

## Serial System 1H2018 Earnings Up 19% at US\$7.2M as Revenue and Profit Margins Improve

- Revenue for 2Q2018 up 9% at new quarterly high of nearly US\$409m
- Interim dividend of 0.40 Singapore cent a share proposed

US\$'000	2Q2018	2Q2017	Change (%)	1H2018	1H2017	Change (%)
Sales	408,703	373,927	9	813,923	706,684	15
Gross Profit	33,608	26,144	29	65,001	50,103	30
Gross Profit Margin (%)	8.2	7.0	1.2 pt	8.0	7.1	0.9 pt
Net Profit Attributable to Shareholders	2,042	3,370	(39)	7,232	6,078	19
Net Profit Margin (%)	0.5	0.9	(0.4 pt)	0.9	0.9	-
Earnings Per Share (US cents)	0.23	0.38	(39)	0.81	0.68	19
NAV per share (US cents)	15.49 as at 30/06/2018 (15.35 as at 31/12/2017)					

**Singapore, 13 August 2018** – Serial System Ltd (“**Serial System**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) reported today earnings of US\$2.0 million for the three months ended 30 June 2018 (“**2Q2018**”) as revenue reached a new all-time quarterly high and gross profit margins rose to their highest in more than three years.

Net profit for the distributor of electronic components and consumer products was US\$2.0 million in 2Q2018, compared with the US\$3.4 million earned in the same quarter last year (“**2Q2017**”).

The Group’s bottom line was impacted by higher currency translation losses, impairment loss on investment in an associated company, fair-value loss on financial assets, higher allowance for impairment losses on trade and other receivables and impairment losses on goodwill arising from acquisition of subsidiaries. Professional fees for the proposed spin-off of the Company’s subsidiary on the Stock Exchange of Hong Kong also affected the Group’s profitability.

Total revenue for 2Q2018 rose 9% to US\$408.7 million, exceeding the previous record high of US\$405.2 million achieved in the first quarter of 2018. Sales from electronic components distribution grew 9% to US\$394.4 million as increased demand in Taiwan, South Korea, Hong Kong and China offset lower contributions from South Asia.

The consumer products distribution business generated sales of US\$13.0 million, up 24% from 2Q2017, with Malaysia driving the increase. Print-IQ Singapore Pte Ltd, in which Serial System acquired a 70% stake in May 2017, also accounted for the higher revenue for the consumer products distribution business in 2Q2018.

With the Group's continued focus on more profitable electronic components and consumer products, overall gross profit margins for 2Q2018 rose from 7.0% a year earlier to 8.2%, the highest since the first quarter of 2015.

With the higher gross profit from increased sales and stronger margins, coupled with a write-back of inventory obsolescence, Serial System's net profit for the first six months of 2018 ("1H2018") rose to US\$7.2 million, up 19% from the same period last year. Total revenue for 1H2018 increased 15% to US\$813.9 million.

The Group's balance sheet also improved. As at 30 June 2018, it had cash and cash equivalents of US\$68.0 million and net debt as a percentage of equity of 101.4%, compared with US\$73.1 million and 114.8% respectively as at 31 December 2017.

Dr Derek Goh, the Group's Executive Chairman and CEO, said: "We have made notable progress in growing our revenue and bottom line but are very mindful of the competitive operating environment and the growing risk of a trade war between the US and its key trading partners, including China. The proposed spin-off of our Hong Kong subsidiary is one way to position ourselves to seize growth opportunities, as this will free up resources for us to redeploy to other projects and help strengthen our balance sheet."

Shareholders of Serial System voted in favour of the proposed listing of Serial Microelectronics (HK) Limited in April 2018. The Group has proposed an interim dividend of 0.40 Singapore cent a share, up from 0.29 Singapore cent a share for the first half of 2017.

**### End ###**

### **Media & Investor Contact Information**

WeR1 Consultants Pte Ltd  
3 Phillip Street, #12-01  
Tel: (65) 6737 4844  
Frankie Ho – [frankieho@wer1.net](mailto:frankieho@wer1.net)  
Jordan Teo – [jordanteo@wer1.net](mailto: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](http://www.serialsystem.com)