

Pentamaster International Ltd.
Stock ticker: 1665 Hong Kong
檳傑科達國際有限公司

Investor Presentation
as of May 2024

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Table of content



Introduction

Company profile
Investment case

Corporate overview

Milestones
Corporate structure
Board of directors
Management team
Shareholder structure
Commitment to minority shareholders
Dividend policy and history

Business Overview

Business model
Value chain, suppliers, customers
Geographic footprint
Production facilities
Human capital
Corporate governance
Emissions
CSR initiatives
Sustainability investments
Awards and recognition

Growth Drivers

Growth strategy
Macroeconomic tailwinds
Industry growth drivers
Market share and competitive advantages
Capex / Investment projects / Corp Exercise
New business
Business outlook

Financial overview

Financial highlights
Income statement summary and important ratios
Balance sheet summary and important ratios
Earnings guidance

Company profile

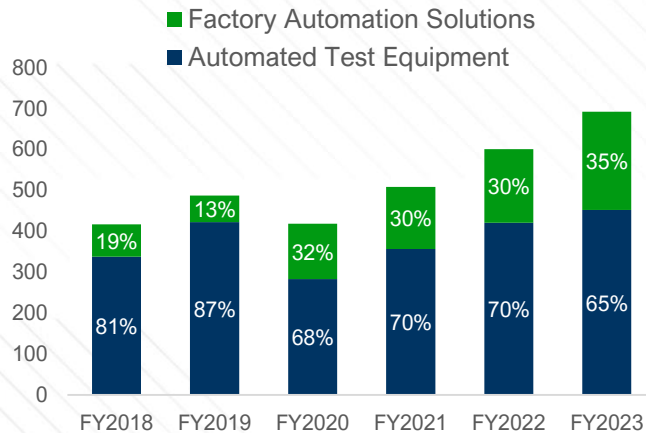


Pentamaster International Limited (the “Company” or “Pentamaster”) together with its affiliates and subsidiaries (the “Group” or “Pentamaster Group”) provides automation technology and solution to multinational manufacturers including but not limited to the semiconductor, telecommunications, consumer electronics and automotive sectors, spanning across APAC, North America and Europe.

Headquarters: Penang, Malaysia
Founded: 1991

The parent company, **Pentamaster Corporation Berhad** (“PCB”), is listed on the Bursa Malaysia Stock Exchange with stock code: PENT.MK (Bloomberg).

The two (2) main revenue sources are:



One of the **market leaders in Malaysia** in terms of revenue and profit with high growth in the back-end semiconductor ATE market



Four (4) years in a row (2017, 2018, 2019, 2020) was ranked in the **top 200 Forbes “Best Under a Billion”** list of companies that are publicly listed in APAC

For two (2) years in a row **“Highest Growth in Profit After Tax Over Three Years”** for the technology sector in THE EDGE’s Billion Ringgit Club (“BRC”) award 2019, 2020.

“The Exporter of The Year” in 2021 for Mid-tier & Large Companies by The Star Export Excellence Awards in recognising and honouring successful exporters and their contribution to Malaysian economy.



Best Employer 2023 (Penang), as accorded by Malaysia’s Employees Provident Fund (EPF) for a subsidiary of the group



Ability to innovate and deliver high value-add integrated products and solutions

As of 31 March 2024, total headcount of 950 with more than 750 in-house engineers. Current Group’s total production gross floor estimated to be more than 200,000 sq.ft. A third production plant measuring 720,000 sq ft has been proposed and currently undergoing construction with estimated completion by Q1 2025.

High visibility of secured purchase orders given the nature of business proposition that is mainly in new “features” product launch / forefront technology solutions

Company profile



6,000+ projects deployed



900+ employees



700+ Engineering R&D staff

Key market segments



Semiconductor



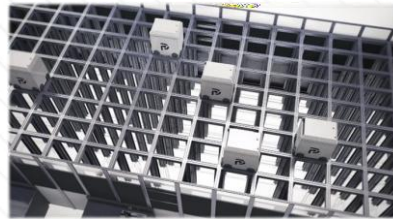
Electro-Optical



Automotive



Medical



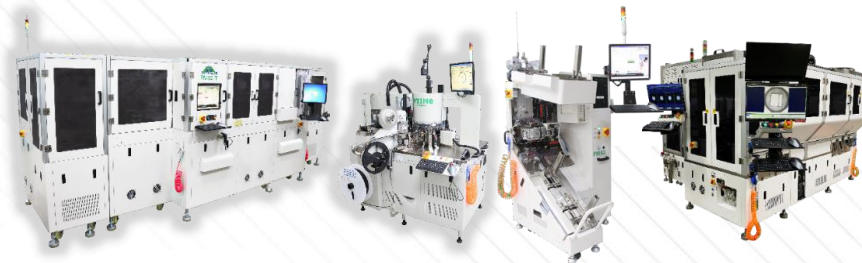
Warehouse Automation Solution
i-Hub: Automated Bin Storage Retrieval System



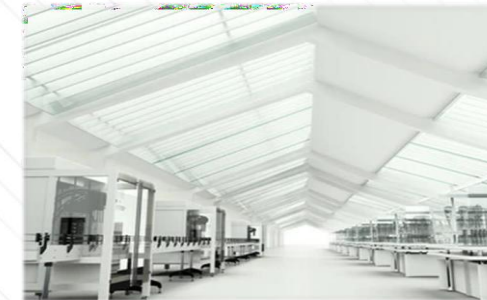
Factory Automation Solution
i-ARMS: intelligent-Automated Robotic Manufacturing System



Medical Automation Solution
Custom automated assembly, vision inspection and test equipment for medical devices.



Automated Test Equipment
Full turnkey solution for wafer burn-in and optical sensors testing.



Contract Manufacturing Services
Turnkey repetitive manufacturing services for complex machines.

Investment case

- 1** The Group has a headcount of close to 920 at the end of FY2023, with a **CAGR revenue growth at 16.9% from FY2017 to FY2023**
- 2** High visibility of secured purchase orders given the nature of business proposition
- 3**
 - **Achieved revenue record in 2023**, driven by the Group's ATE and FAS business segments and witnessing strong revenue growth across most of its industry sectors coverage.
 - The Group recent incorporation of Pentamaster MediQ Sdn. Bhd. ("PDSB") and its allocation of capital expenditure for PDSB shows the Group's proactive approach in broadening its business exposure, especially towards the ever-growing medical device segment.
 - Capitalise market potential on silicon carbide (SiC) and gallium nitride (GaN) - based compound power semiconductors and power modules; from front-end to back-end. **One of 4 Top Manufacturers in the Global SiC Wafer-Level Test and Burn-in Market***
- 4** Consecutively for 4 years in a row, the Group was honored to be listed on Forbes' "Asia's 200 Best Under A Billion company" - for 2017, 2018, 2019 & 2020 + other awards and accreditation since 2017
- 5** Strong financial ratio and positive net operating cashflow. The Group net cash position amount to approx. USD100m as at FY2023.
- 6** Strong and stable management team with extensive technology expertise and industry experience
- 7** Broadening and undertaking strategic expansion in the APAC and Europe region, with the incorporation of Pentamaster Automation (Japan) Co., Ltd. ("PAJ"), in addition to the Group's wholly owned foreign subsidiary in China; Pentamaster Technology (Jiangsu) Ltd. In Europe, the Group incorporated Pentamaster Automation (Germany) GmbH in Munich

*Source: ResearchMoz US

Table of content



Introduction

Company profile
Investment case

Corporate overview

Milestones
Corporate structure
Board of directors
Management team
Shareholder structure
Commitment to minority shareholders
Dividend policy and history

Business Overview

Business model
Value chain, suppliers, customers
Geographic footprint
Production facilities
Human capital
Corporate governance
Emissions
CSR initiatives
Sustainability investments
Awards and recognition

Growth Drivers

Growth strategy
Macroeconomic tailwinds
Industry growth drivers
Market share and competitive advantages
Capex / Investment projects / Corp Exercise
New business
Business outlook

Financial overview

Financial highlights
Income statement summary and important ratios
Balance sheet summary and important ratios
Earnings guidance

Milestone

2004

PCB transferred listing to the Main Board of Bursa Malaysia Securities Berhad in October 2004.

Establishment of Pentamaster Instrumentation.

2003

PCB was officially listed in Second Board of Kuala Lumpur Stock Exchange (KLSE) in July 2003.

2001

Establishment of Pentamaster Technology.

1995

Establishment of first representative office in Shanghai.

1991

Company Establishment.

2006

Establishment of Pentamaster Equipment.

2015

Pentamaster Equipment developed i-ARMS to address manufacturing needs under Industry 4.0.

2017

Forbes' list of Asia's Best Under A Billion 2017.

PCB was named as one of the 200 Asia Pacific public companies with less than US\$1.0 billion in revenue.

2018

Listing of the Pentamaster International Limited on The Main Board of Stock Exchange of Hong Kong Limited.

Incorporation of sales and technical support office in California, USA.

Forbes' list of Asia's Best Under A Billion 2018.

Opening of Batu Kawan second plant.

2019

Forbes' list of Asia's Best Under A Billion 2019.

THE EDGE's Billion Ringgit Club ("BRC") award 2019.

Acquisition of TP Concept Sdn Bhd.

2024

Opening of Batu Kawan Campus 3.0.

2023

Incorporation of Pentamaster Automation (Germany) GmbH.

2022

Export Excellence Awards Gold Award 2021.

Export Excellence Awards -The Exporter of The Year 2021 (Mid tier & Large Companies).

2021

Top 500 High Growth Companies Asia Pacific.

Malaysia's Growth Champion 2021.

Incorporation of, Pentamaster Technology (Jiangsu) Limited. Pentamaster Automation (Japan) Co, Ltd. Pentamaster Innoteq Sdn. Bhd.

