



LICT Corporation

Premier Provider of Broadband Services to Rural America

2020 Annual Meeting
May 28, 2020

LICT Corporation
(OTC Pink)

LICT

Presenters

Daniel E. Hopkins
President and CFO

Stephen J. Moore
Vice President of Finance

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, 2019. 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.

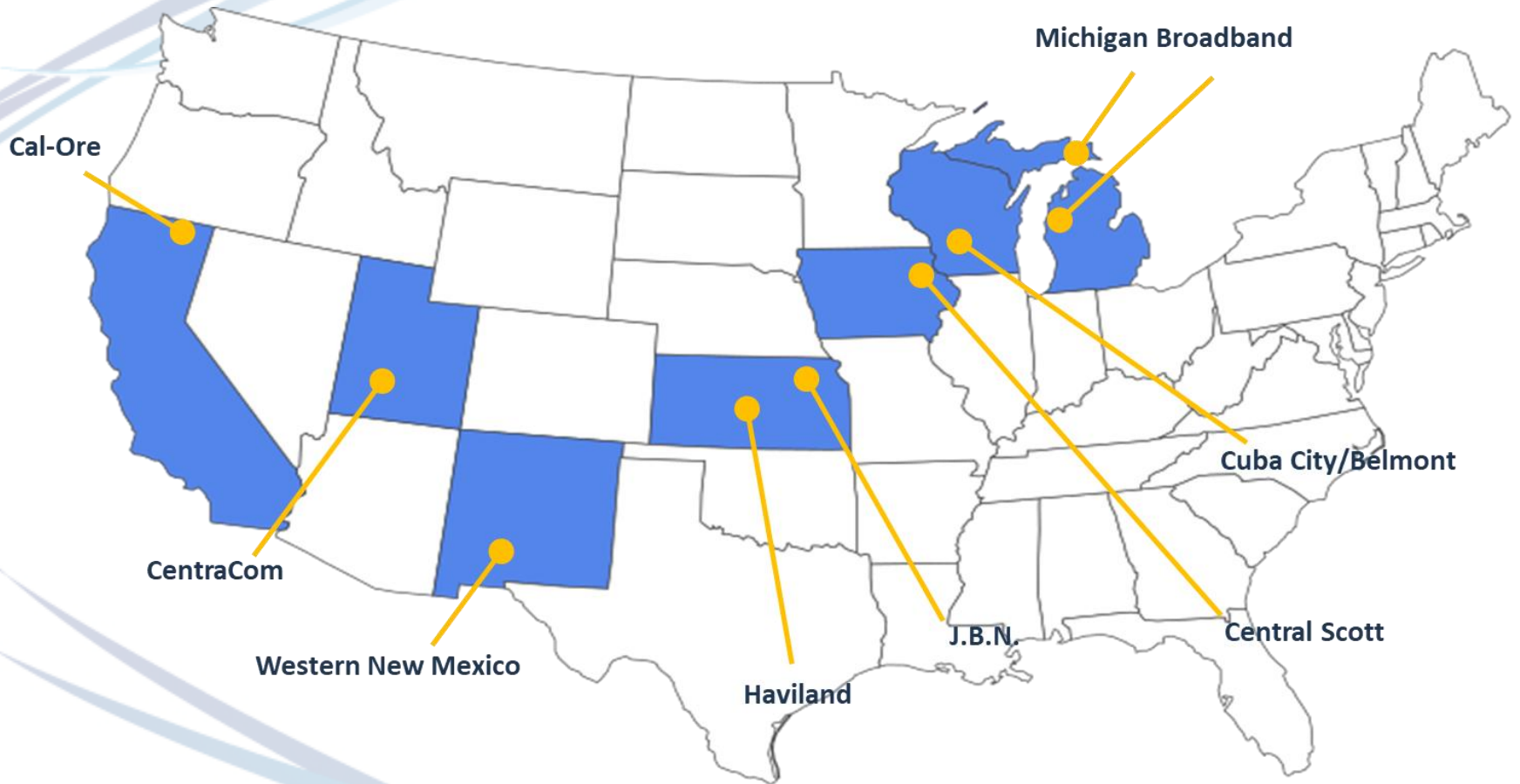
Background and History

- **Current 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 Rural Local Exchange Carrier (RLEC) acquisition in 1989**
 - **34 acquisitions, 12 dispositions and 8 spin-offs**
 - **Focused spectrum initiative**
 - **Continued pro-active organic and M&A growth strategy**

