



SERIAL
新曄集團

3Q2019/ YTD3Q2019 RESULTS PRESENTATION

Tuesday, 5 November 2019

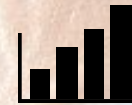
Your Integral Component to Success

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

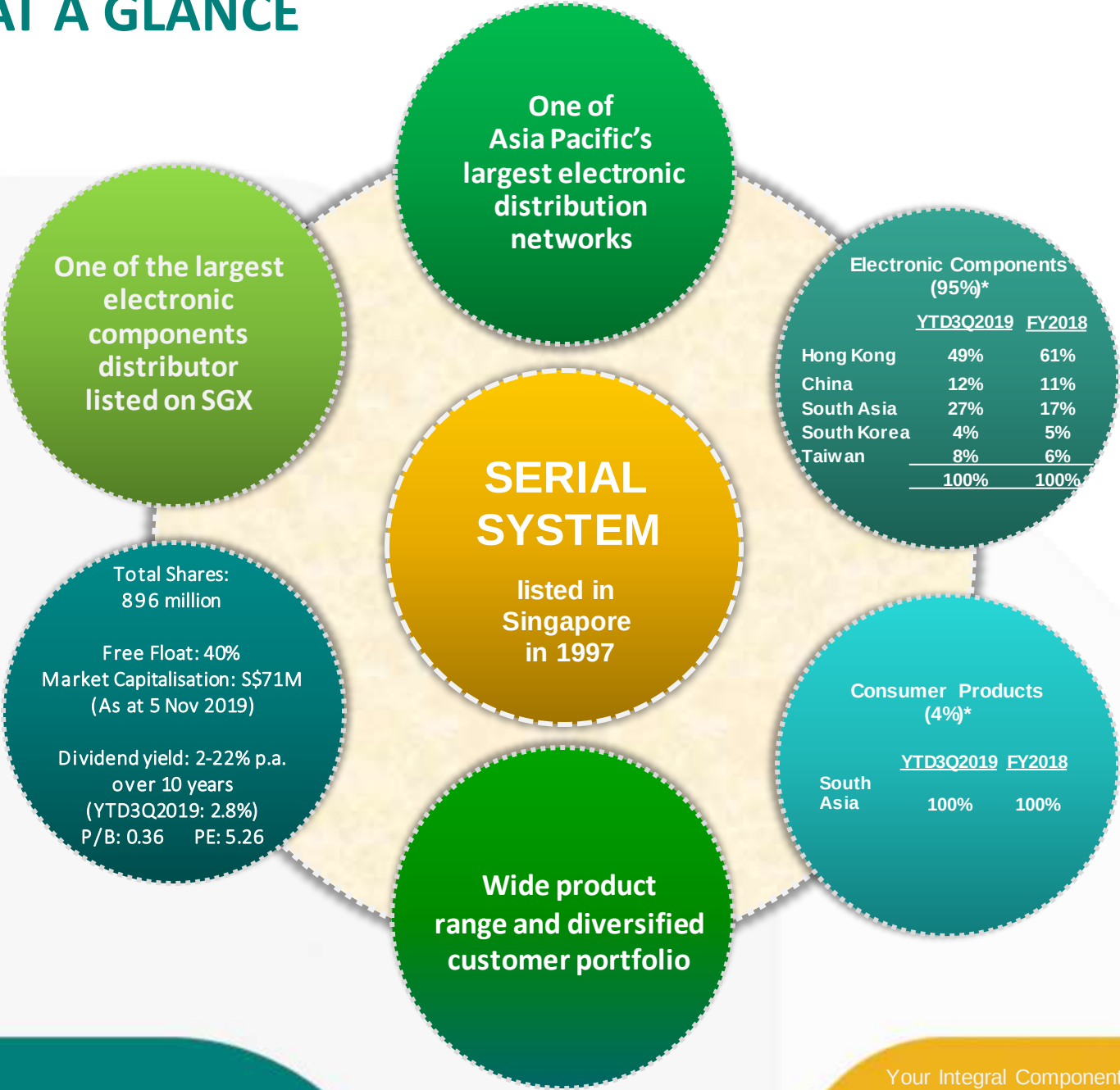


OUTLOOK & STRATEGIES

A composite image featuring silhouettes of business professionals in a modern office setting, overlaid with a cityscape at sunset and light trails from traffic. The scene is viewed through a large window, with the sun's glow creating a warm, golden atmosphere. In the foreground, a person is seen from the side, working on a laptop. The background shows other people in business attire, some standing and talking, others working. The cityscape outside the window includes tall buildings and a bridge, with light trails from cars visible in the lower portion of the image.

CORPORATE OVERVIEW

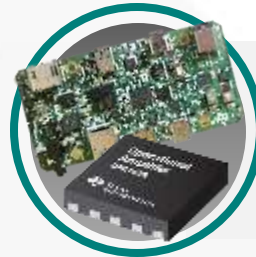
SERIAL SYSTEM AT A GLANCE



* 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 and managed print services.