2020

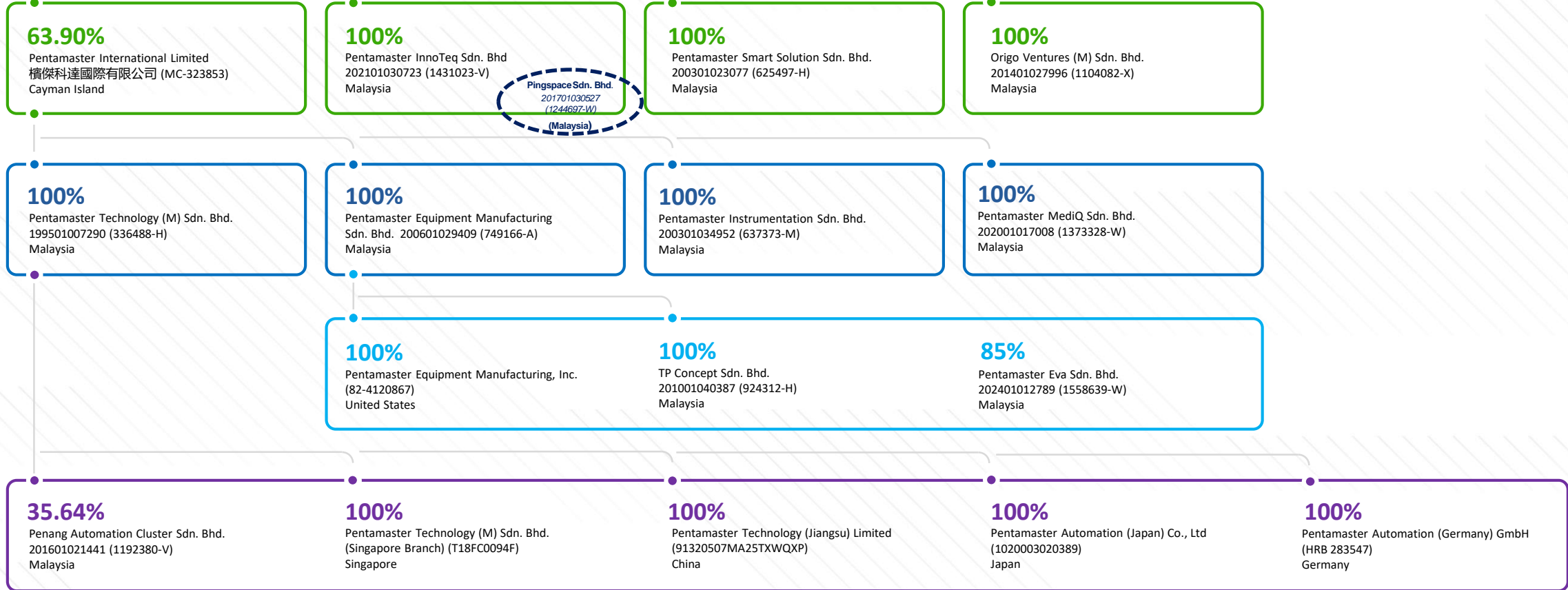
Forbes' list of Asia's Best Under A Billion 2020.

Incorporation of Pentamaster MediQ.

The Edge Billion Ringgit Club Award 2020 – The Highest Growth In Profit After Tax For 3 Years (Technology Sector).

Corporate Structure

- **Pentamaster Corporation Berhad 200201004644 (572307-U) Malaysia**



Shareholder structure

PIL (As at 31 March 2024)

Shareholder	Management	No. of Shares	Ownership
PCB	-	1,533,549,989	63.90%
Fidelity International	-	121,430,000	5.06%
Chuah Choon Bin	Yes	26,611,200	1.11%
Gan Pei Joo	Yes	8,403,544	0.35%
Dr Chuah Jin Chong	No	280,000	0.01%
Leng Kean Yong	No	250,000	0.01%
Employees	Yes	108,697,471	4.53%
Public Float	-	600,777,796	25.03%
TOTAL		2,400,000,000	100.00%

Source: Bloomberg / HKEX.com

PCB (As at 31 March 2024)

Shareholder	Management	No. of Shares	Ownership
Chuah Choon Bin	Yes	140,420,120	19.74%
Employees Provident Fund Board	-	61,502,767	8.65%
Kumpulan Wang Persaraan KWAP	-	43,767,975	6.15%
Lembaga Tabung Haji	No	35,960,500	5.06%
Loh Nam Hooi	No	437,400	0.06%
Gan Pei Joo	Yes	50,486	0.01%
Leng Kean Yong	No	55,000	0.01%
Public Float	-	429,122,873	60.32%
TOTAL		711,317,121*	100.00%

Source: Bloomberg / Bursa Malaysia

* Excluding a total of 1,000,000 Shares retained as treasury shares

Board of directors



Chuah Choon Bin
Executive Chairman

- 30+ years experience in design and manufacturing of automation equipment and vision inspection system
- Degree in Engineering (Honours) and Master's degree majoring in Electrical and Electronics both from the University of Auckland
- Chairman of the Board for PCB



Gan Pei Joo
Executive Director and CFO

- 20+ years experience in finance and accounting
- Member of CPA Australia and Malaysian Institute of Accountants
- Degree in Accounting from Curtin University of Technology
- Board member of PCB



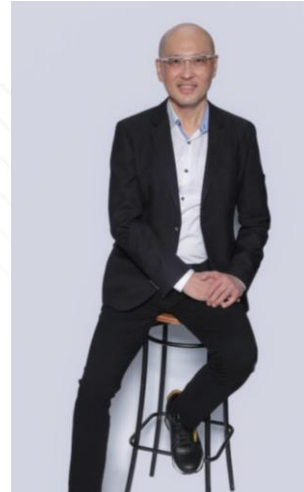
Leng Kean Yong
Non-Executive Director

- 20+ years experience in consulting, corporate finance and business strategy
- Degree (Cum Laude) in Business Administration from Western Michigan University
- Board member of PCB



Sim Seng Loong
Independent Non-Executive Director

- 30+ years experience in consulting, accounting and finance
- Member of CPA Australia and Malaysian Institute of Accountants



Dr. Chuah Jin Choong
Independent Non-Executive Director

- 30+ years experience in medical industry
- fellow of the Hong Kong Academy of Medicine (Anesthesiology) and a fellow of the Australian and New Zealand College of Anesthetists
- Degree in Medicine and Surgery from University of Queensland



Chan May May
Independent Non-Executive Director

- 20+ years experience in legal practice
- Admitted to the Bar (Malaysia) since March 1991
- Degree in Law (Honours) from University of Malaya

Management team



Hon Tuck Weng
Operations Director

- 25+ years experience in automation solution industry
- Postgraduate Certificate in Engineering Business Management from University of Warwick
- Higher Diploma in Computer Studies from University of Humber



You Chin Teik
Chief Operating Officer
(Automated Test Equipment)

- 20+ years experience in vision engineering
- Oversees research and development activities
- Master of Business Administration (MBA) from University of South Australia



Teh Eng Chuan
Chief Operating Officer
(Automated Test Equipment)

- 20+ years experience in machine vision inspection, design and control
- Oversees daily operation of automated test equipment division
- Higher Diploma in Computer Science from Kolej Damansara Utama



Ng Chin Keng
Chief Operating Officer
(Factory Automation Solutions)

- 20+ years experience in automation solution industry
- Oversees daily operation of Pentamaster Equipment Sdn Bhd
- Degree (Honours) in Computing and Information System from University of Lincolnshire & Humber



Ong Thean Lye
Chief Operating Officer
(Medical Devices)

- 30+ years experience in engineering and medical engineering
- Oversees medical devices division
- Master of Business Administration (MBA) and Degree (Honours) in Applied Science majoring in Electronic Technology from University Science of Malaysia

Commitment to minority shareholders

We are committed to create value for minority shareholders and act in their best interests through:

Regular engagement with minority shareholders:-

1. Quarterly results conference call
2. Ad-hoc conference call
3. Dedicated IR emails / contacts
4. Conduct Annual Shareholders General Meeting

Minority Shareholders protection:-

1. Outlined procedures for shareholders to propose for election of directors other than retiring directors
2. > 50% of Board members are independent / non executive directors

Timely disclosure of relevant Information:-

1. Promptly distributing and releasing announcement and results via website and email circulation

Shareholders Return:-

1. Adopting a Sustainable dividend policy, balancing mid-to-short working capital needs and cash balances

Dividend policy and history

The Company adopts a “Sustainable Dividend Policy”, balancing its working capital needs for the short-to-medium term and its cash balances

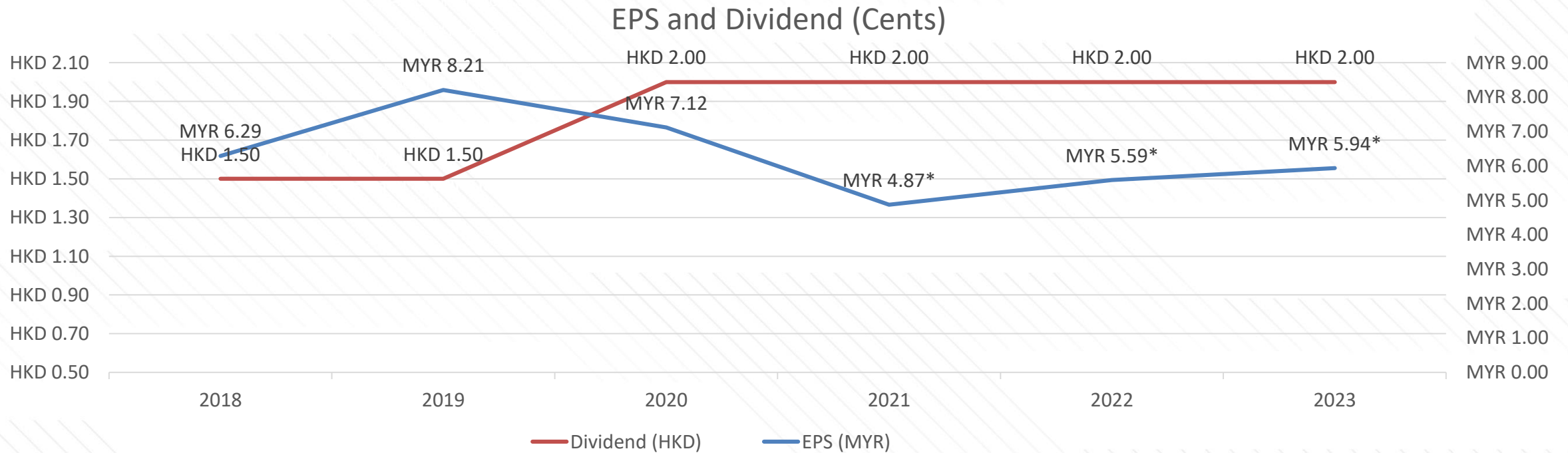


Table of content



Introduction

Company profile
Investment case

Corporate overview

Milestones
Corporate structure
Board of directors
Management team
Shareholder structure
Commitment to minority shareholders
Dividend policy and history

Business Overview

Business model
Value chain, suppliers, customers
Geographic footprint
Production facilities
Human capital
Corporate governance
Emissions
CSR initiatives
Sustainability investments
Awards and recognition

Growth Drivers

Growth strategy
Macroeconomic tailwinds
Industry growth drivers
Market share and competitive advantages
Capex / Investment projects / Corp Exercise
New business
Business outlook

Financial overview

Financial highlights
Income statement summary and important ratios
Balance sheet summary and important ratios
Earnings guidance

Business model – AUTOMATED TEST EQUIPMENT (ATE)

Pentamaster Technology (M) Sdn. Bhd.

