



SERIAL
新曄集團

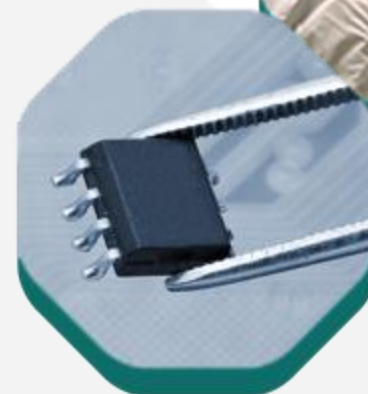
Corporate Presentation

Friday, 28 April 2017

Your Integral Component to Success

AGENDA

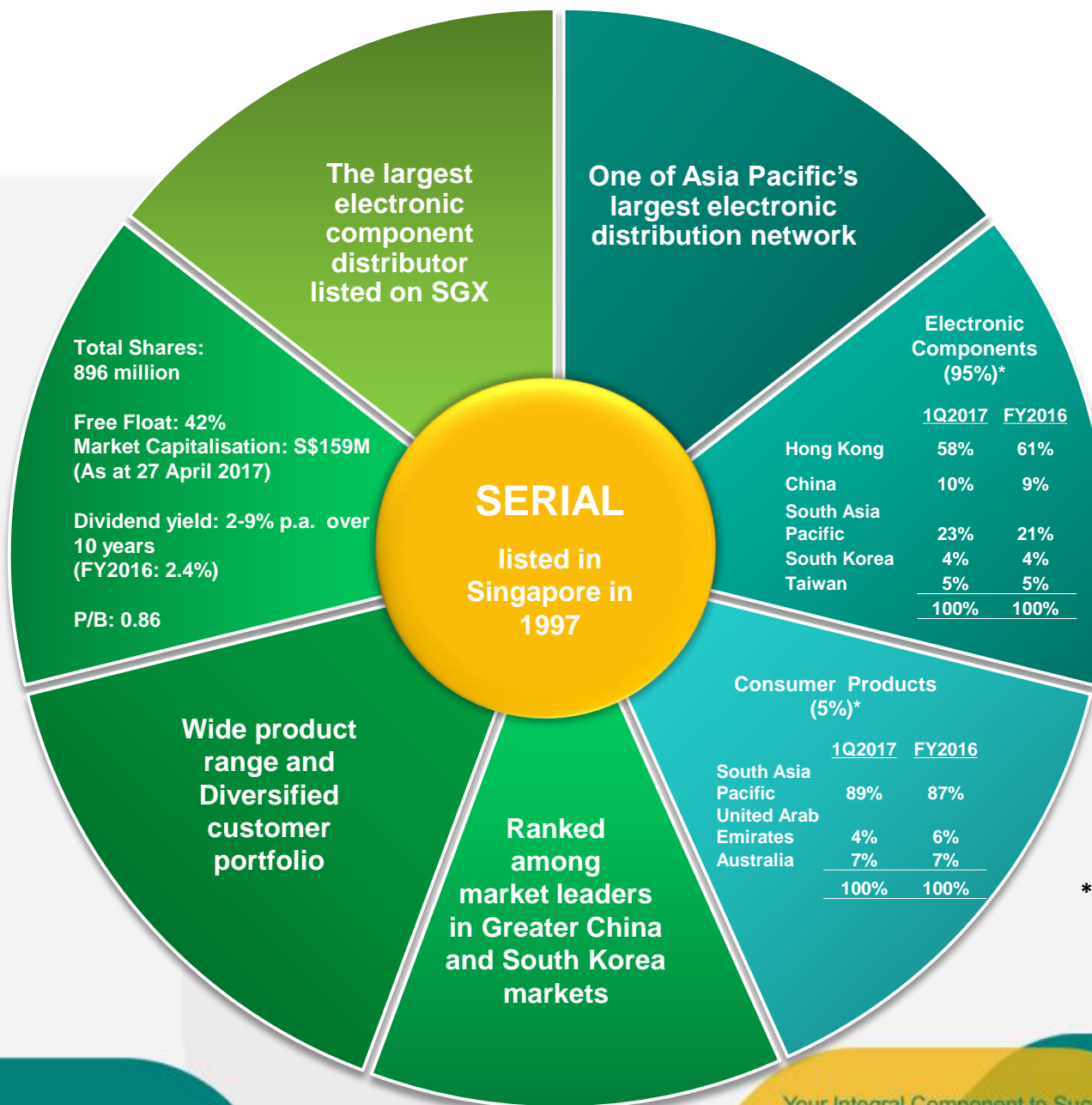
1. Corporate Overview
2. Corporate Highlights
3. Financial Results
4. Outlook & Strategies



A photograph of a business meeting. In the foreground, two people are shaking hands over a table. On the table, there are documents, including one titled 'CONTRACT', and a bar chart. In the background, another person is visible, holding a pen and looking at documents.

Corporate Overview

SERIAL SYSTEM AT A GLANCE



* Group Revenue

Partnering Leading Suppliers

Electronic Components Distribution Business



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

Partnering Leading Suppliers

Consumer Products Distribution Business



AMD

ASUS

Canon

EPSON



gorenje *Life Simplified*



FUJI XEROX



Jabra

MARUMI

MICHAEL KORS

NIXON

OKI

Panasonic

SAMSUNG

SKAGEN
D E N M A R K

LUXA2
A Division of TennetLake

Consumer Products Distribution

The Group comprises 100%-owned subsidiaries: Swift-Value Business Pte. Ltd, Achieva Technology Group, Serial I-Tech Group, 70%-owned Hydra & Thermal Group and 70%-owned Print IQ Singapore Pte. Ltd.

Major suppliers include Hewlett-Packard, Fuji Xerox, Oki, Panasonic, Intel, Asus, Canon, Samsung, AMD, Apple, Nixon and Fossil

Geographical presence in Singapore, Malaysia, Indonesia, Australia, United Arab Emirates and Cambodia



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



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



- Core businesses: hospitality solutions
- Hospitality solutions: Proprietary i-connect® solution, including Intelligence Room Infotainment Solution (IRIS), Digital Media Content Management System and Software-based Solution (SBS).
- Key SBS product brand: Electronic meal ordering system (eMOS), Intelligence Room Infotainment Solution, Digital Media Content Management System, Operational Control System and Fault and Incidence Reporting System.
- Clients: Khoo Teck Puat Hospital, Ng Teng Fong General Hospital, Jurong Community Hospital, Changi General Hospital, St Andrew's Hospital, Gleneagles Hospital, Mount Elizabeth Orchard, Parkway East Hospital, Parkway Mount Elizabeth Novena and Yishun Community Hospital with a list of other hospital deployments in the pipeline.

