



CORPORATE PRESENTATION

February 28, 2017

**Smart
Automation
for the World**

Disclaimer

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A close-up photograph of several white plastic interlocking gears. The gears are arranged in a mesh, with some showing different tooth counts. In the center, a silver-colored bolt or screw is visible, passing through the gears. The lighting is soft, highlighting the texture of the plastic and the metallic sheen of the bolt. The text "Company Overview" is overlaid in a dark blue, serif font.

Company Overview

About AEM

- ❑ Listed on the main board of Singapore Exchange since 2000 (SGX: AWX), AEM Holdings Ltd (AEM) focuses on delivering **customized automation solutions** for highly complex industrial applications.
- ❑ Through working with the world's leading companies in industries such as **semiconductors, solar** and **smart cards**, AEM has developed a deep knowledge base for integrating complex solutions requiring high accuracy pick-and-place, tri-temp environments, high parallelism and the application of advanced thermo and fluid dynamics.
- ❑ We support our customers **throughout the lifecycle** of a program from design and tool development to mass volume production and field service engineering support.
- ❑ Revenue model
 - Engineering services
 - Sales of customized equipment
 - Sales of consumables for the customized equipment.

**Sales ~
S\$70.1m**
(FY2016)

**EBITDA ~
S\$7.0m**
(FY2016)

**Sales
backlog ~
S\$95.7 m**
(As of 16 Feb
2017)

**PAT ~
S\$4.7m**
(FY2016)

**Net Cash
~ S\$6.3m**
(As of 31
Dec 2016)

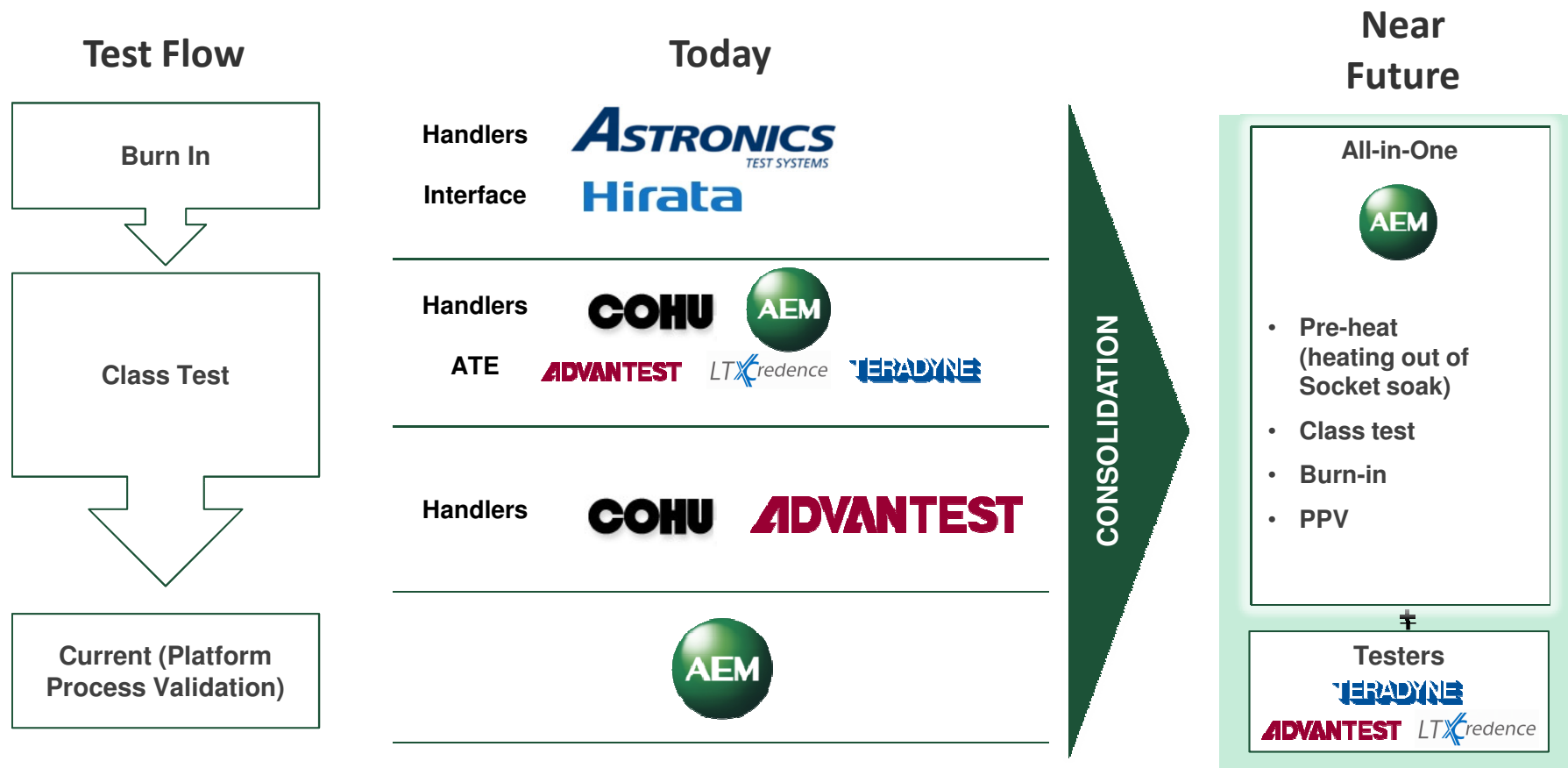


Business highlights

- ❑ **Leading global provider** of high-end test handlers
- ❑ Stable, over 15 years' relationship with marque customer spanning **4 test handler platforms**
- ❑ **Attractive and durable core business** based on selling handler platforms
 - Test handlers provide **significant benefits to customer**, reducing costs and increasing product yield and quality
 - Each handler platform represents a **proven, multi-year life cycle** of equipment, upgrades and consumables sales
 - New high-volume platform represents **multi-year opportunity for AEM**
- ❑ **Defensible competitive position**
 - Highly complex customized equipment
 - Early customer engagement at R&D level
- ❑ **Strong growth momentum**
 - Significant order book and backlog for new high density modular test handler tools
 - Known upgrade and consumables opportunities for existing platforms



