



IMI Analyst Briefing 2023 Full Year

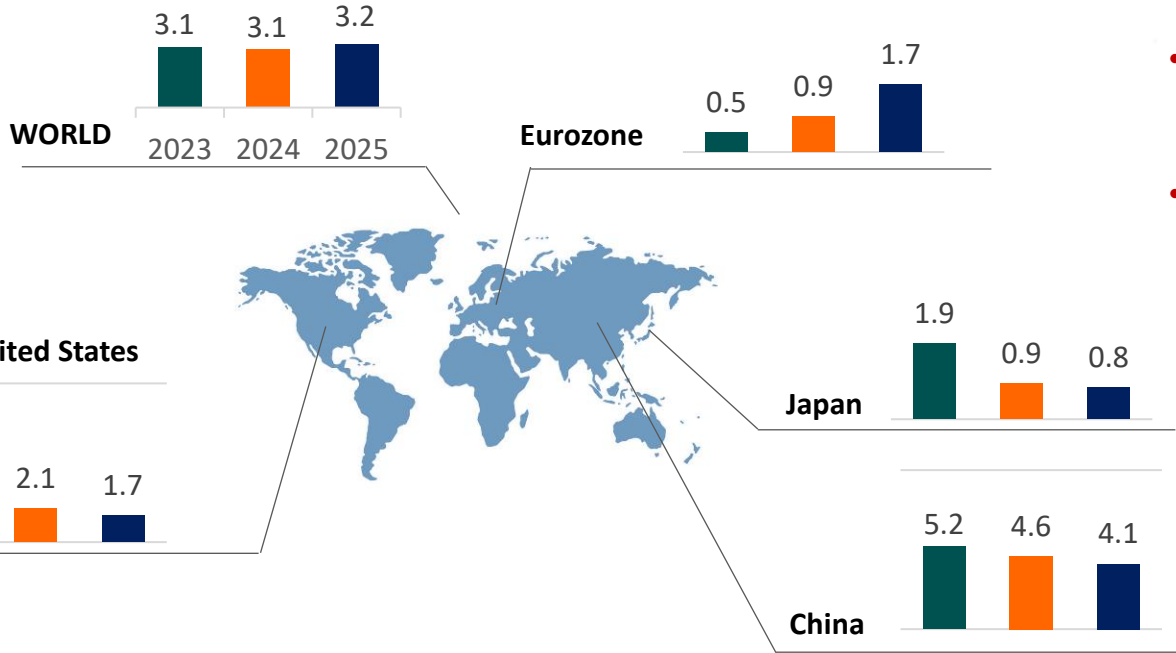
April 11, 2024
Online



Global Economic Outlook



Economic Growth Figures



- Constant pace of growth worldwide
- Europe forecasted to recover growth in 2024 and 2025
- China will see slowdown of growth after big recovery in 2023
- Inflation continues downward trend as supply-side issues unwind

	2023	2024	2025
Global Inflation	6.9%	5.8%	4.4%

Source: IMF World Bank Outlook January 2024

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Automotive Market Outlook



- Automotive sector in 2024 will continue to be weighed down by slow consumer spending driven by elevated living costs
- Electric Vehicles will remain as most buoyant part of the market with 2024 sales rising by 21% vs 3% for total passenger cars and 1% for commercial vehicles
- While government subsidies will remain as a top catalyst for EVs, international tariffs will start to encourage investment into local EV and battery production

Source: Economist Intelligence – Automotive Outlook 2024

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Industrial Market Outlook



- Industrial intelligent lighting controls market to grow at 14.5% CAGR until 2032. Innovations in IoT, AI and focus for energy efficiency are main factors driving growth
- Energy management systems to expand at 8.3% / year, reaching \$76B by 2034. Rising energy costs and resource management play a significant role in cost reduction strategies
- Electronic Security market reached \$52.4B in market size in 2023 and expected to grow at a 7.8% until 2028
- Competition for market share of next generation of EV charging platforms remains tight across all geographical regions

