

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

3Q FY2010 Results Presentation

- ❖ **Financial Review**
 - ❖ **3Q10**
 - ❖ **9M10**
- ❖ **Business Review and Outlook**
 - ❖ **Mechatronics Division**
 - ❖ **EMS Division**
- ❖ **Questions and Answers**

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3Q10 RESULTS – DIVISION REVENUE ANALYSIS

3Q FY2010 Results Briefing

(\$ m)	2Q10	3Q10	3Q09	Chg y-o-y
<u>Mechatronics Europe</u>				
Semiconductor	10.6	11.0	5.3	109%
Medical	12.6	12.9	13.7	(7%)
Analytical	7.7	8.1	8.0	2%
Others	2.3	3.1	2.7	16%
	33.2	35.1	29.7	18%
<u>Mechatronics Asia #</u>				
Semiconductor	10.3	10.9	2.5	333%
Medical	0.8	0.6	0.7	(10%)
Analytical	5.0	4.3	2.0	115%
Industrial Automation	32.3	10.0	8.7	14%
Others	4.7	4.6	2.3	102%
	53.1	30.4	16.2	88%
<u>EMS</u>				
Telco (Keypads & Others)	-	-	4.4	N.M.
Office Automation	8.8	7.5	3.5	116%
Automotive	4.6	5.4	4.1	32%
Others (Include Telco)	3.1	2.7	0.7	304%
	16.5	15.6	12.7	23%
Total	102.8	81.1	58.7	38%

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3Q10 RESULTS – P&L SNAPSHOT

3Q FY2010 Results Briefing

(\$\$ m)	3Q10	3Q09	Chg y-o-y
Revenue	81.1	58.7	38%
Gross Profit (GP)	10.0	5.2	93%
Profit/(Loss) Before Tax	3.8	(0.5) ⁺	N.M.
Negative Goodwill	-	0.1	N.M.
Net Profit	3.0	(0.8)	N.M.
<i>NP Margin before negative goodwill</i>	3.7%	(1.7%)	N.M.
<i>Effective Tax Rate before negative goodwill</i>	21.1%	N.M.	N.M.

⁺Before negative goodwill

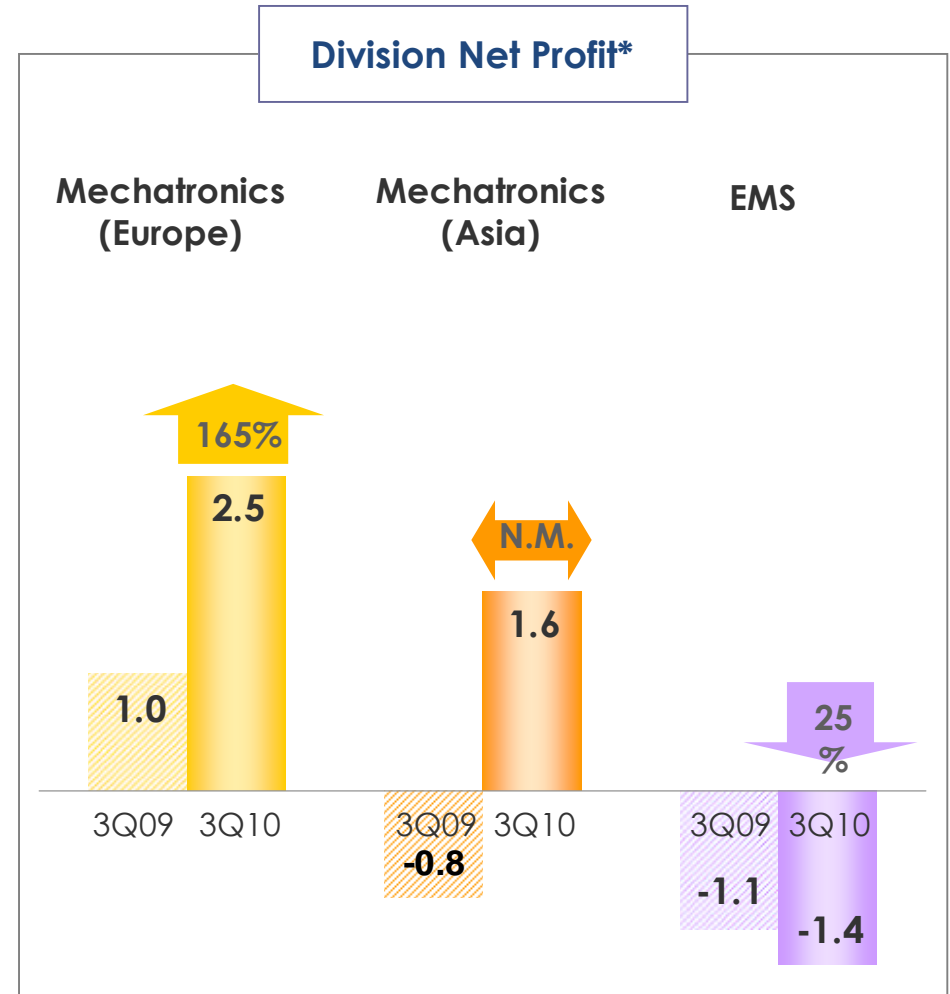
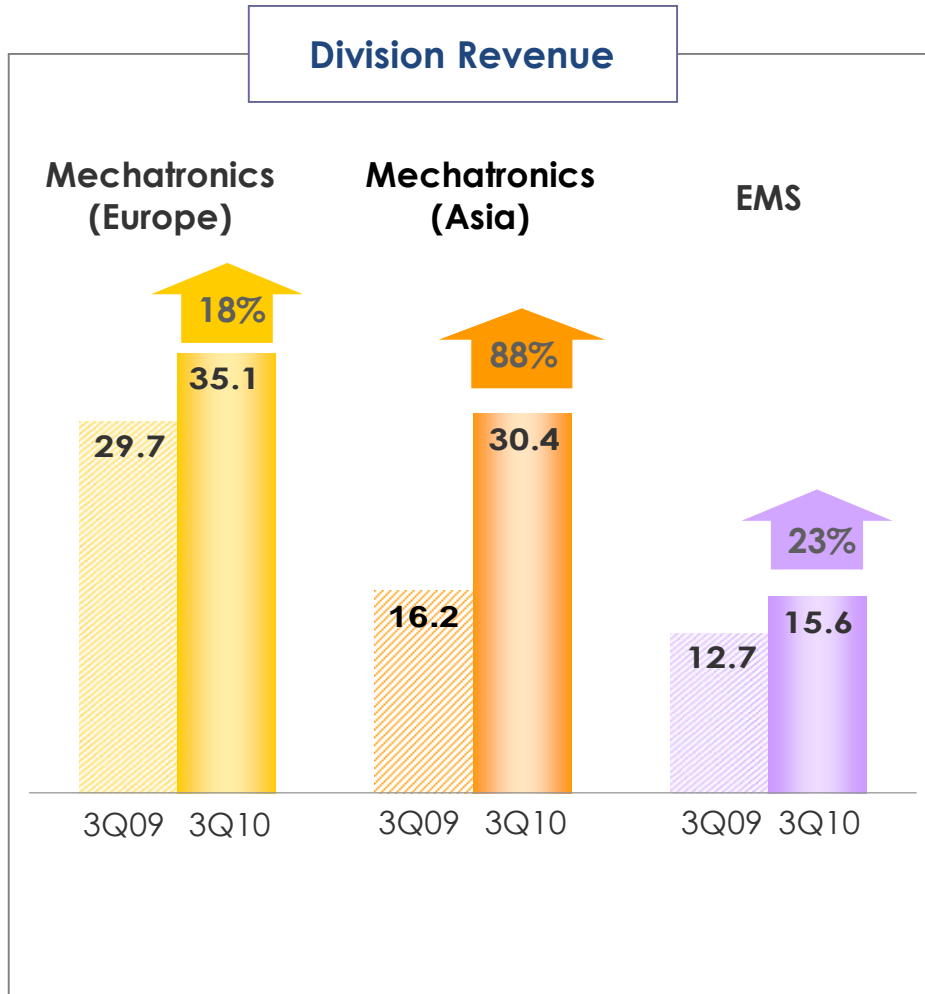
*N.M. – Not Meaningful

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3Q10 RESULTS – P&L SNAPSHOT

3Q FY2010 Results Briefing



*Note: Excludes Investment Division

*N.M. – Not Meaningful

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9M10 RESULTS – P&L SNAPSHOT

3Q FY2010 Results Briefing

(S\$ m)	9M10	9M09	Chg y-o-y
Revenue	254.6	138.2	84%
Gross Profit (GP)	33.3	10.6	215%
Profit/(Loss) Before Tax	15.0	(0.5) ⁺	N.M.
Negative Goodwill	-	13.6	N.M.
Net Profit	11.8	12.6	(6%)
<i>NP Margin before negative goodwill</i>	4.7%	(0.7%)	N.M.
<i>Effective Tax Rate before negative goodwill</i>	21.0%	N.M.	N.M.

