Frencken

FY2011 Results Presentation



2011 FRENCKEN GROUP LIMITED

INCORPORATED IN SINGAPORE

FRENCKEN GROUP LIMITED

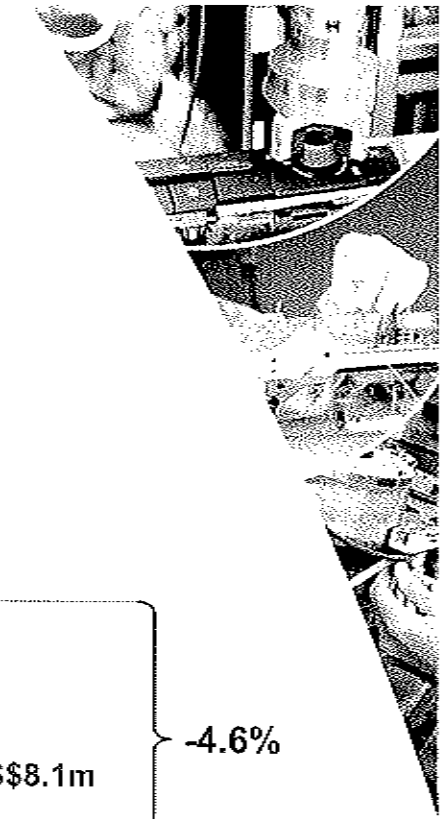
FY2011 Results Presentation

Agenda

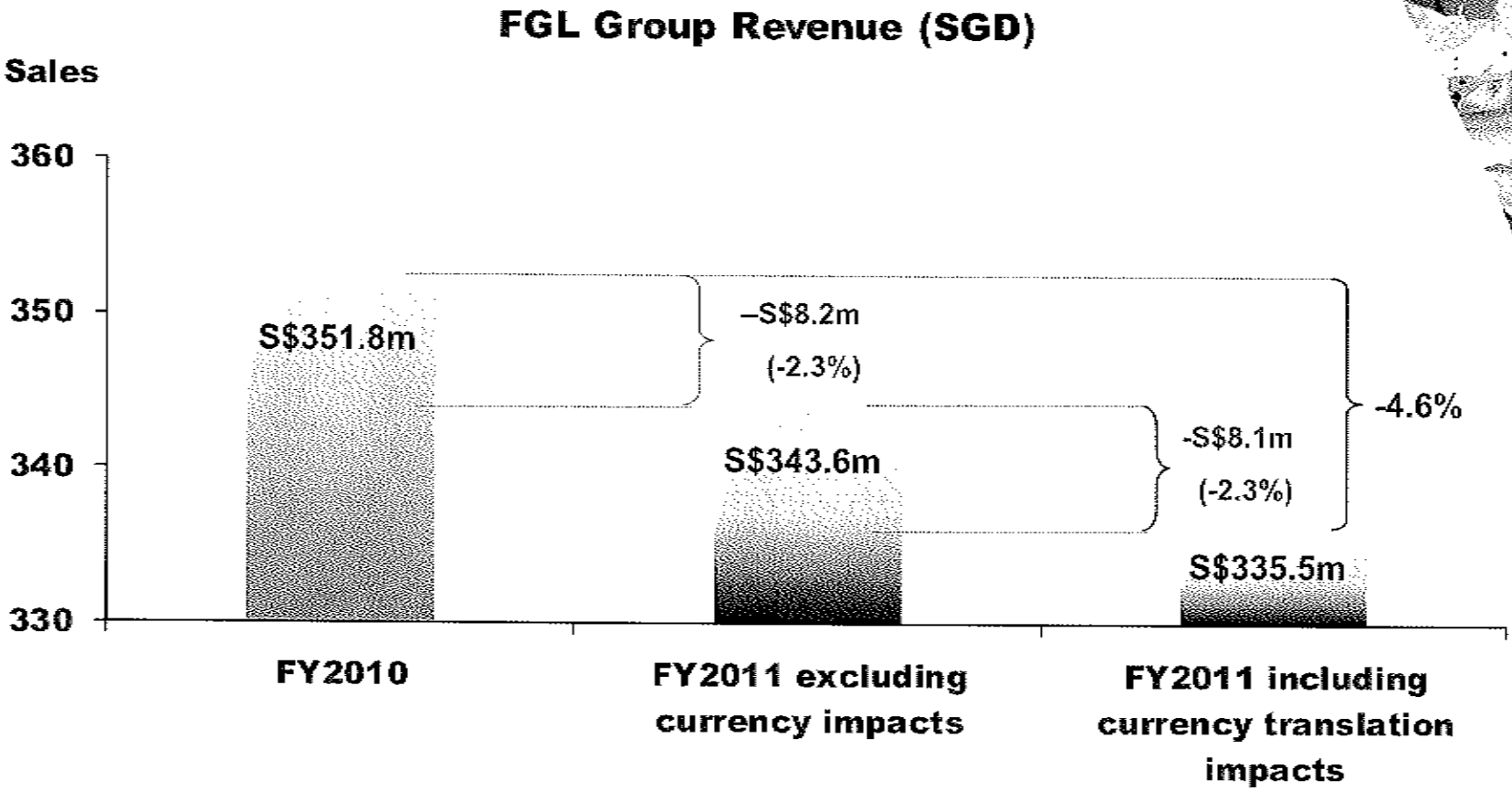


- **Financial Review**
  - Key Figures for FY2011
  - FY2011
- **Business Review**
  - Mechatronics Division
  - EMS Division
- **Outlook**
- **Questions and Answers**

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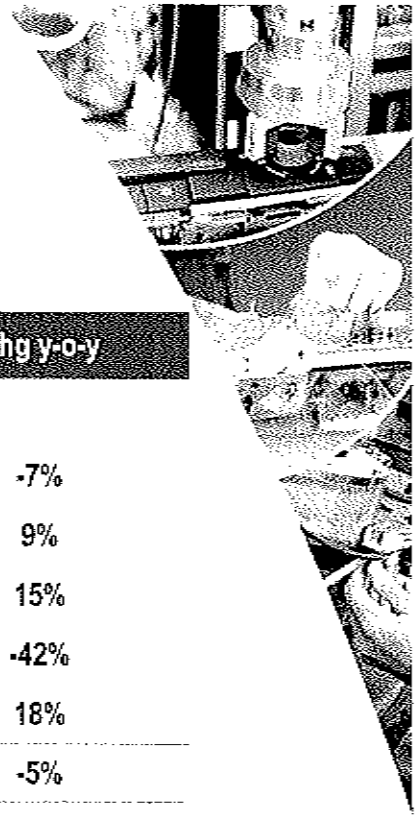


