



Rakon Limited

NOVEMBER
2012
BUSINESS
UPDATE

- › Well positioned in key strategic markets – Telco, SWD and High Reliability.
 - Smart Wireless Devices (SWD) market continues to grow.
 - Telecommunications market showing signs of resurgence after longer than expected slowdown. New generation LTE networks providing impetus.
 - Rakon continuing with product innovation, development and manufacturing of high performance products in NZ, UK and France.
- › Volume manufacturing activities now firmly established in China and India.
 - Competitive platforms and proximity to customers.
 - Now able to streamline global business and release costs that have been carried through the transition.



Financial Overview

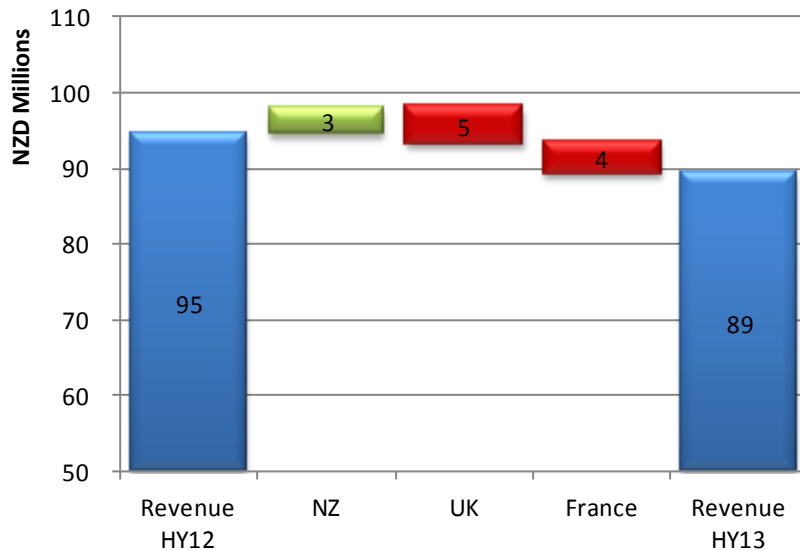
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NZD Millions	HY13	HY12	FY12	FY11
Volumes (millions)	55.0	44.6	86.9	75.3
Revenue	89.4	94.6	178.3	189.3
EBITDA (look through)	4.7	6.2	13.1	24.8
Depreciation & Amortisation	5.9	4.7	10.1	9.1
Profit After Tax	(4.0)	(0.3)	(0.4)	8.5
Earnings (cents per share)	(1.8)	(0.1)	(0.1)	4.7
Operating Cash Flow	(2.2)	(1.4)	7.9	(4.1)
Capital Expenditure	6.0	17.9	22.4	47.7
Cash Reserves	3.9	5.4	12.4	22.0
Debt	32.9	33.5	33.5	20.0
Shares on issue at balance date (millions)	191.0	191.0	191.0	191.0

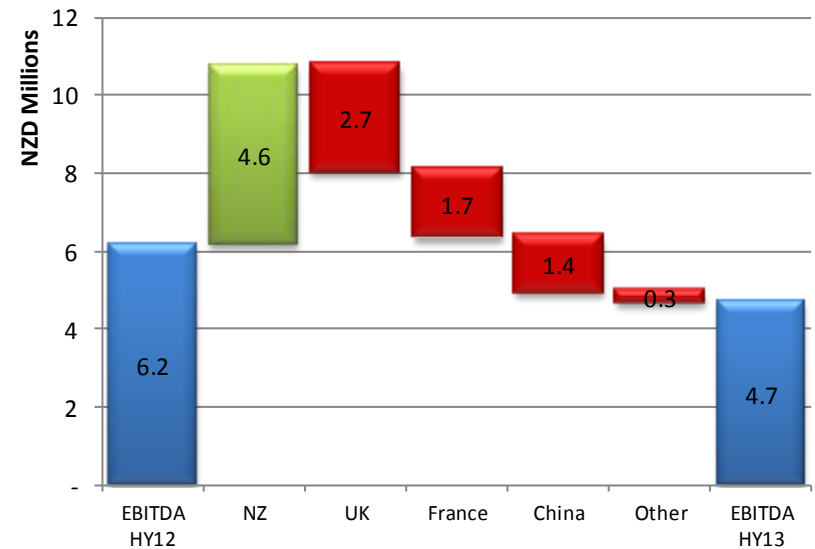


Revenue & EBITDA Bridges

Revenue



EBITDA



› Revenue:

- NZ up on higher volume mainly into SWD.
- UK lower due to Telco market softness.
- France lower due to High Reliability 2H weighting and weaker Euro dollar.

