



# Rakon Limited

FY11 results

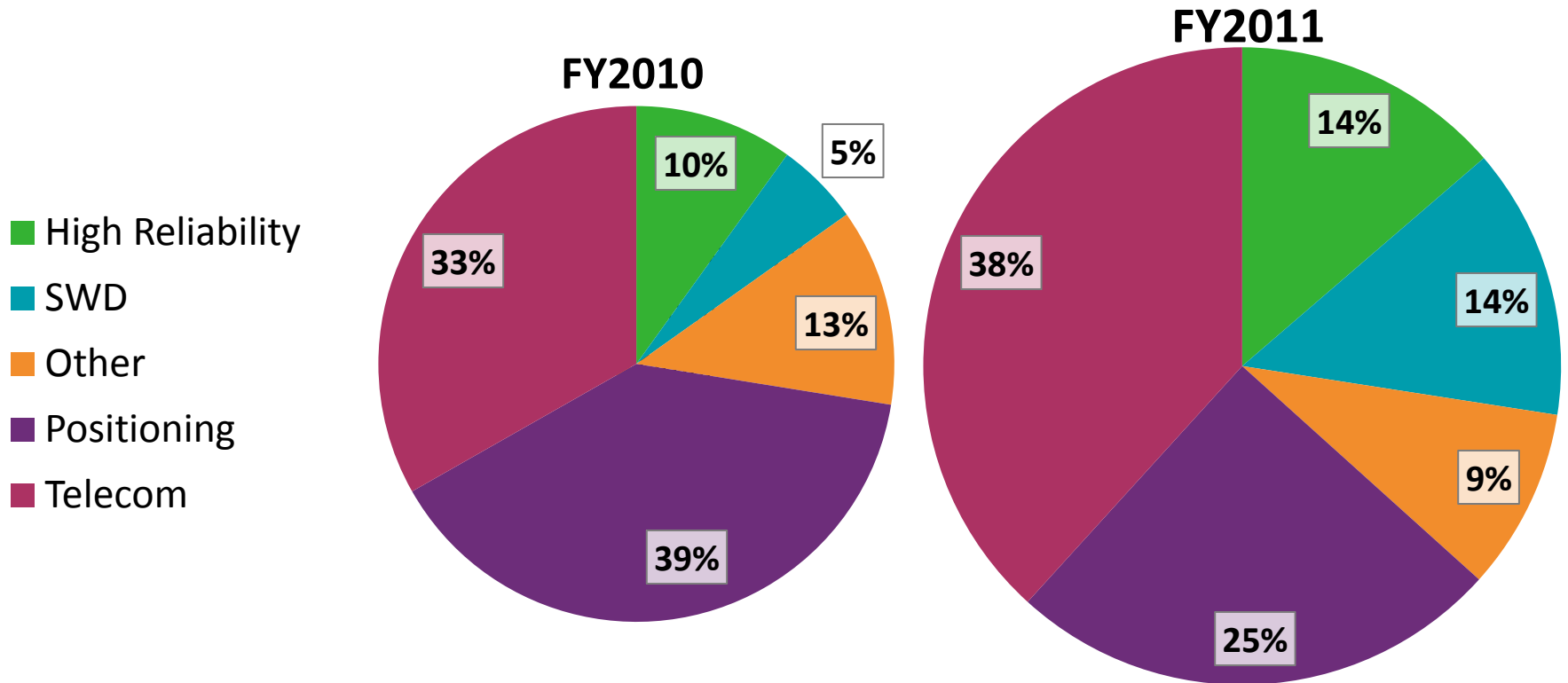
- › Revenue up 31% to \$189 million
- › EBITDA up 318% to \$24.8 million
- › Growth in all key markets
  - Telecommunications & Smart Wireless Devices.
  - High reliability – successful acquisition of Temex.
- › Global diversified competitive manufacturing base
  - China facility almost complete – official opening 11 July 2011.
  - GPS TCXO & Xtal capacity in NZ increased.
  - OCXO capacity doubled and planned to double again by end of September. Expanded into second facility.
  - Ultra Stable TCXO capacity trebled.

