



AEM Holdings Limited
Registration No. 200006417D

**Business Performance For the 1st Quarter Ended 31 March 2020
 and Outlook Statement**

**AEM achieves record quarterly performance in 1Q2020,
 with 449% jump in profit before tax to S\$43.8 million**

- Group's 1Q2020 revenue increased by 179% to S\$146.8 million on the back of increased orders from its main customer
- The Group maintains its revenue guidance for FY2020 to be between S\$360 million to S\$380 million

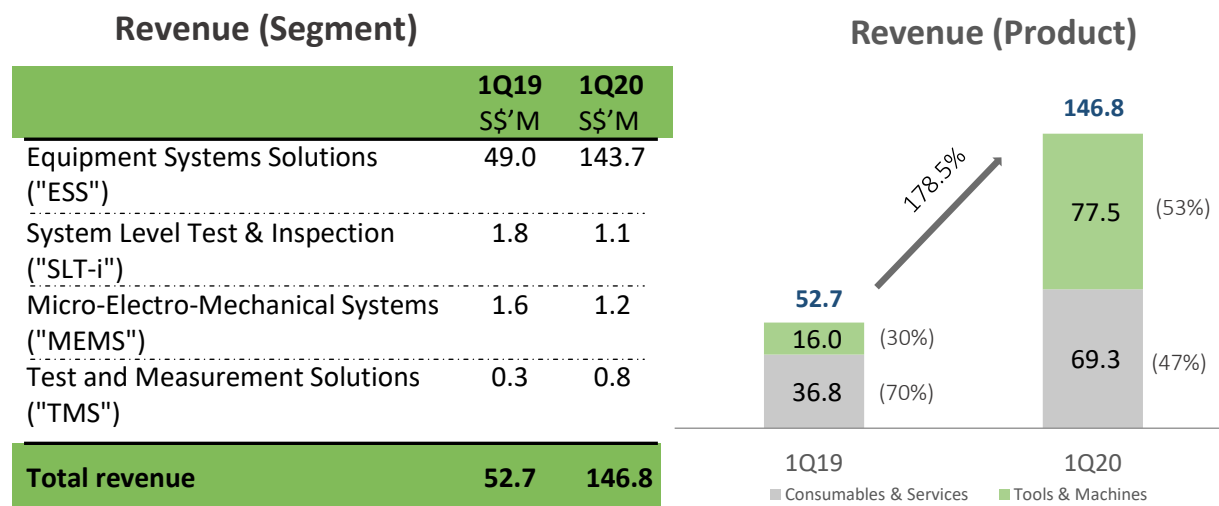
Group Business Performance Review

AEM achieves record performance in 1Q2020, with 449.2% jump in profit before tax to S\$43.8 million.

(S\$ '000)	1Q2020	1Q2019	Change (%)
Revenue	146,826	52,716	178.5
Material costs	86,473	32,559	165.6
Profit before tax	43,838	7,982	449.2
Profit before tax margin	29.9%	15.1%	14.8ppts
Net profit	36,134	6,596	447.8
Net profit margin	24.6%	12.5%	12.1ppts
Diluted earnings per share (cents) ¹	13.27	2.43	448.1

¹ Calculation of basic earnings per share has been based on the net profit and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares

The Group achieved an increase of 178.5% year-on-year (y-o-y) in revenue to S\$146.8 million in 1Q2020 on the back of increased orders from its main customers for tools, consumables, and services. Revenue from tools and machines and revenue from consumables and services accounted for about 53% and 47% of the total revenue respectively.



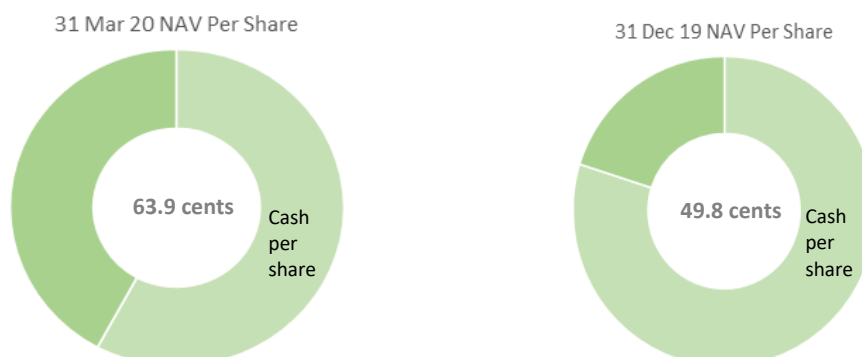
Despite the significantly higher revenue, operating costs remained relatively stable in 1Q2020 compared to that of 1Q2019. As a result, both profit before tax and net profit increased by over 440% y-o-y in 1Q2020 to S\$43.8 million and S\$36.1 million respectively. Diluted earnings per share increased from 2.43 Singapore cents for 1Q2019 to 13.27 Singapore cents for 1Q2020.

The Group maintained a strong financial position as at 31 March 2020 with cash of S\$100.2 million.

(S\$ '000)	31 Mar 20	31 Dec 19	Change (%)
Property, plant and equipment	6,698	6,392	4.8
Right-of-use-assets	951	2,051	(53.6)
Intangible assets and goodwill	25,244	16,905	49.3
Inventories	72,897	57,479	26.8
Trade and other receivables	93,719	27,976	235.0
Cash and cash equivalents	100,241	107,676	(6.9)
Total assets	307,855	227,961	35.0
Trade and other payables	106,992	73,128	46.3
Total liabilities	134,661	93,625	43.8
Total equity	173,194	134,336	28.9
Net asset value per share (cents)²	63.94	49.80	28.4

² Net asset value per share is calculated based on the existing issued share capital less treasury shares as at 31 March 2020

Cash and cash equivalents decreased 6.9% from 31 December 2019 to S\$100.2 million as at 31 March 2020 mainly due to the cash consideration paid for the acquisition of Mu-TEST and the increase in working capital required for the higher sales in 1Q2020. The Group has minimal debt.



Net asset value per share increased from 49.8 Singapore cents as at 31 December 2019 to 63.9 Singapore cents as at 31 March 2020.

Business Outlook

On 16 April 2020, the Group provided an update on its operations, stating that it is continuing to operate worldwide without significant adverse impact from the anti-Covid-19 measures that have been implemented by the various government agencies. The Group maintains its revenue guidance for FY2020 to be between S\$360 million to S\$380 million, and capital expenditure is expected to remain at about S\$4 million to support engineering and business development needs for new customer programs.

The Group has been working with various potential customers on its AMPS (Asynchronous Modular Parallel Smart) platform, MEMS Testing Solutions (Afore) and TMS services, to grow its customer base. The TMS division has completed the development project on optical fiber cable-test equipment for 5G backhaul networks. It is currently working with several customers on initial orders. The SLT-i division has successfully installed initial commercial systems for a memory manufacturer and gained traction on its collaboration efforts with some customers to develop AMPS platform for them. The Group remains positive on the outlook of these business segments.

The spread of the Covid-19 has started to cause disruptions to many industries and dampened the economic outlook. The shift to telecommuting, work-from-home and virtual learning has created an increase in demand for semiconductor chips for servers, PCs and notebooks.

As the industry becomes increasingly aware of the significance and benefits of system-level testing to test more advanced chips, AEM has gained recognition within semiconductor customers. Our advanced semiconductor testing solutions have placed AEM in an advantageous position to tap on the growth of system-level testing in Cloud, 5G, EV, IoT and AI, especially in these critical times.

By Order of the Board

Loke Wai San
Executive Chairman
28 April 2020