



IMI

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

Q1 2019 Analysts' Briefing

May 2, 2019

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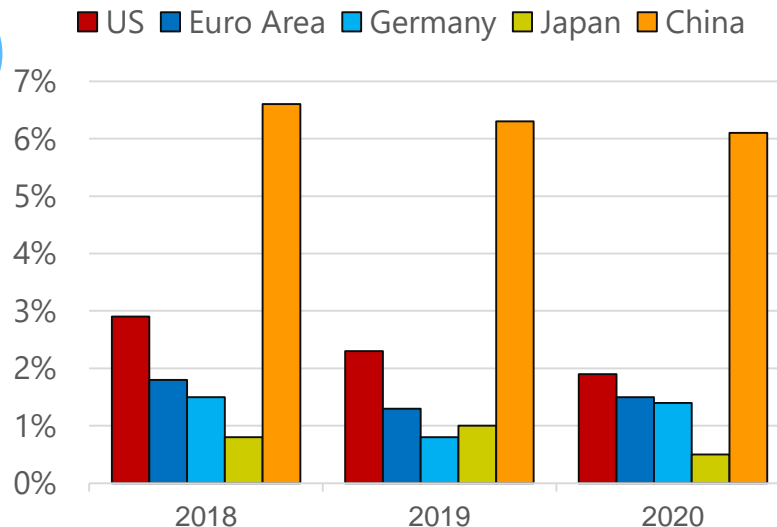
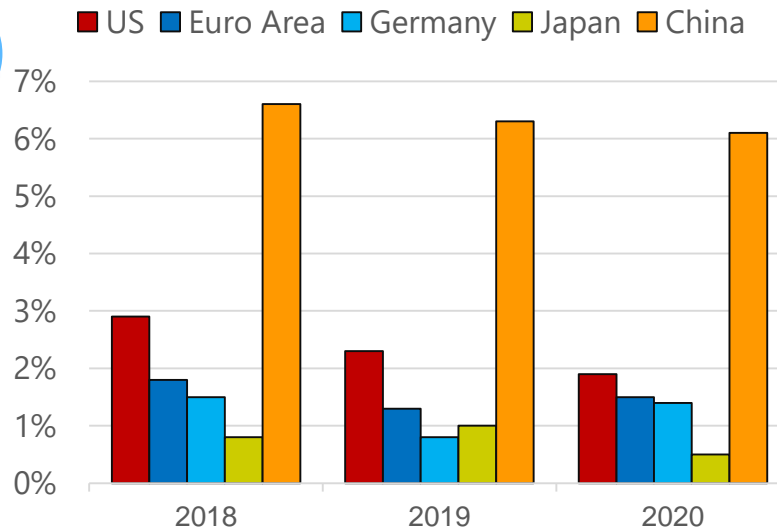
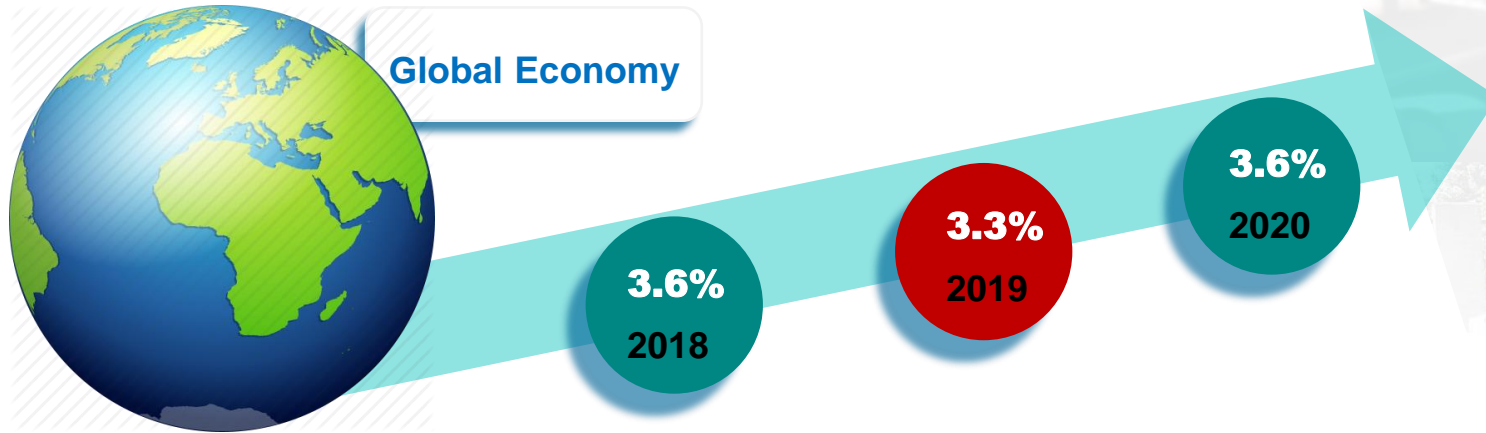
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Operating Environment