⁺Before negative goodwill

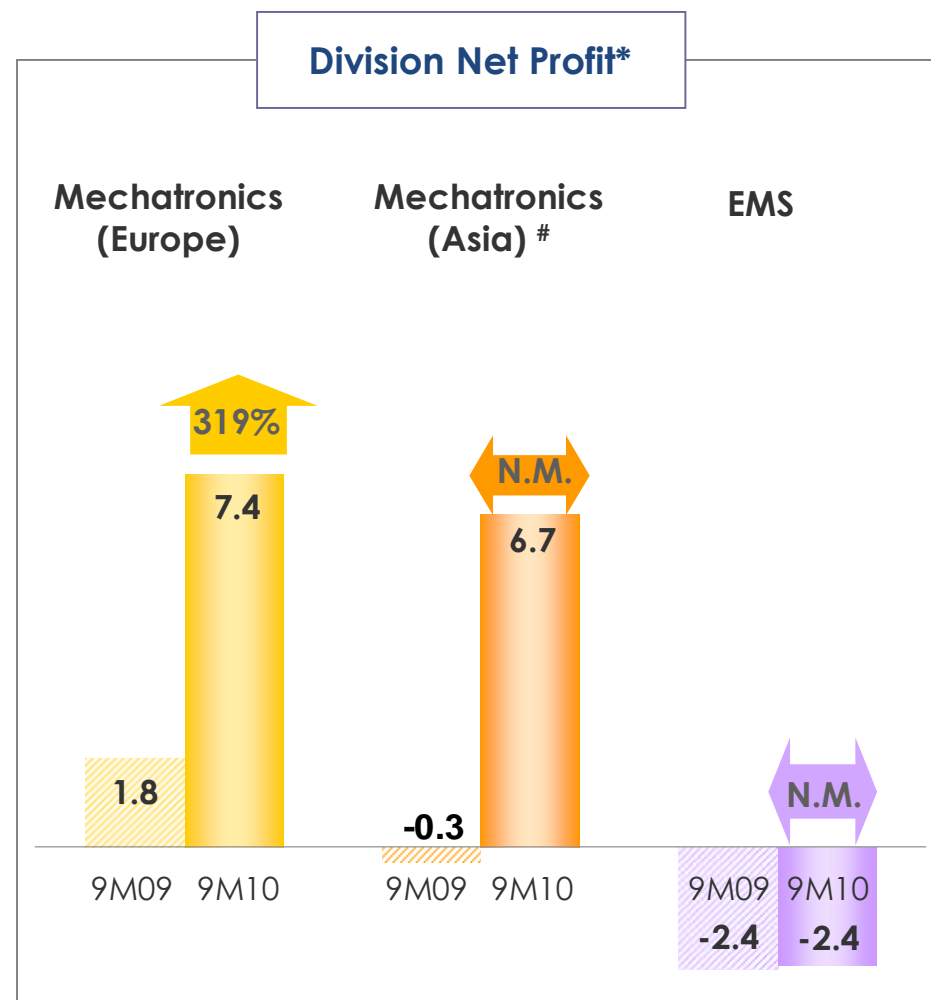
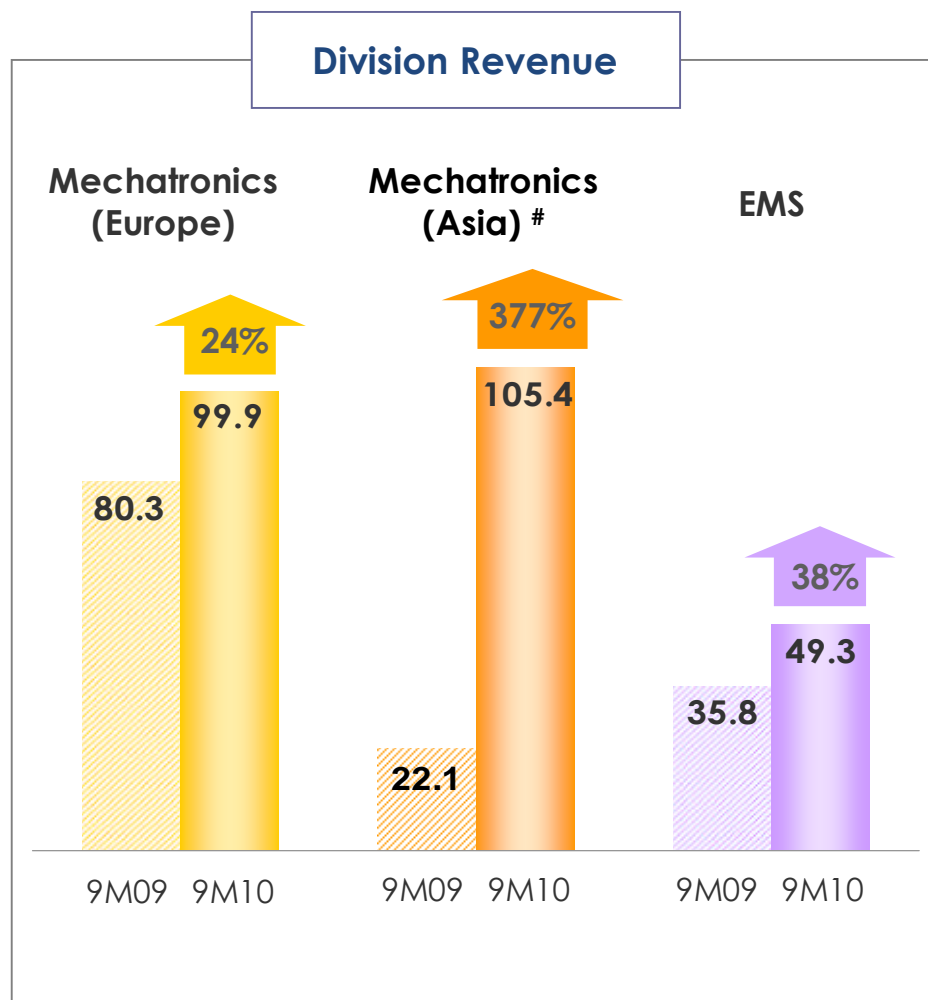
*N.M. – Not Meaningful

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9M10 RESULTS – P&L SNAPSHOT

3Q FY2010 Results Briefing



#Mechatronics (Asia) - 9M09 comprises 4 months results (Jun - Sep 2009)
 - 9M10 comprises 9 months results

*Note: Excludes Investment Division

N.M. – Not Meaningful

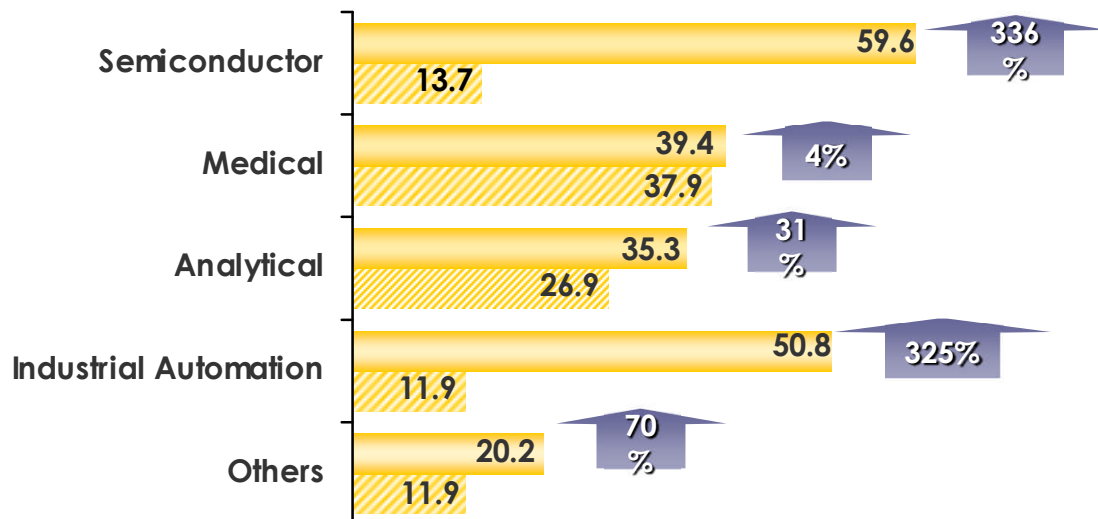
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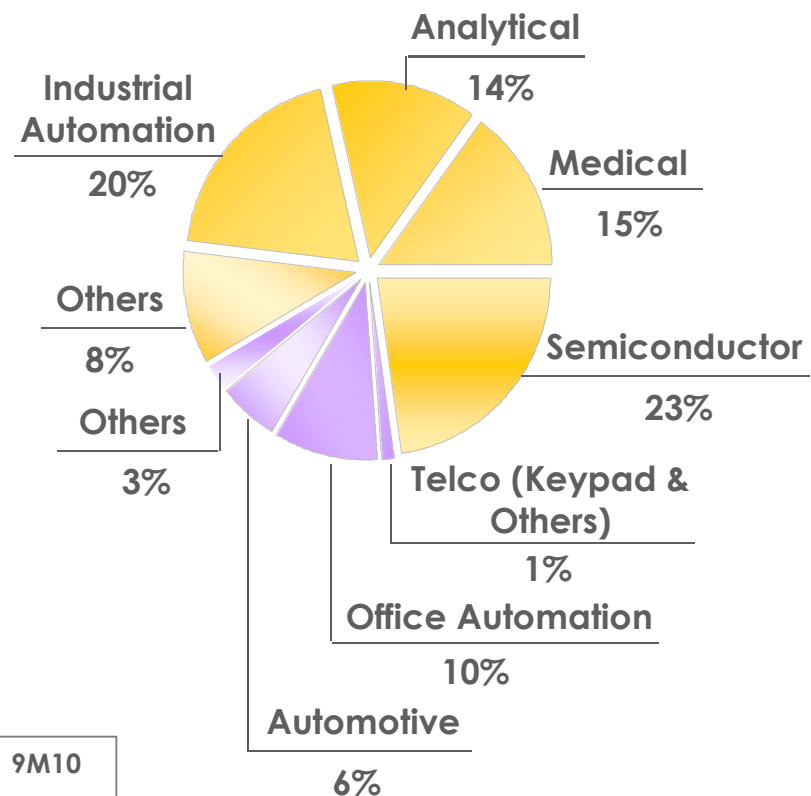
9M10 RESULTS – GROUP REVENUE ANALYSIS

