

# Analyst Briefing

Integrated Micro-electronics Inc.

August 4, 2017

The Tower Club

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# Global Economy

## A FIRMING RECOVERY

The projected pickup in global growth remains on track.



Region	2016	2017
USA	1.6	2.1
EU	1.8	1.9
China	6.7	6.7
Japan	1.0	1.3
Germany	1.8	1.8
UK	1.8	1.7
ASEAN*	4.9	5.1

\*Indonesia, Malaysia, Philippines, Thailand, Vietnam

### Continued policy uncertainty

- Post-Brexit negotiations
- U.S. budget, regulatory, and fiscal policies

### Financial tensions

- China's credit growth
- U.S. monetary policy
- Euro area bank stability
- Rollbacks of financial regulation

### Noneconomic factors

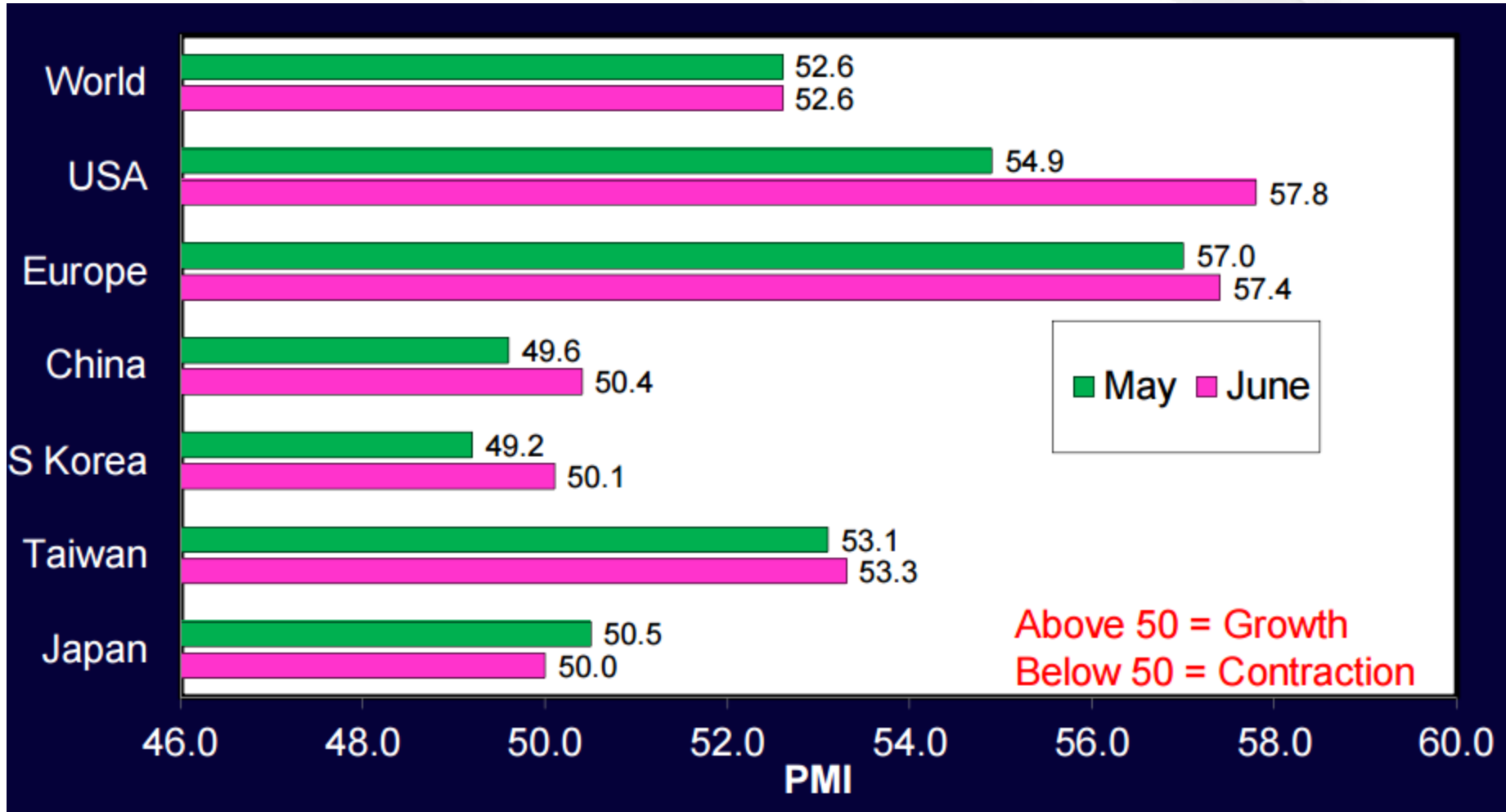
- Geopolitical tensions, domestic political discord, weak governance and corruption

