



Corporate Presentation



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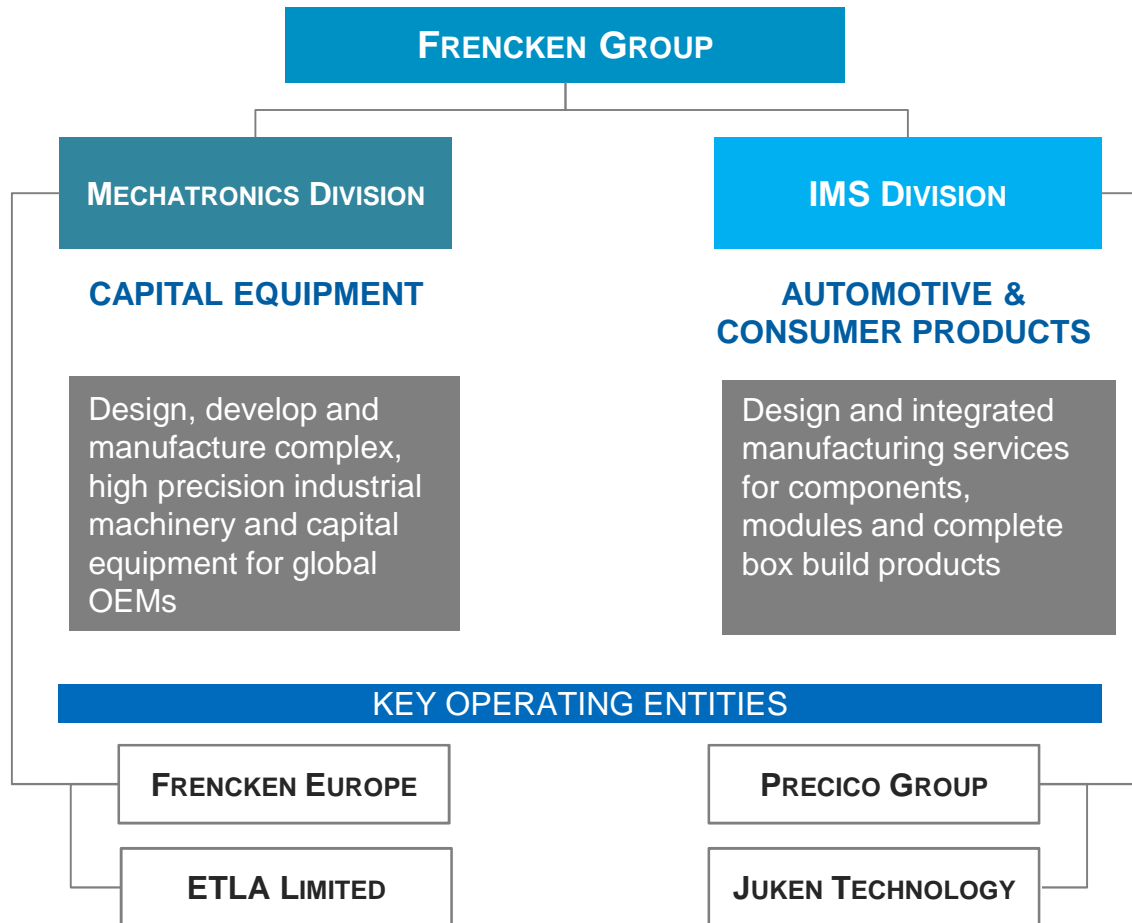
FRENCKEN GROUP LIMITED

