



2020 Q1 Analyst Briefing

May 7, 2020 2:00PM

Zoom Meeting

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Global Economy & Impact of COVID-19

World Economic Outlook Projections (%)

The COVID-19 health crisis will have a severe impact on economic activity in 2020

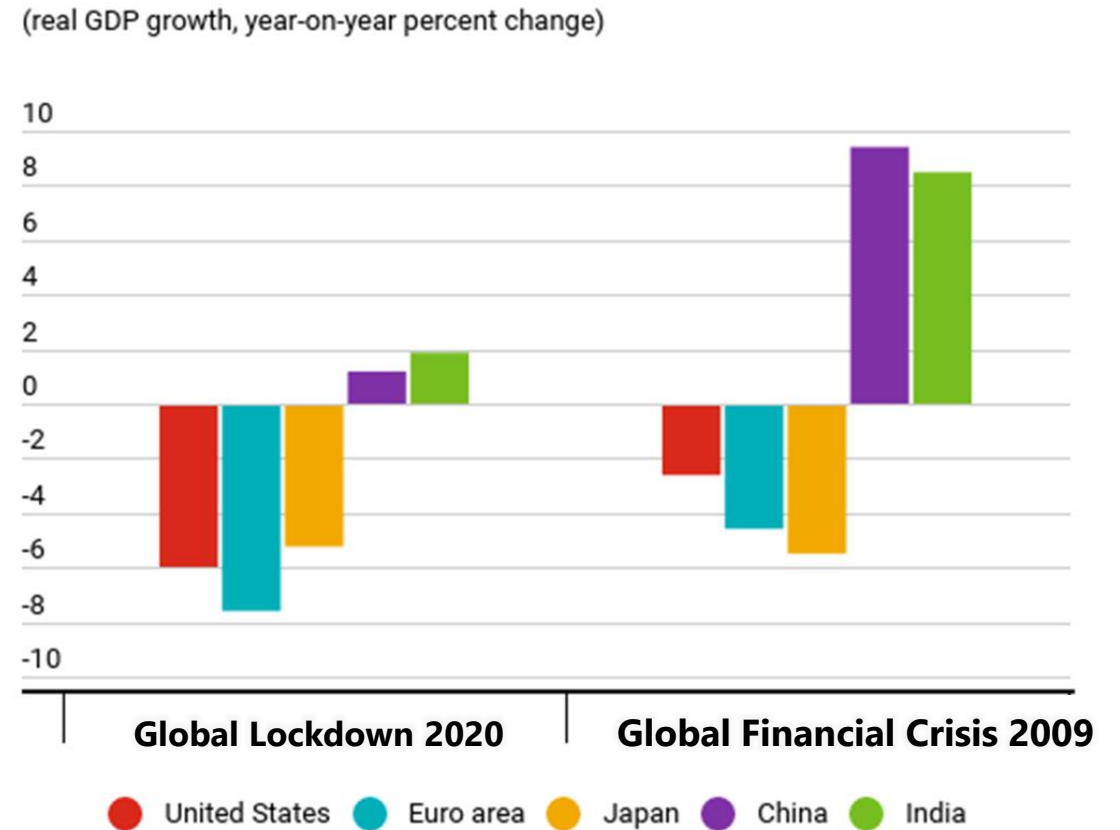
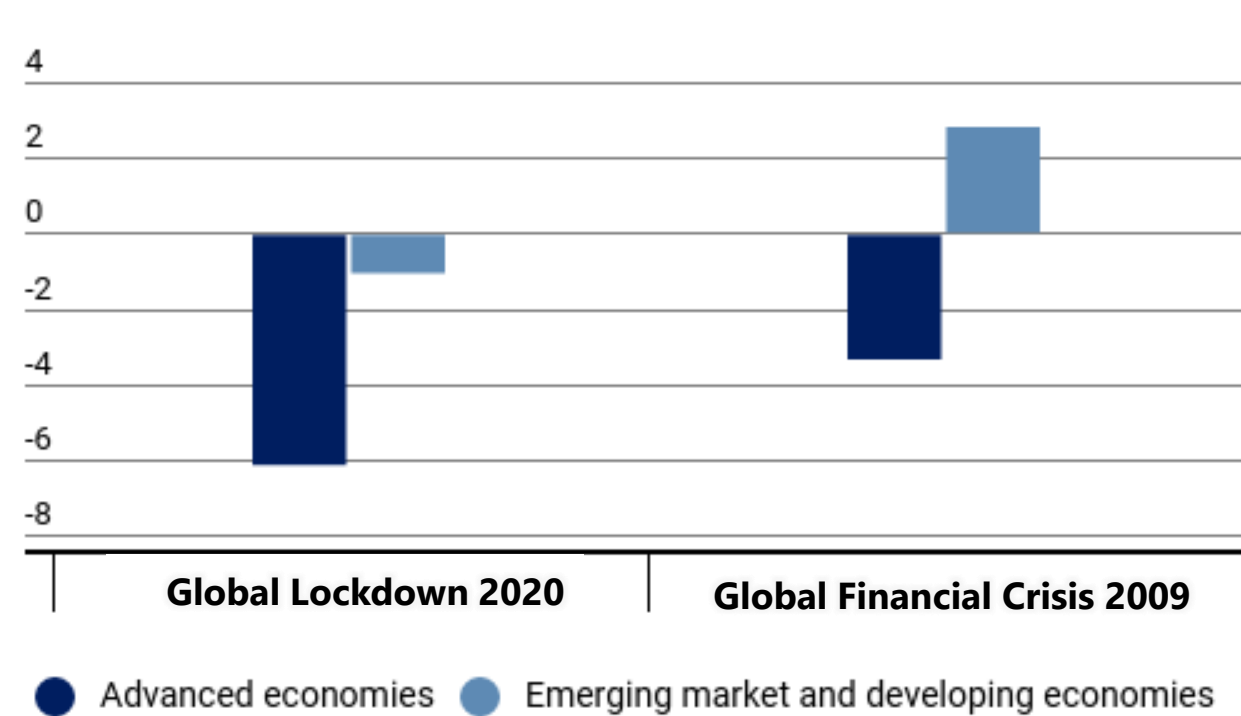


