

QES INVESTOR BRIEFING

Q4-2022 (27 Feb 2023)



Assuring you our best, always

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Assuring you our best, always!

Corporate Vision

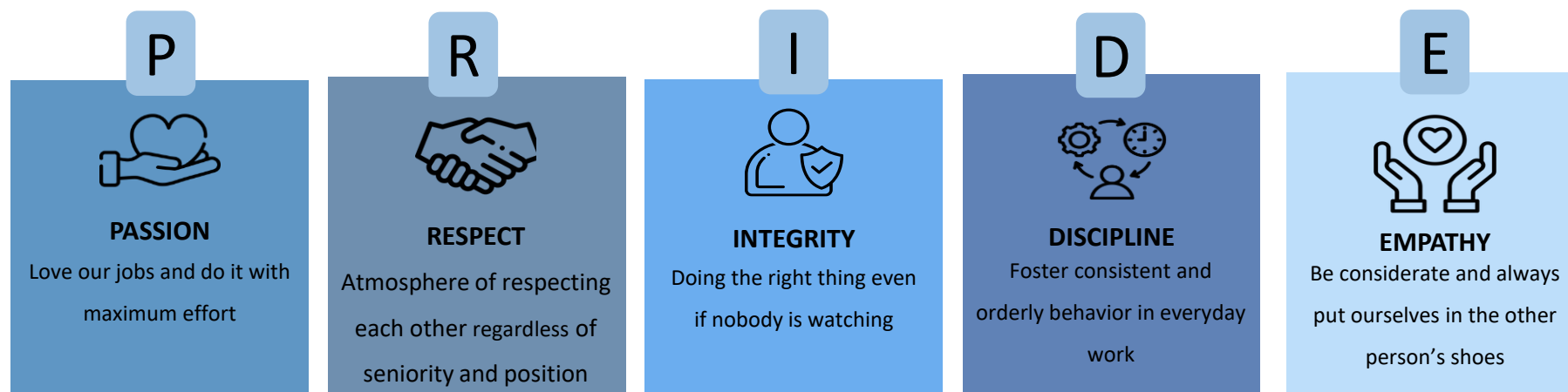
Mission Statement

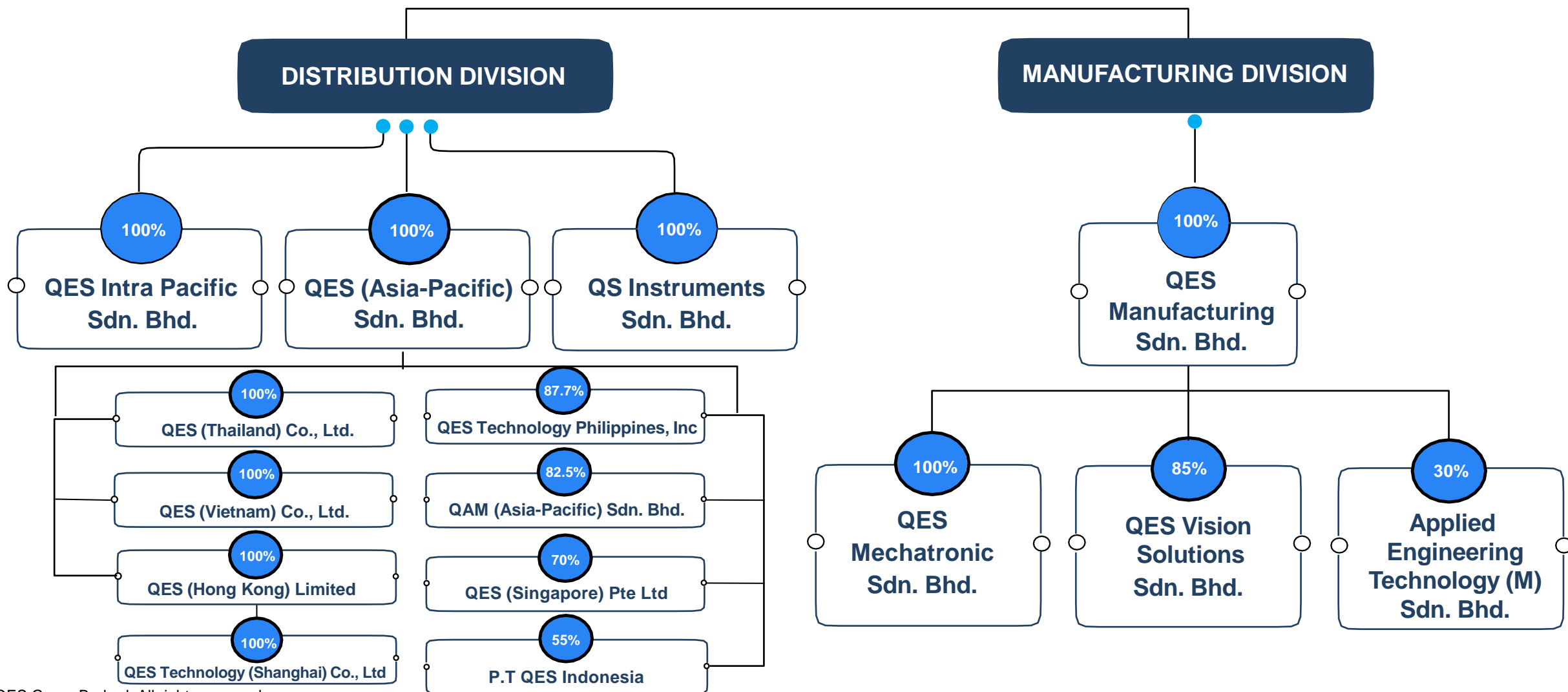
QES is determined to excel in every area of our technology-driven products and services and be sustainable. We achieve that by making sure we are **customer-centric, continuously developing and empowering our people, building lasting relationships with our business associates, moving towards complete digitalization, and aligning with our shareholders' vision and ESG commitment.**

Vision

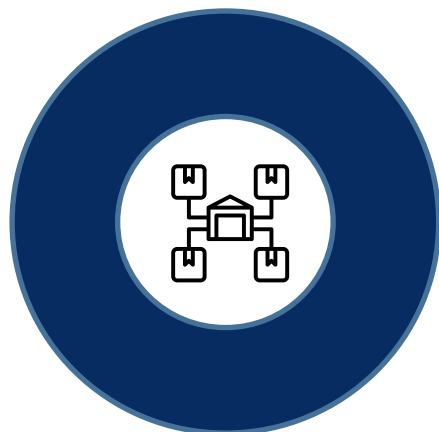
We aim to be the leading integrated solutions provider serving customers with world class products in analytical, inspection, test, measuring, automation, and related services.

