



**IMI**

A member of  **AC Industrials**  
An Ayala Company

## Q2 2019 Analysts't Briefing

August 1, 2019

25th Floor, South Room B,  
Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City

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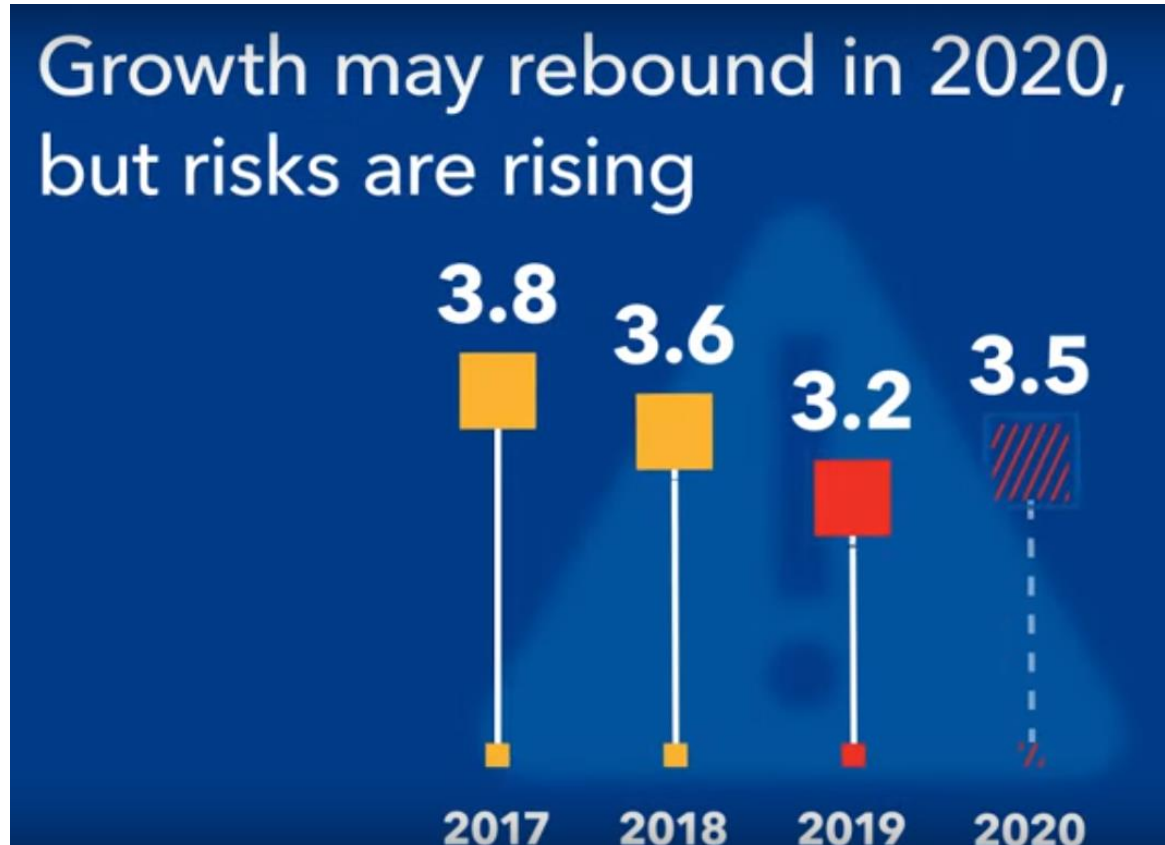
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# Operating Environment