Business Overview

- **Broadband provider in rural United States**
 - **Incumbent Local Exchange Carrier status in 7 states**
 - **Broadband Service Provider in 10 States**
- **Balanced organic growth**
 - **Maximize Regulated Revenue Opportunity**
 - **Drive Growth in Non-Regulated Broadband Revenue**
 - **Expansion of Out of Territory Fiber Networks**

LICT Today



COVID 19 Impact

- **Keep America Connected Pledge**
 - **Not Disconnecting Past Due Customers that are impacted**
 - **Providing Free Service to Families to Facilitate Remote Learning**
 - **Providing Free Community WI-FI Hot Spots**
- **Workplace Changes**
 - **Remote Working for All Administrative and Office Staff**
 - **Expanded Safety Procedures for Technicians and Technical Staff**
 - **Limited In-Home Installations**
 - **Social Distancing Guidelines**
 - **Paid Leave or Remote Arrangements for High Risk Teammates**
- **Increased Broadband Demand**
 - **Stay at Home Orders have Increased Demand for Our Service**
 - **Remote Learning, Work at Home, Video Calls and Streaming Entertainment**
- **Financial Impact**
 - **Initial Assessments Appear Limited in Short-term**
 - **Increased Collection Risk from “Stay Connected Pledge”**
 - **Business Closures have impacted sales momentum**
 - **Some Shift in Business Expenses**
 - **Long Term Impact is Difficult to Determine**
 - **Prolonged Economic Disruption may have a Greater Impact**
 - **Rural Areas are beginning to re-open**

