



# Rakon Limited

FY09 results



- › Solid overall result
  - Excellent contribution from UK business
    - Ultra-Stable TCXO volume up 30% year on year
  - Strong cash flow generation
  - Balance Sheet in good shape
- › Transfer of manufacturing to Indian JV complete
- › Infrastructure and industrial markets very good for Rakon
- › Consumer markets contracted significantly in second half but now recovering quite strongly
  - NZ sales volume: First Half FY09 = 28 million units; Second Half FY09 = 13 million units. Expect Q1 FY10 volumes up ~60% on Q4 FY09.
- › Varied revenue growth opportunities
  - Infrastructure & Aerospace
  - Emerging – Femtocells, GPS Smartphones, Netbooks

# Financial overview

NZD millions	FY09	FY08	FY07
Revenue	139.5	174.3	105.9
EBITDA*	18.5	25.4	20.2
Depreciation & Amortisation*	8.6	8.8	4.2
Net Interest Expense	2.1	0.3	0.2
Profit after tax*	4.5	10.9	16.1
Earnings (cents per share)	3.6	8.6	10.4
Operating Cash Flow	16.6	0.3	9.7
Capital expenditure**	15.3	13.9	10.8
Net Debt	8.0	4.8	6.6
Deferred Consideration***	15.3	0	0
Shares on issue at balance date (million)	126.9	126.8	121.1

\* Includes equity accounted earnings from Associates & Joint Ventures of NZ\$0.3 million

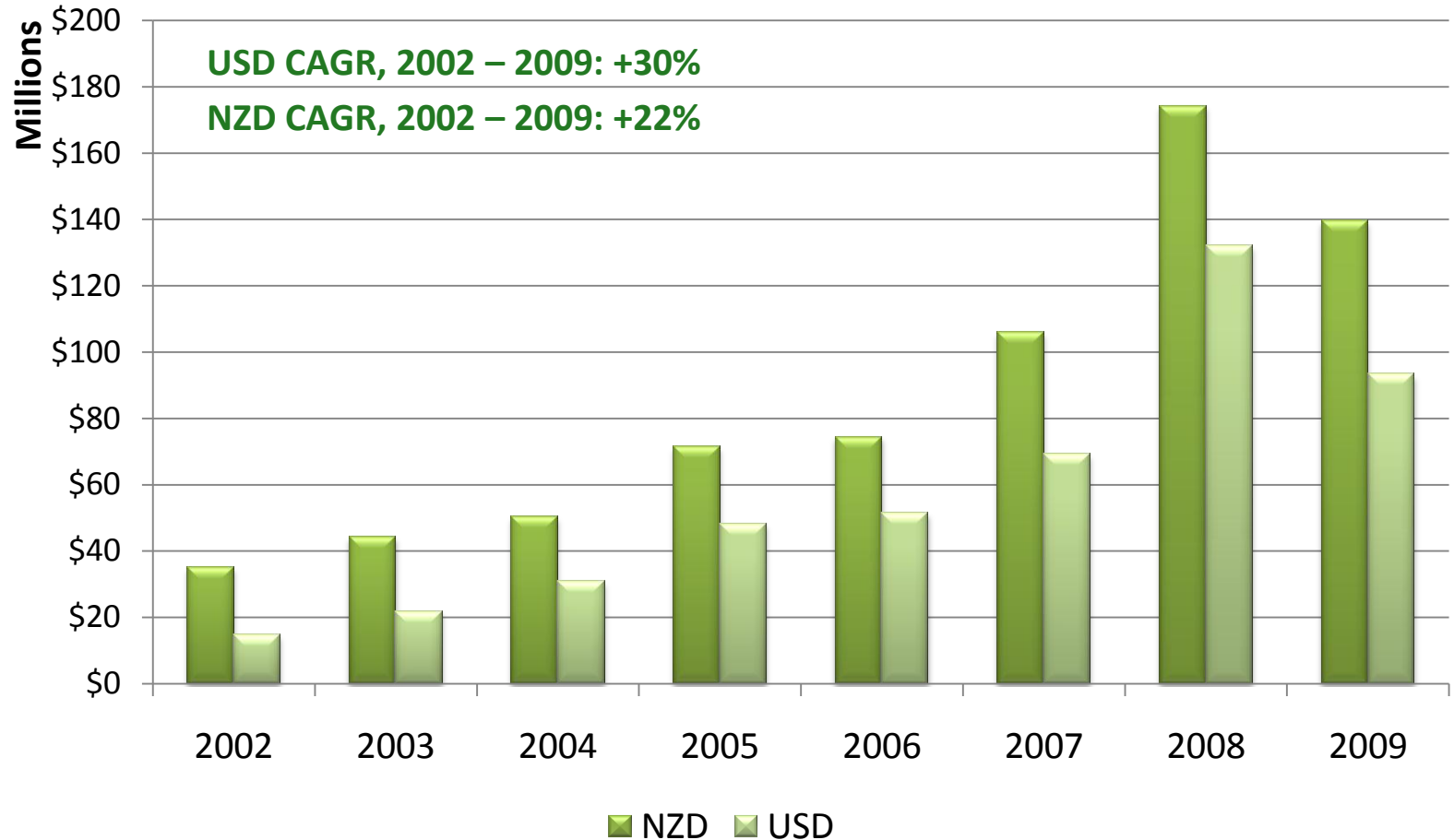
\*\* Excludes acquisition of 40% share in Timemaker

