



SWIFT

ASX: SW1

FY20 Results

August 31, 2020

Pippa Leary, CEO

Geoff Greenberg, CFO

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?**
- **FY20 Update**
- **Strategic Progress**
- **Financials**
- **Growth Strategies**
- **Summary and Outlook**

CEO MESSAGES

FY20 was a transformational year focused on the 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 and board
- Streamlining out of non-core verticals – 3 down from 11, outsourced national sales in Health and Wellbeing
- 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, convertible loans retired, reduced cost base
- FY20 revenue up +9%, includes full impact of loss making Medical Media business (remediation complete), organic EBITDA improved

FY21 will continue to be a transition year. Swift is committed to delivering against a clear strategy focused on building a more agile and profitable business:

- Continue to upgrade sales, processes and capabilities – focus on building and converting sales pipeline
- Capitalise on the capex boom in Mining and Resources, deliver \$3.2m in new project revenue, maintain high renewal rate and strengthen our suite of products and services
- While COVID-19 has slowed our rollout plans, installation of 800 rooms across 5 facilities is promising. Plans to capitalise on increased need for communication solutions to address isolation and compliance requirements coming out of COVID-19 and Aged Care Royal Commission.
- 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

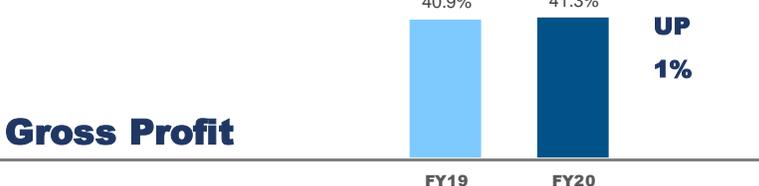
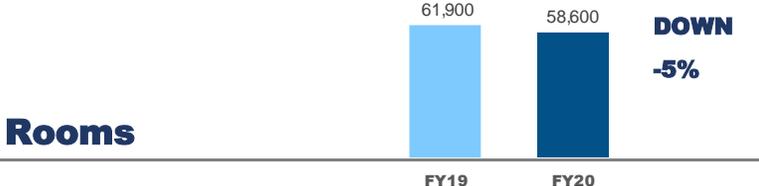
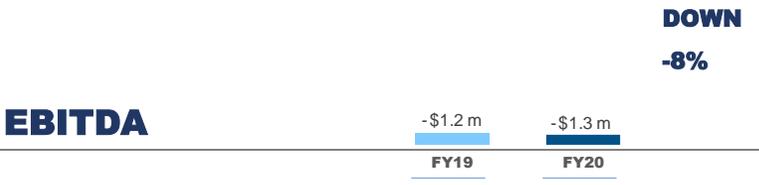
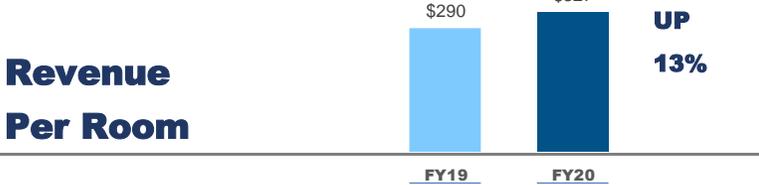
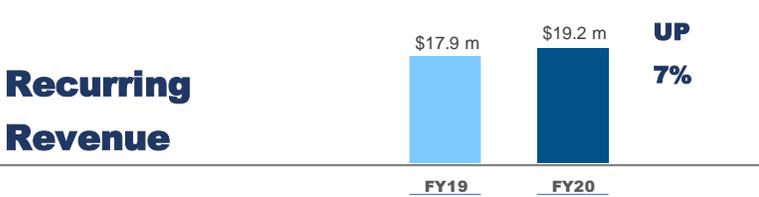
Australia's leading DOOH health & wellbeing network in contextually relevant, captive audience environments.



