



AEM Holdings Ltd
52 Serangoon North Ave 4
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For Immediate Release

AEM reports sales of S\$52.7 million and net profit of S\$6.6 million for 1QFY2019

- Revenue increased sequentially 34.0% in 1Q2019 compared with 4Q2018, and declined 19.7% year-over-year comparing 1Q2019 with 1Q2018. This is in line with previous commentary for a softer FY 2019 compared with FY 2018 as the deployment of our core handler systems matures.
- New initiatives in 5G cable testing hit an important milestone with lab approvals from Huawei for future deployment in China.
- Sales orders for delivery in 2019 grew to S\$209 million.
- With enhanced sales orders, the Group revised its revenue guidance upwards and expects S\$225 million – S\$250 million in revenue for FY2019 .

Singapore, 7 May 2019 – AEM Holdings Ltd (“**AEM**” or “**the Group**”), a global provider of equipment systems solutions and manufacturing services, announced its financial results for the three months ended 31 March 2019 today.



Financial Overview

Revenue, primarily generated by the Equipment Systems Solutions ("ESS") business, decreased by 19.7% year-over-year ("YoY") to S\$52.7 million in 1QFY2019. The decrease was due to the initial ramp phase for the Group's high-density test handlers entering a mature stage. By business segments, ESS revenue decreased by 19.2% YoY to S\$51.5 million. Precision Components ("PCS") business generated revenue of S\$1.2 million in 1QFY2019 compared to S\$1.9 million in 1QFY2018.

(S\$ '000)	Three months ended 31 Mar 2019 ("1QFY2019")	Three months ended 31 Mar 2018 ("1QFY2018")	1QFY2019 vs 1QFY2018 Change (%)	Three months ended 31 Dec 2018 ("4QFY2018")	1QFY2019 vs 4QFY2018 Change (%)
Revenue	52,716	65,650	(19.7)	39,349	34.0
Raw materials and other consumables	(32,515)	(43,585)	(25.4)	(22,546)	44.2
Operating profit before tax	7,892	10,347	(23.7)	6,393	23.4
Profit before tax (PBT)	7,981	10,011	(20.3)	4,684	70.4
PBT Margin	15.1%	15.2%	(0.1)	11.9%	3.2
Net profit	6,596	8,218	(19.7)	4,391	50.2
Net profit margin	12.5%	12.5%	-	11.2%	1.3

Raw materials and consumables costs, taking into consideration changes in inventories and excluding reversal for inventory obsolescence, decreased by 25.4% YoY to S\$32.5 million in 1QFY2019 giving rise to improvement in material margin mainly due to product mix changes and higher revenue from engineering development projects.

AEM reported net profit of S\$6.6 million in 1QFY2019 compared to S\$8.2 million in 1QFY2018. Net profit margin remained stable at 12.5% in 1QFY2019 compared to that of 1QFY2018. Earnings per share for



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1QFY2019, after adjustment for the 2018 bonus issue, was 2.43 Singapore cents, compared to 3.05 Singapore cents for 1QFY2018.

In 1QFY2019, the Group generated operating cash flow of S\$9.6 million, before taking into account changes in working capital. The Group maintained a healthy balance sheet with a net cash position of S\$54.7 million as at 31 March 2019. Net asset value per share was 35.3 Singapore cents as at 31 March 2019, compared to 33.3 Singapore cents as at 31 December 2018.

Business Overview and Outlook

As the initial ramp phase of AEM's high density handler for the Group's key customer entered a mature stage, future new equipment sales will be driven by the customer's new platform launches, their market share, and the commissioning of new manufacturing sites. The Group expects continued new equipment sales in 2019 though at a lower rate than in 2018. We also expect continued sales of our kits and pans which go into our installed base of equipment at our customer's sites. As announced on 25 April 2019, the Group's sales orders for delivery in 2019 have grown to S\$209 million. With these additional sales orders, the Group has revised upward its revenue guidance for FY2019 to be between S\$225 million to S\$250 million. Capital expenditure is expected to be between S\$4 million to S\$7 million for the year to support engineering and business development for future customer programs.

Building on continued investment in its engineering capabilities, the Group secured follow-on projects from its key customer to develop hybrid extensions to the Group's existing handlers. These new projects are expected to deliver meaningful revenue in 2020 and beyond, while AEM's current handlers continue to be deployed.

AEM has also been working towards diversifying its customer base through its AMPS (Asynchronous Modular Parallel Smart platform) initiative. The Group secured a memory manufacturer as a client in



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2018 and has delivered the first commercial solution in early 2019. AEM also aims to develop accounts with other semiconductor manufacturers in 2019 for solutions through its AMPS initiative.

The Group completed some important acquisitions in 2017 and 2018 and those expanded its capabilities into industrial RF Test solutions, wafer-level MEMS testing solutions and vision inspection. Since the completion of these acquisitions, there has been good progress made. Further to the initial order from Huawei in October 2018 for AEM's optical fiber cable-test solution to be developed for qualifying high-performance short reach cabling links for Huawei's 5G backhaul network, AEM has received acceptance from Huawei for its test equipment and solution and a further sales order for equipment delivery in 2019.

Afore is continuing to focus its R&D on the MEMS market that is expected to follow the 5G market growth. Our advanced R&D efforts were recently recognized by Intel Quantum Computing which commissioned Afore Oy, together with Bluefors to developed a first-of-its-kind tool for wafer level probing at cryogenic temperatures of below 4 Kelvin. The program will have the potential to help grow into new markets in the quantum computing field that require testing and characterization at temperatures near absolute zero.

AEM's Executive Chairman Loke Wai San commented, "Having built a solid business foundation in providing disruptive test and handling solutions for market leaders in the semiconductor and communications industries, AEM has the opportunity to establish itself a global leader in dramatic test costs reduction for the 5G and data centric future. We expect to sustain our investments in R&D, and to accelerate our sales and marketing initiatives in the second half of 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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