

SERIAL SYSTEM LTD 1H2022 RESULTS PRESENTATION

Saturday, 13 August 2022

AGENDA

By moving forward and thinking forward,
Serial System helps its partners to be more competitive in the marketplace, today and in the future



FINANCIAL RESULTS



OUTLOOK



Snapshot Of 1H2022 Performance



US\$'000	1H2O22	1H2021	Change (%)
Sales	462,768	438,288	6
Gross Profit	39,892	34,931	14
Gross Profit Margin (%)	8.6	8.0	0.6 ppt*
Net Profit After Tax (Attributable to equity holders of the Company)	384	5,387	(93)
EPS - fully diluted (US cents)	0.04	0.65	(94)
NAV per share (US cents)	30/6/2022: 16.02 31/12/2021: 16.6		1/12/2021: 16.66

^{*}ppt – Percentage Points

1H2022 Highlights



Revenue of US\$462.8M in 1H2022, 6% higher from US\$438.3M

- Turnover for electronic components distribution business rose 10%; growth was led by industrial, AI, renewable energy and automotive segments in Hong Kong and China
- Higher sales in Southeast Asia amid production and allocation shift from China to overcome COVID-related restrictions; South Korea
 and Taiwan market also saw higher turnover, driven by industrial and automotive segments
- Consumer products distribution sales declined 31%; lower consumer demand amid easing of COVID-related restrictions in Malaysia
- Turnover for other businesses declined 37%, due to lower sales in the Group's trading and distribution of fast-moving consumer goods in Singapore

Gross profit margin increased to 8.6% from 8.0% a year ago

 Higher margins achieved by the electronic components and consumer products distribution divisions, driven by the prolonged global chip shortage

Net profit of US\$0.4M in 1H2022, compared to US\$5.8M in 1H2021

Mainly due to higher net foreign exchange loss of US\$3.4M, allowances for inventory obsolescence of US\$1.0M in 1H2022 (write-back of US0.8M in 1H2021), and fair value loss on quoted equity securities of US\$0.9 million in 1H2022

Revenue Trend



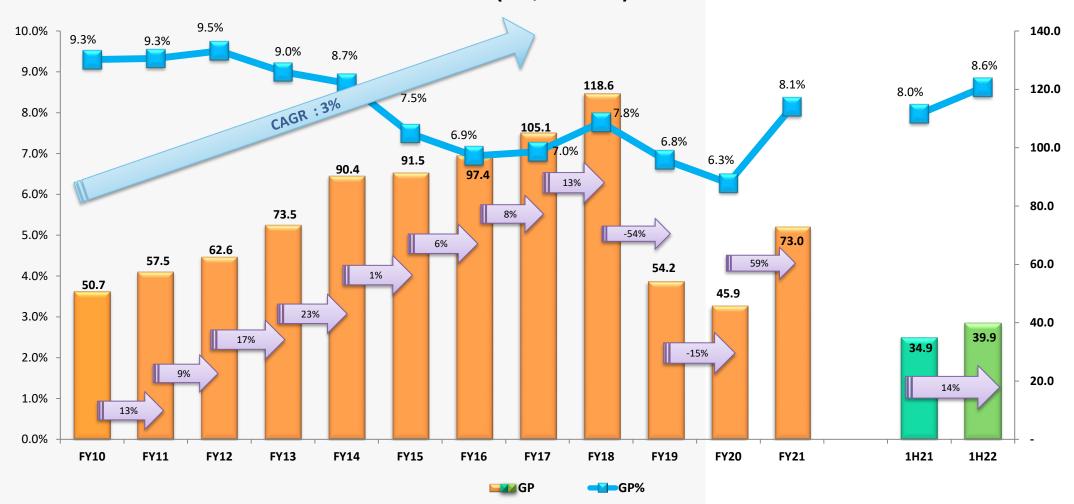
Revenue (US\$' million)



