SPACETALK

MGM



MGM Wireless Ltd (ASX:MWR)

"The Phone That's Best for Kids"


NEWS

A New Product Category

‘30% of all Smartwatch sales will be children aged 5-13’*



‘Smartwatches are on pace to achieve the greatest revenue potential among all wearables through 2021’*

‘Pure smartwatch sales forecasted to grow from 2017: $9.3B to $17.4B (2017–2021)’*

Gartner Research 2017

* https://www.gartner.com/newsroom/id/3790965

Actual Smartwatch Sales



China

100,000+ pm



Korea

350,000
(over 2 years)

Potential



Australia

100,000 – 120,000 pa*

*Gartner Research

Superior, Best of Breed Device



Build Quality & Reliability

Privacy & Security

Location Accuracy

Reception

24hr Battery

European GDPR Compliant

The Spacetalk Difference

"No access to apps, games, social media and internet was a massive plus and the reason why we purchased Spacetalk. Reception quality with calls is excellent and location tracking is great!" – Brooke (Facebook Review)



		 Others	 Spacetalk™
3G mobile bands	High band	✓	✓
	Low band	✗	✓
Reliable mobile coverage across Australia		✗	✓
Complies with Australian telecommunications network requirements		✗	✓
Tested and certified to Australian standards and safe for kids to use		✗	✓ *Supplier Number E6254*
Kids' data stored in		Overseas *(typically China)*	Australia
Data secure and stored in		✗	Australia
Data protected by Australian privacy and security laws		✗	✓
Apps developed in		Overseas *(typically China)*	Australia

International Mobile Operator Feedback



- Unquestionably the Best Kids Smartphone Watch on the market

- The first Kids Smartphone Watch to be a commercial success outside China and South Korea



Corporate Overview

Market capitalisation
$25.5M

Shares on issue
11.5M

Cash
$2.5M

Debt
Nil

Listed
2003

Founded
2001

ASX Code
MWR

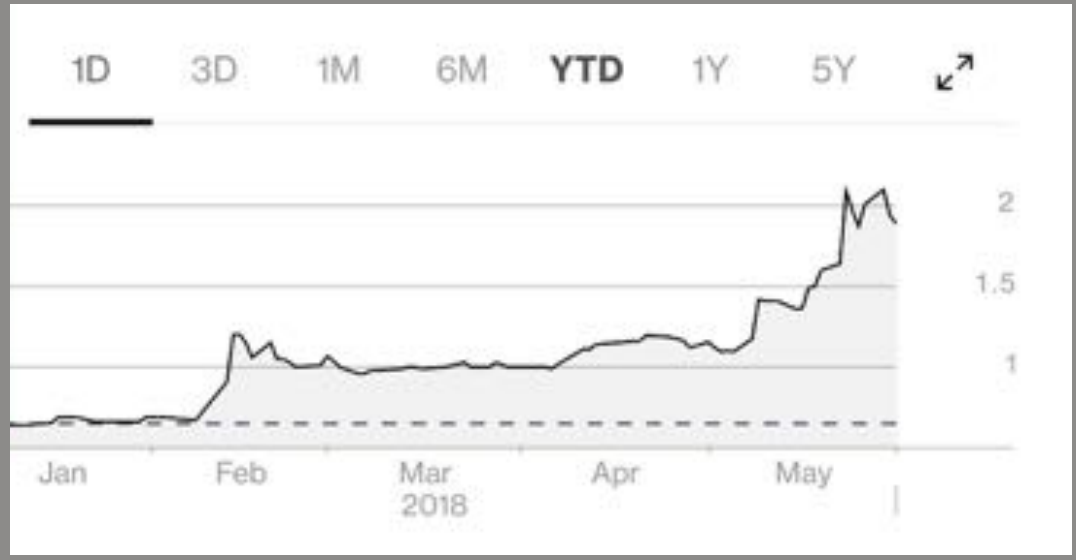
Listing price
$N/A

Share price
$2.20

Earnings per share
$(0.08)

Top Shareholders*

14.7%	5.49%	3.99%	2.60%	2.41%
Fortunatow Family (Founder)	Hurd Family (Founder Estate – deceased)	Ryanu Services Pty Ltd	Gleneagle Securities	Yavern Creek Holdings



