

This column is an analysis done by Asia Analytica Sdn Bhd on the fundamentals of stocks with momentum that were picked up using proprietary algorithm by Anticipatory Analytics Sdn Bhd and that first appeared at [www.theedgemarkets.com](http://www.theedgemarkets.com). Please exercise your own judgment or seek professional advice for your specific investment needs. We are not responsible for your investment decisions. Our shareholders, directors and employees may have positions in any of the stocks mentioned.

## ECS ICT BHD (-ve)

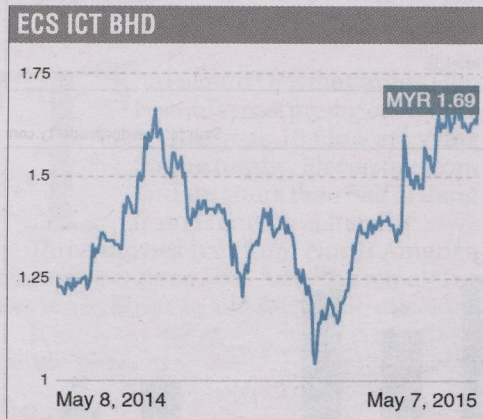
ECS (Fundamental: 2.0/3, Valuation: 2.4/3) was picked by our momentum algorithm for the fifth time since March 6, rising 10.5% over the period. The stock closed unchanged at RM1.69 last Friday.

The latest catalyst could be attributed to the announcement of its 1Q2015 earnings results last Thursday. For 1Q2015, net profit surged 96.2% y-o-y to RM9.4 million on the back of a 46.2% increase in sales to RM522.9 billion, mainly due to its ICT distribution and enterprise systems divisions.

With over 5,000 resellers covering 40 well-known brands, ECS is Malaysia's largest distributor of ICT products such as notebooks, personal computers, software, smartphones and tablets.

It has a debt-free balance sheet with cash of RM99.3 million or 32.7% of its market capitalisation. ROE was a solid 14.2% in 2014.

The stock is trading at a trailing 12-month P/E of 10.3 times and 1.35 times book. Dividends total 6 sen per share for 2014, giving a yield of 3.6%.



Valuation score*	2.40
Fundamental score**	2.00
TTM P/E (x)	10.34
TTM PEG (x)	1.09
P/NAV (x)	1.36
TTM Dividend yield (%)	3.25
Market capitalisation (mil)	304.20
Shares outstanding (ex-treasury) mil	180.00
Beta	1.03
12-month price range	1.04-1.69

\*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 BHD (ALL FIGURES IN MYR MIL)	FY12 31/12/2012	FY13 31/12/2013	FY14 31/12/2014	FY2014Q4 31/12/2014
<b>Financials</b>				
Turnover	1276.12	1326.27	1591.12	451.47
EBITDA	40.9	36.97	39.22	13.01
Interest expense	0.01	0.03	0	0
Pre-tax profit	40.25	36.58	39.2	13.09
Net profit - owners of company	29.86	26.89	29.43	9.85
Fixed assets - PPE	4.66	4.04	3.3	3.3
Total assets	187.58	204.56	224.09	224.09
Shareholders' fund	187.57	204.56	224.09	224.09
Gross borrowings	0	0	0	0
Net debt/(cash)	(72.99)	(83.7)	(89.75)	(89.75)

ECS ICT BHD	FY12 31/12/2012	FY13 31/12/2013	FY14 31/12/2014	ROLLING 12-MTH
<b>RATIOS</b>				
DPS (MYR)	0.06	0.06	0.06	0.06
Net asset per share (MYR)	1.04	1.14	1.24	1.24
ROE (%)	16.58	13.71	13.73	14.19
Turnover growth (%)	2.03	3.93	19.97	19.97
Net profit growth (%)	(0.93)	(9.97)	9.46	9.46
Net margin (%)	2.34	2.03	1.85	1.85
ROA (%)	16.58	13.71	13.73	14.19
Current ratio (x)	2.26	2.38	2.17	2.17
Gearing (%)	0	0	0	0
Interest cover (x)	4544.56	1087.24	9805.25	9805.25