Key Strengths

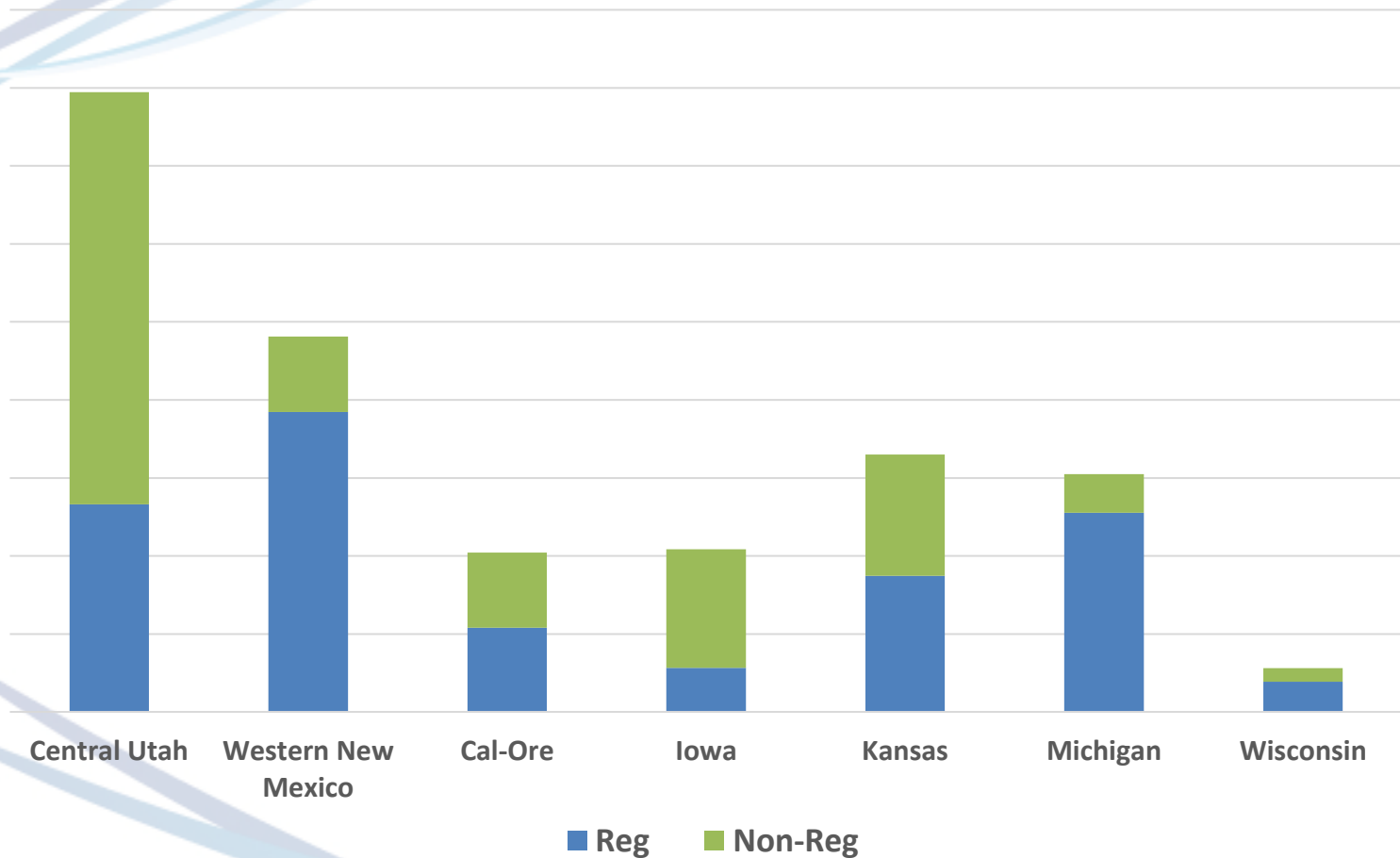
- **Experienced Management**
- **Solid Base of Operations**
- **Balanced Operating Formula**
 - **Stability - ILEC**
 - **Growth – Out of Territory**
- **Strong Free Cash Flow**
- **Excellent Balance Sheet Position**
- **Significant Value in Other Investments**

Diverse Markets and Revenue

- **Geographically Diverse Markets**
 - **Rural Territories in Western and Mid-Western States**
 - **Very Rural Local Exchange Territories**
 - **Higher Growth Out of Territory Markets**
- **Diversified Revenue Streams**
 - **Regulated**
 - **Retail / Consumer Broadband**
 - **Enterprise**
 - **Federal and State USF funding**
 - **Non-Regulated / Expansion Territories**
 - **Enterprise / Commercial Broadband**
 - **Consumer Broadband**
 - **Fiber, Cable, Fixed Wireless Broadband**

