



**SERIAL**  
新擘集團

# Corporate & Business Update

Media & Analyst Briefing  
27 January 2014



Your Integral Component to Success

# Outline

1. Corporate Overview

---

2. Corporate and Business Update

---

3. Group Outlook

---



# Corporate Overview



# Corporate Profile

- Established in 1988, listed since 1997, upgraded to Main Board in 2000
- The largest electronics components distributor listed on SGX.
- Large synergistic distribution network in Asia to meet the needs of its customers and suppliers
- Main product lines:
  - Semiconductors
  - Electromechanical and connectors
  - Passive components



ON Semiconductor®



TOSHIBA



SHARP





# Geographical Reach

## Extensive Distribution Network

Total 50 Sales Offices in 12 countries, > 900 employees in Asia Pacific

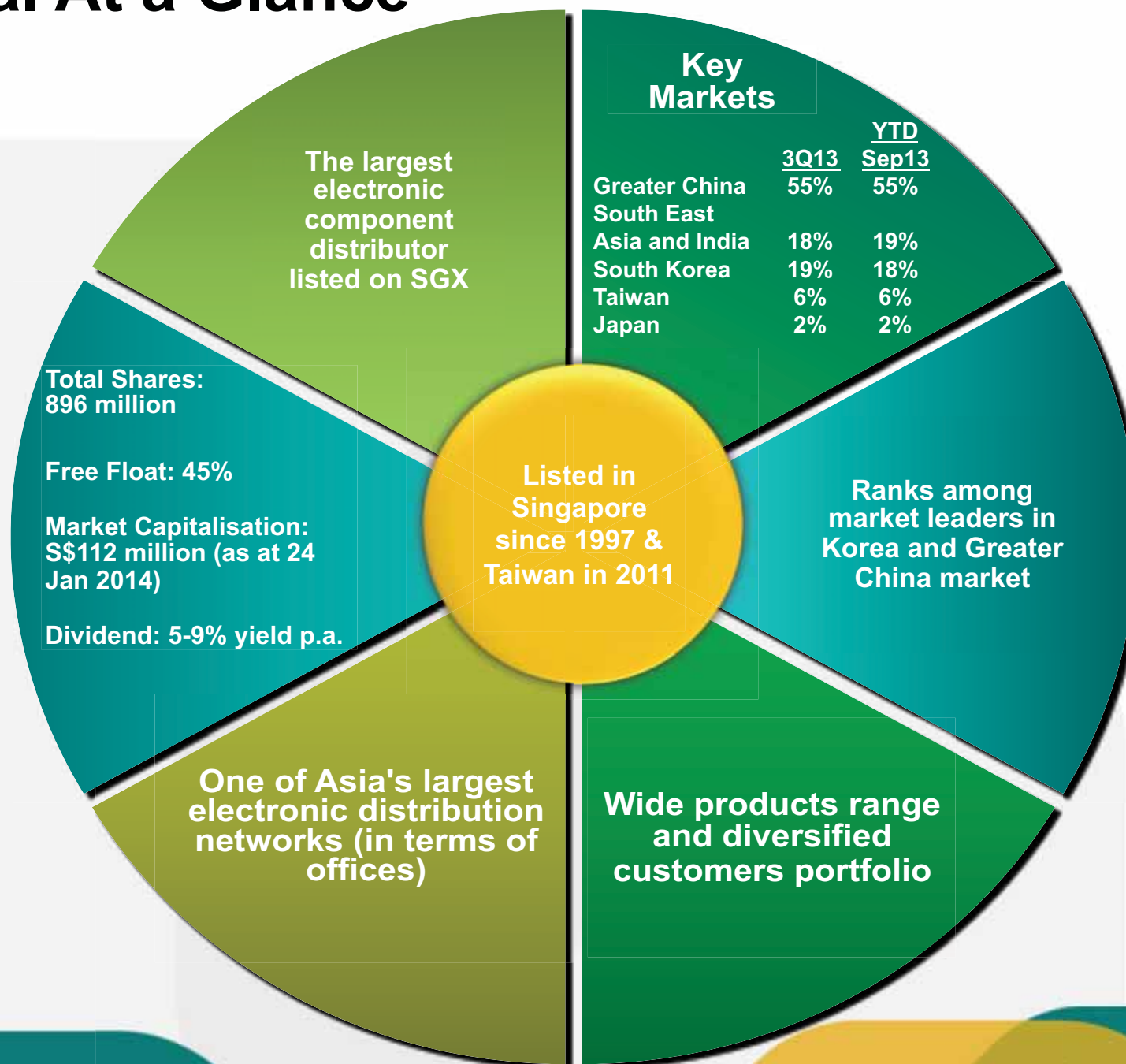


### The Group's offices and representations

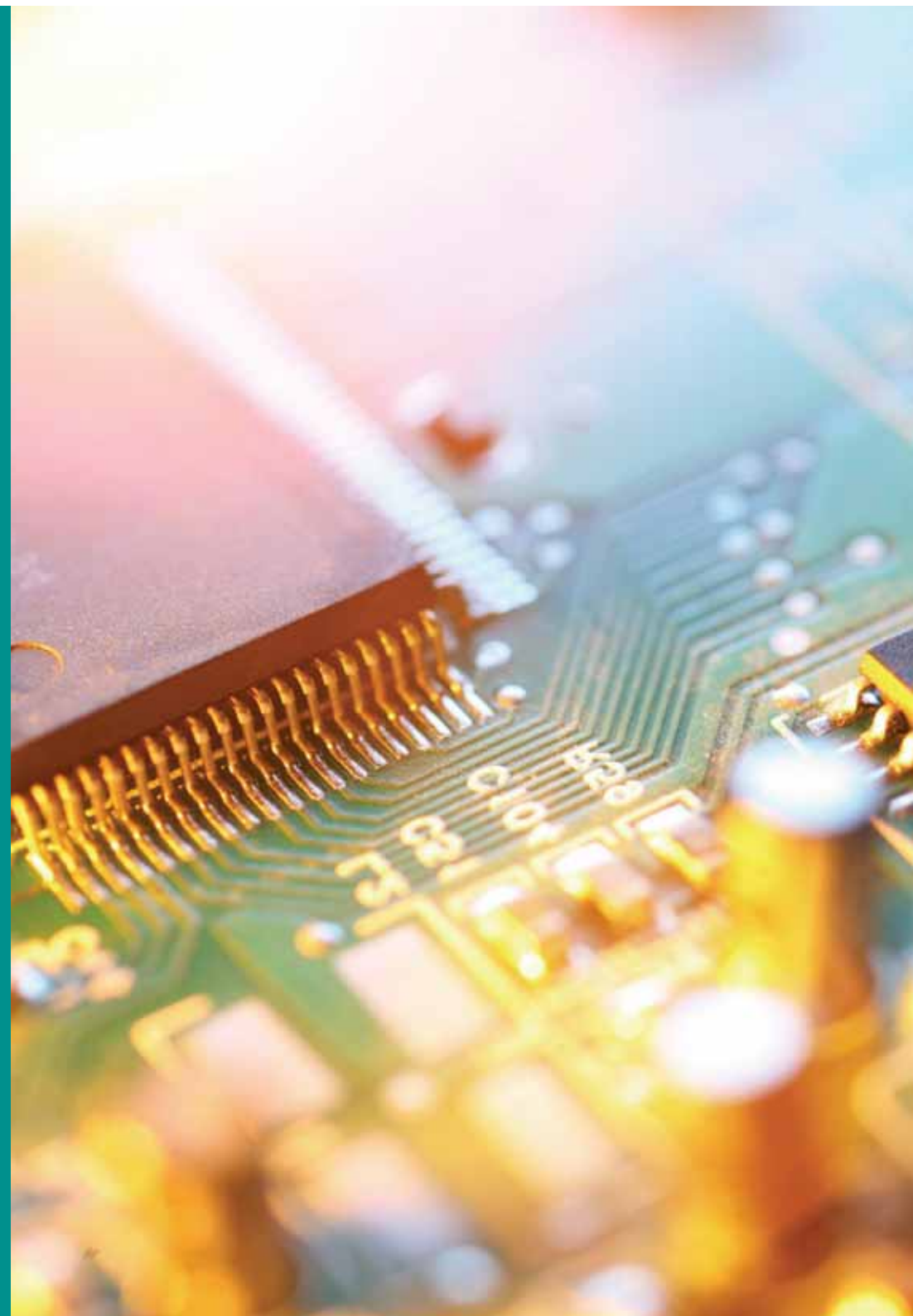
|                    |                   |                    |                  |                    |                 |
