

MGM Wireless (ASX:MWR)

Presentation to PAC Partners
Technology Company event

30 September 2015



Mark Fortunatow, Managing Director

MGM Wireless innovates and commercialises disruptive software and technology that:

- increases productivity and reduces operating costs for schools
- improves student welfare & safety and promotes parent engagement
- supports welfare and safety for students and family members

#1

Largest provider of
messaging
communications solutions
to Australian & NZ schools

1,165

Contracted schools

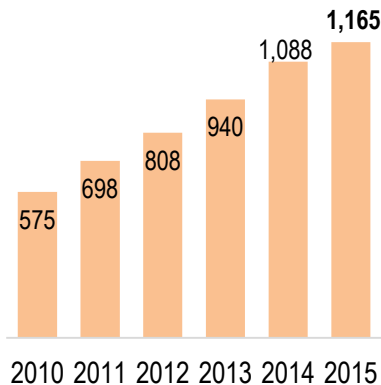
1.6 million

People who use a
MGM Wireless
product daily

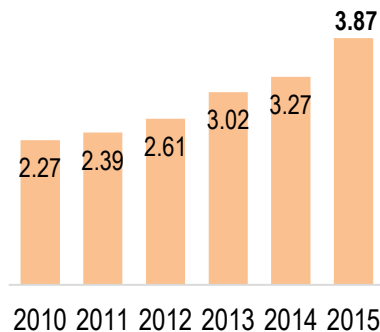
Financial performance

Track record. Sustained growth in customer base, earnings and cash

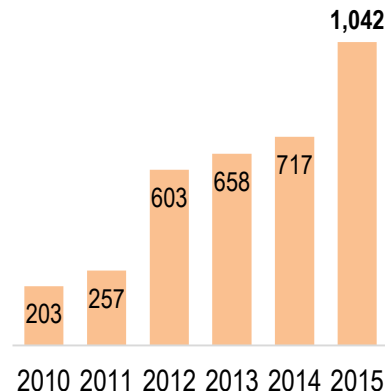
Operational customers



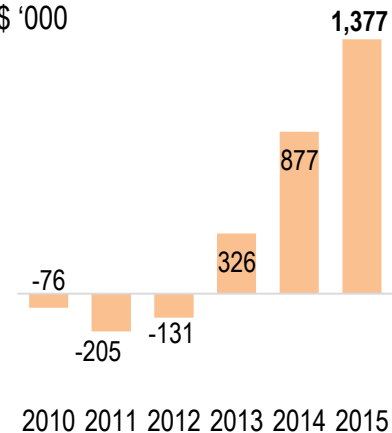
Revenue
\$ million



Net profit after tax
\$ '000



Net cash/(debt)
\$ '000



- Ongoing growth in penetration of schools in Australia and NZ market by established core products
- New products driving profit and cash growth in excess of revenue growth
- Cash balances growing strongly after funding research and development

School Business overview

MGM Wireless develops and provides schools with technology solutions to support attendance, student safety & welfare & parent engagement.

Schools

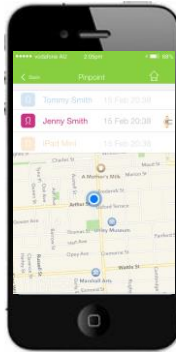


Using MGM product: 1,165

3 state government contracts

Fed Gov. funded in NT

MGM Products



 messageyou

 WatchLists

 MGMOutReach+

 MGMRollMarker

 MGM SCHOOL EVENTS

 pinpoint
MGM

Users



Parent and caregivers; use school provided MGM solution

Using MGM solution: 1.6 million



- Cost savings
- Efficiency
- Student attendance
- Community engagement



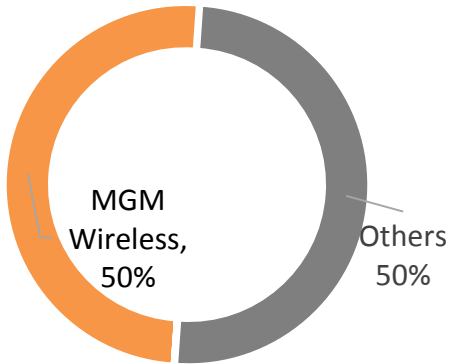
- Attendance
- Engagement Safety
- Welfare



