



2Q2019 / 1H2019 RESULTS PRESENTATION

Wednesday, 7 August 2019

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



CORPORATE OVERVIEW



FINANCIAL RESULTS

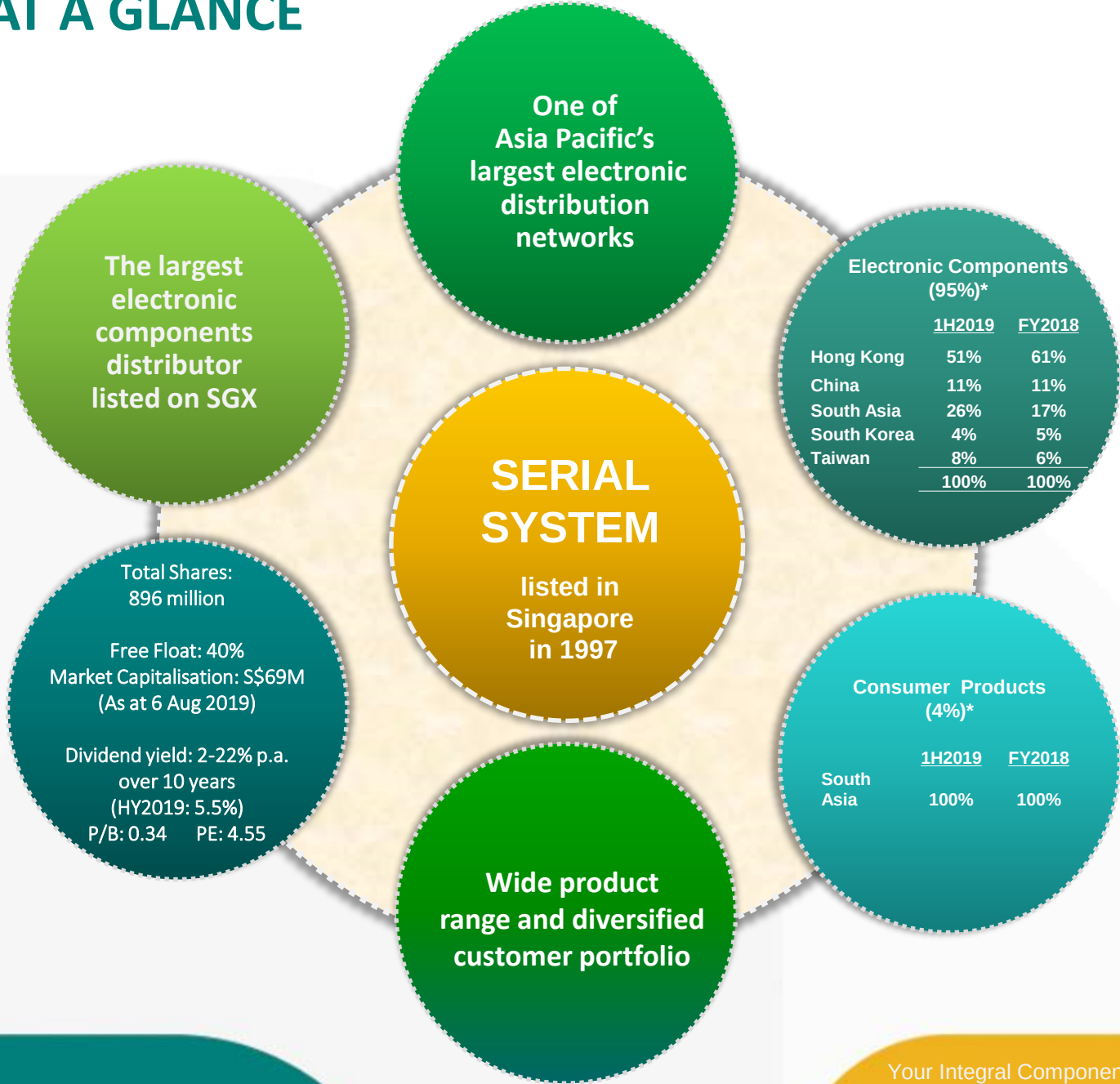


OUTLOOK & STRATEGIES



CORPORATE OVERVIEW

SERIAL SYSTEM AT A GLANCE

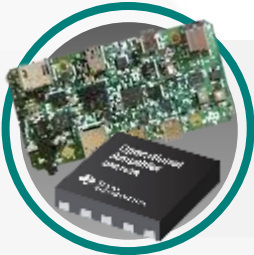


* Group Revenue

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 and managed print services.



Electronic Components Distribution



Consumer Products Distribution



Managed Print Services



Hospitality and Healthcare Solutions



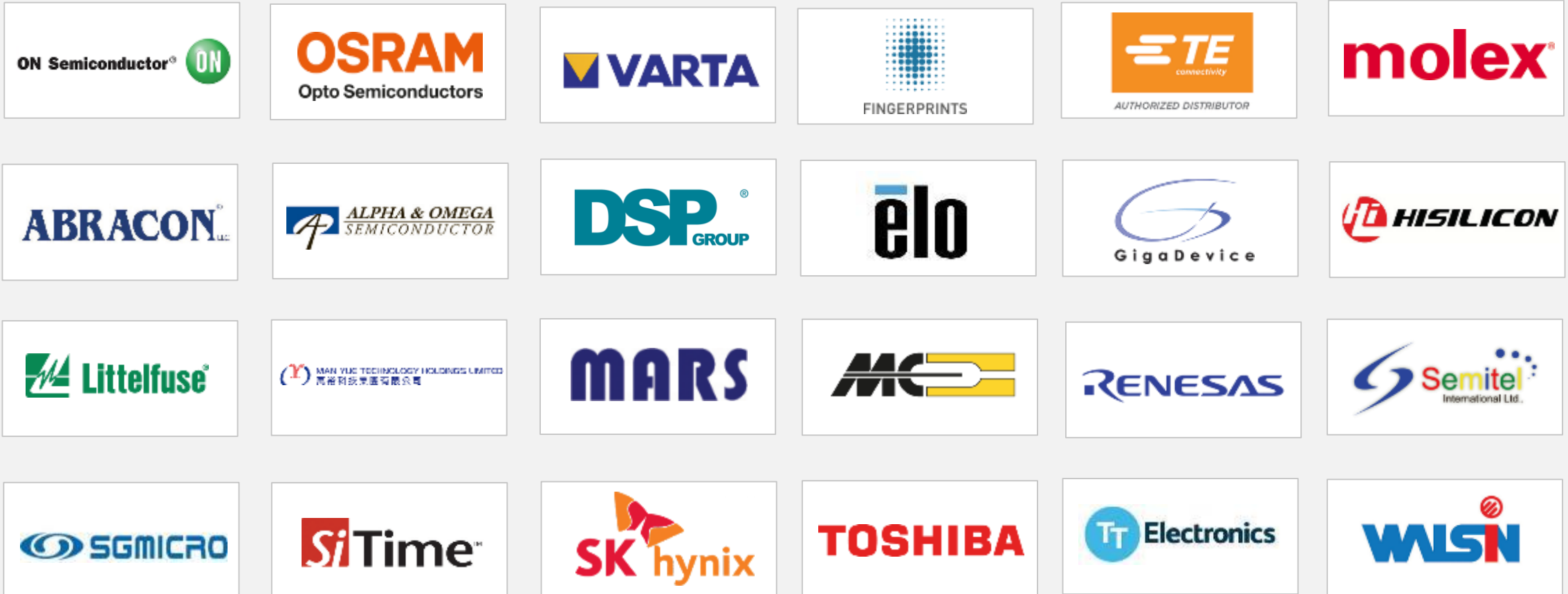
Medical Device Manufacturing and Distribution



