



SERIAL
新擘集團

ANALYST & INVESTOR PRESENTATION

Monday, 5 July 2021

Your Integral Component to Success

AGENDA

By Moving forward and thinking forward,
Serial System helps its partners to be
more competitive in the marketplace,
today and in the future

- **1Q2021 Performance Highlights & Stock Price Chart**

- **Three Strategies for Recovery & Growth Post-COVID-19**

- **Financial Highlights**

- **Investment Holdings**

- **Outlook**



1Q2021 PERFORMANCE HIGHLIGHTS
& STOCK PRICE CHART

183.102

245.57

1Q2021 PERFORMANCE HIGHLIGHTS

1Q2021 NPAT of US\$2.7 million vs loss of US\$6.5 million in 1Q2020 sharp reversal underpinned by economic rebound in Asia (especially China) after COVID-related shutdowns and growth/recovery strategies, including:

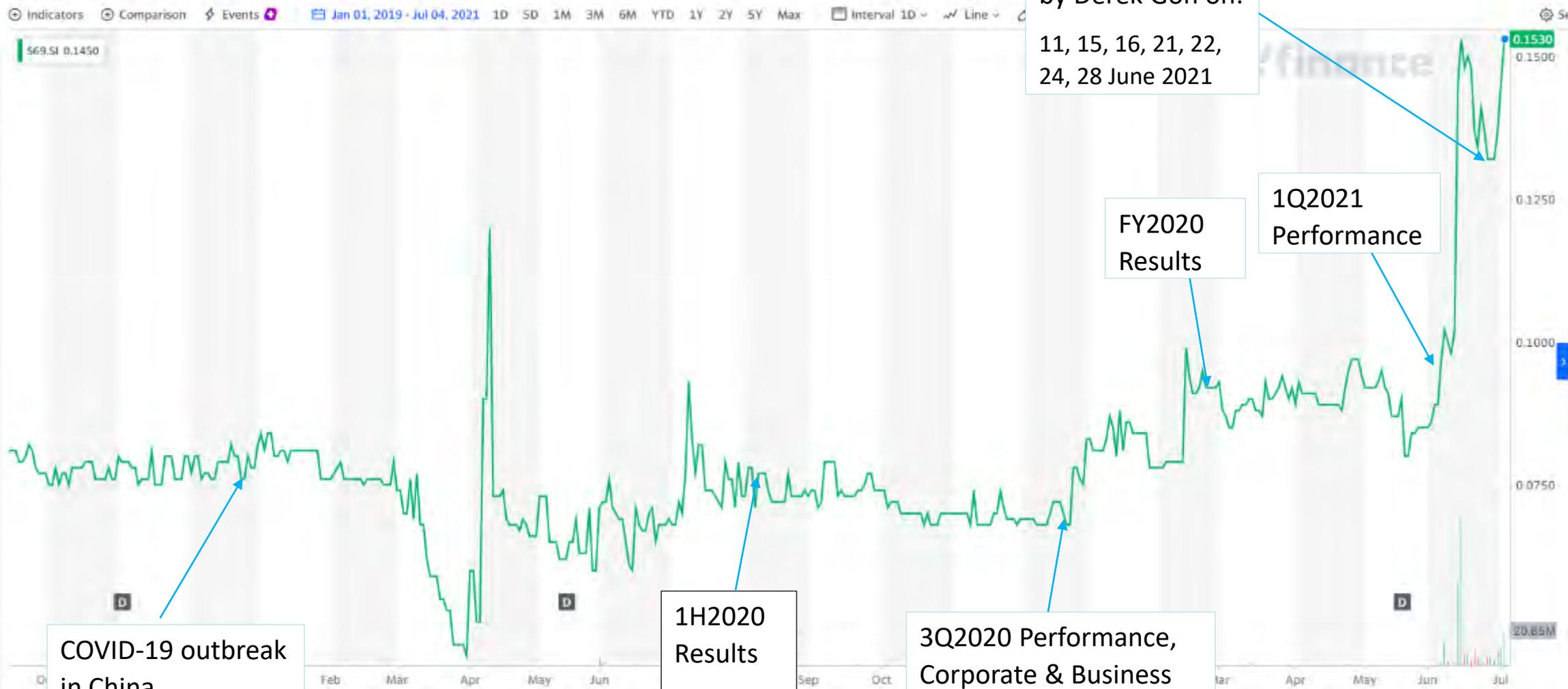
- Widening supplier and customer base for electronic components
- Resetting cost structure and streamlining internal efficiencies
- Growth of computer peripherals business in SE Asia (amid stay-home notices)

1Q2021 performance extends momentum of strategic shift and FY2020 performance (1Q2021 Revenue increased 44% vs 1Q2020)

SERIAL SYSTEM STOCK PRICE CHART



Serial System Ltd (S69.SI) ☆
SES - SES Delayed Price, Currency in SGD
0.1530 +0.0080 (+5.52%)
At close: July 2 5:04PM SGT



COVID-19 outbreak in China

1H2020 Results

3Q2020 Performance, Corporate & Business Update

FY2020 Results

1Q2021 Performance

Share Purchases by Derek Goh on:
11, 15, 16, 21, 22, 24, 28 June 2021

SERIAL SYSTEM AT A GLANCE

One of the largest electronic component distributors in Asia; dealer for a variety of consumer products. Serial System has also invested Healthcare, 3D Printing and other businesses.

SGX Stock Code: SGX:S69 Bloomberg SERL:SP

Total shares in Issue: 895,841,914

Treasury shares: 9,946,000 (1.1% of total shares)

Free float: 38.5%

Major shareholders

Derek Goh Bak Heng: 40.7%

Sam Goi Seng Hui/Tee Yih Jia: 16.5%

EXTENSIVE NETWORK & DIVERSIFIED BUSINESS

Supporting a network of global brands, Serial System is a leading distributor of electronic components in Asia and a dealer for a variety of consumer products. It is also a strategic investor in businesses in healthcare, managed print services and fast moving consumer products.



