



# IMI Analyst Briefing 2023 Q1

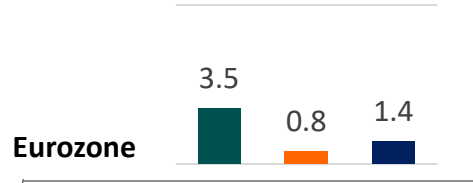
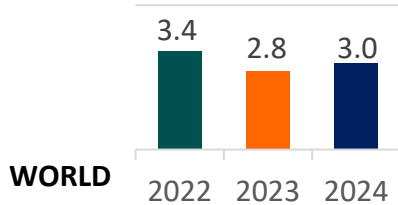
May 11, 2023  
Online



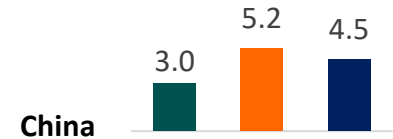
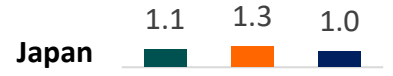
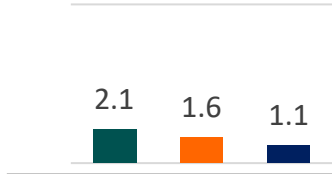
# **Global Economic Outlook**



# Economic Growth Figures



## United States



- Europe better than initial growth forecasts in 2022. High energy costs, and rising interest rates weighing down 2023 growth

- The end of China's Zero-Covid program will spur economic activity and lead to growth for the year

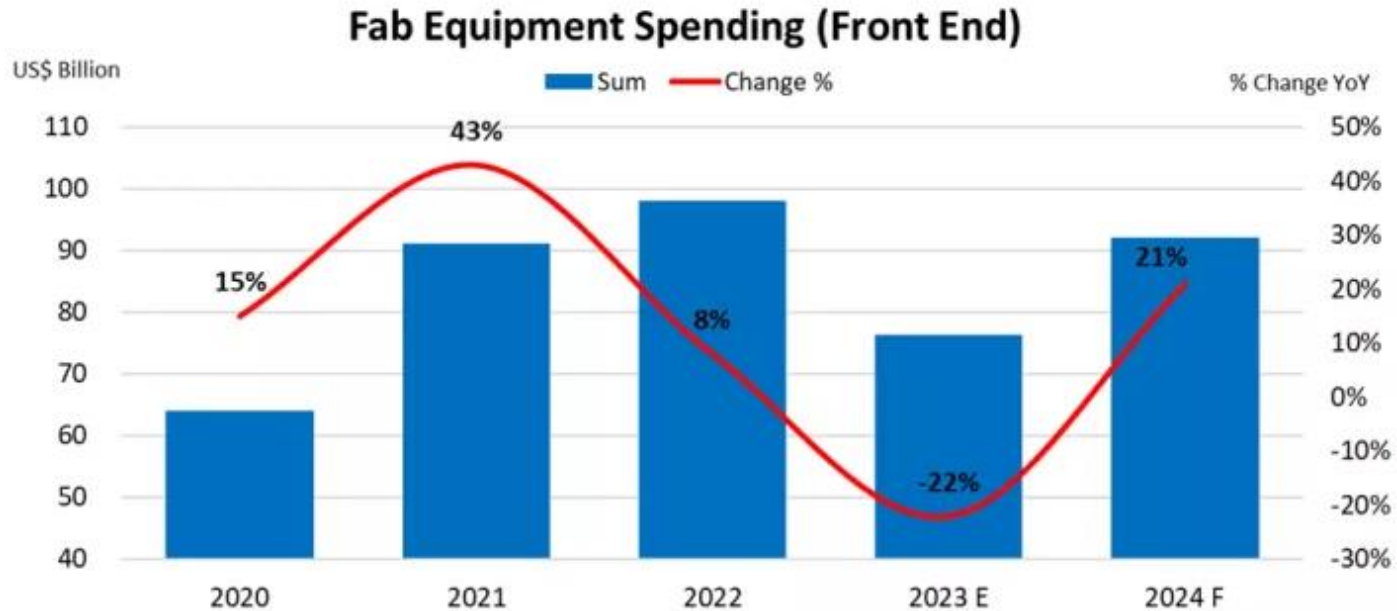
- Electronics PMI is in slight contraction at 48.4 in April. High interest rates contribute to softer outlook, but electronics manufacturing firms continue to expand workforce numbers to help clear backlog

