

# Etherstack plc

Investor Presentation

1<sup>st</sup> March 2013



# Presentation Overview

- About Etherstack
- Core Divisions
- Etherstack Products
- Financials
- Outlook & Growth Opportunities



“Shadow 200” UAV (Unmanned Aerial Vehicle) being deployed in Afghanistan, 2008. The Shadow 200 payload includes the “Falcon III” military Software Defined Radio by Harris Corp (NYSE:HRS) for tactical communications purposes.

Harris is historically Etherstack’s 3<sup>rd</sup> largest customer by dollar value, after Raytheon (NYSE:RTN) and Rockwell Collins (NYSE:COL)



# About Etherstack

## Overview

- Truly global wireless technology company servicing government, defence, avionics, public safety, utilities and other mission critical wireless markets
- Derives revenues from a blend of technology royalties from its IP, high value niche radio products and OEM “white label” reselling of its wireless products by major international wireless and defence companies
- Strong radio network systems business in subsidiary Auria Wireless Pty Ltd servicing utilities, resource and emergency services sectors
- Considered a world leader in military software defined radio (SDR) waveform technologies

The Swedish Armed Forces engaged Etherstack to undertake a new military Software Defined Radio project to allow interoperability between defence and civilian forces.



## Core Divisions

### Protocols (Waveforms) Division

- technology licensing of chip level wireless software
- military waveform technology licensing and provision
- cryptographic software and hardware module licensing and supply

### RF Division

- technology licensing of radio reference designs
- OEM digital radio module supply using outsourced manufacturers
- specialist tactical communications products

### Networks Division

- mission critical radio network switching technology
- LTE25 product line for 4G networks

### Auria Wireless Pty Ltd

- system solutions provider to utilities, government and resources sectors

In April 2012,  
Etherstack's first radio  
network for the Russian  
Police in the city of  
Rostov-on-Don was  
formally commissioned.

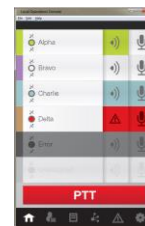




# Etherstack Products

## Networks Division

- Mission critical radio communications networks for utilities, govt, defence, emergency services
- Emergency services networks for police, fire and ambulance in US, Canada & Russia
- Large digital radio networks for utilities in Australia, Canada & US
- Mining radio networks in Australia & Africa
- Tactical radio networks for govt agencies



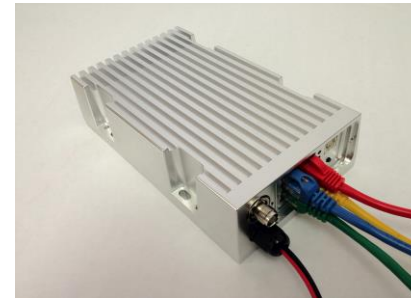
In 2012 the Royal Canadian Mounted Police received their first digital radio network based on Etherstack technology.



# Etherstack Products

## RF Products

- Small multi band radio designs for use in emergency services, military and other mission critical radio (e.g. utilities & mining) products and networks
- Specialist “high value” radio products for industry (utilities & mining) and tactical communications applications



**ATCO Electric, the primary electric utility in Alberta Province in Canada has an 80-site digital radio network supplied by Etherstack for their operations staff, providing communications over vast areas of the weather challenged province**



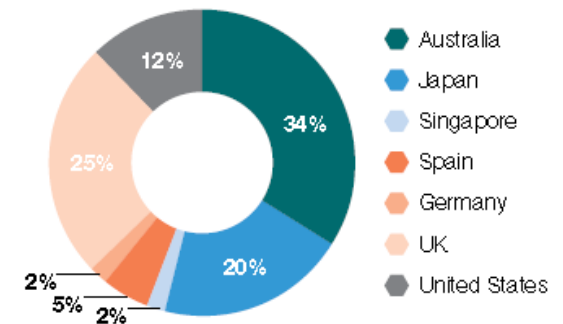
# Etherstack Products

## Protocols Division

- Air interface signalling software embedded in chips in handhelds, mobiles and radio networks licensed to over 20 manufacturers globally
- Digital signalling software that enables interoperability between different manufacturers radio equipment against published international standards such as TETRA, APCO P25, DMR and dPMR
- National and international defence organisation military waveform developments to allow secure sovereign and allied force communications



