

AEM Holdings (AEM SP)

Guidance maintained

Strong earnings visibility; Maintain BUY

AEM has the strongest FY20E earnings visibility within our Singapore tech coverage, as it has maintained full year sales guidance of SGD360-380m. As demand drivers appear intact, we believe a key earnings risk is if global supply chain disruptions result in any unforeseen components shortages. Maintain BUY and ROE-g/COE-g TP of SGD2.82 (3x blended FY20-21E P/B).

Guidance kept; Intel deliveries >90% on time

On 19-Mar, AEM announced that its sales guidance of SGD360-380m for FY20 is unchanged. Further, AEM introduced 1Q20 sales guidance of a record SGD135-145m, and is cautiously confident that 1H20 will be an all-time high despite some shifts in the delivery of its sales orders due to the Covid-19 situation. On 20-Mar, key customer Intel highlighted that it is delivering more than 90% of its chips on time. This is consistent with Intel's early March message that operations are "relatively normal". Our channel checks suggest that its Penang plant has received approval to operate at half strength during the movement control order.

Robust balance sheet and solid cash generation

AEM's balance sheet is robust with net cash to equity of 80%. Strong cash generation is driven by high profitability and working capital efficiency. Since 2017 (ramp-up of HDMT test handlers), cash conversion cycle has been around 15 days or less. Intel has also kept a tight range for its days of payables outstanding (~40-50 days), even throughout the GFC, suggesting it is a good paymaster.

Accumulate on dips

While we caution further volatility in the share price, we believe this may present buying opportunities. AEM is currently trading at 2.5x FY20E P/B, around 0.5 SD below its 3-year mean of 3x. We continue to see AEM as a potential M&A play given its first-mover advantage in system level test. In that regard, we find it is 4x FY20E EV/EBITDA valuation highly attractive. For comparison, Cohu acquired Xcerra for 7-8x forward EV/EBITDA.

FYE Dec (SGD m)	FY18A	FY19A	FY20E	FY21E	FY22E
Revenue	262	323	369	384	400
EBITDA	42	70	78	82	88
Core net profit	33	53	59	63	67
Core FDEPS (cts)	12.3	19.4	21.9	23.3	24.7
Core FDEPS growth(%)	3.4	58.3	12.9	6.2	6.2
Net DPS (cts)	3.4	5.1	5.5	5.8	6.2
Core FD P/E (x)	6.7	10.4	7.5	7.0	6.6
P/BV (x)	2.5	4.1	2.5	2.0	1.6
Net dividend yield (%)	4.1	2.5	3.3	3.6	3.8
ROAE (%)	45.5	47.3	37.8	31.1	26.6
ROAA (%)	26.6	29.1	25.2	22.9	20.6
EV/EBITDA (x)	4.0	6.3	3.9	3.2	2.5
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash
Consensus net profit	-	-	31	31	na
MKE vs. Consensus (%)	-	-	93.1	104.7	na

Gene Lih Lai, CFA
laigenelih@maybank-ke.com.sg
(65) 6231 5832

BUY

Share Price	SGD 1.64
12m Price Target	SGD 2.82 (+74%)
Previous Price Target	SGD 2.82

Company Description

AEM manufactures equipment used in the semiconductor back-end process

Statistics

52w high/low (SGD)	2.27/0.85
3m avg turnover (USDm)	13.1
Free float (%)	76.9
Issued shares (m)	273
Market capitalisation	SGD448.2M USD313M

Major shareholders:

Toh Ban Leng James	7.8%
Aberdeen Standard Investments (Asia) Ltd	6.9%
Morgan Stanley	6.0%

Price Performance



	-1M	-3M	-12M
Absolute (%)	(27)	(13)	37
Relative to index (%)	(10)	11	73

Source: FactSet

Link to sector note:

[Singapore Technology - Bracing for a storm | NEUTRAL](#)

Sensitivity analysis

Fig 1: Sensitivity analysis of implied earnings expectation at various share prices.

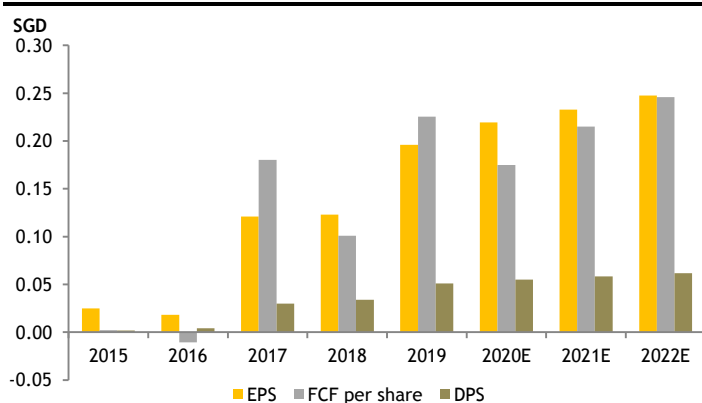
Share price (SGD)	Implied	
	FY20-21E average ROE	FY19-21E earnings CAGR (linear basis)
2.80	34.3%	9.5%
2.60	32.5%	4.7%
2.40	30.8%	0.0%
2.20	29.0%	-5.0%
2.00	27.1%	-10.3%
1.80	25.0%	-16.0%
1.60	22.9%	-21.8%
1.40	20.7%	-28.0%
1.20	18.5%	-34.5%
1.00	16.2%	-41.3%

Source: Maybank Kim Eng

Balance sheet and cash flow

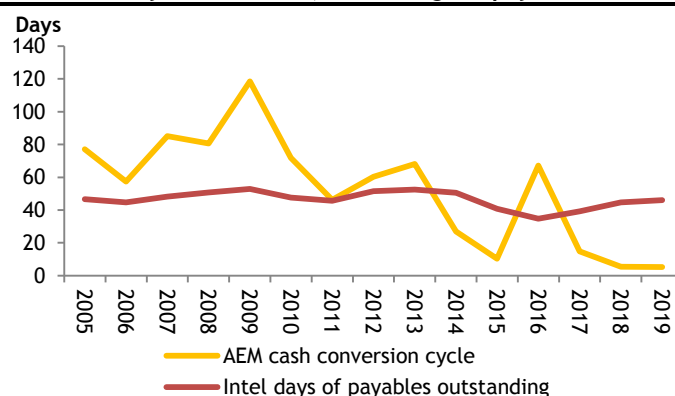
AEM has a 25% dividend pay-out ratio policy, which is comfortably funded by free cash flow. Balance sheet is robust, with net cash to equity of 80%. Since ramping up HDMT test-handlers in 2017, AEM's cash conversion cycle has improved considerably to 15 days or below. Furthermore, Intel has a track record of being a good paymaster, with days of payables outstanding ranging 40-50 days, even throughout the GFC.

