



IMI Analyst Briefing 2022 Q2

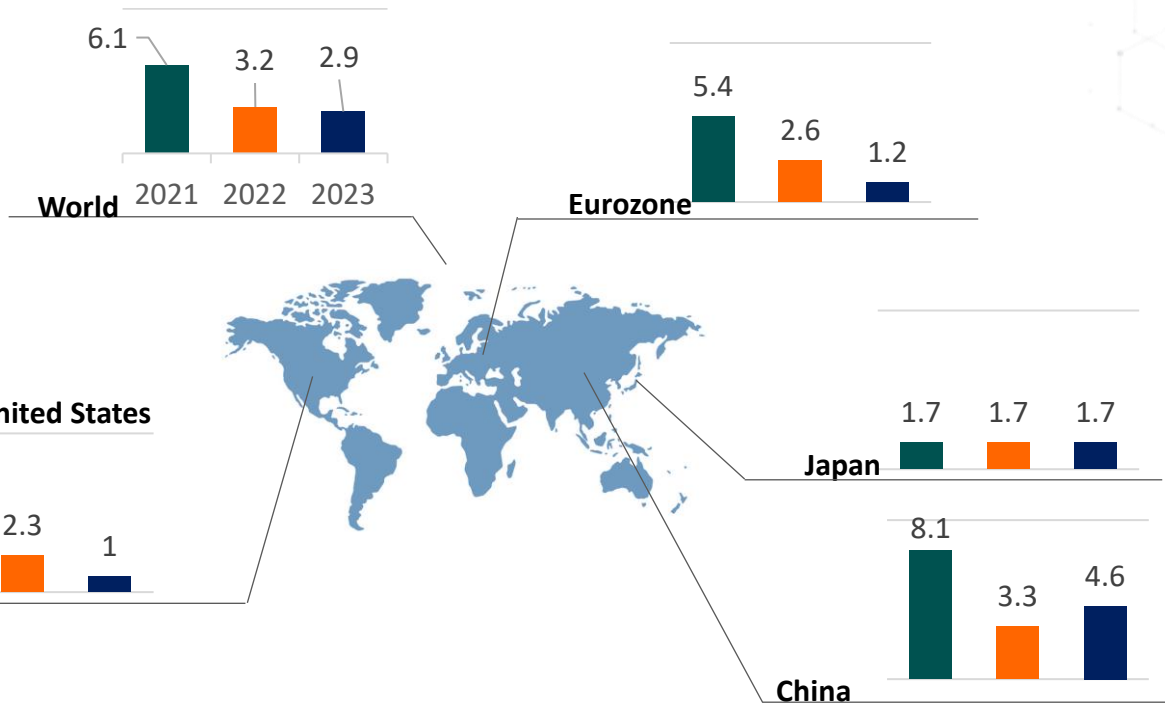
August 3, 2022
Online



Global Economic Outlook

Global Economy

Higher-than-expected inflation triggering tighter financial conditions; a worse-than-anticipated slowdown in China and negative spillovers from the war in Ukraine have further lowered expectations in 2022 vs last quarter



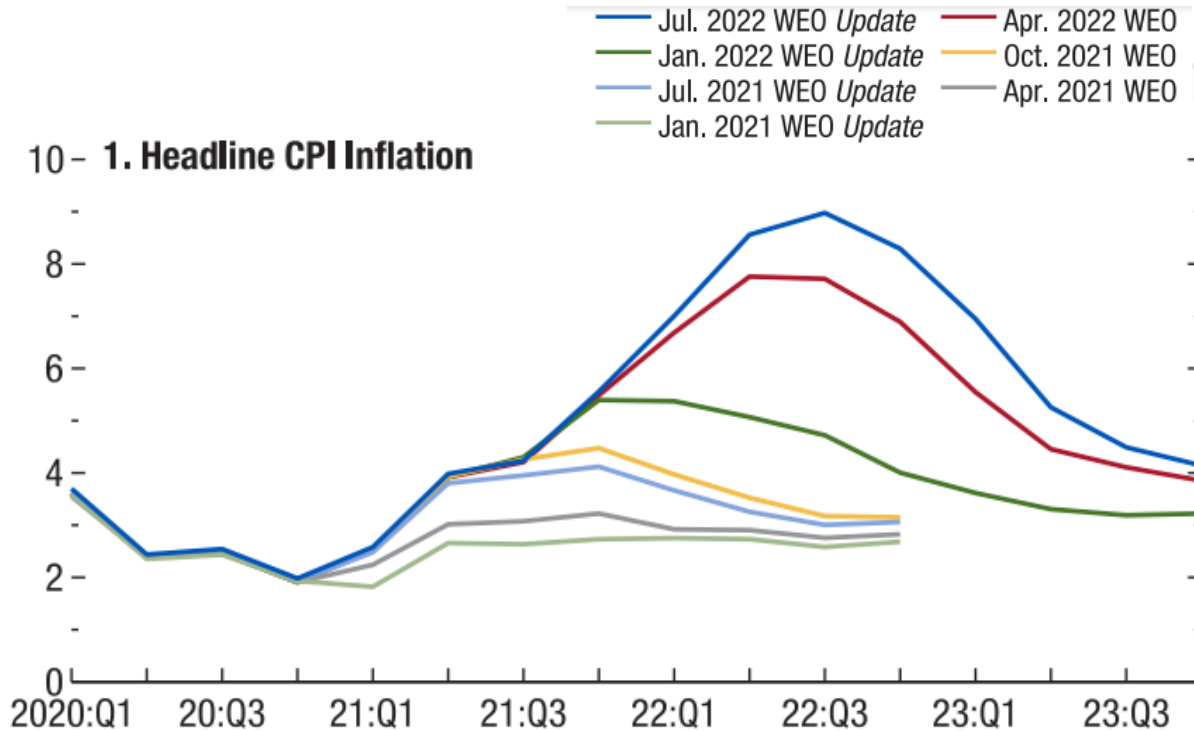
Region	2021	2022	2023
Advance Economies	5.2	2.4	1.5
Emerging Markets & Developing Economies	6.8	3.6	3.9
ASEAN-5	3.4	5.3	5.1

