



INVESTOR BRIEFING DECEMBER 2018 (Q3 Financial Results)

Date of briefings: 28 November 2018, 5 December 2018 & 6 December 2018

TOPICS COVERED:

1. Third Quarter 2018 Financial Result

- Revenue in the third quarter (“Q3”) of financial year ending 31 December 2018 increased by 6.9% to RM49.7mil as compared to RM46.5mil in the preceding quarter. Based on historical trends, the second quarter is typically a strong revenue quarter. YoY revenue remains flat.
- Distribution division was the high revenue contributor for Q3 and improved 31.1% QoQ.
- Manufacturing dipped by 49.3% QoQ due to some delayed shipments of orders at the request of customers that has since been shipped out in Q4. Nevertheless, YoY shows an increased in manufacturing revenue by 72.8%.
- Total GP stood at RM31.6mil in Q3, which shows a slight decrease by 7.9% YoY despite a flat revenue.
- Resilient EBITDA at 16.3% margin in Q3 supported by higher growth of manufacturing revenue contribution YoY despite a decrease in distribution revenue contribution.
- ASEAN countries excluding Malaysia contributed 63% of the total Group’s revenue, which is an increase by 19.5% YoY. ASEAN market still has room for growth especially for the Distribution division. The Company believes with the opening of QES Knowledge Centre in Bangkok, Thailand shows continuous commitment in investing into Thailand for the benefit of our customers. Other labs around ASEAN will be rolled out in 2019.
- Other markets also show a growth by 208% YoY which includes sales to Europe and China.

2. Business Outlook & Prospects

- QES will explore possible business collaboration to enhance growth and quicker penetration to other market segments stated in the Prospectus (Higher Education, Pharmaceutical & Petrochemical).
- QES will focus on expanding manufacturing division and new products are expected to be launched in the second half of 2019.

- QES will be participating in the upcoming Semicon China exhibition in March 2019 being one of the initiatives in penetrating the China market. QES will be looking for more sales channel partners to cover the wide areas of the China market.

3. Updates on the Utilisation of Proceeds from the IPO

Purposes	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Deviation RM'000	Estimated timeframe for utilisation
(i) Development of 3 key products	4,850	1,336	3,514	-	Within 24 months
(ii) General working capital requirements	3,250	886	2,364	-	Within 24 months
(iii) Repayment of bank borrowings	7,000	7,000	-	-	Within 3 months
(iv) Capital expenditure	10,716	2,437	8,279	-	Within 24 months
(v) Estimated listing expenses	3,000	3,000	-	-	Within 1 month
	28,816	14,659	14,157	-	