



IMI

A member of  AC Industrials
An Ayala Company

9M 2019 Analyst Briefing

October 30, 2019
33rd Floor, Ming and Sung Conference Room,
Philam Tower, 8767 Paseo De Roxas, Makati City

CONFIDENTIAL AND PROPRIETARY

Any use or dissemination of this material without the expressed written permission of AC Industrial Technology Holdings Inc. is strictly prohibited.



Disclaimer

This document is highly confidential and being made available solely for information and may not be retained by you nor may this document, or any portion thereof, be shared, copied, reproduced or redistributed to any other person in any manner.

The information in this document has been prepared by Integrated Micro-Electronics, Inc. ("IMI"). The statements contained in this document speak only as at the date as of which they are made, and IMI expressly disclaims any obligation or undertaking to supplement, amend or disseminate any updates or revisions to any statements contained herein to reflect any change in events, conditions or circumstances on which any such statements are based. By preparing this presentation, none of IMI, its management, its advisers nor any of their respective affiliates, shareholders, directors, employees, agents or advisers undertakes any obligation to provide the recipient with access to any additional information or to update this presentation or any additional information or to correct any inaccuracies in any such information which may become apparent. None of IMI, any of its advisers nor any of their respective affiliates, shareholders, directors, employees, agents or advisers makes any expressed or implied representation or warranty as to the accuracy and completeness of the information contained herein and none of them shall accept any responsibility or liability (including any third party liability) for any loss or damage, whether or not arising from any error or omission in compiling such information or as a result of any party's reliance or use of such information. The information and opinions in this presentation are subject to change without notice.

This presentation contains certain "forward-looking statements". Forward-looking statements may include words or phrases such as IMI or any of its business components, or its management "believes", "expects", "anticipates", "intends", "plans", "foresees", or other words or phrases of similar import. Similarly, statements that describe IMI's objectives, plans or goals both for itself and for any of its business components also are forward-looking statements. All such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Such forward-looking statements are made based on management's current expectations or beliefs as well as assumptions made by, and information currently available to, management. Neither IMI nor any of its advisers assumes any responsibility to update forward-looking statements or to adapt them to future events or developments.

Operating Environment



Global Economy

	2018	2019	2020
World	3.6	3.0	3.4
Advanced economies	2.3	1.7	1.7
US	2.9	2.4	2.1
Euro Area	1.9	1.2	1.4
Germany	1.5	0.5	1.2
France	1.7	1.2	1.3
Japan	0.8	0.9	0.5
China	6.6	6.1	5.8
Emerging & developing economies	4.5	3.9	4.6

DARK CLOUDS OVER GLOBAL ECONOMY

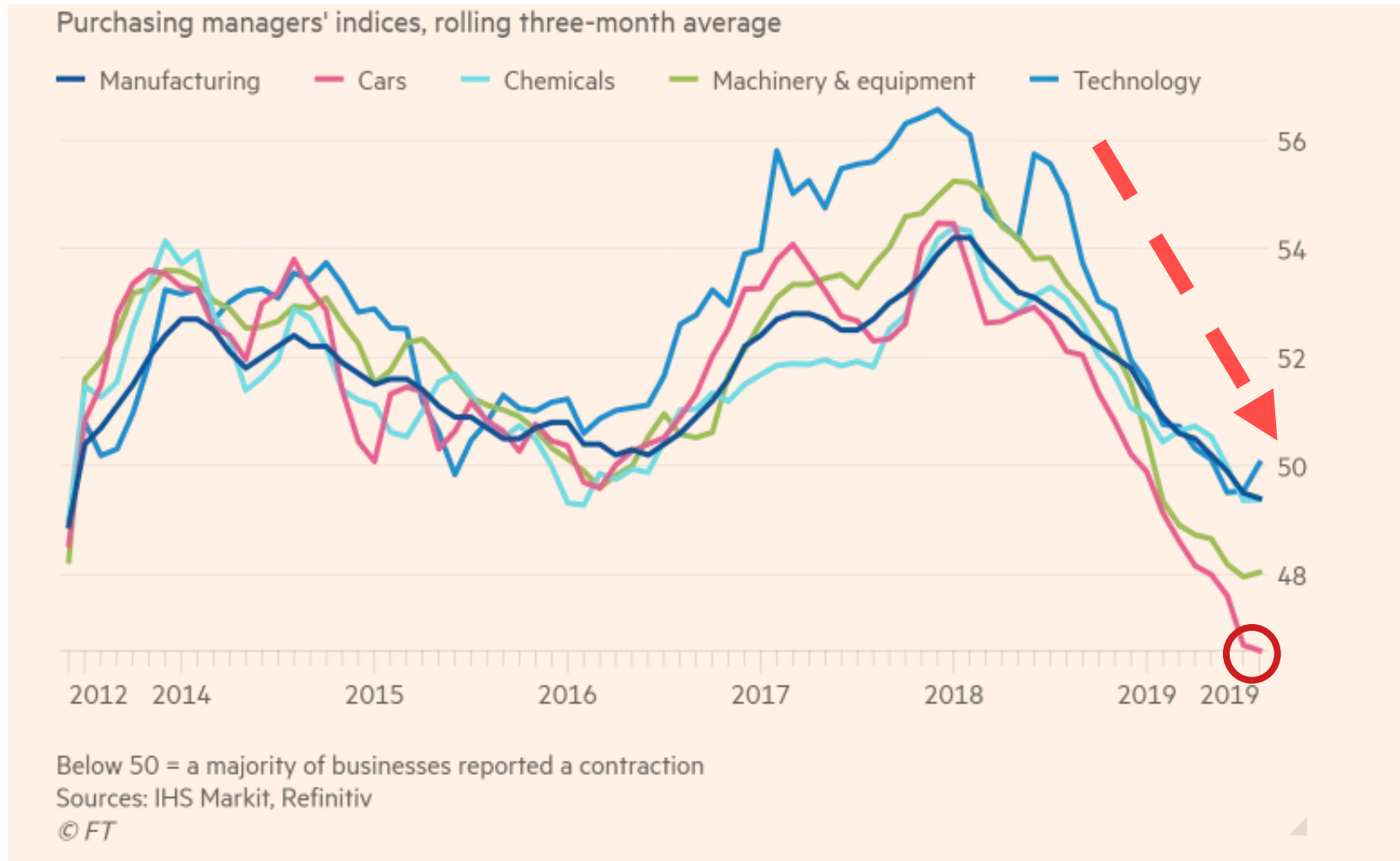
RISING TRADE BARRIERS
and growing geopolitical tensions