Our Core Values





Distribution



**Analytical
Instruments**

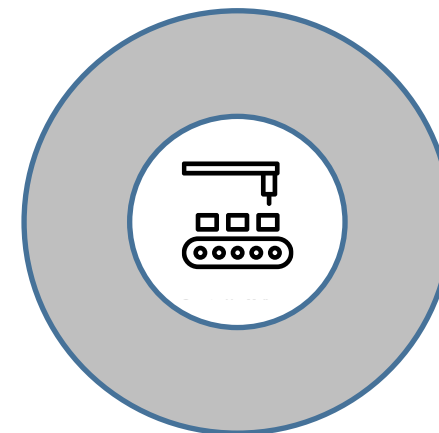


**Inspection, Test
& Measurement
Equipment**



**Materials &
Engineering
Solutions**

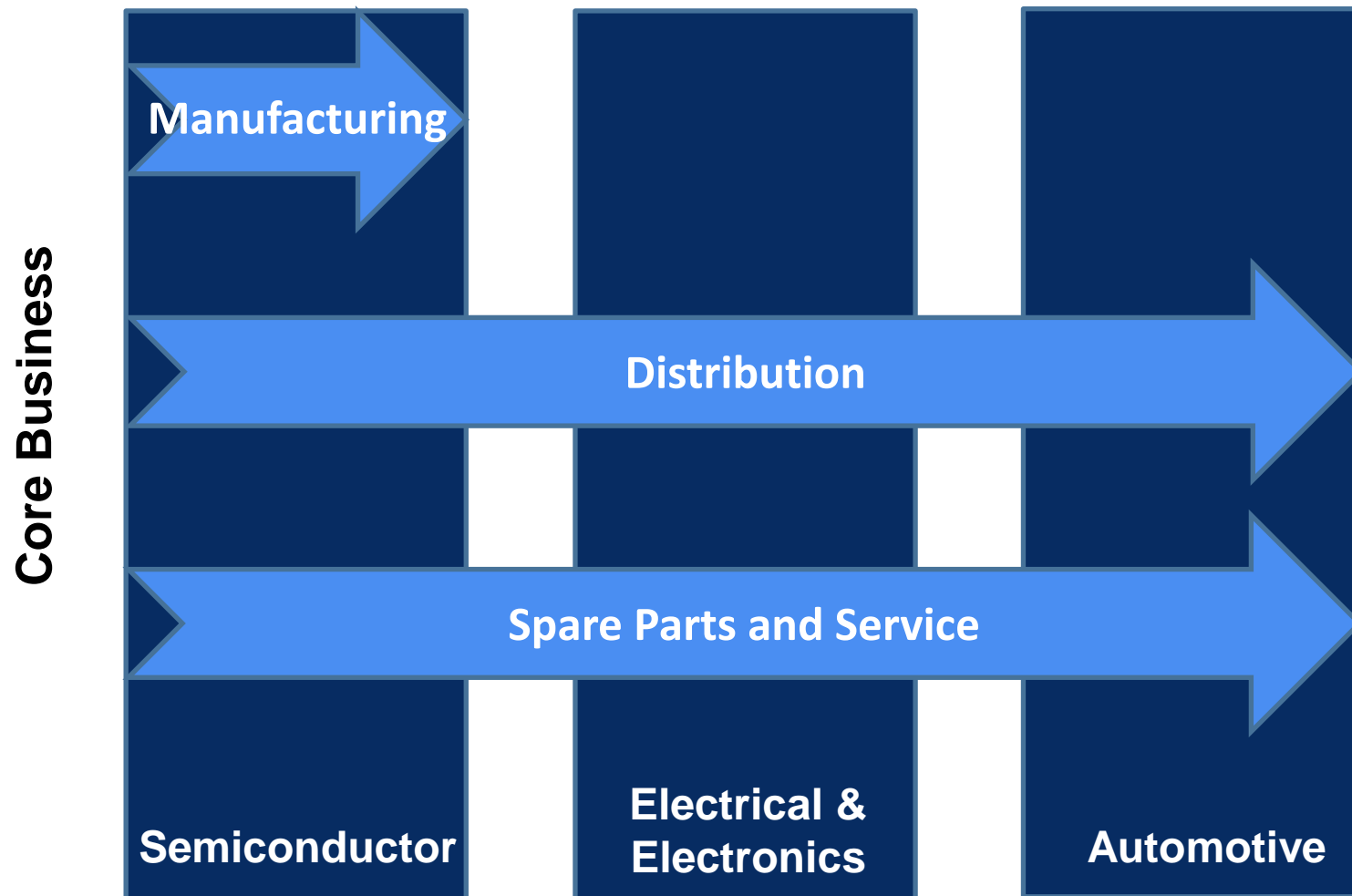
Manufacturing



**Semiconductor
Inspection &
Measuring
Equipment**

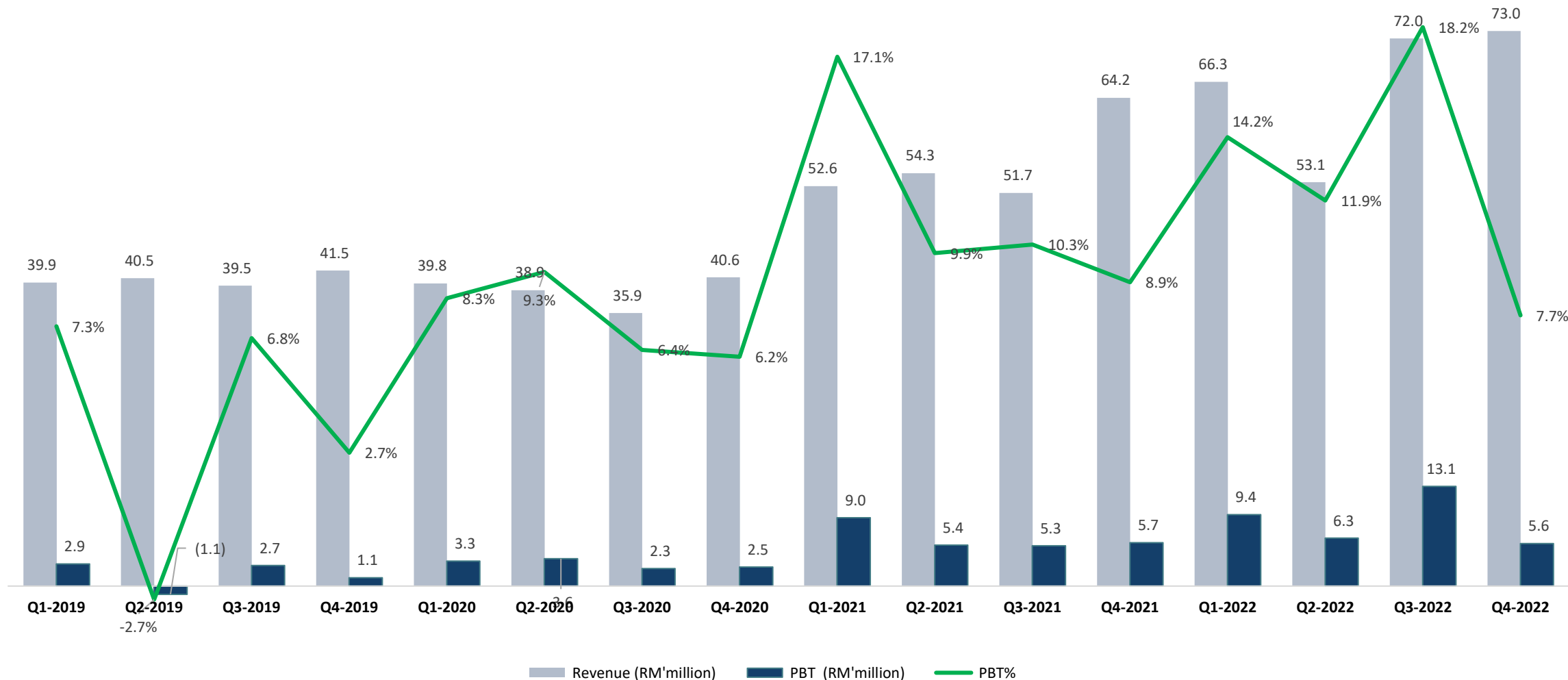


