



SERIAL
新曄集團

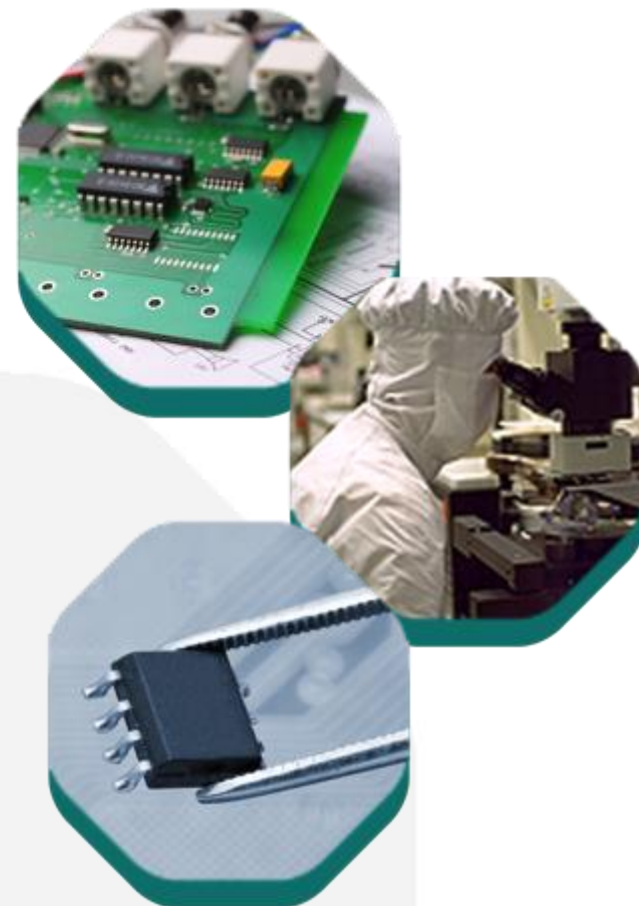
3Q2014 Results Presentation

04 November 2014

Your Integral Component to Success

Outline

1. 3Q2014 Highlights & Recent Developments
2. Serial System Overview
3. 3Q2014 Results Overview
4. Strategy, Outlook & Investment Merits



3Q2014 Highlights & Recent Developments



3Q2014 Key Highlights

- NPAT growth outpaced revenue growth:
 - 3Q2014 NPAT soared 50% to US\$4.3M on 32% revenue growth to US\$293.1M;
 - YTD3Q2014 NPAT rose 40% to US\$11.4M on 28% revenue growth to US\$768.4M
 - On track to achieve US\$1B revenue target by FY2014
- 3Q2014 net margin improves to 1.5% from 1.3% in 3Q2013
- Expenses as percentage of sales declined to 6.8% in 3Q2014 from 7.6% in 3Q2013 – resulting from greater internal efficiencies driven by internally-developed analytics platform



3Q2014 Key Highlights



- 3Q2014 turnover in North Asia (Greater China, South Korea, Taiwan and Japan) grew 37% and accounted for 85% of the Group's turnover
 - Led by 55% growth in Greater China turnover driven by strong demand in smartphone, consumer electronics, household and automotive appliances sectors
 - Sales in SE Asia and India improved 10% due to increased contribution from new product lines
- 20%-owned Australian industrial laundry associates contributed US\$0.2M as the Group's share of profits in 3Q2014 – expected to increase in the future as management explores opportunities for expansion within Australia

3Q2014 RESULTS SNAPSHOT

US\$'000	3Q2014	3Q2013	Change (%)	YTD'14 30/09/14	YTD'13 30/09/13	Change (%)
Sales	293,107	222,657	32	768,391	600,265	28
Gross Profit	24,711	19,645	26	66,338	54,247	22
Gross Profit Margin (%)	8.4	8.8	(0.4) pt	8.6	9.0	(0.4) pt
Net Profit After Tax (Attributable to shareholders)	4,318	2,870	50	11,439	8,150	40
Net Profit Margin (%)	1.5	1.3	0.2 pt	1.5	1.4	0.1 pt
EPS on fully diluted basis (US cents) ⁽¹⁾	0.49	0.32	53	1.28	0.91	40.7
NAV per share (US cents) ⁽²⁾	30/9/2014: 13.22			31/12/2013: 12.27		

- 1 Earnings per ordinary share on a fully diluted basis are computed based on the weighted average number of shares during the period of 895,841,914 shares (3Q2013/ YTD 30/09/2013: 895,749,177) after adjusting assumed conversion of all potential dilutive ordinary shares
- 2 Net asset value per share are computed based on existing issued share capital as at the end of the financial period ended 30 September 2014 and the immediately preceding financial year ended 31 December 2013

RECENT CORPORATE MOVES

ACHIEVA

- Completed acquisition of 49%-stake in Achieva Technology Pte Ltd for ~S\$5.1M (*Announced: 30 Sept 2014*)
 - Paid in cash; 50% paid on completion date, balance to be paid one month after
- Distribution of components including Intel (*semi-conductors*) and Western Digital (*hard disks*) products
- Clear synergies with Serial System's electronic components distribution business
- Expand Serial System's product offerings and customer base; encourage top line growth by leveraging on the Group's existing extensive distribution network



Global Strategic Holdings

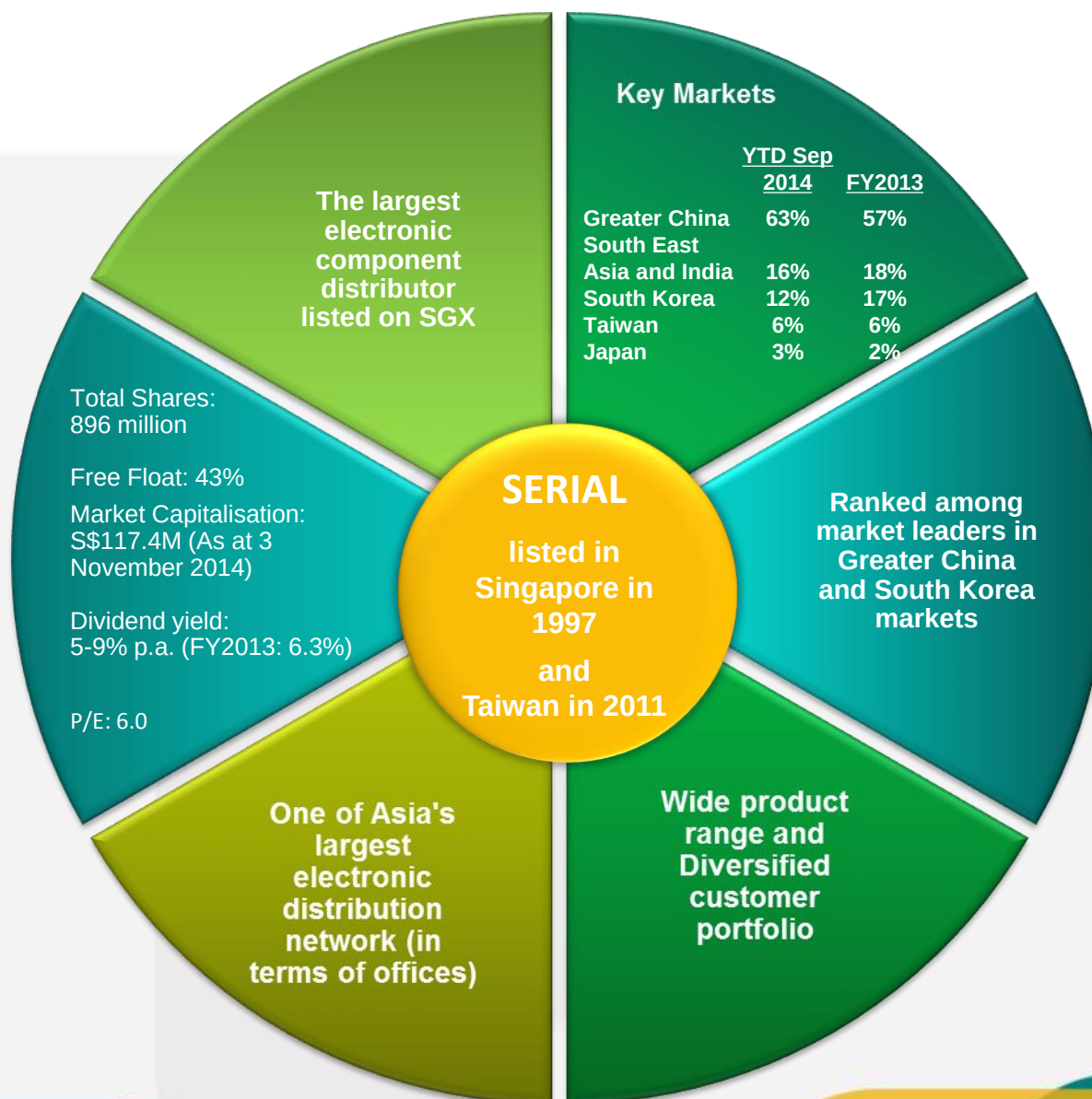
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- Proposed acquisition of GSH's entire distribution and trading entity
- Distribution of lifestyle and consumer electronics via extensive network in Central Asia, Middle East, Vietnam, Cambodia and Bangladesh
- Avenue for Serial System to expand distribution network and product offerings

