

# QES INVESTOR BRIEFING

## Q3-2022





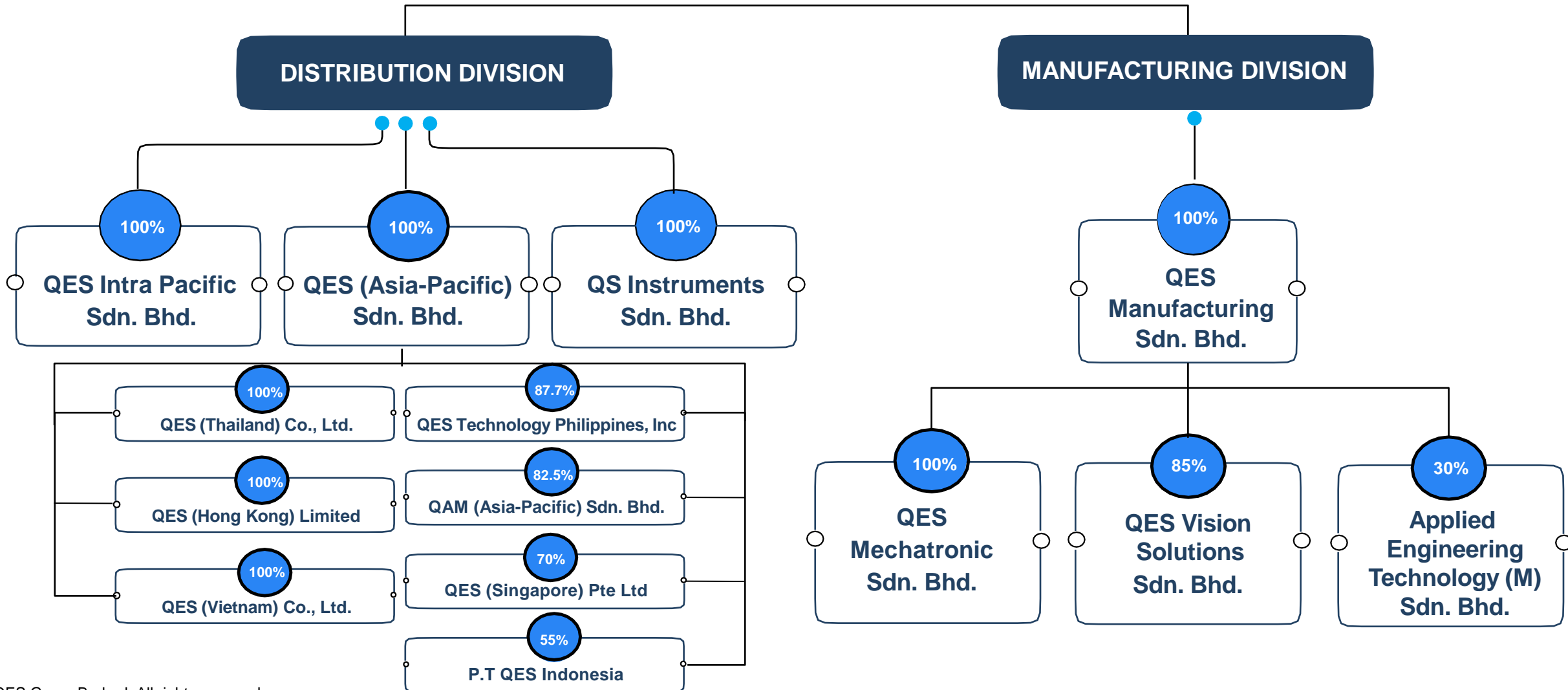
# Disclaimer

This Presentation has been prepared by QES Group Berhad and is preliminary in nature and solely for information and discussion purposes and must not be relied upon for any other purpose.

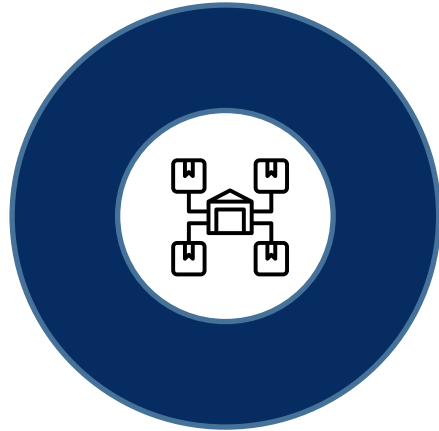
The “Presentation” that follows shall mean and include the slides that follow, the oral presentation of the slides by members of QES, or any person on their behalf, the question-and-answer session that follows that oral presentation, copies of this document and any materials distributed at, or in connection with, that Presentation. By participating in the meeting/briefing, or by reading the Presentation slides, you will be deemed to have (i) fully agreed to the following limitations and notifications and made the following undertakings and (ii) acknowledged that you understand the legal and regulatory sanctions attached to the misuse, disclosure or improper circulation of this Presentation.

This Presentation is being delivered on a confidential basis. Neither this Presentation nor any of its contents may be disclosed or used for any purposes other than information and discussion purposes without the prior written consent of the QES. You agree that you will not copy, reproduce or distribute this Presentation, in whole or in part, to other persons or entities at any time without the prior written consent of QES.

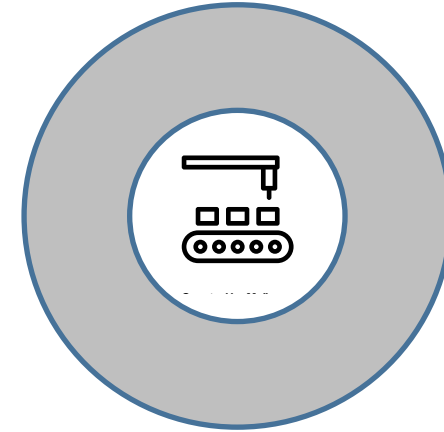
This Presentation does not constitute an offer or invitation for the sale or purchase of the securities herein or a commitment by QES with respect to any of the foregoing, and this Presentation shall not form the basis of any contract. The forward-looking statements and outlook are subject to a number of factors, risks and uncertainties, some of which are not currently known to us.



