

**PRESS RELEASE**

*For immediate release*

**MPI quarterly revenue surges past the USD 100 million mark in Q1 FY21 with an amazing 52% YoY PAT growth amidst pandemic & market uncertainties**

**Kuala Lumpur, 26th NOVEMBER 2020: MALAYSIAN PACIFIC INDUSTRIES Q1 FY21 RESULTS**

**Highlights**

- Q1 FY21 recorded strong quarterly revenue of USD 104.4 million - growth by 18% YoY compared to Q1 FY20, and by 11% QoQ compared to Q4 FY20
- Continuing from a superlative 112% PAT growth in Q4 FY20 over Q3 FY20, PAT in Q1 FY21 improved significantly to MYR 65.8 million - growth by a phenomenal 52% YoY compared to Q1 FY20, and by 18% QoQ compared to Q4 FY20
- Q1 FY21 witnessed further strengthening of cash position with net cash of MYR 943.1 million - growth by a substantial 14% compared to previous quarter - even with a CAPEX of MYR 81.5 million during Q1 FY21

**Market uncertainty remains despite slight industry growth**

Even though global semiconductor sales grew in Q3 2020 (YoY over Q3 2019: 6%, QoQ over Q2 2020: 11% - Source: Semiconductor Industry Association), significant market uncertainty remains due to the prevalent pandemic & battered economic sentiments that are negatively impacting demand & trade.

**MPI continues to grow**

Amidst challenging times, MPI's significant growth in quarterly sales was mainly supported by the continued demand for both assembly & testing services across Asia, US & EU markets. This demand is driven by localization trends in China, and trade war influenced tactics of US customers to source from safer origins as Malaysia, supported by the underlying technology trends in RF, power (Silicon Carbide technology), sensors & automotive applications in Electric Vehicles.

**Strong regional growth**

Individual regions recorded healthy growth for MPI in the first quarter of FY21. In particular:

**Asia:** Nearly 40% of MPI's revenue is attributable to Asia, driven by China. Shaped by political tensions & economic motivations, China is increasingly going 'local' to build capabilities & meet the needs of its expanding domestic tech demand. This is positively impacting the local fulfilment of demand for semiconductor products & services, including assembly & testing. MPI is strongly entrenched in the China OSAT market with local manufacturing presence, and thus, benefits from this trend. We believe the localization trend will continue going forward, hence giving large opportunity for MPI to keep growing its China sales through sustained market expansion. Moreover, our expertise in RF and Power management (Silicon Carbide technology) equip us with the right strategic capabilities to tap into the huge growth potential of 5G & IoT.

**US/EU:** US & EU account for around 30% each of MPI's overall revenue. Implementation of trade war tariffs has led to US customers seeking reliable supply origins outside China, which is substantially benefitting MPI, having robust capabilities to serve US customers out of its Malaysia operations. Moreover, technology developments in automotive for Electric Vehicles, in power management (Silicon Carbide technology) applications, and sensors continue to be fundamental demand drivers.

MPI has remained operational during the Covid-19 lockdown period with adherence to proper government guidelines. This has helped us to deliver on our promises to our customers & enable them to fulfil their commitments during these turbulent times. Our market expectations from these regions, are further bolstered by the improved customer confidence on our reliability.

### Details of MPI's Q1 FY21 business performance



Behind the said growth achievements are the vision, effective strategy, and strong governance foundation of MPI's Board of Directors. MPI always takes initiative against market developments, with focus on executing its 4 strategic pillars – sales excellence, technology development, quality leadership and human capital management.

### Robust cash position while continuing strategic investments in tough times

Prudent cost & cash management has translated into increase in MPI's net cash position to MYR 943.1 million as of Q1 FY21, significantly higher than same period of FY20 with MYR 760.7 million (YoY growth Q1 FY20-Q1 FY21: 24%), and in FY19 with MYR 643.9 million (Q1 FY19-Q1 FY21 growth: 46%).

Notably, MPI has achieved this in challenging times (trade war, Covid) while continuing to invest in strategic areas focused on realizing its business aspirations - total CAPEX of MYR 525.2 million (Q1 FY19-Q1 FY21). Even amidst the ongoing Covid crisis, MPI has already invested around MYR 184.3 million during last three quarters (Q3 FY20-Q1 FY21). These investments are targeted mainly at

- **Capacity expansion:** At our Suzhou facility, we completed level 2 cleanroom fitted out with 10K class Front of Line specifications as per schedule. The new clean room adds around 40% of the expansion space to our existing facility, enabling us to further capture opportunities in China
- **Technology development:** We are continuing our efforts in augmenting our technology capabilities especially in the areas of power management (Silicon Carbide, Gallium Nitride), MEMS sensors, and RF (5G)
- **Automation:** In line with our Industry 4.0 vision, we are making focused investments in automating our facilities & processes with a constant emphasis on productivity & quality improvement. For instance, we are planning & adding new equipments and handlers for 5G testing, AOI (automated optical inspection) for quality, etc.

- **Manpower upskilling:** Our emphasis is on nurturing & expanding our in-house talent pool via targeted learning & development programs
  - **Employee safety:** We acknowledge the utmost importance of the welfare of our employees, and their safety. Across our 3 manufacturing sites, we invested around USD 1.5 million towards safety & precaution measures for our employees, against Covid
- Business Outlook

In Q2 FY21, despite broad market uncertainties, we expect our business to stay resilient & continue to post strong performance. These expectations are rooted in our view that MPI will continue to benefit from

- Long term technology drivers – RF (5G) in Asia, and power management (Silicon Carbide, Gallium Nitride) & automotive (sensors, safety) across US & EU
- Localization driven demand trends in China
- Positioning of reliable supply center for US & EU, based out of Malaysia
- Strong cash position – allows to aggressively pursue technology/ company acquisitions that will propel Carsem even further into the advanced packaging space
- Continuous productivity & quality improvements via automation

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