



SERIAL
新曄集團

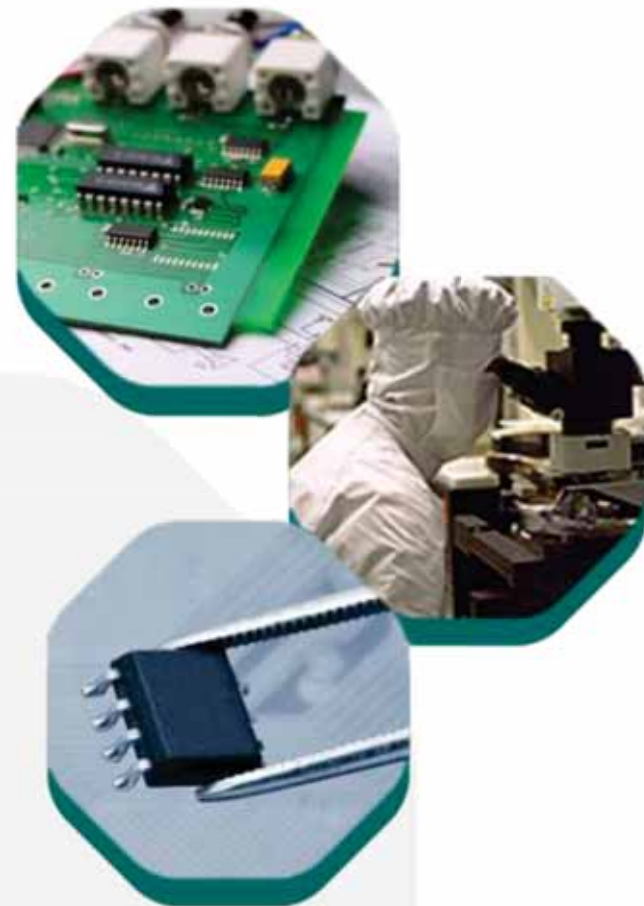
3Q'2015 Results Briefing

6 November 2015

Your Integral Component to Success

AGENDA

1. Recent Corporate Developments
2. Financial Results
3. Outlook



Recent Corporate Developments



Recent Corporate Developments



30 October 2015

- ▶ Invested 49% equity interest in **Serial Factoring (Thailand) Co., Ltd.**
 - ❑ Provision of project financing in the form of leasing, hire-purchase, factoring and loan to IT and related corporations in Thailand
 - ❑ The Group will also benefit from supplying its electronic components and electronic consumer products for these IT and related projects in Thailand

28 August 2015

- ▶ Completed acquisition of 21% equity interest in **Tong Chiang Group** for ~US\$3.2M
 - ❑ Manufacturer of food products and food caterer

12 August 2015

- ▶ Hydra & Thermal Pte. Ltd., the Group's 70%-owned subsidiary, invested 60% equity interest in **Serial Netcom Co. Ltd**, Cambodia
 - ❑ Distribution and trading of mobile phone SIM cards and top-up cards in Cambodia for Smart Axiata Co., Ltd and other telecommunication operators

3 August 2015

- ▶ Invested 80% equity interest in **PT. Achieva Technology Indonesia**
 - ❑ Importing of computer peripherals, IT accessories and electronic products in Indonesia

About Tong Chiang Group



Acquisition of a 21% equity interest in food products manufacturer and caterer, Tong Chiang Group ("TCG") for ~U\$3.2M

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



Financial Results



3Q'2015 & YTD'3Q2015 SNAPSHOT

<i>US\$'000</i>	3Q2015	3Q2014	Change (%)	YTD'15 3Q2015	YTD'14 3Q2014	Change (%)
Sales	321,127	293,107	10	892,484	768,391	16
Gross Profit	22,993	24,711	(7)	68,741	66,338	4
Gross Profit Margin (%)	7.2	8.4	(1.2) pt	7.7	8.6	(0.9) pt
Net Profit After Tax <i>(Attributable to shareholders)</i>	2,182	4,318	(49)	10,008	11,439	(13)
Net Profit Margin (%)	0.7	1.5	(0.8) pt	1.1	1.5	(0.4) pt
EPS on fully diluted basis <i>(US cents) ⁽¹⁾</i>	0.25	0.49	(49)	1.12	1.28	(12.5)
NAV per share (US cents) ⁽²⁾	30/09/2015: 13.18			31/12/2014: 13.64		

(1) Earnings per ordinary share on a fully diluted basis is computed based on the weighted average number of shares during the period of 895,841,914 (3Q2014/Year-To-Date 30/09/2014: 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 the end of the financial period ended 30 September 2015 and the immediate preceding financial year ended 31 December 2014.

