



AEM Holdings Ltd
52 Serangoon North Ave 4
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For Immediate Release

AEM posts strong revenue of S\$273.7 million in 1H2020

- Revenue increased by 81.7% y-o-y to S\$273.7 million for 1H2020 as sales in all business segments grew and sales to new customers increased
- Profit before tax improved by 150% to S\$67.3 million in 1H2020 due to higher revenue, favourable product mix and operational cost-efficiency
- AEM has revised its FY2020 revenue guidance of the Group to be in the range between S\$460 million to S\$480 million, and CAPEX to remain at approximately S\$4 million. R&D spend to increase in 2H2020 by \$4.2 million to support new projects for future years
- Group proposed an interim dividend of 5.0 Singapore cents per share, representing a payout of 25% for 1H2020

Singapore, 3 August 2020 – AEM Holdings Ltd (“**AEM**” or “**the Group**”), a global leader offering application-specific intelligent system test and handling solutions for semiconductor and electronics companies serving advanced computing, 5G, and AI markets, announced its financial results for the six months ended 30 June 2020 (“**1H2020**”) today.



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Financial Overview

By business segments, revenue from Equipment Systems Solutions ("ESS") business, accounting for 97.0% of the Group's total revenue, increased by 84.5% year-on-year (y-o-y) in 1H2020 to S\$265.5 million. This was mainly due to an increase in sales for equipment and consumables. All other segments, namely Micro-Electro-Mechanical Systems ("MEMS"), System Level Test & Inspection ("SLT-i"), Test and Measurement Solutions ("TMS") recorded growth in sales in 1H2020, with increased sales to new customers especially for the SLT-i and TMS segments. Group's total revenue of S\$273.7 million for 1H2020 was 81.7% higher y-o-y and was also the highest half-yearly revenue in AEM's operating history.

Financial Highlights	1H2020	1H2019	Change (%)
(S\$ '000)			
Revenue	273,699	150,635	81.7
Profit before tax (PBT)	67,280	26,965	149.5
PBT Margin	24.6%	17.9%	6.7ppts
Net profit	55,284	22,304	147.9
Net profit margin	20.2%	14.8%	5.4ppts

*Ppts: Percentage points

Raw materials and consumables cost, taking into consideration changes in inventories and excluding reversal for inventory obsolescence, increased 74.7% y-o-y to S\$166.4 million in 1H2020.

AEM reported net profit of S\$55.3 million for 1H2020, 147.9% higher than that of 1H2019. Net profit margin increased from 14.8% for 1H2019 to 20.2% for 1H2020 due to higher revenue, favourable product mix and operational cost efficiency. Fully diluted earnings per share, after deducting any provision for preference dividends, was 20.13 Singapore cents for 1H2020, compared to 8.18 Singapore cents for 1H2019¹.

¹ Based on the weighted average number of shares adjusted for the effect of dilutive potential ordinary shares of 274,647,817 for 1H2020 and 272,548,134 for 1H2019 respectively



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In 1H2020, the Group generated operating cash flow of S\$72.0 million, before taking into account working capital changes. Cash and cash equivalents increased 28.1% from 31 December 2019 to S\$137.9 million as at 30 June 2020. Net asset value per share was 67.8 Singapore cents as at 30 June 2020, compared to 49.8 Singapore cents as at 31 December 2019.

The Group proposed an interim dividend of 5.0 Singapore cents per share, representing a payout of 25% for 1H2020.

Business Outlook

AEM's operations are deemed as essential services globally and the operations were minimally impacted by the COVID-19 pandemic. The demand for our semiconductor test solutions continues to be robust, as such, the FY2020 revenue guidance of the Group is revised upwards to between S\$460 million to S\$480 million, and CAPEX to remain at approximately S\$4 million. As a result of the strong demand for development works in 2020, research and development (R&D) expenditure is expected to increase in 2H2020 by S\$4.2 million to support new projects for future years.

Since 2017, AEM has acquired five companies to complement our R&D efforts to expand our technology pillars that deliver customised modular test solutions for our customers. We have also invested in our application engineering capabilities globally as we seek new customers of our AMPS (Asynchronous Modular Parallel Smart) platform. Going forward, we expect to see lower contribution from our Non-Recurring Engineering fees as we aim to develop more of our Intellectual Property that go into future products.

On 22 July 2020, the Group signed an equity purchase agreement for the acquisition of 100% shareholding in DB Design Group, Inc. DB Design is a U.S. based company that provides design services and manufacturing of handler change kits, tester interfaces, test handlers, test related accessories,



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interconnects, enclosures, fixtures, connectors, and thermal solutions. The acquisition of DB Design enhances AEM's capabilities in our consumables business with our key customer and opens the door with several new customers in North America.

The Group will continue to expand strategically through mergers and acquisitions and in-house technology development as it solidifies its position as a global leader offering application-specific intelligent system test and handling solutions for semiconductor and electronics companies serving advanced computing, 5G and AI markets.

AEM has received job related grants and with the increase in business, the Company has hired staff for the engineering core. Following the implementation of the various programs by the government to retain and promote hiring of workers, AEM has stepped forward to support these initiatives in hiring trainees in various disciplines.

AEM's Executive Chairman Loke Wai San commented, "We managed to minimize the impact from the COVID-19 related disruptions on our operations in the first half of 2020, and all our business segments achieved encouraging progress in growing customer base. With the acquisitions we made in the past three years, AEM now offers a more comprehensive suite in our technology pillars, products and services. We will continue to grow our in-house technology capabilities and expand strategically through M&As to solidify our position as a global leader in offering application-specific intelligent system test and handling solutions to a diversified base of customers in the semiconductor and electronics industries."

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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"), a global leader offering application specific-intelligent system test and handling solutions for semiconductor and electronics companies serving advanced computing, 5G, and AI markets.

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 five manufacturing plants located in Singapore, Malaysia (Penang), China (Suzhou), Finland (Lieto) and France. Through its network of sales offices, associates and distributors, it has a global market presence spanning Asia, Europe, and the United States.

Issued for and on behalf of AEM Holdings Ltd
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