



# Rakon Limited

HY10 results



# Summary

- › 1H10 Revenue recovered from 2H09 slump
  - 1H10 sales revenue up 30% on 2H09
    - Recovery in consumer demand (PNDs) and new smart phone demand
    - Growth in telecommunications with market share gains
  
- › 1H10 EBITDA Loss of NZ\$2.9 million slightly better than guidance
  - Aggressive price reductions for GPS
  - Substantial weakening in US\$ against NZ\$ and GBP
    - NZ\$/US\$ moved from 0.55 to >0.70
    - GBP/US\$ moved from 1.41 to 1.65
  
- › 1H10 Operating Cash Flow NZ\$3.7 million
  - Receivables and Inventory reductions
  
- › Business Milestones
  - Smart phone & femtocell business developing
  - Equity raising completed, nil debt remaining
  - Chengdu China project underway
  - TS16949 (Automotive) Certification achieved for NZ



# Financial overview

NZD millions	HY10	HY09	FY09
Revenue	72.2	79.4	139.5
EBITDA*	-2.9	10.4	18.5
Depreciation & Amortisation	3.9	4.1	8.6
Net Interest Expense	0.8	0.8	2.1
Profit after Tax*	-6.2	2.0	4.5
Earnings (cents per share)	-4.7	1.6	3.6
Operating Cash Flow	3.7	9.1	16.6
Capital Expenditure	4.5	9.8	15.3
Net Debt	-7.7	9.7	8.0
Deferred Consideration**	5.9	12.9	15.3
Shares on issue at balance date (million)	152.5	126.8	126.9

\* Includes equity accounted earnings from Associates & Joint Ventures of NZ\$0.7 million

