



AEM

1Q2020 Business Performance Presentation

AEM Holdings Ltd

Disclaimer

This is a presentation of general information relating to the current activities of AEM Holdings Ltd (“AEM”). It is given in summary form and does not purport to be complete.

The presentation may contain forward-looking statements relating to financial trends for future periods, compared to the results for previous periods. Some of the statements contained herein are not historical facts but are statements of future expectations relating to the financial conditions, results of operations and businesses and related plans and objectives. The information is based on certain views and assumptions and would thus involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in these forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, governmental and public policy changes, and the continued availability of financing. Such statements are not and should not be construed as a representation as to the future of AEM and should not be regarded as a forecast or projection of future performance.

No reliance should therefore be placed on these forward-looking statements, which are based on the current view of the management of AEM on future events. The presentation is also not to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. AEM accepts no responsibility whatsoever with respect to the use of this document or any part thereof.

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



Executive Summary

Our priority in our Covid-19 response is the safety of our employees and those who work for our customers and suppliers. Many jurisdictions that we have employees in are under some level of social distancing measures and we are in full compliance.

Q1 2020 was our best quarter on record with \$146.8m in revenue and \$43.8m in PBT. We expect some revenue in Q2 to be pushed out to Q3 as we implement social distancing measures with a reduced workforce at our facilities.

We have successfully implemented WFH practices throughout our R&D sites and do not expect delays in our new product launches. M&A programs continue.

We remain committed to our customers and their vision to deliver quality tested complex edge computing platforms that drive all aspects of a future world requiring telecommuting, remote medicine, AI, 5G, and EV, amongst others.