› EBITDA

- NZ up on higher volume and improved margins. UK lower due to Telco market softness.
- France lower due to High Reliability 2H weighting.
- 4 • China lower as business moved to full operational status.



› HY13

- Hedge gain of NZ\$1.0 million
- Revaluation loss of NZ\$0.5 million

› Next 24 Months Hedging

- US\$/NZ\$: 61% of next 12 months & 30% of 12 -24 month period covered with mix of FEC (~0.78) & Collars (0.81/0.75)
- US\$/GBP: 39% of next 24 months covered with mix of FEC (~1.56) / Collars (1.59/1.54)

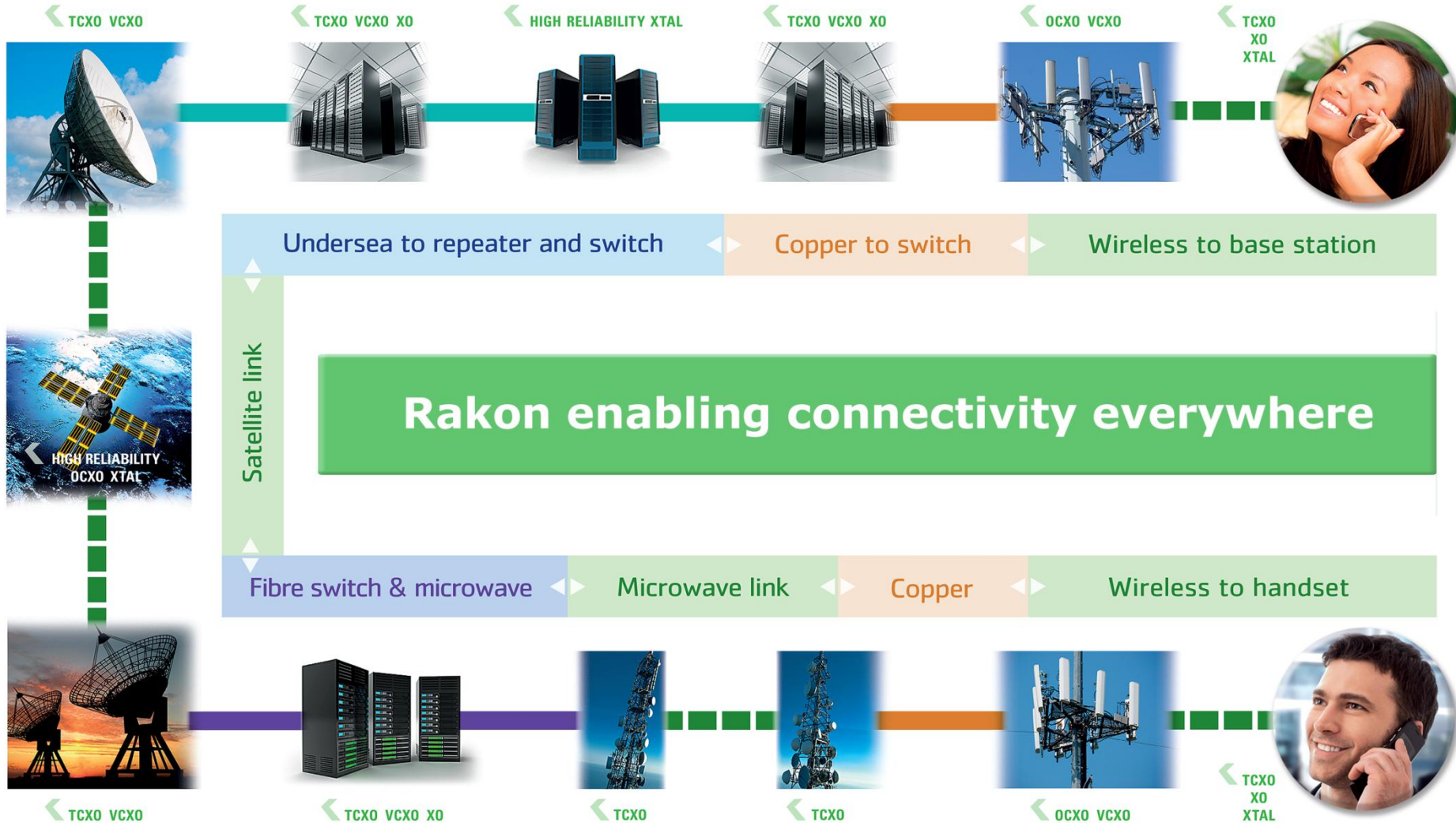
Average FX Rates				
	HY13	HY12	Var	%
NZ\$/US\$	0.800	0.817	-0.017	-2.1%
NZ\$/GBP	0.506	0.504	+0.002	0.4%
NZ\$/EUR	0.631	0.573	+0.058	10.2%
NZ\$/JPY	63.51	65.13	-1.620	-2.5%
GBP/US\$	1.582	1.621	-0.040	-2.4%
EUR/US\$	1.268	1.426	-0.158	-11.1%



