



Corporate Presentation



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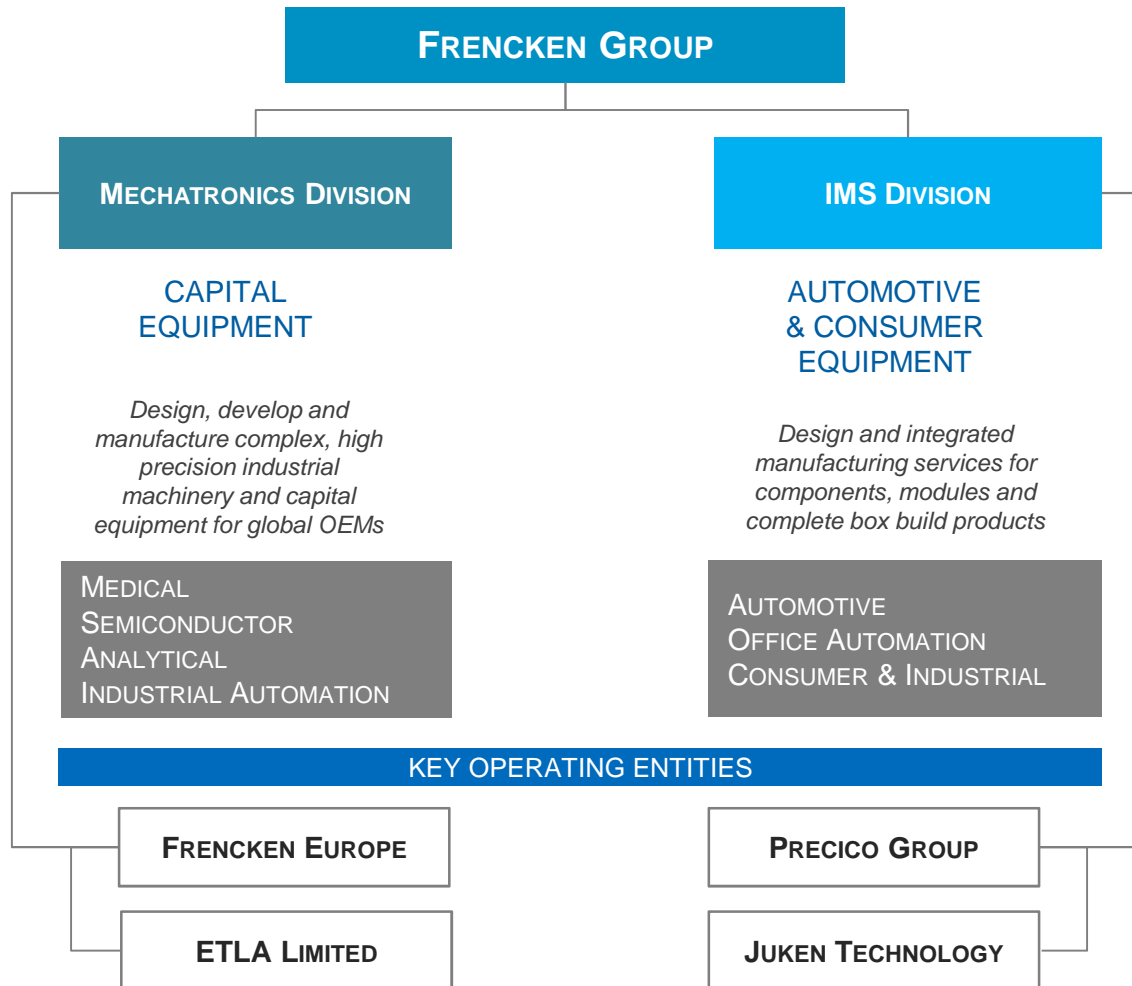
FRENCKEN GROUP LIMITED