INCORPORATED IN SINGAPORE

RHB OSK | DMG ASEAN & HONG KONG CORPORATE DAY
26 JUNE 2014

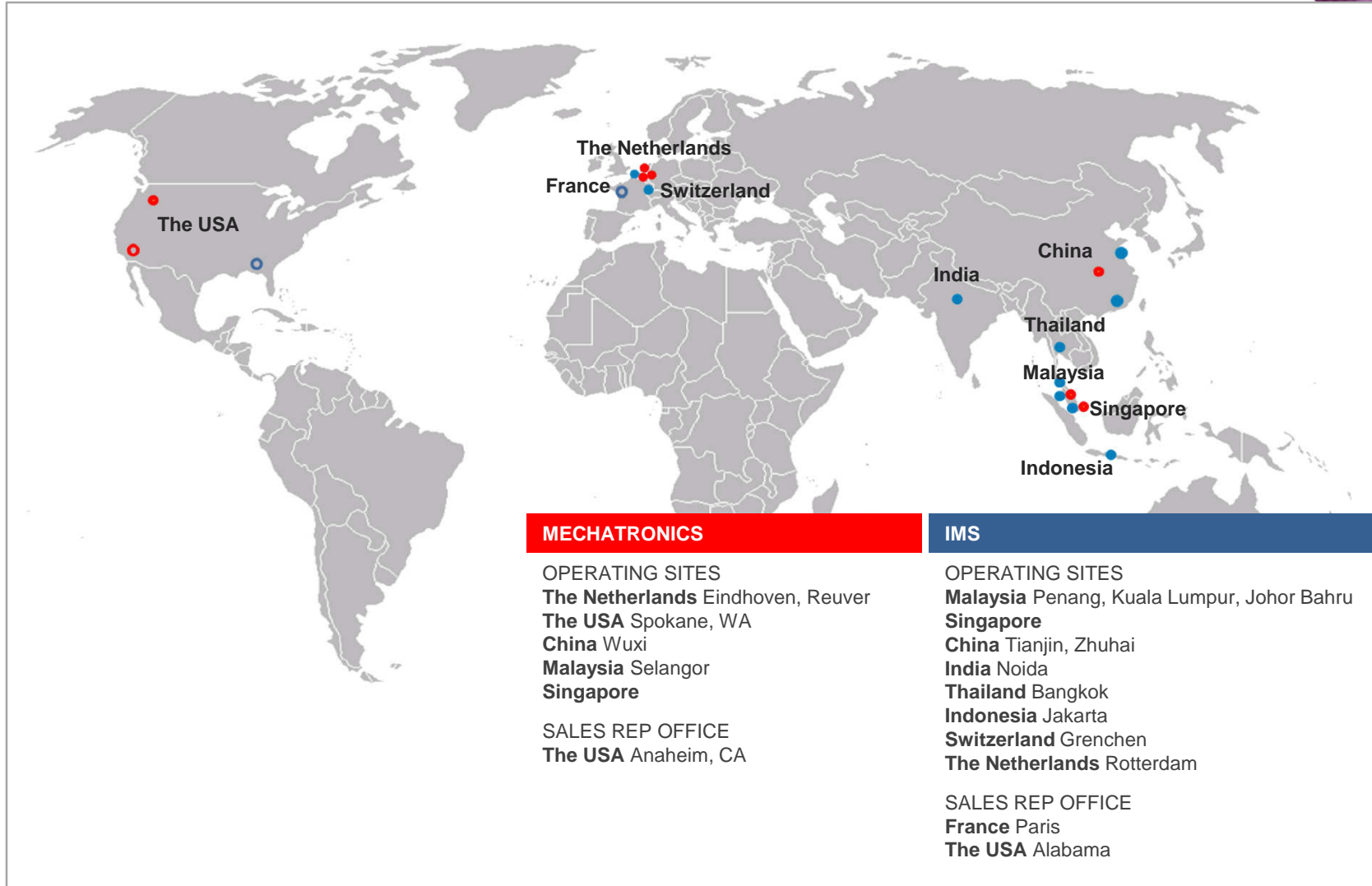
Business Overview

High-Tech Capital Equipment and Consumer Product Service Provider



Business Overview

Global Scale of Operations – Europe, Asia and the USA



Business Overview

Global Customer Base includes ...

