



SERIAL
新曄集團

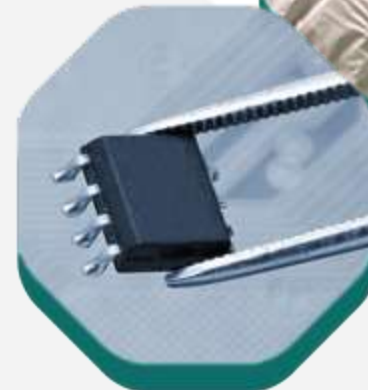
2Q'2016 & 1H2016 Results Presentation

05 August 2016

Your Integral Component to Success

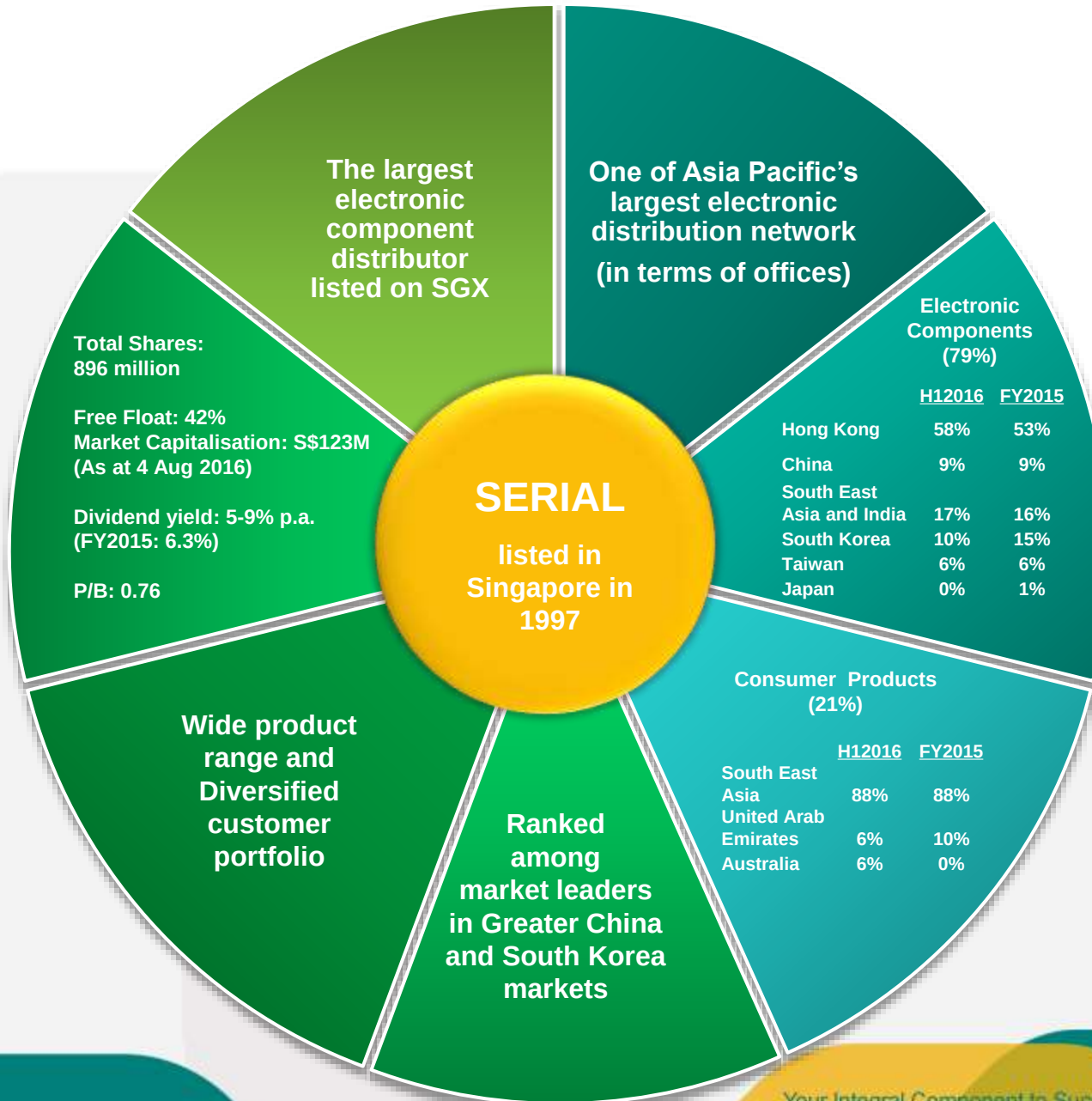
AGENDA

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



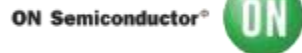
Corporate Overview

SERIAL SYSTEM AT A GLANCE



Partnering Leading Suppliers

Electronic Components Distribution Business



FINGERPRINTS



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

Partnering Leading Suppliers

Consumer Products Distribution Business



ASUS



Canon



EPSON



gorenje Life Simplified



FUJIFILM



iCenter



Jabra



MARUMI



NIXON



SENNHEISER



SKAGEN
DENMARK



TAMRON
New eyes for industry



TITAN



Consumer Products Distribution Business

The Group comprises 100% owned subsidiaries: Swift-Value Business Pte. Ltd, Achieva Technology Group, Serial I-Tech Group, 80% owned PT. Achieva Technology Indonesia and 70% owned Hydra & Thermal group

Key Suppliers: Hewlett-Packard (HP), Epson and Canon, Intel, Western Digital, Seagate, Asus, Power Colour, Adata, Apple, Tamron, Titan, Nixon, Fossil, Gorenje and Sennheiser

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



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), next-generation meal ordering system.
- Clients: Khoo Teck Puat Hospital, Ng Teng Fong General Hospital, Jurong Community Hospital, Changi General Hospital, St Andrews Hospital, Gleneagles Hospital, Mount Elizabeth Orchard, Parkway East Hospital, Parkway Mount Elizabeth Novena, 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
- Exploring opportunities to expand via M&As

