



LICT Corporation

Premier Provider of Broadband Services to Rural America

Sidoti Fall Conference
September 23, 2020

LICT Corporation
(OTC Pink)

LICT

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.



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Presenters

Stephen J. Moore
Vice President of Finance

Background and History

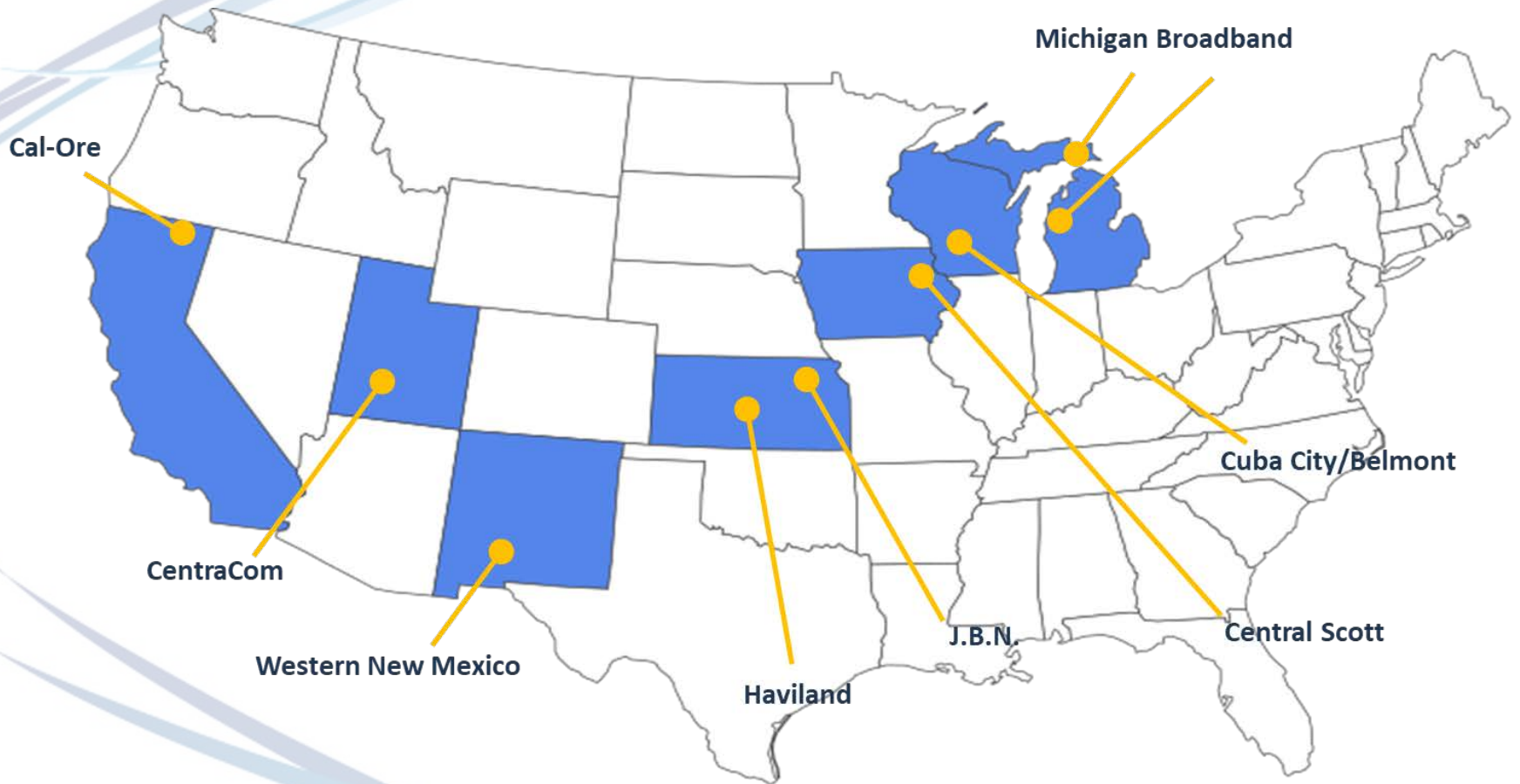
- **Current management assumed control of Lynch Corporation in 1985**
- **Began as an LBO Fund in Public Format**
- **Focused on rural America**
 - **Broadband**
 - **Television stations**
- **Made first Rural Local Exchange Carrier (RLEC) acquisition in 1989**
 - **34 acquisitions, 12 dispositions and 8 spin-offs**
 - **Focused spectrum initiative**
 - **Continued pro-active organic and M&A growth strategy**