\*\* Deferred consideration on Timemaker acquisition

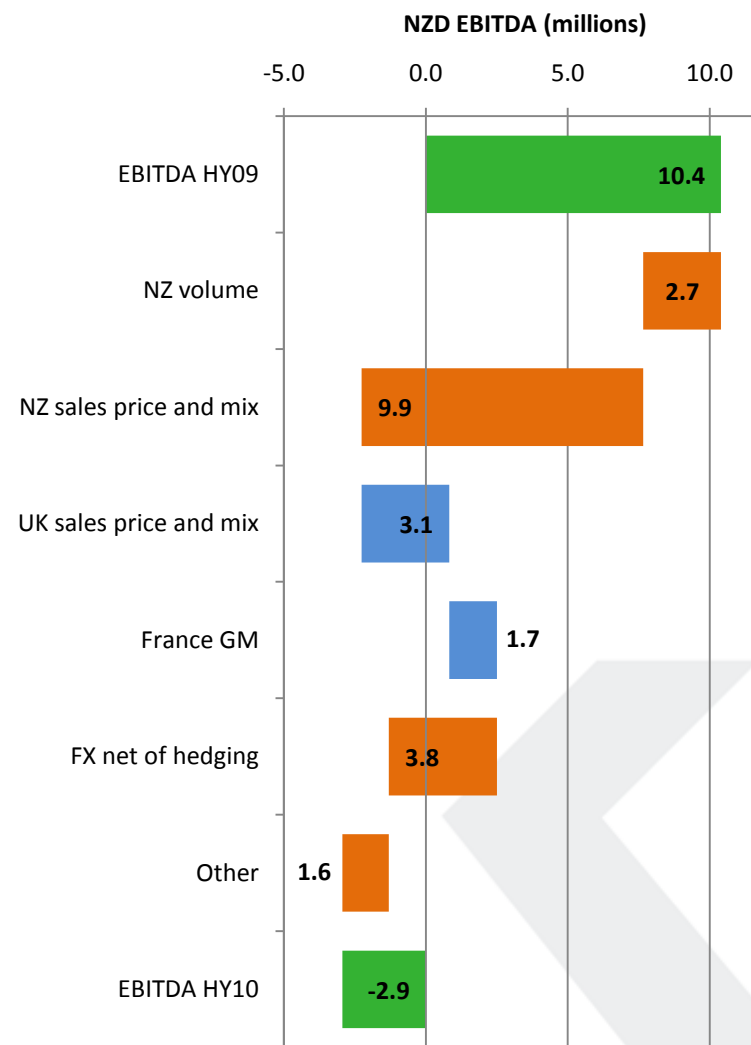
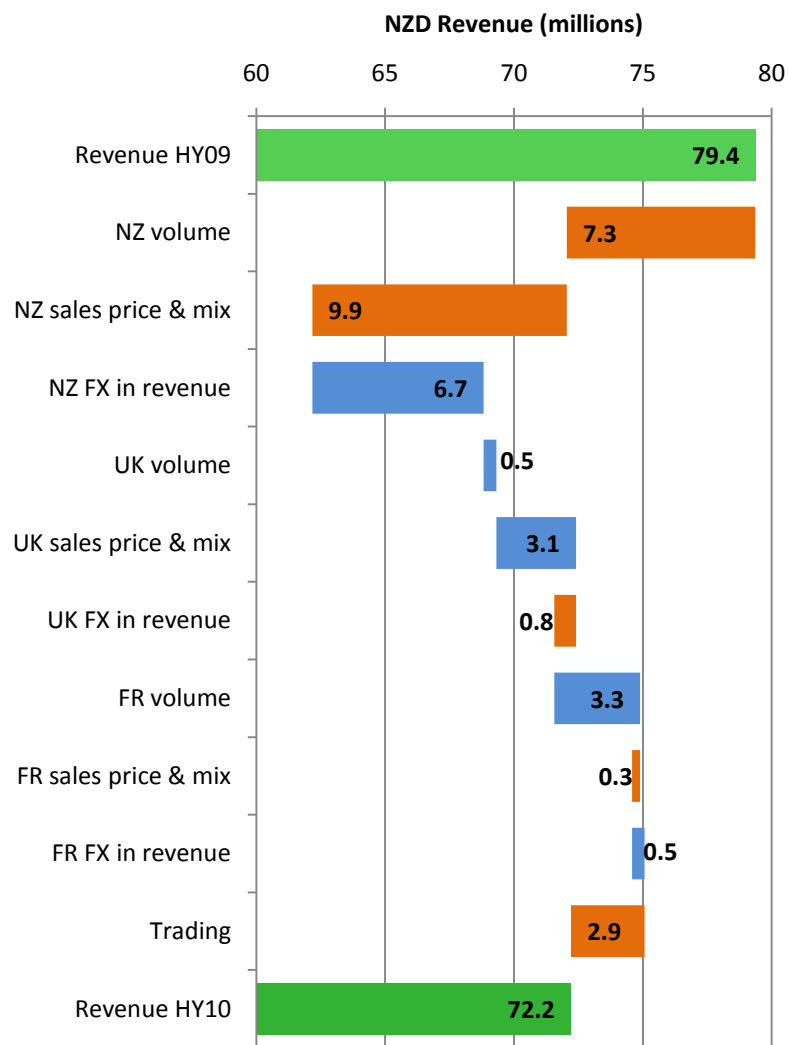
# Revenue trend