Real GDP, annual % change	2019	2020	2021
United States	2.3	-5.9	4.7
Euro Area	1.2	-7.5	4.7
Germany	0.6	-7.0	5.2
France	1.3	-7.2	4.5
Italy	0.3	-9.1	4.8
Spain	2.0	-8.0	4.3
UK	1.4	-6.5	4.0
Japan	0.7	-5.2	3.0
China	6.1	1.2	9.2

United Kingdom is no longer part of the European Union. Data for the United Kingdom are no longer included in the European Union composite

Global Crisis

Both advanced economies and emerging economies are in recession

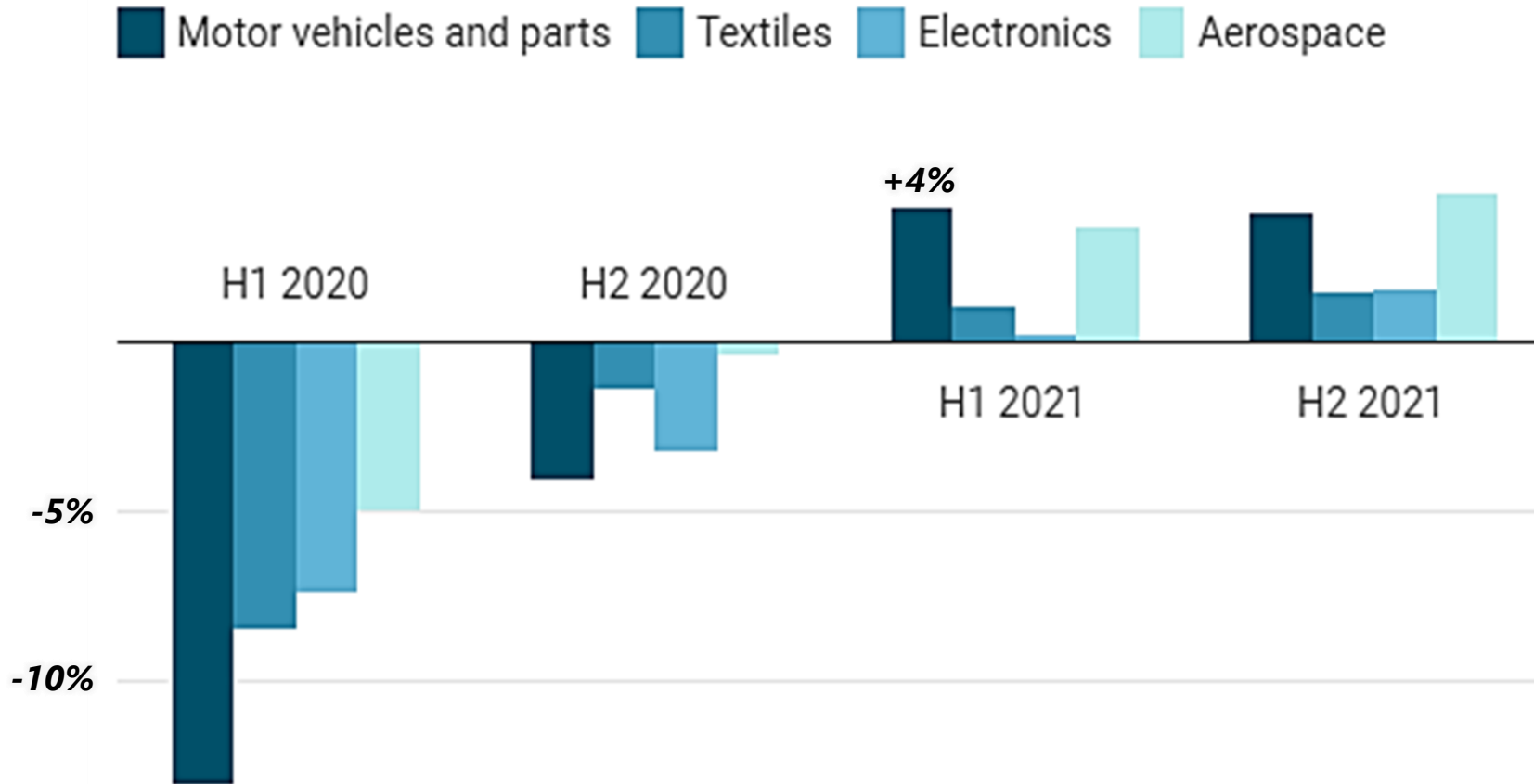




Industry Outlook

COVID19 Impact on Manufacturing Sectors

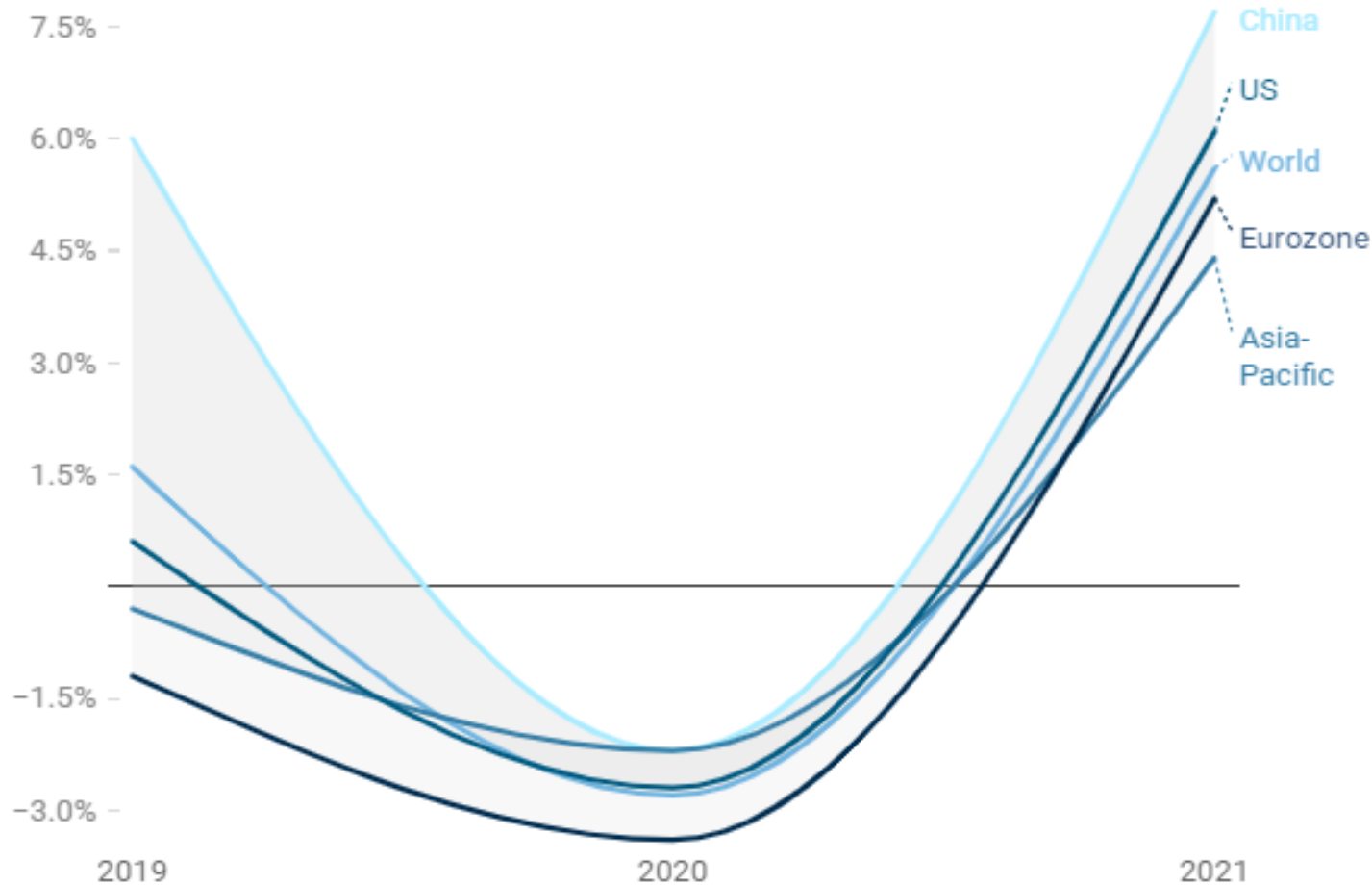
Global production is expected to drop by 13.1% in the automotive industry in H1 2020 and electronics will see a decrease of 7.4%, as compared with Q4 2019



- The automotive industry has been hit most dramatically in H1 2020, followed by textiles, electronics, and the aerospace industry, with all four sectors forecast to be in decline for the rest of the year.
- Automotive may be able to recover by the first half of 2021 at 4% while electronics may see significant movements in the second half of 2021

Recovery Projections

Global manufacturing value-added output will bounce back in 2021 from negative figures projected this year, with China expected to reach 7.7% value-add, while the US may see up to 6.1% and the Eurozone could reach 5.2%



Global manufacturing value-added output: A measure of the value of all goods and services produced