Strategic Investment - South Pacific Laundry

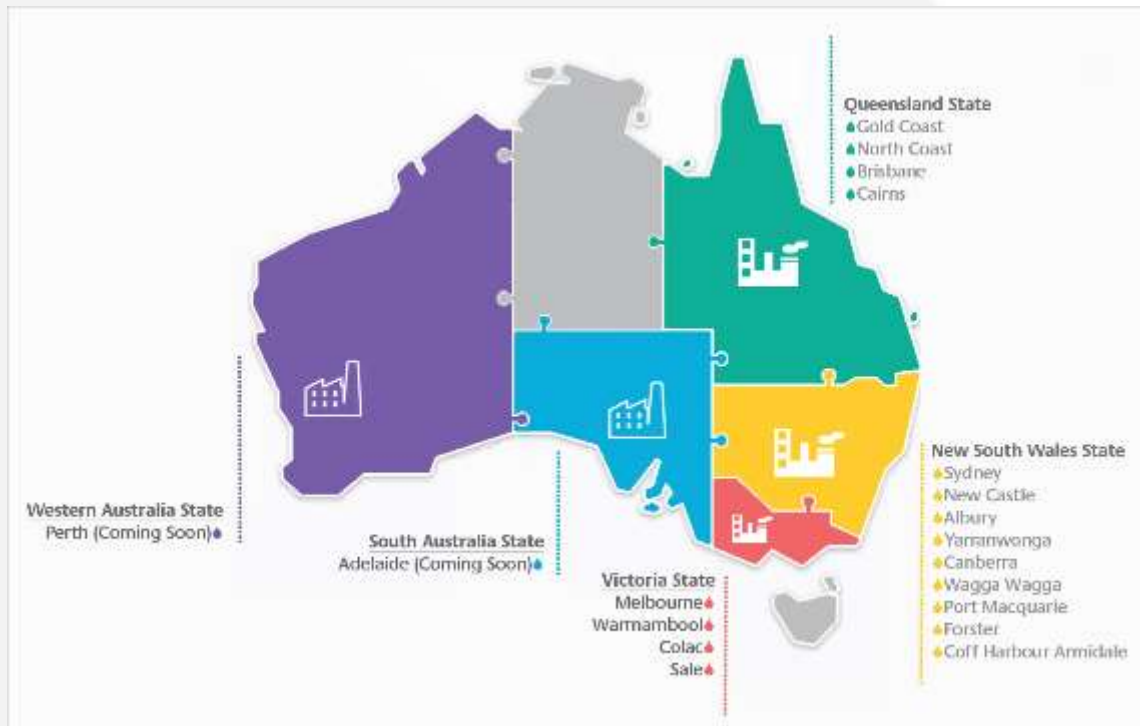


27.34% stake in SPL Holdings (Australia) Pty Ltd, a laundry provider servicing hospitality industry (hotels, resorts, hospitals, care centres, and restaurants) in Melbourne, Sydney, Brisbane, Canberra and in various cities and towns in the states of Victoria and New South Wales.

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



Strategic Investment - Tong Chiang Group



21% stake in food manufacturer and caterer Tong Chiang Group ("TCG")

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

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



Recent Corporate Developments

Recent Corporate Developments

22 July 2016

- ▶ Completed 100% acquisition of **Hydra & Thermal International (Cambodia) Co. Ltd** through its 70% subsidiary, Hydra & Thermal Pte Ltd.
 - ❑ Incorporated in Cambodia and principally engaged in the distribution of consumer electronic products and household appliances
 - ❑ Hydra Cambodia is now a 70% owned subsidiary of SSGL

24 March 2016

- ▶ Incorporation of **Serial Microelectronics (Beijing) Co., Ltd**
 - ❑ The Group's 91%-owned Hong Kong subsidiary, Serial Microelectronics (HK) Limited, has incorporated Serial Microelectronics (Beijing) Co., Ltd in China as a wholly owned subsidiary
 - ❑ Intended registered capital of RMB 10 million (approx. US\$1,523,000)
 - ❑ Principally engaged in distribution of electronic and electrical components
 - ❑ Acquired two office units in Beijing; properties will serve as the Group's HQ for North China

A photograph of a business meeting. In the foreground, a person's hand is gesturing over a document with various charts, including a large bar chart and a pie chart. Another person's hand is holding a pen, ready to write. The background is slightly blurred, showing other participants and documents.

Financial Results

2Q'2016

SNAPSHOT OF 2Q/1H2016 PERFORMANCE

US\$'000	2Q2016	2Q2015	Change (%)	1H2016	1H2015	Change (%)
Sales	378,572	309,597	22	711,368	571,357	25
Gross Profit	24,875	24,054	3.0	47,232	45,748	3.0
Gross Profit Margin (%)	6.6	7.8	(1.2 pt)	6.6	8.0	(1.4 pt)
Net Profit (Loss) After Tax <i>(Attributable to shareholders)</i>	3,280	4,771	(31)	(3,279)	7,826	N.M.
Net Profit Margin (%)	0.9	1.5	(0.6 pt)	N.M.	1.4	N.M.
EPS (LPS) on fully diluted basis <i>(US cents) ⁽¹⁾</i>	0.36	0.53	(0.32)	(0.37)	0.87	N.M.
NAV per share (US cents) ⁽²⁾	30/06/2016: 13.49			31/12/2015: 13.33		

⁽¹⁾ Earnings (loss) per ordinary share on a fully diluted basis are computed based on the weighted average number of shares in issue during the period of 895,841,914 (2Q2015/1H2015: 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 30 June 2016 and 31 December 2015 of 895,841,914.

2Q2016 HIGHLIGHTS



- **Revenue** of US\$378.6M, a 22% increase compared to 2Q2015:
 - Revenue from electronic components distribution increased 13% to US\$316.7M, driven mainly by operations in SE Asia, India, Taiwan, Hong Kong and China
 - Revenue from consumer products distribution at US\$60.6M (16% of Group sales)
- **Gross profit margin** slipped to 6.6% from 7.8%:
 - Higher sales of lower-margin products in Singapore and Taiwan, and stiff competition in China for the electronic components distribution
 - Lower-margin consumer products distribution
- **Share of losses in associated companies** stood at US\$0.4 million, similar to 2Q2015:
 - Loss in Bull Will due to currency translation loss, provision made for doubtful debts and loss on closure of a subsidiary
 - Loss in SPL due to amortisation of intangible assets arising from acquisitions in recent years
- **NPAT** slipped 31% to a US\$3.3M profit from US\$4.8M in 2Q2015:
 - Net margin declined to 0.9% from 1.5 in 2Q2015