INCORPORATED IN SINGAPORE

RHB OSK | DMG ASEAN & HONG KONG CORPORATE DAY
10 JANUARY 2014

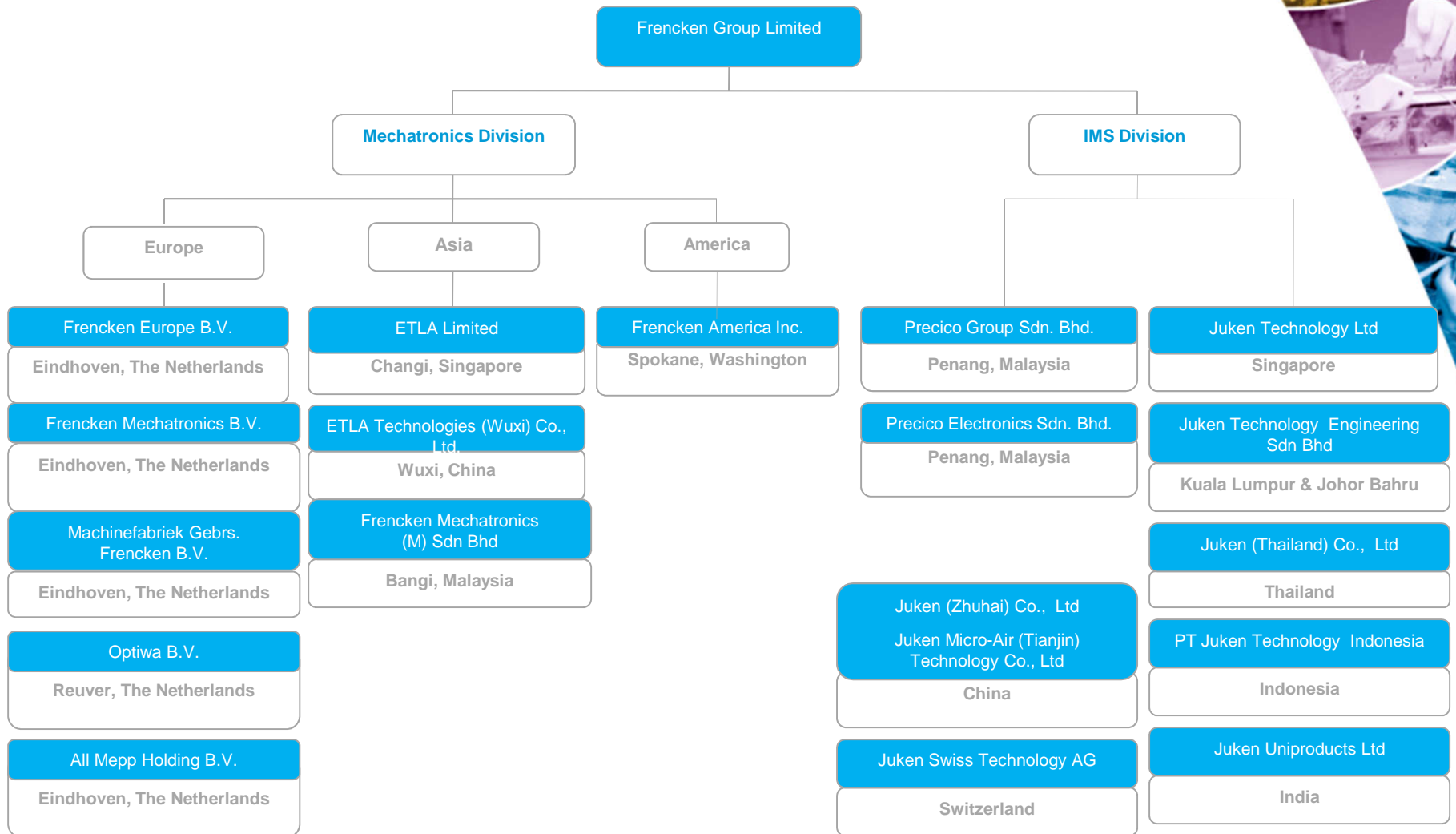
Business Overview

High-Tech Capital and Consumer Equipment Service Provider



Business Overview

Group Operating Structure



Business Overview

Global scale of operations



Legend

Mechatronics Division
IMS Division

- operating sites
- sales representative office
- operating sites
- sales representative offices

Business Overview

Key Business Strengths

- **OPERATIONS WITH BREADTH AND DEPTH**

- Global scale of operations
- Integrated design, engineering, manufacturing and assembly capabilities; backed by key advanced technological know-how in metal and plastics
- Outstanding track record

