



LICT Corporation

Premier Provider of Broadband Services to Rural America

Sidoti & Company, LLC
Spring 2019 Convention

LICT Corporation
(OTC Pink)

LICT

Presenters

Robert E. Dolan

EVP & CFO

Financial Performance Metrics

James DaBramo

COO

Company Overview – Strategic Direction

Safe Harbor Statement

Safe Harbor Statement

The information contained herein is current only as of the date hereof; however, unless otherwise indicated, financial information contained herein is as of December 31, 2018. The business, prospects, financial condition or performance of LICT Corporation (“LICT”) and its subsidiaries described herein may have changed since that date. LICT does not intend to update or otherwise revise the information contained herein. LICT makes no representation or warranty, express or implied, as to the completeness of the information contained herein.

Some statements herein are known as “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements include, but are not limited to, statements about our plans, objectives, expectations and intentions and other statements contained herein that are not historical facts. When used herein, the words “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “projects,” “continue,” “outlook” and similar expressions are generally intended to identify forward-looking statements. Because these forward-looking statements involve known and unknown risks and uncertainties, there are important factors that could cause actual results, events or developments to differ materially from those expressed or implied by these forward-looking statements, including our plans, objectives, expectations and intentions and other factors, including those factors discussed under “Risk Factors” in our Annual Report to shareholders for the fiscal year ended December 31, 2018 and other factors discussed in reports that we post on our website, LICTCorp.com. You should not place undue reliance on such forward-looking statements, which are based on the information currently available to us and speak only as of the date hereof. LICT does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

The Company uses certain non-GAAP financial measures in evaluating its performance. Throughout this presentation, reference is made to EBITDA, Free Cash Flow and adjustments to GAAP and non-GAAP measures to exclude the effect of special items. Management believes the non-GAAP measures are useful for investors because they enable them to view performance in a manner similar to the method used by the Company’s management. Free Cash Flow may also be useful to investors in assessing the Company’s ability to generate cash and meet its debt service requirements. In addition, management believes that the adjustments to GAAP and non-GAAP measures to exclude the effect of special items may be useful to investors in understanding period-to-period operating performance and in identifying historical and prospective trends.

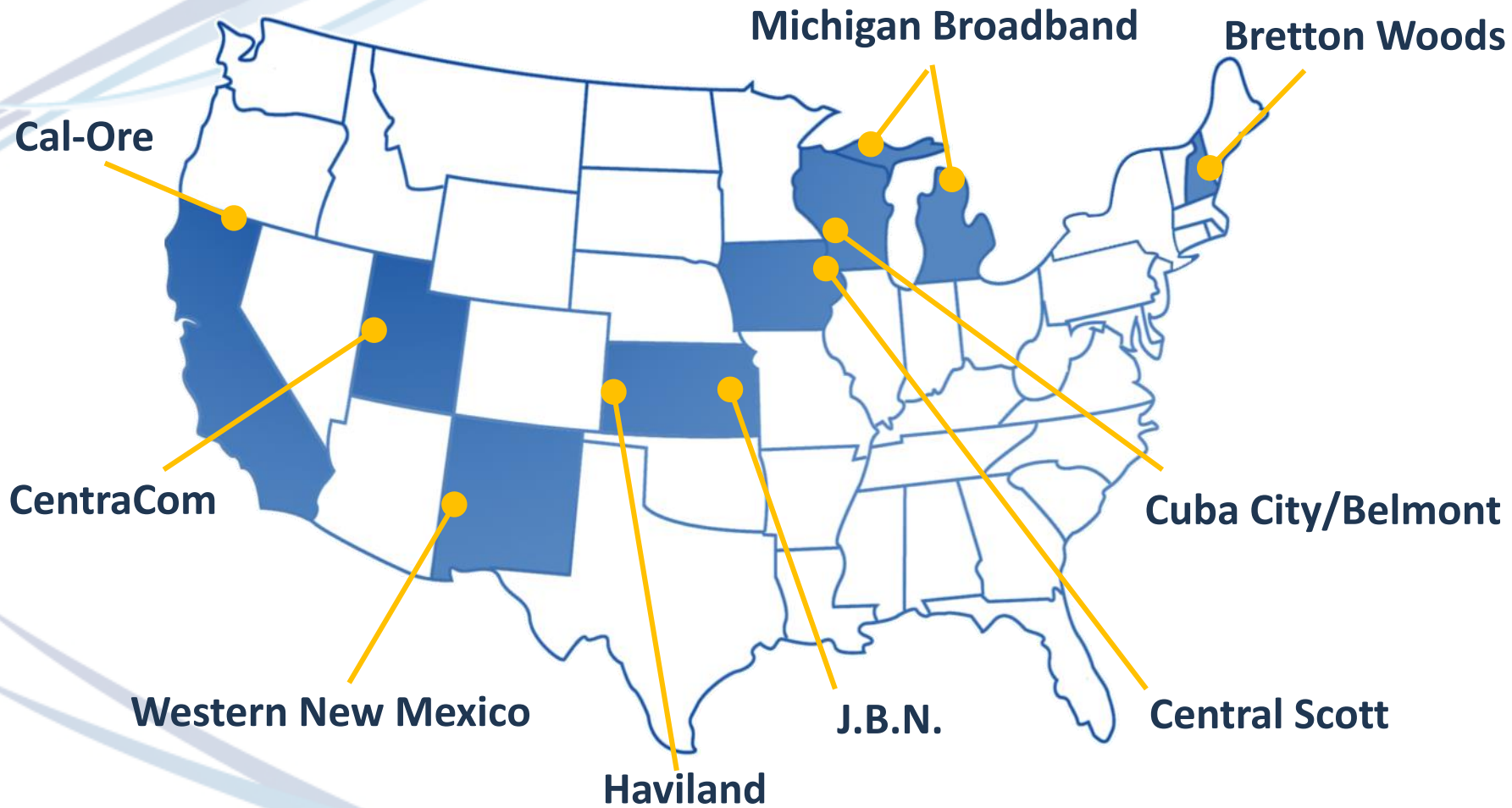
The non-GAAP financial measures, as used herein, are not necessarily comparable to similarly titled measures of other companies. Furthermore, these non-GAAP measures have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net income or loss, operating income, cash flow or other combined income or cash flow data prepared in accordance with GAAP. Because of these limitations, EBITDA and Free Cash Flow should not be considered as measures of discretionary cash available to invest in business growth or reduce indebtedness. The Company compensates for these limitations by relying primarily on its GAAP results and using the non-GAAP measures only supplementally.

