



SERIAL
新曄集團

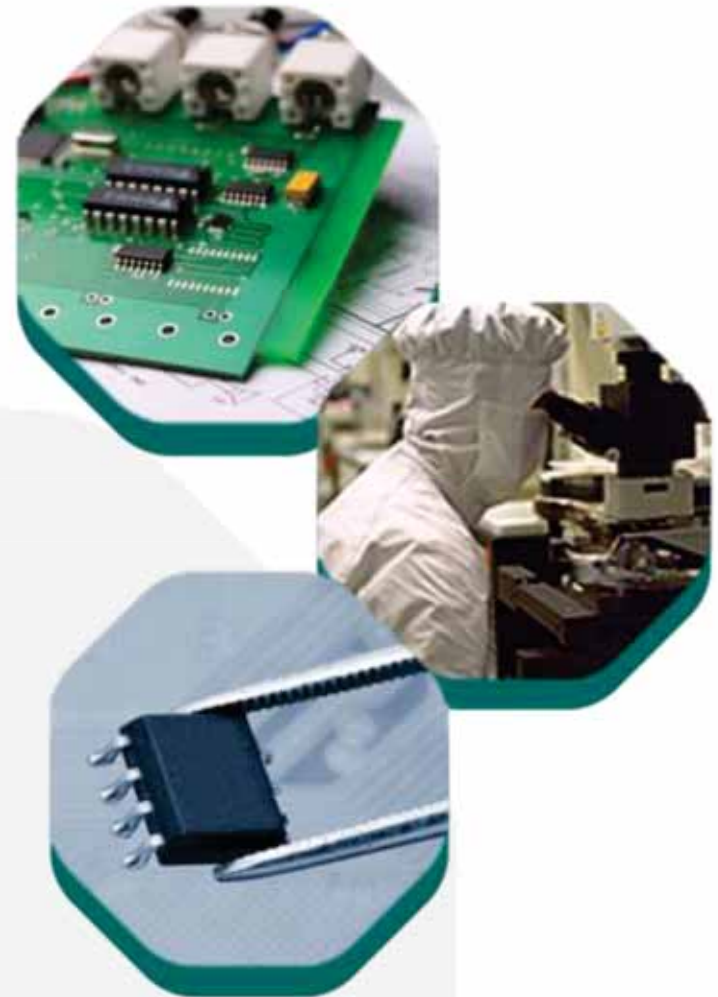
A New Chapter of Growth

FY2014 & 1Q 2015 Results Briefing
29 April 2015

Your Integral Component to Success

AGENDA

1. Highlights of the Year
2. New Chapter of Growth
3. Financial Highlights
4. Outlook



Highlights Of The Year



Highlights Of The Year

Three-Pronged Strategy

- ▶ Increase **revenue** via expanding product portfolio
- ▶ Improve **internal efficiencies**, with focus on financial, supply chain management and business intelligence
- ▶ Deepen penetration in existing markets and **widen geographical reach**

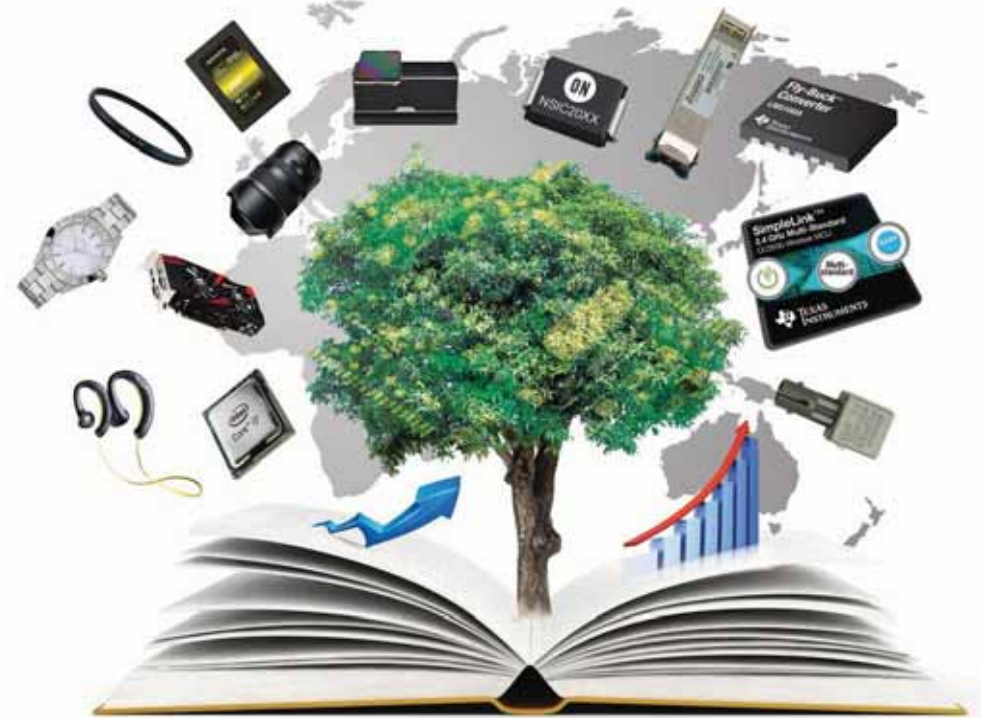
Deepens Value Proposition

- ▶ Penetrates automotive segment
- ▶ Expands into surveillance and security solutions
- ▶ Expands range of products and innovations through appointment as distributor of Fairchild Semiconductor

New Chapter of Growth

- ▶ Executes major strategic shift to extend value proposition to finished goods (including finished lifestyle and consumer electronic products)

New Chapter of Growth



New Chapter of Growth



30 September 2014

- ▶ Completed acquisition of 49%-stake in **Achieva Technology Pte Ltd** for ~US\$4.0M
- ▶ Distribution of components including Intel (semi-conductors) and Western Digital (hard disks) products

31 December 2014

- ▶ Completed acquisition of entire distribution and trading entity of **GSH Corporation Ltd** for ~S\$13.6M
- ▶ Distribution of lifestyle and consumer electronic products such as IT, Photo and Timepiece
- ▶ Renamed **Serial I-Tech Group**

31 March 2015

- ▶ Completed acquisition of 70.0% stake in **Hydra & Thermal Pte. Ltd.** for ~US\$0.6M
- ▶ Distribution of finished lifestyle and consumer electronic products

13 March 2015

- ▶ Entered into a conditional SPA to acquire 100% **Swift Value Business Pte. Ltd.** for ~US\$10.4M
- ▶ Distribution of printer accessories such as ink cartridges and toners

New Chapter of Growth



- ▶ Existing network for electronic components business is relatively mature which allows for an extension beyond Serial System's core competencies to distribution of finished consumer goods
- ▶ Acquisitions have clear synergies with electronic components distribution:
 - ▶ Serial I-Tech Group allows expansion to new markets such as United Arab Emirates, Kazakhstan, Cambodia and Bangladesh and deepens penetration into Singapore and Vietnam
 - ▶ Achieva Technology adds a new presence in Australia and deepens penetration into Malaysia and Singapore

