



SERIAL
新曄集團

4Q'2019 AND FY2019 RESULTS PRESENTATION

Wednesday, 26 February 2020

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

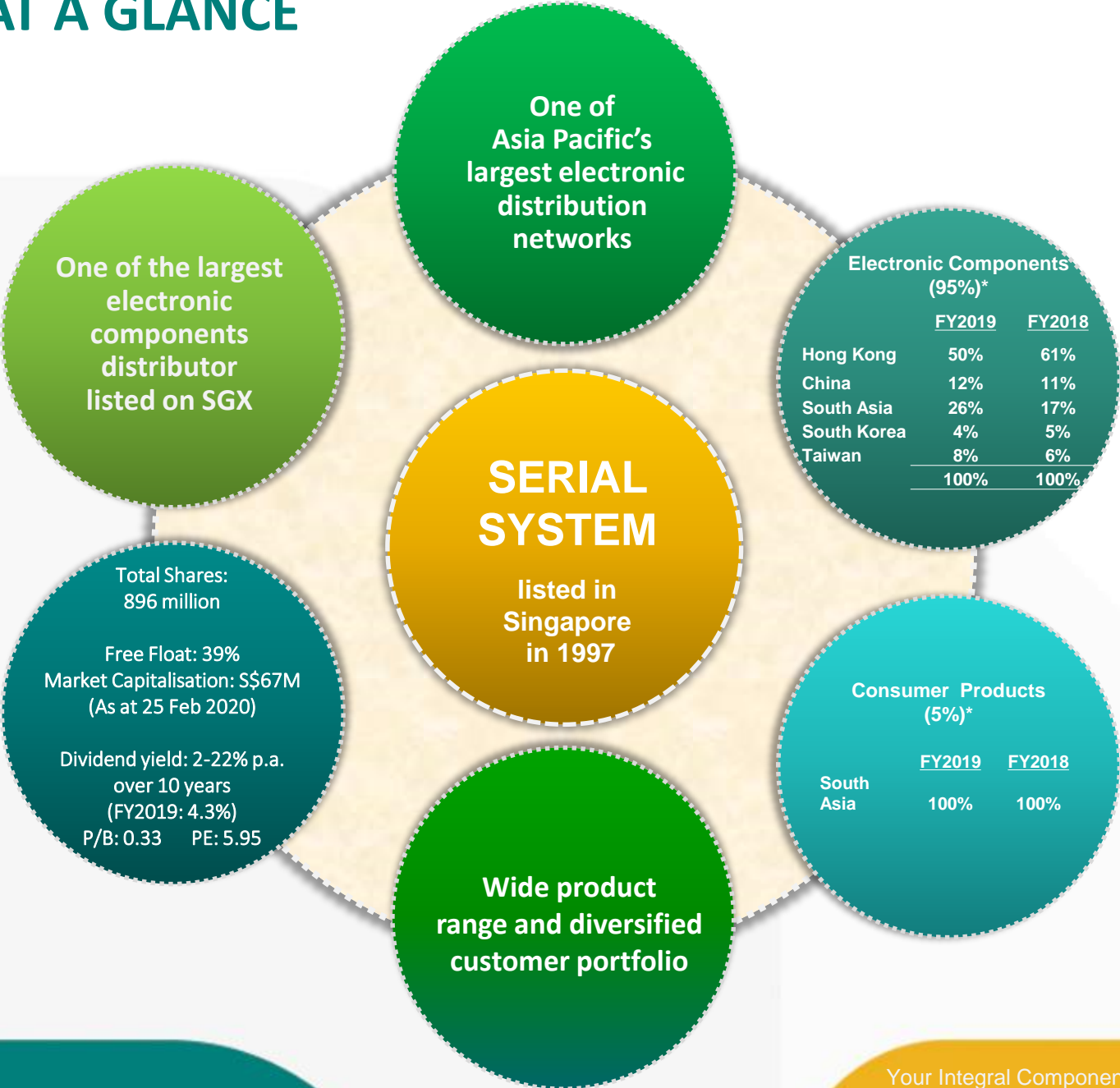


OUTLOOK & STRATEGIES



CORPORATE OVERVIEW

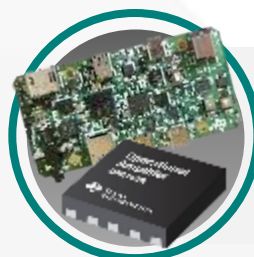
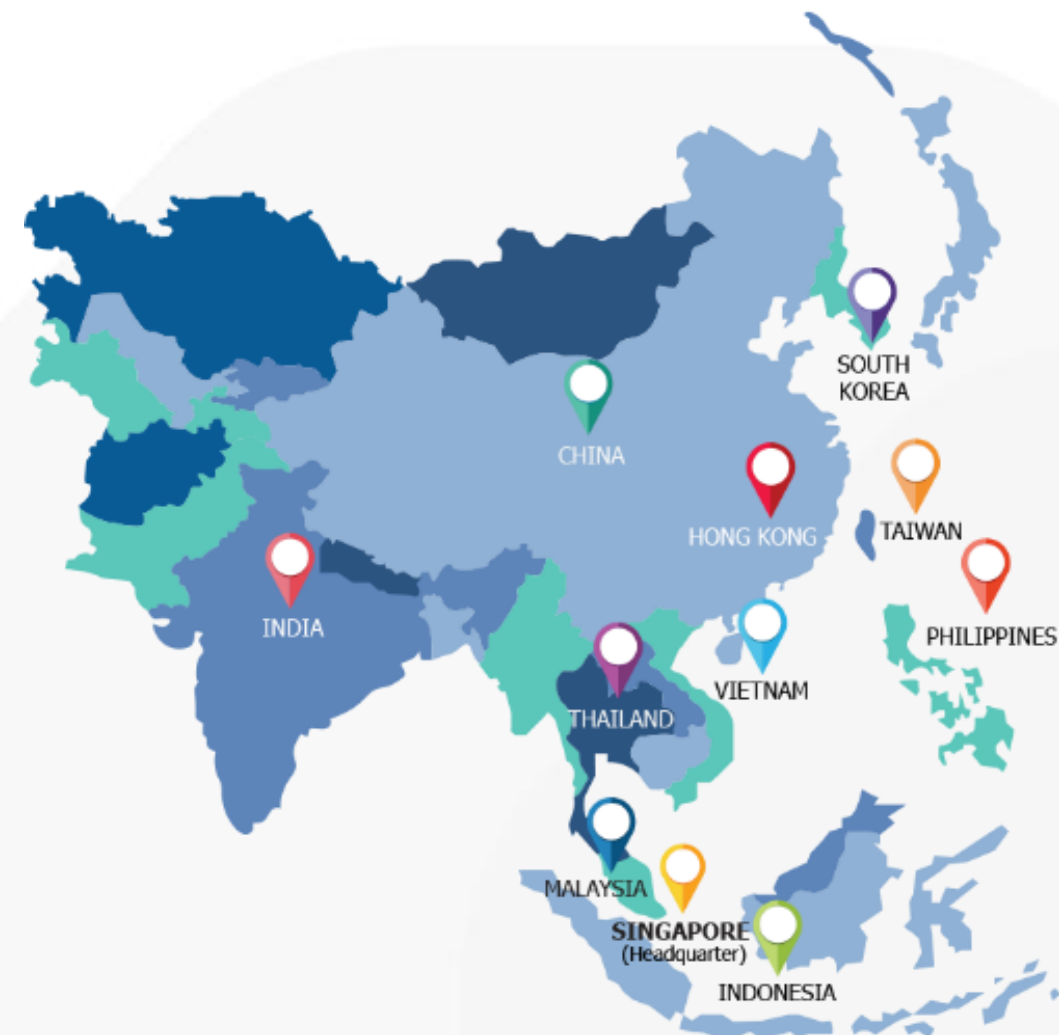
SERIAL SYSTEM AT A GLANCE



* 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**



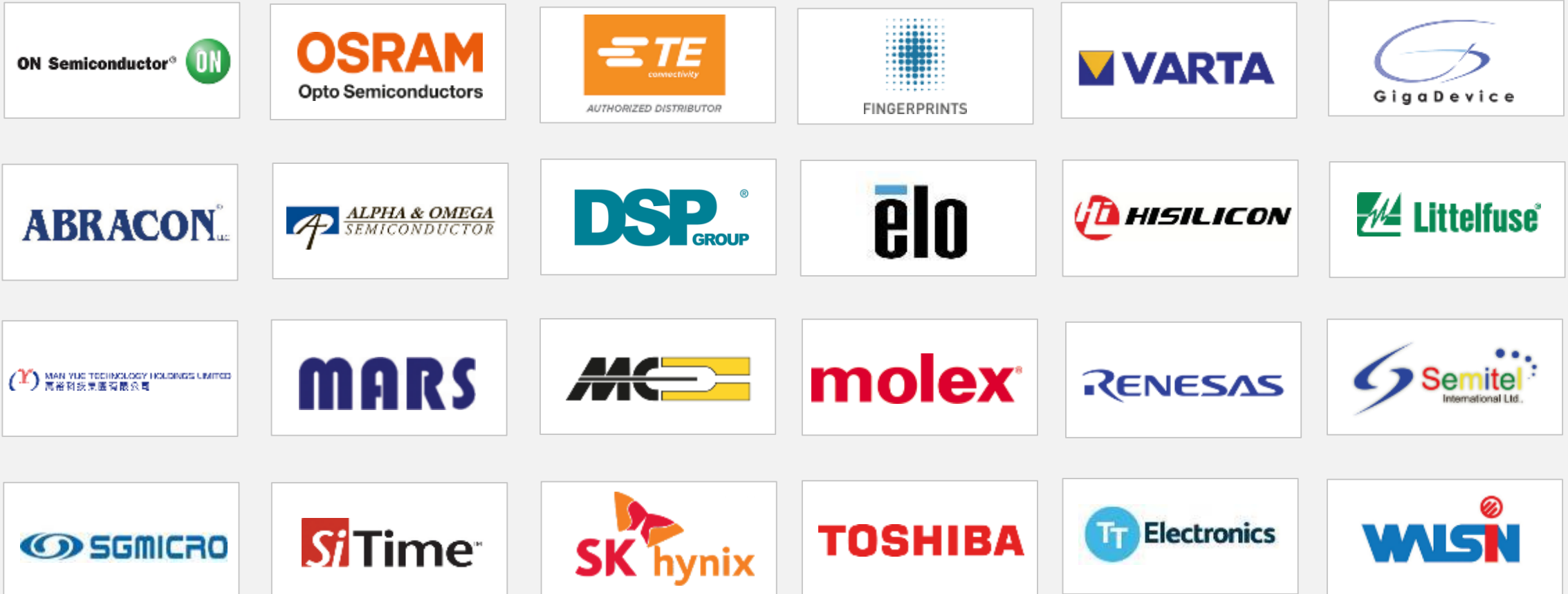
**Hospitality and
Healthcare Solutions**



**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

AMD

ASUS



BENRO

Canon

EPSON



GIGABYTE



MARUMI



PHILIPS

PowerColor



Ultimaker



CONSUMER PRODUCTS DISTRIBUTION

Achieva Technology Group

- 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 91.43% owned by Serial System
- Provides managed print services and maintains and distributes copiers and printers
- Premier partner for HP copiers
- Partner for top 3D printer brand, Ultimaker

- 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 left is positioned on the left side, containing the text 'FINANCIAL RESULTS'.