Mechatronics Division

MEDICAL



SEMICONDUCTOR



ANALYTICAL



INDUSTRIAL AUTOMATION



SEAGATE GROUP



IMS Division

AUTOMOTIVE



OFFICE AUTOMATION



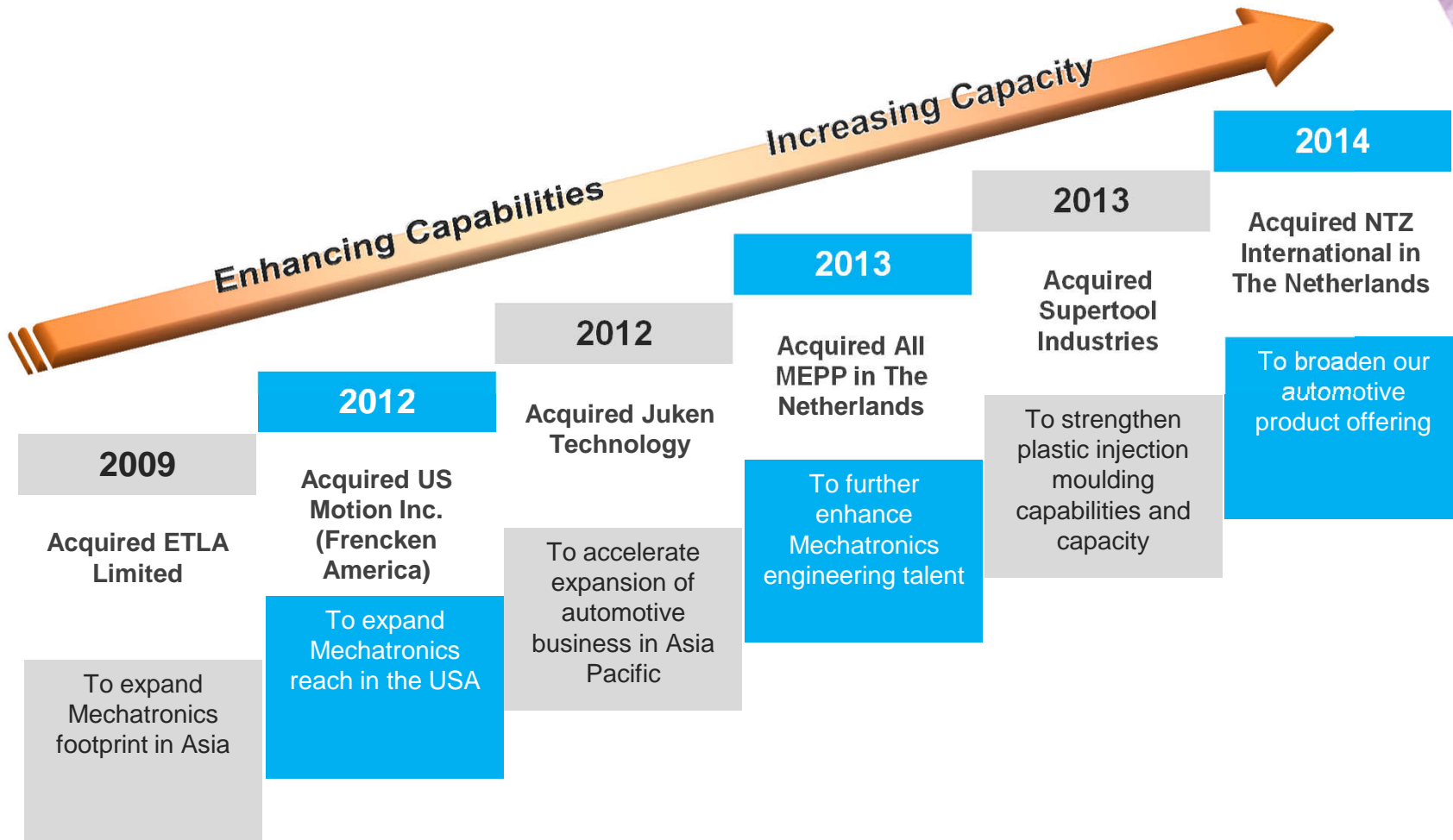
CONSUMER & INDUSTRIAL



* Customer list is not exhaustive due to confidentiality requirements

Business Overview

Strategic Acquisitions to Complement Organic Growth





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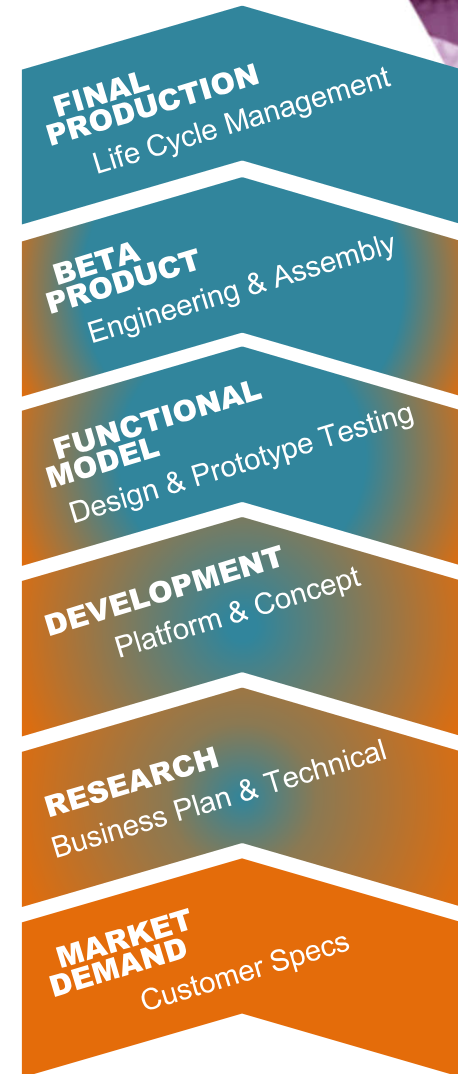


Mechatronics Division

Mechatronics Division

One-stop Outsourcing Solutions Provider

- **Excellent reputation** within the global high-precision capital equipment industry for **both product, process development and production**
- **Global presence** close to key customers worldwide
 - Customers are blue chip companies and leading players in their respective fields and markets
- **Manufacturer of**
 - Mechanical precision parts and functional sheet metal
 - Mechanical assemblies
 - Complex mechatronic modules
 - Complete equipment
- Typically the **single/primary supplier** of key components, modules and equipment manufactured
- Focus on **high-mix, low to mid-volume** products with **longer life cycles** – typically 7 to 10 years



