



## Extraordinary General Meeting



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2012



**FRENCKEN GROUP LIMITED**

INCORPORATED IN SINGAPORE

# FRENCKEN GROUP LIMITED

Extraordinary General Meeting

## Outline

- **Pre-conditional Voluntary General Offer for Juken Technology Limited (“Juken”)**  
**(“Proposed Acquisition”)**
  - Purchase consideration
  - Valuation
  - Financing
- **Background on Juken**
- **Rationale for the Proposed Acquisition**



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## Pre-Conditional Offer for Juken

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### Proposed Acquisition of Juken

- The Offer :**
  - **With Pre-condition:** To be approved by Frencken Shareholders
  - **Conditional Offer :** Acceptances of more than 50% of Juken's issued share capital as at Closing Date

#### Terms of Offer:

- CASH CONSIDERATION:**
  - S\$0.18 for each Juken Share
  - S\$0.14 for each outstanding Warrant\*
  - S\$0.1129 for each outstanding Option\*
  
- SHARE CONSIDERATION:**
  - 1.8 Juken Share swap to 1 new Frencken (FG) Share @ S\$0.324\*\*  
*(capped to maximum of 27,734,113 new FG shares, representing 20% of Juken's issued share capital as at 31 December 2011)*

\* Computed on a "see-through" basis, being the amount by which the Cash Consideration for each Juken Share is in excess of the exercise price for each Warrant and Option

\*\* 1 Juken share acquired at S\$0.18; 1.8 Juken share is equivalent to S\$0.324

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## Proposed Acquisition of Juken

### ☐ Juken Undertaking Shareholders:

Name	Number of Juken Shares	Share Consideration Undertaking	Minimum number of Juken Shares to be swapped for New FG Shares	Number of New FG Shares @ 1.8:1
David Wong	36,951,842	At least 50%	18,475,921	10,264,400
William Wong	12,627,608	At least 50%	6,313,804	3,507,668
Juken Kogyo Co Ltd	23,467,341	100%	23,467,341	13,037,411
<b>TOTAL</b>	<b>73,046,791</b>		<b>48,257,066</b>	<b>26,809,479</b>

Approximately  
29% of Juken  
share capital

Approximately  
7% of Frencken  
share capital



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### Proposed Acquisition of Juken

#### Purchase Consideration – S\$50.2 Million to S\$52.5 Million

*Assumption:*

- Only Juken Undertaking Shareholders elect to receive new FG Shares in accordance with their respective Juken Irrevocable Undertakings. The rest of the Juken Shareholders elect to receive Cash Consideration.

#### SHARE CONSIDERATION

Description	Quantity	New FG Shares	Price of FG share	Share Consideration
Undertaking shares	48,257,066	26,809,479	S\$0.324	<b>S\$8.7 million</b>

#### CASH CONSIDERATION

Description	Quantity	Warrant and option holders elect "see-through" pricing		Full conversion of warrants and options	
		Unit Price	Cash Consideration	Unit Price	Cash Consideration
Non-undertaking shares	201,958,951	S\$0.18	S\$36.4 million	S\$0.18	S\$36.4 million
Warrants	18,577,194	S\$0.14	S\$2.6 million	S\$0.18	S\$3.3 million
Options	22,794,000	S\$0.1129	S\$2.6 million	S\$0.18	S\$4.1 million
<b>Total</b>			<b>S\$41.5 million</b>		<b>S\$43.8 million</b>

**Note:** Unless otherwise stated, all figures are as of 30 July 2012, the Latest Practicable Date of the Circular

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## Proposed Acquisition of Juken

### Purchase Consideration : For Purpose of Determining Materiality Threshold As Set Out in Chapter 10 of Listing Manual

#### Assumptions:

- Full acceptance of Share Consideration - 49,921,403 Juken Shares are swapped for 27,734,113 New FG Shares
- New FG Share valued at its NAV as at 31 March 2012 of S\$0.53
- All Juken warrants converted and options are exercised into ordinary shares

#### SHARE CONSIDERATION

20% of Juken shares in issue\* = 49,921,403 shares

New FG shares = 27,734,113 FG shares  
X S\$0.53

**S\$14.7 million**

#### CASH CONSIDERATION

Balance of Juken shares in issue = 200,294,614 shares  
Warrants Converted = 18,577,194 shares  
Options Exercised = 22,794,000 shares