Durian Distribution

PARTNERING LEADING SUPPLIERS

Electronic Components Distribution



... more than 90 Franchised Product Lines in Serial Group

PARTNERING LEADING SUPPLIERS

Consumer Products Distribution

AMD

ASUS

BENRO

Canon

EPSON

FUJI XEROX

GIGABYTE

hp

intel

MARUMI

Panasonic

PHILIPS

PowerColor

SAMSUNG

Thermaltake

ViewSonic

CONSUMER PRODUCTS DISTRIBUTION

Achieva Technology Pte Ltd

- The Group's 100%-owned subsidiary: Achieva Technology Sdn. Bhd.
- Major suppliers include AMD, Intel and Asus
- 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, Oki 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



- Started in 2014, Singapore-based Print-IQ is 70%-owned by Serial System since May 2017
- Provides managed print services and maintains and distributes copiers and printers
- Premier partner for HP copiers

- 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: Build 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 and Alexandra Integrated Health.

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.

A stylized graphic representing financial data. It features a dark background with several vertical orange bars of varying heights. Overlaid on these bars are white and grey line graphs with circular markers at data points. Some of these points are labeled with numerical values. A dark grey banner with a yellow arrow pointing left is positioned on the left side, containing the text 'FINANCIAL RESULTS'.

FINANCIAL RESULTS

183.102

154.178

245.57

SNAPSHOT OF 2Q2019 & 1H2019 PERFORMANCE

US\$'000	2Q2019	2Q2018	Change (%)	1H 2019	1H 2018	Change (%)
Sales	201,367	408,703	(51)	431,252	813,923	(47)
Gross Profit	13,411	33,608	(60)	30,086	65,001	(54)
Gross Profit Margin (%)	6.7	8.2	(1.5 pt)	7.0	8.0	(1.0 pt)
Net Profit After Tax (Attributable to shareholders)	2,251	2,042	10	5,429	7,232	(25)
EPS - fully diluted (US cents) ⁽¹⁾	0.25	0.23	9	0.61	0.81	(25)
NAV per share (US cents) ⁽²⁾	30/06/2019: 15.53			31/12/2018: 15.26		

(1) Earnings per ordinary share on a fully diluted basis is computed based on the weighted average number of shares in issue during the period of 895,841,914 (2Q2018/1H2018: 895,841,914).

(2) Net asset value per ordinary share as at 30 June 2019 and 31 December 2018 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.

2Q2019 HIGHLIGHTS

- **Revenue of US\$201.4M in 2Q2019, a decrease of 51% from US\$408.7M in 2Q2018**
 - Mainly due to the termination of the electronic components distribution business with Texas Instruments (“TI”)
 - Excluding the impact of decline in turnover due to TI termination and discontinuation of a product line in March 2018, turnover for the electronic components distribution business would have increased by 9%, despite the on-going US-China trade tensions which have affected demand in China and Hong Kong. This was attributable to increased sales for certain existing product lines as the Group focused its resources to grow these product lines following TI termination
 - Consumer products distribution sales also negatively impacted due to weak demand in the markets (Singapore and Malaysia) in which the Group operates, as well as the Group’s continued rationalisation and exit of non-profitable products
- **Gross profit margin declined to 6.7% in 2Q2019 from 8.2% in 2Q2018**
 - Lower margin achieved by the electronic components distribution and consumer products distribution business resulting from keen market competition in a challenging environment
- **NPAT increased by 10% to US\$2.3M in 2Q2019 from US\$2.0M in 2Q2018**

