

2018 half year results

investor presentation

26 Feb 2018

amaysim

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- Net Revenue means total service revenue and other revenue
- ARPU means average revenue per subscriber, calculated as net revenue for the period divided by average subscribers for that period, and expressed on a monthly basis;
- CPA means cost per acquisition or the acquisition cost per subscriber, calculated as total marketing costs divided by gross subscriber additions over the relevant period
- EBITDA means earnings before income tax excluding interest, depreciation and amortisation expense;
- EBIT means earnings before interest and tax;
- NPAT means net profit after tax;
- NPATA means NPAT and after adding back the tax affected amortisation relating to acquired contracts and intangibles other than software; and
- Underlying figures have been calculated from statutory data and exclude the impact of non-core income and expenses, strategic investments, any acquisition related expenses including consequential changes in the value of tax assets, integration and transaction costs with a related tax adjustment where applicable. Refer to appendix for reconciliation between statutory and underlying results.

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Agenda

| Section | Presenting | Slide |
|------------------|---------------|---------|
| CEO presentation | Julian Ogrin | 4 - 18 |
| CFO presentation | Leanne Wolski | 19 – 30 |
| Summary | Julian Ogrin | 31 - 32 |
| Appendix | | 33 - 38 |

2018 half year results

Julian Ogrin, CEO and Managing Director

amaysim



amaysim

**We simplify services for
Aussie households by creating
amazing experiences**

2018 half year results - headlines¹

\$294.0m

+115.1%

Statutory
net revenue

\$10.2m

(41.0%)

Statutory
EBITDA

\$7.5m

(27.6%)

Underlying
NPATA

\$17.8m

+2.9%

Underlying
EBITDA

\$72.3m

+78.6%

Statutory
gross profit

\$23.8m

+37.5%

Underlying
EBITDA incl.
1H18
subsequent
event²

1.4 cents

(69.3%)

Underlying
EPS

Investing for growth

- Launched amaysim energy
- Launched amaysim devices
- 'Just What You Need' marketing campaign
- Broadened the mobile portfolio for growth

Focus on cross-sell into the household

~1.1% of amaysim branded subscriber base are multi-product customers³

Strong subscriber growth across all verticals



1.127m

mobile
+10% ▲



13k

broadband
+8k HOH ▲



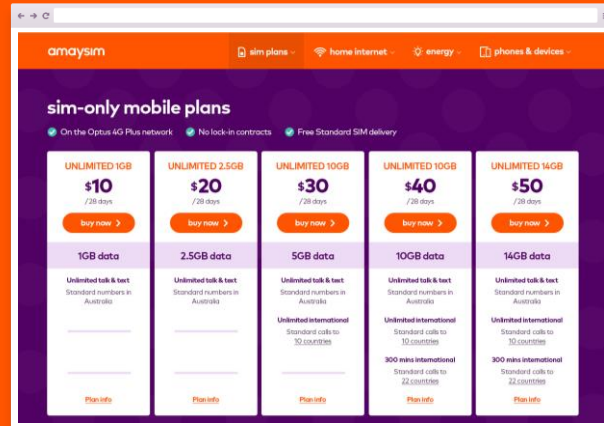
185k

energy
+18% ▲
since Click acquisition
on 1 May 2017

1. All comparisons are half year ended 31 December 2017 compared to half year ended 31 December 2016 unless otherwise noted
2. Includes an additional \$6.0m receivable relating to the first half that has been reported as a subsequent event in the 2018 half year accounts
3. As at 07 Feb 2018

2018 half year results - highlights

Strategically broadened the mobile portfolio in Jul & Nov 2017 and launched amaysim's "Small But Mighty" \$10 mobile plan



Launched amaysim's device store in Oct 2017



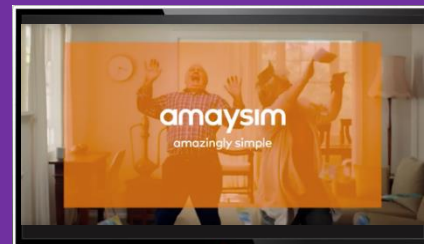
Successful integration of Click Energy



Won awards for best mobile plans and customer experience^{1,2,3}



Boosted brand awareness with our 'Just What You Need' marketing campaign in Nov 2017



