





Analyst Briefing

Integrated Micro-electronics Inc.

February 12, 2018

Tower Club, Ayala Avenue, Makati City

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Global Economy

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Global Economy

Undergoing a cyclical recovery, reflecting a rebound in investment, manufacturing activity and trade

Global Economy

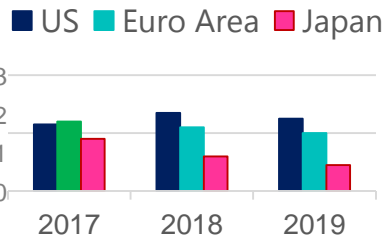
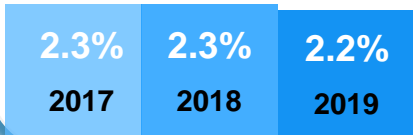


3.7%
2017

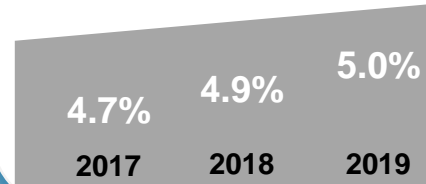
3.9%
2018

3.9%
2019

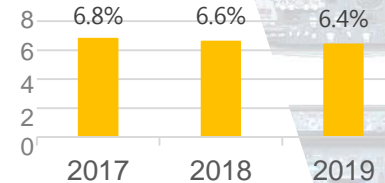
Advanced Economies



Growth in emerging market and developing economies continue to recover amid firming prices



China



Source: International Monetary Fund, and World Bank

Automotive Electronics



KEY TRENDS

- Autonomous driving
- Connectivity
- Ride Sharing
- Electrification



MARKET DRIVERS

- Rising electrification
- Green Energy
- Implementation of regulations
- Increasing adoption to small cars



FORECAST

- Advanced driver assistance system **19%** CAGR from 2016-2025



PERFORMANCE

- 2017 revenues at \$446M, increased **18%** y-o-y
- Automotive **41%** of Total IMI revenues

Industrial Electronics



KEY TREND

- Emergence of IoT and related connected technologies



MARKET DRIVERS

- Need for supply chain visibility and transport security



FORECAST

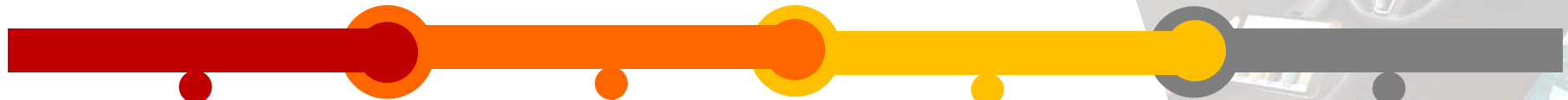
- Cargo and trailer tracking devices will grow at a CAGR 23.2% from 2015-2020
- Electronic access control system 9.3% CAGR 2016-2024



PERFORMANCE

- 2017 revenues at \$189M, increased **25% y-o-y**
- Industrial **17%** of IMI Total revenues

Aerospace



KEY TREND

- Satellite communication systems are becoming more capable
- User terminals becoming smaller



MARKET DRIVER

- Low-cost satellite communication devices
- Increase in demand by various end-use industries



