



LICT Corporation

Premier Provider of Broadband Services to Rural America

Sidoti & Company, LLC
Spring 2017 Convention

LICT Corporation
(OTC Pink)

LICT

Introduction

Robert E. Dolan
CFO

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, 2016. 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, 2016 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

- **Current management assumed control of Lynch Corporation (predecessor to LICT) in 1985.**
- **Began as an LBO Fund in Public Format**
- **Provides broadband connectivity to rural America**
- **Creation of Share Value**

Corporate History

Active in corporate development initiatives to create shareholder value:

- Made first RLEC acquisition in 1989**
- 33 acquisitions, 11 dispositions and 7 spin-offs**
- Focused spectrum initiative**
- Continued pro-active M&A and capital deployment strategy**

Exceptional Shareholder Returns

	<u>12/31/85</u>	<u>12/31/16</u>	<u>CAGR</u>
LGL Group, Inc.		\$5,020	
LICT Corporation		119,000	
Spin Offs:			
• Tremont Advisers, Inc.		29,288	
• East/West Communications		61,822	
• Sunshine PCS/ICTC Group, Inc.		1,650	
• Morgan Group		840	
• CIBL		30,600	
• ICTC Group, Inc.		7,800	
Investment	\$11,500	\$256,019	16.3%*

A purchase of 1,000 shares of Lynch Corporation on 12/31/85 would have yielded a 16.3% CAGR vs. the S&P 500's 8.0% return

Core Competencies

- **Stable Operating Environment**
- **Solid Free Cash Flow**
- **Strong Balance Sheet**
- **Significant Value in Other Investments**
- **Robust Operational Base to Leverage**

Snapshot as of 12/31/16

(\$'s in thousands)

Customer Connections	69,468
<i>y/y growth</i>	<i>+2.4%</i>
Revenue (LTM)	\$90,688
EBITDA From Operations/Affiliates (LTM)	36,469
Shares Outstanding	21,282
Market Capitalization (as of 3/24/17)	\$146,645
Enterprise Value	169,305

Stable Operating Environment

(\$'s in thousands)

	2012	2013	2014	2015	2016
<u>Revenues:</u>					
Regulated	\$55,098	\$52,430	\$54,075	\$49,726	\$48,741
Non-regulated	24,830	28,327	31,781	36,859	41,947
Total	\$79,928	\$80,757	\$85,856	\$86,585	\$90,688
<u>EBITDA:</u>					
Regulated	\$25,933	\$23,505	\$24,112	\$19,200	\$17,304
Non-regulated	7,901	9,505	12,283	14,858	17,212
Affiliates	981	975	1,438	2,350	1,950
Total	\$34,815	\$33,986	\$37,832	\$36,408	\$36,466

LICT has successfully grown Non-Regulated EBITDA to offset pressures in Regulated EBITDA

Solid Free Cash Flow

(\$'s in thousands)

	2012	2013	2014	2015	2016
Capital Expenditures:					
Regulated	\$8,559	\$11,487	\$9,711	\$10,497	\$8,788
Non-regulated	4,112	7,075	6,617	7,528	7,341
Total	\$12,671	\$18,562	\$16,328	\$18,025	\$16,129
Free Cash Flow*	\$22,144	\$15,424	\$21,504	\$18,393	\$20,337

*EBITDA from Operations less Capital Expenditures

Liquidity and Leverage

(\$'s in thousands)

	December 31,					
	2011	2012	2013	2014	2015	2016
Cash and Deposits	\$11,705	\$9,030	\$9,272	\$22,155	\$14,748	\$19,470
Debt	100,286	78,237	71,756	58,466	44,830	42,130
Net Debt	\$88,581	\$69,207	\$62,484	\$36,311	\$30,082	\$22,660
Average Interest Rate	6.0%	6.3%	5.6%	5.1%	5.7%	5.4%
Total Debt to EBITDA	2.8	2.2	2.1	1.7	1.3	1.3
Net Debt to EBITDA	2.5	1.9	1.8	1.0	0.9	0.7

Investments

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

LICT Received \$2.6m in Cash Distributions in 2016

Comparable Analysis

(\$'s in millions)

