# Initial Public Offering Presentation

May 20, 2015

STINGRAY
ALL GOOD VIBES

A preliminary prospectus containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in each of the provinces and territories of Canada. A copy of the preliminary prospectus, and any amendment, is required to be delivered with this document. The preliminary prospectus is still subject to completion. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final prospectus has been issued. This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the preliminary prospectus, the final prospectus and any amendment for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

# LEGAL DISCLAIMER

Prospective purchasers should rely only on the information contained in the preliminary prospectus, as amended (the "Prospectus"). This presentation is qualified in its entirety by reference to, and must be read in conjunction with, the information contained in the Prospectus. Neither the Corporation nor any of the Underwriters has authorized anyone to provide prospective purchasers with different or additional information. If anyone provides prospective purchasers with additional or different or inconsistent information, including information or statements in media articles about the Corporation, prospective purchasers should not rely on it. Prospective purchasers should not assume that the information contained in this document is accurate as of any date other than the date of the Prospectus, or where information is stated to be as of a date other than the date of the Prospectus, such other applicable date.

No securities regulatory authority has expressed an opinion about the securities described herein and it is an offence to claim otherwise. An investment in the securities described herein is subject to a number of risks that should be considered by a prospective purchaser. Prospective purchasers should carefully consider the risk factors described under "Risk Factors" in the preliminary prospectus before purchasing the securities described herein. The Corporation is not offering, or soliciting offers to acquire, the securities described herein in any jurisdiction in which such offer or solicitation is not permitted. For prospective purchasers outside Canada, neither the Corporation nor the Underwriters have done anything that would permit the offering or distribution of this document together with the Prospectus in any jurisdiction where action for that purpose is required, other than in Canada. Prospective purchasers are required to inform themselves about and to observe any restrictions relating to the offering and the distribution of this document and of the preliminary prospectus. In this presentation, all amounts are in Canadian dollars, unless otherwise indicated. Terms undefined herein have the meanings ascribed to them in the preliminary prospectus.

**Forward-Looking Information**

This document contains forward-looking information within the meaning of applicable Canadian securities laws. This forward-looking information includes, but is not limited to, statements with respect to management's expectations regarding the future growth, results of operations, performance and business prospects of the Corporation. This forward-looking information relates to, among other things, our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimations and intentions, and may also include other statements that are predictive in nature, or that depend upon or refer to future events or conditions. Statements with the words "could", "expect", "may", "will", "anticipate", "assume", "intend", "plan", "believes", "estimates", "guidance", "foresee", "continue" and similar expressions are intended to identify statements containing forward looking information, although not all forward-looking statements included such words.

In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events.

Although management believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include, but are not limited to the following risk factors described in greater detail under the heading "Risk Factors" in the Prospectus: increases in royalties or restricted access to music rights; our dependence on Pay-TV providers; the rapidly evolving audio and video entertainment industry; competition from other content providers; the expansion of our operations into international markets; our rapid growth and our growth strategy; our acquisitions, business combinations and joint ventures; our dependence on key personnel; exchange rate fluctuations; economic and political instability in emerging countries; royalty calculation methods; rapid technological and industry changes; unavailability of additional funding; failure to generate cash revenues; reliance on our credit facilities; costly and protracted litigation in defence of copyrighted content; our inability to protect our proprietary technology; our reliance on third party hardware, software and related services; our inability to maintain our corporate culture; unfavourable economic conditions; our exposure to foreign privacy and data security laws; unauthorized and pirated music and video content; natural catastrophic events and interruption by man-made problems; additional income tax liabilities; maintaining our reputation; litigation and other claims; credit risk; liquidity risk; failure to comply with CRTC requirements; failure to maintain or renew our CRTC licences; the increase in broadcasting licence fees payable by us; unfavourable changes in government regulation affecting our industry; the absence of an existing market for the Offered Shares; the fluctuation of the prices of the Offered Shares; the expenses we will incur as a result of the Offering; the significant ownership in the Corporation by the Principal Shareholders; the future sales of Offered Shares by the Principal Shareholders, directors, officers and senior management; the dilution in the net tangible book value of the Offered Shares; actual cash flow results differing from expectations; and, securities or industry analysts' research or reports impacting the price of the Offered Shares.

In addition, if any of the assumptions or estimates made by management prove to be incorrect, actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in the Prospectus. Such assumptions include, but are not limited to, the following: our ability to generate sufficient revenue while controlling our costs and expenses; our ability to manage our growth effectively; the absence of material adverse changes in our industry or the global economy; trends in our industry and markets; the absence of any changes in law, administrative policy or regulatory requirements applicable to our business, including any change to our licences with the CRTC; minimal changes to the distribution of the pay audio services by Pay-TV providers in light of recent CRTC policy decisions; our ability to manage risks related to international expansion; our ability to maintain good business relationships with our clients, agents and partners; our ability to expand our sales and distribution infrastructure and our marketing; our ability to develop products and technologies that keep pace with the continuing changes in technology, evolving industry standards, new product introductions by competitors and changing client preferences and requirements; our ability to protect our technology and intellectual property rights; our ability to manage and integrate acquisitions; our ability to retain key personnel; and our ability to raise sufficient debt or equity financing to support our business growth. Accordingly, prospective purchasers are cautioned not to place undue reliance on such statements.

All of the forward-looking information in the Prospectus is qualified by these cautionary statements. Statements containing forward-looking information contained herein are made only as of the date of the Prospectus. The Corporation expressly disclaims any obligation to update or alter statements containing any forward-looking information, or the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by law.

**IFRS and Non-IFRS Financial Measures**

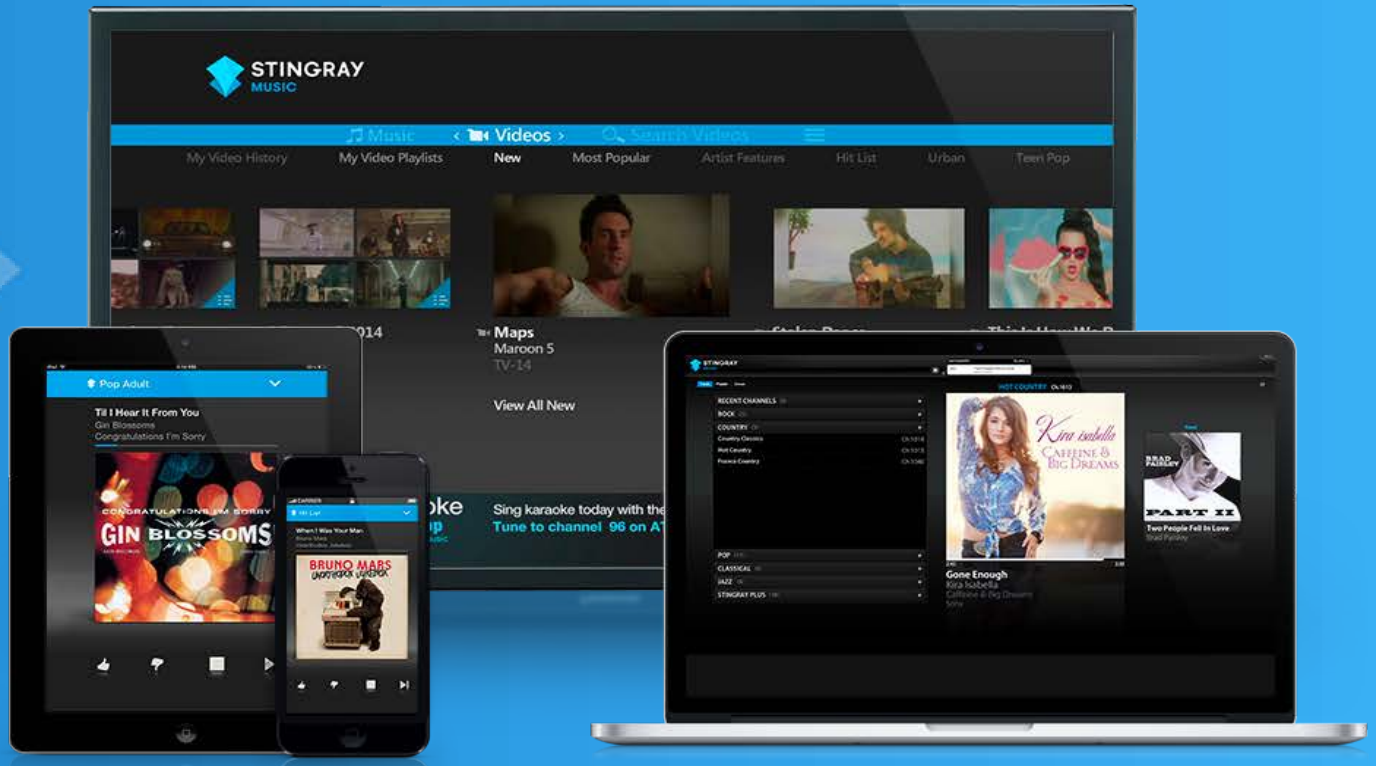
The annual consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are stated in Canadian dollars.

