



SERIAL
新曄集團

FY2015 Results Briefing

24 February 2016

Your Integral Component to Success

AGENDA

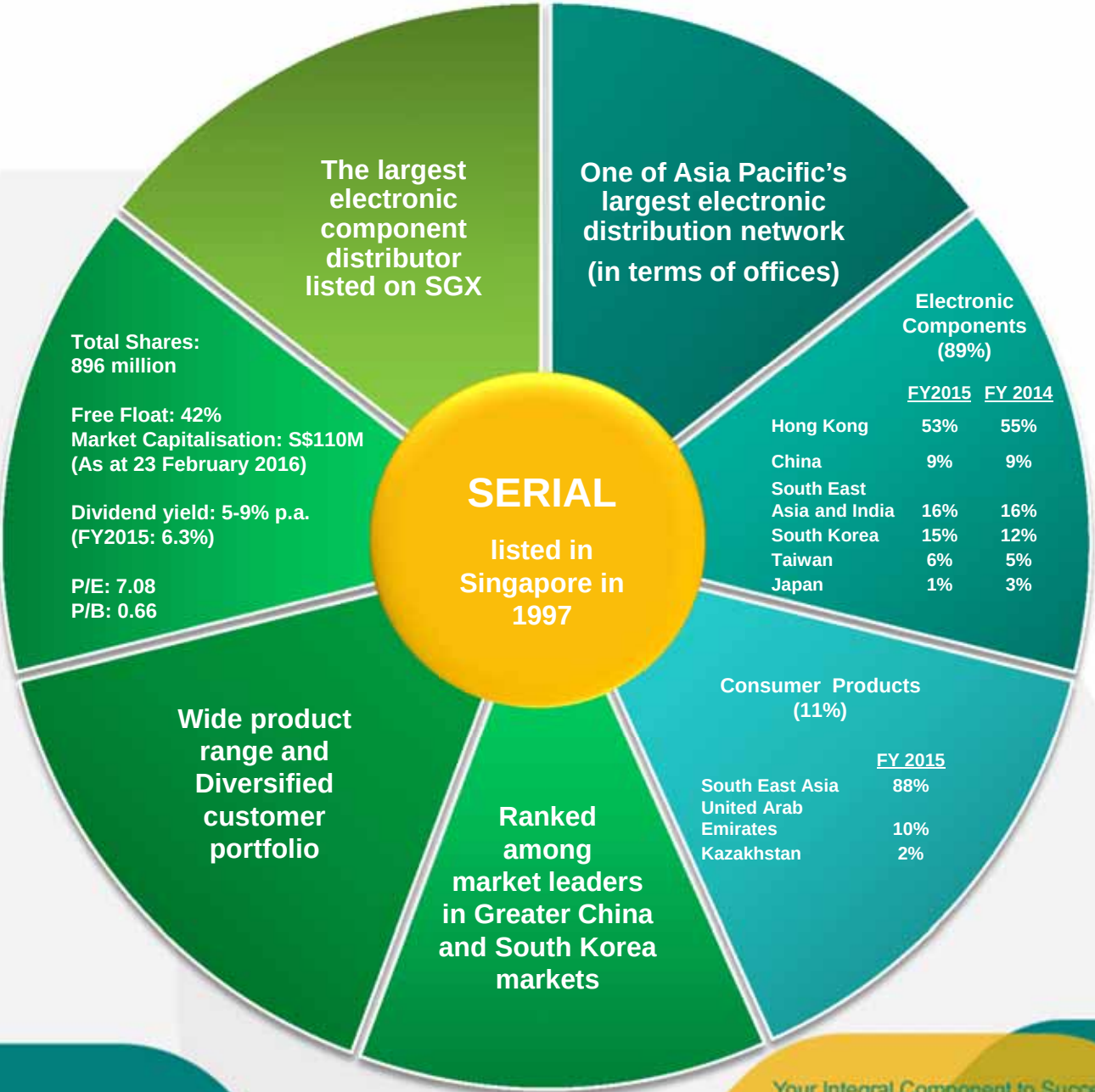
1. Corporate Overview
2. Recent Corporate Developments
3. Financial Results
4. Outlook & Strategies



Corporate Overview



SERIAL SYSTEM AT A GLANCE



Partnering Leading Suppliers



Electronic Components Distribution Business



... more than 90 Franchised Product Lines in Serial Group

Partnering Leading Suppliers



Consumer Products Distribution Business



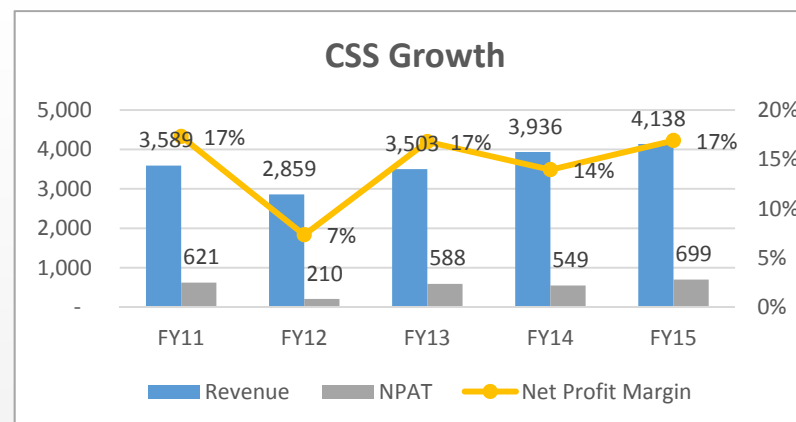
OTHER BUSINESSES

Serial MultiVision Pte. Ltd. (100%-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) - Exclusively for Samsung
- Hospitality solutions consists of Proprietary i-connect® solution that includes Intelligence Room Infotainment Solution (IRIS), Digital 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. Our key clients include Khoo Teck Puat Hospital, Jurong Hospital, Changi General Hospital, Parkway Group Hospitals, Institute of Mental Health, Sengkang Hospital, Yishun Community Hospital with a list of hospital deployments in the pipeline.

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
- High gross and net margins
- Exploring opportunities to expand via M&As

Strategic Investment - South Pacific Laundry

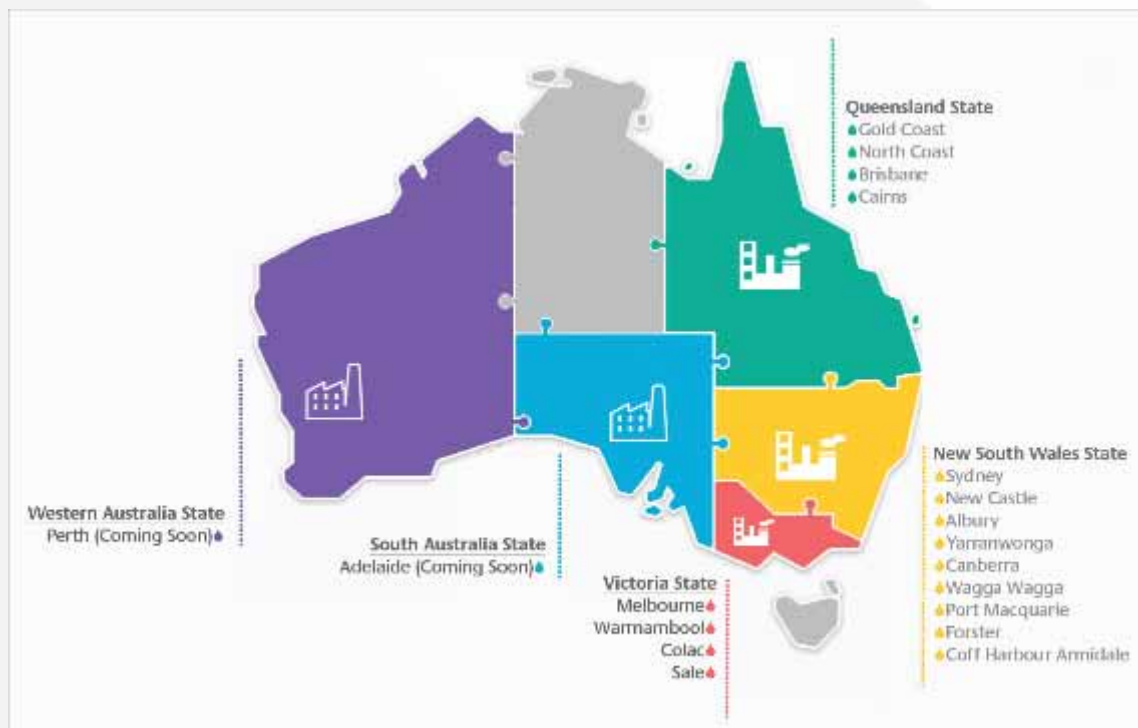


Australia-based industrial laundry servicing hotels, resorts, hospitals, care centres, and restaurants in Melbourne, Sydney, Brisbane and country areas of Victoria

