



LICT Corporation

Premier Provider of Broadband Services to Rural America

Annual Meeting of
Shareholders
May 21, 2018

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, 2017. 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, 2017 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.

Broadband



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>3/31/18</u>	<u>CAGR</u>
LGL Group, Inc.		\$5,590	
LICT Corporation		254,000	
Spin Offs:			
• Tremont Advisers, Inc.		29,288	
• East/West Communications		61,822	
• Sunshine PCS/ICTC Group, Inc.		1,750	
• Morgan Group		240	
• CIBL		32,400	
• ICTC Group, Inc.		18,200	
Investment	\$11,000	\$403,289	17.0%*

A purchase of 1,000 shares of Lynch Corp (now LICT) on 12/31/85 would have generated a 17.0% CAGR vs. the S&P 500's 8.2% return

Core Competencies

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

Snapshot

March 31, 2018

Revenue-TTM (000's)	\$107,824
EBITDA-TTM (000's)	\$50,524
Net Debt	\$18,956
Shares Outstanding	20,427
EPS-TTM	\$792

Balanced Operating Results

	2017 (000's)	2012 (000's)	CAGR
<u>Revenues:</u>			
Regulated	\$60,354	\$55,098	1.8%
Non-regulated	46,376	24,830	17.0%
Total	\$106,730	\$79,928	7.5%
<u>EBITDA:</u>			
Regulated	\$29,322	\$25,933	3.0%
Non-regulated	17,888	7,901	22.8%
Affiliates	1,988	981	19.3%
Total	\$49,198	\$34,815	8.7%

Solid Free Cash Flow

	2017 (000's)	2012 (000's)	CAGR
EBITDA	\$49,198	\$34,815	9.0%
Capital Expenditures			
Regulated	12,466	8,599	9.7%
Non-regulated	9,807	4,112	24.3%
Total	22,273	12,711	15.1%
Free Cash Flow*	\$26,925	\$22,104	5.1%

*EBITDA from Operations less Capital Expenditures

First Quarter 2018

(\$'s in thousands)

	Three Months Ended		% Inc (Dec)
	March 31,		
	2018	2017	
Revenue			
Regulated	\$ 15,012	\$ 14,858	1.0%
Non-Regulated	12,168	11,228	8.4%
Total	\$27,180	\$26,086	4.2%
EBIDTA			
Regulated	\$7,440	\$7,034	5.8%
Non-Regulated	4,996	4,399	13.6%
Affiliates	538	213	152.6%
Total	\$ 12,974	\$ 11,646	11.4%
Capital Expenditures			
Regulated	\$2,471	1,572	57.2%
Non Regulated	2,773	1,908	48.0%
Total	\$5,248	\$3,478	50.7%

Liquidity and Leverage

	March 31,	December 31,	
	2018	2017	2012
	(000's)	(000's)	(000's)
Cash and Deposits	\$10,045	\$7,055	\$9,030
Debt	29,001	31,001	78,237
Net Debt	\$19,956	\$23,946	\$69,207

Share Repurchases

Year Ended December 31,	(000's)
2013	\$1,519
2014	774
2015	3,302
2016	2,575
2017	8,934
	<hr/>
	\$17,104
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First Qtr. 2018	\$1,376
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TAX CUTS AND JOBS ACT OF 2017

Significant Provisions:

- Lowered corporate tax rate to 21%
- Expensing of capital expenditures to 2023

Impacts on LICT:

- Reduced deferred tax liability at 12/31/17 by \$7.1m
- Pro Forma 2017 reduction of tax expense of \$3.2m
- Pro Forma 2017 reduction of tax payments of \$6.2m

Investments

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

LICT Received \$2.7m in Cash Distributions in 2017

Giving Back

Year Ended December 31, 2017,

(000's)

• Shareholder Designated Donations	\$1,138
• Local Organizations/Employee Match	126
	<u>\$1,264</u>

Year Ended December 31, 2016

• Shareholder Designated Donations	\$991
• Local Organization/Employee Match	73
	<u>\$1,064</u>

Comparable Analysis

SMID Cap RLECs	Market Cap*	Enterprise Value	LTM EBITDA	EV/LTM EBITDA
In Millions				
ALSK	\$90	\$256	\$58	4.4x
CBB	705	2,168	286	7.6x
CNSL	828	3,145	553	5.7x
FTR	721	19,975	3,679	5.4x
HCOM	339	625	104	6.0x
LICT	255	254	45	5.6x
NULM	94	112	20	5.6x
NORSA	132	168	30	5.6x
OTEL	46	120	26	4.6x

