

Confidential

7 December 2021

Wendel

Discussion materials

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Credit Suisse in-depth expertise in our Security, IT solutions and Digital Services franchise

Security Software and Services



	Financing of take private
	M&A of AVG, IPO and all Financing
	M&A of Galvanize
	Advisor to Francisco Partners
	Advisor to Warburg Pincus
	IPO & Financing
	IPO & Convertible notes
	IPO & Convertible notes
	IPO & Follow-ons
	Sale to EQT
	Acquisition of  Symantec. Enterprise Security Assets

IT Solutions



	IPO
	IPO & Follow-ons
	IPO & sell-downs
	IPO, financing and Sale to BC Partners
	IPO & Corporate broker
	IPO and LBO
	Dividend recap and 2 Bolt-on M&A

Digital Services



	Acquisition by Concentrix
	Acquisition by BC Partners
	IPO
	Sale to Apax
	IPO
	Acquisition by Hitachi, Sale to Apax & Financing
	IPO & Follow-ons
	IPO & Sale to DXC
	Acquisition by Apax
	Acquisition by New Mountain Capital
	Sale to Dentsu
	IPO

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1 Cybersecurity market perspectives

Organizations are struggling to keep up with complexity and frequency of cyber threats

Advanced threats continue to adapt



Social Engineering, Ransomware and Insider threats



...security professionals are limited in number...



82%

of organizations report a problematic shortage of Cyber skills



40%

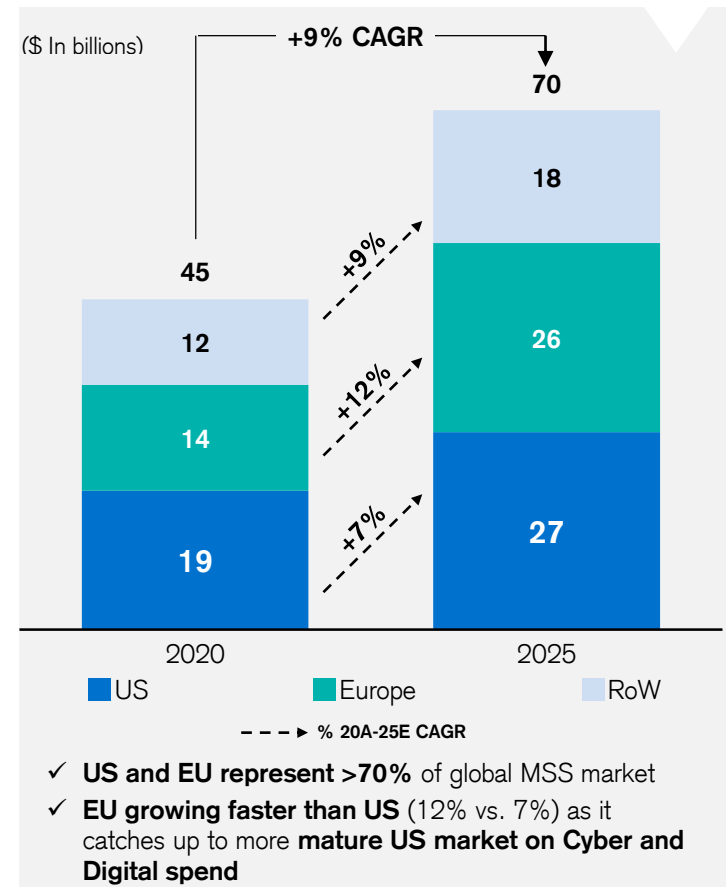
of SMB's do not have a cybersecurity expert



600k

Cybersecurity professionals shortage in US

...driving increased Managed Security Services and Outsourcing spend globally

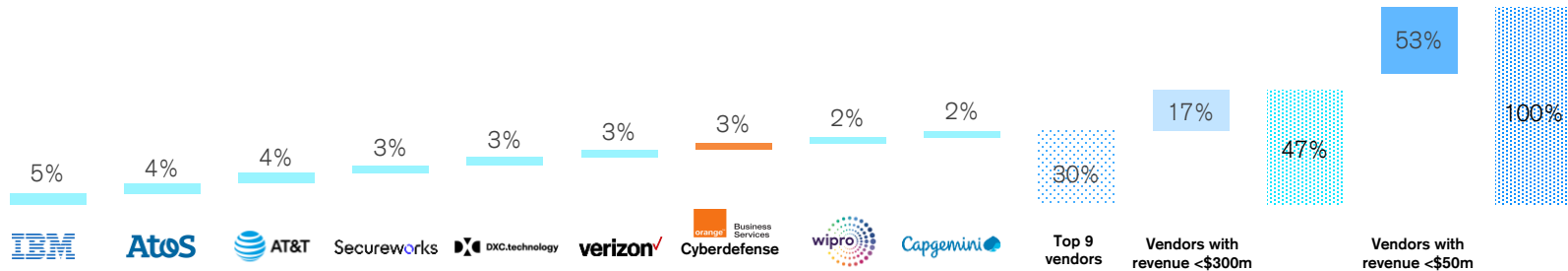


Source: Company information, press, Bloomberg.

Global MSS market remains highly fragmented and addressed by a number of established and emerging vendors

Over half of the Global MSS market is addressed by vendors grossing <\$50m; No global player of scale

% 2020 market share






































 Telcos	 IT Services and Solutions	 Security specialists
 at&t  BT Cyber  CenturyLink  Trustwave  T-Mobile Systems  orange Business Services Cyberdefense  verizon	 Atos  DXC technology  Capgemini  wipro  accenture  Deloitte  Cognizant  HCL  EY  IBM  TRACE3  PRESIDIO  SIRIUS  ConvergeOne	 OPTIV  Secureworks  HERJAVEC GROUP  ALERT LOGIC  Ciphier  SecurityHQ  FORESITE  ANOMALIX  intrustIT  TrustNet
<ul style="list-style-type: none"> ✓ Benefits from large, connected IP network providing global threat visibility ✓ More compliance-based than analytics-driven ✓ Bundling MSS services with other mainstream products creates less of a focus on security itself 	<ul style="list-style-type: none"> ✓ Focus on security asset management and monitoring (SAMM); reselling and integration activities ✓ SAMM considered mature market, with slower growth prospects than other segments like threat detection, risk and compliance 	<ul style="list-style-type: none"> ✓ Focus on analytics and threat intelligence to better address vulnerabilities preemptively ✓ Vendor agnostic approach ensures best of breed products and seamless integration













Source: Gartner, "Market Share: Managed Security Services, Worldwide, 2019", Broker reports, company information.