## Distribution



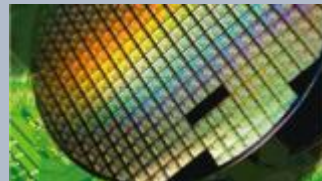
## Manufacturing



**Analytical  
Instruments**



**Inspection, Test  
& Measurement  
Equipment**



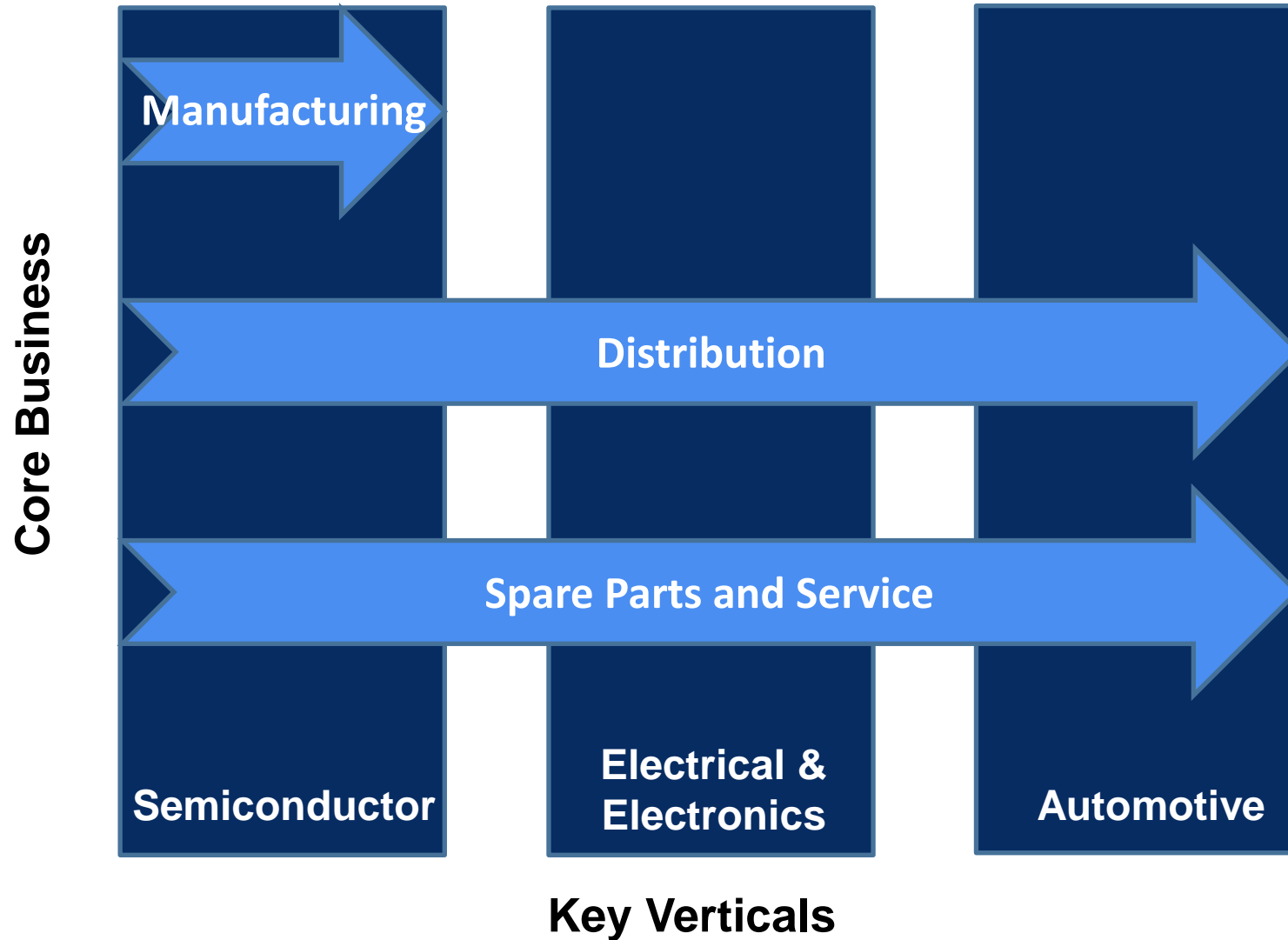
**Materials &  
Engineering  
Solutions**



**Semiconductor  
Inspection &  
Measuring  
Equipment**



**Semiconductor  
Automated  
Handling  
Equipment**

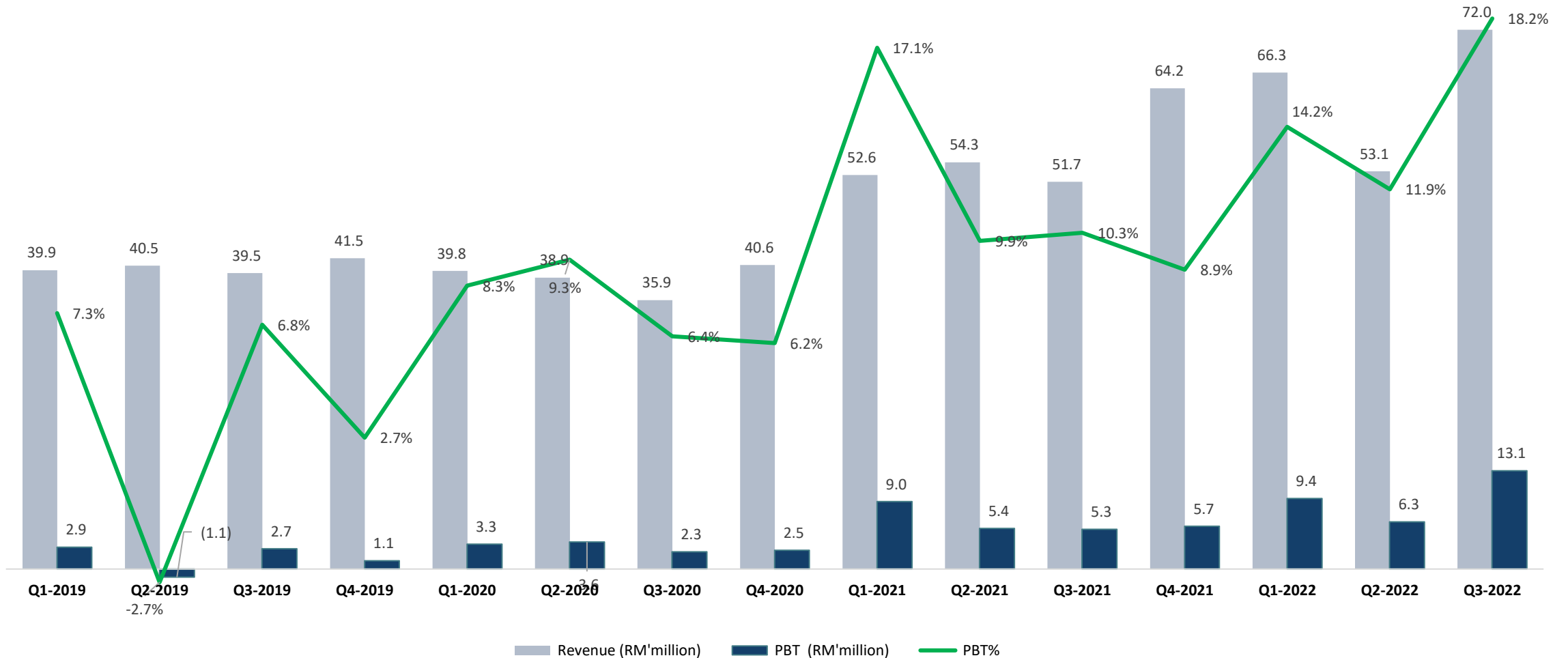


- ❖ Diversified into 3 core sectors
- ❖ Counter cyclical
- ❖ Spare parts and service provide strong recurring revenue
- ❖ Sustainable revenue growth

