



MGM WIRELESS (ASX:MWR)

A Leader in School Communication & IoT Devices

Spacetalk Launch Investor Presentation
October 2017



SECTION 1

Introduction to MGM Wireless



INTRODUCTION

MGM Wireless Limited



& ALL MY TRIBE
SPACETALK

WHO WE ARE

MGM Wireless Limited (ASX:MWR) is a technology company designing, developing and commercialising Internet of Things (IoT) devices for children, and software for school communication and student absence management.

OUR GUIDING PRINCIPLES



Integrity



Excellence



Entrepreneurial
Spirit



Individual
& Corporate
Responsibility

Corporate overview

ASX Code

MWR

Share price

\$0.43

Market capitalisation

\$3.95

Listing price

\$N/A

Shares on issue

9.52M

Earnings per share

\$(0.06)

Top 5 Major Shareholders

17.8%

Fortunatow Family

6.8%

Hurd Family

3.1%

BNP Pariba's Nominees

2.9%

Yavern Creek Holdings

2.7%

Ryanu Services Pty Ltd

MWR Share price
Calendar year to 5 Oct



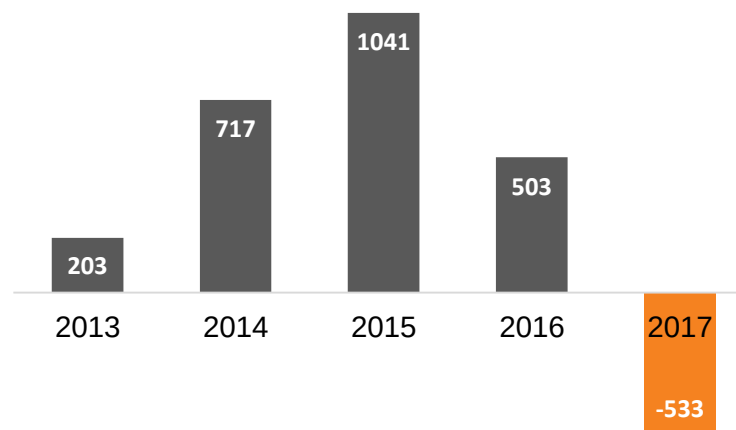
1. As at 5 October 2017

2. As at 5 October 2017

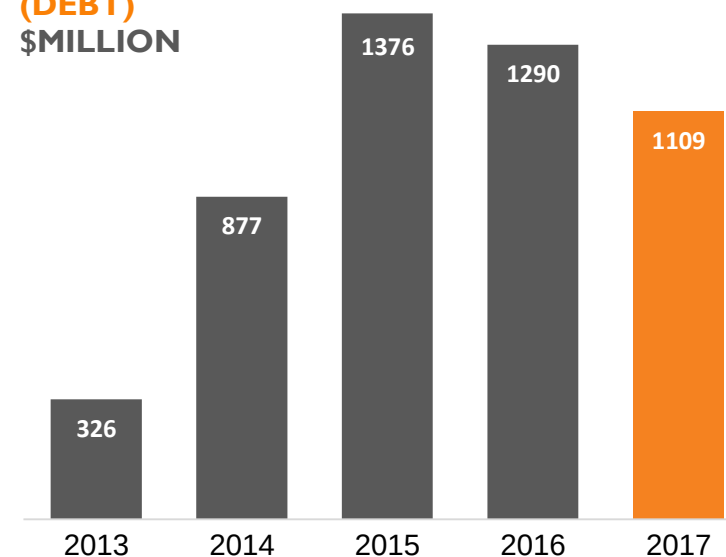
Financial overview

- Ongoing growth in penetration of schools in Australia and NZ
- Underlying school business has established track record of Operating Profitability and Positive Cashflow fuelling investment in R&D
- Significant growth in R&D investment over past 3 years impacting earnings after depreciation and amortisation, interest and taxation.
- Zero debt

**NET PROFIT
AFTER TAX
\$'000**



**NET CASH
(DEBT)
\$MILLION**



Key milestones

2001-2003 Beginnings

MGM Wireless is established to research commercial possibilities in convergence of wireless and internet technologies.

2003+ SMS Solutions for Schools

Commercialises and grows revenue from SMS based products for school attendance management and productivity.

messageyou achieves national footprint and is globally recognised as a leader in SMS-based attendance solutions.





2010-2014 Cloud Computing & Smartphone

Develops products for cloud computing and smartphone adoption, driving revenue and margin growth.

Messageyou continues to grow to > 900 schools.

Profitability and core cash-generating business established.




2015-2016 Wearables & Internet of Things

Development of products enabled for 'Internet of Things' and wearable devices which support safety, communication, and independent living.

Development of Schoolstar App for School News and messaging.





2017+ Spacetalk AllMyTribe

Launch of Spacetalk watch, GPS tracker and phone all-in-one for children.

Launch of AllMyTribe Family Wearables IoT Platform.

Transition School SMS communication to School Star in-app messaging.



Leadership team



Mark Fortunatow
B.Sc. (Ma.Sc.) B.Ec.

Chief Executive
Officer



Leigh Smart
B.Bus,
Dip Marketing

Group General
Manager



Paul Cooper
Dip Electronic
Engineering
Dip Management

General Manager
Wearables



Leila Henderson
Fellow of
Entrepreneurship
Flinders University

Non Executive
Director



Glen Butler
B.Sc.