Our Machine Design Platform

High Speed Turret Base

High Speed Glass Turret Base

Linear Gantry Pick & Place Base

Gravity Feed Base

Reel to Reel Base

Equipment Front End Module (EFEM)

Lead Frame Base

Automated Test Solutions

Discrete & ICs

SiC | GaN | Power Modules

Electro-Optical/MEMS Sensors

Laser Marking & Cutting Solutions

Wafer-Level Packages

Strip-Level Packages

Tray-Level Packages

Pentamaster Instrumentation (M) Sdn. Bhd.

Automated Assembly

Discrete & ICs

SiC | GaN | Power Modules

Burn-in Solutions

Discrete & ICs

SiC | GaN | Power Modules

Automated Optical Inspection (AOI) Solutions

Discrete & ICs

SiC | GaN | Power Modules

Electro-Optical/MEMS Sensors










Business model – FACTORY AUTOMATION SOLUTIONS (FAS)

Pentamaster Equipment Manufacturing Sdn. Bhd. / Pentamaster Equipment Manufacturing, INC.

Factory Automation

Intelligent-Automated Robotics Manufacturing System i-ARMS

Our Market Sectors:

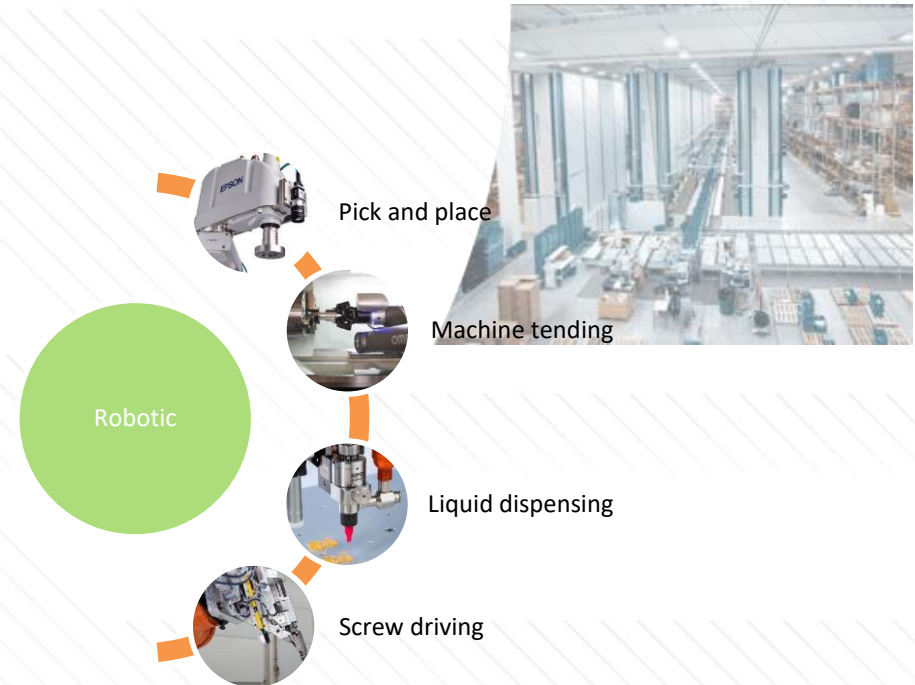
 Food & Beverage	 Consumer Products	 Semiconductor
 Automotive	 MediTech Manufacturing	
 Poultry Farm	 Renewable Energy	

Warehouse Automation

- Automated Storage & Retrieval System
- Mini ASRS Stockers System
- High Speed Sortation System

Product Contract Manufacturing

- Automated Storage & Retrieval System
- Mini ASRS Stockers System
- Build to Print/Reference
- Supply Chain Sourcing
- Site Commissioning
- After Sales Services



Business model - WAREHOUSE AUTOMATION SOLUTIONS (WAS)

Pentamaster Equipment Manufacturing Sdn. Bhd. / Pentamaster Equipment Manufacturing, INC.

Mini ASRS Stocker System

A mini ASRS system that is designed to store and retrieve smaller loads such as totes, cases, trays and more depending on customer's specific requirements.

- Secure & inaccessible to unauthorized personnel
- Compact footprint with higher storage capacity
- Enhance picking accuracy up to 95%
- Reduce labor costs
- Utilize every space of overhead compartment
- Real time visibility and tracking with WMS



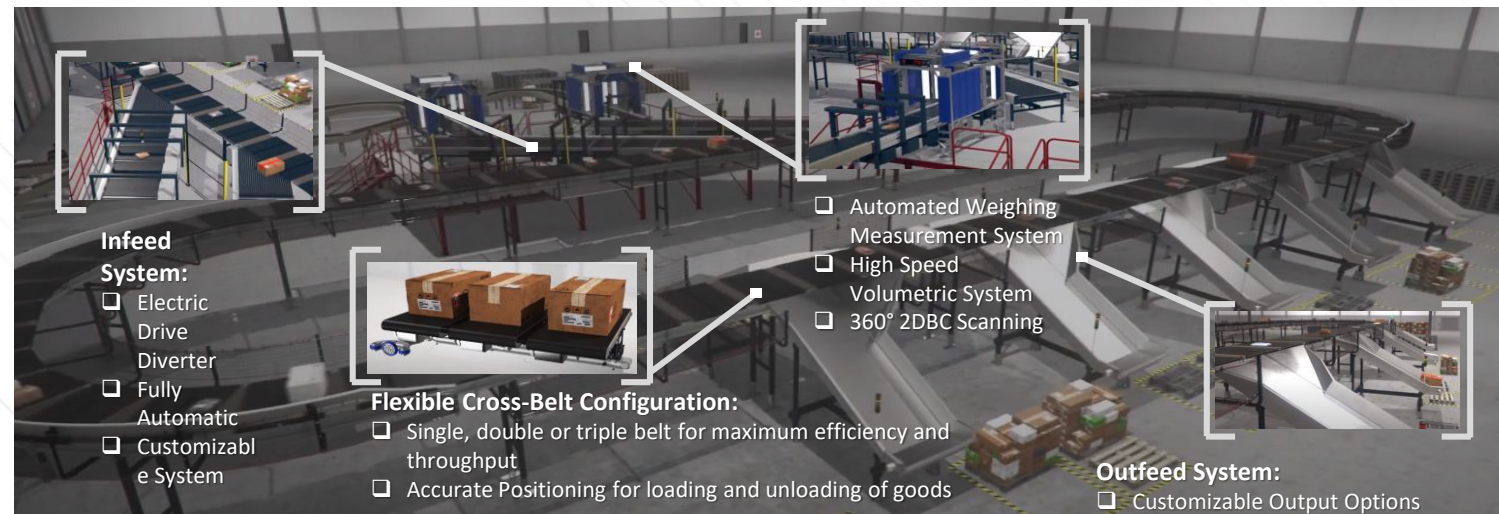
Automated Storage & Retrieval System (SCOOT-CAR)



- Better Utilization of Floor Space
- Efficient Time Management
- Increased Throughputs & Productivities
- Enhanced Inventory Data
- Efficient Labor Allocation

High Speed Sortation System

- Flexible, fast, and high quality products sorting.
- Suitable for all kinds of goods with variable shape, size and weight.
- Customizable to suit any warehouse operations.
- Increase product handling capacity
- Reduce labor costs.



Business model – MEDICAL DEVICE AUTOMATION TECHNOLOGY

Pentamaster MediQ Sdn Bhd

We design and build custom automated assembly, vision inspection and test equipment for catheters, pen needles, surgical instruments and laryngeal masks.



OUR APPLICATIONS

Safety Lancet Assembly System



Intravenous Catheter Assembly System



Laryngeal Mask Assembly System



Surgical Suture Assembly System



Pen Needle Assembly System



Business model

Core competencies



Mechanical Engineering Design

Designing systems to push the boundaries of today's technology.



Software Programming Technology

Developing applications to run niche programmes.



Control Engineering and Technology

Breathing life into design systems operating on desired behaviours.



Electronic and Instrumentation Design

Creating instruments for a variety of uses by applying the art and science of measurements.



Vision Imaging & Optics Design Technology

Providing cutting-edge technology in vision solutions for manufacturing, semiconductor electronic component and sensing industries.



Project Management

Overseeing with scrutiny to ensure all projects are completed with excellence.



Medical Devices Manufacturing

Automation design for the Manufacturing of Single Used Medical Devices.



Food & Beverage Manufacturing

Automation design for the Manufacturing of food & beverage lines.



Effective Supply Chain Ecosystem with Penang Automation Cluster

Specialized in designing, developing and manufacturing high precision metal fabrication components, modules and systems.

Value chain, suppliers, customers

Managing the complex value chain of the Group in ensuring a sustainable and ethical business culture:



Global Network



Malaysia

Campus 1.0

Plot 18 & 19, Technoplex, Medan Bayan Lepas, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang, Malaysia.

Campus 2.0

749, Persiaran Cassia Selatan 4, Taman Perindustrian Batu Kawan, Bandar Cassia, 14110 Simpang Ampat, Penang, Malaysia.

