



# IMI Analyst Briefing 2022 Q1

May 6, 2022  
Online

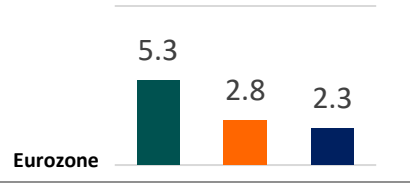
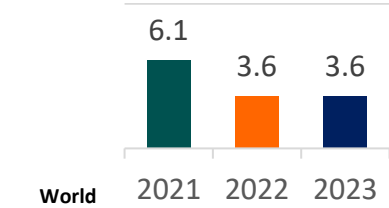


# **Global Economic Outlook**

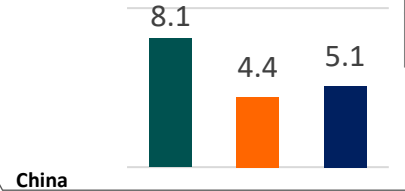
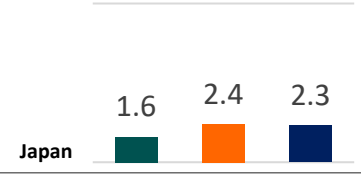
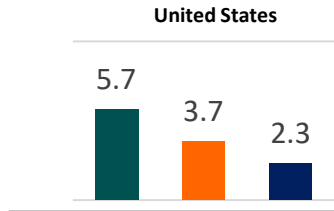


# Global Economy

Russia's war in Ukraine and China's strict coronavirus restrictions contribute to a significant slowdown in global growth in 2022 and add to inflation.



Region	2021	2022	2023
Germany	2.8	2.1	2.7
France	7.0	2.9	1.4
UK	7.4	3.7	1.2



Region	2021	2022	2023
Advance Economies	5.2	3.3	2.4
Emerging Markets & Developing Economies	6.8	3.8	4.4
ASEAN-5	3.4	5.3	5.9



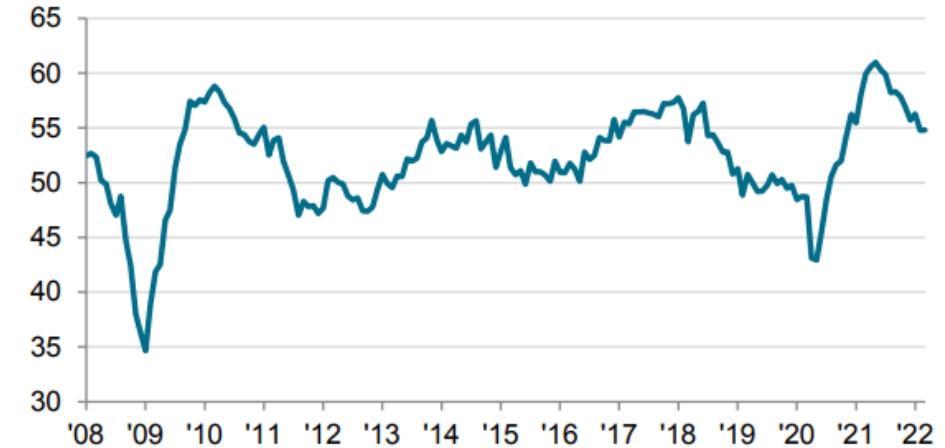
# Global Manufacturing & Electronics PMI

*Electronics PMI is at 54.8 in March, still at an expansion mode but supply chain issues and COVID 19 continue to drag on growth*



