



**SERIAL**  
**新曄集團**

# 1H 2020 RESULTS PRESENTATION

Tuesday, 11 August 2020

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**



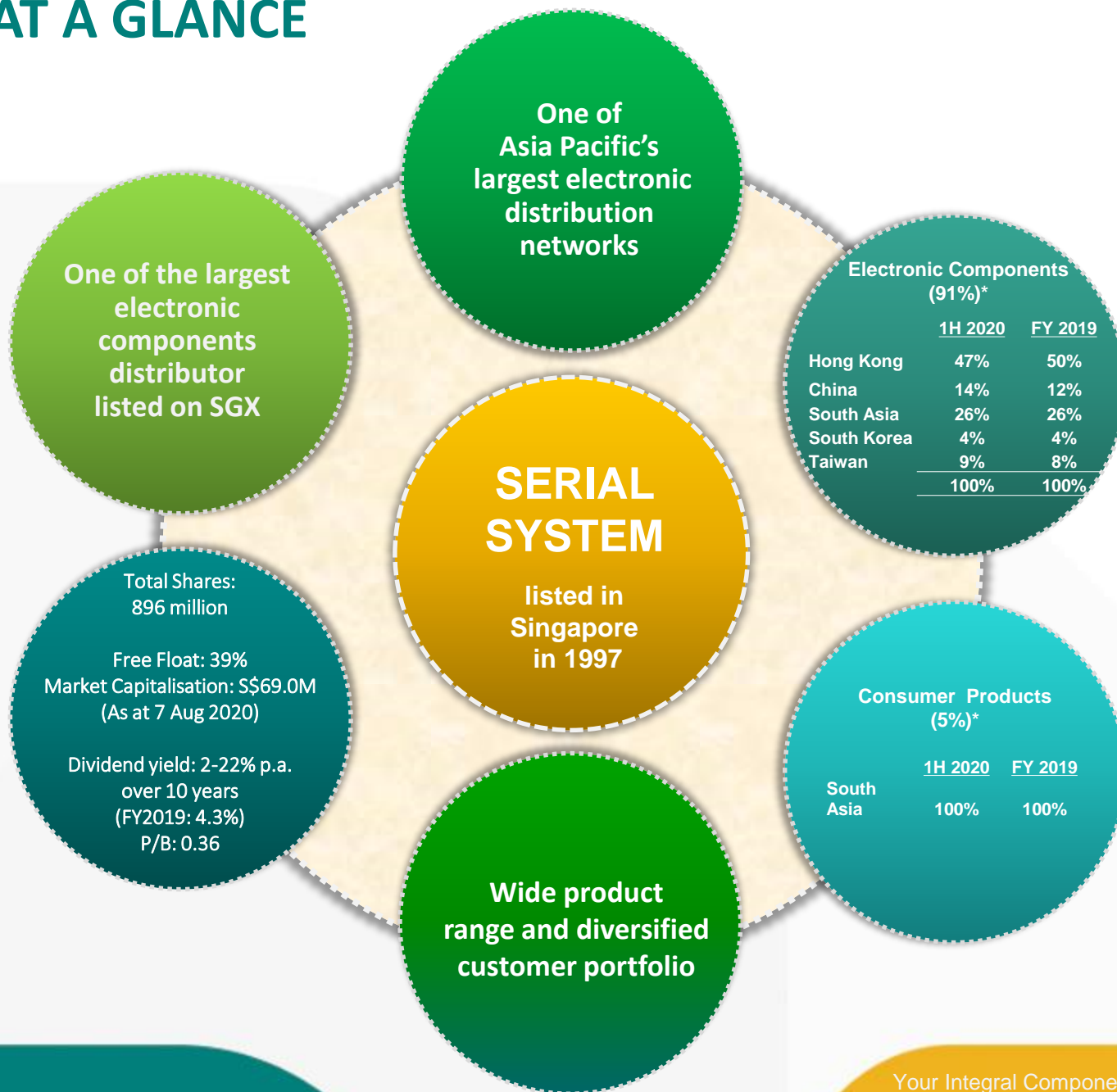
**OUTLOOK & STRATEGIES**



A composite image featuring silhouettes of business professionals in a modern office setting. In the foreground, a man in a dark suit is seen from the side, working on a laptop. Behind him, two other figures are engaged in conversation. The background is a bright, sunlit cityscape with tall buildings and light trails from traffic, creating a sense of dynamic activity and urban energy.

# **CORPORATE OVERVIEW**

# SERIAL SYSTEM AT A GLANCE



Total Shares: 896 million

Free Float: 39%

Market Capitalisation: S\$69.0M  
(As at 7 Aug 2020)

Dividend yield: 2-22% p.a. over 10 years  
(FY2019: 4.3%)

P/B: 0.36

\* 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, managed print services and fast moving consumer products.