# Global Economy



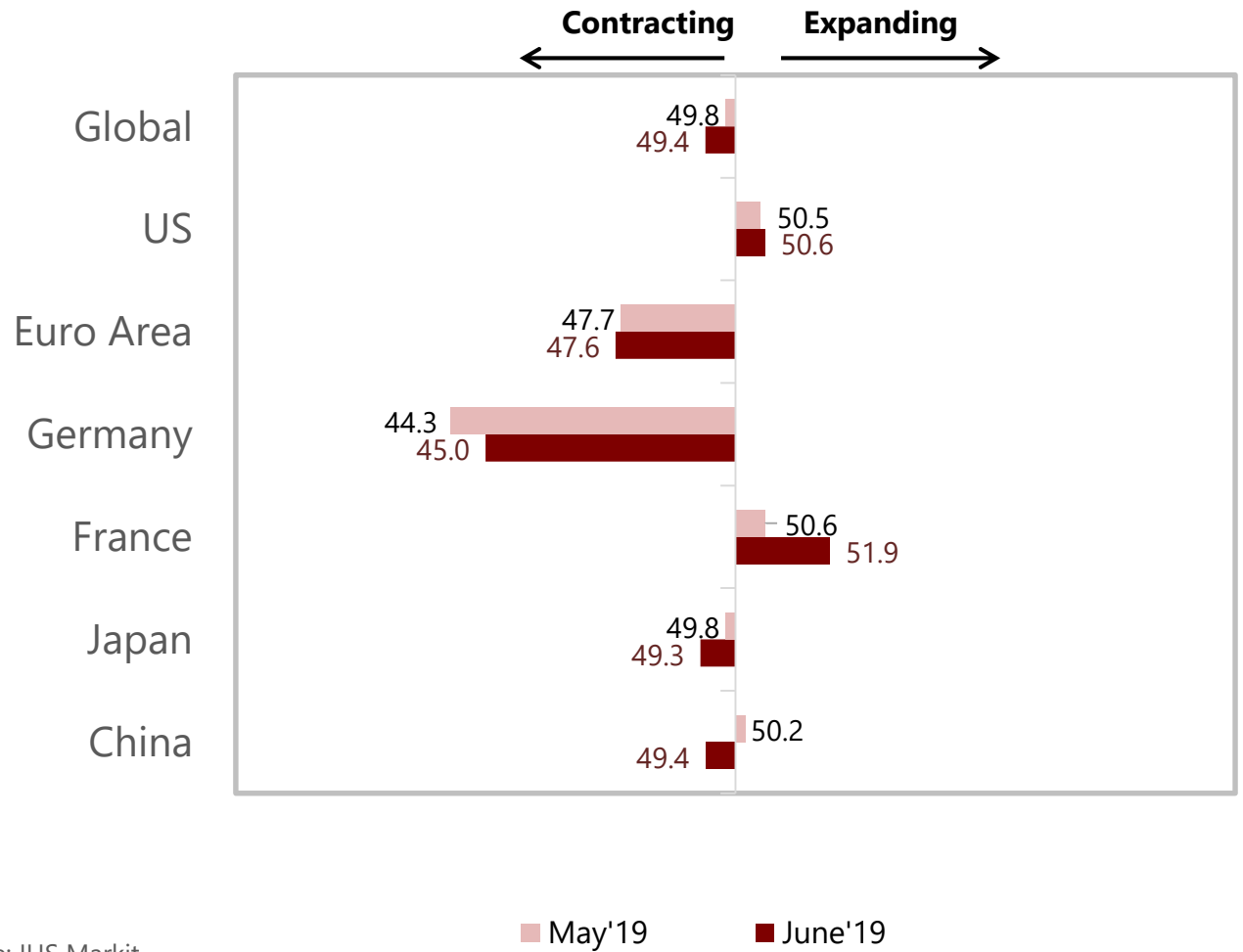
Source: IMF, July 2019

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# Manufacturing PMI

Above 50 indicates expansion while below 50 is a contraction

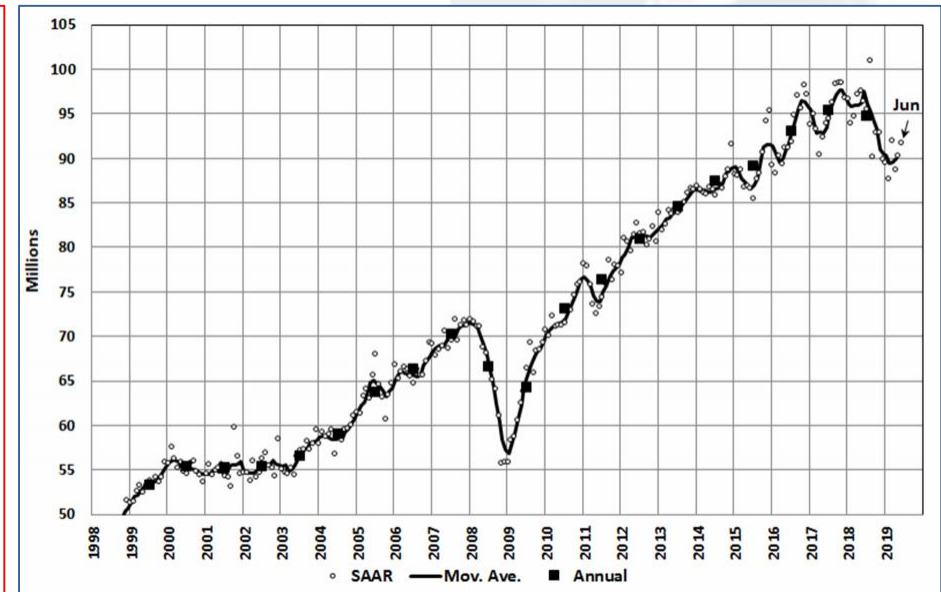


- The global manufacturing PMI at June indicates declining manufacturing activity in the Eurozone, United Kingdom, China, Japan, and members of ASEAN
- The US is still at very slow growth in activity
- The weakness in China's manufacturing sector spilled over into the manufacturing sectors of other East Asian economies.

Source: IHS Markit

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# Global Automotive Unit Sales on Recovery



- China car sales rose in June, snapping a 12-month long streak of declines.
- Dealers slashed prices by as much as 50% resulting in a 4.9% increase to 1.8M units in June y-o-y, the first increase since May 2018 (Source: Bloomberg)