- **BALANCED SPREAD OF CUSTOMERS**

- Established supplier to industry leaders from diverse industries

- **ORGANIC AND ACQUISITIVE EXPANSION**

- Continually enhancing internal capabilities and capacities
- Capitalised on acquisitive opportunities to accelerate expansion

2009	2012	2012	2013
Acquired ETLA Limited to expand Mechatronics footprint in Asia	Acquired US Motion Inc. (Frencken America) to extend Mechatronics reach in the USA	Acquired Juken Technology to accelerate expansion of IMS automotive business in Asia Pacific	Acquired All MEPP in Europe to further enhance Mechatronics' design and development capabilities



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Mechatronics Division

Mechatronics Division

One-stop Outsourcing Solutions Provider

- **Excellent global reputation** in the manufacture of high-precision capital equipment
- **Established track record in product development** and One-Stop outsourcing solutions to suit specific requirements of customers worldwide
- **Strategically located** close to key customer markets in Europe and Asia
- **Advanced mechatronics** capabilities in the Netherlands
- **Network** of lower cost manufacturing bases in Singapore, Malaysia and China
- **Customers** are blue chip companies and leading players in their respective fields and markets
- **Sole supplier status** for key parts, modules and systems produced



Mechatronics Division

Our Customers' Profile

- **Original Equipment Manufacturers** that develop and supply High Tech Capital Equipment
- Customers typically operate in extremely competitive markets
- Customers' priorities and focus shifting more towards development, marketing and streamlining of their core processes
- **Customers' requirements:**
 - Reduce the complexity of their operations
 - Prefer suppliers with a strong global supply chain
 - Improve time-to-market by partnering suppliers with a global presence
 - Out-source product development and production on a strategic basis
 - Sizeable partners that can accommodate significant projects on a global basis
 - Provide continuous product cost management throughout the product life cycle

Our customers understand that partnering the right supplier creates the competitive advantage needed to be the No. 1 player in their respective markets

Mechatronics Division

Barriers to Entry

- Long development and industrialization phase of at least two years before reaching mass production stage
- Lengthy audit and qualification processes to get facilities approved
- Highly challenging in order to establish track record to gain customer confidence in co-design and manufacturing partnership
- Usually 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
- Longstanding strategic partnerships with customers
- High capital investment and working capital required

Mechatronics Division

Growth Drivers

- **OVERALL STABLE OUTLOOK FOR THE ANALYTICAL SEGMENT**
 - Life sciences, semiconductor, material sciences and natural resources industries to drive demand (especially the higher performance equipment)
- **FRONT-END SEMICONDUCTOR EQUIPMENT DEMAND TO PICK UP**
 - Foundry and logic industry gearing up for volume manufacturing of next generation chips that translate to demand for lithography equipment
- **CATALYST FROM NEW MEDICAL PRODUCTS**
 - European and USA healthcare equipment markets currently experiencing slow conditions
 - Continued growth for medical equipment in China and ASEAN healthcare markets
 - Pathology scanner gained US FDA approval
 - potential sales growth catalyst in the coming years



Mechatronics Division

Growth Drivers

- **CHINA OPERATIONS TO BE A KEY GROWTH COMPONENT**

- Increasing proportion of European and USA OEMs' products being sold to China
- Plan to build local-to-local business for our factory in Wuxi, in tandem with customers' expansion plans in China
- Improve customers' time-to-market
- Reduces foreign exchange risk





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IMS Division

IMS Division

Integrated Manufacturing Services Provider

- **Track record** of providing integrated contract design and manufacturing services to automotive and consumer equipment industries
- **Specialised niche** in plastic micro gears & components, stepper motors & car clocks and assembled modules for car interiors
- **Strategic operating presence** in key growth markets for automotive products
- **Customers** are leading OEMs and Tier-1 suppliers

