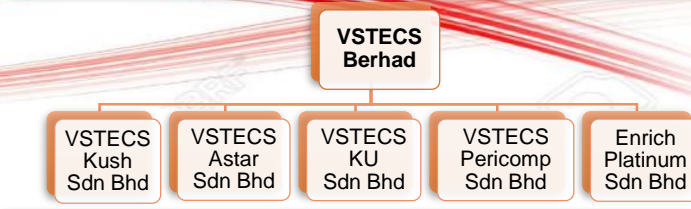


**BUSINESS OVERVIEW**

VSTECS Berhad, (“VSTECS” or “the Group”), is a leading distribution hub for Information & Communications Technology (ICT) products in Malaysia. Listed on the Main Market of Bursa Malaysia Securities Berhad on 15 April 2010, the Group is an associate company of VSTECS Holdings Limited which is one of the leading ICT distributors in the Asia Pacific, with access to a network of more than 25,000 channel partners across China, Thailand, Malaysia, Singapore, Indonesia, the Philippines, Cambodia and Myanmar.

VSTECS distributes a comprehensive range of ICT products comprising notebooks, personal computers, smartphones, smartwatches, tablets, printers, software, network and communication infrastructure, servers, and enterprise software with more than 40 leading principals. With a nationwide channel network of more than 6,600 resellers comprising retailers, system integrators and corporate dealers, VSTECS also provides value-added product support and technical services

**CORPORATE STRUCTURE**



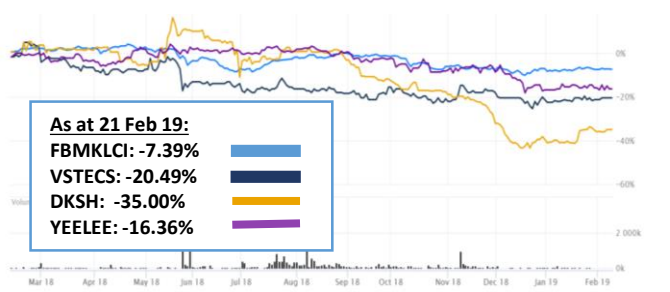
**KEY FACTS**

|                           |                                   |                   |                                       |
|---------------------------|-----------------------------------|-------------------|---------------------------------------|
| <b>34</b>                 | <b>6,600+</b>                     | <b>40+</b>        | <b>40+</b>                            |
| Years in ICT Distribution | Resellers in Distribution Network | Global ICT Brands | Certified Technical Support Personnel |

**SHARE INFORMATION**

|  |                  |
|--|------------------|
| Listed Market                                    | Main Market      |
| Sector   | Technology       |
| Stock Code / Stock Name                          | 5162/ VSTECS     |
| Issued and Paid-up Share Capital (No. of shares) | 180.0 million    |
| Share Price ( as at 13 February 2019)            | RM0.97           |
| 52 week low / high (RM)                          | 0.91 / 1.28      |
| Market Capitalisation (as at 13 February 2019)   | RM 174.6 million |
| PE Ratio - ttm ( as at 13 February 2019)         | 7.08 times       |
| FYE  | 31 Dec           |
| Shariah-compliant                                | Yes              |

**1-Year Share Price Performance**



Source: Wall Street Journal

**PRODUCT RANGE AND SERVICES**

| ICT DISTRIBUTION   | ENTERPRISE SYSTEM  | ICT SERVICES   |
|--|--|--|
| <ul style="list-style-type: none"> <li>• Notebooks</li> <li>• Personal Computers</li> <li>• Smartphones</li> <li>• Tablets</li> <li>• Wearables</li> <li>• Drones</li> <li>• VR Goggles</li> <li>• Printers &amp; Suppliers</li> <li>• Software</li> </ul> | <ul style="list-style-type: none"> <li>• Servers</li> <li>• Network Systems</li> <li>• Data Centre</li> <li>• Enterprise Software</li> <li>• Cloud Services</li> </ul> | <ul style="list-style-type: none"> <li>• More than 40 engineering personnel providing support for ICT products.</li> <li>• Over 200 certifications from 15 principals</li> </ul> |

**COMPETITIVE ADVANTAGES**

- Established name in ICT industry
- Partnership with key ICT players
- Wide range of ICT products
- Strong technical support team
- Time-tested distribution infrastructure
- Effective financial management

**INVESTMENT HIGHLIGHTS**



**01. Market Leader in ICT Distribution**

- 34 years in the ICT industry
- Comprehensive ICT products
- Broad distribution channels
- Continuously eyeing for expansion



**02. Proven capability to evolve with the industry and weather challenging market conditions**

- Strategic expansion of product portfolio into IoT market in tandem with changing consumer trends
- Established reputation to obtain distribution rights from big-name brands



**03. Inexpensive valuation with competitive dividend yields**

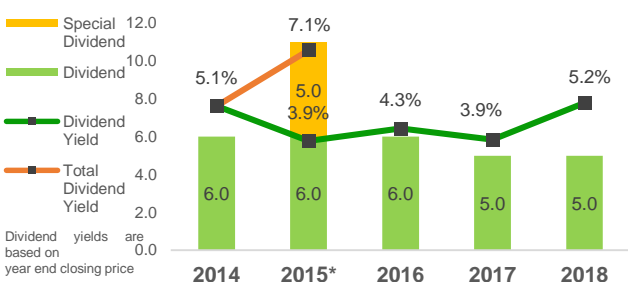
- Undemanding value compared with functional peers
- Net cash position
- Dividend pay-out of more than 30% from PAT
- Share price currently trading below Net Tangible Asset value