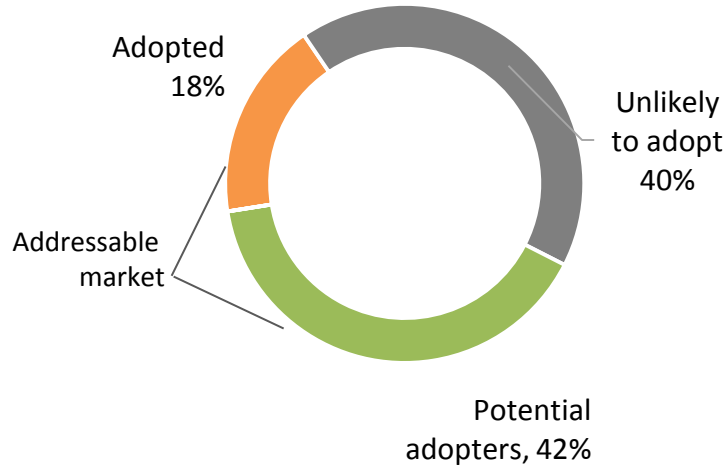
Market share

MGM Wireless is the largest player amongst current adopters, with growth through expansion in school customers and in new products

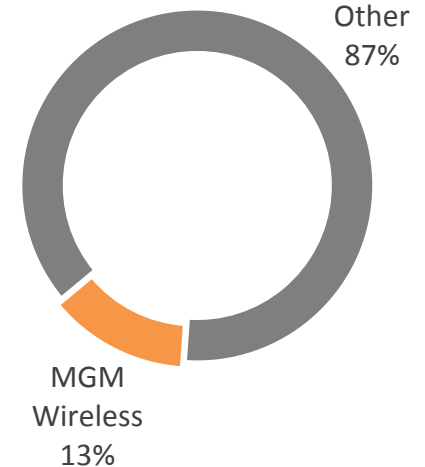
MGM Wireless' market share of schools using SMS systems



Schools currently adopting SMS Technology vs total schools



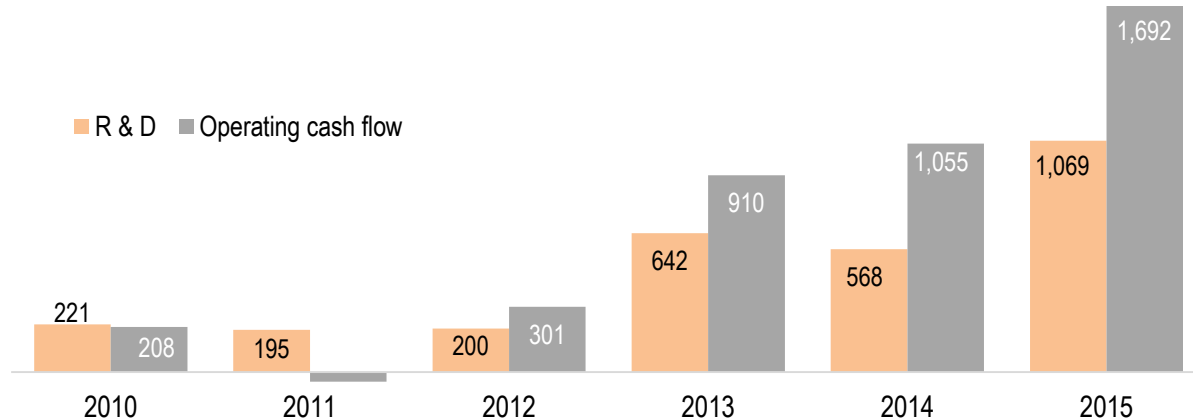
MGM Wireless' share of addressable market



Commitment to Research and Development

Technology advances provide opportunity for new business **and** challenges to existing business

R & D payments and cash flow
\$'000



- Ongoing innovation is core element of business model
- Research and development has generated the new products lifting revenue and margins. Ongoing and increased effort required in FY16 for new products and opportunities

Product development

MGM product suite has developed with technology and societal changes.
New technology and products offering higher value & higher yields.