Electronic Components Distribution



Consumer Products Distribution



Managed Print Services



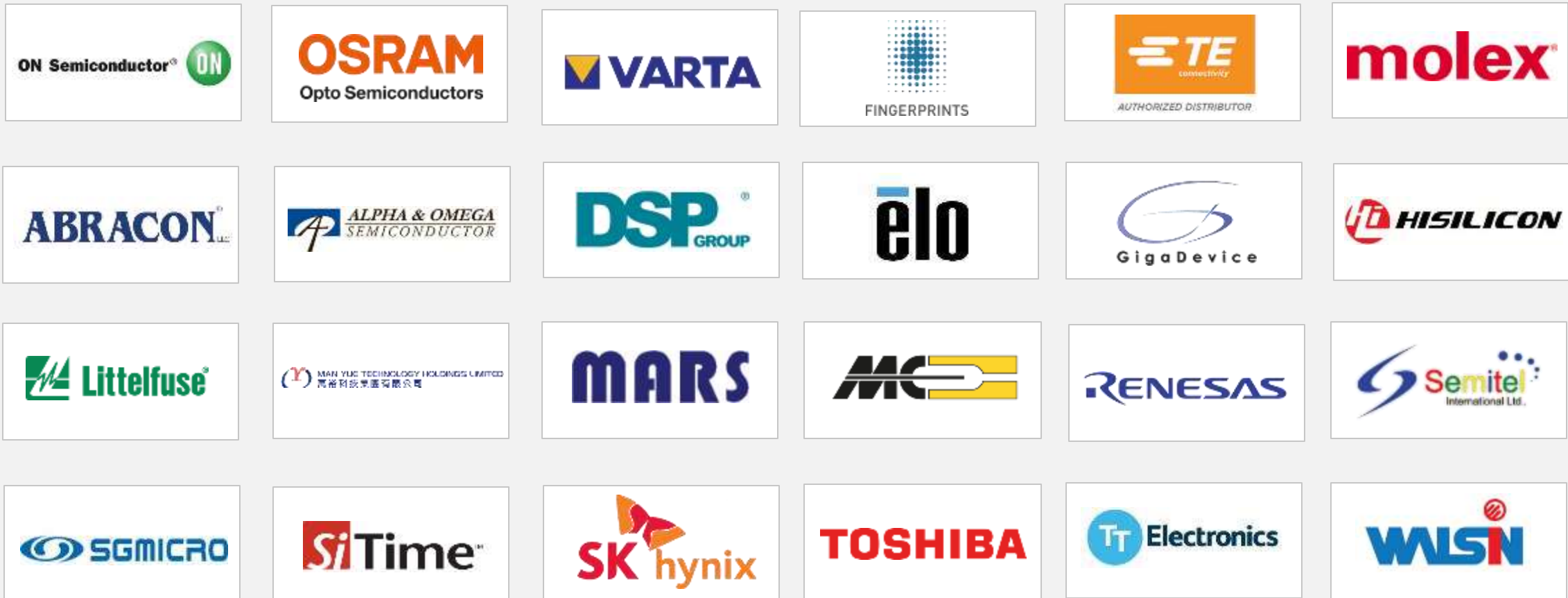
Hospitality and Healthcare Solutions



Medical Devices Assembly and Distribution

PARTNERING LEADING SUPPLIERS

Electronic Components Distribution



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

PARTNERING LEADING SUPPLIERS

Consumer Products Distribution



CONSUMER PRODUCTS DISTRIBUTION

Achieva Technology Pte Ltd

- The Group's 100%-owned subsidiary: Achieva Technology Sdn. Bhd.
- Major suppliers include AMD and Intel.
- 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 large 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.

CONSUMER PRODUCTS DISTRIBUTION

Managed Print Services



- Started in 2014, Singapore-based Print-IQ is 70%-owned by Serial System since May 2017
- Provides managed print services and maintains and distributes copiers and printers
- Premier partner for HP copiers

- 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 and PT SMI. 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 and Alexandra Integrated Health.

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

A stylized graphic representing financial data. It features a dark background with several vertical orange bars of varying heights. Overlaid on these bars are white and grey line graphs with circular markers at data points. Some of these points are labeled with numerical values. A dark grey banner with a yellow arrow pointing right is positioned on the left side, containing the text 'FINANCIAL RESULTS'.

FINANCIAL RESULTS

183.102

154.178

245.5

SNAPSHOT OF 3Q2019 & YTD3Q2019 PERFORMANCE

US\$'000	3Q2019	3Q2018	Change (%)	YTD3Q2019	YTD3Q2018	Change (%)
Sales	184,612	385,567	(52)	615,864	1,199,490	(49)
Gross Profit	11,706	30,221	(61)	41,792	95,222	(56)
Gross Profit Margin (%)	6.3	7.8	(1.5 pt)	6.8	7.9	(1.1 pt)
Net Profit After Tax (Attributable to equity holders of the Company)	2,000	10,267	(81)	7,429	17,499	(58)
EPS - fully diluted (US cents)⁽¹⁾	0.22	1.14	(81)	0.83	1.95	(57)
NAV per share (US cents)⁽²⁾	30/09/2019: 15.54			31/12/2018: 15.26		

(1) Earnings per ordinary share on a fully diluted basis are computed by dividing net profit attributable to equity holders of the Company by the weighted average number of shares in issue during the period of 895,841,914 (3Q2018/ Year-To-Date 30/09/2018: 895,841,914) after adjusting assumed conversion of all potential dilutive ordinary shares.

(2) Net asset value per ordinary share as at 30 September 2019 and 31 December 2018 is calculated based on the net assets value attributable to the equity holders of the Company as at the end of the respective period and the respective aggregate number of ordinary shares of 895,841,914.

3Q2019 HIGHLIGHTS

- **Revenue of US\$184.6M in 3Q2019, a decrease of 52% from US\$385.6M in 3Q2018**
 - Mainly due to the termination of the electronic components distribution business with Texas Instruments (“TI”)
 - Excluding the impact of decline in turnover due to TI termination, turnover for the electronic components distribution business would have increased by 21%, despite the ongoing and broadening trade tensions between China and United States. The increase was attributable to increased sales for certain existing product lines and contribution from new product lines as the Group realigned its resources to grow these product lines following TI termination
 - Consumer products distribution sales also declined due to weak demand in the markets (Singapore and Malaysia) in which the Group operates, and the Group’s continued rationalisation and exit of non-profitable products
- **Gross profit margin decreased to 6.3% in 3Q2019 from 7.8% in 3Q2018**
 - Lower margins achieved by the electronic components distribution business as a result of keen market competition in a challenging environment
- **NPAT decreased by 81% to US\$2.0M in 3Q2019 from US\$10.3M in 3Q2018**

