



SERIAL
新擘集團

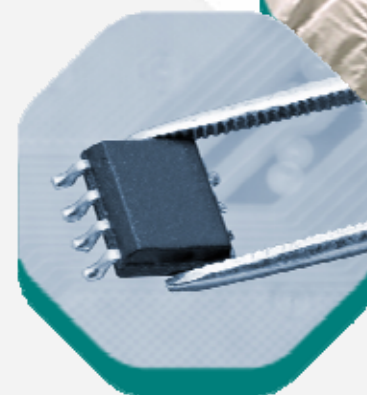
1H2014 Results Presentation

22 August 2014

Your Integral Component to Success

Outline

1. 1H2014 Highlights & Recent Developments
2. Serial System Overview
3. 1H2014 Results Overview
4. Strategy, Outlook & Investment Merits



1H2014 Highlights & Recent Developments



1H2014 Key Highlights

- NPAT growth outpaced revenue growth:
 - 2Q2014 NPAT soared 36% to US\$5.0M on 28% revenue growth to US\$262.9M;
 - 1H2014 NPAT rose 35% to US\$7.1M on 26% revenue growth to US\$475.3M
 - On track to achieve US\$1B revenue target by FY2014
- 2Q2014 net margin rises to 1.9% from 1.8% in 2Q2013; 1H2014 net margin improves to 1.5% from 1.4% in 1H2013
- Expenses as percentage of sales declined to 7.5% in 1H2014 from 8.1% in 1H2013 – resulting from greater internal efficiencies driven by internally developed analytics platform
- Interim dividend proposed – 0.3 Singapore cent per ordinary share (represents 38% of 1H2014 NPAT); 25% higher than 0.24 Singapore cent in 1H2013



1H2014 Key Highlights



- Recognised US\$1.4M gain in 2Q2014 from disposal of entire equity interest in SGX Catalist-listed Jubilee Industries Holdings Limited
- North-Asia turnover improved 30% in 2Q2014:
 - Led by 136% increase in contribution from Japan subsidiary acquired in May 2013 that recognised 6 months revenue in 1H2014
 - 47% rise in Greater China revenue driven by strong demand in the smartphone, household appliance and consumer electronic sectors
 - SE Asia and India improved 16% due to increased contribution from new product lines
- 20%-owned Australian industrial laundry business contributed US\$0.2M as Group's share of profits in 2Q2014 – expected to increase in the future as management explores opportunities for expansion within Australia

1H2014 RESULTS SNAPSHOT



<i>US\$'000</i>	2Q2014	2Q2013	Change (%)	1H2014	1H2013	Change (%)
Sales	262,924	206,035	28	475,284	377,608	26
Gross Profit	22,582	18,958	19	41,627	34,602	20
Gross Profit Margin (%)	8.6	9.2	(0.6) <i>pt</i>	8.8	9.2	(0.4) <i>pt</i>
Net Profit After Tax (Attributable to shareholders)	5,011	3,672	36	7,121	5,280	35
Net Profit Margin (%)	1.9	1.8	0.1 <i>pt</i>	1.5	1.4	0.1 <i>pt</i>
EPS on fully diluted basis (US cents)⁽¹⁾	0.55	0.41	34	0.79	0.59	34
NAV per share (US cents)⁽²⁾	30/6/2014: 12.94			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 (2Q2013/1H2013: 895,702,299) 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 June 2014 and the immediately preceding financial year ended 31 December 2013

RECENT CORPORATE MOVES



ACHIEVA

- Proposed acquisition of 49%-stake in Achieva Technology Pte Ltd for ~S\$5.1M (*Announced: 14 Aug 2014*)
 - Paid in cash; 50% paid on completion date, balance to be paid one month after
- Distribution of components including Intel and Western Digital 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

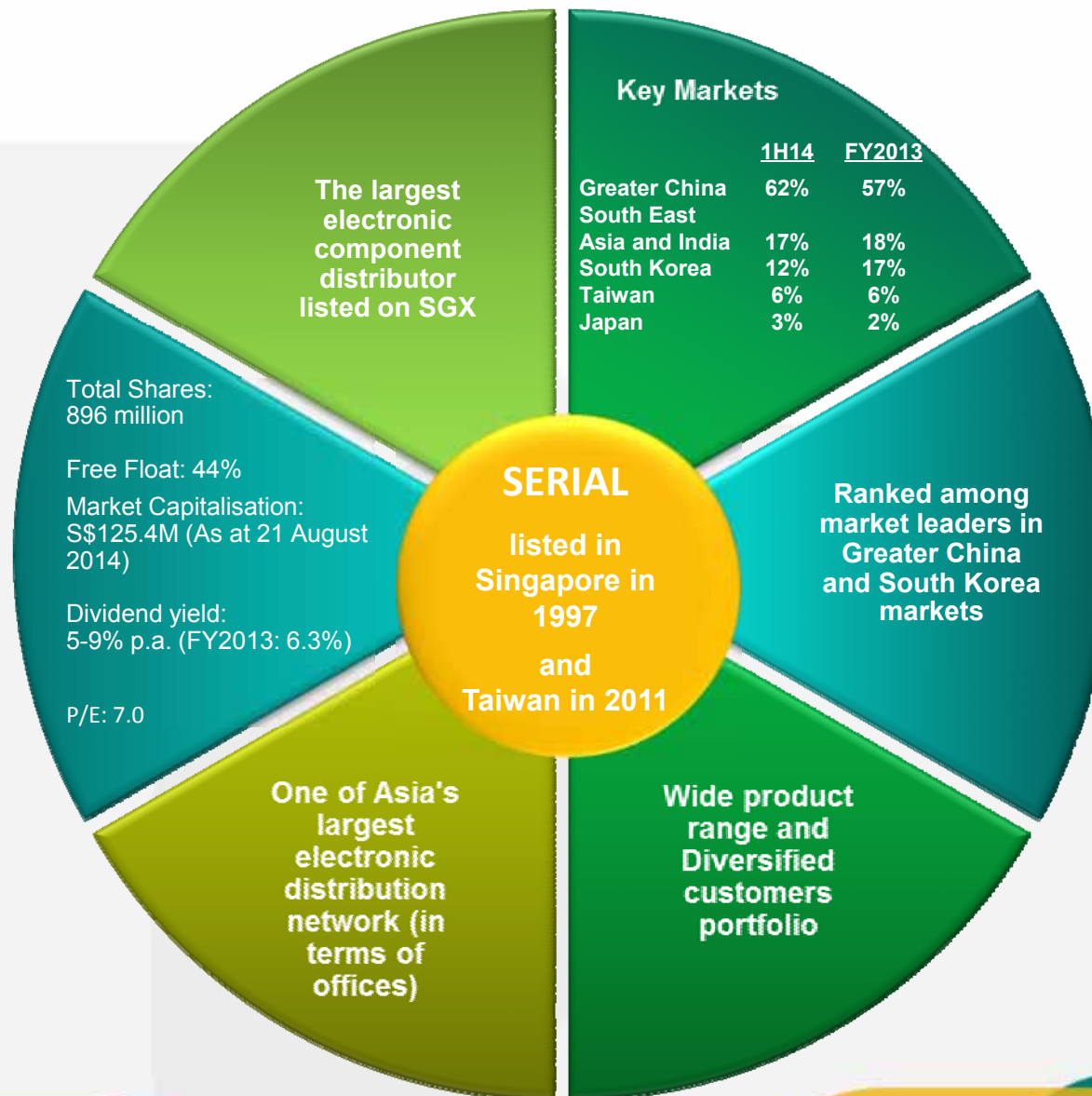
群策環球控股

- Proposed acquisition of GSH's entire distribution and trading entity
- Distribution of lifestyle and consumer electronics via extensive network in Central Asia, 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
50 Sales Offices, 7 Warehouses & > 900 employees in Asia Pacific