3Q FY2010 Results Briefing

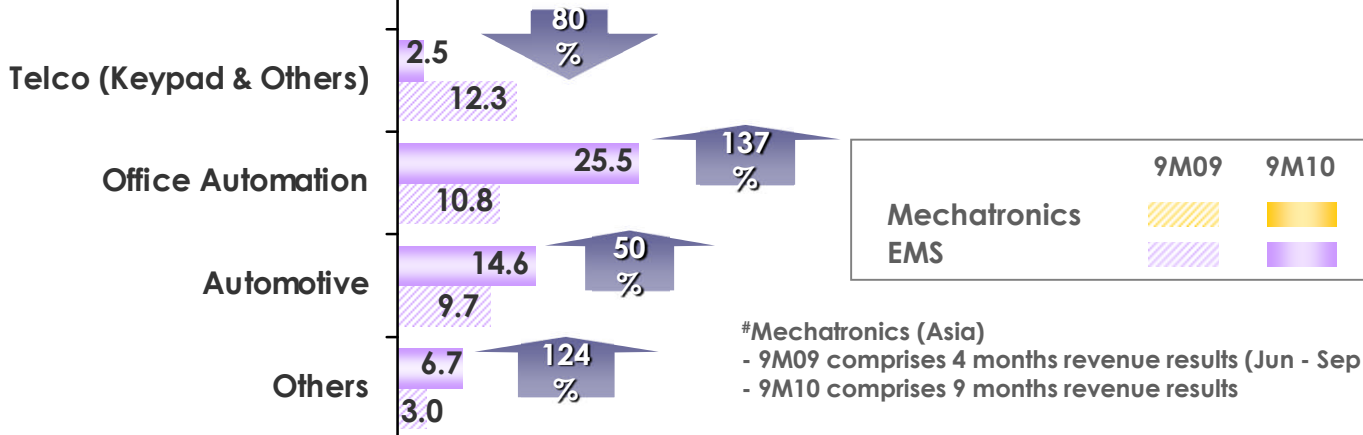
MECHATRONICS (\$\$ m)



Breakdown by Business Segment



EMS (\$\$ m)



#Mechatronics (Asia)
 - 9M09 comprises 4 months revenue results (Jun - Sep 2009)
 - 9M10 comprises 9 months revenue results

Breakdown by Division:
 Mechatronics – 81%
 EMS – 19%

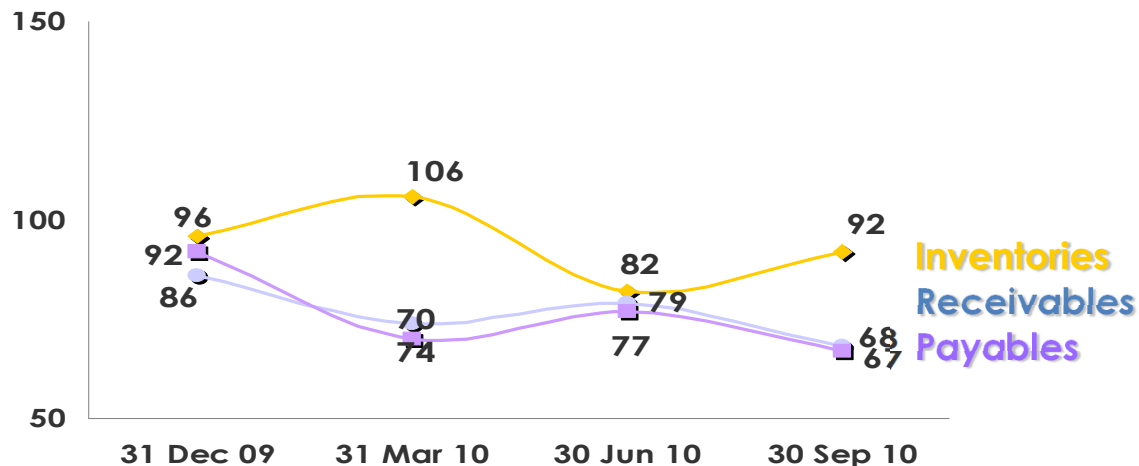
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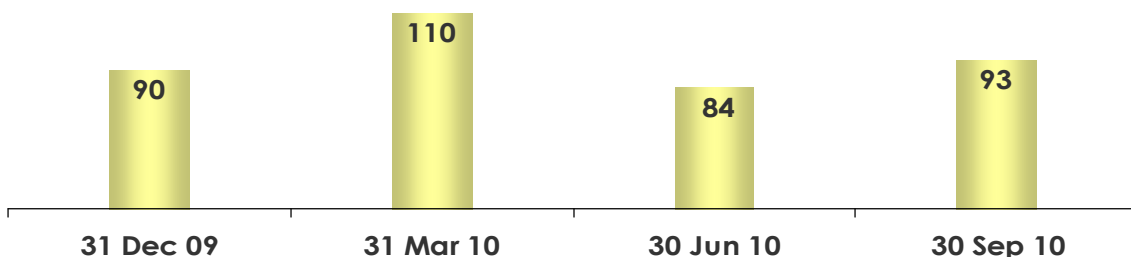
WORKING CAPITAL MANAGEMENT

3Q FY2010 Results Briefing

Turnover Days



Cash Conversion Cycle (Days)



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

(\$ m)	30 Sep 10	31 Dec 09
Inventories	74.9	55.5
Trade Receivables	63.9	54.2
Trade Payables	43.9	34.2

(\$ m) 3 months t o 30th Sept 2010

Net Profit	3.0
<i>Non-Cash</i>	3.6
<i>Working Capital</i>	(1.9)
<i>Taxes & Interest</i>	(1.2)
Net cash flow from operations	3.5
Capital expenditure	(3.7)
Free cash flow	(0.2)

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STRONG BALANCE SHEET

3Q FY2010 Results Briefing

Balance Sheet (\$\$ m)	30 Sep 10	31 Dec 09
Shareholders' equity	193.4	195.3
Total borrowings	37.8	32.3
Cash and cash equivalents	48.8	61.2

Financial Indicators	9M10	9M09
Gross gearing (%)	19.5	16.0
Net asset value per share (\$\$ cents)	52.85	53.56
EPS (\$\$ cents)		
- Before negative goodwill	3.18	(0.27)
- After negative goodwill	3.18	3.72