Historical Shareholder Returns

Initial Investment as of 12/16/1985	\$1,000,000
LGL Group, Inc.	\$1,304,000
LICT Corporation	31,304,000
8 Spin Offs - Total	<u>12,995,000</u>
Investment as of 12/31/2019	\$45,603,000
CGAR	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.

LICT Today



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**
 - **Drive Growth in Non-Regulated Broadband Revenue**
 - **Maximize Regulated Revenue Opportunity**
 - **50% of Revenue is Non-Regulated**

Snapshot

	<u>12/31/19</u>	<u>06/30/20</u>
Revenue (000's)	\$117,958	\$60,553
EBITDA (000's)	\$57,070	\$28,072
Net Cash (Total Cash less Debt - 000's)	\$3,700	\$21,000
EPS - ongoing operations	\$1,258	\$631
Shares Outstanding	19,188	18,719

Key Strengths

- **Base of Operations**
- **Balanced Operating Formula**
 - **Stability - Regulated**
 - **Growth**
- **Free Cash Flow**
- **Balance Sheet Position**

Diverse Markets and Revenue

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

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
- **Growth Priorities**
 - Invest in Network to Expand Geographic Territory
 - Drive Organic Growth Through Sales Efforts
 - Pursue Growth through Opportunistic Acquisitions
 - Expand Product and Service Offerings

Strategic Advantages

- **Long Time Incumbent**
 - **Strong Community Ties & 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**

Regulatory Dynamics

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

Initial ACAM: \$ 23.3m Per year

1st Increase: 2.9m Incremental

2nd Increase: 4.6m Incremental

ACAM II: 1.1m Incremental

- **State Universal Funds**

2019 \$8.2m

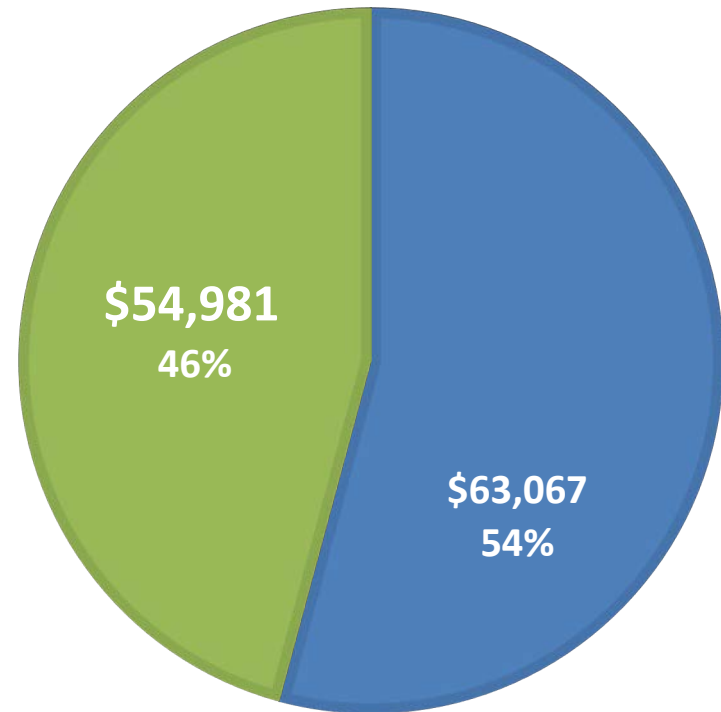
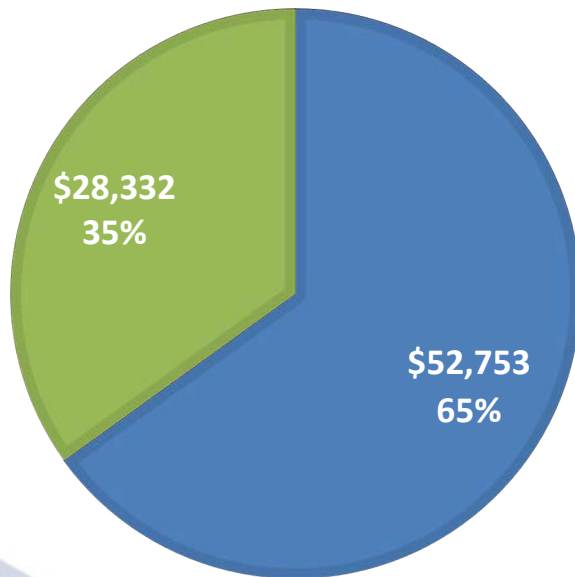
Revenue Mix

