



SERIAL
新曄集團

SERIAL SYSTEM LTD

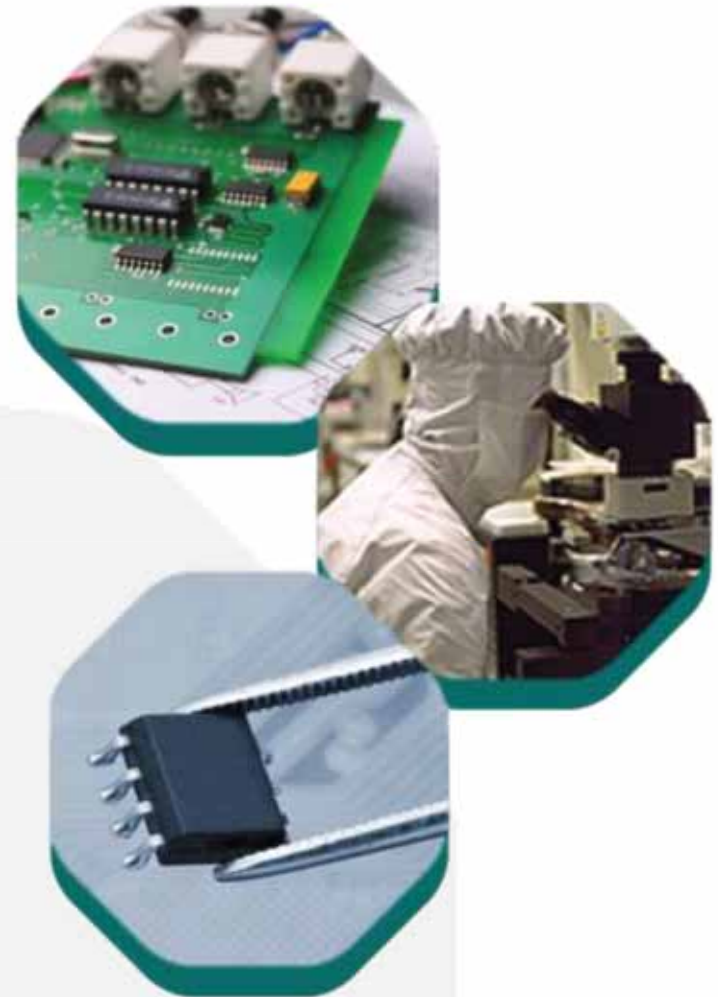
Your Integral Component to Success

Briefing Presentation
4 March 2015

Your Integral Component to Success

Outline

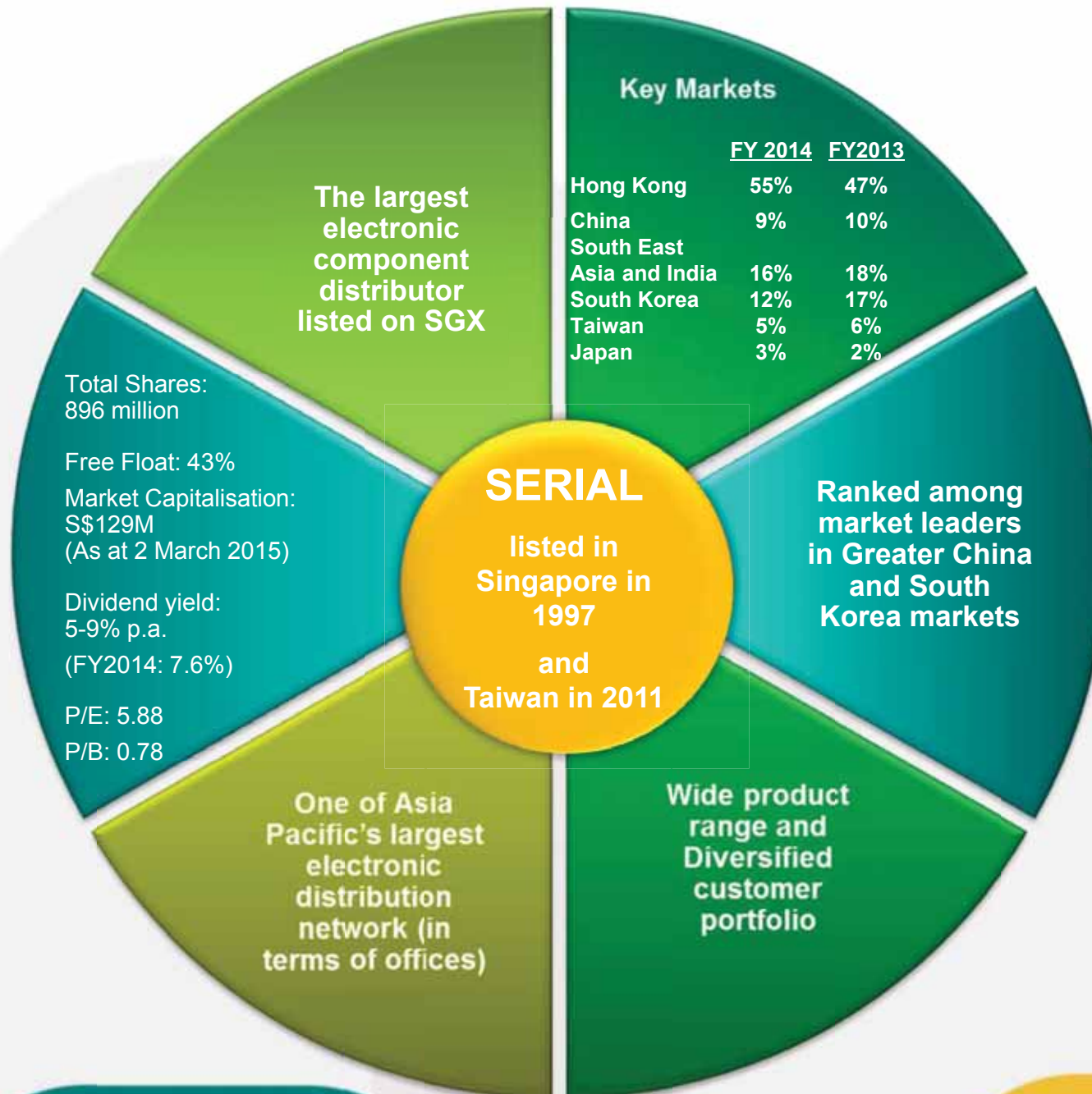
1. Corporate Overview
2. Serial System Strategy
3. Recent Corporate Developments
4. FY2014 & 4Q2014 Results Overview
5. Outlook & Investment Merits



Corporate Overview



SERIAL SYSTEM AT A GLANCE



SERIAL SYSTEM'S ROLE

SUPPLIERS

- Major suppliers include:
 - Texas Instruments
 - Avago Technologies
 - ON Semiconductor
 - TE Connectivity
 - Advanced Micro Devices
 - OSRAM Opto Semiconductors.

CUSTOMERS

- Customer base of more than 6000
- Diverse range of industries including consumer electronics household appliances, industrial, telecommunication, electronics manufacturing services, automotive and medical.



STRONG PARTNERSHIP

AN INTEGRAL COMPONENT

SERIAL SYSTEM'S COMPONENTS

Telecommunication/
Network



Medical



Lighting



PC Peripheral



Consumer/Household
Appliances



Automotive



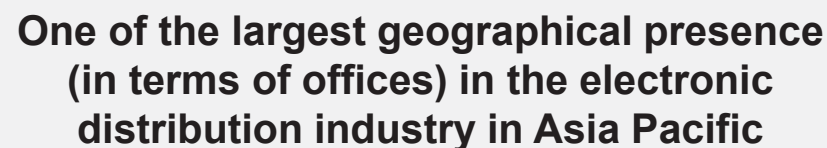
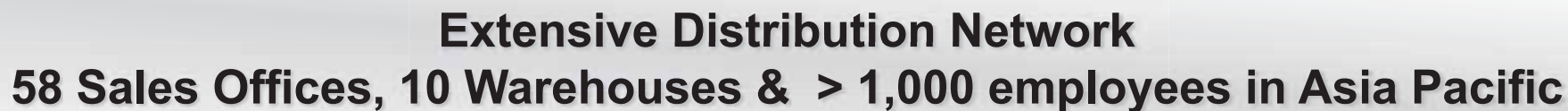
Industrial