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

2018 : S\$262.3m

2019 : S\$323.1m

1Q20 : S\$146.8m

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



Profit Before Tax

2018 : S\$40.0m

2019 : S\$63.7m

1Q20 : S\$43.8m



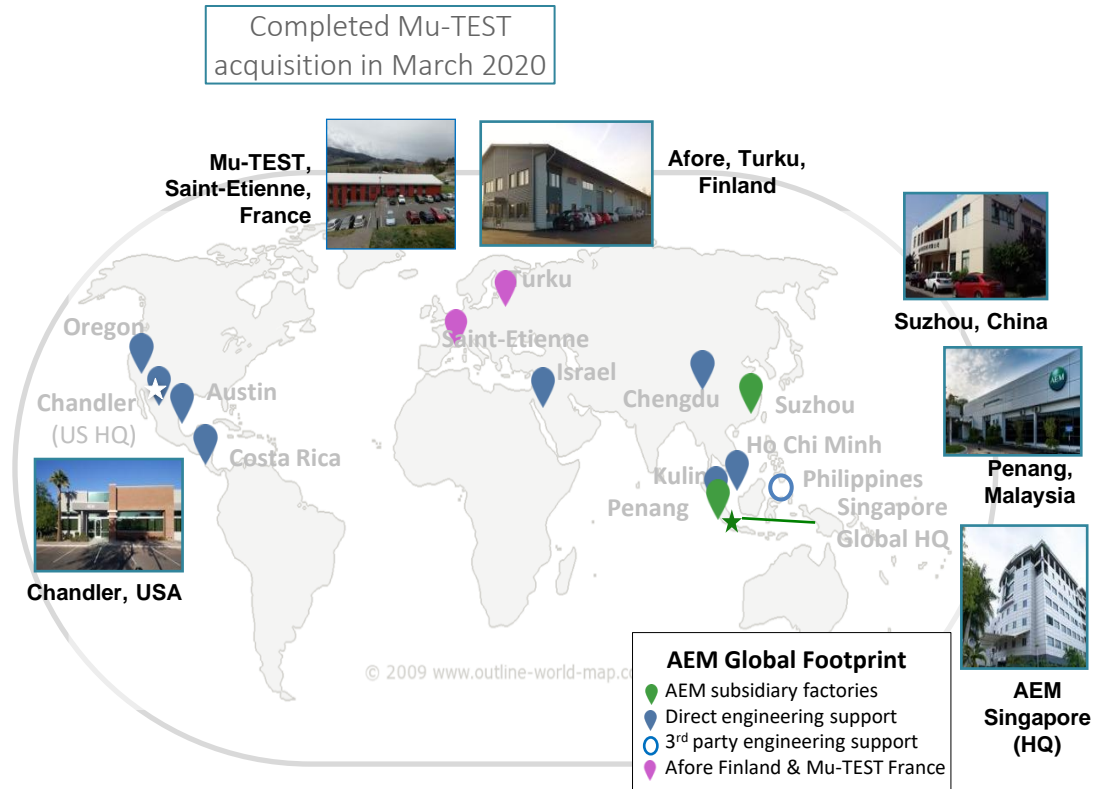


Business & Operational Updates

COVID-19 and Operations Update

Worldwide business and manufacturing activities continue

- No COVID-19 case within AEM employee and internal contractor populations.
- As a result of the movement restrictions implemented by the authorities, most of the AEM operations are working with a leaner force on sites supported by employees working from home. All workers in China working on sites.
- Some disruptions to supply chain and the leaner workforce restriction have resulted in some orders fulfillment push back to other quarters.
- Maintain FY2020 revenue guidance and 1H2020 revenue will be an all time high.
- Donated S\$30k to The Courage Fund and allocated S\$20k to the Employees Assistance Fund for employees whose families are affected by COVID-19.



Plans and outlook for 2020

Our business is on a solid foundation

1 HDMT platform is in full commercial deployment

- The shift to telecommuting, work-from-home and virtual learning has created an increase in demand for semiconductor chips for servers, PCs and notebooks
- Continue to see strong orders and requirement for handlers and their consumables
- 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
- Gaining traction on collaboration efforts with new customers for System Level Test and Intelligent Final Test solutions for them
- 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 optical 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*

