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Press Release

For Immediate Distribution

VSTECS Posts Revenue of RM378.8 million and Profit Before Tax of RM6.1 million for Q1FY19

KUALA LUMPUR, 16 MAY 2019 – VSTECS Berhad (formerly known as ECS ICT Berhad) (VSTECS, 偉仕佳杰; Reuters: VSTE.KL) (“VSTECS” or “The Group”), Malaysia’s leading Information & Communications Technology (“ICT”) distributor, today announced its financial results for the first quarter ended 31 March 2019 (“Q1FY19”) posting RM378.8 million in revenue, a slight drop of 3.3% as compared to RM391.8 million recorded in the preceding year’s corresponding quarter (“Q1FY18”). The lower revenue was mainly due to the continued prevailing trend of frugal consumer spending on ICT products.

For Q1FY19, The Group’s gross profit (“GP”) decreased by 8.5% to RM18.3 million, compared to RM20.0 million recorded for Q1FY18 with a higher write-down on inventories at RM1.2 million versus RM163,000 noted last year. On the other hand, with lower operating expenses mainly from lower impairment loss on trade receivables by RM458,000 and sales related expenses, VSTECS posted higher Profit Before Tax (“PBT”) at RM6.1 million, an increase by 4.9% as compared to RM5.8 million reported for Q1FY18. Subsequently, The Group posted Profit After Tax (“PAT”) of RM4.2 million for the quarter under review.

During Q1FY19, The Group registered improvement for both its Enterprise Systems and ICT Services segments with increased sales of 7.9% at RM110.1 million and 38.6% at RM12.4 million respectively as compared to RM102.0 million and RM9.0 million recorded for Q1FY18 correspondingly. The increased revenue for the Enterprise Systems segment was mainly derived from servers, networking and storage, whilst the improvement for ICT Services segments was due to higher sales from the Enterprise Systems segment. Revenue from The Group’s ICT Distribution segment, however, declined 8.7% to RM256.4 million for Q1FY19 as compared to RM280.8 million recorded for Q1FY18.

Financial Summary (Unaudited Consolidated Results)						
(RM' 000)	Q1FY19 31.03.19	Q1FY18 31.03.18	Change (%)	3MFY19 31.03.19	3MFY18 31.03.18	Change (%)
Revenue	378,833	391,795	(3.3)	378,833	391,795	(3.3)
GP	18,272	19,966	(8.5)	18,272	19,966	(8.5)
PBT	6,134	5,849	4.9	6,134	5,849	4.9
PAT	4,245	4,381	(3.1)	4,245	4,381	(3.1)
Basic EPS (sen)*	2.4	2.4	-	2.4	2.4	-

*Based on 180 million shares

Chief Executive Officer of VSTECS, Mr. Soong Jan Hsung expressed: “The economic outlook remains challenging for Malaysia due to weak consumer sentiment fueled by anxiety over the rising cost of living. Since the end of March, the Malaysian Ringgit has weakened against the US Dollar and we expect the demand of ICT products from consumers in Q2 2019 to remain sluggish due to higher prices.”

“The demand for the enterprise ICT products in the private sector continues to be stable for this year. However, with the anticipated increase in public sector ICT projects, we expect better demand for our enterprise systems in the second half of 2019. Furthermore, we have recently added on distributorships of new brands of smartphone and e-Sports notebook to increase the revenue of our consumer segment. On the Enterprise Systems and ICT Services segments, we continue to focus our investment into cloud datacentre, hyperconverged infrastructure and cybersecurity products to expand our enterprise business.”, **Mr. Soong** added.

ABOUT VSTECS BERHAD

VSTECS Berhad (“VSTECS”) (formerly known as *ECS ICT Berhad*), a MSC-status company and its subsidiaries (“**The Group**”), is a leading distribution hub for Information & Communications Technology (“ICT”) products in Malaysia. Listed on the Main Market of Bursa Malaysia Securities Berhad on 15 April 2010, VSTECS is an associate company of VSTECS Holdings (Singapore) Limited (formerly known as ECS Holdings Limited) which is one of the leading ICT distributors in the Asia Pacific, with access to a network of more than 25,000 channel partners across China, Thailand, Malaysia, Singapore, Indonesia, the Philippines, Cambodia, Laos and Myanmar.

VSTECS distributes a comprehensive range of ICT products comprising notebooks, personal computers, smartphones, smartwatches, tablets, printers, software, network and communication infrastructure, servers, and enterprise software with over 40 leading principals. With a nationwide channel network of more than 6,600 resellers comprising retailers, system integrators and corporate dealers, VSTECS also provides value-added product support and technical services. For more information, please visit www.vsteecs.com.my

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