



1Q2019 RESULTS PRESENTATION

Monday, 29 April 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

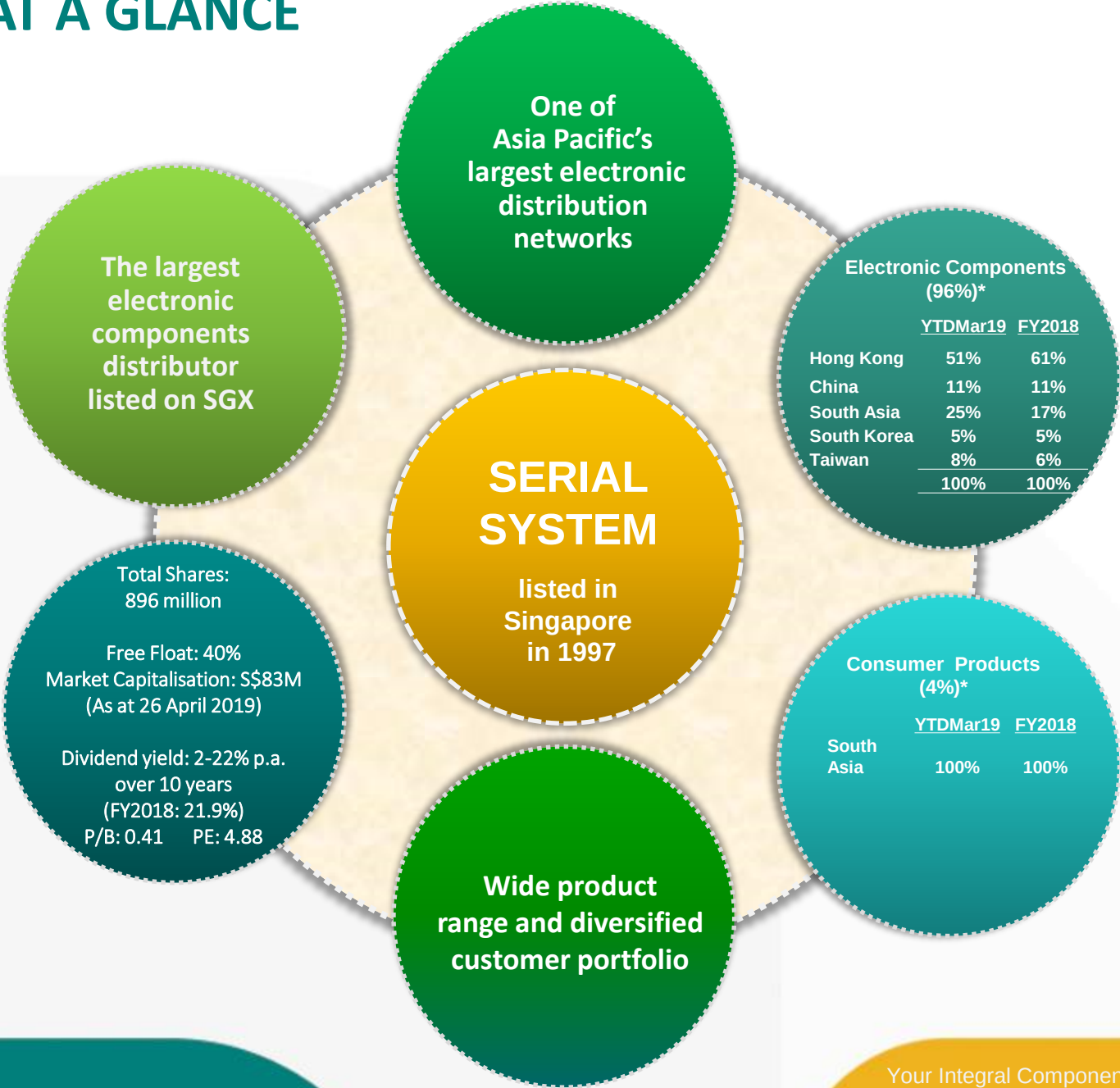


OUTLOOK & STRATEGIES

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 glass window, creating a layered effect. The silhouettes show three people in the background and one person in the foreground interacting with a laptop. The cityscape in the background includes tall buildings and a construction crane. Light trails from cars are visible at the bottom of the frame.