Market Update

Rakon's Global Communications Market

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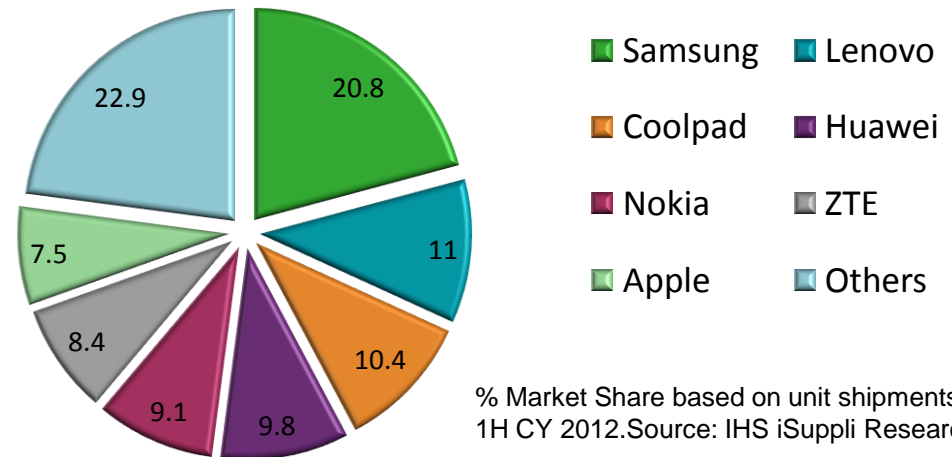


Smartphone Growth in China

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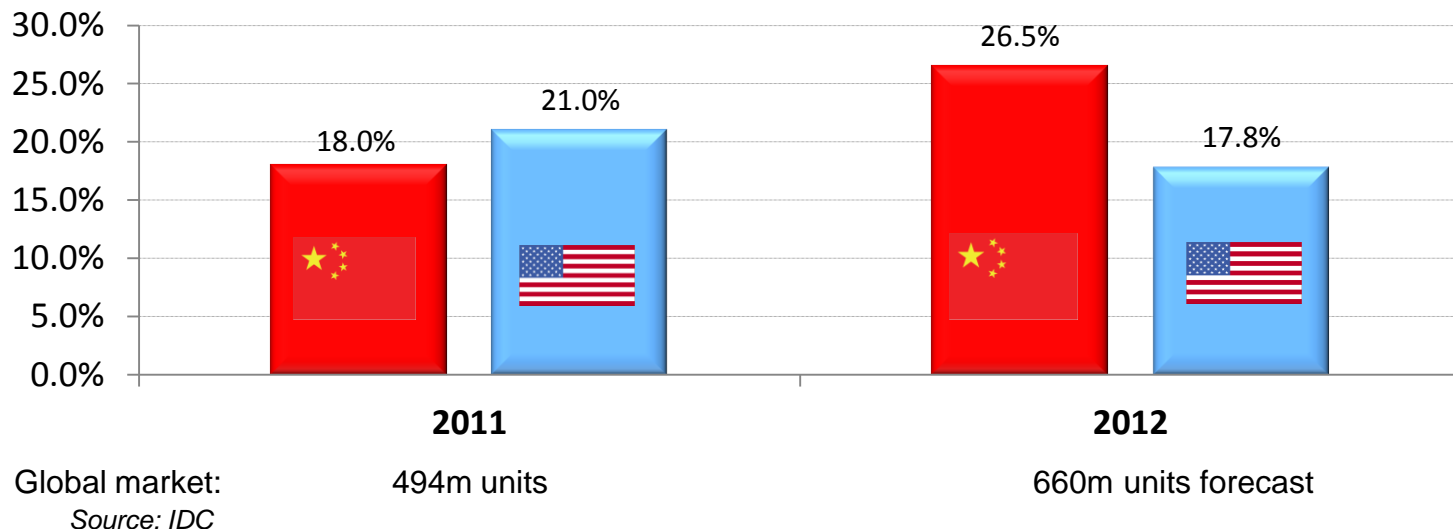
- › Rakon supplies 5 out the 7 major smartphone brands in China and more than 25 other local brands.
- › In 2012 China passed the US to become the global market leader in smartphone shipments.
- › Huge growth expected as smartphones estimated to reach 80% of growing middle-class households by 2017.