 **Manufacturing Services**

 **Support Services**

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

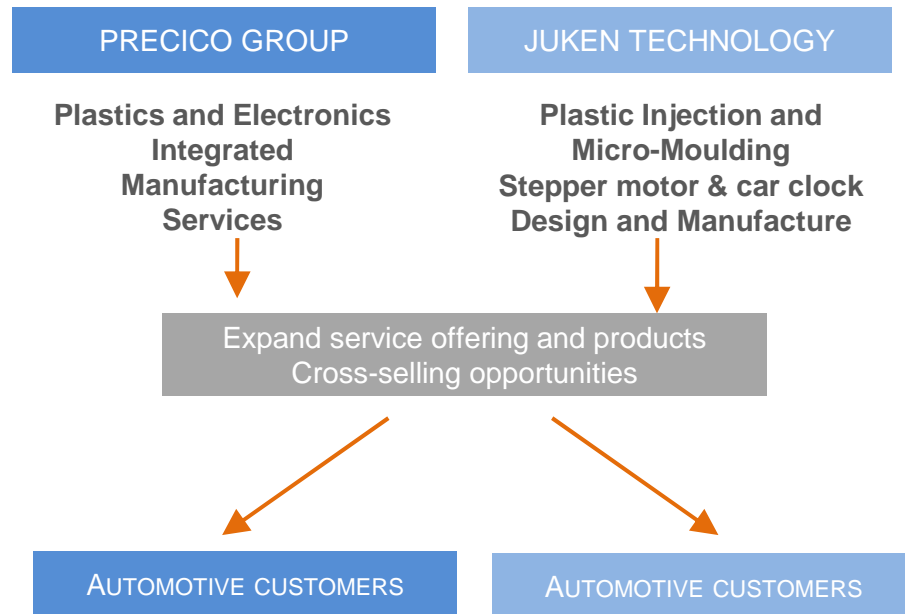
Prototyping

Mechanical &
electronics design/
engineering support

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

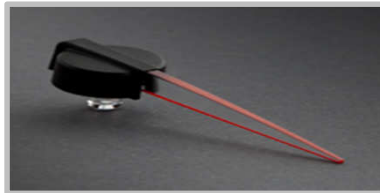
Automotive Business – Barriers to Entry

- 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

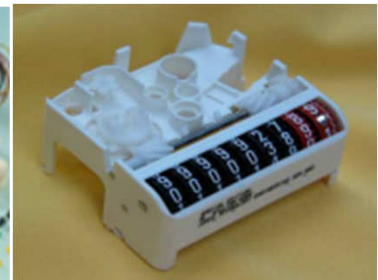
IMS Division

Product Examples

AUTOMOTIVE



CONSUMER EQUIPMENT



IMS Division

Growth Drivers

- **TARGETING THE AUTOMOTIVE GROWTH MARKETS IN THE ASIA PACIFIC REGION**
 - Automotive business in China, India and Asean region at the growth stage
 - Low car ownership expected to result in New demand vs primarily Replacement demand in Europe and USA
- **OPERATING PRESENCE IN KEY GROWTH REGIONS TO SUPPORT CUSTOMERS' PENETRATION IN THESE MARKETS**
- **ENLARGED PRODUCT AND SERVICE OFFERING TO SERVE WIDER BASE OF AUTOMOTIVE CUSTOMERS**



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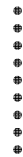
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Financial Review

Financial Performance

9M13 Financial Highlights

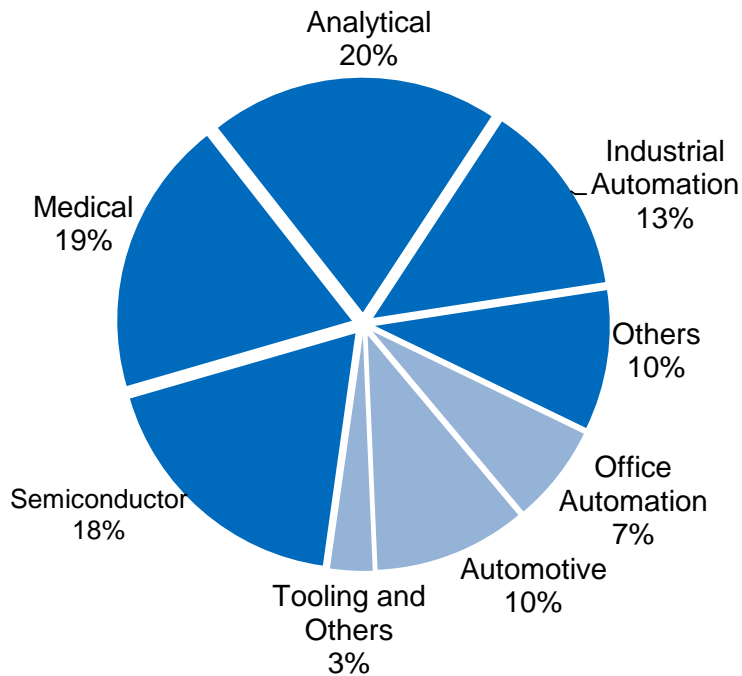
Profit & Loss (S\$ M)	Nine months ended 30 Sep 2012	Nine months ended 30 Sep 2013	Year-on-Year Change
Group Revenue	265.6	335.3	+26%
Gross Profit	22.0	51.5	+134%
Gross Profit Margin	8.3%	15.4%	+7.1ppt
EBITDA	11.1	36.9	+231%
Profit Attributable to Equityholders	-1.0	13.9	n.m.
Net cash generated from operations	1.8	17.0	+837%