CORPORATE OVERVIEW

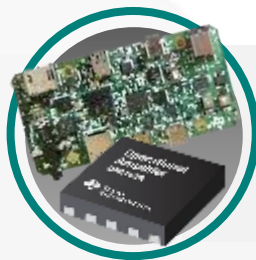
SERIAL SYSTEM AT A GLANCE



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 Solutions



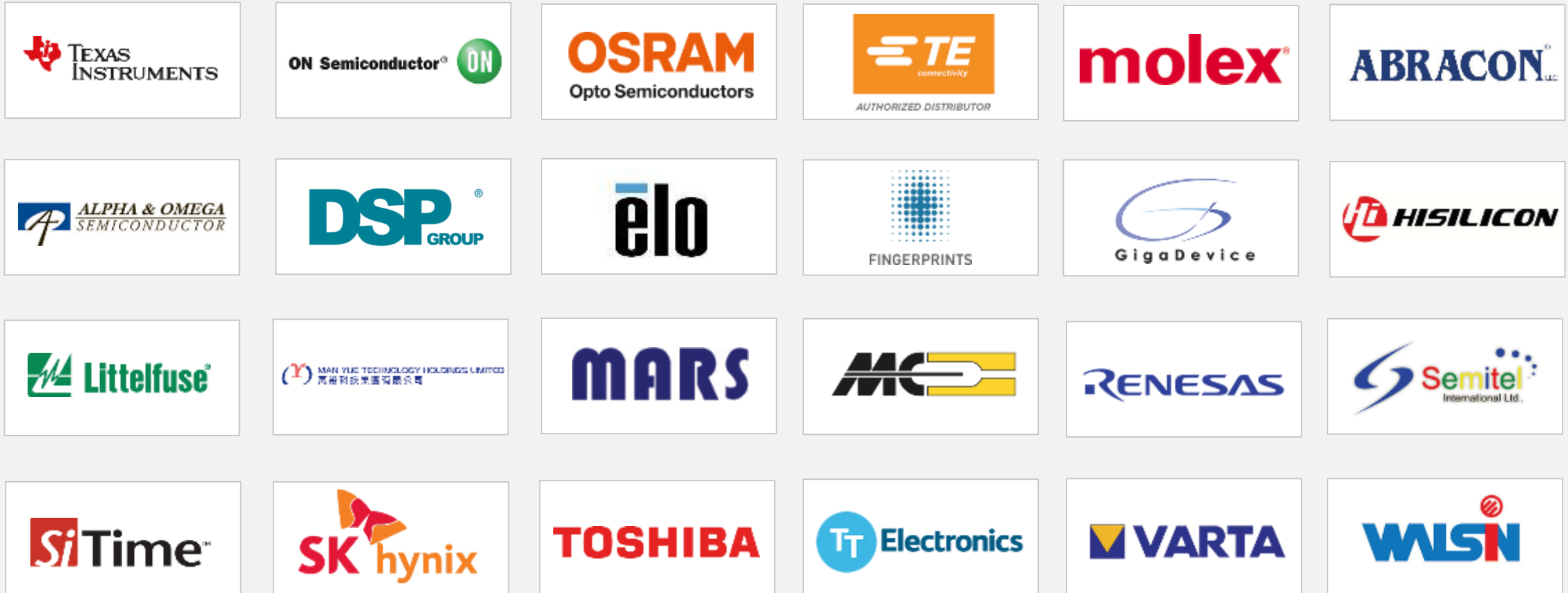
Medical Device Manufacturing and Distribution



Musang King

PARTNERING LEADING SUPPLIERS

Electronic Components Distribution



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

PARTNERING LEADING SUPPLIERS

Consumer Products Distribution

AMD

ASUS

Canon

EPSON


FUJI XEROX

hp

intel

MARUMI

Panasonic

PowerColor

SAMSUNG

OKI

CONSUMER PRODUCTS DISTRIBUTION

Achieva Technology

- The Group 100%-owned subsidiary: Achieva Technology Sdn. Bhd.
- Major suppliers include Intel, Samsung and Asus
- 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.
- Achieva Technology also maintains key channels in various e-commerce platforms such as Qoo10 and Lazada.



Swift-Value Business Pte. Ltd

- The Group 100%-owned subsidiary: Swift-Value Business Pte. Ltd.
- Major suppliers include Hewlett-Packard (HP), Epson and Canon products and 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 helps Swift-Value offer 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 teal 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 left is positioned on the left side, containing the text 'FINANCIAL RESULTS'.

FINANCIAL RESULTS

183.102

154.178

245.57

SNAPSHOT OF 1Q2019 & FY2018 PERFORMANCE

US\$'000	1Q2019	1Q2018	Change (%)	FY2018	FY2017	Change (%)
Sales	229,885	405,220	(43)	1,527,107	1,492,204	2
Gross Profit	16,675	31,393	(47)	118,609	105,119	13
Gross Profit Margin (%)	7.3	7.7	(0.4) pt	7.8	7.0	0.8 pt
Net Profit After Tax (Attributable to shareholders)	3,178	5,190	(39)	17,655	9,550	85
EPS - fully diluted (US cents) ⁽¹⁾	0.35	0.58	(39)	1.97	1.07	84
NAV per share (US cents) ⁽²⁾	31/03/2019: 15.72			31/12/2018: 15.26		

(1) Earnings per ordinary share on a fully diluted basis are computed based on the weighted average number of shares in issue for 1Q2019/FY2018 of 895,841,914 (1Q2018/FY2017: 895,841,914) after adjusting assumed conversion of all potential dilutive ordinary shares. There were no potential dilutive shares for the financial period ended 31 March 2019 and 31 December 2018.

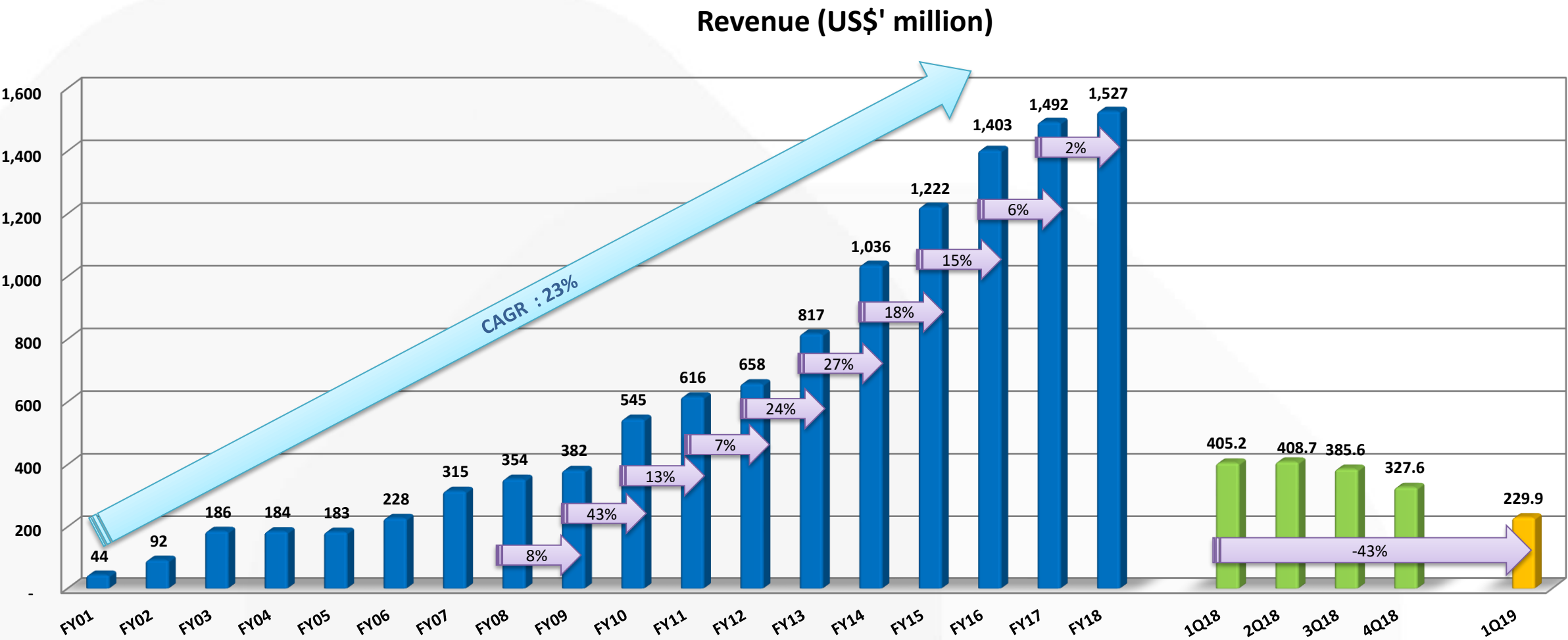
(2) Net asset value per ordinary share as at 31 March 2019 and 31 December 2018 is calculated based on the net assets value attributable to the equity holders of the Company as at the end of the respective period and the respective aggregate number of ordinary shares of 895,841,914.