Total shares = 241,665,808  
X S\$0.18

**S\$43.5 million**

**Total Consideration**

**S\$58.2 million**

\* Based on no. of shares in issue as at 31<sup>st</sup> December 2011 (excluding treasury shares)

7 **Note:** Unless otherwise stated, all figures are as of 30 July 2012, the Latest Practicable Date of the Circular



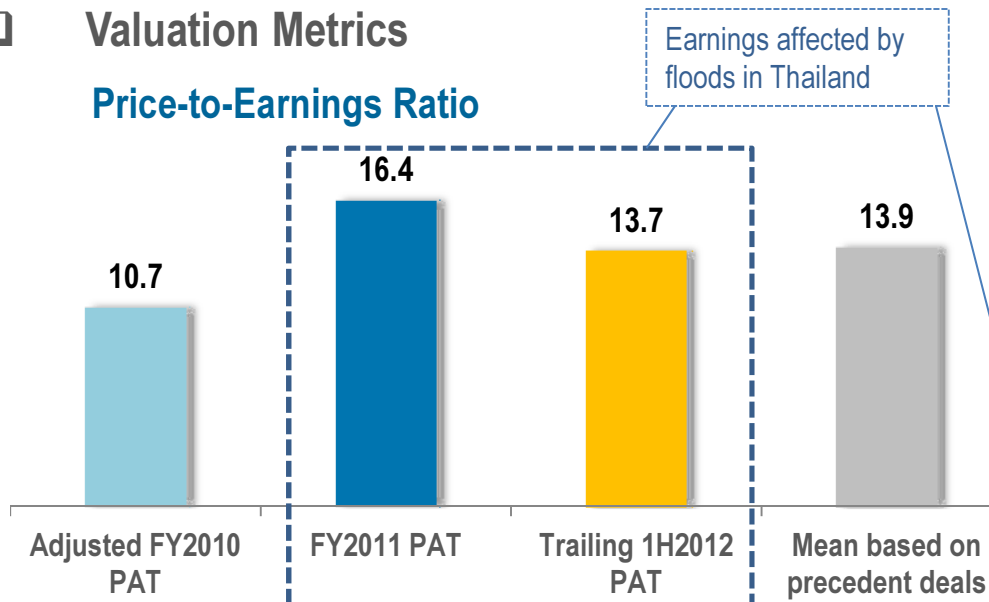
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Extraordinary General Meeting

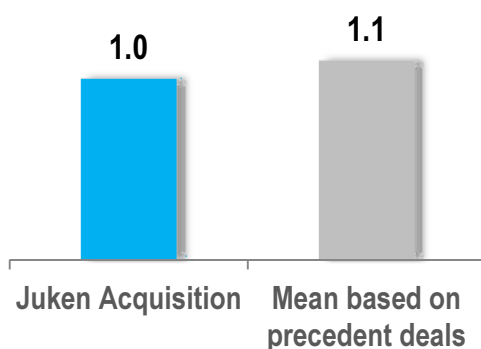
## Proposed Acquisition of Juken

### Valuation Metrics

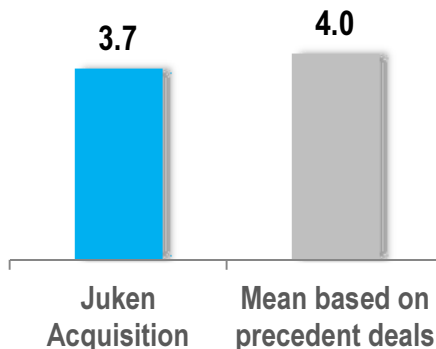
#### Price-to-Earnings Ratio



#### Price-to-NAV Ratio



#### Enterprise Value / EBITDA



Purchase Consideration	S\$50.2 M
Adjusted FY2010 PAT	S\$4.7 M (excluding negative goodwill and gain on disposal of S\$4.8M)
FY2011 PAT	S\$3.1 M
Trailing 1H2012 PAT	S\$3.7 M
Trailing 1H2012 EBITDA	S\$14.7M
NAV as at 30 June 2012	S\$49.4M