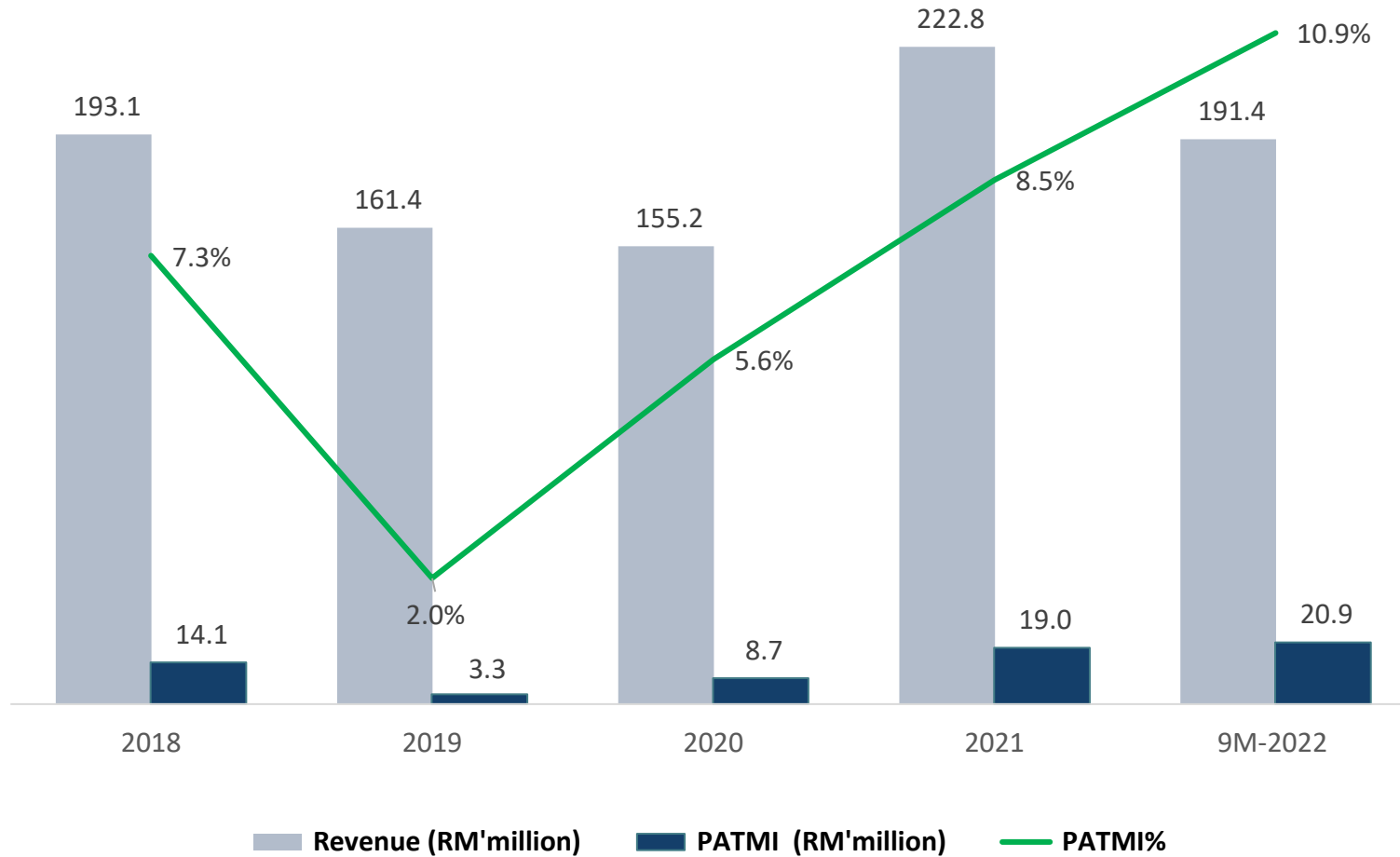
In RM 'mil

	Q3'22	Q3'21	Q2'22	Q3'22 vs Q3'21	Q3'22 vs Q2'22	For Period Ended		
						Sep'22	Sep'21	Sep'22 vs Sep'21
<b>Revenue</b>	72.0	51.7	53.1	↑ 39.3%	↑ 35.6%	191.4	158.6	↑ 20.7%
<b>PATMI</b>	9.5	3.8	4.7	↑ 150.0%	↑ 102.1%	20.9	14.6	↑ 43.2%
PATMI Margin	13.2%	7.4%	8.9%			10.9%	9.2%	
<b>EBITDA</b>	14.0	6.1	7.7	↑ 129.5%	↑ 81.8%	32.4	22.4	↑ 44.6%
EBITDA Margin	19.4%	11.8%	14.5%			16.9%	14.1%	