\*\*\* Deferred consideration on Timemaker acquisition

NZD millions	Group (before JV & Assc)	JV & Assc	Group*
Revenue	139.5		139.5
EBITDA	18.3	1.1	19.4
Depreciation & Amortisation	8.6	0.4	9.1
Net Interest Expense	2.1	0.1	2.2
Profit after tax	4.2	0.3	4.5

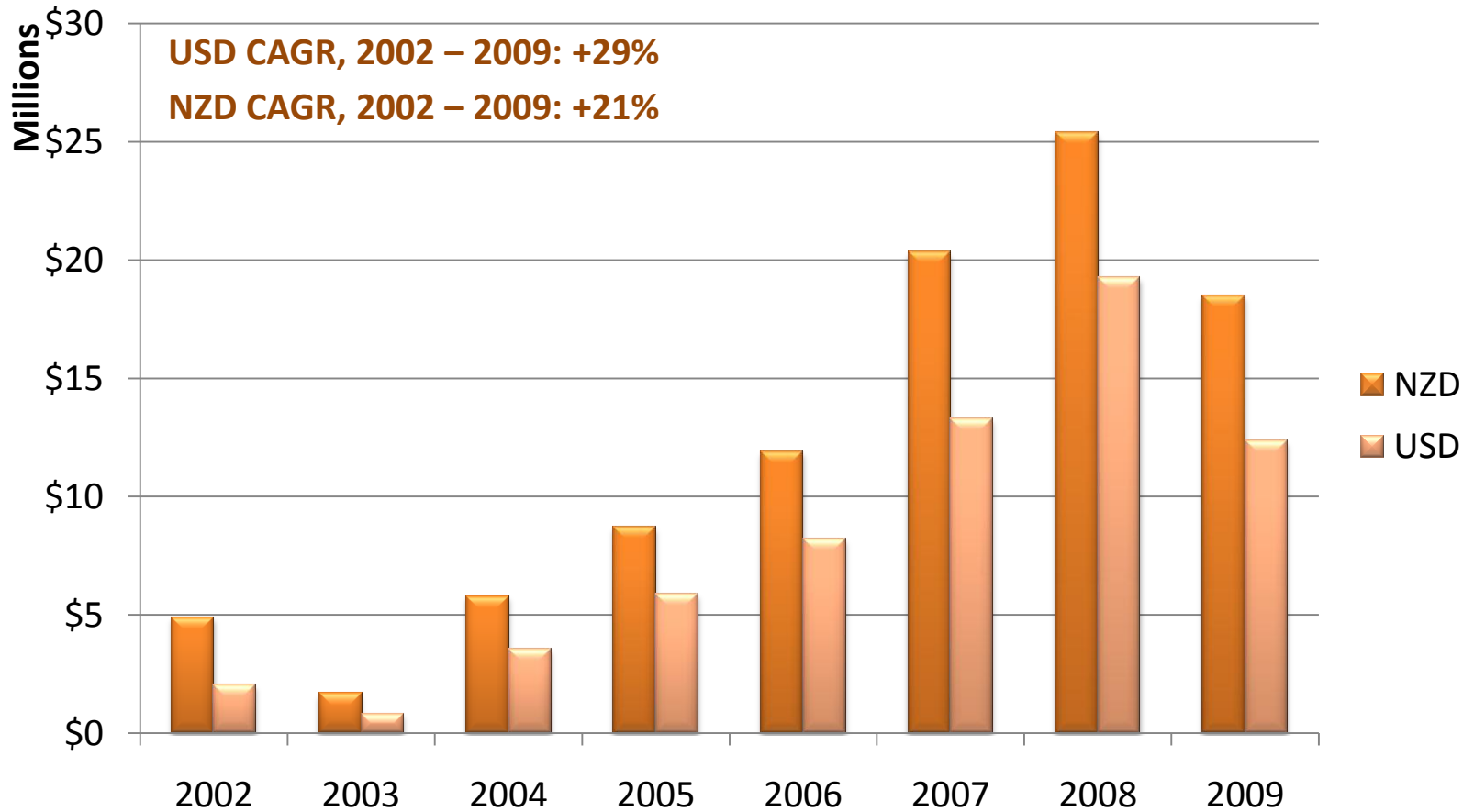
\* Shows separation of financial results between wholly owned Group and Associates/Joint Venture to provide a “look through” into underlying earnings of the Associates/Joint Venture.

