



SERIAL
新曄集團

FY2014 Results Presentation; Entering Next Stage of Growth

**Media & Investor Presentation
17 February 2015**

Your Integral Component to Success

Outline

1. Recent Corporate Developments
2. Serial System Overview
3. Financial Highlights
4. FY2014 Results Overview
5. Strategy, Outlook & Investment Merits



RECENT CORPORATE DEVELOPMENTS



30 Sept 2014

- Completed acquisition of 49%-stake in Achieva Technology Pte Ltd for ~U\$4.0M
- Distribution of components including Intel (semi-conductors) and Western Digital (hard disks) products

31 Dec 2014

- Completed acquisition of entire distribution and trading entity of GSH Corporation Ltd for ~U\$13.6M
- Distribution of lifestyle and consumer electronics such as IT, Photo and Timepiece
- Renamed to Serial I-Tech Group

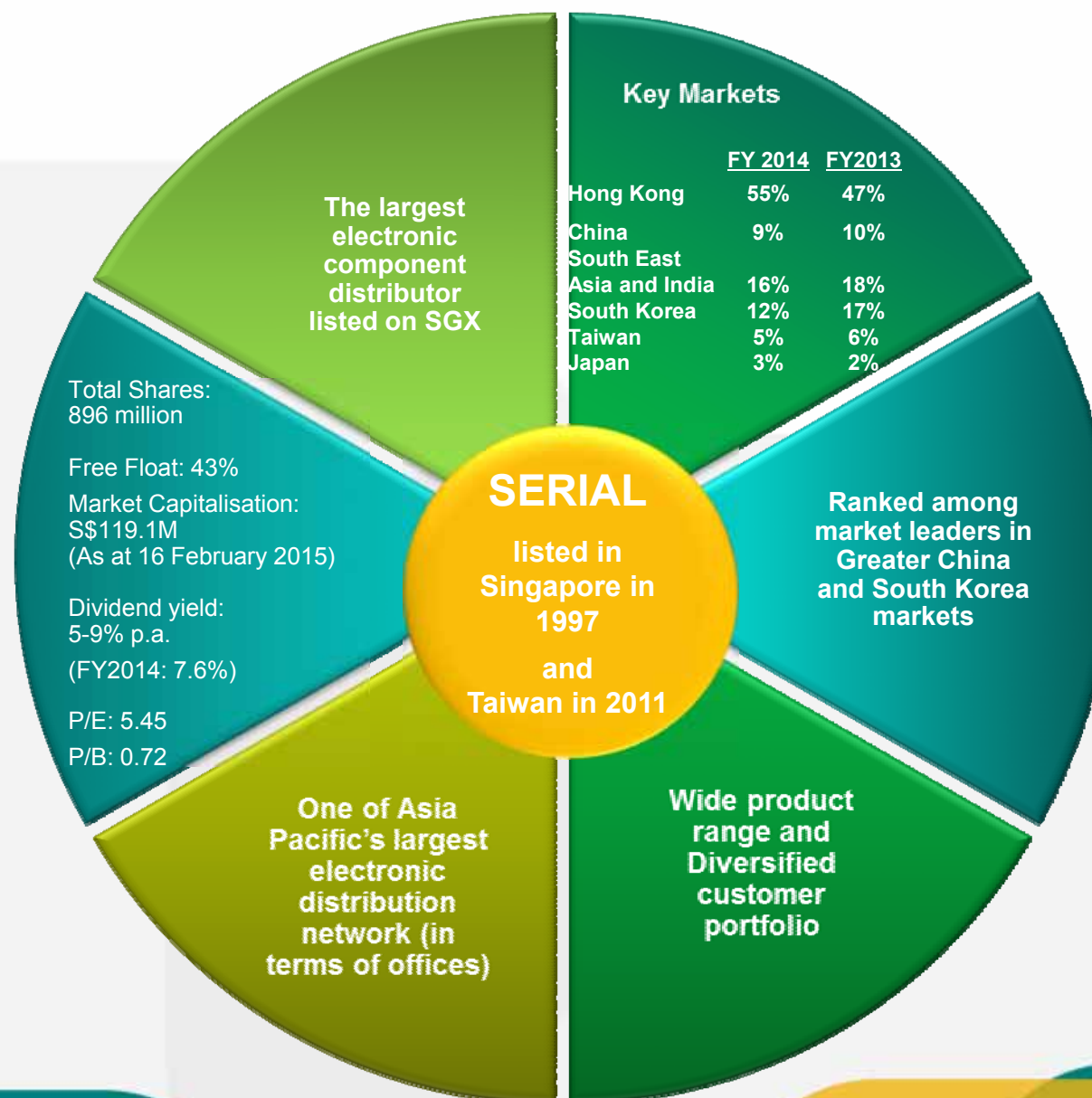
09 Feb 2015

- Appointment of Serial, as distributor for Greater China, Southeast Asia and India, by Fairchild Semiconductor

Serial System Overview



SERIAL SYSTEM AT A GLANCE



ELECTRONIC COMPONENTS DISTRIBUTION

Our Growth Drivers - Strong Asian Presence



Extensive Distribution Network

58 Sales Offices, 10 Warehouses & > 1,000 employees in Asia Pacific



OTHER BUSINESSES

South Pacific Laundry (20%-stake)



- Australia-based industrial laundry servicing hotels, resorts, hospitals, care centres, and restaurants in Melbourne, Sydney, Brisbane and country areas of Victoria
- Cutting-edge technology and efficient processes ensure linens are washed, ironed and folded in record time
- High gross and net margins
- Exploring opportunities to expand reach within Australia

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*
- High gross and net margins
- Exploring opportunities to expand via M&As

OTHER BUSINESSES

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



- 2 core businesses: outdoor advertising media and hospitality solutions
- Outdoor advertising media consists of large format outdoor LED and billboard advertising displays (*Located at Grand Park Orchard @ Knightbridge & North Point Shopping Center*)
- Hospitality solutions consists of Proprietary i-connect® solution that includes Intelligence Room Infotainment Solution (IRIS), Venue360 media content management system and Soft-based Solution (SBS). One of our key SBS product brand is Electronic Meal Ordering System (eMOS), which is the next-generation meal ordering system. (*Key clients include Khoo Teck Puat Hospital, Jurong Hospital, Changi General Hospital, Alexandra Hospital & Parkway Hospital*)

Bull Will Co. Ltd (29.01%-stake)



- Headquarter in Taipei, Taiwan, Bull Will has been listed on Taiwan Stock Exchange since 2003
- Designs and manufactures full-range of magnetic components for electronic products (*Inductors for Mobile/Notebook, Automotive Magnetics, PC/Server Magnetics & Transformers for Consumer Electronics*)
- Owns three manufacturing facilities in China

Financial Highlights



4Q2014 KEY HIGHLIGHTS

- NPAT growth outpaced revenue growth:
 - 4Q2014 NPAT rose 52% to US\$4.6M on 23% revenue growth to US\$267.7M
 - Increase in NPAT due to higher sales and continued cost efficiency and efficient inventory management
- Net margin improved to 1.7% from 1.4% in 4Q2013
- Total expenses as percentage of sales declined to 7.9% in 4Q2014 from 8.4% in 4Q2013 as a result of Group's improvement in operational and cost efficiencies



FY2014 KEY HIGHLIGHTS



- Achieved FY2014 revenue target of US\$1.0 billion, registering a turnover of US\$1.04 billion (FY2013: US\$ 817.0 million)
- NPAT increased 44% to US\$16.1 million; outpacing revenue growth of 27%. Net margin improved to 1.6% from 1.4% in FY2013
- Total expenses as percentage of sales declined to 7.4% in FY2014 from 8.0% in FY2013
- Turnover in North Asia (Hong Kong, China, South Korea, Taiwan and Japan) grew 30% from FY2013 and accounted for 84% of the Group's turnover:
 - Driven growth in Hong Kong and China by 32% and 18% respectively, due to stronger sales performance
 - Taiwan reported growth of 5% as a result of new customers and higher contribution from existing product lines
- Turnover in South-East Asia and India improved 12% due to increased contribution from new product lines