\* Based on PAT attributable to equity holders

Note:

1. Enterprise Value = Purchase Consideration less Cash, Add Borrowings and Minority Interests as at 30 June 2012
2. EBITDA = Trailing 1H2012 EBITDA



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## Proposed Acquisition of Juken

### □ Precedent deals

Comparison with Precedent Transactions						
Date			P/E	P/B	EV/EBITDA	
Announced	Target	Acquirer	(x)	(x)	(x)	
15/03/2012	Meiban Group Ltd.	Zhong Yong Holdings Limited	13.2	n.a.	3.4	
10/05/2011	Beyonics Technology Ltd.	Shaw Kwei & Partners	n.a.	0.5	5.9	
12/03/2010	MAP Technology Holdings Limited.	Min Aik Technology Co. Ltd.	14.6	1.7	2.7	
03/12/2010	Avaplas Ltd.	Cal-Comp Electronics (Thailand) Public Company Limited	n.a.	1.1	n.a.	
		<b>Mean</b>	<b>13.9</b>	<b>1.1</b>	<b>4.0</b>	

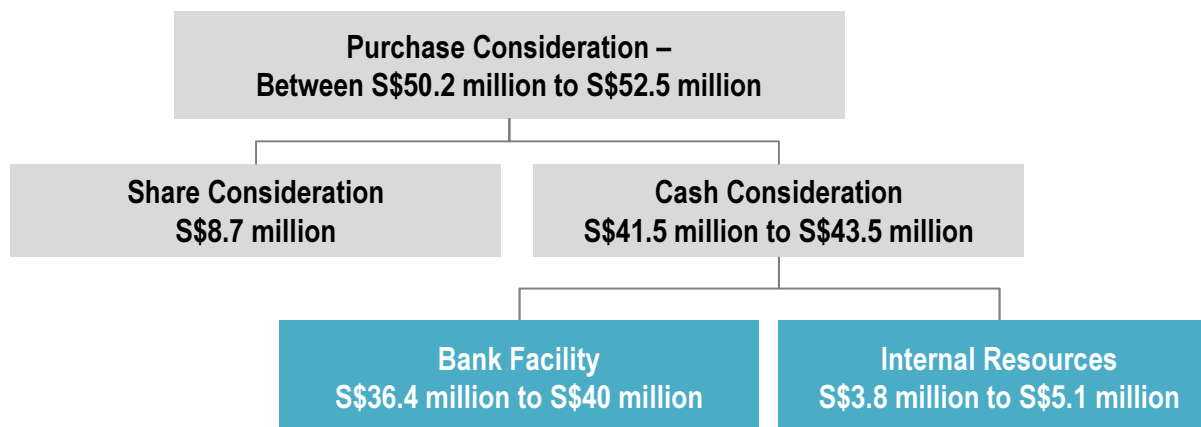
Source: Capital IQ for recent similar transactions in the electronic manufacturing services sector in Singapore  
"n.a." – not available

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### Proposed Acquisition of Juken

#### ☐ Financing



Purchase Consideration	Share Consideration	Cash Consideration	
		Loan facility	Internal resources
<b>S\$50.2 million<sup>1</sup></b>	S\$8.7 million <sup>3</sup>	S\$36.4 million	S\$5.1 million
<b>S\$52.5 million<sup>2</sup></b>	S\$8.7 million <sup>3</sup>	S\$40.0 million	S\$3.8 million

<sup>1</sup>Assuming warrant and option holders elect for “see-through” pricing

<sup>2</sup>Assuming full conversion of warrants and options

<sup>3</sup>Assume that only Juken Undertaking Shareholders elect to receive new FG Shares in accordance with their respective Juken Irrevocable Undertakings

<sup>10</sup>**Note:** Unless otherwise stated, all computations are based on figures as of 30 July 2012, the Latest Practicable Date of the Circular





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## Information on Juken

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## Proposed Acquisition of Juken