- Digital Out of Home advertising
- Standards' compliant communication tool
- Health & Wellbeing content designed to inform, educate and entertain patients at the point of care
- Following strategic review, the Health & Wellbeing network has been significantly restructured to reduced costs
- Partnership with XTD to drive national advertising growth

FY20 PERFORMANCE REVIEW

Encouraging results despite a difficult Q4 due to COVID



FY2020 STRATEGIC IMPROVEMENTS

2020 has been as a transformational 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 despite COVID challenges:

Upgrading the skills on the board and leadership team	Streamlining Swift	Strengthening the Core	Strengthening the financial base
<ul style="list-style-type: none"> ✓ New Board Director: Peter Gibbons in Perth (Mining and Resources and Aged Care sectors) ✓ New Board Director: Kathy Ostin (ex KPMG Aged Care Practice) ✓ New Chief Financial Officer, Geoff Greenberg ✓ New Chief Customer and Strategy Officer and new Chief Sales Officer 	<ul style="list-style-type: none"> ✓ Discontinued loss making product lines e.g. Lumiair ✓ Refocused Health and Wellbeing to local advertising, outsourced national sales for patient and practitioner facing screens ✓ Continuing to license content in Hospitality 	<ul style="list-style-type: none"> ✓ Focused team on 3 core verticals ✓ Realigned sales team and building a pipeline in Mining and Resources ✓ Built product capabilities and new “fit for purpose” products in Aged Care 	<ul style="list-style-type: none"> ✓ Successfully completed \$5.2m in capital raising ✓ Secured refinance with Pure Asset Management for \$8m ✓ Significant cost savings achieved from two restructures ✓ Paid off convertible debt ✓ JobKeeper support through COVID

FUNDAMENTAL OPERATIONAL REBUILD

Transforming Swift from an opportunistic business to a focused, competitive strategy driven business.

OLD SWIFT

Lack of Focus

- 11 verticals including maritime, hospitals, esports, student accommodation, overseas hospitality
- Loss of focus in core of Mining and Resources and limited knowledge in other verticals
- Acquired businesses not integrated and team spread thin

Opportunistic Decision Making

- Acquisition of loss making MM business (-\$800k/mth) based on a flawed strategy (advertising on Swift screens)
- Expensive legacy leases and content agreements
- Unrealistic commercial agreements

Lack of Core Capabilities

- No product capabilities – reactive development, products not fit for purpose, lagging competitors
- Lack of sales capabilities – no forecasting skills, opportunistic sales at low margin, no partner/reseller strategy, unrealistic pipeline

Lack of Internal Systems and Processes

- Authoritative culture
- People and Culture systems and processes missing
- Manual reporting and lack of financial visibility

Dissatisfied Customers

- No account management function
- Dissatisfied customers in all verticals outside Mining & Resources
- Support functions stretched to breaking as a result

NEW SWIFT

One Team Focused on 3 Core Verticals

- 3 verticals that have the ability to be scalable and profitable
- One team with deep knowledge of multiple verticals

Clear Strategy and Strategic Decision Making

- Clear strategy to turn around business and grow in core verticals
- Closed unprofitable verticals and non-revenue generating contracts
- Business transformation delayed by COVID

Customer Focused Product and Sales Teams

- New product development function based on customer input
- Upgrading sales capabilities and processes
- Rebuilding sales pipeline and relationships in market – 18 month sales cycle

Empowered Culture and Improved Processes

- Values based empowered culture
- People processes – values, KPIs, job descriptions, performance reviews
- Automated data reporting – finished Netsuite project, resolving data integrity issues
- Improving financial visibility and systems

Account Management, Proactive Support and Training

- Account management function
- Focus on retention and make-goods for unhappy customers
- Building fit for purpose products to better meet needs

FY20 PROGRESS BY VERTICAL

AGED CARE

- ✓ Developed new Swift Plus product from idea to launch in 5 months
- ✓ Installed Swift Plus in 800 rooms across 5 providers during COVID including Adventist Care, Applewood and Riverview
- ✓ Established an Account management function
- ✓ My Family My Community app evolution - video, photo and text messaging to families without requiring onsite installation
- ✓ Developed Aged Care brand

MINING & RESOURCES

- ✓ Renewed \$3.4m in contracted revenue
- ✓ Won 5 jobs in Q4 worth \$3.2m including Rio Tinto Western Turner, Atlas Iron Ltd Corunna Downs, Mineral Resources Ltd
- ✓ Installed COVID quarantine camp
- ✓ Adapted Swift Plus for mobile, road and rail camps
- ✓ Refocused delivery team winning \$1m+ in variations

HEALTH & WELLBEING

- ✓ Hibernation through COVID and establishment of new profitable local sales model
- ✓ Implemented CRM to enable increased local sales retention
- ✓ Moved content production inhouse and outsourced ad production
- ✓ XTD partnership for national advertising sales
- ✓ Inside Practice partnership for sales of Connect Network
- ✓ Assessing strategic options following inbound interest

