

Research Team

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Recommendation:	BUY
Current Price:	RM 0.55
Previous Target Price:	RM 0.74
Target Price:	↔ RM 0.74
Capital Upside/ Downside:	34.5%
Dividend Yield (%):	2.7%
Total Upside/ Downside	38.5%

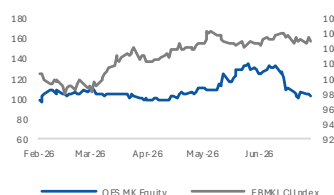
Stock information

Board	MAIN
Sector	Technology
Bursa/ Bloomberg Code	0196/ QES MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	832.8
Market Cap (RM' m)	458.0
52-Week Price Range (RM)	0.565-0.34
Beta (x)	1.2
Free float (%)	65.3
3M Average Volume (m)	2.4
3M Average Value (RM' m)	1.2

Top 3 Shareholders (%)

Wa Capital Sdn Bhd	26.2
Weng Chew Ne	2.8
NorgesBank	2.5

Share Price Performance



	1M	3M	12M
Absolute (%)	13.5	49.3	43.4
Relative (%)	14.5	49.5	32.4

Earnings summary

FYE (Dec)	FY25	FY26F	FY27F
Revenue (RM'm)	267.0	317.7	358.5
PATAMI (RM'm)	16.5	26.2	33.7
CNP (RM'm)	16.3	26.2	33.3
EPS - core (sen)	2.0	2.9	3.9
P/E(x)	25.8	17.7	13.7

QES Group Berhad

Unicomp's Equity Stake Converts MOU into Committed Partnership

- QES announced the Proposed Share Issuance of 83,276,260 new ordinary shares (10.0% of existing share base) at RM0.53 per share to Ray Tech Singapore Pte Ltd (RTS), a wholly-owned subsidiary of Unicomp Technology Group (Shanghai STAR Market: 688531) — one of the two Chinese equipment partners with whom QES signed MOUs in May 2026. Gross proceeds amount to RM44.1m, with completion targeted in Q3 2026.
- The strategic rationale is compelling: the placement converts a commercial MOU into an equity-anchored strategic partnership with a leading X-ray semiconductor inspection equipment provider. Unicomp now has a direct financial incentive in QES's manufacturing success, substantially de-risking the MOU-to-contract conversion and cementing technology access agreements.
- We view this placement as materially superior to a conventional working capital or balance-sheet raise. The investor is not a financial institution but QES's own strategic manufacturing partner, effectively converting an MOU relationship into a durable, equity-anchored commitment.
- We maintain our BUY call with an unchanged TP of RM 0.74 based on 20x P/E applied to FY27F fully diluted EPS of 3.68 sen, alongside a three-star ESG rating.

Placement Details. QES has proposed a private placement of 10% of its total issued shares at RM0.53 per share to Ray Tech Singapore Pte Ltd (RTS), a wholly-owned subsidiary of Unicomp, a company listed on the Shanghai Stock Exchange. The proposed placement will be undertaken under a specific mandate and is subject to shareholders' approval at an Extraordinary General Meeting (EGM), instead of being issued under the Company's existing general mandate.

The issue price of RM0.53 per share represents a 1.36% discount to the 5-day VWAP. Post-completion, RTS will hold approximately 9.09% of QES's enlarged share base of 916,038,860 shares. Notably, RTS is entitled to nominate one representative to the QES Board of Directors, provided it holds at least 9.0% of the enlarged share capital. This governance right reinforces the strategic depth of the partnership beyond a purely financial transaction, aligning Unicomp's interests closely with QES's long-term manufacturing strategy. Based on the Issue Price of RM0.53 per Issuance Share, the Proposed Share Issuance is expected to raise gross proceeds of approximately RM44.14m. The proposed utilisation of proceeds is detailed below:

Figure 1: Utilisation of Proceeds

Utilisation of Proceeds	Amount (RM '000)	% of Proceeds	Timeframe
Manufacturing expansion – Class 1000 cleanroom at BKIP	19,000	43.00%	Within 6 months
Research & development expenditure	5,300	12.00%	Within 18 months
Working capital requirements	17,629	39.90%	Within 12 months
Estimated transaction expenses	2,207	5.00%	Within 1 month
TOTAL	44,136	100.00%	

Source: Company, Apex Securities

Our View. During our recent engagement with the Company's Investor Relations, management had initially guided that the Group intended to fund its capital expenditure requirements fully via internal resources. However, the Group has since opted for equity raising, and we believe the rationale is sound on two fronts.

First, the scale of the BKIP cleanroom investment (RM19.0m) is non-trivial relative to the Group's annual free cash flow generation, and committing internal funds fully to capex would leave

limited buffer for working capital — a risk the Group is clearly unwilling to accept given the strong and accelerating Manufacturing orderbook. Second, and more importantly, the decision to raise equity from Unicomp specifically — rather than drawing on bank borrowings or a general placement — signals that management viewed this as an opportunity to simultaneously solve the funding need and cement a strategic relationship, rather than treating the two as separate decisions.

