



IMI Analyst Briefing 2024 Q3

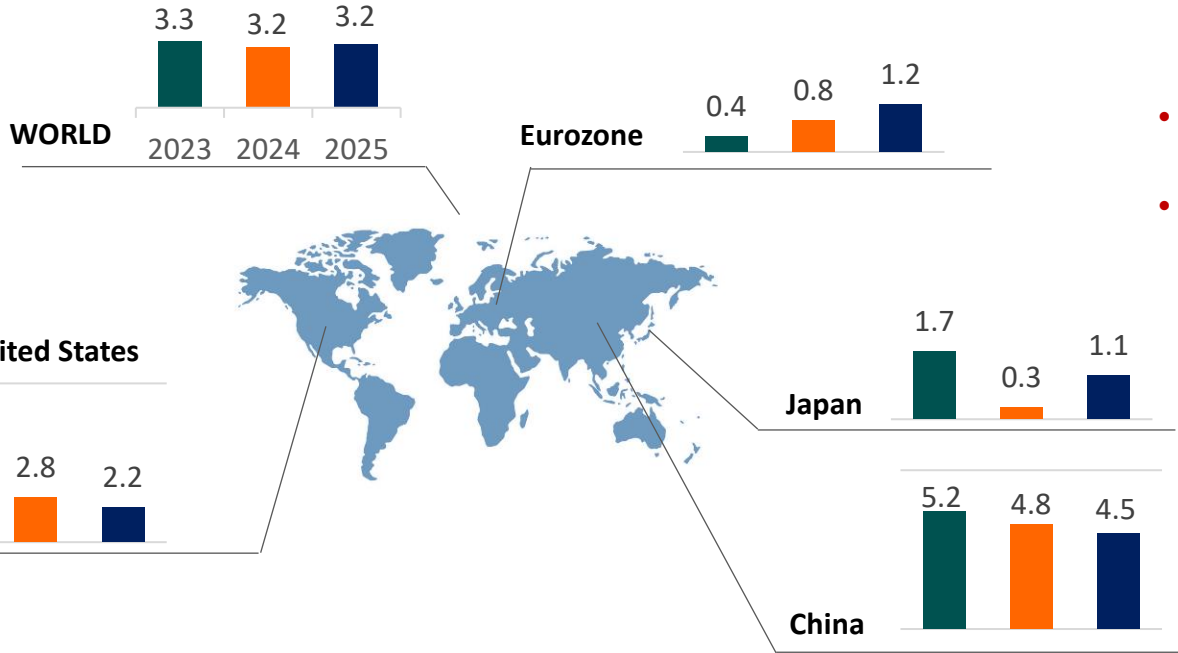
November 7, 2024
Online



Market Outlook



Economic Growth Figures



- Soft overall growth in Eurozone affecting IMI sites in the region
- Easing of global inflation will lead to recovery of discretionary spending
- Risks driven by elevated policy uncertainty
- Intensification of protectionist policies would exacerbate trade tensions

	2023	2024	2025
Global Inflation	6.7%	5.8%	4.3%

Source: IMF World Bank Outlook October 2024

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Automotive Market Outlook



- High interest rates have caused reduced discretionary spending, significantly affecting automotive market
- Range anxiety, charging time, and availability of charging infrastructure has dampened wide-scale adaption to EVs
- Emergence of low-cost alternatives from China has highlighted the importance of price-competitiveness, affecting all players in the supply chain.



Industrial Market Outlook



- Dampened EV market has slowed down charging infrastructure demand
- Chinese real estate market showing signs of recovery after new government measures; adjacent industries such as IoT and smart home applications to benefit
- Recovery from inflated inventory levels continues to drag on
- With net-zero goals gaining momentum, demand for sustainable energy applications forecasted to grow



Financials

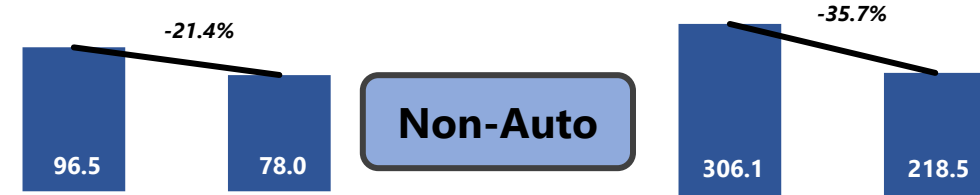


2024 Q3 Segment Updates



Automotive

Non-Auto



➤ Automotive:

- IMI remains capable of serving both ICE and EV platforms. However, uncertainty in global market transition slowing down customer ordering patterns
- Demand dropoff from existing steering application project with next generation model facing ramp-up delays
- IMI Serbia continues growth with Q3 resulting in 7% quarter-on-quarter and 36% year-on-year improvements
- VIA Optronics loss of orders from large automotive customer and another mobility camera customer facing bankruptcy proceedings

➤ Non-Automotive:

- Exit from low-margin telco projects driving reduction in top line sales but improves margins and clears capacity for more profitable businesses
- EV charging customer facing significant demand challenges in the Chinese market
- Divestment of STI which was still consolidated with the group in 2023 is contributing to revenue drop this year

Includes non-core businesses

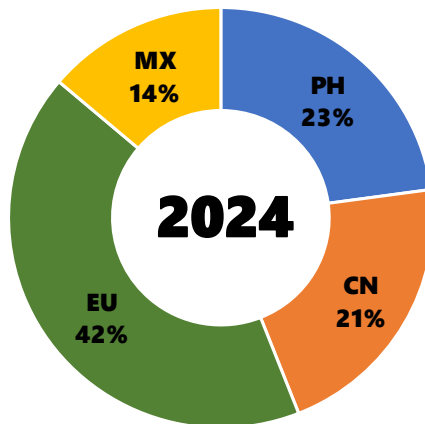
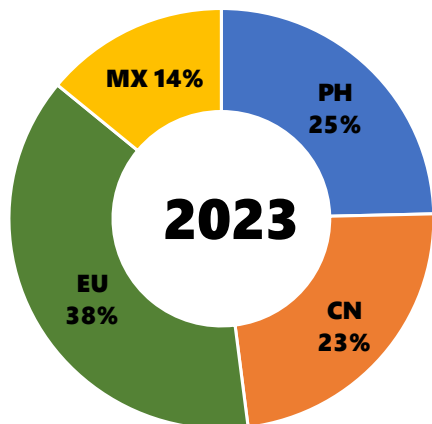
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2024 Q3 Region Updates

	'23 Q3	'24 Q3	Y/Y%		'23 9M	'24 9M	Y/Y%
PH	68.3	61.1	-11%		213.3	179.1	-16%
CN	68.3	55.9	-18%		202.3	165.9	-18%
EU	115.1	99.4	-14%		329.1	330.4	0%
MX	42.5	34.1	-20%		121.5	108.1	-11%



➤ Philippines:

- Cost structure has been aligned with shifting market dynamics to mitigate impact of slow recovery in the industrial market

➤ China:

- Continued strategic disengagement from low margin businesses will improve future profitability as capacity is taken up by new projects
- IMI Chengdu's EV charging customer still facing challenges of securing end-customer market share in the dynamic EV charging market of the region
- Sites starting to reap benefits of cost reduction initiatives with more restructuring activities being implemented

➤ Europe:

- Large customer demand being redistributed between IMI sites will improve future profitability but caused revenue drop during the transition period

➤ Mexico:

- Current steering application slowing down but new model now ramping up in Q4
- Active push to promote unique IMI capabilities in plastics will provide additional revenue stream for the site and enhance profitability

Core business revenues

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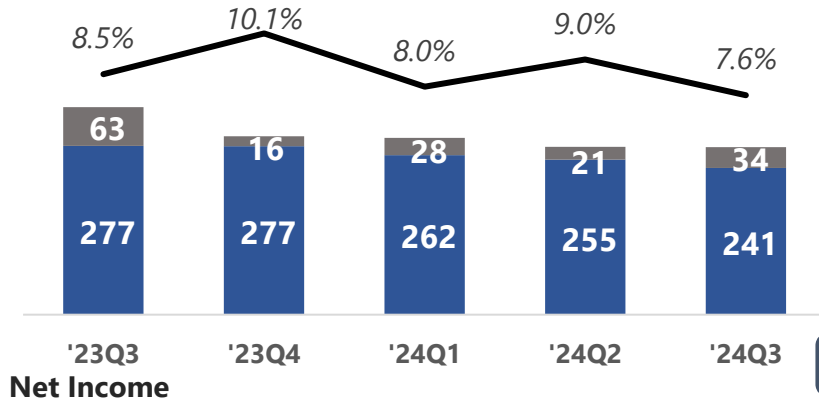