Profitability



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



Profitability



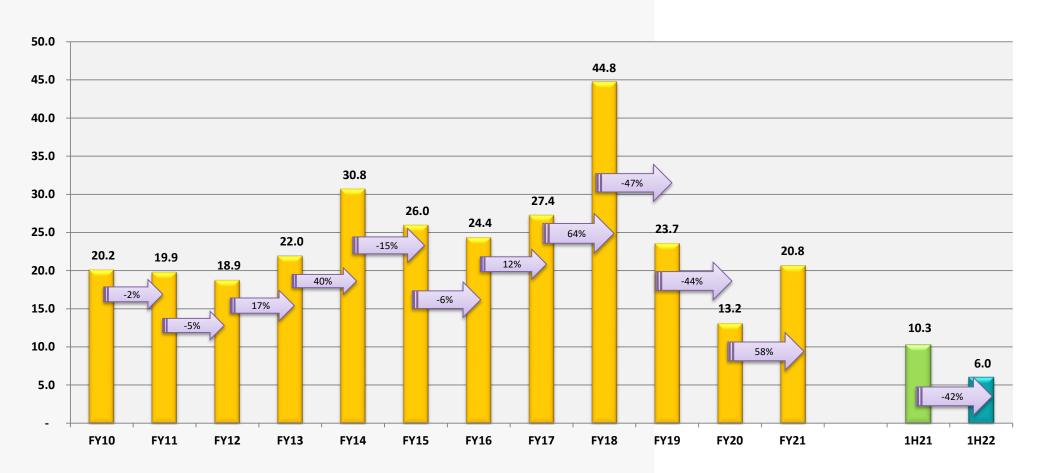
Net Profit & Net Profit Margin (US\$' million)



Profitability



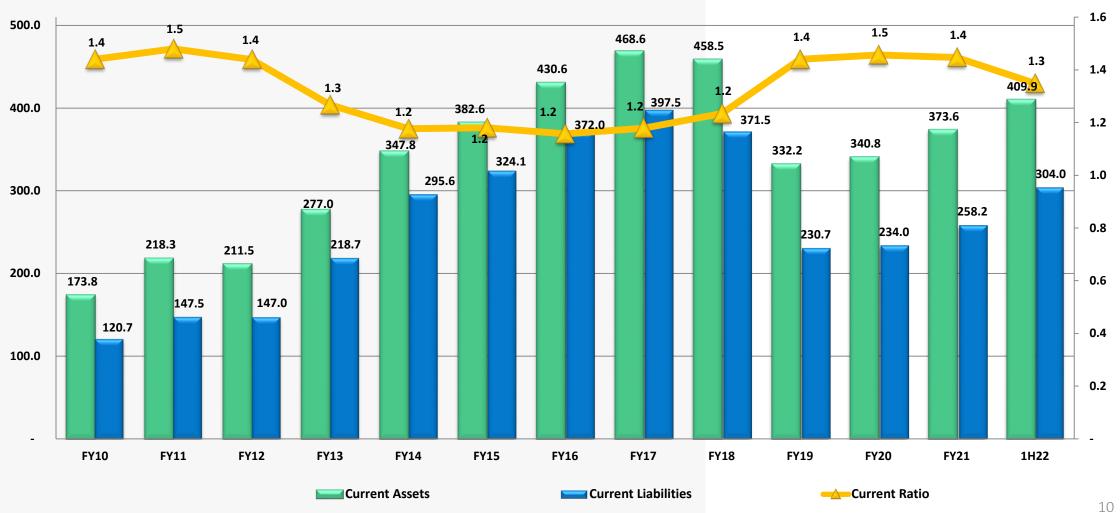
EBITDA (US\$' million)



