

Transcript of initial interview with Mr. Ken P. Mayeaux & Mr. Wesley Poff



Respectively VP of Operations and Head of
Technology at Ameritek Ventures



OTC: ATVK

February 24, 2018

Mr. Ken P. Mayeaux. Kenneth P. Mayeaux holds a Bachelor of Science in Analytical Management from the U.S. Naval Academy at Annapolis, MD and served as a U.S. Naval Officer in engineering, operations and logistics positions for over six years. Following his naval service, Mr. Mayeaux completed advanced business training at Louisiana State University and attended various Sales and Consulting training courses throughout his career. In his capacity as the VP of Operations for Ameritek Ventures, Mr. Mayeaux brings his extensive plant operations, financial expertise, and management expertise to the company management team.

Mr. Wesley Poff. Wesley Poff holds a Bachelor of Science in Mechanical Engineering from Virginia Military Institute. Wesley also holds a Master of Business Administration from Virginia Polytechnic Institute. In 1992, he began his work in the field of optical fiber with ALCATEL Telecommunications. He worked with ALCATEL from June 1992 until February 1998. From 1998 to 2017, he worked as consultant regarding optical fiber preform production for: Modified Chemical Vapor Deposition, Plasma Chemical Vapor Deposition, Furnace Chemical Vapor Deposition, Vapor Axial-Phase Deposition, and Outside Vapor Deposition. He has worked in factories in many different countries including the USA, India, Japan, China, Korea, France, Germany, Switzerland and Brazil.

Smallcaps Investment Research: A warm welcome everyone to a new interview on Smallcaps Investment Research. We're excited to have not one but two representatives from Ameritek Ventures with us today. We welcome Mr. Ken Mayeaux, the VP of Operations and Mr. Wesley Poff, the Head of Technology. Ameritek Ventures' goal is to manufacture top quality optical fiber preforms to serve the massive telecommunications industry. The Company is listed on the OTC market with ticker symbol ATVK. Ken and Wesley thank you very much for joining us today. Welcome.

Wesley Poff: Thank you very much. Good to be here.

Ken Mayeaux: Thank you. We're happy to be here.

As this is our initial interview, can you please give us an introduction of Ameritek Ventures?

Ken Mayeaux: Initially, Ameritek was a technology equipment manufacturer for the optical fiber market. As it needed some help to get its products to the market, I became involved to assist in that endeavor. However, as I got to know the Company better, I noticed a tremendous opportunity in producing preforms for the optical fiber

market, rather than simply manufacturing equipment for that industry. These preforms are used in the optical fiber space to manufacture the actual fiber.

After we switched the business focus, we acquired the necessary technology and equipment, and developed a business plan with a goal to manufacture 20 million kilometers (~12.7 million miles) of preform per year. We plan to invest about \$15 million in the establishment of an optical fiber preform manufacturing facility in Virginia to reach that goal.

To give our audience a clear understanding of the potential of Ameritek, could you describe the current status of the optical fiber market and also explain why it's in such high demand?

Wesley Poff: The optical fiber industry is seeing tremendous growth. Most of that is being driven by increased demand for bandwidth, both from the network side and the customer side.

Mobile phone network providers are building out their infrastructure to provide better coverage and also to implement the transition from 4G technology to 5G. The latter especially requires increased data transfer, which subsequently increases the demand for optical fiber.

In addition to the 5G transition you also have the transition from high definition TV to 4K TV. This again requires more data and increased bandwidth. Customers also demand higher speed internet all over the world, which further fuels demand for optical fiber.

So, throughout the world, in both developed and developing countries, there's a tremendous demand for more information, and more data. The best medium that we know today to transfer all that data from one point to the other is optical fiber.

Why do you think that Ameritek can break into the Optical Fiber Market when it appears that only a handful of companies are currently involved in this industry?

Wesley Poff: There are significant barriers to entry in manufacturing optical fiber. Right from the start you are facing steep costs to build the factory and the equipment to produce the optical fiber.

Secondly, you need sufficient technological know-how. It is one thing to produce the optical fiber preforms, but it is another to produce them at a level acceptable to the international market. There is a stringent international standard regarding this product in order for the optical fiber to match seamlessly all over the world.

Thirdly, it's crucial to have an efficient production process to be able to sell the produced fiber at a reasonable profit.

We believe we are well-suited to address all of these issues. We are capable of financing the initial infrastructure costs, and we have a stellar team that can connect the technological know-how with the right production processes.