Weakening Global Economy

A slowdown in growth for 70% of the world economy in 2019



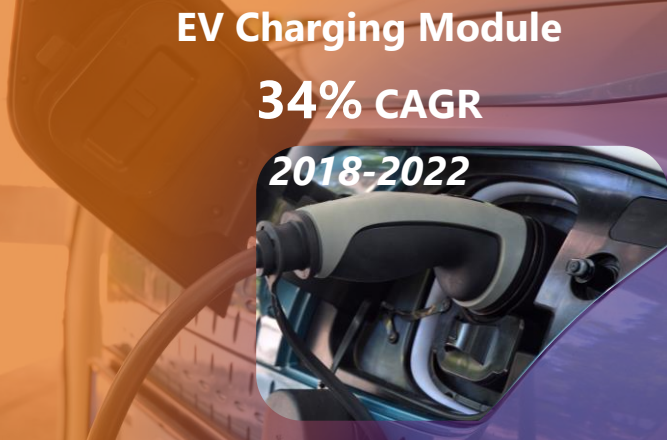
Market Update

Global auto sales to slip **0.3%** in 2019

Driverless Cars
58% CAGR
2016-2026



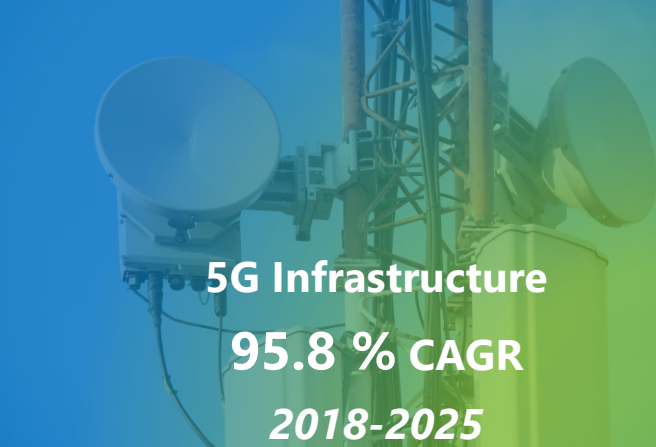
EV Charging Module
34% CAGR
2018-2022



Biometric
17.8 % CAGR
2018-2025



5G Infrastructure
95.8 % CAGR
2018-2025

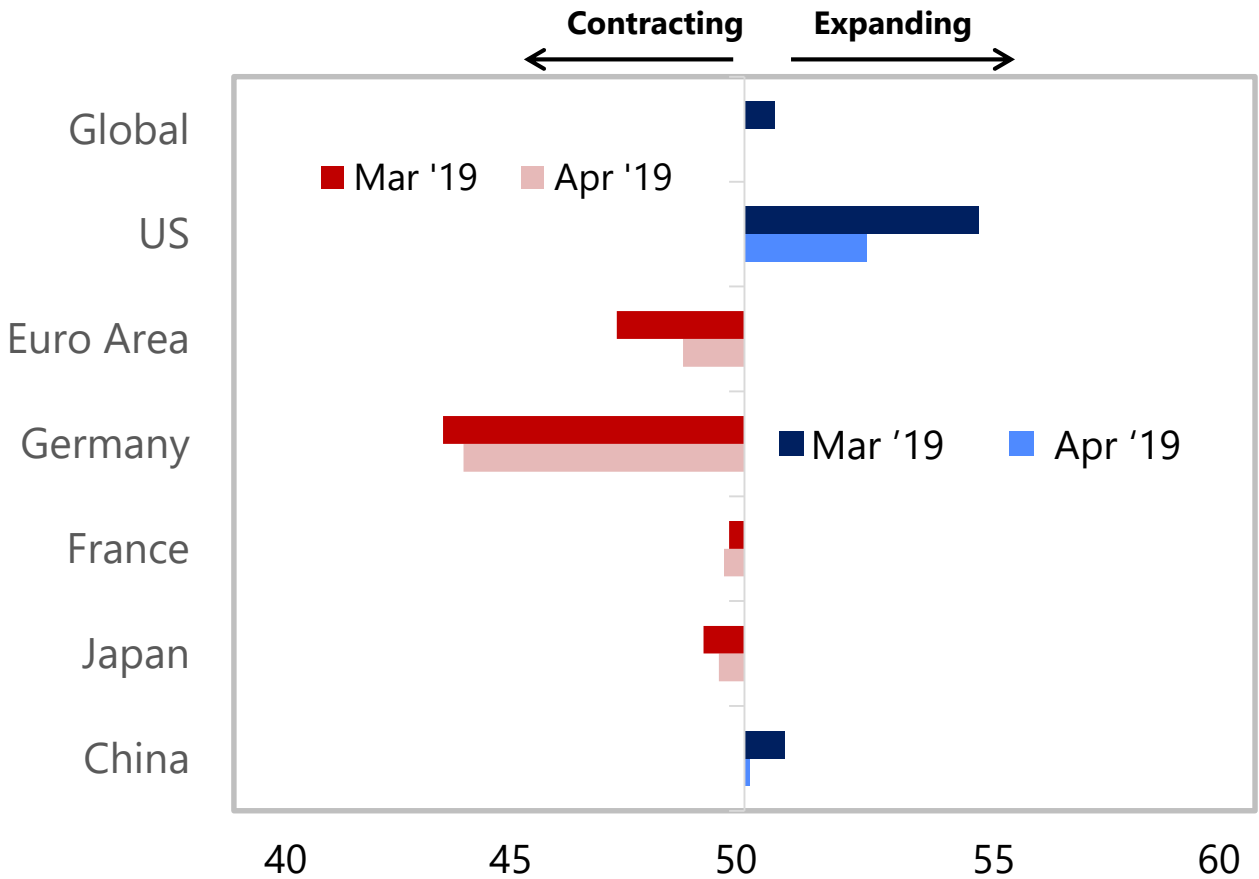


IoT Spending
13.6 % CAGR
2017-2022



Manufacturing PMI

Below 50 indicates contraction while above 50 is an expansion



- The global manufacturing PMI at March is a result of polarized activities. US, China and ASEAN are generally in expansion while Europe and Japan are in contraction mode
- China's PMI fell short from forecast indicating a slower growth in manufacturing
- The US is still at expansion mode although it has been slowing as well in the last couple of months.

Automotive Industry

Falling internal combustion engine sales; increasing electric vehicles sales

Q1'19 AUTOMOTIVE SALES

- US down 3.5%
- EU down by 3.2%
- China down 13%
- EV sales: China +118%; EU +36% and US +4%

SUMMARY

- Generally lower demand
- Lower capital investment in standard internal combustion engine technologies
- Increasing sales in electric vehicles

CHINA AUTO SLOWDOWN

- Starting 2018, the cut on temporary purchase duty was phased-out
- Trade wars dampening consumer confidence
- Rumors that government will reinstate tax cut policy caused some purchase postponements

MARKET IMPLICATIONS

- Slowdown in EU automotive; 30% of German automotive exports go to China
- Global automotive suppliers release lower output estimates
- China economy bottoming out in March-April 2019