Serial System Overview



SERIAL SYSTEM AT A GLANCE

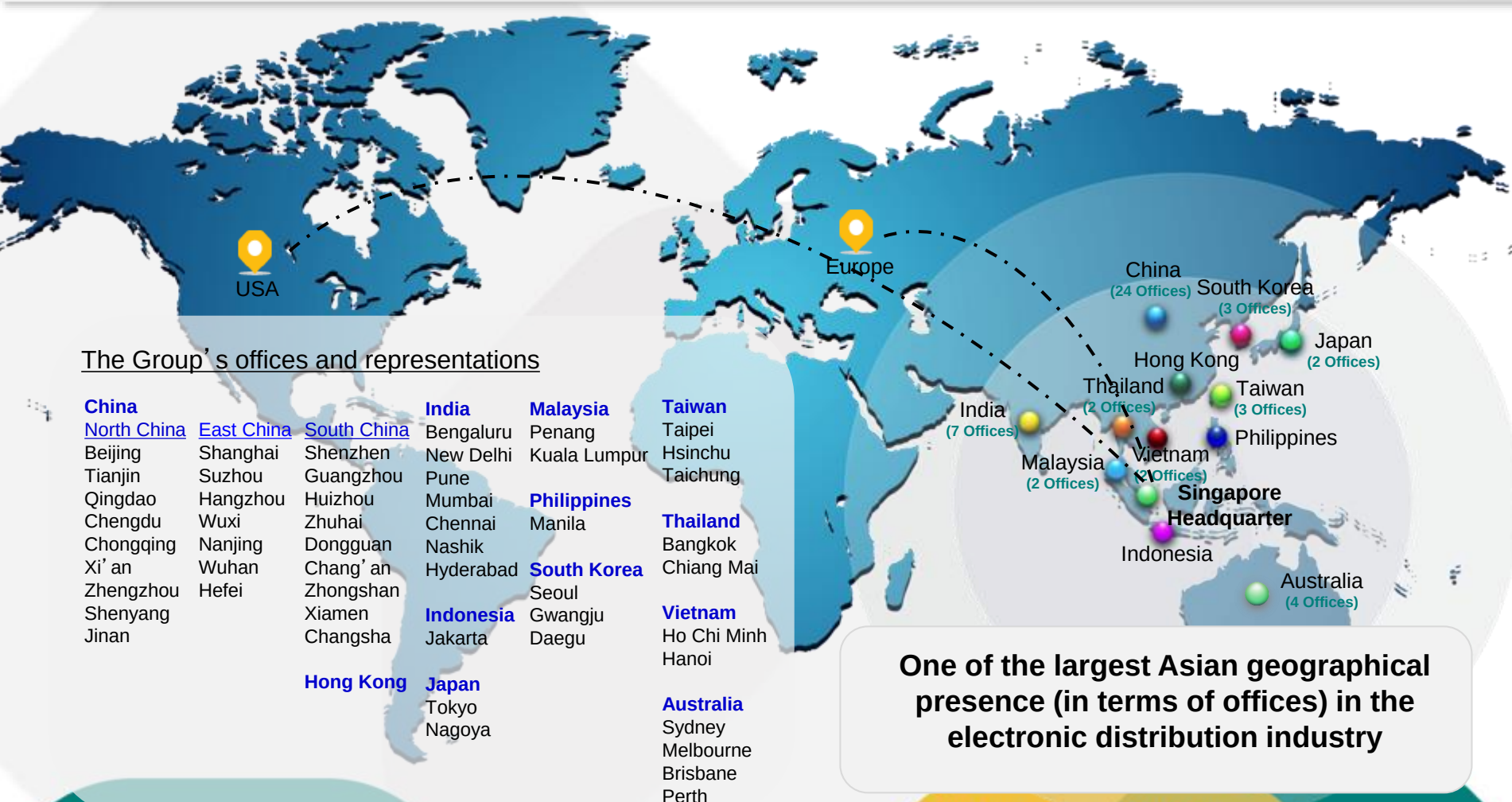


ELECTRONIC COMPONENTS DISTRIBUTION

Our Growth Drivers - Strong Asian Presence



Extensive Distribution Network
53 Sales Offices, 9 Warehouses & > 900 employees in Asia Pacific



One of the largest Asian geographical presence (in terms of offices) in the electronic distribution industry

OTHER BUSINESSES

South Pacific Laundry (20%-stake)



- Australia-based progressive industrial laundry servicing hotels, resorts, hospitals, care centres, and restaurants in Melbourne, Sydney, Brisbane and country areas of Victoria
- Cutting-edge technology and efficient processes allow for linens to be washed, ironed and folded in record time
- High gross and net margins
- Exploring opportunities to expand reach within Australia

Contract Sterilization Services Pte Ltd (100%-stake)



- Assembly and distribution of medical devices in the medical industry
- 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

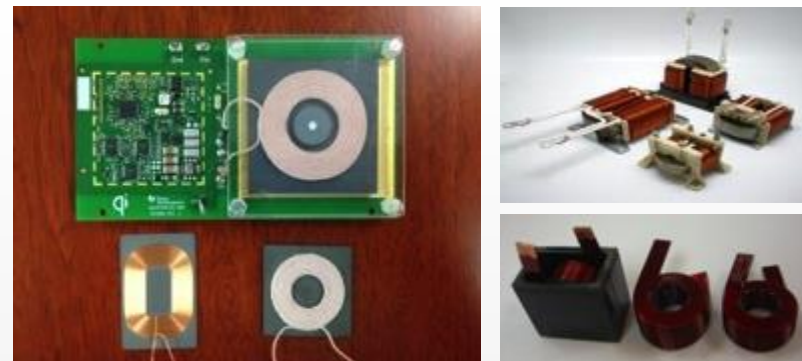
OTHER BUSINESSES

Serial MultiVision Pte. Ltd. (65%-stake)



- 2 core businesses: outdoor advertising media and hospitality solutions
- Outdoor advertising media consists of large format outdoor LED and billboard advertising displays (*Located at Grand Park Orchard @ Knightbridge & North Point Shopping Center*)
- Hospitality solutions consists of Proprietary i-connect® solution that includes Intelligence Room Infotainment Solution (IRIS), Venue360 media content management system and Soft-based Solution (SBS). One of our key SBS product brand is Electronic Meal Ordering System (eMOS), which is the next-generation meal ordering system. (*Key clients include Khoo Teck Puat Hospital, Jurong Hospital, Changi General Hospital, Alexandra Hospital & Parkway Hospital*)

Bull Will Co. Ltd (36.41%-stake)

