



## INVESTOR BRIEFING (Q4 '20 Financial Results)


### TOPICS COVERED:

#### 1. Fourth Quarter ("Q4") 2020 Financial Results

- Revenue for the period ended 31 Dec 2020 decreased marginally by 3.8% to RM155.2mil as compared to RM161.4mil in the preceding year due to the decline in the distribution division by 15.7%.
- Of the RM155.2mil, RM130.1mil was from the distribution division and RM25.1mil was from the manufacturing division.
- QoQ comparison saw an increased by 13.1% in the Group's revenue.
- Manufacturing division revenue grew by 253.5% YoY, due to better sales of inspection and automated handling equipment from the semiconductor customers.
- Distribution division revenue decreased by RM24.2mil YoY mainly due to a decrease of 15.0%, 33.3% and 6.3% in the product, materials, and spares & services revenue respectively.
- Group GP increased by 12.1% as a result from a huge jump in GP contribution from the manufacturing division by 653.8% despite a decline of 13.7% in GP contribution by the distribution division.
- Malaysia maintains as the biggest revenue contributing country which makes up for 44.1% of Q4 total revenue marking a decrease by 6.6% YoY. Contribution of revenue from the ASEAN region excluding Malaysia decreased by 10.2% YoY despite a strong growth from Vietnam and Singapore as countries that are badly affected by Covid-19 like Thailand, Philippines and Indonesia are not faring too well.
- China semiconductor business is also starting to gain traction with an increase of revenue by 142.9% YoY.
- Total installed base as at 31 Dec 2020 stood at 12,291.


**Revenue (RM)**

**155.2 mil**

 -3.8% YoY


**Gross Profit (RM)**

**36.2 mil**

 12.1% YoY

**PBT (RM)**

**11.7 mil**

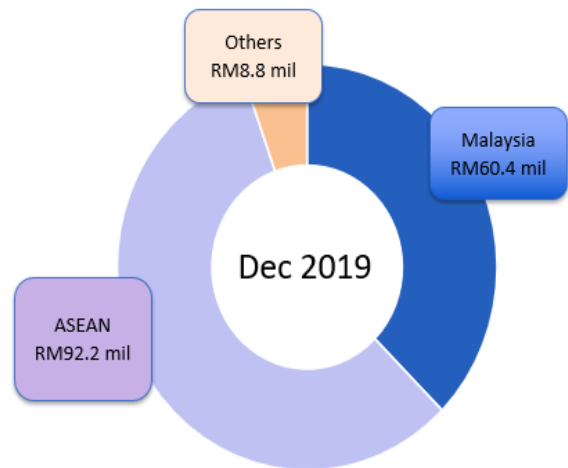
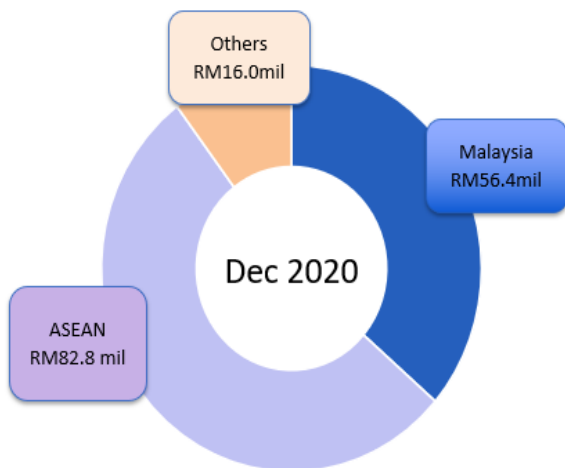
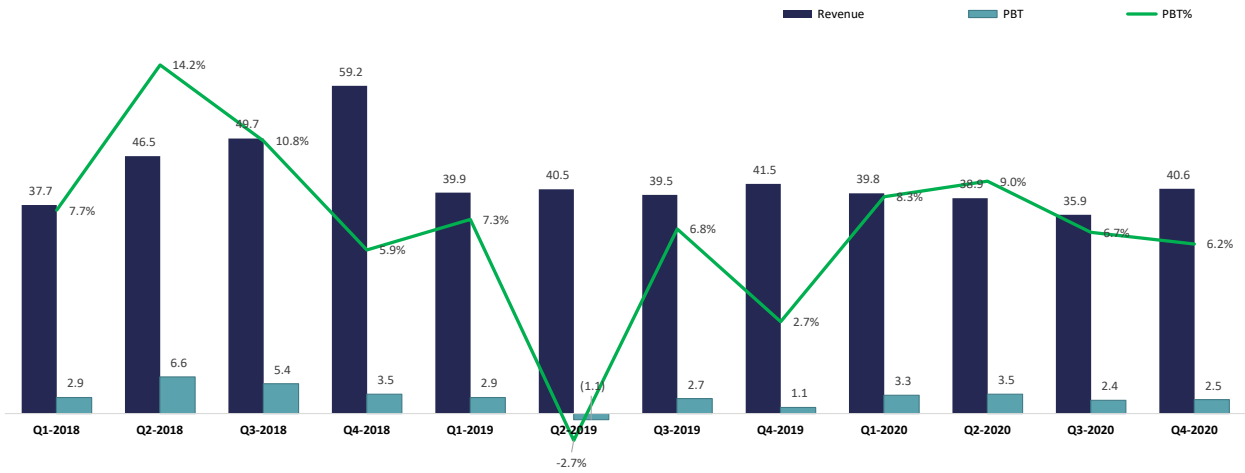
 108.9% YoY

