



9M16 Operating and Financial Performance

Analysts' Briefing

4 November 2016



Agenda

Market Updates

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Operations Highlights

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Review of 9M 2016 Financial Results

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VIA optronics Acquisition

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Global Growth Remains Moderate



In % growth	2015	2016	2017
World	3.2	3.1	3.4
US	2.6	1.6	2.2
EU	2.0	1.7	1.5
China	6.9	6.6	6.2
Japan	0.5	0.5	0.6
Advanced Economies	2.1	1.6	1.8
Emerging & Developing	4.0	4.2	4.6

- Brexit, China rebalancing, rising geopolitical uncertainty and weak trade have slowed global growth in 2016. Pickup in growth expected in 2017
- US economy loses momentum despite consumption growth; coming election raises risks
- Domestic demand in EU slows
- Japan growth dragged by weaker external demand and corporate investment
- China rebalancing progress stabilizes growth for mid-term

Source: IMF World Economic Outlook October 2016

2016 Global Auto Safety Regulatory Progress



	Region	Highlights
Jan	North America	DOT unveiled strategy on autonomous vehicles (AV) including President Obama's budget proposal for a 10-year, \$3.9 billion investment in advancing AV technology
Mar	North America	NHTSA, IIHS and 20 automakers announced commitment to make automatic emergency braking (AEB) standard by 2022
April	Europe	Euro NCAP introduced a dual rating: a base rating for a car fitted only with standard safety equipment, and a second rating when fitted with a 'safety pack'. Cars can score extra points if they have an AEB system that recognizes pedestrians
	North America	NHTSA hosted open public meetings to seek input on operational guidelines for the safe deployment of AV
September	North America	DOT issued Federal Policy for safe testing and deployment of automated vehicles, including 15 safety assessment areas



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Operations Highlights



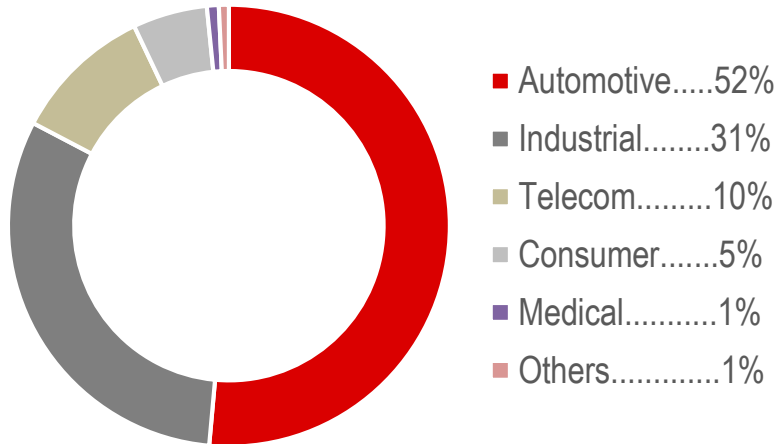
- VIA optronics acquisition closed on September 14, 2016
- Successful KTM Process Mission in India where IMI engineers performed end-to-end process of motorbike assembly including the quality and process control
- IMI wins Asia CEO Award for ASEAN Company of the Year



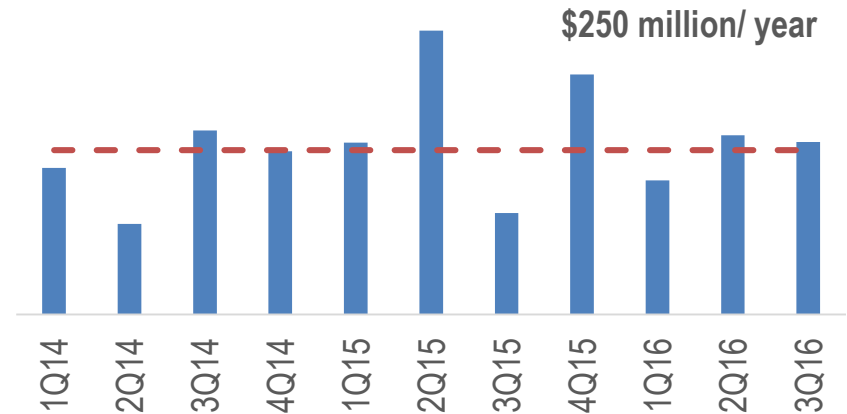
New Wins Follow Broader Technology Trends



