



Integrated Micro-Electronics, Inc.

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April 30, 2020

Securities and Exchange Commission

Philippine International Convention Center
Vicente Sotto St., Pasay City 1700

Attention: Atty. Rachel Esther J. Gumpang-Remalante
OIC, Corporate Governance & Finance Department

Philippine Stock Exchange

Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

Attention: Ms. Janet A. Encarnacion
Head, Disclosure Department

Subject: 2020 Q1 Financial Results Affected by Coronavirus Pandemic

April 30, 2020, Laguna, Philippines — Integrated Micro-Electronics, Inc. (IMI) booked US\$256 million of revenue in the first quarter of 2020 as it manages global fallout from the COVID-19 outbreak. Despite operational headwinds, IMI continues to extend various employee assistance programs amidst quarantine protocols in a number of its operating sites. The situation led to lower gross profit results at US\$19.5 million with a 7.6% gross margin, a decline from 9.0% in the same period last year. IMI global management teams have been able to partly mitigate the negative financial impact by controlling overhead costs, reducing raw material expenses, and securing ongoing support from various governments including Bulgaria, China, Czech Republic, Germany, Serbia and Singapore. The company ends the quarter with a net loss of US\$4.6 million.

Please refer to the attached press release. Thank you!

Very truly yours,

JEROME S. TAN
Chief Financial Officer



2020 Q1 Financial Results Affected by Coronavirus Pandemic

April 30, 2020, Laguna, Philippines — Integrated Micro-Electronics, Inc. (IMI) booked US\$256 million of revenue in the first quarter of 2020 as it manages global fallout from the COVID-19 outbreak. Despite operational headwinds, IMI continues to extend various employee assistance programs amidst quarantine protocols in a number of its operating sites. The situation led to lower gross profit results at US\$19.5 million with a 7.6% gross margin, a decline from 9.0% in the same period last year. IMI global management teams have been able to partly mitigate the negative financial impact by controlling overhead costs, reducing raw material expenses, and securing ongoing support from various governments including Bulgaria, China, Czech Republic, Germany, Serbia and Singapore. The company ends the quarter with a net loss of US\$4.6 million.

IMI's wholly owned businesses declined to US\$209 million of revenues, a 19 percent reduction from last year. Hampered by government mandated shutdowns of its Chinese facilities in February, and the Enhanced Community Quarantine protocols in the Philippines that began in mid-March, revenues from its Asian operating units were reduced by 20 percent to US\$105 million. Operating sites in Europe and North America, on the other hand, remained fully operational throughout the first quarter, but declined 15% in revenues as they contended with market disruptions in the global supply chain.

Via Optronics and STI, Ltd. produced combined revenues of US\$47 million, a decline of 27 percent from 2019. Both subsidiaries faced near-term headwinds in their regions, particularly VIA's extended shutdown of its main operating plant in Suzhou, China.

While the overall market environment is challenging, IMI is pursuing additional business opportunities, particularly in the medical and telecommunications segments. Since successfully returning to full operational capacity in early March, IMI's operating sites in China have seen growth in demand for products used in medical equipment and 5G telecom infrastructure. STI, Ltd. has also started producing components used in medical ventilators as part of the Ventilator Challenge UK. The recent rise in work from home arrangements is expected lead to an uptick in demand for Via Optronics' display solutions in the laptop segment.

Arthur Tan, IMI's chief executive officer, said "IMI's robust business continuity protocols allow us to smoothly adapt our operations to current circumstances while ensuring the health and safety of our employees. The company's wide geographical footprint gives us the flexibility to shift and address demands across all our regions as the pandemic situation continues to affect global markets. With our experience in high quality manufacturing, we are able to serve current demands in the medical and telecom segments that are critical during this outbreak. Despite these turbulent times, we firmly believe that the strategies we set forth in building towards a sustainable, interconnected future continue to be very relevant."

About IMI

Integrated Micro-Electronics Inc. (IMI), the manufacturing arm of AC Industrial Technology Holdings, Inc., a wholly-owned subsidiary of Ayala Corporation, is among the leading global manufacturing solutions expert in the world. IMI now ranks 17th in the list of top 50 EMS providers in the world by the Manufacturing Market Insider (March 2019 edition), based on 2018 revenues. In the automotive market, it is the 5th largest EMS provider in the world per New Venture Research.

