



# StarHub's New JV Briefing

## 5 September 2018



# Forward-looking Statements

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*The following presentation may contain forward-looking statements by StarHub Ltd (“StarHub”) relating to financial trends for future periods.*

*Some of the statements in this presentation which are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses, and related plans and objectives. These forward-looking statements are based on StarHub’s current views, intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside StarHub’s control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks and uncertainties. Because actual results could differ materially from StarHub’s current views, intentions, plans, expectations, assumptions and beliefs about the future, such forward-looking statements are not and should not be construed as a representation, forecast or projection of future performance of StarHub. It should be noted that the actual performance of StarHub may vary significantly from such statements.*

- **Announcement**
- **New JV Structure**
- **Market Potential**



## StarHub and Temasek Wholly-owned Subsidiary to Form One of Asia's Largest Cyber Security Companies

- New entity will merge StarHub's Cyber Security Centre of Excellence (COE) , our subsidiary ASTL with Certis's cyber security arm (Quann)
- StarHub's stake in the JV amounting to S\$36 million will be paid in cash and funded using internal cash resources

# New JV Structure

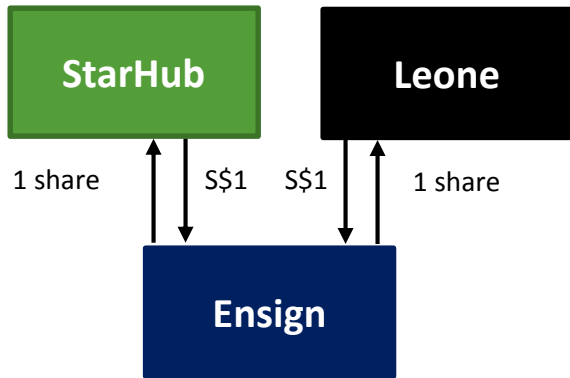


# At Completion, StarHub and Leone<sup>1</sup> will inject assets into newly formed Ensign with StarHub taking 40% of Ensign

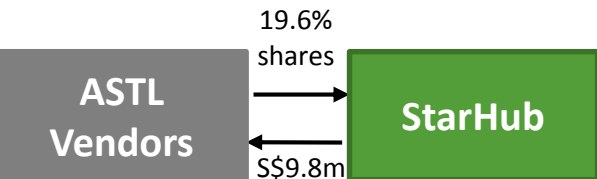


## Pre-Completion Items

- 1 StarHub and Leone jointly incorporate Ensign with 1 share at S\$1 each

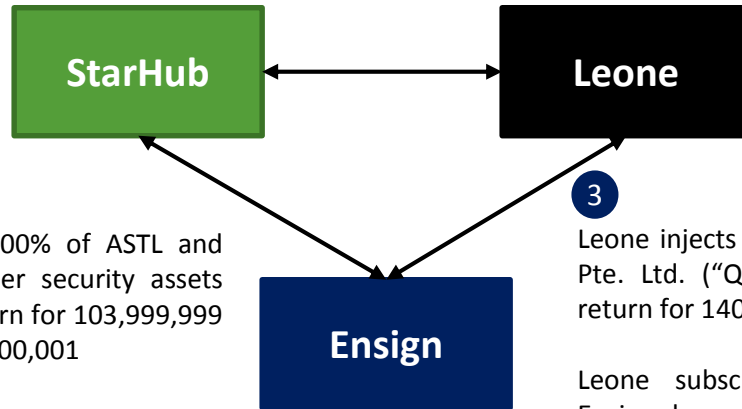


- 2 StarHub to acquire remaining 19.6% of Accel Systems & Technologies Pte. Ltd. ("ASTL") from ASTL minority shareholders ("ASTL Vendors") for S\$9,800,000 to make ASTL a wholly-owned subsidiary of StarHub



## On Completion Date

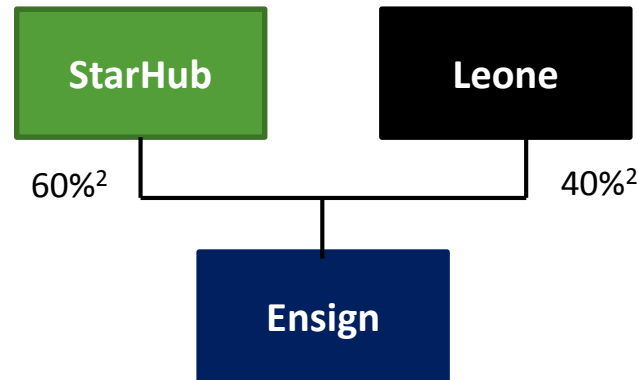
- 5 Leone assigns 20% of economic and voting rights of Ensign shares to StarHub for S\$52,000,000



