



AEM

Testing
Innovation

AEM Investor Update

FY2022 Results Briefing

February 2023



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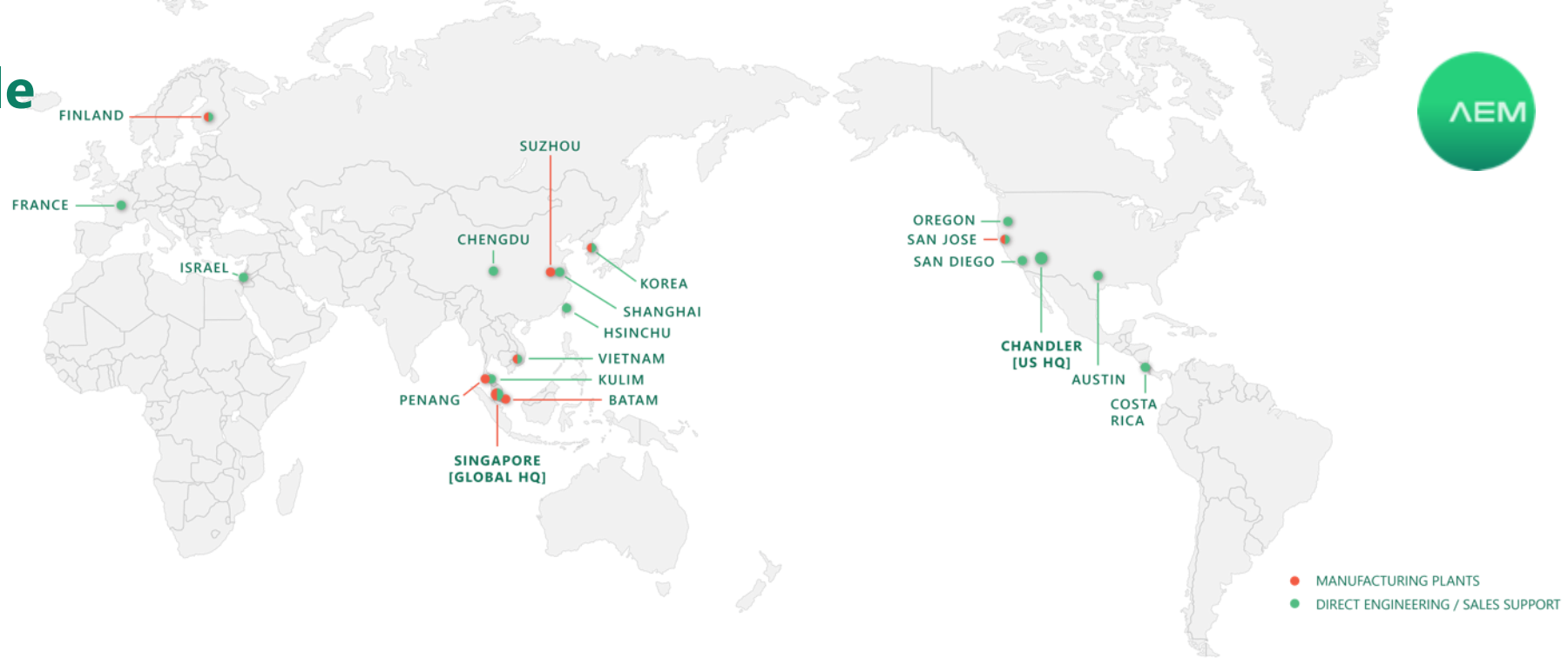
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In this presentation, all \$ dollar amounts are in Singapore dollars unless otherwise specified.

AEM Corporate Profile

AEM is a global leader in the fast growing **Test 2.0** market, delivering application-specific intelligent system test and handling solutions for semiconductor and electronics companies serving the advanced computing, 5G, and AI markets.



