AQUILAS

MEDIA CLIPPING

Client :	ECS ICT Bhd	Date :	7 October 2014
Media :	SunBiz	Section :	Business
Language :	English		

SunBIZ ON TUESDAY OCTOBER 7, 2014

Business Editor Presenna Nambiar Tel (Editorial) 03-7784 6688 Fax 03-7785 2624/5 Email sunbiz@thesundaily.com
Tel (Advertising) 03-7784 8888 Fax 03-7784 4424 Email advertise@thesundaily.com

KLCI	CLOSED	Hang Seng	23,315.04	▲	250.48	Nikkei	15,890.95 ▲	182.30	KOSPI	1,968.39 ▼	7.77
STI	CLOSED	SCI	2,363.87	▲	6.16	TSEC	9,095.14 ▼	11.14	S&P/ASX200	5,292.91 ▼	25.30

ECS ICT on prowl for acquisitions

> In talks with a few local firms, could enter a new business within the services segment

BY **LEE WENG KHUEN**
sunbiz@thesundaily.com

PETALING JAYA: ECS ICT Bhd, which hopes to reap benefits arising from the implementation of the Goods and Services Tax (GST), is looking at mergers and acquisitions in an attempt to expand the information and communications technology services segment.

Its managing director Foo Sen Chin (*pix*) said ECS ICT is in talks with a few Malaysian companies on a possible acquisition, but nothing has been concluded yet.

"It could be a new business area we're looking at, but it may not be simple to grow as you need to have a new team, so we're considering a right company to acquire," he said.

The areas within the services segment that the group is looking to enhance include outsourcing, managed services, data centre and project management.

ECS ICT distributes a wide range of ICT products, with more than 4,000 resellers, system integrators and corporate dealers. Its three main business segments are ICT products distribution, enterprise systems and ICT services.

Analysts see ECS ICT as one of the beneficiaries of the implementation of GST in April next year. However, they expect its earnings to fall in the post-GST implementation period if it doesn't seek new business opportunities.

Foo told *SunBiz* in an interview recently that the company is looking for opportunities with government departments, such as Customs, for related systems to support GST collection.

"We're working with many partners who are supplying the systems and solutions to all these government departments. There's an opportunity for us as they need to buy servers, and network and storage solutions," he added.

Foo admitted, however, that its customers are likely to suffer from the implementation of GST in the second quarter of the year as spending slows down.

"In this business, it will recover very fast because new models always come out ... so, I'm not too worried about the effect," Foo said, adding that more compelling models and features will attract more demand for devices like notebooks, tablets and smartphones.

As for the e-commerce segment, Foo pointed out that the group plans to expand its reach by working with big resellers and retailers to offer its products online next year.

"Many of our retailers do not have that portal or system to handle end users, so that would be our next plan," he added.

Four strategic initiatives for the next few years are: mobility, cloud computing, e-commerce and services.

Foo said the distribution of smartphones, which started a year ago, will make a "good contribution" to the group and the group is looking to distribute more brands of smartphones on top of over 30 brands it has right now.

Besides smartphones, other consumer-based products that it distributes include notebooks, personal computers, printers and tablets.

Over the past five years, Foo said, the group has been growing the enterprise systems segment, which fetches a higher margin. However, he sees more challenges in that segment as it needs sufficient technical support from engineers.

According to Foo, ICT spending recorded a compounded growth rate of 5% a year, with a market size of US$8 billion (RM26 billion), and this does not even include the services segment.

"We always grow faster than that, and for this year, we can easily grow at double digits," he said, adding that it is underpinned by rising demand for smartphones and small tablets.

Foo expects the group to easily hit RM1.5 billion in revenue this year, as the second half has always been better than the first half of the year.

ECS ICT's net profit edged up 3.54% to RM12.3 million for six months ended June 30 versus RM11.88 million in the previous corresponding period, on the back of RM748 million revenue.

ECS ICT's share price fell 3 sen to RM1.42 last Friday.