



IMI

A member of  **AC Industrials**
An Ayala Company



2019 Analyst Briefing

February 19, 2020 3:00PM

33rd Floor, Tuscany & Center Conference Room, Philamlife Tower, Makati City

CONFIDENTIAL AND PROPRIETARY

Any use or dissemination of this material without the expressed written permission of AC Industrial Technology Holdings Inc. is strictly prohibited.

Disclaimer

This document is highly confidential and being made available solely for information and may not be retained by you nor may this document, or any portion thereof, be shared, copied, reproduced or redistributed to any other person in any manner.

The information in this document has been prepared by Integrated Micro-Electronics, Inc. ("IMI"). The statements contained in this document speak only as at the date as of which they are made, and IMI expressly disclaims any obligation or undertaking to supplement, amend or disseminate any updates or revisions to any statements contained herein to reflect any change in events, conditions or circumstances on which any such statements are based. By preparing this presentation, none of IMI, its management, its advisers nor any of their respective affiliates, shareholders, directors, employees, agents or advisers undertakes any obligation to provide the recipient with access to any additional information or to update this presentation or any additional information or to correct any inaccuracies in any such information which may become apparent. None of IMI, any of its advisers nor any of their respective affiliates, shareholders, directors, employees, agents or advisers makes any expressed or implied representation or warranty as to the accuracy and completeness of the information contained herein and none of them shall accept any responsibility or liability (including any third party liability) for any loss or damage, whether or not arising from any error or omission in compiling such information or as a result of any party's reliance or use of such information. The information and opinions in this presentation are subject to change without notice.

This presentation contains certain "forward-looking statements". Forward-looking statements may include words or phrases such as IMI or any of its business components, or its management "believes", "expects", "anticipates", "intends", "plans", "foresees", or other words or phrases of similar import. Similarly, statements that describe IMI's objectives, plans or goals both for itself and for any of its business components also are forward-looking statements. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Such forward-looking statements are made based on management's current expectations or beliefs as well as assumptions made by, and information currently available to, management. Neither IMI nor any of its advisers assumes any responsibility to update forward-looking statements or to adapt them to future events or developments.

Operating Environment



Global Economy

Global growth may recover in 2020 particularly in emerging and developing regions

Region	2018	2019	2020
Global	3.6	2.9	3.3
United States	2.9	2.3	2.0
Euro	1.9	1.2	1.3
China	6.6	6.1	6.0
Japan	0.3	1.0	0.7
ASEAN	5.2	4.7	4.8
Emerging & Developing	4.5	3.7	4.4
Advanced	2.2	1.7	1.6

- Global growth has weakened in 2019 due to international trade tensions and the decline of China
- Some relief in recent months in the form of easing escalation of USA-China trade war, various central bank stimuli, and better clarity of the Brexit situation
- Continued moderate growth in developed regions forecasted in 2020
- Emerging markets expected to rebound strong in 2020 and take advantage of structural slowdown in China

Manufacturing and Industry Indicators

Global trade activities in related industries have slowed down in 2019

INDUSTRY	2019 Actual	2020* Estimate
Semiconductor Sales	-12.8%	5.9%
Semiconductor Equipment Sales	-8.2%	5.5%
Global Automotive Unit Sales (Light Vehicle)	-4.4%	-0.3%
Global Electronic Device Shipments (Consumer)	-3.3%	0.8%
Global Export Volume (End of Nov 2019)	0.3%	2.7%

Novel Corona Virus Damages China's Auto Industry

- Wuhan is home to **10 car factories** and account for **9% of total Chinese auto production**
- Estimated to loss of at least **350k units (-7%)** of vehicle production due to the coronavirus shuttering plants until Feb. 10.
- China GDP may fall below 2% in 2020 if conditions persist



IMI - Early 2020 Challenges



Novel Corona Virus

- In line with government mandates, all China manufacturing sites extended New Year holiday until February 10, 2020
- Sites now back to operating status. Jiaying: 50%. Chengdu: 90%, Shenzhen: 60%, Suzhou 25%
- ~\$14M revenue backlog expected for Q1
- Travel between IMI global sites and affected areas are strictly controlled and monitored, health and safety measures deployed in all facilities
- Exploring ways to mitigate slowdown including potential government subsidies