2012 China Smartphone % Unit Shipped Market Share



Global Smartphone Shipments Market Share: *The rise of China*

Source: IDC Worldwide Mobile Phone Tracker, August 2012





RCC to meet SWD market growth

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- › Operational performance at expectations
 - Have added additional assembly and temperature testing capability.
- › Expanding and broadening capability
 - Xtal capacity to more than double over next 12 months with transfer of lines from NZ and additional new capacity to optimise existing lines.
 - TCXO production being established.



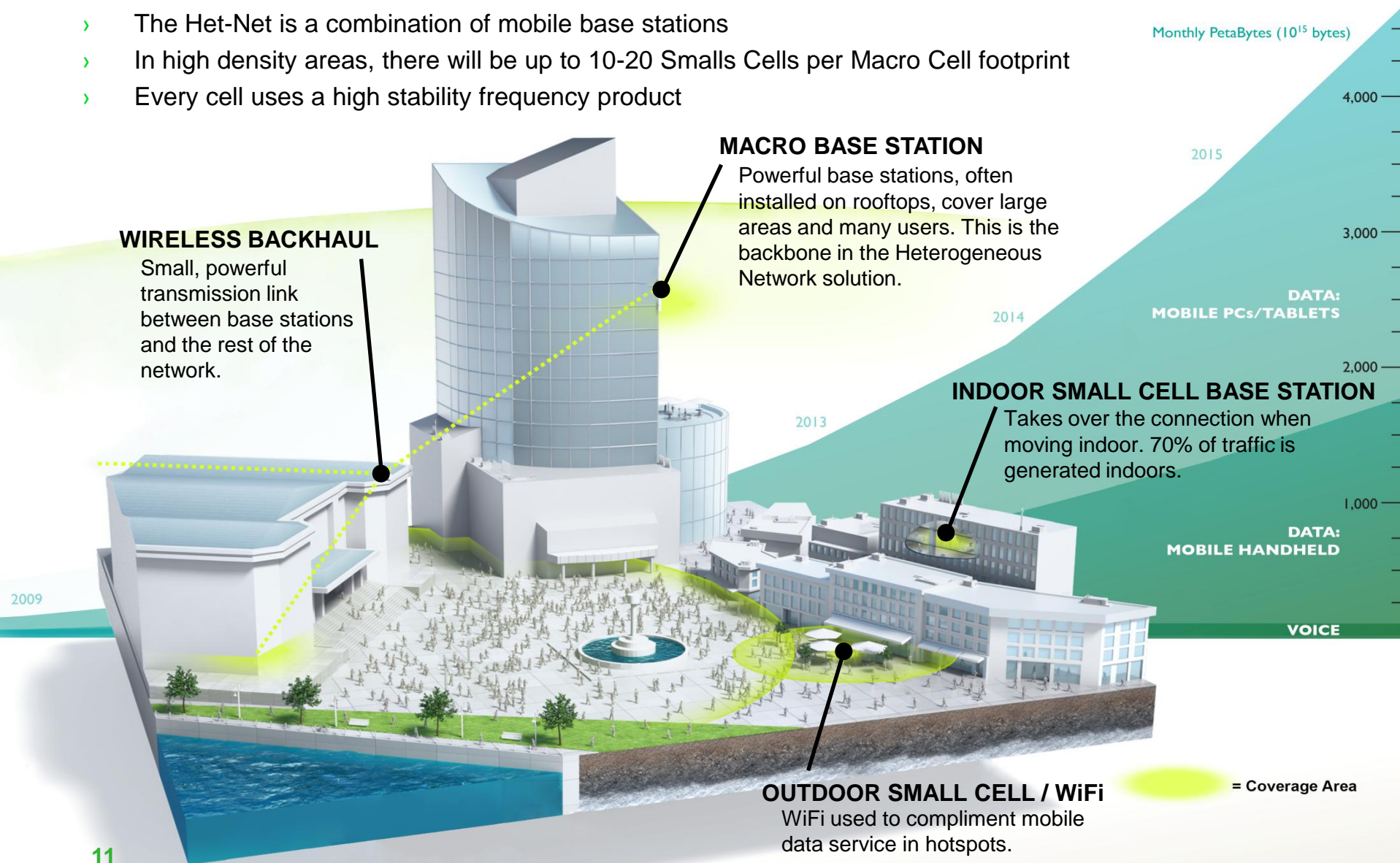


- › Demand softer for longer than expected and carried over into 1H 13
 - Stifled activity due to global economic conditions and correction of supply chain disruptions from Japan earthquake.
- › Investment showing signs of returning
 - Need for investment due to data growth
 - LTE providing additional impetus
 - LTE rollouts to be lead by macro cell investment followed by small cell infrastructure to increase capacity
 - Major operators in US, Japan, Korea and China making recent announcements
 - Ericsson, Alcatel, Huawei and Samsung lead providers
 - Rakon in strong position to take significant share through this infrastructure transition
- › Portfolio Strengths
 - Cost: Commercial OCXO designed in France made in India
 - Performance for price – Mercury and Pluto, etc
 - Breadth – OCXO, VCXO, XO, TCXO, Xtal, MEMS



Heterogeneous Networks

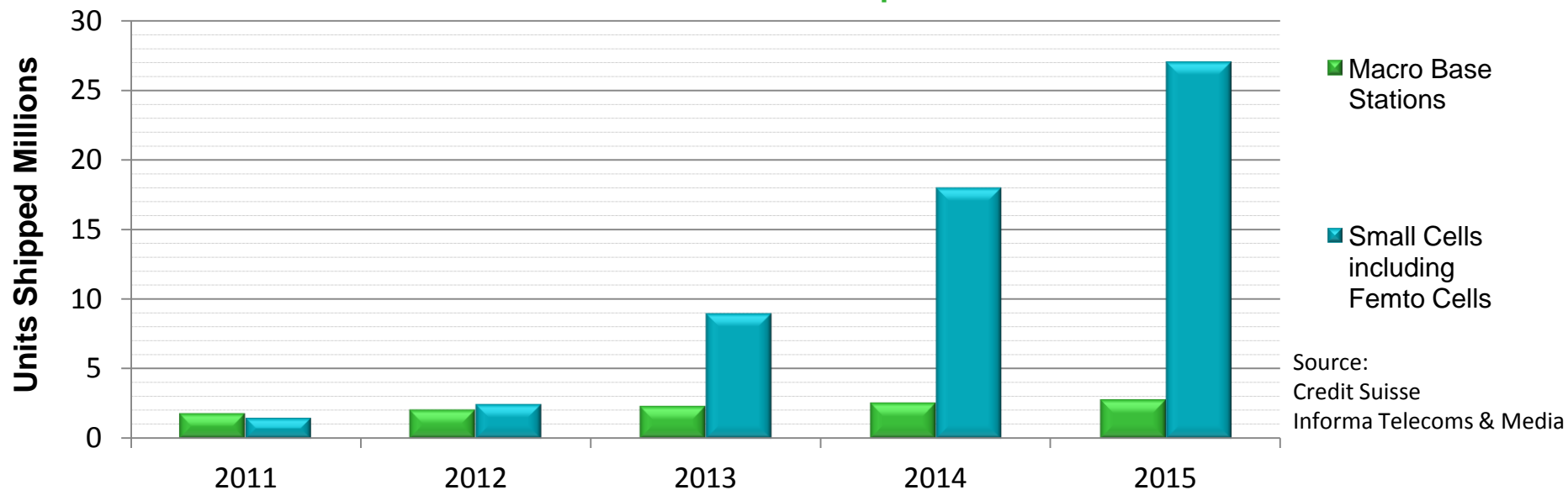
