

# Special General Meeting

01 March 2018

# Professional Advisers Engaged for this Proposed Transaction



Transaction Advisor



Technical Due Diligence



Financial and Tax Due Diligence

Financial Effects

**Deloitte.**

Independent Financial Advisors

**cnplaw**

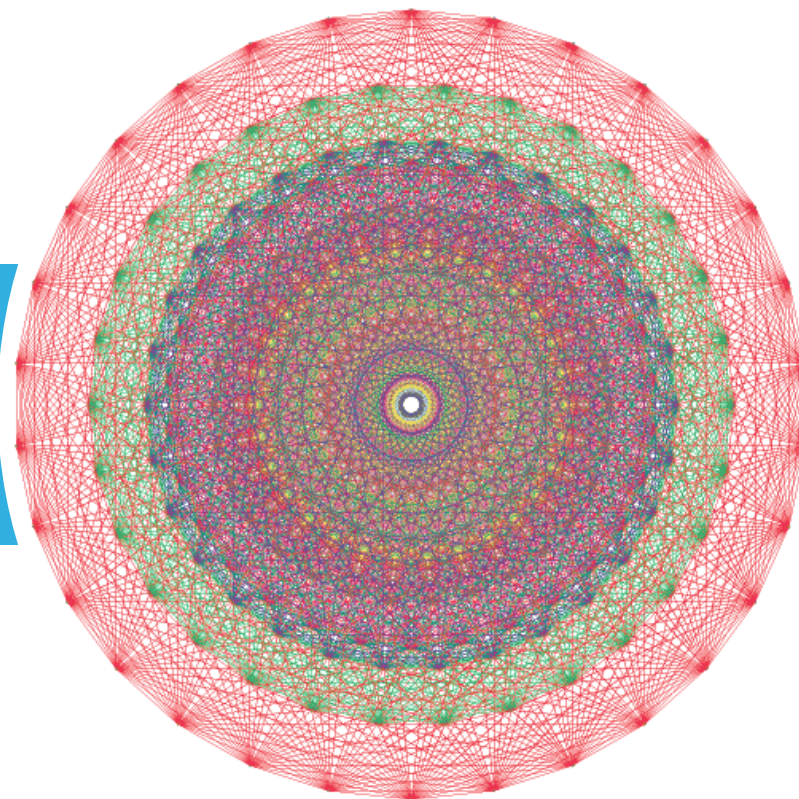
Legal Advisor

**Rahmat Lim & Partners**  
IN ASSOCIATION WITH ALLEN & GLEDHILL LLP (SINGAPORE)

Legal Due Diligence (Malaysian)

**APPLEBY**

Legal Due Diligence (Bermuda)



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# Proposed Transaction to Strengthen SAL as Fintech Innovation Accelerator



Share sale and purchase agreement ("SPA") to acquire **3 Silverlake Private Entities** ("SPE") signed on 20 October 2017

Silverlake Digital Economy Sdn Bhd ("SDE")

- Owns **Silverlake Fintech Banking Platform** & offers **Banking-as-a-Service** capabilities
- Won the **Asian Banker Technology Innovation Award 2016** for Best Smart Branch

Silverlake Digitale Sdn Bhd ("SDS")

- Owns **"IntelliSuite"** - a suite of **payment solution-related** software modules & components

Silverlake One Paradigm Sdn Bhd ("SOP")

- Owns **"NowSuite"** - a suite of **agile rules-based applications & tools** such as Loyalty Management, Fraud Monitoring, Alerts Notification

Collectively the 3 SPEs have **9 established banks** as their end customers

- **Mr. Goh Peng Ooi**, SAL Group Executive Chairman has a 70% stake in each of the Target Entities through Silverlake Investment Ltd (“SIL”)
- **Minority Sellers / Management** comprise the remaining shareholders of each of the Target Entities

- To **strengthen** SAL's position as Fintech Innovation Accelerator
- To **enhance** SAL digital platform offerings for financial services innovations and collaborations
- To **extend** SAL's financial services ecosystem in banking and non-banking sectors



