



IMI Analyst Briefing 2023 Q2

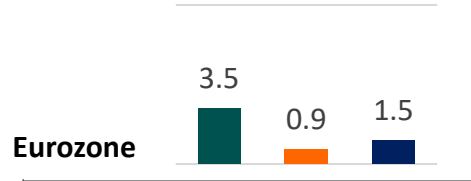
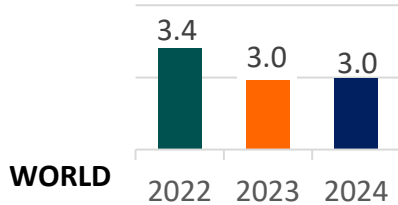
August 4, 2023
Online



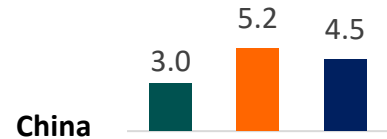
Global Economic Outlook



Economic Growth Figures



United States



- Global outlook improved for 2023 due to strong consumer support and resilient US labor market
- China forecasted to slow in 2024 amid weak confidence among consumers, in housing market, and slowdown in manufacturing activity

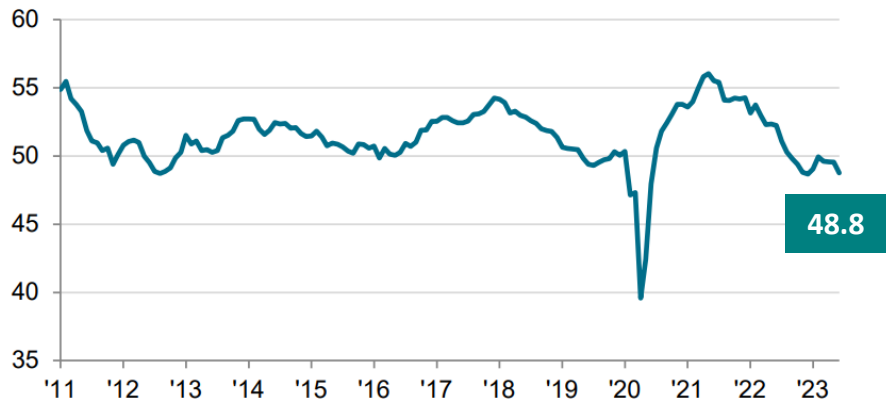
	2022	2023	2024
Global Inflation	8.7	6.8	5.2

Source: IMF World Bank Outlook July 2023

Global Manufacturing PMI and Electronics PMI

Global Manufacturing Output business optimism dips to seven-month low

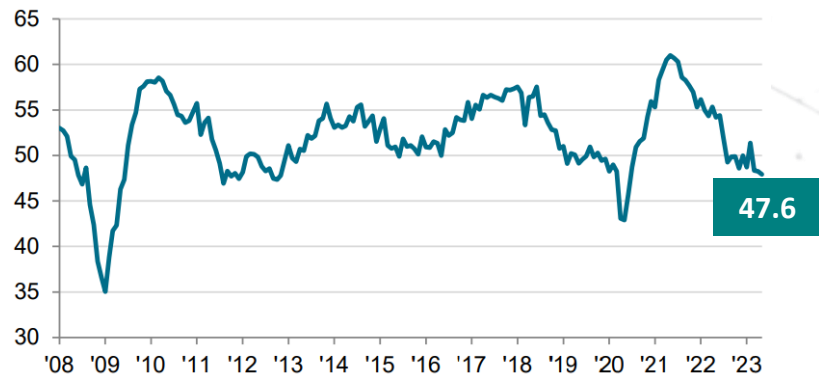
J.P.Morgan Global Manufacturing PMI™
sa, >50 = improvement since previous month



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

Electronics PMI Both new orders and production fell at the strongest rates since January, with firms indicating that high inflation and weaker economic conditions — notably in the US, Europe and mainland China — dampened demand.