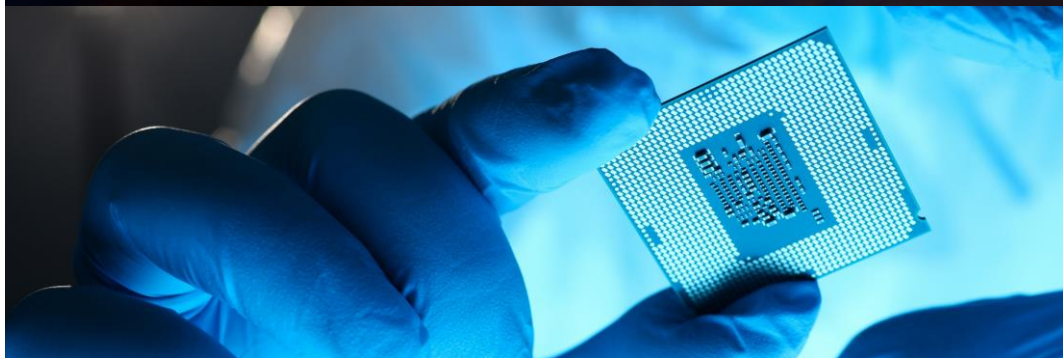
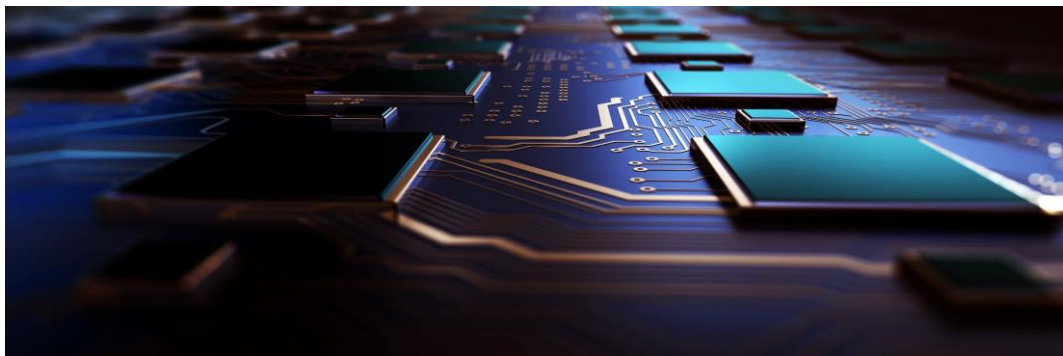
Source: IMARC Group Research, Future Market Insights, and Mordor Intelligence

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Excess Inventory in Electronics Supply Chain



- Intense component shortage in 2022 led to aggressive stockpiling, resulting in bloated inventory levels in 2023
- Demand reduction in 2023 and beginning of 2024 as companies seek to trim down excess stock
- Pockets of shortage remain while other sectors face oversupply, market forecasted to find balance mid-2024
- Long order lead times from peak of shortage continues to normalize and almost back to normal levels



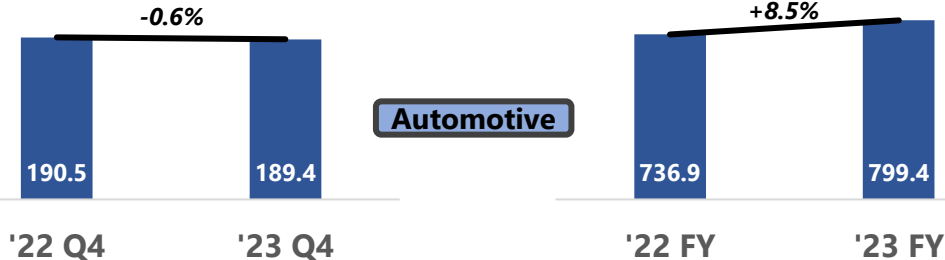
Executive Summary

- Core business profitability improved through better material pricing and streamlined support costs. Although net loss affected by one-off transactions, 2023 GP margin improved to 9.1% and EBITDA totals to \$47.3M
- Geopolitical issues and general slowdown of global economy could potentially temper business growth. Continued uncertainty of Chinese real estate market could ripple across auxiliary segments like industrial and consumer.
- European automotive market led growth of IMI business in the region. Industrial segment on the other hand, is still calibrating inventory volumes at the customer level, leading to reduced demand to IMI.
- IMI Philippines most affected by reduction of orders in industrial sector. While IMI China mobility remains strong with tighter expense controls leading to better profitability despite drop in consumer and telco segments
- 2024 Business wins slowing down due to general weakness of the market outlook
- 2023 financials are released with qualified independent auditor's opinion due to scope limitations in VIA Optronics. Internal review on compliance to company policies caused delay and appropriate amendments will be disclosed upon conclusion of audit, although IMI management feels the current disclosures capture the main transactions for 2023