IMI specializes in highly reliable and quality electronics for long product life cycle segments such as automotive, industrial electronics and more recently, the aerospace market.

From its 21 manufacturing plants across ten different countries, IMI provides engineering, manufacturing, and support and fulfillment capabilities to diverse industries globally.

For more information, visit www.global-imi.com.

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES**INTERIM CONSOLIDATED BALANCE SHEET****AS OF MARCH 31, 2020****(With Comparative Audited Figures as of December 31, 2019)****(In thousands)**

	Mar 31, 2020 (Unaudited)	Dec 31, 2019 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	\$152,619	\$152,660
Receivables - net	229,556	290,643
Contract assets	57,415	58,908
Inventories	160,269	152,629
Other current assets	21,150	19,107
Total Current Assets	621,009	673,947
Noncurrent Assets		
Property, plant and equipment - net	184,453	194,294
Goodwill	137,163	140,781
Intangible assets - net	26,176	28,577
Right-of-use assets	36,614	32,028
Deferred tax assets	4,870	3,611
Financial assets at FVOCI	1,219	1,200
Other noncurrent assets	20,699	21,898
Total Noncurrent Assets	411,194	422,389
	\$1,032,203	\$1,096,336
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	\$236,808	\$267,072
Contract liabilities	2,409	4,742
Loans payable	196,707	126,052
Other financial liabilities	21,922	22,370
Current portion of long-term debt	22,153	28,038
Current portion of lease liabilities	6,714	4,075
Income tax payable	1,539	1,441
Total Current Liabilities	488,252	453,790
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debt	33,660	114,386
Lease liabilities	31,390	29,723
Net retirement liabilities	8,598	9,165
Deferred tax liabilities	4,731	1,870
Other noncurrent liabilities	3,071	3,623
Total Noncurrent Liabilities	81,450	158,767
Total Liabilities	569,702	612,557

(Forward)

	Mar 31, 2020 (Unaudited)	Dec 31, 2019 (Audited)
EQUITY		
Equity Attributable to Equity Holders of the Parent Company		
Capital stock - common	\$42,674	\$42,674
Subscribed capital stock	753	753
Additional paid-in capital	146,208	146,208
Subscriptions receivable	(2,955)	(2,955)
Unappropriated retained earnings	217,665	225,753
Treasury stock	(1,013)	(1,013)
Other components of equity	(715)	(736)
Cumulative translation adjustment	(29,943)	(17,683)
Remeasurement losses on defined benefit plans	(10,451)	(10,451)
	362,223	382,550
Equity Attributable to Non-controlling Interests in Consolidated Subsidiaries		
	100,278	101,229
Total Equity	462,501	483,779
	\$1,032,203	\$1,096,336

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(In thousands, except Earnings per Share)

	Unaudited 2020 Jan to Mar	Unaudited 2019 Jan to Mar
REVENUES FROM CONTRACTS WITH CUSTOMERS	\$255,815	\$323,049
COST OF SALES	236,349	293,914
GROSS PROFIT	19,466	29,135
OPERATING EXPENSES	(22,048)	(25,461)
OTHERS - Net		
Interest and bank charges	(2,625)	(3,272)
Foreign exchange losses	(533)	(740)
Interest income	105	92
Miscellaneous income (expense) - net	596	1,525
INCOME (LOSS) BEFORE INCOME TAX	(5,039)	1,279
PROVISION FOR INCOME TAX	(529)	(1,571)
NET INCOME (LOSS)	(\$5,568)	(\$292)
Net Income (Loss) Attributable to:		
Equity holders of the Parent Company	(\$4,617)	\$335
Non-controlling interests	(951)	(627)
	(\$5,568)	(\$292)
Earnings (Loss) Per Share:		
Basic and diluted	(\$0.0021)	\$0.0002

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(In thousands)

