

AEM Holdings (AEM SP)

Still in the early innings

2H21 PATMI beat on stronger than expected ramp

2H21 PATMI of SGD29.5m (+47.5% YoY) was ahead of our and consensus estimates, driven by the stronger-than-expected ramp of new generation equipment for Intel. Our FY22-23E PATMI estimates are largely unchanged after tweaking forecasts. AEM continues to be a conviction pick in our SG tech coverage due to favourable cyclical and structural drivers. Maintain BUY with slightly higher TP of SGD6.34. (16x FY22E P/E).

Still see opportunity for positive guidance revisions

2H21 revenue grew 52.2% YoY to SGD245.3m, driven by the volume ramp of HDBI (high density burn-in) and HST (HDMx system test) test handlers for Intel. FY21 revenue was SGD565.5m (+9% YoY), surpassing guidance of SGD525-550m. Management has expressed confidence in i) achieving FY22E revenue guidance of SGD670-720m, based on current demand and supply side dynamics; and ii) maintaining the c.17% net margin levels achieved in 4Q21 - which should assuage investor concerns on margin erosion. Our current forecasts reflect the upper end of management's guidance, and imply a 17% net margin. As the year is still early, we still see opportunity for positive revenue guidance revisions, as this has been common historically.

Cyclical and structural drivers

2H21 results and industry fundamentals support our view that AEM is early in the current earnings cycle. We expect FY22E to be driven by i) continued ramp of HDBI and HST, as well as initial ramp from AMPS (asynchronous, modular, parallel, smart). FY23-24E drivers include i) Intel's capacity expansion (e.g. new Penang assembly and test plant expected to commence production in 2024); as well as ii) continued ramp for new AMPS customer(s). The rise in front-end capex should pave way for back-end capex, and we believe AEM should benefit from this with most of its customers.

Risks

In our view, key risks include unexpected worsening of supply-side problems due to Covid-19. Currently, we do not expect the Russian-Ukraine conflict to alter AEM's customers' capex plans. Longer-term, a risk to our view is if chip oversupply tempers customers' capacity addition plans.

FYE Dec (SGD m)	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	519	565	721	854	1,070
EBITDA	122	126	163	192	238
Core net profit	98	92	123	145	182
Core FDEPS (cts)	35.1	29.5	39.3	46.5	58.4
Core FDEPS growth(%)	80.9	(16.0)	33.4	18.1	25.6
Net DPS (cts)	9.0	7.6	9.9	11.7	14.7
Core FD P/E (x)	9.8	17.8	10.7	9.1	7.2
P/BV (x)	4.5	4.0	2.6	2.2	1.8
Net dividend yield (%)	2.6	1.4	2.4	2.8	3.5
ROAE (%)	56.4	30.0	27.3	26.4	27.1
ROAA (%)	34.6	17.6	16.4	16.9	17.7
EV/EBITDA (x)	6.7	11.0	6.8	5.0	3.5
Net gearing (%) (incl perps)	net cash				
Consensus net profit	-	-	124	137	na
MKE vs. Consensus (%)	-	-	(0.8)	5.4	na

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

BUY

Share Price	SGD 4.21
12m Price Target	SGD 6.34 (+53%)
Previous Price Target	SGD 6.23

Company Description

AEM manufactures equipment used in the semiconductor back-end process

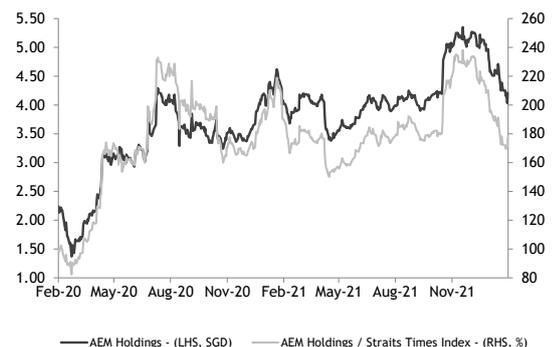
Statistics

52w high/low (SGD)	5.35/3.38
3m avg turnover (USDm)	9.9
Free float (%)	86.4
Issued shares (m)	312
Market capitalisation	SGD1.3B
	USD969M

Major shareholders:

Temasek Holdings Pte Ltd. (Investment Ma	9.0%
Aberdeen Standard Investments (Asia) Ltd	6.0%
Employees Provident Fund	4.8%

Price Performance



	-1M	-3M	-12M
Absolute (%)	(12)	(17)	3
Relative to index (%)	(13)	(19)	(7)

