

Malaysian Pacific Industries Berhad Investors' Briefing

Q3 FY20

DIFFERENTIATION THROUGH INNOVATION



 **Carsem**
A Member of the Hong Leong Group

Differentiation
Thru Innovation





INDUSTRY OUTLOOK

SEMICONDUCTOR INDUSTRY WILL SEE A FURTHER DECLINE IN 2020

➤ WW Semiconductor sales decreased by **12% in 2019**

- Semiconductor Industry Association

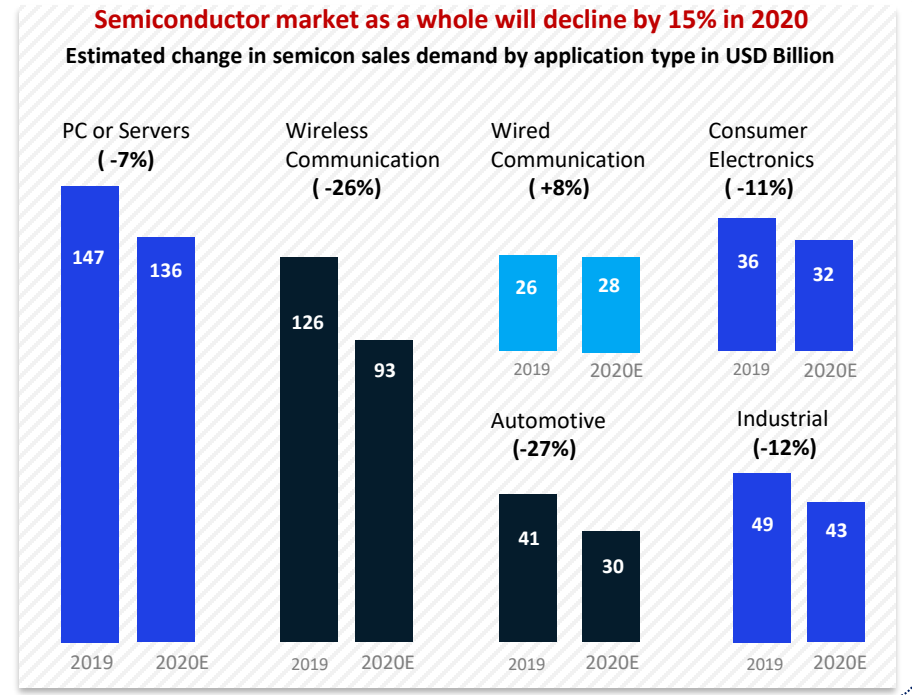
Global Semiconductor revenue declined by **10% in 2019**

- Gartner Research

➤ Covid-19 impacted Carsem Suzhou business from Jan'20 and subsequently Carsem Ipoh from Mar'20, MPI Q3 FY20 Vs corresponding quarter FY19 saw **growth of 14%**

➤ In 2020 due to Covid-19, Semiconductor industry is estimated to **decline further by 15%** - McKinsey Analysis

- Automotive -27% ↓
- Industrial -12% ↓
- Consumer Electronics -11% ↓
- Wireless Communication -26% ↓
- PC/ Servers -7% ↓
- Medical Equipments +10% ↑



Carsem is doing better than the Industry due to various strategic actions put in place in the last 3-4 years:

- ✓ Investments in Carsem Suzhou (RF, Cu Clip)
- ✓ Increased portfolio by adding new products
- ✓ Market Embedding via new customers
- ✓ Improved Quality standards



Q3 FY20 SNAPSHOT

REVENUE

Q3 Revenue Higher by 12% in USD & 14% in RM against corresponding quarter in FY19. Q3 FY20 Sequential revenue lower by 9% in USD & RM

PATAMI

Q3 PATAMI 32% Higher against Q3 FY19. PATAMI in Q3 FY20 lower at RM 22.1M Vs RM 45.1M of Q2 FY20

