



IMI Analyst Briefing 2022 Q4

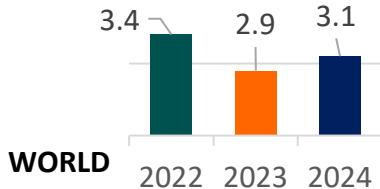
March 23, 2023
Online



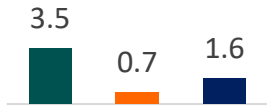
Global Economic Outlook

Inflation Easing Amid Low Growth

The global fight against inflation, Russia's war in Ukraine, and a resurgence of COVID-19 in China weighed on global economic activity in 2022, and the first two factors will continue to do so in 2023



Eurozone



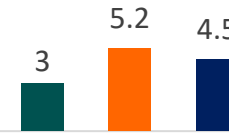
United States



Japan



China



Region	2022	2023	2024
Advance Economies	2.7	1.2	1.4
Emerging Markets & Developing Economies	3.9	4.0	4.2
ASEAN-5	5.2	4.3	4.7

	2022	2023	2024
Global Inflation	8.8	6.6	4.3

Source: IMF World Bank Outlook January 2023

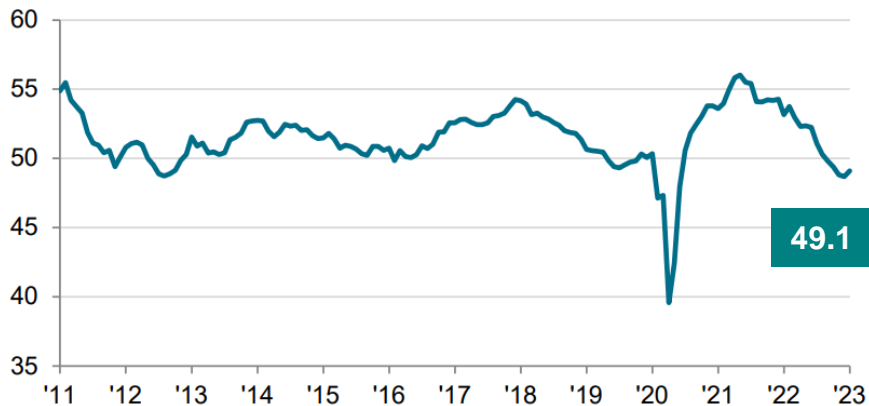
Global Manufacturing PMI and Electronics PMI

Contraction in global manufacturing and electronics sector continue with falling demand with still elevated prices

Global Manufacturing PMI In January, manufacturing is still in contraction mode despite a bit of easing. Only 9 out of 31 countries showed expansion mostly in Asia

J.P.Morgan Global Manufacturing PMI™

sa, >50 = improvement since previous month

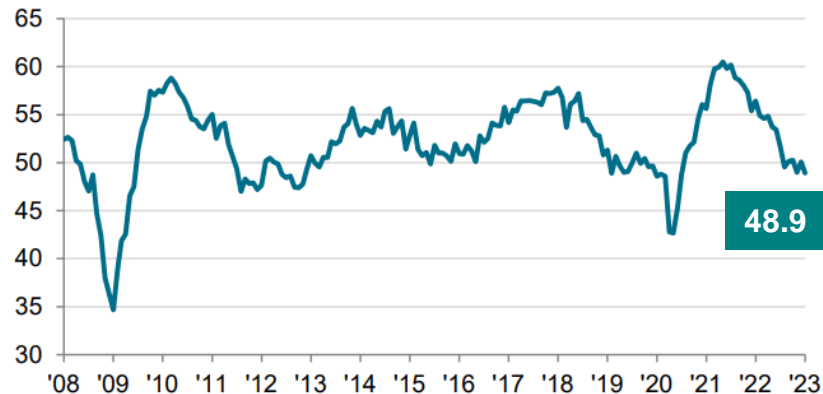


Source: J.P.Morgan, S&P Global.

Electronics PMI Electronics sector conditions worsen with falling demand, the third contraction in 3 months. New business fell for 8 straight months with still elevated inputs prices and inflation.

S&P Global Electronics PMI

sa, >50 = improvement since previous month



Source: S&P Global.