# Assessing Potential Strategic Acquisition Fit

## Overall Assessment Criteria

### Technical alignment

**Technological 'fit'** *"Is IP aligned to predetermined business goals?"*

**Demonstrable market success** *"What is the potential acquisition's measurable business performance?"*

**Management efficiency** *"What is the potential acquisition's measurable business performance?"*

**Potential for business creation** *"How do offerings and strategies map against future tech ecosystems?"*

### Operational Alignment

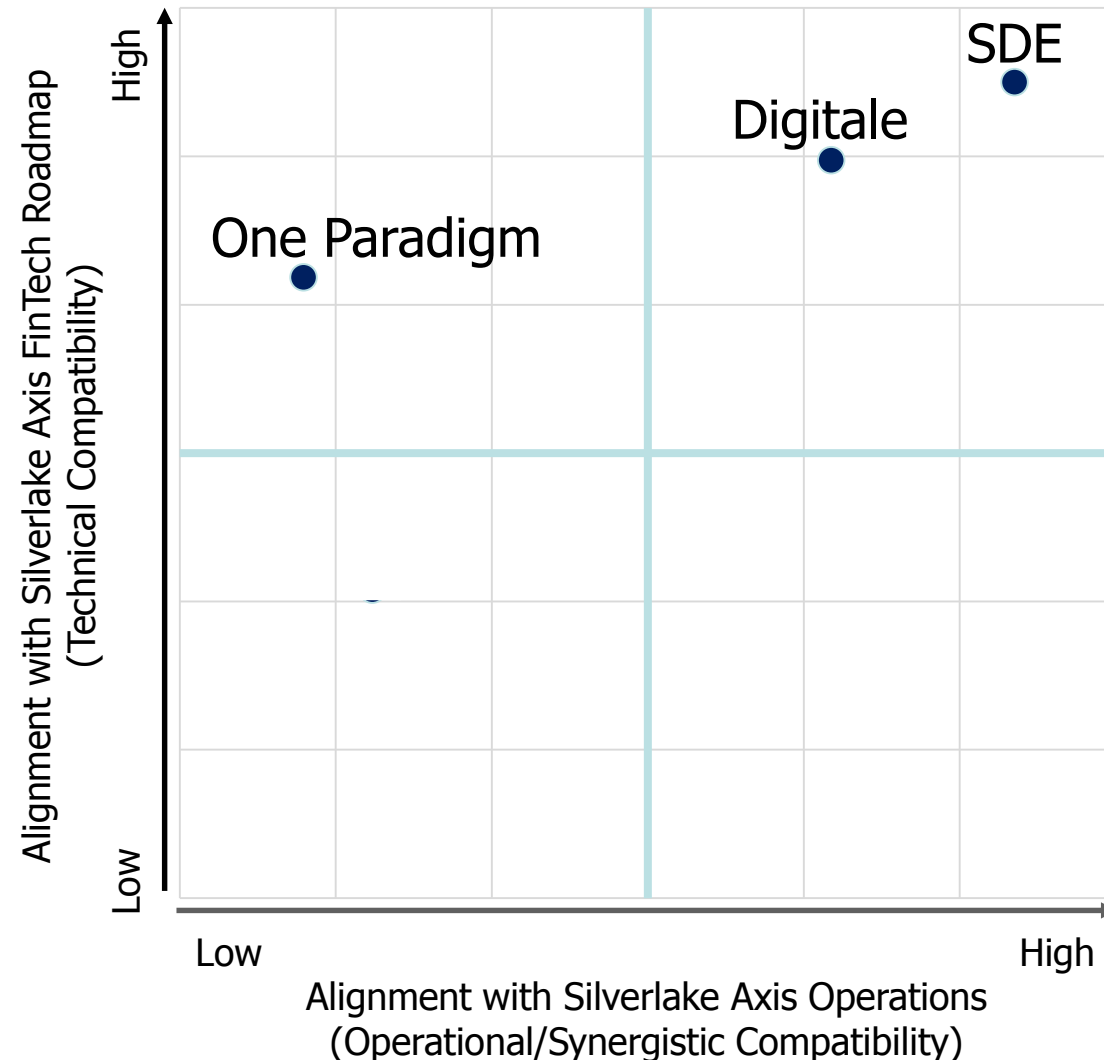
**Operational/strategic overlap** *"What is the degree of compatibility in processes and decisioning between the assessed company and other potential acquisitions"*

**Differentiability** *"How can the potential acquisition penetrate and/or grow in its target markets given its combination of IP as well as brand positioning"*

**Business model** *"How robust is the potential acquisition's monetization scheme, accounting for known internal and external risks?"*

**Synergy with principal Silverlake Axis propositions**  
*"What is the degree of product and branding compatibility between the potential acquisition and Silverlake Axis' suite of offerings?"*

# The 3 SPEs were Identified to be a Strategic Acquisition Fit



*Based on IDC-Financial Insights Independent Assessment*

**SDE** has a good **digital banking fit and value enhancement**

potential – since this addresses SAL's gaps in Digital Banking Platform offerings.