- Global Light Vehicle sales fell 6.4% y-o-y in June, though the selling rate increased to 91.7M units/year, from 90.2M units/year in May.
- The increase in the global selling rate can largely be attributed to m-o-m rise in China. (Source: LMC Auto)

Source: Bloomberg ; LMC Auto

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# Factors Contributing to China Auto Slump

- Less availability of auto loans
- Dealer destocking
- Accelerated transition to China 6 emission standards-compliant vehicles
- Tax policy changes
- Growth of ride hailing
- Trade Wars

## BRIGHT SPOT

- New registrations of EVs (defined as battery electric vehicles [BEVs] and plug-in hybrid electric vehicles [PHEVs]) in China rose at a monthly average of 85% during July 2018-March 2019 compared to year-earlier period.
- However, EV sales are not enough to offset the significant declines in internal combustion engine vehicles.

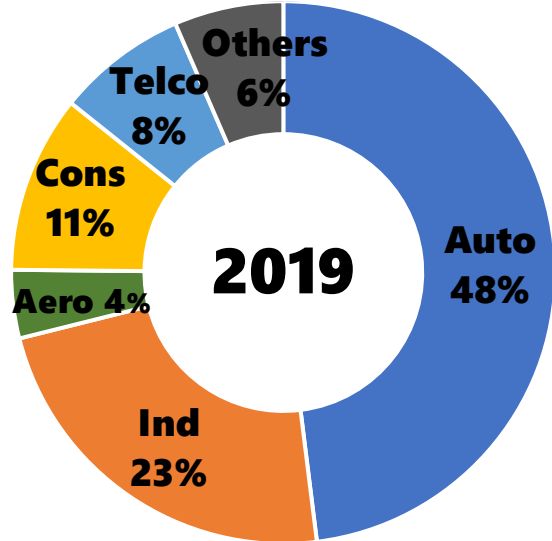
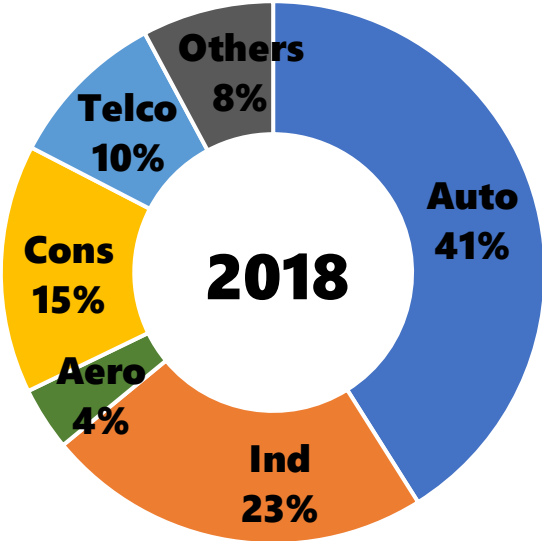
# Financials