Non Executive
Director

Community focus

As a leading technology provider to schools and parents, MGM Wireless has an important responsibility to act with integrity and care when it comes to the community. We aim to bring about positive social change by supporting children's education wherever possible.

**MGM WIRELESS IS A
PROUD SPONSOR OF**



OLD IGNATIANS'
SOCCER CLUB
EST. 1982



SECTION 2

School Communication Solutions



ALL MY TRIBE
SPACETALK



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

SCHOOLS



product 1,061

State government contracts 4

PRODUCTS



USERS



Parents & Caregivers

Using MGM solution 1.6 million

- Policy Compliance
- Cost savings / productivity
- Absence Management
- Community engagement

- Student Safety & Welfare
- Student Achievement
- Parent Engagement

Our new products, utilising cloud & smartphone technology



SMS Student Attendance Communication

- Best Practice Attendance Management Tool
- Automated messaging
- Market Leader



Analytics Engine

- Merges attendance records with SMS
- Management Tool for school leaders



Attendance Management

- Roll marking application
- Cloud, Smartphone & any internet device
- Integrates with messageyou & Outreach+



School Communication Platform

- SMS, App, email & Social Media
- Upgrade edition to Outreach
- Cloud & Smartphone Application
- Analytics to measure and improve engagement



The most advanced school news app on the market

- 2-way in-app messaging with auto switchover to SMS
- Facebook-style interface for schools news, events and notices
- Secure and personalised content only accessible by known parents & caregivers
- Analytics allow schools to better understand engagement & activity

MGM - leading a new market transition

MGM Wireless built its track record with school communication solutions after creating the world's first SMS-based Automated Student Absence Notification Solution.



Recognised as a pioneer and global leader in technology-enabled and socially responsible school communications



Used by over 1,100 schools and 1.6 million parents



Omni-channel (SMS, in-app, email) solutions empowering schools to effectively communicate with parents & caregivers



Helping schools to reduce operating costs and increase parent engagement



MGM - proven benefits for students, schools and parents

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 schools

1,061

Contracted schools

1.6m

People use a MGM Wireless product daily

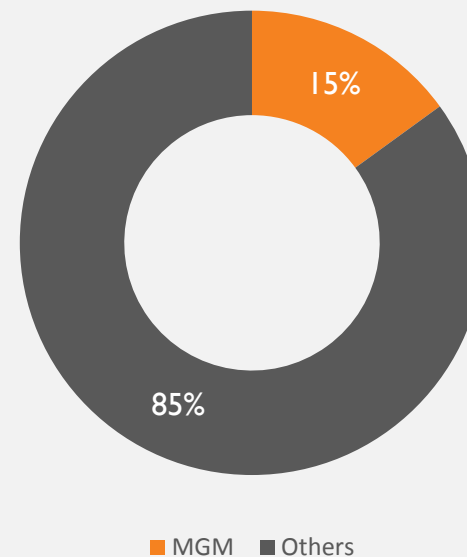
MGM - leading a new market transition



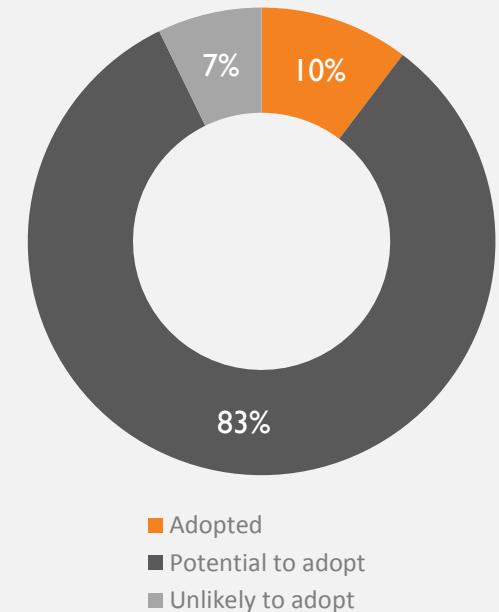
MGM created the world's first SMS-based attendance solution in 2002:

- 90%+ schools now have an SMS solution
- MGM is now leading a new market transition from SMS to low-cost, in-app messaging (similar to Apple iMessage)
- MGM's unique School Star supports two-way in-app messaging with auto switchover to SMS
- Saves schools up to 75% in message costs
- MGM charges schools an in-app message fee (25% of SMS)
- Positive upside revenue effect for MGM as schools increase overall messaging volumes

MGM Wireless' market share of all schools using SMS technology.
Total market size 9,700 Schools + Childcare



Schools using low cost in-app messaging technology



Revenue Model

Recurring
\$500 - \$6,000 per school per year



Recurring Annual Software License Fee
\$2-\$5 per student per year
+ SMS/message Revenue



