

Press Release

For Immediate Distribution

VSTECS Reports 22.3% Net Profit Growth in Third Quarter Results

Declares an Interim Dividend of 2.5 Sen Per Share

KUALA LUMPUR, 5 NOVEMBER 2020 - VSTECS Berhad (VSTECS, 偉仕佳杰; Reuters: VSTE.KL) (“VSTECS” or “the Group”), Malaysia’s leading Information & Communications Technology (“ICT”) distributor, posted another solid set of results with a 26.8% jump in profit after tax to RM23.9 million for the nine months ended 30 September 2020 amid robust demand for work-from-home devices.

For the third quarter this year (“**3Q2020**”), revenue increased by 16.7% to RM536.4 million from RM459.6 million in 3Q2019. Increase in profit after tax outpaced revenue at 22.3% to RM10.1 million, as compared to RM8.3 million in the same quarter of the preceding year. The Group saw increase in revenue contribution from all business segments. The ICT Distribution segment saw 21.2% increase in revenue to RM375.5 million driven by the new normal of working from home. The Enterprise Systems segment posted revenue of RM139.5 million, an increase of 2.9% while the Group’s ICT Services segment grew by 49.3% to RM21.4 million. VSTECS also declared an interim dividend of 2.5 sen per share, payable on 16 December 2020.

Financial Summary (Unaudited Consolidated Results)						
RM'000	3Q FY2020	3Q FY2019	Change	9M FY2020	9M FY2019	Change
	30.09.20	30.09.19	(%)	30.09.20	30.09.19	(%)
Revenue	536,368	459,572	16.7	1,357,862	1,260,188	7.8
GP	27,962	24,816	12.7	72,663	64,994	11.8
PBT	13,515	10,702	26.3	31,605	25,351	24.7
PAT	10,095	8,257	22.3	23,907	18,859	26.8
Basic EPS (sen)	5.7	4.6	-	13.4	10.5	-
Weighted average number of ordinary shares ('000)	178,501	179,222	-	178,673	179,737	-

Chief Executive Officer of VSTECS, Mr. Soong Jan Hsung said: “In the third quarter, consumer spending on ICT products continued to do well due to buying trends in support of work-from-home and workforce mobility requirements. This resulted in an increase in sales volume and we could have done better if not for supply constraints in fulfilling market demand. We are working closely with our brand principals to improve supply. To continue scaling up our ICT distribution business, we are looking to deepen our e-commerce reach by representing more official online brand stores next year.

Some targeted key projects in the public sector under our Enterprise Systems segment were inevitably delayed due to the lockdown and deferred implementation timelines. We are hopeful to be able to catch-up and deliver projects as soon as the situation stabilizes. Corporations will continue to invest in upgrading their systems and infrastructure in the long term to enhance business productivity and we expect the enterprise segment to continue flourishing. With our technical know-how and strong brands representation, we are well poised to grow within the enterprise market. The ICT services segment which supports the enterprise segment has demonstrated encouraging momentum and we hope to further grow this both organically and inorganically to enhance overall margins.

With the Covid-19 pandemic severely impacting our country’s economy and the likelihood of extended conditional lockdowns, we remain cautious of the prospects on the fourth quarter of 2020 due to uncertainty on consumer spending. Moving forward, we will broaden our reach in the ICT consumer market by representing more lifestyle and IOT products.

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 6,600 resellers comprising retailers, system integrators and corporate dealers. For more information, please visit www.vsteecs.com.my

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