FORECAST

- Remote sensing satellite **5.59%** CAGR 2017-2021

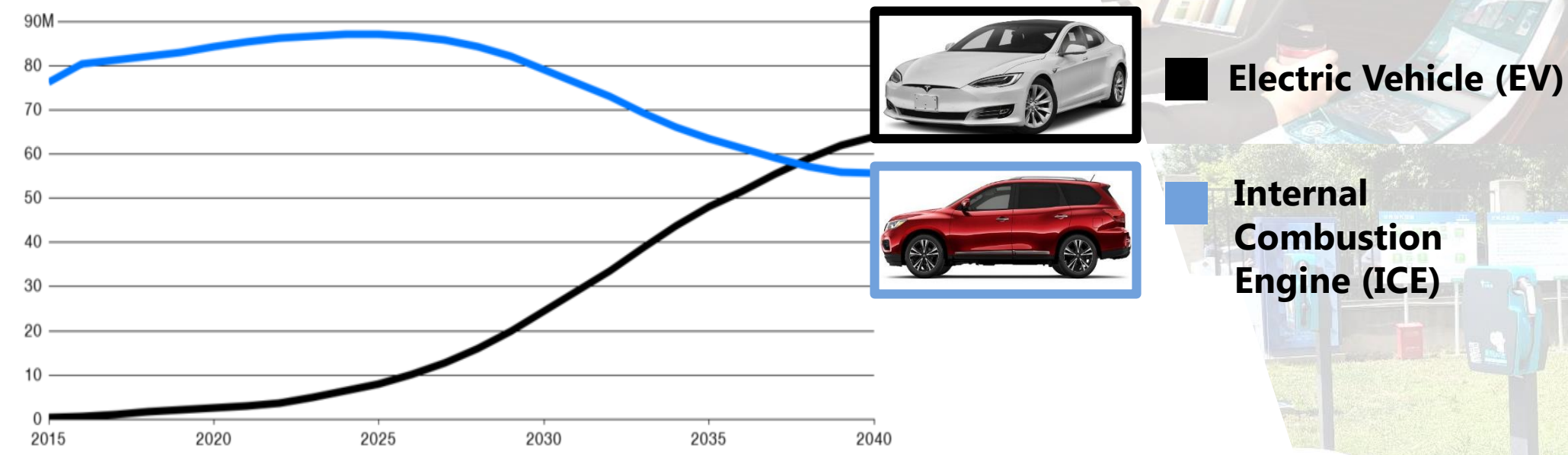


PERFORMANCE

- Aerospace 2017 revenue at \$25M, **2%** of Total IMI revenues

RISE OF ELECTRIC VEHICLES

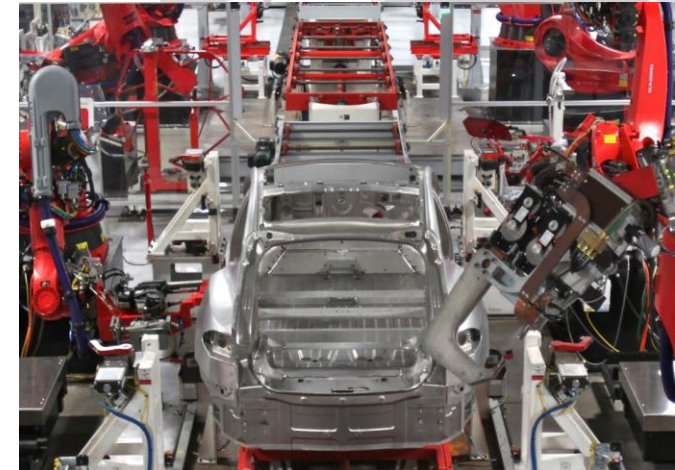
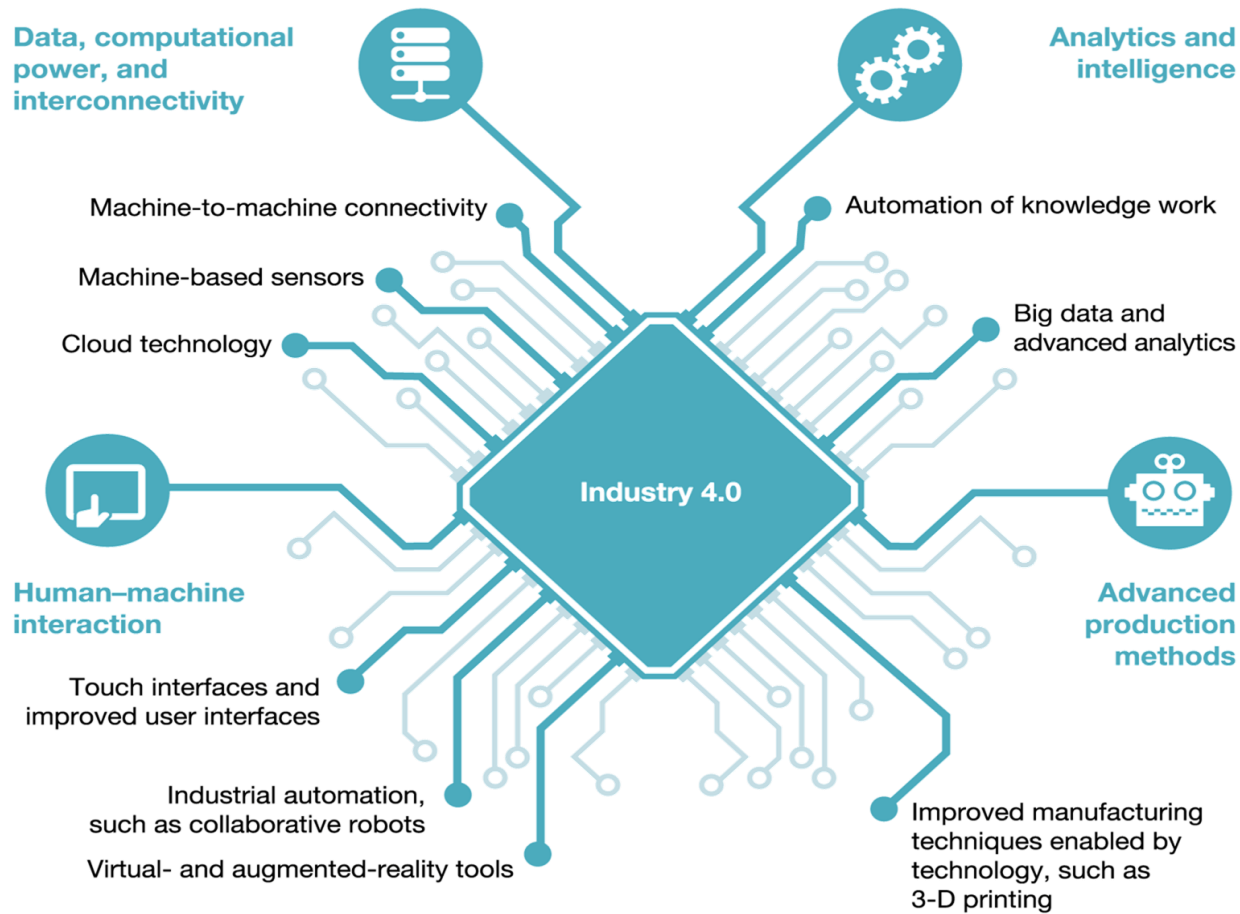
Sales of EV will surpass ICE sales by 2038



- Average EV assembly time is 40% lesser than conventional ICE
- Up to 90% fewer moving parts than ICEs
- EV batteries that cost \$1000 in 2010 could fall to \$70+ by 2030

Industry 4.0 Revolution

Disrupting manufacturing standards and expectations



COST REDUCTIONS

- Manufacturing, logistics, quality & maintenance by **10-20%**
- Inventory by **30-50%**
- Complexity by **60-70%**