The Group's offices and representations

- | | | | |
|--------------------|--------------------|--------------------|---------------|
| China | India | Malaysia | Taiwan |
| <u>North China</u> | Bengaluru | Penang | Taipei |
| Beijing | New Delhi | Kuala Lumpur | Hsinchu |
| Tianjin | Pune | | Taichung |
| Qingdao | Mumbai | Philippines | |
| Chengdu | Chennai | Manila | |
| Chongqing | Nashik | Thailand | |
| Xi'an | Hyderabad | Bangkok | |
| Zhengzhou | Seoul | Chiang Mai | |
| Shenyang | South Korea | | |
| Jinan | Gwangju | Vietnam | |
| | Jakarta | Ho Chi Minh | |
| | Changsha | Hanoi | |
| | Hong Kong | | |
| | Tokyo | | |
| | Nagoya | | |

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 and country areas of Victoria
- Cutting-edge technology and efficient processes allow for linens to be washed, ironed and folded in record time
- Healthy 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*
- Healthy 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*)

Bull Will Co. Ltd (42.23%-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

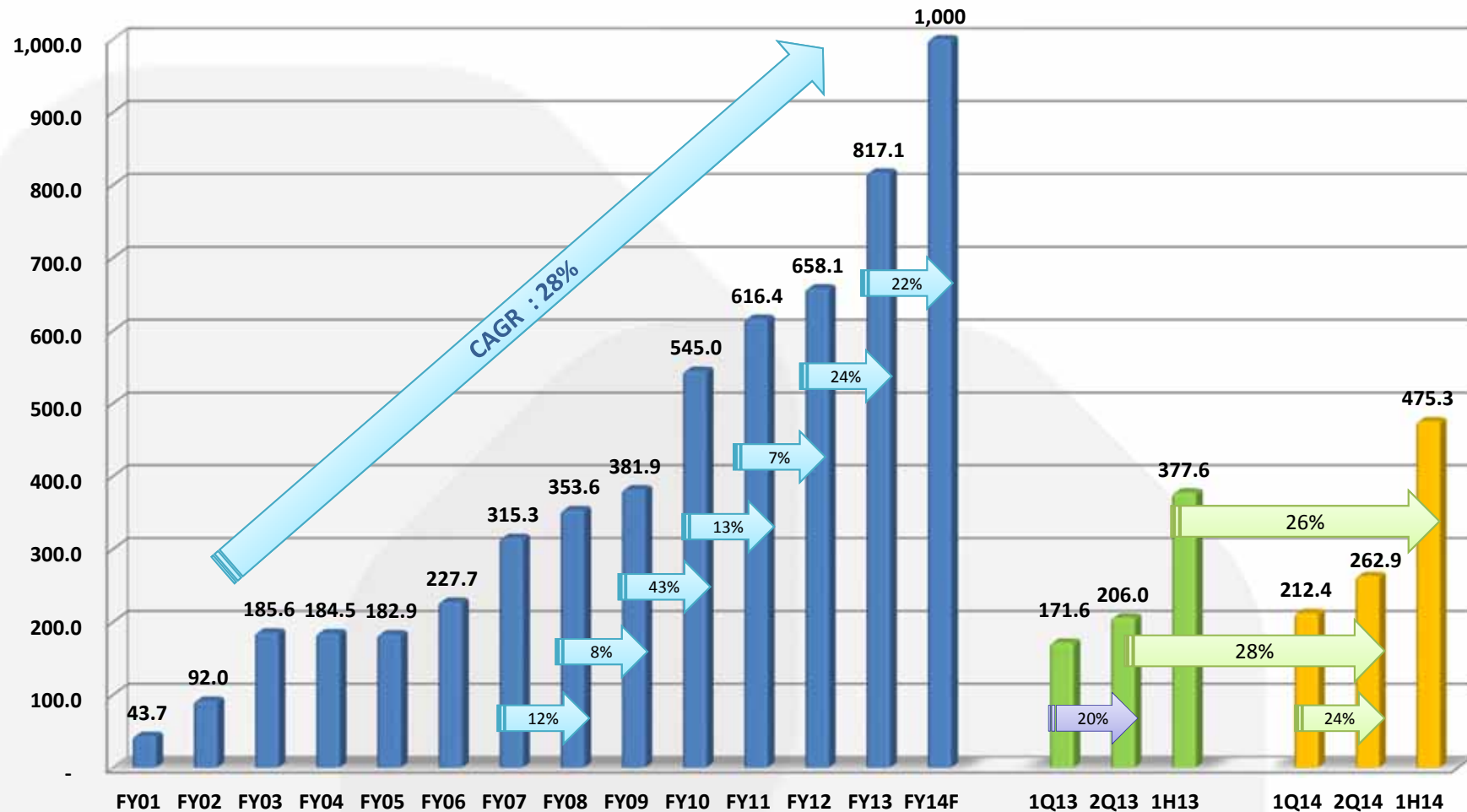
1H2014 Results Overview



ROBUST AND CONSISTENT REVENUE GROWTH



Revenue (US\$' million)

