

MONTHLY BRIEFING AUGUST 2018

Date of briefing: 29 August 2018

TOPICS COVERED:

1. Second Quarter 2018 Financial Result

- Revenue in the second quarter (“**2Q2018**”) of financial year ending 31 December 2018 increased by 63% to RM54.3m as compared to RM33.5m in the preceding quarter. Based on historical trends, the second quarter is typically strong revenue quarter.
- The Mi series remained the highest revenue contributor for 2Q2018. Year to date (1H 2018), the Mi series made up 94% of revenue. There was also an increase in the demand of the Li and Vi series in 2Q2018, while the Si10 series is undergoing qualification process.
- The precision engineering business unit commenced operations in April 2018 and is currently supporting internal demand of the group.
- Year-to-date (1H2018), Northeast Asia (“**NEA**”) contributed 77% of revenue, followed by Southeast Asia (“**SEA**”) at 17% and North Atlantic (“**NA**”) at 6%. The growth in NA was contributed by a new customer.
- Gross profit (“**GP**”) increased by 60% from RM15.6m in 1Q2018 to RM25.0m in 2Q2018 while GP margin maintained at 46%.
- Profit after tax (“**PAT**”) increased from RM6.6m in 1Q2018 to RM16.6m in 2Q2018, derived from higher revenue and strengthening of the USD vs RM. PAT margin improved from 20% to 31% resulting primarily from unrealized forex gains.
- The company is in net cash position of RM221.4m after the initial public offering and net tangible assets per share stood at RM0.64 per share as at 30 June 2018.
- The proceeds for Bayan Lepas new factory (8%) and IPO expenses (100%) have been utilized. The remaining proceeds will be utilized within timeframe mentioned in prospectus.

2. BUSINESS OUTLOOK AND ACTIVITIES

- Expectations is for global wafer level packaging (“**WLP**”) to grow at CAGR of 20% for the next 2-3 years, with fan-out WLP being the growth driver. Higher content die per system package will also potentially spur higher die sorting capacity.
- Looming trade war & geographical conflict may soften capacity growth rate.
- Management expects NEA to continue to be the major revenue contributor with improved performance from SEA as more customers are qualifying the Mi30 platform.

- For the second half of FY 2018, the Company will focus on capacity & demo unit for customer qualification.
- The Company will explore possible business collaboration to enhance growth and quicker market access.
- The precision engineering business will be further developed to support internal requirement and external sales.