### Inward-looking policies

- Protectionism and lack of market reforms that hinder inclusive growth

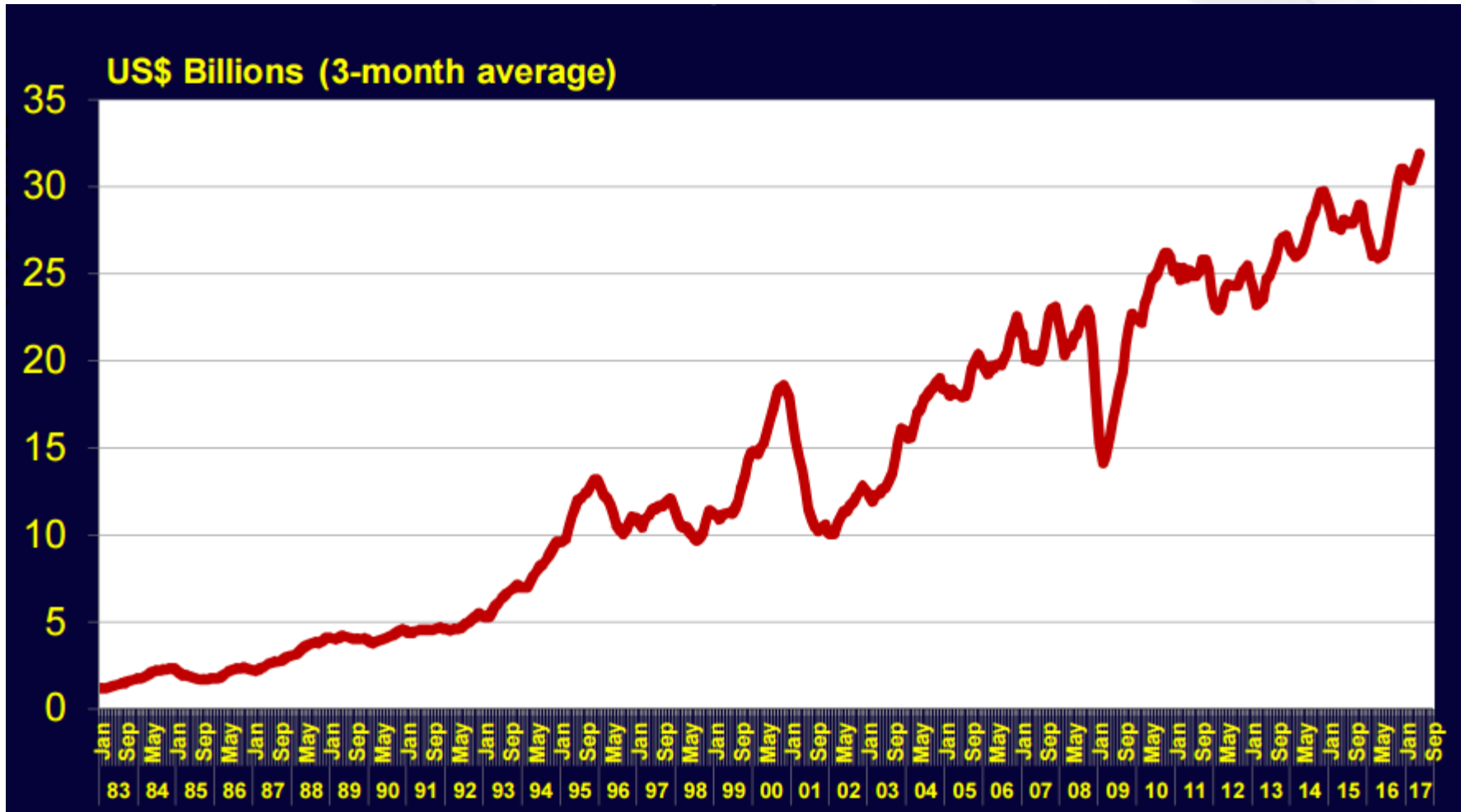
# Purchasing Managers Index

*Expansion Mode*



# Worldwide Semiconductor Shipments

As of May 2017



# Global Megatrends



**Rapid Urbanization**

*Today, more than 50% of the world's population live in urban areas*



**Climate Change & Resource Scarcity**

*Rising need for energy, food and water VS growing population and urbanization*



**Demographic & Social Change**

*By 2030 the world's population will be at 8 Billion. The segment of those over 65s will be the fastest growing by 2030*



**Shift in Global Economic Power**

*Some emerging economies that were growing rapidly are now in recession due to fall of commodity prices*



**Technological Breakthroughs**

*Digital revolution has no boundaries or borders. It is changing behavior, expectations and tools used to deliver new services and experiences.*



# Global Digital Snapshot (Jan 2017)

TOTAL  
POPULATION



**7.476**  
BILLION

URBANISATION:  
**54%**

INTERNET  
USERS



**3.773**  
BILLION

PENETRATION:  
**50%**

**+10%**  
SINCE JAN 2016

ACTIVE SOCIAL  
MEDIA USERS



**2.789**  
BILLION

PENETRATION:  
**37%**

**+21%**  
SINCE JAN 2016

UNIQUE  
MOBILE USERS



**4.917**  
BILLION

PENETRATION:  
**66%**

**+5%**  
SINCE FEB 2016

ACTIVE MOBILE  
SOCIAL USERS



**2.549**  
BILLION

PENETRATION:  
**34%**

**+30%**  
SINCE JAN 2016

we  
are  
social

we  
are  
social

# IoT is the new NORMAL



**8.4 billion connected things are in use worldwide today, up 31% from 2016, and will reach 20.4 billion by 2020. Total spending on endpoints and services will reach almost \$2 trillion in 2017. - Gartner**