Leader in Fast Growing Test 2.0 Market

Test 2.0 growth is driven by advanced packaging & integrated logic. AEM has over **1,000** Test 2.0 tools in production



Full Stack Technology

Delivering **composable** technologies and solutions for advanced, integrated semiconductor test needs



Deploy at Scale

Critical delivery capabilities giving our customers a **reduced time to market**



2016-2022* Rev. CAGR **52%**

FY2022 Results
Revenue: **\$870.5M**
PBT: **\$158.7M**
FY2023 Revenue Guidance: **\$500M**

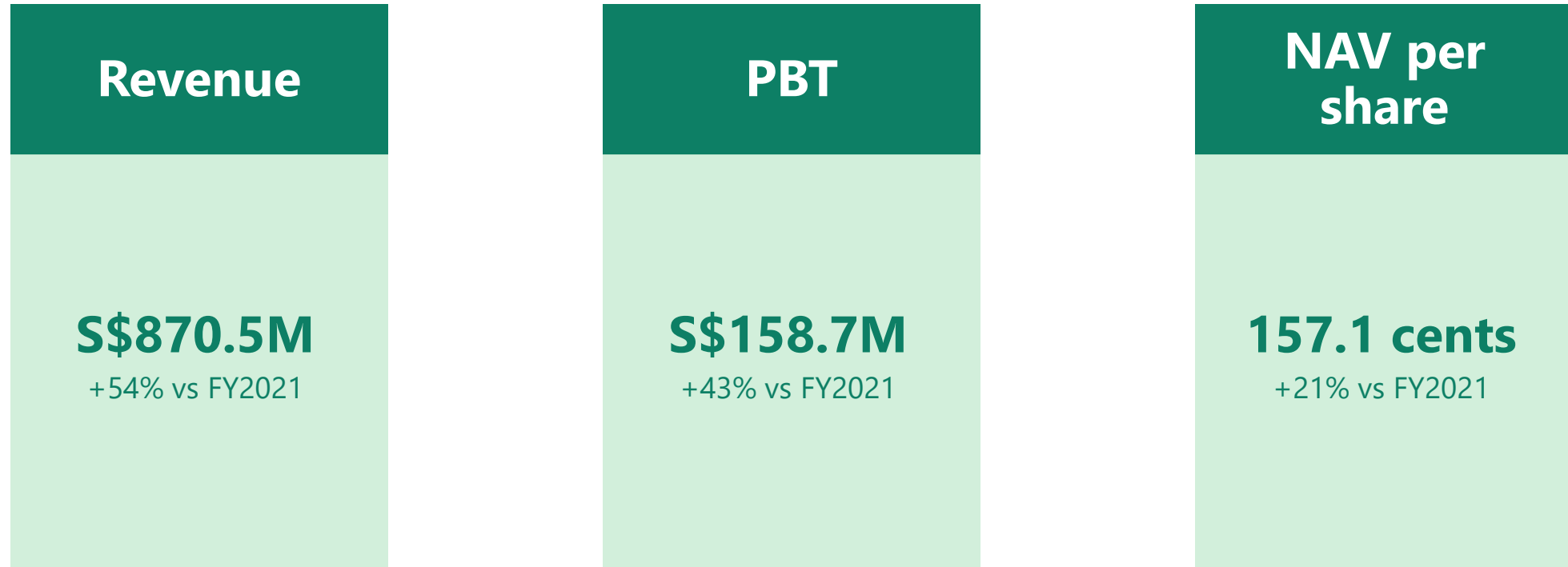


Listed on SGX

Market Cap: ~\$1.05B*
AEM Holdings Ltd.
(SGD: AWX) (USD: XWA)

