

FRENCKEN GROUP LIMITED

INCORPORATED IN SINGAPORE



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

FY2009 Results Presentation

- ❖ **Financial Review**
 - ❖ **4Q09**
 - ❖ **FY2009**
- ❖ **Business Review and Outlook**
 - ❖ **Mechatronics Division**
 - ❖ **EMS Division**
- ❖ **Questions and Answers**

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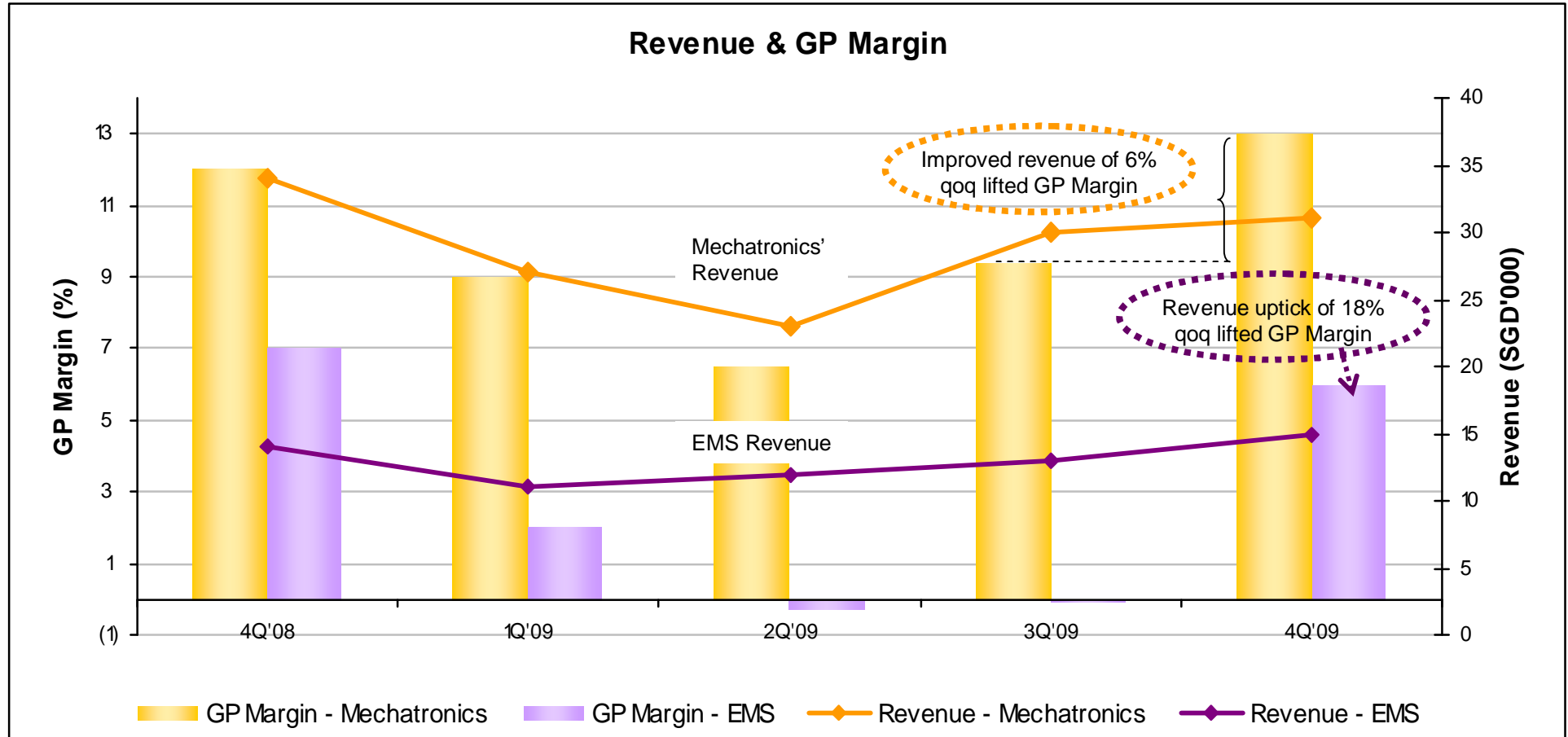
4Q09 RESULTS – DIVISION REVENUE ANALYSIS

FY2009 Results Briefing

(\$\$ m)	3Q09	4Q09	4Q08	Chg y-o-y
<u>Mechatronics Europe</u>				
Semiconductor	5.3	6.0	3.6	68%
Medical	13.7	15.3	16.4	(7%)
Analytical	8.0	7.3	11.0	(33%)
Others	2.7	2.8	3.3	(17%)
	29.7	31.4	34.3	(8%)
<u>Mechatronics Asia</u>				
Semiconductor	2.5	4.1	-	N.M.
Medical	0.7	0.7	-	N.M.
Analytical	2.0	3.7	-	N.M.
Industrial Automation	8.7	10.1	-	N.M.
Others	2.3	3.7	-	N.M.
	16.2	22.3	-	N.M.
<u>EMS</u>				
Telco (Keypads & Others)	4.4	3.7	5.1	(26%)
Office Automation	3.5	4.7	3.9	20%
Automotive	4.1	4.8	2.3	104%
Others	0.7	1.8	3.1	(41%)
	12.7	15.0	14.4	4%
Total	58.6	68.7	48.7	41%

* N.M. – Not Meaningful

MECHATRONICS EUROPE & EMS DIVISION



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4Q09 RESULTS – P&L SNAPSHOT

FY2009 Results Briefing

(\$\$ m)	ETLA	4Q09	4Q08	Chg y-o-y
Revenue	22.3	68.7	48.7	41%
Gross Profit (GP)	2.9	7.8	5.0	55%
Profit Before Tax (Before exceptional Items)	0.4	2.1	1.8	14%
Net Profit (Before exceptional Items)	1.6	1.7	1.3	27%
Exceptional Items		(5.1)	-	N.M.
Net Profit		(3.4)	1.3	(360%)
Exceptional Items comprises:				
– Negative Goodwill arising from Acquisition		+0.2	-	N.M.
– Impairment of Goodwill		(3.4)	-	N.M.
– Impairment of assets for keypad production		(1.9)	-	N.M.
		(5.1)	-	N.M.
<i>NP Margin before exceptional items</i>		2.4%	2.7%	(10%)
Effective Tax Rate		N.M.	27.7%	N.M.