Financial Snapshot

US\$' 000	FY2014	FY2013	Change (%)
Sales	1,036,062	817,051	27
Gross Profit	90,357	73,524	23
Gross Profit Margin (%)	8.7	9.0	(0.3) pt
Net Profit After Tax (Attributable to shareholders)	16,085	11,206	44
Net Profit Margin (%)	1.6	1.4	0.2 pt
Total Expenses % of Sales (%)	7.4	8.0	(0.6) pt
EPS on fully diluted basis (US cents)	1.80	1.25	44
NAV per share (US cents)	13.64	12.27	11

- ▶ Achieved FY2014 **revenue** target of US\$1.0 billion, registering a turnover of US\$1.04 billion (FY2013: US\$ 817.0 million)
- ▶ **NPAT** increased 44% to US\$16.1 million; outpacing revenue growth of 27%
- ▶ **Net margin** improved to 1.6% (FY2013:1.4%)
- ▶ **Total expenses as percentage of sales** declined to 7.4% in FY2014 (FY2013: 8.0%)
- ▶ Proposed final dividend pay-out of **0.75 Singapore cent**, in addition to an interim dividend of **0.30 Singapore cent**, the combined pay-out of **1.05 Singapore cents** is the largest dividend distribution in recent years

IR Activities

Engaging the Investor Community

- ▶ Results Briefings
- ▶ Retail Briefings
- ▶ Speaker at Lim & Tan & The Edge Markets event
- ▶ Investors Roadshow



Financial Highlights



1Q' 2015 KEY HIGHLIGHTS

- **Revenue** growth of 23% to US\$261.8 million:
 - Sustained growth from its core markets in Hong Kong and China
 - Increased momentum in other regional markets, recording a 40% revenue growth in South Korea due to higher demand and new customers
 - Serial I-Tech Group accounted for a maiden contribution of US\$15.2 million of the Group's turnover in 1Q2015.
- **Gross profit** increased 14% to US\$21.7 million from US\$19.0 million in 1Q2014
- **Gross profit margin** declined to 8.3% from 9.0% in 1Q2014 due to higher sales of lower-margin products, stiff market competition in South Korea and Taiwan and inclusion of the newly acquired Serial I-Tech Group, which currently has lower margin.
- **Other operating income** increased by 24% from 1Q2014 mainly due to higher currency translation gain.
- **NPAT for 1Q2015** rose 45% to US\$3.1 million from US\$2.1 million in 1Q2014; **Net margin** improved to 1.2% in 1Q2015 from 1.0% in 1Q2014.
- **Total expenses as a percentage of turnover** declined to 7.4% in 1Q2015 from 8.1% in 1Q2014 due to its continued efforts to drive operational efficiencies and Group-wide economies of scale.

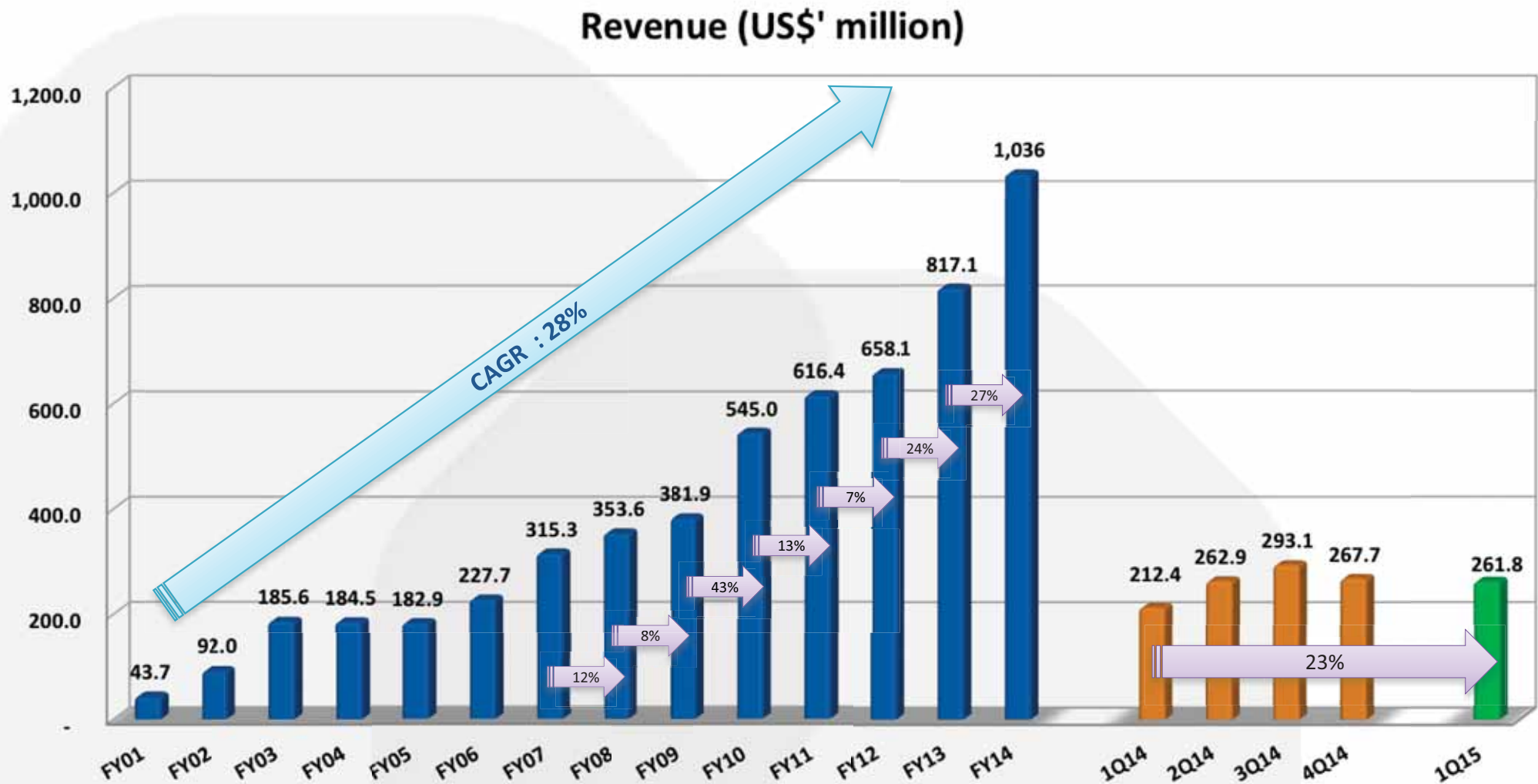
1Q' 2015 SNAPSHOT

US\$' 000	1Q2015	1Q2014	Change (%)
Sales	261,760	212,360	23
Gross Profit	21,694	19,045	14
Gross Profit Margin (%)	8.3	9.0	(0.7) pt
Net Profit After Tax (Attributable to shareholders)	3,055	2,110	45
Net Profit Margin (%)	1.2	1.0	0.2 pt
Total Expenses % of Sales (%)	7.4	8.1	(0.7) pt
EPS on fully diluted basis (US cents)⁽¹⁾	0.34	0.24	42
NAV per share (US cents)⁽²⁾	31/3/2015: 13.93	31/12/2014: 13.64	2

