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October 2015 Roadshow: SFN To Acquire Swift Networks Group

Stanfield Funds
Management
ASX: SFN

On 19 October 2015 Stanfield Funds Management announced a Heads of Agreement for the acquisition of 100% of issued share capital of Swift Networks Pty Ltd and Wizzie TV Pty Ltd (Swift Group).

- ❖ Acquiring Swift Networks and Wizzie TV.
- ❖ Proposed transaction priced at 0.4 x revenue.
- ❖ Over 21,000 room installations and 95% of revenue is recurring.
- ❖ Revenue growth of 56% from January to September 2015.
- ❖ More than A\$5 million invested in the business by the founders.
- ❖ Blue-chip customer base, including BHP Billiton, Roy Hill, Bechtel and Alcatel-Lucent.

Stanfield Board

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Carl Clump **Non-Executive Chairman**

- ◉ Founder and CEO Retail Decisions, Card Clear, Harpur Group, TEPAR
- ◉ Multiple Advisory Boards internationally



Paul Doropoulos **Executive Director**

- ◉ Executive Consultant and CFO – Metaliko Resources Limited & Kinetiko Energy Limited
- ◉ ASX Listing, Capital Raising and Due Diligence



Xavier Kris **Corporate Director**

- ◉ CEO Tri-Nation Holdings, PLUS 8 Group
- ◉ Global M&A (e-commerce) across USA, Asia, Europe, Africa and Australia



James Pearson **Non-Executive Director**

- ◉ 30+ years capital markets advisory in London, Hong Kong and Australia

also.. **William Ng** as Non-Executive Director

The Swift Management Team

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Bob Sofoulis CEO

- ◉ Worked in the Mining, Oil and Gas industries for 20 years before becoming an entrepreneur in 1995
- ◉ Background in Instrumentation Engineering and Executive Experience in Radio and Communication

Malcolm D'Silva Sales Director

- ◉ 28 years of management experience, specializing in rapid growth and restructure
- ◉ Responsible for growth strategy and sales team
- ◉ Extensive commercial experience in the hotel industry

Jason Powell Operations Director

- ◉ Comes from a military background with qualifications in electronic communications and management
- ◉ 18 years of Operations & Engineering experience managing small & medium technology teams, delivering on a wide range of complex communication based projects

The Swift Networks Opportunity

Swift Networks is a Digital Entertainment System business providing fully integrated solutions for the Resource, Hotel, Lifestyle Village and Aged Care sectors. Such solutions include Free to Air TV, Pay TV, Telephony, Internet and Data and Wireless Networks.



- ◉ Based in Perth and began Operations in 2008 after being contracted to develop and implement a fully integrated Digital Entertainment System for the mining and resources industry of Western Australia.
- ◉ Swift has delivered a total of over 21,000 rooms to date predicted to grow to over 59,000 by 2018 and has secured one of the largest selection of digital content for Asia Pacific.
- ◉ Enjoys strong commercial relationships with multinational resource companies, with a current 95% recurring revenue stream.
- ◉ Has optimised its solutions for a wide range of customers from 50 rooms through to 5000+rooms.

The Swift Networks Opportunity

- ◉ Swift Networks now has a blue-chip customer base consisting of global and local players such as BHP Billiton, Bechtel, Chevron, FMG and Roy Hill.
- ◉ Underpinned by these agreements, the business is successfully leveraging its services into new verticals and geographies.
- ◉ Being the largest provider in Australia in this sector, this feature-rich technology solution has now been welcomed within the Hotel, Lifestyle Village and other sectors to enhance a guest's stay and experience.



The Swift Networks Opportunity



Wizzie TV is a provider of streaming content from global studios including some of the largest Hollywood studios and currently provides this content to Swift Networks' clients.

- A complimentary service to Swift Networks, providing Pay TV live streamed channels
- Sources television content via satellite from across the world
- Has a geographical distribution capability to most parts of the Asia Pacific region that allows opportunity for continued subscriber and geographical expansion.



