



IMI Analyst Briefing 2024 Q2

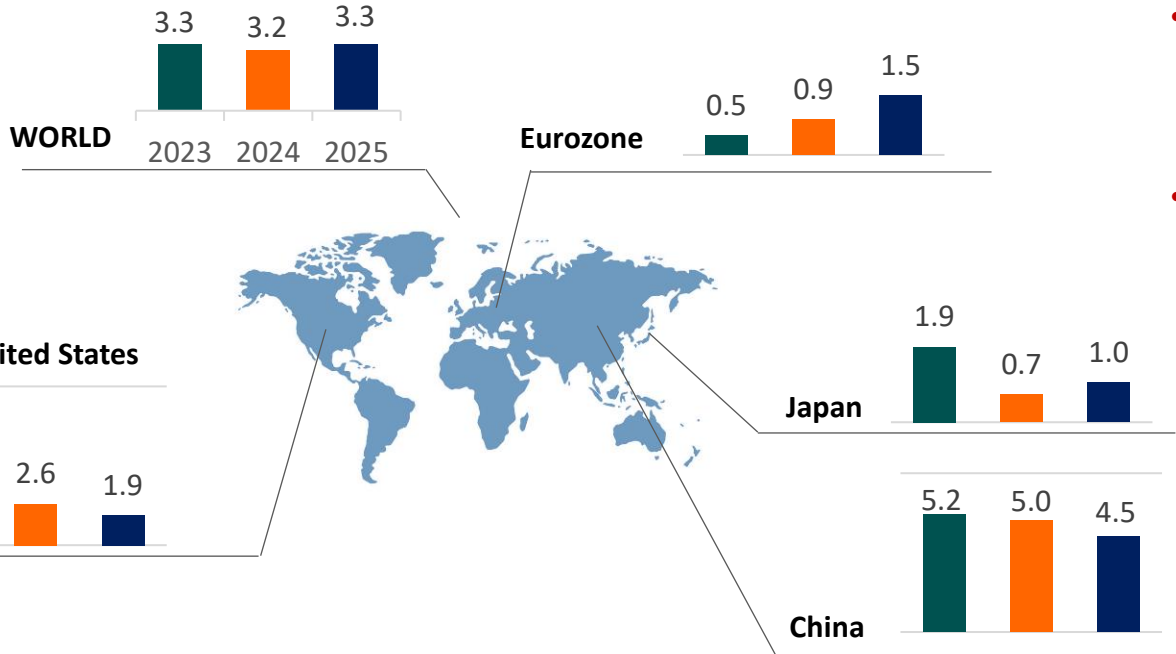
August 8, 2024
Online



Market Outlook



Economic Growth Figures



- Recovery of Europe to continue in 2025
- Recovery of supply chain issues will drive down inflation
- Uncertainty in China driven by upcoming USA presidential elections and potential policy changes
- Fear of USA Recession triggered selloff in Asian markets

	2023	2024	2025
Global Inflation	6.9%	5.8%	4.4%

Source: IMF World Bank Outlook July 2024

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Automotive Market Outlook



- Tariffs on China will drive business to Mexico and other Asian countries
- Persistent high interest rates have slowed down end-customer purchasing of new vehicles
- Although EV subsegment forecasts have cooled recently, internal-combustion-only vehicles will fall below 40% in by 2030
- 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



- Post-COVID inventory rebalancing continues at the customer level
- Global economic slowdown affecting consumer discretionary spending
- AI integrated security and connectivity applications to drive future growth
- Energy storage market to play crucial role in addressing intermittent nature of renewable energy sources
- Aggressive initial roll-out of EV chargers has slowed down. Vehicle sales needs to catch up as battery prices continue to get cheaper; government support crucial in subsidizing growing pains

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

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Financials



2024 Q2 Segment Updates



➤ Automotive:

- IMI wholly owned subsidiaries automotive segment is growing vs LY
- Success of low-cost EVs from China has OEMs rethinking next generation strategies, deferring some new programs
- Delay in steering application program should catch up in future periods
- IMI Serbia grew 79% compared to same period last year as new businesses continue to ramp-up
- Uncertainty in the automotive market still tempers new business pipeline activity

