



IMI Analyst Briefing 2023 Q3

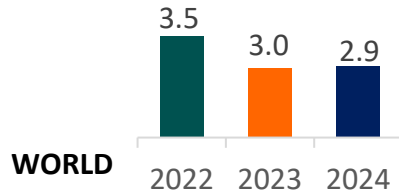
November 8, 2023
Online



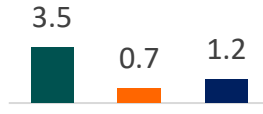
Global Economic Outlook



Economic Growth Figures



Eurozone



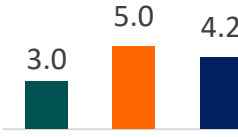
United States



Japan



China



- Slight contraction in growth forecasts as geopolitical conflicts continue to worsen
- Eurozone most significantly affected by reduction in growth figures
- Some recovery in China for Q3 based on stimulus-related optimism

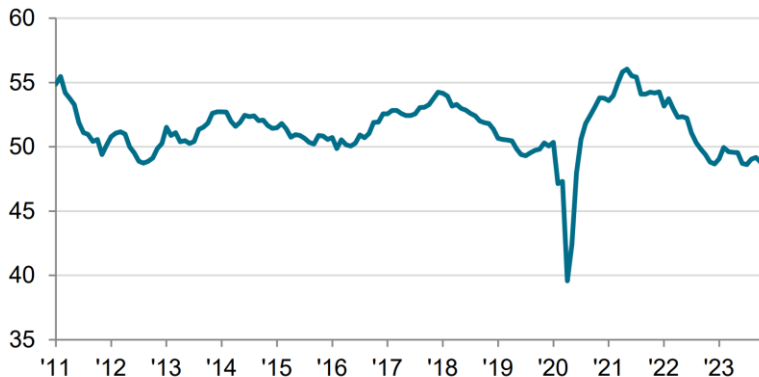
	2022	2023	2024
Global Inflation	8.7	6.9	5.8

Source: IMF World Bank Outlook October 2023

Global Manufacturing PMI and Electronics PMI

Global Manufacturing Output business optimism continues to dip due to low demand, leading to further cuts in output, employment and inventory levels

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

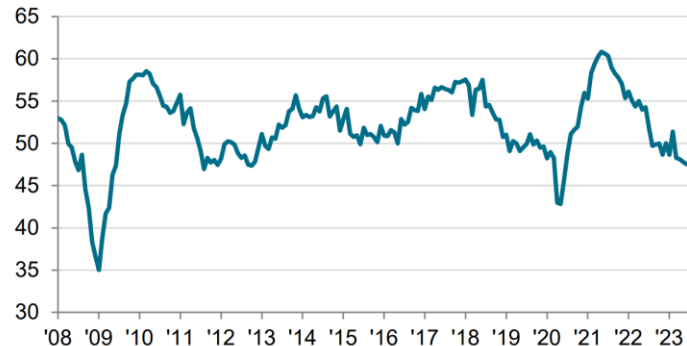


48.8

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

Electronics PMI Companies continue to manage working capital levels and seek to reduce elevated levels in the supply chain