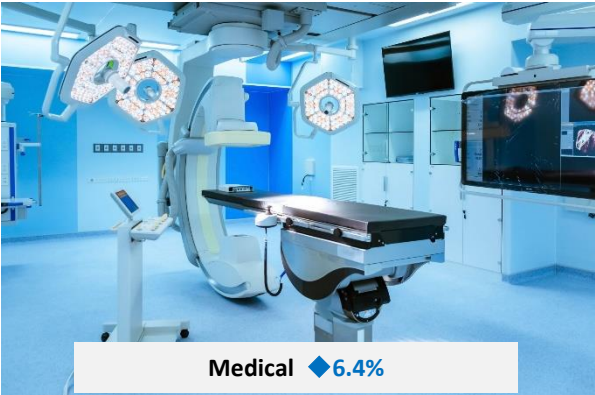
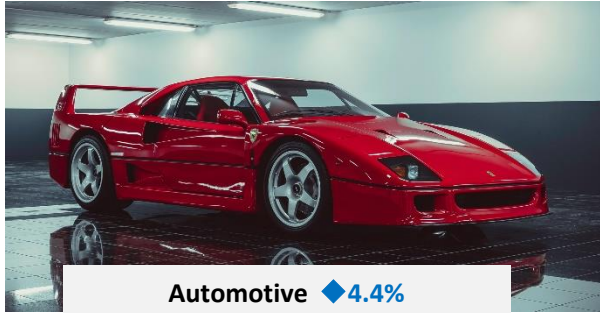
S&P Global Electronics PMI
sa, >50 = improvement since previous month



Source: S&P Global.



Worldwide EMS Market by Segment, CAGR from 2022-2027

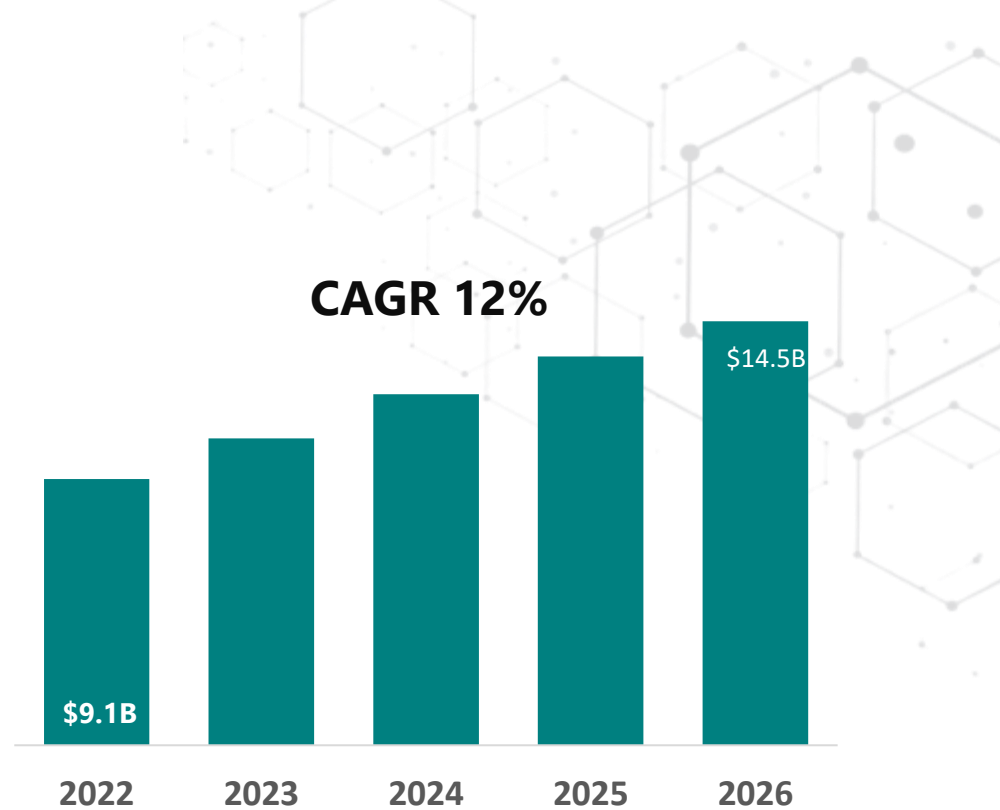


Source: New Venture Research, July 2023



Automotive PCBs

- EV adoption is driving the growth
- More than half of these PCBs are installed in the control system of Battery Electric Vehicle (BEVs)
- Growing popularity of automotive lightweighting is leading to a gradual shift toward the use of flexible printed circuits



Source: TrendForce, July 2023



1H 2023 ESG & Sustainability Performance

Employees (exc. STI)

13,781

Male **42%**

Female **58%**



Energy use from Renewable Sources
2022: 26%
Target 100% by 2040



GHG Emission Scope 1 & 2
15% reduction y-o-y
Target 50% total reduction from 2021-2030



