



ASX Market Announcements
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**ASX Release
MGM Wireless Ltd**

12 May 2015

MGM Wireless advises that the attached investor pack will be presented as part of the company's upcoming Investor Briefing Roadshow.

About MGM Wireless Ltd and Messageyou, LLC

MGM Wireless is recognised in Australia and internationally as a pioneer of socially responsible technology-enabled school communications with a proven track record in designing, developing and successfully commercialising innovative world class technology products.

The company's patented SMS school communication solutions empower schools to effectively communicate to parents and caregivers using SMS text messaging to improve student attendance, welfare, safety and parent engagement. Measurable benefits for schools include reduced operating costs, increased productivity and improved parent and community engagement, which ultimately improve student learning and social outcomes.

Schools in Australia and New Zealand use Messageyou software in their day to day operations.

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MGM Wireless (ASX:MWR)

Investor pack

May 11 2015



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 & NZ schools

1,156

Contracted schools

1.6 million

People who use a
MGM Wireless
product daily

MGM Wireless ASX: MWR

Company Snapshot

Key financial and share data

Share price range, financial year to date	\$0.85 - \$1.60
Shares on issue	8.57 mill
Market capitalisation ¹	\$12.9 mill
Earnings per share (cents)	7.38
Net cash (debt) ²	\$ 0.91 mill

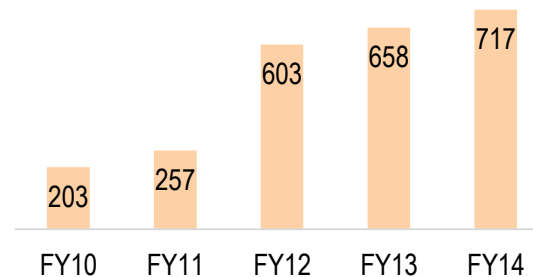
Major Shareholders

Fortunatow Family	17.1%
Hurd Family	6.8%

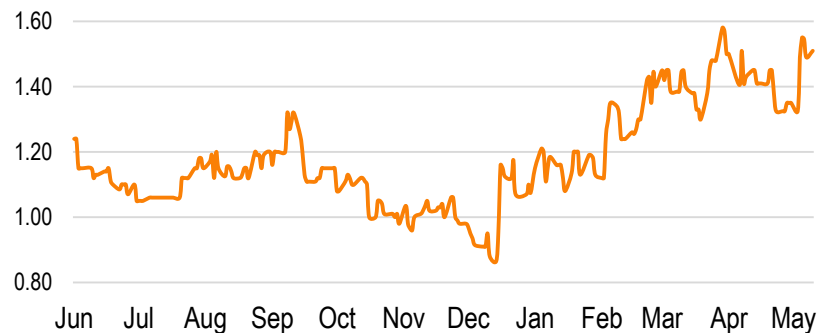
1. As at 11 May 2015

2. As at 31 March 2015

Net profit after tax
\$'000



MWR Share price
Financial year to 8 May



Development timeline

MGM Wireless' growth has been driven by its innovation and marketing of products that exploit disruptive benefits offered by new technology

○ 2001 – 2003

Beginnings

Start-up.

MGM Wireless formed, researches 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 & leadership.



○ 2010 - 2014

Cloud computing & smartphone

Develops products which exploit cloud computing and smartphone adoption for new higher value applications for schools and parents which drive revenue and margin growth. Messageyou continues to grow to > 900 schools. Profitability & strong core cash generating business established.