* N.M. – Not Meaningful

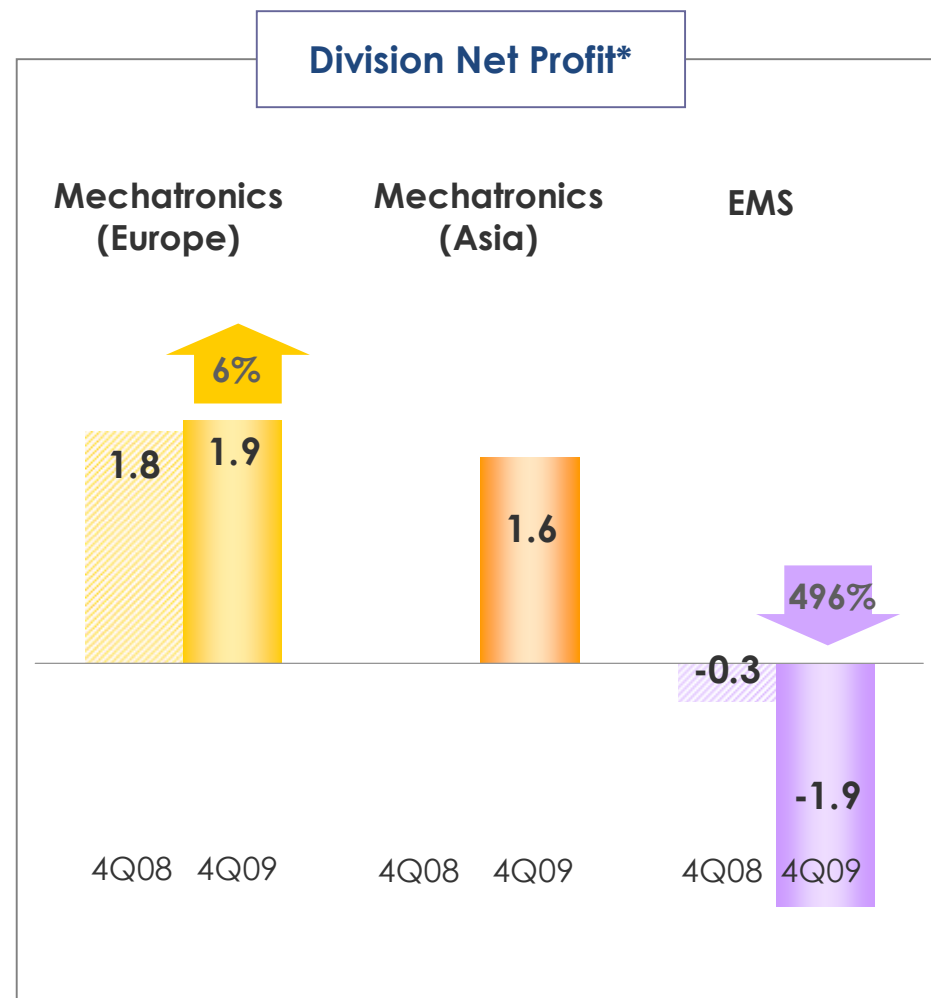
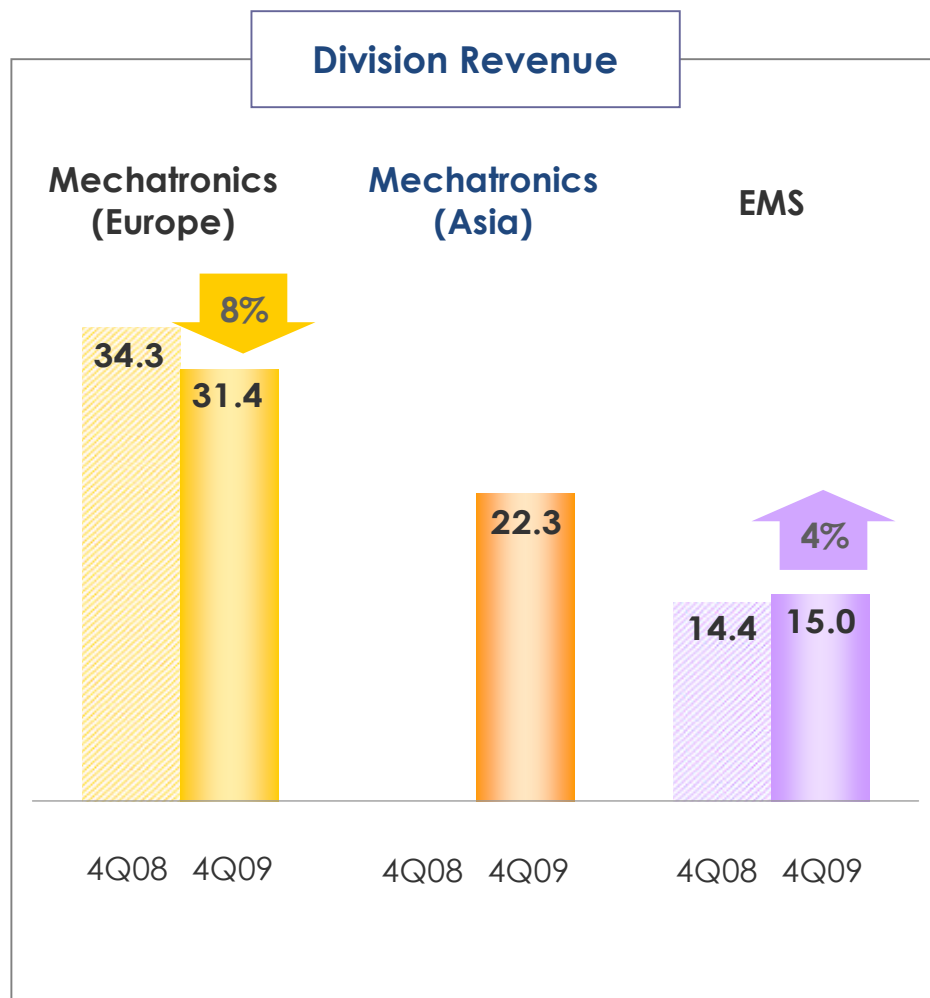
+ Attributable to fair value adjustments of certain assets

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4Q09 RESULTS – P&L SNAPSHOT

FY2009 Results Briefing



*Note: Excludes Investment Division & Exceptional Items

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12M09 RESULTS – P&L SNAPSHOT

FY2009 Results Briefing

(\$\$ m)	ETLA	FY2009	FY2008	Chg y-o-y
Revenue	44.4	206.9	227.0	(9%)
Gross Profit (GP)	6.4	18.3	31.6	(42%)
Profit Before Tax (Before exceptional Items)	0.4	1.6	18.9	(92%)
Net Profit (Before exceptional Items)	1.3	0.7	14.7	(95%)
Exceptional Items		8.5	-	N.M.
Net Profit		9.2	14.7	(37%)
Exceptional Items comprises:				
– Negative Goodwill arising from Acquisition		13.8	-	N.M.
– Impairment of Goodwill		(3.4)	-	N.M.
– Impairment of assets for keypad production		(1.9)	-	N.M.
		8.5	-	N.M.
<i>NP Margin before exceptional items</i>		0.4%	6.5%	(95%)
Effective Tax Rate		N.M.	22.4%	N.M.

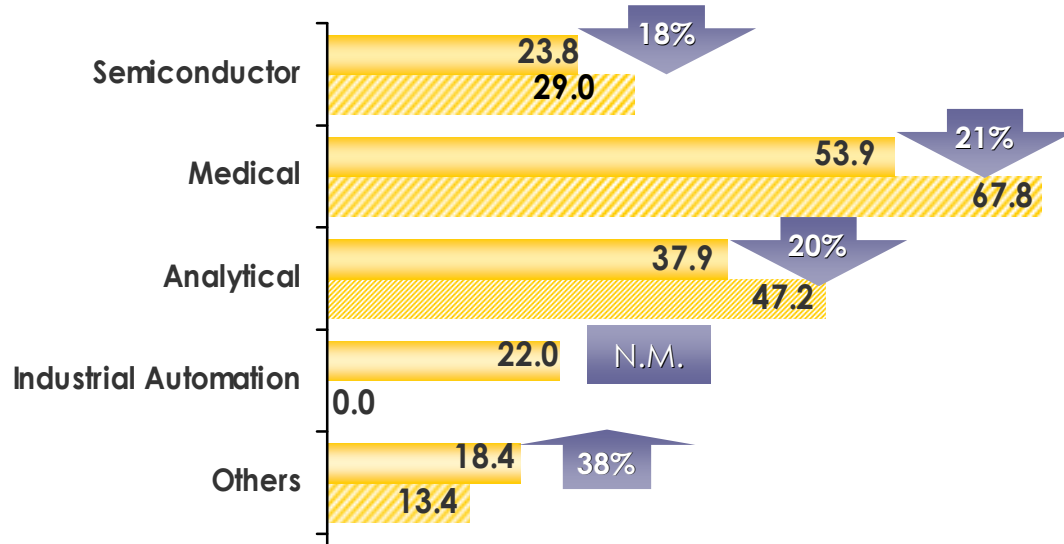
* N.M. – Not Meaningful

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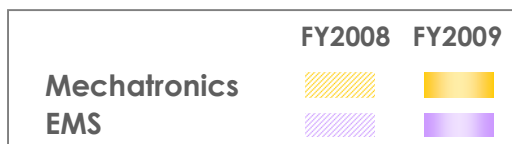
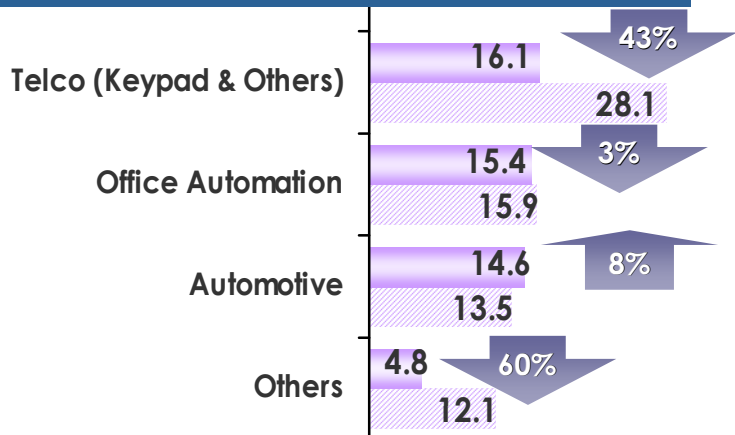
FY2009 RESULTS – GROUP REVENUE ANALYSIS

FY2009 Results Briefing

MECHATRONICS (\$\$ m)

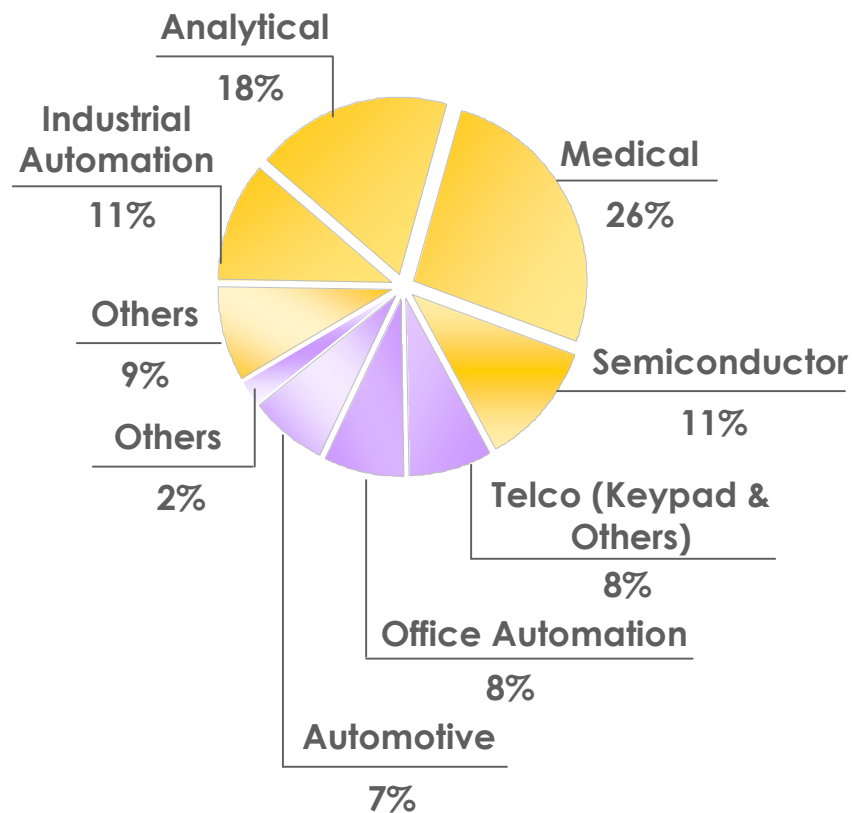


EMS (\$\$ m)