## S&P Global Electronics PMI

sa, >50 = improvement since previous month



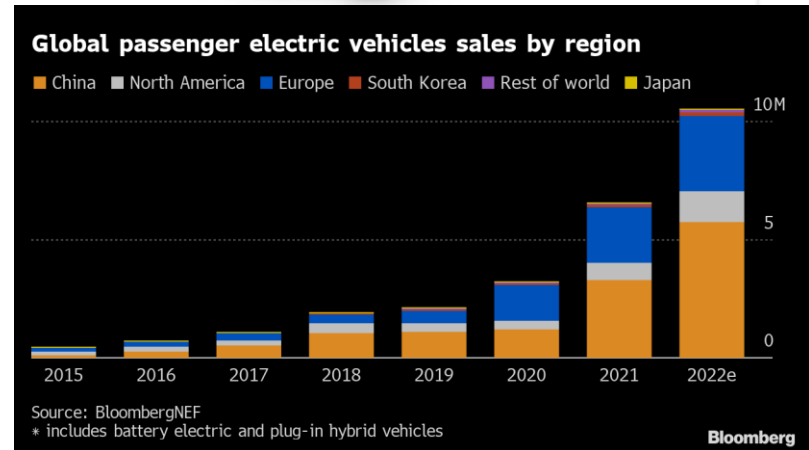
**Mar  
54.8**

Source: S&P Global.



# Electric Vehicle Growth: Demand > Supply

- EVs continue its growth surge despite the rising costs of batteries
- 2022 Q1: Tesla sales up 81% from last year. Volkswagen Group saw a 65% bump for all of its electric models, while sales of Mercedes EVs were up 37%
- Incentives and tax breaks continue to be the main attraction and rising cost of gasoline
- Currently all battery cell production to date is less than 10% of what will be needed in 10 years (the rest is yet to be developed)





# Global Electronics Manufacturing Supply Chain Update



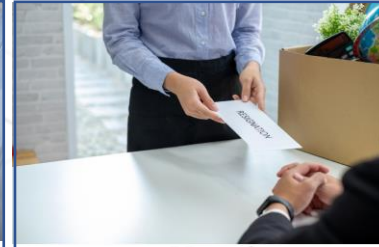
**Supply chain constraints are continuing to ease**



**Labor costs and material costs remain high**



**Profit margins are declining**



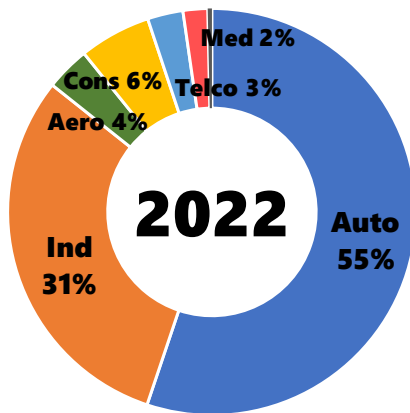
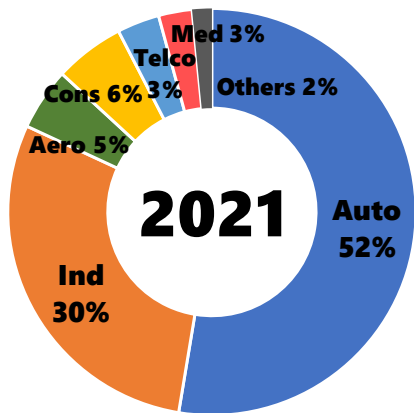
**Recruiting and retaining skilled talent continues to be a challenge**



# Financials

# 2022 Q1 Segment Updates

	'21 Q1	'22 Q1	Y/Y%
<b>Auto</b>	171.9	184.2	7%
<b>Ind</b>	97.0	102.1	5%
<b>Aero/Def</b>	16.2	11.7	-28%
<b>Cons</b>	18.2	19.0	4%
<b>Telco</b>	11.0	9.4	-15%
<b>Medical</b>	8.7	6.5	-25%
<b>TOTAL</b>	<b>327.5</b>	<b>334.0</b>	<b>2%</b>



## ➤ Automotive:

- Ongoing price renegotiations with key customers
- Low pipeline wins for the quarter due to timing, still several good opportunities being worked on. Significant wins in the past quarters will continue to drive growth

## ➤ Industrial:

- Seeing significant transition in customer base to renewable energy and EV chargers
- High energy prices in Europe bringing opportunities in Oil and Gas sector

## ➤ Aero/Defense:

- Difficulty of utilizing alternative components for specialized aerospace and defense products has magnified effect of supply chain shortage
- Geopolitical tension in Europe leading to increased spending and restocking of equipment in NATO countries. Starting to see increased commercial activity in the defense market.

