



**AEM Holdings Ltd**  
52 Serangoon North Ave 4  
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**For Immediate Release**

## **AEM reports 20.5% y-o-y increase in profit before tax to S\$16.6 million for 3Q2019**

- Profit before tax grew to S\$16.6 million in 3Q2019 compared to S\$13.8 million in 3Q2018
- Profit before tax margin improved 3.6% from 16.2% in 3Q2018 to 19.8% in 3Q2019
- Revenue guidance has been revised up to be between S\$305 million and S\$315 million for FY2019

**Singapore, 1 November 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 and nine months ended 30 September 2019 (“**3Q2019**” and “**9M2019**” respectively) today.

### **Financial Overview**

Analyzing the business segments, revenue from main Equipment Systems Solutions (“ESS”) business, accounting for 96.5% of the Group’s total revenue for the quarter, increased 1.3% year-on-year (y-o-y) in 3Q2019 to S\$80.9 million. The increase in revenues was mainly due to an increase in orders from AEM’s main customer. System Level Test & Inspection (“SLT-i”) and Test and Measurement Solutions (“TMS”) also recorded growth in sales in 3Q2019 and 9M2019 mainly due to increase in orders from new and existing customers. However, due to the lower revenue from Micro-Electro-Mechanical Systems (“MEMS”) segment, the Group’s total revenue of S\$83.8 million for 3Q2019 was 1% lower compared to that of 3Q2018.



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(S\$ '000)	3Q2019	3Q2018	Change (%)	9M2019	9M2018	Change (%)
<b>Revenue</b>	83,848	84,668	(1.0)	234,483	222,976	5.2
<b>Profit before tax (PBT)</b>	16,574	13,754	20.5	43,539	35,286	23.4
<b>PBT Margin</b>	19.8%	16.2%	3.6%	18.6%	15.8%	2.8%
<b>Net profit</b>	13,718	11,389	20.4	36,022	29,104	23.8
<b>Net profit margin</b>	16.4%	13.5%	2.9%	15.4%	13.1%	2.3%

Raw materials and consumables cost, taking into consideration changes in inventories and excluding reversal for inventory obsolescence, decreased 9.2% y-o-y to S\$52.2 million in 3Q2019.

AEM reported net profit of S\$13.7 million for 3Q2019, 20.4% higher than that of 3Q2018. Net profit margin increased from 13.5% for 3Q2018 to 16.4% for 3Q2019. Fully diluted earnings per share for 3Q2019, after deducting any provision for preference dividends, was 5.02 Singapore cents, compared to 4.17 Singapore cents for 3Q2018<sup>1</sup>.

In 3Q2019, the Group generated operating cash flow of S\$18.3 million, before taking into account the working capital changes. The Group maintained a healthy financial position with net cash of S\$64.8 million as at 30 September 2019. Net asset value per share increased to 42.8 Singapore cents as at 30 September 2019, compared to 33.3 Singapore cents as at 31 December 2018.

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<sup>1</sup> Based on the weighted average number of shares adjusted for the effect of dilutive potential ordinary shares of 273,059,428 for 3Q2019 and 272,821,940 for 3Q2018 respectively



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### **Business Overview and Outlook**

As the Group's key customer introduces new products based on more advanced semiconductor nodes, AEM's test handlers that are optimised for testing complex and sophisticated chips, witnessed an increase in demand. Further to a record half year in 2019 for AEM, the sales momentum for the Group's HDMT units continued in the recent quarter the customer stepped up orders to AEM in line with the new products launch schedule. Given the sales momentum, the Group further revised up the revenue guidance for FY2019 to be between S\$305 million to S\$315 million. Capital expenditure is revised down to be between S\$3 million to S\$4 million for FY2019 to support engineering and business development needs for new customer programs.

The sales momentum for the Group's high-density handler will be closely linked to the timing and pace at which its main customer replaces legacy platforms with AEM's equipment, its sales seasonality, its market share, and new product/program launches. The Group also expects continued sales of its kits and pans which go into the existing installed base of equipment at the customer's sites.

AEM has been working towards diversifying its customer base through its AMPS (Asynchronous Modular Parallel Smart platform), MEMS Testing Solutions (Afore) and TMS. These business segments have made good progress in securing new customers and projects and are continuously scaling up in their product and technological capabilities. The Group remains positive in the outlook of these business segments.

The SLT-i division has successfully installed initial commercial systems for a memory manufacturer and is working on securing additional orders from this customer. The SLT-i division also aims to develop accounts with other semiconductor manufacturers for solutions through its AMPS initiative. The TMS division has completed the development project on optical fiber cable-test equipment for 5G backhaul networks. It is currently working with several customers on initial orders.



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AEM's Executive Chairman Loke Wai San commented, "As the interconnected 5G and data-centric worlds gather momentum, the industry has become increasingly aware of the significance and benefits of system level testing. Our forward-looking initiatives in developing cost-effective and highly-efficient testing solutions have placed AEM in an advantageous position to tap on the growth of system level testing from wafer level to package level, panels and interconnects."

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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.

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#### **Issued for and on behalf of AEM Holdings Ltd**

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