



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

## **AEM records highest annual revenue at S\$870.5M and profit before tax at S\$158.7M, provides conservative outlook for 2023**

- The Group exceeded its revenue guidance for FY2022 of between S\$820 million and S\$850 million on the back of strong demand from existing and new customers
- Profit before tax for the same period increased 43% y-o-y to reach S\$158.7 million, the highest in the Group's history
- The Group reported earnings per share of 40.7 Singapore cents, representing a 29% y-o-y increase from 31.6 Singapore cents in FY2021
- The Group proposed a final dividend of 3.6 Singapore cents per share. Together with the interim dividend of 6.7 Singapore cents per share, the total dividend for FY2022 is 10.3 Singapore cents per share
- The Group is providing a target revenue guidance for FY2023 of S\$500 million that may be revised as second half visibility becomes clearer

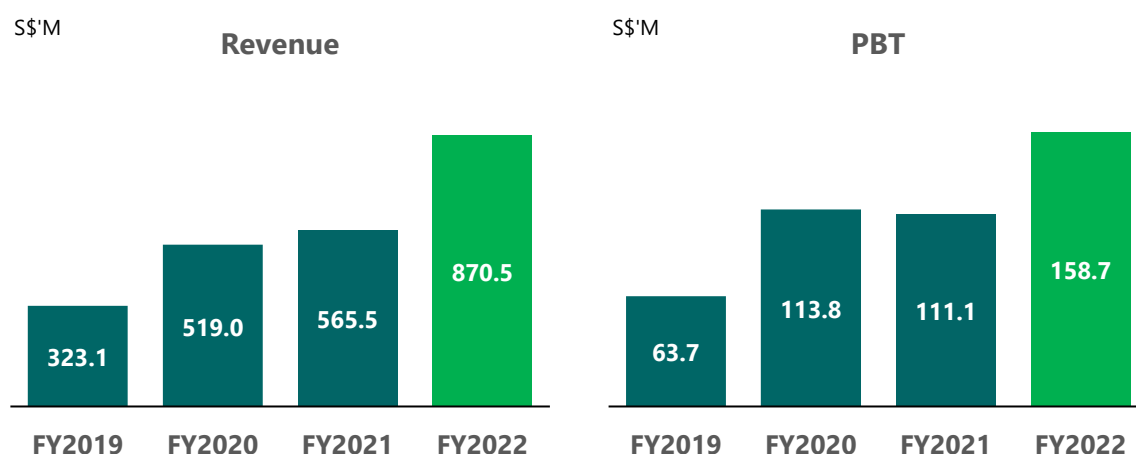
**Singapore, 24 February 2023** – AEM Holdings Ltd. ("**AEM**" or "**the Group**"), a global leader in test innovation, announced its unaudited financial results for the six months and full year ended 31 December 2022 ("**2H2022**" and "**FY2022**", respectively) today.



## **Financial Overview**

<b>Financial Highlights (S\$ '000)</b>	<b>2H2022</b>	<b>2H2021</b>	<b>Change (%)</b>	<b>FY2022</b>	<b>FY2021</b>	<b>Change (%)</b>
Revenue	<b>330,008</b>	373,221	(11.6)	<b>870,491</b>	565,462	53.9
Profit before tax ("PBT")	<b>56,654</b>	75,632	(25.1)	<b>158,693</b>	111,142	42.8
PBT margin	<b>17.2%</b>	20.3%	(3.1)ppts	<b>18.2%</b>	19.7%	(1.5)ppts
Net profit	<b>44,246</b>	62,395	(29.1)	<b>127,307</b>	92,091	38.2
Net profit margin	<b>13.4%</b>	16.7%	(3.3)ppts	<b>14.6%</b>	16.3%	(1.7)ppts

\*Ppts: Percentage points



2022 was an exceptionally strong year for AEM as a result of two new platform ramps and product pull in at its key customer. Revenue increased 54% year-on-year ("y-o-y") to S\$870.5 million while PBT grew in tandem, up 43% y-o-y to S\$158.7 million despite interest rate hikes and recessionary fears in the latter half of 2022.

### **Growth driven by platform ramps and supply chain resilience**

The Group's Test Cell Solutions (TCS) segment grew 57% y-o-y to an all-time high of S\$682.7 million, spurred by a strong ramp in demand by its key customer for both equipment and consumables. This demand was driven in part by a pull-in from 2023 for capacity needs. The Group's share of wallet at its key customer has expanded as it



addresses new capabilities and related consumables required by its next generation devices.