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Consolidation in the MSSP and IT Solutions space has been mostly regional

- Limited cross-border M&A consolidation as most companies remain focused on **buying regional / local targets**
- Telcos and PEs have been driving consolidation in the MSS and IT Solutions space

Country	Target	Buyer	Target description	Ann. Date	EV	EV / LTM EBITDA
	CANCOM UK & Ireland		▪ UK and Ireland division of Cancom – a DACH focused IT Solutions provider	Jul-21	€400m	15.8x
	 INFINIGATE ...Adding Value to Distribution		▪ Swiss-based cyber security VAD	Mar-21	~€300m	~13.0x
	 PRESIDIO Future. Built.		▪ US-based IT solutions provider delivering Digital Infrastructure, Cloud and Security solutions	Dec-19	~\$2,100m	10.0x
	 SECURE0DATA TRUSTED CYBERSECURITY EXPERTS		▪ UK-based provider of cybersecurity services and solutions provider	May-19	£120m	24.0x
	 Secure Link		▪ Netherland-based cybersecurity services providers in Europe	Feb-19	€515m	17.2x
	 Infra data		▪ Cyber Security, Cloud Networking Solutions and Managed Services	Nov-18	~€200m	10.0x
	 ALLEN VAULT		▪ US-based provider of endpoint security, network security and threat detection and response services	Jul-18	\$600m	NA
	 EXCLUSIVE NETWORKS		▪ France-based Cyber VAD	Apr-18	\$1,600m	13.0x
	 FORSYTHE		▪ US-based enterprise IT company, providing advisory services, security, hosting and technology solutions	Nov 17	NA	NA
	 Open systems		▪ Swiss-based provider of monitoring, prevention and proactive intervention for cybersecurity infrastructures	May-17	\$150m	15.0x
	 OPTIV		▪ US-based provider of end-to-end cyber security solutions	Dec-16	~\$1,100m	12.0x
	 ALERT LOGIC		▪ US-based managed solutions for IT security and compliance	Aug-13	~\$300m	NA
Average					~\$700m	14.4x

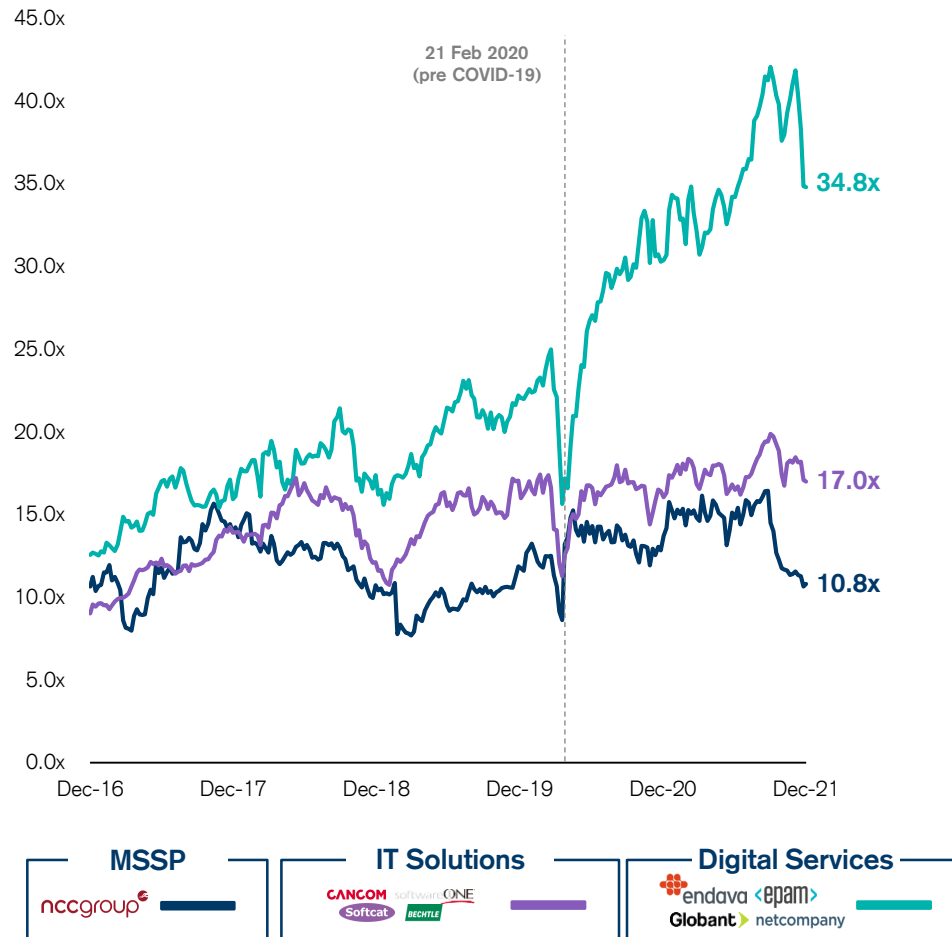
 accenture M&A in Security Services	 OPEN MINDED Jul 2021 Rapid detect and response	 Sentor Jun 2021 Enter Sweden market	 REVOLUTIONARY SECURITY Apr 2020 Breach and attack simulation testing	 Symantec Cybersecurity division Apr 2020 Global threat monitoring	 context Mar 2020 Strength in financial services	 CEJA VU Jun 2019 Security design and testing	 idefense Apr 2017 Cyber threat intelligence	 arismore Apr 2017 Identity and access management	 redcore Nov 2016 Identity and access management	 IEMAGLAN Jun 2016 Offensive cyber simulation	 FUSIONX Aug 2015 Offensive cyber simulation
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Source: Company information, Mergermarket, press.

