



1Q2019 Results Presentation

AEM Holdings Ltd | 8 May 2019

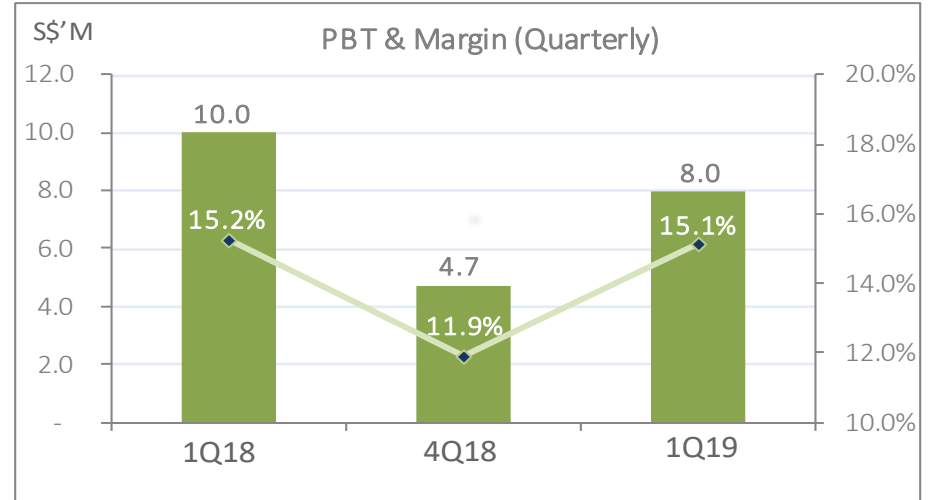
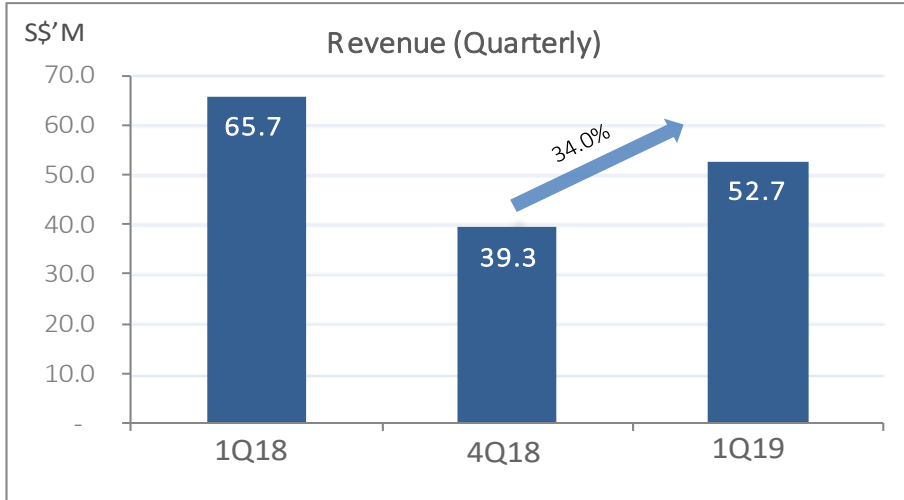
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In this presentation, all \$ dollar amounts are in Singapore dollars unless otherwise specified



1Q2019 Financial Performance



- Quarterly sales improved sequentially mainly due to higher sales of pans for test handlers in 1Q2019.
- Quarterly profit before tax and margin improved sequentially in 1Q2019 mainly due to one-off expenses recorded in 4Q2018, lower 4Q2018 sales offset by higher material margin in 4Q2018.

