

MGM Wireless Ltd (ASX:MWR)



SPACETALK

Simply Safer Phones for Kids

Finance News Network
Investor Presentation
21 November 2018





Key Features




3G Phone
(2-way)


SMS
Messaging


Safe
Contact List


School
Mode


Location on
Demand


Safe
Places


SOS
Alerts


High
Security


24 hr
Battery


Reward
Stars


Water
Resistant


Stop
Watch


Weather


Reminder
Alarms


Step
Counter





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 (2017–2121)’



Superior, Best of Breed Device



Build Quality & Reliability



Privacy & Security



Reception



Location Accuracy



24hr
Battery



European GDPR
Compliant

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.

”



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)

	 SPACETALK	 OTHERS
3G Mobile High Band	✓	✓
3G Mobile Low Band	✓	✗
Reliable mobile coverage across Australia	✓	✗
Complies with Australian telecommunications network requirements	✓	✗
Tested and certified to Australian standards and safe for kids (supplier number E6254)	✓	✗
Kid's data stored in	Australia	Overseas (typically China)
Data secure and stored in	Australia	✗
Data protected by Australian privacy and security laws	✓	✗
Apps developed in	Australia	Overseas (typically China)

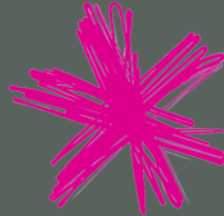
Sales Distribution

The logo for JB HI-FI, featuring the brand name in bold, black, sans-serif capital letters on a bright yellow rectangular background.

Australia's largest Consumer Electronics
Retailer
Worlds 7th largest Consumer Electronics
Retailer

The logo for Leading Edge Computers, with the words "LEADING EDGE" in yellow, bold, sans-serif capital letters on a black background.The logo for Computers, with the word "Computers" in white, italicized, sans-serif font on a red background.

120 Independent Stores
Rural Areas



Spark

73 Stores
New Zealand's Largest Mobile Telco
Formerly Telecom
\$17NZD monthly plan (watch and SIM)

The logo for SpaceTalk, featuring the brand name in a white, bold, sans-serif font with a stylized 'E'.

Simply Safer Phones for Kids

Company e-commerce store
Tracking at \$1 mill+ sales pa in first 12
months

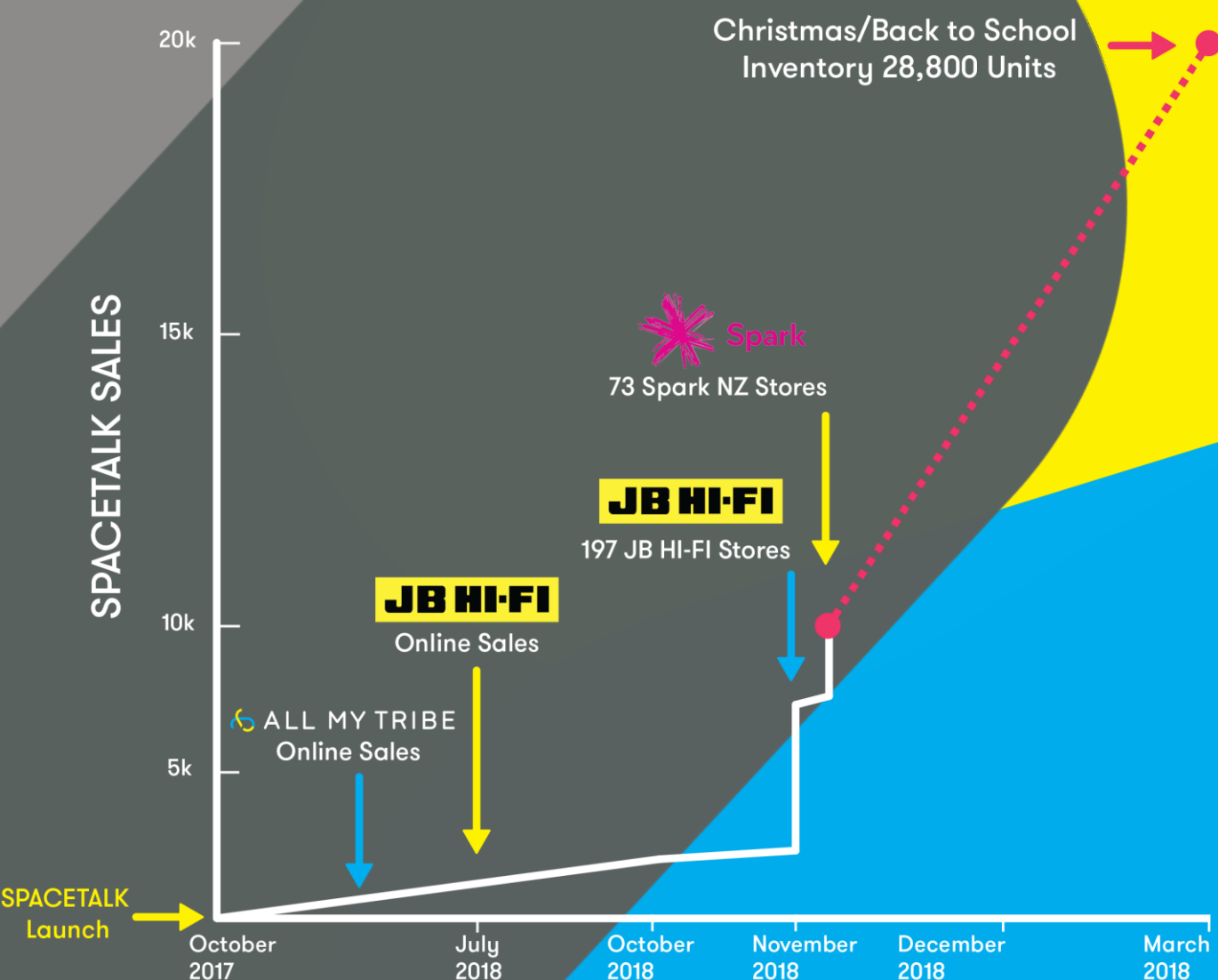
270+

Stores Selling Now

8,600 Units Sold
in First 12 months

\$1.93mill Sales

First 12 Month Unit Sales



Market Size

Actual Sales



China
100+K
per month



Korea
500+K over
2.5 years

AUS & NZ (Est.)



