

rakon

FY2013 RESULTS



FY13 Financial Summary

- Net Loss after Tax of NZ\$32.8m

- Revenue of NZ\$176m down 1% on the prior year.
 - ❑ Revenues in US\$ flat compared to prior year.
 - ❑ Smart wireless device quantities significantly up off-set by ASP decline.

- Look through EBITDA of NZ\$5.1m down on NZ\$13.1m achieved in prior year.
 - ❑ Gross margin erosion – Yen devaluation resulted in intense price competition in smart wireless device.
 - ❑ Full year impact of costs related to Chengdu plant in China.
 - ❑ Obsolescence reserves increase \$2.1m.
 - ❑ India JV contribution \$3.6m, up from \$1.9m in prior year.

- Impairment charge against goodwill of \$17.3m.

- Operating cash flow of NZ\$(2.7m) down from \$7.8m in prior year.

Financial Overview

NZD Millions	FY13	FY12	FY11	FY10
Volumes (millions)	117.8	86.9	75.3	54.8
Revenue	176.3	178.3	189.3	144.5
EBITDA (look through)	5.1	13.1	24.8	5.9
Depreciation & Amortisation	12.3	10.1	9.1	8.7
Investment Impairment	17.3	-	-	-
Profit After Tax	(32.8)	(0.4)	8.5	(5.4)
Earnings (cents per share)	(16.8)	(0.1)	4.7	(3.4)
Operating Cash Flow	(2.7)	7.9	(4.1)	1.0
Capital Expenditure	12.3	25.6	47.7	8.5
Cash Reserves	3.3	12.4	22.0	45.9
Debt	36.1	33.5	20.0	4.2
Shares on issue at balance date (millions)	191.0	191.0	191.0	189.7

> FY13

- Hedge gain of NZ\$1.6 million.
- Revaluation gain of NZ\$0.5 million.