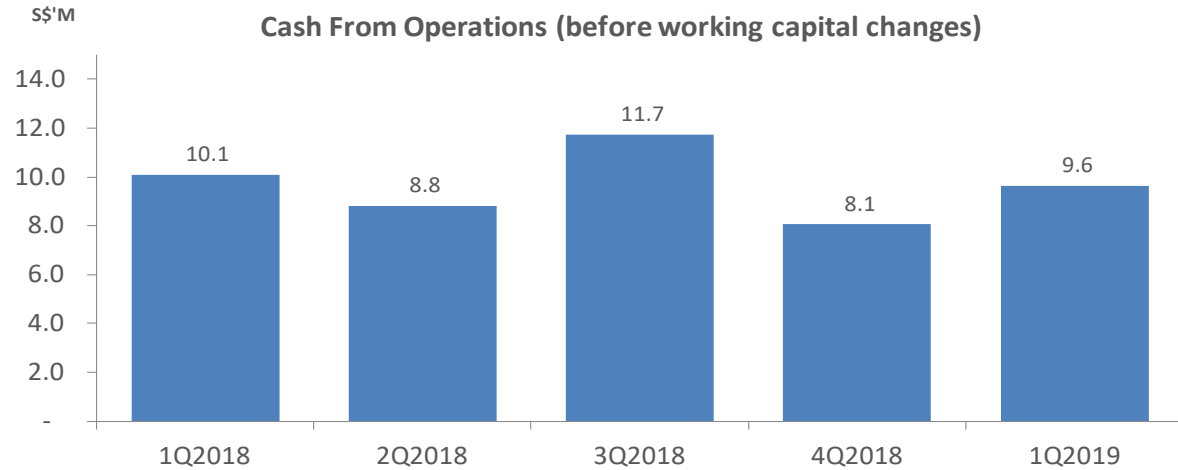
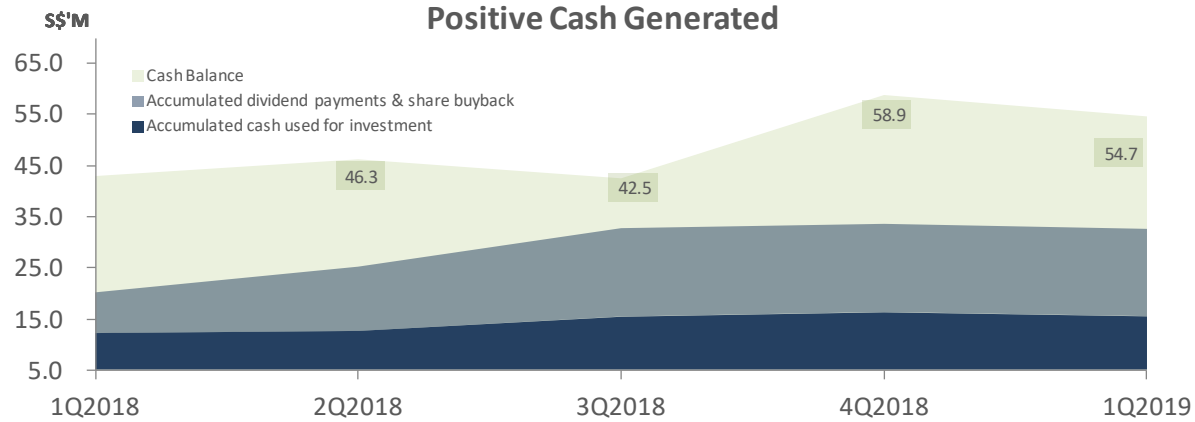
Profit & Loss

| | Qtr year-on-year | | | Qtr sequential | | FY19 |
|---|------------------|--------|----------|----------------|----------|-------------|
| (\$'000) | 1Q2019 | 1Q2018 | Change % | 4Q2018 | Change % | Guidance |
| Revenue | 52,716 | 65,650 | -19.7% | 39,349 | 34.0% | 225M - 250M |
| Material cost (excl obsol) | 32,515 | 43,585 | -25.4% | 22,546 | 44.2% | |
| Staff cost | 8,273 | 8,305 | -0.4% | 7,296 | 13.4% | |
| Depreciation & amortisation | 1,512 | 345 | 338.3% | 338 | 347.3% | |
| Operating lease expenses | 363 | 878 | -58.7% | 1,040 | -65.1% | |
| Legal and professional fees | 447 | 751 | -40.5% | 436 | 2.5% | |
| Sales and marketing expenses | 1,558 | 1,181 | 31.9% | 988 | 57.7% | |
| Other expenses | 278 | 912 | -69.5% | 2,288 | -87.8% | |
| Profit before tax | 7,981 | 10,011 | -20.3% | 4,684 | 70.4% | |
| Profit after tax | 6,596 | 8,218 | -19.7% | 4,391 | 50.2% | |
| EBITDA | 9,506 | 10,361 | -8.3% | 5,040 | 88.6% | |
| EPS (in SG cents) [adjusted for bonus issue] | 2.44 | 3.06 | -20.3% | 1.62 | 50.6% | |
| Material margin | 38.3% | 33.6% | 4.7% | 42.7% | -4.4% | |
| Profit before tax margin | 15.1% | 15.2% | -0.1% | 11.9% | 3.2% | |
| Profit after tax margin | 12.5% | 12.5% | 0.0% | 11.2% | 1.3% | |

