

MONTHLY BRIEFING JUNE 2018

Date of briefing: 25 June 2018

TOPICS COVERED:

1. First Quarter 2018 Financial Results

- Overview and presentation on first quarter results and impact of strengthening Ringgit Malaysia (MYR) against the United States Dollar (USD).
- Peak of USD/MYR was in first quarter of 2017 and the low point was in first quarter of 2018. 99% of Mi Equipment's sales is denominated in USD and hence the first quarter results could have been better if not for the strengthening of the MYR against the USD.
- Included in the general and administrative expenses during the first quarter of 2018 was the loss on foreign exchange amounting to RM3.17 million.
- The gross profit margin and PBT margin in the first quarter of 2018 (excluding loss on foreign exchange) was 46.5% and 29.7%. This is within the internal targets of the company.
- Guidance on targeted gross profit margin range (40-50%) and operating profit margin range (20-30%) (prior to forex gains or losses).
- Overall the management is pleased about its revenue in the first quarter and is satisfied with the profit after tax.

2. Business Outlook

- Overview of business outlook by product series where the flagship Mi series is still performing well and the Vi series is also expected to contribute. Li, Ai and Si series are earmarked for 2019.
- Overview of business outlook by region for second calendar quarter of 2018 where Northeast Asia has the best outlook, followed by North Atlantic while South East Asia is expected to be subdued.

3. Proceeds Utilization and New Factory Status Updates

- The proceeds for working capital (RM36.79m) and listing expenses (RM8.10m) have been fully allocated / utilized. The remaining proceeds will be utilized within the timeframe mentioned in the prospectus.
- Update on construction progress and project schedule of the five (5) storey new facility in Bayan Lepas. The construction is expected to be on track to meet completion in the first quarter of 2019.
- The new factory in Bayan Lepas is a 5-storey building. Floor plans, visuals of construction site activities and ongoing works were shared.

4. Corporate Activities

- Updates on upcoming additions to management team in July 2018.