Mechatronics Division

One-stop Outsourcing Solutions Provider

MEDICAL



Patient Table for Interventional X-Ray System



Carriage Assembly for Oncology System

SEMICONDUCTOR

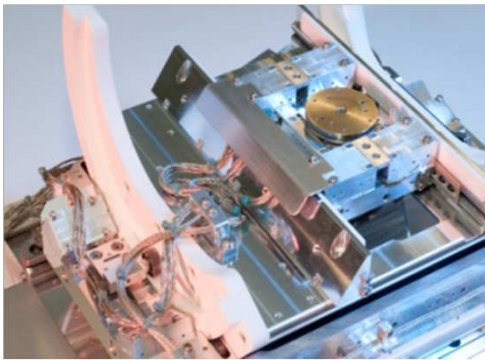


E-beam Lithography Tool



Test Head Assembly for IC Tester

ANALYTICAL



Specimen Stage for Scanning Electron Microscope

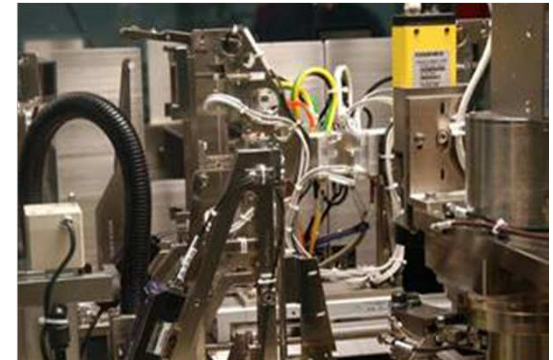


Ion Source for Mass Spectrometer

INDUSTRIAL AUTOMATION



Automated Recording Heads Tester



High-speed Automation For Data Storage Assembly

Mechatronics Division

Product Development Capabilities

DIGITAL PATHOLOGY SCANNER

- Joint development with customer
- Ultrafast scanner scans and digitizes tissue glass slides into high resolution images at high speeds – enable pathology departments to achieve higher operational efficiency and productivity
- Received approval from US FDA (Section 510K) in end of 2013
- Identified as major **future** growth area by customer Philips



Mechatronics Division

Barriers to Entry

- Long development and industrialization phase of at least two years before products reach mass production stage
- Lengthy audit and qualification processes to get facilities approved
- Typically, the sole supplier over the products' life cycles
 - Complex products that involve significant investment in development costs and time
 - Products are designed and developed based on our know-how and manufacturing processes which are optimised to our facilities
 - Difficult to replicate products without customers incurring further development costs which are generally high
- Highly challenging to establish track record to gain customer confidence in co-design and manufacturing partnership
- Longstanding strategic partnerships with customers, based on win-win outcomes

Mechatronics Division

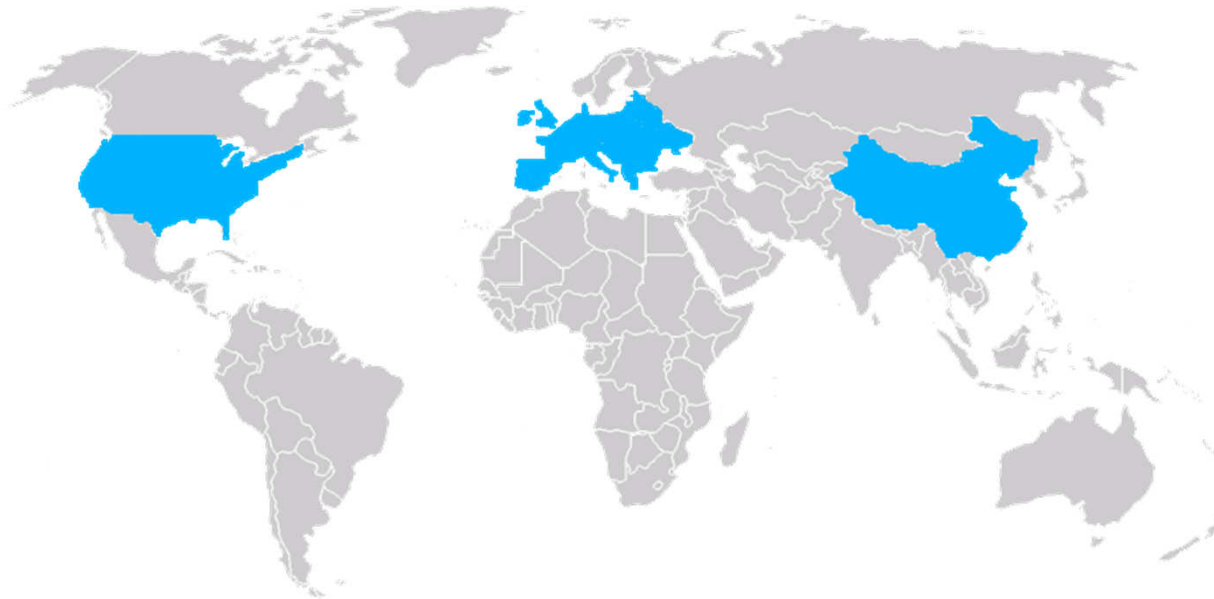
Growth Drivers and Long-term Strategy

- **CURRENT INDICATORS SUPPORT GROWTH IN 2014**

- Driven by improving demand in the 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
- 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



Mechatronics Division

Growth Drivers and Long-term Strategy

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

- Engage from early stages of product development to full life-cycle management
- Presence close to customer R&D groups in Europe, USA and Asia

- **FOCUS ON PRODUCTS WITH LONG LIFE CYCLE**

- Typical product development of 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

- **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
- Frencken America has tripled its cleanroom assembly space



Corporate Presentation



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IMS Division

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
 - Customers are leading OEMs and Tier-1 suppliers
- **Manufacturer of:**
 - Single components
 - Conventional moulding
 - 2K moulding
 - Micro-moulding (gears)
 - Mechanical assemblies
 - Switch and switch lever modules
 - Box build products