# Global Automotive Production Outlook

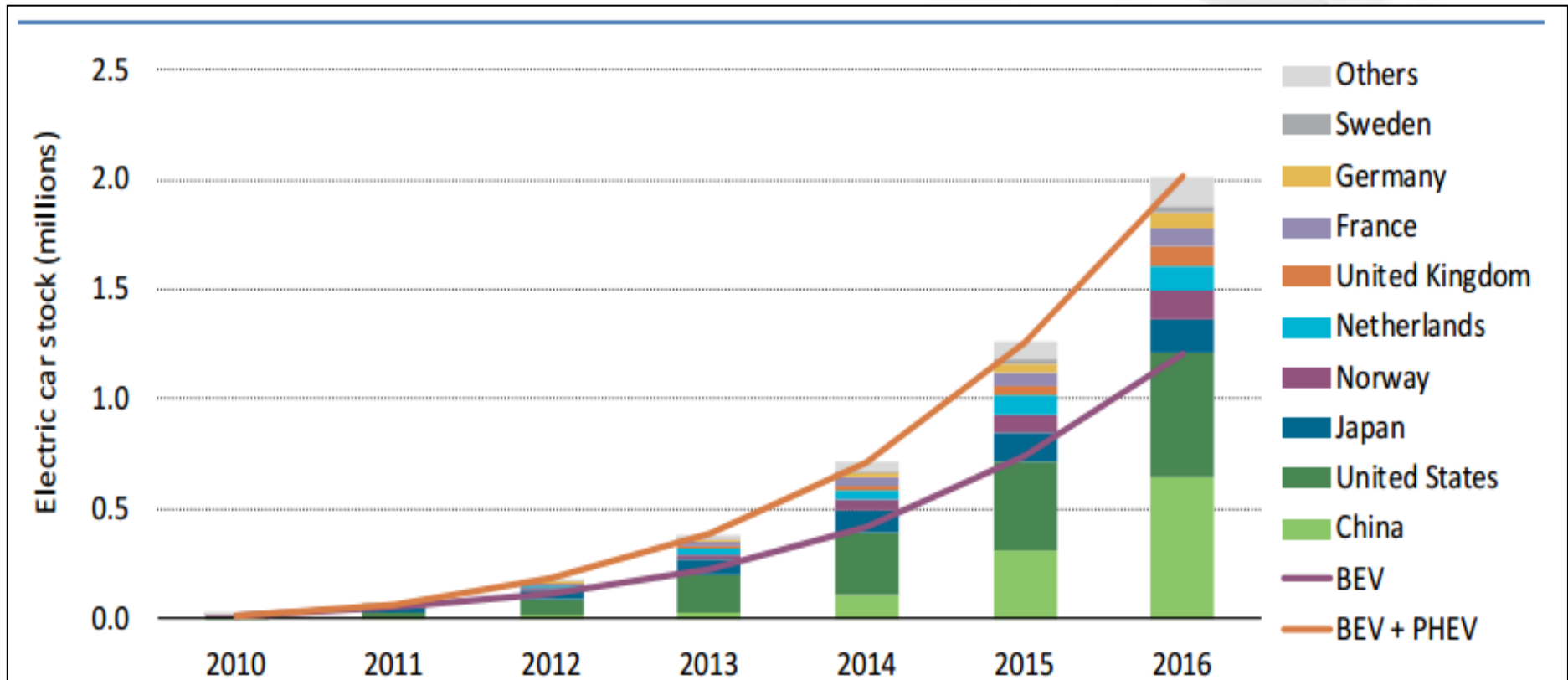
*An Increase of 1.5%*

IHS Markit 2017 Global Light Vehicle Sales Forecast			
	CY 2016	CY 2017	% Change 2016/2017
Greater China	28.0	28.5	1.9%
North America	21.1	21.0	-0.6%
West Europe	15.8	16.0	1.0%
South Asia	7.9	8.3	5.9%
Japan/Korea	6.7	6.7	1.0%
MEA	4.8	4.8	0.6%
Central/East Europe	4.0	4.1	4.5%
South America	3.9	4.0	2.1%
	<b>92.1</b>	<b>93.5</b>	<b>1.5%</b>
Source: IHS Markit		© 2017 IHS Markit	
<i>Note: Volumes in millions</i>			