Source: IMF World Bank Outlook July 2022



Headline CPI Inflation

Consumer prices have consistently risen faster than widely expected,



The blue line shows CPI inflation may have peaked in between Q2 and Q3 in 2022

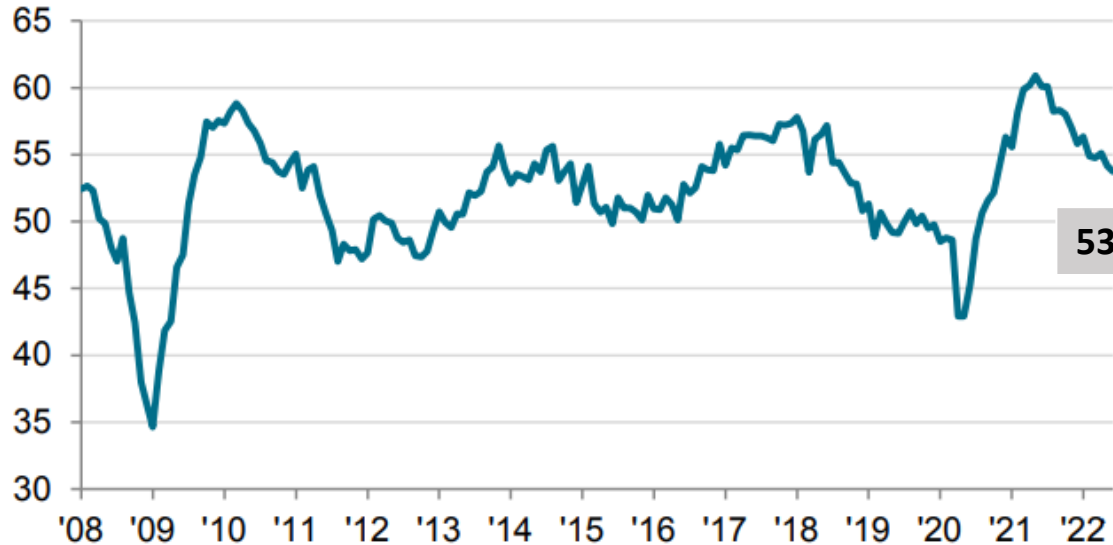
Central banks in several emerging market and developing economies have raised interest rates more aggressively

The baseline projection for global inflation has been revised up to 8.3 percent in 2022 (From 6.4 in April)

Purchasing Managers Index – Global Electronics, June '22

S&P Global Electronics PMI

sa, >50 = improvement since previous month



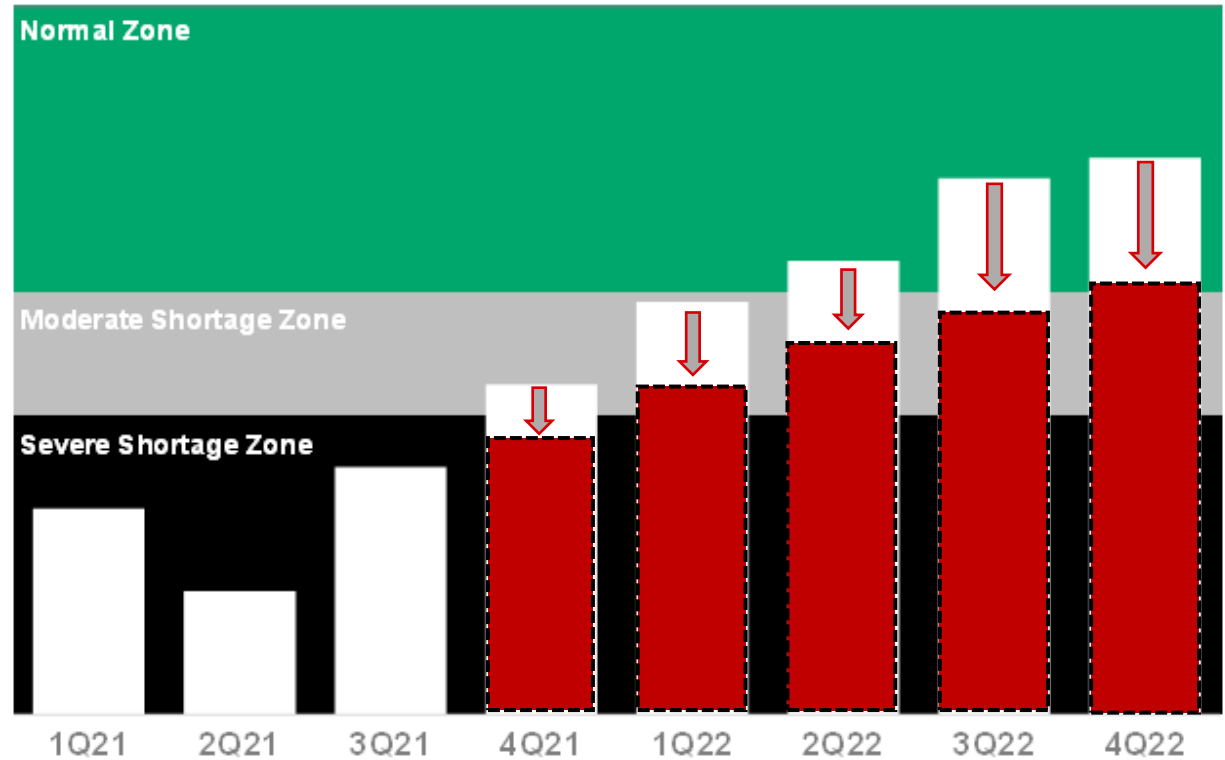
Source: S&P Global.

