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Press Release

For Immediate Distribution

VSTECS Posts Revenue RM497.2 million for Q4FY18

Declares a final dividend of 2.5 sen per ordinary share

KUALA LUMPUR, 21 FEBRUARY 2019 – VSTECS Berhad (formerly known as ECS ICT Berhad) (VSTECS, 偉仕佳杰; Bloomberg: ECS MK; Reuters: VSTE.KL) (“VSTECS” or the “Group”), Malaysia’s leading Information & Communications Technology (“ICT”) distributor, has announced its financial results for the fourth quarter ended 31 December 2018 (“**Q4FY18**”) posting RM446.1 million in revenue, drop 10.3% as compared to RM497.2 million recorded in the preceding year’s corresponding quarter (“**Q4FY17**”). The lower revenue was mainly due to the reintroduction of the Sales & Services Tax (“**SST**”) in September 2018, which impacted consumer spending on ICT products.

As the result of the lower sales for the quarter under review, the Group’s gross profit (“**GP**”) decreased by 7.1% to RM24.5 million, as compared to RM26.4 million for Q4FY17. Subsequently, with the drop in revenue and GP, coupled with the lower year end provisions write back as compared to the previous year, VSTECS posted Profit Before Tax (“**PBT**”) of RM11.0 million and Profit After Tax (“**PAT**”) of RM8.3 million.

During Q4FY18, the Group reported improvement for both Enterprise Systems and ICT Services segments with increase in sales of 9.0% at RM137.9 million and 2.4% at RM11.5 million respectively as compared to RM126.5 million and RM11.2 million recorded for Q4FY17 correspondingly. The increased revenue for the Enterprise Systems segment was mainly from networking products and software. Revenue from ICT distribution, however, declined 17.5% to RM296.7 million for Q4FY18 as compared to RM359.4 million recorded for Q4FY17.

In line with its dividend practice, VSTECS is declaring a single tier final dividend of 2.5 sen per ordinary share, totalling 5.0 sen per ordinary share for the financial year ended 31 December 2018.

Financial Summary (Unaudited Consolidated Results)						
(RM' 000)	Q4FY18 31.12.18	Q4FY17 31.12.17	Change (%)	FY18 31.12.18	FY17 31.12.17	Change (%)
Revenue	446,104	497,195	(10.3)	1,632,323	1,838,259	(11.2)
GP	24,526	26,402	(7.1)	86,785	87,470	(0.8)
PBT	11,023	15,175	(27.4)	32,799	35,643	(8.0)
PAT	8,307	11,550	(28.1)	24,628	26,268	(6.2)
Basic EPS (sen)*	4.6	6.4	(28.1)	13.7	14.6	(6.2)

*Based on 180 million shares

On a full-year financial review basis, the Group registered total revenue of RM1.6 billion for the financial year ended 31 December 2018 (“FY18”) as compared to RM1.8 billion recorded in the preceding financial year ended 31 December 2017 (“FY17”). Both PBT and PAT noted a marginal decrease to RM32.8 million and RM24.6 million respectively for FY18, as compared to RM35.6 million and RM26.3 million correspondingly posted in FY17.

Chief Executive Officer of VSTECS, Mr. Soong Jan Hsung expressed: “Despite market challenges from economic uncertainties across the region as well as significant events in 2018, namely the 14th General Election followed by the change of government and replacement of Goods and Services Tax (“GST”) by SST, which had dampened the overall market sentiment that impacted the Group’s sales, we are nevertheless pleased that we were able to sustain our Group’s overall business for the year.”

“In view of the economic outlook for Malaysia in 2019 that continues to be challenging, we expect the demand of ICT products from consumers and enterprises to remain cautious in the first half of the year although International Data Corporation (IDC) has forecasted a 5% growth on the products and services that the Group is representing. We plan to increase our market share for smartphones, notebooks and accessories while we continue to explore new consumer products and opportunities on the Internet of Things (IoT). For Enterprise Systems, we shall focus on more technical investments in cloud datacentre, networking infrastructure and cyber-security products and services,” **Mr. Soong** added.

ABOUT VSTECS BERHAD

VSTECS Berhad (“VSTECS” or “the Group”), is a leading distribution hub for Information & Communications Technology (ICT) products in Malaysia. Listed on the Main Market of Bursa Malaysia Securities Berhad on 15 April 2010, the Group is an associate company of VSTECS Holdings Limited which is one of the leading ICT distributors in the Asia Pacific, with access to a network of more than 25,000 channel partners across China, Thailand, Malaysia, Singapore, Indonesia, the Philippines, Cambodia and Myanmar.

VSTECS distributes a comprehensive range of ICT products comprising notebooks, personal computers, smartphones, smartwatches, tablets, printers, software, network and communication infrastructure, servers, and enterprise software with over 40 leading principals. With a nationwide channel network of more than 6,600 resellers comprising retailers, system integrators and corporate dealers, VSTECS also provides value-added product support and technical services. For more information, please visit www.vsteecs.com.my

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