Automotive Industry



Risk

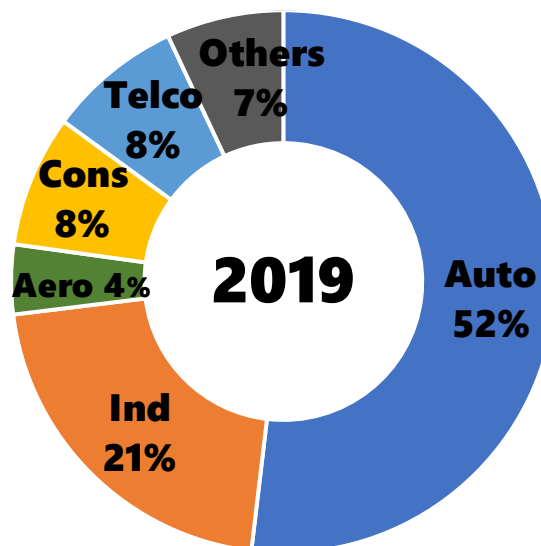
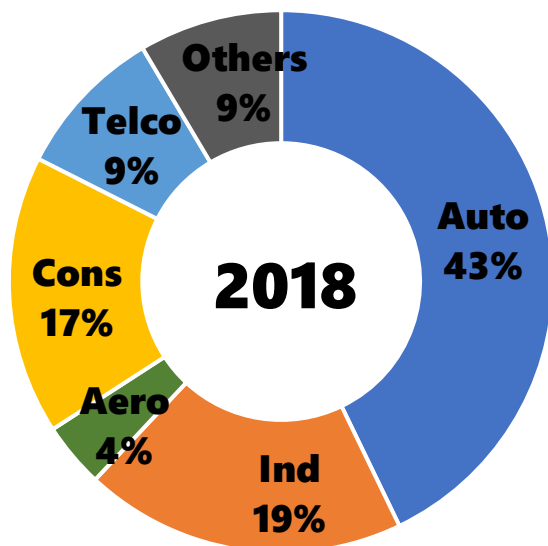
- A sharp downturn in the global economy in 2019
- Trade wars US and China
- Disruptive Brexit
- Greater focus environmental policies, increased urbanization and investment in alternatives

Opportunities

- Explore new technologies that reduce emissions, increase fuel efficiency, and lower the cost of electric battery vehicles
- Adapting to logistic changes and product rationalization at OEMs
- Consolidation expected in the industry

Q1 Segment Updates

	2018	2019	Y/Y%
Auto	139.6	167.6	20%
Ind	62.3	68.4	10%
Aero	12.6	13.4	6%
Cons	54.2	25.3	-53%
Telco	29.4	25.8	-12%
Others	27.7	22.6	-19%
TOTAL	325.8	323.0	-1%

