

Press Release

For Immediate Distribution

VSTECS Delivers 30.3% Profit Growth for 1H2020

KUALA LUMPUR, 13 AUGUST 2020 - VSTECS Berhad (VSTECS, 偉仕佳杰; Reuters: VSTE.KL) (“VSTECS” or “the Group”), Malaysia’s leading Information & Communications Technology (“ICT”) distributor, posted a 30.3% increase in profit after tax to RM13.8 million for the cumulative six (6) months ended 30 June 2020 (“1H2020”). This was derived from revenue of RM821.5 million registered in 1H2020.

For the second quarter this year (“2Q2020”), revenue increased by 6.4% to RM448.8 million from RM421.8 million in 2Q2019. Increase in profit after tax outpaced revenue at 10.5% to RM7.0 million, as compared to RM6.4 million in the same quarter of the preceding year. The Group’s ICT Distribution segment saw 10.8% increase in revenue to RM317.0 million driven by the new normal of working from home. The Enterprise Systems segment posted revenue of RM113.1 million, a decrease of 7.4% while the Group’s ICT Services segment grew by 37.7% to RM18.7 million.

Financial Summary (Unaudited Consolidated Results)						
RM'000	2Q FY2020	2Q FY2019	Change	6M FY2020	6M FY2019	Change
	30.06.20	30.06.19	(%)	30.06.20	30.06.19	(%)
Revenue	448,822	421,783	6.4%	821,494	800,616	2.6%
GP	22,494	21,906	2.7%	44,701	40,178	11.3%
PBT	9,309	8,515	9.4%	18,089	14,649	23.5%
PAT	7,023	6,357	10.5%	13,812	10,602	30.3%
Basic EPS (sen)	3.9	3.5	11.4%	7.7	5.9	30.5%
Weighted average number of ordinary shares ('000)	178,501	179,995	-	178,759	179,998	-

Chief Executive Officer of VSTECS, Mr. Soong Jan Hsung said: “Many companies have implemented work-from-home arrangements during the lockdown period which started in mid-March and this has increased the demand for ICT products. We saw an increase in spending on ICT devices for communications and remote access to maintain and enhance work productivity. We also experienced a surge in e-commerce transactions whereby our online strategy has benefitted us during this period.

Large corporations continue to upgrade their IT infrastructure for remote access and network security to adapt to the *new normal* and this augurs well for our Enterprise Systems segment. To maximize opportunities for growth, we have signed several new distribution agreements for open source solutions, data recovery and cloud services which complement our existing range of products and services. We will continue to supply to several public sector projects which were awarded last year and pending outcome for new projects in the second half of this year. Our associate company ISATEC Sdn. Bhd. has also experienced similar growth opportunities in digital enablement, process automation, cloud adoption and related ICT services.

Despite the Movement Control Order, we have not suffered significant setbacks due to our swift response in recalibrating our strategies to counter the challenges ahead. Nevertheless, we maintain a cautious outlook for the second half of the year due to macro factors such as Malaysia’s fiscal deficit, rising unemployment rate, and the expected negative growth of gross domestic product (GDP) for this year. These, coupled with the possibility of a second wave of the pandemic remain as key risks to consumer spending and business sentiments. We are continuously monitoring this dynamic situation to implement the appropriate strategies. The mid to long-term prospects of the ICT industry remain intact and the pandemic has accelerated the speed of digital transformation.

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.vstecs.com.my

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