

STRATEGIC ACQUISITION – STRATEQ

11 March 2020





FORWARD-LOOKING STATEMENTS



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.

STRATEGIC INVESTMENT

Asset-Light, Complementary Digital Services



STRATEQ LEADING END-TO-END, DATA-DRIVEN IT SOLUTIONS PROVIDER

- **Strong Market Leadership** – petrol retail solutions; disaster recovery; first-mover in data centre and business continuity solutions
- **>30 Years' Proven Track Record** – Established in 1988; headquartered in KL
- **Geographically Diversified** – Strong presence in Malaysia, growing network in international markets including Hong Kong, Thailand, China and the United States
- **In-house R&D capabilities** – Continued innovation in advanced and customised solutions to drive greater customer value
- **Diversified & high-quality customer base** – Majority of customers are large corporations and/or government entities
- **Strong relationship with key customers** – Including international oil & gas (“O&G”) majors
- **Experienced and dedicated senior management team** – >20 years' experience each in relevant industries

PROFITABLE & SCALABLE BUSINESS

~S\$64M

FY2019 Revenue¹

~S\$6M

FY2019 Profit Before Tax^{1,2}

CLEAR TOPLINE VISIBILITY

>80%

Revenue from recurring clients

>20 YEARS

Longstanding Partnerships with top 3 O&G customers

STRONG MARKET LEADERSHIP

#1

Market Share – Petrol Retail Solutions³

FIRST

Malaysia's Pioneer In Data Centre, Business Continuity & Disaster Recovery Solutions

¹ Based on an exchange rate of S\$1: RM3.0410

² Net profit before tax, minority interests and exceptional items

³ Malaysia, Singapore, Thailand and Hong Kong

FULLY-INTEGRATED DIGITAL CAPABILITIES



- Fully-integrated, proprietary software simplifying clinical workflows
- Built for mobile, optimised for cloud
- Implemented across >20 public and private hospitals, and >7,000 users in Malaysia & the US



- Design, implement and maintain IT infrastructure, partnering top global tech companies
- Comprehensive portfolio of customised, cost-effective enterprise solutions
- Established track record in large-scale IT infrastructure projects including government tenders



- Market leader in IT infrastructure deployment for the petrol retail sector – managed services, payment solutions, technology consultancy
- >4,000 retail sites across Asia
- Maintenance with nationwide support and 24/7 contact centre



- Data-driven insights through IoT and customised monitoring solutions for real-time insights
- Wide customer base spanning numerous industries
- Led by industry veterans with >25 years' experience in data analytics



- >100 customers across banking, insurance, securities and government sectors
- Purpose-built tier-3 data centres in Malaysia's strategic locations
- Hybrid capabilities for easy cloud integration and customised solutions



- Innovative solutions and technologies central to defense and security
- State-of-the-art surveillance equipment and artificial intelligence
- Strong market leadership for O&G surveillance with increased growth focus on government agencies

HIGH-QUALITY & DIVERSIFIED CUSTOMER BASE



ENTRENCHED RELATIONSHIPS WITH BLUE CHIP CUSTOMERS

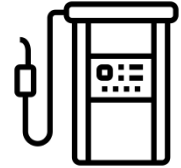
- Long-term partnerships with Fortune 500 and multinational companies
- Counts the biggest O&G companies in the world as its customers
 - >20 years relationship with top three O&G customers
 - Potential to grow alongside customers and scale solutions across customer's retail footprint
- >100 data centre clients across various industries including banking, insurance, securities and the public sector

ACCESS TO NEW CUSTOMER SEGMENTS

Ability to tap Strateq's geographically-diversified customer network to extend offerings in new markets, including sophisticated cybersecurity services these sectors will require



Government Agencies



Oil & Gas



Financial Institutions



Healthcare



Education Institutions



Insurance Companies

TRANSACTION DETAILS



88.28%
OF ALL ISSUED
ORDINARY SHARES

+

100%
OF ALL ISSUED
PREFERENCE SHARES

=

~S\$82M
INITIAL CASH
CONSIDERATION¹

- Acquisition to be done via StarHub's indirect subsidiary in Malaysia
- Consideration to be financed through internal cash resources and bank borrowings, if required
- Remaining 11.72% to be held by Strateq's Group Managing Director, Mr Tan Seng Kit
- Acquisition expected to complete by 1H2020, subject to the fulfilment of mutually agreed conditions
- On Completion, Strateq will be an indirect subsidiary of StarHub held by (i) an SPV owned by StarHub and Mr Tan Seng Kit, and (ii) two other existing shareholders of Strateq



¹ Based on an exchange rate of S\$1: RM3.0410 and subject to further adjustments for completion cash, debt and working capital; and excluding a deferred consideration calculated based on revenue from certain types of contracts for the year ending 31 December 2021 relative to revenue from such certain contracts in the year ending 31 December 2019