TRADE & INVESTMENT
continue to hold off

CONTRACTING OF AUTOMOTIVE INDUSTRY
disruptions to new standards in the Euro area and China

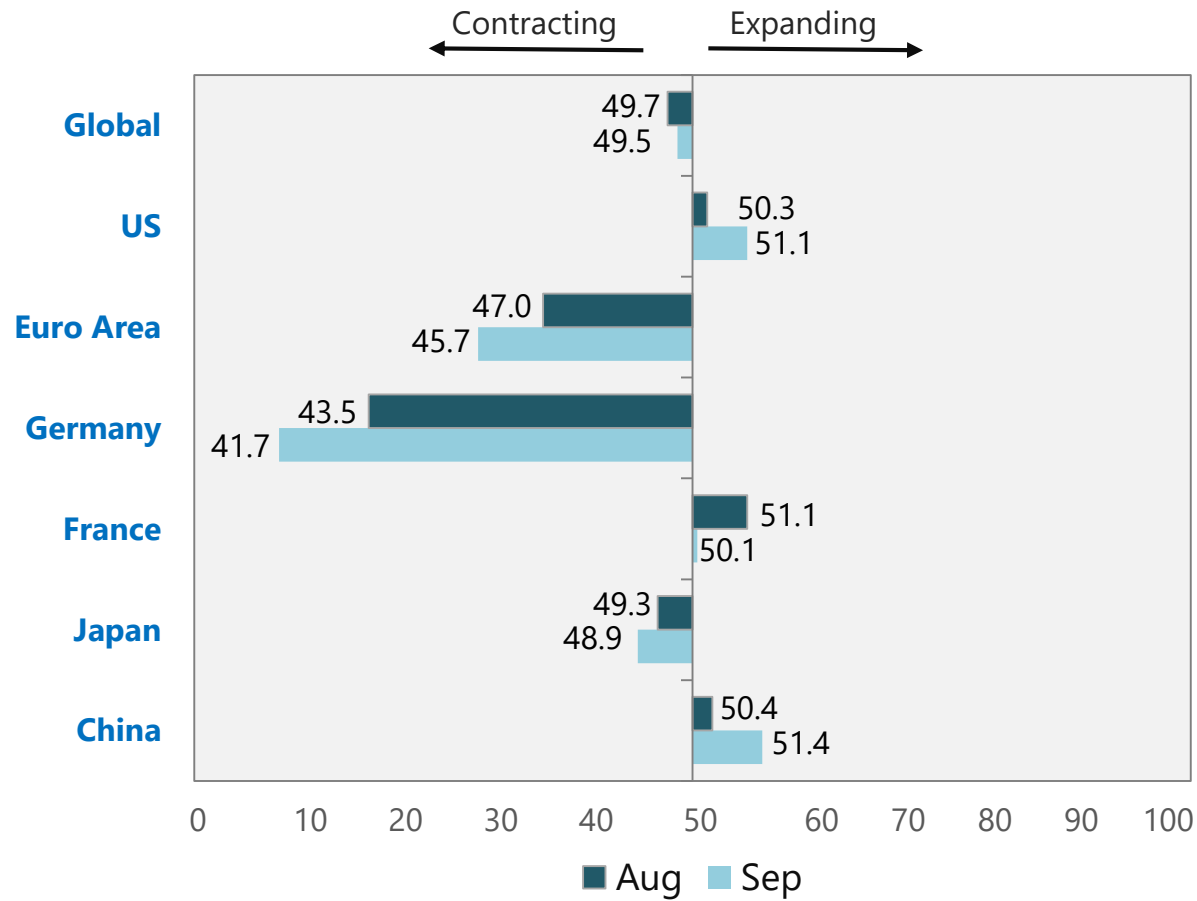
Purchasing Managers' Indices

PMIs in all sectors have fallen into contraction with the steepest decline in cars