(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 (1Q2014: 895,841,914) after adjusting assumed conversion of all potential dilutive ordinary shares

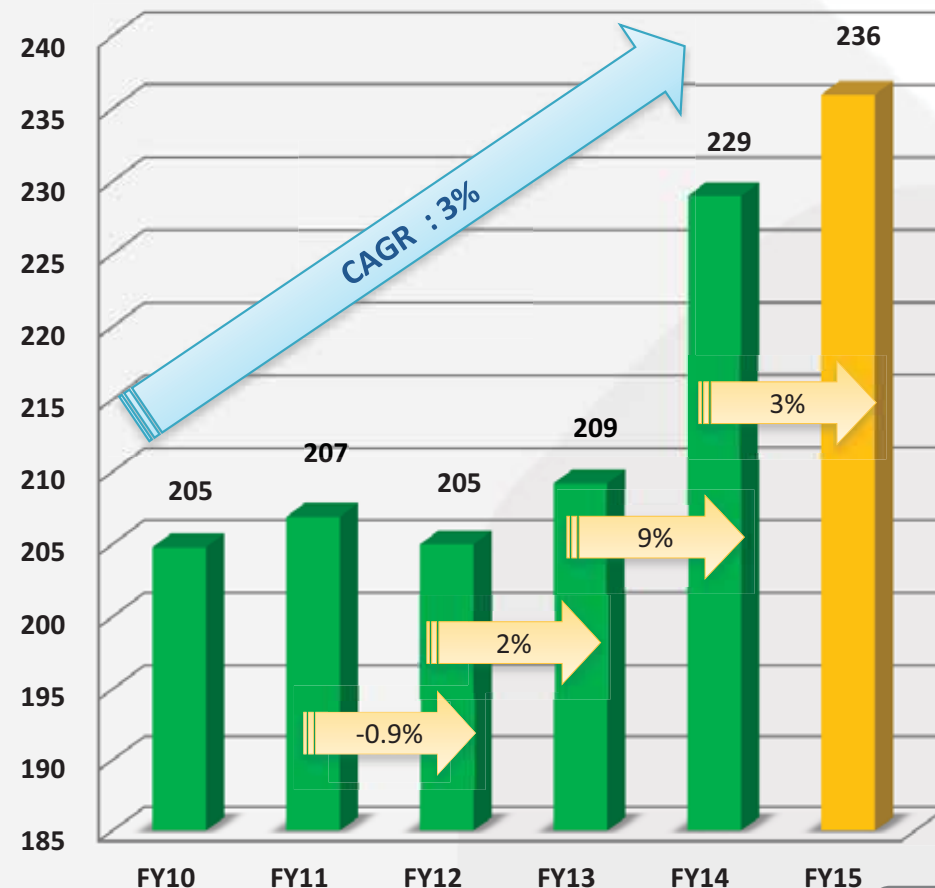
(2) Net asset value per share are computed based on existing issued share capital as at the end of the financial periods ended 31 March 2015 and the immediately preceding financial year ended 31 December 2014

ROBUST AND CONSISTENT REVENUE GROWTH



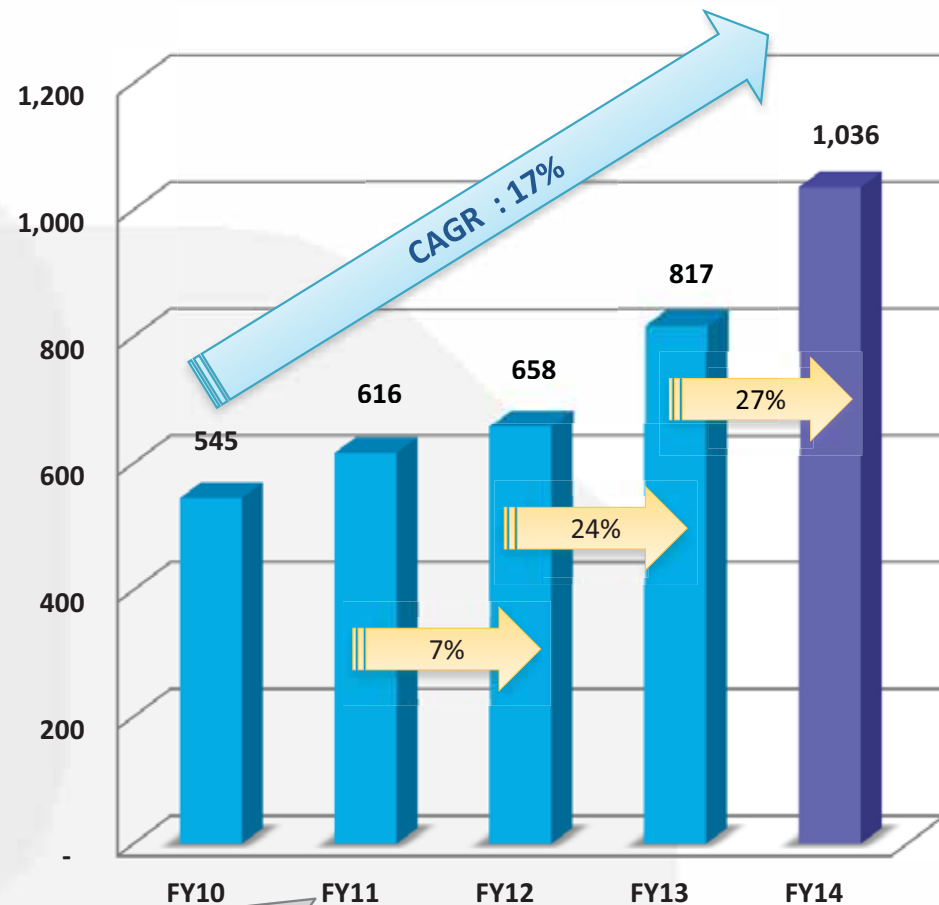
OUTPERFORMING THE INDUSTRY

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



Source : World Semiconductor Trade Statistics/
Semiconductor Industry Association