What are the advantages of Ameritek over its competitors?

Wesley Poff: Our background and experience primarily is consulting in the development and improvement of existing machines and

system and high volume manufacturing. That has enabled us to put the right process engineers together with the right equipment engineers to design the optimal system for manufacturing optical fiber.

We have used standard process, statistical process control, mass production techniques and fundamental optical fiber manufacturing techniques and came up with a complete system that operates at a high level of efficiency, is highly repeatable and consistent in terms of good quality.

In addition to this, we believe the market is not as much about us being better than our competitors. The market is growing fast. Thus, merely our ability to bring word class optical fiber to the market enables us to at least partially fill the ever-growing supply/demand gap.

What are some of the major challenges you will have to overcome to meet your projections?

Ken Mayeaux: As with any new manufacturing company, we will have to find and train high-quality technicians and operators for our plant.

However, I think we are already a step ahead as some of our people that we are working with right now have been in the industry for decades. As the optical fiber industry is relatively small, we know most of the people that are active in it. This will certainly allow us to access some of that talent and bring them into our organization.

The second challenge is going to be to build trust with our potential customers. We are going to be the new guy on the block. Thus we need to be able to stand behind our product and show that it will meet their need.

Yet again, I do not feel this is going to be an issue as our experienced team is well positioned to create a niche spot for our Company in the market and grow from there.

What are some milestones at Ameritek that investors should look out for over the next 12 months?

Ken Mayeaux: We will be working to complete our manufacturing facility and to finish construction of the first phase of our production equipment. As we set up our manufacturing, quality, and testing protocols, we will be able to produce our first salable product.

These steps will be necessary for us to get our product completed, accepted and out into the marketplace.

Could you also describe the goals for Ameritek over the next 5 years.

Wesley Poff: The initial key goal will be to ramp up the technology and establish a footprint in the market. This will demonstrate that we are a world class optical fiber manufacturer. From that point on we will need to increase the production volume level to satisfy massive customer demand.

In the next five years, we also anticipate seeking out and securing joint venture partners. Our goal is to go to strategic geographical locations and establish joint venture connections with cable companies and other potential partners. This will allow us to develop additional operations and bring additional capacity to the market.

Based on the market demand that you just described and your growth plans, would you elaborate somewhat on your expected revenue growth and profit margins as you increase your output.

Ken Mayeaux: Currently, the market value of optical fiber is \$3 billion in revenue. This is projected to go up to \$5 billion by the year 2021. In terms of tonnage of preforms, the global demand was about 13,500 tons in 2016, and is projected to increase to over 23,000 tons by 2021. To give an idea, 10,000 tons translates into more than 300 million kilometers of preforms!

This projected growth is exactly what we are going to address. We feel that due to the current monopolistic nature of the market, our entry of a readily accepted product will be welcomed.

Wesley Poff: Turning to more company-specific projections, we expect that within two years we will have revenues in excess of \$20 million a year with an EBITDA margin of more than 35%. Within four years we expect the revenue to pass \$50 million a year and the EBITDA margin to be greater than 40%.

The growth in revenue is expected to be on the back of customer demand as we will be focused on securing long-term partnerships and deals with our customers.

Lastly, to add to what Ken said, the increase in demand of kilometers per year is going to be about 300 million kilometers over the next three years. Our production is going to begin at only five million kilometers a year and will then expand to 20 million kilometers. Thus, in order to run at full capacity, we need to capture only roughly 5% of the organic growth of the whole market.

At what time do you expect to be in production?

Ken Mayeaux: We expect to get our machinery installation done in 2018. After testing and follow up with our production, we hope to be ready for initial production in the first half of 2019.

What changes have you seen in the Optical Fiber Market during the past few years?

Wesley Poff: We have seen three major shifts in the industry.

Perhaps most importantly, the network companies have changed the way they source the fiber for the expansion of their networks. Rather than leaving the fiber supply to the contracted construction company, the network providers are now securing supply agreements themselves. This shift is due to the scarcity of the product, which prevented some of the contracted companies to go ahead with a significant number of projects.

For example, just recently, Verizon signed a \$1 billion deal with Corning, an optical fiber

manufacturer, to secure the supply of optical fiber for the next three years. This will allow Verizon to provide the product to the contracted construction companies and go ahead with the planned projects.

This inadvertently increases the supply/demand gap to our advantage as more companies will try to do the same as Verizon. Thus they will increase the long-term demand for the product.