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

Strategic Investment - South Pacific Laundry

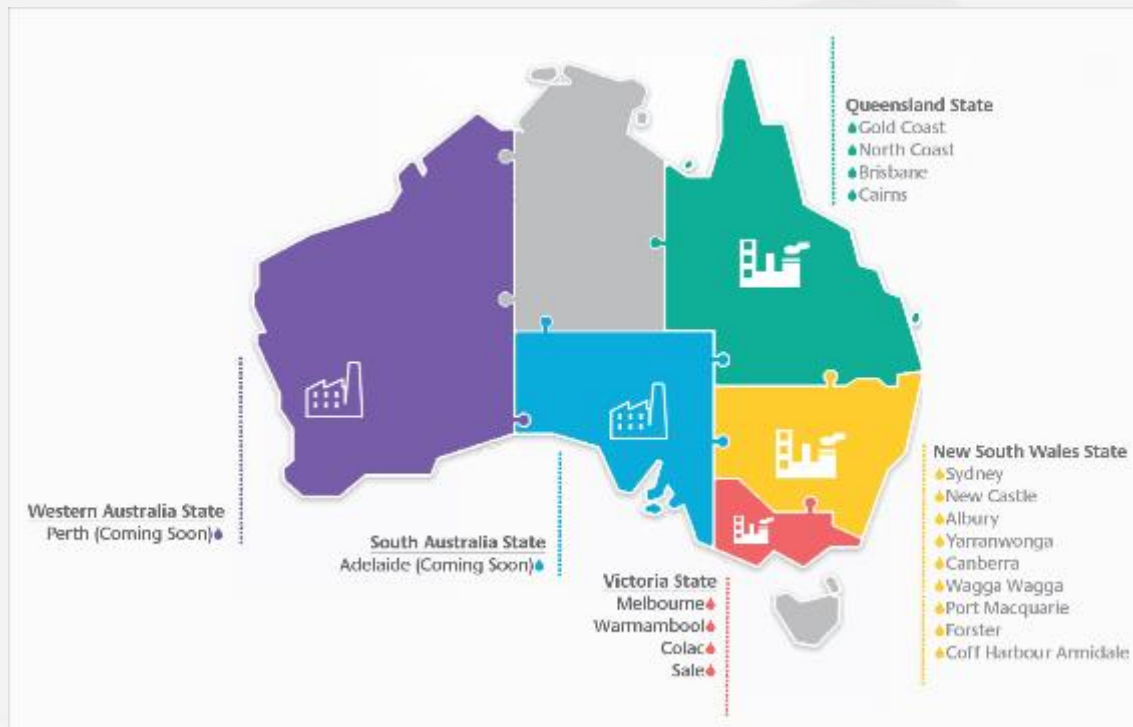


27.34% stake in SPL Holdings (Australia) Pty Ltd, a laundry provider servicing the hospitality industry (hotels, resorts, hospitals, care centres, and restaurants) in Melbourne, Sydney, Brisbane, Canberra and other Australian cities/towns

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, starting with 2 greenfield projects in Adelaide and Perth



Strategic Investment - Tong Chiang Group



21% stake in food manufacturer and caterer Tong Chiang Group ("TCG"); increased investment of US\$1.5 million.

TCG comprises 13 wholly-owned subsidiaries and three separate property investment holding entities, operating in five factories and three warehouse units

Products and services can be broadly categorized into home-meal catering ("tingkat delivery"), provision of bento boxes (packet meals) to corporate customers, and halal and non-halal catering for private and corporate events

Supported by NSG Catering Pte Ltd ("Nanshan Group"), which acquired a 25% stake in TCG in 2017



Corporate Highlights

CORPORATE DEVELOPMENTS

- ▶ Emerged from SGX-ST Watch-List December 2016
 - ❖ Placed on Watch-List on 3 March 2016 pursuant to Rule 1311 of SGX-ST Listing Manual
 - ❖ Removed from Watch-List pursuant to Minimum Trading Price (MTP) exit criteria under Listing Rule 1314(2) with effect from 5 December 2016

ELECTRONIC COMPONENTS DISTRIBUTION

December 2016

Strategies : Expand Product Portfolio & Increase High-Value Components

- ▶ Partner with Beston International (Hong Kong) Ltd (“Beston International”) to market and distribute ON semiconductor products through newly incorporated company, **Newstone Technology Limited**
 - ❖ 51% owned by Serial Microelectronics (HK) Limited
 - ❖ Principal activities: marketing, promotion, sales, export and distribution of ON Semiconductor products

September 2016

- ▶ Partner with South Korean-listed Unitrontech Co., Ltd. through newly incorporated company in Hong Kong: **Unitrontech China Co. Ltd.**
 - ❖ Principal activities: marketing, promotion, sales of Micron memory products
 - ❖ Focuses on automotive market in China

June 2016

- ▶ Expansion of additional Product Line, **Broadcom** after its acquisition by Avago

CONSUMER PRODUCTS DISTRIBUTION

April 2017

Strategies : Rationalise Operations & Explore New Profitable Investments

- ▶ Entered into a conditional sale and purchase agreement (“SPA”) to acquire 70%, of the issued and paid-up capital of **Print IQ Singapore Pte. Ltd.** (“Print IQ”)
- ▶ Disposed of 100% equity interest in **JEL Distribution (Kazakhstan) LLP**
- ▶ Restructured and scaled down SIFE, SIME and ATPY, consolidated Consumer Products Distribution group into a single location in Changi office/warehouse

January 2016

- ▶ Acquired remaining 51% of issued and paid-up capital of **Achieva Technology Pte. Ltd.** (“ATPL”), and is now a wholly owned subsidiary of the Group
- ▶ Acquired 100% of the enlarged ordinary share capital of **Hydra & Thermal International (Cambodia) Co. Ltd** (“Hydra Cambodia”)

OTHER BUSINESSES

February 2017

Strategies : Diversify Risk and Generate Recurring Income

- ▶ Increased investment of US\$1.5 million in 21%-owned associated company, **Tong Chiang Group Pte. Ltd.** (“TCG”), which is engaged in manufacturing food products and food catering in Singapore

March 2016

- ▶ Increased investment in **SPL Holdings (Australia) Pty Ltd** (“**SPL Holdings**”) from 20.00% to 27.34%, pursuant to rights issue undertaken by SPL Holdings
 - ❖ 2 new greenfield projects in Adelaide and Perth
 - ❖ Acquired companies in Cairns, Sydney and Melbourne; increased market share in Queensland, New South Wales and Victoria states

A background image showing a business meeting. In the foreground, a person's hand is gesturing over a document with various financial charts, including bar graphs and a pie chart. Another person's hand is holding a pen, ready to write. The scene is set in a professional office environment with a blurred background.

Financial Results

1Q'2017 / FY2016

SNAPSHOT OF 1Q2017 & FY2016 PERFORMANCE



US\$'000	1Q2017	1Q2016	Change (%)	FY2016	FY2015	Change (%)
Sales	332,937	332,796	0.04	1,402,583	1,221,562	15
Gross Profit	23,959	22,357	7	97,393	91,486	6
Gross Profit Margin (%)	7.2	6.7	0.5 pt	6.9	7.5	(0.6) pt
Net Profit/(Loss) After Tax <i>(Attributable to shareholders)</i>	2,708	(6,559)	N.M.	4,558	11,035	(59)
EPS/(LPS) - fully diluted <i>(US cents) ⁽¹⁾</i>	0.30	(0.73)	N.M.	0.51	1.23	(59)
NAV per share (US cents) ⁽²⁾	31/03/2017: 14.78			31/12/2016: 13.93		

(1) Earnings per ordinary share on a fully diluted basis are computed based on the weighted average number of shares in issue for 1Q2017/Year-to-Date 31/12/2016 of 895,841,914 (1Q2016/Year-to-Date 31/12/2015: 895,841,914) after adjusting assumed conversion of all potential dilutive ordinary shares.

