



SILVERLAKE AXIS LTD

(Incorporated in Bermuda)

(Company Registration No. 32447)

PRESS RELEASE - FOR IMMEDIATE RELEASE

Silverlake Reports Higher Revenue of RM126.7 Million in Q3 FY2018 with Strong Revenue Growth from Project Related Segments

- ***Contributions from project related revenue segments surged with deliveries for ongoing implementation projects and new software contracts***
- ***Operating profitability in Q3 FY2018 impacted by lower enhancement services revenue and net foreign exchange loss (as opposed to a net foreign exchange gain in Q3 FY2017)***
- ***Excluding the effect of Global InfoTech Co. Ltd. ("GIT") shares disposal, gain on re-measurement of retained interest in GIT to fair value and foreign currency exchange difference, adjusted Q3 FY2018 net profit of RM38.7 million would have been 17% higher compared to adjusted net profit of RM33.1 million in Q3 FY2017***
- ***With proposed third interim dividend of Singapore cents 0.3, total dividends for 9M FY2018 amounted to Singapore cents 2.2 per share***
- ***The Group expects further improvement in project related software licensing and software project services revenue for the rest of FY2018***

Singapore, 14 May 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 third quarter and nine months ended 31 March 2018.

Q3 and 9M FY2018 Results Review

The Group recorded revenue growth of 2% to RM126.7 million in Q3 FY2018. With the exception of maintenance and enhancement services, which delivered fewer large projects, all business activities contributed higher revenue during the quarter. For software licensing, revenue grew 444% to RM9.8 million with software deliveries to a leading ASEAN bank and new contracts in Thailand and Cambodia. With the work done on new software contracts and higher progressive revenue recognition from ongoing implementation projects, revenue from software project services jumped 150% to RM9.4 million. Another project related revenue segment, sale of software and hardware products, also saw substantial revenue increase due to a major sale in Malaysia. In addition, the Group also recorded improvement in revenue from credit and cards processing following a new tier-pricing fee arrangement with an existing customer as well as from insurance processing which continued to grow with new customers acquired in Southeast Asia and business expansion into Thailand, Vietnam and Hong Kong.

During the quarter, gross profit rose 6% to RM71.5 million. Due to increased contributions from higher margin software licensing and improved profit margin achieved by software project services as well as credit and cards processing, the Group's gross profit margin rose to 56%. In Q3 FY2017, the Group booked a pre-tax capital gain of RM105.6 million from the disposal of 12.4 million GIT shares as well as a pre-tax accounting gain of RM293.0 million from re-measurement of retained interest in GIT as available-for-sale financial assets at fair value. In the absence of these gains in Q3 FY2018, other income was substantially lower. While selling and distribution expenses remained stable, administrative expenses went up due to a slight pre-tax loss on disposal of 2.0 million GIT shares, fees incurred in relation to the acquisition of Silverlake Private Entities ("SPEs") and the reversal of net foreign currency exchange gain in Q3 FY2017 to a net foreign currency exchange loss in Q3 FY2018. Income tax expense was significantly lower in Q3 FY2018 due to the Group's provision of deferred tax on capital gains associated with the remaining available-for-sale GIT shares and accruals of withholding tax on disposal of GIT shares in the preceding quarter of Q3 FY2017.

With the steep decline in other income and increase in administrative expenses, net profit attributable to shareholders fell 93% to RM29.0 million in Q3 FY2018. Excluding the effect of disposal of GIT shares, gain on re-measurement of retained interest in GIT to fair value in Q3 FY2017 as well as foreign currency exchange difference, the adjusted net profit attributable to shareholders of RM38.7 million in Q3 FY2018 would have been 17% higher compared to the adjusted net profit of RM33.1 million for Q3 FY2017.

In 9M FY2018, the Group recorded revenue of RM371.1 million and net profit attributable to shareholders of RM93.4 million. Excluding the effect of disposal of shares in GIT, gain on re-measurement of retained interest in GIT to fair value in 9M FY2017, net gain on dilution of interest in GIT arising from the issuance

of new shares in 9M FY2017 as well as the foreign currency exchange difference, the adjusted net profit attributable to shareholders of RM103.7 million in 9M FY2018 would have been 11% lower than the adjusted net profit of RM116.9 million achieved in 9M FY2017.

The Board has proposed a tax-exempt third interim dividend of Singapore cents 0.3 per share, payable on 6 June 2018. Including this, the total dividend payout for the first 9 months of FY2018 amounts to Singapore cents 2.2 per share.

Prospects

“For the past year, the Group has been actively engaging existing and potential customers for core IT replacements and digital banking upgrades and have responded to their requests for proposals. We are pleased that our efforts have resulted in the strong growth achieved by project related revenue segments in Q3 FY2018 as well as two notable new core banking contracts secured last month,” commented Dr. Raymond Kwong, Managing Director of SAL. “We will maintain our marketing efforts and strive to secure additional software projects in 2018,” added Dr. Kwong. Based on the Group’s current order book for projects and their scheduled execution programme, revenue contributions from project related software licensing and software project services are expected to continue growing for the rest of FY2018.

Following the completion of acquisition of the three SPEs in April 2018, SAL has expanded its financial technology platform with the scope, scale and operating leverage necessary to effectively compete in an evolving market. In order to strengthen its position as an innovation accelerator in the changing financial ecosystem, the Group will continue to evaluate suitable companies for acquisition to further 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.

This press release should be read in conjunction with SAL’s Q3 FY2018 results announcement released on 14 May 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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