HOSPITALITY & OTHER

- ✓ Hibernation through COVID
- ✓ Negotiated reduced content rates during COVID
- ✓ \$300k in cost savings by exiting underutilised content suppliers
- ✓ Offered clients relief on their accounts for three months to retain them

SWIFT RESPONSES TO COVID

COVID IMPACTS

MINING AND RESOURCES (minimal impact)

- Relatively unaffected – projects in construction continuing, some delays to new projects
- Temporary disruptions to site access and supply chain issues deferred hardware installations
- Remote mining camps changed work schedules and movement for FI-FO to reduce COVID-19 impact

AGED CARE (restricted access)

- Number 1 priority for providers is COVID-19 – expecting longer decision making
- Lock down of facilities has restricted ability to install Swift Plus
- Further highlighting the need to address social isolation and communications between families, facilities and residents which at the core of what Swift systems do

HEALTH AND WELLBEING

- Closure of non-essential businesses impacted all advertising revenues, with encouraging signs of recovery outside of VIC

HOSPITALITY

- Hotel bookings down due to travel restrictions
- Film production and cinema releases slowed

SWIFT RESPONSES

- Stronger focus on Mining and Resources
- Delivering on \$3.2m contract wins during COVID – majority to be recognised in FY21
- Installed Swift Plus into 800 rooms across 5 different providers during COVID working with providers' bio-safety guidelines
- Evolved My Family My Community mobile and tablet app to allow broadcast and one-on-one messaging of information, photos and videos to families without requiring onsite access
- Concentrating on efforts in the less affected areas of WA, SA, Qld and enterprise level discussions at head offices
- Significant cost restructuring to create a profitable local sales model
- Focussed on retention
- Partnered with XTD to drive national advertising growth
- Reduced cost base
- Focused on retention, offering clients temporary relief on their accounts
- Negotiated reduced rates on content during COVID

NEW PRODUCT IN AGED CARE

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



Why Swift Plus is needed in Aged Care

- 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
- Royal Commission focus on resident wellbeing and engagement
- Excellent value for money – affordable option for all homes

Simple to use

- Deep understanding of 85 years+ Aged Care residents
- Simple to operate – channel up, channel down

Curated Content

- Specific Aged Care content
- Dementia, low stimulus and mobility exercise content

Communication & Entertainment

- Enables facility to communicate with residents via TV
- Enables providers to communicate across multi sites

RESULTS SUMMARY

(\$ millions)	FY19	FY20	Change
Revenue⁽¹⁾	21.2	23.1	9%
Project	3.3	3.9	18%
Recurring	17.9	19.2	7%
COGS	(12.5)	(13.5)	(8%)
Gross profit	8.7	9.5	9%
<i>Gross profit %</i>	<i>40.9%</i>	<i>41.3%</i>	<i>0.4% points</i>
Operating expenses	(9.8)	(10.8)	(10%)
EBITDA ⁽²⁾	(1.2)	(1.3)	(8%)

KEY POINTS

- Revenue growth of +9% driven by strong project revenue increases, mainly in the mining and resources vertical
- Gross profit margin up 0.4pp driven by increasing mix of aged care recurring revenues and the full year impact of Medical Media acquisition.
- Operating expenses increased in part due to the full year impact of the Medical Media acquisition.
- Management remains focused on refining the cost base to better support the go forward business verticals and navigate through the COVID uncertainty
- EBITDA decline was mitigated as the business took cost-out actions to protect profit in the second half of the year from the impact of COVID.

(1) Adjusted for non-recurring licensing revenue in the prior year

(2) EBITDA (earnings before interest, income tax expense, depreciation and amortisation) is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit/(loss) under AAS which has been adjusted to eliminate the effects of tax, depreciation and amortisation, fair value adjustments, impairment expenses, loss on disposal of assets and other one-off items including restructuring costs. In the prior year, underlying EBITDA has also been adjusted to exclude the impact of non-recurring license revenues. See appendix for a reconciliation of EBITDA to statutory net loss after tax.