2024 Q3 Group Performance (Non-GAAP)

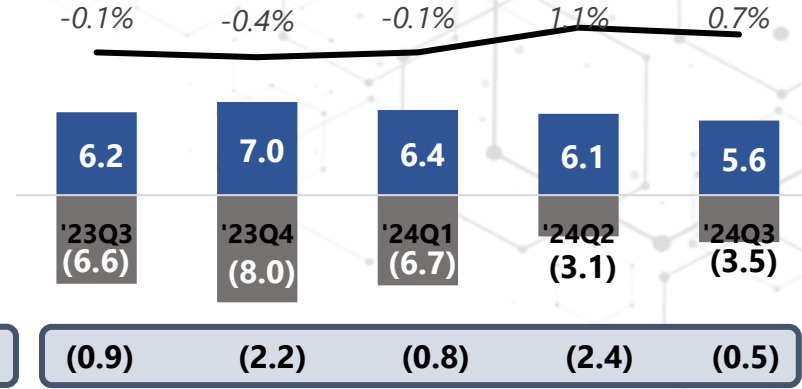
CORE

Revenue and Gross Profit Margin

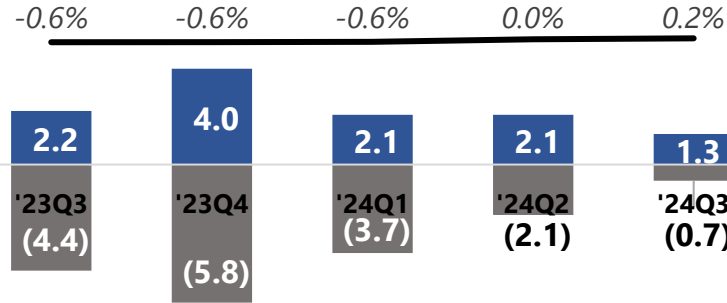


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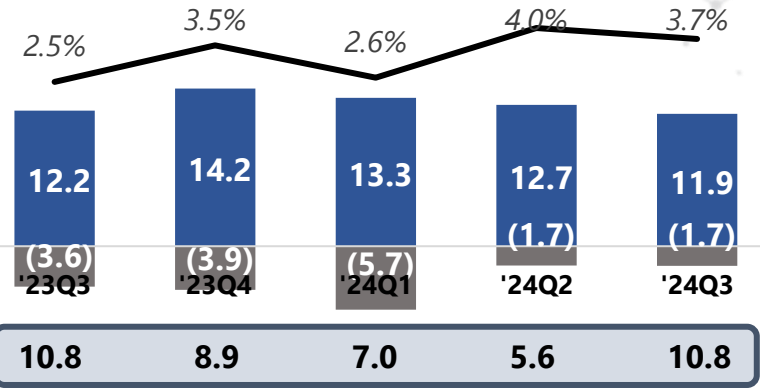
Operating Income



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Reported



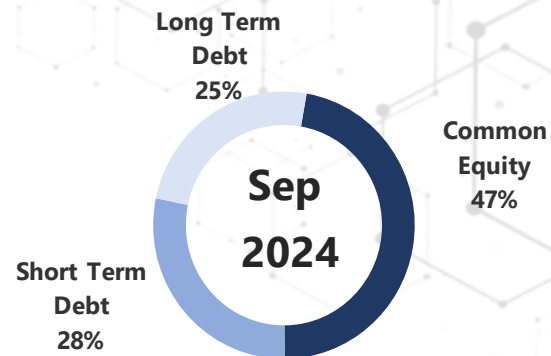
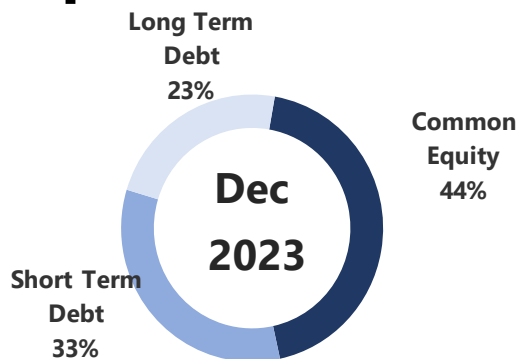
Includes non-core businesses

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Capital Structure



(US\$ Millions)	Dec 2023	Sep 2024
Short-Term Debt	209.7	162.3
Long-Term Debt	146.7	140.7
Total Bank Debts	356.4	303.0
Cash and Investments	103.0	91.0
Net Debt	253.4	212.0
Common Equity Attributable to Parent	278.5	270.2