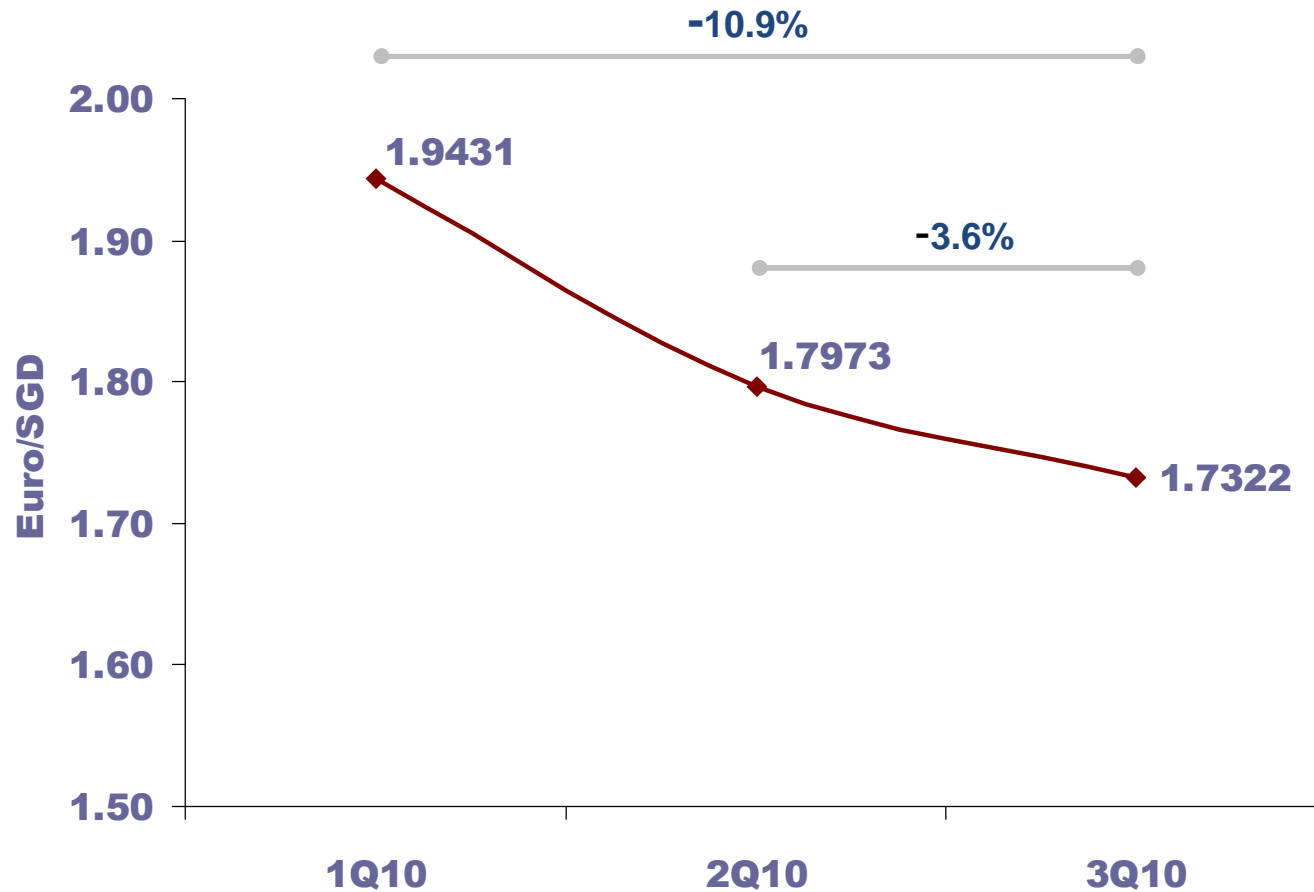
Mechatronics Division Business Review & Outlook

MECHATRONICS DIVISION



FOREX EURO/SGD

3Q FY2010 Results Briefing



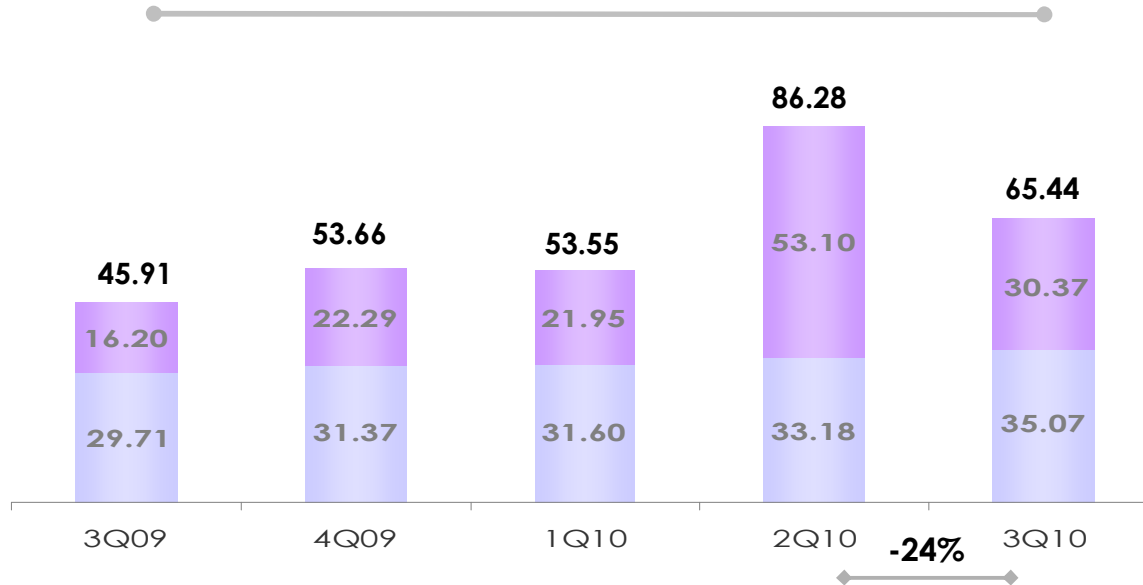
MECHATRONICS DIVISION



SALES

3Q FY2010 Results Briefing

Revenue: +43%



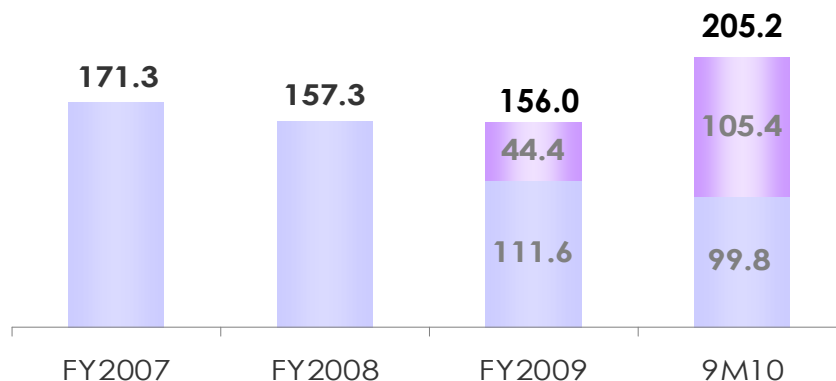
Currency: SGD million



3Q10 Review

- Sales increased 43% y-o-y but decreased 24% q-o-q due to the exceptionally high contribution from the Asian operations in Q2
- Sales from the European operations increased 18% y-o-y and 6% q-o-q. (In Euro terms, sales increased 43% y-o-y and 10% q-o-q)
- Sales from the Asian operations increased 88% y-o-y but decreased 43% q-o-q

9M10 sales ~ 132% of FY2009 sales



Figures are inclusive of additional contributions from the Asia operations wef 1 June 2009– i.e. 7 months in FY2009 and 9 months in FY2010

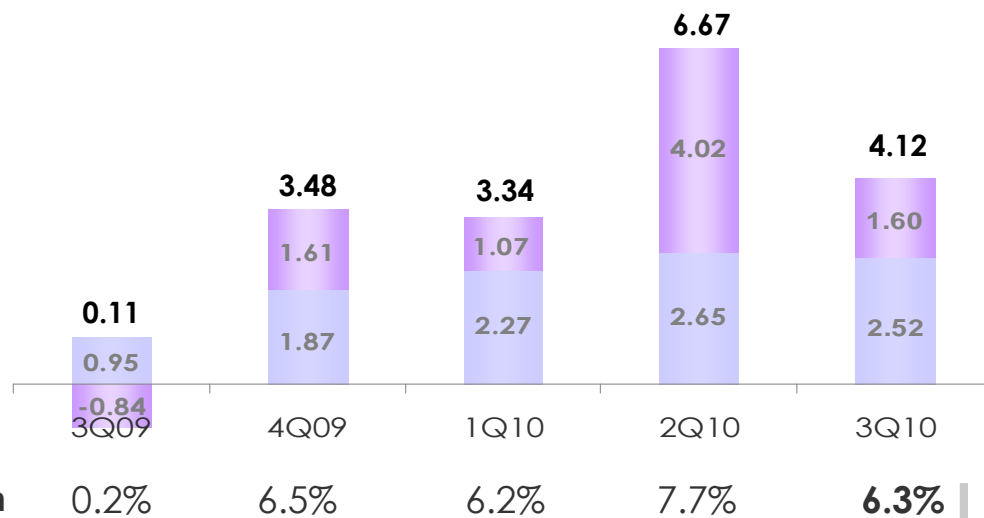
MECHATRONICS DIVISION



NET PROFIT & NET PROFIT MARGIN

3Q FY2010 Results Briefing

Division Net Profit: **+3,680%**



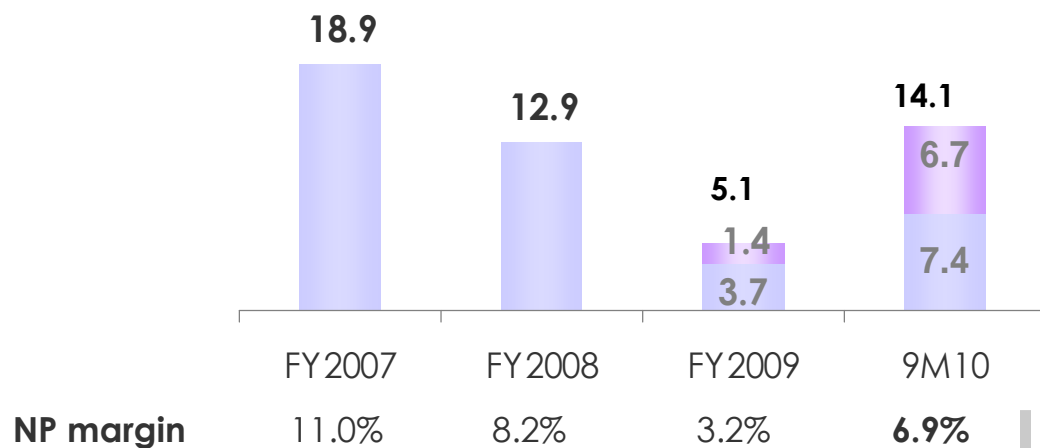
Currency: SGD million

- Mechatronics Europe
- Mechatronics Asia

3Q10 Review

- Net profit increased 3,680% y-o-y but decreased 38% q-o-q
- Net profit for Mechatronics Europe increased 165% y-o-y but decreased 5% q-o-q (In Euro terms, it increased 216% y-o-y but decreased 0.4% q-o-q)