The Corporation believes that Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Income, Adjusted Free Cash Flow, Net Debt including contingent considerations and Net Debt excluding contingent considerations are important measures in evaluating our performance and in determining whether to invest in the Offered Shares. Each of these non-IFRS financial measures is not an earnings or cash flow measure recognized by IFRS and does not have a standardized meaning prescribed by IFRS. Our method of calculating such financial measures may differ from the methods used by other issuers and, accordingly, our definition of these non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned that non-IFRS financial measures should not be construed as an alternative to net income determined in accordance with IFRS as indicators of our performance or to cash flows from operating and investing activities as measures of liquidity and cash flows.

# PRESENTATION TEAM

**Eric Boyko**
President, CEO & Co-Founder

**Jean-Pierre Trahan, CPA, CA**
Chief Financial Officer



# INVESTMENT HIGHLIGHTS

- **Leading Canadian Multi-Platform Media Business with a Fast Growing International Presence**
- **Unique Scale, Scope and Reach of Operations**
- **Recurring Revenue from “Blue Chip” Client Base**
- **Strong and Predictable Cash Flows from Long-term Contracts and Client Relationships**
- **Track Record of Successful Acquisitions and Identified Pipeline of International Opportunities**
- **Leading Content Curation Expertise**
- **Committed Management Team with a Track Record of Value Creation**

# LEADING B2B MULTI-PLATFORM MUSIC AND IN-STORE MEDIA SOLUTIONS PROVIDER WORLDWIDE

- **$71 million** in revenue (CAGR of 38.9%)
- **89% of recurring revenue**
- **$27 million** in Adjusted EBITDA (CAGR of 39.1%)
- **$7 million** in net income
- Strong cash flow generation
  - **$17 million** in Adjusted FCF
  - **$10 million** in cash flows from operating activities
- Industry consolidator with **18 acquisitions**

| Music Broadcasting | Commercial Music |
|---|---|
| 75% of Total Revenue | 25% of Total Revenue |
| Multi-platform music audio channels, karaoke, concerts and music videos | Custom music programming, digital signage, one-stop solution |
| Reach of 110 million Pay-TV subscribers | 74,000 establishments across Canada |

*All figures for year-end March 31, 2015. CAGR calculated for the period ending March 31, 2008 – 2015.*

# RECURRING REVENUE FROM "BLUE CHIP" CLIENT BASE

## CANADA (Music Broadcasting and Commercial Music)

Bell, ROGERS, COGECO, MTS, Shaw, SaskTel, VIDÉOTRON, TELUS

ALDO, SUBWAY, Sobeys, Loblaw Companies Limited, Fairmont Hotels & Resorts, A&W

## USA

at&t, verizon, comcast, COX, Insight, NCTC, VUBIQUITY See Opportunity Everywhere, Charter

## LATAM

Telefónica vivo, Televisa, MEGACABLE, Flow watch • talk • click, DIRECTV

## EUROPE

Ziggo, kpn, upc, Telekom Srbija (open, mt:s, m:tel), unitymedia, ANVIA, melita, telenet

## AFRICA AND MIDDLE EAST

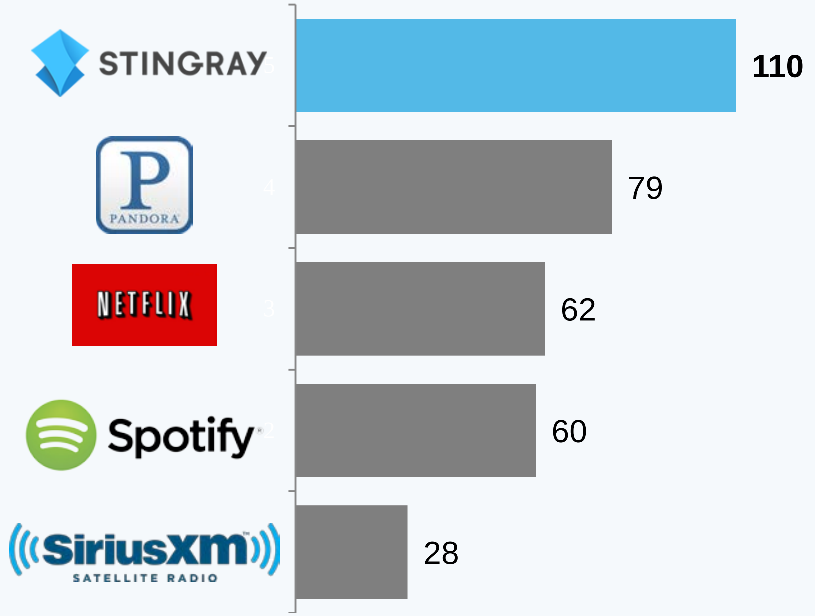
HOT, zap, WANANCHI GROUP, yes, D·SMART

# MARKET POSITIONING AND COMPETITIVE LANDSCAPE

- **TV Music Broadcasting:** A unique category with significant reach
- Our business is based on a non-interactive, linear business model resulting in what management believes to be a more advantageous rights structure compared to other service providers such as Pandora and Spotify

| | TV Music Broadcasting | Streaming |
|---|---|---|
| **Cost to Consumer** | Included within TV subscription | Free or subscription fee with premium model |
| **Revenue Model** | Subscription (B2B) | Advertising or subscription (B2C) |
| **Selected Players** | Stingray, Music Choice (US only) | 8-Tracks, Beats Music, iTunes Radio, Last.fm, Pandora, Slacker, Songza, Spotify |

**Total Reach (Millions)[1,2]**




(1) Sources: Stingray and press releases.
(2) Stingray figures represent Pay-TV subscribers (or households) having access to its services, which may include more than one user. Pandora and Spotify figures represent total active users in the last 30 days. Netflix and SiriusXM figures represent total members / subscribers.

