

# Acquisition of Web2TV and Living Networks

November 2016

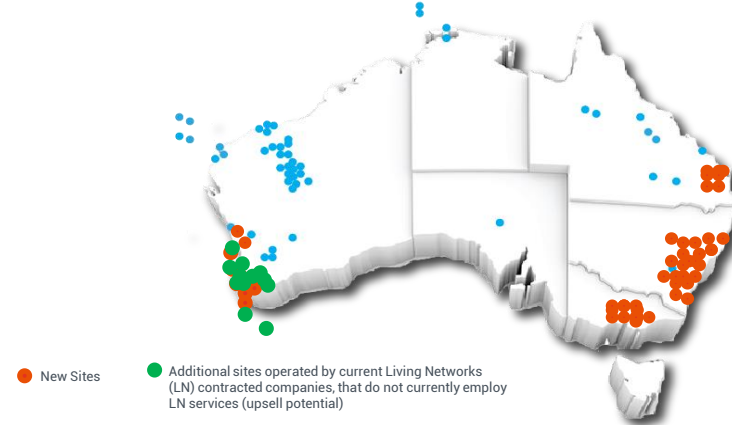
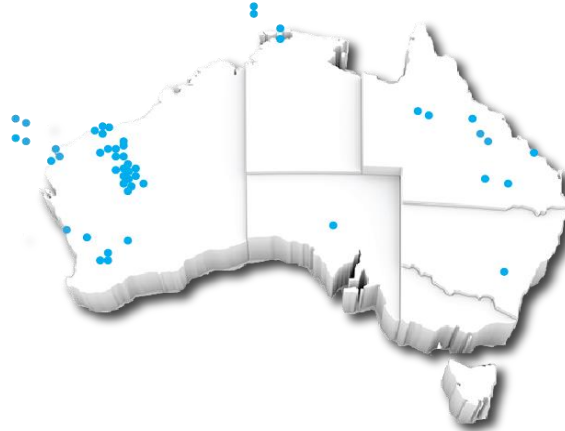


**swift**  
NETWORKS

# Increased footprint in Australian Market following 2 Acquisitions

Existing Sites (approx. 30,000 subscribers / rooms)

Upon Completion (approx. 40,000 subscribers / rooms)



Existing Swift Business		Post Acquisition
Subscribers	approx. 30,000	approx. 40,000
Relationships		Brings established relationships with 31 operators, including Regis and Uniting Care
Revenue	Revenue of \$14.42m (FY16)	Final Acquisition consideration payable in stages upon reaching certain milestones up to \$7.1 million in combined <b>new</b> revenue <sup>3</sup>
Shares quoted on the ASX	~80.8m	~81.2 million (addition of only 0.4m* SW1 shares as upfront consideration). Further SW1 shares will be issued upon reaching certain milestones
Performance Shares and Options <sup>1</sup>	49.7m	See slides that follow for performance consideration for the Acquisitions
Market Cap	\$28.5m <sup>2</sup>	\$31.1 million prior to performance consideration for the Acquisitions

<sup>1</sup> 50% issued upon achieving 44,000 rooms or \$24 million in revenue and 50% issued upon achieving 53,000 rooms or \$29 million in revenue, Options volume weighted average exercise price of 20.75 cents

<sup>2</sup> Market Cap. excludes existing options and includes performance shares

<sup>3</sup> Web2TV and Living Networks recurring revenue FY16 approx. \$1,500,000 (unaudited)