○ 2015+

Wearables & Internet of Things

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

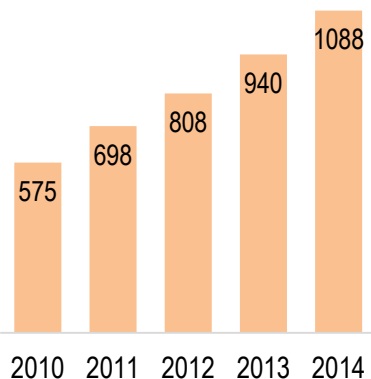


Attendance - Safety - Success

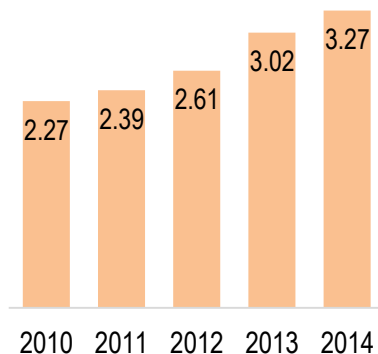
Financial performance

Track record. Sustained growth in customer base, earnings and cash

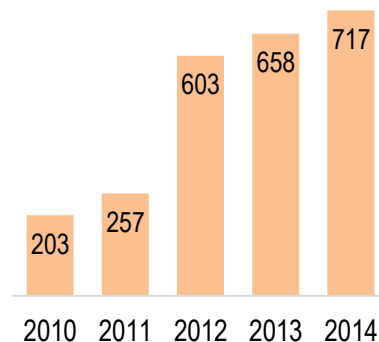
Operational customers



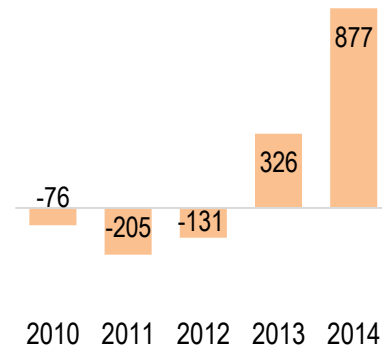
Revenue
\$ million



Net profit after tax
\$ '000



Net cash/(debt)
\$ '000



- Ongoing growth in penetration of schools in Australia and NZ market by established core products
- New products driving profit growth > revenue growth
- Cash balances growing strongly after funding research and development

School Business overview

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

Schools

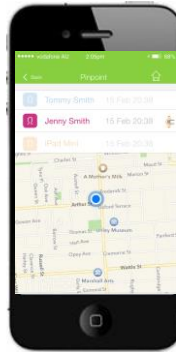


Using MGM product: 1,156

3 state government contracts

Fed Gov. funded in NT

MGM Products



 messageyou

 WatchLists

 MGM OutReach+

 MGM RollMarker

 MGM SCHOOL EVENTS

 pinpoint
MGM

Users



Parent and caregivers; use school provided MGM solution

Using MGM solution: 1.6 million



- Cost savings
- Efficiency
- Student attendance
- Community engagement



- Attendance
- Engagement Safety
- Welfare



MGM School Business Model



MGM Sales contact School



School Leadership decides



Parents receive SMS

Sales Process

Decision makers are School Leaders & Principal

Sales cycle 5 weeks to 3+ years

Ultimate Customer - Parents are not involved / informed

Revenue

One off consulting and training fee (if applicable) - \$ 500 - \$ 3,500 per school

Annual License Fee - \$ 3 – 8 per student per year

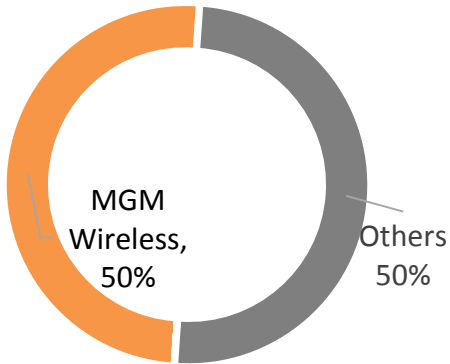
SMS revenue \$ 1.40 - \$ 2.60 student pa

Systemic Sales can be financially structured differently

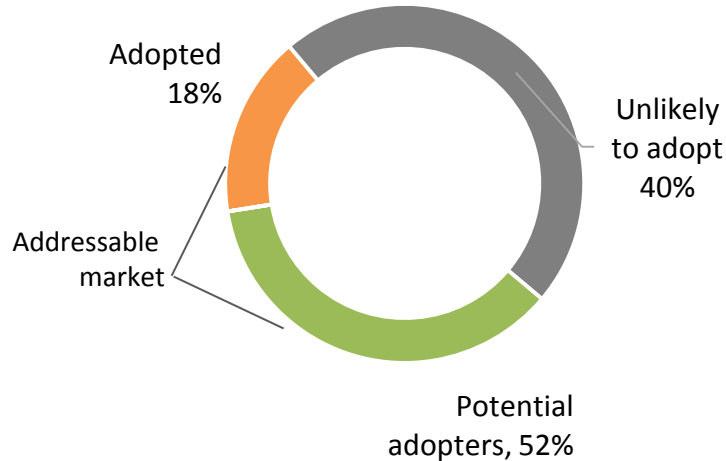
Market share

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

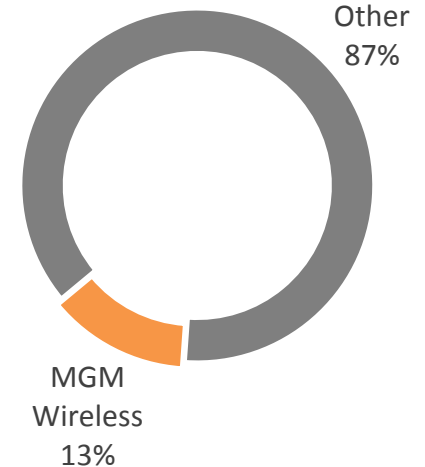
MGM Wireless' market share of schools using SMS systems