➤ Non-Automotive:

- Soft demand in the industrial space across NAFTA, EU and Chinese regions has delayed clearing of existing inventory, slowing down orders for new programs
- De-emphasizing of shrinking and low-margin businesses i.e. consumer devices, telco infrastructure
 - Of the 42% reduction in Non-Auto businesses, 16% comes from the exit of STI, and another 5% due to strategic reduction in unfavorable businesses

Includes non-core businesses

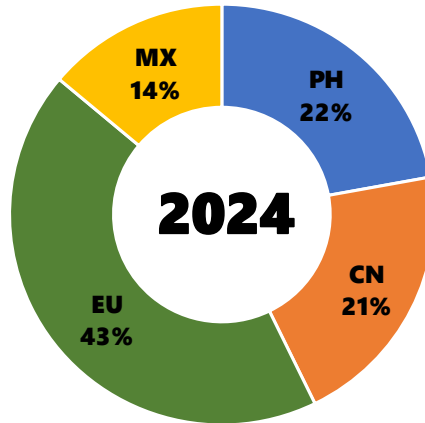
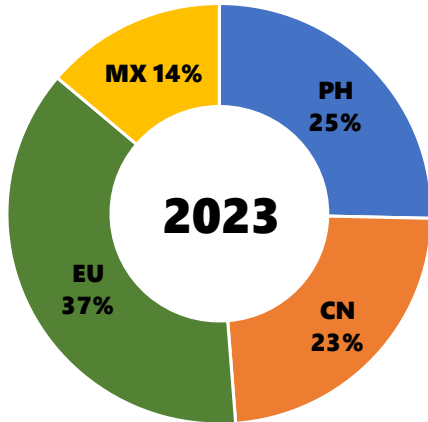
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2024 Q2 Region Updates

	'23 Q2	'24 Q2	Y/Y%		'23 1H	'24 1H	Y/Y%
PH	67.2	61.7	-8%		145.0	118.0	-19%
CN	70.7	53.5	-24%		134.0	110.0	-18%
EU	111.4	111.1	0%		214.0	231.0	8%
MX	41.2	36.2	-12%		79.0	74.0	-6%



➤ Philippines:

- Next generation industrial products being deferred as customers continue to trim existing inventory levels
- EV Motorcycle assembly ramping up in 2024, mitigating shortfall in industrial segment

➤ China:

- Chinese EV charging products being served from IMI Chengdu facing uncertainty of market demand
- Strategic disengagement from low margin commoditized businesses reduced revenues but will improve regional margins
- Corporate restructuring activities in the region will better align costs with the business environment

➤ Europe:

- Serbia continues to grow significantly as new businesses and existing programs consolidated from other sites both continue to expand

➤ Mexico:

- Delay in ramp-up of new steering application model tempers 1H revenues but should catch up in the next quarters
- Significant changes in manufacturing efficiency will start to improve site margins