Revenue and Geographic Diversity

2019 Total Revenue by Market



Growth Strategy

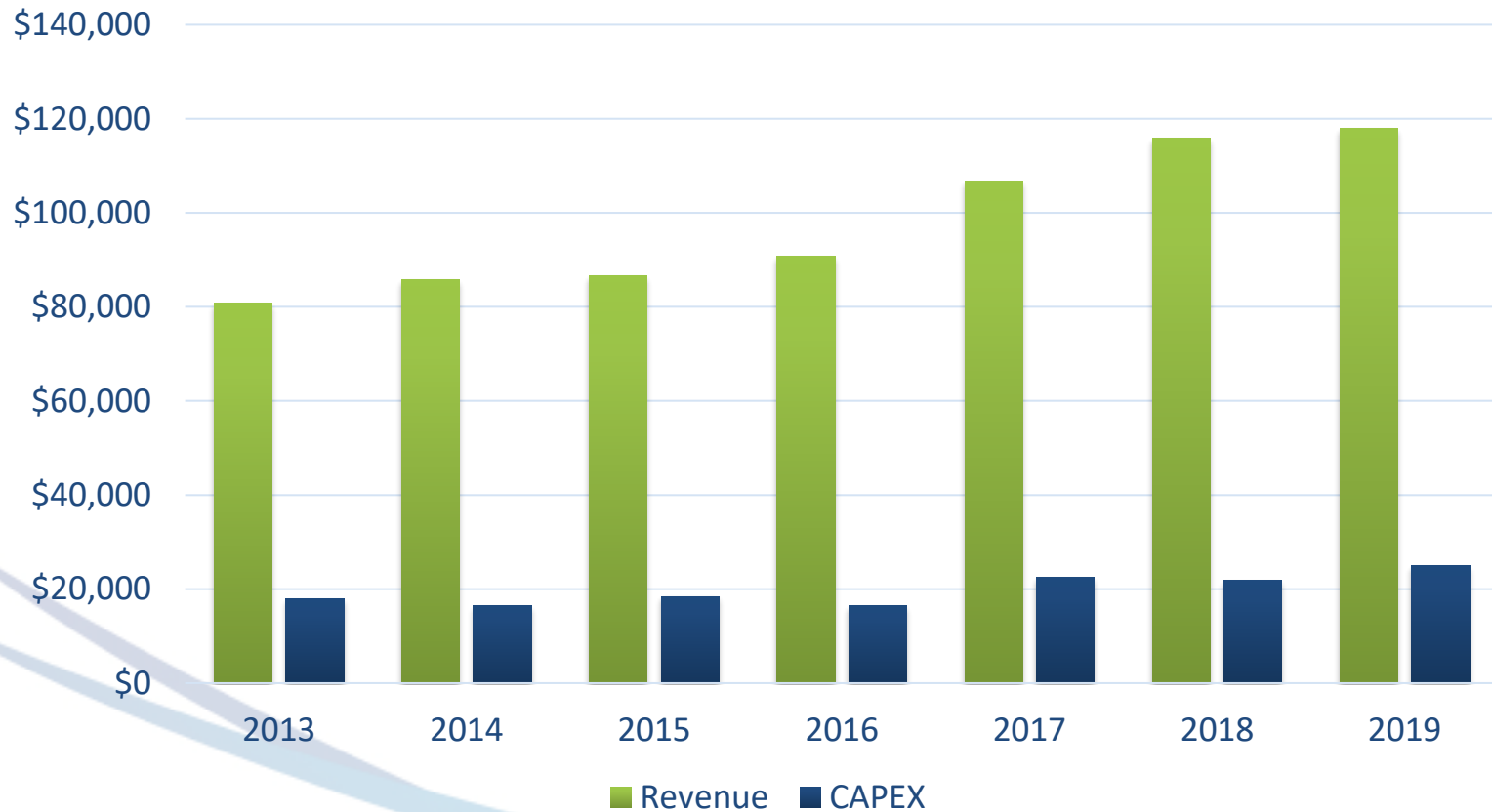
- **Increase Broadband Capabilities**
 - Offer the Fastest Speed to the Maximum Number of Customers
- **Grow Fiber Network Beyond Incumbent Areas**
 - Grow Out of Territory Operations
- **Expand Product and Service Offerings**
- **Growth Priorities**
 - Invest in Network to Expand Geographic Territory
 - Drive Organic Growth Through Sales Efforts
 - Pursue Growth through Opportunistic Acquisitions

Strategic Advantages

- **Long Time Incumbent**
 - Strong Community Ties
 - Strong Government Relationships
- **Low Population Density Markets**
 - Less Vulnerable to Competition
- **Supportive Regulatory Environment**
 - Rural Broadband Initiatives
- **Brand Recognition / Leverage Incumbent Brand**
- **Leverage Existing Networks for Expansion**
- **Fill Void of Larger Operators**
 - Smaller Markets are underserved by Large Operators

Investing in Growth

Revenue and CAPEX (000s)