BALANCE SHEET

(\$ millions)	FY19	FY20	Change
Cash and cash equivalents	0.4	2.4	2.0
Trade and other receivables	5.3	3.7	(1.6)
Other current assets	0.5	1.2	0.7
Total current assets	6.7	8.3	1.6
Intangible assets	19.2	4.8	(14.4)
Other non current assets	13.0	8.3	(4.7)
Total non current assets	32.2	13.1	(19.1)
Total assets	38.9	21.4	(17.5)
Trade and other payables	8.1	8.5	0.4
Borrowings	2.5	-	(2.5)
Other current liabilities	6.9	3.1	(3.8)
Total current liabilities	17.5	11.6	(5.9)
Non current borrowings	-	6.9	6.9
Financial liabilities	3.7	0.0	(3.7)
Other non current liabilities	7.3	3.4	(3.9)
Total non current liabilities	11.0	10.4	(0.6)
Total liabilities	28.4	22.0	(6.5)
Net assets	10.4	(0.6)	(11.0)
Total equity	10.4	(0.6)	(11.0)

KEY POINTS

- Balance sheet strengthened through \$5.1m equity capital raises (net of costs)
- Cash balance increased from \$0.4m to \$2.4m
- Trade receivables reduced to reflect heightened level of provisioning in current environment
- Liquidity enhanced as current ratio improved from 0.38x to 0.78x.
- Intangible assets include \$13.6m impairment to reflect recoverability of historic acquired goodwill
- Borrowings transitioned away from short to long term
- Other current and other non current liabilities decreased on writeback of deferred acquisition consideration balances

CASH FLOW SUMMARY

(\$ millions)	FY19	FY20
Cash receipts in the course of operations	18.1	24.7
Cash payments in the course of operations	(20.4)	(28.5)
Finance costs	(0.2)	(0.7)
Interest received	0.2	0.2
Cash used in operations	(2.3)	(4.4)
Purchase of property, plant and equipment	(1.2)	(1.7)
Proceeds from release of bank guarantees	-	(0.3)
Net cash (paid)/acquired on acquisition	0.8	-
Payment for development and new subscribers	(1.8)	(0.6)
Cash used in investing activities	(2.2)	(2.7)
Net proceeds from issue of shares	0.1	5.1
Net proceeds from borrowings	2.5	5.6
Repayments of lease liabilities	(0.8)	(1.6)
Cash provided by financing activities	1.8	9.1
Net increase/(decrease) in cash and cash equivalents	(2.8)	2.0
Cash at the beginning of the year	3.2	0.4
Cash at the end of the year	0.4	2.4

KEY POINTS

- Cash receipts increased 36% over FY19 reflecting full year impact of Medical Media acquisition
- Cash payments impacted as Medical Media acquisition was cash flow negative
- Cash used in operations included \$2.4m in restructuring and acquisition related payments
- Increased purchases of property, plant and equipment, included ERP and CRM builds which went live in November.
- Development capex to support new Swift OD and Swift Plus products
- Increase in lease liability payments on media screens and new Sydney offices

GROWTH OPPORTUNITIES: MINING AND RESOURCES

MARKET SIZE

140,000

ROOMS IN VILLAGES*

250+

VILLAGES

SWIFT PRESENCE

29,858

EXISTING ROOMS

64

VILLAGES

REVENUE IN A\$M



OPPORTUNITY

Leverage and grow market leadership position to increase room share and build recurring revenue

EXECUTION

- 1 Innovate product offering to better meet customer needs and changing behaviour
- 2 Target new revenue opportunities in Tier 2-3 mines to grow market share
- 3 Partner with facility managers, builders and miners to win construction jobs with recurring revenue
- 4 Productise Design/Construct and Support Services to create an end to-end competitive advantage and operational efficiencies

DYNAMICS

- Delivering on \$3.2m contract wins in 2H FY20 including Rio Tinto Western Turner, Atlas Iron Ltd Corunna Downs, Mineral Resources Ltd – majority of revenue in FY21
- Growth in project revenue through re-focus on Mining and Resources
- Well placed to capitalise on \$50bn Capex boom
- Strong positions in high demand commodities: Iron Ore and Gold
- Scope for increased market share growth
- Swift – solution to social isolation and enables mine camps to meet OHS compliance
- Swift Plus for Mining: mobile, rail, exploration camps – opportunities earlier in mine lifecycle

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

GROWTH OPPORTUNITIES: RESIDENTIAL AGED CARE

MARKET SIZE

223,000

RESIDENTIAL AGED
CARE PLACES*

2,700

RESIDENTIAL AGED
CARE FACILITIES*

SWIFT PRESENCE

12,777

ROOMS

121

FACILITIES

DYNAMICS

- Ensure we are well placed to drive new sales growth when access restrictions to facilities begin to lift – biosecurity priority during COVID-19
- Successfully launched with positive market response fit for purpose product – some encouraging sales and installs in 800 rooms across 5 facilities despite COVID-19, including Adventist Care (WA), Applewood and Rivervue (VIC)
- COVID-19 highlights the need for communication and social isolation solutions
- Positive structural trend of ageing population and Royal Commission raising standards
- Multiple adjacent growth opportunities over time

