



FY2013 Results Presentation



FOCUS



INNOVATE



SIMPLIFY



FRENCKEN GROUP LIMITED

INCORPORATED IN SINGAPORE

Agenda

Financial Review

KEY FIGURES FOR FY2013

Corporate Overview

Mechatronics Division Review

OPERATIONAL INITIATIVES AND UPDATES
GROWTH DRIVERS AND LONGER TERM STRATEGY

IMS Division Review

OPERATIONAL INITIATIVES AND UPDATES
GROWTH DRIVERS AND LONGER TERM STRATEGY





FY2013 Results Presentation



•
•
•
•
•
•
•

Financial Review

FY2013 Results

Financial Overview

	<u>S\$m</u>	<u>Chg y-o-y</u>
❖ Group Revenue	444.7	23% ↑
❖ Net Profit	17.7	N.M.
❖ Net Cash Generated from Operation	28.0	86% ↑
	<u>31 Dec 13</u>	<u>31 Dec 12</u>
❖ Shareholders' Equity (S\$m)	205.3	186.8
❖ Net Gearing (%)	15.4	20.5

N.M. – Not Meaningful

FY2013 Results

Division Revenue Analysis

(S\$ m)	FY2013	FY2012	Chg y-o-y
<u>Mechatronics</u>			
Semiconductor	50.8	57.7	-12%
Medical	61.0	64.9	-6%
Analytical	85.1	71.2	20%
Industrial Automation	45.2	42.3	7%
Others	31.8	34.4	-8%
	273.9	270.5	1%
<u>IMS</u>			
Office Automation	29.6	25.0	18%
Automotive	98.8	47.8	107%
Consumer & Industrial Electronics	26.3	5.4	387%
Others	1.8	3.6	-48%
Product Sales	156.5	81.8	91%
Tooling Sales	14.3	8.7	66%
	170.8	90.5	89%
Total	444.7	361.0	23%

FY2013 Results

Consolidated results FY2013 vs FY2012

		FY2013		FY2012		YOY% Change	
		Sales	Profit/ (Loss) *	Sales	Profit/ (Loss) *	Sales	Profit/ (Loss)
FGL Ltd	SGD	444.7	17.7	361.0	(11.8)	23%	N.M.
Mechatronics Division	SGD	273.9	9.1	270.5	9.2	1%	-1%
IMS Division	SGD	170.8	9.7	90.5	(14.2)#	89%	N.M.
Exceptional Items	SGD	-	(0.4)	-	(6.3)	-	-94%
<u>Analysis of Exceptional Items</u>							
- Impairment Loss of Investment	SGD	-	(0.4)	-	(0.4)	-	3.3%
- Acquisition expenses	SGD	-	-	-	(2.0)	-	N.M.
- Negative Goodwill from Acquisition	SGD	-	-	-	1.1	-	N.M.
- Impairment loss of goodwill in subsidiary	SGD	-	-	-	(3.3)	-	N.M.
- Impairment loss of deferred development costs	SGD	-	-	-	(1.7)	-	N.M.
	SGD	-	(0.4)	-	(6.3)	-	-94%

Note: IMS Division: Includes Juken's post acquisition results for 12 months in FY2013 and 3 months in FY2012 (from October 2012 to December 2012)

*Excludes Investment Division

Includes reversal of DTA of SGD3.3m

N.M. – Not Meaningful

FY2013 Results

P&L Snapshot

(S\$ m)	FY2013	FY2012	Chg y-o-y
Revenue	444.7	361.0	23%
Gross Profit (GP)	66.9	31.6	112%
Profit Before Tax <i>before exceptional items</i>	22.9	0.5	4614%
Exceptional Items	(0.4)	(6.3)	-94%
Profit/(Loss) Before Tax <i>after exceptional items</i>	22.5	(5.8)	N.M.
Net Profit/(Loss)	17.7	(11.8)	N.M.
NP/(NL) Margin	4.0%	-3.3%	N.M.
Effective Tax Rate <i>after exceptional items</i>	19.3%	N.M.	N.M.

