[For Immediate Release] 7 November 2024

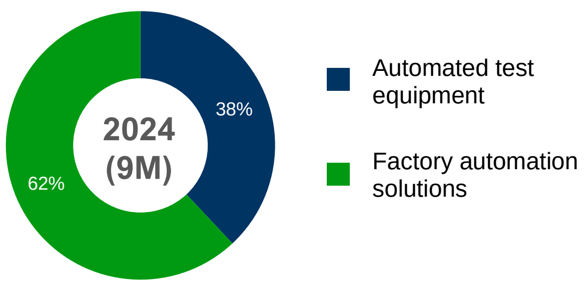
PIL reports decline in Quarter 3 2024 revenue amidst geopolitical tensions and economic uncertainty

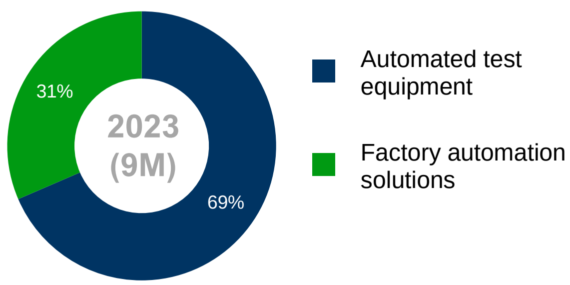
Pentamaster International Limited ("PIL" or "the Group") which is listed under the Main Board of The Stock Exchange of Hong Kong Limited announced its financial results for the nine months period ended 30 September 2024 ("9M2024") today. The Group recorded a revenue of MYR492.2 million with its net profit stood at MYR88.8 million, a decrease of approximately 5.9% and 18.1% respectively from the corresponding period last year.

Financial highlights

	9M2024 (Unaudited) MYR in thousands	*9M2023 (Unaudited) MYR in thousands*	*Change*
Revenue	492,179	522,836	-5.9%
Gross profit	141,167	155,676	-9.3%
Profit for the period	88,800	108,375	-18.1%
Earnings per share (sen)			
Basic	3.73	4.54	-17.8%
Diluted	3.73	4.54	-17.8%

Key business unit revenue and trend



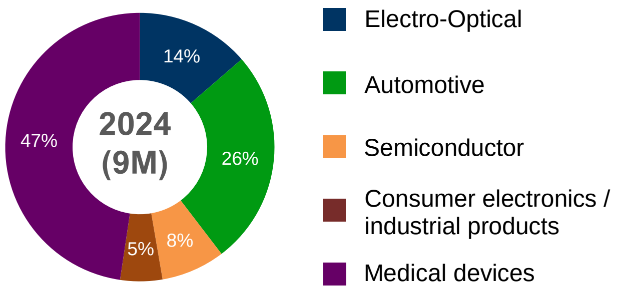


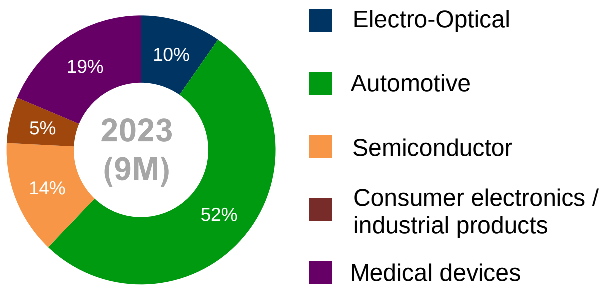
For the nine months ended 30 September 2024, the Group's revenue was contributed by both the ATE and FAS segments, with each constituting approximately 38.0% and 62.0% respectively of the Group's total revenue in the current period.

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

	9M2024 (Unaudited) MYR in thousands	*9M2023 (Unaudited) MYR in thousands*	*Change*
Revenue by operating segment			
Automated test equipment			
External customers	187,169	358,277	-47.8%
Inter-segment revenue	9,303	468	
	196,472	358,745	
Factory automation solutions			
External customers	305,010	164,528	+85.4%
Inter-segment revenue	6,750	12,315	
	311,760	176,843	

<u>Revenue by customer's segment</u>





	9M2024 (Unaudited) MYR in thousands	*9M2023 (Unaudited) MYR in thousands*	*Change*
Revenue by customer's segment			
Medical devices	234,487	98,459	+138.2%
Automotive	127,903	271,682	-52.9%
Electro-Optical	67,147	51,182	+31.2%
Semiconductor	37,743	72,310	-47.8%
Consumer and industrial products	24,899	29,203	-14.7%

