

Press Release

For Immediate Distribution

VSTECS SETS NEW HEIGHTS WITH RECORD NET PROFIT OF RM67.4 MILLION IN FY2023

Declares Second Interim Dividend of 4.1 sen per share

KUALA LUMPUR, 27 February 2024 - VSTECS Berhad (“VSTECS”, 偉仕佳杰, Stock Code:5162), Malaysia’s leading Information & Communications Technology (“ICT”) distributor has today released its fourth quarter financial results for the three (3) months ended 31 December 2023 (“**4Q FY2023**”).

In 4Q FY2023, VSTECS registered a revenue of RM807.2 million, a significant increase of 18.1% compared to the preceding year's corresponding period (“**4Q FY2022**”), mainly attributable to the improved performance from the ICT Distribution and Enterprise System segments. The increase in net profit outpaced revenue, rising by 32.6% to RM24.2 million, compared to RM18.3 million in 4Q FY2022.

For the full year ended 31 December 2023 (“**FY2023**”), the Group posted revenue of RM2.73 billion which was slightly below the revenue of RM2.77 billion in the previous financial year (“**FY2022**”). Despite the challenging economic sentiments in 2023, VSTECS achieved a 13% increase in net profit to RM67.4 million, its highest achievement to-date, versus RM59.7 million in FY2022. The Group continued to generate healthy cash inflow from operating activities amounting to RM107.6 million, ending the year with a net cash position of RM111.6 million. Together with this set of results, VSTECS also declared a second interim dividend of 4.1 sen per share to reward shareholders, payable on 16 May 2024. Aggregate dividends of 6.6 sen per share or a total quantum of RM23.5 million, representing a payout ratio of 35%, has been declared in respect of FY2023.

Financial Summary (Unaudited Consolidated Results)						
RM'000	4Q FY2023	4Q FY2022	Change	FY2023	FY2022	Change
	31.12.23	31.12.22	(%)	31.12.23	31.12.22	(%)
Revenue	807,245	683,238	18.1%	2,727,185	2,770,614	-1.6%
Gross Profit	42,197	39,915	5.7%	153,853	149,783	2.7%
Profit Before Tax	24,917	24,084	3.5%	82,796	80,112	3.4%
Profit After Tax	24,200	18,252	32.6%	67,426	59,680	13.0%
Basic Earnings Per Share (sen)	6.8	5.1	32.6%	18.9	16.7	13.0%
Weighted average number of ordinary shares ('000)	356,555	356,555	-	356,555	356,555	-

Chief Executive Officer of VSTECS, **Mr. JH Soong <宋昭雄>** commented: "We are grateful to achieve a new record financial performance in FY2023, a testament to our resilience in a challenging market. While consumer spending was subdued during the year, our Enterprise Systems and ICT Services segments performed well, driving improved profitability.

As businesses continue to invest in AI, cybersecurity and automation, enterprise spending on technology will continue on an upward trend. VSTECS' involvement in satellite internet connectivity and AI solutions showcases our commitment to bringing cutting-edge technologies to Malaysia. We are actively expanding our offerings through strategic partnerships with leading global brands, particularly in the booming cloud and data centre space. Malaysia's emergence as a major data centre hub presents abundant opportunities, and we're strategically positioned to capitalise on them.

Looking ahead to 2024, we're confident in the continued growth of the enterprise segment, especially with more public sector projects coming on-stream. Additionally, we hold an optimistic outlook for the recovery of the ICT Distribution sector in 2024, driven by the expected broader economic rebound and a resurging replacement cycle. 2024 is poised to be a pivotal year, where we envisage the expansion of both our consumer and enterprise segments, laying the platform for a sustained growth trajectory", 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.vstecs.com.my.

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