# Total EV Market Sales

*Accumulated Sales from 2005 to 2016*



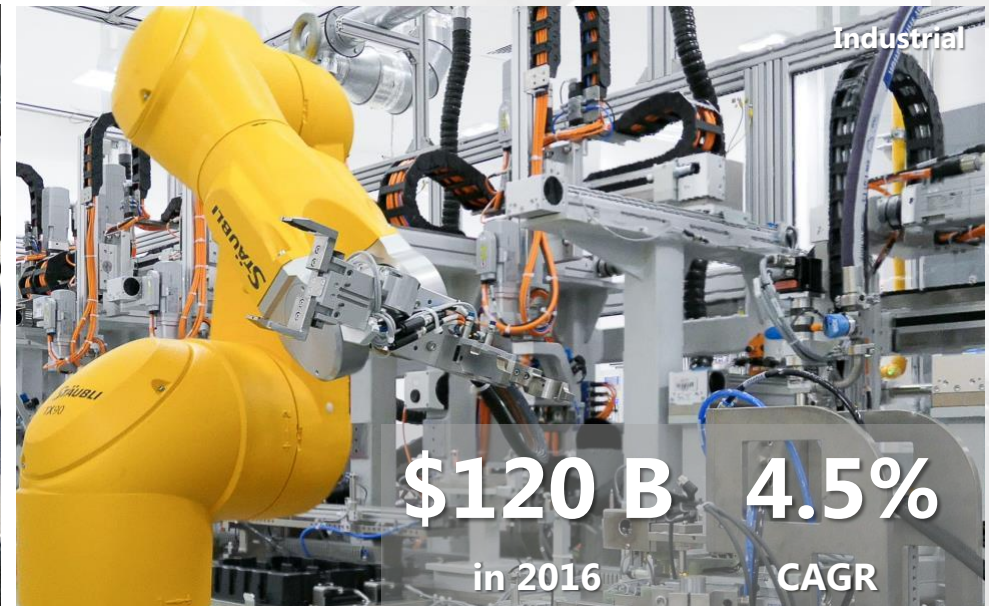
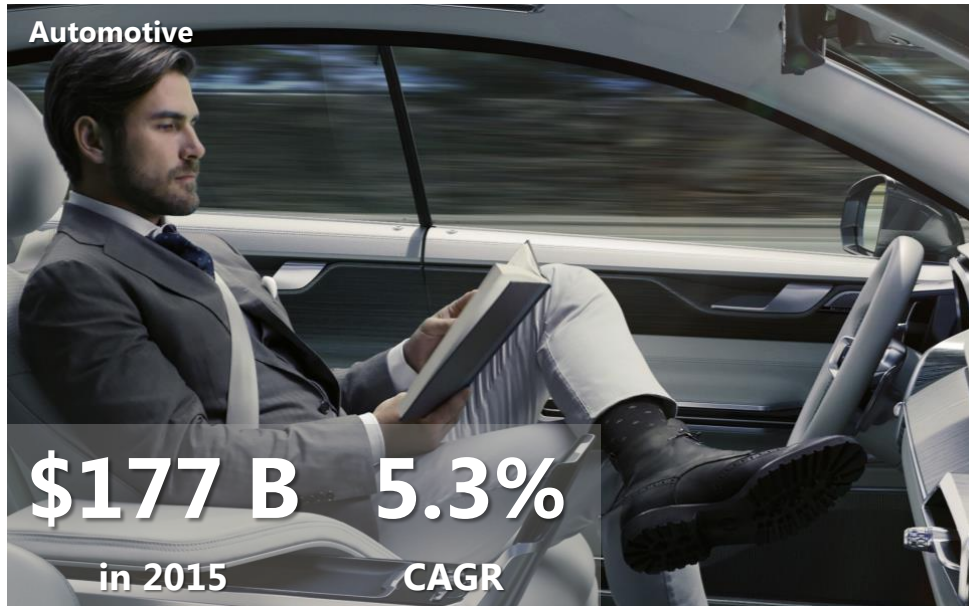
- The global electric car stock surpassed 2M vehicles in 2016 after crossing the 1M threshold in 2015
- China is now the largest EV market selling more than twice the US numbers in 2016

# Videos

- [Electric Vehicles](#)
- [Industry 4.0](#)