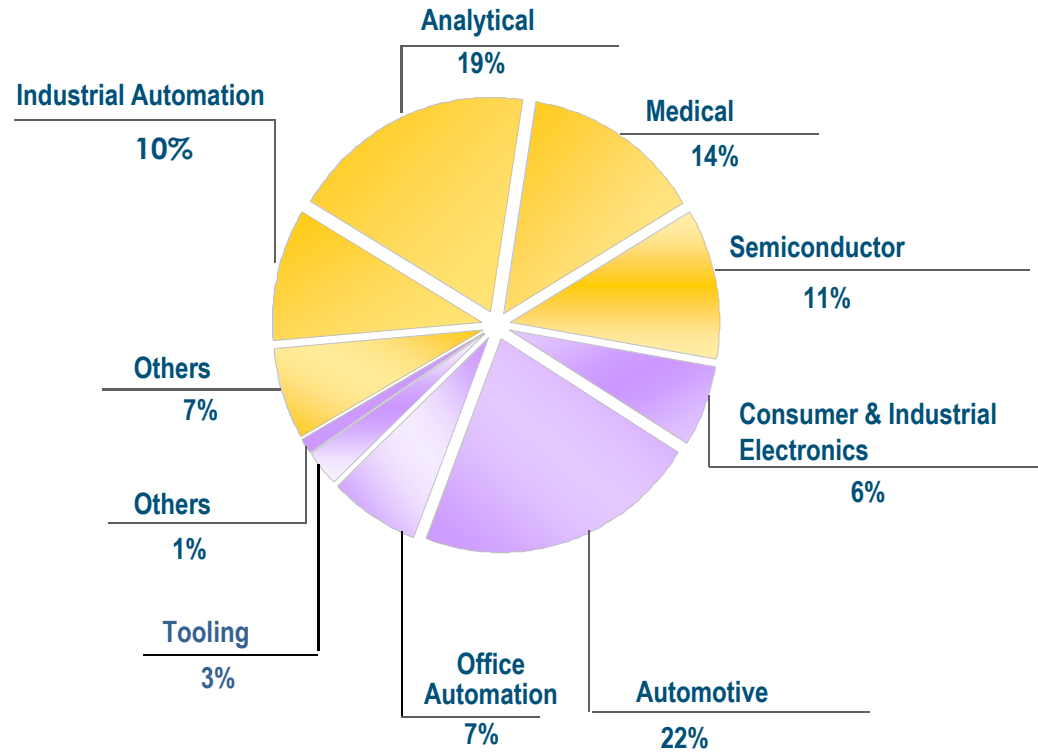
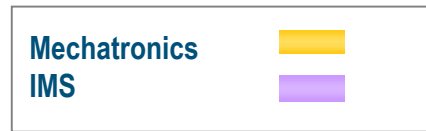
Note: FY2013 results incorporates Juken's post acquisition results for 12 months while for FY2012 incorporates 3 months results (from October 2012 to December 2012)

N.M. – Not Meaningful

FY2013 Results

Revenue Analysis By Business Segment

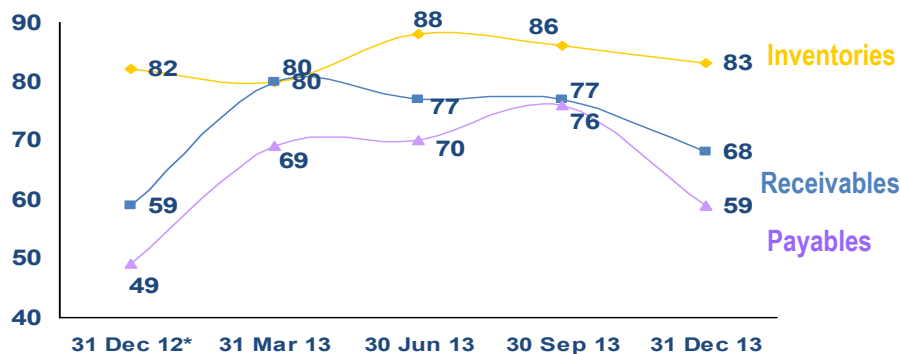
Breakdown by Division:
Mechatronics – 61%
IMS – 39%