FINANCIAL SNAPSHOT



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 cents) ⁽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 year 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 year ended 31 December 2014 and the immediately preceding financial year ended 31 December 2013

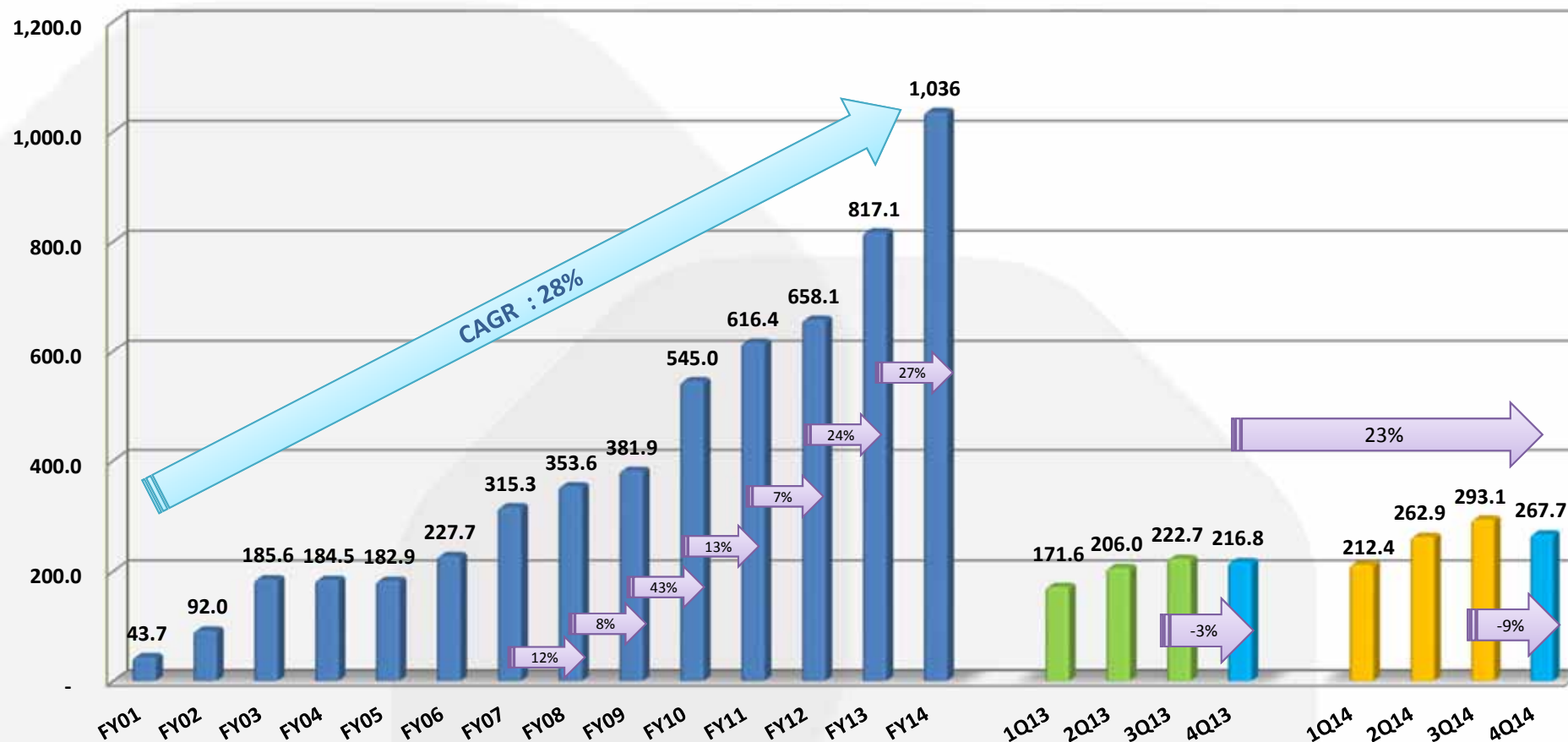
FY2014 Results Overview



ROBUST AND CONSISTENT REVENUE GROWTH

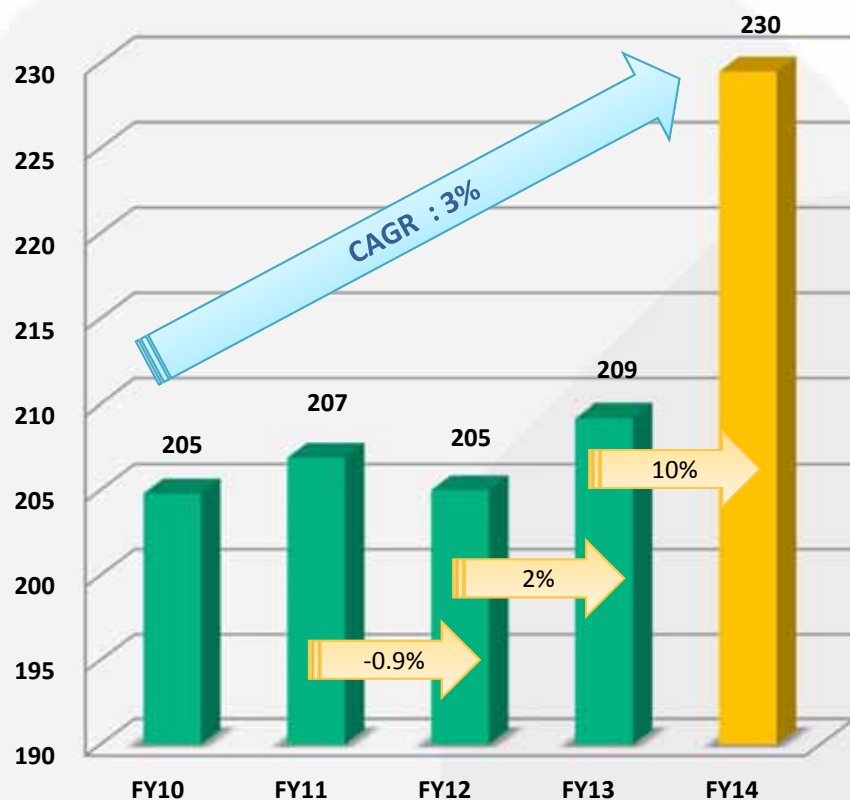


Revenue (US\$' million)



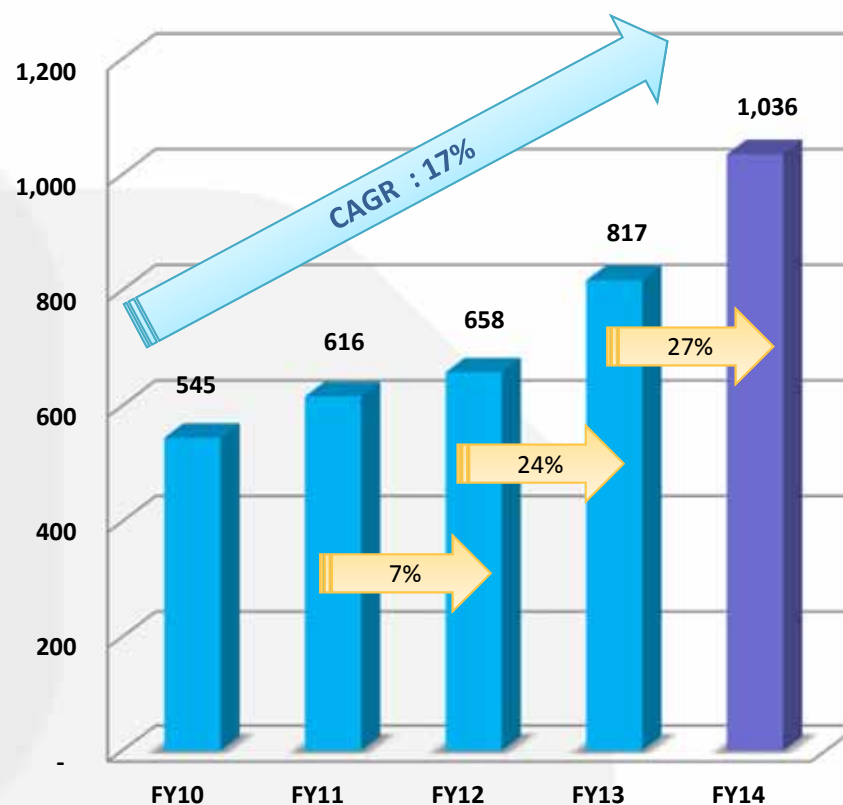
OUTPERFORMING THE INDUSTRY

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



Source : World Semiconductor Trade Statistics/
Semiconductor Industry Association