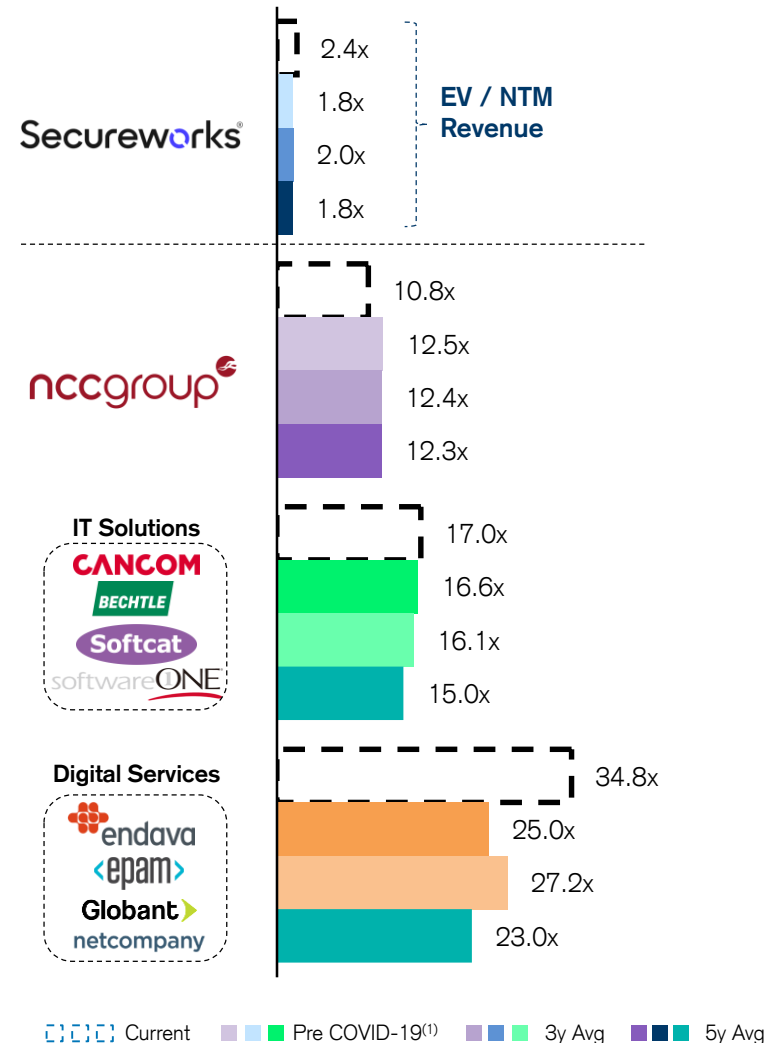
Peer valuation multiples close to all time highs

- **Very limited** number of **pure-play public Managed Security Services** players globally
- **IT Solutions are relevant benchmarks** due to increasing **focus on cyber and similar business model** (mix of VAR and managed services)

5 years Historical EV / NTM EBITDA Evolution













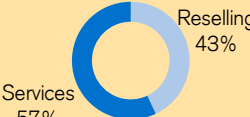















Current and historical EV / NTM EBITDA multiples



2 European Telco Tech carve-outs

Update on Telco Tech carve-outs

		 Cyberdefense  /  (Digital)	 Cyber Security  /  (Digital)	 Tech  /  (Digital)	  /  (Hybrid)
Perimeter Mature / Digital					
Scale: Revenue (YoY growth)		€0.8bn ~14% <div>9M 21 revenue growth</div>	€0.6bn 20%+	€1.5bn 15%+	€1.6bn⁽¹⁾ 14% <div>FY21 growth forecast</div>
Portfolio mix by service					
Customer mix		Majority enterprise	Enterprise and public sector	60% Enterprise / 40% SMBs	STC (35%), public sector (50%) enterprise (15%)
Carve-out progress		 Carveout work ongoing and likely to take until the end of the year/early 2022	 Unit has separate management team  Question on interdependencies with BT GS B2B business	 Carve-out close to completion  New management team with Jose Cerdan as CEO, Pablo Eguirón as CFDO and Antonio Marti as COO ⁽³⁾  Advisors ⁽⁴⁾ appointed but stake sale not happening before summer  Go-to market and capital structure topics currently under discussion  Envisaged governance unlikely to be accepted by PE investors (in particular inability to own client relationships for the Tech business)	 IPO on 30 Septiembre 2021 - Market cap: €5.3bn - EV: €5.1bn - EV/2022E EBITDA: 19.0x - EV/2022E EBIT: 22.2x  Since the IPO share price performance has remained strong (currently +24% vs. IPO price)
Monetisation alternatives		Minority stake sale (2022+) PE investment? IPO?	Undecided	Minority stake sale up to 49% – private trade (Financials only – 2021)	Offering was purely secondary (equivalent to \$965m) STC owns c.80% following the transaction (free float of c.20%)
Growth drivers & strategy	Revenue guidance	Doubling 20A revenues in the next 12-24 months	Not available	Additional €2bn by 2022	2020-2022E CAGR of 13% based on consensus forecasts
	Growth strategy	Options to grow through combination of M&A (outside EU, primarily in the US) and organically	Options to grow through M&A or organically (focus on the US)	Opportunistic bolt-ons to strengthen portfolio and build scale in regions of TEF operation	Mix of organic growth and M&A
	Profitability	Aiming to outperform peers average level	c.20%-25% EBITDA margin pre corporate overhead	-	13% EBITDA margin in 2020, c.13%-14% in 2021E and 2022E based on consensus estimates

Source: Company information, broker research reports, MergerMarket, press.

(1) Reported 2020 revenues.

(2) Based on Reuters' article on 25 October 2020.

(3) Rest of management team are: Pedro Pablo Pérez (head of Security Business), Gonzalo Martín-Villa (head of IoT/Big Data) and Hugo de los Santos (head of Cloud).

(4) Morgan Stanley and KPMG, based on Spanish business daily *Cinco Dias*'s article on 7 July 2021.

