

MEDIA CLIPPING

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ECS ICT BERHAD (+ve)

ECS (Fundamental: 2.0/3, Valuation: 2.4/3) was first picked by our system on March 6 at RM1.53. Since then, the stock has risen 8.5% to RM1.66, partly due to its appointment as an authorised distributor of Xiaomi MiPad tablets in Malaysia, and better earnings results.

Pre-tax profit rose 7.2% y-o-y to RM39.2 million in 2014 while sales jumped 20.0% to RM1.6 billion, mainly due to higher contribution from ICT distribution and services segments.

ECS is Malaysia's largest distributor of ICT

products such as notebooks, personal computers, software, servers, smartphones and tablets. It has over 5,000 resellers covering 40 well-known brands. It has an asset-light balance sheet with net cash of RM89.7 million or 30.8% of its market capitalisation. ROE was a solid 14.2% in 2014.

The stock is trading at a trailing 12-month P/E of 9.9 times and 1.3 times book. Dividends totalled 6 sen per share in 2014 (including final dividend of 3 sen ex-entitlement on June 3), giving a yield of 3.7%.



Valuation score*	2.40
Fundamental score**	2.00
TTM P/E (x)	9.91
TTM PEG (x)	1.05
P/NAV (x)	1.30
TTM Dividend yield (%)	3.40
Market capitalisation (mil)	291.60
Shares outstanding (ex-treasury) mil	180.00
Beta	1.06
12-month price range	1.04-1.66

*Valuation score - Composite measure of historical return & valuation

**Fundamental score - Composite measure of balance sheet strength & profitability

Note: A score of 3.0 is the best to have and 0.0 is the worst to have

ECS ICT BERHAD (ALL FIGURES IN MYR MIL)	FY11 31/12/2011	FY12 31/12/2012	FY13 31/12/2013	FY2014Q4 31/12/2014
Financials				
Turnover	1,250.69	1,276.12	1,326.27	451.47
EBITDA	42.17	40.90	36.97	13.01
Interest expense	0.20	0.01	0.03	-
Pre-tax profit	40.93	40.25	36.58	13.09
Net profit - owners of company	30.14	29.86	26.89	9.85
Fixed assets - PPE	4.53	4.66	4.04	3.30
Total assets	172.73	187.58	204.56	224.09
Shareholders' fund	172.71	187.57	204.56	224.09
Gross borrowings	-	-	-	-
Net debt/(cash)	(66.58)	(72.99)	(83.70)	(89.75)

ECS ICT BERHAD	FY11 31/12/2011	FY12 31/12/2012	FY13 31/12/2013	ROLLING 12-MTH
RATIOS				
DPS (MYR)	0.08	0.06	0.06	0.06
Net asset per share (MYR)	1.44	1.04	1.14	1.24
ROE (%)	18.83	16.58	13.71	14.19
Turnover growth (%)	(1.64)	2.03	3.93	19.97
Net profit growth (%)	4.20	(0.93)	(9.97)	9.46
Net margin (%)	2.41	2.34	2.03	1.85
ROA (%)	18.81	16.58	13.71	14.19
Current ratio (x)	2.10	2.26	2.38	2.17
Gearing (%)	-	-	-	-
Interest cover (x)	207.75	4,544.56	1,087.24	9,805.25