\* based on share price of \$0.25

# Web2TV Acquisition

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# Transaction Overview



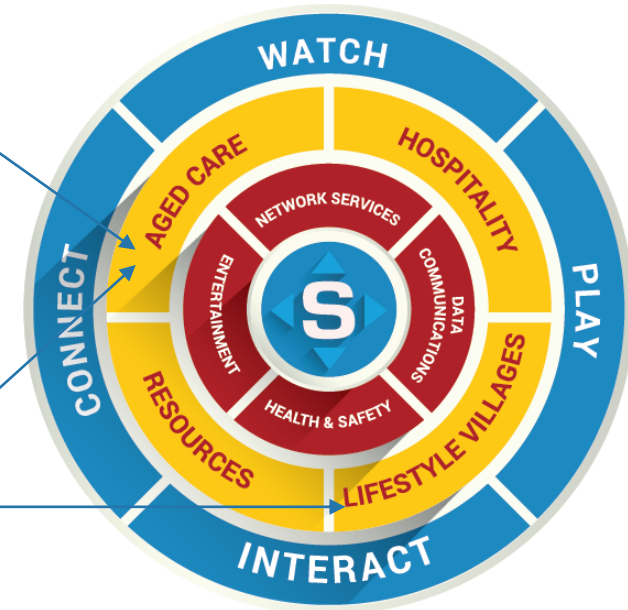
Provider of TV services to aged care and retirement villages

## Acquisition of Web2TV

- Fast-tracked subscriber growth at a low cost-to-acquire
- Allows Swift to take advantage of a fragmented service industry (within vertical) that has a 175% market size growth forecast by 2020 (327,000 to 900,000 rooms by 2020<sup>1</sup>)
- Significant operating synergies, revenue upsell and complementary services between Swift Networks and Web2TV
- Establishes footprint for Swift in Victoria, New South Wales and Queensland
- Acquisition of business rather than shares in company

Trusted name in target sector

Geographical expansion  
(NSW, VIC, QLD) into  
multiple sectors



<sup>1</sup> <http://www.aihw.gov.au/aged-care/residential-and-community-2012-13/services-and-places/>  
<http://retirementliving.org.au/wp-content/uploads/2015/03/National-overview-of-the-retirement-village-sector-Grant-Thornton.pdf>  
<http://myerfoundation.org.au/wp-content/uploads/2014/09/2020-A-Vision-For-Aged-Care-in-Australia.pdf>  
In conjunction with United Nations statistics and industry reports

# Business Overview

# WEB2TV

EST.  
2010



## 8,040 SUBSCRIBERS INSTALLED

ACROSS THE AGED CARE AND RETIREMENT LIVING SECTORS



## LOYAL CUSTOMERS

90% CONTRACT RETENTION RATE SINCE INCEPTION



## STRONG BUSINESS GROWTH

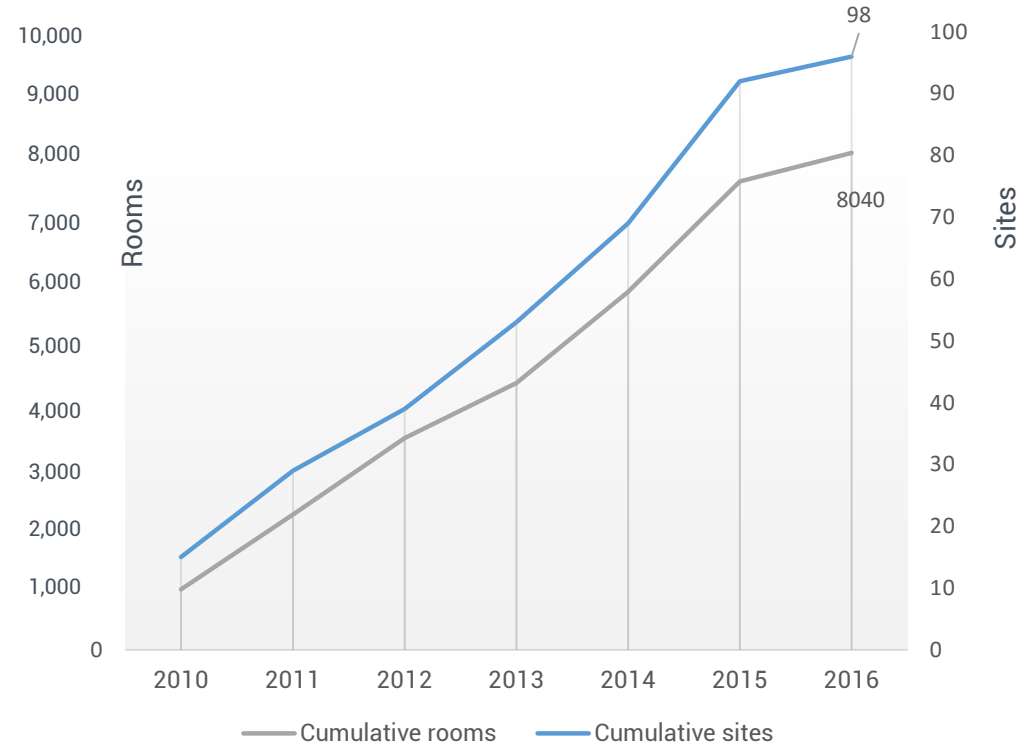
YEAR ON YEAR GROWTH ACHIEVED SINCE 2010, INCLUDING 31% IN 2015