1H2019 HIGHLIGHTS

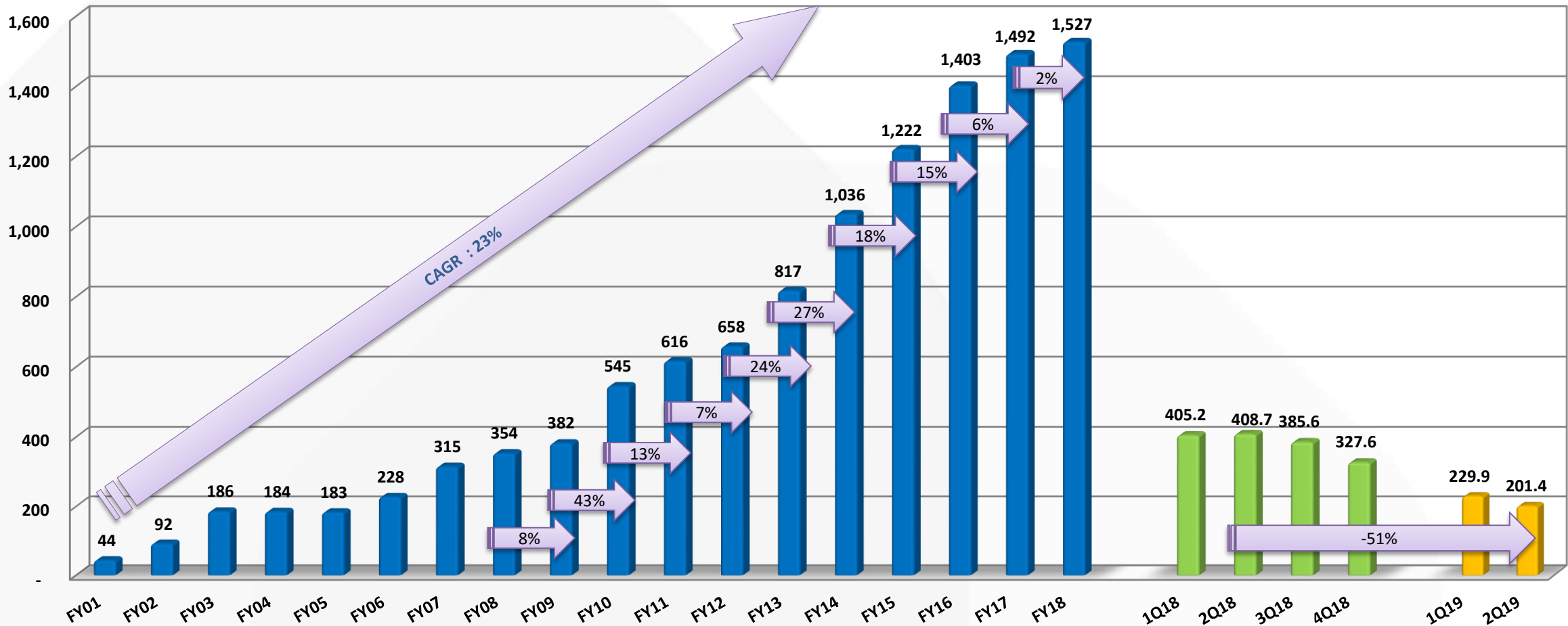
- **Revenue of US\$431.3M in 1H2019, a decrease of 47% from US\$813.9M in 1H2018**
 - Mainly due to the termination of the electronic components distribution business with Texas Instruments (“TI”) which has impacted sales in all markets in Asia
 - Excluding the impact of decline in turnover due to TI termination and discontinuation of a product line in March 2018, turnover for the electronic components distribution business would have increased by 8%, amid the US-China trade tensions. This was attributable to conscientious efforts to grow some of its existing product lines post TI termination which saw an increase in sales for these product lines in 1H2019
 - Consumer products distribution sales also negatively impacted due to weak demand in the markets (Singapore and Malaysia) in which the Group operates, as well as the Group’s continued rationalisation and exit of non-profitable products
- **Gross profit margin declined to 7.0% in 1H2019 from 8.0% in 1H2018**
 - Lower margin achieved by the electronic components distribution and consumer products distribution business resulting from keen market competition in a challenging environment
- **NPAT decreased by 25% to US\$5.4M in 1H2019 from US\$7.2M in 1H2018**

REVENUE GROWTH TREND

SERIAL SYSTEM GROUP

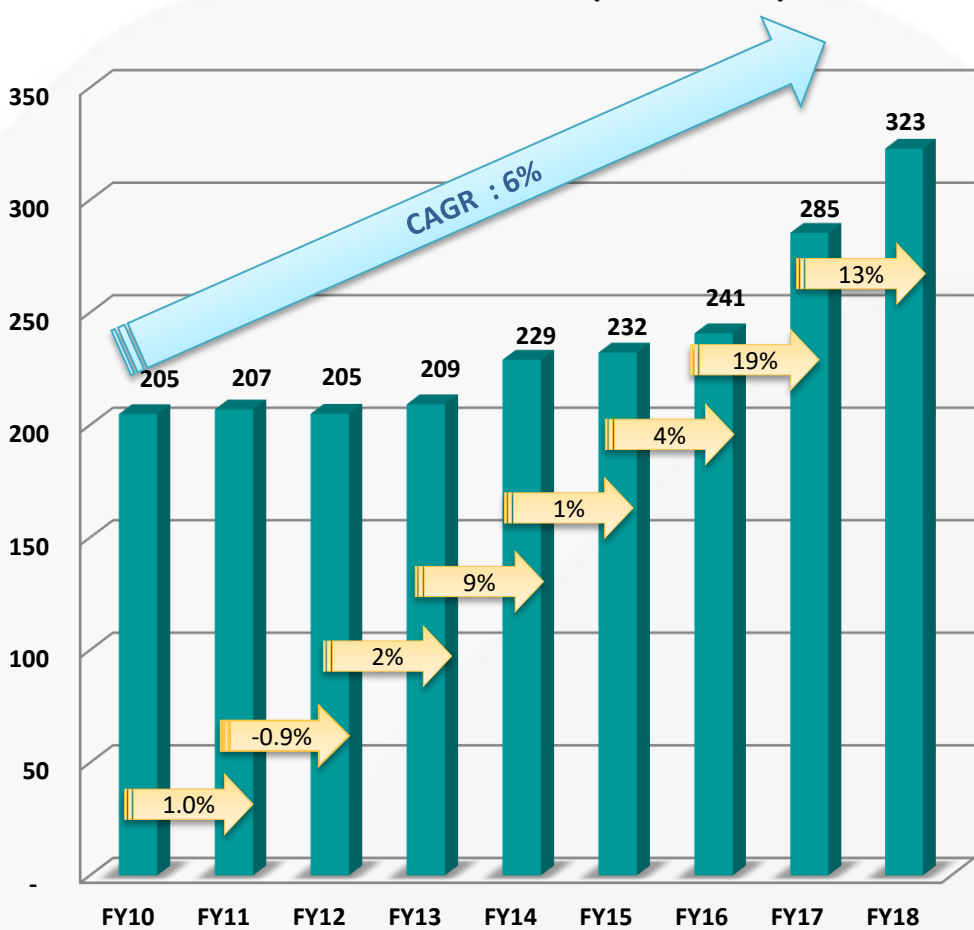


Revenue (US\$' million)