**PATMI (RM)**

**8.7 mil**

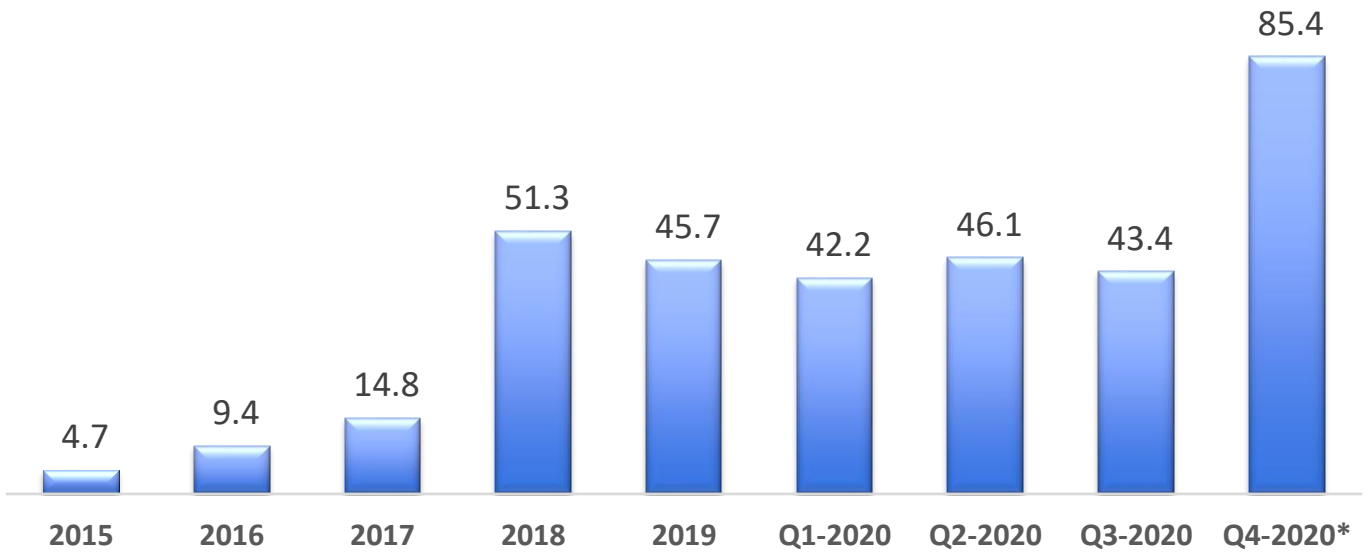
 163.6% YoY

### Quarterly Financial Highlights 2018 - 2020 (RM'mil)



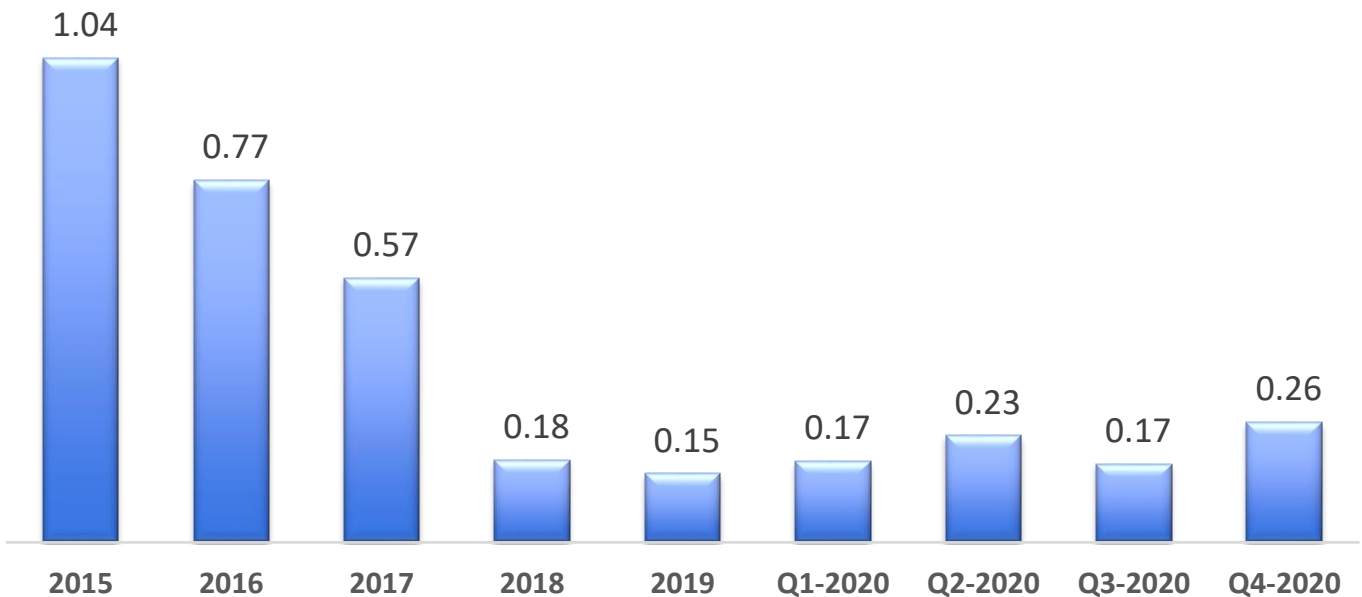
YoY Growth		
<b>MALAYSIA</b>	<b>ASEAN</b>	<b>OTHERS</b>
-6.6%	-10.2%	81.8%

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



\* Included in the Q4-2020 Cash and Bank Balances is RM17,850,000 being monies placed to vendor's financier in respect of the 5 storey detached factory property acquisition as part of the redemption sum due by the vendor to the vendor's financier. The property acquisition was completed on vacant possession being obtained on 4 January 2021.

### Gearing ratio (times)



## 2. Business Outlook & Prospects

- Manufacturing will be concentrating on research and development activities, with ongoing process to invest more into R&D human resources, equipment and software. Furthermore, the Group will look into setting up a new cleanroom Class 1000 equipment assembly area in the new factory.
- QES expects high growth in China in the near future hence we are still in the process of appointing more sales channel partners and participating in Semicon China and Global Semiconductor Industry Expo.
- Based on the private placement utilization, QES will aim to set up a local 100% owned China subsidiary through QES (Hong Kong) Co Ltd.
- The Group will continue to look out for possible M&A and collaboration within the semiconductor E&E segments.
- The Group is optimistic that the distribution division growth will have positive growth in FY2021 as the Covid-19 pandemic situation seems to be settling down with the aggressive roll out of vaccines.
- The Group is expecting the semiconductor and E&E market segments to continue to grow this year due to the demands fuelled by 5G, IoT, PC, EV, cloud computing and AI related movement.
