

Press Release

For Immediate Distribution

VSTECS' Profit Soars by 60% in 1Q2020

KUALA LUMPUR, 17 JUNE 2020 - VSTECS Berhad (VSTECS, 偉仕佳杰; Reuters: VSTE.KL) ("VSTECS" or "the Group"), Malaysia's leading Information & Communications Technology ("ICT") distributor, released its first quarter ("1Q FY2020") financial results today, posting a 59.9% surge in profit after tax to RM6.8 million as compared to RM4.2 million in the same quarter of the preceding year. This is despite a slight decline of 1.6% in revenue this quarter to RM372.7 million.

The Group's ICT Distribution segment contributed RM240.9 million to revenue, a decline of 6.0% from 1Q2019. The Enterprise Systems segment posted revenue of RM114.8 million, an increase of 4.3% while the Group's ICT Services segment grew by 36.9% to RM17.0 million.

Improved profitability was mainly attributable to higher margin projects undertaken by the Enterprise Systems and ICT Services segments. For 1Q2020, the Group's 40% associate company, ISATEC Sdn Bhd, contributed RM0.9 million to PAT.

Financial Summary (Unaudited Consolidated Results)						
RM'000	1Q FY2020 31.03.20	1Q FY2019 31.03.19	Change (%)	3M FY2020 31.03.20	3M FY2019 31.03.19	Change (%)
Revenue	372,672	378,833	-1.6%	372,672	378,833	-1.6%
GP	22,207	18,272	21.5%	22,207	18,272	21.5%
PBT	8,781	6,134	43.2%	8,781	6,134	43.2%
PAT	6,789	4,245	59.9%	6,789	4,245	59.9%
Basic EPS (sen)	3.8	2.4	-	3.8	2.4	-
Weighted average number of ordinary shares ('000)	179,016	180,000		179,016	180,000	

Chief Executive Officer of VSTECS, Mr. Soong Jan Hsung said: “We delivered another solid set of results with encouraging momentum from the Enterprise Systems and ICT Services segments which now contribute more than one-third of total revenue. This is in line with the trajectory we have set for 2020 where Enterprise Systems has been identified as the key driver. We expect further growth with increased spending by enterprises on enhancements to IT platforms in areas such as cloud computing and cybersecurity in preparation for a possible second wave of the pandemic. We will be expanding the breath of our enterprise systems portfolio and are currently in discussions with several brands for new distributorship roles over the coming months.

With the current subdued economic outlook this year, ICT spending remains challenging. Arising from this pandemic, consumers are moving their spending online and we will continue rolling out e-commerce strategies to broaden our reach into the market and to ensure further scalability of our ICT Distribution business. We remain sanguine on the long-term prospects of the ICT industry and believe that this will be one of the fastest recovery sectors when the economic situation improves.”

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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