Manufacturing PMI

Global Manufacturing PMI is still in contraction mode

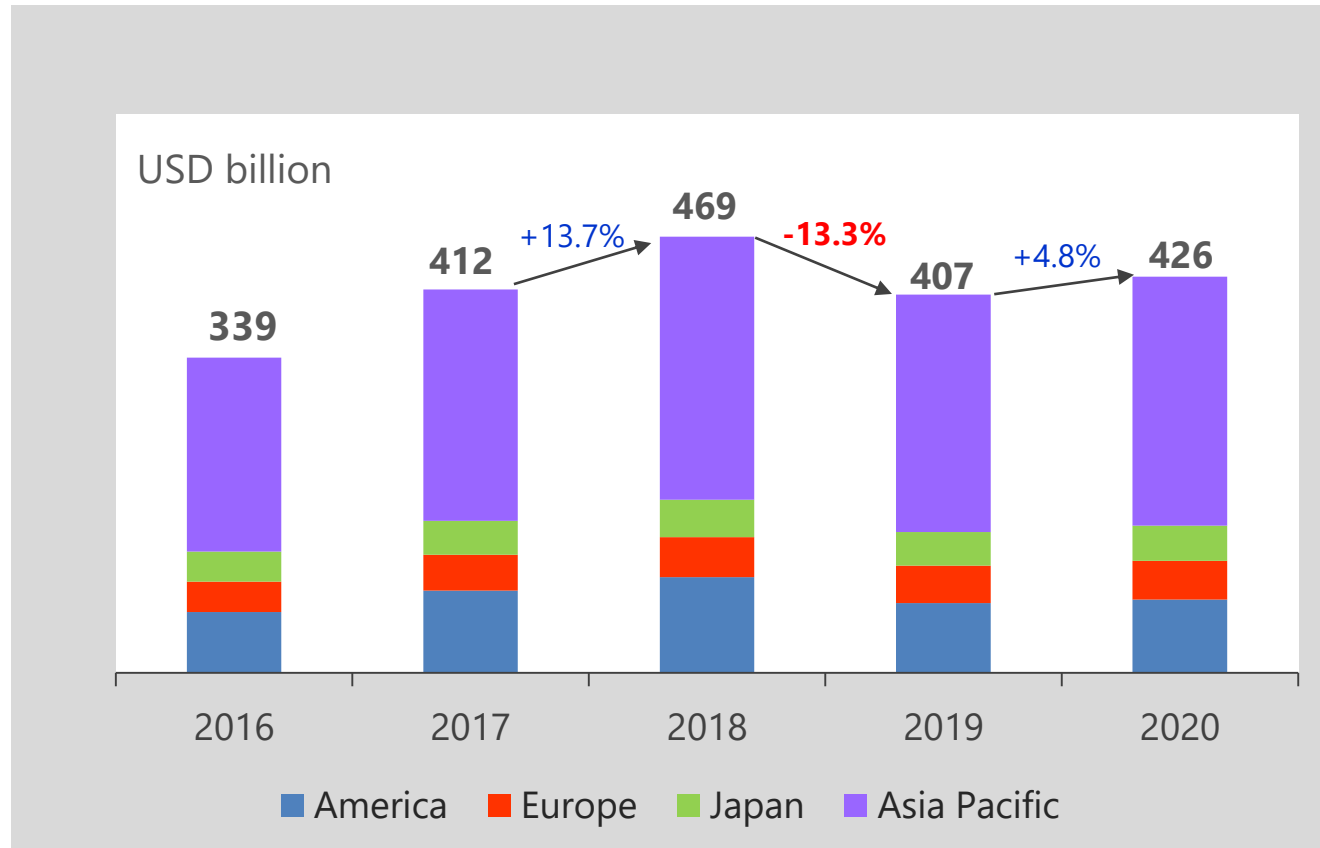


- Global manufacturing production stagnates
- New orders fall as international trade volumes weaken
- Business optimism stays at series-record