New wins by market segment (9M16)



Estimated Annual Revenue Potential Run Rate from New Business Wins



Top Applications	Industry	Programs	Manufacturing Site
Body Control	Automotive	Electric drivetrain	China
Lighting	Automotive	Daytime running light, headlight, rear, puddle	Bulgaria, Jiaxing, Mexico
Engine Control	Automotive	Controls	China, Bulgaria
Controls and Sensors	Industrial	HVAC, UPS, Donner dosimeter	Mexico, Philippines



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Highlights



Resilient gross margins even with revenue decline

Continued cost discipline while investing in growth

VIA optronics acquisition strengthens competitive position



Accelerated slowdown of consumer and computing segments

FX headwinds in China and Mexico

Financial Highlights *(in US\$ millions except ratios)*



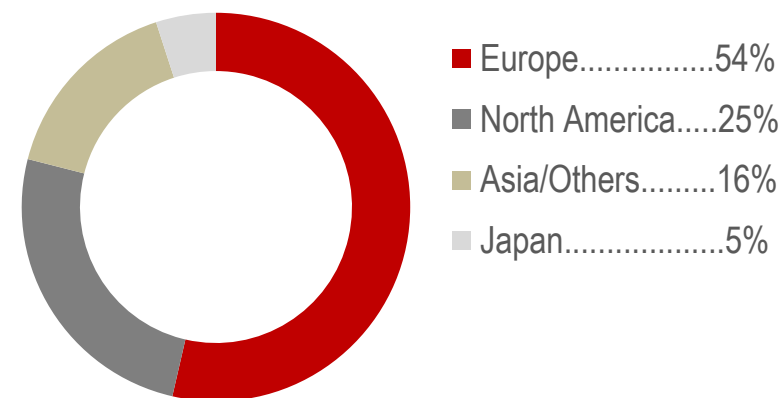
	3Q 2016	3Q 2015	Y/Y change	9M 2016	9M 2015	Y/Y change
Revenues	206.0	205.1	0.4%	615.7	621.5	-0.9%
Gross profit	24.2	25.9	-6.7%	71.5	71.8	-0.4%
<i>Gross profit margin</i>	11.8%	12.6%	-89bps	11.6%	11.6%	6bps
Operating income	8.1	10.2	-20.5%	28.8	27.6	4.3%
<i>Operating margin</i>	4.0%	5.0%	-104bps	4.7%	4.4%	23bps
Net income	5.9	6.8	-14.3%	20.8	22.0	-5.5%
<i>Net margin</i>	2.8%	3.3%	-49bps	3.4%	3.5%	-16bps
EBITDA	14.8	14.2	4.3%	47.3	43.6	8.7%
<i>EBITDA margin</i>	7.2%	6.9%	390bps	7.7%	7.0%	68bps

Sales Mix: Aligned with End-Demand Trends



Revenues by Segment <i>(in US\$ millions)</i>	% of Sales (9M 2016)	9M 2016	9M 2015	Y/Y change
Automotive	45%	277.5	258.5	7%
Telecom	20%	120.7	113.5	6%
Industrial	18%	113.4	95.6	19%
Consumer	7%	41.4	63.7	-35%
Medical	3%	16.1	20.4	-21%
Computing	1%	8.3	18.2	-54%
Others	6%	38.3	51.6	-26%
Total	100%	615.7	621.5	-1%

By Nationality (9M16)



