

## Company Report

# TELEFIX COMMUNICATIONS HOLDINGS, INC.

## From \$10M in Revenue to \$10M in Profit

Rob Goldman  
[rob@goldmanresearch.com](mailto:rob@goldmanresearch.com)

May 17, 2012

### TELEFIX COMMUNICATIONS HOLDINGS, INC. (OTC:PK - TLFX - \$0.33)

Price Target: \$1.10

Rating: Speculative Buy

#### COMPANY SNAPSHOT

TeleFix Communications, Inc. is a minority and woman-owned telecommunications services company. TeleFix serves the wireless infrastructure development, upgrade, and repair market with a focus on RF design and testing for converged networks and broadband access. As a Tier Contractor, turnkey supplier, and qualified vendor on behalf of some of the largest technology companies in the U.S., the Company generates revenue through services provided directly to carriers or through these TURF and General Contractors.

#### KEY STATISTICS

Price as of 5/16/12	\$0.33
52 Wk High – Low	\$0.36 – 0.002
Est. Shares Outstanding	96.8M
Free Trading Shares	28.0M
Restricted Shares	68.8M
Market Capitalization	\$30.3M

#### COMPANY INFORMATION

TeleFix Communications Holdings, Inc.  
 8205 Olympia Drive  
 McKinney TX 75070  
[www.TeleFixcommunications.com](http://www.TeleFixcommunications.com)  
[info@TeleFixcommunications.com](mailto:info@TeleFixcommunications.com)

#### INVESTMENT HIGHLIGHTS

**The wireless infrastructure market is going through a huge spending curve in the U.S., with the top 3 carriers spending an estimated \$25 billion in 2012, alone.** After factoring in the spending by governmental entities on public safety and other projects, the number approaches \$100 billion. The wireless infrastructure services segment is a major part of this expense.

**TeleFix has a major advantage over other firms which should ensure its status as a major player over the next 12-24 months.** Carriers, governments and contractors all have diversity programs which are akin to set-asides or mandates for minority and especially women-owned businesses. As one of the few certified women owned firms providing turn-key wireless infrastructure services, with the ability to self-perform in all capacities, in the industry and the entire country, TeleFix is primed to earn many, large-scale services contracts.

**With an early-mover advantage and high barriers to entry,** TeleFix has already proven its work as a Tiered contractor for General Dynamics and AT&T. TeleFix also secured in its first year, a contract currently in renewal, with General Dynamics as a turn-key supplier for Wireless IT Division Now, TLFX is likely viewed as the prettiest girl at the dance by large contractors needing to fulfill the diversity programs with seasoned, well-trained firms.

**TLFX is bidding on large-scale contracts with Tier 1 and NYSE-listed firms and we believe that TLFX could generate \$10M over the next 12 months and \$25-40M in the following year.** If the timing of the contract awards and deployments hold to typical schedules, TLFX could generate a 20-25% net margin on \$40M in revenue.

**Having access to a minority-owned public company that can take advantage of communications services mandates is a rare opportunity investors should not pass up.** Our \$1.10 price target is based upon 10x FY14E (June 2014) net income of \$10M. We rate these shares Speculative Buy.

# TELEFIX COMMUNICATIONS HOLDINGS, INC. (OTC:PK - TLFX)

## COMPANY OVERVIEW

Tracing its roots to the 2010 CTIA Wireless Expo, TeleFix Communications Holdings, Inc. was founded by entrepreneur and President Mezaun Norman. TeleFix Communications, Inc. is a minority and woman-owned telecommunications services company. TeleFix serves the wireless infrastructure development, upgrade, and repair market with a focus on RF design and testing for converged networks and broadband access. As a Tier Contractor, turnkey supplier, and qualified vendor on behalf of some of the largest technology companies in the U.S., the Company generates revenue through services provided directly to carriers or through these TURF and General Contractors.

With two distinctive areas of expertise – RF and Microwave Engineering, centered on Converged Networks – 3G (UMTS), 4G (LTE), for Cellular, Land Mobile Radio Communications (Two-Way Radio Communications), Broadband (WiFi), and Digital Healthcare industries, TeleFix is poised to deliver high quality and effective services in Design, Project Management, Network Planning, Installation, and Deployment.



Image I. Microwave Towers  
Source: Google



Image II. A Distributed Antenna System  
Source: Google

### The Market Drivers: Carrier Market

The demand for greater wireless services and more bandwidth is growing at rate that is much faster than the ability to supply quality network services. This is evident in the high costs of revisits and poor equipment performance which translates all the way down to the consumer level, which results in poor wireless service. As the appetite for additional bandwidth for data communications and faster data speeds on all spectrums continues unabated, the major U.S. wireless carriers such as Verizon Wireless (NYSE – VZ), AT&T (NYSE – T) Sprint (NYSE - S) and others are forced to spend billions on network upgrades in order to build and maintain efficiently operating converged networks in order to retain and grow its customer base.