* As at 24 Feb 2023

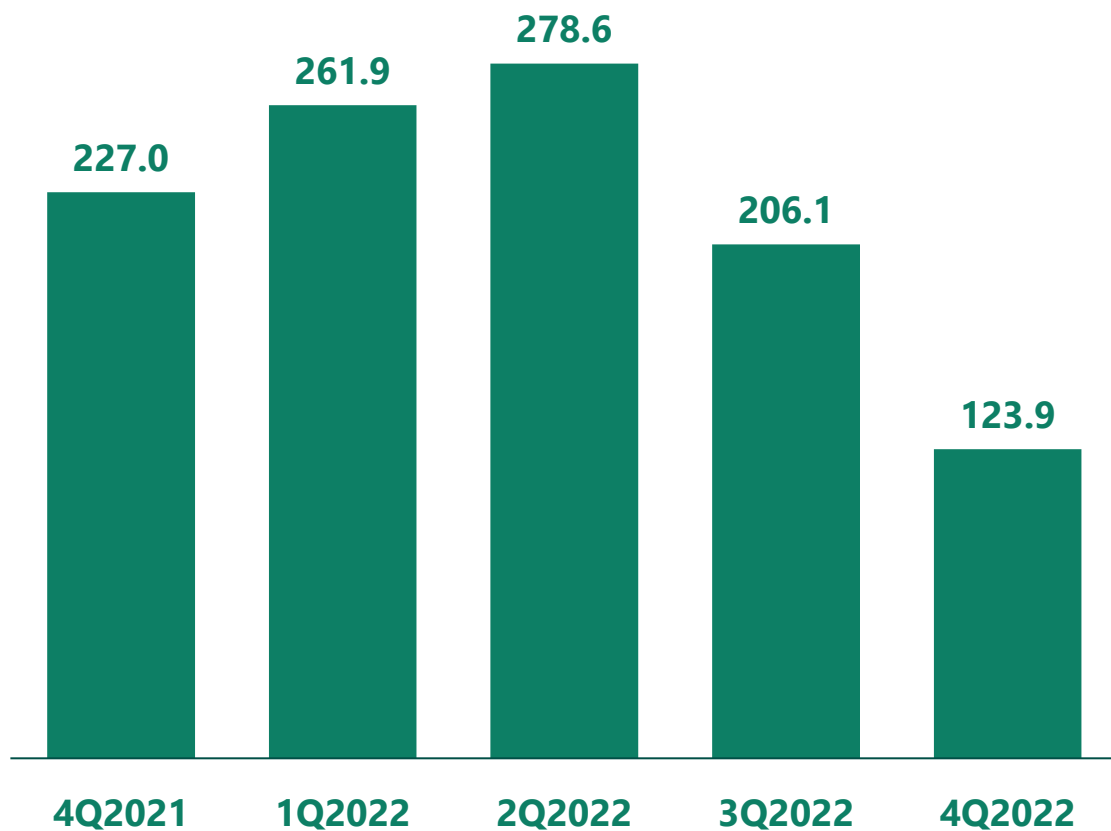
FY2022 was a record revenue year, with 54% growth in revenue vs. 2021