13k broadband subscribers activated; of which ~40% have a relationship with amaysim⁴



Launched amaysim energy plans in Oct 2017

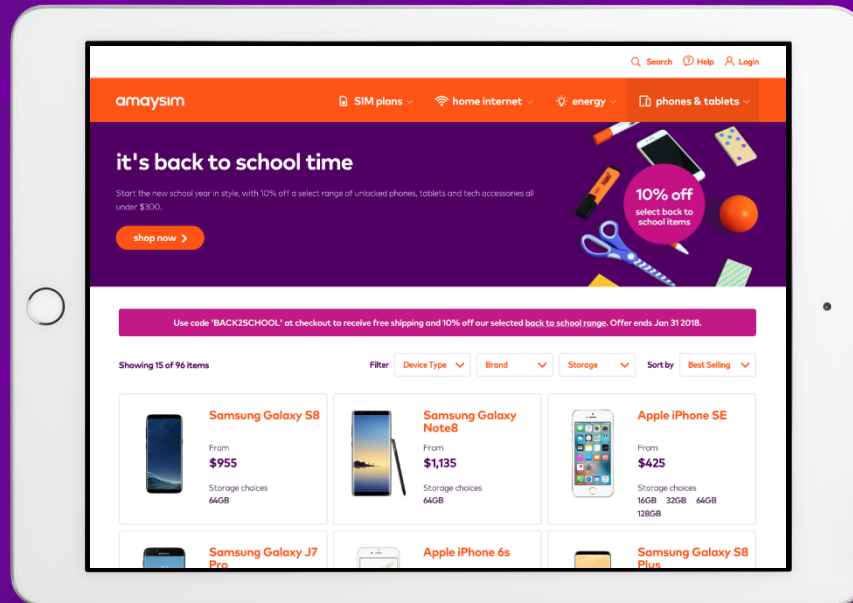


1. amaysim won the 2017 Canstar Blue award for Most Satisfied Customers – Mobile SIM Only; the fifth such award since 2013 (Canstar Blue Most Satisfied Customers – Prepaid Mobile Services award in 2013 & 2014; Canstar Blue Most Satisfied Customers – Mobile Phone Plan Providers in 2014; Canstar Blue Most Satisfied Customers – Mobile SIM Only Postpaid in 2016 & 2017)
2. amaysim won two gold Money Magazine Best of the Best 2018 awards (Best Value Prepaid Mobile Plan (Low Usage) category for its \$10 UNLIMITED 1GB mobile plan; Best Value Mobile Plan in the International Calls category for its \$30 5GB plan)
3. amaysim won Roy Morgan's Australian Customer Satisfaction Award for Mobile Phone Service Provider of the Year 2017; the third such award in the past five years
4. Includes existing and churned amaysim Group mobile customers

