

ECS posts RM400.2 million revenue in 2Q16

- *Dampened demand for ICT products from consumer and enterprise sectors impact 2Q16 sales*

Kuala Lumpur, Malaysia, 3 August 2016 - Malaysia's leading ICT distributor ECS ICT Berhad (ECS, 佳杰科技; Bloomberg: ECS MK; Reuters: ECSI.KL) for its second quarter ended 30 June 2016 (2Q16) recorded revenue of RM400.2 million, 4.4% lower than RM418.8 million in the previous year.

Lower sales of mobility products of tablets and smartphones caused a 1.9% revenue dip in the ICT Distribution segment to RM312.3 million in 2Q16 from RM318.3 million previously. The slower take-up of servers, storage products and software resulted in the Enterprise Systems segment posting RM79.9 million revenue versus RM89.7 million a year ago. Revenue from ICT Services was recorded at RM8.0 million as compared to RM10.8 million in 2Q15.

This led to the Group's net profit declining to RM6.3 million in 2Q16 from RM8.0 million a year ago.

“ECS faced an arduous first half, being affected by slower retail and enterprise spending nationwide.

That said, Malaysians have proven time and again to be early adopters of exciting and advanced technologies, so we want to capitalise on this. This year, we have expanded our product portfolio with the latest technologies such as virtual reality goggles, smartwatches, as well as commercial drones, and our sales team is actively working the ground to develop a new channel to reach potential customers.

We would hope for high-growth of these new technologies to complement the steady demand for established ICT products. Additionally, we target to expand our current smartphone portfolio in the second half of 2016 to effectively cover a broader market segment from affordable to premium brands.”

Mr. Soong Jan Hsung (宋昭雄)
Chief Executive Officer, ECS ICT Berhad

In May 2016, ECS entered the virtual reality (VR) market through the distribution of the Orion-range of VR goggles. This comes after the Group secured distributorships to several smartwatches from renowned brands in January 2016, as well as DJI's range of Phantom drones and Osmo camera in April 2016.

For the first half ended 30 June 2016 (1H16), group net profit declined 34.3% to RM11.4 million on revenue of RM834.9 million. In comparison, net profit was recorded at RM17.4 million on revenue of RM941.6 million in 1H15, which was boosted by exceptional sales in the first quarter ended 31 March 2015 (1Q15) prior to the implementation of the Goods and Services Tax on 1 April 2015.

1H16 revenue from the ICT Distribution segment was lower by 5.9% to RM650.3 million from RM691.1 million previously, while the Enterprise Systems and ICT services segments posted revenue of RM167.9 million and RM16.6 million respectively, down by 26.0% and 29.9% from RM226.8 million and RM23.7 million in 1H15.

Financial Summary (Unaudited Consolidated Results)								
RM'000	2Q16		2Q15		1H16		1H15	
	30.06.16	30.06.15	Change	30.06.16	30.06.15	Change	30.06.16	30.06.15
Revenue	400,181	418,790	-4.4%	834,896	941,645	-11.3%	834,896	941,645
Pre-tax Profit	8,327	10,667	-21.9%	15,311	23,376	-34.5%	15,311	23,376
Net profit to shareholders	6,297	8,001	-21.3%	11,419	17,390	-34.3%	11,419	17,390
Basic EPS (sen)*	3.5	4.4	-20.5%	6.3	9.7	-35.1%	6.3	9.7

*Based on 180 million shares of RM0.50 par value each

About ECS ICT Berhad

ECS ICT Berhad (ECS), an MSC-status company, and its group of subsidiaries started in 1985 with the establishment of ECS KU Sdn Bhd. Today, the Group is a leading distribution hub for Information & Communications Technology (ICT) products in Malaysia via ECS ASTAR Sdn. Bhd. and ECS PERICOMP Sdn. Bhd.

Listed on the Main Market of Bursa Malaysia Securities Berhad on 15 April 2010, ECS is an associate company of ECS Holdings Limited which is one of the leading ICT distributors in Asia Pacific, accessing to a network of more than 25,000 channel partners across China, Thailand, Malaysia, Singapore, Indonesia, the Philippines, Cambodia and Myanmar.

ECS distributes a comprehensive range of ICT products comprising notebooks, personal computers, smartphones, smartwatches, tablets, printers, software, network and communication infrastructure, servers, and enterprise software from more than 30 leading principals.

With a nationwide channel network of more than 5,500 resellers comprising retailers, system integrators and corporate dealers, ECS also provides value-added product support and technical services. For more information, please visit www.ecsm.com.my

Issued for and on behalf of ECS ICT BERHAD by Aquilas Advisory (Malaysia) Sdn Bhd.

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