The information in this document should be read in conjunction with the financial statements and footnotes contained in our documents posted on our website.

Corporate History

- **Management assumed control of Lynch Corporation in 1985**
- **Began as an LBO Fund in Public Format**
- **Focused on rural America**
 - Broadband
 - Television stations
- **Made first RLEC acquisition in 1989**
- **33 acquisitions, 11 dispositions and 7 spin-offs**
- **Focused spectrum initiative**
- **Continued pro-active Organic and M&A growth strategy**

LICT Today



Where We Are Today

- **Broadband providers in rural United States**
- **Incumbent local carrier status in 8 states**
- **Broadband service provider in 10 States**
- **Balanced organic approach**

Core Competencies

- **Operational Base to Leverage**
- **Balanced Operating Formula**
 - **Stability**
 - **Growth**
- **Solid Free Cash Flow**
- **Strong Balance Sheet**
- **Significant Value in Other Investments**

Snapshot

December 31, 2018

| | |
|---------------------------|------------------|
| Revenue (000's) | \$115,818 |
| EBITDA (000's) | \$57,942 |
| Net Debt | \$3,244 |
| EPS | \$1,262 |
| Shares Outstanding | 19,931 |

Balanced Operating Results

| | 2018 (000's) | 2013 (000's) | CAGR |
|----------------------|------------------|-----------------|--------------|
| <u>Revenues:</u> | | | |
| Regulated | \$65,656 | \$52,431 | 4.6% |
| Non-regulated | 50,162 | 28,327 | 15.4% |
| Total | \$115,818 | \$80,758 | 9.4% |
| <u>EBITDA:</u> | | | |
| Regulated | \$35,210 | \$23,505 | 10.6% |
| Non-regulated | 20,532 | 9,506 | 21.2% |
| Affiliates | 2,200 | 974 | 22.6% |
| Total | \$57,942 | \$33,985 | 14.3% |

Solid Free Cash Flow

| | 2018 (000's) | 2013 (000's) | CAGR |
|------------------------|-----------------|-----------------|--------------|
| EBITDA | \$57,942 | \$33,985 | 14.3% |
| Capital Expenditures | | | |
| Regulated | 10,330 | 11,847 | (3.4%) |
| Non-regulated | 12,606 | 6,103 | 19.9% |
| Total | 22,936 | 17,950 | 6.3% |
| Free Cash Flow* | \$35,006 | \$16,035 | 21.6% |