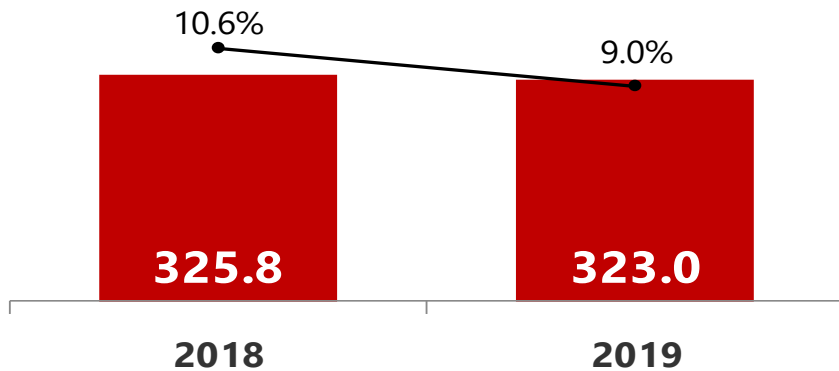


Financials

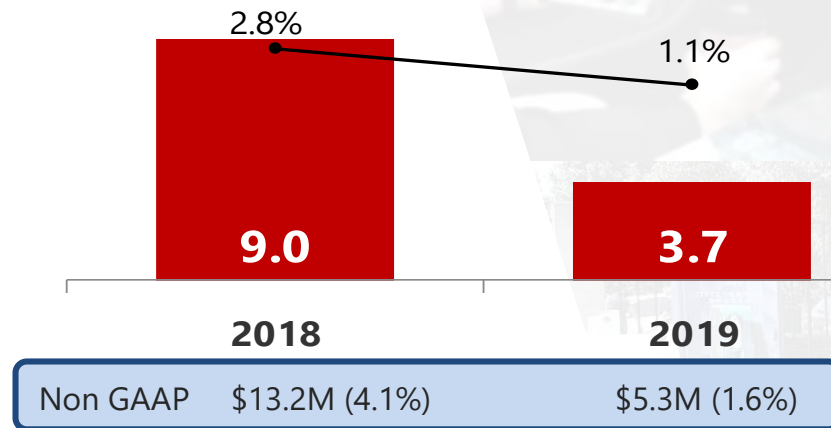


2019 Q1 Performance

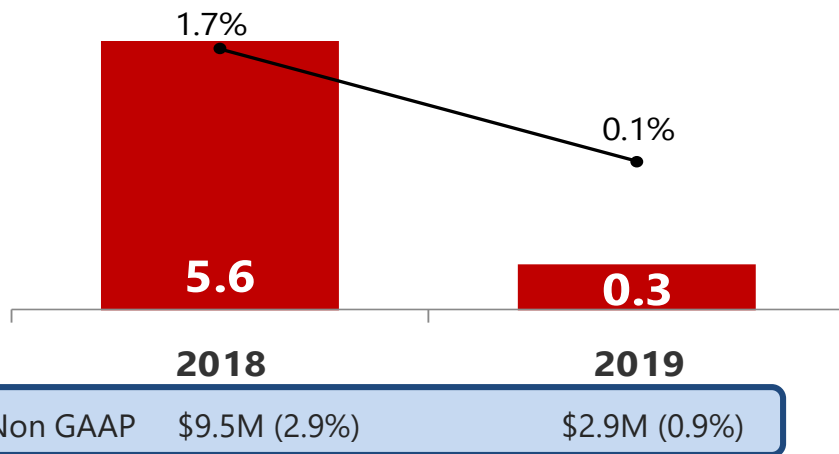
Revenue and Gross Profit Margin



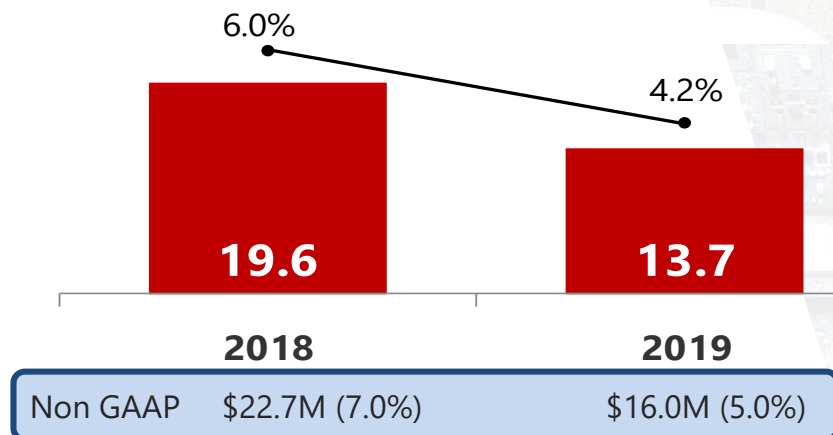
Operating Income



Net Income



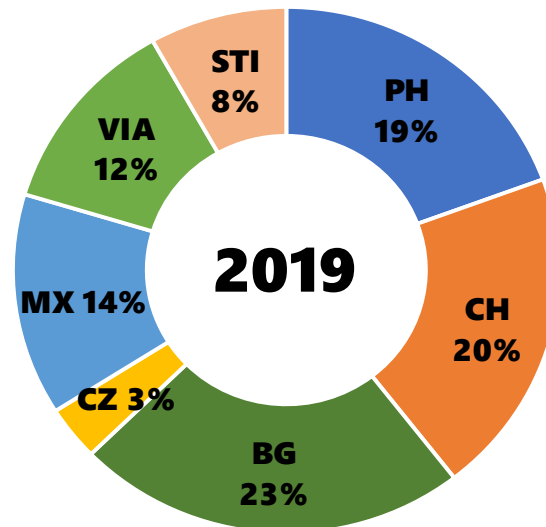
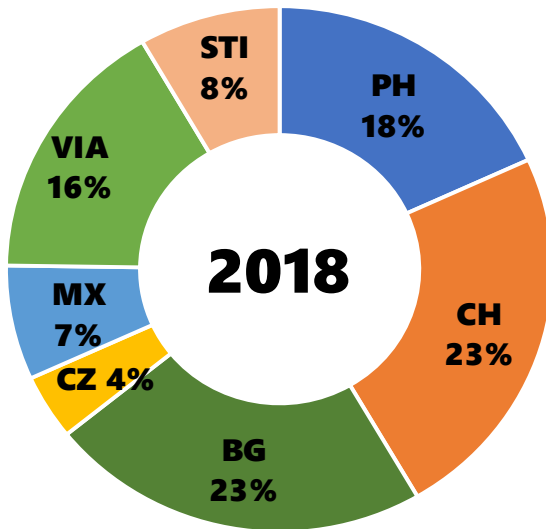
EBITDA



Q1 Region Updates

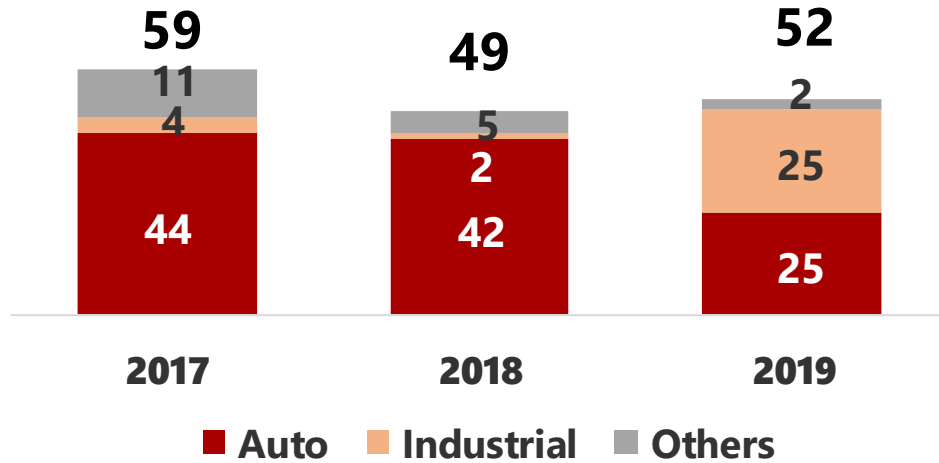
	2018	2019	Y / Y %	CAPEX
PH	57.8	61.9	7%	2.6
CH	74.5	64.0	-14%	1.5
BG/Serbia	71.8	75.3	5%	1.5
CZ	12.7	10.6	-16%	0.3
MX	22.4	43.5	95%	1.6
VIA	52.2	38.9	-25%	0.9
STI	26.6	25.9	-2%	1.5
TOTAL	325.8	323.0	-1%	10.0

- **PH:** Ongoing transfer of biz from China due to trade war. New program wins for Industrial and Automotive applications.
- **CH:** reduced volume driven by overall slowdown of automotive end markets. Asset tracking customer also affected by global trade fallout.
- **BG/Serbia:** Ex-FX \$80.2M & 12% growth. Serbia \$1.3M Rev
- **CZ:** Ex-FX \$11.3M & 11% decline. Delay in mass pro of new businesses
- **MX:** Mass pro of key biz. Backlog clear out led to rev increase but margin challenged due to quality issues, air shipment expenses
- **VIA:** Computer display segment affected by delay in rollout of next-gen computer chips by a major player in the industry.
- **STI:** Timing issues on end customer demand have pushed back a portion of revenues

