



AEM Holdings Ltd
52 Serangoon North Ave 4
Singapore 555853

For Immediate Release

AEM revenue and proforma profits surge over 45% in FY2016

Revenue grows 49.8% to S\$70.1 million and profit before tax, excluding impairments, allowances and reversals, surges 50.5% to S\$6.1 million

- **Successful rollout of new equipment platforms and growing kit sales in FY2016 drove strong growth and profitability for the Company.**
- **AEM's multi-year investments in next-generation equipment technology have resulted in strong customer demand that is forecasted to continue driving growth and profitability through 2017 and beyond.**
- **Group proposes final dividend of S\$0.013 per share, resulting in total dividends per share of S\$0.018 for FY2016, up 80% from S\$0.010 total dividend for FY2015.**
- **Group expects to achieve at least S\$6.5 million operating profit before tax for 1H2017 with strong order book of S\$95.7 million as at 16 February 2017 for delivery in FY2017.**

Singapore, 23 February 2017 – AEM Holdings Ltd (“AEM” or “the Group”), a global provider of equipment systems solutions and manufacturing services, is pleased to announce revenue of S\$70.1 million (up 49.8% year-on-year) and profit before tax, excluding impairments, allowances, reversals and share of associate loss, of S\$6.1 million for FY2016. The strong annual result reflects 4 quarters of growth and profitability arising primarily from the



AEM Holdings Ltd
52 Serangoon North Ave 4
Singapore 555853

commercial success of AEM's new high density modular test ("HDMT") generation semiconductor handling platform.

AEM's strong 2016 performance was driven primarily by sales of equipment and kits in the Group's Equipment Systems ("ESS") business segment. ESS manufactures large-scale, long-lived test handling platforms which drive multi-year sales of equipment and services as well as recurring revenue from kits, pans and other consumable parts used by the test platforms while they are in operation. AEM's most recent platform, HDMT, was commercially released in early 2016 and has generated both revenue growth in FY2016 and longer-term demand for further platform and consumables sales in FY2017 and beyond.

Table 1 – Financial Highlights

(S\$ '000)	Financial Year ended 31 Dec 2016 ("FY2016")	Financial Year ended 31 Dec 2015 ("FY2015")	Change (%)
Revenue	70,123	46,797	49.8%
Raw materials and other consumables	44,585	25,592	74.2%
Profit before tax	6,091	4,868	25.1%
Tax (expenses)/Credit	(1,325)	1,808	(173.3%)
Profit after tax	4,657	5,782	(19.5%)

Raw materials and consumables ("RMC") cost increased to S\$44.6 million in FY2016 mainly due to the significant increase in demand for ESS equipment. RMC cost as a percentage of revenues increased in FY2016 due to a shift in revenue mix towards sales of new equipment, which requires higher material costs compared to material costs used in kits sales. However, as AEM's next-generation equipment is delivered and begins operations at customer sites worldwide,



AEM Holdings Ltd
52 Serangoon North Ave 4
Singapore 555853

revenue mix should return to a balance of equipment and consumable/kits sales which has more favorable RMC cost, resulting in higher gross margins over time.

We note that there was allowance provided for inventory obsolescence in FY2015 of S\$1.1 million mainly for consigned stocks that were slow moving, while in FY2016 allowance for inventory obsolescence of S\$696,000 was reversed due to certain slow moving stocks previously provided for obsolescence were being utilized.

The share of loss of an associate of S\$449,000 in FY2016 was mainly due to the financing and professional expenses incurred by Novoflex Pte Ltd in acquisition of Smartflex Technology Pte Ltd and Smartflex Innovation Pte Ltd during the year and the higher depreciation and amortisation costs arising from the higher fair value of Novoflex's assets at the acquisition date.

The Group's profit before tax for FY2016 was up 25.1% to S\$6.1 million. However, in FY2015, there was a net tax credit of S\$1.8 million mainly due to a reversal of provision for tax payable of S\$2.6 million and the utilization of deferred tax assets of S\$1.0 million, while in FY2016, there was tax expense of S\$1.3 million. Hence, the reported Group's profit after tax for FY2016 declined 19.5% to S\$4.7 million.



Table 2 – Proforma profit before tax excluding impairments, allowances, reversals and share of associate loss

(S\$ '000)	Financial Year ended 31 Dec 2016 ("FY2016")	Financial Year ended 31 Dec 2015 ("FY2015")	Change (%)
Profit before tax (as reported)	6,091	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	-	NM
Net impairments, allowances, reversal (gain)/loss and share of associate loss	(12)	(829)	(98.6%)
Proforma profit before tax	6,079	4,040	50.5%

To reflect more accurately the Group's operational performance, the profit before tax excluding impairments, allowances for inventory obsolescence, reversal gains/losses and share of associate loss ("proforma PBT") for both FY2016 and FY2015 are computed as shown in the Table 2 for comparison. In line with the revenue growth, proforma PBT improved 50.5%.



AEM Holdings Ltd
52 Serangoon North Ave 4
Singapore 555853

As a result of strong overall performance in FY2016 and favorable outlook for FY2017, the Group is proposing a higher final dividend for FY2016 at S\$0.013 per share and together with an interim dividend of S\$0.005, making total dividends for FY2016 to be S\$0.018 per share, up 80% from S\$0.01 total dividend for FY2015.

Looking ahead, Mr. Charles Cher, AEM's Group CEO, commented, "Our order book has more than doubled over the last few months, rising from S\$38.3 million as at 5 October 2016 to S\$95.7 million as at 16 February 2017. These outstanding sales orders are for equipment and kits to be delivered in 2017 and are expected to contribute positively to FY2017 performance. With such robust order book on hand, we are confident of achieving at least S\$70 million in sales and S\$6.5 million operating profit before tax for the first half of FY2017.

We are pleased that our multi-year efforts in refocusing AEM on its high-value customers and products, in combination with a strong focus on research and development in next-generation products, have resulted in the successful launch of our HDMT platforms in FY2016 and strong commercial growth momentum in the business."

Mr Loke Wai San, the Group's Non-Executive Chairman, added, "We have been working closely with a major customer to develop the next generation test handlers which will fuel our growth in the coming years as we continue with mass volume production. We are pleased with our net cash position at the end of FY 2016, and will look to further invest to improve our delivery and support capabilities for this very important customer program. We will also continue to seek accretive acquisitions that either improve our core competencies and/or diversifies our end-markets. We thank our employees and investors for their continued support for the Company during this period of investment and growth."

- End -



AEM Holdings Ltd
52 Serangoon North Ave 4
Singapore 555853

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 3 manufacturing plants located in Singapore, Malaysia (Penang) and China (Suzhou). 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 By Financial PR Pte Ltd

For more information please contact:

Romil SINGH / El LEE / Reyna Mei

Financial PR Pte Ltd

Tel: 6438 2990 / Fax: 6438 0064

E-mail: romil@financialpr.com.sg / el@financialpr.com.sg / reyna@financialpr.com.sg