China

SuZhou Office

Room 102, 1st Floor, Building 5, 88 Wanli Road, Yuanhe Street, Xiangcheng District, Suzhou City, Jiangsu Province, 215006 China.

United States

California Office

830 Stewart Drive, Suite 177, Sunnyvale, CA 94085

Japan

Yokohama Office

YS Yokohama Nishiguchi Building 7F 2-25-1 Tsuruya-cho, Kanagawa-ku, Yokohama-shi, Kanagawa, Japan, 221-0835

Germany

Gilching Office

Lilienthalstr. 2a 82205 Gilching, Germany

Production Facilities



Corporate Headquarter

Plot 18&19, Technoplex, Medan Bayan Lepas, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang, Malaysia.
140,000 sq ft



Stock Name – Pentamaster Corporation Berhad
Stock Code - 7160

(Kuala Lumpur Stock Exchange) – 2nd Board (July 2003)
(Bursa Malaysia Securities Berhad) - Main Board (October 2004)

Campus 2.0

749, Persiaran Cassia Selatan 4, Taman Perindustrian Batu Kawan, Bandar Cassia, 14110 Simpang Ampat, Penang, Malaysia.
100,000 sq ft



Stock Name – Pentamaster International Limited
Stock Code - 1665

(Hong Kong Limited Stock Exchange) - January 2018

Campus 3.0

720,000 SQFT
Batu Kawan, Penang

COMING SOON

Production facilities

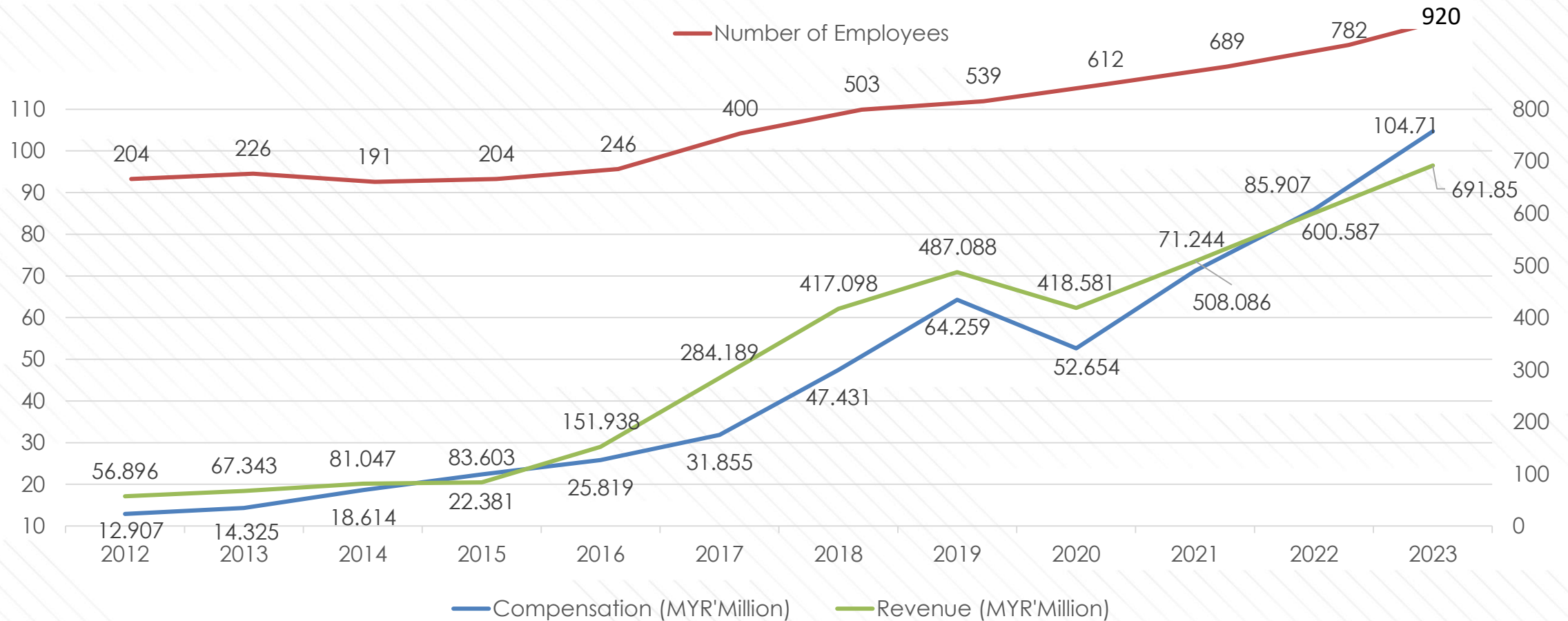
Progress of Third plant at site



Human capital

The Group recognizes its employees as one of its most important assets. It strongly believes in hiring the right talent, nurturing and retaining these talented employees with competitive remuneration packages.

As of 31 December 2023, the Group had a total workforce of 920, more than triple the number of employees 10 years ago.



Corporate governance

The Group maintain a high standard of governance that is important for the Group's business in the long run

One of the Board functions is to provide independent and effective leadership to supervise the management of the Group's business and affairs, and to grow responsibly in a profitable and sustainable manner that is in the best interest of stakeholders. The Board also develops and reviews the Group's policies and practices on corporate governance including the Group's internal control and risk management framework.



Board diversity taking into account (including but not limited to) skills, knowledge, gender, age, cultural and educational background or professional experience



33% **Female** Directors

18.2% **Female** Employees (as of 31 Dec 2023)



50% Independent Board Members / Non Executive Directors

Audit Committee, Remuneration Committee and Nomination Committee are made up of **independent Board Members / Non Executive Directors**

Emissions

The Group's total emissions between 2021 to 2023 is summarized in the table below:

Emission	Breakdown	Target ^(a)	31 December 2023		31 December 2022		31 December 2021	
			Amount	Intensity ⁽¹⁾	Amount	Intensity ⁽¹⁾	Amount	Intensity ⁽¹⁾
Greenhouse Gas	Direct	Intensity < 20% by 2030	1.21	0.0020	1.33	0.0022	1.18	0.0023
	Indirect	Intensity < 20% by 2030	4,030.22	6.7105	4,313.92	7.1828	3,733.57	7.3483
Hazardous Waste	Industrial Wastage	Intensity < 20% by 2030	0.75	0.0012	0.21	0.0003	0.59	0.0012
Non-hazardous Waste	Solid Wastage	Intensity < 20% by 2030	148.39	0.2471	117.09	0.1950	108.39	0.2133

The Group total use of resources between 2021 to 2023 is summarized in the table below:

Resources	Target ^(a)	31 December 2023		31 December 2022		31 December 2021	
		Amount	Intensity ⁽¹⁾	Amount	Intensity ⁽¹⁾	Amount	Intensity ⁽¹⁾
Energy (electricity)	Intensity < 20% by 2030	6,040.32	10.0574	6,464.24	10.7632	5,576.63	10.9758
Water	Intensity < 20% by 2030	30,033.00	50.0061	30,293.00	50.4390	33,048.00	65.0441
Packing Materials	Intensity < 20% by 2030	148.39	0.2471	117.09	0.1950	108.39	0.2133
Papers	Intensity < 20% by 2030	1.37	0.0023	2.35	0.0039	2.43	0.0048

(a) Reduction target, setting 2020 as the base year

(1) Intensity of total use resources is calculated based on the amount of emission divided by the Group's revenue (MYR' million) in 2023, 2022 and 2021 respectively.

Compliance and monitoring of greenhouse gas emissions and hazardous waste

- A dedicated ESG committee from different functional groups reviews and monitors the environment management system at all factories of the Group.
- With ISO 9001:2015, the Group strictly comply with relevant environmental laws and regulations.

CSR Initiatives







Environmental, Social and Governance




Through our commitment to ESG, we actively work to support social well-being and uphold strong governance practices, ensuring a positive contribution to both society and our business.



Sustainability investments

Sustainable Development Goals (SDG)	The Group's View	The Group's Efforts and Programmes
 <p>Goal 3 Good health and well-being Ensure healthy lives and promote well-being for all at all ages.</p>	<p>The Group takes any potential risk to the health and safety on the workplace seriously. The Group promotes health, safety and well-being at the workplace.</p>	<p>Workplace health and safety: The Group keeps the work environment safe for the Group's employees. The Group has various sports recreational facility.</p>
 <p>Goal 4 Quality education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>The Group views the progress, development and inclusion of employees and community through the support of education and skills development opportunities.</p>	<p>Staff training and development The Group invests in learning development for our employees to support the Group's future business strategy. The Group also invests in the education for community.</p>
 <p>Goal 8 Decent Work and Economic Growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>The Group is committed to make the company a vibrant workplace among its employees.</p>	<p>Fair Opportunity The Group offers equal employment opportunity without discrimination from career advancement. The Group has zero tolerance towards sexual harassment.</p>
 <p>Goal 9 Industry, Innovation and Infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</p>	<p>The Group views innovation as priority for the Group's future solutions across different business segments.</p>	<p>Research & Development The Group sets KPIs to develop new solution and/or improve the productivity of existing solution so they could better serve the customer.</p>

Sustainability investments

SDG	The Group's View	The Group's Efforts and Programmes
 <p>Goal 10 Reduced Inequalities Reduce inequality within and among countries</p>	<p>The Group is committed to creating equal opportunity for employees.</p>	<p>Equal opportunities There are equal opportunities for employment and promotion for all staff at all levels. The Group does not discriminate and values significant contributions based on merits, expertise, experience and dedication.</p>
 <p>Goal 12 Responsible Consumption and Production Ensure sustainable consumption and production patterns</p>	<p>The Group monitors waste management practices as part of the Group's business operations.</p>	<p>Responsible waste management Electronic and packaging are sources of wastes generated across the Group's operations. Hazardous wastages are collected by a certified supplier regularly.</p>
 <p>Goal 13 Climate Action Take urgent action to combat climate change and its impacts</p>	<p>The Group is committed to minimising environmental footprint across the Group's business operations.</p>	<p>Reduction target The Group sets a reduction target as a whole by 20% by 2030, stating 2020 as the base year.</p>