	2022	2023	2024
<b>Global Inflation</b>	<b>8.7</b>	<b>7.0</b>	<b>4.9</b>

Source: IMF World Bank Outlook April 2023



# Global Fab Equipment Spending

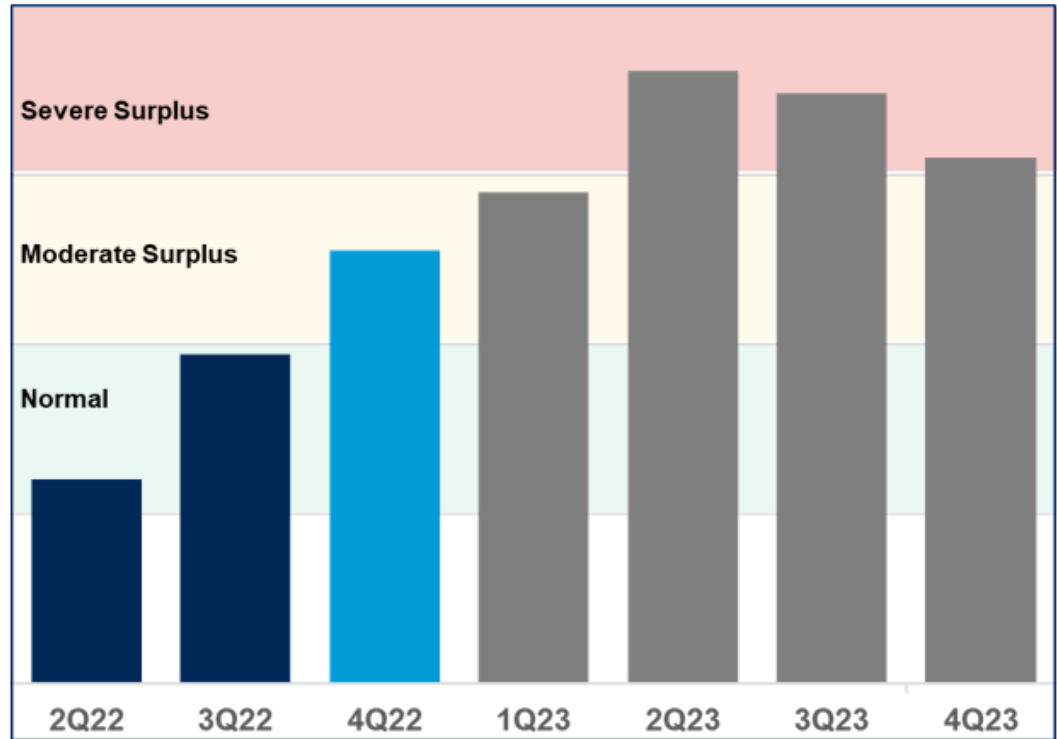


Source: World Fab Forecast Report, 1Q23 Update, Published By SEMI



# Global Semiconductor Inventory Index

- Memory market will see significant oversupply for most of 2023.
- Analog components are also headed to an oversupply.
- Optoelectronic chips continue to see inventory depletion.
- Automotive-grade MCU and analog components still facing shortages