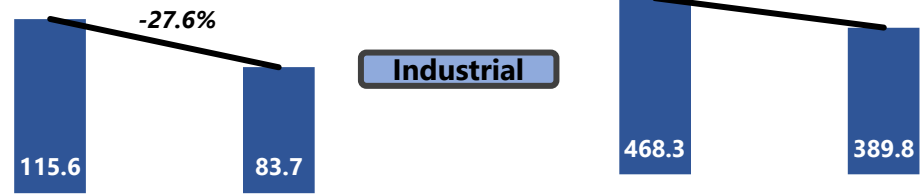


Financials

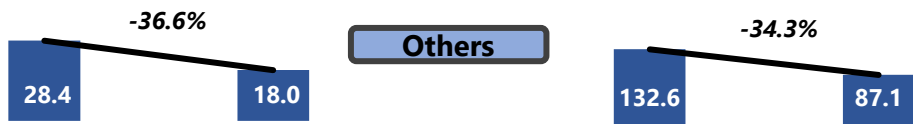
2023 Q4 Segment Updates



Automotive



Industrial



Others

➤ Automotive:

- Automotive focused European sites continue to recover revenue levels in 2023
- New business wins totaling \$161M which include automotive steering, two-wheel EV assembly, and ADAS collision avoidance systems lower than 2022
- Steering application product reducing as it migrates to new model

➤ Industrial:

- Customers sought to trim inventory levels from the advanced ordering necessary in 2022 in order to secure components affected by shortage. Compounded by slowdown of market demand. Volume expected to recover in Q2
- Players in EV charging space in Europe and China continue to compete for market share, bringing uncertainty to volume forecasts
- Real estate downturn in China persists, affecting industrial and consumer applications
- Renewable energy battery management and industrial LED lighting main contributors to \$79M of new business wins this year

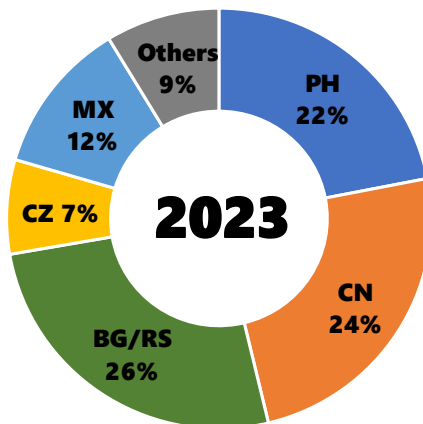
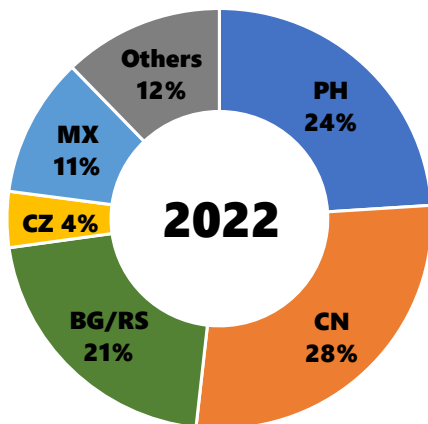
➤ Others:

- Medical business maintaining revenue level given high barriers to entry for new projects
- Aggressive competition in China and Taiwan continue to compete in pricing further driving margins down for Telco and Consumer Business



2023 Q4 Region Updates

	'22 Q4	'23 Q4	Y/Y%		'22 FY	'23 FY	Y/Y%
PH	82.9	66.6	-20%		327.2	279.6	-15%
CN	77.7	68.2	-12%		307.7	270.5	-12%
BG/Serbia	70.0	90.7	30%		285.2	344.9	21%
CZ	18.2	21.3	17%		60.5	96.1	59%
MX	39.4	35.0	-11%		151.0	156.4	4%
TOTAL	366.9	293.0	-20%		1,409.0	1,325.7	-6%



➤ Philippines:

- Industrial customers continue to whittle down their finished goods stock, leading to reduced order volume until their inventories reach ideal levels
- \$5.6M of unfavorable purchase price variance recovered in 2023, with another \$1.1M of efficiency savings from Kaizen initiatives

➤ China:

- Automotive business on par with expectations, but revenue shortfall driven by lower-margin telecom and consumer segments.
- Tight expense control and better efficiency resulted in even higher gross profit despite 12% revenue shortfall for the year. 2023 Gross margins better by 139 bps

➤ Europe:

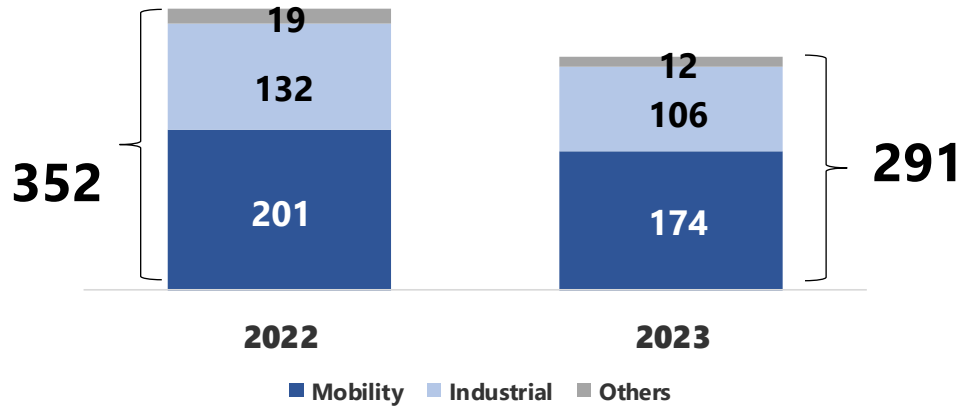
- Region continues to lead revenue recovery with European automotive market back on track
- New business wins also mostly on plan with more projects loaded in the pipeline from 2023 wins

➤ Mexico:

- Partial consolidation of mature automotive programs to Chinese facilities started in Q4 in order to increase overhead optimization. Mexico gearing for ramp up of new model to be ramped up in the next few years