FY2011 Results - Revenue



-2.3% at constant exchange rates

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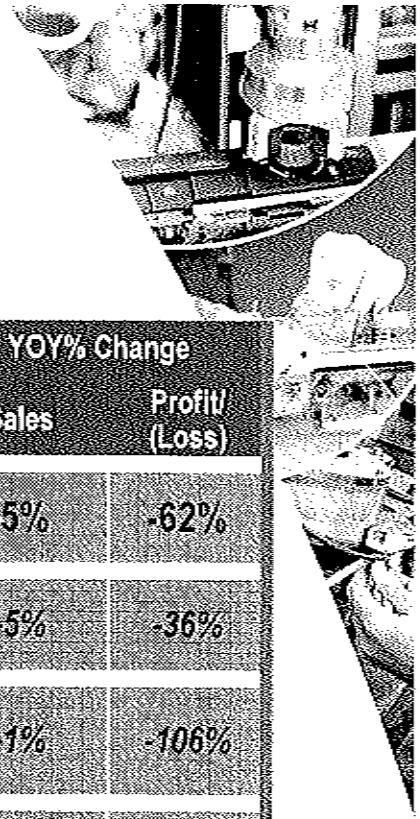
FY2011 Results – Division Revenue Analysis

(S$ m)	FY2011	FY2010	Chg y-o-y
Mechatronics			
Semiconductor	73.4	78.6	-7%
Medical	62.4	57.2	9%
Analytical	58.3	50.9	15%
Industrial Automation	39.2	67.0	-42%
Others	33.1	28.0	18%
	266.4	281.7	-5%
EMS			
Telco (Keypads & Others)	-	2.5	N.M.
Office Automation	28.2	29.2	-3%
Automotive	24.4	17.9	36%
Others (Include Telco)	6.7	9.1	-26%
Product Sales	59.3	58.7	1%
Tooling Sales	9.8	11.4	-14%
	69.1	70.1	-1%
Total	335.5	351.8	-5%

*N.M. – Not Meaningful

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FY2011 Results – Consolidated Results FY2011 vs FY2010

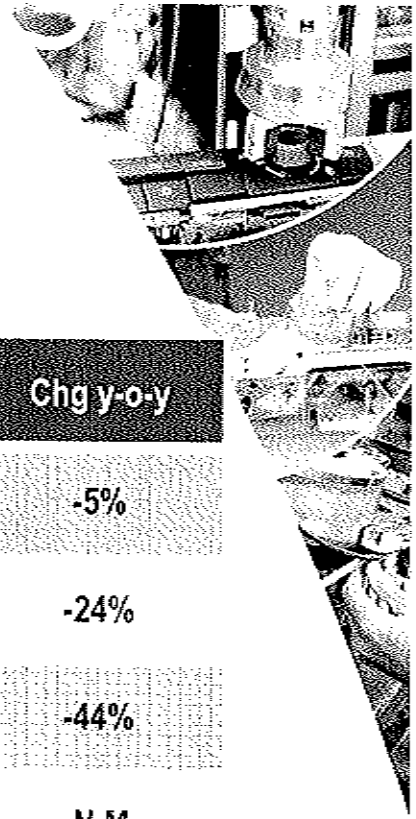
		FY2011		FY2010		YOY% Change	
		Sales	Profit/ (Loss) *	Sales	Profit/ (Loss) *	Sales	Profit/ (Loss)
FGL Ltd	**SGD**	**335.5**	**6.7**	**351.8**	**17.6**	**-5%**	**-62%**
Mechatronics	*SGD*	*266.4*	*15.6*	*281.7*	*19.6*	*-5%*	*-36%*
EMS	*SGD*	*69.1*	*(4.5)*	*70.1*	*(2.2)*	*-1%*	*-106%*
Exceptional Items	*SGD*	*-*	*(4.4)*	*-*	*-*	*-*	*N.M*
Analysis of Exceptional Items							
-Provision for Product Liability Claim	*SGD*	*-*	*(3.1)*	*-*	*-*	*-*	*N.M.*
- Impairment Loss of Investment	*SGD*	*-*	*(0.7)*	*-*	*-*	*-*	*N.M.*
- Professional Fees for Proposed Acquisition	*SGD*	*-*	*(0.6)*	*-*	*-*	*-*	*N.M*
	SGD	*-*	*(4.4)*	*-*	*-*	*-*	*N.M*

*Excludes Investment Division

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FY2011 Results Presentation



FY2011 Results – P&L Snapshot

(S$ m)	FY2011	FY2010	Chg y-o-y
Revenue	335.5	351.8	-5%
Gross Profit (GP)	33.8	44.5	-24%
Profit Before Tax *before exceptional items*	12.2	21.6	-44%
Exceptional Items	*4.4*	-	*N.M*
Profit Before Tax *after exceptional items*	7.8	21.6	-64%
Net Profit	6.7	*17.6*	-62%
NP Margin	*2.0%*	*5.0%*	-60%
Effective Tax Rate *after exceptional items*	*13.6%*	*18.8%*	-27%

