

Serial System 4Q2014 NPAT Soars 52%; Exceeds FY2014 US\$1 Billion Revenue Target; Enters Next Stage of Growth with Distribution of Finished Products

US\$'000	4Q2014	4Q2013	Change (%)	FY2014	FY2013	Change (%)
Sales	267,671	216,786	23	1,036,062	817,051	27
Gross Profit	24,019	19,277	25	90,357	73,524	23
Gross Profit Margin (%)	9.0	8.9	0.1 pt	8.7	9.0	(0.3) pt
Net Profit After Tax (Attributable to shareholders)	4,646	3,056	52	16,085	11,206	44
Net Profit Margin (%)	1.7	1.4	0.3 pt	1.6	1.4	0.2 pt
EPS on fully diluted basis (US cent) ⁽¹⁾	0.52	0.34	53	1.80	1.25	44
NAV per share (US cents) ⁽²⁾	31/12/2014: 13.64			31/12/2013: 12.27		

(1) Earnings per ordinary share on a fully diluted basis are computed based on the weighted average number of shares during the period of 895,841,914 shares (4Q2013/FY2013: 895,773,065) after adjusting assumed conversion of all potential dilutive ordinary shares

(2) Net asset value per share are computed based on existing issued share capital as at the end of the financial periods ended 31 December 2014 and the immediately preceding financial year ended 31 December 2013

Singapore, 17 February 2015 – Singapore Exchange Mainboard-listed electronics components distributor **Serial System Ltd** (“**Serial System**” or the “**Group**”) announced today that it has exceeded its targeted revenue of US\$1.0 billion for the year ended 31 December 2014 (“FY2014”), with net profit after tax (“NPAT”) rising 44% to US\$16.1 million.

NPAT for the October–December 2014 period (“4Q2014”) rose 52% to US\$4.6 million on revenue growth of 23% to US\$267.7 million as the Group executed its three-pronged strategy to expand product lines and customer base while improving inventory and cost efficiencies.

Serial System had unveiled the strategy on 27 January 2014 when it also guided that its FY2014 revenue would rise to US\$1.0 billion compared to S\$1.0 billion in FY2013.

Gross profit margin (“GPM”) declined to 8.7% in FY2014 from 9.0% in FY2013 due to higher volume of lower-margin sales in China and South-East Asia and lower GPM from South Korea and Taiwan due to increased competition. Net margin (NPAT vs revenue) improved to 1.6% in FY2014 from 1.4% in FY2013.

By geography, North Asia, which accounted for 84% of FY2014 Group turnover, reported 30% higher sales compared to FY2013, mainly due to stronger growth of 32% and 18% from Hong Kong and China, respectively. Taiwan also reported a 5% revenue growth due to increased contributions from existing product lines and the addition of new customers, mitigating the slower performance in South Korea.

Turnover in South-East Asia and India increased 12% in FY2014, as a result of increased contribution from new product lines.

The Group's total expenses as a percentage of turnover declined to 7.4% in FY2014 from 8.0% in FY2013 due to its continued efforts to drive operational and cost efficiencies.

Fully diluted earnings per share for FY2014 (based on a share capital base of 895,841,914 shares) was 1.80 U.S. cents in FY2014 compared to 1.25 U.S. cents in FY2013 (895,773,065 shares). Net asset value per share increased to 13.64 U.S. cents as at 31 December 2014 from 12.27 U.S. cents as at 31 December 2013.

The Board of Directors has proposed a final cash dividend of 0.75 Singapore cent per ordinary share in addition to an interim dividend of 0.30 Singapore cent per ordinary share distributed in September 2014.

Serial System's Executive Chairman and Chief Executive Officer, Dr. Derek Goh, said, "In crossing the US\$1.0 billion sales figure with a healthy net margin, Serial System has demonstrated its ability to execute its strategy effectively. We will build upon this momentum of growth while extending our strategy by adding finished consumer products to our distribution network."

Serial System recently acquired the entire distribution and trading entity arm of SGX-listed GSH Corporation Limited and a 49%-equity stake in the distribution and trading entity of SGX-listed Achieva Limited as it extends its regional distribution business beyond components such as chip sets to finished consumer products.

The former will allow the Group to distribute finished consumer products to new markets such as Central Asia, Middle East, Cambodia and Bangladesh. Via the latter, the Group will add distribution of Intel (semiconductors) and Western Digital (hard disks) to the Group's product lines as well as a new presence in Australia. Serial System's value proposition will be strengthened via the distribution of finished consumer products.

"The Group intends to focus on the integration of the supply chain and operations of these two acquisitions to improve revenue and economies of scale in line with our three-pronged strategy," he added.

Concurrently, the Group continues to pursue organic growth of its core electronic components business while exploring opportunities in mergers and acquisitions to enhance shareholder value in the long run.

Barring any unforeseen circumstances, the Board of Directors expects the financial performance for FY2015 to be better than that of FY2014.

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Issued on behalf of the Group by WeR1 Consultants Pte Ltd

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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 their suppliers and customers. Today, Serial has one of the largest distribution networks in Asia, with fifty-eight offices and ten warehouses located throughout Asia Pacific. It also has a wide customer base of more than 6,000, spanning across a diverse range of industries such as consumer electronics, household appliances, industrial, telecommunication, electronic manufacturing services, automotive and medical. Its major suppliers include Texas Instruments, ON Semiconductor, Avago Technologies, TE Connectivity, Advanced Micro Devices and OSRAM Opto Semiconductors.

Serial System's ability to align to 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 us at www.serialsystem.com