FINANCIAL RESULTS

183.102

154.178

245.57

SNAPSHOT OF 4Q2019 & FY2019 PERFORMANCE

US\$'000	4Q2019	4Q2018	Change (%)	FY2019	FY2018	Change (%)
Sales	175,773	327,617	(46)	791,637	1,527,107	(48)
Gross Profit	12,399	23,387	(47)	54,191	118,609	(54)
Gross Profit Margin (%)	7.1	7.1	0 pt	6.8	7.8	(1.0 pt)
Net Profit After Tax (Attributable to equity holders of the Company)	603	156	287	8,032	17,655	(55)
EPS - fully diluted (US cents) ⁽¹⁾	0.07	0.02	250	0.90	1.97	(54)
NAV per share (US cents) ⁽²⁾	31/12/2019: 15.55			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 (4Q2018/ FY2018: 895,841,914) after adjusting assumed conversion of all potential dilutive ordinary shares.

(2) Net assets value per ordinary share as at 31 December 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.

4Q2019 HIGHLIGHTS

- **Revenue of US\$175.8M in 4Q2019, a decrease of 46% from US\$327.6M in 4Q2018**

- Mainly due to the termination of the 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 14%, despite the pro-longed trade tensions between China and United States which have affected demand in China and Hong Kong. The increase was due to higher 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 marginally by 2% to US\$9.4M mainly due to weak demand in the Singapore market in which the Group operates in and the Group’s continued rationalisation and exit of of non-profitable products.

The lower turnover in Singapore was cushioned by higher turnover achieved in the Malaysia market mainly due to increased sales for certain existing product lines and contribution for new product lines in 4Q2019

- **Gross profit margin remained the same at 7.1% in 4Q2019**

- Higher gross profit margin earned by the Group’s Hong Kong electronic components distribution subsidiary mitigated the impact of lower margin achieved by the other subsidiaries in the electronic components distribution and consumer products distribution businesses, as a result of keen market competition in their markets

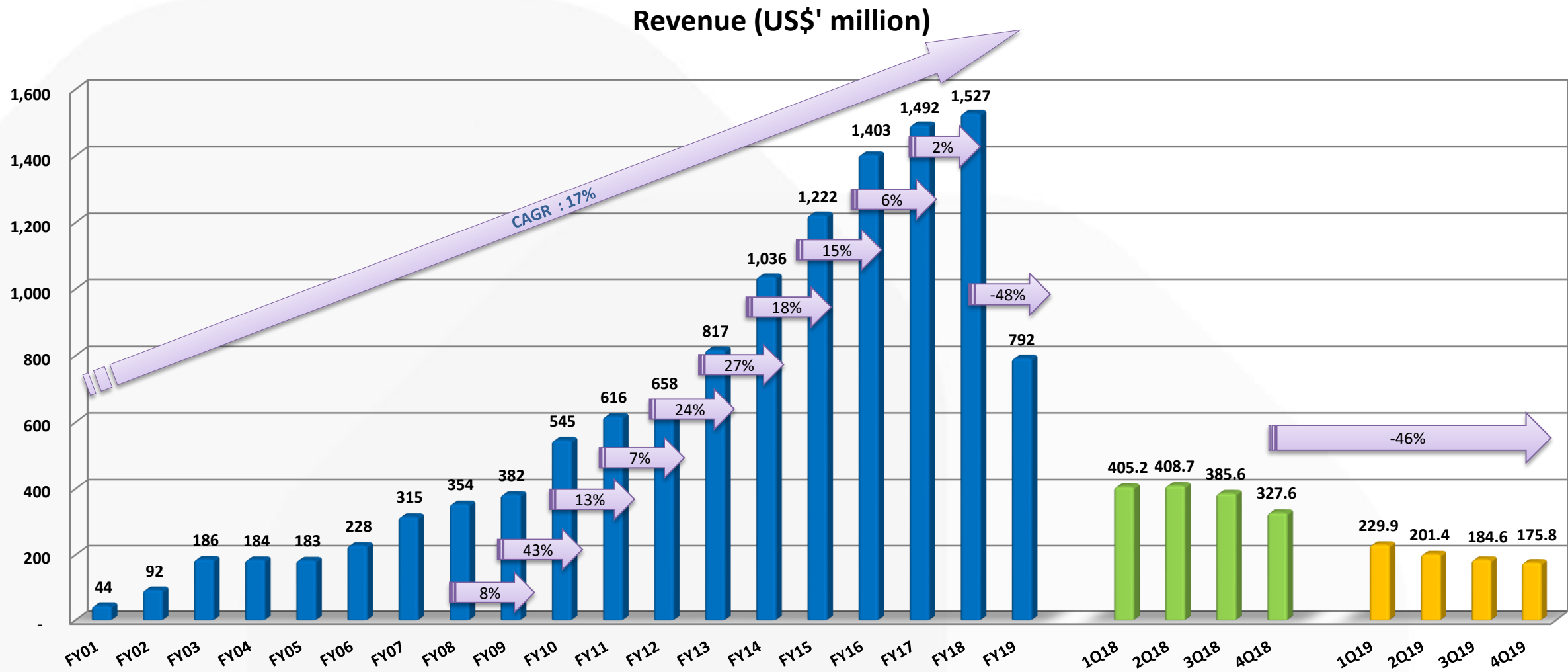
- **NPAT increased by 287% to US\$603,000 in 4Q2019 from US\$156,000 in 4Q2018**