2023 FY Group Program Wins

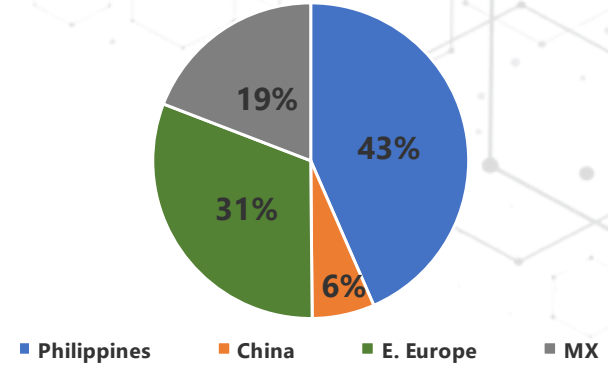


*Wins in US\$ of Annual Revenue Potential

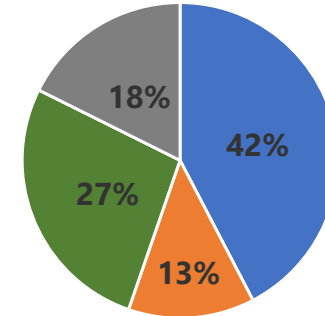
Notable Wins in 2023

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



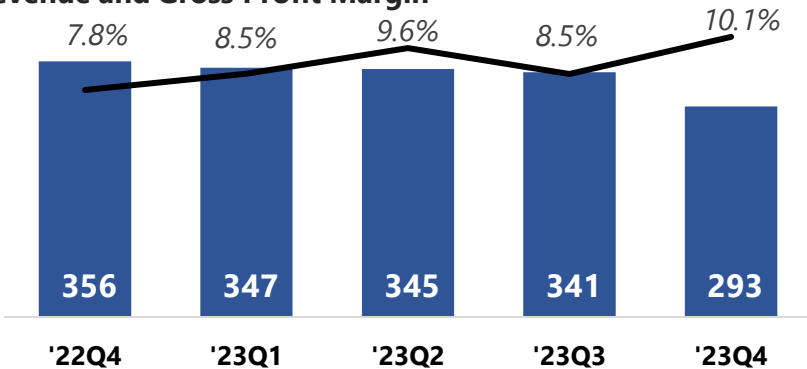
Win Location - 2022



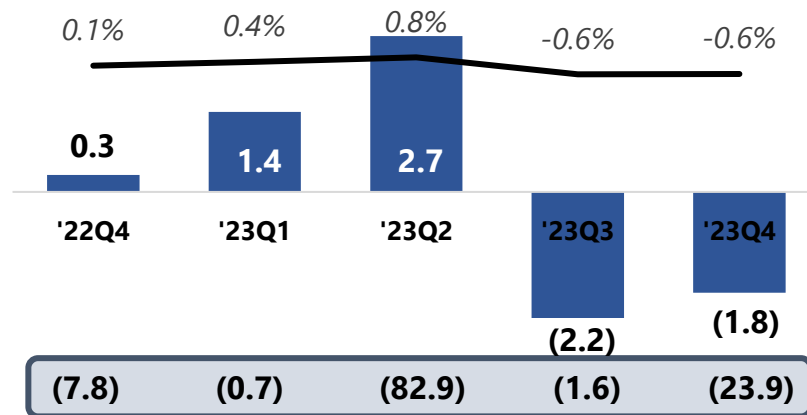


2023 Q4 Performance (Non-GAAP)

Revenue and Gross Profit Margin

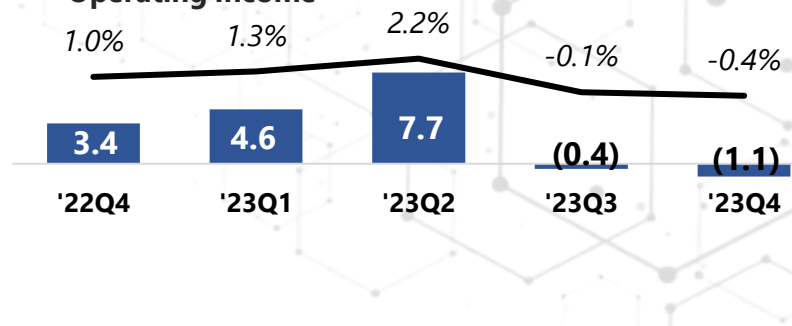


Net Income



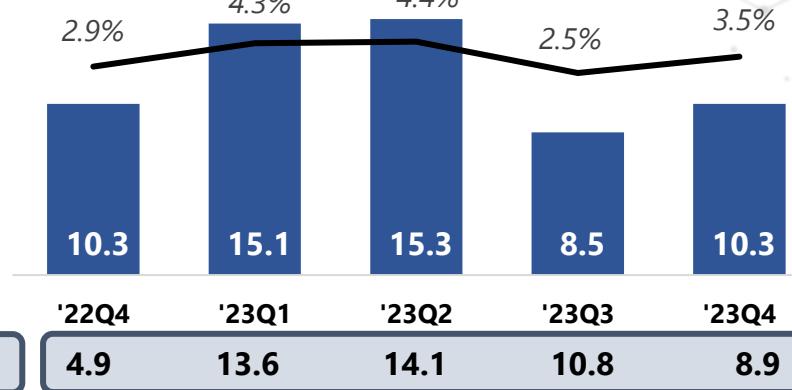
Reported

Operating Income



1.2 3.8 7.2 (0.9) (2.2)

EBITDA



Reported

4.9 13.6 14.1 10.8 8.9

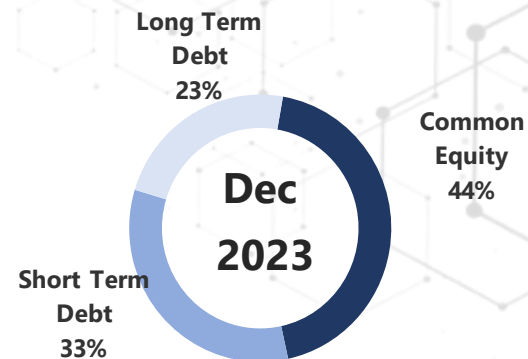
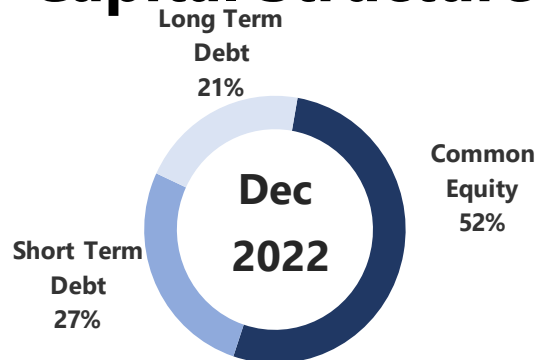
2022 adjusted to reflect change in EUL policy

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Capital Structure



(US\$ Millions)	Dec 2022	Dec 2023
Short-Term Debt	192.7	209.7
Long-Term Debt	150.4	146.7
Total Bank Debts	343.1	356.4
Cash and Investments	124.3	103.0
Net Debt	218.8	253.4
Common Equity Attributable to Parent	377.3	277.8