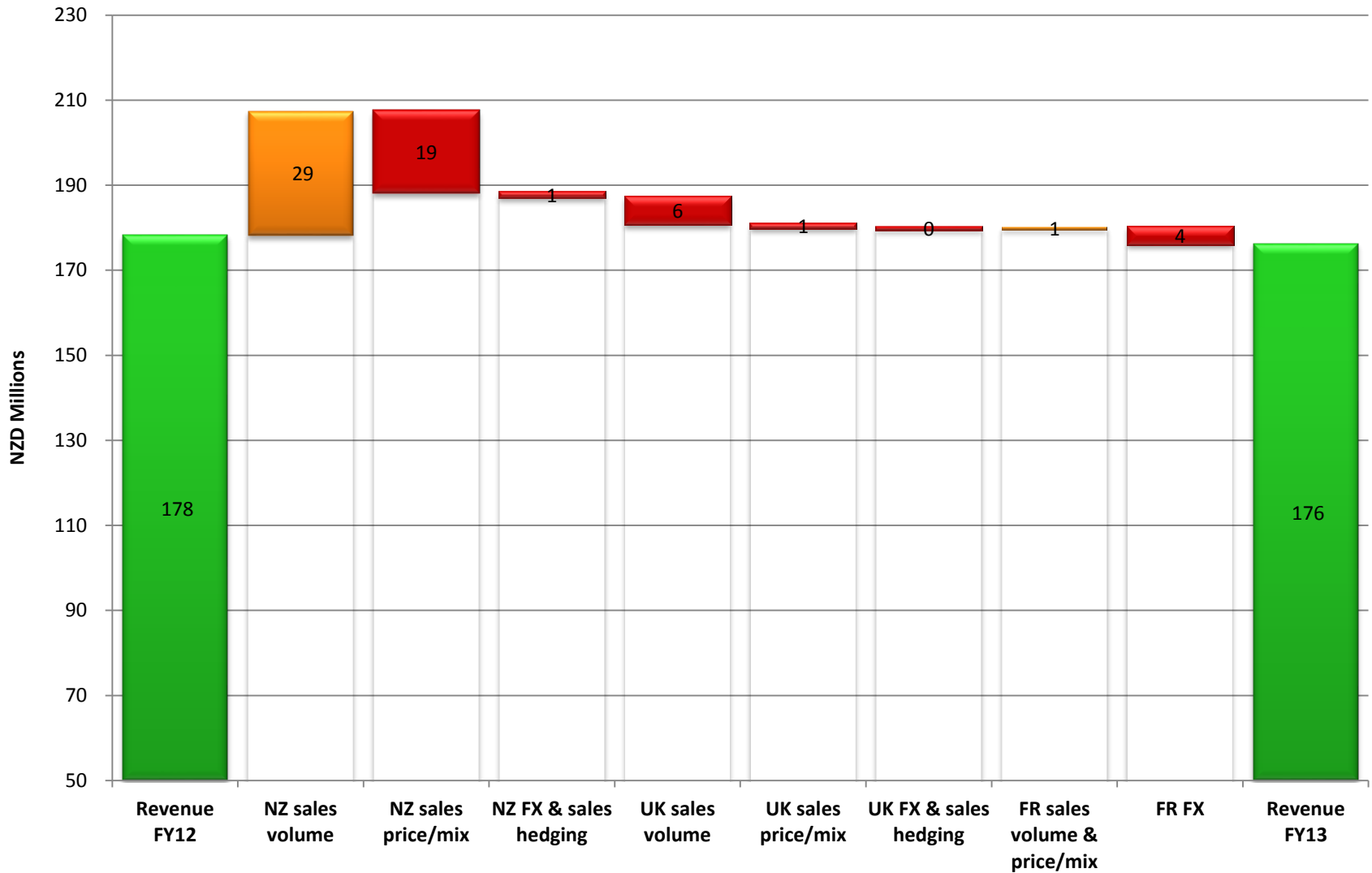
> FY14/FY15 Hedging

- US\$/NZ\$: 66% of next 24 months covered with mix of FEC.
(~0.78)/Collars (0.81/0.75)
- US\$/GBP: 43% of next 24 months covered with mix of FEC.
(~1.56)/Collars (1.60/1.55)