- PMI falls to 20-month low in June amid slowing demand
- Electronics PMI fell to 53.7 in June, down from 54.2 in May with orders at the slowest pace since Sept 2020
- Availability of some parts have eased a bit with slight cooling of inflationary pressure.
- Stockpiling of inputs continued as businesses sought to protect against supply issues and price rises.



Delay in Supply Chain Recovery

- **Delta variant** spike in Asian manufacturing regions and **geopolitical tensions in Europe** delayed the recovery of the market
- **Automotive** segment was particularly behind due to slow acceptance of price increase and alternative component approval. Now starting to seeing shift to more component allocation for mobility and industrial segments
- **Component price and supply** is expected to ease towards the normal zone beginning in the Q4 of 2022



Source: Gartner

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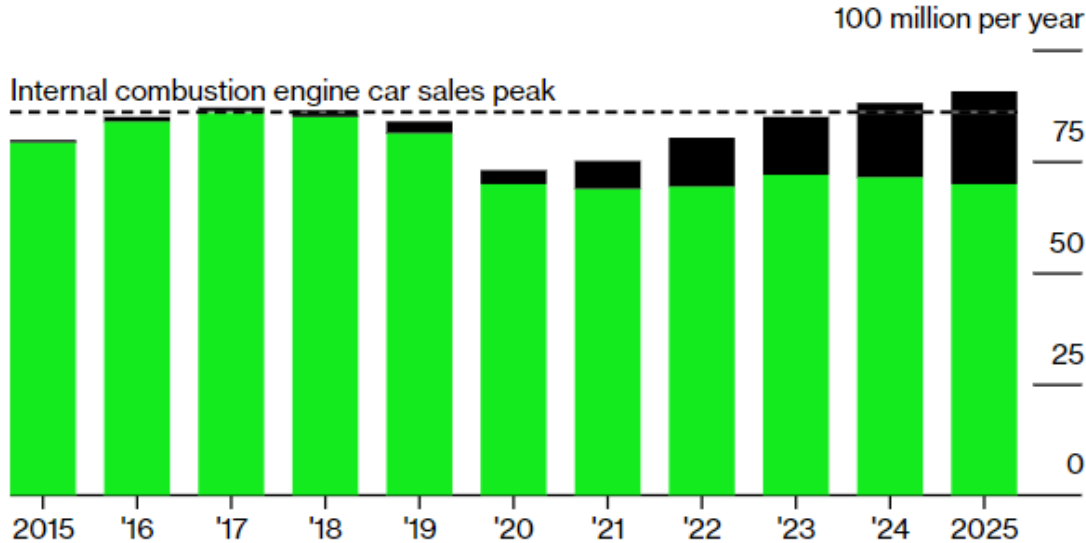


The Future of Mobility is Electric

Peak ICE Is Behind Us

Global passenger vehicle sales by powertrain

■ Internal combustion ■ Electric



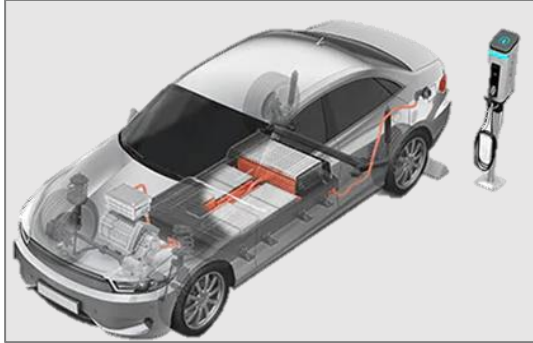
Source: BloombergNEF Long-Term Electric Vehicle Outlook 2022

Note: Electric vehicles include plug-in hybrid vehicles

By 2025, sales of internal combustion passenger vehicles will be 19% below their 2017 peak.

- Electric vehicle sales could reach 33% globally by 2028 and 54% by 2035
- EVs accounted for less than 8% of global sales last year, and just under 10% in the first quarter of 2022
- Not enough EVs are being made to meet the demand; Sales have slowed down slightly in 2022

Market Update on Focus IMI Markets



- Sales of battery-electric vehicles (BEVs) to grow by more than 25% annually through 2030
- Electric car charging market could be worth \$207.5 billion by 2030

Source: McKinsey & Company



- Sensors in the IoT devices to grow at a CAGR of 30.8% from 2021-2028
- Integrated sensors market will grow at a CAGR of 9.2% from 2022-2028