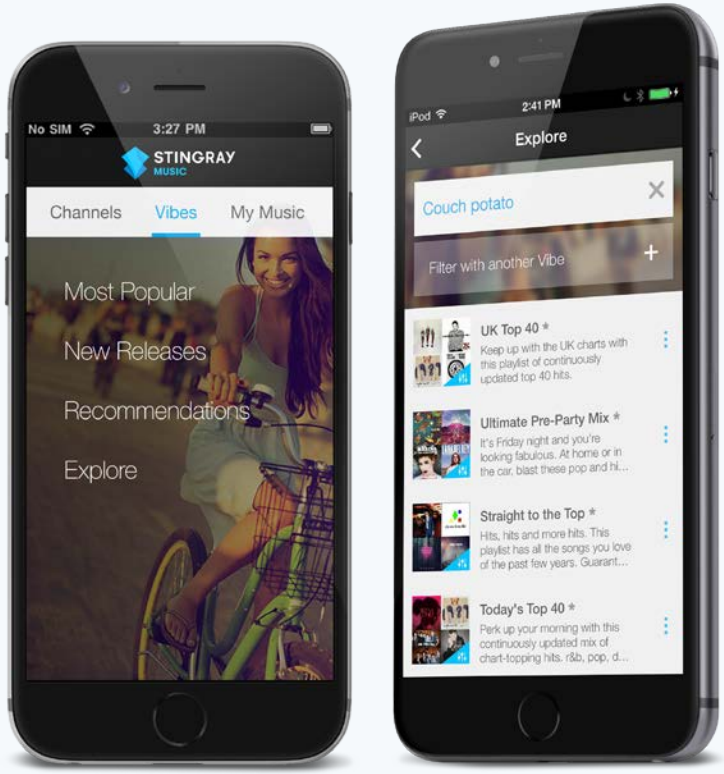
# STINGRAY MUSIC

- **400+ professionally curated music channels** by approximately **85 music programmers** distributed to major Pay-TV providers worldwide

- **Multi-platform offering:** Linear audio channel, TV app, mobile and online


# INTERNATIONAL ROLL-OUT OF THE STINGRAY MUSIC MOBILE APP

- **Free for all existing Pay-TV subscribers; audio watermarking technology** which allows for instant authorization of Pay-TV subscribers to Stingray channels
- Choose and combine **moods**, **activities, themes, and an estimated 100 music genres and eras**
- Rolled-out in Canada and launched in the USA and LATAM in **April 2015**
    - Expected to progressively launch in Europe and the rest of the world in **May 2015**



# STINGRAY MUSIC VIDEOS, LITE TV AND CONCERTS

## On-Demand

- Music Videos and Concerts available to TV subscribers in **VOD and SVOD**

## TV Apps

- Interactive and content-rich apps
- Browse music videos by popularity, genre, playlist or artist
- **Stingray Concerts app launching in Fall 2015**

## Linear Channels

- **Stingray Lite TV: A new 24/7 channel for pop music enthusiasts launched in Europe**
- **Stingray Concerts:** A new 24/7 channel for Concerts enthusiasts launching in LATAM in May 2015

# STINGRAY KARAOKE: THE LEADING KARAOKE SERVICE ON TV

> **Large licensed library of karaoke videos**

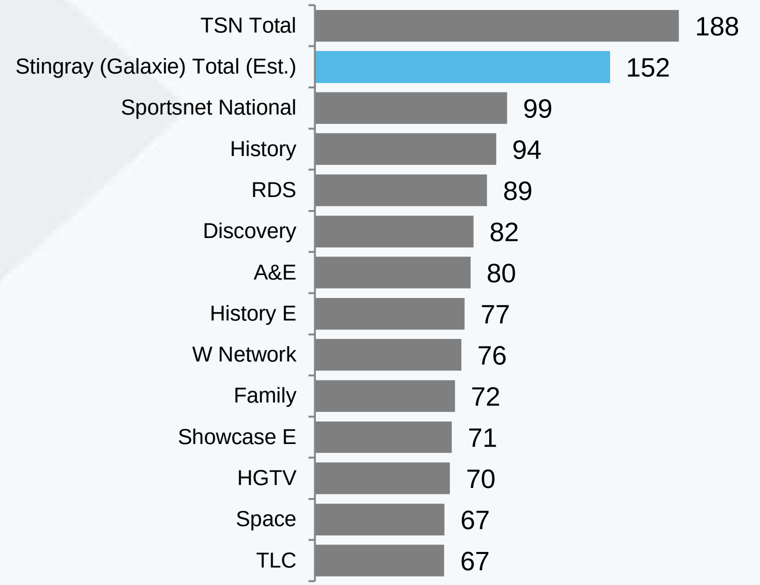
> Delivered via multiple products and services: **Video-on-demand, TV app, smart TV app, mobile app, YouTube** as well as download store

> Featuring songs in **every genre** (pop, rock, country, R&B / hip-hop, etc.), in the style of today's chart-topping artists and yesterday's legends

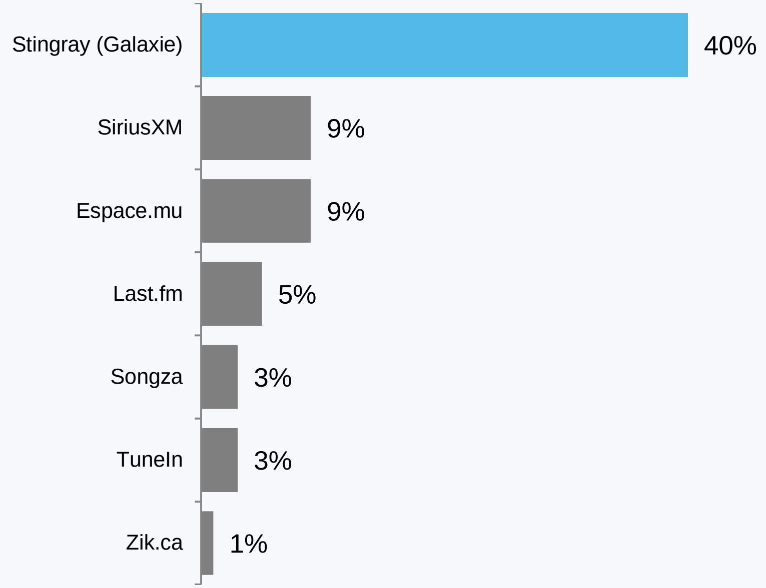
# LEADING VALUE PROPOSITION TO OUR CUSTOMERS

- Stingray Music is estimated as the second largest average minute audience ("AMA") in Canada after TSN, among specialty channels
- In Canada, Stingray Music reaches approximately 35% of adult Canadian listeners on a monthly basis(1)
- Stingray's pay-audio channels are the most popular music service in Québec
- Excellent value proposition to our customers considering the cost per subscriber and AMA, among specialty channels

**AMAs Among Canadian Specialty Channels(2)**




**Popularity in Québec / Music Service Usage (Multi-Platform)(3)**




(1) *Quarterly national listenership surveys conducted with Vision Critical.*
(2) *AMAs (in thousands) over the last nine months as of May 2014. Source: Internal Mediaroom IPTV Data, base: 850,000 subscribers, listeners per household.*
(3) *Percentage of monthly listeners (at least once per month). Source: CROP Panorama 2014.*

# STINGRAY BUSINESS: LEADING CANADIAN ONE-STOP SHOP MUSIC AND VIDEO SOLUTIONS PROVIDER

> Offers unique and fully customized music and video content which adheres to very strict brand guidelines provided by customers

### MUSIC

> Music programs specially created for commercial establishments. Present in more than **74,000** establishments

### DIGITAL SIGNAGE

> Recent **Groupe Viva** acquisition adds to Stingray's video and digital signage capabilities

### MESSAGES

> **Expertly-designed** messages for in-store music programs and on-hold phone system