1Q2019 HIGHLIGHTS

- **Revenue of US\$229.9M, a decrease of 43% from US\$405.2M in 1Q2018**
 - Revenue for electronic components distribution business declined 43% to US\$220.0M in all markets of the Group's electronic components distribution business in Asia due to the termination of the distribution business with Texas Instruments ("TI")
 - Sales also negatively impacted in China and Hong Kong by trade tensions between China and the United States
 - Partially mitigated by increased sales for certain existing products lines in these markets as the Group focused its resources to grow these product lines following TI's termination
 - Revenue for consumer products distribution business declined 50% to US\$8.9 million mainly due to lower demand in the markets (Singapore, Indonesia and Malaysia) the Group operated
- **Gross profit margin slipped to 7.3% in 1Q2019 from 7.7% in 1Q2018**
 - Lower margin achieved by the electronic components distribution and consumer products distribution business resulting from keen market competition
- **NPAT down from US\$5.2M in 1Q2018 to US\$3.2M in 1Q2019**
 - Net margin improved to 1.4% in 1Q2019 from 1.3% in 1Q2018

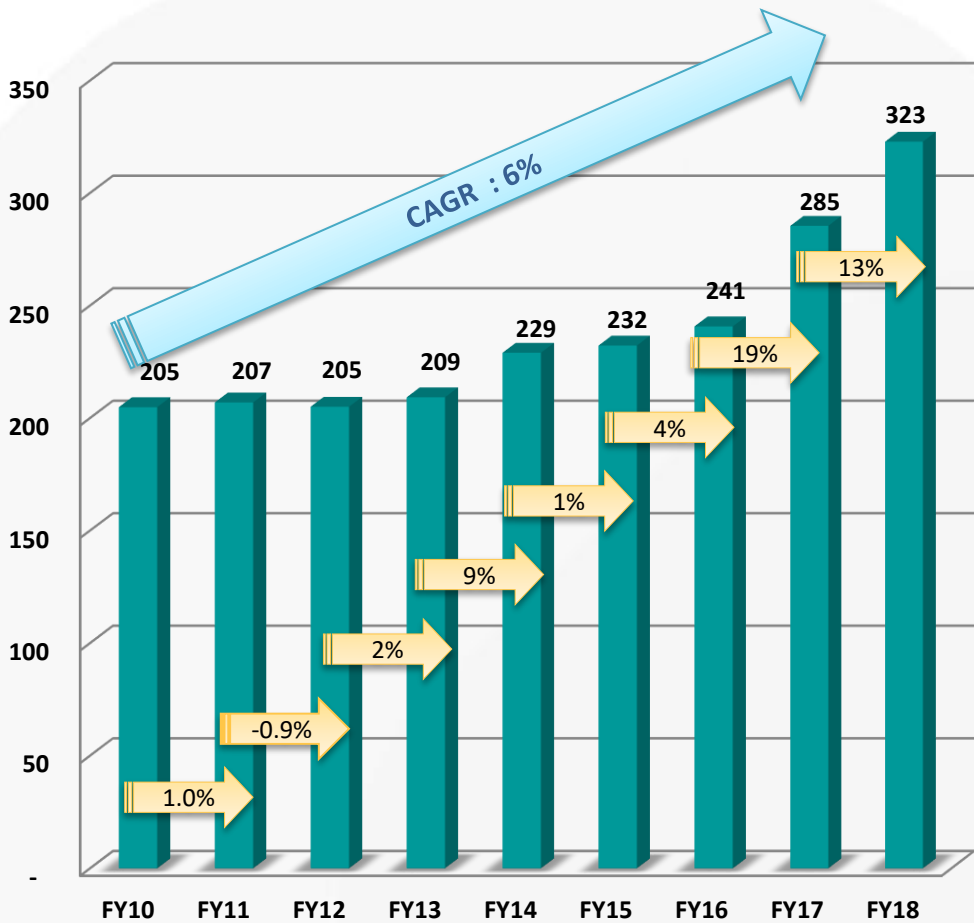
REVENUE GROWTH TREND

SERIAL SYSTEM GROUP



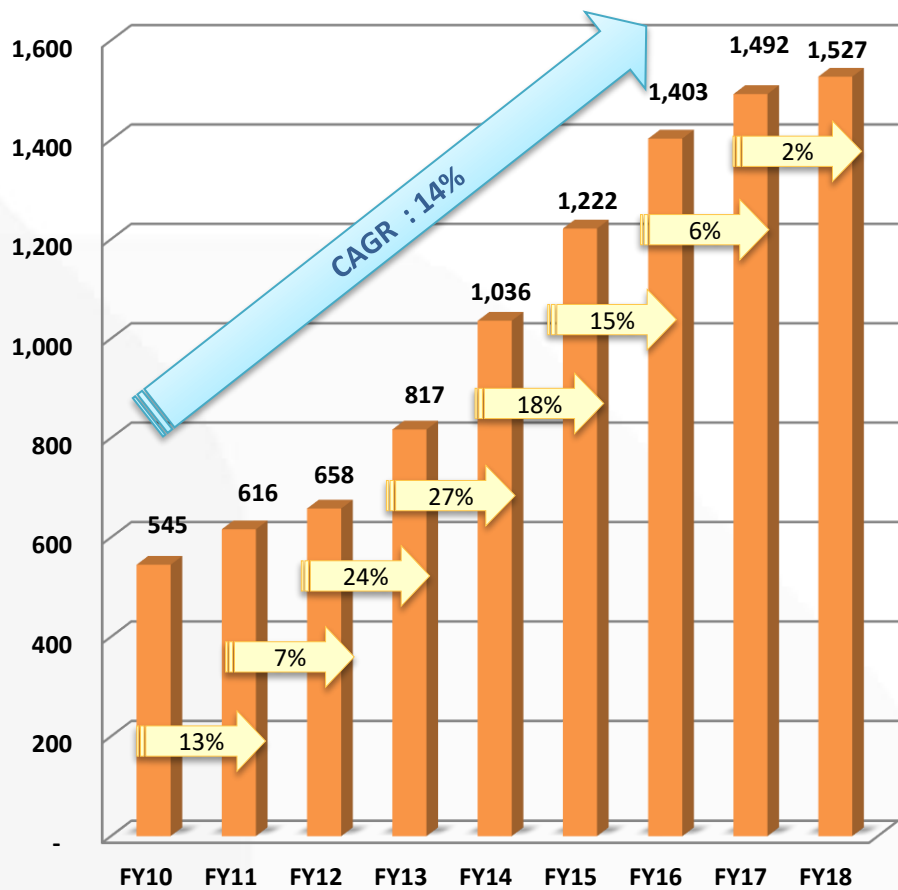
OUTPERFORMING THE INDUSTRY

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



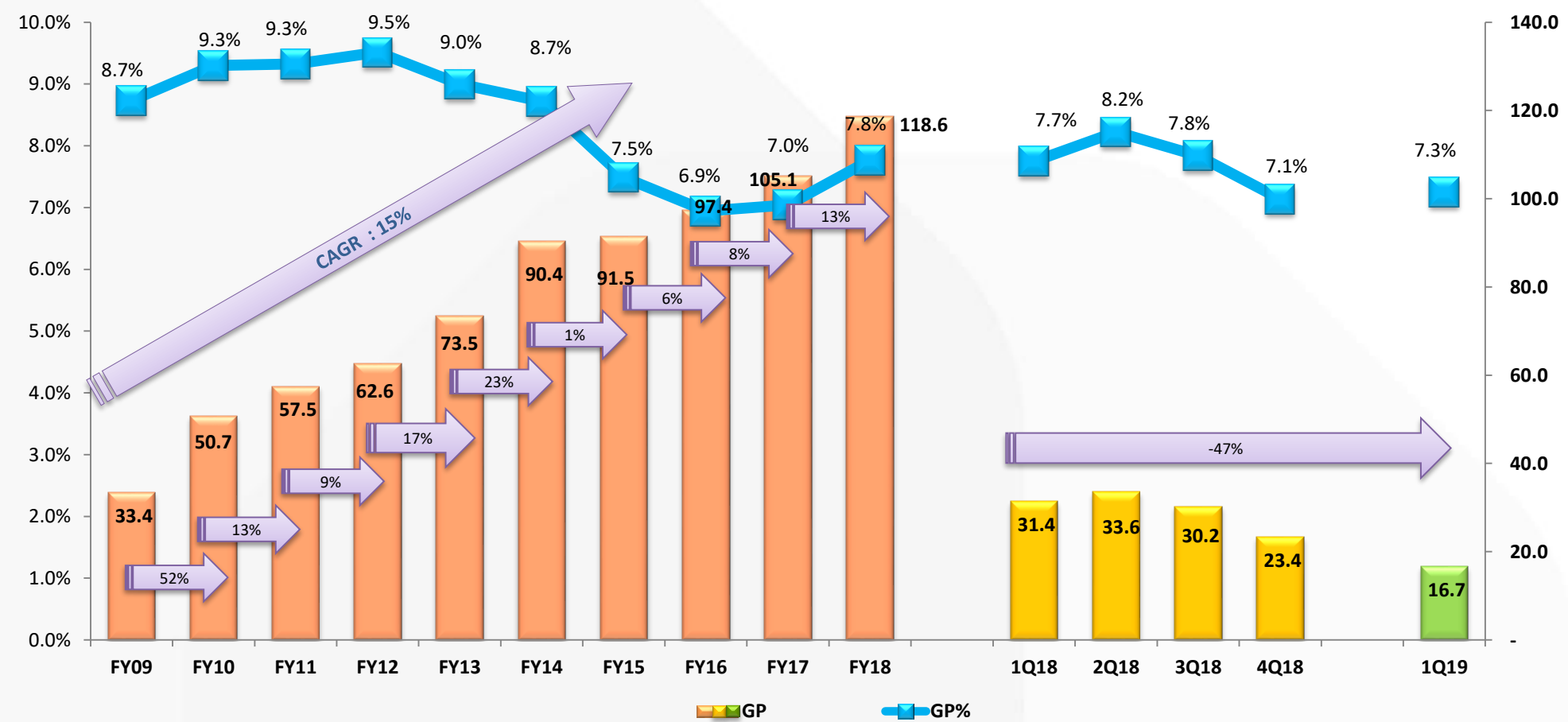
Source : World Semiconductor Trade Statistics/
Semiconductor Industry Association

Serial System Revenue (US\$' million)