## ESTABLISHED RELATIONSHIPS

WITH 27 OPERATORS, INCLUDING REGIS AND UNITING CARE (85 SITES COLLECTIVELY ACROSS AUSTRALIA)

Web2TV growth by number of sites/subscribers



# Strategic Rationale

Cost per subscriber on acquisition

**\$49.75**

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Industry Average<sup>1</sup>

\$500 - \$550



Market entry into Lifestyle, Retirement and Aged Care verticals upon completion



Geographical expansion into VIC, NSW and QLD upon completion



Accretive Transaction leveraging Swift's existing infrastructure



Increased likelihood of upselling Swift Networks services to acquired clients due to broader, higher value, service offering

Vision for service provision	Swift Networks	Swift Networks Growth
	Current	Web2TV
<b>Verticals</b>		
Resources	✓	
Hospitality	✓	
Lifestyle & Retirement		✓
Aged Care		✓
Hospitals		
<b>Service Offerings</b>		
<b>Entertainment</b>		
Free to air TV	✓	
Pay TV		
Foxtel	✓	
Optus Sports	✓	
Movies on Demand	✓	
TV on Demand	✓	
Radio	✓	
Video channel	✓	
Internet	✓	
Data/Wi-Fi	✓	
<b>Communication</b>		
Fixed Line Telephone	✓	
Mobile Telephone		
Noticeboard	✓	
Community Messaging		✓
Direct Messaging	✓	

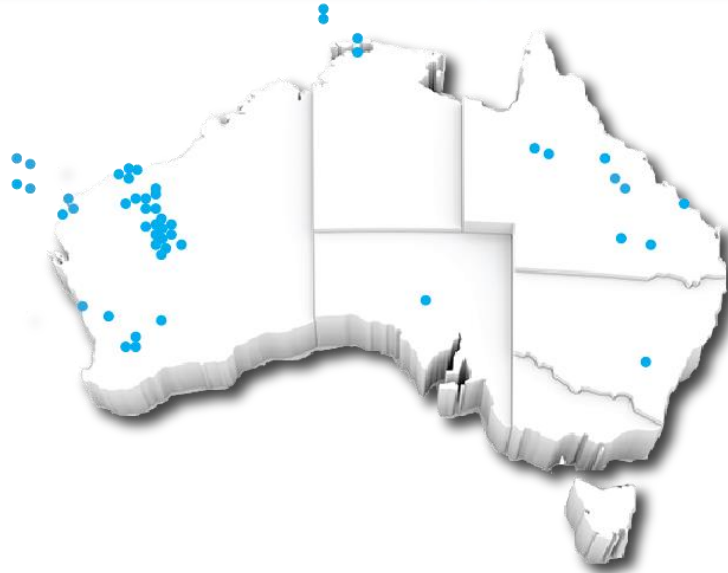
<sup>1</sup> Source: **The Australian**: 4 Jan 2016, M2: total transaction value of \$204 million divided by the number of users reported: [http://www.computerworld.com.au/article/456544/m2\\_acquire\\_dodo\\_makes\\_an\\_offer\\_efitel/](http://www.computerworld.com.au/article/456544/m2_acquire_dodo_makes_an_offer_efitel/), Internode: total transaction value of \$105 million divided by the number of users <https://www.iinet.net.au/about/mediacentre/releases/20111222-iinet-to-acquire-internode>



