

# SWIFT CHAIRMAN AND CEO AGM ADDRESS

Annual General Meeting of Shareholders to be held at  
1 Watts Place, Bentley, Western Australia,  
on 19 November 2020 commencing at 11am AWST.

## CHAIRMAN ADDRESS

**Darren Smorgon, Chairman:**

### Welcome

Good morning Ladies and Gentlemen and welcome to this Annual General Meeting of Shareholders of Swift Media Limited. Thank you for your support and interest in the Company by way of your attendance today.

May I first extend a warm welcome to those attending in Perth as well as those around Australia zooming in. As we have all heard throughout the year, 2020 has been an unusual year and it continues into this Annual General Meeting which I and other Swift Directors and Executives are attending by video link. My name is Darren Smorgon, Chairman of the Company, and I will be chairing this meeting.

Before we start with the business of the meeting, if you have a mobile phone, could you please ensure it is put on silent or turned off for the duration of the meeting. For those of you observing the meeting on Zoom, please ensure that your microphone is muted. I also ask that you do not use cameras, video or sound recorders during the meeting.

Also attending the meeting are my fellow directors Bob Sofoulis, Peter Gibbons and Ryan Sofoulis in Perth and Kathy Ostin with me here in Sydney. Also, in Sydney is CEO Pippa Leary and CFO Geoff Greenberg. I also note that a representative from the Company's auditor, BDO, is present.

### Opening

As you will have seen on ASX, this morning we have requested a trading halt to complete an equity capital raise. I am pleased to say we have already had excellent support from both existing and new shareholders for the raise and that we expect the raise to be oversubscribed. The proceeds of the raise

will primarily be used to accelerate our growth strategy, which includes deploying our new Swift Plus systems into new Aged Care facilities including 25 Uniting NSW.ACT residential aged care homes in a contract we also announced the signing of yesterday, as well as investment in the growth of our teams in WA to meet our growing pipeline of Mining focussed opportunities. I look forward to updating you as the raise completes. We will also be launching an SPP to provide our eligible shareholders with the opportunity to participate as well, so that each existing shareholder can apply for up to \$30k of shares.

Before we formally open the meeting, I will present an overview of the year, and then Pippa Leary our CEO will present a Business Review. Following that, we will move to the formal matters and voting on the resolutions. I'm pleased to take questions after Pippa's presentation and at each resolution for questions that relate to the resolution.

While COVID has had a profound impact on all of our lives, communities, markets and the company, I would like to acknowledge the Swift team's dedication and commitment up front.

## **Slide 2 – FY20 Wrap Up: Operational and Strategic Achievements**

I am pleased to present the 2020 Annual Report for Swift Media Limited (ASX: SW1), my second since becoming the chairman in June 2019.

Despite numerous challenges and difficult market conditions, your Leadership Team has continued to make progress in delivering our communicated strategy to simplify the business and to build a stronger and more streamlined business. Swift is far better run, has a clearer go to market strategy and is closer to fulfilling its potential than ever before.

As previously communicated, during FY20 we had four key strategies to improve Swift's performance and future earnings potential:

1. Intensify our focus – we moved to focus on 3 core verticals from 11
2. Strengthen our capability – This included adding new board and senior management appointments as well as improving processes and ease of doing business
3. Funding – improve and simplify our financial base to provide funding for growth, and remove the convertible notes which have now been repaid in full; and
4. Drive revenue growth - with new contract wins and new product launches, the more material ones of which we have previously communicated.

I am pleased to report the initiatives we implemented in FY20 are beginning to deliver positive results. I would like to call out the following operational and strategic highlights:

1. Moved quickly to protect the company as COVID broke – following the outbreak of COVID we moved quickly to right size our cost base and protect Swift for a protracted downturn. We ended Fiscal Year 2020 with an overhead cost base running 30% lower than the start of the year. While some cost will be required to be re-invested into the business as we return to growth, these measures enabled us to deliver EBITDA +160% growth in Q1 year on year with a positive trajectory.
2. Capability – we strengthened our senior team with a new Sydney based CFO, Geoff Greenberg; a new Chief Customer and Strategy Officer, Kirsty Davison; and two new highly capable and committed non-executive directors, Katherine Ostin and Peter Gibbons who have strong skills and experiences in our Mining and Resources and Aged Care verticals.
3. Launched Swift Plus – Pippa will talk more about the positive market response this new proprietary solution is generating in the market, I will say we designed and delivered this technology on time and to budget.
4. Funding – we agreed an \$8m debt facility with Pure Asset Management and completed two equity capital raises totalling \$5.2m to fund the company’s strategy. Importantly, we extinguished the convertible loans with Lind and L1 that had caused frustration for shareholders and materially dampened the share price. We remain pleased with our relationship with Pure who have been supportive lenders and who we have a positive relationship with.
5. And as the year progressed we began to see revenue momentum. In the second half we signed \$3.2m of new revenue contracts despite COVID. That momentum has continued – tender activity in Q1 was up 28%, and Q2 has seen several new contracts being agreed or soon to be agreed. We also managed Medical Media to profitability and completed the national advertising sales partnership with XTD enabling us to focus on local sales, our core strength.
6. Finally, while we have focussed our resources on Mining and Resources where production is in full swing, I’m delighted to say we have also made sales to aged care facilities during lockdown. We also successfully onboarded 800 rooms across 5 other aged care providers. I take this as a positive lead indicator of future wins.

### **Slide 3 – FY20 Summary Financials**

As with most companies, our FY20 results would most likely have been higher if it were not for COVID, and reflect a year in which a lot of changes were made to streamline and simplify the business.

For the full year, our FY20 revenues were \$23.1M, an increase of 9% over FY19. 83% of our revenue is classified as recurring, and our total recurring revenues increased by 7%. Our Gross Profit was up 1% reflecting a higher cost base for the 8 months of the year until COVID hit, then a lower cost base from that point.

EBITDA was -1.3M excluding non-recurring costs, impairment expenses and fair value adjustments. The business ended the year with nearly breakeven operating cash flow in Q4 after coming out of the more difficult periods impacted by COVID19, which does include the positive impact of JobKeeper of \$0.5M.

#### **Slide 4 – Environmental, Social, Governance, Diversity Credentials**

Throughout the pandemic, Swift's top priority has been to protect the health and wellbeing of our employees while continuing to support our clients. Pleasingly all of our staff have remained healthy during this period.

Taking a broader view of our social licence we are also committed to being good corporate citizens and reducing our environmental footprint.

Our commitment to supporting communities is also strong. We partner with indigenous content providers like Melanie Hogan who produced the award-winning documentary 'Kanyini', to educate mine workers about the culture of traditional owners. We also partner with Beyond Blue to provide content specific to mental health. These types of content are increasingly important to our mining partners and their employees and are a unique differentiator of our content and communications offering.

In Aged Care, we have staff certified with professional dementia training. It is part of our deep domain expertise, and we support Foodbank Australia and the Gidget Foundation.

We also take diversity importantly. We are proud that 75% our C-Suite including our CEO are female and we employ people across a very broad age spectrum.

#### **Conclusion**

As we head into FY2021, Swift is intensely focused on growing sales revenues while carefully managing costs. While we remain confident that we have a wonderfully fit-for-purpose offering for the Aged Care

market, whose importance is magnified by isolation issues cause by COVID, the Aged Care sector does have health and regulatory challenges which have slowed our product rollout strategy.

Hence for the year ahead we will prioritise the Mining and Resources vertical where the outlook remains favourable. We have deep domain expertise and highly competitive products and the planned increase in mining site capital expenditure over the next several years should provide attractive growth opportunities.

I would like to thank our leadership team and staff for their dedication and contribution in these unsettled times. I would like to thank Pippa Leary for her leadership and my fellow directors for their support and wise counsel. I would also like to thank the board for their guidance and commitment to Swift and to the Senior management team.

Finally, I would like to thank our customers for placing their trust in us to deliver and maintain our market leading communication and entertainment solutions and to all our shareholders for sharing the common vision to deliver on Swift's strong potential.

## **CEO ADDRESS**

### **Pippa Leary, CEO:**

Thanks Darren.

### **Slide 6 – Swift is a Specialist Technology Company**

While many of you on this call are familiar with Swift, let me quickly recap on the company for those who are recent investors. Swift is a specialist technology company that provides entertainment and communication solutions to connect and engage isolated communities.