## ➤ Medical:

- Significant amount of new opportunities identified in China

## ➤ Telco:

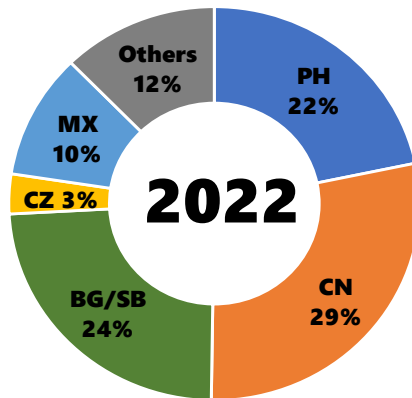
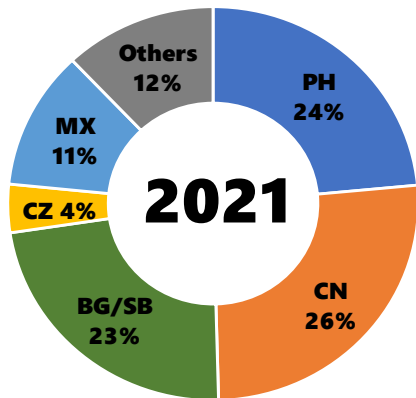
- Continued sanctions by USA on key Chinese Telco companies limiting growth to domestic market





# 2022 Q1 Region Updates

	'21 Q1	'22 Q1	Y/Y%
PH	73.6	68.5	-7%
CN	67.1	72.0	7%
BG/Serbia	75.5	78.3	4%
CZ	13.0	10.7	-18%
MX	37.3	33.6	-10%
VIA + STI	73.0	75.6	4%
<b>TOTAL</b>	<b>327.5</b>	<b>334.0</b>	<b>2%</b>

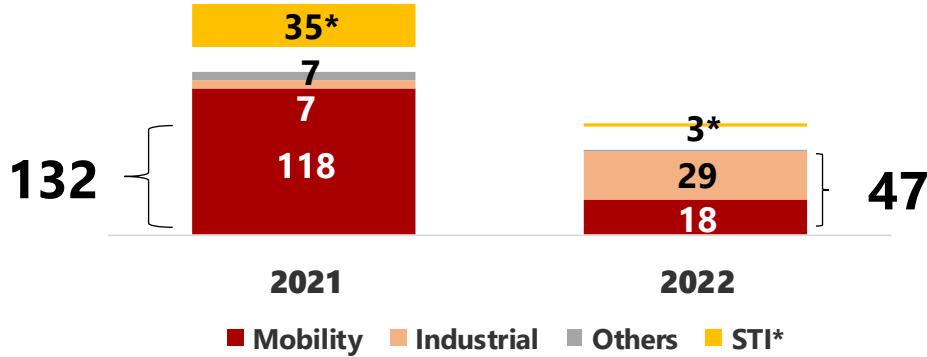


- **PH:**
  - Philippine revenue growth held back by backlogs, now at ~\$42M
- **CN:**
  - Growth driven by Chengdu and Automotive focused Jiaxing site. Revenue miss in Shenzhen sites due to recent Zero-Covid policy shutdown but expected to recover revenue by Q2
- **BG/Serbia/CZ/:**
  - Continued component shortage challenges offset by cost reduction measures.
  - Severe lack of skilled labor available in the market leading to high attrition rates
  - Energy prices have increased in the region due to Ukraine – Russia conflict
- **MX:**
  - Component shortage and high logistics expenses still affecting financial results. However, renegotiated prices with key customers have started to take effect in Q1
- **VIA / STI:**
  - Effects of supply chain shortage are magnified since it is difficult to utilize alternative components in specialized automotive, aerospace and defense products.