Fig 2: Dividends comfortably funded by free cash flow



Source: Company, Maybank Kim Eng

Fig 3: Since ramping up HDMT TH in 2017, AEM's cash conversion cycle is 15 or less; Intel is a good paymaster



Source: FactSet, Company, Maybank Kim Eng

Valuation

AEM is currently trading on 2.5x FY20E P/B, around 0.5 SD below its 3-year mean. We have chosen a time period of 2017-present as we believe this time period is most relevant to AEM's prospects, as prior periods were marked by corporate restructuring under current management (2011-2016), and different business dynamics under previous management with a different product portfolio (prior to 2011).

During this period, forward P/B troughed in early 2017 during the investor discovery period for the stock. In recent sell-offs (Jan-19, May-19), AEM tended to have found support near 1.75x, or 1SD below mean.

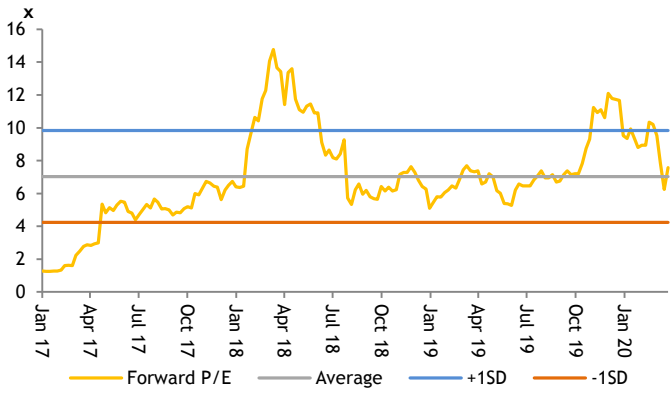
We continue to see AEM as a potential M&A play given its first-mover advantage in system level test. In that regard, we find is 4x FY20E EV/EBITDA valuation highly attractive. For comparison, Cohu acquired Xcerra for 7-8x forward EV/EBITDA.

Fig 4: Peer comparisons

Company	BBG Code	MKE Rec	MKE TP (LC)	Price (LC)	FYE mm	Mcap USDm	P/E (x)				EV /EBI TDA (x) FY1	Div yield (%) FY1	ROE (%) FY1
							Act	FY1	FY2	FY3			
AEM	AEM SP	Buy	2.82	1.67	12	311	8.5	7.6	7.2	6.8	4.1	3.3	37.8
Global back-end test handler peers													
Cohu	COHU US	NR	-	13.09	12	543	145.4	15.6	7.8	6.9	8.4	1.8	7.3
Tesec	6337 JP	NR	-	808	03	42	4.4	-	-	-	-	-	-
Chroma ATE	2360 TT	NR	-	111.50	12	1,544	25.2	16.3	13.4	11.5	13.6	3.9	16.8
Pentamaster Corp	PENT MK	NR	-	3.18	12	344	26.4	17.7	15.4	13.1	8.4	0.4	19.6
Average							46.6	15.4	11.8	10.3	10.8	3.0	17.6
Global back-end equipment peers													
Koh Young Technology	098460 KS	NR	-	89,700	12	1,001	35.1	27.7	21.8	18.9	16.8	1.0	15.9
Advantest	6857 JP	NR	-	4,570	03	8,184	15.1	18.6	16.5	14.2	11.0	1.6	21.5
Vitrox	VITRO MK	Sell	6.50	7.06	12	758	31.5	41.0	27.3	22.5	33.9	0.6	-
Hirata	6258 JP	NR	-	4,665	03	450	10.6	32.3	11.3	8.7	-	0.9	3.1
ASM Pacific	522 HK	NR	-	74.00	12	3,903	48.7	19.6	13.2	12.2	10.7	-	12.3
BE Semiconductor	BESI NA	NR	-	25.93	12	2,249	24.5	20.7	14.8	12.2	14.4	4.6	29.4
KLA-Tencor	KLAC US	NR	-	137.47	06	21,551	16.2	13.9	13.3	12.1	11.1	2.4	54.8
Teradyne	TER US	NR	-	54.24	12	9,046	19.0	16.8	14.9	13.4	11.7	0.5	35.2
Average							20.2	16.9	14.6	13.0	11.8	1.9	39.0