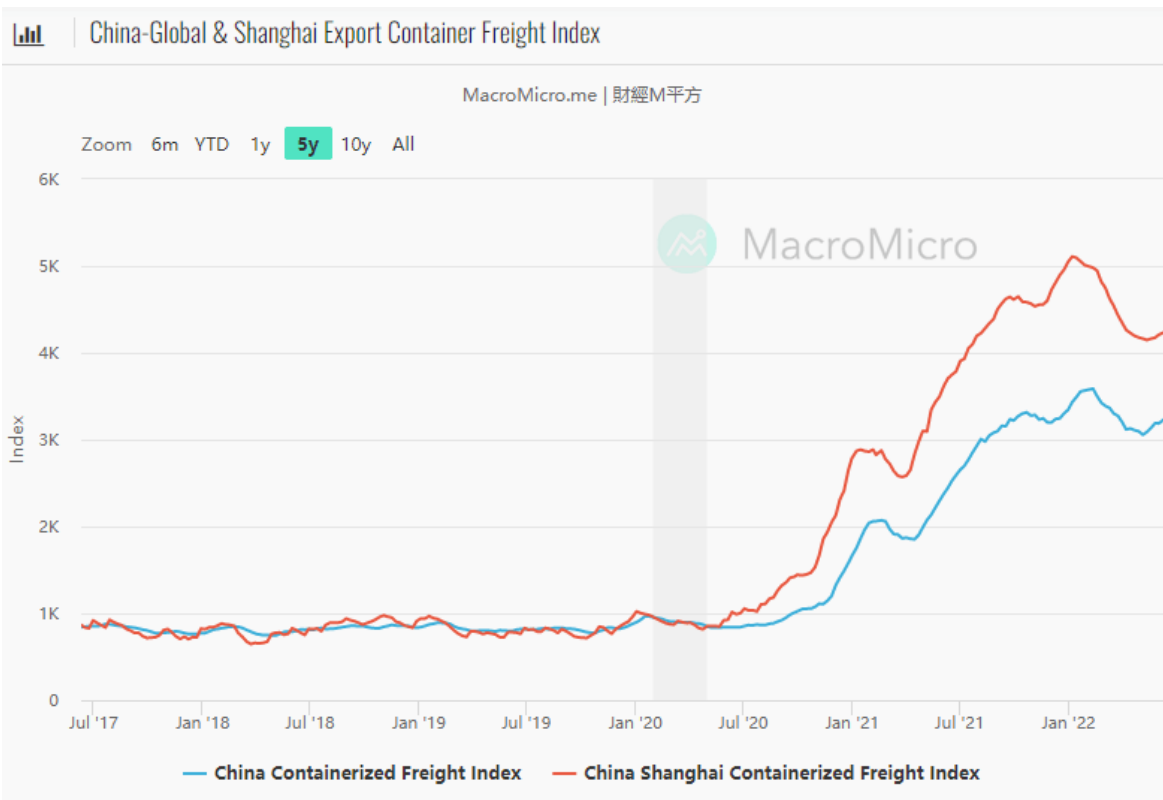
Source: Emergen Research released by Datamation and 360 Market update



- Global A&D market is expected to grow a CAGR of 8.5% up to 2026 as travel slowly resumes post-pandemic

Source: Report Linker

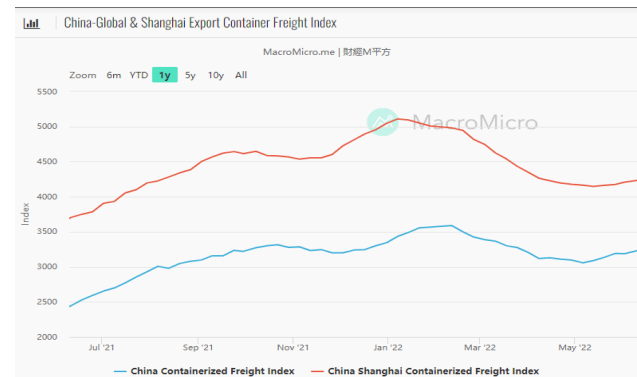
Logistic and Freight Cost



SCFI

CFI

- Freight market rates are expected to stay high despite 14 weeks of dropping in Q1'22.
- Increase again during the last 4 weeks due to reopening of Shanghai port after lock down.

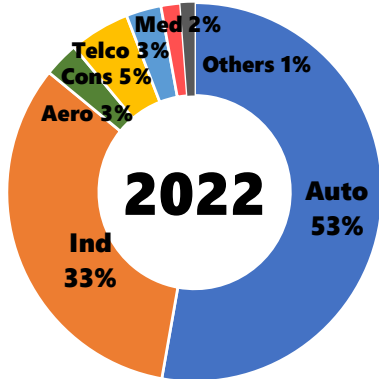
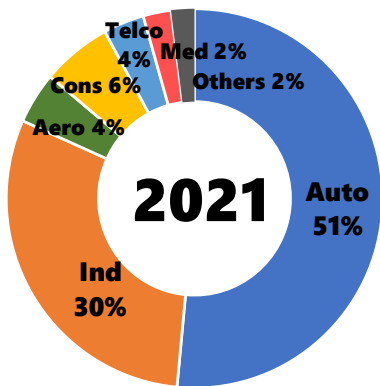




Financials

2022 Q2 Segment Updates

	'21 Q2	'22 Q2	Y/Y%		'21 6M	'22 6M	Y/Y%
Auto	161.0	180.6	12%		332.9	364.8	10%
Ind	98.4	126.4	28%		195.4	228.5	17%
Aero/Def	12.2	9.1	-25%		28.4	20.8	-27%
Cons	20.6	17.0	-17%		38.8	36.0	-7%
Telco	11.7	11.5	-2%		22.7	20.9	-8%
Medical	6.8	5.1	-25%		15.5	11.6	-25%
TOTAL	319.1	356.9	12%		646.6	690.9	7%