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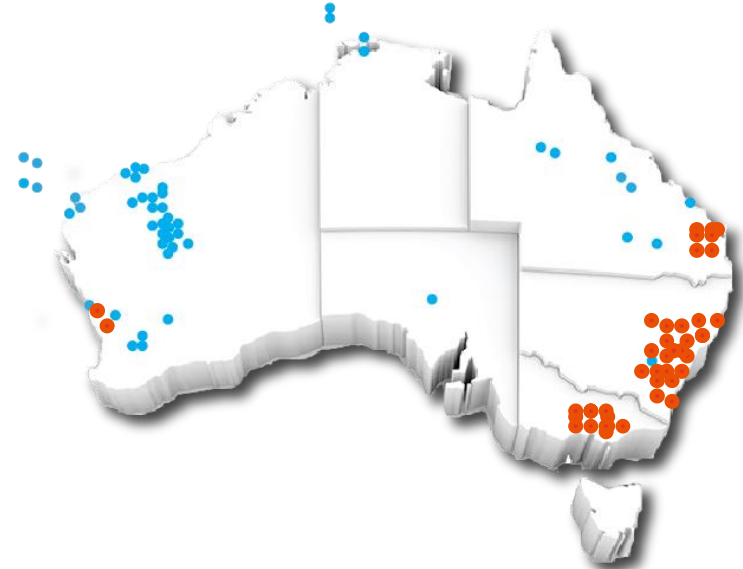
# Increased footprint in Australian Market

Existing



≈ 30,000 subscribers

Upon Completion



≈ 38,040 subscribers  
✓ Larger East coast footprint

# Acquisition

Web2TV FY16 revenue (unaudited) = \$608,000

## Deal Structure

On completion	\$425,000 (cash) subject to adjustments for outgoings, advanced payments and stock
<u>1<sup>st</sup> Milestone</u> Following \$2,000,000 <b>NEW</b> annual revenue generation into Web2TV client sites or through Hannemann's management <sup>1</sup>	\$500,000 (50/50 cash and SW1 shares)
<u>Interim 7 Milestones</u> Following <b>each</b> \$500,000 <b>NEW</b> annual revenue generation into Web2TV client sites or through Hannemann's management	\$125,000 (50/50 cash and SW1 shares)
<u>Final Milestone</u> Following \$6,000,000 <b>NEW</b> annual revenue generation into Web2TV client sites or through Hannemann's management	\$125,000 (50/50 cash and SW1 shares)
<b>Total Consideration</b>	<b>\$1,925,000</b>

Note: Ability to earn performance target consideration expires 5 years after integrated product launch date expected to be no later than 1<sup>st</sup> March 2017



# Summary

## Key benefits of Web2TV acquisition



Accretive transaction leveraging Swift's existing infrastructure



Speed to market - ability to fast track Swift Networks' access to 8,000+ rooms in Aged Care sector



33% increase in number of rooms serviced at completion



Opportunity to increase Swift Networks revenue<sup>1</sup> on FY16 by 42%<sup>2</sup>



Exclusive advertising rights on Australian Aged Care Online website platforms with 55,000+ unique visitors per month