Source: IHS Markit, October 2019

Global Semiconductor Market

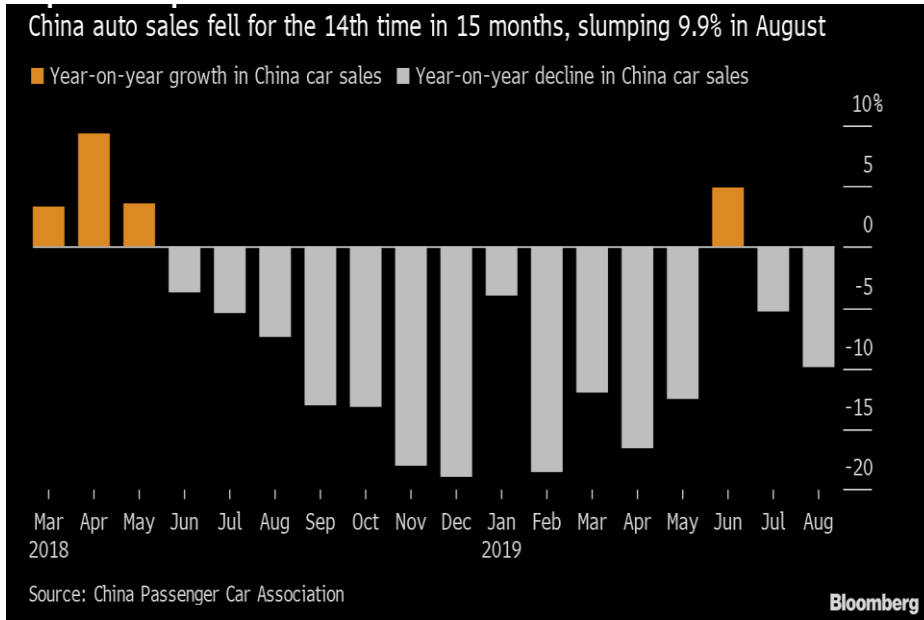
Industry is projecting a slight recovery in 2020



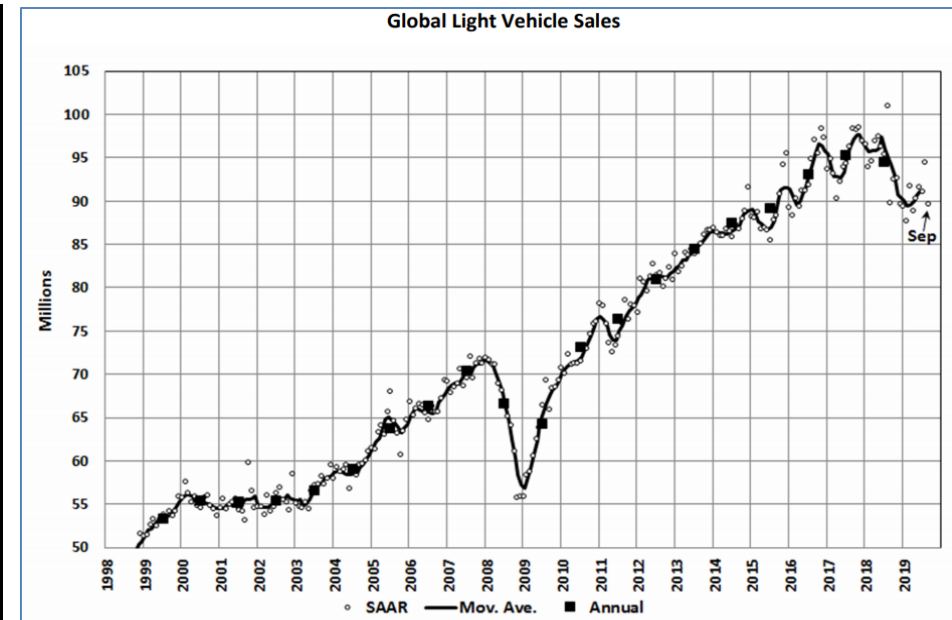
Source: WSTS August 2019 compiled by Walt Custer

CONFIDENTIAL AND PROPRIETARY
Any use or dissemination of this material without the expressed written permission of AC Industrial Technology Holdings Inc. is strictly prohibited.

China and Global Automotive Sales



- Chinese auto sales fell for the 14th time in 15 months at -9.9% from the same period last year
- Sales of new energy vehicles (EVs and Hybrids) dropped by 33% for a third-straight month, after the government scaled back on incentives



- Global Light Vehicle (LV) sales fell 2.7% in Sept y-o-y, while the selling rate dropped to 89.6 M units/year, from 94.4 M units/year in August.
- Significant headcount cuts across multiple car manufacturers across all regions. Some shifting workforce into IT, seeking to accelerate transition to electric Vehicles

