



Memtech International Ltd

FY2006 Full Year Results Briefing

February 27, 2007

Financial Review

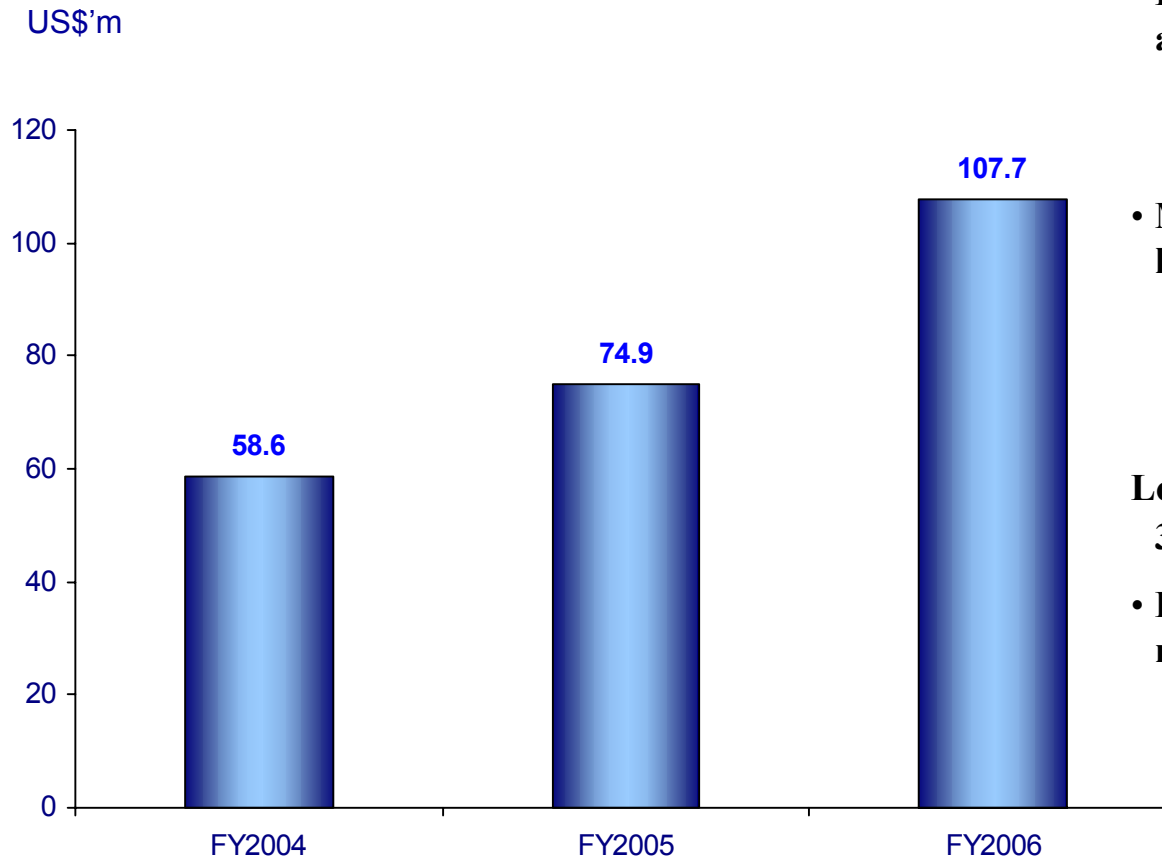
Financial Highlights



Financial Year end 31 Dec	FY2006 (US\$'m)	FY2005 (US\$'m)	Change
Revenue	107.7	74.9	43.7%
Gross Profit	31.3	24.1	29.6%
Operating Profit	15.2	10.4	45.9%
Profit before Tax	15.1	10.4	45.3%
Net Profit attributable to Shareholders	14.8	10.4	42.6%
EPS (US cents)*	2.10	1.40	50.0%

* Earnings per share is based on weighted average no. of shares of 720,000,000

Revenue



Sales driven by:

- Increased sales to MNC customers and top-tier PRC manufacturers
 - Felxtronics Ltd, Motorola
 - Bird, Lenovo
- More efficient capacity utilisation for higher yield customers
 - Reallocation of production capacity from 3th tier customers to tier 1 customers

Lower GP margin decline 3.2% from 32.2% to 29.0% in FY2006:

- Lower selling prices, increase in raw material prices and labour costs

Financial Highlights



- **Stronger sales recorded in both domestic & export markets**
 - Top 10 customers contributed approx. 51.4% of total FY2006 revenue

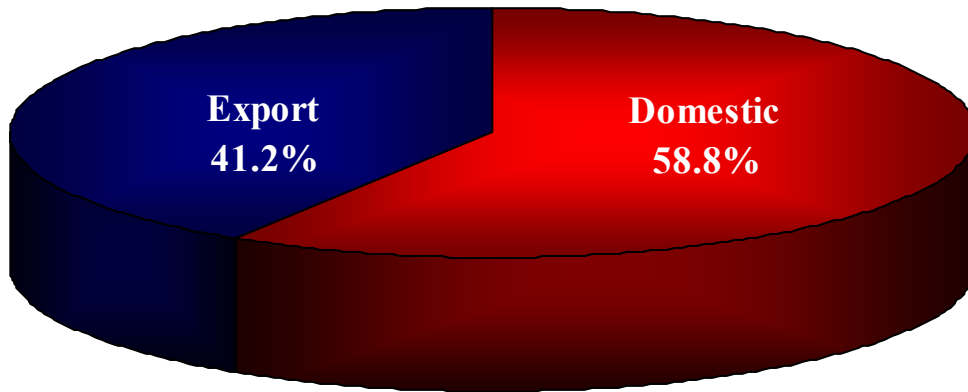
Top five customers in FY2006

Domestic	Export
Ningbo Bird	Flextronics
Lenovo	HTC
Philip China	Kostal
UT Starcom	Vtech
Amoi	Motorola

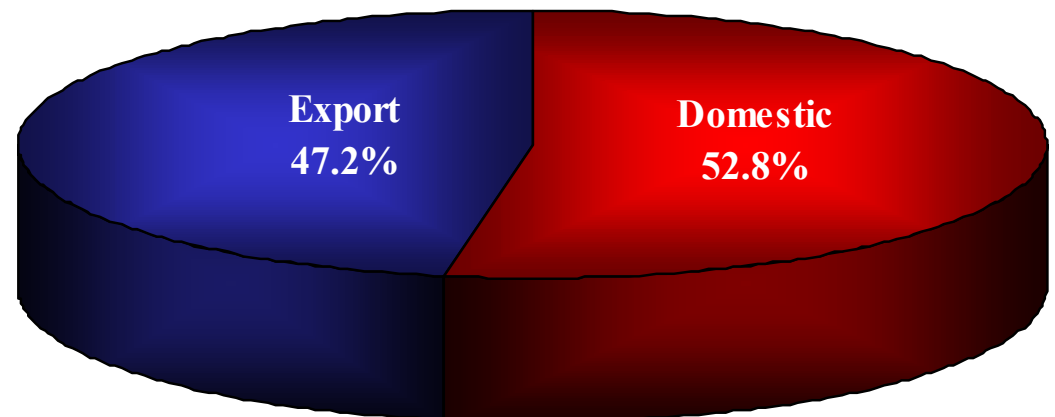
Revenue Contribution by Geographical Sector