The future of back-end testing

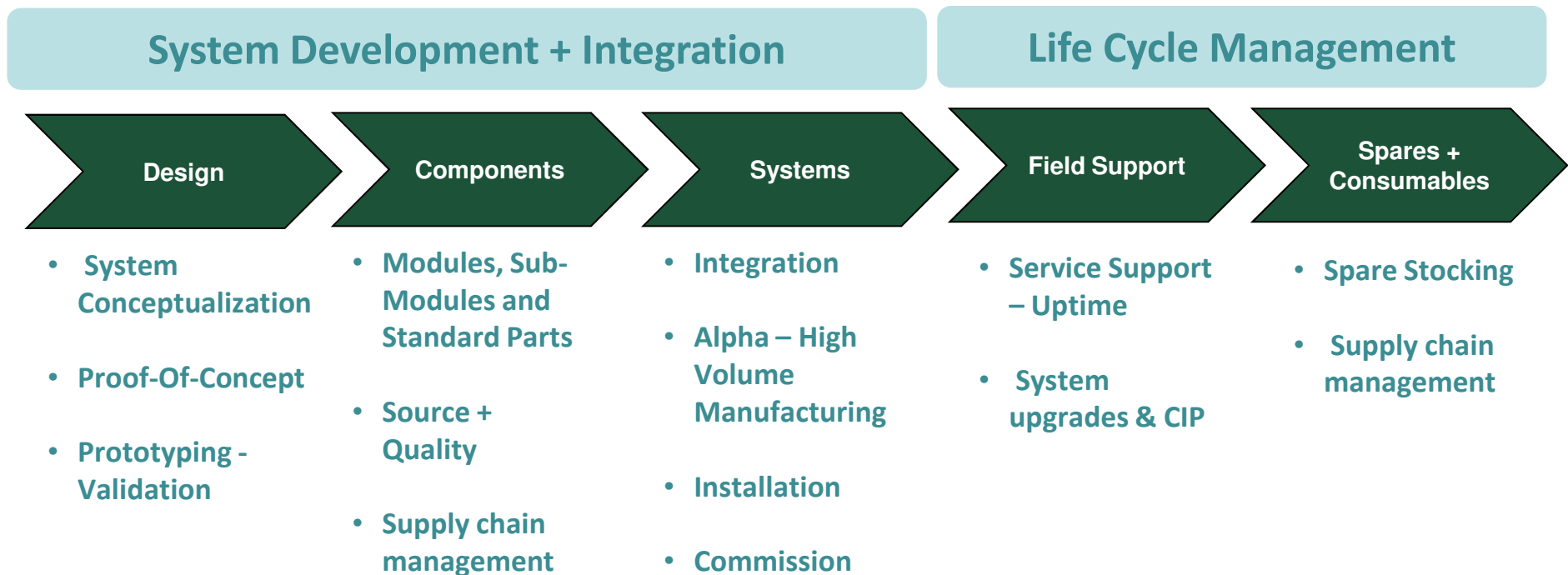


AEM handlers are cost saving solutions which allow customers to consolidate disparate test platforms into a single high-performance platform



Vertically integrated operation

Our vertically integrated operation provides control over the continued field performance of our complex tools



Group's growth strategy



Core account

- ❑ Strong commercial ramp for High Density platform
- ❑ Attractive upgrades opportunity for legacy platforms
- ❑ Continued consumables and upgrade sales across all platforms
- ❑ Longer term work on next-generation handlers



Growth accounts

- ❑ Continued focus on complex customized automation solutions to expand existing accounts in solar, industrial and smart card.
- ❑ Establish vertical solutions.



New businesses

- ❑ Leverage substantial automation track record into new verticals and Factory 4.0 opportunities within our facilities footprint (SEA and China)
- ❑ Selective M&A

- 
- Good visibility of short and medium term growth
 - Attractive opportunities supporting sustainable long-term growth



A close-up photograph of several white plastic interlocking gears. The gears are of different sizes and are meshed together. In the center of the image, the word "Financials" is written in a dark blue, sans-serif font. The background is a light, neutral color, and the lighting is soft, highlighting the texture of the plastic and the teeth of the gears.