YTD3Q2019 HIGHLIGHTS

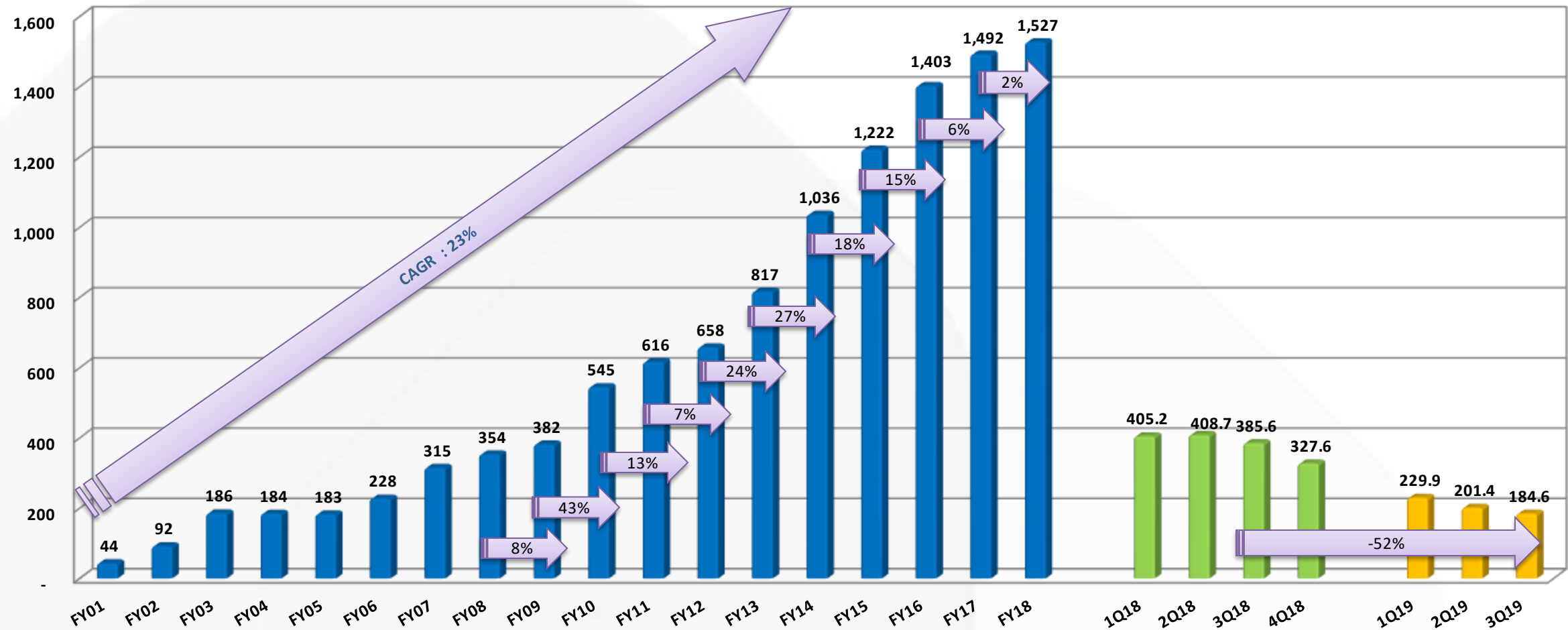
- **Revenue of US\$615.9M in YTD3Q2019, a decrease of 49% from US\$1.2B in YTD3Q2018**
 - Mainly due to the termination of the electronic components distribution business with Texas Instruments (“TI”) which has impacted sales in all markets in Asia
 - Taking out the impact of decline in turnover due to TI termination and discontinuation of a product line in March 2018, turnover for the electronic components distribution business would have increased by 13%. This was attributable to the Group’s conscientious efforts to grow its existing product lines and contribution from new product lines which the Group secured post-TI termination, despite the continuous trade tensions between China and United States which have dampened market sentiment
 - Consumer products distribution sales also declined due to weak demand and keen competition in the markets (Singapore and Malaysia) in which the Group operates, and the Group’s continued rationalisation and exit of non-profitable products
- **Gross profit margin declined to 6.8% in YTD3Q2019 from 7.9% in YTD3Q2018**
 - Lower margins achieved by the electronic components distribution and consumer products distribution businesses resulting from keen market competition in a challenging environment
- **NPAT decreased by 58% to US\$7.4M in YTD3Q2019 from US\$17.5M in YTD3Q2018**

REVENUE GROWTH TREND

SERIAL SYSTEM GROUP

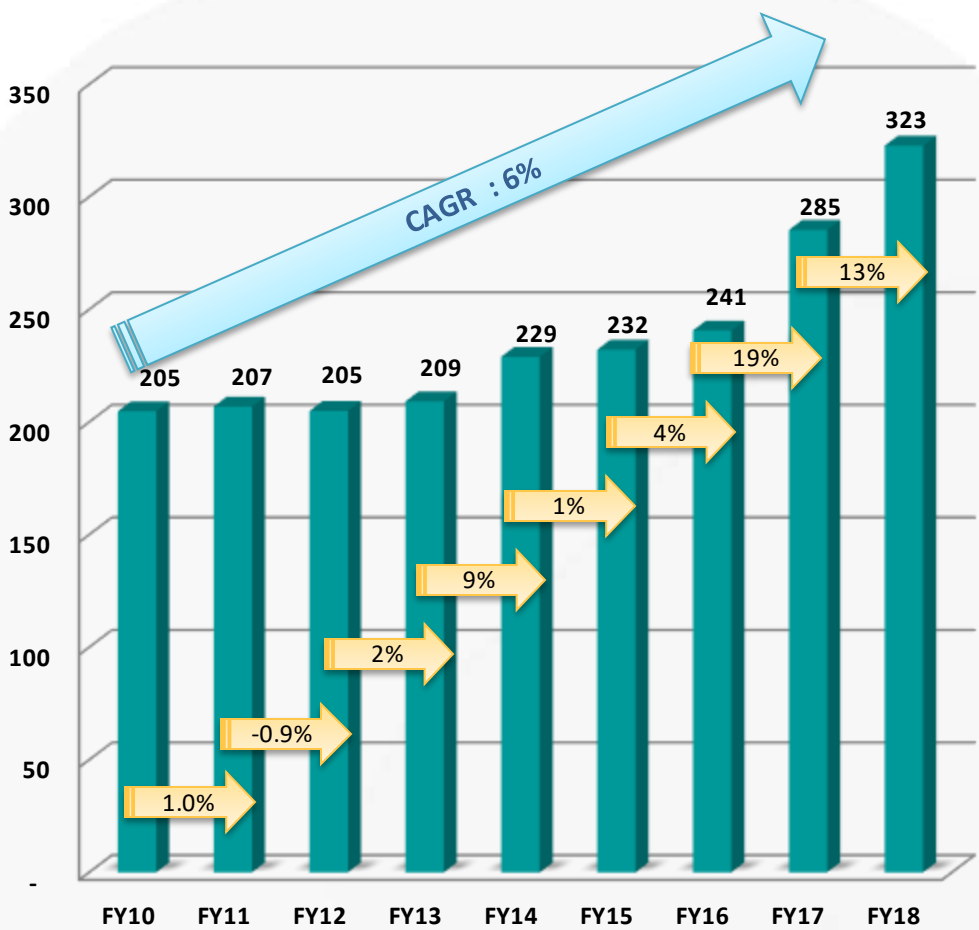


Revenue (US\$' million)



