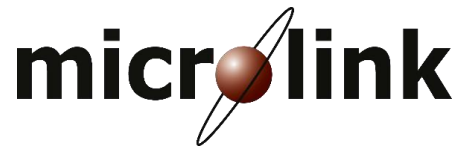


## MICROLINK SOLUTIONS BERHAD



### ACE Market | Technology

Microlink Solutions is an information and communications technology (ICT) solutions integrator and provider. Our key business activities are: Financial Services, Enterprise Solutions, Distribution Services and Solution Delivery. Our customers are in the banking, insurance, manufacturing, logistics, telecommunications, energy and public sectors.

Stock Code	0126
Market Cap (RM m)	582.2
Share Outstanding (m)	970.4
Current Price (RM)	0.60
52-week range (H)	0.71
52-week range (L)	0.43

#### [Company profile](#)

### 1. Could you give us a brief introduction to your company and history?

Microlink Solutions Berhad was established in 1994, as a core banking solutions provider for both conventional and Islamic for the Financial Services and Insurance (FSI) industry, in Malaysia and Brunei. It was listed on the ACE Market of Bursa Malaysia Securities in June 2006.

In FY2015, Microlink Group underwent a transformation. We consolidated, realigned and streamlined our solutions and offerings following the transfer of six businesses from our parent company Omesti Berhad.

Today, the Microlink Group of companies focuses on building excellence and capacity in the following areas:

- **Solution Integrator** - With expertise to design, build, deploy and manage the project/delivery to achieve desired business outcomes through implementation of cutting-edge technology
- **Solutions Provider / Innovator** - Development of proprietary products and leveraging solutions from other technology partners with the aim of eventually localising and creating proprietary products
- **Trading Services** - Facilitate hardware and software trading for global companies. Additionally, Microlink has expanded its coverage beyond the Financial Services and Insurance (FSI) industry to serve the Telco and the Public Sector (government and GLCs). The focus however remains the same: helping customers overcome IT transformation challenges, essentially bridging the gap between business expectations and IT investments, followed by a concerted implementation delivery effort to meet the agreed timeline and budget allocated. This enables customers to focus on their core business and respond swiftly to shifts in the market.

### 2. Describe your recent financial performance.

The Group's revenue for the second quarter ended 30 September 2021 increased by 2% to RM63.0 million compared to a year ago. The Enterprise Solutions segment saw the biggest jump in sales by 274% to RM12.1 million. However, revenue from other segments offset the growth as Financial Services segment sales declined by 11% to RM10.4 million while the Distribution Services segment fell by 4% year-on-year to RM43.8 million. Net profit for the quarter surged hiked by 55.5% year-on-year to RM7.1 million due to higher sales and better gross profit margin (28.4% in 2QFY21 versus 21.1% in 2QFY20). Pre-tax profit for Enterprise Solutions surged by 1001% year-on-year to RM8.1 million while

Distribution Services rose by 90% year-on-year to RM1.1 million. On the other hand, pre-tax profit for the Financial Services segment fell by 98% to RM0.07 million from RM4.8 million a year ago.

**Against the immediate preceding quarter, pretax profit increased by 18% to RM8.1 million as revenue swelled by 50% quarter-on-quarter to RM63.0 million.**

For the first six months, net profit jumped by 81.3% to RM13.6 million compared to the same period last year. This comes on the back of sales that improved by 8.1% year-on-year to RM104.9 million due to higher contribution from the Enterprise Solutions and Distribution Services segments as well as higher gross profit margin during the period.

[Microlink's financial result for the second quarter ended 30 September 2021](#)

### ***3. What are your key success factors?***

By being agile and dynamic, we are able to adapt and respond swiftly to the changes in market conditions.

Technical competency is also key. We keep up-to-date with the latest trends in technology and offer the best-fit solution for our customers. This is achieved through up-skilling, re-skilling of internal resources as well as hiring the right external resources and working with the right solution providers and partners.

### ***4. How has Covid-19 impacted your business?***

The Covid-19 pandemic has caused major disruptions to organisations and individuals. As a result of the successive Movement Control Orders (MCO) imposed by the Malaysian Government since March 2020, there has been a marked acceleration in the adoption of digitalisation, with the pandemic acting as a powerful catalyst.

All businesses have been forced to adapt and transform digitally in order to meet their respective customers' needs and business objectives and stay relevant, resilient and remain competitive. In some instances, this has provided the Microlink Group with opportunities to work with our partners and customers to create new business models from digital technologies that are able to disrupt traditional ways of working.

That said, there has been a marked decline in ICT expenditure, particularly on mega projects, with client priorities switching to budget controls and cash conservation. This has resulted in significant delays in the award of some projects that were expected to have materialised, attributed to uncertainties as well as re-evaluation of business priorities.

### ***5. What are the challenges you face in the current environment besides Covid-19?***

One of the challenges of any business involving the pursuit of large-scale projects is the long lead time required to secure such projects. Bearing that in mind, equal importance is placed on securing smaller scale quick-win projects to expedite deployment and subsequent invoicing and collection.

Technology is evolving at a rapid pace, as such, trained and highly skilled professionals are being sought after by many organisations. Retaining high potential employees has always been a challenge and this situation has been exacerbated by the pandemic. The result has been a noticeably static labour market where skilled talents are hesitant to change jobs due to the ongoing economic uncertainty. At Microlink, we believe in investing in our employees to bridge skills gap where necessary, keeping them engaged, understanding their source of motivation and empowering them to take on larger responsibility to keep them inspired and committed.

## **6. What are the Group's plans for acquisitions and JVs?**

Microlink aspires to be a global Solution Integrator, with strong skillsets and experience in the delivery of complex implementations. As the global economy begins to rebuild and recover from the pandemic, we will continue to seek strategic partnerships, to grow our presence in the industries where we participate in and plan to expand to. Our aim is to be able to localise and customise the solutions provided by these partnerships that will lead to the creation of our own products eventually.

## **7. Going forward, what is your strategy for growth? Tell us about any new developments you are working on or exciting projects you have in the pipeline.**

The Group is optimistic on the outlook of the ICT industry given the marked increase in the requirement for businesses to transform digitally and automate their operations. This is further reflected in the MyDIGITAL initiative which includes the Malaysia Digital Economy Blueprint announced by the Government earlier in 2021. Through this initiative, by 2025, the digital economy is expected to contribute 22.6% to the country's gross domestic product and create 500,000 job opportunities in the digital economy. This environment presents significant potential for Microlink Group to participate in and maximise the opportunities presented in both the public and private sectors in pursuit of Malaysia becoming a digitally driven, high income nation and a regional leader in digital economy.

Our strategy is to grow our presence in the industries where we participate and expand into emerging markets by leveraging on partnerships for both solution and delivery. The Group's latest strategic alliances with Chinasoft International Technology Services (Hong Kong) Ltd (Chinasoft International) and Danapuri Sdn Bhd (a member of Dipon Group), respectively, have provided us with the access to a vast portfolio of technology, expertise and network. The partnerships allow us to expand our solution delivery capabilities further. This can be realised through the transfer of technology and skillsets during the implementation of customised and localised solutions.

## **8. Lastly, what is your value proposition and why should investors invest in your company?**

Now more than ever, technology plays a vital role in achieving sustainability and continuity of businesses. Microlink Group focuses on helping organisations overcome IT transformation challenges, by bridging the gap between business expectations and IT investments, followed by a concerted implementation delivery effort to meet the agreed timeline and budget allocated.



Corporate website: <http://www.microlink.com.my/>

*Prepared by Bursa Digital Research*

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