FY2019 HIGHLIGHTS

- **Revenue of US\$791.6M in FY2019, a decrease of 48% from US\$1.53B in FY2018**
 - Mainly due to the termination of the distribution business with Texas Instruments (“TI”) which has impacted sales in all markets in Asia
 - Excluding 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 14%. This was attributable to the Group’s on-going efforts to grow its existing product lines and contribution from new product lines which the Group secured post-TI termination, despite the trade tensions between China and United States which have dampened overall market sentiment
 - Consumer products distribution sales also declined 33% to US\$36.6M 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 FY2019 from 7.8% in FY2018**
 - 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 55% to US\$8.0M in FY2019 from US\$17.7M in FY2018**

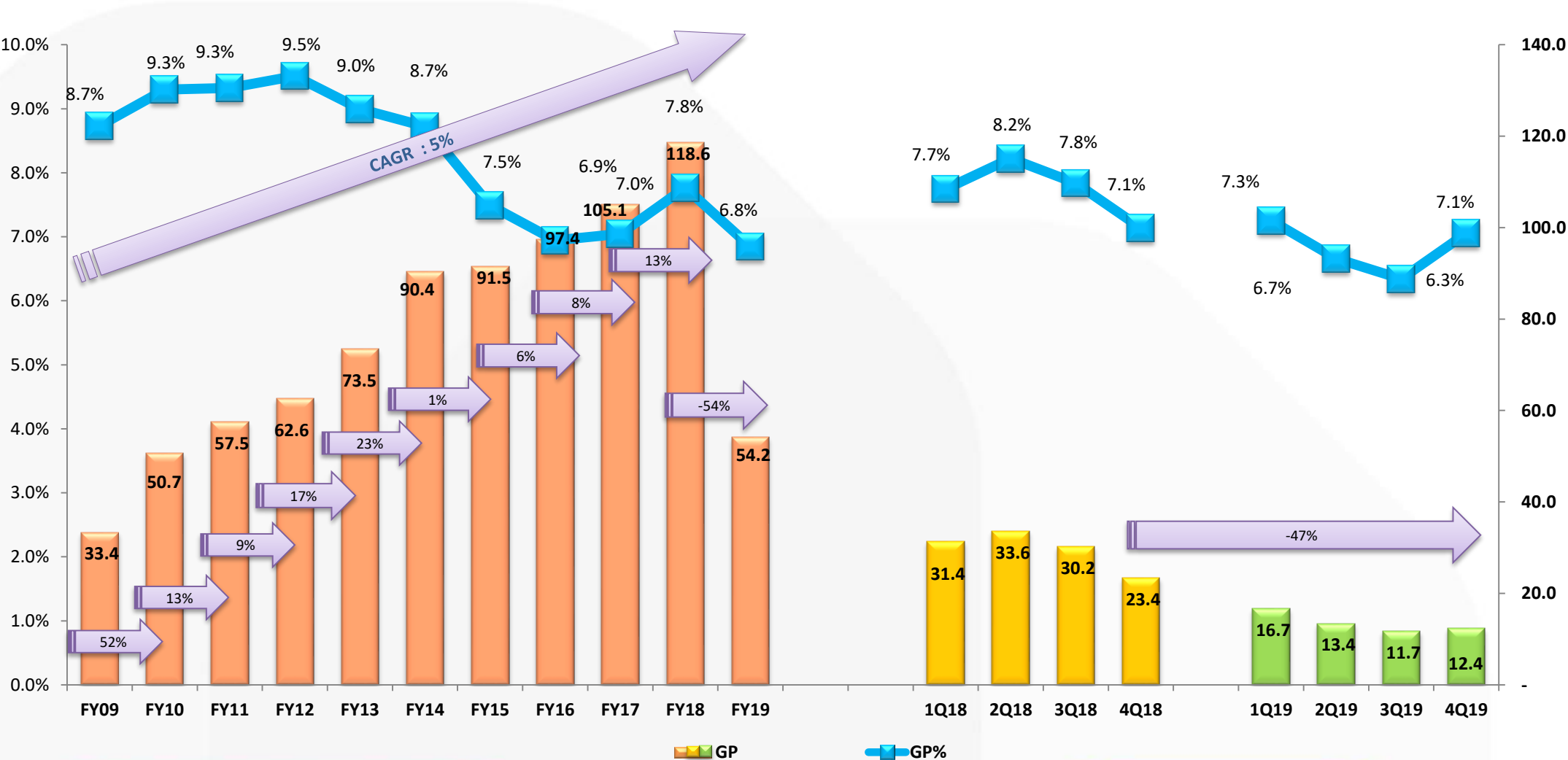
REVENUE GROWTH TREND

SERIAL SYSTEM GROUP

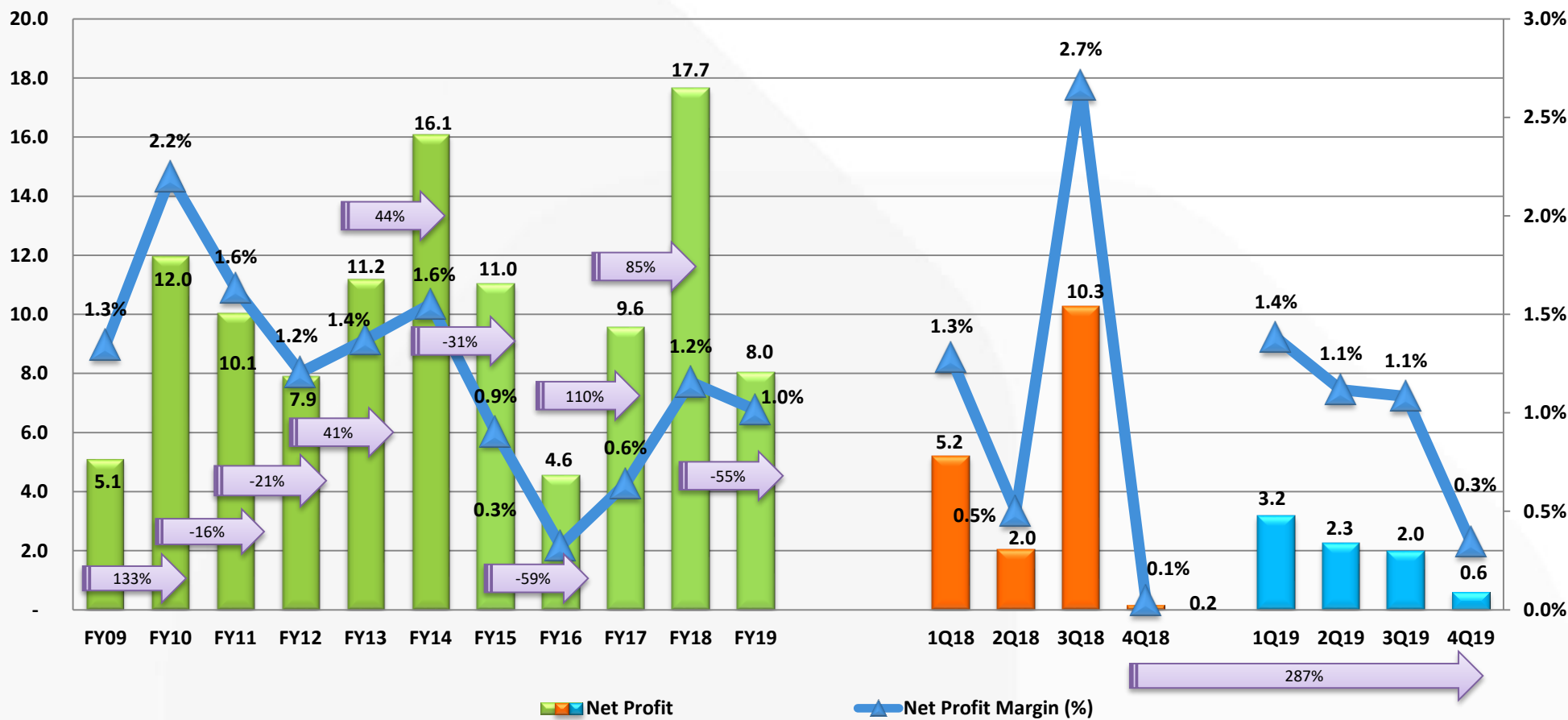


PROFITABILITY

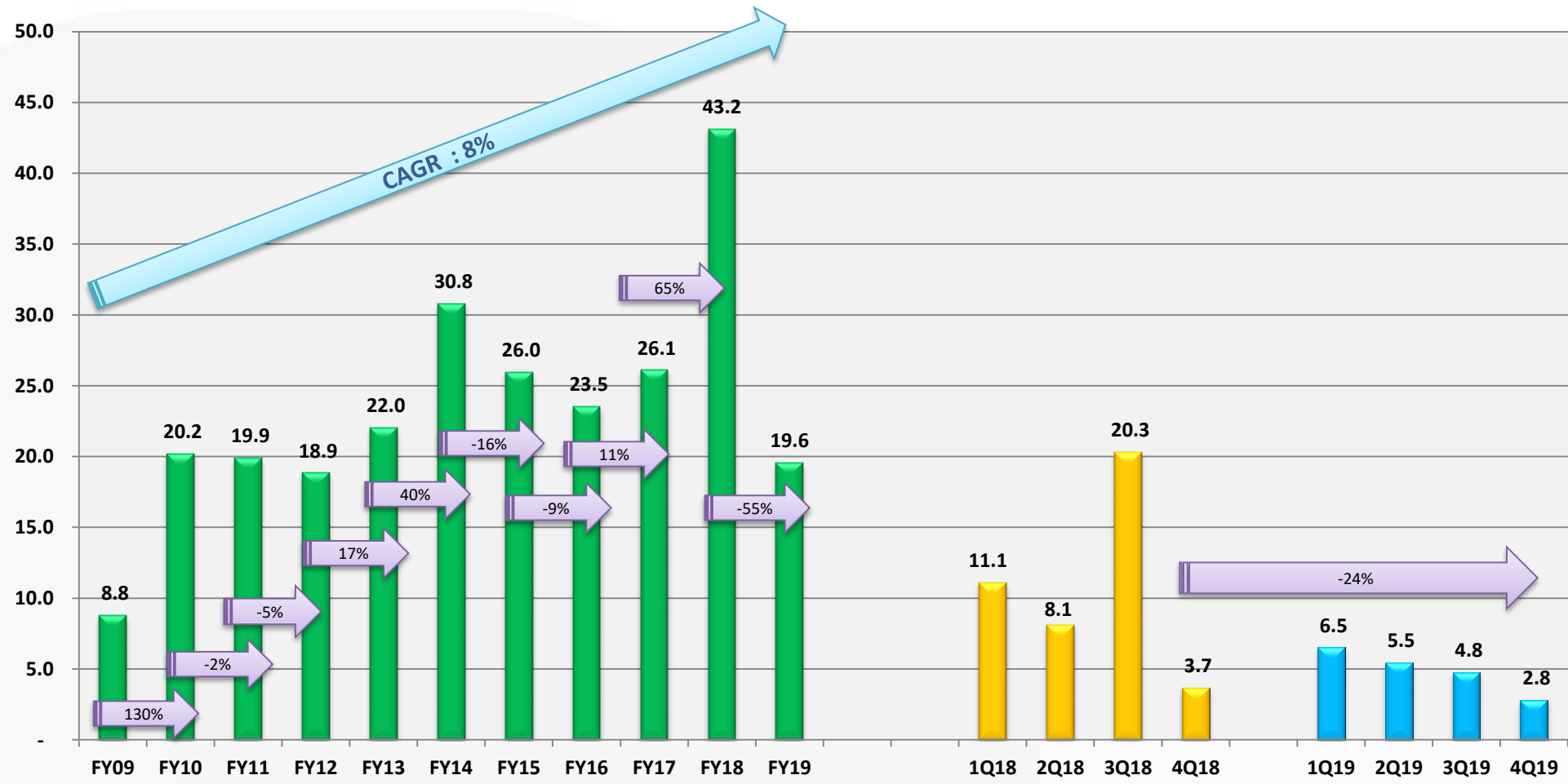
Gross Profit & Gross Profit Margin
(US\$' million)