Schools currently adopting SMS Technology vs total schools



MGM Wireless' share of addressable market



Revenue features

Revenue is leveraged to volume and the growing richness of message content and supported by contracts and a 'sticky' client base

Revenue contracted forward

- 2-3 year rolling contracts gives recurring nature
- \$1.6 million contracted forward as at 1 Jan 2015

Focussed on niche sector with solid customers

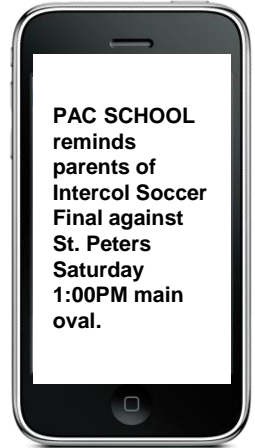
- Australian and NZ public and independent schools and early learning centres
- Government contracts: WA, NSW (Sydney region) and NZ, Federal funding in NT

"Sticky" customer base with barriers to entry

- MGM Wireless products become part of school infrastructure, deliver savings and welfare outcomes
- Experience and capability in dealing with schools a competitive advantage

Upside from leveraging technology and user relationships with products

- Upside from rising message traffic, as users adopt more products and access richer content more often
- Trend to smartphone adoption and applications
- Software licence fees



Established Flagship Products



SMS Student Attendance Communication

- Automated
- 'Intelligent'
- Market leader



Analytics Engine

- Merges Attendance Records & SMS
- Management Tool for School Leaders



Social Messaging Platform

- Web App
- School Event Reminders, Late Breaking News
- Crisis



- Links MGM products to schools existing databases

New products, utilising cloud and smartphone technology



Social Messaging Platform

- Upgrade to Outreach
- Cloud & Smartphone App
- SMS File Attachments
- Facebook, Twitter & LinkedIn