### About Juken

#### Core Competency

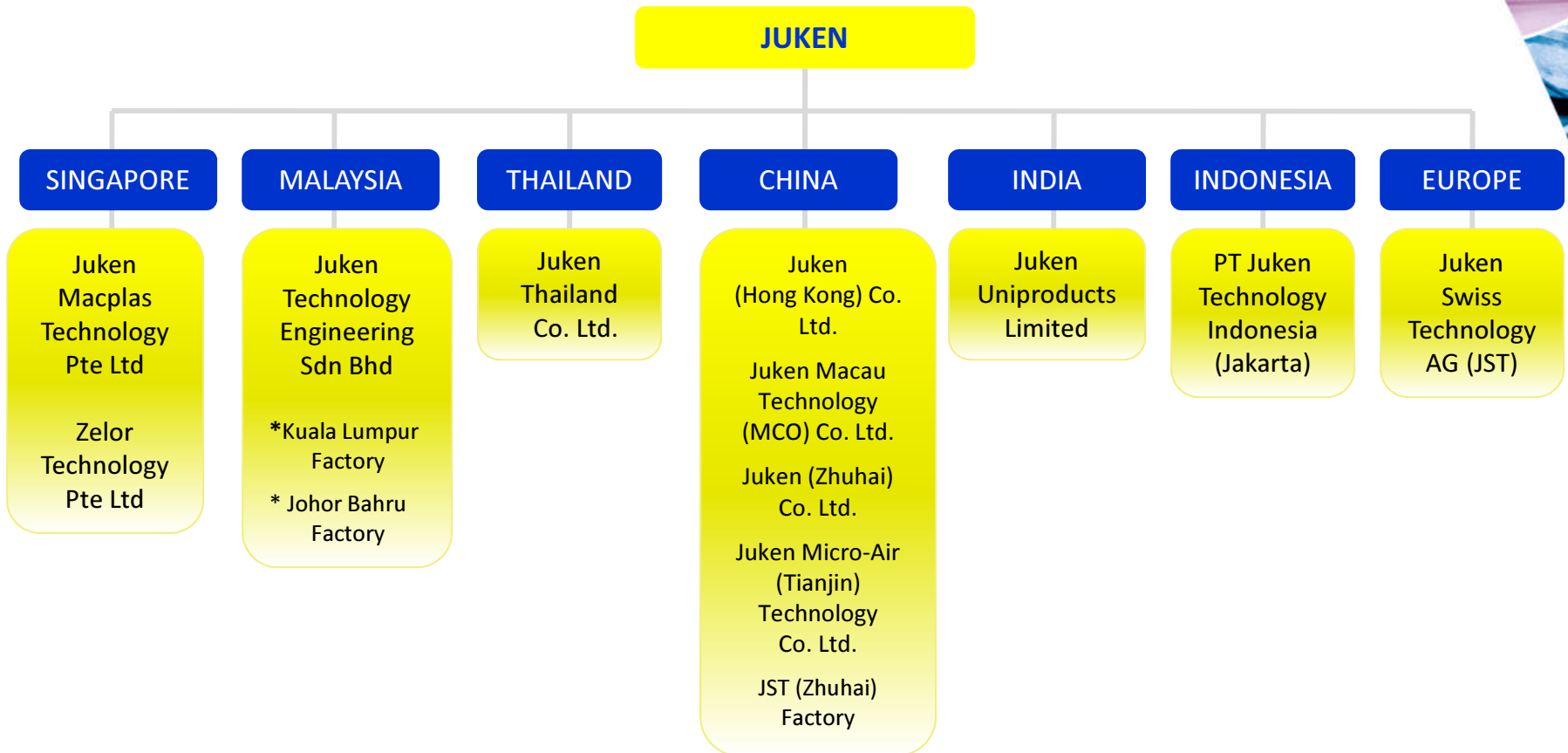
- Strong R&D in Nano Polymer processing capability
- Access to advanced technologies from Japanese shareholder which is a company specialised in precision plastic component design and manufacture
- Design and manufacture of plastic micro gears & components with tolerances of less than 20 micron (where precision mechanical movement is critical)
- Design, development and manufacture of stepper motors and car clocks (OEM and ODM)

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Proposed Acquisition of Juken

## □ About Juken



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## Proposed Acquisition of Juken

### □ About Juken

More than 53% of FY2011 revenue derived from Automotive sector

Automotive Customers	• Continental	• Bosch	• Yazaki
	• Magneti Marelli	• Johnson Controls	• Visteon
	• Stoneridge	• Stanley Electric Co. Ltd.	• Denso
	• Delphi	• Thyssenkrupp Technologies	• Magna Closures