Financials

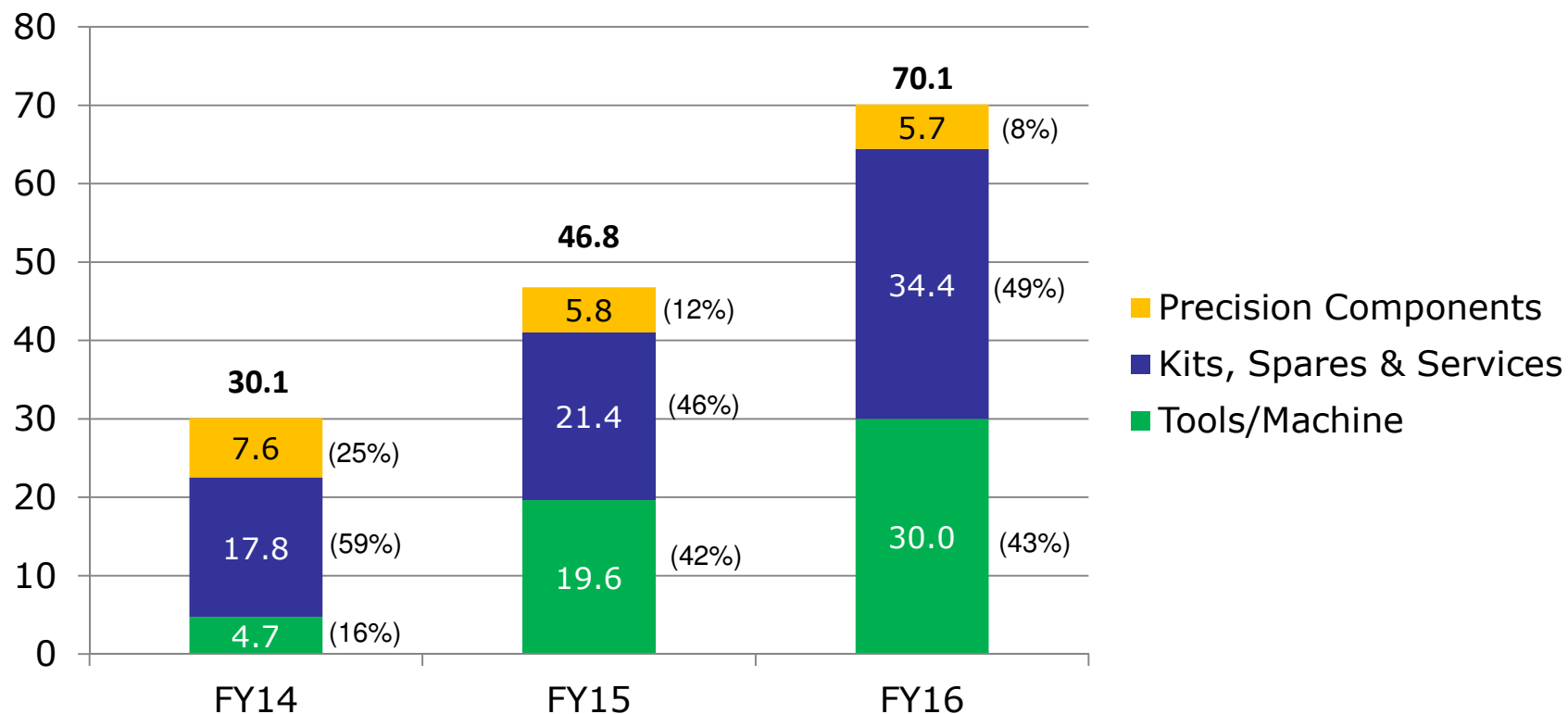
Financial performance – Key Highlights

- **Revenue up 49.8% to S\$70.1 m**
- Key growth drivers:
 - Multi-year investments in next-generation equipment technology resulted in strong customer demand
 - Commercial success of new high density modular test (“HDMT”) generation semiconductor handling platform which was released in early 2016
- **FY2016 proforma PBT up 50.5% to S\$6.1 m**, reflecting more accurately operational performance, profit before tax excluding impairments, allowances for inventory obsolescence, reversal gains/losses and share of associate loss (“proforma PBT”) are compared
- Proposes final dividend of S\$0.013 per share, thus **total dividend of S\$0.018 per share, up 80%** from S\$0.01 per share for FY2015. Pre-bonus issue would have been S\$0.02 per share.
- 1H2017 forecasted **sales and PBT** of at least **\$70 m and \$6.5 m** respectively.