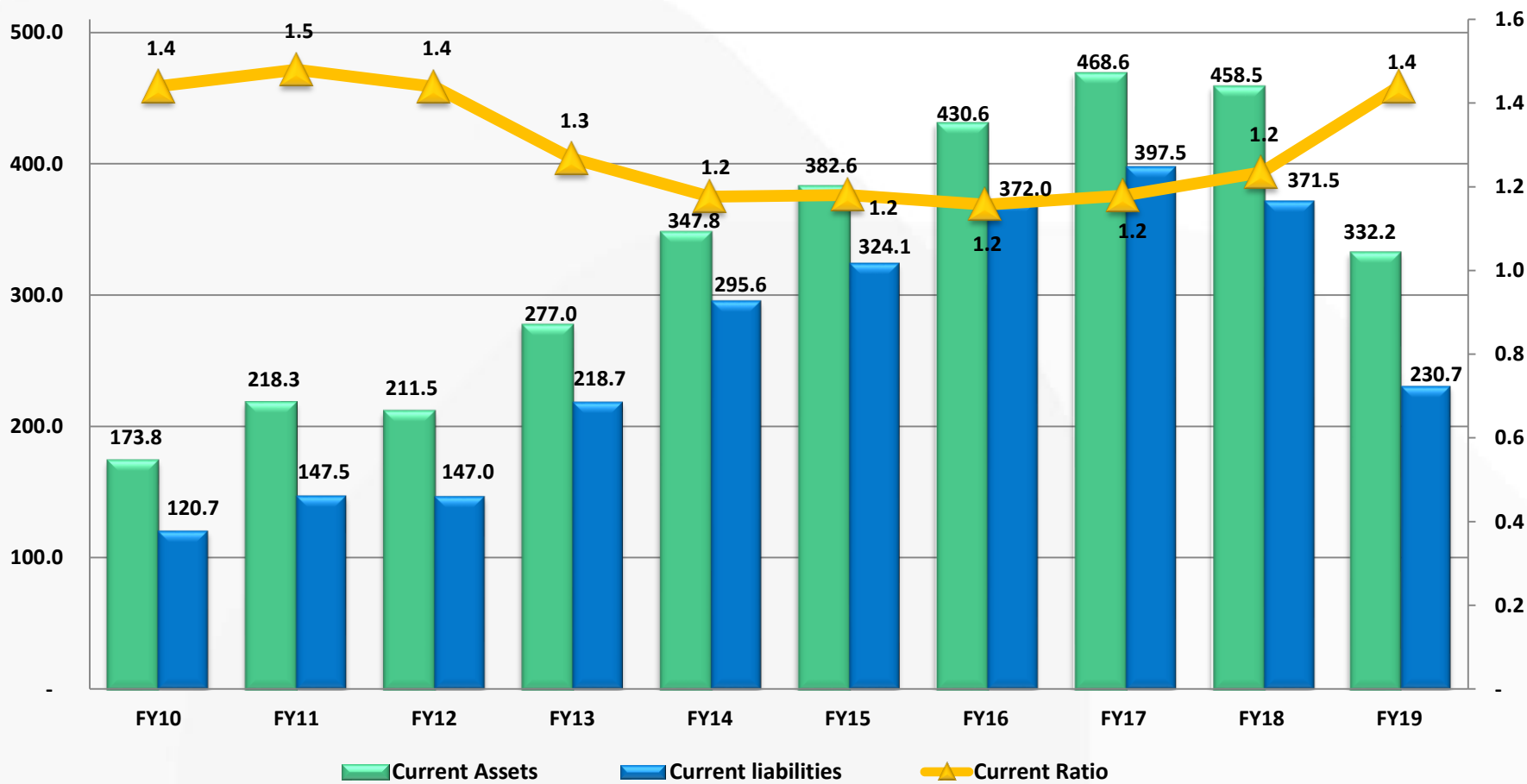
Net Profit & Net Profit Margin
(US\$' million)