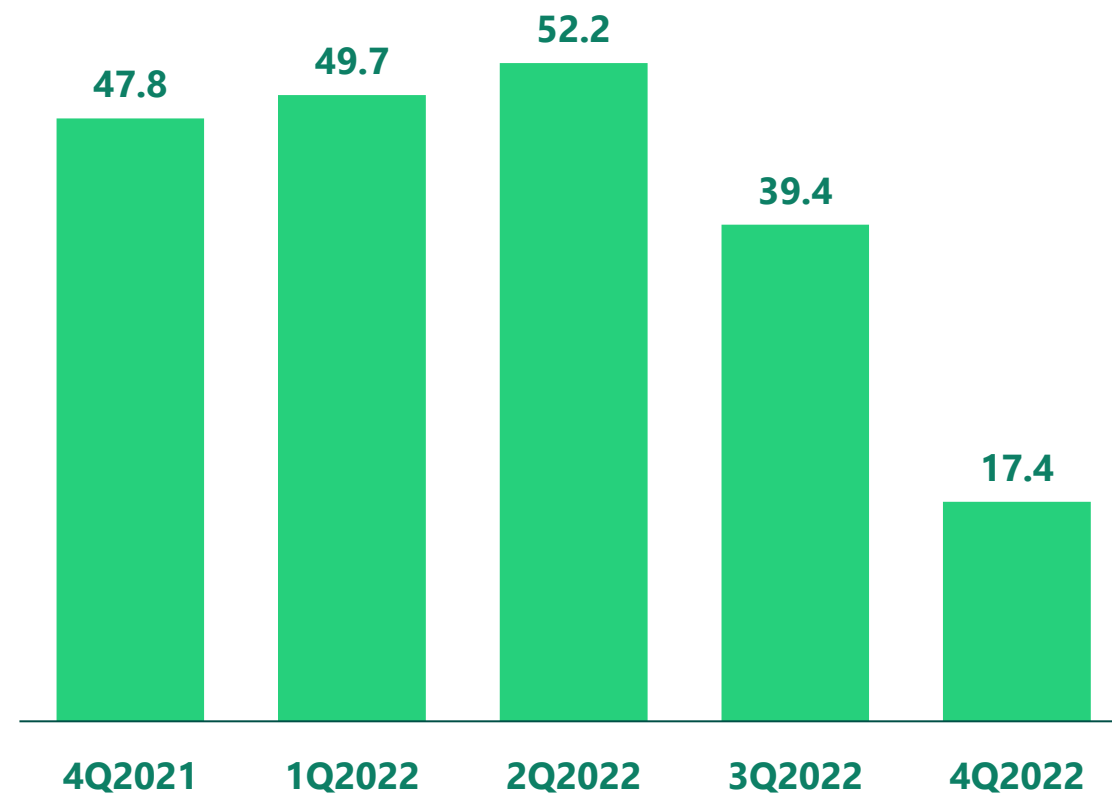
Quarterly Revenue & PBT



Revenue (S\$M)



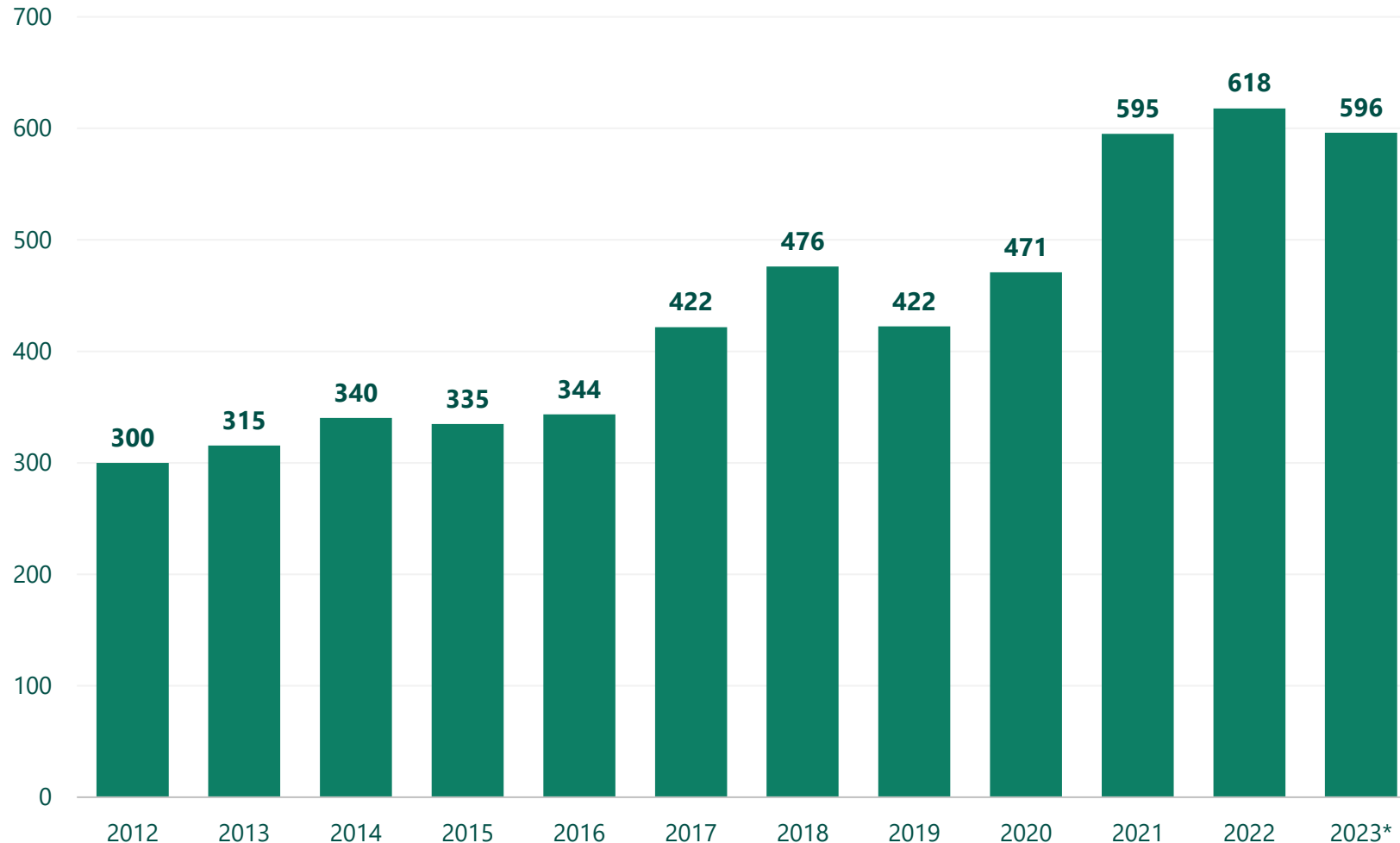
PBT (S\$M)