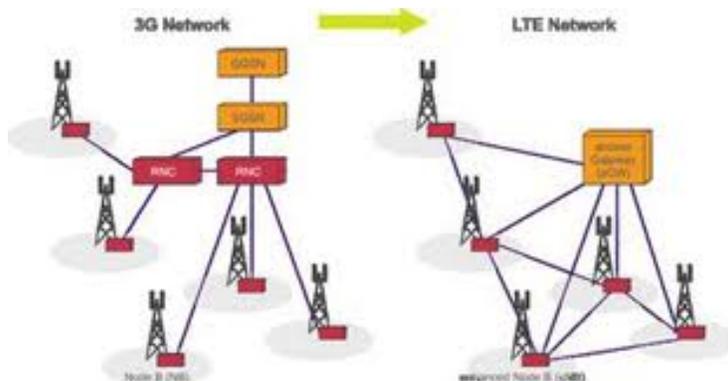


Image III. Diagram of 3G to 4G System Migration Design  
Source: Google

**Company Report**

Street estimates suggest that in 2012 alone the 3 major wireless carriers will spend a combined \$25 billion on wireless infrastructure services and equipment. Much of the expenditure will be on the build-out of 4G networks (refers to a wireless standard that represents the 4<sup>TH</sup> generation of mobile networks) while maintaining high quality service on their legacy 3G networks.

The Market Drivers: Public Safety Market

In the public safety market there is one major initiative in wireless communications, which is P-25 Interoperability. P-25 is a suite of standards for digital radio communications for use by federal, state and local public safety agencies in the U.S. which enable them to communicate with other agencies and response teams in emergencies.

The current lack of interoperability between radio networks used by these public safety agencies is a major challenge and critical problem as it hinders the execution of a coordinated response and a unified chain of command. To address this issue, many agencies have focused re-engineering the existing infrastructure, which plays into TeleFix’s sweet spot.

**THE BUSINESS**

TeleFix provides services to the wireless infrastructure development, upgrade and repair markets. These services require trained technicians and engineers to install upgrade and repair equipment and systems at new and existing facilities or sites.

Companies in the space operate in various tiers related to consulting work and engineering expertise. The highest level of general contractor is referred to as a "TURF" contractor, which Carriers have named the regional general contracting companies. The hierarchy looks like the following example in the flow chart below. It should be noted that a Tier 2 or Tier 3 Contractor can work for a higher level Tier Contractor as well as directly for the TURF Contractor. The basic hierarchy of the system is Carrier => TURF Contractor => Tier Contractor => Technician.

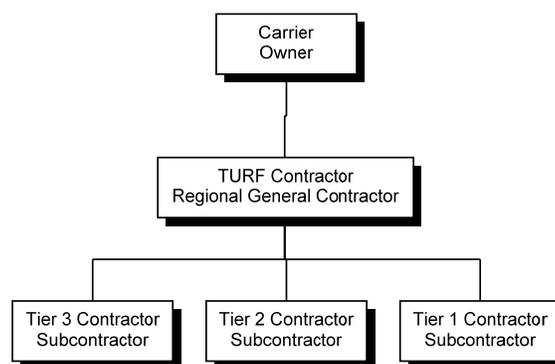


Image IV. The Food Chain  
Source: TeleFix Communications Holdings, Inc.

The Tier Contractors are the backbone of the wireless infrastructure system and work directly with the TURF contractors. Projects are awarded via Master Contracts Awards to the lowest priced contractors by the TURF Contractors or can be awarded by carriers to TURFs via fixed contract bidding

## **THE TELFIX ADVANTAGE**

With significant advantages over the hundreds of small companies that represent the typical, fragmented competition at the Tier level, TeleFix is in the catbird seat.

The primary advantage the Company owns over the competition is its woman-owned business status, which was obtained after completing a rigorous process. Carriers, government agencies and entities, along with the TURF contractors have diversity programs and set-asides that serve as mandates. These programs require a portion (usually 10%) of the total value of various projects, to be awarded to minority-owned or woman-owned businesses that qualify. TeleFix is a minority and woman-owned business that certainly qualifies under the program guidelines. One of the primary qualifications is ownership holding must be majority held by a minority or a woman and founder Mezaun Norman owns roughly 65% of the company.