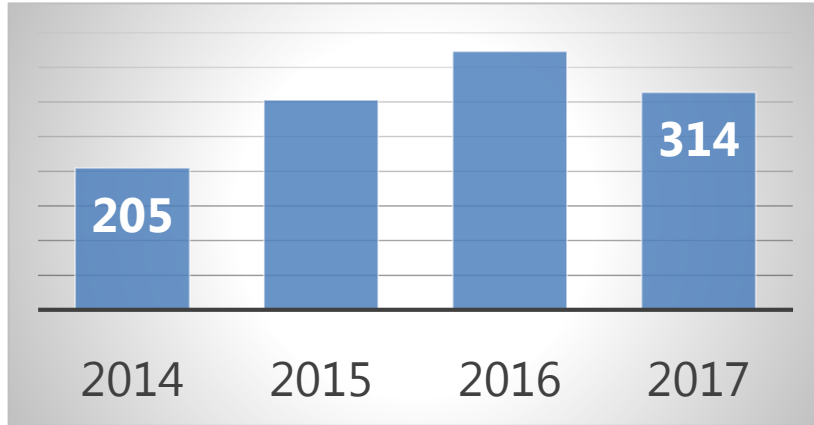


OVERALL FINANCIALS

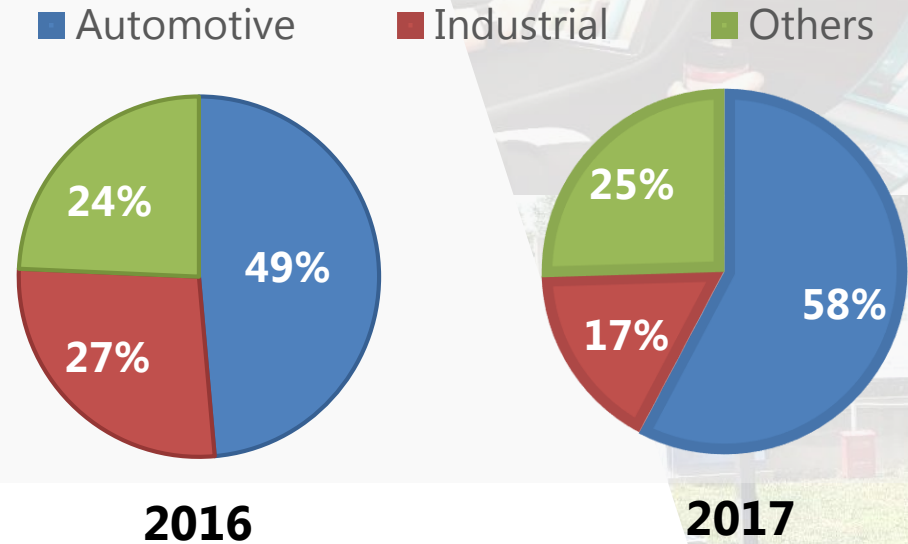


New Program Wins in 2017: \$314M

58% of New Wins are in Automotive



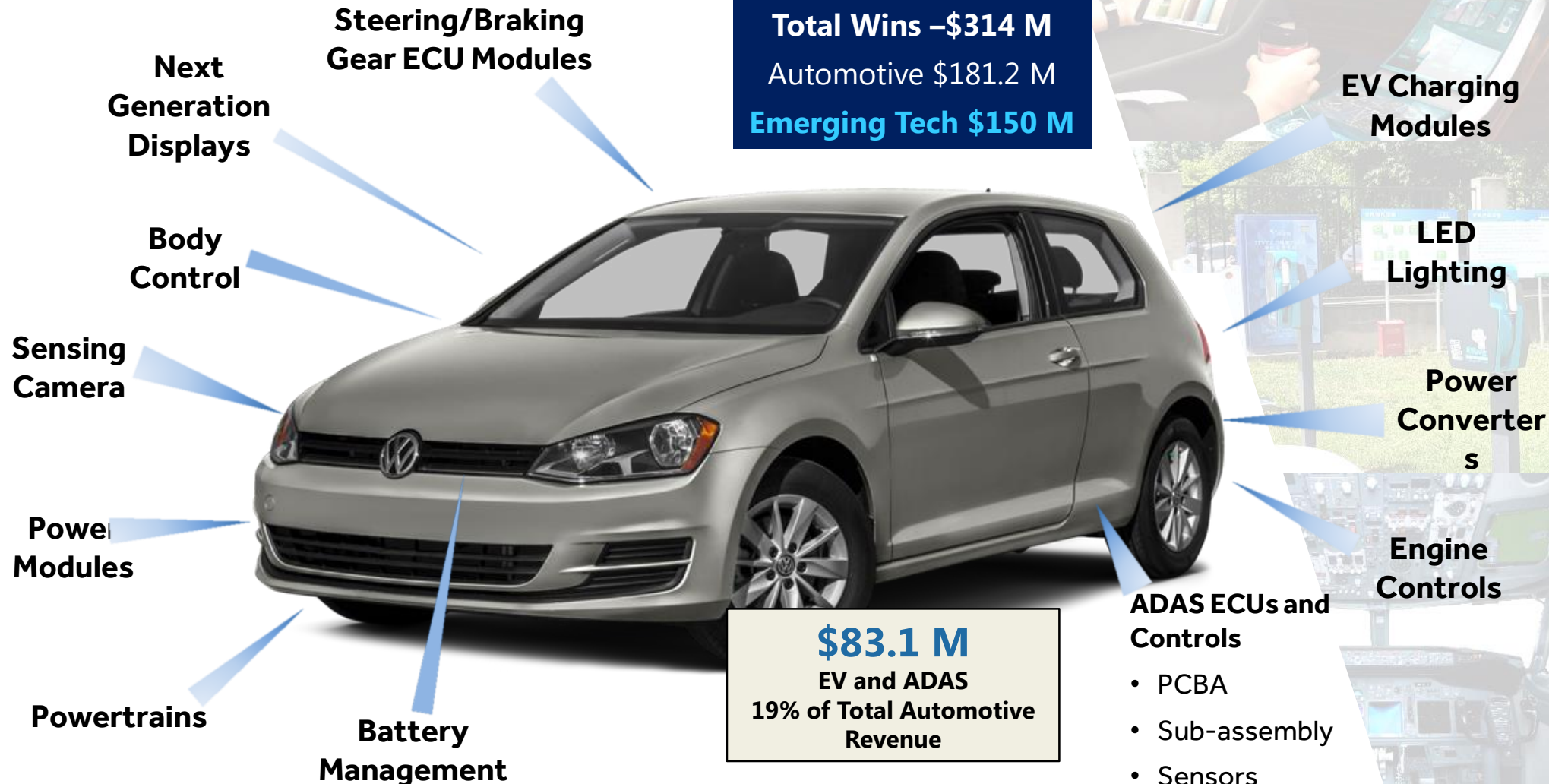
New Program wins have a CAGR of 15.3% from 2014 to 2017



