

ECS' Q1 revenue increases on improved consumer spending

- *Strong sales of personal computers (PCs), tablets and smartphones mitigate slower Enterprise Systems sales*

Kuala Lumpur, Malaysia, 7 May 2014 – Malaysia's leading ICT distributor **ECS ICT Berhad (ECS, 佳杰科技; Bloomberg: ECS:MK; Reuters: ECSI.KL)** recorded an 11.7% increase in group revenue to RM357.7 million in its first quarter ended 31 March 2014 (1Q14) from RM320.3 million previously, buoyed by higher consumer spending on ICT products.

Stronger sales of PCs and mobility products, namely tablets and smartphones pushed the Group's ICT Distribution segment revenue by 21.0% to RM251.6 million in 1Q14 from RM207.9 million a year ago.

This helped mitigate the lower sales in the Enterprise Systems segment of RM95.5 million in 1Q14 versus RM108.6 million previously.

The balance RM10.6 million group revenue was contributed by the ICT Services segment, up from RM3.9 million previously.

“The sustained demand for ICT products is a positive indication of the recovering sentiment amongst end-users despite the cautious economic outlook in the beginning of the year.

We believe that this positive sentiment will continue to be driven by the higher demand for mobility products in FY2014, particularly for smartphones that are within the affordable price range.

Hence our recent agreement with ASUS to distribute its range of Zenfone nationwide is a timely addition as it will not only see us expand our smartphone portfolio, but also allow us to reach out to the large ‘value-for-money’ segment.”

Mr. Foo Sen Chin (胡善正)
Managing Director, ECS ICT Berhad

A recent report by On Device Research noted that smartphones made up only 35% of total mobile phone penetration in Malaysia, with the balance 65% contributed by basic feature phones.

“This indicates a large untapped market of potential users converting from basic feature phones to smartphones; encouraged further by the availability of high-speed broadband and numerous services through mobile applications. This serves as a growth catalyst for the Group's smartphone distribution segment going forward,” said Foo.

“Having already secured emerging brands like Lenovo and ASUS in our smartphone portfolio, ECS is in a good position to seize this opportunity,” he added.

Despite the positive topline, ECS posted lower net profit of RM4.8 million in 1Q14 as compared to RM6.4 million previously. This was largely due to lower profit contribution from Enterprise Systems and higher operating costs.

The Group’s basic earnings per share was at 2.7 sen for 1Q14, versus 3.5 sen in the same quarter of the previous year.

“Despite the cautious spending by corporations on their ICT expenditure in 1Q14, we will continue to work closely with our system integrators and vendors to provide our customers with better value-added services. We are optimistic that this sentiment will improve in the second half of the year to result in more Enterprise Systems projects,” he concluded.

Financial Summary (Unaudited Consolidated Results)			
	1Q14	1Q13	
RM'000	31.03.14	31.03.13	Change
Revenue	357,719	320,335	11.7%
Pre-tax Profit	6,676	8,804	-24.2%
Net profit to shareholders	4,785	6,381	-25.0%
Basic EPS (sen)*	2.7	3.5	-22.9%

**Based on 180 million shares of RM0.50 par value each*



About ECS ICT Berhad

ECS ICT Berhad (ECS), an MSC-status company, and its group of subsidiaries started in 1985 with the establishment of ECS KU Sdn Bhd. Today, the Group is a leading distribution hub for Information & Communications Technology (ICT) products in Malaysia via ECS ASTAR Sdn. Bhd. and ECS PERICOMP Sdn. Bhd.

Listed on the Main Market of Bursa Malaysia Securities Berhad on 15 April 2010, **ECS** is an associate company of ECS Holdings Limited, a Singapore Exchange main board company which is one of the leading ICT distributors in Asia Pacific, accessing to a network of more than 23,000 channel partners across China, Thailand, Malaysia, Singapore, Indonesia and the Philippines.

ECS distributes a comprehensive range of ICT products comprising notebooks, personal computers, smartphones, tablets, printers, software, network and communication infrastructure, servers, and enterprise software from more than 30 leading principals.

With a nationwide channel network of more than 4,000 resellers comprising retailers, system integrators and corporate dealers, **ECS** also provides value-added product support and technical services. For more information, please visit www.ecsm.com.my

**Issued for and on behalf of ECS ICT BERHAD by Aquilas Advisory (Malaysia) Sdn Bhd.
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