Consumer Electronics, Industrial and Medical Products	• Olympus	• Brother	• Sony
	• Pentax	• Dyson	• JVC
	• Hitachi	• Ambu	• Itron
	• Nikon	• Schneider Electric	

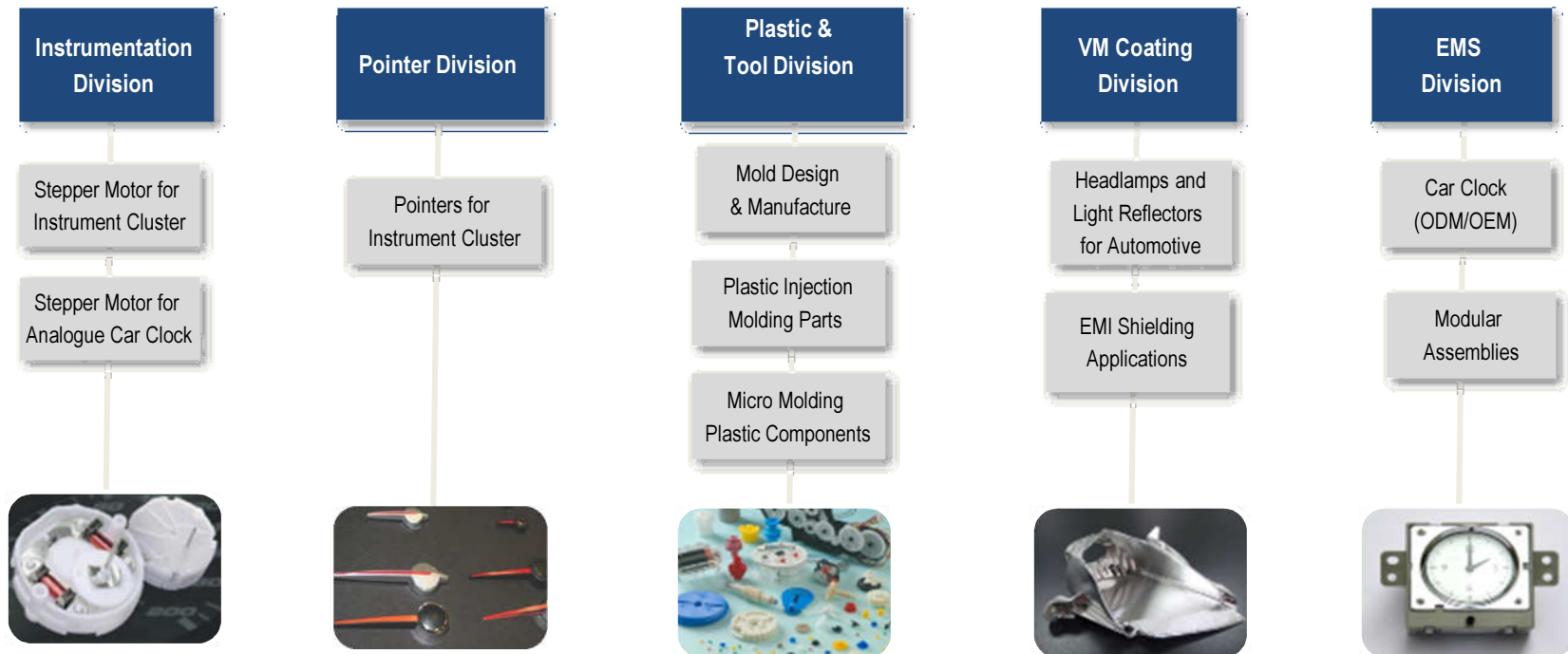
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## Proposed Acquisition of Juken

### □ About Juken

## Business Divisions



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Proposed Acquisition of Juken

□ About Juken

## Pointer Division



Automatic Assembly



Cleanroom Molding



Manual Assembly





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Proposed Acquisition of Juken