Cutting-edge technology and efficient processes ensure linens are washed, ironed and folded in record time

High gross and net margins

Exploring opportunities to expand reach within Australia



Strategic Investment - Tong Chiang Group



Acquisition of a 21% equity interest in food products manufacturer and caterer, Tong Chiang Group ("TCG") for ~US\$3.2M

Part of Group's diversification into investment holding of high-margin companies

TCG comprises 13 wholly-owned subsidiaries and three separate property investment holding entities, operating in five factories and three warehouse units

Products and services can be broadly categorized into home-meal catering ("tingkat delivery"), provision of bento boxes (packet meals) to corporate customers, and halal and non-halal catering for private and corporate events



Recent Corporate Developments



Recent Corporate Developments



27 January 2016

- ▶ Completed acquisition of the remaining 51% equity stake in **Achieva Technology Pte. Ltd.**
 - ❑ Achieva Technology Pte. Ltd and its subsidiaries, namely Achieva Technology Sdn Bhd and Achieva Technology Australia Pty Ltd., became wholly-owned subsidiaries of the Company
 - ❑ Achieva Limited is principally engaged in the distribution and marketing of information technology products: computer peripherals, parts, software and related products

14 January 2016

- ▶ Proposed acquisition of 100% equity interests in **Sear-R Corporation. Ltd.**
 - ❑ Incorporated in Cambodia and principally engaged in the distribution of consumer electronic products and household appliances

30 October 2015

- ▶ Took 49% equity interest in **Serial Factoring (Thailand) Co., Ltd.**
 - ❑ Provision of project financing in the form of leasing, hire-purchase, factoring and loan to IT and related corporations in Thailand
 - ❑ The Group will benefit from supplying its electronic components and electronic consumer products to these IT and related projects in Thailand

Financial Results



SNAPSHOT OF 4Q2015 & FY2015 PERFORMANCE

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 <i>(US cents) ⁽¹⁾</i>	0.11	0.52	(78.8)	1.23	1.80	(31.7)
NAV per share (US cents) ⁽²⁾	31/12/2015: 13.33			31/12/2014: 13.64		

⁽¹⁾Earnings per ordinary share on a fully diluted basis is computed based on the weighted average number of shares during the period of 895,841,914 (4Q2014/Year-To-Date 31/12/2015: 895,841,914) after adjusting assumed conversion of all potential dilutive ordinary shares.

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

4Q2015 HIGHLIGHTS



4Q2015

- **Turnover** of US\$329.1 million, a 23% increase compared to 4Q2014:
 - **Electronics components distribution** revenue increased 1% to US\$268.9 million:
 - Mainly due to higher contributions from the Group's operations in South-East Asia and India (+23%), China (+9%) and Taiwan (+3%). This offset lower contributions from Singapore, Thailand, Hong Kong and South Korea
 - **Consumer products business** contributed total revenue of US\$58.8 million, accounting for 18% of total sales
- **Gross profit margin** slipped to 6.9% from 9.0% due to higher sales of lower-margin products in Philippines and India and stiffer competition in Hong Kong, China and South Korea. Serial I-Tech, Swift-Value and P.T. Achieva, with their lower-margin businesses, also accounted for the decline
- **Expenses as a percentage of turnover** 6.6% in 4Q2015 vs 7.9% in 4Q2014 as the Group continued to improve operational and cost efficiencies
- **Net Profit** of US\$1.0 million compared to US\$4.6 million for 4Q2014, due to lower gross profit margin, drop in other operating income and higher share of losses from associated companies