(2) Net asset value per share is computed based on the existing issued share capital as at 31 March 2017 and 31 December 2016 of 895,841,914.

1Q2017 HIGHLIGHTS

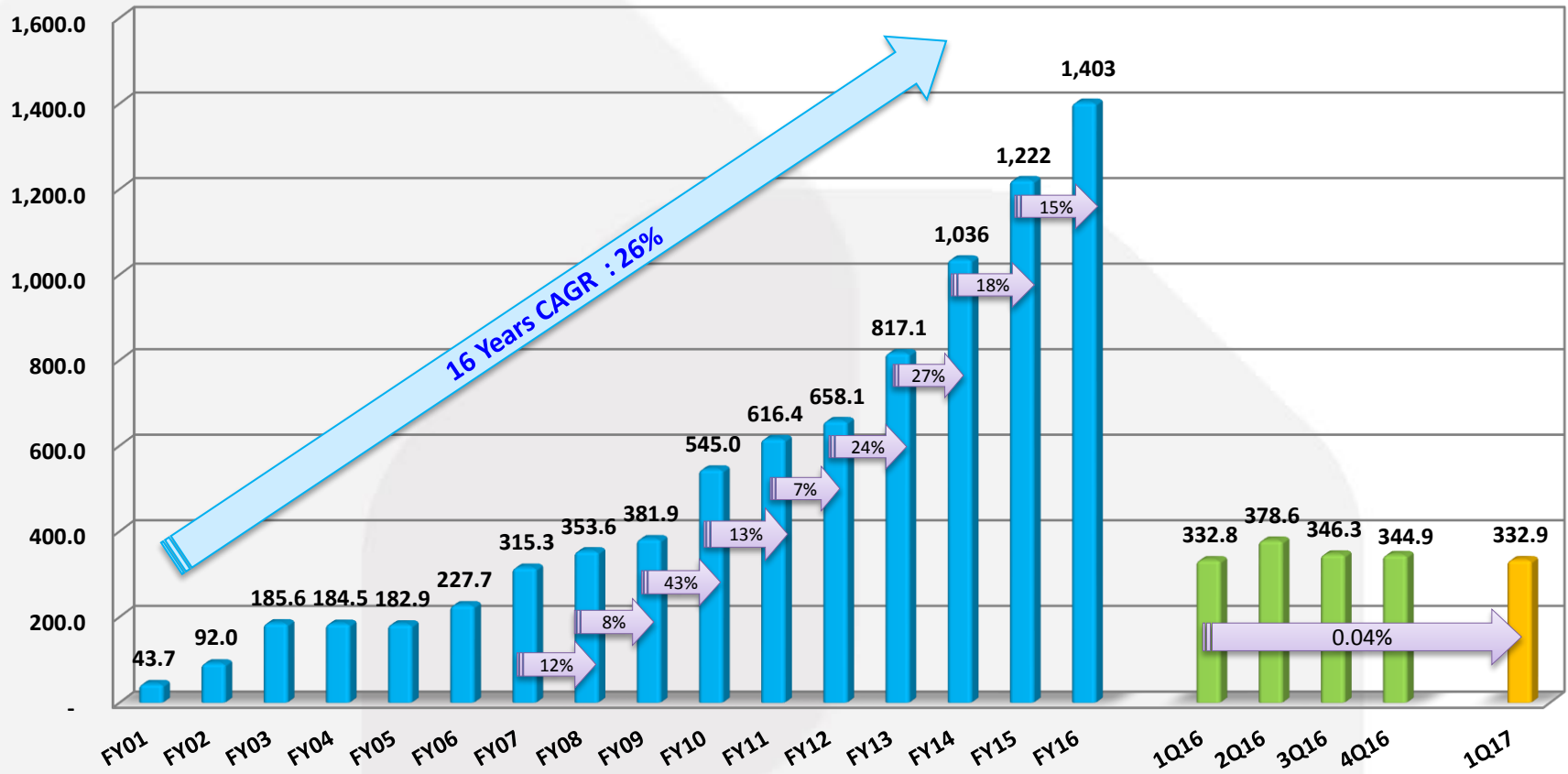
- **Revenue** of US\$332.9M compared to US\$332.8M in 1Q2016:
 - Revenue from electronic components distribution business increased 20% to US\$315.0M, driven mainly by operations in Hong Kong, China and South Asia Pacific
 - Revenue from consumer products distribution business down 75% to US\$17.1 million due to lower sales of product lines across all subsidiaries
- **Gross profit margin** increased to 7.2% from 6.7% in 1Q2016:
 - Higher margins achieved by the consumer products distribution business
 - Offset by lower margin achieved by the electronic components distribution business
- **Share of losses in associated companies** at US\$0.3M, compared to US\$3.2M in 1Q2016:
 - Losses by Bull Will and SPL Holdings
 - 1Q2016 loss was due to provisions made by Bull Will for doubtful debts and inventory obsolescence
- **NPAT** of US\$2.7M in 1Q2017 compared to a net loss of US\$6.6M in 1Q2016:
 - Higher gross profit margin, reduced losses from associated companies, lower currency translation losses and allowance for inventory obsolescence

FY2016 HIGHLIGHTS

- **Revenue** of US\$1.4B, a 15% increase compared to FY2015:
 - Electronic components distribution business rose 15% to US\$1.23B on higher contributions from operations in Hong Kong and China
 - Consumer products distribution business improved 12% to US\$173.3M on contributions from newly consolidated Achieva Technology group
- **Gross profit margin** slipped to 6.9% from 7.5% in FY2015:
 - Higher sales of lower-margin products for electronic components distribution business in Hong Kong
 - Lower-margin consumer products distribution business also accounted for drop
- **NPAT** of US\$4.6M compared to US\$11.0M profit in FY2015:
 - Losses by consumer products distribution business
 - Share of losses in associated companies of US\$3.9M mainly due to losses from Bull Will