# Revenue trend



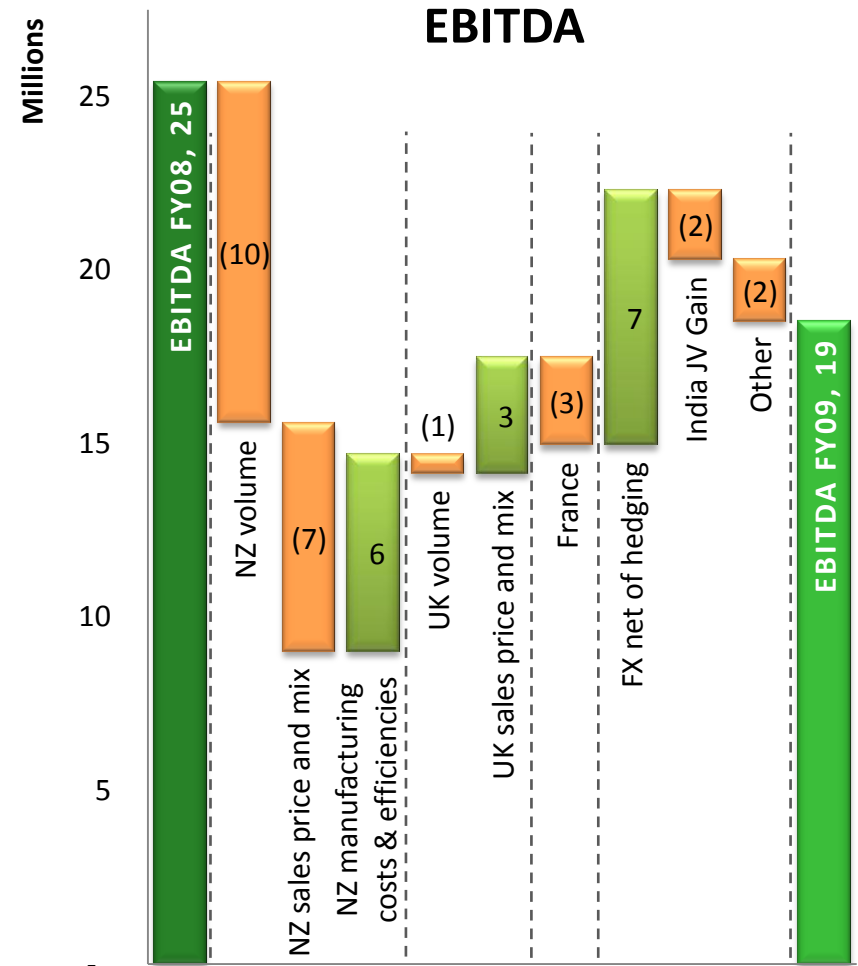
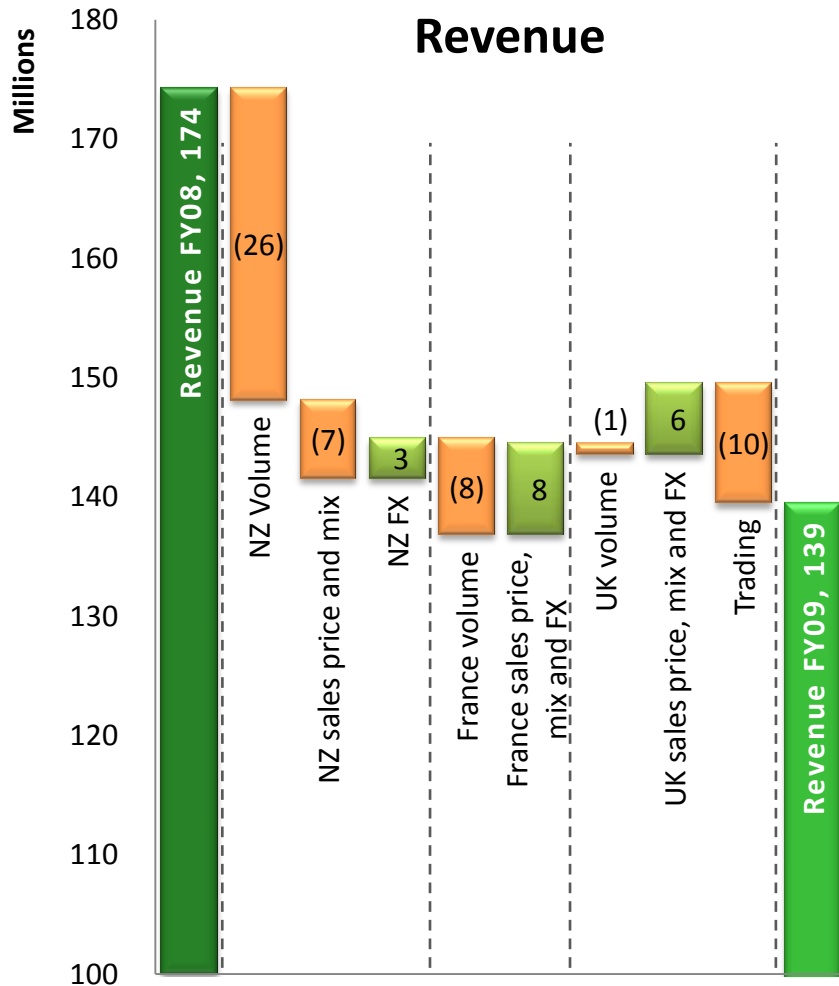
20% reduction in FY09 due to significant contraction in consumer markets