FY2005



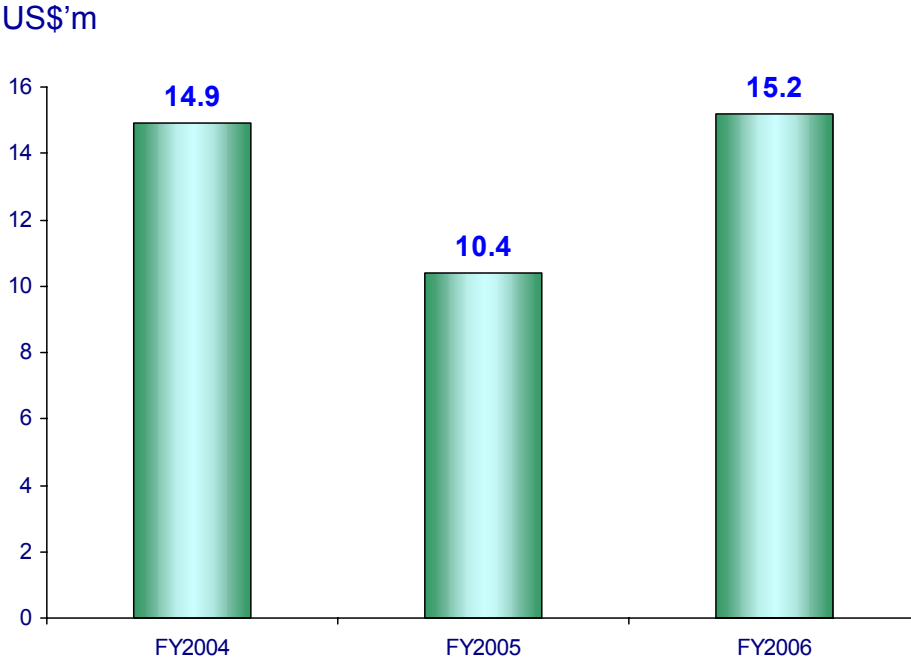
FY2006



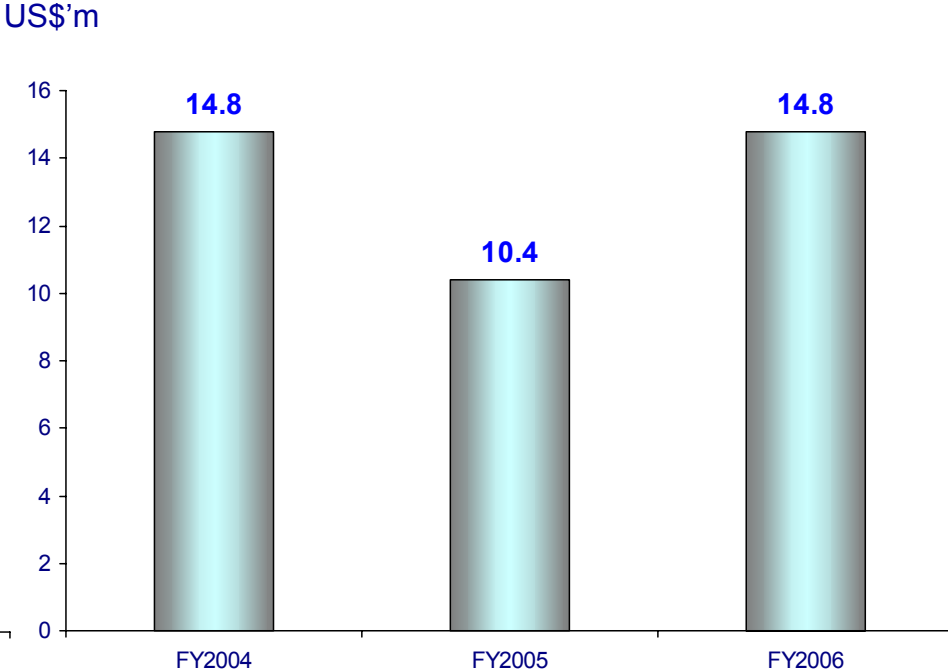
Profit Before Tax & Net Profit attributable to Shareholders