Electronics Industry Forecast by Market Segment




SEMICON
Will be down 0.9% this year



LIGHT VEHICLES
fall 22% this year



Worldwide IT Spending
Down 2.7% in 2020



MEDICAL Electronics
5.5% CAGR from 2019-2025

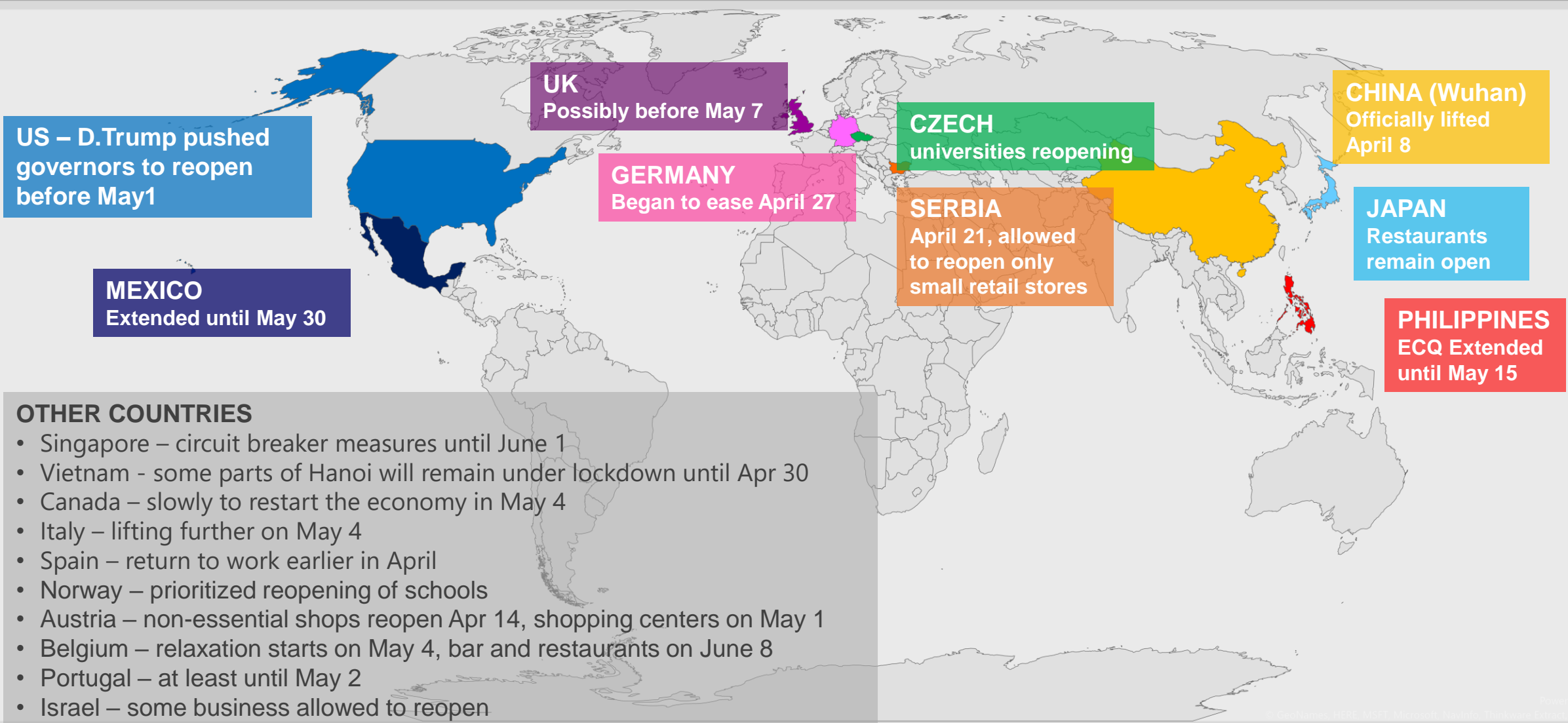


China Wireless Capital Spending
15~20% growth in 2020



SMART Manufacturing
a CAGR 4% from 2020-2025

Countries Starting to Ease Lockdown



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IMI on COVID-19

➤ Prioritize Safety and Welfare of Employees

- Close coordination with local governments and strict implementation of health authority guidelines
- Safe working environment for deployed skeletal workforces – frequent disinfection procedures, social distancing measures, active COVID-19 information campaign, financial and logistical support
- Implementation of flexible working arrangements
- Advanced leave credits and 13 month pay

➤ Continue to Serve Customers During the Pandemic

- Continued manufacturing for critical business operations with skeletal workforces
- Pursue additional business opportunities in new emerging markets
 - STI joins Ventilator Challenge UK
 - IMI Philippines and IMI China manufacturing components used in production of medical equipment
 - IMI China a major partner for the 5G roll-out to facilitate increased use of interconnected devices
 - Via display solutions expecting demand uptick in laptop segment to accommodate rise in work from home arrangements