Electronic Components Distribution



Consumer Products Distribution



Managed Print Services and 3D Printing



Hospitality and Healthcare Solutions



Medical Devices Assembly and Distribution



Fast Moving Consumer Products

RESPONDING TO TWIN CHALLENGES – OUR STRATEGIC SHIFT

Faced two major challenges since end of FY2018 – cessation of relationship with a major supplier, Texas Instruments (“TI”) and COVID-19.

TI had accounted for over 50% of Serial System’s revenue before cessation.

COVID-19 forced all enterprises to re-think their value proposition and cost structures.

Pandemic came amid the ‘tech war’ which affected availability of semiconductors in China.

On 21 December 2020 we announced three strategies to respond to the challenges.



THREE STRATEGIES FOR RECOVERY GROWTH POST COVID-19

STRATEGY #1 - EXPAND PRODUCT PORTFOLIO & SUPPLIER RELATIONSHIPS

Implications of 'Tech War' & Chip Shortage

- China continues to build up technology & semiconductor manufacturing capabilities
- Even as China promotes local foundries, its industries still need foreign-made semiconductors; hence, 'tech war' plays out to Serial System's advantage in view of its track record

Expanded Product Portfolio

- Deepen penetration in 5G infrastructure, EVs and data centres
- Continue to expand product portfolio in these technologies by working closely with suppliers as well as customers

New Supplier Relationships

- Signed on new distributorships directly or formed joint venture partnerships with top semiconductor companies in the world

STRATEGY #2 – RESPONSE TO COVID-19

Catalyst to Improve Internal Efficiencies

Changing workflow practices, reduction of travel-related expenses

- Implemented work-from-home measures and rotating shifts in offices
- Adopted teleconferencing, which significantly reduced travel and accommodation costs

Reduced office/warehouse footprint (-20%) and manpower (-30%)

Will build on early fruits of productivity gains to improve efficiencies even further

GPM improved in 1Q2021

STRATEGY #3 – EXPANSION OF COMPUTER PERIPHERALS & PRINT SERVICE BUSINESSES

Increased activities in Malaysia during pandemic

- Business momentum improved due to new product launches from Intel, AMD and Gigabyte
- Benefited from work-from-home measures and Movement Control Order in Malaysia

Expanded Managed Print Services, foray into 3D-Printing

- Entered Thailand MPS market (in addition to Singapore and Indonesia)
- Signed up an Asia-wide franchise with Netherlands-based 3D-Printing leader, Ultimaker

CONSUMER PRODUCTS DISTRIBUTION

Achieva Technology Group

- The Group's 100%-owned subsidiary: Achieva Technology Sdn. Bhd.
- Major suppliers include AMD, Intel and Gigabyte.
- Achieva Technology works closely with partner brands to both fulfil their distribution needs and to create a one-stop solution for their customer needs in both end-user and enterprise markets.
- In the modern e-commerce market, Achieva Technology already maintains key channels on online platforms such as Qoo10 and Lazada.



Swift-Value Business Pte. Ltd.

- The Group's 100%-owned subsidiary: Swift-Value Business Pte. Ltd.
- Major suppliers include Hewlett-Packard (HP), Epson and Canon. Also the authorized reseller of products from major brands such as Fuji Xerox, Samsung and Panasonic.
- Swift-Value is the largest HP printer supplies distributor, having captured over 45% of the Singapore market. They keep their top spot by maintaining close relationships with hundreds of customers, ranging from heartland operators to large retail superstores such as Popular.
- Providing fast and value-added service and having the ability to retain customer loyalties help Swift-Value offers an extensive and consistent network for their suppliers and partner brands.

CONSUMER PRODUCTS DISTRIBUTION

Managed Print Services



Proven Quality and Reliable Solutions

Certified, Skilled and Dedicated Staff

We Work With Your IT



- Started in 2014, Singapore-based Print-IQ is 91.43% owned by Serial System
- Provides managed print services and maintains and distributes copiers and printers
- Premier partner for HP copiers
- Partner for top 3D printer brand, Ultimaker



- Set up in 2008, PT SMI is 20% owned by Serial System since November 2018
- Listed on Development Board of Indonesia Stock Exchange

Under the managed print services business model, companies outsource their printing, scanning and copying functions, as well as the management of the equipment, to external service providers like Print-IQ and PT SMI. This reduces their operating costs and wastage.

OTHER BUSINESSES

Part of Group's diversification into investment holding of high-margin companies



Serial MultiVision Pte. Ltd. (100%-stake)



- Core businesses: Hospitality and Healthcare solutions
- Hospitality solutions: Built based on a core venue management application suite known as Venue360.
- Leading edge modules within Venue360: Electronic meal ordering system (eMOS), Intelligence Room Infotainment Solution, Digital Media Content Management System, and Incident Tracking and Reporting System.
- Clients: Khoo Teck Puat Hospital, Ng Teng Fong General Hospital, Jurong Community Hospital, Changi General Hospital, Institute of Mental Health, St Andrew's Hospital, Gleneagles Hospital, Mount Elizabeth Orchard, Parkway East Hospital, Parkway Mount Elizabeth Novena, Yishun Community Hospital, Sengkang Hospital, Sengkang Community Hospital, Alexandra Integrated Health, Bright Vision Community Hospital, Ang Mo Kio Thye Hwa Kwan Hospital and the new Woodlands Health Campus.

Contract Sterilization Services Pte Ltd (100%-stake)



- Assembly and distribution of medical devices
- Offers full range of standard and customised perfusion tubing packs marketed over the Asia-Pacific region:
 - Customized Heart Lung Pack
 - Blood Cardioplegia Set
 - Angio Pack
 - Sterile Procedural Pack
 - SurgiAid® Collagen Wound Dressing
- Company is ISO 13485-certified and its perfusion products bear the coveted CE certification mark.



The background features a complex financial visualization. It includes a bar chart with orange bars of varying heights, overlaid with a white line graph that has circular markers at each data point. Some data points are labeled with numerical values: 183.102, 154.178, and 245.57. The overall aesthetic is modern and professional, with a dark background and vibrant orange and white colors.

