

Press Release

For Immediate Distribution

VSTECs Concludes FY2020 with Record Revenue of RM2.01B and Net Profit of RM36.8M

Declares Second Interim Dividend of 4.5 Sen Per Share

KUALA LUMPUR, 24 February 2021 - VSTECs Berhad (“VSTECs”, 偉仕佳杰, Stock Code:5162), Malaysia’s leading Information & Communications Technology (“ICT”) distributor, released its full year financial results today posting all-time high revenue and profit driven by strong demand for endpoint devices. On a full year basis, VSTECs closed FY2020 with revenue of RM2.01 billion, up 11.9% from FY2019. PAT surged by 24.3% to RM36.8 million.

For the fourth quarter this year (“**4Q2020**”), revenue increased by 21.7% to RM659.6 million from RM542.1 million in 4Q2019. Profit after tax grew by 19.9% to RM12.9 million, as compared to RM10.7 million in the same quarter of the preceding year. The ICT Distribution segment saw 36.1% increase in revenue to RM483.0 million driven by the new normal of working and learning from home. The Enterprise Systems segment posted revenue of RM151.9 million, a decrease of 11.5% while the Group’s ICT Services segment grew by 58.2% to RM24.7 million.

Financial Summary (Unaudited Consolidated Results)						
RM'000	4Q FY2020	4Q FY2019	Change	12M FY2020	12M FY2019	Change
	31.12.20	31.12.19	(%)	31.12.20	31.12.19	(%)
Revenue	659,627	542,096	21.7	2,017,489	1,802,284	11.9
GP	33,340	28,180	18.3	106,003	93,174	13.8
PBT	16,873	13,955	20.9	48,478	39,306	23.3
PAT	12,874	10,735	19.9	36,781	29,594	24.3
Basic EPS (sen)	7.2	6.0	-	20.6	16.5	-
Weighted average number of ordinary shares ('000)	178,501	179,090	-	178,629	179,573	-

The group's 40% associate company, ISATEC Sdn Bhd, contributed RM2.1 million to PAT in FY2020. VSTECS also declared a second interim dividend of 4.5 sen per share, payable on 21 May 2021. To-date, total dividends of 7.0 sen per share representing a payout ratio of 34% has been declared in respect of FY2020.

Chief Executive Officer of VSTECS, Mr. Soong Jan Hsung said: "We delivered exceptional results for FY2020 amid challenging environment, owing to the strategies we have earlier put in place. This included effective utilisation of e-commerce channels for ICT Distribution and stronger emphasis on value-added technical services for Enterprise Systems and ICT Services. The demand for smartphone, tablet and notebooks remains high as households move towards "*one laptop per person*" as required for work/learn from home practices. This new norm will continue to drive long-term and sustainable growth trends. According to IDC, global notebook and detachable tablet shipments are forecasted to grow at CAGR of 4.5% and 9.9%, respectively, from 2020-2024. We will continue to leverage on this positive momentum and our position as the leading ICT distributor in Malaysia for growth.

Certain projects in the Enterprise Systems segment were affected by temporary delays due to travel restrictions that hindered the delivery of technical services for non-essential sectors. With the imminent availability of the vaccine in Malaysia, we hope the easing of the lockdown will enable us to expedite our enterprise project rollouts. With this pandemic turning out to be the greatest impetus for digital transformation, corporations have recognised that digital readiness is no longer an option but a necessity. Both public sector and commercial enterprises are pushing for digital transformation to remain relevant and for better operational resiliency and business continuity. Demand for cloud computing and cybersecurity will surge from the pandemic aftermath and we are well positioned to benefit from such opportunities."

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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