

Serial System's FY2017 Net Profit More Than Doubles as Sales Hit All-Time High and Associates' Losses Narrow

US\$'000	4Q2017	4Q2016	Change (%)	FY2017	FY2016	Change (%)
Sales	390,100	344,949	13	1,492,204	1,402,583	6
Gross Profit	28,380	25,637	11	105,119	97,393	8
Gross Profit Margin (%)	7.3	7.4	(0.1 pt)	7.0	6.9	0.1 pt
Net Profit After Tax (Attributable to shareholders)	358	4,048	(91)	9,550	4,558	110
Net Profit Margin (%)	0.1	1.2	(1.1 pt)	0.6	0.3	0.3 pt
Earnings Per Share - fully diluted (US cents)	0.04	0.45	(91)	1.07	0.51	110
NAV per share (US cents)	31/12/2017: 16.19			31/12/2016: 13.93		

Singapore, 24 February 2018 – Serial System Ltd (“**Serial System**” or the “**Group**”) reported today its highest annual revenue since its inception and a more than one-fold increase in net profit in 2017 (“**FY2017**”).

The distributor of electronic components and consumer products generated record revenue of US\$1.5 billion in FY2017, up from US\$1.4 billion in the previous year (“**FY2016**”). Its electronic components distribution business was the key driver, contributing US\$1.4 billion in sales, up 17% from FY2016, on higher demand from new and existing customers in China, Hong Kong, Taiwan and South Asia.

The consumer products distribution business, which Serial System has been streamlining in recent years, contributed revenue of US\$55.4 million in FY2017. This was 69% less than in FY2016 as the Group made a conscious effort to reduce sales of low-margin products and exit non-performing markets. Doing so helped the Group lift overall gross profit margin for FY2017 to 7.0% from 6.9% for the previous year.

The Group booked a smaller loss of US\$0.4 million from its associated companies in FY2017 compared to US\$3.9 million in FY2016. The decline was largely due to reduced losses at its 19%-owned Bull Will Co Ltd, which makes magnetic components for electronic products.

With the improvement in sales and profit margin, and substantially smaller losses from associated companies, the Group ended FY2017 with a net profit of US\$9.6 million, up from US\$4.6 million in FY2016. Earnings per share rose to 1.07 US cents in FY2017 from 0.51 US cent in the previous year.

The Group has proposed a final dividend of 0.46 Singapore cent a share. This brings the total payout for FY2017, including an interim dividend of 0.29 Singapore cent already given out, to 0.75 Singapore cent a share. The total dividend for FY2016 was 0.35 Singapore cent a share.

The Group expects to remain profitable in FY2018 amid a generally buoyant outlook for the global semiconductor market. According to Gartner, worldwide semiconductor revenue is slated to reach US\$451 billion this year, 7.5% more than in 2017, driven by strong demand for DRAM and NAND flash memory products. Firm demand for integrated circuits for a variety of applications, including smartphones, smart-city initiatives and autonomous vehicles, is also expected to underpin global semiconductor sales this year.

Greater China, from where Serial System gets the lion's share of its revenue, will continue to be its focal region. Its 91%-owned Hong Kong electronic components distribution unit, Serial Microelectronics (HK) Limited ("SMHK"), plans to list on the mainboard of the Hong Kong Stock Exchange. The listing will enable SMHK to raise funds from the equity market to support its growth in Hong Kong and China.

Dr Derek Goh, Serial System's Executive Chairman and CEO, said: "With the global semiconductor market still expected to remain buoyant in the foreseeable future, we believe we will be able to perform reasonably well in 2018. We will, at the same time, continue to keep a close watch on competitive and cost pressures and seek to remain nimble in order to uphold profit margins and better meet the needs of our customers."

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Issued on behalf of the Group by WeR1 Consultants Pte Ltd.

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About Serial System Ltd



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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, 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.

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