ATE segment

Revenue from the ATE segment declined by 47.8% to MYR187.2 million for the nine months period ended 30 September 2024 as compared to MYR358.3 million achieved in the Previous Corresponding Period. Despite a 55.2% decline in revenue compared to the same period in 2023, the automotive segment remained the largest contributor to the ATE segment, accounting for approximately 63.9% of total revenue during the Period. The Group faced persistent headwinds in the automotive market, particularly in Western regions. The International Monetary Fund ("IMF") stated, "The rising adoption of electric vehicles represents a fundamental transformation of the global automotive industry. It will have far-reaching consequences". While the shift towards automotive electrification as noted by the IMF has accelerated in the last few years with the aim to achieve zero-emission targets, it has also become a key geopolitical tool among major economies. Key automotive markets such as the U.S. and Europe have announced its respective policies and tariffs towards Chinese-made electric vehicles ("EV"), resulting in greater market uncertainty and disruptions. Conversely, the EV market and supply chain in China have become highly competitive and disruptive, limiting the Group's ability to fully capitalise on the expanding market locally in China. As a result, the Group's revenue growth from the automotive segment has been impacted, despite the EV market's strong fundamentals and long-term growth potential.

On the other hand, the electro-optical industry rebounded to become the second largest contributor to the ATE segment, with its contribution increasing to 23.5% during the Period from 6.6% in the Previous Corresponding Period. This expansion was largely driven by product cycle upgrades relating to the Group's ambient light and its related smart sensor test equipment. Meanwhile, revenue contribution from the semiconductor industry contributed 11.8% within the segment, down from 18.8% achieved in the Previous Corresponding Period.

Overall, the performance of the ATE segment is expected to remain subdued with this outlook potentially extending through the first half of 2025 given the lack of certainty at the macro front, particularly in the automotive segment. Despite these short-term challenges, the Group maintains an optimistic long-term outlook for its ATE segment, driven primarily by its diversified portfolio and involvement in key growth areas, particularly the increasing demand for advanced packaging in semiconductor manufacturing and the ongoing evolution of opto-electronic devices as the Group steers towards such high growth potential segment.

FAS segment

Revenue from the FAS segment reached another milestone in the third quarter of 2024, with total revenue hitting MYR305.0 million for the nine months ended 30 September 2024. This marked an impressive growth of 85.4% compared to MYR164.5 million achieved in the same period last year, underscoring the strong growth trajectory of the segment.

The medical devices industry segment continued to lead within the FAS segment with its share of wallet increasing to 76.9% of total FAS segment's revenue, a significant leap from 59.8% in the corresponding period last year. Generally, the medical industry is progressively adopting factory automation solutions driven mainly by its specific need for operational efficiency, safety and adherence to stringent regulatory standards and the Group is pursuing such pace of change. Owing to technological disruptions and macrotrends such as reshoring, a global skilled-labour shortage, and environmental, social, and governance (ESG) efforts, industrial automation across the medical devices industry as well as other sectors will continue to sustain the Group's FAS segment momentum.

Other industry segments within the FAS segment, such as consumer and industrial products and electro-optical contributed approximately 7.7% and 7.6% respectively during the Period.

Outlook

In the near term, the global macroeconomic environment is expected to remain murky and uncertain as the pace of economic recovery continues to fall short of expectations with heightened geopolitical risk. The prevailing weakness at the macro front is placing significant constraints on the Group's ability to drive revenue growth. Weak demand across key segments, particularly in the automotive sector, where capital investments are sensitive to economic cycles and shifting government policies has prolonged the expected structural growth trend, leading to slow demand up-tick for the Group's solution offerings. Additionally, aggressive pricing war in domestic China market continues to challenge margin preservation and expansion strategies for the Group's ATE segment. Given these conditions, the Group expects sluggish demand to persist across its key segments for the remainder of 2024 and anticipates closing the financial year with flat revenue momentum.

Despite these short-term headwinds, the Group remains committed to addressing the challenges in the ATE segment while continuing to leverage growth opportunities within the FAS segment. Key initiatives are being undertaken to streamline operations and improve efficiencies which are critical steps for enhancing margins in future reporting periods. Simultaneously, the Group is working to strengthen its presence in high-growth industries and pursue long-term strategic initiatives that will position it strategically in the ever-evolving technology market, particularly given the current high demand for high-performance, high-bandwidth, and low-latency chipset used in Artificial Intelligence, data centers, high-performance computing and advanced networking. With a diversified product portfolio aligned with global trends, the Group aims to mitigate risks from sector-specific downturns while capturing emerging growth opportunities in line with industry trends. As it is, the Group's new campus 3 facility, covering 720,000 sq.ft. mainly to support the growing needs of the FAS and medical devices segments, is nearing completion and expected to be operational by the first quarter of 2025.

As the Group navigates both opportunities and challenges, it remains focused on staying agile, innovative and customer centric. The Group is also honoured to be listed for the fifth time in Forbes' "Asia's Best Under a Billion" in August 2024, reflecting its strong track record.

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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