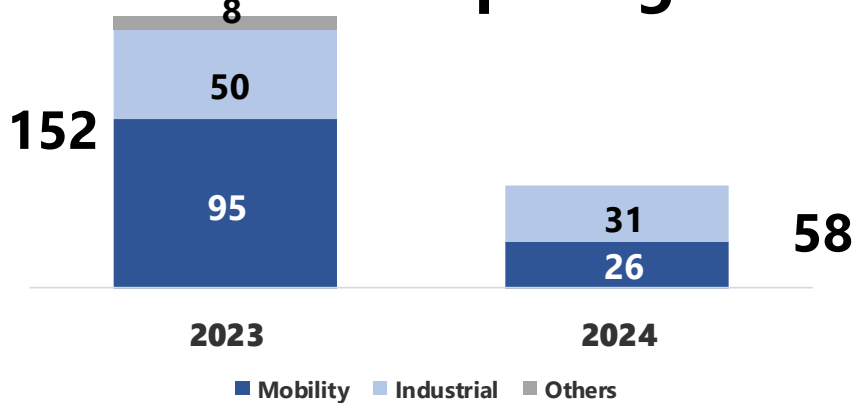
Core business revenues

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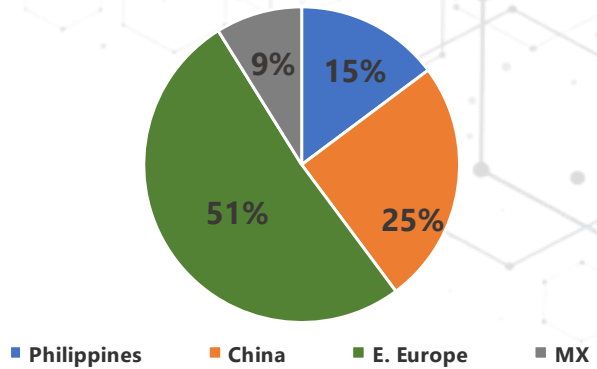
2024 1H Group Program Wins



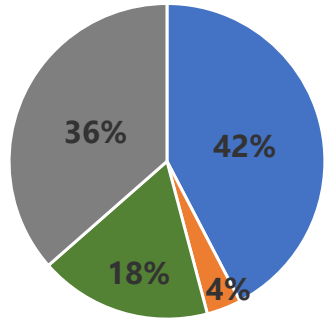
*Wins in US\$ of Annual Revenue Potential

Notable Wins in 2024		
LED Lighting	Industrial	Bulgaria
Industrial Energy Storage	Industrial	China
Automotive Door Sensor	Mobility	Bulgaria
Automotive Window Lifter	Mobility	Mexico
Automotive HVAC	Mobility	Bulgaria
Automotive Cooling Fan	Mobility	China
LIDAR	Mobility	Philippines

Win Location - 2024



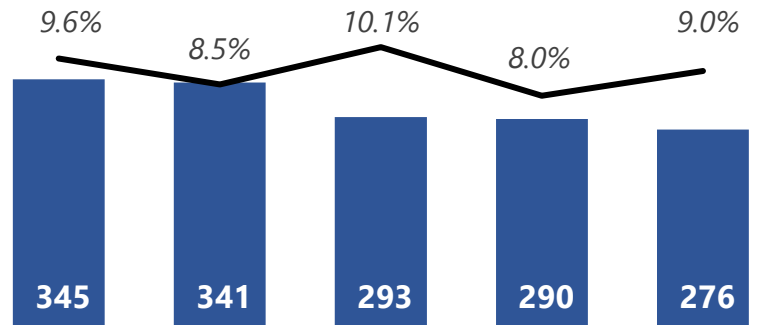
Win Location - 2023



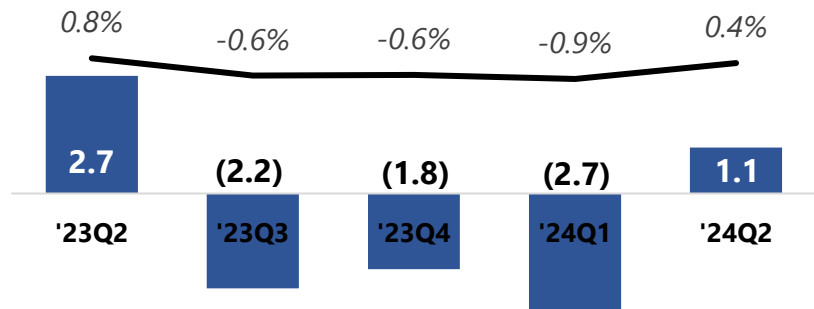


2024 Q2 Performance (Non-GAAP)

Revenue and Gross Profit Margin

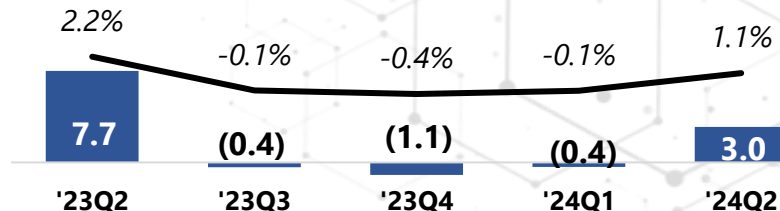


Net Income



(82.9) (1.6) (23.9) (3.7) (5.1)