Electronics Industry: What To Expect in 2023

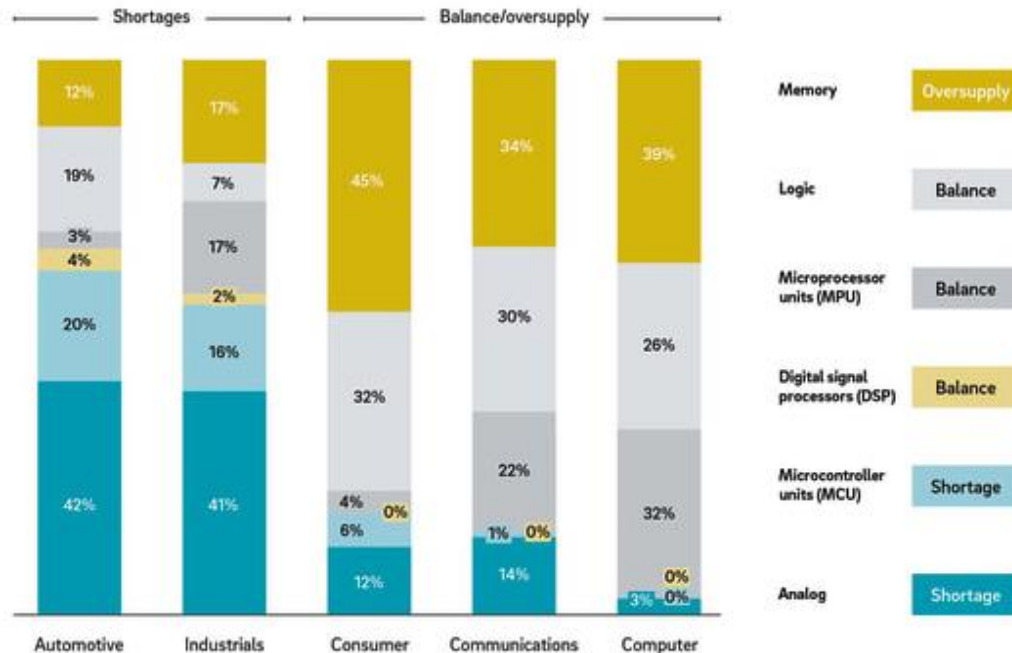
1. Inflation will continue to affect electronics production
 - *Drive continuous improvements and LEAN activities for manufacturing efficiency*
 - *Price renegotiation initiatives to realign elevated costs with customers*
2. Industry-wide increase in inventory levels
 - *Continue level loading and inventory buyback programs*
3. Decoupling of US and China
 - *Continue to search for regional sources for supply chain, but at the moment most components are still cheaper in Asia*
4. Reshoring electronics production
 - *Focus on growth of Mexico facilities to cater to NAFTA region*
5. Demand for sustainable electronics
 - *Continue to support technologies that enable shift to sustainable solutions*
 - *EV focused projects are ~50% of new mobility program wins in 2021 and 2022*

Semiconductor shortage: A different kind of trouble ahead

Not over yet: Shortage, oversupply and excess inventory at the same time

Automotive and industrials are particularly affected by semiconductor shortage due to high use of analog and MCU chips in critical applications

Total IC sales by type and end industry
[in % of total spend, 2020]¹



Source IC Insights (the McClean Report), Roland Berger

¹ Analysis not including passive components (discrete, optoelectronics, sensors)