Financial Position



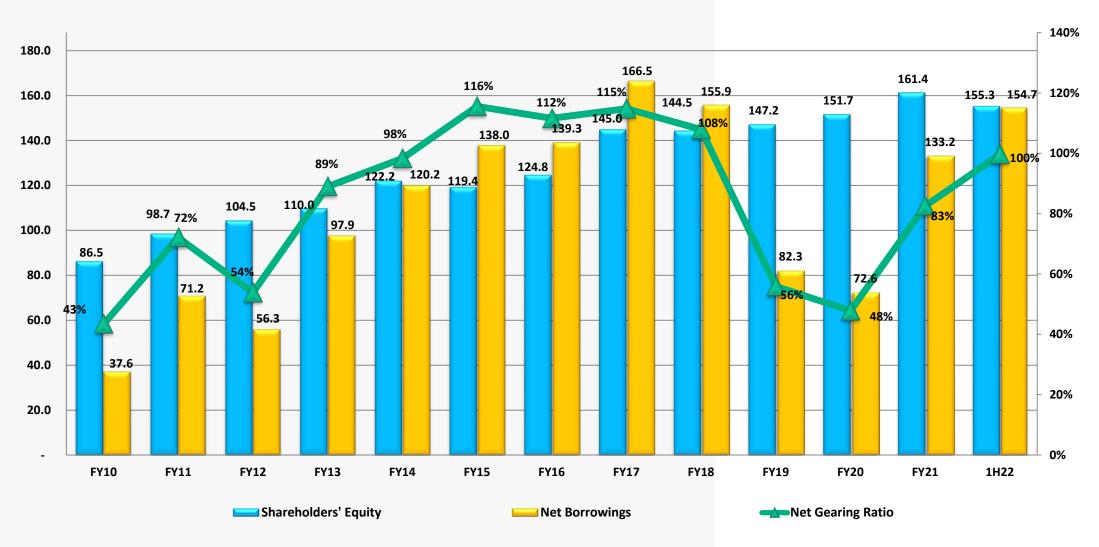
Maintaining Healthy Current Ratio



Financial Position



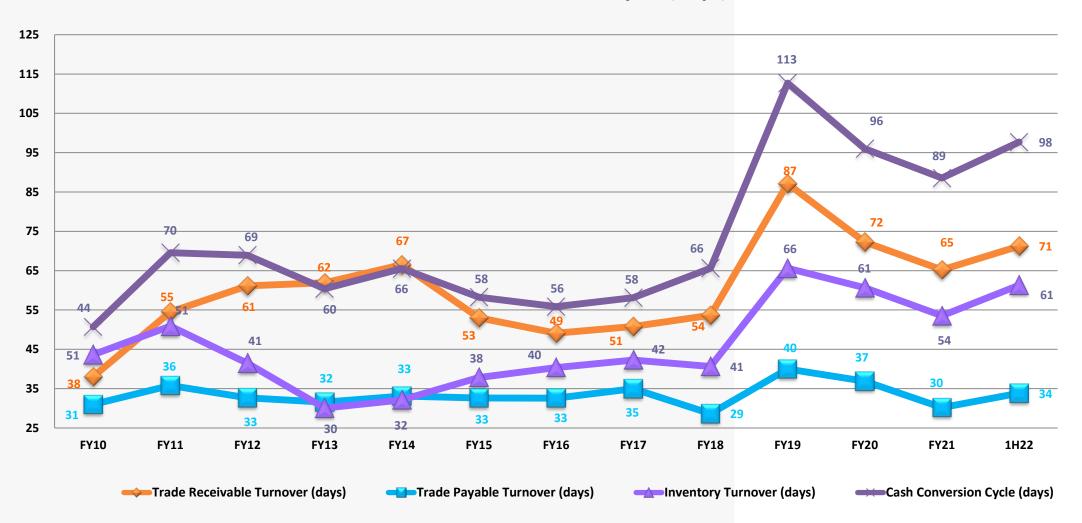
Net Gearing Ratio



Financial Position

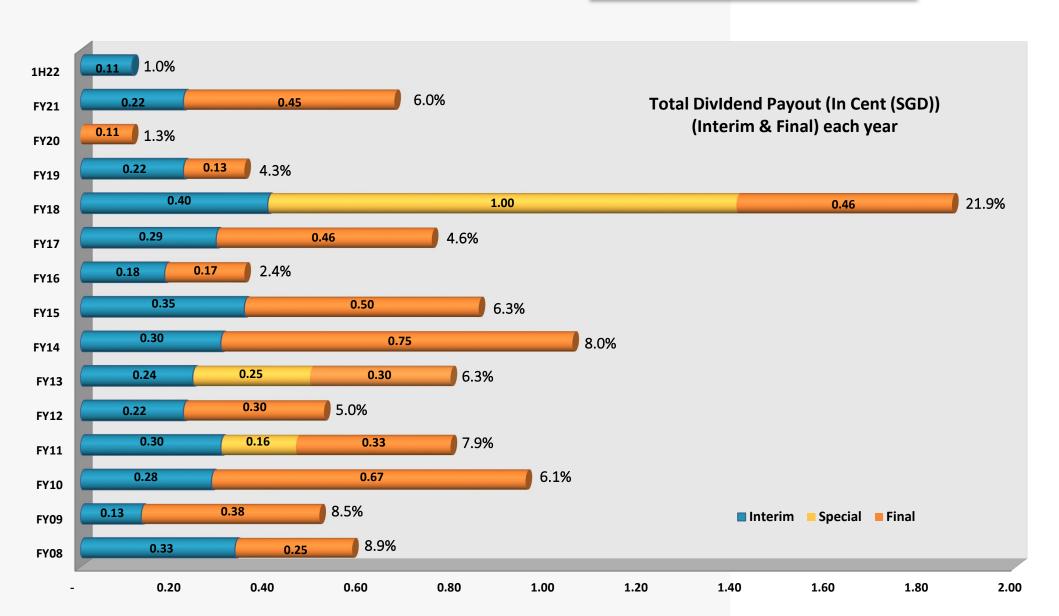


Cash Conversion Cycle (days)



Dividend Yield







Industry Outlook





Bright Spots

- Demand for chips will continue to grow in the long term, as emerging technologies gain traction (5G Infrastructure, IoT, AI, Electric and Autonomous Vehicles etc)
- Manufacturing activities expected to see cyclical uptick, driving demand for semiconductor chips



Uncertainties

- Earlier stockpiling by customers and easing of global chip shortage will likely soften short-term demand