## PRINCIPALS

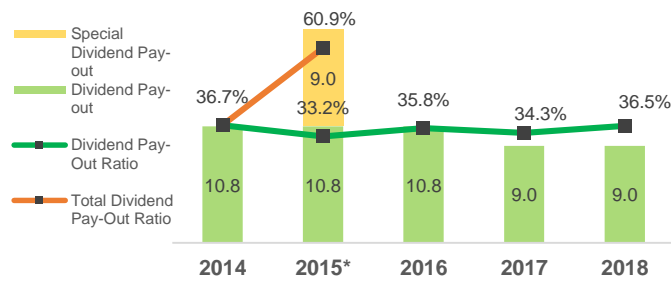


## DIVIDEND HIGHLIGHTS

Dividend per Share and Dividend Yield



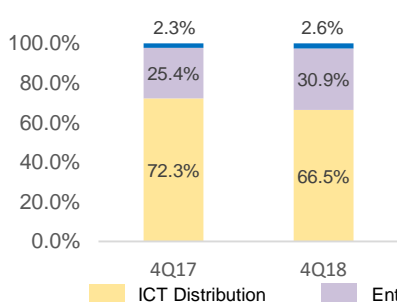
Dividend Pay-Out (RM million)



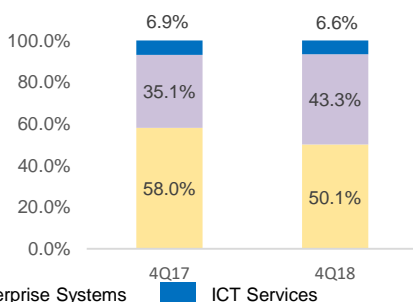
\* Including a special dividend of 5.0 sen per ordinary share in conjunction with ECS's 30th anniversary in 2015

## REVENUE AND GROSS PROFIT HIGHLIGHTS

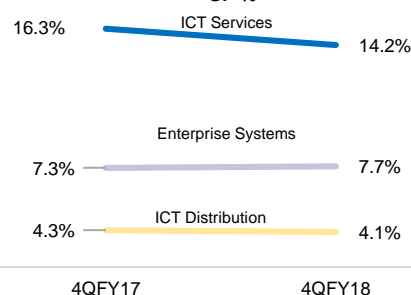
Revenue Contribution



GP Contribution



GP %



| (RM'mil)           | Revenue      |              |                | Gross Profit |             |               | Gross Profit % |              |
|--------------------|--------------|--------------|----------------|--------------|-------------|---------------|----------------|--------------|
|                    | 4Q17         | 4Q18         | YoY            | 4Q17         | 4Q18        | YoY           | 4Q17           | 4Q18         |
| ICT Distribution   | 359.4        | 296.7        | -17.5%         | 15.3         | 12.3        | -19.7%        | 4.3%           | 4.1%         |
| Enterprise Systems | 126.5        | 137.9        | 9.0%           | 9.3          | 10.6        | 14.6%         | 7.3%           | 7.7%         |
| ICT Services       | 11.2         | 11.5         | 2.4%           | 1.8          | 1.6         | -11.3%        | 16.3%          | 14.2%        |
| <b>Total</b>       | <b>497.2</b> | <b>446.1</b> | <b>10.3%</b> ↓ | <b>26.4</b>  | <b>24.5</b> | <b>7.1%</b> ↓ | <b>5.3</b>     | <b>5.5</b> ↑ |

Group's Revenue Fell Mainly due to Weaker Consumer Spending from Market Uncertainty and Reintroduction of SST

| (RM'mil)           | Revenue        |                |                 | Gross Profit |             |                | Gross Profit % |               |
|--------------------|----------------|----------------|-----------------|--------------|-------------|----------------|----------------|---------------|
|                    | FY17           | FY18           | YoY             | FY17         | FY18        | YoY            | FY17           | FY18          |
| ICT Distribution   | 1,419.9        | 1,137.4        | -19.9%          | 54.5         | 45.8        | -16.0%         | 3.8%           | 4.0%          |
| Enterprise Systems | 382.5          | 455.1          | 19.0%           | 27.0         | 34.7        | 28.5%          | 7.1%           | 7.6%          |
| ICT Services       | 35.8           | 39.9           | 11.2%           | 6.0          | 6.3         | 5.7%           | 16.7%          | 15.9%         |
| <b>Total</b>       | <b>1,838.3</b> | <b>1,632.3</b> | <b>-11.2%</b> ↓ | <b>87.5</b>  | <b>86.8</b> | <b>-0.8%</b> ↓ | <b>4.8%</b>    | <b>5.3%</b> ↑ |

Overall Revenue Fell due to Lower Contribution From ICT Distribution Segment and a Marginal Lower GP due to Better Product Mix