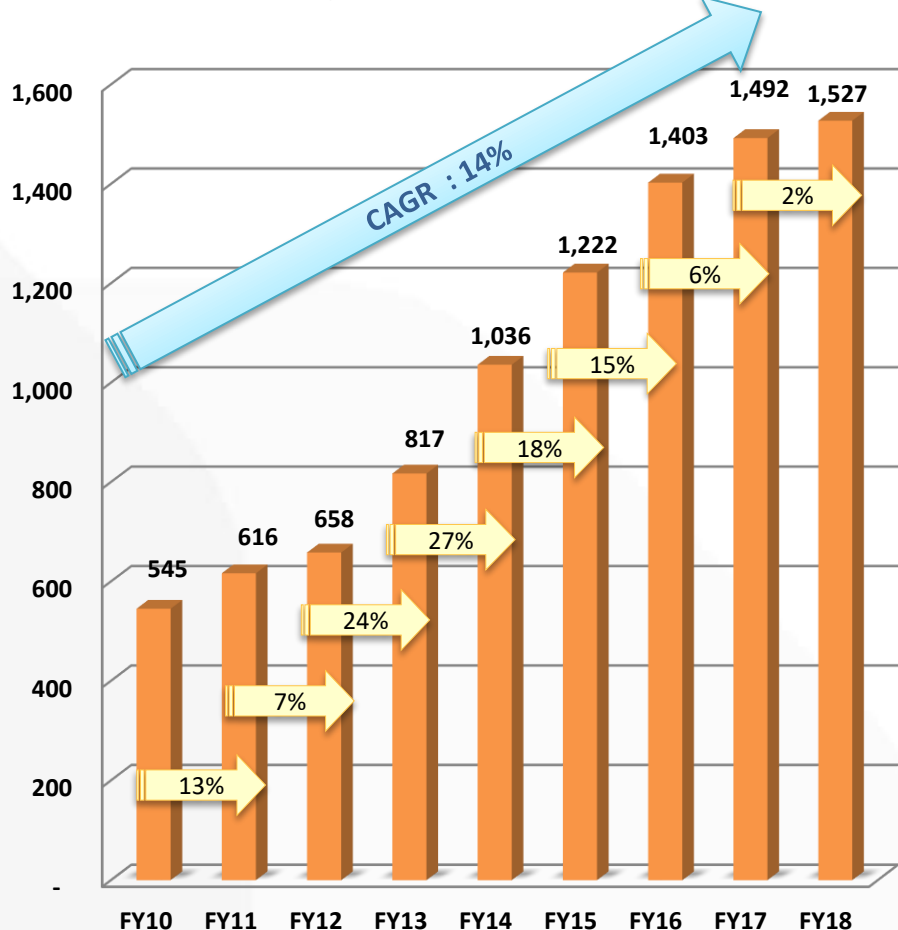
OUTPERFORMING THE INDUSTRY

Asia Pacific (including Japan)
Semiconductor Revenue (US\$' billion)



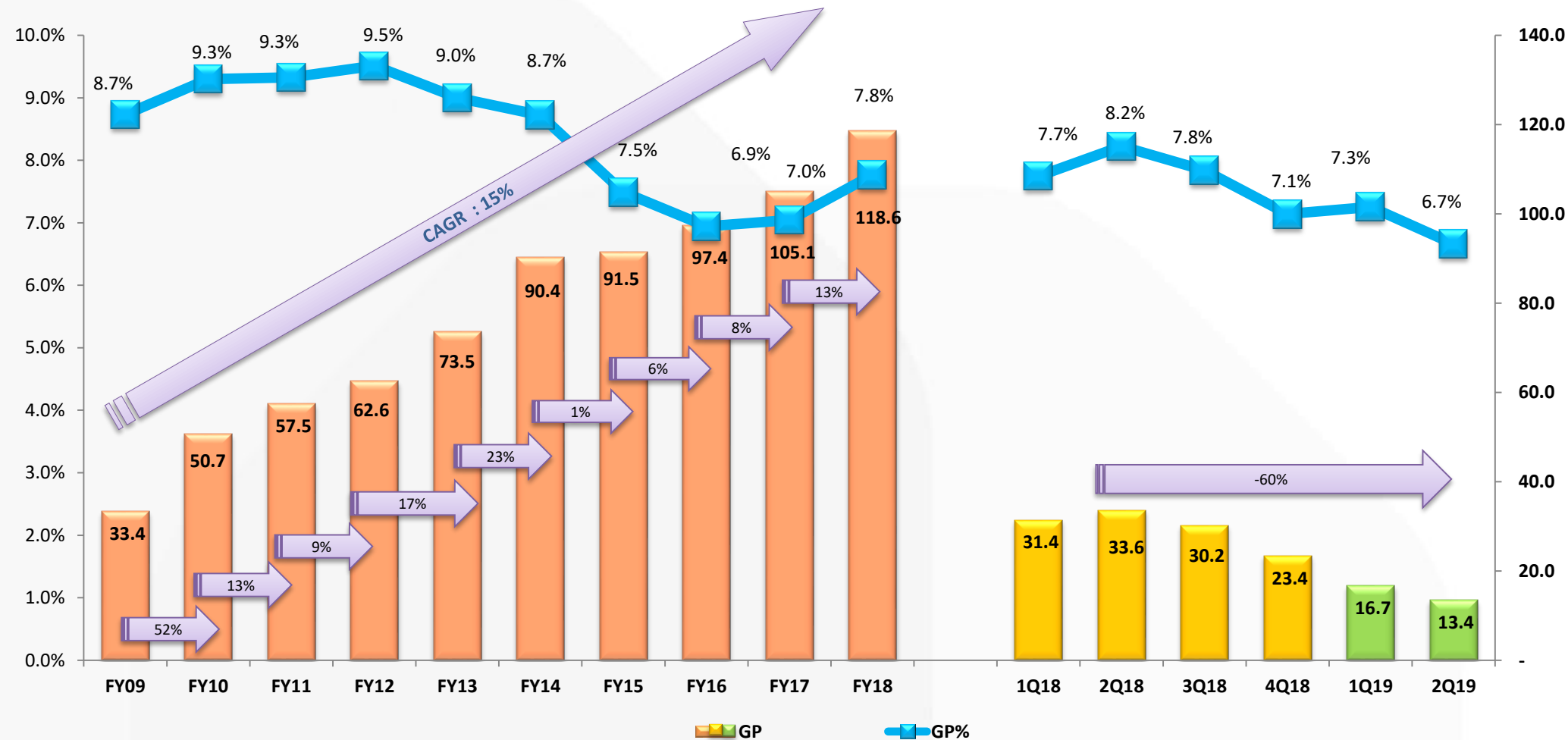
Source : World Semiconductor Trade Statistics/
Semiconductor Industry Association