- Cloud & Smartphone
- Integrated with messageyou & Outreach+
- Rollmarking App



Parent-Teacher Interview & School Booking App

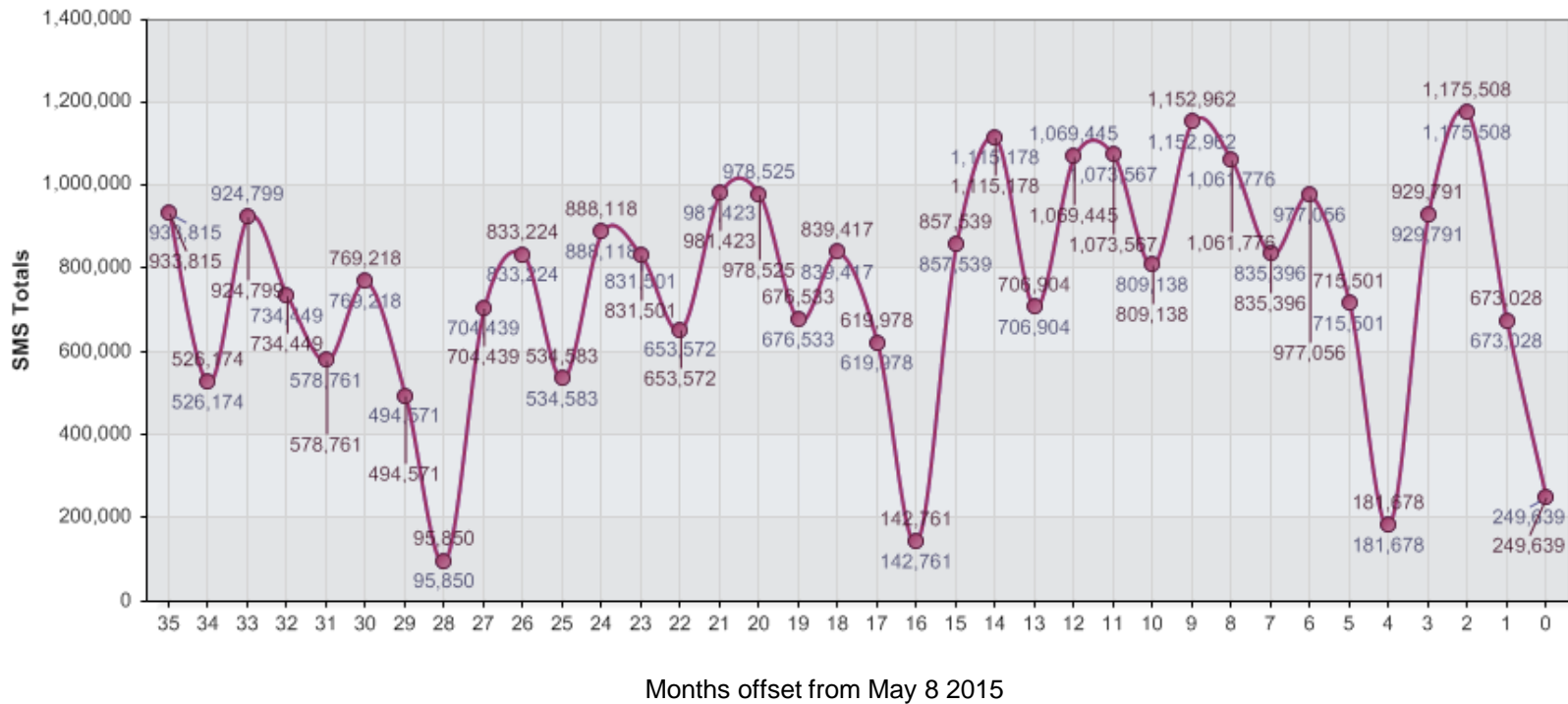
- Integrated with Outreach+
- Mobile Platform