- Leverage IMI's wide geographical footprint to shift and address demand across all its regions

➤ Solidify Balance Sheet

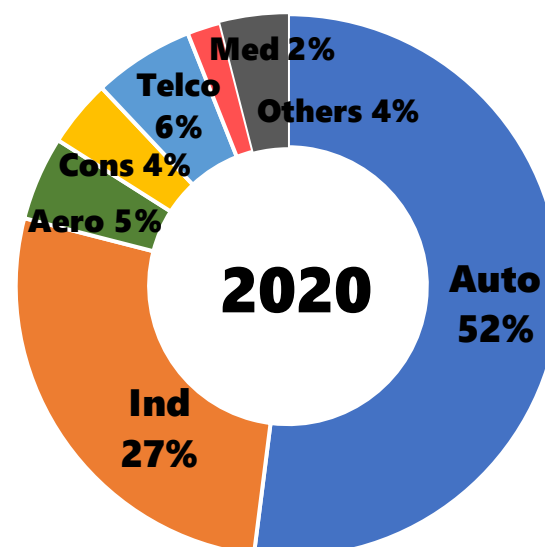
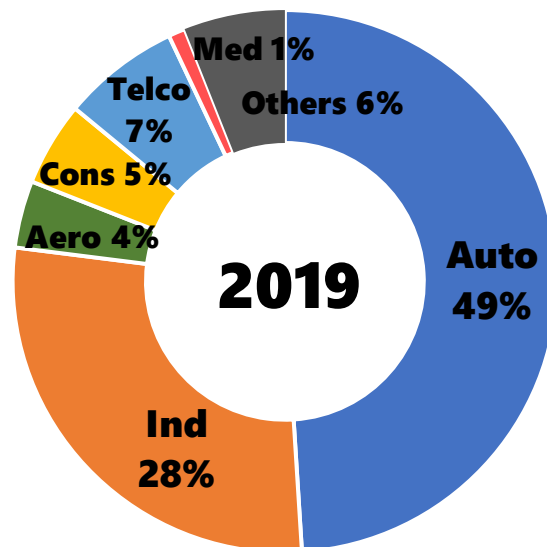
- Deferment of non-critical expenditures
- Cash cycle management by coordinating supplier and customer payment terms, and inventory turnover control
- Optimize cost structures across all sites



Financials

2020 Q1 Segment Updates

	2019	2020	Y/Y%
Auto	158.9	133.0	-16%
Ind	91.2	69.4	-24%
Aero/Def	13.4	11.9	-11%
Cons	15.6	10.3	-34%
Telco	22.5	16.0	-29%
Medical	2.6	5.3	107%
TOTAL	323.0	255.8	-21%



➤ Automotive:

- Emerging tech up 2%, Traditional Auto down 26%
- OEMs reopen between late April – Early May but demand remains soft and uncertain

➤ Industrial:

- Philippines and China accounted for 64% of the group's industrial production in 2019. Both affected by shutdowns this quarter

➤ Aero/Defense:

- Commercial aerospace is a small portion of IMI's Aero segment; non-commercial aero less affected by COVID-19; recent wins in jet test equipment, secure communications and naval satcom

➤ Consumer:

- Impacted by shutdown in IMI China and VIA
- Revenues expected to recover driven by increase in laptop and touch sensor demand; short-term LCD supply chain issues normalized by Q2

➤ Telco:

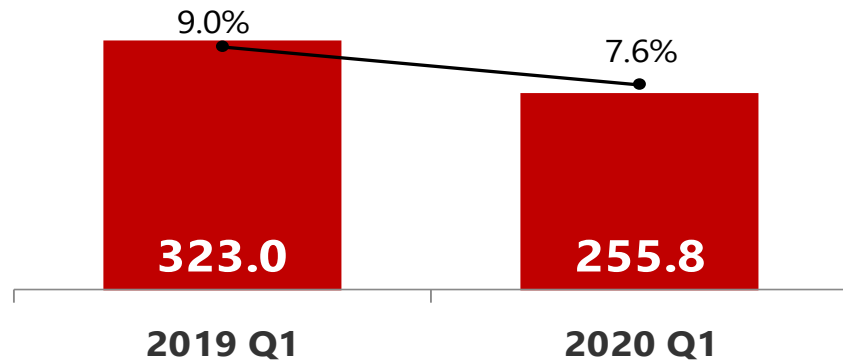
- Exit from low margin businesses and supply chain constraints (-\$7M)
- Strong partnership with leading China brand in 5G rollout; lost revenue expected to recover in Q2

