



SILVERLAKE AXIS LTD

(Incorporated in Bermuda)

(Company Registration No. 32447)

PRESS RELEASE - FOR IMMEDIATE RELEASE

Silverlake Records Operational Improvement in Q4 FY2018, With Revenue Growing 6% and Gross Profit Up 22%

- *Revenue growth in Q4 FY2018 driven by higher contributions from maintenance and enhancement services as well as project related revenue segments (except software project services)*
- *Excluding the loss on disposal of Global InfoTech Co. Ltd. (“GIT”) shares in Q4 FY2018, the adjusted net profit of RM39.5 million in Q4 FY2018 would have been 3% higher than the RM38.3 million net profit recorded in Q4 FY2017*
- *With proposed final and special dividends of Singapore 0.3 cents and 0.5 cents per share respectively, total dividends for FY2018 amount to Singapore 3.0 cents per share*
- *The Group’s book order of core banking contracts and IT projects are expected to underpin improvement in project related software licensing and software project services revenue in FY2019*

Singapore, 24 August 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 fourth quarter and full year ended 30 June 2018.

Q4 and FY2018 Results Review

In Q4 FY2018, Group revenue rose 6% to RM145.5 million due to higher contributions from maintenance and enhancement services and all project related revenue segments with the exception of software project services. Recurring revenue from maintenance and enhancement services grew 18% to RM105.8 million with new enhancement contracts secured and higher progressive revenue recognised from a few ongoing enhancement contracts. Driven by the initial delivery of new higher value core banking contracts secured in Malaysia and Thailand, revenue from software licensing jumped 65% to RM14.7 million. Contribution from sale of software and hardware products also increased with higher value sales in Malaysia. Under the new tier-pricing fee arrangement with an existing customer, credit and cards processing revenue improved by 9%. Software project services recognised lower revenue compared to higher progressive revenue recognition from ongoing implementation contracts in Q4 FY2017. As for insurance processing, revenue declined 3% due to a non-recurring integration contract secured following system change implemented by a customer in Singapore last year.

Boosted by revenue growth, gross profit rose 22% to RM82.6 million. Given the change in product mix with increased contributions from higher margin software licensing and improved margin from credit and cards processing, gross profit margin improved significantly from 49% in Q4 FY2017 to 57% in Q4 FY2018. However, other income declined significantly with RM15.7 million net foreign currency exchange gains recognised in Q4 FY2017 compared to a net loss of RM0.9 million in Q4 FY2018. During the quarter, the Group's joint venture, Silverlake HGH Limited ("SHGH"), recorded an impairment loss on goodwill acquired from business combination. This led to a substantial increase in the Group's share of loss of a joint venture to RM13.9 million.

Notwithstanding revenue and gross profit growth, the steep decline in other income and significantly higher share of loss of a joint venture resulted in profit before tax declining to RM35.0 million. Due to the recognition of deferred tax assets for unused tax losses carried forward from a subsidiary, a tax credit of RM1.2 million was recorded in Q4 FY2018. The Group concluded the quarter with a net profit attributable to shareholders of RM36.2 million, a decrease of 5% compared to Q4 FY2017. Excluding the loss on disposal of GIT shares in Q4 FY2018, the adjusted net profit attributable to shareholders of RM39.5 million in Q4 FY2018 would have been 3% higher than the RM38.3 million recorded in Q4 FY2017.

For the full year ended 30 June 2018, Group revenue and gross profit remained relatively stable at RM541.8 million and RM304.9 million respectively. Other income was marked lower due to pre-tax gain of RM480.4 million from sales of 34.9 million GIT shares, pre-tax accounting gain of RM294.8 million from re-measurement of retained equity interest in GIT as available-for-sale financial assets at fair value and recognition of RM18.8 million accounting gain on dilution of interest in GIT in FY2017. With the sharp

decline in other income and a significant increase in the share of loss of a joint venture and associates due to recognition of impairment loss by SHGH, net profit attributable to shareholders were 84% lower at RM134.1 million in FY2018. By excluding the effects of disposal of shares in GIT, gain on re-measurement of retained interest in GIT to fair value and net gain on dilution of interest in GIT arising from the issuance of new shares, the adjusted net profit attributable to shareholders of RM140.0 million in FY2018 would have been 10% lower than the adjusted RM154.9 million achieved in FY2017. The adjusted net profit margin was 26% in FY2018, 2% lower than the 28% achieved in FY2017.

In continuing with the practice of paying four dividends a year, the Board has proposed a tax-exempt final dividend of Singapore 0.3 cents per share and a special dividend of Singapore 0.5 cents per share, payable on 16 November 2018. With this, total dividend payout for FY2018 amounts to Singapore 3.0 cents per share.

Prospects

Going forward, the Group will focus on implementing the core banking contracts and IT projects secured in the last 15 months. The deliveries of these contracts are expected to underpin revenue growth in project related software licensing and software project services in FY2019. The Group will also continue with its marketing efforts to secure additional software projects by actively responding to new enquiries and requests for proposals.

“We are pleased that the three Silverlake Private Entities are now fully integrated into the Group following the completion of acquisition in April 2018. The Group has started to capitalise on the acquired financial technology platform and capabilities to offer digital technologies and services to existing and potential customers. The benefits of such synergistic acquisition are evident in our newly secured contracts for which we are deploying digital solutions from multiple wholly-owned subsidiaries,” commented Dr. Raymond Kwong, Managing Director of the Group.

The Group is constantly evaluating suitable companies for acquisition to expand its portfolio of Fintech and Insuretech software products and services as well as to entrench its position as an innovation accelerator and a value-added IT partner to its customers.

This press release should be read in conjunction with SAL’s Q4 and FY2018 results announcement released on 24 August 2018 to the Singapore Exchange.

About Silverlake Axis

Silverlake Axis Ltd (SAL) provides technology and related services 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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