**Electronic Components Distribution**



**Consumer Products Distribution**



**Managed Print Services**



**Hospitality and Healthcare Solutions**



**Medical Devices Assembly and Distribution**



**Fast Moving Consumer Products**

# PARTNERING LEADING SUPPLIERS

Electronic Components Distribution



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

# PARTNERING LEADING SUPPLIERS

Consumer Products Distribution



## Achieva Technology Group

- The Group's 100%-owned subsidiary: Achieva Technology Sdn. Bhd.
- Major suppliers include AMD, Intel and Gigabyte.
- 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 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.
- Since 2020, Swift-Value is also a logistics service provider for Ultimaker, one of the premier 3D-Printer brands, based out of the Netherlands. With the Group's vast networks, Swift-Value offers the best value and service for partners in this fast-rising industry.



# CONSUMER PRODUCTS DISTRIBUTION

## Managed Print Services



### Print-IQ Singapore Pte Ltd

- Started in 2014, Singapore-based Print-IQ (Singapore) is 91.43% owned by Serial System
- Provides managed print services and maintains and distributes copiers and printers
- Premier partner for HP copiers
- Distribution Partner for top 3D printer brand, Ultimaker

### Print-IQ (Thailand) Co., Ltd

- Acquired a 49% stake in March 2020
- Provides managed print services and manages printing equipment in terms of maintenance and toner upkeep

### PT Sentral Mitra Informatika Tbk

- 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 Singapore, PT SMI and Print-IQ Thailand. 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, Alexandra Integrated Health and Bright Vision Community Hospital.

## 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
- ISO 13485-certified and its perfusion products bear the coveted CE certification mark.



The background features a complex financial visualization. It includes a bar chart with orange bars of varying heights and a line graph with white nodes connected by thin lines. Some data points are highlighted with callout boxes and numerical values. The overall aesthetic is modern and data-driven, with a dark background and vibrant orange and white colors.

# FINANCIAL RESULTS

183.102

154.178

245.5



# SNAPSHOT OF 1H2020 PERFORMANCE

US\$'000	1H2020	1H2019	Change (%)
<b>Sales</b>	314,287	431,252	(27)
<b>Gross Profit</b>	19,280	30,086	(36)
<b>Gross Profit Margin (%)</b>	6.1	7.0	(0.9) ppt*
<b>Net Profit After Tax</b> (Attributable to equity holders of the Company)	(4,483)	5,429	NM <sup>#</sup>
<b>EPS - fully diluted</b> (US cents) <sup>(1)</sup>	(0.50)	0.61	NM
<b>NAV per share</b> (US cents) <sup>(2)</sup>	30/06/2020: 14.80		

\* ppt denotes percentage points

# NM denotes Not Meaningful

(1) Earnings per ordinary share on a fully diluted basis are computed by dividing net (loss)/profit attributable to equity holders of the Company by the weighted average number of shares in issue during the period of 895,841,914 (1H2019: 895,841,914) after adjusting assumed conversion of all potential dilutive ordinary shares.

(2) Net assets value per ordinary share as at 30 June 2020 is calculated based on the net assets value attributable to the equity holders of the Company as at 30 June 2020 and the aggregate number of ordinary shares of 895,841,914.