EPS

Q3 EPS at 11.59c Vs 23.73c of Q2 FY20

CASH

Net cash increased to RM 809M vs RM 798M of Q2 FY20

DIVIDEND

2nd Interim Dividend of 17 Sen

CHALLENGES

Ongoing Coronavirus along with Trade War, Brexit and all segments are going down





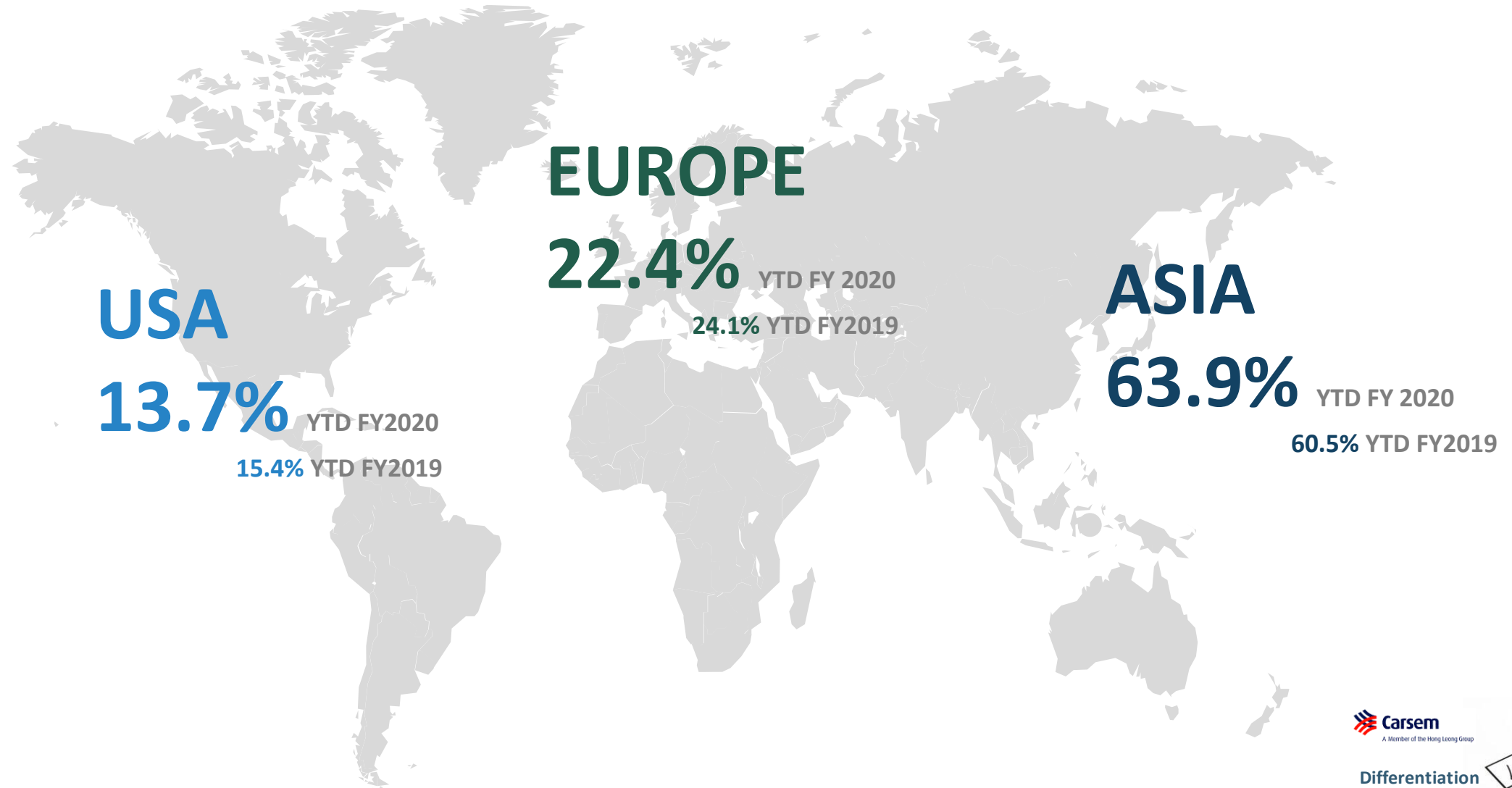
MPI GROUP RESULTS AT A GLANCE

	Q3 FY20	Q2 FY20	Q3 FY19	Q3 vs Q2	Q3 vs Q3	YTD FY20	YTD FY19	YoY
	RM mil	RM mil	RM mil	%	%	RM mil	RM mil	%
Revenue	376.3	413.8	330.1	-9%	14%	1,159.1	1,142.0	1%