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FY2011 Results Presentation

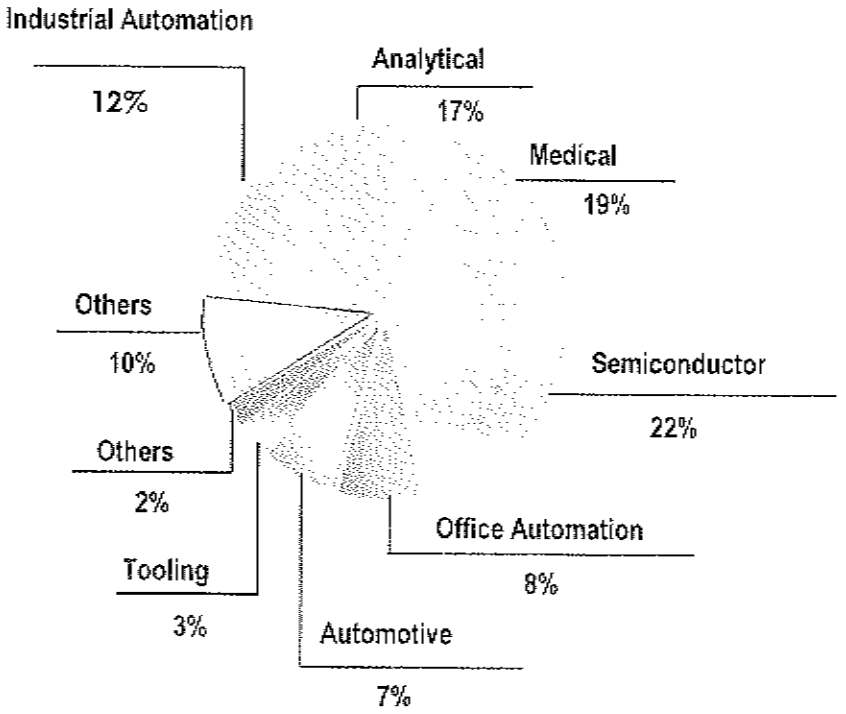


Revenue Analysis by Business Segment

Breakdown by Division:
Mechatronics – 80%
EMS – 20%

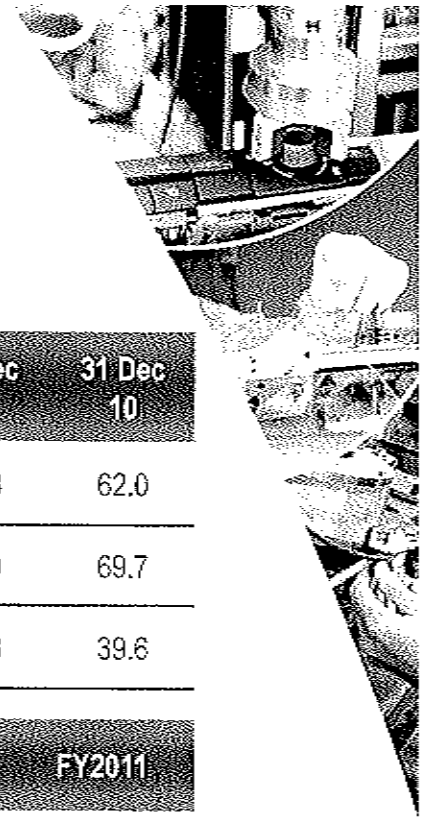
Mechatronics
EMS

Breakdown by Business Segment



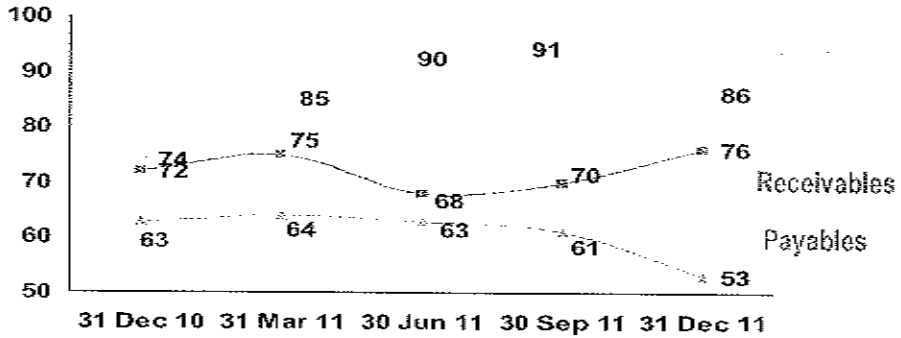
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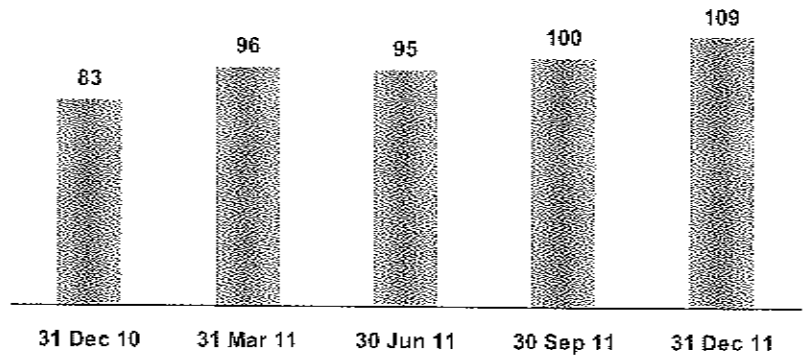


Working Capital Management

Turnover Days



Cash Conversion Cycle (Days)



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

(S$ m)	31 Dec 11	31 Dec 10
Inventories	70.8	62.0
Trade Receivables	70.0	69.7
Trade Payables	32.3	39.6

(S$ m)	FY2011
Net Profit	6.7
Non-Cash	*12.5*
Working Capital	*(7.9)*
Taxes & Interest	*(4.8)*
Net cash flow from operations	6.5
Capital expenditure	(20.3)
Free cash flow	(13.8)



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FY2011 Results Presentation

Strong Balance Sheet

Balance Sheet (S$ m)	31 Dec 11	31 Dec 10
Shareholders' equity	196.4	196.3
Total borrowings	20.5	19.5
Cash and cash equivalents	35.5	53.0
Net Cash	15.0	33.5

Financial Indicators	31 Dec 11	31 Dec 10
Gross gearing (%)	10.4	9.9
Net asset value per share (S$ cents)	53.33	53.64

Financial Indicators	FY2011	FY2010
EPS (S$ cents)	1.83	4.74

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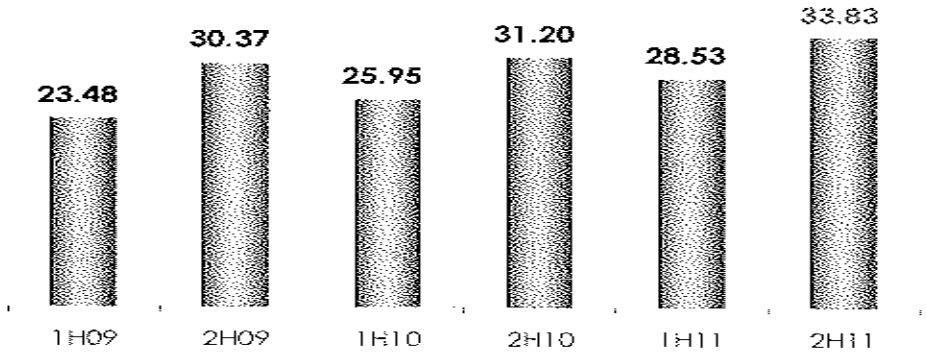
Mechatronics Division