## Quarterly Financial Highlights 2019 - 2022 Q3

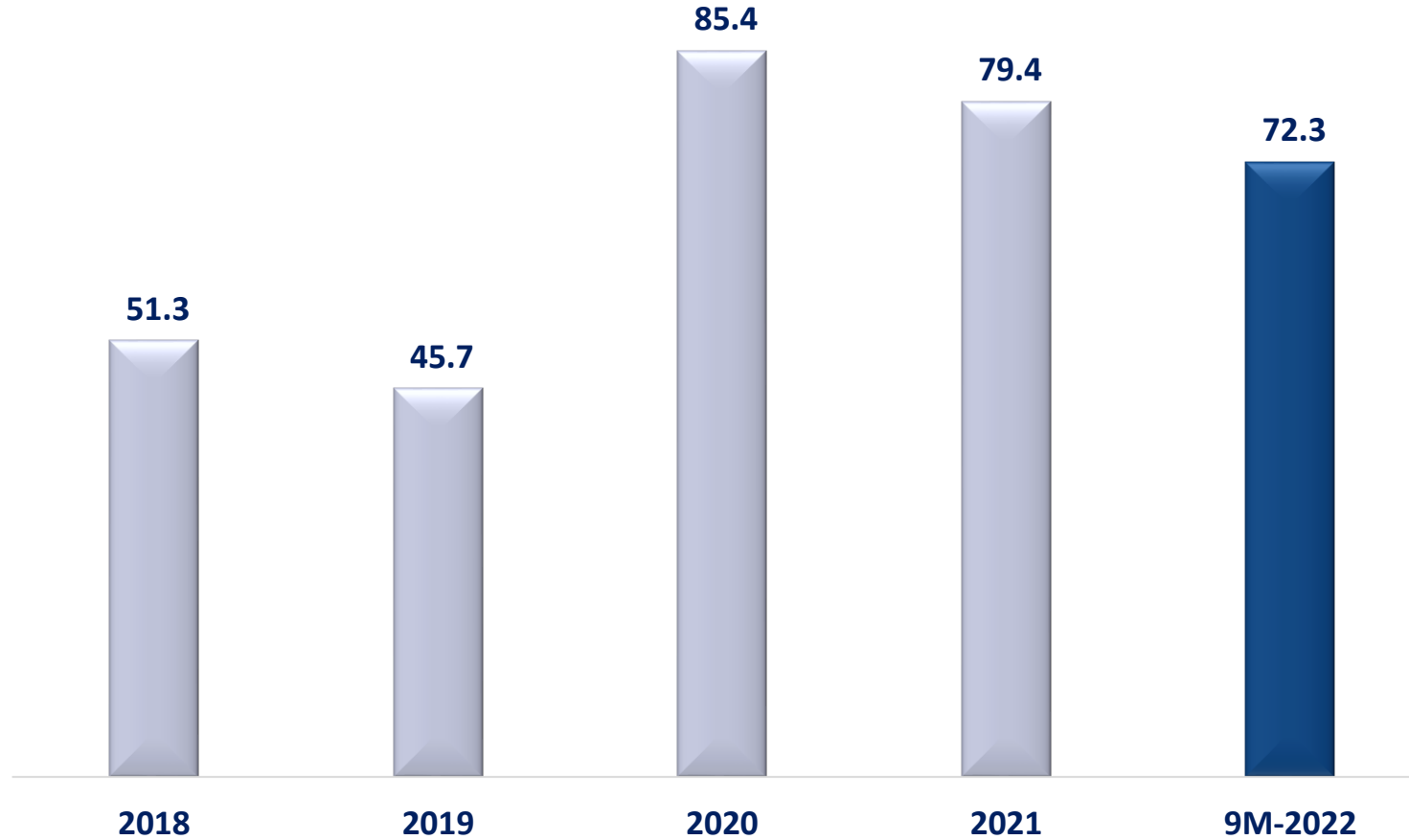


## Financial Highlights 2018 - 9M 2022

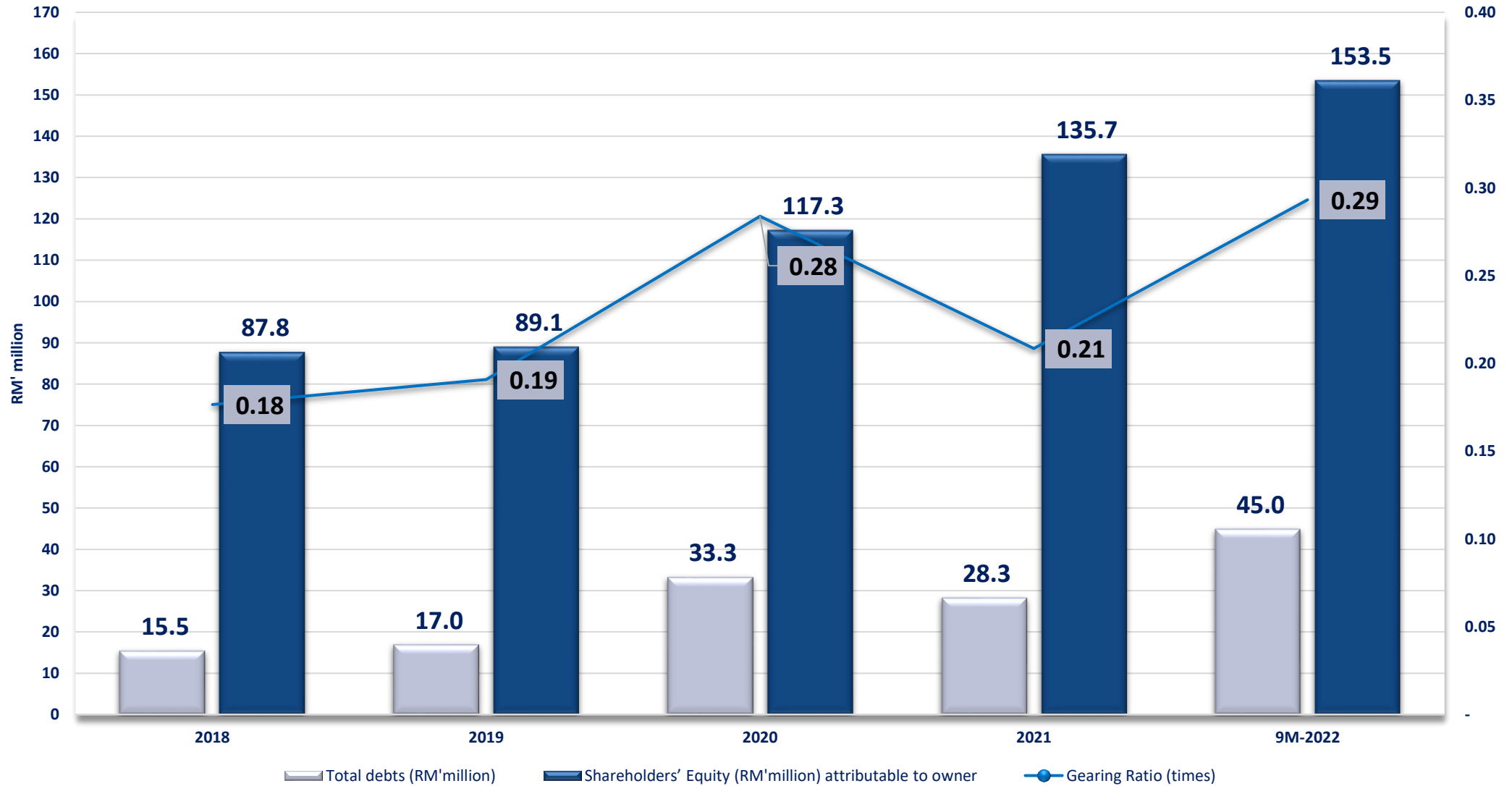