- Like other tech companies we have high barriers to entry
- 70% of our revenue is subscription based, and this is typically derived from 3-5 year contracts, where the facility owner pays the fee to view
- We have two big growth opportunities:
  1. We are a leveraged play on the Mining and Resources capex boom
  2. In Aged Care, we are leveraged to the reforms post the Royal Commission and COVID-19 recovery, but we are also fundamentally linked to the structural tailwinds of an aging population.

### **Slide 7 – Growth Target: Triple Organic Revenue in 2025**

While we currently operate in Mining and Resources, Aged Care and Health, we have strong growth ambitions. After an important period of restructuring we now have the confidence to look forward and provide an aspirational growth target.

In 2025 our aspirational target is to triple the revenues of the group organically. Clearly acquisitions would be on top of this.

We expect to grow revenues strongly in our two core verticals – Mining and Resources and Aged Care, and then leverage our expertise into new adjacencies such as Retirement Villages and In-Home Care.

### **Slide 8 – Increasing Share Targeting Large, Growing Markets**

This chart shows our market share targets behind our two growth strategies.

1. As you can see, we operate in large markets and have scope for significant share growth. In 2025 we expect to have 3 times the market share that we have in Aged Care today and to have 27% of the rooms in Mining and Resources, which is up from 21% today. In both markets, there are no incumbents and lots of white space.
2. We will also have started to build good footholds in the adjacencies of retirement villages, in home care and Aged Care in NZ. These will add additional sources of long-term growth.

### **Slide 9 – Growth Opportunities: Mining and Resources**

Let me tell you why we are excited about Mining and Resources as a sector.

- Investment is expected to grow for the first time in 7 years with a \$40bn Capex boom.
- With 20,000 new workers expected over the next four years, we can already see the competition for talent beginning. This has been exaggerated during COVID while mining companies remained in full production.
- Swift has a strong position in the high demand commodities of Iron Ore and Gold and is expanding to support the clean energy commodities of Copper and Lithium.
- What's interesting about this sector is that 67% of mine villages are remote. This is a competitive advantage for Swift. We excel at getting internet and communications into these remote locations, with smart tech that enables premium on demand content without the high bandwidth price tag.

We have the opportunity to double revenue by 2025 by evolving our products and using a more strategic sales approach.

### **Slide 10 – New Strategic Sales Approach: 28% Growth in Tenders**

Let's talk more about our strategic sales approach. With our upgraded sales capability we are now starting to expand beyond the tactical response to tenders and look further ahead at true business development. We need to be strategic and proactive to drive growth.

What does this mean in practice?

1. We will be growing existing revenue streams by upselling more services to existing clients
2. Building more senior Tier 1 relationships which we have started with the appointment of Peter Gibbons in WA, and will continue by appointing a Perth based Commercial Director. This new role will also allow us to partner with Tier 1 mine companies, facility managers and construction companies earlier in the sales cycle.
3. We'll be using a more strategic approach to targeting tier 2 and 3 clients, identifying those where we can help leapfrog their old technology with upgrades. We are also moving earlier in the mine lifecycle using Swift Plus by targeting exploration, rail and road camps. This technology also opens up new markets in Defence bases and Quarantine camps.

### **Slide 11 – Customer Needs and Behaviours are Changing**

Our confidence around delivering revenue growth is also based on our deep domain expertise and product strengths. Like we did with Aged Care, we've undertaken over 20 interviews with customers including mine workers, facility managers and mine owners. From this, we can see that our customers' needs are changing.

#### **Mine workers**

- For mine workers, the need to be able to communicate and engage with their families at home has never been greater and COVID has amplified that
- 28% have high psychological distress due to isolation, financial stress and missing out on key family events
- Their interests and needs are changing and they want choice in the content they watch

#### **Facilities Managers**

- Are increasingly being measured on mine worker satisfaction leading to an increased focus on village communication and activities
- They are also looking for digital innovation to save costs using insights from data we provide which also helps satisfy mine worker expectations

**Mine owners**

- Are competing for talent and are looking for reasons to attract and retain quality staff
- There is also an increased focus on compliance, ESG, OHS and education around the cultures of the Traditional Owners where the mines are located

**Slide 12 – Swift has a Market Leading Solution for All Miner Experiences**

What mine owners are prepared to invest in depends on 1) how big they are, 2) what they can afford and 3) where the mine is located. As many of the villages are remote, it is often cost prohibitive or impossible to enable streaming level internet.

