



[For Immediate Release]

1 August 2024

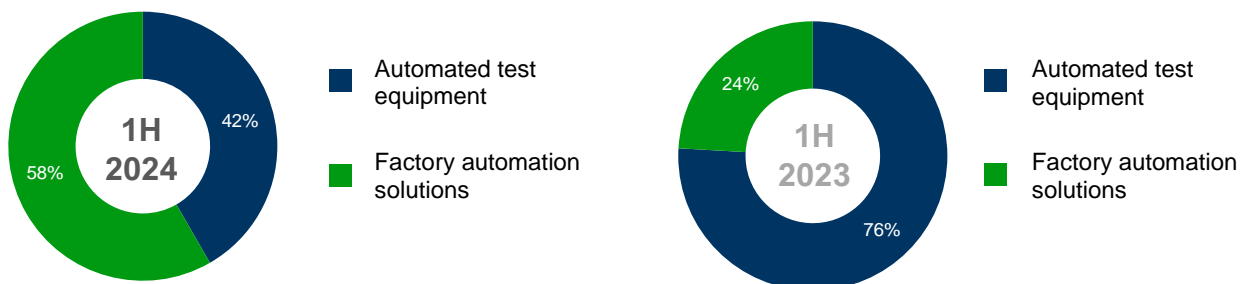
PIL shows resilience amid economic challenges, reports stable revenue for 2024 interim results

Pentamaster International Limited (“PIL” or “the Group”) which is listed under the Main Board of The Stock Exchange of Hong Kong Limited announced its interim results for six months period ended 30 June 2024 (“1H2024”) today. The Group recorded a revenue of MYR342.1 million, almost flat as compared to the corresponding period last year. Its net profit stood at MYR62.7 million, a decrease of 12.8%, as compared to the corresponding period last year.

Financial highlights

	1H2024 (Unaudited) MYR in thousands	1H2023 (Unaudited) MYR in thousands	Change
<i>Revenue</i>	342,054	342,128	0.0%
<i>Gross profit</i>	97,921	100,521	-2.6%
<i>Profit for the period</i>	62,693	71,871	-12.8%
<i>Earnings per share (sen)</i>			
<i>Basic</i>	2.64	3.02	-12.6%
<i>Diluted</i>	2.63	3.01	-12.6%

Key business unit revenue and trend



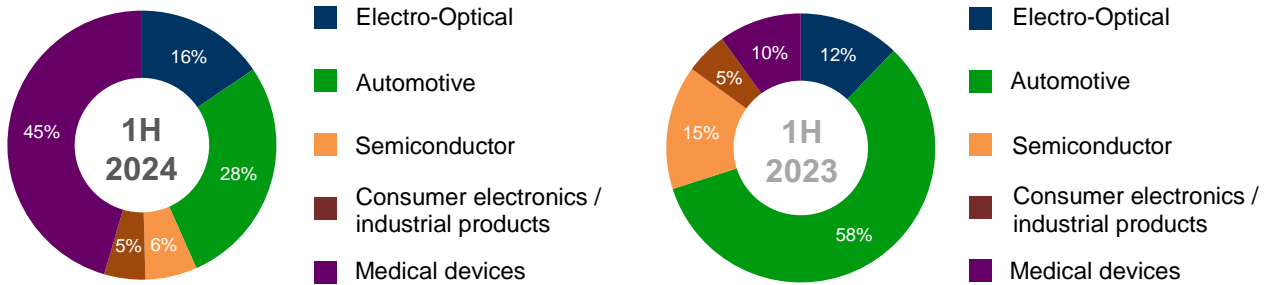
For the six months ended 30 June 2024, the Group’s revenue was contributed by both the ATE and FAS segments, with each constituting approximately 41.7% and 58.3% respectively of the Group’s total revenue for the period.



The below outlined the performance of the respective operating segments, which includes elements of the inter-segment transactions during the period.