Balance Sheet	31 Dec 2012	30 Sep 2013	Year-on-Year Change
Shareholders' Equity	S\$186.8 M	S\$200.5 M	+7%
NAV per share	47.15 cents	50.36 cents	+7%
Gross Gearing	47.4%	42.0%	-5.4ppt
Net Gearing	20.5%	18.0%	-2.5ppt

Financial Performance

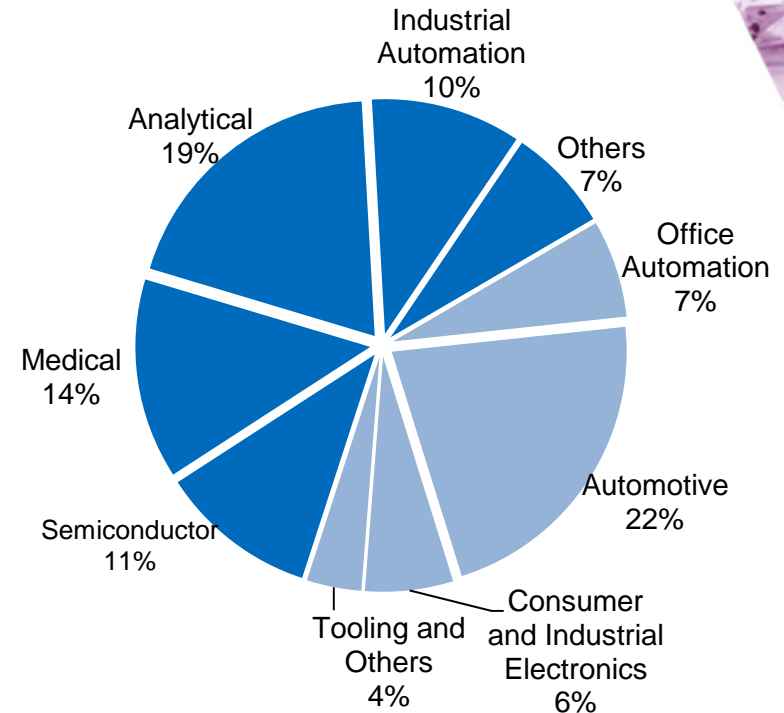
Group Revenue By Customer Segments

9M12



MECHATRONICS – 80%
IMS – 20%

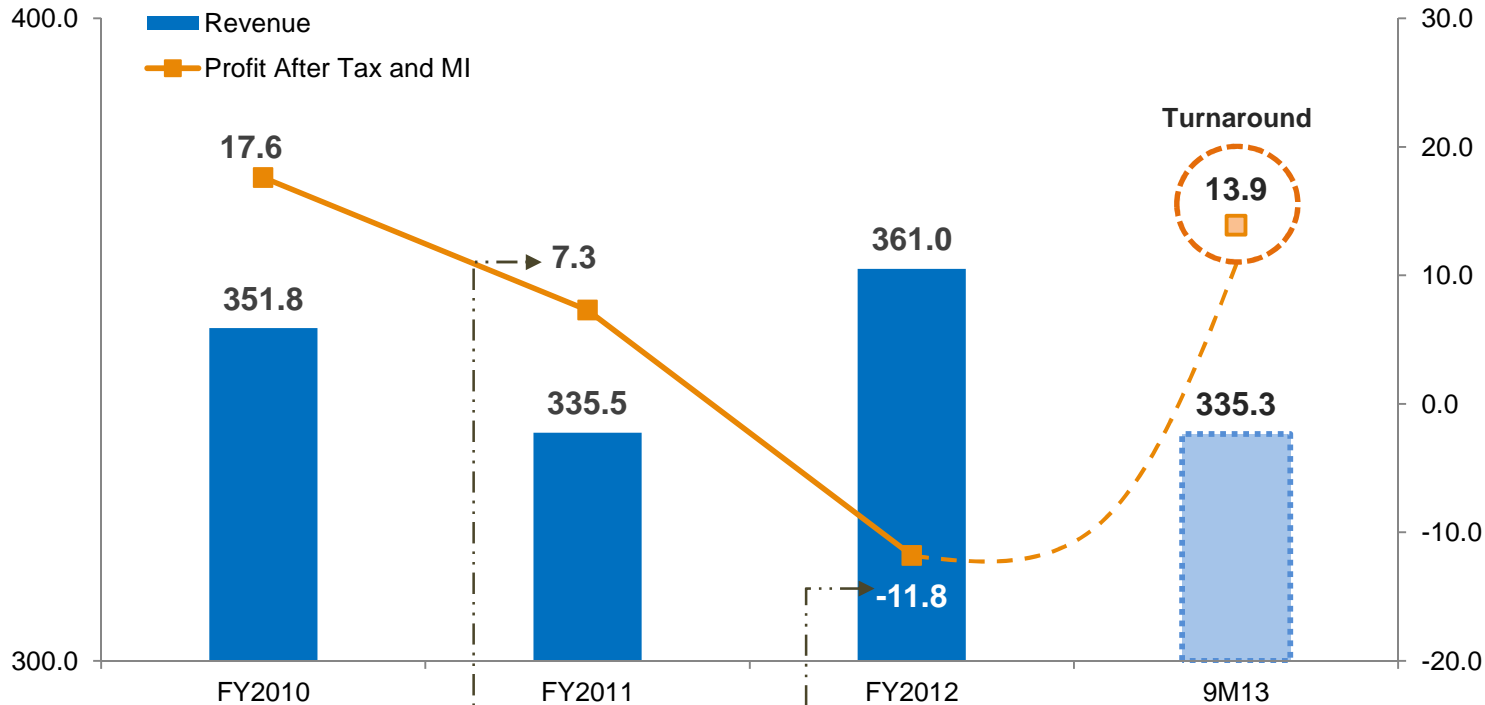
9M13



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

Stock Fundamentals

FRKN SP / FREN.SI