Taal Volcano Eruption

- Laguna and Cavite sites shutdown for one day on January 13, 2020
- Manufacturing facilities back to full operation on January 14
- No significant impact on operations and financial metrics

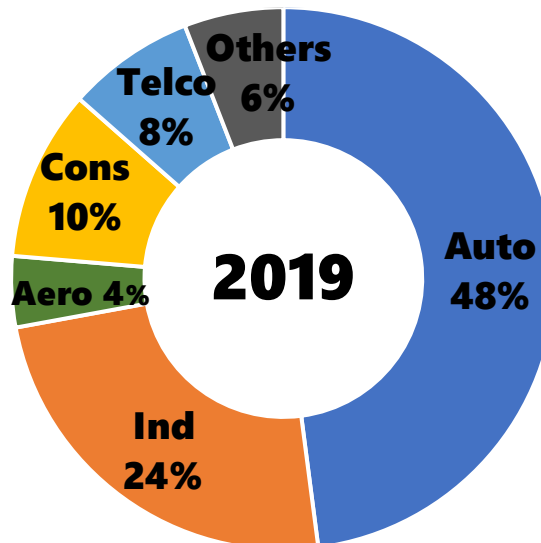
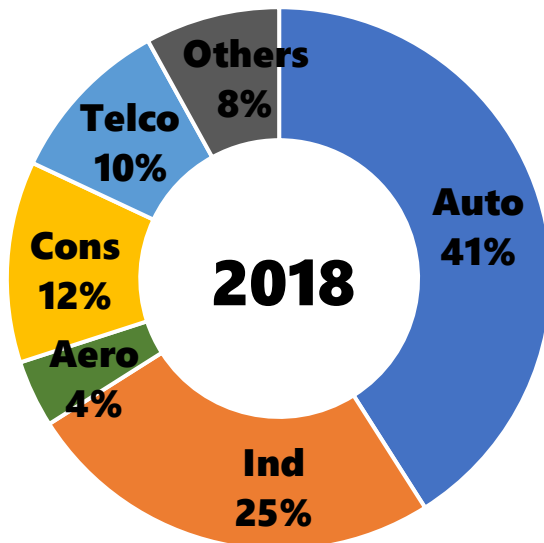


Financials



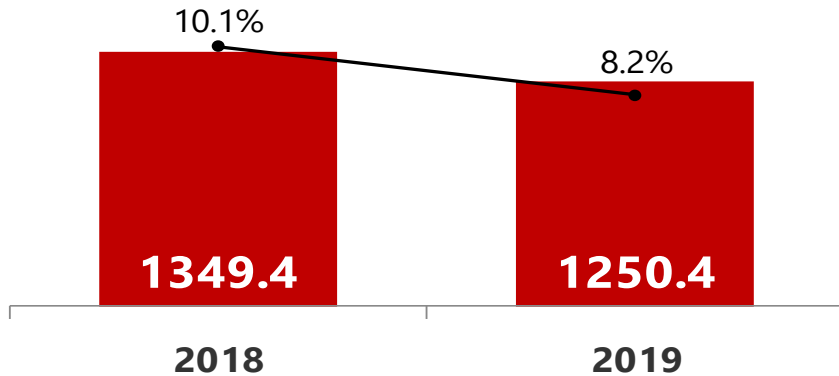
2019 FY Segment Updates

	2018	2019	Y/Y%
Auto	549.4	599.5	9%
Ind	335.8	302.1	-10%
Aero	56.8	52.9	-7%
Cons	168.6	127.3	-25%
Telco	132.9	94.9	-29%
Others	105.8	73.7	-30%
TOTAL	1,349.4	1,250.4	-7%