Logistic and Freight Cost

China-Global & Shanghai Export Container Freight Index

MacroMicro.me | 財經M平方

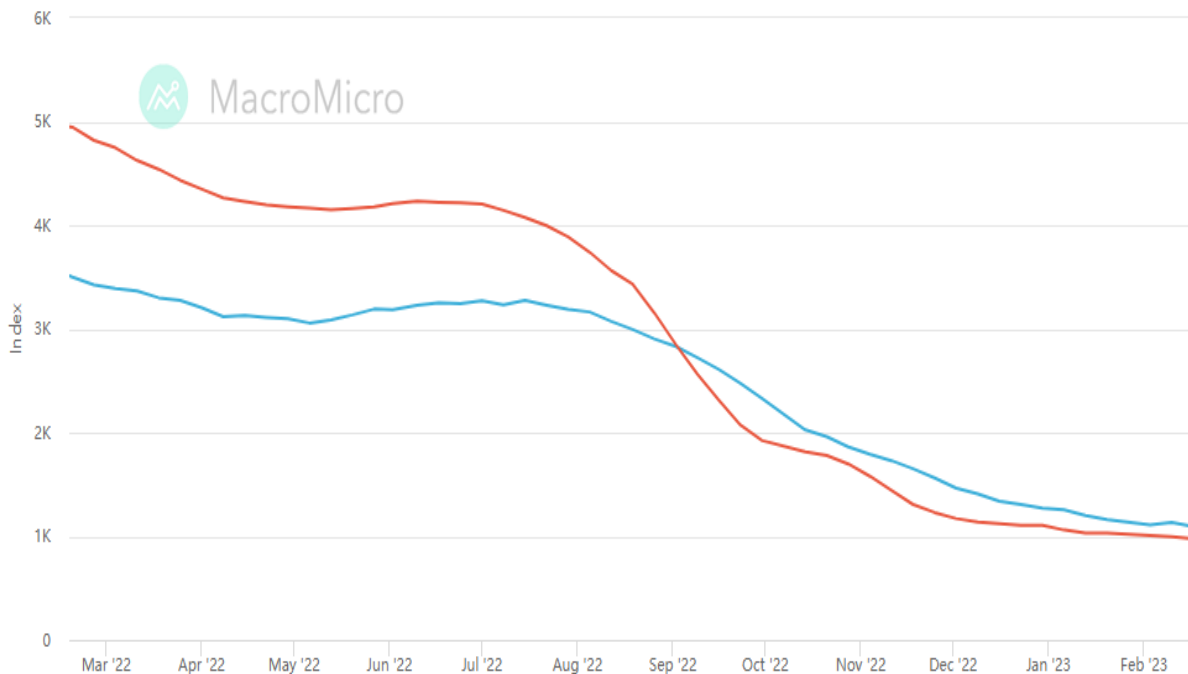
Share

Enlarge

SCFI

CFI

Zoom 6m YTD 1y 5y 10y All



- The Index fell to a reading of 1006, **down nearly 80%** from the beginning of this year.
- The **cost to ship a 40-foot container** from Shanghai to the West Coast of North America **dropped the most — 90%** — from a February high of \$8,117 to the current \$1,396. Rates from Shanghai to Europe plummeted nearly 81% from January 2022 to \$2,712 currently.
- The current in index is about **1.1x of the pre pandemic levels.**

Automotive Forecasts in 2023

- In 2022, estimates for global vehicle sales are around 79.4 million units, or 1.9 percent less than in 2021.
- In 2023, according to various assumptions, sales are expected to be between 79 and 81 million units.
- Growth will emanate from China and India

1
**NORMALIZATION
OF THE SEMI-CONDUCTOR /
SUPPLY CHAIN CRISIS**

2
**STALLING SALES
IN THE MATURE MARKETS**

**WHAT TO
EXPECT IN
2023**

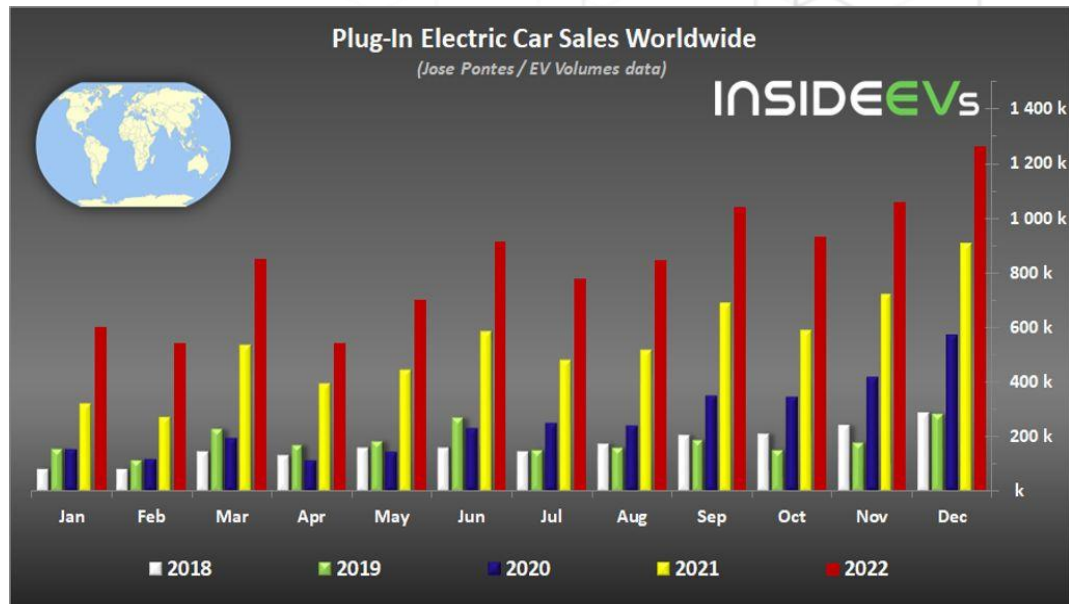
3
CHINESE EXPANSION PHASE 2

4
**EV EARLY ADOPTION
IN DEVELOPING ECONOMIES**

Source: Motor1.com

EV Sales 2022 and Forecast in 2023

- In 2022, more than 10 million new passenger plug-in electric cars were registered globally for the very first time.
- That's a 55% increase year-over-year, compared to some 6.5 million plug-in electric cars sold in 2021
- The average market share amounted to 14 percent, including 10 percent for all-electric cars. (One in ten new passenger cars was all-electric)
- BYD (1.8 million) leads the sales for rechargeable car followed by Tesla (1.3 million)