Listed on SGX Main Board in May 2005

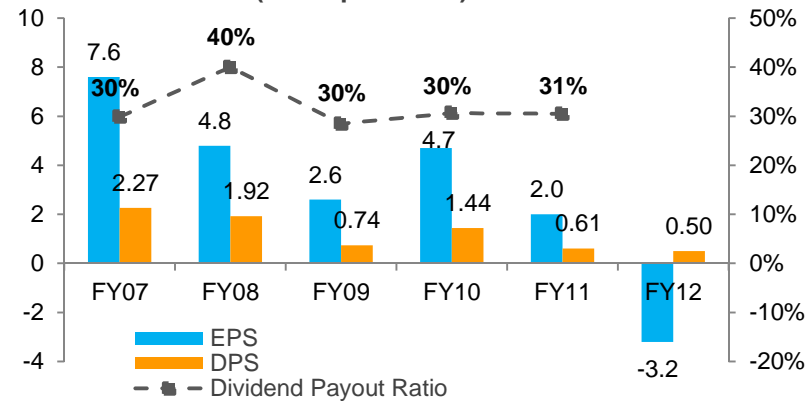
Frencken [1DAY] : 0.270



STOCK VALUATION

Price (3 Jan 2014)	27.0 cents
Market Capitalisation	S\$107.5 million
Price-to-Earnings (9M13)	7.7 times
Price-to-EBITDA (9M13)	2.9 times
Price-to-NAV (as at 30 Sep 13)	0.54 times

DIVIDEND HISTORY (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, 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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