Notable Wins in 2017

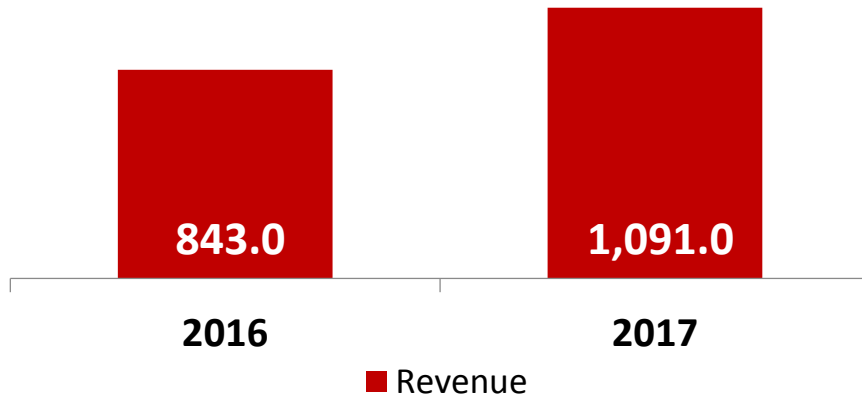
Controls & Indicators	Industrial	China
Power Modules	Industrial / Automotive	Philippines
Steering ECU	Automotive	China / Mexico
Body Control	Automotive	Bulgaria
ADAS	Automotive	Czech Republic