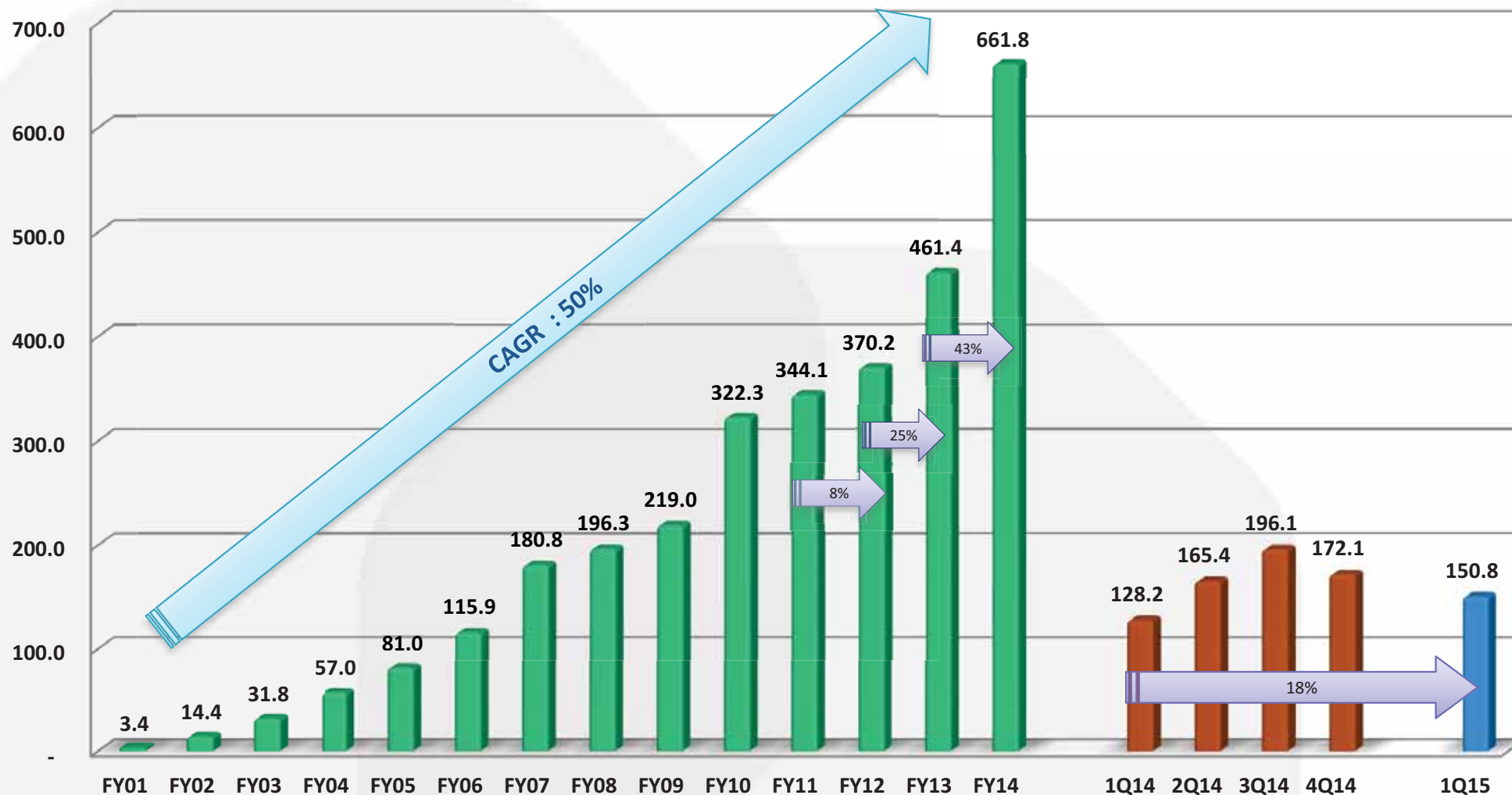
Serial System Revenue (US\$' million)