# 2022 Group Program Wins

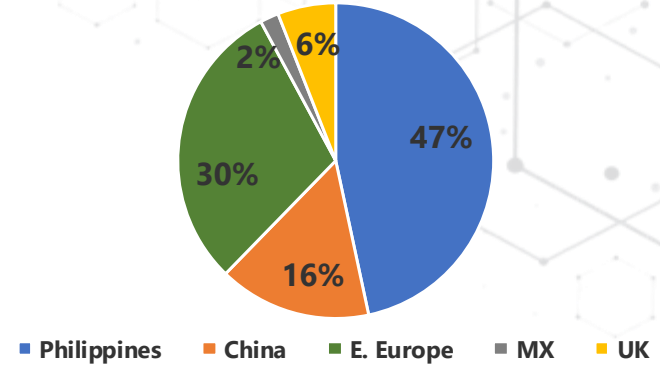
## 2022 Q1 New Program Wins



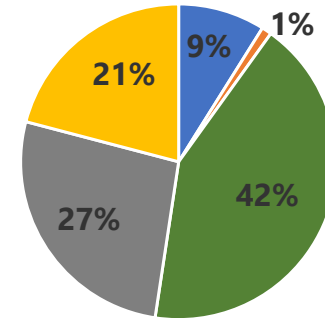
### Notable Wins in 2022

Cashless Payment System	Industrial	Philippines
Power Operated Tailgate	Mobility	Bulgaria
IoT System	Industrial	Philippines
Industrial Breakers	Industrial	China
Industrial Power Module	Industrial	Philippines
Automotive eCompressor	Mobility	Czech Republic

### Win Location - 2022



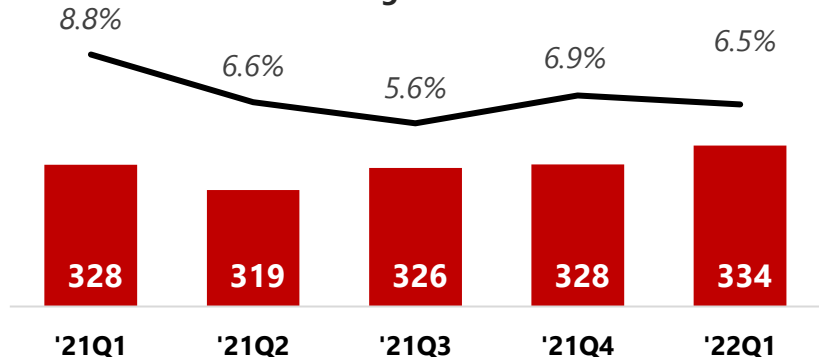
### Win Location - 2021



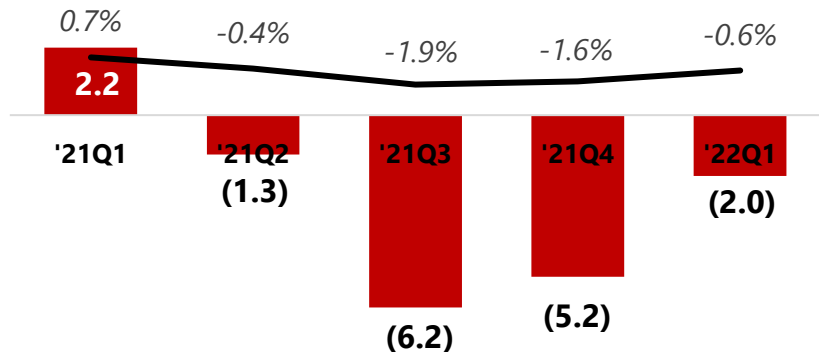


# 2022 Q1 Performance

## Revenue and Gross Profit Margin



## Net Income

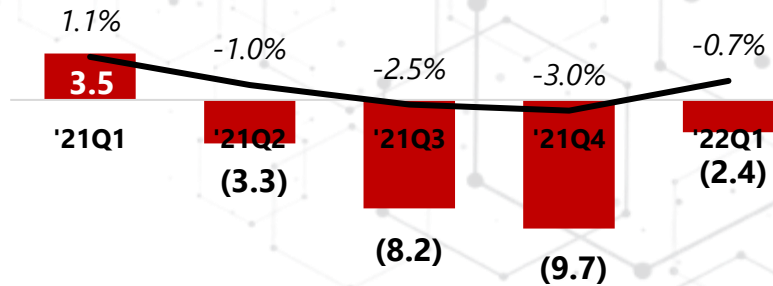


**Non GAAP**

3.6 (2.5) (6.2) (2.3) (2.4)