Automotive Emerging Technologies

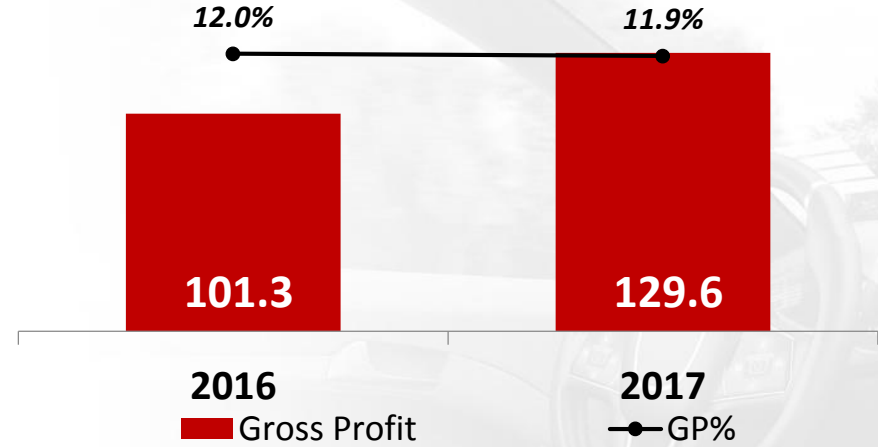


Year on Year Profit Growth

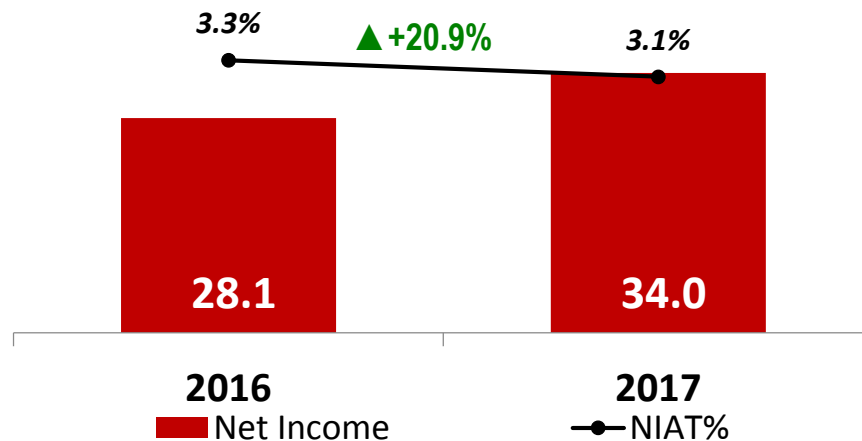
Revenue ▲ +29.4%



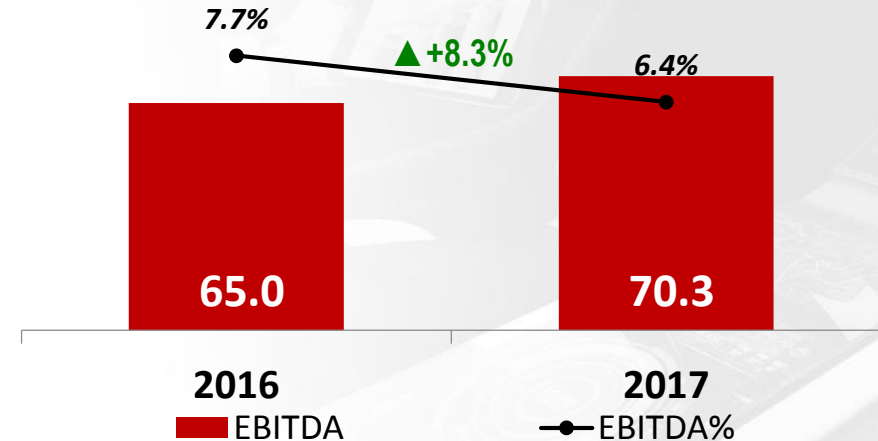
Gross Profit ▲ +27.9%



Net Income

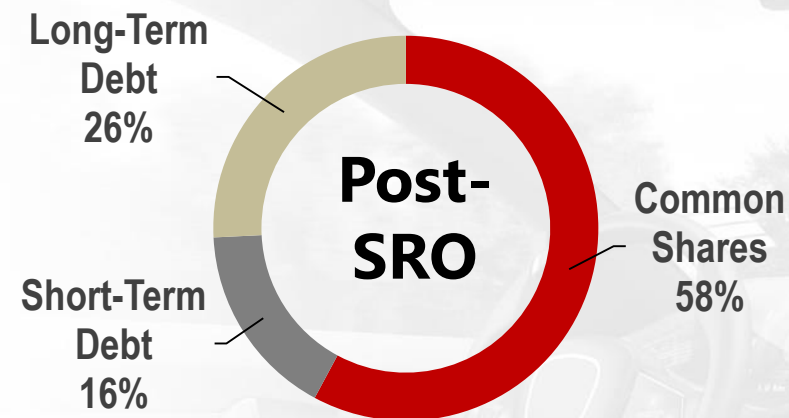
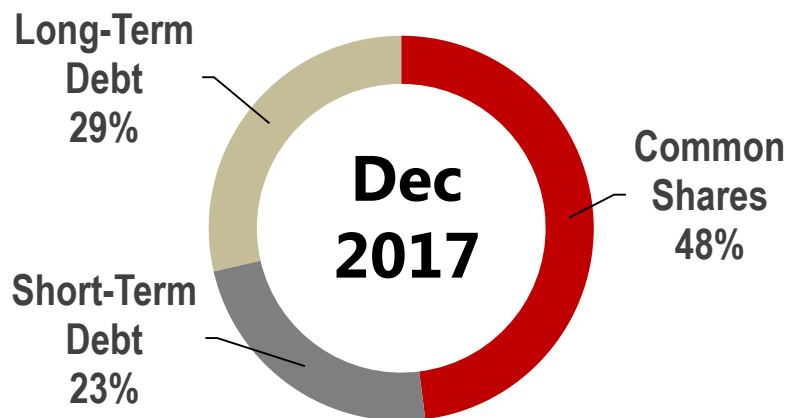


EBITDA



■ \$7.7M expense related to transfer of SZ operating site to new Pingshan location

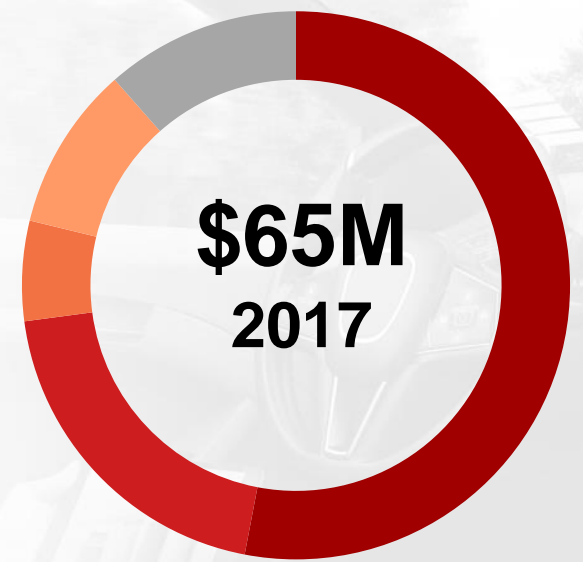
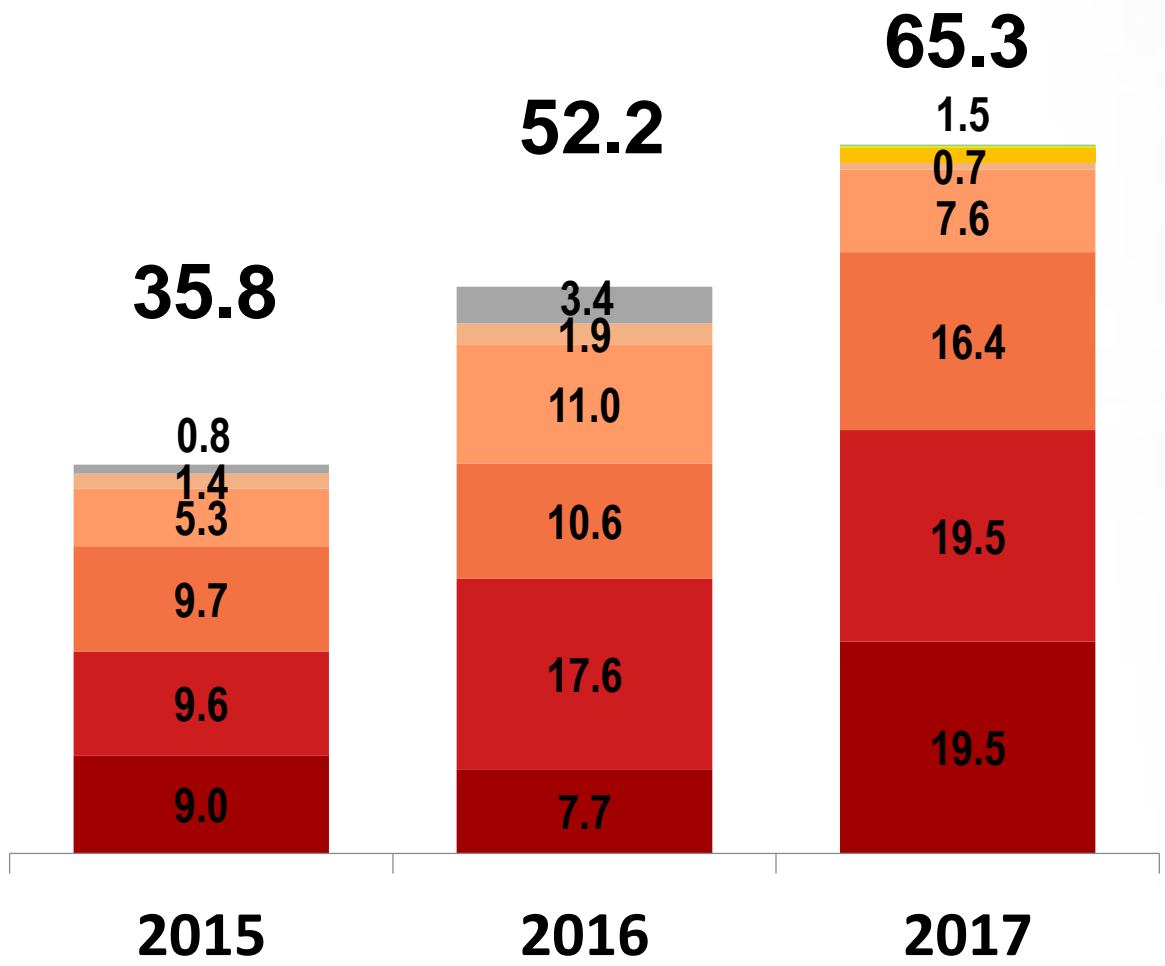
Capital Structure