- Material margin improved 4.7% comparing 1Q2019 vs 1Q2018 due to product mix and development projects.
- Higher depreciation and amortisation 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.
- Operating lease expenses was lower in 1Q2019 mainly due to lower rental expenses upon recognition of ROU assets.
- Other expenses decreased in 1Q2019 mainly due to lower foreign exchange loss.



Cash and Cash Flow

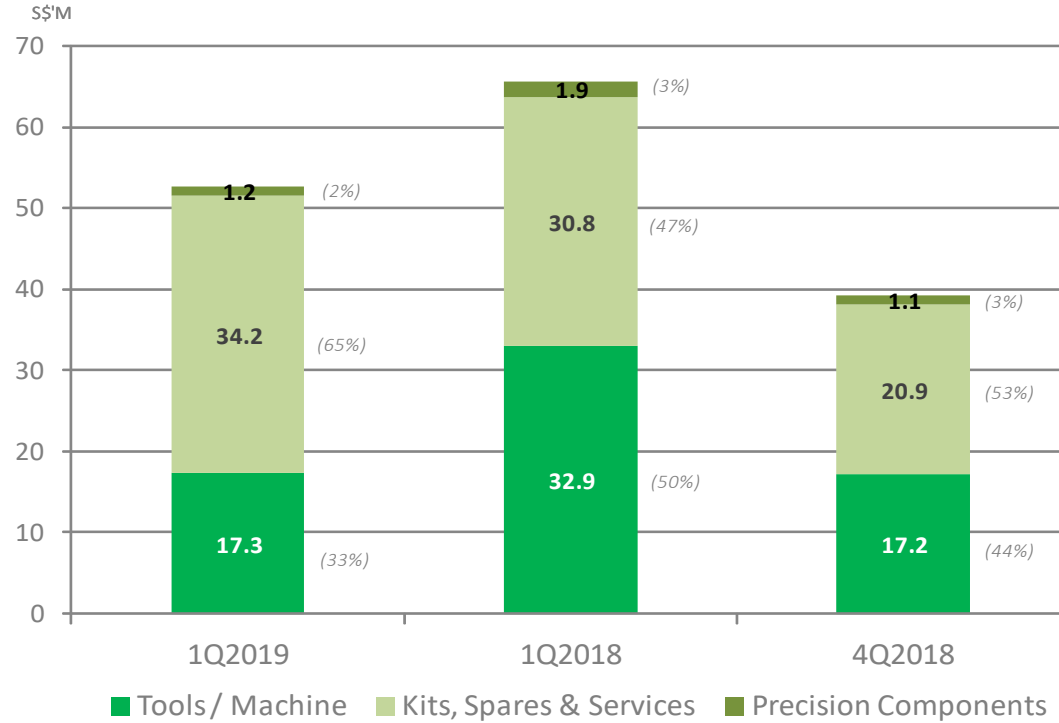


Financial Position

| Financial position | 31-Mar-19 S\$'000 | 31-Dec-18 S\$'000 | 31-Mar-18 S\$'000 |
|--|----------------------|----------------------|----------------------|
| Property, plant and equipment | 5,865 | 5,725 | 4,381 |
| Right of use assets | 3,651 | 0 | 0 |
| Intangible assets and goodwill | 17,510 | 17,717 | 15,799 |
| | | | |
| Cash and cash equivalents | 54,693 | 58,890 | 42,986 |
| Current assets less current liabilities | 68,924 | 65,112 | 47,671 |
| Financial liabilities | 77 | 259 | 414 |
| | | | |
| Total equity | 95,600 | 89,504 | 71,008 |
| | | | |
| Net asset value per share (SG cents) [adjusted for bonus issue] | 35.3 | 33.3 | 26.3 |

- Recognition of ROU assets (S\$3.7m) representing the rights of use of the underlying asset from lease.
- Low financial liabilities of only S\$77k.
- Cash decreased mainly due to net cash used in operating activities (S\$2.0m) and capital expenditure (S\$893k).

