



SILVERLAKE AXIS LTD

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

PRESS RELEASE - FOR IMMEDIATE RELEASE

Silverlake Reports Strong Performance in Q1 FY2019

**Revenue Rose 36% to RM166.6 Million
Net Profit Jumped 70% to RM57.9 Million**

- *Revenue growth was broad-based across all key business activities*
- *Project related revenue grew by a significant 255% from RM15.5 million in Q1 FY2018 to RM54.9 million in Q1 FY2019*
- *Software contracts secured in FY2018 and earlier will continue to be implemented for the rest of FY2019 and into FY2020*

Singapore, 13 November 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 a strong set of results for the first quarter ended 30 September 2018.

Q1 FY2019 Results Review

The Group focused on the execution of software contracts on hand in Q1 FY2019. Driven by revenue recognition on the work done for these projects, the Group recorded 36% increase in revenue to RM166.6 million. All key business activities contributed positively to the revenue growth. Contribution from software licensing surged 536% to RM25.5 million with deliveries of new larger core banking contracts in Malaysia and Thailand. Besides progressive revenue recognition from ASEAN projects secured in FY2017 and FY2018, software project services also benefited from deliveries of implementation contracts in Sri Lanka

and Hong Kong by Silverlake Investment Ltd. Group (“SIL Group”). In aggregate, project related revenue jumped 255% from RM15.5 million in Q1 FY2018 to RM54.9 million in Q1 FY2019. While maintenance and enhancement services recorded higher progressive revenue from existing enhancement contracts, credit and cards processing revenue increased due to a new tier-pricing fee arrangement, higher outsourcing revenue as well as provision of enhancement services to a customer. As for Software-as-a-Service for insurance, revenue grew on the back of an expanding customer base and a new non-recurring integration contract secured.

With higher revenue, gross profit rose 64% to RM104.6 million. Due to the change in revenue mix, gross profit margin improved significantly to 63%. In Q1 FY2018, the Group recorded a gain from waiver of debts owned by previous owner of a subsidiary and the absence of this gain in Q1 FY2019, together with lower unrealised foreign currency exchange gains, resulted in a decrease in other income. To support revenue growth, the Group stepped up the level of marketing and business development activities and this resulted in higher selling and distribution expenses. Due to the quarterly fair value adjustment on the contingent consideration payable for the acquisition of SIL Group, a requirement by International Financial Reporting Standards, the Group saw a substantial jump in finance costs. Despite lower other income and higher operating expenses, profit before tax climbed 77% to RM67.4 million. With higher profitability, coupled with increased taxable income due to the expiry of pioneer status of two Malaysian subsidiaries and higher withholding tax on overseas revenue, income tax expense rose 136% to RM9.5 million and the effective tax rate inched up to 14%. The Group concluded Q1 FY2019 with a strong growth of 70% in net profit attributable to shareholders to RM57.9 million.

The Board has proposed a tax-exempt first interim dividend of Singapore 0.3 cents per share, payable on 6 December 2018.

Prospects

The improvement in business operations beginning in the second half of FY2018 continued into Q1 FY2019. “Notwithstanding the growing political and economic uncertainties around the world, we are still getting new enquiries and request for proposals. Our marketing and business development teams are actively responding to these enquiries and requests, and we are working to secure additional software projects in FY2019,” commented Dr. Raymond Kwong, Managing Director of SAL.

For the rest of the financial year, the Group will remain focused on the implementation of software contracts secured in FY2018 and earlier. Progressive revenue recognition from these projects are expected to contribute positively to group revenue in FY2019 and FY2020. With a comprehensive suite of digital banking solutions and core banking technologies, the Group is well-positioned as an innovation

accelerator and value-added IT partner to help customers strengthen their capabilities to compete effectively in an increasingly competitive business environment. In addition, the Group will continue to undertake the selective acquisition of suitable companies to further expand its portfolio of Fintech and Insurtech software products and services.

This press release should be read in conjunction with SAL's Q1 FY2019 results announcement released on 13 November 2018 to the Singapore Exchange.

About Silverlake Axis

Silverlake Axis Ltd (SAL) provides digital economy solutions 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, Silverlake Digital Economy, Silverlake Digitale, Silverlake One Paradigm) 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 Pacific, Africa, Central Europe and the Middle East regions.

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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