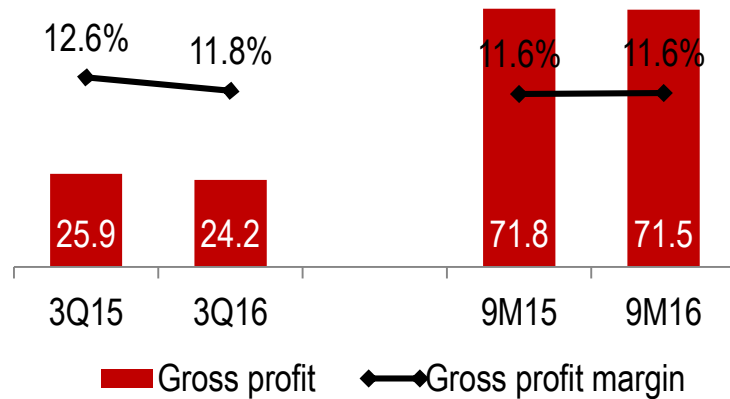
By Site <i>(in US\$ millions)</i>	% of Sales (9M 2016)	9M 2016	9M 2015	Y/Y change
Philippines	31%	190.7	202.8	-6%
Asia/Others	32%	195.8	214.3	-9%
Europe	30%	185.5	157.6	18%
Mexico	7%	43.4	46.4	-7%
US	0.1%	0.32	0.34	-5%
Japan	0.003%	0.02	0.01	11%

