

MULTI-FINELINE ELECTRONIX (MFLEX)

CORPORATE OVERVIEW

MFLEX (NASDAQ: MFLX) is one of the world's largest producers of flexible printed circuits and flexible circuit assemblies. In fiscal 2010, approximately 70% of the company's sales were generated from OEMs for smartphones, with approximately 25% from consumer electronic devices, and the remainder for feature phones, portable bar code scanners and computer/storage devices. MFLEX's key customers include four of the largest portable electronic device OEMs. The Company has operations in Anaheim, CA and Suzhou, China and offers a global service and support base for the design and manufacture of flexible interconnect solutions.

INVESTMENT CONSIDERATIONS

End-to-end solution provides a strong competitive advantage. MFLEX provides customers with a seamless, integrated end-to-end flexible printed circuit solution that includes design and application engineering, prototyping, high-volume manufacturing, material acquisition, component assembly and testing. MFLEX's participation in the early stages of design enables the Company to gain a deep understanding of the manufacturing requirements for the device, which it believes allows it to ramp production more quickly than its competitors. With product lifecycles for mobile handsets declining in recent years to an average of 12-18 months, the Company believes its quicker-to-market capabilities are an important competitive advantage, often a key factor in winning business.

Favorably positioned in the smartphone market. MFLEX

focuses on the high-end of the mobile device market - particularly smartphones - where the more complex designs and features typically create a greater demand for flexible printed circuits. MFLEX expects to benefit from the strong growth in smartphones, as two of its key customers have the largest U.S. smartphone market share while two of its other key customers continue to make significant inroads in expanding their smartphone market share. According to Oppenheimer & Co., shipments of smartphones are expected to increase at a 32% CAGR through 2011 and MFLEX flexible printed circuits are currently found in seven of the top 10 selling smartphones¹.

NASDAQ: MFLX

Closing Price (2/11/11)
\$29.82

52-Week Range
\$19.49 - \$29.99

Market Capitalization (2/11/11)
\$712 million

Average Daily Volume
85,000

Institutional Ownership
(12/31/10)
38%

Insider Ownership (12/31/10)
62%

Cash & Cash Equivalents
(12/31/10)
\$99 million

Total Debt (12/31/10)
\$0

Fiscal Year End
September 30th

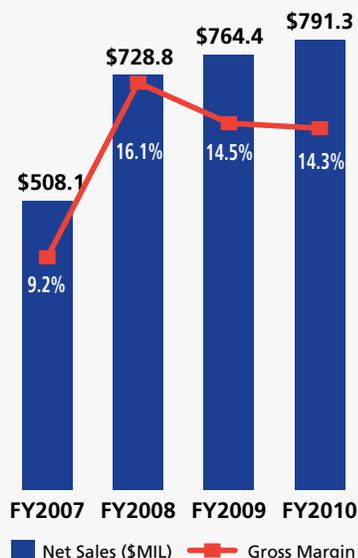
Employees (12/31/10)
~17,000

What is a Flexible Printed Circuit?

A flexible printed circuit is used to provide the electrical interconnection between the various components of a device, such as the connection between the keypad and the screen of a mobile handset. Flexible printed circuits can twist, bend and flex in a device, which has enabled design advances, in particular the miniaturization of portable electronic devices. Flexible printed circuits are important in helping electronic device manufacturers achieve a desired size, shape, weight or functionality of a device.



Selected Historical Data



Typical Dollar Content to MFLEX Per Device

Feature Phone/ Low-End Smartphone	Mid-Level Smartphone	High-End Smartphone
		
Less Than \$6	\$6 - \$12	\$13 - \$20+

Improving customer and end-market diversification. Building a more diversified customer base among a variety of portable device manufacturers is a key factor in positioning the Company for sustainable growth. In the third quarter of fiscal 2006, more than 80% of MFLEX's net sales came from one major mobile handset OEM. Since that time, MFLEX has effectively grown its business with other OEMs, and during fiscal 2010, four key customers accounted for approximately 97% of net sales. To further grow and diversify its revenue base, the Company is focusing its marketing efforts on establishing relationships with other major portable electronic OEMs and expects to add an additional key customer during fiscal 2011. MFLEX also aims to expand into existing OEM customers' other portable electronic device programs including music players, tablets, laptops, eBook readers, portable game consoles, etc. while also exploring opportunities in markets including universal remote controls, digital cameras and camcorders, digital picture frames, etc.

Capacity Expansion Initiatives. To support the Company's growth outlook, MFLEX has invested in capacity expansion initiatives. The Company's third manufacturing facility in Suzhou, China - MFC3 - was brought online in September 2010. Construction on a new assembly facility in Chengdu, China is ongoing with completion expected in calendar 2011 at which point the Company's expected annual revenue capacity based on the current product mix is expected to be \$1.1 - \$1.2 billion.

Target gross margin range of 13-15%. Over longer periods of time, MFLEX's gross margin tends to be relatively stable. However, gross margin can fluctuate from quarter to quarter due to a number of factors including the product mix, efficiency of production, leverage of fixed overhead, labor costs, competitive pricing pressures, material content, the maturity of each program within the context of the product life cycle and exchange rate fluctuations.

Target Operating Model

	Target
Net Sales	100%
Gross Profit	~15%
Operating Expenses	~7%
Operating Margin	~8%

Expanding into higher value areas. Moving up the value chain is a component of MFLEX's long-term growth strategy to increase revenues and enhance margins. MFLEX evaluates technologies that would expand the Company's product offerings for portable electronic OEMs in an effort to provide them with stronger differentiation and advantages over competitors.



AT MFLEX

Tom Liguori
Chief Financial Officer
(714) 688-5230
tliguori@mflex.com
www.mflex.com

AT FINANCIAL RELATIONS BOARD

Lasse Glassen
lglassen@mww.com
(213) 486-6546

Stacy Feit
sfeit@mww.com
(213) 486-6549
www.frbir.com

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¹ Source: Avian Securities, LLC -- Monthly North American Retail Store Survey -- 11/19/10