



SWIFT

ASX: SW1

H1 Results

February 27, 2020

Pippa Leary, CEO



SWIFT MEDIA

TRANSITIONING TO A STRONGER FUTURE

Swift is a specialist media company delivering a high proportion of recurring subscription revenue in Mining and Resources, Aged Care and Health and Wellbeing, complemented further by additional advertising revenues from the Health and Wellbeing screens.

- **CEO Messages**
- **What is Swift?**
- **H1 Update**
- **Strategic Progress**
- **Financials**
- **H2 Strategic Priorities**
- **Execution Priorities Progress**
- **Summary**

CEO MESSAGES

Swift's organic growth strategy is focused on a fundamental strengthening of people, processes and product to transition to growth in FY21 and beyond.

Good progress has been made in:

- Upgrading the skills on the board and leadership team – several senior new management additions
- Streamlining out of non-core verticals – 3 down from 11
- Strengthening the core – new fit for purpose product built in Aged Care, improved sales process and capabilities implemented
- Strengthening the financial base – improve balance sheet, lowered opex

H2 committed to delivering against a clear strategy focused on building a more agile and profitable business.

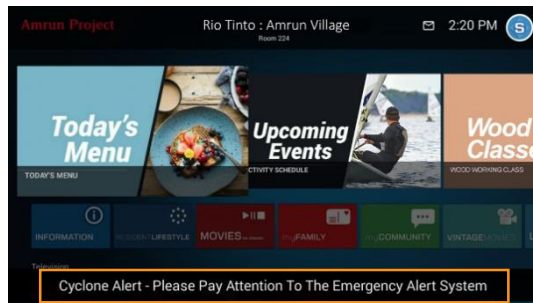
- Continue to upgrade sales, processes and capabilities
- Roll out new Aged Care product and evaluate future product innovation in Mining and Resources
- Evaluating strategic options in Health and Wellbeing
- Continue to look at initiatives to strengthen the balance sheet

SWIFT MEDIA

Swift is a specialist media company that provides entertainment and communication solutions to connect and engage communities in:

MINING & RESOURCES

Delivering secure closed networks with customised communications and content.



- Design and construction of networking infrastructure in remote locations
- Site managed communications system delivered via TV and smart device applications
- Movies, TV on Demand, Sport (Foxtel partnership)
- Indigenous, mental health and wellbeing content
- Remote and onsite technical support

AGED CARE

Making life better by helping residents and their carers engage, communicate and belong.



- Time saving, facility managed communications, noticeboard and live streaming system delivered via TV
- Aged Care specific relaxation and exercise content to improve quality of life, reduce isolation and support dementia sufferers
- In-room access to premium entertainment curated specifically for Aged Care
- Family mobile application to stay connected with loved ones

HEALTH & WELLBEING

Australia's leading DOOH health & wellbeing network in contextually relevant, captive audience environments.



- Digital Out of Home advertising
- Standards' compliant communication tool
- Health & Wellbeing content designed to inform, educate and entertain patients at the point of care.
- Business review underway to improve financial results / deliver value for shareholders
- Options to increase scale and improve financial performance being worked on as well as several strategic options

H1 2020 Update

2020 is a transition year as we rebuild Swift. We are enhancing product, making growth investments, upgrading skillsets and positioning the business for long term sustainable growth. We have made good progress:

Upgrading the skills on the board and leadership team

- ✓ New Director, Kathy Ostin (ex KPMG Aged Care Practice)
- ✓ New Chief Customer and Strategy Officer, new Chief Sales Officer, new Chief Technology Officer
- ✓ Restructured executive team from 9 to 4

Streamlining business out of non-core verticals

- ✓ Focusing on 3 core verticals, down from 11
- ✓ Exited maritime, student accommodation and oil rigs
- ✓ Continuing to license content in hospitality, but outsourcing support and account management
- ✓ Discontinued loss making product lines e.g. Lumiair.

Strengthening the Core

- ✓ Realigned sales team and building a pipeline for future growth in Mining and Resources
- ✓ Building new “fit for purpose” product suite with receptive customer base in Aged Care
- ✓ Seeking to increase scale in Health and Wellbeing

Strengthening the financial base

- ✓ Successfully completed \$1.9m capital raise
- ✓ Secured refinance with Pure Asset Management for \$8m
- ✓ \$1.4m annualised cost savings achieved from recently completed restructure

H2 committed to delivering against a clear strategy focused on building a more agile and profitable business.