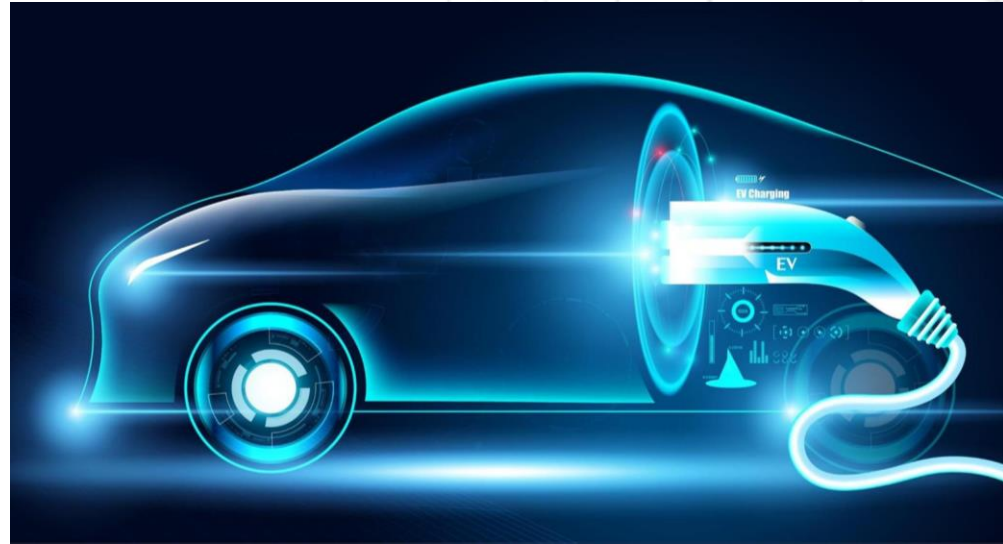
Source: Gartner (February 2023)

GIISST based on - ■ Reported data ■ Revenue and margin estimates ■ Directional Projection



# Increased EV Adoption

- 14% of all sold cars in 2022 were EV
- Share of Global EV sales: China at 60%, EU 15% and US 8%
- 2023 will have 14M unit sales, 35% up y-o-y, approximately 1 out of 5 cars sold
- Slowing global economy and high financing rates will likely lead to more consolidation of EV startups



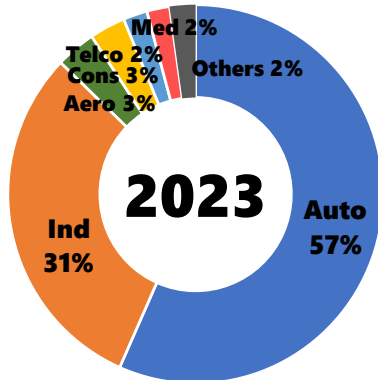
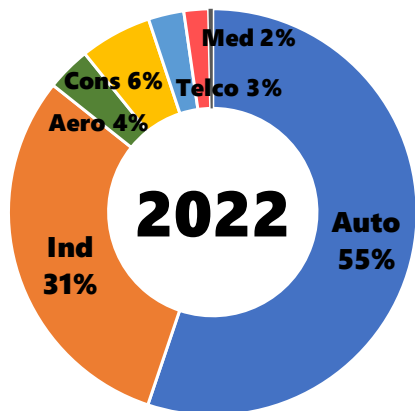


# Financials



# 2023 Q1 Segment Updates

	'22 Q1	'23 Q1	y/y%
<b>Auto</b>	182.8	196.4	7%
<b>Ind</b>	102.1	106.1	4%
<b>Aero/Def</b>	11.7	11.9	2%
<b>Cons</b>	19.0	10.7	-44%
<b>Telco</b>	9.4	7.2	-23%
<b>Medical</b>	6.5	6.8	5%
<b>TOTAL</b>	<b>334.0</b>	<b>346.8</b>	<b>4%</b>



## ➤ Automotive:

- Still challenged by component shortage but starting to recover with Europe showing strong demand
- Starting to ramp up EV projects won in the past 2 years

## ➤ Industrial:

- Gradual recovery of margins in Industrial projects
- Increased pipeline wins in the segment, particularly for renewable energy battery management systems