The net result is a balanced capital deployment playbook: equity proceeds fund the two most pressing near-term requirements — infrastructure build (cleanroom) and operational liquidity (working capital) — while internal cash generation is preserved to service ongoing business operations and sustain the dividend. We view this as a disciplined approach that avoids over-leveraging the balance sheet at a time when the Group is entering its most capital-intensive growth phase, and one that delivers considerably more strategic value than a conventional bank borrowing would have achieved at equivalent cost.

Forecast. Unchanged.

Maintain BUY with an unchanged TP of RM 0.74. We maintain our BUY call with an unchanged TP of RM 0.74 based on 20x P/E applied to FY27F fully diluted EPS of 3.68 sen, alongside a three-star ESG rating. Our prior forecast had already incorporated the stronger operating momentum observed in May 2026 — notably the step-up in Glenmarie utilisation to above 75% and the improved Manufacturing orderbook — alongside a degree of conservatism to account for potential EPS dilution arising from possible fundraising exercises, whether via equity placement or bank borrowings. The announcement of the Proposed Share Issuance to Unicomp today, while confirming one such fundraising pathway, does not constitute a material deviation from what our valuation framework had already anticipated.

Figure 2: Target Price Calculation

Valuation	Basic	Fully Diluted
FY26F Projected PAT (RM 'm)	26.2	26.2
FY27F Projected PAT (RM 'm)	33.7	33.7
Number of Issued Shares Capital (m)	832.8	832.8
Add: Proposed Shares Issuance (m)		83.3
Enlarged Issued Share Capital (m)	832.8	916.0
EPS (RM)	0.0405	0.0368
Valuation basis (20x P/E on FY27 EPS)	20.0	20.0
Target Price	0.81	0.74

Source: Company, Apex Securities

Figure 3: Earnings Summary

FYE Dec (RM m)	FY25A	FY26F	FY27F	FY28F	FY29F
Revenue	267.0	317.7	358.5	401.6	440.8
EBITDA	32.2	50.4	61.8	74.7	86.1
Pre-tax profit	22.1	35.9	46.2	58.9	70.2
Net profit	16.5	26.2	33.7	42.9	51.2
Core net profit	16.3	26.2	33.7	42.9	51.2
Core EPS (sen)	1.95	2.86	3.68	4.69	5.59
P/E (x)	25.83x	17.68x	13.72x	10.77x	9.03x
P/B (x)	2.32x	1.79x	1.65x	1.50x	1.36x
EV/EBITDA (x)	12.75x	8.14x	6.64x	5.49x	4.77x
Dividend Yield (%)	1.5%	2.1%	2.9%	3.7%	4.4%
Net Gearing (%)	NET CASH	NET CASH	NET CASH	NET CASH	NET CASH

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY25A	FY26F	FY27F	FY28F	FY29F
Revenue	267.0	317.7	358.5	401.6	440.8
EBITDA	32.2	50.4	61.8	74.7	86.1
EBIT	23.5	38.4	48.2	60.3	71.0
PBT	22.1	35.9	46.2	58.9	70.2
Tax	(5.1)	(8.6)	(11.1)	(14.1)	(16.8)
Profit After Tax	17.0	27.2	35.1	44.7	53.4
Minority Interest	0.5	1.1	1.4	1.8	2.1
Net Profit	16.5	26.2	33.7	42.9	51.2
Exceptionals	0.2	-	-	-	-
Core Net Profit	16.3	26.2	33.7	42.9	51.2

Key Ratios

FYE Dec (RM m)	FY25A	FY26F	FY27F	FY28F	FY29F
Core EPS (sen)	1.95	2.86	3.68	4.69	5.59
P/E (x)	25.83x	17.68x	13.72x	10.77x	9.03x
BVPS (RM)	0.22	0.28	0.31	0.34	0.37
P/B (x)	2.32x	1.79x	1.65x	1.50x	1.36x
EV/EBITDA (x)	12.75x	8.14x	6.64x	5.49x	4.77x
DPS (sen)	0.75	1.09	1.47	1.88	2.24
Dividend Yield (%)	1.5%	2.1%	2.9%	3.7%	4.4%
EBITDA margin (%)	12.1%	15.9%	17.2%	18.6%	19.5%
EBIT margin (%)	8.8%	12.1%	13.4%	15.0%	16.1%
PBT margin (%)	8.3%	11.3%	12.9%	14.7%	15.9%
PAT margin (%)	6.4%	8.6%	9.8%	11.1%	12.1%
NP margin (%)	6.2%	8.2%	9.4%	10.7%	11.6%
CNP margin (%)	6.1%	8.2%	9.4%	10.7%	11.6%
ROE (%)	8.2%	10.1%	12.0%	13.9%	15.0%
ROA (%)	5.0%	6.6%	7.9%	9.4%	10.3%
Net gearing (%)	NET CASH	NET CASH	NET CASH	NET CASH	NET CASH