Totals may not equal the sum of the amounts due to rounding

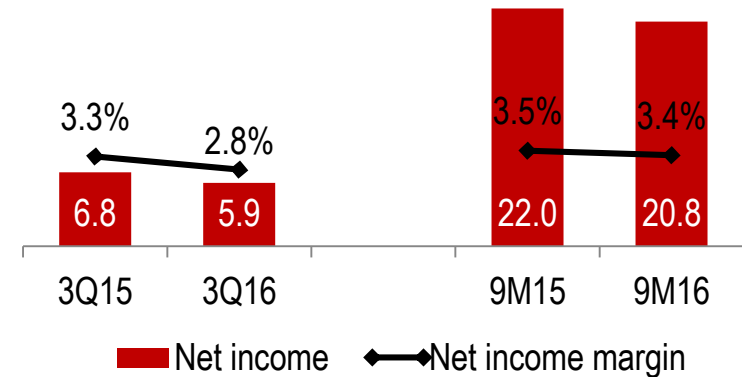
Sustained Margins



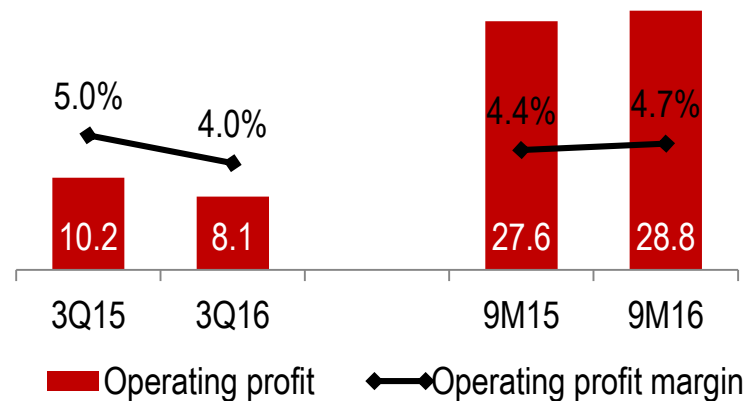
Gross Profit



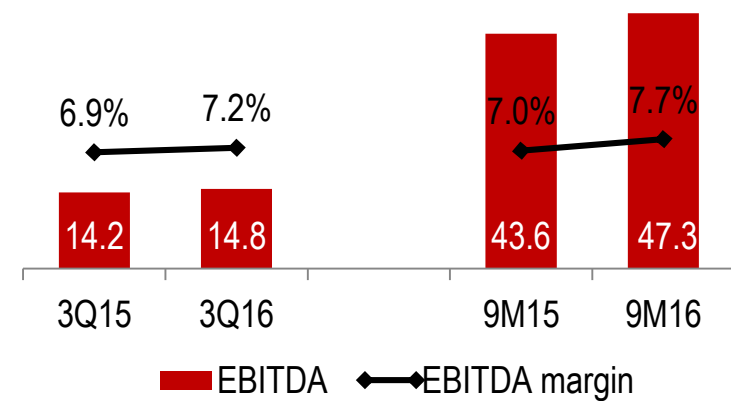
Net Income



Operating Income



EBITDA



Thoughtful and Disciplined Capital Deployment

M&A

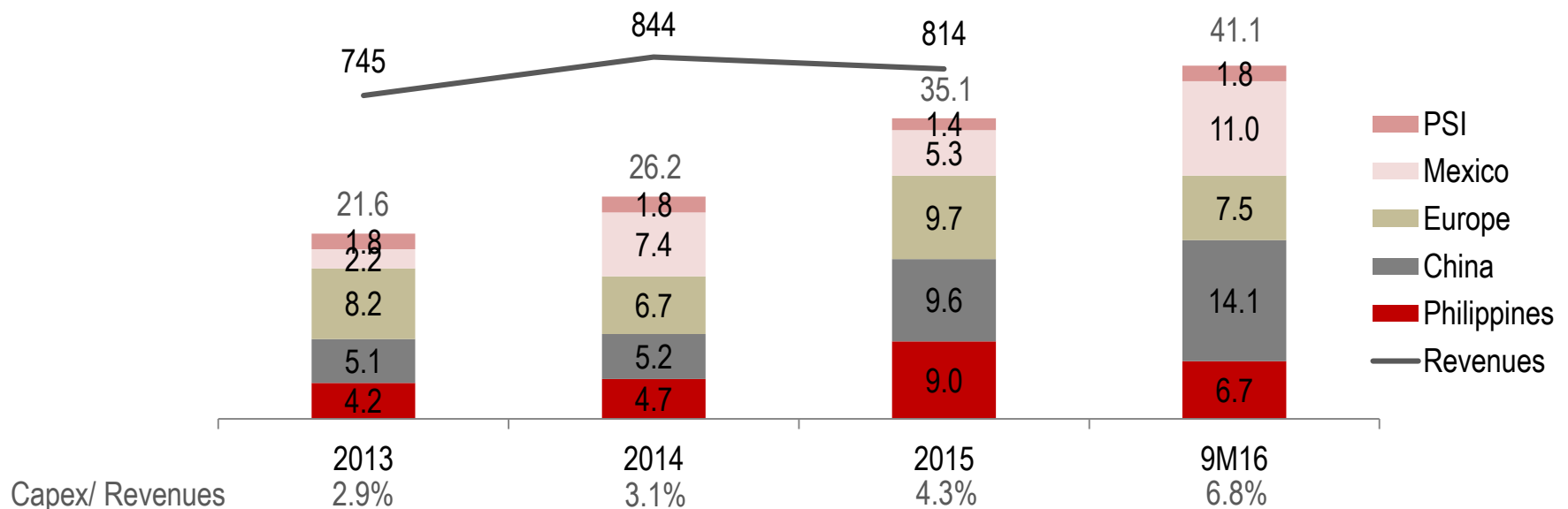
- Strategic portfolio enhancement strengthens competitive profile

Dividend

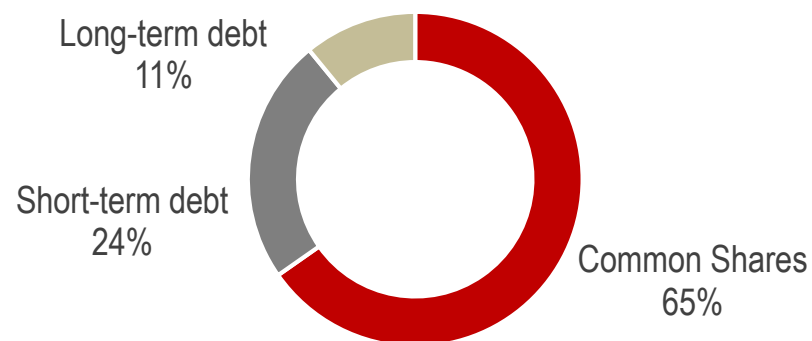
- ~\$18 million cash returned to shareholders since 2014

Capex

- Investments in capacity expansion and customer launches provide long-term payoffs