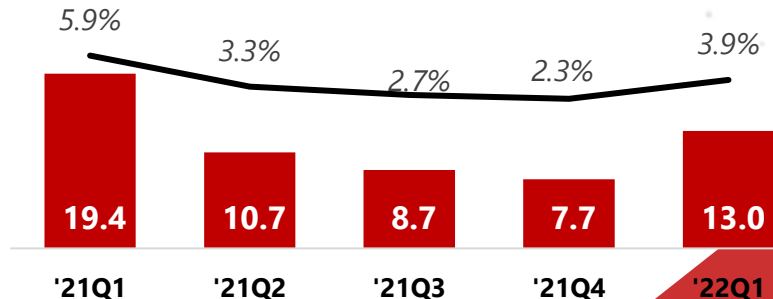
**Non GAAP**

## Operating Income



5.3 (1.4) (5.1) (6.1) (1.4)

## EBITDA

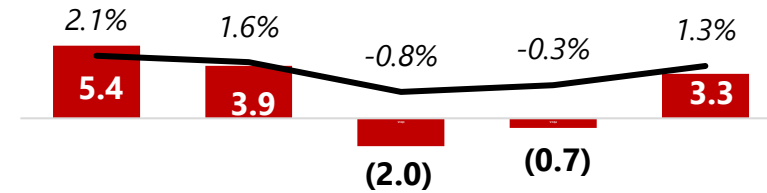
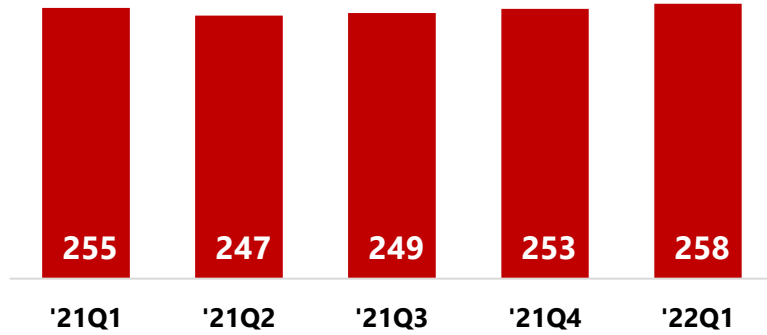


17.6 11.0 7.9 7.7 11.2



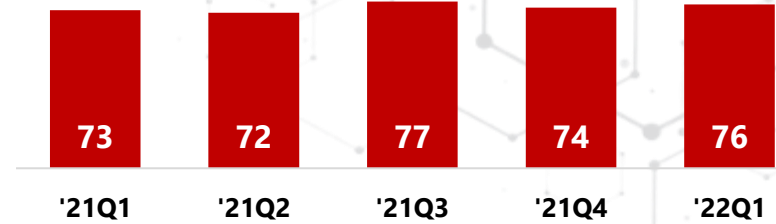
# 2022 Q1 Performance

## Wholly Owned Subsidiaries

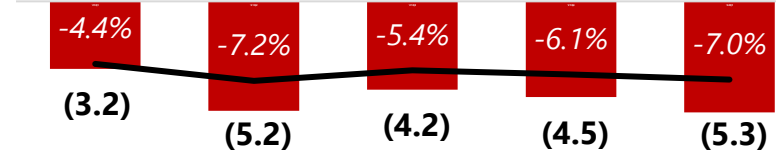


7.0	1.7	(0.9)	3.3	3.2
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## Revenue