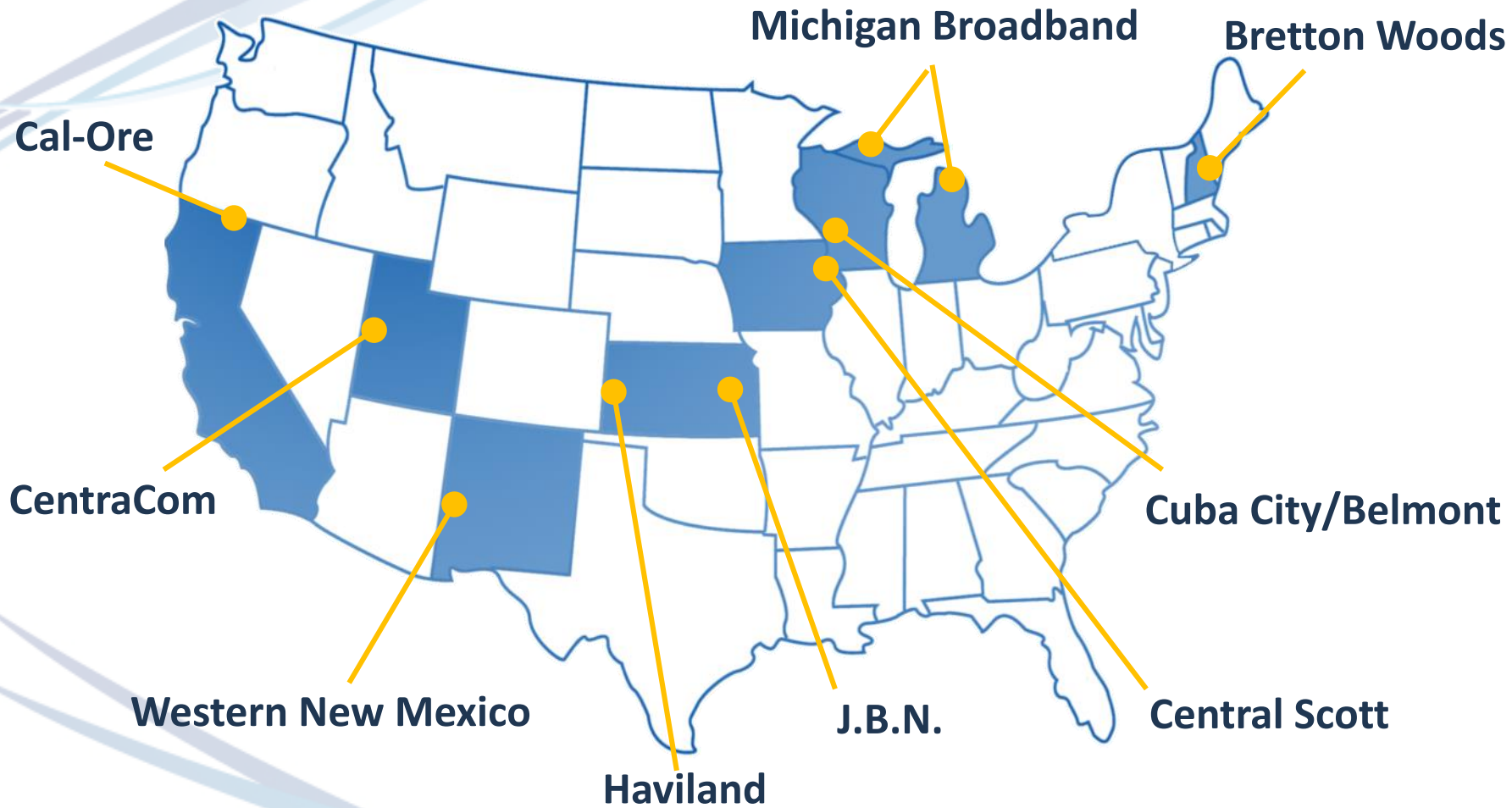
SMID Cap RLECs	Market Cap	Enterprise Value	LTM EBITDA	EV/LTM EBITDA
ALSK	\$93	\$250	\$56	4.4x
CBB	811	2,001	288	6.9x
CNSL	1,235	2,599	311	8.4x
FRPT	483	1,369	251	5.5x
HCOM	269	534	116	4.6x
LICT	147	169	33	5.1x
NULM	47	71	15	4.7x
NORSA	148	186	28	6.7x
OTEL	21	103	28	3.7x