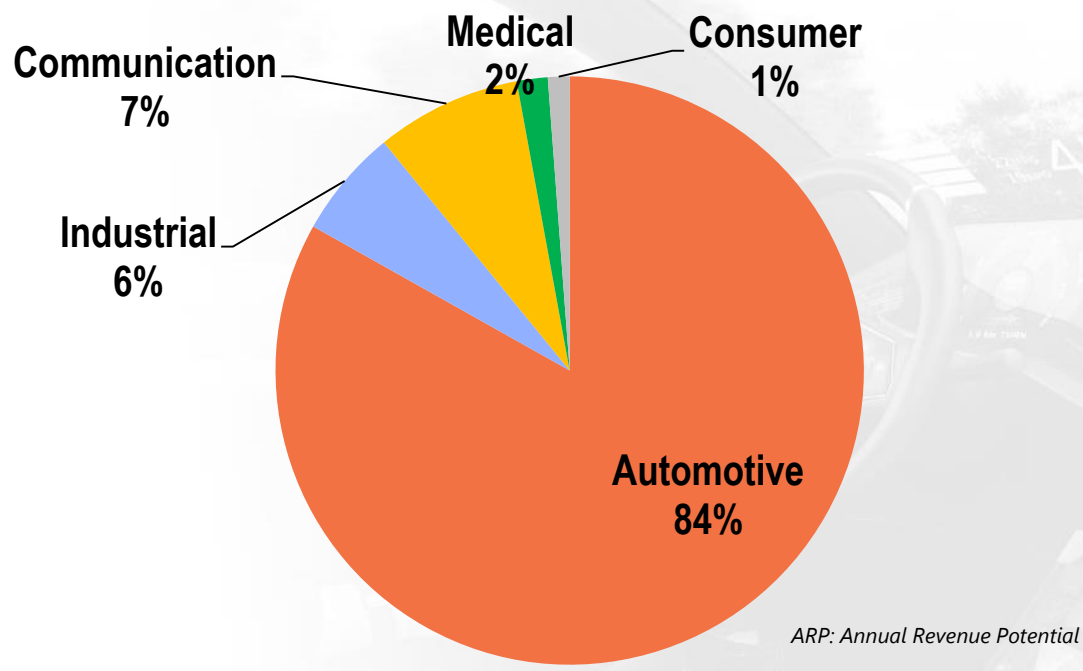
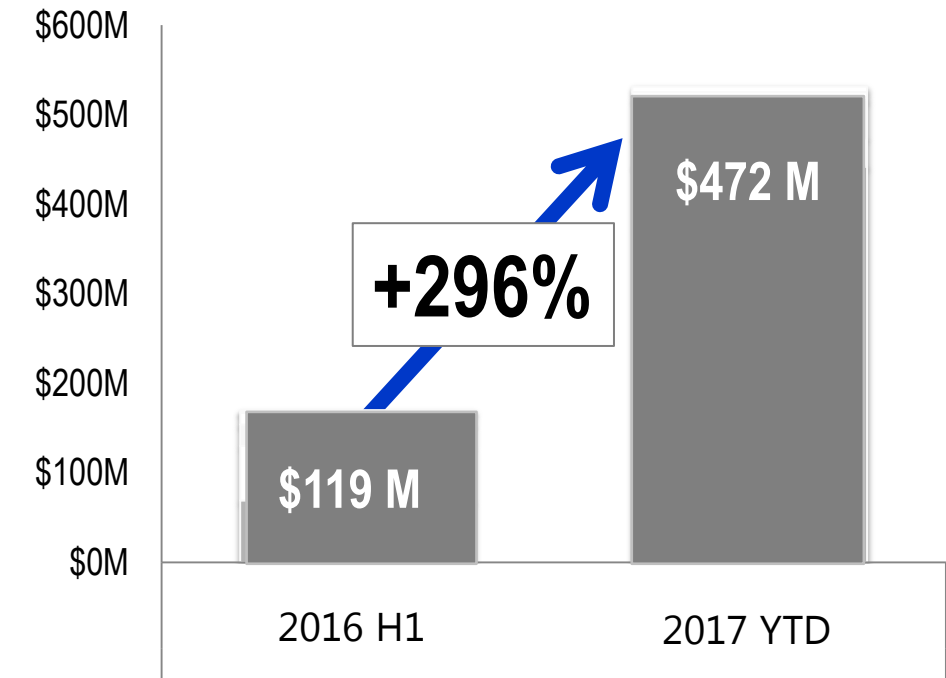


# High Value Markets of IMI



# Year-To-Date Wins, 2017

Year-to-date wins had a combined ARP\* increase of 296% y-o-y



Notable Wins (Q2)	Segment	Manufacturing Site
Auto Displays	Automotive	Czech Republic
Power Tailgate – Body Control	Automotive	Bulgaria
Power Module	Automotive	Philippines
Automotive Lighting	Automotive	Bulgaria
IoT Security Tracker	Industrial	Liantang, China



# Ongoing Activities in EV & Autonomous Vehicles

- Power Module
- Sensing Camera
- EV Charging Module
- Steering / Braking Gear ECU Modules
- Powertrain
- Engine Control
- Power Converter
- Automotive LED Lighting
- Automotive Displays
- ADAS Controls (pcba, sensors, controllers, sub-assemblies)

**~\$40M**

**14% of YTD**

**Automotive Revenues**

**~\$370M**

(Annual Revenue Potential)