Serial out-performing the Industry

RIGHT GROWTH STRATEGIES

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



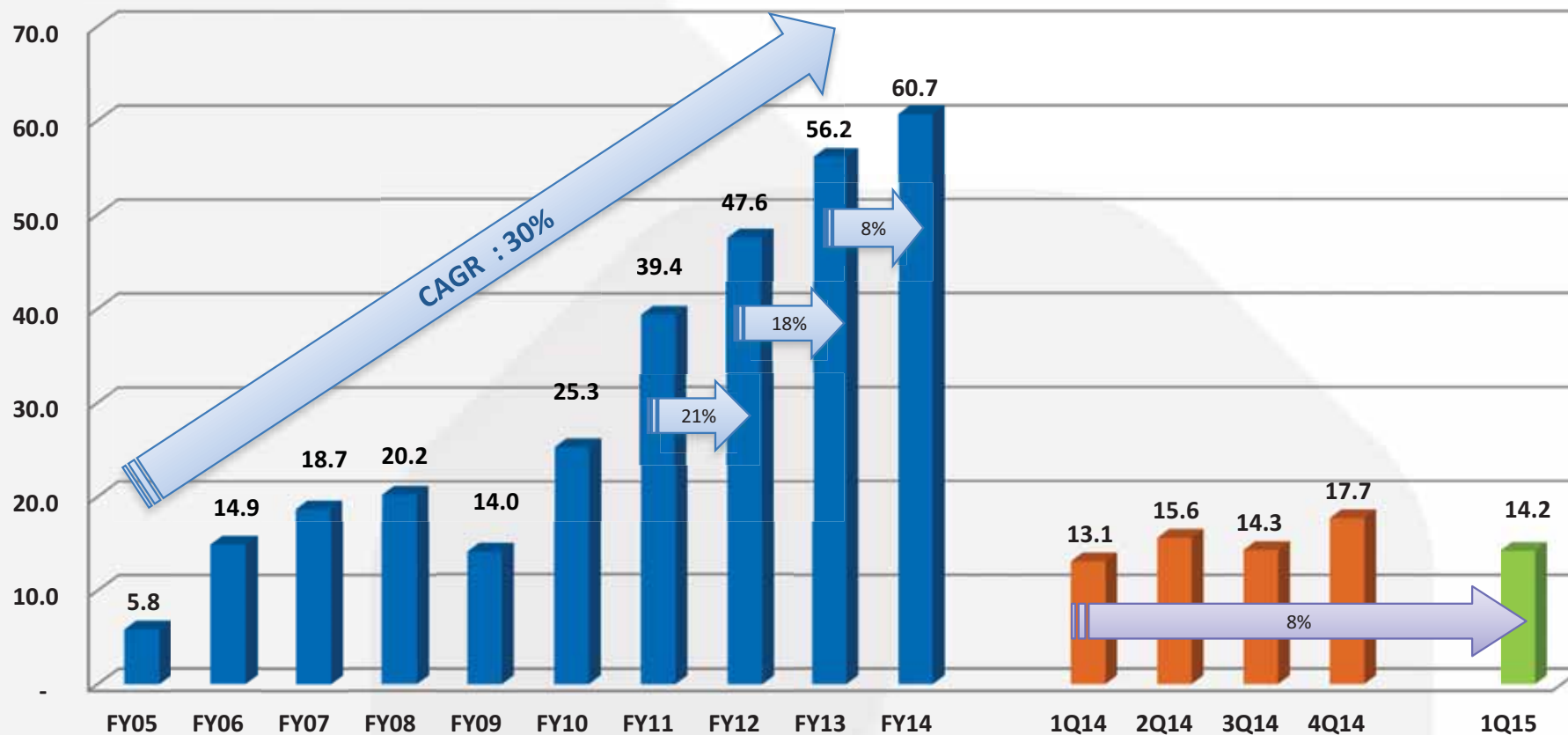
RIGHT GROWTH STRATEGIES

India Revenue US\$' million



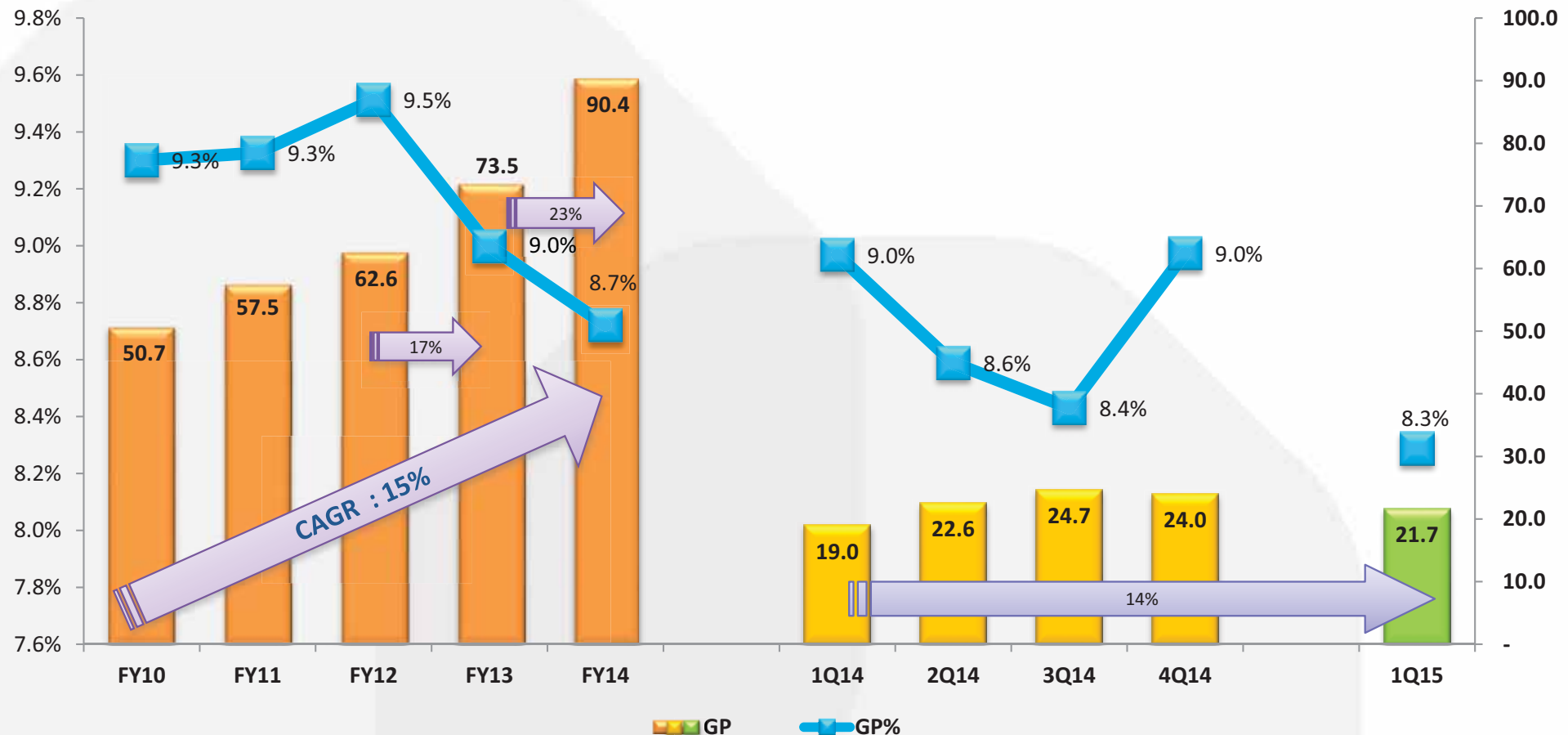
RIGHT GROWTH STRATEGIES

Taiwan Revenue (US\$' million)



PROFITABILITY POTENTIAL

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



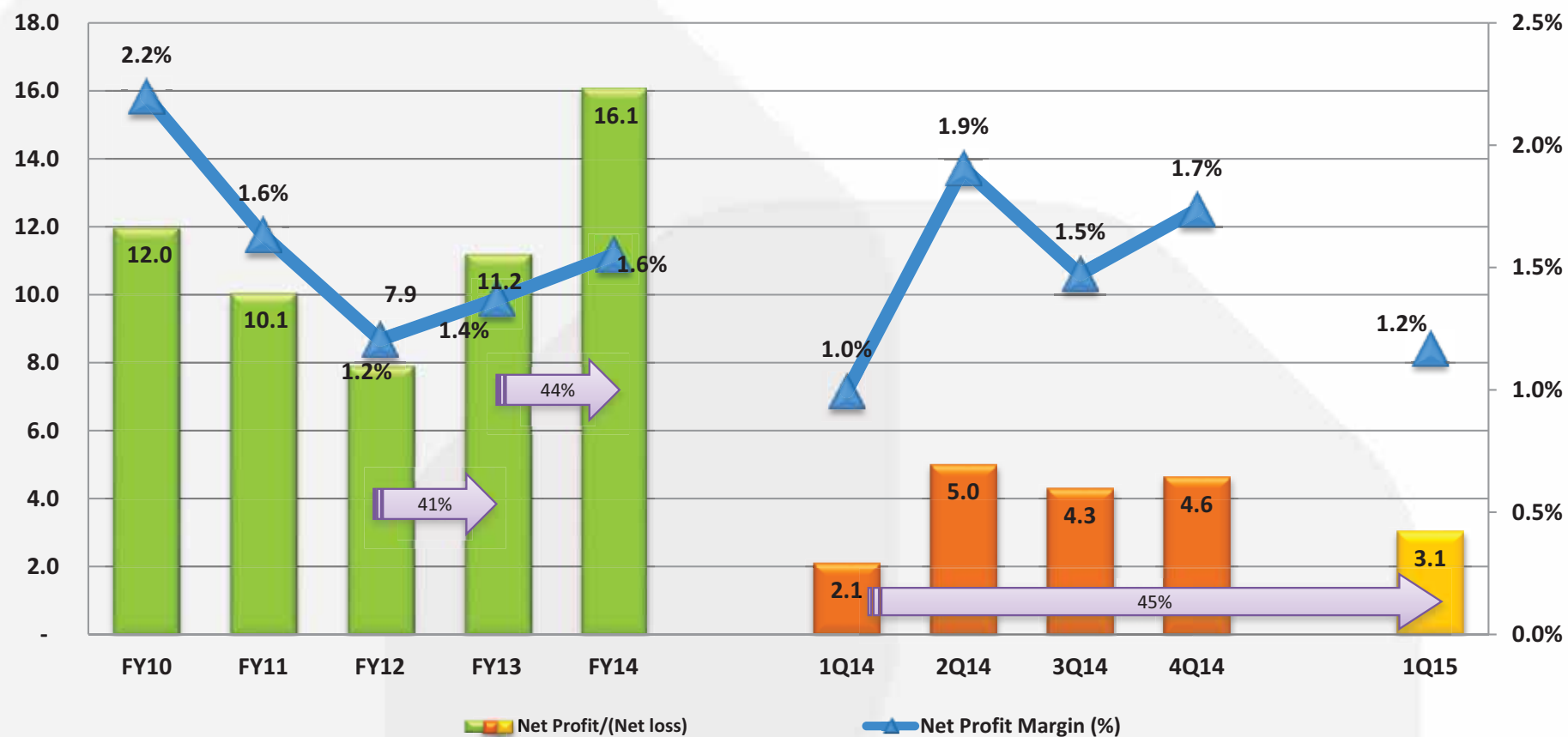
PROFITABILITY POTENTIAL

EBITDA (US\$' million)