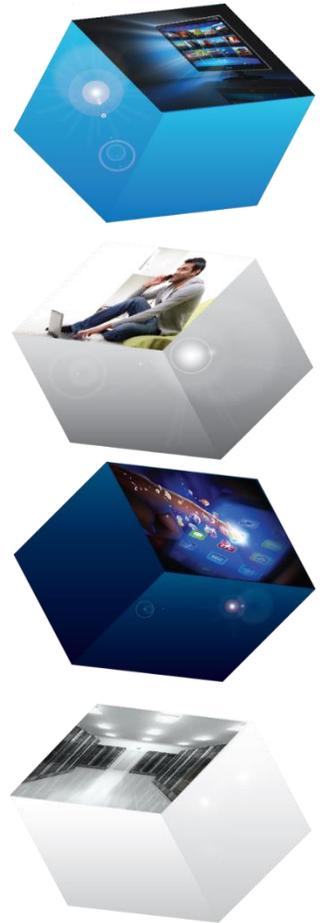
Note: Content distribution varies by sector and geography



The Swift Networks Opportunity

The Swift Networks business to business solution has four key service areas:

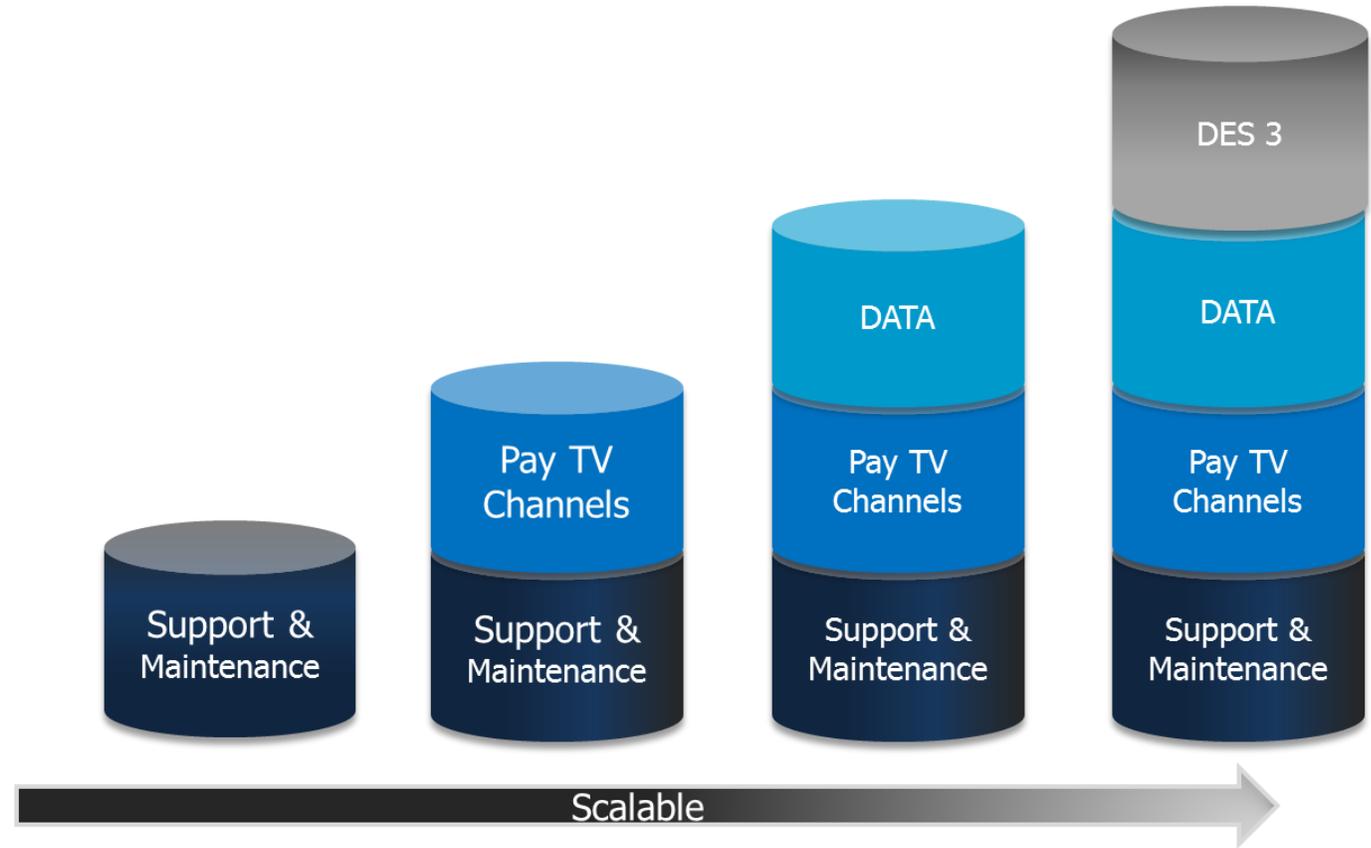
- ❖ Entertainment (Television, Pay TV / Wizzie TV, Movies on Demand, Radio, Games and Social Media Applications)
 - ❖ Communications (Internet, Wi-Fi, Telephone, Skype, Data)
 - ❖ Information (Alerts, Bulletins, Notifications, Custom Content and Videos)
 - ❖ Administration (24 / 7 enterprise level Helpdesk, remote Diagnostic tools, Infographics and Analytics, Maintenance and Service Agreements)
- ❖ With continued, strong, growth in its traditional markets, significant recurring revenues and a cash flow positive business, the Swift Network Group is perfectly positioned to further expand its operations in the Hotel and Lifestyle Village verticals, in Australia and overseas.