## Net Income

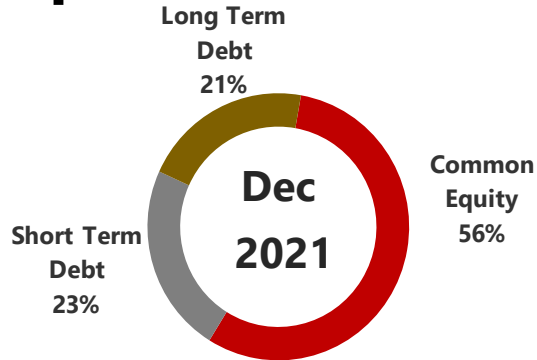


## Non GAAP

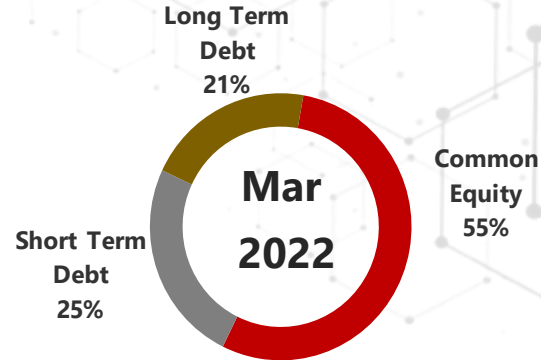
(3.4)	(4.2)	(5.3)	(5.6)	(5.6)
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# Capital Structure



Add net debt to equity



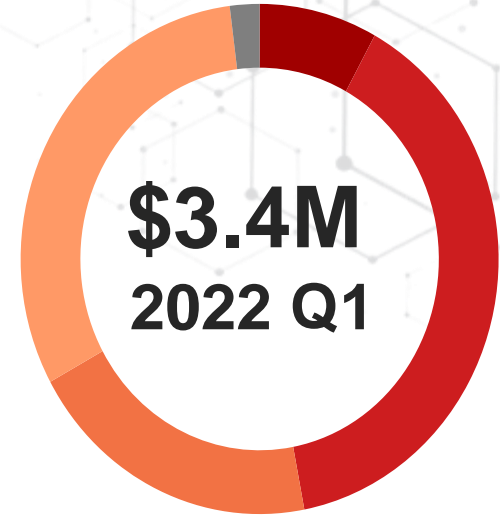
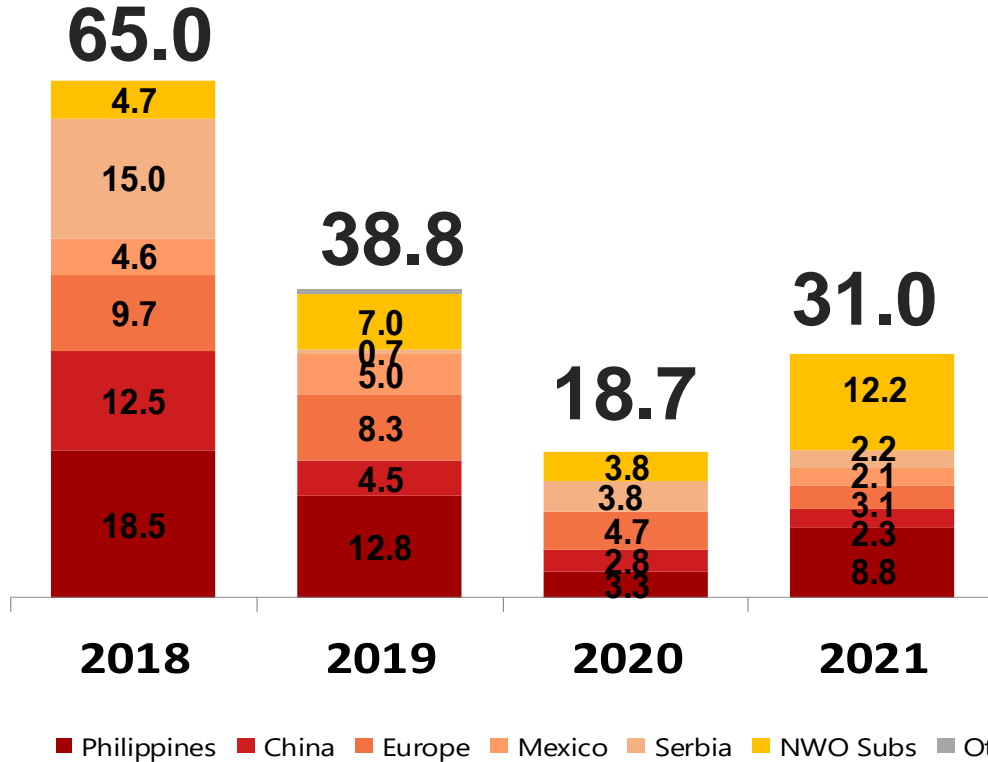
(US\$ Millions)	Dec 2021	Mar 2022
Short-Term Debt	165.8	178.4
Long-Term Debt	151.5	150.7
Total Bank Debts	317.3	329.2
Cash	159.8	157.3
Net Debt / (Net Cash)	157.5	171.9
Common Equity Attributable to Parent	404.6	394.5