Note: 3Q is typically lower due to the long factory closure for the summer holidays in Europe

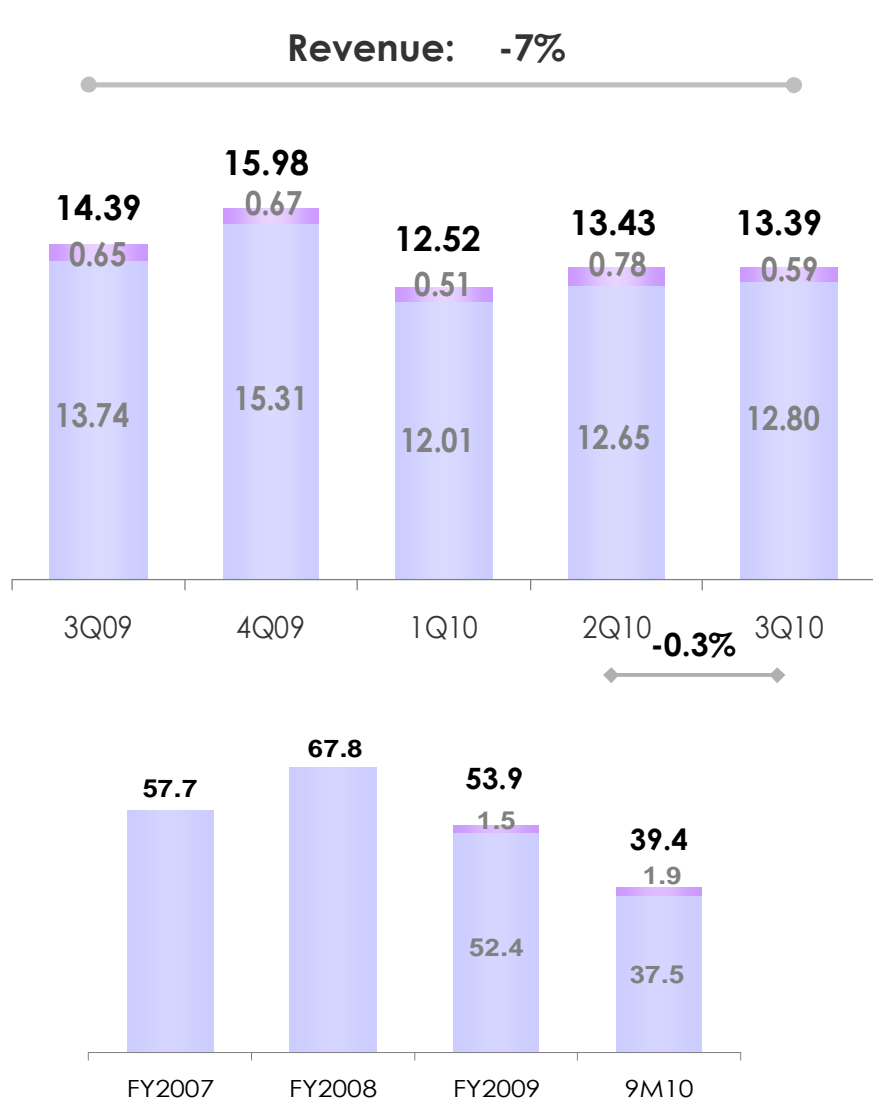


Figures are inclusive of additional contributions from the Asia operations wef 1 June 2009– i.e. 7 months in FY2009 and 9 months in FY2010

MECHATRONICS DIVISION

SALES ANALYSIS – MEDICAL SEGMENT

3Q FY2010 Results Briefing



Currency: SGD million

Mechatronics Europe

Mechatronics Asia

3Q10 Review

- Sales decreased 7% y-o-y and 0.3% q-o-q

Europe

- Sales decreased 7% y-o-y and 1% q-o-q (In Euro terms, sales rose 13% y-o-y and 5% q-o-q)
- Encouraging forecasts from customers for 4Q10

Asia

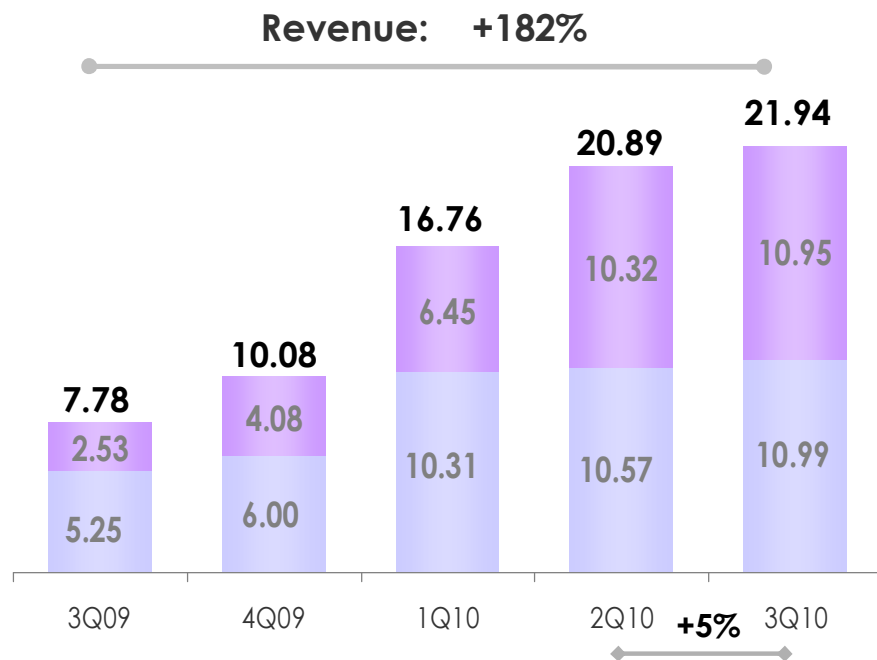
- Sales decreased 10% y-o-y and 24% q-o-q; albeit from a low base

Figures are inclusive of additional contributions from the Asia operations wef 1 June 2009– i.e. 7 months in FY2009 and 9 months in FY2010

MECHATRONICS DIVISION

SALES ANALYSIS – SEMICONDUCTOR SEGMENT

3Q FY2010 Results Briefing



Currency: SGD million

■ Mechatronics Europe

■ Mechatronics Asia

3Q10 Review

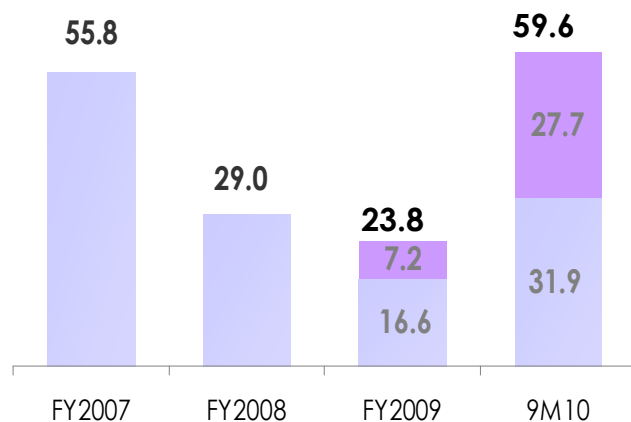
- Sales increased 182% y-o-y and 5% q-o-q
- Strong growth due to the significant improvement in market conditions

Europe

- Sales increased 109% y-o-y and 4% q-o-q (In Euro terms, sales increased 150% y-o-y and 8% q-o-q).