PAT	26.2	53.6	21.5	-51%	22%	123.2	124.3	-1%
PATAMI	22.1	45.1	16.8	-51%	32%	103.9	98.3	6%
EPS (sen)	11.59	23.73	8.82	-51%	31%	54.67	51.72	6%
EBITDA %	21%	27%	21%			25%	25%	
Capex	28.7	79.3	42.6	-64%	-33%	173.5	170.2	2%
Dividend	0	20	0			20	20	
Net Cash	808.9	797.7	688.6			808.9	688.6	
EDR	100 : 0	100 : 0	100 : 0			100 : 0	100 : 0	
ROSF	1.7%	3.6%	1.4%			8.2%	8.3%	





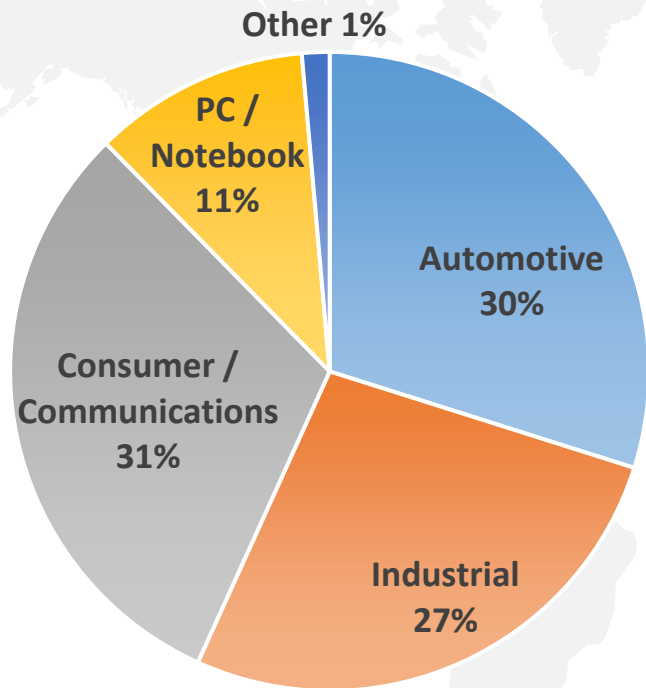
MPI GROUP – REVENUE BY GEOGRAPHICAL LOCATION OF CUSTOMERS