### EQUIPMENT & INSTALLATIONS

> Best-in-class speakers and amps. Exclusive partnership with **BOSE**

# GLOBAL PAY-TV MARKET

### Canada
1.6% / 79%

12 million

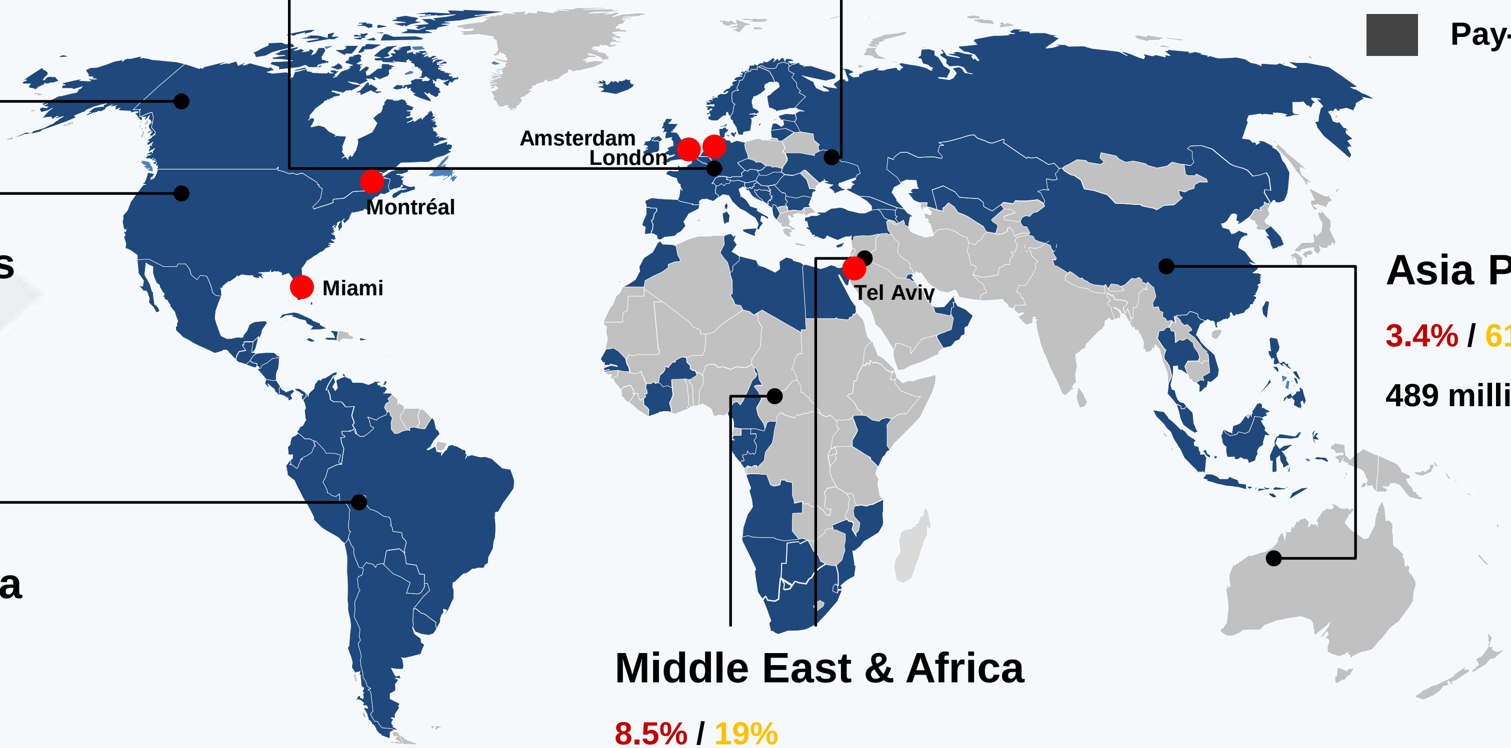
### Western Europe
2.0% / 55%

99 million

### Central & Eastern Europe
4.0% / 52%

57 million

- Stingray Operations
- Stingray Offices
- Pay-TV Penetration Rate(1)
- 2013-2018 Subscriber CAGR(1)
- Pay-TV Households (millions)(1)




### United States
1.4% / 78%

102 million

### Asia Pacific
3.4% / 61%

489 million

### Latin America
6.3% / 47%

60 million

### Middle East & Africa
8.5% / 19%

12 million

*(1) Source: Management estimates.*

# OPPORTUNITY FOR CONTINUED GROWTH

Services distributed to an estimated **110** million Pay-TV subscribers[(1)]

| STINGRAY MUSIC | STINGRAY MUSIC VIDEOS | STINGRAY KARAOKE | STINGRAY CONCERTS |
|---|---|---|---|
| **52** MILLION Pay-TV subscribers | **17** MILLION Pay-TV subscribers* | **73** MILLION Pay-TV subscribers* | **82** MILLION Pay-TV subscribers* |
| Americas<br>Europe<br>Africa | Americas<br>Europe | Americas<br>Europe | Americas<br>Europe<br>Asia |
| | * Includes Lite TV and 100% NL distribution | * Number of subs that can access Stingray Karaoke VOD, TV app | * Number of subs that can access Stingray Concerts VOD, TV app |

*(1) De-duped Pay-TV provider subscriber reach.*

# PROVEN ACQUISITION STRATEGY

- **$150+ million** spent on acquisitions since inception
- Became a leading player in Mexico and Latin America through 2 acquisitions in less than 12 months in 2014

**2007**
- Slep-Tone Entert. Corp / SoundChoice (Karaoke Channel)

**2008**

**2009**
- **Canadian Broadcast Corp. (Galaxie)**
- **MaxTrax Music Ltd.**
- **Chum Satellites Services (CTV)**

**2010**
- Marketing Senscity Inc.
- Concert TV Inc.

**2011**
- **Music Choice Int'l**

**2012**
- Musicoola Ltd.
- Zoe Interactive Ltd.

**2013**
- Executive Communication
- Emedia Networks Inc.
- Stage One Innovations Ltd.
- Intertain Media Inc.

**2014**
- **DMX LATAM (Mood Media)**
- **Archibald Media Group**
- **DMX Canada (Mood Media)**
- **Telefonica – On the Spot**

**2015**
- Les Réseaux Urbains Viva Inc.

## 1. Expand and Diversify Client and Partner Base

- Grow sales in the USA and internationally with Stingray Music and TV channels
- Increase sell-through of new and existing channels to current client base
- Grow Stingray Business internationally and through complementary products to our existing client base

# GROWTH STRATEGY (CONT'D)

## 2. Develop New Products, Technologies and Digital Platforms

> Expand mobile offering worldwide using newly developed watermark technology

> Develop next generation of music apps beyond TV platforms (Sonos, connected cars, etc.)

> Develop new linear channels to broaden product offering

SONOS
THE WIRELESS HiFi SYSTEM

BOSE

TiVo

## GROWTH STRATEGY (CONT'D)

### 3. Continue to Pursue Strategic Acquisitions

> Continue to consolidate by pursuing strategic acquisitions internationally

> Operational leverage with existing operations

> Grow international footprint targeting acquisitions in lower penetrated markets

# CANADA: AN EVOLVING REGULATORY ENVIRONMENT

- Stingray has long-standing contractual relationships with its Pay-TV providers
- Stingray services represent an excellent value proposition for Canadian cable companies considering cost per subscriber and AMA
- Stingray is the only player in Canada with a CRTC pay audio for TV licence that is in operation and is therefore currently inherently protected from competitors in the domestic market
- Stingray provides great value for vertically integrated BDUs and can ensure compliance with the regulatory ratio of independent channels
- CRTC policy provides more protection for independent programming service providers

# STRONG LEADERSHIP TEAM

## Management Team

**Eric Boyko, CPA, CGA**
- President, CEO and Co-Founder, and Director
- Founded eFundraising.com

**Jean-Pierre Trahan, CPA, CA**
- Chief Financial Officer
- Over 20 years experience

**Mario Dubois**
- Senior Vice-President and CTO
- Founded Teneon Technologies and appointed CTO in 2007

**Lloyd Feldman**
- Senior Vice-President, General Counsel and Corporate Secretary
- Practiced law at a major Canadian firm for 21 years

**Mathieu Péloquin, CPA, CMA**
- Senior Vice-President, Marketing and Communications
- Senior positions at TC Media and Reader's Digest Canada

**Stephen Tapp**
- Senior Vice-President, Business Development
- President and COO of XM Satellite Radio Canada

**Claude Laflamme**
- Vice-President, Legal and Regulatory Affairs
- Senior positions at Astral Media and Transat A.T.

## Board of Directors

**François-Charles Sirois** (Chairman of the Board)
- President and Chief Executive Officer of Telesystem
- Led and founded Up2 technologies Inc., Microcell i5 Inc. and Masq Inc.