# Financial overview

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<b>NZD Millions</b>	<b>FY11</b>	<b>FY10</b>	<b>FY09</b>
<b>Volumes</b> (millions)	75.3	54.8	45.3
<b>Revenue</b>	189.3	144.5	139.5
<b>EBITDA</b> (look through)	24.8	5.9	18.5
<b>Depreciation &amp; Amortisation</b>	9.7	8.7	8.3
<b>Profit After Tax</b>	8.5	(5.4)	4.5
<b>Earnings</b> (cents per share)	4.7	(3.4)	3.6
<b>Operating Cash Flow</b>	(4.1)	1.0	16.6
<b>Capital Expenditure</b>	47.7	8.5	15.3
<b>Net Cash Reserves</b>	2.7	45.9	8.0
<b>Shares on issue at balance date</b> (millions)	191.0	189.7	126.9

# Revenue Mix

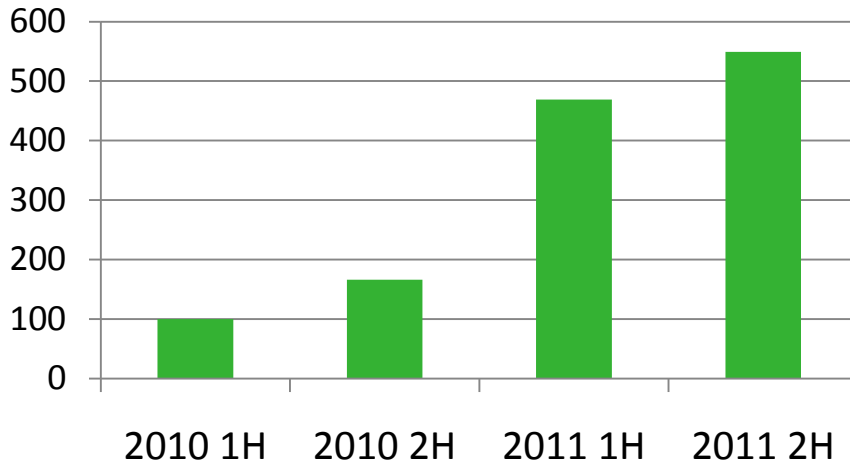


**Revenue growth broad based coming from sales into Telecommunications, Smart Wireless Devices and High-Reliability markets.**

# Rakon Market Revenue Index

## Smart Wireless Devices

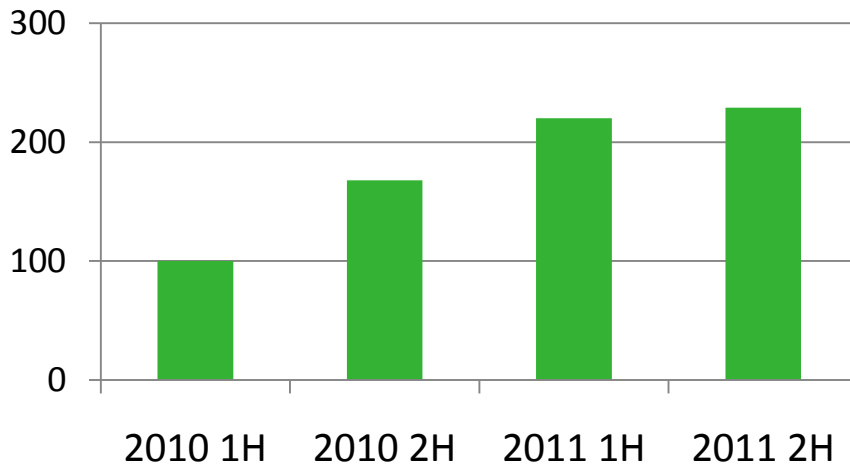
Indexed relative to 1H 2010



- › SWD – foothold firmly established, rapid growth in FY11
- › Telecom – continued growth in share and an revenue
- › High reliability – additional impetus from Temex Acquisition