Electronics
Manufacturing
Service



Our Growth Drivers - Strong Asian Presence



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

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



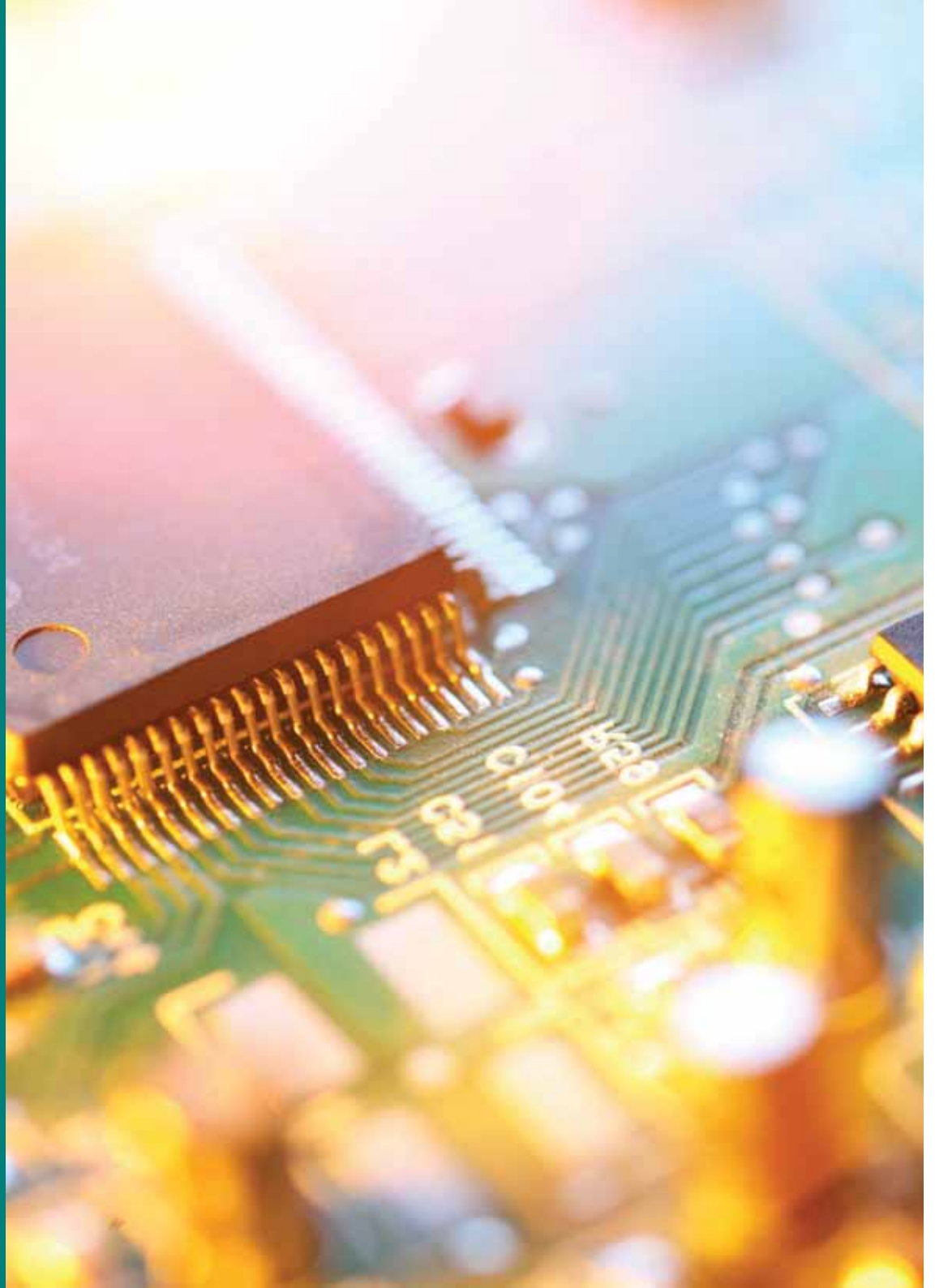
- 2 core businesses: outdoor advertising media and hospitality solutions
- Outdoor advertising media consists of large format outdoor LED and billboard advertising displays (*Located at Grand Park Orchard @ Knightbridge & North Point Shopping Center*)
- Hospitality solutions consists of Proprietary i-connect® 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)



- Headquartered 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

Serial System Strategy



THREE-PRONGED STRATEGY

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”)



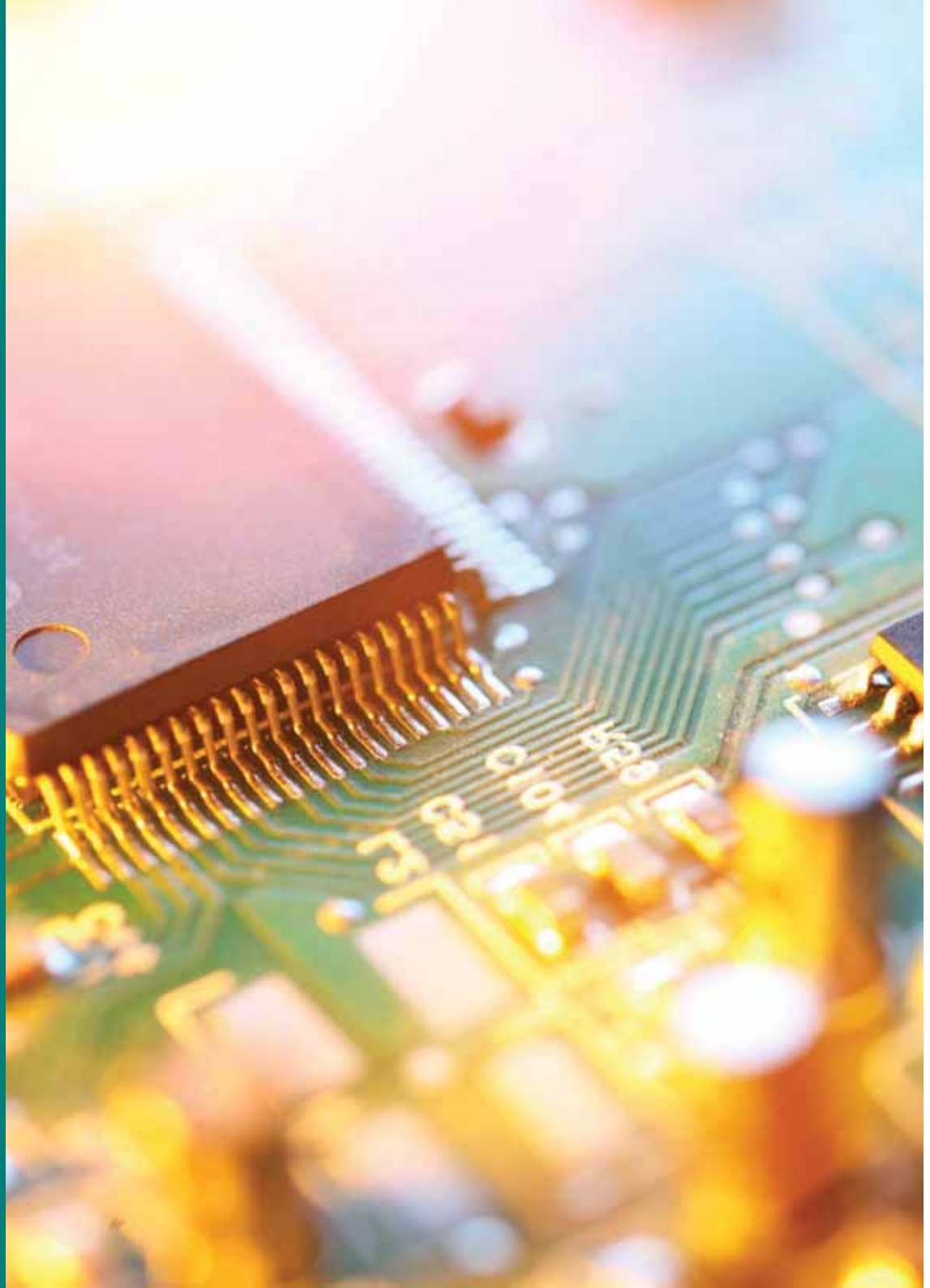
Deepen penetration in existing markets & widen geographical expansion