MINING AND RESOURCES H1 PROGRESS

FUNDAMENTAL REBUILD UNDERWAY

- Lack of sales focus has created a temporary weakness in the pipeline for new project sales, revenues of \$6.6m, down 25% vs PCP
- Fundamental strengthening of people, processes and product now underway; sales cycle improvements expected in FY21
- Project revenue up nearly 3x vs 1H19 – translates to ongoing future recurring revenue
- Decline in recurring revenue of 13.7% due to major client moving from construction to operation phase
- One off licensing deal in 1H 2019 - substantially increased PCP results. Not planning future licensing agreements.
- Material new contract awarded with Rio Tinto Ltd in October 2019 delivering project revenues in 2H FY20
- Appointment of new Chief Sales Officer

MARKET SIZE

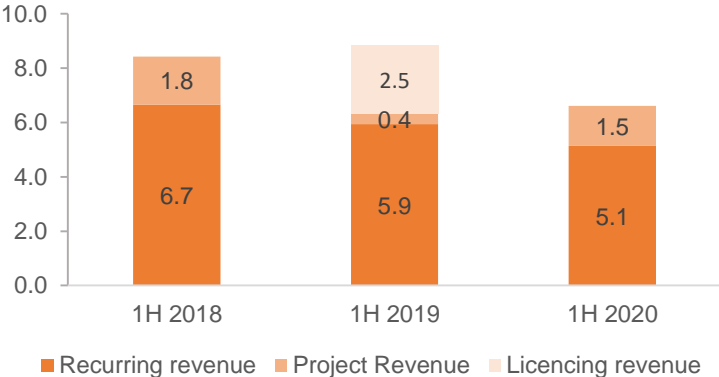
115,000

Rooms in remote camps

250+

Sites in remote camps

1H REVENUE IN A\$M



*Source: Management estimate in collaboration with AMMA, Australian Resources and Energy Group

RESIDENTIAL AGED CARE H1 PROGRESS

DEVELOPING NEW FIT FOR PURPOSE PRODUCT

- Created significant and timely opportunity in Aged Care. Making good progress in building fit for purpose new product suite; encouraging early positive responses from customer base.
- Overall revenue of \$1.07m, down 6% with new project revenue affected in transition period. However, revenue continues to grow, up 21% from sales in prior 12 months.
- New product concept developed in collaboration with 20+ client partners.
- Alpha test in operation with first key client, with Beta release scheduled for Q3.
- Collaboration with Allied Health providers and dementia specialists on Aged Care content creation and sourcing.
- Appointment of new sales leads and creation of dedicated account management function.

Key milestones :

- ✓ Alpha test – January 2020
- ✓ Beta test – February 2020
- Swift Plus product available – Q4

MARKET SIZE

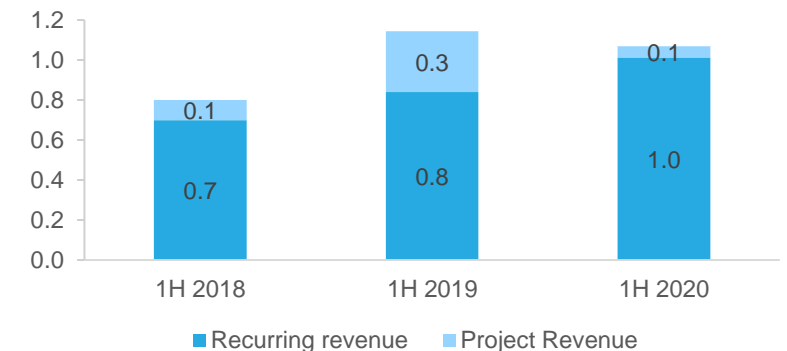
223,000

Residential Aged Care Places*

2,700

Residential Aged Care Facilities*

1H REVENUE IN A\$M



*Source: 2018-2019 Report on the Operation of Aged Care Act 1997, Department of Health

