

**Asset Acquisitions and Disposals::Acquisition of Trustwave Holdings, Inc. and incorporation of subsidiaries**

**Issuer & Securities**

<b>Issuer/ Manager</b>	SINGAPORE TELECOMMUNICATIONS LIMITED
<b>Securities</b>	SINGTEL - SG1T75931496 - Z74
<b>Stapled Security</b>	No

**Announcement Details**

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<b>Description (Please provide a detailed description of the event in the box below)</b>	Please see attached.
<b>Attachments</b>	<p>📎626-sgx.pdf</p> <p>📎626-Press Release.pdf</p> <p>📎626-Slides.pdf</p> <p>Total size =2278K</p>

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**SINGAPORE TELECOMMUNICATIONS LIMITED**  
**(Incorporated in the Republic of Singapore)**  
**Company Registration Number: 199201624D**

**ANNOUNCEMENT PURSUANT TO**  
**RULE 704 OF THE SGX LISTING MANUAL**

**ACQUISITION OF TRUSTWAVE HOLDINGS, INC.**  
**AND INCORPORATION OF SUBSIDIARIES**

Singapore Telecommunications Limited (“Singtel”) wishes to announce that it has entered into a conditional agreement to acquire the share capital of Trustwave Holdings, Inc. (“Trustwave”), a corporation incorporated under the laws of Delaware, USA (the “Transaction”). Following the completion of the Transaction, Singtel Enterprise Security Pte. Ltd. (a wholly owned subsidiary of Singtel) will hold approximately 98% of the share capital of Trustwave<sup>1</sup>.

Trustwave is the largest independent managed security services provider in North America with presence in Europe and Asia Pacific. It has a broad portfolio of services across three main areas – threat management, vulnerability management and compliance management. It has a presence in 26 countries and serves over 3 million business subscribers.

The enterprise value of Trustwave is US\$850 million. The aggregate consideration<sup>2</sup> for the Transaction is approximately US\$810 million, excluding net debt, and is subject to working capital adjustments at closing. The valuation was arrived at on a willing buyer-willing seller basis based on, *inter alia*, an assessment of Trustwave’s assets and business prospects. The consideration will be paid in cash.

The Transaction is subject to the fulfillment of certain conditions precedent, including the receipt of relevant approvals from regulatory authorities and other third parties.

Based on its unaudited financial statements as at 31 December 2014, Trustwave had net tangible liabilities of approximately US\$84 million.

Singtel has formed two wholly-owned subsidiaries, Singtel Enterprise Security Pte. Ltd. (“ST Security”), a corporation incorporated under the laws of Singapore and Topaz Acquisition Sub, Inc. (“Topaz Sub”), a corporation incorporated under the laws of Delaware, USA for the purposes of effecting the Transaction. ST Security has an issued and paid-up capital of S\$2. Topaz Sub has an issued and paid-up capital of US\$10. The directors of ST Security and Topaz Sub are Ms Jeann Low and Mr Bill Chang.

**Issued by Singapore Telecommunications Limited on 8 April 2015.**

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<sup>1</sup> Robert J. McCullen, Chairman and CEO, Trustwave, will hold approximately 2% of the share capital of Trustwave following completion of the Transaction.

<sup>2</sup> For 98% of Trustwave share capital.



## News Release

# Singtel acquires Trustwave and strengthens its global cyber security capabilities

**Singapore, 8 April, 2015** – Singtel today signed an agreement to acquire a 98% equity interest in US-based Trustwave, a leading specialist in managed security services. Trustwave Chairman and CEO, Robert J McCullen, will hold the balance 2% equity interest.

Trustwave is the largest independent managed security services provider in North America with presence in Europe and Asia Pacific. It has a broad portfolio of services across three main areas – threat management, vulnerability management and compliance management (refer to Appendix 1: Trustwave security service offerings). Delivered through the unified cloud-based TrustKeeper® platform, Trustwave's services help customers from a wide range of industries protect their IT infrastructure, applications and networks and respond to cyber threats.

Chua Sock Koong, Singtel Group CEO, said: "We aspire to be a global player in cyber security. We have established a strong security business in the region, both organically and through strategic partnerships with global technology leaders."

"Our extensive customer reach and strong suite of ICT services, together with Trustwave's deep cyber security capabilities, will create a powerful combination and allow Singtel to capture global opportunities in the cyber security space."

The acquisition will expand Singtel's existing portfolio of cloud based solutions and further entrench its leadership position in the managed services market. Singtel will leverage Trustwave's threat intelligence, technology and talent to meet the growing demand for always-on managed security services in North America and the Asia Pacific region (refer to Appendix 2 : Market for Managed Security Services).

Trustwave, headquartered in Chicago, has over three million business subscribers, served by 1,200 employees in 26 countries, including an elite team of security experts in its forensic and threat research security unit, SpiderLabs. Trustwave provides its customers round-the-clock support in a dynamic cyber threat environment through its five security operation centres and nine engineering centres.