# EBITDA trend



FY09 is a 21% reduction on FY08 (non-recurring gain of NZ\$2 million in FY08 excluded)

# Revenue and EBITDA bridges



# FX Summary

	FY09	FY08	
<b>Average Spot Rate</b>			
NZD/USD	0.65	0.76	
GBP/USD	2.01	1.69	
Euro/USD	1.41	1.42	
NZD/GBP	0.38	0.38	
<b>FX Gains (NZ\$ Million)</b>			
Hedge Gain (Loss): NZ Business	(3.8)	2.3	Recorded in Gross Margin
Revaluation Gain (Loss): NZ Business	6.4	(0.8)	Recorded below Gross Margin
<b>Total NZ</b>	<b>2.6</b>	<b>1.5</b>	
Revaluation Gain (Loss): European Business	6.1	2.0	Recorded below Gross Margin
<b>Total Rakon Group</b>	<b>8.7</b>	<b>3.5</b>	

- › FX Hedge gains and losses required to be reported as part of Gross Margin
- › FX Revaluation gains arising from movement in exchange rates from date of sale/purchase and collection/payment required to be reported below Gross Margin
- › FX Cover in place for FY10 in accordance with policy
  - US\$/NZ\$: full year 55% covered mix of FECs and collars – worst case rate ~NZ\$1/US\$0.60
  - US\$/JPY: full year 40% with FECs ~US\$1/JPY93



- › Consumer markets difficult
  - Immediate demand has ramped considerably
  - Lead time expectations remarkably short
  - Pressure on supply chain
- › Infrastructure and Industrial markets more predictable
  - Government impetus
  - New networks and technologies



- › Increase market share in GPS phone market
  - Independent market estimate is 115 million smart phones for CY09
  - Demand for improved performance
  
- › Maintain leadership position in current GPS markets
  - Proven leader, best product, strong customer relationships
  
- › Increase market share in Telecommunications market
  - Excellent product range for new technologies
  - Broadening product portfolio
  - Competitive manufacturing base
  - Strong customer relationships
  
- › Take market share in emerging applications
  - Femtocells, GPS Smartphones, Netbooks

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.