Typically 3 year contract terms



Plus Training, Consulting and
Professional Service Revenue

Sales Model



MGM Sales Team
Contacts School

.....
4 week to 3 year+
sales cycle



School Leaders Make
decision to buy

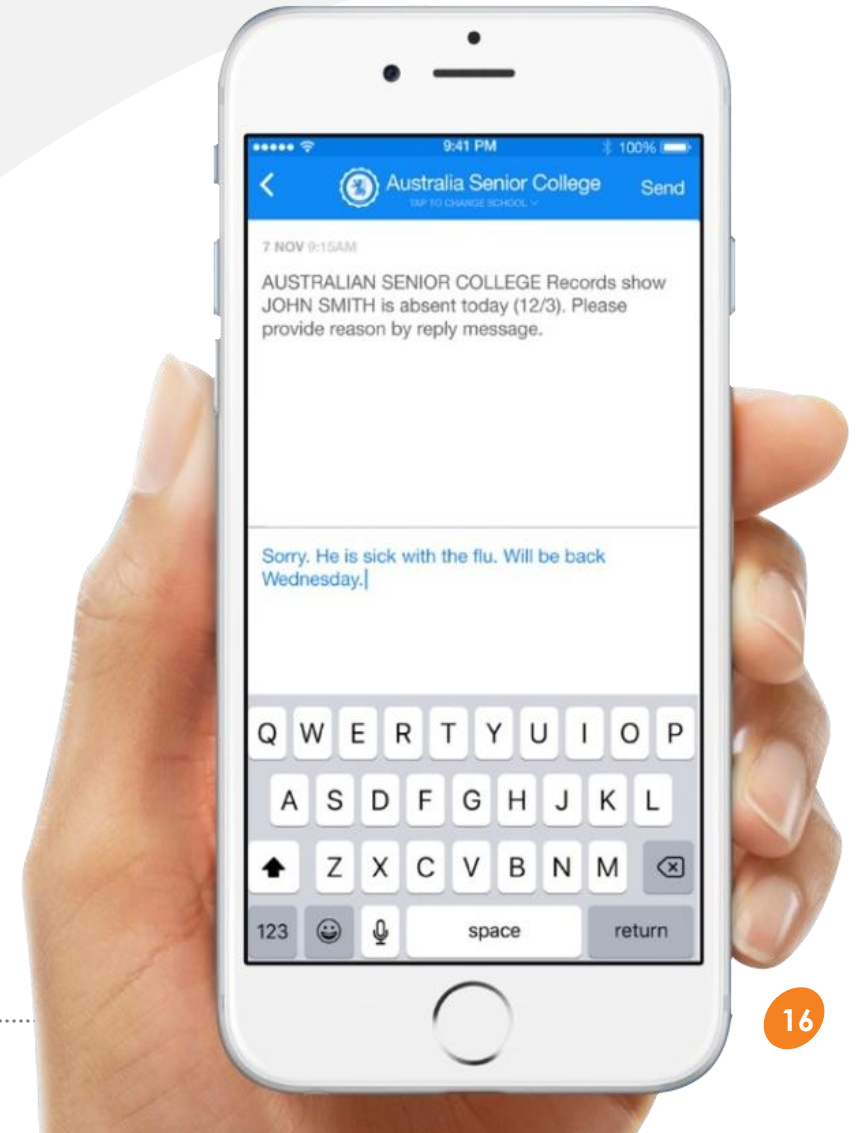
Parents benefit
at no cost





The most advanced school news app on the market

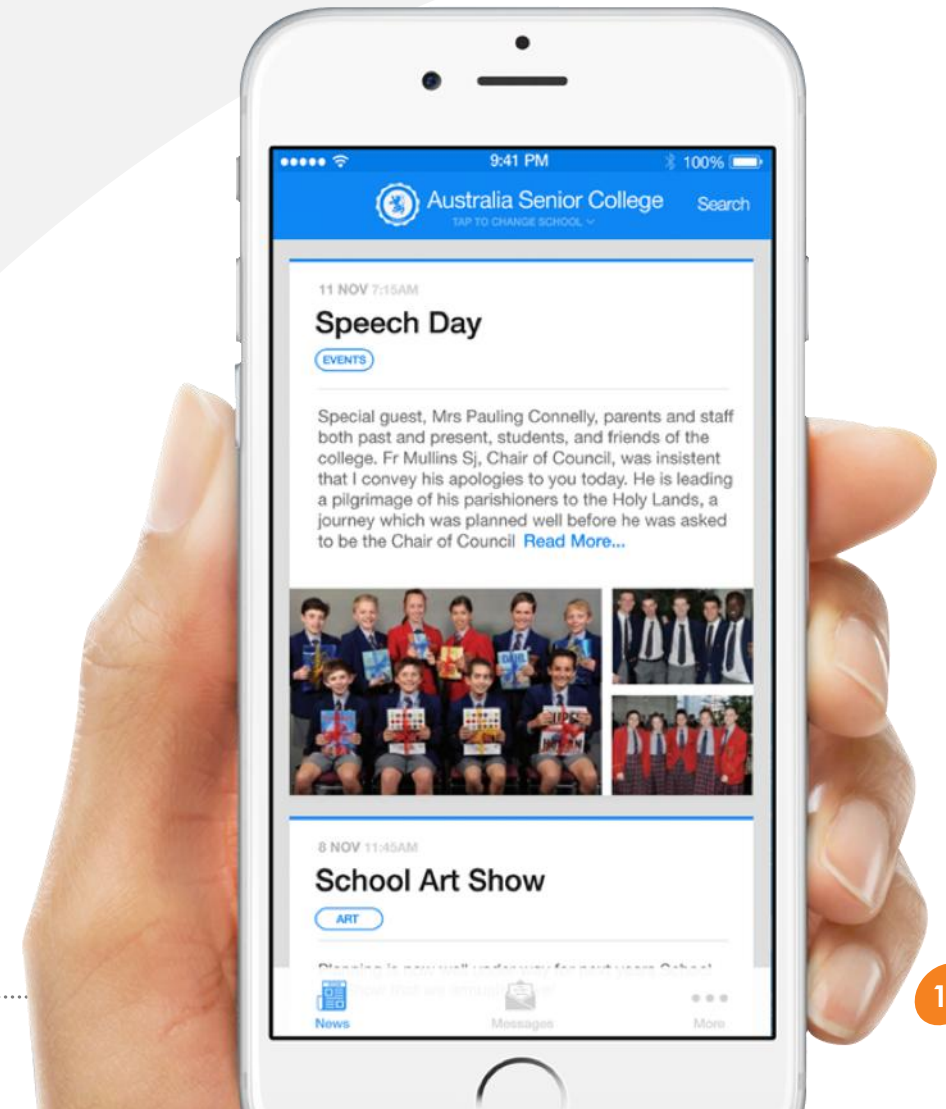
- **Mobile Messaging** is transitioning from SMS to low cost in-app web messaging
- MGM was a **pioneer in SMS messages** and is once again leading market transition to in-app messaging
- School Star is **the only school app** that has low-cost two-way secure in-app messaging.
- School Star has a unique feature to enable auto switchover from in-app messaging to SMS
- **Auto switchover to SMS critical feature.** Essential to reach parents without the app, or with no data
- MGM charges in-app messaging fee is 25% of SMS fee (no wholesale messaging costs apply)
- **Lower costs for end-user**, higher revenue for MGM due to significantly increased message volume