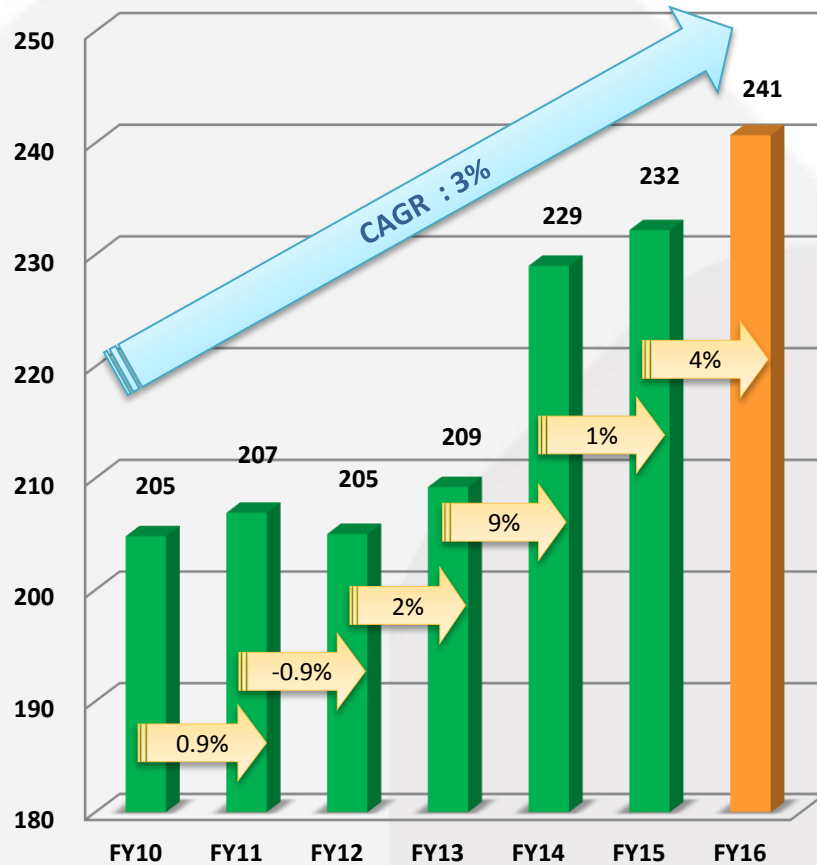
REVENUE GROWTH TREND – SERIAL SYSTEM GROUP

Revenue (US\$' million)



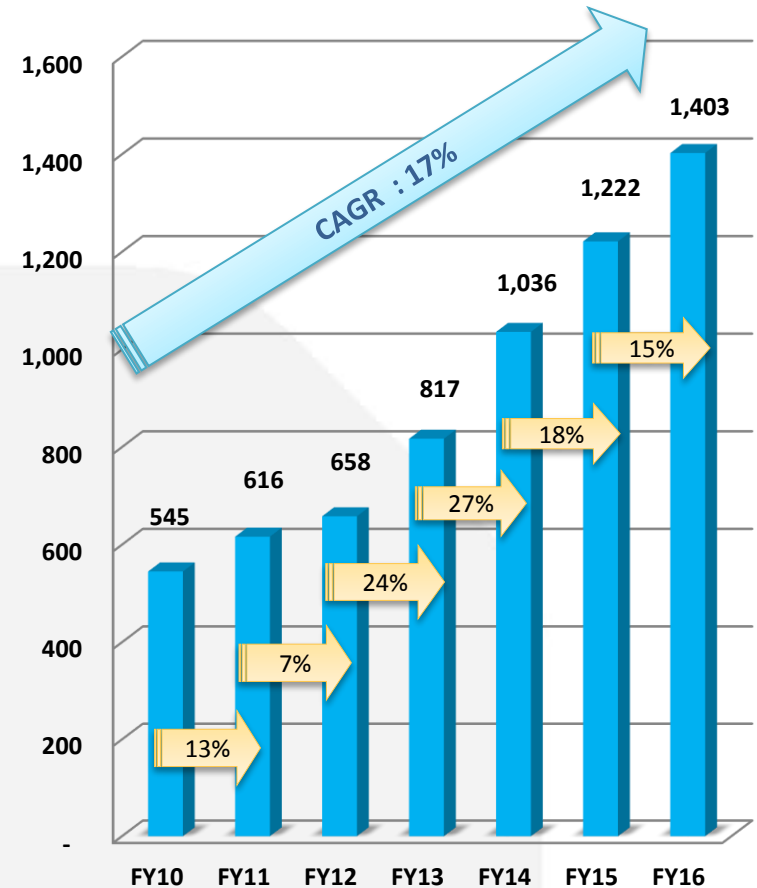
OUTPERFORMING THE INDUSTRY

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

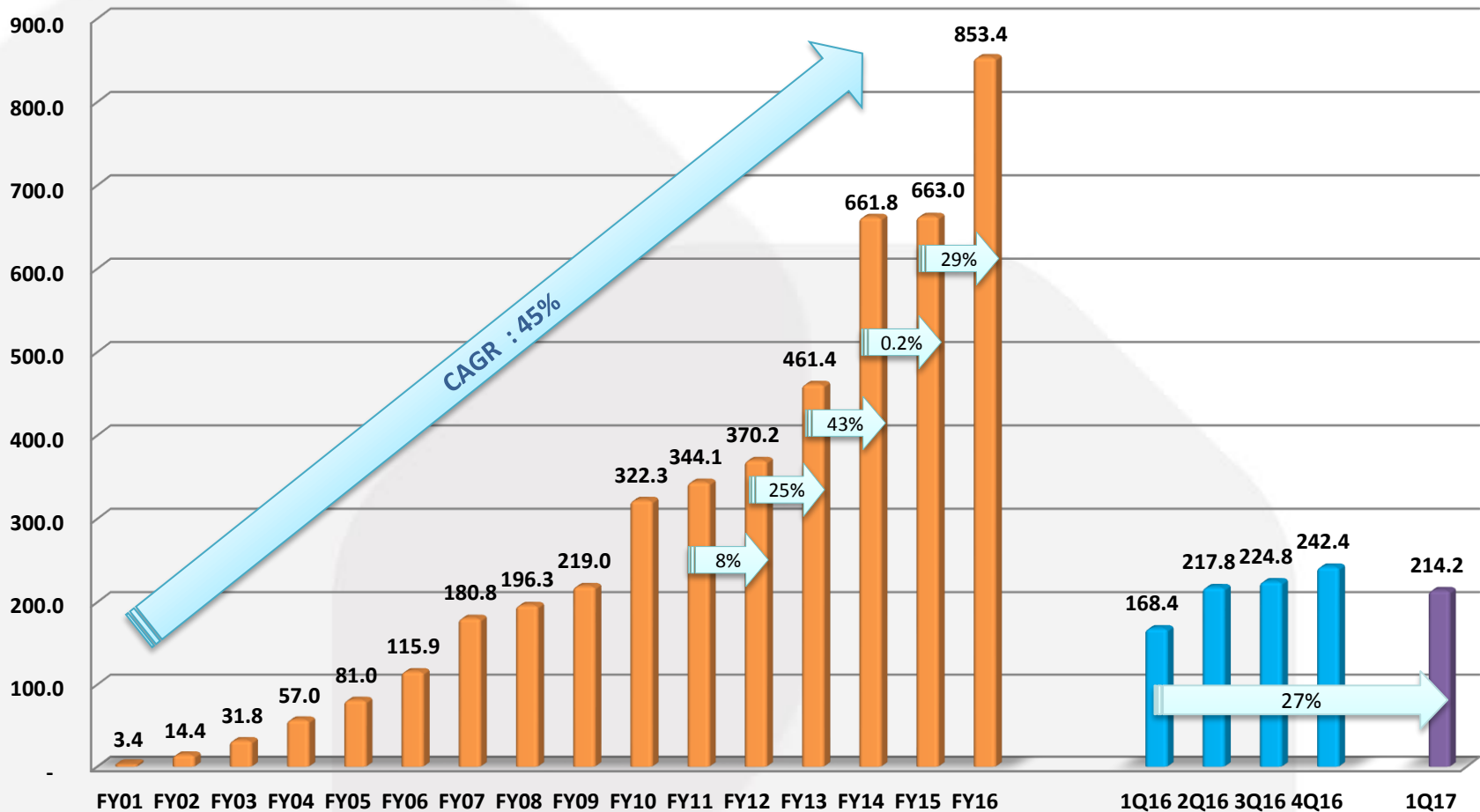


Source : World Semiconductor Trade Statistics/
Semiconductor Industry Association