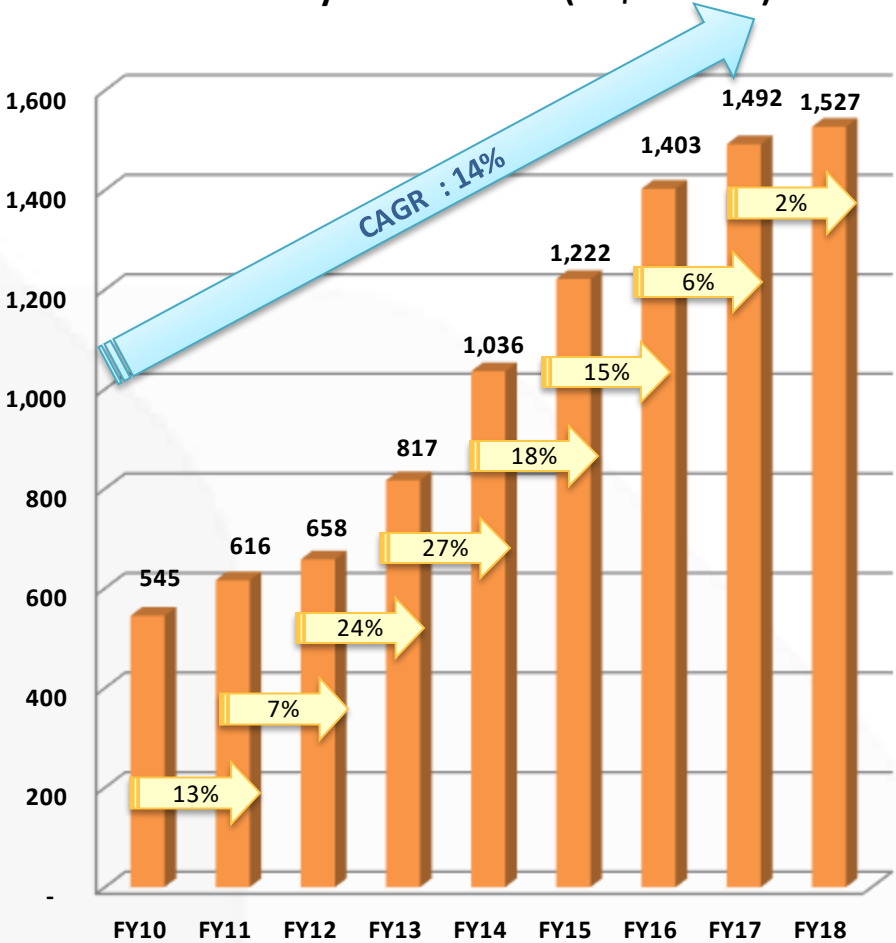
OUTPERFORMING THE INDUSTRY

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



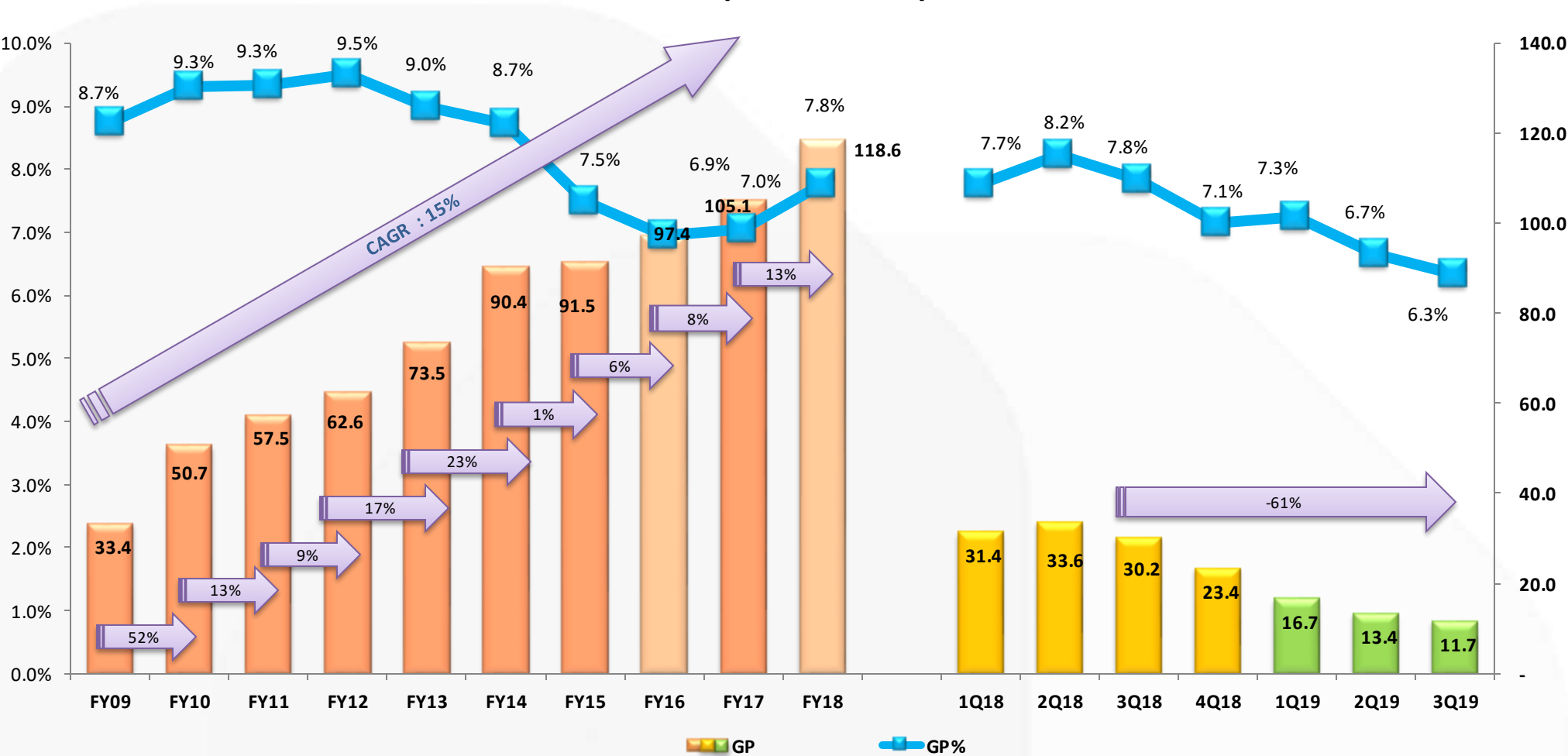
Source : World Semiconductor Trade Statistics/
Semiconductor Industry Association