Capital Structure



(US\$ Millions)	Sep 2016
Short-term debt	98.9
Long-term debt	41.9
Total Bank Debts	131.3
Cash	86.5
Net Debt	44.8
Common Equity	241.1

Key financial ratios	Sep 2016
Current ratio	1.22
Debt/Equity	0.74
Book value/share (\$)	0.1299
Return on common equity (TTM)	13.4%
P/E (TTM)	8.3



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VIA optronics: Solutions For A Brighter Life



Optical bonding and display solutions for various applications

Proprietary bonding material and intellectual property for bonding processes and equipment



Employees
~290

Intellectual Property
13 patents

Production
2 sites

Transaction Overview

- Acquisition price: EUR 47.79 million (\$53.46 million) for 76.01% stake
- EPS accretive in year 1
- Implied 2017/2018 EV/EBITDA ~7.7x
- Financed through a combination of retained cash flow and new debt
 - \$35.4M bank loan (~74%)
 - \$12.4M from existing liquidity (~26%)

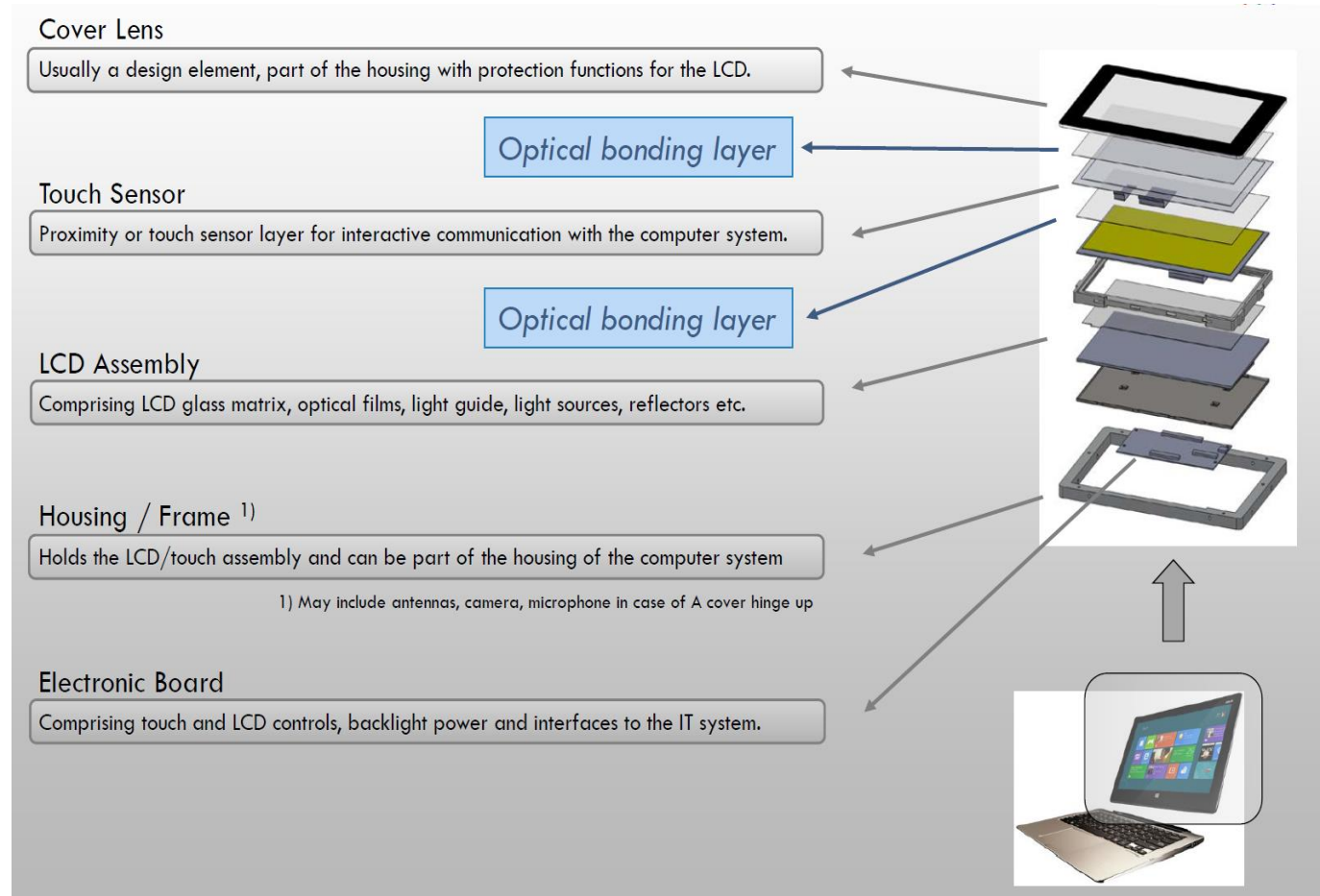
Your Innovative EMS Partner

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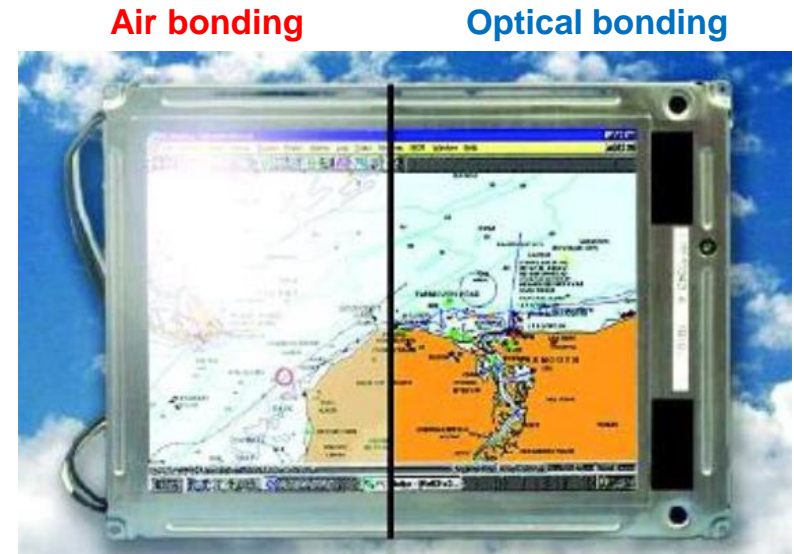
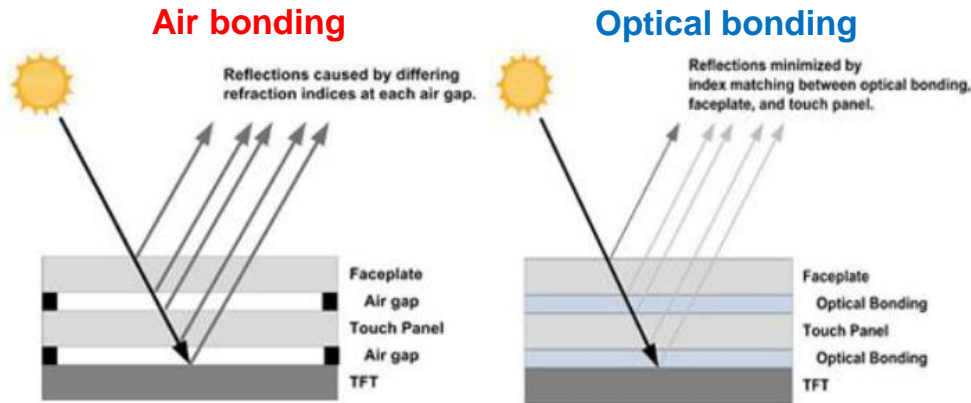
Technology Overview: Optical Bonding