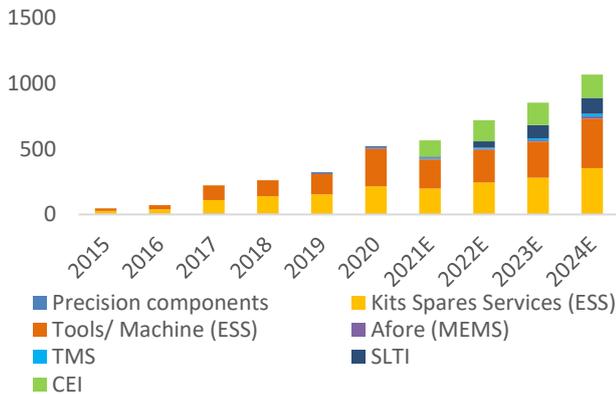
Source: FactSet

ESG@MAYBANK IBG
Tear Sheet Insert

Value Proposition

- Back-end test-equipment manufacturer that has co-developed the HDMT handler for Intel.
- 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



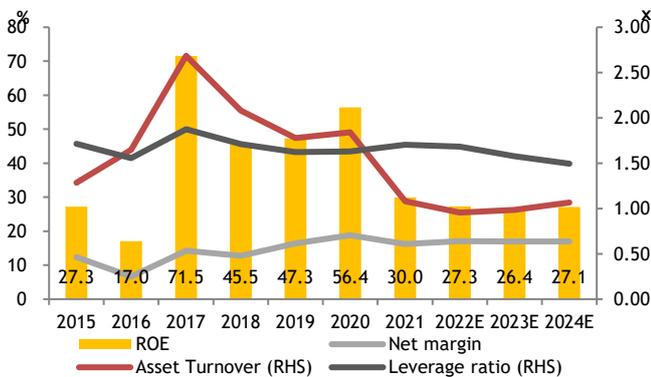
Note: FY21E split is our estimation.

Source: Company, Maybank IBG Research

Financial Metrics

- Over time, we expect increasing contributions from non-Intel revenue sources.
- 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.

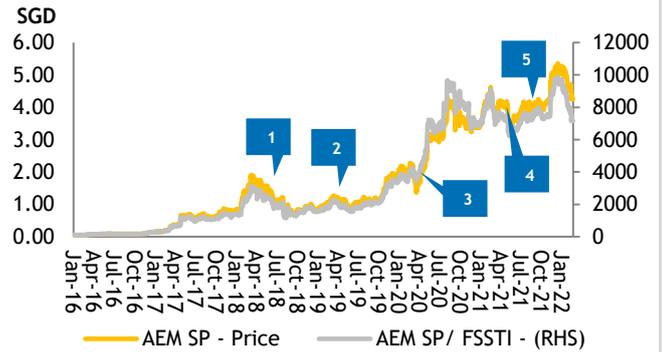
DuPont ROE



Source: Company, Maybank IBG Research

Price Drivers

Historical share price trend



Source: Company, Maybank IBG Research

1. Novo Tellus distributes AEM shares in-specie to investors; Core customer announces 10nm delay.
2. AEM's core customer denies rumours from tech-blog SemiAccurate that its 10nm process was cancelled.
3. Through 2020, AEM announced several positive guidance revisions, catalysing rallies
4. Announced FY21 revenue guidance of SGD460-520m, which the market perceived as a disappointment.
5. Announced placement to Temasek.

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.

laigenelih@maybank.com

Risk Rating & Score ¹	23.1 (Medium)
Score Momentum ²	NA
Last Updated	11 November 2020
Controversy Score ³ (Updated: 9 Feb 2019)	0 - No Reported Incident

Business Model & Industry Issues

- As an equipment maker, AEM is inherently exposed to environmental, workplace safety, and socio-economic risks. AEM has had zero incidences of environmental non-compliance, as well as zero substantiated cases of corruption and legal compliance issues in 2020.
- From an environmental and social perspective, AEM screens all of its suppliers. AEM constantly strives to be more efficient with electricity usage, and ensures employees are well trained and remunerated fairly.
- AEM is recognised for good transparency with shareholders, while still being able to balance business requirements (e.g. respecting non-disclosure agreements).
- AEM has several new products in the pipeline and it is engaging customers for more. In our view, this is the key for economic sustainability, as well as for development of its own employees.