Serial System Revenue (US\$' million)

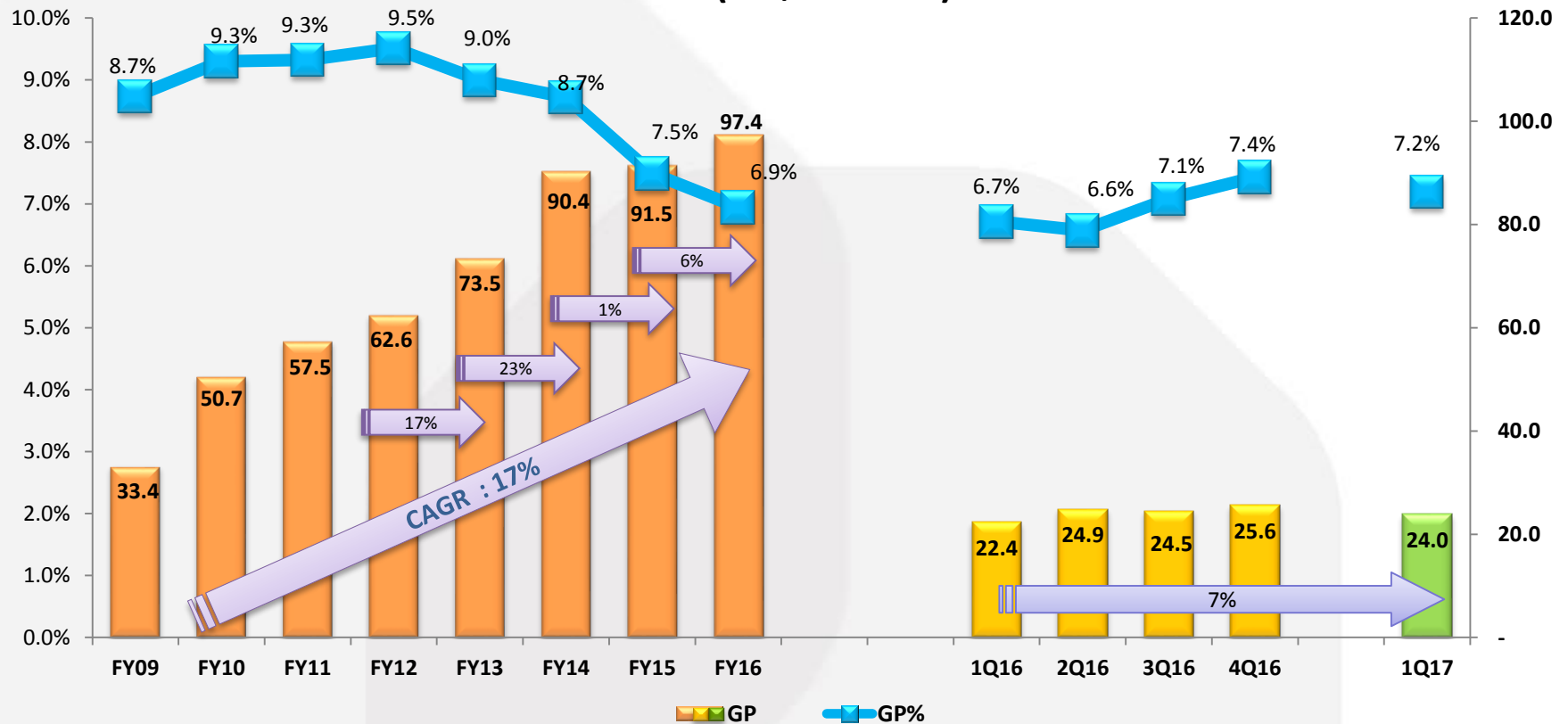


Hong Kong & China Revenue (US\$' million)