Revenue Breakdown



| Period | S\$'M | % of Total Sales | S\$'M | % of Total Sales |
|--------|------------------------------------|------------------|------------------------|------------------|
| | <u>Kits, Spares & Services</u> | | <u>Tools / Machine</u> | |
| 1Q2019 | 34.2 | 65% | 17.3 | 33% |
| 1Q2018 | 30.8 | 47% | 32.9 | 50% |
| 4Q2018 | 20.9 | 53% | 17.2 | 44% |

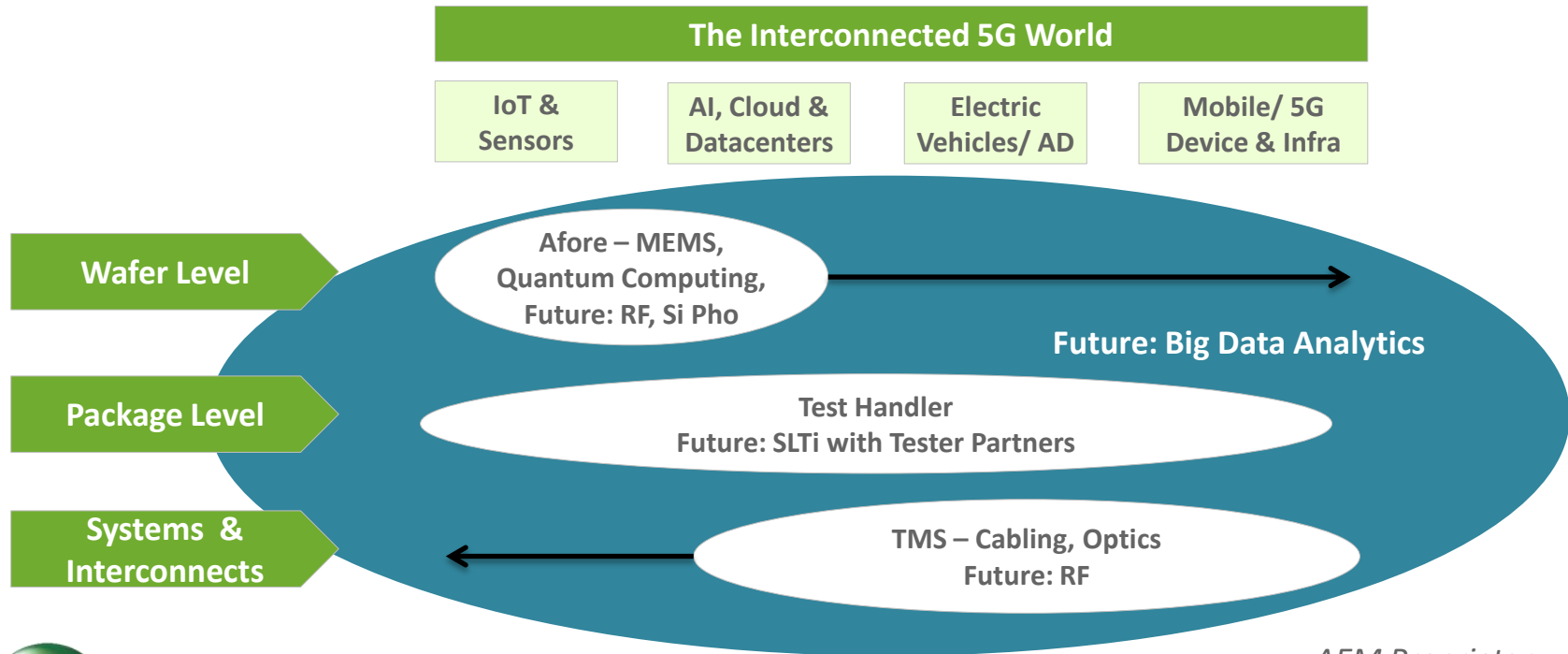




Business & Operational Updates

How are we pulling our acquisitions together?