1H2016 HIGHLIGHTS

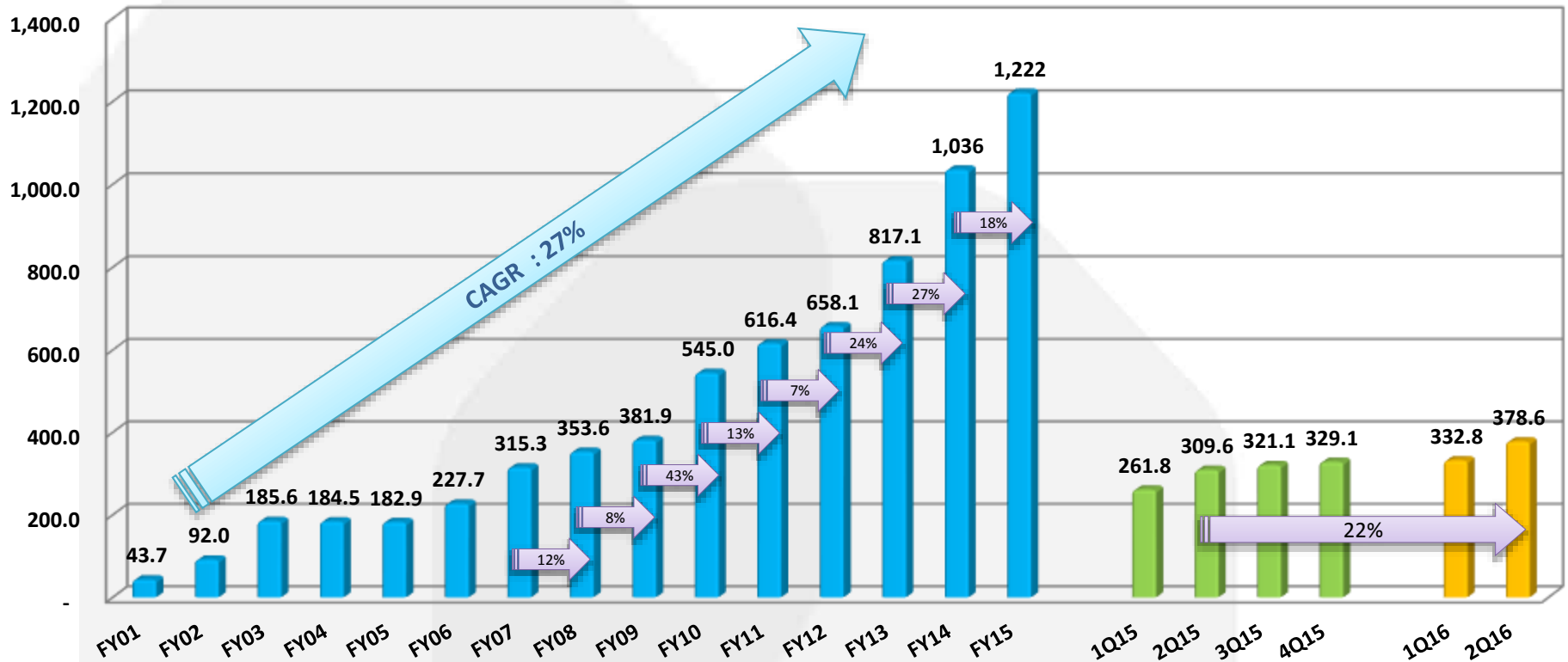


- **Revenue** of US\$711.4M, a 25% increase compared to 1H2015:
 - Electronic components business rose 11% to US\$579.4M
 - Consumer products business up to US\$129.5M from US\$44.1M in 1H2015
- **Gross profit margin** slipped to 6.6% from 8.0% in 1H2015:
 - Higher sales of lower-margin products in Singapore and Taiwan, and stiff competition in Hong Kong and China for the electronic components distribution
 - Lower-margin consumer products distribution
- **Net loss** of US\$3.3M from US\$7.8M profit in 1H2015 due to higher share of losses from associated companies, increased currency translation loss and higher allowance for inventory obsolescence.

REVENUE GROWTH

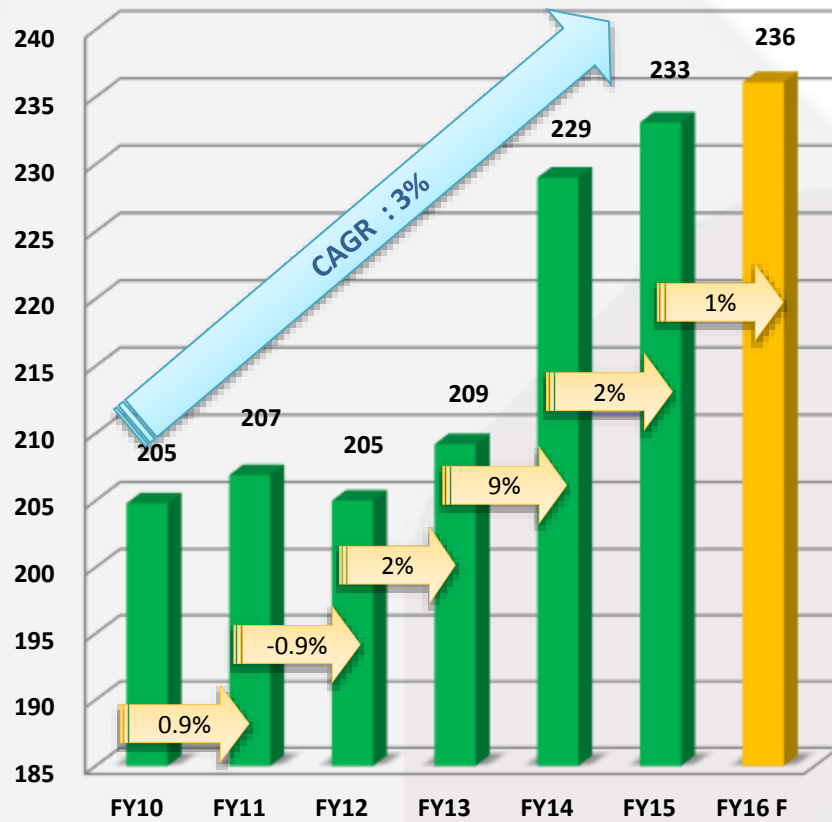


Revenue (US\$' million)