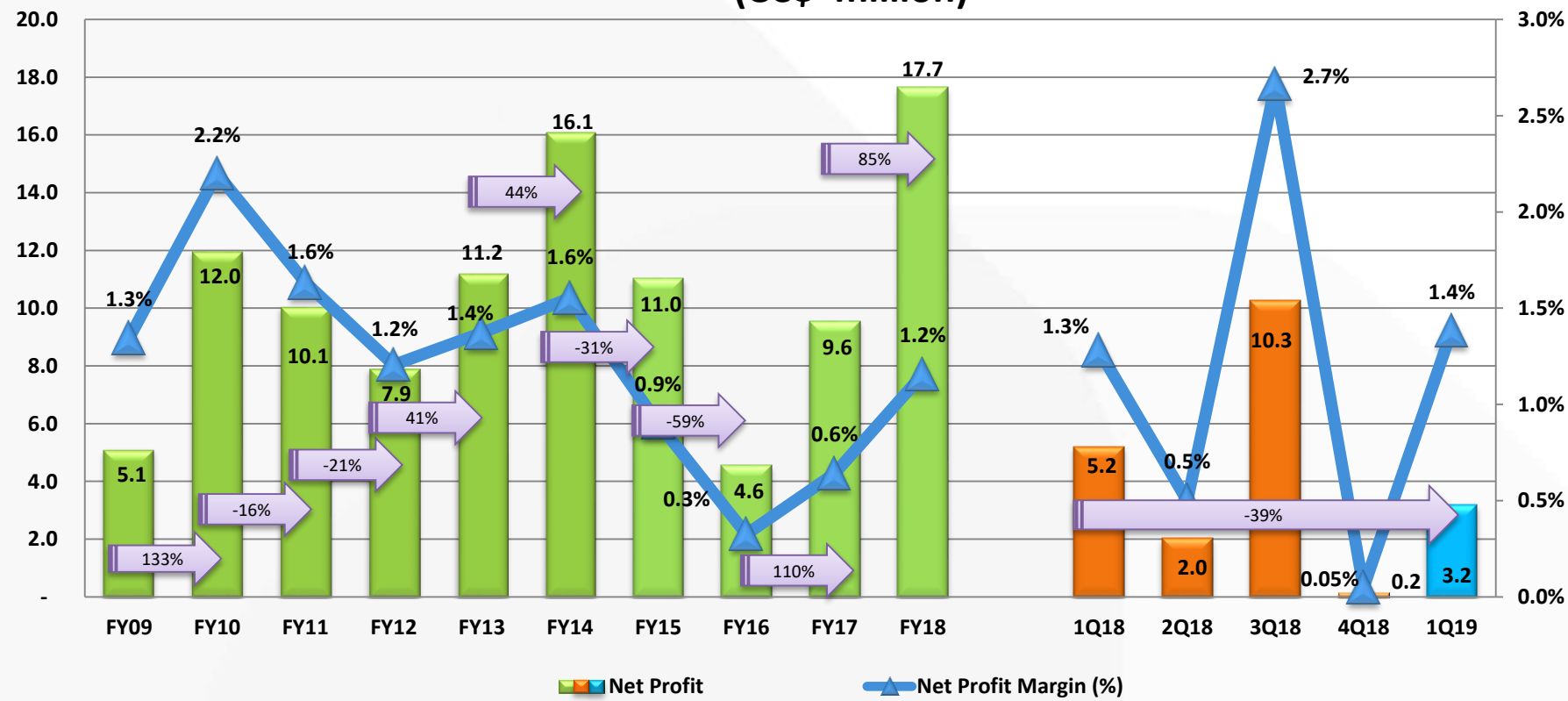


PROFITABILITY

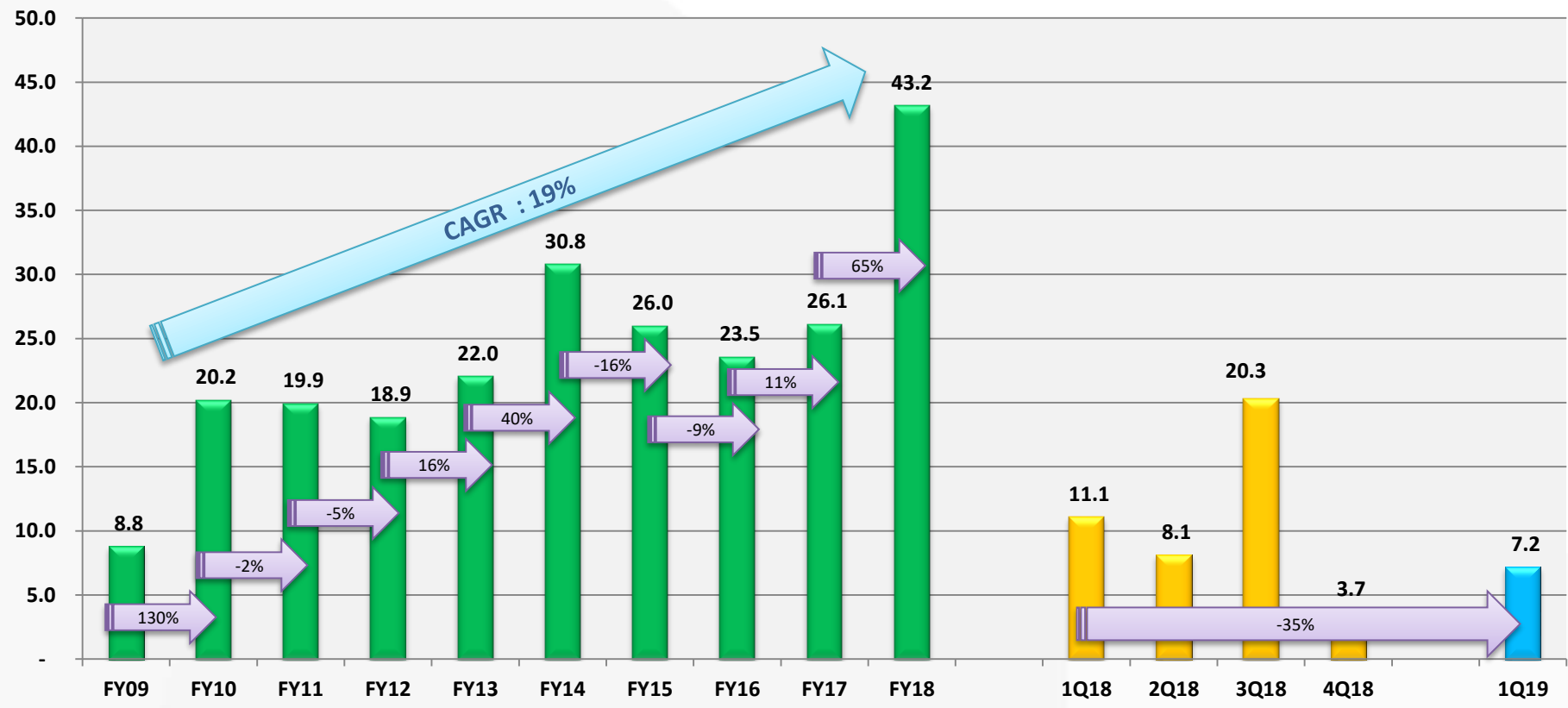
Gross Profit & Gross Profit Margin
(US\$' million)