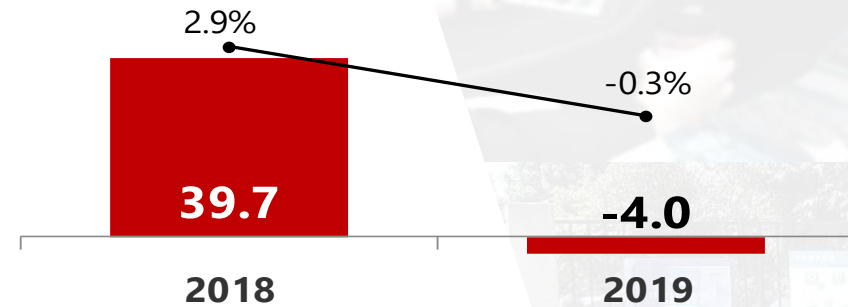


2019 FY Performance

Revenue and Gross Profit Margin

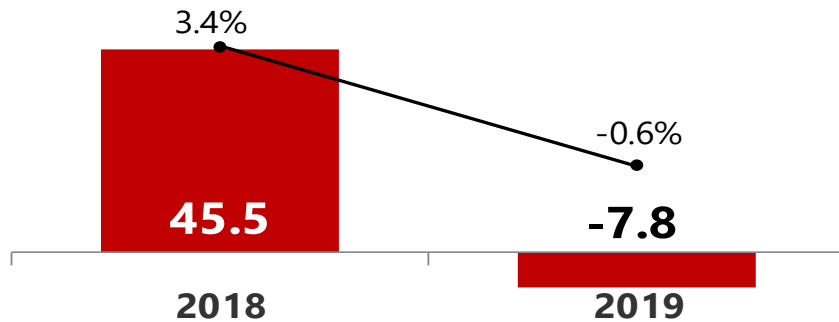


Operating Income



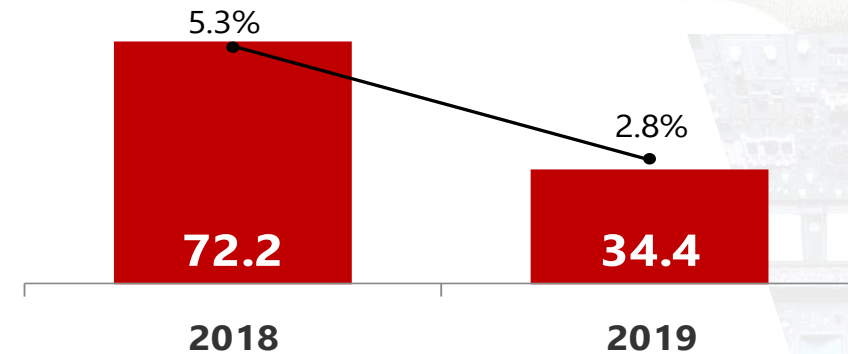
Non GAAP \$47.4M (3.5%) \$7.0M (0.6%)

Net Income



Non GAAP \$31.8M (2.4%) -\$2.0M (-0.2%)