3Q'2015 & YTD'3Q2015 KEY HIGHLIGHTS



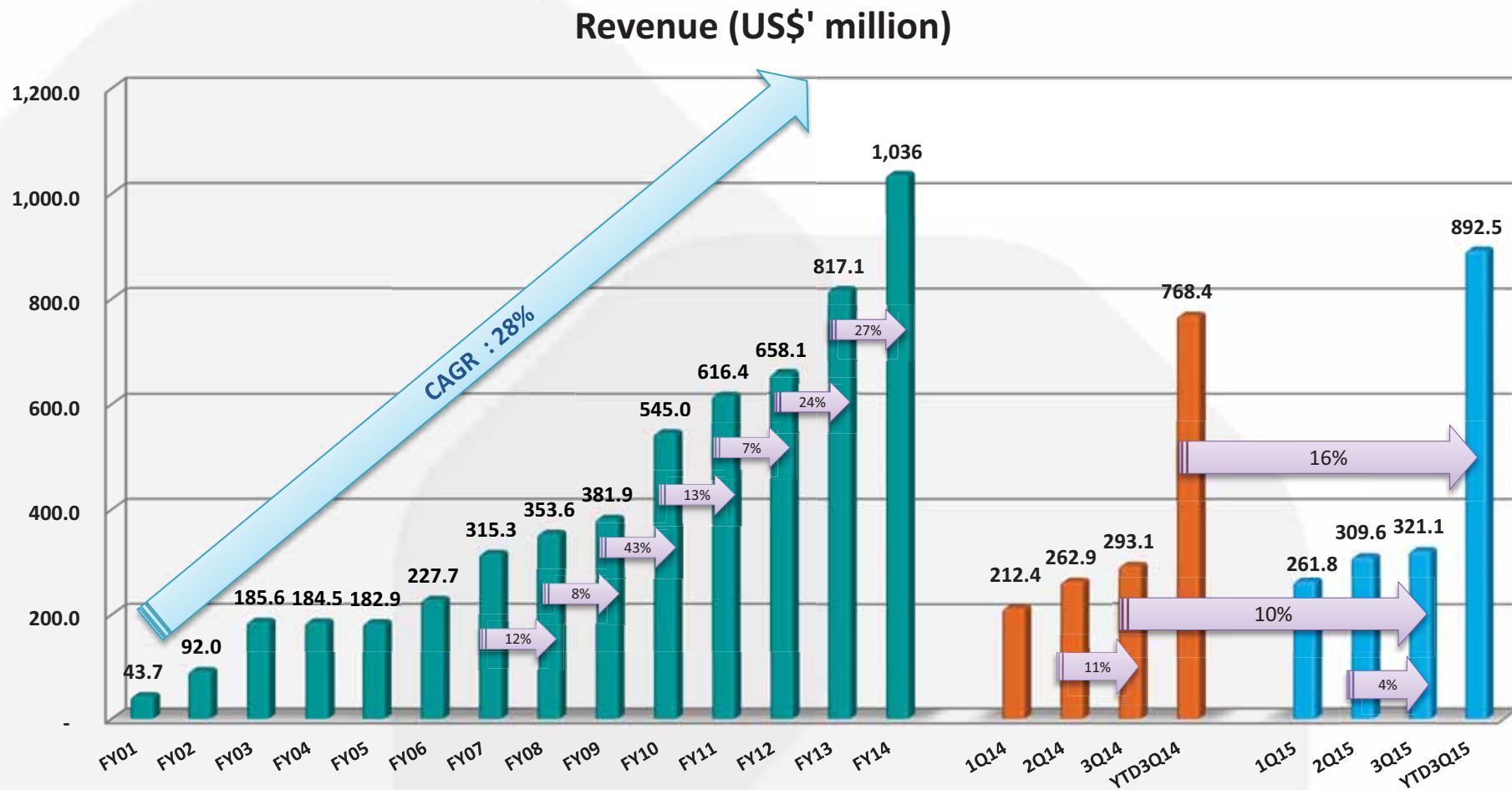
3Q'2015

- **Revenue** up 10% to US\$321.1 million:
 - Higher sales from electronic components distribution in South Korea and Taiwan (up 28% and 27% respectively)
 - Revenue in South-East Asia and India grew marginally at 0.5%
 - Swift Value and Serial I-Tech Group contributed total of US\$50.2M to Group turnover in 3Q2015. Collectively, they accounted for 16% of Group turnover
- **Gross profit margin** slipped to 7.2% from 8.4% in 3Q2014 on increased competition in Hong Kong and China, and Singapore. Serial I-Tech and Swift-Value, with their lower-margin business, also accounted for the decline.
- **NPAT for 3Q2015** declined 49% to US\$2.2 million from US\$4.3 million in 3Q2014; **Net margin** slipped to 0.7% in 3Q2015 from 1.5% in 3Q2014.

YTD' 3Q2015 (9 Months)

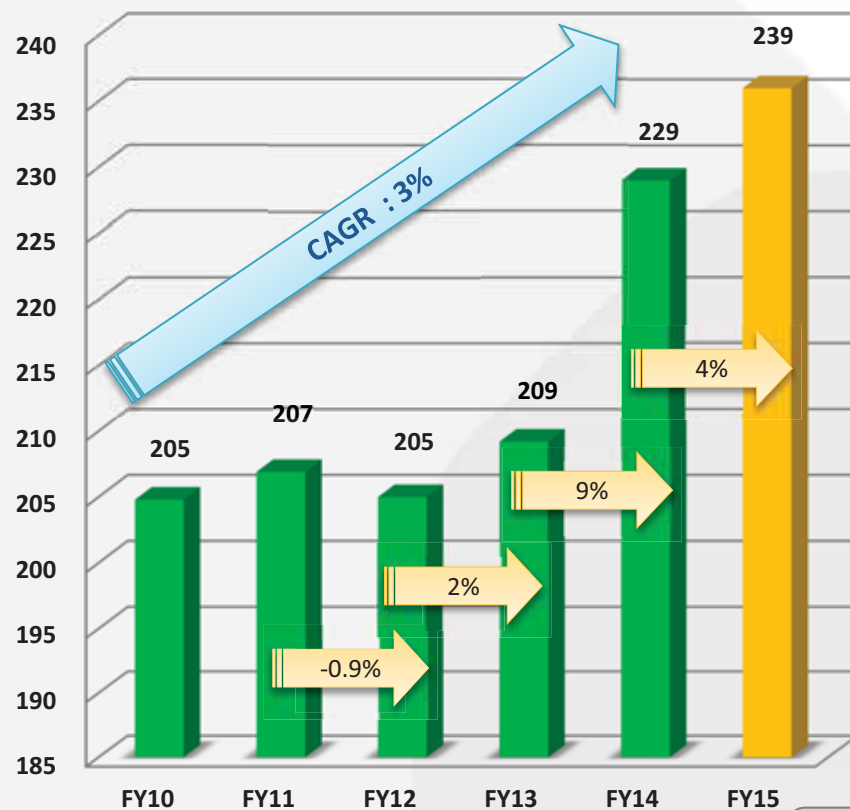
- **Revenue** increased 16% to US\$892.5 million but **NPAT** declined 13% to US\$10.0 million.
- **Expenses as a percentage of turnover** declined to 6.9% in YTD3Q2015 from 7.2% in YTD3Q2014.
- **Net margin** slipped to 1.1% from 1.5% in YTD3Q2014.

REVENUE GROWTH



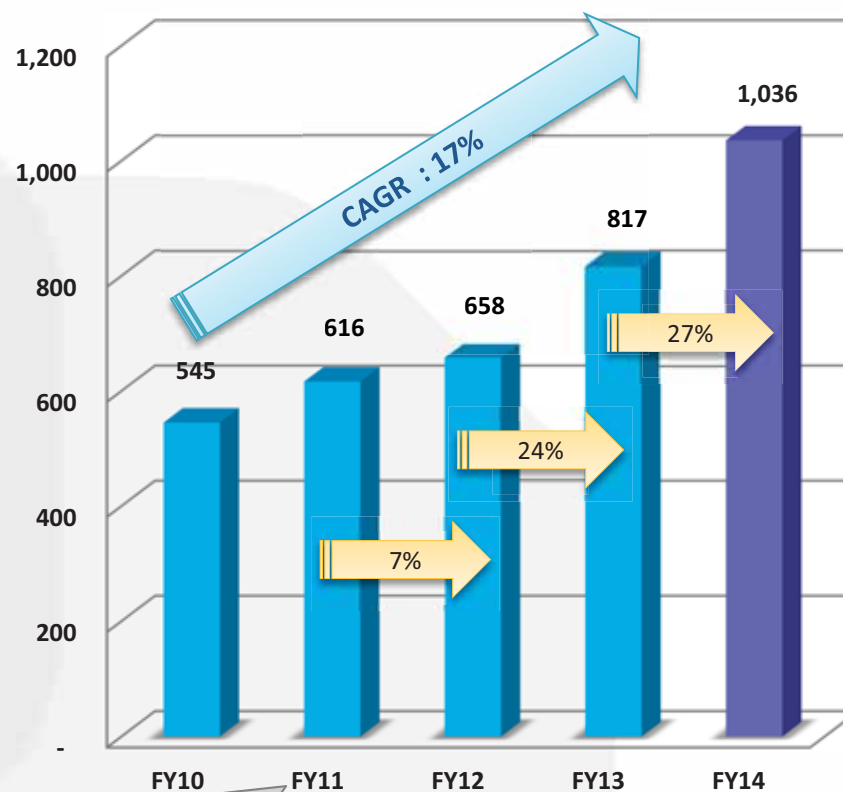
OUTPERFORMING THE INDUSTRY

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



Source : World Semiconductor Trade Statistics/
Semiconductor Industry Association