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



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

Recent Corporate Developments

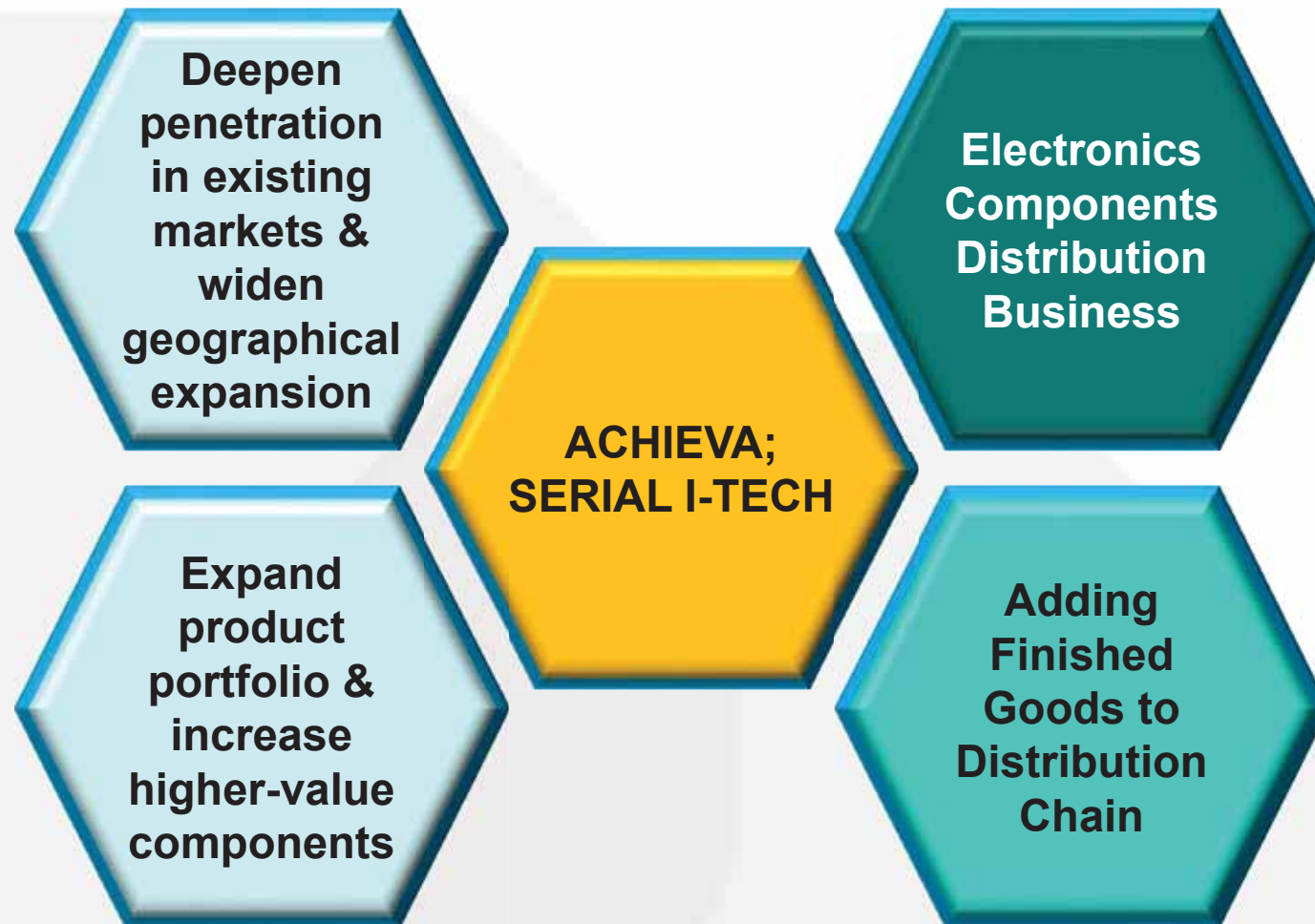


RECENT CORPORATE DEVELOPMENTS

24 Apr 2014	- Investment in 60%-stake in Serial Automotive Limited (“SAL”) - Distribution of component modules focusing on maximizing the billing of material content of automotive customers - Investment in 55%-stake in Serial Vision Limited (“SVL”) - Expand business in the surveillance and security solutions
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 ~S\$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 System, as distributor for Greater China, Southeast Asia and India, by Fairchild Semiconductor
26 Feb 2015	- Entered into a conditional SPA to acquire 70.0% Hydra & Thermal Pte. Ltd. for ~US\$0.6M - Distribution of finished lifestyle and consumer electronic products

MOVING UP THE VALUE CHAIN

Extending Value Proposition to Finished Goods



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



Intel SSD



Adata 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 (~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 consumers

SERIAL I-TECH GROUP PRODUCT RANGE

IT



Macbook Pro with Retina display



Macbook Air



iPhone 6 & 6 Plus



iMac

iPad
Air2



iPad
Mini3



Power
Solution
- Luxa2



Audio
- Luxa2



Speaker /
Headset
- Luxa2



Mobile/
Tablet Holder
- Luxa2

Power
Solution
- Gosh



Headset
- Jabra

Casing Solution
- Gosh

SERIAL I-TECH GROUP PRODUCT RANGE

Photo

TAMRON
New eyes for industry



Camera Lenses

Camera bags, Tripods & Accessories



Photographic papers & Chemistry

FUJIFILM



Photographic Printers
& Consumables

FUJIFILM



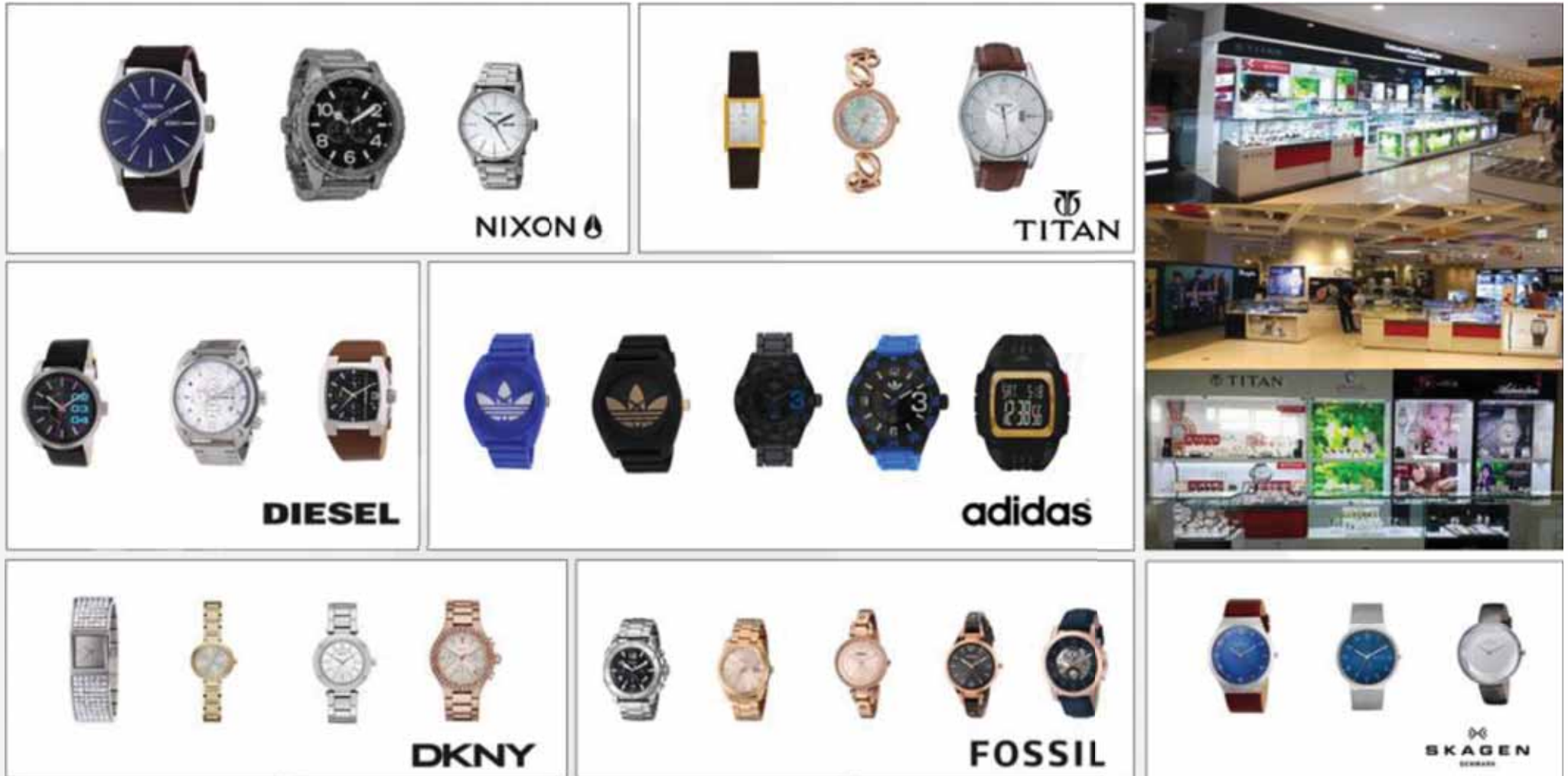
Photographic Camera



FUJIFILM

SERIAL I-TECH GROUP PRODUCT RANGE

Timepiece



KEY HIGHLIGHTS OF THE ACQUISITION

Hydra & Thermal
your exquisite homemaker

- Entered into a conditional SPA to acquire 70.0% Hydra & Thermal Pte. Ltd. for ~US\$0.6M
- Distribution of finished lifestyle and consumer electronic products, including Russell Hobbs, Sennheiser, Gorenje and Remington in markets such as Singapore, Cambodia, Brunei, Laos and Vietnam.
- Expand Serial System's finished product offerings and customer base; encourage top line growth by leveraging on the Group's existing extensive distribution network