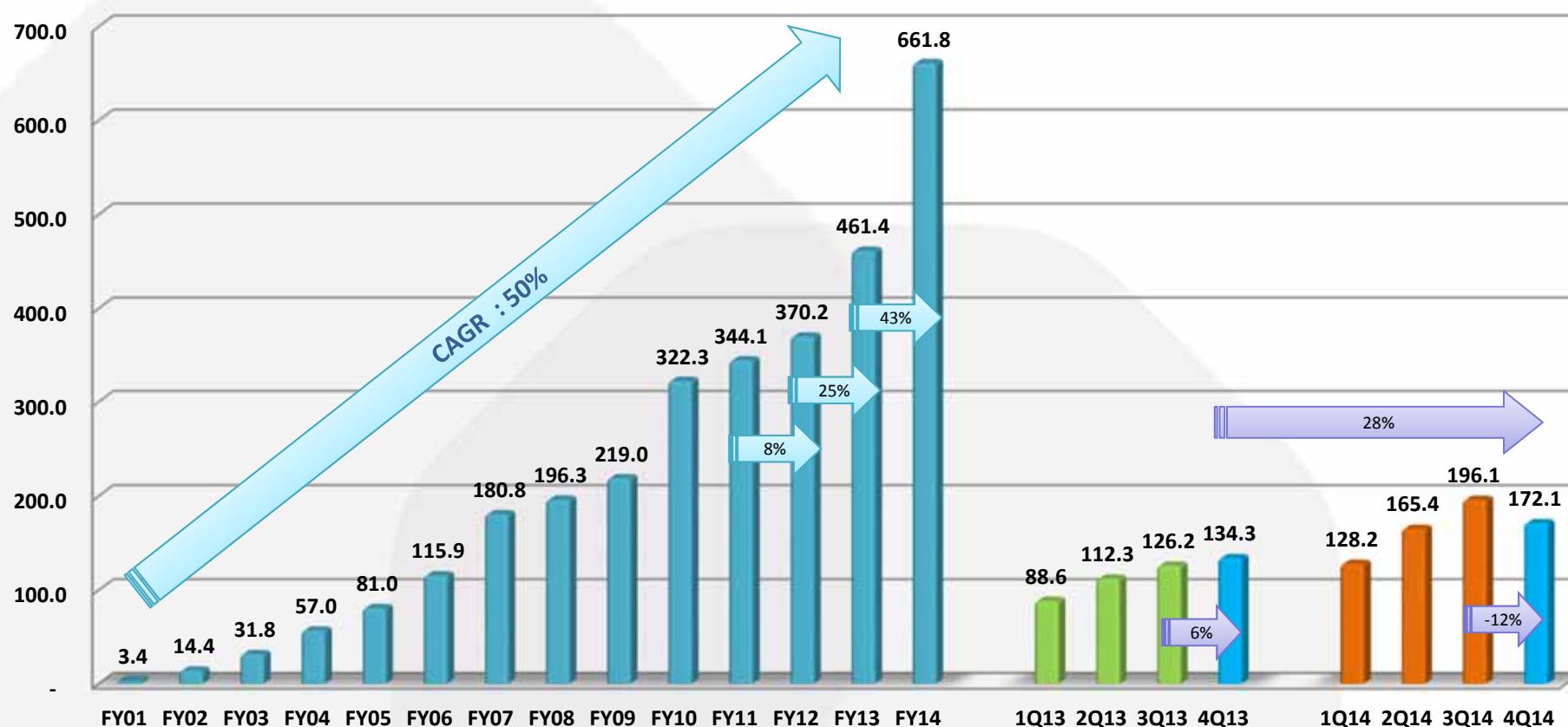
Serial System Revenue (US\$' million)



Serial out-performing the Industry

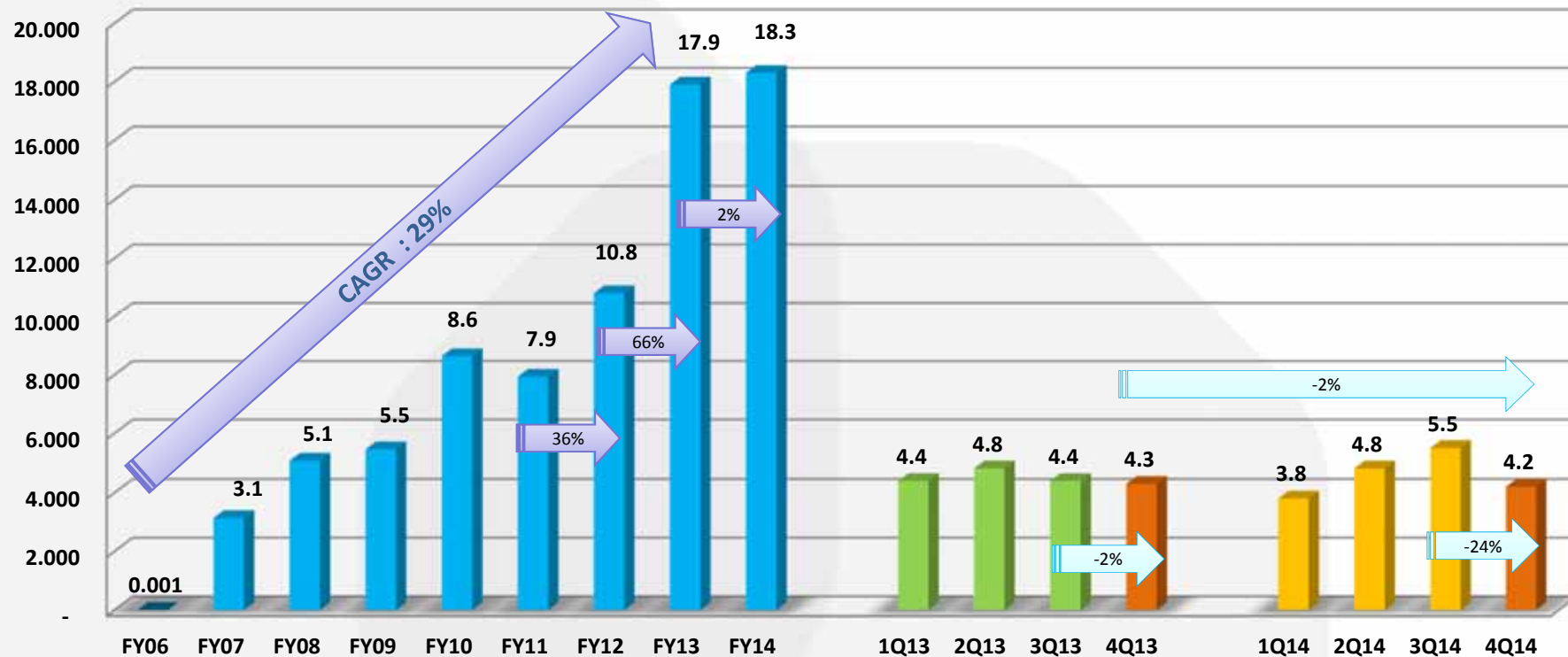
RIGHT GROWTH STRATEGIES

Hong Kong and China Revenue (US\$' million)