Semiconductor market pullback due to inventory digestion and recessionary fears started in latter half of 2022 and expected to last through 1H 2023



Global Semiconductor Sales (US\$B)



Source: Gartner, Inc.

- 2022 was a record year for semiconductor sales, yet the latter half of 2022 and 1H 2023 are showing signs of a pullback driven by recessionary concerns, interest rate hikes, and geopolitical uncertainty
- Bifurcation in semiconductor demand is appearing in the short-term, with logic devices / XPU's showing a weakening demand while automotive and industrial power applications showing strong demand
- We believe the industry will rebound in 2H 2023, early 2024 and will continue its growth trajectory to reach US\$1 trillion by the early 2030s as the longer-term trends in high performance computing, artificial intelligence, electrification of vehicles, and 5G communications march forward, driving the need for **Test 2.0** solutions

The industry megatrends continue to point to secular growth for semiconductor test, despite short-term pullback

Semiconductor manufacturers are designing next generation devices, and engaging in developing production solutions to overcome their test challenges

Industry Megatrends



5G
High-speed, low-latency, and omnipresent connectivity opens a vast array of new applications and use cases



Artificial Intelligence
Growth of AI enables new business models and unlocks increasing value from data



IoT & Cloudification
Proliferation of IoT enabled devices and the cloudification of data requires increased power in the cloud and at the edge

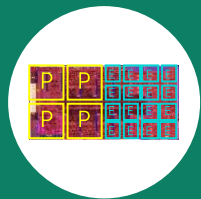


Automotive
Electrification of vehicles, introduction of autonomous driving capabilities, and digitalization