- 4 StarHub injects 100% of ASTL and 100% of our cyber security assets into Ensign in return for 103,999,999 shares and S\$16,000,001

- 3 Leone injects 100% of Quann World Pte. Ltd. ("Quann") into Ensign in return for 140,000,000 shares  
  
Leone subscribes for 15,999,999 Ensign shares for S\$15,999,999

## Final Effective Economic Interest



<sup>1</sup> Leone Investments Pte Ltd ("Leone") is an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited

<sup>2</sup> Taking into account 20% share rights assigned by Leone to StarHub for net outlay of S\$36m (S\$52m for assignment less S\$16m received for asset injection)

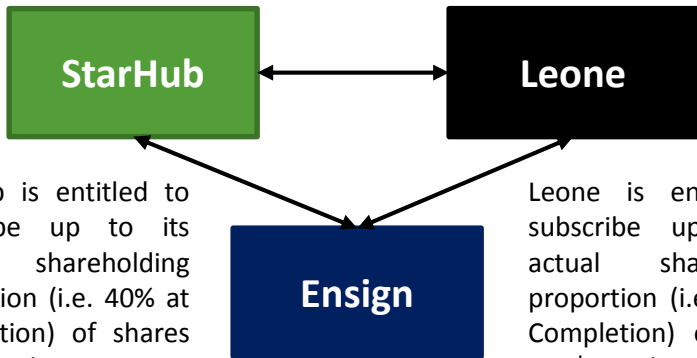


# Parties have right to terminate the assignment of shares between Year 3 and Year 5...the assignment automatically terminates at end of Year 5



## Between Year 0 and termination of assignment and in event of additional share issuance

Upon StarHub subscribing for all its shareholding proportion of new shares and Leone subscribing at least 40%, StarHub can ask Leone to assign any excess shares above 40% to StarHub for S\$1 per share

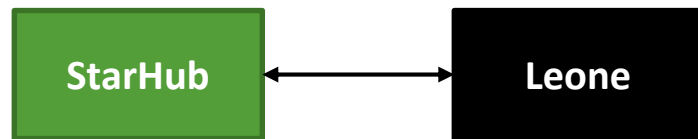


StarHub is entitled to subscribe up to its actual shareholding proportion (i.e. 40% at Completion) of shares at S\$1 each

Leone is entitled to subscribe up to its actual shareholding proportion (i.e. 60% at Completion) of shares at S\$1 each

## In event either party exercises its right to terminate the assignment of shares between Year 3 and 5

Upon exercise of right to terminate, all assignment of shares will cease and Leone will pay a consideration to StarHub



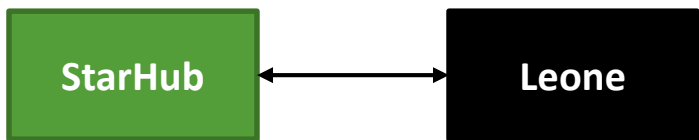
The consideration payable by Leone shall be:

- In event StarHub initiates the termination, the **lower** of fair market value of the assignments or a reference price
- In event Leone initiates the termination, the **higher** of fair market value of the assignments or a reference price

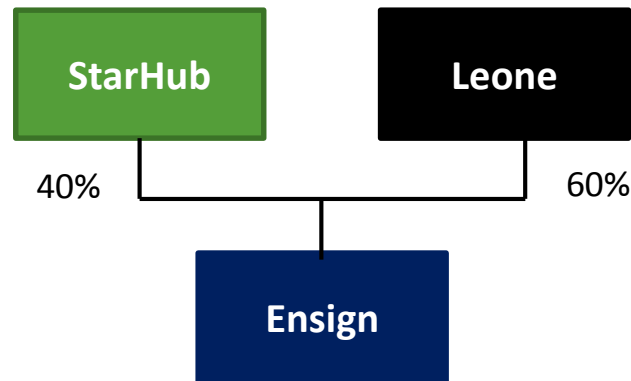
**Reference price = 6% annual compounding on consideration paid for the assignments**

## In event of automatic termination at end of Year 5

Upon automatic termination, all assignment of shares will cease and Leone will pay a consideration equivalent of the fair market value of the assignments to StarHub



## Final Shareholding Structure after termination



Fair market value will be determined by Big 4 audit firms appointed by StarHub and Leone via an independent valuation exercise  
Above illustration assumes no dilution of StarHub or Leone prior to termination of assignments

## Market Potential

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- Ensign aspires to be a global cyber security platform to address needs in the estimated over US\$100 billion global market
- Singapore has an estimated over S\$700 million market and projected to grow to S\$1 billion by 2020
- From inception, Ensign is expected to generate revenues in excess of S\$100 million annually in cyber security solutions, systems integration and managed services

**ENSIGN**  
INFOSECURITY





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