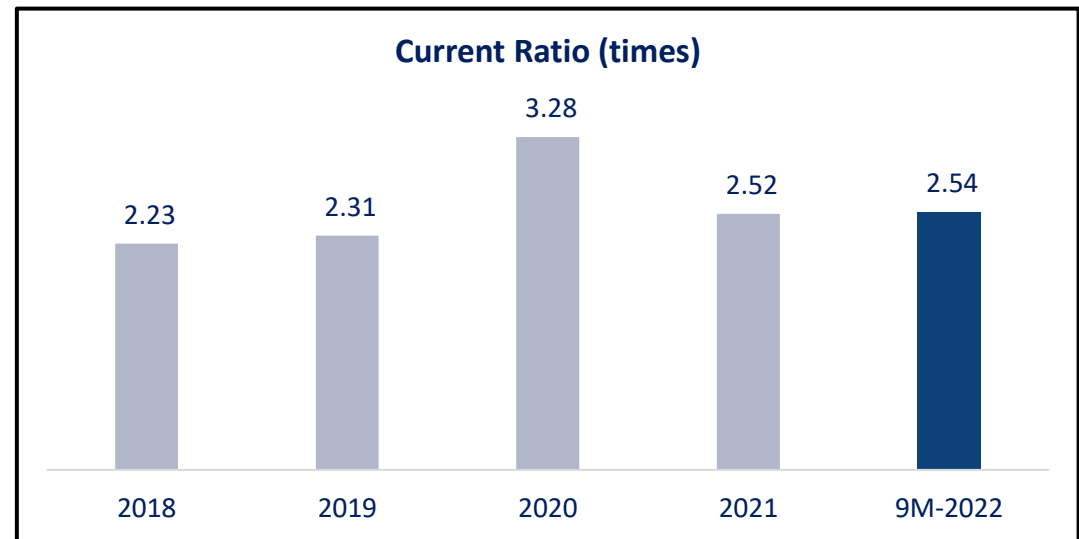
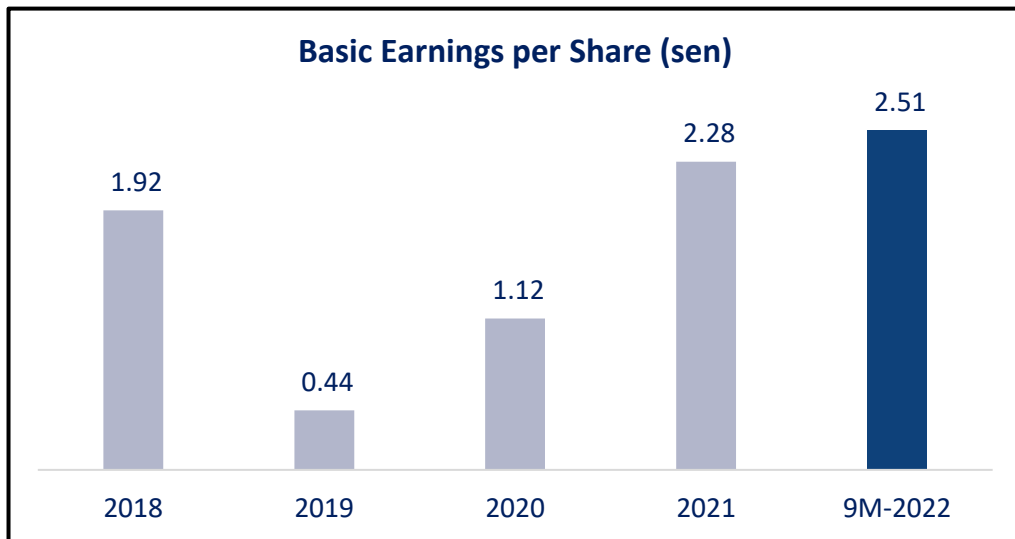
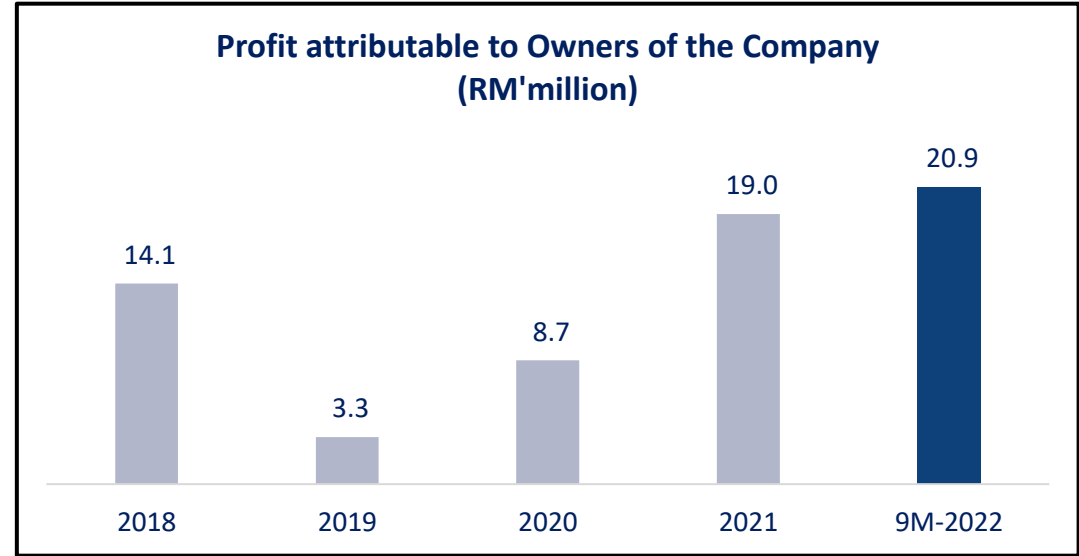
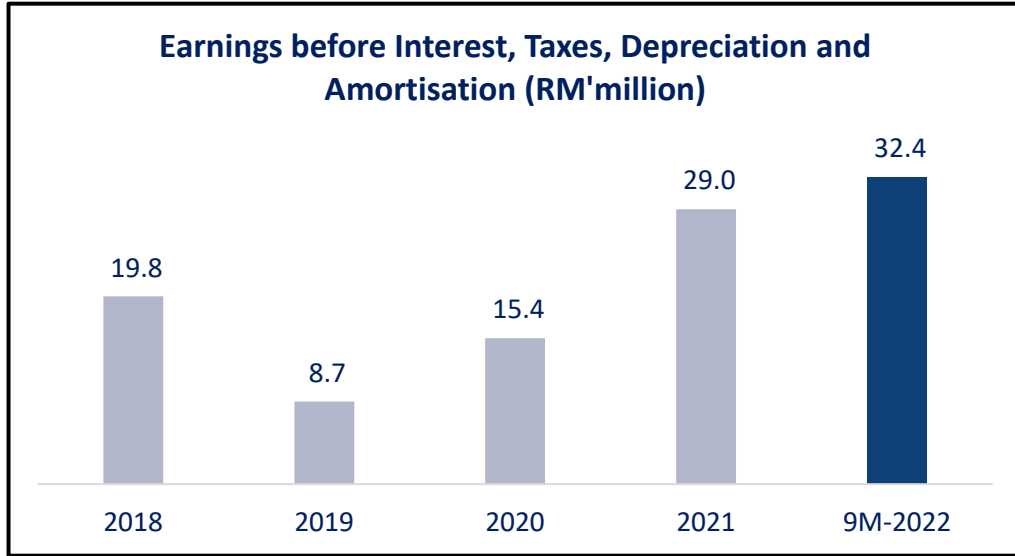