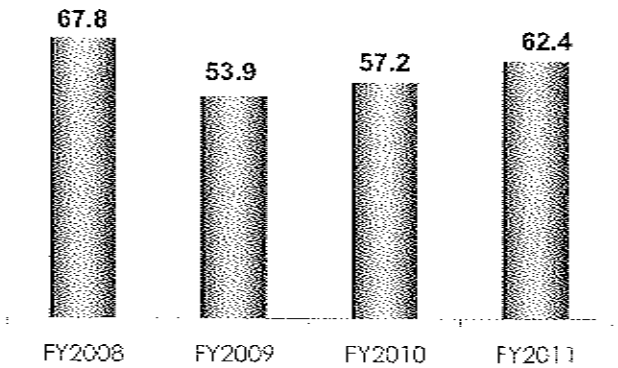
Business Review

Mechatronics Division



Sales Analysis – Medical Segment





2H11 Review

Currency: SGD million

→ up 8%

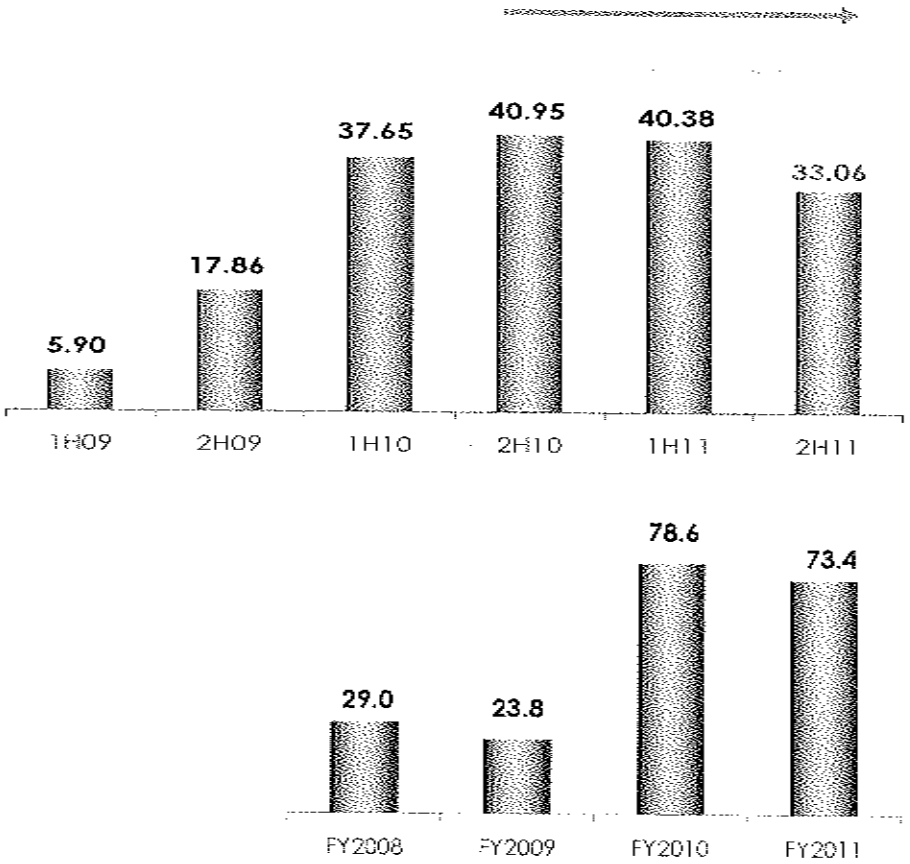
up 19%

- Increased sales in Europe and Asia

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Mechatronics Division

Sales Analysis – Semiconductor Segment



2H11 Review

Currency: SGD million

down 19%

down 18%

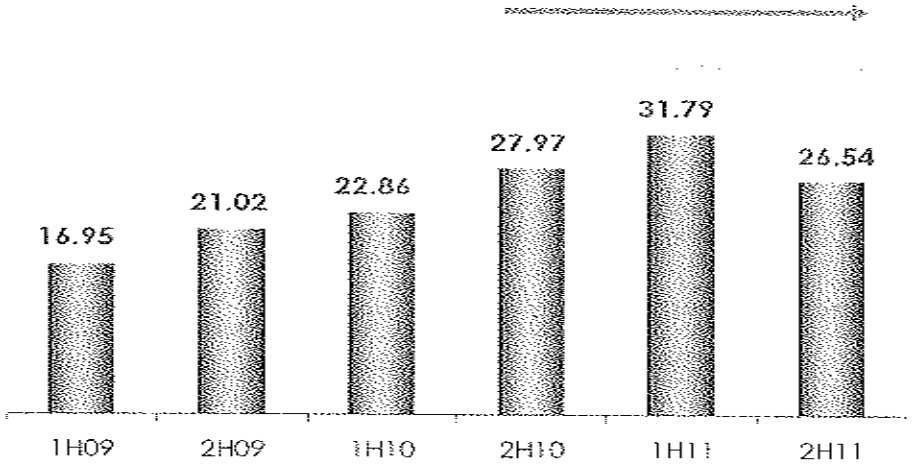
- Weaker demand in the semiconductor segment

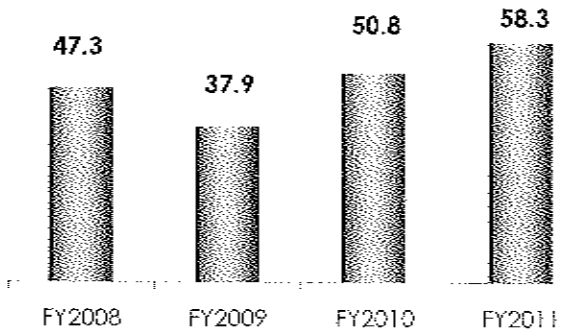
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Mechatronics Division

FY2011 Results Presentation

Sales Analysis – Analytical Segment





2H11 Review

Currency: SGD million

→ down 5%

down 17%

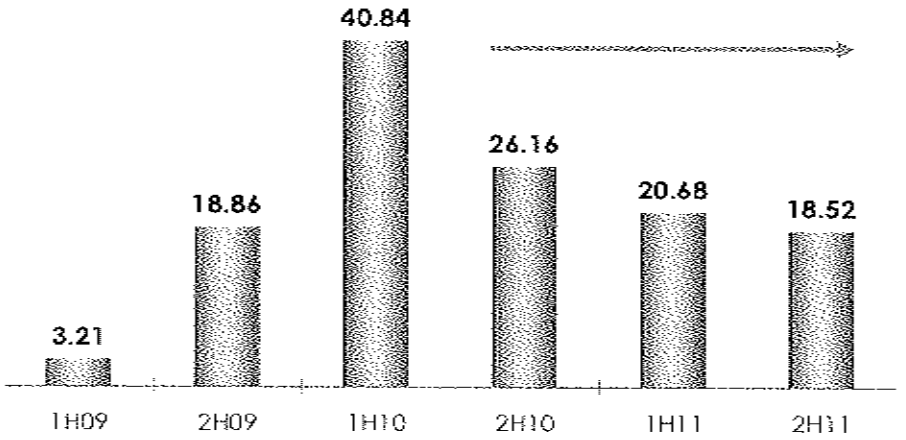


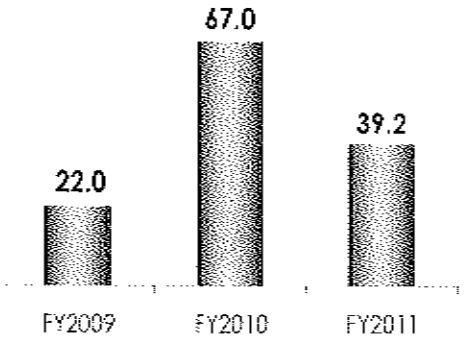
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Mechatronics Division