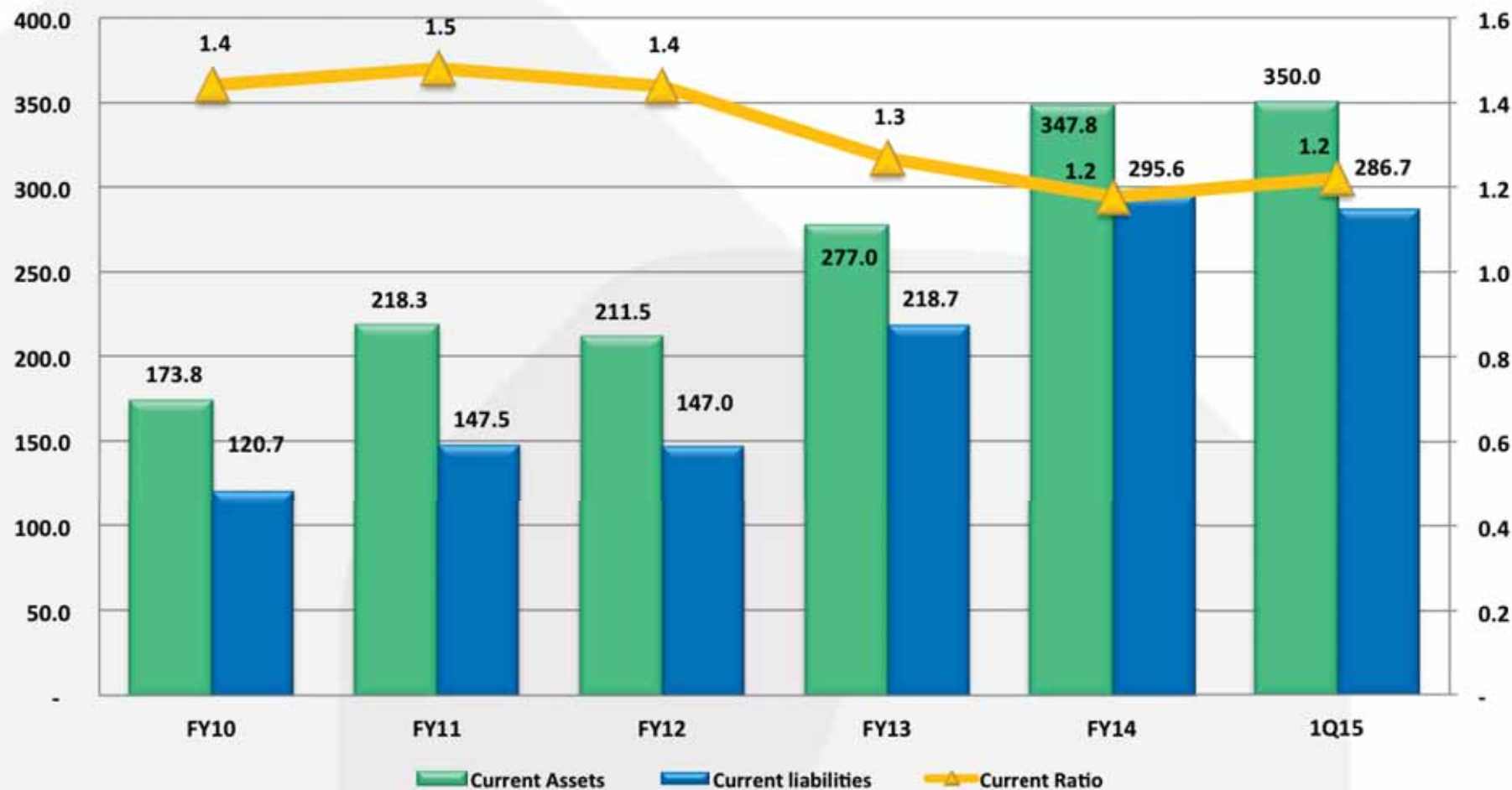
PROFITABILITY POTENTIAL

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



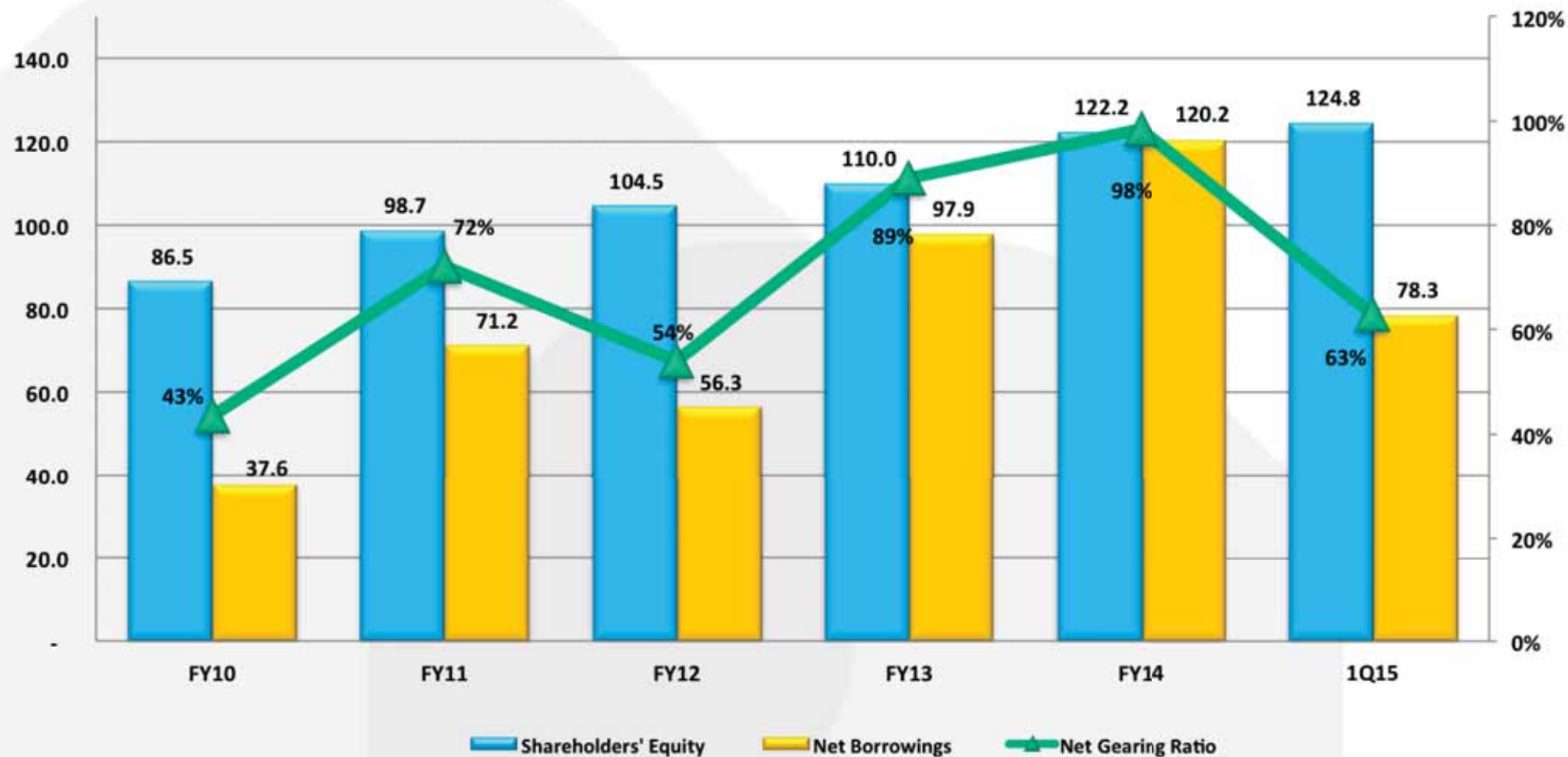
HEALTHY BALANCE SHEET

Maintaining Healthy Current Ratio



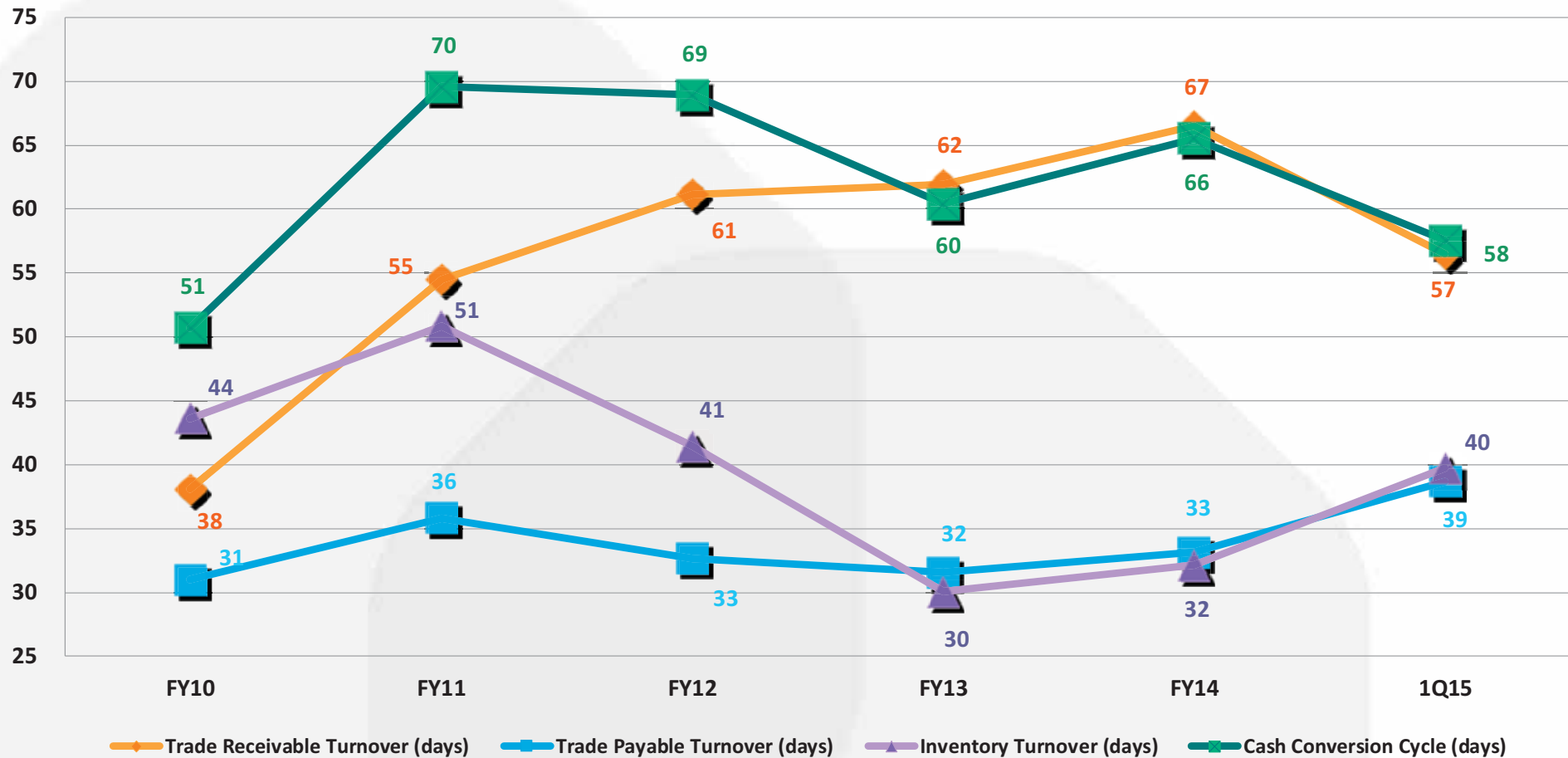
HEALTHY BALANCE SHEET

Net Gearing Ratio



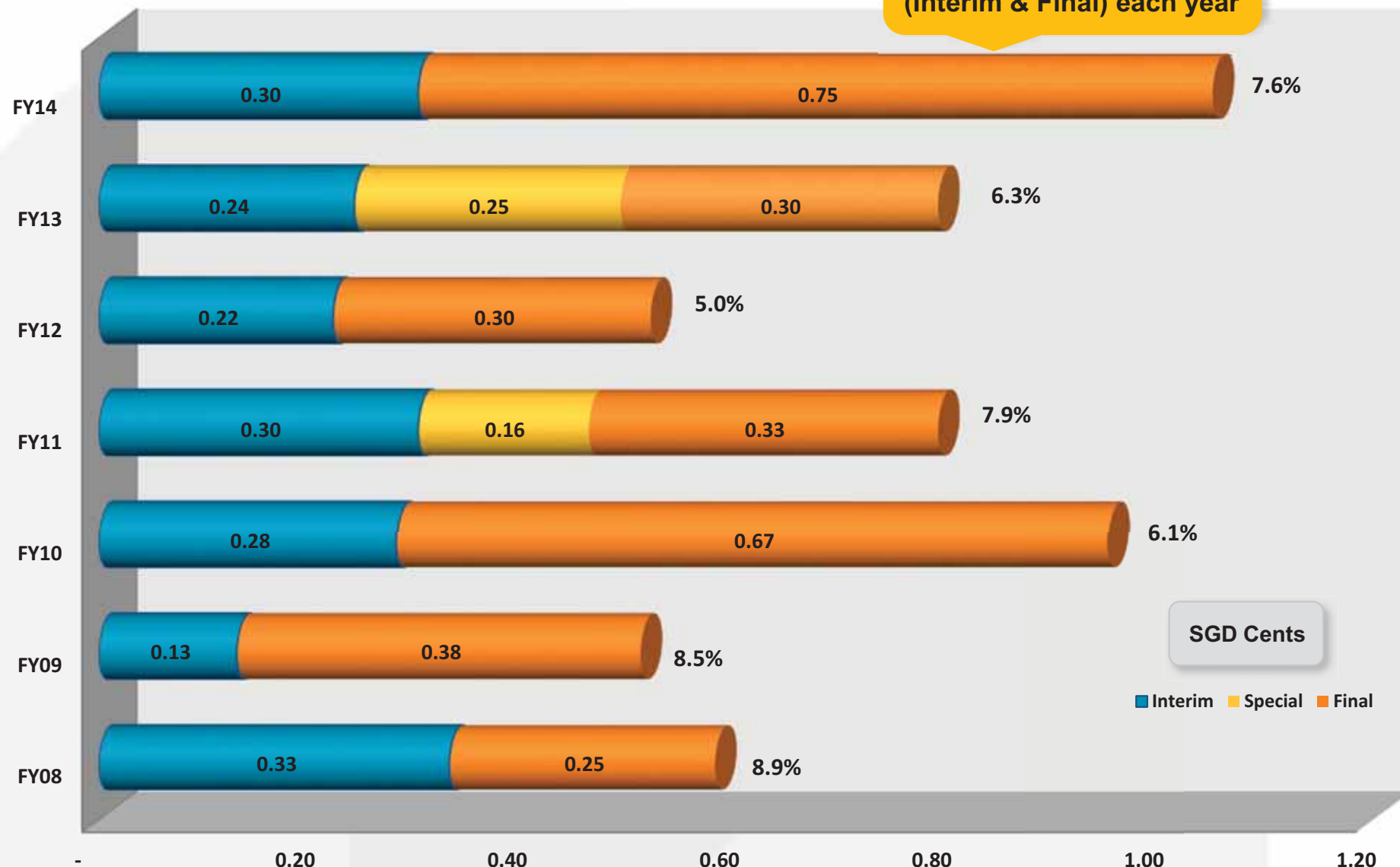
HEALTHY BALANCE SHEET

Cash Conversion Cycle (days)



ATTRACTIVE DIVIDEND YIELDS

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



Outlook



- ▶ Industrial and wireless applications continue to contribute strongly to the market for semiconductors; “Internet of Things” is expected to become increasingly important
- ▶ In 2014, the global semiconductor device market grew at 10% to a total of US\$336 billion[#], second consecutive year of record sales for the sector