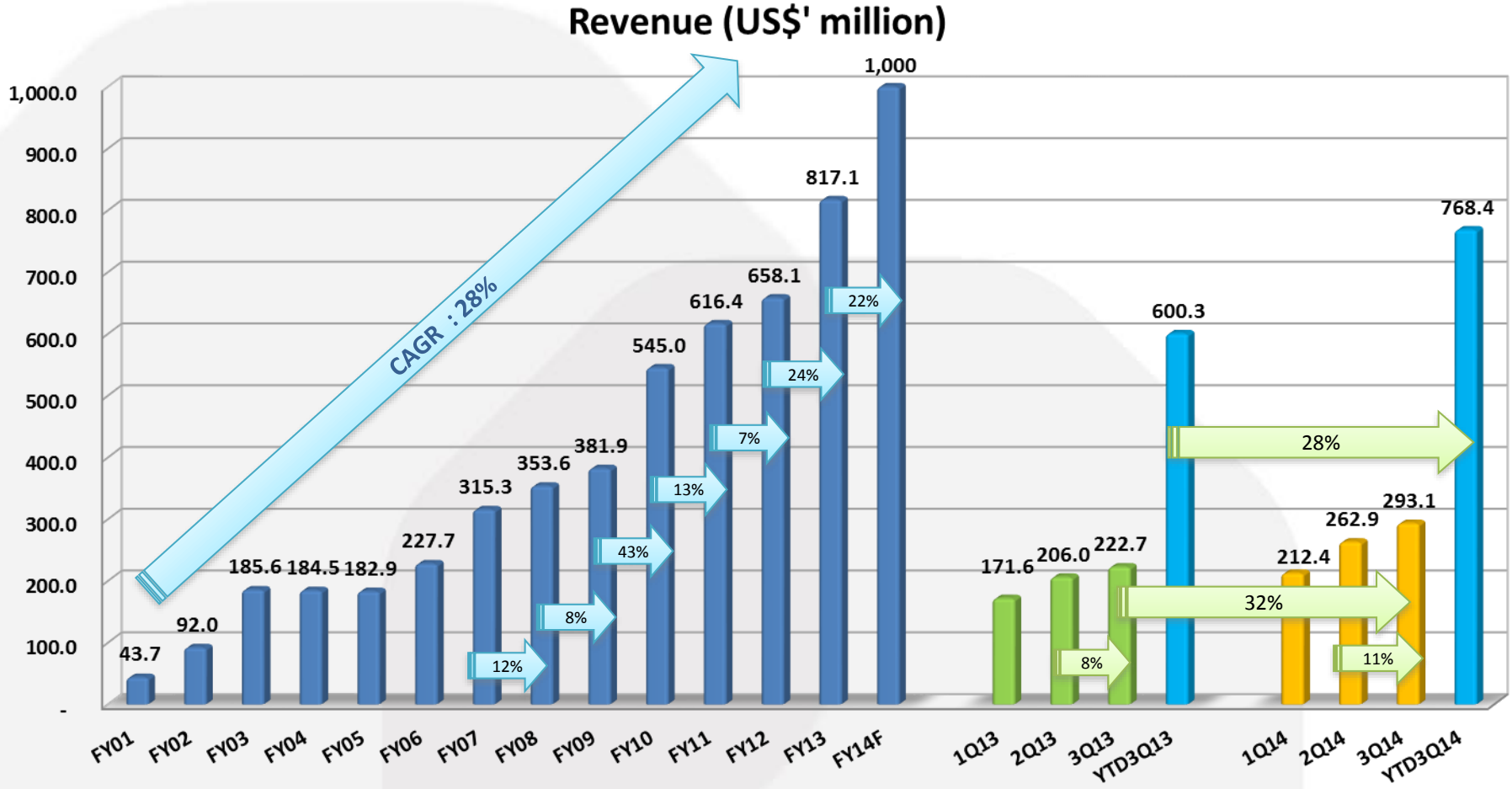


- Headquartered in Taipei, Taiwan, Bull Will has been listed on Taiwan Stock Exchange since 2003
- Designs and manufactures full-range of magnetic components for electronic products (*Inductors for Mobile/Notebook, Automotive Magnetics, PC/Server Magnetics & Transformers for Consumer Electronics*)
- Owns three manufacturing facilities in China

3Q2014 Results Overview



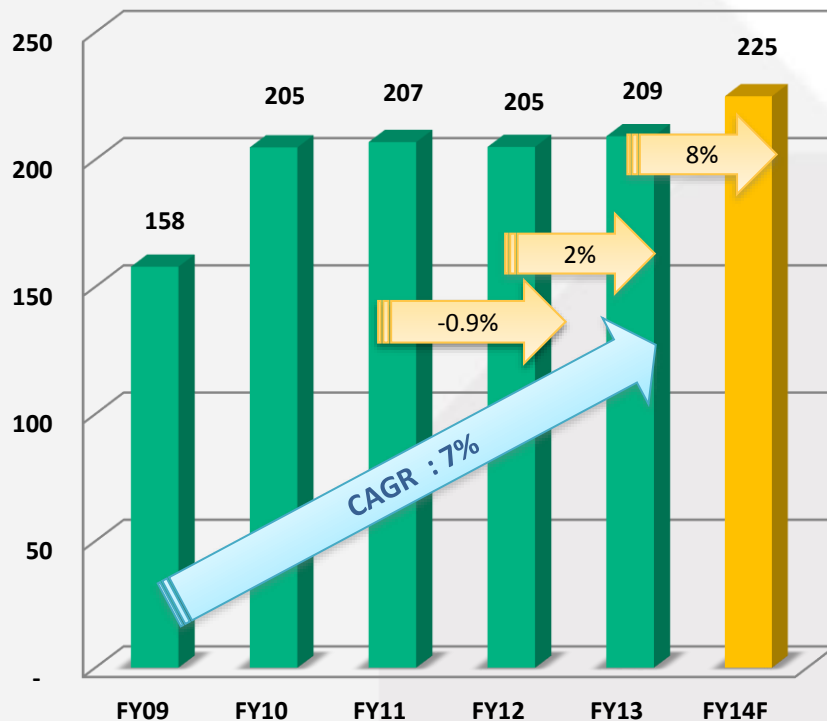
ROBUST AND CONSISTENT REVENUE GROWTH



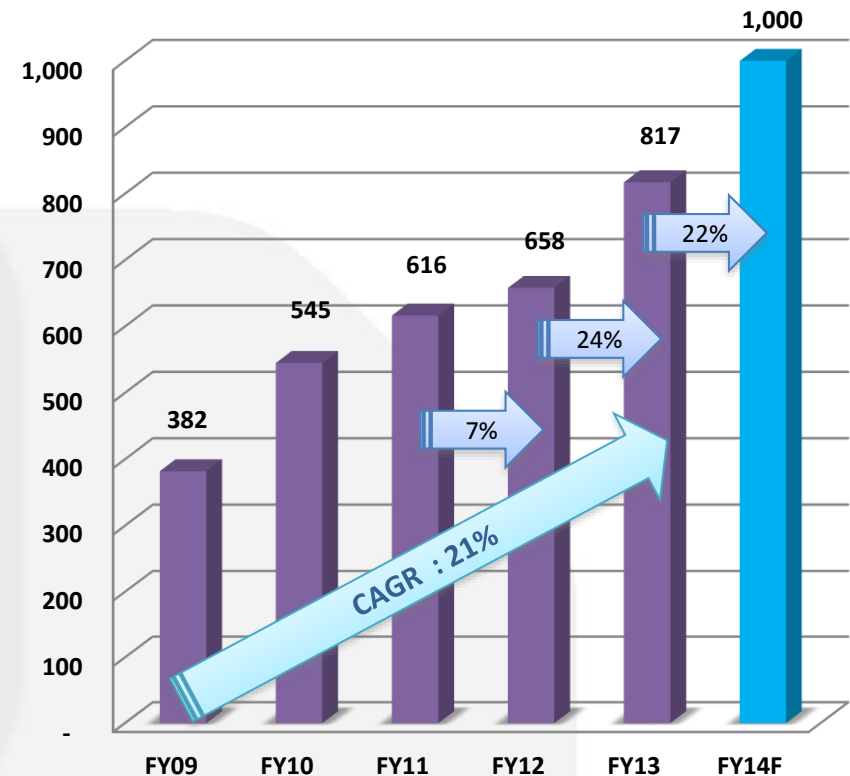
Target : US\$ 1 Billion revenue in FY2014