Valuations

	FY27F
Core EPS (sen)	3.68
P/E multiple (x)	20.00x
Fair Value (RM)	0.74
ESG premium/discount	-
Implied Fair Value (RM)	0.74

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY25A	FY26F	FY27F	FY28F	FY29F
Cash & bank balances	113.0	142.0	156.4	181.3	213.2
Receivables	74.0	69.6	76.6	83.6	90.6
Inventories	31.2	59.9	64.7	70.0	74.5
Other current assets	1.0	0.6	0.6	0.6	0.6
Total Current Assets	219.2	272.1	298.3	335.5	378.9
PPE	85.2	106.2	108.6	106.1	102.0
Other non-current assets	20.3	19.2	17.9	16.8	15.9
Total Non-current assets	105.5	125.4	126.5	122.9	117.9
Short-term Debt	16.5	16.5	15.4	14.2	13.1
Payables	41.5	47.3	53.5	59.9	66.0
Other Current Liabilities	20.0	30.0	33.5	37.1	40.5
Total Current Liabilities	78.0	93.8	102.3	111.3	119.6
Long-term Debt	44.2	42.0	39.1	36.3	33.4
Other non-current liabilities	2.9	2.9	2.9	2.9	2.9
Total Non-current Liabilities	47.1	44.9	42.0	39.1	36.2
Shareholder's equity	195.7	253.8	274.0	299.8	330.5
Minority interest	4.0	5.1	6.5	8.3	10.4
Total Equity	199.7	258.9	280.5	308.1	340.9

Cash Flow

FYE Dec (RM m)	FY25A	FY26F	FY27F	FY28F	FY29F
Pre-tax profit	22.1	35.9	46.2	58.9	70.2
Depreciation & amortisation	8.7	12.0	13.6	14.5	15.1
Changes in working capital	7.8	(8.6)	(2.2)	(2.2)	(2.0)
Tax paid	(5.5)	(8.6)	(11.1)	(14.1)	(16.8)
Others	(1.8)	3.4	2.5	1.9	1.3
Operating cash flow	31.2	34.1	49.0	58.9	67.7
Net capex	(16.6)	(32.4)	(15.4)	(11.4)	(10.4)
Others	1.1	1.1	1.6	1.7	2.0
Investing cash flow	(15.5)	(31.3)	(13.8)	(9.7)	(8.4)
Borrowings	6.5	(3.0)	(4.0)	(4.0)	(4.0)
Others	(8.3)	29.3	(16.0)	(19.5)	(22.7)
Financing cash flow	(1.8)	26.3	(20.0)	(23.5)	(26.7)
Net cash flow	13.9	29.1	15.2	25.7	32.7
Currency translation differences	-	-	-	-	-
Beginning cash & cash equivalent	77.6	91.5	120.6	135.8	161.5
Ending cash & cash equivalent	91.5	120.6	135.8	161.5	194.2
Fixed deposits & MMF	22.3	22.5	22.5	22.5	22.5
Cash and bank balances	113.8	143.1	158.3	184.0	216.7

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Total GHG emissions for FYE 2025 were recorded at 20,500.56 tCO2e
Waste & Effluent	★★★	Total waste generated in 2025 was 5.686 tonnes, with a recycling rate of 17.7%
Energy	★★★	Solar PV system generated 296,955 kWh, contributing 46.3% of total electricity consumption
Water	★★★	total volume of water used at the corporate headquarters was 3,047 m ³ in FYE 2025
Compliance	★★★	In compliance with local and international environmental regulations

Social

Diversity	★★★	Women representation on the Board stood at 33% in FYE 2025
Human Rights	★★★	Total training hours increased by 1.2% to 12,580.9 hours in FYE 2025, averaging 26.0 hours per employee
Occupational Safety and Health	★★	Work-related fatalities and the Lost Time Incident Rate (LTIR), both of which were zero for the year
Labour Practices	★★★	zero substantiated complaints concerning human rights violations in 2025

Governance

Ethical & Corporate Governance	★★★	Adhering to the Malaysian Code on Corporate Governance and conducting anti-corruption training for 100% of employees
Business Growth & Continuity	★★	long-term resilience through a structured risk management framework that includes emerging ESG risks
Product Innovation & Reliability	★★★	achieving high Customer Satisfaction Scores (CSAT) ranging from 98.43% to 99.14% across various service types

Overall ESG Scoring: ★★★

Recommendation Framework:

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to -10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

Sector Recommendations:

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to -10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.