# 1H2020 HIGHLIGHTS

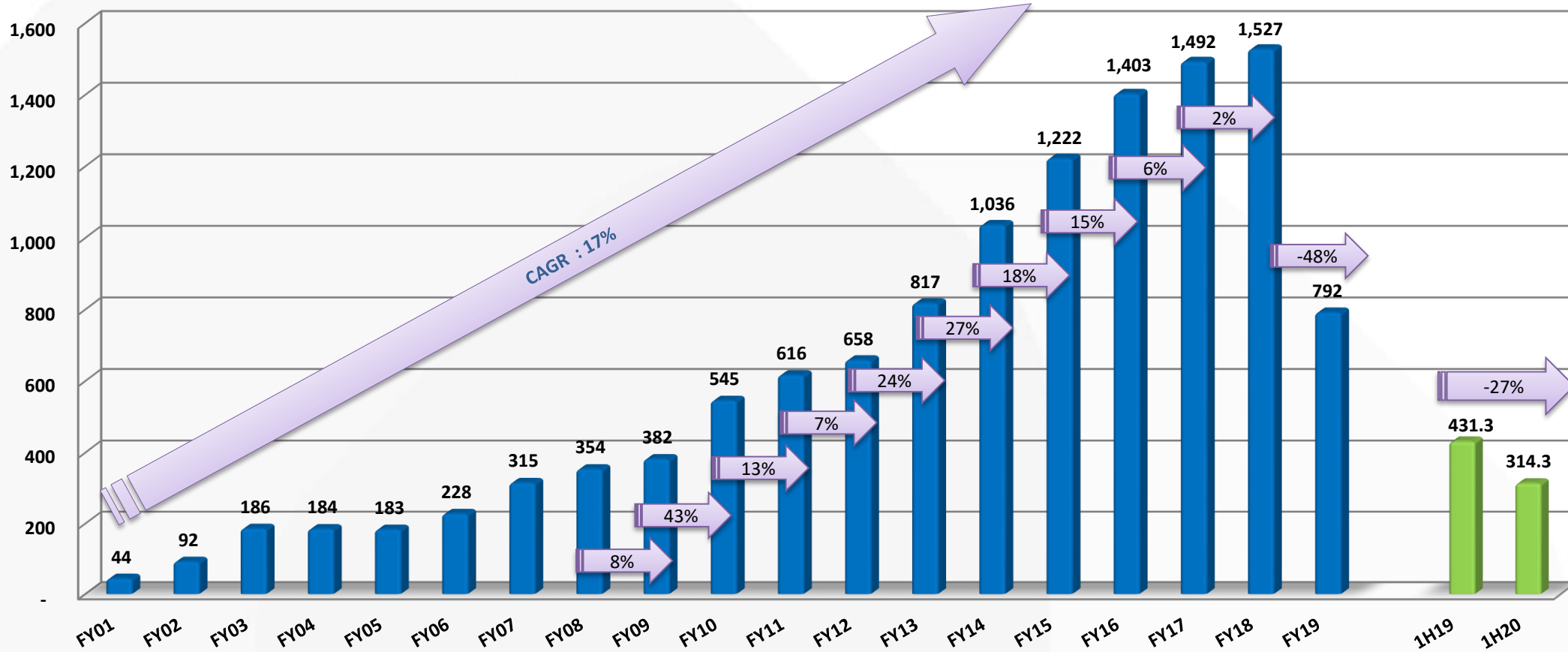
- **Revenue of US\$314.3M in 1H2020, a decrease of 27% from US\$431.3M in 1H2019**
  - Mainly due to the termination of the distribution business with Texas Instruments (“TI”)
  - Excluding the impact of decline in turnover due to TI termination, turnover for the electronic components distribution business only decreased by 9%, mainly due to COVID-19 pandemic which has caused supply chain disruptions and weigh on global consumer sentiment and demand, compounding challenges earlier imposed by escalating China-US trade tensions
  - Consumer products distribution business sales increased 33% to US\$23.1 million on the back of higher sales in Malaysia, as demand for tele-conferencing and computer accessories increased as a result of the movement control order imposed by the Malaysian government on 18 March 2020
- **Gross profit margin declined to 6.1% in 1H2020**
  - Mainly due to lower margins achieved by both the electronic components distribution and consumer products distribution businesses as a result of keen market competition in a challenging environment
  - Impact of lower gross profit margin was mitigated by the Group’s South Korea electronic components distribution subsidiary, which secured higher-margin product lines in 1H2020
- **Net loss of US\$4.5M in 1H2020 compared to NPAT of US\$5.4M in 1H2019**