Material E issues

- AEM's environmental exposure is through energy, water and inputs (fabricated parts and electronics).
- AEM adheres to all National Environment Agency laws and regulations and has not had incidences of environmental non-compliance over the past 10 years.
- Emissions intensity ratio improved to 0.007588 MT/SGD'000 in 2020 (FY19: 0.010349)
- AEM screens suppliers for negative environmental and social impacts, including pollutions, biodiversity loss, global warming, incidences of child labour, breaches of customer privacy, and more. All eight key fabrication suppliers and 23 key standard part suppliers were found to have no negative environmental or social impacts.

Material S issues

- AEM values talent retention. One approach is through wages. In Malaysia, where around a-third of production takes place, AEM's entry wage for production workers have been higher than the minimum wage at least since 2017, to retain employees. Entry wages are also higher than minimum wages in the US and China.
- Workforce diversity. AEM is an equal-opportunities employer. Management are hired from local communities and consists of various nationalities. 86% of management are local across AEM's footprint globally.
- Workplace safety. AEM trains its employees on health and safety work practices. In 2018, there was 1 minor injury.
- In 2020, average training per employee was 8.6 hours, or 5016 hours in total, to equip staff with skills across technical, project management and software domains.
- Females comprise 22 of the total work force, and 19-25% of new hires since 2017. Turnover rate per month was 0.9% a month, exceeding target of 1.5%. FY21 target is 1.25% a month. Turnover range was 1.1-2.1% in FY17-19.

Key G metrics and issues

- The board has seven directors, of which one is the executive chairman, four are independent directors (57%), and two are non-independent, non-executive. All the directors are male.
- The audit & risk management, remuneration, and nominating committees are chaired by independent directors. The strategy committee, which works with management on long-term strategic planning, is chaired by the executive chairman.
- Key management compensation (comprising the Board and senior management) accounted for 13% of staff costs in 2020 (2019:17%).
- In 2019, AEM won "Most Transparent Company Award, Technology" and was runner up for the "Singapore Corporate Governance Award" by SIAS. AEM regularly updates on its sales guidance and orders received and it's active in engaging with the investment community.
- Zero substantiated cases of corruption or legal compliance issues in 2020. There was one case of whistleblowing in 2020, but upon investigation, it was concluded to be unsubstantiated. AEM was granted two patents in 2019, and the staff involved were rewarded. AEM views its considerable engineering development revenue as a positive sign of customer satisfaction and relationship.

¹**Risk Rating & Score** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. ²**Score Momentum** - indicates changes to the company's score since the last update - a **negative** integer indicates a company's improving risk score; a **positive** integer indicates a deterioration. ³**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

Fig 1: Forecast changes

	FY22E			FY23E		
	New	Old	Chg (%)	New	Old	Chg (%)
Revenue (SGDm)	720.6	752.7	-4.3	853.7	854.0	0.0
EBIT (SGDm)	147.6	144.1	2.4	174.4	170.7	2.2
Core net profit (SGDm)	122.7	121.5	1.0	144.9	143.2	1.2
			Chg (ppt)			Chg (ppt)
EBIT margin	20.5%	19.2%	1.3	20.4%	20.0%	0.4
Net margin	17.0%	16.1%	0.9	17.0%	16.8%	0.2

Source: Maybank IBG Research

Fig 2: 2H21 summary

FYE Dec	2H21	2H20	1H21	YoY Chg	HoH Chg	FYE	FYA vs. FYE
	(SGD m)	(SGD m)	(SGD m)	(%)	(%)	SGDm	
Revenue	373.2	245.3	192.3	52.2	94.1	538.5	105
EBIT	75.4	46.4	36.5	62.3	106.6	96.6	116
EBITDA	84.1	48.6	42.3	73.1	98.9	105.3	120
Pretax profit	75.6	46.5	35.5	62.6	113.0	98.9	112
PATMI	62.4	42.3	29.6	47.4	111.1	82.0	112
Core PATMI	62.4	42.3	29.6	47.4	111.1	82.0	112

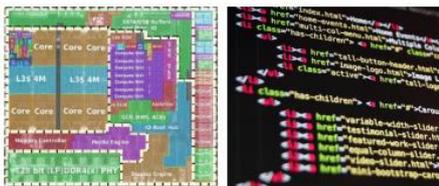
Source: Company, Maybank IBG Research

Fig 3: Structural drivers of system level test

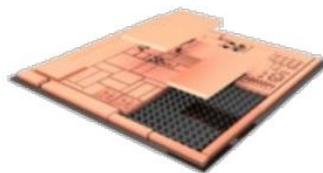
Industry innovations are challenging the industry's ability to provide an assurance of quality at the lowest cost possible