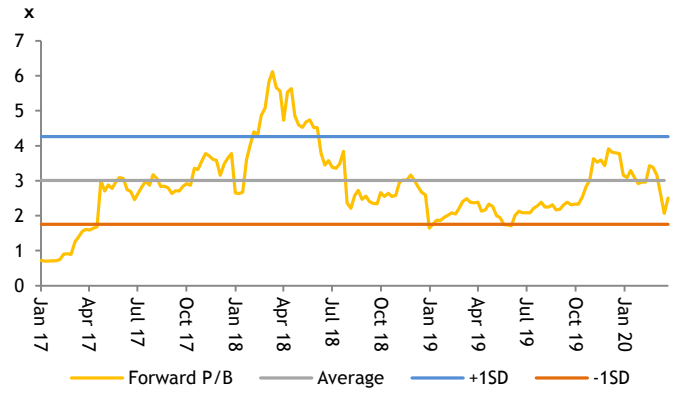
Source: Maybank Kim Eng

Fig 5: Forward P/E band



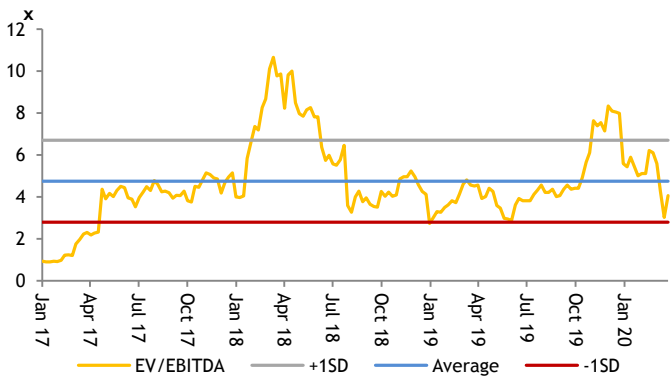
Source: FactSet, Maybank Kim Eng

Fig 6: Forward P/B band



Source: FactSet, Company, Maybank Kim Eng

Fig 7: EV/ forward EBITDA band

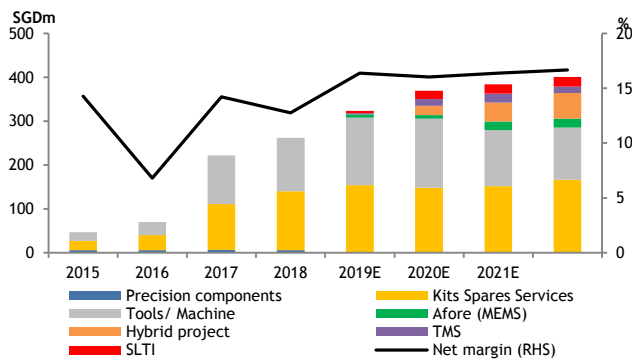


Source: FactSet, Maybank Kim Eng

Value Proposition

- Back-end test-equipment manufacturer that has co-developed the HDMT handler for a market-leading chipmaker with a market cap of USD250b.
- Leading-edge HDMT technology has helped its core customer achieve 2x savings in chip-testing costs.
- AEM provides strong synergies like field-service capabilities and manufacturing scale for the high-tech companies that it acquires.
- High single-customer and product risks.

Share of new revenue sources progressively growing

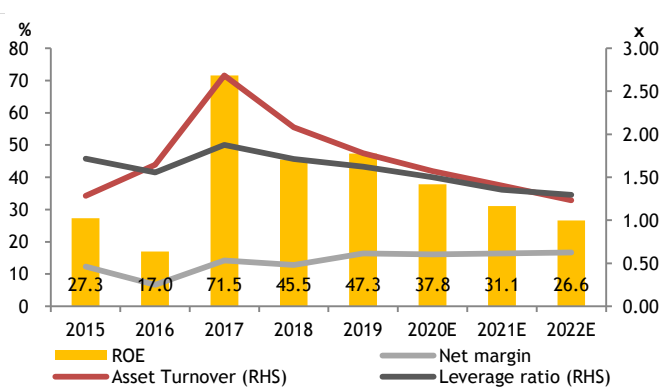


Source: Company, Maybank Kim Eng

Financial Metrics

- We expect 12% earnings growth in 2020E, driven by sustained sales to Intel and contributions from new initiatives and customers.
- AEM is not a capex-intensive company. Improved cash-flow from 2016 levels has allowed AEM to pursue highly synergistic acquisitions.
- Training a batch of engineers during pre-production ramp up could take 5-6 months. During such time, staff costs could be elevated and profitability could temporarily decline.
- Adopted 25% dividend payout ratio policy in 2017.

DuPont ROE



Source: Company, Maybank Kim Eng

Price Drivers

Historical share price trend



Source: Company, FactSet, Maybank Kim Eng

1. Announced favourable 1Q17 net profit as HDMT handlers delivery pick up momentum. There were also insider purchases.
2. Announced 2018 guidance for SGD255m in revenue and SGD42m PBT.
3. Announced accretive acquisition of Afore, Finnish-based MEMS test-solutions provider.
4. Novo Tellus distributes AEM shares in-specie to investors; Core customer announces 10nm delay.
5. AEM's core customer denies rumours from tech-blog SemiAccurate that its 10nm process was cancelled.

Swing Factors

Upside

- Revenue expansion from securing new customers or wallet expansion/increased orders from existing customers.
- Synergistic and accretive acquisitions.
- Positive customer-related news flow that could catalyse improved orders for AEM, such as capacity expansion or launch of new chips.

Downside

- Order cancellation, delays and earnings misses.
- Emerging technology from rivals that could erode AEM's competitive position with customer(s).
- Erosion in the competitive advantages of the core customer as a result of company specific or industry related developments.