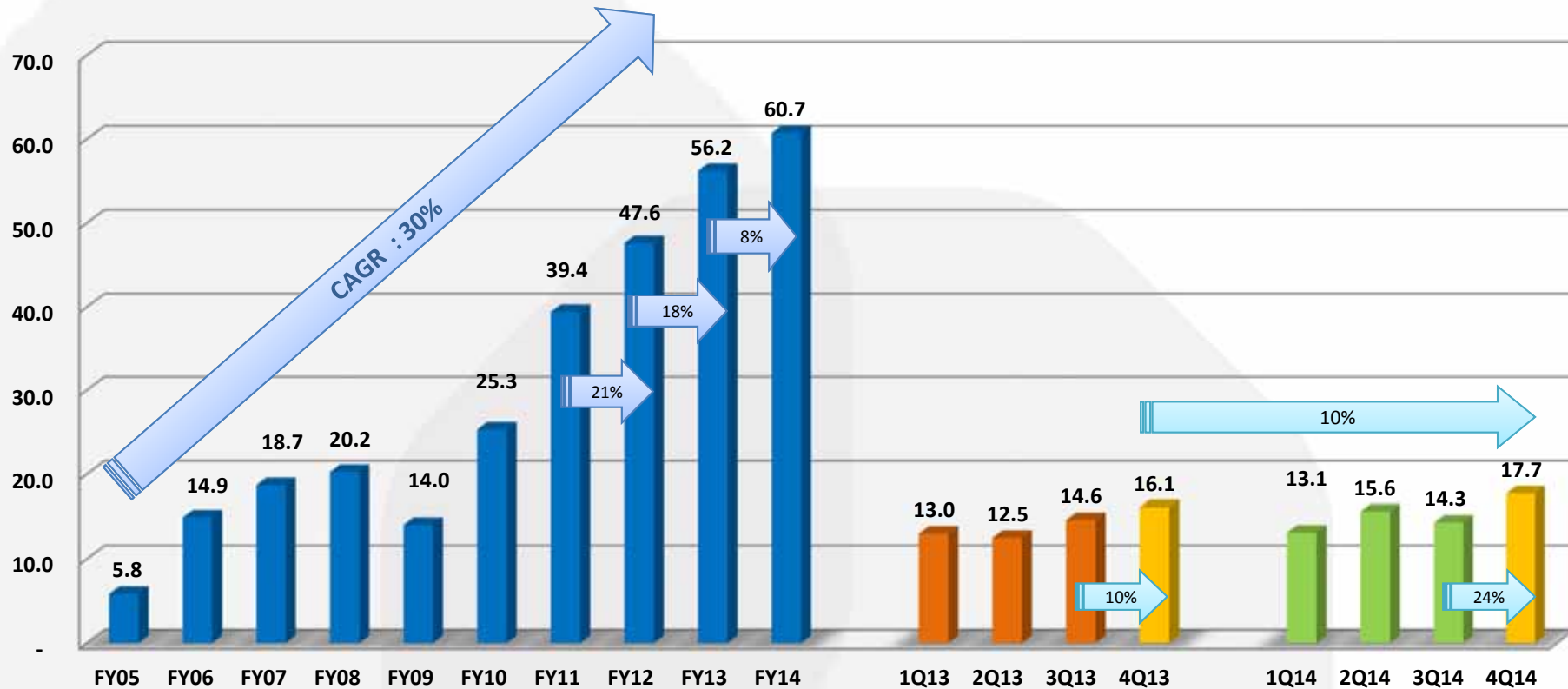
RIGHT GROWTH STRATEGIES

India Revenue US\$' million



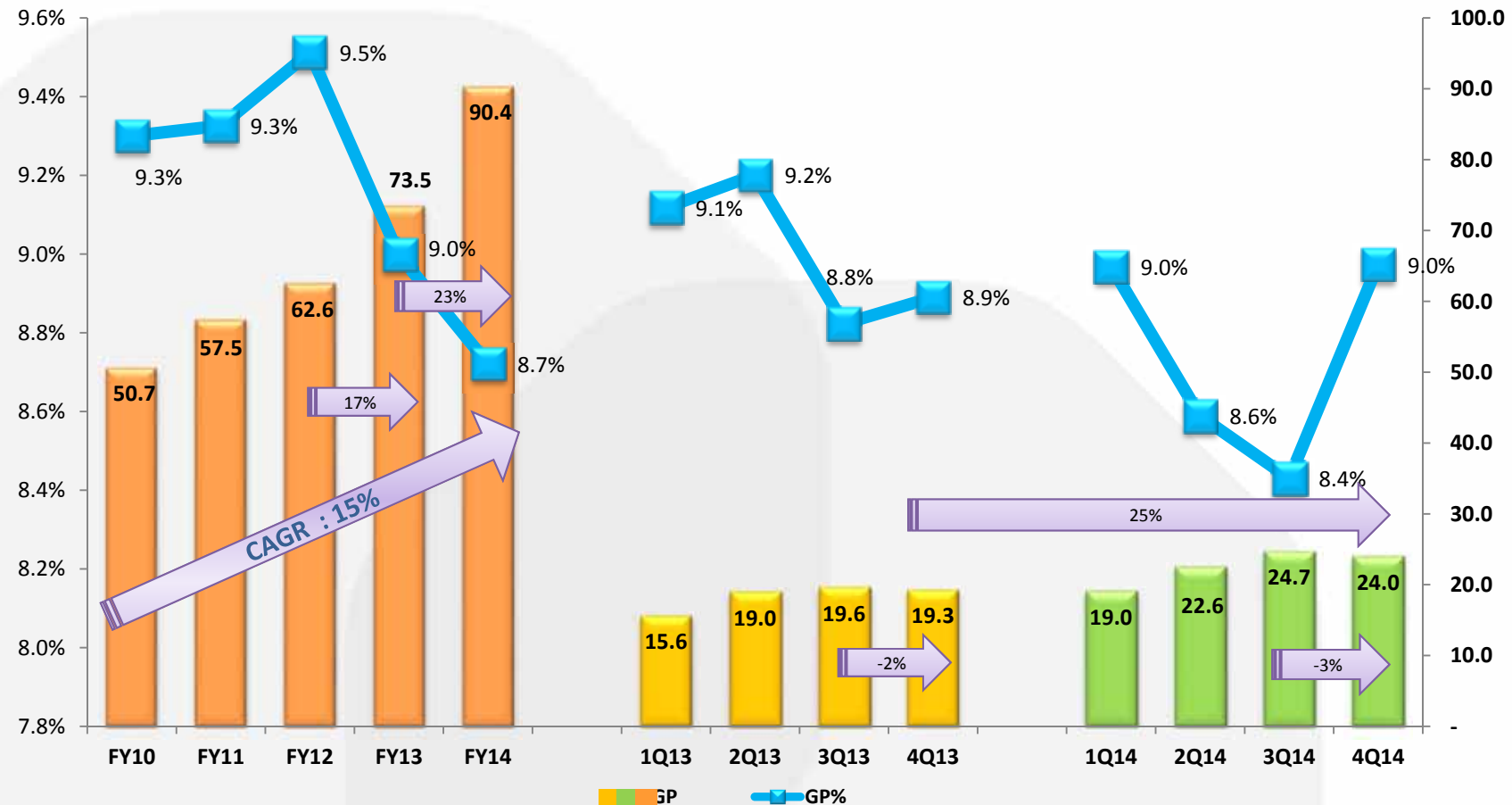
RIGHT GROWTH STRATEGIES

Taiwan Revenue (US\$' million)