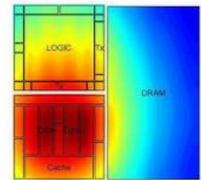
Increased Complexity: SW + HW



Advanced Packaging



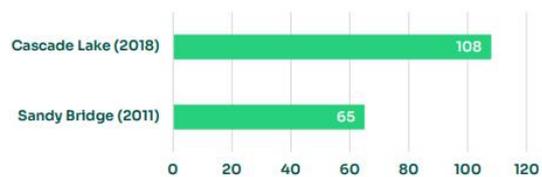
Thermal Challenges



Application Specificity Driving Increased Pace of Innovation



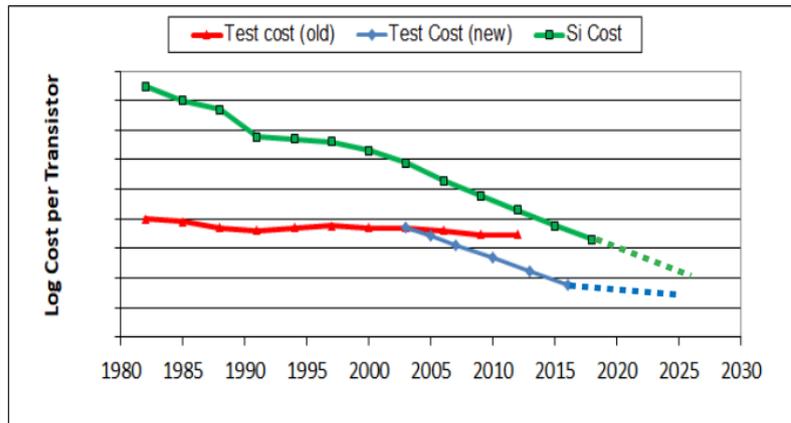
of Variants per Generation of Xeon Processor



Source: AEM

Fig 4: Historically, much of test dollars were focused on final test. System level test is advantageous in helping drive test cost per transistor lower.

With the challenges being faced, the current paradigm's limits have been reached



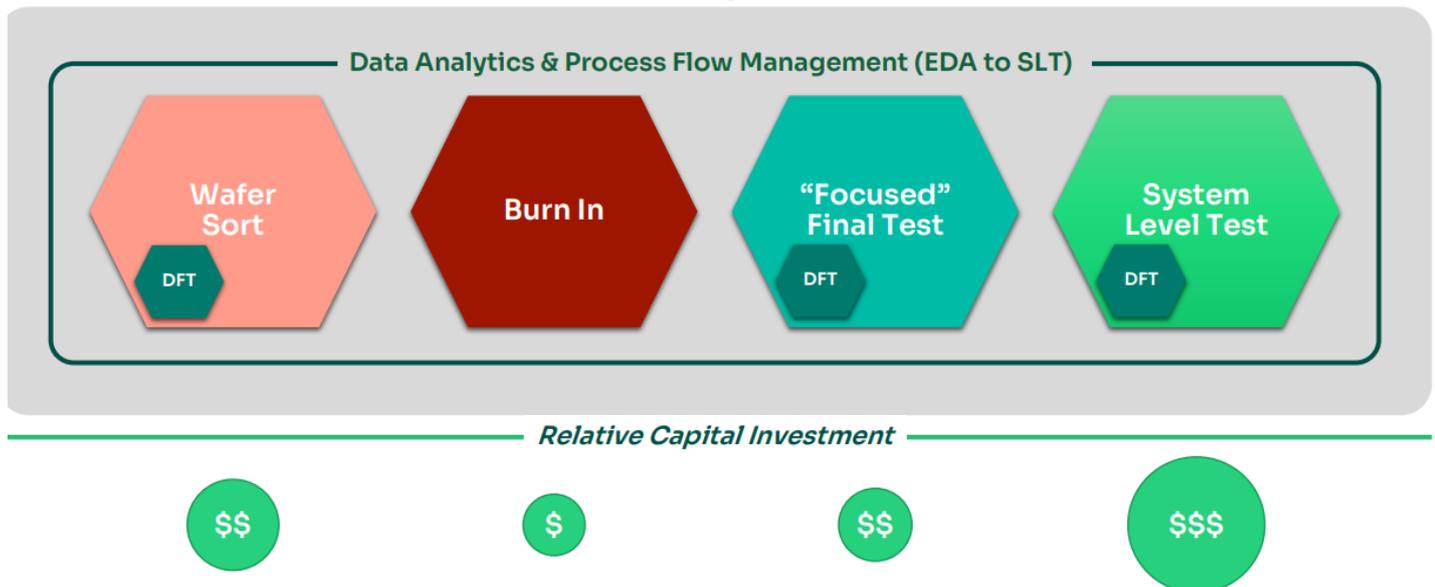
Source: Company

Fig 5: AEM's vision of Test 2.0 sees test dollars shifting in favour of system level test to drive better test economics.