Box build to final test and assembly

Printed circuit board assemblies

Surface coating and secondary processes

Plastic injection moulding parts/ components

Supply chain Management

Tooling design and manufacturing

Prototyping

Mechanical & electronics design/ engineering support

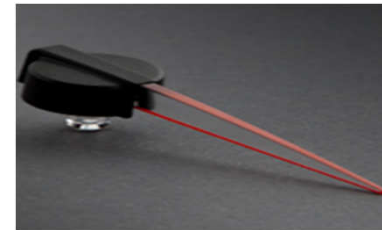
■ Manufacturing Services

■ Support Services

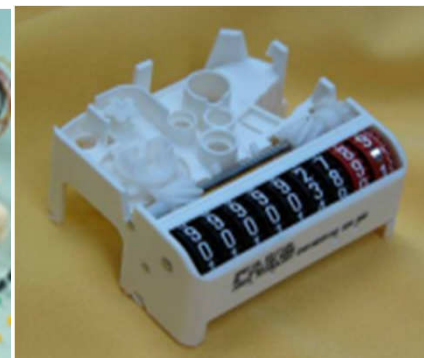
IMS Division

Integrated Manufacturing Services Provider

AUTOMOTIVE



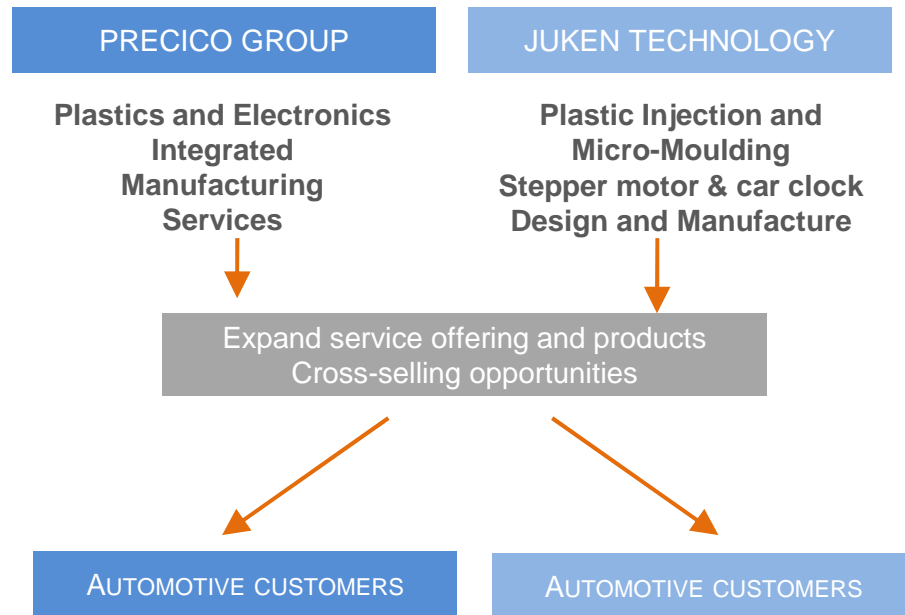
CONSUMER PRODUCTS



IMS Division

Focus on Automotive Products

- Manufacturing capabilities extend from plastic injection moulding to electronics and final test and assembly
- Single parts & modules for automotive e.g. instrument cluster pointers, car clocks, stepper motors, plastic gears, centre stacks and switch modules for car interiors
- Automotive products have longer product life cycles – typically between 5 to 10 years
- Design and industrialisation phase prior to commercial production is typically 6 to 12 months for components and more than 2 years for modules and assemblies



IMS Division

Automotive Business – Barriers to Entry

- Lengthy process to achieve qualified supplier status and TS16949 certification of manufacturing facilities
- Long development and industrialization phase of between two and three years before reaching mass production stage for modules and assemblies
- “Zero Defect” requirements
- High capital investment and working capital
- Customers usually do not switch to another supplier during the entire product life due to their high investment in upfront costs, coupled with the tedious and expensive requalification/validation process

IMS Division

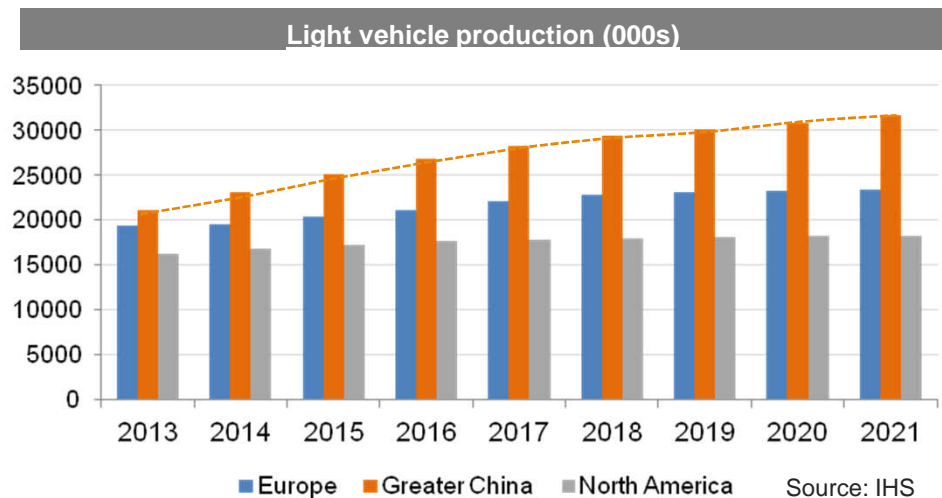
Growth Drivers and Long-term Strategy

- **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
- Local-to-local strategy improves time to market, reduces pipeline inventory and minimises 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 Precico/Juken combined capabilities to win new projects
- Labour rates in Asia Pacific are still very competitive as compared to Europe and North America