**Jacques Parisien** (Lead Director)
- Prior executive committee member of Astral Media
- Prior executive at Bell Media Inc.

**Claudine Blondin**
- Prior Molson Coors Brewing Company Strategic Marketing Brand Manager - Québec Division
- Recipient of the Queen Elizabeth II Diamond Jubilee Medal

**L. Jacques Ménard, C.C., O.Q.**
- President of BMO Financial Group, Québec
- Chairman of BMO Nesbitt Burns Inc.

**Mark Pathy**
- President and Co-CEO, Fednav Limited
- President and CEO, Fednav International Ltd.

**Gary S. Rich**
- Founder and President of Rich Leadership
- 11 year tenure as Senior Vice-President, Human Resources, for American Express Europe, the Middle East and Africa

**Robert G. Steele**
- President and Chief Executive Officer of Newfoundland Capital Corporation Limited

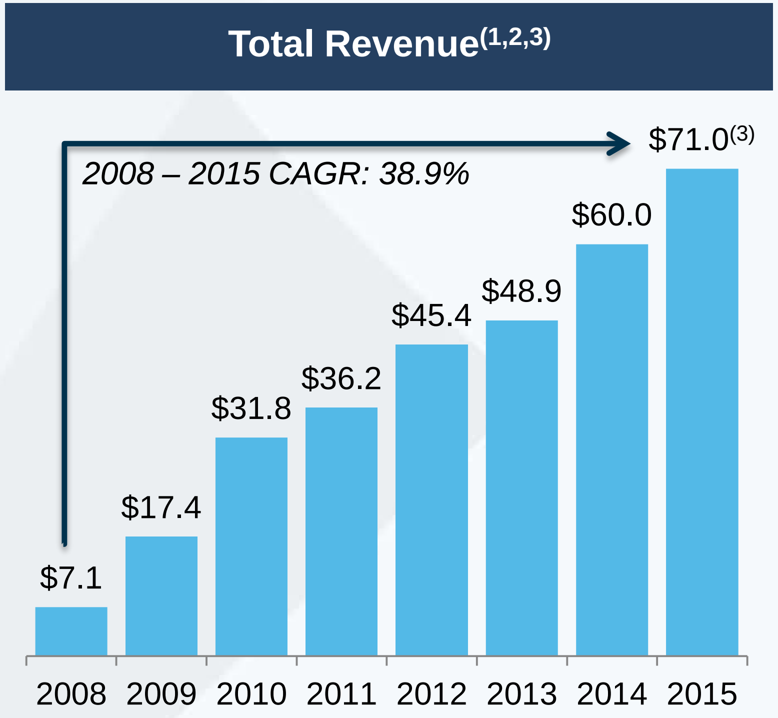
**Pascal Tremblay**
- President and Managing Partner of Novacap technologies, media and telecom funds
- Co-President of Novacap Management Inc.