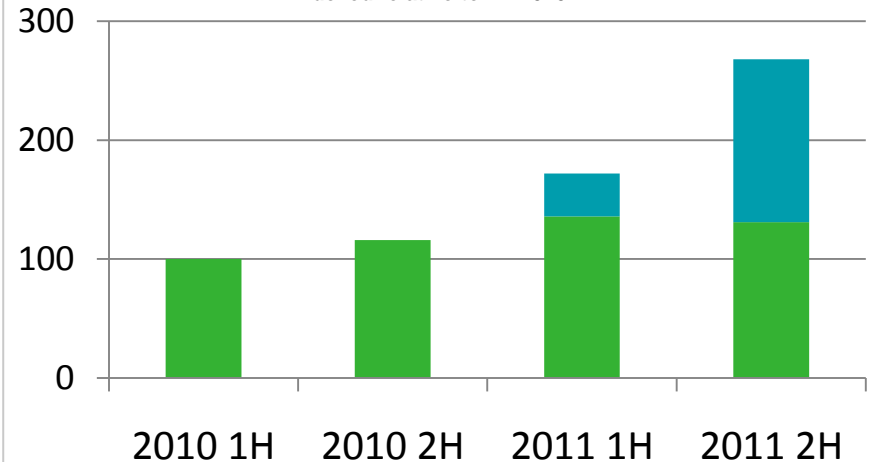
## Telecom Infrastructure

Indexed relative to 1H 2010

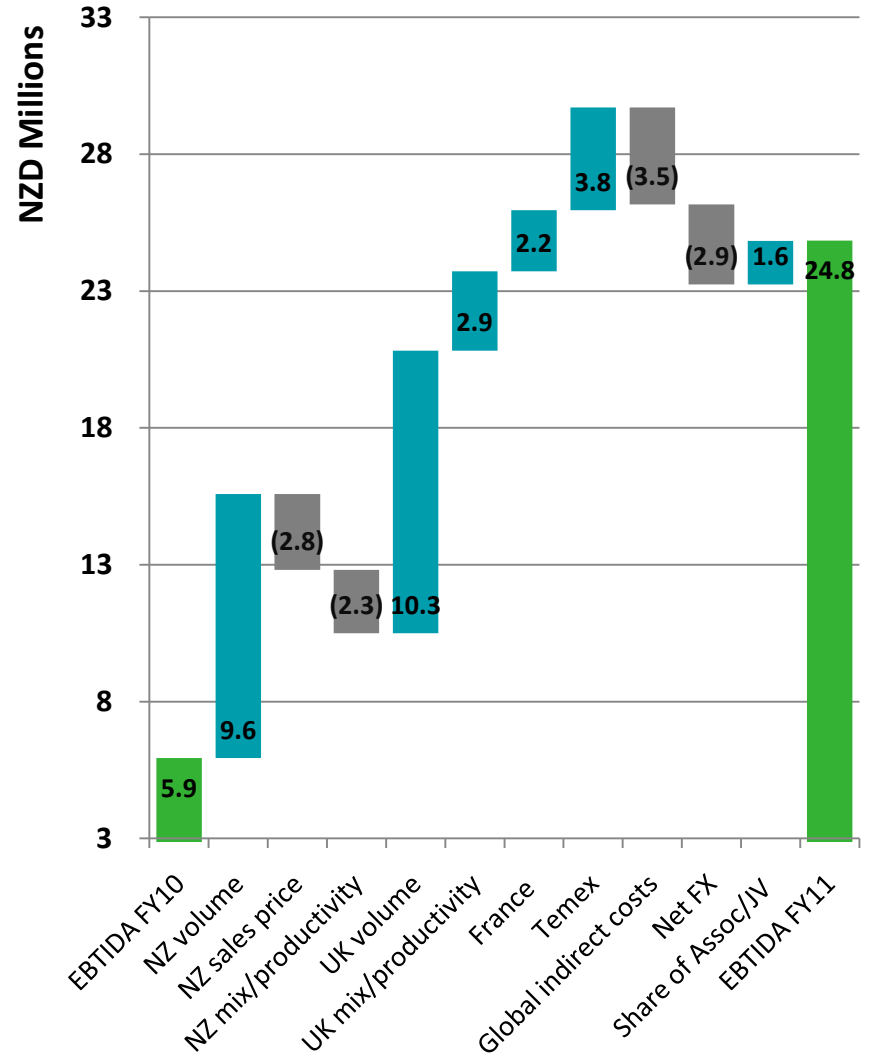
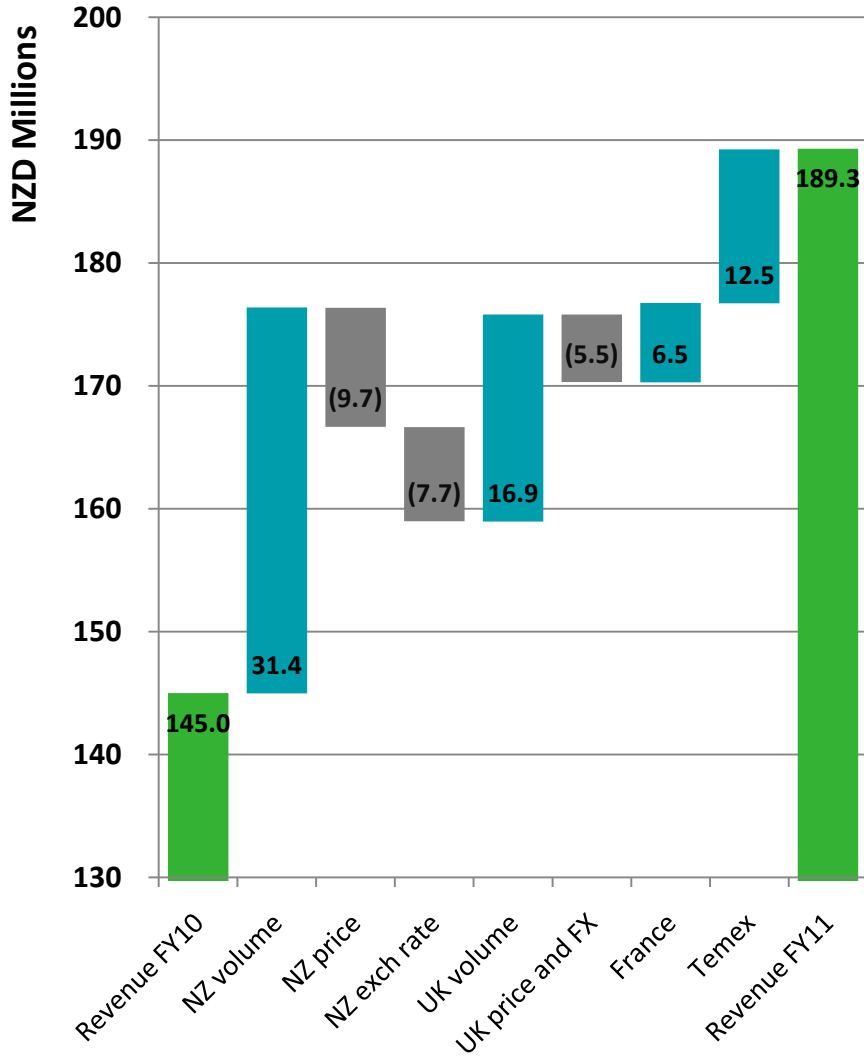