FY2014 & 4Q2014 Results Overview



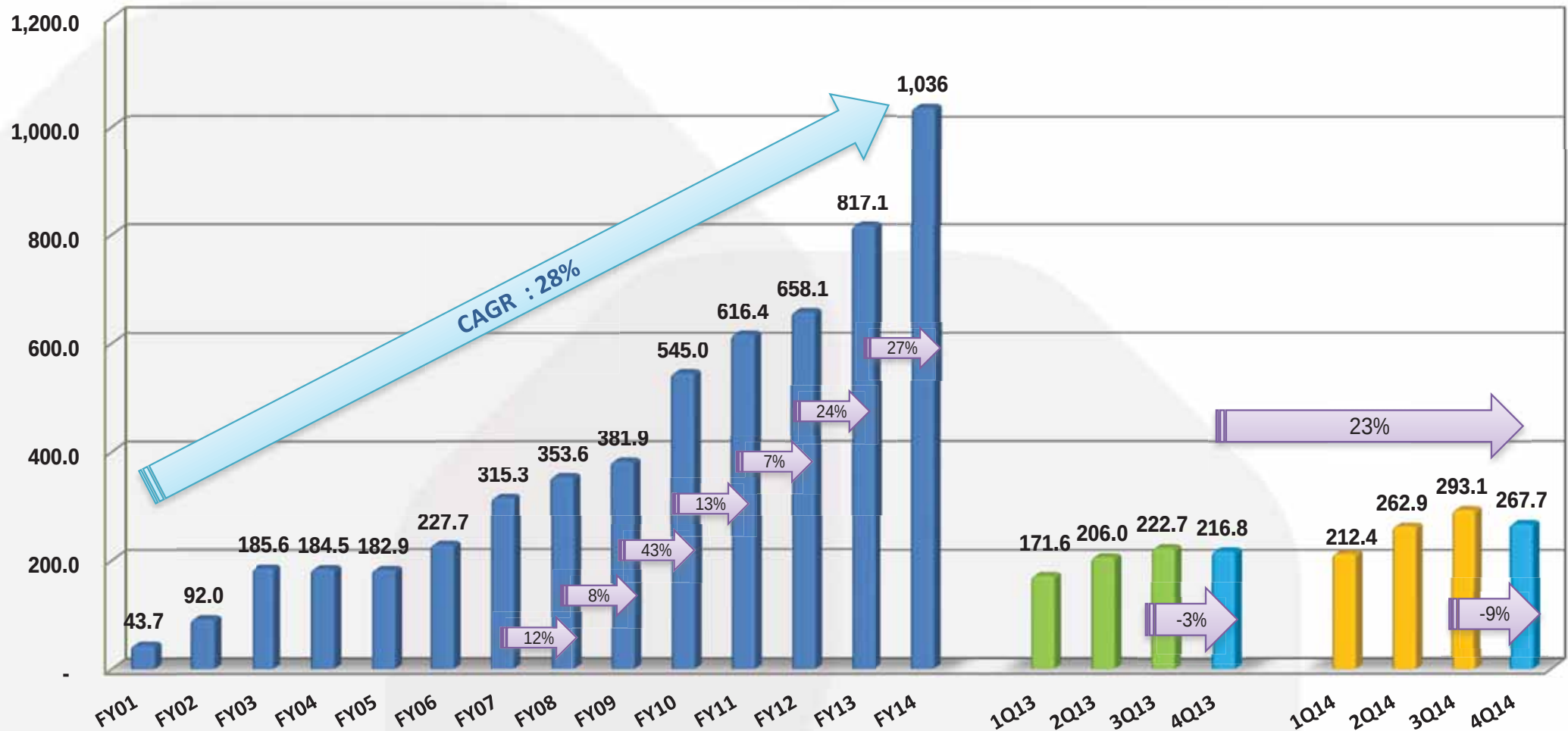
FINANCIAL SNAPSHOT

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 <i>(Attributable to shareholders)</i>	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
Total Expenses % of Sales (%)	7.8	8.4	(0.6) pt	7.4	8.0	(0.6) pt
EPS on fully diluted basis <i>(US cents) ⁽¹⁾</i>	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		

- 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*
- Net asset value per share are computed based on existing issued share capital as at the end of the financial period ended 31 December 2014 and the immediately preceding financial year ended 31 December 2013*

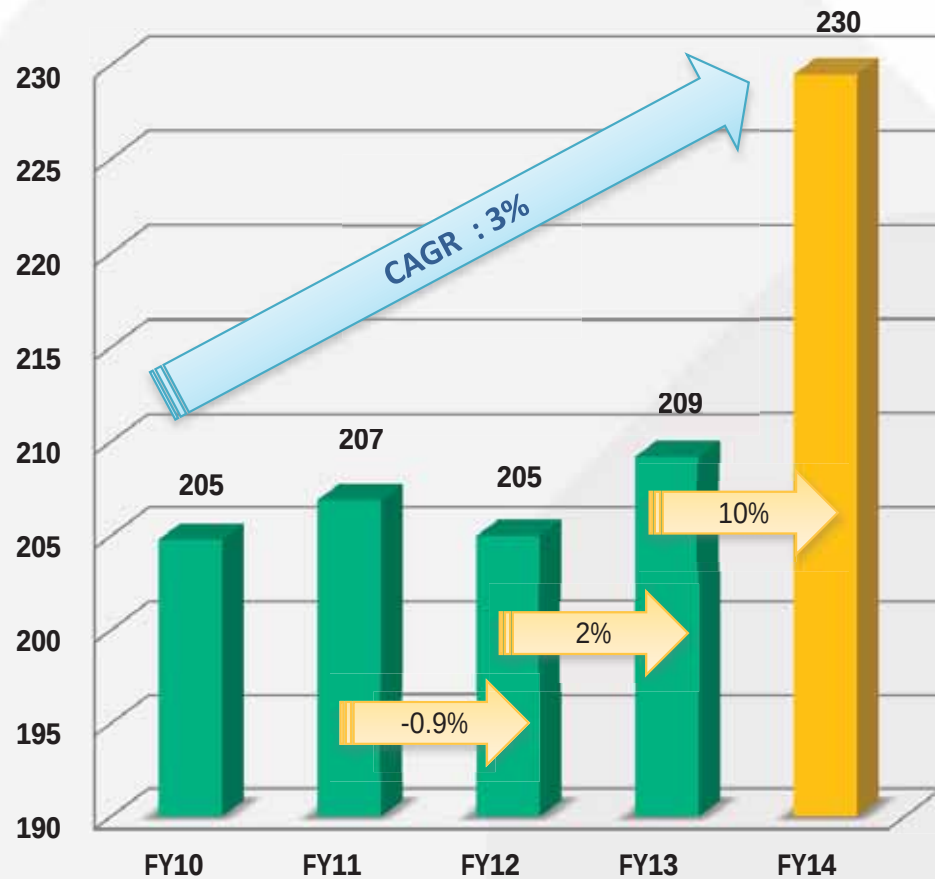
ROBUST AND CONSISTENT REVENUE GROWTH

Revenue (US\$' million)



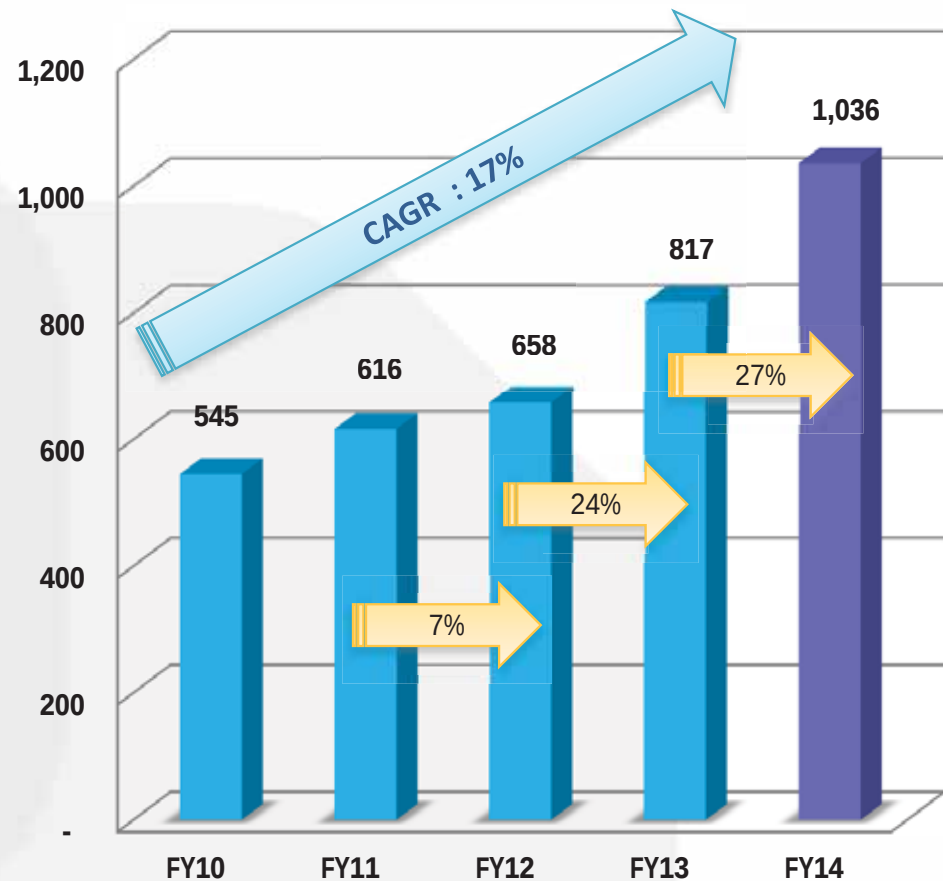
OUTPERFORMING THE INDUSTRY

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



Source : World Semiconductor Trade Statistics/
Semiconductor Industry Association