If we look at the opportunity just this year, hundreds of millions if not billions will be awarded through these large-scale, multi-year programs.

The second advantage the Company has is its relationship with key contractors and carriers. In the past, TeleFix already acquired turnkey contracts for General Dynamics (NYSE - GD), been certified as a qualified vendor for AT&T, and as a general contractor for Goodman Networks. Other certifications with Tier 1 and NYSE-listed carriers, and contractors are in the works which only raises the barrier to entry for other firms and increases the likelihood that TLFX will be awarded many large contracts.

Finally, this channel historically has not been recognized for high quality work when TURF contractors are primarily concerned with getting the lowest possible price. The telecom infrastructure market is in need of qualified contractors to build, upgrade and repair sites and networks. The demand for more and newer products has exceeded the supply of well-trained contractors to build the necessary stations and upgrade existing ones. As a result, many consider the service provided by wireless Carriers to be poor at best as a result of inferior contractor work and the lack of repair on stations and centers. By matching high quality, effective work with its unique status, TLFX is well positioned to earn contracts directly from carriers, contractors and OEMs.

In fact, management is negotiating a number of contracts which we believe will bear fruit beginning this year.

## **COMPETITIVE ADVANTAGES**

TeleFix has a number of advantages over other players in the market.

- Woman-owned business certification.
- Early mover advantage.
- Experience working with large carriers, contractors, and OEMs
- History of entrepreneurial success.
- Management is targeting a value-added and less crowded segment of the wireless market.
- Public company exposure.

## Company Report

**EXECUTIVE MANAGEMENT****Mezaun Norman, Founder, President, Chief Executive Officer**

Mezaun Norman is the President, Chief Executive Officer and Founder of TeleFix Communications Holdings, Inc., of Dallas, Texas. As a visionary entrepreneur, Mezaun has over 15 years of experience in key aspects of Business Administration having launched other successful start-up ventures across varied industries.

Mezaun brings a unique combination of skills to TeleFix's clients as well as to her role as President and Chief Executive Officer of this highly innovative telecommunications services company. Mezaun is predominantly responsible for implementing the company's vision, and business strategy to advance its mission, objectives, citizenship, revenue growth, and profitability. She is also responsible for overseeing the Business Development, Marketing, and Sales. Ms. Norman has a degree in International Relations. She is mom to three girls – Athalia 19, a freshman at Baylor University, Marissa 15, and Rhiane 13. She resides in McKinney, Texas with her husband Andrew, a Telecommunications Engineer.

**John Fazio, Executive Vice President**

John Fazio is currently Executive Vice President at TeleFix Communications, Inc. (TeleFix), and was instrumental in launching the business. He has also worked on the initial financing of the company including establishing a \$3 million factoring facility for TeleFix. His duties include strategic planning, contract administration and corporate oversight and administration.

John has founded, grown and operated several businesses after graduating from Temple University's Fox School of Business in Philadelphia, Pennsylvania in 1976. He has experience owning and operating a publishing business, regulatory compliance business, environmental transportation business and an environmental remediation business. His involvement with two of the businesses began at nominal sales volumes, and he was able to grow them respectively to over \$5 million and \$10 million in annual sales. John has been building two consulting businesses over the last 4 years; Winning Advantage, Inc. and Environmental Business Consulting.

**RISK FACTORS**

In our view, TeleFix's biggest risk is the timing of contract awards, and the resulting project deployment, rather than the number or size of the awards. It is not uncommon to have delays in awarding or implementation, especially in the public safety arena. A secondary risk would be slowdowns or delays in overall spending, or perhaps a migration of spending to other mobile initiatives which could prove technologically superior and do not play to TeleFix's strengths. We believe that this risk is highly unlikely as such moves require the implementation of standards prior to widespread design and execution. Having a short operating history and a lack of large cash reserves are all typical concerns and consistent with firms of TLFX's size and standing.

**LOOKING AHEAD**

Having access to a minority-owned public company that can take advantage of communications services mandates is a rare opportunity investors should not pass up. TLFX is bidding on large-scale contracts with Tier 1 and NYSE-listed firms and we believe that TLFX could generate \$10M over the next 12 months and \$25-40M in the following year. If the timing of the contract awards and deployments hold to typical schedules, TLFX could generate a 20-25% net margin on \$40M in revenue. Our near term \$1.10 price target is based upon 10x FY14E (June 2014) net income of \$10M. We rate these shares Speculative Buy.

# TELEFIX COMMUNICATIONS HOLDINGS, INC. (OTC:PK - TLFY)

## Analyst: Robert Goldman

Rob Goldman has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

## Analyst Certification

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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