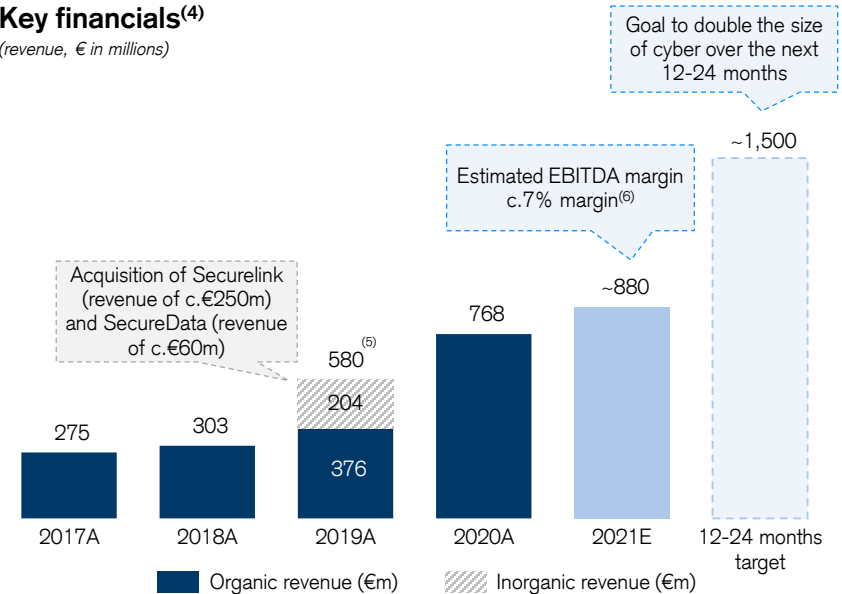
Orange Cyberdefense at a glance

Overview

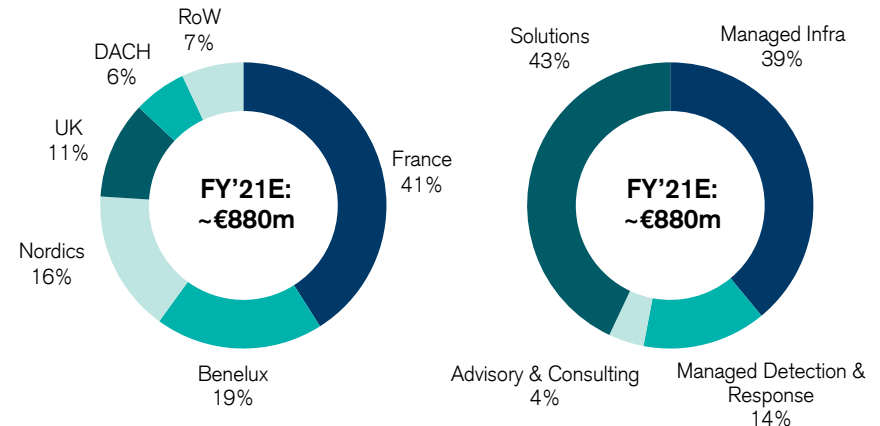
- Orange Cyberdefense is Europe's **leading managed security, threat detection and threat intelligence services provider**
 - Enables customers anticipate threats, identify risks, protect their IT assets, detect breaches, and respond to security incidents
- Built up organically and via M&A** of **Lexsi**, acquired in 2016, **SecureLink**, acquired in February 2019 (c.17x EV/LTM EBITDA) and **SecureData** acquired in May 2019 (c.24x EV/LTM EBITDA)
- Orange Cyberdefense is deeply embedded into Orange Business Services solutions for Enterprise Customers across Europe
- Company has **25+ year track record** in information security with **18 SOC's globally that help monitor, respond and analyse threats 24x7x365**
- Carveout of Cyberdefense work ongoing** and likely to take until the **end of the year/early 2022**
- Orange intends to double the 2020 cyber revenues to reach c.€1.5bn of revenue over the next 12-24 months** through a combination of organic growth and acquisitions (including in the US)
- Orange Cyberdefense organic growth strategy is based on four main pillars:**
 - Strengthening of the connectivity, cloud, mobile and UCC offers**
 - Launch of additional specialised cloud and OT/industrial security services** (in particular native cloud offers)
 - Continued focus on SME clients**
 - Development of the advanced managed services offering**
- In May 2021, **Michel Van Den Berghe, Chairman of Orange Cyberdefense**, founder of Atheos and Orange Group COO, announced his **departure from Orange to lead the Cyber Campus project⁽³⁾**; **Hugues Foulon** (Executive Committee member) is directly managing the unit

Key financials⁽⁴⁾

(revenue, € in millions)