Waste Diverted from Landfill (Phils)
1H'23 99.0% vs 1H'22 98.7%



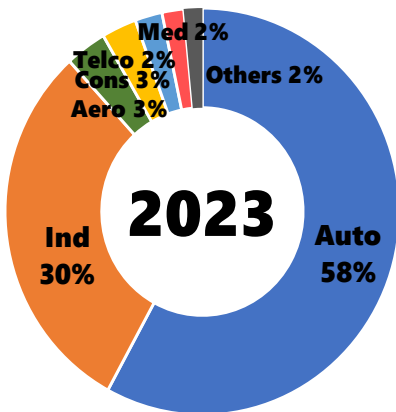
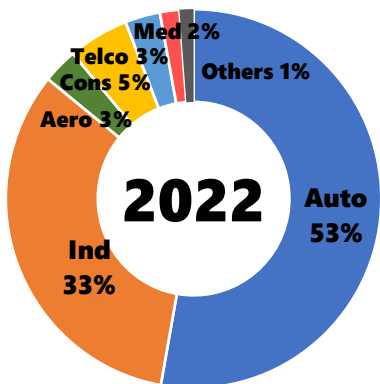
Recycled Waste (kg)
1H'23 1,031K
1H'22 1,035K



Financials

2023 Q2 Segment Updates

	'22 Q2	'23 Q2	Y/Y%		'22 1H	'23 1H	Y/Y%
Auto	177.6	204.6	15%		360.4	401.0	11%
Ind	126.3	103.4	-18%		228.4	209.5	-8%
Aero/Def	9.1	11.5	27%		20.8	23.4	13%
Cons	17.0	9.1	-46%		36.0	19.8	-45%
Telco	11.5	8.2	-28%		20.9	15.4	-26%
Medical	5.1	5.5	7%		11.6	12.3	6%
TOTAL	356.9	345.1	-3%		690.9	691.9	0%



➤ Automotive:

- Successful price renegotiation and ramp up of new businesses in Europe leading revenue growth

➤ Industrial:

- Slowdown of Chinese commercial/residential property sector leading to drop in Industrial product for buildings
- Demand decrease from China industrial facilities as customers deplete existing inventories
- Pushout of EV charging demand as customers upgrade models
- Exit of industrial asset tracking business

➤ Aerospace:

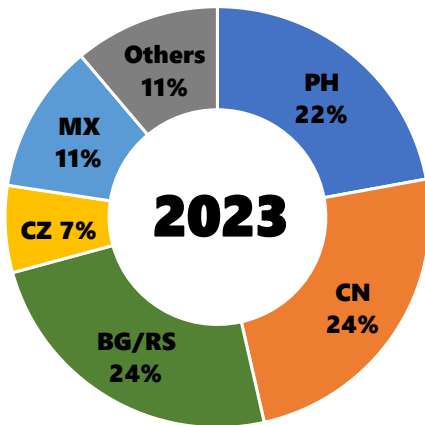
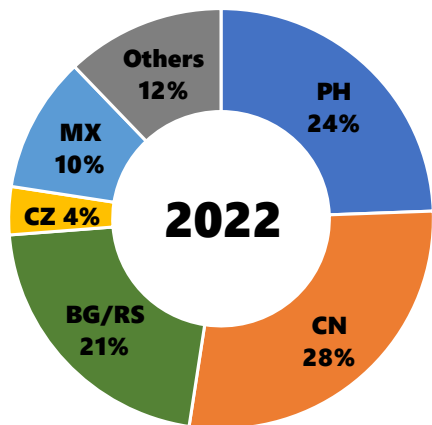
- Recovery of business backlogs from previous quarters and realization of material sales

➤ Consumer & Telco:

- Exiting low margin legacy businesses to make way for better profitability new customers
- Drop in laptop demand also driving consumer decrease

2023 Q2 Region Updates

	'22 Q2	'23 Q2	Y/Y%		'22 1H	'23 1H	Y/Y%
PH	96.2	67.5	-30%		163.6	145.4	-11%
CN	81.2	73.8	-9%		153.2	137.1	-11%
BG/Serbia	69.3	86.1	24%		147.6	168.0	14%
CZ	14.8	25.4	71%		25.5	46.2	81%
MX	38.4	41.6	8%		72.0	79.4	10%
VIA + STI	67.1	62.8	-6%		142.7	133.7	-6%
TOTAL	356.9	345.1	-3%		690.9	691.9	0%



➤ PH:

- Demand drop due pushout of orders by customers to deplete inventories in the channels while some customers still facing key material shortages
- Exit of major industrial asset tracking business