Asia

- Sales increased 333% y-o-y and 6% q-o-q

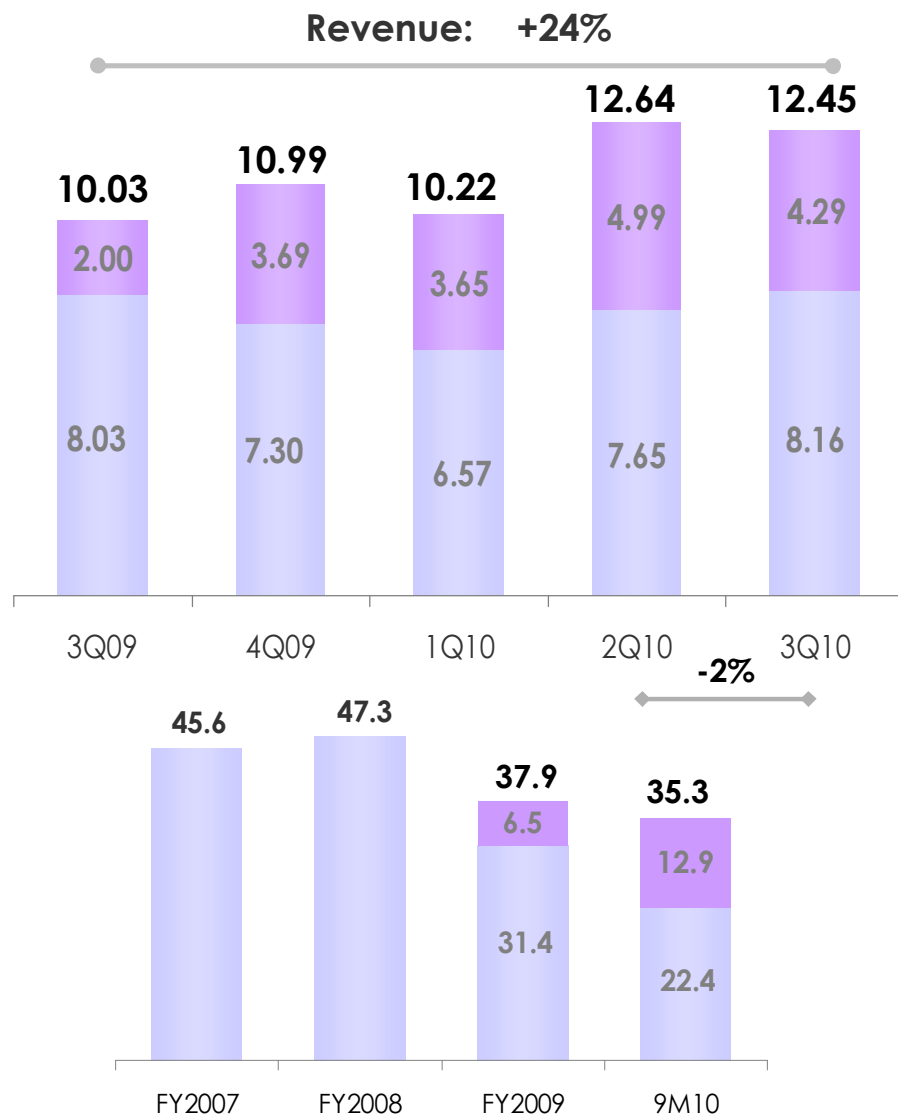


Figures are inclusive of additional contributions from the Asia operations wef 1 June 2009– i.e. 7 months in FY2009 and 9 months in FY2010

MECHATRONICS DIVISION

SALES ANALYSIS – ANALYTICAL SEGMENT

3Q FY2010 Results Briefing



3Q10 Review

- Sales increased 24% y-o-y but decreased 2% q-o-q

Europe

- Sales rose 2% y-o-y and 7% q-o-q. (In Euro terms, sales increased 23% y-o-y and 11% q-o-q)
- Based on customers' forecasts, demand is expected to remain strong over the next few quarters

Asia

- Sales rose 115% y-o-y but decreased 14% q-o-q
- Q-o-q sales remain stable and growth prospects continue to be positive

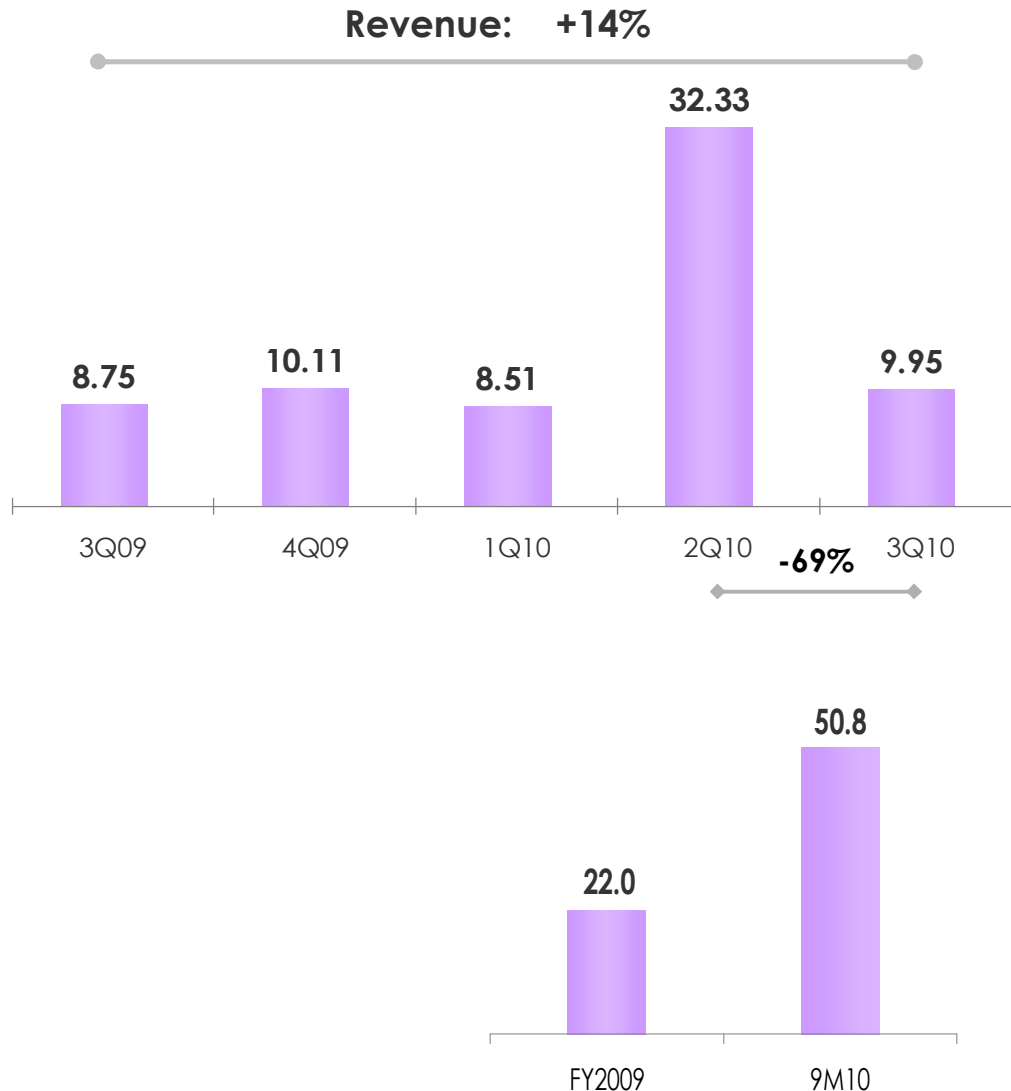
Figures are inclusive of additional contributions from the Asia operations wef 1 June 2009– i.e. 7 months in FY2009 and 9 months in FY2010

MECHATRONICS DIVISION (ASIA)



SALES ANALYSIS – INDUSTRIAL AUTOMATION SEGMENT

3Q FY2010 Results Briefing



Currency: SGD million

3Q10 Review

Asia

- Sales increased 14% y-o-y but decreased 69% q-o-q
- Unusually high 2Q10 sales not sustainable as previously guided
- Revenue from this segment continues to be subject to high volatility

Figures are inclusive of additional contributions from the Asia operations wef 1 June 2009– i.e. 7 months in FY2009 and 9 months in FY2010

MECHATRONICS DIVISION



NEW PROJECT PLANS

3Q FY2010 Results Briefing

**Mechatronics
Europe**

Medical

- Redesign project to enhance an existing product remains on schedule for introduction in 4Q10 (project for a succeeding product is ongoing)
- Project for the pathology market with commercial production anticipated in 4Q10 – CSA and UL approval granted

Semiconductor

- Ongoing engagement in next generation (EUV) lithography equipment
- Ongoing discussion with customer to take over design responsibilities of selected modules for improvement and enhancement of complex key modules for lithography equipment and pick & place machines – prototypes for these projects are currently under evaluation

Analytical

- Completion of a development project with visibility of strong demand for the product
- New development project for market introduction targeted for 4Q10 - prototypes have been validated and awaiting customer's market launch plan

MECHATRONICS DIVISION



NEW PROJECT PLANS

3Q FY2010 Results Briefing

**Mechatronics
Asia**

Medical

- Increasing volume production of components for an existing customer of in-vitro diagnostic and surgical microscope products
- Secured engineering prototype production orders of parts for a new diagnostic products to be fulfilled in 1Q11

Semiconductor

- On going pilot production of modules for a new customers with series production to commence in 1H11 as planned

Analytical

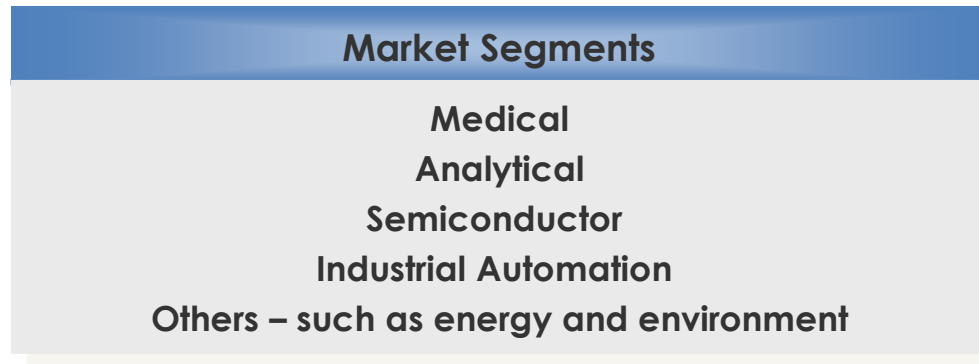
- Ongoing qualification of new parts and modules for 2 new instruments for an existing customer