The most advanced school news app on the market

- Facebook-style interface for schools
- Secure – can only be accessed by parents and caregivers
- Posts, messaging, school news, events, cancellations & more
- Personalised content deliver for each parent/caregiver
- Google-style analytics allow schools to better understand engagement and activity
- Targeted messaging increases efficiency
- Costs lowered by 75% for schools, but increased uptake results in higher revenue for MGM





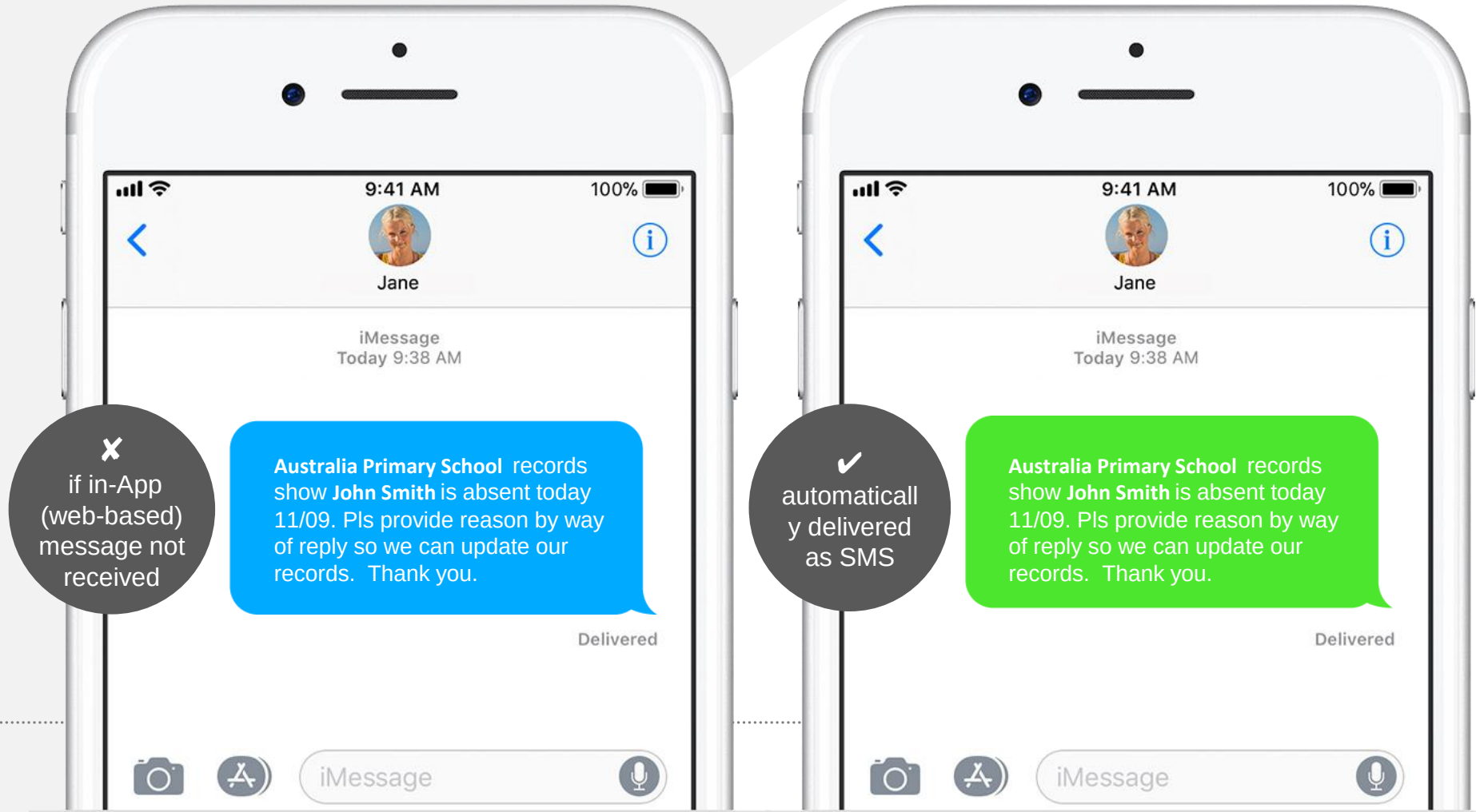
The most advanced school news app on the market

MGM is offering all schools tremendous savings of up to 75% off their current costs for absence SMS by replacing with School Star low-cost in-app messaging.