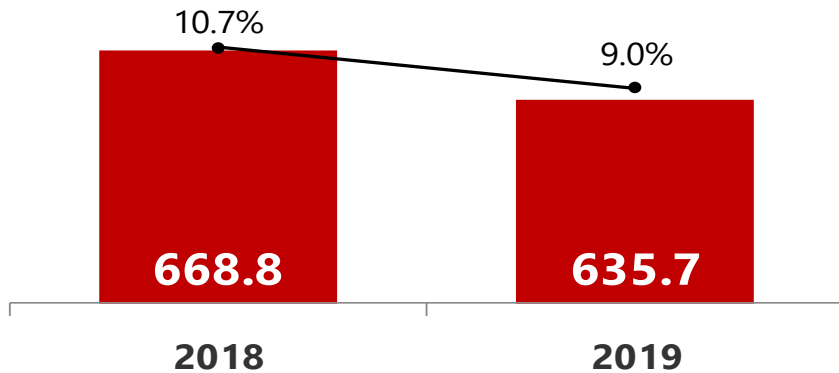
# 1H Segment Updates

	2018	2019	Y/Y%
<b>Auto</b>	274.6	305.3	11%
<b>Ind</b>	153.6	146.5	-5%
<b>Aero</b>	25.3	25.9	2%
<b>Cons</b>	99.1	67.3	-32%
<b>Telco</b>	64.0	49.3	-23%
<b>Others</b>	52.3	41.4	-21%
<b>TOTAL</b>	<b>668.8</b>	<b>635.7</b>	<b>-5%</b>