➤ Automotive:

- Growth impacted by component shortage and devaluation of EUR against USD as significant amount of mobility contracts are based in Europe
- Cooperation with key players in the automotive space beginning to lead to recovered backlogs and sharing of high manufacturing expenses
- Improvement in supply chain allocation for focus segments automotive and industrial

➤ Industrial:

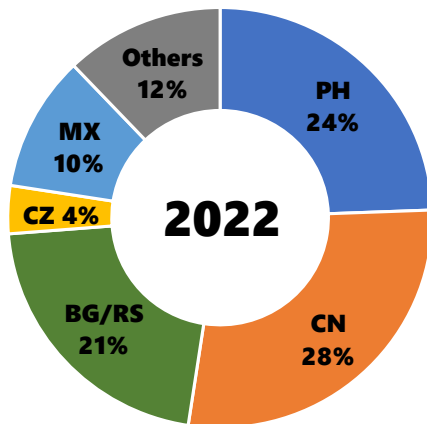
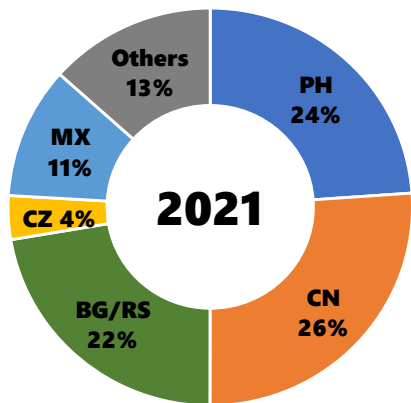
- Key driver of growth with \$76 million of new project wins in the first half of 2022
- Successful renegotiation of price adjustments in key accounts
- Industrial security products driving year-on-year growth

➤ Aerospace:

- Continued limited material availability of key components still challenging the aerospace segment
- Geopolitical tension in Europe bringing additional opportunities in the defense segment

2022 Q2 Region Updates

	'21 Q2	'22 Q2	Y/Y%		'21 6M	'22 6M	Y/Y%
PH	74.1	95.1	28%		147.7	163.6	11%
CN	64.7	81.2	26%		131.8	153.2	16%
BG/Serbia	68.9	69.3	1%		144.4	147.6	2%
CZ	10.0	14.8	48%		23.0	25.5	11%
MX	32.0	38.4	20%		69.3	72.0	4%
VIA + STI	71.9	67.1	-7%		144.9	142.7	-2%
TOTAL	319.1	356.9	12%		646.6	690.9	7%



➤ PH:

- Revenue growth driven by recovery of backlogs, and strong demand of industrial security devices
- Backlog levels remain at \$36M due to limited availability of components
- Rising energy costs and mandated wage increases mitigated by headcount efficiency

➤ CN:

- Strict government lockdowns across China sites affected manufacturing activities and further delayed supply chain deliveries
- Despite all these challenges, China sites achieved significant growth vs last year and vs Q1 2022 because of strong demand in automotive and industrial segments

➤ EU:

- Significant weakening of Euro to USD affecting revenues and margins across European sites
- Key mobility accounts starting to recover backlog and claim raw material purchase price variance from customers

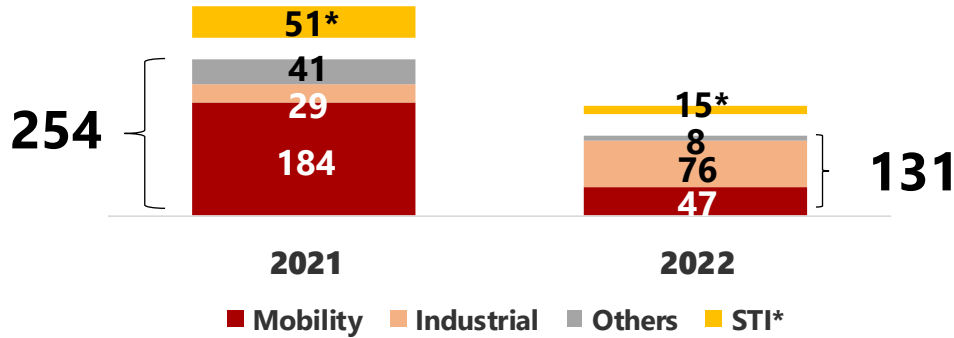
➤ VIA +STI:

- Consumer demand affecting laptop sales
- Slowdown of A&D because of long lead time components



2022 Group Program Wins

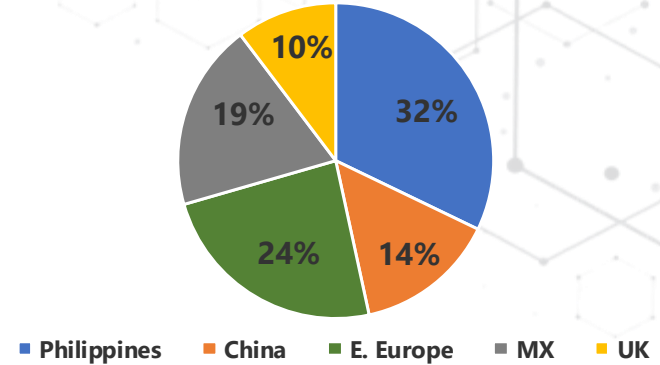
2022 6M New Program Wins



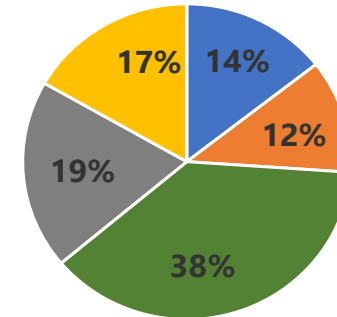
Notable Wins in 2022

IoT System	Industrial	Philippines
Industrial LED Lighting	Industrial	Mexico
Mobility LED Lighting	Mobility	Bulgaria
Cashless Payment System	Industrial	Philippines
Power Operated Tailgate	Mobility	Bulgaria
Industrial Breakers	Industrial	China