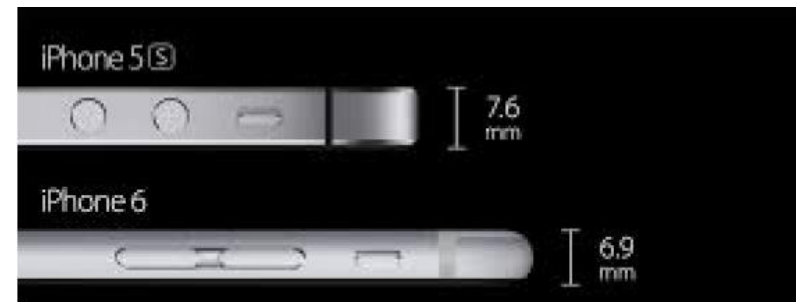
- A display is comprised of several components (e.g., LCD + touch sensor + cover glass) which need to be bonded together
- Optical bonding is an emerging technology in display head assemblies



Technology Overview: Optical Bonding



- Prior to optical bonding, manufacturers used a gasket around the edges of a display assembly, creating an air gap which results in significant light reflections from internal surfaces
- With optical bonding, these gaps are reduced or eliminated, leading to:
 - Improved readability, especially in sunlight
 - More efficient energy consumption
 - Thinner displays
 - Overall robustness in displays



Strategic Context: Broader ADAS Play



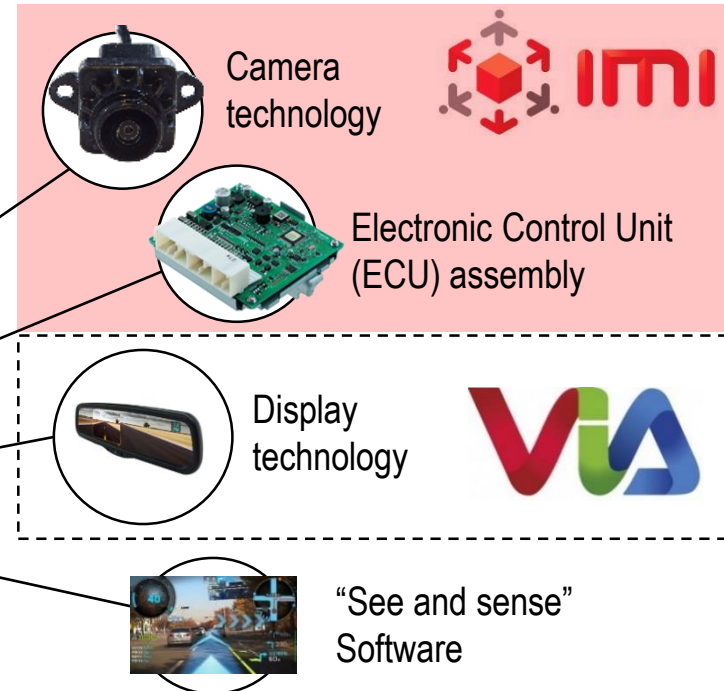
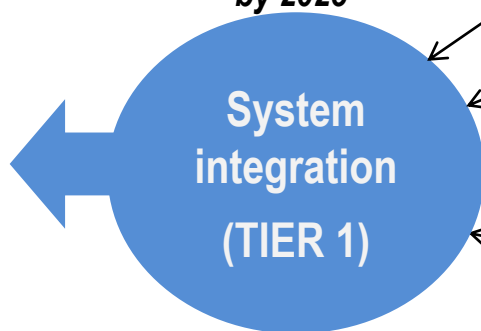
ADAS

- Car production projected at 30 million units in 2020
- Automotive electronic content now at 40%+ and still increasing

Automotive OEM Customers



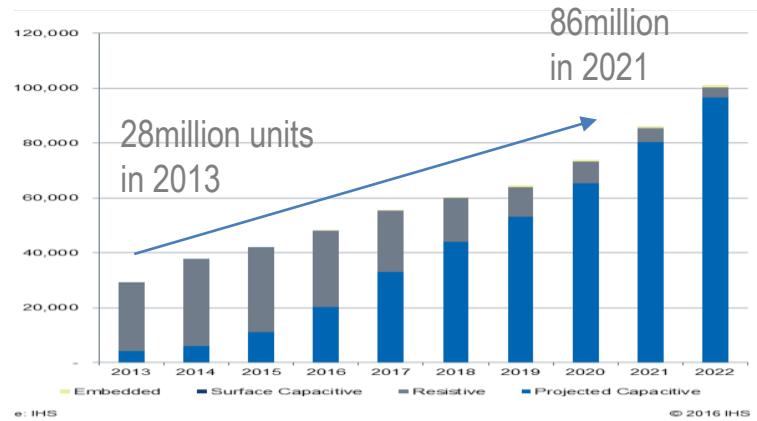
Mirror Replacement Systems
Expected to be a ~\$25B market
by 2025