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



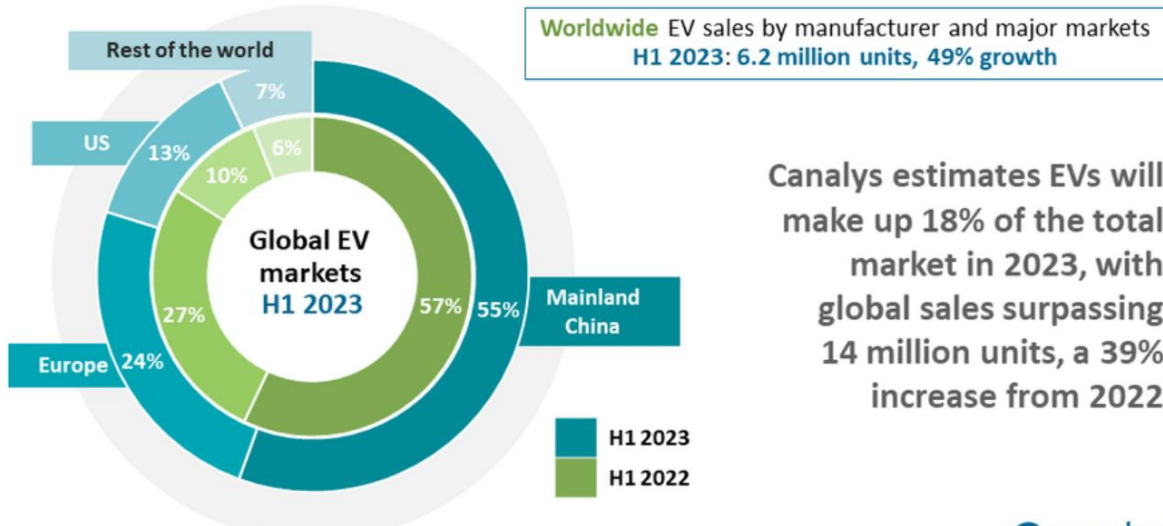
47.7

Source: S&P Global PMI.



Continued Growth in EV Market

US EV market grew positively despite slowdown



Source: Canlys estimates, Intelligent Vehicle Analysis, September 2023



Canlys estimates EVs will make up 18% of the total market in 2023, with global sales surpassing 14 million units, a 39% increase from 2022

- Accelerating adoption to Electric Vehicles being seen in most economies
- Increased electronic content in each Electric Vehicle contributes directly to the growth of IMI's mobility segment
- Aside from electric power components, EV's also typically use more ADAS products, another pillar in IMI's mobility growth strategy



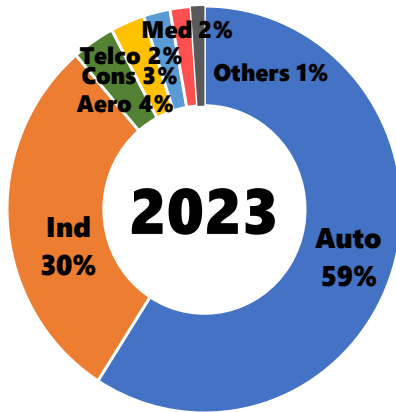
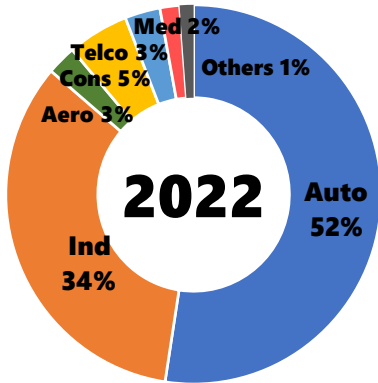


Financials

2023 Q3 Segment Updates

	'22 Q3	'23 Q3	Y/Y%		'22 9M	'23 9M	Y/Y%
Auto	186.0	209.0	12%		546.4	610.0	12%
Ind	124.3	96.5	-22%		352.7	306.1	-13%
Aero/Def	5.7	12.8	126%		26.4	36.2	37%
Cons	18.9	9.0	-52%		54.9	28.9	-47%
Telco	10.8	7.1	-34%		31.7	22.5	-29%
Medical	6.0	5.4	-10%		17.6	17.7	0%

TOTAL **351.2** **340.8** **-3%** **1,042.1** **1,032.6** **-1%**



➤ Automotive:

- New business wins in key mobility technologies starting to contribute to segment growth. Another \$161M of ARP won YTD will bolster IMI's position in the global market.
- European automotive market gradually recovering from component shortage issues

➤ Industrial:

- Demand downturn driven by depletion of inventory at the customer level
- Significant contributor to the industrial segment for Philippine and China sites was asset tracking business which has since ended
- Delay in EV charging orders as the market becomes competitive with multiple players entering the field
- Security products also affected by slowdown of real estate market, particularly in China
- \$80M of new wins secured YTD, similar level to last year.