REVENUE IN A\$M



OPPORTUNITY

Leverage structural growth trends to drive sales growth and recurring revenues

EXECUTION

- 1 Continue to evolve product suite to become vital for providers
- 2 Expand usage among existing customers
- 3 Target and convert new prospects to grow market share

GROWTH OPPORTUNITIES: HEALTH & WELLBEING

MARKET SIZE

7,500

GP PRACTICES

498,000

ADDRESSABLE SMES*

SWIFT PRESENCE

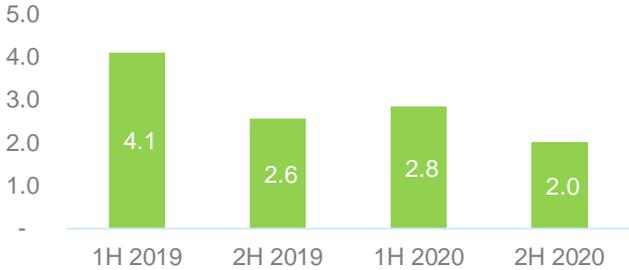
2,000

SCREENS

1,400

SITES

REVENUE IN A\$M



OPPORTUNITY

Improve profitably through retention focus, targeted local sales strategy and partnering for national sales

EXECUTION

- 1 Hyperlocal territory sales prioritising Tier 1-2 sites to increase conversion of new customers profitably
- 2 Focused retention program to increase customer lifetime value
- 3 Optimise screen network to reduce costs and improve quality
- 4 Drive national advertising revenue through partnerships – XTD and others

DYNAMICS

- Full year contribution of loss making Medical Media business (remediation complete)
- New profitable local sales model supported by CRM and retention focus
- Well placed as small businesses rebuild their presence post COVID
- National franchise opportunity for hyperlocal geo-targeting in contextually relevant sectors, eg. pharmacies
- Health sector has positive structural tailwinds
- Competitive differentiator: broader content and local advertising

SUMMARY AND OUTLOOK

- Solid progress in fundamentally rebuilding Swift in FY20 – enhanced the product, made growth investments, upgraded skill sets, strengthened the balance sheet and began to position the business for long term sustainable growth
- COVID-19 creates challenges and opportunities – Aged Care facilities' restricted access impairs new sales. Swift well placed to leverage positive structural trend of ageing population and Royal Commission raising standards as access reopens.
- Q1 FY21 – Swift is on track to deliver against expectations
- FY21 continues to be a transition year as we build for growth:
 - Continue to upgrade sales, processes and capabilities
 - Leverage Swift Plus in Mining and Resources and continue to roll out new Aged Care product
 - Evaluating strategic options in Health and Wellbeing
 - Consider initiatives to strengthen the balance sheet

APPENDIX

RECONCILIATION OF EBITDA TO STATUTORY NPAT

(\$ millions)	FY19	FY20
EBITDA	(1.2)	(1.3)
Depreciation & amortisation	(3.7)	(6.2)
Non-cash items	(3.3)	(9.4)
Restructuring & acquisition related expenses	(2.3)	(1.9)
One-off license revenue ⁽¹⁾	3.5	-
Other items	0.0	0.0
Net interest expenses	(0.1)	(0.9)
Income tax (expense)/benefit	0.2	(1.9)
Net loss after tax	(6.9)	(21.6)

KEY POINTS

- Non-cash items include impairment of goodwill and right of use asset balances, fair value gains on deferred acquisition amounts and increase in provisions of recoverable debtor amounts
- Business incurred cash restructuring expenses in FY20 related to streamlining the business for a more focused set of strategic verticals and tactical measures taken in response to COVID trading impact
- Prior year one-off licensing contracts adjusted to improve year on year performance comparability
- Depreciation, amortisation and interest expenses include amounts in respect of the new leasing accounting standards

(1) Non-recurring licensing revenue in the prior year

Reconciliation of FY19 Consolidated Revenue to FY19 Statutory Revenue

Total revenue by vertical	21.2
Non-recurring licensing	3.5
Statutory revenue	24.7

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