

## On a Strong Foundation for Growth

**Singapore, 28 February 2011** - For the twelve months ended 31 December 2010 ("FY2010"), the ECS Group reported a 38.8% increase in net profit to a record high \$53.0 million from \$38.2 million in FY2009. FY2010 net profit margin also rose to 1.7% from 1.2%.

The Group also proposed a first and final dividend of 3.6 cents – its highest ever.

EPS increased to 14.51 cents from 10.45 cents while NAV increased to 81.18 cents from 71.03 cents.

This year, leading regional information and communications technology (ICT) company ECS Holdings Limited is targeting product and geographical expansion. ECS, which is one of Asia Pacific's leading ICT distributors, is working towards an ambitious goal: to aggressively grow its revenue for the next few years, and it is doing so by implementing a series of adjustments in nearly every aspect of its operations.

On the product end, ECS is moving to increase the profitability of its portfolio by concentrating on emerging technologies and service offerings. Mobile devices are now driving the market and have sent consumer spending skyrocketing, and the Group is capitalising on this with fervour. Last year, for instance, its China subsidiary successfully secured contracts to handle the distribution of Apple's iPad and iPhones in China.

ECS also sees a potentially strong complimentary revenue stream in the demand for mobile device accessories, says Mr Narong Intanate, Group CEO of ECS. The Group, in fact, is currently the only authorised distributor in the five ASEAN countries where ECS has a presence for Japanese manufacturer Buffalo, and is now moving to expand Buffalo's products and accessories in these countries. "We anticipate untapped potential for the growth of the distribution business in these areas," says Mr Intanate.

ECS has also concluded regional agreements to distribute Lenovo's notebook computers, and both notebooks and servers from Dell.

To ensure such agreements go through smoothly, the Group is also trying to engage its key vendors regionally rather than as independent countries. This is key to improving its economies of scale – a vital component of any distributor's operations – and will soon become even more important. This year, double-digit growth is projected in most of the regional ICT markets where ECS already has a strong presence.

Now, the Group is further moving to take advantage of the anticipated growth by establishing its presence not just in the most developed areas, but also in the emerging fourth and fifth tier cities – those at county level, where the market is just starting to grow.

Still further afield, ECS has set its sights on other countries in Asia Pacific and is presently on the lookout for strategic partners who can help it enter the markets there. Making a foothold in emerging countries has been on ECS' radar for quite some time now and the Group is ready to move into them once an opportunity presents itself.

On top of all this, ECS, which has been listed on the Singapore Exchange since 2001, is now planning a secondary listing in Taiwan through issuing Taiwan Depository Receipts. It hopes to debut on the Taiwan Stock Exchange by the middle of this year, and hence to raise funds for expanding its business primarily in China and Indonesia. The Group hopes to achieve a high valuation in Taiwan, where investors, according to Mr Intanate, are highly savvy about technology stocks. At the same time, the listing is expected to raise the Group's profile and improve the value of ECS shares for investors here in Singapore. "We hope that this will eventually maximise our growth potential in the best interest of our shareholders," he says.

Internally, ECS is moving to further develop its management team, including grooming a new generation of leaders to preserve the Group's continuity. Towards this end, the Group has already initiated several new programmes to oversee leadership and employee development throughout the whole ECS Group, with an eye to identifying and training the best of the Group's talent pool.

The Group is also fine-tuning its working capital management as part of its ongoing policy to improve operational efficiency and cost control. Some of the benefits it has already seen include a shorter cash conversion cycle, enhanced return on capital employed and, most importantly, improved operating cash flows. Its programmes, which helped it tide over the plunge in the ICT markets during the financial crisis and recession, are now expected to pay off handsomely.

"We believe that we are on a growth trajectory boosted by overall industry conditions as well as our own ongoing corporate and business initiatives," added Mr Intanate.

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**About ECS Holdings Limited ("ECS")**

*Listed on Singapore Exchange Mainboard since 2001, ECS is a leading ICT products and services provider, serving a wide regional customer base. The Group has 39 offices in six countries namely China, Thailand, Malaysia, Singapore, Indonesia and the Philippines. The three main businesses are Enterprise Systems, IT Services and Distribution. Enterprise Systems Division designs, installs and implements IT infrastructure for companies, while IT Services Division provides a comprehensive range of professional, technical support and training services. Leading IT vendors use ECS' network of over 23,000 channel partners in the region to distribute their products. ECS has a consistent profit track and a management that is focused on operational excellence to achieve sustainable profit growth and enhance shareholder returns.*

*For more information, please log onto: <http://www.ecs.com.sg>*