* N.M. – Not Meaningful

Breakdown by Business Segment



Breakdown by Division:
 Mechatronics – 75%
 EMS – 25%

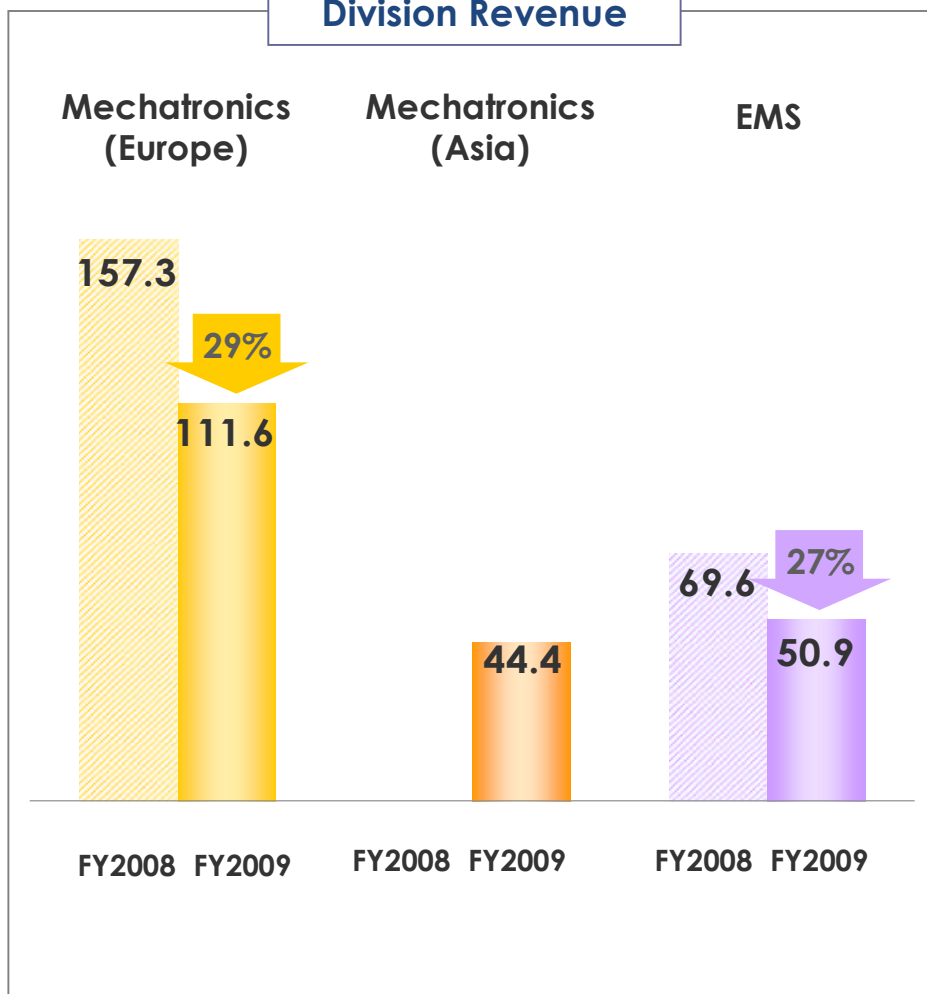
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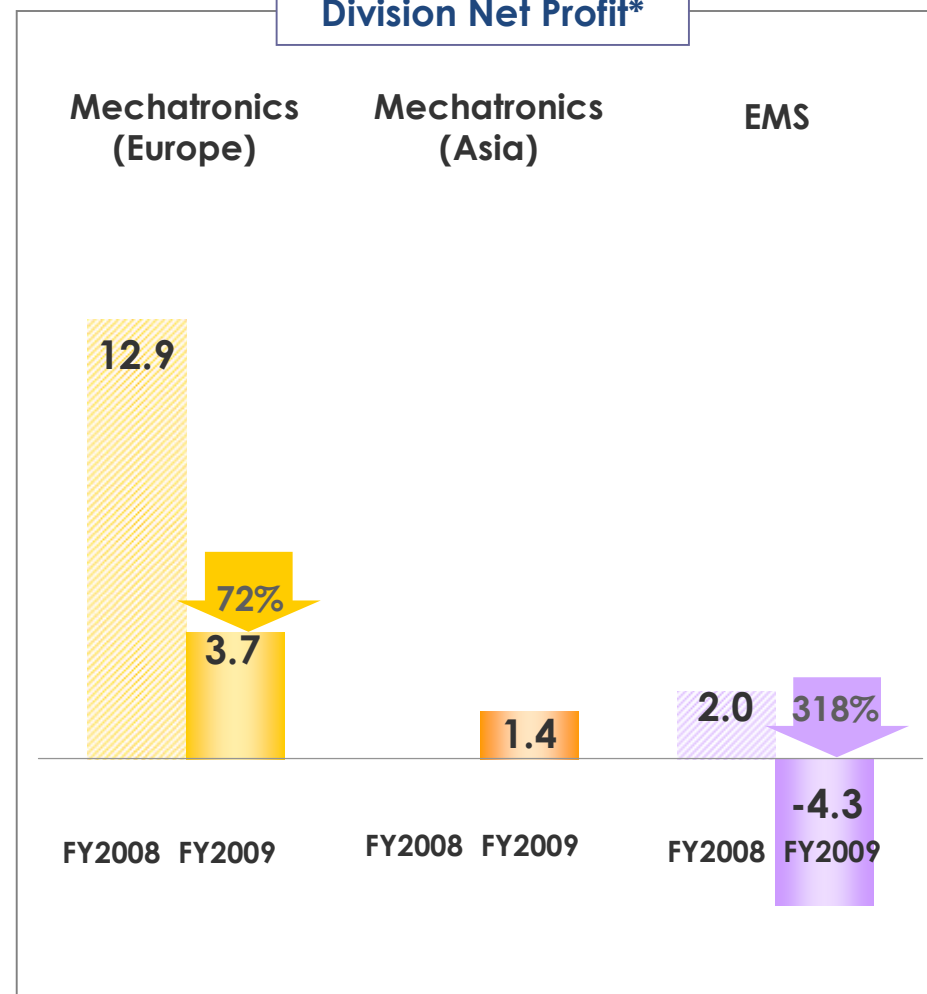
FY2009 RESULTS – P&L SNAPSHOT

FY2009 Results Briefing

Division Revenue



Division Net Profit*



*Note: Excludes Investment Division & Exceptional Items

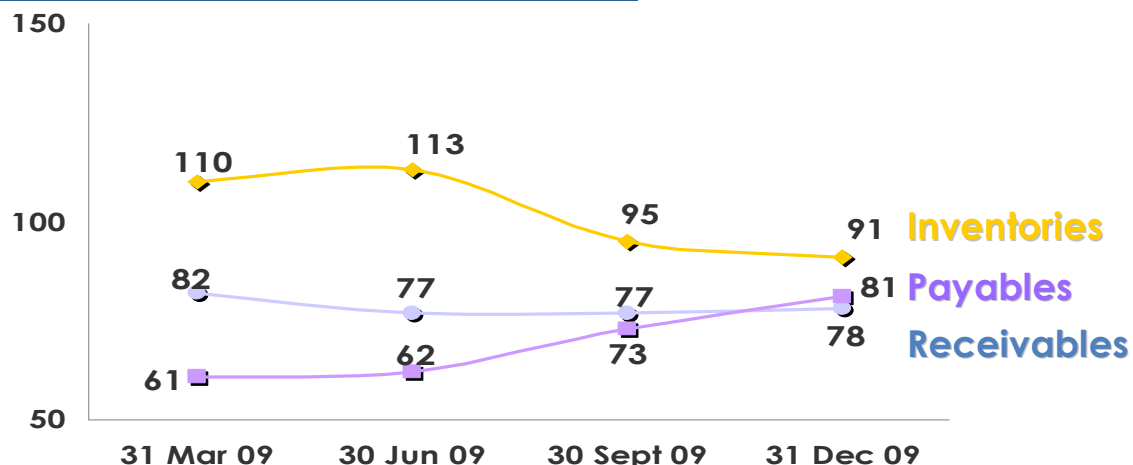
FRENCKEN GROUP LIMITED



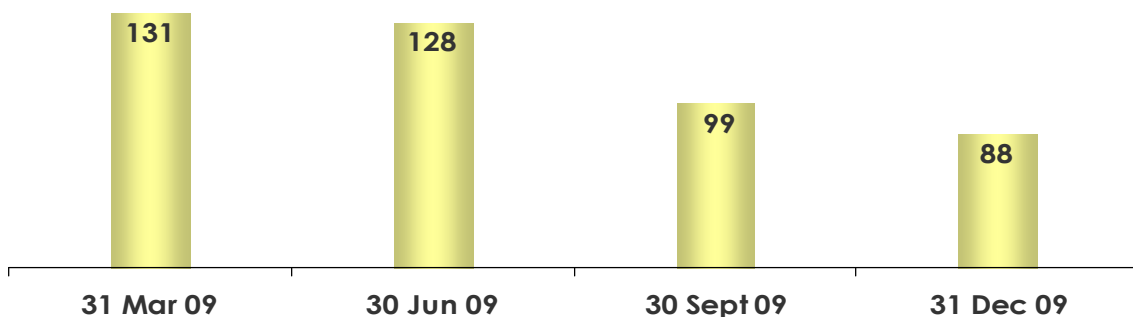
WORKING CAPITAL MANAGEMENT

FY2009 Results Briefing

Turnover Days *



Cash Conversion Cycle (Days) *



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

(\$ m)	31 Dec 09	31 Dec 08
Inventories *	37.6	46.0
Trade Receivables *	34.6	41.6
Trade Payables *	21.4	19.9

