

Serial System to Sell Stake in Australian Laundry Business for US\$31.2 Million

- *Serial System to use proceeds to pare debt, pay special dividend and for working capital*

Singapore, 12 September 2018 – Serial System Ltd (“**Serial System**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) said today it expects to recognise a gain of US\$20.0 million from the sale of its entire 27.34% stake in SPL Holdings (Australia) Pty Ltd (“**SPL**”), a commercial laundry business.

The distributor of electronic components and consumer products will receive US\$31.2 million in net proceeds from the sale giving rise to a gain of US\$20.0 million, which represents a premium of 179% over the Company’s book value in SPL as at 30 June 2018.

The Company will use about 40% of the proceeds to repay bank loans. It also plans to issue a special dividend to shareholders. The rest of the proceeds will be for working capital to support its main distribution business and for future investments.

In business since 1990, SPL provides laundry services to hotels, resorts, care centres, hospitals and restaurants in key cities and towns in Australia. Its clients include international hospitality brands such as Hilton, Hyatt and Sofitel.

Serial System first invested in SPL in 2014 with a stake of 20%. It injected more money into SPL two years later, lifting its stake to 27.34%. This will now be sold to Anchorage Bridge Street Pty Limited, a company owned by funds managed by Australia-based private equity firm Anchorage Capital Partners.

On a pro forma basis, had the sale been completed in 2017, the Group’s earnings per share would have risen to 3.31 US cents from 1.07 US cents while net tangible assets would have increased to 16.04 US cents a share from 13.81 US cents. Its net gearing would have declined to 82% from 115%.

While the disposal constitutes a major transaction under SGX listing rules and would hence be subject to a vote by shareholders, the Company has received a waiver from the need to obtain such approval.

Dr Derek Goh, the Group's Executive Chairman and CEO, said: "We have been invested in SPL for more than four years now. This deal with Anchorage Bridge Street is timely and particularly rewarding as the returns are extremely attractive. The sales proceeds will come in handy for our main distribution business and for strengthening our balance sheet."

End

Media & Investor Contact Information

WeR1 Consultants Pte Ltd
3 Phillip Street, #12-01
Tel: (65) 6737 4844
Frankie Ho - frankieho@wer1.net
Jordan Teo - jordanteo@wer1.net

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 53 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.

Its major suppliers for electronic components distribution include Texas Instruments, ON Semiconductor, SK Hynix, OSRAM Opto Semiconductors and TE Connectivity. Its major suppliers for consumer products distribution include Hewlett-Packard, Intel, Asus, PowerColor 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.

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