➤ Aerospace and Defense:

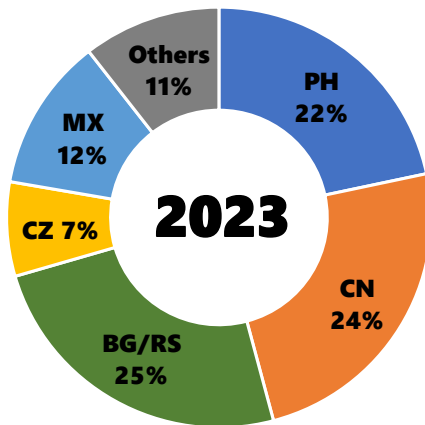
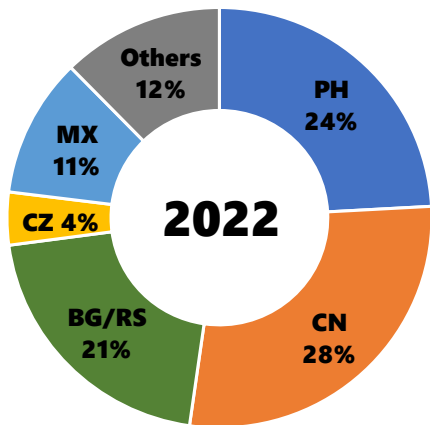
- Although revenues have recovered, margins and working capital requirements remain to be a challenge

➤ Consumer & Telco:

- Undercapacity in China leading to aggressive pricing of Taiwanese competitors which is not consistent with IMI's focus on higher margin segments.
- Slowdown of laptop demand driving reduction

2023 Q3 Region Updates

	'22 Q3	'23 Q3	Y/Y%		'22 9M	'23 9M	Y/Y%
PH	80.7	67.7	-16%		244.3	213.1	-13%
CN	76.7	65.2	-15%		230.0	202.3	-12%
BG/Serbia	67.6	86.3	28%		215.2	254.3	18%
CZ	16.8	28.6	70%		42.3	74.8	77%
MX	39.6	42.1	6%		111.6	121.5	9%
VIA + STI	76.3	63.4	-17%		218.9	197.1	-10%
TOTAL	351.2	340.8	-3%		1,042.1	1,032.6	-1%



➤ Philippines:

- Industrial segment customers clearing excess inventory in their supply chain, leading to pushout of orders. Some recovery in Q4 expected as Zero Electric Motorcycle project ramps up
- \$1.24M YTD of cost reductions realized through manufacturing efficiency initiatives

➤ China:

- Lingering supply issues continue to affect revenues, particularly in the automotive segment
- Slowdown of industrial segment and exit of low margin businesses
- Ongoing localization of supply channels will mitigate revenue downturn and improve profitability margins

➤ Europe:

- Successful renegotiation of prices and recovery of European automotive market led to increased profitability
- New customers, particularly in Czechia contributes significantly to top line growth
- Increased utilization of overhead expenses and cost reduction initiatives offsetting inflation in the region.

➤ Mexico:

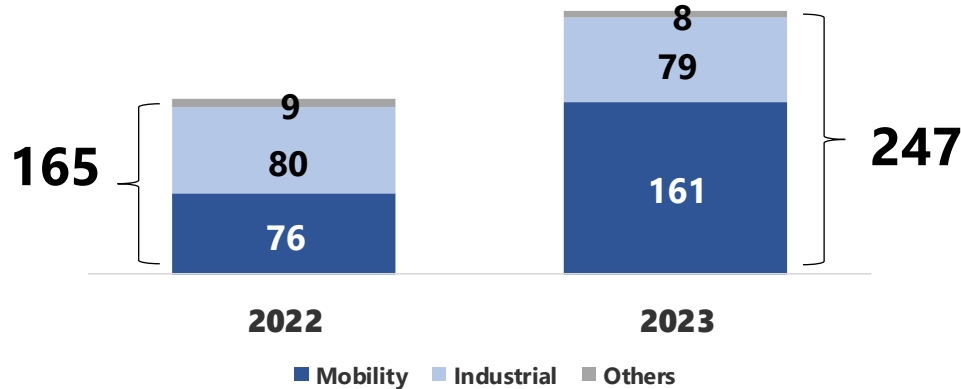
- Ramp up of new automotive projects along with price increase in key customers led to improvement of sales
- Scrap efficiency trending positively, beating Q3 estimates
- Increased interest expense to support working capital negatively affecting financial results

