



## INVESTOR BRIEFING (Q3 '20 Financial Results)

### TOPICS COVERED:

#### 1. Third Quarter ("Q3") 2020 Financial Results

- Revenue for the period ended 30 Sept 2020 decreased marginally by 4.4% to RM114.6mil as compared to RM119.9mil in the preceding year due to the decline in the distribution division.
- Of the RM114.6mil, RM99.0mil was from the distribution division and RM15.6mil was from the manufacturing division.
- QoQ comparison saw a decrease by 7.7% in the Group's revenue.
- Manufacturing division revenue grew by 126.1% YoY, due to better sales of Inspection and Automated Handling Equipment from the semiconductor customers.
- Distribution division revenue decreased by 12.4% YoY mainly due to a decrease of 33.9%, 9.5% and 6.0% in materials, spares & services and product revenue respectively.
- Group GP increased as a result from a huge jump in GP contribution from the manufacturing division despite a decline of 15.2% in GP contribution by the distribution division.
- Malaysia maintains as the biggest revenue contributing country which makes up for 33.6% of Q3 total revenue marking a decrease by 18.9% YoY. Contribution of revenue from the ASEAN region excluding Malaysia decreased by 8.0% despite a strong growth from Vietnam and Singapore as countries that are badly affected by Covid-19 like Philippines and Indonesia are not faring too well.
- China semiconductor business is also starting to gain traction with an increase of revenue by 516.7% YoY.
- Total installed base as at Q3 stood at 12,149.

Revenue (RM)

114.6 mil

▼ -4.4% YoY

Gross Profit (RM)

25.8 mil

▲ 1.2% YoY

PBT (RM)

9.2 mil

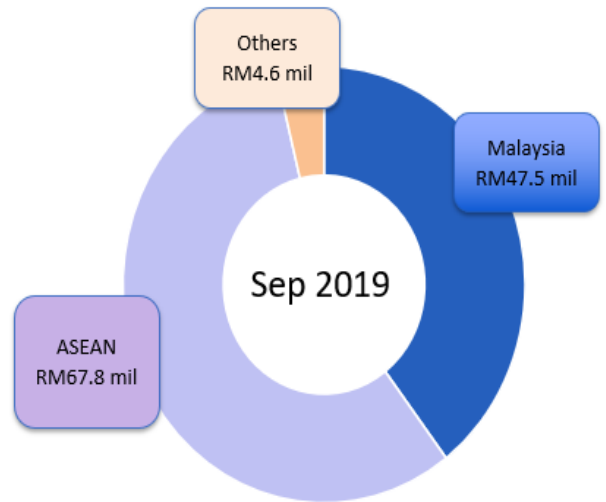
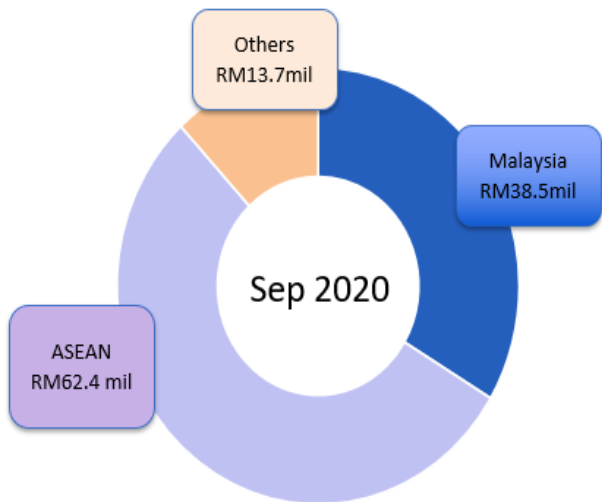
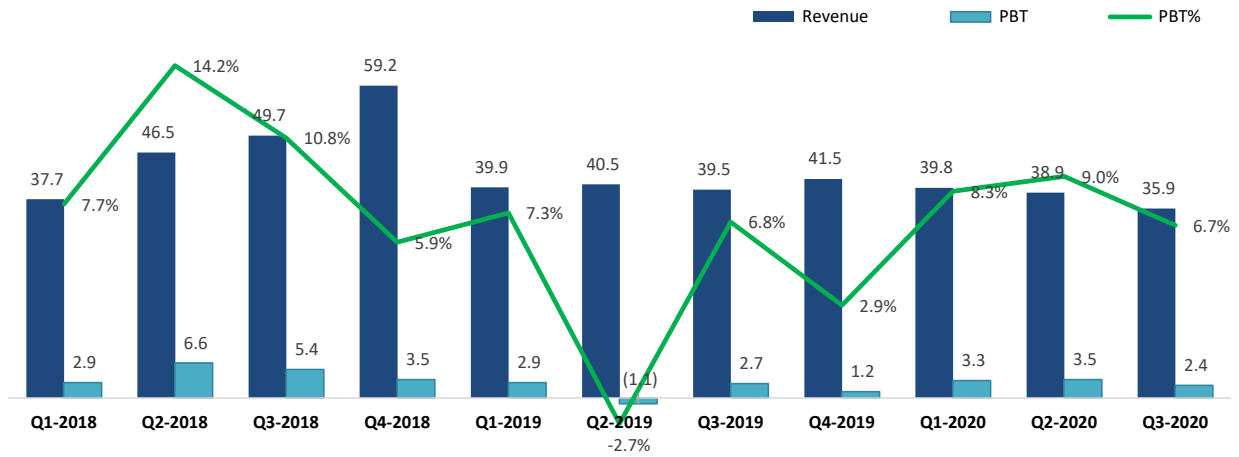
▲ 104.4% YoY