(US\$ Millions)	Dec 2017	Post-SRO
Short-term debt	135.1	105.1
Long-term debt	160.0	160.0
Total Bank Debts	295.1	265.1
Cash	90.6	158.1
Net Debt	204.5	107.0
Common Equity	273.7	371.2

Key financial ratios	Dec 2017	Post-SRO
Current ratio	1.28	1.38
Bank Debt/Equity	1.08	0.71
Book value/share (\$)	0.147	0.168
Return on common equity (TTM)	13.3%	11.2%
P/E (TTM) @ ₱20.8 and TERP	22.7	25.6

Disciplined Capital Investments



- Machinery & equipment.....53%
- Construction in progress.....20%
- Furniture & fixtures.....6%
- Buildings & improvements....10%
- PPE - Others.....12%

■ Philippines ■ China ■ Europe ■ Mexico ■ PSI ■ VIA ■ STI ■ Others

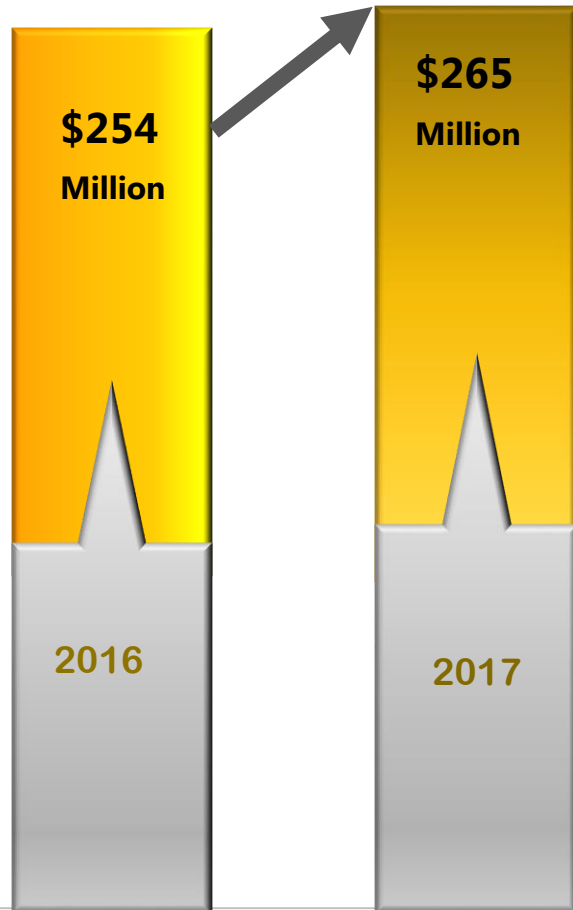
UPDATE BY REGION



PHILIPPINES

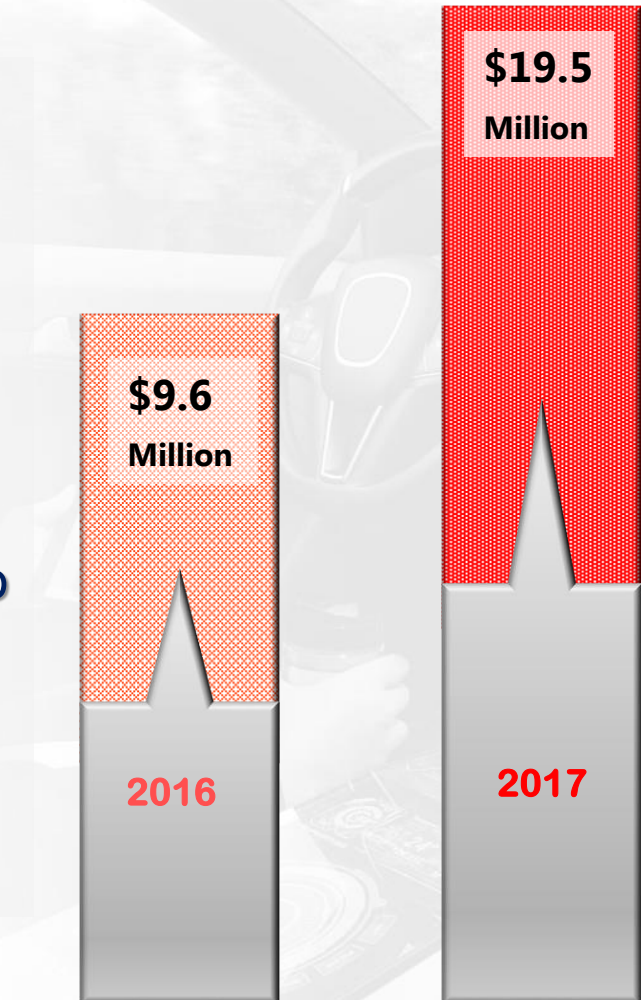
REVENUE

4.2%



- Set-up captive camera lens assembly for new customer
- Better product mix leading to lower material cost ratio
- \$98M Won ARP projects; Significant wins from Auto Power Module
- Exploring new business opportunities within ASEAN and China