 - Worldwide sales of semiconductor manufacturing equipment increased 18% y-o-y to a total of US\$37.5 billion in 2014
 - The semiconductor materials market is expected to increase 4% in 2015
- ▶ Global semiconductor device market headed for sustained growth^{*}
- ▶ Semiconductor foundries and component manufacturers are increasingly drawn to Serial System’s extensive coverage of the Asia Pacific market and strong established network

[#] Statistics retrieved from World Semiconductor Trade Statistics

^{*} According to the US-based Semiconductor Equipment and Materials International (SEMI)

Group Outlook



Extends distribution chain to include finished consumer products to position itself as a solution provider to source and distribute consumer products to its customers.



Integrates supply chain and operations of the three acquisitions into the Group through cutting costs and reducing overlap of resources



Works towards Group-wide improvements in operational and financial efficiencies

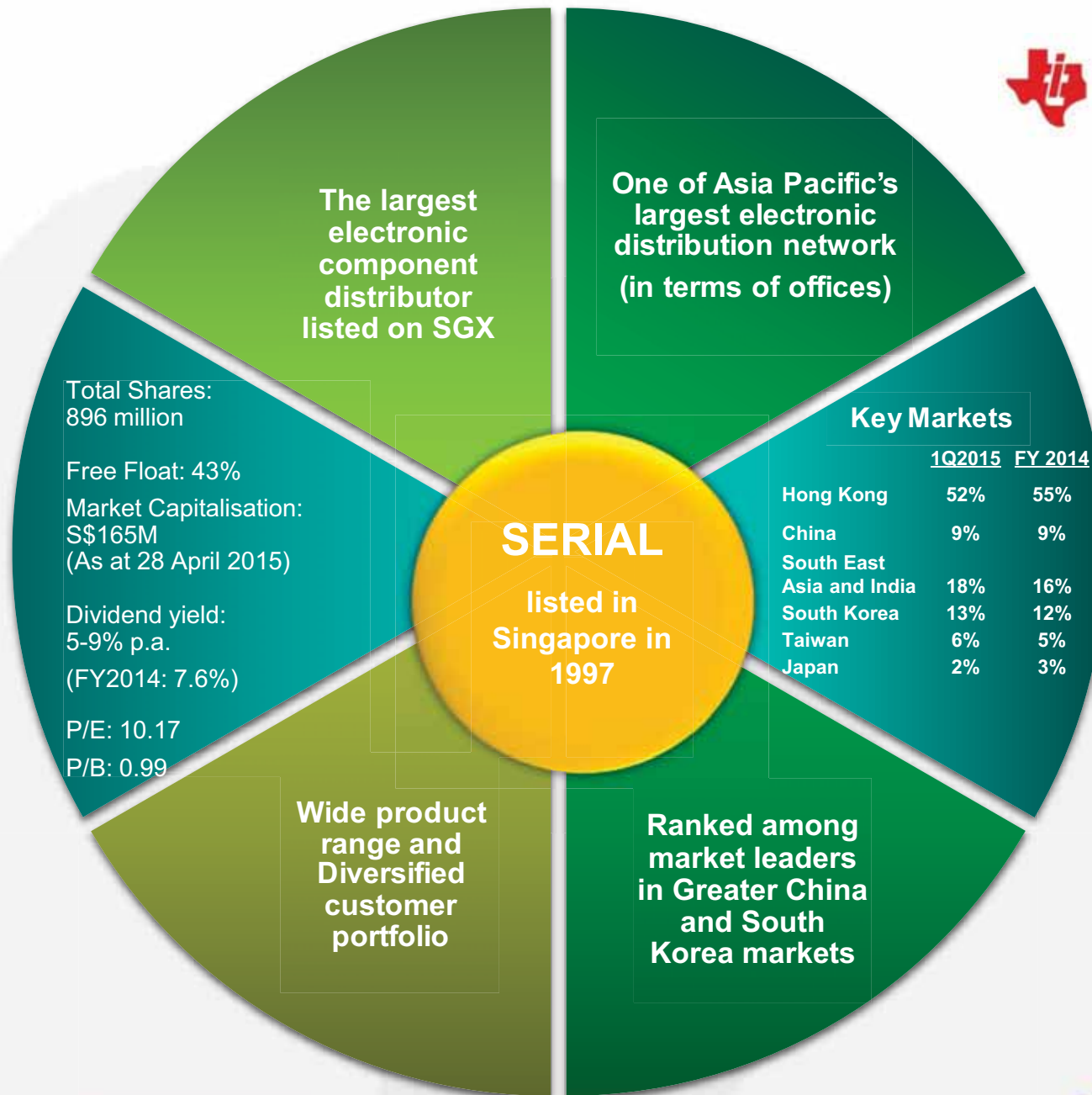


Continues to pursue organic growth of core electronic components business; explores M&A opportunities to enhance shareholders' value



Barring any unforeseen circumstances, the Board of Directors expects the financial performance for HY2015 in terms of both revenue and gross profit on a year-on-year basis would be better than that of HY2014

SERIAL SYSTEM AT A GLANCE



The presentation herein may contain forward-looking statements by the management of Serial System Ltd (“Serial System”) that pertain to expectations for financial performance of future periods versus past periods.

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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