## ➤ Aerospace:

- Segment remains challenged but revenue performance on par with 2022
- Cost reduction programs in place to mitigate financial loss while revenues remain at a lower level

## ➤ Consumer:

- Reduction in low margins businesses to free up capacity for incoming new projects in automotive and industrial

## ➤ Telco:

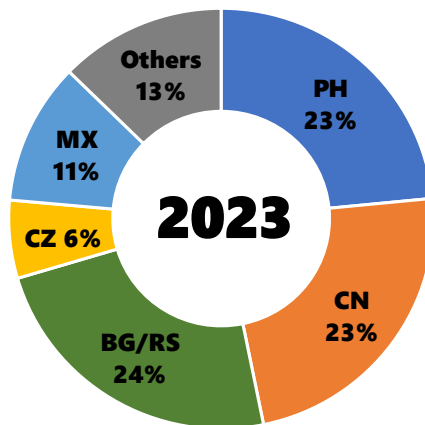
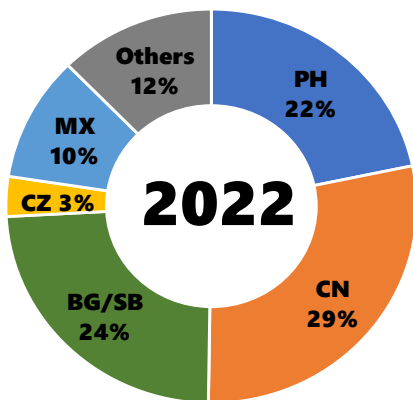
- Exit of legacy lower margin business in the segment





# 2023 Q1 Region Updates

	'22 Q1	'23 Q1	Y/Y%
PH	67.4	76.7	14%
CN	72.0	63.3	-12%
BG/Serbia	78.3	81.9	5%
CZ	10.7	20.8	94%
MX	33.6	37.8	13%
VIA + STI	75.6	70.9	-6%
<b>TOTAL</b>	<b>334.0</b>	<b>346.8</b>	<b>4%</b>

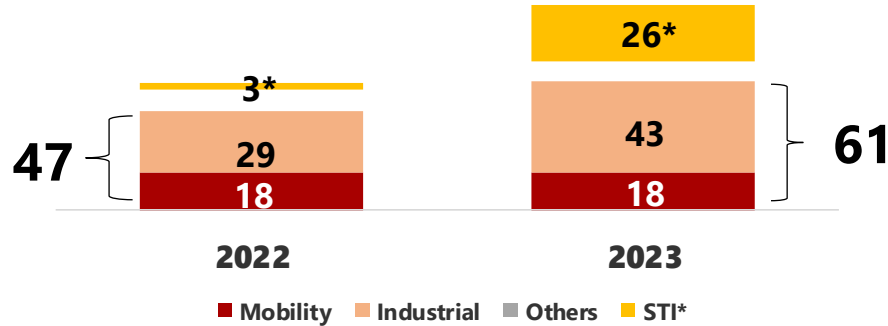


- **PH:**
  - Growth driven by new industrial projects
  - Production facilities for Zero EV Motorcycles undergoing final preparation for SOP in Q3
- **CN:**
  - End of Zero-Covid strategy has reopened economy and will lead to less operational constraints
  - Exit of legacy telco business in Pingshan contributes to reduction in low margin revenues
  - Streamlining of manufacturing operations led to better profitability despite decrease in revenues
- **EU:**
  - Renegotiated prices with automotive customers has led to recovery of margins
  - Ramp up of new projects in Czech Republic led to dramatic increase in revenues, expected to continue for the rest of the year
- **MX:**
  - Lower growth due to lingering component shortage issues
  - Labor challenges remain with competitive market for skilled manpower
- **VIA +STI:**
  - These subsidiaries have focused cost reduction activities being executed as revenues remain slow to recover