OUTPERFORMING THE INDUSTRY

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



Serial System Revenue (US\$' million)

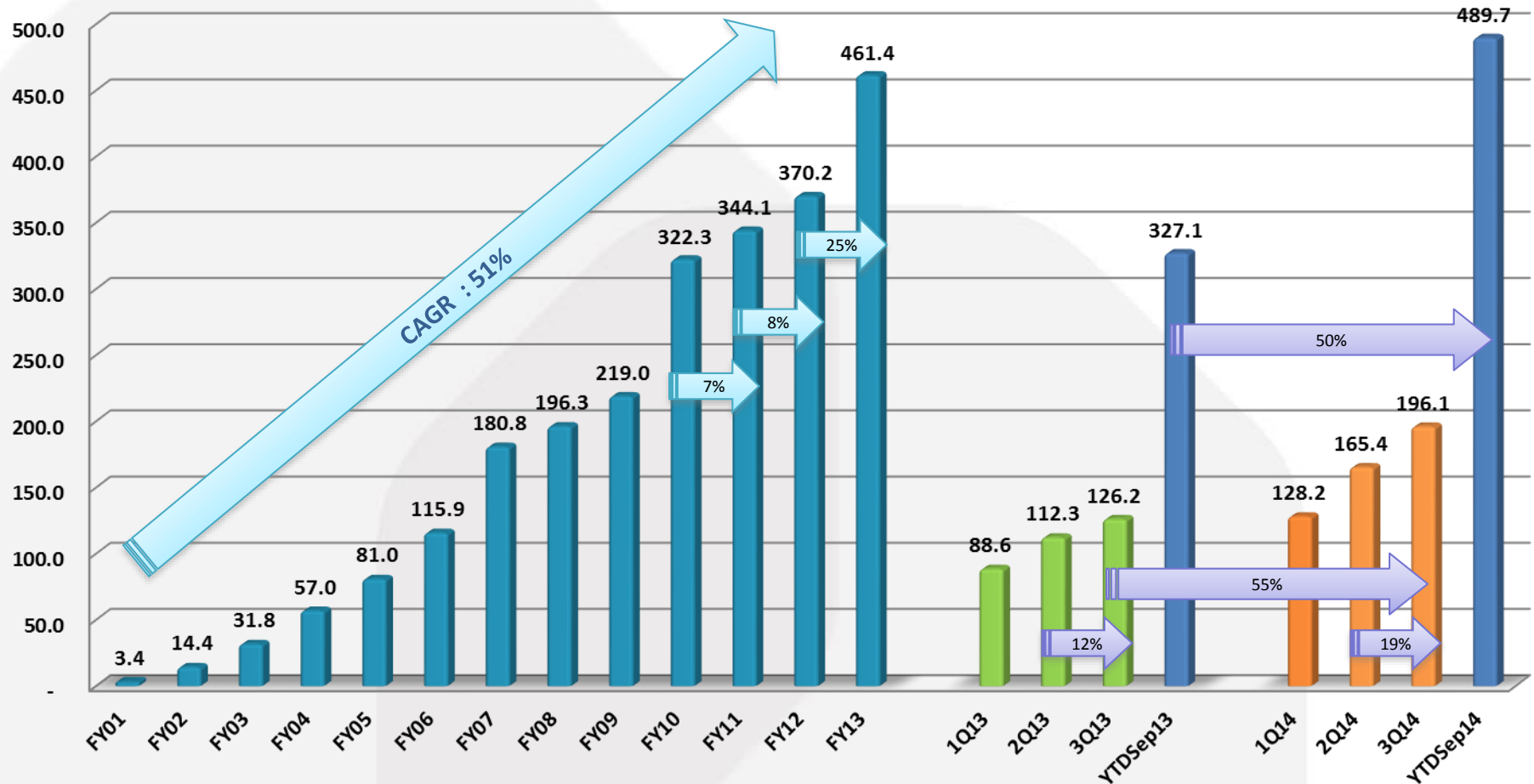


Source : World Semiconductor Trade Statistics/
Semiconductor Industry Association

Serial out-performing the Industry

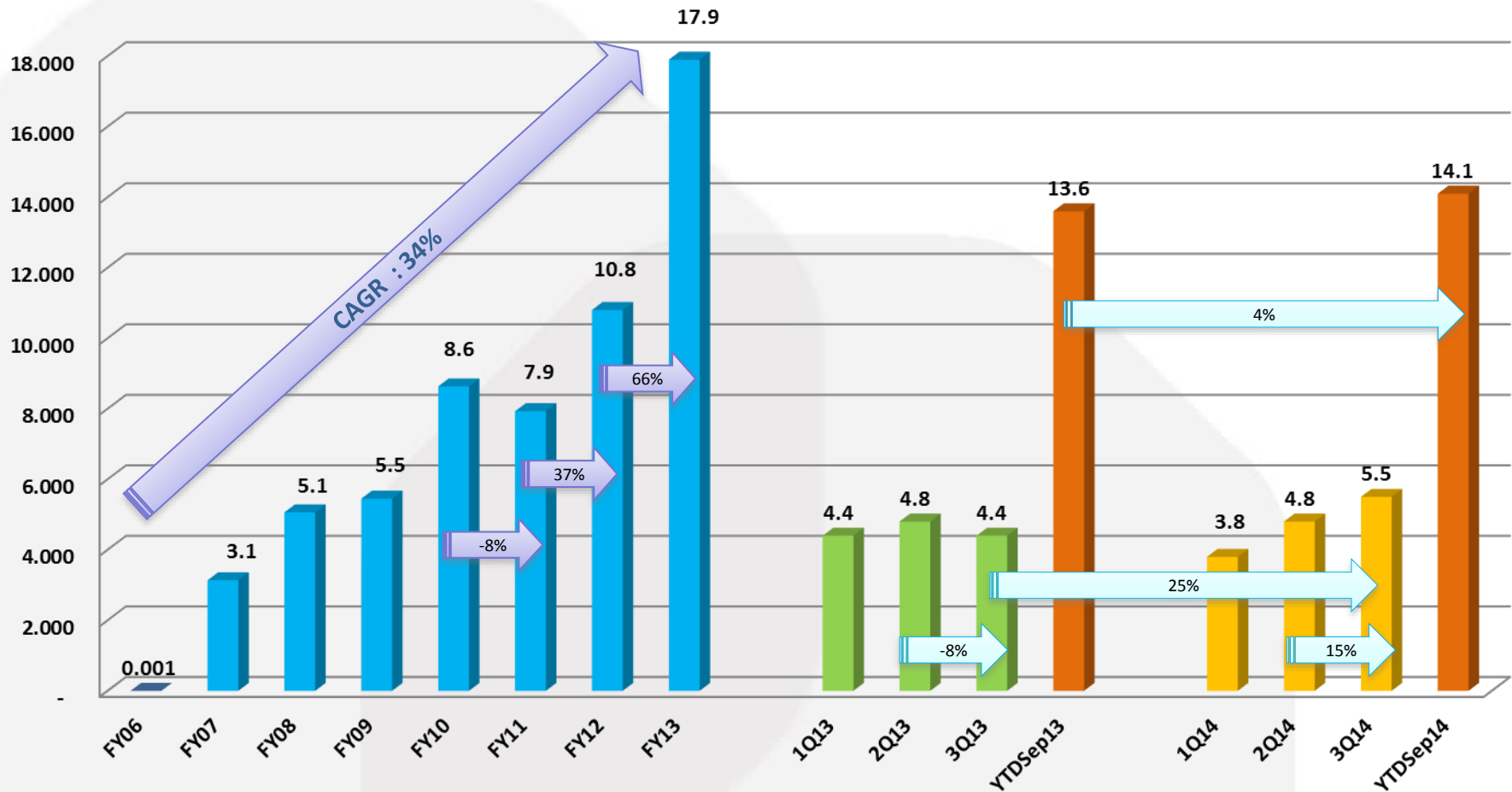
RIGHT GROWTH STRATEGIES

Greater China Revenue (US\$' million)