AEM's Test 2.0 vision leverages data with intelligent automation and application specific solutions to reset the cost of test curve across backend test



Future Paradigm: Test 2.0



Source: Company

FYE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
Key Metrics					
P/E (reported) (x)	8.4	13.0	10.6	9.0	7.2
Core P/E (x)	9.7	16.6	10.6	9.0	7.2
Core FD P/E (x)	9.8	17.8	10.7	9.1	7.2
P/BV (x)	4.5	4.0	2.6	2.2	1.8
P/NTA (x)	4.5	4.0	2.6	2.2	1.8
Net dividend yield (%)	2.6	1.4	2.4	2.8	3.5
FCF yield (%)	8.0	nm	7.6	13.1	14.2
EV/EBITDA (x)	6.7	11.0	6.8	5.0	3.5
EV/EBIT (x)	7.2	12.4	7.5	5.5	3.8

INCOME STATEMENT (SGD m)

Revenue	519.0	565.5	720.6	853.7	1,069.8
EBITDA	121.6	126.3	163.1	191.6	237.9
Depreciation	(8.4)	(14.5)	(15.5)	(17.1)	(18.7)
Amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	113.2	111.8	147.6	174.4	219.2
Net interest income / (exp)	0.4	(1.3)	(0.8)	(0.8)	(0.9)
Associates & JV	0.2	0.6	1.0	1.0	1.0
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	113.8	111.1	147.8	174.6	219.3
Income tax	(16.2)	(19.1)	(25.1)	(29.7)	(37.3)
Minorities	0.0	(0.1)	0.0	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Reported net profit	97.6	92.0	122.7	144.9	182.0
Core net profit	97.6	92.0	122.7	144.9	182.0

BALANCE SHEET (SGD m)

Cash & Short Term Investments	134.8	216.2	283.7	418.7	559.2
Accounts receivable	47.6	127.9	148.5	155.6	166.8
Inventory	79.7	204.9	191.9	215.5	255.8
Property, Plant & Equip (net)	8.1	26.1	20.6	11.5	0.8
Intangible assets	56.2	96.9	96.9	96.9	96.9
Investment in Associates & JVs	4.7	15.9	16.9	17.9	18.9
Other assets	4.5	22.6	22.6	22.6	22.6
Total assets	335.5	710.5	781.0	938.6	1,120.9
ST interest bearing debt	0.0	20.5	20.5	20.5	20.5
Accounts payable	83.7	181.0	176.1	225.0	269.8
LT interest bearing debt	0.0	60.8	60.5	60.5	61.5
Other liabilities	40.0	46.0	29.0	29.0	29.0
Total Liabilities	124.1	308.0	286.5	335.4	381.2
Shareholders Equity	211.4	402.5	494.5	603.2	739.7
Minority Interest	0.0	0.0	0.0	0.0	0.0
Total shareholder equity	211.4	402.5	494.5	603.2	739.7
Total liabilities and equity	335.5	710.5	781.0	938.6	1,120.9

CASH FLOW (SGD m)

Pretax profit	113.8	111.1	147.8	174.6	219.3
Depreciation & amortisation	8.4	14.5	15.5	17.1	18.7
Adj net interest (income)/exp	0.0	0.0	0.0	0.0	0.0
Change in working capital	(27.2)	(98.8)	(28.7)	18.2	(6.8)
Cash taxes paid	(8.8)	(14.1)	(25.1)	(29.7)	(37.3)
Other operating cash flow	0.0	0.0	0.0	0.0	0.0
Cash flow from operations	86.0	12.1	108.4	179.3	193.0
Capex	(10.2)	(32.5)	(10.0)	(8.0)	(8.0)
Free cash flow	75.9	(20.4)	98.4	171.3	185.0
Dividends paid	(22.2)	(23.5)	(30.7)	(36.2)	(45.5)
Equity raised / (purchased)	4.9	136.5	0.0	0.0	0.0
Change in Debt	0.0	81.3	(0.3)	0.0	1.0
Other invest/financing cash flow	(31.5)	(97.5)	0.0	0.0	0.0
Effect of exch rate changes	0.0	5.1	0.0	0.0	0.0
Net cash flow	27.1	81.4	67.5	135.0	140.5