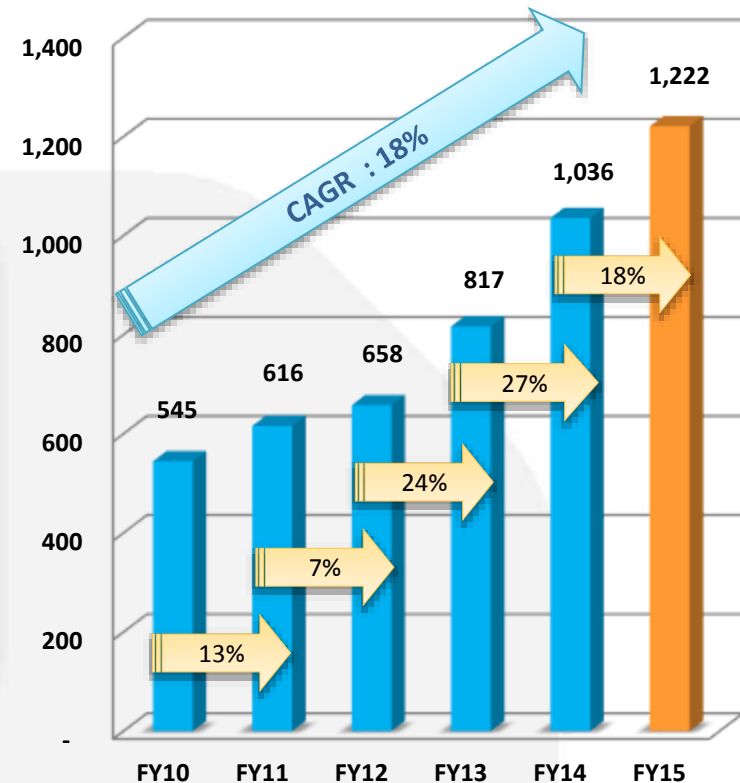
OUTPERFORMING THE INDUSTRY

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

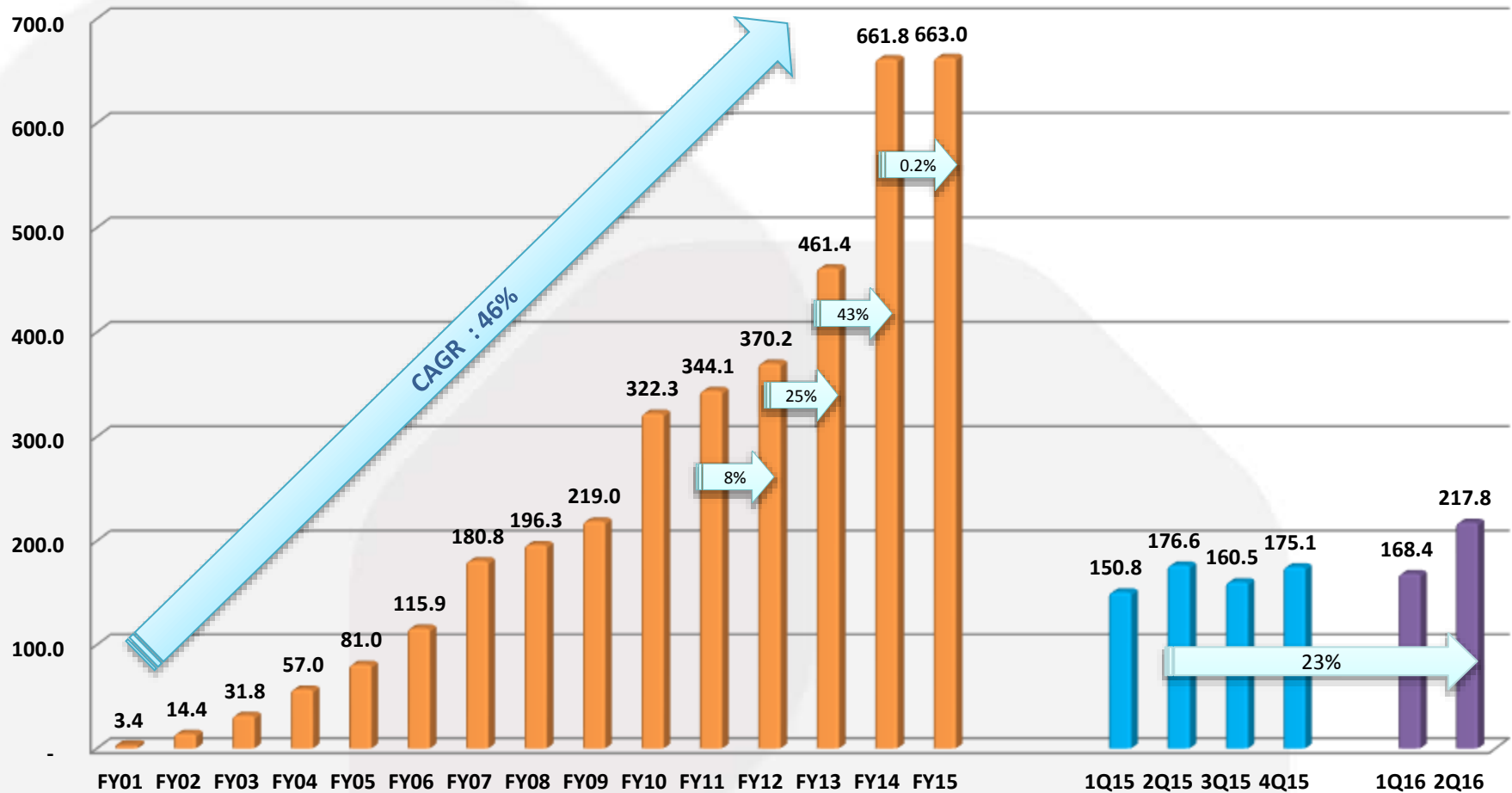


Source : World Semiconductor Trade Statistics/
Semiconductor Industry Association

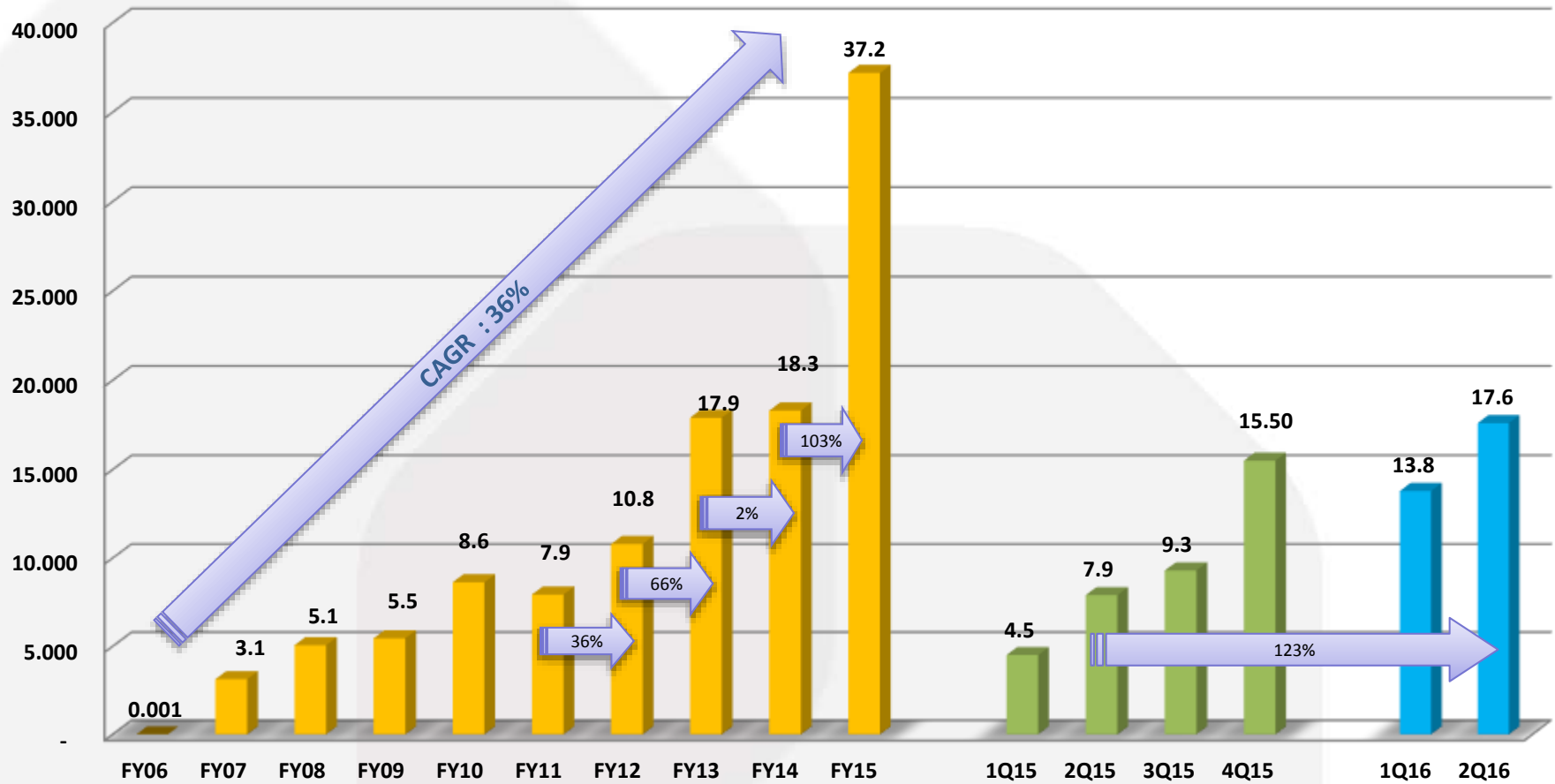
Serial System Revenue (US\$' million)