Singtel expects that post-acquisition, Trustwave will continue to operate as a standalone business unit and strengthen its position in the US and Europe. It will leverage Singtel Group Enterprise's assets and market presence to broaden its overall security portfolio and address the fast growing emerging security market opportunity in the Asia Pacific region.

Robert J. McCullen, said: "We are excited to join Singtel and to leverage its global presence and resources to accelerate worldwide adoption of our security solutions. This strategic partnership creates an unparalleled opportunity to combine Singtel's robust information and communications solutions with Trustwave's industry leading security technologies and managed services platform to deliver cutting edge solutions.



“Singtel is the perfect partner for us as we continue to help businesses fight cybercrime, protect data and reduce security risk. The Trustwave team is thrilled to become a part of such a prestigious and innovative organisation.”

The enterprise value of Trustwave is US\$850 million. The aggregate consideration for the Transaction is approximately US\$810 million for Singtel’s 98% equity interest, excluding net debt, and is subject to working capital adjustments at closing. The transaction is expected to be EBITDA positive from the second year of acquisition, and earnings accretive from the third year<sup>1</sup>.

The transaction is subject to the fulfilment of certain conditions precedent, including relevant approvals from regulatory authorities and other third parties, and is expected to complete in three to six months’ time.

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### **About Singtel**

Singtel is Asia's leading communications group providing a portfolio of services including voice and data solutions over fixed, wireless and Internet platforms as well as infocomm technology and pay TV. The Group has presence in Asia, Australia and Africa with over 500 million mobile customers in 25 countries, including India, Indonesia, the Philippines and Thailand. It also has a network of offices throughout Asia Pacific, Europe and the United States.

### **About Singtel Group Enterprise**

Singtel Group Enterprise is the leading ICT solutions provider in Asia Pacific. Group Enterprise provides enterprise mobility, network services, data centre, cloud computing, managed services including cyber security, IT services and solutions for smart cities. Our comprehensive suite of services is backed by an extensive infrastructure which includes network, data centres and systems integration capabilities that span 21 countries. Our meshed global network delivers connectivity to more than 200 points of presence in 89 cities.

### **About Trustwave**

Trustwave helps businesses fight cybercrime, protect data and reduce security risk. With cloud and managed security services, integrated technologies and a team of security experts, ethical hackers and researchers, Trustwave enables businesses to transform the way they manage their information security and compliance programs. More than 3 million businesses are enrolled in the Trustwave TrustKeeper® cloud platform, through which Trustwave delivers automated, efficient and cost-effective threat, vulnerability and compliance management.

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<sup>1</sup> After taking into consideration amortisation of intangibles, but before financing costs

## Trustwave security service offerings

### Threat management

- Prevention of external and internal threats through a combination of intelligence, detection, protection and remediation services

### Vulnerability management

- Proactive scanning, testing and remediation of database, network and application vulnerabilities to protect internal assets

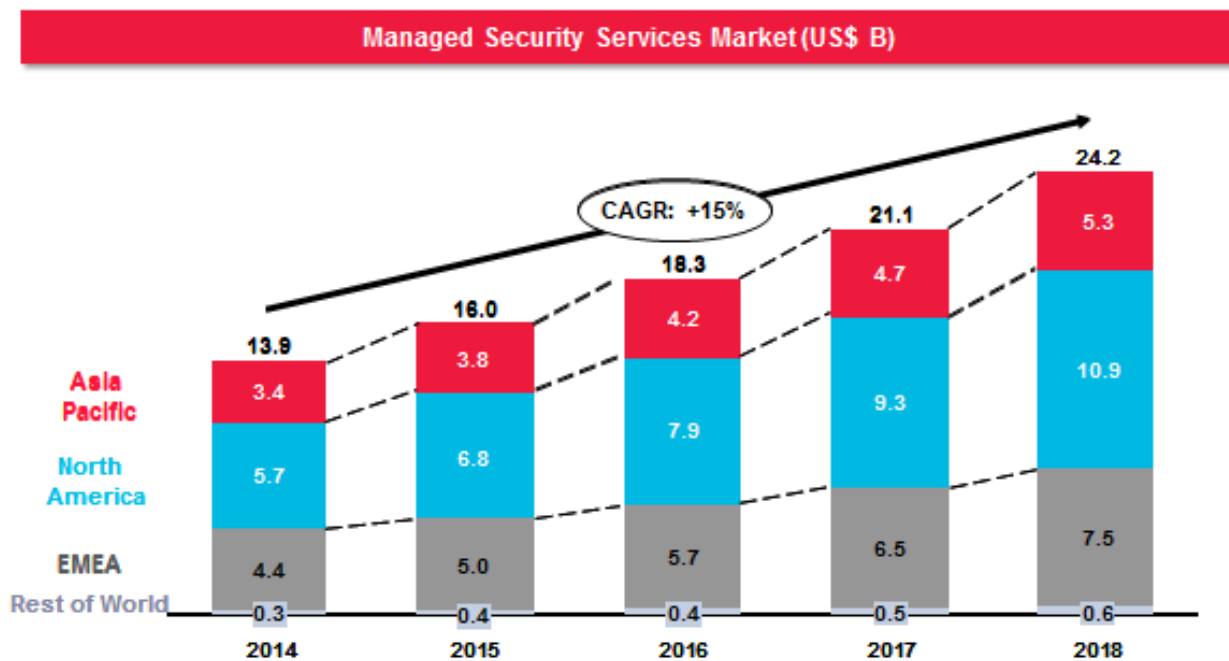
### Compliance management

- Multi-compliance frameworks that help businesses to identify and deploy security best practices

## Market for Managed Security Services

Cyber security threats are increasingly prevalent and pose significant reputation and economic risks to enterprises. Enterprise customers require effective solutions to protect their assets, respond to threats and ensure business continuity.