➤ VIA + STI:

- STI sale to Rcapital successfully closed in October 2023



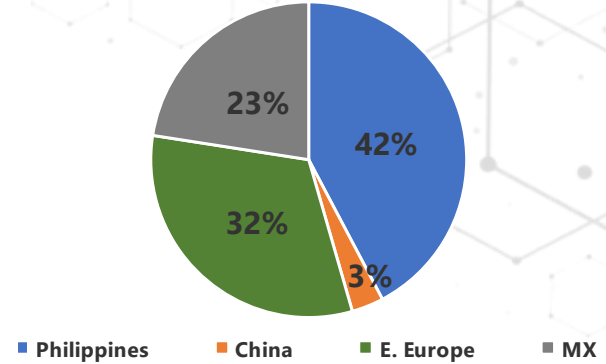
2023 9M Group Program Wins



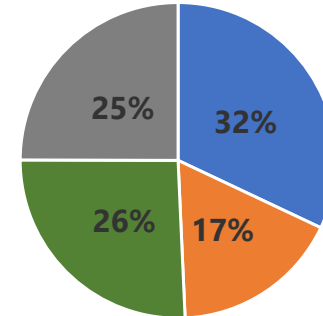
*Wins in US\$ of Annual Revenue Potential

Notable Wins in 2023		
Steering System	Mobility	Mexico
Electric Motorcycle Motor and Battery	Mobility	Philippines
Renewable Energy Battery Management	Industrial	Philippines
Smoke and Damage Detector	Mobility	China
Industrial LED Lighting	Industrial	Bulgaria
Collision Avoidance System	Mobility	Serbia
Communication Handset	Industrial	Philippines