➤ CN:

- Slowdown in demand from some industrial businesses, partly driven by downturn of the Chinese property market; While Automotive customers continue to suffer shortages
- Revenue slowdown is mitigated by better profitability margins due to continued cost rationalization

➤ EU:

- Selling prices have successfully adjusted, contributing to better revenues and profitability
- High utilization rates have improved overhead utilization, also leads to opportunity to replace legacy low margin business with new customers
- New businesses in Czech Republic continue positive ramp-up
- Skilled talent pool in Europe remains very competitive

➤ MX:

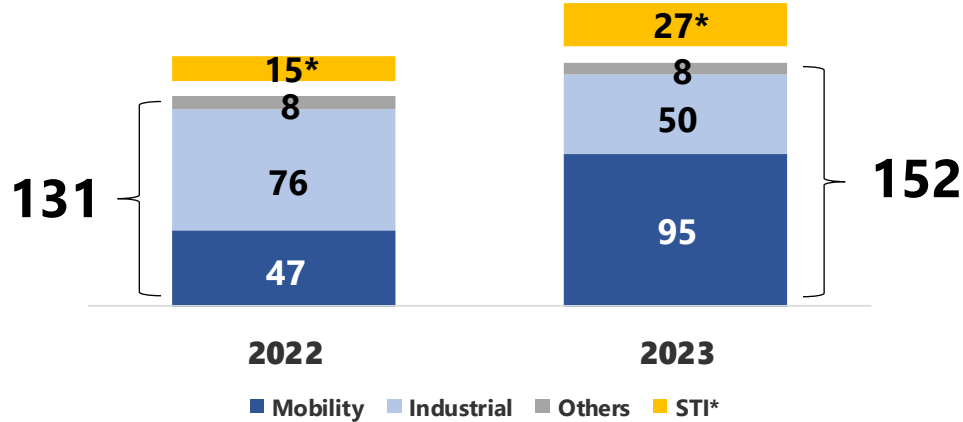
- Large new model business secured from existing automotive steering customer for SOP in Q4
- Delayed ramp of new biz, pushout of demand from existing customers due to component shortage

➤ VIA + STI:

- \$84M impairment booked for STI



2023 1H Group Program Wins

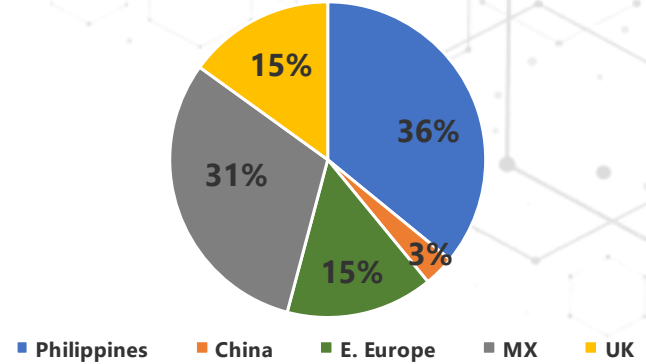


*IMI wins Annual Revenue Potential; STI wins total project size

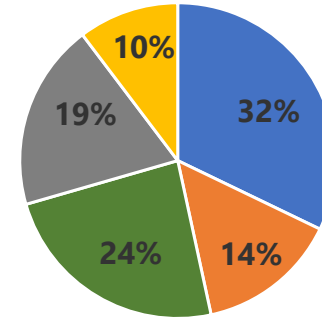
Notable Wins in 2023

Renewable Energy Battery Management	Industrial	Philippines
Steering System	Mobility	Mexico
Smoke and Damage Detector	Mobility	China
Automotive Lighting	Mobility	Serbia
Automotive HVAC	Mobility	Czech Republic
North American Telecom Infrastructure	Telco	Philippines
Streaming Meter	Industrial	Philippines

Win Location - 2023



Win Location - 2022





Partnership with Zero Motorcycles

ZERO

MOTORCYCLES



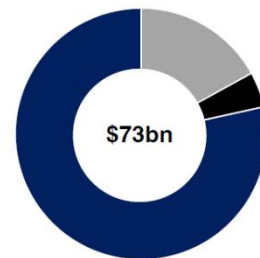
- California based world leader in electric motorcycles and power trains
- CYPHER III+, ZERO developed operating system, enables the rider a new level of customization and connection.
- Over 15 years of experience
- Over 18,000 bikes sold and over 150M miles of experience