	1H2024 (Unaudited) MYR in thousands	1H2023 (Unaudited) MYR in thousands	Change
<i>Revenue by operating segment</i>			
Automated test equipment			
External customers	142,608	259,670	-45.1%
Inter-segment revenue	448	299	
	143,056	259,969	
Factory automation solutions			
External customers	199,446	82,458	+141.9%
Inter-segment revenue	5,693	6,088	
	205,139	88,546	

Revenue by customer's segment



	1H2024 (Unaudited) MYR in thousands	1H2023 (Unaudited) MYR in thousands	Change
<i>Revenue by customer's segment</i>			
Medical devices	155,523	34,429	+351.7%
Automotive	95,291	196,711	-51.6%
Electro-Optical	53,026	42,003	+26.2%
Semiconductor	21,301	51,528	-58.7%
Consumer and industrial products	16,913	17,457	-3.1%



ATE segment

During the first half of 2024, revenue from the ATE segment declined by approximately MYR117.1 million, from MYR259.7 million achieved in 1H2023 to MYR142.6 million in 1H2024. The contraction was primarily macro-driven led by decreased in sales from the automotive segment and the overall headwinds faced by the semiconductor industry. Forming the largest proportion of the ATE segment with a share of wallet at 63.9%, the automotive segment's softness has significantly impacted the ATE segment's performance with a decline of 52.9% as compared to the first half of 2023. The Group faced a notable deceleration and delay in demand from its automotive component customers primarily due to the general softness in the automotive end market and the lack of clarity on subsidies for electric vehicle ("EV") markets on a global scale. These external macro conditions and policy uncertainties created softness and impacted the purchasing decisions of automotive manufacturers who remained cautious on capital expenditure without clear financial incentives. Despite these challenges, the Group remained actively engaged with its customers, supported by its broad, up-to trend portfolio of automotive test solutions, with the latest being the Group's Known Good Die (KGD) test solution for Die-Level Testing methodology. Overall, the Group remained optimistic for the automotive segment and the recent weakness are only temporary with an expectation that the automotive and EV segments will rebound with greater transparency and policies in place in key automotive markets.

Separately, the Group witnessed positive momentum in its electro-optical segment following years of contraction, as the consumer electronics end-market became more complex with devices' requirement for high-performance computing gaining mainstream adoption. As the second largest revenue contributor for the ATE segment, the electro-optical segment grew 97.0% in 1H2024 as compared to the corresponding period last year, with its share of wallet stood at 26.4% for the overall ATE segment, as opposed to 7.4% in the same period last year. The Group expects continued demand for its smart sensor test equipment which involves a different test program and criteria for ambient light in the second half of the year.

The Group's semiconductor segment accounted for approximately 9.0% of the ATE segment's revenue in the first half of the year, reflecting a drop from 17.9% in 1H2023. The semiconductor industry is known for its cyclical nature, characterised by phases of inventory buildup and subsequent corrections. Despite this temporary downturn, the Group believes it will benefit from the future growth in the industry, driven primarily by the increasing process ramping from new front-end fabs with advancements in generative artificial intelligence ("AI") and high-performance computing.



FAS segment

Following remarkable growth in the first quarter of 2024, revenue from the FAS segment continued its upward trajectory in the second quarter of 2024, culminating in a total revenue of MYR199.4 million for the first half of the year. This represented a substantial increase of 141.9% as compared to first half of 2023 and marked a significant milestone for the FAS segment.

The primary driver behind this impressive growth was the increased demand for the Group's proprietary automation solutions, i-ARMS (intelligent Automated Robotic Manufacturing System) which was particularly pronounced in the medical devices industry segment. This sector places a high emphasis on manufacturing automation for enhanced operational efficiency and precision, reflecting a widespread trend towards automation process adoption. Capitalising on this burgeoning trend, the Group has been strategically expanding its global customer base to broaden its market exposure while actively engaging with its existing and new customers within the medical segment for wider factory automation solutions. As a result, the medical segment's contribution to the overall FAS segment surged from 41.8% in the first half of 2023 to 78.0% in the first half of 2024. Beyond the medical segment, other industry segments contributing to the FAS segment includes consumer and industrial products and electro-optical segment with each contributing 8.0% and 7.7% respectively.