# REVENUE GROWTH TREND

SERIAL SYSTEM GROUP

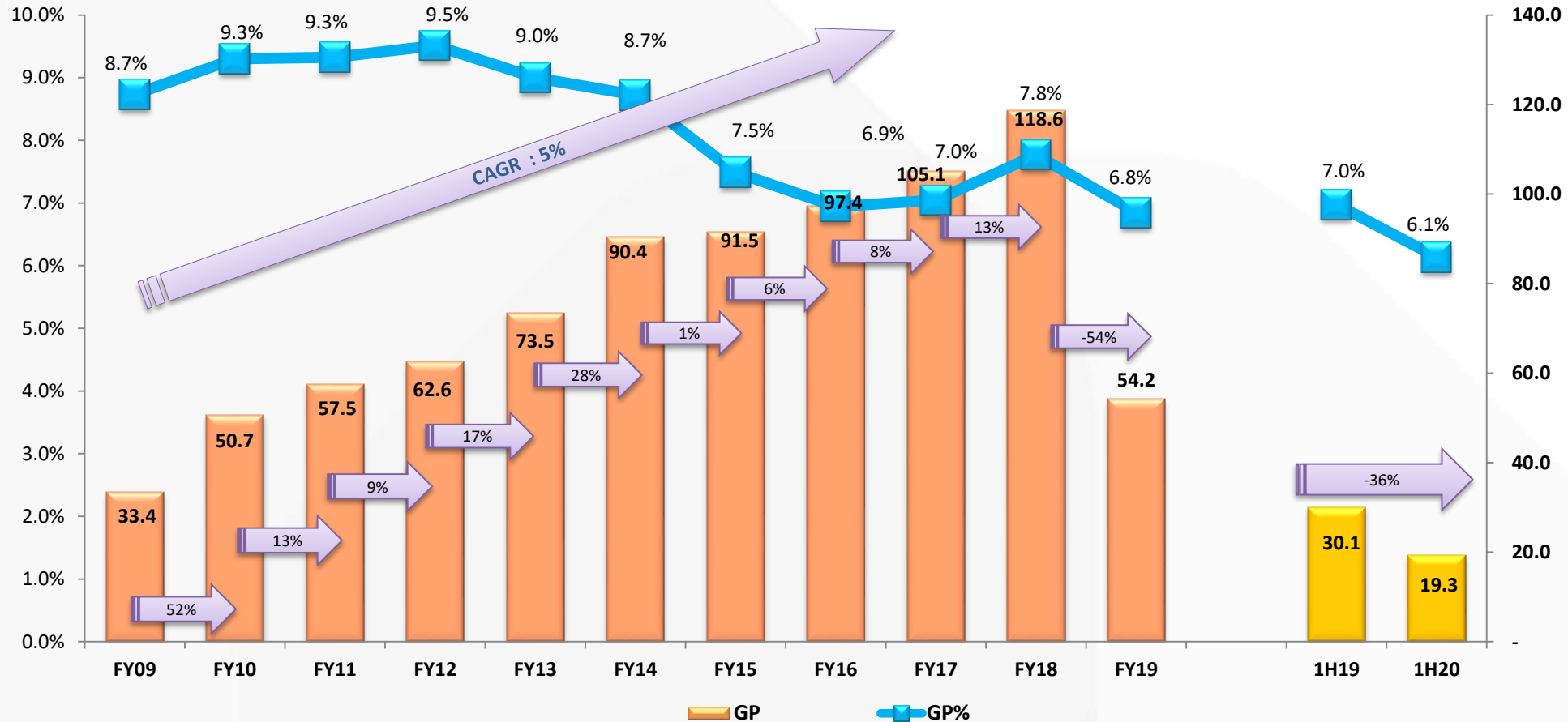


### Revenue (US\$' million)

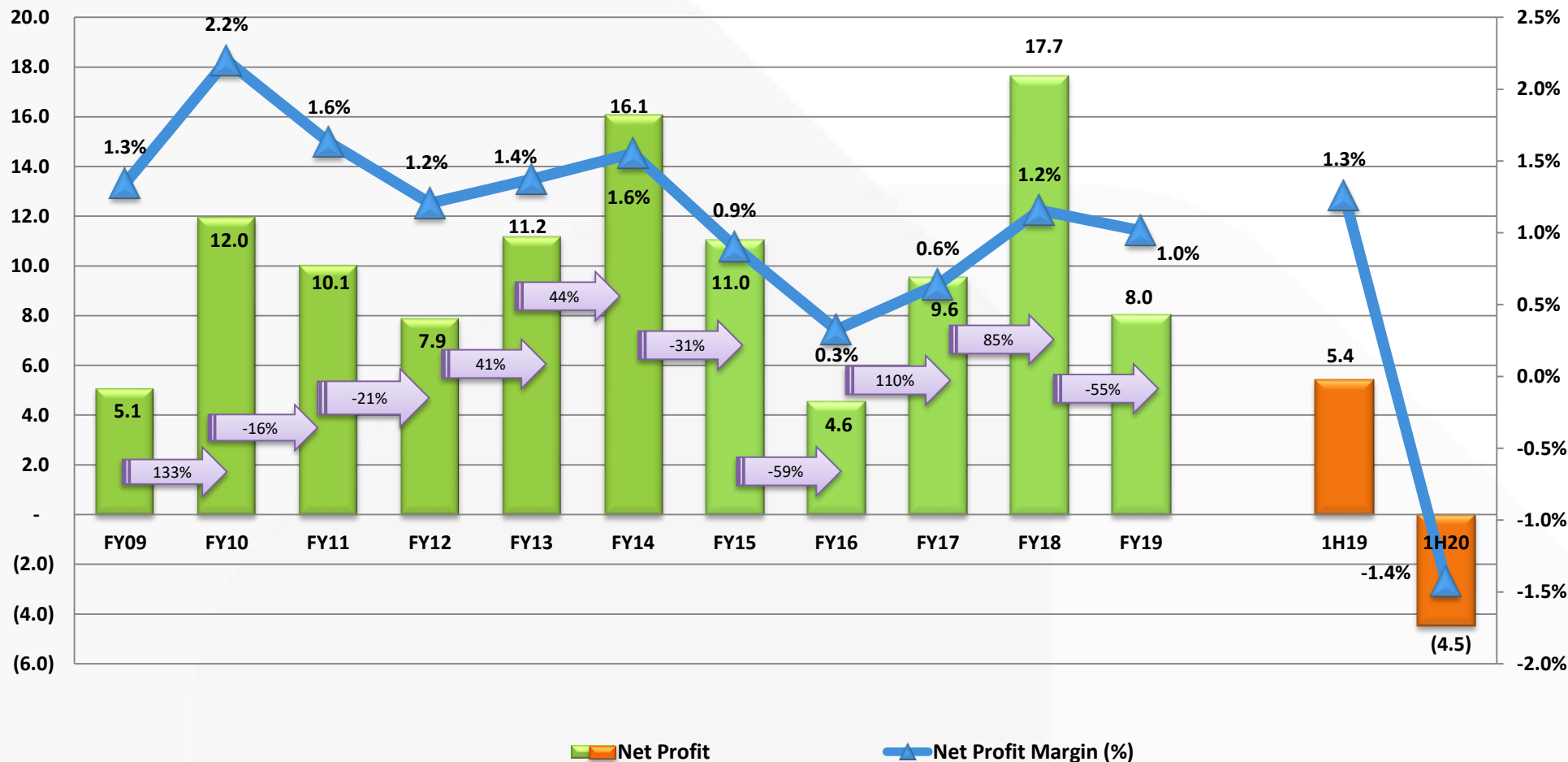




## Gross Profit & Gross Profit Margin (US\$' million)

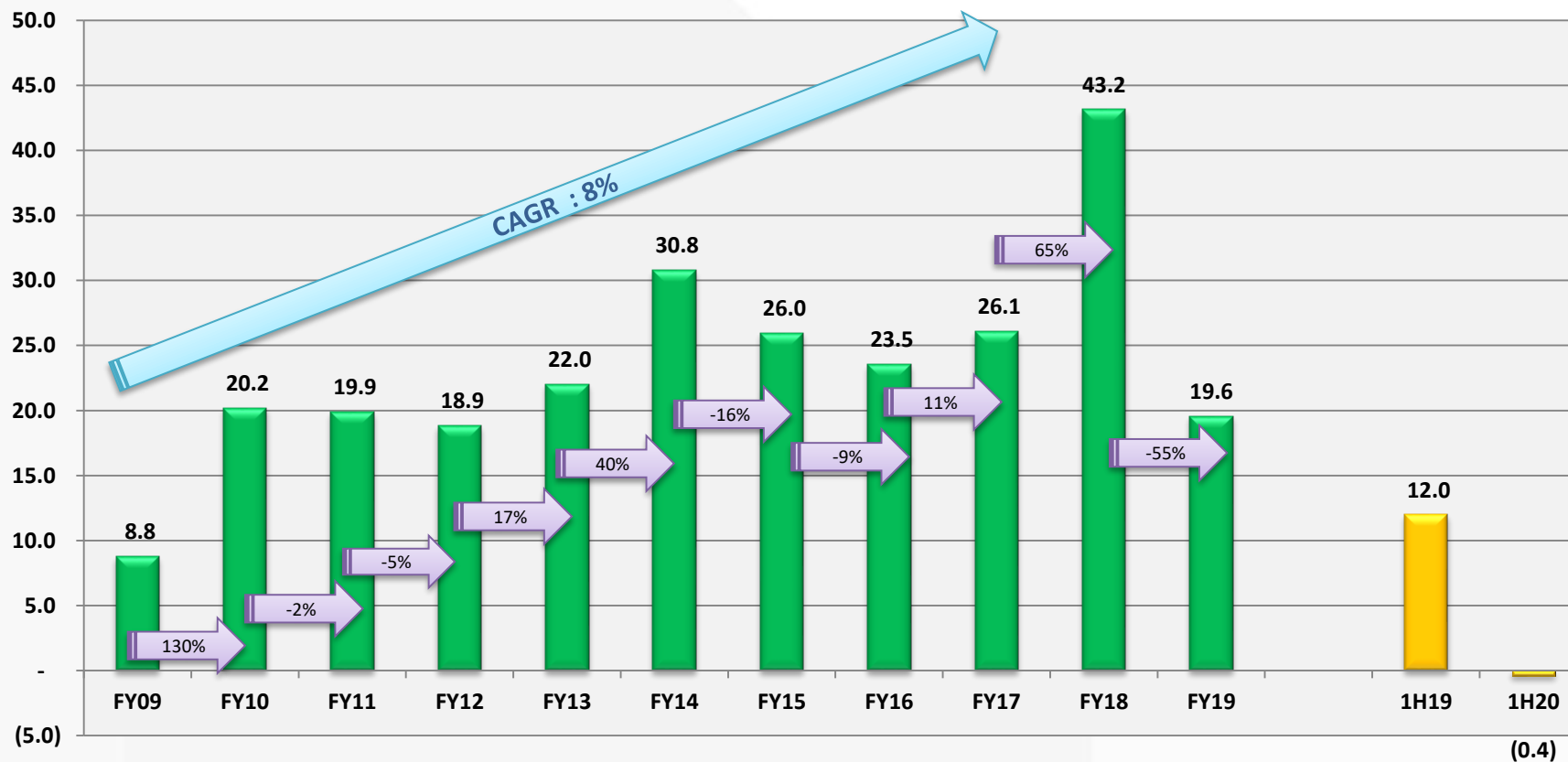


## Net Profit & Net Profit Margin (US\$' million)



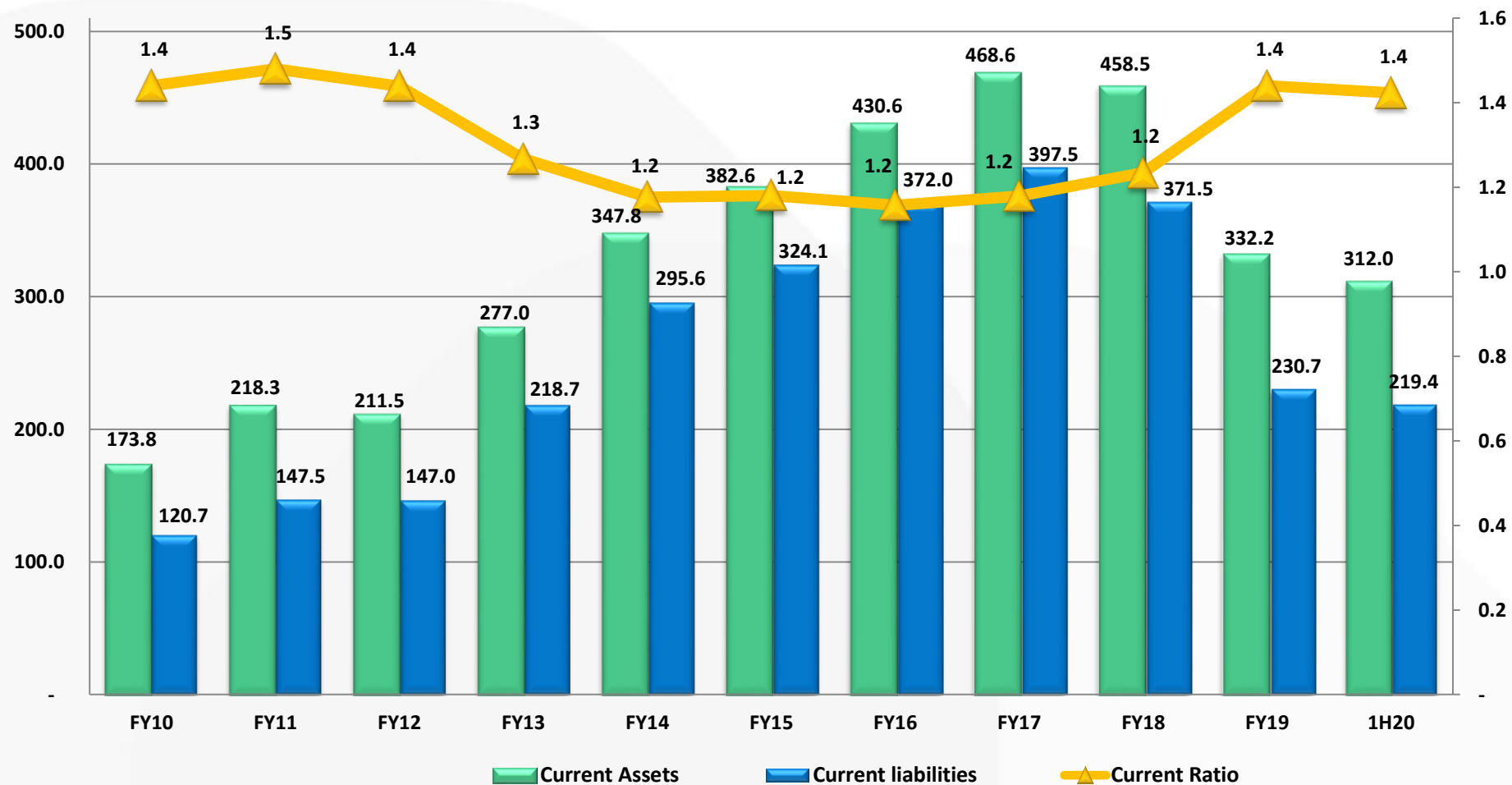
# PROFITABILITY

### EBITDA (US\$' million)

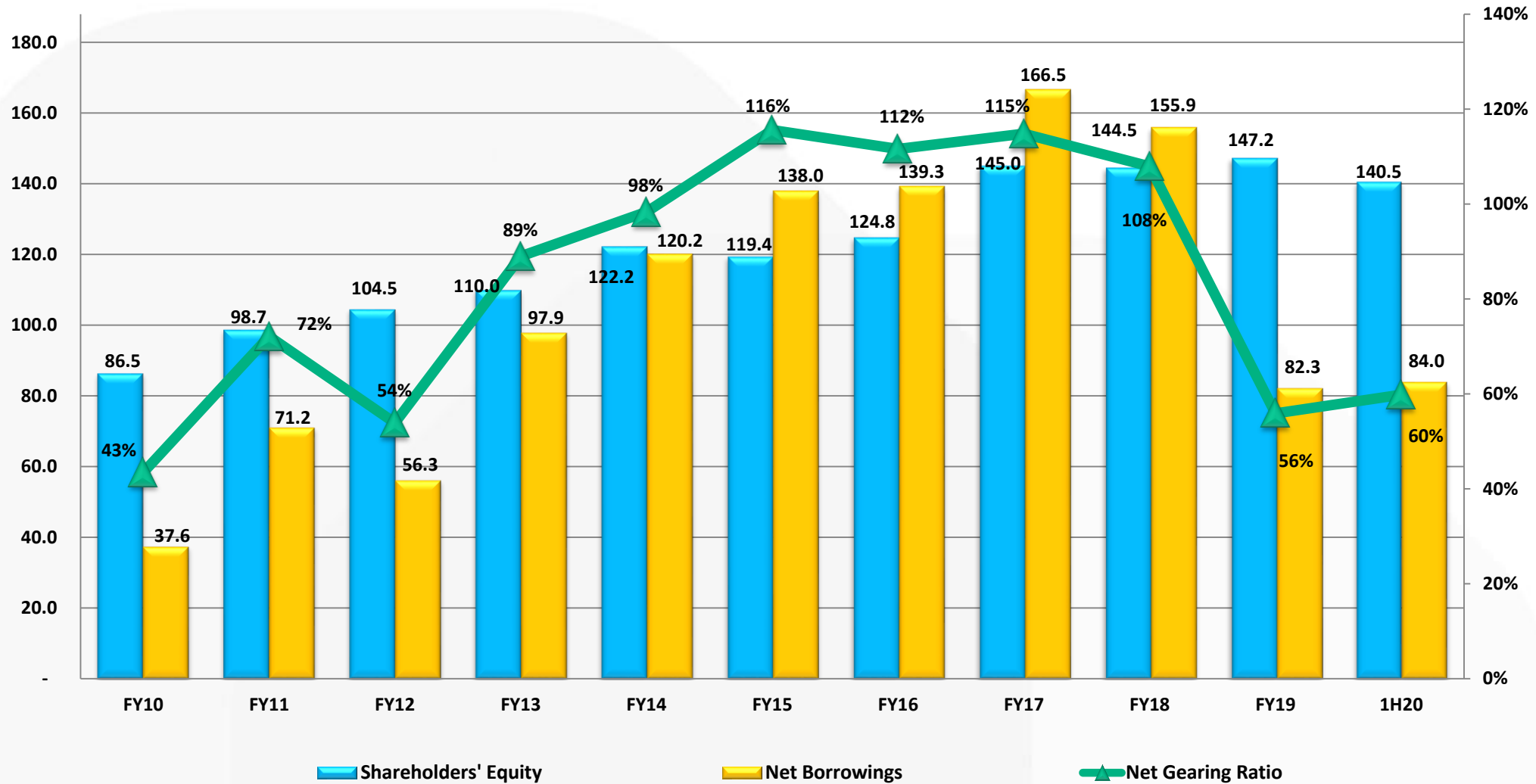