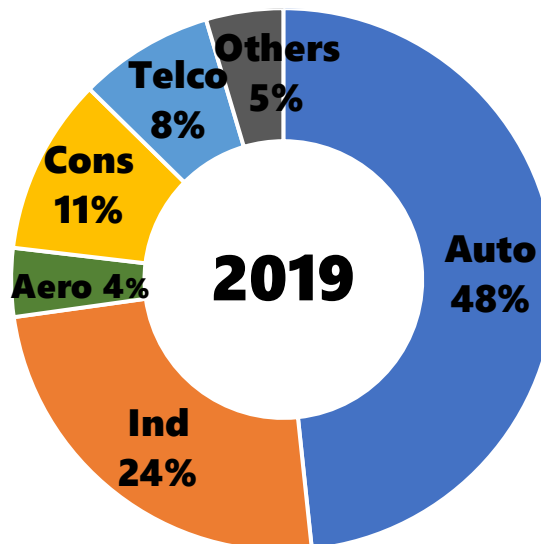
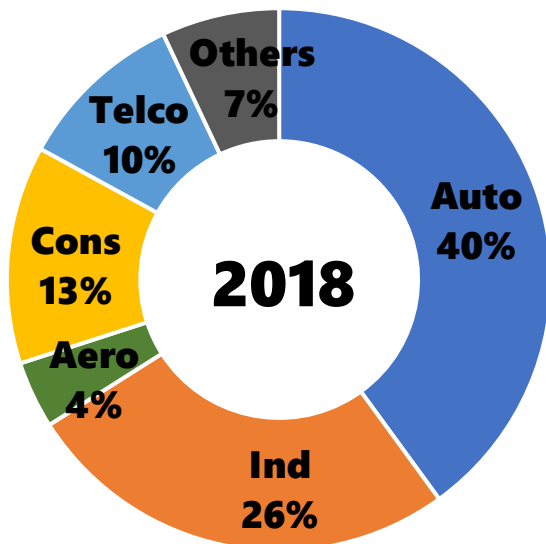
Sources: LMC Auto, Bloomberg

Financials



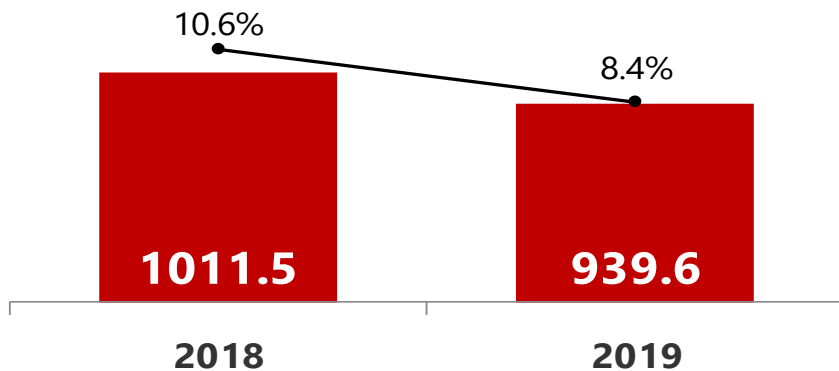
2019 9M Segment Updates

	2018	2019	Y/Y%
Auto	408.0	454.1	11%
Ind	263.0	229.8	-13%
Aero	37.7	38.4	2%
Cons	127.2	98.8	-22%
Telco	99.7	75.4	-24%
Others	75.9	43.1	-43%
TOTAL	1,011.5	939.6	-7%