## □ About Juken

### Instrumentation Division

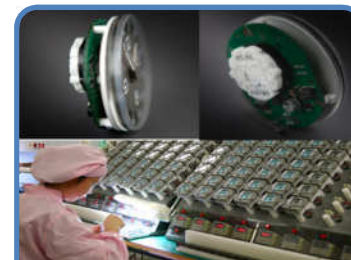
Acquired stepper motor and car clock manufacturing assets from The Swatch Group in 2009 to expand its service offerings to the automotive business sector



Stepper Motor



Car Clock Motor



Car Clock Assembly



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## □ About Juken

### EMS Division



Fax Machine  
Unit



Utilities  
Metering Unit



Camera  
Autofocus Unit





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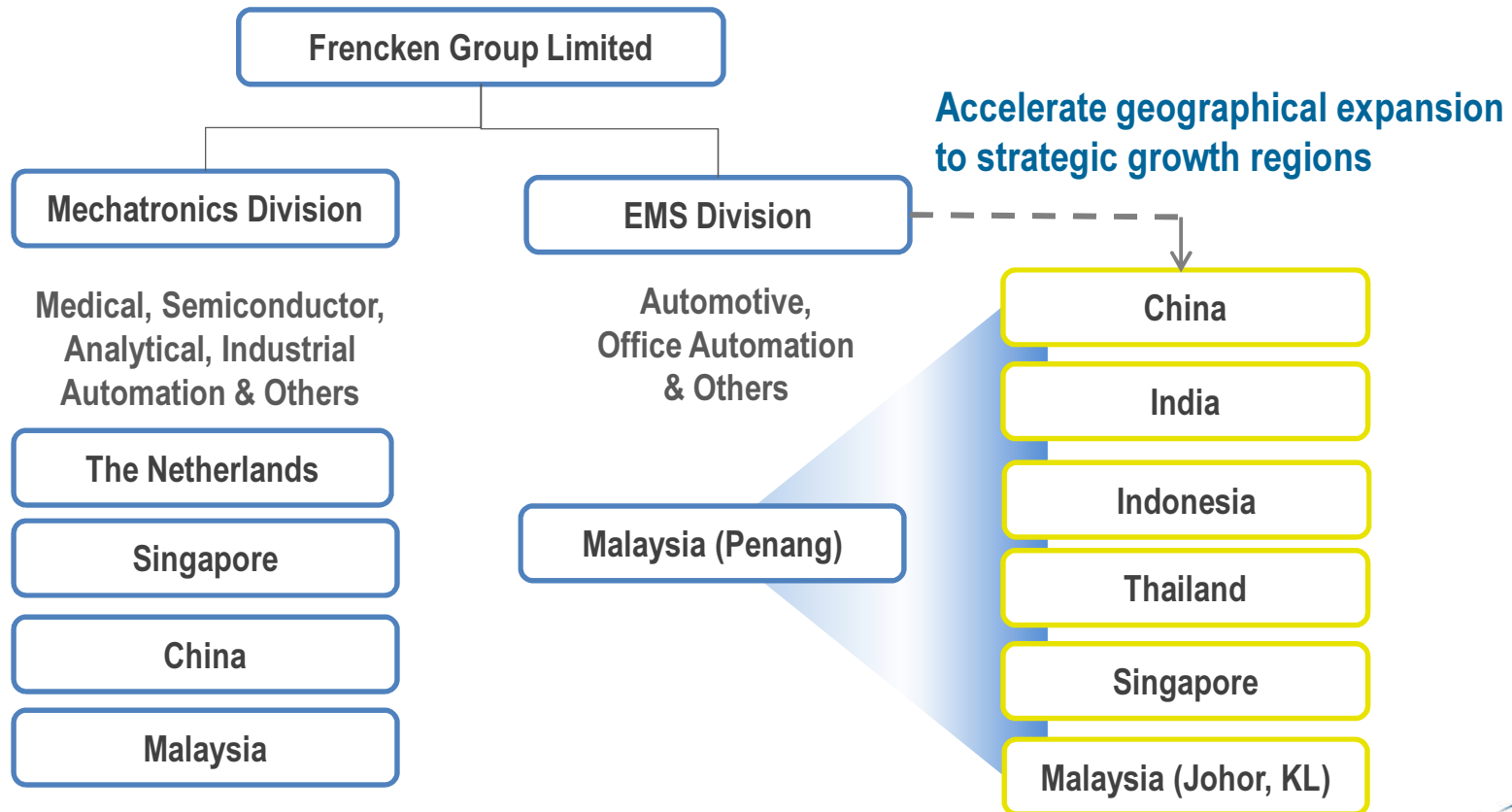
## Rationale for Proposed Acquisition