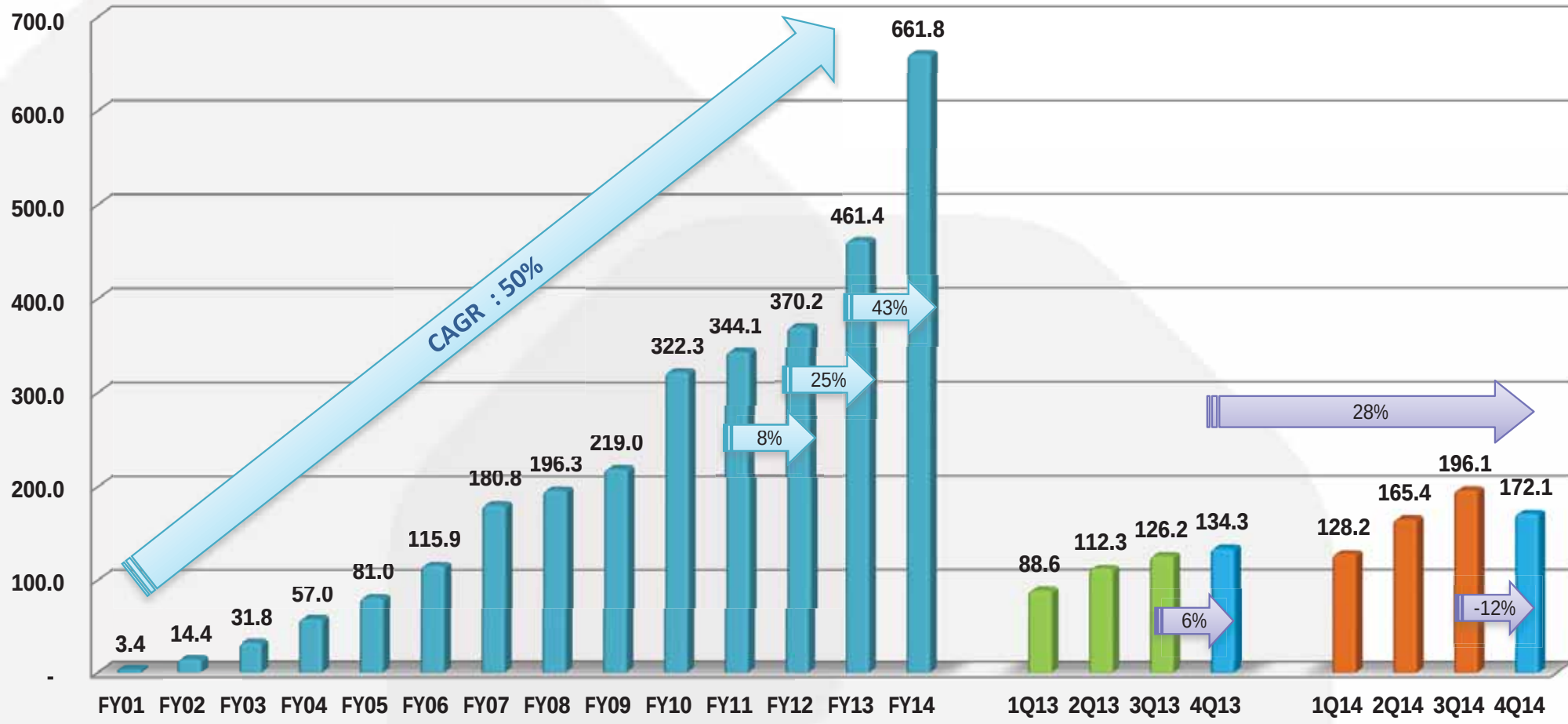
Serial System Revenue (US\$' million)



Serial out-performing the Industry

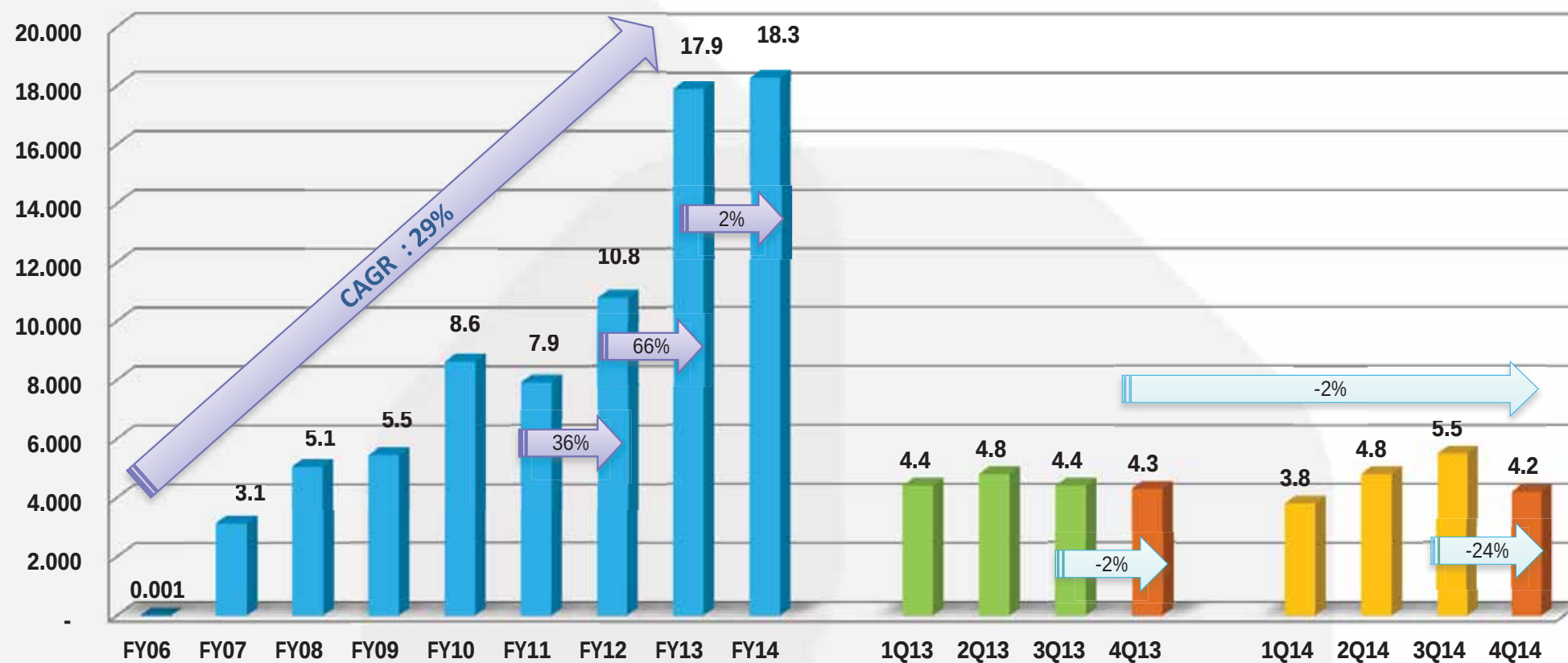
RIGHT GROWTH STRATEGIES

Greater China Revenue (US\$' million)