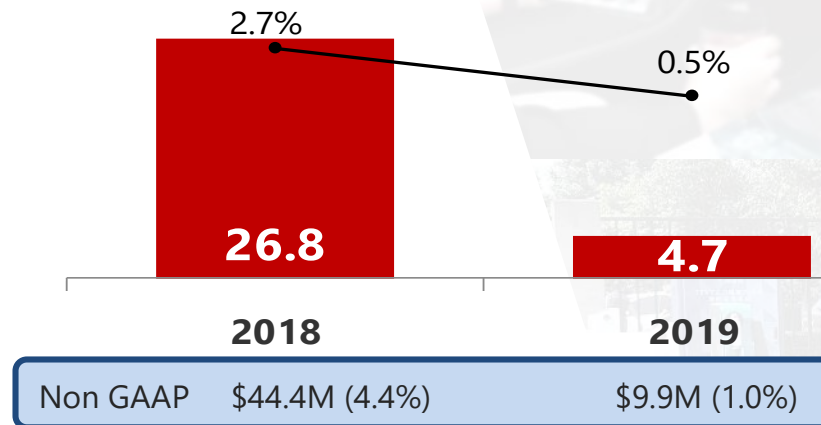


2019 9M Performance

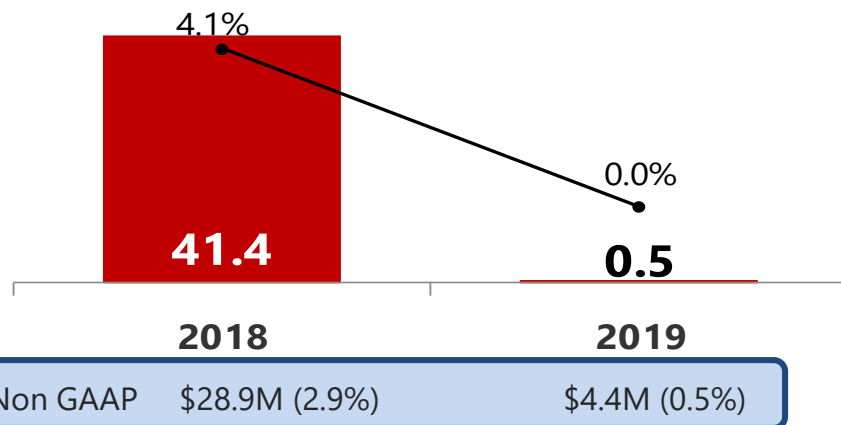
Revenue and Gross Profit Margin



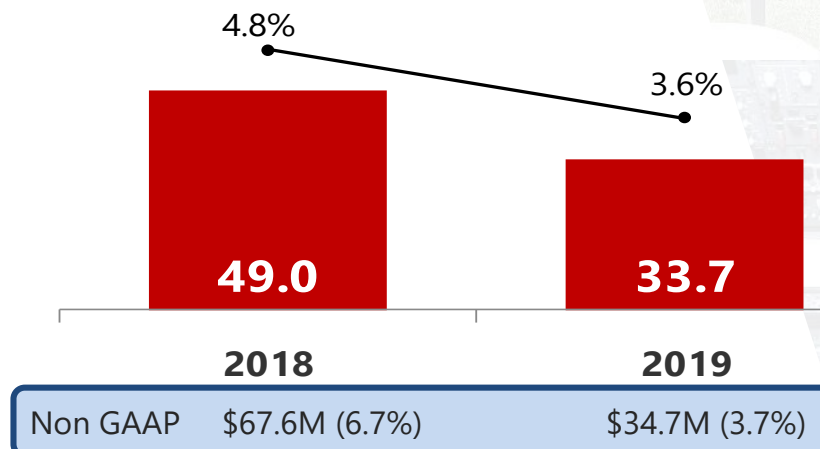
Operating Income



Net Income



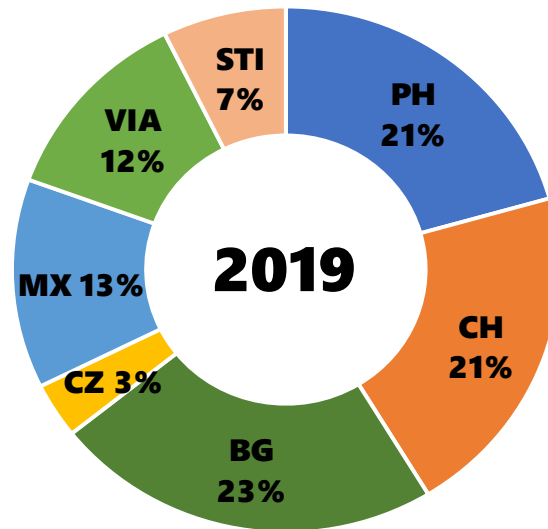
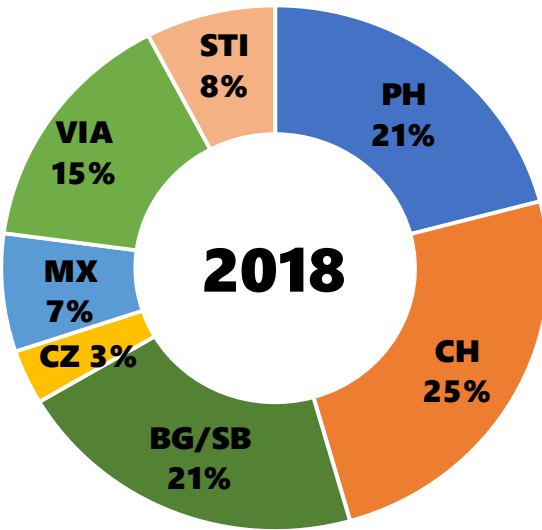
EBITDA



9M Region Updates

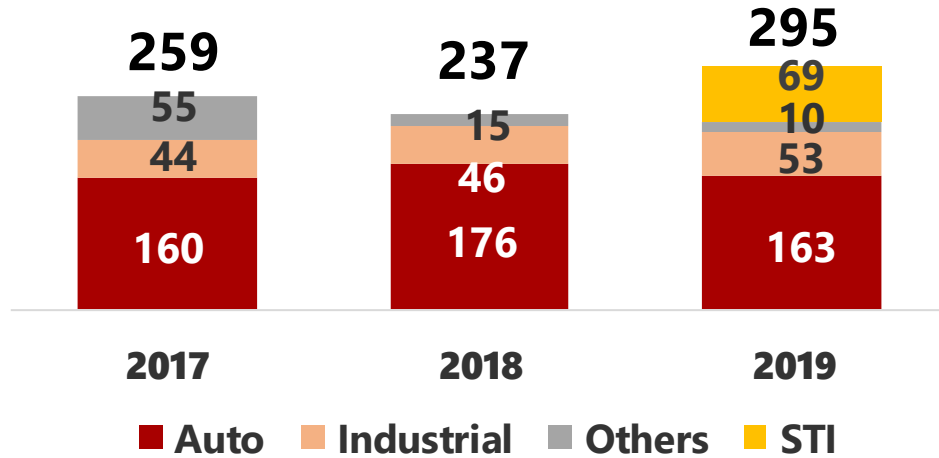
	2018	2019	Y / Y %	CAPEX
PH	211.8	195.7	-8%	10.9
CH	250.1	196.0	-22%	6.8
BG/Serbia	212.0	218.0	3%	6.0
CZ	34.0	32.2	-5%	1.2
MX	73.6	122.1	66%	3.8
VIA	154.0	115.2	-25%	3.1
STI	77.7	69.2	-11%	2.0
TOTAL	1,011.5	939.6	-7%	34.2