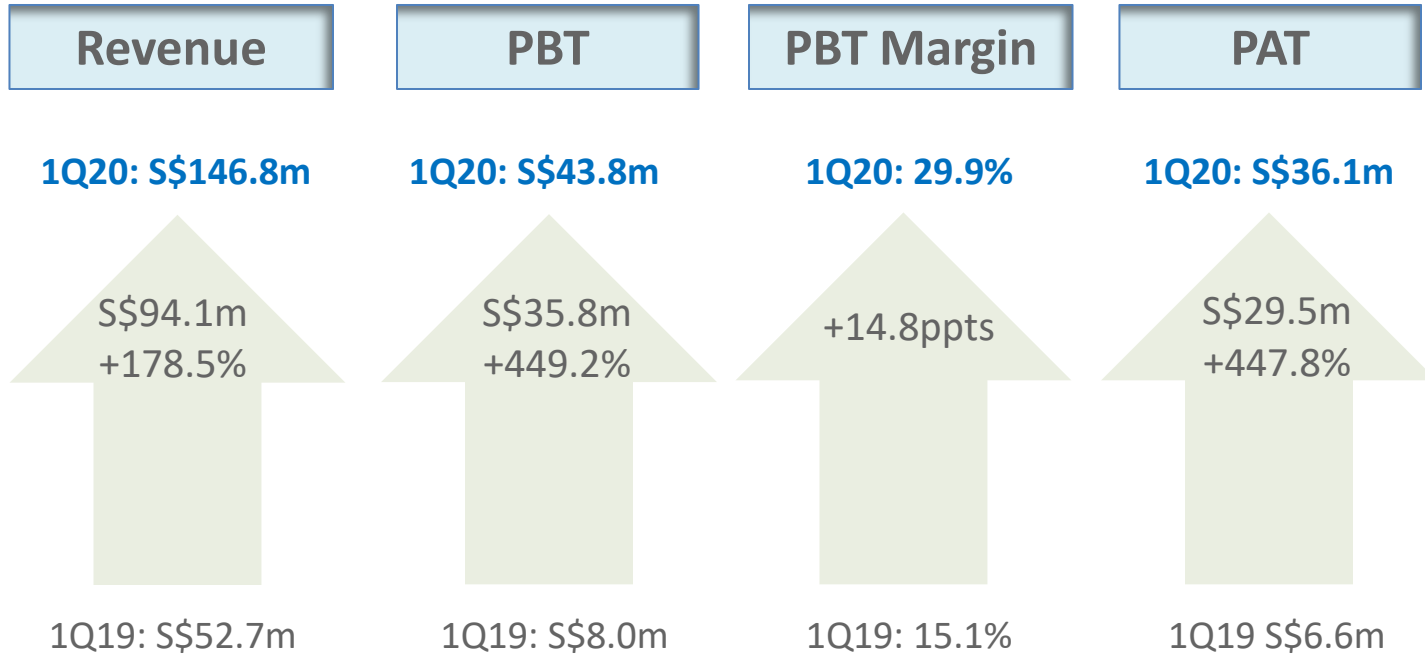




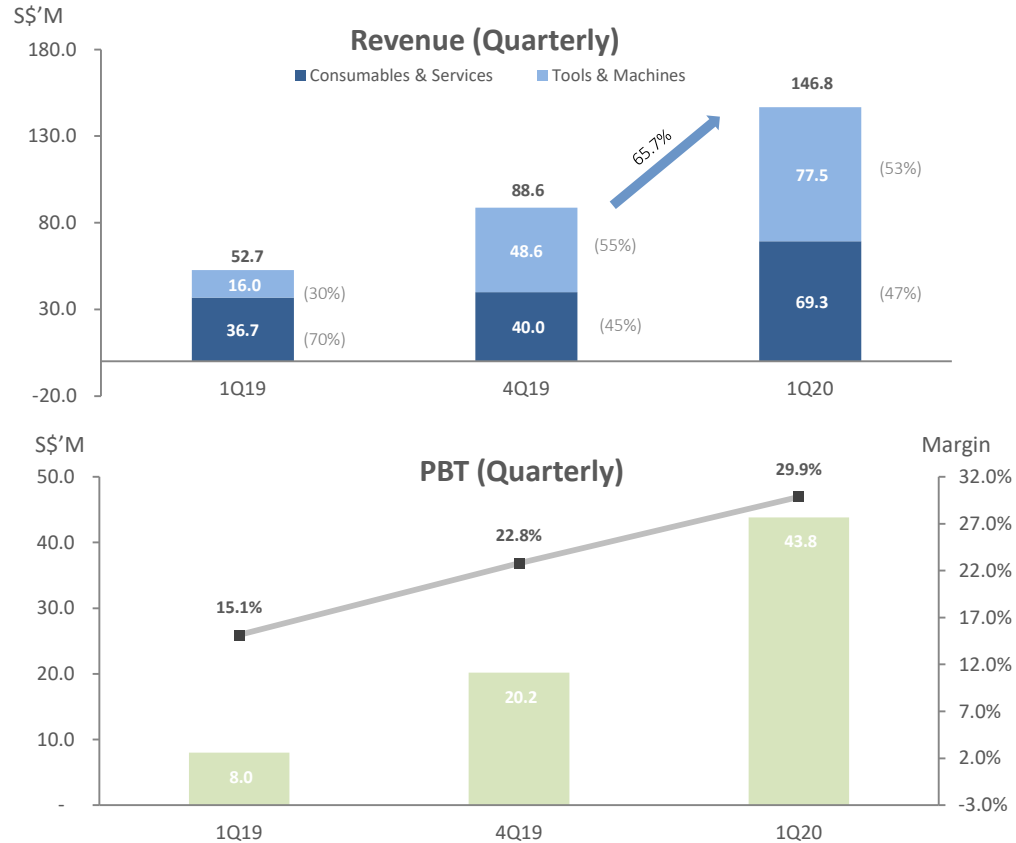
Financial Highlights

1Q2020 Financial Highlights

Best quarter in terms of revenue and profits



1Q2020 Financial Performance



PBT margin improved in 1Q20 mainly due to higher revenue and operating expenses remained relatively stable.



Profit & Loss Highlights

	Qtr year-on-year			Qtr sequential		FY2020
(\$'000)	1Q2020	1Q2019	Change %	4Q2019	Change %	Guidance
Revenue	146,826	52,716	178.5%	88,647	65.6%	360M - 380M
Material cost	86,473	32,559	165.6%	44,596	93.9%	
Staff cost	13,895	8,273	68.0%	17,213	-19.3%	
Depreciation & amortisation	1,946	1,512	28.7%	1,531	27.1%	
Sales and marketing expenses	2,153	1,558	38.2%	1,263	70.5%	
Profit before tax	43,838	7,982	449.2%	20,196	117.1%	
Profit after tax	36,134	6,596	447.8%	16,741	115.8%	

- Staff cost was higher in 1Q2020 as compared to 1Q2019 mainly due to higher bonus provision and headcount mainly for business development and engineering and for the increase in sales. It was lower in 1Q2020 as compared to 4Q2019 mainly due to lower bonus provision and share-based expenses.
- Higher depreciation and amortisation was mainly due to increase in rented space and higher carrying value from renovation and equipment.
- Sales and marketing expenses were higher in 1Q2020 mainly due to higher travelling, packing expenses and warranty expenses.



