Acquisition of Afore Oy

Investor Relations Presentation

1 February 2018

Afore Oy company overview

Company Background

- Afore is a MEMS test equipment company located in Finland that offers test handling solution mainly for Automotive, Industrial and Consumer applications.
- The company is regarded as the industry pioneer and a global leader in wafer level MEMS testing, with its first wafer level test handler delivered almost 20 years ago.
- Afore has since been focusing on cutting-edge wafer level testing solution with competitive product proposition to lower cost of testing while improving sensor performance for its customers.
- Today, Afore serves a major global automotive MEMS sensor manufacturer based in Japan.
- The company has 26 employees.

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Product Offering

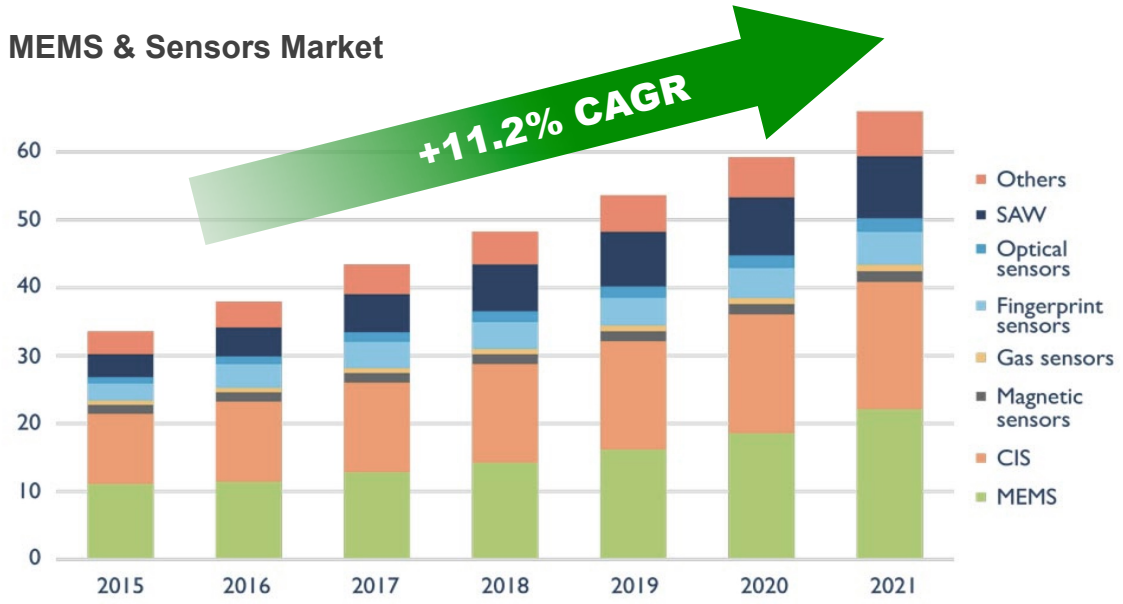
- MEMS test handlers and test cells
- Tailored equipment and R&D services for MEMS industry
- Small scale testing service

Afore offers a range of fully-featured MEMS test solutions

AFORE PRODUCT SUITE (KEY PRODUCTS)			
Kronos	Metis	Aiolos	Apollon
			
Acceleration Gyro Magnetic Temperature Combo	Acceleration Gyro Temperature Combo	Pressure Humidity Temperature Combo	Acceleration Gyro Temperature Combo
• Wafer-level test handler for motion sensors • The only wafer level test solution in the world for motion sensors with real stimulus	• Motion simulator for sensor and end product testing • Configurable design with 3 rotating axes • High accuracy motion simulation	• Wafer level test handler for environmental sensors with physical stimulus	• Highest revenue product • Strip level tri-temp test handler for motion sensors • Designed for high-end automotive and industrial applications

Afore is well positioned for rapid MEMS growth, a $22bn market in 2021

MEMS industry growth is propelled by powerful mobile and IoT end-markets



Growth drivers: *Smartphones* *Mobile electronics* *Industrial automation* *IoT*

Growth acceleration: *Wearable devices* *Connected cars* *Smart home*

Source: Yole Development (2017)