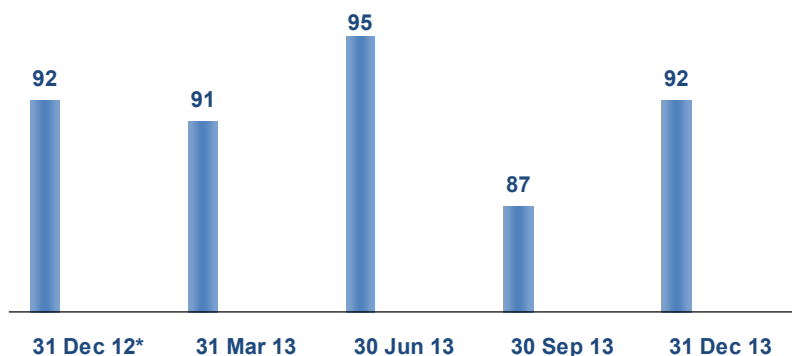
FY2013 Results

Working Capital Management

Turnover Days



Cash Conversion Cycle (Days)



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

* Exclude Juken's Data

(\$ m)

FY2013

Net Profit	17.7
<i>Non-Cash</i>	26.8
<i>Working Capital</i>	(9.8)
<i>Taxes & Interest</i>	(6.8)
Net cash flow from operations	27.9
Capital expenditure / Intangible assets	(17.9)
Free cash flow	10.0

FY2013 Results

Balance Sheet Items

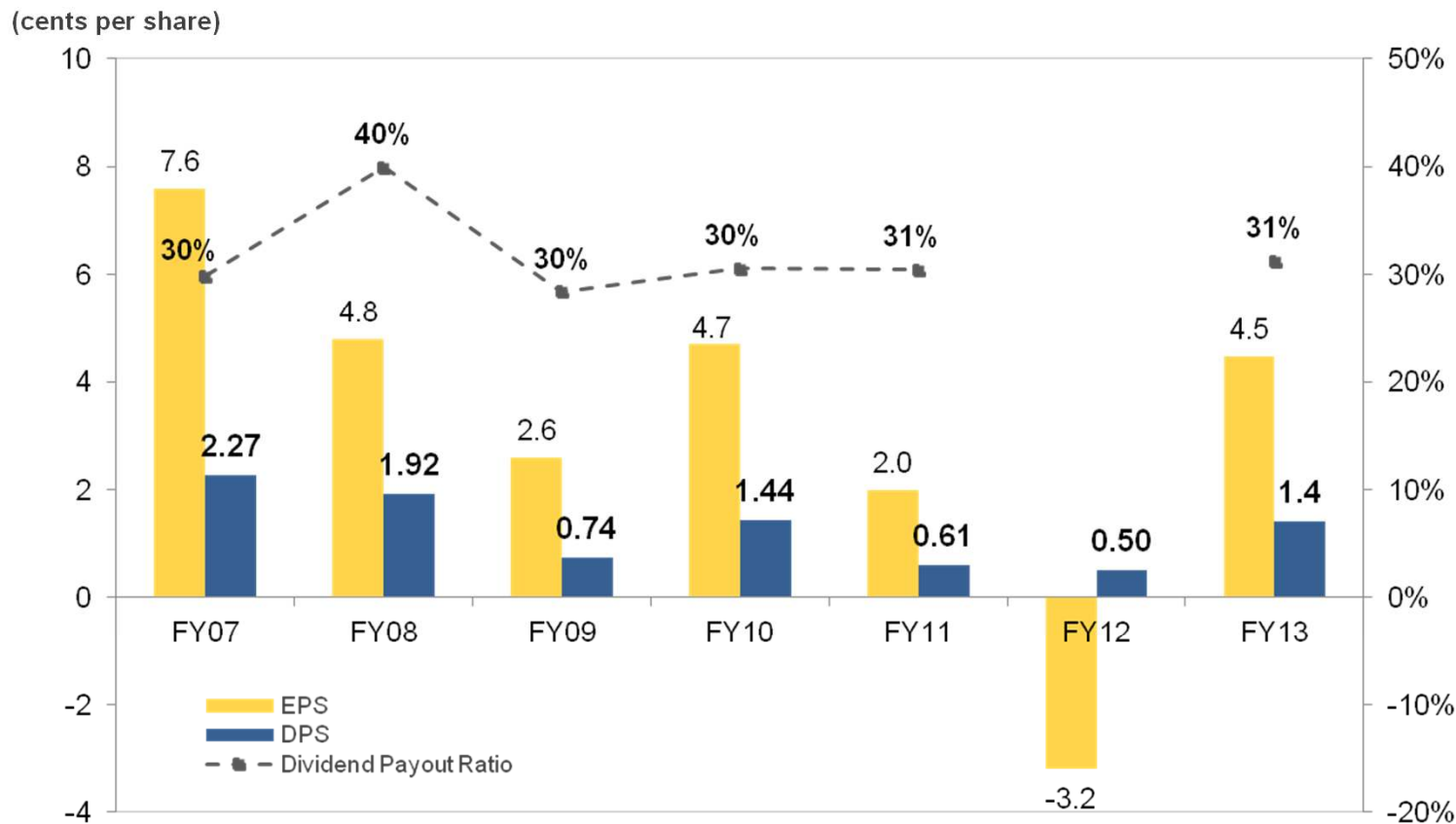
Balance Sheet (S\$ m)	31 Dec 13	31 Dec 12
Shareholders' equity	205.3	186.8
Total borrowings	51.2	88.6
Cash and cash equivalents	19.6	50.3
Net Debt	31.6	38.3