➤ Medical:

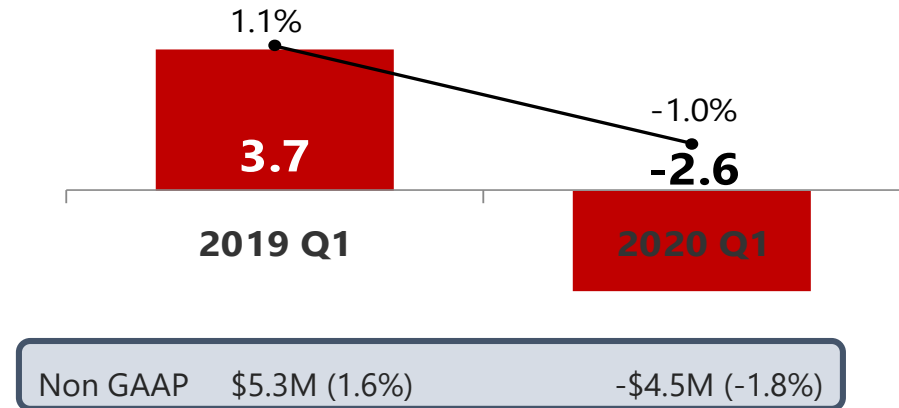
- 107% group growth driven by China and Philippines despite lockdown protocols, further increase forecasted in Q2
- STI looks to expand from Ventilator Challenge UK to take on more Medical projects

2020 Q1 Performance

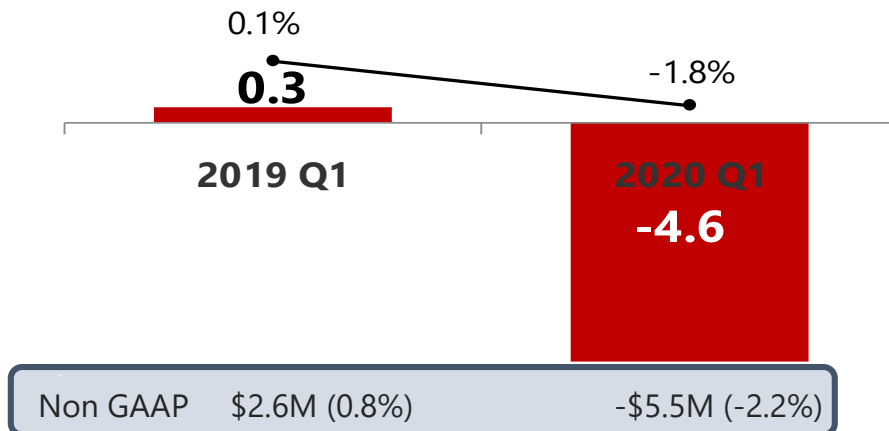
Revenue and Gross Profit Margin



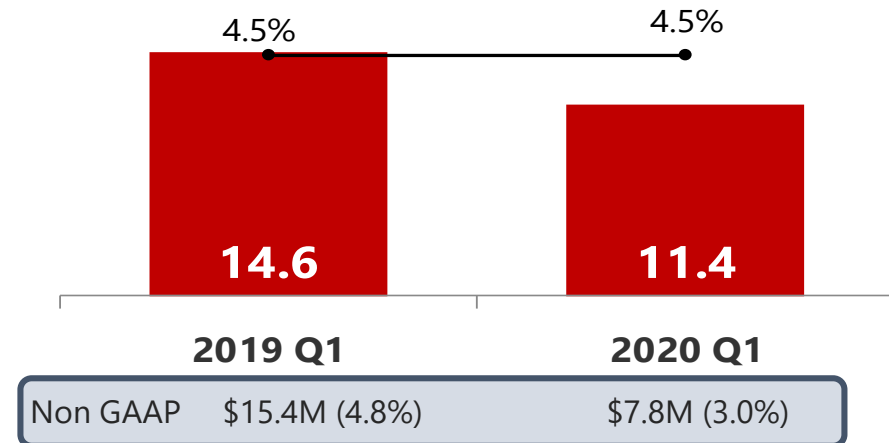
Operating Income



Net Income

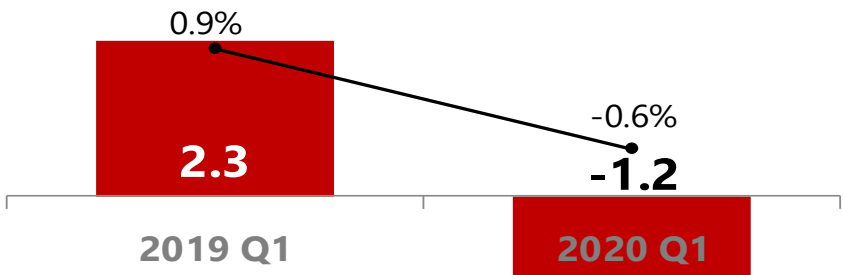
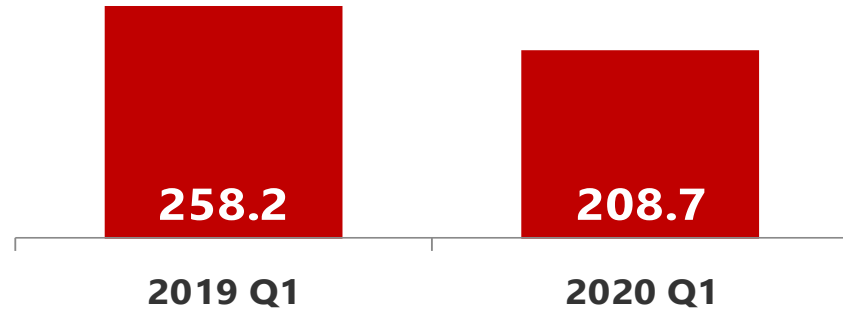


