



FY2014 Analyst Briefing



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FRENCKEN GROUP LIMITED

INCORPORATED IN SINGAPORE

FY2014 Results

Financial Overview

1. **Group Revenue of S\$472.7 million, up 6% from S\$444.7 million in FY2013**
2. **Group Net Profit of S\$11.4 million, drop 36% from S\$17.7 million in FY2013**
3. **Net Cash Generated from Operating Activities of S\$22.9 million**
4. **Earnings per Share of 2.82 cents, drop 37% from 4.47 cents in FY2013**
5. **Return on Equity of 5.5%**
6. **Net Gearing of 17.7%**

FY2014 Results

Division Revenue Analysis

(S\$ m)	FY2014	FY2013	Chg y-o-y	
<u>Mechatronics</u>				
Semiconductor	69.1	50.8	36%	Driven by back-end-equipment sales in Asia
Medical	68.2	61.0	12%	Lifted mainly by higher sales in Europe
Analytical	94.9	85.1	12%	Higher sales in Europe and Asia
Industrial Automation	37.9	45.2	-16%	Slower orders for HDD equipment, lumpy sales
Others	29.1	31.8	-9%	
	299.2	273.9	9%	
<u>IMS</u>				
Automotive	113.0	98.8	14%	Experienced moderation in growth in 2H FY2014; Lifted by maiden contribution from NTZ
Office Automation	23.2	29.6	-22%	Gradually winding down mail facilitating products
Consumer & Industrial Electronics	22.5	26.3	-14%	Lower sales of camera components
Others	2.4	1.8	27%	
Product Sales	161.1	156.5	3%	
Tooling Sales	12.4	14.3	-14%	
	173.5	170.8	2%	
Total	472.7	444.7	6%	

FY2014 Results

Consolidated results FY2014 vs FY2013

(S\$ m)	FY2014		FY2013		YOY% Change	
	Sales	Profit*	Sales	Profit*	Sales	Profit
FGL Ltd	472.7	11.4	444.7	17.7	6%	-36%
Mechatronics Division	299.2	9.3	273.9	9.1	9%	2%
IMS Division	173.5	2.7	170.8	9.7	2%	-72%

- Mechatronics Division recorded stable profit
- IMS Division posted lower profit due to softer GP margin, higher operating costs in China, foreign exchange loss (versus a foreign exchange gain previously) and increased transport and freight costs to expedite customer shipments

*Excludes Investment Division

FY2014 Results

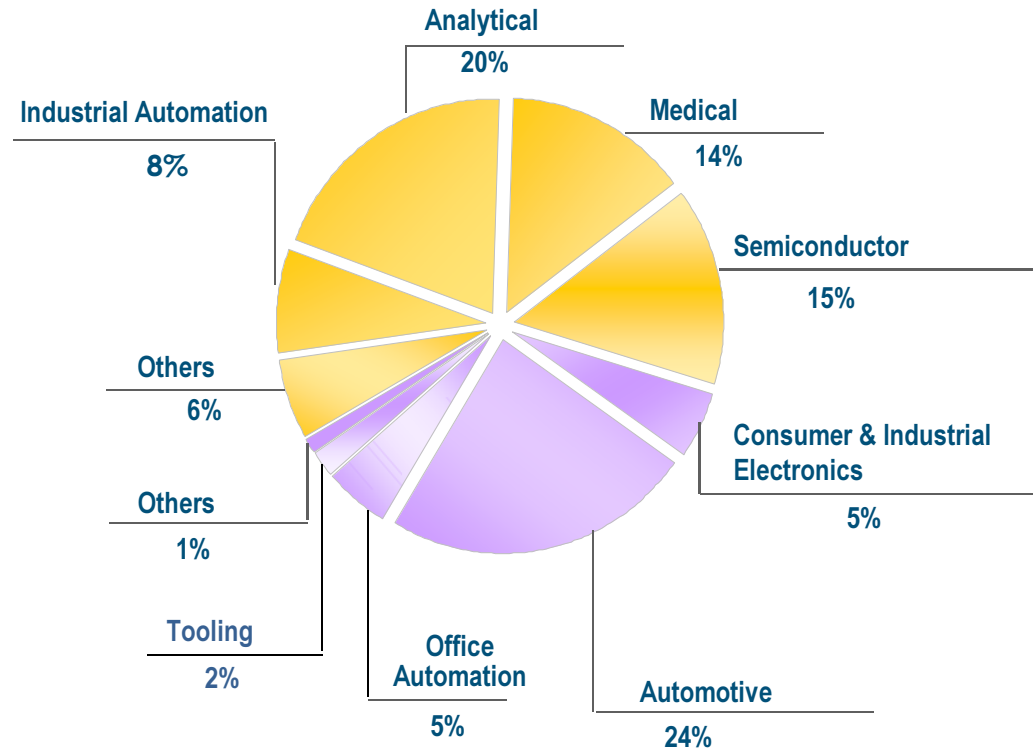
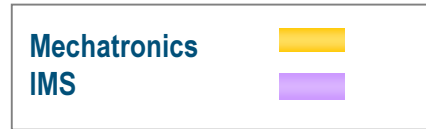
P&L Snapshot