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## Proposed Acquisition of Juken

- Rationale – Juken has Strategic and Operational Fit with our EMS Division

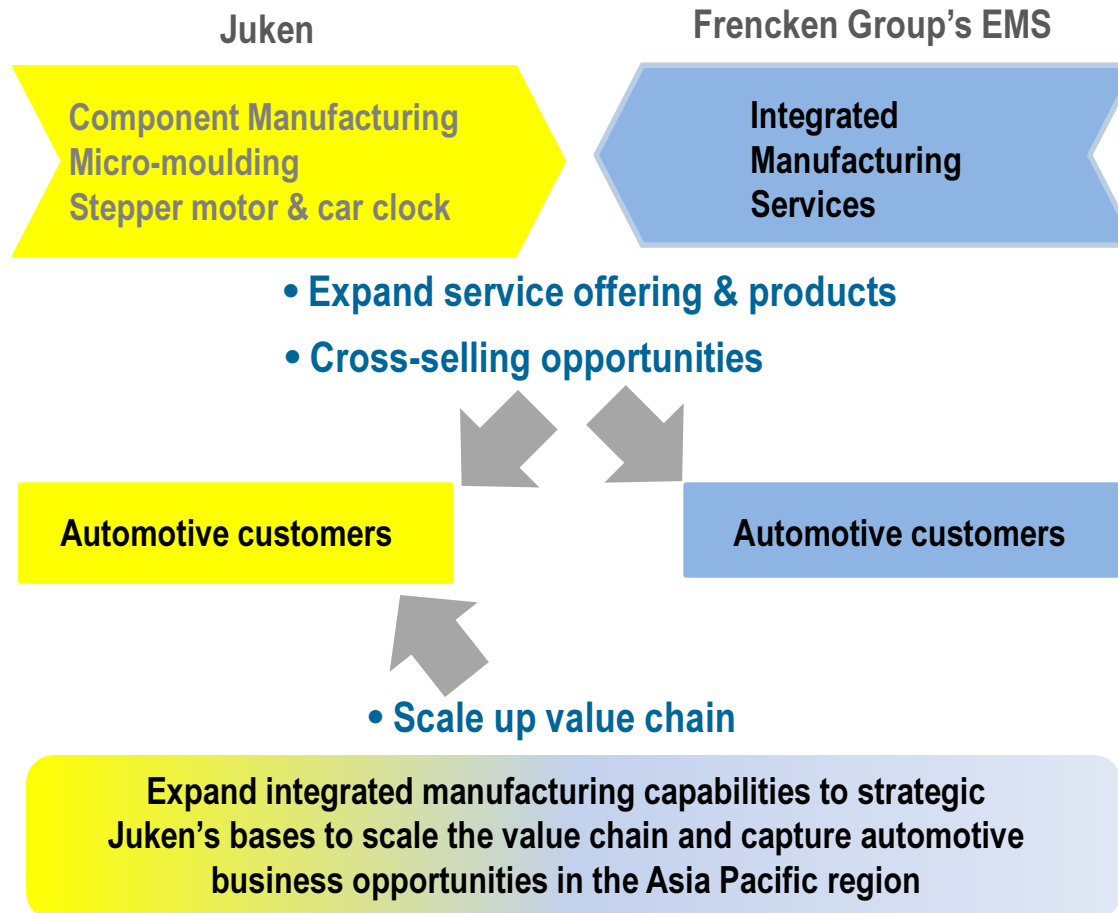


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## Proposed Acquisition of Juken

- Rationale – Juken has Strategic and Operational Fit with our EMS Division



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## Proposed Acquisition of Juken

- ❑ **Compelling manufacturing partnership for the merged EMS group**
  - Expands geographical presence to penetrate strategic growth markets like China, India and the ASEAN region
  - Enhances merged group's integrated manufacturing capabilities
  - Scale up the value chain and expands service offering and product range, particularly in the automotive sector
  - Widens customer base with little overlap in customer base

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## 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.

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Thank You

# Q&A

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