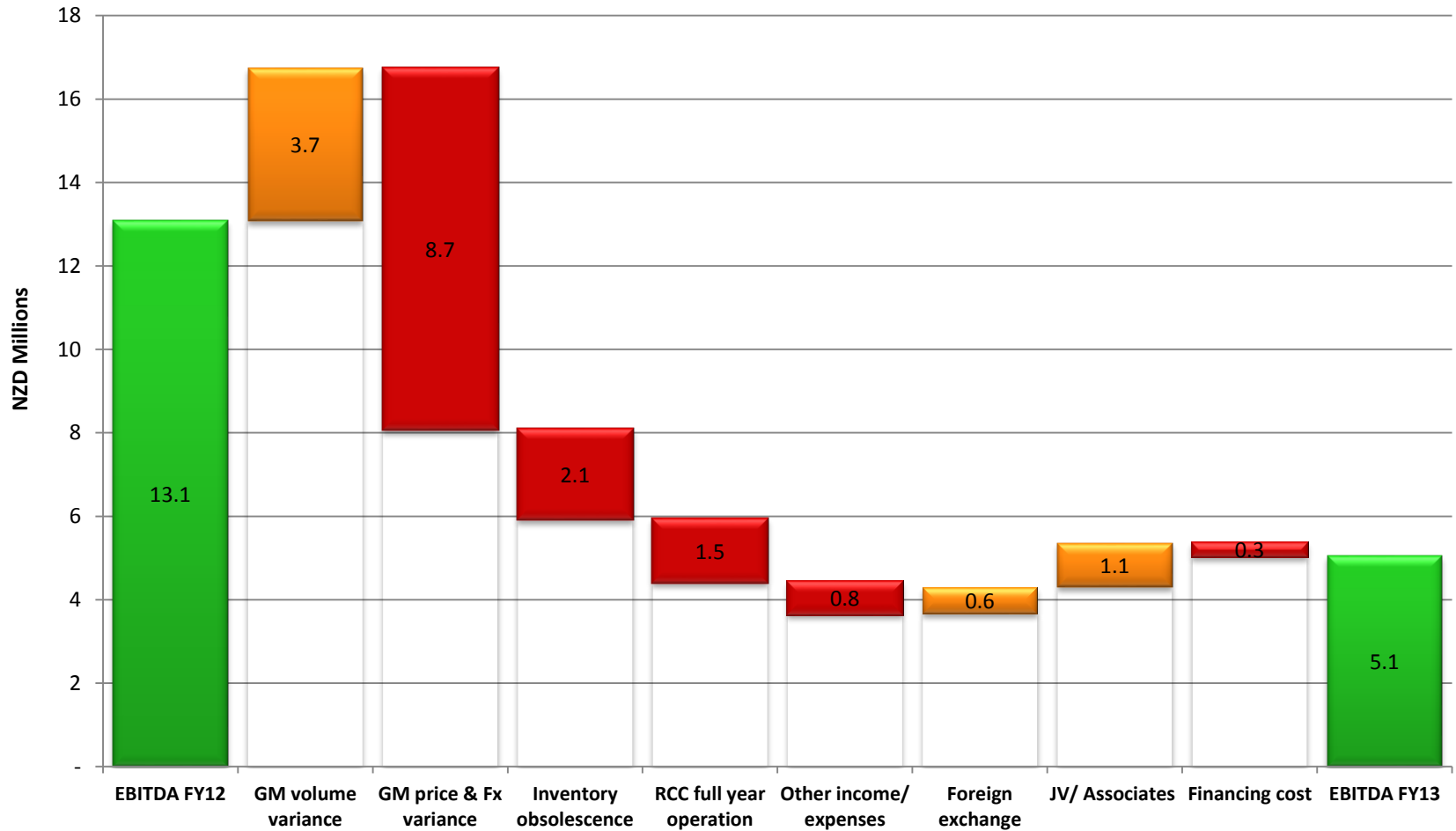
Average FX Rates

	FY13	FY12	Var	%
NZ\$/US\$	0.815	0.807	+0.008	0.9%
NZ\$/GBP	0.516	0.505	+0.010	2.0%
NZ\$/EUR	0.632	0.586	+0.046	7.9%
NZ\$/JPY	67.71	63.89	+3.815	6.0%
GBP/US\$	1.580	1.597	-0.017	-1.1%
EUR/US\$	1.288	1.377	-0.089	-6.4%

Revenue Bridge



EBITDA Bridge



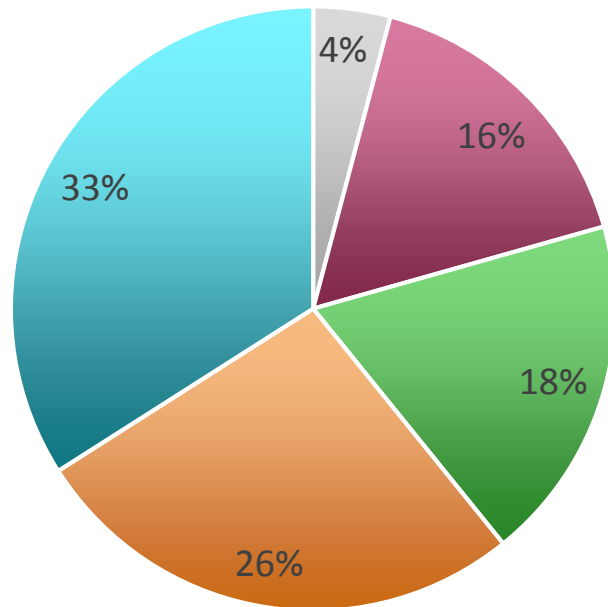


Market Update



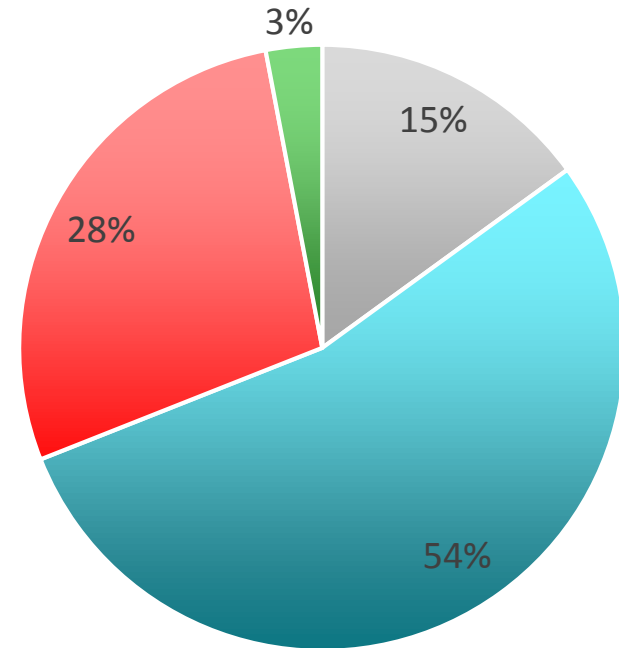
Revenue Split 2013

% Revenue by Market



- Other
- Positioning
- Telecommunications
- Hi-Reliability
- Mobile / SWD

% Revenue by Destination



- America
- Asia
- Europe
- Other

➤ Achieved a good balance of diversity between markets.

Smart Wireless Devices

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2013 Achievements & Highlights

- Rakon now supplies five of the top seven Tier 1 global smartphone brands and a large number of Chinese smartphone manufacturers.
- SWD volume for FY2013 grew 85% compared to FY2012.
- Rakon's China factory is fully qualified into all major customers.

Industry Outlook

- Strong competition from Japanese is expected to continue off the back of a weak Yen and keep margins low.
- Next generation technology moves to lower cost frequency control solutions.
- Global smartphone sales are expected to more than double between 2012 and 2017, reaching 1.5 billion units in 2017.

Strengths & Opportunities

- Rakon has preferred supplier status with Tier 1 customers.
- Leading technology in new lower cost frequency control products required for next generation SWD technology.
- Expanded product range into Wi-Fi and transceiver chipsets giving multiple products per smartphone.