FINANCIAL HIGHLIGHTS

1Q2021 FINANCIAL HIGHLIGHTS

Snapshot of 1Q2021 Performance

| US\$'000 | 1Q2021 | 1Q2020 | Change (%) |
|---|---------|---------|------------|
| Sales | 223,332 | 154,692 | 44 |
| Gross Profit | 17,295 | 9,159 | 89 |
| Gross Profit Margin (%) | 7.7 | 5.9 | 1.8 ppt* |
| Net Profit After Tax (Attributable to shareholders) | 2,699 | (6,460) | NM^ |
| EPS - fully diluted (US cents) ⁽¹⁾ | 0.30 | (0.72) | NM^ |

* ppt – Percentage Points

^ NM- Not meaningful

FY2020 FINANCIAL HIGHLIGHTS

Snapshot of FY2020 Performance



| US\$'000 | FY2020 | FY2019 | Change (%) |
|---|-------------------|-------------------|------------|
| Sales | 731,400 | 791,637 | (8) |
| Gross Profit | 45,896 | 54,191 | (15) |
| Gross Profit Margin (%) | 6.3 | 6.8 | (0.5) ppt |
| Net Profit After Tax (Attributable to Shareholders) | 261 | 8,032 | (97) |
| EPS - fully diluted (US cents) ⁽¹⁾ | 0.03 | 0.90 | (97) |
| NAV per share (US cents) ⁽²⁾ | 31/12/2020: 15.81 | 31/12/2019: 15.55 | |

(1) Earnings per ordinary share on a fully diluted basis are computed by dividing net profit attributable to equity holders of the Company by the weighted average number of shares in issue during the period of 895,841,914 after adjusting assumed conversion of all potential dilutive ordinary shares.

(2) Net assets value per ordinary share as at 31 December 2020 and 31 December 2019 is calculated based on the net assets value attributable to the equity holders of the Company as at the end of the respective period and the respective aggregate number of ordinary shares of 895,841,914.

FY2020 HIGHLIGHTS

Revenue of US\$731.4M in FY2020, a decrease of 8% from US\$791.6M in FY2019

- Revenue for 2H2020 was 33% higher than 1H2020
- Improvement in 2H2020 was due to recovery in business activities, particularly in China where economy has rebounded.
- Turnover for electronic components distribution business is recovering from the termination of supplier relationship with Texas Instruments (“TI”).
- Excluding impact due to TI termination, turnover for the segment increased by 2%, despite the impact from COVID-19.
- Consumer products distribution business sales increased 44% amid higher demand for tele-conferencing and computer accessories due to movement control order imposed by the Malaysian government.
- Turnover for other businesses more than doubled to US\$9.6 million (FY2019: US\$4.7 million), mainly due to contribution from two Singapore subsidiaries in the distribution and trading of global fast-moving consumer goods.

Gross profit margin declined to 6.3% in FY2020

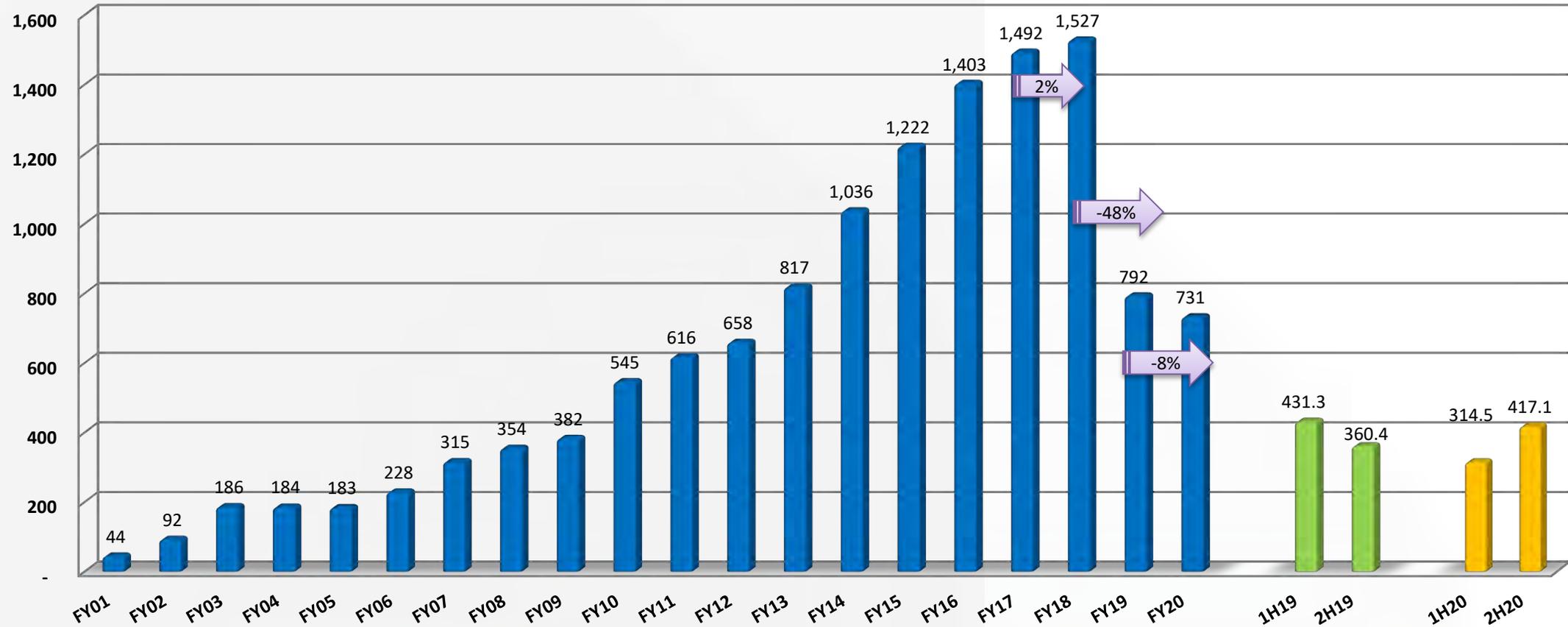
- Mainly due to lower margins achieved by all business divisions as a result of keen market competition in a challenging environment as a result of the COVID-19 pandemic.

