

To: jeevacation@gmail.com[jeevacation@gmail.com]
From: Nicole Junkermann
Sent: Mon 3/18/2013 5:12:35 PM
Subject: Fw: Deal Poseidon

Are you aware of this deal?

From: David Stern [mailto:████████████████████]
Sent: Monday, March 18, 2013 06:03 PM
To: Jorg Mohaupt <████████████████████>
Cc: Nicole Junkermann
Subject: Deal Poseidon

Jorg,

I hope this mail finds you well.

I am an active investor in a private equity fund that is finalising a very interesting US\$ 1.2bn transaction.

There is scope for co-investment of up to US\$ 100m.

Please see some points below. Is this something of interest?

All the best,
David

- One of the world's largest private undersea cable systems (most systems are owned by consortia of telecom companies) providing connectivity between US-Europe-Middle East-Subcontinent-East Asia
- Strategic asset to the Middle East – c. 40% of Middle East's internet traffic and c. 25% of all voice and data traffic is carried on Poseidon
- Play on exploding data traffic – broadband, internet video, 4G, teleconferencing (eg, Netflix outside US is carried on this system; Google and Facebook are customers)
- Blue chip customers – major carriers (Etisalat, Du, Qtel, Omantel, Batelco, Mobilye, Vodafone, BT) and enterprises (Ernst & Young, Hilton Hotels, LVMH, Lloyds Bank)
- Proprietary transaction – we are dealing principal-to-principal (no bankers/intermediaries); Seller's \$7 bn of debt is main driver of (reluctant) disposal but they want to retain a 15% stake to participate in upside
- Asset is only 10% utilised today – 90% of bandwidth available for sale (and more will be 'created' as electronics technology advances allowing more and more light to be pumped through and hence capacity to be unlocked in the same fiber system)
- Cash generative – at least \$150 million of free cash flow per year, providing yield (once debt has been paid down)
- Very good entry price – at c. 5x ebitda – should be able to sell at a higher multiple once freed up from Seller (who suffers from a poor reputation) and positioned for growth
- Batelco as our strategic partner provides deep industry knowledge and solid operating experience
- Projected >3x returns in 4-5 years (c. 35%)