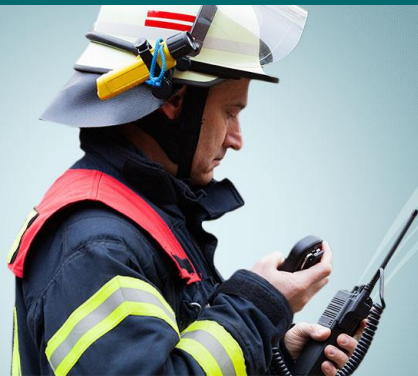




# Shareholder Presentation

## Etherstack plc (ASX:ESK)

May2016



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**Etherstack's LTE25™ Application allows government users to communicate securely with traditional emergency radio networks from specialised smart phones**

# Etherstack

Etherstack is a wireless technology company specialising in developing, manufacturing and licensing mission critical radio technologies.

With a particular focus in the public safety, defence, utilities, transportation and resource sectors, Etherstack's technology and solutions can be found in radio communications equipment used in the most demanding situations.

# About Etherstack – What We Do

## Mission Critical Radio Networks

⌘ Typically used by:

⌘ Public Safety Organisations (police, fire, ambulance)

⌘ Utilities (electric, gas, water)

⌘ Mining/Resource Sector

⌘ Transportation

⌘ They form part of essential services infrastructure in every country

⌘ Etherstack designs, manufactures and supplies this equipment to system integrators and end network operators globally

⌘ Etherstack also supplies this equipment and technology to OEMs, such as Cisco, for inclusion in their own product lineups



# About Etherstack – What We Do

## Tactical Radio Network Equipment

- ⚙️ Etherstack has designed and developed a “best in class” small form factor tactical repeater solution
- ⚙️ Used by national policing and defence organisations to provide secure ad hoc communications networks back to command-and-control from anywhere on the globe
- ⚙️ These solutions are typically used by:
  - ⚙️ State Emergency Services
  - ⚙️ State & Federal Policing Organisations
  - ⚙️ Defence Organisations (e.g. peacekeeping)
  - ⚙️ Humanitarian Aid Agencies
- ⚙️ Etherstack’s SFFR-6 unit (as illustrated) has been used to provide security on international policing deployments in challenging locations



**“Best In Class” Technology:  
Etherstack’s SFFR-6 Tactical Repeater  
(aka the “Go Box”) packs more power  
and networking capability into the most  
compact footprint than any comparable  
offering**

# About Etherstack – What We Do

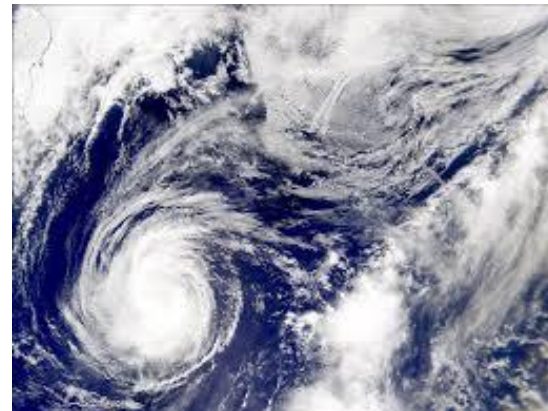
## Technology Licensing

- ❏ Other wireless equipment manufacturers license Etherstack technology for use in:
  - ❏ Portable radio products (handhelds, in-vehicle, airborne radios)
  - ❏ Radio network tower site equipment
  - ❏ IP based core network solutions
  - ❏ Cryptographic solutions
  - ❏ Specialised test equipment
- ❏ Some of the world's biggest names in wireless and IP switch equipment are clients and pay recurring royalties to Etherstack on sales of products shipped under their own brands
- ❏ Etherstack invests extensively in developing next generation wireless technology for the public safety communications industry
- ❏ Long royalty tails are typically 7 – 10+ years for the lifespan of a typical client's product line

# Multiple Revenue Streams

## Network Equipment Sales

- ❏ Etherstack generates its largest revenues from mission critical radio network equipment sales
- ❏ Etherstack currently has an installed base of 5 major utility networks in the US, Canada and Australia including a major digital radio network in Queensland for Ergon Energy. Our most recent award was in New Jersey, USA in April 2016.
- ❏ Network operators need to build digital radio communications networks that can withstand floods, cyclones, power outages and other disasters and emergencies
- ❏ Etherstack's equipment conforms to industry standards - APCO P25, DMR & TETRA – that ensure interoperability between different manufacturers
- ❏ Etherstack sells under its own brands as well as white labelling products in the US, Canada and Japan