## High Reliability

Indexed relative to 1H 2010



# Revenue & EBITDA Bridge



## › FY2011 Position

- Hedge gain of NZ\$3.4 million
- Revaluation loss of NZ\$2.2 million

	Average Spot Rate				Year End Closing Rate			
	2011	2010	Movement	% Move	2011	2010	Movement	% Move
NZD/USD	0.734	0.679	-0.055	-8%	0.764	0.710	-0.054	-8%
NZD/GBP	0.471	0.427	-0.044	-10%	0.476	0.471	-0.005	-1%
NZD/EUR	0.555	0.480	-0.075	-16%	0.540	0.529	-0.011	-2%
NZD/JPY	62.790	62.850	0.060	0%	63.210	65.870	2.660	4%
GBP/USD	1.555	1.600	0.045	3%	1.606	1.508	-0.098	-6%
EUR/USD	1.321	1.419	0.098	7%	1.414	1.342	-0.072	-5%

## › Current hedging status

- US\$/NZ\$: 40% of FY12 net exposure @ 0.74
- US\$/GBP: 75% of FY12 net exposure @ 1.58



# Market update



# Rakon's Markets

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## Positioning

- PND
- Sport / Recreation
- Emergency Beacon



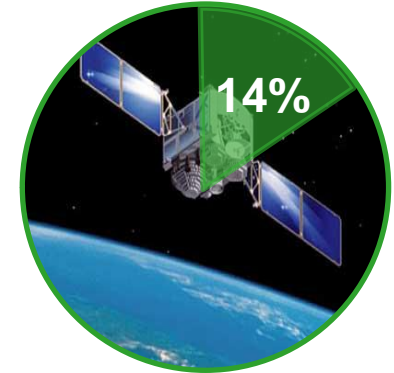
## Smart Wireless Device

- Smart Phones
- Tablets



## Telecom

- Network infrastructure
- Femtocells
- Stratum timing
- Fibre optic line cards



## High Reliability

- Space
- Aviation
- Defence
- Marine

Global frequency control spend of >US\$ 3 billion

# Smart Wireless Devices

## Outlook

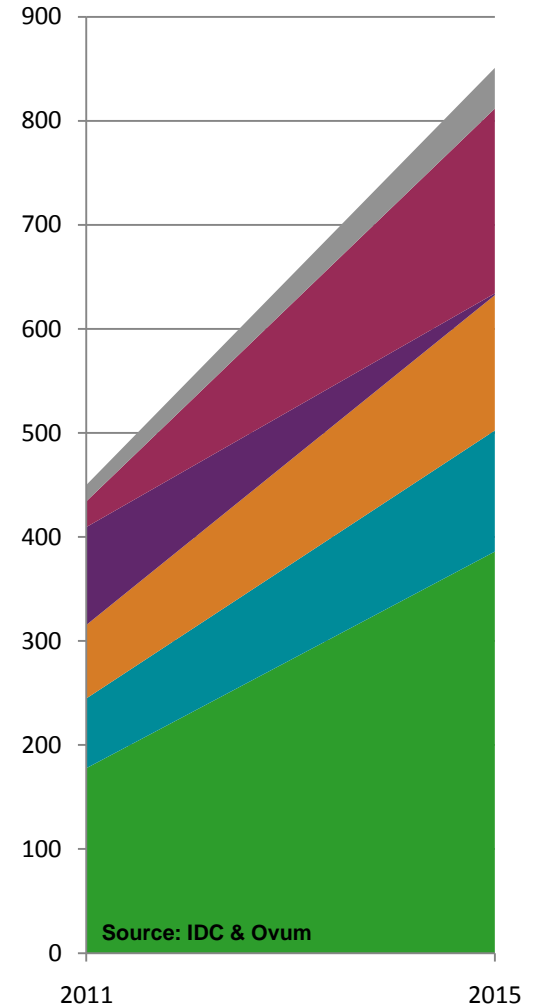
- Strong volume growth through greater adoption (in particular iOS & Android)