**Semiconductor
Automated
Handling
Equipment**

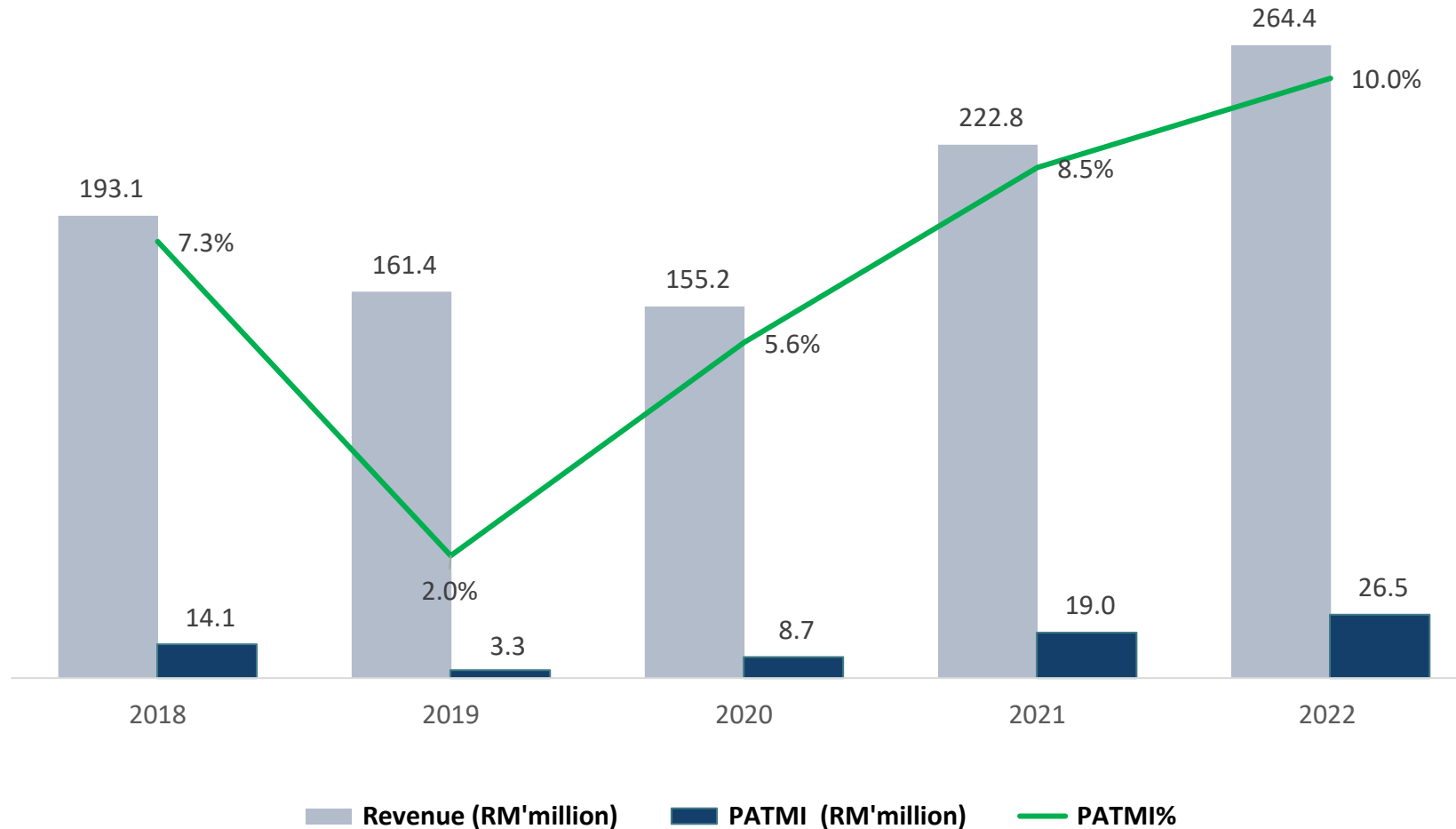


- ❖ Diversified into 3 core sectors
- ❖ Counter cyclical
- ❖ Spare parts and service provide strong recurring revenue
- ❖ Sustainable revenue growth

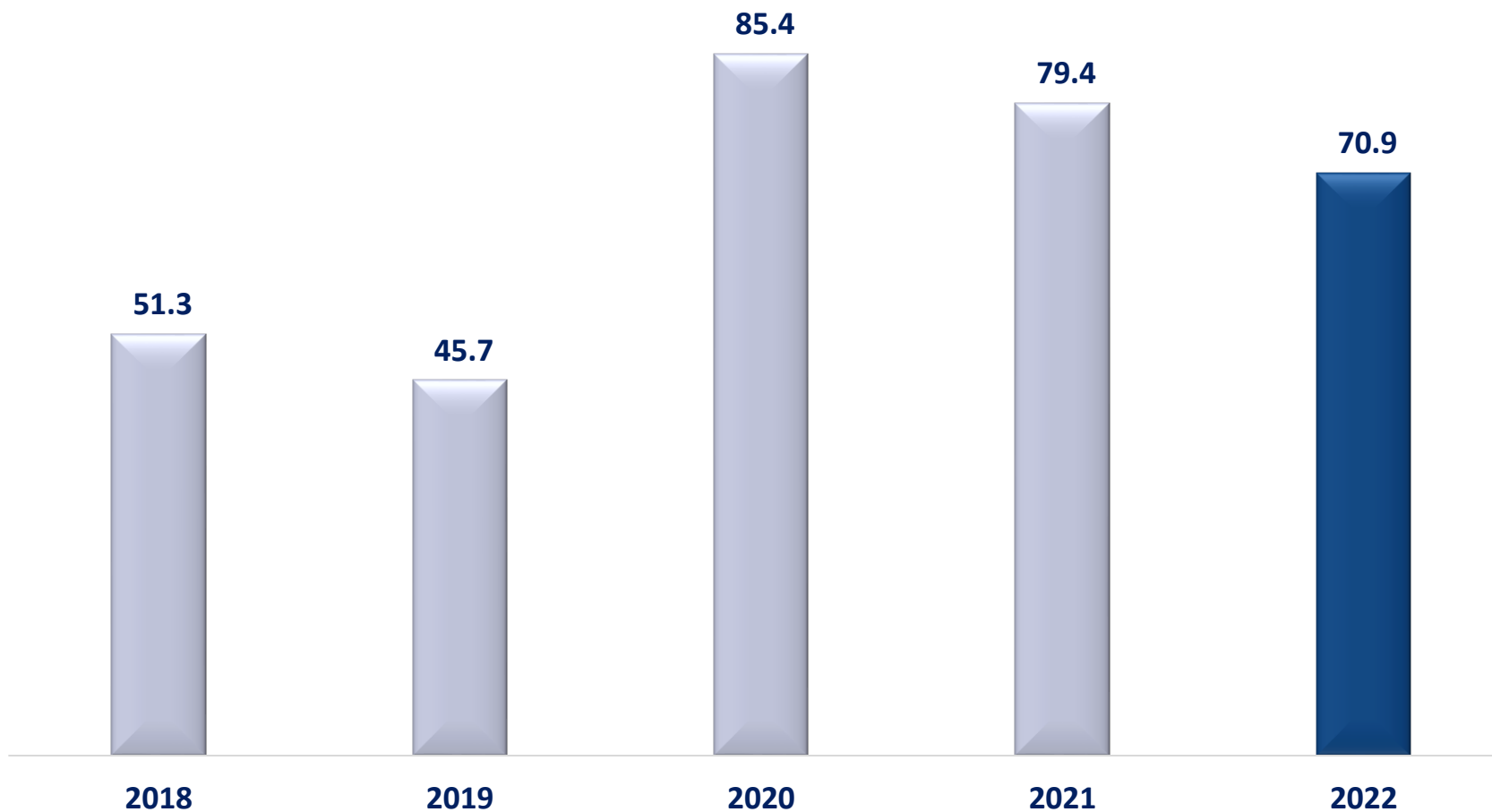
Quarterly Financial Highlights 2019 - 2022