Revenue Model

Key Services		
Digital Entertainment System Deployment	Swift designs, supplies, configures, installs and commissions the entire hardware and software infrastructure needed for a full camp entertainment system.	One off project payment & monthly recurring charge
Maintenance and Support	Swift operates a 24*7*52 support help desk and remote monitoring service.	Monthly recurring charge
Content Provision	Swift and Wizzie TV provide access to pay TV channels, scheduled movies, Video on demand, gaming and telephony	Monthly recurring charge

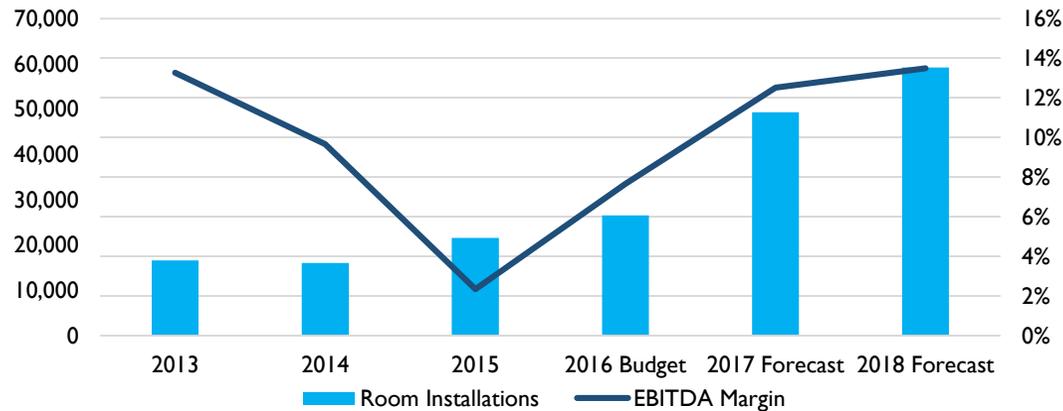
4 core modules: Support & Maintenance, Content/Media, Data, DES3



