



AEM

2Q2017 Results Presentation

AEM Holdings Ltd | Aug 2017

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Financial performance – Key Highlights

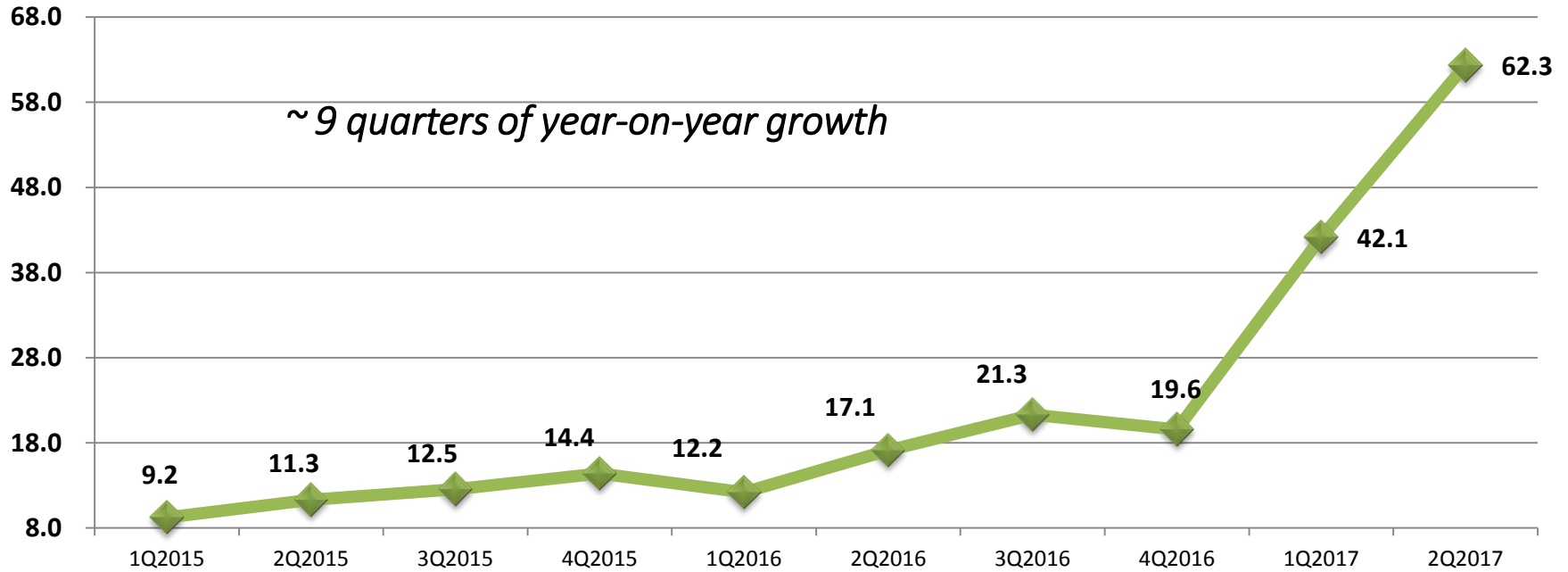
- **Revenue** up **264%** from S\$17.1M in 2Q2016 to **S\$62.3M** in 2Q2017.
- Key growth drivers:
 - Continued sales ramp of our high density modular test (HDMT) semiconductor handling platform.
 - Catch-up orders for pans and kits (consumables) as tools are commissioned.
 - Overall market share gain as HDMT is adopted as the primary handling platform at key customer.
- **PBT** up 474% from S\$1.7M to **S\$9.7M** due to higher revenue and cost efficiency.
- Forecasted FY2017 **revenue and PBT** of at least **\$200M and \$24M** respectively.
- Declared interim **dividend** of **2.5 cents** payable in Oct 2017.



