AEM Holdings Ltd.
Registration No. 200006417D

**Business Performance For the 3rd Quarter Ended 30 September
2020 and Outlook Statement**

AEM reports revenue of S$161.8 million and profit before tax of S$29.9 million for 3Q2020

- **Group's 3Q2020 revenue at S$161.8 million on the back of increased orders**

- **The Group raises its revenue guidance for FY2020 to be between S$500 million to S$520 million**

Group Business Performance Review

(S$ '000)	3Q2020	3Q2019	Change (%)	9M2020	9M2019	Change (%)
Revenue	161,824	83,848	*93.0*	435,523	234,483	*85.7*
Profit before tax (PBT)	29,898	16,574	*80.4*	97,178	43,539	*123.2*
PBT Margin	**18.5%**	**19.8%**	*-1.3ppts*	**22.3%**	**18.6%**	*3.7ppts*
Net profit	24,340	13,718	*77.4*	79,624	36,022	*121.0*
Net profit margin	**15.0%**	**16.4%**	*-1.4ppts*	**18.3%**	**15.4%**	*2.9ppts*
Basic earnings per share (cents)	**9.0**	**5.1**	*76.5*	**29.3**	**13.3**	*120.3*
Diluted earnings per share (cents)	**8.9**	**5.0**	*78.0*	**29.3**	**13.2**	*122.0*

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[1] Calculation of basic earnings per share is based on the net profit and the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares

The Group achieved revenue of S$161.8 million in 3Q2020 on the back of increased orders for tools, consumables, and services. Revenue from tools and machines and revenue from consumables and services accounted for about 74% and 26% of total revenue respectively.

Revenue by Segment (S$ '000)	3Q2020	3Q2019	Change (%)	9M2020	9M2019	Change (%)
Equipment Systems Solutions ("ESS")	157,379	80,945	94.4	422,886	224,844	88.1
System Level Test & Inspection ("SLT-i")	1,585	944	67.9	5,344	4,040	32.3
Micro-Electro-Mechanical Systems ("MEMS")	2,222	1,198	85.5	4,992	3,456	44.4
Test and Measurement Solutions ("TMS")	638	761	-16.2	2,301	2,143	7.4
Total revenue	161,824	83,848	93.0	435,523	234,483	85.7
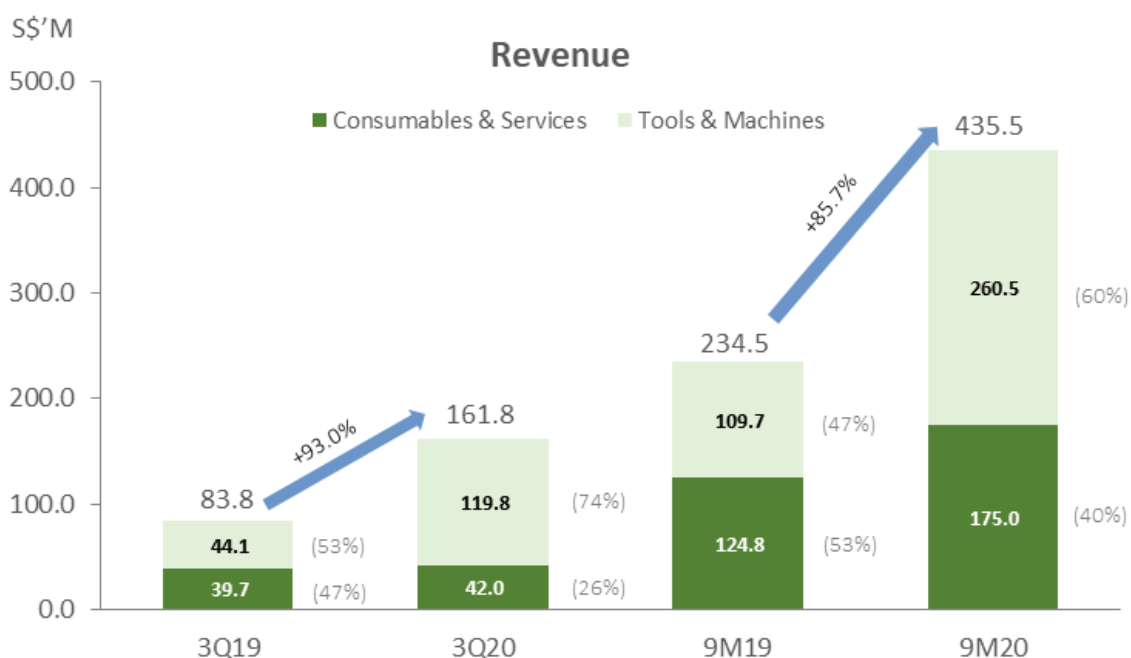
For 3Q 2020, the Group reported Profit before tax of S$29.9 million and Net profit of S$24.3 million. For the nine months in 2020, Profit before tax stood at S$97.2 million and Net profit of S$79.6 million.