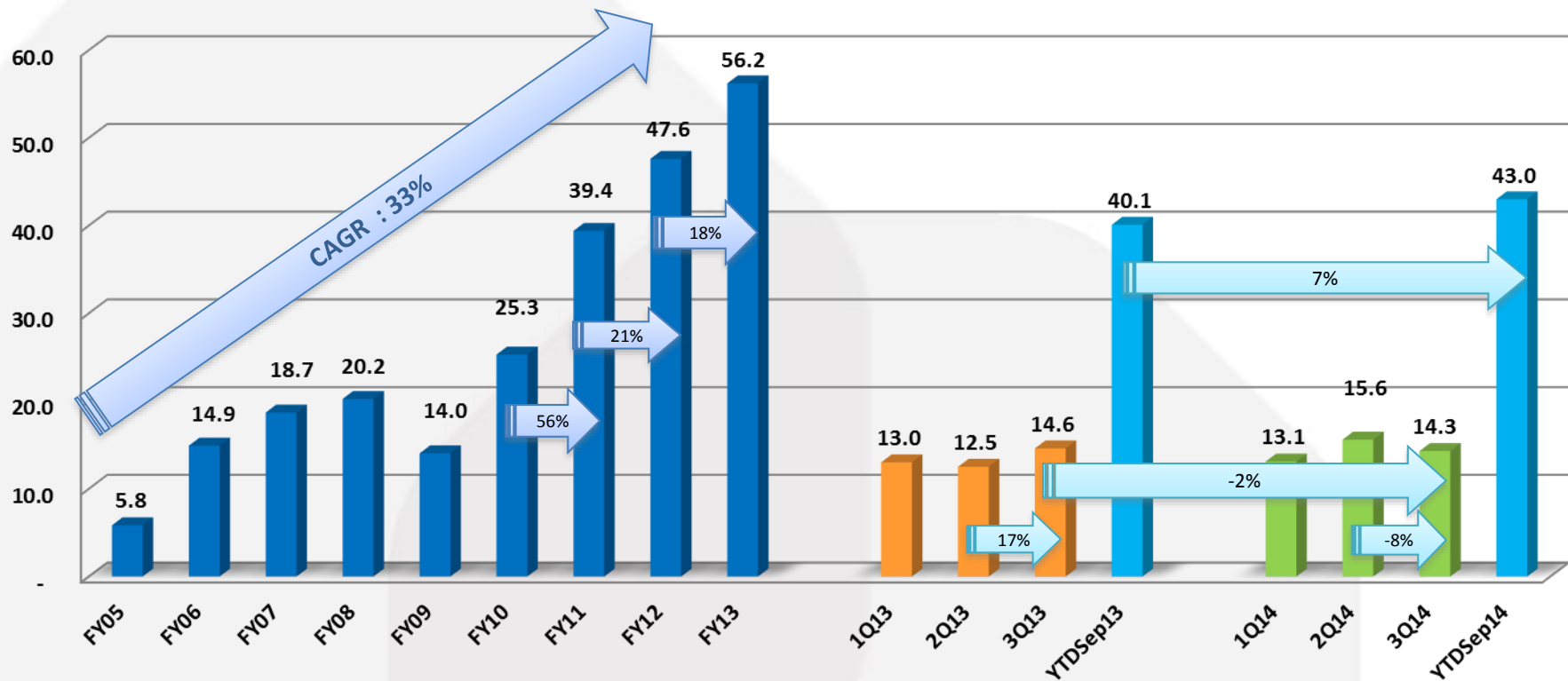
RIGHT GROWTH STRATEGIES

India Revenue US\$' million



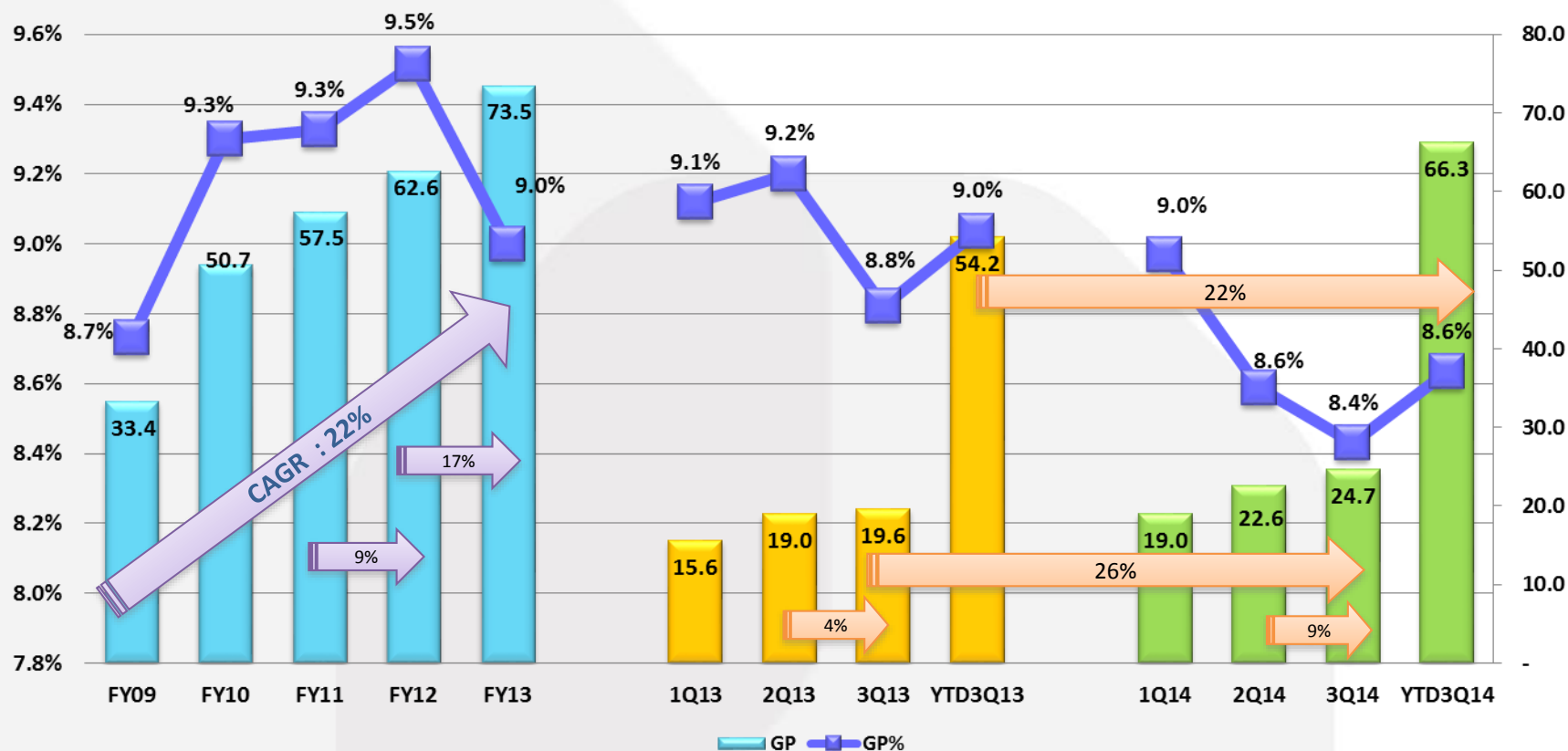
RIGHT GROWTH STRATEGIES

Taiwan Revenue (US\$' million)