Net Zero Roadmap

Ayala
COMMITTS TO
NET ZERO
GREENHOUSE
GAS
EMISSIONS
BY 2050

AyalaLand **BPI** **Globe** **AC Energy**
An Ayala Company

IMI

2030 CO2 REDUCTION TARGETS
50% IN SCOPE 1 & 2
25% IN SCOPE 3

*Scope 1: Own Machines and Facilities; Scope 2: Electricity;
 Scope 3: Supply Chain, Transport, Capital Goods*

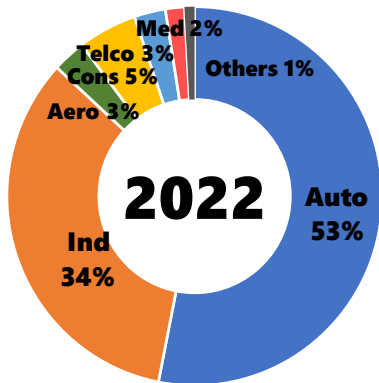
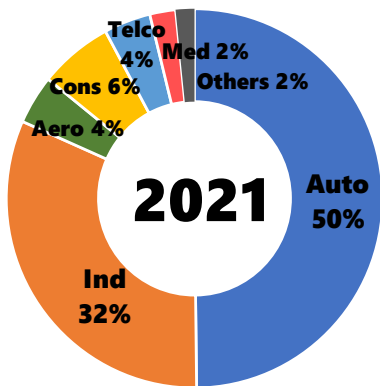




Financials

2022 Q4 Segment Updates

	'21 Q4	'22 Q4	Y/Y%		'21 FY	'22 FY	Y/Y%
Auto	164.2	201.7	23%		648.0	748.1	15%
Ind	108.9	123.4	13%		413.9	476.1	15%
Aero/Def	15.9	13.6	-15%		54.3	40.0	-26%
Cons	19.4	16.8	-13%		82.4	71.7	-13%
Telco	14.6	6.2	-58%		52.3	37.9	-28%
Medical	7.1	5.4	-24%		28.8	23.0	-20%
TOTAL	327.6	366.9	12%		1,300.6	1,409.0	8%



➤ Automotive:

- Full year growth could have been larger if not for drop of EUR/USD in the middle of the year
- Ramp up of new programs and models for existing customers
- Continued strong pipeline activity with \$201M of ARP booked this year, significant driver continues to be EV

➤ Industrial:

- Growth driven by successful ramp up of new projects from new and existing customers primarily in the Philippines and Serbia

➤ Aerospace:

- Recovery of component shortage continues to lag, but lengthy conflict in EU has potential to bring medium to long term opportunities in Defense sector

➤ Consumer:

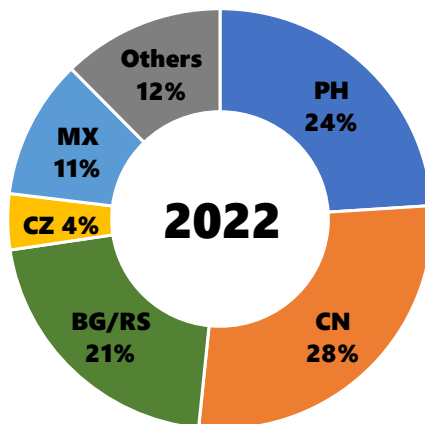
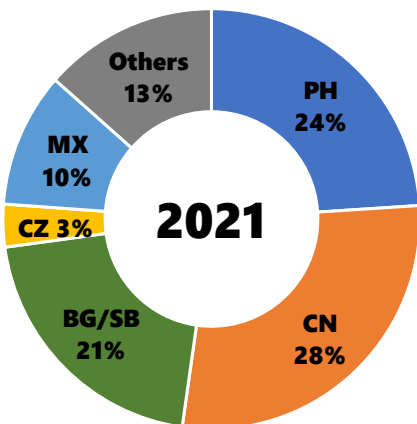
- Decrease in VIA's consumer laptop segment after substantial volume in the previous year due to work-from home arrangements

➤ Telco:

- In the process of exiting low margin businesses; excluding these selected product lines, segment is flat full year 2022 vs 2021

2022 Q4 Region Updates

	'21 Q4	'22 Q4	Y/Y%		'21 FY	'22 FY	Y/Y%
PH	70.3	82.1	17%		298.9	327.2	9%
CN	83.1	77.7	-7%		289.6	307.7	6%
BG/Serbia	63.3	81.0	28%		268.0	296.3	11%
CZ	10.6	18.2	72%		42.7	60.5	42%
MX	35.8	39.4	10%		134.9	151.0	12%
VIA + STI	74.1	73.1	-1%		296.0	292.0	-1%
TOTAL	327.6	366.9	12%		1,300.6	1,409.0	8%