(S\$ m)	FY2014	FY2013	Chg y-o-y
Revenue	472.7	444.7	6%
Gross Profit (GP)	66.0	66.9	-1%
Profit Before Tax <i>before exceptional items</i>	16.5	22.9	-28%
Exceptional Items	(0.7)	(0.4)	77%
Profit Before Tax <i>after exceptional items</i>	15.8	22.5	-30%
Net Profit	11.4	17.7	-36%
NP Margin	2.4%	4.0%	-40%
Effective Tax Rate <i>after exceptional items</i>	29.8%	19.3%	55%

FY2014 Results

Revenue Analysis By Business Segment

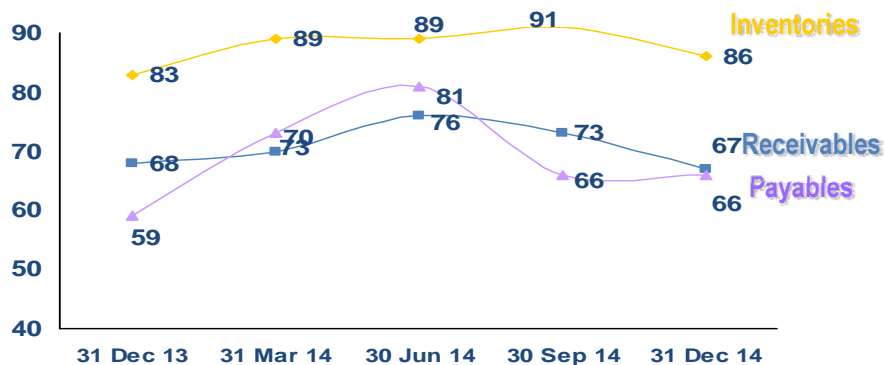
Breakdown by Division:
Mechatronics – 63%
IMS – 37%



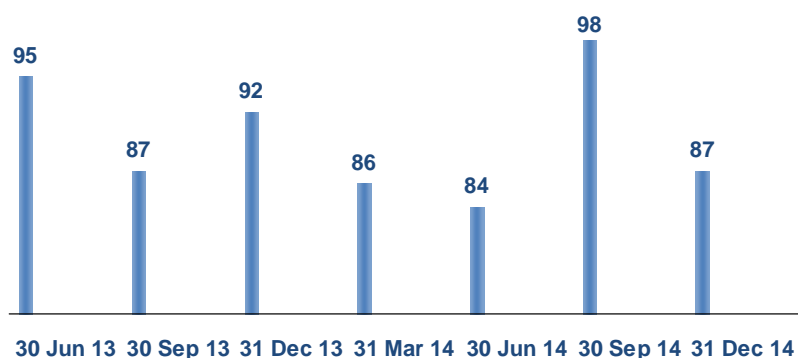
FY2014 Results

Working Capital Management

Turnover Days



Cash Conversion Cycle (Days)



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

(S\$ m)

FY2014

Net Profit

11.4

Non-Cash

26.9

Working Capital

(8.9)

Taxes & Interest

(6.5)

Net cash flow from operations

22.9

Capital expenditure / Intangible assets

(20.8)