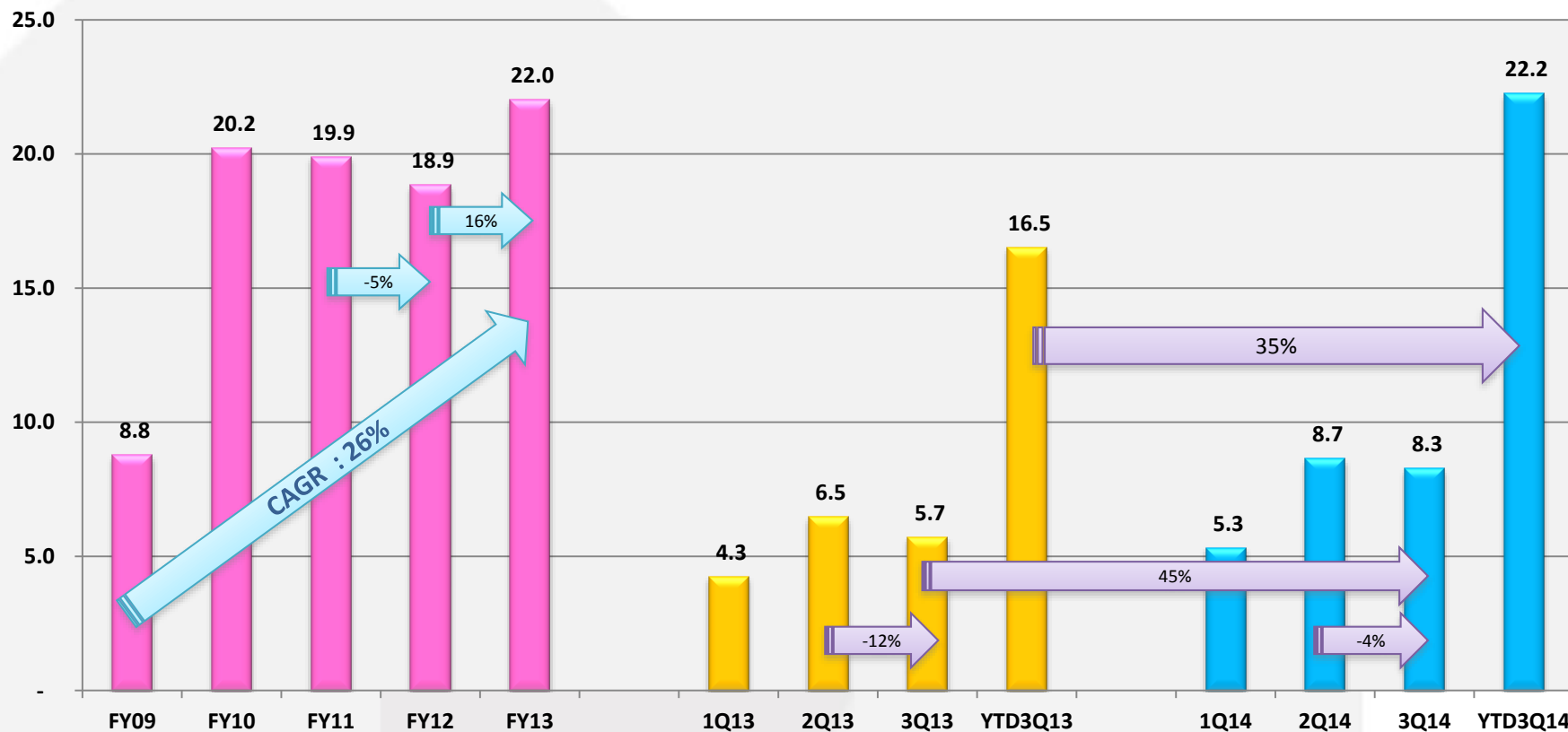
PROFITABILITY POTENTIAL

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



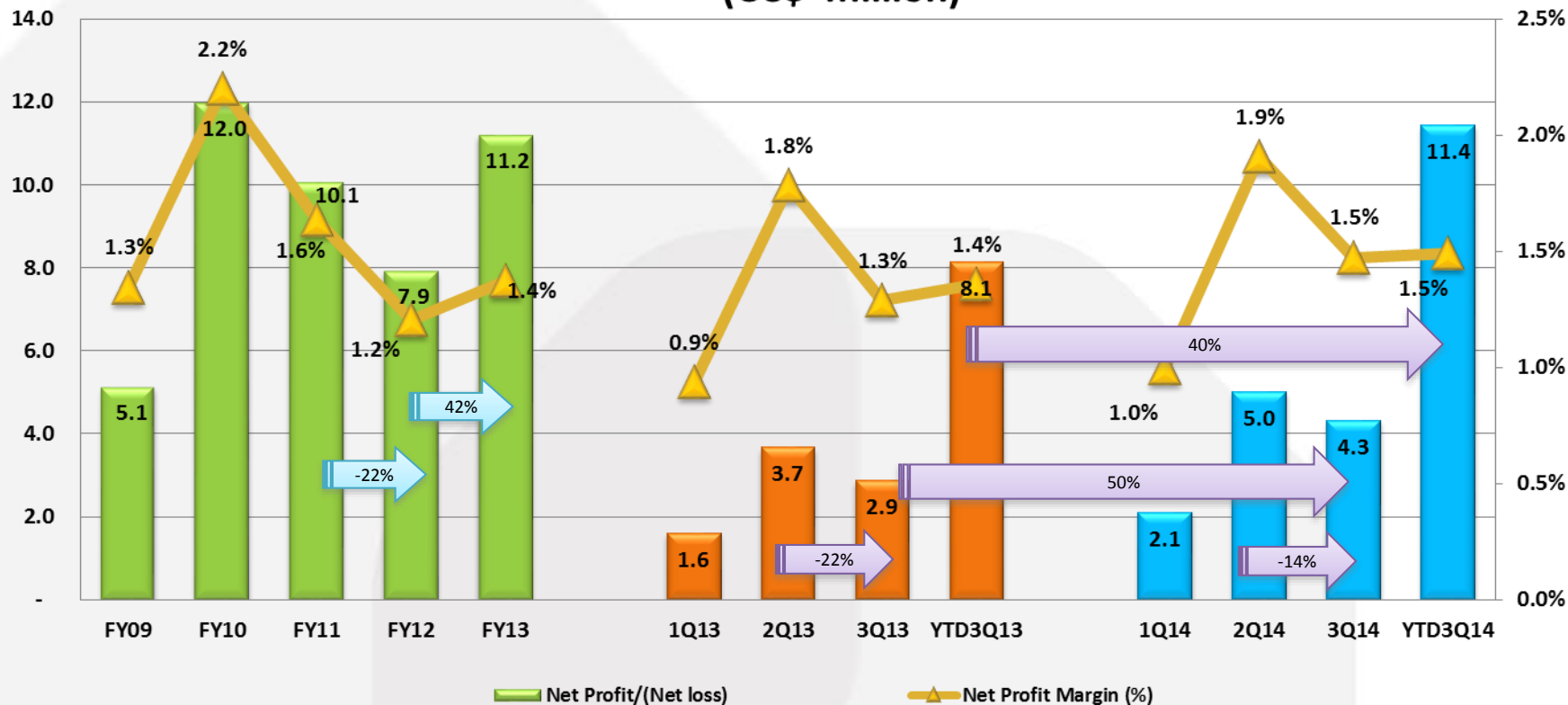
PROFITABILITY POTENTIAL

EBITDA (US\$' million)

