

## MONTHLY BRIEFING NOVEMBER 2018

### TOPICS COVERED:

#### 1. THIRD QUARTER 2018 FINANCIAL RESULTS

- Revenue in the third quarter (“**3Q2018**”) of financial year ending 31 December 2018 decreased by 24% to RM41.6m as compared to RM54.3m in the preceding quarter. The decrease was mainly due to lower machine sales as a result of allocation in production capacity. It was earlier stated in our August monthly summary that for the second half of the financial year 2018, we will allocate capacity to produce demonstration units for customer qualification.
- In 3Q2018, it is notable that all 5 series (Mi, Vi, Li, Si and Ai) were sold and contributed to revenue. The Mi series remained the highest revenue contributor for 3Q2018, amounting to approximately 90% of revenue as compared to 91% in the preceding quarter. Year to date, the Mi series made up 93% of revenue. In the coming months, the Vi and Li series will undergo intense promotional activities while the Ai and Si series are in qualification and data collection phases.
- In 3Q2018, Northeast Asia (“**NEA**”) contributed 61% of revenue in 3Q2018 (2Q2018: 79%), followed by Southeast Asia (“**SEA**”) at 30% (2Q2018:13%) and North Atlantic (“**NA**”) at 9% (2Q2018: 8%).
- As a result of decreased revenue explained above, gross profit (“**GP**”) in 3Q2018 was RM19.8 million compared to RM25.0 million in 2Q2018 while GP margin improved from 46% to 48% due mainly to improved operational efficiencies.
- Profit after tax (“**PAT**”) for 3Q2018 was RM14.0 million compared to RM16.6 million the preceding quarter. PAT margin improved from 31% to 34% due to improvement in operational efficiencies.
- The company is in net cash position of RM211.7million after the initial public offering and net tangible assets per share stood at RM0.67 per share as at 30 September 2018.
- Second interim dividend of 2.0 sen per share was declared and payment date is 21 December 2018. This is in additional to the first interim dividend of RM3.0 sen per share paid on 30 August 2018.

## 2. BUSINESS OUTLOOK

- Expectations is for global wafer level packaging (“WLP”) to grow at CAGR of c.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.

## 3. NEW FACTORY STATUS UPDATES

- 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 (“1Q2019”) of financial year ending 31 December 2019.

## 4. CORPORATE ACTIVITIES

- In the forth quarter (“4Q2018”) of financial year ending 31 December 2018, the agenda is to explore business collaboration to enhance growth and complement technology for quicker market access.
- We announced the Proposed Share Buy Back of up to 5% of issued shares and Proposed Change of Name to Mi Technovation Berhad.
- Our subsidiary, Mi Equipment (M) Sdn Bhd has submitted application for pioneer status renewal of another five (5) years to MIDA.
- The change of name is to better reflect the corporate identity and align the name with the group’s business plan and direction. Until further business development, moving forward the business will be categorised to two business units, i.e.:
  - The first business unit, being the Automation & Equipment Business Unit (AEBU) which includes the Semiconductor Equipment Division, Trading & Distribution Division and Automation & Robotics Division.
  - The second business unit is the Precision Engineering Business Unit (PEBU) which is intended to house the metal and non-metal component divisions.