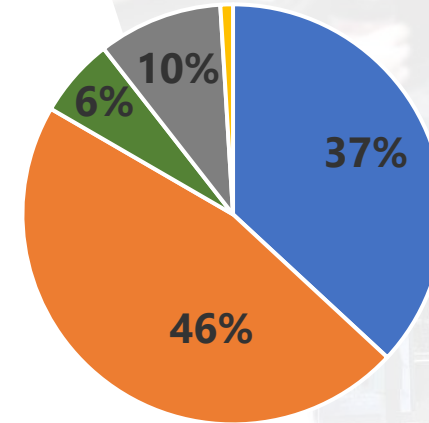


IMI Core Program Wins 2019 Q1: \$52M

New Program Wins



Win Location - 2019

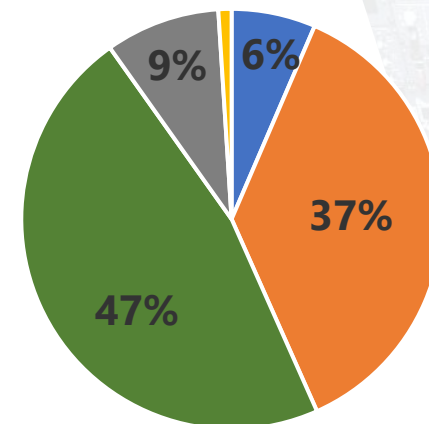


■ Philippines ■ China ■ Europe ■ MX ■ Serbia

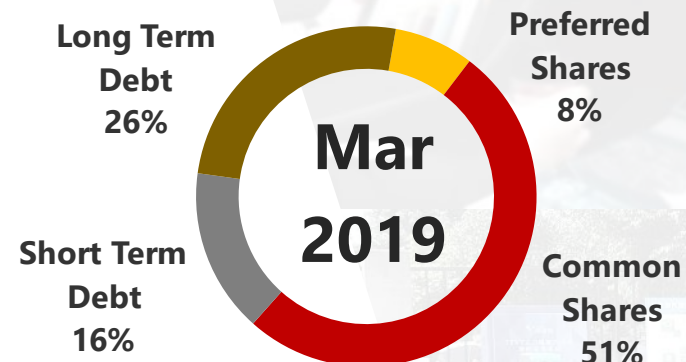
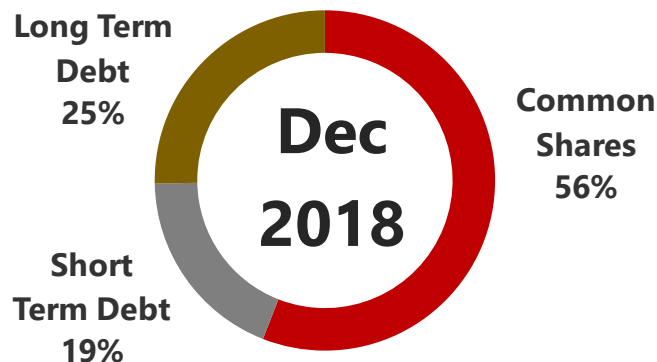
Notable Wins in 2019

Industrial Control Sensor	Ind	China
Automotive Connection System	Auto	China
Wiper Systems	Auto	Mexico
Gamma Ray Protection	Ind	Philippines
ADAS	Auto	Philippines
Industrial Data Communication	Ind	Philippines