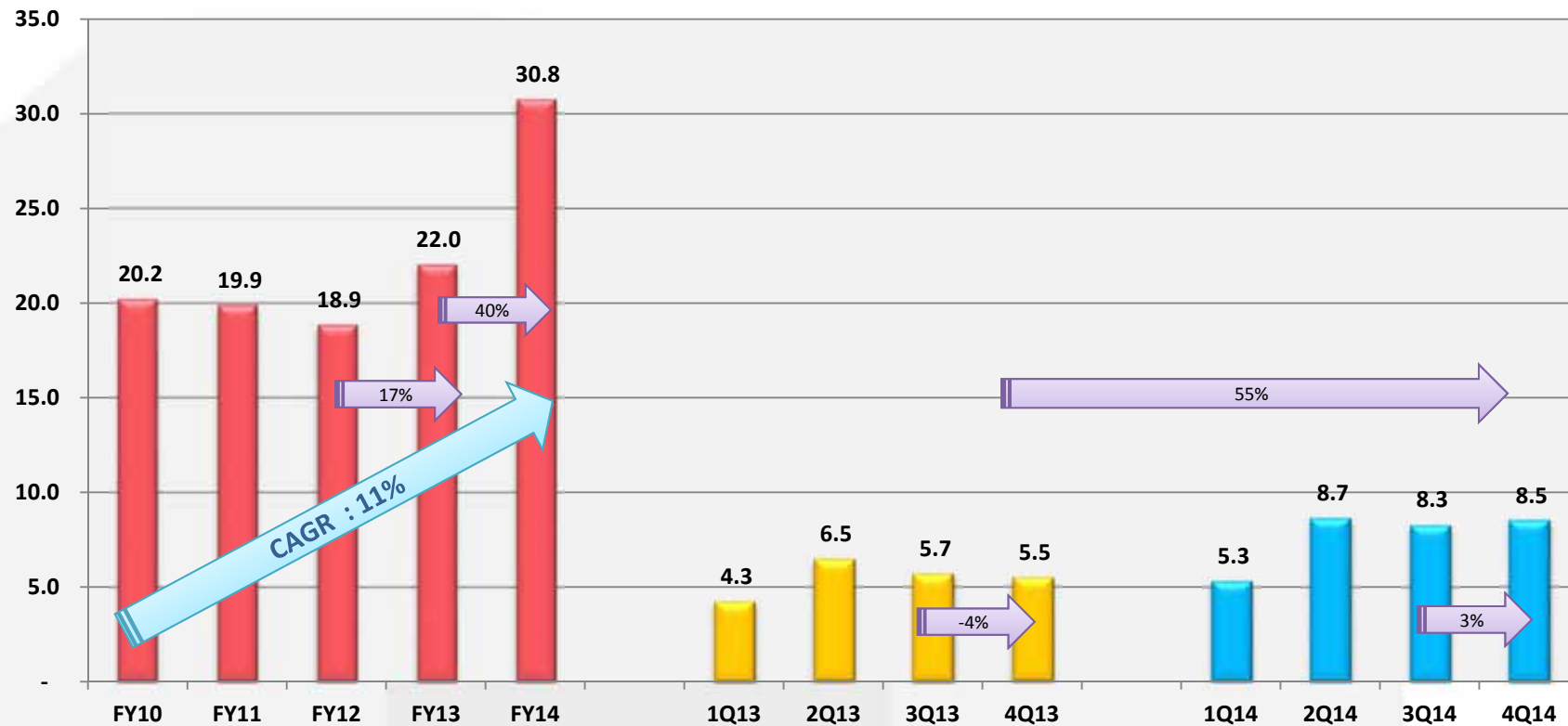
PROFITABILITY POTENTIAL

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



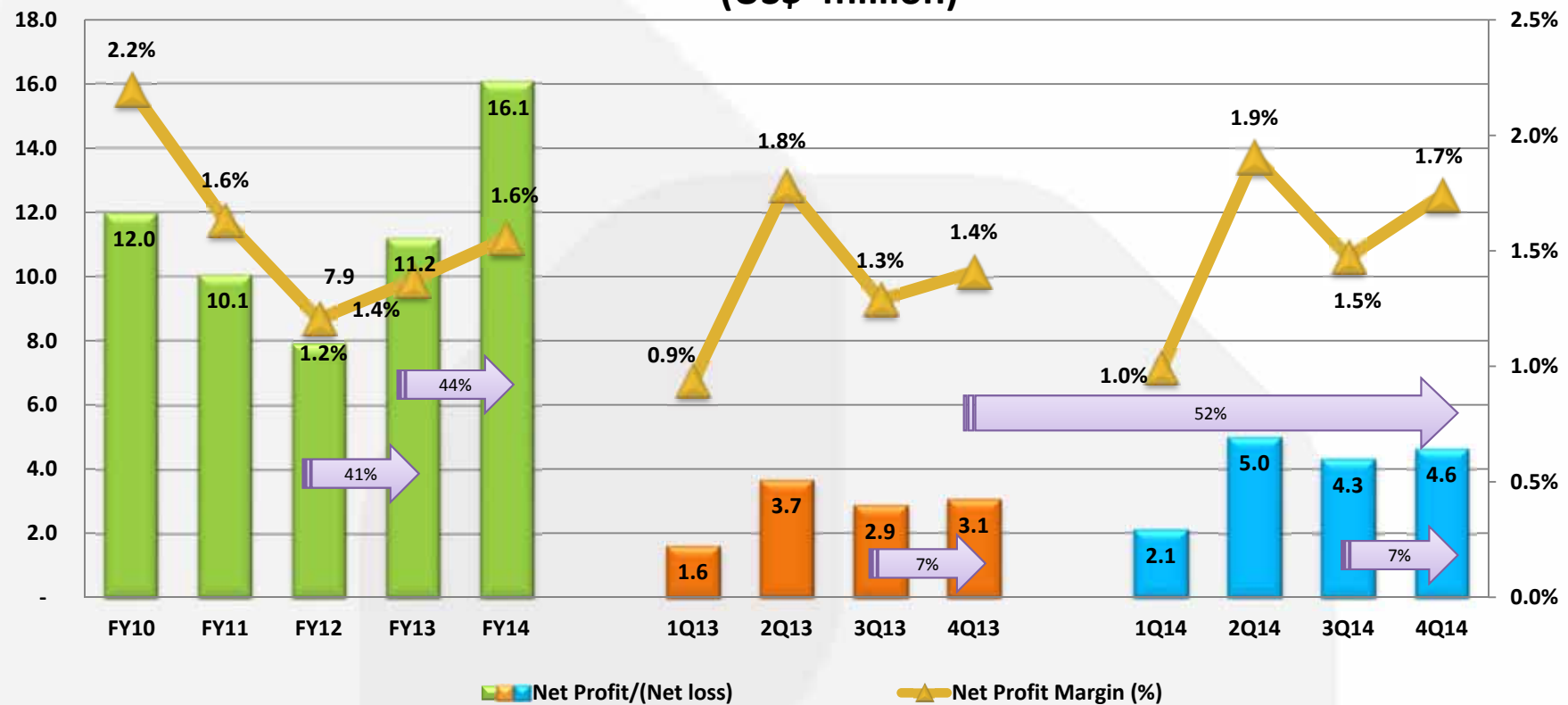
PROFITABILITY POTENTIAL

EBITDA (US\$' million)