EBITDA



2020 Q1 Performance

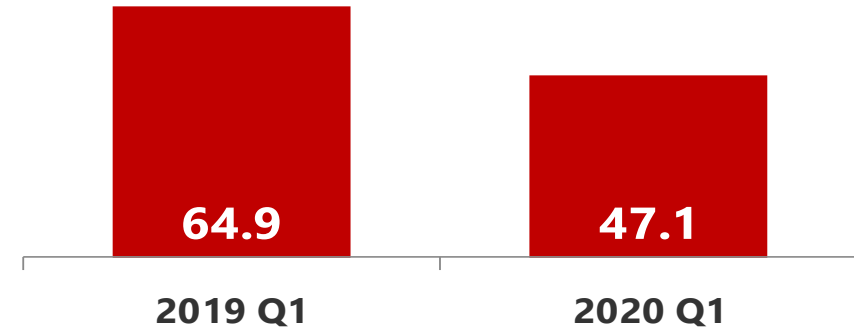
Wholly Owned Subsidiaries



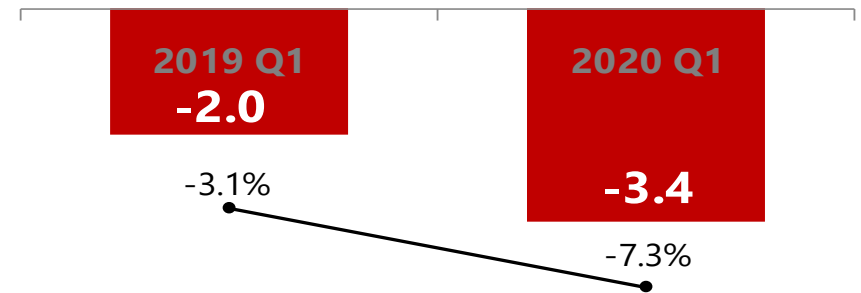
Non GAAP \$3.9M (1.5%) -\$1.9M (-0.9%)

VIA + STI

Revenue



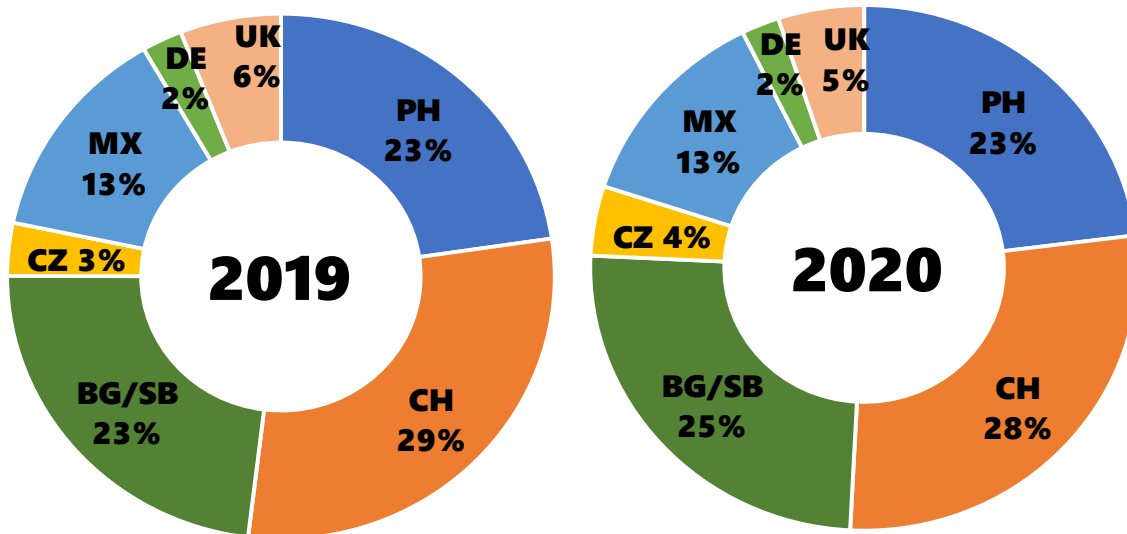
Net Income



Non GAAP -\$1.3M (-1.9%) -\$3.6M (-7.6%)

2020 Q1 Region Updates

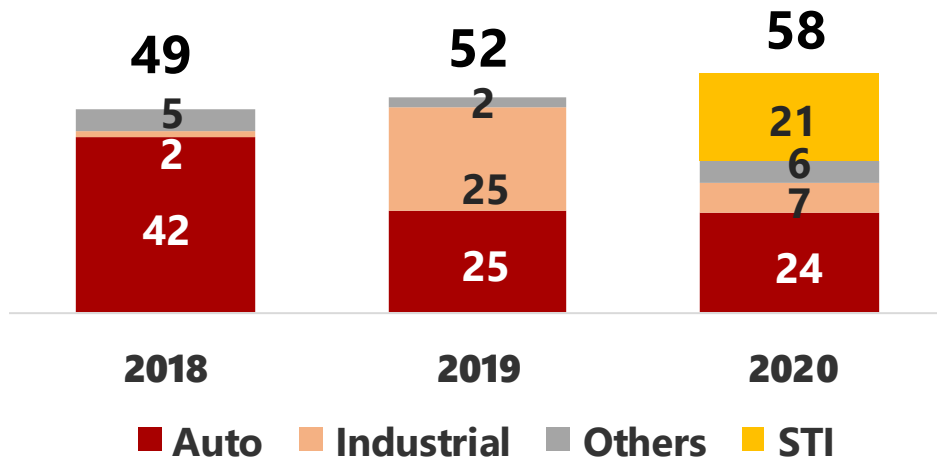
	2019 Q1	2020 Q1	Y / Y %	CAPEX
PH	67.4	55.7	-17%	1.5
CH	64.0	49.2	-23%	0.1
BG/Serbia	75.3	65.2	-13%	1.9
CZ	10.6	11.2	6%	0.7
MX	43.5	33.1	-24%	0.1
VIA	38.9	29.3	-25%	-
STI	25.9	17.8	-31%	0.2
TOTAL	323.0	255.8	-21%	4.5