- Rising interest rates and inflation will impact consumer demand, increase operating costs and currency volatilities
- Prolonged geopolitical tensions could result in supply chain disruptions



Group Outlook

 Leverage our extensive global network to add value to customers affected by COVID restrictions within China

 Implement growth strategies to strengthen business and increase revenue

 Ride long-term growth in electronic components distribution business and capture new opportunities

New product launches will drive recovery in consumer products distribution business





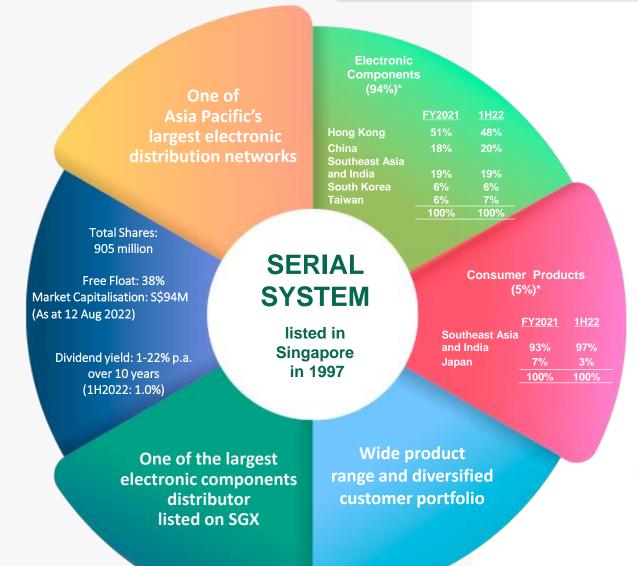






Serial System At A Glance





* Group Revenue



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