FY2015 HIGHLIGHTS

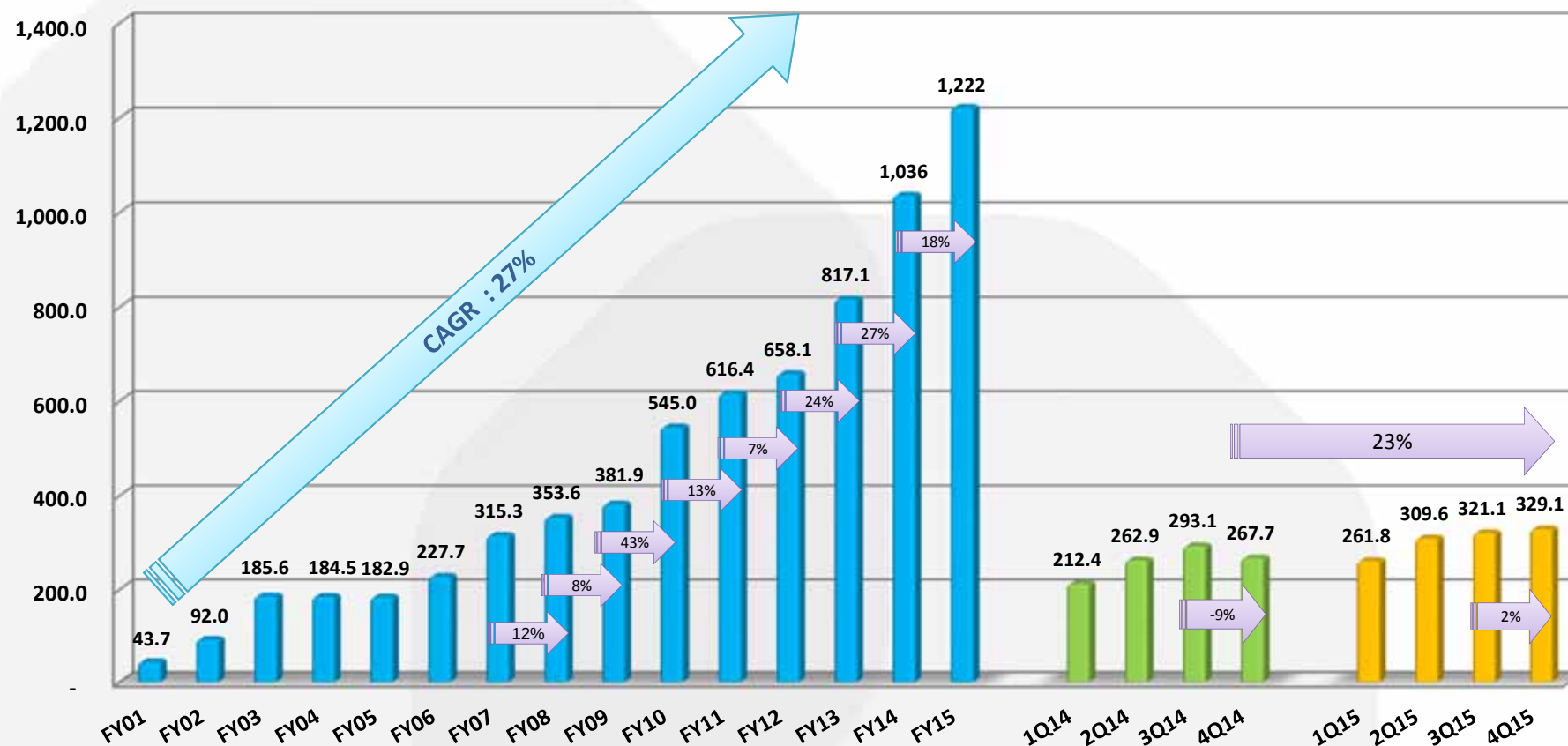


FY2015

- **Turnover** of US\$1.2 billion, an 18% increase compared to FY2014:
 - **Electronics components distribution** revenue increased 3% to US\$1.1 billion:
 - Mainly due to higher contributions from the Group's operations in South Korea (+22%) and Taiwan (+6%). Sales in India, China and most Southeast Asian markets (+4%) in which Serial System operates also improved
 - This offset lower contributions from Singapore, Thailand and Hong Kong.
 - **Consumer products business** contributed total revenue of US\$154.8 million, accounting for 13% of total sales:
 - Consumer products subsidiaries comprise Serial I-Tech Group, Swift-Value Business Pte Ltd, Hydra and Thermal Pte Ltd and P.T. Achieva Technology Indonesia