(000s)

FY 2013

FY 2019

■ Regulated Revenue ■ Non-Regulated Revenue ■ Regulated Revenue ■ Non-Regulated Revenue



Giving Back

Charitable Giving:

- **\$5.5 million in charitable contributions over 4 years**
 - Shareholder designated & teammate match
 - Hundreds of charities
 - LICT Board has approved a 4th quarter 2020 shareholder designated charitable contributions

COVID Response:

- **\$500,000 in contributions in response to COVID19**
 - Teammate directed donations
 - Benefited local students, schools, charities, food pantries
- **Thank you to our teammates**

Financial Growth

(\$ 000's)

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

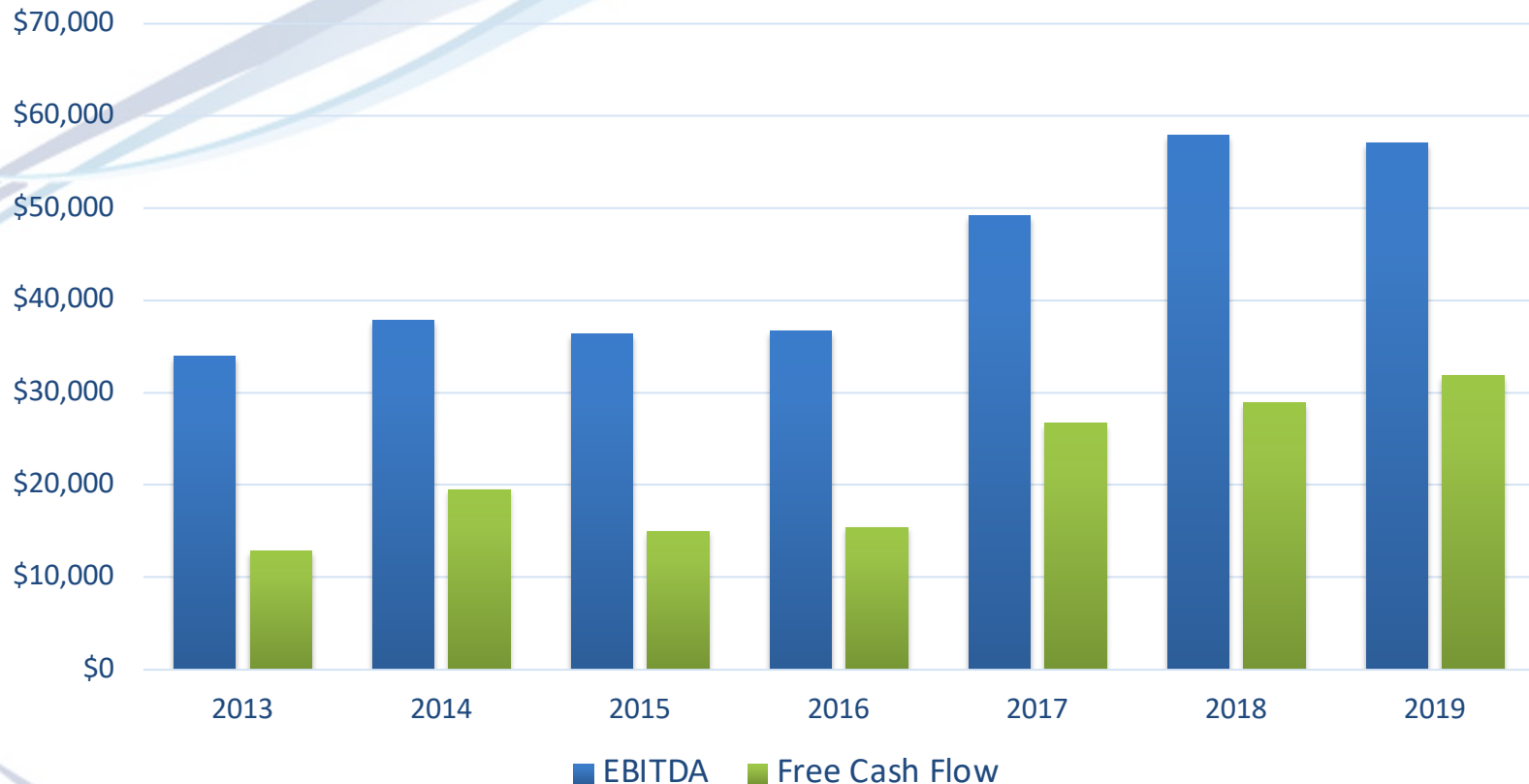
*EBITDA less Capital Expenditures

Balanced Operating Results

	2013 (000's)	2019 (000's)	CAGR
<u>Revenues:</u>			
Regulated	\$52,753	\$63,067	4.6%
Non-regulated	28,332	54,891	11.7%
Total	\$81,085	\$117,958	6.6%
<u>EBITDA:</u>			
Regulated	\$23,505	\$31,793	7.0%
Non-regulated	9,506	22,752	12.9%
Affiliates	974	2,525	14.6%
Total	\$33,985	\$57,070	9.02%

Free Cash Flow

(\$ 000's)



Since 2013, FCF has doubled and LICIT 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

(\$ 000's)

	December 31		June 30
	2013	2019	2020
Cash and Deposits	\$ 9,272	\$ 28,414	\$ 84,544
Debt O/S	71,756	24,678	63,177
Net Cash (Debt)	<u>\$(62,484)</u>	<u>\$ 3,736</u>	<u>\$ 21,367</u>