Device Volumes Increasing



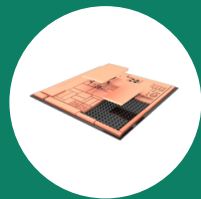
Test Challenges



Increasing Device Complexity



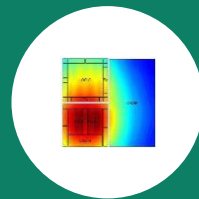
Increasing Power Requirement



Adoption of Advanced Packaging



Increasing Test Development Times



Increasing Thermal Challenges



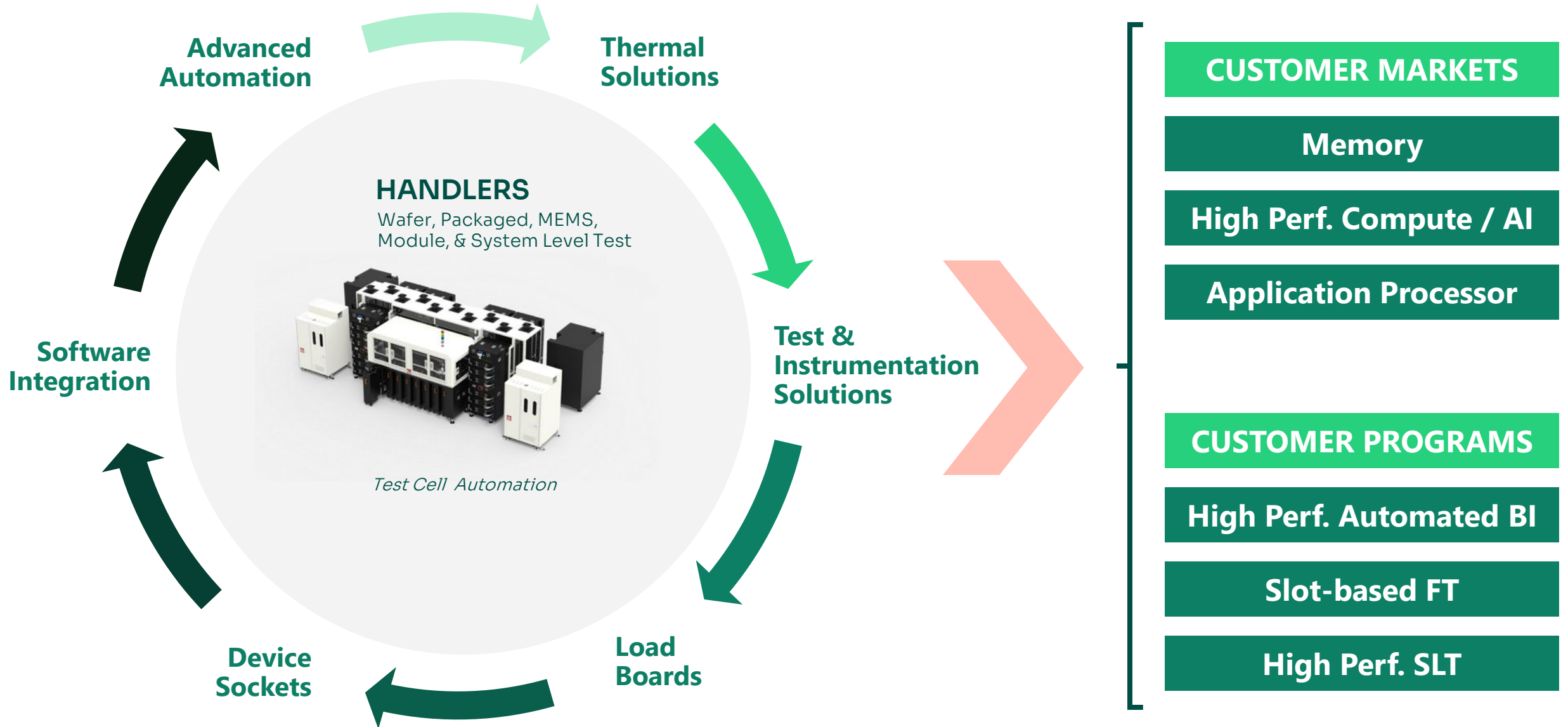
Increasing Test Coverage Requirements

Device Test Times Increasing



Growth In Test Spend

AEM's Test 2.0 composable solution approach is winning customers from HPC / AI, application processors, and memory