Strategic Partnership with IMI

- Growing global demand for electric motorcycles.
- IMI has the competency of electronics manufacturing and motorcycle assembly under 1 roof.
- IMI to support ZERO's Europe, Asia and other market volumes. IMI will also support US demands for sub-assemblies.
- Start of production in July 2023 to grow to 16K motorcycles per year in 2025 generating 150 additional jobs
- Pioneering activity for the Philippines for the assembly of an electric motorcycle platform. Units to be made available locally by 2024

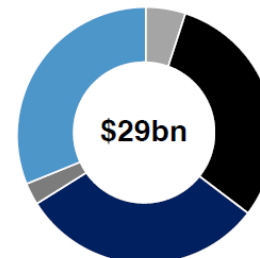
OVER \$1B TAM THROUGH ELECTRIFICATION

2020 MOTORCYCLE TAM



- High Power⁽¹⁾ NA & EU (501cc+)
- High Power⁽¹⁾ RoW (501cc+)
- Lower Power⁽²⁾ (125 - 500cc)

2020 POWERTRAIN⁽³⁾ TAM



- All Terrain Vehicle
- Street Sweepers
- Marine
- Industrial & Other
- Lawn Tractor / Mower

SOURCE: motorcyclesdata.com, Statista, Grandview Research, Marketwatch & ZERO mgmt. estimates

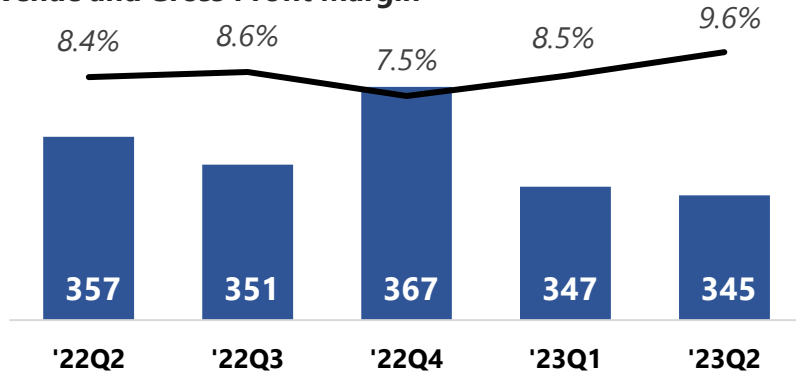
CONFIDENTIAL AND PROPRIETARY. Any use or dissemination of this material without the expressed written permission of Integrated Micro-Electronics Inc. and/or AC Industrial Technology Holdings Inc. is strictly prohibited.