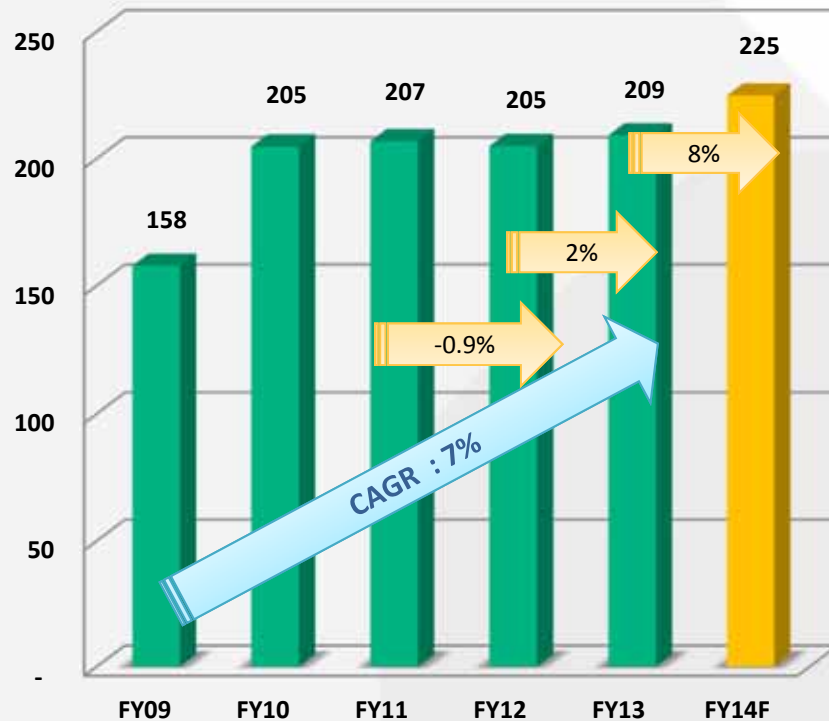


Target : US\$ 1 Billion revenue in FY2014

OUTPERFORMING THE INDUSTRY

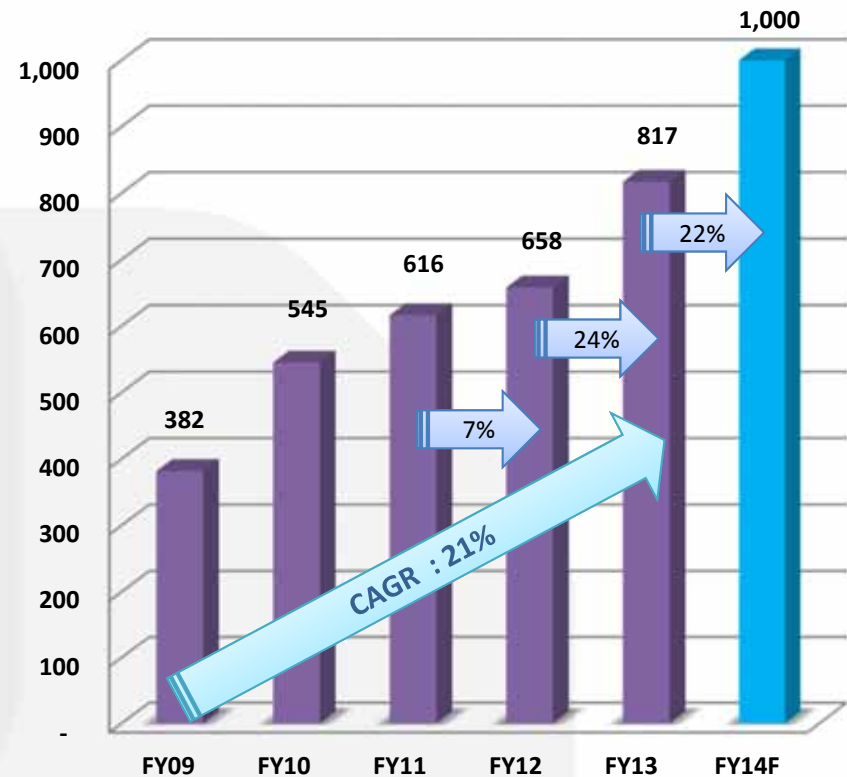


Asia Pacific (includes Japan)
Semiconductor Revenue (US\$' billion)



Source : World Semiconductor Trade Statistics/
Semiconductor Industry Association

Serial System Revenue (US\$' million)