This represents a tremendous new revenue opportunity for MGM.



How it works: Replaces expensive SMS with low-cost School Star in-app messaging



MGM - leading a new market transition

Case study: Western Australian Government

- MGM finalised the **largest agreement in the company's history** in September 2017
- MGM will **roll-out Outreach+ and School Star** to all WA government schools
- WA Education Department Driver -> replace SMS with School Star in-app messaging to cut costs
- MGM's SMS solutions are currently used in approx. **450 WA schools**
- The contract will see the MGM's solutions in **almost double the amount of schools** (approx. 850)
 - **Expected** cost savings to WA Government between \$200k - \$600k every year
 - Expected **revenue increase for MGM** between \$300k and \$1.1 million by end 2018
- **A win-win:** schools are able to cut costs while MGM increases revenue
- This upgrade will likely lead to many more schools **adopting School Star**

"We see the switch to web-based messaging is as inevitable as the introduction of SMS-based solutions was in 2002. Once again MGM is leading the way."

CEO Mark Fortunatow

SECTION 3

Expansion into hardware



EXPANSION INTO HARDWARE

MGM has launched 'Spacetalk', an innovative new wearable device for children



& ALL MY TRIBE
SPACETALK

First Australian
all-in-one 3G
watch, GPS
tracker & phone
device

MGM's first
hardware product
in a suite of
Internet of Things
(IoT)
to be released

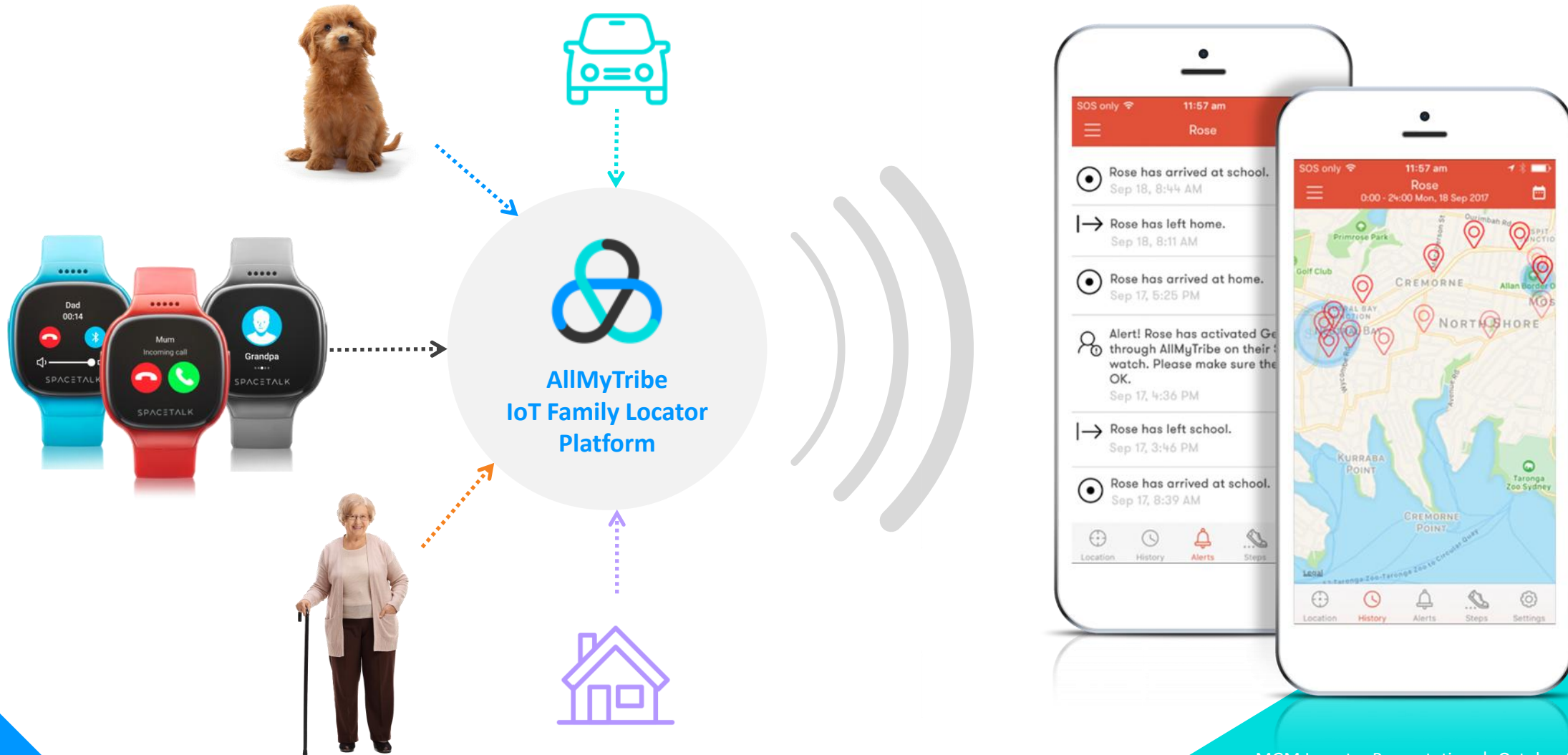
Allows parents to
**stay in constant
communication** with
children & doesn't need to
be connected to a phone