* Reflects stock prices as of 3/24/18

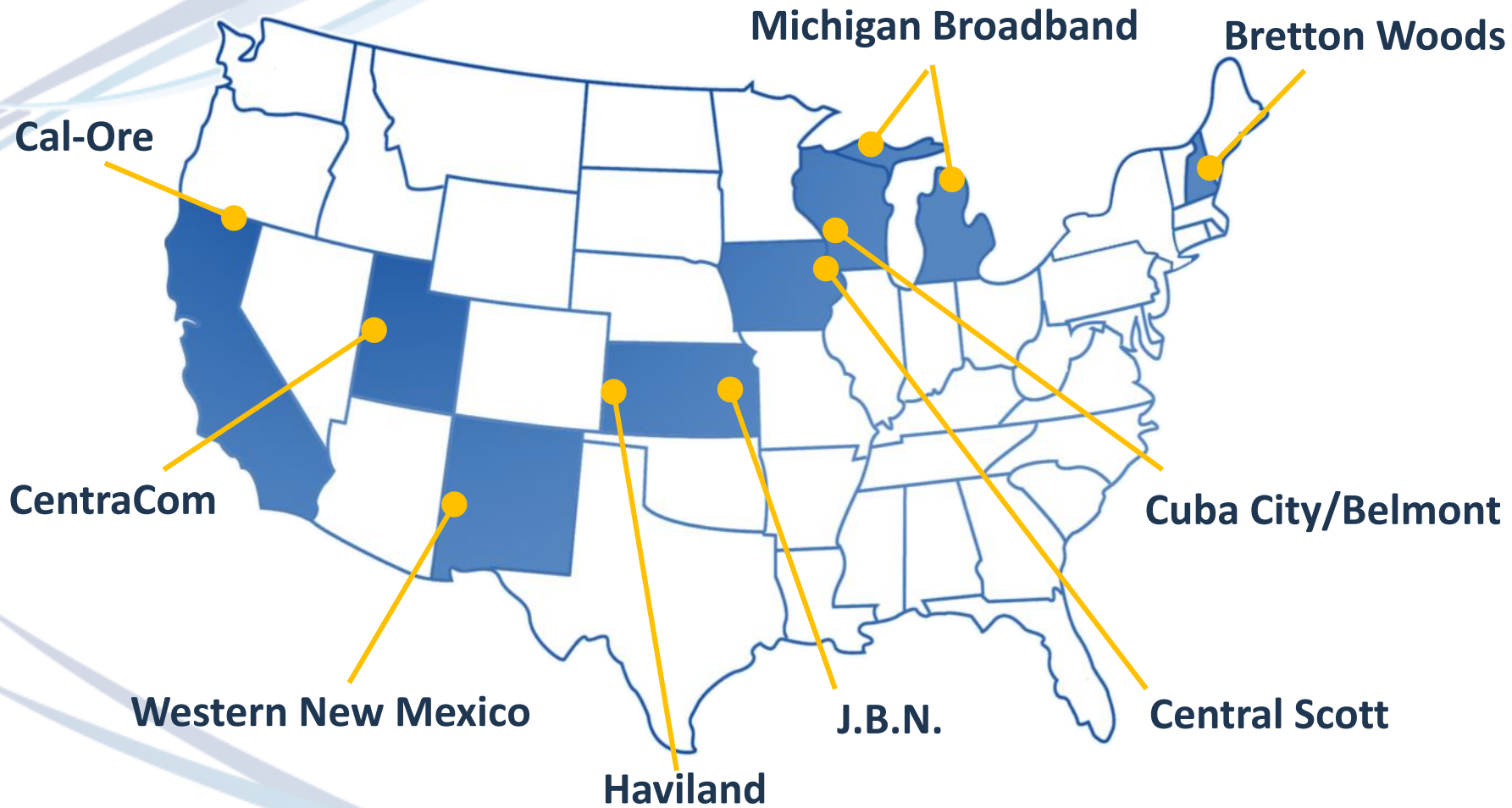
Investment Highlights

- **Solid incumbency position**
- **Exceptional growth in non-regulated revenue**
- **Improved stability from FCC A-CAM ruling**
- **Solid FCF supporting a strong balance sheet**
- **Disciplined M&A to compliment organic growth**
- **History of shareholder value creation**

Operations Review

James DaBramo
COO

Current Markets



Who is LICT?