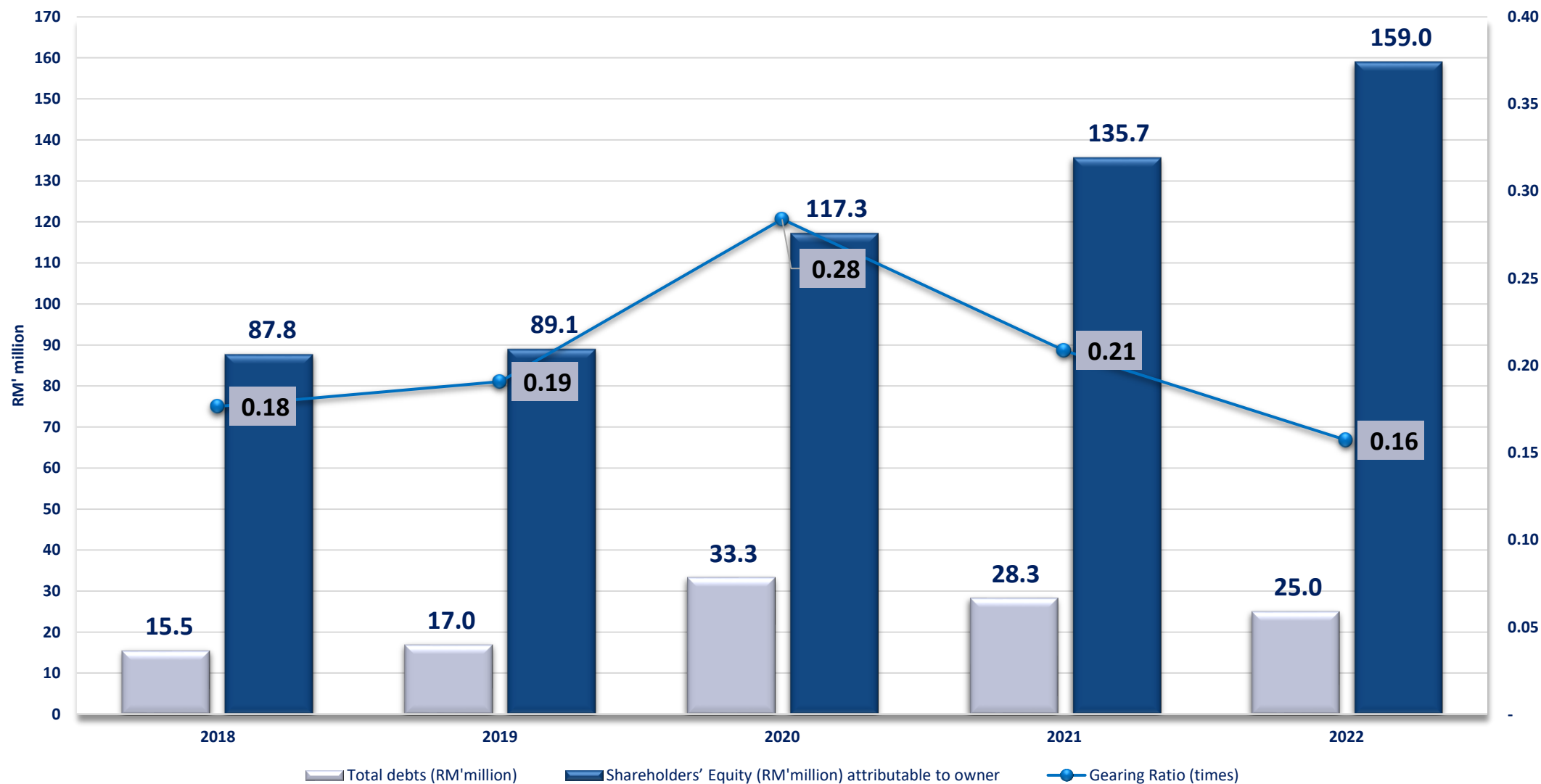
Financial Highlights 2018 - 2022



Cash and cash equivalents (RM'mil)

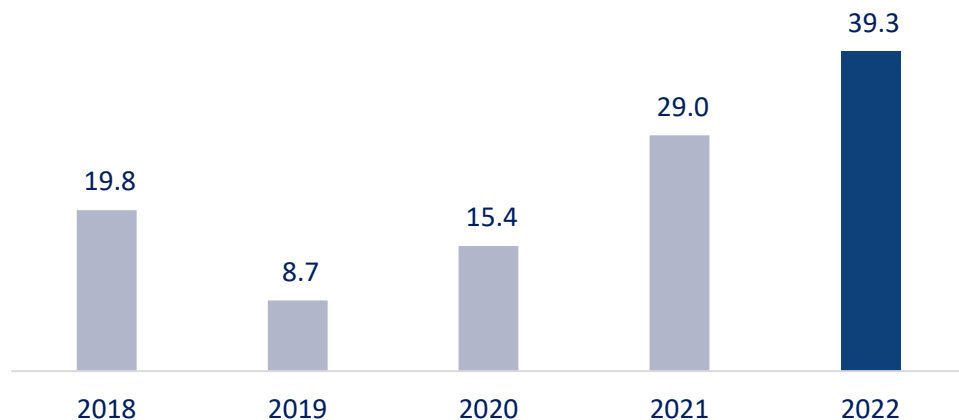


Financial highlights – Gearing ratio

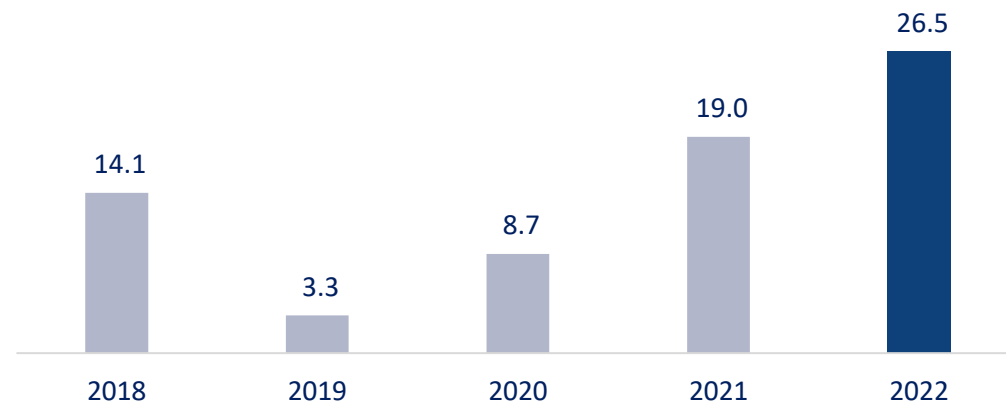


Financial highlights – Other ratios

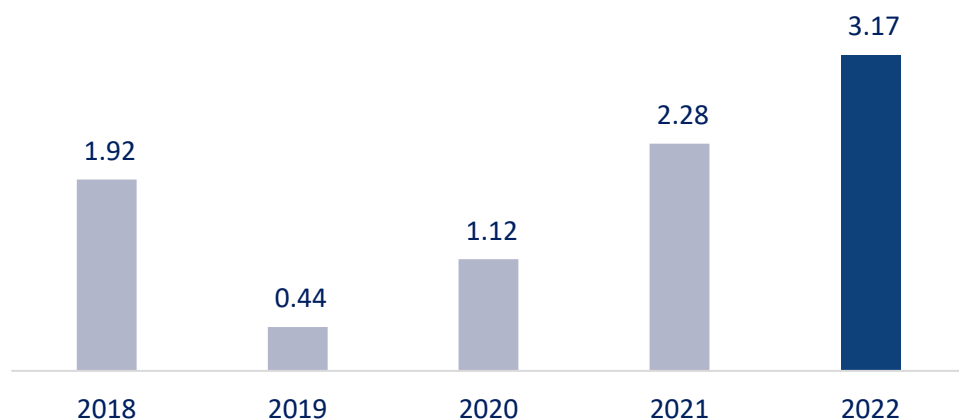
Earnings before Interest, Taxes, Depreciation and Amortisation (RM'million)



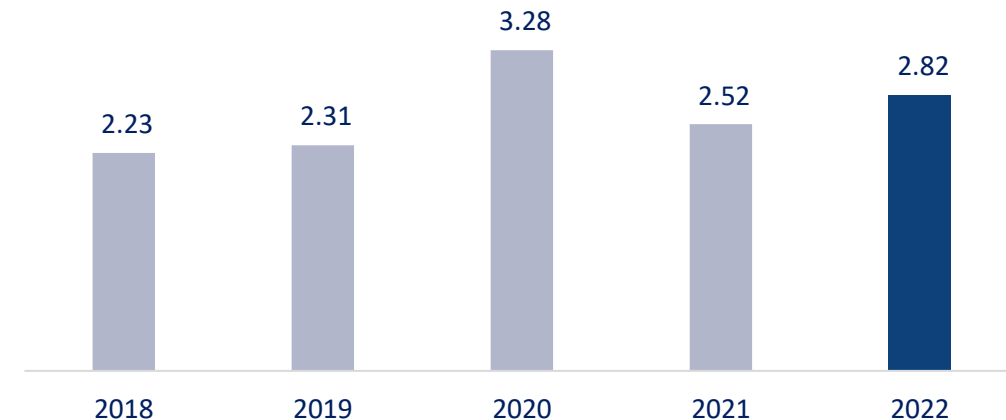
Profit attributable to Owners of the Company (RM'million)