**~90% of**

**YTD New Wins in  
Automotive**



# FINANCIAL HIGHLIGHTS



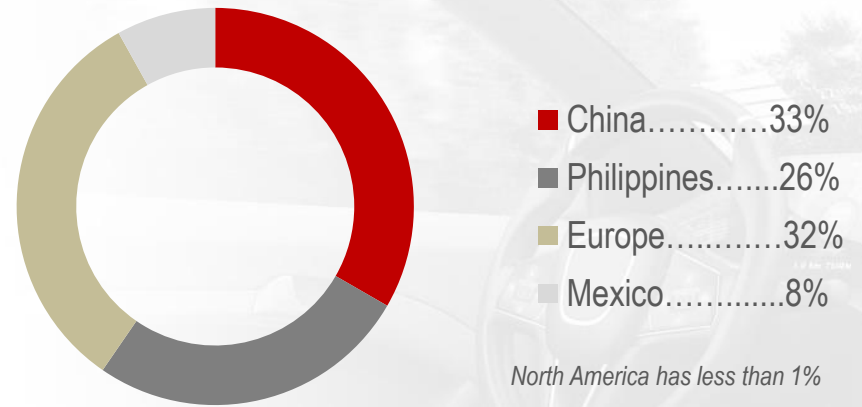
# Financial Highlights

*(in US\$ millions except ratios)*

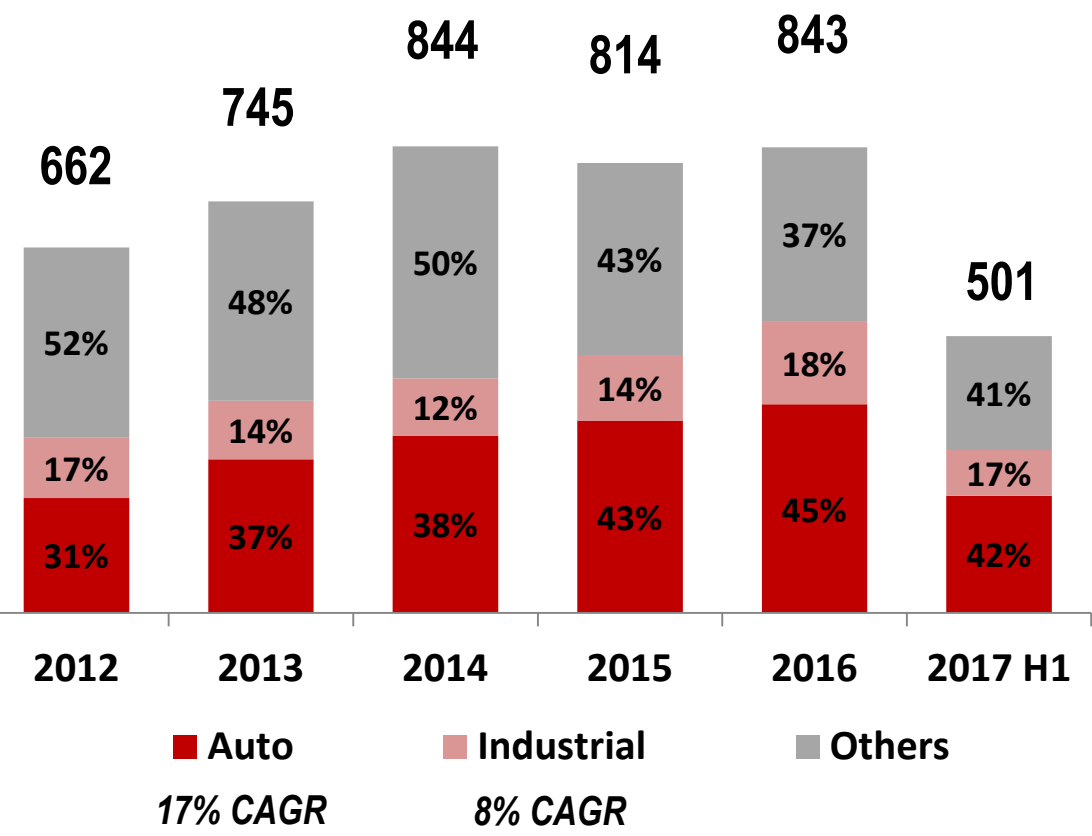
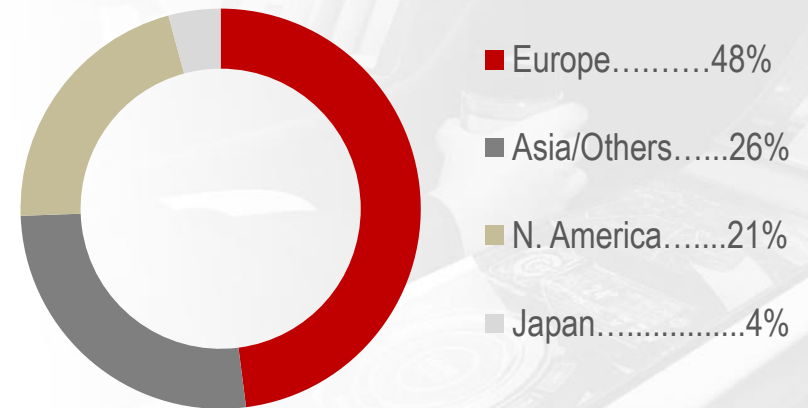
	1H 2016	1H 2017	Y/Y change
<b>Revenues</b>	409.7	501.0	+ 22.3%
<b>Gross Profit</b>	47.3	57.5	+ 21.4%
<i>% of sales</i>	11.5%	11.5%	- 8 bps
<b>Operating income</b>	20.7	21.3	+ 3.0%
<i>% of sales</i>	5.0%	4.3%	- 79 bps
<b>Net income</b>	15.0	17.0	+ 13.8%
<i>% of sales</i>	3.7%	3.4%	- 25 bps
<b>EBITDA</b>	32.6	36.4	+ 11.7%
<i>% of sales</i>	7.9%	7.3%	- 69 bps
<b>CAPEX</b>	23.2	31.0	+ 33.6%

# Providing Global Sales for Global Customers

Revenue Contribution by Geographical Area (2017 H1)

