

Press Release

For Immediate Distribution

VSTECS' Net Profit Surges By 87.6% To RM12.7 Million in 1Q2021, Proposes 1 For 1 Bonus Issue

KUALA LUMPUR, 19 May 2021 - VSTECS Berhad ("VSTECS", 偉仕佳杰, Stock Code:5162), Malaysia's leading Information & Communications Technology ("ICT") distributor has today released its first quarter financial results for the three months ended 31 March 2021 ("1Q2021"), posting an 87.6% surge in profitability as compared to the similar period in the preceding year.

For 1Q2021, VSTECS registered revenue of RM669.0 million which was 79.5% above revenue of RM372.7 million achieved in the corresponding period of the preceding year ("1Q2020"). Profit after tax increased by 87.6% to RM12.7 million as compared to 1Q2020. All segments recorded higher revenue during the quarter. The ICT Distribution segment saw a 134.5% increase in revenue to RM423.1 million driven by the new normal of working from home and new handphone model launches. The Enterprise Systems segment posted revenue of RM227.6 million, an increase of 29.9% while the Group's ICT Services segment grew by 7.7% to RM18.3 million.

Financial Summary (Unaudited Consolidated Results)			
RM'000	1Q FY2021	1Q FY2020	Change
	31.03.21	31.03.20	(%)
Revenue	668,977	372,672	79.5
GP	32,615	22,207	46.9
PBT	17,033	8,781	94.0
PAT	12,733	6,789	87.6
Basic EPS (sen)	7.1	3.8	-
Weighted average number of ordinary shares ('000)	178,501	179,016	-

VSTECS is also proposing to undertake a bonus issue of up to 180 million new ordinary shares on the basis of one (1) bonus share for each existing share held on an entitlement date to be determined and announced later (“**Proposed Bonus Issue**”).

Chief Executive Officer of VSTECS, Mr. Soong Jan Hsung said: “The first quarter of the year is typically a less vibrant period for ICT spending, but our performance this year bucked the trend as digital spending continues to accelerate amid lockdowns. With the current shift towards working and learning from home coupled with the extended personal income tax relief of RM2,500 on computer products until the end of 2021, market demand for mobile phone, tablet and notebook PC is expected to remain robust in 2021.

For the Enterprise Systems segment, we expect greater investment and prioritization of technology adoption ahead, especially on the roll-out of the MyDigital blueprint earlier this year which aims to attract RM70 billion of investment in digitalisation. As part of the drive towards a digital economy, the blueprint targets e-commerce adoption by micro, small and medium enterprises as well as end-to-end online government services. The MyDigital initiatives shall drive the need for increased ICT spending, especially in high growth areas such as cybersecurity, datacentre, hyperconverged cloud and data analytics. We have been laying the foundation for this over the past two years as are now well positioned to seize these opportunities.

We are optimistic that the ICT Services segment will continue to grow stemming from the effective strategies of investment in human capital and organisational improvements. We are looking to increase recurring services revenue to provide further earnings stability for our Group.

Creating value for shareholders is one of our priorities. We have announced that the Company is proposing a one for one bonus issue as a further avenue to reward shareholders apart from cash dividends. We have an unbroken profit track record since our IPO in 2010 which is a testament to our consistent execution regardless of market conditions. Malaysia’s digital economy is set to progress rapidly over the next few years and VSTECS Berhad shall continue to play a crucial role in fulfilling market demand and infrastructure requirements.”

ABOUT VSTECS BERHAD

VSTECS Berhad (“**VSTECS**”), and its subsidiaries (“**the Group**”), is a leading distribution hub for Information & Communications Technology (“**ICT**”) products, enterprise systems and provides ICT support and technical services in Malaysia. Listed on the Main Market of Bursa Malaysia Securities Berhad, VSTECS is an associate company of VSTECS Holdings (Singapore) Limited which is in turn held by VST Holdings Limited, a company listed on the Hong Kong Stock Exchange.

VSTECS distributes a comprehensive range of ICT products with over 40 leading principals with a nationwide channel network of more than 4,600 resellers comprising retailers, system integrators and corporate dealers. For more information, please visit www.vsteecs.com.my

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