keypad

- Under review to exit this product segment.

## Office Automation

- Commercial production of one major ongoing industrialisation project scheduled for 3Q09 further delayed to 1Q10
- Another project scheduled for commercial production in 4Q09 also delayed to 1Q10
- Commencement of a new industrialisation project in 3Q09 with target for commercial production in mid FY2011 is ongoing

## Automotive

- New industrialisation project in the pipeline with tooling launch expected at the end of FY2009 and target commercial production in 2Q/3Q FY2011
- Ongoing discussions for new industrialisation programmes

# EMS DIVISION

## STRATEGIC INITIATIVES

3Q FY2009 Results Briefing

- Consolidate the plastics and electronics assembly companies into a single integrated company – to improve efficiency and reduce operating costs
- Realign the division's operations to better support and focus on the automotive and niche office automation industries
- Explore geographical expansion of the automotive business into emerging and growth markets

# FRENCKEN GROUP LIMITED

SAFE HARBOUR FOR FORWARD-LOOKING STATEMENTS

3Q FY2009 Results Briefing

This presentation contains certain statements that are not statements of historical fact, i.e. forward-looking statements. Investors can identify some of these statements by forward-looking items such as 'expect', 'believe', 'plan', 'intend', 'estimate', 'anticipate', 'may', 'will', 'would', and 'could' or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. These forward-looking statements are based on current expectations, projections and assumptions about future events. Although Frencken Group Limited believes that these expectations, projections, and assumptions are reasonable, these forward-looking statements are subject to the risks (whether known or unknown), uncertainties and assumptions about Frencken Group Limited and its business operations.

Some of the key factors that could cause such differences are, among others, the following:

- changes in the political, social and economic conditions and regulatory environment in the jurisdictions where we conduct business or expect to conduct business;
- the risk that we may be unable to realise our anticipated growth strategies and expected internal growth;
- changes in and new developments in technologies and trends;
- 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
- changes in our future capital needs and the availability of financing and capital to fund these needs.

Given these risks, uncertainties and assumptions, the forward-looking events referred to in this presentation may not occur and actual results may differ materially from those expressly or impliedly anticipated in these forward-looking statements. Investors are advised not to place undue reliance on these forward-looking statements.

Investors should assume that the information in this presentation is accurate only as of the date it is issued. Frencken Group Limited's business, financial conditions, results of operations and prospects may have changed since that day. Frencken Group Limited has no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

# Q&A

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