

ON THE EXPANSION TRAIL

- Complete and integrated one-stop outsourcing solutions
- Established long term partnerships with global companies from diverse industries
- Advanced know-how from design to manufacturing
- Expanding capabilities and geographical presence to capture global and emerging market opportunities
- Sound financial position
- Track record of regular dividend payments

Strategic outsourcing partner

Frencken Group provides integrated design and manufacturing solutions to leading original equipment manufacturers (OEMs) and Tier-1 equipment suppliers. The Group's strength lies in its success in forging strategic outsourcing partnerships with global companies that are increasingly outsourcing their design and manufacturing activities to focus their internal resources on marketing and research & development.

The Group's business is classified under 2 main divisions. The Mechatronics Division provides solutions for design, development and production of modules, assemblies and complete systems for high-tech capital equipment makers while the IMS Division offers integrated design and manufacturing services for automotive, office automation, consumer and industrial products.

Backed by its excellent industry reputation, advanced technological capabilities and strategically located manufacturing sites worldwide, Frencken Group is well placed to capitalise on opportunities in the global market.

Global footprint of the Mechatronics Division

The Mechatronics Division's manufacturing coverage spans across three continents. Its operations in Europe has an established track record in the mechatronics field. The division also has substantial production capacity in lower cost locations in Asia and a manufacturing presence in the USA. This proximity of its manufacturing network to key markets improves the division's customer support and time-to-market. In addition, the Mechatronics Division is able to offer customers with cost-competitive manufacturing solutions and at the same time, accelerate its penetration into the fast-growing capital equipment markets in Asia. Historically, the Mechatronics Division has contributed the major share of the Group's revenue.

Advanced know-how and multiple production facilities

Backed by its proven track record, the Mechatronics Division has an excellent reputation for its advanced engineering know-how in the development and manufacture of high-precision capital equipment, particularly for the medical, semiconductor and analytical industries. Coupled with state-of-the-art production facilities in The Netherlands, Malaysia, Singapore, China and the USA, the Group has the requisite capabilities to undertake complex, large-scale projects on a global scale.

STOCK INFORMATION

Price (25/11/2013)	S\$0.275
Shares Issued	398.3m
Treasury Shares	5.7m
Market Cap	S\$109.5m
52-wk high	S\$0.285
52-wk low	S\$0.185
Free Float	~ 50%
Major Shareholders (as at 12 Mar 2013)	DBS Nominees Pte Ltd Micro Compact (M) Sdn. Bhd. Precico Holdings Sdn. Bhd. HSBC (Singapore) Nominees Pte Ltd Strategic Equities Ltd

BUSINESS SNAPSHOT

Mechatronics Division

Core business activity	Design, development and production of complex, high precision capital equipment
Market presence	Europe, Asia, USA
Customer segments	Medical, analytical, semiconductor and industrial automation
Operating sites	The Netherlands, Singapore, Malaysia, China, USA

Integrated Manufacturing Services (IMS) Division

Core business activity	Integrated design and manufacturing services
Market presence	Europe, USA, Asia
Customer segments	Automotive, office automation, consumer and industrial products
Operating sites	Malaysia, Thailand, Singapore, Indonesia, India, China

KEY STATISTICS

Price to Earnings (9M13)	7.9 times
Price to NAV (as at Sep 2013)	0.5 times
Dividend yield (FY2012)	1.9%

PER SHARE DATA (CENTS)

	FY2010	FY2011	FY2012	9M13
EPS	4.7	2.0	(3.2)	3.5
NAV / Share	53.6	53.3	47.2	50.4
DPS	1.44	0.61	0.5	-
Issued Shares (m)	366.0	368.2	396.3	398.1

Balanced spread of customers from diverse sectors

Frencken Group's business philosophy is to forge long-term strategic partnerships with leading companies in their respective fields. The Mechatronics Division has a diversified customer base spanning the medical, semiconductor, industrial automation and analytical sectors. Its customers include renowned global OEMs of high precision capital equipment such as GE Healthcare, FEI Company, ASM Lithography and Seagate, many of whom have been customers of the Group for over 5 years.

Similarly, the IMS Division also focuses on building strategic partnerships with leading OEMs and Tier-1 suppliers in the automotive and consumer equipment industries. Its customers include BMW, Valeo, Preh, Continental and Neopost.

Benefit of sole supplier status

Frencken Group has an established track record of working closely with its mechatronics customers from the product design and development stages, to prototyping, supply chain management, engineering, assembly, production and test. As a result, the Mechatronics Division is usually the sole supplier of the key parts, modules and systems it produces. This makes Frencken Group the first or preferred supplier to the majority of its customers, which creates formidable barriers to competitors.

Sound financial position and regular dividends

The Group has a sound balance sheet and track record of generating positive cash flows. Since listing in 2005, the Group has consistently paid dividends every year.

P&L SNAPSHOT (S\$ million)

	FY2010	FY2011	FY2012	9M13
Revenue	351.8	335.5	361.0	335.31
Gross Profit	44.5	33.8	31.5	51.5
Profit Before Tax & Exceptional Items	21.6	12.2	0.5	18.8
PATMI*	17.6	7.3	(11.8)	13.9

BALANCE SHEET (S\$ million)

	FY2010	FY2011	FY2012	9M13
Current Assets	194.7	181.7	216.5	241.6
LT Assets	90.3	100.8	139.3	137.2
Current Liabilities	80.4	80.2	119.5	131.9
LT Liabilities	6.9	5.9	48.2	34.6
Equity	196.3	196.3	188.0	200.5

*Includes exceptional charges amounting to S\$3.8m in FY2011 and S\$6.3m in FY2012

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This document contains certain forward-looking statements that are not statements of historical fact. 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 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 risks, uncertainties and assumptions about its business operations. As such, the forward-looking events referred to in this document 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.

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Cost-effective solutions and efficient time-to-market

Leveraging on the advanced mechatronics capabilities of its established operations in the Netherlands and its network of lower cost manufacturing bases in Asia, the Mechatronics Division is able to deliver total outsourcing solutions to suit the specific requirements of its customers worldwide. In addition, its close proximity to key end-user markets also enables better customer support and quicker time-to-market.

IMS Division expanding automotive business

The IMS Division provides integrated services ranging from mechanical and electronics design and engineering support, prototyping and supply chain management for the production of parts, modules and final test and assembly of box build products.

Over the past few years, the IMS Division's strategy has been to build greater revenue stability by focusing on products with higher values and longer life-spans in the automotive and niche office automation segments. This has seen the automotive segment increasing its share of the division's revenue to over 50%.

To further expand the IMS division's scale, manufacturing capabilities and customer base as well as to accelerate its geographical expansion into strategic growth regions such as India, China and Southeast Asia, the Group acquired Juken Technology Limited in 2012. Juken has wide exposure to the automotive sector and is expected to contribute positively to the IMS Division's performance in FY2013.

REVENUE BREAKDOWN BY DIVISION

	9M12		9M13	
	(S\$ m)	%	(S\$ m)	%
Mechatronics	212.4	80	206.5	62
IMS	53.3	20	128.8	38

KEY FINANCIAL RATIOS (%)

	FY2010	FY2011	FY2012	9M13
Sales Growth	70.0	(4.6)	7.6	26.2
PATMI Growth	90.2	(58.2)	N.M.	N.M.
EPS Growth	79.5	(29.1)	N.M.	N.M.
GP Margin	12.6	10.1	8.8	15.4
NP Margin	5.0	2.2+	N.M.	4.3
Net Gearing	Net Cash	Net Cash	0.2 times	0.2 times

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