



[For Immediate Release]

22 February 2024

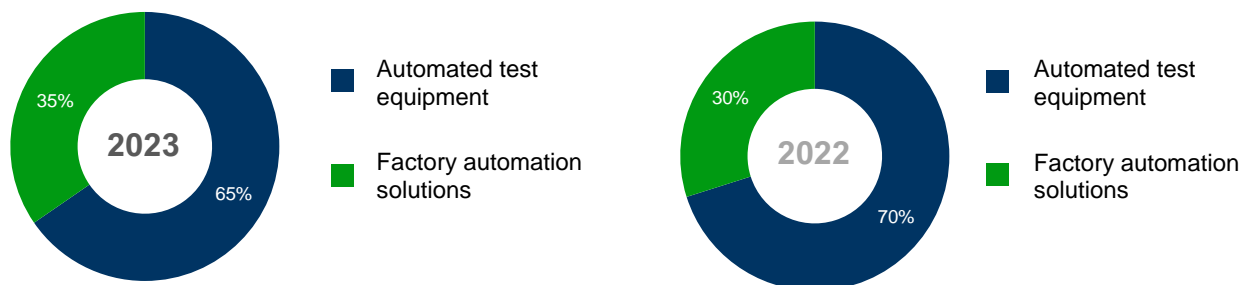
Pentamaster continues to defy the odds to record solid FYE 2023 financials given the market uncertainty

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 year ended 31 December 2023 today. The Group recorded a revenue of MYR691.9 million with its net profit stood at MYR142.2 million, showing an improvement of approximately 15.2% and 6.7% respectively from the corresponding period last year.

Financial highlights

	2023 <i>MYR in thousands</i>	2022 <i>MYR in thousands</i>	<i>Change</i>
<i>Revenue</i>	691,850	600,587	+15.2%
<i>Gross profit</i>	209,644	185,452	+13.0%
<i>Profit for the year</i>	142,233	133,301	+6.7%
<i>Earnings per share (Sen)</i>			
<i>Basic</i>	5.97	5.59	+6.8%
<i>Diluted</i>	5.96	5.58	+6.8%

Key business unit revenue and trend



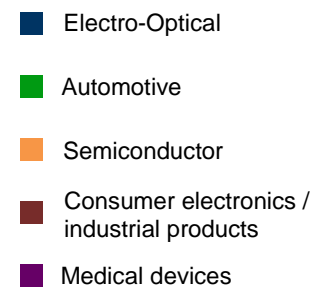
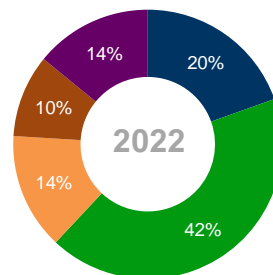
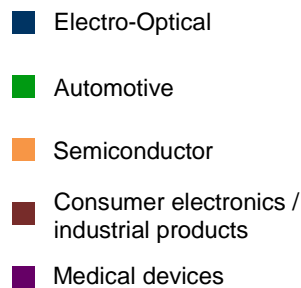
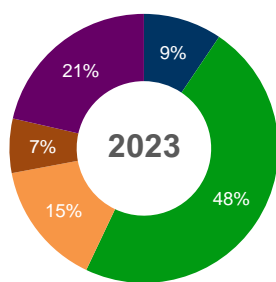
For the year ended 31 December 2023, the Group’s revenue was contributed by both the ATE and FAS segments, with each constituting approximately 65.4% and 34.6% respectively of the Group’s total revenue in the current year.



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

	2023 <i>MYR in thousands</i>	2022 <i>MYR in thousands</i>	<i>Change</i>
<i>Revenue by operating segment</i>			
<i>Automated test equipment</i>			
<i>External customers</i>	452,254	420,716	+7.5%
<i>Inter-segment revenue</i>	538	2,963	
	452,792	423,679	
<i>Factory automation solutions</i>			
<i>External customers</i>	239,596	179,871	+33.2%
<i>Inter-segment revenue</i>	15,943	2,807	
	255,539	182,678	

Revenue by customer's segment



	2023 <i>MYR in thousands</i>	2022 <i>MYR in thousands</i>	<i>Change</i>
<i>Revenue by customer's segment</i>			
<i>Automotive</i>	329,392	254,856	+29.2%
<i>Medical devices</i>	148,197	84,581	+75.2%
<i>Semiconductor</i>	103,794	84,001	+23.6%
<i>Electro-Optical</i>	65,315	117,409	-44.4%
<i>Consumer and industrial products</i>	45,152	59,740	-24.4%



ATE segment

With a contribution rate of 65.4%, the ATE segment remained the primary revenue driver for the Group. Despite encountering a revenue decline in 2020, the ATE segment rebounded in 2021 and continued to demonstrate consistent year-on-year growth subsequently. During the year, revenue in the ATE segment increased by 7.5% from MYR420.7 million in 2022 to MYR452.3 million in 2023. Of particular significance is the automotive segment with its contribution share of wallet of 71.7% within the ATE revenue segment, representing a year on-year growth of 31.9% versus last year. The Group's decision to diversify and establish a presence in the automotive segment 5 years ago has proven fruitful with the revenue trajectory of this segment exhibiting a consistent upward trend. With 2023 surpassing the MYR300.0 million milestone, the revenue momentum from the automotive segment has grown by more than sevenfold since the Company's listing.