Financial performance

S\$'M

Revenue (Quarterly)



YOY	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016	1Q2017	2Q2017
Sequential	-10%	51%	58%	174%	32%	51%	70%	36%	245%	264%
	76%	23%	11%	15%	-15%	40%	24%	-8%	115%	48%



Financial highlights – Key Performance Summary

(\$\$ '000)			2Q17 v 2Q16		
	2Q2017	2Q2016	Change %	1Q2017	2Q17 v 1Q17 Change %
Revenue	62,342	17,108	264.4%	42,119	48.0%
Materials, consumables and inventory changes, excluding stock obsolescence	45,423	10,930	315.6%	30,796	47.5%
Staff cost	5,361	3,242	65.4%	4,667	14.9%
Depreciation & amortisation expenses	147	202	-27.1%	171	-14.0%
Other operating expenses	1,859	1,458	27.5%	1,335	39.3%
Profit before tax	9,652	1,682	473.7%	4,902	96.9%
Profit after tax	8,213	1,338	513.9%	4,137	98.5%
Earnings per share (Singapore cents)	12.5	3.0	310.0%	9.5	31.9%

- *Managed operating expenses increase compared to revenue growth brought about improving net margin.*

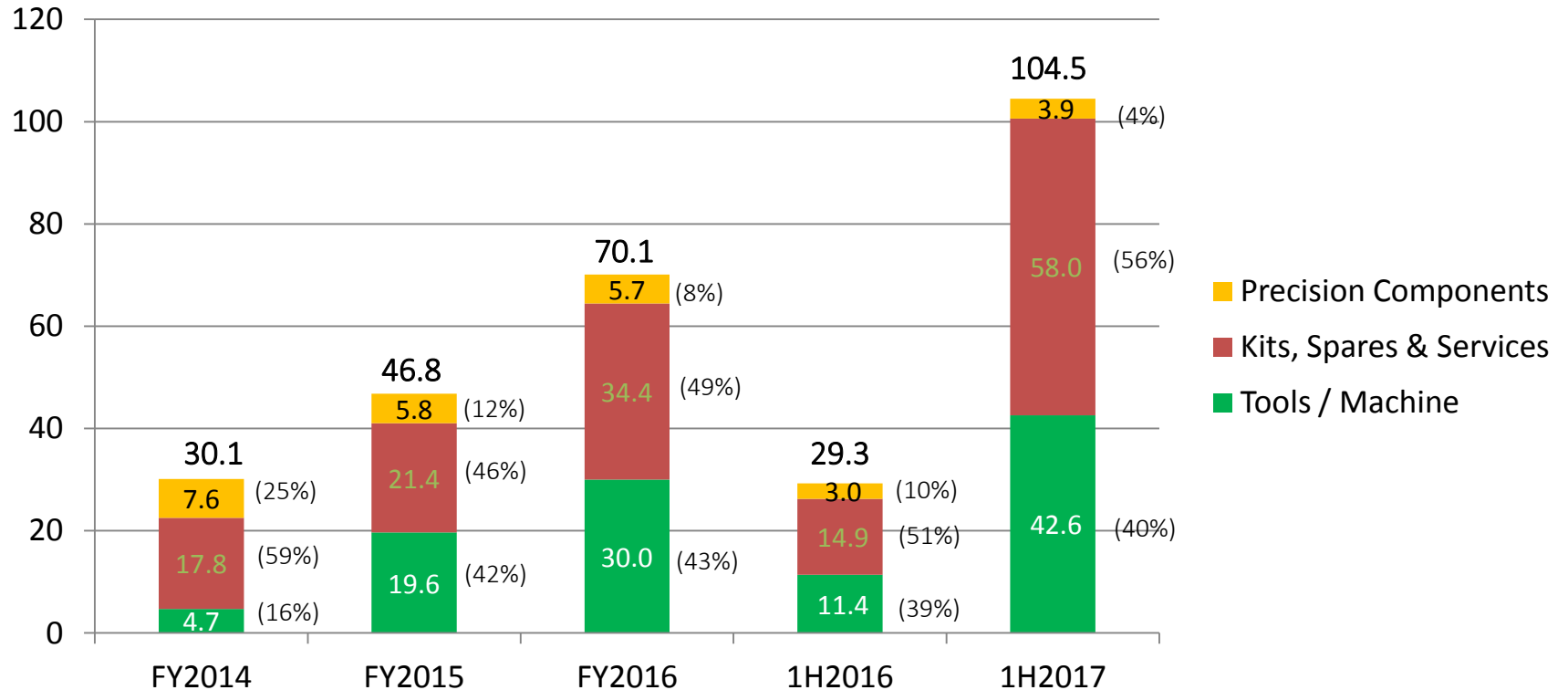


Financial highlights – Key Performance Summary

(\$\$ '000)	1H2017	Restated** 1H2016	1H17 v 1H16 Change %
Revenue	104,461	29,272	256.9%
Materials, consumables and inventory changes, excluding stock obsolescence	76,219	18,437	313.4%
Staff cost	10,028	6,186	62.1%
Depreciation & amortisation expenses	318	435	-26.8%
Other operating expenses	3,322	2,828	17.5%
Profit before tax	14,553	2,143	579.1%
Profit after tax	12,349	1,579	682.3%
Earnings per share (Singapore cents)	18.9	3.5	431.7%

