

2Q2019 Results Presentation

AEM Holdings Ltd | August 2019

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

Corporate Profile

Global Provider of Equipment Systems Solutions and Manufacturing Services



Listed on SGX

Market Cap
~S$300m

AEM Holdings Limited
(AWX.SI)



Revenue

2017 : S$221.6m

2018 : S$262.3m

2019: Guidance of S$265m - S$280m



Profit Before Tax

2017 : S$37.5m

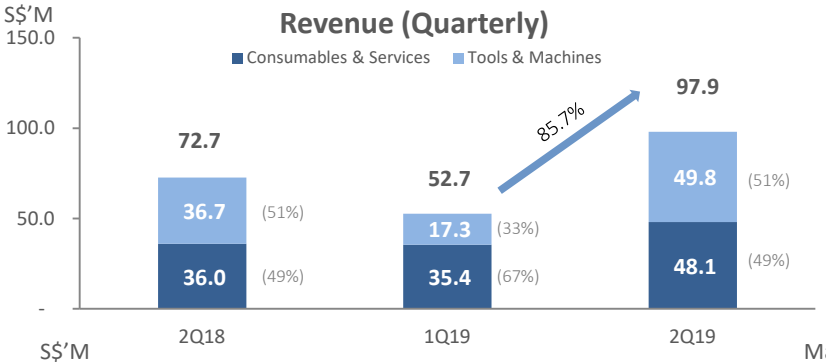
2018 : S$40.0m

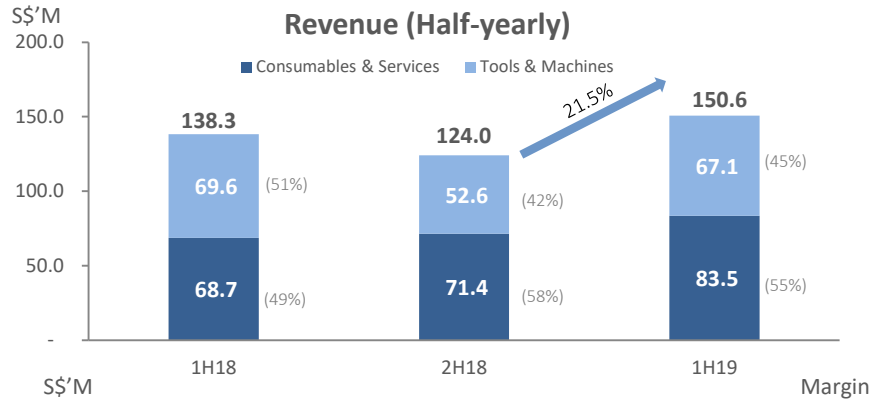
2Q2019 Financial Highlights

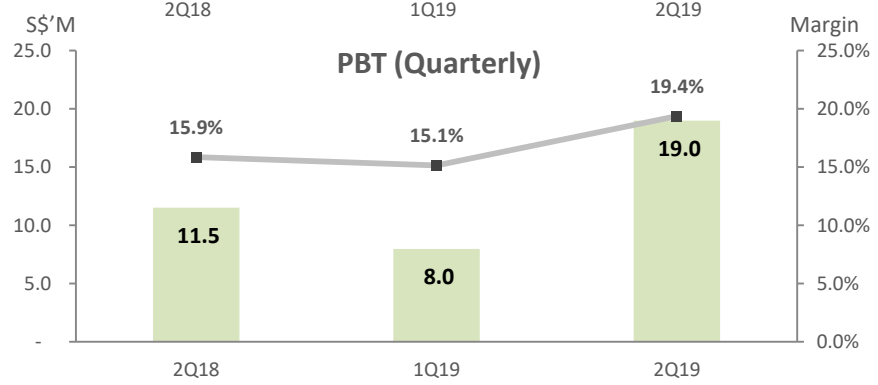
AEM's Record Quarter

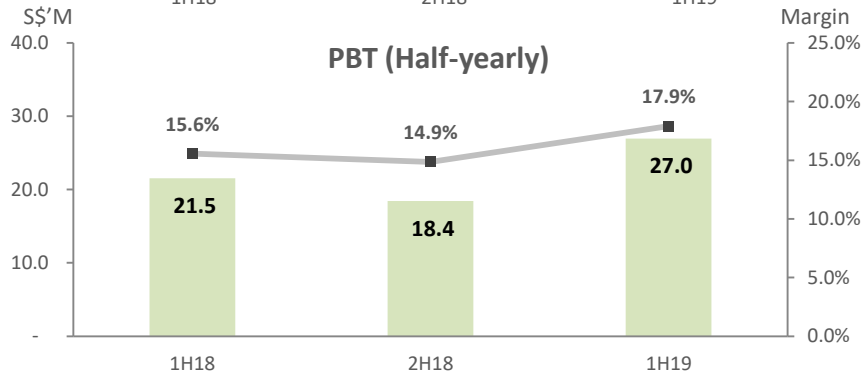
Revenue	PBT	PBT Margin	PAT	Interim Dividend
2Q19: S$97.9m	2Q19: S$19.0m	2Q19: 19.4%	2Q19: S$15.7m	2Q19: 2.0 SGP cents
S$25.3m 34.8%	**S$7.5m 64.8%**	**350 basis points**	**S$6.2m 65.4%**	**0.5 SGP cent**
2Q18: S$72.7m	2Q18: S$11.5m	2Q18: 15.9%	2Q18: S$9.5m	2Q18: 1.5 SGP cents

2Q2019 Financial Performance









- Quarterly sales improved sequentially and y-o-y mainly due to higher sales of pans and test handlers in 2Q19. Half-yearly sales improved y-o-y mainly due to higher sales of pans, spares and engineering development revenue in 1H19.
- PBT margins improved in 2Q19 and 1H19 were mainly due to higher sales and favourable product mix.