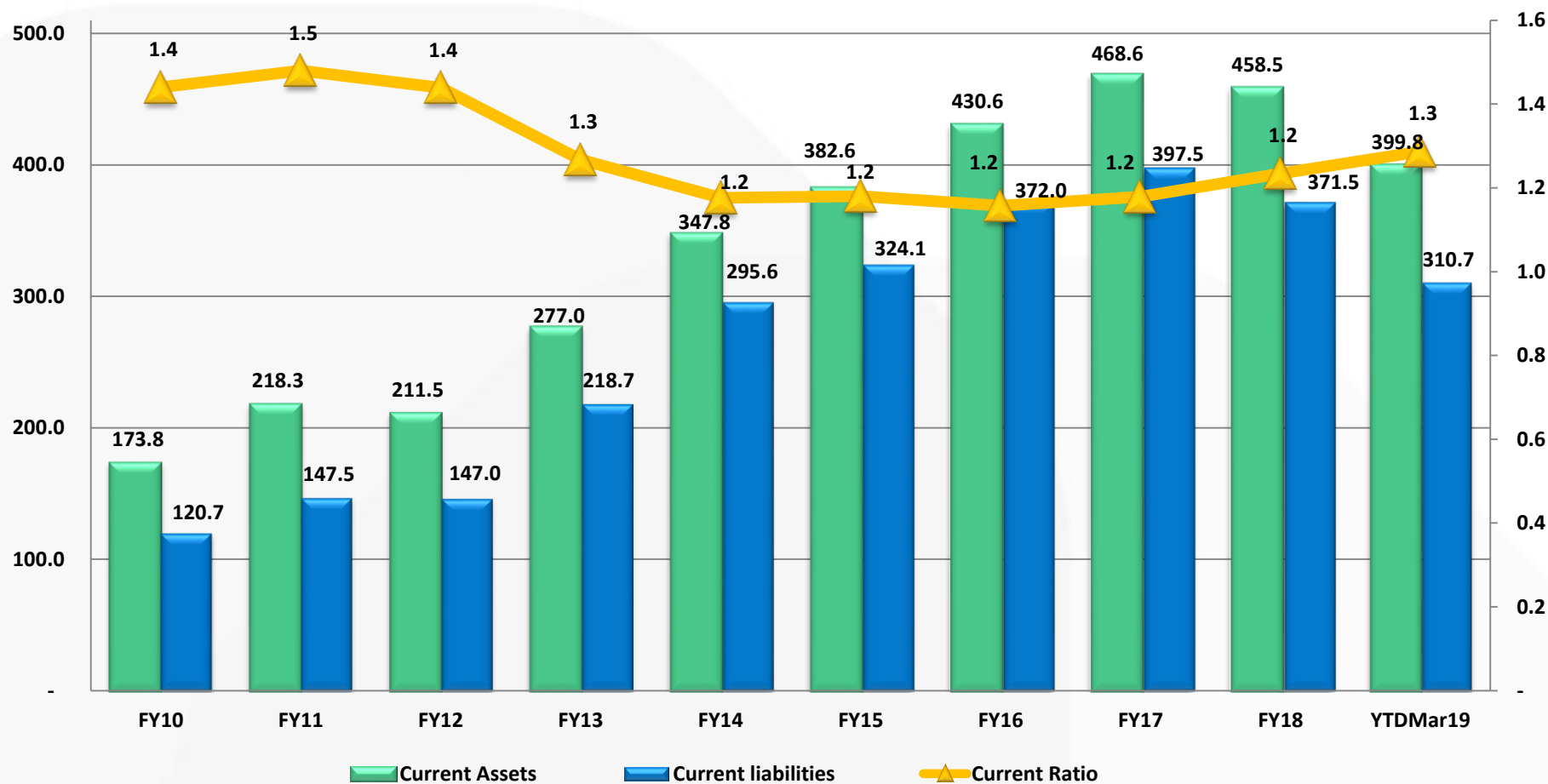
Net Profit & Net Profit Margin
(US\$' million)



EBITDA (US\$' million)