Key Financial Ratios	Dec 2022	Dec 2023
Current ratio	1.51	1.43
Bank Debt/ Total Equity	0.83	1.15
Net Debt / Total Equity	0.53	0.82
Book value/share (\$) *	\$0.17	\$0.13
Book value/share (PHP)**	₱9.62	₱6.95

*Excluding Minority Interest

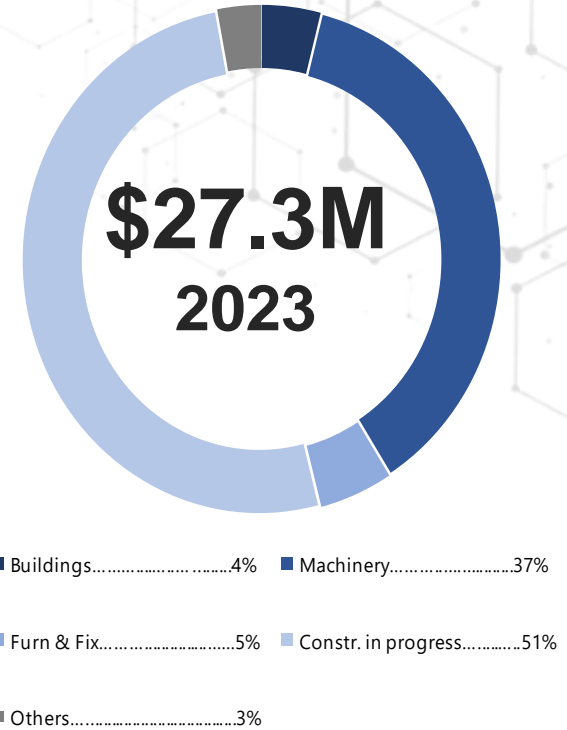
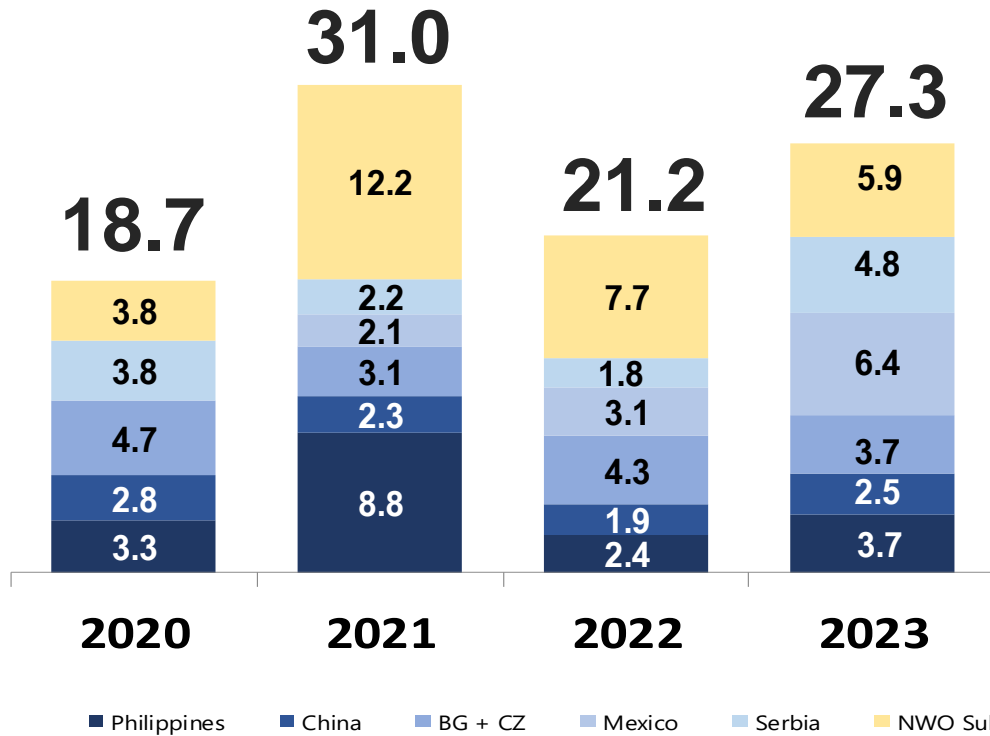
** Forex Rates at respective period close

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Disciplined Capital Investments





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