



For Immediate Release

## **AEM's 1Q2018 net profit doubles to S\$8.2 million year-on-year on strong sales and higher profit margins**

- **1Q2018 revenue increases 55.9% to S\$65.7 million on growing sales orders for its test handlers and pans/kits from its major customer**
- **Net profit margin improved from 9.8% in 1Q2017 to 12.5% in 1Q2018 on cost reduction initiatives and cost efficiency**
- **Reiterate guidance for FY2018 of at least S\$255 million sales and S\$42 million profit before tax**

**Singapore, 24 April 2018** – AEM Holdings Ltd (“AEM” or “the Group”), a global provider of equipment systems solutions and manufacturing services, reported an increase of 98.6% year-on-year (“YOY”) to S\$8.2 million in its net profit for its first quarter year ended 31 March 2018 on higher revenue and better margins.

**Table 1 – Financial Highlights**

<b>(\$\$ '000)</b>	<b>First Quarter ended 31 March 2018 ("1Q2018")</b>	<b>First Quarter ended 31 March 2017 ("1Q2017")</b>	<b>Change</b>
Revenue	65,650	42,119	55.9%
Profit before tax	10,011	4,902	104.2%



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Net profit	8,218	4,137	98.6%
<i>Net profit margin</i>	<i>12.5%</i>	<i>9.8%</i>	-

The Group's revenue for 1Q2018 improved 55.9% to S\$65.7 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 41.5% to S\$43.6 million. Hence, the Group managed to improve its profit before tax from 11.6% in 1Q2017 to 15.2% in 1Q2018 on favorable product margins, cost reduction initiatives and better cost efficiency. As a result of the higher revenue and better profit margins, the Group's 1Q2018 net profit doubled to S\$8.2 million YOY.

Mr. Loke Wai San, the Group's Executive Chairman, commented, " We expect orders for our test handlers from our major customer to remain positive and our business to continue to be cash-generative as per our guidance for FY 2018. As AEM's handlers get installed and become a larger proportion of our customer's fleet, we do expect seasonality to enter our business with Q2 and Q3 representing typical peaks quarters. The initial ramp phase will transition to a more operational replacement phase of our customer's older fleet over many years. We do also expect the sustaining elements of our business, field services and consumables, to start to grow in late FY 2018."

On the Group's growth plans, Mr. Loke elaborated, "We have added significantly to our engineering talent pool over the last 12 months. They are busy with enhancement and sustaining projects with our key customer, as well as working on new projects brought in through our recent acquisitions. On our acquisitions, we are in the process of integration and the various teams are already working on collaborative projects and joint marketing efforts. We



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will continue to seek acquisitions that can enhance our technical capabilities and financial performance.”

The Group remains positive on its business outlook in FY 2018 as it continues its progress through the multi-year commercial roll out of its next-generation handler platforms to its major customer. The global semiconductor market outlook continues to be positive for 2018. According to the World Semiconductor Trade Statistics (WSTS) forecasts, the worldwide semiconductor industry is expected to grow by 9.5% in 2018<sup>1</sup>.

Just earlier this month, the Group updated its sales orders for delivery in FY2018 of S\$192 million, an increase of S\$77 million over the previous update in sales order on 1 February 2018. As its handler platform reaches wider implementation at its customer’s sites, the Group expects seasonality in its sales with peak quarters in the second and third quarters. Due to shorter order lead times, visibility for the fourth quarter is limited.

- End -

#### **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.

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<sup>1</sup> Source: <https://www.wsts.org/76/103/WSTS-has-published-the-Q4-2017-semiconductor-market-figures>



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