- **Broadband Providers in Rural USA**
- **Incumbent Local Carrier Status in 8 States (In Territory)**
- **Broadband Service Provider in 10 States (Out of Territory)**
- **Balanced Approach:**
 - **Subsidized Model: In Territory**
 - **Competitive Expansion: Out of Territory**

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

In Territory

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

Strategic Advantages

Out of Territory

- **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)**
\$26.7m per year
- **State Universal Funds**
\$8.1m per year

Evelyn Jerden



Future Growth Broadband

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

Targeted Expansion 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
Ogden	82,825	4,527

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
Reading	91,582	7,086



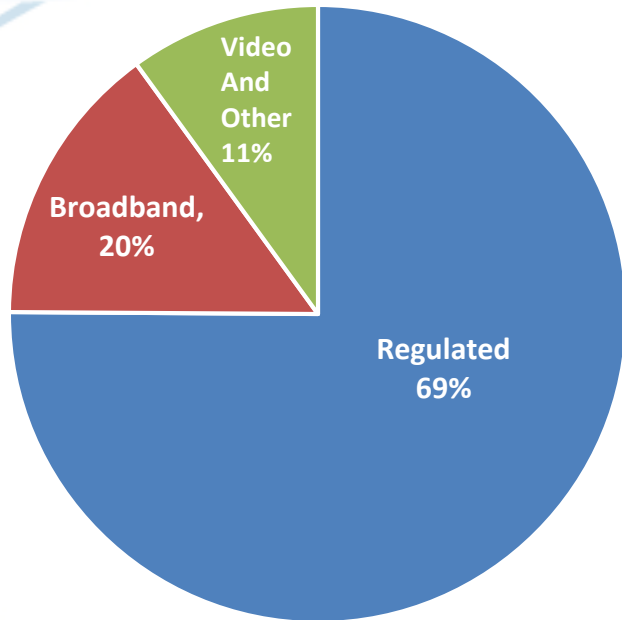
Market	Population	Businesses
Marquette	21,491	2,245
Escanaba	12,121	973
Traverse City	15,218	3664

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

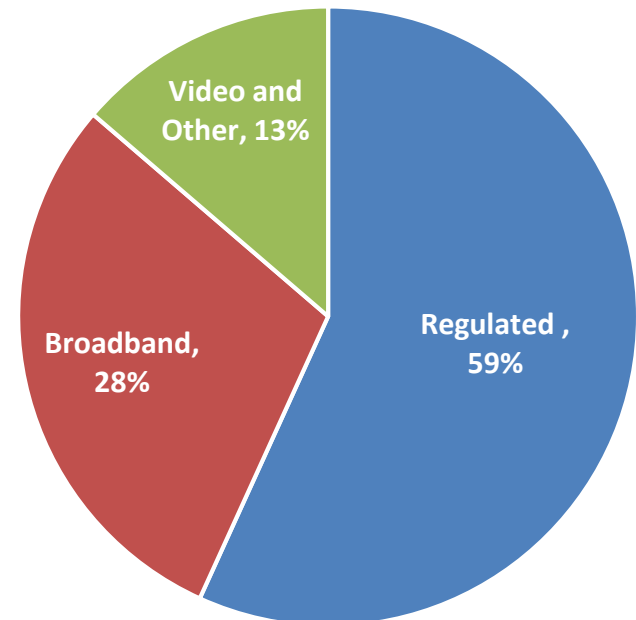
Improving Revenue Mix

2012



■ Regulated ■ Broadband ■ Video and Other

2017



■ Regulated ■ Broadband ■ Video and Other

Over the past 5 years, LICT has reduced its regulated revenue composition from 69% to 59%

Capital Expenditure Focus

- **Fiber networks:**
 - ILEC territory to support regulated - funded mandates
 - Non ILEC territory for success based growth
 - FTTH in Cuba City, Wisconsin
 - 1G upgrade in New Hampshire
 - Fiber Extensions in all markets
 - 4,500 miles and growing
- **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**



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Closing Summary

Question and Answer Session