* Excluding ETLA Group

(\$ m)	FY2009	FY2008
Net cash flow from operations	20.3	14.9
Capital expenditure	4.9	5.7
Free cash flow	15.4	9.2

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STRONG BALANCE SHEET

FY2009 Results Briefing

Balance Sheet (\$\$ m)	31 Dec 09	31 Dec 08	Financial Indicators	FY2009	FY2008
Shareholders' equity	195.3	179.7	Gross gearing (%)	16.5	0.1
Total borrowings	32.3	0.2	Net asset value per share (\$\$ cents)	51.91	58.97
Cash and cash equivalents	61.2	45.8	EPS (\$\$ cents)		
			- Before exceptional items	0.21	4.82
			- After exceptional items	2.64	4.82

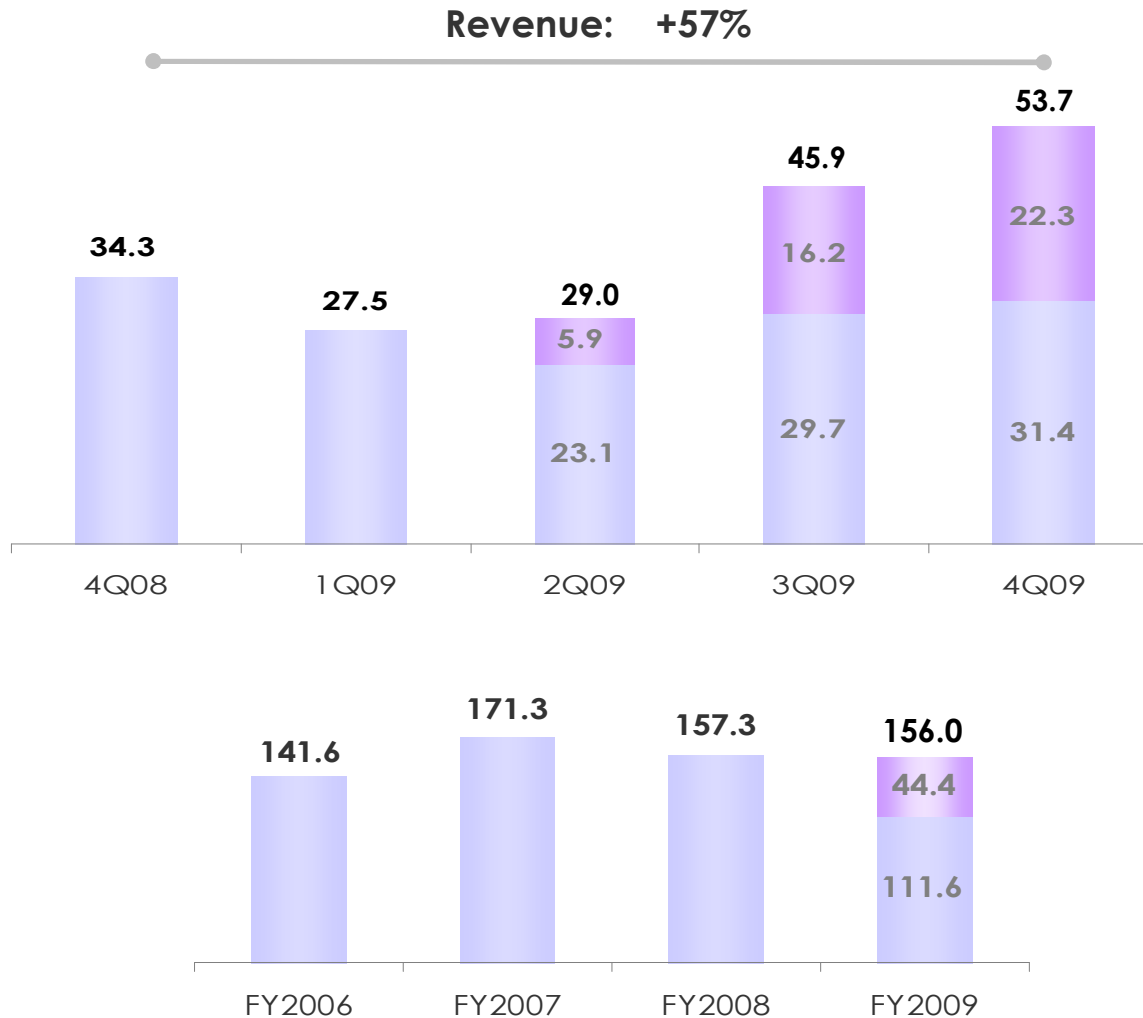
Mechatronics Division Business Review & Outlook

MECHATRONICS DIVISION



SALES

FY2009 Results Briefing



Currency: SGD million

- Mechatronics Europe
- Mechatronics Asia

4Q09 Review

- Sales increased 57% y-o-y and 17% q-o-q
- Sales from the European operations declined 8% y-o-y but increased 5% q-o-q
- Broad-base recovery seen in global demand for capital equipment

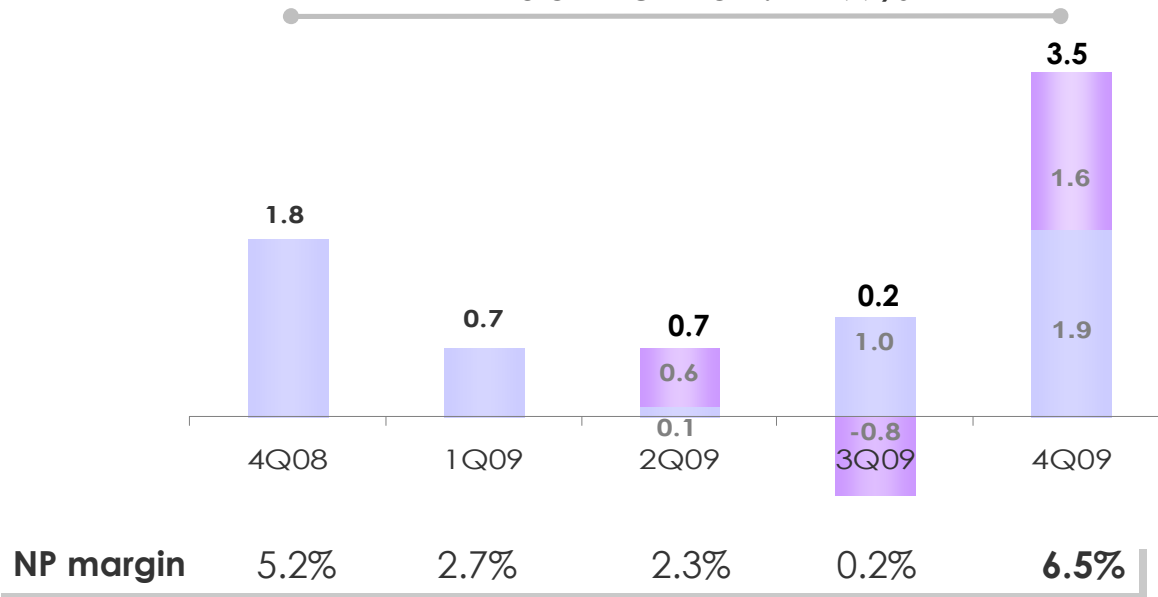
Figures are inclusive of 7 months contribution from the Asia operations – i.e. 1 month in 2Q09 and 6 months in 2H09

MECHATRONICS DIVISION

NET PROFIT & NET PROFIT MARGIN

FY2009 Results Briefing

Division Net Profit: **+97%**



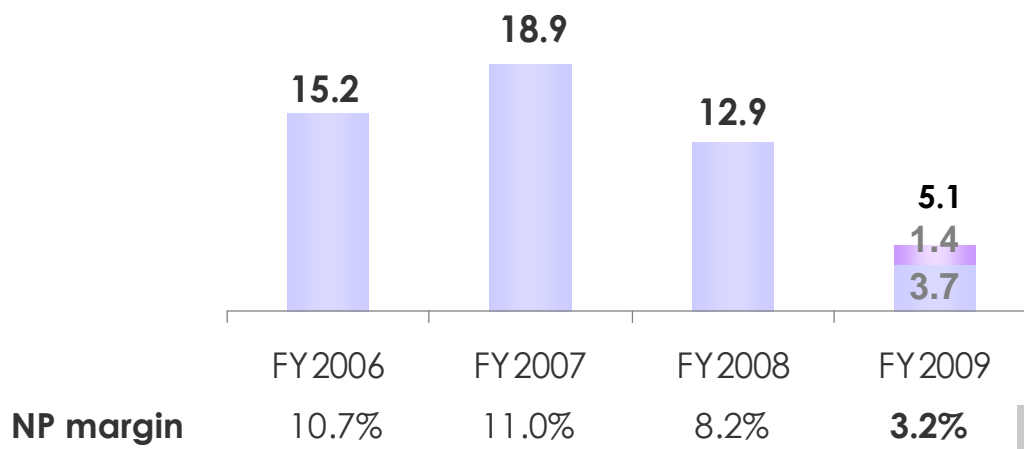
Currency: SGD million

Mechatronics Europe

Mechatronics Asia

4Q09 Review

- Net profit increased 97% y-o-y and 1,650% q-o-q. (Note: There was a one-time write-off of S\$0.7m in 3Q09 for the relocation of the Puchong and Penang plants to Bangi.)
- Excluding the write-off, net profit increased by 290% q-o-q