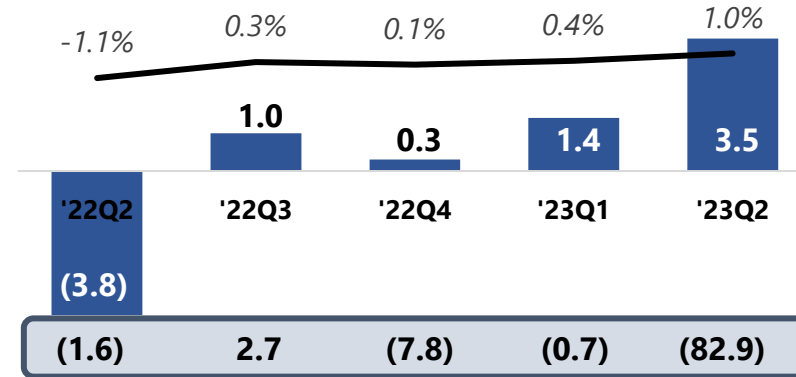


2023 Q2 Performance (Non-GAAP)

Revenue and Gross Profit Margin

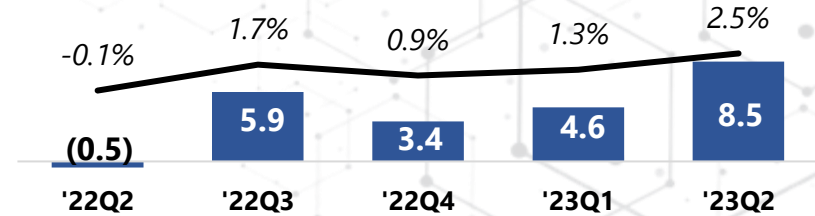


Net Income

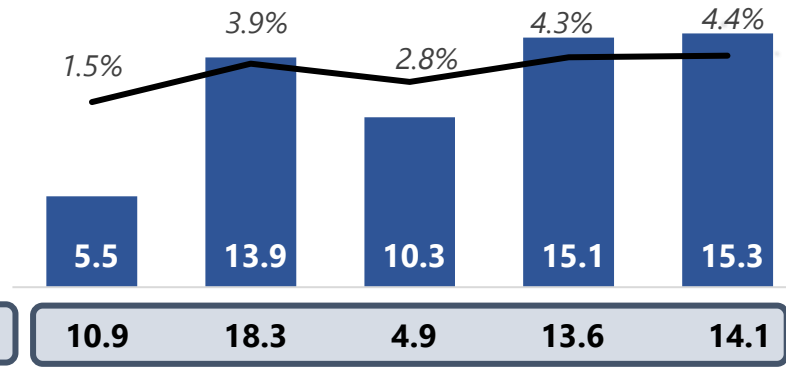


Reported

Operating Income



EBITDA



Reported

2022 adjusted to reflect change in EUL policy

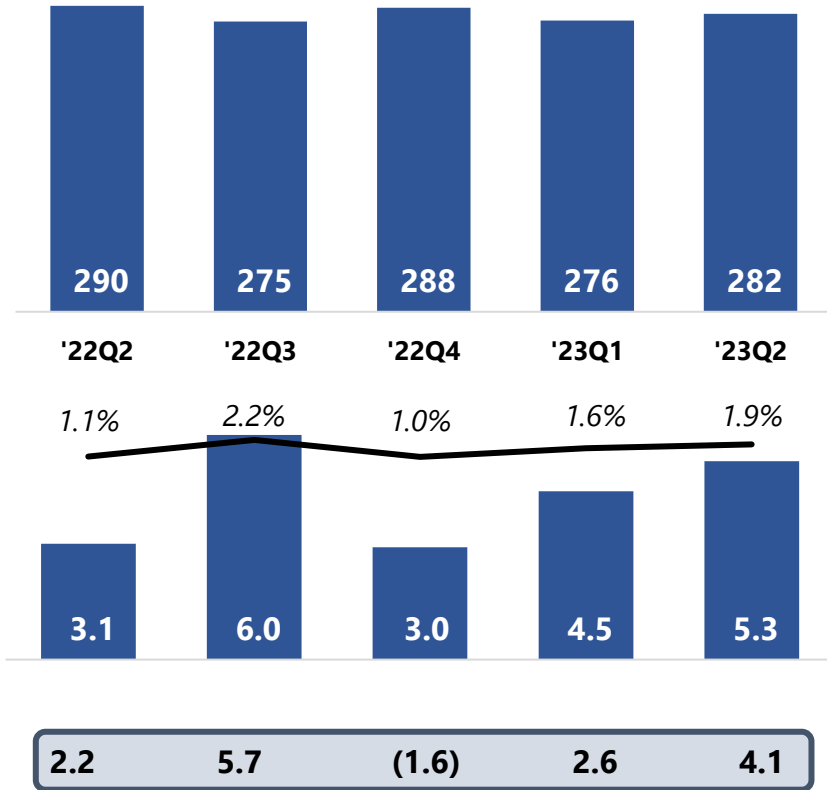
CONFIDENTIAL AND PROPRIETARY. Any use or dissemination of this material without the expressed written permission of Integrated Micro-Electronics Inc. and/or AC Industrial Technology Holdings Inc. is strictly prohibited.





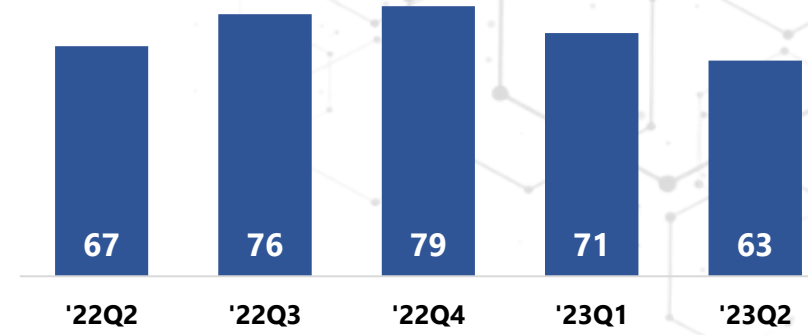
2023 Q2 Performance (Non-GAAP)