Key Financial Ratios	Dec 2023	Sep 2024
Current ratio	1.43	1.43
Bank Debt/ Total Equity	1.15	1.04
Net Debt / Total Equity	0.82	0.73
Book value/share (\$) *	\$0.13	\$0.12
Book value/share (PHP)**	₱6.95	₱6.84

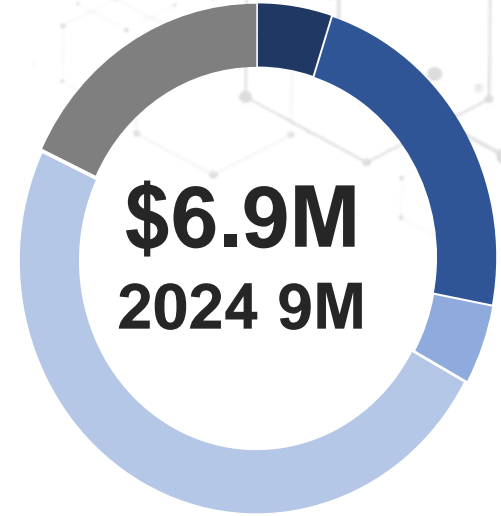
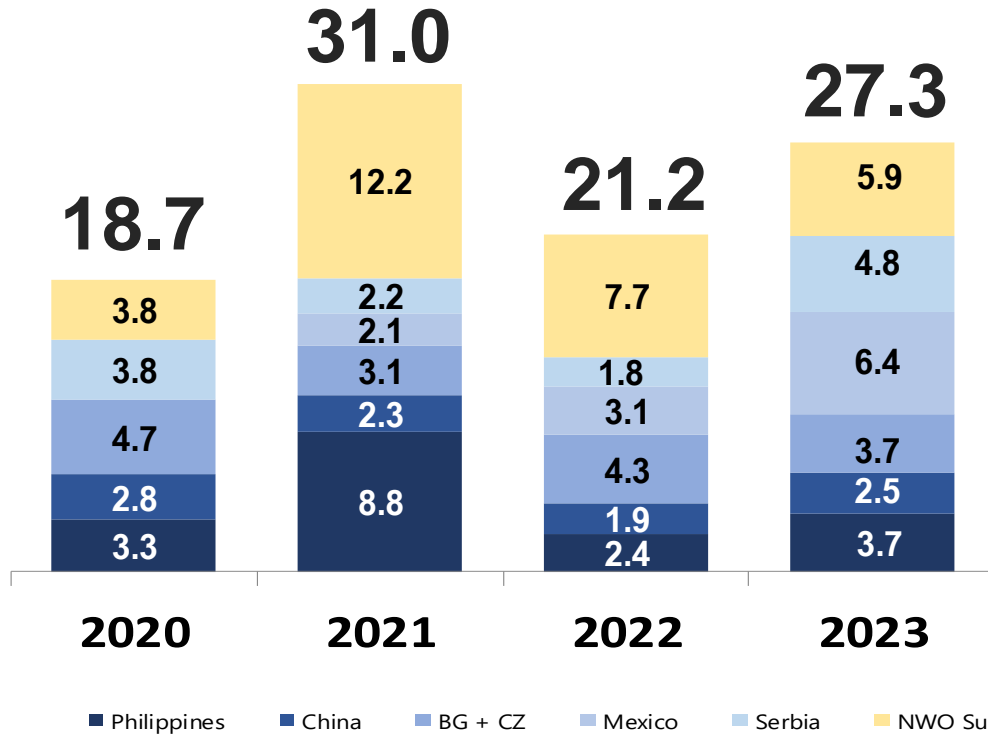
*Excluding Minority Interest

** Forex Rates at respective period close





Disciplined Capital Investments





Key Takeaways

- Electronics market remains challenging but IMI core business has been profitable with further improvements to be realized as more cost realignment measures are implemented
- Significant restructuring in IMI USA, Japan, Singapore and Malaysia offices
- Footprint rationalization being assessed to balance price competitiveness with capability to offer consistent high quality products across key regions
- Focus on direct material cost improvement through identification of alternative components, and increasing share of IMI-control on bill of materials
- Core FOH + SG&A reduction of approximately \$25 million annualized in 2024
- Aside from operational improvements, financial initiatives also implemented to improve net profitability. Debt level reduced by more than \$50 million, reducing interest expense amidst high-rate environment. This will remain a continuing focus for the finance team.



Q&A



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