- **Gross profit margin** slipped to 7.5% from 8.7% due to higher sales of lower-margin products in South Korea and Taiwan. Serial I-Tech, Swift-Value and P.T. Achieva, with their lower-margin businesses, also accounted for the decline
- **Expenses as a percentage of turnover** 6.8% in FY2015 vs 7.4% in FY2014 as the Group continued to improve operational and cost efficiencies
- **Net Profit** of US\$11.0 million compared to US\$16.1 million for FY2014, due to lower gross profit margins and increased losses at two of its associated companies – Bull Will Co Ltd and Achieva Technology Pte Ltd

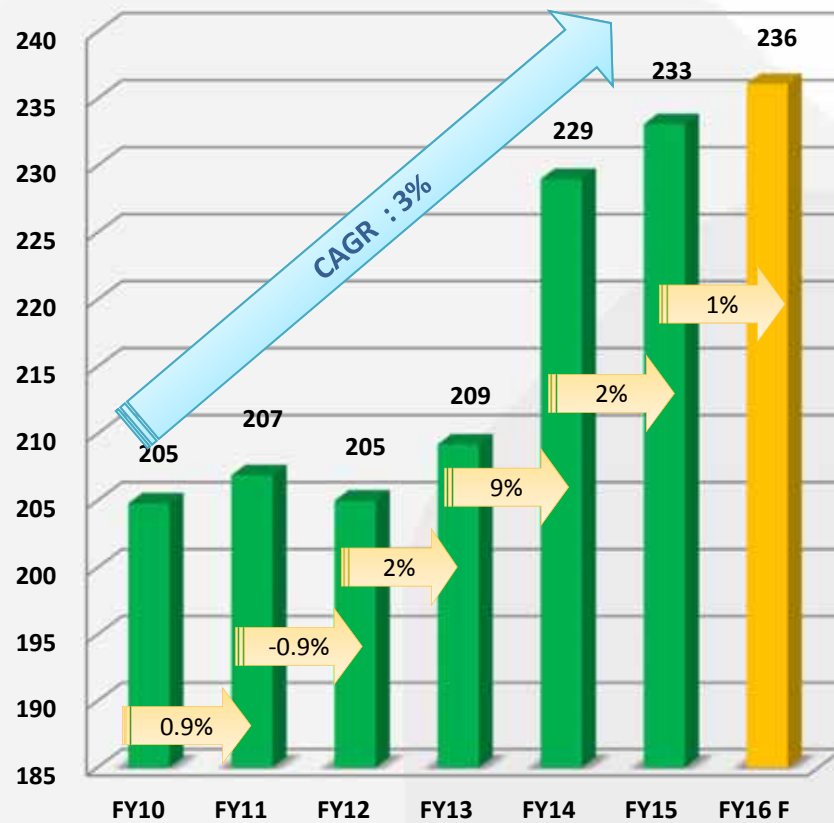
REVENUE GROWTH

Revenue (US\$' million)



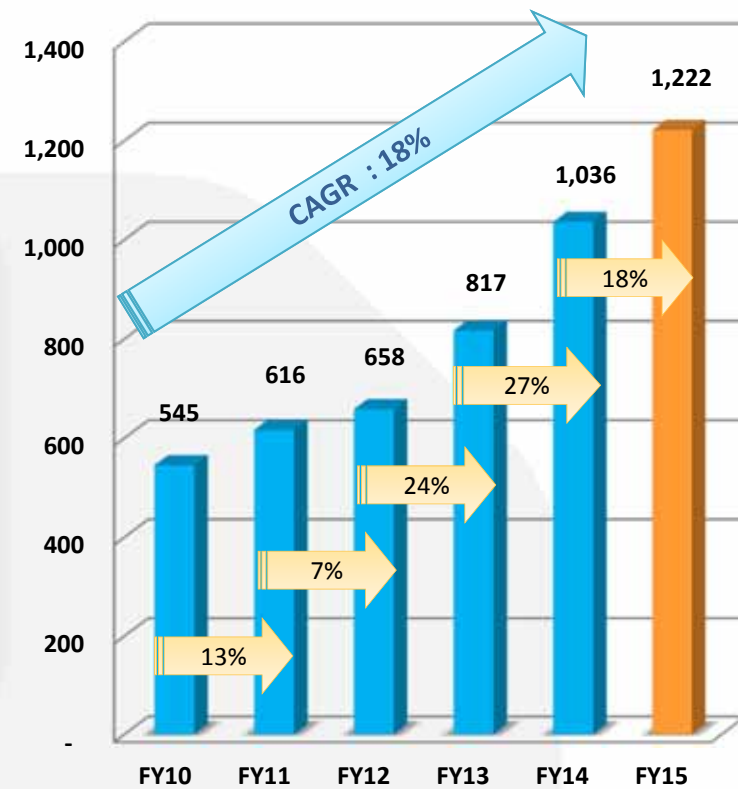
OUTPERFORMING THE INDUSTRY

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



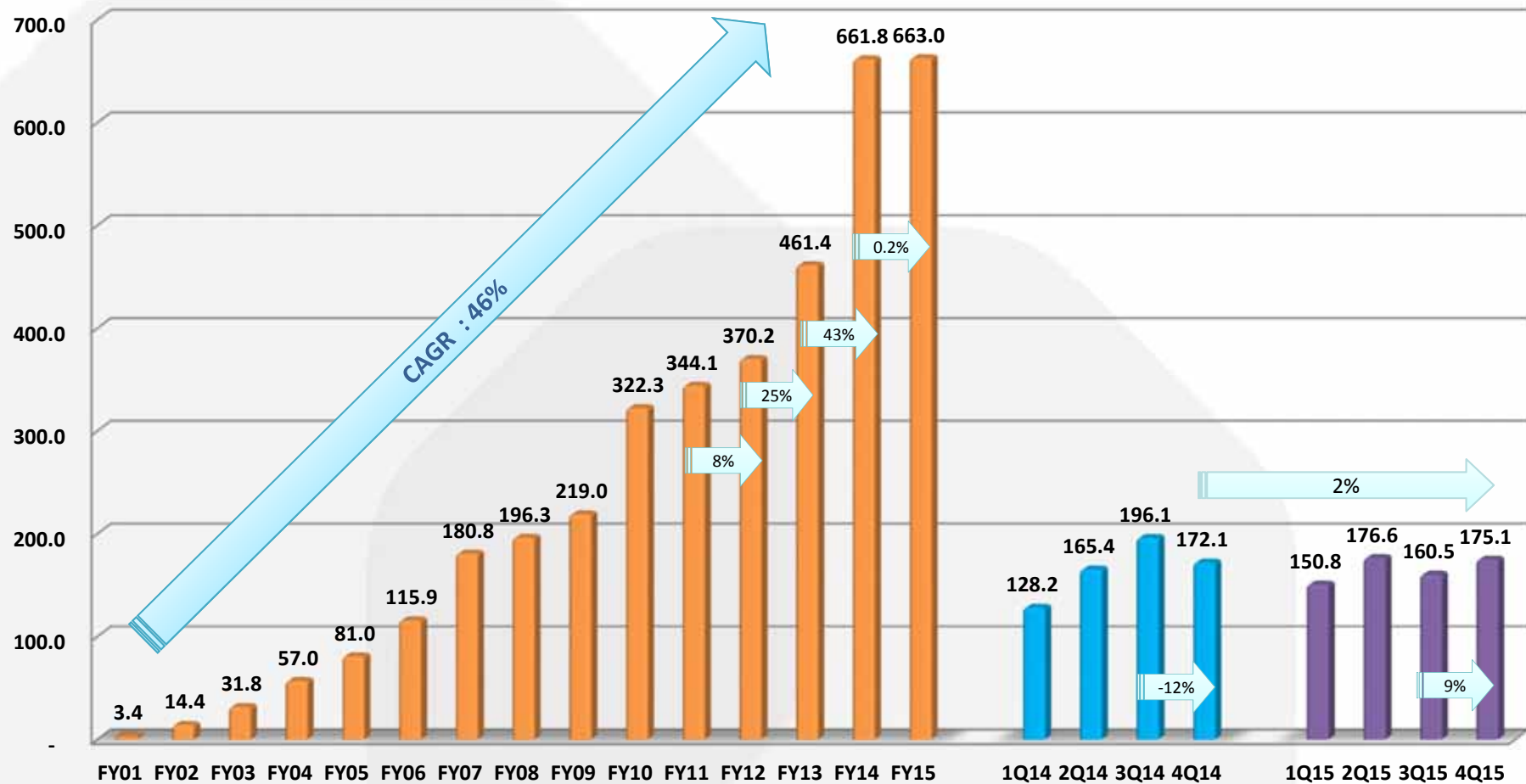
Source : World Semiconductor Trade Statistics/
Semiconductor Industry Association

