

Press Release

For Immediate Distribution

VSTECS Posts 63.8% Increase in 6M FY2021 Profit to RM22.6 million

Declares Interim Dividend of 1.5 sen per share

KUALA LUMPUR, 19 August 2021 - VSTECS Berhad (“VSTECS”, 偉仕佳杰, Stock Code:5162), Malaysia’s leading Information & Communications Technology (“ICT”) distributor has today released its second quarter financial results for the three (3) months ended 30 June 2021 (“**2QFY2021**”).

In the first six (6) months of the year (“**6M FY2021**”), the Group’s revenue and profit after tax (“**PAT**”) increased by 50.1% and 63.8% to RM1.23 billion and RM22.6 million as compared to RM821.5 million and RM13.8 million recorded in 6M FY2020, respectively.

In 2QFY2021, VSTECS registered revenue of RM563.9 million which was 25.6% above revenue of RM448.8 million achieved in the corresponding period of the preceding year (“**2Q FY2020**”). The increase in revenue was from both the ICT Distribution and Enterprise Systems segments. The ICT Distribution segment saw a 22.3% increase in revenue driven by continuously strong consumer buying trends. The Enterprise Systems segment posted revenue increase of 33.8% as businesses ramp-up on digitalization efforts. Profit after tax increased by 40.8% to RM9.9 million as compared to RM7.0 million 2Q FY2020.

Financial Summary (Unaudited Consolidated Results)						
RM'000	2Q FY2021	2Q FY2020	Change	6M FY2021	6M FY2020	Change
	30.06.21	30.06.20	(%)	30.06.21	30.06.20	(%)
Revenue	563,899	448,822	25.6	1,232,876	821,494	50.1
GP	29,177	22,494	29.7	61,792	44,701	38.2
PBT	13,074	9,309	40.4	30,107	18,090	66.4
PAT	9,887	7,023	40.8	22,620	13,812	63.8
Basic EPS (sen)	5.5	3.9	41.0	12.7	7.7	64.9
Weighted average number of ordinary shares ('000)	178,501	178,501	-	178,501	178,759	-

Despite challenging operating conditions caused by the pandemic, VSTECS is cognizant of rewarding its shareholders and has declared an interim dividend of 1.5 sen per share payable on 27 October 2021. The company has also recently completed a one-for-one bonus issue of shares on 4 August 2021.

Chief Executive Officer of VSTECS, Mr. Soong Jan Hsung said: " Our results were commendable despite lockdown restrictions which caused a temporary closure of retailers' physical stores since mid-May up to July 2021. We view this as a minor setback for our ICT Distribution segment and with the progress of the national vaccination rate, we are optimistic of improved economic sentiments. With this, we expect an increase in buying momentum from pent-up demand during the lockdown period.

We are confident that the Enterprise Systems segment will continue to drive growth moving forward. Business challenges raised by the pandemic have hastened the adoption of digitalization and organizations have adapted accordingly to the new normal. This has proven to be an opportunity for the cloud market, where a surge of cloud services adoption was seen across diverse industries to enable a seamless online workforce and business continuity. According to Gartner, in the aftermath of the COVID-19 crisis, global end-user spending on public cloud services is expected to exceed US\$480 billion next year, a surge of 22% from its 2021 projection of US\$396 billion. In preparation for this, we have invested into cloud business opportunities to drive public cloud adoption in Malaysia and we expect positive contribution by early 2022. The ICT Services segment which supports the enterprise segment is also expected to grow in tandem," he added.

ABOUT VSTECS BERHAD

VSTECS Berhad ("VSTECS"), and its subsidiaries, 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 VSTECS 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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