Developed by
MGM's AllMyTribe
division and
designed to be
used with the
AllMyTribe family
locator, child
safety app and
server platform

Spacetalk has
launched
to coincide with
the Christmas
shopping period

High Quality
Operates on Telstra's
NextG 3G network. Supports
2 critical mobile frequency
bands for Australia wide
reception. Certified for all
mandatory Australian
regulatory compliance,
and (RCM)

One platform for connected intelligence



Market landscape



APPLE WATCH HUAWEI WATCH



Designed for adults.
Smartphone
required.

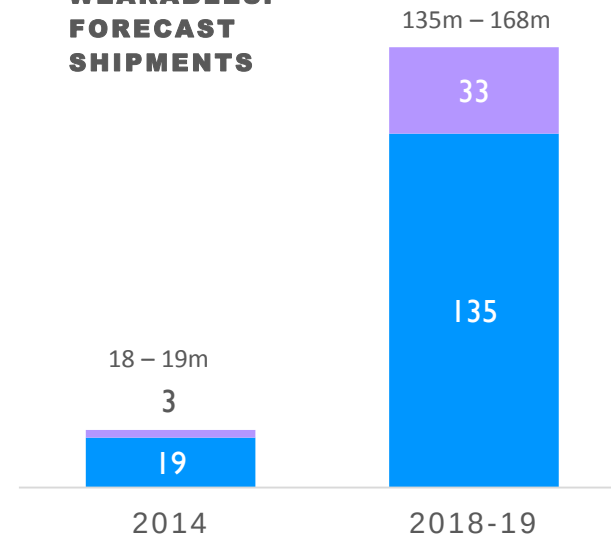


SPACETALK



Designed for children.
Smartphone not required.

WEARABLES: FORECAST SHIPMENTS



¹ Berg Insight and CCS Insight estimates

Spacetalk: key features



GPS Tracking

Automatically reports
child's location at
predefined intervals



SMS Messaging

Receive SMS and reply
by phone call



Step Counter

To monitor your
child's activity



3G Phone

Receive phone calls and
make phone calls to a list of
up to 20 contacts



SOS Alerts

Automatically calls
emergency contacts, sounds
an alarm and sends location
to the app



Water Resistant

Enclosure is resistant to
water damage



24+ Battery

24+ hour long
life battery



Touch Screen

High resolution touch
screen (240 x 240 pixel)

Market share & sales



MARKET SIZE

2.1 million kids*

*Between 4-11 years of age. Australian Bureau of Statistics 2016.

WEARABLES MARKET VALUE

- \$30.5bn in 2017 with 310M devices sold⁺
- 500M+ devices expected to be sold in 2021 with sales exceeding \$40bn⁺

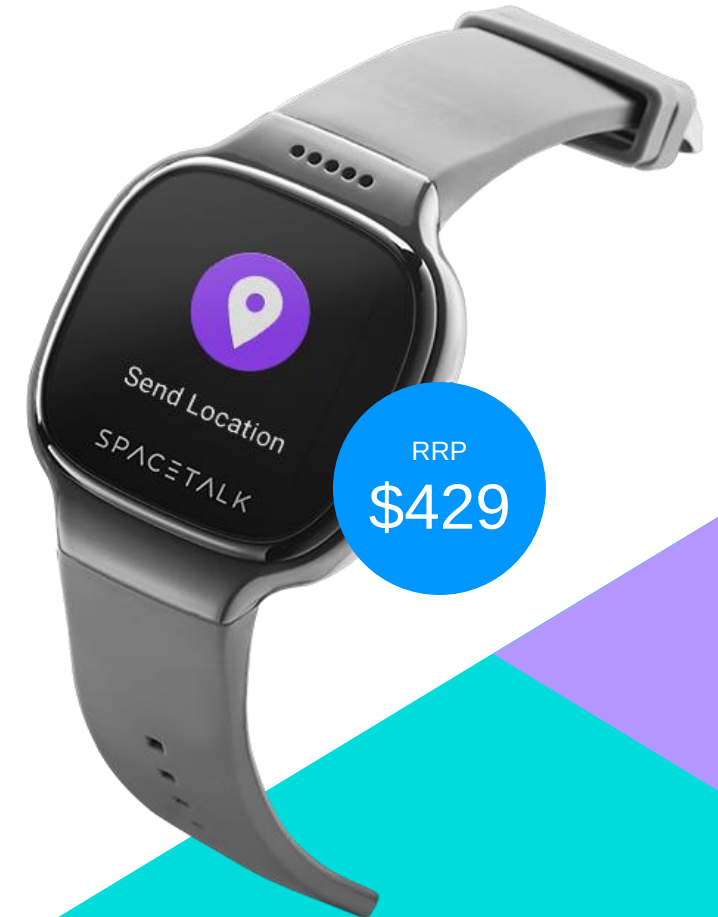
REVENUE MODEL

- Watch Sales
- App subscription \$5.99/month

SALES CHANNELS

- Traditional Consumer Electronics
- Toy Retailers
- Telco's (plan-based purchase)
- Product website

⁺ Source: Research and advisory firm Gartner: <https://techcrunch.com/2017/08/24/global-wearables-market-to-grow-17-in-2017-310m-devices-sold-30-5bn-revenue-gartner/>



Market opportunity for wearables



More than
300 million
IoT @Home devices
in Australian homes
by 2021

AUS wearables
market to grow
at CAGR of
78% revenue
of AUD \$1 billion
by 2018

Smartwatch market
gathering steam as
Australians turn to
wearable gadgets amid
flat smartphone sales

Ready Now for Bricks & Mortar Distribution



Designed for Australian Use

- Operates on Telstra's NextG 3G network.
- Supports 2 critical mobile frequency bands for Australia wide reception.
- Certified for all mandatory Australian regulatory compliance, and (RCM).