FYE 31 Dec	FY18A	FY19A	FY20E	FY21E	FY22E
Key Metrics					
P/E (reported) (x)	9.2	6.2	7.5	7.0	6.6
Core P/E (x)	6.7	10.3	7.5	7.0	6.6
Core FD P/E (x)	6.7	10.4	7.5	7.0	6.6
P/BV (x)	2.5	4.1	2.5	2.0	1.6
P/NTA (x)	2.5	4.1	2.5	2.0	1.6
Net dividend yield (%)	4.1	2.5	3.3	3.6	3.8
FCF yield (%)	12.2	11.2	10.7	13.1	15.0
EV/EBITDA (x)	4.0	6.3	3.9	3.2	2.5
EV/EBIT (x)	4.1	6.9	4.2	3.5	2.7
INCOME STATEMENT (SGD m)					
Revenue	262.3	323.1	369.1	384.0	400.5
Gross profit	89.1	130.8	146.2	150.2	157.6
EBITDA	41.9	69.5	77.6	82.4	87.5
Depreciation	(1.9)	(4.4)	(4.6)	(5.1)	(5.4)
Amortisation	0.0	(1.5)	(1.5)	(1.5)	(1.5)
EBIT	40.0	63.6	71.5	75.9	80.6
Net interest income / (exp)	(0.0)	(0.2)	(0.2)	(0.2)	(0.2)
Associates & JV	(0.0)	0.5	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0
Other pretax income	0.0	0.0	0.0	0.0	0.0
Pretax profit	40.0	63.9	71.3	75.7	80.4
Income tax	(6.5)	(11.0)	(12.1)	(12.9)	(13.7)
Minorities	0.0	0.0	0.0	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	33.5	52.9	59.2	62.8	66.7
Core net profit	33.5	52.9	59.2	62.8	66.7
BALANCE SHEET (SGD m)					
Cash & Short Term Investments	58.8	107.7	138.6	179.4	227.6
Accounts receivable	21.7	28.0	28.6	30.3	31.2
Inventory	28.2	57.5	40.2	62.3	50.9
Property, Plant & Equip (net)	5.7	6.3	5.7	5.6	5.2
Intangible assets	16.8	16.9	16.9	16.9	16.9
Investment in Associates & JVs	4.2	4.6	4.6	4.6	4.6
Other assets	0.2	7.1	7.1	7.1	7.1
Total assets	135.5	228.0	241.6	306.1	343.3
ST interest bearing debt	0.2	0.0	0.0	0.0	0.0
Accounts payable	36.6	73.1	49.0	66.3	53.5
LT interest bearing debt	0.0	0.0	0.0	0.0	0.0
Other liabilities	9.0	20.0	14.0	14.0	14.0
Total Liabilities	46.0	93.6	62.9	80.3	67.4
Shareholders Equity	89.5	134.3	178.7	225.9	275.9
Minority Interest	0.0	0.0	0.0	0.0	0.0
Total shareholder equity	89.5	134.3	178.7	225.9	275.9
Total liabilities and equity	135.5	228.0	241.6	306.1	343.3
CASH FLOW (SGD m)					
Pretax profit	40.0	63.9	71.3	75.7	80.4
Depreciation & amortisation	1.9	5.9	6.1	6.5	6.9
Adj net interest (income)/exp	0.0	0.0	0.0	0.0	0.0
Change in working capital	(6.2)	2.3	(14.1)	(6.3)	(2.3)
Cash taxes paid	(4.2)	(5.8)	(12.1)	(12.9)	(13.7)
Other operating cash flow	0.0	0.0	0.0	0.0	0.0
Cash flow from operations	31.5	65.8	51.2	63.0	71.3
Capex	(4.0)	(5.0)	(4.0)	(5.0)	(5.0)
Free cash flow	27.5	60.9	47.2	58.0	66.3
Dividends paid	(8.4)	(10.5)	(14.8)	(15.7)	(16.7)
Equity raised / (purchased)	6.0	0.0	0.0	0.0	0.0
Change in Debt	0.3	(0.3)	0.0	0.0	0.0
Other invest/financing cash flow	(1.7)	(1.4)	(1.5)	(1.5)	(1.5)
Effect of exch rate changes	(11.0)	0.2	0.0	0.0	0.0
Net cash flow	12.7	48.9	30.9	40.9	48.1

FYE 31 Dec	FY18A	FY19A	FY20E	FY21E	FY22E
Key Ratios					
Growth ratios (%)					
Revenue growth	18.4	23.2	14.2	4.0	4.3
EBITDA growth	11.3	65.8	11.6	6.3	6.1
EBIT growth	8.3	58.8	12.4	6.2	6.2
Pretax growth	8.5	59.9	11.6	6.2	6.2
Reported net profit growth	6.4	58.1	11.8	6.2	6.2
Core net profit growth	6.4	58.1	11.8	6.2	6.2
Profitability ratios (%)					
EBITDA margin	16.0	21.5	21.0	21.5	21.8
EBIT margin	15.3	19.7	19.4	19.8	20.1
Pretax profit margin	15.2	19.8	19.3	19.7	20.1
Payout ratio	27.6	26.0	25.0	25.0	25.0
DuPont analysis					
Net profit margin (%)	12.8	16.4	16.0	16.4	16.7
Revenue/Assets (x)	1.9	1.4	1.5	1.3	1.2
Assets/Equity (x)	1.5	1.7	1.4	1.4	1.2
ROAE (%)	45.5	47.3	37.8	31.1	26.6
ROAA (%)	26.6	29.1	25.2	22.9	20.6
Liquidity & Efficiency					
Cash conversion cycle	5.2	5.2	7.9	17.8	22.7
Days receivable outstanding	31.0	27.7	27.6	27.6	27.6
Days inventory outstanding	66.5	80.2	78.9	78.9	83.8
Days payables outstanding	92.3	102.7	98.6	88.8	88.8
Dividend cover (x)	3.6	3.8	4.0	4.0	4.0
Current ratio (x)	2.4	2.2	3.5	3.6	4.8
Leverage & Expense Analysis					
Asset/Liability (x)	2.9	2.4	3.8	3.8	5.1
Net gearing (%) (incl perps)	net cash	net cash	net cash	net cash	net cash
Net gearing (%) (excl. perps)	net cash	net cash	net cash	net cash	net cash
Net interest cover (x)	nm	nm	nm	nm	nm
Debt/EBITDA (x)	0.0	0.0	0.0	0.0	0.0
Capex/revenue (%)	1.5	1.5	1.1	1.3	1.2
Net debt/ (net cash)	(58.5)	(107.7)	(138.6)	(179.4)	(227.6)

Source: Company; Maybank

Research Offices

MACRO

Sadiq CURRIMBHOY
Head of Regional Macro Research
(65) 6231 5836
sadiq@maybank-ke.com.sg

ECONOMICS

Suhaimi ILIAS
Chief Economist
Malaysia | Philippines | Global
(603) 2297 8682
suhaimi_ilias@maybank-ib.com

CHUA Hak Bin
Regional Thematic Macroeconomist
(65) 6231 5830
chuahb@maybank-ke.com.sg