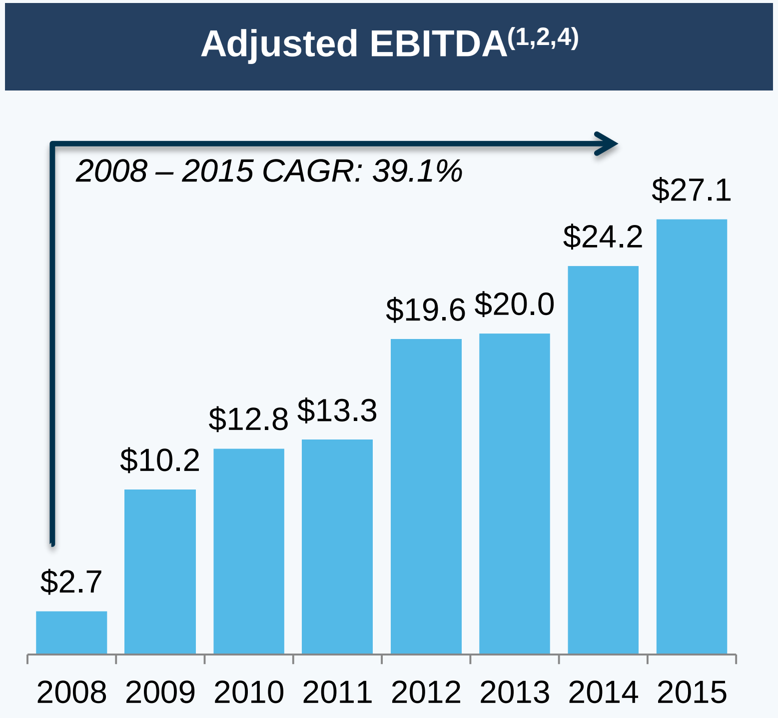
# Financial Overview

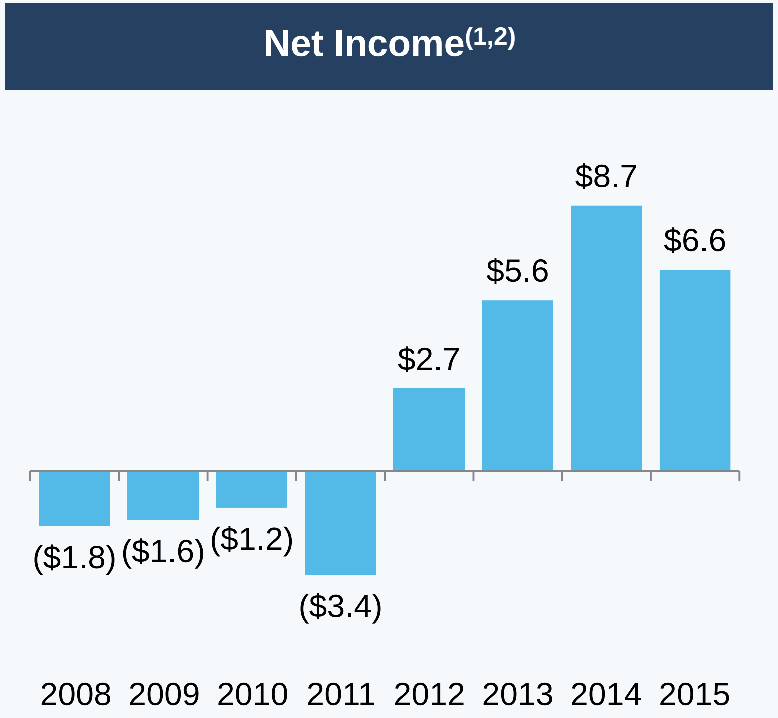
# STRONG GROWTH PROFILE

> Operating leverage provided by acquisitions and scale of operations

> Business model leading to high adjusted EBITDA margins




(1) *All figures in millions for the year ended March 31.*

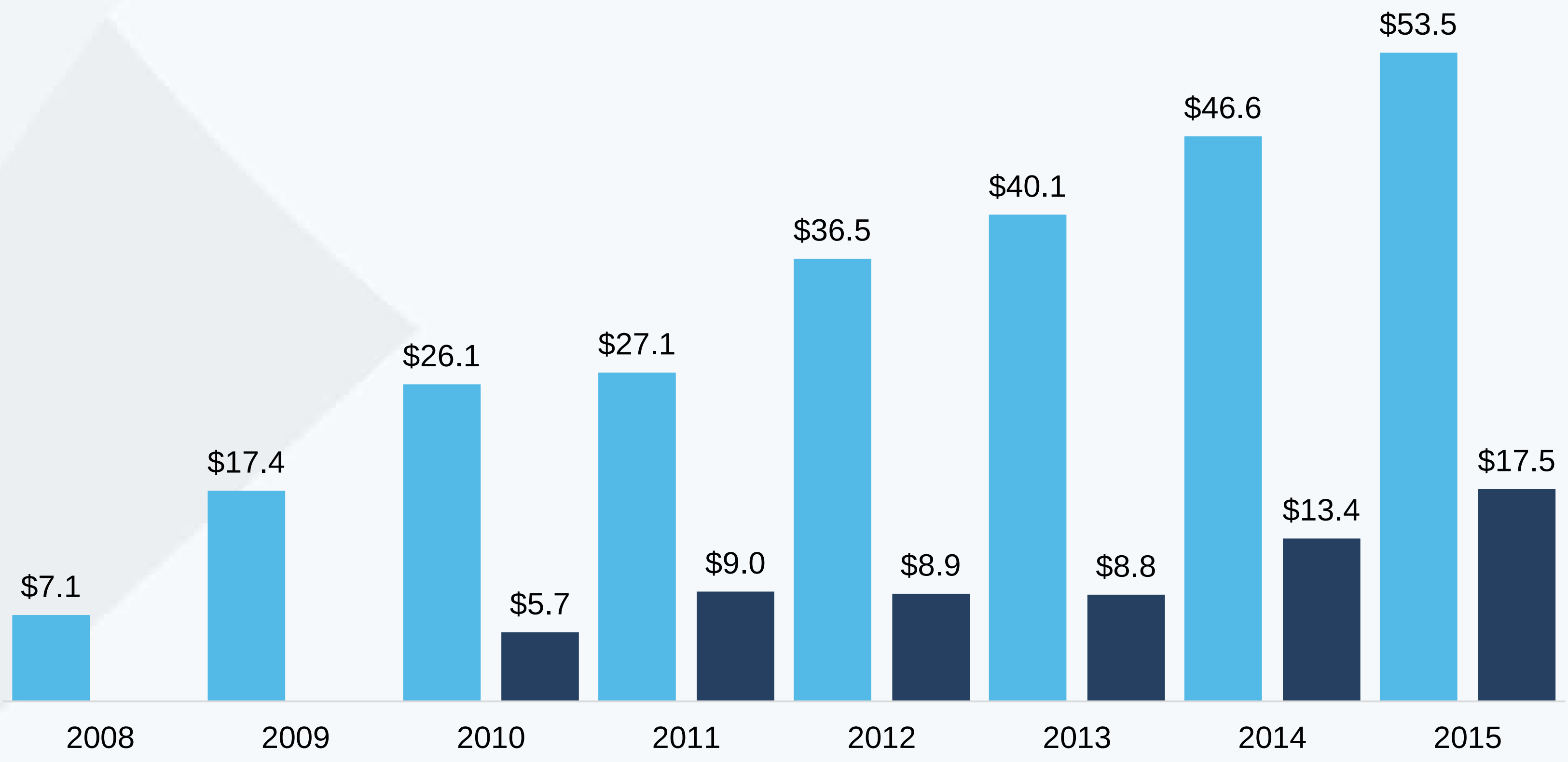
(2) *Financial information presented for years ended March 31, 2008, 2009, 2010, 2011 and 2012 is prepared in accordance with Canadian Generally Accepted Accounting Principles applicable at such times. Financial information for Fiscal 2013, Fiscal 2014 and Fiscal 2015 is prepared in accordance with IFRS.*

(3) *On a pro forma basis, revenues would have reached an estimated $76.7 million if the Fiscal 2015 acquisitions had been realized at the beginning of the year.*

(4) *See the reconciliation tables for adjusted EBITDA for Fiscal 2013, 2014 and 2015 in the Prospectus.*

# DIVERSIFIED REVENUE MIX

> Operating leverage between both business categories




## IN FISCAL 2015

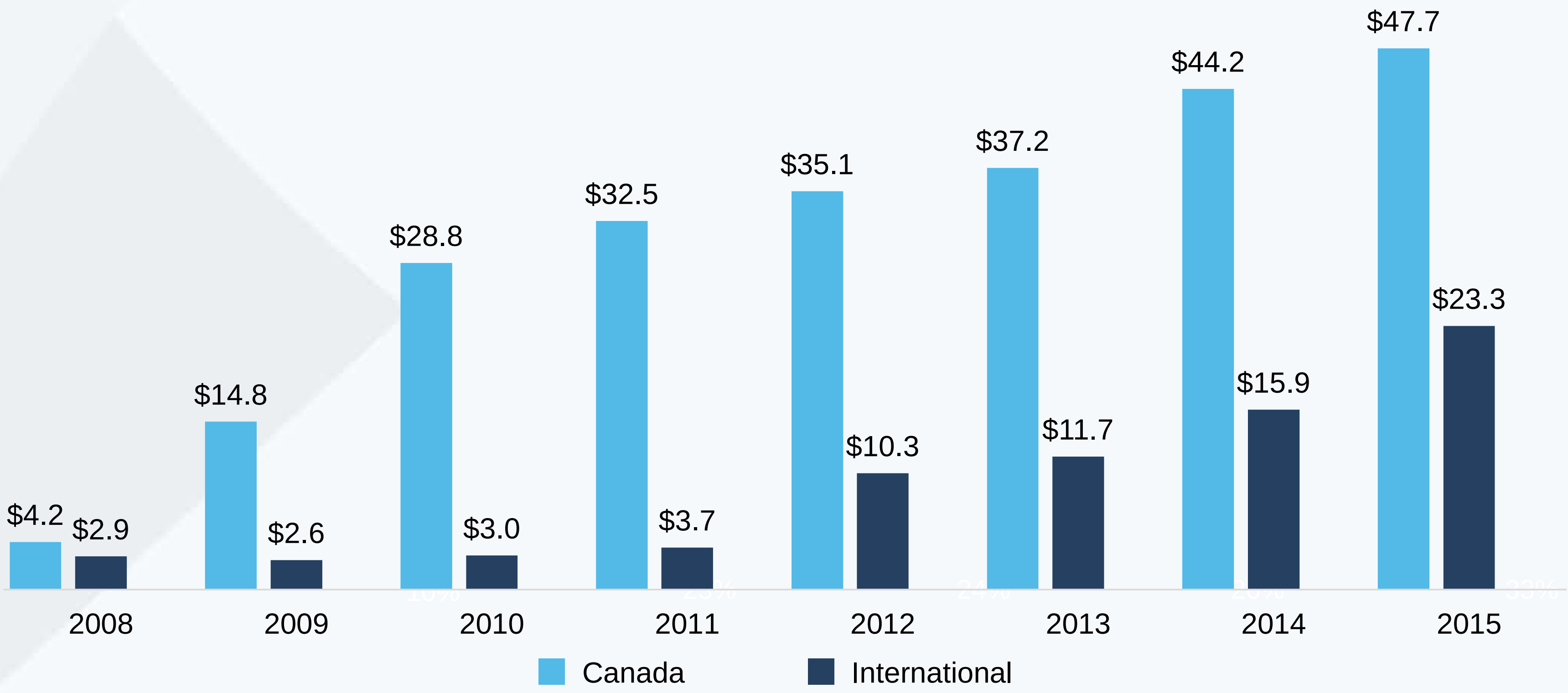
**Music Broadcasting**
**75%**

**Commercial Music**
**25%**

*All figures in millions for the year ended March 31.*
*Financial information presented for years ended March 31, 2008, 2009, 2010, 2011 and 2012 is prepared in accordance with Canadian Generally Accepted Accounting Principles applicable at such times. Financial information for Fiscal 2013, Fiscal 2014 and Fiscal 2015 is prepared in accordance with IFRS.*