ACQUISITION RATIONALE



IN LINE WITH D.A.R.E. STRATEGY

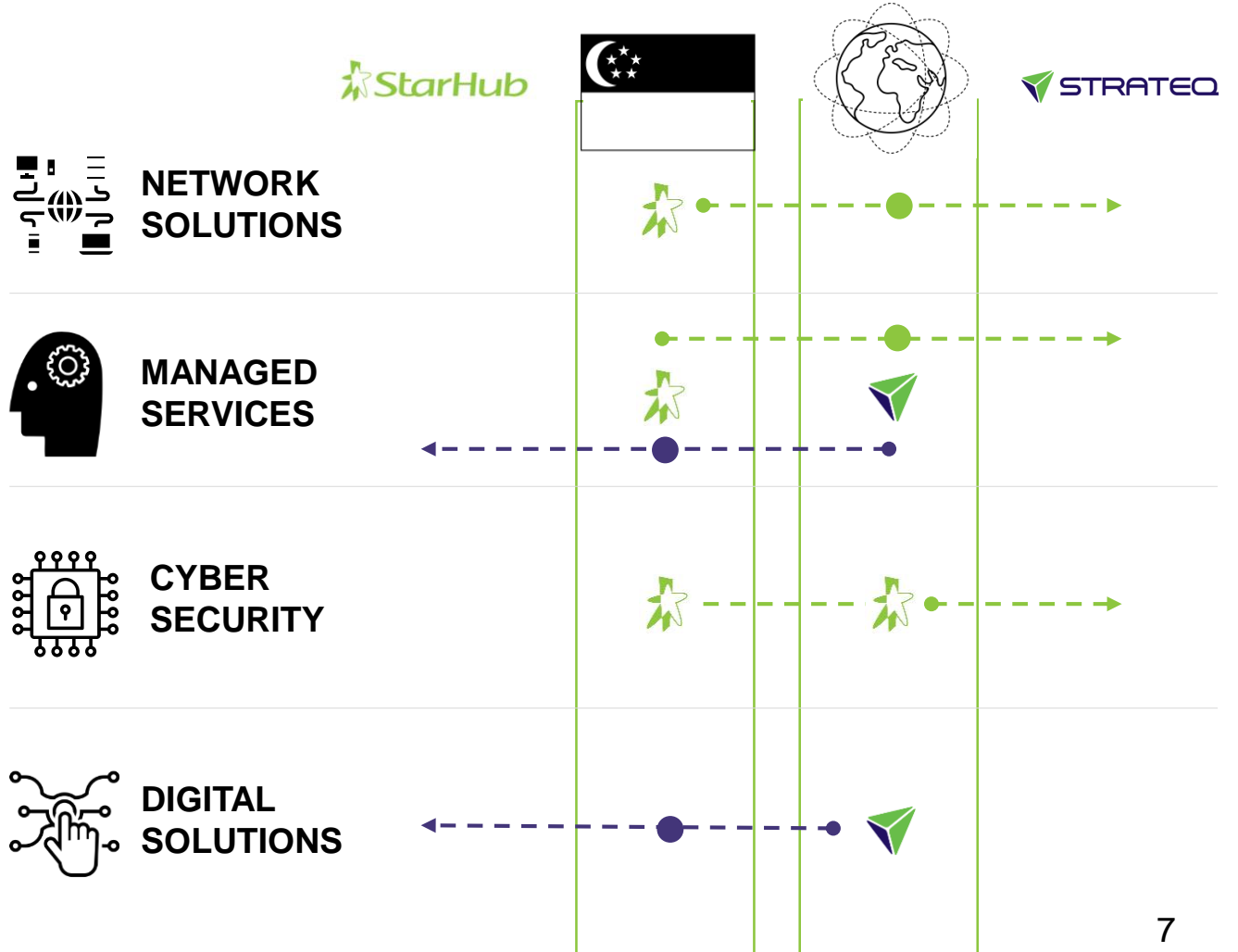
PLATFORM FOR INORGANIC GROWTH & DIVERSIFICATION

D ELIVER market-leading customer experiences

A CCELERATE value creation from core businesses

R EALISE GROWTH from new opportunities 

E NHANCE EFFORTS to transform digitally





MARKET OUTLOOK

High Growth Markets



Petrol Retail Solutions

8.5% **2016-2022F CAGR¹**
(Malaysia industry size by revenue)

- Strateq’s scalable solution can potentially be extended across retail network of its O&G customers, who are mainly global O&G majors
- Intention to deepen footprint in existing markets (Malaysia, Singapore, Thailand)

Data Centre Solutions

15.6% **2016-2022F CAGR¹**
(Data Centre Services Industry Value)

33.7% **2016-2022F CAGR¹**
(Cloud Computing Services Industry Value)

- Leverage early market mover advantage, state-of-the-art infrastructure, and comprehensive service offerings

Healthcare Solutions

8.4% **2016-2022F CAGR¹**
(Malaysia HIS Industry Revenue)

