

## Serial System's FY2018 Net Profit Up 85% at US\$17.7M

- Total dividend of 1.86 Singapore cents a share for FY2018

-US\$'000	4Q2018	4Q2017	Change (%)	FY2018	FY2017	Change (%)
Sales	327,617	390,100	(16)	1,527,107	1,492,204	2
Gross Profit	23,387	28,380	(18)	118,609	105,119	13
Gross Profit Margin (%)	7.1	7.3	(0.2) pt	7.8	7.0	0.8 pt
Profit Attributable to Shareholders	156	358	(56)	17,655	9,550	85
Net Profit Margin (%)	0.05	0.09	(0.04) pt	1.2	0.6	0.6 pt
Earnings per Share (US cents)	0.02	0.04	(50)	1.97	1.07	84
NAV per Share (US cents)	15.26 as at 31/12/2018 (15.35 as at 31/12/2017)					

**Singapore, 28 February 2019** – Serial System Ltd (“**Serial System**”, and together with its subsidiaries, the “**Group**”) announced today a 85% increase in earnings for 2018 as revenue and profit margins rose while an asset sale yielded a one-time gain.

The distributor of electronic components and consumer products made a net profit of US\$17.7 million in the 12 months ended 31 December 2018 (“**FY2018**”), up from US\$9.5 million in the previous year (“**FY2017**”). This translates into fully diluted earnings per share of 1.97 US cent for FY2018, compared to 1.07 US cent for FY2017.

Revenue reached an all-time high of US\$1.53 billion in FY2018 from US\$1.49 billion in FY2017, with higher sales of electronic components, especially in Taiwan, South Korea and China, offsetting slightly lower contributions from consumer products distribution. The trade tensions between China and United States and the termination of distribution business with Texas Instruments have impacted the growth of the electronic components distribution business in China and Hong Kong in the third and last quarter of FY2018 which otherwise have grown strongly in the first half of FY2018. Overall gross profit margin edged up to 7.8%, the highest in four years, from 7.0% as the Group focused on more profitable electronic components and consumer products.

Besides higher revenue and profit margins, the Group's bottom line also got a boost from a US\$1.7 million write-back of inventory obsolescence, a 65% decline in allowances for impairment losses on trade receivables, as well as a US\$18.3 million gain from the sale of its entire 27.34% stake in laundry firm SPL Holdings (Australia) Pty Ltd in September 2018.

The Group has proposed a final cash dividend of 0.46 Singapore cent a share. Together with an interim payout of 0.40 Singapore cent and a special dividend of 1.00 Singapore cent a share, the total amount shareholders can expect from its FY2018 financial performance is 1.86 Singapore cents a share. This is higher than the total dividend of 0.75 Singapore cent a share for FY2017.

For the final quarter of 2018 (“**4Q2018**”), the Group made a net profit of US\$0.2 million, down from US\$0.4 million for the same period in the previous year (“**4Q2017**”). Lower earnings in 4Q2018 were mainly due to an adjustment to the gain on disposal of the Group’s 27.34%-owned SPL Holdings (Australia) Pty Ltd, partially off-set by various factors.

These factors include a reversal of an over-provision for tax in Singapore, lower impairment losses on trade receivables, a decline in distribution expenses, and a reversal of professional fees related to the proposed listing of a subsidiary in Hong Kong following the lapse of the listing application in November last year.

In seeking to enhance its value proposition, the Group is reviewing its growth strategies, taking into account the current uncertainty in the global economy, the competitive operating environment for electronic components distribution, the trade tensions between China and United States, as well as the decision by Texas Instruments (“**TI**”) to cease the distribution business with the Group with effect from 30 June 2019.

“Some of the plans that have emerged from this review process have already been put into motion,” said Dr Derek Goh, the Group’s Executive Chairman and CEO. These include a joint venture set up last month with LSD Science and Technology (Hong Kong) Co Limited (“**Lierda HK**”) for the purpose of distributing electronic components in Hong Kong and China, as well as an investment for a 20% stake in Indonesia-listed PT Sentral Mitra Informatika (“**PT SMI**”), a provider of managed print services.

“The joint venture with Lierda HK is expected to have a positive impact on our financial performance in 2019 and is in line with our goal to broaden our reach in Hong Kong and China. Our investment in PT SMI is part of ongoing plans for a more diversified income stream so as to enhance our overall profitability,” said Dr Goh.

**### End ###**

## **Media & Investor Contact Information**

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## **About Serial System Ltd**

Established in 1988 and listed on the SGX Main Board since July 2000, Serial System has developed a synergistic global network that is built on strong partnerships with its suppliers and customers. Today, Serial System has one of the largest distribution networks in Asia, with 30 offices and 13 warehouses throughout Asia Pacific. It also has a wide customer base of more than 7,000, spanning a diverse range of industries such as consumer electronics, household appliances, industrial, telecommunications, electronic manufacturing services, automotive and medical.

Its major suppliers for electronic components include Texas Instruments, ON Semiconductor, SK Hynix, OSRAM Opto Semiconductors and TE Connectivity. Its major suppliers for consumer products include Hewlett-Packard, Intel, Asus, PowerColor and Advanced Micro Devices.

Serial System's ability to align itself with the goals of its customers and suppliers makes it highly responsive to their needs. In meeting their engineering and supply chain needs, Serial System has become their integral component to success.

For more information please visit [www.serialsystem.com](http://www.serialsystem.com)