Family Locator App

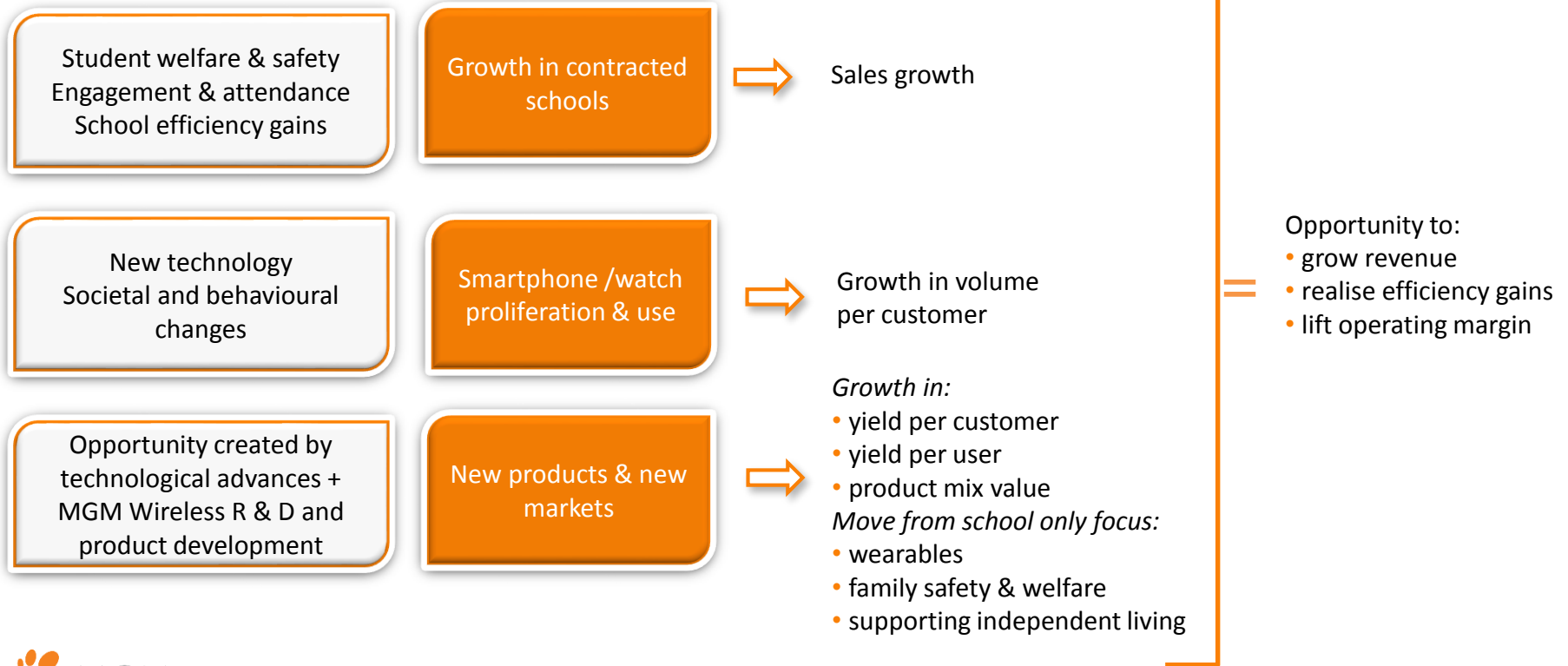
- Wearable interface
- Family Living

Growing Message Traffic



Growth drivers

Broad based, and driven by advances and adoption of technology



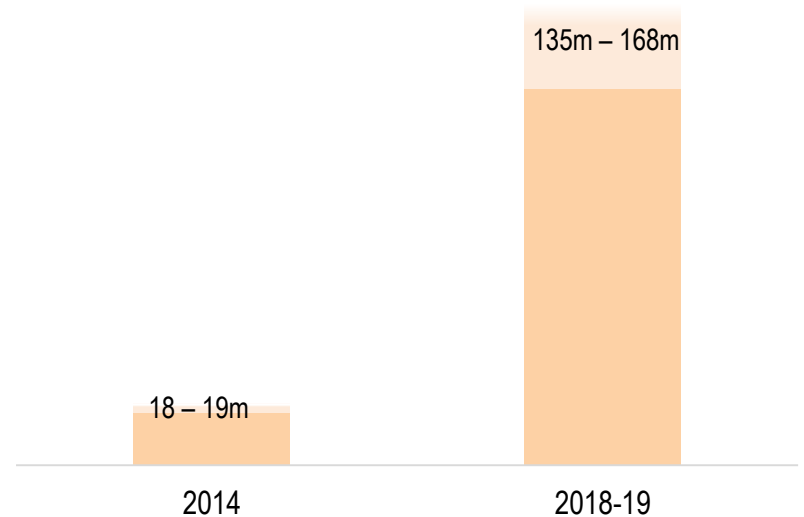
The third wave: Internet of Things and wearable devices

Opportunity for MGM Wireless in family safety and supporting independent living

- First product: MGM Pinpoint Family Locator
- Applies capabilities from MGM Pinpoint for family safety and independent living support
- Released to coincide with Apple Watch release on which it works
- Available internationally via Apple App Store



Wearables: Forecast¹ shipments

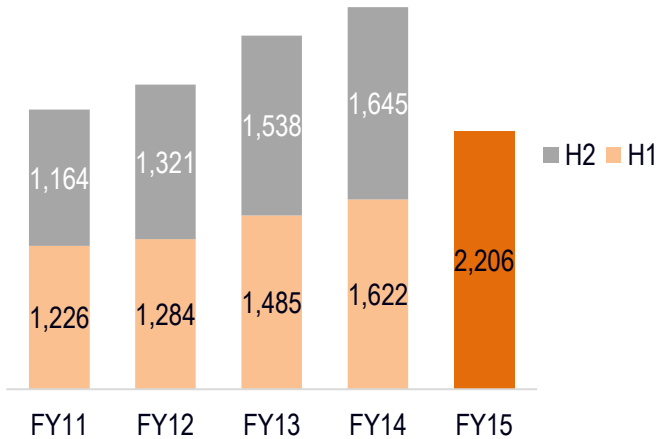


¹ Berg Insight and CCS Insight estimates

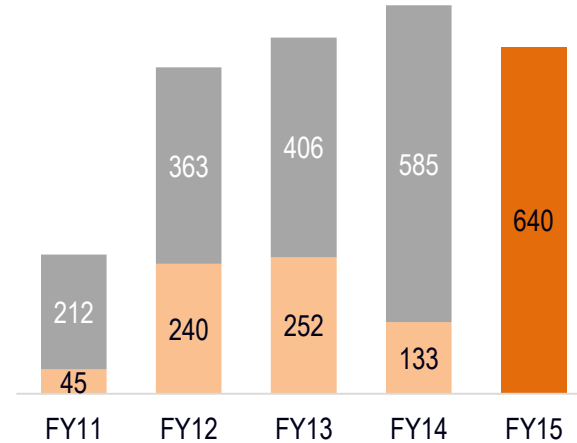
FY15 First half financial performance

Revenue and profit growing strongly as impact of new products and upgrades is evident

Revenue by half
\$'000



NPAT by half
\$'000



- Revenue growth outstripping customer growth as traffic volumes and yield per user rise
- Cash generation funding ongoing investment in R & D for new products
- Majority of FY15 earnings in first half.