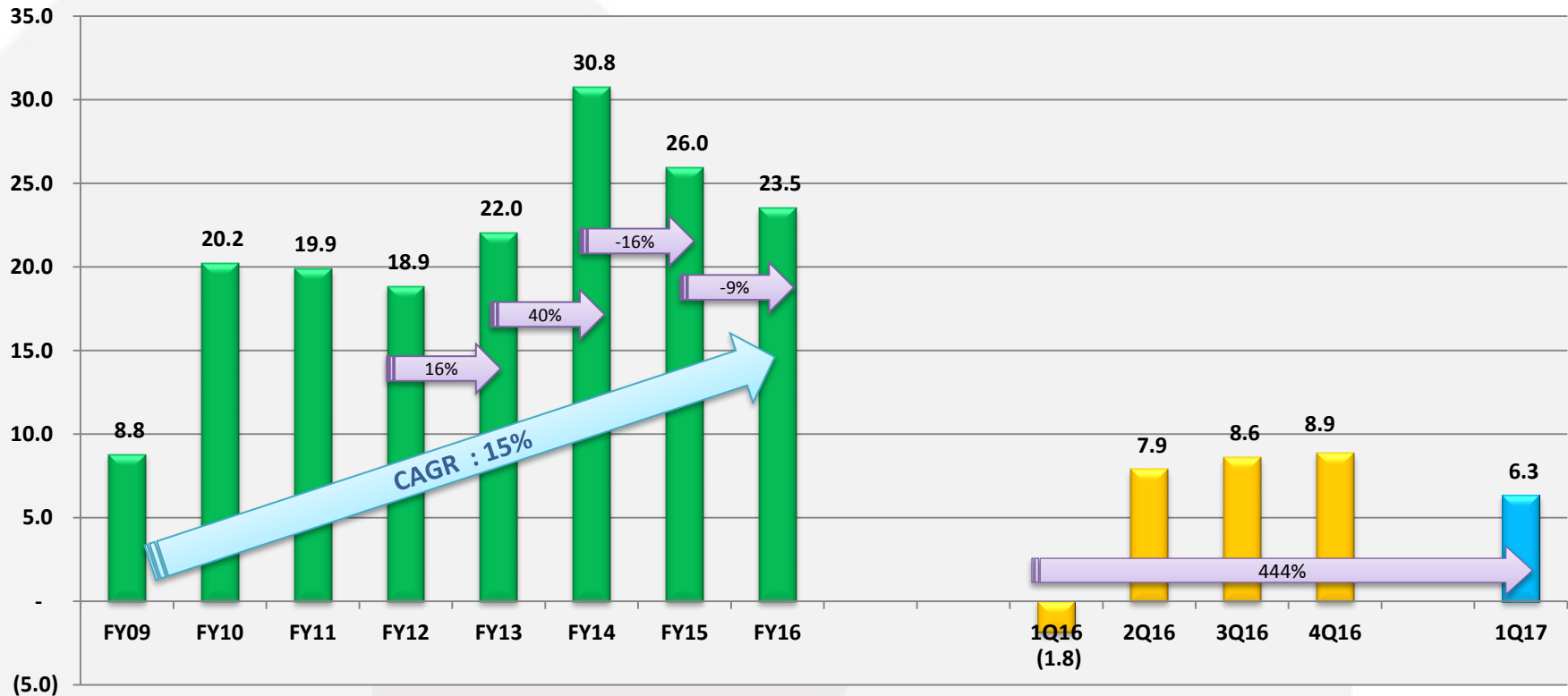
PROFITABILITY

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



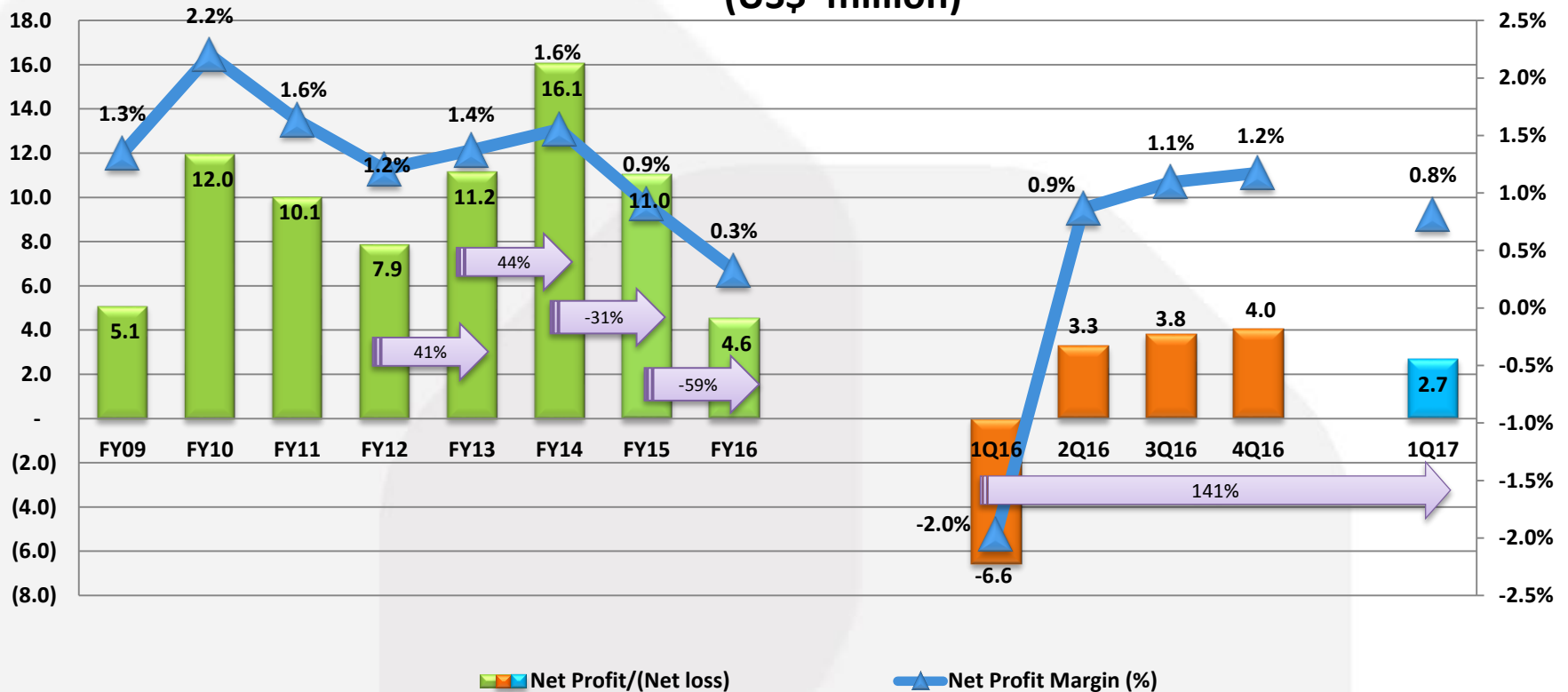
PROFITABILITY

EBITDA (US\$' million)