The new amaysim - Investing in the business to drive future growth



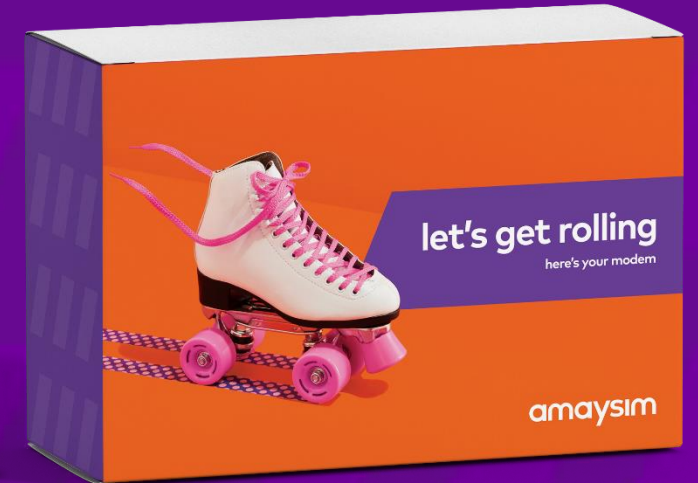
Mobile



Devices



Energy



Broadband



1H18 outcomes

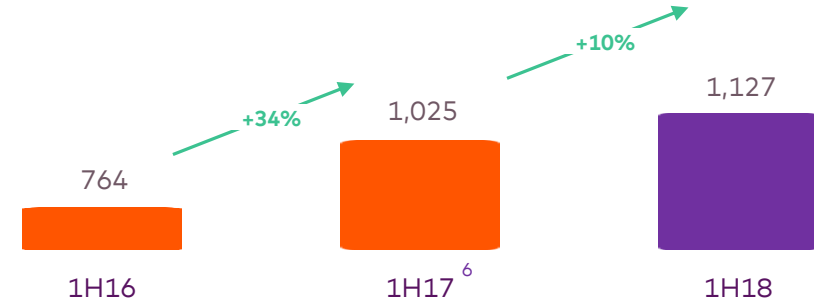
- **Strong growth in mobile subscribers¹**
1.127m subscribers as at 31 Dec 2017 (up 10.0% pcp) with growth driven by broadened product suite and strong uptake of new \$10 mobile plan. Strong growth continuing in 2H18 with over 1.14m subscribers as at 20 Feb 2018
- **Average monthly subscriber churn**
Churn maintained at 2.0%
- **Award winning mobile plans**
amaysim won 2 gold Money Magazine Best of the Best 2018 awards and Vaya won the 2017 finder award for mobile²
- **Award winning subscriber experience**
amaysim maintained a high customer referral rate of 89%³ and won the 2017 Canstar Blue award for Most Satisfied Customers – Mobile SIM Only; the fifth such award since 2013⁴ and Roy Morgan's Australian Customer Satisfaction Award for Mobile Phone Service Provider of the Year 2017; the third such award in the past five years⁵

2H18 priorities

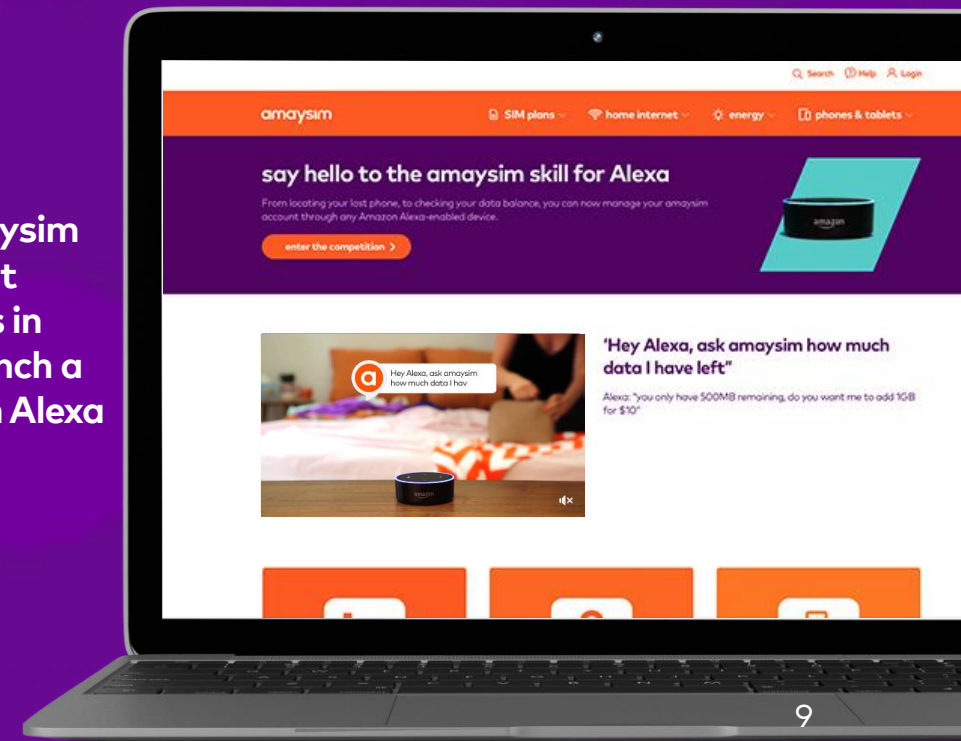
- **Continue to grow subscribers**
By targeting the price sensitive market and cross-sell of mobile, devices, nbn and energy. Mobile continues to be the most efficient channel for new subscribers, as it has a low cost-per-acquisition compared to energy and broadband
- **Manage ARPU**
Explore tactical initiatives to incentivise customers to take up and remain on higher value mobile plans
- **Continue to enhance subscriber experience**
By improving our sales and onboarding experience to increase customer experience and reduce service centre contacts