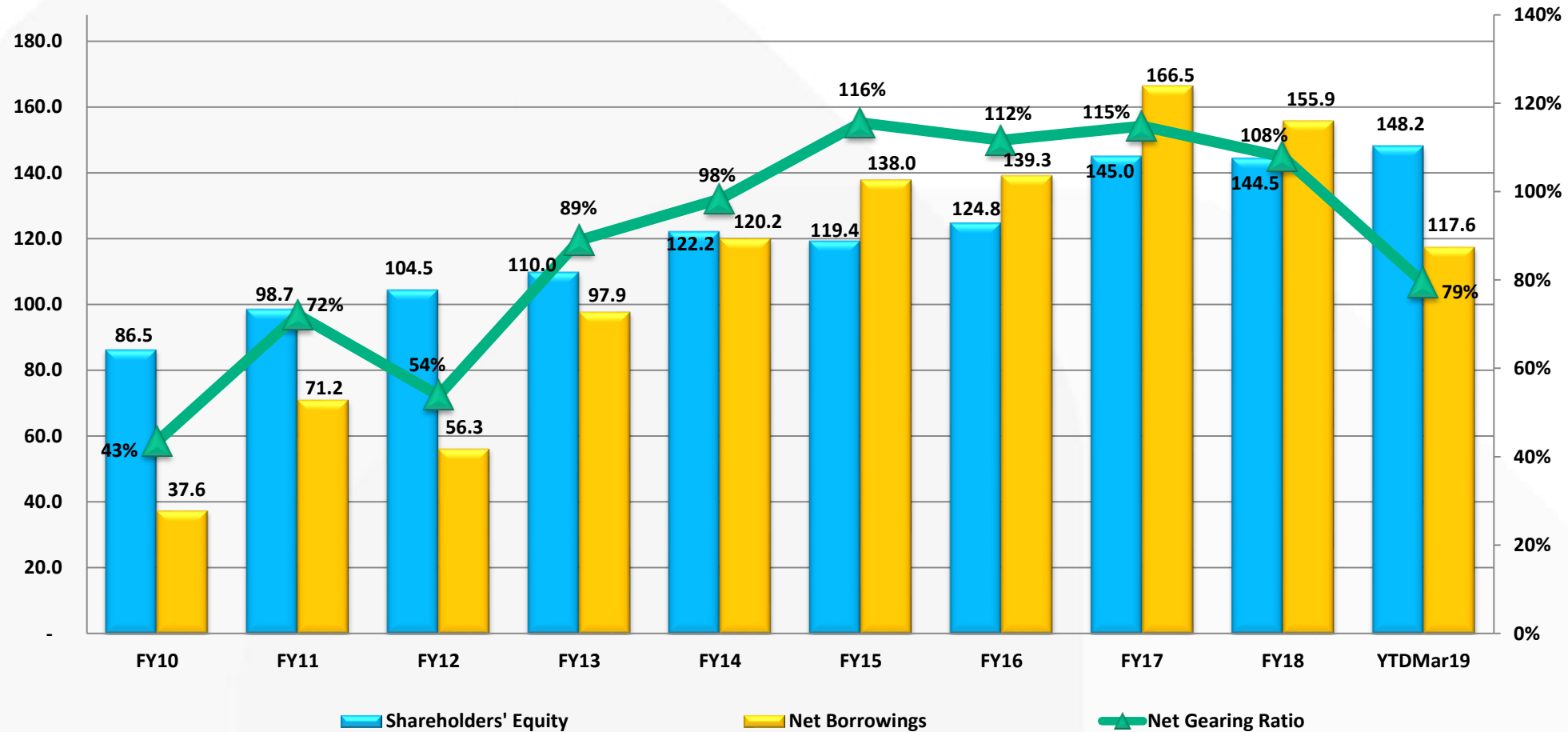


Maintaining Healthy Current Ratio

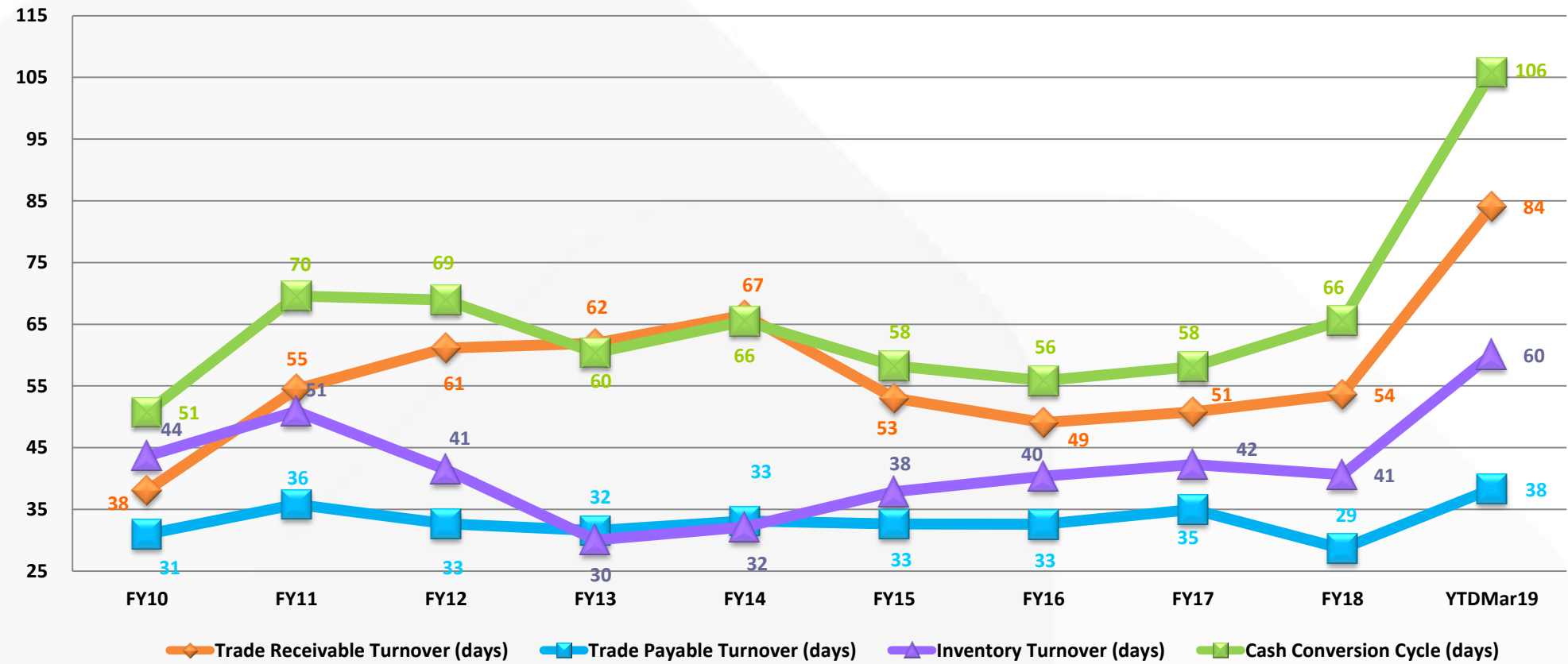


FINANCIAL POSITION

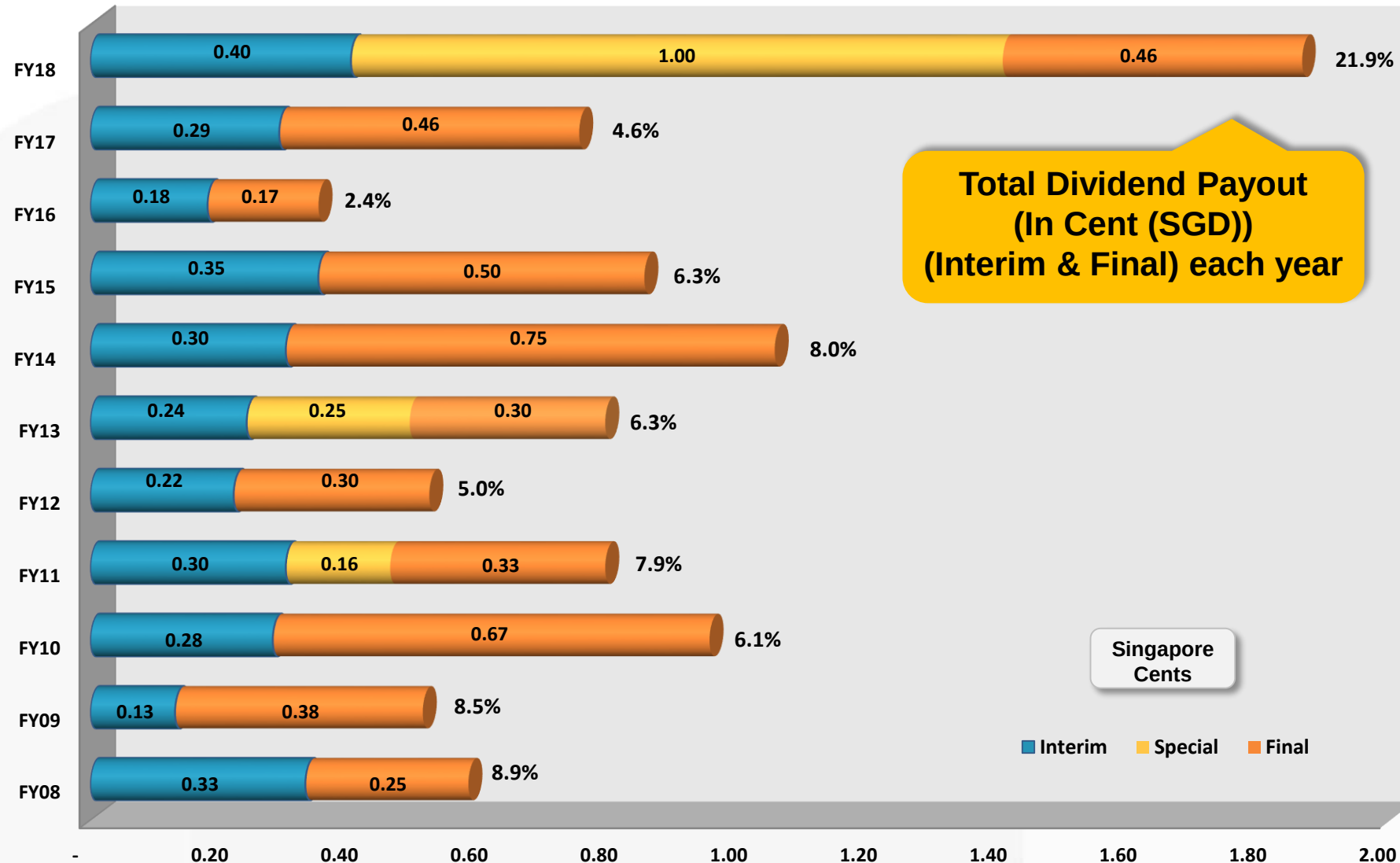
Net Gearing Ratio



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. A dark grey banner with a yellow corner tab is positioned on the left side of the image.

OUTLOOK & STRATEGIES

INDUSTRY OUTLOOK

Uncertainties

- ? Gartner: After a **13.4%** increase in worldwide semiconductor revenue to **US\$476.7 billion** in 2018 from 2017, sales in 2019 are likely to be less certain due to headwinds in global economy
- ? Uncertainty over progress of global 5G rollout amid challenges facing Huawei
- ? Further uncertainty in the global market due to US-China trade tensions

Bright spots

- ✓ Launch of new smartphones in 2019 by Samsung, Huawei, Xiaomi, LG and other brands
- ✓ Growing acceptance of electric cars in Asia



GROUP OUTLOOK

- Two-prong strategy for electronic components distribution business:
 - Reallocating resources and personnel to more efficiently support existing suppliers
 - Proactively and aggressively unlocking potential partnerships with other suppliers, customers and channel partners
- Seeking new suppliers in the automotive, Internet of Things (IoT) and Artificial Intelligence industries in Europe, United States, South Korea, China and Taiwan, who can benefit greatly from the Group's extensive and established distribution network
- Cessation of TI distribution business is on track for 30 June 2019
 - Sale of the business to an authorised TI distributor will generate some returns for the financial year ending 31 December 2019
 - Right-sizing the Group's TI workforce in anticipation of a reduction in sales
- Barring unforeseen circumstances, the Group expects to remain profitable in 2019

OUR THREE-PRONGED STRATEGY

Objectives:

- Increase revenue
- Drive greater internal efficiencies to improve margins
- Deepen value proposition to increase margins

Deepen penetration in existing markets & widen geographical expansion

- Expand customer base, increase product lines, expand geographical coverage of product lines
- Deepen footprint in emerging markets (e.g. Vietnam & Indonesia)
- Expand outside Asia via M&A / JV

Improve internal efficiencies to achieve greater economies of scale

- Internal forecasting system
- Centralised asset management
- Greater adoption of electronic data interchange (“EDI”)

Expand product portfolio & increase higher-value components

- Deepen penetration in Industrial, Automotive, Mobile devices, Enterprise Cloud Solutions, Robotics, Consumer Electronics and Household appliances segments
- Component modules as a reference solution - higher margins & differentiator

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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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