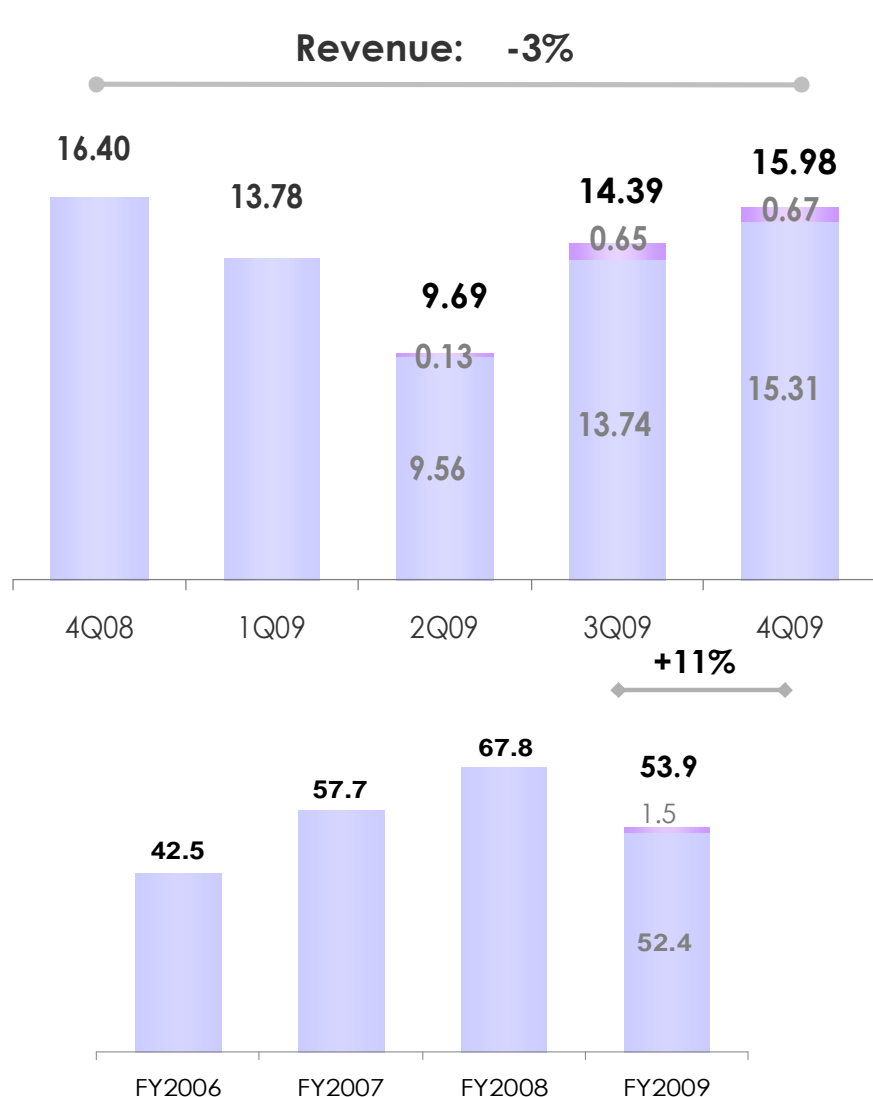


* Figures include 1 month of 2Q09 and 6 months in 2H09 of sales contribution from the Asia operations.

MECHATRONICS DIVISION

SALES ANALYSIS – MEDICAL SEGMENT

FY2009 Results Briefing



Currency: SGD million

Mechatronics Europe

Mechatronics Asia

4Q09 Review

- Sales declined 3% y-o-y but increased 11% q-o-q

Europe

- Sales was lower by 7% y-o-y but rose 11% q-o-q
- Noticeable recovery from 2Q09 lows, as demand stabilised

Asia

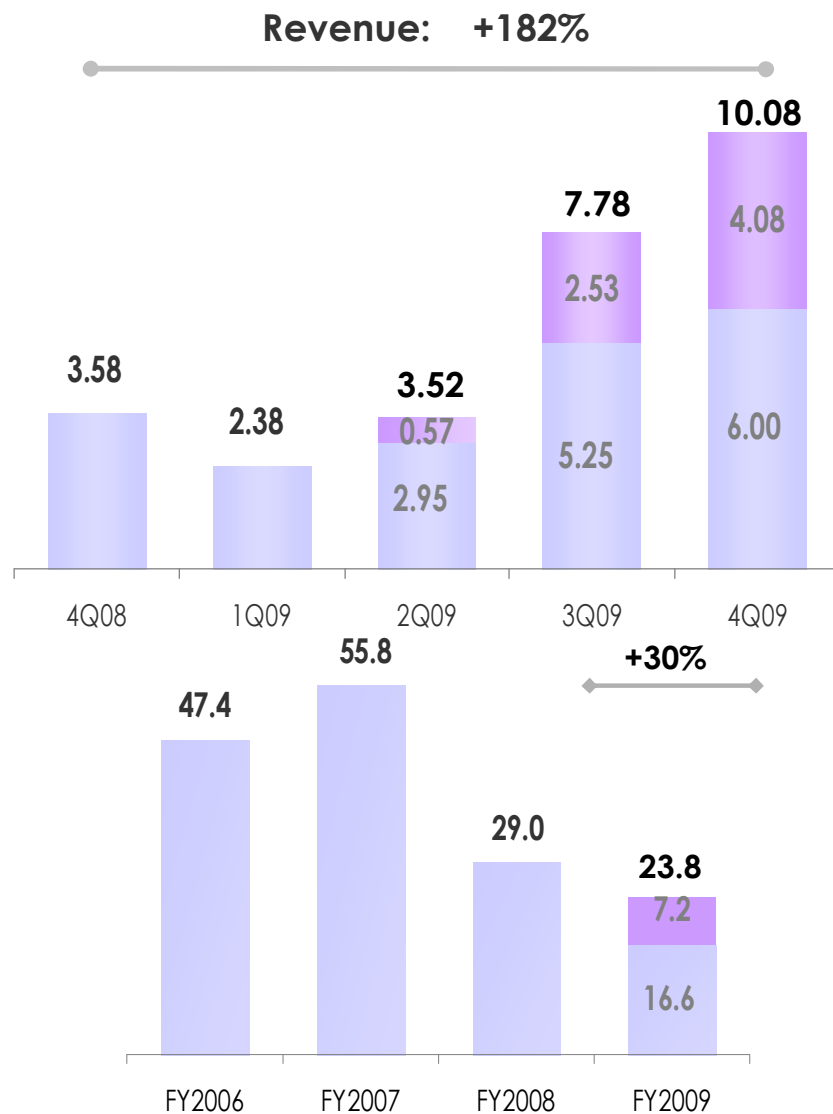
- Still at a low base but with emerging business potential for the Singapore and China operations
- Continued to engage in the imaging and in-vitro diagnostic product segment

* Figures include 1 month of 2Q09 and 6 months in 2H09 of sales contribution from the Asia operations.

MECHATRONICS DIVISION

SALES ANALYSIS – SEMICONDUCTOR SEGMENT

FY2009 Results Briefing



Currency: SGD million

■ Mechatronics Europe

■ Mechatronics Asia

4Q09 Review

- Sales increased 182% y-o-y and 30% q-o-q

Europe

- Sales rose 68% y-o-y and 14% q-o-q
- Increased orders from existing customers resulting from noticeable improvement in market conditions