|--------------------|-------------------|--------------------|------------------|--------------------|-----------------|
| <b>China</b>       | <b>East China</b> | <b>South China</b> | <b>India</b>     | <b>Malaysia</b>    | <b>Taiwan</b>   |
| <u>North China</u> | Shanghai          | Shenzhen           | Bengaluru        | Penang             | Taipei          |
| Beijing            | Suzhou            | Guangzhou          | New Delhi        | Kuala Lumpur       | Hsinchu         |
| Tianjin            | Hangzhou          | Huizhou            | Pune             |                    | Taichung        |
| Qingdao            | Wuxi              | Zhuhai             | Mumbai           | <b>Philippines</b> |                 |
| Chengdu            | Nanjing           | Dongguan           | Chennai          | Manila             | <b>Thailand</b> |
| Chongqing          | Wuhan             | Chang'an           | Nashik           |                    | Bangkok         |
| Xi'an              | Hefei             | Zhongshan          | Hyderabad        | <b>South Korea</b> | Chiang Mai      |
| Zhengzhou          |                   | Xiamen             |                  | Seoul              |                 |
| Shenyang           |                   | Changsha           | <b>Indonesia</b> | Gwangju            | <b>Vietnam</b>  |
| Jinan              |                   |                    | Jakarta          | Daegu              | Ho Chi Minh     |
|                    |                   |                    |                  |                    | Hanoi           |
|                    |                   |                    |                  |                    |                 |
|                    |                   | <b>Hong Kong</b>   | <b>Japan</b>     |                    |                 |
|                    |                   |                    | Tokyo            |                    |                 |
|                    |                   |                    | Nagoya           |                    |                 |