PATMI (RM)

6.7 mil

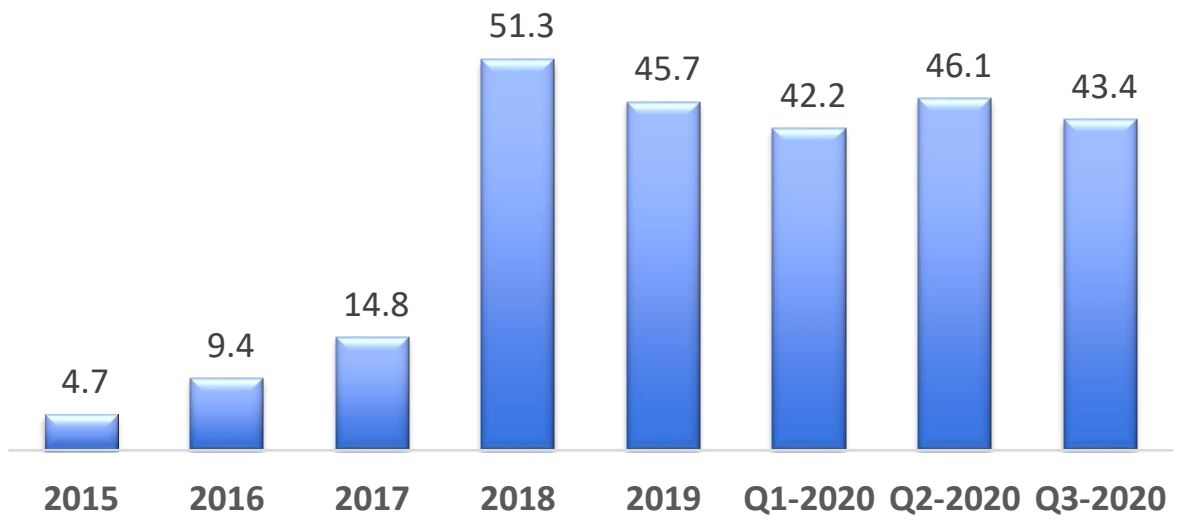
▲ 294.1% YoY

## Quarterly Financial Highlights 2018 - 2020

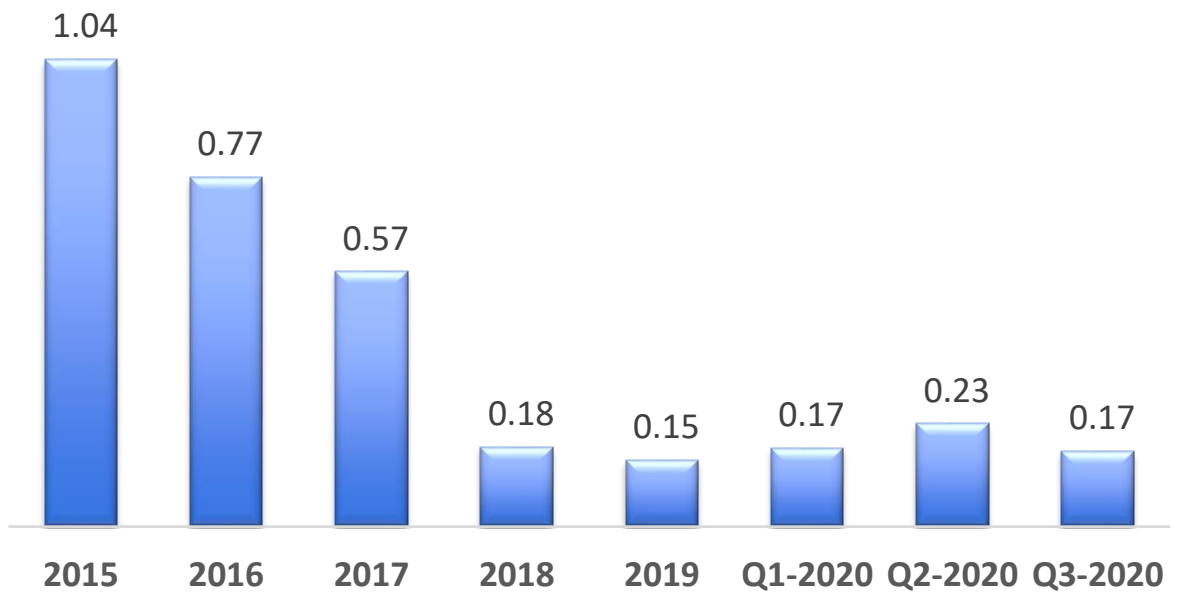


| YoY Growth      |              |               |
|-----------------|--------------|---------------|
| <b>MALAYSIA</b> | <b>ASEAN</b> | <b>OTHERS</b> |
| <b>-18.9%</b>   | <b>-8.0%</b> | <b>197.8%</b> |

### Cash & Cash Equivalents (RM'mil)



### Gearing ratio (times)



## 2. Business Outlook & Prospects

- Manufacturing will be concentrating on research and development activities on our AOI, AHS and Industry 4.0 solutions.
- QES expects high growth in China over the next 3 to 5 years.
- Based on the private placement utilization, QES will aim to set up a local 100% owned China subsidiary through QES (Hong Kong) Co Ltd.
- Expecting distribution division growth to remain flat or a slight decrease for FYE 2020 due to countries which are badly affected by Covid-19 like Philippines and Indonesia would not fare as well but this will be mitigated by the improved results from Vietnam and Singapore.
- The Group will continue to focus on market and business expansion activities to grow the business further which may include factory/land purchase to increase our factory capacity.
- QES appointed to take over Nikon Malaysia's industrial metrology business which we expect will contribute additional growth to the Group.
- The Group had announced an acquisition of a 5-storey detached factory in Hicom-Glenmarie, Shah Alam for RM 21 million to support future growth and expansion plans for both Manufacturing & Distribution Division.
- The Group had successfully implemented a private placement of up to 10% of the issued ordinary shares which was oversubscribed 2X. The main bulk of the total RM 20 million gross proceeds are to develop new products and expand the manufacturing division. The balance will be allocated for M&A activities on segments related to IoT and sensors, semiconductor equipment and process automation in the near future.