Wholly Owned Subsidiaries

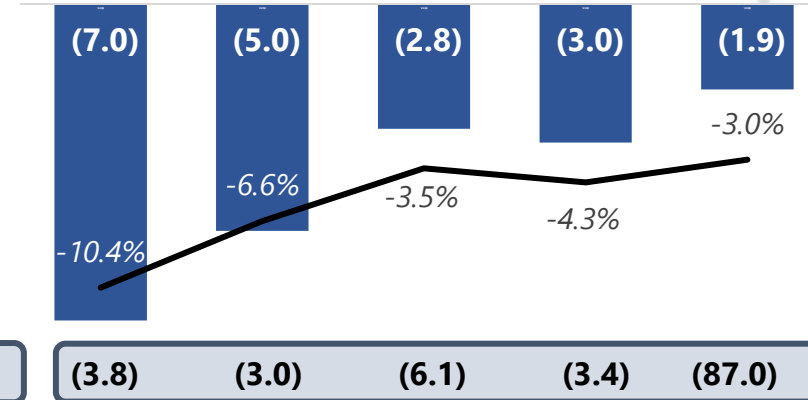


Non Wholly Owned Subsidiaries

Revenue



Net Income



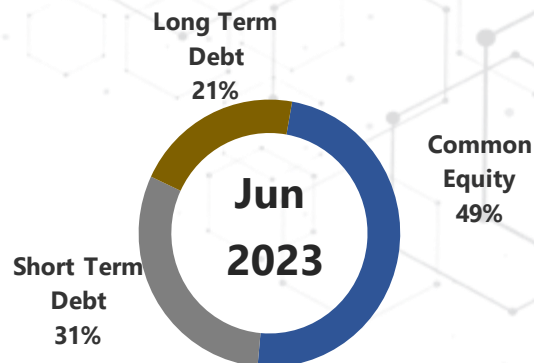
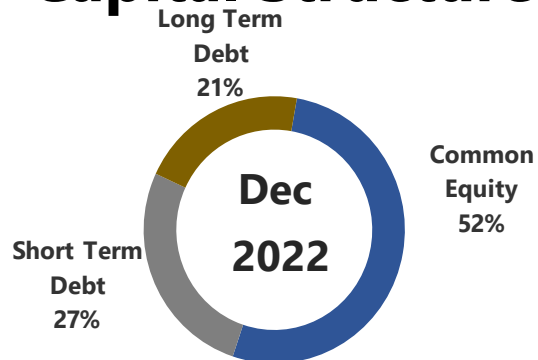
2.2 5.7 (1.6) 2.6 4.1

Reported

(3.8) (3.0) (6.1) (3.4) (87.0)



Capital Structure



(US\$ Millions)	Dec 2022	Jun 2023	Post STI Divestment
Short-Term Debt	192.7	215.5	210.1
Long-Term Debt	150.4	147.0	147.0
Total Bank Debts	343.1	362.5	357.1
Cash and Investments	124.3	109.9	111.4
Net Debt / (Net Cash)	218.8	252.6	245.7
Common Equity Attributable to Parent	377.3	303.3	303.3

Key Financial Ratios	Dec 2022	Jun 2023	Post STI Divestment
Current ratio	1.51	1.43	1.47
Bank Debt/ Total Equity	0.83	1.05	1.02
Book value/share (\$)	\$0.17	\$0.14	\$0.14
Book value/share (PHP)**	₱9.62	₱7.68	₱7.68