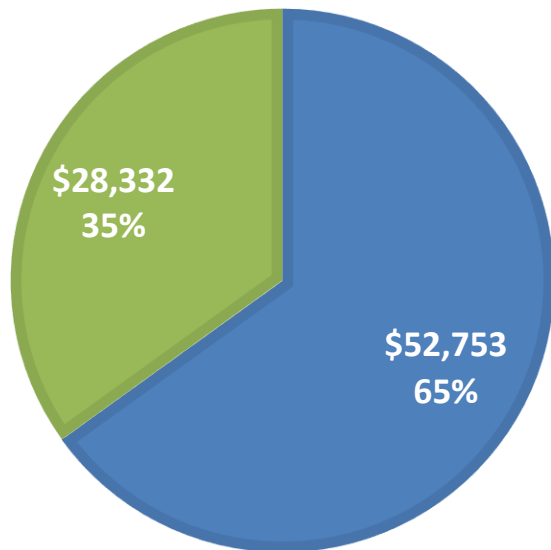


Improving Revenue Mix

(000s)

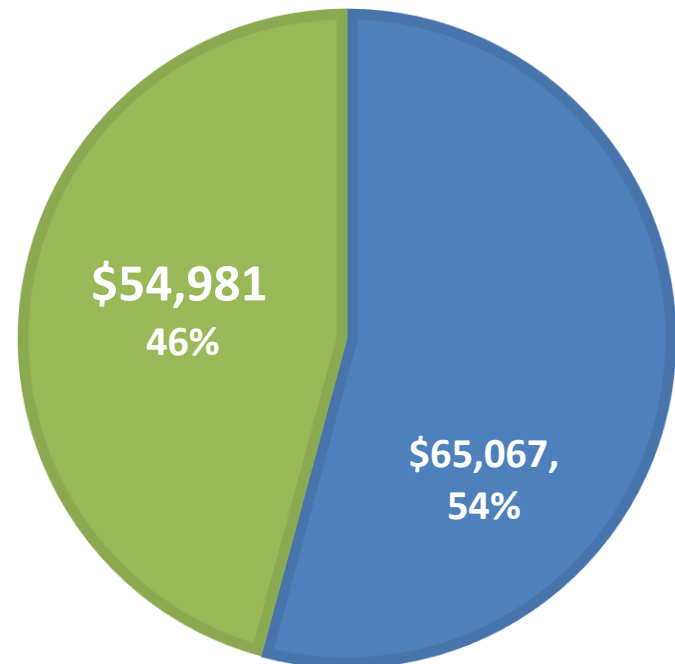
FY 2013

■ Regulated Revenue ■ Non-Regulated Revenue



FY 2019

■ Regulated Revenue ■ Non-Regulated Revenue



Over the past 6 years, LICT has:

- grown non-regulated revenue from 35% to 46%; and
- grown total revenue from \$80M to \$118M

Regulatory Dynamics

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

Original ACAM: \$ 23.3m Per year

1st Increase: 2.9m Incremental (\$26.2M run rate)

2nd Increase: 4.6m Incremental (\$30.8M run rate)

ACAM II: 1.1m Incremental (\$31.9M run rate)

- **State Universal Funds**

2019 \$8.2m

Giving Back

Charitable Giving:

- **\$5.5 million in charitable contributions over 4 years**
 - Shareholder designated
 - Teammate match
 - Hundreds of Charities helping Thousands of People

COVID Response:

- **\$250,000 donated in response to COVID pandemic**
 - Teammate directed donations
 - Benefited local students, schools, charities, food pantries
 - Computer equipment to facilitate distant learning

Financial Highlights

Stephen J. Moore
Vice President of Finance

Snapshot

December 31, 2019

Revenue (000's)	\$117,958
EBITDA (000's)	\$57,070
Net Cash (Total Cash less Debt - 000's)	\$3,700
EPS	\$1,352
Shares Outstanding	19,188