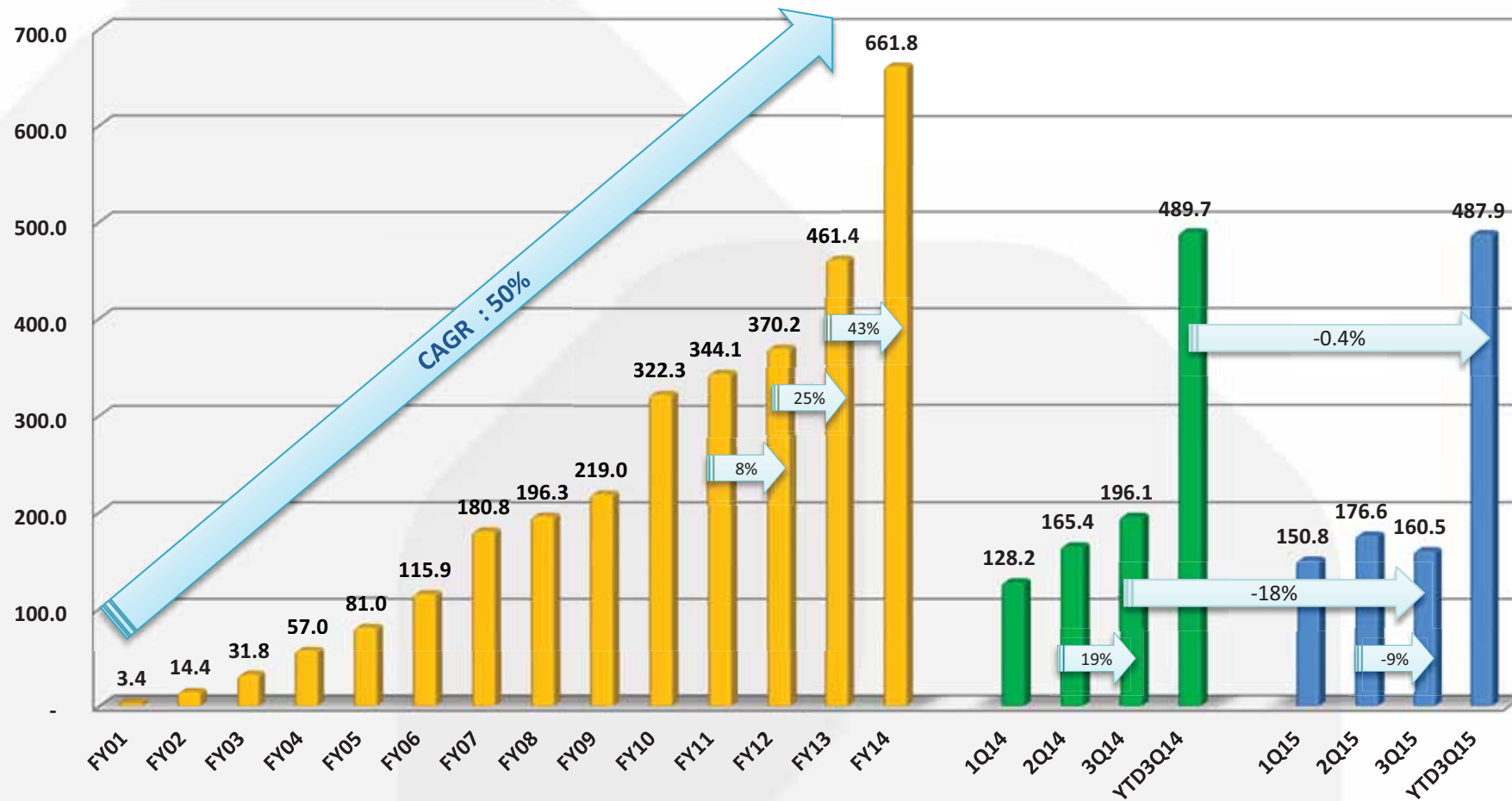
Serial System Revenue (US\$' million)