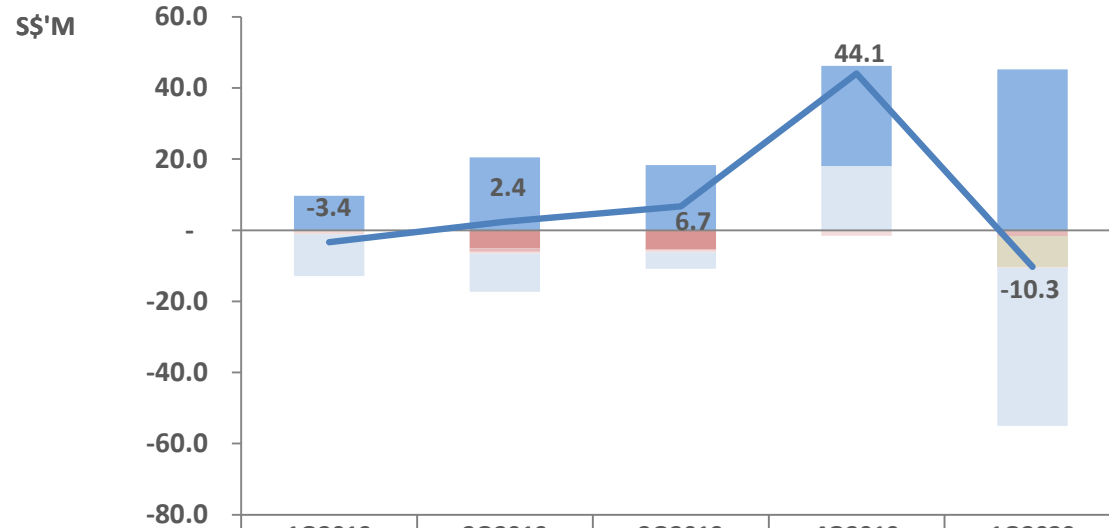
Financial Position Highlights

(\$'000)	31-Mar-20	31-Dec-19	31-Mar-19
Property, plant and equipment	6,698	6,392	5,865
Right of use assets (“ROU”)	951	2,051	3,651
Intangible assets and goodwill	25,244	16,905	17,510
Cash and cash equivalents	100,241	107,676	54,693
Current assets less current liabilities	140,243	108,277	68,924
Borrowings	996	-	77
Total equity	173,194	134,336	95,600
Net asset value per share (SG cents)	63.9	49.8	35.3

- ROU assets reduced due to lower remaining lease period of the Group’s rental leases. Lease renewal for main Singapore operations was in Apr 2020.
- Mu-TEST’s borrowings of S\$1.0m was included after the acquisition in March 2020.
- Cash decreased S\$7.4m mainly due to the cash paid for the acquisition of Mu-TEST and the increase in working capital required for the higher sales in 1Q2020.
- Current assets less current liabilities was higher due to higher trade receivables from higher sales in 1Q2020, higher inventory builds and trade payables for the fulfilment of sales orders.



Cash Generated and Uses



	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020
Operating profit	9.7	20.5	18.3	28.1	45.3
Changes in working capital and tax	-11.8	-10.7	-4.6	18.1	-44.4
Capex	-0.9	-0.5	-0.5	-1.4	-0.3
M&A	-	-	-	-	-8.5
Share buy back	-0.2	-1.0	-0.3	-0.2	-1.8
Dividends	-	-5.1	-5.4	-	-
Net cash (used)/ generated	-3.4	2.4	6.7	44.1	-10.3

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
- AEM has gained recognition within semiconductor customers of its advanced semiconductor testing solutions in Cloud, 5G, EV, IoT and AI markets

Profitable, cash generating business and strong financial position

- Highly profitable and generating strong cash from operations
- Low 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

Investor relations contact :

Financial PR Pte Ltd

Romil SINGH / Reyna Mei

Tel: 6438 2990 / Fax: 6438 0064

E-mail: romil@financialpr.com.sg / reyna@financialpr.com.sg