Sales Analysis – Industrial Automation Segment





2H11 Review

Currency: SGD million

down 29%

down 10%

- Normalisation of sales after exceptional performance in FY2010

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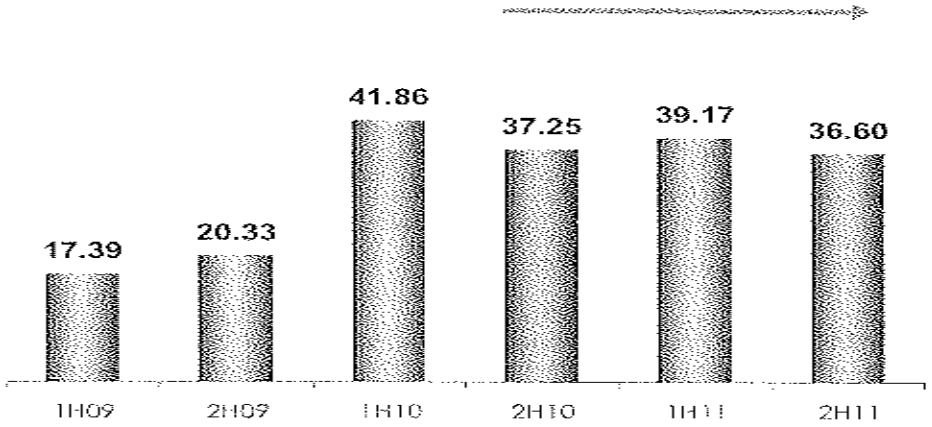
EMS Division

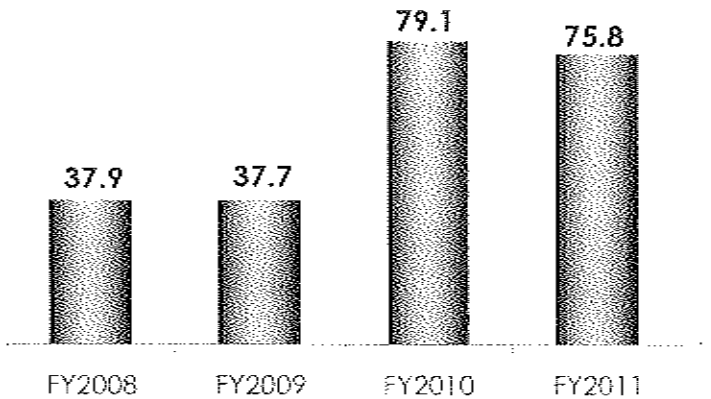
Business Review

EMS Division

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Sales Analysis – Office Automation Segment





2H11 Review

Currency: RM million

down 2%

down 7%

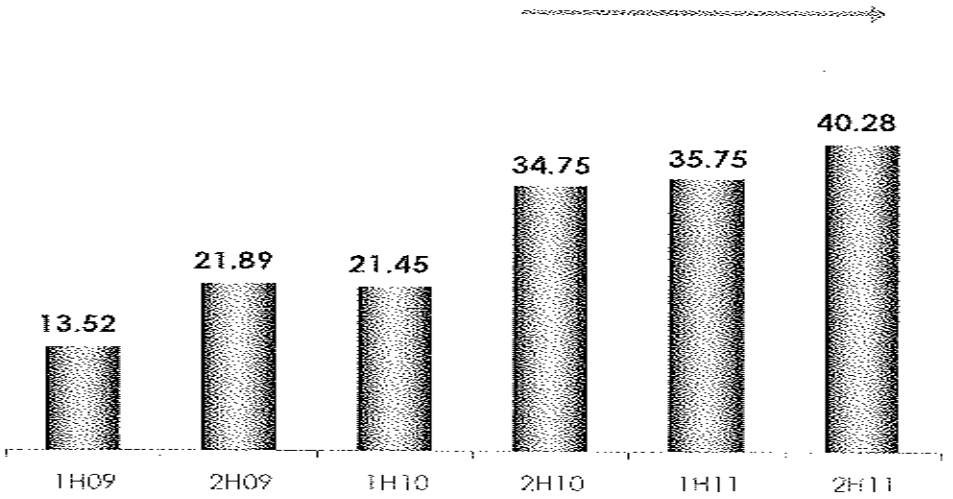


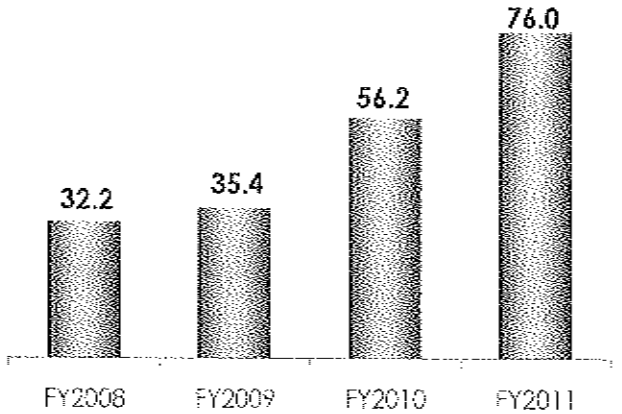
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EMS Division

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Sales Analysis – Automotive Segment





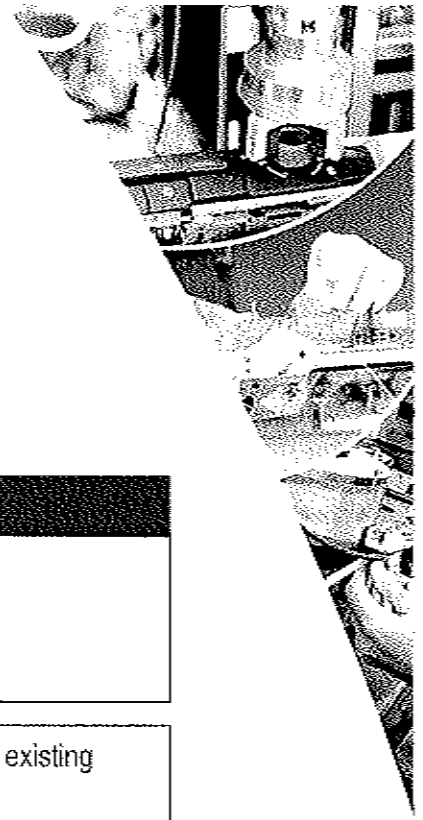
2H11 Review

Currency: RM million

up 16%

up 13%

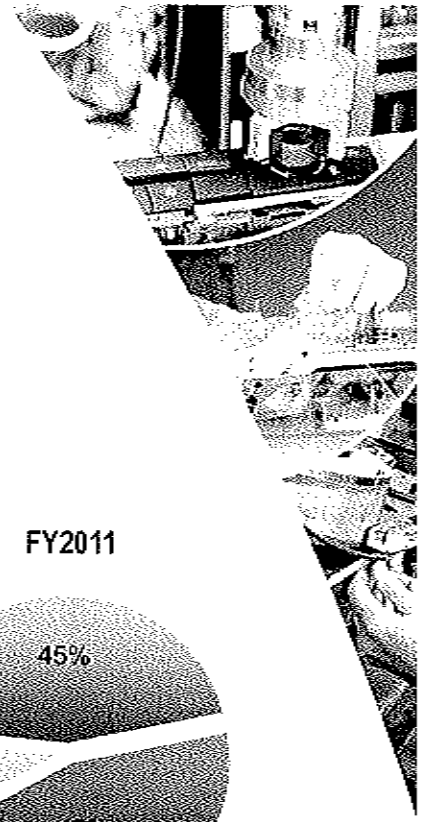
- Increased orders for existing products
- Launch of commercial production of significant project in 2H11