Growth Strategy

Growth strategy is simple, based on ongoing commitment to innovation and is funded from existing cash generation

1. **Penetration:** increase penetration of existing core products to school sector will give solid ongoing base line growth in revenue
2. **Traction:** in adding higher value product sales to existing core product relationships
3. **Innovation:** continue to invest in research and development of new products
4. **Investment:** in systems and resources to support growth that is being realised
5. **Leverage leadership:** vigilance for opportunities to apply industry leading capabilities in logical, low-risk extensions to current business base.

Outlook

1. Current Year

- March quarter sales up 30% on pcp to \$0.4 million; March 31 2015 cash balance: \$1.1 million
- March 2015 YTD sales up 35% to \$2.6 million
- Anticipate record full year revenue and profit result
- Larger investment in R&D
- New product and upgrades to existing product releases to support growth
- Expansion of geographical addressable market with Pinpoint Family Locater for Apple Watch

2. Longer term

- Growth – revenue and profit
- Expand markets beyond schools and Australia
- Expanded products & business models

In summary

1. MGM Wireless is a world - leading developer and provider of disruptive software for schools
2. A strong half year result has the business on track to record its 5th successive year of profit growth
3. The combination of technology advances and societal changes has created an opportunity-rich environment for MGM Wireless' capabilities in innovating and marketing new products
4. MGM Wireless anticipates surplus cash generation to continue for the foreseeable future. Surplus cash is after funding of R & D
5. Commitment to R & D and innovation of new products is expected to see product range, and revenue generation continue to grow.
6. Outlook is for baseline organic growth of 5% - 10% pa in revenue and profit is expected *from established core business* plus potential for additional growth from new products and business expansion.

Balance Sheet

\$'000 unless indicated	31 Dec 2014	30 June 2014	31 Dec 2013
Cash	1606.3	1077.8	1,013.5
Other current assets	1,309.7	1,259.9	932.5
Total current assets	2916.0	2,337.8	1,946.0
Intangibles	1,706.0	1570.4	1063.5
Other non-current assets	186.5	201.5	203.3
Total Non current assets	1,892.4	1,771.9	1,266.8
Total assets	4,808.4	4,109.7	3,212.8
Current borrowings	-	-	-
Other Current liabilities	909.6	852.7	522.9
Total current liabilities	909.6	852.7	522.9
Non-current borrowings	200.0	200.0	200.0
Total Liabilities	1,109.6	1,052.7	722.9
Total equity	3,698.8	3,057.0	2,489.9

Financial performance

Sustained growth in customer base, earnings and cash

\$'000 unless indicated	2010	2011	2012	2013	2014	CAGR % pa	
Operational Customers (no)	575	698	808	940	1,088	17%	<i>Growing penetration of Australian & NZ schools</i>
Revenue	2,271	2,390	2,605	3,023	3,267	9%	
EBITDA	467	566	859	1,385	1,155	25%	<i>Earnings growth ahead of revenue with increase in value of product mix</i>
Margin %	20.6	23.6	32.9	45.8	35.3	n/a	<i>Higher margins from higher value product mix and efficiency</i>
EBIT	243	312	631	728	983	42%	
Net Profit	203	257	603	658	717	37%	<i>NPAT growth slightly lower due to increase in tax payments</i>
Cash from operating activities	208	(44)	301	910	1055	50%	<i>Cash rising due to business model mix and efficiency of scale</i>
(Net debt)/cash	(76)	(205)	(131)	326	877	n/a	<i>Cash balances rising after funding R & D, to be reinvested in growth</i>
Earnings per share (cps)	2.8	3.3	7.5	8.1	8.3	31%	
Dividend (cps)	-	-	-	1.0	1.1	n/a	
Return on capital %	116	31	40	29	22	n/a	
Return on equity %	102	40	48	31	23	n/a	



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