Key Financial Ratios	Dec 2021	Dec 2022
Current ratio	1.59	1.56
Bank Debt/ Total Equity	0.69	0.73
Book value/share (\$) *	\$0.18	\$0.18
Book value/share (PHP) *	₱9.19	₱9.12

\*Excluding Preferred Equity and Minority Interest



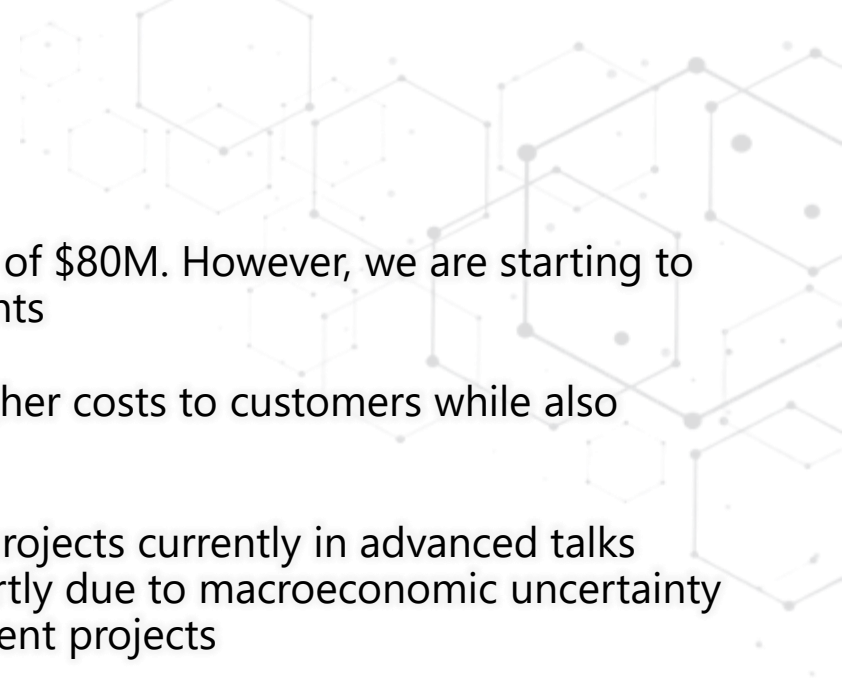
# Disciplined Capital Investments



- Buildings.....8%
- Machinery.....39%
- Furn & Fix.....20%
- Constr. in progress.....31%
- Others.....2%



# Key Takeaways



- Poor supply chain situation led to high backlog level of \$80M. However, we are starting to see some improvements in long lead time components
- Actively pursuing price renegotiations to pass on higher costs to customers while also driving efficiency improvements across all sites
- Pipeline wins less than Q1 last year, but several key projects currently in advanced talks with customers. Slowdown of commercial activity partly due to macroeconomic uncertainty as customers focus on securing components for current projects
- Continued macro-economic disruptions with multiple lockdowns in China and continued geopolitical tension in Europe



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