Australia
100K – 120K pa



New Zealand
20K – 25K pa

Global (Est.)



“ 2021
\$2.7B to \$5.22B
Global Market ”

Gartner®

Corporate Overview

SPACETALK

Simply Safer Phones for Kids

Market
capitalisation

\$58.4m

Shares on issue

12.1M

Cash

\$2.6M*

Debt

Nil

Listed

2003

Founded

2001

ASX Code

MWR

Listing price

\$N/A

Share price

\$4.78

Earnings
per share

\$(11.71)*

Top Shareholders

14.12%

Fortunatow
Family
(Founder)

3.54%

Hurd Family
(Founder
Estate –
deceased)

2.50%

Gleneagle
Securities Pty
Ltd

2.26%

Yavern Creek
Holdings

4.78 AUD

19 Nov, 3:59 pm AEDT · Disclaimer

1 day

5 days

1 month

6 months

YTD

1 year

5 years

Max



* June 2018 Annual Report

Profitable for many years

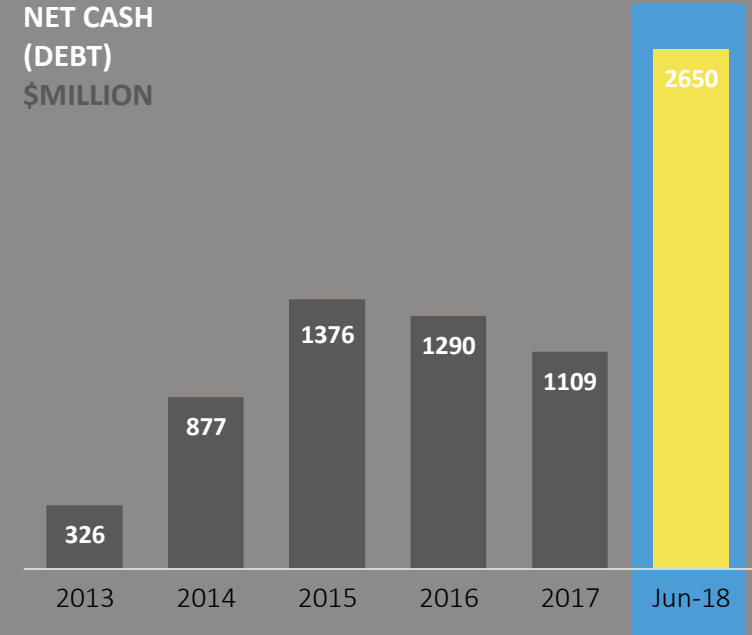
SPACETALK
Simply Safer Phones for Kids

Established 17-Year-Old Business
Paid Dividends for 3 years

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

SPACETALK

Simply Safer Phones for Kids



Mark Fortunatow

B.Sc. (Ma.Sc.) B.Ec.
Chief Executive Officer



Paul Cooper

Dip Electronic Engineering
Dip Management
**General Manager
Wearables**



Leila Henderson

Fellow of
Entrepreneurship
Flinders University
**Non Executive
Director**



Glen Butler

B.Sc.
Founder Visy
**Non Executive
Director**



Amanda Lee

Former Microsoft, JB Hi-Fi,
Blackberry and Motorola
Senior Sales
National Sales Manager



Jason Le

Former GoPro and Walt
Disney Marketing
Manager
**Director of Digital
Marketing**



School Communication Solutions



A 17 year old Existing Business



#1

Largest provider
of messaging
communications
solutions to Australian
schools

1,372

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

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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 Apps

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.

2014-2017

Children's Wearables R&D

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

Development of Schoolstar App for School News and messaging.

2017+

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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.



FY 2019 Sales Scenarios

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DISTRIBUTION

270 Stores

JB HI-FI



Spark

1
per store
per week

2
per store
per week

3
per store
per week

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Simply Safer Phones for Kids

Online Store

70 per week

100 per week

150 per week

1,470

Per Month

2,770

Per Month

4,160

Per Month



Bricks & Mortar Distribution

Designed for Everyday Use

- Operates on 3G networks (850/2100MHz).
- Supports 2 critical mobile frequency bands for Australia wide reception.
- Certified for all mandatory Australian regulatory compliance, and (RCM).

JB HI-FI



Large Format Public Advertising



LARGE FORMAT SNAPSHOT

Westfield



LARGE FORMAT SNAPSHOT

Westfield



LARGE FORMAT SNAPSHOT

oh!
Unmissable

Investment Opportunity

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Share Price Drivers

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01

Fast Growing
Wearables Tech
Sector

Children's Wearables 2020
Global Estimated market
potential \$2.7B to \$5.22B*.

02

Established
Business & 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.

Both Businesses have Recurring Revenue Models

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Wearables

Monthly \$5.99

App Fee (net \$3.60)

(e.g. 8,600 Watch
sales

= \$372,500 pa)



Schools

Annual
Software
License Fee

\$ 1.34 m (locked in)

+ SMS \$ 610K

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



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Simply Safer Phones for Kids



Contact

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