HEALTH AND WELLBEING H1 PROGRESS

FOCUS ON IMPROVING FINANCIAL PERFORMANCE

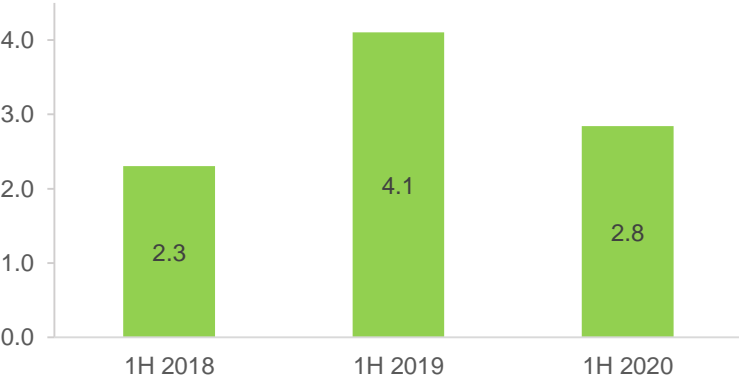
- Revenue of \$2.84m down 31% due to inefficient screen utilisation, minimal new greenfield site opportunities, and weak national advertising
- Cost synergies of \$1.4m identified in acquisition realised in November 2019 including decision to outsource technical support
- Rolled out new CRM laying down foundations for increased retention in local sales
- New “foundation” packages for national advertising in market
- \$4m of contracted long-term recurring revenue
- Evaluating several strategic options

MARKET SIZE

7,500

GP Practices*

1H REVENUE IN A\$M



*Source: Management estimate based on *General Practice Facts*, Australian Medical Association, 12 Dec 2019

BUSINESS IMPROVEMENTS IN H1 SUPPORT IMPROVED H2 PERFORMANCE

P&L Statement (\$m)	Enterprise (Mining & Resources + Aged Care)	Media (Health & Wellbeing)	Corporate	Group
Recurring revenue	7.31	2.84	-	10.15
Other revenue	1.68	-	-	1.68
Total Revenue	8.99	2.84	-	11.83
Overheads*	(8.32)	(3.47)	(1.41)	(13.20)
EBITDA (reported)	0.67	(0.63)	(1.41)	(1.37)
EBITDA (normalised)**	0.83	(0.21)	(1.41)	(0.79)
D&A	(1.43)	(1.24)	-	(2.67)
EBIT (reported)	(0.76)	(1.87)	(1.41)	(4.04)
Interest (net)	-	-	(0.23)	(0.23)
Fair value gain on financial liabilities	-	-	4.84	4.84
Impairments	-	-	(0.24)	(0.24)
Share Based Payments	-	-	(0.05)	(0.05)
Abnormal items***	-	-	(0.80)	(0.80)
Net profit/(loss) after tax				(0.53)

KEY POINTS

- H1 FY20 Enterprise (Mining & Resources, Aged Care) revenue impacted by timing delays in new contract wins and renewals
- Enterprise excluding corporate costs and after annualised cost savings delivered \$0.83m in EBTIDA
- Media vertical results impacted by inefficient screen utilisation, minimal new greenfield site opportunities affecting sales conversion, and weak national advertising levels.
- Cost rationalisation plan executed in November will deliver \$1.4 million per annum cost savings
- Positive \$4.84m non-cash adjustment to the fair value of financial liabilities primarily in respect of lower valuation for Medical Media performance shares
- \$240k impairment recognised for technologies associated with discontinued business lines

BALANCE SHEET IMPROVEMENTS

Balance Sheet (\$m)	Dec 19	June 19	Change (\$)	Change (%)
Cash	2.53	0.42	2.11	502%
Net debt*	6.19	(2.03)	4.16	205%
Current assets	9.38	6.72	2.66	40%
Total Assets	40.87	38.88	1.99	5%
Current Liabilities	(11.76)	(17.47)	5.71	33%
Total Liabilities	(23.89)	(28.44)	4.55	16%
Shareholders' equity	16.98	10.44	6.54	62%

*Net debt equals borrowings (exclusive of any debt establishment costs) minus cash reserves

KEY POINTS

- Improved cash reserves, working capital and net assets via debt and equity fundraising activities undertaken in 1H 2020
- Swift will continue to opportunistically investigate ways to further strengthen the balance sheet.
- Balance of \$0.7m outstanding on Convertible Note at reporting date

RECENT REFINANCE AND CAP RAISE LEADS TO IMPROVED CASH POSITION

Cashflow statement H1FY20 (\$m)	Enterprise (Mining & Resources + Age Care)	Media (Health & Wellbeing)	Corporate	Group
Cash receipts	11.10	2.91	-	14.01
Cash payments	(11.49)	(4.14)	(0.23)	(15.86)
Operating activities*	(0.39)	(1.23)	(0.23)	(1.85)
Abnormal items included in operating activities	-	-	(0.80)	(0.80)
Investing activities**	-	-	(2.72)	(2.72)
Financing activities	-	-	7.48	7.48
Net cash flows	(0.39)	(1.23)	3.73	2.11
Opening balance				0.42
Closing balance				2.53