Serial System Revenue (US\$' million)



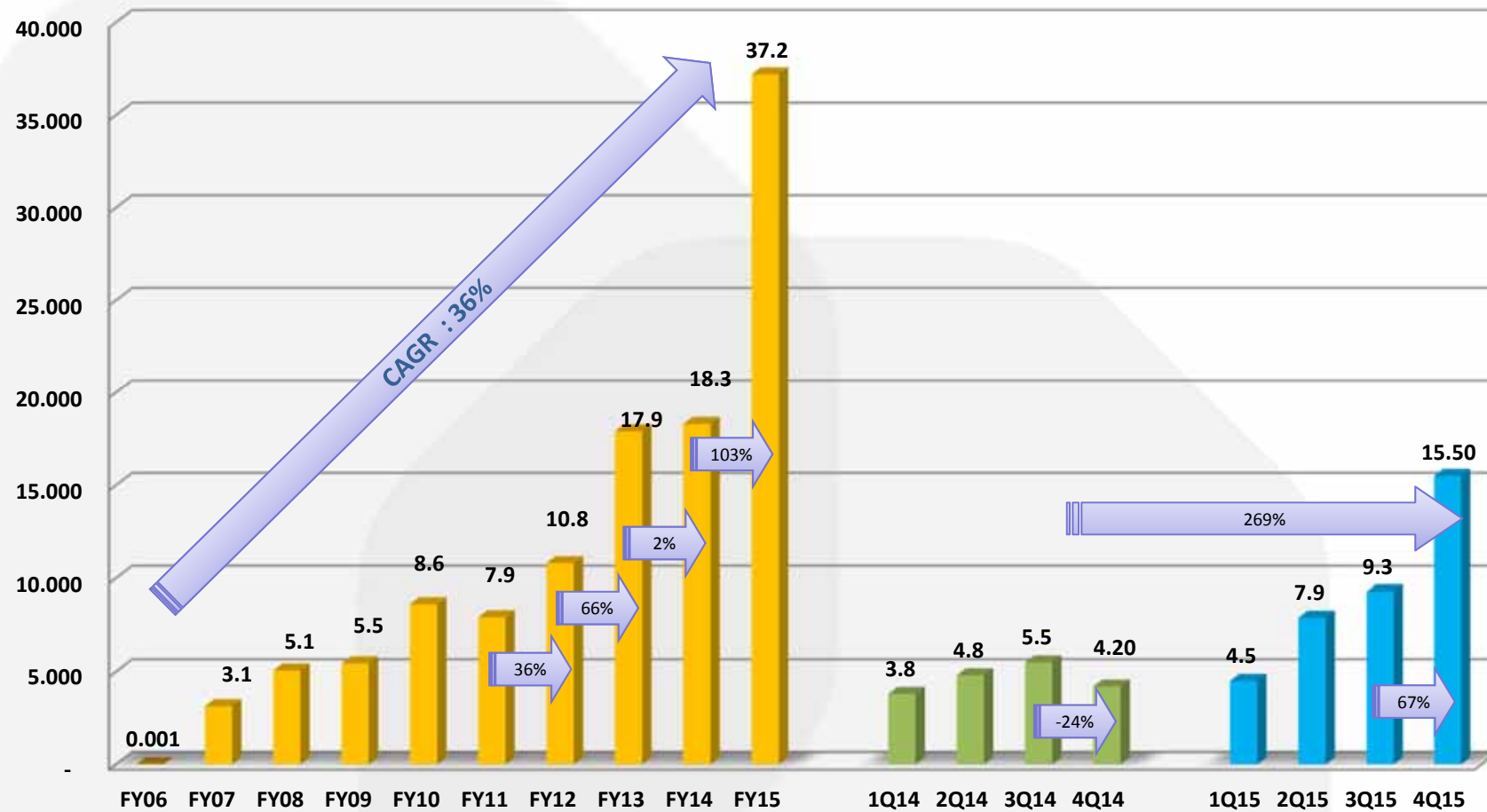
RIGHT GROWTH STRATEGIES

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



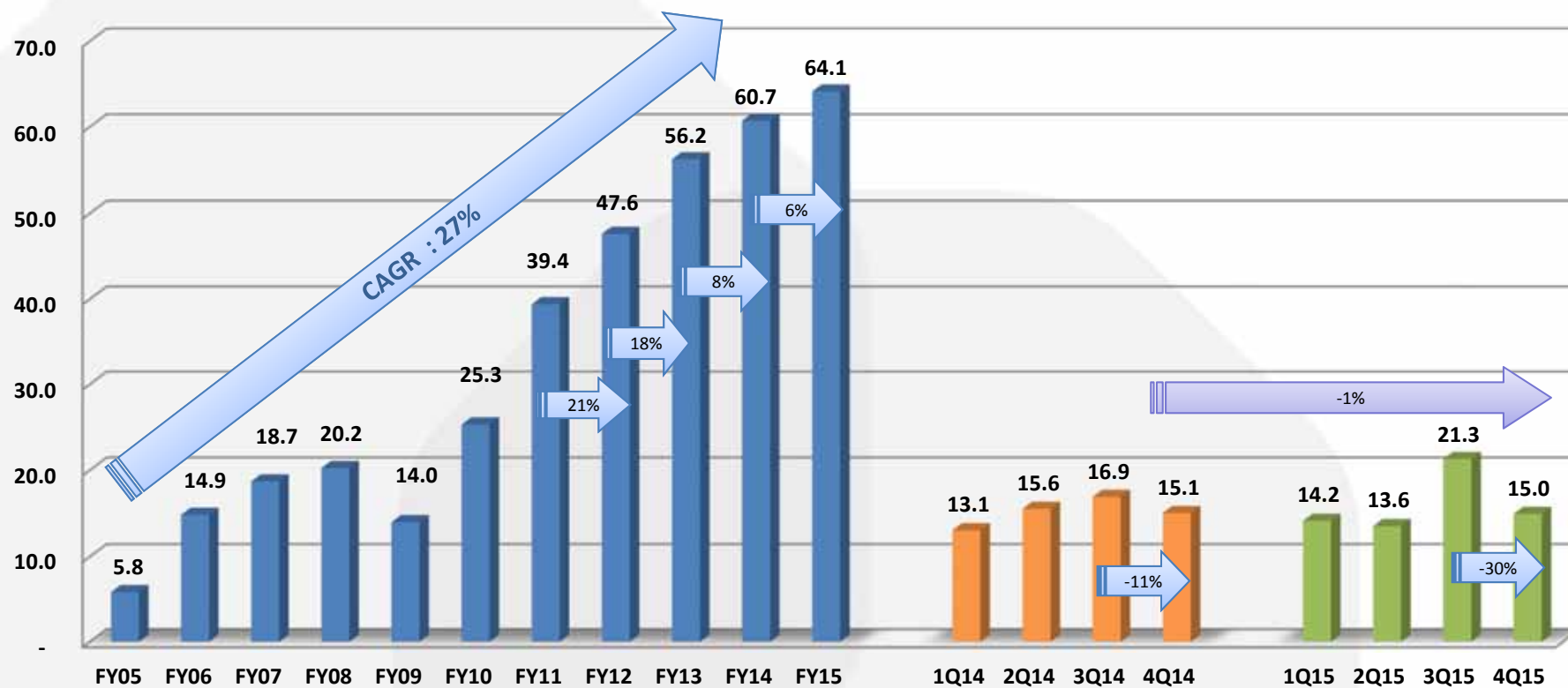
RIGHT GROWTH STRATEGIES

India Revenue US\$' million



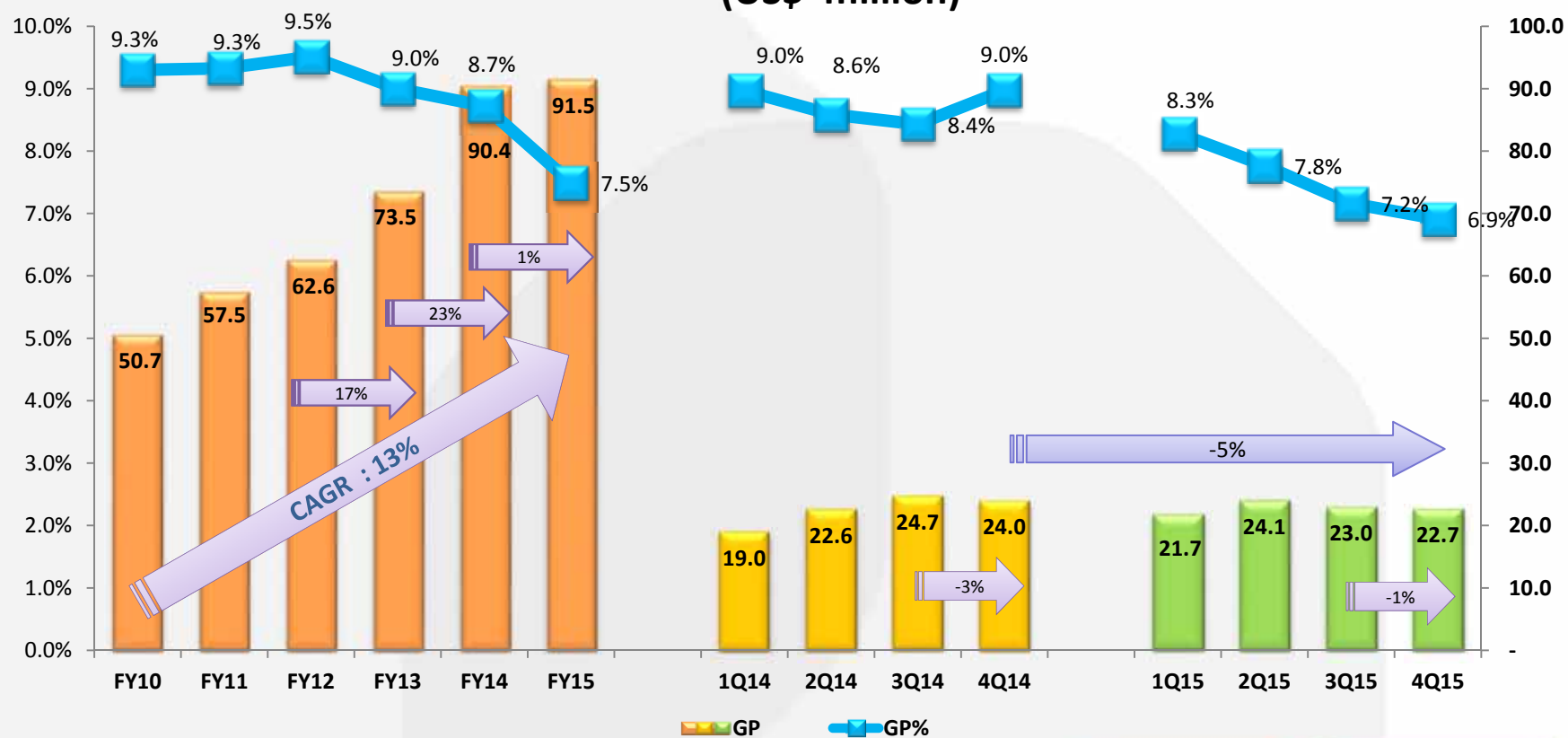
RIGHT GROWTH STRATEGIES

Taiwan Revenue (US\$' million)