*Etherstack existing staff by regional offices*





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# Etherstack Products

## Rich blend of existing, new and emerging products

- Multi million dollar per annum R&D spend in 2010, 2011, 2012 & into 2013
- Solid blend of maturing and emerging revenue streams from multi-year product development cycles
- Industry leading innovations in government radio communications such as Etherstack's new LTE25 product allowing secure seamless bridging traditional police radio networks and new LTE networks

Google Maps integration

Point and click to talk



Track users in operational areas

Transmit to multiple groups concurrently

Push-to-talk group calls



End-to-end encryption

Location & tracking services



Mission critical solution



# Etherstack Markets

## Etherstack Traditional Markets

- North America (networks, modules & licensing)
- Australia & New Zealand (digital radio networks)
- Japan (licensing)
- EU, NATO+7 (military waveform technology)

## Etherstack Emerging Markets

- Russia and nearby (police & resources digital networks)
- South East Asia (utilities & resources digital networks)
- South America (digital radio networks)

## Greenfields Opportunities

- Cutting edge public safety solutions for new LTE networks



Etherstack has advised NATO on military radio communications technology.

# Etherstack 2012 Major Events

## Summary

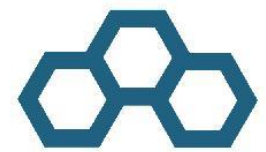
- ASX Listing on 7<sup>th</sup> September 2012
- Completed key stages of major utility network rollouts in Australia & US
- Major new digital technology licensing contract with JVCKENWOOD in Japan for a global product development
- Cisco royalty flow commenced in December 2012, expected to grow significantly over next three years
- First Etherstack police digital radio network commissioned in Russia
- First Etherstack police digital radio network commissioned in Canada
- American Samoa police digital radio network announced
- New LTE25 product launched in the US & Australia
- Larger Australian R&D facility opened (300% space increase)

# Etherstack FY2012 Results

## Summary

- FY2012 Revenue USD\$7.1m
- Loss of USD\$1.1m (NPAT) on a marginally negative EBITDA (USD\$0.1m) when listing costs considered
- New JVCKENWOOD technology licensing contract in Japan announced in Dec 2012 progressing to schedule
- First ever quarterly Cisco royalty announced in Dec 2012. Further Cisco royalties reported since. Quarterly royalty flow from Cisco expected to increase in 2013

	FY2011 Audited (‘000 USD)	FY2012 Prelim (‘000 USD)	FY2013 Forecast (‘000 USD)
Revenue	14,514	7,051	14,800
EBITDA (*excluding IPO cost in 2012)	5,162	(132)	4,900
NPAT	3,988	(1,107)	4,100
Earnings per share	14.0 cents	(3.6) cents	12.8 cents



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# FY2013 Outlook & Growth Opportunities

## Outlook

- Significant multi-year contracts in hand with good visibility on contributions for 2013, 2014 & 2015 financial years backed by government and defence spending
- Strong activity in all traditional business lines, good mix of established products, new products and upcoming products

## New Growth Opportunities

- Royalty growth, as described in recent ASX announcements
- Existing markets, through substantial pipeline activity currently underway
- New market expansion, progressing particularly well in Russia & neighbouring states building on government backed wins in 2012
- New technology lines, such as LTE25 launch in US & Australia
- Vertical integration, with new industrial control platforms for utilities & mining
- Systems solution delivery, through digital radio network migration





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# FY2013 Outlook & Growth Opportunities

## Dividend Considerations

- Significant retained earnings to allow payment of dividends
- USD\$0.08 per share paid FY2010
- FY2011 dividend suspended to support ASX listing
- FY2012 no dividend based on performance
- Should FY2013 continue to track to FY2011, the board expects to return to dividend payments

Keep track of FY2013 performance – add ASX:ESK to your watch list