Geographic and service mix⁽⁷⁾

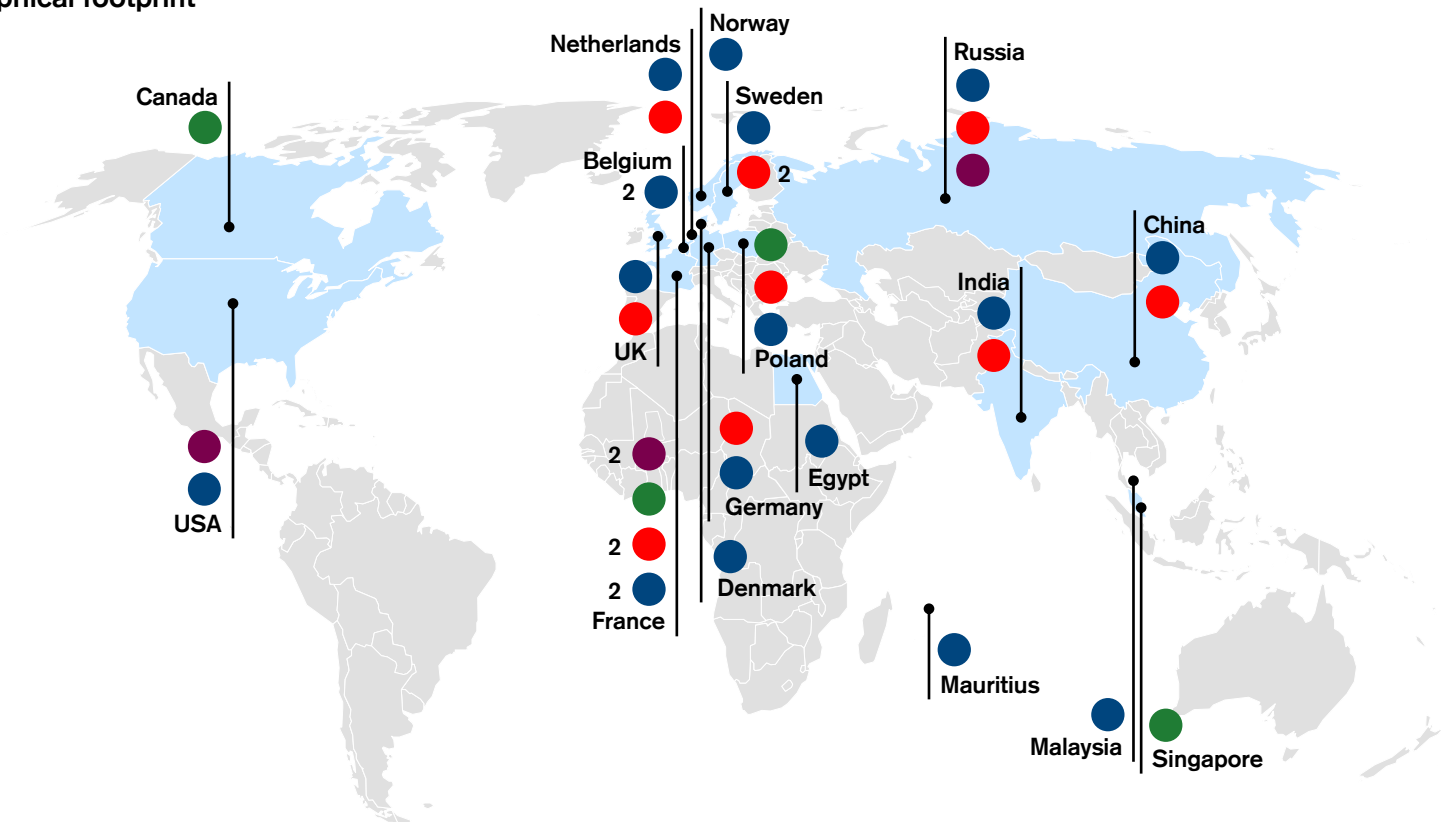


Source: Company information, broker research reports.
 (1) Gartner Market Guide for Managed Detection and Response Services.
 (2) The Forrester Wave: European Managed Security Services Providers (MSSPs).
 (3) French national project with the ambition to be a hub of cybersecurity by 2021 that will bring together the main national and international cyber players.
 (4) Financials shown as reported.

(5) FY'19 organic revenue of c.€376m (+24% FY'19 organic revenue growth).
 (6) EBITDA margin before brand and management fees paid to Orange Group for the brand as well as for the usage of certain support functions (not adjusted for ongoing carve-out operations); post brand and management fees EBITDA margin is c.5%.
 (7) Breakdown of revenue by service estimated assuming solutions reselling included within the Solutions segment (equipment reselling represents c.35% of revenue, solutions reselling represents c.8% of revenue)

Orange Cyberdefense has a global reach and offers services and solutions across 160 countries

Geographical footprint



KPIs

25+ years
years track record in information security

2,500+
employees based around the globe

90+
countries with sales and services support

250+
researchers & analysts

45K
rogue sites blocked per year

80+
published papers & presentations at cyber-conferences per year

Source: Company information.

(1) Command center facilities which monitor, analyse and protect organizations from cyber attacks.

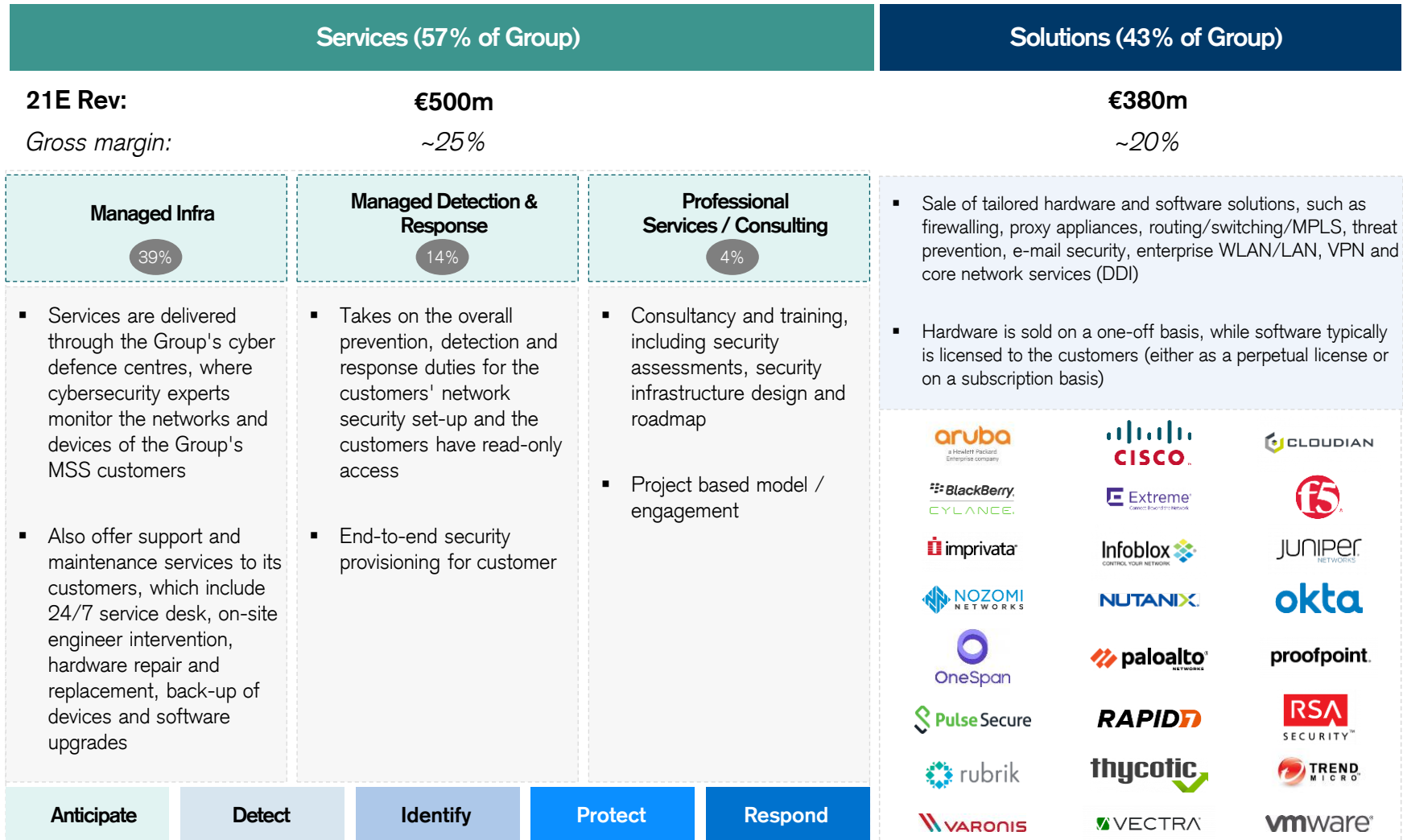
(2) SOC's specialised in continuous threat analysis.

(3) Computer emergency response teams composed by groups of experts responding to cybersecurity incidents.

(4) Centers dedicated to the mitigation of DDoS attacks.