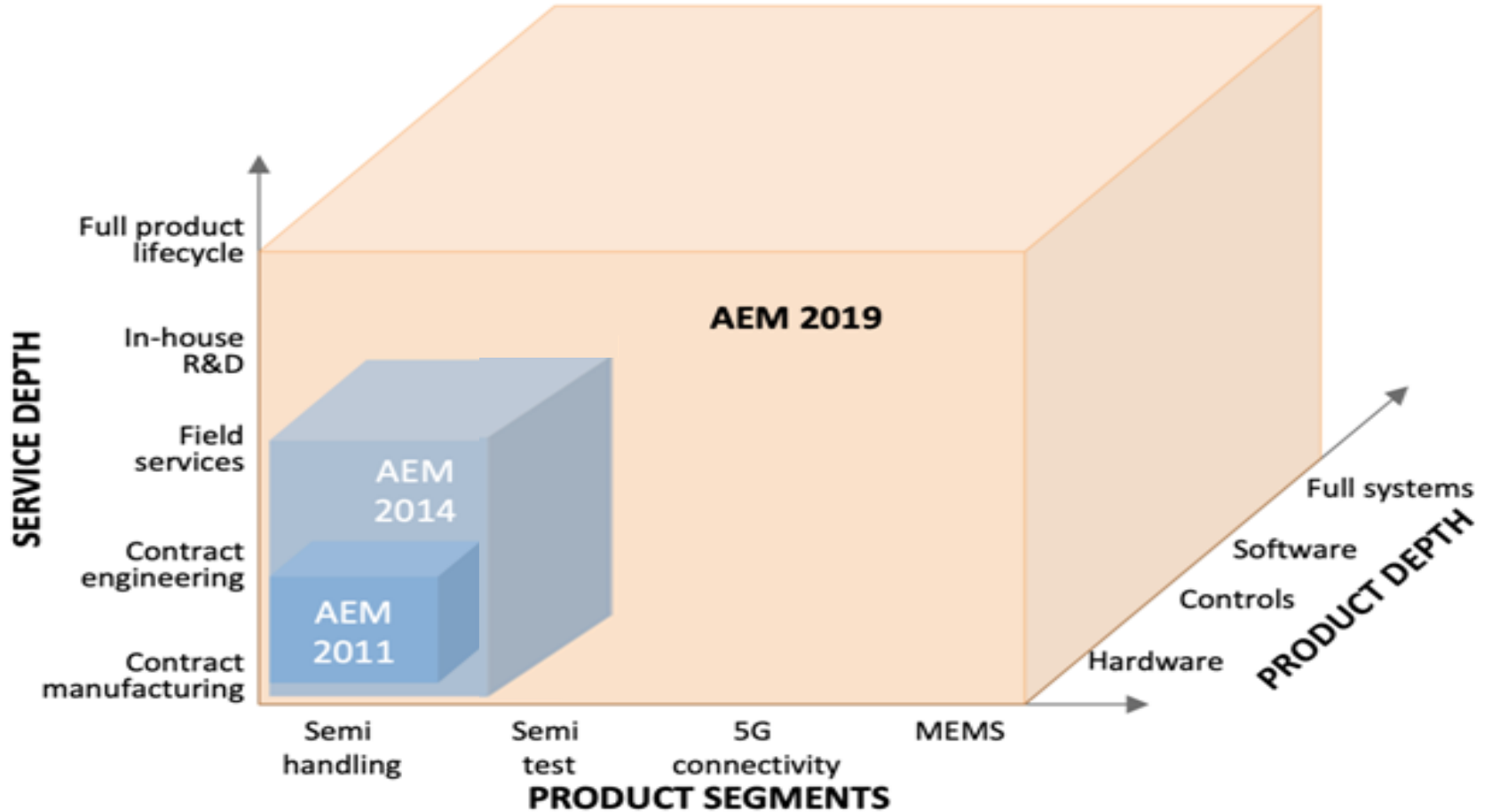
***To enable our customers to deliver parts per billion assurance
in an interconnected world with
smarter testing***



AEM Proprietary

Note:- Si Pho - Silicon photonics, TMS – Test & Measurement Solutions

Grow Core Competencies and win new business



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

2 AMPS / SLT progress

- A prototype system has been shipped to 1st AMPS customer facility for evaluations
- 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

- Gain acceptance by Huawei in 5G cable testing and received a further equipment sales order
- Expand 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



Huawei Engagement for WideOptix

Multimode
fiber for
front-haul

High bandwidth of 100Gbps to enable
high data rate and low latency for 5G
devices in dense areas