1. Closing subscribers as at 31 December 2017 includes the impact of the second and final phase of the Optus 2G network shutdown in August 2017 (QLD, NSW, ACT, VIC, SA and TAS) following 2G services being turned off across NT and WA in April 2017; 2. Money Magazine Best of the Best Awards 2018: gold winner in Best-Value Prepaid Mobile Plan (Low Usage) category for its \$10 UNLIMITED 1GB mobile plan and gold winner in Best-Value Mobile Plan in the International Calls category for its \$30 UNLIMITED 5GB plan; 3. NPS tracking survey of 2103 customers, Nov 2017; 4. Canstar Blue Most Satisfied Customers – Prepaid Mobile Services award in 2013 & 2014; Canstar Blue Most Satisfied Customers – Mobile Phone Plan Providers in 2014; Canstar Blue Most Satisfied Customers – Mobile SIM Only Postpaid in 2016 & 2017; 5. Roy Morgan's Australian Customer Satisfaction Award for Mobile Phone Service Provider of the Year 2017; amaysim won the third such award in the past five years; 6. Includes impact of Vaya that was acquired 1 January 2016

Group mobile closing subscribers ('000)



Continuing to innovate: amaysim is one of the first official partners in Australia to launch a skill for Amazon Alexa





Just what you need

- Launched the 'Just What You Need' marketing campaign in Nov 2017
- Focused on the 'small but mighty' \$10 phone plan, offering Australians who regularly waste data, just what they need
- The campaign ran nationally, including regionally (a first time for amaysim), as an integrated campaign across television, radio, retail, digital and social channels
- Initiative has been successful generating approximately 1 new mobile plan sale per minute in the month of Dec 2017 while increasing brand awareness for other verticals. The strong sales momentum has continued in Jan and Feb 2018
- Unprompted brand awareness has almost doubled since the start of the campaign





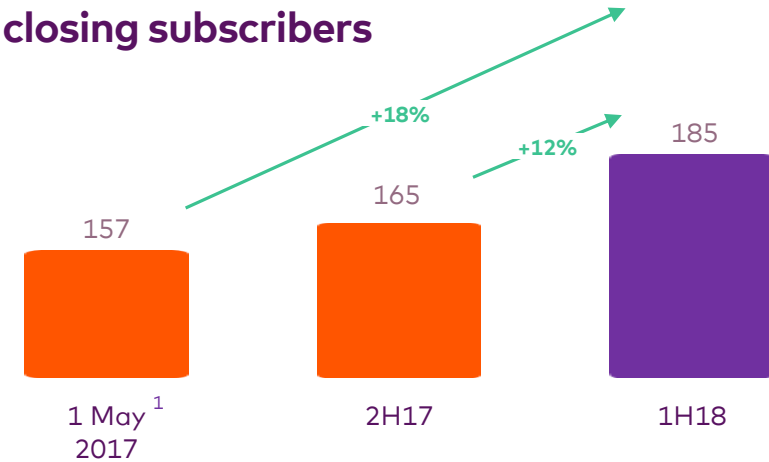
1H18 outcomes

- **Strong growth in energy subscribers**
Subscriber growth of 18% since the acquisition of Click on 1 May 2017
- **Solid 1H18 gross margin contribution**
1H18 gross profit of \$35.1m at 23.0% gross margin
- **Successful integration of Click**
Click's IT platforms and back office have been fully integrated and transitioned into the amaysim Group
- **Launched amaysim energy in Oct 2017**
~3k amaysim energy customers connected or in process of switching since Nov 2017 with more than 80% being existing amaysim customers
- **FY19 wholesale agreements in place (1H19 for Vic as aligned with regulatory cycle)**