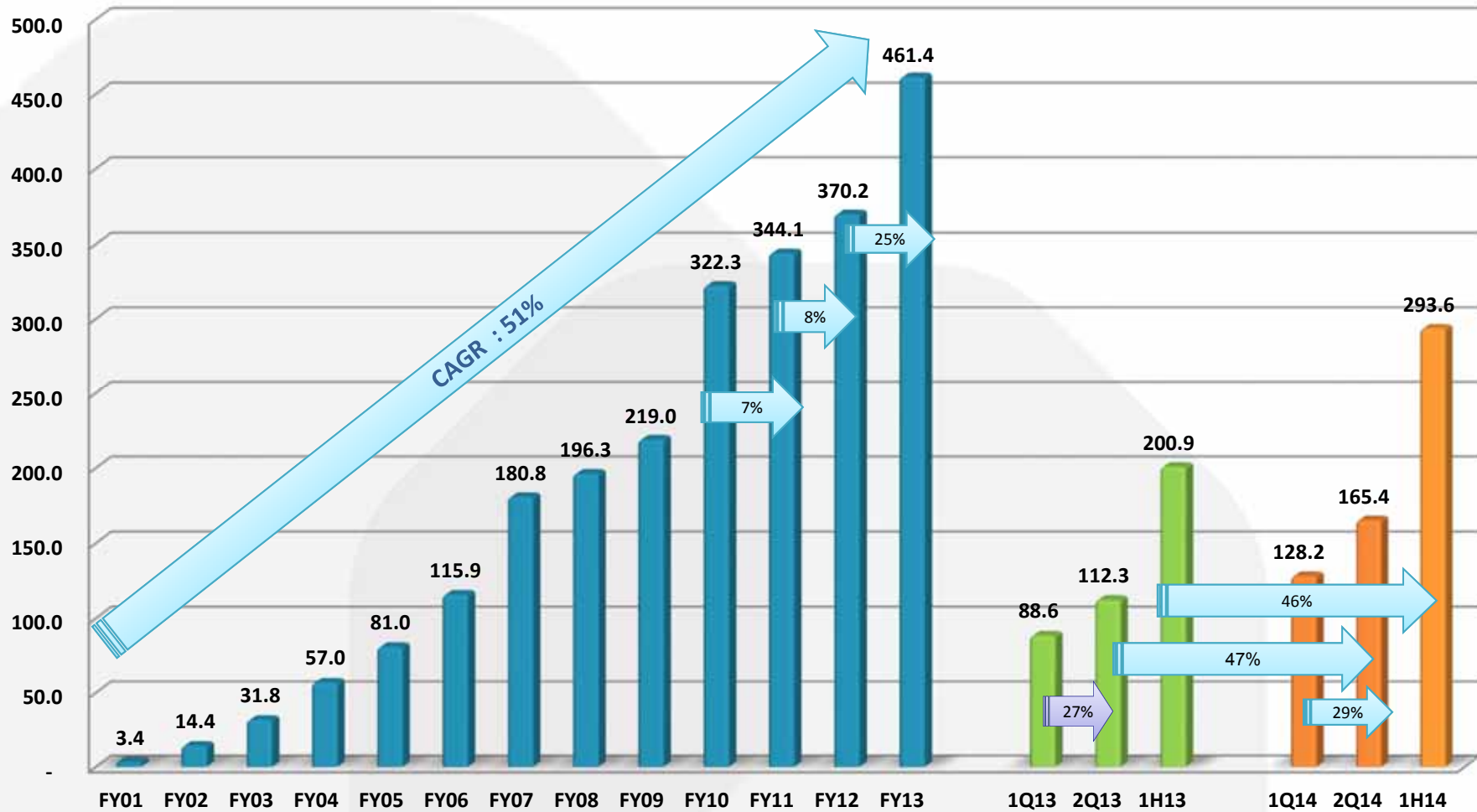


Serial out-performing the Industry

RIGHT GROWTH STRATEGIES

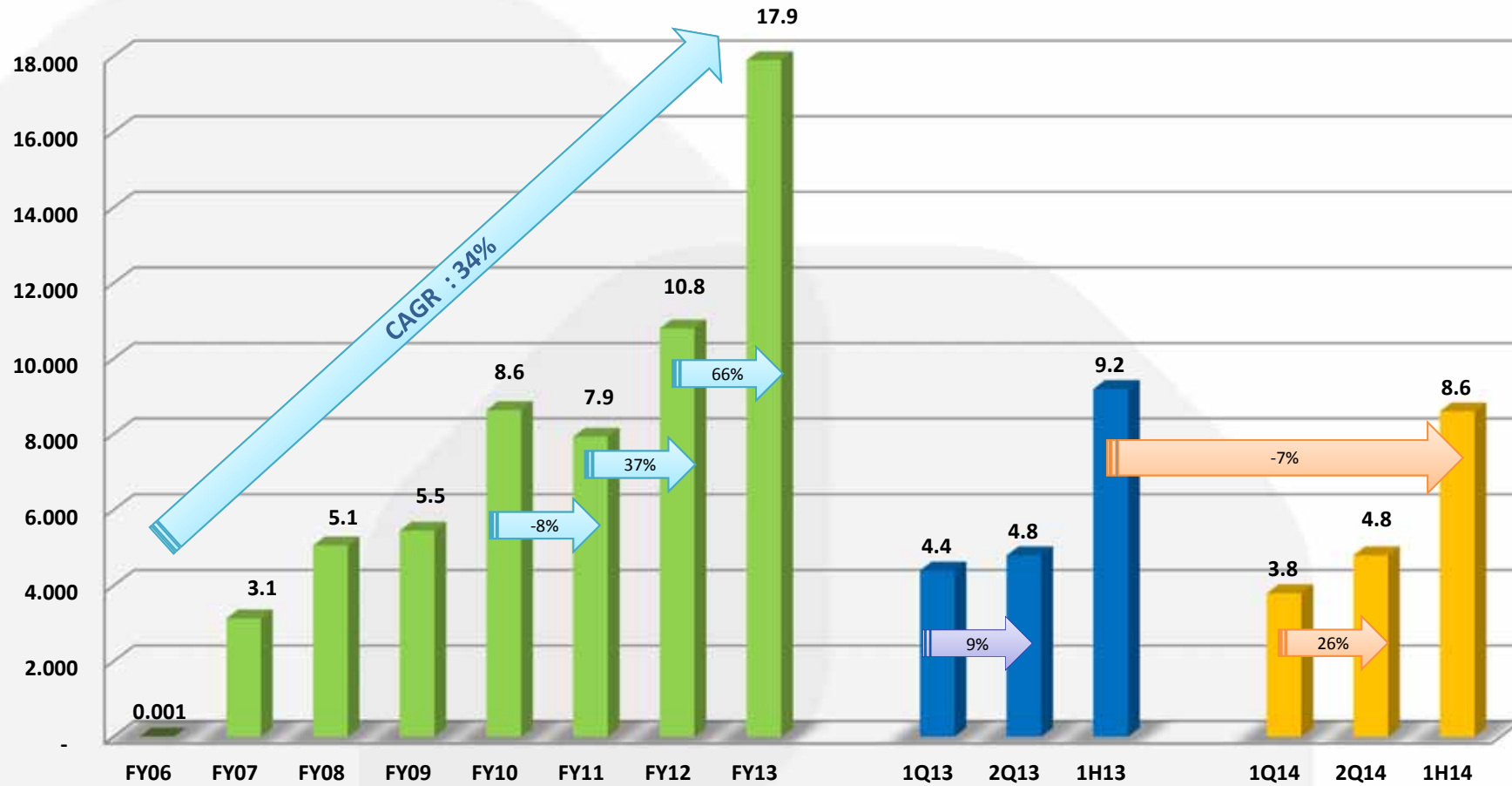


Greater China Revenue (US\$' million)