Awards and recognition



Good Employership

Technological Advancements



Entrepreneurship



Strategic Partnerships & Outstanding Supplier



ESG



FTSE4Good

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Table of content



Introduction

Company profile
Investment case

Corporate overview

Milestones
Corporate structure
Board of directors
Management team
Shareholder structure
Commitment to minority shareholders
Dividend policy and history

Business Overview

Business model
Value chain, suppliers, customers
Geographic footprint
Production facilities
Human capital
Corporate governance
Emissions
CSR initiatives
Sustainability investments
Awards and recognition

Growth Drivers

Growth strategy
Macroeconomic tailwinds
Industry growth drivers
Market share and competitive advantages
Capex / Investment projects / Corp Exercise
New business
Business outlook

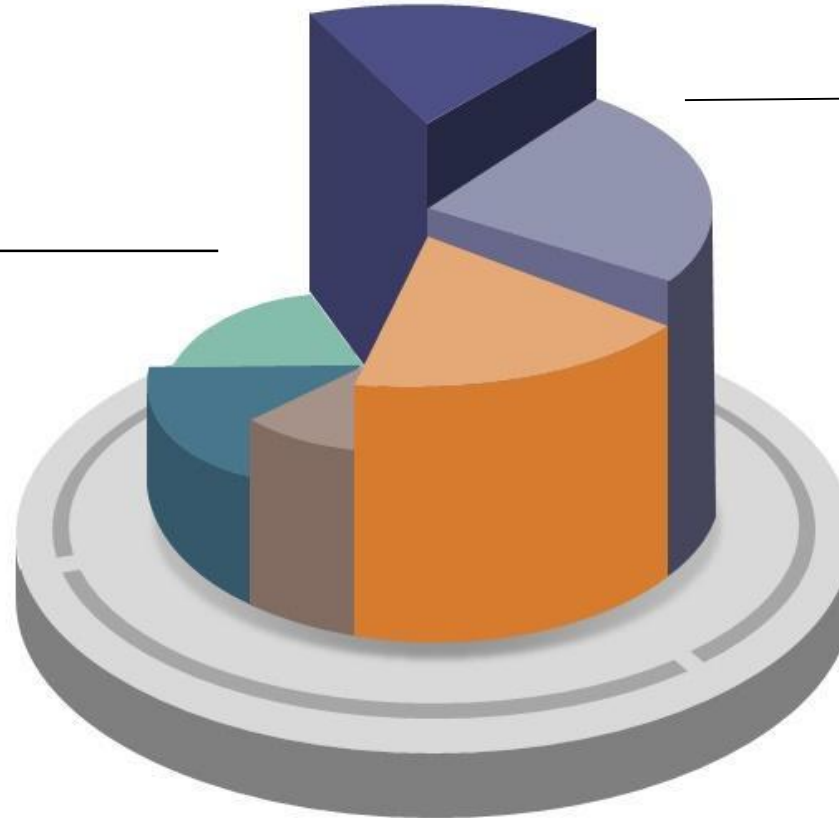
Financial overview

Financial highlights
Income statement summary and important ratios
Balance sheet summary and important ratios
Earnings guidance

Growth strategy

Product / Solution Diversification

- To develop deeper solutions into e-mobility with the electrification of the transportation and automotive industries
- To vertically and horizontally integrate and customized solutions for the electro-optical segment



Geographical Diversification

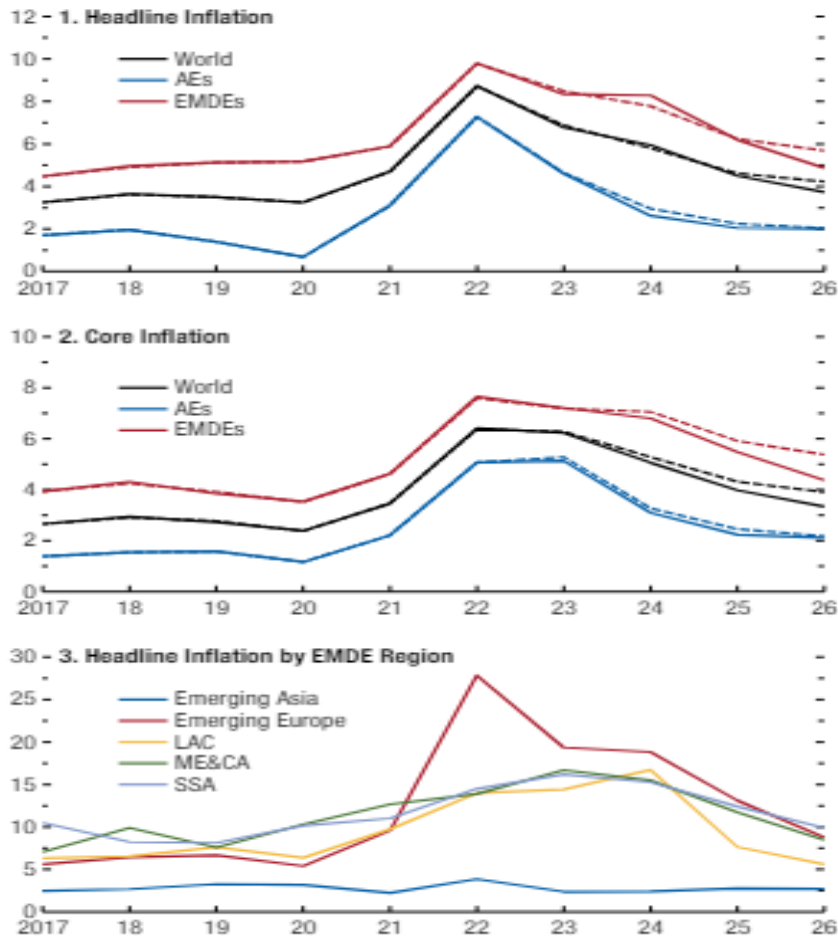
- To expand deeper into Greater China region
- To establish presence into key automotive markets (Japan / Germany)

Segmental Diversification

- To aggressively grow its medical division, leveraging on TP Concept's technical know-how for single use medical devices via Pentamaster MediQ
- To ride on Industry 4.0 and IoT adaptation with i-ARMS solution

Macroeconomic tailwinds

Figure 1.15. Inflation Outlook: Falling
(Percent; solid = April 2024 WEO, dashes = October 2023 WEO)



Source: IMF, World Economic Outlook, Apr 2024 ([link](#))

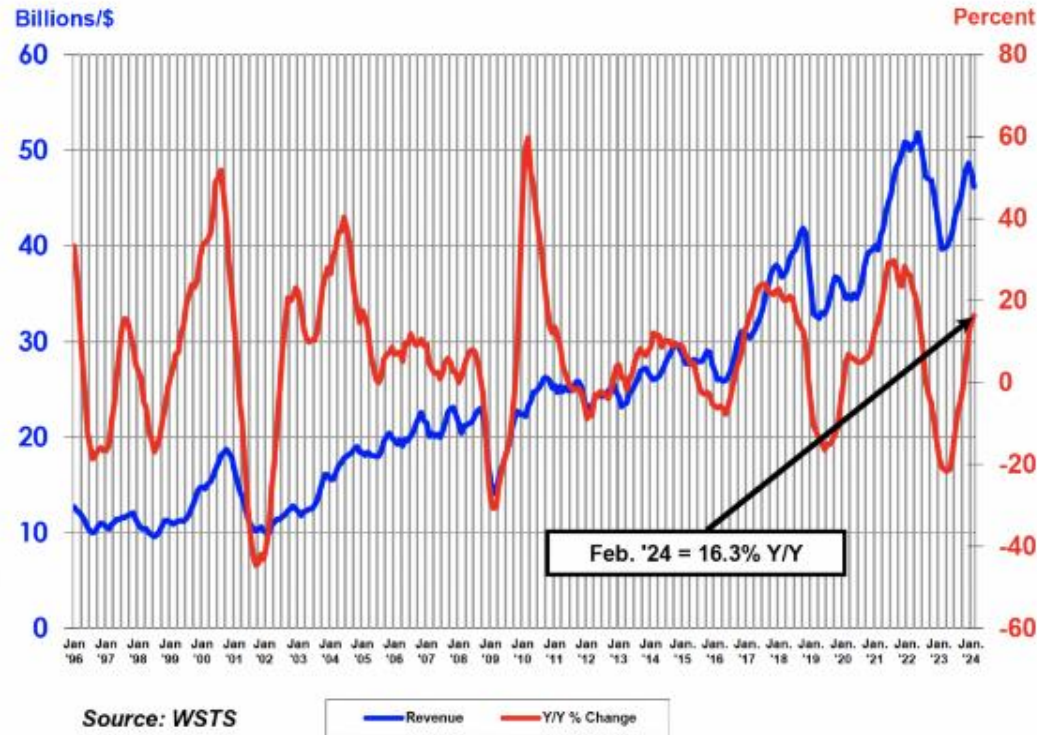
Steady but Slow: Resilience amid Divergence

- **Global growth, estimated at 3.2% in 2023, is projected to continue at the same pace in 2024 and 2025. The forecast is revised up by 0.1% from January 2024 as forecast by World Economic Outlook update.** The pace of expansion is low by historical standards, owing to both near-term factors, such as still-high borrowing costs and withdrawal of fiscal support, and longer-term effects from the COVID-19 pandemic and Russia's invasion of Ukraine, weak growth in productivity, and increasing geoeconomic fragmentation.
- **Global headline inflation is expected to fall from an annual average of 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025**, with advanced economies returning to their inflation targets sooner than emerging market and developing economies.
- The latest forecast for global growth five years from now - **at 3.1% is at its lowest in decades**. The pace of convergence toward higher living standards for middle- and lower-income countries has slowed, implying a persistence in global economic disparities. In lower-income countries, inflation was on average higher than expected, reflecting cases in which pass-through into domestic prices from international food, fuel, and fertilizer costs, as well as from currency depreciation, was greater than expected. Price pressures in some lower-income countries were significant. These factors also caused these economies to grow more slowly than expected, suggesting a negative supply shock.
- The euro area displayed the smallest upside growth surprise, reflecting weak consumer sentiment and the lingering effects of high energy prices.
- In China, inflation fell unexpectedly, with the decrease reflecting sharply lower domestic food prices and pass-through effects on underlying (core) inflation.
- Pass-through effects include the effects of past relative price shocks - notably those to the price of energy and supply shifts in various industries, on prices and costs in other industries through supply-chain inputs and wage demand.
- With inflation projected to continue declining toward targets and longer-term inflation expectations remaining anchored, policy rates of central banks in major advanced economies are generally expected to start declining in the second half of 2024.
- Advanced economies are expected to see growth rise slightly, with the increase mainly reflecting a recovery in the euro area from low growth in 2023, whereas emerging market and developing economies are expected to experience stable growth through 2024 and 2025, with regional differences.

