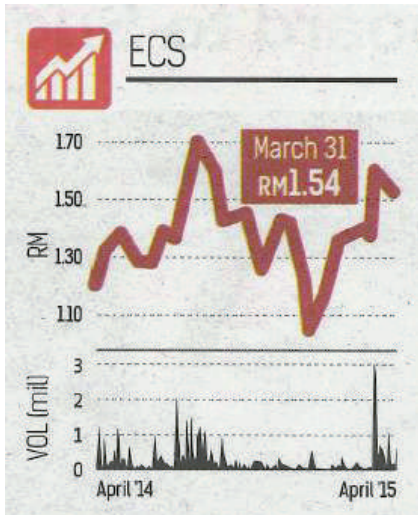


MEDIA CLIPPING

Client :	ECS ICT Berhad	Date :	1 April 2015
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ECS ICT BHD

By Kenanga Research
 Trading buy (reiterated);
Fair value: RM1.76

KENANGA Research said ECS ICT has yet to benefit from the goods and services tax (GST) fever in the fourth quarter of 2014 as anticipated by the management, given that the early beneficiaries of the pre-GST implementation are mostly software-related companies.

However, the group expects its earnings to receive a boost in first-quarter 2015 from last-minute purchase by consumers and companies (to upgrade their IT system to be compatible with the GST software), which will induce a hike in sales in computers, notebook and servers.

Meanwhile, ECS expects sales to normalise post-GST implementation as the market digests pre-GST purchases.

Nonetheless, Kenanga said ECS' management believed the downside was limited as new technology or models would be released almost every month to entice trendy consumers to upgrade their computers or gadgets.

Kenanga said ECS recently strengthened its high-margin mobility products portfolio by partnering with Xiaomi to be the latter's first authorised distributor for Xiaomi MiPad tablets in Malaysia.

Besides, ECS had also recently signed up with another smartphone brand (Microsoft Lumia) to further expand its smartphone portfolio, which already consists of brands like Lenovo, Asus and BenQ.

The group has been appointed by Microsoft to distribute four models of the Microsoft Lumia smartphones in Malaysia.

Kenanga foresees more world renowned brands partnering with ECS, given its vast and reliable reseller network of more than 5,000 outlets nationwide.