Financial performance

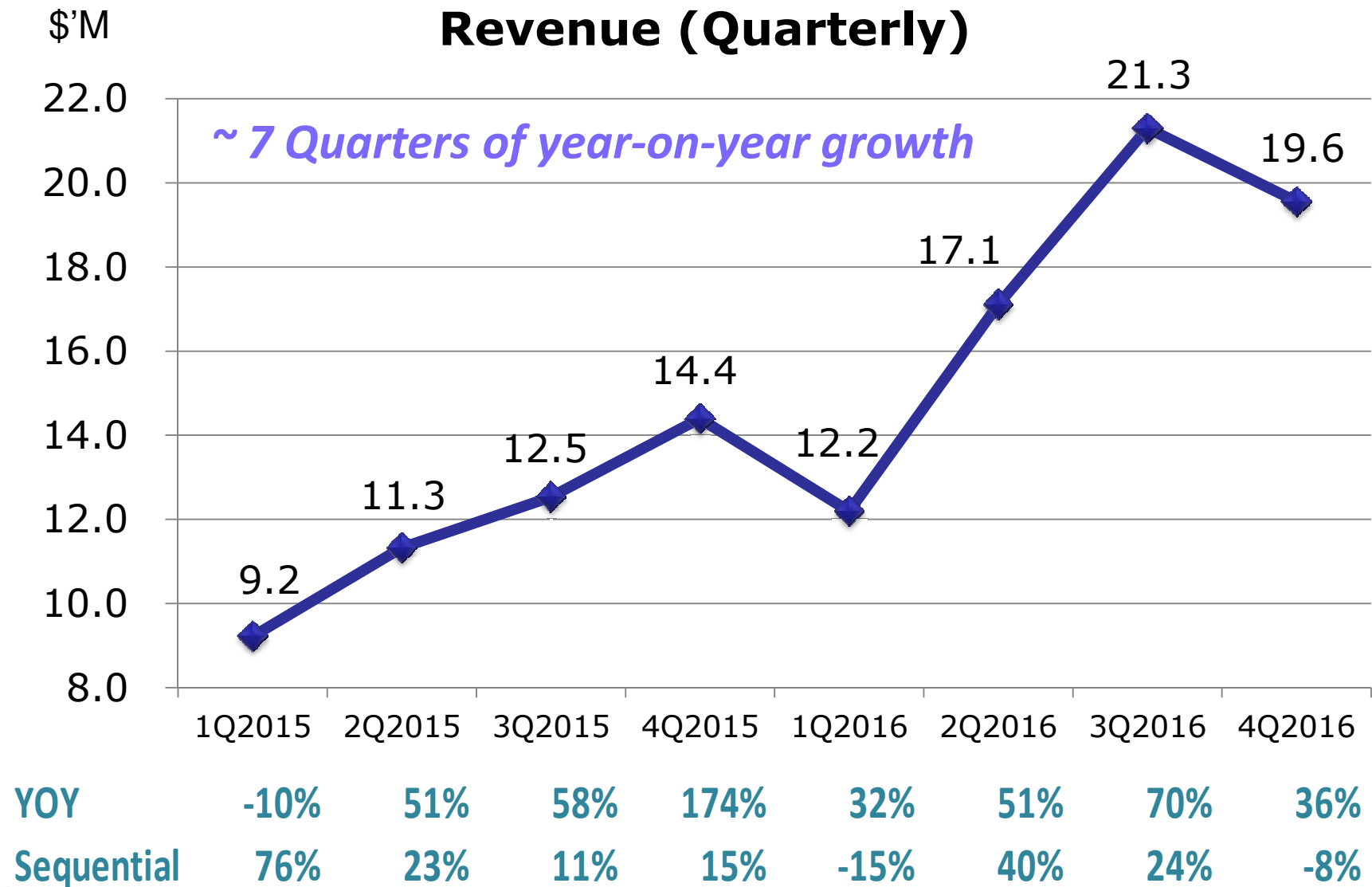
Total and Segmental Revenue (\$\$ 'm)



Note: excludes discontinued operations - MCT substrates and Plating



Financial performance



Financial highlights – Key Performance Summary

(S\$ '000)	FY2016	FY2015	Change %
Revenue	70,123	46,797	49.8%
Materials, consumables and inventory changes, including stock obsolescence	43,889	26,318	66.8%
Profit before tax	6,091	4,868	25.1%
Profit before tax (proforma)	6,079	4,040	50.5%
Profit after tax	4,657	5,782	(19.5%)
Profit after tax (proforma)	4,664	3,144	47.7%
Earnings Per Share (Singapore cents)	10.9	15.0	(27.3%)

- Proforma profit before tax for FY2016 was up 50.5%.
- Raw materials and consumables cost up more proportionately than revenue growth due to shift in revenue mix towards sales of new equipment.
- Proforma after tax for FY2016 was up 47.7% after removing the net tax credit of S\$1.8 million in FY2015. In FY2016, there was tax expense of S\$1.3 million.



