



SILVERLAKE AXIS LTD

(Incorporated in Bermuda)
(Company Registration No. 32447)

PRESS RELEASE - FOR IMMEDIATE RELEASE

Silverlake Records Higher Revenue in Q2 FY2018 With Growth in Contributions from Project Related Revenue Segments

- *Profitability impacted by sharp decline in Other Income which surged in Q2 FY2017 due to capital gain of RM223.9 million from disposal of Global InfoTech Co. Ltd. ("GIT") shares and accounting gain of RM18.8 million on dilution of interest in GIT following issuance of new shares*
- *Excluding the gain and tax expense associated with GIT shares disposal and net gain on dilution of interest arising from issuance of new GIT shares, Q2 FY2018 net profit of RM32.7 million was 21% higher than the RM27.1 million recorded in Q2 FY2017*
- *With proposed second interim and special dividends of Singapore cents 0.3 and 0.8 per share respectively, total dividend for Q2 FY2018 amounted to Singapore cents 1.1 per share, an increase of 57% over Q2 FY2017*
- *The Group expects project related revenue segments to grow and to recognise higher progressive revenue from new and ongoing projects in 2H FY2018*

Singapore, 13 February 2018 – Singapore Exchange Mainboard listed Silverlake Axis Ltd ("SAL" or the "Group"), a leading provider of Digital Economy Solutions and Services to major organisations in Banking, Insurance, Payments, Retail and Logistics industries, today announced its results for the second quarter and half year ended 31 December 2017.

Q2 and 1H FY2018 Results Review

Driven by higher contributions from project related revenue segments and insurance processing, SAL recorded 5% improvement in Group revenue to RM133.2 million in Q2 FY2018. While revenue from

software licensing grew to RM9.5 million with the initial delivery of new contracts in Thailand, Hong Kong and Cambodia, revenue from software project services climbed with higher progressive revenue recognition from new as well as ongoing implementation contracts. Under the recurrent revenue segments, revenue growth from insurance processing was offset by lower contribution from maintenance and enhancement services business segment as the Group delivered fewer large enhancement projects during the period.

Despite increased revenue, gross profit remained stable at RM75.4 million. However, gross profit margin slid to 57% due to lower margin from the software project services segment. In Q2 FY2017, Other Income was boosted by a capital gain of RM223.9 million from the disposal of 18.0 million shares in GIT as well as an accounting gain of RM18.8 million on dilution of interest following the issuance of new GIT shares. Consequently, Other Income dropped substantially in Q2 FY2018 in the absence of these gains. Although selling and distribution expenses rose with higher marketing and research costs, the increase was offset by a significant decline in administrative expenses, with the decline mainly attributable to lower unrealised foreign currency translation loss and lower charge on performance shares issued under Silverlake Axis Ltd. Performance Share Plan. Due to the sharp decline in Other Income, net profit attributable to shareholders fell 87% to RM32.7 million. Excluding the gain and tax expense associated with the disposal of GIT shares as well as the net gain on dilution of interest in GIT arising from the issuance of new shares in Q2 FY2017, Q2 FY2018 net profit would be 21% higher compared to the RM27.1 million recorded in Q2 FY2017.

For 1H FY2018, Group revenue and net profit attributable to shareholders declined 3% and 84% to RM246.6 million and RM64.4 million respectively. Excluding the gain and tax expense associated with the disposal of GIT shares as well as the net gain on dilution of interest in GIT arising from the issuance of new shares in 1H FY2017, net profit attributable to shareholders in 1H FY2018 was comparable to the net profit of RM64.8 million achieved in the previous corresponding period.

The Board has proposed a tax exempt second interim dividend of Singapore cents 0.3 per share and a special dividend of Singapore cents 0.8 cent per share. Total dividend amounted to Singapore cents 1.1 per share for Q2 FY2018, an increase of 57% over the dividend of Singapore cents 0.7 per share for Q2 FY2017.

Prospects

Enquiries and requests for proposals from existing and potential customers for core IT replacements and digital banking upgrades have remained firm in late 2017. Given its continued efforts in responding to requests for proposals, the Group expects to secure additional software projects in FY2018. In view of

the Group's current order book for projects and its scheduled execution programme, revenue contribution from project related revenue segments is expected to improve in 2H FY 2018.

In addition to the continuing focus on core banking software, the Group is constantly evaluating suitable companies for acquisition to expand its portfolio of Fintech and Insuretech software products and services to address the growing demand for transformational digital banking and insurance offerings from its customers.

The Group has on 20 October 2017 announced the proposed acquisition of three Silverlake Private Entities and the related circular has been despatched to the shareholders on 9 February 2018 together with the notice of Special General Meeting ("SGM"). If this proposed acquisition is approved by shareholders on SGM to be held on 1 March 2018, the Group is expected to have a significantly larger financial technology platform with the scope, scale and operating leverage needed to strategically expand in an evolving market and strengthen its position as an innovation accelerator in the rapidly changing financial ecosystem.

On 11 January 2018, SAL monetised a portion of its remaining investment in GIT and holds the remaining 39.59 million GIT shares. "The proceeds from sale of GIT shares in FY2017 totalling about RM502.8 million (net of withholding tax) have been fully repatriated from China. We are currently repatriating the proceeds from the recent sale of GIT shares," commented Dr. Raymond Kwong, Managing Director of the Group. "In our effort to return a portion of the gains to shareholders, the Group has paid three special dividends from the GIT sale proceeds. In addition, the Board is proposing a fourth special dividend with the Q2 FY2018 results," added Dr. Kwong.

This press release should be read in conjunction with SAL's Q2 FY2018 results announcement released on 13 February 2018 to the Singapore Exchange.

About Silverlake Axis

Silverlake Axis Ltd (SAL) provides financial services technology to the Banking, Insurance, Payments, Retail and Logistics industries. Founded in 1989, SAL has built an impeccable track record of successful core banking implementations.

Together with our acquired subsidiaries Merimen Group, Cyber Village, QR Retail Automation Group, Symmetric Payments and Integration, Symmetri Group and associate Finzsoft Solutions (listed on NZX), we have transformed and created value for over 300 customers and their ecosystems. Our geographical presence spans across Asia, Australia, Central Europe, Middle East and New Zealand.

Under Axis Systems Holdings Limited, SAL was listed on the SGX-SESDAQ on 12 March 2003. It was renamed Silverlake Axis Ltd in 2006 following the acquisition of SAACIS, the company that owns the Silverlake Integrated Banking Solution (SIBS) and the listing was transferred to the Mainboard of the Singapore Exchange on 22 June 2011. For more information about SAL, please visit www.silverlakeaxis.com.

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