Net profit of US\$0.3M in FY2020 compared to NPAT of US\$8.0M in FY2019

- Net profit of US\$4.8M in 2H2020 reversed net loss of US\$4.5 million in 1H2020.

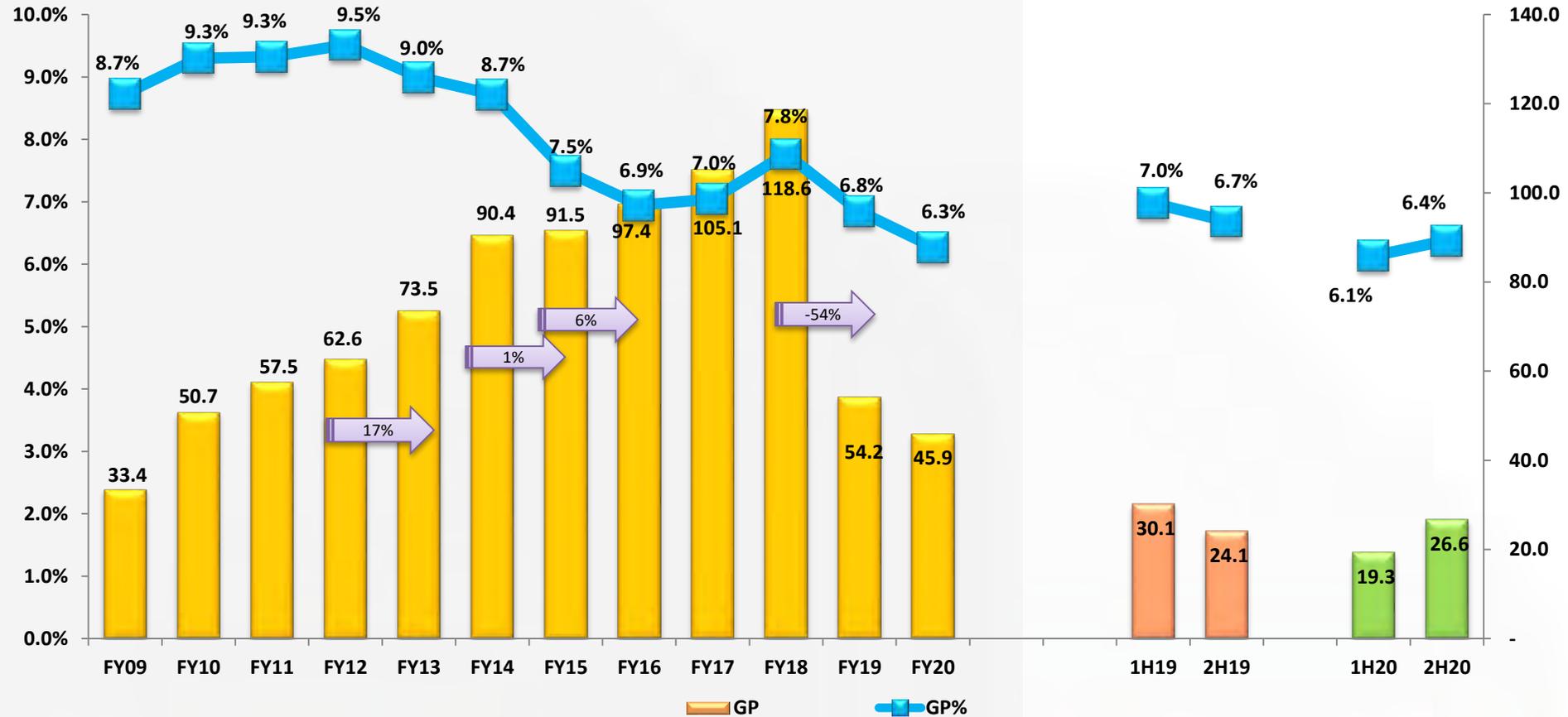
REVENUE TREND

Revenue (US\$' million)



PROFITABILITY

Gross Profit & Gross Profit Margin (US\$' million)



PROFITABILITY

Net Profit & Net Profit Margin (US\$' million)