- › The Het-Net is a combination of mobile base stations
- › In high density areas, there will be up to 10-20 Smalls Cells per Macro Cell footprint
- › Every cell uses a high stability frequency product



Telecom Infrastructure Forecast

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Macro Base Stations and Small Cell Shipment Forecast



Global Population Mobile Coverage by Technology Estimates

Forecast (CY)	GSM	WCDMA	LTE	CDMA	Growth
2011	86%	38%	4%	81%	6%
2012	87%	40%	7%	82%	7%
2013	89%	44%	12%	83%	11%
2014	90%	52%	18%	83%	16%
2015	91%	63%	22%	84%	17%

Source: Rakon estimates from customer survey



› Market Position and Product Portfolio Enhanced



- Strengthened position in Europe:
 - Selected as the Xtal Oscillator Space partner for the European Space Agency.
 - New ESA business expected next year as a result.
- Strengthening position in Asia:
 - Space business in China and Korea.
 - Future Offset Programme opportunities in India in association with Centum Rakon JV.
- Widened our range of products for Space & Defence applications.
- Some Defence programmes currently delayed pushing out deliveries.





Closing Comments

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› Improved 2H expected

- Continued growth in Smart Wireless Devices
- Improved contributions from Telecommunications and High Reliability
- Minor impact of savings from realignment of activities due to timing





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.

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