LEE Ju Ye
Singapore | Thailand
(65) 6231 5844
leejuye@maybank-ke.com.sg

Linda LIU
Singapore | Vietnam
(65) 6231 5847
lindaliu@maybank-ke.com.sg

Dr Zamros DZULKAFI
(603) 2082 6818
zamros.d@maybank-ib.com

Ramesh LANKANATHAN
(603) 2297 8685
ramesh@maybank-ib.com

William POH
(603) 2297 8683
william.poh@maybank-ib.com

FX

Saktiandi SUPAAT
Head of FX Research
(65) 6320 1379
saktiandi@maybank.com.sg

Christopher WONG
(65) 6320 1347
wongkl@maybank.com.sg

TAN Yanxi
(65) 6320 1378
tanyx@maybank.com.sg

Fiona LIM
(65) 6320 1374
fionalim@maybank.com.sg

STRATEGY

Willie CHAN
Regional
(852) 2268 0631
williechan@kimeng.com.hk

Anand PATHMAKANTHAN
ASEAN
(603) 2297 8783
anand.pathmakanthan@maybank-ib.com

FIXED INCOME

Winson PHOON, ACA
(65) 6812 8807
winsonphoon@maybank-ke.com.sg

SE THO Mun Yi
(603) 2074 7606
munyi.st@maybank-ib.com

REGIONAL EQUITIES

Anand PATHMAKANTHAN
Head of Regional Equity Research
(603) 2297 8783
anand.pathmakanthan@maybank-ib.com

WONG Chew Hann, CA
Head of ASEAN Equity Research
(603) 2297 8686
wchewh@maybank-ib.com

ONG Seng Yeow
Research, Technology & Innovation
(65) 6231 5839
ongsengyeow@maybank-ke.com.sg

MALAYSIA

Anand PATHMAKANTHAN, Head of Research
(603) 2297 8783
anand.pathmakanthan@maybank-ib.com
• Strategy

Desmond CH'NG, BFP, FCA
(603) 2297 8680
desmond.chng@maybank-ib.com
• Banking & Finance

LIAW Thong Jung
(603) 2297 8688 tjliaw@maybank-ib.com
• Oil & Gas Services - Regional
• Automotive

ONG Chee Ting, CA
(603) 2297 8678 ct.ong@maybank-ib.com
• Plantations - Regional

YIN Shao Yang, CPA
(603) 2297 8916 samuet.y@maybank-ib.com
• Gaming - Regional • Media

TAN Chi Wei, CFA
(603) 2297 8690 chiwei.t@maybank-ib.com
• Power • Telcos

WONG Wei Sum, CFA
(603) 2297 8679 weisum@maybank-ib.com
• Property

LEE Yen Ling
(603) 2297 8691 lee.yl@maybank-ib.com
• Glove • Ports • Shipping • Healthcare
• Petrochem

Kevin WONG
(603) 2082 6824 kevin.wong@maybank-ib.com
• REITs • Consumer Discretionary • Technology

Jade TAM
(603) 2297 8687 jade.tam@maybank-ib.com
• Consumer Staples

TEE Sze Chiah Head of Retail Research
(603) 2082 6858 szechiah.t@maybank-ib.com

Nik Ihsan RAJA ABDULLAH, MSTA, CFTE
(603) 2297 8694
nikmohdihsan.ra@maybank-ib.com
• Chartist

Amirah AZMI
(603) 2082 8769 amirah.azmi@maybank-ib.com
• Retail Research

SINGAPORE

CHUA Su Tye
(65) 6231 5842 chuasutye@maybank-ke.com.sg
• REITs

LAI Gene Lih, CFA
(65) 6231 5832 laigenelih@maybank-ke.com.sg
• Technology • Healthcare

Thilan WICKRAMASINGHE
(65) 6231 5840 thilanw@maybank-ke.com.sg
• Banks • Consumer

TAN Chin Poh Head of Retail Research
(65) 6231 5928 chinpoh@maybank-ke.com.sg

Eric ONG
(65) 6231 5924 ericong@maybank-ke.com.sg
• Retail Research

Matthew SHIM
(65) 6231 5929
matthewshim@maybank-ke.com.sg
• Retail Research

Kareen CHAN
(65) 6231 5926 kareench@maybank-ke.com.sg
• Retail Research

INDIA

Jigar SHAH Head of Research
(91) 22 4223 2632 jigar@maybank-ke.co.in
• Strategy • Oil & Gas • Automobile • Cement

Neerav DALAL
(91) 22 4223 2606 neerav@maybank-ke.co.in
• Software Technology • Telcos

Kshitiz PRASAD
(91) 22 4223 2607
kshitiz@maybank-ke.co.in
• Banks

INDONESIA

Isnaputra ISKANDAR Head of Research
(62) 21 8066 8680
isnaputra.iskandar@maybank-ke.co.id
• Strategy • Metals & Mining • Cement
• Autos • Consumer • Utility

Rahmi MARINA
(62) 21 8066 8689
rahmi.marina@maybank-ke.co.id
• Banking & Finance

Aurellia SETIABUDI
(62) 21 8066 8691
aurellia.setiabudi@maybank-ke.co.id
• Property

Arnanto JANURI
(62) 21 8066 8683
arnanto.januri@maybank-ke.co.id
• Construction

PHILIPPINES

Katherine TAN
(63) 2 8849 8843
kat_tan@maybank-atrke.com
• Banks • Conglomerates • Ports

Romel LIBO-ON
(63) 2 8849 8844
romel_libo-on@maybank-atrke.com
• Property

Kayzer LLANDA
(63) 2 8849 8839
Kayzer_llanda@maybank-atrke.com
• Utilities

Fredrick De GUZMAN
(63) 2 8849 8847
fredrickdaniel.deguzman@maybank.com
• Consumer

THAILAND

Maria LAPIZ Head of Institutional Research
Dir (66) 2257 0250 | (66) 2658 6300 ext 1399
Maria.L@maybank-ke.co.th
• Strategy • Consumer • Materials • Services

Teerapol UDOMVEJ, CFA
(66) 2658 6300 ext 1394
teerapol.U@maybank-ke.co.th
• Healthcare