This year saw the Group's wafer level burn-in tester for Silicon Carbide (SiC) and its backend assembly and test solutions for the hybrid pack power modules continued to drive growth in the automotive segment. Throughout the year, the Group witnessed significant expansion in its customer base and experienced increasing momentum in engagements with prospective new customers. Moreover, the demand landscape for the Group's product become increasingly favourable as automotive component customers are seen extending their portfolio both upstream and downstream, from front-end process to module level and vice versa. At present, the Group's focus is to continuously improve its product capabilities by making enhancements to its proprietary burn-in test handler for wafer-level and module-level power device with the aim to extend its competitive advantage and capture growing market opportunities within the automotive segment.

Despite the semiconductor industry's inherent cyclical nature and competitive landscape, the Group's ATE test solutions seem to be well anchored and supported over the past few years. Since the onset of the pandemic in 2020, revenue from the semiconductor segment has consistently surged at a double-digit rate, primarily fueled by the growth of integrated chips and fifth generation higher performing, ultra speed semiconductor content. With its 21.7% contribution within the ATE segment during the year, revenue from the semiconductor segment grew by 17.4% as compared to 2022. With Artificial Intelligence ("AI") and the advancement of integrated chips capabilities, and the ever-demanding performance reliability and broadening scope of applications, the Group's semiconductor test handling equipment is expected to remain stable.

On the contrary, revenue generated from the electro-optical segment within the ATE segment experienced a decline to 6.4% in 2023, down from 19.0% in 2022, representing a significant downturn of 63.9%. This deceleration was attributed to the notable slowdown and saturation in the global smartphone market stemming from the reduced consumer spending habits to invest in new smartphones given the lack of significant advancements in smartphone technology. While AI smartphone is anticipated to change the industry landscape, it is still in its infancy stage and the Group anticipates subdued performance in the short term from this segment. Nevertheless, the Group remains proactive in its efforts to innovate and develop new prototypes tailored to meet the evolving demands of emerging technologies, particularly those centered around the new magnetometer sensor, optical sensor and pressure sensor technologies.



In general, the ATE industry continues to present promising prospects for the Group, primarily driven by the ongoing technological advancements and the ubiquitous need for more customised and sophisticated test handling and solutions. Furthermore, the Group's comprehensive test solutions in the automotive segment coupled with its established product solution capabilities for the semiconductor segment shall provide a solid foundation for its ATE business, serving as a catalyst for further expansion and growth. Recognising the high-growth potential within the ATE segment, particularly in areas like power electronics semiconductor testing for electric vehicles, the Group is committed to deepening its presence in this particular field.

FAS segment

Following a double-digit revenue growth in year 2022, the strong revenue momentum continued in 2023 with the FAS segment recording MYR239.6 million in 2023 from MYR179.9 million in 2022, a commendable growth rate of 33.2% year-on-year.

During the year, the FAS segment growth was largely propelled by the substantial contributions from the medical devices industry. With its dominance at 61.9% within the FAS segment in 2023 as compared to 41.5% in 2022, the surge from the medical devices industry reflected a striking year-on-year growth of 98.7%. In recent years, the Group has been observing a considerable uptick in demand for its fully automated intelligent Automated Robotic Manufacturing System ("i-ARMS") across various sectors, particularly in the medical industry. Given the pervasive adoption of manufacturing automation within the medical sector, medical manufacturing companies are increasingly focused on optimising their production and assembly processes to enhance throughput and productivity while maintaining consistent quality standards. This growing reliance on automation to drive operational excellence and competitiveness within the medical industry further solidifies the Group's position in providing its i-ARMS for this segment. As it is, the Group has been expanding its customer base within this segment and is actively seeking new opportunities for bigger market share. Besides the medical devices segment, demand for the Group's i-ARMS solutions from the consumer and industrial products segment and electrooptical segment contributed 18.4% and 15.2% respectively to the FAS business segment during the year.

The Group is encouraged by the upward trajectory of the FAS segment from the positive outcome of its strategic efforts in segmental diversification. Capitalising on the prevailing automation trend, the Group is strategically positioning its FAS segment to seize more opportunities, particularly amidst the rising demand for precision automation in the production of cutting-edge medical devices. With this targeted approach, the FAS segment is poised for sustained expansion and is expected to make a substantial contribution to the Group's performance in the coming years.



Outlook

“Every storm runs out of rain, every dark night turns into day”

The embodiment of resilience, adaptability and perseverance was once again demonstrated as the Group adeptly navigated the cyclical nature of business environment, challenges and adversity in 2023. Throughout the year, the persistent global macroeconomic challenges have proven tenacious, with the confluence of mounting interest rates, inflationary pressure and the escalating geopolitical tensions taking center stage in shaping the global economic landscape, rendering the business environment both volatile and challenging. In addition to these challenges, trade policies uncertainties, trade protectionism and tariff disputes between major economies have further complicated the international business environment for companies operating on a global scale. Amidst these macroeconomic concerns, the rapid pace of technological advancements and digital transformation have presented a silver lining. Against this backdrop, the Group proactively adopted a dynamic and forward-thinking approach in prioritising innovation, fostering agility in response to the unrelenting pace of geopolitical complication landscape in a technological developments world, and positioning itself strategically to remain competitive and relevant.