# FAST GROWING INTERNATIONAL REVENUE

## Geographical Revenue Breakdown




International CAGR of **34.7%**

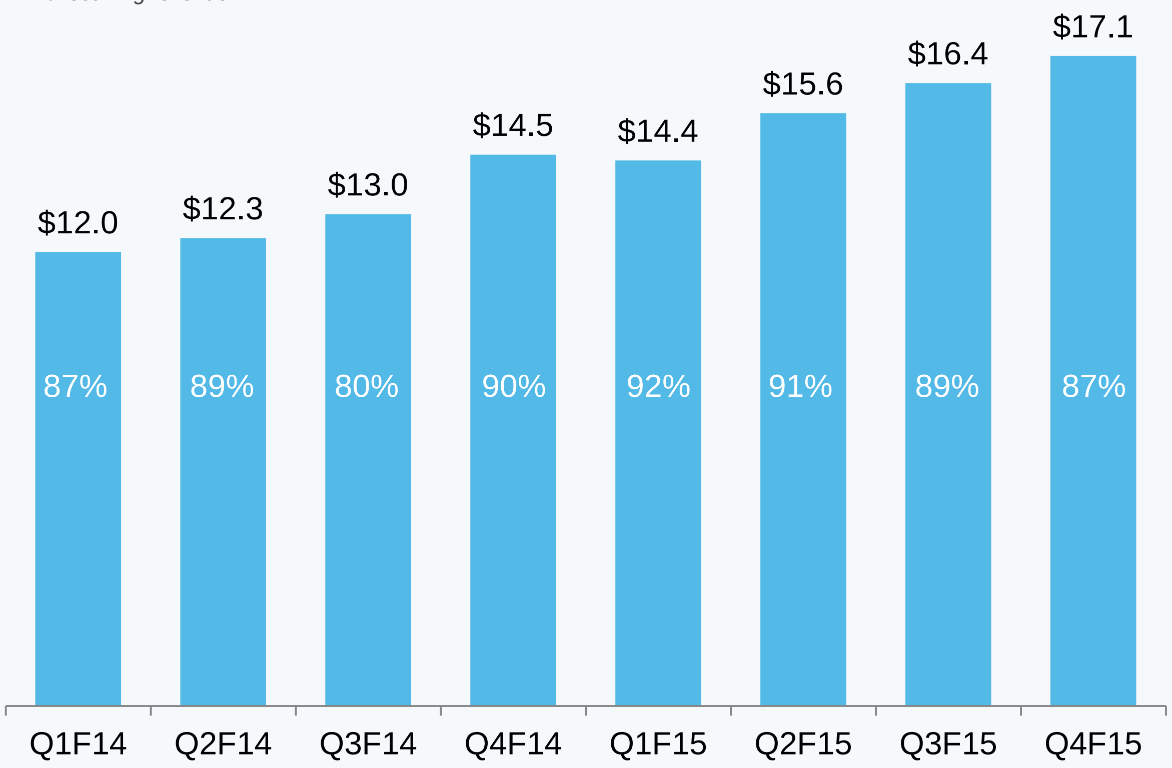
*All figures in millions for the year ended March 31. CAGR calculated for the period ending March 31, 2008 – 2015.*
*Financial information presented for years ended March 31, 2008, 2009, 2010, 2011 and 2012 is prepared in accordance with Canadian Generally Accepted Accounting Principles applicable at such times. Financial information for Fiscal 2013, Fiscal 2014 and Fiscal 2015 is prepared in accordance with IFRS.*

# HIGH LEVEL OF RECURRING REVENUE

- 89%[1] of Recurring Revenues
- Diversified Customer Base
- Long-term Contracts
- High Contract Renewal Rates

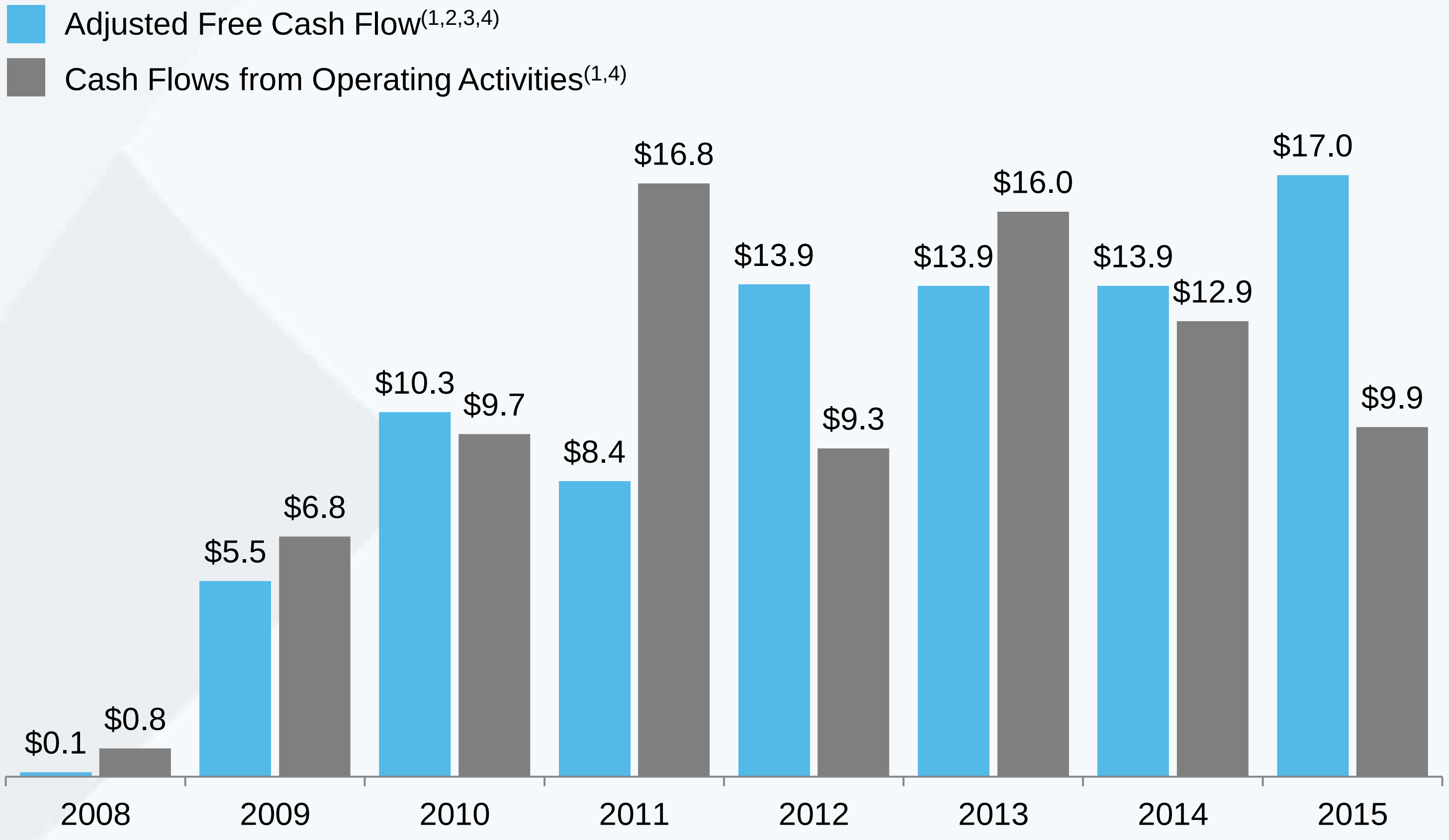
## Quarterly Recurring Revenues[2,3,4]