Financial Indicators	31 Dec 13	31 Dec 12
Gross gearing (%)	24.9	47.4
Net gearing (%)	15.4	20.5
Net asset value per share (S\$ cents)	51.54	47.15

Financial Indicators	FY2013	FY2012
EPS (S\$ cents)	4.47	(3.16)
DPS (S\$ cents)	1.40	0.50

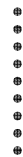
Dividend History

PROPOSED FINAL DIVIDEND OF 1.4 CENTS PER SHARE FOR FY2013





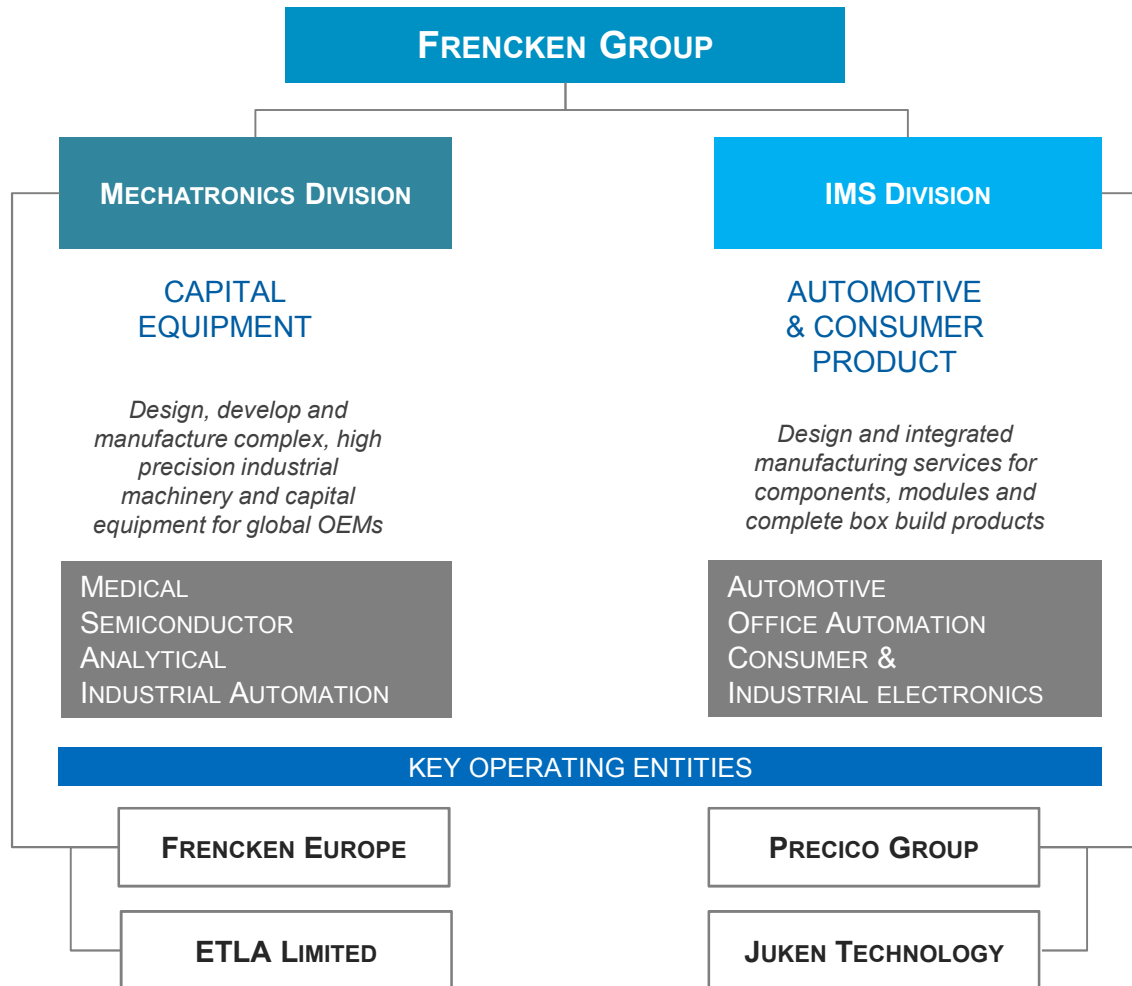
FY2013 Results Presentation



Corporate Overview

Business Overview

High-Tech Capital Equipment and Consumer Product Service Provider



Business Overview

Group Operating Structure



Frencken Group Limited

Mechatronics Division

IMS Division

Europe

Asia

North America

Frencken Europe B.V.

Eindhoven, The Netherlands

ETLA Limited.

Changi, Singapore

Frencken America Inc.

Spokane, WA, USA

Precico Group Sdn.Bhd.

Penang, Malaysia

Juken Technology Ltd.

Singapore

Frencken Mechatronics B.V.

Eindhoven, The Netherlands

ETLA Technologies (Wuxi) Co., Ltd.

Wuxi, China

Precico Electronics Sdn.Bhd.

Penang, Malaysia

Juken Technology Engineering Shd. Bhrd.

Kuala Lumpur & Johor Bahru, Malaysia

Machinefabriek Gebrs. Frencken B.V.

Eindhoven, The Netherlands

Frencken Mechatronics (M) Sdn Bhd

Bangi, Malaysia

NTZ International Holding B.V.

Rotterdam, The Netherlands

PT Juken Technology Indonesia

Indonesia

Optiwa B.V.

Reuver, The Netherlands

Juken (Zhuhai) Co., Ltd.

Juken Micro-Air (Tianjin) Technology Co., Ltd.

China

Juken Uniproducts Ltd.

India

Frencken Engineering B.V.

Eindhoven, The Netherlands

Juken Swiss Technology AG

Grenchen, Switzerland

Juken (Thailand) Co., Ltd.

Thailand

Frencken Allmepp Projects B.V.

Eindhoven, The Netherlands

Business Overview

Global scale of operations



Legend

Mechatronics Division
IMS Division

- operating sites
- sales representative office
- operating sites
- sales representative offices

Business Overview

Global customer base includes ...

