



AEM Holdings Ltd
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For Immediate Release

**AEM delivers on FY 2018 guidance, achieving
Revenue of \$262.3M and Operating PBT of \$42.6M.
Sticks with dividend policy and announces receipt of
\$140M of sales orders for delivery in FY 2019.
Revenue guidance for FY 2019 between S\$180M to S\$210M.**

- Revenue grew 18.4% in FY2018 to S\$262.3 million supported by the increased deliveries of test handlers and pans/kits to Group's major customer
- Group proposed final dividend of 1.9 Singapore cents per ordinary share for FY2018 and, including the interim dividend of 1.5 Singapore cents, the payout for the year is 25% of operating net profit

Singapore, 22 February 2019 – AEM Holdings Ltd (“AEM” or “the Group”), a global provider of equipment systems solutions and manufacturing services, announced its financial results for the twelve months ended 31 December 2018 (“FY2018”) today.

Financial Overview

Revenue, primarily generated by the Equipment Systems Solutions (“ESS”) business, increased by 18.4% year-on-year (“yoy”) to S\$262.3 million in FY2018. By business segments, ESS revenue increased by 19.5% yoy to S\$256.6 million. Precision Components (“PCS”) business generated slightly lower revenue of



S\$5.7 million in FY2018 compared to S\$6.8 million in FY2017. The financial highlights for the Group for FY2018 and FY2017 are set out below:

(S\$ '000)	Twelve months ended 31 Dec 2018 ("FY2018)	Twelve months ended 31 Dec 2017 ("FY2017)	Change (%)
Revenue	262,325	221,622	18.4
Raw materials and other consumables	(173,448)	(149,291)	(16.2)
Operating profit before tax	42,590	38,195	11.5
Operating profit before tax margin	16.2%	17.2%	(1.0)
Profit before tax	39,968	36,836	8.5
Net profit	33,493	31,489	6.4
Net profit margin	12.8%	14.2%	(1.4)

Raw materials and consumables cost decreased by 16.2% yoy to S\$173.4 million in FY2018. The Group's cost reduction initiatives compensated for the volume discount that started in FY2018 for the sales of test handlers to the Group's major customer.

Operating profit before tax increased 11.5% from S\$38.2 million in FY2017 to S\$42.6 million in FY2018. Operating profit before tax margin declined slightly from 17.2% in FY2017 to 16.2% in FY2018 mainly due to the following:

- Intangible amortisation expenses increased by S\$627,000 on the acquisition of Afore Oy and InspiRain Technologies Pte Ltd ("InspiRain"), and
- Higher staff costs for the acquired business and additional headcount to drive business development, enhancement and development projects.

Net profit increased 6.4% from S\$31.5 million in FY2017 to S\$33.5 million in FY2018. In arriving at the net profit, the Group recorded the following one-off charges in FY2018:



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- One-off staff compensation and restructuring expenses of S\$0.6 million to achieve a better staff and talent mix to be able to respond to market dynamics,
- Property gain tax of S\$0.6 million on the sale of Malacca property in 2016, and
- S\$1.3 million recorded as fair value adjustment of contingent consideration relating to the acquisition of InspiRain for the probable achievement of the key performance indicators (KPI) as set out in the sale and purchase agreement.

In FY2018, the Group generated cash flows from operating activities of S\$33.5 million. The Group maintained a healthy balance sheet with net cash position of S\$58.6 million as at 31 December 2018.

With the solid financial performance, AEM achieved its profit guidance for FY2018¹. The Group has proposed a final dividend of 1.9 Singapore cents per ordinary share for FY2018 (taking into account the 3 bonus shares for 1 existing share issued in June 2018). Including the 1.5 Singapore cents per ordinary share interim dividend that was announced with the second quarter results, the Group had a dividend payout of 25.0% for FY2018, in line with the Group's dividend policy of making a payout of not less than 25% of the consolidated profit after tax excluding non-recurring, one-off and exceptional items.

Business Overview and Outlook

The initial ramp phase of AEM's high density handler for our key customer started to taper in the fourth quarter of 2018. New equipment sales will be driven by new platform launches by our key customer, their market share, and the commissioning of new manufacturing sites. We expect continued new equipment sales in 2019, though at a lower rate than in 2018. We announced on 31 December 2018 that the Group received sales orders worth S\$110 million for delivery in 2019. These orders coupled with sales orders worth S\$30 million secured in 2019 year-to-date brings the current order book for 2019 to S\$140 million as of 22 February 2019. We expect to receive further orders throughout the year

¹ The guidance that the Group provided to the market was to achieve revenue of at least S\$255 million and operating profit before tax of at least S\$42 million in FY2018.



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and expect FY 2019 revenue to be between S\$180 million to S\$210 million, and capital expenditures to be between S\$3 million to S\$5 million.

Meanwhile, we continue to work on new R&D projects with our key customer for new product launches in 2020 and beyond. We have also been working towards diversifying our customer base and through our AMPS (Asynchronous Modular Parallel Smart) solution platform, we have secured a Memory manufacturer as a client, with the scheduled delivery of our first commercial solution in 1H 2019.

Our acquisition of InspiRain has started to yield results with the recently announced contract win to supply cable-testing solutions for Huawei's 5G rollout in China. AEM will provide test solutions developed in collaboration with China Electronics Technology Group Corporation No.23 Research Institute for qualifying high-performance short reach cabling links for Huawei's 5G backhaul network. AEM will deliver the first test solution for this contract in 2019.

AEM's Executive Chairman Loke Wai San commented, "We remain committed and focused to serving our customers' needs and requirements for advanced test solutions as the world takes concrete steps towards the 5G economy. We plan to grow both organically and through synergistic acquisitions. Organically, we are pushing customized solutions through our AMPS initiative to diversify our existing client base. On the M&A front, the three acquisitions that we completed are beginning to show results."

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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 By Financial PR Pte Ltd

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