Win Location - 2018



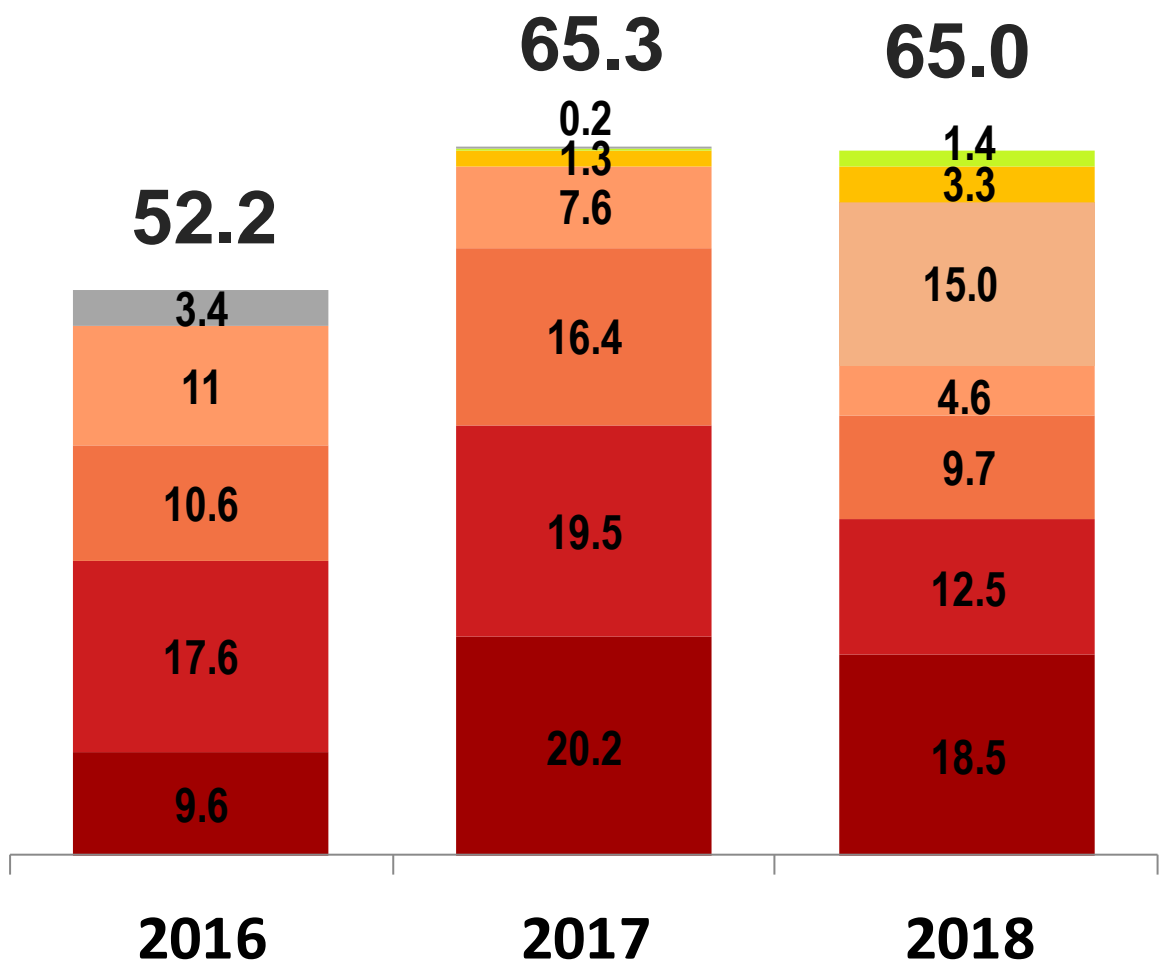
Capital Structure



(US\$ Millions)	Dec 2018	Mar 2019
Short-Term Debt	136.3	123.4
Long-Term Debt	183.6	202.3
Total Bank Debts	319.9	325.7
Cash	108.5	139.2
Net Debt	211.4	186.5
Common Equity	400.7	404.8

Key financial ratios	Dec 2018	Mar 2019
Current ratio	1.34	1.53
Bank Debt/Equity	0.80	0.70
Book value/share (\$)	0.181	0.206
Return on common equity	13.5%	10.4%
<i>Return on common equity (Adjusted)</i>	9.1%	5.8%
P/E at ₱12.9 / ₱10.4	11.5	10.8

Disciplined Capital Investments



- Buildings.....11%
- Machinery.....34%
- Furn & Fix.....13%
- Constr. in progress.....42%

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



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