



## **SILVERLAKE AXIS LTD**

(Incorporated in Bermuda)

(Company Registration No. 32447)

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

# **Silverlake Posts Revenue of RM114.0 Million and Net Profit of RM31.7 Million in Q1 FY2018**

- *Decline in contribution from project related revenue segments was moderated by continued healthy revenue growth of recurrent revenue segments*
- *Improvement in project related licensing and services revenue expected in second half of FY2018*
- *The Board proposed first interim dividend of Singapore cents 0.3 and special dividend of Singapore cents 0.5 per share*
- *Balance sheet remained solid with strong net cash position of RM562.4 million as of 30 September 2017*

**Singapore, 10 November 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, Insurance, Payments, Retail and Logistics industries, today announced its results for the first quarter ended 30 September 2017.

### **Q1 FY2018 Results Review**

In Q1 FY2018, the Group recorded lower contributions from project related revenue segments but saw continued growth in the recurrent revenue segments. Under software licensing, revenue recognised from ongoing contracts was lower due to timing of contracts delivery in Q1 FY2018. Under software project services, the progressive revenue recognition from the recently secured implementation contracts was

also lower than the previous corresponding period which saw the completion of contracts implemented in Vietnam, Malaysia and Indonesia. As the Group delivers progressively on the work done for ongoing and new software licensing and implementation contracts, further revenue recognition from project related revenue segments can be expected in the subsequent quarters.

The recurrent revenue segments, namely maintenance and enhancement services as well as insurance processing, registered healthy revenue growth of 7% and 8% respectively. Together, these segments accounted for approximately 89% of total revenue in Q1 FY2018. Besides the completion of software implementation contracts which added to the maintenance and enhancement revenue base, the Group also secured new enhancement contracts in Pakistan and Europe during the quarter. Overall, Group revenue decreased 10% to RM114.0 million in Q1 FY2018.

Due to lower revenue, gross profit declined 20% to RM59.1 million. With lower contributions from higher margin activities, gross profit margin eased to 52%. In Q1 FY2017, the Group recorded a gain of RM143.7 million following the disposal of 4.5 million shares in Global InfoTech Co. Ltd. (“GIT”). As this gain did not recur, other income was markedly lower in Q1 FY2018. Under operating expenditure, selling and distribution expenses declined as the Group incurred lower expenses for marketing and research activities. However, this decline was offset by the increase in administrative expenses due to higher realised foreign currency exchange loss, additional professional fees incurred for the proposed acquisition of three Silverlake Private Entities (“SPEs”) as well as recognition of an impairment loss on trade receivables. Given the lower revenue and other income, coupled with higher administrative expenses, net profit attributable to shareholders fell 81% to RM31.7 million in Q1 FY2018. Excluding the gain and tax expense associated with the disposal of shares in GIT in Q1 FY2017, net profit attributable to shareholders in Q1 FY2018 was 24% lower compared with the RM41.6 million recorded in Q1 FY2017.

## **Prospects**

“Following the increase in enquiries and requests for proposals from existing and potential customers for core IT replacements and digital banking upgrades since early 2017, the Group’s efforts in responding to these enquires and requests for proposals have resulted in a number of new contracts secured in the last 8 months. Based on our current order book for projects, we expect to see an improvement in project related licensing and services revenue in the second half of FY2018,” commented Dr. Raymond Kwong, Managing Director of the Group.

The Group is continuing to repatriate from China the remaining proceeds amounting to about RM189.4 million (net of capital gain tax) from the sale of GIT shares in FY2017. Two special dividends have been

declared from the sale proceeds. Subject to favourable market conditions, the Group could further monetise a portion of its remaining investment of 9.24% in GIT.

The Group's balance sheet remained strong with a large net cash position of RM562.4 million as of 30 September 2017. Backed by its financial strength, the Group is evaluating suitable acquisition opportunities to expand its portfolio of Fintech and Insuretech software products and services to address the growing demand for transformational digital banking and insurance offerings. The Group recently proposed the acquisition of three SPEs from its ultimate controlling shareholder to advance its Fintech transformation.

This press release should be read in conjunction with SAL's Q1 FY2018 results announcement released on 10 November 2017 to the Singapore Exchange.

## **About Silverlake Axis**

Silverlake Axis Ltd (SAL) provides financial services technology 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, Middle East, Central Europe, 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](http://www.silverlakeaxis.com).

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