Increasing Adoption of Displays in Cars

Market Forecast for Touch Panel Shipments



- Touchpanel display applications in the automotive industry **require optical bonding**, as air gapped displays do not meet the optical requirements
- **7 of the top 10 automotive display systems suppliers** have active engagement with VIA

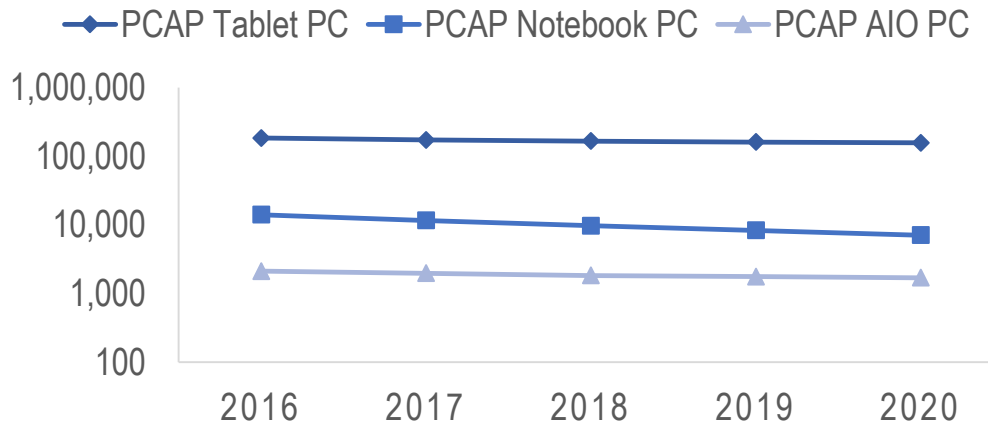
Top 10 Suppliers of Automotive Display Systems by Global Revenue, 2016

Rank	Supplier	Rank	Supplier
1	Continental	6	Bosch
2	Visteon	7	Magneti Marelli
3	Panasonic	8	Delphi
4	Denso	9	Yazaki
5	Nippon Seiki	10	LG Electronics

Consumer: Driver for New Technologies



Module Shipment Trend by Technology



Shipments by relevant Technologies					
Application (000s)	2016	2017	2018	2019	2020
PCAP Tablet PC	183,769	173,149	166,463	161,141	156,443
PCAP Notebook PC	14,113	11,613	9,737	8,327	7,075
PCAP AIO PC	2,123	1,981	1,837	1,765	1,698

- Slight Y/Y decrease over the next years, but **PCAP market remains more or less constant**
- **VIA focus on optical bonded PCAP-LCD solution**, starting from implementation own PCAP (metal mesh) to acting as ODM within supply chain
- Market is price driven – VIA to pursue **key high-end projects only**

PCAP = projected capacitive

Industrial: Set to Go in Large Format Displays



What is VIA Industrial markets:

- Military, Medical, Marine, Aviation, Digital Signage, Transportation, POS and POI, Collaboration devices (e.g. conference rooms), Education

Key Market Trends for Industrial Display Application:

- Demand for high resolution LCD, wide viewing angle (IPS) increase
- Ultra high reliability requirements
 - Improved robustness
 - High humidity, salt water resistance, shock vibration
- Heat management and energy savings
- Ease of supply chain – one-stop-shop solution

VIA optronics: Solutions For A Brighter Life



Excellent strategic fit with our ADAS portfolio

Market access into display integration with potential top-line synergies



Financially attractive deal for a specialty business

Expansion of portfolio with attractive growth rates



Thank you.

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