Asia

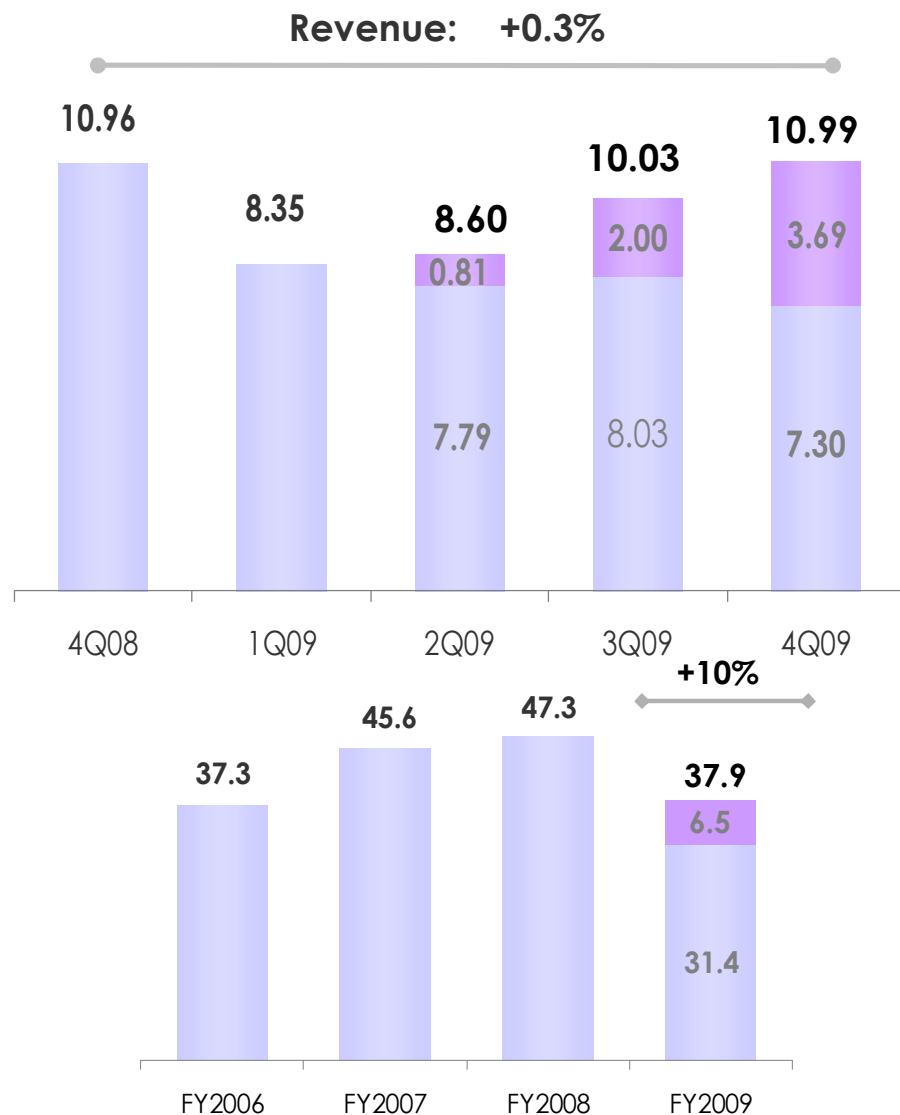
- Sales rose 61% q-o-q
- Strong growth resulting from noticeable improvement in market conditions

* Figures include 1 month of 2Q09 and 6 months in 2H09 of sales contribution from the Asia operations.

MECHATRONICS DIVISION

SALES ANALYSIS – ANALYTICAL SEGMENT

FY2009 Results Briefing



Currency: SGD million

Mechatronics Europe

Mechatronics Asia

4Q09 Review

- Sales was flat y-o-y but rose 9% q-o-q
- Growth in sales due to inclusion of contribution from Asia operations

Europe

- Sales down 33% y-o-y and 10% q-o-q
- Market demand remained flat and fairly stable

Asia

- Sales rose 84% q-o-q arising from increased orders from an existing customer
- Growth prospects remain positive for the mid to long term

* Figures include 1 month of 2Q09 and 6 months in 2H09 of sales contribution from the Asia operations.

MECHATRONICS DIVISION (ASIA)

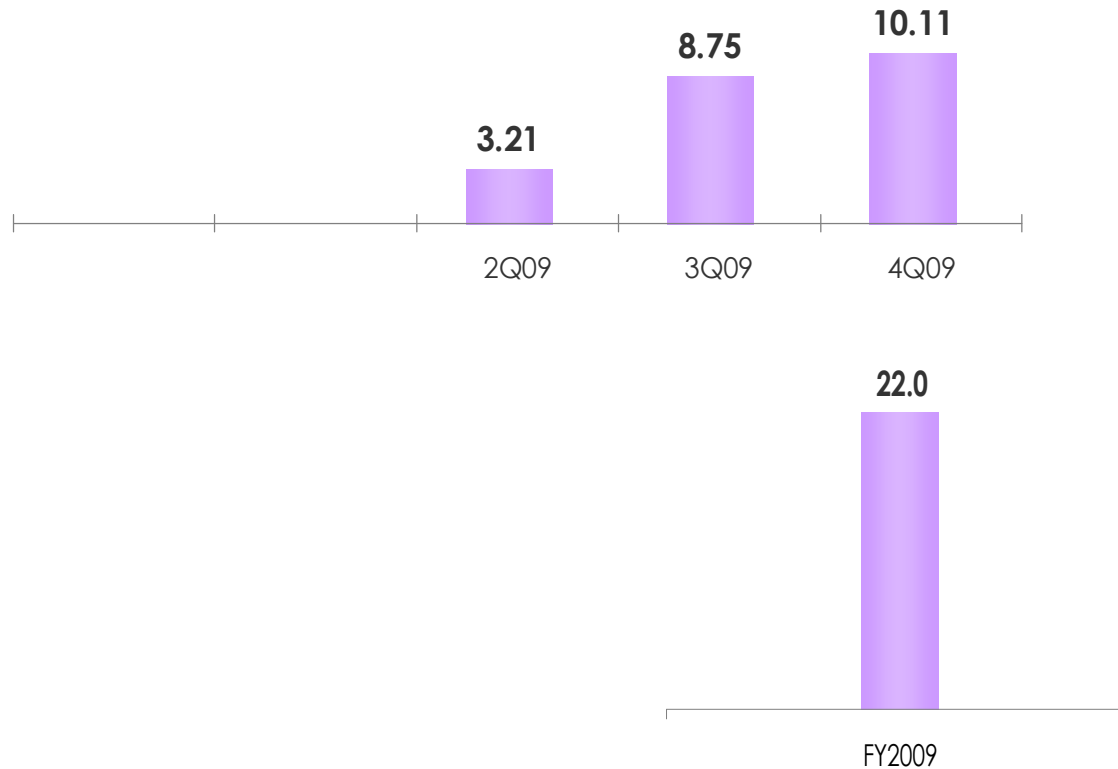


SALES ANALYSIS – INDUSTRIAL AUTOMATION SEGMENT

FY2009 Results Briefing

Currency: SGD million

4Q09 Review



Asia

- Sales rose 16% q-o-q attributable to increased orders in the data storage production automation equipment
- Revenue from this segment continues to be subjected to high volatility

* Figures include 1 month of 2Q09 and 6 months in 2H09 of sales contribution from the Asia operations.

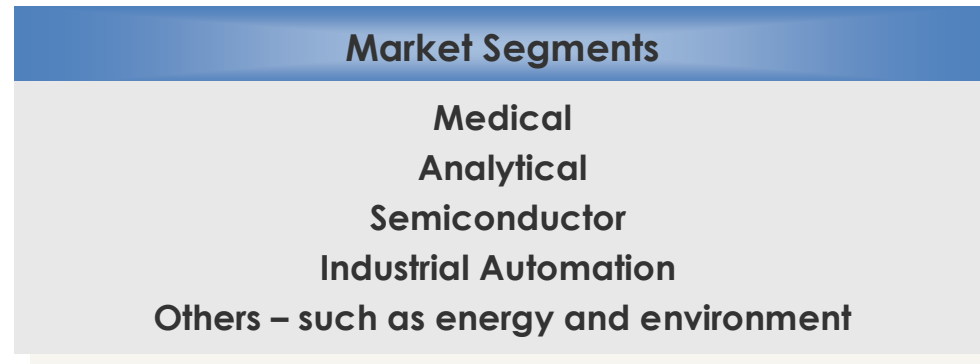
MECHATRONICS DIVISION



NEW PROJECT PLANS

FY2009 Results Briefing

Mechatronics Europe	Medical	<ul style="list-style-type: none"> • Redesign project for enhancement of an existing product nearing completion • Ongoing development project for pathology market with commercial production anticipated in 4Q10
	Semiconductor	<ul style="list-style-type: none"> • Engagement in next generation (EUV) lithography tools is continuing • New projects for improvement and enhancement of complex key modules for lithography equipment and pick & place machines
	Analytical	<ul style="list-style-type: none"> • Finalising development project – commercial production expected by 3Q10 • New development project for market introduction targeted for 4Q10
Mechatronics Asia	Medical	<ul style="list-style-type: none"> • Increasing production in Wuxi, China of imaging modules for an existing customer • Increasing volume production of parts for existing in-vitro diagnostic product • Ongoing engagement in prototype parts for 2 new diagnostic products
	Semiconductor	<ul style="list-style-type: none"> • Qualification of a range of modules for an existing customer to be completed in 2Q10 with series production expected in 2H10.
	Analytical	<ul style="list-style-type: none"> • Ongoing qualification of new parts and modules for a new instrument of an existing customer. Expect completion by end 2Q10.
	Ind Automation	<ul style="list-style-type: none"> • Co-development projects for new automation stations for an existing customer. Expect qualification to be completed by 2Q10 and production in 2H10.
	Others	<ul style="list-style-type: none"> • Ongoing evaluation stage of new project for sheet-metal modules for a new customer



Strategic 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

MECHATRONICS DIVISION

- More positive outlook for technology sector due to recovery in demand for capital equipment
- Increased interest from existing and potential customers due to the expansion of the Mechatronics Division
- Increased customer orders at the Europe and Asia operations
- Mechatronics Division expects to show an improved performance in FY2010, barring unforeseen circumstances