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Orange Cyberdefense offers a comprehensive range of solutions and services support the entire customer threat life-cycle



Orange acquired Securedata and SecureLink to gain scale and capabilities across Europe

SECUREDATA
TRUSTED CYBERSECURITY EXPERTS

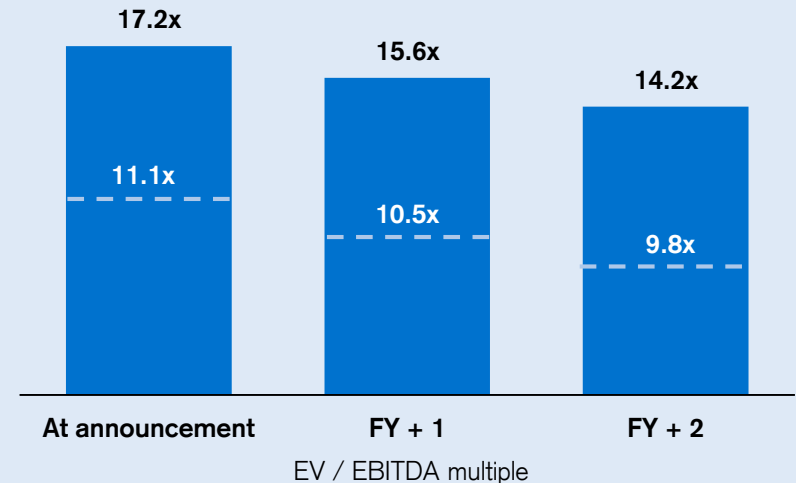
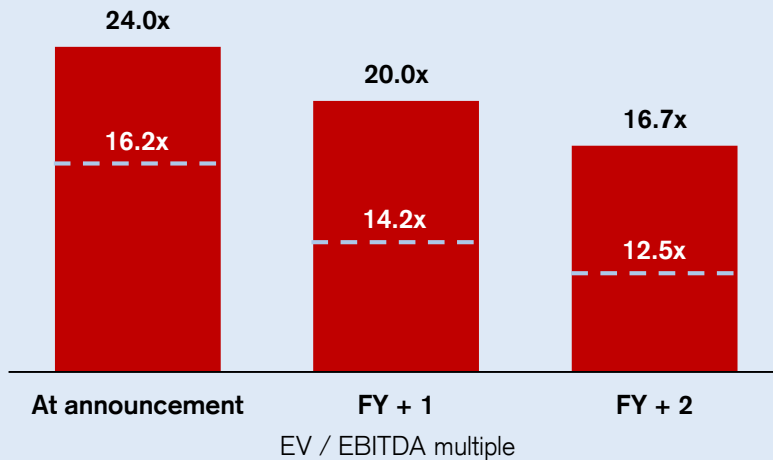
May 2019

- UK's largest MSSP
- Seller: August Equity (UK-based private equity firm)
 - Acquired SecureData in 2012 through an MBO
- Management team: Ian Brown (CEO), Christian Winning (CFO)
- Valuation: EV: £120m, Revenue £50m, 24x LTM EBITDA
- Organic growth: 20%, Margin: ~11%, EBITDA of ~£5m
- Business mix
 - Assess: consultancy and security assessment services;
 - Detect: managed threat detection services and compliance;
 - Protect: core managed security services;
 - Respond: managed incident response

SecureLink

February 2019

- Pan-EU VAR and MSSP
- Seller: Investcorp (Bahrain-based private equity firm)
 - Acquired SecureLink in 2015 through an MBO
- Management team: Thomas Fetten (CEO), Marc Goegebuer⁽¹⁾ (CFO)
- Valuation: EV €515m, Revenue €250m, LTM EBITDA: €30m, 17x LTM EBITDA
- Organic growth: 8% (10% CCY), Margin: ~10%
- Business mix
 - 47%: Customised hardware and software product sales
 - 53%: Services (MSSP + Security Consulting + Maintenance)



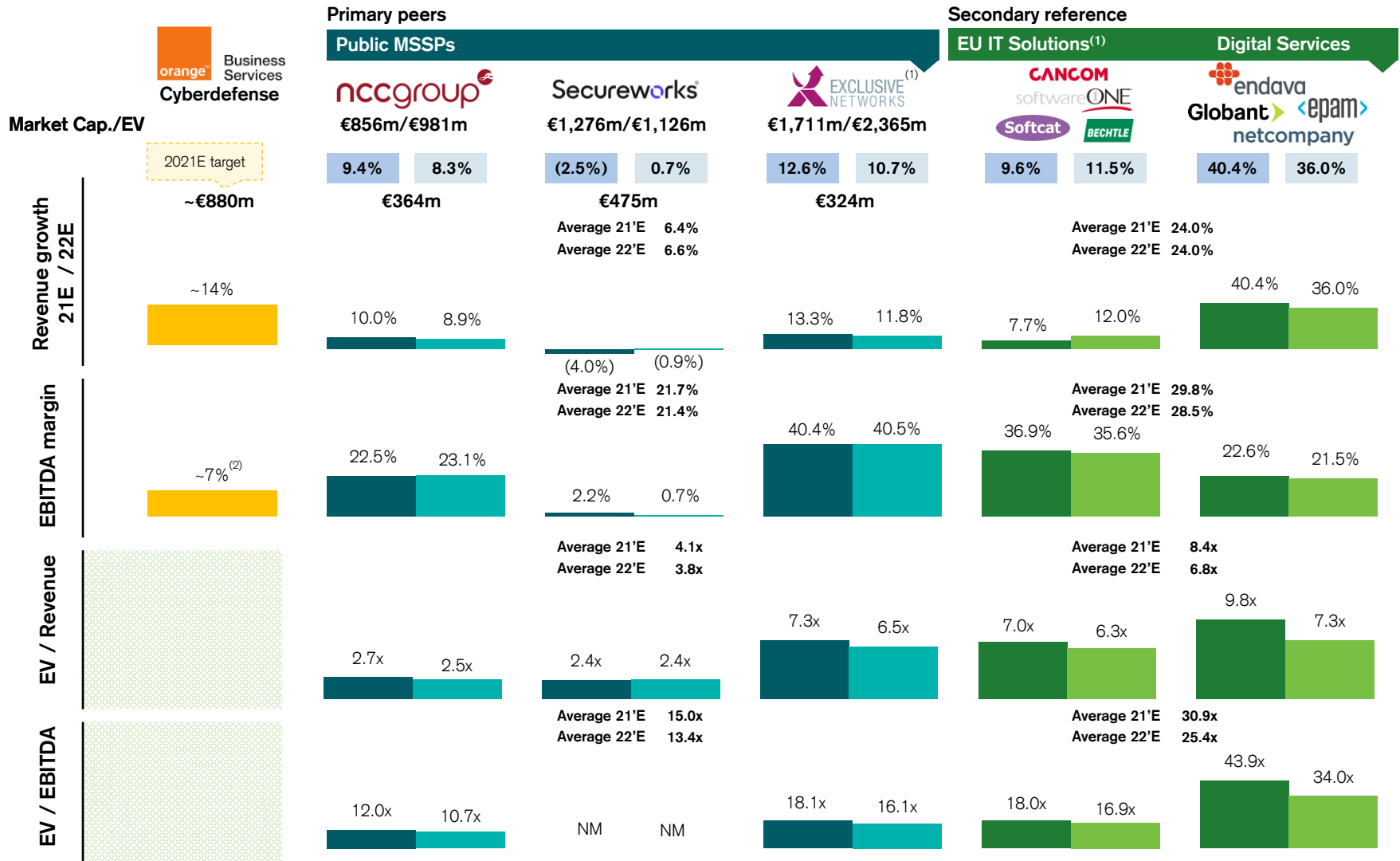
Source: Company filings, selected research reports, FactSet, MergerMarket, press releases

