



SILVERLAKE AXIS LTD

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

PRESS RELEASE - FOR IMMEDIATE RELEASE

Silverlake Delivers Another Solid Performance in Q2 FY2019

- ***Group revenue grew 20% to RM169.0 million and net profit jumped 99% to RM67.5 million in Q2 FY2019***
- ***Contributions from project related revenue segments and recurring revenue segments rose 55% and 15% to RM38.7 million and RM127.0 million respectively***
- ***With increased contributions from higher margin business activities, gross profit margin improved to 64% in Q2 FY2019, compared to 58% in Q2 FY2018***
- ***The Board has proposed a second interim dividend of Singapore 0.4 cents per share, payable on 8 March 2019***

Singapore, 14 February 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, Payments, Retail and Logistics industries, today announced a strong set of results for the second quarter and half year ended 31 December 2018.

Q2 and 1H FY2019 Results Review

In Q2 FY2019, SAL recorded 20% increase in group revenue to RM169.0 million. Growth was driven by higher contributions from all business activities, except sale of software and hardware products and credit and cards processing. Benefiting from an expanded project order book, the delivery of larger new core banking contracts in Malaysia as well as new retail automation contracts in Vietnam and Hong Kong led to revenue from software licensing jumping 98% to RM19.7 million. As for software project services, revenue rose 26% to RM19.0 million due to recognition of progressive revenue from the delivery of two

new Malaysian projects and new implementation projects in Hong Kong. Combined together, contribution from project related revenue segments totalled RM38.7 million, an increase of 55% compared to the RM 25.0 million recorded in Q2 FY2018. Under the recurrent revenue segments, revenue from maintenance and enhancement services rose 16% to RM118.9 million with new enhancement contracts secured in Singapore. Revenue from Software-as-a-Service for insurance processing was also higher at RM8.0 million given the Group's prior effort in business expansion. On the whole, revenue from these recurrent revenue segments grew 15% to RM127.0 million and accounted for 75% of total revenue.

Buoyed by higher group revenue, gross profit rose 32% to RM108.1 million. With increased contributions from higher margin project related revenue segments, gross profit margin improved from 58% in Q2 FY2018 to 64% in Q2 FY2019. During the quarter, the Group recorded a pre-tax gain of RM8.8 million from a disposal of freehold land and realised foreign currency exchange gain of RM3.1 million, resulting in a substantial increase in other income. While selling and distribution expenses declined with less marketing and business development activities, administrative expenses also fell with a decrease in professional fees, charge on share awards granted pursuant to Silverlake Axis Ltd. Performance Share Plan and unrealised foreign currency exchange loss. However, the reduction in operating costs was moderated by a significant increase in finance costs due to the quarterly fair value adjustment on the contingent consideration payable for the acquisition of Silverlake Investment Ltd. Group as required by International Financial Reporting Standards (IFRS). The Group also incurred additional income tax expenses due to higher taxable income from certain subsidiaries and the expiry of pioneer status of two Malaysian subsidiaries. Driven by increased gross profit, higher other income and lower operating expenses, net profit attributable to shareholders increased 99% to RM67.5 million in Q2 FY2019.

For the half year ended 31 December 2018, group revenue improved 28% to RM336.2 million on higher contributions from project related revenue segments as well as recurrent revenue segments. Underpinned by revenue growth, coupled with significant increase in other income, net profit attributable to shareholders jumped 84% to RM125.5 million.

The Board has proposed a tax-exempt second interim dividend of Singapore 0.4 cents per share, payable on 8 March 2019.

Prospects

For the rest of FY2019, the Group will continue to implement ongoing as well as new software licensing and implementation contracts secured in late FY2018 and 1H FY2019. As the Group delivers these projects over the next few quarters, progressive recognition of revenues will add to group revenues. The

Group will continue to respond to new enquiries and requests for proposals to secure additional software projects.

“Following the recent expansion of the Group's suite of digital banking solutions, our marketing team has been actively cross selling these capabilities to existing customers. Such marketing efforts are expected to strengthen relationships with customers and broaden our revenue base,” commented Dr. Raymond Kwong, Managing Director of SAL. To serve its customers better, the Group is constantly looking to strengthen its capabilities and further expand its portfolio of Fintech and Insurtech software products by evaluating suitable opportunities for acquisition.

This press release should be read in conjunction with SAL's Q2 and 1H FY2019 results announcement released on 14 February 2019 to the Singapore Exchange.

About Silverlake Axis

Silverlake Axis Ltd (SAL) provides technology and 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 & SIA X Infotech) and associate Finzsoft Solutions (listed on NZX), we have transformed and created value for over 380 customers and their ecosystems. Our geographical presence spans across Asia Pacific, Africa, Europe, Latin America 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.

Contact

Cyrus Capital Consulting

Mr. Lee Teong Sang
Principal Consultant
Tel: +65-9633 9035
E-mail: teongsang@cyrus.com.sg