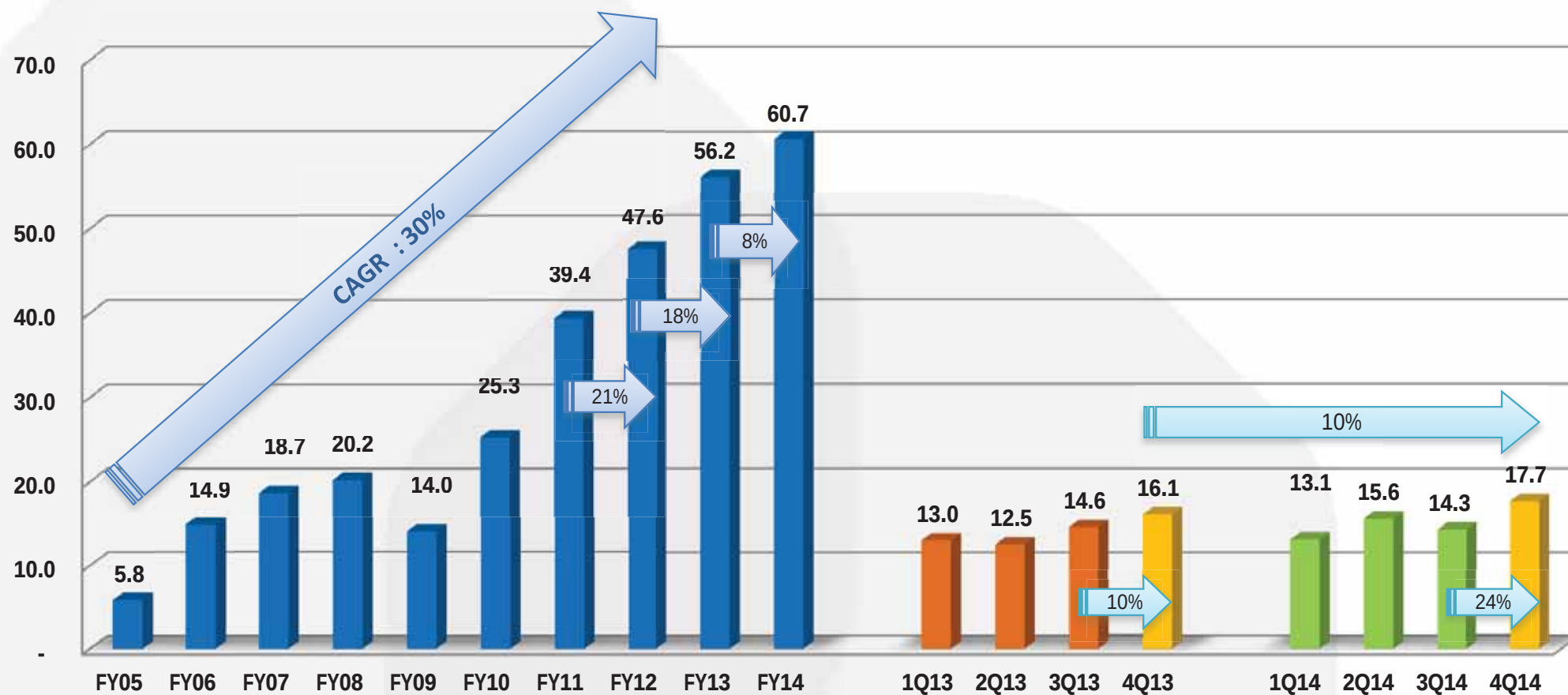
RIGHT GROWTH STRATEGIES

India Revenue US\$' million



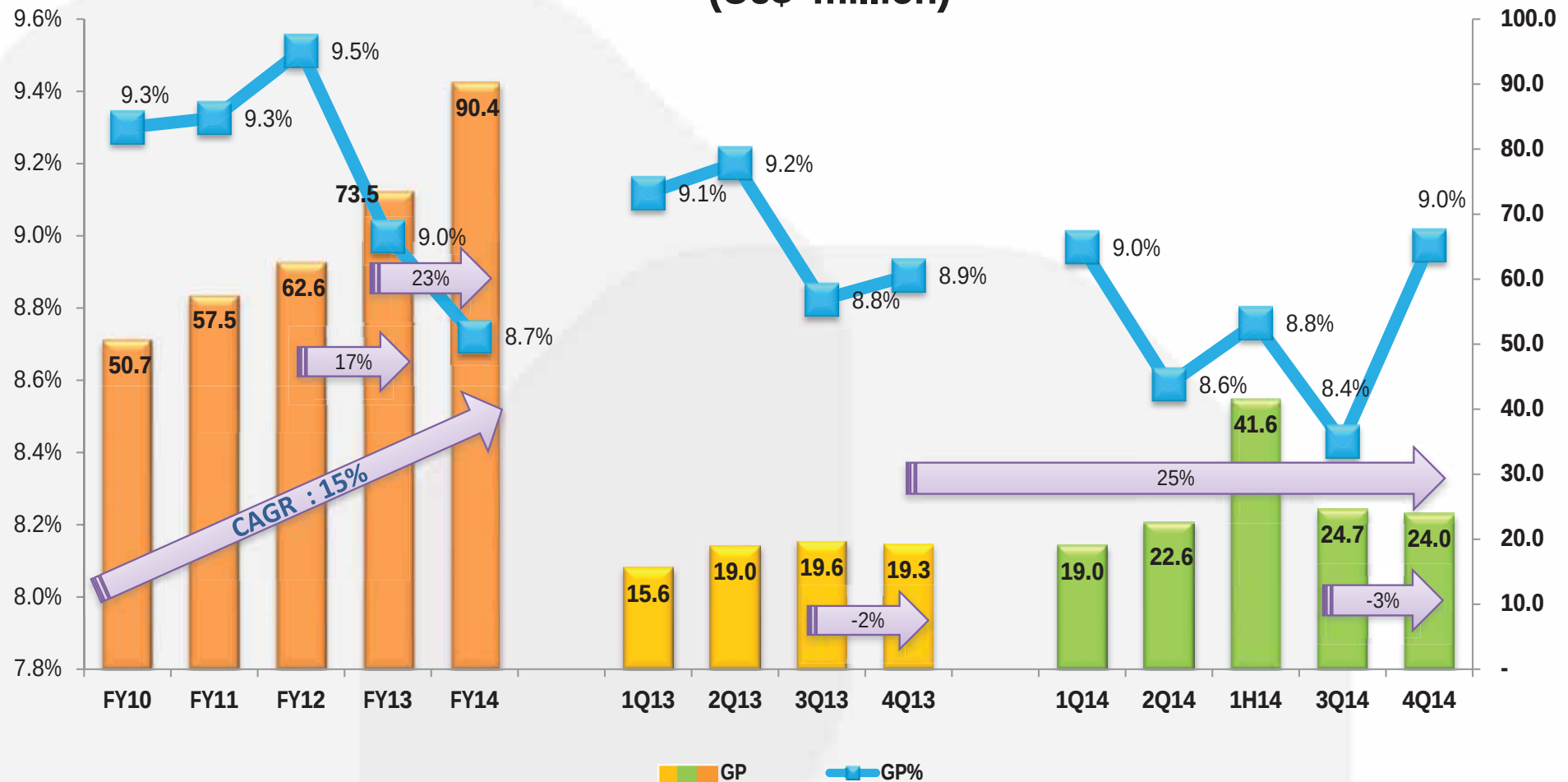
RIGHT GROWTH STRATEGIES

Taiwan Revenue (US\$' million)