Financial performance

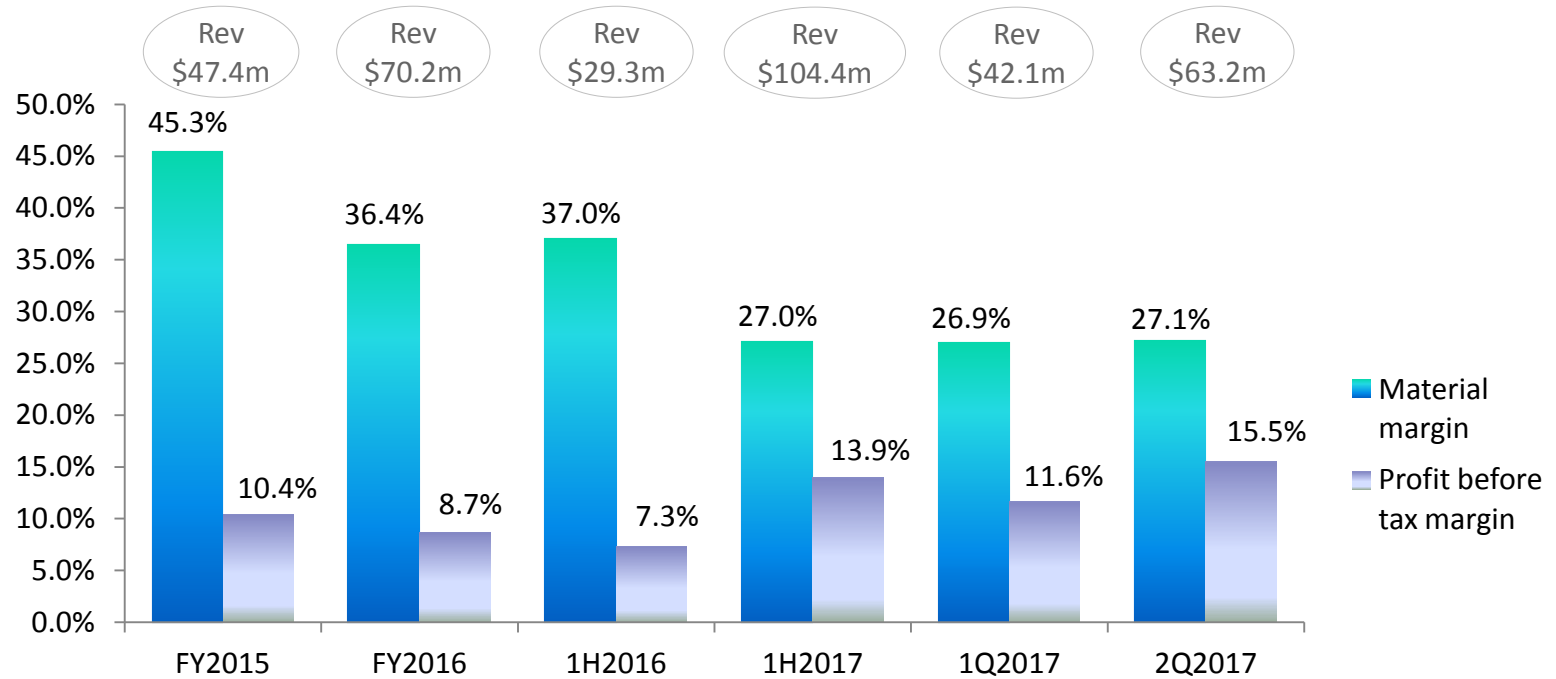
S\$'M Total and Segment Revenue



- *2Q2017 and 1H2017 recorded some catch-up in pans/ kits. Expect the % of tools versus pans/ kits to be closer to 50%:50% for FY2017.*