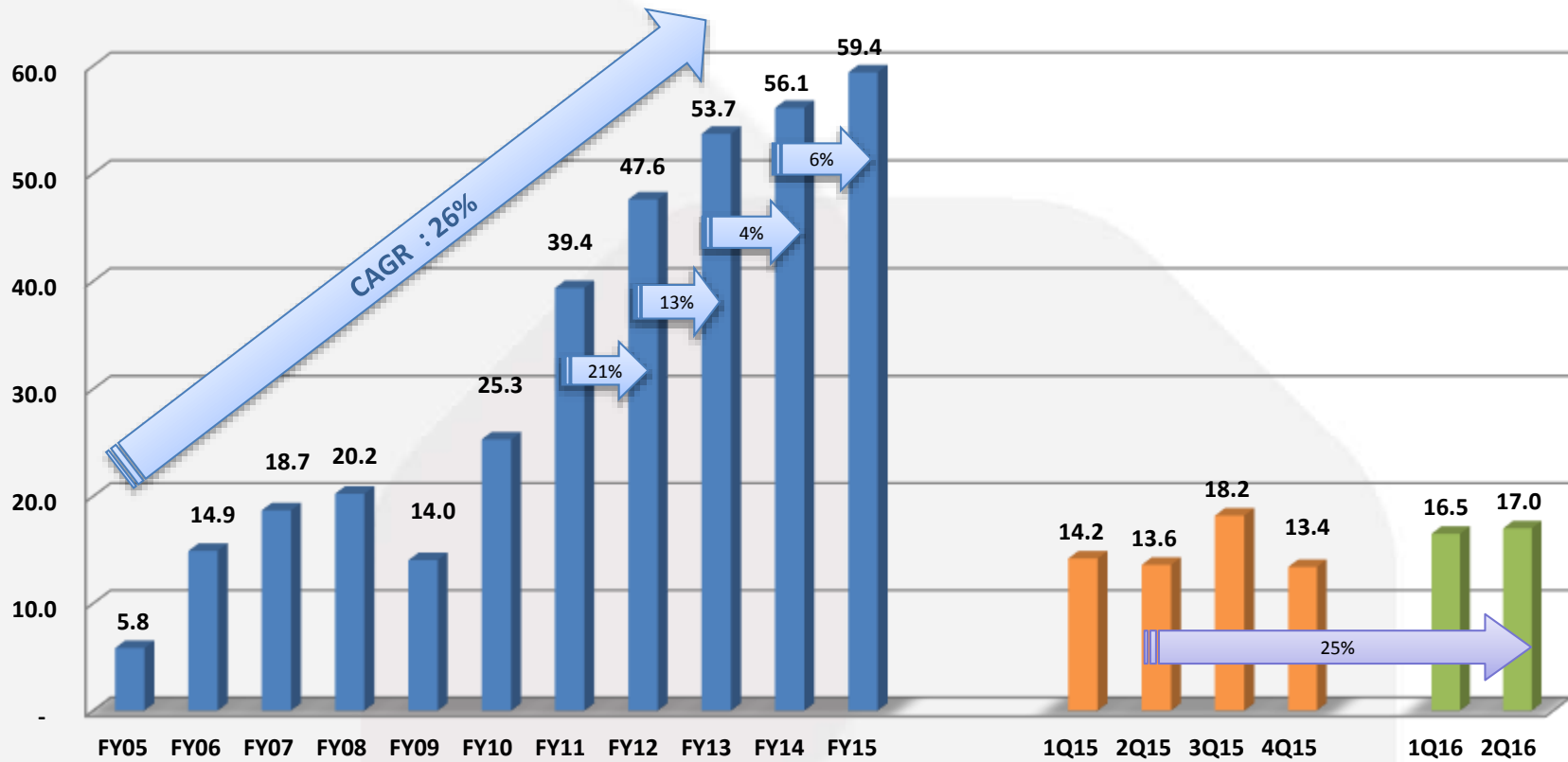
Hong Kong & China Revenue (US\$' million)



India Revenue US\$' million

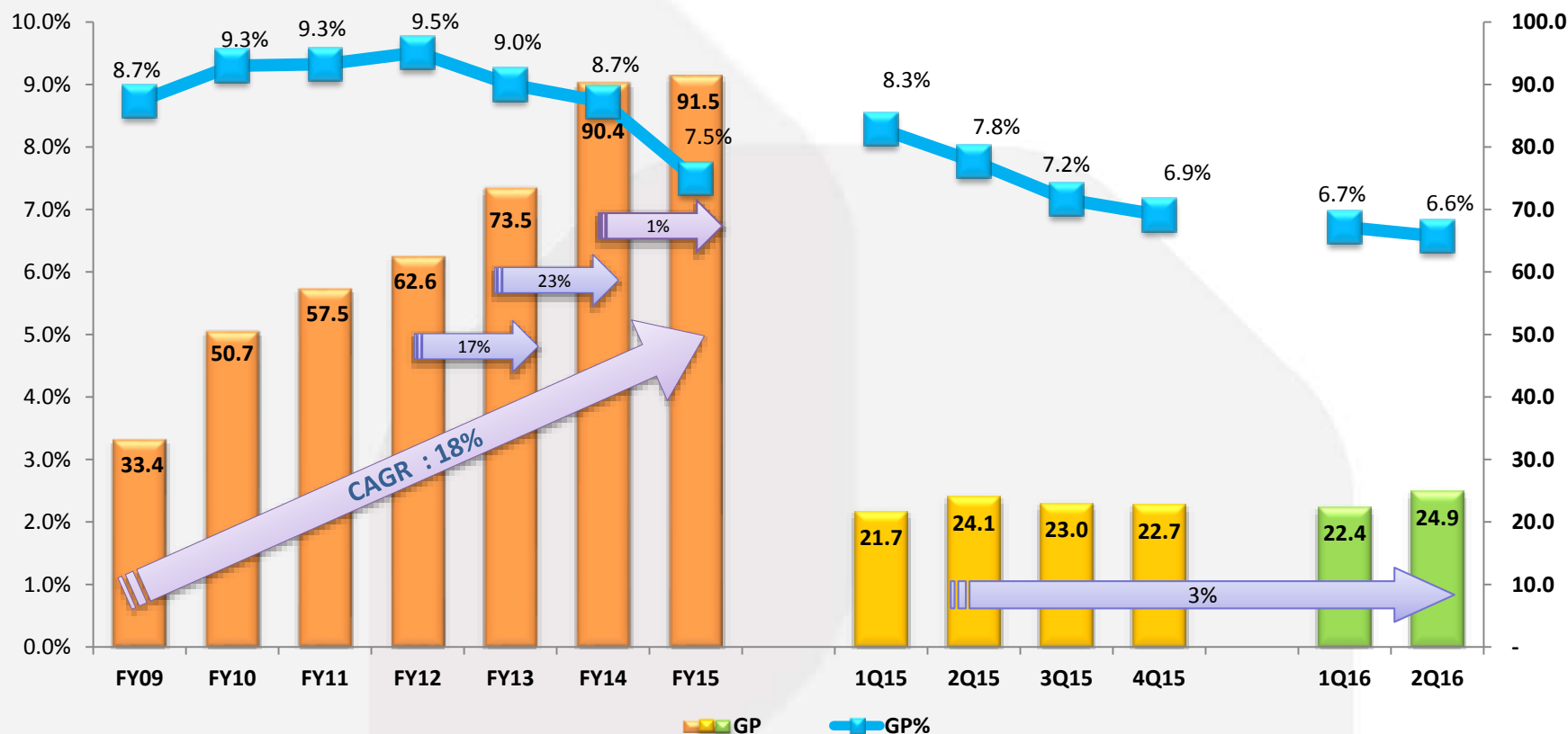


Taiwan Revenue (US\$' million)