FYE 31 Dec	FY20A	FY21A	FY22E	FY23E	FY24E
Key Ratios					
Growth ratios (%)					
Revenue growth	60.6	9.0	27.4	18.5	25.3
EBITDA growth	74.9	3.9	29.1	17.5	24.2
EBIT growth	77.9	(1.2)	32.0	18.2	25.6
Pretax growth	78.1	(2.3)	33.0	18.1	25.6
Reported net profit growth	84.3	(5.8)	33.4	18.1	25.6
Core net profit growth	84.3	(5.8)	33.4	18.1	25.6
Profitability ratios (%)					
EBITDA margin	23.4	22.3	22.6	22.4	22.2
EBIT margin	21.8	19.8	20.5	20.4	20.5
Pretax profit margin	21.9	19.7	20.5	20.5	20.5
Payout ratio	25.4	23.9	25.0	25.0	25.0
DuPont analysis					
Net profit margin (%)	18.8	16.3	17.0	17.0	17.0
Revenue/Assets (x)	1.5	0.8	0.9	0.9	1.0
Assets/Equity (x)	1.6	1.8	1.6	1.6	1.5
ROAE (%)	56.4	30.0	27.3	26.4	27.1
ROAA (%)	34.6	17.6	16.4	16.9	17.7
Liquidity & Efficiency					
Cash conversion cycle	16.2	65.3	83.8	66.1	48.3
Days receivable outstanding	26.2	55.9	69.0	64.1	54.2
Days inventory outstanding	70.2	135.2	147.9	128.2	118.4
Days payables outstanding	80.3	125.8	133.2	126.2	124.3
Dividend cover (x)	3.9	4.2	4.0	4.0	4.0
Current ratio (x)	2.4	2.3	2.9	3.0	3.2
Leverage & Expense Analysis					
Asset/Liability (x)	2.7	2.3	2.7	2.8	2.9
Net gearing (%) (incl perps)	net cash				
Net gearing (%) (excl. perps)	net cash				
Net interest cover (x)	na	84.4	nm	nm	nm
Debt/EBITDA (x)	0.0	0.6	0.5	0.4	0.3
Capex/revenue (%)	2.0	5.7	1.4	0.9	0.7
Net debt/ (net cash)	(134.8)	(134.9)	(202.7)	(337.7)	(477.2)

Source: Company; Maybank

Research Offices

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.com

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

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

Fatin Nabila MOHD ZAINI
(603) 2297 8685
fatinnabila.mohdzaini@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

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

FIXED INCOME

Winson PHOON, ACA
(65) 6340 1079
winsonphoon@maybank.com

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.com

MALAYSIA

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

WONG Chew Hann, CA
(603) 2297 8686
wchewh@maybank-ib.com
• Non-Bank Financials (stock exchange)
• Construction & Infrastructure

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 samuel.y@maybank-ib.com
• Gaming - Regional
• Media • Aviation • Non-Bank Financials

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 • Glove

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

Syifaa' Nur FARAH
(603) 2297 8675
nurfarahsyifaa.mohamadfuad@maybank-ib.com
• Construction • Renewable Energy • REITs

Arvind JAYARATNAM
(603) 2297 8692
arvind.jayaratnam@maybank.com
• Petrochemicals • Technology

Shafiq KADIR
(603) 2297 8691
msshafiqk.abkadir@maybank-ib.com
• Healthcare • Software

LOH Yan Jin
(603) 2297 8687
lohyanjin.loh@maybank-ib.com
• Ports • Shipping

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

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

Thilan WICKRAMASINGHE *Head of Research*
(65) 6231 5840 thilanw@maybank.com
• Banking & Finance - Regional
• Consumer

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

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

Eric ONG
(65) 6231 5924 ericong@maybank.com
• SMIDs

Kelvin TAN
(65) 6231 5837 kelvintan1@maybank.com
• Telcos

PHILIPPINES

Jacqui de JESUS *Head of Research*
(63) 2 8849 8840
jacqui.dejesus@maybank.com
• Strategy • Conglomerates

Rachelleen RODRIGUEZ, CFA
(63) 2 8849 8843
rachelleen.rodriquez@maybank.com
• Banking & Finance • Transport • Telcos

Daphne SZE
(63) 2 8849 8847
daphne.sze@maybank.com
• Consumer

Miguel SEVIDAL
(63) 2 8849 8844
miguel.sevidal@maybank.com
• REITs • Property

Fiorenzo de JESUS
(63) 2 8849 8846
fiorenzo.dejesus@maybank.com
• Utilities

VIETNAM

Quan Trong Thanh *Head of Research*
(84 28) 44 555 888 ext 8184
thanh.quan@maybank.com
• Banks