EMS Division Business Review & Outlook

EMS DIVISION

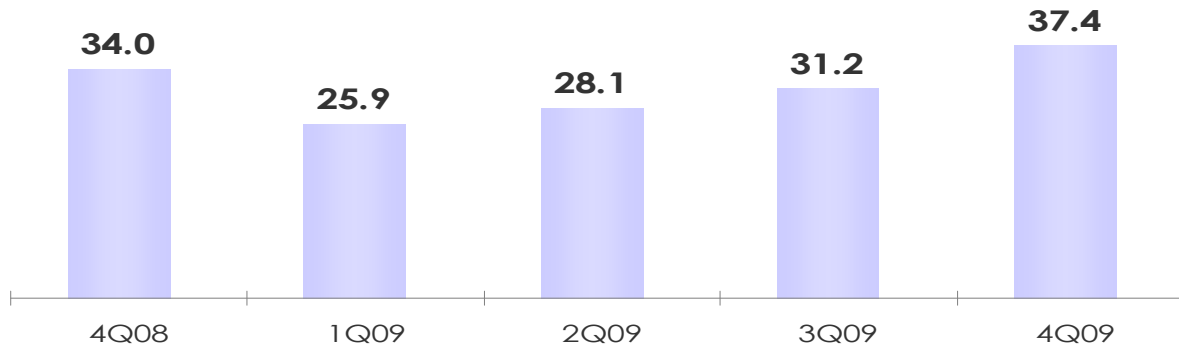


SALES

FY2009 Results Briefing

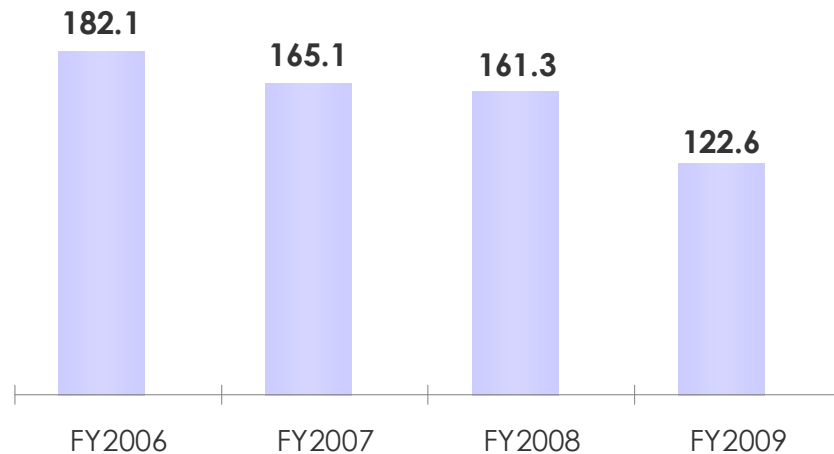
Revenue: +10%

Currency: RM million



4Q09 Review

- Sales increased 10% y-o-y and 20% q-o-q
- Noticeable increase in sales of the automotive and office automation segments

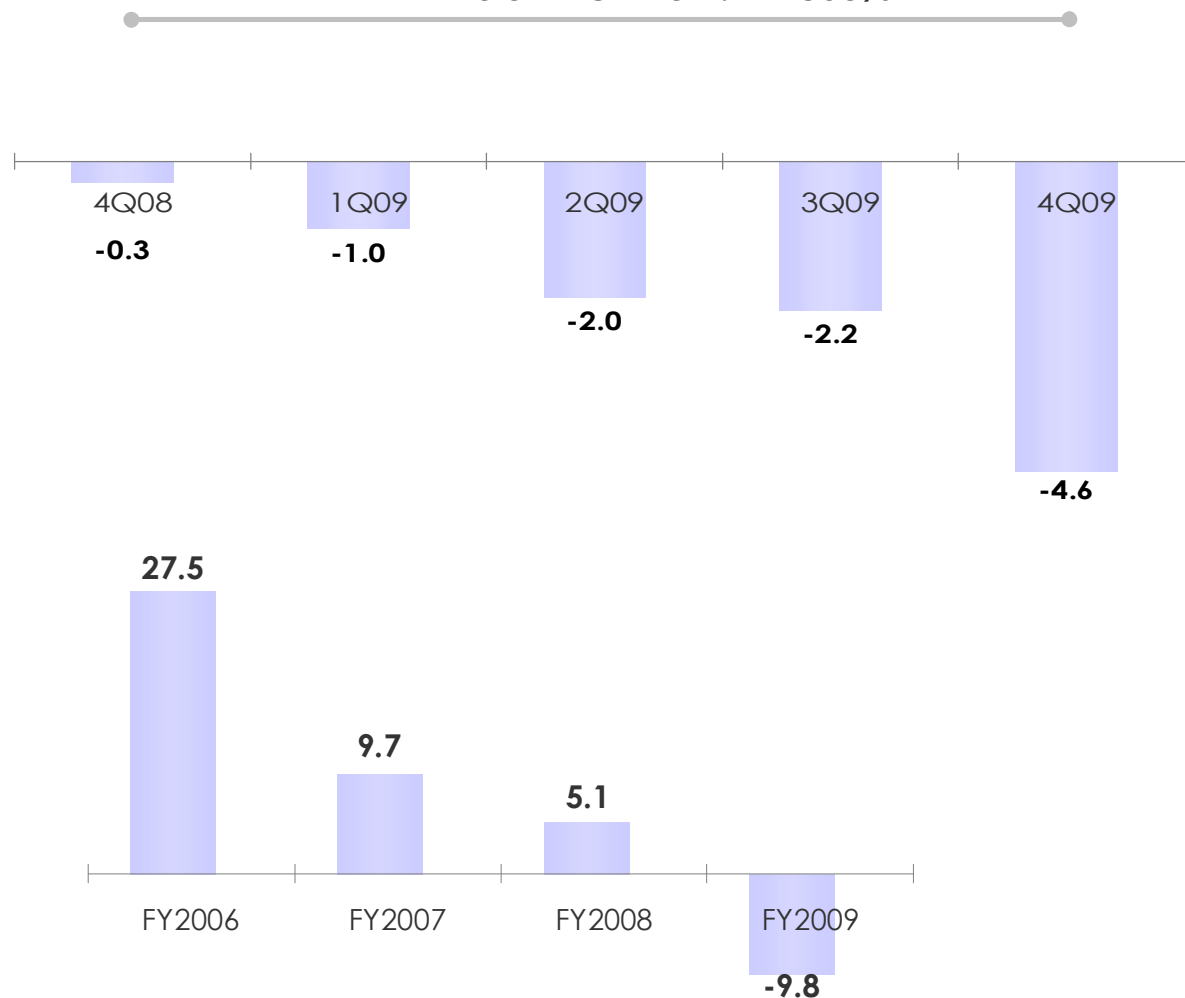


EMS DIVISION

NET PROFIT & NET PROFIT MARGIN

FY2009 Results Briefing

Division Net Profit: **-1365%**



Currency: RM million

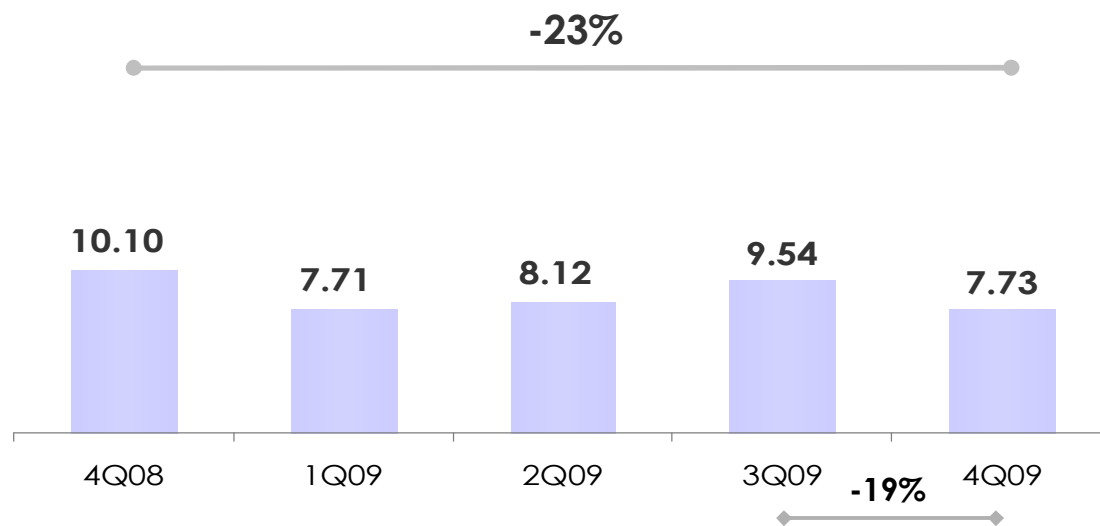
Net Profit Margin	
4Q08	-0.9%
1Q09	-4.0%
2Q09	-7.1%
3Q09	-6.9%
4Q09	-12.2%