IMS Division

Operational Updates

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

- Proprietary high-quality oil filtration products for engine, transmission and power steering applications
- NTZ was awarded a major program by global supplier of transmission system for suction and pleated filters
- Broadening product portfolio and introducing new production techniques



- **EXPANSION OF JUKEN INDIA**

- Stepper motor assembly moved into commercial production in March 2014
- Expanding moulding capacity to support production of new automotive product lines for new customers
- Spray, printing and laser capabilities to be introduced at a later stage
- Overall expansion of production space, capacity and capabilities to be ready for the next phase of growth in the Indian automotive market

- **EXPANSION OF PRECICO PENANG**

- Expanding capacity in phases to cater for increasing orders of existing automotive products
- Presently in the process of expanding injection moulding capacity



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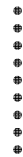
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Financial Review

Financial Performance

FY2013 Financial Highlights

Profit & Loss (S\$ M)	FY2012	FY2013	Year-on-Year Change
Group Revenue	361.0	444.7	+23%
Gross Profit	31.6	66.9	+112%
Gross Profit Margin	8.8%	15.1%	+6.3ppt
EBITDA	8.9	45.2	+406%
Profit Attributable to Equityholders	-11.8	17.7	n.m.
Net cash generated from operations	15.1	28.0	+86%

Balance Sheet	31 Dec 2012	31 Dec 2013
Shareholders' Equity	S\$186.8 M	S\$205.3 M
NAV per share	47.15 cents	51.54 cents
Gross Gearing	47.4%	24.9%
Net Gearing	20.5%	15.4%

Financial Performance

1Q14 Financial Highlights

Profit & Loss (S\$ M)	3 months ended 31 Mar 2013	3 months ended 31 Mar 2014	Year-on-Year Change
Group Revenue	107.2	110.9	+3%
Gross Profit	15.1	17.3	+14%
Gross Profit Margin	14.1%	15.6%	+15%
EBITDA	10.1	10.5	+4%
Profit Attributable to Equityholders	3.2	3.8	+21%
Net cash generated from operations	(8.9)	7.1	n.m.

Balance Sheet	31 Dec 2013	31 Mar 2014
Shareholders' Equity	S\$205.3 M	S\$208.9 M
NAV per share	51.54 cents	52.15 cents
Gross Gearing	24.7%	26.1%
Net Gearing	15.4%	15.9%

Financial Performance

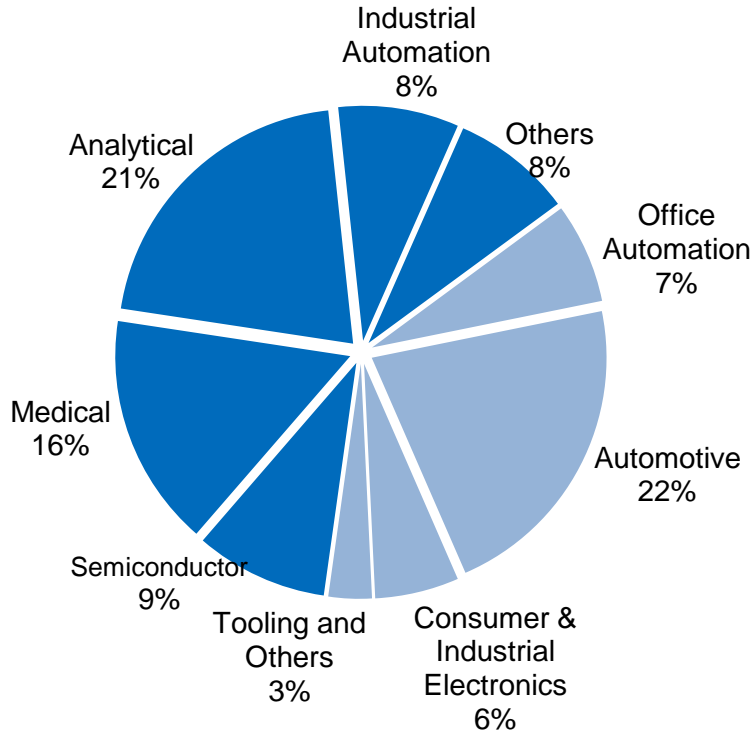
Division Revenue Analysis

(S\$ m)	1Q13	1Q14	Change y-o-y
MECHATRONICS			
Semiconductor	9.8	14.6	49%
Medical	17.2	16.8	(2%)
Analytical	22.4	22.0	(2%)
Industrial Automation	8.9	6.7	(25%)
Others	8.9	7.8	(12%)
Total	67.2	67.9	1%
IMS			
Office Automation	7.4	5.8	(22%)
Automotive	23.2	28.1	21%
Consumer & Industrial Electronics	6.2	5.2	(16%)
Others	0.5	0.5	(2%)
Product Sales	37.3	39.6	6%
Tooling Sales	2.7	3.4	26%
Total	40.0	43.0	7%
GRAND TOTAL	107.2	110.9	3%