Lower cost compared to single mode fiber

Huawei's
Challenge

Comprehensive bandwidth testing of cables
required to ensure 5G quality

No portable test equipment available for
manufacturing and field test

AEM
Solution

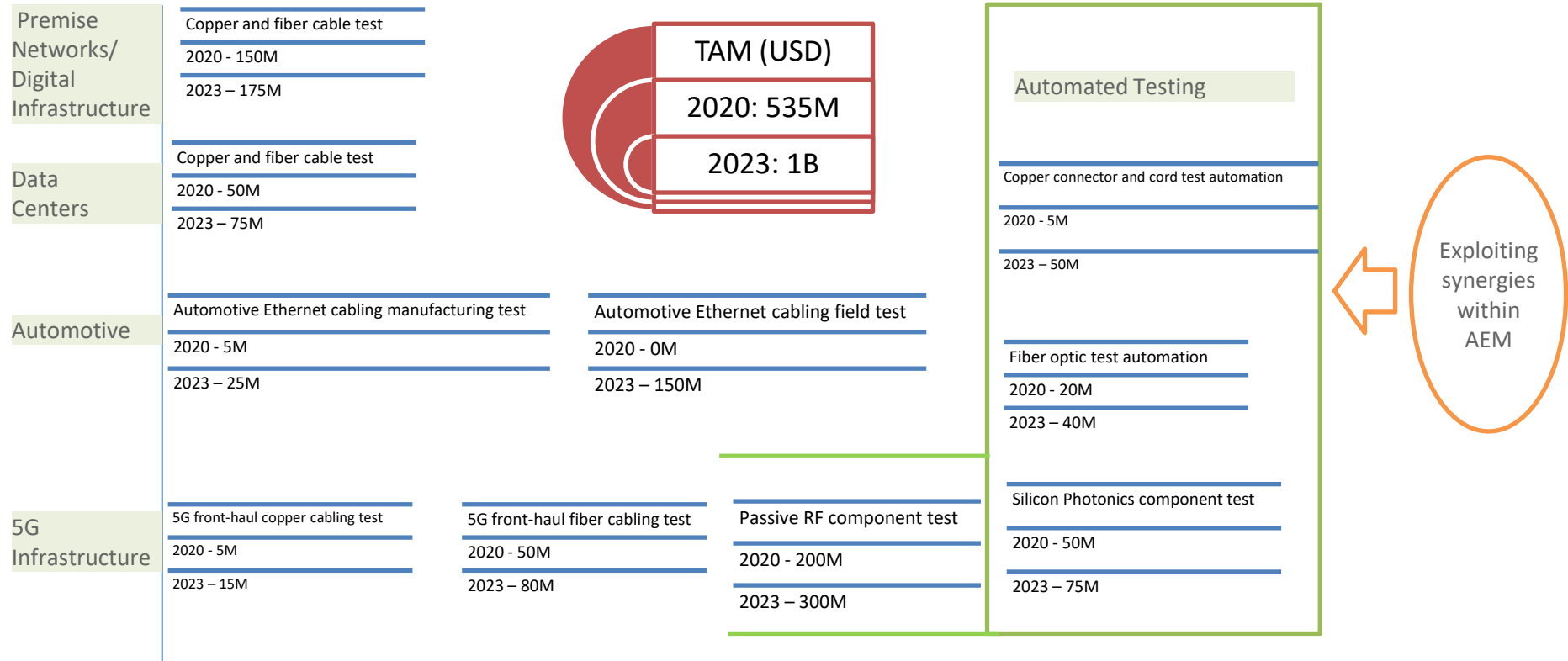
AEM agreed in 2018 to supply required test
solution to Huawei together with CETC23
lab

AEM's versatile RF measurement engine
was adapted to this requirement

AEM solution has been rigorously evaluated
and is now accepted by Huawei



Served Markets By AEM-TMS



Sources

1. AEM internal research
2. Technavio market research report "GLOBAL 5G TESTING EQUIPMENT MARKET – 2018 to 2022"



Quantum Computing By Afore

- 2018 Afore in co-operation with another Finnish company, Bluefors, stepped into agreement with Intel to develop Cryogenic prober
- The system is **first** which enables testing of whole 300 mm wafers in temperatures close to absolute zero.
- Shifts the testing from single-chip lab testing to production like testing.
- Four patent application submitted