2H18 priorities

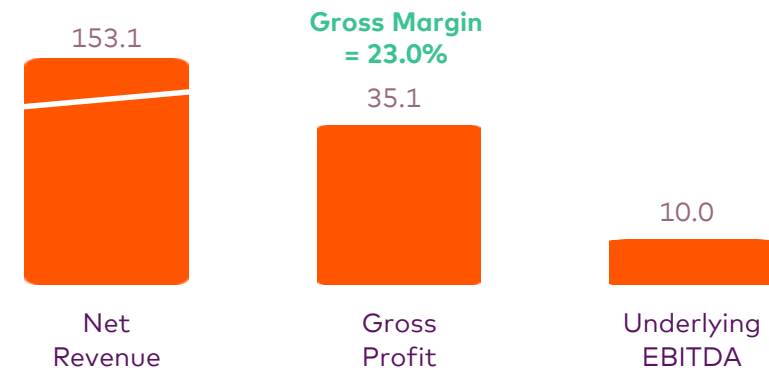
- **Continue to grow customer accounts in 2H18**
- **Drive cross-sell and channels capability**
Cross-sell energy to both existing and new amaysim customers. Identify new and complimentary growth channels while developing and growing existing channels
- **Refine and enhance operational performance to improve customer experience and drive down cost to serve**

Energy closing subscribers ('000)



1. Acquisition of Click completed on 1 May 2017

Energy 1H18 financial highlights (\$m)



Broadband

1H18 outcomes

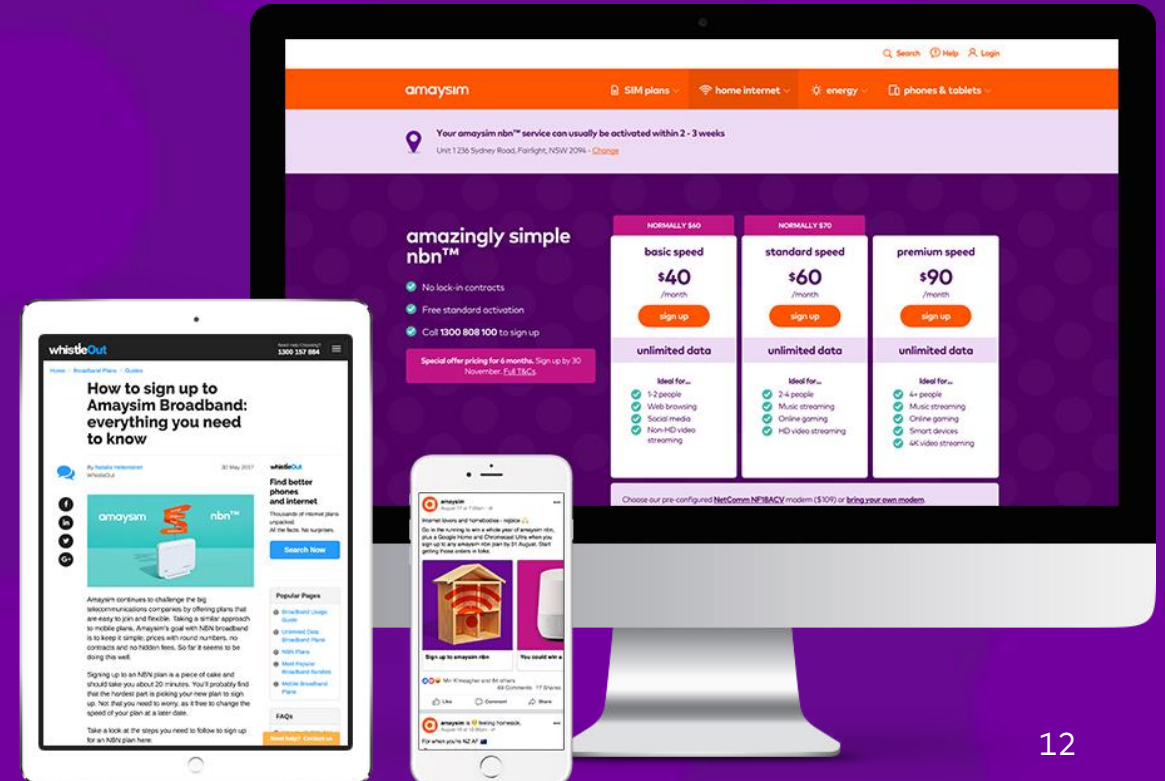
- **Completed build of own national core network infrastructure**
Uses highly efficient design and current technologies to deliver margin and quality of service improvements as customer base grows
- **Implemented multiple carrier capability with launch of Optus network integration (in addition to AAPT)**
- **Completed nbn direct to POI certification**
- **Solid subscriber growth and cross-sell of broadband**
13k broadband subscribers activated with ~40% amaysim nbn subscribers having an amaysim relationship¹
- **~3 days to activate a nbn customer²**
Leading sign-up and onboarding order process with activation times over 2x quicker than industry average