*EBITDA from Operations less Capital Expenditures

Liquidity and Leverage

| | <u>December 31,</u> | |
|-------------------|---------------------|-----------------|
| | 2018 | 2013 |
| | (000's) | (000's) |
| Cash and Deposits | \$27,732 | \$9,272 |
| Debt | 30,976 | 71,756 |
| Net Debt | \$3,244 | \$62,484 |

Share Repurchases

Year Ended December 31,

| | |
|------|-----------------|
| 2014 | \$ 774 |
| 2015 | 3,302 |
| 2016 | 2,575 |
| 2017 | 8,935 |
| 2018 | 8,322 |
| | <hr/> |
| | <u>\$23,909</u> |

Investments

- **Modoc RSA Limited Partnership**
- **Iowa Network Services**
- **AWS and PCS Spectrum**
- **DFT Communications**
- **CoBank Patronage Capital**

LICT Received \$3.0m in Cash Distributions in 2018

Giving Back

Year Ended December 31, 2018,

(000's)

| | |
|--------------------------------------|---------|
| • Shareholder Designated Donations | \$1,145 |
| • Local Organizations/Employee Match | 133 |
| | <hr/> |
| | \$1,277 |
| | <hr/> |

Year Ended December 31, 2017

| | |
|-------------------------------------|---------|
| • Shareholder Designated Donations | \$1,138 |
| • Local Organization/Employee Match | 126 |
| | <hr/> |
| | \$1,264 |
| | <hr/> |

Exceptional Shareholder Returns

| | <u>12/16/85</u> | <u>12/31/18</u> | <u>CAGR</u> |
|-----------------------------------|-----------------|-----------------|-------------|
| LGL Group, Inc. | | \$530,000 | |
| LICT Corporation | | 25,130,000 | |
| Spin Offs: | | | |
| • Tremont Advisers, Inc. | | 2,547,000 | |
| • East/West Communications | | 5,376,000 | |
| • Sunshine PCS/(ICTC Group, Inc.) | | 151,000 | |
| • Morgan Group | | 17,000 | |
| • CIBL | | 3,235,000 | |
| • ICTC Group, Inc. | | 1,430,000 | |
| Investment | \$1,000,000 | \$38,416,000 | 16.7%* |

Assumed purchase of approximately 87,000 shares of Lynch Corporation common stock for \$1 million (\$11.50 per share) on December 16, 1985, the date that Mario J. Gabelli assumed control of Lynch Corporation. Note: The S&P 500's return was 7.8% over that period.

Comparable Analysis

| SMID Cap RLECs | Market Cap* | Enterprise Value | LTM EBITDA | EV/LTM EBITDA |
|----------------|-------------|------------------|------------|---------------|
| In Millions | | | | |
| ALSK | \$97 | \$251 | \$54 | 4.6x |
| CBB | 495 | 2,539 | 372 | 6.8x |
| CNSL | 731 | 3,062 | 536 | 5.7x |
| FTR | 243 | 16,985 | 3,543 | 4.8x |
| LICT | 309 | 281 | 55 | 5.1x |
| NUVR | 100 | 151 | 23 | 6.6x |
| NORSA | 132 | 175 | 32 | 5.5x |
| OTEL | 55 | 124 | 26 | 4.8x |

* Reflects stock prices as of 3/24/19

Our Mission

To Improve the Lives of our Customers

- **Increase broadband capabilities in our markets**
- **Expand our networks beyond our incumbent areas**
- **Add relevant products and services**
- **Use our success to grow through acquisitions**

Strategic Advantages

- **Favorable community ties**
- **Rural markets less vulnerable to competition**
- **Supportive Regulatory environment**

Strategic Advantages

- **Name recognition - ties with customers**
- **Leverage existing network**
- **Tap local sales talent pools for growth**
- **Fill void created by existing providers**

Regulatory Dynamics

- **Alternative Connect America Cost Model (ACAM)**

Release 1: \$ 23.3m Per year

2: 2.9m Incremental (\$26.2M run rate)

3: 4.6m Incremental (\$30.8M run rate)

- **State Universal Funds**

\$8.1m per year - current run rate

Future Growth Broadband

- **Leverage reputation in the marketplace**
- **Expand existing footprint**
- **Fiber Construction – Smart Build – Fixed Wireless**
- **Edge out program – New Markets**
- **Add new products and services**
- **Diversify sales**