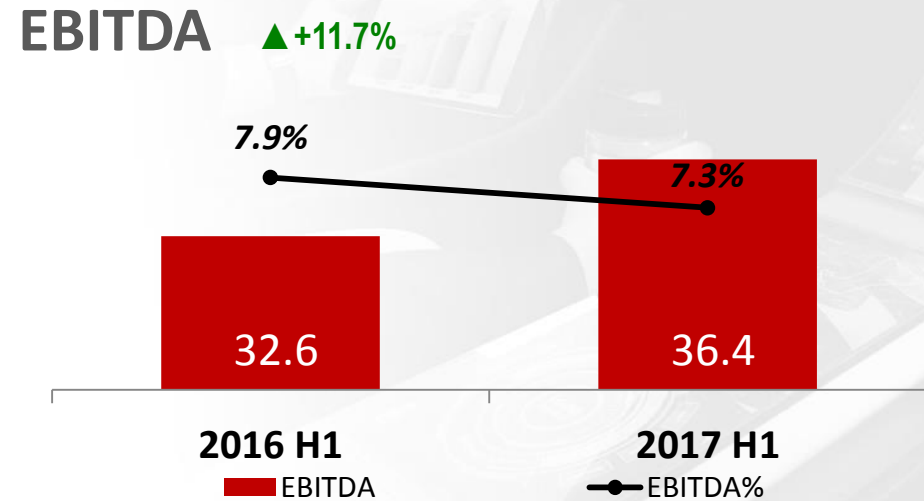
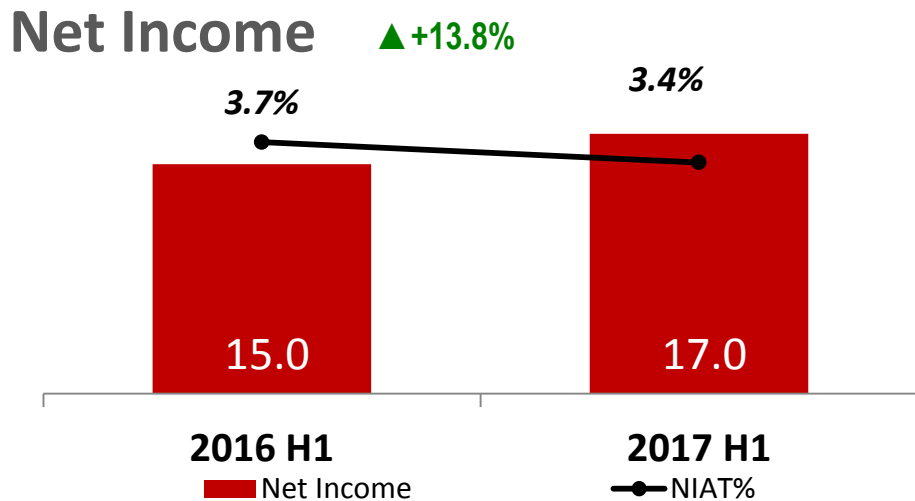
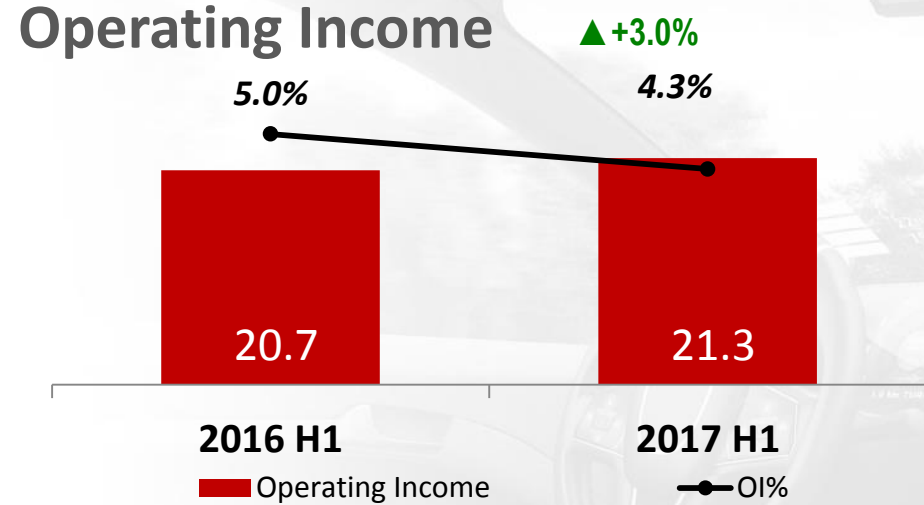
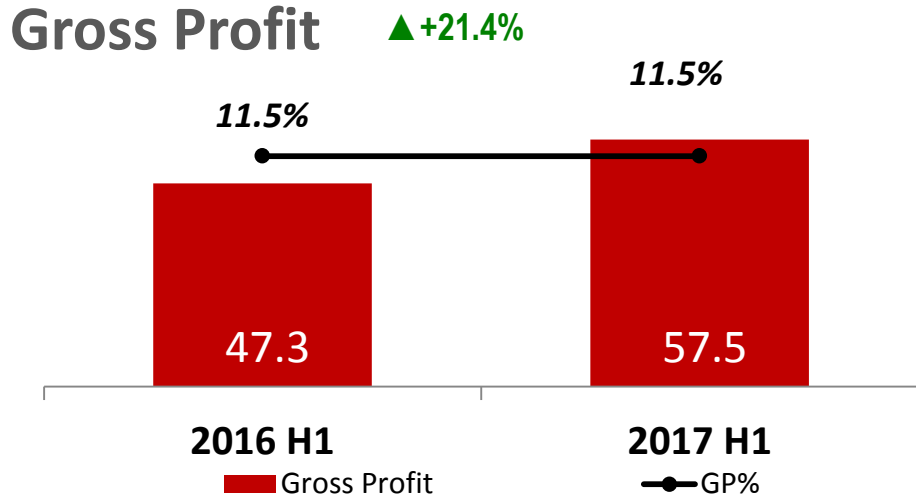