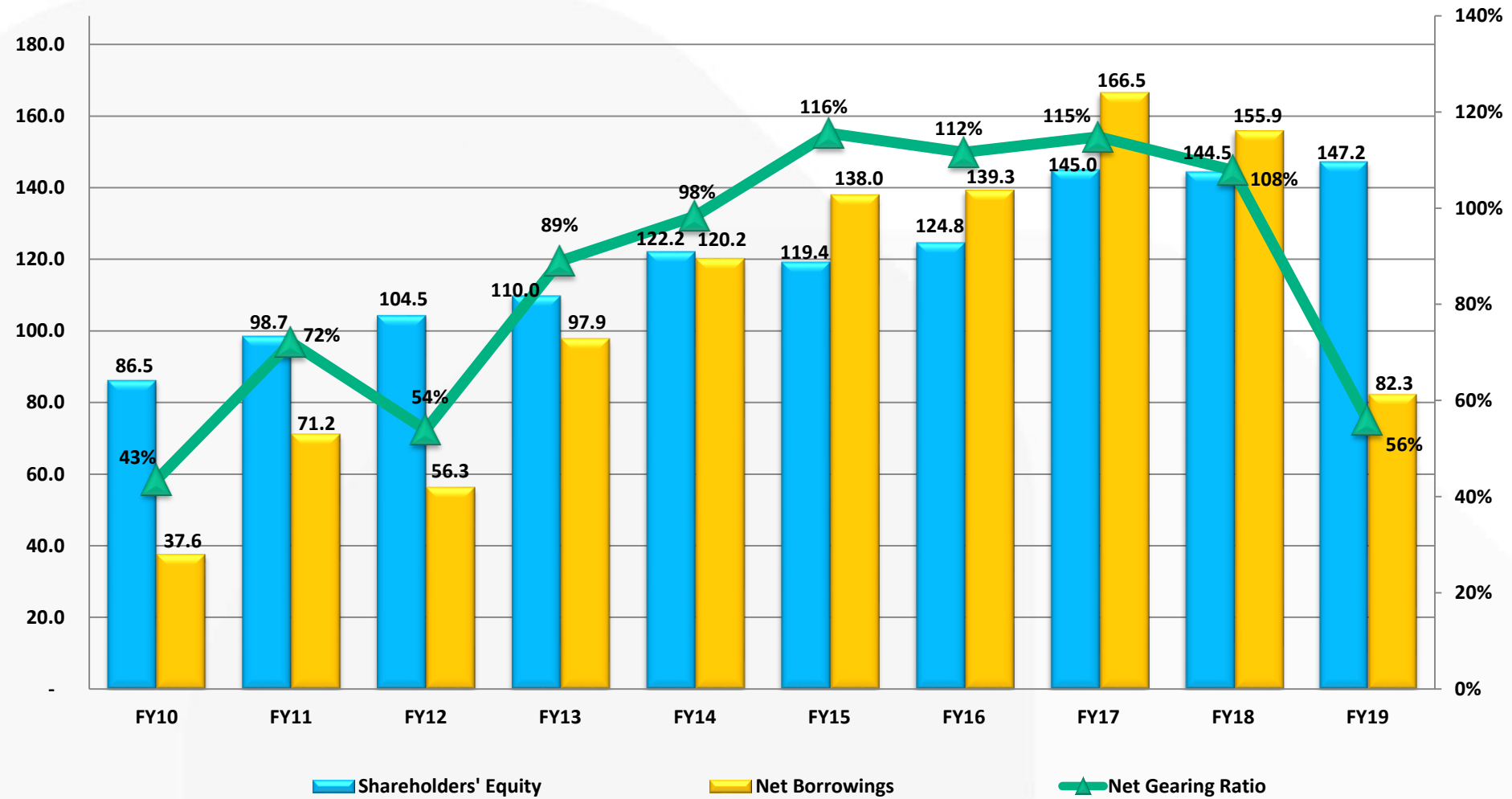
EBITDA (US\$' million)



