



1H14 Analyst Briefing



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FRENCKEN GROUP LIMITED

INCORPORATED IN SINGAPORE

1H14 Results

Financial Overview

1. Group Revenue of S\$236.6 million, up 10% from 1H 2013 of S\$215.7 million.

2. Group Net Profit of S\$8.4 million, up 15% from 1H 2013 of S\$7.2 million.

3. Net Cash Used in Operating Activities S\$ 0.7 million.

4. Earnings per Share of 2.08 cents, up 14% from 1H 2013 of 1.83 cents.

5. Annualised Return on Equity of 8.0%.

6. Net Gearing of 24.9%.

1H14 Results

Division Revenue Analysis

(S\$ m)	1H14	1H13	Chg y-o-y
<u>Mechatronics</u>			
Semiconductor	36.2	22.7	59%
Medical	31.0	29.9	4%
Analytical	44.5	43.5	2%
Industrial Automation	18.4	20.0	-8%
Others	15.3	17.0	-10%
	145.4	133.1	9%
<u>IMS</u>			
Automotive	59.2	47.1	26%
Office Automation	12.7	14.8	-14%
Consumer & Industrial Electronics	11.5	14.0	-17%
Others	1.2	1.1	3%
Product Sales	84.6	77.0	10%
Tooling Sales	6.6	5.6	18%
	91.2	82.6	10%
Total	236.6	215.7	10%

Lifted by back-end equipment sales in Asia

Sales remained stable

Slower orders in Europe

Lumpy with higher sales in 2Q14

Driven by new and existing projects

In line with plan to scale back mail facilitating products

Sales of camera components in Thailand declined faster than expected

1H14 Results

Consolidated results 1H14 vs 1H13

(S\$ m)	1H14		1H13		YOY% Change	
	Sales	Profit*	Sales	Profit*	Sales	Profit
FGL Ltd	236.6	8.4	215.7	7.2	10%	15%
Mechatronics Division	145.4	5.5	133.1	4.0	9%	38%
IMS Division	91.2	2.8	82.6	3.7	10%	-24%

N.M. – Not Meaningful

*Excludes Investment Division

1H14 Results

P&L Snapshot

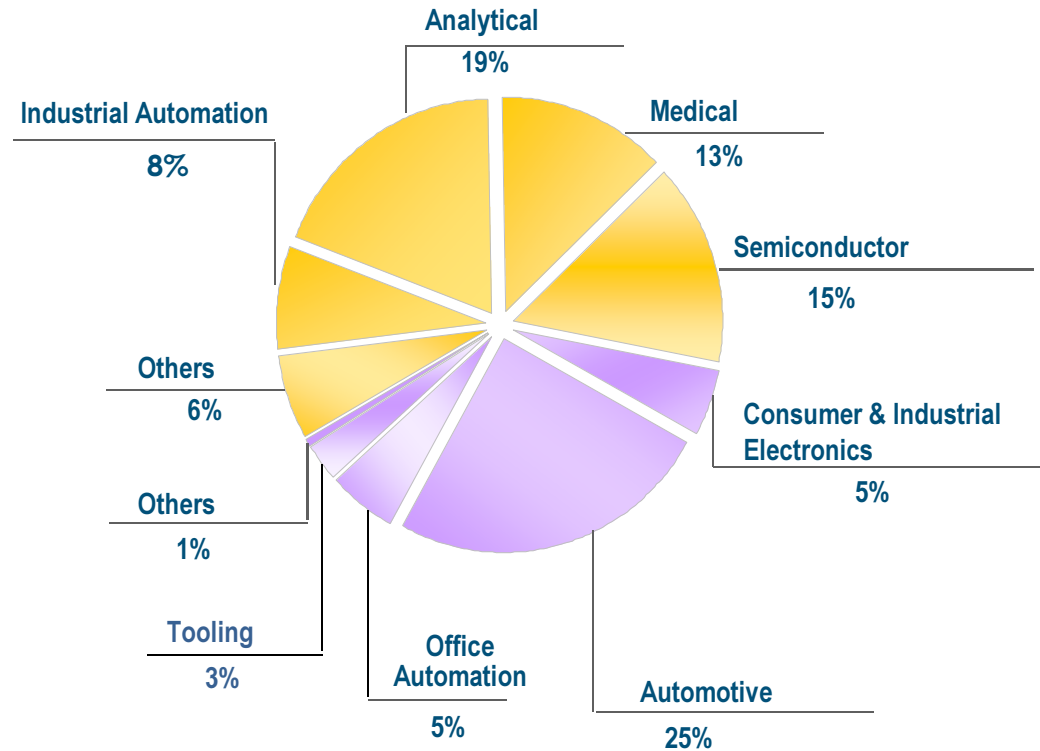
(S\$ m)	1H14	1H13	Chg y-o-y
Revenue	236.6	215.7	10%
Gross Profit (GP)	37.4	32.1	17%
Profit Before Tax	11.2	10.0	12%
Net Profit	8.4	7.2	15%
<i>NP Margin</i>	3.5%	3.4%	5%
Effective Tax Rate	25.1%	26.2%	-4%