Win Location - 2022



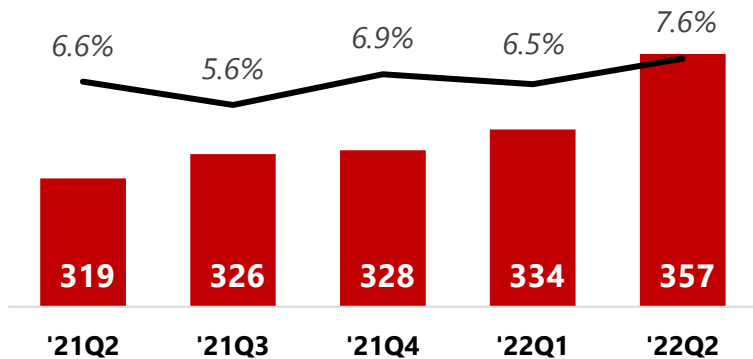
Win Location - 2021



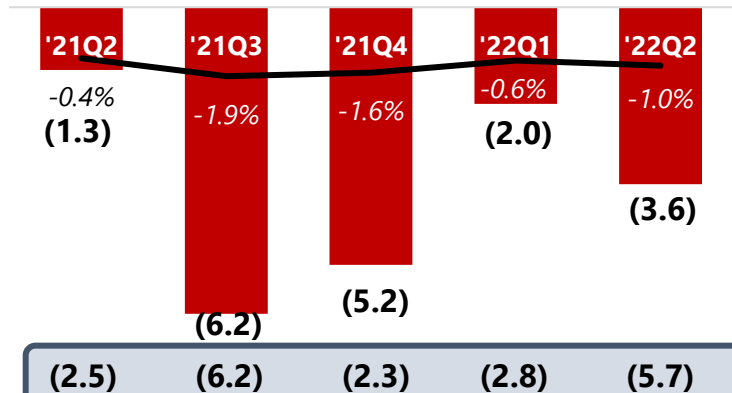


2022 Q2 Performance

Revenue and Gross Profit Margin

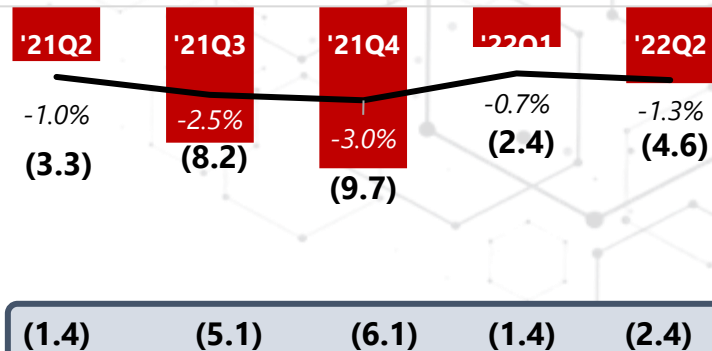


Net Income

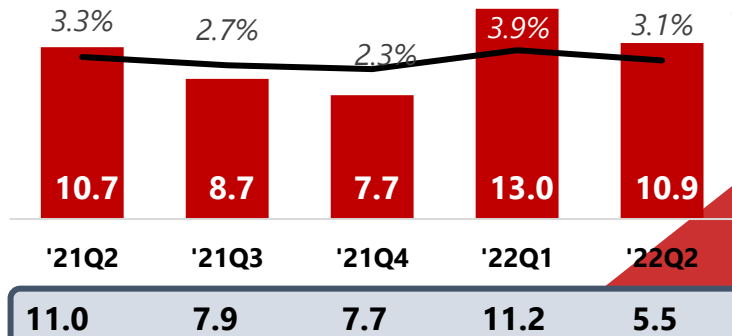


Non GAAP

Operating Income



EBITDA

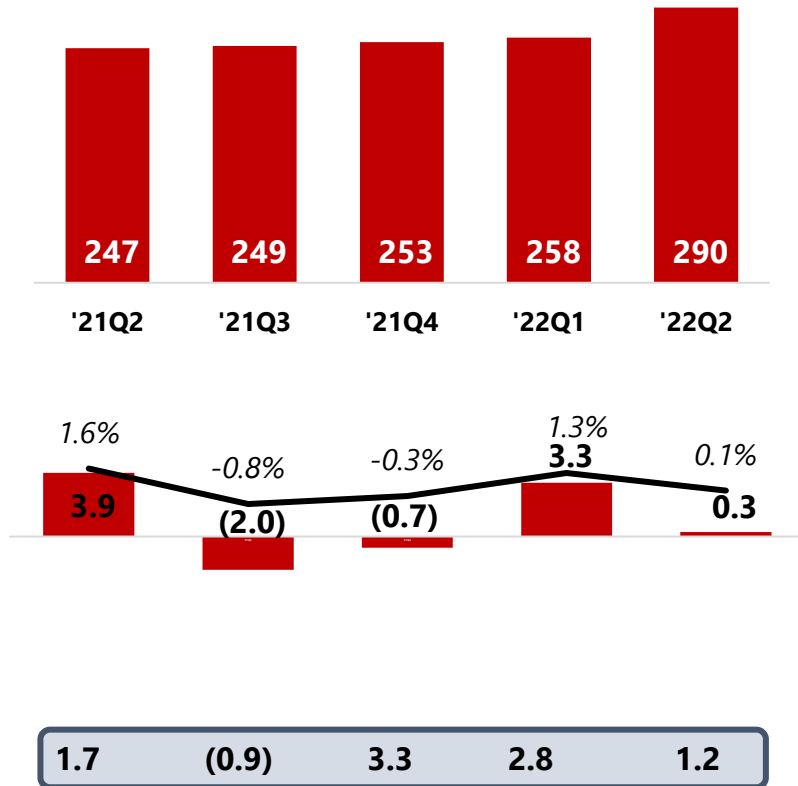


Non GAAP



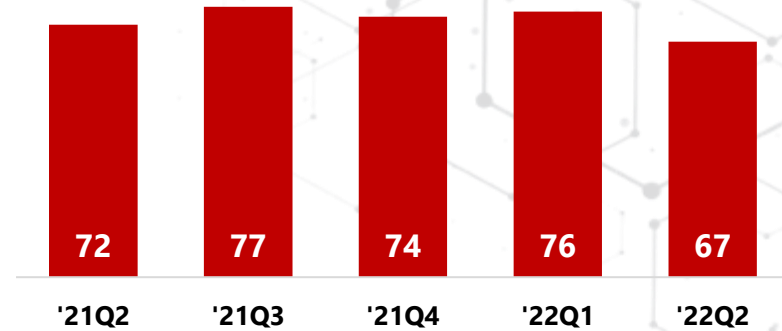
2022 Q2 Performance

Wholly Owned Subsidiaries

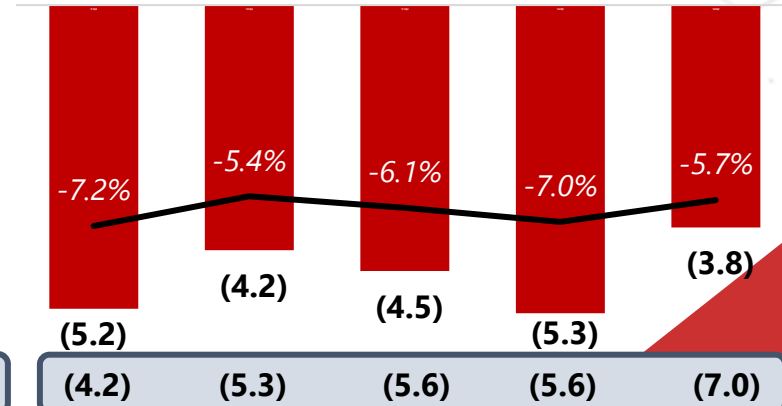


Non Wholly Owned Subsidiaries