Mechatronics Division

MEDICAL



SEMICONDUCTOR



ANALYTICAL



INDUSTRIAL AUTOMATION



SEAGATE GROUP



IMS Division

AUTOMOTIVE



OFFICE AUTOMATION



CONSUMER & INDUSTRIAL



* Customer list is not exhaustive due to confidentiality requirements



FY2013 Results Presentation



•
•
•
•
•
•
•

Mechatronics Division Review

Mechatronics Division

One-stop Outsourcing Solutions Provider

- **Good reputation** within the global high-precision capital equipment industry for both development and production
- **Global presence** close to key customers worldwide
- Typically we are the **single supplier** of key components, modules and equipment manufactured
- **Manufactures**
 - Mechanical parts
 - Mechanical assemblies
 - Complex mechatronic modules
 - Complete equipment

MEDICAL



Patient Table for Interventional X-Ray System



Carriage Assembly for Oncology System

SEMICONDUCTOR

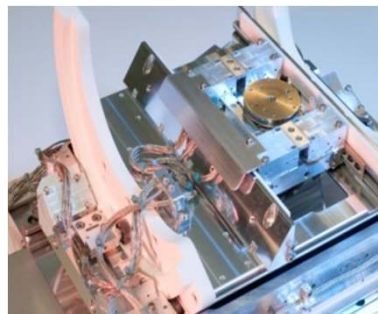


E-beam Lithography Tool



Test Head Assembly for IC Tester

ANALYTICAL

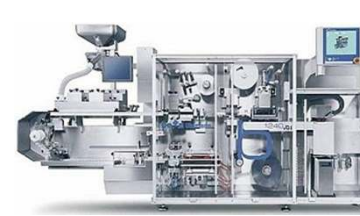


Specimen Stage for Scanning Electron Microscope

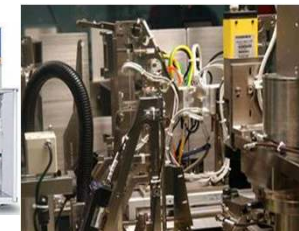


Ion Source for Mass Spectrometer

INDUSTRIAL AUTOMATION



Pharmaceutical Packaging Machine



High-speed Automation For Data Storage Assembly

Mechatronics Division

Operational Initiatives and Updates

- **ACQUISITION OF ALL MEPP (THE NETHERLANDS) IN 2013**
 - To expand engineering talent particularly in the medical devices segment
 - To strengthen Intellectual Property Rights position
- **EXPANSION AND UPGRADING OF MANUFACTURING FACILITIES**
 - Optiwa B.V. has added over 5000 sqm of production space, to include cleanroom for mechanical assembly
 - Frencken Mechatronics B.V. has almost doubled its cleanroom facilities
 - ETLA Singapore and Wuxi facilities obtained ISO 13485:2003 certification for medical products
- **DIGITAL PATHOLOGY SCANNER RECEIVED APPROVAL FROM US FDA (SECTION 510K)**
 - Identified as major future growth area by customer



Mechatronics Division

Growth Drivers and Long-term Strategy

- **CURRENT INDICATORS SUPPORT GROWTH IN 2014**

- Driven by semiconductor, analytical and medical segments
- Gradual recovery expected in the European and USA economies

- **CHINA TO BE A KEY GROWTH MARKET**

- Increasing proportion of our customers' products being sold into the China market
- Frencken's Wuxi and SE Asia plants support customers' expansion in Asian region
- Local-to-local strategy optimizes supply chain and helps improve customers' time to market leadership

- **JOINT PRODUCT DEVELOPMENT WITH CUSTOMERS (BUILD-TO-PRINT "PLUS")**

- Engaged from early stages of product development to full life-cycle management

- **FOCUS ON LONG LIFE CYCLE PRODUCTS**

- Typical product development can go up to 4 years, leading to long term stable sales of between 10-15 years and providing after-sales service for parts for another 10 years

- **PROPRIETARY PRODUCTS – CATALYST FOR FUTURE GROWTH**

- Investing into the development of ODM products for the medical business segment
- Motors and motion control products driven from Frencken America





Corporate Presentation



FOCUS



INNOVATE



SIMPLIFY



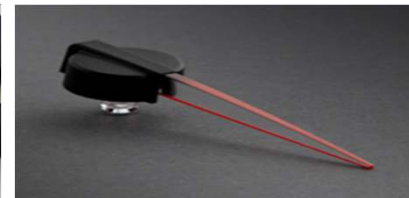
IMS Division Review

IMS Division

Integrated Manufacturing Services Provider

- **Track record** of providing integrated contract design and manufacturing services to the automotive, industrial and consumer electronics industries
- **Strategic operating presence** in key Asia Pacific growth markets for automotive products
- **Manufactures**
 - Single components
 - Conventional moulding
 - 2K moulding
 - Micro-moulding (gears)
 - Mechanical assemblies
 - Switch and switch lever modules
 - Box build products