SECTION 4

Investment Opportunity



Share price drivers

01

Internet of Things (IoT)

IoT at home is forecast to grow to more than 300 million devices in Australian homes by 2021.

02

Established Brand

MGM Wireless is currently the world-leading developer of and provider of software for schools, currently used by over 1,100 schools and 1.6 million parents.

03

Growing Market Share

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

04

Technology Advances & Societal Changes

The combination of societal changes has created an opportunity rich environment for MGM Wireless capabilities in innovating & marketing new products.

Outlook



With the school communications business performing solidly and our expansion into the huge wearable market imminent, MGM is well-positioned to deliver shareholder returns.

MARK FORTUNATOW
CEO

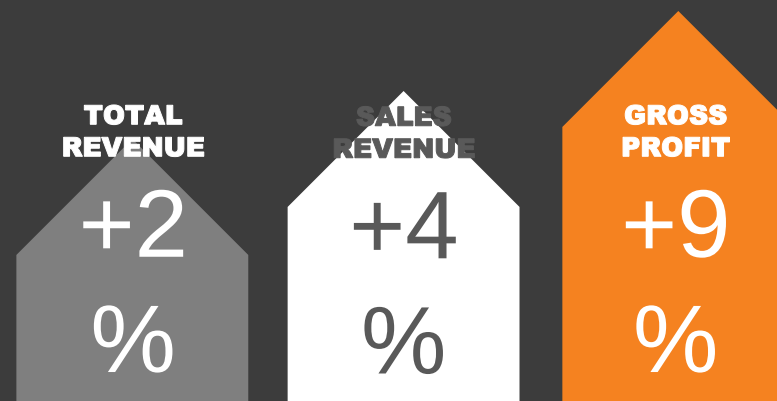
MGM finished FY17 with a cash balance of **\$1.1 million** paying all costs associated with Spacetalk

MGM has spent a record amount on research and development as it prepares for the next phase in its growth

MGM has just signed the **largest agreement in its history with the WA government** and is already receiving interest from other government schools

The company is currently unknown to investors

Valuation well below peers



FY17 results summary



MARK
FORTUNATOW
CEO

A proven track record matched with a self-funded move into an exciting new market



MGM focused on the research, design and commercialisation of Spacetalk in FY17.



The school communications business is performing solidly with further growth expected.



MGM is debt-free and has funded Spacetalk entirely from cashflow and profits.

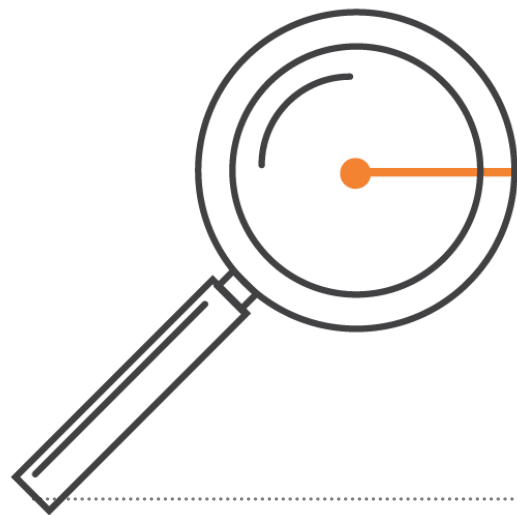


MGM believes IoT and wearables will be a significant source of revenue in the future.

INVESTMENT OPPORTUNITY

Road Map

MGM is leveraging its experience in school communication and using its resources to expand into the fast-growing IoT and wearables sector.



messageyou
WatchLists

2003+
**SMS &
ANALYTICS**

MGM RollMarker
OutReach
PINPOINT
Locate Your Child

2010-2014
**CLOUD COMPUTING
& ADOPTION OF
SMARTPHONES**

School Star
Does what no other School App can!
MGM OutReach+
AllMyTribe
MGM

2015+
**INTERNET OF
THINGS &
WEARABLES**



ALL MY TRIBE
SPACETALK

SPACETALK
ALL MY TRIBE

2017+
Next phase of
transition will focus
on the 'All My Tribe'
division which
includes the new
Spacetalk wearable
device

Revenue Models



Schools



- ✓ Annual license fee \$2-5 per student/per year
(typically 3 year agreement)

- + Messaging

- + One-off training & installation

60%

of messaging traffic is from
kids that are absent from school
(stable and predictable)

85%+

revenue is recurring
(through multi-year agreements)

Wearables



- ✓ Sales of watch

- + App revenue (monthly subscription)

- + Sales channels (bricks and mortar & online)