**Digitale & One Paradigm** can be considered a package of **value-added solution modules to SIBS Core Business** and expansion to cross-vertical offerings.



- The consideration took into account the **operating track record** and **future potential** of the Target Entities, and is **directly linked to their respective Net Profit After Tax (NPAT) performances**

## Base Consideration

- Fixed base consideration is a multiple of the adjusted profit after tax for FY2016 and factors in a growth potential of up to 25%

## Earn-out Consideration

- Variable earn-out consideration is payable only when Target Entities achieve an average YOY growth of at least 25% in adjusted NPAT over FY2018 to FY2020

| Target Entities | Basis                    | Total (RM) |
|-----------------|--------------------------|------------|
| SDE             | 11x Adjusted NPAT FY2016 | 93.9 mil   |
| SDS             | 8x Adjusted NPAT FY2016  | 46.6 mil   |
| SOP             | 8x Adjusted NPAT FY2016  | 14.4 mil   |

Base Consideration to be satisfied by SAL shares at the Agreed Issue Price of S\$0.71 per share

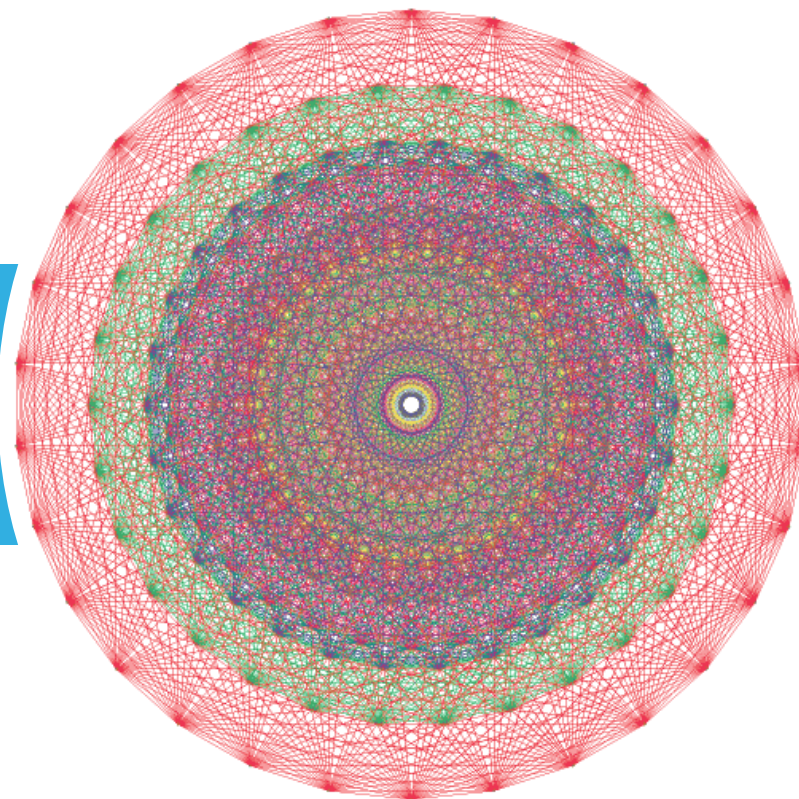
# Basis of Calculation

**Earn-Out  
Consideration**



| Target Entities       | Average % Growth   | Earn-Out Consideration (FY2018 – FY2020)                                    |
|-----------------------|--|---|
| SDE                   | Between 25% to 50%   | 11.0x Average Adjusted NPAT, less SDE Base Consideration                    |
|                       | > 50%  | 14.5x Average Adjusted NPAT, less SDE Base Consideration                    |
| SDS & SOP             | Between 25% to 50%   | 10.0x Average Adjusted NPAT, less SDS & SOP Base Consideration respectively |
|                       | > 50%  | 12.0x Average Adjusted NPAT, less SDS & SOP Base Consideration respectively |
| Payment Options       | Cash (subject to SAL access to funds) and/or SAL shares (higher of S\$0.71 or then volume weighted market price)   |   |
| Maximum Consideration | Aggregate consideration payable <b>shall not exceed 25%</b> of SAL's market capitalization, at the date of the SPA, based on the Agreed Issue Price of S\$0.71 per share |   |

**Thank You**



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