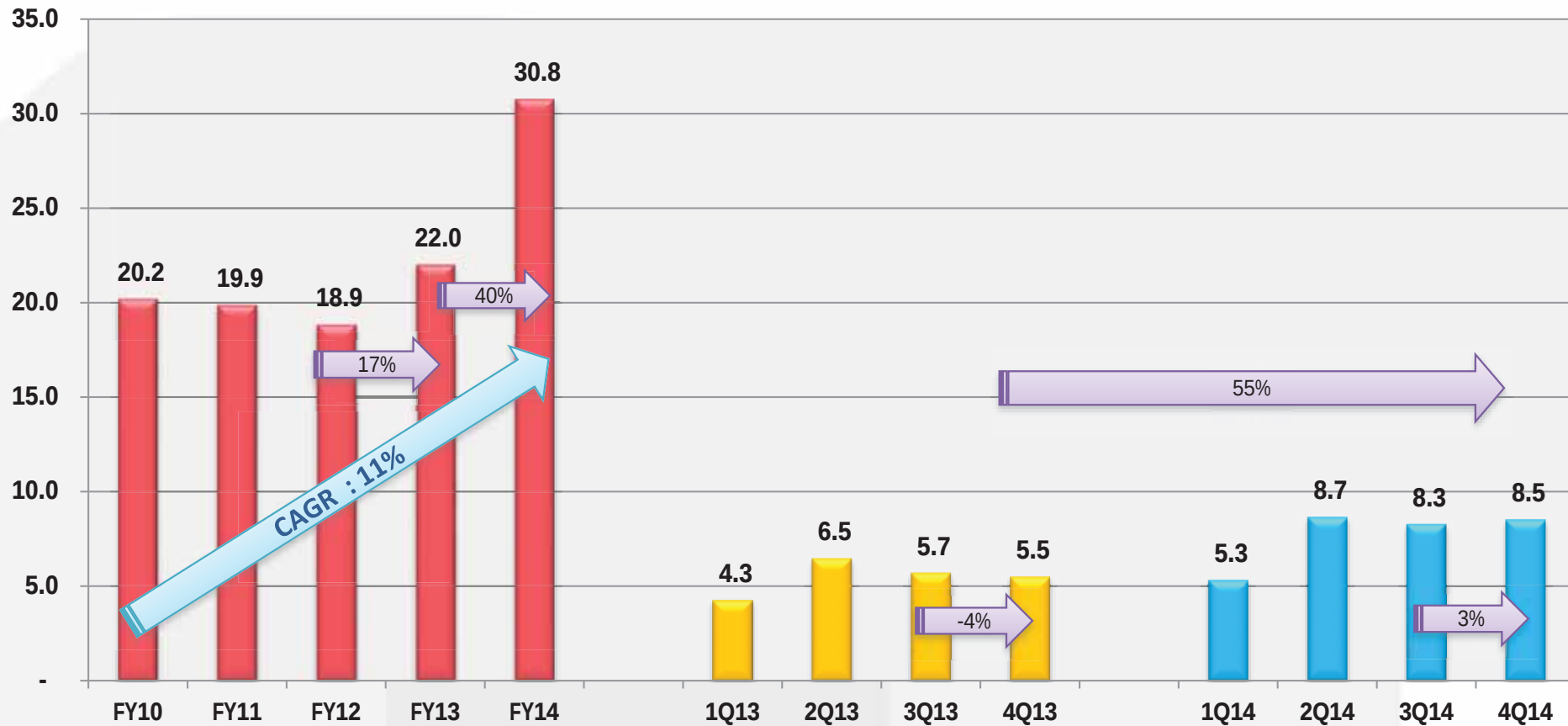
PROFITABILITY POTENTIAL

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



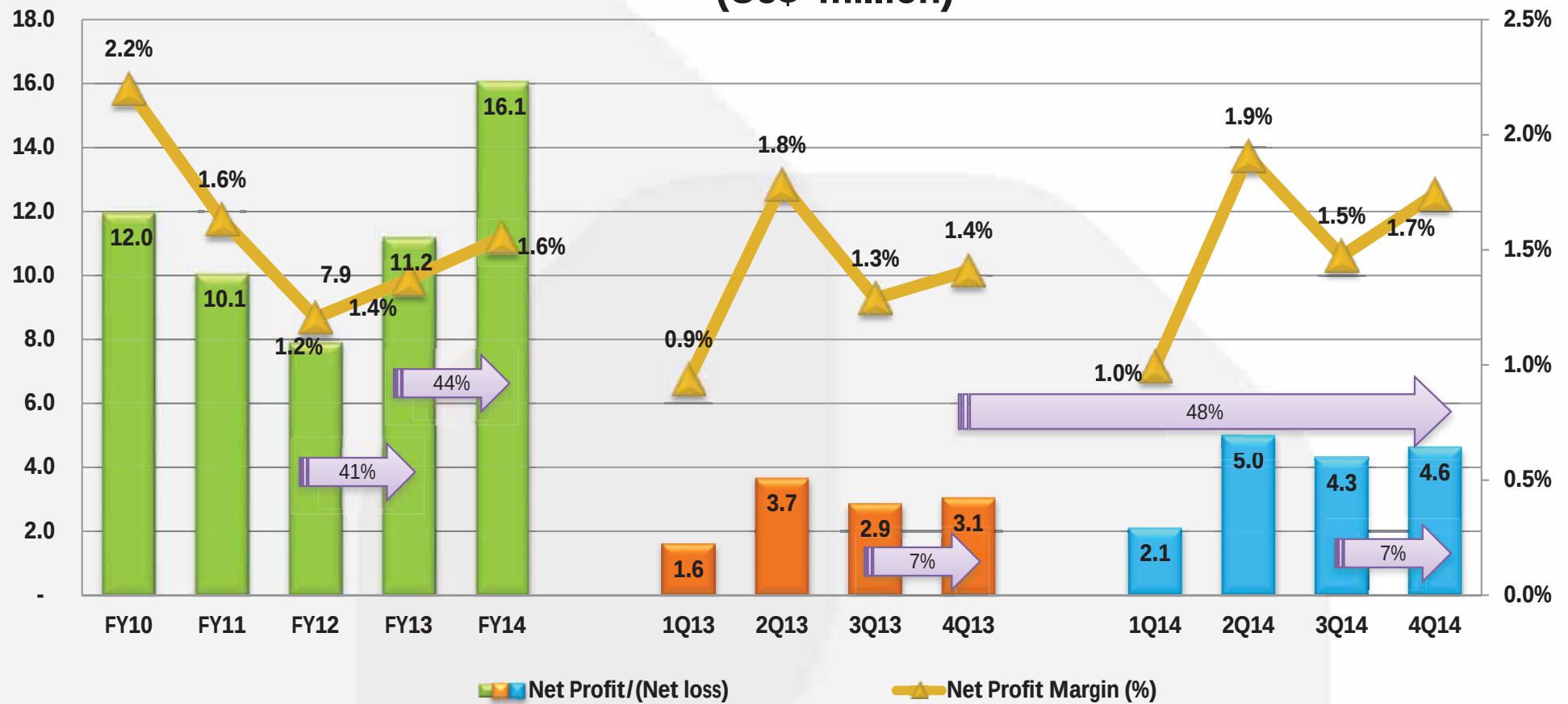
PROFITABILITY POTENTIAL

EBITDA (US\$' million)