Profit & Loss Highlights

	Qtr year-on-year			Qtr sequential		YTD year-on-year			FY19
($'000)	2Q2019	2Q2018	Change %	1Q2019	Change %	1H2019	1H2018	Change %	Guidance
Revenue	97,919	72,658	34.8%	52,716	85.7%	150,635	138,309	8.9%	265M - 280M
Material margin	35,147	22,870	53.7%	20,157	74.4%	55,304	45,310	22.1%	
Material margin %	35.9%	31.5%	4.4%	38.2%	-2.3%	36.7%	32.8%	3.9%	
Staff cost	11,311	8,173	38.4%	8,273	36.7%	19,584	16,478	18.8%	
Depreciation & amortisation	1,390	340	308.8%	1,512	-8.1%	2,902	685	323.7%	
Sales and marketing expenses	2,695	1,265	113.0%	1,558	73.0%	4,253	2,446	73.9%	
Profit before tax	18,984	11,519	64.8%	7,981	137.9%	26,965	21,530	25.2%	
Profit after tax	15,708	9,495	65.4%	6,596	138.1%	22,304	17,713	25.9%	

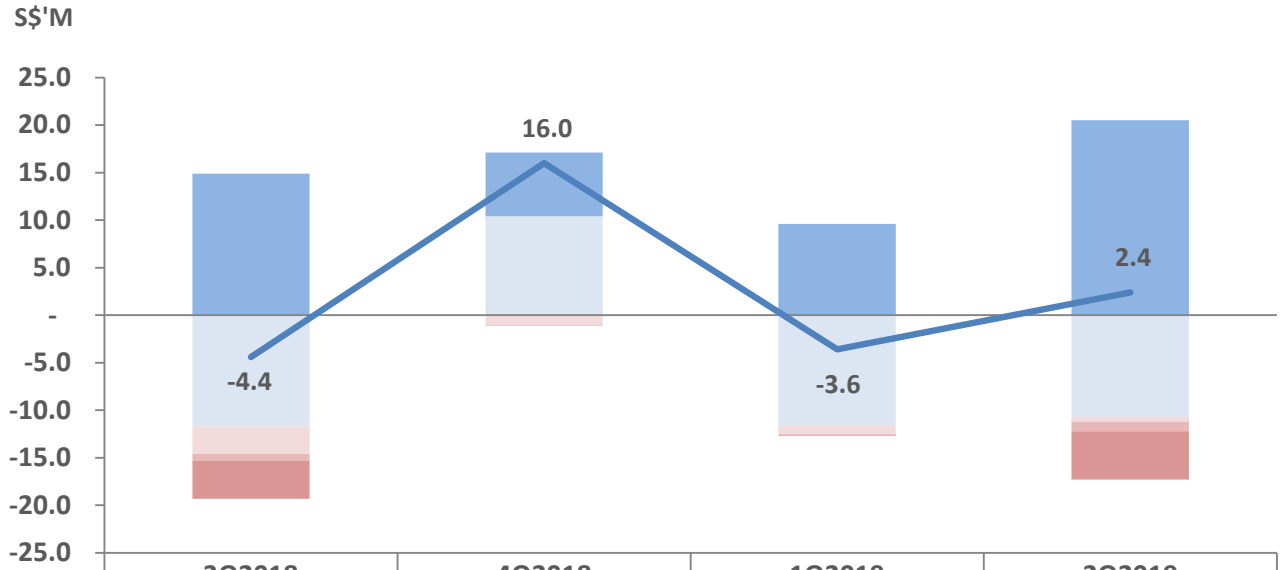
- Material margin improved 4.4% comparing 2Q19 vs 2Q18 and improved 3.9% comparing 1H19 vs 1H18 was mainly due to favourable product mix.
- Staff cost was higher in 1H19 mainly due to higher headcounts for business development, engineering, and full accounting for Afore post acquisition.
- Higher depreciation 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 was higher in 2Q19 and 1H19 was mainly due to higher warranty, exhibition and packing expenses.