- The Group had completed Phase 1 and Phase 2 for the Distribution business units and ASEAN subsidiaries for the implementation of Oracle Netsuite ERP system. Manufacturing is set to go “live” starting March 2021 under Phase 3.
- The Group is also in the process of further digitalising the Group by implementing the CMMS service support and e-claims.
- Renovation of the new Hicom-Glenmarie, Shah Alam factory is in progress and will look to move in by this year.

### 3. Utilisation of IPO Proceeds as at 31 Dec 2020

<b>Purposes</b>	<b>Revised Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Balance RM'000</b>	<b>Revised Expected Timeframe for Utilisation</b>
(i) Development of 3 key products	4,850	3,448	1,402	Within 36 months from 8 March 2018
(ii) General working capital requirements	3,250	3,250	-	Within 36 months from 8 March 2018
(iii) Repayment of bank borrowings	10,200	10,200	-	Within 3 months from 28 February 2020
(iv) Capital expenditure	7,516	6,755	761	Within 36 months from 8 March 2018
(v) Estimated listing expenses	3,000	3,000	-	Within 1 month
	<u>28,816</u>	<u>26,653</u>	<u>2,163</u>	

IPO proceed has  
been fully utilised  
as at Feb 2021.

### 4. Utilisation of the Private Placement proceeds as at 31 Dec 2020

<b>Purposes</b>	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Balance RM'000</b>	<b>Expected Timeframe for Utilisation</b>
(i) Factory capacity expansion	8,200	-	8,200	Within 18 months from 30 Oct 2020
(ii) R&D on future product expansion	5,300	27	5,273	Within 24 months from 30 Oct 2020
(iii) Market expansion to China	1,500	-	1,500	Within 18 months from 30 Oct 2020
(iv) Future working capital and acquisition related investment	4,974	-	4,974	Within 24 months from 30 Oct 2020
(v) Estimated expenses in relation to the proposed private placement	500	500	-	Immediately
	<u>20,474</u>	<u>527</u>	<u>19,947</u>	