Hoang Huy, CFA
(84 28) 44 555 888 ext 8181
hoanghuy@maybank.com
• Strategy • Technology • Industrials

Le Nguyen Nhat Chuyen
(84 28) 44 555 888 ext 8082
chuyen.le@maybank.com
• Oil & Gas • Logistics

Nguyen Thi Sony Tra Mi
(84 28) 44 555 888 ext 8084
trami.nguyen@maybank.com
• Consumer

Tyler Manh Dung Nguyen
(84 28) 44 555 888 ext 8085
manhdung.nguyen@maybank.com
• Utilities • Property

Nguyen Thi Ngan Tuyen
Head of Retail Research
(84 28) 44 555 888 ext 8081
tuyen.nguyen@maybank.com
• Retail Research

Nguyen Thanh Lam
(84 28) 44 555 888 ext 8086
thanhlam.nguyen@maybank.com
• Chartist

INDIA

Jigar SHAH *Head of Research*
(91) 22 4223 2632 jigars@maybank.com
• Strategy • Oil & Gas • Automobile • Cement

Neerav DALAL
(91) 22 4223 2606 neerav@maybank.com
• Software Technology • Telcos

Vikram RAMALINGAM
(91) 22 4223 2607
vikram@maybank.com
• Automobile • Media

INDONESIA

Rahmi MARINA
(62) 21 8066 8689
rahmi.marina@maybank.com
• Banking & Finance

Willy GOUTAMA
(62) 21 8066 8500
willygoutama@maybank.com
• Consumer

Satriawan, CTA
(62) 21 8066 8682
satriawan@maybank.com
• Chartist

THAILAND

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

Jesada TECHAHUSDIN, CFA
(66) 2658 6300 ext 1395
jesada.t@maybank.com
• Banking & Finance

Vanida GEISLER, CPA
(66) 2658 6300 ext 1394
Vanida.G@maybank.com
• Property • REITs

Yuwanee PROMMAPORN
(66) 2658 6300 ext 1393
Yuwanee.P@maybank.com
• Services • Healthcare

Ekachai TARAPORN TIP *Head of Retail Research*
(66) 2658 5000 ext 1530
Ekachai.t@maybank.com

Surachai PRAMUALCHAROENKIT
(66) 2658 5000 ext 1470
Surachai.p@maybank.com
• Auto • Conmat • Contractor • Steel

Suttatip PEERASUB
(66) 2658 5000 ext 1430
suttatip.p@maybank.com
• Food & Beverage • Commerce

Jaroonpan WATTANAWONG
(66) 2658 5000 ext 1404
jaroonpan.w@maybank.com
• Transportation • Small cap

Thanatphat SUKSRICHAVALIT
(66) 2658 5000 ext 1401
thanatphat.s@maybank.com
• Media • Electronics

Wijit ARAYAPISIT
(66) 2658 5000 ext 1450
wijit.a@maybank.com
• Strategist

Theerasate PROMPONG
(66) 2658 5000 ext 1400
theerasate.p@maybank.com
• Equity Portfolio Strategist

Apiwat TAVESIRIVATE
(66) 2658 5000 ext 1310
apiwat.t@maybank.com
• Chartist and TFXE

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, "Maybank IBG") and consequently no representation is made as to the accuracy or completeness of this report by Maybank IBG and it should not be relied upon as such. Accordingly, Maybank IBG 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. Maybank IBG 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.

Maybank IBG 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 Maybank IBG 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 Maybank IBG'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 Maybank IBG and Maybank IBG 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 Research Pte. Ltd. ("MRPL") in Singapore has no obligation to update such information for any recipient. For distribution in Singapore, recipients of this report are to contact MRPL 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), MRPL 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 Securities (Thailand) Public Company Limited. Maybank Securities (Thailand) Public Company Limited ("MST") 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 MST Institutional and Retail Research departments may differ in either recommendation or target price, or both. MST reserves the rights to disseminate MST 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 MST 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. MST 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, MST 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 Securities USA Inc ("MSUS"), 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 MSUS in the US shall be borne by MSUS. This report is not directed at you if Maybank IBG 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 MSUS 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 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 Securities (London) Ltd (“MSUK”) 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 MRPL (Co. Reg No 198700034E) which is regulated by the Monetary Authority of Singapore. **Indonesia:** PT Maybank Sekuritas Indonesia (“PTMSI”) (Reg. No. KEP-251/PM/1992) is a member of the Indonesia Stock Exchange and is regulated by the Financial Services Authority (Indonesia). **Thailand:** MST (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 Securities Inc (Reg. No.01-2004-00019) is a member of the Philippines Stock Exchange and is regulated by the Securities and Exchange Commission. **Vietnam:** Maybank Securities Limited (License Number: 117/GP-UBCK) is licensed under the State Securities Commission of Vietnam. **Hong Kong:** MIB Securities (Hong Kong) Limited (Central Entity No AAD284) is regulated by the Securities and Futures Commission. **India:** MIB Securities India Private Limited (“MIBSI”) 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). MIBSI is also registered with SEBI as Category 1 Merchant Banker (Reg. No. INM 000011708) and as Research Analyst (Reg No: INH000000057) **US:** Maybank Securities USA Inc is a member of/and is authorized and regulated by the FINRA - Broker ID 27861. **UK:** Maybank Securities (London) Ltd (Reg No 2377538) is authorized and regulated by the Financial Conduct Authority.