CoBank Credit Facility

- **\$50 Million Unsecured Revolving Credit Facility**
- **Closed January 17, 2020**
- **5 Year Term**
- **Flexible Structure**
- **LIBOR + 200 (current rate = 2.16%)**
- **CoBank Patronage Capital**

Facility is currently fully drawn

Owner Compensation

Year Ended December 31,

Year	# of Shares Repurchased	(in 000's)	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
YTD June 30, 2020	469	7,724	18,719
Total		\$44,069	

Investments

- **Iowa Network Services / Aureon**
- **DFT Communications**
- **CoBank Patronage Capital**
- **Spectrum**
 - **Sale of Topeka, KS AWS in process**

Comparable Analysis

SMID Cap RLECs	Market Cap*	Enterprise Value	LTM EBITDA	EV/LTM EBITDA
In Millions				
CBB	760	2,911	393	7.4x
CNSL	450	2,672	479	5.6x
FTRCQ	19	15,124	2,965	5.1x
LICT	333	315	50	6.3x
NUVR	91	145	27	5.4x
OTEL	39	102	21	4.8x

* Reflects stock prices as of 9/1/2020

LICT Summary

History of Shareholder Value Creation

- **Giving back to strengthen communities**
- **Incumbent markets**
- **Growth execution**
 - **Fiber expansion to grow and diversify revenue**
 - **use fixed wireless broadband and shortening loop lengths to extend speed capabilities**
- **Rural Broadband is a Regulatory priority**
- **Financial discipline**

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