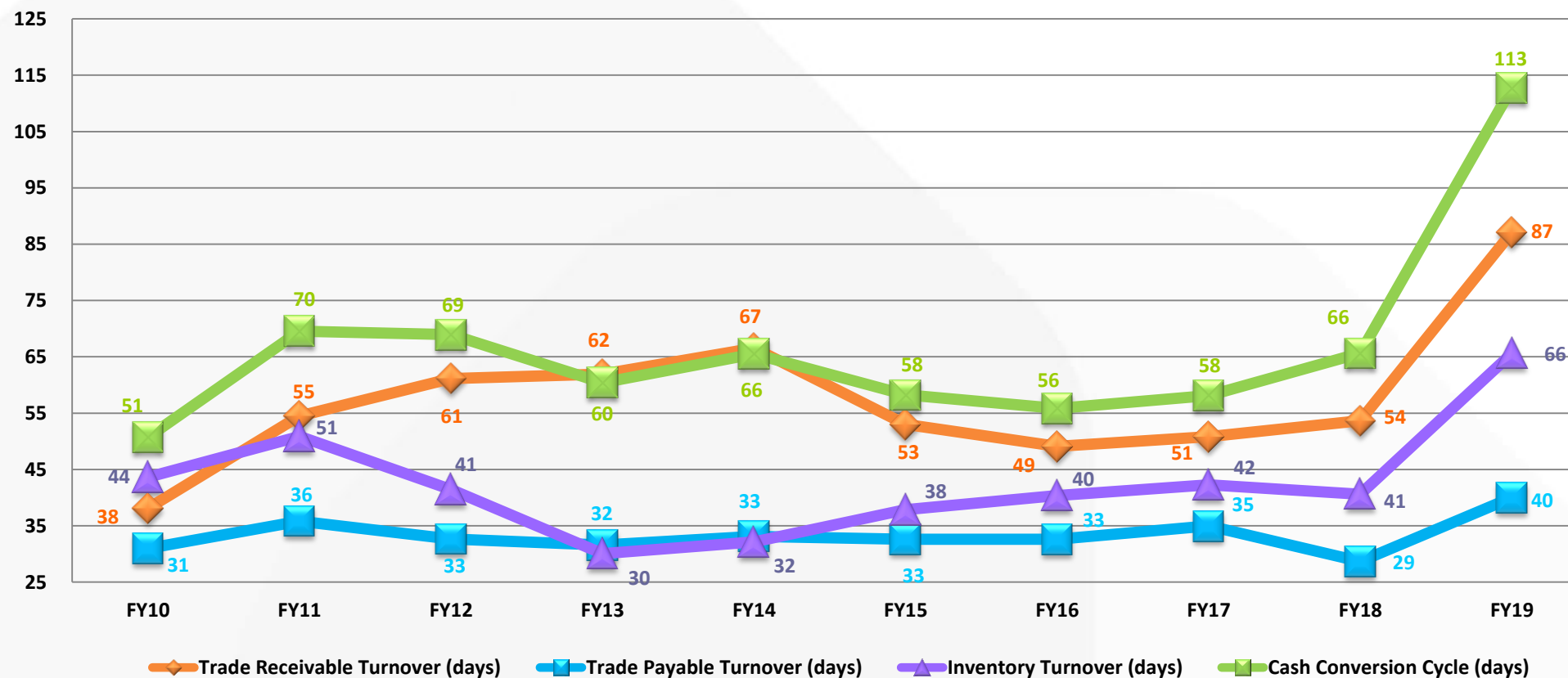
Maintaining Healthy Current Ratio



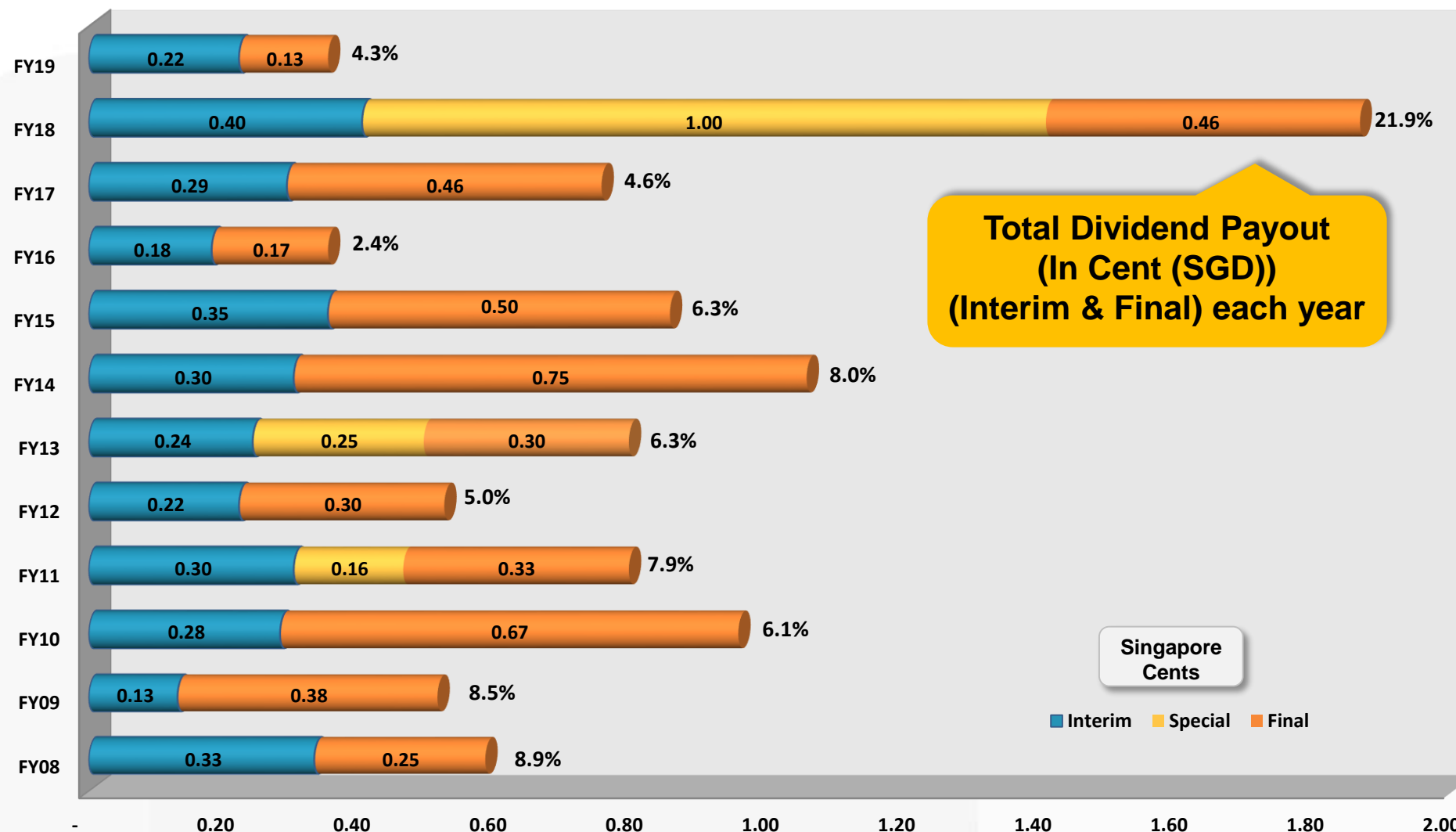
Net Gearing Ratio



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

Uncertainties

- ? Greater uncertainty in the global market due to ongoing U.S.-China trade tensions, as well as the COVID-19 outbreak
- ? Global economic slowdown and keen market competition

Bright spots

- ✓ New applications in IoT, AI, mobility services and autonomous vehicles
- ✓ Greater deployment of 5G technology



- Offices of the Group's China subsidiaries based in Beijing and Shenzhen and Shanghai have obtained government approvals to resume work as of 17 February 2020 and 24 February 2020
- Exploring new partnership opportunities with suppliers and revenue streams for the Group's electronic components distribution business subsequent to TI termination
- Continue to review its operations to boost efficiency and reduce costs, and be vigilant in managing its inventories and trade credit in light of the challenging environment

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Thank You



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