Industry growth drivers

Worldwide Semiconductor Revenues

Year-to-Year Percent Change



Source: Semiconductor Industry Association, Apr 2024 report ([link](#))

Global Semiconductor Sales Increase 16.3% Y-o-Y in February

- **Global semiconductor industry sales totaled \$46.2 billion during the month of February 2024**, an increase of 16.3% compared to February 2023 total of \$39.7 billion but a decrease of 3.1% from January 2024 total of \$47.6 billion. Despite the downturn in the global semiconductor market in 2023, demand for chips in the long-term is expected to show vibrant growth. WSTS projects double-digit annual market growth in 2024.
- **The automotive industry will continue to be an important sector propelling semiconductor demand through the decade.** Innovation in vehicle electrification, autonomy, and connectivity requires greater chip content in vehicles.
- Sales in February 2024 increased on a year-to-year basis by the largest percentage since May 2022, and market growth is projected to persist during the remainder of 2024.
- Regionally, year-to-year sales were up in China (28.8%), the Americas (22.0%) and Asia Pacific/All other (15.4%), but down in Europe (-3.4%) and Japan (-8.5%).
- Month-to-month sales were down across all markets: Asia Pacific/All Other (-1.3%), Europe (-2.3%), Japan (-2.5%), the Americas (-3.9%) and China (-4.3%).
- In 4th Quarter 2023, electronics sales edged up 1% YoY, marking the first annual rise since the second half of 2022, and growth is projected to continue in 1st Quarter 2024 with a 3% YoY increase.
- At the same time, IC sales returned to growth with a 10% YoY jump in 4th Quarter 2023 as demand improved and inventories started to normalize. **IC sales are forecast to strengthen in 1st Quarter 2024 with 18% YoY growth.**

Industry growth drivers

Rate each of the following in terms of growth opportunity for the semiconductor industry over the next year. (Average rating on a 1-5 scale, where 1=Not at all important and 5=Very important)

	US	Europe	ASPAC
Automotive	3.6	4.0	4.2
Artificial intelligence	4.1	3.3	3.4
Internet of Things	3.6	3.6	3.3
Cloud computing/data centers	3.7	2.9	3.5
Wireless communications (including 5G technology and infrastructure, smartphones, and other mobile devices)	3.5	3.3	3.7
Industrial equipment	3.2	3.6	3.2
Consumer electronics	3.1	3.2	3.7
Personal computing	3.1	2.6	3.2
Wireline communications	2.6	2.6	3.1
Metaverse	2.5	2.4	2.6

Source: KPMG Global Semiconductor Industry Outlook Survey 2024, n=172.
KPMG Global Semiconductor Industry Outlook Survey 2023, n=151.

Global Semiconductor Industry Outlook Worth \$617B by 2024

- The **global semiconductor market size is projected to grow from USD 529 billion in 2023 to USD 617 billion by 2024, registering an annual growth of 16.6%**. Despite an overall market contraction in 2023, the demand for semiconductors from data centers is anticipated to remain robust. This resilience is primarily attributed to the escalating adoption of AI and ML workloads in data centers, driving the need for specialized processors like GPUs and TPUs. The continuous expansion of cloud computing services, big data analytics, and global advancements in Generative AI (GenAI) further contribute to the increased demand for data center infrastructure throughout 2023.
- **Asia Pacific and North America are set for continued expansion in 2024 and are expected to exhibit substantial double-digit semiconductor industry growth Y-oY.** The Asia Pacific region is poised to command a substantial market share in 2024, primarily attributed to ongoing investments in developing and deploying new Integrated Device Manufacturers (IDMs) and semiconductor fabrication facilities.
- The processing requirements of AI applications, automotive, and high-performance devices are increasing like never before. Indeed, advanced driver-assistance systems (ADAS) is the largest segment of the auto semiconductor market and could see compound annual growth of nearly 20 percent by 2027.
- **As vehicles move further toward electrification, ADAS, and autonomy, the automotive industry has exploded demand for advanced chips and components.** While the projected growth rate for 2024 global automotive sales is a somewhat subdued rate of 2.8 percent, semiconductor leaders still voted automotive the most important application driving revenue growth for the second year in a row. The automotive semiconductor market is projected to exceed USD 250 billion in 2040.
- Despite the chip shortage easing and semiconductor leader optimism about the automotive sector, automotive companies themselves still harbor some concern about product availability.

Market share and competitive advantages

Unique competitive advantages

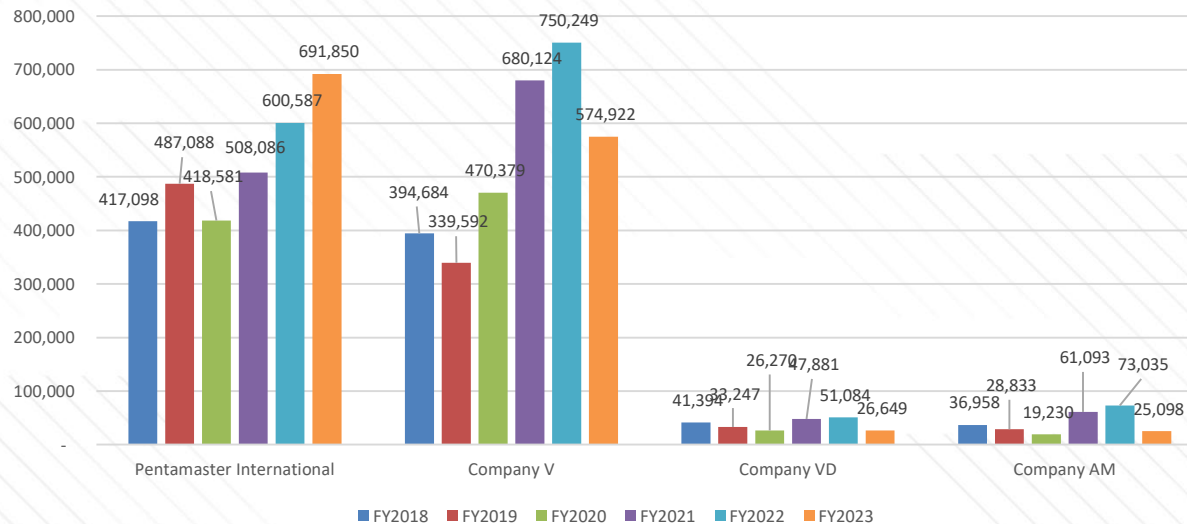
- Our Group is in a position to customise its non-memory ATE and test handlers as part of its FAS business segment. Our diverse engineering skills in robotics, mechanical engineering, vision inspection, control optimisation, optics, software automation and firmware programming are unique selling points of our Group.
- Our Group’s management team has, on average, over 20 years of working experience in the semiconductor relevant industry. Their knowledge and understanding of the manufacturing processes, distribution channels and sound professional relationships with stakeholders in the value chain are factors that have been and will be crucial to our Group’s success in the ATE and FAS markets.
- Our Group’s customer base mainly includes multinational corporations that have been depending on us for the development of reliable testing equipment and automation solutions. Our Group has a good reputation domestically and abroad, having been listed consecutively for 4 years (2017, 2018, 2019, 2020) in “Forbes Best Under a Billion” list of companies that are publicly listed in APAC.

Market share

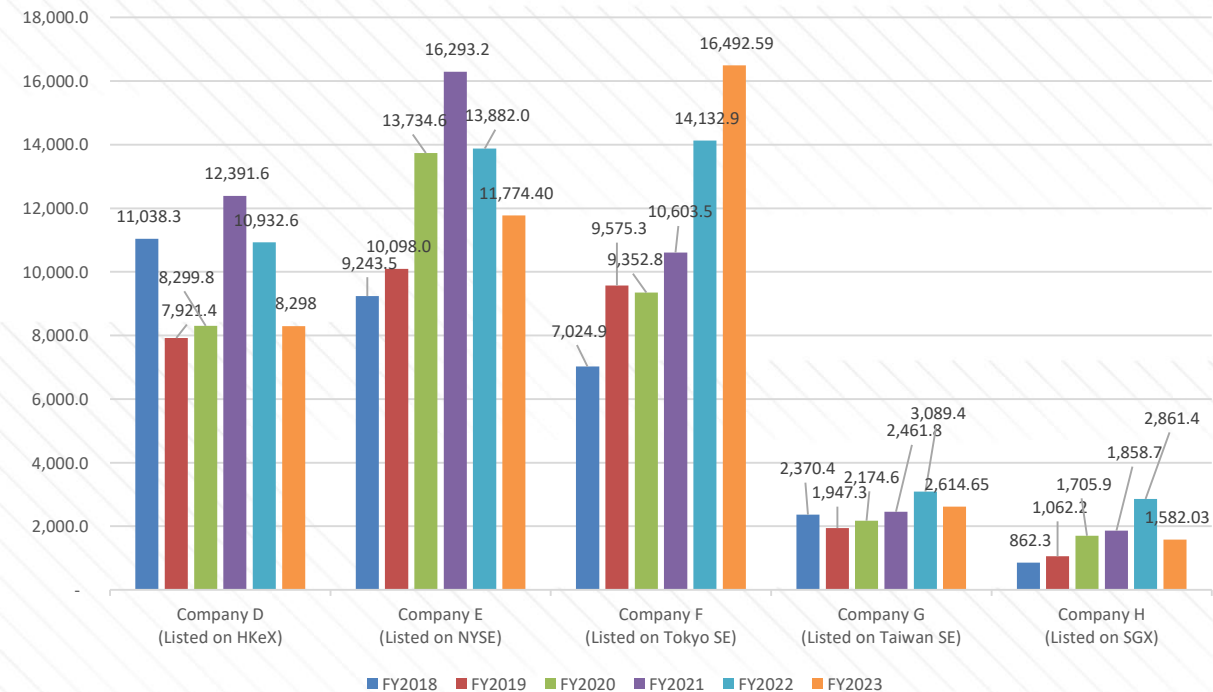
**The profiles of the back-end ATE competitors are based on each company’s financial reports. A fair comparison between our Group and our competitors would require revenue information on just the back-end test equipment, which is not readily available.*