Revenue Contribution by Customer Nationality (2017 H1)

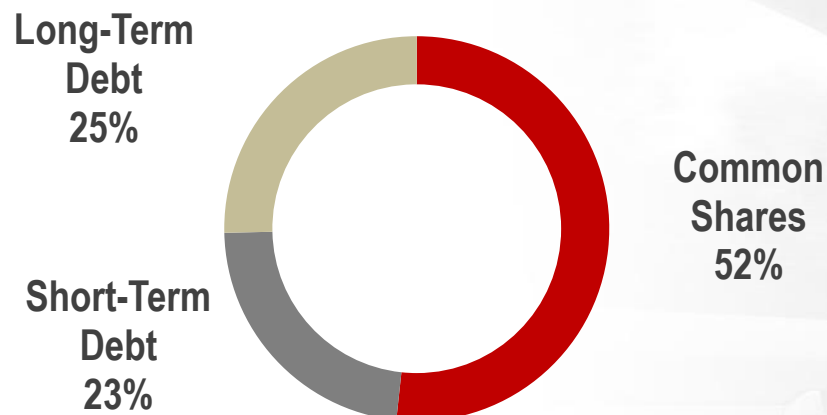




# Year on Year Profit Growth



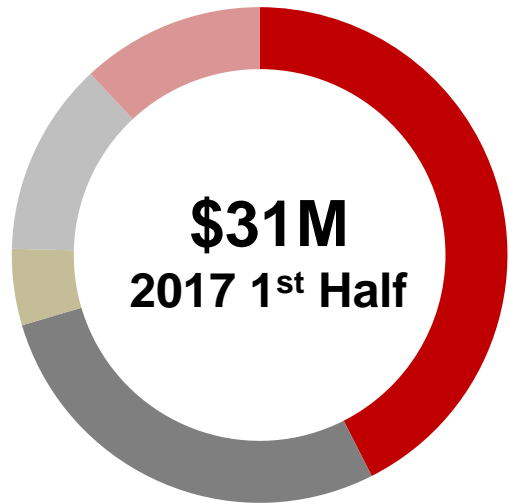
# Capital Structure



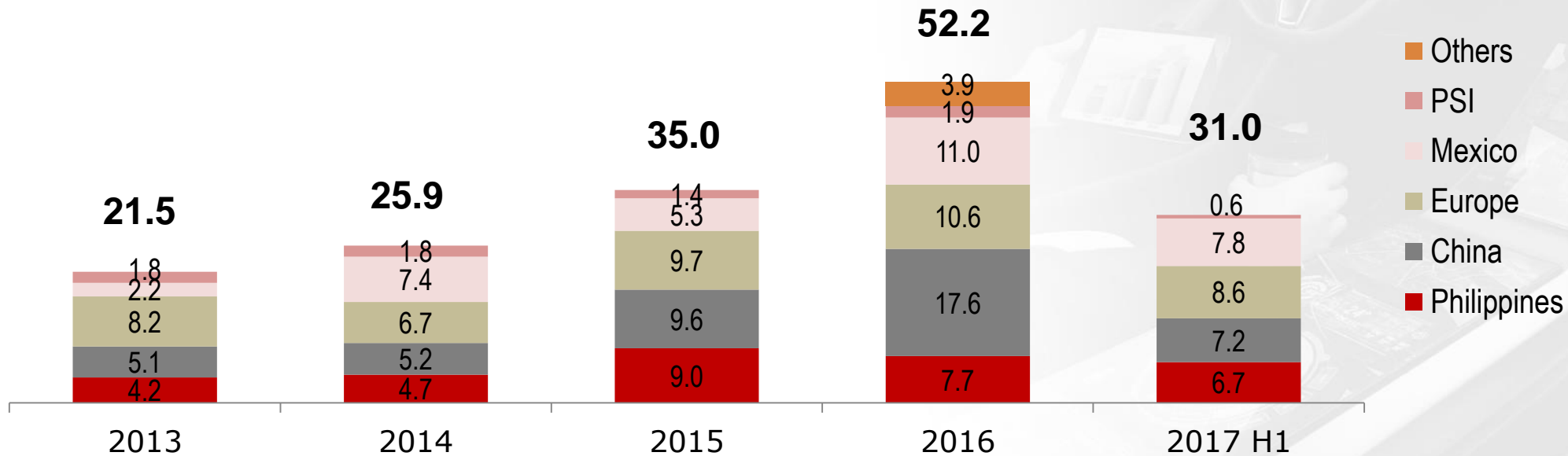
(US\$ Millions)	Jun 2017
Short-term debt	114.6
Long-term debt	126.4
<b>Total Bank Debts</b>	<b>234.2</b>
Cash	64.6
<b>Net Debt</b>	<b>169.6</b>
Common Equity	257.9

Key financial ratios	Jun 2017
Current ratio	1.27
Bank Debt/Equity	0.91
Book value/share (\$)	0.139
Return on common equity (TTM)	12.3%
P/E (TTM) @ ₱14.0	16.8

# Disciplined Capital Investments



- Machinery & equipment.....43%
- Construction in progress.....28%
- Furniture & fixtures.....5%
- Buildings & improvements.....13%
- PPE - Others.....12%





**THANK YOU**

