



SILVERLAKE AXIS LTD

(Incorporated in Bermuda)

(Company Registration No. 32447)

PRESS RELEASE - FOR IMMEDIATE RELEASE

Silverlake Achieves Good Growth in Revenue and Net Profit in FY2019

- ***Group revenue rose 26% to RM680.8 million due to increased contributions from both project related and recurrent revenue segments***
- ***Net profit attributable to shareholders increased 83% to RM245.6 million***
- ***Good portfolio of client engagements in digital financial services deliveries and core system upgrades to improve competitiveness***
- ***Strong net cash inflow from operations with cash and bank balances rising 45% to RM442.0 million; final dividend proposed of Singapore 0.7 cents per ordinary share***

Singapore, 23 August 2019 – 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, Retail, Government, Payment and Logistics industries, today announced a strong set of results for the fourth quarter and full year ended 30 June 2019.

Q4 and FY2019 Results Review

In FY2019, the Group’s revenue rose 26% to RM680.8 million. With the exception of credit and cards processing which recorded lower contribution due to termination of an outsourcing contract, growth was broad-based across all of the Group’s key business segments. During the year, software licensing revenue rose 152% with revenue recognition from the deliveries of core banking licensing contracts and new retail automation contracts. Software project services revenue also jumped 99% due to deliveries of

core banking projects, new retail based projects, ongoing implementation contracts as well as consolidation of SIA X Infotech Group ("XIT Group"). Together, the Group's project related business segments contributed a total of RM203.6 million, a strong growth of 122% compared to FY2018. Contributions from the Group's recurrent revenue segments were also higher by 8% at RM455.2 million over FY2018. While the revenue base of Software-as-a-Service for insurance processing business segment continued to expand with new customers and higher processing activities, revenue from maintenance and enhancement services grew with new and existing enhancement contracts, increase in maintenance contracts as well as consolidation of the XIT Group. The consolidation of XIT Group also contributed to increased revenue from sale of software and hardware products in FY2019.

Driven by higher revenue, gross profit rose 40% to RM426.1 million. With increased contribution from higher margin software licensing segment and better margin from software project services and maintenance and enhancement services, the Group's gross profit margin improved to 63%. During the year, other income was inflated by a gain of RM14.8 million from fair value adjustment on earn-out consideration for the acquisition of Silverlake Investment Ltd. Group ("SIL Group"), a reversal of RM18.2 million value-added-tax accrued for the disposal of Global InfoTech Co. Ltd. shares in FY2017 and FY2018, a gain of RM9.4 million from the recognition of a derivative instrument for the call option on the remaining 20% equity interest in XIT Group as well as a pre-tax gain of RM8.8 million from the disposal of freehold land. Operating expenses were higher due to increased expenditure on marketing, research and business development activities which are recurring in nature, one-off impairment loss of RM14.1 million on goodwill of a cash-generating unit and additional expenses from the consolidation of XIT Group. In addition, finance costs increased significantly with quarterly fair value adjustment on the contingent consideration payable for the acquisition of SIL Group and XIT Group.

Group EBITDA of RM332.5 million in FY2019 was 99% higher than the RM167.0 million achieved in FY2018 with the corresponding improvement in EBITDA margin from 31% in FY2018 to 49% in FY2019. Given higher profitability, increased taxable income from certain subsidiaries and expiry of pioneer status of a Malaysian subsidiary, the Group incurred higher income tax expenses. As a result of revenue growth, increased other income and lower share of loss of a joint venture, partially offset by higher operating expenses, finance costs and income tax expense, the Group achieved 83% growth in net profit attributable to shareholders to RM245.6 million in FY2019.

For Q4 FY2019, group revenue rose 30% to RM189.3 million. Net profit attributable to shareholders grew significantly by 86% to RM67.4 million. As an appreciation to shareholders, the Board has proposed a fourth and final dividend of Singapore 0.7 cents per ordinary share. Subject to the approval by shareholders at the forthcoming AGM, this dividend will be payable on 15 November 2019.

Prospects

“The ongoing trade dispute between the United States and China has resulted in slower economic growth in many countries in Asia. If this trade dispute is prolonged, the general uncertainties could deteriorate into a more cautious business environment,” commented Mr. Andrew Tan Teik Wei, the Group Managing Director. In spite of the market uncertainties, the Group continues to receive healthy flow of new business enquiries and requests for proposals from existing and potential customers. The Group remains a strategic partner to large financial institutions in Asia in maintaining and enhancing their mission critical IT systems.

With the successful consolidation of recent acquisitions, the Group is cross-selling its expanded suite of digital banking solutions to existing and new core banking customers. This has added to the Group’s recurrent revenue which accounted for approximately 67% of total revenue in FY2019. As of 30 June 2019, the Group maintained a solid balance sheet with cash and bank balances of RM442.0 million and will continue to focus on market share expansion by acquiring suitable companies with complementary products and services.

This press release should be read in conjunction with SAL’s Q4 and FY2019 results announcement released on 23 August 2019 to the Singapore Exchange.

About Silverlake Axis

Silverlake Axis Ltd (SAL) provides digital economy solutions to the Banking, Insurance, Retail, Government, Payment and Logistics industries. Founded in 1989, SAL has an impeccable track record of successful delivery of innovative and transformative solutions to its enterprise customers and their ecosystems. The Group has more than 380 enterprise customers in over 80 countries across Asia, Europe, Middle East, Africa, Americas, Australia 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.

Contact**Cyrus Capital Consulting**

Mr. Lee Teong Sang

Principal Consultant

Tel: +65-9633 9035

E-mail: teongsang@cyrus.com.sg