2013 Achievements & Highlights

- › Macro Base Station demand increased significantly in the second half of the year as Rakon captured market share through technology transition to 4G/LTE.
- › Strengthened position in the new Tier 1 customers fuelled by new design wins and leading technology.
- › Expanded product range to cover more applications in the Telecom market.

Industry Outlook

- › Global mobile data traffic grew 70% in 2012 - video now over 50% and will continue to drive exponential data growth.
- › Mobile infrastructure technology migration to '4G'/LTE is expected to accelerate increasing data speeds and optimising quality of service.
- › New generation networks required to support the massive growth in data traffic.

Strengths & Opportunities

- › Leading product offering designed into next generation communication network infrastructure.
- › Rakon has a high quality reputation and established vendor status at all major Tier 1 OEMs.
- › Broad product range is increasing market share.



2013 Achievements & Highlights

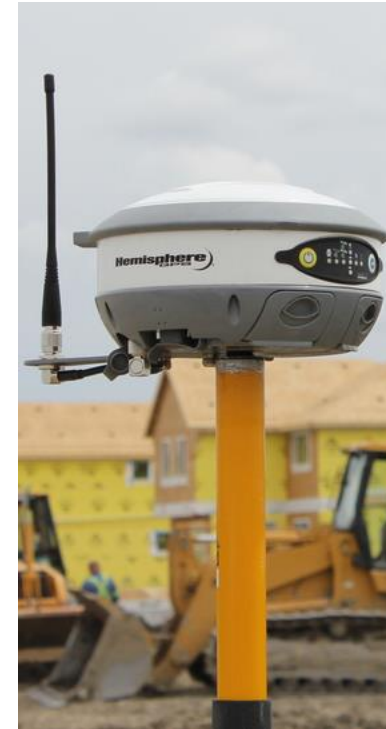
- › Dominant market share in GPS.
- › New design wins in automotive GPS (in-dash).
- › 90% market share in emergency beacons.

Industry Outlook

- › Personal Navigation Device market (PND) is mature and declining – switching to smart phones.
- › Fitness/Sports and Automotive GPS numbers are increasing.
- › Agriculture GPS, Geo-Surveying steady growth.
- › Growing volumes in Emergency Beacons.

Strengths & Opportunities

- › Rakon recognised as the industry leader.
- › Industrial GPS applications require greater positioning accuracy – aligns with Rakon's product strengths.
- › China's BeiDou satellite navigation constellation represents new Positioning market opportunities.



2013 Achievements & Highlights

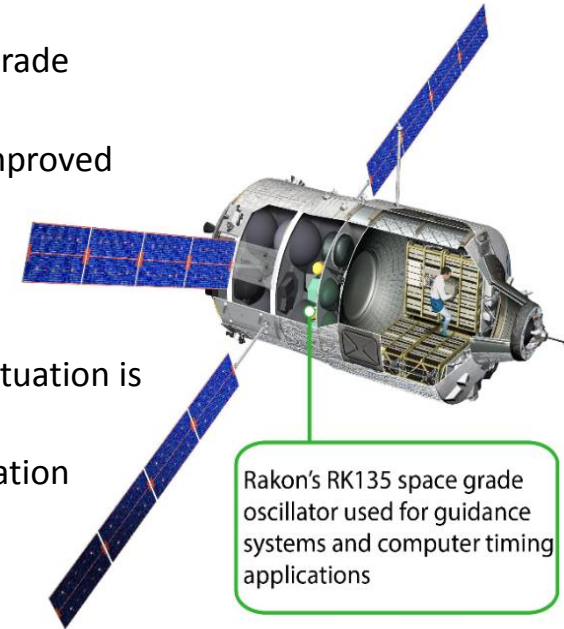
- › Rakon France awarded highly sought technology development contracts with the French space agency (CNES).
- › Strategic contracts also awarded by the European Space Agency (ESA) for space grade oscillators.
- › Introduced new platform based product portfolio, giving greater flexibility and improved lead times.

Industry Outlook

- › Overall defence sector slow due to US and European MoD budget cuts and this situation is expected to continue.
 - However, procurement and development of sensors, radar and communication technology is expected to remain strong.
- › Space sector forecast to expand.

Strengths & Opportunities

- › Established Tier 1 customers in Europe, India, South Korea and Brazil.
- › New opportunities in China and the USA.
- › Industry leading Ultra Low Noise products.
- › Rakon's ability to manufacture products in Europe, NZ and Asia/India for customers.



- Plan to reduce debt to less than 15m by end of FY14 through a combination of working capital and structural realignment.
- Smart Wireless Devices: Outlook for continued volume growth with very narrow margins however becomes profitable with further scale.
- High-Reliability: Market provides long term revenue growth and sustainable margins.
- Telecom: Strongly entrenched into the infrastructure supply chain and set to capture more market share as new generation equipment is deployed globally.

- 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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Synchronising Connectivity Everywhere