*Operating Activities have been adjusted to exclude the impact of one-off costs relating to business restructuring totaling \$800k

**Investing Activities include cash on deposit as security for bank guarantees totaling \$830k

KEY POINTS

- Growth in cash receipts of 34% includes \$2.91m contribution from Media; 6% growth on like-for-like basis vs PCP
- Investing activities include significant upgrades in internal including the NetSuite Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) systems to enhance workforce efficiency, increase new customer conversions rates and reduce existing customer churn
- Strengthening of cash reserves via financing activities undertaken in 1H 2020 including:
 - ✓ \$1.9m capital raising
 - ✓ Establishment of new \$8m Pure debt facility
 - ✓ Repayment of \$4.5m Bankwest facility

H2 STRATEGIC PRIORITIES

MINING & RESOURCES

- 1 Improve the product to reflect changing customer behaviour, add content and additional services
- 2 Rebuild and strengthen sales and support capabilities and overall pipeline
- 3 Enhance distribution network through resellers, facility managers and camp builder relationships

MARKET DYNAMICS

- 2020-2024 - new workforce demand at levels not seen since the previous investment and construction 'boom'
- Structural tailwinds of mine compliance and miner welfare
- 18 month sales cycle – expecting positive results in FY21

AGED CARE

- 1 Launch new Swift Plus product to better meet needs of residents and carers
- 2 Improve technology and enable expansion into new markets
- 3 Building a high performing sales, delivery and marketing team

MARKET DYNAMICS

- Structural tailwinds due to Royal Commission quality care standards and ageing population
- Low penetration of communications and entertainment providers

HEALTH & WELLBEING

- 1 Evaluating ways to improve financial performance and scale
- 2 Considering options to improve screen utilisation, sales conversion of greenfield sites and improved advertising pipeline
- 3 Leveraging CRM to reduce churn in local sales

MARKET DYNAMICS

- DOOH is growing faster than all other forms of media
- Significant dwell times compared to other DOOH
- Local advertising a unique strength

NEW PRODUCT IN AGED CARE

SWIFT PLUS IS AN IN-HOUSE TV SERVICE
CUSTOM BUILT FOR THE AGED CARE SECTOR



Communicate

Communications through a simple content management system delivered via TV.

Entertain

In-room access to premium entertainment curated specifically for Aged Care.

Engage

Relaxation and community activities to improve quality of life and reduce isolation.

Why Swift Plus is needed in Aged Care

- Royal Commission focus on resident wellbeing and engagement
- Aged care homes wanting to create a community and meet compliance obligations
- Average age is 85 – primary device is TV
- 85% of rooms not serviced by anything other than free to air TV*
- c.50% residents suffer dementia, depression and isolation**
- 80% of Aged Care homes do not have good internal networks*
- Carers are time poor and have high turnover
- Excellent value for money – affordable option for all homes

EXECUTION PRIORITIES PROGRESS

Clear timeline of deliverables

- Build foundations in core verticals
- Upgrading product, sales and pipeline management
- Year of transition and greater focus

Q1

- ✓ Exited non-core businesses, e.g student accommodation, maritime and e-sports
- ✓ Identified skills gaps in customer research and product development
- ✓ Delivered high level business strategy
- ✓ Hired Chief Customer and Strategy Officer

Q2

- ✓ Deepened customer expertise in residential Aged Care
- ✓ Implemented CRM
- ✓ Broadened skillset on Board
- ✓ Hired Chief Sales Officer

Q3

- Establish sales and service model and build strategic sales plan
- Continue to investigate ways to further strengthen the balance sheet
- Determine strategy to improve financial performance in Health and Wellbeing

Q4

- Launch “Swift Plus”, tailored product for Aged Care
- New hires in Aged Care sales and delivery team
- Evaluating product enhancements in Mining and Resources

Summary

- 2020 is a transition year as we continue to enhance the product, make growth investments, upgrade skillsets and position the business for long term sustainable growth
- H1 FY20 has focused on a fundamental strengthening of people, processes and product:
 - Upgrading the skills on the board and leadership team
 - Streamlining out of non-core verticals.
 - Strengthening the core – focusing on Mining and Resources and Aged Care growth opportunity
 - Strengthening the financial base
- Focus for H2 FY20 will be to:
 - Continue to upgrade sales, processes and capabilities
 - Roll out new Aged Care product and evaluate future product innovation in Mining and Resources
 - Evaluating strategic options in Health and Wellbeing
 - Continue to look at initiatives to strengthen the balance sheet

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