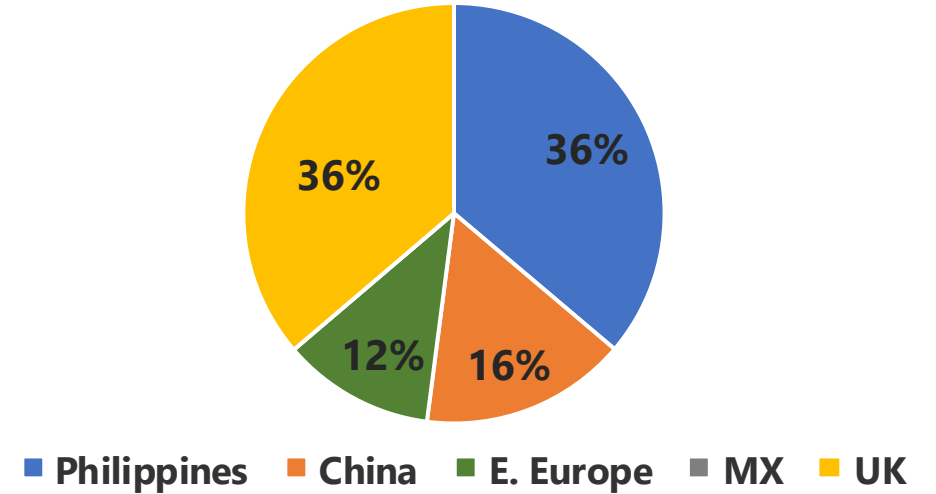
- **PH:**
 - Revenue impact from shutdown ~\$12M
 - ECQ extended until May 15, currently operating with ~1300 employees
 - Significant customer demand to manufacture components used in the production of medical devices
- **CH:**
 - Back to normal operations within 1 month
 - Growth in first half for current key segments Telecom and Medical ~21%
- **BG/Serbia/CZ:**
 - Soft auto demand continues from Q4 2019
 - Continue to be fully operational and government subsidies in place for employees forced to go on leave (effective pay 60~70% of salary)
- **MX:**
 - Extended automotive downturn drives revenue miss for MX with its 92% automotive segment mix
 - Significant improvement in quality and cost metrics
- **VIA:**
 - 1 month shutdown in Suzhou manufacturing plant
 - Significant demand in Industrial and Consumer hampered by short term LCD supply chain shortage, expected to recover Q2
- **STI:**
 - High quality manufacturing experience enabled site to join Ventilator Challenge UK, now involved in 4 out of 5 UK ventilator consortiums. Seeking to capture more medical and I-o-T business

2020 Q1 Group Program Wins: \$58M

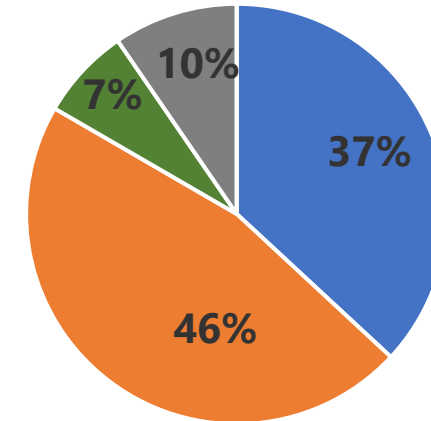
Q1 New Program Wins



Win Location - 2020



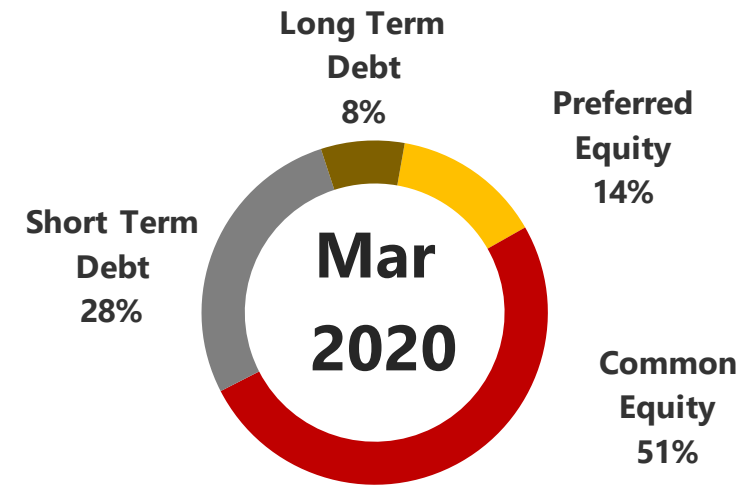
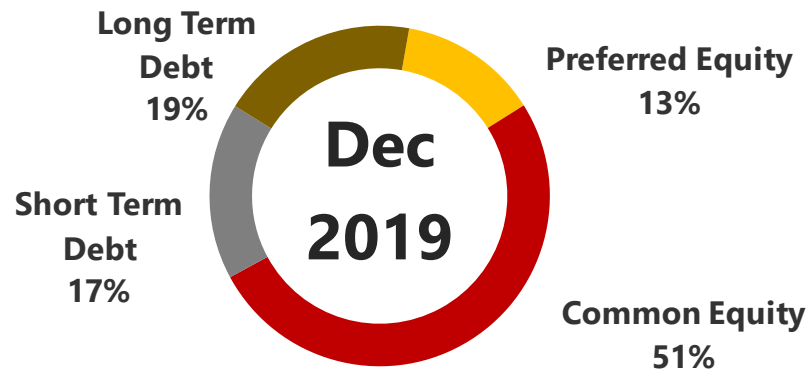
Win Location - 2019