# 2023 Q1 Group Program Wins

## Q1 New Program Wins

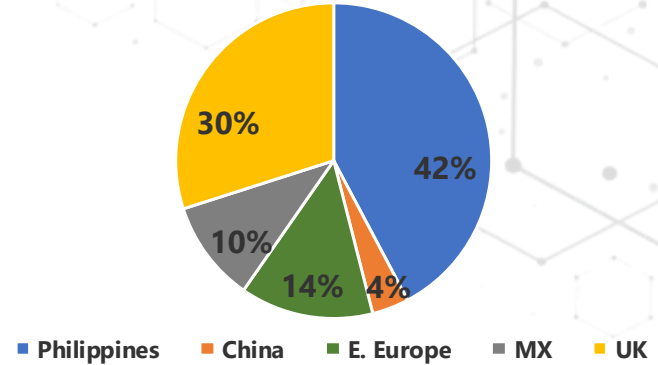


\*IMI wins Annual Revenue Potential; STI wins total project size

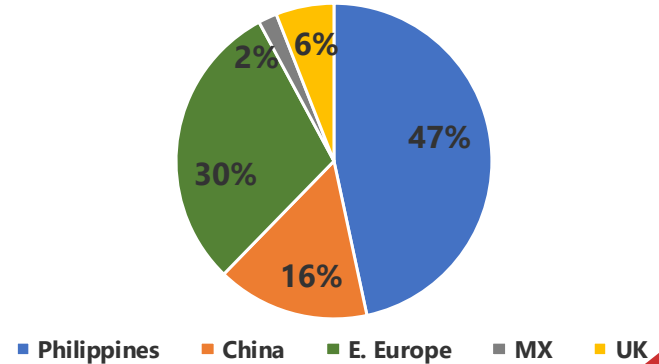
### Notable Wins in 2023

Renewable Energy Battery Management	Industrial	Philippines
Steering System	Mobility	Mexico
Automotive Lighting	Mobility	Serbia
Streaming Meter	Industrial	Philippines
Industrial Power Module	Industrial	Philippines

### Win Location - 2023



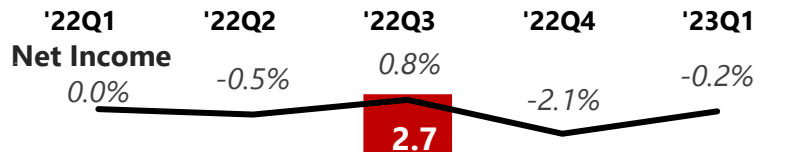
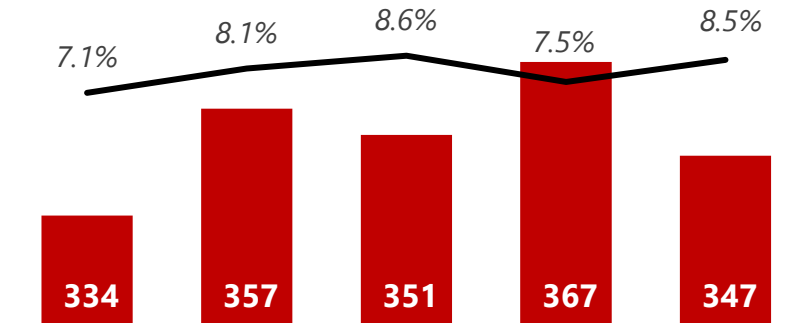
### Win Location - 2022