*In C$ millions. Fiscal year-end March 31.*
*% recurring revenue.*




(1) *For FY15 ending March 31.*
(2) *Figures in millions for the years ended March 31.*
(3) *Recurring revenues include subscriptions and usage in addition to fixed fees charged to our customers on a monthly, quarterly or annual basis for continuous music services. Non-recurring revenues mainly include support, installation, equipment and one-time fees.*
(4) *Recurring revenues percentage are calculated as a percentage of total revenues.*

# STABLE AND PREDICTABLE ADJUSTED FREE CASH FLOW




- High cash conversion
- Low CAPEX requirement
- Focus on growth and acquisitions
- Solid FCF to support dividend

(1) *Figures in millions for the years ended March 31.*
(2) *See the reconciliation table for Adjusted Free Cash Flow for Fiscal 2015, 2014 and 2013 in the Prospectus.*
(3) *Adjusted Free Cash Flow is defined as cash flow from operating activities less capital expenditures for property and equipment and separately acquired intangible assets, net change in non-cash working capital items and acquisition, restructuring and other various costs, net of related income taxes.*
(4) *Financial information presented for years ended March 31, 2008, 2009, 2010, 2011 and 2012 is prepared in accordance with Canadian Generally Accepted Accounting Principles applicable at such time. Financial information for Fiscal 2013, Fiscal 2014 and Fiscal 2015 is prepared in accordance with IFRS.*

# FINANCIAL OVERVIEW - SUMMARY

- High level of recurring revenue (i.e. 89%) supported by long-term contracts
- Rapid international expansion to be pursued
- Operating leverage provided by acquisitions and scale of operations
- Business model generating high adjusted EBITDA margins and strong FCF
- Low CAPEX requirements
- Pro forma leverage and FCF to pursue international acquisition program
- Solid FCF to support dividend

# INVESTMENT HIGHLIGHTS

> **Leading Canadian Multi-Platform Media Business with a Fast Growing International Presence**

> **Unique Scale, Scope and Reach of Operations**

> **Recurring Revenue from “Blue Chip” Client Base**

> **Strong and Predictable Cash Flows from Long-term Contracts and Client Relationships**

> **Track Record of Successful Acquisitions and Identified Pipeline of International Opportunities**

> **Leading Content Curation Expertise**

> **Committed Management Team with a Track Record of Value Creation**

# TERMS OF THE OFFERING

| | |
|---|---|
| **Issuer** | • Stingray Digital Group Inc. |
| **Amount**[(1)] | • $120 million offering composed of $68.2 million treasury offering and $51.8 million secondary offering of Subordinate Voting Shares (“SVS”) and Variable Subordinate Voting Shares (“VSVS”, and together with the SVS, the “Offered Shares”) + 15% Over-Allotment Option |
| **Issue Price** | • $5.50 to $6.25 per Offered Share |
| **Shares Outstanding**[(1)] | • 29,155,724 SVS and VSVS and 16,445,466 Multiple Voting Shares (“MVS”) |
| **Governance** | 1. MVS: 10 votes<br>2. SVS: 1 vote<br>3. VSVS: 1 vote (to a max of 20% of total votes of Stingray) |
| **Selling Shareholders** | • Novacap and Telesystem |
| **Retained Interest**[(1)] | • Economic interest – Boyko Group: 24.0%, Telesystem: 22.6%<br>• Voting interest – Boyko Group: 56.5%, Telesystem: 30.9% |
| **Standstill / Lock-Up** | • Boyko Group and Telesystem will be subject to a lock-up of 2 years for all the MVS held<br>• Telesystem and Novacap will be subject to a lock-up of 180 days for all the SVS held<br>• Management and Directors: 15% after 180 days / 50% after 1 year / Remainder after 2 years |
| **Eligibility** | • RRSPs, RESPs, RRIFs, RDSPs, TFSAs and DPSPs |
| **Listing** | • TSX:RAY |
| **Use of Proceeds** | • Net proceeds from the treasury portion of the Offering will be used to repay existing indebtedness |
| **Pricing** | • Expected the week of May 25, 2015 |
| **Closing** | • Expected the week of June 1, 2015 |

*(1) At mid-point of value range ($5.87).*

# CONCURRENT PRIVATE PLACEMENT

> Concurrent $18,650,000 secondary private placement for MVS of Stingray

> **Key features:**

- To close concurrently with the IPO
- Acquisition of MVS from Novacap and Telesystem
- Same pricing terms / valuation as the IPO, except for a two-year lock-up period for all private placement investors
- Investors include Eric Boyko, other current committed Stingray shareholders as well as new institutional and individual investors who have followed Stingray for several years, all of which are motivated to support Stingray's long-term vision
- Private placement investors to enter into a voting trust agreement with Eric Boyko

# VALUATION ANALYSIS

| Offering Share Price | $5.50 | $5.75 | $6.00 | $6.25 |
|---|---|---|---|---|
| PF FD Shares Outstanding (millions)(1) | 48.2 | 47.1 | 46.1 | 45.2 |
| **Market Capitalization** | **$265.1** | **$271.0** | **$276.8** | **$282.7** |
| Add: Pro Forma Net Debt(2) | $42.1 | $45.0 | $47.8 | $50.6 |
| Add: Contingent considerations(3) | $12.4 | $12.4 | $12.4 | $12.4 |
| **Enterprise Value** | **$319.7** | **$328.3** | **$337.0** | **$345.7** |
| FY15 Adjusted EBITDA(4) | $27.1 | $27.1 | $27.1 | $27.1 |
| *EV / FY15 Adjusted EBITDA(4)* | *11.8x* | *12.1x* | *12.5x* | *12.8x* |
| Net Debt / FY15 Adjusted EBITDA(4) | 1.6x | 1.7x | 1.8x | 1.9x |
| Net Debt including contingent considerations / FY15 Adjusted EBITDA(4) | 2.0x | 2.1x | 2.2x | 2.3x |

*In millions of Canadian dollars, except share price.*

*(1) Assuming a $120 million offering with Selling Shareholders selling a total of 12 million shares through the secondary portion of the IPO and the $18.7 million concurrent private placement. 34 million existing shares and 1.4 million existing options. Treasury stock method ("TSM") assumes options are exercised and proceeds from exercise are used to repurchase shares at the IPO price. Offering related expenses are estimated at $3 million.*

*(2) Includes existing net debt of $107.4 million minus the net proceeds of the treasury offering (net of the pro-rata Underwriters' commission of 6% and offering expenses of $3.0 million).*

*(3) The contingent considerations are related to business combinations and are payable based on the achievement of targets for growth in revenues for a period from the date of the acquisition.*

*(4) Adjusted EBITDA is defined as net income before net finance expenses, change in fair value of investment, income taxes, depreciation and amortization and write-offs, share-based compensation and acquisition, restructuring and other various costs.*

# COMPARABLE COMPANIES ANALYSIS

In accordance with Section 13.7(4) of National Instrument 41-101 – *General Prospectus Requirements*, all the information relating to Stingray's comparables and any disclosure relating to the comparables, which is contained in the presentation to be provided to potential investors, has been removed from this template version for purposes of its filing on the System for Electronic Document Analysis and Retrieval (SEDAR).

# THANK YOU