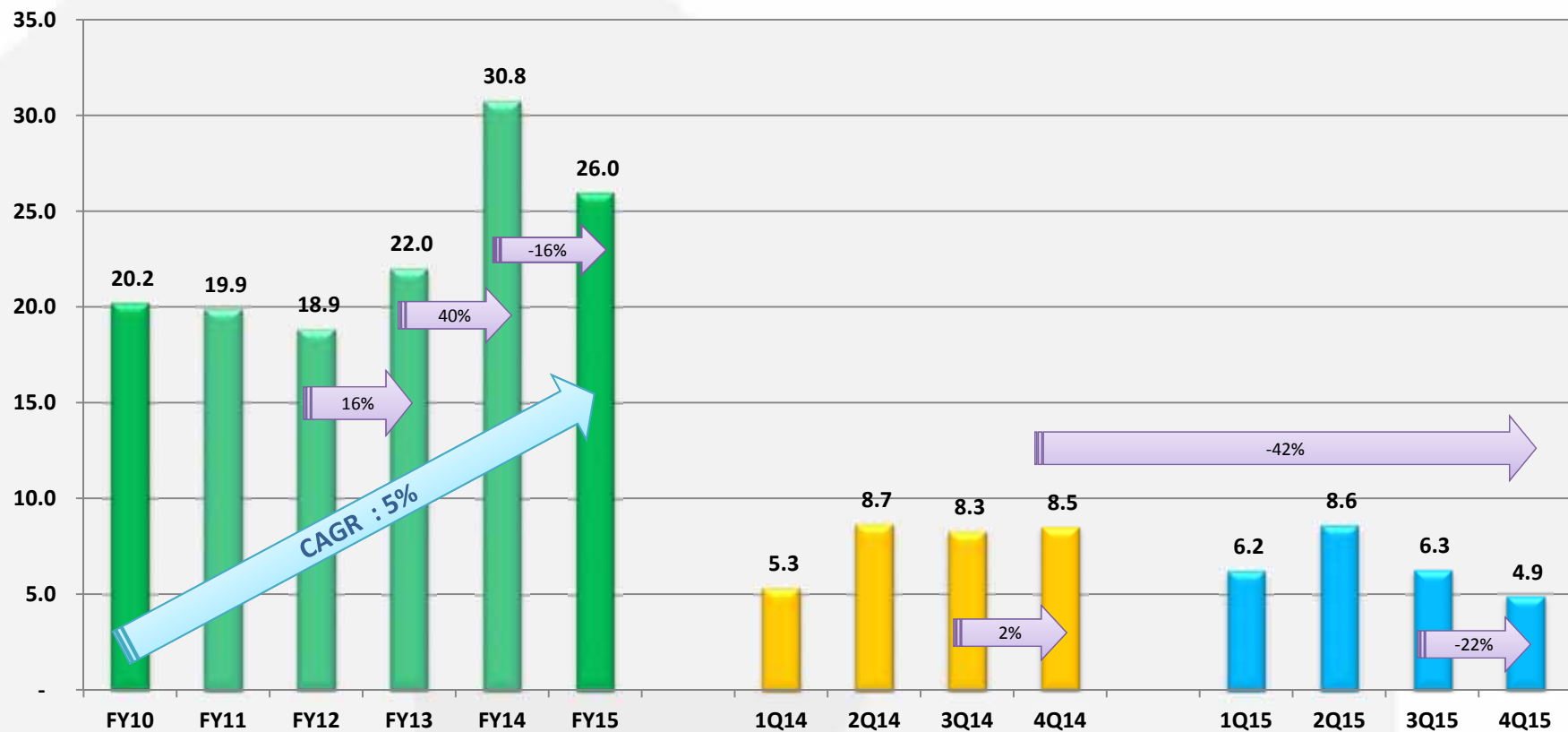
PROFITABILITY

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



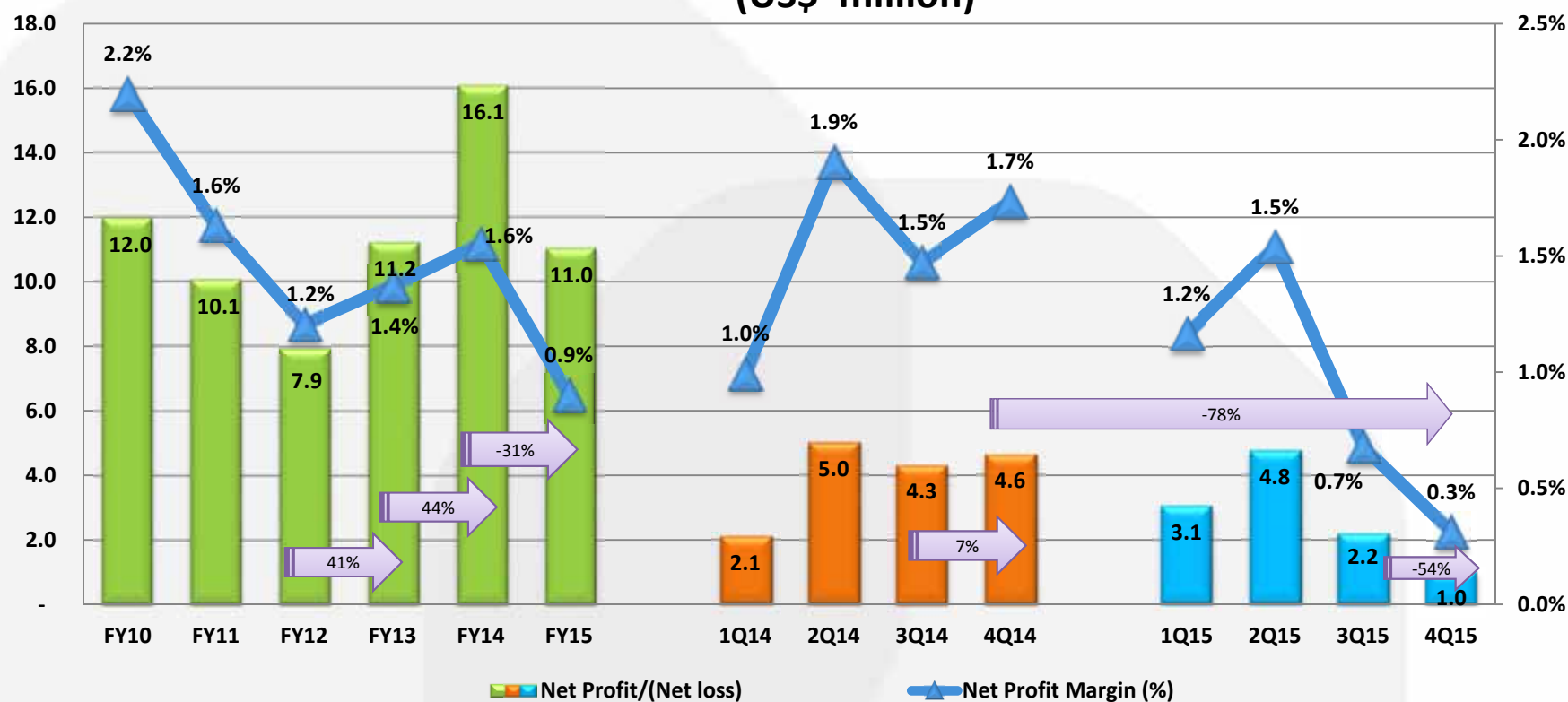
PROFITABILITY

EBITDA (US\$' million)