Win Location - 2023



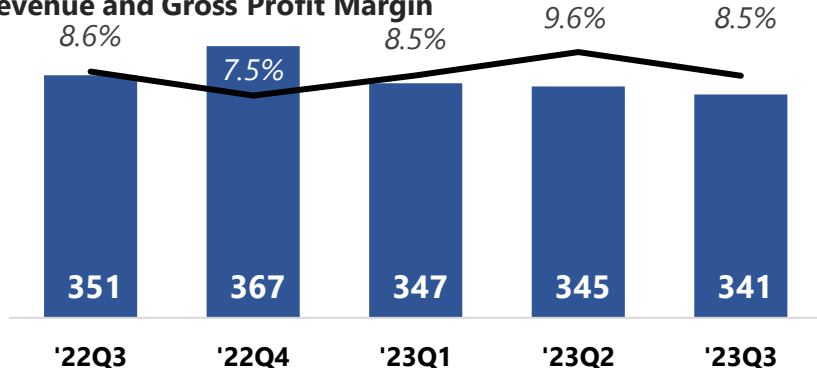
Win Location - 2022



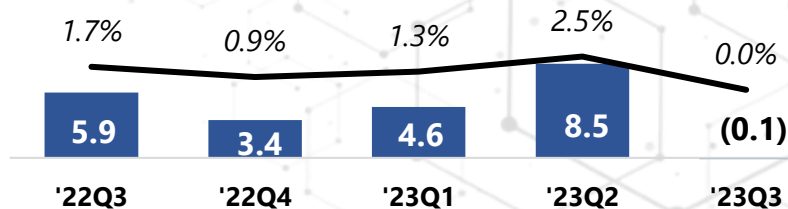


2023 Q3 Performance (Non-GAAP)

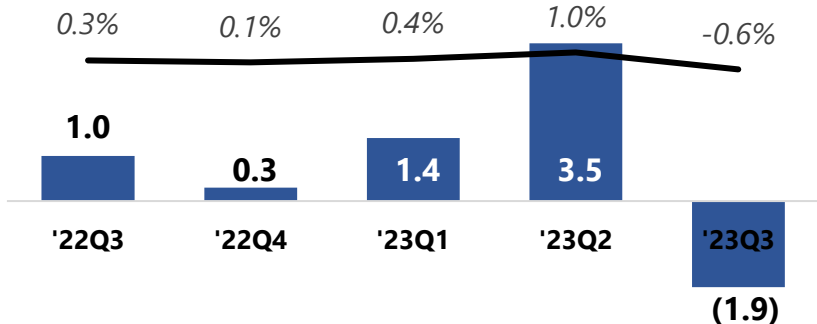
Revenue and Gross Profit Margin



Operating Income



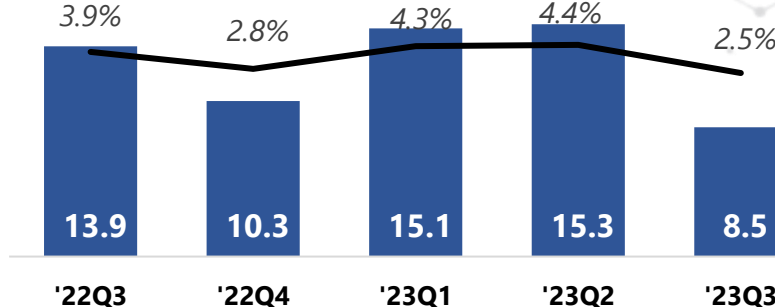
Net Income



Reported

4.7 1.2 3.8 7.2 (0.9)

EBITDA



Reported

18.3 4.9 13.6 14.1 10.8

2022 adjusted to reflect change in EUL policy

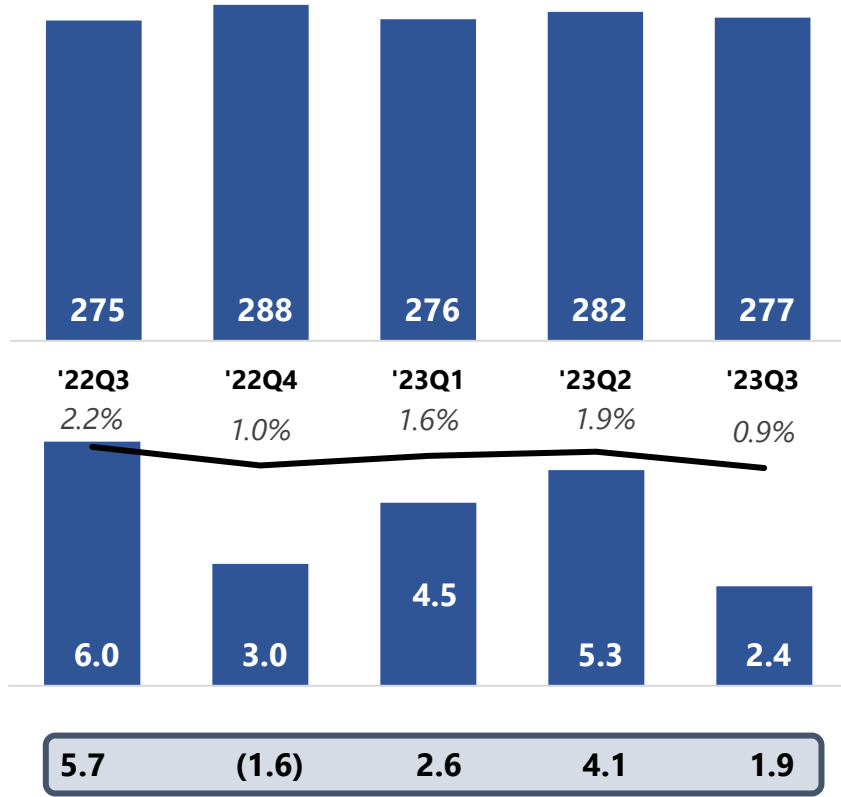
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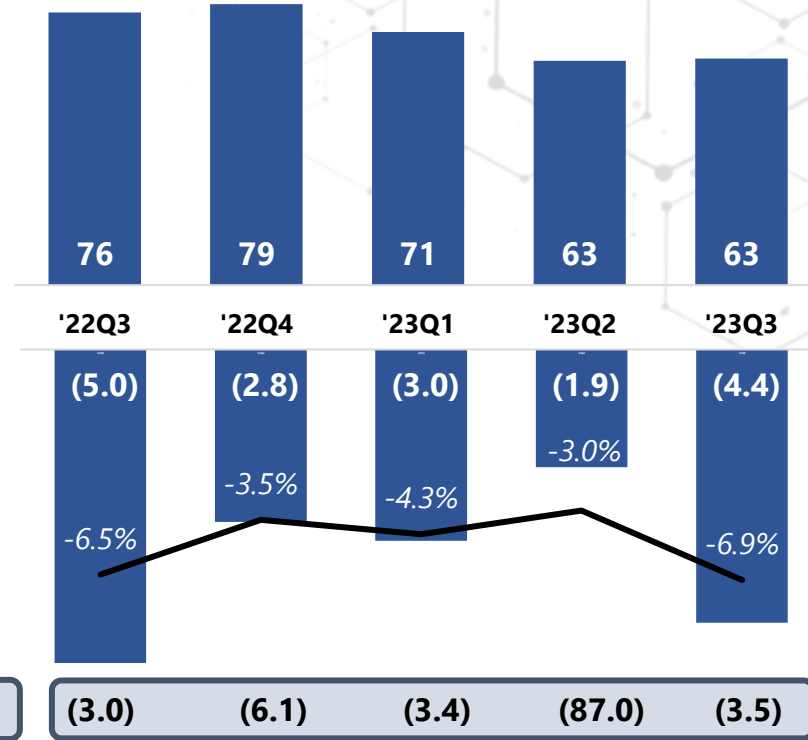
2023 Q3 Performance Non-GAAP

