

Serial System's FY2016 Revenue at All-Time High of US\$1.4B

<i>US\$'000</i>	4Q2016	4Q2015	Change (%)	FY2016	FY2015	Change (%)
Sales	344,949	329,078	5	1,402,583	1,221,562	15
Gross Profit	25,637	22,745	13	97,393	91,486	6
Gross Profit Margin (%)	7.4	6.9	0.5 pt	6.9	7.5	(0.6) pt
Net Profit After Tax (attributable to shareholders)	4,048	1,027	294	4,558	11,035	(59)
Net Profit Margin (%)	1.2	0.3	0.9 pt	0.3	0.9	(0.6) pt
EPS – fully diluted (US cents)	0.45	0.11	309	0.51	1.23	(59)
NAV per share (US cents)	31/12/2016: 13.93			31/12/2015: 13.33		

Singapore, 22 February 2017 – Serial System Ltd (“**Serial System**” or the “**Group**”), one of the largest distributors of electronic components and consumer products in Asia, announced today its highest annual revenue since its inception.

The Group’s net profit for the three months ended 31 December 2016 (“**4Q2016**”) rose to US\$4.0 million from US\$1.0 million for the same period a year earlier (“**4Q2015**”), driven by higher revenue from electronic components distribution in Hong Kong and China.

Earnings for 4Q2016 were also helped by a gain from the disposal of available-for-sale financial assets and by higher office rental income, finance income, commission income and product rebates. Fully diluted earnings per share for the quarter increased to 0.45 US cent from 0.11 US cent for 4Q2015.

The Group’s overall revenue in 4Q2016 increased 5% to US\$344.9 million, with higher contributions from electronic components distribution offsetting lower sales from consumer products distribution.

For the electronic components distribution business, revenue grew 22% to US\$327.1 million in 4Q2016 as higher demand from new and existing customers in Hong Kong and mainland China offset lower sales in Taiwan, South Korea and the South Asia-Pacific region.

Revenue from consumer products distribution declined 71% to US\$16.9 million in 4Q2016 due to lower sales at Swift-Value Business Pte Ltd, which is the authorised distributor of Hewlett Packard, Epson and Canon products in Singapore, and from Serial I-Tech group, which distributes watches and IT, mobile and photographic products.

Serial System's share of losses in associated companies narrowed to US\$0.2 million in 4Q2016 from US\$0.3 million in 4Q2015. The losses in the latest quarter stemmed mainly from Bull Will Co Ltd ("**Bull Will**"), a manufacturer of magnetic components used in electronic products, and from laundry company SPL Holdings (Australia) Pty Ltd as well as Unitrontech China Co Ltd, which distributes Micron memory products to China's automotive market.

For the full year ended 31 December 2016 ("**FY2016**"), the Group generated record revenue of US\$1.40 billion, up from US\$1.22 billion for the previous year ("**FY2015**"), thanks to higher distribution sales for electronic components and consumer products.

Revenue from electronic components distribution rose 15% to US\$1.23 billion in FY2016 driven mainly by higher contributions from the Group's operations in Hong Kong and China.

Revenue from consumer products distribution increased 12% from last year to US\$173.3 million, boosted by contributions from newly consolidated Achieva Technology group, which distributes IT and digital lifestyle products, computer peripherals and software.

Despite the improvement in overall revenue, the Group achieved a lower net profit of US\$4.6 million for FY2016, compared to US\$11.0 million for FY2015. Fully diluted earnings per share came to 0.51 US cent, compared to 1.23 US cents for the previous year. The weaker performance was largely due to losses at the consumer products distribution business and at Bull Will, in which Serial System has a 29.03% stake.

The Group's net asset value as at 31 December 2016 amounted to 13.93 US cents a share, up from 13.33 US cents a share as at the end of FY2015. It had cash and cash equivalents of US\$65.2 million as at the end of FY2016.

The Group, which emerged from the SGX watch list on 5 December 2016, has proposed a final dividend of 0.17 Singapore cent a share. Together with an interim dividend of 0.18 Singapore cent already given out to shareholders, this will bring its entire FY2016 payout to 0.35 Singapore cent a share.

Dr Derek Goh, Serial System's Executive Chairman and CEO, said: "The global semiconductor industry is expected to fare better in 2017 than last year, according to research group Gartner. This will bode well for our company, which will continue to explore opportunities to expand into higher-value business segments even as we seek to keep a tight lid on costs."

In a report released in January 2017, Gartner estimated worldwide semiconductor revenue of US\$364.1 billion for 2017, an increase of 7.2% over actual sales in 2016.

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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 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, automotive and medical.

Its major suppliers for electronic components distribution include Texas Instruments, ON Semiconductor, Avago Technologies, TE Connectivity, Advanced Micro Devices, OSRAM Opto Semiconductors, Fairchild Semiconductor, Hisilicon, BCD Semiconductor, Elo Touch Solutions, Fingerprints, S K Hynix, Toshiba, Littlefuse, TT Electronics, Walsin and Sharp. Its major suppliers for consumer products distribution include Hewlett-Packard, Apple, Tamron, Fujifilm, Marumi, Titan, Nixon, Fossil, Luxa2 and Corum.

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