Serial outperforming the Industry

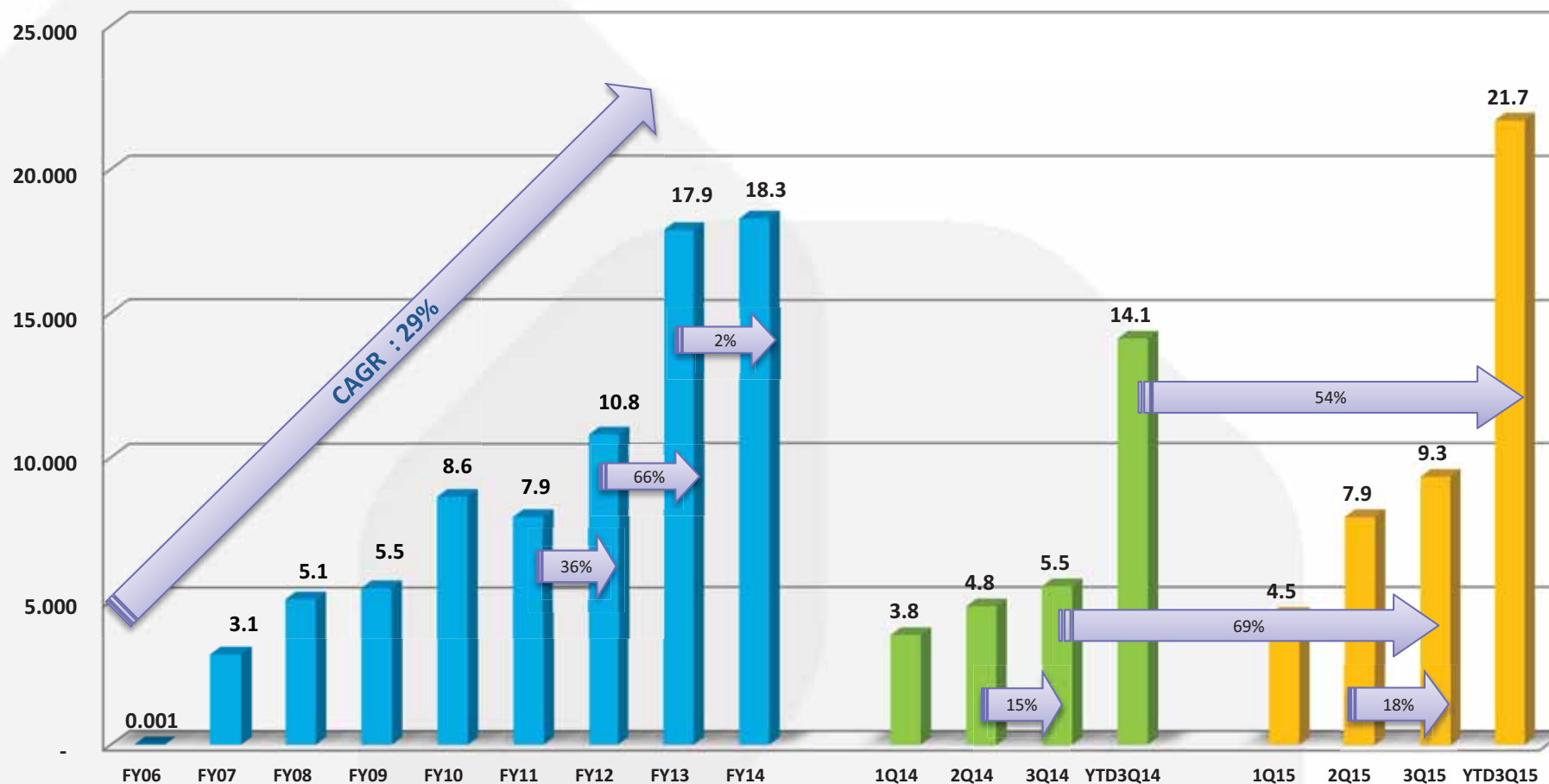
SALES IN HK, CHINA

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



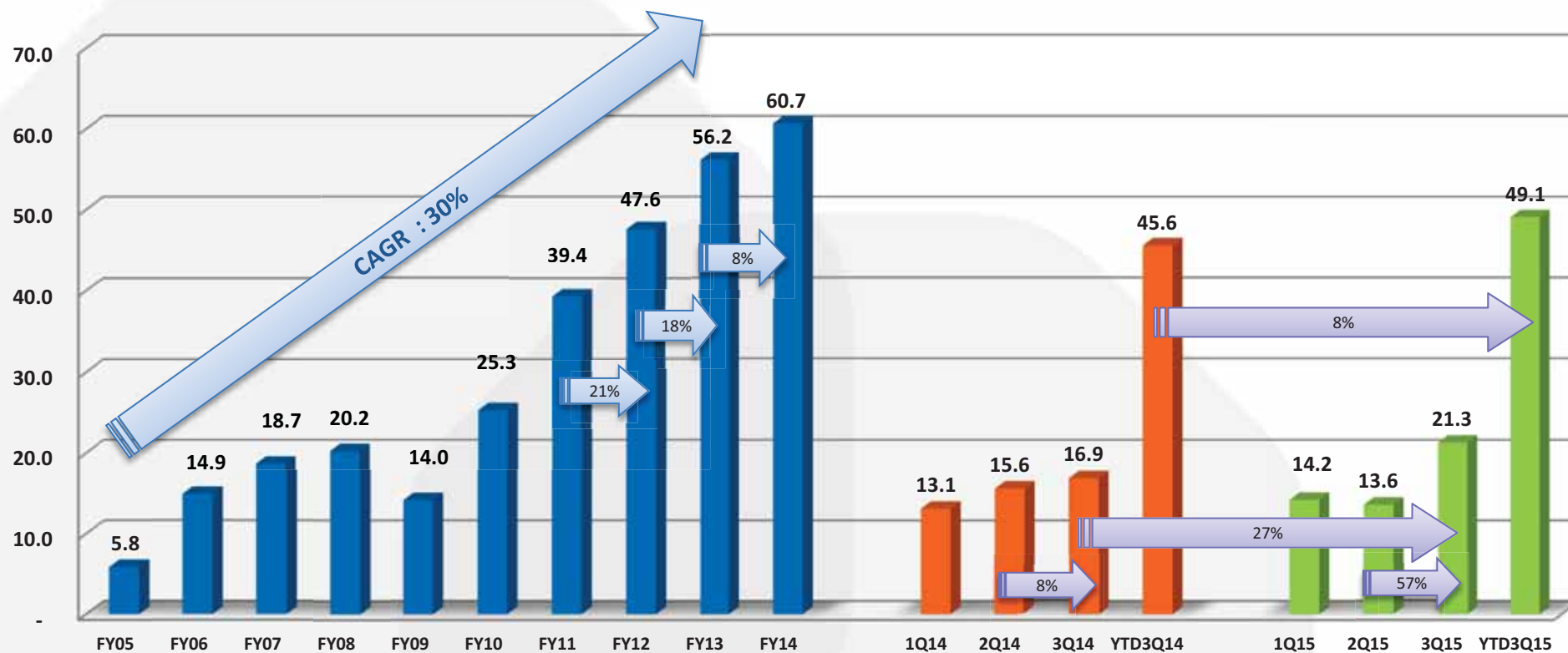
SALES IN INDIA

India Revenue US\$' million



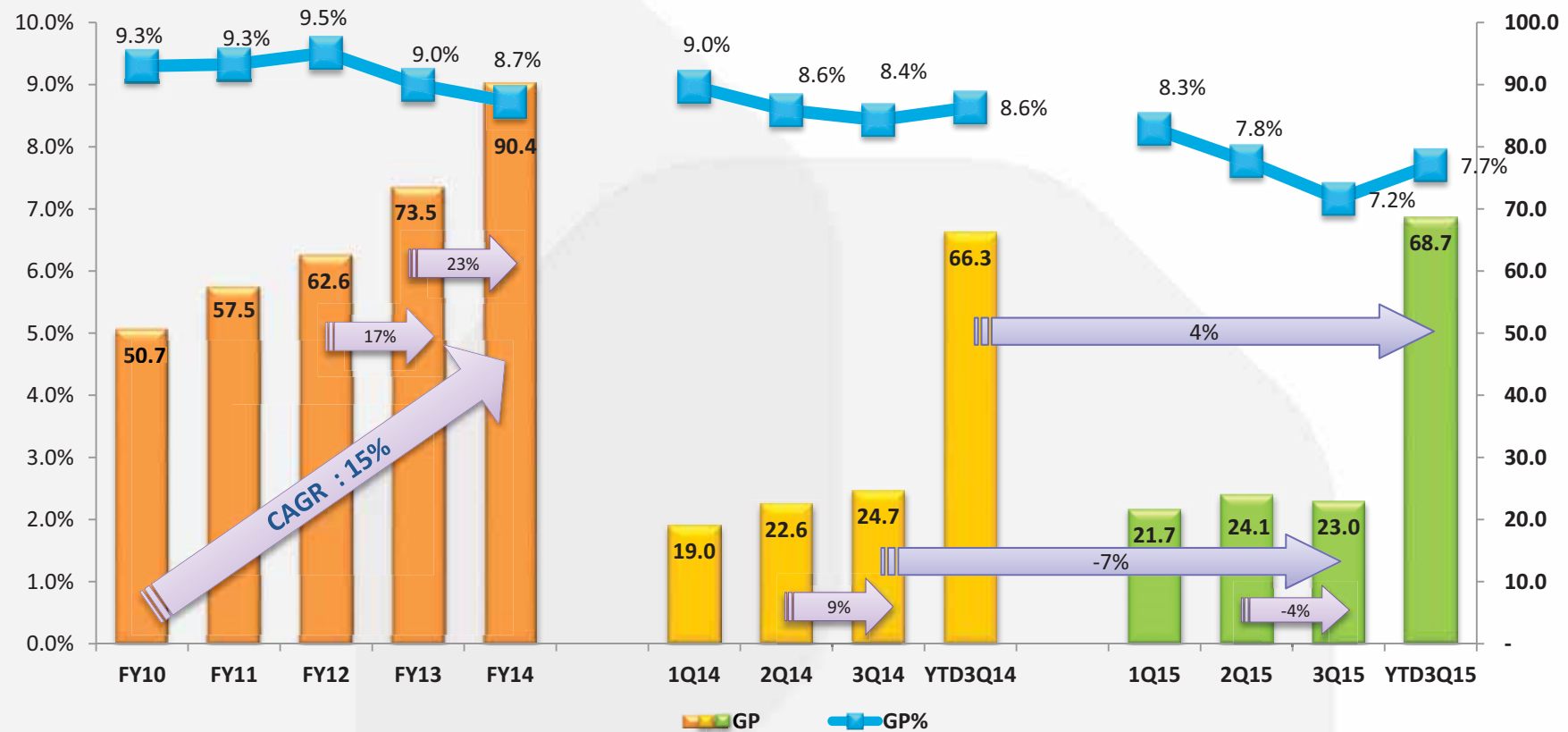
SALES IN TAIWAN

Taiwan Revenue (US\$' million)