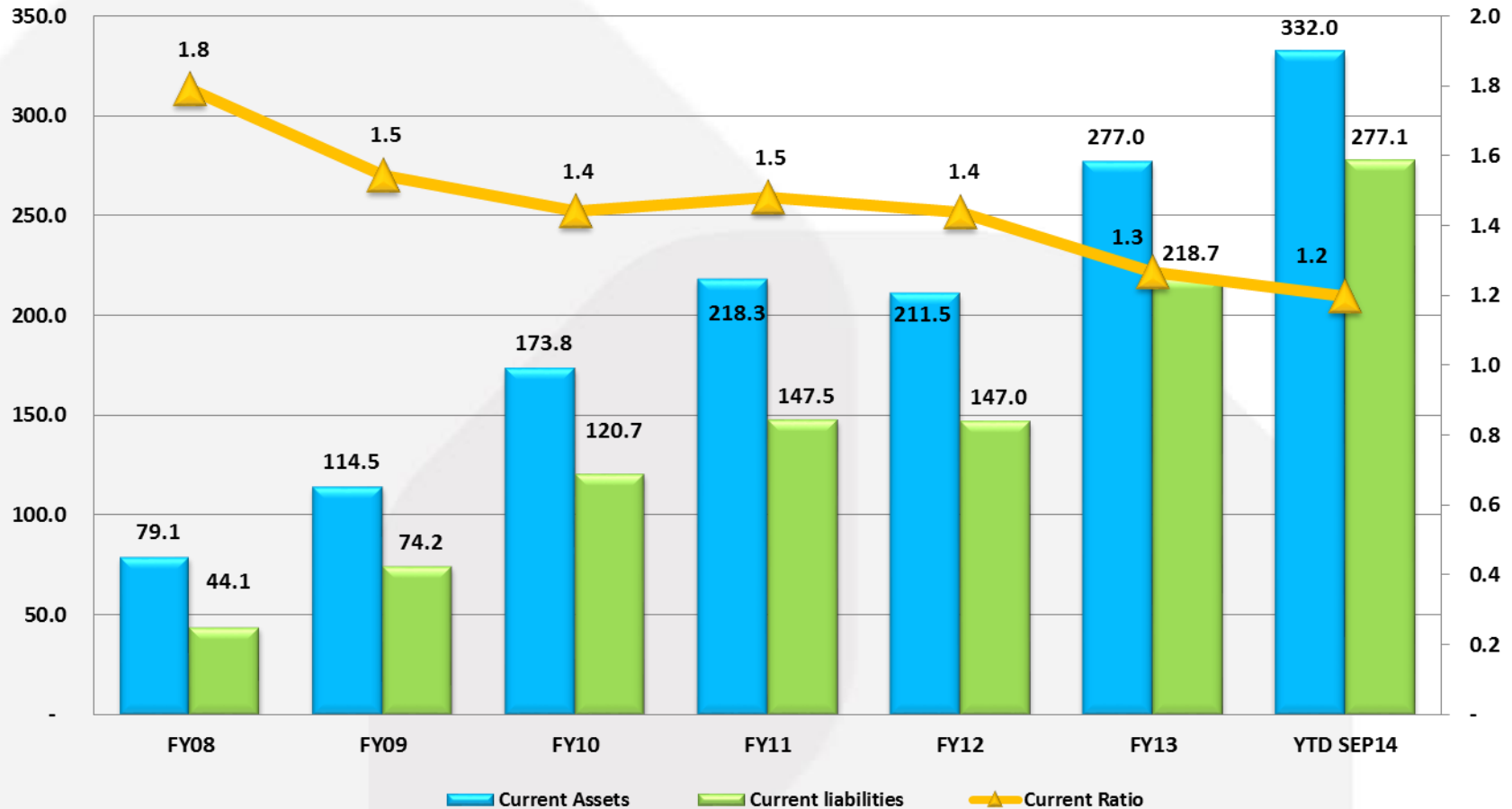


PROFITABILITY POTENTIAL

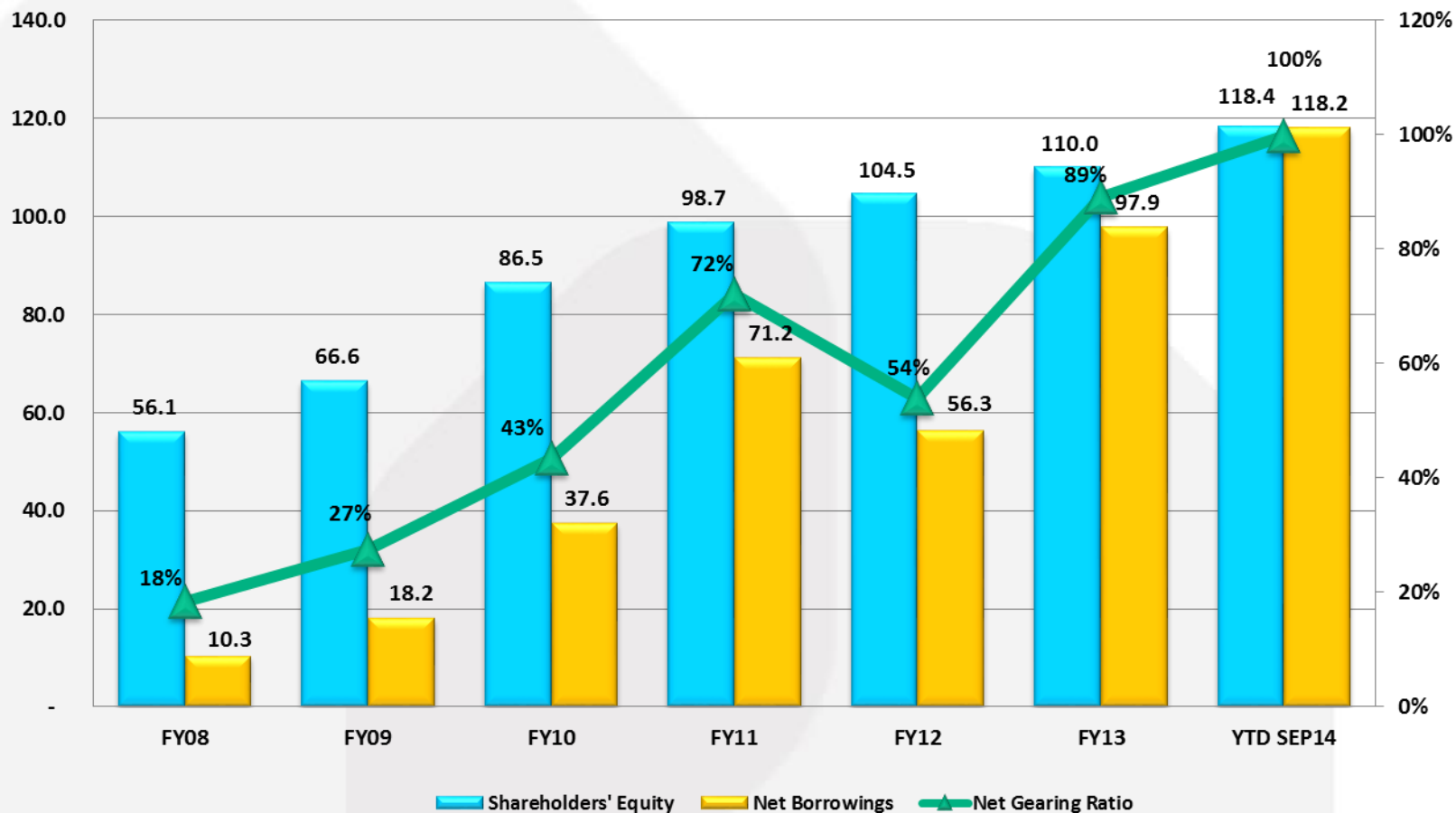
**Net Profit & Net Profit Margin
(US\$' million)**