These developments are fuelling the demand for managed security services. The industry is expected to grow rapidly, at 15% per annum for the four years from 2014 to reach US\$24 billion in 2018, according to the 2014 Gartner Information Security Forecast report.



Source: Market research, Gartner 2014

# Singtel acquires Trustwave to strengthen its global cyber security capabilities



8 April 2015

# Forward looking statements – important note

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The following presentation contains forward looking statements by the management of Singapore Telecommunications Limited ("Singtel"), relating to financial trends for future periods, compared to the results for previous periods.

Some of the statements contained in this presentation that 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. Forward looking information is based on management's current views and assumptions including, but not limited to, prevailing economic and market conditions. These statements involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those in the statements as originally made. Such statements are not, and should not be construed as a representation as to future performance of Singtel. In particular, such targets should not be regarded as a forecast or projection of future performance of Singtel. It should be noted that the actual performance of Singtel may vary significantly from such targets.

"US\$" means US dollars unless otherwise indicated. Any discrepancies between individual amounts and totals are due to rounding.



# Summary of key transaction terms

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## Transaction Value

- Singtel to acquire approximately 98% equity interest, with approximately 2% retained by the CEO
- Enterprise value of US\$850m; Aggregate consideration of approximately US\$810m for Singtel's 98% equity interest

## Target

- Trustwave Holdings ("Trustwave") is the largest independent managed security service provider in North America, with presence in Europe & APAC