	Unaudited 2020 Jan to Mar	Unaudited 2019 Jan to Mar
NET LOSS FOR THE PERIOD	(\$5,568)	(\$292)
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences arising from translation of foreign operations	(12,260)	(5,560)
<i>Other comprehensive income (loss) not to be reclassified into profit or loss in subsequent periods:</i>		
Fair value changes on financial assets at FVOCI – net of tax	21	50
	(12,239)	(5,510)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(\$17,807)	(\$5,802)
Total Comprehensive Loss Attributable to:		
Equity holders of the Parent Company	(\$16,856)	(\$5,175)
Non-controlling interests	(951)	(627)
	(\$17,807)	(\$5,802)

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019
(In thousands)

	Attributable to Equity Holders of the Parent Company										Total
	Capital Stock - Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings	Treasury Stock	Other Comprehensive Income (Loss)				
							Components of Equity	Cumulative Translation Adjustment	Remeasurement losses on defined benefit plans	Attributable to Non-controlling Interests	
Balances at January 1, 2020	\$42,674	\$753	\$146,208	(\$2,955)	\$225,753	(\$1,013)	(\$736)	(\$17,683)	(\$10,451)	\$101,229	\$483,779
Issued shares during the year	-	-	-	-	-	-	-	-	-	-	-
Issuance of preferred shares	-	-	-	-	-	-	-	-	-	-	-
Collections on subscriptions	-	-	-	-	-	-	-	-	-	-	-
Forfeitures during the year	-	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(3,471)	-	-	-	-	-	(3,471)
	42,674	753	146,208	(2,955)	222,282	(1,013)	(736)	(17,683)	(10,451)	101,229	480,308
Net loss	-	-	-	-	(4,617)	-	-	-	-	(951)	(5,568)
Other comprehensive income (loss)	-	-	-	-	-	-	21	(12,260)	-	-	(12,239)
Total comprehensive income (loss)	-	-	-	-	(4,617)	-	21	(12,260)	-	(951)	(17,807)
Balances at March 31, 2020	\$42,674	\$753	\$146,208	(\$2,955)	\$217,665	(\$1,013)	(\$715)	(29,943)	(\$10,451)	\$100,278	\$462,501

	Attributable to Equity Holders of the Parent Company										Total
	Capital Stock - Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings	Treasury Stock	Other Comprehensive Income (Loss)				
							Other Components of Equity	Cumulative Translation Adjustment	Remeasurement losses on defined benefit plans	Attributable to Non-controlling Interests	
Balances at January 1, 2019	\$42,648	\$815	\$146,513	(\$3,403)	\$236,290	(\$1,013)	(\$1,096)	(\$12,894)	(\$6,236)	\$4,812	\$406,436
Effect of finalization of business combination	—	—	—	—	1,680	—	—	(263)	—	2,781	4,199
Balances at January 1, 2019, as restated	42,648	815	146,513	(3,403)	237,970	(1,013)	(1,096)	(13,157)	(6,236)	7,593	410,635
Issued shares during the year	6	(6)	—	—	—	—	—	—	—	—	—
Issuance of preferred shares	—	—	—	—	—	—	—	—	—	60,000	60,000
Refund on subscriptions	—	—	—	(13)	—	—	—	—	—	—	(13)
Forfeitures during the year	—	(22)	(161)	183	—	—	—	—	—	—	—
	42,654	787	146,352	(3,233)	237,970	(1,013)	(1,096)	(13,157)	(6,236)	67,593	470,622
Net income (loss)	—	—	—	—	335	—	—	—	—	(627)	(292)
Other comprehensive income (loss)	—	—	—	—	—	—	50	(5,560)	—	—	(5,510)
Total comprehensive income (loss)	—	—	—	—	335	—	50	(5,560)	—	(627)	(5,802)
Balances at March 31, 2019	\$42,654	\$787	\$146,352	(\$3,233)	\$238,305	(\$1,013)	(\$1,046)	(\$18,717)	(\$6,236)	\$66,966	\$464,820