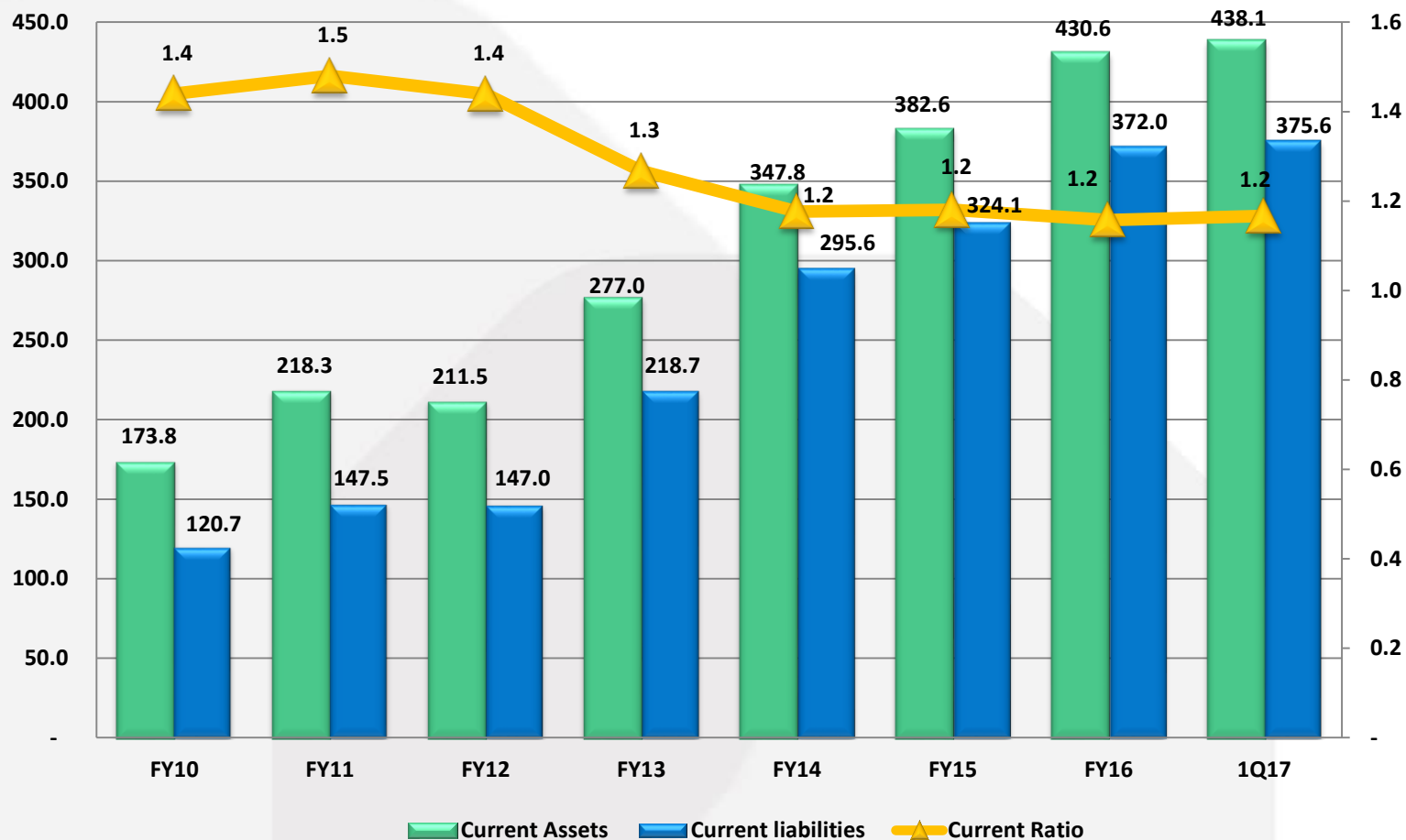


PROFITABILITY

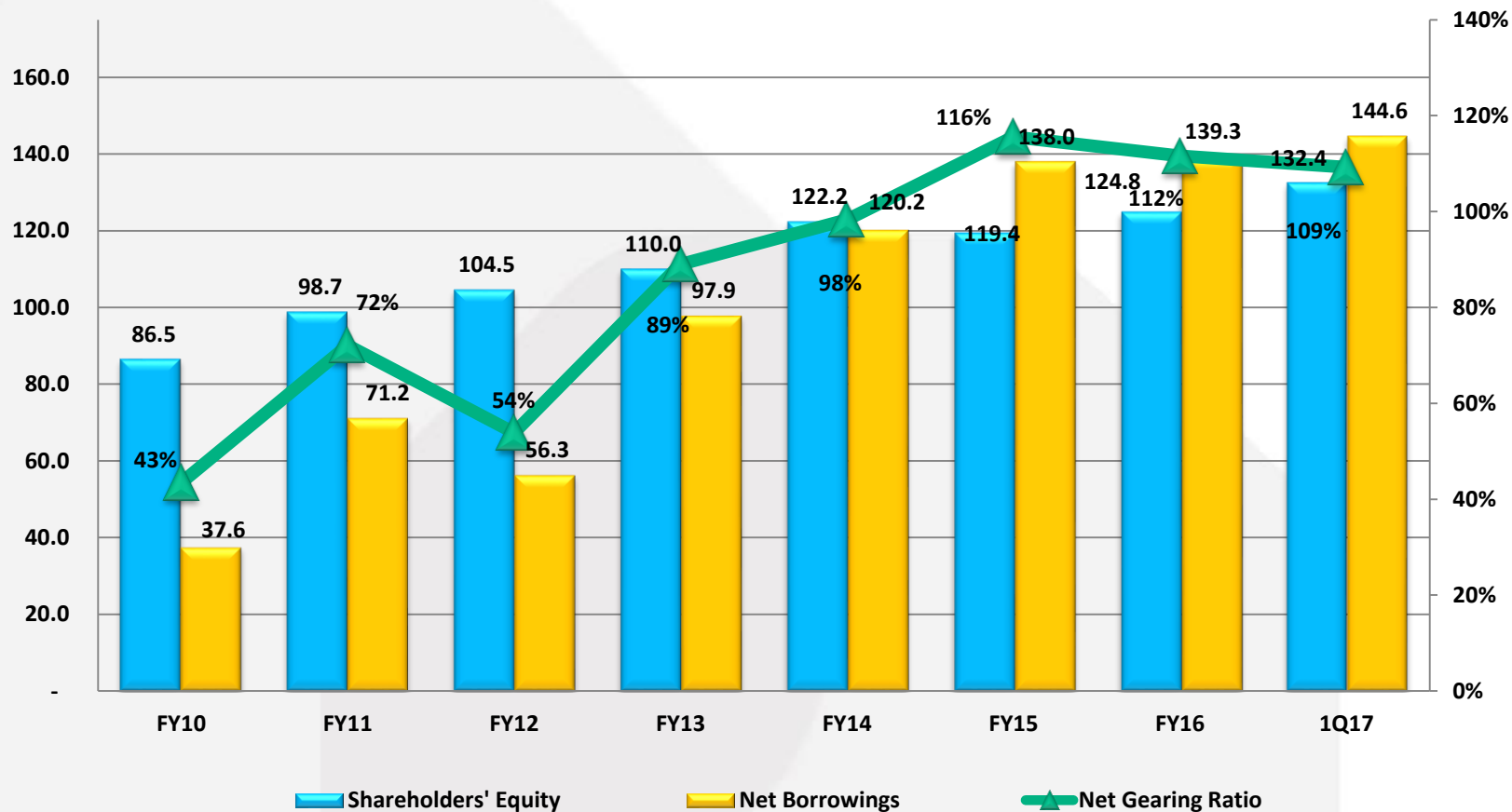
**Net Profit & Net Profit Margin
(US\$' million)**