Jesada TECHAHUSUDIN, CFA
(66) 2658 6300 ext 1395
jesada.t@maybank-ke.co.th
• Banking & Finance

Kaushal LADHA, CFA
(66) 2658 6300 ext 1392
Kaushal.L@maybank-ke.co.th
• Oil & Gas

Ekachai TARAPORNTP Head of Retail Research
(66) 2658 5000 ext 1530
Ekachai.t@maybank-ke.co.th

Surachai PRAMUALCHAROENKIT
(66) 2658 5000 ext 1470
Surachai.p@maybank-ke.co.th
• Auto • Conmat • Contractor • Steel

Suttatip PEERASUB
(66) 2658 5000 ext 1430
suttatip.p@maybank-ke.co.th
• Media • Commerce

Jaroonpan WATTANAWONG
(66) 2658 5000 ext 1404
jaroonpan.w@maybank-ke.co.th
• Transportation • Small cap

Thanatphat SUKSRICHAVALIT
(66) 2658 5000 ext 1401
thanatphat.s@maybank-ke.co.th
• Media • Electronics

Wijit ARAYAPISIT
(66) 2658 5000 ext 1450
wijit.a@maybank-ke.co.th
• Strategist

Kritsapong PATAN
(66) 2658 5000 ext 1310
kritisapong.p@maybank-ke.co.th
• Chartist

VIETNAM

LE Hong Lien, ACCA
Head of Institutional Research
(84 28) 44 555 888 ext 8181
lien.le@maybank-kimeng.com.vn
• Strategy • Consumer • Diversified

LE Nguyen Nhat Chuyen
(84 28) 44 555 888 ext 8082
chuyen.le@maybank-kimeng.com.vn
• Oil & Gas

QUAN Trong Thanh
(84 28) 44 555 888 ext 8184
thanh.quan@maybank-kimeng.com.vn
• Banks

NGUYEN Thi Sony Tra Mi
(84 28) 44 555 888 ext 8084
mi.nguyen@maybank-kimeng.com.vn
• Consumer

Tyler Manh Dung Nguyen
(84 28) 44 555 888 ext 8180
dung.nguyen@maybank-kimeng.com.vn
• Utilities

NGUYEN Thi Ngan Tuyen
Head of Retail Research
(84 28) 44 555 888 ext 8081
tuyen.nguyen@maybank-kimeng.com.vn
• Food & Beverage • Oil & Gas • Banking

NGUYEN Thanh Lam
(84 28) 44 555 888 ext 8086
thanhlam.nguyen@maybank-kimeng.com.vn
• Technical Analysis

APPENDIX I: TERMS FOR PROVISION OF REPORT, DISCLAIMERS AND DISCLOSURES

DISCLAIMERS

This research report is prepared for general circulation and for information purposes only and under no circumstances should it be considered or intended as an offer to sell or a solicitation of an offer to buy the securities referred to herein. Investors should note that values of such securities, if any, may fluctuate and that each security's price or value may rise or fall. Opinions or recommendations contained herein are in form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from the relevant jurisdiction's stock exchange in the equity analysis. Accordingly, investors' returns may be less than the original sum invested. Past performance is not necessarily a guide to future performance. This report is not intended to provide personal investment advice and does not take into account the specific investment objectives, the financial situation and the particular needs of persons who may receive or read this report. Investors should therefore seek financial, legal and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

The information contained herein has been obtained from sources believed to be reliable but such sources have not been independently verified by Maybank Investment Bank Berhad, its subsidiary and affiliates (collectively, "MKE") and consequently no representation is made as to the accuracy or completeness of this report by MKE and it should not be relied upon as such. Accordingly, MKE and its officers, directors, associates, connected parties and/or employees (collectively, "Representatives") shall not be liable for any direct, indirect or consequential losses or damages that may arise from the use or reliance of this report. Any information, opinions or recommendations contained herein are subject to change at any time, without prior notice.

This report may contain forward looking statements which are often but not always identified by the use of words such as "anticipate", "believe", "estimate", "intend", "plan", "expect", "forecast", "predict" and "project" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made and information currently available to us and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Readers are cautioned not to place undue relevance on these forward-looking statements. MKE expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

MKE and its officers, directors and employees, including persons involved in the preparation or issuance of this report, may, to the extent permitted by law, from time to time participate or invest in financing transactions with the issuer(s) of the securities mentioned in this report, perform services for or solicit business from such issuers, and/or have a position or holding, or other material interest, or effect transactions, in such securities or options thereon, or other investments related thereto. In addition, it may make markets in the securities mentioned in the material presented in this report. One or more directors, officers and/or employees of MKE may be a director of the issuers of the securities mentioned in this report to the extent permitted by law.

This report is prepared for the use of MKE's clients and may not be reproduced, altered in any way, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without the prior express written consent of MKE and MKE and its Representatives accepts no liability whatsoever for the actions of third parties in this respect.

This report is not directed to or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for distribution only under such circumstances as may be permitted by applicable law. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Without prejudice to the foregoing, the reader is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

Malaysia

Opinions or recommendations contained herein are in the form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from Bursa Malaysia Securities Berhad in the equity analysis.

Singapore

This report has been produced as of the date hereof and the information herein may be subject to change. Maybank Kim Eng Research Pte. Ltd. ("Maybank KERPL") in Singapore has no obligation to update such information for any recipient. For distribution in Singapore, recipients of this report are to contact Maybank KERPL in Singapore in respect of any matters arising from, or in connection with, this report. If the recipient of this report is not an accredited investor, expert investor or institutional investor (as defined under Section 4A of the Singapore Securities and Futures Act), Maybank KERPL shall be legally liable for the contents of this report, with such liability being limited to the extent (if any) as permitted by law.

Thailand

Except as specifically permitted, no part of this presentation may be reproduced or distributed in any manner without the prior written permission of Maybank Kim Eng Securities (Thailand) Public Company Limited. Maybank Kim Eng Securities (Thailand) Public Company Limited ("MBKET") accepts no liability whatsoever for the actions of third parties in this respect.