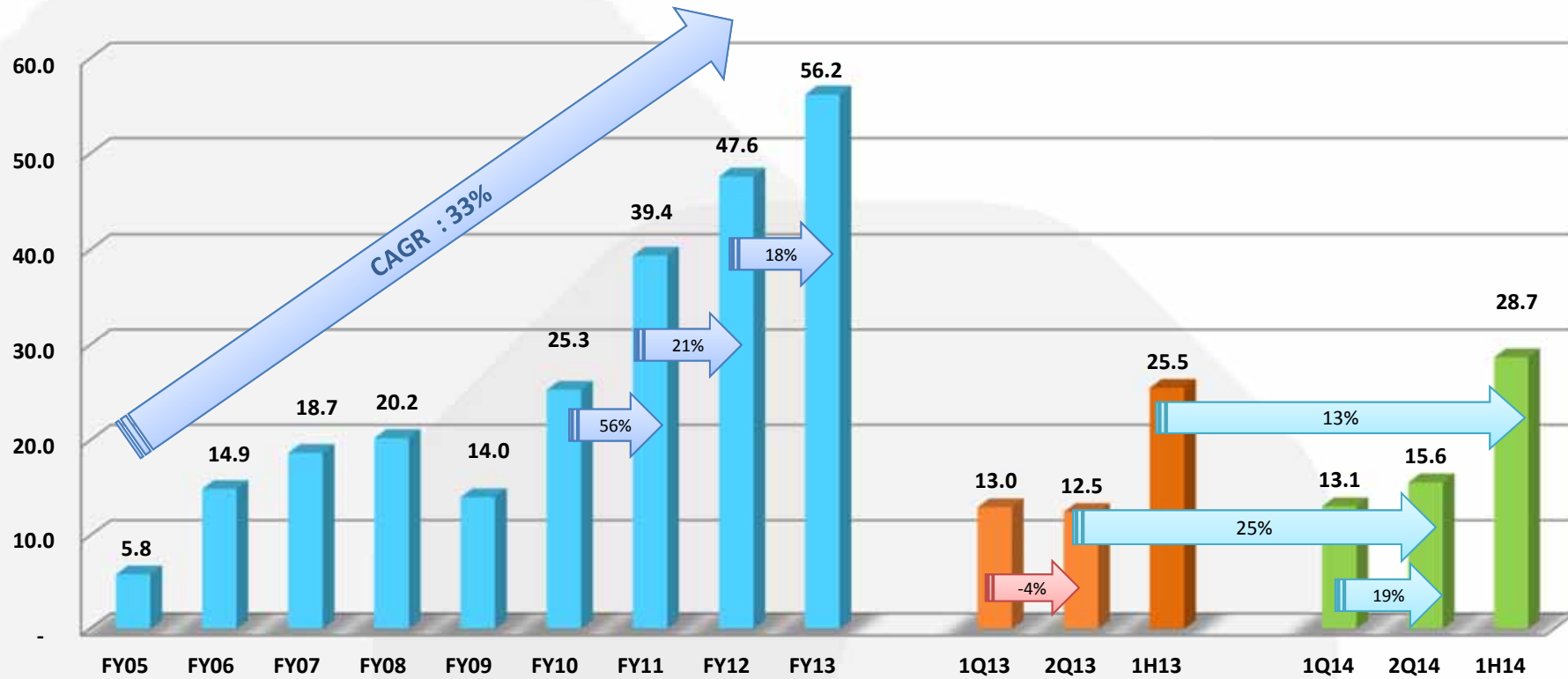
RIGHT GROWTH STRATEGIES

India Revenue US\$' million



RIGHT GROWTH STRATEGIES

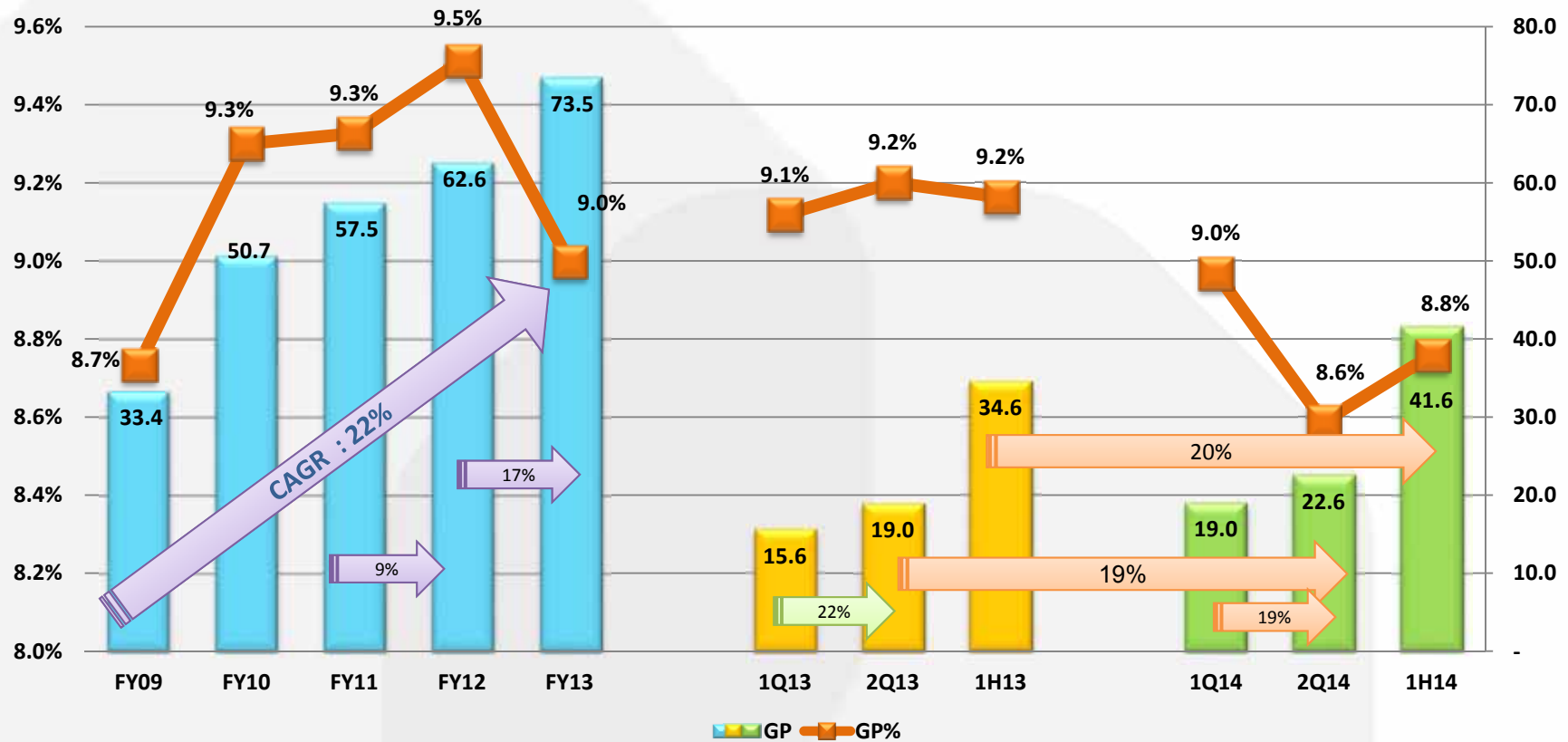
Taiwan Revenue (US\$' million)



PROFITABILITY POTENTIAL



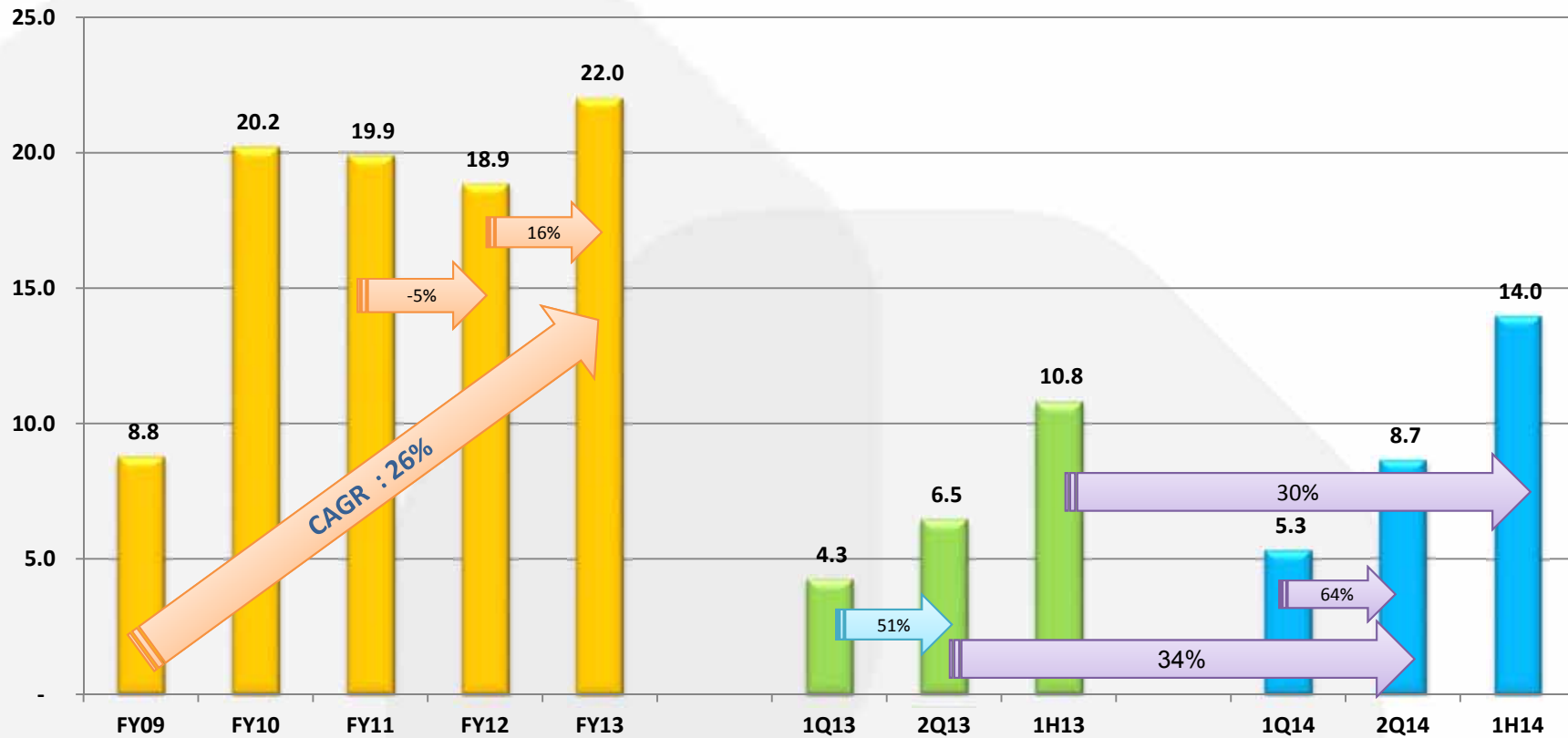
Gross Profit & Gross Profit Margin (US\$' million)