Serial System Revenue (US\$' million)

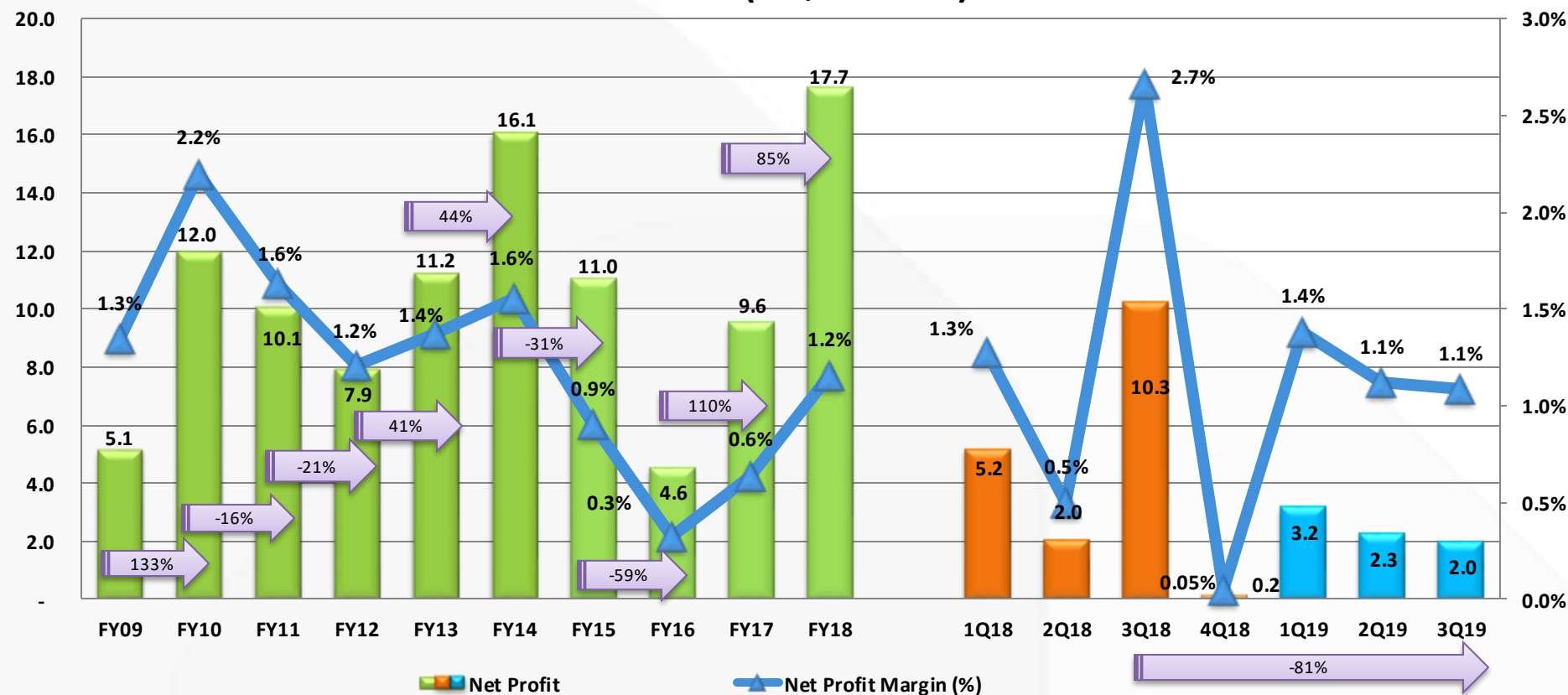


PROFITABILITY

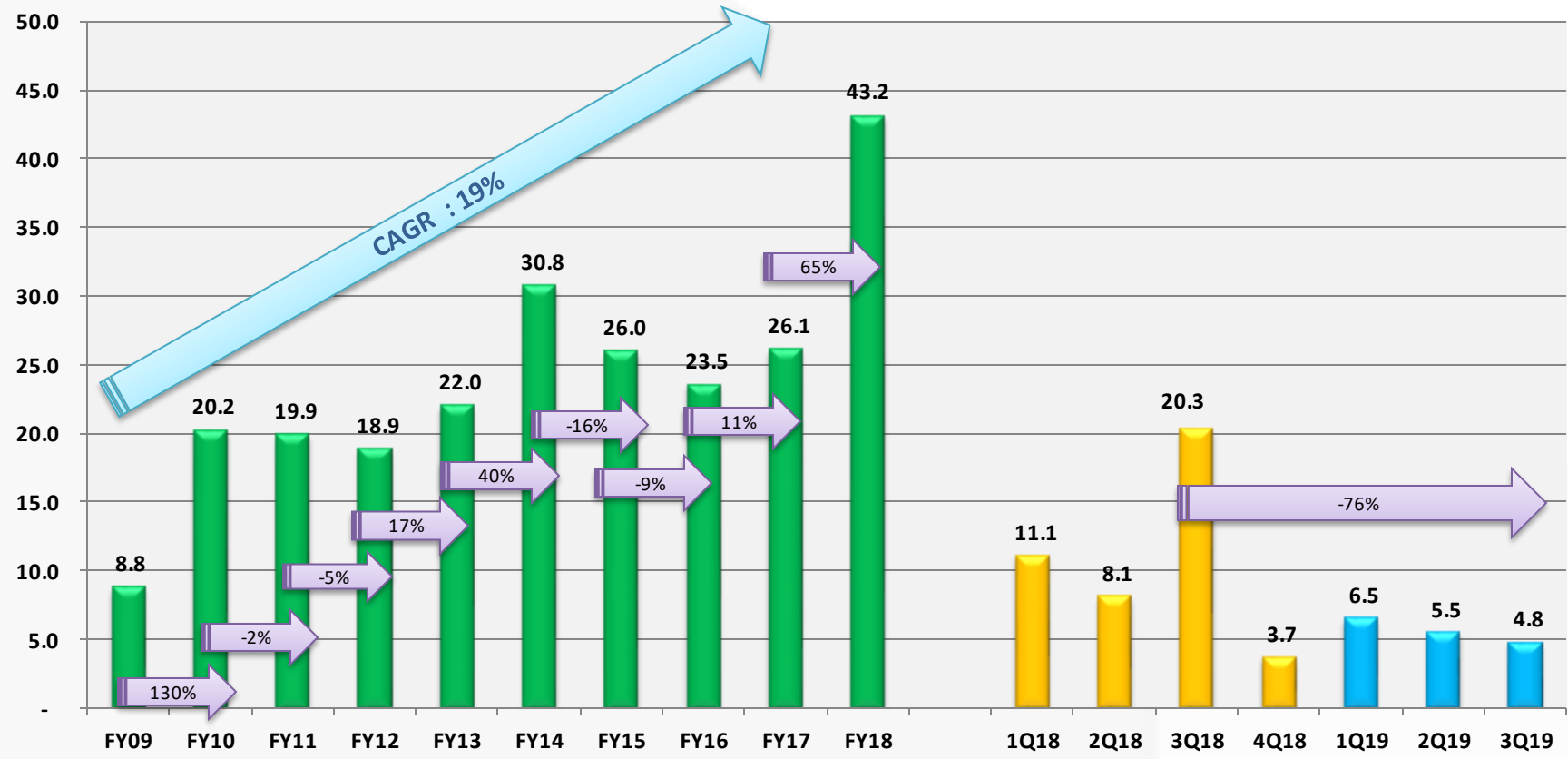