- Even with the Covid-19 pandemic setbacks, QES will continue to focus activities on building up market share of our manufacturing division equipment to the China and Taiwan semiconductor industry. As for distribution division, we will continue to further strengthen our ASEAN operations as we believe the US-China trade war will benefit ASEAN in the medium term.

### 3. Utilisation of IPO Proceeds as at 30 Sept 2020

| <b>Purposes</b>                           | <b>Proposed<br/>Utilisation<br/>RM'000</b> | <b>Revised<br/>Proposed<br/>Utilisation<br/>RM'000</b> | <b>Actual<br/>Utilisation<br/>RM'000</b> | <b>Balance<br/>RM'000</b> | <b>Revised<br/>Expected<br/>Timeframe<br/>for Utilisation</b> |
|---|--|--|--|---------------------------|---|
| (i) Development of 3 key products         | 4,850                                      | 4,850  | 3,231                                    | 1,619                     | Within 36 months from<br>8 March 2018                         |
| (ii) General working capital requirements | 3,250                                      | 3,250  | 3,250                                    | -                         | Within 36 months from<br>8 March 2018                         |
| (iii) Repayment of bank borrowings        | 7,000                                      | 10,200   | 10,200                                   | -                         | Within 3 months from<br>28 February 2020                      |
| (iv) Capital expenditure                  | 10,716                                     | 7,516  | 6,532                                    | 984                       | Within 36 months from<br>8 March 2018                         |
| (v) Estimated listing expenses            | 3,000                                      | 3,000  | 3,000                                    | -                         | Within 1 month  |
|   | <u>28,816</u>                              | <u>28,816</u>  | <u>26,213</u>                            | <u>2,603</u>              |   |