Serial System Revenue (US\$' million)

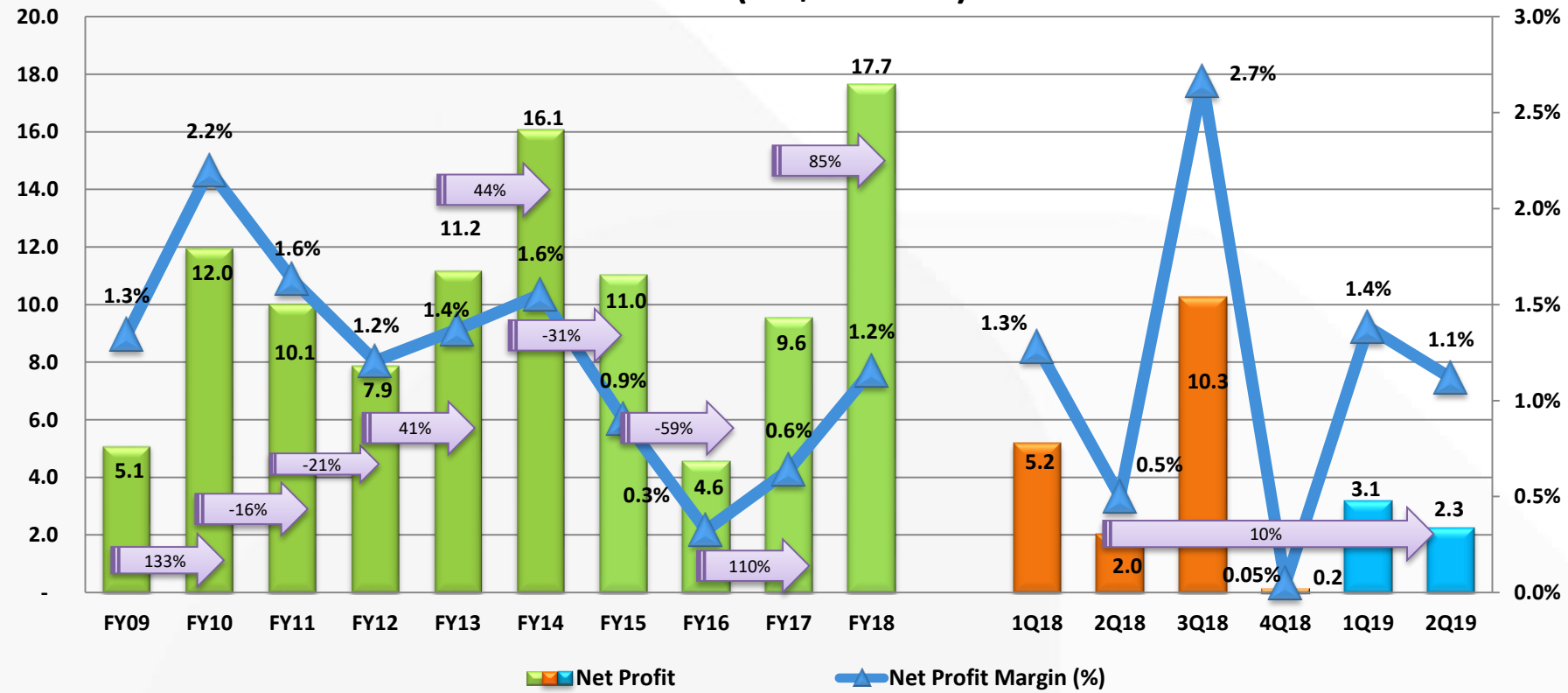


PROFITABILITY

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

