



AEM

4Q and FY2019 Results Presentation

AEM Holdings Ltd | 26 February 2020

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In this presentation, all \$ dollar amounts are in Singapore dollars unless otherwise specified



Corporate Profile

AEM is a global leader offering application specific intelligent system test and handling solutions for semiconductor and electronics companies serving advanced computing, 5G and AI markets



Listed on SGX

Market Cap
~S\$600m

AEM Holdings
Limited
(AWX.SI)



Revenue

2017 : S\$221.6m

2018 : S\$262.3m

2019 : S\$323.1m

2020 : Guidance of
S\$360m - S\$380m



Profit Before Tax

2017 : S\$37.5m

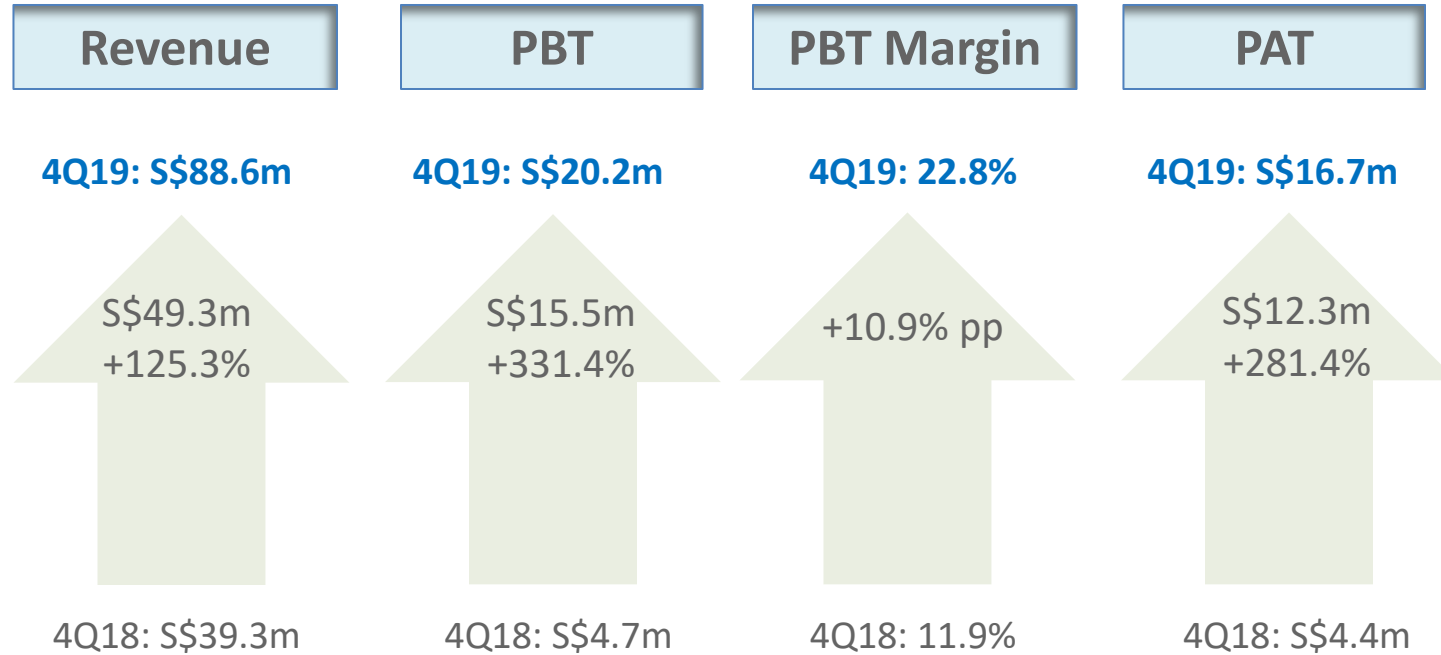
2018 : S\$40.0m

2019: S\$63.7m



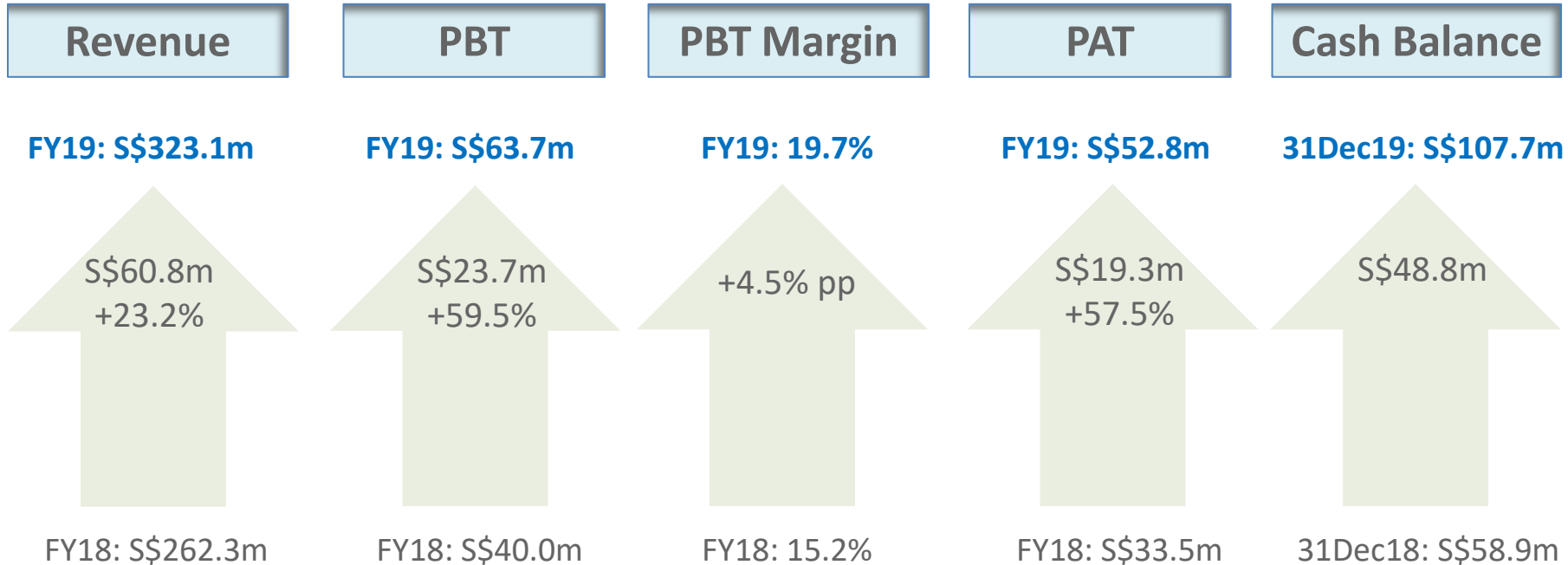