Financial performance



- *Material margin reduced from 37% in 1H2016 to 27% in 1H2017 due to equipment and certain pans mix with higher Bill-of-Materials %.*
- *Material margin for FY2015 was 45% mainly due to higher kits and services mix with lower Bill-of-Materials %.*
- *Profit before tax margin improved from 8.7% in FY2016 to 15.5% in 2Q2017 mainly due to higher sales and cost efficiency.*



Financial highlights – Financial Position

Financial position	30-Jun-17 S\$'000	31-Mar-17 S\$'000	31-Dec-16 S\$'000
Property, plant and equipment	2,084	2,064	2,226
Cash and cash equivalents	5,271	9,135	6,310
Current assets less current liabilities	35,155	28,272	23,691
Financial liabilities	1,386	64	85
Total equity	41,386	34,563	30,228
Net asset value per share (Singapore cents)	63.6	79.7	70.7
Net asset value per share (Singapore cents) [adjusted for bonus issue]	63.6	53.1	46.4

- Low property, plant and equipment and capex requirement.
- Growing working capital required due to inventory built for higher sales orders.
- Low debt of \$1.4M only.
- The company issued 21,671,102 bonus shares on 18 April 2017, thus a lower NAV per share.



Dividend and bonus issue

Rewarding shareholders

- Declare interim **dividend** of **2.5 cents** payable on 20 October 17
- Adopt **dividend policy**
 - paying annual dividends, including interim dividends, of not less than **25% of profit after tax**, excluding non-recurring, one-off and exceptional items
 - subject to retained earnings, financial position, capital expenditure requirements, future expansion, investment plans and other relevant factors
- Bonus shares issue allotted on 18 April 2017
 - **1 bonus share for 2** existing shares
 - rationale:
 - to increase the share capital base
 - to encourage trading liquidity of the Shares





Business & Operational Updates

What has changed in the last 12 months?

Our business is on a solid growth footing as our investments continue to pay off

1 New handler platform is in full commercial ramp

- Multi-year investment in creating our next-generation handler is paying off with solid financial results
- We expect continued growth from sales of new equipment as well as recurring revenues
- We continue to see growth from our major customer

2 Solid operational capability enhancement to drive customer satisfaction and operational excellence

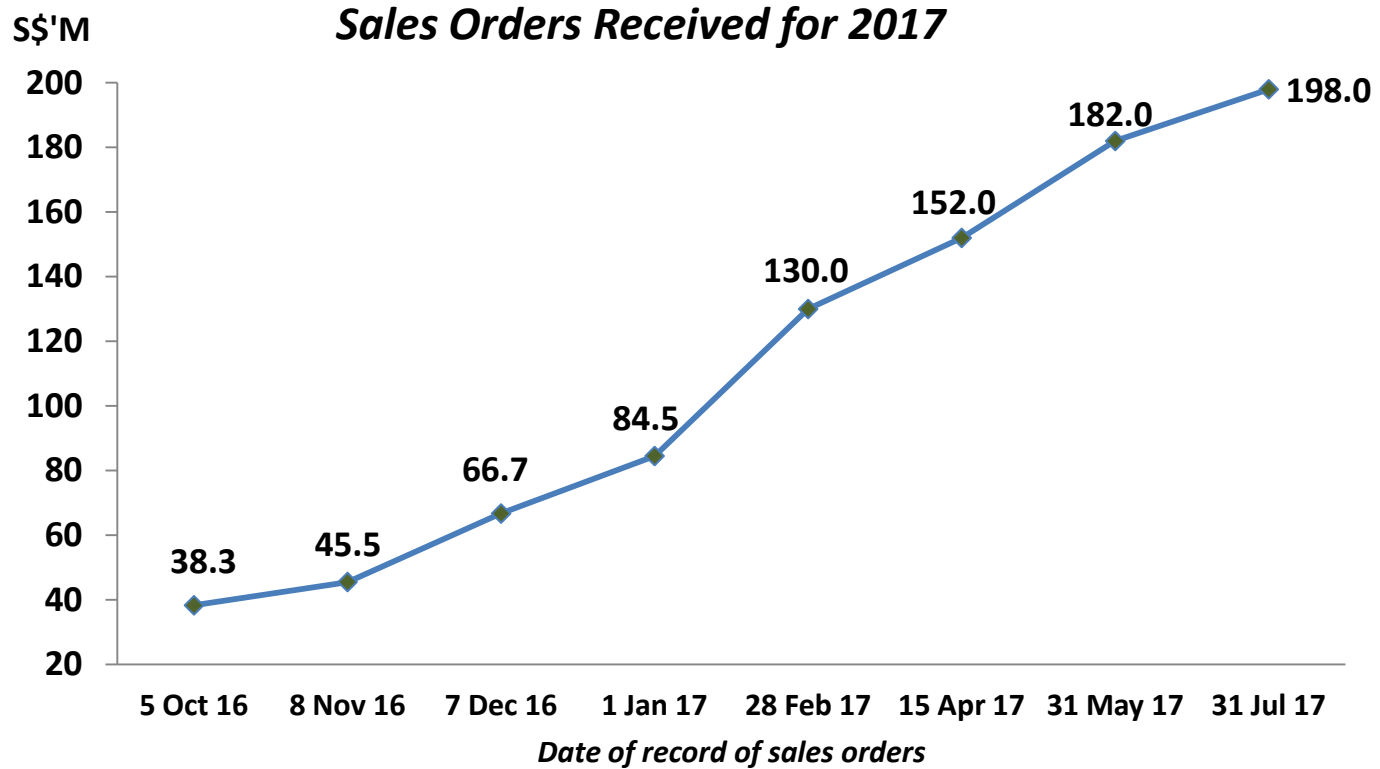
- Rolling out extensive field service and quality organizations to support key customer 24/7 across multiple sites
- Continued opportunity to “lean” operations to drive productivity improvements
- Product improvement and cost reduction engineering initiatives