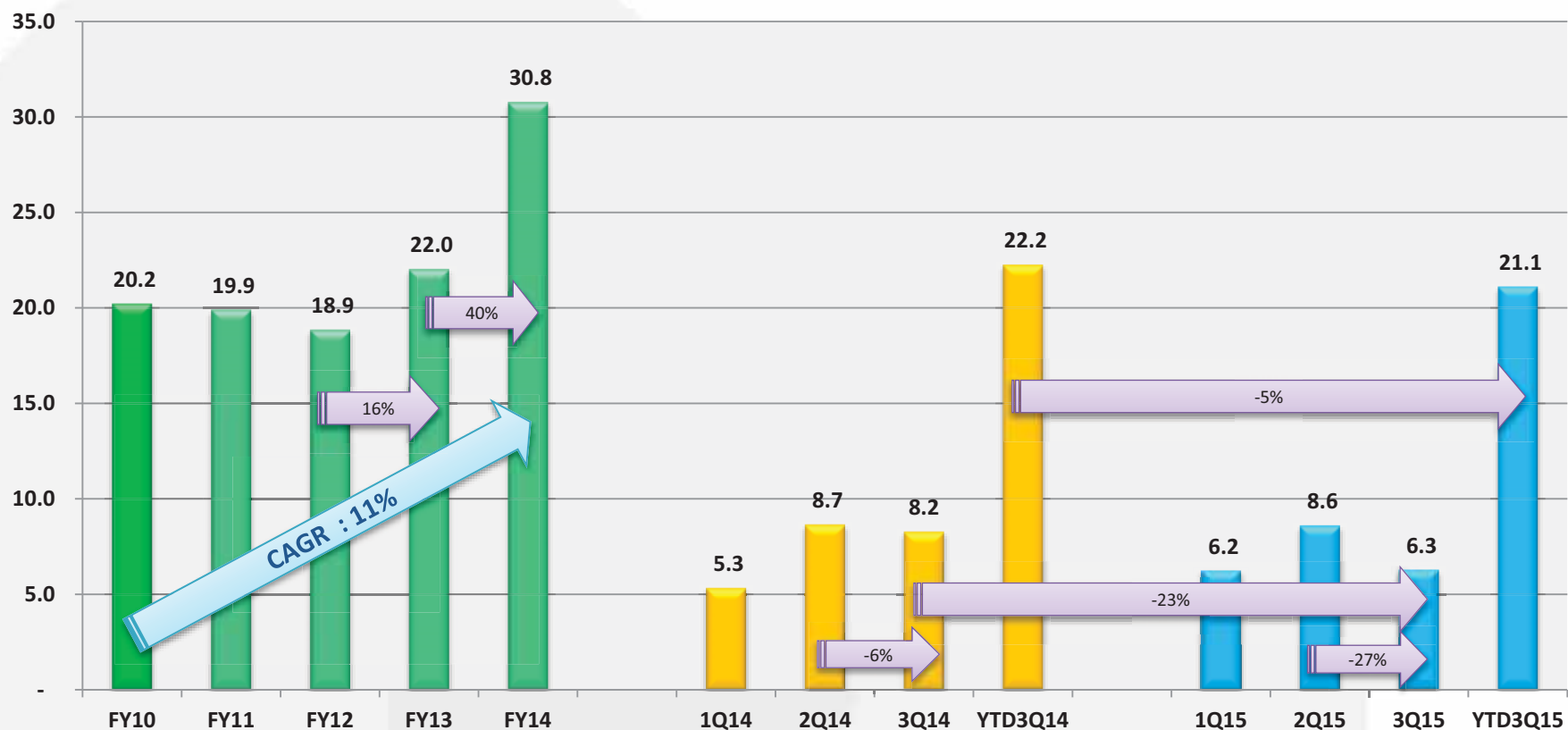
PROFITABILITY

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



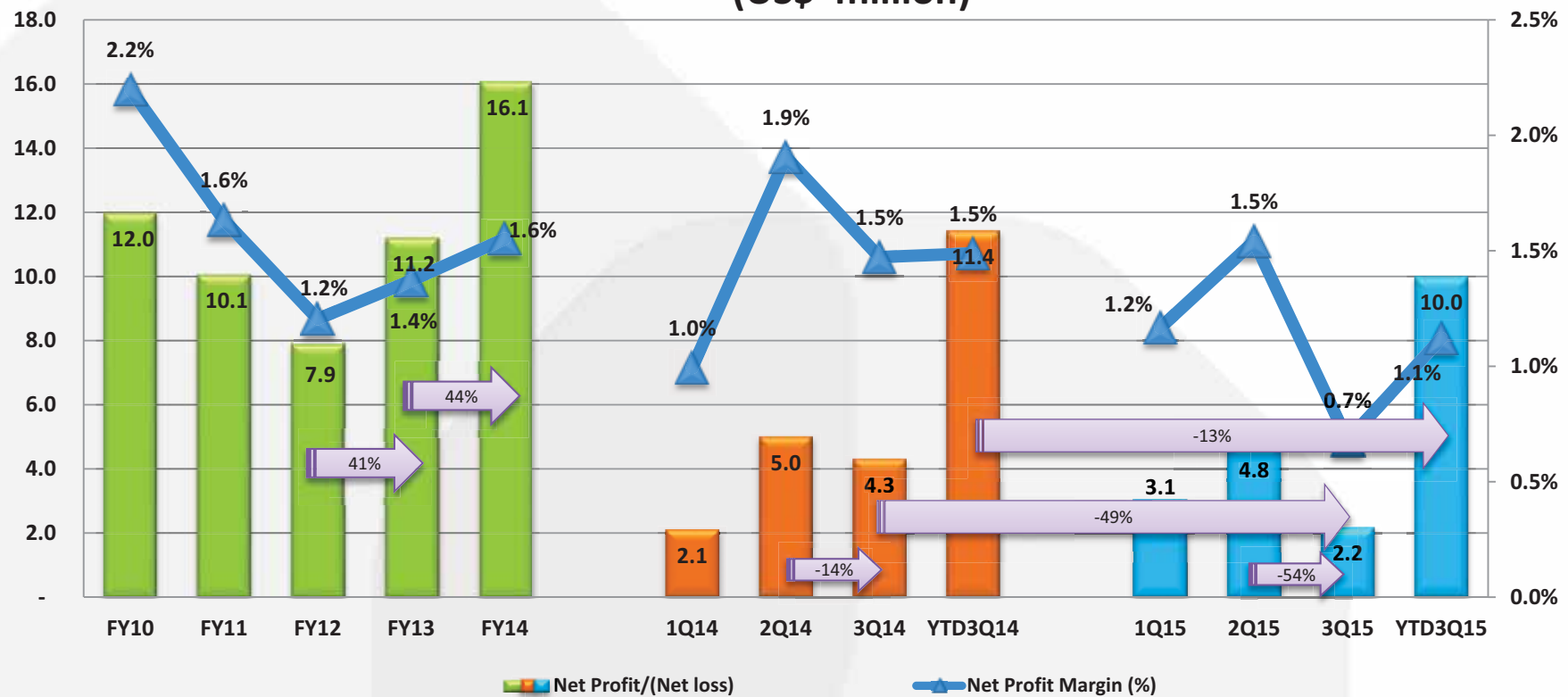
PROFITABILITY

EBITDA (US\$' million)