**One of the largest Asian geographical presence (in terms of offices) in the electronic distribution industry**

# Serial At a Glance



# Corporate & Business Update



# Rationale for strategic review

- **Challenging operating environment following 2008-2009 global financial crisis & Eurozone debt crisis**
  - Margins getting squeezed
  - Intense competition
- **Major strategic review to:**
  - Increase revenue
  - Deepen value proposition to clients
  - Improve supply chain management & internal efficiencies
  - Increase margins





# Three – Pronged Strategy

1

- **Increase revenue** - Expand product portfolio and proportion of higher-value components

2

- **Improve internal efficiencies**  
Financial Management, Supply Chain Management, Business Intelligence

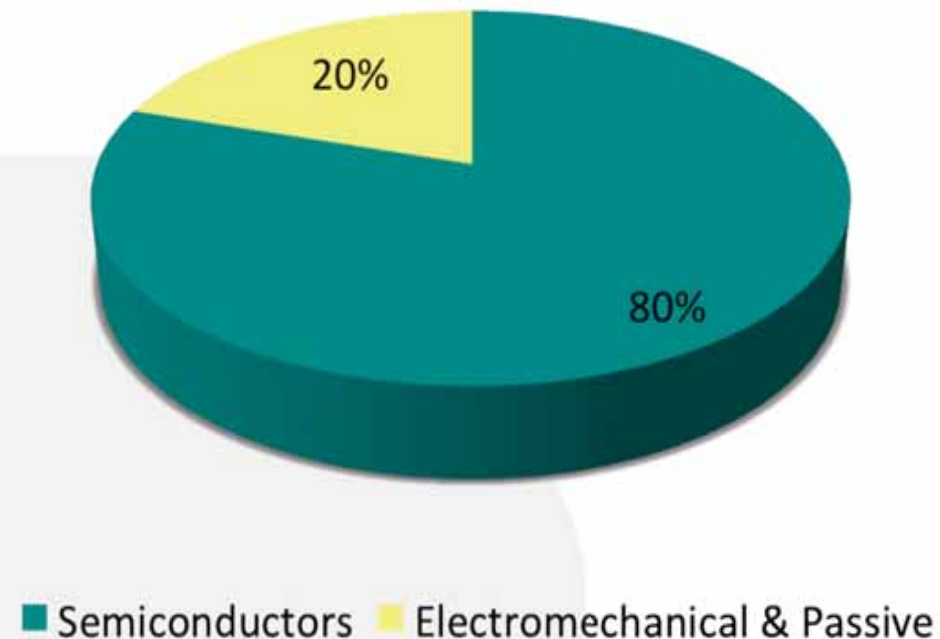
3

- Increase market share; deepen penetration in existing markets and widen **geographical expansion**

# 1 Expanding Portfolio and Value Added Products

- Yet to fully exploit potential to increase Bill-of-Materials (“BOM”) & exposure to emerging business and technological trends
  - Aim to increase BOM from 60% currently to 90% within next 2 to 3 years
- Extend product lines
- Current scale of operations sufficient to support new product lines without incurring significant Capex & Opex
  - Leverage on extensive Asian network to increase sales

Percentage of revenue



# 1A

Expanding Portfolio and Value Added Products

## Automotive

Strong growth since end of global financial crisis

Trends: Embedded sensors & electronics to improve safety, driving experience, in-car entertainment & embrace green technology

### AIM:

Current auto-related contribution: **8%**

Target: **20%** in next 2 years

## STRATEGIES

Partner chip manufacturers with Tier-1 auto certification

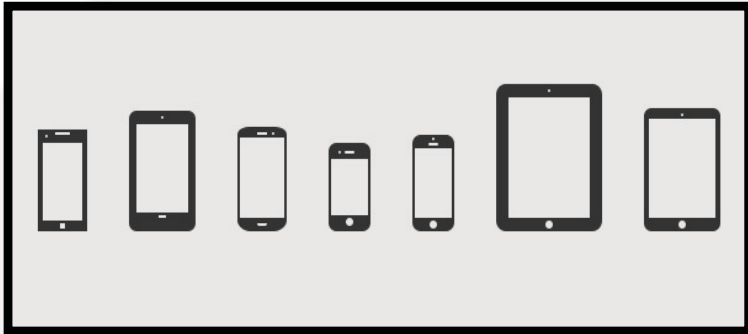
Widen reach to Asian carmakers - China & Japan

Partner / JV with design houses to offer customised solutions

# 1B

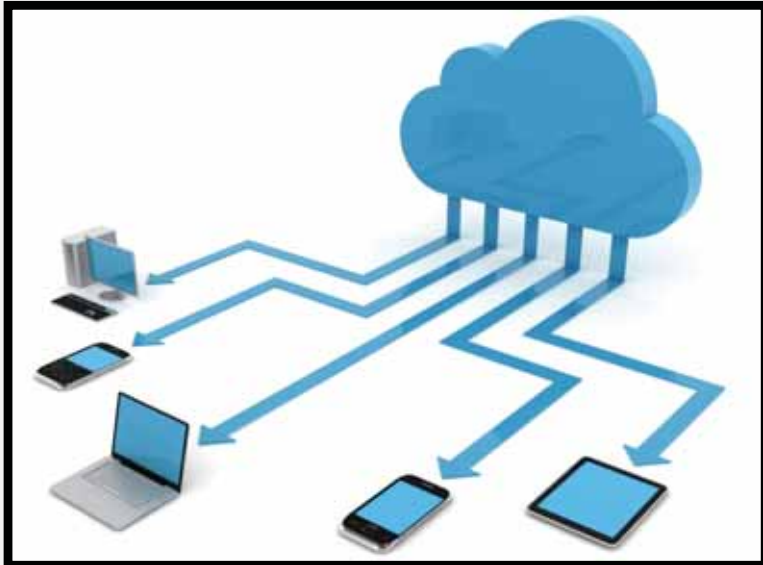
## Expanding Portfolio and Value Added Products Mobile & Cloud