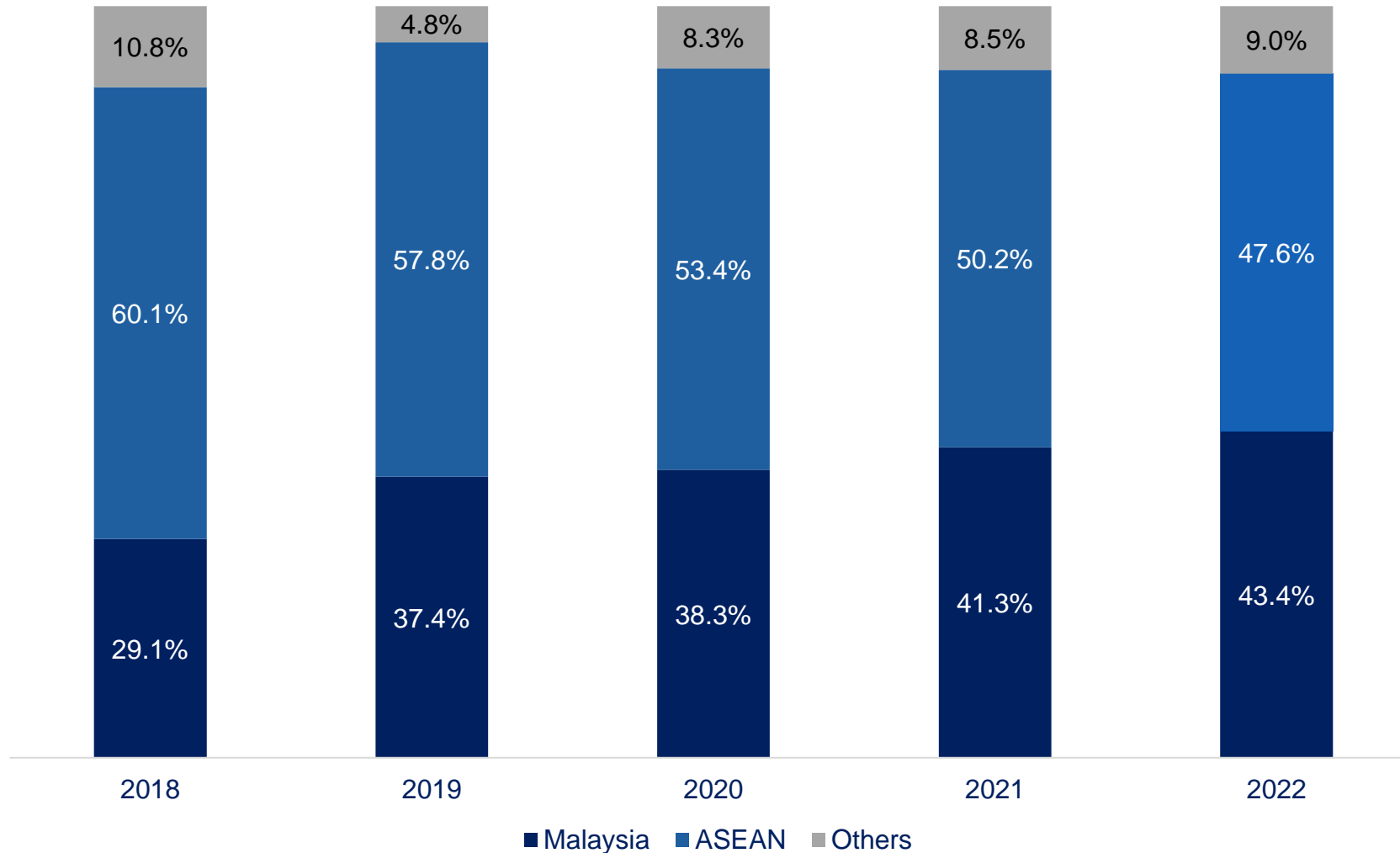
Basic Earnings per Share (sen)



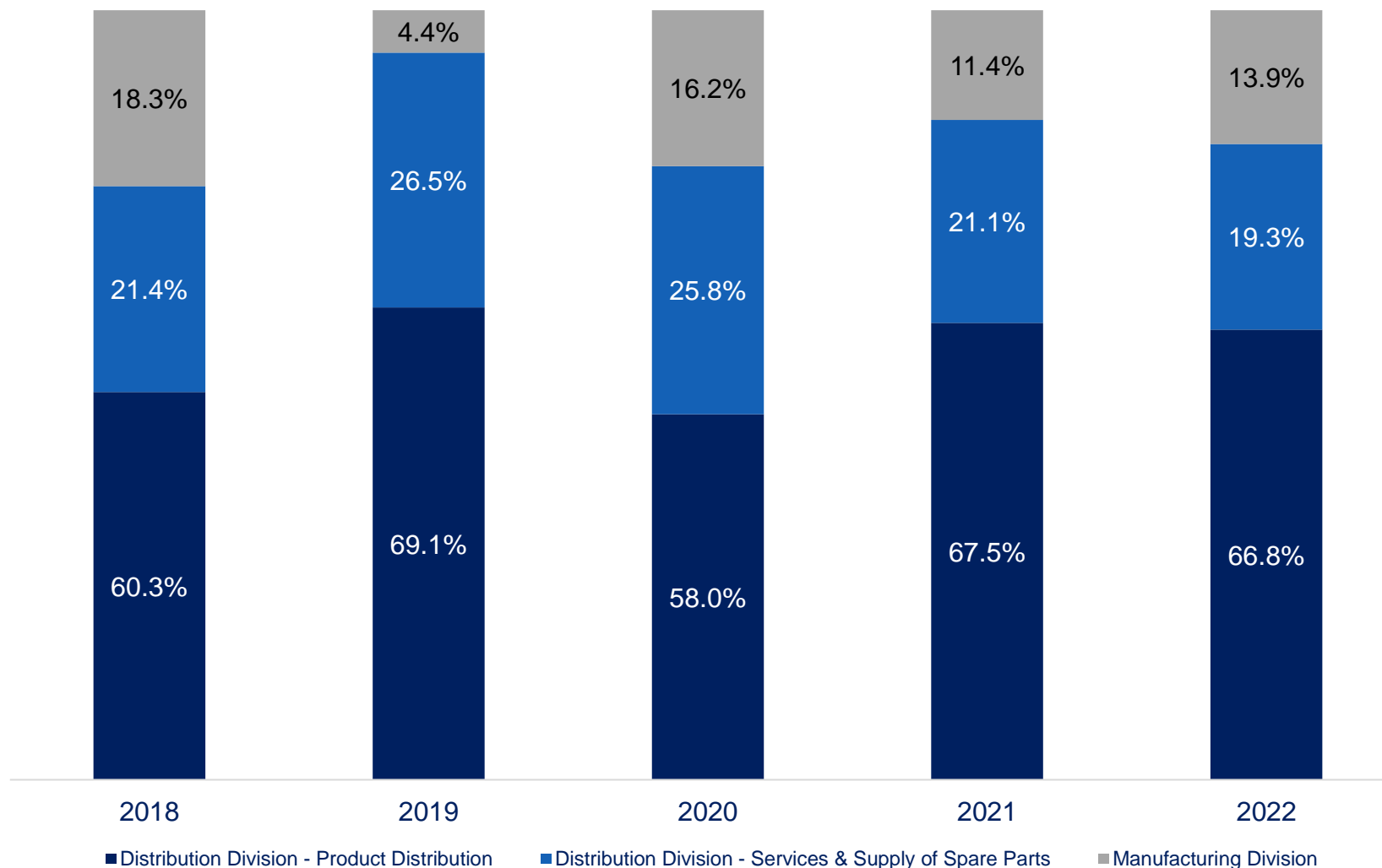
Current Ratio (times)