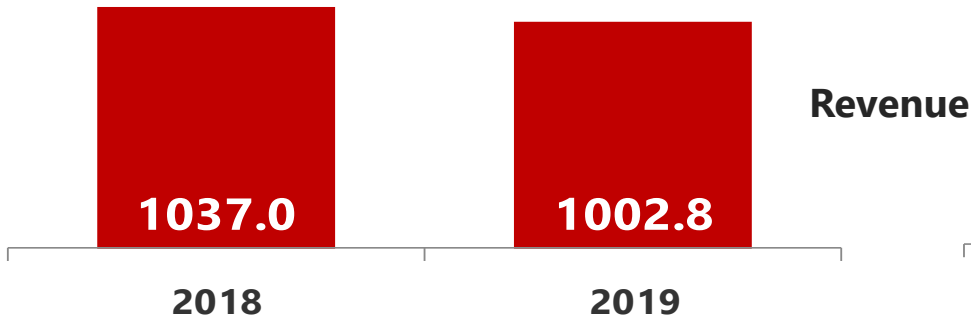
EBITDA



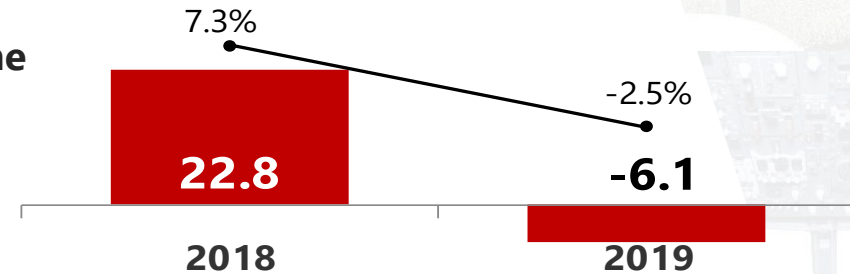
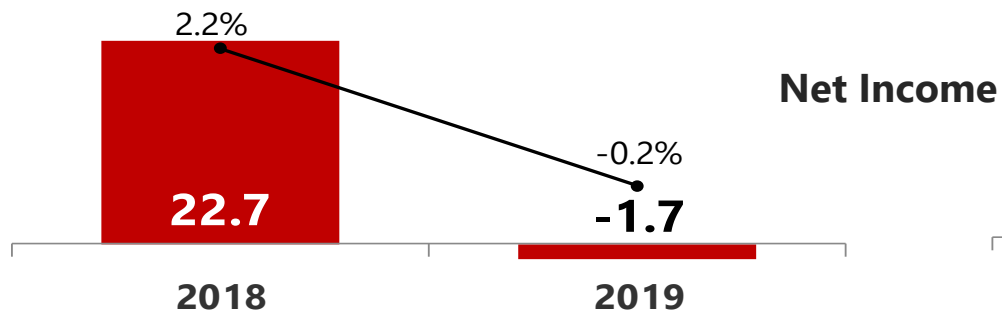
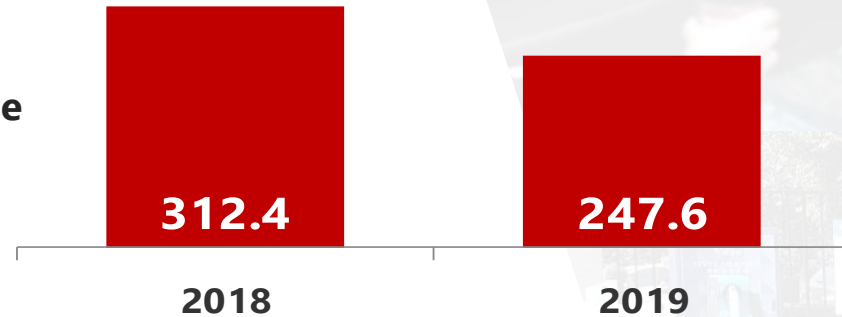
Non GAAP \$80.3M (5.9%) \$40.0M (3.2%)

2019 FY Performance

Wholly Owned Subsidiaries



VIA + STI



Non GAAP \$22.6M (2.2%)

\$6.9M (0.7%)

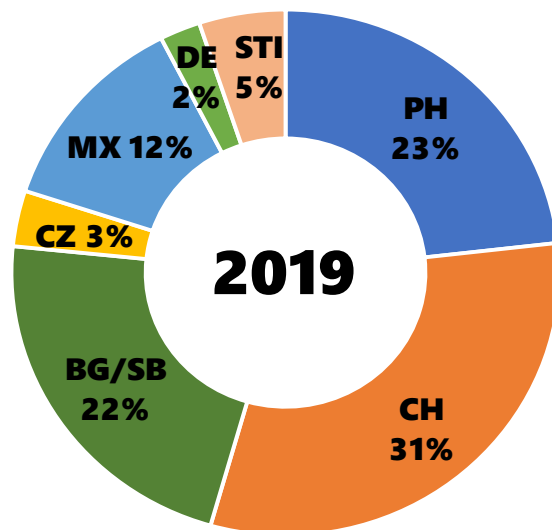
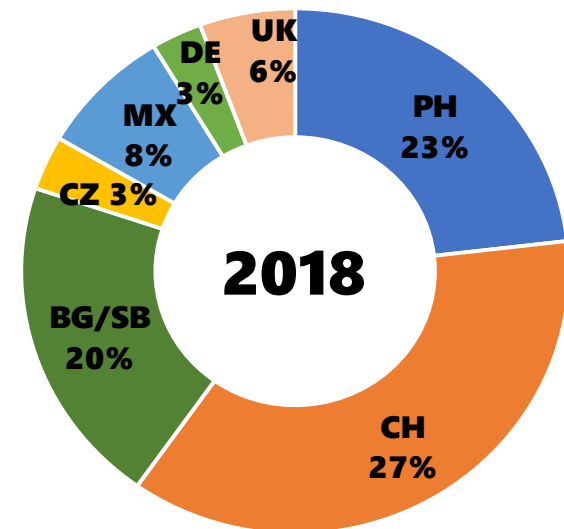
Non GAAP \$9.2M (3.0%)