➤ PH:

- Manufacturing efficiency activities led to \$1.7M in cost reductions
- Growth driven by Industrial segment from existing customers and new projects being ramped up, particularly in cashless payment systems

➤ CN:

- Re-opening of China will lead to new business opportunities and stabilization of costs
- Growth of Jiaying's automotive business offset by exit of non-profitable telco programs

➤ EU:

- Weak Euro vs USD affected revenues in Q2 and Q3 but has recovered towards the end of the year
- Continued ramp up of new major automotive projects in Czech Republic

➤ MX:

- Onshoring of NAFTA manufacturing activities led to growth of existing business and new project wins in the pipeline
- Margins for the year were affected by cost of expedited shipments due to component shortage, tight labor situation in the region, and weak Mexican Peso vs USD in the middle of the year

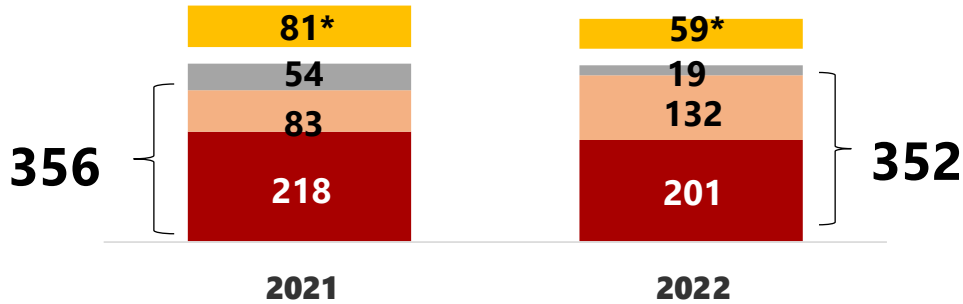
➤ VIA + STI:

- A&D component recovery still lagging behind other segments
- VIA continues ramp up with leading USA EV manufacturer



2022 Group Program Wins

Full Year New Program Wins



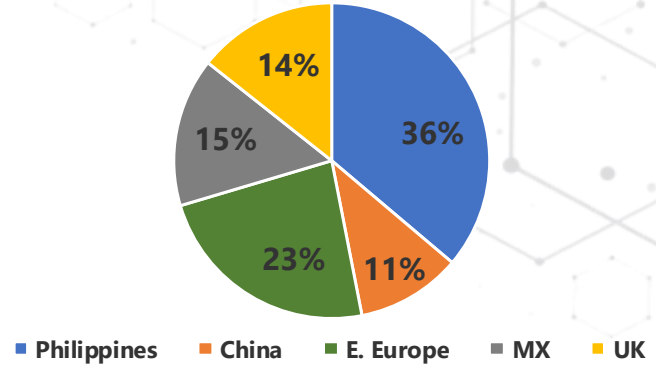
■ Mobility ■ Industrial ■ Others ■ STI*

*IMI wins Annual Revenue Potential; STI wins total project size

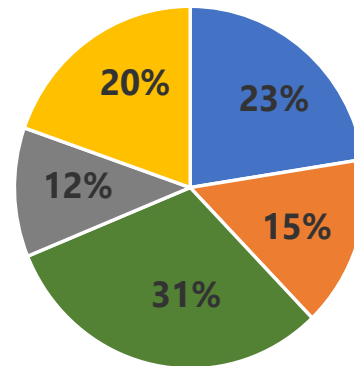
Notable Wins in 2022

EV Motorcycle	Mobility	Philippines
IoT Systems	Industrial	Philippines
EV Controls and Sensors	Mobility	Philippines
EV High Voltage Coolant Heater	Mobility	RS and CZ
Industrial LED Lighting	Industrial	Mexico
2 nd Generation E-Bike	Mobility	Bulgaria
EV Battery Management System	Mobility	Mexico