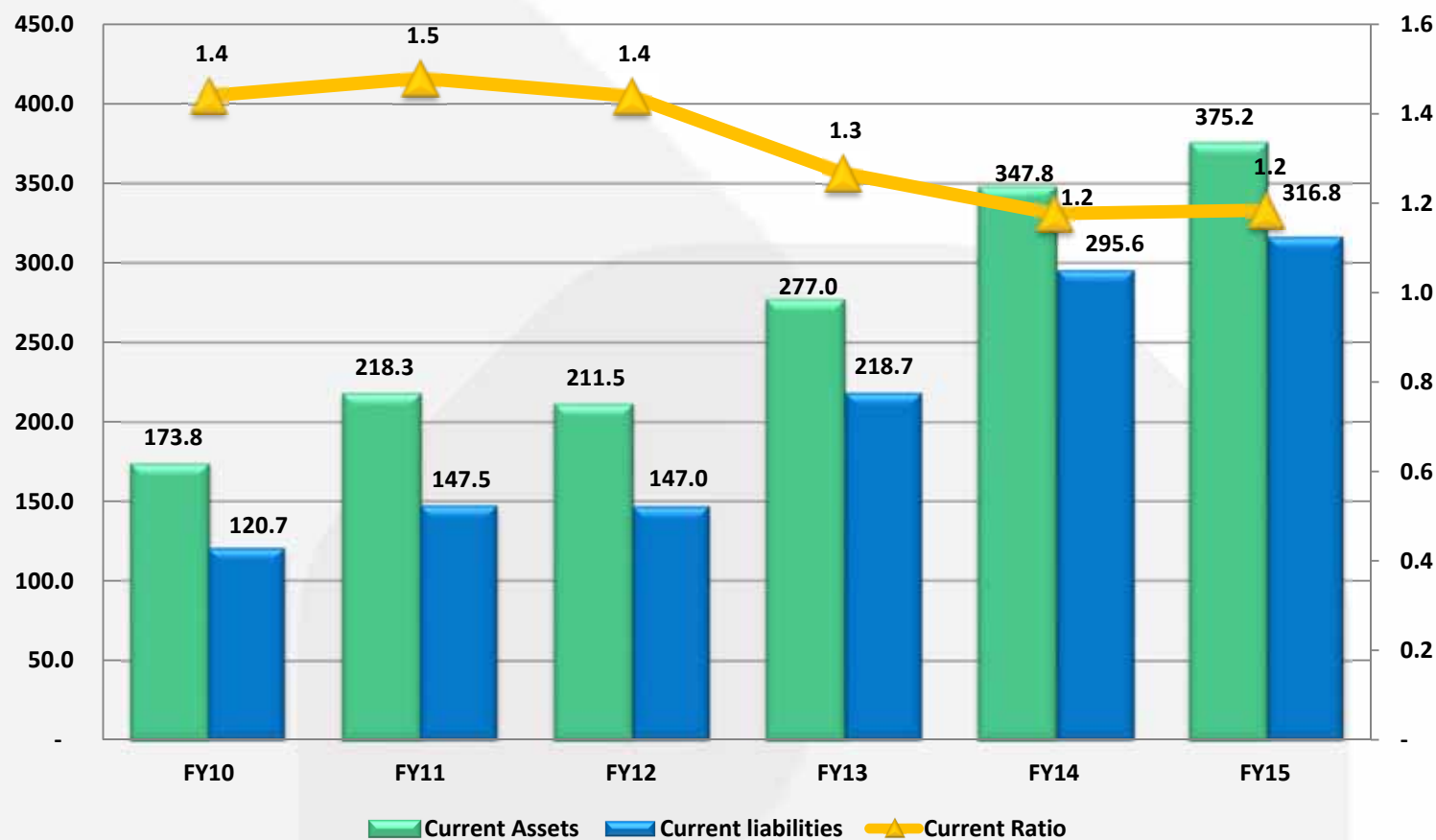
PROFITABILITY

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



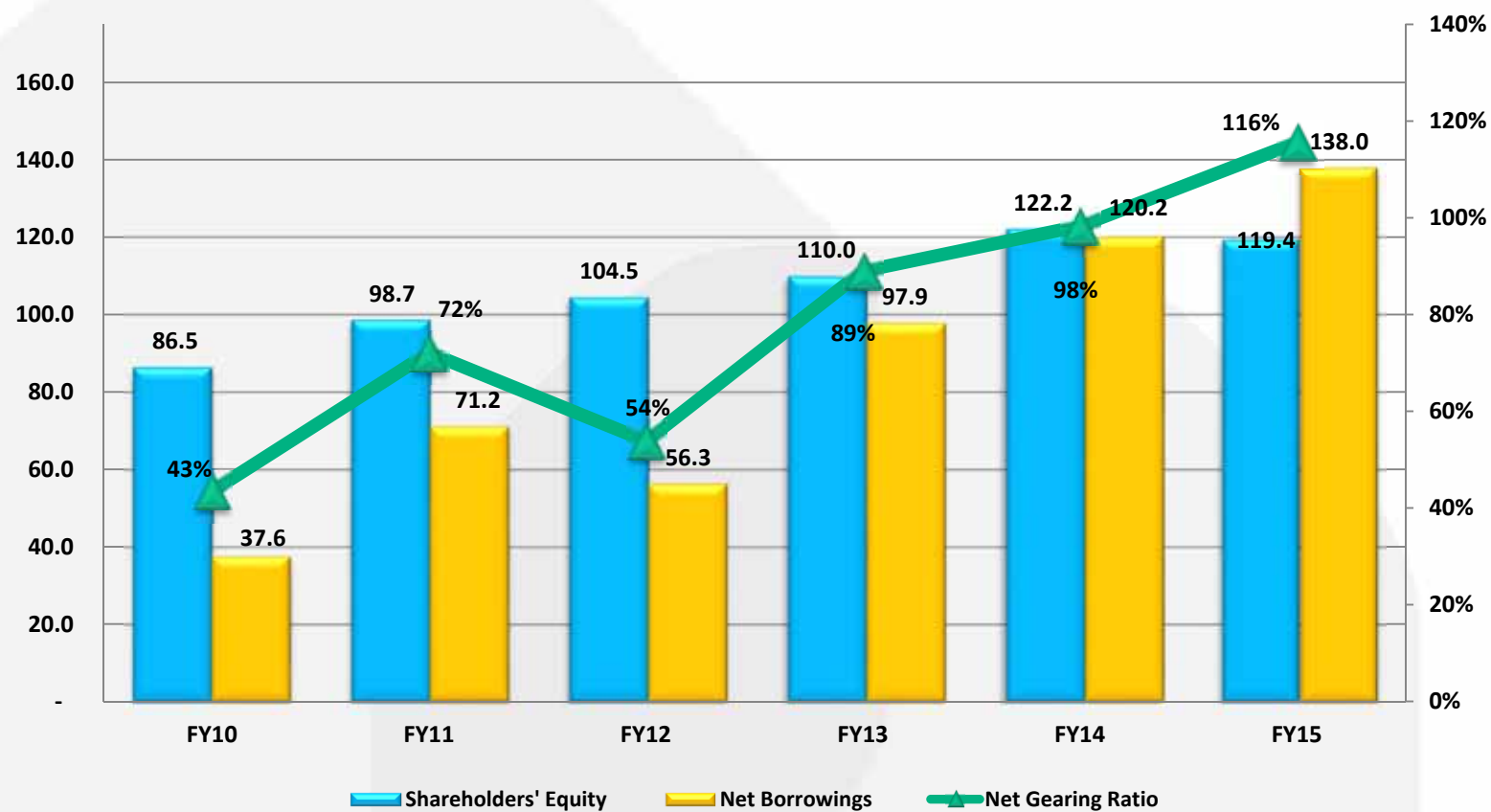
BALANCE SHEET

Maintaining Healthy Current Ratio



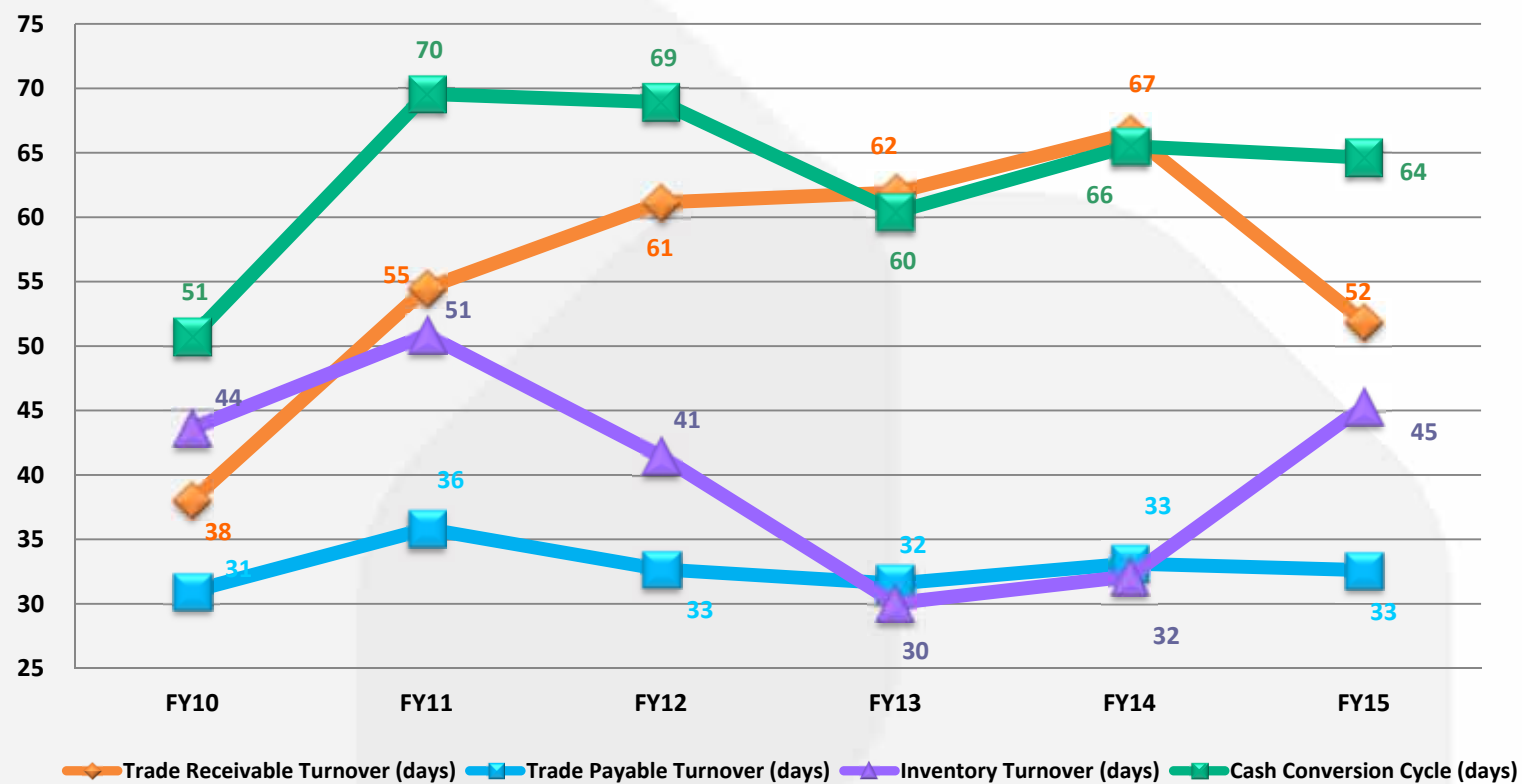
BALANCE SHEET

Net Gearing Ratio



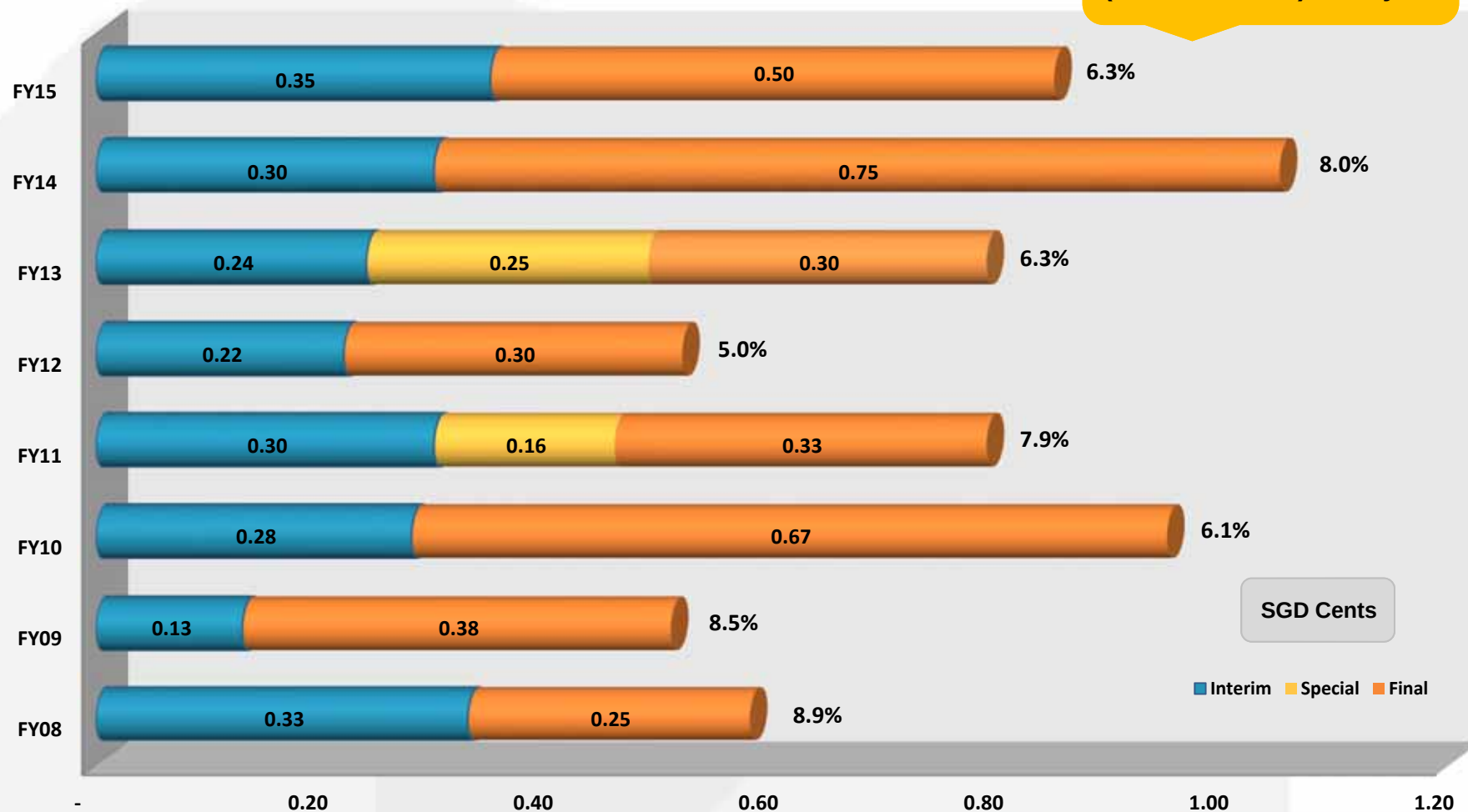
CASH CONVERSION

Cash Conversion Cycle (days)

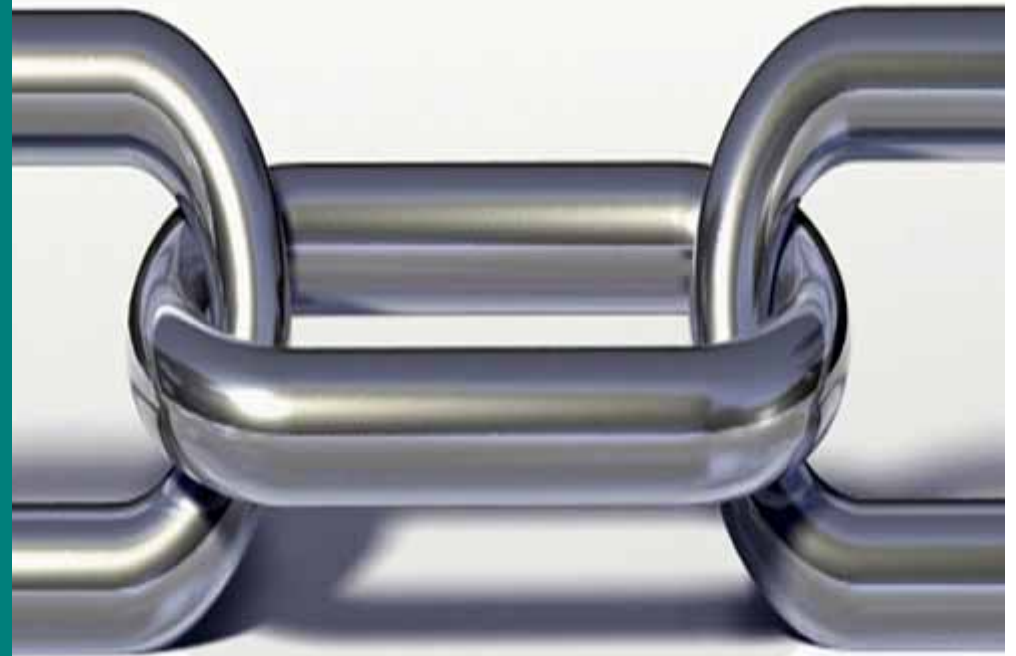


DIVIDEND YIELD

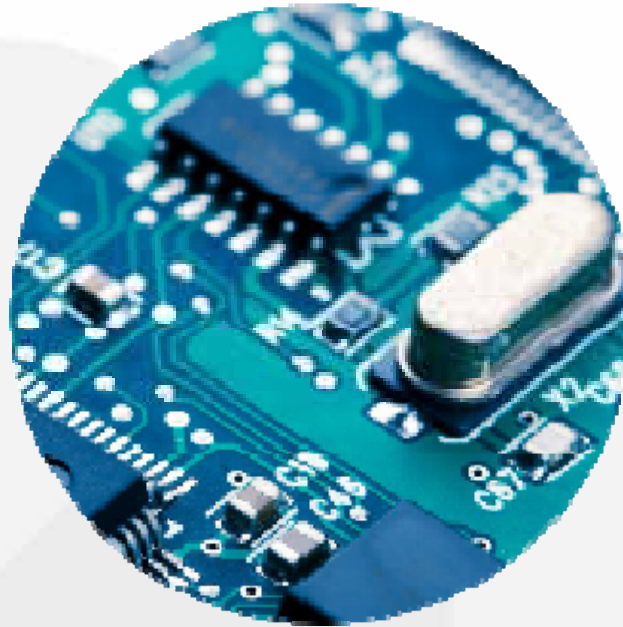
At least
Two Dividend payout
(Interim & Final) each year



Outlook & Strategies



Industry Outlook



The semiconductor industry is showing signs of slower growth amid an increasingly uncertain global economic climate

Group Outlook



- Continue to pursue growth for **core electronic components business** through expansion of product lines, customer base and distribution network:
 - Expand in higher-value business segments such as automotives, mobile devices and enterprise cloud solution
- Continue to improve operational efficiencies and costs controls, including streamlining its consumer products business, to achieve unified economies of scale across its entire distribution footprint
- Confident of prospects in the longer term, given the growing popularity of emerging technologies, especially those for wearable devices and the Internet of Things, all of which require integrated circuits and chips
- Overall, the Group expects to be profitable in FY2016

Our Three-Pronged Strategy

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 Europe and U.S. (~40% of semiconductor business) via M&A / JV

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Thank You

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