4Q2019 Financial Highlights

Best quarter in terms of profits



FY2019 Financial Highlights

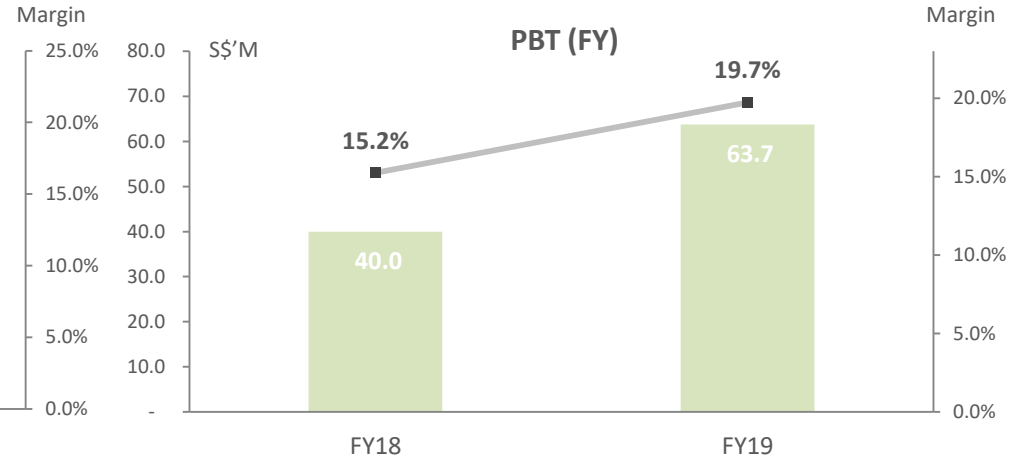
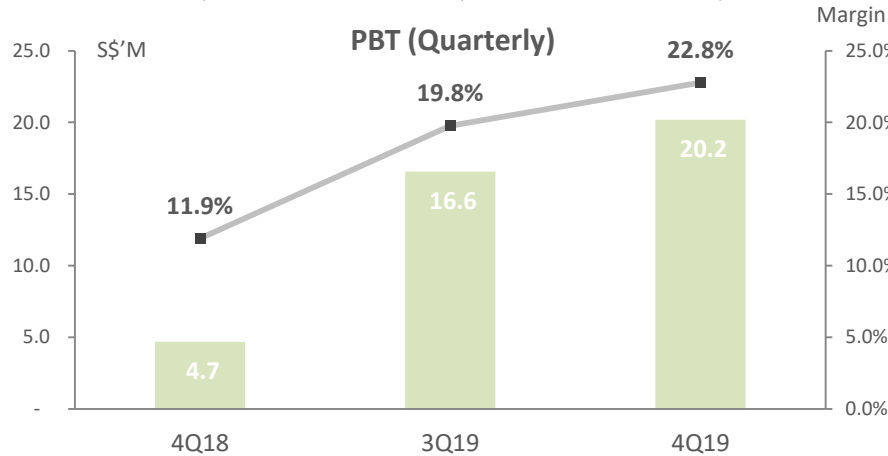
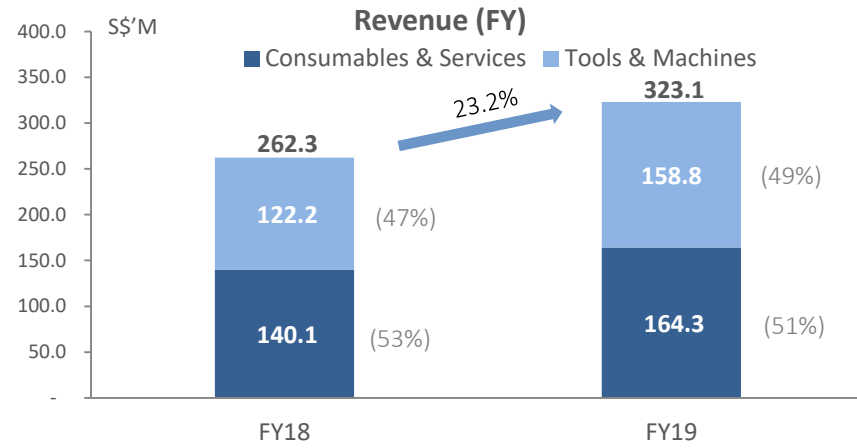
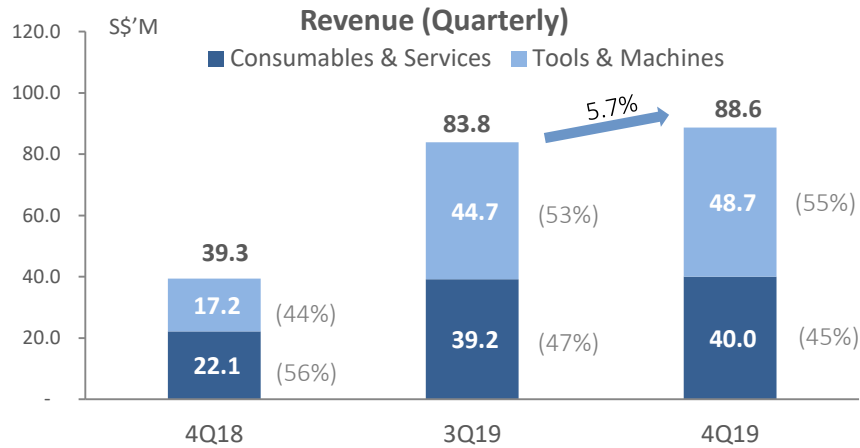
Record revenue and profits driven by new orders across all product lines and consumables.
Guiding a stronger year ahead...