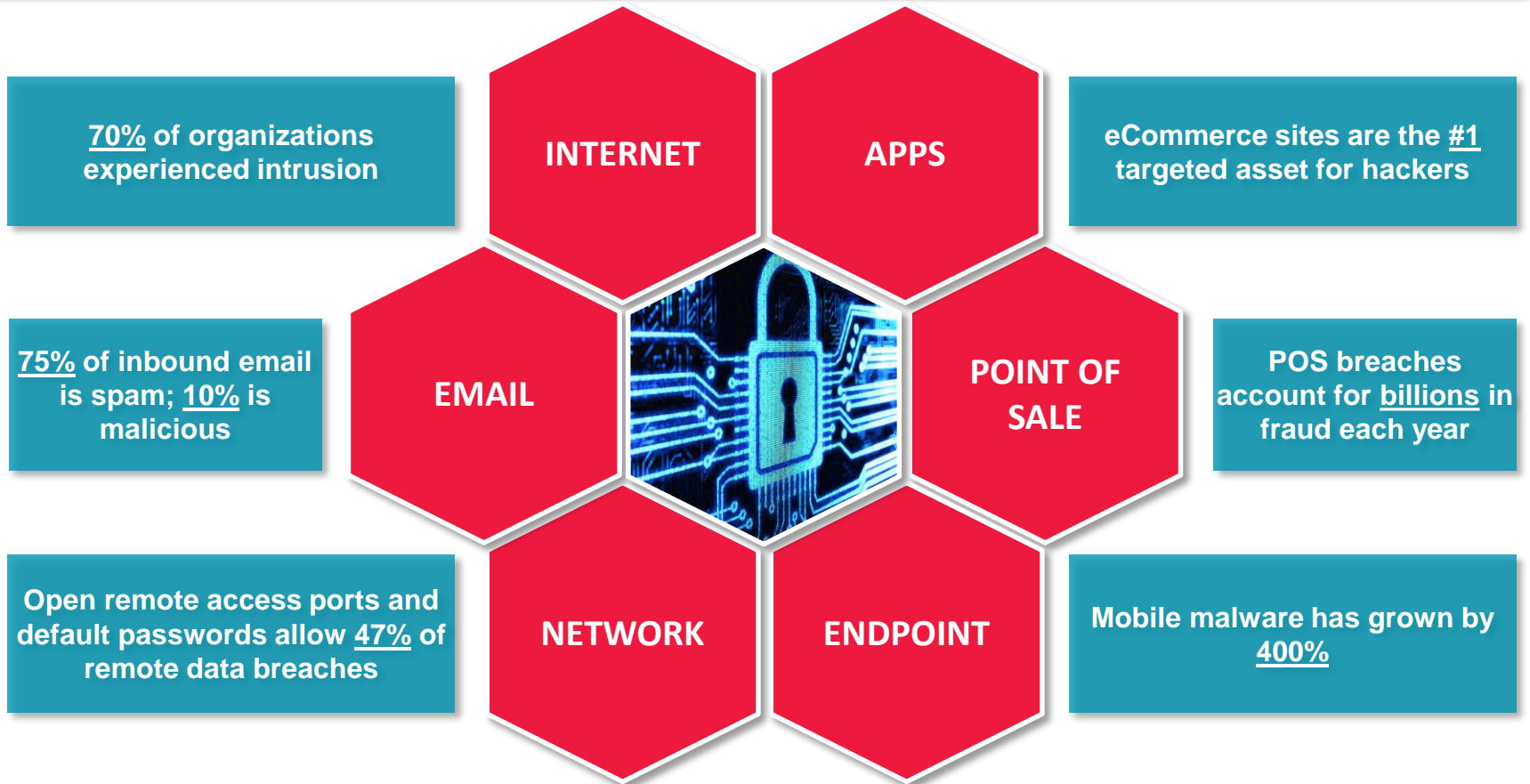
## Transaction Rationale

- Trustwave will significantly enhance Singtel's cyber security capabilities, and establish Singtel as a global managed security services provider

## Timeline

- Completion subject to customary closing conditions and regulatory approvals, expected closing in 3-6 months

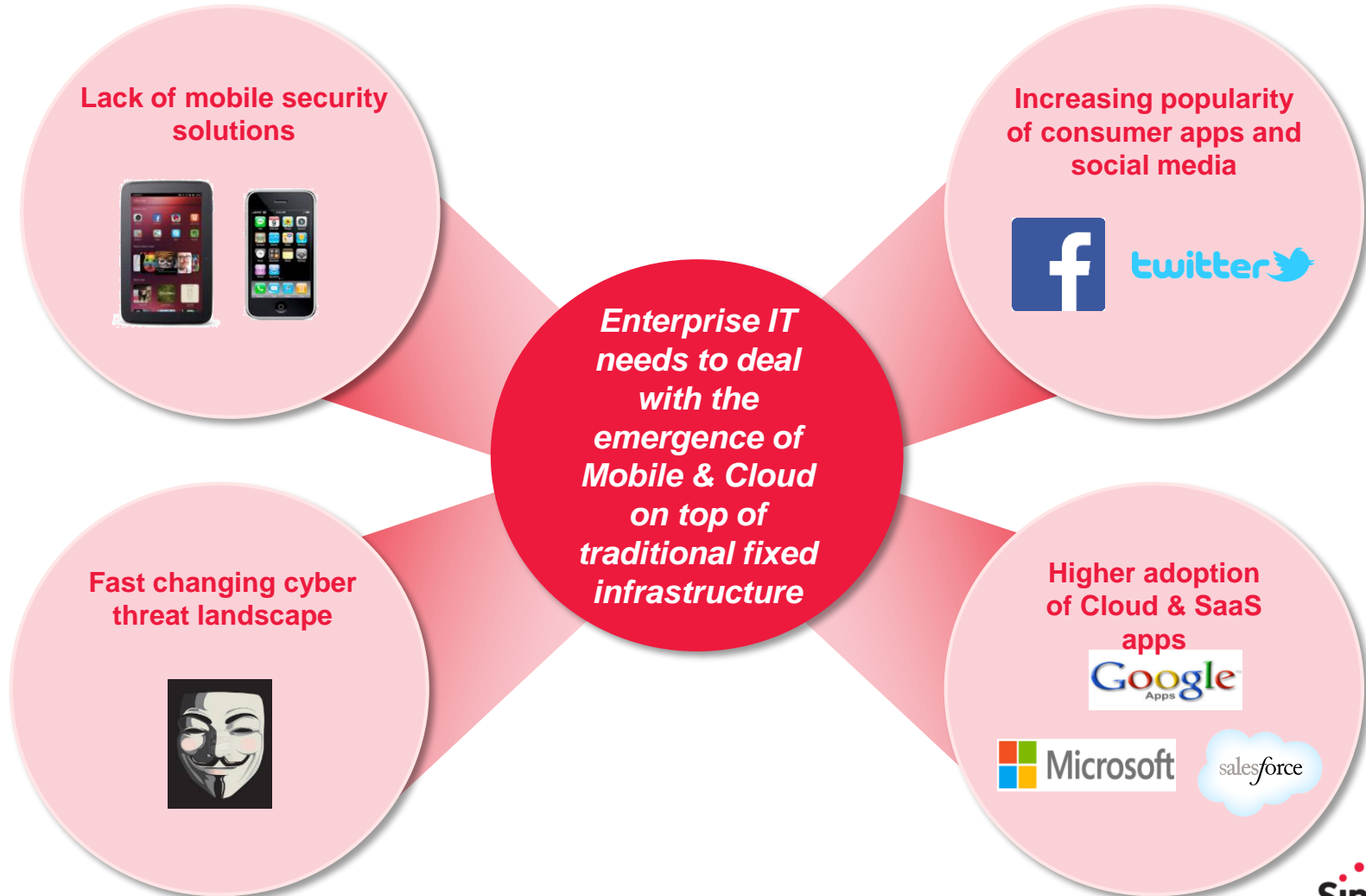
# Security threats are increasingly prevalent and pose significant reputation and economic risks