Internet of Things & wearables

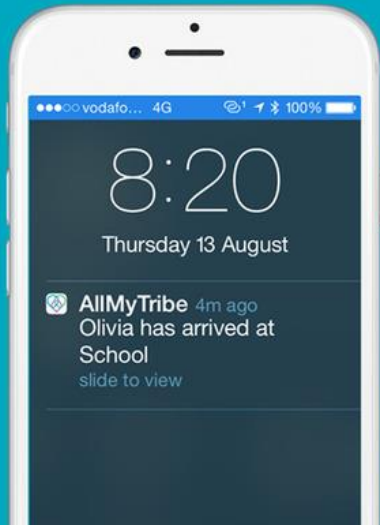


Cloud computing & adoption of smartphones

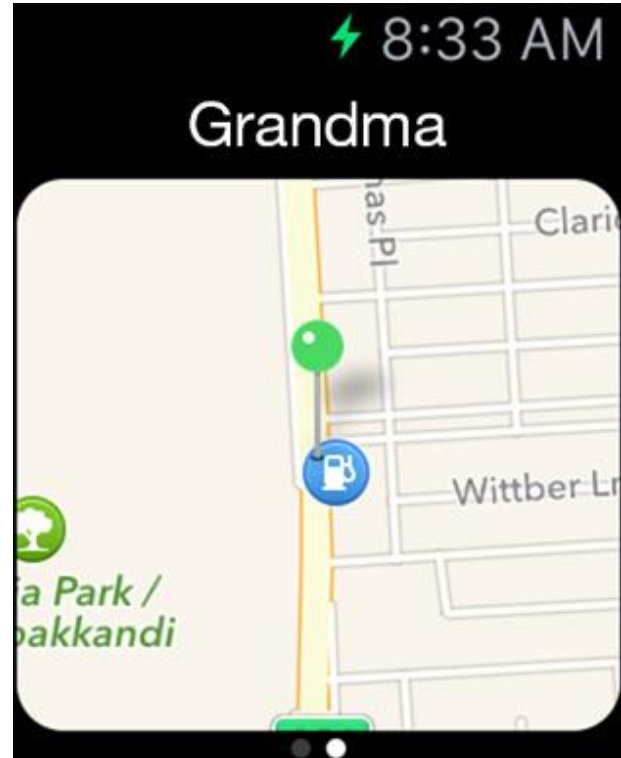
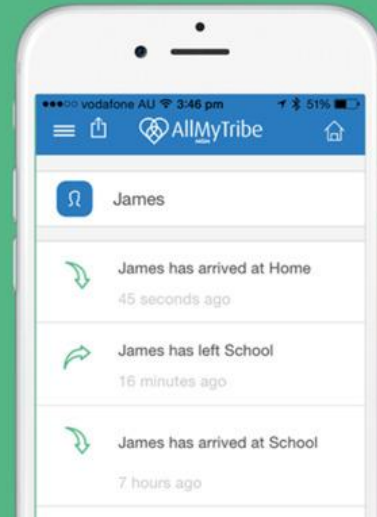
SMS & analytics



Know when your children arrive at school.



Know where your children are. Keep them safe.



Internet of Things and wearable devices

Opportunity for MGM Wireless in family safety and supporting independent living

- First product: AllMyTribe, available Apple App Store
- Applies capabilities from MGM Pinpoint for family safety and independent living support
- Direct marketed to existing MGM product users
- Currently download for free to establish presence and user base prior to wearables offering
- Early days, but downloads have risen from 8 per day to 50 per day



Current product and market trends

Business is continuing to evolve and capitalise on market and technology developments

1. Core attendance-focussed business

- messaging has superficial attraction but adds complexity of multiple exclusive platforms – not a global solution
- SMS via a mobile offers single reliable channel
- MGM developing sophisticated messaging app that provides optionality of SMS and messaging
- potential to lift margin of core business over time

2. Higher margin social messaging and engagement products

- Roll-out of MGM School Events, trialled in FY15, to add revenue stream
- Growth from Outreach+

3. Child safety and wearables

- early stages
- looking to grow base, establish online presence to leverage product
- taking revenue stream outside school markets

4. Other product initiatives in train that leverage capabilities

In summary

1. MGM Wireless is a world - leading developer and provider of disruptive software for schools
2. Sustained record of profit growth and cash generation over 6 years
3. Business model features strong cash conversion, high and improving margins
4. Opportunity-rich environment for MGM Wireless through technology advances and societal changes in cloud computing, smartphone use and now Internet of Things
5. Commitment to R & D and innovation of new products is expected to see product range continue to grow.
6. R&D to increase in FY16 as new product/projects developed
7. FY16 results expected to be consolidation on record FY15, as business transitions from being driven by SMS attendance focus to broader business base.