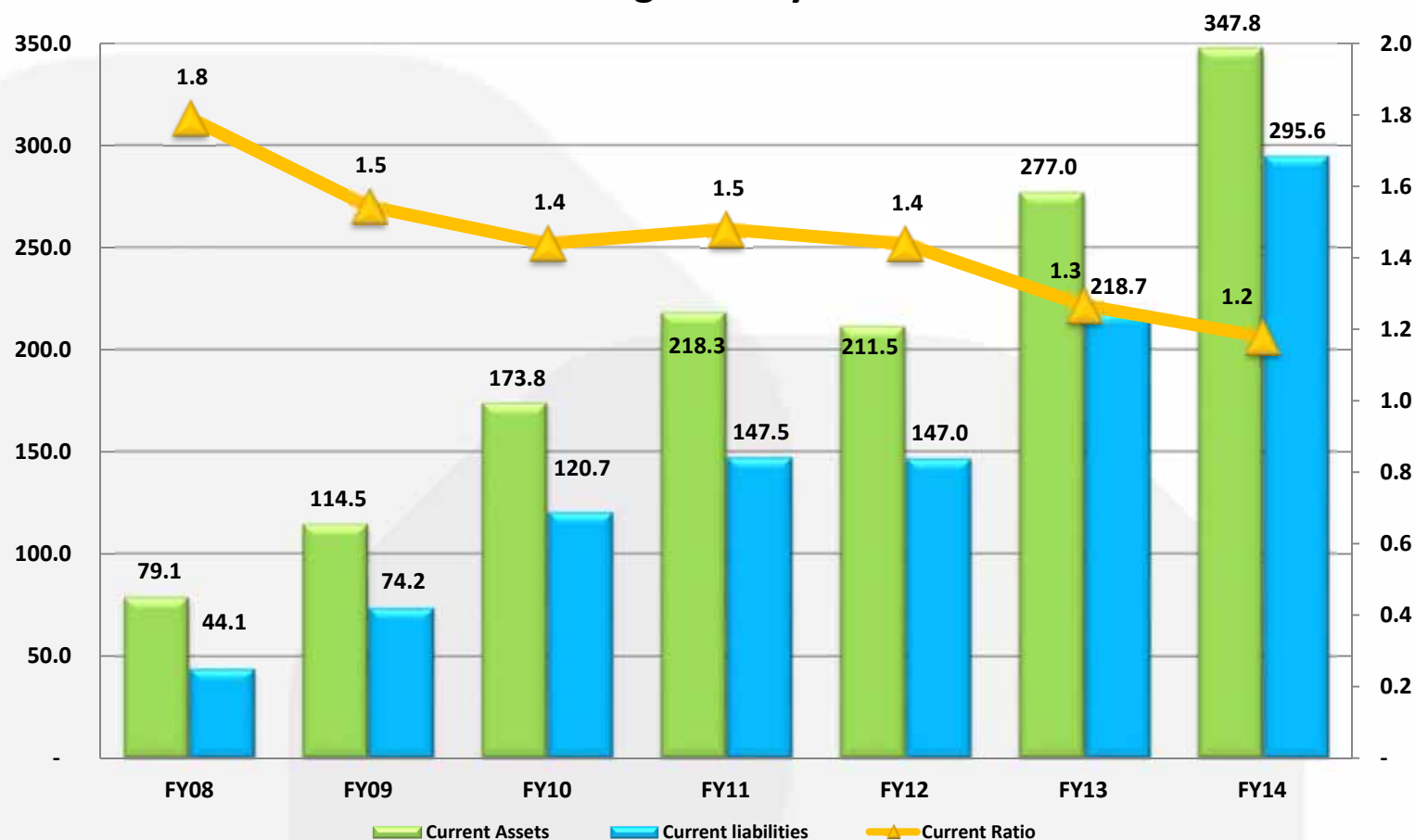
PROFITABILITY POTENTIAL

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

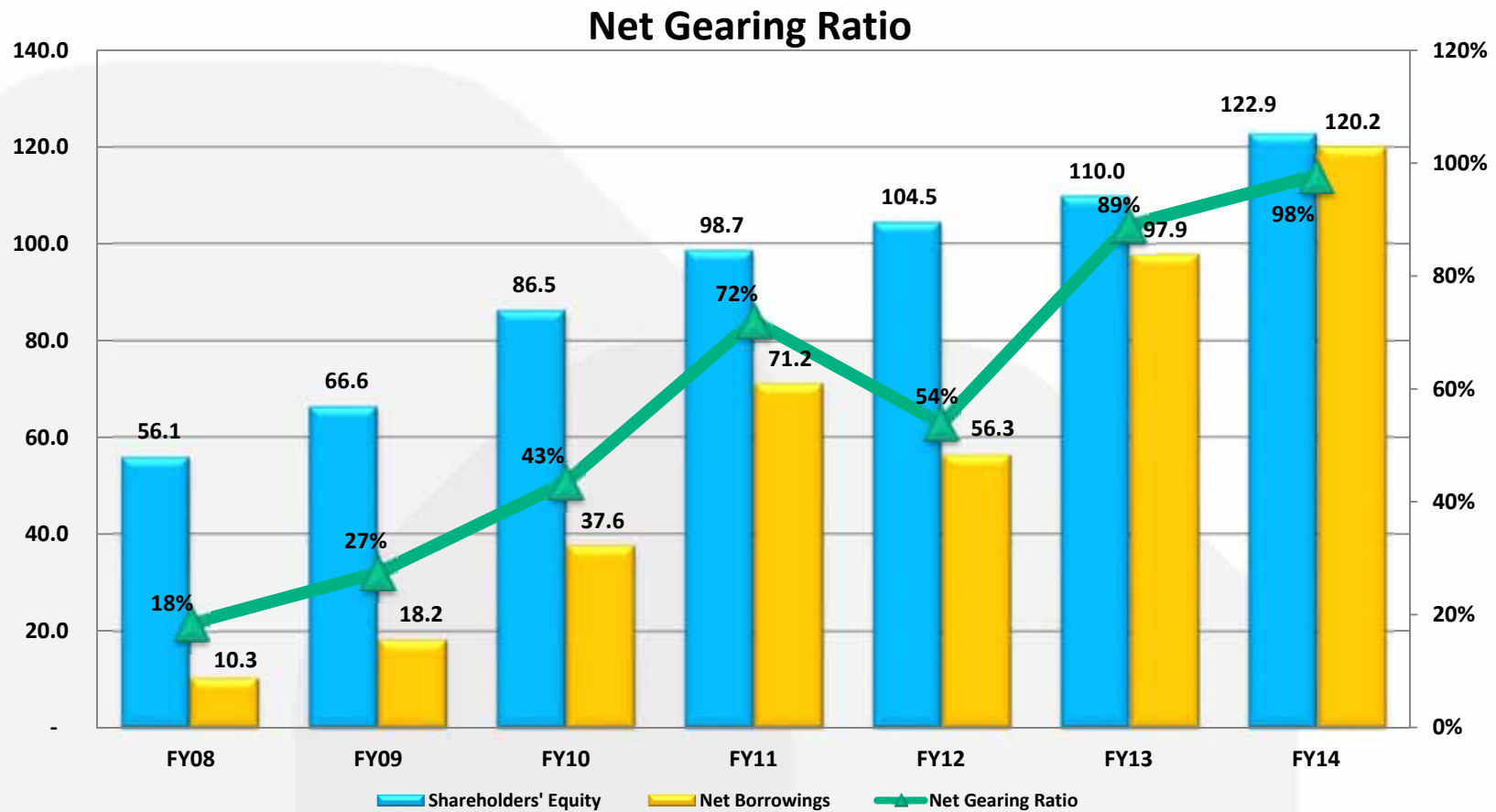


HEALTHY BALANCE SHEET

Maintaining Healthy Current Ratio

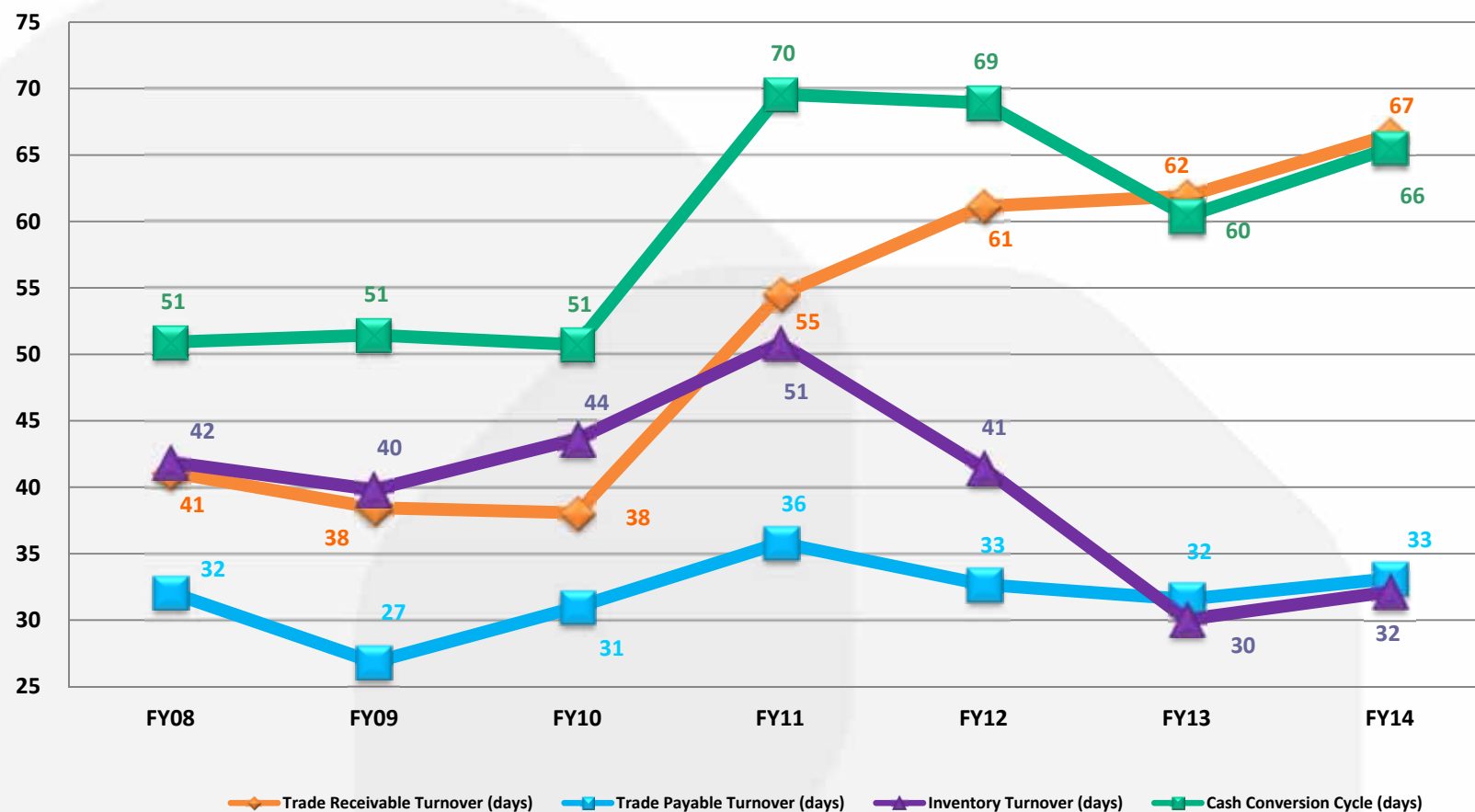


HEALTHY BALANCE SHEET