Due to different characteristics, objectives and strategies of institutional and retail investors, the research products of MBKET Institutional and Retail Research departments may differ in either recommendation or target price, or both. MBKET reserves the rights to disseminate MBKET Retail Research reports to institutional investors who have requested to receive it. If you are an authorised recipient, you hereby tacitly acknowledge that the research reports from MBKET Retail Research are first produced in Thai and there is a time lag in the release of the translated English version.

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey may be changed after that date. MBKET does not confirm nor certify the accuracy of such survey result.

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, MBKET does not confirm, verify, or certify the accuracy and completeness of the assessment result.

US

This third-party research report is distributed in the United States ("US") to Major US Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) only by Maybank Kim Eng Securities USA Inc ("Maybank KESUSA"), a broker-dealer registered in the US (registered under Section 15 of the Securities Exchange Act of 1934, as amended). All responsibility for the distribution of this report by Maybank KESUSA in the US shall be borne by Maybank KESUSA. This report is not directed at you if MKE is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that Maybank KESUSA is permitted to provide research material concerning investments to you under relevant legislation and regulations. All U.S. persons receiving and/or accessing this report and wishing to effect transactions in any security mentioned within must do so with: Maybank Kim Eng Securities USA Inc. 400 Park Avenue, 11th Floor, New York, New York 10022, 1-(212) 688-8886 and not with, the issuer of this report.

UK

This document is being distributed by Maybank Kim Eng Securities (London) Ltd (“Maybank KESL”) which is authorized and regulated, by the Financial Conduct Authority and is for Informational Purposes only. This document is not intended for distribution to anyone defined as a Retail Client under the Financial Services and Markets Act 2000 within the UK. Any inclusion of a third party link is for the recipients convenience only, and that the firm does not take any responsibility for its comments or accuracy, and that access to such links is at the individuals own risk. Nothing in this report should be considered as constituting legal, accounting or tax advice, and that for accurate guidance recipients should consult with their own independent tax advisers.

DISCLOSURES

Legal Entities Disclosures

Malaysia: This report is issued and distributed in Malaysia by Maybank Investment Bank Berhad (15938- H) which is a Participating Organization of Bursa Malaysia Berhad and a holder of Capital Markets and Services License issued by the Securities Commission in Malaysia. **Singapore:** This report is distributed in Singapore by Maybank KERPL (Co. Reg No 198700034E) which is regulated by the Monetary Authority of Singapore. **Indonesia:** PT Maybank Kim Eng Securities (“PTMKES”) (Reg. No. KEP-251/PM/1992) is a member of the Indonesia Stock Exchange and is regulated by the Financial Services Authority (Indonesia). **Thailand:** MBKET (Reg. No.0107545000314) is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission. **Philippines:** Maybank ATRKES (Reg. No.01-2004-00019) is a member of the Philippines Stock Exchange and is regulated by the Securities and Exchange Commission. **Vietnam:** Maybank Kim Eng Securities Limited (License Number: 117/GP-UBCK) is licensed under the State Securities Commission of Vietnam. **Hong Kong:** KESHK (Central Entity No AAD284) is regulated by the Securities and Futures Commission. **India:** Kim Eng Securities India Private Limited (“KESI”) is a participant of the National Stock Exchange of India Limited and the Bombay Stock Exchange and is regulated by Securities and Exchange Board of India (“SEBI”) (Reg. No. INZ000010538). KESI is also registered with SEBI as Category 1 Merchant Banker (Reg. No. INM 000011708) and as Research Analyst (Reg No: INH000000057) **US:** Maybank KESUSA is a member of/ and is authorized and regulated by the FINRA - Broker ID 27861. **UK:** Maybank KESL (Reg No 2377538) is authorized and regulated by the Financial Conduct Authority.

Disclosure of Interest

Malaysia: MKE and its Representatives may from time to time have positions or be materially interested in the securities referred to herein and may further act as market maker or may have assumed an underwriting commitment or deal with such securities and may also perform or seek to perform investment banking services, advisory and other services for or relating to those companies.

Singapore: As of 29 March 2020, Maybank KERPL and the covering analyst do not have any interest in any companies recommended in this research report.

Thailand: MBKET may have a business relationship with or may possibly be an issuer of derivative warrants on the securities /companies mentioned in the research report. Therefore, Investors should exercise their own judgment before making any investment decisions. MBKET, its associates, directors, connected parties and/or employees may from time to time have interests and/or underwriting commitments in the securities mentioned in this report.

Hong Kong: As of 29 March 2020, KESHK and the authoring analyst do not have any interest in any companies recommended in this research report.

India: As of 29 March 2020, and at the end of the month immediately preceding the date of publication of the research report, KESI, authoring analyst or their associate / relative does not hold any financial interest or any actual or beneficial ownership in any shares or having any conflict of interest in the subject companies except as otherwise disclosed in the research report.

In the past twelve months KESI and authoring analyst or their associate did not receive any compensation or other benefits from the subject companies or third party in connection with the research report on any account what so ever except as otherwise disclosed in the research report.

MKE may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment and may receive compensation for the services provided from the companies covered in this report.