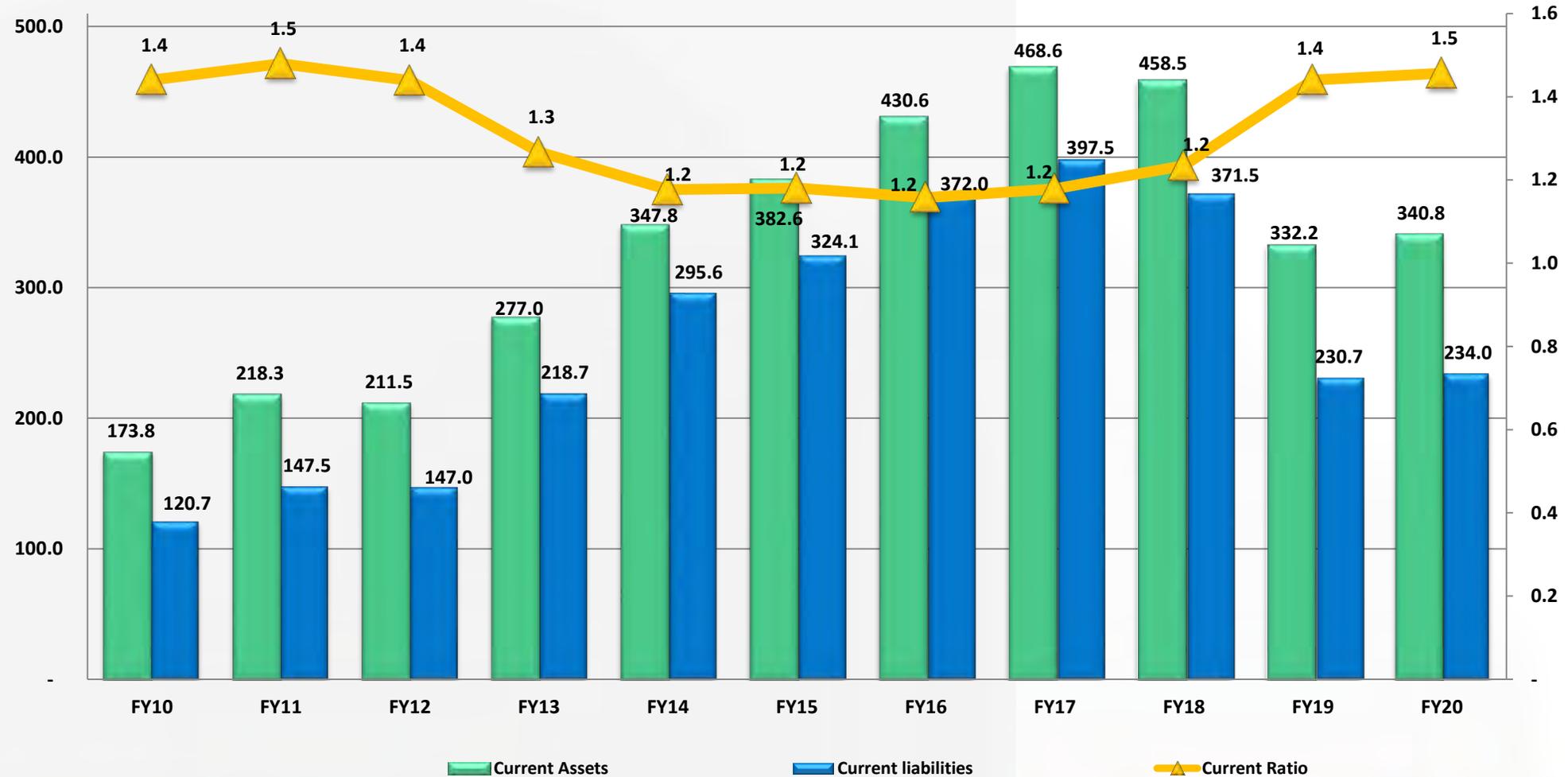
PROFITABILITY

EBITDA (US\$' million)



