



SILVERLAKE AXIS LTD

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

PRESS RELEASE - FOR IMMEDIATE RELEASE

Silverlake Q3 FY2019 Net Profit Increases 77% to RM52.6 Million

- *Driven by higher contributions from project related revenue segments and recurrent revenue segments, group revenue rose 12% to RM154.1 million*
- *9M FY2019 Revenue and Net Profit Jumped 23% and 82% to RM490.6 million and RM178.1 million respectively*
- *Newly acquired subsidiary, SIA X Infotech Group (“XIT Group”) contributed positively to both project related as well as recurrent revenue*
- *With strong net cash inflow from operations, cash and bank balances rose 42% to RM430.6 million; balance sheet is solid with strong net cash position of RM348.5 million as of 31 March 2019*
- *Proposed third interim dividend of Singapore 0.4 cents per share payable on 7 June 2019*

Singapore, 14 May 2019 – Singapore Exchange Mainboard listed Silverlake Axis Ltd (“SAL” or the “Group”), a leading provider of Digital Economy Solutions to major organisations in Banking, Insurance, Retail, Government, Payment and Logistics industries, today announced a strong set of results for the third quarter and nine months ended 31 March 2019.

Q3 and 9M FY2019 Results Review

Despite the ongoing uncertainties in the global business conditions, SAL achieved 12% increase in group revenue to RM154.1 million in Q3 FY2019. The growth was broad-based across all major business activities. Due to the progressive delivery of two Malaysian core banking projects as well as new retail

automation contracts in Vietnam and Hong Kong, project related revenue comprising software licensing and software project services rose significantly by 73% and 21% to RM21.4 million and RM19.0 million respectively. Coupled with maiden contribution from newly acquired XIT Group, project related revenue totaling RM40.5 million rose 44% compared to Q3 FY2018. Under the recurrent revenue segments, revenue from maintenance and enhancement services climbed 8% to RM98.9 million with progressive revenue recognition for new enhancement contracts in Singapore, more enhancement requests in Malaysia as well as consolidation of XIT Group's contracts on hand. Revenue from Software-as-a-Service for insurance processing also grew 14% to RM8.7 million as Merimen expanded business activities into Thailand, Hong Kong and Vietnam and secured new customers in Malaysia and Indonesia.

In line with revenue growth, gross profit rose 14% to RM91.0 million. Better margin from maintenance and enhancement services as well as increased contributions from higher margin software licensing boosted gross profit margin to 59%. During Q3 FY2019, the Group obtained VAT exemption for the prior disposals of GIT shares, resulting in a reversal of RM18.2 million in VAT and this contributed to the increase in other income to RM20.5 million. Although the consolidation of XIT Group resulted in additional selling and distribution costs, the increase was offset by the decline in administrative expenses due to lower foreign currency exchange loss recorded during the quarter. However, finance costs were inflated by the quarterly fair value adjustment on the contingent consideration payable for the acquisition of Silverlake Investment Ltd. Group and XIT Group. With increased revenue, higher other income and relatively stable total operating expenses, profit before tax grew 84% to RM60.9 million. Despite higher income tax expense, the Group achieved a notable growth of 77% in net profit attributable to shareholders to RM52.6 million in Q3 FY2019.

For 9M FY2019, group revenue increased by 23% to RM490.6 million and net profit attributable to shareholders rose 82% to RM178.1 million. As of 31 March 2019, the Group's balance sheet remained solid with a strong net cash of RM348.5 million. As a reward to shareholders, the Board has proposed a tax-exempt third interim dividend of Singapore 0.4 cents per share payable on 7 June 2019.

Prospects

Uncertainties in the global economy arising from the trade dispute between the two major economies have affected general business sentiments. Despite this, the Group remains a beneficiary of growing economies in Asia and has been actively responding to new business enquiries and requests for proposals from existing as well as potential customers.

"In addition to our marketing efforts, the Group's strong balance sheet has allowed us to capitalise on opportunities for business expansion by acquiring suitable companies to extend and deepen our portfolio

of Digital Economy capabilities, software products and services. This will continue.” commented Dr. Raymond Kwong, Managing Director of SAL. “The successful completion of acquisition of XIT Group in January 2019 has further strengthened our digital transformation credentials and capabilities in the area of digital identity and public key infrastructure with reference customers in banking and government sectors.” added Dr. Kwong.

This press release should be read in conjunction with SAL's Q3 and 9M FY2019 results announcement released on 14 May 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, Middle East, Europe, Africa, Latin America, 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.

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