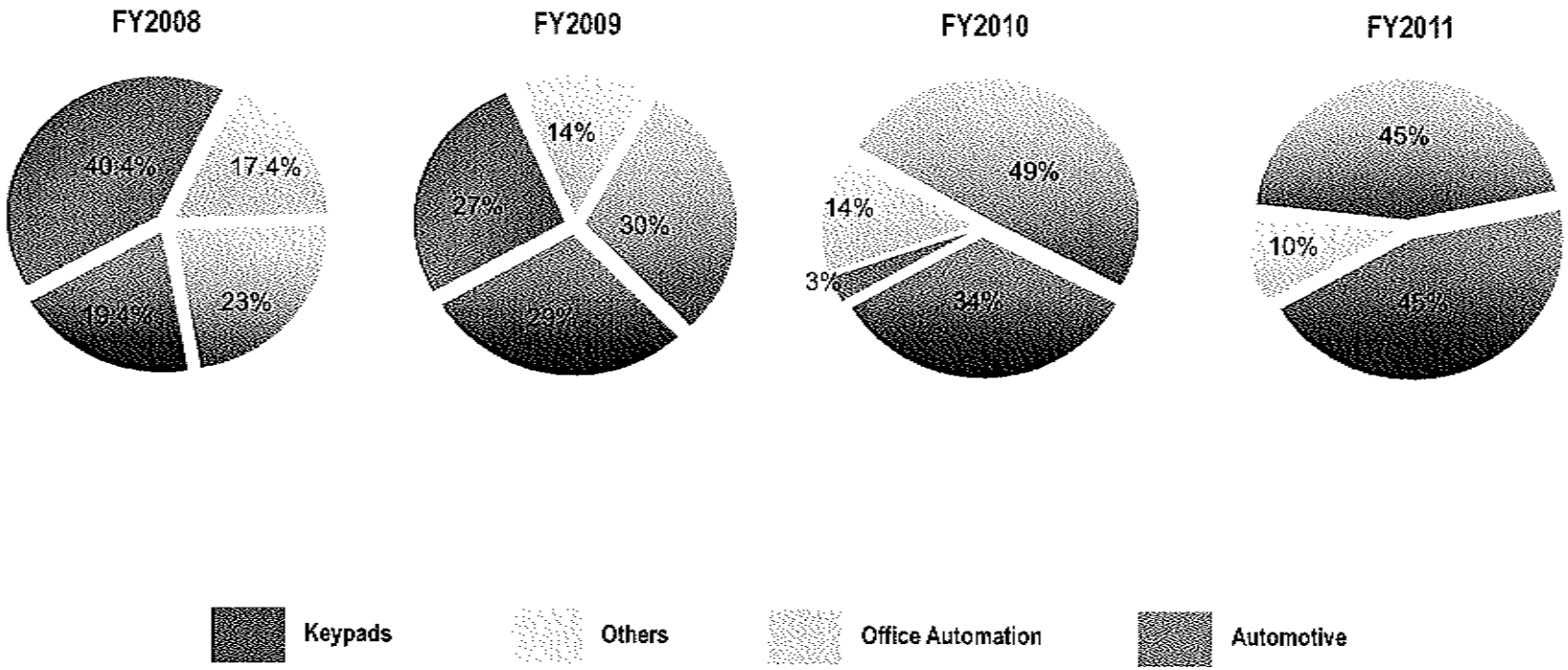
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Transformation of Sales Mix



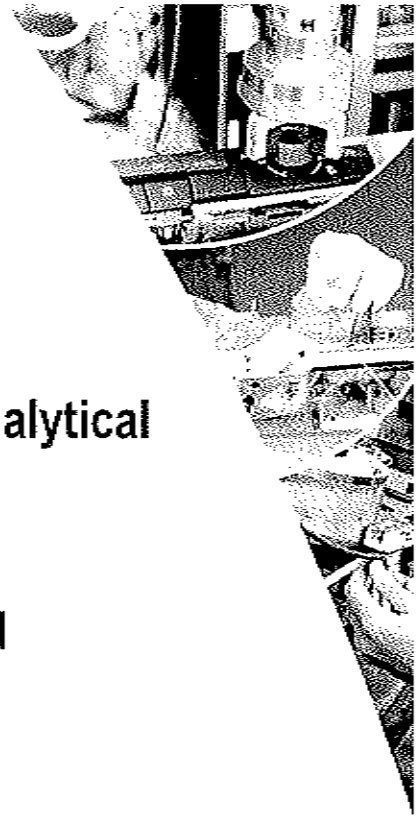
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Outlook

Mechatronics Division

Division Outlook



- Healthy project pipeline in the medical, semiconductor and analytical segments.
- Order forecast indicative of steady demand in the medical and analytical segments.
- Short term volatility is expected in the semiconductor segment.
- Recent acquisition of Frencken America (formerly US Motion) is attracting interest from major customers.

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EMS Division

Division Outlook



- Healthy project pipeline in the automotive segment. Revenue from the automotive segment is anticipated to continue on an increasing trend in FY2012.

- Continued delay in the launch of commercial production by customer for a significant project is dampening growth in the office automation segment. As a result, revenue from the office automation segment is expected to remain flat.

- Unfavourable exchange rate continues to be challenging.