It typically takes more than 200 days to detect a cyber security breach

# Factors driving the need for enhanced cyber security protection

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# Cyber security breaches have increased in frequency and severity in recent years

## Major cyber security breaches

2013

2014

2015



■ 152 m user accounts hacked



■ 50 m user accounts hacked



■ 250k user accounts hacked



■ 148 m user accounts hacked



■ 76 m household accounts hacked



■ 56 m credit cards data stolen



■ 80 m user accounts hacked



BLUE CROSS

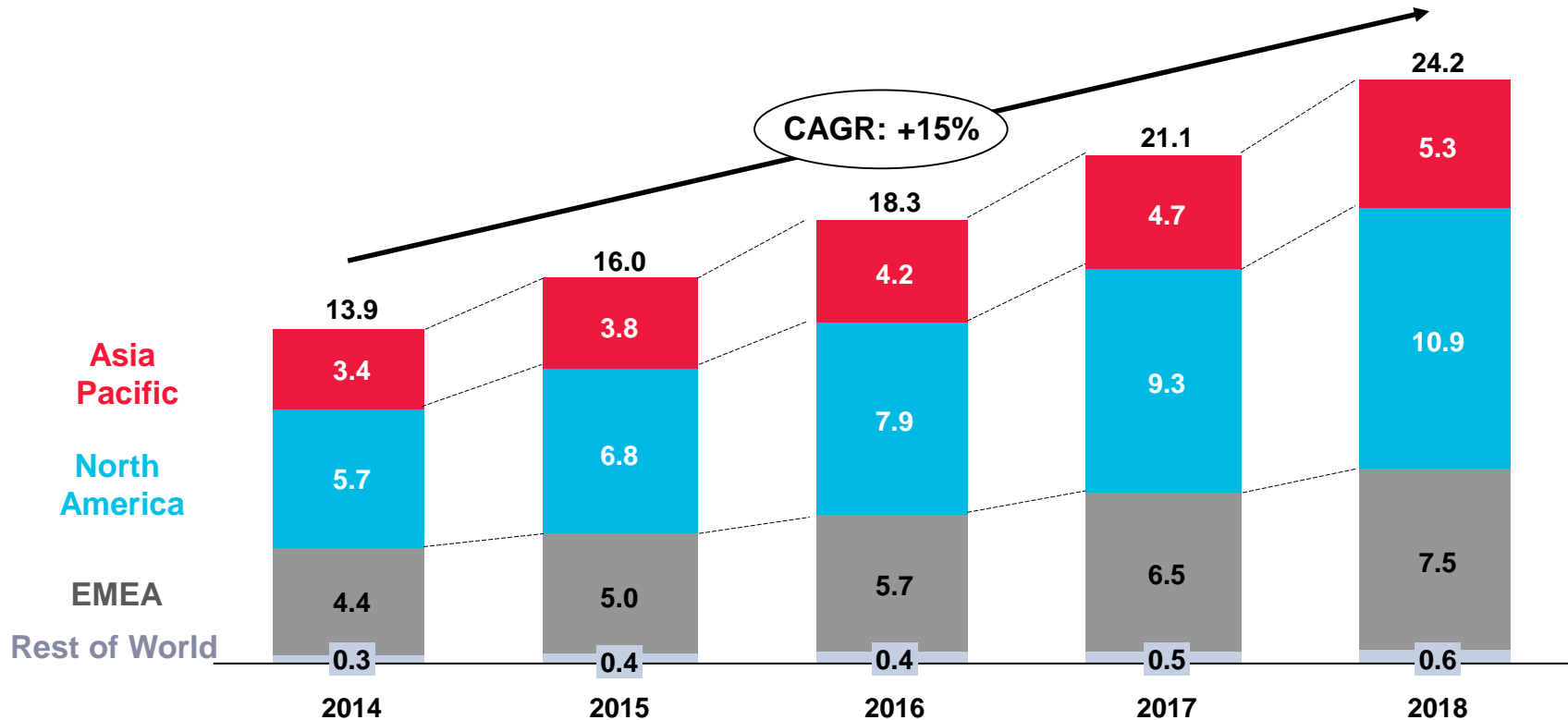