Industrial Automation

- Prototype build of new automation stations completed for an existing customer and expect commercial production to commence in 1H11

Others

- Ongoing evaluation stage of new projects for precision machining and sheet-metal modules for a number of new customers



Ongoing Initiatives

- Accelerate and enhance design and development capability and capacity in Europe to support 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 the Group's value chain proposition and 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

- Prospects of securing new projects from existing and potential customers (resulting from the geographical expansion and global integration of the Mechatronics Division) remain positive
- Forecast from customers of Mechatronics Europe indicate an increasing trend in demand for the medical and analytical segments
- Barring any unforeseen circumstances, prospects remain positive for 4Q10

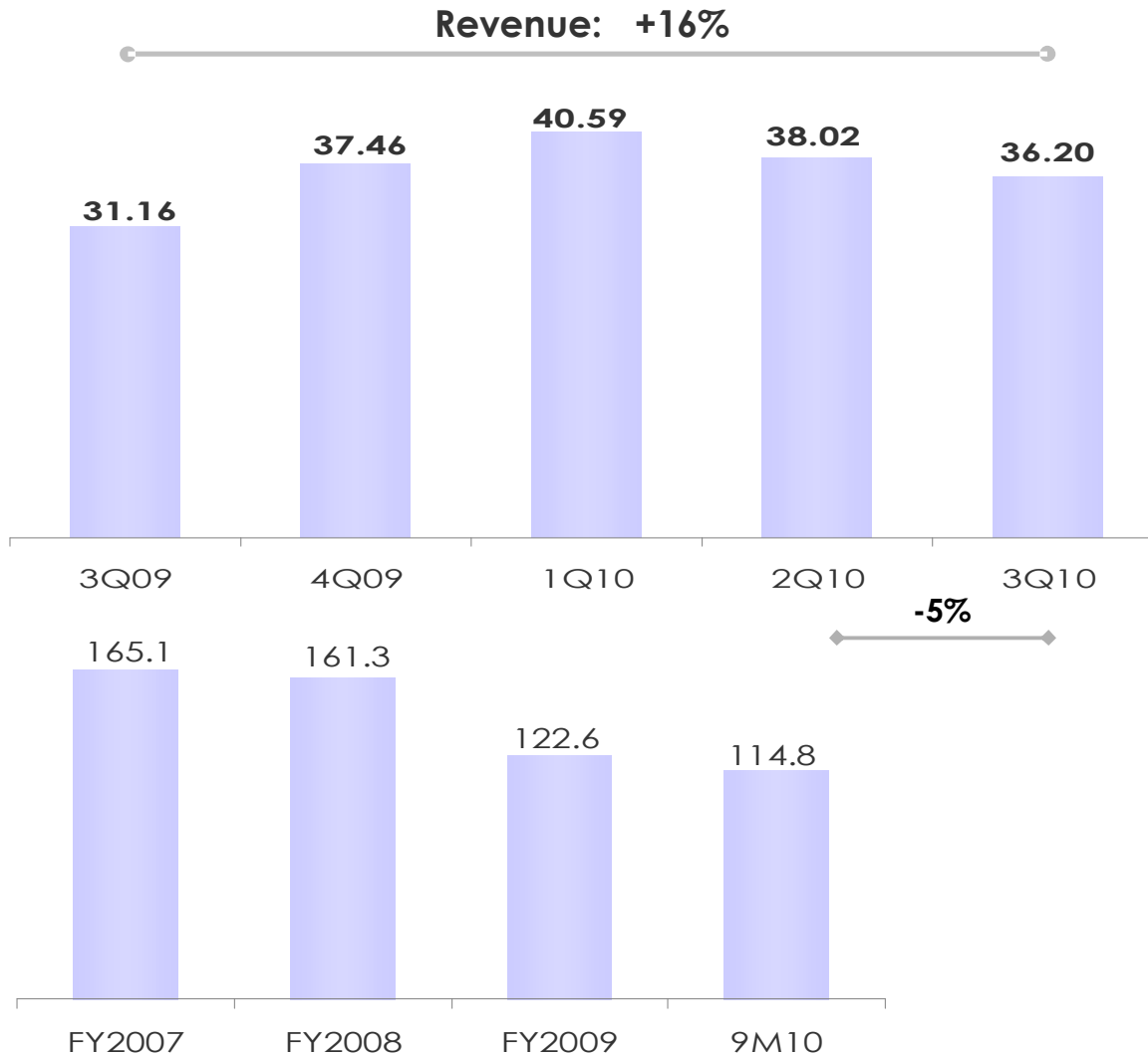
EMS Division Business Review & Outlook

EMS DIVISION



SALES

3Q FY2010 Results Briefing



Currency: RM million

3Q10 Review

- Sales increased 16% y-o-y but decreased by 5% q-o-q

EMS DIVISION



NET PROFIT & NET PROFIT MARGIN

3Q FY2010 Results Briefing

Division Net Profit: **-62%**



Currency: RM million

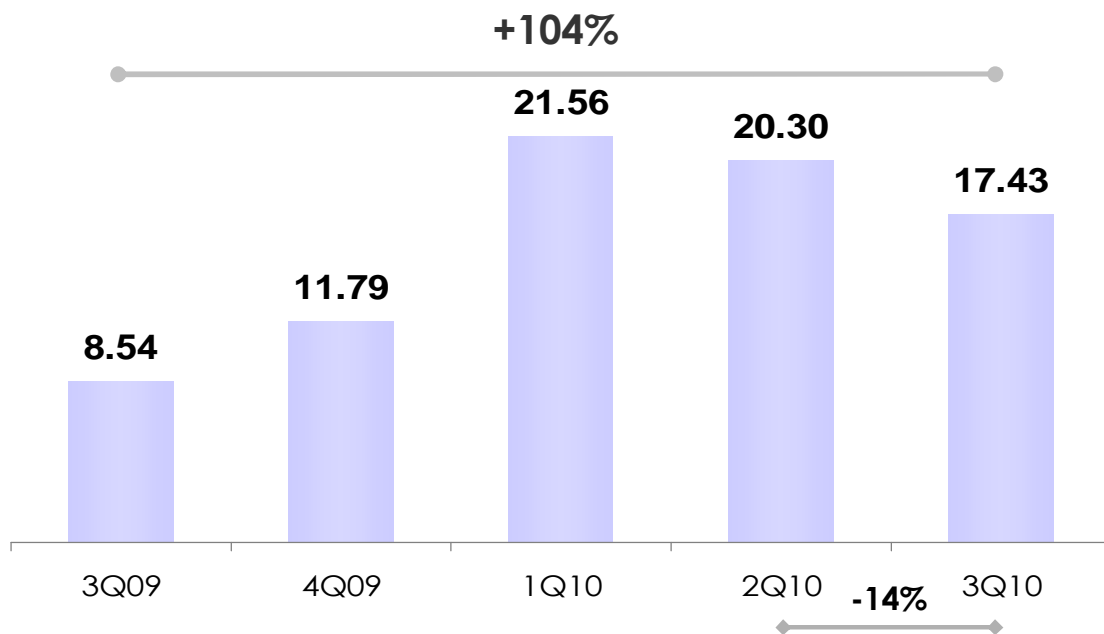
Net Profit Margin	
3Q09	-6.9%
4Q09	-12.2%
1Q10	-0.7%
2Q10	-6.8%
3Q10	-9.7%