Balanced Operating Results

	2019 (000's)	2013 (000's)	CAGR
<u>Revenues:</u>			
Regulated	\$65,067	\$52,753	4.6%
Non-regulated	54,981	28,332	11.7%
Total	\$117,958	\$80,758	6.6%
<u>EBITDA:</u>			
Regulated	\$31,793	\$23,505	7.0%
Non-regulated	22,752	9,506	12.9%
Affiliates	2,525	974	14.6%
Total	\$57,070	\$33,985	9.02%

Financial Growth

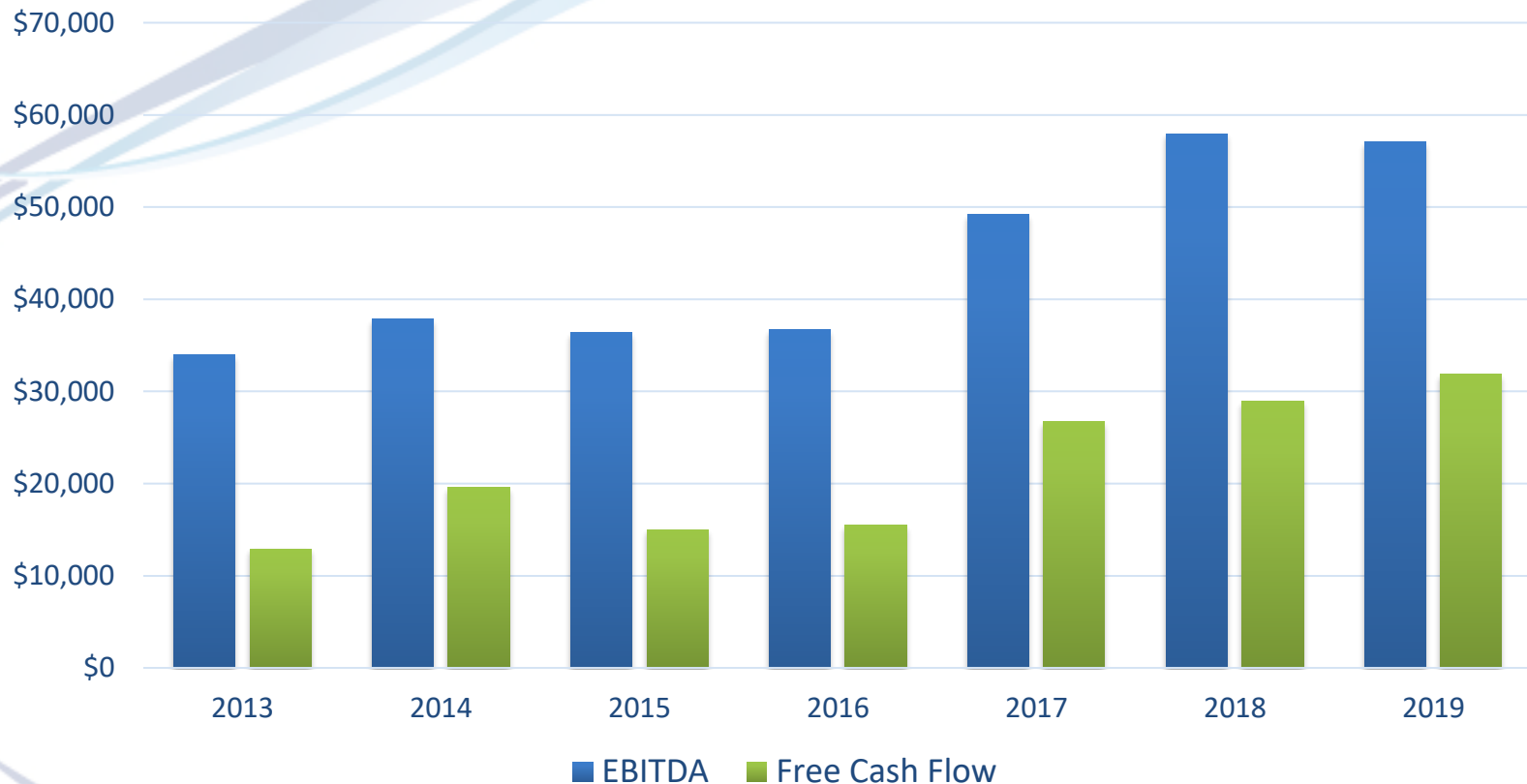
(\$ 000's)