■ 11 m user accounts hacked

THE WALL STREET JOURNAL. *The New York Times*

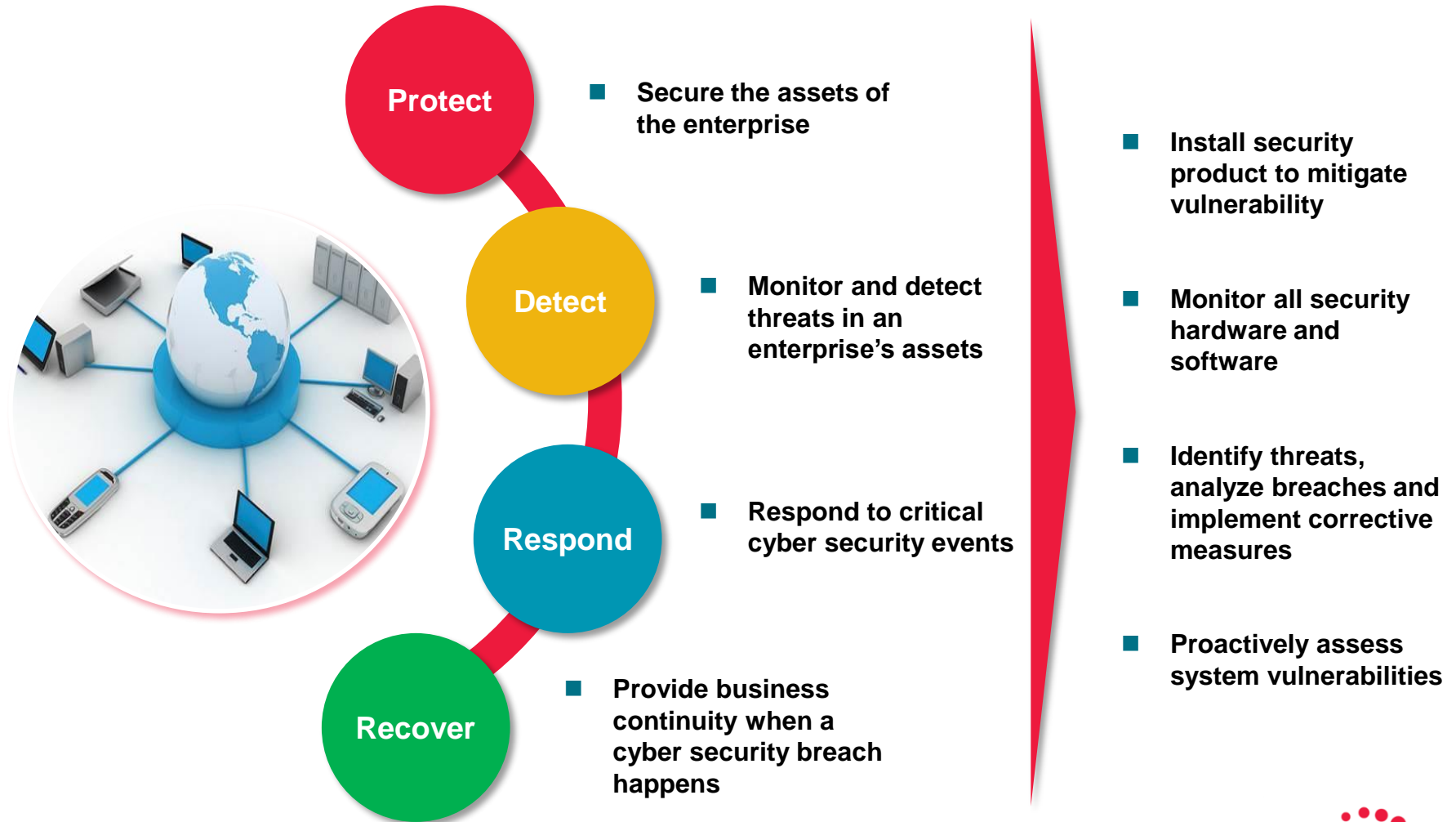
No organisation is immune

# Demand for always-on cyber security managed services is expected to increase significantly

## Managed Security Services Market (US\$ B)



# A managed security services provider helps enterprises protect assets and respond to threats

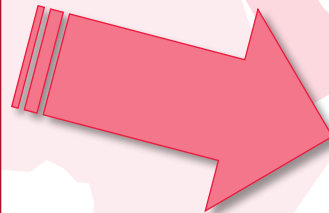


# Singtel aspires to be a leading global managed security services provider

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## Leverage threat intelligence from North America ...