Financial highlights – Proforma Profit Before Tax

(S\$ '000)	FY2016	FY2015	Change (%)
Profit before tax (as reported)	6,090	4,868	25.1%
Adjust for impairment, allowance and reversal (gain)/loss			
Net impairment and subsidiaries' disposal/liquidation loss/(gain)	448	512	12.5%
Allowance for inventory obsolescence (reversed)/provided	(696)	1,077	164.6%
(Reversal)/allowance for impairment on property, plant and equipment	(213)	213	200.0%
Reversal of impairment loss on asset held for sale	-	(597)	(100.0%)
Reversal of provision on sales rebates	-	(2,034)	(100.0%)
Share of associate loss	449	-	NA
<i>Net impairments, allowances, reversal (gain)/loss and share of associate loss</i>	<i>(12)</i>	<i>(829)</i>	<i>(98.5%)</i>
Proforma profit before tax	6,078	4,038	50.5%

- **Proforma PBT improved 50.5%, in line with the revenue growth**
- Proforma PBT reflects more accurately operational performance after excluding impairments, allowances for inventory obsolescence, reversal gains/losses and share of associate loss ("proforma PBT")



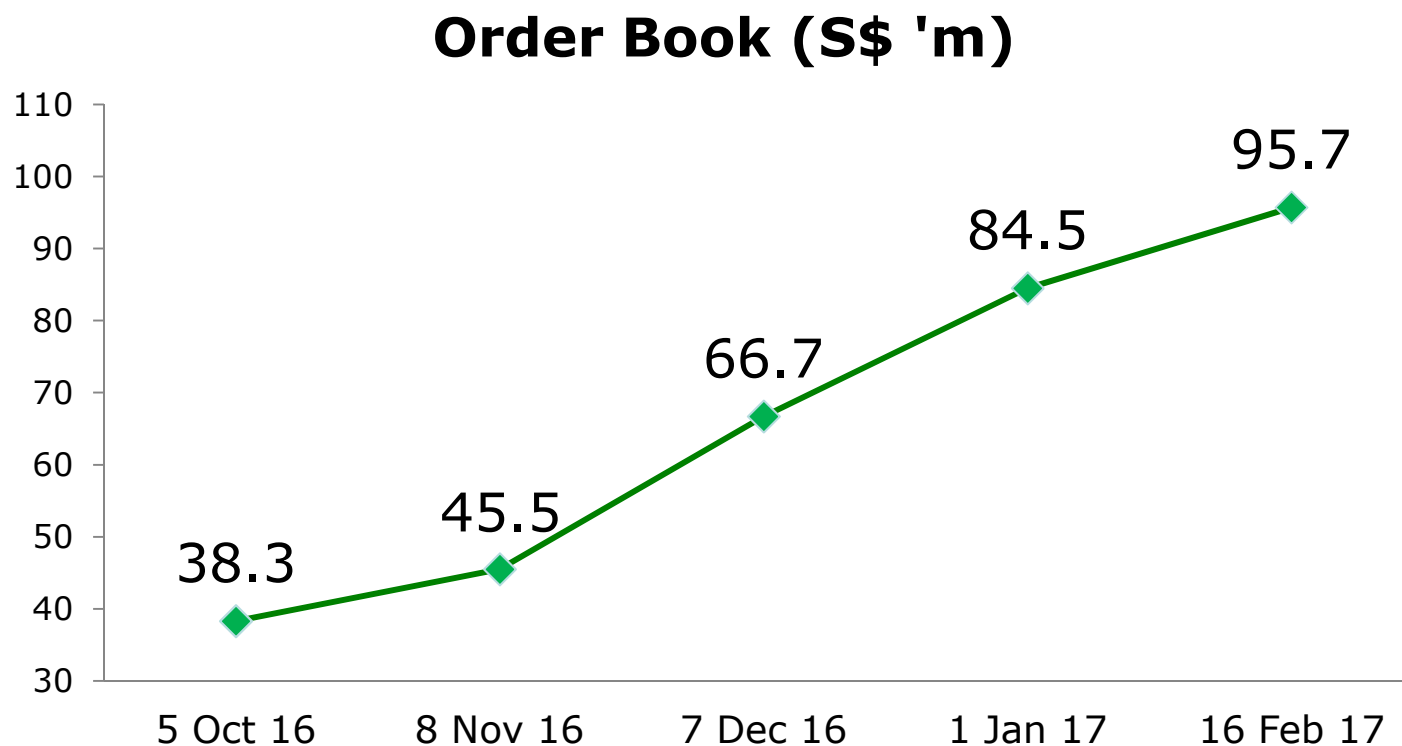
Financial highlights

Financial position	31-Dec-16 S\$'000	31-Dec-15 S\$'000
Property, plant and equipment	2,227	3,236
Cash and cash equivalents	6,310	10,363
Current assets	41,530	32,185
Total assets	48,115	36,753
Current liabilities	17,855	11,861
Total liabilities	18,168	12,251
Total equity	29,947	24,502
Total assets / total liabilities	2.6	3.0
Net asset value per share (Singapore cents)	70.0	55.2

- Low property, plant and equipment and capex requirement
- Higher working capital as at 31 Dec 16 due to inventory built for higher sales order.
- Low debt of \$85k only.



Financial performance



- Order Book more than doubled over last few months.
- Outstanding orders to be delivered in 2017.
- 16 Feb 2017 order book exclude those delivered from 1 Jan – 15 Feb 2017.



Financial Performance

Outlook for 1H2017 and FY2017

- With robust order book on hand, the Group is confident to achieve 1H2017 revenue of S\$70 m and operating profit before tax of S\$6.5 m, surpassing that of entire FY2016



Dividend and bonus issue

Rewarding Shareholders

- Adopt dividend policy
 - paying annual dividends, including interim dividends, of not less than **25% of profit after tax**, excluding non-recurring, one-off and exceptional items