Profit Before Tax



Net Profit attributable to shareholders



Balance Sheet Highlights



	31-Dec-06 (US\$'m)	31-Dec-05 (US\$'m)	Change
Shareholders' equity	95.4	81.5	17.0%
Cash & cash equivalent	34.8	32.8	6.1%
Fixed assets	38.1	30.8	23.9%
Trade receivables	41.6	39.0	6.7%
Stocks	8.1	6.2	30.6%
Trade payables	21.9	20.2	8.4%
Bills and other payables	9.4	9.4	0.0%
Loans	0.3	0.2	50.0%
NAV per share (US cents)*	13.3	11.3	17.7%

* NAV per share is based on issued share capital of 720,000,000 shares at the end of the financial year

Cashflow Highlights



	2006 (US\$'m)	2005 (US\$'m)
Operating activities		
Profit before taxation	15.1	10.4
Non-cash items	6.2	3.9
Changes in working cap	(2.0)	(5.2)
Income tax paid	(0.7)	0.2
	<u>18.6</u>	<u>9.3</u>
Operating cash flows ex bills	20.2	8.1

Cashflow Highlights



	2006 (US\$'m)	2005 (US\$'m)
Operating activities	18.6	9.3
Investing activities	(13.2)	(17.3)
Financing activities	(4.6)	(5.0)
Net cashflows	0.8	(13.1)
Net cashflows, ex bills	2.4	(14.2)

Cash and Cash Equivalents



	2006 (US\$'m)	2005 (US\$'m)
Cash and bank balances	16.9	13.7
Fixed Deposits	17.8	19.1
	34.8	32.8
Bills, net	2.6	1.0
	37.4	33.8

Dividend



- **Proposes cash dividend of 1.3 Singapore cents per share**
- **Dividend payout of S\$9.36 million (US\$6.13 million) or approximately 41.4% of FY2006 profit attributable to shareholders**
- **5.4% return based on share price of 24 Singapore cents**

Corporate Updates

Corporate Updates



- **Improved customer & production mix**
 - Increased sales to MNCs
 - Added LG and Pantech to customer list
 - Reallocate production capacity to higher yield customers
 - Better payment terms
 - Bigger & consistent orders
 - Lower debt exposure
- **Margin squeeze continued**
 - Lower selling price
 - Higher raw material prices
 - Higher labour costs

Corporate Updates



Set up of a JV Company – Raytec Co. Ltd.

- 35.5% stake in JV
- Engage in research & development, design and manufacturing of wireless and bluetooth antenna for the mobile phone industry
- Further integration of mobile phone related services
- Experts in microwave technology as partners
- Huge potential in microwave technology applications
- Expected to contribute positively by FY2008

Prospects

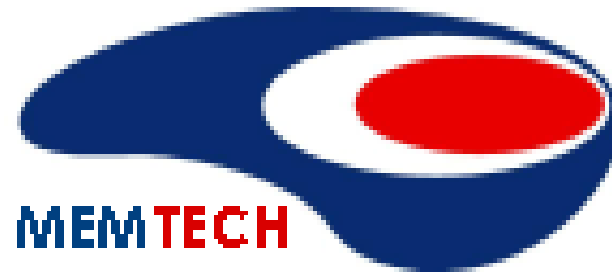


- **Expected slower growth**
 - Lower demand expected in maturing markets
 - Affected by PRC's delay in 3G licence issuance
 - Tougher to make decision by handset manufacturers
 - Fast changing demand for handset features
- **Opportunities in developing markets**
 - India, PRC, Southeast Asia
- **Room for growth with MNC customers**
 - Market share in top MNC customers still small
- **Expansion of product offerings**

Strategies for Growth



- **Increase efficiency & productivity**
 - Better utilisation rate in all the production facilities
 - Better production mix
- **Continue to grow MNC customer base**
 - Continue with sales & marketing effort to increase base
 - Grow the contract size for existing customers
 - Explore further into Korean market
 - Explore other international markets
- **Continue with stringent cost control measures**



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Thank You