Key highlights

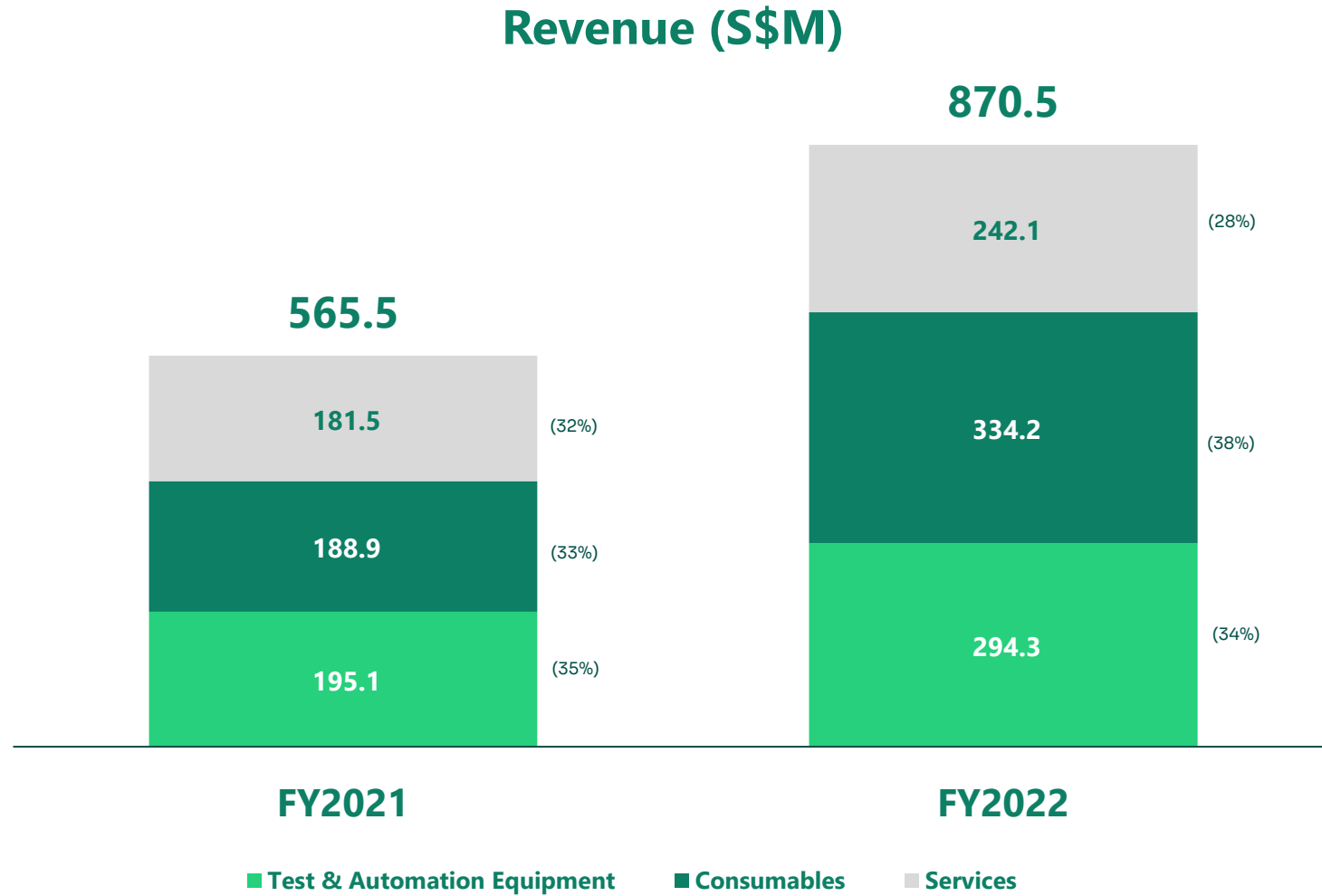
- Recorded highest annual revenue at **S\$870.5M (+54% y-o-y)** and profit before tax at **S\$158.7M (+43% y-o-y)**, exceeding revenue guidance for FY2022 of between S\$820M and S\$850M
- FY2023 target revenue guidance of **S\$500M** that may be revised as the Group gains visibility into the second half of the year
- 2023 will be a year of transformation for the Group, where the previously announced wins for programs in high performance compute / AI, application processors, and memory will more than double our non-key customer revenues in 2023 and lead to secular growth in 2024 and beyond
- The Group expanded its operations to a 365,000 sq. ft. facility in Penang, and will use this to accommodate the mid- to long-term demand seen from its growing customer base