*Excluding Minority Interest

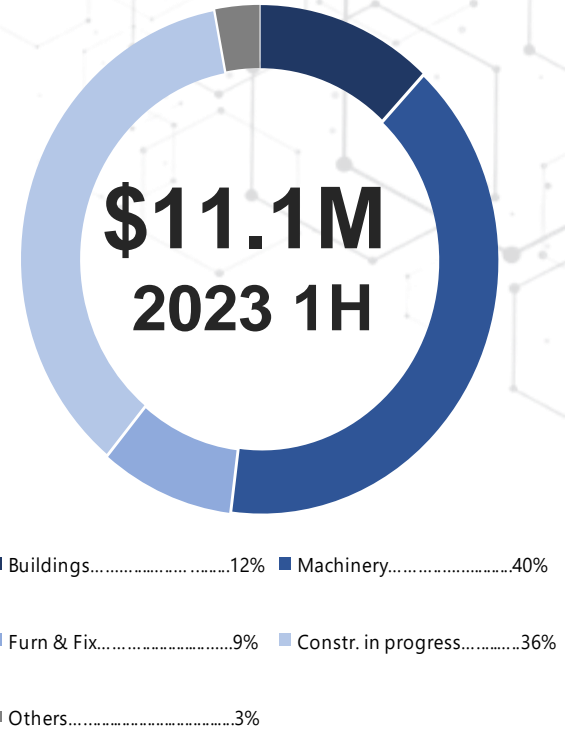
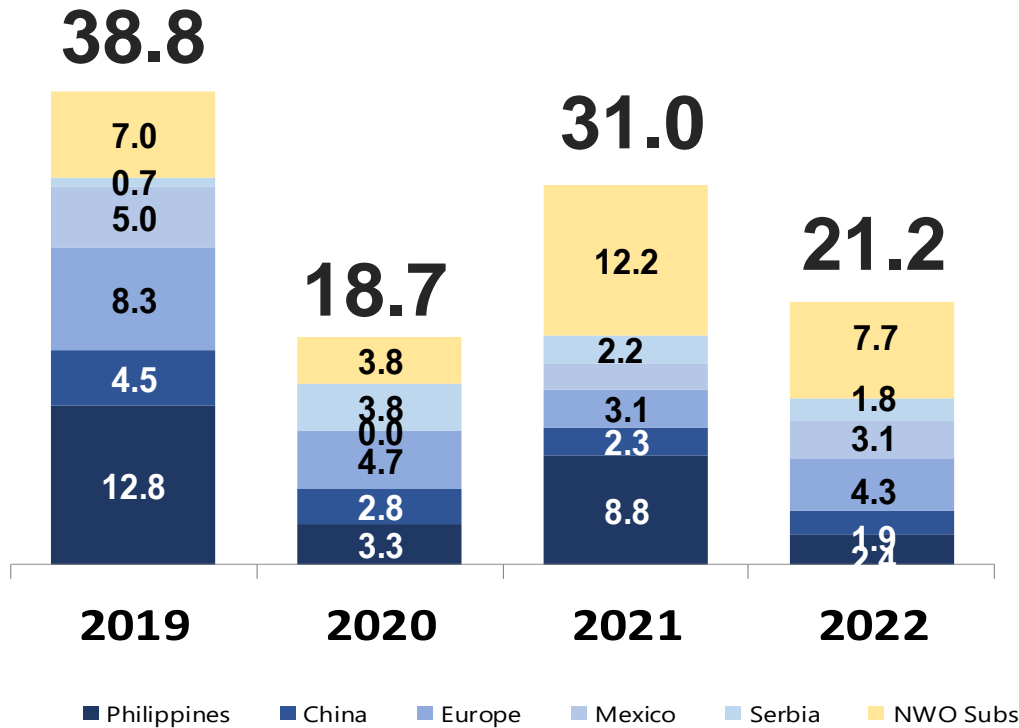
** Forex Rates at respective period close

CONFIDENTIAL AND PROPRIETARY. Any use or dissemination of this material without the expressed written permission of Integrated Micro-Electronics Inc. and/or AC Industrial Technology Holdings Inc. is strictly prohibited.





Disciplined Capital Investments





Key Takeaways

- \$84 million one-off loss booked in June to cover STI impairment of goodwill and certain assets
 - Turnaround will require additional funding and management effort which we believe an alternative partner will be able to better provide.
 - Divestment of the company will allow IMI to focus on priority markets in mobility, industrial, connectivity and smart energy
 - Group profitability will improve and cash position will be better preserved after the divestment
- Successful price renegotiation, gradual easing of component shortage, and manufacturing efficiency initiatives have led to continued improvement in margins. Group GP margin is at 9.6% for the quarter, compared to the 7.8% for the whole year of 2022
- Inauguration of Zero Motorcycles manufacturing facility in Laguna happened in July. Business growth driven by additional adjacent opportunities with the continued electrification of mobility
- New projects from existing and new customers continue to be secured with \$152 million of annual revenue potential won in the first half of the year



A member of  AC Industrials

YOUR GLOBAL TECHNOLOGY SOLUTIONS PARTNER



010100011010000110 0010111001100100000
10011001000001110011011011101101101
001110010110000101101110011001000110
01000110100011001010111000011101000010
11011011101010010110110
100010000001101000011001010111001
00011001101101110111
11010001101000101001011011
0001101000011001010100000011000100110
010001011100100111001001000000111011
01010100010100001101001011100110010000
10111010 00011100101101
001110010011000010110
0000111010001100101
110110111010100101111001100111001000
110001000000110100 01100101011100100110



connect with us