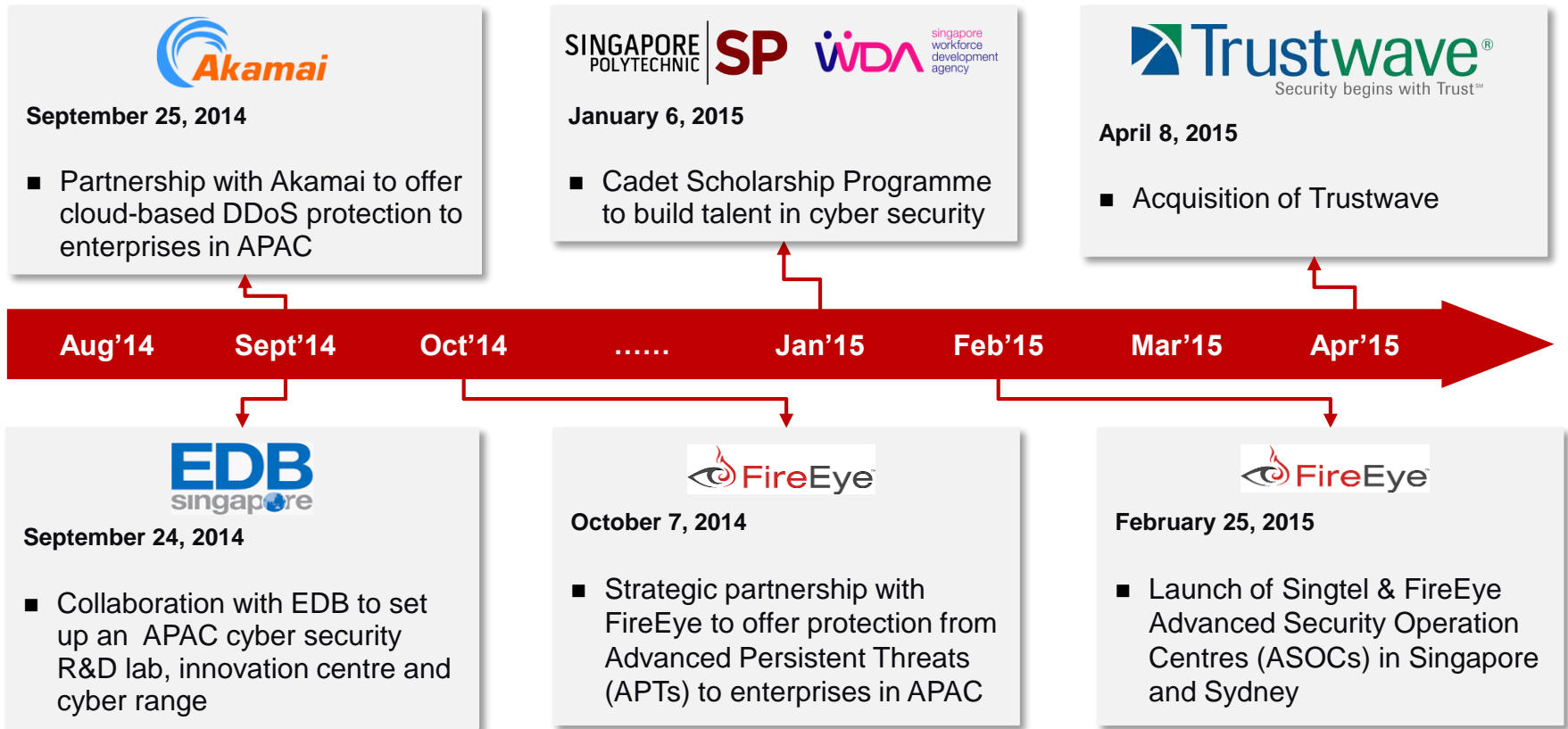
- Largest global security market
- Most sophisticated threats
- Largest pool of threat logs
- Biggest pool of talent



## ... and bring it to markets in Asia Pacific

- Huge demand from our customers across APAC
- Reputation as a trusted ICT provider
- Deep expertise in providing managed services
- Strong sales and delivery capabilities in region

# Acquisition of Trustwave is a critical step in advancing Singtel's cyber security capabilities





# Trustwave is the largest independent managed security services provider in the United States

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## Security Platforms

- TrustKeeper® - Unified Cloud Delivery Platform
- Robust Threat Management Platform
- 5 Global Security Operations Centres (SOCs) and Support Centres

## Products and Solutions

- Broad portfolio of > 20 security products and services categories
- 56 technology patents granted and pending
- Leader in Payment Card Industry (PCI) compliance services

## Domain Experts

- World-renowned threat research and intelligence through SpiderLabs™
- > 300 data security developers
- > 500 support and delivery professionals
- > 200 security focused sales professionals

## Installed Base

- > 10,000 enterprise security customers, and > 3 million business subscribers, primarily for payment compliance

# Trustwave's comprehensive security service offerings serve a diverse range of customers



## Threat Management

- Prevention of external and internal threats through a combination of intelligence, detection, protection and remediation services

- 9 out of the Top 10 Largest Global Hospitality Brands use Trustwave for Threat Management

## Vulnerability Management

- Proactive scanning, testing and remediation of database, network and application vulnerabilities to protect internal assets

- Over Half of the Fortune 25 use Trustwave for Vulnerability Management

## Compliance Management

- Multi-compliance frameworks that help businesses to identify and deploy security best practices

- 10 out of the 10 largest US payment processors rely on Trustwave for Compliance Management