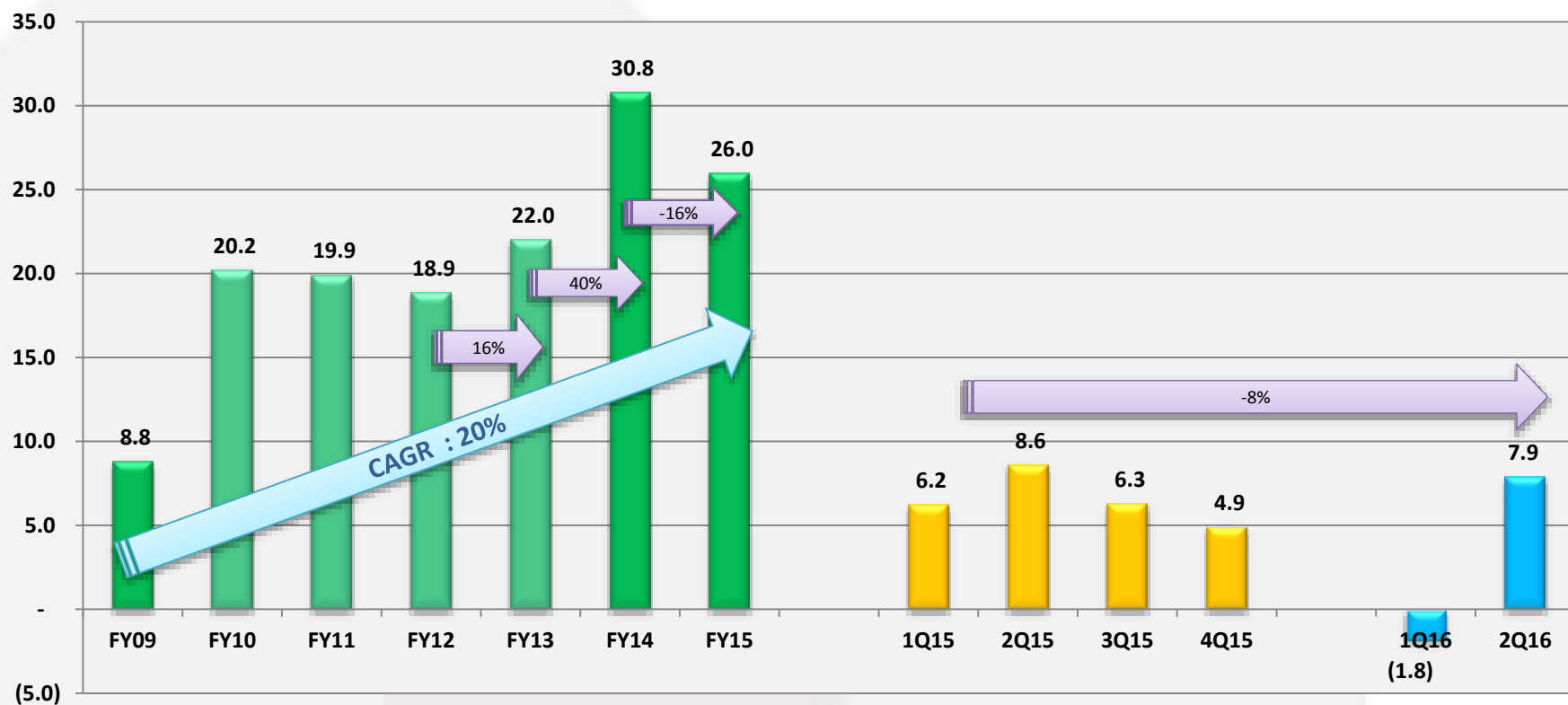
PROFITABILITY

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



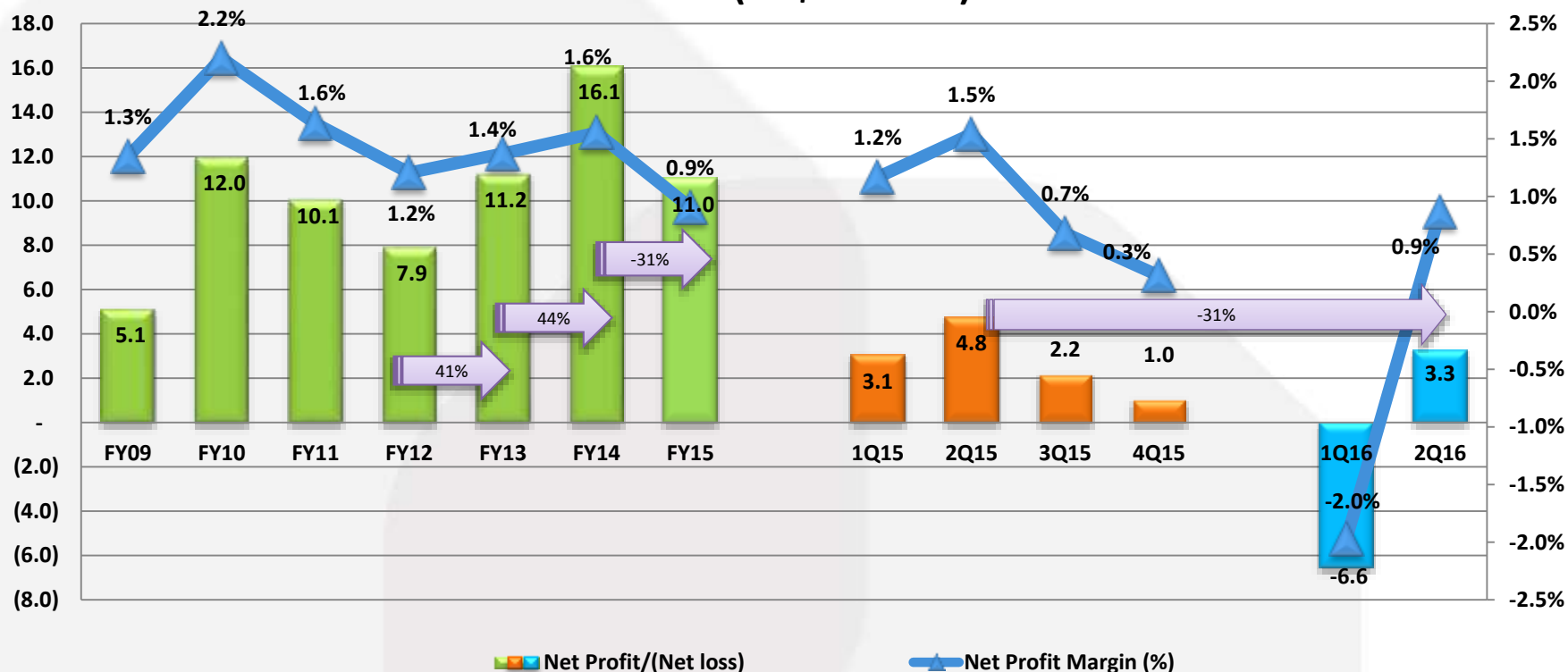
PROFITABILITY

EBITDA (US\$' million)