3 We see continued growth opportunities

- New engineering resources have been hired to work on non-semiconductor growth opportunities
- We continue to broaden our solutions footprint at our major customer
- We continue to look at M&A and other organic growth projects opportunistically



2017 Sales Orders



- Order book grew 5 times over 10 months.
- Orders for delivery in 2017.



Our operation growth and global advantage

Our manufacturing and service footprint provides round-the-clock support for customers with complex global manufacturing networks



Legend

- ★ Major facility
- Direct engineering support
- 3rd party engineering support



Suzhou

Design, Manufacturing, Assembly,



Penang

Design, Manufacturing, Assembly,

FY2017 Increase

Space : + 87%

Headcount : + 46%



Singapore (Global HQ)

Design, Manufacturing, Assembly,
Expansion Infrastructure

FY2017 Increase


Space : + 41%

Headcount : + 27%



Our growth strategy

Diversified strategy provides growth resilience across both short- and long- term horizons

		0-12 months	12-24 months	24+ months	
	Core account growth	<ul style="list-style-type: none"> • Strong growth ramp for HDMT 	✓	✓	✓
		<ul style="list-style-type: none"> • Continue recurring consumables/kits growth 	✓	✓	✓
		<ul style="list-style-type: none"> • Grow share of wallet through next-gen solutions and supply chain capture 		✓	✓
New account growth	<ul style="list-style-type: none"> • Continue market penetration in solar, industrial and smart-card 	✓	✓	✓	
	<ul style="list-style-type: none"> • Invest in new resources to capture new industry verticals and solutions 	✓	✓	✓	
New business	<ul style="list-style-type: none"> • Adjacent product markets 		✓	✓	
	<ul style="list-style-type: none"> • Selective M&A activity 	<div style="border: 1px dashed gray; height: 20px; width: 100%;"></div>			

Outlook guidance

Outlook for FY2017

With the strong sales orders for FY2017, the Group is confident of achieving at least FY2017 revenue of S\$200M and operating profit before tax of S\$24M.



Investment highlights

- Provider of strongly differentiated high-end test handlers with proven, defensible competitive positioning
- Proven ability to service the most demanding large-scale manufacturing: microprocessors, solar, smart cards
- Strategic relationship with one of the world's largest semiconductor companies for >15 years in developing and manufacturing customised test handlers and consumables
- Attractive, diversified revenue streams with long-term growth visibility and strong recurring revenue components
- Strong growth and profitability outlook backed by long-term order book
- Healthy financial position with low debt and capital expenditure requirement, generating positive cash from operation





Thank You

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