Win Location - 2022



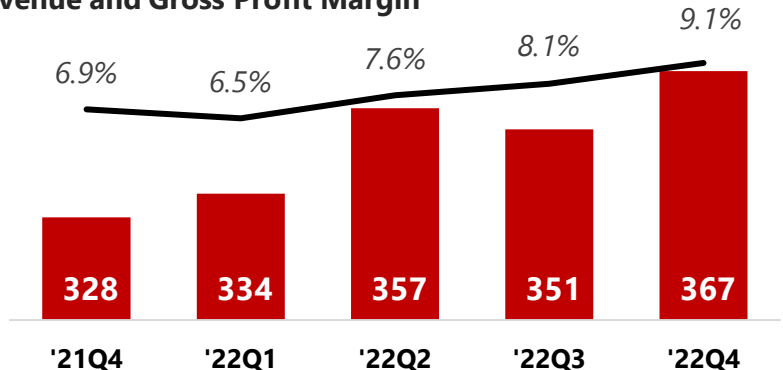
Win Location - 2021



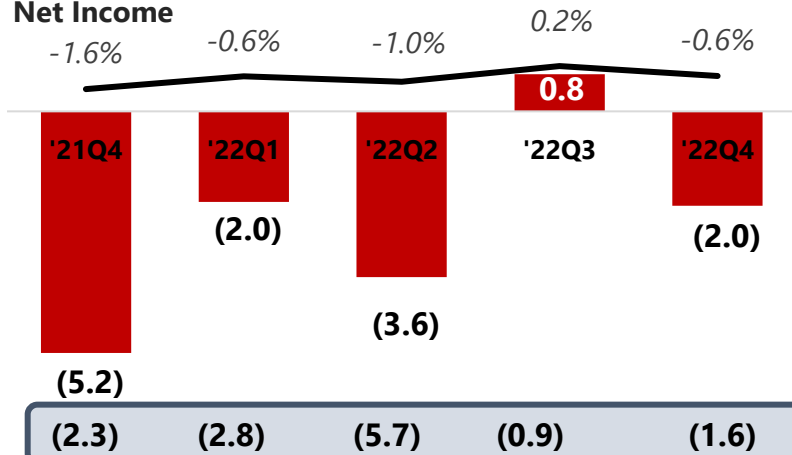


2022 Q4 Performance

Revenue and Gross Profit Margin

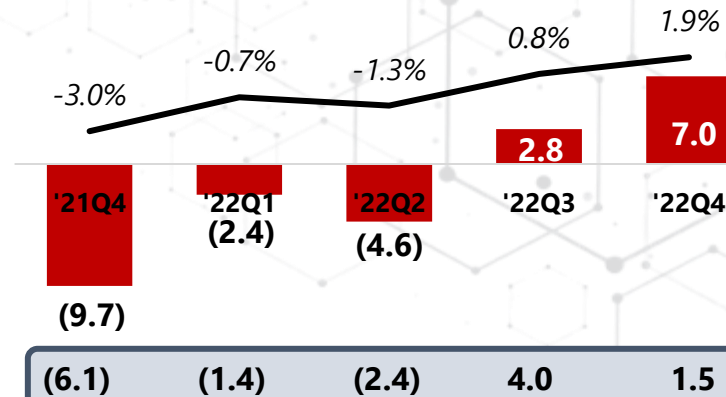


Net Income

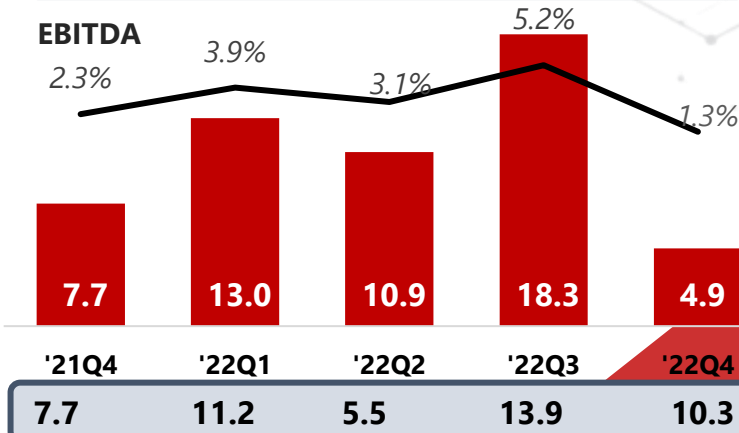


Non GAAP

Operating Income