Appendices

MGM Wireless ASX: MWR

Company Snapshot

Key financial and share data

Share price range, financial year to date	\$0.85 - \$1.84
Shares on issue	8.57 mill
Market capitalisation ¹	\$10.9 mill
Earnings per share (cents)	12.16
Cash flow per share (cents)	19.74
Net cash (debt) ²	\$ 1.376 mill

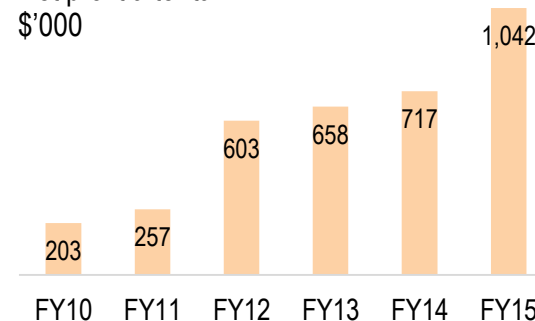
Major Shareholders

Fortunatow Family	16.8%
Hurd Family	6.7%

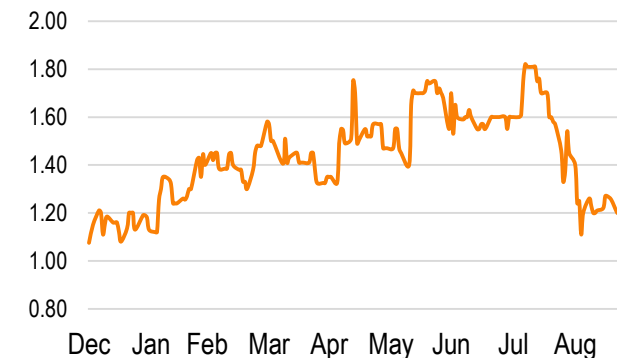
1. As at 28 September 2015

2. As at 30 June 2015

Net profit after tax
\$'000



MWR Share price
Calendar year to 28 September



FY15 Financial results

Increased yield and margin, reduced costs have profit and cash generation exceeding revenue growth

- **Earnings and cash uplift:** new higher value products has replaced customer growth as the major revenue driver
- **Cost efficiencies** from scale and business streamlining
- **Increased R & D** to support growth through new products
- **Dividend increased** to 1.3 cps from 1.1 cps

\$'000 unless indicated	2015	2014	Movement
Operational Customers (no)	1,165	1,088	7%
Revenue	3,867	3,267	19%
EBITDA	1,996	1,155	74%
Margin %	51.6	35.3	n/a
EBIT	1,314	983	35%
Net Profit	1,042	717	46%
Cash from operating activities	1,692	1,055	60%
(Net debt)/cash	1,377	877	57%
Earnings per share (cps)	12.16	8.49	44%
Dividend (cps)	1.3	1.1	18%
Return on capital %	25	22	n/a
Return on equity %	25	23	n/a

Balance Sheet

\$'000 unless indicated	30 June 2015	31 Dec 2014	30 June 2014
Cash	1,526.7	1606.3	1077.8
Other current assets	1,423.9	1,309.7	1,260.0
Total current assets	2,950.6	2916.0	2,337.8
Intangibles	2,016.2	1,706.0	1570.4
Other non-current assets	183.2	186.5	201.5
Total Non current assets	2,199.4	1,892.4	1,771.9
Total assets	5,150.0	4,808.4	4,109.7
Current borrowings	-	-	-
Other Current liabilities	906.7	909.6	852.7
Total current liabilities	906.7	909.6	852.7
Non-current borrowings	150.0	200.0	200.0
Total Liabilities	1,056.7	1,109.6	1,052.7
Total equity	4,093.3	3,698.8	3,057.0

Financial performance

\$'000 unless indicated	2010	2011	2012	2013	2014	2015	CAGR % pa
Operational Customers (no)	575	698	808	940	1,088	1,165	15%
Revenue	2,271	2,390	2,605	3,023	3,267	3,867	11%
EBITDA	467	566	859	1,385	1,155	1,996	34%
Margin %	20.6	23.6	32.9	45.8	35.3	51.6	n/a
EBIT	243	312	631	728	983	1,314	40%
Net Profit	203	257	603	658	717	1,042	37%
Cash from operating activities	208	(44)	301	910	1,055	1,692	52%
(Net debt)/cash	(76)	(205)	(131)	326	877	1,377	n/a
Earnings per share (cps)	2.8	3.3	7.5	8.1	8.5	12.2	34%
Dividend (cps)	-	-	-	1.0	1.1	1.3	n/a
Return on capital %	116	31	40	29	22	25	n/a
Return on equity %	102	40	48	31	23	25	n/a

MGM School Business Model



MGM Sales contact School



School Leadership decides



Parents receive SMS

Sales Process

Decision makers are School Leaders & Principal

Sales cycle 5 weeks to 3+ years

Ultimate Customer - Parents are not involved / informed

Revenue

One off consulting and training fee (if applicable) - \$ 500 - \$ 3,500 per school