News Byte

February 28, 2019

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INTEL DRIVES DEVELOPMENT OF QUANTUM CRYOPROBER WITH BLUEFORS AND AFORE TO ACCELERATE QUANTUM COMPUTING



Built by Intel, Bluefors and Afore, the first Cryogenic Wafer Prober is a cryoprober tool designed to test and validate qubits needed for quantum computing. The Cryogenic Wafer Prober allows researchers to test qubits on 300mm wafers down to temperatures of a few kelvins, making it a first-of-its-kind testing tool for quantum computing. The first Cryogenic Wafer Prober will be located at Intel's Oregon campus. (Credit: Bluefors)



NovoFlex Update

sAiLTM Customized Cards – unique logos, more secure, simpler manufacturing process, existing equipment

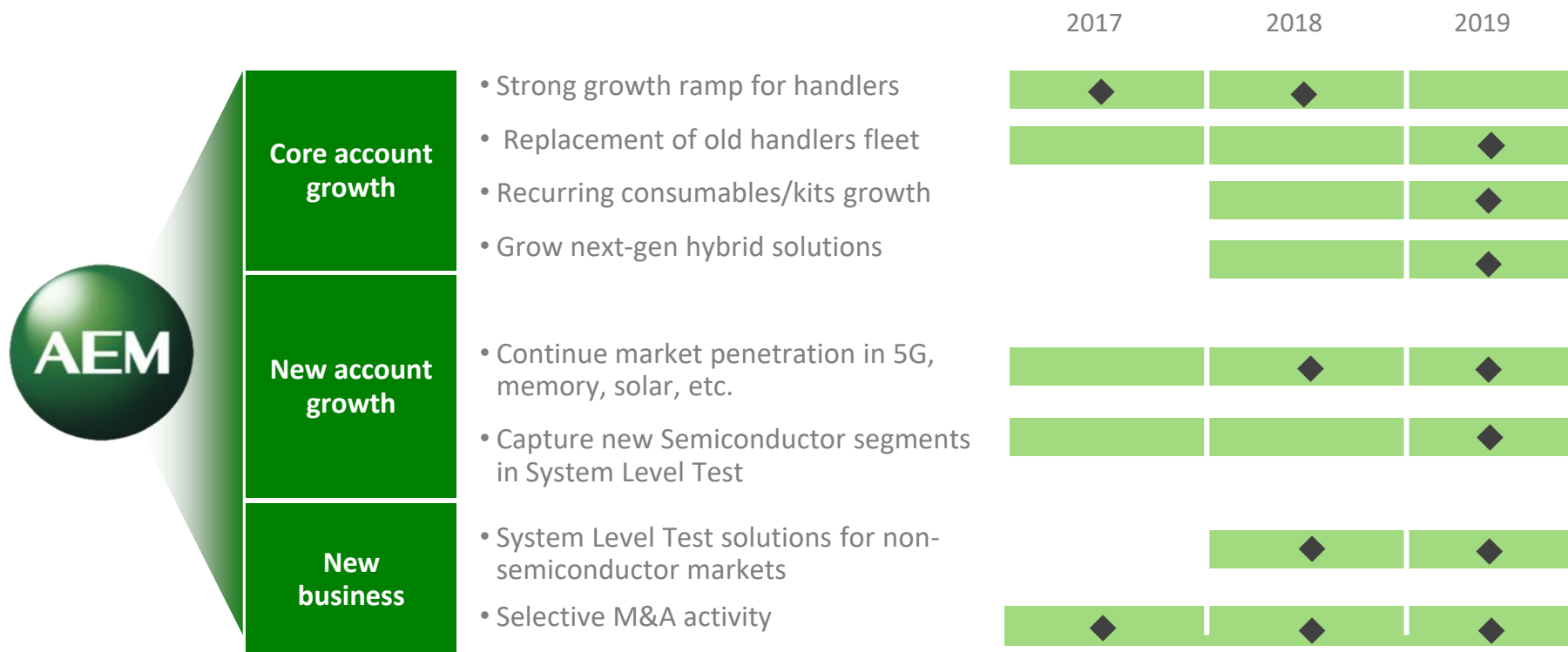


- *Letter of Authorisation with MasterCard and VISA*
- *Protected by global patents*
- *Securing pilots with several banks globally with backing from MasterCard*
- *Growing ecosystem of chip and card manufacturers partners*



Focus on commercial development for Handler extensions, 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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