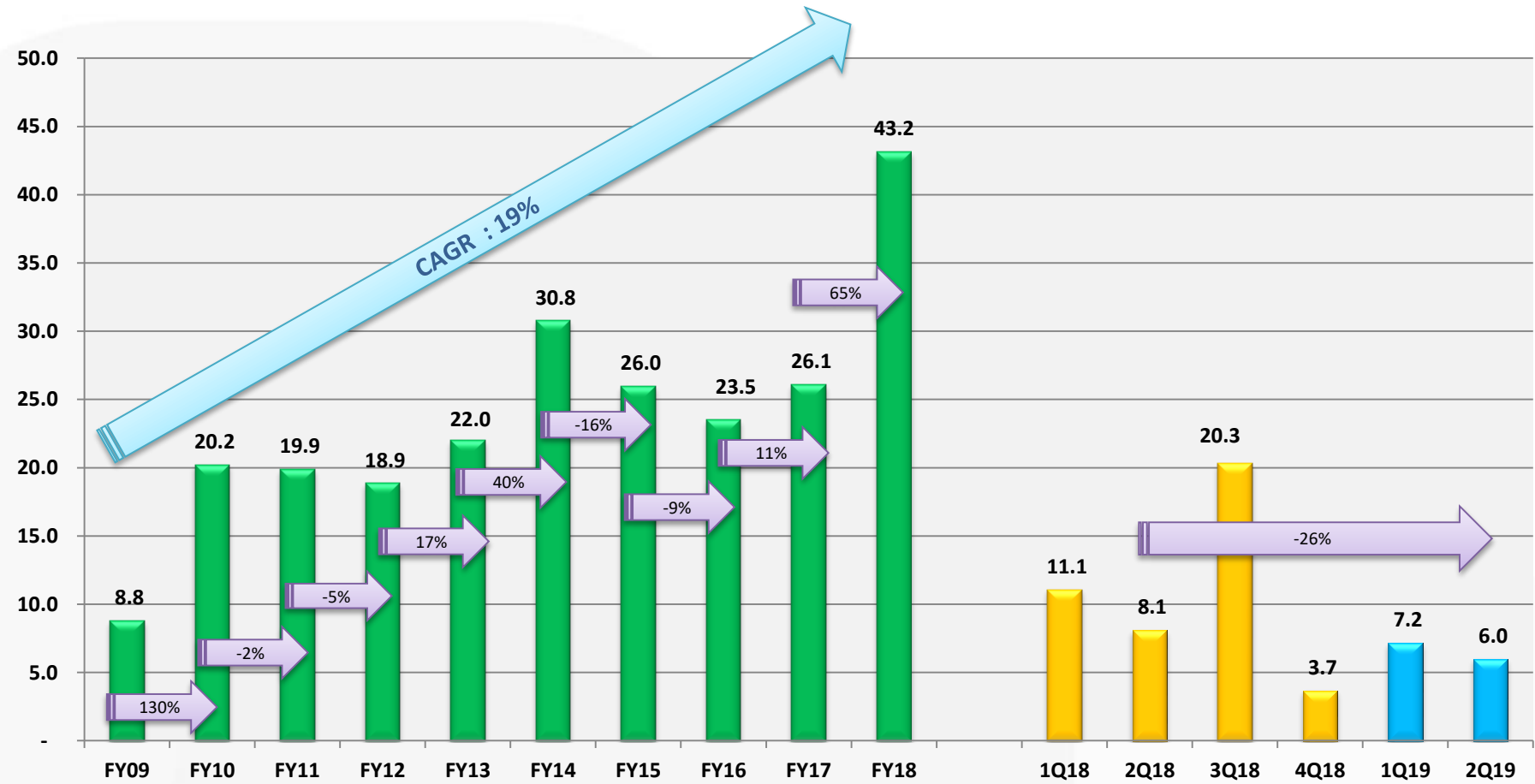


Net Profit & Net Profit Margin
(US\$' million)

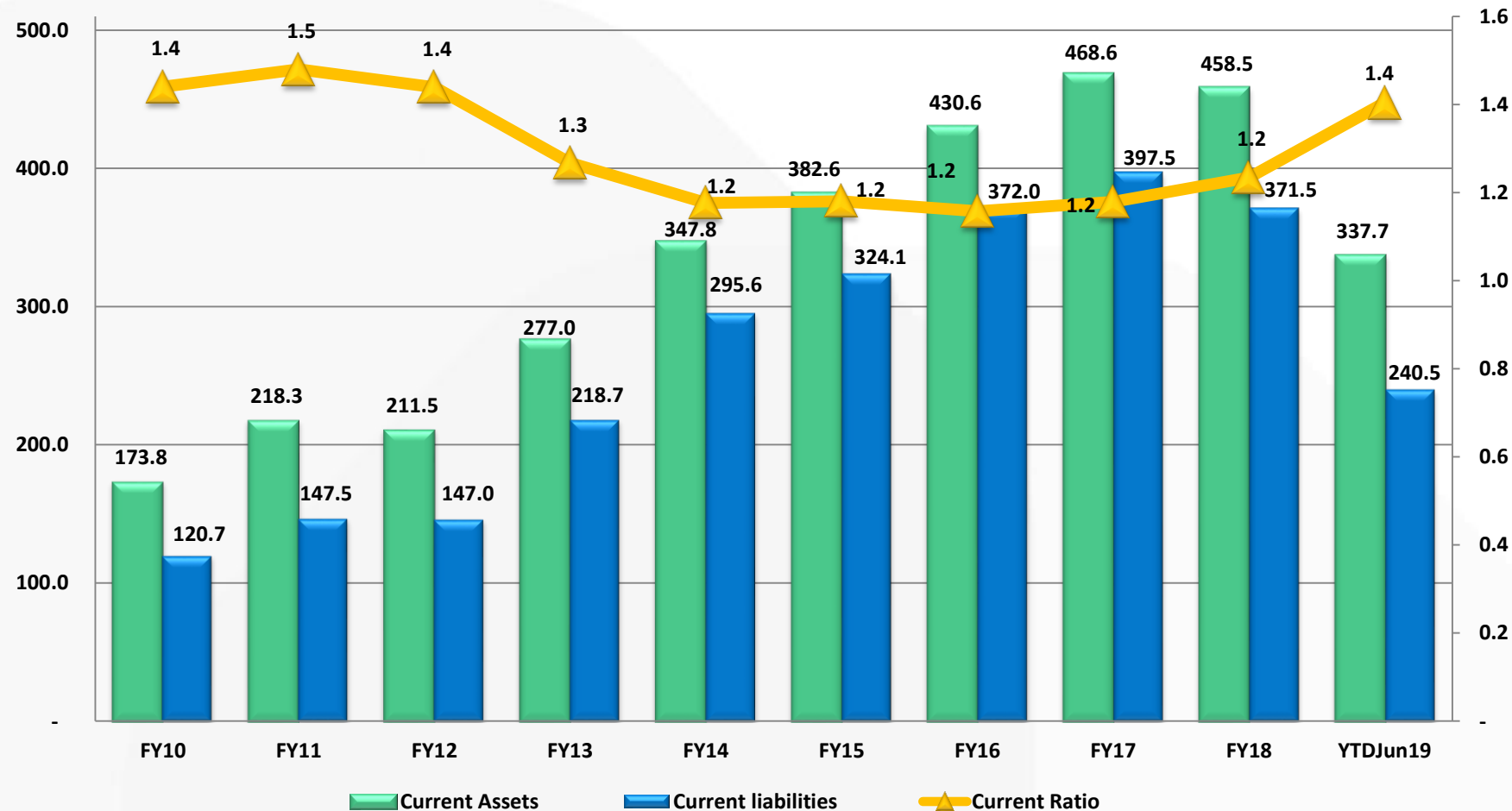


PROFITABILITY

EBITDA (US\$' million)