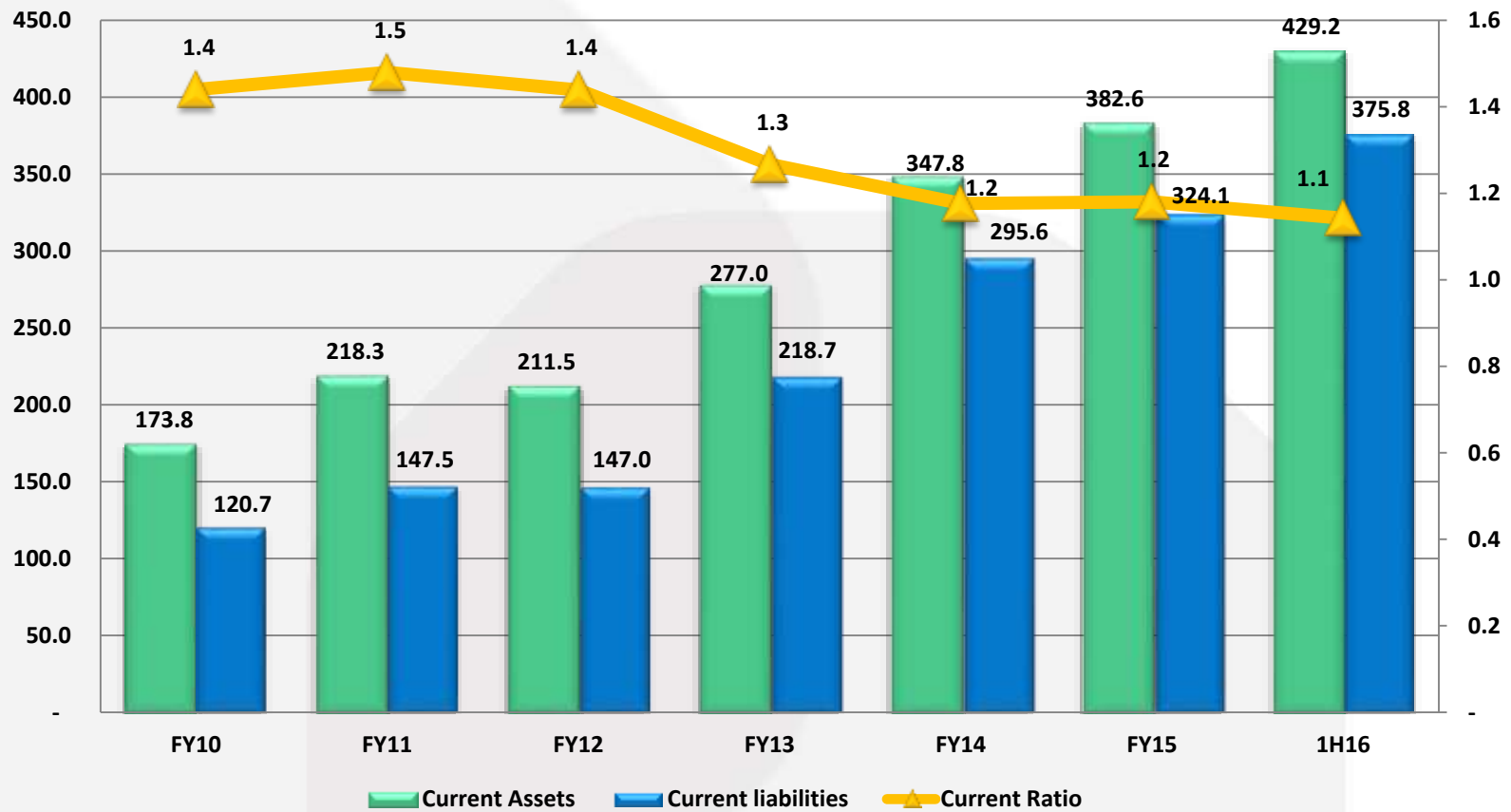


PROFITABILITY

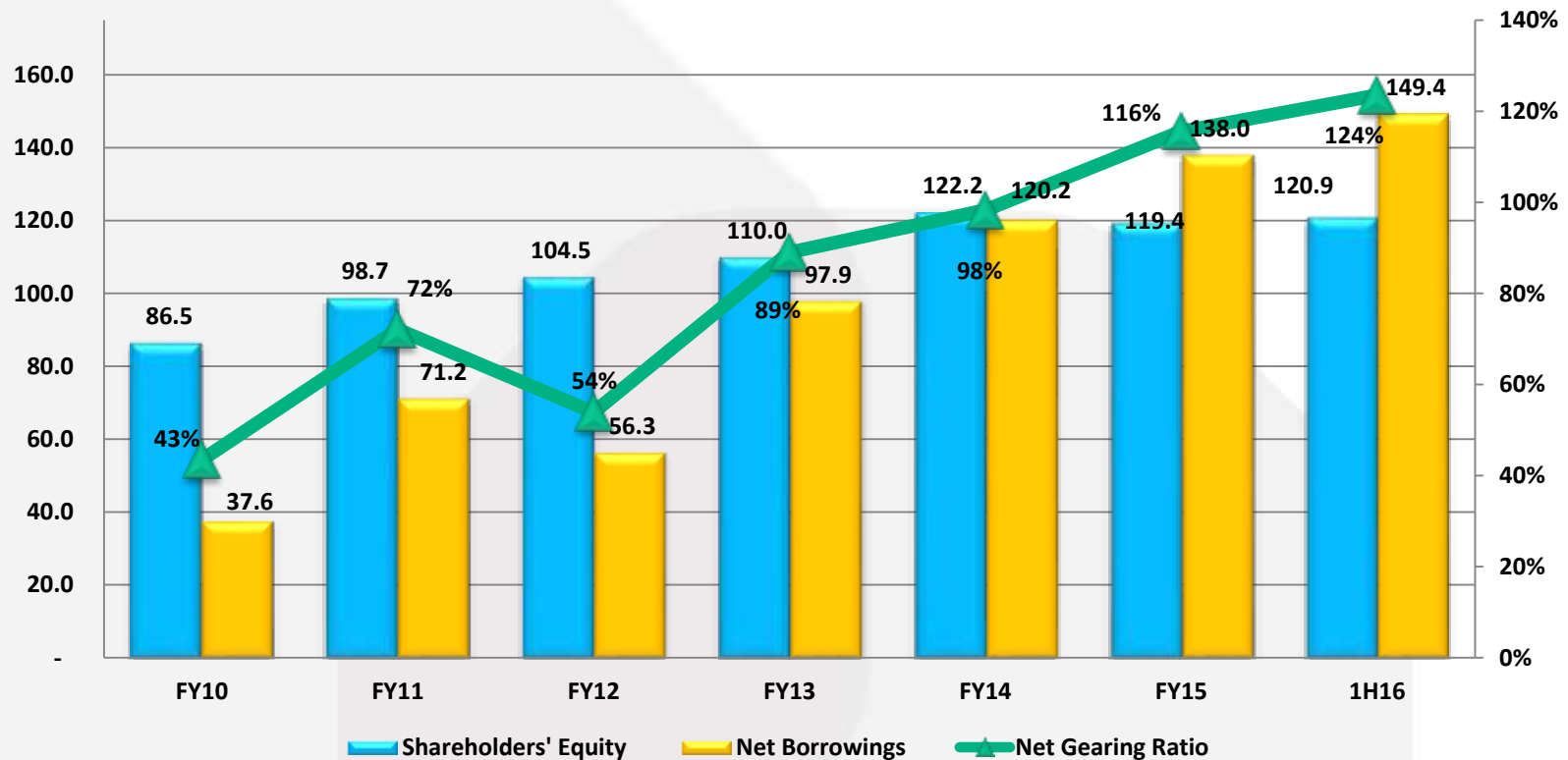
**Net Profit & Net Profit Margin
(US\$' million)**