 - subject to retained earnings, financial position, capital expenditure requirements, future expansion, investment plans and other relevant factors.
- Propose bonus shares issue
 - on the basis of **1 bonus share for 2** existing shares
 - rationale:
 - to increase the share capital base
 - to encourage trading liquidity of the Shares
 - Subject to approval from SGX



Peer comparison

Industry Comparables	Market Cap (in USD mm)	Revenue (in USD mm)	EBITDA* (in USD mm)	Net Income (in USD mm)	EBTIDA Margin	Net Margin	PE Multiple	Price/TBV**	EV/EBITDA***
AEM	35.6	48.7	5.1	3.3	10.5%	6.8%	10.8x	1.7x	6.3x
Cohu	446.9	282.1	19.7	3.3	7.0%	1.2%	138.8x	2.8x	16.2x
Xcerra	484.2	333.7	14.9	11.7	4.5%	3.5%	40.9x	2.1x	24.8x

* EBITDA for companies has been normalized for non-recurring items, and excludes share profit/loss of associates to capture real operating performance of core operations.

** Price to Tangible Book Value, instead of PB, are compared as there are substantial amount of goodwill and other intangible assets on Cohu and Xcerra's balance sheet.

*** For EV/EBITDA computation, share of P/L of associates is included in the EBITDA.

Note: USD/SGD conversion rate of 1.445 is applied for AEM's figures.



Investment Highlights

- ❑ Leading global provider of high-end test handlers with defensible competitive industry positioning
- ❑ Strategic relationship with one of the world's largest semiconductor companies for more than 15 years in developing and manufacturing customised test handlers and consumables.
- ❑ Our test handlers are capable of performing high parallelism and multiple processes deployed across numerous platforms, thus achieving significant cost savings for the customer.
- ❑ Revenue drivers from the next generation high density modular test handlers going high volume manufacturing and the demand for their related consumables.
- ❑ Improved profitability with increasing sales order.
- ❑ Healthy financial position with low debt and capital expenditure requirement, generating positive cash from operation.
- ❑ Low EV/EBITDA, PE Ratio and price/NTA valuations compared to industry comparables.





Thank You

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