- Mobile & cloud-enabled Hospital Information Solutions (“HIS”) targeted for expansion in the US with US\$51 billion in addressable market, focused on hospitals with <100 beds

Enterprise Business Solutions

8.8% **2016-2021F CAGR²**
(Big Data Adoption software solution)

- Revenue demand drivers – maintenance services, internal services and implementation services
- Strateq to increase big data penetration into target markets – financial institutions, hospitals, public sector and retail

Enterprise Systems Solutions

5.7% **2016-2020F CAGR²**
(Malaysia IT spending)

- Focused efforts on pursuing large-scale public tenders

Sentry Security Solutions

17.9% **2016-2022F CAGR³**
(APAC intelligence surveillance)

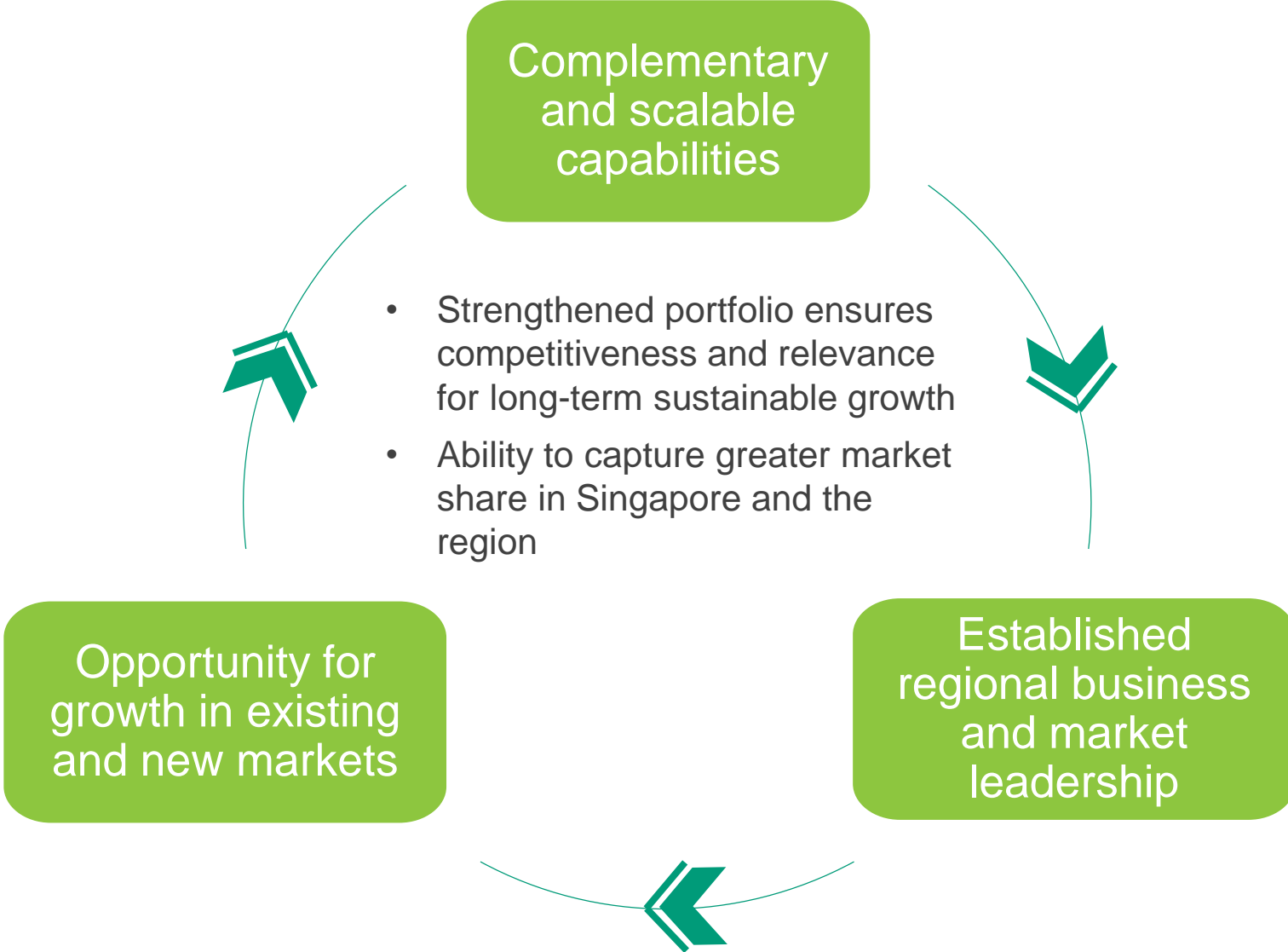
- Build upon strong momentum serving major O&G players
- Deploy AI-backed ecosystem for O&G customers and government agencies

¹ Source: Frost & Sullivan

² Source: IDC

³ Source: BSI Research

SYNERGISTIC CAPABILITIES FOR GROWTH





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