1H14 Results

Revenue Analysis By Business Segment

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

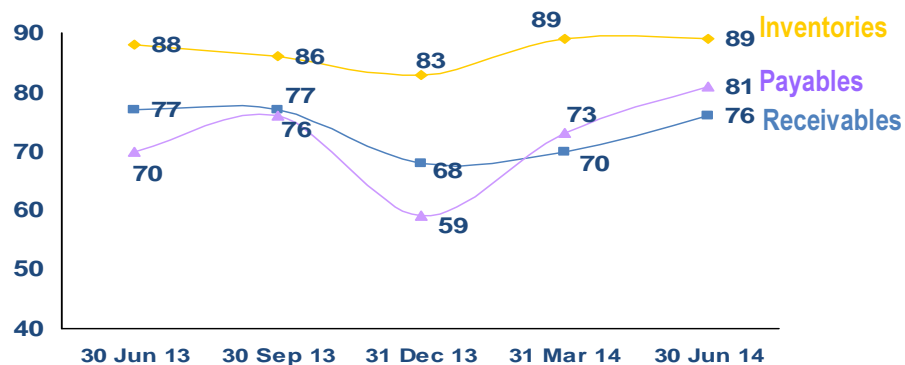
Mechatronics
IMS



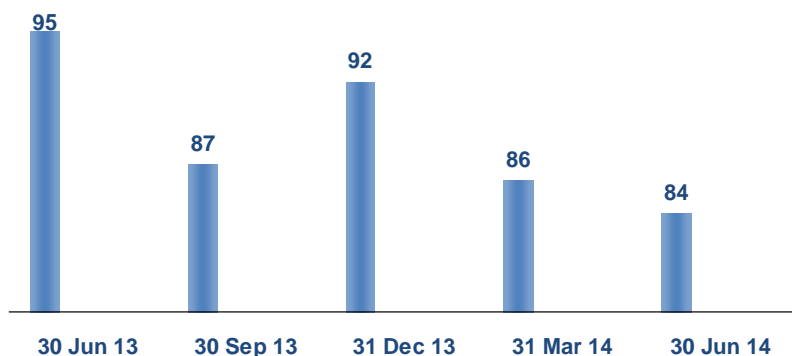
1H14 Results

Working Capital Management

Turnover Days



Cash Conversion Cycle (Days)



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

(S\$ m)

6 months to 30th Jun 2014

Net Profit	8.4
<i>Non-Cash</i>	13.5
<i>Working Capital</i>	(19.4)
<i>Taxes & Interest</i>	(3.2)
Net cash flow from operations	(0.7)
Capital expenditure / Intangible assets	(10.0)
Free cash flow	(10.7)

1H14 Results

Balance Sheet Items

Balance Sheet (S\$ m)	30 Jun 14	31 Dec 13
Shareholders' equity	207.7	205.3
Total borrowings	65.5	51.2
Cash and cash equivalents	13.7	19.6
Net Debt	51.8	31.6

Financial Indicators	30 Jun 14	31 Dec 13
Gross gearing (%)	31.5	24.9
Net gearing (%)	24.9	15.4
Net asset value per share (S\$ cents)	51.44	51.54

Financial Indicators	1H14	1H13
EPS (S\$ cents)	2.08	1.83

Outlook – 3Q14

Mechatronics Division – Revenue Outlook

- **Analytical Segment** – Expect to show improved sales
- **Semiconductor Segment** – Expect sales to soften
- **Medical Segment** – Expect to show improved sales

IMS Division – Revenue Outlook

- **Automotive Segment** – To show continued growth
- **Office Automation Segment** – Expect sales to decline as mail facilitating products are scaled down
- **Consumer & Industrial Electronics Segment** – Expect lower sales

OVERALL GROUP OUTLOOK FOR 3Q14

- ❖ **Stable revenue**
- ❖ **Profitable performance**

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.

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