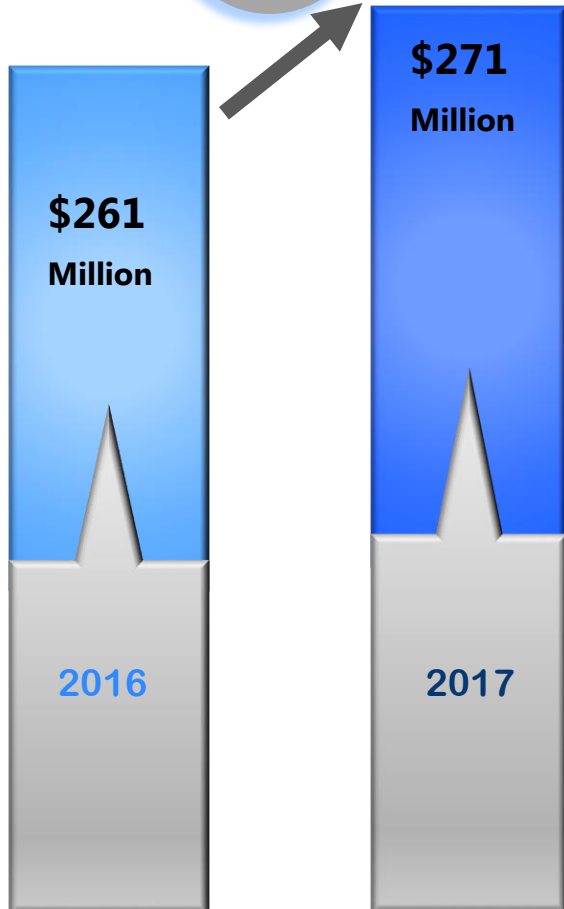
CAPEX



CHINA

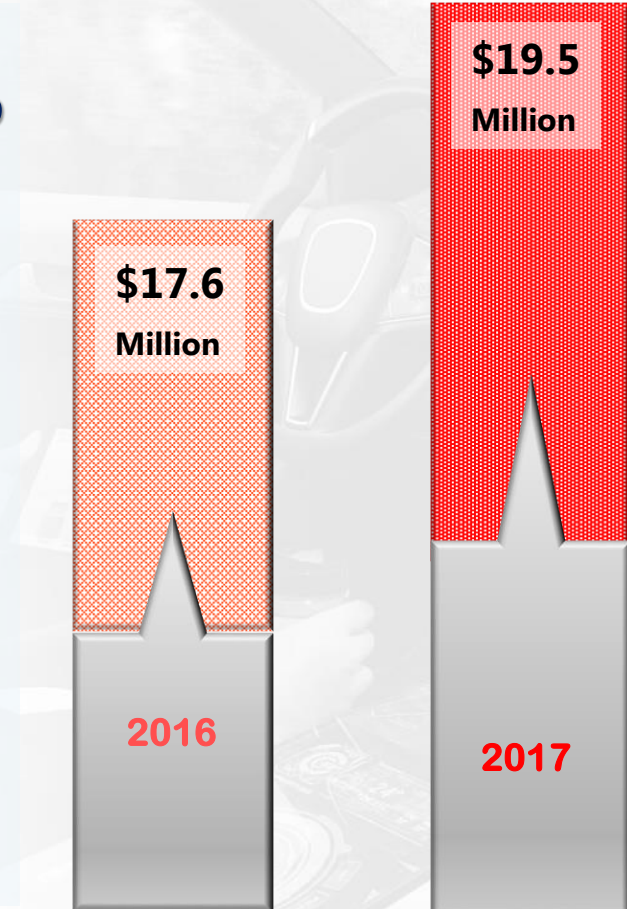
REVENUE

4.0%



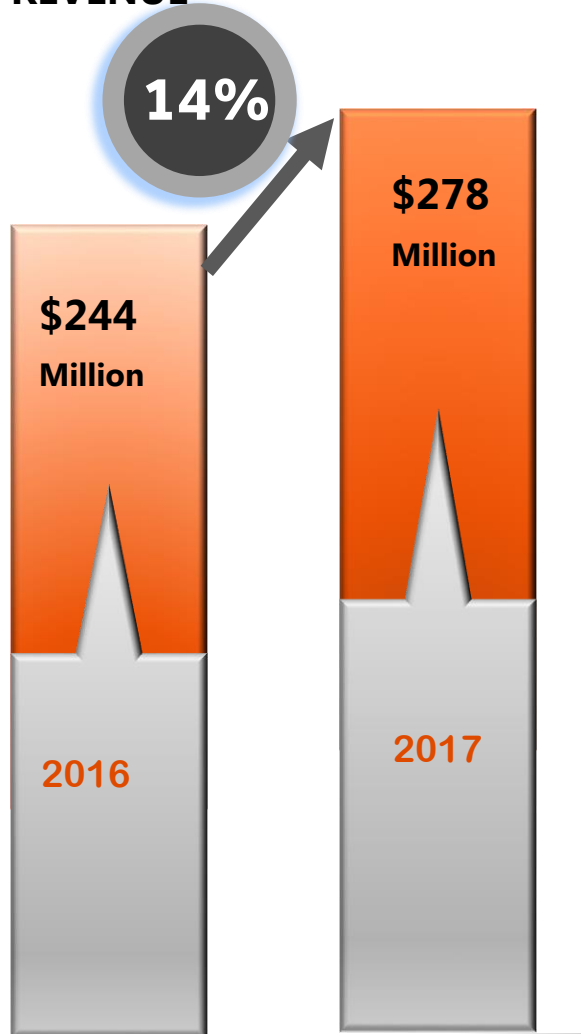
CAPEX

- Shift to higher margin auto business with 34% y-o-y growth leading to increased profitability
- Operations relocation to Pingshan completed in early Nov
- \$116M Total Won ARP projects; Significant wins from Auto Steering, Braking and Controls