-\$8.8M (-3.6%)

2019 FY Region Updates

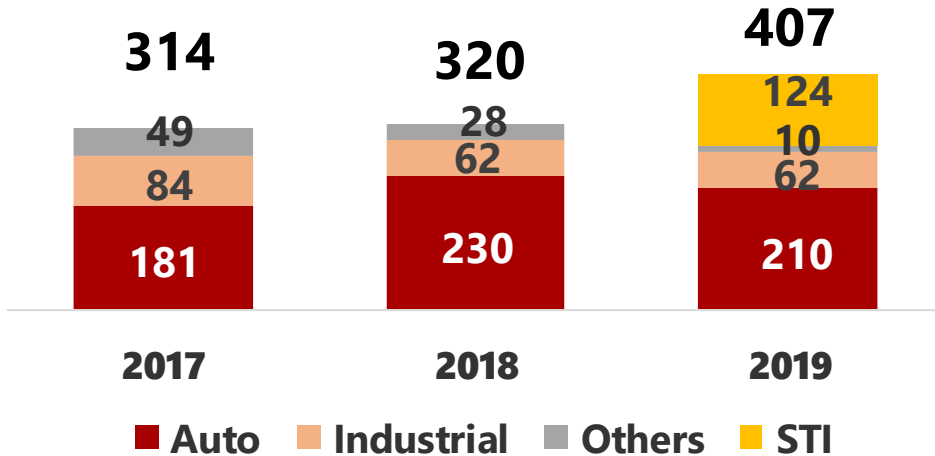
	2018	2019	Y / Y %	CAPEX
PH	280.6	269.9	-4%	12.8
CH	332.8	277.8	-17%	4.5
BG/Serbia	275.0	285.0	4%	7.6
CZ	45.0	44.0	-2%	1.4
MX	107.1	160.2	50%	5.0
VIA	203.1	154.0	-24%	3.3
STI	109.3	93.6	-14%	3.7
TOTAL	1,349.4	1,250.4	-7%	34.2

- **PH:** Industry softness offset by transfer of biz affected by USA-China trade war. Business growth expected in 2020 driven by Power Module biz and continued shift from China
- **CH:** Automotive market continues to be soft, impacting Jiaxing operating site. n-CoV brings extended site shutdown leading to buildup of backlog
- **BG/Serbia:** Loading of Serbia plant in progress as first high volume production started in November, transitioning to new automotive projects
- **MX:** Backlog recovery in 2019. Efficiency improvement in high complexity projects in 2019 to continue into 2020
- **VIA:** Profitability affected by need to maintain high skilled engineers despite market slowdown. Continuing to grow higher margin automotive and industrial businesses currently at 42% of revs
- **STI:** Brexit decision brings clarity to business situation. Strong Pipeline performance in 2019 with \$124M of wins