Revenue

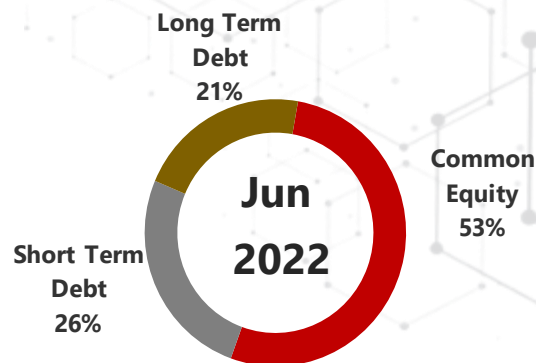
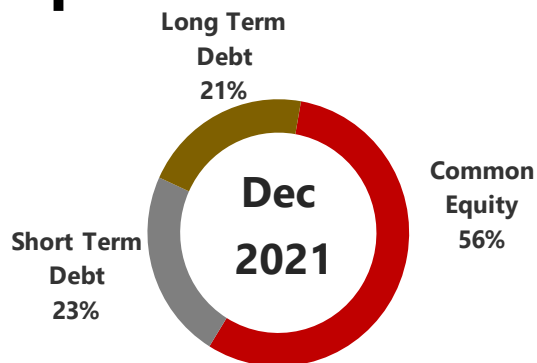


Net Income





Capital Structure



(US\$ Millions)	Dec 2021	Jun 2022
Short-Term Debt	165.8	182.1
Long-Term Debt	151.5	151.1
Total Bank Debts	317.3	333.2
Cash	159.8	126.5
Net Debt / (Net Cash)	157.5	206.7
Common Equity Attributable to Parent	404.6	372.2

Key Financial Ratios	Dec 2021	Jun 2022
Current ratio	1.59	1.52
Bank Debt/ Total Equity	0.69	0.80
Book value/share (\$) *	\$0.18	\$0.17
Book value/share (PHP) *	₱9.19	₱8.79