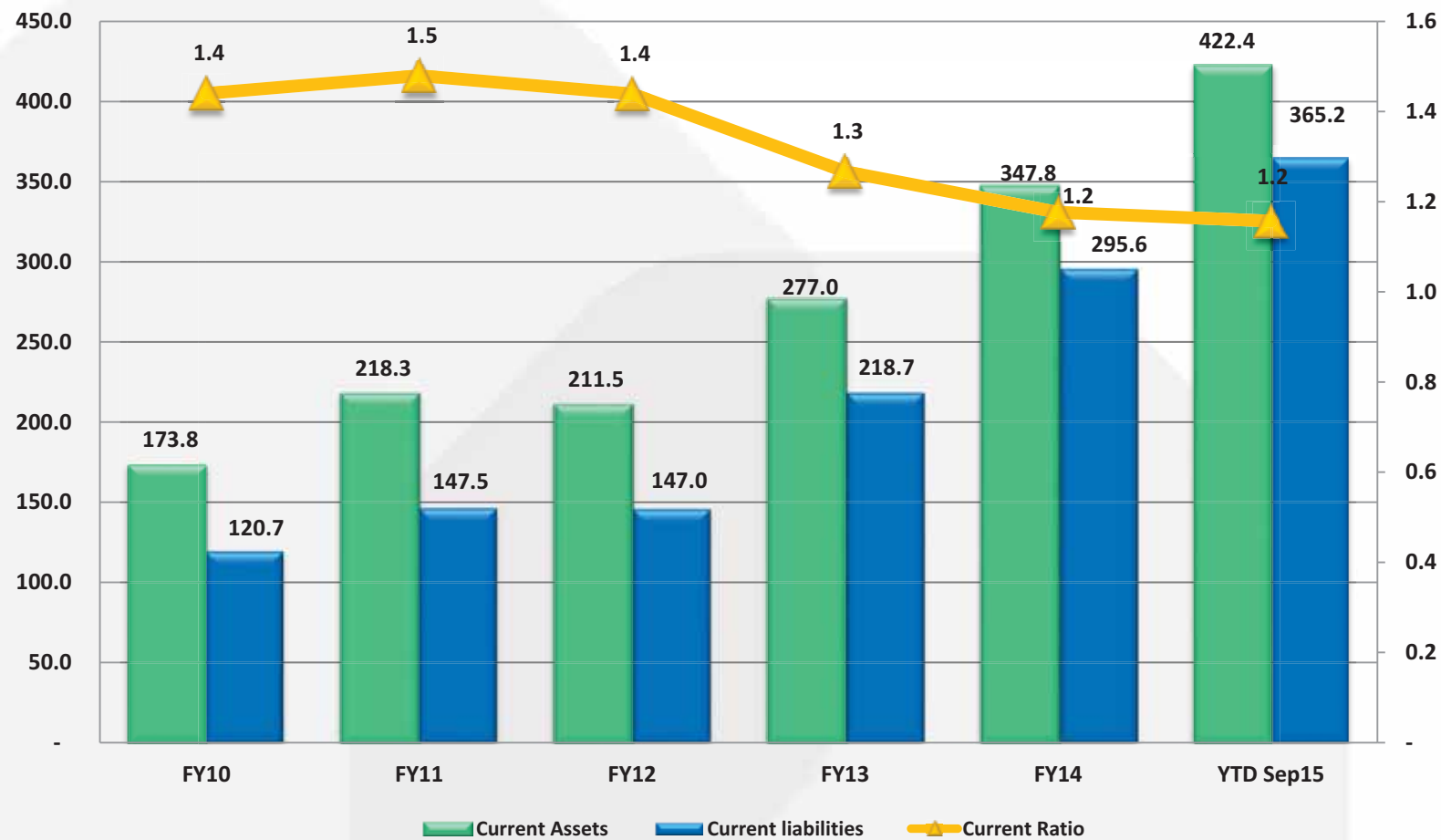
PROFITABILITY

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



BALANCE SHEET

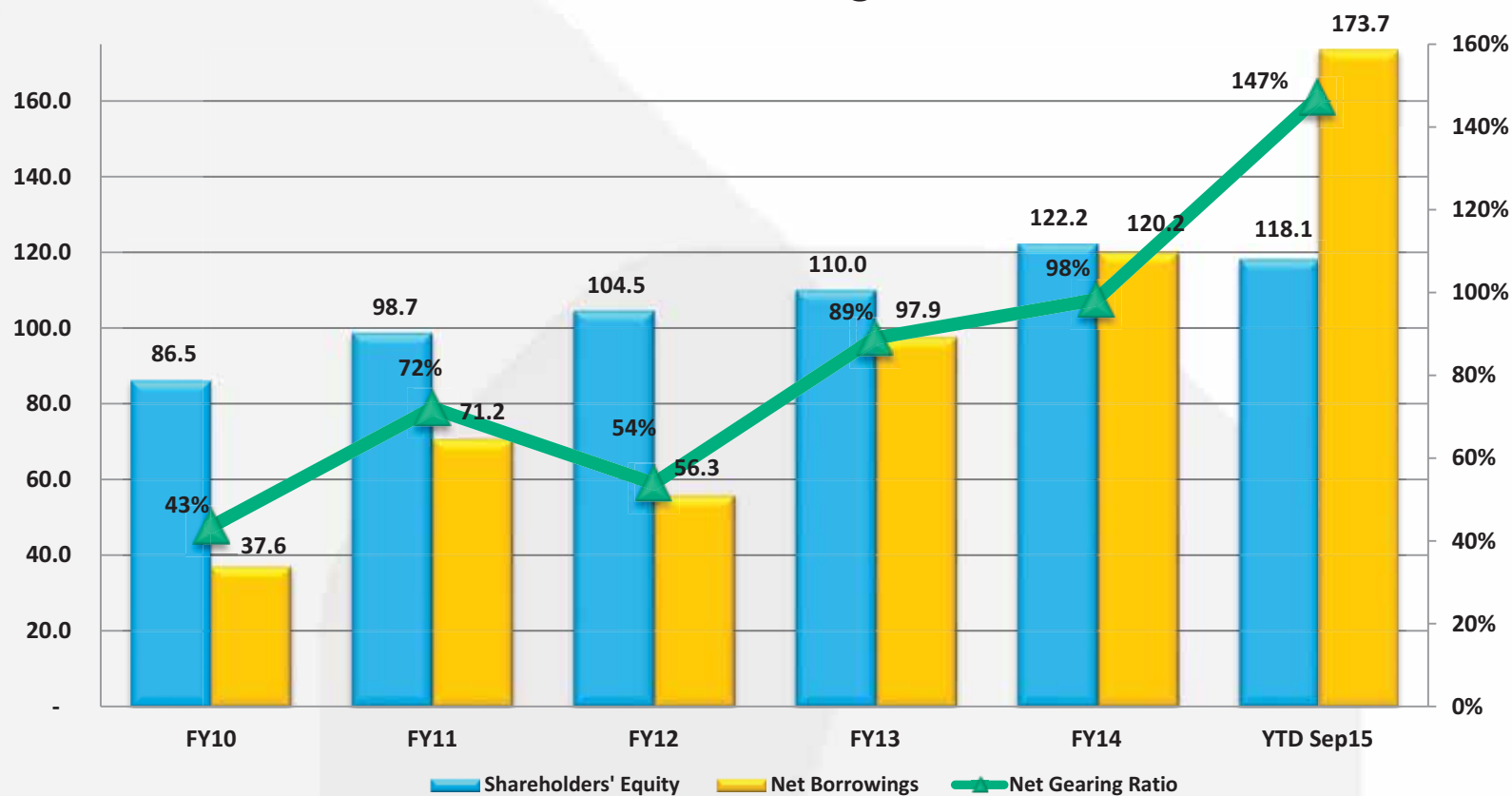
Maintaining Healthy Current Ratio



BALANCE SHEET

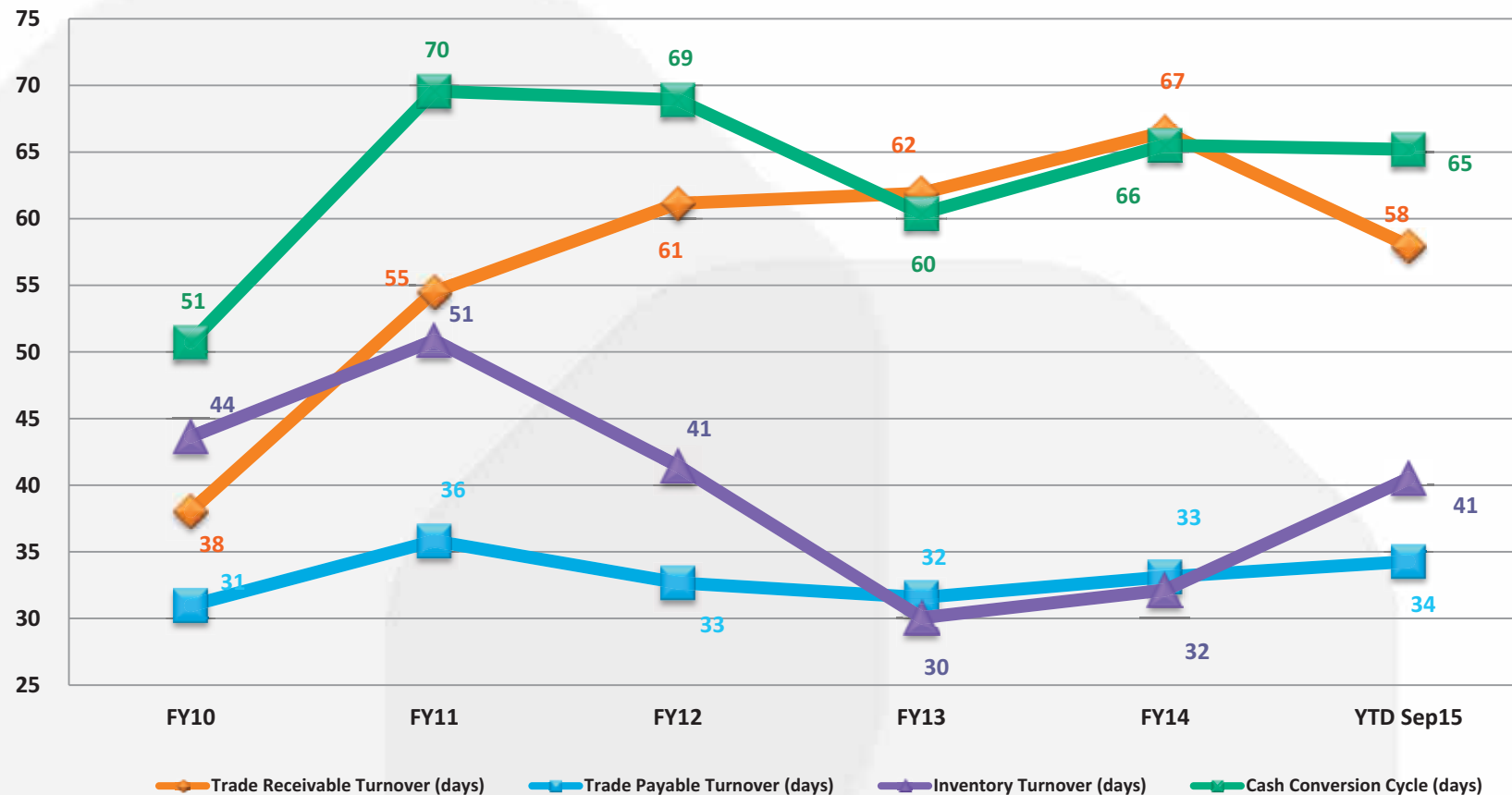


Net Gearing Ratio



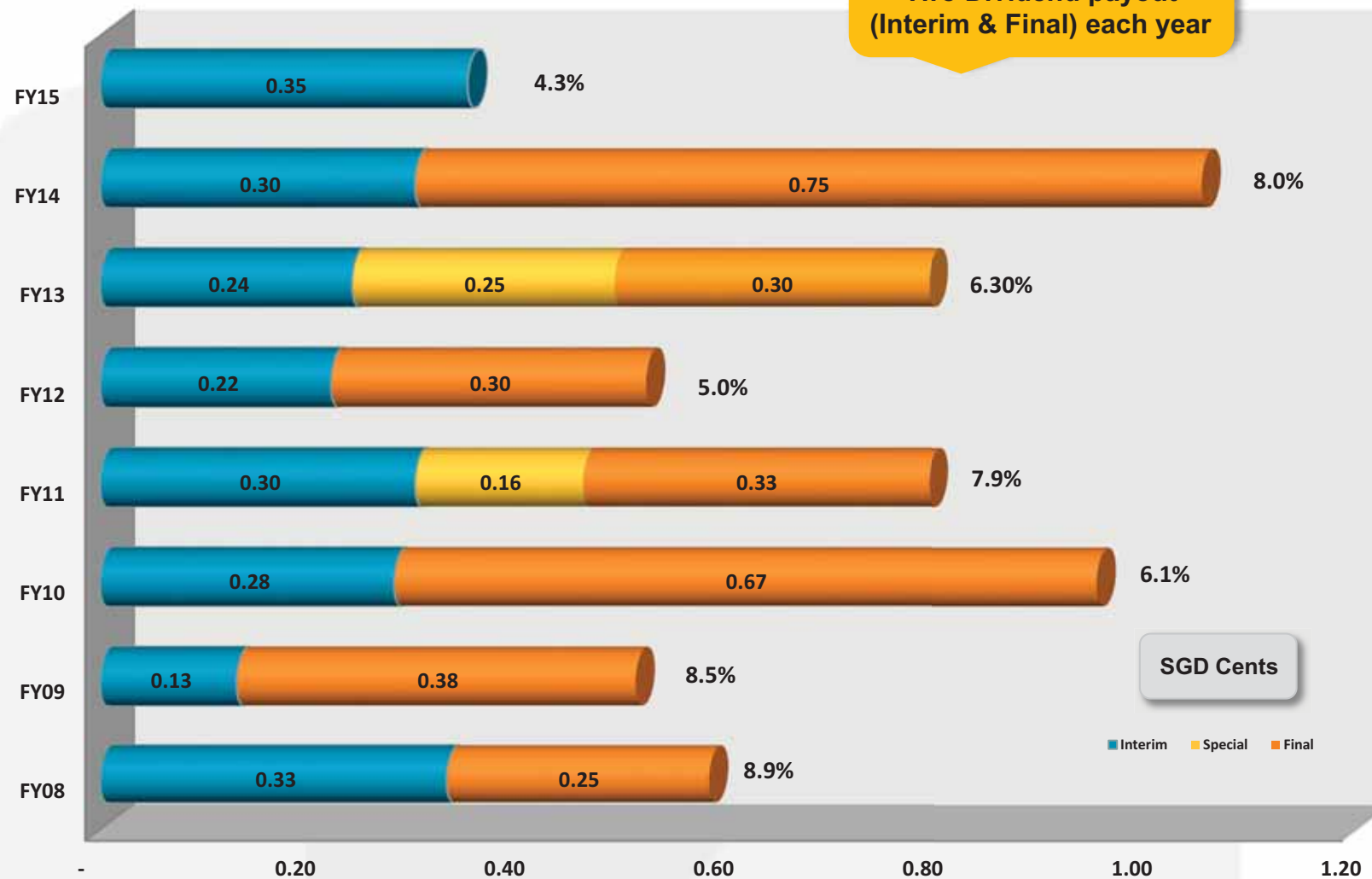
CASH CONVERSION

Cash Conversion Cycle (days)



DIVIDEND YIELD

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



Outlook



Industry Outlook



The semiconductor industry is expected to experience slower growth due to headwinds such as weaker global economic expansion



The slowdown is likely to be mitigated by the proliferation of mobile devices, tablet computers, wearable devices and the “Internet of Things”, all of which require integrated circuits and chips to operate