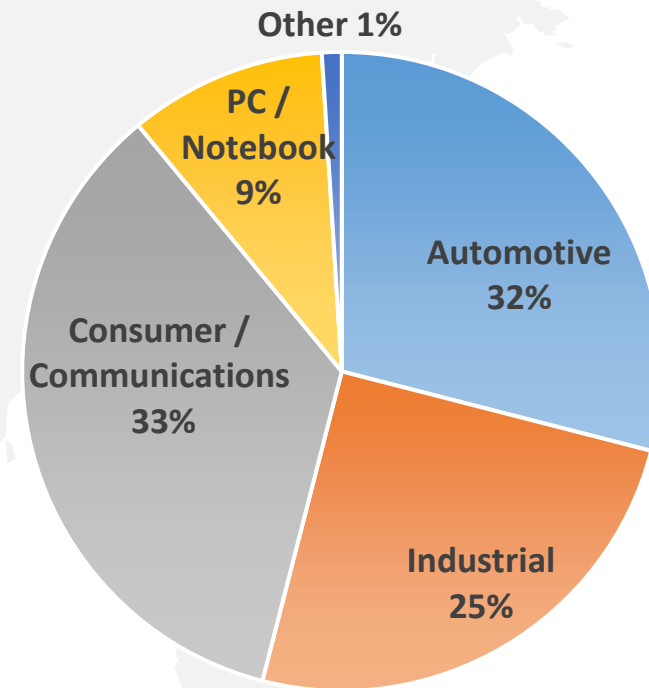


REVENUE BY END USER MARKET

REVENUE BY END USER MARKET Q3 FY20

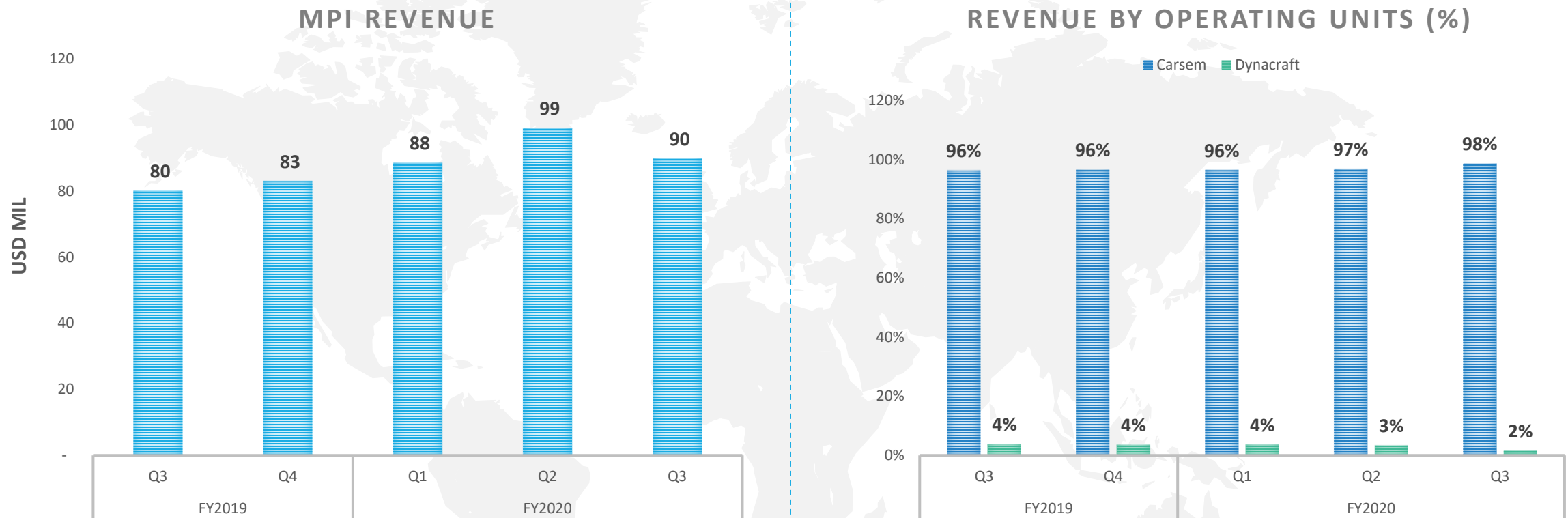


REVENUE BY END USER MARKET Q2 FY20





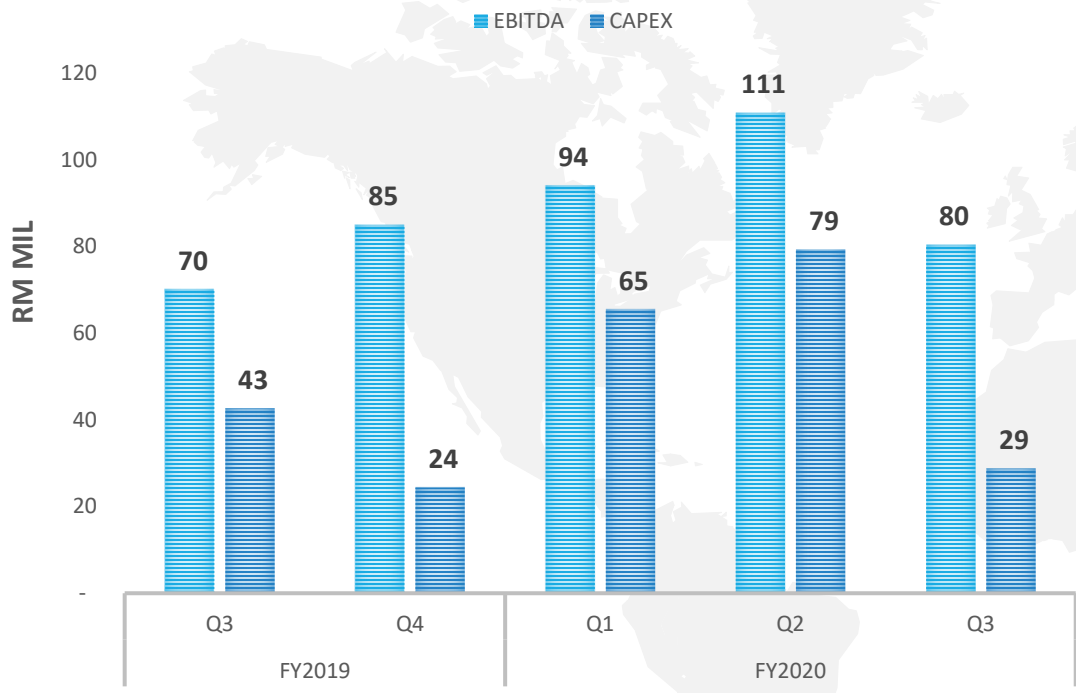
MPI GROUP – REVENUE BY OPERATING UNITS



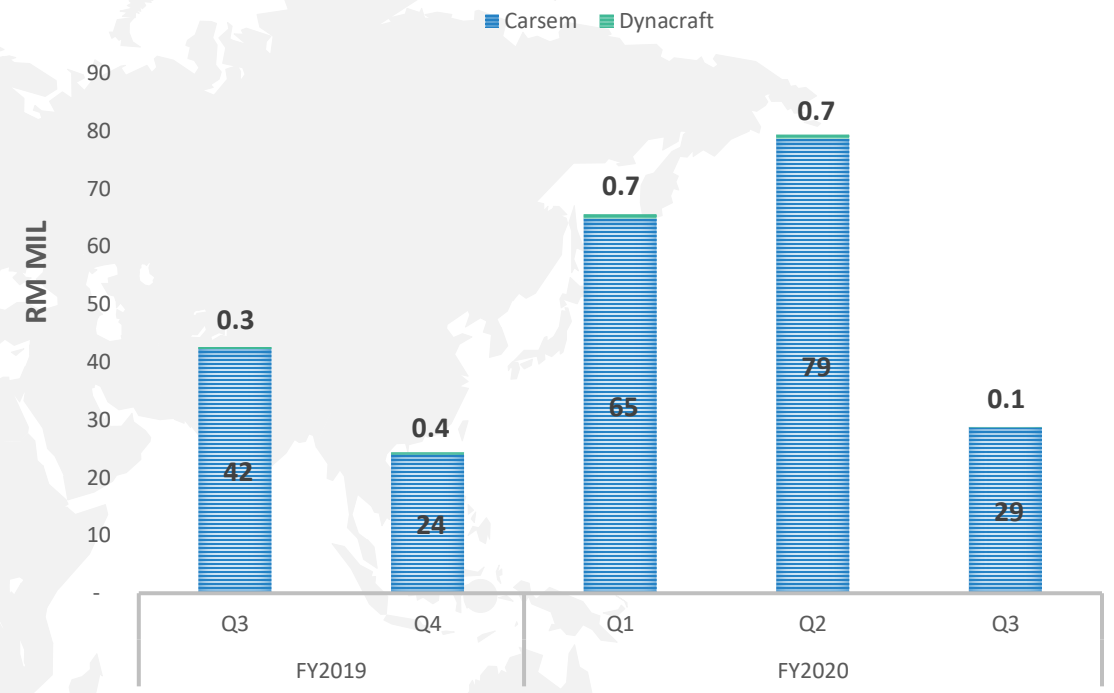


MPI GROUP – CAPEX

MPI EBITDA VS CAPEX



MPI CAPEX





ADDITIONAL COST INCURRED DURING MCO

Carsem (M)	Q3 & Q4 RM'000	Recurring/mth RM'000
Incentives	1,046	-
Facemasks	557	144
Sanitizers/Disinfection	116	47
Extra busing/transport	194	110
Rental of equipmt	37	-
Free meals	980	-
Additional OT	653	-
Total	3,584	301