### Mobile Devices



**Current:** 15% of  
semiconductors turnover  
**Target:** 20% over next 2 to  
3 years

### Enterprise Cloud Solutions



**Current:** Negligible  
**Target:** 10% over next 2 to  
3 years

## STRATEGY

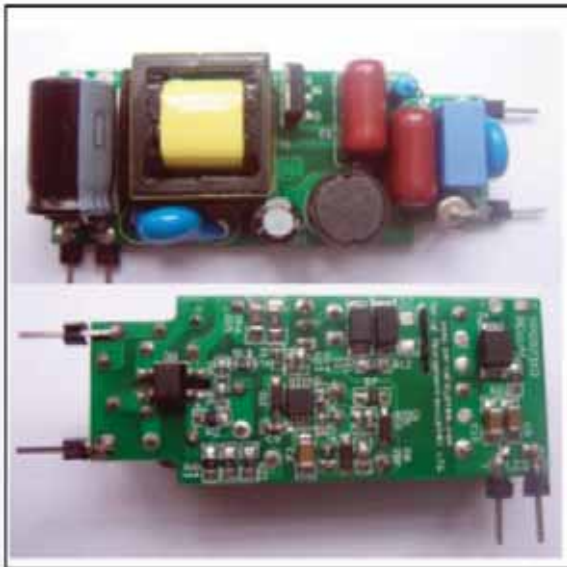
Engage suppliers /  
manufacturers with  
strong presence  
and roadmap for  
cloud applications



# 1C

Expanding Portfolio and Value Added Products

## Component Modules



### WHAT

- Offers solutions/ combined package vs standalone components
- “Plug & Play”; greater efficiency, faster time to market
- Customers willing to pay a premium → Higher margins

### HOW

- JV with 2 design houses (Hangzhou & Shanghai)
- Strategy to influence BOM content at very early stage; kit components and command higher margins
- Move up value chain and differentiate from competitors



# 1C

## Expanding Portfolio and Value Added Products Component Modules

### RESULTS

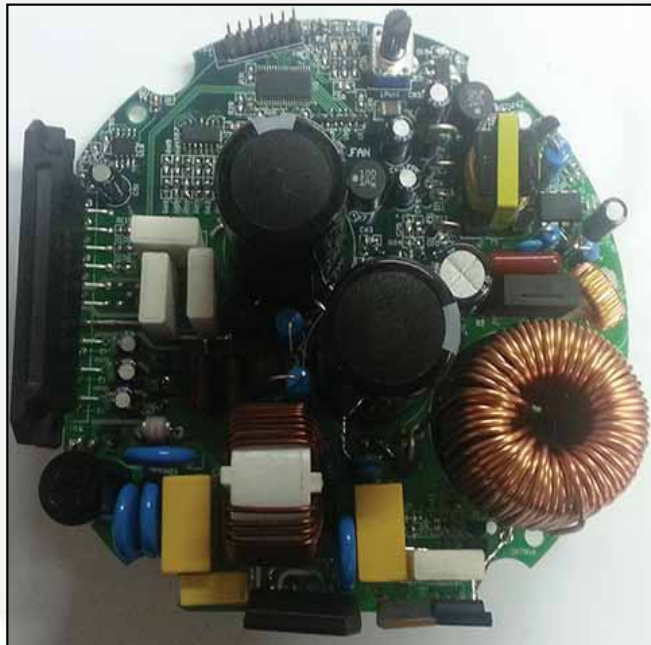
### STRATEGY



BLE (BT4.0)



R/G/B dimming



- Already distributed ~US\$70M worth of components through design houses for FY2013 since May 2013
- Customer base of modules expanding rapidly

- Increase component turnover to ~US\$300M in next three years
- Aim to increase contents in modules to include non-semiconductor segments

# 2 Business Intelligence and Operational Efficiency

## Internal forecasting software

- Analyse customers' demand; optimise request to suppliers
- Improved bulk purchasing & cash conversion cycle
- Quicker decision-making based on :
  - Shipment history
  - Inventory level
  - Orders forecast
- Inventory turnover days down from 41 days (FY2012) to ~30 days (FY2013); Industry average: 60 days

## Centralised Asset Management

- Centralised purchasing
- Asset management team to execute decisions
- Achieve economies of scale from bulk purchasing
- Optimise utilisation of warehouses, intra-company logistics and inventory planning across the Group