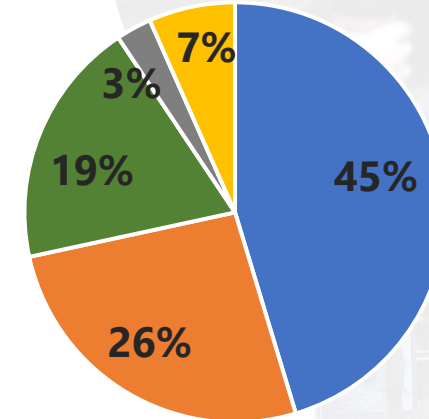


IMI Group Program Wins 2019 FY: \$407M

New Program Wins

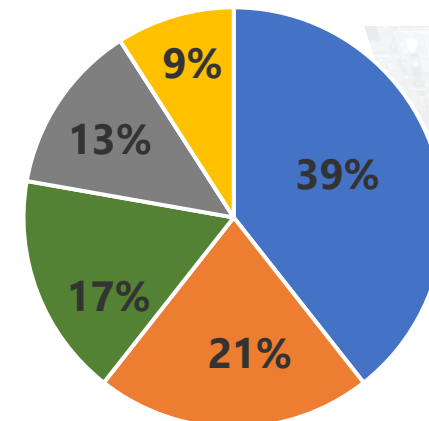


Win Location - 2019



■ Philippines ■ China ■ Europe ■ MX ■ Serbia

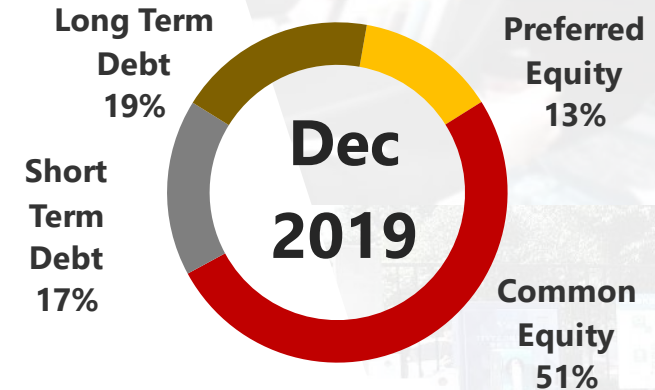
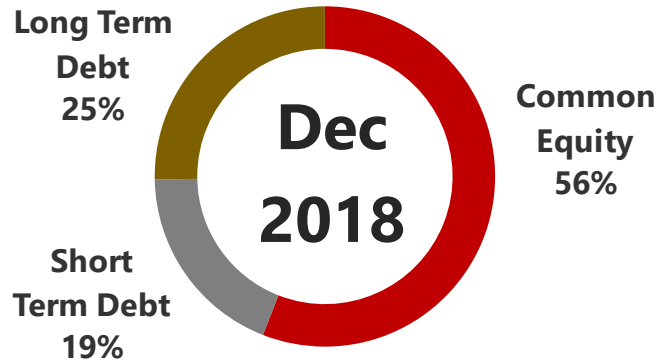
Win Location - 2018



Notable Wins in 2019

Driver Monitoring Camera	Auto	Philippines
Bus Camera	Auto	Philippines
Aerospace Sensor	Aero	UK
Electro-Mechanical Brake System	Auto	China
Electric Vehicle PTC Controller	Auto	CZ
Industrial Control Sensor	Ind	China