* Reflects stock prices as of 3/24/17

Operations Review

James DaBramo
COO

Current Markets



Strategic Advantage

- **Rural markets less vulnerable to competition.**
- **Favorable community ties with customers.**
- **Supportive regulatory environment.**
- **Opportunities in adjacent markets to grow.**
- **Strong balance sheet providing the opportunity to invest both organically and through acquisitions.**

Growth

Organic & Acquisitions

Expand
Markets
Products-
Services

Cable
Fiber
RLEC



Diversify
Sales

Broadband
Wireless
CLEC
Data Centers

LICT

Regulatory Dynamics

**LICT's A-CAM Election
(Alternative Connect America Model)
Effective January 1, 2017**

- **March 2016 FCC adopted Alternative Connect America Cost Model (A-CAM) USF plan for Rate-of-return carriers.**
- **ACAM is voluntary, 10-Year fixed support effective 1/1/17.**
- **A-CAM promotes broadband build-out in Rural America.**
- **A-CAM carriers must deliver 25/3 & 10/1 Mbps to percent of locations in non-competitive eligible census blocks.**
- **A-CAM replaces legacy HCLS & ICLS USF mechanisms.**
- **Non-A-CAM carriers remain on a cost-based USF.**

A-CAM

A-CAM Net Benefit

\$11m

Target Markets



Market	Population	Businesses
Salt Lake City	1,410,815	35,821
Orem	88,328	3,022
Provo	112,488	2,645
American Fork	28,542	1,032
Spanish Fork	32,643	752



Market	Population	Businesses
Bettendorf	33,217	1,330
Davenport	99,685	4,302
Muscatine	22,886	996
Dubuque	57,637	2,831
Moline	43,977	2,173
Rock Island	39,684	1,392



Market	Population	Businesses
Klamath Falls	20,065	1,975
Medford	74,907	4,123
Mt Shasta	10,166	864
Yreka	7,605	1,019



Market	Population	Businesses
Marquette	21,491	2,245
Escanaba	12,121	973
Traverse City	15,218	3,664



Market	Population	Businesses
Wichita	382,368	13,367
Topeka	127,473	5,787



Market	Population	Businesses
Silver City	10,315	740
Deming	15,541	603
Las Cruces	97,618	3,950

Targeted Expansion Markets

- **25 Markets Across 8 States**
- **Over 100,000 Businesses**
- **Over 2.8m Population**
- **Addressable Market \$1.2b Annually**

CentraCom
Headquartered in Fairview, Utah
Acquired 2001

- **7 Markets: Fairview, Salt Lake City, Orem, Provo, American Fork, Spanish Fork, Ogden**
- **Over 47,000 businesses**
- **Population 1.8M**
- **Addressable Market - \$800m**

**Michigan Broadband
Headquartered in Carney, Michigan
Acquired 1996**

- **3 Markets: Traverse City, Escanaba, Marquette**
- **Over 6,800 businesses**
- **Population 49,000**
- **Addressable market- \$37m**

Capital Expenditure Focus

- **Fiber networks:**
 - ILEC territory to support regulated - funded mandates
 - Non ILEC territory for success based growth
 - Fiber Extension (4,200 miles and growing)
- **Broadband expansion and enhancement:**
 - DOCSIS upgrades
 - Fixed wireless
- **Non-regulated businesses such as video, security and managed services.**

Investment Highlights

- ✓ Solid incumbency position.
- ✓ Exceptional growth in non-regulated revenue.
- ✓ Aggressive broadband expansion.
- ✓ Improved position from FCC A-CAM ruling.
- ✓ Generates solid FCF supporting a strong balance sheet.
- ✓ Pursuing disciplined M&A to compliment organic growth.
- ✓ History of shareholder value creation.



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