<sup>1</sup> based on 2016 revenue

<sup>2</sup> when financial milestones are achieved by Web2TV

# Living Networks Acquisition

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# Transaction Overview

## Acquisition of Living Networks

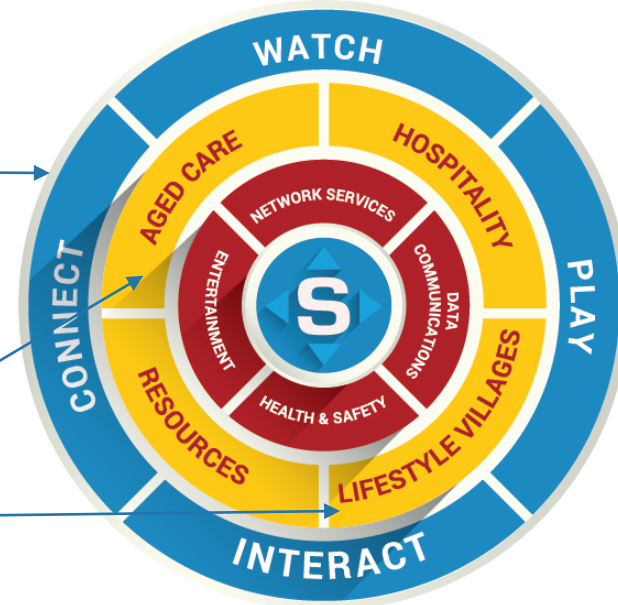


- Fast-tracked subscriber growth at low cost-to-acquire
- Acquisition allows us to take advantage of a fragmented service industry (within vertical)
- Synergies and complementary services between Swift Networks and Living Networks
- Acquisition of business rather than shares in company
- Billing systems can be leveraged across our business and into new opportunities
- Mobile phone offering which can be leveraged across our targeted growth markets

**Services:** Mobile  
Resident Phone  
Broadband

*Improve service offering: Mobile phone & billing services*

*Enter and increase footprint  
in target markets*



# Business Overview



Mobile | Home Phone | Broadband



## 1,736 SUBSCRIBERS

ACROSS THE LIFESTYLE AND RETIREMENT LIVING SECTORS



## VALUE-ADD SERVICE OFFERING

MOBILE PHONE PLANS AND BILLING CAPABILITY



## BUSINESS GROWTH POTENTIAL

CURRENTLY SERVICING ONLY 38% OF POTENTIAL CUSTOMERS IN THE VILLAGES WHERE THEY OPERATE<sup>1</sup>



## ESTABLISHED RELATIONSHIPS

WITH 22 VILLAGES, INCLUDING MARQUEE CLIENTS (NLV AND RAAFA), AND AN ACCOUNT MANAGER WHO IS TASKED WITH BUILDING PERSONAL RELATIONSHIPS WITH RESIDENTS

## Growth Potential in current villages/facilities

Potential number of subscribers across all acquisition sites	4,568
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Current subscribers	1,736
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Bundled Fixed Line and Mobile	1,337
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Mobile only	399
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### Upsell Potential

Potential to deploy Swift Services across all sites (5,431 subscribers)



# Strategic Rationale

Cost per subscriber on acquisition

**\$172.81**

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Industry Average <sup>1</sup>

\$500 - \$550



Market entry into Lifestyle, Retirement and Aged Care verticals upon completion



Increase service offering to current Swift Networks clients through mobile phone plans



Accretive transaction leveraging Swift's existing infrastructure



Increased likelihood of upselling Swift Networks services to acquired clients due to larger total service offering



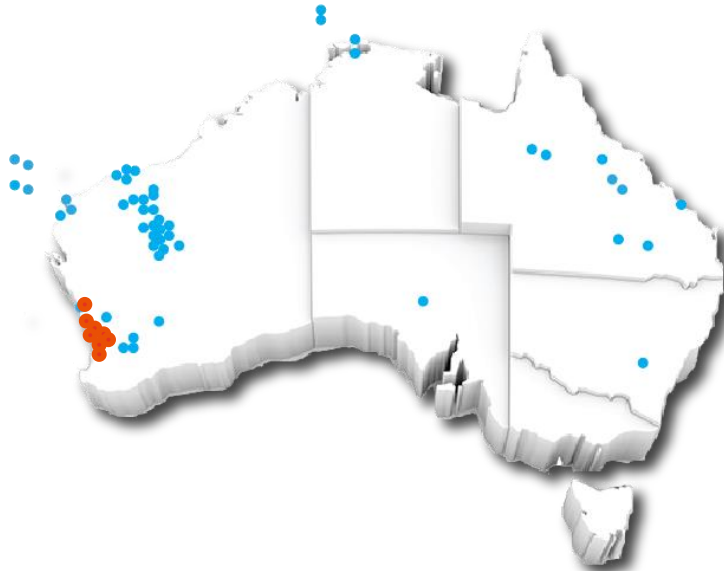
Adds integrated billing system to enable consolidation of multiple services on a single bill