Wholly Owned Subsidiaries



Non Wholly Owned Subsidiaries

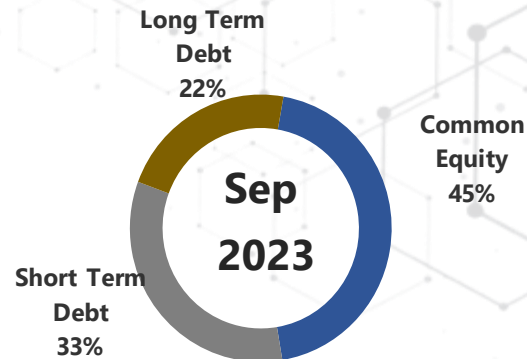
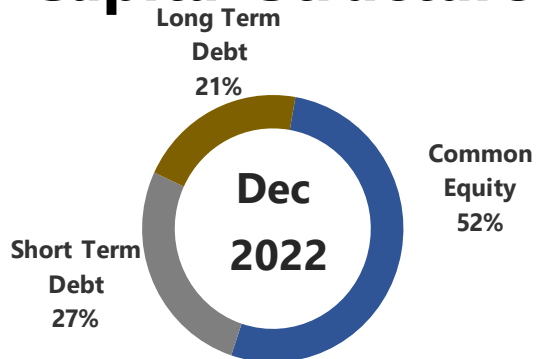
Revenue



Net Income



Capital Structure



(US\$ Millions)	Dec 2022	Sep 2023
Short-Term Debt	192.7	218.8
Long-Term Debt	150.4	145.5
Total Bank Debts	343.1	364.3
Cash and Investments	124.3	113.6
Net Debt	218.8	250.7
Common Equity Attributable to Parent	377.3	293.1

Key Financial Ratios	Dec 2022	Sep 2023
Current ratio	1.51	1.41
Bank Debt/ Total Equity	0.83	1.11
Net Debt / Total Equity	0.53	0.76
Book value/share (\$) *	\$0.17	\$0.13
Book value/share (PHP)**	₱9.62	₱7.48

