



## **SILVERLAKE AXIS LTD**

(Incorporated in Bermuda)

(Company Registration No. 32447)

### **PRESS RELEASE - FOR IMMEDIATE RELEASE**

# **Silverlake Reports Jump in Q2 FY2017 Net Profit to RM246.3 million from Sale of GIT Shares**

- *Group revenue in Q2 FY2017 declined to RM126.7 million due to lower recognition of revenue from project related services of software licensing, software project services and sale of software and hardware products*
- *Recurrent revenue continues to grow with more contracts secured for maintenance and enhancement services and new customers acquired for insurance processing*
- *The Group recognised a capital gain of RM223.9 million following the disposal of 18.0 million Global InfoTech Co. Ltd. ("GIT") shares*
- *Strong balance sheet with large net cash position of RM584.9 million as of 31 December 2016*
- *The Board proposed a second interim dividend of Singapore cent 0.7 per share, payable on 7 March 2017*

**Singapore, 14 February 2017** – 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, Retail and Logistics industries, today announced its results for the second quarter and half year ended 31 December 2016.

## **Q2 and 1H FY2017 Results Review**

Business conditions remained challenging during the quarter as uncertainties prevailed in the regional economies. Although SAL saw lower revenue from project related business activities in Q2 FY2017, the recurring revenue segments which accounted for 88% of total Group revenue continued to grow. The decline in revenue from software licensing, software project services as well as sale of software and hardware products was attributed to the delivery of fewer contracts and reduced capital expenditure by customers. Revenue growth from recurrent activities of maintenance and enhancement services and insurance processing remained healthy, buoyed by more contracts secured following the completion of software implementation projects and new customers secured across the region respectively. Overall, Group revenue fell 29% from RM179.0 million in Q2 FY2016 to RM126.7 million in Q2 FY2017.

With lower revenue, gross profit correspondingly declined to RM76.0 million. However, gross profit margin improved to 60% due to a higher proportion of revenue contribution from maintenance and enhancement services. During the period, the Group sold 18.0 million shares in GIT and recorded a gain of RM223.9 million. As a result, other income surged substantially from RM4.0 million in Q2 FY2016 to RM243.5 million in Q2 FY2017. The Group also recorded a significant jump in share of profit of associates and a joint venture due to higher contribution from its joint venture, Silverlake HGH Limited. Boosted by the increase in other income and share of profit of associates and a joint venture, net profit attributable to shareholders rose 270% to RM246.3 million in Q2 FY2017.

For the half year ended 31 December 2016, Group revenue declined 19% from RM313.1 million in 1H FY2016 to RM254.5 million in 1H FY2017. With the significant increase in other income due to gain from disposal of shares in GIT, net profit attributable to shareholders rose to RM414.9 million in 1H FY2017, an increase of 207% from RM135.2 million in 1H FY2016.

The Board proposed a tax-exempt second interim dividend of Singapore cent 0.7 per ordinary share. This second interim dividend will be payable on 7 March 2017.

## **Prospects**

The Group maintains a cautious business outlook as the political and economic uncertainties around the world continue to weigh on business sentiments in this region. “The Group continues to focus on the delivery of operational excellence to enable customers to introduce new and improved services amidst the competitive conditions,” commented Dr. Raymond Kwong, the Group Managing Director.

Project related revenue segments are affected by lower capital expenditure by customers while revenue from maintenance and enhancement services and insurance processing remained stable. Work has started on the core IT systems replacement contracts secured in the last few months and initial revenue recognition from these projects is expected from the second half of FY2017.

“We are responding to requests for proposals from existing and potential customers for core IT replacements and digital banking upgrades. In addition, the Group continues to evaluate suitable business opportunities for acquisition. The partial monetisation of the investment in GIT will support new investments to expand the market share of SAL,” added Dr. Kwong.

This press release should be read in conjunction with SAL’s Q2 FY2017 results announcement released on 14 February 2017 to the Singapore Exchange.

## **About Silverlake Axis**

Silverlake Axis Ltd (SAL) is a leading provider of digital economy solutions and services to the Banking, Insurance, Payment, Retail and Logistics industries. The Group's Software and Services Solutions deliver operational excellence and enable business transformations at over 300 organisations across Asia, Middle East, Central Europe, Australia and New Zealand.

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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