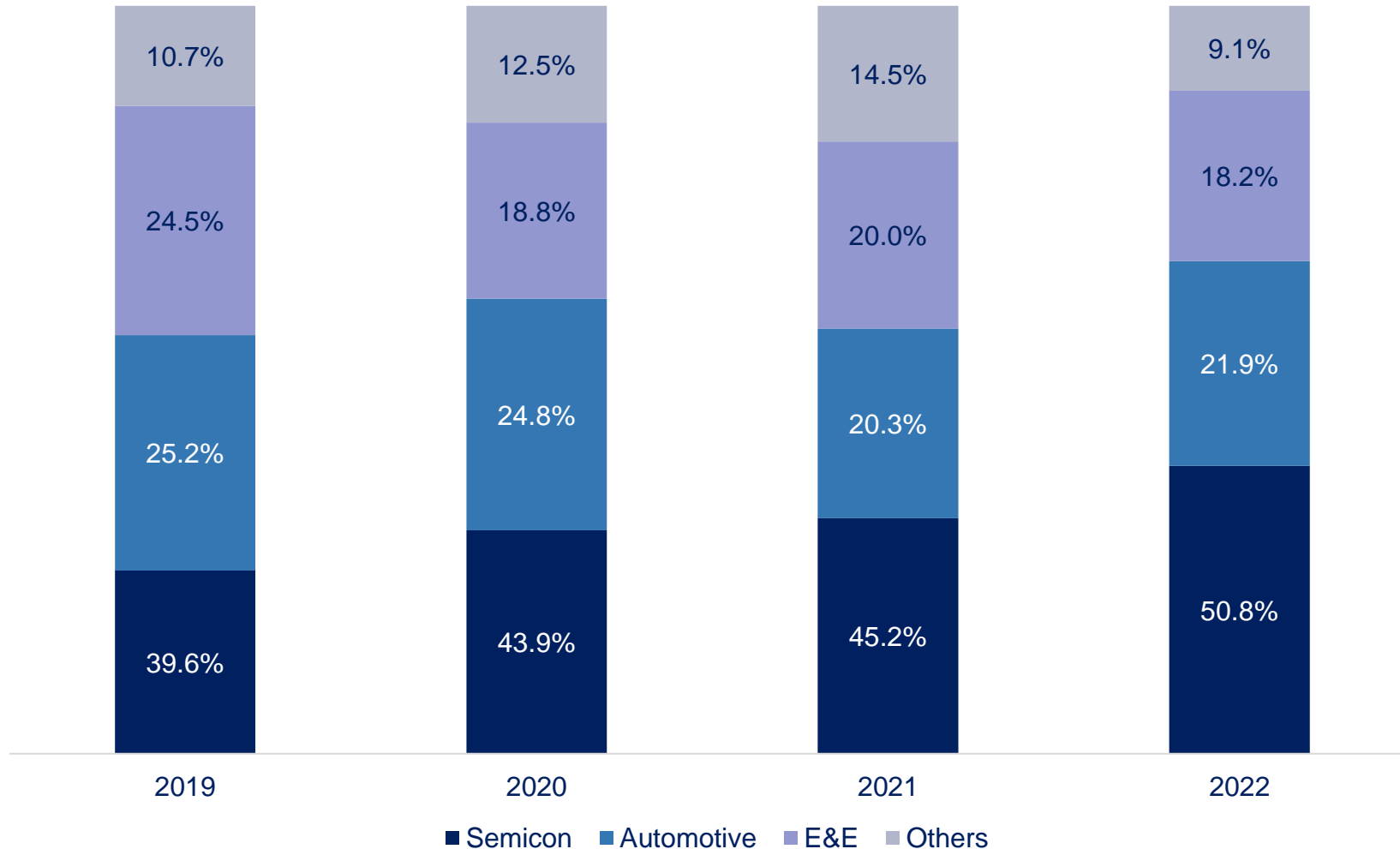
Analysis: Revenue Breakdown – By Country/Region



Analysis: Revenue Breakdown – By Division

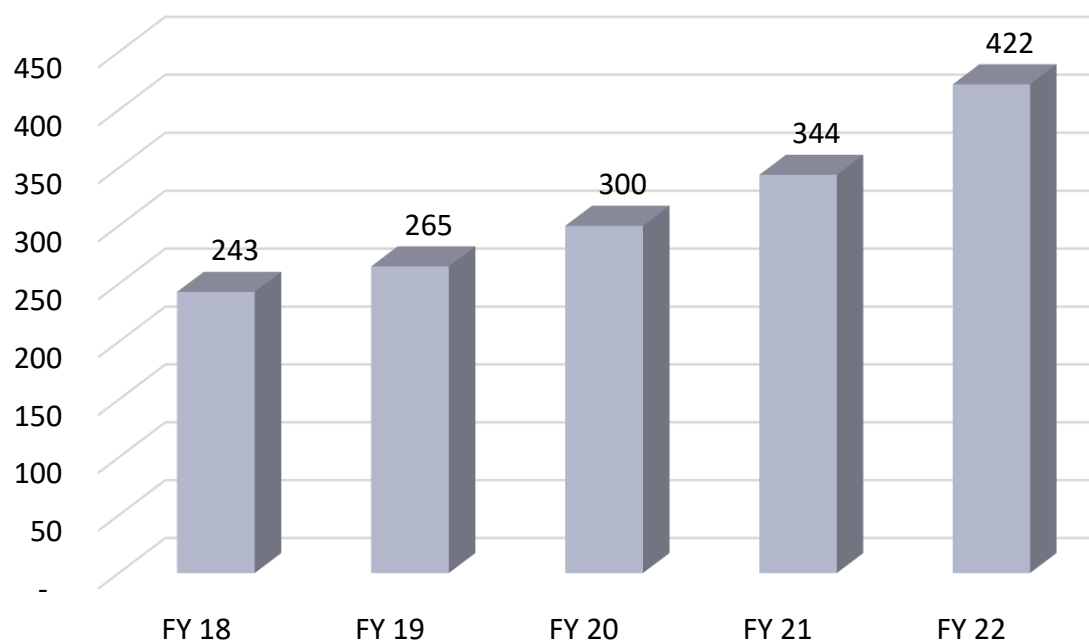


Analysis: Revenue Breakdown – By Industry

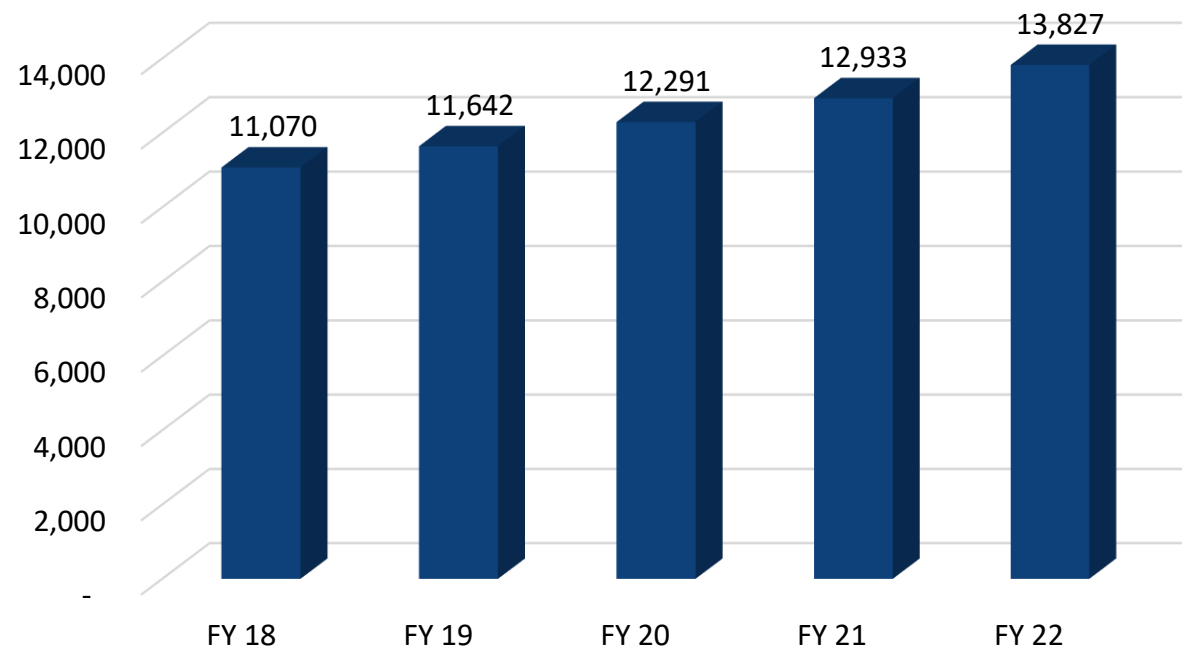


Analysis: Equipment Installed Base - Cumulative

Manufacturing



Total QES Group *



**** Some equipment are more than 10 years old and may not be active.***

1) Listed on Mainboard

- Completed the corporate exercise of migration from Ace to Main Market of Bursa on 23-Dec-2022
- QES has better visibility amongst institutional funds and banks