Free cash flow

2.1

FY2014 Results

Balance Sheet Items

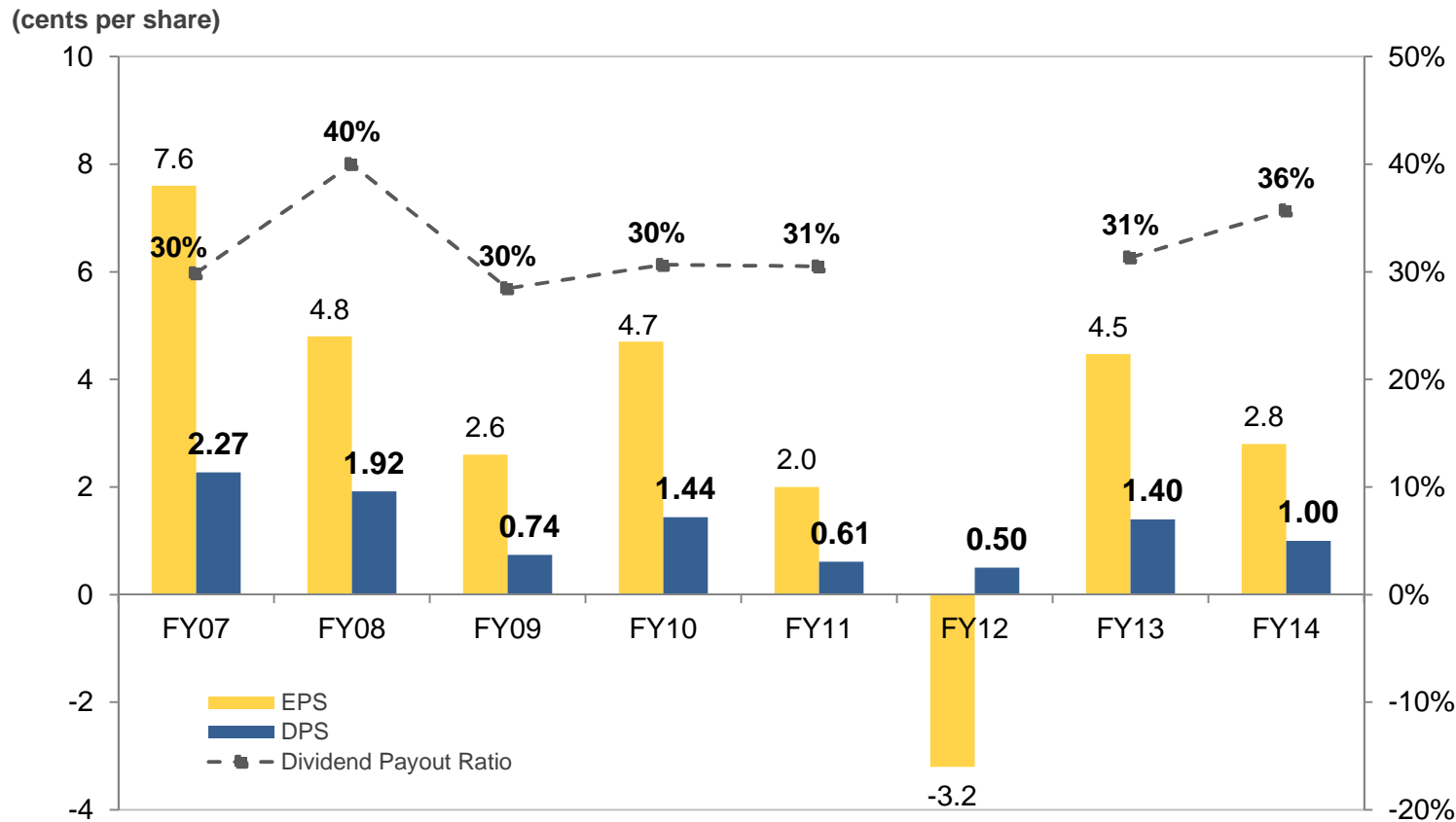
Balance Sheet (S\$ m)	31 Dec 14	31 Dec 13
Shareholders' equity	206.9	205.3
Total borrowings	55.4	51.2
Cash and cash equivalents	18.8	19.6
Net Debt	36.6	31.6

Financial Indicators	31 Dec 14	31 Dec 13
Gross gearing (%)	26.8	24.9
Net gearing (%)	17.7	15.4
Net asset value per share (S\$ cents)	51.16	51.54

Financial Indicators	FY2014	FY2013
EPS (S\$ cents)	2.82	4.47
DPS (S\$ cents)	1.00	1.40

Dividend History

PROPOSED FINAL DIVIDEND OF 1.0 CENTS PER SHARE FOR FY2014



Outlook

Business Environment Remains Challenging

- Recovery in USA counter balanced by continuing uncertainties in Eurozone and decelerating economic growth in China
- Cautious business sentiment of end-users in the markets served by the Group
- Key risks include potential selling price and cost pressures on profit margins, unfavourable forex movements and increase in interest rates

Segmental Overview

- Mechatronics Division
 - Growth expected in Semiconductor segment
 - Flattish outlook for Medical and Analytical segments
- IMS Division
 - Growth to be driven by Automotive segment, partially offset by Office Automation segment
 - Challenging operational conditions at the Penang plant
- Overall, expect modest growth in Group revenue for FY2015

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, 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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