# 2023 Q1 Performance

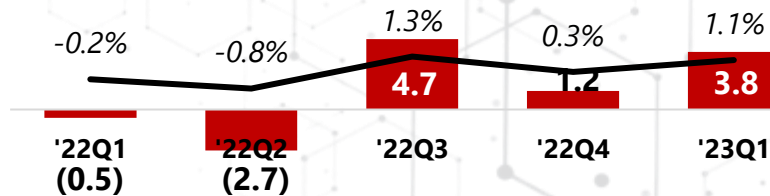
## Revenue and Gross Profit Margin



(0.9) (3.8) 1.0 0.3 1.4

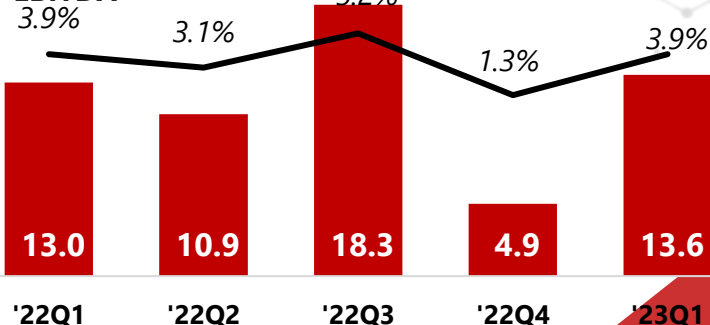
**Non GAAP**

## Operating Income



0.5 (0.5) 5.9 (4.3) 4.6

## EBITDA



11.2 5.5 13.9 10.3 15.1

**Non GAAP**

2022 adjusted to reflect change in EUL policy

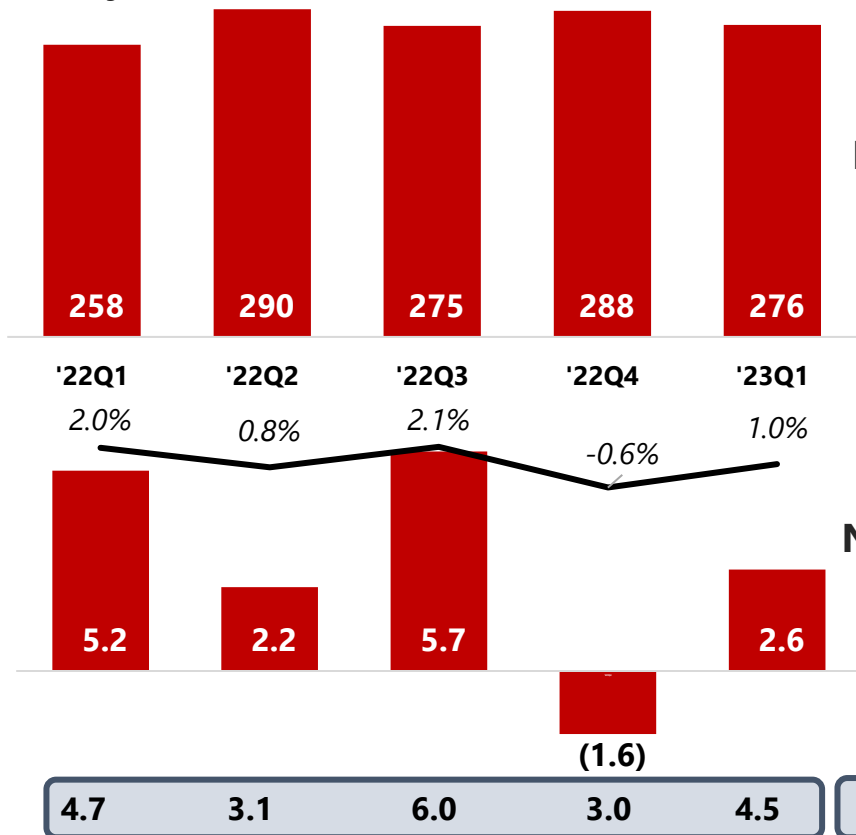
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# 2023 Q1 Performance