## Opportunities

- Market size and market share growth
- New technology
- Lower cost base
- Technology partnerships

## Challenges

- Entrenched suppliers & commoditisation
- Managing supply chain
- Building team in China



■ Android ■ Blackberry ■ iOS  
■ Symbian ■ Windows ■ Other

# Telecom Infrastructure

## Outlook

- Massive capacity increase needed to cope with data traffic.

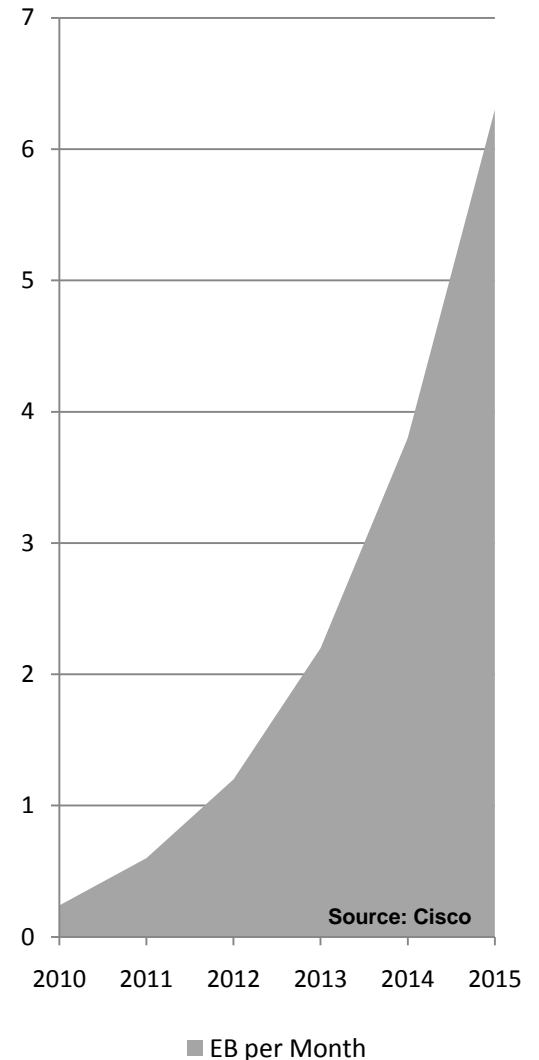
## Opportunities

- Established supplier to all major manufacturers.
- Cutting edge technology with cost advantage.
- New infrastructure deployments: Small cells, LTE, Fibre, Sync E.

## Challenges

- Timing investment/expansion to meet demand.

EB per Month



## Outlook

- Growth particularly with emerging countries (incl. BRIC)

## Opportunities

- High barriers to competition
- Temex acquisition
- Rakon brand & product range
- Leverage low cost platform

## Challenges

- Consolidate new business
- Long design/order cycle

- › High quality, competitive manufacturing
  - Successfully commission & operate RCC
  - Continuing to leverage IP across Rakon
  - Agility to scale quickly
  
- › Maintain momentum and continue to grow market share to deliver profitable revenue growth in all markets
  - Continuing to invest in new technologies and commercialising new products
  - Close alignment with leading chipset partners
  - Great product offering in all target markets

This presentation contains not only a review of operations, but also some forward looking statements about Rakon Limited and the environment in which the company operates. Because these statements are forward looking, Rakon Limited's actual results could differ materially.

Although management and directors may indicate and believe that the assumptions underlying the forward looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward looking statements will be realised.

Media releases, management commentary and investor presentations are all available on the company's website and contain additional information about matters which could cause Rakon Limited's performance to differ from any forward looking statements in this presentations. Please read this presentation in the wider context of material previously published by Rakon Limited.

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