

Press Release

For Immediate Distribution

VSTECS' 3Q FY2022 Net Profit Rises by 31.7% to RM16.5 million on Heightened Demand from Enterprises

KUALA LUMPUR, 23 November 2022 - VSTECS Berhad ("VSTECS", 偉仕佳杰, Stock Code:5162), Malaysia's leading Information & Communications Technology ("ICT") distributor has today released its third quarter financial results for the three (3) months ended 30 September 2022 ("3Q FY2022").

In the first nine (9) months of the year ("9M FY2022"), the Group's revenue and profit after tax ("PAT") increased by 12.1% and 17.8% to RM2.09 billion and RM41.4 million as compared to RM1.86 billion and RM35.2 million recorded in 9M FY2021, respectively.

For 3Q FY2022, revenue increased by 16.8% to RM735.5 million, as compared to revenue of RM629.6 million achieved in the corresponding period of the preceding year ("3Q FY2021"). This was mainly driven by the Enterprise Systems segment which recorded a 50.9% jump in revenue, as enterprises continue to invest in digitalisation to improve resilience and sustainability. Correspondingly, revenue from ICT Services improved by 5.9% as this segment supports the implementation of enterprise projects. Revenue from the ICT Distribution segment declined by 7.0% as compared to 3Q FY2021. From the increase in revenue, gross profit grew by 18.6% to RM39.9 million. Profit after tax ("PAT") surged to RM16.5 million, an increase of 31.7% as compared to 3Q FY2021. The company shall continue to reward shareholders by declaring a first interim dividend of 2.5 sen per share.

Financial Summary (Unaudited Consolidated Results)						
RM'000	3Q FY2022 30.09.22	3Q FY2021 30.09.21	Change (%)	9M FY2022 30.09.22	9M FY2021 30.09.21	Change (%)
Revenue	735,534	629,567	16.8	2,087,376	1,862,443	12.1
Gross Profit	39,909	33,654	18.6	109,868	95,446	15.1
Profit Before Tax	22,427	16,982	32.1	56,028	47,089	19.0
Profit After Tax	16,535	12,556	31.7	41,428	35,176	17.8
Basic Earnings Per Share (sen)	4.6	3.5	31.7	11.6	9.9	17.8
Weighted average number of ordinary shares ('000)	356,555	357,002	-	356,725	357,002	-

Comparative figures for the weighted average number of ordinary shares and basic earnings per share have been restated to reflect the adjustment arising from the additional 180,000,000 bonus shares issued on 4 August 2021.

Chief Executive Officer of VSTECS, Mr. JH Soong commented: "We continued to deliver strong results and earnings growth in 3Q FY2022, propelled by higher momentum from the Enterprise Systems segment. Despite a moderate economic growth outlook, enterprises are pushing forward with digital initiatives to remain relevant and drive business agility. To maintain a competitive edge, many organisations are increasing their IT budgets to fund business-driven priorities and replace legacy systems, representing vast opportunities for us. Cybersecurity, cloud ecosystems and other storage infrastructure remain as top drivers for the enterprise segment. We expect continued growth based on orders in hand and an encouraging pipeline. The momentum from the Enterprise Systems segment will also spur our ICT Services segment which mostly comprises of project implementation for enterprise clients.

The ICT Distribution segment moderated in the first half of this year as higher interest rates impacted consumers' spending behaviour. This trend recovered in the third quarter as we typically record higher revenue in the second half of the year, buoyed by product launches and year-end consumer spending. Moving forward, a shorter replacement cycle for devices, anticipated demand for 5G-enabled devices and remote workspaces will continue to sustain this segment.

VSTECS' comprehensive end-to-end offering and our unique role as one of the leading ICT distributors across both the consumer and enterprise markets positions us well to continue capturing opportunities ahead. Over the last two years, we have witnessed a rapid shift towards digital transformation and this is expected to continue further, providing long-term growth for our business", he added.

ABOUT VSTECS BERHAD

VSTECS Berhad ("VSTECS"), and its subsidiaries, 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 VSTECS 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 4,600 resellers comprising retailers, system integrators and corporate dealers. For more information, please visit www.vsteecs.com.my.

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