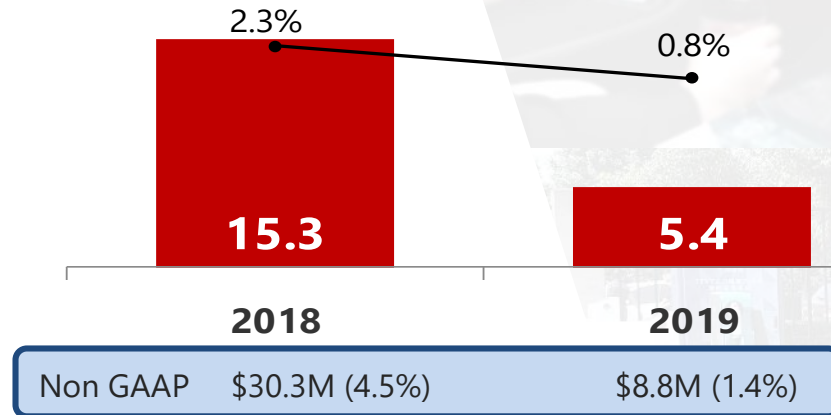


# 2019 1H Performance

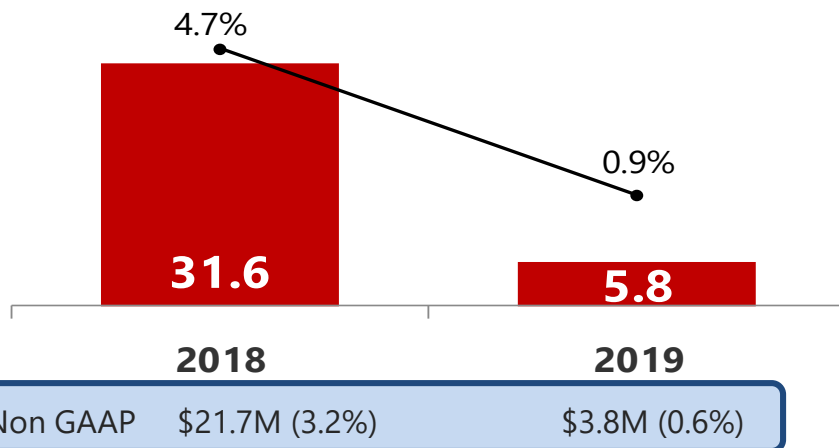
## Revenue and Gross Profit Margin



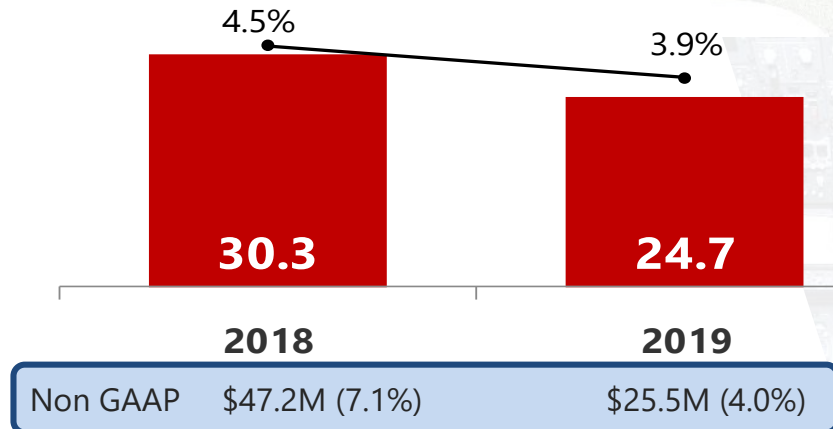
## Operating Income



## Net Income

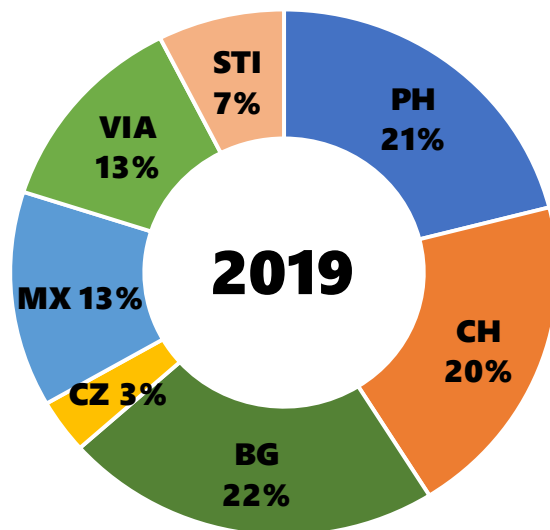
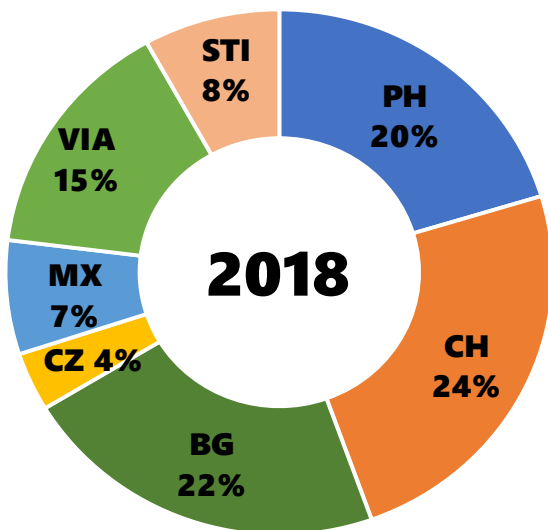


## EBITDA



# 1H Region Updates

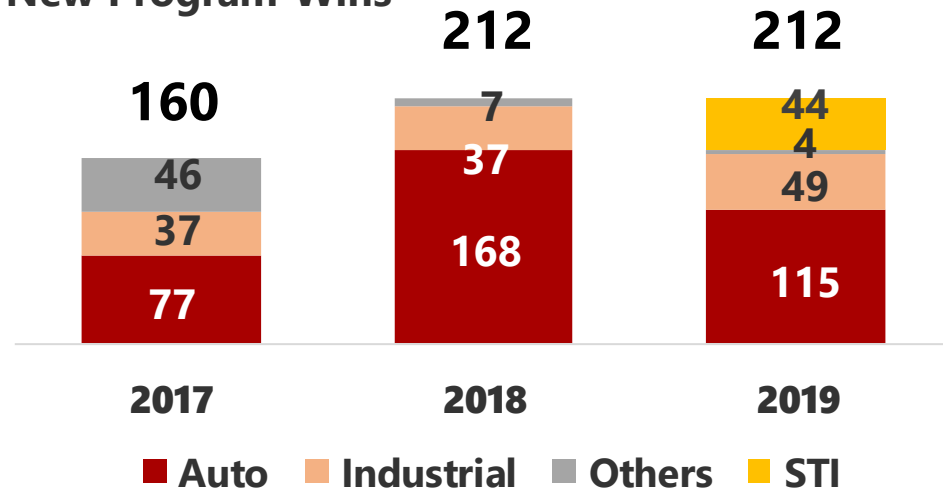
	2018	2019	Y / Y %	CAPEX
PH	134.9	131.6	-2%	6.2
CH	162.1	121.7	-25%	5.9
BG/Serbia	145.7	145.7	0%	3.5
CZ	24.2	21.5	-11%	0.8
MX	46.9	85.2	82%	3.4
VIA	100.3	81.3	-19%	0.7
STI	53.9	48.4	-10%	1.6
<b>TOTAL</b>	<b>668.8</b>	<b>635.7</b>	<b>-5%</b>	<b>22.1</b>