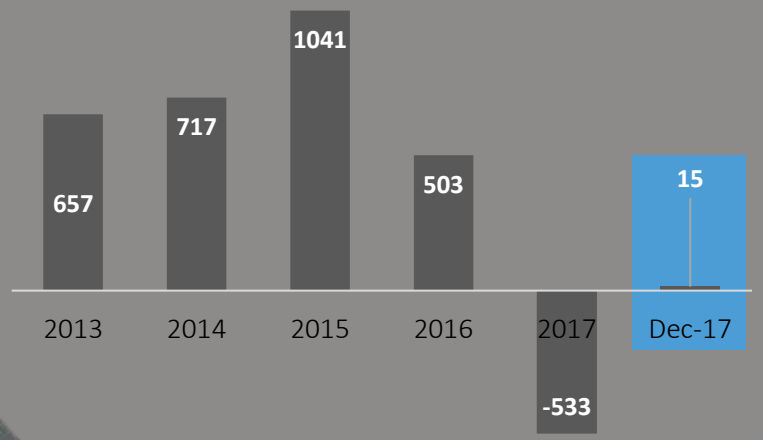
*As of 1 June 2018

Established, Profitable

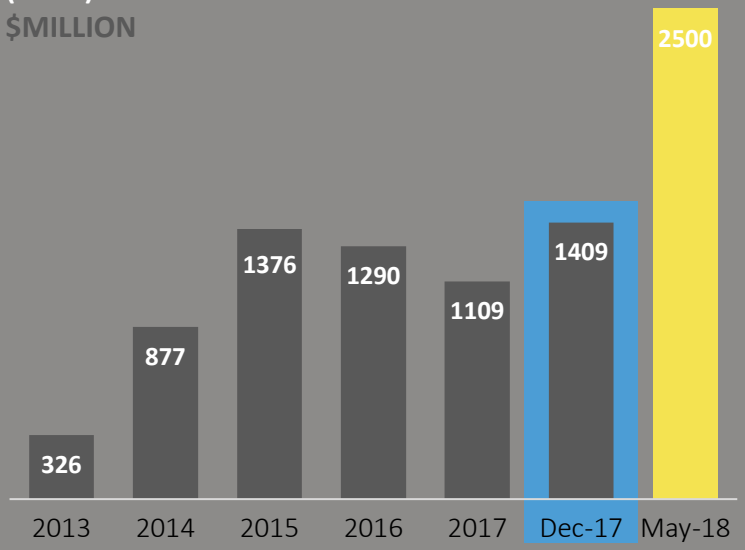
17 Year Old Business



NET PROFIT AFTER TAX
$'000



NET CASH (DEBT)
$MILLION



- Underlying school communication 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

Leadership Team



Mark Fortunatow
Chief Executive Officer
Founder



Paul Cooper
General Manager
Wearables
Nokia, Microsoft



Leila Henderson
Non Executive
Director
Fellow of
Entrepreneurship
Flinders University



Glen Butler
Non Executive
Director
Pratt Industries – Head
USA Operations



Amanda Lee
National Sales Manager
Microsoft, Blackberry and
Motorola Senior Sales



Jason Le
Director of Digital
Marketing
GoPro, Walt Disney,
Oakley

School Communication Solutions



A 17 Year Old Existing Business

#1

Largest provider of messaging communications solutions to Australian schools

1,271

Contracted schools

1.6m

People use a MGM Wireless product daily

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

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.



One Platform for Connected Intelligence



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).



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.

Valuation Modeling*

Using Nearest Equivalent Valuation – Nuheara (Wireless Headphones) (ASX:NUH)

FY 2019 7,000 unit sales result will generate:

$1.7m in extra revenue

$315K in Net Profit

Equivalent
NUH Revenue
to Market Cap Multiplier
30.85x

Market Cap
$82.8m*

Share price
$4.33

This Assumes
ZERO Value
to profitable existing School business

MGM has …
$2.5m cash
$Zero Debt

Current Share Price
$2.20

Current Market Cap
$25.5m

The company is currently unknown to investors
Valuation well below peers

*For Illustrative Purposes Only. Not a Forecast *As of 4 June 2018

Both Business are Recurring Revenue Models

Unique to Wearables

Wearables

Monthly $5.99 App Fee (net $4.19)

(e.g. 7,000 Watch sales = $352K pa)

Schools

Annual Software License Fee $ 1.34 m (locked in)

+ SMS $ 610K

= Total Locked in Revenue for FY 2019: $1.95m

NUHEARA (ASX:NUH)

NEAREST EQUIVALENT VALUATION

BOTH Wearables Device Category

BOTH Small Cap

BOTH leading technologies at similar price points

BOTH rely on online and bricks & mortar retailers

NUHERA sales (Half-Year Ended 31 December 2017) $1.96m

NUHERA net loss

NUHEARA has revenue to market cap multiplier

30.85 x

NUHERA market cap

$82.8m

MGM profitable at just 5,000 units

MGM existing school business generating $2.5m revenue pa

MGM greater leverage to sales uplift

The company is currently unknown to investors
Valuation well below peers

SPACETALK

POWERED BY ALL MY TRIBE

MGM



Contact

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