



SILVERLAKE AXIS LTD

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

PRESS RELEASE - FOR IMMEDIATE RELEASE

SAL Achieves 32% Revenue Growth to RM166.9 million in Q4 FY2016

- *Q4 FY2016 revenue grew with higher broad based contributions from most business activities and the appreciation of SGD and USD against RM; net profit rose 3% to RM77.2 million*
- *The acquisition of the Symmetri Group further expanded the suite of software products and services but acquisition related expenses contributed to the marginally lower full-year profitability*
- *Balance sheet remained healthy with net cash of RM151.5 million as of 30 June 2016*
- *With proposed final dividend of Singapore cent 1.0 per share, total dividend for FY2016 amounted to Singapore cents 3.0 per share, over larger post 1 for 5 bonus share base*

Singapore, 26 August 2016 – 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 and Financial Services, Payments, and Logistics businesses, today announced its results for the fourth quarter and full year ended 30 June 2016.

Q4 and FY2016 Results Review

In Q4 FY2016, all business activities of SAL, except software project services, recorded higher revenue. Revenue from software project services was lower due to the completion of higher value contract earlier in the financial year and lower progressive revenue recognition from new and ongoing implementation projects during the quarter. The completion of software implementation projects led to more maintenance and enhancement contracts and generated higher recurring revenue from maintenance and enhancement services. Besides organic growth, the Group's recurrent income base was further augmented by the consolidation of Symmetri Group's maintenance and enhancement services businesses.

The Group also benefited from the delivery of higher value software licensing contracts and a major sale of hardware product. While recurring revenue from insurance processing grew with acquisition of new customers, revenue from credit and cards processing rose with additional contracts from a major customer and was further boosted by the strengthening of Japanese Yen against Ringgit Malaysia ("RM"). In addition, appreciation of Singapore Dollar and the United States Dollar against RM during the quarter also contributed to the growth in Q4 FY2016 revenue by 32% to RM166.9 million.

Revenue By Business Activities (RM million)	Q4 FY2016	Q4 FY2015	% Change
Software licensing	42.5	30.1	41
Software project services	12.3	19.1	(36)
Maintenance and enhancement services	98.1	67.6	45
Sale of software and hardware products	2.7	-	N/M
Credit and cards processing	4.3	3.7	18
Insurance processing	7.0	5.9	20
Total	166.9	126.4	32

N/M = Not Meaningful

Driven by higher revenue, gross profit rose 43% to RM110.4 million. With increased contributions from higher margin activities and higher margin from software project services, gross profit margin improved to 66%. However, other income saw a significant decline in Q4 FY2016 compared to the previous corresponding period which included an accounting gain of RM19.2 million on dilution of interest in an associate in China, Global InfoTech Co. Ltd. ("GIT") and the fair value adjustment on contingent consideration for the acquisition of Merimen. The Group also incurred higher operating expenses with the consolidation of Symmetri Group as well as realised foreign currency exchange loss of RM8.8 million. With the drop in other income and rise in operating costs, profit for Q4 FY2016 rose by only 3% to RM77.2 million.

For the full year ended 30 June 2016, Group revenue increased 23% to RM636.3 million. However, full year profitability declined marginally due to lower proportion of revenue contribution from higher margin activities, consolidation of lower margin Symmetri Group since Q2 FY2016, lower other income and additional expenses related to the consolidation of Symmetri Group. As a result, SAL concluded the financial year with a net profit attributable to shareholders of RM273.9 million.

For Q4 FY2016, the Board proposed a tax-exempt final dividend of Singapore cent 1.0 per ordinary share. Together with the interim dividends, total dividend for FY2016 amounted to Singapore cents 3.0 per ordinary share. Shareholders should note that the share base for FY2016 dividend is 20% larger compared to FY2015 due to the 1-for-5 bonus share issue in July 2015.

Prospects

With an uncertain business outlook in 2016, financial institutions in the region are becoming more cautious with large IT expenditure and this has resulted in weaker demand for major core IT replacement or upgrades. “Regardless of prevailing business sentiments, SAL remains committed to the timely delivery of well-executed projects. We will continue to support the growth of our customers through enhancement of their core IT systems for greater efficiency as well as to deliver new capabilities to enable them to compete effectively in the competitive marketplace. Our various subsidiaries are delivering fintech innovations to help existing and new customers protect and grow their market share,” commented Dr. Raymond Kwong, Managing Director of the Group.

Though the Group is open to selective acquisition opportunities to expand its portfolio of software products and services, greater emphasis will be placed on realising the synergistic potential of the enlarged group. Going forward, the Group will increase marketing efforts to expand the market share of subsidiaries like Cyber Village, Merimen and Symmetri Group over the medium term.

This press release should be read in conjunction with SAL’s FY2016 results announcement released on 26 August 2016 to the Singapore Exchange.

About Silverlake Axis

Silverlake Axis Ltd (SAL) is a leading provider of digital economy solutions and services for major organisations in Banking, Insurance, Payment, Retail and Logistics industries. The Group's Silverlake Axis Software and Services Solutions are delivering operational excellence and enabling business transformations at over 200 organisations across Asia, including 40% of the largest banks in South East Asia.

Under Axis Systems Holdings Limited, the Group 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.

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