DCI	RM'000	RM'000
Incentives	178	-
Facemasks	10	20
Hand Sanitizers/Disinfection	6	7
Free meals (nite shift)	17	-
Additional OT	20	15
Total	231	42



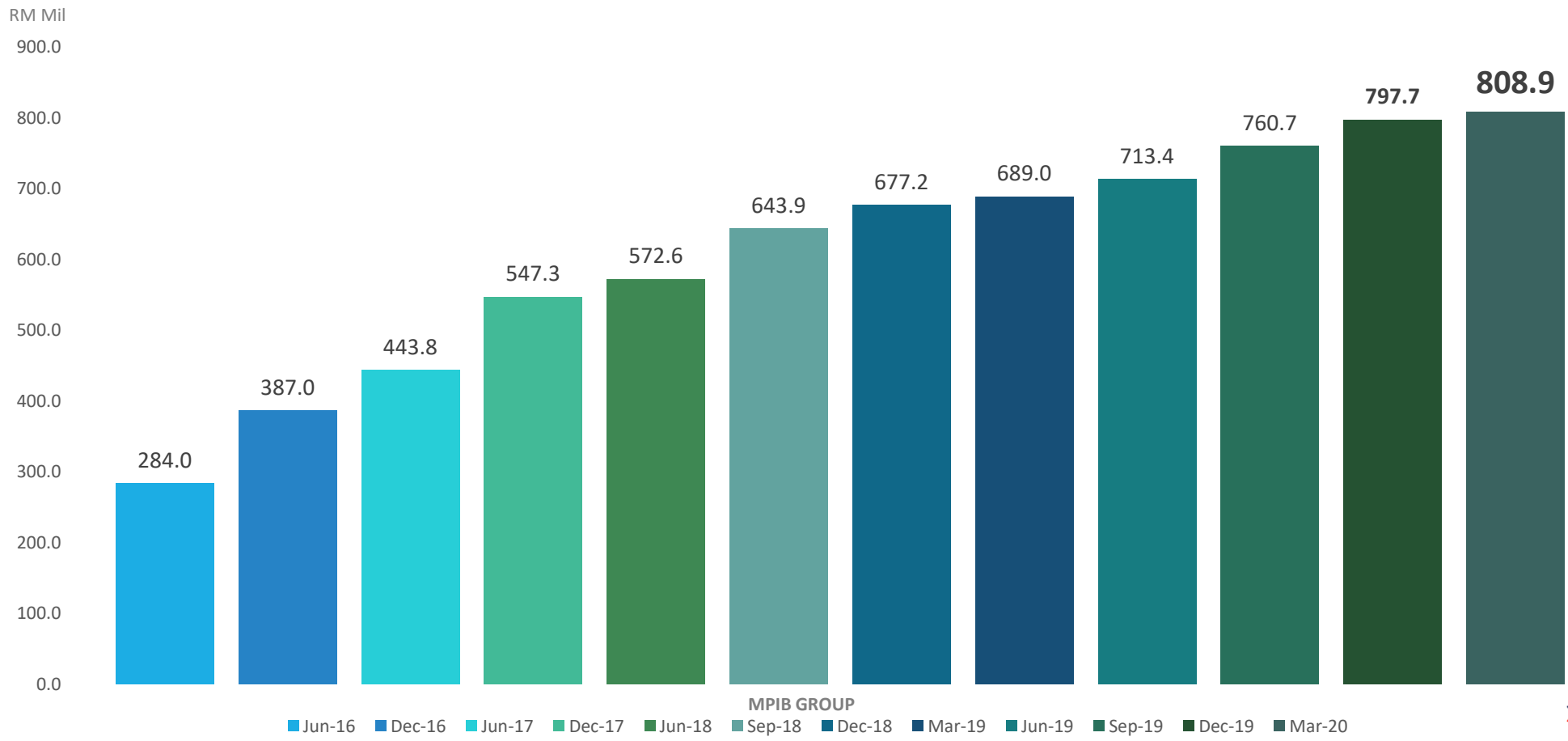
SZ	RMB'000	RMB'000
Facemasks	493	30
Sanitizers	15	
Free meals	326	
Additional OT	3,160	
Hotel room for quarantine	62	
Infrared thermometers / goggles	28	
Total	4,084	30