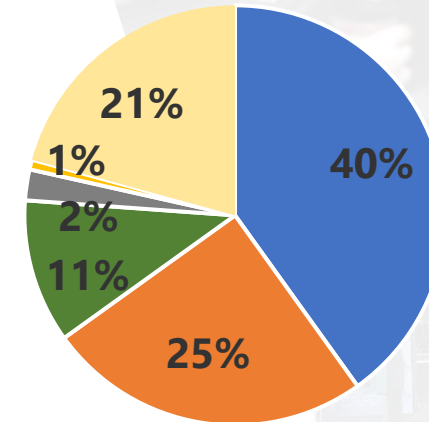
- **PH:** Market downturn in PSI's semiconductor market. PH EMS business grew by 3% partly driven by transfer of biz from CH
- **CH:** Contraction of Chinese automotive market driven by reduced incentives. Global economic slowdown and trade wars also affected IMI's asset tracking business in the region.
- **BG/Serbia:** Ex-FX \$158.6M & 9% growth.
- **CZ:** Ex-FX \$23.1M & 4% decline. Revenues impacted by customer demand side issues
- **MX:** Additional models coming into mass production stage. Backlog has been delivered and airfreight costs should start to come down
- **VIA:** Computer display segment affected by delay in rollout of next-gen computer chips by a major player in the industry.
- **STI:** Continued Brexit uncertainty affecting manufacturing cycle. Pipeline is strong with \$44M of wins in 2019

# IMI Group Program Wins 2019 1H: \$212M

## New Program Wins



## Win Location - 2019

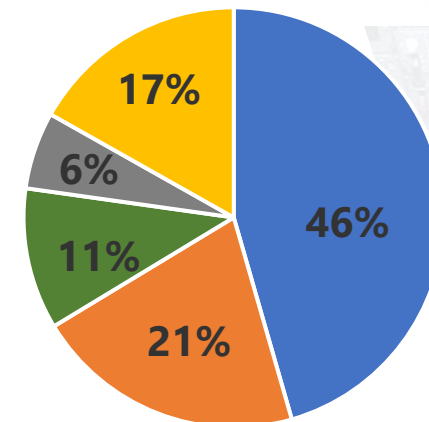


■ Philippines ■ China ■ Europe ■ MX ■ Serbia ■ STI

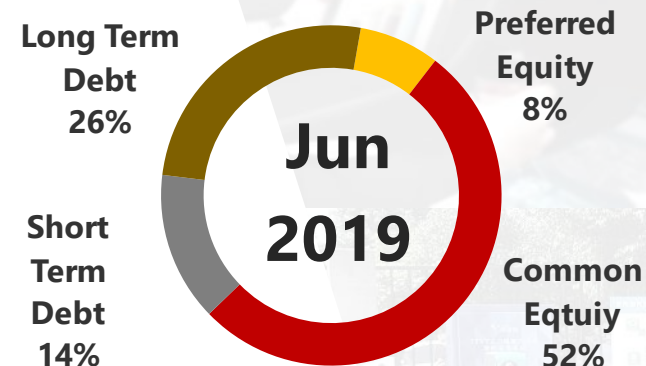
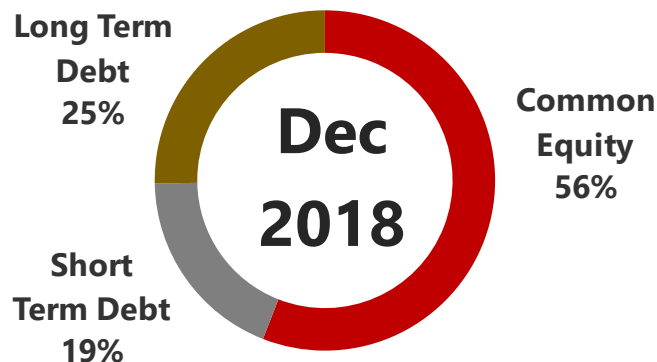
## Notable Wins in 2019

Driver Monitoring Camera	Auto	Philippines
Electro-Mechanical Brake System	Auto	China
Industrial Control Sensor	Ind	China
PTC Controller	Auto	CZ
Automotive Connection System	Auto	China
Diesel Emissions Controller	Auto	Philippines

