

# ECS Holdings – On a Growth Trajectory

2010 has been an exceptional year for SGX Main-board-listed ECS Holdings Limited which has witnessed significant changes, developments and achievements on the business and corporate fronts. Many of these mark a milestone in the Group's ongoing evolution as a leading regional ICT provider.

For the nine months ended 30 September 2010, the Group delivered a stellar set of results with the nine-month profit hitting S\$38.3 million, up 46.5% on a comparative basis from previous year's three quarters, surpassing the full-year FY2009 net profit.

Group CEO, Mr Narong Intanate, is confident of the road ahead. With his experience as a founding board member of ECS, Thailand-born Mr Intanate is looking forward to steering the next phase in ECS's growth as the Group strengthens its business foundation and exploits new opportunities.

Being a homegrown Asian company, the individual companies that comprise the ECS Group were already leading IT players in their respective countries (since the early 1980s) before the Group was formed in 1998.

Commenting on the intimate knowledge of their local partners, Mr Intanate said, "Our operations in the six countries are run by senior local management who are very established and experienced in the IT distribution business. As such we are closer to the local partners, channels and resellers and are able to appreciate local business practices to respond faster to changing business requirements. The good working relationship with our partners over the decades ensures there is a high level of trust and commitment."

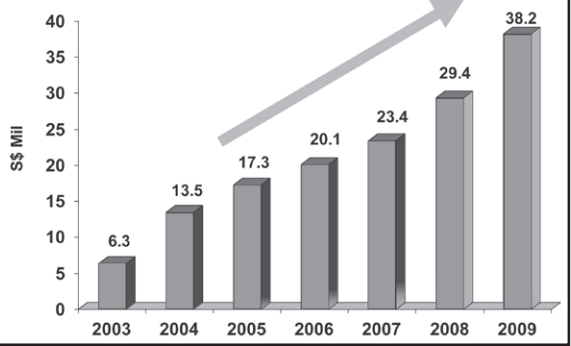
With the impact of financial crisis of 2008 receding, and the economies of Asian countries strengthening, the market will continue to present rich opportunities for larger IT distributors like ECS especially in areas like enterprise IT, consumer IT, IT retail, IT services and IT accessories. It is envisaged that IT spending will continue to see growth for most of the countries in the ECS Group.

Already, the Group is making headway with its China subsidiary securing two consecutive contracts from Apple to distribute the iPad and iPhone within China recently in November and December 2010 respectively. In that period, the distributorships of other major vendors like Dell, Lexmark and the expanded category range for Lenovo were also clinched. Other new agencies are also coming on board to strengthen the Group's portfolio of agencies.

Highlighting ECS' success in clinching these distributorships, Mr Intanate said, "ECS' strategic relationship with major IT vendors over the past decades gave us the competitive edge. The trust, partnership and mutual understanding of each other's business built over the years are important factors in securing these agreements.

Take for example, our business relationship with Apple that began more than 15 years ago. This was reinforced with ECS China clinching the distributorships for Apple iPad and iPhone. ECS aims to make extensive efforts to become the largest iPad and iPhone distributor to support Apple's

Consistent Profit Track Record  
(S\$ Million)



Investment Highlights

expansion plan in China.

ECS has also been accelerating its efforts to expand its geographic network. Vietnam is likely to be the seventh country to come onboard in 2011 (the six countries where ECS already has a presence are China, Thailand, Malaysia, Singapore, Indonesia and the Philippines). In Indonesia, operations are expanding into the second and third-tier cities, and in China, to the fifth and sixth-tier cities.

Aligned with its planned business and geographical expansion to harness these opportunities, the Group has also been embarking on various capital market activities to strengthen its balance sheet.

Unlocking value within the Group, ECS' associate company, ECS ICT Berhad, successfully listed on Bursa Malaysia in April 2010. This was followed by a US\$89M Syndicated Loan secured in August 2010 to fund the Group's business expansion.

In October 2010, ECS also announced its proposed listing on the Taiwan Stock Exchange through Taiwan Depository Receipt (TDR).

Explaining the rationale for the various capital market activities, Mr Intanate said, "We have already set a new record with 28 continuous quarters of positive net profit growth. To capture these burgeoning opportunities, more resources like additional funding are required for growth and development. While on one hand, the proposed TDR issue will provide an alternative source of funds, it should also enhance and promote our investment and business profile with existing and potential new shareholders. Raising ECS' profile in Taiwan through TDR also gives us additional opportunity for enhancing our activities in our Asian markets when the time is right."

In China for instance, the IT penetration rate for the fifth to sixth-tier cities in the growing market is low and there is still much scope for growth, especially in IT infrastructure. A growing affluent population also means huge potential for the consumer IT market. While ECS already has established a strong presence in the major Chinese cities, it has also expanded to the smaller cities. It now has a presence in 19 Chinese cities through a network of 9,000 channel partners.

With first-mover advantage, unrivaled distribution networks and greater capital flexibility, ECS looks set on course for a growth trajectory.