Net Profit Margin	
FY2006	15.1%
FY2007	5.9%
FY2008	3.2%
FY2009	-8.0%

EMS DIVISION

SALES ANALYSIS – KEYPAD SEGMENT

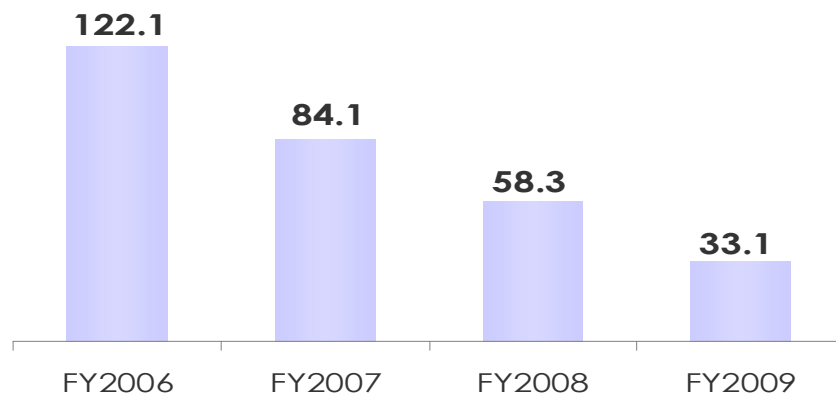
FY2009 Results Briefing



Currency: RM million

4Q09 Review

- Sales declined 23% y-o-y and 19% q-o-q
- Ceased the keypad business with effect from 1st February 2010



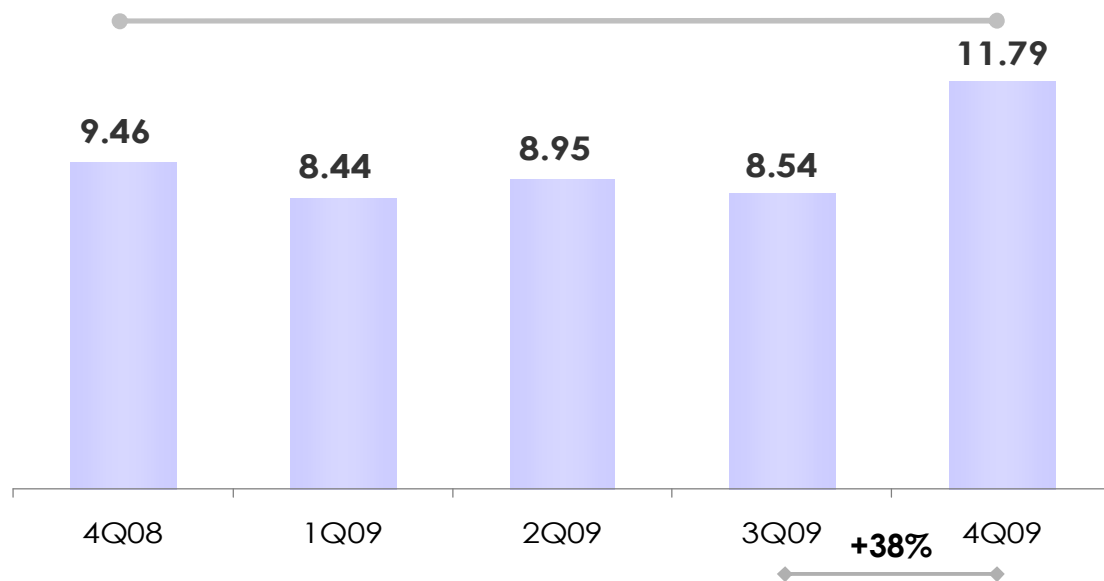
EMS DIVISION

SALES ANALYSIS – OFFICE AUTOMATION SEGMENT

FY2009 Results Briefing

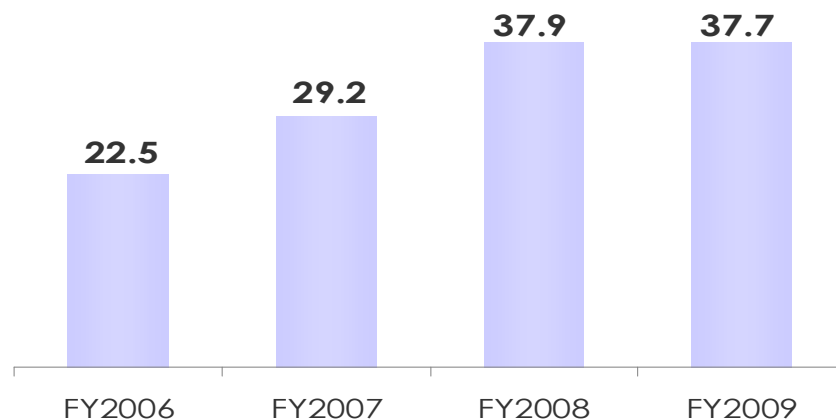
+25%

Currency: RM million



4Q09 Review

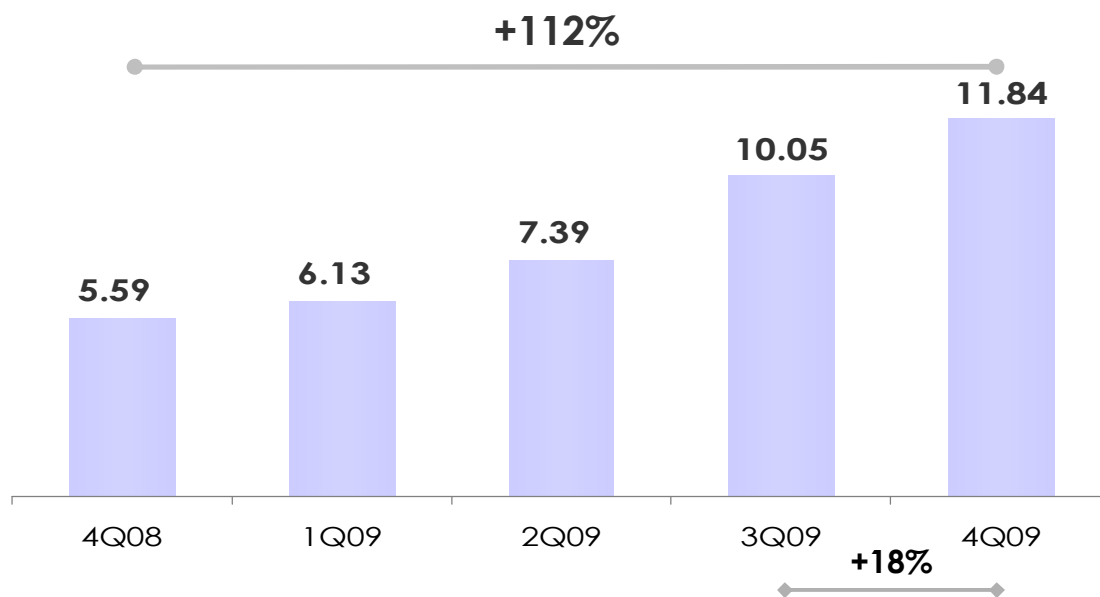
- Sales increased 25% y-o-y and 38% q-o-q
- Growth driven by a transfer project from an existing customer
- Current industrialisation projects faced further delays in commercial production



EMS DIVISION

SALES ANALYSIS – AUTOMOTIVE SEGMENT

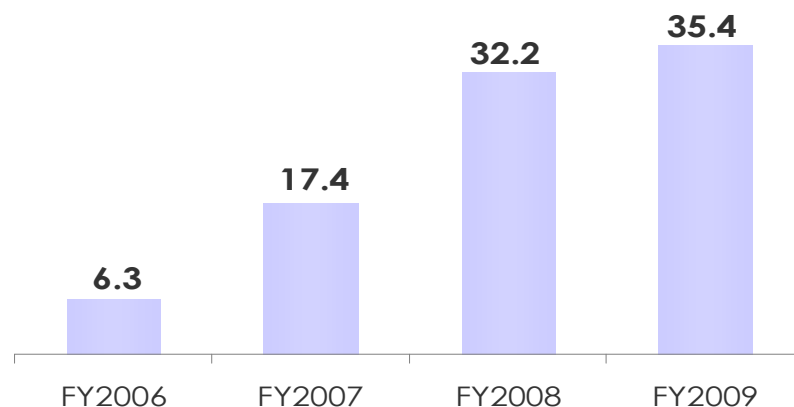
FY2009 Results Briefing



Currency: RM million

4Q09 Review

- Sales increased 112% y-o-y and 18% q-o-q
- Continue to see improving order flows
- Recently launched commercial production of a significant project. Ramp-up anticipated in FY2010



Keypad

- Ceased this product segment since 1st February 2010

Office Automation

- Commercial production of a major ongoing industrialisation project has been delayed to end 2Q10 with volumes anticipated to be lower than originally forecasted
- Another project that was delayed to 1Q10 is further delayed to end 2Q10
- New industrialisation project launched in 4Q09 with target for commercial production in mid FY2011 is ongoing

Automotive

- Awarded a significant project for serial production from an existing customer. Industrialisation phase launched with commercial production anticipated in 2Q/3Q 2011
- New significant project discussions and negotiations are ongoing

- Consolidation of the plastics and electronics assembly companies into a single integrated company – to improve efficiency and reduce operating costs is targeted for completion by early April 2010
- Realign the division's operations to better support and focus on the growing automotive and niche office automation business segments
- Exploring geographical expansion of the automotive business into emerging and growth markets such as China

- Potential sales from the office automation and automotive business segments not expected to fully offset the loss of sales from the keypad segment in FY2010
- Making good progress in securing new projects for office automation and automotive products
- Progressive launch of new projects from FY2010 onwards are expected to provide a stable and growing revenue base for the EMS Division in subsequent years

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SAFE HARBOUR FOR FORWARD-LOOKING STATEMENTS

FY2009 Results Briefing

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.

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 any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

Q&A

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