2) Moving into new HQ

- Completed renovation in Jan 22
- Moved in 23-Mar-22
- Manufacturing space increased by ~50%
- More vibrant and happy work environment for employees

3) Good results FY 2022

- Revenue grew 18.7% to 264.4M
- EBITDA grew 35.5% to 39.3M
- PATMI grew 39.5% to 26.5M
- Cash and equivalents of 70.9M
- Gearing ratio of 0.16
- Cash flow positive

4) AETM JV started ops

- AETM joint venture started operations April 22
- Continues hiring process
- Total of 18 staffs now
- ISO9001:2015 certified
- Pioneer Status 5+5 years granted by MIDA

5) Revamped Vision

- Updated Vision and Mission Statement
- Emphasis on Core Values
- Passion, Respect, Integrity, Discipline and Empathy (P.R.I.D.E)

6) Focus on Manufacturing

- AOI Series PPI 3300, PMI 3000 and WSM 1200 launched
- QMC received Export Excellence Award (EEA) on 24-Nov-22

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 to China via wholly owned subsidiaries QES Hong Kong and QES Technology (Shanghai)
- Working with sales channel partners worldwide

3) Strong financials

- Cash and cash equivalents of > RM 70.9 million as at 31-Dec-22.
- Gearing ratio of 0.16
- Positive cash flow

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

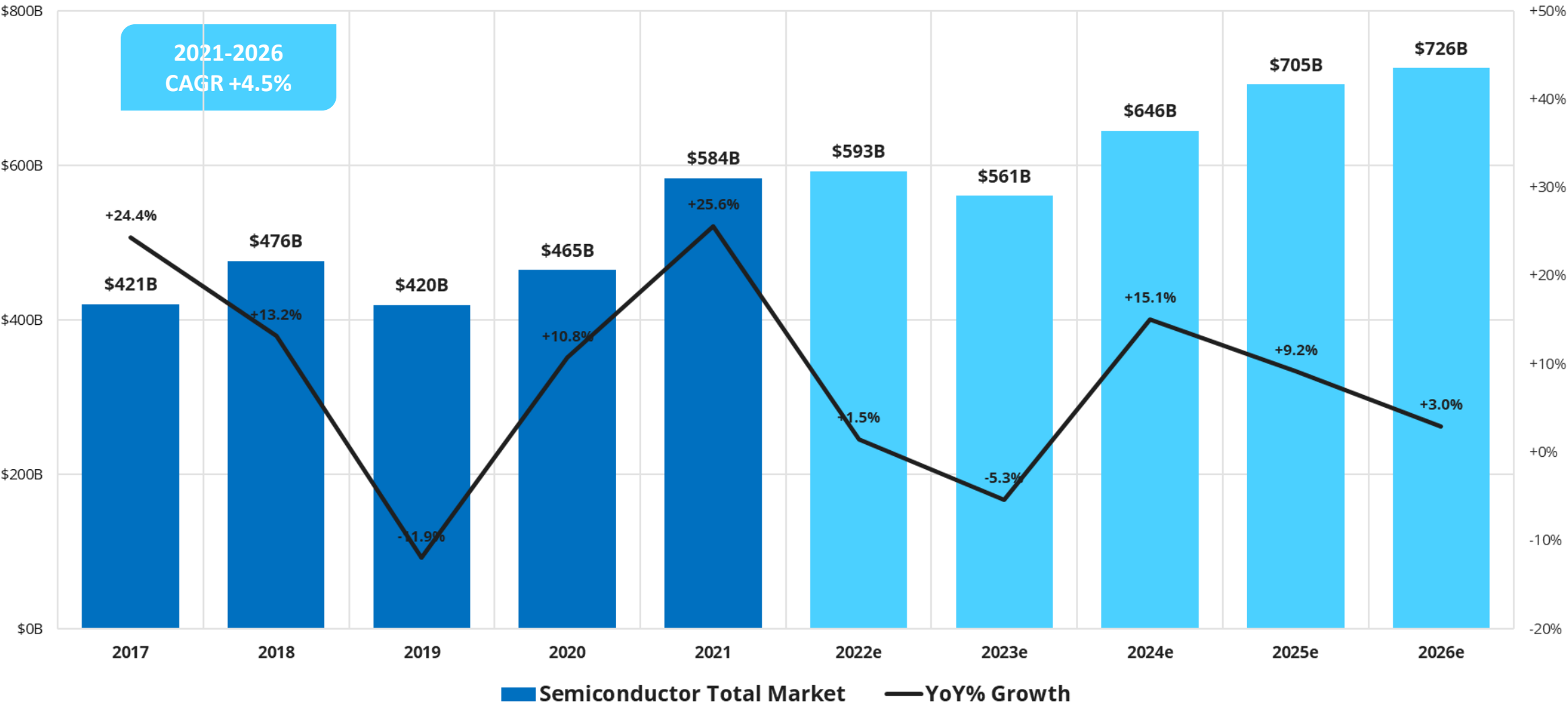
- Long-standing management team with an average length of more than 10 years in key technical and operational functions

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.