Attributable to Equity Holders of the Parent Company

	Other Comprehensive Income (Loss)										
	Capital Stock - Common	Subscribed Capital Stock	Additional Paid-in Capital	Subscriptions Receivable	Retained Earnings	Treasury Stock	Other Components of Equity	Cumulative Translation Adjustment	Remeasurement losses on defined benefit plans	Attributable to Non-controlling Interests	Total
Balances at January 1, 2019	\$42,648	\$815	\$146,513	(\$3,403)	\$236,290	(\$1,013)	(\$1,096)	(\$12,894)	(\$6,236)	\$4,812	\$406,436
Effect of finalization of business combination	-	-	-	-	1,680	-	-	(263)	-	2,781	4,199
Balances at January 1, 2019, as restated	42,648	815	146,513	(3,403)	237,970	(1,013)	(1,096)	(13,157)	(6,236)	7,593	410,635
Issued shares during the year	26	(26)	-	-	-	-	-	-	-	-	-
Issuance of preferred shares	-	-	-	-	-	-	-	-	-	100,000	100,000
Collections on subscriptions	-	-	-	106	-	-	-	-	-	-	106
Forfeitures during the year	-	(37)	(305)	342	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(4,437)	-	-	-	-	-	(4,437)
	42,674	753	146,208	(2,955)	233,533	(1,013)	(1,096)	(13,157)	(6,236)	107,593	506,304
Net loss	-	-	-	-	(7,780)	-	-	-	-	(5,415)	(13,195)
Other comprehensive income (loss)	-	-	-	-	-	-	360	(4,526)	(4,215)	(949)	(9,330)
Total comprehensive income (loss)	-	-	-	-	(7,780)	-	360	(4,526)	(4,215)	(6,364)	(22,525)
Balances at December 31, 2019	\$42,674	\$753	\$146,208	(\$2,955)	\$225,753	(\$1,013)	(\$736)	(\$17,683)	(\$10,451)	\$101,229	\$483,779

INTEGRATED MICRO-ELECTRONICS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Three months ended March 31	
	2020	2019
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	(5,039)	\$1,279
Adjustments for:		
Depreciation of property, plant and equipment	10,243	9,100
Interest expense	2,642	2,994
Amortization of right-of-use assets	2,307	865
Amortization of intangible assets	1,908	1,615
Interest income	(378)	(92)
Unrealized foreign exchange losses	151	745
Gains on sale of property, plant and equipment	(105)	(46)
Mark-to-market losses on put options	52	157
Operating income before working capital changes	11,781	16,617
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Loans and receivables	57,263	8,029
Contract asset	1,493	(3,928)
Inventories	(8,612)	9,541
Other current assets	(2,056)	(1,003)
Increase (decrease) in:		
Accounts payable and accrued expenses	(31,516)	(32,197)
Contract liabilities	(2,333)	–
Retirement liabilities	(567)	(79)
Net cash provided by (used in) operations	25,453	(3,020)
Income tax paid	(3,729)	(3,101)
Interest paid	(508)	(3,755)
Interest received	104	92
Net cash provided by (used) in operating activities	21,320	(9,784)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of:		
Property, plant and equipment	(4,458)	(10,037)
Intangible assets	(49)	(107)
Proceeds from sale of property, plant and equipment	741	111
Increase (decrease) in deposits from a third party	–	(11,541)
Capitalized development costs, excluding depreciation	–	(737)
Decrease (increase) in other noncurrent assets	1,200	2,679
Net cash used in investing activities	(2,566)	(19,632)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of loans	(86,532)	(569)
Availment of loans	71,510	2,666
Payments of lease liabilities	(3,049)	–
Settlement of derivatives	14	143
Proceeds from subscription on a subsidiary's preferred shares	–	60,000
Refund on subscriptions	–	(13)
Decrease in other noncurrent liabilities	(553)	(1,982)
Net cash provided by (used) in financing activities	(18,610)	60,245
NET FOREIGN EXCHANGE DIFFERENCE IN CASH AND CASH EQUIVALENTS	(185)	(176)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(41)	30,653
CASH AND CASH EQUIVALENTS AT JANUARY 1	152,660	108,534
CASH AND CASH EQUIVALENTS AT MARCH 31	\$152,619	\$139,187