- **PH:** Majority of downturn coming from automotive market and PSI's semiconductor industry
- **CH:** Continued softness in Chinese automotive market
- **BG/Serbia:** Ex-FX \$225.8M & 9% growth.
- **CZ:** Ex-FX \$34.2M & 1% growth.
- **MX:** New project ramp up and continued clearing of backlog significantly improved revenues
- **VIA:** Delay in next generation computer chip rollout has impacted year to date revenues. Slowdown of automotive market has reduced orders for the segment
- **STI:** Upgrade of operating equipment in Hook creating some backlog in revenues expected to recover in Q4. Upcoming Brexit clarity will enable the business unit and its customers to move forward and continue to grow the aerospace and industrial sectors. Pipeline performance is strong with \$69M of wins in 2019.

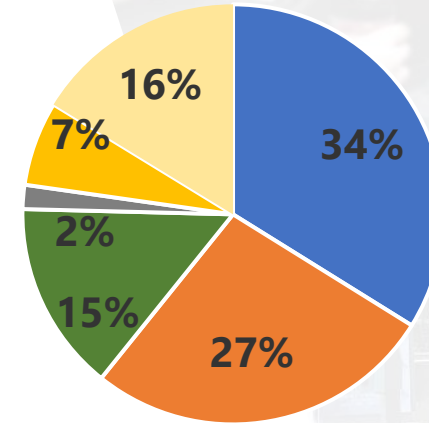


IMI Group Program Wins 2019 9M: \$295M

New Program Wins



Win Location - 2019

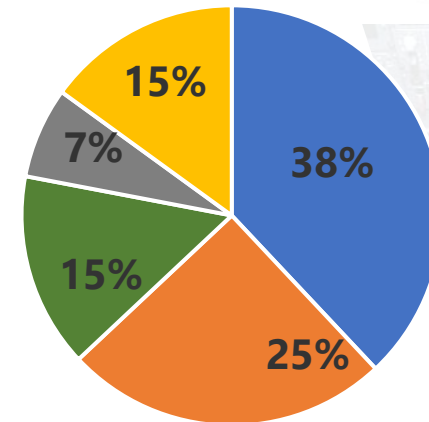


■ Philippines ■ China ■ Europe ■ MX ■ Serbia ■ STI

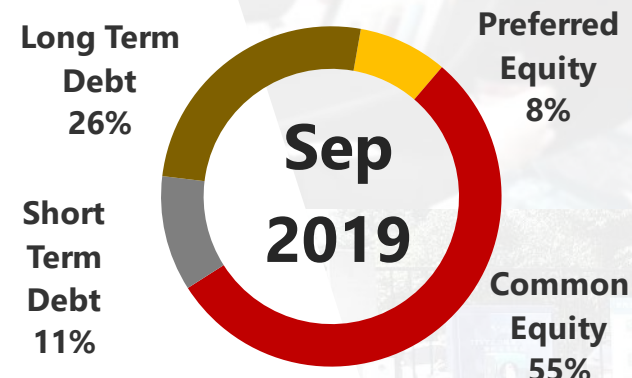
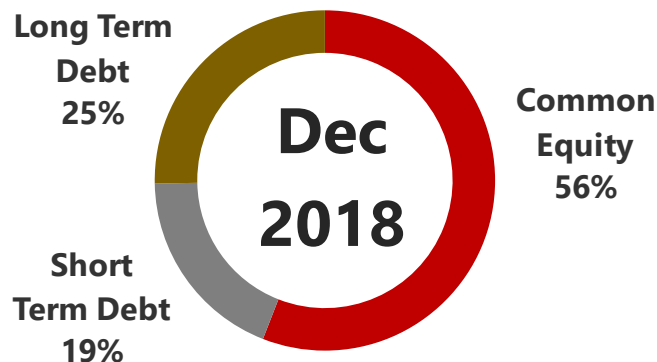
Notable Wins in 2019