## Greater adoption of EDI

- ~60% of suppliers on EDI, up from ~30% in FY2012
- Encourage customers to engage in EDI
- EDI will increase efficiency and information flow to accelerate decision-making

# 3

## Geographical Expansion

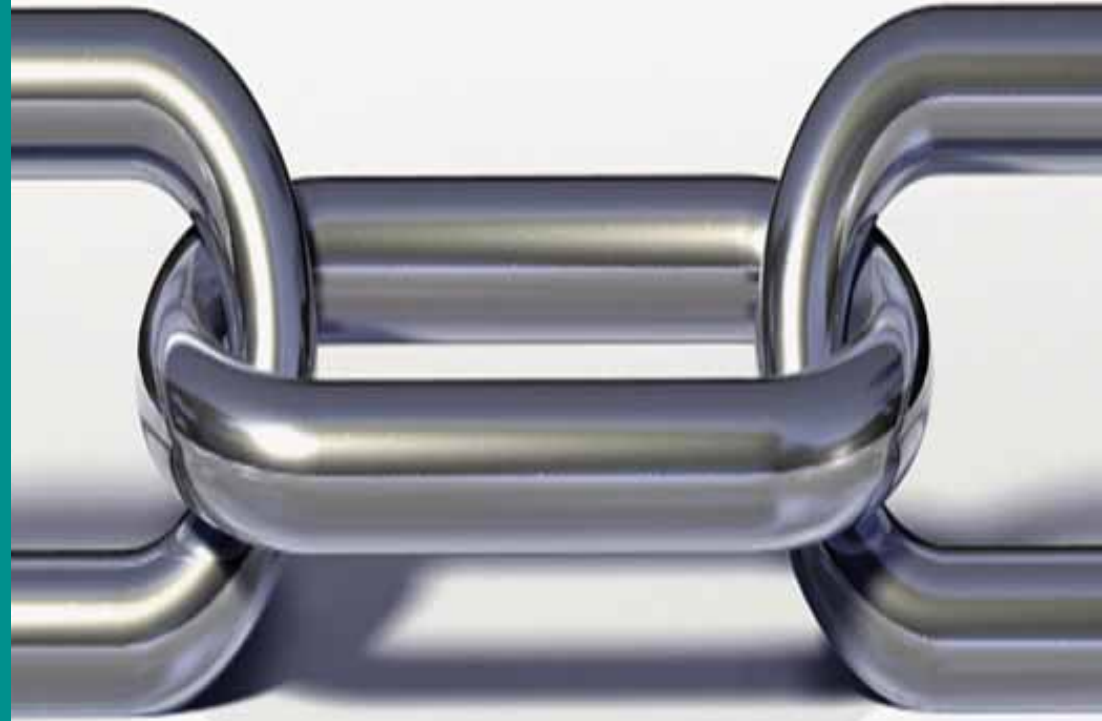


Establish JVs / M&As in Europe and the United States.

- Both markets represents ~40% of global semiconductor business



# Business Outlook



# Business Outlook



FY2013 revenue expected to cross S\$1 billion (FY2012: S\$825M)



FY2013 net margins expected to improve from 1.2% in FY2012;  
Confident of further improvement in FY2014



Striving to achieve US\$1 billion turnover by end of FY2014

The presentation herein may contain forward looking statements by the management of Serial System Ltd (“Serial”) 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. Therefore, the actual performance of Serial may differ significantly from expressions provided herein.

This presentation does not constitute an invitation or an offer to sell, or solicitation of an offer to buy any securities in connection with, any contract or commitment whatsoever.

This presentation has been prepared exclusively for the parties presently being invited for the purposes of discussion. Information contained in this presentation does not constitute a prospectus or offering circular in whole or in part.



**SERIAL**  
**新擘集團**

# Thank You

Media and Investor Contact Information:

***WeR1 Consultants Pte Ltd***

38A Circular Road, Singapore 049394

Tel: (65) 6737 4844 | Fax: (65) 6737 4944

**Amelia Lee, [Amelia@wer1.net](mailto:Amelia@wer1.net)**

Your Integral Component to Success