



AEM Holdings Ltd
52 Serangoon North Ave 4
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For Immediate Release

AEM's 1H2018 net profit grew 43.4% to S\$17.7 million year-on-year on higher revenue and better profit margins

- **1H2018 revenue increased 32.4% to S\$138.3 million on growing sales orders for its test handlers and pans/kits from its major customer**
- **Net profit improved 43.4% from S\$12.3 million in 1H2017 to S\$17.7 million in 1H2018 due to higher sales, product margin and cost efficiency improvements**
- **Expects volatility in its core business for 2019 as platform enters maturity and new orders are dependent on product introductions and efficiency gains at its key customer**
- **Secures first commercial win of its AMPS handler solution with a leading memory player**
- **Group declares interim dividend of S\$0.015 per share**

Singapore, 30 July 2018 – AEM Holdings Ltd (“AEM” or “the Group”), a global provider of equipment systems solutions and manufacturing services, reported an increase of 47.9% year-on-year (“yoy”) to S\$21.5 million in its profit before tax for its first half year ended 30 June 2018 (“1H2018”) on higher revenue and better margins.



Table 1 – Financial Highlights

(S\$ '000)	First Half ended 30 Jun 2018 ("1H2018")	First Half ended 30 Jun 2017 ("1H2017")	Change
Revenue	138,308	104,461	32.4%
Raw materials and other consumables	(106,302)	(88,765)	19.8%
Profit before tax	21,530	14,553	47.9%
Net profit	17,713	12,349	43.4%
<i>Net profit margin</i>	<i>12.8%</i>	<i>11.8%</i>	-

The Group's revenue for 1H2018 increased 32.4% to S\$138.3 million on growing sales orders for its test handlers and pans/kits from its major customer.

The Group's major cost component, raw materials and other consumables, increased at a less proportionate 19.8% to S\$106.3 million (when compared with sales growth) mainly due to cost reduction initiatives. Correspondingly, the Group managed to improve its net profit margin from 11.8% in 1H2017 to 12.8% in 1H2018 on higher sales, product margin and better cost efficiency. As a result of the higher revenue and better profit margins, the Group's 1H2018 net profit improved 43.4% to S\$17.7 million yoy. The Group also generated S\$14.2 million in cash from operating activities and paid for acquisition of subsidiaries worth S\$8.6 million, dividend payment of S\$4.4 million and purchase of fixed assets worth about S\$0.9 million in 1H2018.

In line with better financial performance in 1H2018, the Group is declaring an interim dividend of S\$0.015 per share.

The Group has to-date received sales orders worth S\$235 million for delivery in FY2018. In 2Q 2018, the Group secured its first commercial win of its AMPS handler solution with a leading



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memory player, with full deployment expected in 2019. With improved financial performance in 1H2018, the Group remains on track to achieve its profit guidance for FY2018 with revenue of at least S\$255 million and operating profit before tax of at least S\$42 million.

The Group benefitted from the growing sales of equipment, kits/ pans and engineering development projects as a result of the commercial rollout of our next-generation handler platforms. Our equipment has reached a wide adoption at our customer's sites since the start of the high volume manufacturing in 2016; we expect seasonality in our sales with peak quarters in Q2 and Q3. As stated during our Annual General Meeting on, and in our announcement of, 26 April 2018, we expect the initial ramp phase of our equipment at our customer's sites to be completed by the end of 2018. We expect to enter a rolling upgrade phase starting 2019, which may introduce significant volatility into our business. The pace of equipment upgrades will depend our customer's 1) timing of new product introductions, 2) utilisation improvements of our tool with increased familiarity, 3) seasonality, 4) market share, and 5) commissioning of new manufacturing sites. Our visibility into 2019 remains dim though we continue to work on our consumables business and have teams working on several new product initiatives. Management will strive to proactively manage our fixed costs inline with any volatility in our business.

Mr. Loke Wai San, the Group's Executive Chairman, commented, "We continue to generate positive cash flow and remain optimistic of the long term prospects of our equipment and consumables. Our acquisitions are all progressing well with new customer engagements, and we are cautiously optimistic on securing several key customers in 2019."

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About AEM Holdings Ltd

AEM Holdings Ltd is listed on the main board of the Singapore Exchange (Reuters: AEM.SI; Bloomberg: AEM SP).

AEM Holdings Ltd (“AEM”) aims to be among the world's leading companies providing solutions in equipment systems; precision components and related manufacturing services across various industries.

AEM takes pride in providing innovative, engineering-focused solutions and developing strong partnerships with customers and associates to cater to their manufacturing needs through our global engineering service support network and innovative people. Currently, AEM has 4 manufacturing plants located in Singapore, Malaysia (Penang), China (Suzhou) and Finland (Lieto). Through our network of sales offices, associates and distributors, we have a global market presence spanning Asia, Europe and the United States.

Issued for and on behalf of AEM Holdings Ltd

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