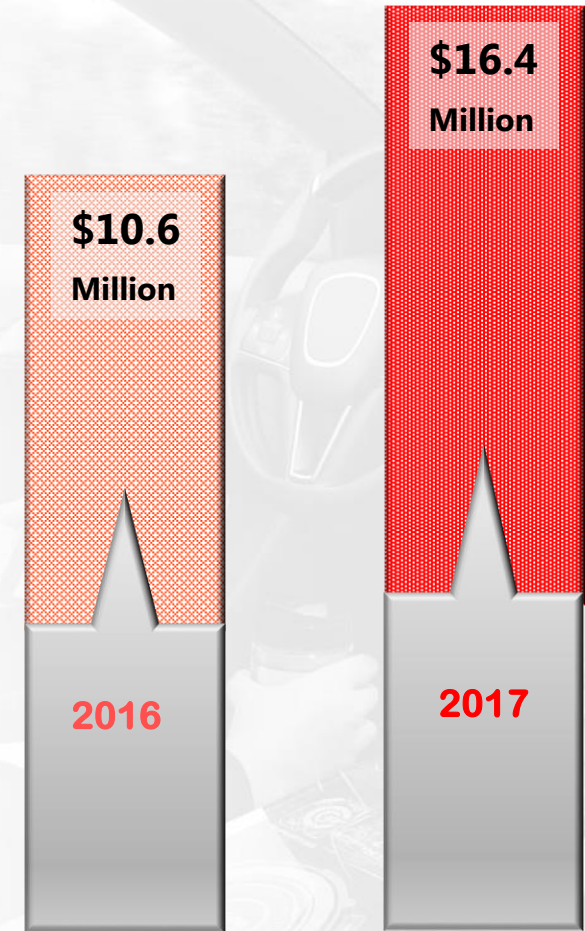
EUROPE

REVENUE



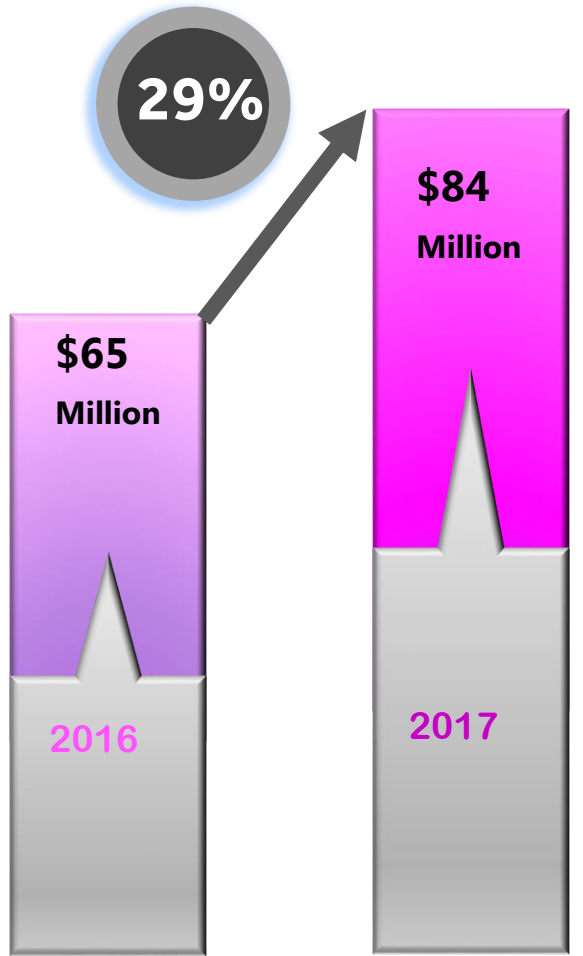
- Strong demand by automotive customers in Europe
- IMI (BG) recognized as the 2nd Most Profitable Company in the Machines Sector of Bulgaria
- On going construction of Serbia facility
- \$79M Total Won ARP; Significant wins in Automatic body and mirror controls
- Full Year utilization at 90%

CAPEX



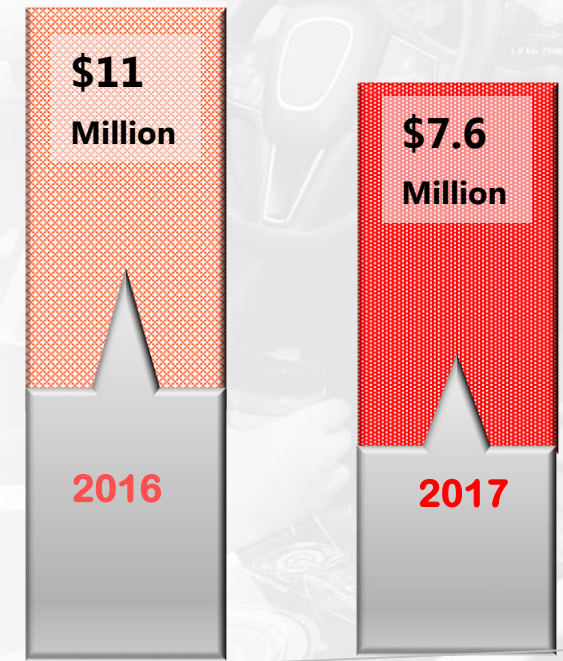
MEXICO

REVENUE



- Completed purchase and setup of new building to accommodate increased business
- Increased utilization driving better margins
- Multiple high value automotive and Industrial projects undergoing NPI
- \$21M Total Won ARP; Significant wins in Steering, Braking and Lighting

CAPEX



REVENUE
2017

\$148M

up 664%
vs 2016

Optical bonding
Touch capabilities
Display head assembly



Automotive

Industrial & Commercial



Consumer



CAPEX

\$1.3
Million

- Consolidation of German facilities
- \$40M of automotive revenue wins
- Increased utilization from 25% pre-acquisition to 58%
- First time in VIA's history to exceed EUR 100 mn in revenues

STI

REVENUE
2017

\$45
Million

Satellite Communications
Wireless Technologies



Aerospace & Defense



Industrial & Commercial



Research & Development

CAPEX

\$0.2
Million

- Active revenue pipeline of up to \$200M p.a.; ~50% in Aerospace and Defense
- New quotations ongoing for electric car chargers
- New business won for Smart Metering
- Ongoing integration with IMI

Thank you.



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