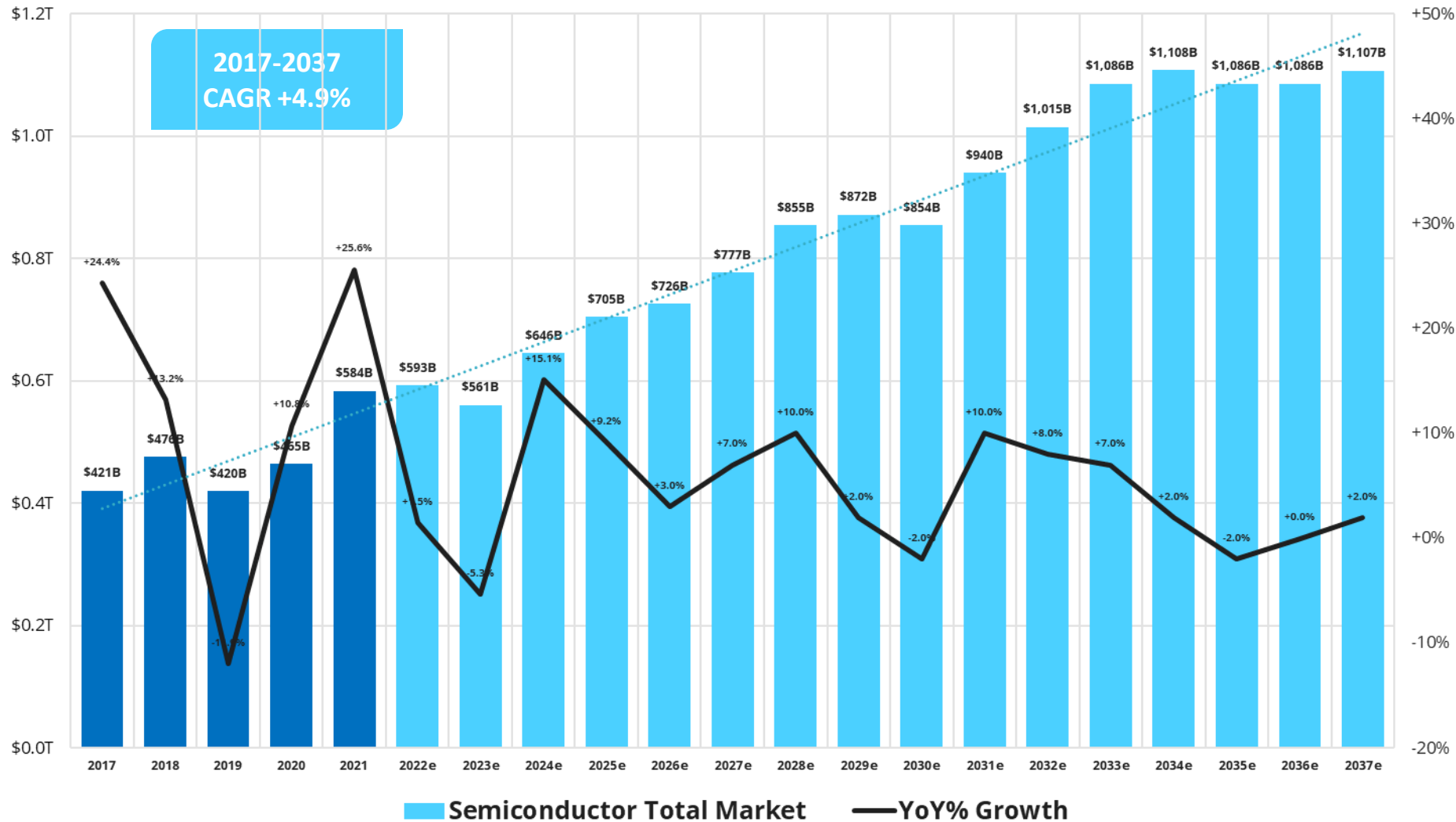
Semiconductor Market Outlook 5-Year

Revenue | USD

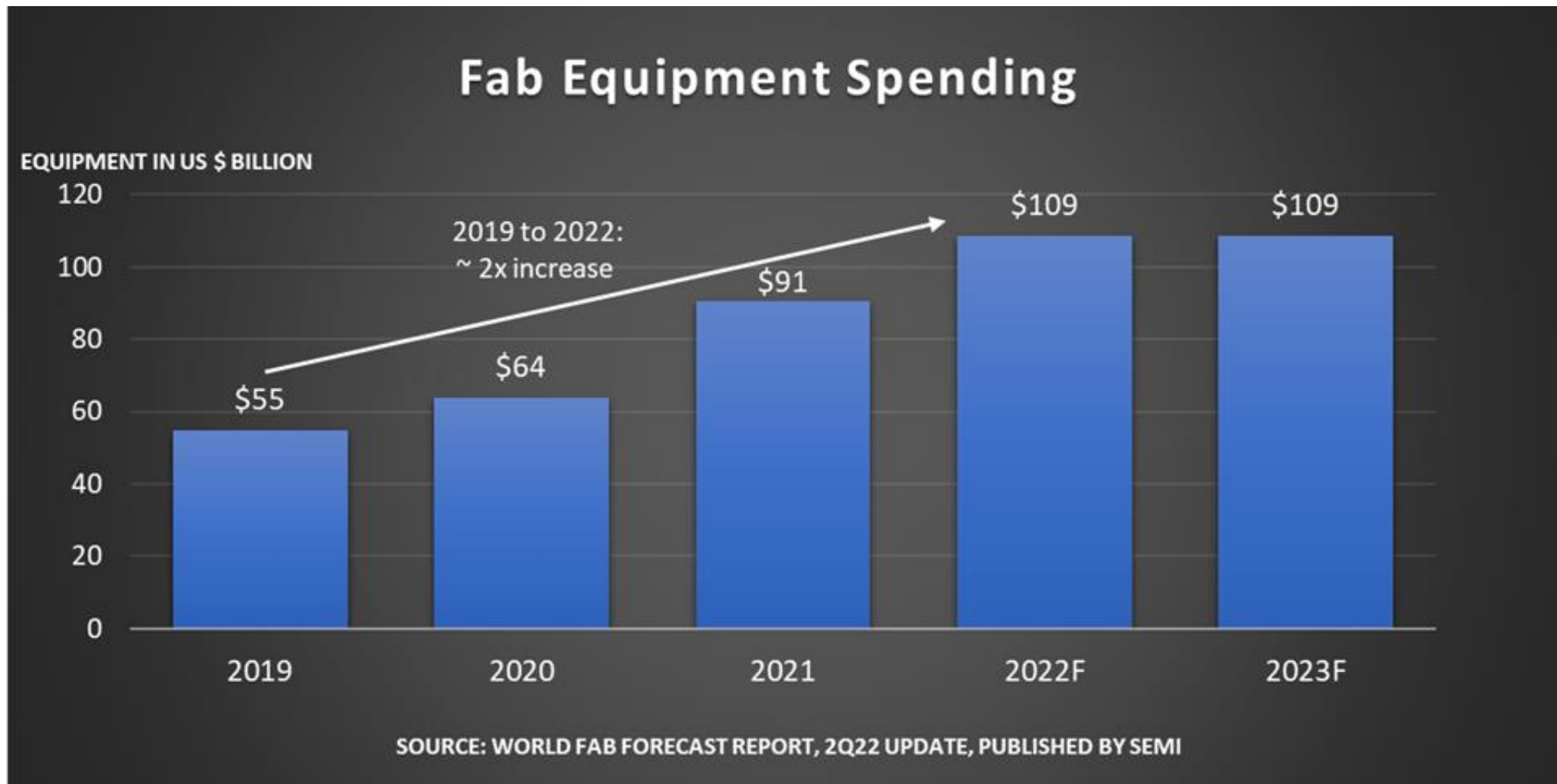


Semiconductor Market Outlook 15-year

Revenue | USD



- Semiconductor Total Market revenues reach \$1 Trillion in 2032
- \$1T will require twice the level of investment in capital and R&D spending vs 2023
- Digital transformation, HPC, cloud and edge infrastructure, next gen connectivity, intelligent IoT, software defined automobiles, and autonomous systems will drive 4.9% CAGR through 2017-2037
- One-third of global semiconductor demand will come from Automotive and Industrial markets fueled by the Digitalization of manufacturing, supply chains, and the Electrification of vehicles



As of 31st December 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	789	4,511	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	5,998	-	Within 36 months from 30 Oct 2020
(v)	Estimated expenses in relation to the proposed private placement	500	500	-	Immediately
		20,095	15,584	4,511	



Environmental

- ❖ QES promoting **WEEE/ROHS analytical equipment** to check and monitor hazardous elements (lead, mercury, cadmium etc) coming into consumer electronic products.. QES has installed more than 1,600 equipment to ensure compliances of these ozone depleting and hazardous elements. We are doing our part to ensure planet Earth is environmentally free from these hazardous elements.
- ❖ **Rain harvesting systems** installed at new QES HQ @Glenmarie & will do the same for QES 2.0 @BKIP.
- ❖ Obtaining **ISO 14001:2015** – Environmental Management System for QMC. Target to be certified by **Q3 2023**.
- ❖ Complete **digitalization** has reduced paper consumption (FY2021 – 1,626 reems used and we aimed to cut down by **50%** for FY2022). For FY2022 – 598 reems used – we saved **63.3%!**
- ❖ **Installation of solar panels** at QES HQ @Glenmarie in 2023 will improve carbon footprint as per illustration.



237 metric tons
of carbon avoidance per
annum



912,209 km
Car mileage taken
off the road for one
year



10,782
Number of trees
that absorb CO2



2,926
Number of lightbulbs
powered for one year



Social

- ❖ Gender and racial diversity within employees. Approximately **30%** female; **70%** male employee in the entire Group.
- ❖ **Health and Safety Committee** in place with **First Aid & CPR training** provided to employees annually.
- ❖ **Emergency Response Team** with Emergency Response Plan Trainings given to all members.
- ❖ **Clean, vibrant and happy** workplace at the newly renovated QES HQ @Glenmarie.



Governance

- ❖ Appropriate checks and balance via separate roles and functions of **Chairman** and **Managing Director / President**.
- ❖ Strong oversight and accountability on QES' board – majority of **independent directors (4)** and **executive directors (2)**.
- ❖ Equality and diversity of the Board which comprises 4 male directors and 2 female directors (**representing 33% females on the Board**).
- ❖ Audit, Remuneration and Nomination Committees **comprises of Independent Non-Executive Directors** only.
- ❖ Consistent quarterly investor relations updates to **shareholders** (institutional fund managers and high net worth individual shareholders)

THANK YOU

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