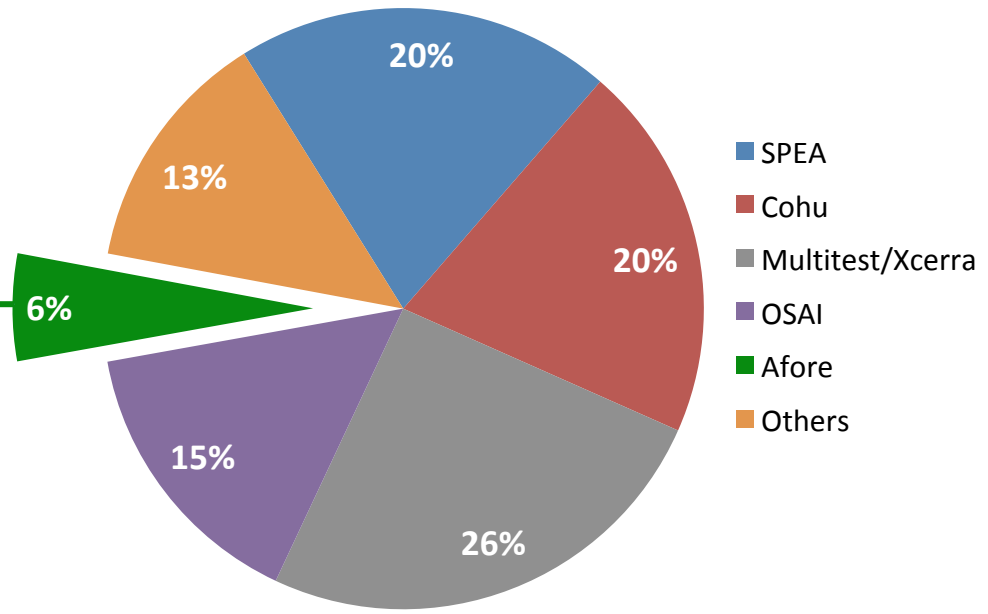
AEM adds +$100m TAM with entry into MEMS test handling

MEMS test handling is an attractive, US $100m market growing rapidly:
AEM+Afore combination is well positioned to grow Afore's 6% market share

Global MEMS Test Handler Market Share

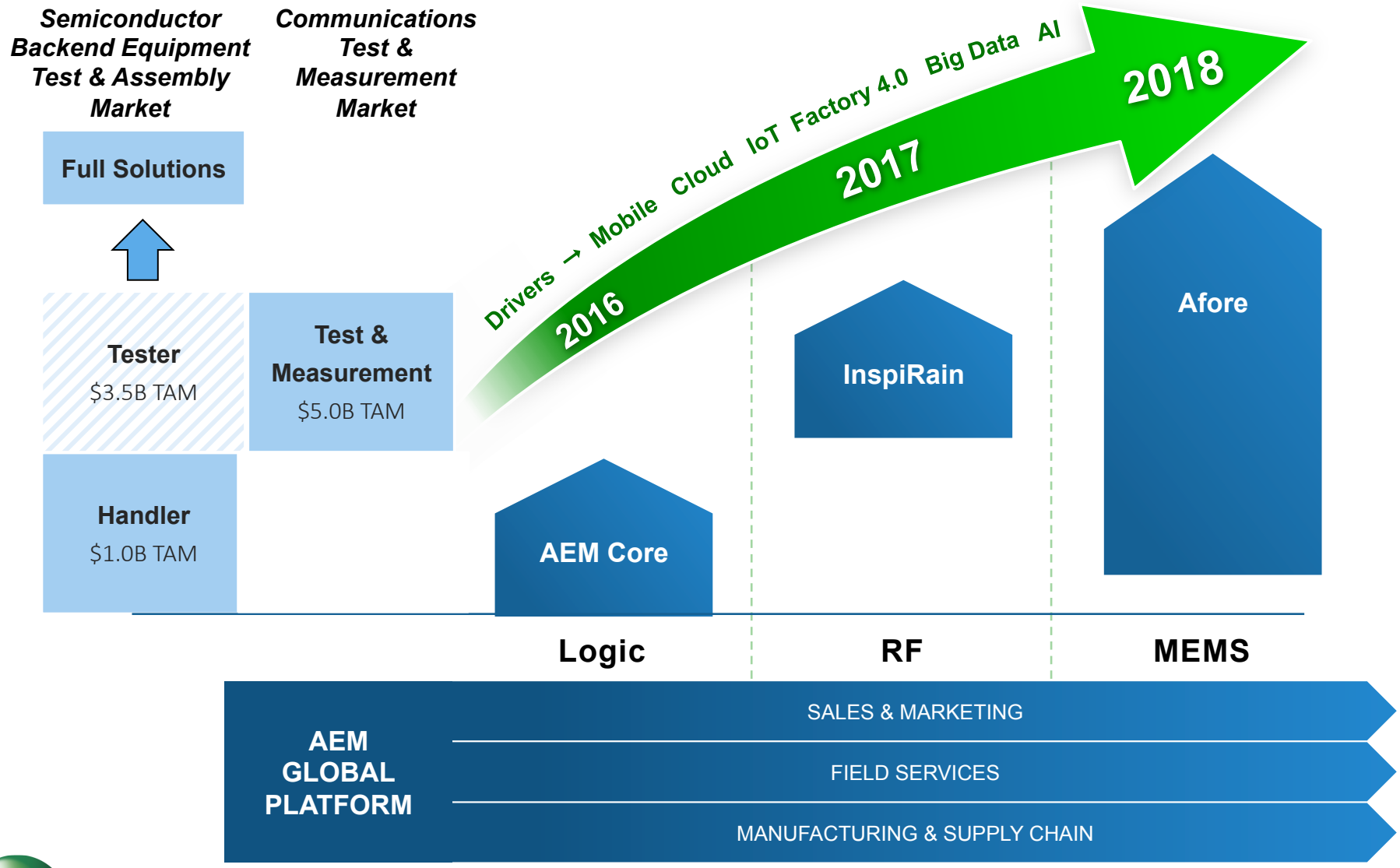
AEM+Afore well positioned to grow share in MEMS test market:

- Afore's solutions benefit from industry shift to wafer-level testing: Afore is the only commercial-scale wafer-level solution available today
- AEM dramatically expands Afore's sales & marketing capabilities to access global market
- AEM provides global field support platform for Afore
- Combined company enjoys global manufacturing scale



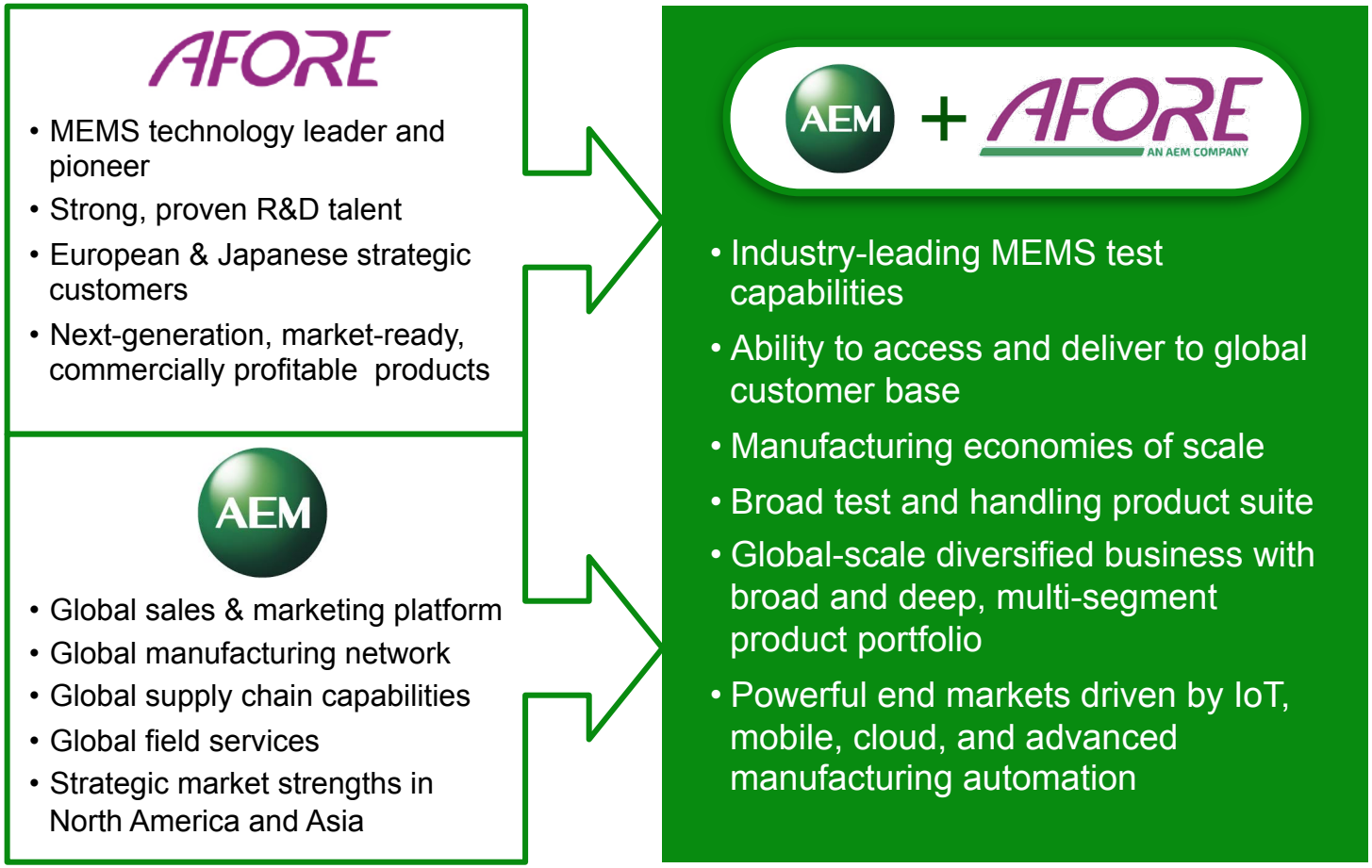
Source: AEM estimates

AEM's acquisition strategy drives market expansion in adjacent segments while realizing strong synergies from our global platform



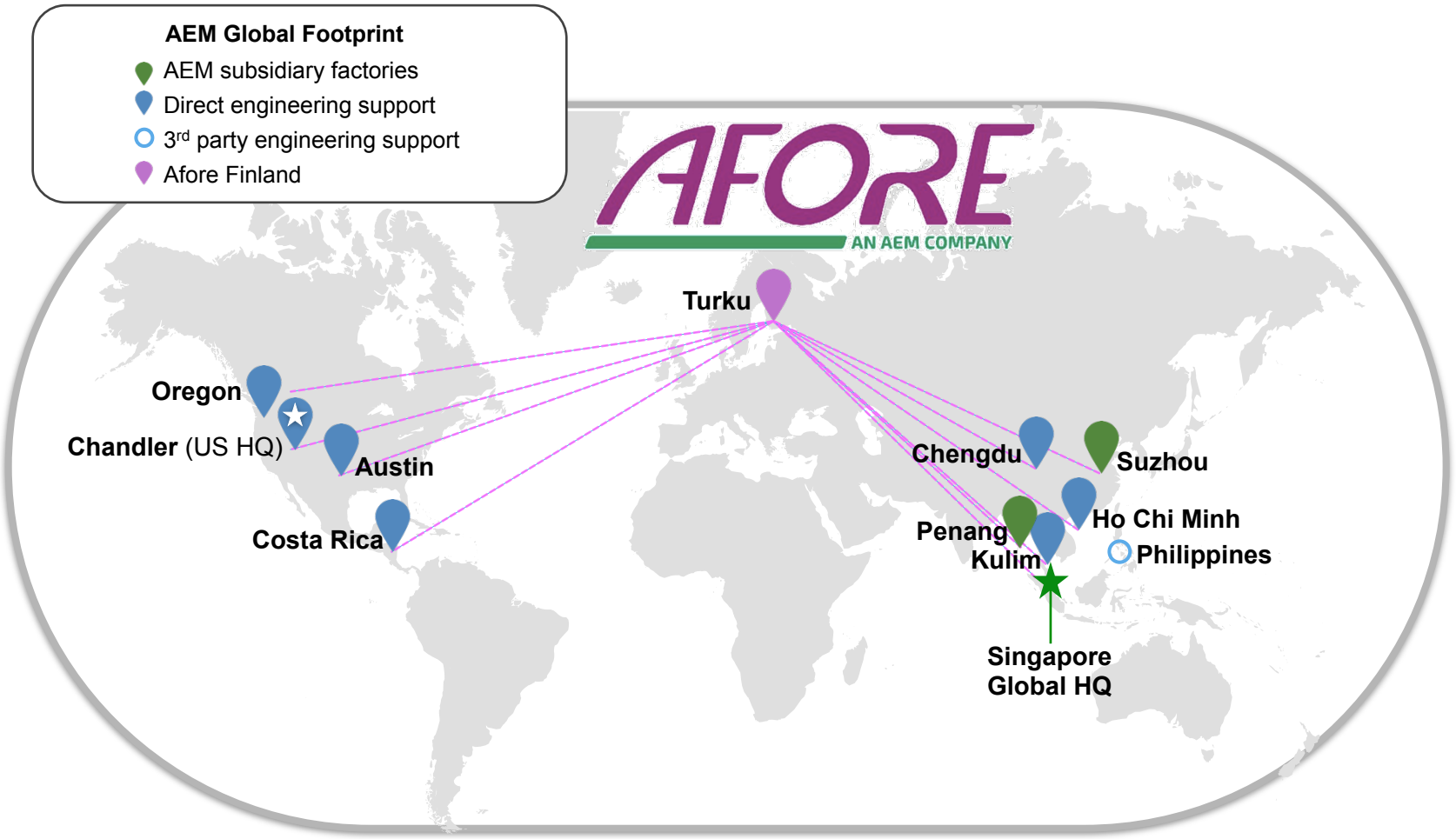
Source: Semi.org, Technavio, AEM estimates