# Multiple Revenue Streams

## Specialised Communications Equipment

- ⚙️ All electronics and software in these solutions are designed and manufactured by Etherstack
- ⚙️ Used in high value applications such as disaster recovery, policing and defence applications
- ⚙️ For example, Etherstack's in-vehicle repeaters allow officers to leave their vehicles and communicate with dispatch from handheld radios using the vehicle as a relay point
- ⚙️ Over 5,000 California Highway Patrol cars have Etherstack specialised communications equipment onboard
- ⚙️ Etherstack's new tactical repeater ("Go Box") is being well received by international policing and other security organisations. The company has recently announced new sales with multiple government agencies of the product, including several repeat multi unit orders from one key policing client.



California's Highway Patrol uses  
Etherstack Technology



# Multiple Revenue Streams

Etherstack's technology licensing clients typically generate three types of revenue:

1. **Technology access fees:** Where a wireless equipment manufacturer licenses Etherstack's technology rather than develop it internally
2. **Customisation and integration services:** These revenues come as a result of the licensing deals
3. **Ongoing royalties:** Typically on a per unit shipped by the manufacturer using Etherstack technology.

Recurring royalties have been consistently growing for Etherstack with a noticeable lift in 2016



**Always Innovating: Etherstack will release a full DMR Tier III digital mobile radio network product line in June 2016**

# Multiple Revenue Streams

## Long Term Support

- Each time Etherstack sells a mission critical radio network, the end user organisation typically enters into a 24x7 support agreement with Etherstack, either directly, or indirectly via a system integrator
- Lifetime of support revenues associated with a digital radio network is usually 10-15 years
- Etherstack's installed support client base has been growing every year
- Etherstack has seen strong support revenue growth in the last 18 months as new networks have been deployed



# 2016 Update & Outlook

- ⚙ In 2015 significant signs of recovery in the US economy have helped drive underlying revenues in almost all aspects of Etherstack's diverse revenue streams for the 2016 calendar reporting period

## Recent Significant Contract Wins

- ⚙ Etherstack has had numerous new digital radio network wins in the past 12 months that are in various stages of deployment including:
  - ⚙ New US & Canadian policing networks
  - ⚙ New US Federal networks, such as the US Dept of Interior
  - ⚙ New US electric utility network win (A\$3.2m Jersey Central Power & Light, part of the FirstEnergy electric utility group)
  - ⚙ Material upgrade programs underway and planned by existing network operators

# 2016 Update & Outlook

## Royalty Growth

- ⚙️ Etherstack's Q1 2016 royalty reports from other manufacturers were unusually high, potentially indicating a sector wide recovery
- ⚙️ Etherstack expects that new royalty streams from a new digital radio technology known as DMR (Digital Mobile Radio) will contribute importantly to the company's profitability in 2016 and forward

## Support Growth

- ⚙️ New radio networks deployed and expansion of existing client radio networks has seen a material uptick in support revenues for 2016
- ⚙️ Long term support revenues represent an important foundation for improved visibility and reduced volatility of future earnings

## Specialised Equipment Growth

- ⚙️ Etherstack is experiencing increased demand for its new tactical radio network products and seeing fresh orders
- ⚙️ The company is broadening its portfolio and regional certifications in this area to capitalise on demand

# 2016 Update & Outlook

## Reduced Costs

- ⚙️ The company is operating at its lowest cost base in over 6 years, through the rationalisation of product lines and facilities

## Stronger Cashflow

- ⚙️ 2016 has seen much improved cashflow on the back of new contract awards. It is expected that this will continue throughout 2016, and interest costs reduce as a result of the current equity issue

## Rights Issue

- ⚙️ The Company is currently undertaking a A\$9.5m entitlement issue to retire debt which will assist both profitability and cashflow going forward.
- ⚙️ Additional working capital will also be available to the Company as a result to assist in the deployment of new projects and expansion of marketing activities for its latest products

# Outlook Summary

- ⚙️ Achieved structural changes in the Company's revenue mix
- ⚙️ Significantly reduced operating and financing costs
- ⚙️ Witnessing growing demand across all products and services
- ⚙️ Benefiting from improved US economy
- ⚙️ Significant new contract wins already achieved in 2016
- ⚙️ Etherstack expects to significantly outperform 2015 and has positioned itself to continue growing through 2017 and beyond



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