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Frencken America

FRENCKEN AMERICA

Facilities

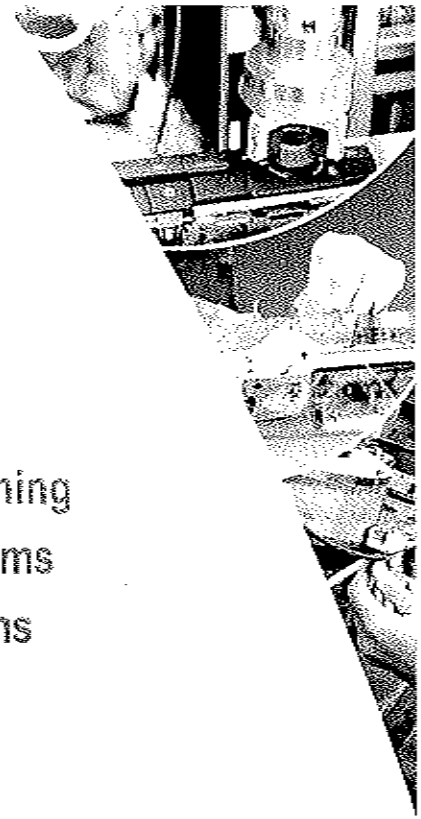


- Location: Spokane, WA, USA
- Established: 1998
- Headcount: 33 Employees
- Infrastructure:
  19,000+ sq ft total
  > 3,500 sq ft office space
  > 15,000 sq ft warehouse
  > 350 sq ft clean room >
  +6,000 sq ft expansion floor
  > ISO 9001 by Q4 2012
- Skills: Design and manufacture of smart, highly-accurate electro-mechanical devices and systems.
- OEM of brushless servo motors, optical rotary encoders, precision measurement systems and electro-mechanical systems & assemblies.

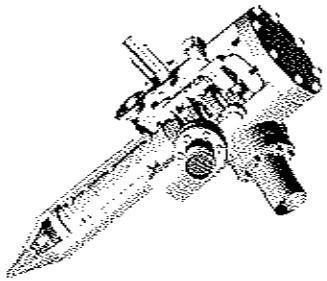


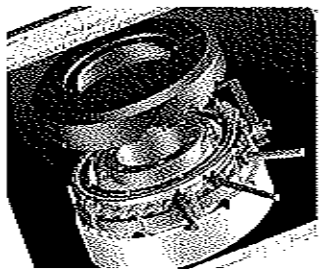
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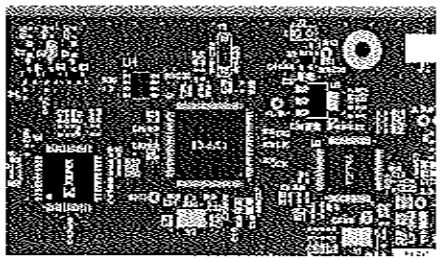
Core Competencies

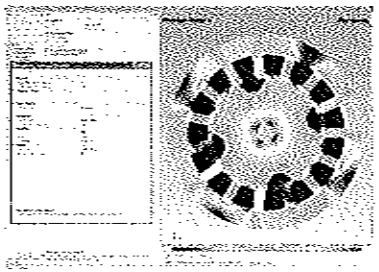


Engineering









Mechanical
Electrical
Optical
Firmware
Software

Motion Control
Precision Positioning
Mechanical Systems
Electronic Systems
PCB Design
PCB Layout
I/O Interfacing
Electro-Mechanical Pkg
Software Programming
Firmware Programming
Data Acquisition Control
Automated Test & Meas

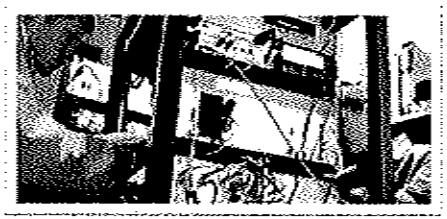
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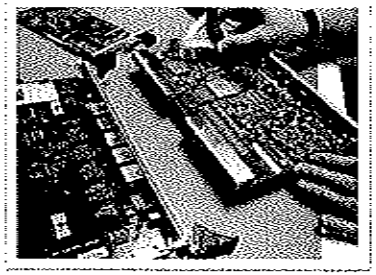
Core Competencies



Manufacturing









Fabrication

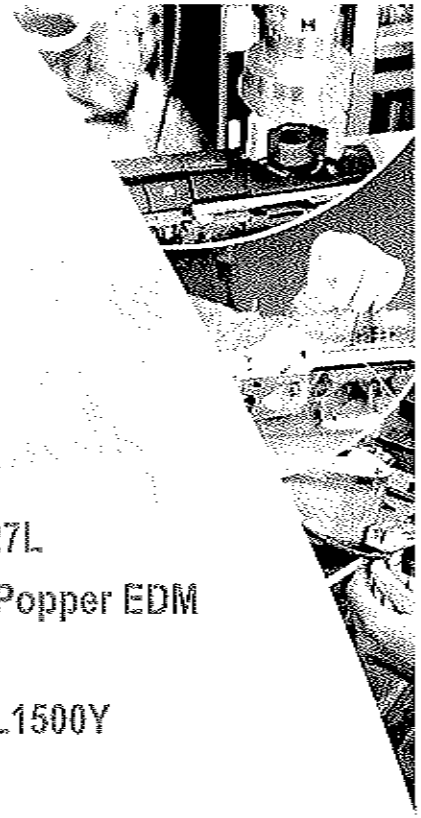
Assembly

Test

- Low Volume, High-Mix
- Flexible Manufacturing
- Engineering Technicians
- Custom Products
- Prototypes
- PCB Test & Certification
- Stator Winding
- Automated Test
- Clean Bench
- Particulate Measurement
- Systems Integration
- Quality Is Key