## Win Location - 2018



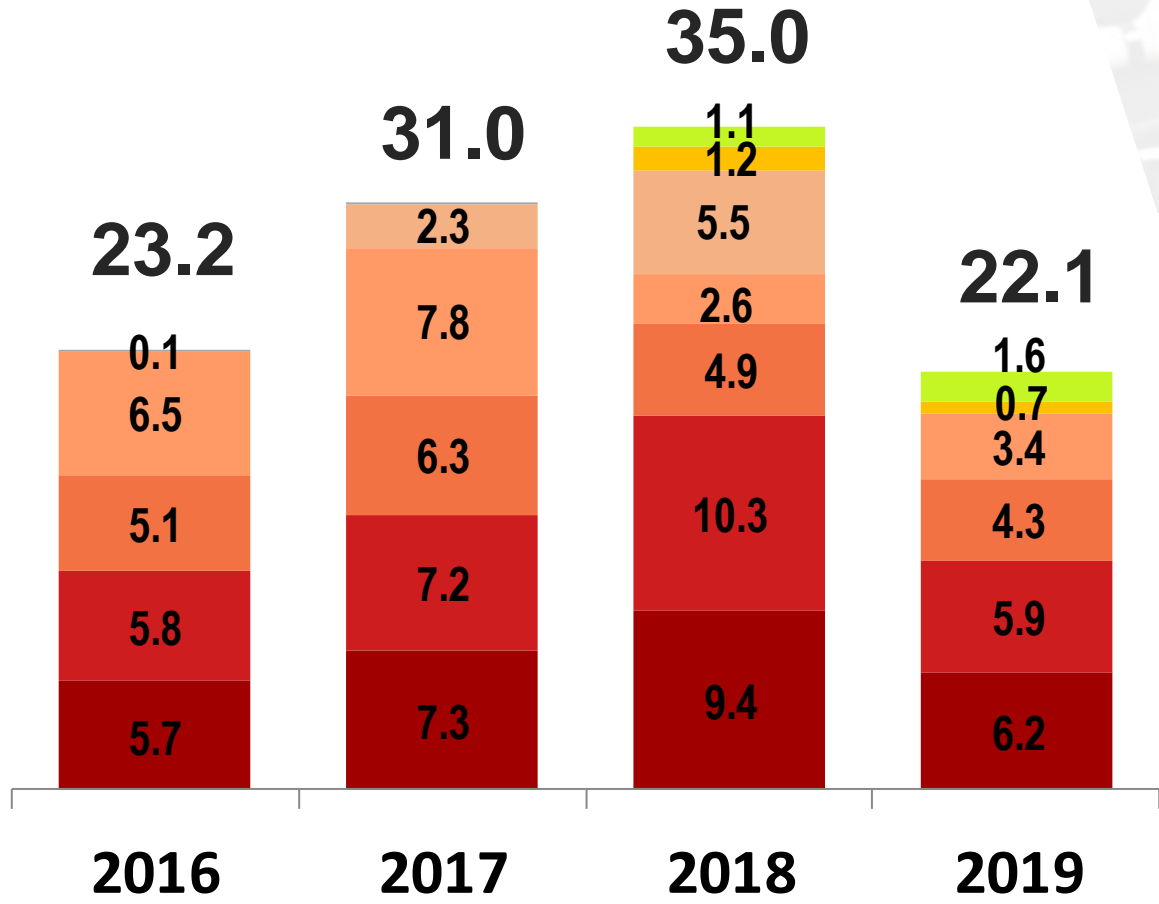
# Capital Structure



(US\$ Millions)	Dec 2018	Jun 2019
Short-Term Debt	136.3	111.0
Long-Term Debt	183.6	202.1
Total Bank Debts	319.9	313.1
Cash	108.5	142.5
Net Debt	211.4	170.6
Common Equity	400.7	408.9

Key financial ratios	Dec 2018	Jun 2019
Current ratio	1.34	1.49
Bank Debt/Equity	0.80	0.67
Book value/share (\$)	0.18	0.18
Return on common equity	13.5%	4.9%
P/E at ₱12.9 / ₱10.1	11.5	12.6

# 1H CAPEX



■ Philippines 
 ■ China 
 ■ Europe 
 ■ Mexico 
 ■ Serbia 
 ■ VIA 
 ■ STI 
 ■ Others



**For more information:**  
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