

Serial System 1Q2018 Net Profit Up 92% at US\$5.2M As Sales Hit All-Time High

- Revenue up 22% at record US\$405 million
- Gross profit margin boosted by improvements in both electronic components and consumer products distribution businesses
- Shareholders approve proposed Hong Kong listing for key subsidiary

US\$'000	1Q2018	1Q2017	Change (%)
Sales	405,220	332,937	22
Gross Profit	31,393	23,959	31
Gross Profit Margin (%)	7.7	7.2	0.5 pt
Net Profit After Tax (Attributable to shareholders)	5,190	2,708	92
Net Profit Margin (%)	1.3	0.8	0.5 pt
Earnings Per Share - fully diluted (US cents)	0.58	0.30	93
NAV per share (US cents)	17.15 as at 31/03/2018 (16.19 as at 31/12/2017)		

Singapore, 29 April 2018 – Serial System Ltd (“**Serial System**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) said its net profit for the first quarter of 2018 (“**1Q2018**”) nearly doubled from the same period last year (“**1Q2017**”), thanks to record sales and favourable foreign-exchange conditions.

The distributor of electronic components and consumer products made a net profit of US\$5.2 million in 1Q2018 compared to US\$2.7 million in 1Q2017. Fully diluted earnings per share rose to 0.58 US cent from 0.30 US cent.

Total revenue grew 22% to US\$405.2 million, crossing the US\$400 million mark for the first time in any quarter since the Company’s inception. The electronic components distribution business generated sales of US\$386.5 million, 23% more than in 1Q2017, on higher contributions from all markets except South Asia, which faced keen price competition and weak demand for certain product lines. Revenue from consumer products distribution rose 3% to US\$17.6 million on higher demand in Malaysia and Indonesia.

Overall gross profit margin edged up from 7.2% in 1Q2017 to 7.7% in 1Q2018, the highest in nearly three years, as the Group focused on more profitable electronic components and consumer products and higher-margin customers.

Besides improvements in overall revenue and profit margins, the Group’s 1Q2018 net profit

also got a boost from a US\$1.6 million currency translation gain and higher finance income. It also benefited from a US\$1.2 million write-back of an earlier provision for inventory obsolescence.

In seeking to further strengthen the foundation for its long-term growth, the Group is pushing ahead with plans to spin off its 91%-owned electronic components distribution subsidiary Serial Microelectronics (HK) Limited (“**SMHK**”) via a listing on the mainboard of the Stock Exchange of Hong Kong.

Shareholders of the Company voted in favour of the proposed spin-off at an extraordinary general meeting held on 28 April 2018. Listing SMHK will enable it to raise funds to support its own distribution business in China and Hong Kong. That business currently accounts for about 70% of the Group’s total revenue.

Dr Derek Goh, the Group’s Executive Chairman and CEO, said: “We are grateful to shareholders for supporting the proposed listing of SMHK in Hong Kong. This exercise will offer SMHK independent access to capital to augment its position in the burgeoning China market and free up Serial System to channel resources to businesses elsewhere in Asia.”

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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 its suppliers and customers. Today, Serial System has one of the largest distribution networks in Asia, with 50 offices and 13 warehouses throughout Asia Pacific. It also has a wide customer base of more than 7,000, spanning a diverse range of industries such as consumer electronics, household appliances, industrial, telecommunications, electronic manufacturing services, automotive and medical.



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Its major suppliers for electronic components distribution include Texas Instruments, ON Semiconductor, SK Hynix, OSRAM Opto Semiconductors, TE Connectivity and Fingerprints. Its major suppliers for consumer products distribution include Hewlett-Packard, Intel, Asus, Canon, Samsung and Advanced Micro Devices. Serial System's ability to align itself with 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.

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