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

Win Location - 2018



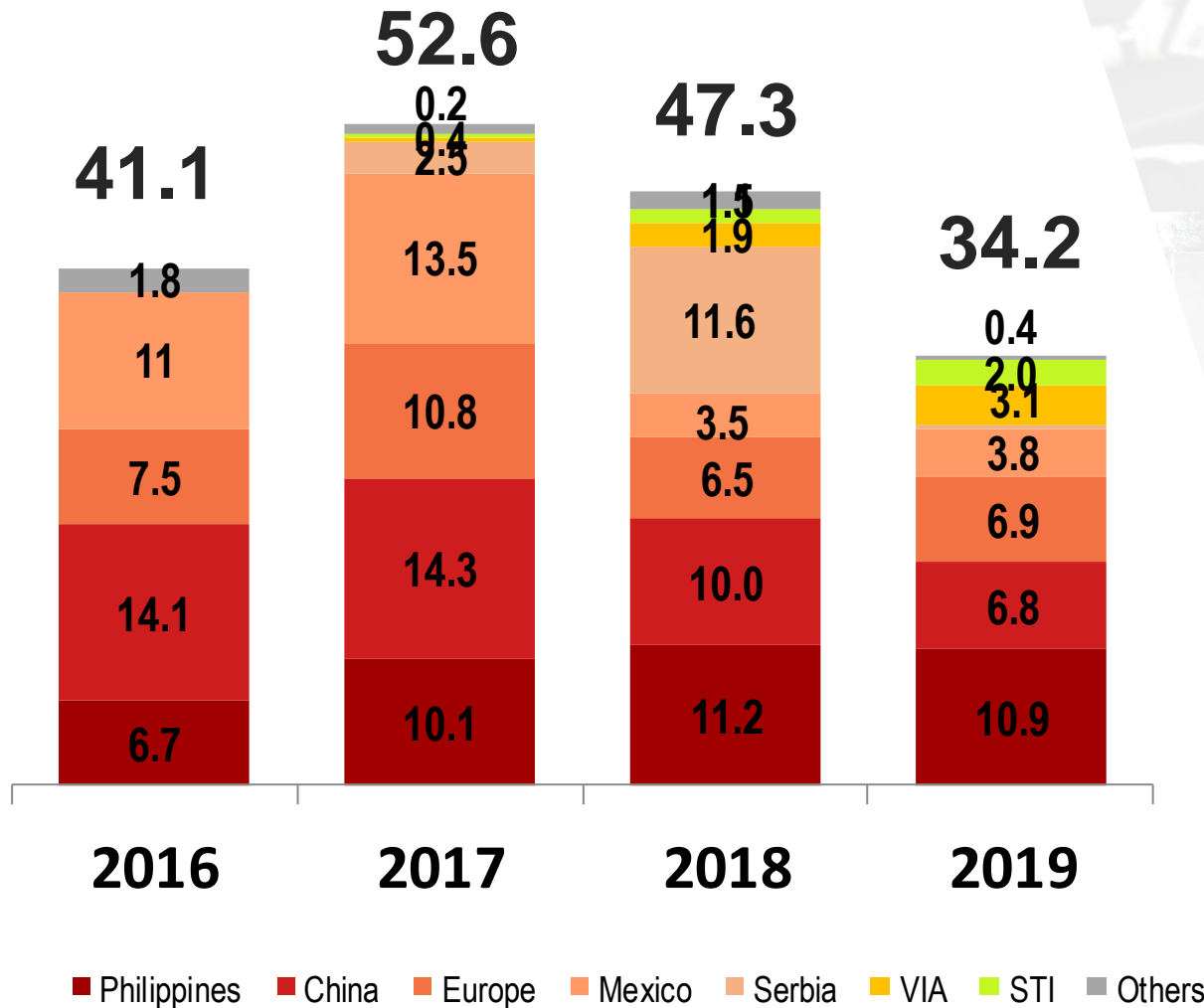
Capital Structure



(US\$ Millions)	Dec 2018	Sep 2019
Short-Term Debt	136.3	77.5
Long-Term Debt	183.6	183.0
Total Bank Debts	319.9	260.5
Cash	108.5	98.4
Net Debt	211.4	162.1
Common Equity	400.7	387.0

Key financial ratios	Dec 2018	Sep 2019
Current ratio	1.34	1.44
Bank Debt/Equity	0.80	0.58
Book value/share (\$)	0.18	0.18
Return on common equity	13.5%	1.1%
P/E at ₱12.9 / ₱8.0	11.5	71.0

9M CAPEX



Key Considerations

-

Continued global automotive slowdown

FX volatility – Weak RMB from trade war; EUR weaker due to poor economic growth in the region

Low site utilization (Jiaying, Serbia)

Slow moving inventory

+

Improvement in material prices and supply leadtimes

Upcoming clarity in Brexit situation

Healthy new project wins

Ramp up of products with next generation computer chip expected to accelerate



For more information:
www.global-imi.com
ir@global-imi.com