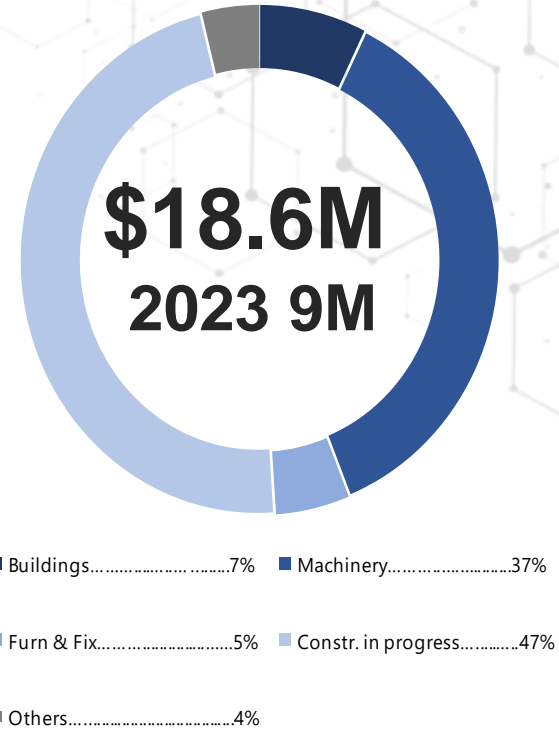
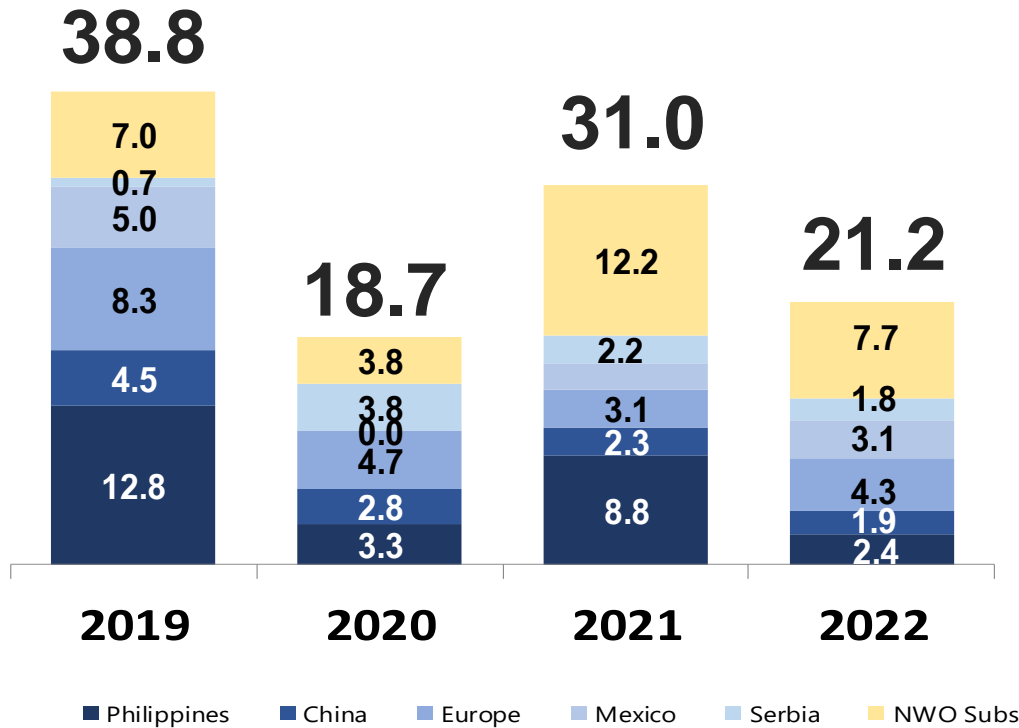
*Excluding Minority Interest

** Forex Rates at respective period close





Disciplined Capital Investments





Key Takeaways

- Sale of STI to Rcapital successfully closed in October 2023. Moving forward, STI financials will no longer be consolidated into IMI results.
- Expect normalization of operating environment going into 2024 albeit slower market growth expectation which would benefit IMI in terms of mitigating inflation and attrition rates.
- Geopolitical issues will likely be main driver of volatility. Effect of Israel-Palestine conflict does not pose a significant risk to IMI at the moment.
- Continued focus on working capital management. We expect further improvement as IMI works with its customers to clear excess inventory in the supply chain and return to normal ordering patterns.
- Pipeline activity remains strong with 9-month new project wins improving by 50% compared to last year. Significant wins coming from EV and ADAS which we expect to be major contributors to growth and profitability.



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