## Wholly Owned Subsidiaries

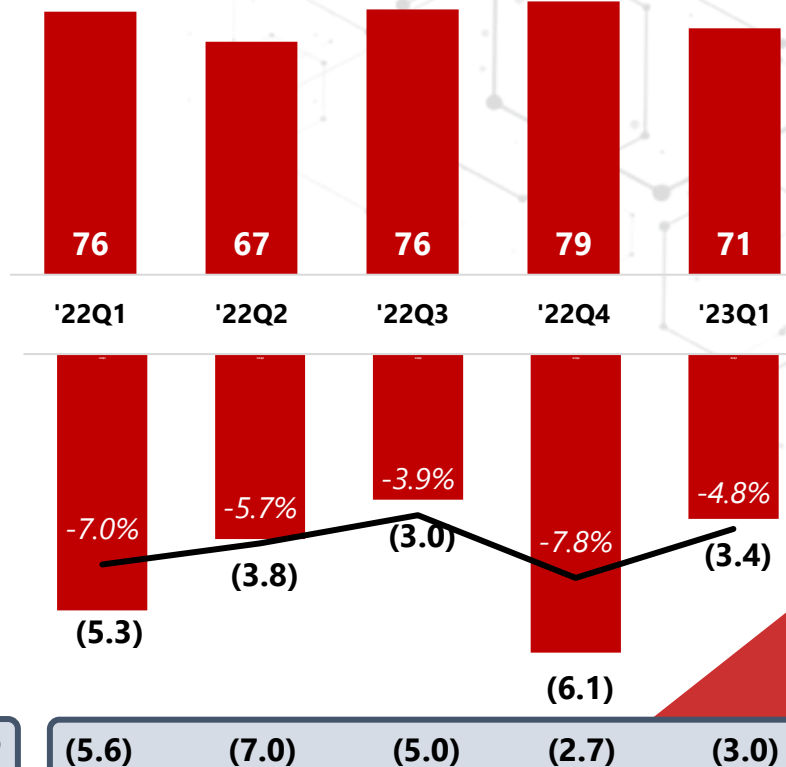


Revenue

Net Income

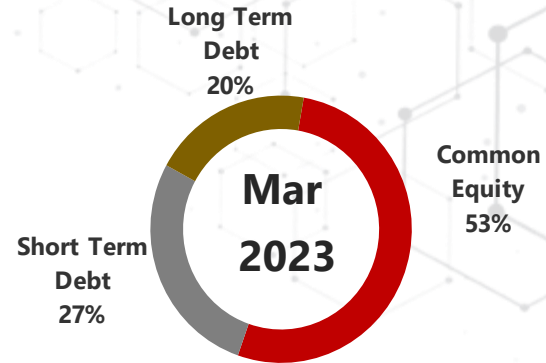
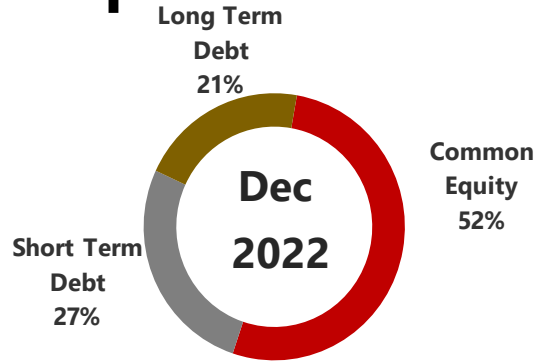
**Non GAAP**

## Non Wholly Owned Subsidiaries





# Capital Structure



(US\$ Millions)	Dec 2022	Mar 2023
Short-Term Debt	192.7	206.8
Long-Term Debt	150.4	148.7
Total Bank Debts	343.1	355.5
Cash and Investments	124.3	128.3
Net Debt / (Net Cash)	218.8	227.2
Common Equity Attributable to Parent	377.3	394.3

Key Financial Ratios	Dec 2022	Mar 2023
Current ratio	1.51	1.48
Bank Debt/ Total Equity	0.83	0.83
Book value/share (\$) *	\$0.17	\$0.18
Book value/share (PHP) **	₱9.62	₱9.85