# Positive assessment of Trustwave's capabilities

FORRESTER®

## Managed Security Services

North America, Q4 2014

**Leader**



## SC Magazine Awards

North America and Europe, Q1 2015

**Finalist, Best Managed Security Service**



## Private Vendor Watchlist Profile

Pure-Play Security Services, Dec 2014

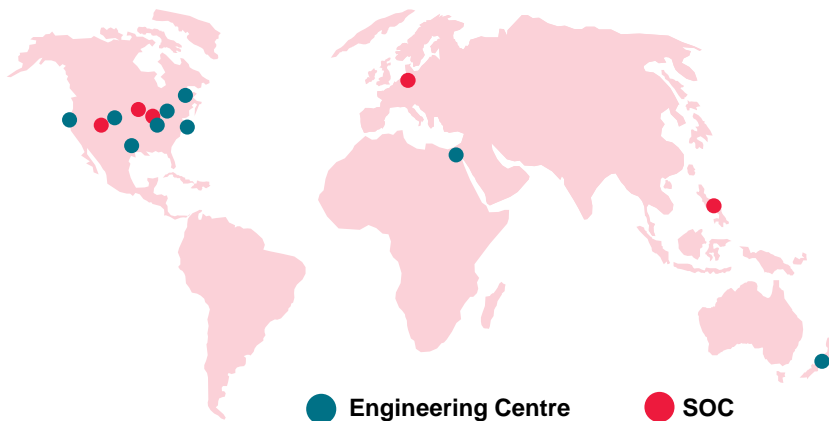
**Overall Score: 18/20**

*"... continues to prove that it's a Leader in MSSP marketplace... SpiderLabs threat intelligence research team provides excellent threat intelligence, and the company's SLA adherence is impressive"*

*"... well positioned for growth... In addition, the company offers MSS that are specific for vertical industries, and we view this as a competitive strength. Further, Trustwave is investing in most of the areas that we believe are core to MSS 2.0"*

# Extensive capabilities combined with global round-the-clock operations

## Extensive Global Footprint



- ~1,200 employees across 26 countries serving > 3 million business subscribers
- 5 Security Operations Centres
  - 3 in US, 1 in Poland, 1 in Manila
- 9 Engineering Centres
  - 7 in US, 1 in Israel, 1 in New Zealand

## Industry-leading Threat Intelligence



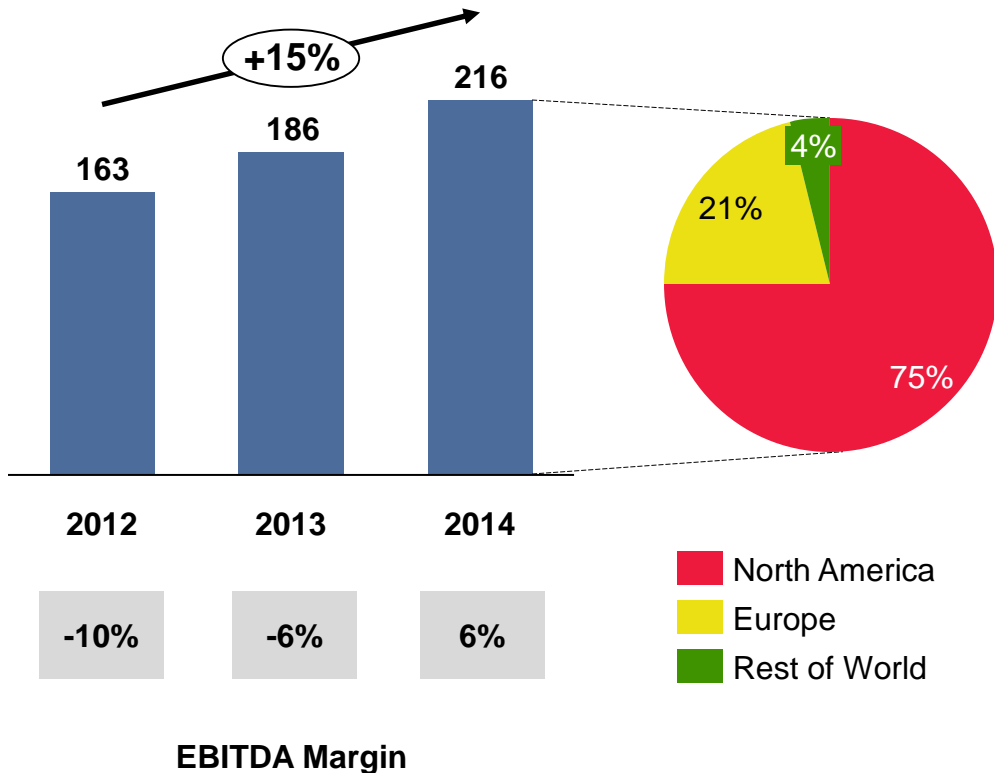
- Scalable and cost effective cloud based delivery platform



- Established threat research and intelligence services

# Trustwave revenue profile

## Trustwave's Revenue Trajectory (US\$ m)



## Transaction Summary













**ENTERPRISE VALUE**  
US\$850 m

Transaction expected to be  
**EBITDA positive from 2<sup>nd</sup> year**

Transaction expected to be  
**EPS accretive from 3<sup>rd</sup> year<sup>1</sup>**

EBITDA Margin

# Valuation in line with precedent transactions

Year	Acquirer	Target	Value (US\$ m)	Multiple (EV/Rev)
2014			233	3.1x
2014			989	9.7x
2014			225	NA
2013			211	NA
2011			612	5.1x
			<b>Mean</b>	<b>6.0x<sup>1</sup></b>
2015			850	3.9x

1: Average of the above transactions with revenue multiples

# The acquisition will significantly enhance Singtel's cyber security business

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**Establish Singtel as a global managed security services provider**



**Broaden cyber security services portfolio**



**Boost in-house cyber security R&D capabilities**



**Tap into the growing security demand in the Asia Pacific region**



**Improve access for ICT services in North America and Europe**



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