CASH IS KING

IN GOOD & BAD TIMES, MPIB IS PROFITABLE AND CONTINUES TO ACCUMULATE CASH



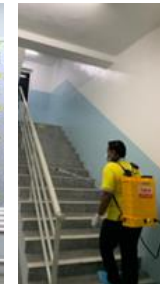


UNPREDICTABLE CORONA VIRUS

- ❑ Carsem is **one of the few OSATs in the world** which was always open and continued production during the lockdown to support its customers.
- ❑ **23rd Jan 2020** – **First company in Perak** to start Covid-19 precautions. Increased the frequency of each measure during MCO
- ❑ Incentivized workforce over & above overtime and also provided free meals during MCO
- ❑ Additional costs incurred to provide a safe and healthy working environment resulting in lower PAT in Q3 FY20



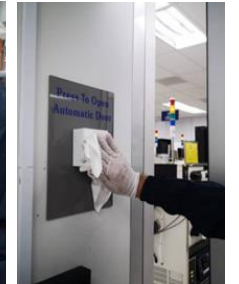
Temperature check, hand sanitizer & face mask provided at entry point



Disinfecting common places 3 times per day



Disinfecting buses 4 times a day



Disinfecting prod. area before next shift starts



Social distancing of minimum 1 meter distance in the entire factory



Additional washing area installed in Hostel and the factory



Disinfecting hostel including rooms



Multiple Mobile Clinics in the factory



SALARIES, OVERTIME & INCENTIVES TO EMPLOYEES

Carsem gave annual bonus to its employees in March



Carsem & DCI paid overtime to the workforce during MCO



Incentives paid apart from overtime & salaries to the workforce during MCO



Monthly salaries paid to all employees of Carsem & DCI in March & April





MITI INSPECTION VISIT TO CARSEM

MITI ENDORSED CARSEM OF HAVING EXCELLENT SAFETY & PRECAUTIONARY MEASURES TO CURB COVID -19



Perak MITI (Ministry of International Trade and Industry) Director with Headquarter Officer had a **surprise visit to Carsem on 15th May 2020** to benchmark on all of the safety measures, communication and awareness taking into account that Carsem is the largest employer in Perak.

MITI director recognized our efforts and said “ ***Carsem has even taken extra steps beyond the MITI SOP requirement which is remarkable.***”



ASSISTING WIDER COMMUNITY

Carsem carried out CSR activity by distributing 100,000 facemasks starting with employees and their families, then to frontliners and deprived section of society:

- Medical personnel in various clinics & hospitals
- Perak Police
- Custom Department officials
- Fire fighters
- Shelter Homes



Over 40,000 Masks to various hospitals & clinics



1,000 Masks to custom dept.



2,000 Masks to custom dept.



5,000 Masks to police officials





SUMMARY

- ✓ **Carsem is one of the few OSATs in the world to remain always open during lockdown to support its customers**
- ✓ **Despite tough times, MPI declares dividend of 17 Sen**
- ✓ **MPI maintains profitability and continues to accumulate cash**
- ✓ **Carsem is still investing money in capital expenditure**
- ✓ **Battling external challenges of ongoing corona virus**
- ✓ **Net Cash (RM 809M for investment & M&A), No debts**





THANK YOU!