Net Profit Margin	
FY2007	5.9%
FY2008	3.2%
FY2009	-8.0%
9M10	-5.5%

EMS DIVISION

SALES ANALYSIS – OFFICE AUTOMATION SEGMENT

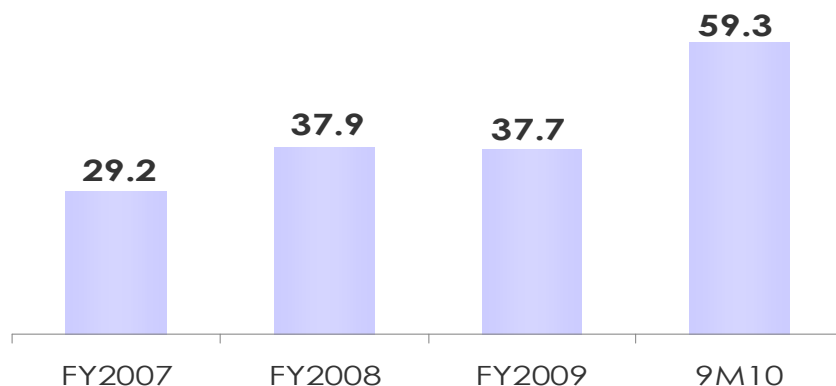
3Q FY2010 Results Briefing



Currency: RM million

3Q10 Review

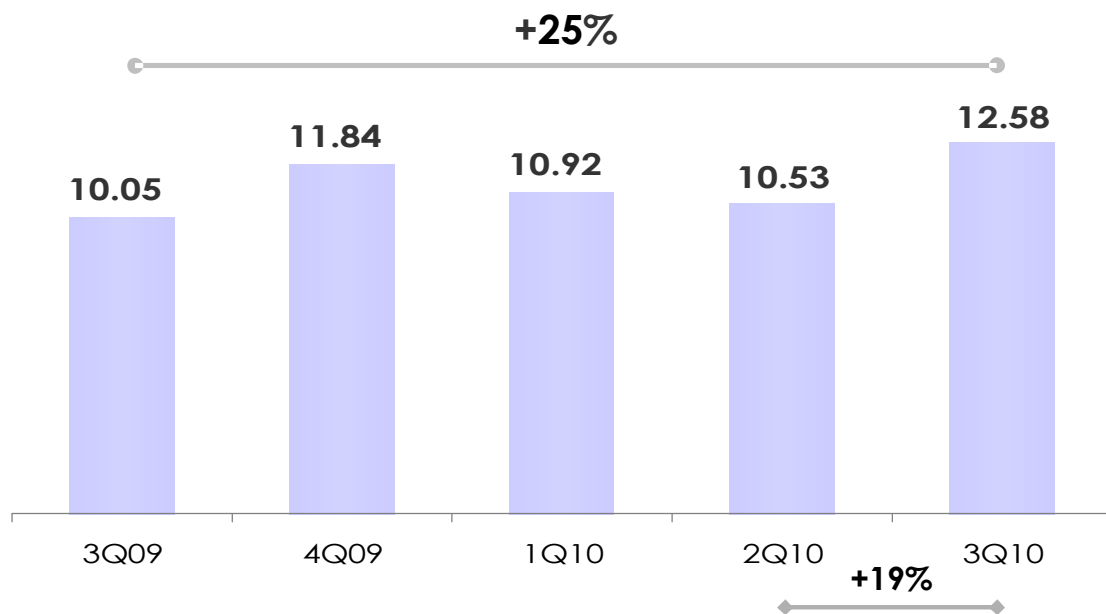
- Sales increased 104% y-o-y but decreased by 14% q-o-q
- Stable q-o-q sales in FY2010 but subject to some volatility due to the timing of billings for tooling and product-unique equipment for ongoing industrialisation projects



EMS DIVISION

SALES ANALYSIS – AUTOMOTIVE SEGMENT

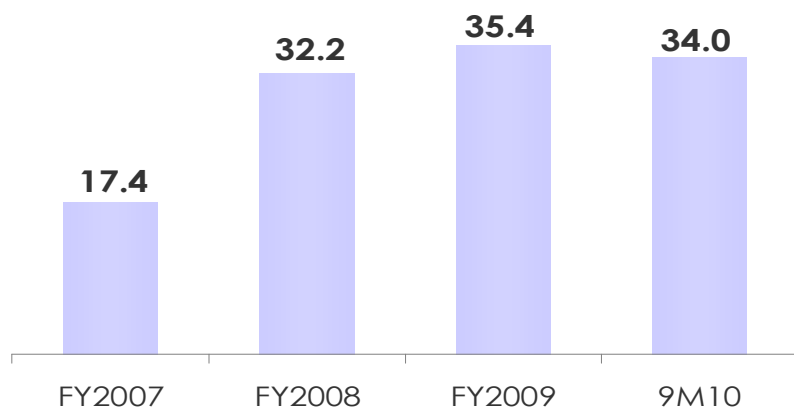
3Q FY2010 Results Briefing



Currency: RM million

3Q10 Review

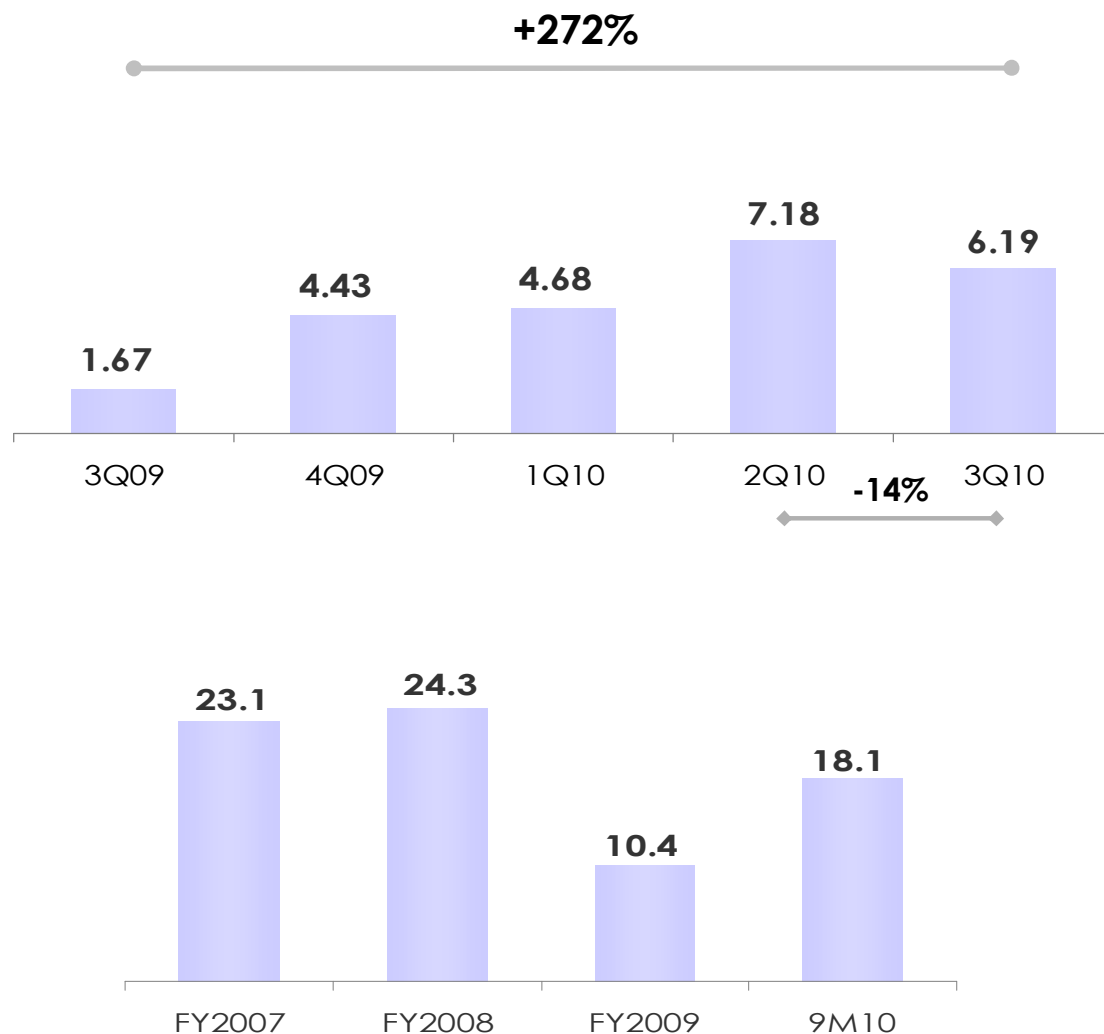
- Sales increased 25% y-o-y and 19% q-o-q
- Stable q-o-q sales in FY2010 but subject to some volatility due to the timing of billings for tooling and product-unique equipment for ongoing industrialisation projects



EMS DIVISION

SALES ANALYSIS – OTHERS (INCLUDES TELCO) SEGMENT

3Q FY2010 Results Briefing



Currency: RM million

3Q10 Review

- Sales increased 272% y-o-y but decreased by 14% q-o-q
- Sales of parts and products for telco business segment has been reclassified to “Others” segment (following the discontinuance of the keypad business in February 2010)
- In view of the above, y-o-y comparison is not meaningful

Office Automation

- Ongoing industrialisation project is currently at parts validation and engineering build phase. Target to commence commercial production in 3Q11

Automotive

- Ongoing industrialisation of a significant project for an existing customer. Commercial production anticipated in 3Q11
- Another ongoing significant project for an existing customer has just completed tooling and automation line launch. Commercial production anticipated in 4Q11
- A number of smaller industrialisation projects are ongoing with commercial production anticipated between 2Q11 to 4Q11

- Continuing the operational enhancement and rationalisation of the recently consolidated entity towards a leaner and more cost effective outfit
- Realigning operations to strengthen focus on the automotive and office automation business segments
- Continue to work on various initiatives to expand our customer base in the automotive business segment
- Evaluating various options to speed up the geographical expansion of the automotive business into China

- Prospects of securing new projects and new customers in the automotive business segment remain positive
- Revenue from the automotive and office automation segment is expected to remain stable for the next few quarters
- Barring unforeseen circumstances, expect gradual revenue growth from 3Q11 onwards when ongoing industrialisation projects go into commercial production
- In the short term, contribution from the office automation and automotive product segments are not expected to fully offset the loss of contribution from the keypad business segment for FY2010 and FY2011

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.

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Q&A

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