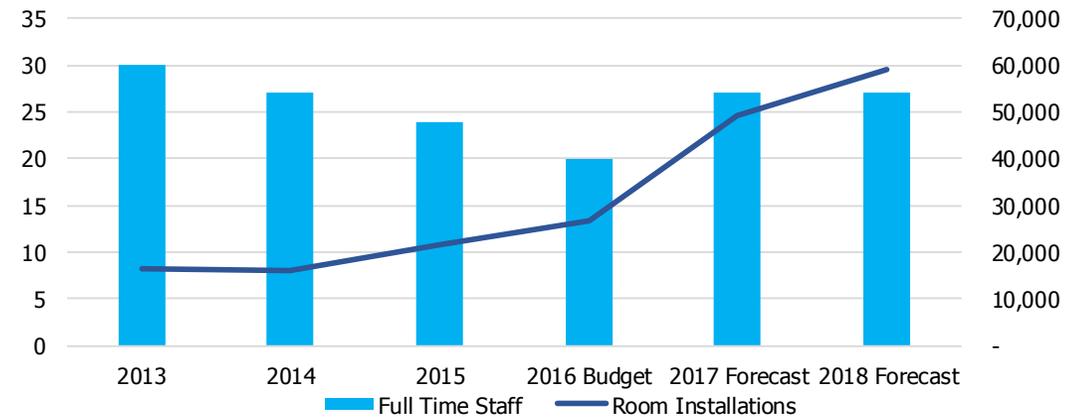
Key Indicative Performance Metrics

Swift Networks Pty Ltd Indicative Performance Subject to Due Diligence*

Room Installations vs. EBITDA Margin



Staff vs. Room Installations



2013 & 2014: Transition to recurring revenue business model from upfront capex model

Key Performance Indicators	2013	2014	2015	2016 Budget	2017 Forecast	2018 Forecast
Full Time Equivalents (Staff)	30	27	24	20	27	27
Marketing / Sales	4	5	5	2.8	6.8	6.8
Support	17	13	10	9	11	9
Administration / Corporate	8.8	8.8	8.8	7.8	8.8	8.8
Room Installations	16,606	15,983	21,553	26,553	49,303	59,164

*unaudited 2013 to 2015 financials. Excludes Wizzie Pty Ltd.

The Acquisition and Capital Raising

The purchase price payable by the Company to the Sellers is:

- ◉ \$4,500,000 in SFN shares calculated at the Offer Price;
- ◉ \$2,500,000 in SFN class A performance shares (**Class A Performance Shares**) calculated at the Offer Price;
- ◉ \$2,500,000 in SFN class A performance shares (**Class A Performance Shares**) calculated at the Offer Price; and
- ◉ \$500,000 in cash.
- ◉ Capital requirement of \$2.7million (up to \$4.0million) to expand business development opportunities in the hotel and lifestyle sectors.



Capital Structure Post Completion

Shares	Minimum Subscription	Full Subscription
Existing	16,158,387	16,158,387
Vendor Consideration	22,500,000	22,500,000
Capital Raising	13,500,000	20,000,000
Advisor	6,000,000	6,000,000
Total	58,158,387	64,658,387
Shares to be issued upon achieving Milestones	Minimum Subscription	Full Subscription
Class A Performance	12,500,000	12,500,000
Class B Performance	12,500,000	12,500,000
Total	25,000,000	25,000,000
Options	Minimum Subscription	Full Subscription
Existing	9,597,095	9,597,095
Broker /Advisor	5,200,000	5,200,000
Total	14,797,095	14,797,095

Indicative Timetable

Event	Date
Formal Agreement executed	15-Nov-15
Notice of meeting sent to shareholders	15-Jan-16
Prospectus lodged with ASIC	22-Jan-16
Capital Raising offer opens	29-Jan-16
Buyer's shares suspended from trading pre-market opening	15-Feb-16
General meeting to approve the Proposed Transaction	15-Feb-16
Capital Raising offer closes	19-Feb-16
Issue of securities under the Capital Raising	26-Feb-16
Issue of securities to the Sellers	
Completion of the Formal Agreement	
Expected date for the Buyer's shares to be reinstated to trading on ASX	4-Mar-16

Summary

- ... technology infrastructure in place
- ... marquee customers on board
- ... technology based service business
- ... strong, recurring revenue generating business
- ... experienced existing management team



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