EBITDA

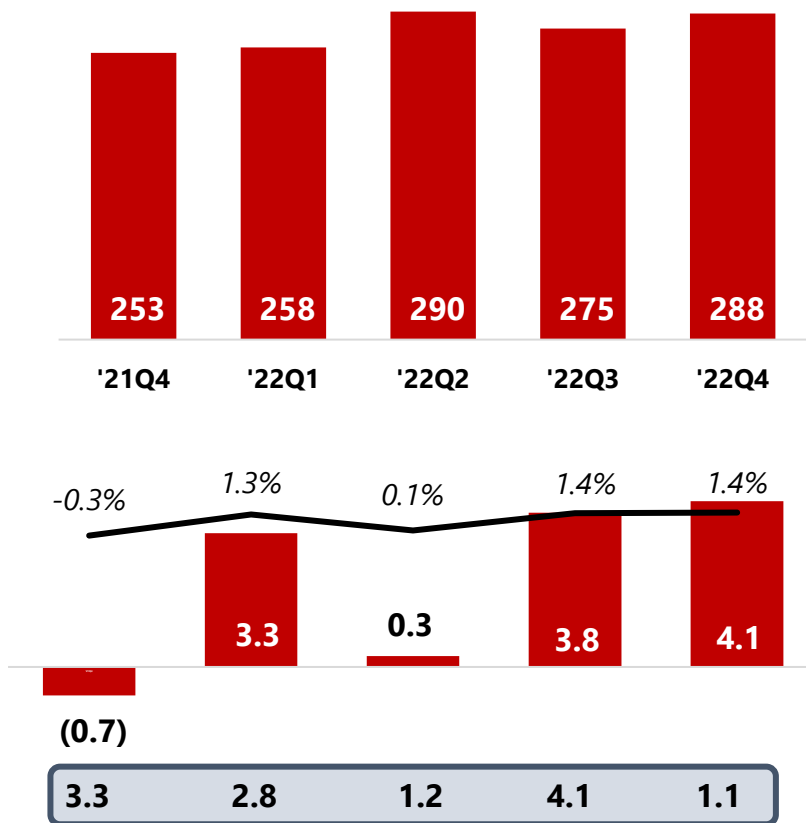


Non GAAP



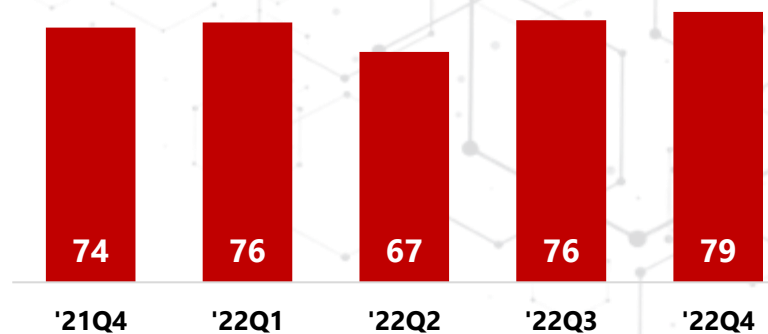
2022 Q4 Performance

Wholly Owned Subsidiaries

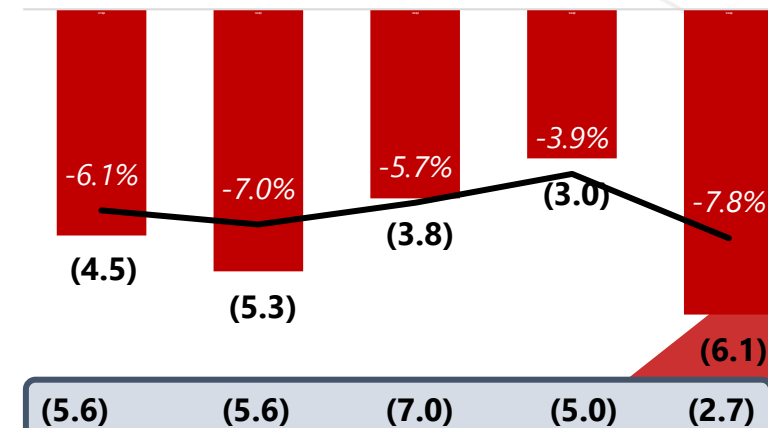


Non Wholly Owned Subsidiaries

Revenue

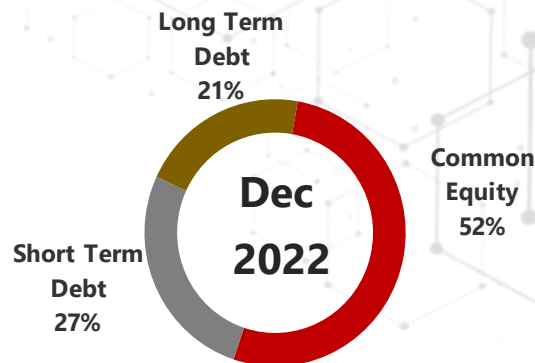
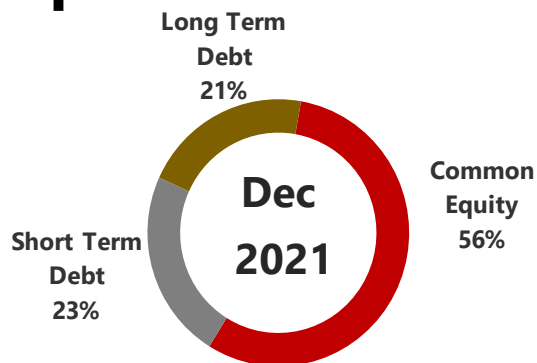