Afore and AEM are deeply complementary, driving powerful merger synergies in growth, strategic positioning, and operating economies



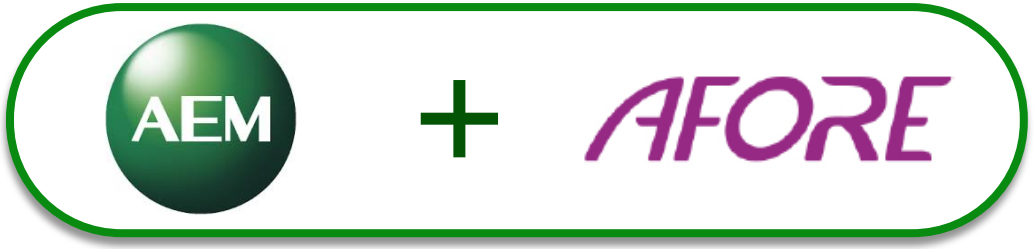
Highly complementary acquisition drives strong synergies

AEM's global footprint contributes sales, manufacturing, and field support to Afore's business



Global platform provides merger synergies through both growth and global operating efficiencies

Transaction Overview



Global leader in customized semiconductor test handlers

Top 5 global MEMS test solutions
World's only wafer-level MEMS test solution

- AEM has agreed to acquire Afore Oy, a pioneer and leader in MEMS test solutions based in Finland, for EUR 7.58m, in a cash and stock transaction
  - Afore shareholders to receive EUR 4.97m in cash, with the remaining EUR 2.61m paid by issuance of AEM shares
  - The transaction values Afore at 7.9x 2017 EBITDA, and 10.6x 2017 NPAT
- Afore will be a 100% subsidiary of AEM and will strengthen AEM's leadership in the semiconductor test handling market with cutting edge MEMS handling, wafer-level prober, and tester integration capabilities.
- From a market expansion perspective, Afore will leverage AEM's global operations footprint to compete better for customer accounts with broader field service support, improved delivery times and a global spares network.
- Transaction expected to close by the end of February

Entry Valuation Benchmark vs. Industry Average

LTM Figures *as of 29 Jan 2018*	Market Cap (US $m)	TEV (USD $m)	Revenue (USD $m)	EV/EBITDA multiple	P/E multiple
Global Semiconductor Test Handler Players					
Cohu	679	550	339	11.1x	23.1x
Xcerra Corporation	551	411	431	7.4x	13.7x
TESEC Corporation	110	90	42	20.7x	24.0x
Chroma ATE	2,301	2,241	411	23.8x	33.1x
Pentamaster Corp.	220	211	54	18.1x	23.7x
Industry Average				**16.2x**	**23.5x**
Acquisition Valuation					
Afore (Finnish GAAP)	**9.4**	**9.7**	**5.8**	**10.8x**	**16.5x**
Afore (SG FRS)	**9.4**	**9.7**	**6.7**	**7.9x**	**10.6x**

- Major MEMS test handler players are trading at an average EV/EBITDA of **16.2x,** and P/E of **23.5x**
- We believe Afore's EBITDA and net margins can be improved as the business scales and merger synergies are realized
- Benchmarked against the industry, even without a control premium, Afore's entry valuation is highly attractive, especially under SG FRS figures.

Very attractive acquisition valuation for a technology-rich growth company, even excluding control premium

Source: Capital IQ, AEM analysis

The transaction is expected to be earnings accretive for the group

Pre-completion	9M2017	FY2016
Total number of AEM shares outstanding	65,697,564	65,695,522
EPS (cents)	**33.1**	**7.1**

Post-completion	9M2017	FY2016
New shares issued for Afore acquisition	867,555	867,555
Total number of AEM shares issued post completion	66,565,119	66,563,077
Pro-forma EPS (cents)	**34.6**	**7.2**

- It will improve 9M2017 AEM group earnings to 34.6 cents per share, an increase of ~ 4.3%
- 867,555 units of AEM shares to be issued to Vesa for 70% of his consideration payment

Thank you