Sales volume and price trends for NZ GPS Grade products

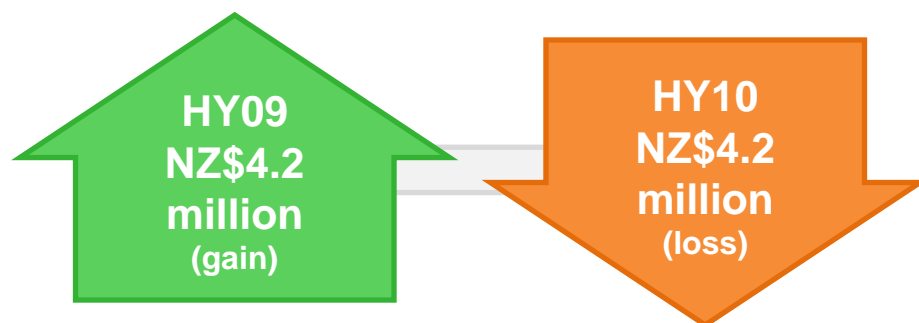


# Revenue & EBITDA Bridge

## Revenue & EBITDA Reconciliation for Rakon Group (HY09 to HY10)



# FX Summary



## › HY 2010 comprises

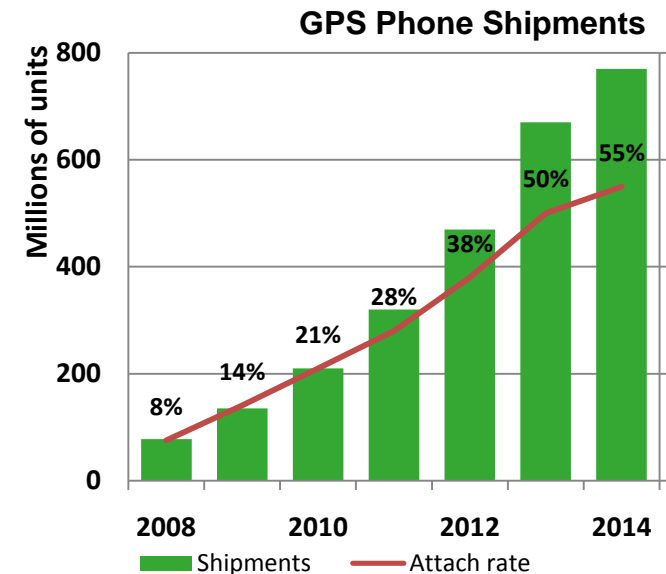
- Revaluation loss NZ\$4.7 million (including NZ\$3.0 attributable to NZ business and NZ\$1.5 attributable to UK business)
- Hedge gain NZ\$0.5 million

## › Current Hedging Position

- US\$/NZ\$: 2H10 – 100% of net exposure @ 0.65
- US\$/NZ\$: 1H11 – 50% of net exposure @ 0.70
- US\$/JPY: 2H10 – 40% of net exposure @ 92
- US\$/GBP: 2H10 – 50% of net exposure @ 1.65

# Smart Phone & Positioning

- › GPS as a feature in phones firmly established
- › Rakon leading phone manufacturers demand for improved specification
- › Rakon forecast significant volume increase in 2H10 and FY11
- › PND demand returning
- › Rakon maintaining market share, continuing to supply all major PND manufacturers
- › Growth in China
- › Beacon market continuing to grow
- › Netbook and laptop demand emerging



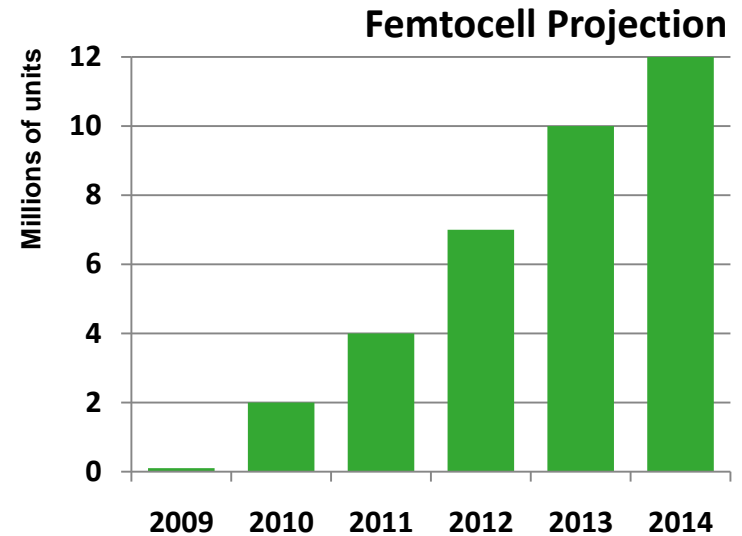
Berg Insight, April 2009  
Attach rate = % of total GSM/WCDMA handsets equipped with GPS



# Telecommunications

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- › 1H10 strong growth for TCXOs, particularly Pluto into fibre optics
- › 2H10 will see significant growth in OCXO
- › VCXO range under development
- › Moderate overall market growth with market share gains being experienced
- › Femtocell demand building





**Maintain leadership in GPS market**



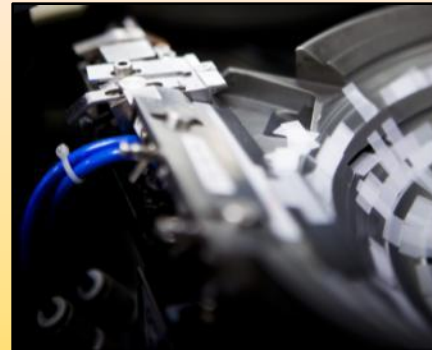
**Gain market share in GPS phone market**



**Increase share in telecommunications market**




**Expand Chinese manufacturing**



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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