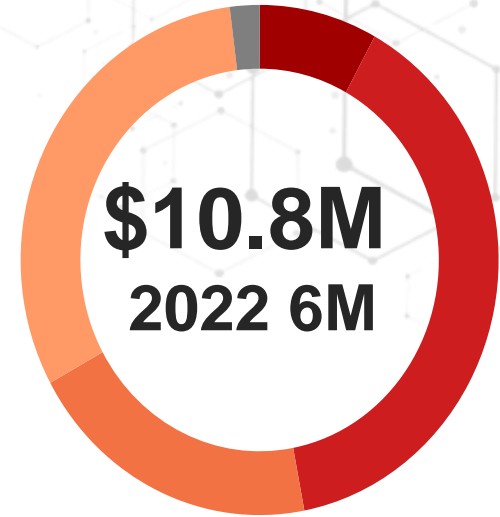
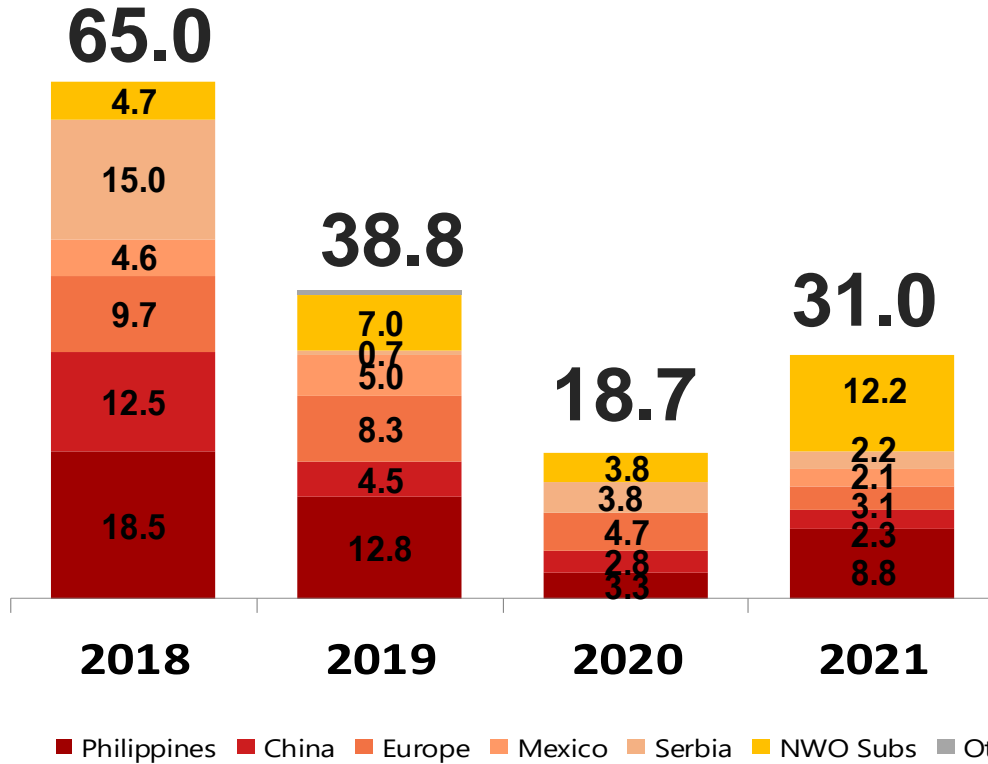
*Excluding Preferred Equity and Minority Interest

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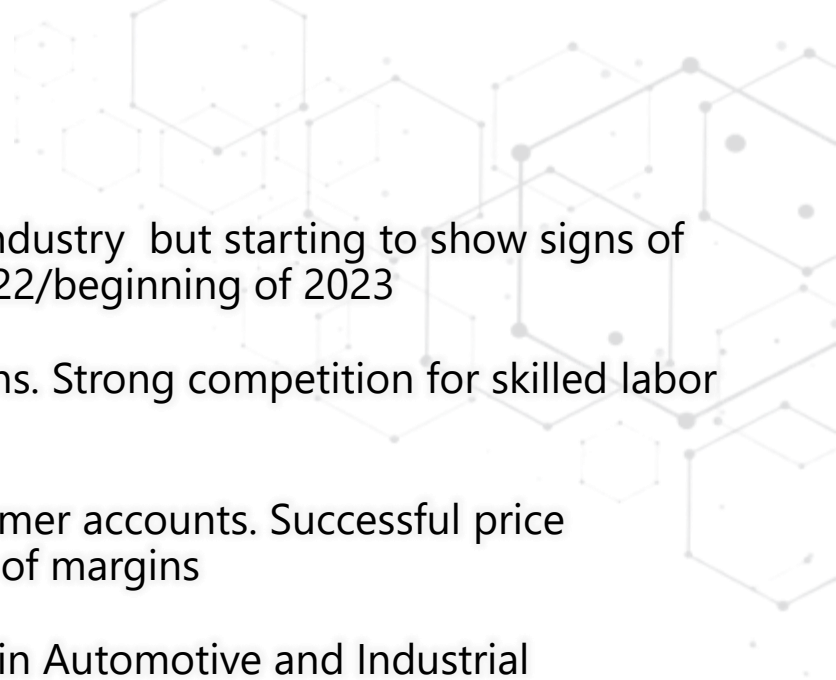
Disciplined Capital Investments



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



Key Takeaways



- Component shortage continues to affect the entire industry but starting to show signs of improvement that may be felt towards the end of 2022/beginning of 2023
- Rising inflation driving expenses and affecting margins. Strong competition for skilled labor also driving employee attrition rates
- Collecting raw material price variance from key customer accounts. Successful price renegotiations will also help in accelerating recovery of margins
- Still seeing strong growth with high level of demand in Automotive and Industrial segments leading to high level of backlog
- Maintaining a low level of capital expenditure as investments from previous years are still ready to accommodate continued ramp up of business activities as electronics industry recovers



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