OTHERS

Analyst Certification of Independence

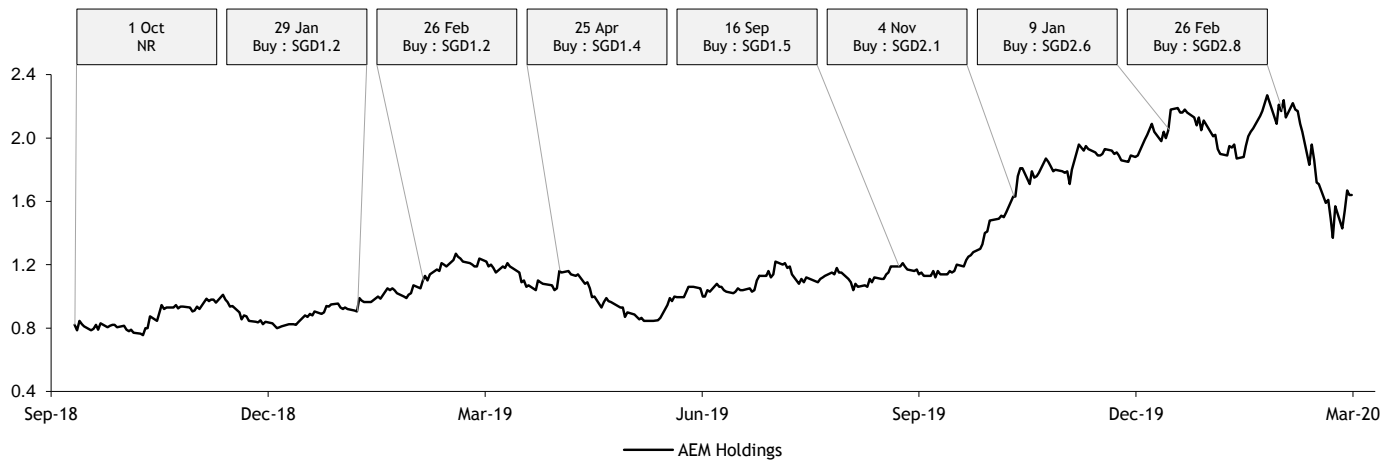
The views expressed in this research report accurately reflect the analyst’s personal views about any and all of the subject securities or issuers; and no part of the research analyst’s compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Reminder

Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct its own analysis of the product and consult with its own professional advisers as to the risks involved in making such a purchase.

No part of this material may be copied, photocopied or duplicated in any form by any means or redistributed without the prior consent of MKE.

Historical recommendations and target price: AEM Holdings (AEM SP)



Definition of Ratings

Maybank Kim Eng Research uses the following rating system

- BUY** Return is expected to be above 10% in the next 12 months (including dividends)
- HOLD** Return is expected to be between 0% to 10% in the next 12 months (including dividends)
- SELL** Return is expected to be below 0% in the next 12 months (including dividends)

Applicability of Ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.


Malaysia

Maybank Investment Bank Berhad
(A Participating Organisation of
Bursa Malaysia Securities Berhad)
33rd Floor, Menara Maybank,
100 Jalan Tun Perak,
50050 Kuala Lumpur
Tel: (603) 2059 1888;
Fax: (603) 2078 4194

Stockbroking Business:
Level 8, Tower C, Dataran Maybank,
No.1, Jalan Maarof
59000 Kuala Lumpur
Tel: (603) 2297 8888
Fax: (603) 2282 5136


Singapore

Maybank Kim Eng Securities Pte Ltd
Maybank Kim Eng Research Pte Ltd
50 North Canal Road
Singapore 059304

Tel: (65) 6336 9090


Hong Kong

Kim Eng Securities (HK) Ltd
28/F, Lee Garden Three,
1 Sunning Road, Causeway Bay,
Hong Kong

Tel: (852) 2268 0800
Fax: (852) 2877 0104


London

Maybank Kim Eng Securities
(London) Ltd
PNB House
77 Queen Victoria Street
London EC4V 4AY, UK

Tel: (44) 20 7332 0221
Fax: (44) 20 7332 0302


Indonesia

PT Maybank Kim Eng Securities
Sentral Senayan III, 22nd Floor
Jl. Asia Afrika No. 8
Gelora Bung Karno, Senayan
Jakarta 10270, Indonesia

Tel: (62) 21 2557 1188
Fax: (62) 21 2557 1189


New York

Maybank Kim Eng Securities USA
Inc
400 Park Avenue, 11th Floor
New York, New York 10022,
U.S.A.

Tel: (212) 688 8886
Fax: (212) 688 3500


India

Kim Eng Securities India Pvt Ltd
1101, 11th floor, A Wing, Kanakia
Wall Street, Chakala, Andheri -
Kurla Road, Andheri East,
Mumbai City - 400 093, India

Tel: (91) 22 6623 2600
Fax: (91) 22 6623 2604


Philippines

Maybank ATR Kim Eng Securities Inc.
17/F, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City, Philippines 1200

Tel: (63) 2 8849 8888
Fax: (63) 2 8848 5738


Thailand

Maybank Kim Eng Securities
(Thailand) Public Company Limited
999/9 The Offices at Central World,
20th - 21st Floor,
Rama 1 Road Pathumwan,
Bangkok 10330, Thailand

Tel: (66) 2 658 6817 (sales)
Tel: (66) 2 658 6801 (research)


Vietnam

Maybank Kim Eng Securities Limited
4A-15+16 Floor Vincom Center Dong
Khoi, 72 Le Thanh Ton St. District 1
Ho Chi Minh City, Vietnam

Tel : (84) 844 555 888
Fax : (84) 8 38 271 030


Saudi Arabia

In association with
Anfaal Capital
Ground Floor, KANOO Building
No.1 - Al-Faisaliyah, Madina Road,
P.O.Box 126575 Jeddah 21352
Kingdom of Saudi Arabia

Tel: (966) 920023423


South Asia Sales Trading

Kevin Foy
Regional Head Sales Trading
kevinfoy@maybank-ke.com.sg
Tel: (65) 6636-3620
US Toll Free: 1-866-406-7447


North Asia Sales Trading

Andrew Lee
andrewlee@kimeng.com.hk
Tel: (852) 2268 0283
US Toll Free: 1 877 837 7635

Indonesia

Iwan Atmadjaja
iatmadjaja2@bloomberg.net
(62) 21 8066 8555

New York

James Lynch
jlynch@maybank-keusa.com
Tel: (212) 688 8886

Philippines

Keith Roy
keith_roy@maybank-atrke.com
Tel: (63) 2 848-5288

London

Greg Smith
gsmith@maybank-ke.co.uk
Tel: (44) 207-332-0221

India

Sanjay Makhija
sanjaymakhija@maybank-ke.co.in
Tel: (91)-22-6623-2629