(1) Marc Goegebuer is currently CFO of Orange Cyberdefense.

(2) Run rate synergies calculated at 5%-6% of target cost base at announcement.

--- Post-synergies multiple⁽²⁾

Framework for valuing Orange Cyberdefense



- Public MSSPs, most relevant listed peers to Orange Cyberdefense
 - Orange Cyberdefense exhibits best in class organic growth profile, above public MSSPs
 - Profitability is below public MSSPs, mainly due to lower gross margins and higher staff costs as the company is scaling up and focusing on sales

Source: FactSet as of 02 December 2021.

Note:

(1) Financials calendarised as of Dec YE.

(2) For IT Solution and Exclusive Networks, Revenue is Gross Profit.

(3) EBITDA margin before brand and management fees paid to Orange Group for the brand as well as for the usage of certain support functions (not adjusted for ongoing carve-out operations); post brand and management fees EBITDA margin is c.5%

2021E

2022E

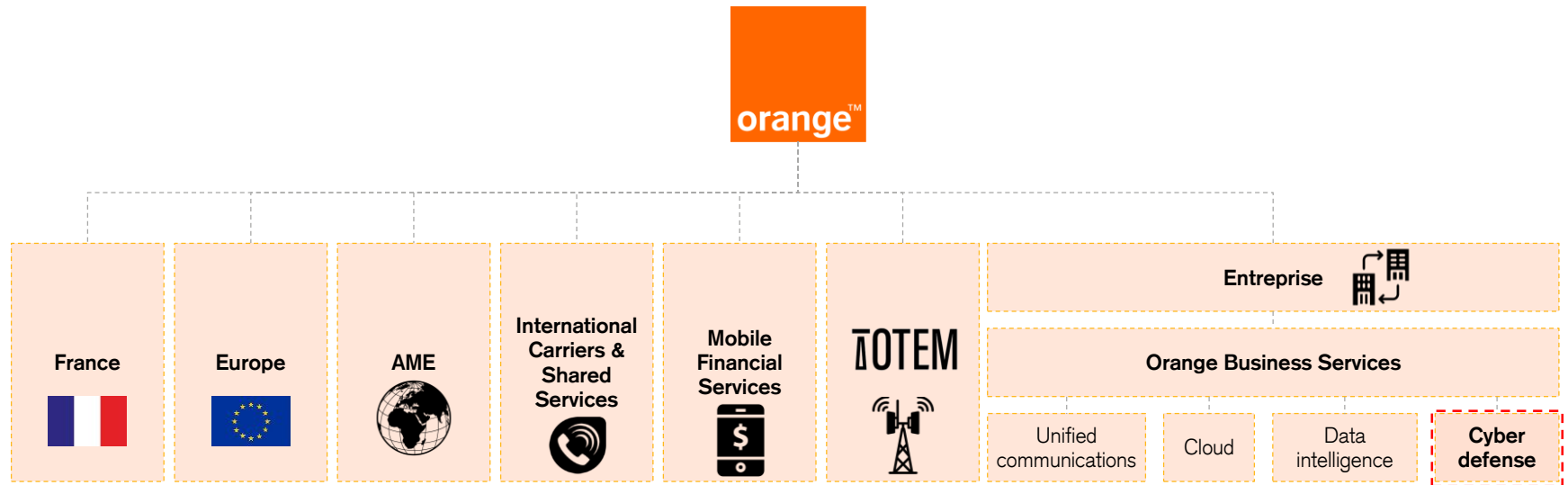
20A'-22E' Revenue CAGR

21E'-23E' Revenue CAGR

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Orange Cyberdefense position within Orange Group

Simplified organisational structure of Orange



Key decision makers

 <p>Hugues Foulon Executive Director of Strategy and Cybersecurity activities CEO of Orange Cyberdefense</p> <ul style="list-style-type: none"> Joined Orange in 2005 as Finance Director for the consumer mobile sales division; held since then several positions incl. CFO of Orange MEA and Head of the Chairman & CEO's office Appointed Director of Strategy and Cybersecurity and CEO of Orange Cyberdefense in 2018 	 <p>Helmut Reisinger CEO of Orange Business Services</p> <ul style="list-style-type: none"> Joined Orange Business Services in 2007 as head of Europe and Russia; appointed head of all commercial activities outside France in 2015 and CEO of Orange Business Services in 2018 Former CEO of NextiraOne Germany, a business solutions and communications services company 	 <p>Jean-Michel Thibaud Deputy Group CFO in charge of controlling</p> <ul style="list-style-type: none"> Joined Orange Group in 2001 as Finance Manager and then served as Head of Subsidiaries Financing, Group Treasurer and appointed Deputy Group CFO in charge of controlling in 2019; commissioned by the Executive Committee on Orange Cyberdefense carve-out Former CFO & SVP Strategy and General Services at Orange Business Services 	 <p>Jérémie Dutray Deputy CFO, Head of Business Development & M&A</p> <ul style="list-style-type: none"> Joined Orange in 2010 as Director and appointed COO of Orange Belgium in 2014 Previously advisor to the Minister of Economy, Industry and Employment from 2007 to 2010
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Source: Company information.