➤ Declared final dividend of 3.1 cents, total 5.1 cents for FY2019



4Q2019 and FY2019 Financial Performance



PBT margins improved in 4Q19 and FY19 mainly due higher revenue and material margin from favourable change in product mix



Profit & Loss Highlights

| | Qtr year-on-year | | | Qtr sequential | | FY year-on-year | | | FY19 |
|-----------------------------|------------------|--------|----------|----------------|----------|-----------------|---------|----------|-------------|
| (\$'000) | 4Q2019 | 4Q2018 | Change % | 3Q2019 | Change % | FY2019 | FY2018 | Change % | Guidance |
| Revenue | 88,647 | 39,349 | 125.3% | 83,848 | 5.7% | 323,130 | 262,325 | 23.2% | 305M - 315M |
| Material cost | 44,863 | 22,772 | 97.0% | 52,167 | -14.0% | 192,361 | 173,222 | 11.0% | |
| Staff cost | 17,213 | 7,296 | 135.9% | 10,627 | 62.0% | 47,423 | 32,521 | 45.8% | |
| Depreciation & amortisation | 1,531 | 338 | 353.0% | 1,643 | -6.8% | 6,076 | 1,871 | 224.7% | |
| Sales & marketing expenses | 1,263 | 989 | 27.7% | 2,162 | -41.6% | 7,678 | 4,430 | 73.3% | |
| Profit before tax | 20,196 | 4,682 | 331.4% | 16,574 | 21.9% | 63,735 | 39,968 | 59.5% | |
| Profit after tax | 16,741 | 4,389 | 281.4% | 13,718 | 22.0% | 52,763 | 33,493 | 57.5% | |

- Staff cost was higher in 4Q19 and FY19 mainly due to higher share plans expenses, bonus provision and headcount mainly for business development and engineering.
- Higher depreciation and amortisation was mainly due to additional depreciation charge incurred upon the recognition of ROU ("Right-of-use") assets and higher carrying value from renovation, equipment and intangible assets (for acquired entities).
- Sales and marketing expenses were higher in 4Q19 and FY19 mainly due to higher warranty, exhibition, travelling and packing expenses.
- 4Q19 and FY19 included remeasurement of contingent consideration of S\$2.4m for InspiRain Technology acquisition.



Financial Position Highlights

| (\$'000) | 31-Dec-19 | 31-Dec-18 |
|--|------------------|------------------|
| Property, plant and equipment | 6,272 | 5,725 |
| Right of use assets ("ROU") | 2,171 | - |
| Intangible assets and goodwill | 16,905 | 17,717 |
| | | |
| Cash and cash equivalents | 107,676 | 58,890 |
| Current assets less current liabilities | 106,712 | 65,112 |
| Financial liabilities | - | 259 |
| | | |
| Total equity | 134,336 | 89,504 |
| | | |
| Net asset value per share (SG cents) | 49.8 | 33.3 |

- Recognition of ROU assets (S\$2.2m) representing the rights of use of the underlying asset from lease.
- No financial liabilities as of 31 December 2019.
- Cash increased S\$48.8m due to operating profit of S\$76.6m less dividend payment (S\$10.5m), increased in working capital (S\$2.2m), shares buyback (S\$1.7m), capex (S\$3.3m) and tax, lease and other payments (S\$10.1m).
- Current assets less current liabilities was higher due to higher trade receivables from higher sales in 4Q2019, higher inventory builds for the fulfilment of sales orders and higher cash balance.