Drive product awareness through
extensive PR and digital marketing campaign

Financial Results



- Overhead expense \$642K higher on prior year due to:
 - Less portion of costs capitalised
 - Costs associated with Spacetalk development
 - Higher new client implementation costs from QLD Education Department contract
- \$187K increase provision in doubtful debts
- SMS wholesale costs down by \$117K
- Amortisation increased by \$541K on 2016

2017 KEY RESULTS SCHOOL BUSINESS

12 months ended 30 June

\$million unless otherwise specified

	2017	2016	Change
Total Revenue	2.63	2.58	+2%
EBITDA	0.76	1.33	-43%
Net Profit	-0.53	0.50	-205%
EBITDA margin	29%	52%	-23%

Valuation outlook



- Key trends see revenue per client declining with total school numbers stable and WA expected to continue grow
- In 2018, less R&D expenditure will be capitalised and the R&D grant will be lower than 2017
- MGM will continue to be taking up \$1.7mil in amortization charges relating to prior year investments.

2018 KEY RESULTS PROJECTION SCHOOL BUSINESS

12 months ended 30 June

\$million unless otherwise specified

	2017	2018	Change
Total Revenue	2.63	2.47	-6%
EBITDA	0.76	0.71	-7%
Net Profit	-0.53	-0.48	9%
EBITDA margin	29%	29%	0%

Valuation outlook



- Market size for children's wearables is unknown.
- MGM expects to sell a minimum of 3,000 units this year, but a more probable estimate is likely to be 10,000-20,000 in first year.
- Financial modelling for 3,000, 10,000 and 20,000 shown.

2018 KEY RESULTS PROJECTION ALLMYTRIBE BUSINESS

12 months ended 30 June <i>\$million unless otherwise specified</i>	3,000 units	10,000 units	20,000 units
Total Revenue	0.84	2.81	5.62
EBITDA	0.19	0.93	1.85
Net Profit	0.14	0.67	1.34
EBITDA margin	23%	33%	33%

2018 Key Results Projection

SCHOOLS + ALLMYTRIBE

- Consolidated Group Modelling
- School Business and AllMyTribe with scenarios for:
 - 3,000
 - 10,000
 - 20,000

MGM CONSOLIDATED GROUP

12 months ended 30 June <i>\$million unless otherwise specified</i>	3,000 units	10,000 units	20,000 units
Total Revenue	3.29	5.26	8.07
EBITDA	0.83	1.57	2.49
Net Profit	-0.39	0.14	0.81
EBITDA margin	25%	30%	31%

Wearables are expected to lift the



value of the company by 2-5 times

Contact



MGM WIRELESS

Mark Fortunatow

Chief Executive Officer

mfortunatow@mgmwireless.com

08 8104 9508

MEDIA & INVESTOR ENQUIRIES

Julia Maguire

Director, The Capital Network

julia@thecapitalnetwork.com.au

+61 419 815 386

ABN 93 091 351 530

mgmwireless.com



This presentation has been prepared by MGM Wireless Limited (the “Company”). It does not purport to contain all the information that a prospective investor may require in connection with any potential investment in the Company. You should not treat the contents of this presentation, or any information provided in connection with it, as financial advice, financial product advice or advice relating to legal, taxation or investment matters.

No representation or warranty (whether express or implied) is made by the Company or any of its officers, advisers, agents or employees as to the accuracy, completeness or reasonableness of the information, statements, opinions or matters (express or implied) arising out of, contained in or derived from this presentation or provided in connection with it, or any omission from this presentation, nor as to the attainability of any estimates, forecasts or projections set out in this presentation.

This presentation is provided expressly on the basis that you will carry out your own independent inquiries into the matters contained in the presentation and make your own independent decisions about the affairs, financial position or prospects of the Company. The Company reserves the right to update, amend or supplement the information at any time in its absolute discretion (without incurring any obligation to do so).

Neither the Company, nor its related bodies corporate, officers, their advisers, agents and employees accept any responsibility or liability to you or to any other person or entity arising out of this presentation including pursuant to the general law (whether for negligence, under statute or otherwise), or under the Australian Securities and Investments Commission Act 2001, Corporations Act 2001, Competition and Consumer Act 2010 or any corresponding provision of any Australian state or territory legislation (or the law of any similar legislation in any other jurisdiction), or similar provision under any applicable law. Any such responsibility or liability is, to the maximum extent permitted by law, expressly disclaimed and excluded.

Nothing in this material should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities. It does not include all available information and should not be used in isolation as a basis to invest in the Company.

Future matters

This presentation contains reference to certain intentions, expectations, future plans, strategy and prospects of the Company.

Those intentions, expectations, future plans, strategy and prospects may or may not be achieved. They are based on certain assumptions, which may not be met or on which views may differ and may be affected by known and unknown risks. The performance and operations of the Company may be influenced by a number of factors, many of which are outside the control of the Company. No representation or warranty, express or implied, is made by the Company, or any of its directors, officers, employees, advisers or agents that any intentions, expectations or plans will be achieved either totally or partially or that any particular rate of return will be achieved.

Given the risks and uncertainties that may cause the Company’s actual future results, performance or achievements to be materially different from those expected, planned or intended, recipients should not place undue reliance on these intentions, expectations, future plans, strategy and prospects. The Company does not warrant or represent that the actual results, performance or achievements will be as expected, planned or intended.

US Disclosure

This document does not constitute any part of any offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of any “US person” as defined in Regulation S under the US Securities Act of 1993 (“Securities Act”). The Company’s shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to any US person.