Net Income





Capital Structure



(US\$ Millions)	Dec 2021	Dec 2022
Short-Term Debt	165.8	192.7
Long-Term Debt	151.5	150.4
Total Bank Debts	317.3	343.1
Cash and Investments	159.8	124.3
Net Debt / (Net Cash)	157.5	218.8
Common Equity Attributable to Parent	404.6	377.3

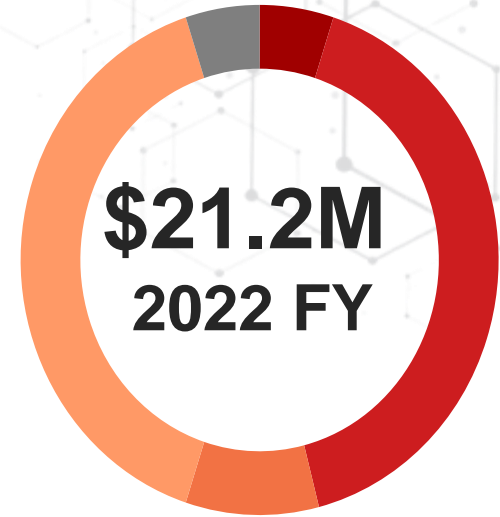
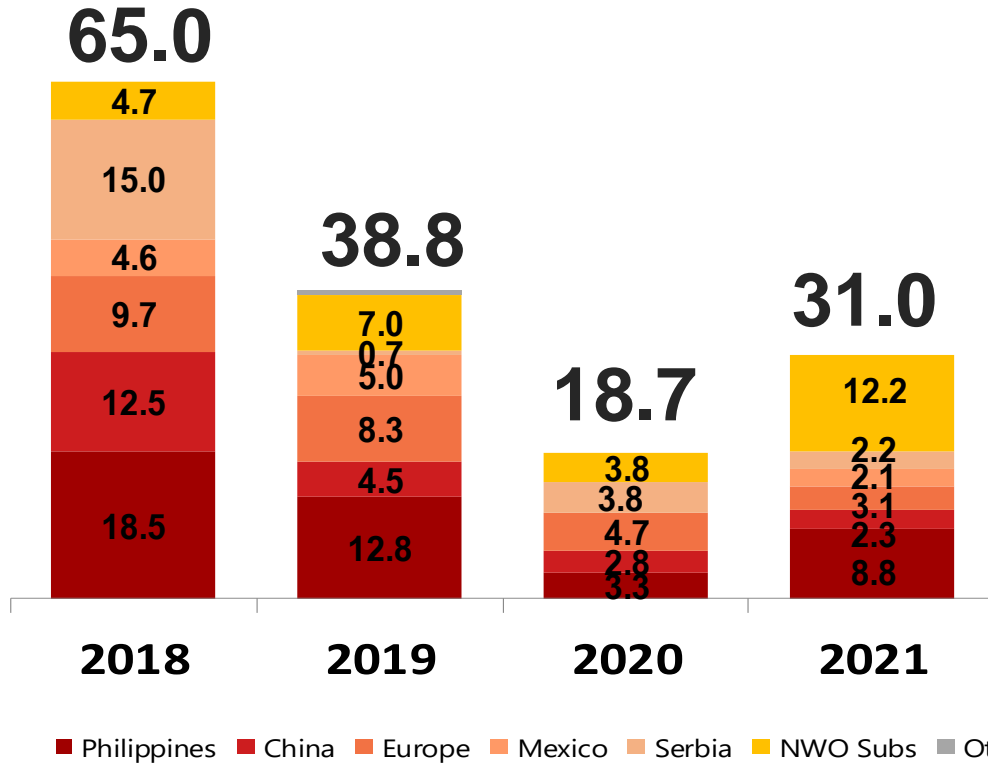
Key Financial Ratios	Dec 2021	Dec 2022
Current ratio	1.59	1.51
Bank Debt/ Total Equity	0.69	0.83
Book value/share (\$) *	\$0.18	\$0.17
Book value/share (PHP) **	₱9.19	₱9.62

*Excluding Minority Interest

** Forex Rates at respective year close



Disciplined Capital Investments





Key Takeaways



- Improving trend in component leadtime for key segments Automotive and Industrial but Aerospace/Defense situation still challenged
- Demand for Electric Vehicle products still increasing, significant portion of 2021 and 2022 new project pipeline wins come from EV subsegment
- IMI will continue to focus on the continuous improvement process to offset higher costs with productivity; in addition continue to build automation to address high turnover in certain regions
- Focus on supply chain improvement to decrease material costs and increase inventory turnover
- Some uncertainty remains in market environment – high labor and utility prices may continue in 2023, customer demand likely to be affected



A member of  AC Industrials

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TECHNOLOGY
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