PROFITABILITY POTENTIAL



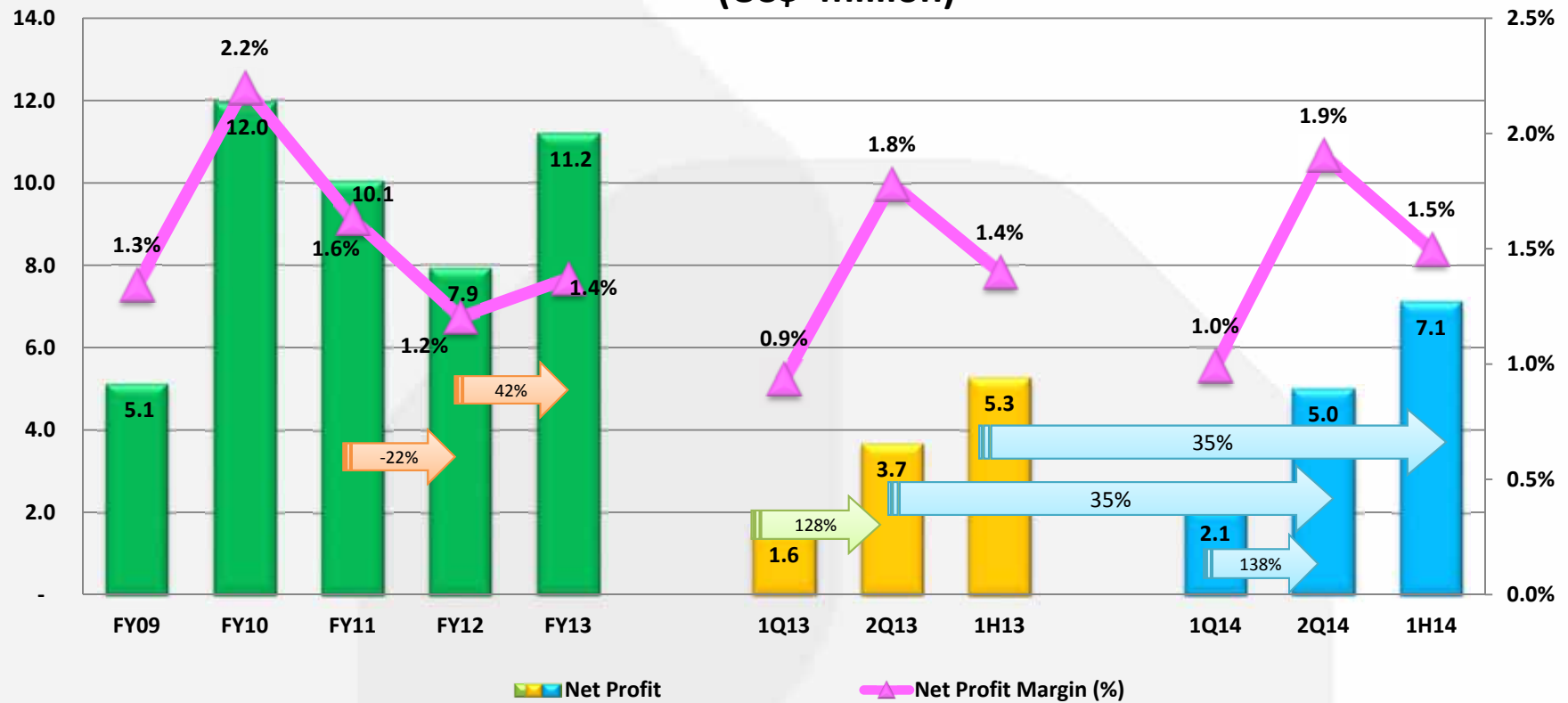
EBITDA (US\$' million)



PROFITABILITY POTENTIAL



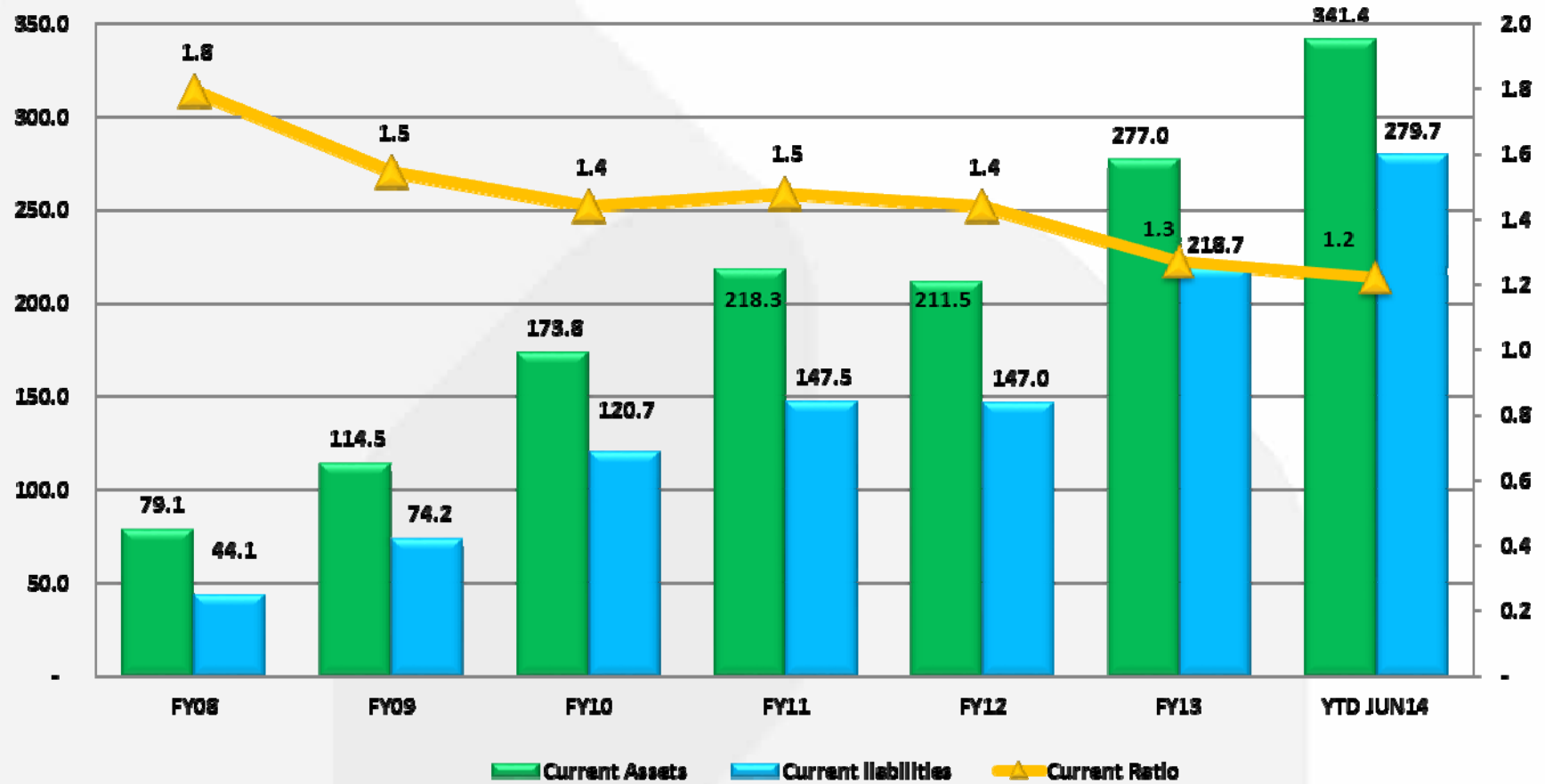
Net Profit & Net Profit Margin (US\$' million)