Financial Performance

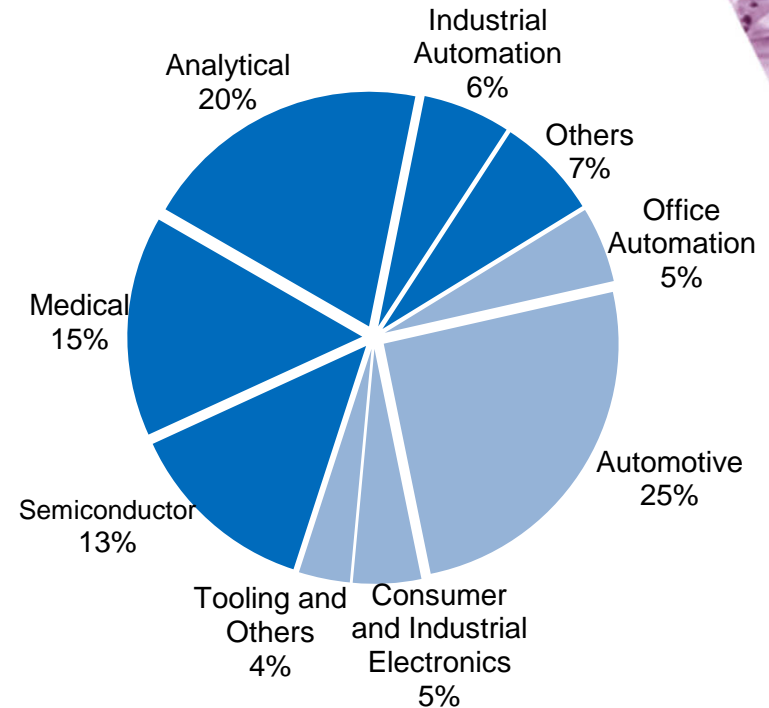
Group Revenue By Market Segments

1Q13



MECHATRONICS – 63%
IMS – 37%

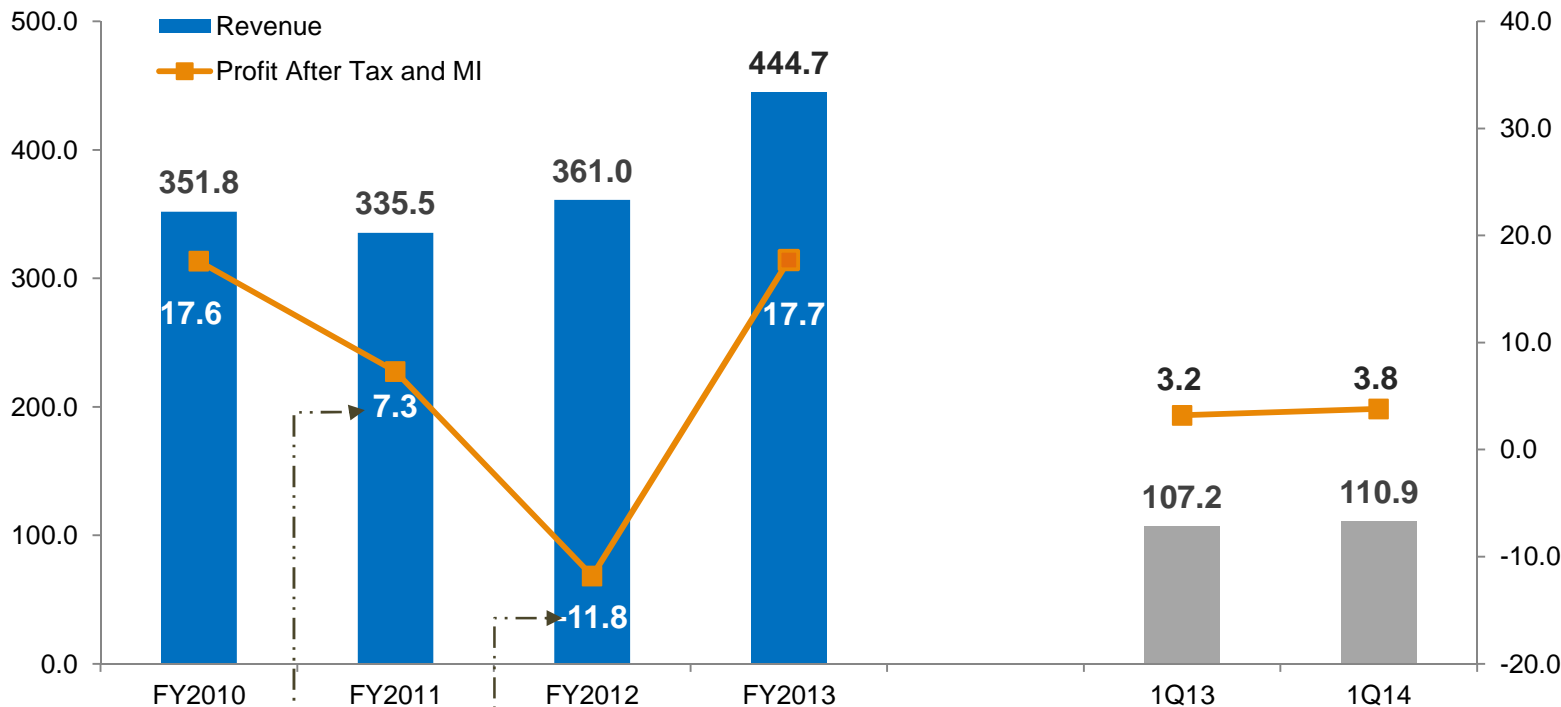
1Q14



MECHATRONICS – 61%
IMS – 39%

Financial Performance

Group Revenue and Net Profit Trend (S\$ million)