Cash and cash equivalents (RM'mil)

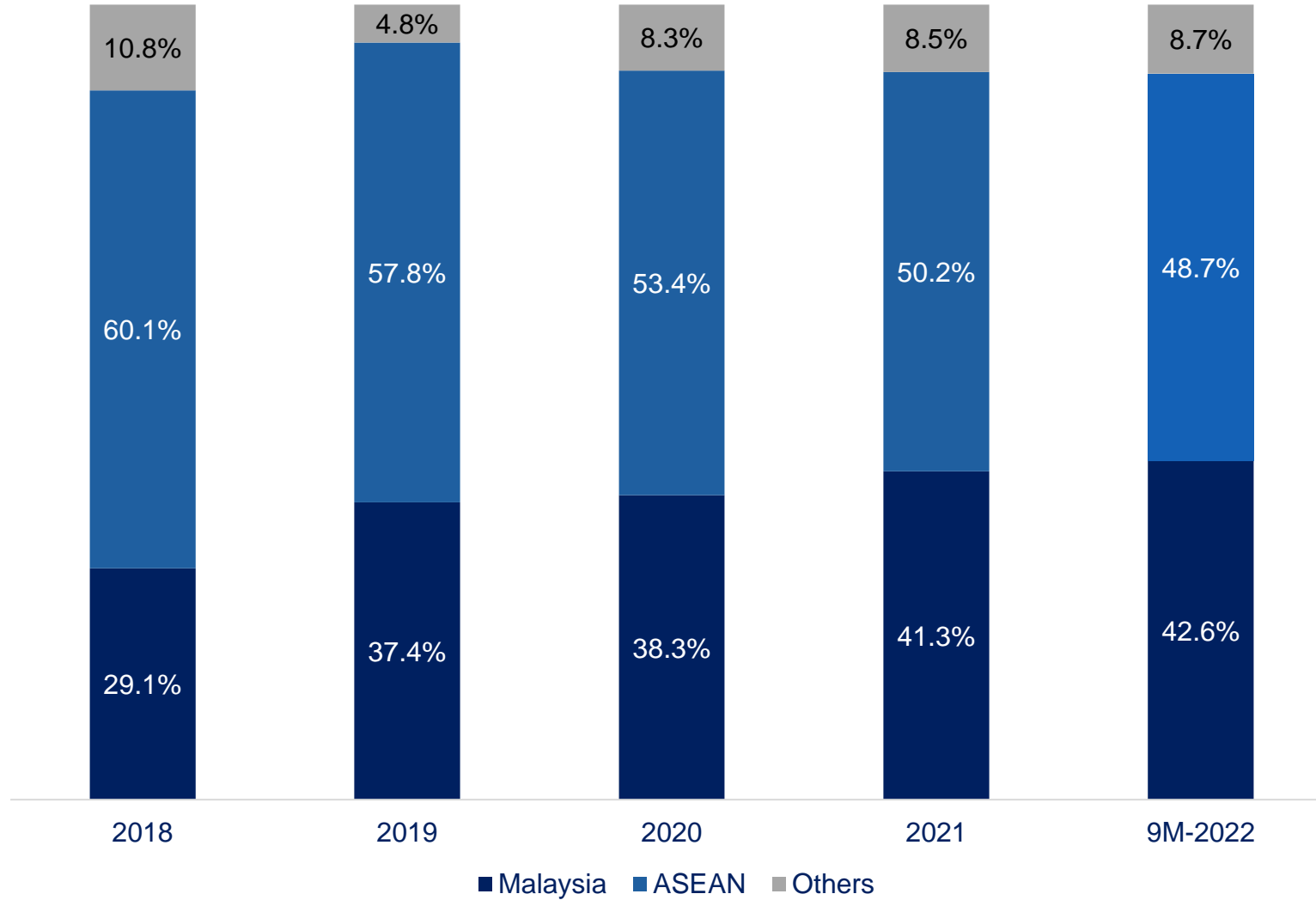


# Financial highlights – Gearing ratio

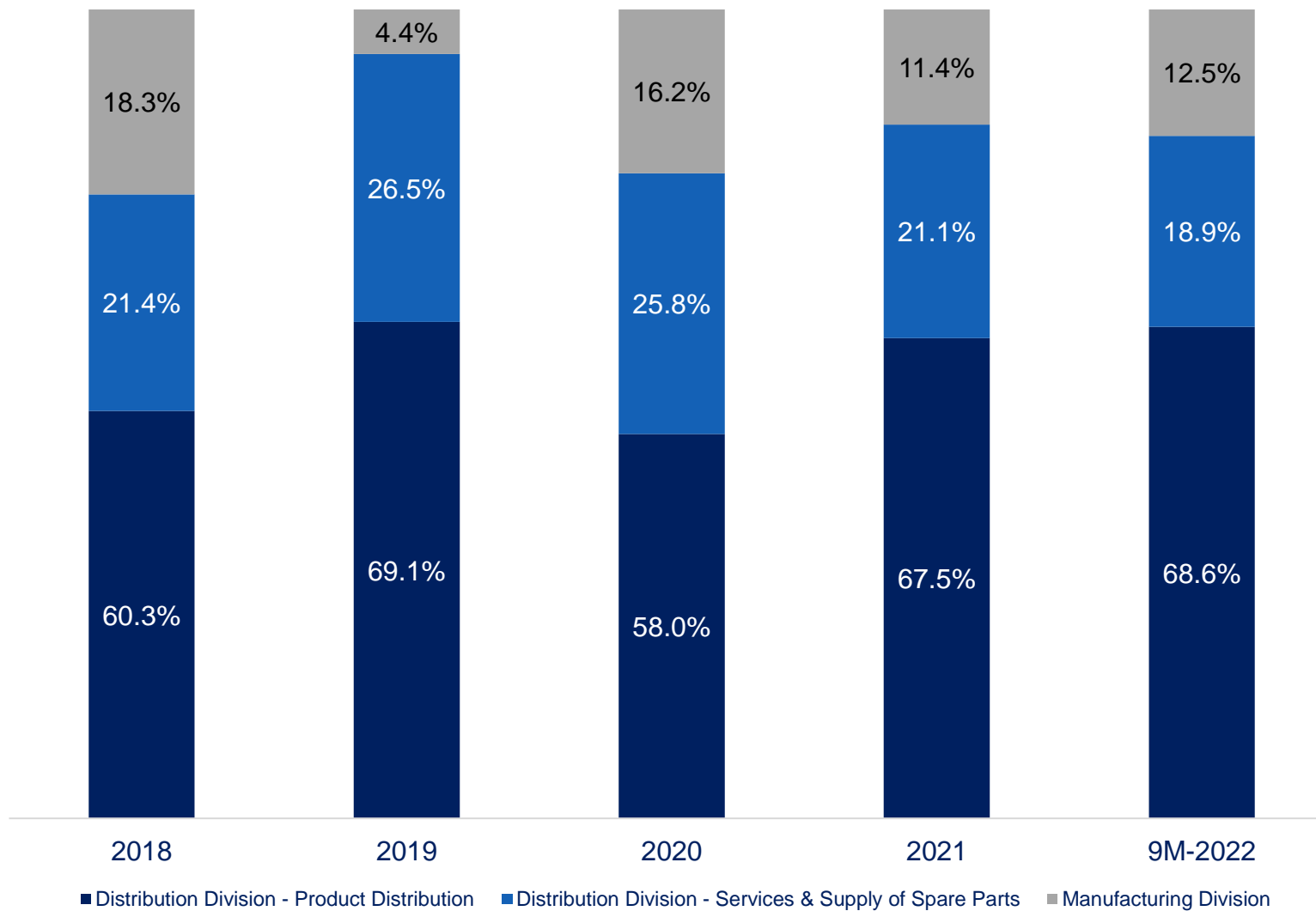




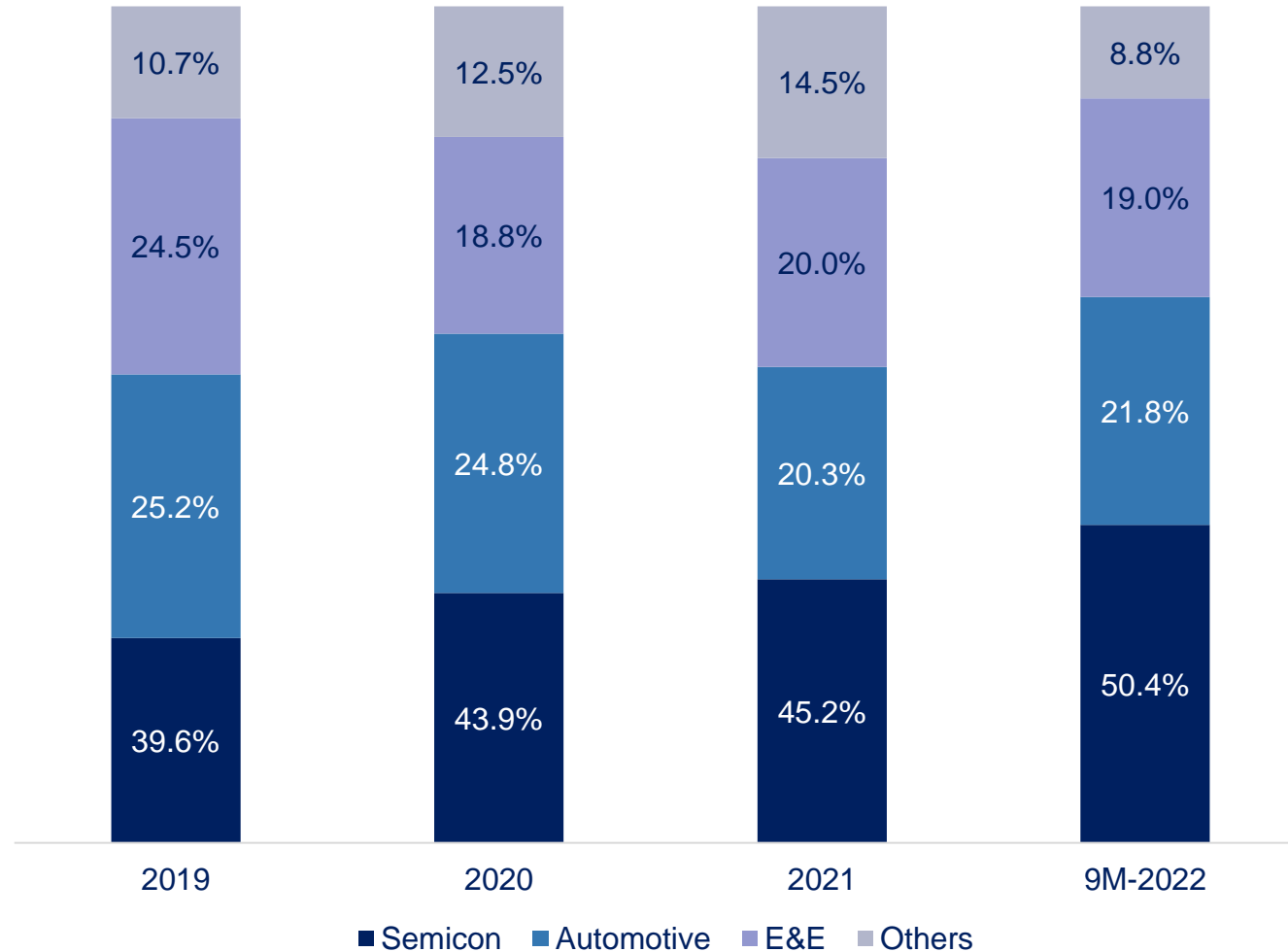
# Analysis: Revenue Breakdown – By Country/Region



# Analysis: Revenue Breakdown – By Division



# Analysis: Revenue Breakdown – By Industry



## 1) Diverse Market Segments & Products

- > 30 years of being a one stop specialist in manufacturing, distribution and services of test, inspection and measuring equipment, materials and engineering solutions.
- Diversified market segments – Semiconductor, E & E and Metal & Automotive

## 2) Geographical spread

- Extensive subsidiaries network in ASEAN region.
- Expansion plans China via QES Hong Kong.
  - Sales channel partners worldwide.