As the Group approaches the year 2024, there is an expectation that the delicate nature of these macroeconomic factors will persist, indicating a sustained vulnerability and fragility in the economic landscape. However, as challenging as it can be and barring any unforeseen circumstances, the Group endeavours to achieve yet another year of continuous business growth with a steadfast focus on high growth segments. Notably, the medical devices segment currently commands the largest share of the Group’s current order book and this segment will continue its strong growth momentum in 2024, primarily propelled by the widespread adoption of automation in medical manufacturing. Having consistently led the Group’s revenue for two consecutive years, the Group’s order book remains fortified by contributions from the automotive segment. This is anchored by the Group’s comprehensive range of product solutions within this segment. With the Group holding a robust presence in regions like Europe and the United States, other emerging growth countries like Taiwan and Japan are seen to be the next promising areas poised for growth, particularly in the context of automotive electrification. The Group anticipates that such developments in these markets will yield positive outcome and further contribute to the Group’s revenue in its automotive segment. While the Group experiences favourable momentum in both its medical and automotive segments, contributions from its other industry segments remain comparatively modest.



In recent years, the Group has been strategically directing investments towards various facets of medical technology (“MedTech”), encompassing automation as well as the design and manufacturing of single-use medical devices. A notable trend in the current market environment is the prominence of MedTech and life sciences where the pervasive influence of technology within the medical industry has instigated a remarkable surge in technological innovation with automation at the forefront of this revolution. The adoption of automation in MedTech is now prevalent, given the intricate nature of the medical device manufacturing process. The inherent need for precision and accuracy in the production of medical devices makes automation a cornerstone for achieving heightened process efficiency and consistency. In tandem with this pronounced trend in the medical industry, the Group is strategically positioned to capitalise on these opportunities through its FAS segment and its subsidiary company, Pentamaster MediQ Sdn. Bhd. by elevating its presence and operational footprint in the medical industry with the aim to propel the growth trajectory of its medical industry to new heights.

The Group’s efforts in geographical diversification has proven beneficial against the backdrop of prevailing geopolitical landscape marked by a discernible trend towards deglobalisation and localisation. This current shift involves establishment of new manufacturing facilities and expansion of new ones with the aim to foster greater self-reliance in semiconductor and electronics supply chain. With the Group’s recent establishment of its global footprint in Germany in March 2023, the Group is positioned to enhance its presence in Europe to further build its automotive and MedTech segments in this region. The Group’s office in Germany currently serves as a hub for research and development activities besides providing technical sales support for better customer engagement. Given Germany’s prominent status as a hub for the automotive industry, the Group’s expansion is strategically positioned to broaden its customer base for power module semiconductors. Additionally, the Group’s Europe presence will also serves its venture into the MedTech field, with specific focus on countries such as the United Kingdom, Poland and Ireland. Currently, contribution from Europe accounts for less than 10% of the total Group’s revenue which indicates a substantial growth potential within the region.

Recognising the integral role of sustainability in today’s contemporary business practices and in alignment with the Group’s dedication in fostering a sustainable environment, the Group will continue to intensify its efforts in advancing its Environmental, Social, and Governance (“ESG”) initiatives through the development and implementation of a set of comprehensive action plans. These action plans encompass a diverse range of material areas covering, among others, emissions, climate change, health and safety, employment and labour practices, diversity, supply chain management and overall governance as well as compliance matters. Within this framework, the Group is set to expand its ESG working group, a dedicated team tasked with planning, executing and overseeing all sustainability-related strategies, goals and policies. In essence, the Group aims to mold a sustainable future where responsible business practices are to seamlessly integrate into its day-to-day business operations. Such effort signifies the Group’s commitment to not only meeting regulatory requirements but also proactively contributing to a more sustainable and resilient global business environment.



To conclude, the Group maintains a keen awareness of the prevailing economic fragility and is committed to addressing it with a proactive and strategic approach which center on high growth industries. 2024 is another year where the Group remains cautiously optimistic with its focus on seizing opportunities to broaden its revenue streams. In addition to allocating resources to areas with significant potential, the Group will continue to place a strong emphasis on continuous innovation and improvement in its design and operational processes for its products and solutions. With the Group advancing through the second half of its 4-year plan in its “Grand Roadmap & key focus 2022-2025”, it is imperative for the Group to expedite the construction of its campus 3. To this end, phase one and phase two featuring the construction of two manufacturing plants, spanning approximately 720,000 sq.ft. are in progress concurrently with a targeted full completion set for the first quarter of 2025. Anticipating the completion of the third plant, the Group aims to mark a significant milestone.

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.

For media enquiries, please contact:

Email: investor.relation@pentamaster.com.my