Impacted by :-

- Customer product liability claim of S\$3.1M
- Under utilised capacity due to expansion of Wuxi and Bangi plants
- Learning curve of automotive segment

Impacted by:-

- Exceptional items* and DTA reversal totalling S\$9.7M
- Forex – Weak USD and EURO
- Initial operational inefficiencies of automotive segment

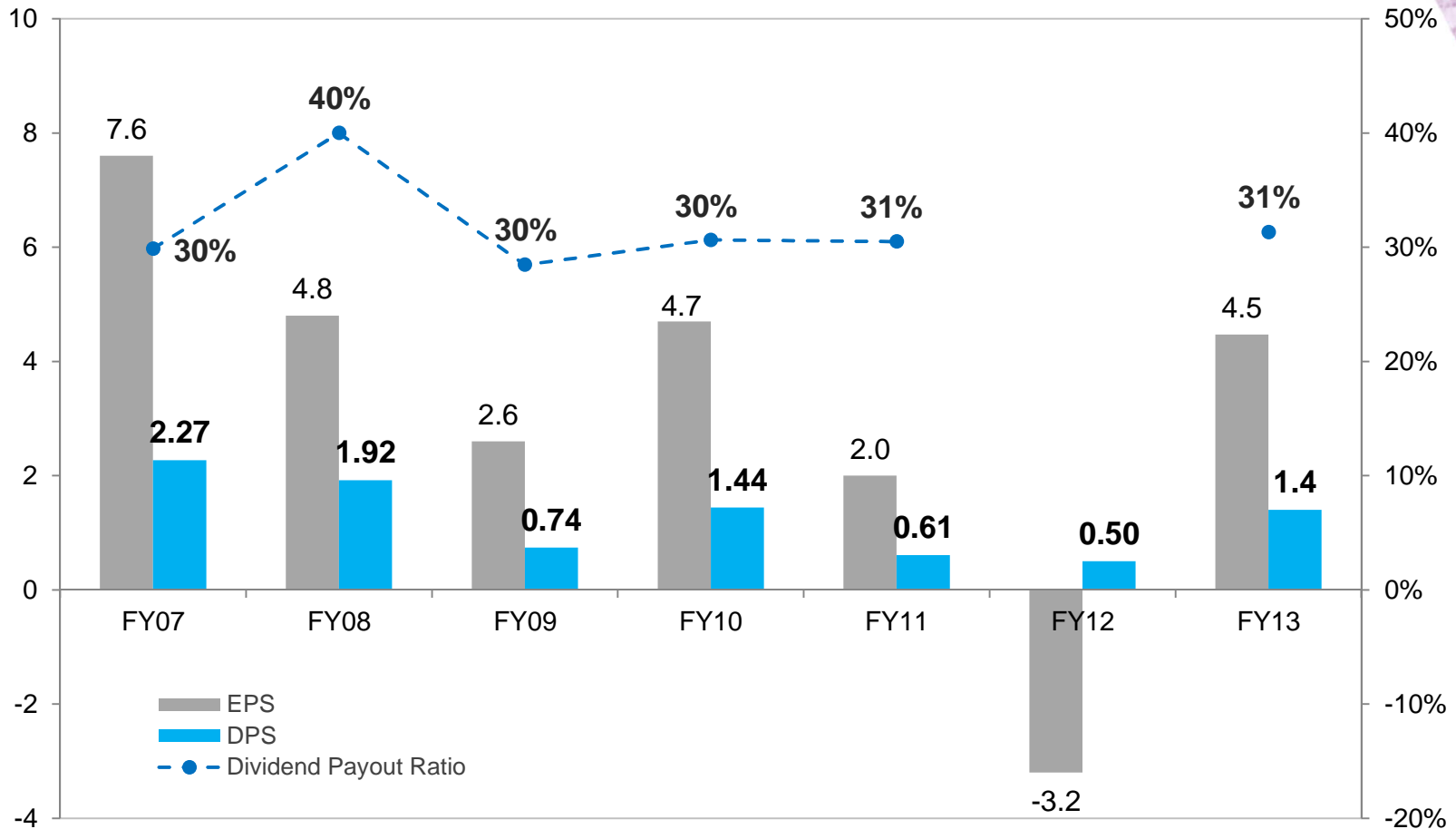
*** Exceptional items comprised :-**

- Impairment of goodwill
- Impairment of deferred development cost
- Acquisition expenses

Dividend History

Dividend payout of at least 30% since listing on SGX

(cents per share)



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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