Annual License Fee - \$ 3 – 8 per student per year

SMS revenue \$ 1.40 - \$ 2.60 student pa

Systemic Sales can be financially structured differently

Established Flagship Products



SMS Student Attendance Communication

- Automated
- 'Intelligent'
- Market leader



Analytics Engine

- Merges Attendance Records & SMS
- Management Tool for School Leaders



Social Messaging Platform

- Web App
- School Event Reminders, Late Breaking News
- Crisis



- Links MGM products to schools existing databases

New products, utilising cloud and smartphone technology



Social Messaging Platform

- Upgrade to Outreach
- Cloud & Smartphone App
- SMS File Attachments
- Facebook, Twitter & LinkedIn



- Cloud & Smartphone
- Integrated with messageyou & Outreach+
- Rollmarking App



Parent-Teacher Interview & School Booking App

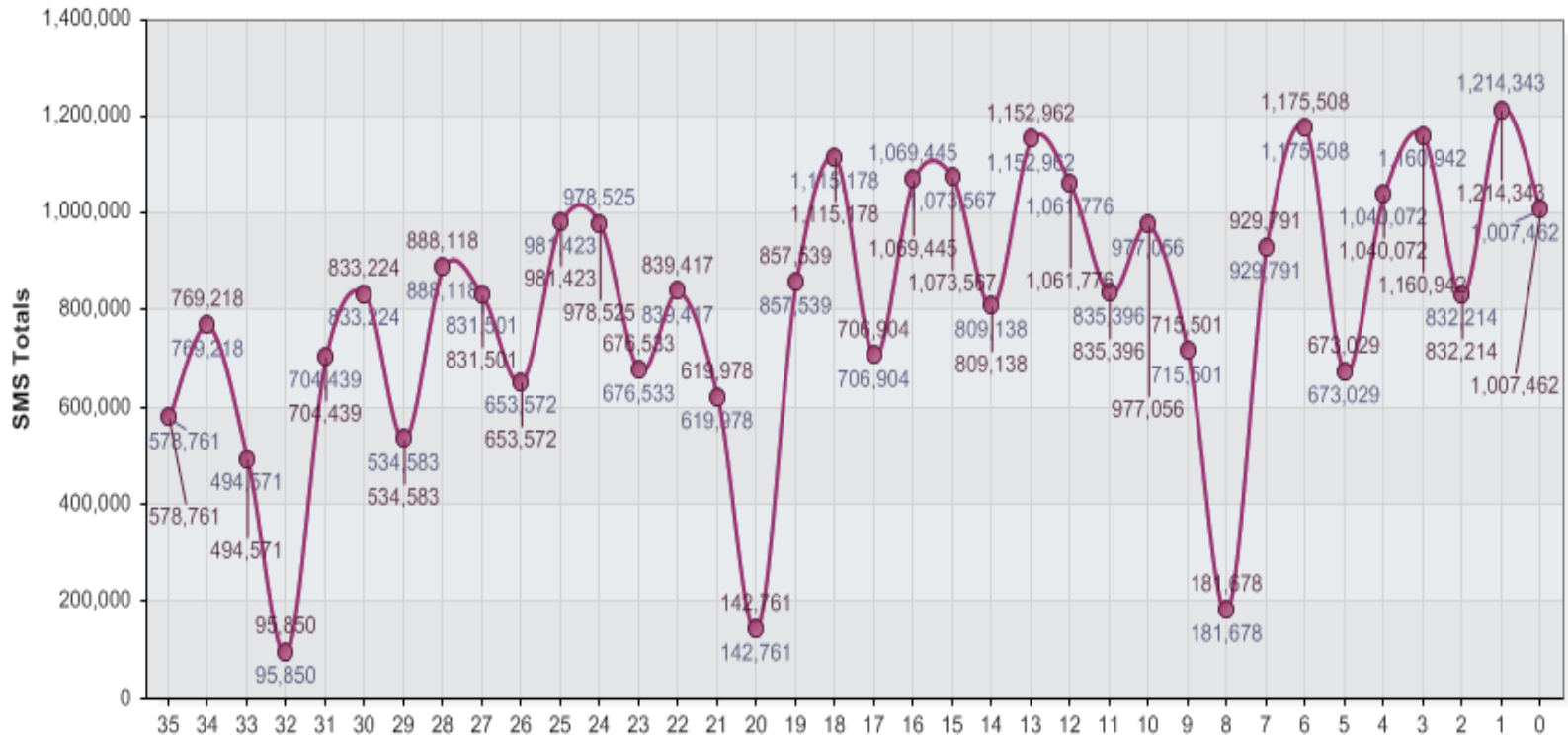
- Integrated with Outreach+
- Mobile Platform



Child Safety App

- Wearable interface
- Family Living

Growing Message Traffic



Months offset from September 28 2015



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