Beyond its key customer, AEM has made substantial progress in acquiring leading semiconductor manufacturers as new customers. The Group's focus on composable solutions targeting the Test 2.0 market have resonated with these new customers. The logic device market is heavily embracing advanced packaging technologies which result in significant test challenges. AEM's Test 2.0 solutions help leading semiconductor manufacturers reimagine test in a manner optimized for their manufacturing flow. This approach has resulted in the announcement of three major wins where AEM's solution set is on the critical path for the launch of these customers' next generation devices. AEM expects revenue from non-key customer accounts to continue to grow, further diversifying our customer base, and being important drivers of growth over the next few years.

AEM's acquisition of CEI two years ago has been a success for the Group. It has become a complementary part of AEM's full stack solution offerings to its customers. Having been fully integrated into AEM's operations, AEM has transformed the segment's operations, increasing overall profitability and revenue levels from when it was a stand-alone business.

<b>Balance Sheet Highlights</b>			
<b>(S\$ '000)</b>	<b>31-Dec-22</b>	<b>31-Dec-21</b>	<b>Change (%)</b>
Inventories	<b>367,723</b>	204,926	79.4
Trade and other receivables	<b>92,917</b>	127,941	(27.3)
Cash and cash equivalents	<b>127,775</b>	216,180	(40.9)
Total assets	<b>805,596</b>	710,498	13.4
Trade and other payables	<b>118,934</b>	182,611	(34.9)
Total liabilities	<b>312,146</b>	307,984	1.4
Total equity	<b>493,450</b>	402,514	22.6
Net asset value per share (Singapore cents)	<b>157.1</b>	130.0	20.8



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To support our key customer's mid-term ramp needs, the Group is investing in longer dated, non-cancellable purchase orders, equivalent to S\$280.0 million. As a result, the Group recorded an increase in inventories from S\$204.9 million as of 31 December 2021 to S\$367.7 million as of 31 December 2022. On the other hand, cash and cash equivalents were reduced from S\$216.2 million as of 31 December 2021 to S\$127.8 million as of 31 December 2022.

The Group maintains a strong balance sheet with total assets standing at S\$805.6 million as of 31 December 2022, compared to S\$710.5 million as of 31 December 2021. Similarly, the net asset value per share also increased from 130.0 Singapore cents as of 31 December 2021 to 157.1 Singapore cents as of 31 December 2022.

The Group proposed a final dividend of 3.6 Singapore cents per share. Together with the interim dividend of 6.7 Singapore cents per share, the total dividend for FY2022 is 10.3 Singapore cents per share.

### **Business Outlook**

As the Group enters 2023, a confluence of factors such as a global slow down, rising interest rates that adversely impact capital expenditure, and a general inventory pull-in for supply chain resilience are giving way to inventory digestion in 1H2023, leading to a weak 2023. Given the limited visibility and anticipated volatility within the industry, Management is providing a target revenue guidance for FY2023 of S\$500 million that may be revised as second half visibility becomes clearer.

2023 is a year of transformation. We are encouraged by the mid-term adoption of our Test 2.0 platform and expect revenues from our new customers to more than double in 2023. The rapid adoption of artificial intelligence used across a diverse set of applications, 5G communications driving an always connected world, and the electrification of the automotive industry are trends that drive the advancement of semiconductor technologies along with the need for a paradigm shift in test.



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AEM's Test 2.0 vision delivers the test capabilities that leading semiconductor manufacturers require for their next generation devices. The adoption of Test 2.0 has been underway for many years at the Group's key customer, with AEM being a part of the journey from the start. This is a journey that AEM has just embarked on with its three recently announced new customer wins, with capability ramps expected from early 2024.

While 2023 may be a challenging year for AEM, the Group remains excited for the future. The Group will continue to manage costs diligently, while maintaining its innovation and technical lead in Test 2.0.

AEM's CEO Chandran Nair commented, "We realise that 2023 will have its share of challenges that will require agility in our operational capabilities. The deep engagements with our customers give us confidence that our Test 2.0 vision is required for them to meet the challenges emerging from their next generation products, which will result in secular growth for AEM."

#### **About AEM Holdings Ltd.**

AEM is a global leader in test innovation. We provide the most comprehensive semiconductor and electronics test solutions based on the best-in-class technologies, processes, and customer support. AEM has a global presence across Asia, Europe, and the United States. With manufacturing plants located in Singapore, Malaysia (Penang), Indonesia (Batam), Vietnam (Ho Chi Minh City), China (Suzhou), and Finland (Lieto), South Korea, and the United States (San Jose) and a global network of engineering support, sales offices, associates, and distributors, we offer our customers a robust and resilient ecosystem of test innovation and support.

AEM Holdings Ltd. is listed on the main board of the Singapore Exchange (Reuters: AEM. SI; Bloomberg: AEM SP). AEM's head office is in Singapore.

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

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