Gross Profit & Gross Profit Margin
(US\$' million)



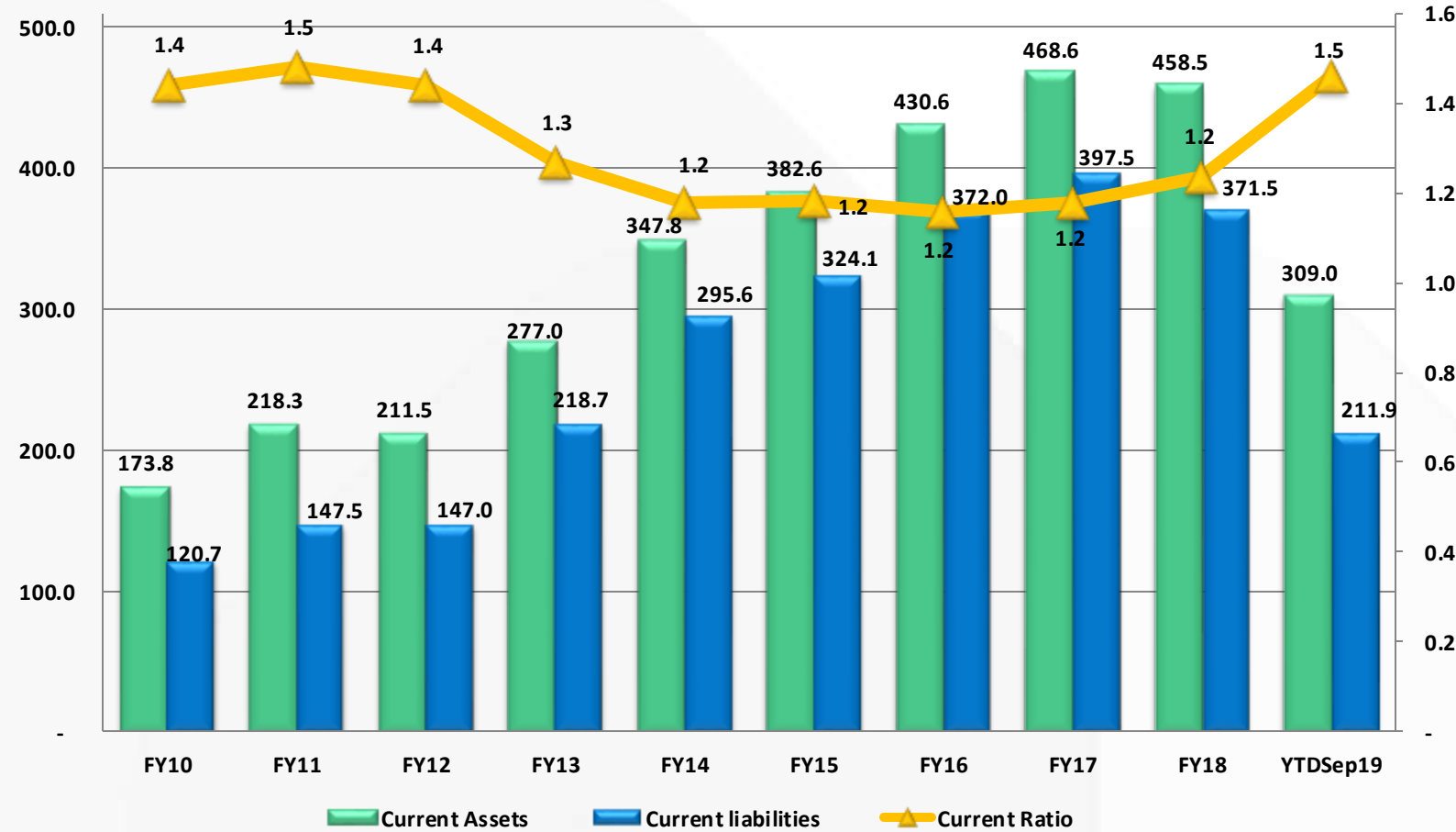
Net Profit & Net Profit Margin
(US\$' million)



EBITDA (US\$' million)