Financial Position Highlights

($'000)	30-Jun-19	31-Dec-18	30-Jun-18
Property, plant and equipment	5,651	5,725	4,663
Right of use assets	3,056	-	-
Intangible assets and goodwill	17,380	17,717	15,811
Cash and cash equivalents	57,371	58,890	46,271
Current assets less current liabilities	80,241	65,112	53,770
Financial liabilities	-	259	320
Total equity	106,232	89,504	77,383
Net asset value per share (SG cents)	39.3	33.3	28.7

- Recognition of ROU assets (S$3.1m) representing the rights of use of the underlying asset from lease.
- No financial liabilities as of 30 June 19.
- Cash decreased slightly due to operating profit of S$30.1m more than offset by dividend payment (S$5.1m), increased in working capital (S$18.7m), shares buyback (S$1.2m), capex (S$1.4m) and tax, lease and other payments (S$5.2m).
- Current assets less current liabilities was higher due to higher sales in 2Q2019.

Cash and Cash Flow



S$'M	3Q2018	4Q2018	1Q2019	2Q2019
Dividends	-4.0	-	-	-5.1
Share buy back	-0.7	-0.1	-0.2	-1.0
Capex	-2.9	-1.0	-0.9	-0.5
Operating profit	14.9	6.7	9.6	20.5
Changes in working capital and tax	-11.7	10.4	-11.6	-10.7
Net cash generated	-4.4	16.0	-3.6	2.4

Business & Operational Updates

Plans and outlook for 2019

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

1 HDMT platform is in full commercial deployment - expect occasional quarterly burst demand

- Continue to see orders for HDMT in 2019
- Dependent on customer replacement of older generation equipment
- Continued requirement for pans, kits and spares over the lifetime of our tools
- Ongoing development programs with key customer for hybrid solutions with potential commercialization post 2019

2 AMPS / SLT progress

- Some systems have been shipped to 1st AMPS customer, and expecting more orders from this customer
- Outcome of Semicon West exhibition was positive with numerous leads
- Building up eco-system partners and support structure, targeting market in North America and China
- Engaging new semiconductor and memory customers for System Level Test and Intelligent Final Test

3 Growth through new account wins at Test & Measurement SBU and Afore, selective M&A

- A few systems have been shipped and accepted by a key customer. Looking to expand the fiber cable test solutions with global customers and their suppliers
- Secure new customers at Afore
- M&A program continues

Note:- AMPS means Asynchronous Modular Parallel Smart platform

Introducing AEM in trade shows





Semicon West: (San Francisco)

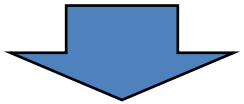
- Large presence for us to create brand awareness
- Marketed AMPS Solution
- Displayed AEM family of solutions (Afore, TMS, SLTi)



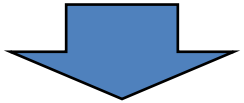


What is AEM solving?

Data Centricity -> massive speed connectivity of sensors and data storage with complex processors on the edge and cloud to deliver productivity in the form of Artificial Intelligence and Autonomous Machines



Parts per billion assurance on a systems level



Without exponentially increasing the Cost-of-Test

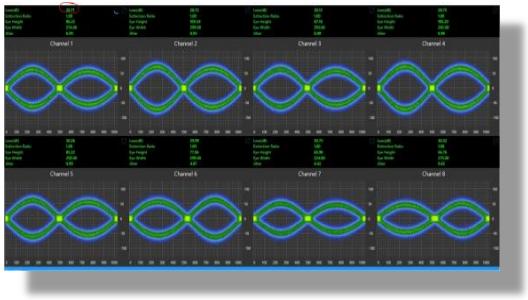
AEM has been delivering massively parallel and intelligent semiconductor back-end test solutions since 2002

With our acquisitions in the past 2 years, have added test solutions for wafer-level MEMS & Cryogenic probers, cables and Interconnects

TMS Business Updates

- Revenue in 2Q19 was above S$1M, more than FY2018.
- A few fiber cable test systems have been shipped and accepted by a key customer.
- Looking to expand the fiber cable test solutions with global customers and their suppliers.