## 3) Strong financials

- Cash and cash equivalents of > RM 72.3 million as of 30-Sep-22.
- Gearing ratio of 0.29.
- Cash flow positive.

## 4) Stable Recurring Income

- Consistent recurring annual income of ~RM40 million (20% to 25% of group revenue) through maintenance and service of large installed base of > 7,000 active equipment

## 5) Experienced Management

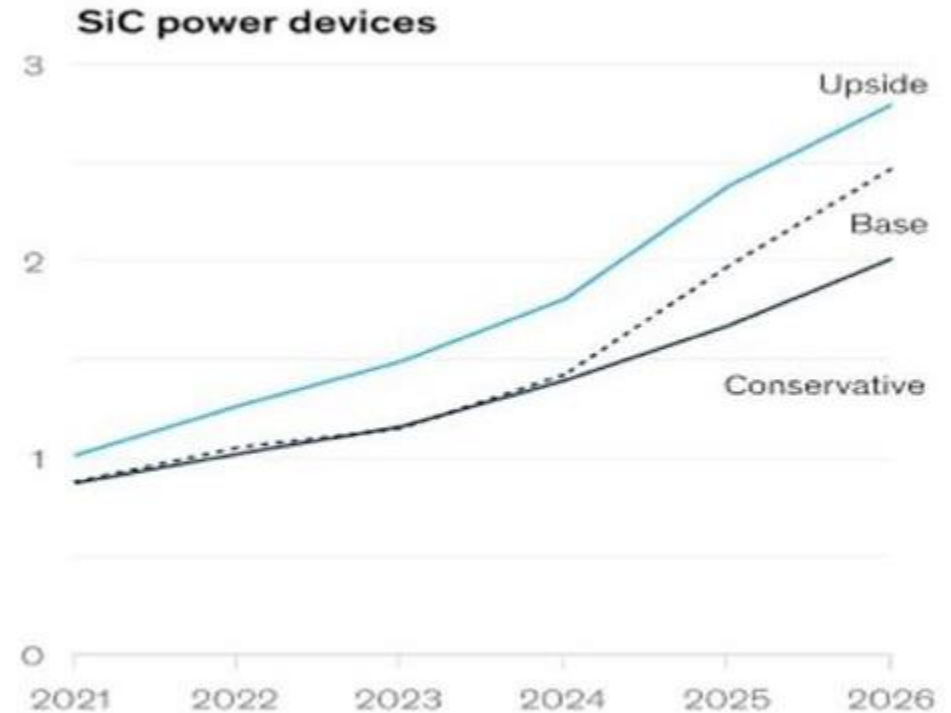
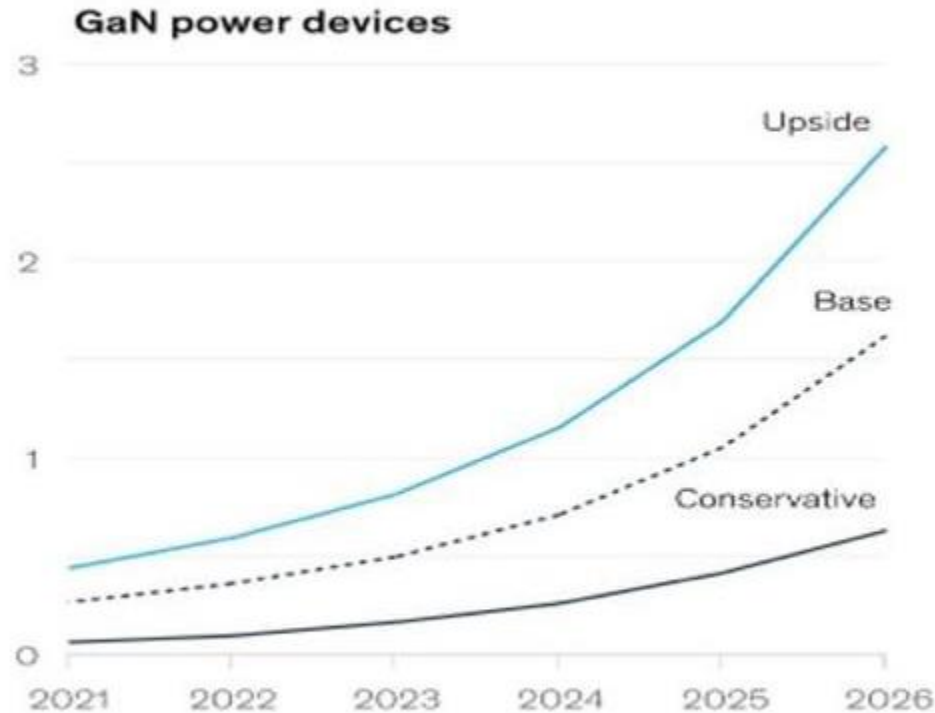
- Long-standing management team with an average length of more than 10 years in key technical and operational functions.

## 6) Continuous R&D

- 7%~8% of manufacturing division revenue allocated for R&D.
- Focus on semiconductor equipment, IR 4.0 and Smart Manufacturing Solutions.

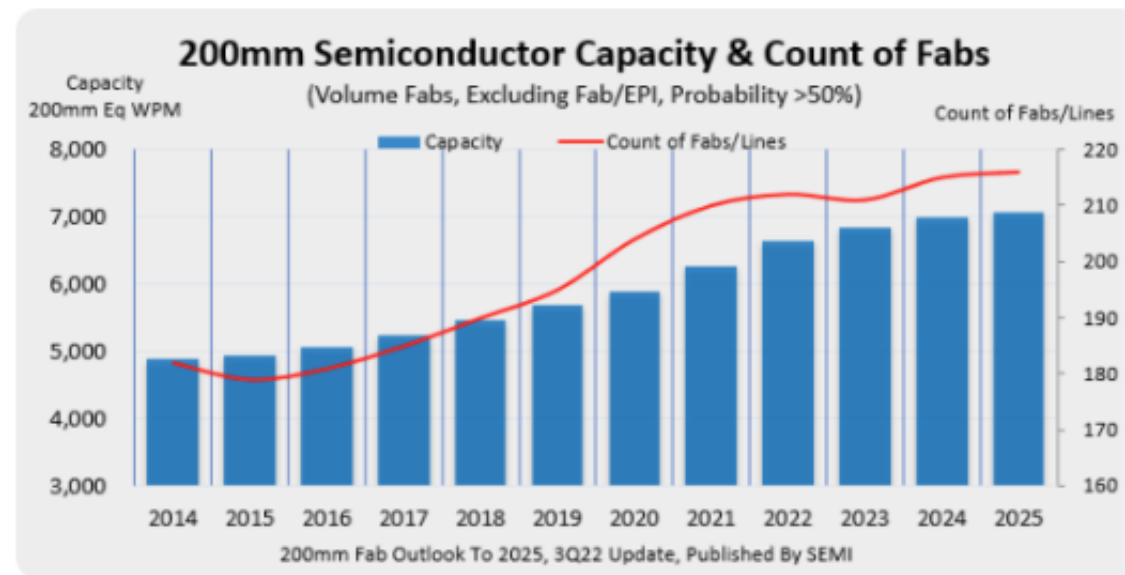
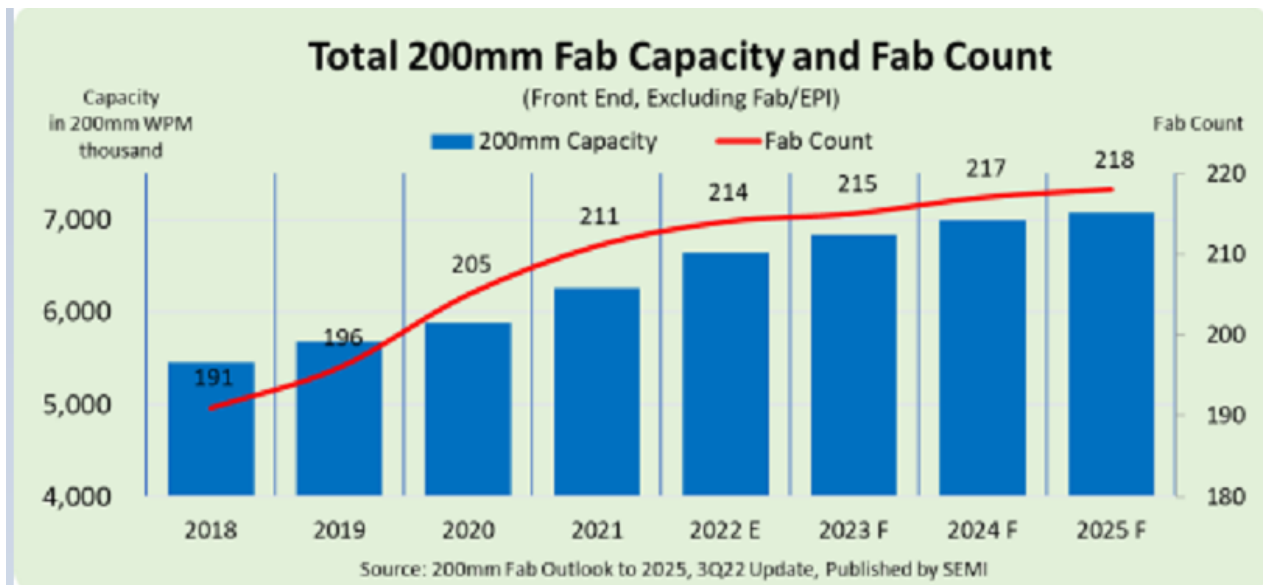
**Semiconductor industry experts expect high growth rates for both gallium nitride and silicon carbide power devices.**