Another shift we saw is that China implemented import tariffs on the preforms. Previously they were sourcing a large amount of the product from Japan and the US, but as those products are now taxed they are expecting to boost domestic supply.

Lastly, we have also seen price increases which are occurring due to the scarcity of the product. Prior to 2016, the prices were soft at about \$9 per kilometer of finished fiber. We are now seeing prices in excess of \$10 per kilometer, even up to \$11.50. When you multiply that by 700 million kilometers a year, you get a sense of the projected market size.

Ken Mayeaux: To paraphrase Wesley's comments, the changes and the potential evolution of the marketplace is nothing but gravy for Ameritek. We can enter the market and start selling our product without any significant issues for the foreseeable future. We just need to make sure that we have a product that complies with all standards.

As a final question, can you tell us a little bit about yourselves and the other key employees of the Company?

Wesley Poff: I grew up in the optical fiber industry and worked continuously in the space since 1992. I have a degree in engineering from Virginia Military Institute, and I received an MBA from Virginia Tech.

Subsequently, I went to work in one of the original optical fiber manufacturing facilities in Roanoke, Virginia. This facility is where some of the first optical fiber preforms were made and where Dr. Charles Kao worked. He

was the person that proved that the optical fiber technique can transfer laser signals over great distances through glass.

After this, I was able to learn extensively about the various aspects of the production process of the optical fiber in different countries.

Ken Mayeaux: I hold a Bachelor of Science in Analytical Management from the U.S. Naval Academy at Annapolis, Maryland. After graduating I served as a naval officer in engineering operations and logistic position for a little over six years.

Subsequently, I went into the manufacturing market for various manufacturing companies. During that time, I did an advanced business training at Louisiana State University.

During my time in various positions in the manufacturing industries I was able to get sales experience. I also took sales and consulting training courses. Through this, I was able to develop my core skills as a results orientated business executive.

I always look to make my company state of the art and move the production level up into the high 90% range. During my 25 years in the business, I was able to achieve this in plan operations, project management, financial management and consulting in the private industries.

I also experienced working in both foreign-owned companies and Fortune 100 companies.

As for our CEO, Clinton Stokes, he is an expert in developing infrastructure and intellectual property. This will help position our Company as a global leader and a manufacturer of optical fiber preforms. He has a diverse background mainly aimed at quickly scaling businesses in large highly competitive industries to properly grow their market share.

Just as an example, as the president of United Financial Mortgage, he oversaw all aspects of the wholesale operations for his

region of the company. His business volume grew considerably during his four-year tenure there.

He also has a great ability to look at our overall needs and demands. Through this, he can provide us with the guidance that we need to bring the operation, technical and financial side together to make Ameritek Ventures a successful company.

Excellent. Ken and Wesley, thank you so much for taking time out of your

schedules. We wish you and Ameritek Ventures all the best and we certainly look forward to having you back for an update.

Wesley Poff: Fantastic, thank you very much.

Ken Mayeaux: You are welcome. We are happy to come back. Hopefully, we will have some great news to report as we move on down the line.

Interview Feedback

We welcome your questions and feedback regarding this interview at:

<http://www.smallcaps.us/how-ameritek-ventures-is-benefitting-from-optical-fiber-boom>

Transcripts are edited for clarity.

About Smallcaps.us

We're proud that Smallcaps Investment Research is recognized as one of the most trusted online sources on U.S. and Canadian small cap stocks. We've earned that trust because we only highlight stable, ethical companies to our visitors and newsletter subscribers. We focus on fundamentally undervalued companies with a market cap below \$100 million, and we have a special interest in stocks with a high potential, innovative product or service.

Contact Smallcaps.us

Twin Squares
Culliganlaan 1
1831 Brussels
Belgium
Tel. +32 (0)2 808 58 41
E-mail: [contact page](#)

Copyright

You're free to distribute this publication. You may not however add, remove, or change any content or links within this publication.

Legal Notice Regarding Forward Looking Statements

The interview referenced herein may contain certain "forward-looking statements" within the meaning of applicable securities laws, including without limitation, statements related to the Company's plans, strategies, objectives, expectations, intentions and adequacy of resources. Investors are cautioned that such forward-looking statements involve risks and uncertainties including without limitation the following: (i) the Company's plans, strategies, objectives, expectations and intentions are subject to change at any time at the discretion of the Company; (ii) the Company's plans and results of operations will be affected by the Company's ability to manage its growth, and (iii) other risks and uncertainties indicated from time to time in the Company's public filings.