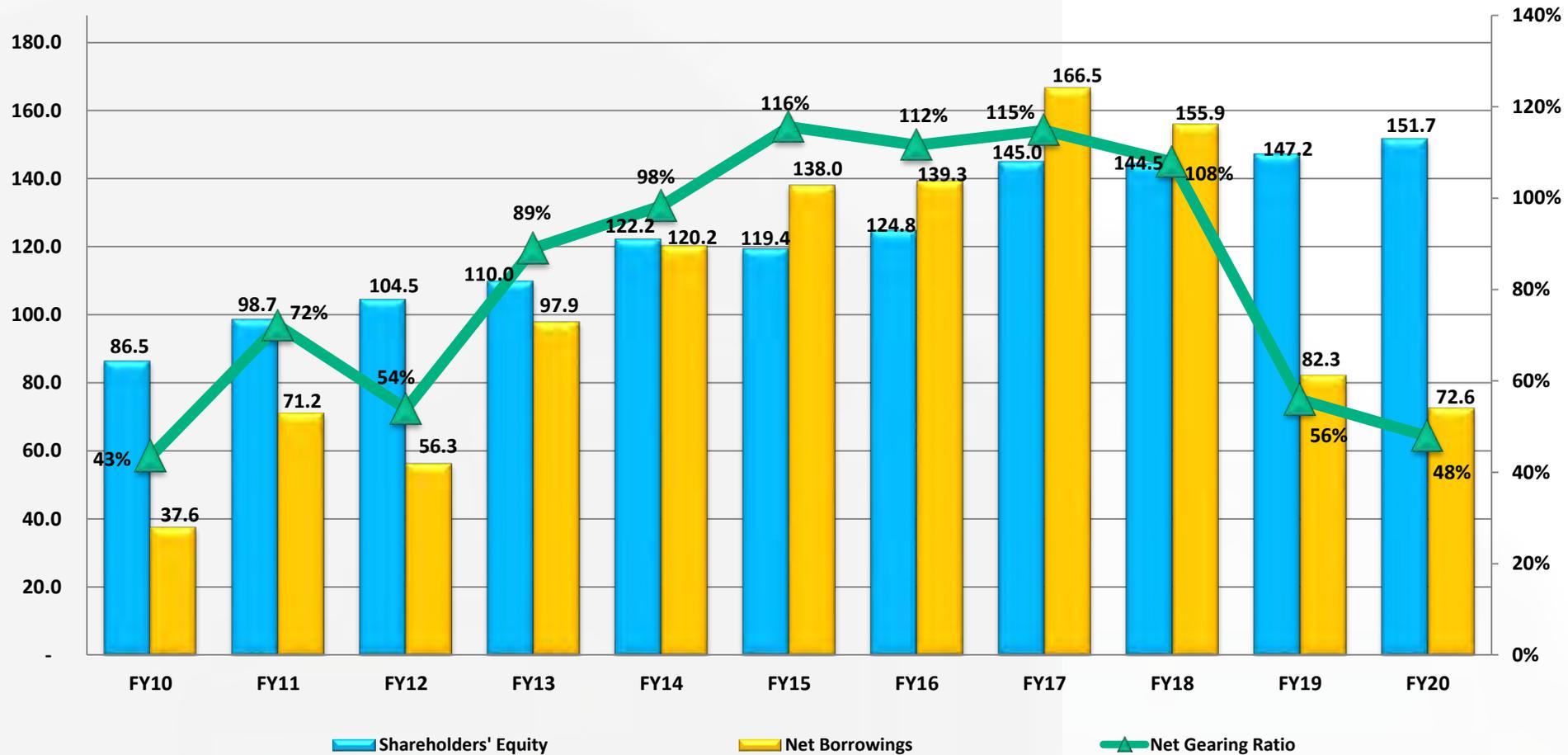
FINANCIAL POSITION

Maintaining Healthy Current Ratio



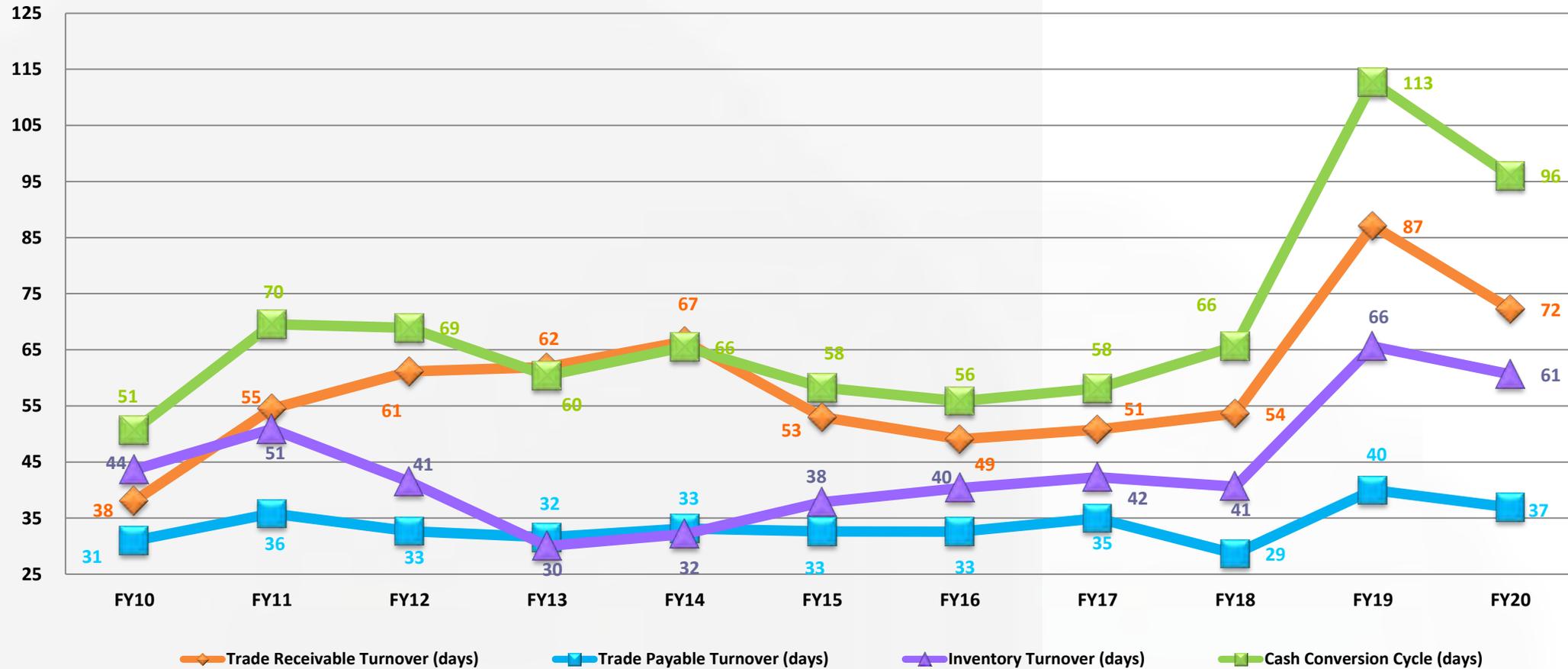
FINANCIAL POSITION

Net Gearing Ratio

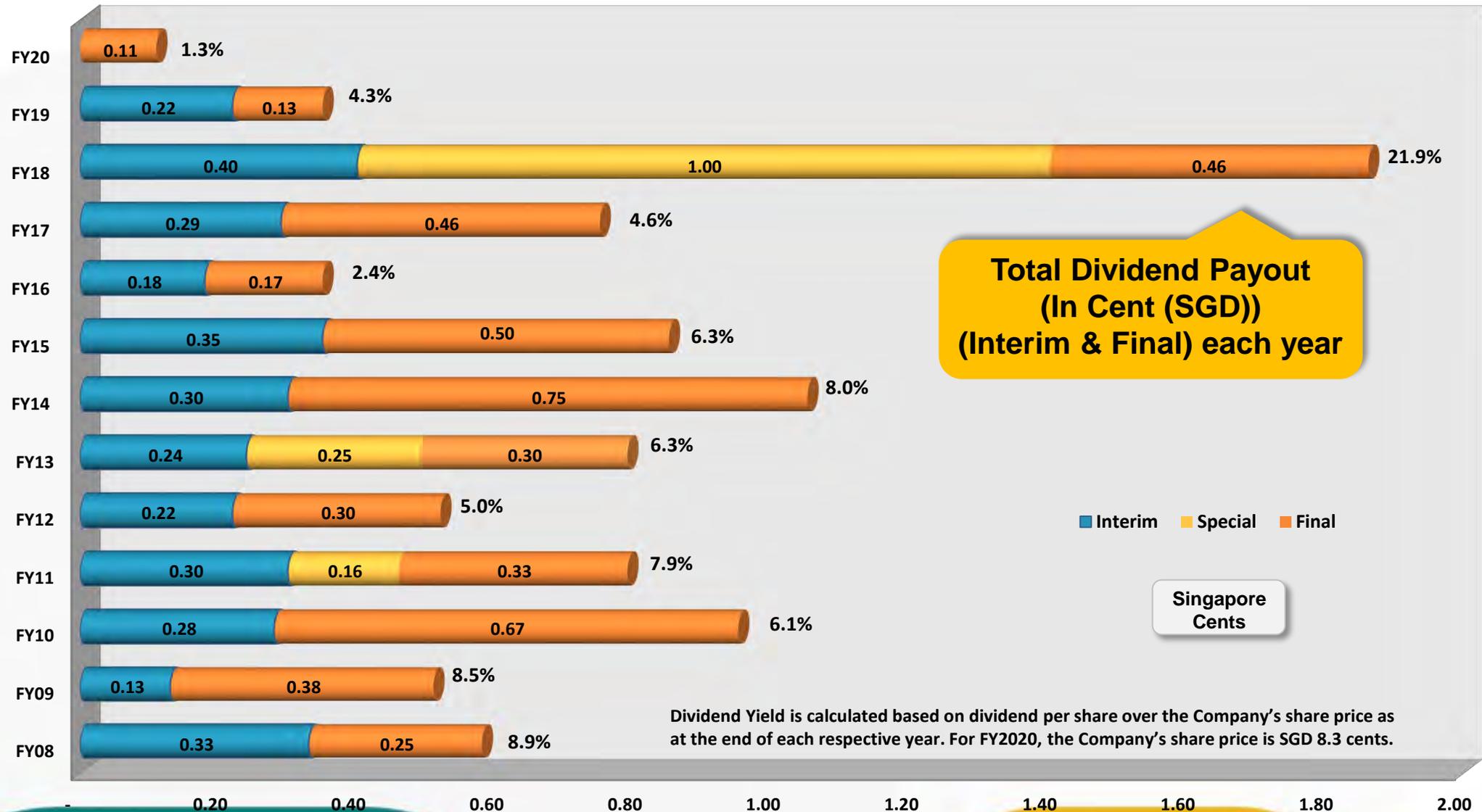


FINANCIAL POSITION

Cash Conversion Cycle (days)



DIVIDEND YIELD



**Total Dividend Payout
(In Cent (SGD))