Additionally our Group and some of our competitors are also involved other business segments

Local Market Share - Revenue (MYR 'Thousand)



Global Market Share - Revenue (MYR 'Million)



New business

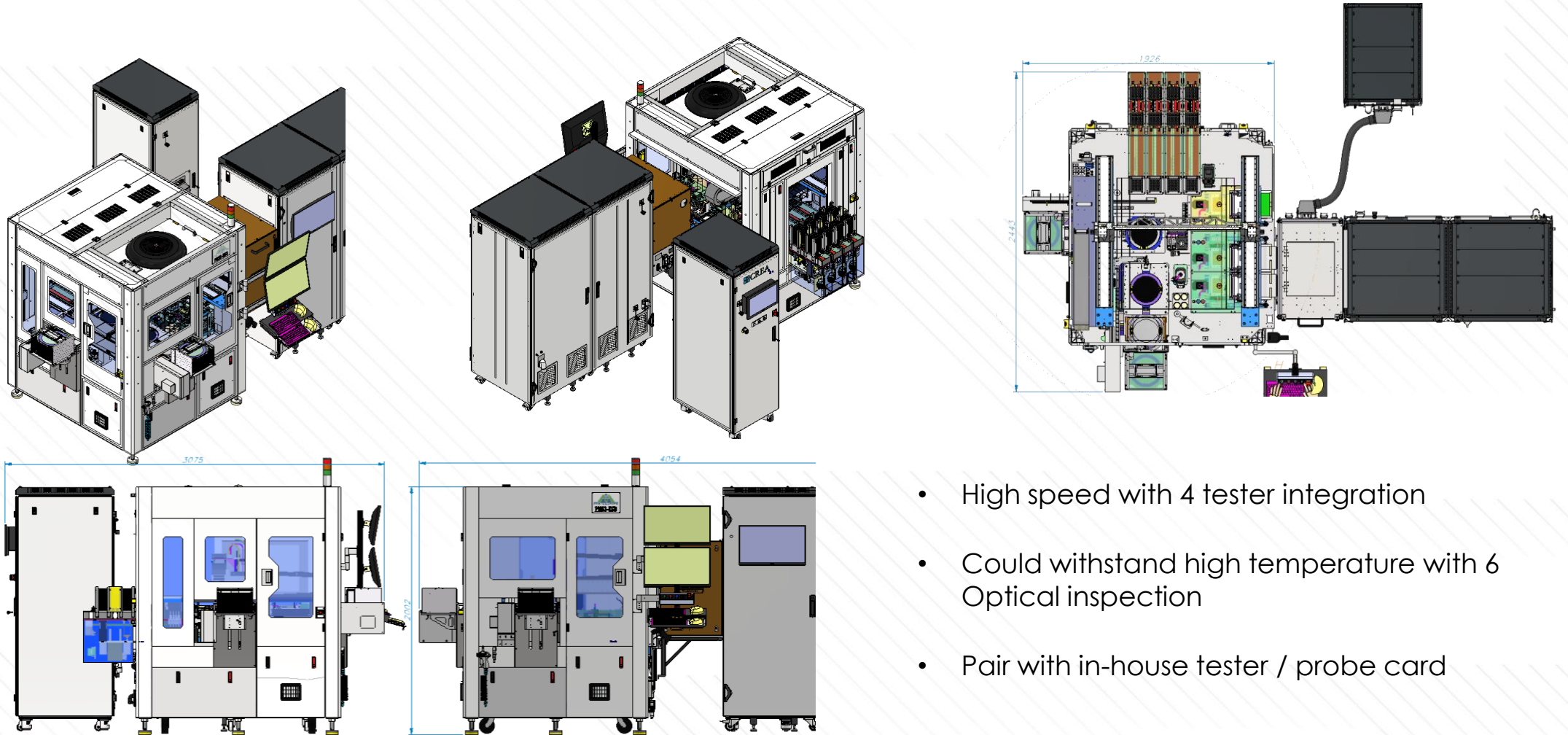
Pentamaster developed a diverse selection of customization options, allowing for flexibility in design, number of test channels, and test configurations while also supporting mass production testing for SiC/ GaN.



- Broad Wafer Burn-in equipment that ranges from single wafer to 18 wafers burn in process simultaneously in a single or 2 reliability test approaches
- Moving towards high current / high voltage test capabilities

New business

Pentamaster has also developed its own KGD tester as integrated chips and modules getting more complex and advance, with higher power, higher performance, and more efficient and productive time-to-market required by customers.



- High speed with 4 tester integration
- Could withstand high temperature with 6 Optical inspection
- Pair with in-house tester / probe card

Business outlook

With persistent inflationary pressure, geopolitical tension, government policies ambiguity and supply chain disruption, the Group entered 2024 cautiously with sustainability being its strategic priority underpinned by its three approaches of product diversification, geographical diversification and segment diversification. While the Group witnessed some degree of contraction in its current order book for the quarter, the Group, nevertheless, is optimistic in the second half of the year with some positive tailwinds appearing, especially in the new compound and high-performance semiconductor devices that are required in generative artificial intelligence, data centers and automotive segments. As it is, the medical devices segment still forms the largest share in the Group's current order book and the revenue momentum, followed by contributions from the automotive segment, owing to the Group's diversification strategy.

Simultaneously, the Group will also be focusing its resources on product development and talent upskilling in facing the start of a new cyclical upswing in the current technology market centering on artificial intelligence, automotive and medical devices. The Group remained steadfast in directing its investments towards strategic areas such as research and development, system infrastructure and manufacturing capacity in anchoring its foundation towards tapping these upcoming growth opportunities and solidifying the Group's competitive edge in the market. While maintaining a keen eye on its current cost structure, the Group will continue to implement targeted cost control measures with efforts to maintain a skilled and stable workforce in navigating these economic challenges and fostering innovation.

Table of content



Introduction

Company profile
Investment case

Corporate overview

Milestones
Corporate structure
Board of directors
Management team
Shareholder structure
Commitment to minority shareholders
Dividend policy and history

Business Overview

Business model
Value chain, suppliers, customers
Geographic footprint
Production facilities
Human capital
Corporate governance
Emissions
CSR initiatives
Sustainability investments
Awards and recognition

Growth Drivers

Growth strategy
Macroeconomic tailwinds
Industry growth drivers
Market share and competitive advantages
Capex / Investment projects / Corp Exercise
New business
Business outlook

Financial overview

Financial highlights
Income statement summary and important ratios
Balance sheet summary and important ratios
Earnings guidance

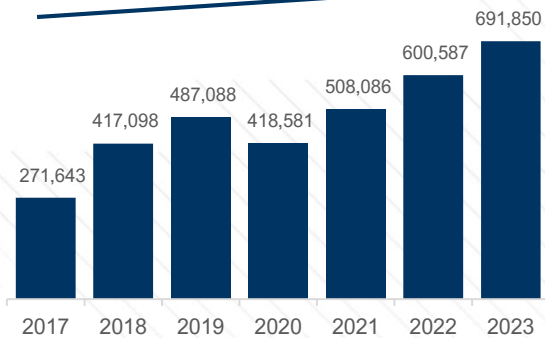
Financial highlights

The Group continuously achieved record-breaking revenue and PAT since 2017, with CAGR of revenue >16% and PAT >20%, from FY 2017 to FY 2023. The solid result generated arises from the Group's consistent focus on its business strategies with its key strengths in designing and developing holistic customized automation and test solutions backed by a dedicated team of management team and employees.

In MYR' 000

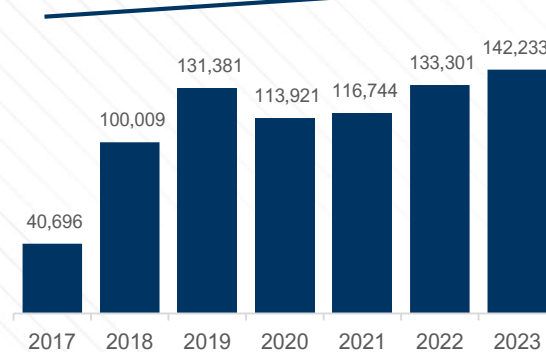
Revenue (annual)

CAGR: 16.9%



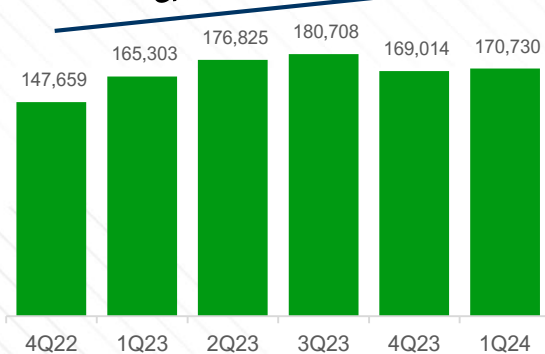
Profit after tax (annual)

CAGR: 23.2%



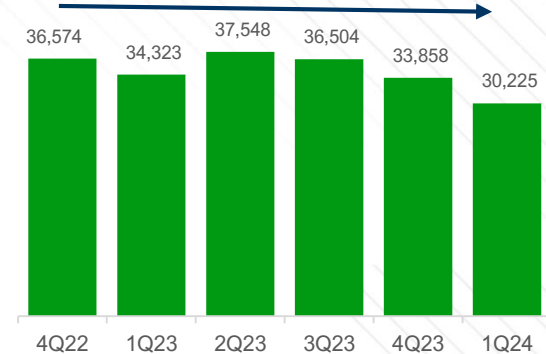
Revenue (quarterly)