AUTOMOTIVE



CONSUMER PRODUCTS



IMS Division

Operational Initiatives and Updates

- **ACQUISITION OF SUPERTOOL INDUSTRIES PTE LTD IN 2013**

- Strengthen the Group's technical capabilities in the design and manufacture of plastic injection moulding tools
- Longer term, to consolidate and enhance the Group's overall design and manufacture capabilities and capacity

- **ACQUISITION OF NTZ INTERNATIONAL B.V. IN 2014**

- Broaden our automotive product offering to include proprietary high-quality oil filtration products for engine, transmission and power steering applications



- **EXPANSION OF JUKEN INDIA**

- Commenced stepper motor assembly in 4Q13
- Introduction of spray, printing and laser capabilities in 2014
- Overall expansion of production space, capacity and capabilities to be ready for the next phase of growth in the Indian automotive market

IMS Division

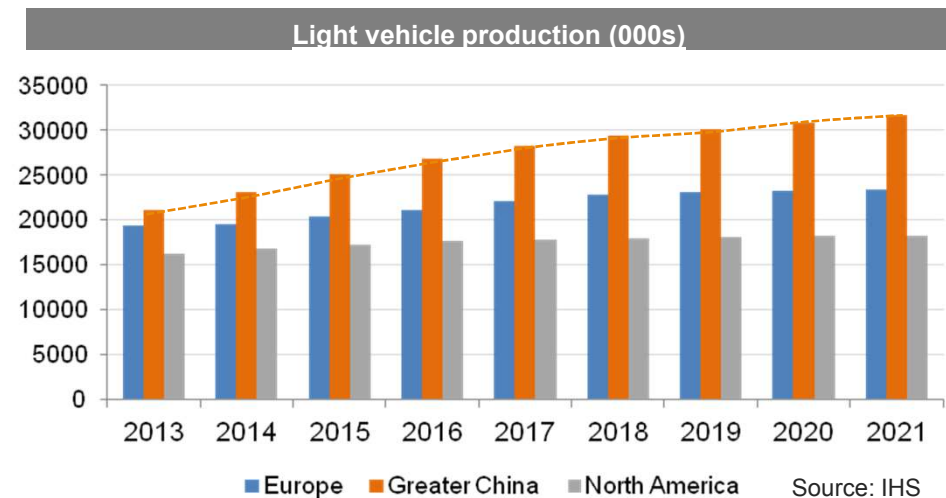
Growth Drivers and Long-term Strategy

- **CURRENT INDICATORS SUPPORT HIGHER AUTOMOTIVE SALES IN 2014**

- Driven by existing projects in hand as well as new product launches in 2014
- Consequently, revenue of office automation and consumer electronics business is expected to gradually decline

- **TARGETING THE AUTOMOTIVE GROWTH MARKETS IN THE ASIA PACIFIC REGION**

- Automotive markets in China, India and Asean region are at the growth stage
- Adopt local-to-local strategy to improve time to market, reduce pipeline inventory as well as currency exchange risk
- Expand integrated capabilities to more operating sites – China, India, Indonesia and Thailand



- **INCREASE MARKET SHARE IN EUROPE AND USA**

- Cross sell to existing customers of Precico and Juken
- Capitalise on the Precico/Juken combined capabilities to win new projects
- Labour rates in Asia Pacific are still very competitive as compared to Europe and North America

Safe Harbour for Forward-Looking Statements



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, indicators, projections and assumptions about future events. Although Frencken Group Limited believes that these expectations, indicators, 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 or withdraw any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.



FOCUS



INNOVATE



SIMPLIFY

*
*
*
*
*
*
*
*
Frencken Group Limited Contact
c/o Precico Group Sdn Bhd
Tel (60) 4 388 3078
corp@precico.com.my

Investor Relations Contact
Octant Consulting
Tel (65) 6296 3583
herman@octant.com.sg
lisa@octant.com.sg