(Interim & Final) each year**

■ Interim ■ Special ■ Final

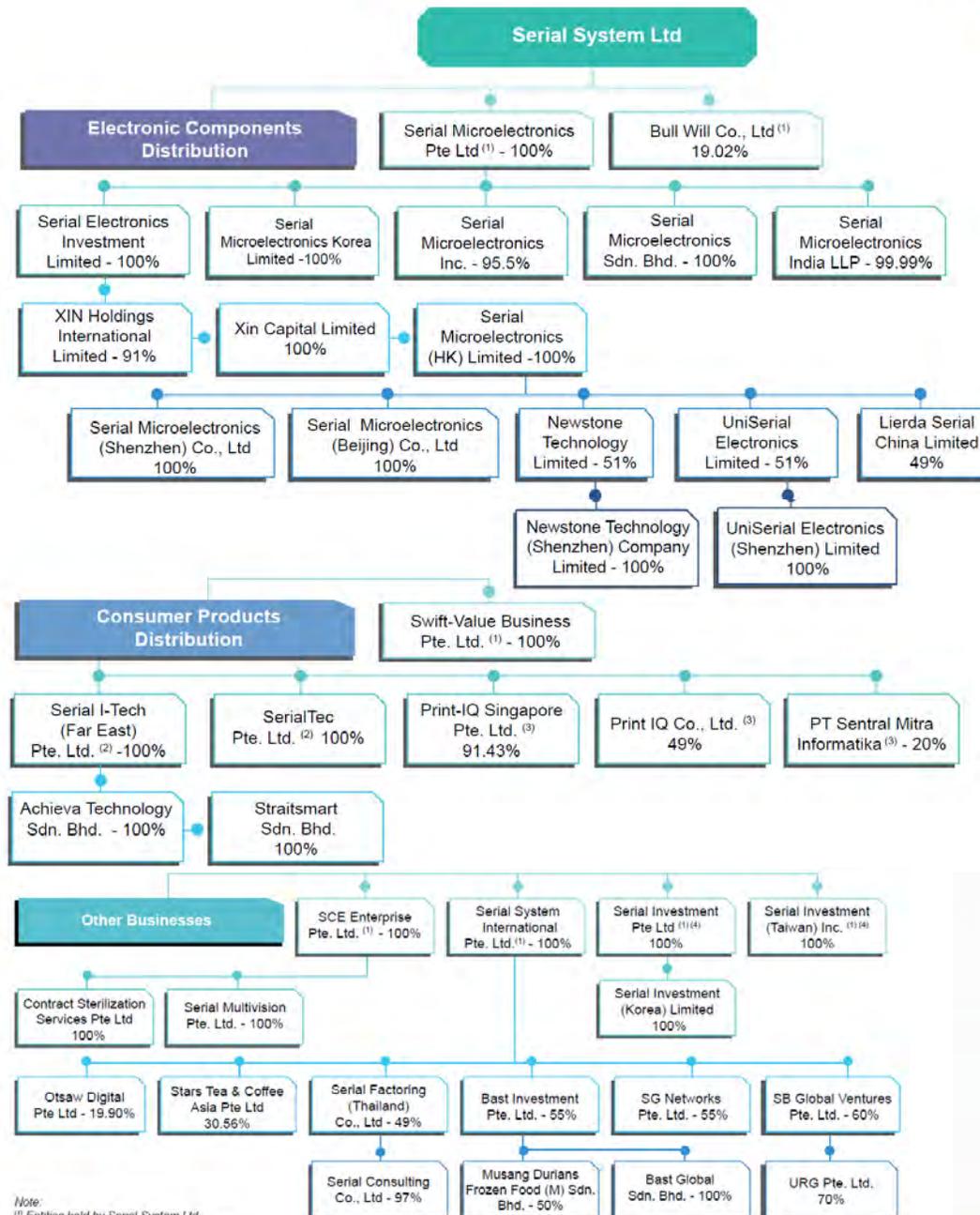
Singapore Cents

Dividend Yield is calculated based on dividend per share over the Company's share price as at the end of each respective year. For FY2020, the Company's share price is SGD 8.3 cents.