- Perimeter to include **Cybersecurity reselling (30%)** and **Managed Security services business (70%)**
- **Carve-out: unit has separate management team** but question on **interdependencies with BT B2B business**
- **All monetisation options remain open** including minority partnership with a sponsor
 - Keen to continue consolidating the asset given it's a growth driver / key ingredient of the broader digital equity story at BT
- **Exploring M&A and commercial partnership opportunities** to complement organic growth ahead
 - Preference for smaller targets (<£500m)



Revenue 2020A: **€0.6bn**

YoY growth: **+20%**

Cyber Security



IT Solutions (VAR)

c.30%

Cybersecurity solutions reselling in EMEA

- Critical Partners: Fortinet, McAfee, and Palo Alto Networks
- Strategic Partners: Cisco, IBM, and Microsoft
- Ecosystem Partners: Check Point, CrowdStrike, F5, ForeScout, Netscout, Okta, Qualys, Skybox, and Zscaler



Managed Security Services

c.70%

- 3000+ security practitioners in 180 countries
- 16 global SOC's, with 8 dedicated SOC's and 8 collocated with other network services, offering around-the-clock coverage with a follow-the-sun model
- Vendor agnostic model
- Frequently featured as global leader in Gartner and IDC MSSP market surveys

Overview

Key considerations

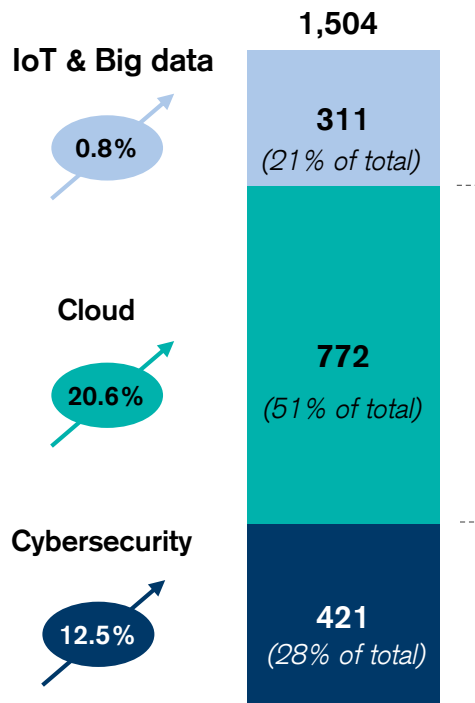
- ∧ Security software spend is expected to be the fastest growing IT segment; thereby making role of IT Solutions providers even more critical
- ∧ BT Reselling channel enhances the global reach of its vendors across multiple geos and customers
- ✓ Limited forward visibility and recurrence of revenues
- ✓ Strong competition from various cyber specialist VARs and VADs in EMEA region

- ∧ Differentiation comes from the ability to seamlessly integrate a broad security portfolio of managed services with a customer's BT-provided WAN and LAN compute solutions
- ∧ Ability to extract threat data from its large, connected IP network to assess and protect against a constantly evolving cyber-threat landscape
- ✓ Well known in the EMEA region, limited awareness in other geographic markets
- ✓ MSS offerings are sold predominantly through a global or regional direct salesforce with limited resale by channel partners

- **TEF Tech carve-out perimeter** includes Cyber, Cloud, IoT & Big data assets, targeting **€2 billion additional** sales by **2022** (vs. €1.5bn 2020 sales)
- **Carve-out is progressing**: the tech companies are now **established, integrated, and fully operational**, however the **process is more complex and lengthy than initially anticipated**
- Market rumors of a **potential minority stake sale** post completion of carve out process
 - **Process to be focused on Sponsors**, repeat a formula TEF executed with Telxius where KKR and Pontegadea took a combined 49% for €1.6bn
 - **Deal terms** (size of minority / governance rights) **under definition**
 - TEF previously **anticipated to announce a strategic deal** before its next **general meeting in June** (however, timing may slip)
- Revenue growth accelerated to **+26.6% y-o-y in Q2 21** and reached €203M (€369M in H1 21; +25.9% y-o-y)

FY 2020 trading update

(€ in millions) 14% yoy organic growth



Operating performance update

- **Unique integrated value proposition**
- **New post “COVID-19 Compliant” solutions**, for sectors such as Retail and Tourism
- **Revenue impacted by project interruptions** due to lock down
- 23m IoT accesses (+4% YoY), growth despite lockdown
- **Multicloud portfolio** for all B2B sites
- **Public Cloud Hub in Spain** (Microsoft, SAP and Google)
- +60% SaaS revenue YoY
- +22% IaaS&PaaS in FY 2020
- **Delivers managed security services through ElevenPaths brand** – unifying 12 SOC's and 1,500 security professionals
- **Global alliances** (Checkpoint, Palo Alto Networks, Fortinet)
- **Enhanced capabilities through acquisitions**
- Strong presence in Public Sector, Financial and Energy

Carve-out status

- **Carve-out is almost completed and fully functional**, however the process is more complex and lengthy than initially anticipated
 - Telefónica Tech is established and running with close to 50% of revenues already transferred to it
- **The company also, continues to develop digital capabilities and build IoT and big data portfolio**, aimed at range at vertical B2B markets and new cloud solutions

M&A history

iHackLabs

GOJERTIS

Investments

NOZOMI NETWORKS 4iQ

Key questions and discussion topics related to carveout of Orange Cyberdefense

Orange Cyberdefense carve-out

- **Perimeter: scale and profitability?**
- **Standalone operational model?**
- **Management team and organisation?**
- **Relationships with Orange/OBS following the carve-out**
 - Complexity of carve-out and interdependencies with other divisions of Orange to be addressed
 - Commercial autonomy
 - Scope of relations / contracts ?
 - Revenue / margin split ?
 - New pricing framework ?
- **Pro forma financials?**
 - Margin profile impacted by bundling of cyberdefense services with other Orange Business Services
- **Impact on business prospects?**

Participation in the sector consolidation

- **Existing M&A pipeline of identified acquisition targets?**
- **Geographical diversification** (including further expansion into the US) **vs. focus on existing geographical markets?**
- **Orange willingness to pursue potentially dilutive M&A acquisitions to achieve growth targets** (doubling the size of Cyberdefense over the next 12-24 months)?
- **Balance between bolt-on and transformative acquisitions?**

Control

- **Governance safeguards to be envisaged for the financial investor**
 - List of reserved matters (including M&A, appointment of key managers, appointment of the Board, budget approval, etc.) to be negotiated with Orange during the Legal Due Diligence phase



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