Maintaining Healthy Current Ratio

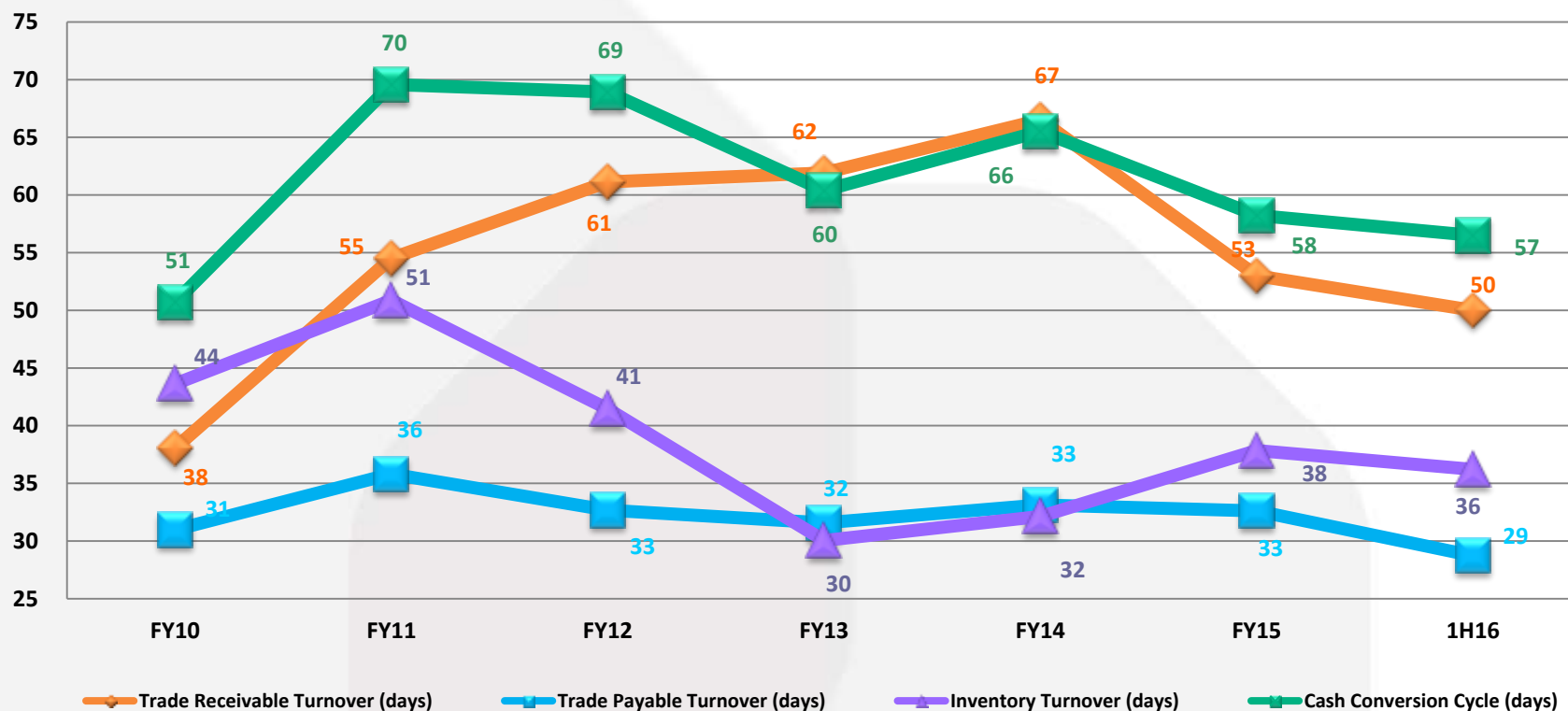


Net Gearing Ratio



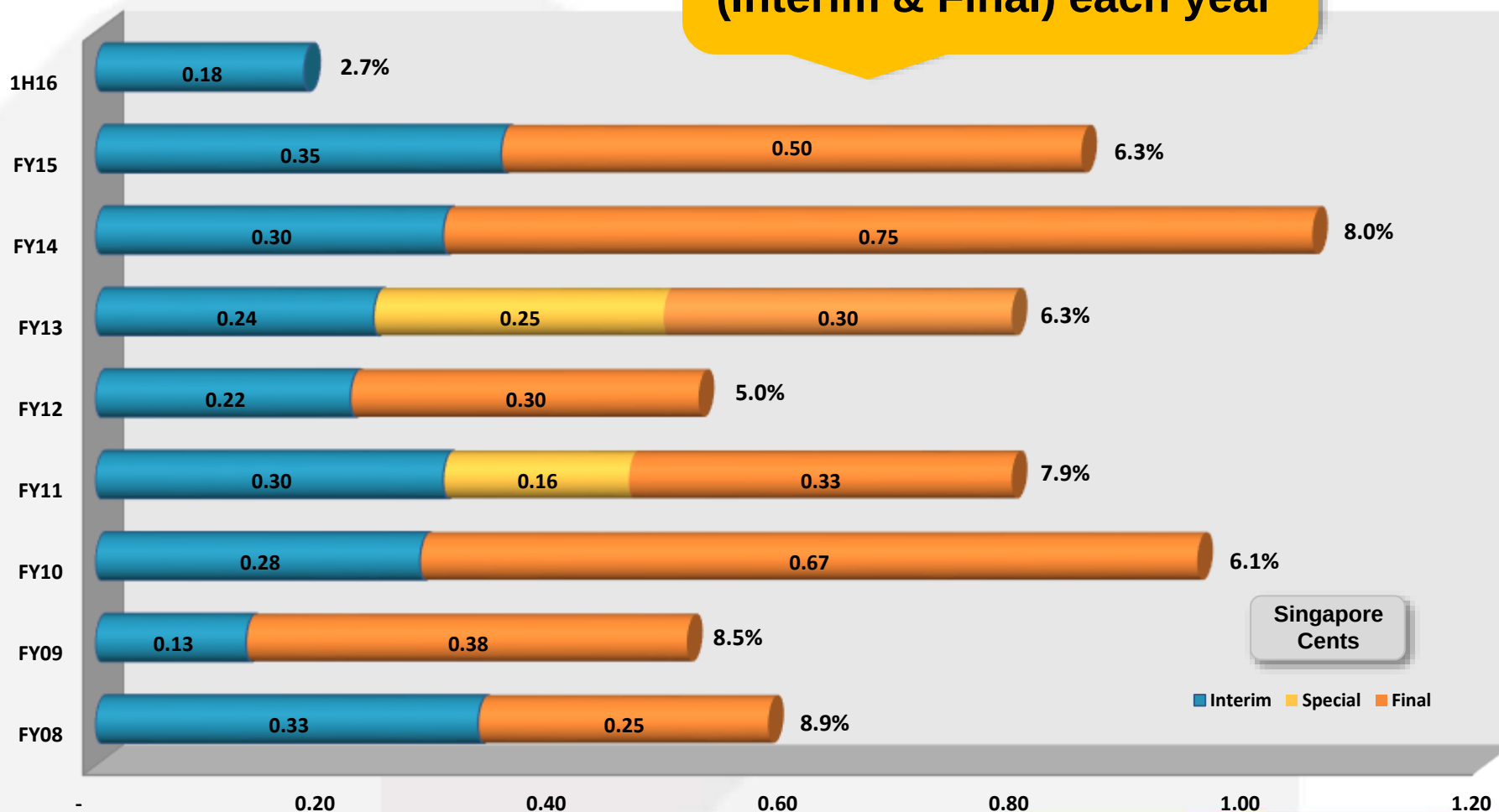
FINANCIAL POSITION

Cash Conversion Cycle (days)



DIVIDEND YIELD

**At least
two dividend payouts
(Interim & Final) each year**



Outlook & Strategies



Industry Outlook



The semiconductor industry is showing signs of slower growth amid an increasingly uncertain global economic climate

Group Outlook

- Continue to streamline the operations of **consumer products distribution business** to achieve better synergies and unified economies of scale across Group's global distribution network
- Explore organic/inorganic opportunities to expand **electronic components business** through investments in higher-value business segments such as automotives, mobile devices and enterprise cloud solutions
- Expects to fare better in 2H2016 compared to 1H2016.

Our Three-Pronged Strategy

Objectives:

- 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

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Thank You

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Your Integral Component to Success