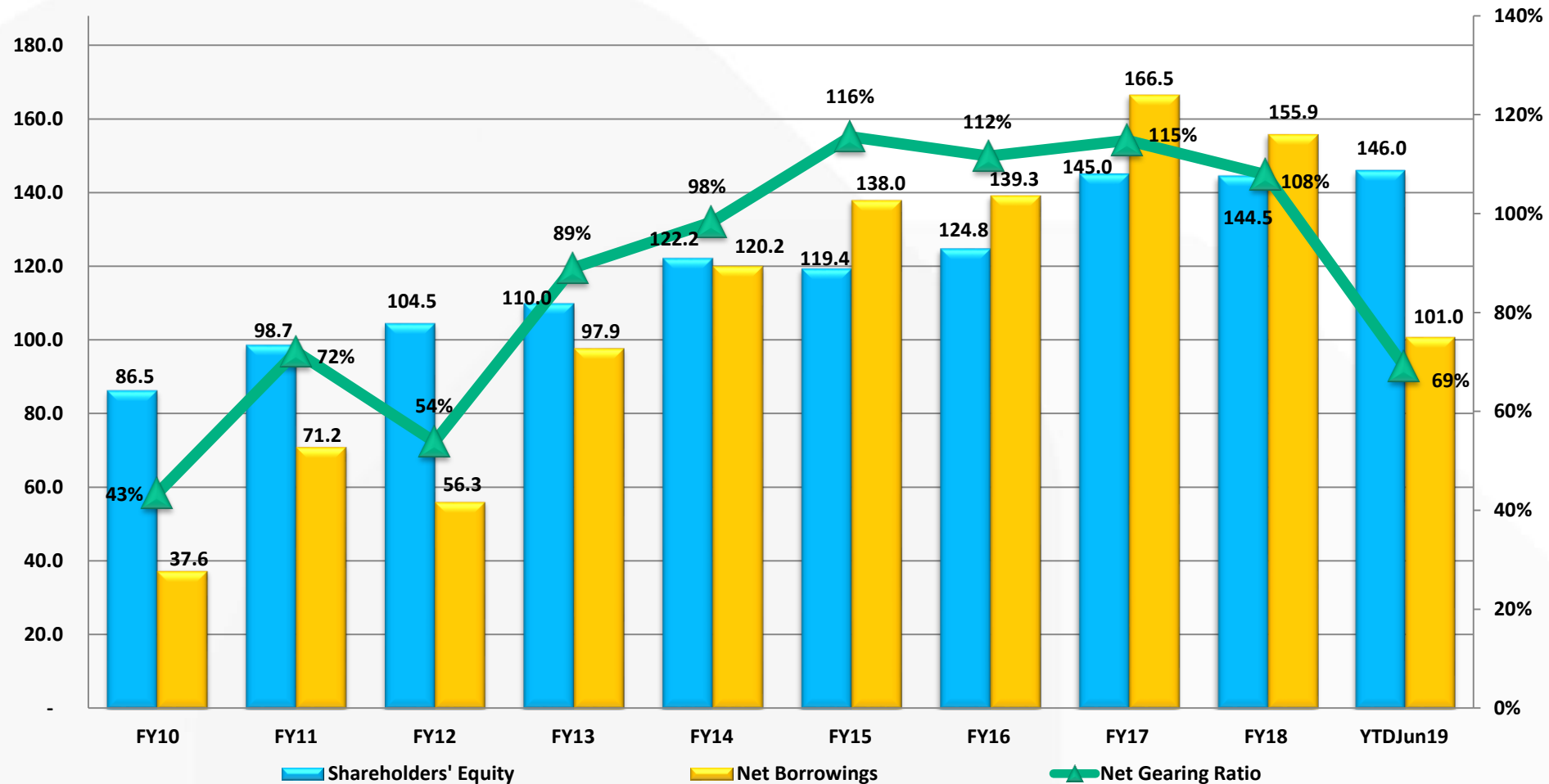


Maintaining Healthy Current Ratio

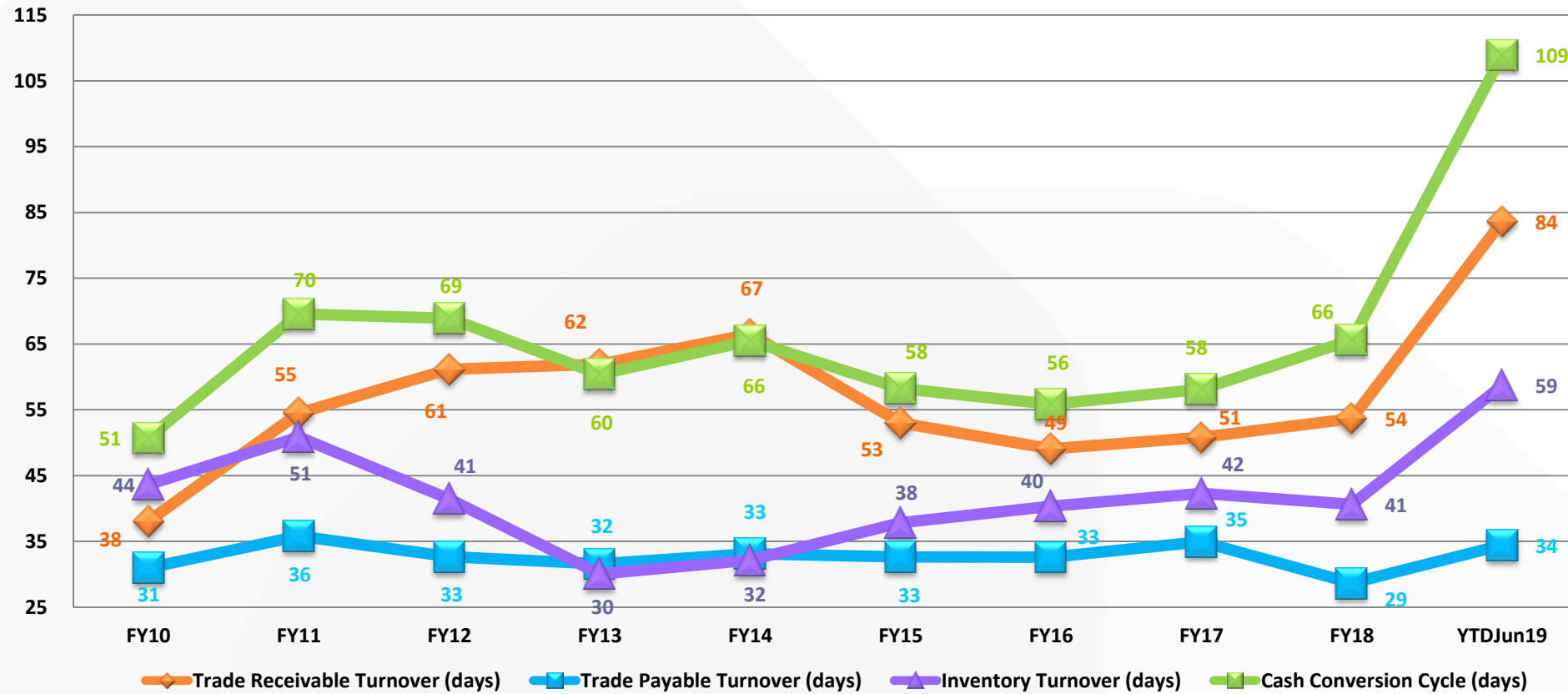


FINANCIAL POSITION

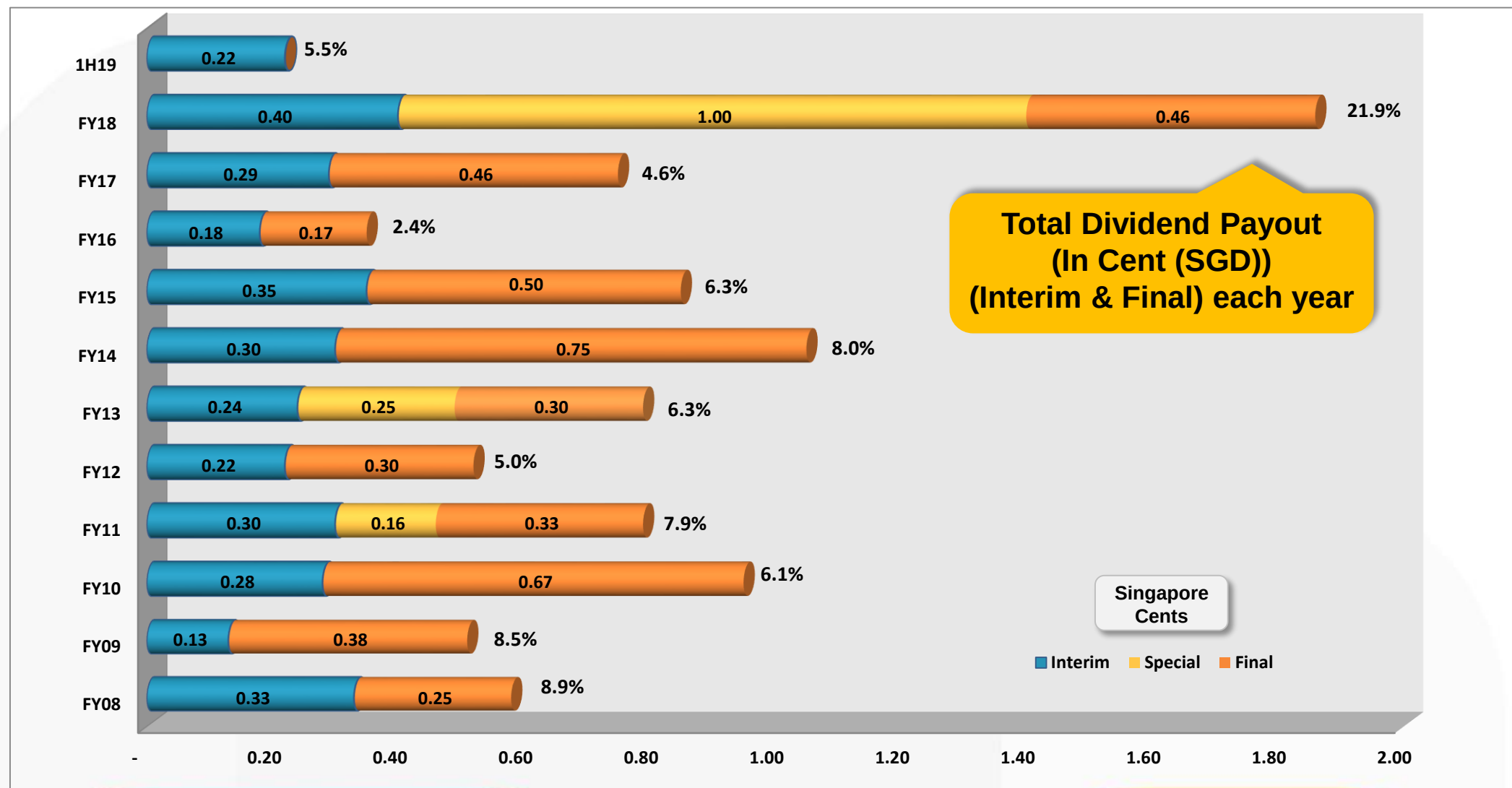
Net Gearing Ratio



Cash Conversion Cycle (days)



DIVIDEND YIELD



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. In the background, a bright green light emanates from the horizon, creating a hazy, atmospheric effect. A dark grey banner with a yellow corner tab is positioned on the left side of the image.

OUTLOOK & STRATEGIES

Uncertainties

- ? Greater uncertainty in the global market due to escalating US-China trade tensions
- ? Global economic slowdown and keen market competition
- ? Uncertainty over progress of global 5G rollout

Bright spots

- ✓ Launch of new smartphones in 2019 by Samsung, Huawei, Xiaomi, LG and other brands
- ✓ Growing acceptance of electric cars in Asia



GROUP OUTLOOK

- Two-prong strategy for electronic components distribution business:
 - Reallocating resources and personnel to more efficiently support existing suppliers
 - Proactively and aggressively unlocking potential partnerships with other suppliers, customers and channel partners
- Reviewing its operations and rightsizing its workforce in view of the lower turnover for the electronic components distribution business
- Exploring opportunities to diversify income streams to reduce risk and protect the Group from unforeseen developments
- Barring unforeseen circumstances, the Group expects to remain profitable in 2019

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Thank You



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