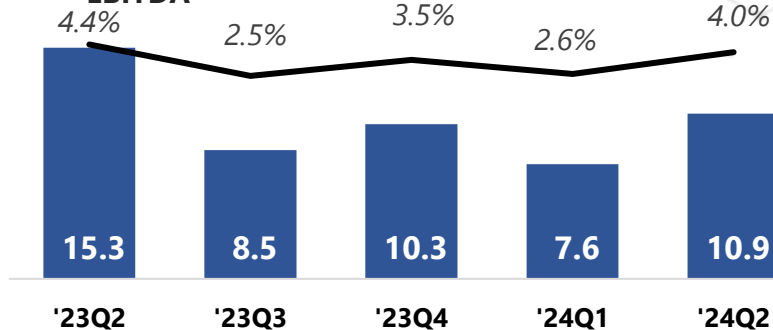
Operating Income



Reported

7.2 (0.9) (2.2) (0.8) (2.4)

EBITDA



Reported

14.1 10.8 8.9 7.0 5.6

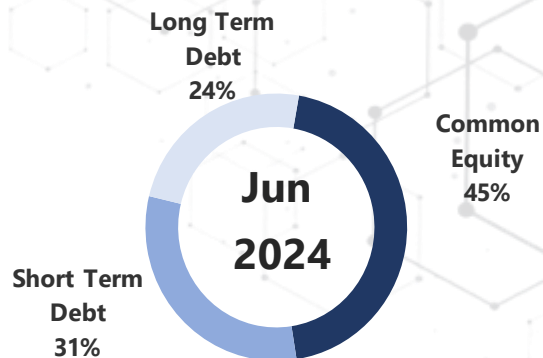
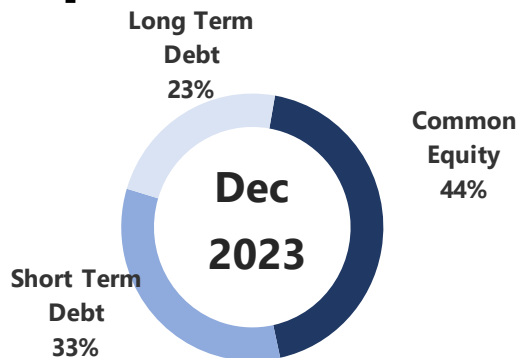
Includes non-core businesses

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Capital Structure



(US\$ Millions)	Dec 2023	Jun 2024
Short-Term Debt	209.7	181.4
Long-Term Debt	146.7	139.7
Total Bank Debts	356.4	321.1
Cash and Investments	103.0	90.1
Net Debt	253.4	231.0
Common Equity Attributable to Parent	278.5	260.0

Key Financial Ratios	Dec 2023	Jun 2024
Current ratio	1.43	1.46
Bank Debt/ Total Equity	1.15	1.14
Net Debt / Total Equity	0.82	0.82
Book value/share (\$) *	\$0.13	\$0.12
Book value/share (PHP)**	₱6.95	₱6.86