**Projected revenue for gallium nitride (GaN) and silicon carbide (SiC) power devices,<sup>1</sup> \$ billion**



Source: Expert interviews; Kevin Anderson and Richard Eden, SiC & GaN power semiconductors report, Omdia, June 19, 2020; GaN power transistor sales development, Omdia, December 2020; Yole Power Devices Summary – 2019-25; Yole Total Power semi-market – 2019





The SEMI *200mm Fab Outlook to 2025* report shows fab capacity for automotive and power semiconductors growing at a rate of 58% from 2021 to 2025, followed by MEMS at 21%, foundry at 20% and analog at 14%.

Following are quarterly billings data in billions of U.S. dollars with quarter-over-quarter and year-over-year changes by region:

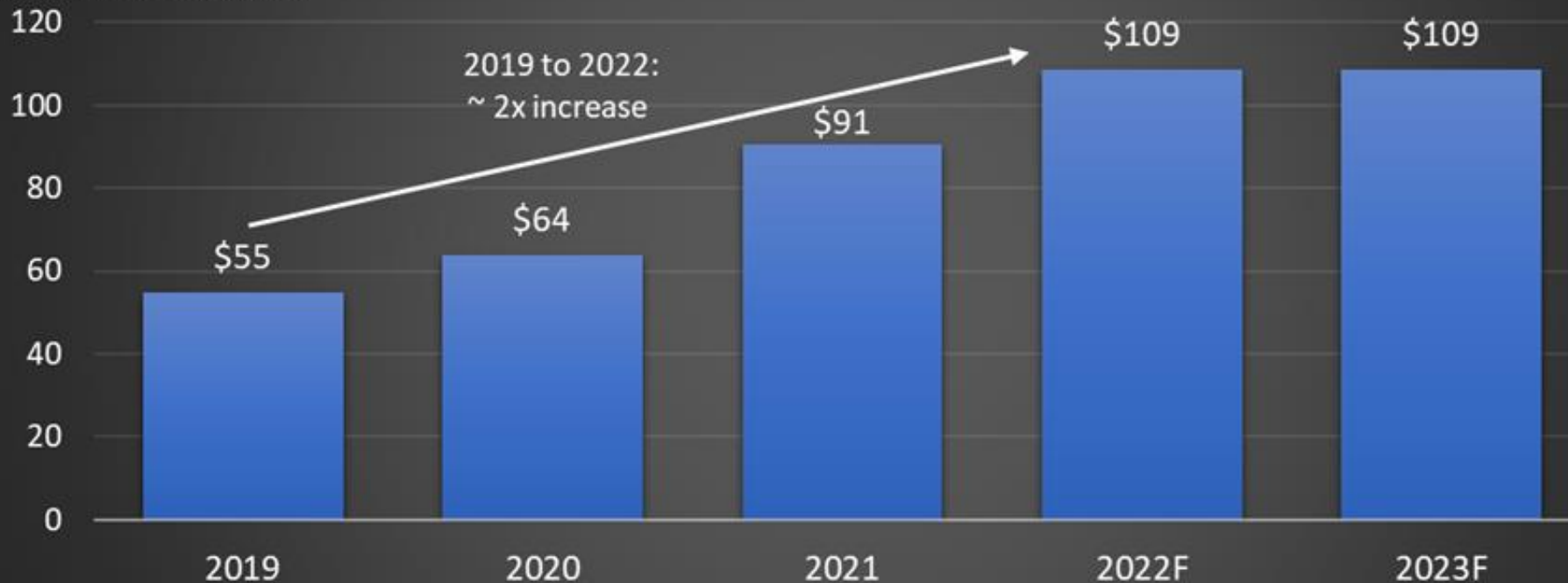
Region	2Q2022	1Q2022	2Q2021	2Q (QoQ)	2Q (YoY)
Taiwan	6.68	4.88	5.04	37%	32%
China	6.56	7.57	8.22	-13%	-20%
Korea	5.78	5.15	6.62	12%	-13%
North America	2.64	2.62	1.68	1%	57%
Europe	1.86	1.28	0.71	46%	162%
Japan	1.65	1.90	1.77	-13%	-7%
Rest of World	1.25	1.29	0.84	-3%	50%
<b>Total</b>	<b>26.43</b>	<b>24.69</b>	<b>24.87</b>	<b>7%</b>	<b>6%</b>

Sources: SEMI ([www.semi.org](http://www.semi.org)) and SEAJ ([www.seaj.or.jp](http://www.seaj.or.jp)), September 2022

Note: Summed subtotals may not equal the total due to rounding.

## Fab Equipment Spending

EQUIPMENT IN US \$ BILLION



SOURCE: WORLD FAB FORECAST REPORT, 2Q22 UPDATE, PUBLISHED BY SEMI

## As at 30th September 2022

Purposes	Revised Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Revised Expected Timeframe for Utilisation
(i) Factory capacity expansion	8,200	8,200	-	Within 18 months from 30 Oct 2020
(ii) R&D on future product expansion	5,300	699	4,601	Within 36 months from 30 Oct 2020
(iii) Market expansion to China	97	97	-	Within 18 months from 30 Oct 2020
(iv) Future working capital and acquisition related investment	5,998	5,489	509	Within 36 months from 30 Oct 2020
(v) Estimated expenses in relation to the proposed private placement	500	500	-	Immediately
	<u>20,095</u>	<u>14,985</u>	<u>5,110</u>	

# THANK YOU

QES Group Berhad  
No 2, Jalan Jururancang U1/21,  
HICOM Glenmarie Industrial Park,  
Seksyen U1, 40150 Shah Alam, Selangor,  
Malaysia

Tel: (603) 5882 6668  
Fax: (603) 5567 0811  
Email: [investor.relations@qesnet.com](mailto:investor.relations@qesnet.com)  
Website: [www.qesnet.com](http://www.qesnet.com)