Diluted earnings per share has increased from 5.0 Singapore cents (3Q2019) to 8.9 Singapore cents (3Q2020).

The Group maintained a strong financial position as at 30 September 2020 with cash of S$129.8 million.

(S$ '000)	30 Sep 20	31 Dec 19	Change (%)
Inventories	68,823	57,479	*19.7*
Trade and other receivables	52,434	27,976	*87.4*
Cash and cash equivalents	129,779	107,676	*20.5*
Total assets	**300,491**	**227,961**	***31.8***
Trade and other payables	69,318	73,128	*-5.2*
Total liabilities	**107,402**	**93,625**	***14.7***
Total equity	**193,089**	**134,336**	***43.7***
Net asset value per share (cents)	**70.3**	**49.8**	***41.2***

Cash and cash equivalents increased 21% from S$107.7 million as at 31 December 2019 to S$129.8 million as at 30 September 2020. The Group maintains a robust balance sheet with minimal debt.

Net asset value per share increased from 49.8 Singapore cents as at 31 December 2019 to 70.3 Singapore cents as at 30 September 2020.

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[2] Net asset value per share is calculated based on the existing issued share capital less treasury shares as at 30 September 2020

Business Outlook

According to [World Semiconductor Trade Statistics (WSTS)](), the annual global sales of semiconductors is expected to grow 3.3% in 2020, reaching $426 billion, and is expected to increase a further [6.2% in 2021](). The rollout of 5G enables increased complexity in mission-critical applications in areas such as communications, consumer electronics, automotive, and health care. This increase in complexity has resulted in chip designers and manufacturers being faced with unprecedented challenges in chip testing.

AEM's core solutions are in high density System Level Test (SLT) for advanced computing chips. As semiconductor nodes decrease and the implementation of heterogeneous packaging becomes mainstream, the need for high density System Level Test is likely to increase. According to VLSI Research, SLT is expected to grow 4.4x faster than wafer sort and functional test in 2020-2024, driven by the need to increase test coverage reliably in devices where Design-For-Test techniques leave hundreds of millions of transistors untested.

In March 2020, the Group completed the acquisition of Mu-TEST, which brought application-specific ATE instrumentation and capabilities at optimized pricing to AEM. In July 2020, the Group acquired DB Design, expanding AEM's offerings to include the automation fixture and device kit markets. Together with the three other acquisitions that the Group made since 2017, AEM has brought together the core technologies to realize its SLT+ vision. By designing test systems with programmable logic and rethinking test flows for Machine Learning capabilities, AEM now offers a full suite of application specific test solutions across MEMS, wafer sort, packaged ICs, and RF interconnects for the 5G economy.

With the strong 3Q2020 results, the Group is raising its FY2020 revenue guidance to be between S$500 million to S$520 million based on the sales order visibility and business outlook. Capex for FY2020 is projected at about S$5 million. AEM will also continue to focus more effort in research and development (R&D). R&D expenditure in 4Q2020 is expected to be S$2 million to support new projects for future years.

The Group will also continue to expand strategically through mergers and acquisitions 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 business growth, the Group has hired more staff to enhance its core engineering capabilities. Following the implementation of the various programs by the government to retain and promote the hiring of workers, AEM has stepped forward to support these initiatives in hiring trainees in various disciplines.

By Order of the Board

Loke Wai San
Executive Chairman
3 November 2020