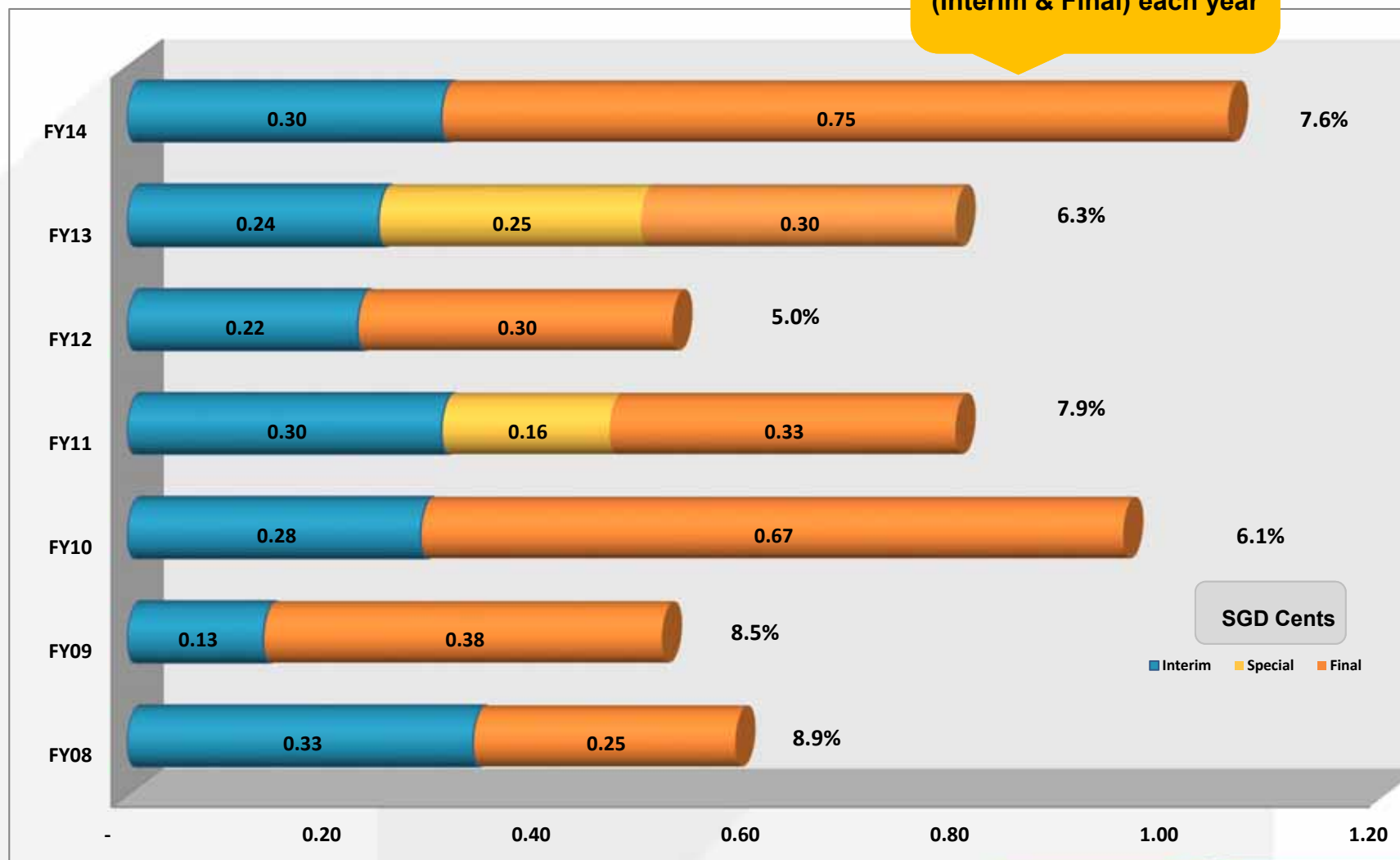
HEALTHY BALANCE SHEET

Cash Conversion Cycle (days)

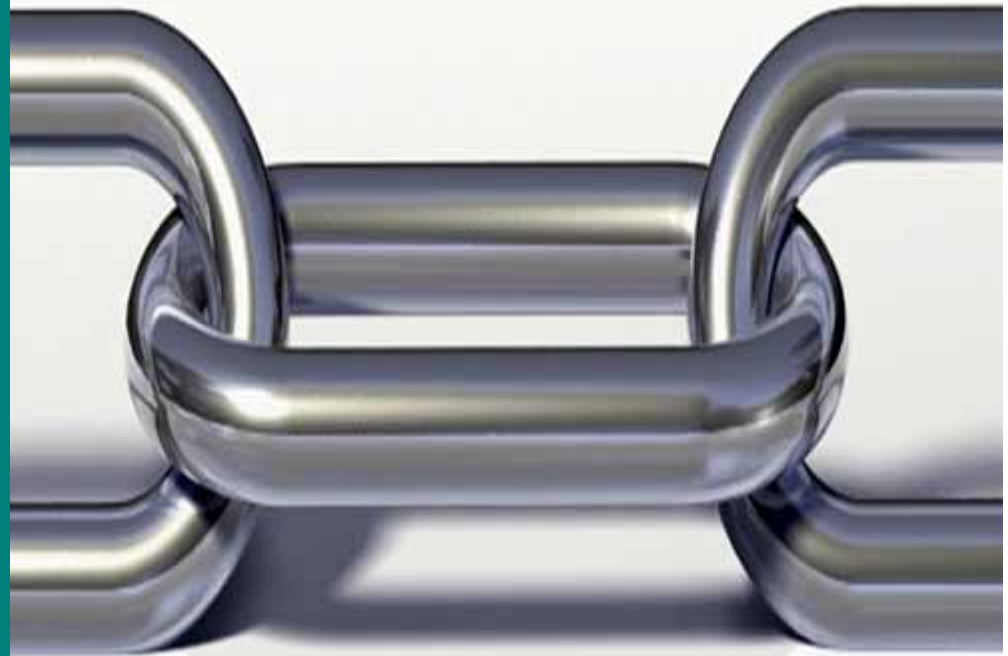


ATTRACTIVE DIVIDEND YIELDS

At least
Two Dividend payout
(Interim & Final) each year



Strategy, Outlook & Investment Merits



RECAP ON THREE-PRONGED STRATEGY

Objectives to:

- Increase revenue
- Deepen value proposition
- Drive greater internal efficiencies to improve margins

Expand product portfolio & increase higher-value components

- Deepen penetration in Automotive segment, Mobile devices and Enterprise Cloud Solutions
- Component modules as a reference solution - higher margins & differentiator

Improve internal efficiencies

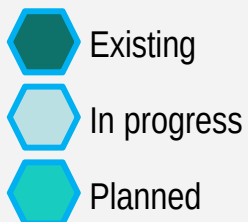
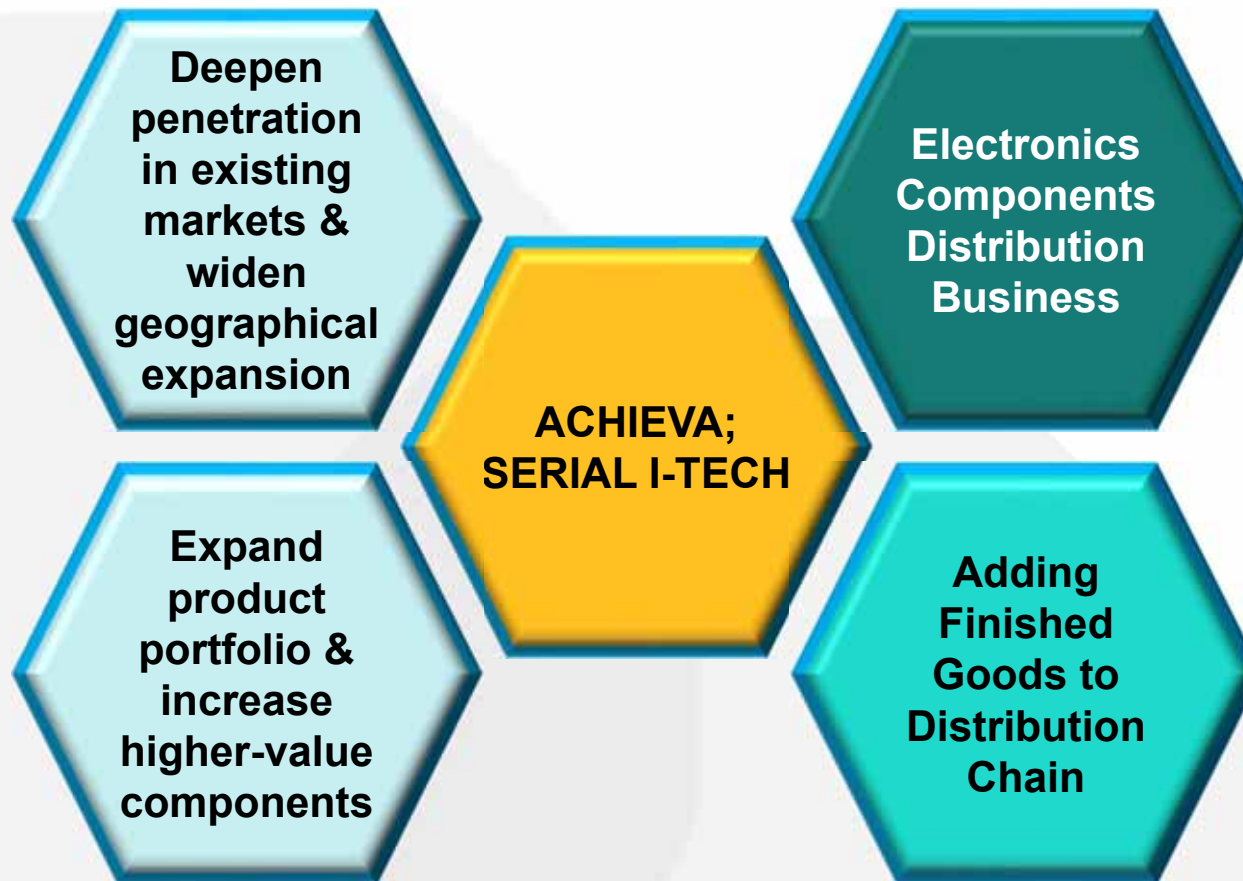
- Internal forecasting system
- Centralised asset management
- Greater adoption of electronic data interchange (“EDI”)

Deepen penetration in existing markets & widen geographical expansion

- Deepen footprint in emerging markets (e.g. Vietnam & Indonesia)
- Expand to Europe and U.S. (~40% of semiconductor business) via M&A / JV

MOVING UP THE VALUE CHAIN

Achieva and Serial I-Tech's Synergies and Adjacencies



KEY HIGHLIGHTS OF THE ACQUISITION

ACHIEVA

- Acquisition of a 49%-equity interest in the distribution and trading entity of SGX-listed Achieva Limited, for a consideration of US\$4.0M
- Clear synergies with Serial System's electronic components distribution business
 - Adds distribution of components including Intel (*semi-conductors*) and Western Digital (*hard disks*) products and new distribution offices in Australia
- Expand Serial System's product offerings and customer base; encourage top line growth by leveraging on the Group's existing extensive distribution network



Intel CPUs



Intel NUC



Western Digital (WD) HDD

ACHIEVA PRODUCT RANGE



Intel CPUs



Intel NUC



Adata SSD



Fujitsu SSD



Cyberclean



Western Digital (WD) HDD



Adata Dram



Synology NAS Drive



Qnap NAS Drive



Roccat gaming accessories



Intel SSD



Adata HDD



Asrock motherboards



Powercolour graphics cards



KEY HIGHLIGHTS OF THE ACQUISITION



SERIAL I-TECH GROUP

- Acquisition of the entire trading and distribution business of Serial I-Tech to be satisfied via payment of US\$3.0M Consideration and Shareholders Loans of US\$10.6M.
- Distribution of products for various brands, including Apple and Tamron, via extensive network in new markets such as Central Asia, Middle East, Vietnam, Cambodia, Bangladesh and Kazakhstan
- Offers an avenue for Serial System to expand distribution network and product offerings
 - Provides Group with immediate access to additional markets and customers
 - Increase in Group's supplier contacts and “upstream” product lines, ranges and offerings
 - Reap cost savings from operational synergies and economies of scale
 - Provides opportunities to cross-sell between customers

SERIAL I-TECH GROUP PRODUCT RANGE IT



Macbook Pro with Retina display



Macbook Air



iMac

iPad
Air2



iPad
Mini3



iPhone 6 & 6 Plus



Power
Solution
- Luxa2



Audio
- Luxa2



Speaker /
Headset
- Luxa2



Mobile/
Tablet Holder
- Luxa2

Power
Solution
- Gosh

Casing Solution
- Gosh



Headset
- Jabra

SERIAL I-TECH GROUP PRODUCT RANGE

Photo



TAMRON
New eyes for industry



Camera Lenses

Camera bags, Tripods & Accessories



Photographic papers & Chemical

FUJIFILM



Photographic Printers
& Consumables

FUJIFILM



Photographic Cameras



FUJIFILM

SERIAL I-TECH GROUP PRODUCT RANGE

Timepiece



INDUSTRY OUTLOOK

Industrial and wireless applications continue to contribute strongly to the market for semiconductors; “Internet of Things” expected to become increasingly important

Global semiconductor industry expected to grow at 5% for 2015 to reach US\$358 billion

Semiconductor foundries and component manufacturers are increasingly drawn to the Group’s sizeable distribution volume and footprint in the region

GROUP OUTLOOK



Integrate supply chain and operations of the two acquisitions into the Group through cutting costs and reducing overlap of resources



Pursue organic growth of its component business



Explore M&A opportunities to enhance shareholder value



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

INVESTMENT MERITS

Why Serial

- Consistent revenue performance outperforming the Asia Pacific semiconductor industry
- High gross profit margin amongst distributors

- Low P/E & P/B amongst distributors
- Attractive dividend yield of ~5-9% p.a.

- Diversification into investment holding of high-margin companies
- Moving up the value-chain to include distribution of finished products
- Expansion plans to Europe and USA

- Healthy balance sheet
- Strong and proven growth strategy
- Good corporate governance

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Thank You

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Your Integral Component to Success