Vision for service provisions	Swift Networks	Swift Networks Growth
	Current	Living Networks
<b>Verticals</b>		
Resources	✓	
Hospitality	✓	
<b>Lifestyle &amp; Retirement</b>		✓
<b>Aged Care</b>		✓
Hospitals		
<b>Service Offerings</b>		
<b>Entertainment</b>		
Free to air TV	✓	
Pay TV		
Foxtel	✓	
Optus Sports	✓	
Movies on Demand	✓	
TV on Demand	✓	
Radio	✓	
Video channel	✓	
Internet	✓	✓
Data/Wi-Fi	✓	✓
<b>Communication</b>		
Fixed Line Telephone	✓	✓
<b>Mobile Telephone</b>		✓
Noticeboard	✓	
Community messaging		
Direct messaging	✓	

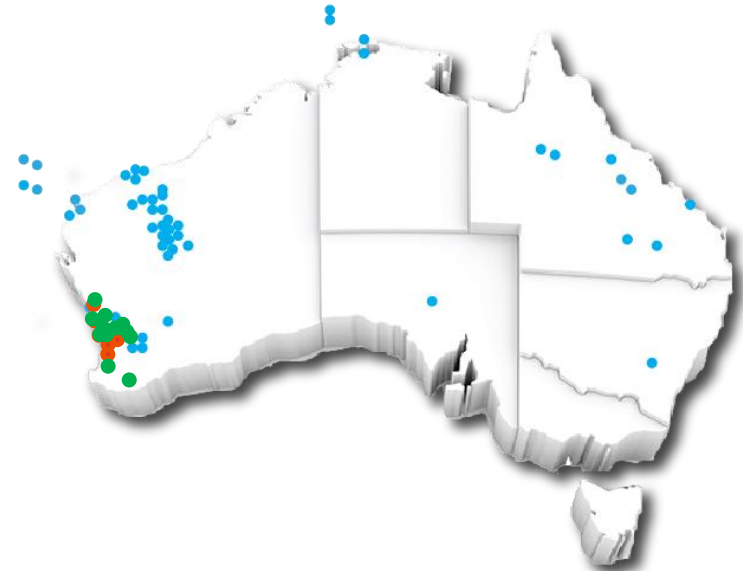
# Increased footprint in Western Australian Market

Upon Completion

Growth Potential From New Partnerships



- ✓ 22 new villages
- ✓ 1,736 new subscribers



- ✓ 32 additional sites
- ✓ Upsell potential

# Acquisition

Living Networks FY16 revenue (unaudited) = \$908,000

Deal Structure	
On completion	\$200,000 (cash) \$100,000 in shares (escrow)
<u>Milestone 1</u> Following \$800,000 <b>NEW</b> annual revenue <sup>1</sup> from services provided to Living Networks Operator and Client Sites	\$300,000 (50/50 cash and SW1 shares)
<u>Milestone 2</u> Following \$1,100,000 <b>NEW</b> annual revenue <sup>1</sup> from services provided to Living Networks Operator and Client Sites	\$200,000 (50:50 cash and SW1 shares)
<b>Total Consideration</b>	<b>\$800,000</b>

Note: Ability to earn performance target consideration expires after 3 years

## Key benefits of Living Networks acquisition



Accretive transaction leveraging Swift's existing infrastructure



Speed to market: 1,736 new accounts at completion



32 additional sites within organisations that Living Networks deliver services to that are currently not serviced by Living Networks



Ability to add further value to current and future Swift customers through provision of mobile phone and billing services



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