	2019		2013		CAGR
Revenue	\$117,958		\$80,758		6.52%
EBITDA	\$57,070		\$33,985		9.02%
CAPEX	\$25,212		\$17,950		5.83%
Free Cash Flow *	\$31,858		\$16,035		12.12%

*EBITDA less Capital Expenditures

Solid Free Cash Flow

(\$ 000's)



Since 2013, FCF has doubled and LICT has generated over \$145M of FCF which has been used to pay down debt, repurchase equity, pay tax and fund charitable contributions

Liquidity and Leverage

	<u>March 31</u>	<u>December 31</u>	
	\$ 000's	\$ 000's	\$ 000's
	2020	2019	2013
Cash and Deposits	\$88,823	\$28,414	\$9,272
Debt O/S	64,357	24,678	71,756
Net Cash (Debt)	\$24,466	\$3,736	(\$62,484)

CoBank Credit Facility

- **\$50 Million Unsecured Revolving Credit Facility**
- **Closed January 17, 2020**
- **5 Year Term**
- **Flexible Structure**
- **LIBOR + 150 (current rate = 2.3%)**
- **CoBank Patronage Capital**

Facility is currently fully drawn

Share Repurchases

Year Ended December 31,

Year	# of Shares Repurchased	(in 000's)	Year End Shares O/S
2014	214	\$774	22,272
2015	533	\$3,302	21,739
2016	457	\$2,575	21,282
2017	808	\$8,935	20,509
2018	613	\$8,322	19,931
2019	743	\$12,437	19,188

\$36,345

Investments

- **Modoc RSA Limited Partnership**
 - Sold for \$16.9MM in January of 2020
 - Received final distribution of \$542,000 in March of 2020
- **Iowa Network Services / Aureon**
- **AWS and PCS Spectrum**
- **DFT Communications**
- **CoBank Patronage Capital**

LICT Received \$3.0m in Cash Distributions in 2019

Exceptional Shareholder Returns

	<u>12/16/85</u>	<u>12/31/19</u>	<u>CAGR</u>
LGL Group, Inc.		\$1,304,000	
LICT Corporation		31,304,000	
Spin Offs:			
• Tremont Advisers, Inc.		2,547,000	
• East/West Communications		5,376,000	
• Sunshine PCS/(ICTC Group, Inc.)		151,000	
• Morgan Group		107,000	
• CIBL		3,339,000	
• ICTC Group, Inc.		1,475,000	
Investment	\$1,000,000	\$45,603,000	16.84%*

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 8.6% over that period.

Comparable Analysis

SMID Cap RLECs	Market Cap*	Enterprise Value	LTM EBITDA	EV/LTM EBITDA
In Millions				
ALSK	\$126	\$342	\$72	4.7x
CBB	781	2,539	368	6.9x
CNSL	413	2,631	515	5.1x
FTR	8	17,688	3,337	5.3x
LICT	320	320	57	5.6x
NUVR	83	138	26	5.3x
NORSA	173	232	30	7.7x
OTEL	26	96	23	4.2x

* Reflects stock prices as of 4/30/2020

LICT Summary

- **Dominate Incumbent Markets**
 - Maximize Data Speeds
 - **Growth Execution**
 - Fiber Expansion to Grow and Diversify Revenue
 - Use Fixed Wireless Broadband and Shortening Loop Lengths to Extend Speed Capabilities
 - **Positive Regulated Environment**
 - Rural Broadband is a Regulatory Priority
 - **Financial Discipline**
 - **Giving Back to Strengthen Communities**
- = History of Shareholder Value Creation**



LICT Corporation

Premier Provider of Broadband Services to Rural America

Closing Summary

Question and Answer Session