- Services that are essential are basic internet, Free-to-Air TV and village communications; and for the exploration and mobile camps, that's all they will be able to get.
- At the other end of the spectrum, a Tier 1 may want to offer a full range of services depending on their attitudes towards the miner experience.
- The majority of Tier 2, 3 and offshore Tier 1s will be somewhere in the middle.

No matter what they aim to provide, Swift has an option for all mine village experiences. And, with proven fit-for-purpose designs, construction expertise and on-the-ground support services, we can give our customers a reliable and cost-effective solution.

**Slide 13 – Introducing New Products to Increase Recurring Revenue**

Off the back of these customer insights, we will also be expanding our product suite.

Extending on to personal devices is a natural evolution for Swift. We will be building out our communications and engagement platform across multiple devices, with new products including:

1. A mobile app for village managers and mine workers
2. More compliance related content: mental health information, OHS training and education around the cultural significance of the land on which the mine is located
3. Giving customers more choice by enabling them to bring their own subscriptions where bandwidth allows
4. Finally, we will be partnering to enable in-room IoT as villages digitise their systems, e.g. Keyless check-in and remote activation of in-room air-conditioning minimising energy costs

**Slide 14 – Growth Opportunities: Aged Care**

We like this sector because it has structural growth. COVID and the Royal Commission have highlighted the social isolation issue – our product solves for this.

- In Residential Age Care, there is no incumbent – 85% of the 223,000 rooms are not serviced by anything other than free to air TV.
- We are really well placed to accelerate sales, as access restrictions lift nationwide post COVID.
- Residential Aged Care is only scratching the surface. There are an additional 367,000 rooms in Retirement Villages, In Home Care and NZ, and we are targeting these in order to attain our 2025 growth targets.

**Slide 15 – 94% Recommend Swift Plus**

So how is the market responding to our improved offer?

We are getting some great feedback from the sites we've installed Swift Plus into already.

In one survey, 94% of residents recommended Swift Plus. They enjoyed the movies and the content on all the channels, but most importantly, they found the information relevant and helpful.

We are also hearing positive feedback from the facilities about our low stimulus, relaxation content in particular.

**Slide 16 – Swift Plus is Gaining Traction Despite COVID**

And, we are getting some good traction with our new product Swift Plus. Notwithstanding COVID, we've signed 2,885 rooms across 30 sites.

I'm pleased to announce that yesterday we have signed a landmark agreement with Uniting NSW.ACT to roll out Swift Plus in 1986 rooms in 25 of their sites. Uniting is one of Australia's largest providers of Residential Aged Care services, so this is an important endorsement of our product.

**Slide 17 – \$21m+ in Total Contract Value Signed Across 45,000 Rooms - FY20 Onwards**

Since the beginning of FY20, we've signed more than \$21m of Total Contract Value across all of our verticals. The revenues from these contracts will continue to be recognised in FY21 and beyond. We work with Tier 1 mining, oil and gas companies, construction and property developers, facility management groups and top tier Aged Care providers.

**Slide 18 – Summary and Outlook**

In summary,

- We've had a very positive start to FY21 with 160% increase in Q1 EBITDA YOY

- I'm pleased to say, today our sales pipelines are far stronger than they were 6 months ago, setting us up for strong growth in 2021
- Swift is well placed to benefit from two long term structural growth drivers:
  - **Mining and Resources:** \$40bn mining capex boom
  - **Aged Care:** the positive structural trend of an aging population
- We are building for growth – we do want to be a much larger business and to achieve this we will continue to upgrade our sales capability, our technology and our processes in order to drive profitable growth.

**END**

#### **ABOUT SWIFT MEDIA LIMITED**

Swift Media is a specialist media company delivering premium entertainment, communications, and advertising to an audience of 5M+ via 60,000 digital assets nationally across Mining and Resources, Residential Aged Care and Health & Wellbeing environments. We connect and engage communities through entertainment and communications solutions.

This announcement was approved and authorised for release by the Continuous Disclosure Committee.

#### **FOR MORE INFORMATION, PLEASE CONTACT:**

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