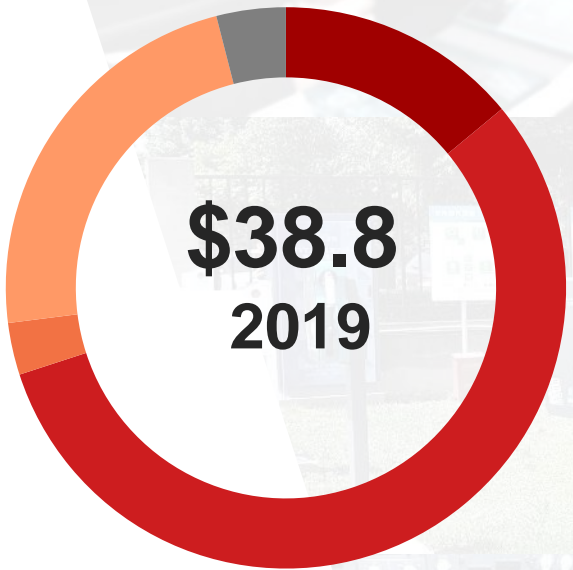
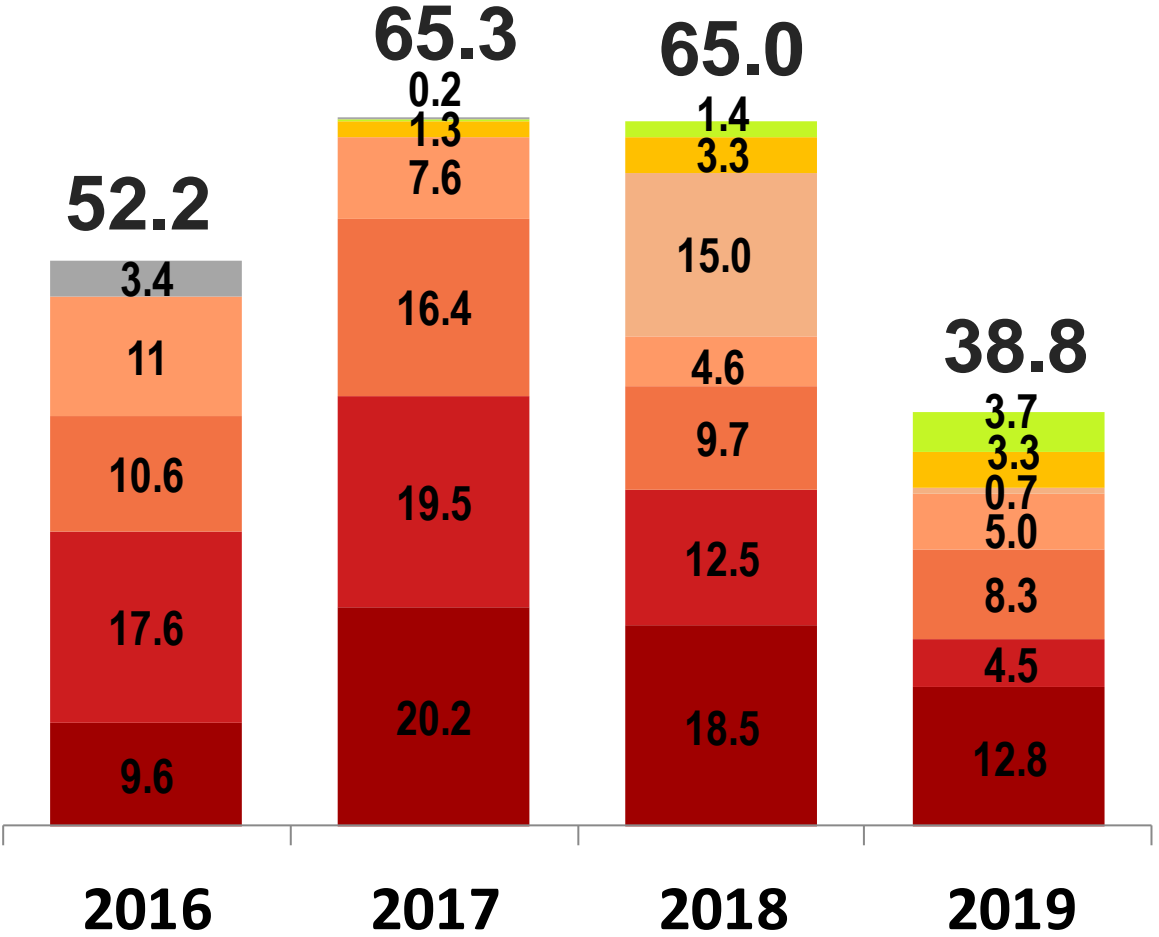
Capital Structure



(US\$ Millions)	Dec 2018	Dec 2019
Short-Term Debt	136.3	126.1
Long-Term Debt	188.0	142.4
Total Bank Debts	324.3	268.5
Cash	108.5	152.7
Net Debt	215.8	115.8
Common Equity	410.6	383.8

Key financial ratios	Dec 2018	Dec 2019
Current ratio	1.31	1.49
Bank Debt/Equity	0.79	0.55
Book value/share (\$)	0.18	0.17
Return on common equity	13.5%	-1.8%

Disciplined Capital Investments



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

Key Considerations

-

Uncertain extent of impact from N-CoV in China and global supply chains

Drawn out recovery of global industry markets

Low manufacturing utilization affecting margins

Slow moving inventory

+

Clarity on Brexit situation

Significant wins from pipeline reinforces continued shift to next generation mobility platforms

Improvement in material prices and supply leadtimes

Automotive Tier 1 considering expansion of outsourced business



For more information:
www.global-imi.com
ir@global-imi.com