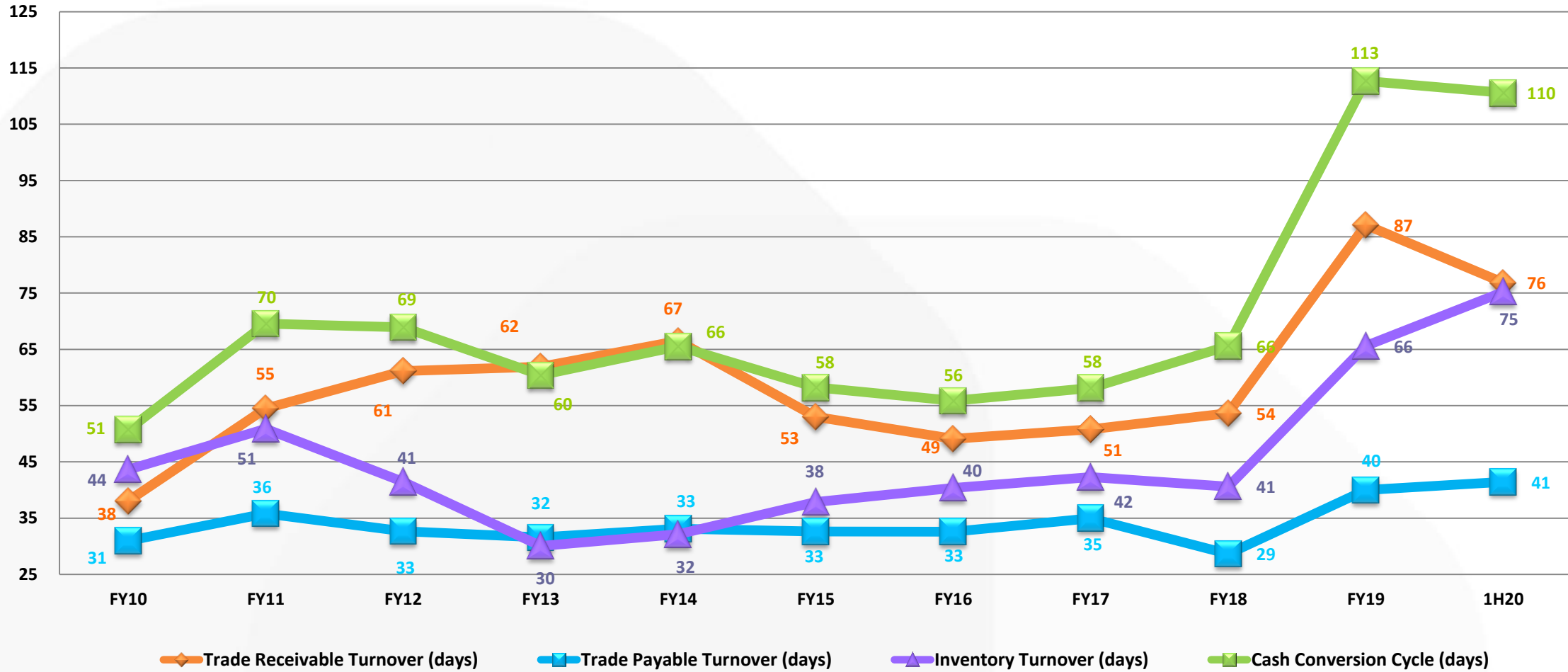
## Maintaining Healthy Current Ratio



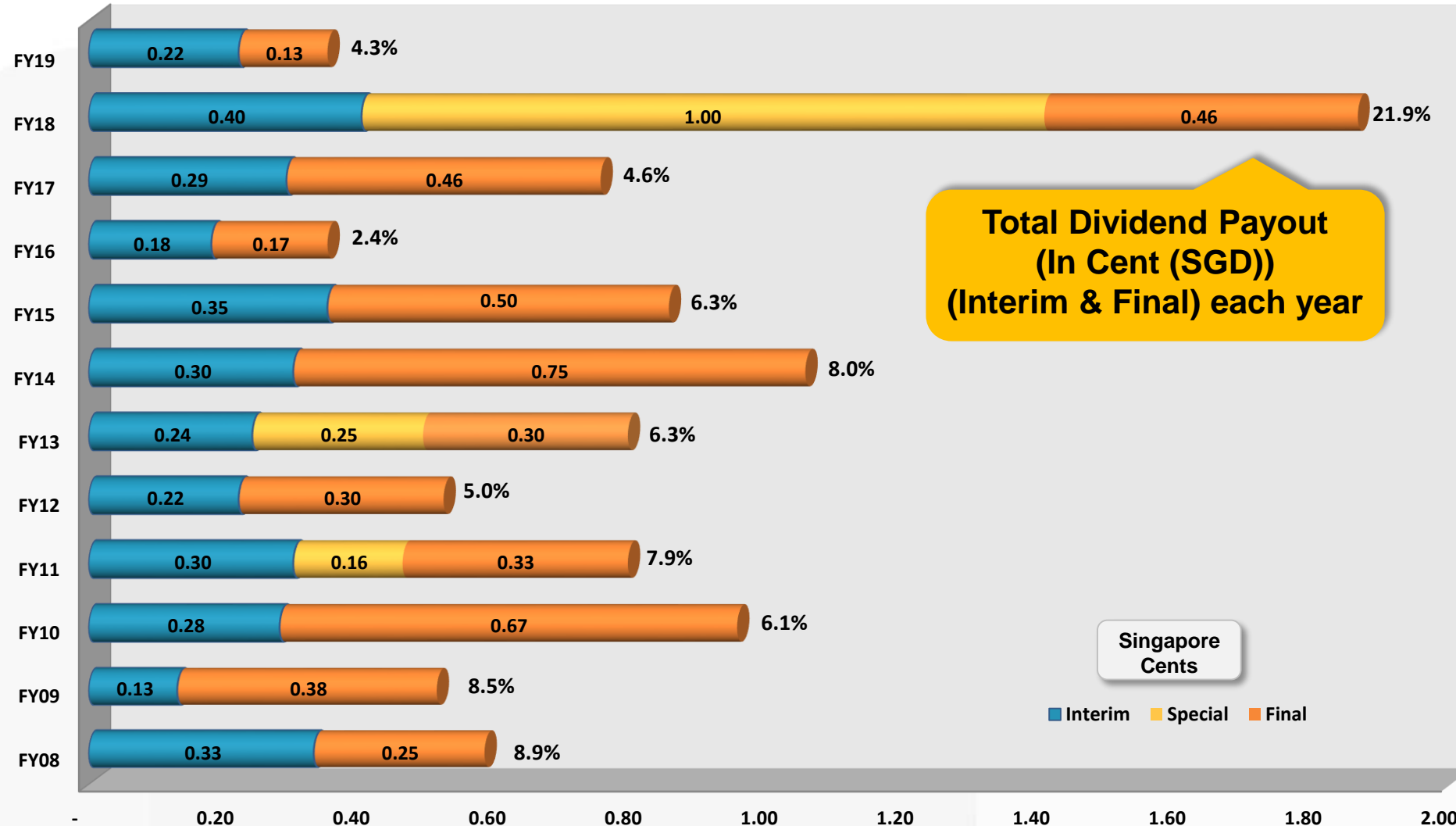
## Net Gearing Ratio



## Cash Conversion Cycle (days)



# DIVIDEND YIELD





The background features a glowing green horizon line that recedes into the distance. Below the horizon, the floor is composed of a complex, glowing green circuit board pattern, with lines and nodes extending towards the viewer. The overall color palette is dominated by various shades of green, from bright neon to deep forest green, set against a dark, almost black background.

# **OUTLOOK & STRATEGIES**

## Uncertainties

- ? Greater uncertainty in the global market and China market due to the COVID-19 outbreak as well as ongoing China-US trade tensions
- ? Global economic slowdown and keen market competition

## Bright spots

- ✓ New applications in IoT, AI, mobility services and autonomous vehicles
- ✓ Greater deployment of 5G technology
- ✓ China accelerating its semiconductor production



## GROUP OUTLOOK

- The Group will continue its cost-containment measures, such as tiered salary cuts as well as optimising operating efficiency
- The Group will also continue to expand its range of supplies of semiconductors and seek to position itself as the preferred supplier amongst its customers

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.

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 System. Therefore, the actual performance of Serial System 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.



**Thank You**



**SERIAL**  
**新曄集團**

Your Integral Component to Success