\*Excluding Minority Interest

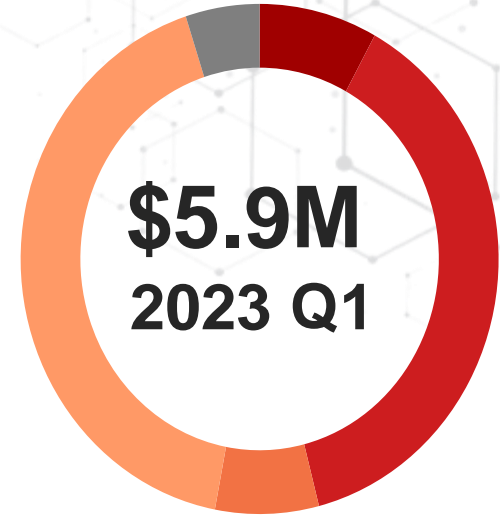
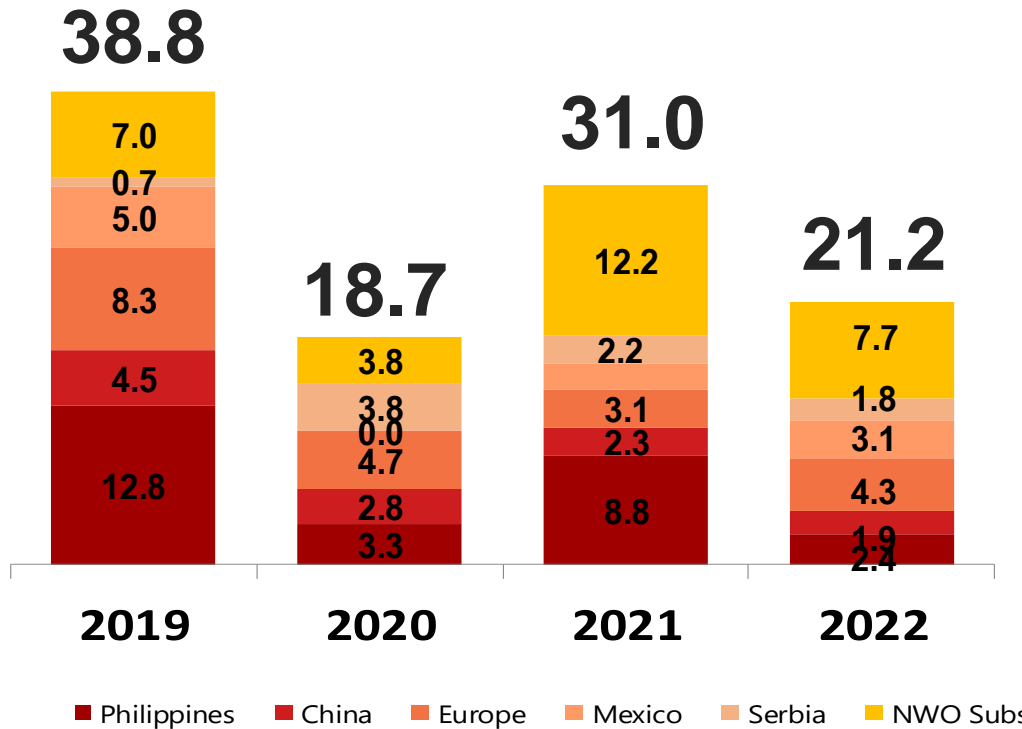
\*\* Forex Rates at respective period close

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# Disciplined Capital Investments



- Buildings.....8%
- Machinery.....38%
- Furn & Fix.....7%
- Constr. in progress.....42%
- Others.....5%



# Key Takeaways



- Revenues still challenged by lingering supply shortage but demand recovering particularly in European automotive market
- Margin improvement from lower freight costs, manufacturing efficiency and price renegotiations
- Inflation continues to drive labor and utility expense increases
- Even more pipeline projects won in April, ~\$70M secured after the quarter close. Large projects in steering applications and automotive damage detectors
- Continued management of cashflow, focus on driving inventory turnover



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