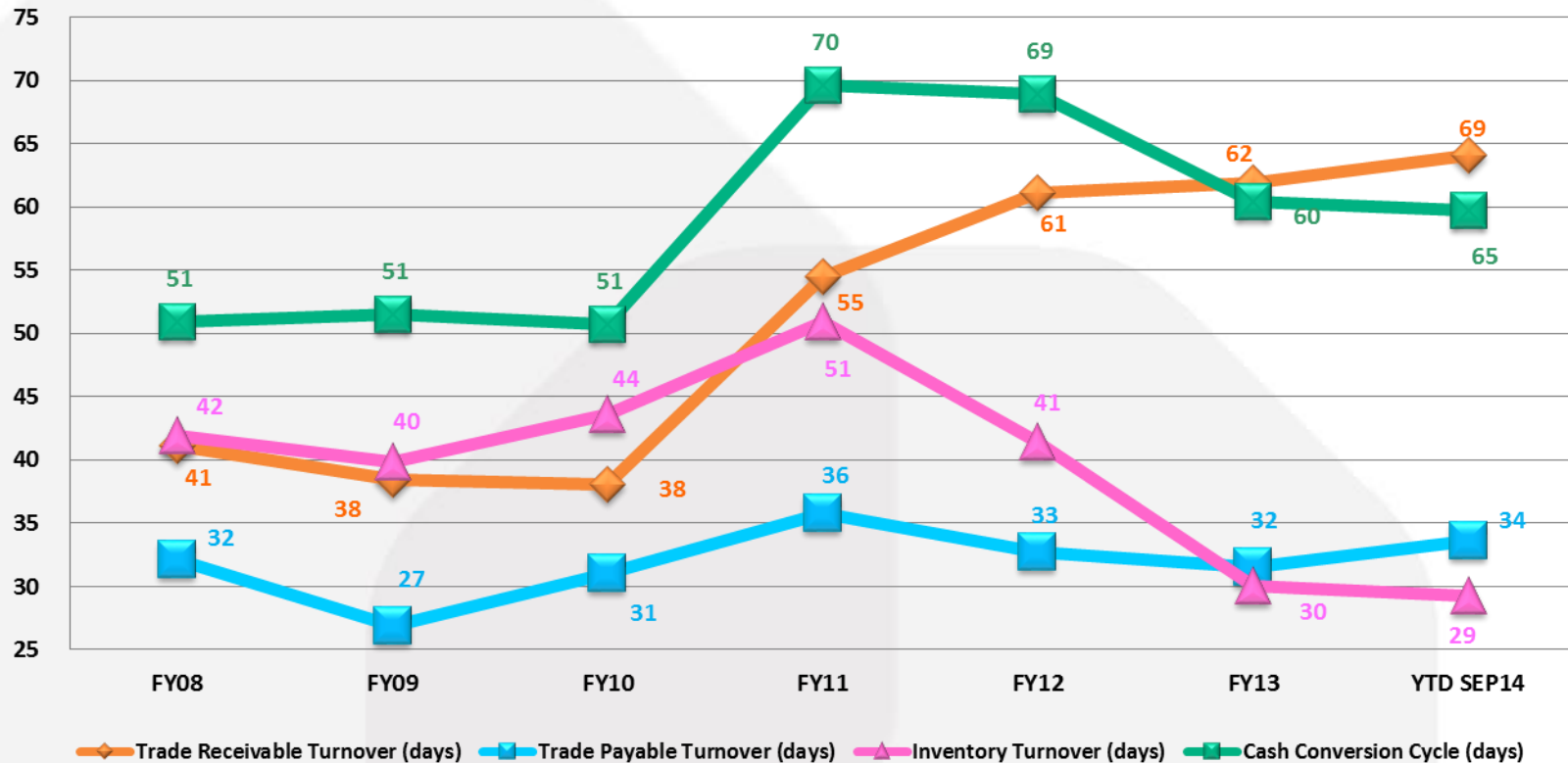
Maintaining Healthy Current Ratio



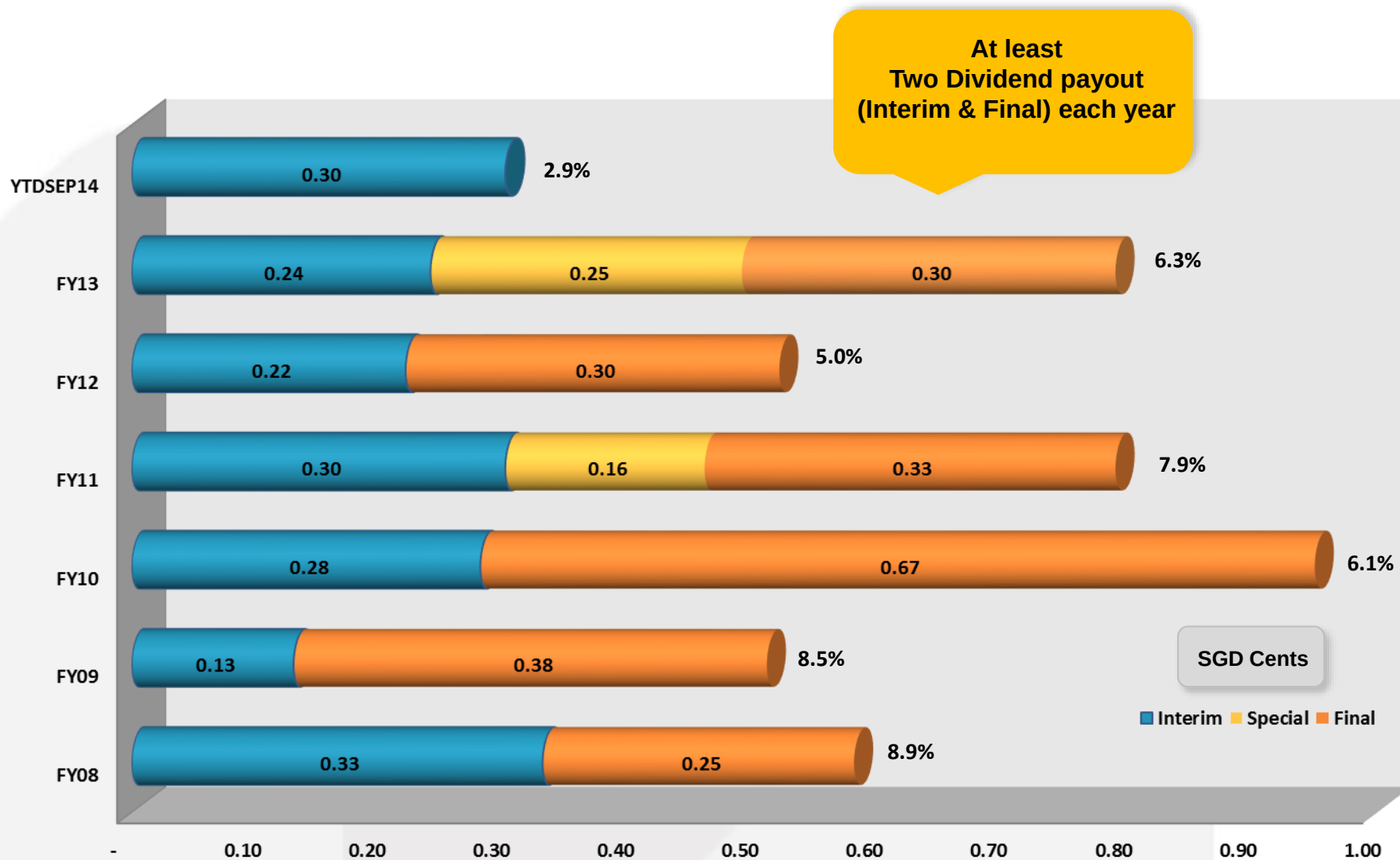
Net Gearing Ratio



Cash Conversion Cycle (days)



ATTRACTIVE DIVIDEND YIELDS



Strategy, Outlook & Investment Merits



Recap – Corporate & Business Update

- Serial System remains committed to three-pronged strategy outlined on 27 Jan 2014
- 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 U.S. and Europe (~40% of semiconductor business) via M&A / JV



On track to achieving FY2014
US\$1B revenue target



Reasonably confident that FY2014
results will exceed that of FY2013

INVESTMENT MERITS

Why Serial

- Consistently strong revenue growth
- High gross profit margin amongst distributors

- Low P/E & P/B amongst distributors
- Attractive dividend yield of ~5-9% p.a.

- Diversification into investment holding of high-margin companies
- Expansion plans to Europe and USA

- Healthy balance sheet
- Good corporate governance

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Thank You

Media and Investor Contact Information:

WeR1 Consultants Pte Ltd

38A Circular Road, Singapore 049394

Tel: (65) 6737 4844 | Fax: (65) 6737 4944

Amelia Lee, Amelia@wer1.net

Benjamin Cher, Benjamin@wer1.net

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