Cash Generated and Uses

S\$'M



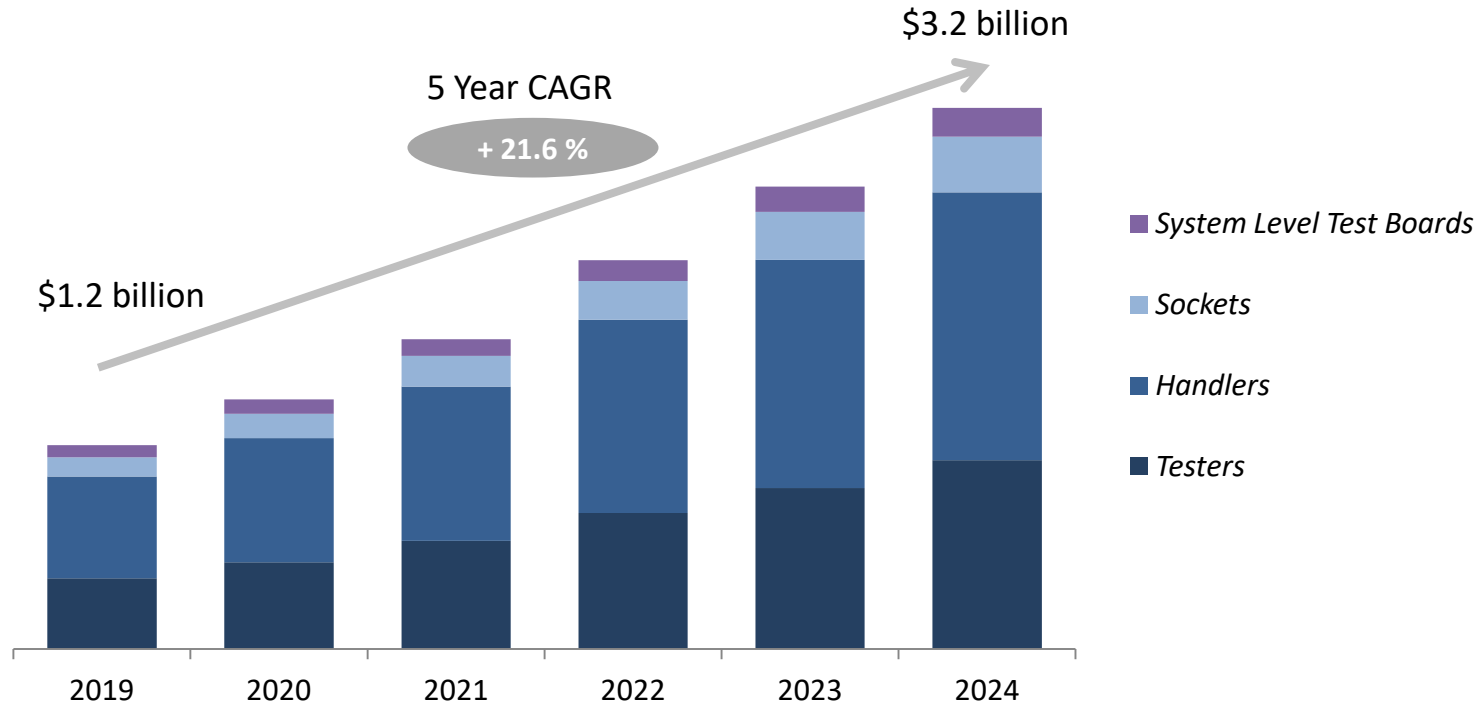
| | 1Q2019 | 2Q2019 | 3Q2019 | 4Q2019 | FY2019 |
|------------------------------------|-------------|------------|------------|-------------|-------------|
| Dividends | - | -5.1 | -5.4 | - | -10.5 |
| Share buy back | -0.2 | -1.0 | -0.3 | -0.2 | -1.7 |
| Capex | -0.9 | -0.5 | -0.5 | -1.4 | -3.3 |
| Operating profit | 9.7 | 20.5 | 18.3 | 28.1 | 76.6 |
| Changes in working capital and tax | -11.8 | -10.7 | -4.6 | 18.1 | -8.9 |
| Net cash generated | -3.4 | 2.4 | 6.7 | 44.1 | 49.7 |



Business & Operational Updates

TAM of system level test equipment & consumables

The TAM of System Level Test equipment and consumables is expected to grow by CAGR of 21.6% from US\$1.2B in 2019 to US\$3.2B in 2024.