Disclosure of Interest

Malaysia: Maybank IBG 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 27 February 2022, Maybank Research Pte. Ltd. and the covering analyst do not have any interest in any companies recommended in this research report.

Thailand: MST 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. MST, 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 27 February 2022, MIB Securities (Hong Kong) Limited and the authoring analyst do not have any interest in any companies recommended in this research report.

India: As of 27 February 2022, and at the end of the month immediately preceding the date of publication of the research report, MIBSI, 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 MIBSI 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.

Maybank IBG 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

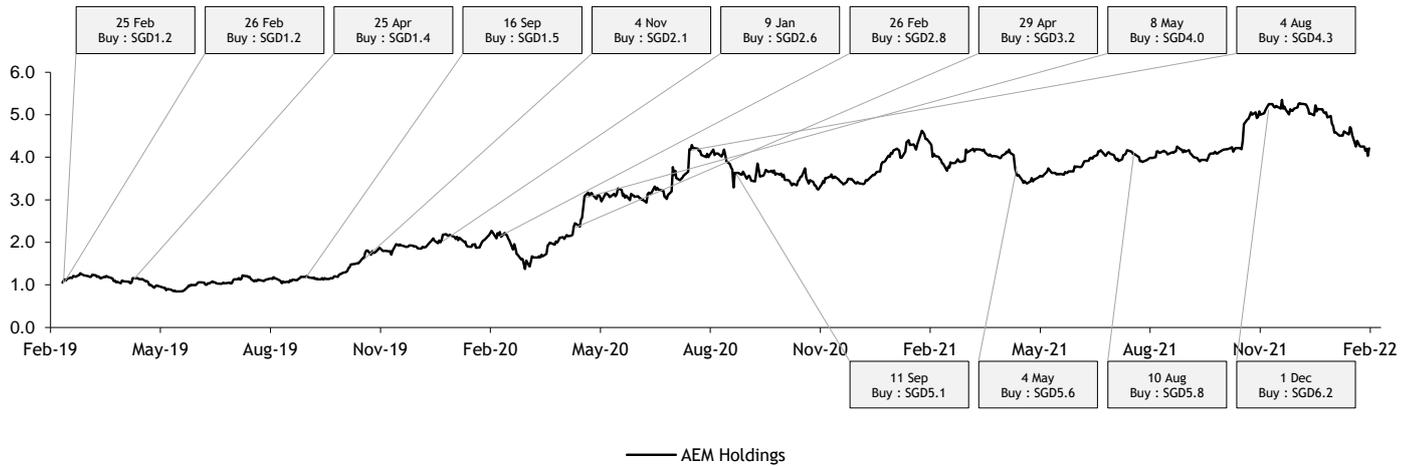
The views expressed in this research report accurately reflect the analyst’s personal views about any and all of the subject securities or issuers; and no part of the research analyst’s compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed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

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



Definition of Ratings

Maybank IBG 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 Securities Pte Ltd
Maybank Research Pte Ltd
50 North Canal Road
Singapore 059304

Tel: (65) 6336 9090

 **Hong Kong**

MIB Securities (Hong Kong) Limited
28/F, Lee Garden Three,
1 Sunning Road, Causeway Bay,
Hong Kong

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

 **London**

Maybank 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 Sekuritas Indonesia
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 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**

MIB Securities India Pte 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 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 Securities (Thailand) PCL
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 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

 **Sales Trading**

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

Indonesia

Helen Widjaja
helen.widjaja@maybank.com
(62) 21 2557 1188

New York

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

Philippines

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

London

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

India

Sanjay Makhija
sanjaymakhija@maybank.com
Tel: (91)-22-6623-2629