Notable Wins in 2020

Automotive High Temp Sensor	Auto	Philippines
Aerospace Project	Aero	UK
Automotive Interconnectivity	Auto	Philippines
Automotive Lighting	Auto	China
Automotive Lighting	Auto	BG
Cashless Payment System	Ind	China
Dental Encoder Board	Med	China

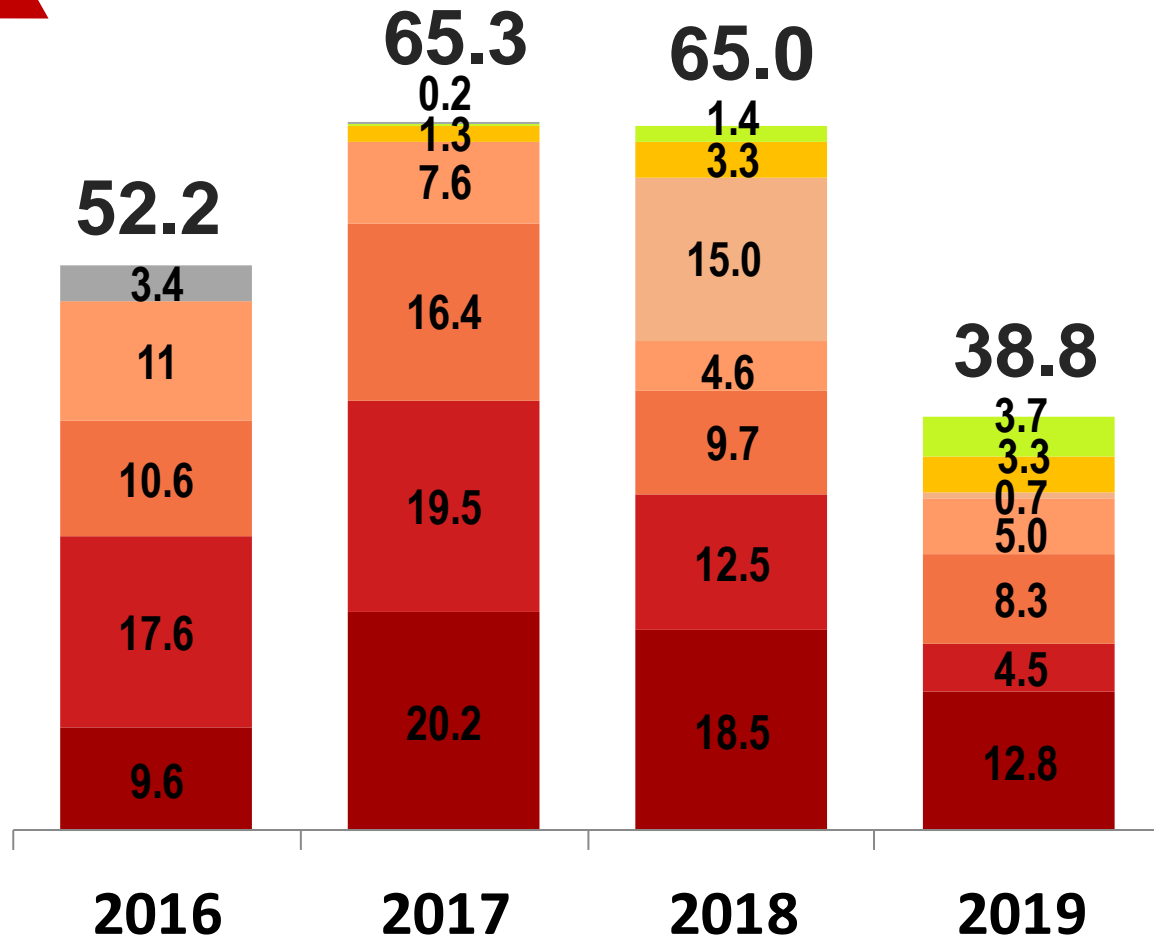
Capital Structure



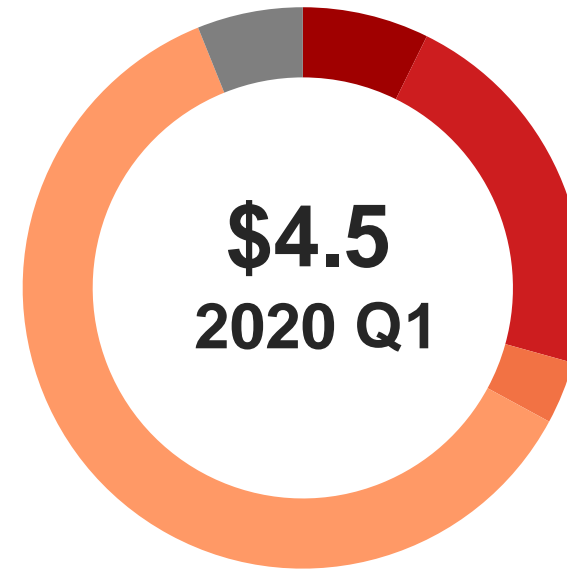
(US\$ Millions)	Dec 2019	Mar 2020
Short-Term Debt	126.1	196.7
Long-Term Debt	142.4	55.8
Total Bank Debts	268.5	252.5
Cash	152.7	152.6
Net Debt	115.8	99.9
Common Equity	383.8	362.5

Key financial ratios	Dec 2019	Mar 2020
Current ratio	1.49	1.27
Bank Debt/Equity	0.55	0.55
Book value/share (\$)	0.17	0.16

Disciplined Capital Investments



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



- Buildings.....7%
- Machinery.....22%
- Furn & Fix.....4%
- Constr. in progress.....61%
- Others.....6%




Key Takeaways

- Automotive market outlook continues to be soft but reopening of OEMs will bring more certainty; Turbulent market environment presents new opportunities in Telecom, Medical, and Consumer
- The new normal will introduce new issues in manufacturing efficiency and logistical costs
- Cashflow prioritized with deferment of non-critical costs, renegotiation of customer and supplier payment terms
- Rationalization of footprint being considered, particularly in countries with multiple operating sites

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