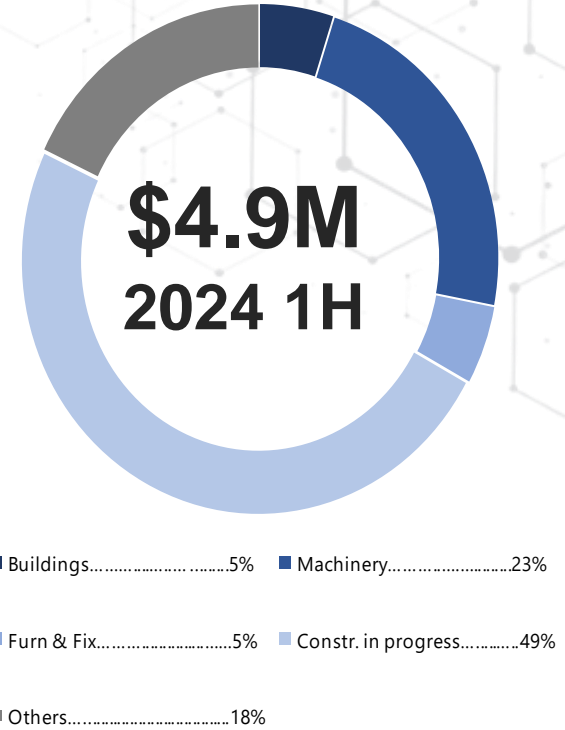
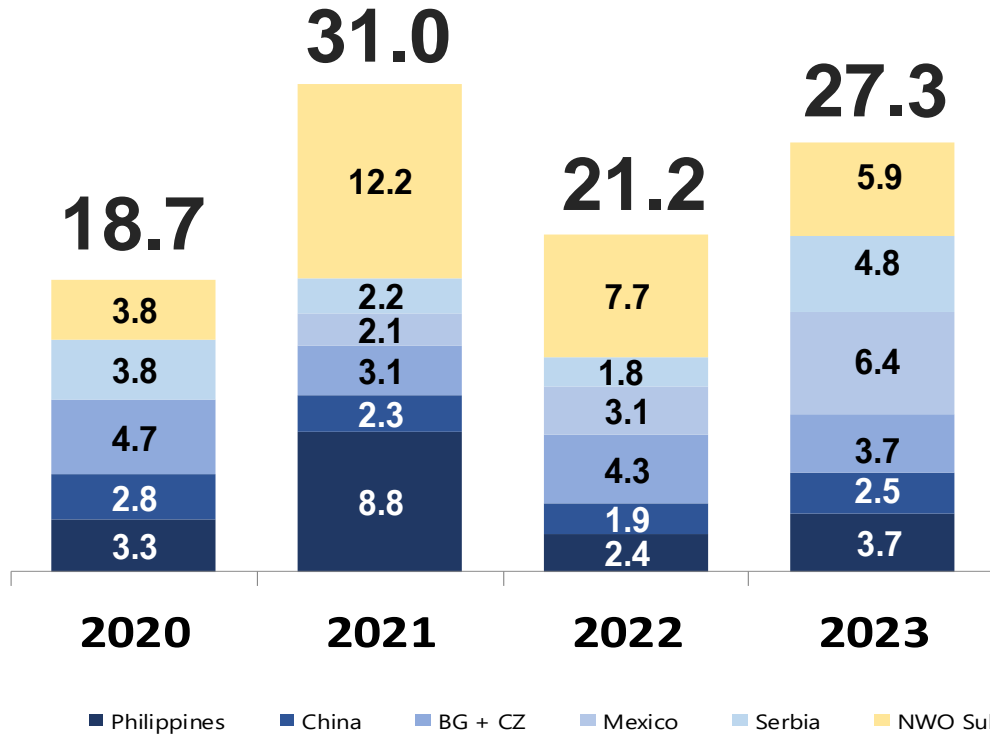
*Excluding Minority Interest

** Forex Rates at respective period close





Disciplined Capital Investments





Key Takeaways

- Success of low-cost Chinese EV programs has led to deferment of programs from some traditional OEMs as they rethink pricing strategy
- Soft demand in industrial market has further delayed clearing of existing stock from IMI's customers in the segment
- Streamlining initiatives across all sites to create a flatter organizational structure with simplified and accountable roles. This includes reducing headcount across management.
- Working on optimization of manufacturing and office footprint to match market requirements
- Reassessment of customer portfolio – Focus on better margin businesses and favorable, lower risk commercial terms including CAPEX and working capital requirements
- Driving increased share of IMI-controlled direct material spend and maximizing cost reduction throughout the supply chain (including Logistics)
- VIA completed delisting from the NYSE and deregistration from the SEC, meanwhile IMI management teams are focused on closely monitoring business recovery. Further restructuring activities started in Q2 2024



Q&A



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