In recent years, the industrial automation industry has undergone a rapid evolution for high-throughput manufacturing process that runs across various business segments particularly in the context of deglobalisation trends where companies are seeking to localise production to enhance resilience and reduce global supply chain dependency. Coupled with the overarching trends towards the integration of AI in automation technology, industrial automation is setting the stage for continued advancements. Against this backdrop, the Group anticipates sustained growth in its FAS segment.



Outlook

Reflecting on the first half of the year, the global economic recovery was slower than expected. This sluggish recovery prompted global manufacturers to adopt a more cautious approach to capital equipment spending across various sectors leading to a limited visibility in the Group's near-term order book. Demand within the ATE segment remained subdued although there were early signs of stabilisation, notably within the automotive sector. In light of these conditions, the Group encountered contraction in its current order book during the period with the replenishment and recovery of orders taking longer than expected.

Amid ongoing uncertainty, the Group continues to identify several growth drivers that have the potential to drive its business momentum going forward. These catalysts include, among others, advancements in AI, automotive electrification and medical manufacturing automation. The Group is particularly optimistic about the expanding role of AI in cloud and data centers as this trend is expected to create significant opportunities for the demand of the Group's test equipment used in advanced semiconductor packaging. Furthermore, the increasing adoption of silicon carbide-based power solutions across various markets, particularly in data centers and high bandwidth memory ("HBM") chipset is gaining momentum. This trend is expected to generate an uptick in demand for the Group's wafer-level burn-in tester for silicon carbide, besides test handler solutions for advanced semiconductor packaging in Dynamic Random Access Memory (DRAM) as well as HBM. As it is, the global semiconductor industry is demonstrating its strong fundamentals and growth potential supporting the diverse range of disruptive applications emerging from the AI wave. As forecasted, the semiconductor test equipment are projected to rise 7.4% in 2024, while assembly and packaging equipment sales are predicted to increase 10.0% for the same period and this momentum shall continue into 2025 due to increased demand for advanced logic and memory applications.

Despite the current market fluctuations and bipolarisation in the EV industry, the Group acknowledges the robust underlying structural foundation of the EV market supported by regulatory backing, expansion of charging infrastructure, industry investments in capital expenditure and increased consumer demand driven by environmental awareness and affordability. These ongoing developments are expected to sustain a considerable amount of business opportunities for the Group to navigate uncertainties and capitalise on emerging prospects.

The recent positioning of Chinese carmakers in setting up manufacturing and assembly plants outside of China presents significant growth opportunities for the Group to expand its customer base and enhance its presence across different automotive sector regions. This development is particularly promising, particularly in Europe where currently this region accounts for less than 10.0% of the Group's total revenue, indicating a substantial untapped market potential for the Group with its Germany office presence. By capitalising on this trend, the Group can broaden its market reach, establish stronger relationships with new customers and significantly increase its revenue from the European market, thereby further solidifying its position in the global automotive industry.



Riding on the prevalence of automation in medical technology for enhanced productivity and efficiency, the Group, leveraging its proprietary i-ARMS, has been experiencing year-on-year revenue growth in the medical device industry. Recently, the Group has also observed increased momentum in the integration of automation with renewable energy. Solar manufacturers are increasingly adopting automation technology to streamline its solar manufacturing process, scale capacity and boost operational effectiveness while improving solar energy sustainability. In this context, the Group has received some orders from this industry and is committed to actively supporting the expansion of automation process applicable in the solar energy market.

Although the Group expects a challenging business environment in the second half of the year, it remains steadfast in its commitment to demonstrating resilience and agility in navigating this complex landscape. As it is, the Group's primary focus is to ensure its core businesses remain robust and adaptable in the face of these challenges while continuing to pursue business diversification to explore new opportunities within its established markets. Through these comprehensive efforts, the Group is determined to sustain growth and maintain stability to weather the challenging conditions ahead.

About Pentamaster International Limited

PIL (HKEX stock code: 1665) is a leading global supplier in providing automation technology and solutions to multinational manufacturers mainly in the semiconductor, automotive, electrical & electronics, medical devices and consumer industrial products sectors spanning APAC, North America and Europe. The Group's broad range of integrated automation products and solutions entails innovating, designing, manufacturing and installing automated equipment and/or automated manufacturing solutions.

To learn more about PIL, please visit us at www.pentamaster.com.my.

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