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Core Competencies



Machining







Precision Milling

Turning

Drilling

Wire EDM

Wire EDM
- Sodick AQ327L
- Sodick K1C Popper EDM

CNC Lathe
- Mori Seiki NL1500Y
- Haas ST-20

CNC Mills
- Matsuura MC-550VX
- Haas VF-2SS VMC

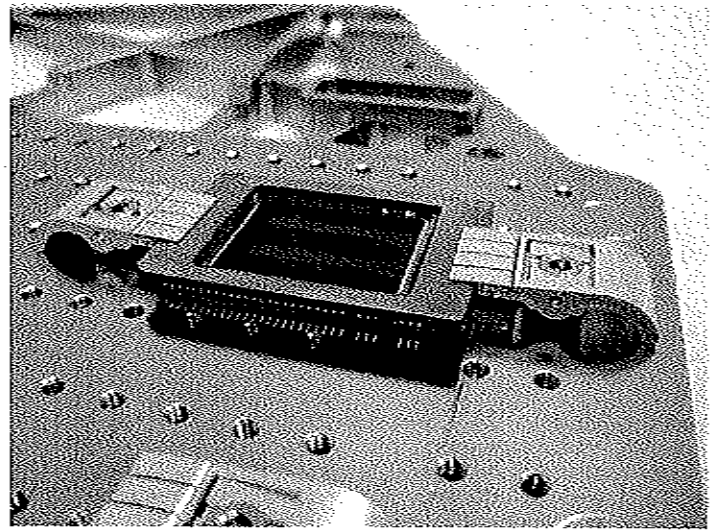
Manual Lathe
- Clausing-Metosa C1545

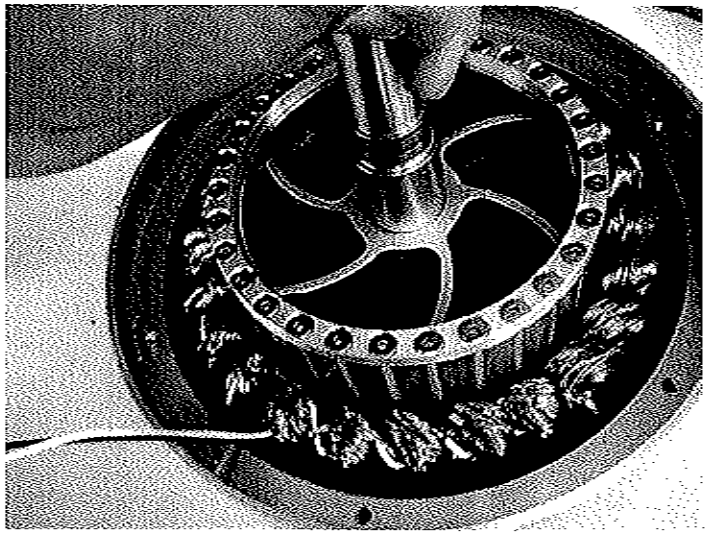
Manual Mill
- Birmingham BPV-1054

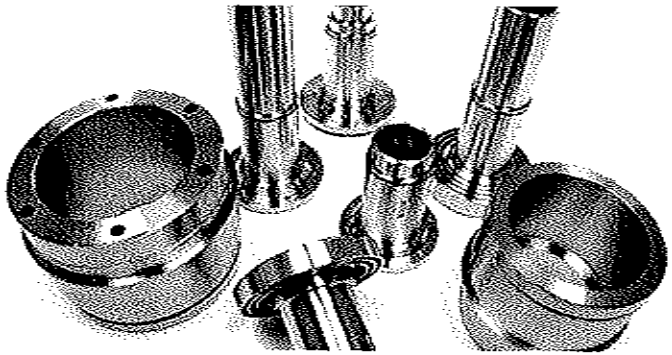
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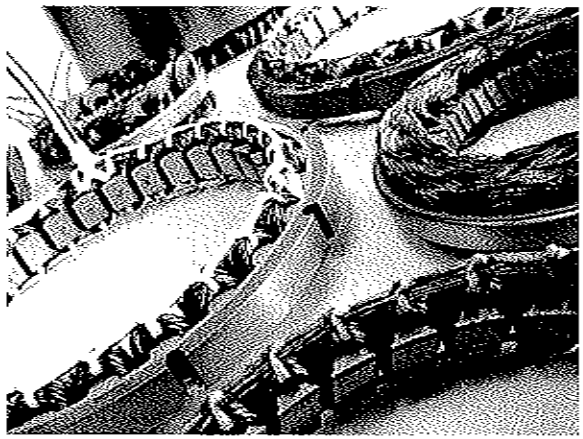
Mechatronics Division

FY2011 Results Presentation





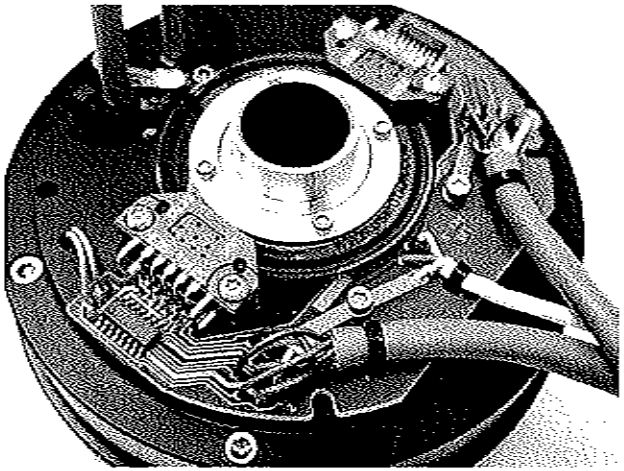


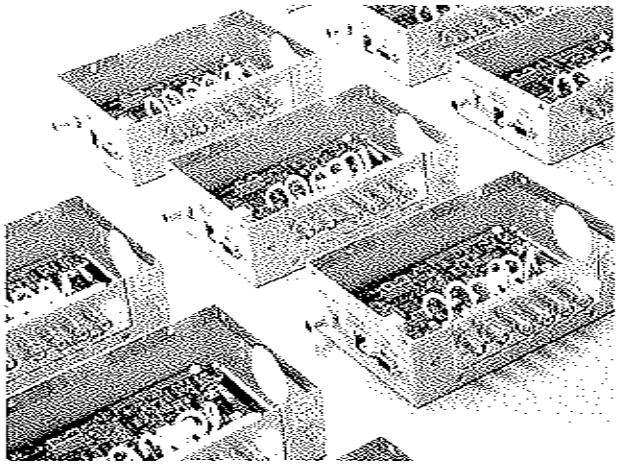


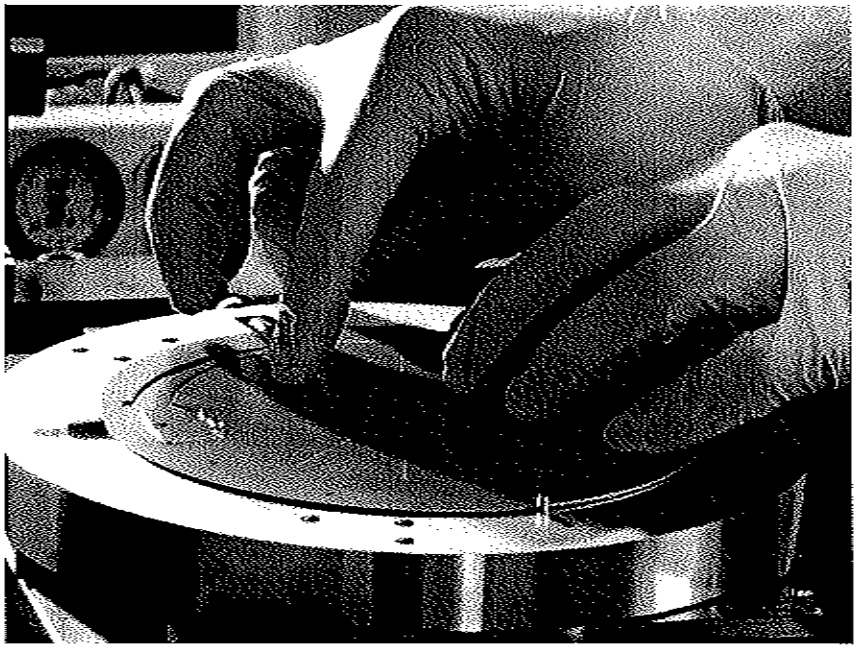
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Mechatronics Division

FY2011 Results Presentation









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FRENCKEN GROUP LIMITED

FY2011 Results Presentation



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.

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.

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FY2011 Results Presentation

Thank You



Q&A

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