FY2022 Financials

Revenue Mix

Consumables and Equipment revenue increase by more than 60%



FY2021 comprises 9 months of CEI revenue only

Services comprises manufacturing, engineering, and FSE revenue

A Robust Balance Sheet

Sound capital structure – Debt/Equity ratio of 0.3X

	As at	
	Dec'22	Dec'21
	S\$M	S\$M
Cash	127.8	216.2
Inventories	367.7	204.9
Trade and other receivables	92.9	127.9
Total Assets	805.6	710.5
Trade and other payables	118.9	182.6
Financial Liabilities	143.3	81.3
Shareholders' Equity	485.0	402.5
in SG Cents		
NTA per share	122.0	98.3
NAV per share	157.1	130.0
Debt/ Equity	0.3x	0.2x
No. of Shares less treasury shares ('000)	308,752	309,649

Highlights

Inventories (+S\$162.8M)

Increased mainly due to longer dated, non-cancellable purchase orders, entered with our key customer

Financial Liabilities (+S\$62.0M)

Increased mainly due from

- Proceeds of existing loan facility
- New property leases entered
- Consolidation of Nestek

Shareholders' Equity (+S\$82.5M)

Increased due to profit contribution in FY2022 of S\$127.3M partially offset by dividends paid in 2022 of S\$36.2M

FY2022 Source and Applications of Funds

Negative change in working capital resulted from higher inventory level to ensure parts and components availability for longer dated, non-cancellable purchase orders



Operating Activities
Outflow: S\$32.1M

Investing Activities
Outflow: S\$38.4M

Financing Activities
Outflow: S\$18.6M

<i>S\$M</i>	FY2022	FY2021
Beginning Cash	216.2	134.8
Profit After Tax	127.3	92.1
Depreciation & Amortisation	23.5	14.5
Changes in working capital & others	(182.9)	(51.6)
Capital expenditure and others	(9.1)	(3.5)
Addition of intangible assets	(14.7)	(12.5)
Acquisition of investments	(14.6)	(69.2)
Share buyback	(5.3)	(4.6)
Proceeds from ESOS exercised	0.3	2.6
Proceed from issuance of shares	-	103.1
Dividends paid	(36.2)	(18.6)
Borrowings & other financing, net	22.6	31.0
Effect of FX translation	0.7	(1.8)
Ending Cash	127.8	216.2
Net Cash	19.7	152.9

Highlights

Lower cash balance of S\$127.8M (decreased by S\$88.4M), largely due to:

- Operating Activities outflow of S\$32.1M:
 - Higher inventory level in FY2022 to ensure parts and components availability for longer dated, non-cancellable purchase orders; offset by
 - Profit contribution of S\$127.3M
- Investing Activities outflow of S\$38.4M:
 - Investment in Nestek
 - CAPEX spend and R&D activities
- Financing Activities outflow of S\$18.6M:
 - FY2021 Final dividends & FY2022 Interim dividends paid; and
 - Repayment of borrowings & leases; offset by
 - Proceed from existing facility

Thank You

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