Source: AEM analysis, VLSI Research



AEM's technology and product portfolio

Non-Digital Probers

Pressure, Temperature, Motion, Optical



MEMS, Quantum Computing
TAM: US\$50m

AEM Sales: FY19 – S\$7.0m
FY18 – S\$6.6m

Test Handlers

Wafer, Strip, Package, Module, Panel



System Level Test MEMS Test
TAM: US\$600m

AEM Sales: FY19 – S\$151.8m
FY18 – S\$115.6m

Semiconductor Testers

Digital, Mixed Signal, Power/ DPS



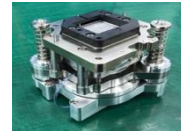
Low Cost ATE Intelligent Load Boards
TAM: US\$1,200m

Sales: Mu-Test (pending completion)

Enabling Technologies

Multi-stimuli probers
Wafer Level Handling, Advanced PNP
Multi Autonomous Robotic Sys
Active Thermal Control
Advanced Vision
Mixed Mode VNA
RF test development
FPGA programming & IP
Digital test capability

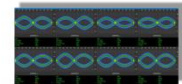
Pans/ Kits/ Sockets



System Level Test consumables
TAM: US\$300m

AEM Sales: FY19 – S\$161.4m
FY18 – S\$139.1m

Interconnect Testers



Cable Testers and Vector Network Analyzers
TAM: US\$500m

AEM Sales: FY19 – S\$2.9m
FY18 – S\$1.0m



Plans and outlook for 2020

Our business is on a solid foundation, sales guidance of S\$360m to S\$380m for FY2020

1 HDMT platform is in full commercial deployment

- Continue to see growth in orders for handlers and their consumables with sales orders of \$338m for delivery in 2020
- Dependent on customer replacement of older generation equipment and capacity growth
- Continued requirement for pans, kits and spares over the lifetime of our tools
- Ongoing development programs with key customer for hybrid solutions with potential orders in 2020 and beyond

2 AMPS / SLT-i progress

- Successfully installed initial commercial systems for 1st AMPS memory manufacturer. Received additional equipment orders for delivery in 2020
- Building up eco-system partners and support structure, targeting market in Asia and North America
- Engaging new semiconductor and memory customers for System Level Test and Intelligent Final Test
- Mu-Test offers low-cost testers based on FPGA and provides full test solutions that are complimentary to AMPS

3 Growth through new account wins at Test & Measurement (TMS) and MEMS division, selective M&A

- TMS division has successfully installed a few systems for a key customer. Looking to expand the fiber cable test solutions for 5G backhaul networks with global customers and their suppliers
- MEMS (Afore) is expanding its products and services to increase its revenue stream
- M&A program continues

*Note:- AMPS means Asynchronous Modular Parallel Smart platform
FPGA - Field Programmable Gate Arrays*



Summary

Proven ability to innovate and deliver solutions on the global stage

- Strategic relationship with the world's largest semiconductor company for >18 years in developing and manufacturing leading edge test handlers and consumables

Profitable, cash generating business and strong financial position

- Highly profitable and generating positive cash from operations
- No debt and low capital expenditure requirement
- Strongest financial position in AEM's history

Strategic expansion through M&A and in-house technology development

- Follow-on development projects with our key customer
- TMS group has established itself within the last 2 years as a niche leader globally in 5G and EV cable test. Opportunities to expand into communications modules, etc
- Afore team's landmark delivery of the world's first quantum computing prober solution, and advance pilots for its wafer level test solutions in MEMS
- Continued investment in our execution capabilities and technology development





Thank You

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