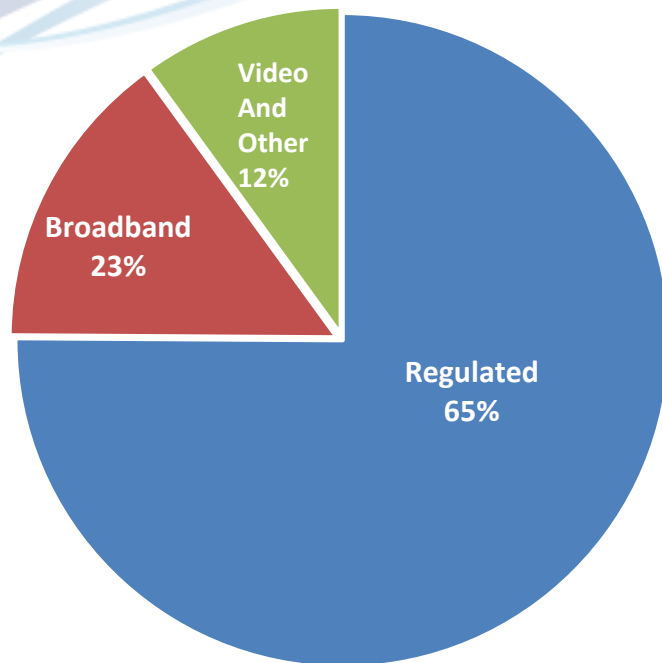
Broadband Network Expansion

- 25 niche markets targeted

| Network Adds in 2019 | | | |
|-----------------------|-------|-------|----------------|
| Subsidiary | Fiber | Cable | Fixed Wireless |
| CentraCom (Utah) | ✓ | ✓ | ✓ |
| WNMT (New Mexico) | ✓ | | ✓ |
| Cal-Ore (Oregon/Cali) | ✓ | | ✓ |
| UPTC (Michigan) | ✓ | | |
| JBN-Haviland (Kansas) | ✓ | ✓ | ✓ |
| CST (Iowa) | ✓ | ✓ | |
| Cuba City (Wisconsin) | ✓ | | |
| BWTC (New Hampshire) | ✓ | | |

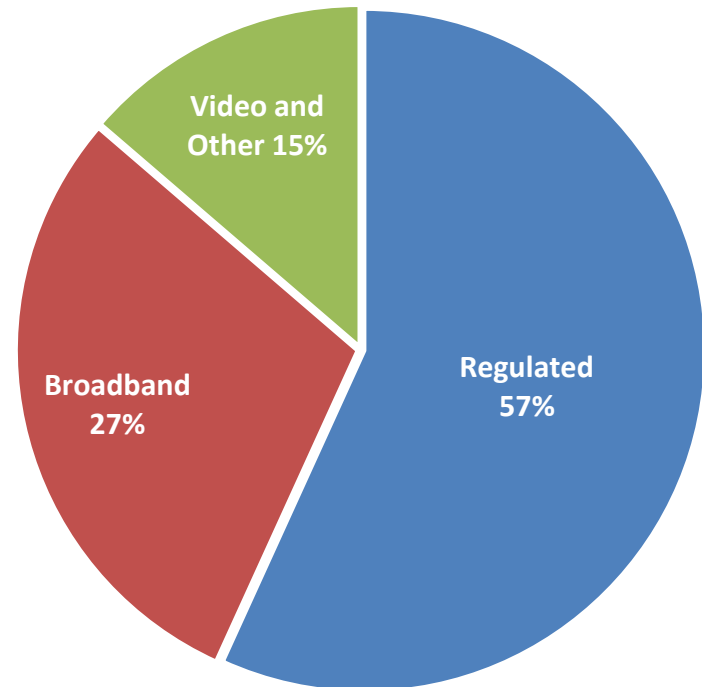
Improving Revenue Mix

2013



■ Regulated ■ Broadband ■ Video and Other

2018



■ Regulated ■ Broadband ■ Video and Other

Over the past 5 years, LICT has reduced its regulated revenue composition from 65% to 57% (Inclusive of ACAM increases)

Capital Expenditure Focus

- **Fiber networks:**
 - 4,600 miles and growing
 - Non ILEC territory for success based growth
 - Fiber Extensions in all markets
 - ILEC territory to support regulated - funded mandates
- **Other Broadband expansion and enhancement:**
 - DOCSIS upgrades in Utah, Kansas and Iowa
 - Fixed wireless: New Mexico, Kansas, Utah, Cal-Ore
- **Add services such as OTT video, security and managed services**

LICT Summary

- **Dominate – Incumbent markets**
- **Growth Execution – Expansion markets**
- **Positive Regulated Environment**
- **Financial Discipline**

= History of shareholder value creation



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Closing Summary

Question and Answer Session