These trends bode well for the Group as semiconductor foundries and component manufacturers are increasingly drawn to the Group’s sizeable distribution volumes and footprint in the region

Group Outlook



- Continues to pursue growth for **core electronic components business** through expansion of product lines, customer base and distribution network.
- Continues to expand **consumer products** business:
 - Expects double-digit revenue growth in 2H'2015 versus 1H'2015 (1H'2015 – 8% of Group's revenue)
 - Integrate and streamline operational efficiencies for Serial I-Tech Group, Achieva Technology and Hydra & Thermal
- Remains focused on improving operational efficiency and costs controls.
- Continues to be prudent in assessing risks while keeping a lookout for investment opportunities.
- Overall, the Group expects to be profitable in FY2015.

Our Three-Pronged Strategy

Objectives to:

- 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

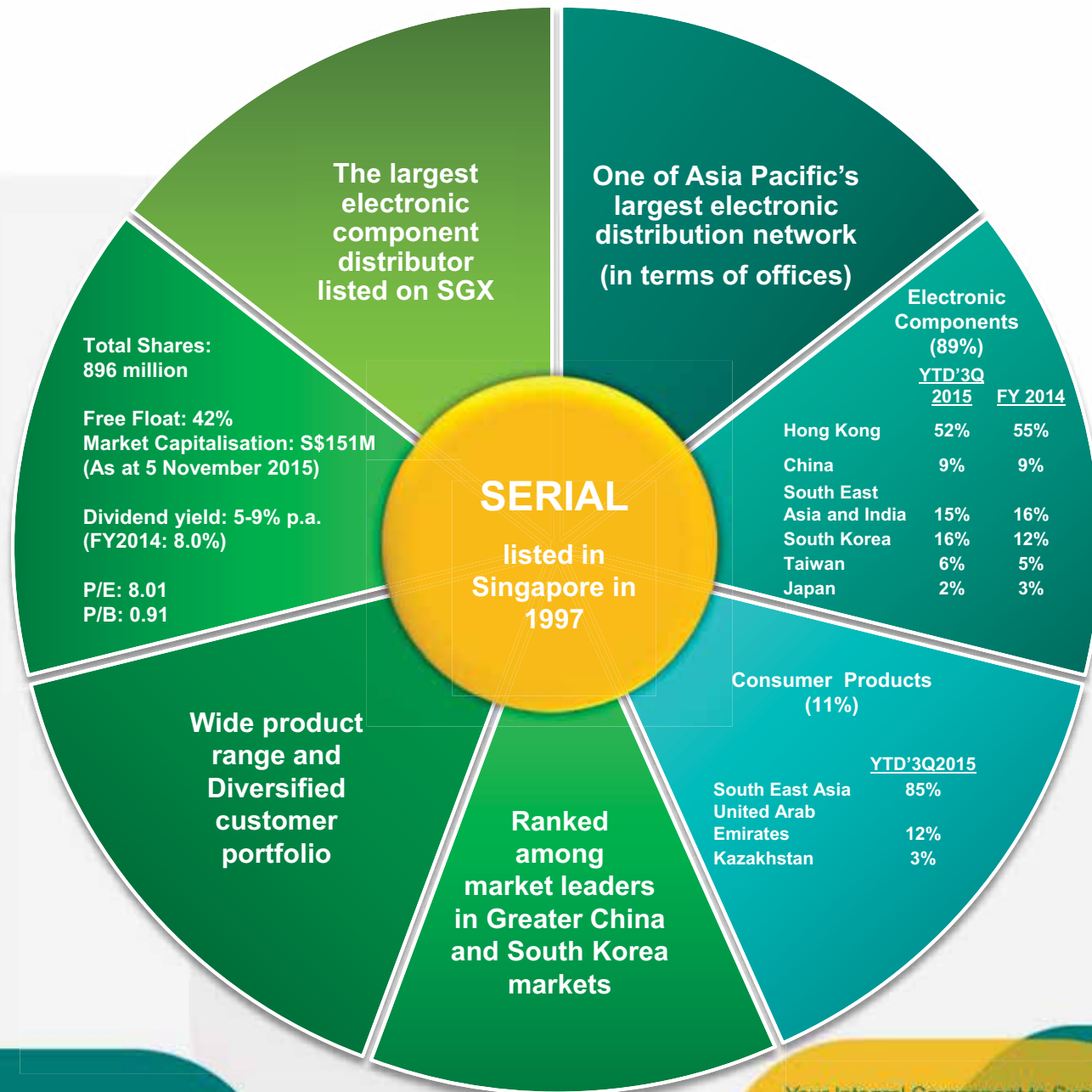
Improve internal efficiencies

- 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

SERIAL SYSTEM AT A GLANCE



Partnering Leading Suppliers



Electronic Components Distribution Business



ON Semiconductor®



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

Consumer Products Distribution Business



Your Integral Component to Success

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Thank You

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