HEALTHY BALANCE SHEET



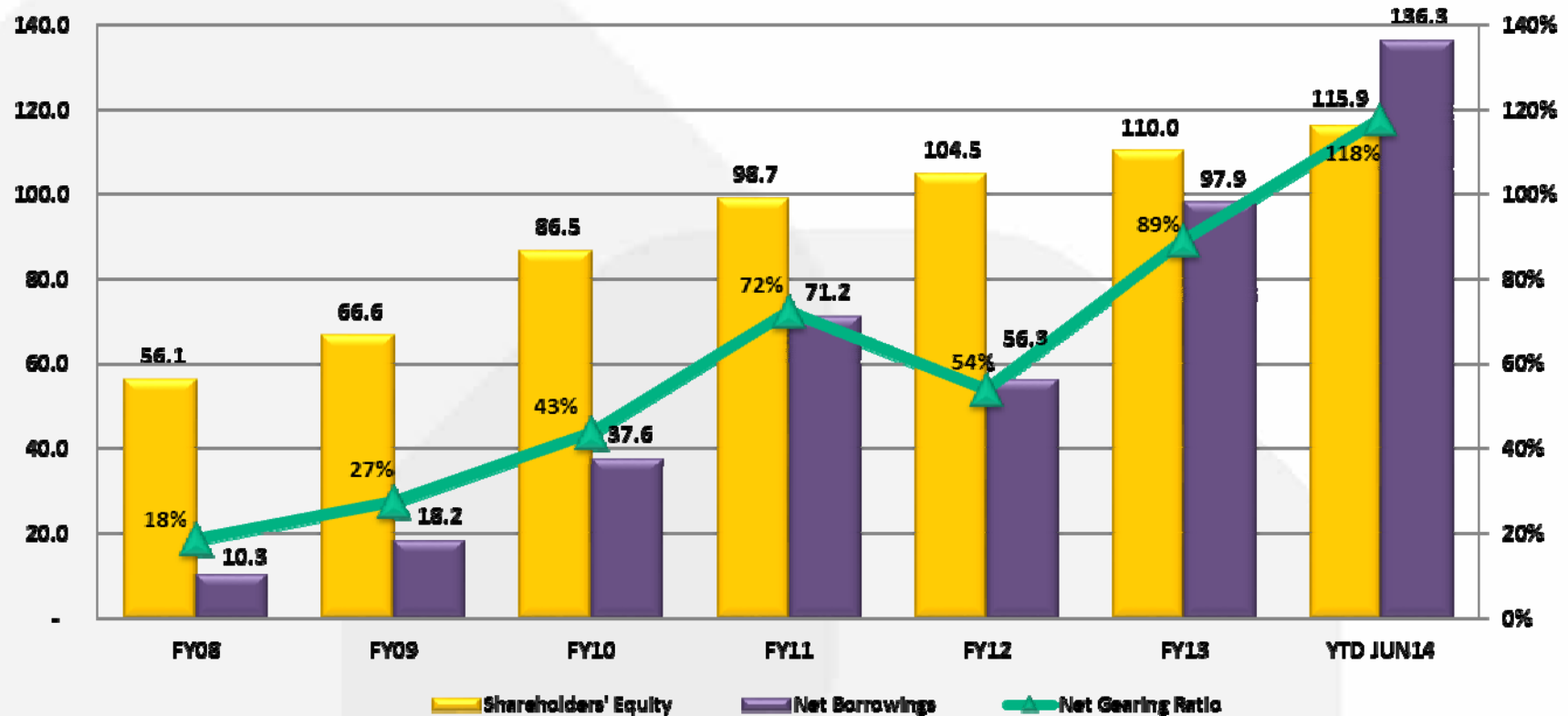
Maintaining Healthy Current Ratio



HEALTHY BALANCE SHEET



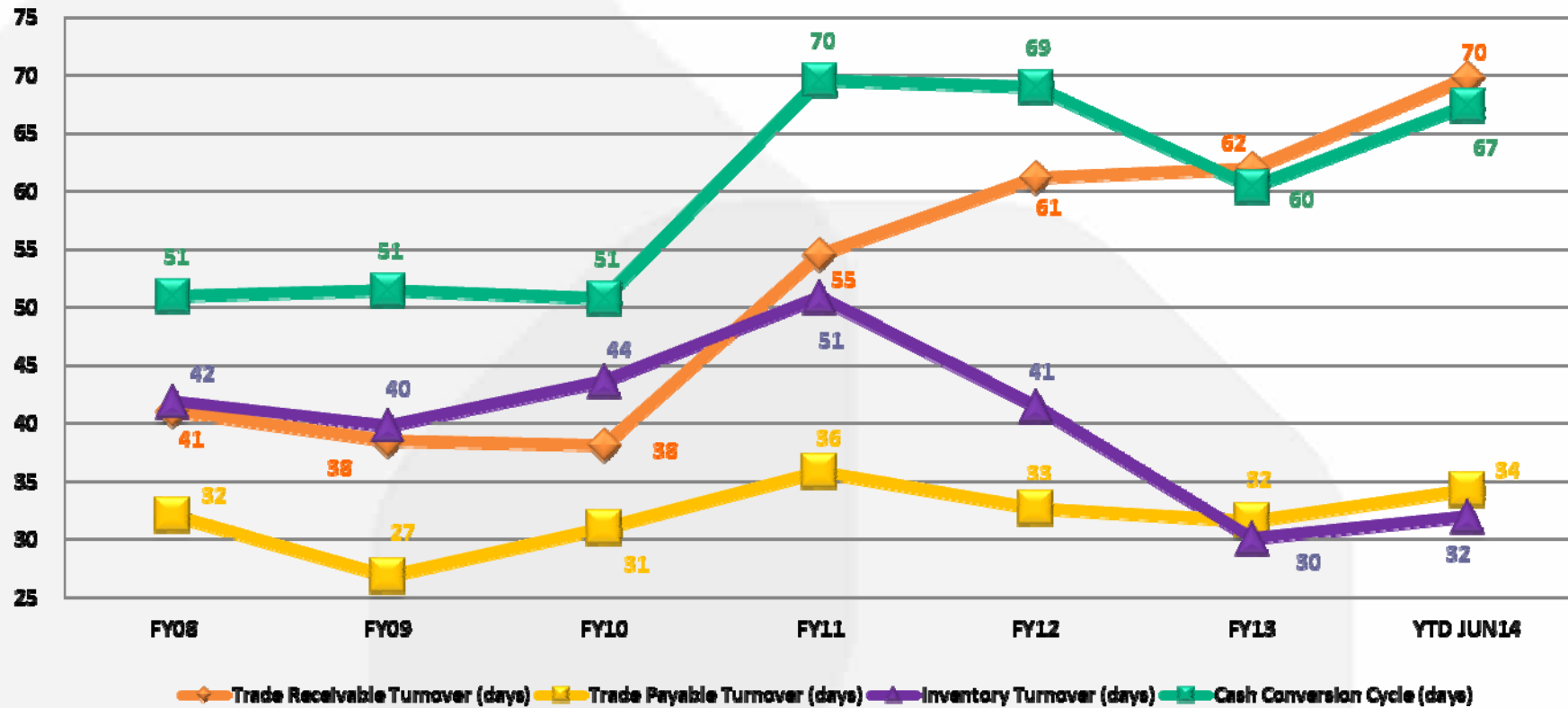
Net Gearing Ratio



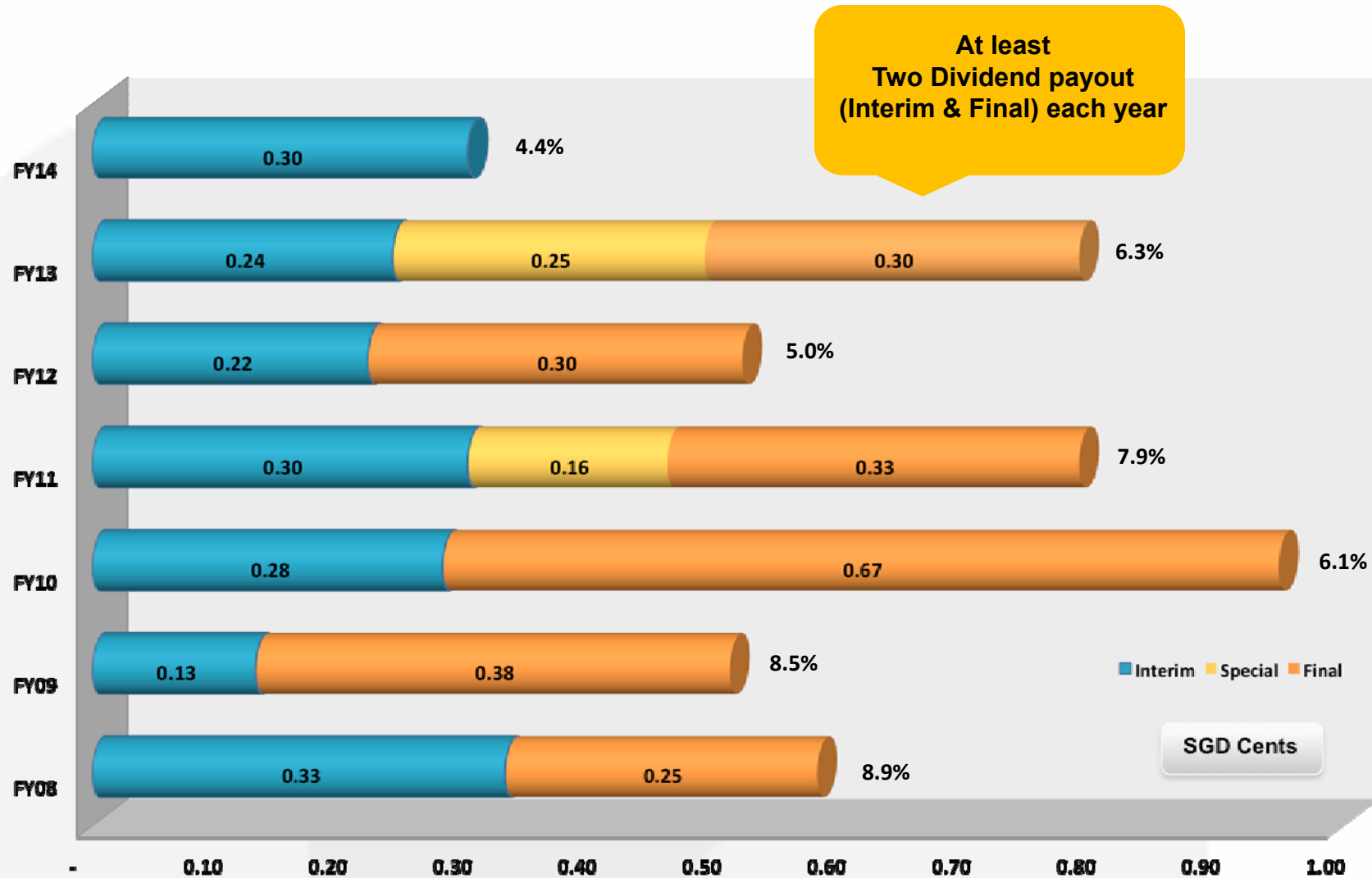
HEALTHY BALANCE SHEET



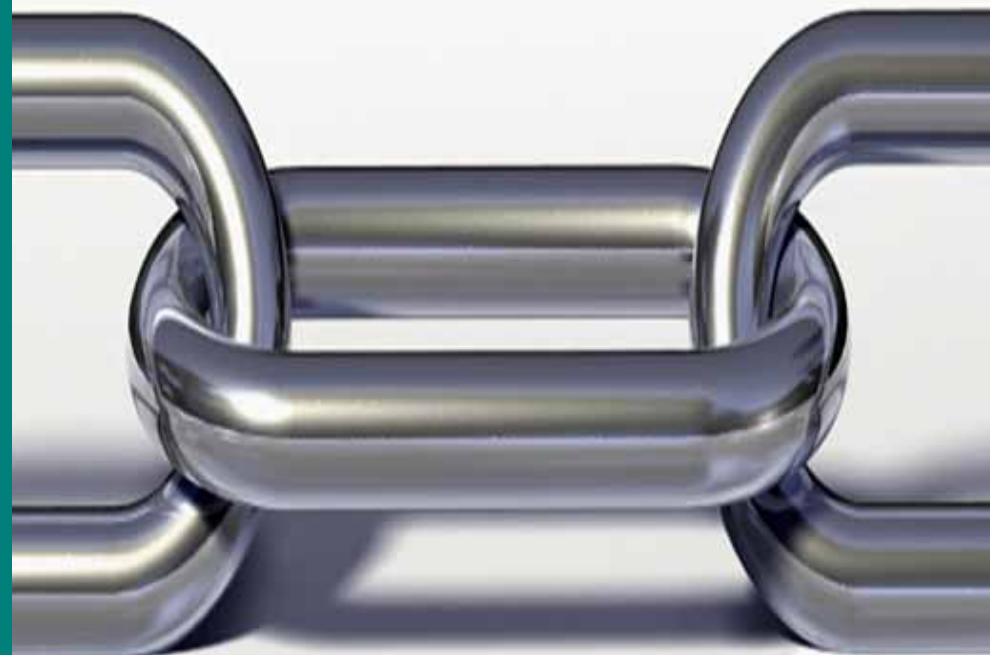
Cash Conversion Cycle (days)



ATTRACTIVE DIVIDEND YIELDS



**Strategy, Outlook &
Investment Merits**



CORPORATE STRATEGY



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

OUTLOOK



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



1H traditionally weaker than 2H – Expects 2H2014 to perform better than 1H2014



Reasonably confident that FY2014 revenue will exceed that of FY2013 on y-o-y basis

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

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