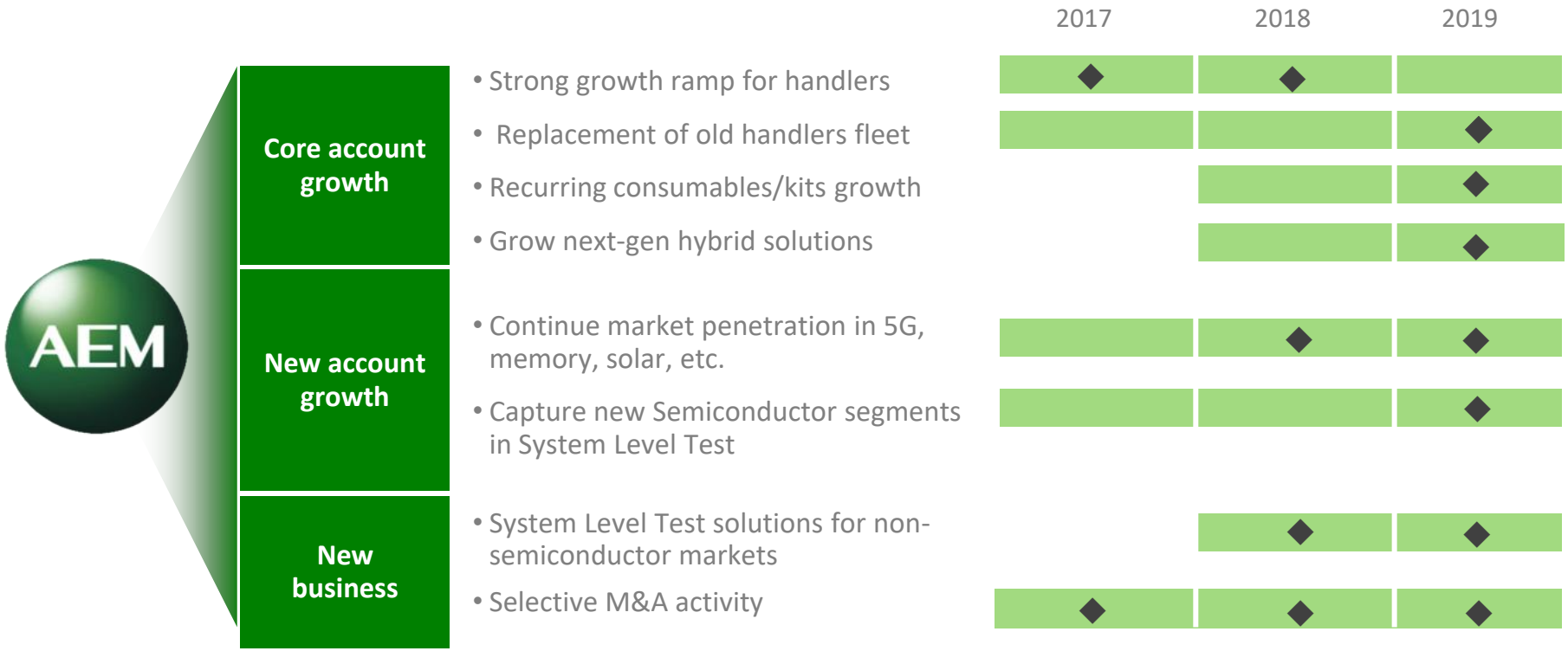
Afore Received Order From A Major German Sensor Manufacturer

- Successfully received an order from a major German sensor supplier in the automotive and consumer industries for an Aiolos system.
- Aiolos system AIOLOS is a versatile, high throughput and fully automated wafer probe station which allows test and calibration of MEMS pressure sensors and other devices at wafer level.
- Planned delivery is 4Q2019.



Focus on commercial development for Handler extensions, SLTi, TMS and MEMS

Current generation of test handlers expected to hit maturity in 2019. Earnings will be driven by new handler platforms, consumables, new account programs, and new business units from 2019 and beyond



Summary

Proven ability to innovate and deliver solutions on the global stage

Strategic relationship with one of the world's largest semiconductor companies for >18 years in developing and manufacturing leading –edge test handlers and consumables

Strong financial position

Low debt and capital expenditure requirement, and generating positive cash from operations. Strongest balance sheet 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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