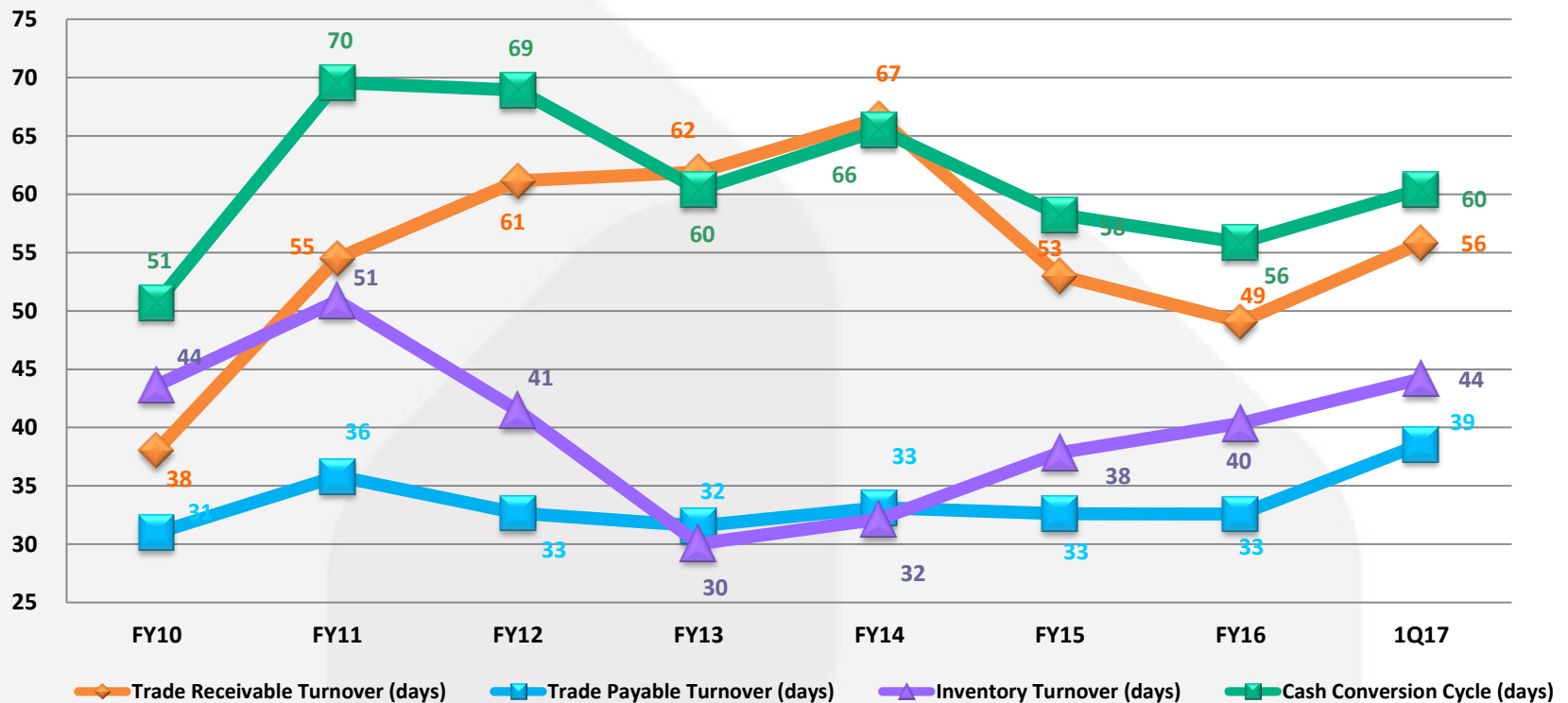
Maintaining Healthy Current Ratio



Net Gearing Ratio

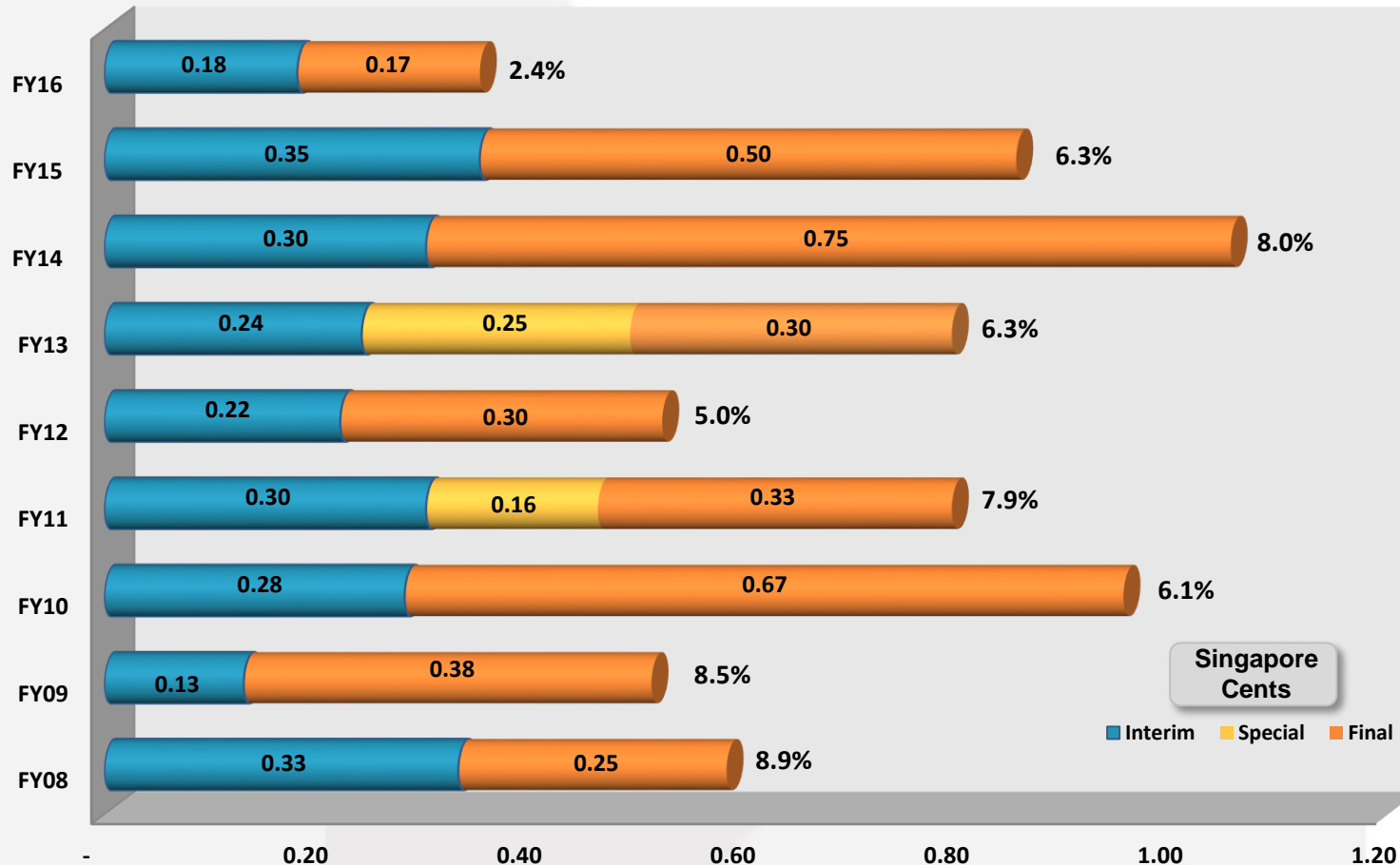


Cash Conversion Cycle (days)



DIVIDEND YIELD

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



Outlook & Strategies



Industry Outlook



The semiconductor industry is expected to fare better in 2017, driven by higher selling prices of flash memory for products such as servers, solid-state drives and premium smartphones. The Group stands to benefit from its close ties with chip suppliers and electronics manufacturers.

Group Outlook

- Explore organic/inorganic opportunities to expand **electronic components business** through investments in higher-value business segments such as, security and surveillance, automotive and mobile devices and enterprise cloud solutions
- Continue to further rationalise **consumer products distribution business** and explore new profitable investments to improve the Group's overall performance

Our Three-Pronged Strategy

Objectives:

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

Deepen penetration in existing markets & widen geographical expansion

- Expand customer base, increase product lines, expand geographical coverage of product lines
- Deepen footprint in emerging markets (e.g. Vietnam & Indonesia)
- Expand outside Asia via M&A / JV

Expand product portfolio & increase higher-value components

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

Improve internal efficiencies to achieve greater economies of scale

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

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.

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Thank You

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