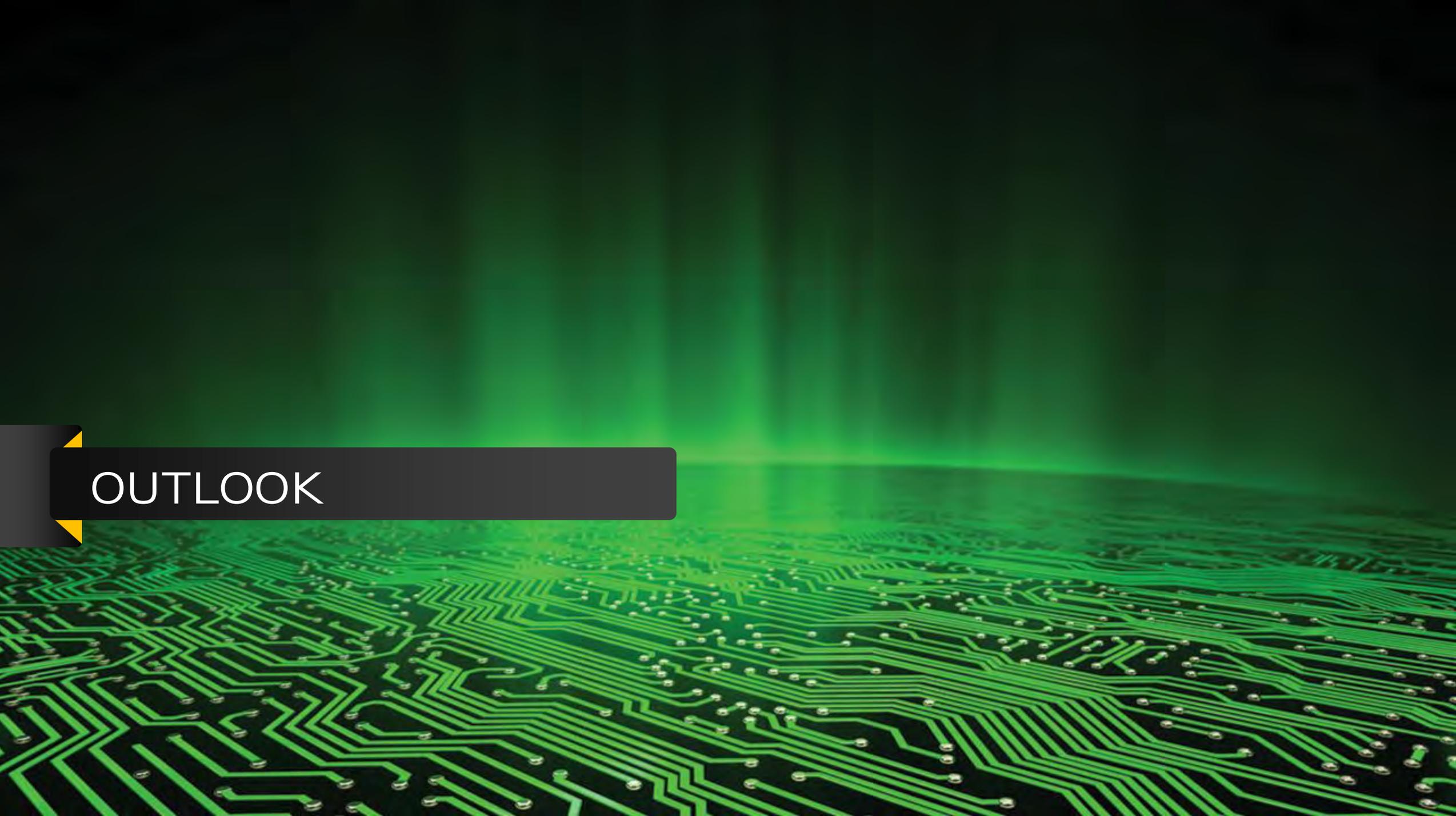


INVESTMENT HOLDINGS

SERIAL SYSTEM GROUP STRUCTURE



Note:
 (1) Entities held by Serial System Ltd
 (2) Entities held by SCE Enterprise Pte. Ltd
 (3) Entities held by Serial System International Pte. Ltd
 (4) Investment holding and trading, and rental of properties
 (5) Excluded entities which are dormant, inactive or in process of liquidation
 (6) Please refer to Note 20 and Note 18 of the accompanying notes to financial statements for a full listing of the Group's subsidiaries and associated companies

The background of the slide is a digital landscape. The floor is composed of a complex, glowing green circuit board pattern that recedes into the distance. A bright green light emanates from the horizon, creating a lens flare effect and illuminating the scene. The overall color palette is dominated by various shades of green against a dark background.

OUTLOOK

INDUSTRY OUTLOOK

- Post-COVID recovery of economic and manufacturing activity in China expected to continue.
- China accelerating its semiconductor production, deployment of 5G, EVs and data centres.
- Serial System to benefit from semiconductor shortages, product portfolio expansion and new customers & suppliers.
- Continued demand in Malaysia for computers, printers and accessories due to work-from-home measures in compliance with the Movement Control Order.



GROUP OUTLOOK

- In view of business volatility and ongoing supply chain disruptions, the Group remains cautiously optimistic.
- Barring unforeseen circumstances, revenue for the coming months is expected to improve
- The Group will continue its growth strategies outlined in its 21 December 2020 announcement, on a much leaner operating cost structure.
- Expects its business recovery strategies to contribute to higher revenue and overall better financial performance in FY2021 compared to FY2020.
- Improved cost structure will allow Group to capture economies of scale as revenue improves.



The presentation herein may contain forward-looking statements by the management of Serial System Ltd (“Serial System”) that pertain to expectations for financial performance of future periods versus past periods.

Forward-looking statements involve certain risks and uncertainties because they relate to future events. Actual results may vary materially from those targeted, expected or projected due to several factors. Such factors are, among others, general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures as well as changes in tax regimes and regulatory developments. Such statements are not and should not be construed as management’s representation on the future performance of Serial System. Therefore, the actual performance of Serial System may differ significantly from expressions provided herein.

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Thank You

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