Growth rate : 2.9%

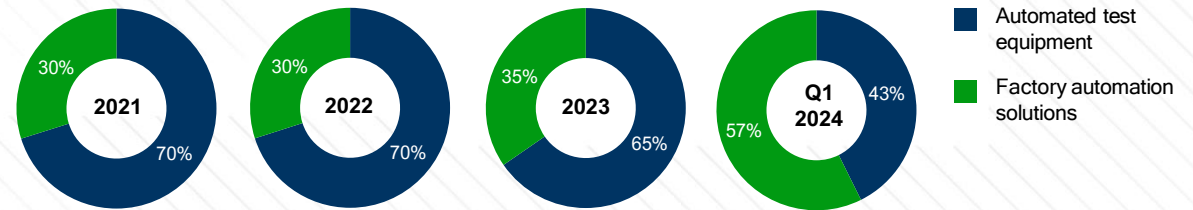


Profit after tax (quarterly)

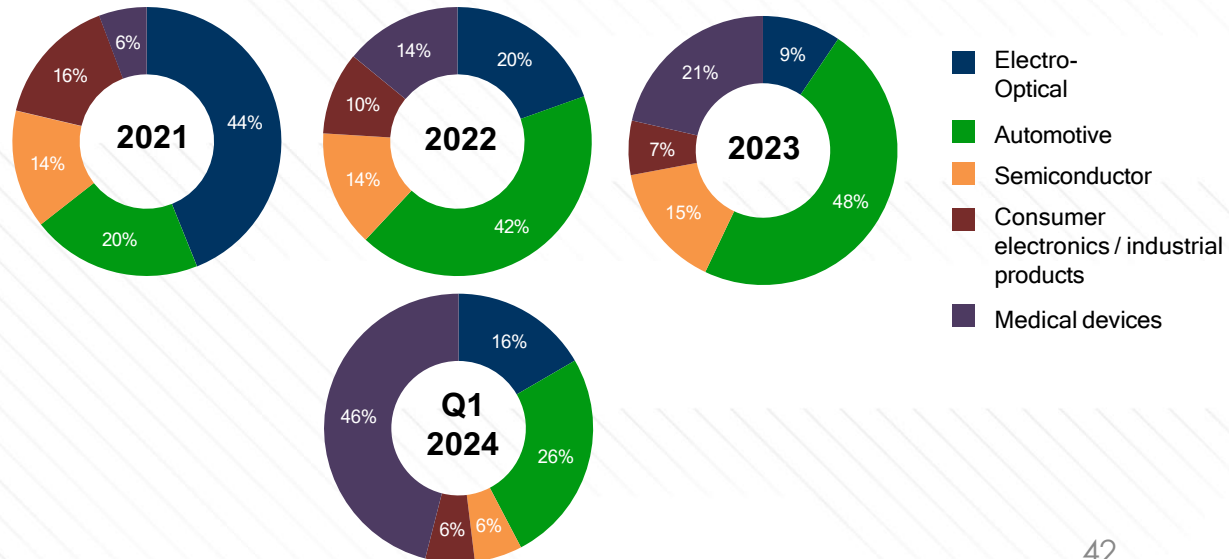
Growth rate : -3.7%



Revenue by segment



Revenue by customer



Income statement summary

Income statement					
in thousands	2019	2020	2021	2022	2023
Revenue	487,088	418,581	508,086	600,587	691,850
Cost of sales	(308,034)	(278,188)	(353,172)	(415,135)	(482,206)
Gross profit	179,054	140,393	154,914	185,452	209,644
<i>Gross profit margin</i>	<i>36.8%</i>	<i>33.5%</i>	<i>30.5%</i>	<i>30.9%</i>	<i>30.3%</i>
Other income	14,332	10,455	15,187	11,402	17,917
Administrative expenses	(45,874)	(26,871)	(37,226)	(50,322)	(75,067)
Distribution costs	(7,201)	(7,808)	(10,623)	(9,965)	(9,254)
Other operating expenses	(211)	(45)	(101)	(86)	(174)
Operating profit	140,100	116,124	122,151	136,481	143,066
<i>Operating margin</i>	<i>28.8%</i>	<i>27.7%</i>	<i>24.0%</i>	<i>22.7%</i>	<i>20.7%</i>
Finance costs	(186)	(117)	(92)	(87)	-
Share of results of associates	(734)	(1,203)	(1,485)	(1,636)	41
Profit before tax	139,180	114,804	120,574	134,758	143,107
<i>PBT margin</i>	<i>28.6%</i>	<i>27.4%</i>	<i>23.7%</i>	<i>22.4%</i>	<i>20.7%</i>
Taxation	(7,799)	(883)	(3,830)	(1,457)	(874)
<i>Effective tax rate</i>	<i>5.6%</i>	<i>0.8%</i>	<i>3.2%</i>	<i>1.1%</i>	<i>0.6%</i>
Profit after tax	131,381	113,921	116,744	133,301	142,233
<i>PAT margin</i>	<i>27.0%</i>	<i>27.2%</i>	<i>23.0%</i>	<i>22.2%</i>	<i>20.6%</i>

Important ratios					
	2019	2020	2021	2022	2023
Net profit margin (adjusted) ¹	27.0%	27.2%	23.0%	22.2%	20.6%
Return on equity	29.9%	21.4%	18.3%	18.1%	16.8%
Return on total assets	22.7%	17.3%	14.1%	13.3%	12.3%
Current ratio	3.4x	4.1x	3.3x	3.0x	2.7x
Quick ratio	2.9x	3.8x	2.9x	2.3x	2.0x
Inventory turnover (days)	117.1	61.2	54.7	106.8	136.8
Debtors' turnover (days)	41.4	87.9	109.2	122.1	114.5
Creditors' turnover (days)	41.4	61.8	72.5	87.5	90.7

Note:

(1) Net profit margin (adjusted) is calculated based on the profit for the year excluding non-recurring listing expenses, divided by revenue during the year.

Income statement summary (by Quarters)

Income statement					
in thousands	Q12023	Q22023	Q32023	Q42023	Q12024
Revenue	165,303	176,825	180,708	169,014	170,730
Cost of sales	(117,881)	(123,726)	(125,553)	(115,046)	(120,868)
Gross profit	47,422	53,099	55,155	53,968	49,862
<i>Gross profit margin</i>	<i>28.7%</i>	<i>30.0%</i>	<i>30.5%</i>	<i>31.9%</i>	<i>29.2%</i>
Other income	8,010	7,391	5,596	8,709	2,828
Administrative expenses	(19,357)	(19,263)	(19,876)	(28,360)	(19,092)
Distribution costs	(2,111)	(2,243)	(2,868)	(2,032)	(2,597)
Other operating expenses	(63)	(38)	(19)	(54)	(66)
Operating profit	33,901	38,946	37,988	32,231	30,935
<i>Operating margin</i>	<i>20.5%</i>	<i>22.0%</i>	<i>21.0%</i>	<i>19.1%</i>	<i>18.1%</i>
Finance costs	-	-	-	-	-
Share of results of associates	1,051	(324)	(644)	(42)	(222)
Profit before tax	34,952	38,622	37,344	32,189	30,713
<i>PBT margin</i>	<i>21.1%</i>	<i>21.8%</i>	<i>20.7%</i>	<i>19.0%</i>	<i>18.0%</i>
(Taxation) / Tax Credit	(629)	(1,074)	(840)	1,669	(488)
<i>Effective tax rate</i>	<i>1.8%</i>	<i>2.8%</i>	<i>2.2%</i>	<i>(5.2%)</i>	<i>1.6%</i>
Profit after tax	34,323	37,548	36,504	33,858	30,225
<i>PAT margin</i>	<i>20.8%</i>	<i>21.2%</i>	<i>20.2%</i>	<i>20.0%</i>	<i>17.7%</i>

Important ratios					
	Q12023	Q22023	Q32023	Q42023	Q12024
Return on equity	17.8%	19.3%	17.8%	16.0%	13.7%
Return on total assets	13.5%	13.6%	12.5%	11.7%	10.6%
Current ratio	3.2	2.6	2.5	2.7	3.0
Quick ratio	2.4	2.0	2.0	2.0	2.3
Inventory turnover (days)	146.2	125.0	132.1	151.2	121.4
Debtors' turnover (days)	129.5	141.0	104.3	106.0	110.3
Creditors' turnover (days)	94.3	85.2	102.5	93.6	78.0

Balance sheet summary

Balance Sheet					
in thousands	2019	2020	2021	2022	2023
Cash and cash equivalents	303,955	300,280	349,959	328,628	395,797
Inventories	59,458	33,836	72,006	170,934	190,608
Trade receivables	61,692	139,896	164,043	237,926	196,289
Trade payables	31,478	62,671	77,553	121,528	118,022
Total assets	578,357	659,276	825,080	1,001,661	1,159,041
Total liabilities	139,434	125,731	188,337	264,948	311,069

Balance Sheet					
in thousands	Q12023	Q22023	Q32023	Q42023	Q12024
Cash and cash equivalents	302,430	355,506	430,724	395,797	351,079
Inventories	188,907	169,437	181,774	190,608	160,744
Trade receivables	234,547	273,325	206,469	196,289	206,332
Trade payables	121,802	115,465	141,091	118,022	103,302
Total assets	1,019,077	1,107,056	1,164,482	1,159,041	1,140,444
Total liabilities	246,515	328,783	346,406	311,069	260,348

Important ratios					
	2019	2020	2021	2022	2023
Gearing ratio	0.8%	0.6%	0.4%	0.02%	0.0%
Debt-to-equity ratio	0.8%	0.6%	0.4%	0.0%	0.0%

Important ratios					
	Q12023	Q22023	Q32023	Q42023	Q12024
Gearing ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Debt-to-equity ratio	0.0%	0.0%	0.0%	0.0%	0.0%

Earnings guidance



- The Company does not provide any sales and earnings guidance
- The Company's internal target - double-digit growth in sales and earnings
- To achieve MYR1 billion in sales by FY 2025

THANK YOU Think Automation ● Think PENTAMASTER 

Investor Relations Team

Gan Pei Joo, Executive Director and CFO (pjgan@pentamaster.com.my)

Leng Kean Yong, Non-executive Director (yang@pentamaster.com.my)

investor.relation@pentamaster.com.my / pentamaster@icaasia.com