



'Leading industry player ...'

# Corporate Fact Sheet

**ECS ICT Berhad** (Company No.: 351038-H)

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Corporate Website: [www.ecsm.com.my](http://www.ecsm.com.my)

Bloomberg: ECS:MK  
Reuters: ECSI.KL

## BUSINESS OVERVIEW

Established in 1985, ECS is a leading ICT distributor in Malaysia. ECS distributes ICT products through an efficient network of more than 3,000 resellers nationwide, consisting of retailers, system integrators, and corporate dealers, backed by advanced logistics management system and warehouses in Kota Damansara, Penang, Kuching, and Kota Kinabalu. ECS also has sales offices in Kuantan & Johor Bahru. Currently, ECS has authorised distributorships of more than 30 global ICT brand names & offers about 3,000 Stock Keeping Units (SKUs) of volume ICT Products & value Enterprise Systems.

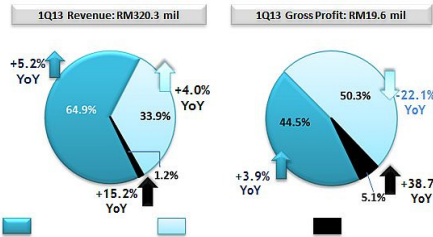
## PRODUCTS & SERVICES

- |                                                                                                                                                                                                                          |                                                                                                                                                                                                    |                                                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>ICT Products</b> <ul style="list-style-type: none"> <li>• Notebooks</li> <li>• Tablets</li> <li>• Desktop Computers</li> <li>• Printers</li> <li>• Software</li> <li>• LCD Monitors</li> <li>• Smartphones</li> </ul> | <b>Enterprise Systems</b> <ul style="list-style-type: none"> <li>• Servers</li> <li>• Network Systems</li> <li>• Data Centers</li> <li>• Enterprise Software</li> <li>• Cloud Computing</li> </ul> | <b>ICT Services</b> <ul style="list-style-type: none"> <li>• More than 30 engineering personnel providing support for ICT products</li> <li>• Over 100 certifications from 13 principals</li> </ul> |
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## PRINCIPALS



## REVENUE BREAKDOWN



Revenue (RM'mil)	1Q12	1Q13	Gross Profit (RM'mil)	1Q12	1Q13
ICT Distribution	197.7	207.9	ICT Distribution	8.4	8.7
Enterprise Systems	104.4	108.5	Enterprise Systems	12.7	9.9
ICT Services	3.3	3.9	ICT Services	0.7	1.0
<b>Total Revenue</b>	<b>305.4</b>	<b>320.3</b>	<b>Total Gross Profit</b>	<b>21.8</b>	<b>19.6</b>

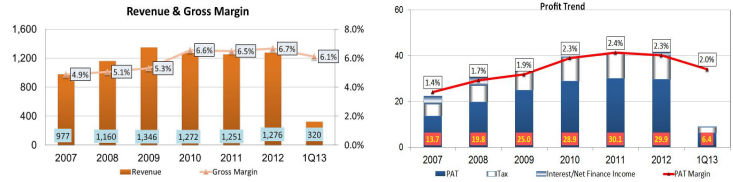
## COMPETITIVE ADVANTAGES

- **Established brand name:** >25 years in ICT business
- **Entrenched partnership:** More than 30 global brands
- **Extensive product range:** about 3,000 stock keeping units (SKU)
- **Expert technical support:** >30 certified personnel
- **Efficient distribution network:** >3,000 resellers
- **Effective financial management:** Innovative and efficient accounts receivable collections and optimum stock level

## SECTOR OPPORTUNITIES

- **Malaysia's 2013 ICT spending to hit USD10.6 bil** (Source: IDC)
  - Up 4% from 2012's estimated USD10.2 bil
  - Driven by demand for smart devices and enterprise systems
- **Consumer demand on the rise** (Source: IDC)
  - Smartphone sales to hit USD2.1 bil in 2013
  - Tablet PC sales to grow 17.7% to USD664 mil
- **Good potential for further growth**
  - ETP, Digital Malaysia expected to be industry catalysts
  - SME investment in enterprise ICT still low; opportunity for growth
  - Cloud computing adoption inevitable

## FINANCIAL PERFORMANCE



FYE 31 Dec, RM'mil	1Q13	1Q12	Change	FY2012	FY2011	Change
Revenue	320.3	305.4	4.9%	1,276.1	1,250.7	2.0%
Gross Profit	19.6	21.8	(10.1%)	85.0	81.3	4.6%
PBT	8.8	11.3	(22.0%)	40.3	40.9	(1.7%)
PATMI	6.4	8.1	(21.2%)	29.9	30.1	(0.9%)
EPS (sen) #	3.5	4.5	(22.2%)	16.6	16.7	(0.6%)
GP margin (%)	6.1	7.1	(1.0pt)	6.7	6.5	0.2pt
PBT margin (%)	2.7	3.7	(1.0pt)	3.2	3.3	(0.1pt)

# Based on 180.0 million shares

Group revenue grew 4.9% to RM320.3 mil in 1Q13 from RM305.4 mil previously, due mainly to higher revenue contributions from all three business segments. A major contributor to topline growth was strong demand for tablet and notebook PCs during the quarter under review.

1Q13 PBT and net profit stood at RM8.8 mil and RM6.4 mil respectively, lower than 1Q12's PBT of RM11.3 mil and net profit of RM8.1 mil - a quarter that saw the Group's Enterprise Systems business experiencing an exceptionally high gross profit margin.

1Q13 earnings per share stood at 3.5 sen, versus 4.5 sen previously.

## RECENT DEVELOPMENTS

- **Expanded tablet PC offerings**
  - Appointed by Microsoft to distribute Surface RT tablet PC
  - Now a major tablet PC distributor with large product portfolio
- **Expanded smartphone distribution channel**
  - Appointed distributor of Samsung enterprise smart devices and Lenovo's new range of smartphones
  - Looking to secure more brands and product variants
- **Enhanced Enterprise Systems portfolio**
  - Now able to offer IBM's cloud computing solutions for enterprise
  - Now CA Technologies' data management solutions distributor

## GROWTH STRATEGIES

- **Expanding tablet and ultrabook PC offerings**
  - Targets to land Microsoft Surface Pro distribution in June 2013
  - Sees ultrabook PCs as the next growth market
- **Expanding smartphone portfolio**
  - Looking to secure more brands and product variants
  - Eyes both consumer and enterprise markets
- **Targeting opportunities in cloud computing**
  - Augments existing Enterprise Systems business
  - Modular SmartCloud enterprise solutions to generate recurring income from both enterprise and SME clients
  - To grow cloud computing marketing team to tap into potential

## INVESTMENT MERITS

- ICT distribution market leader in Malaysia
- Domestic ICT sector still a growth industry
- Cloud computing and mobility devices to be growth catalysts
- Net-cash balance sheet allows for future expansion
- Dividend policy of 30%, gives commendable dividend yield
- Single digit PE valuation

## INVESTMENT VALUATION

Based on price (30.4.13): RM1.14, No. of Shares: 180.0 mil shares  
NA per share: RM1.08 (as at 31.3.13)

Market Capitalisation (RM'mil)	205.2
Trailing PE Ratio	7.3x
Trailing EV/EBITDA	3.6x
Price/Book Ratio	1.1x
Historical Net Dividend Yield*	4.8%

\*based on FY2012's dividend of 5.5 sen per share