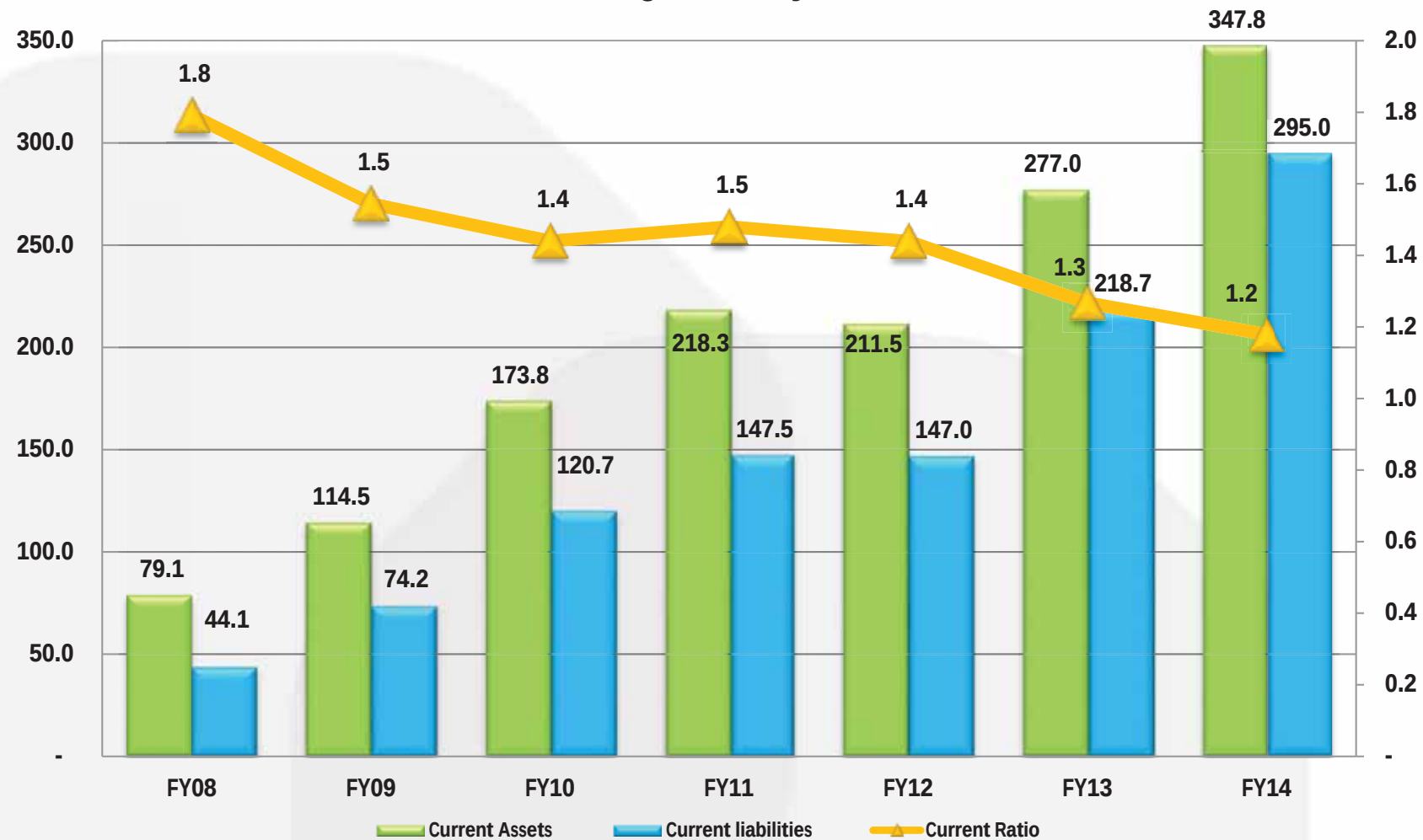


PROFITABILITY POTENTIAL

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

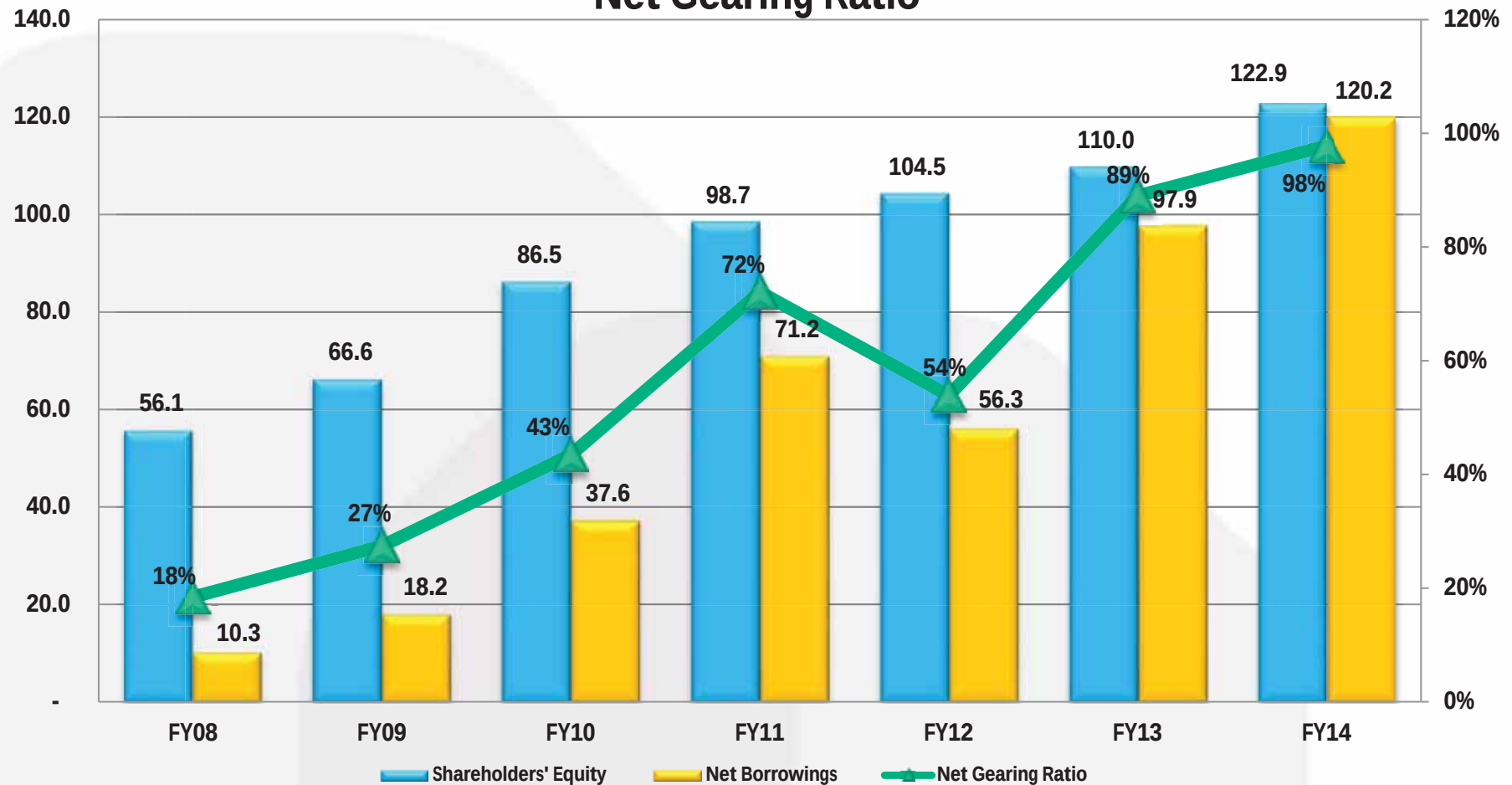


Maintaining Healthy Current Ratio

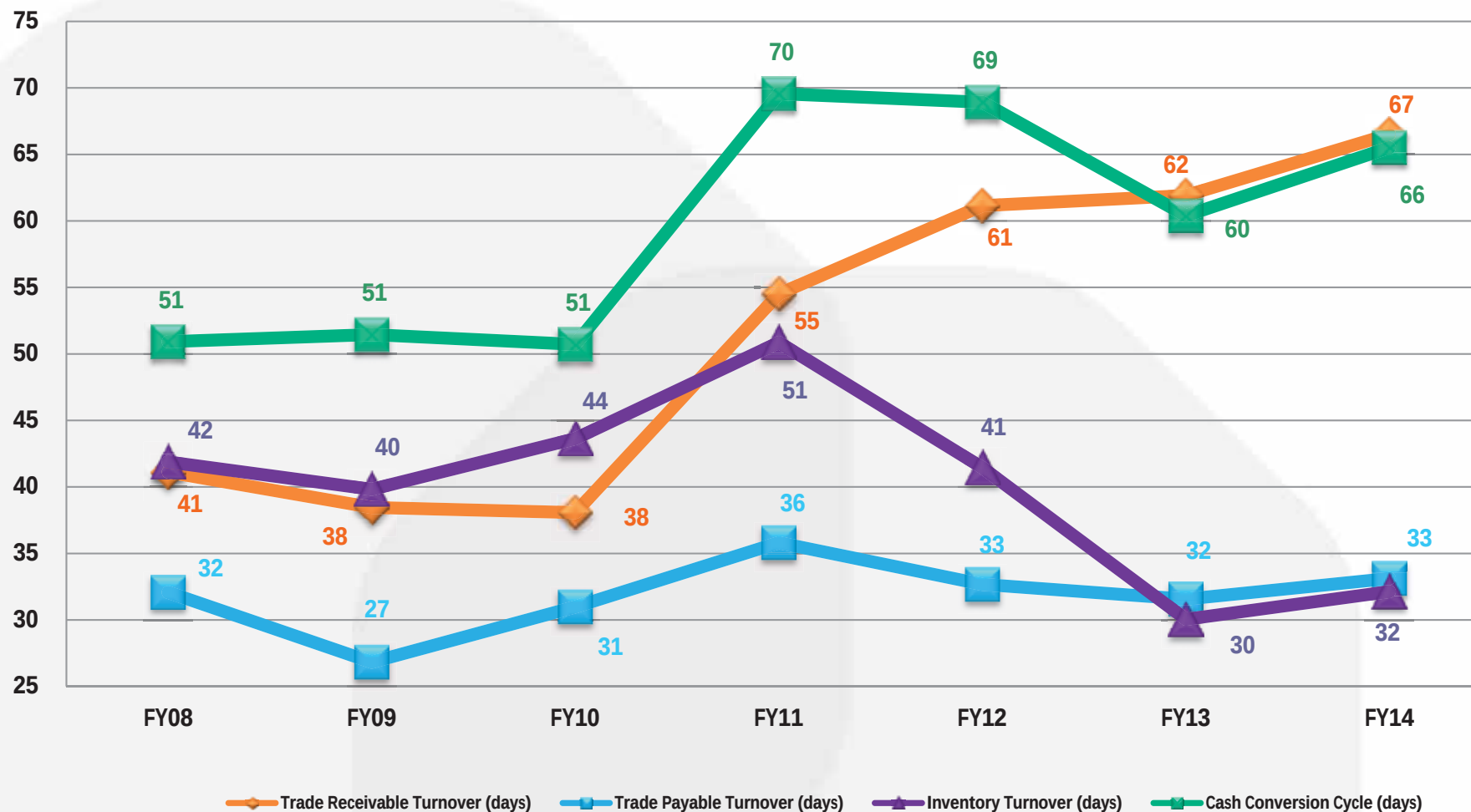


HEALTHY BALANCE SHEET

Net Gearing Ratio

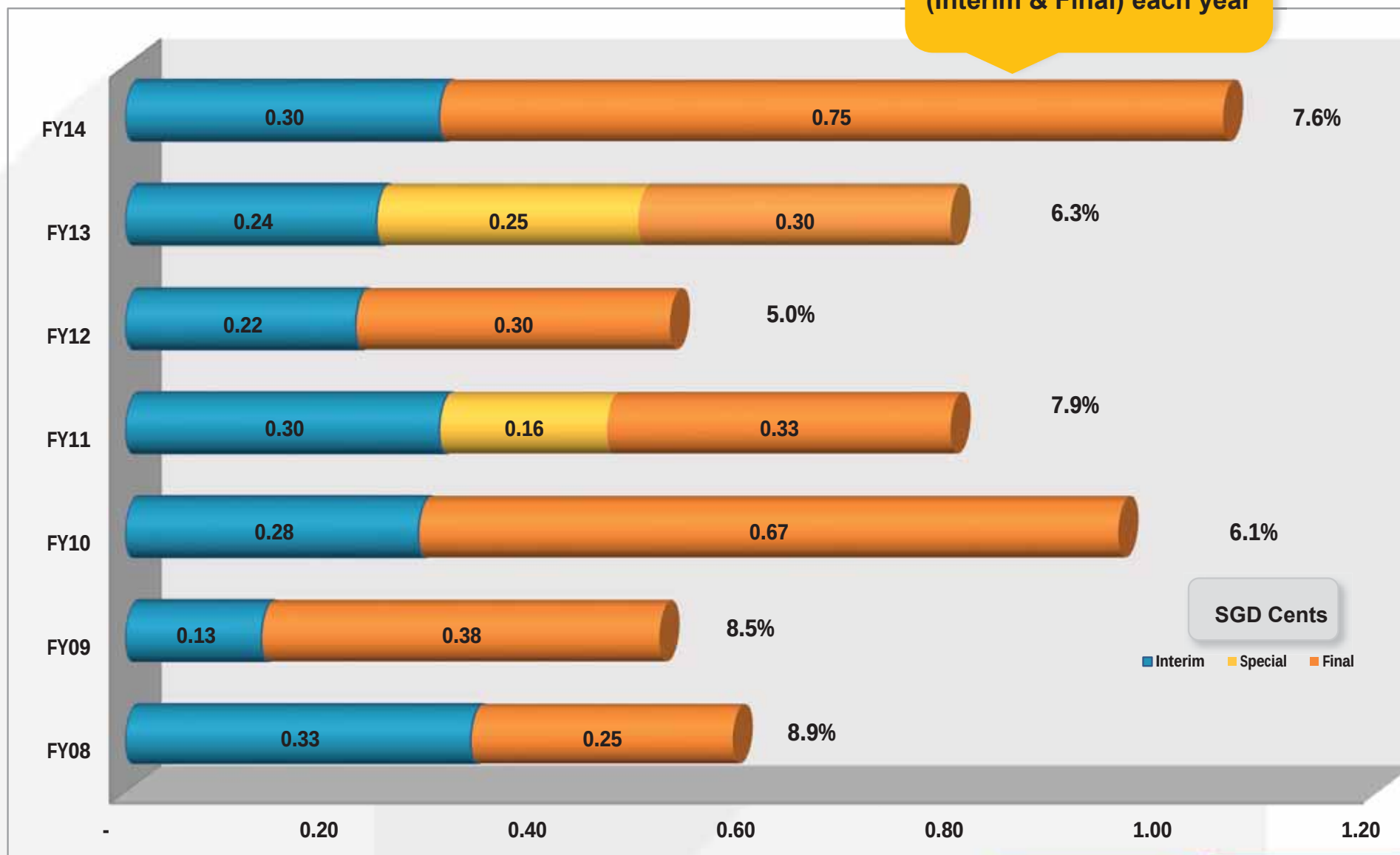


Cash Conversion Cycle (days)



ATTRACTIVE DIVIDEND YIELDS

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



Outlook & Investment Merits



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



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.

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

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.



SERIAL
新曄集團

Thank You

Media and Investor Contact Information:

WeR1 Consultants Pte Ltd

38A Circular Road, Singapore 049394

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

Sheryl Sim, sheryl@wer1.net

Benjamin Cher, benjamin@wer1.net

Your Integral Component to Success