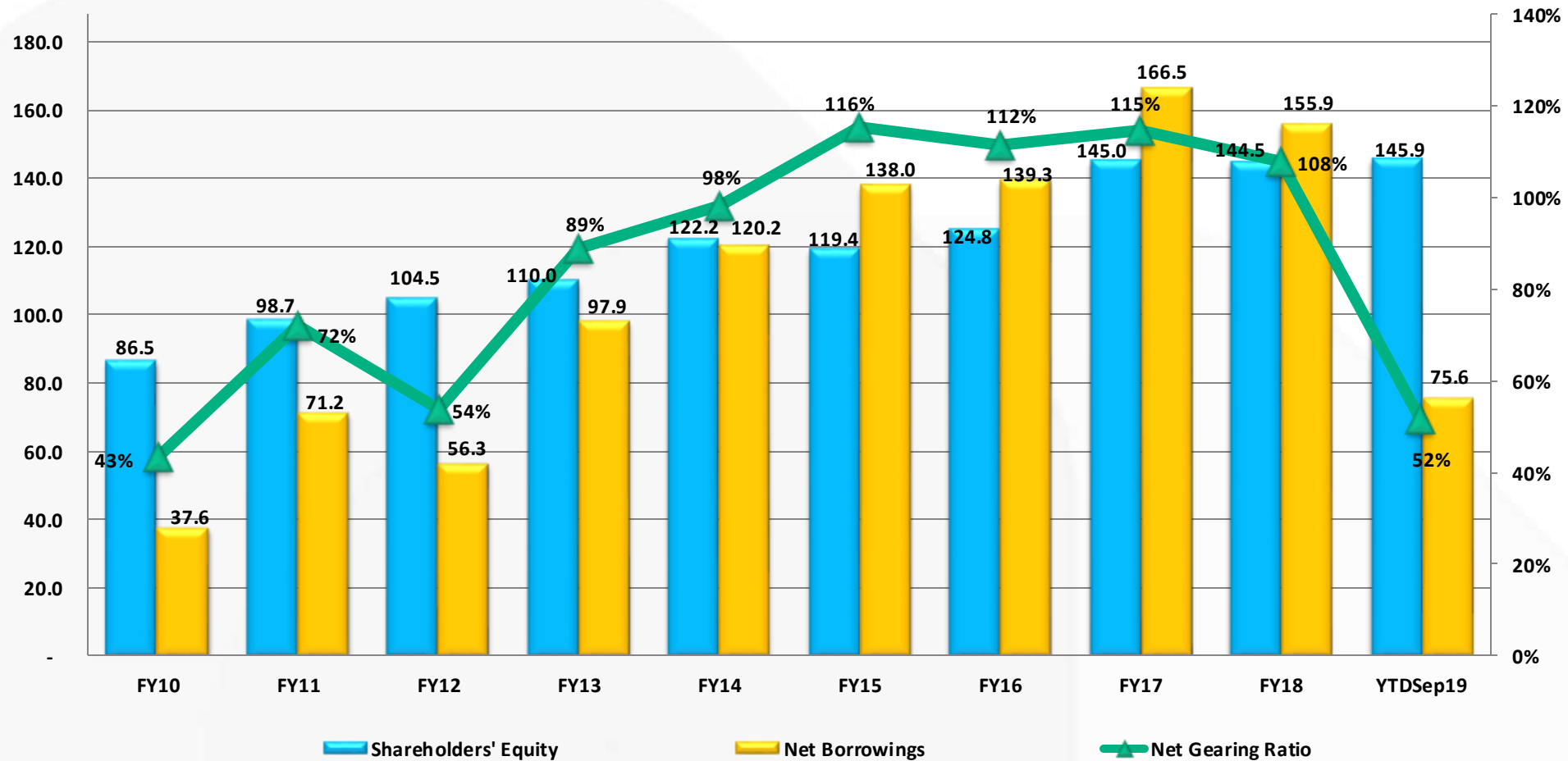


Maintaining Healthy Current Ratio

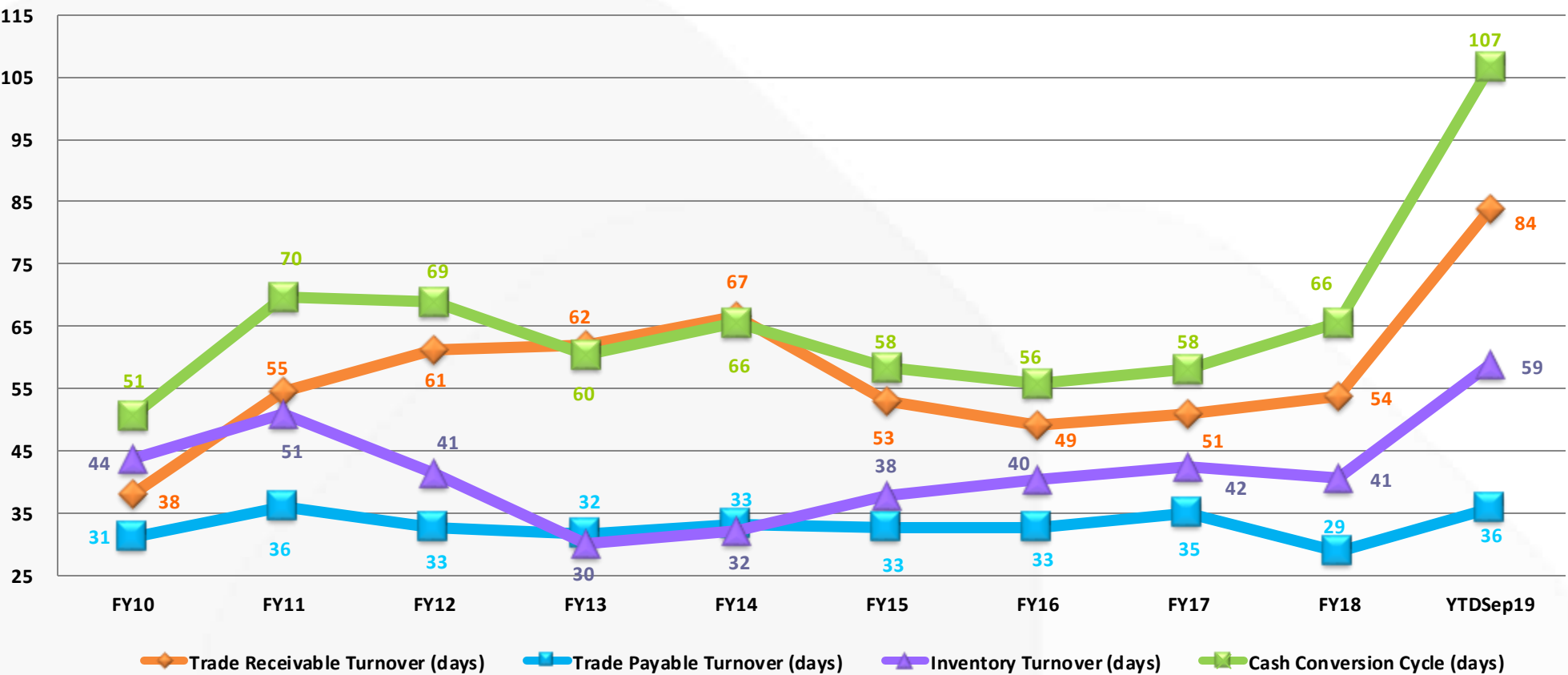


FINANCIAL POSITION

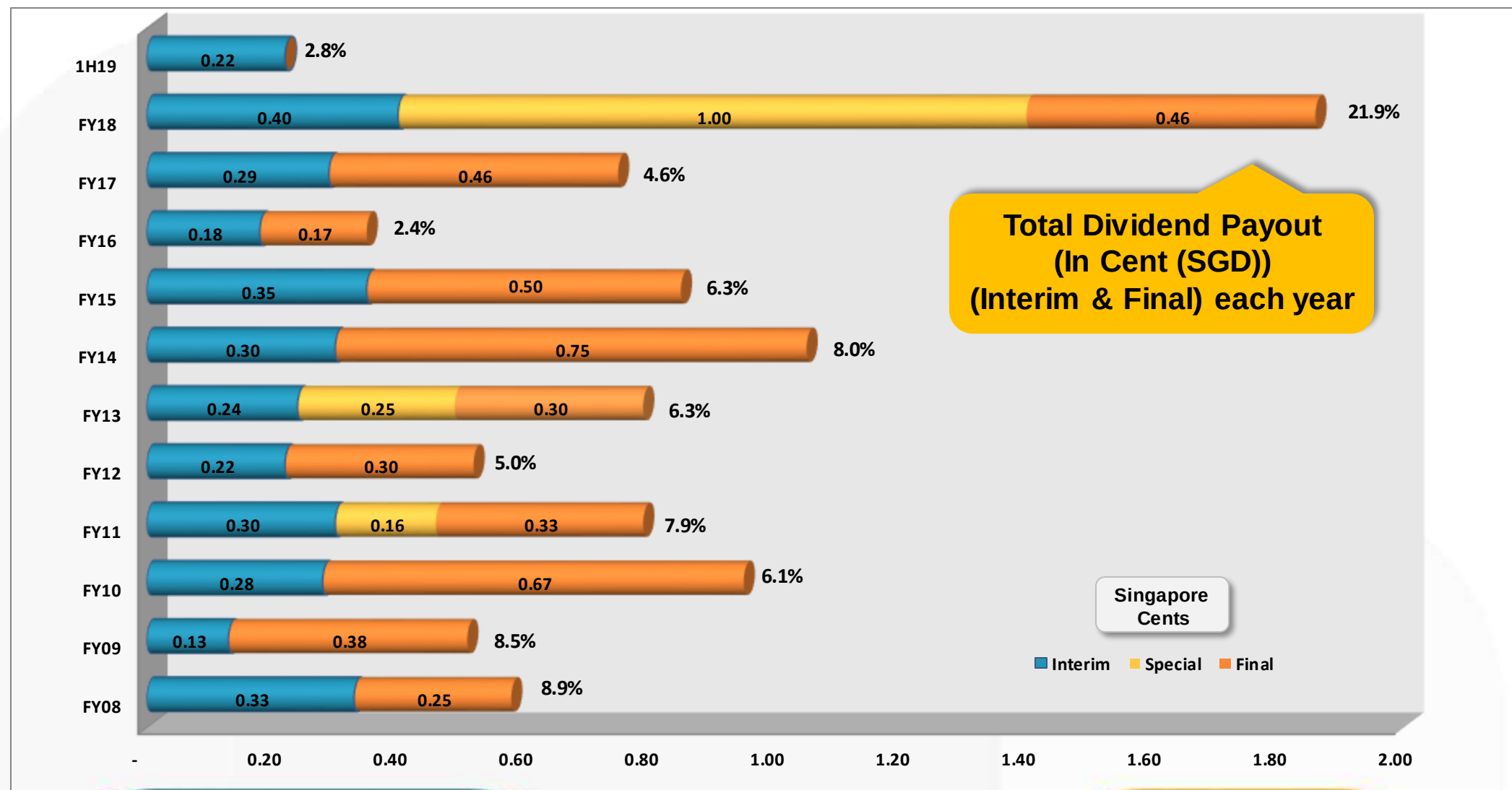
Net Gearing Ratio



Cash Conversion Cycle (days)



DIVIDEND YIELD



The background of the slide is a digital landscape. The floor is composed of a complex, glowing green circuit board pattern that recedes into the distance. In the background, a bright green light emanates from the horizon, creating a hazy, atmospheric effect. The overall color palette is dominated by dark greens and blacks, with the bright green light providing a focal point.

OUTLOOK & STRATEGIES

Uncertainties

- ? Greater uncertainty in the global market due to continuing US-China trade tensions, as well as Japan and South Korea
- ? Global economic slowdown and keen market competition
- ? Slowdown in semiconductor industry

Bright spots

- ✓ New applications in IoT, AI, mobility services and autonomous vehicles
- ✓ China creates semiconductor supply chain fund worth US\$28.9 billion



GROUP OUTLOOK

- Exploring opportunities for potential partnerships and revenue streams
- Reviewing its operations and reallocating resources and personnel to boost efficiency and reduce costs
- Barring unforeseen circumstances, the Group expects to remain profitable for the financial year ending 31 December 2019

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.

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Thank You



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Your Integral Component to Success