

Serial System's FY2015 Revenue At All-Time High Of US\$1.22B; Group Continues To Expand Consumer Products Business

US\$'000	4Q2015	4Q2014	Change (%)	FY2015	FY2014	Change (%)
Sales	329,078	267,671	23.0	1,221,562	1,036,062	18.0
Gross Profit	22,745	24,019	(5.0)	91,486	90,357	1.0
Gross Profit Margin (%)	6.9	9.0	(2.1) pt	7.5	8.7	(1.2) pt
Net Profit After Tax <i>(Attributable to shareholders)</i>	1,027	4,646	(78.0)	11,035	16,085	(31.0)
Net Profit Margin (%)	0.3	1.7	(1.4) pt	0.9	1.6	(0.7) pt
EPS on fully diluted basis (US cents)	0.11	0.52	(78.8)	1.23	1.80	(31.7)
NAV per share (US cents)	31/12/2015: 13.33			31/12/2014: 13.64		

Singapore, 24 February 2016 – Serial System Ltd (“Serial System” or the “Group”) said today its revenue for the 12 months ended 31 December 2015 (“FY2015”) rose 18% from the previous year (“FY2014”) to an all-time high of US\$1.22 billion, as both its electronic components and consumer products distribution businesses grew despite increased competition.

Revenue from the electronic components distribution business increased 3% to US\$1.1 billion, driven mainly by higher contributions from the Group’s operations in South Korea and Taiwan. Sales in India, China and most Southeast Asian markets in which Serial System operates also improved. This offset lower contributions from Singapore, Thailand and Hong Kong.

The Group’s consumer products subsidiaries – Serial I-Tech Group, Swift-Value Business Pte Ltd, Hydra and Thermal Pte Ltd and P.T. Achieva Technology Indonesia – contributed total revenue of US\$154.8 million, accounting for 13% of Serial System’s overall FY2015 sales. The Group acquired these companies in the last two years.

Total expenses as a percentage of revenue declined to 6.8% in FY2015 from 7.4% in FY2014 as the Group benefited from continued improvements in operational and internal efficiencies.

Serial System achieved a net profit of US\$11.0 million for FY2015, compared to US\$16.1 million for FY2014, due to lower gross profit margins and increased losses at two of its associated companies – Taipei-based Bull Will Co Ltd, which designs, manufactures and distributes magnetic components for electronic products; and Achieva Technology Pte Ltd, which distributes IT and digital lifestyle products.

Gross profit margin slipped to 7.5% from 8.7% as sales of lower-margin products in South Korea and Taiwan accounted for a greater portion of the Group’s electronic components distribution revenue. Serial I-Tech, Swift-Value and P.T. Achieva, with their lower-margin businesses, also accounted for the drop in the Group’s overall profit margin.

Fully diluted earnings per share for FY2015 came to 1.23 U.S. cents, compared to 1.80 U.S. cents in FY2014. Net asset value per share was 13.33 U.S. cents as at 30 December 2015, compared to 13.64 U.S. cents as at 31 December 2014.

The Group has proposed a final cash dividend of 0.50 SGD cent a share. This will bring its total FY2015 payout to 0.85 SGD cent a share.

For the three months ended 31 December 2015 (“4Q2015”), Group revenue rose 23% to US\$329.1 million from US\$267.7 million for the same quarter in the previous year (“4Q2014”). Serial System’s consumer products subsidiaries accounted for 18%, or US\$58.8 million, of the Group’s revenue in 4Q2015.

The Group generated a net profit of US\$1.0 million for 4Q2015, compared to a profit of US\$4.6 million for 4Q2014. The decline was due to lower gross profit margins, increased losses at associated companies, and an absence of a disposal gain, which boosted its 4Q2014 bottom line.

Dato’ Seri Dr. Derek Goh, Serial System’s Executive Chairman and Chief Executive Officer, said: “The semiconductor industry, which the Group is a part of, is showing signs of slower growth amid an increasingly uncertain global economic climate. We will continue to work on containing costs and improving profit margins even as we explore opportunities to expand our consumer products business.”

On 14 January 2016, the Group entered into a conditional sale and purchase agreement to acquire full control of Sear-R Corporation Ltd, a Cambodia-based distributor of consumer electronic products and household appliances. On 27 January 2016, the Group completed the acquisition of the remaining 51% equity stake in Achieva Technology it did not already own.

Overall, the Group expects to be profitable in FY2016.

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Issued on behalf of the Group by WeR1 Consultants Pte Ltd.

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About Serial System Ltd

Established in 1988 and listed on the SGX Main Board since July 2000, Serial System has developed a synergistic global network that is built on strong partnerships with their suppliers and customers. Today, Serial System has one of the largest distribution networks in Asia, with 58 offices and 10 warehouses throughout Asia Pacific. It also has a wide customer base of more than 6,000, spanning a diverse range of industries such as consumer electronics, household appliances, industrial, telecommunications, electronic manufacturing services,



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automotive and medical. Its major suppliers for electronic components distribution include Texas Instruments, ON Semiconductor, Avago Technologies, Broadcom Limited, TE Connectivity, Advanced Micro Devices and OSRAM Opto Semiconductors. Its major suppliers for consumer products distribution include Hewlett-Packard, Apple, Tamron, Fujifilm, Titan, Nixon and Fossil.

Serial System's ability to align to the goals of its customers and suppliers makes it highly responsive to their needs. In meeting their engineering and supply chain needs, Serial System has become their integral component to success.

For more information please visit us at www.serialsystem.com