2H18 priorities

- **Continue to drive nbn subscriber growth targeting amaysim's existing customer base**
- **Targeting to connect direct to some POIs**
To provide business autonomy, improve margins and improve customer experience
- **Continue to partner with other networks to expand reach and achieve diversity of supply**
- **Drive cross sell of energy and mobile**
Offer energy and mobile products at the same time as broadband

1. Includes existing and churned amaysim Group mobile customers
2. amaysim time taken to complete an order of ~3 days versus industry average of ~9 days on similar technologies (excluding satellite), amaysim Company data and NBN Co Company data, 12 January 2018

Group broadband closing subscribers ('000)



Devices

1H18 outcomes

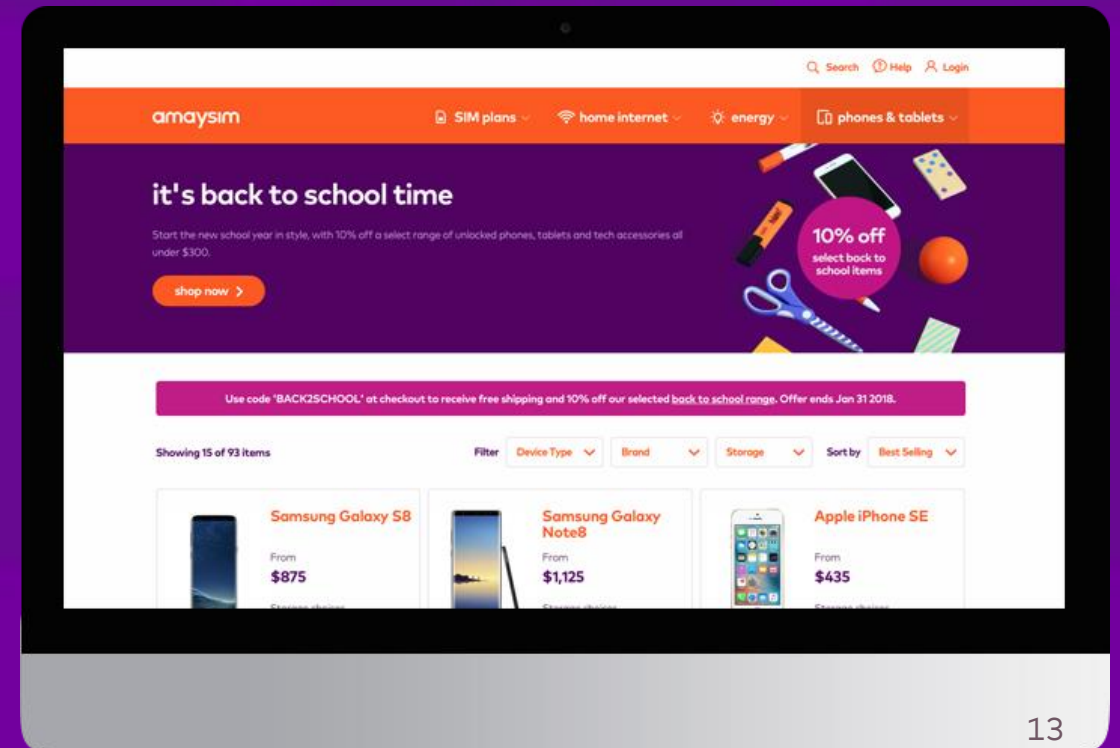
- **Launched the amaysim online device store in Oct 2017**
Strong interest in amaysim devices with over 33k visits to the site per week and sale orders and revenue ahead of management's expectations
- **Debuted on eBay and Amazon following launch**
- **Launched flagship devices with Samsung and Huawei**
The device strategy is one of a number of initiatives designed to boost amaysim's top line growth through new customer acquisition and retention

2H18 priorities

- **Expand amaysim devices product range to broaden appeal**
- **Improve ordering and fulfilment processes**
Improve logistics efficiency to drive great service and provide cost savings and efficiency

Devices trading performance

Monthly sales orders rebased
(Jul 17 = 100)

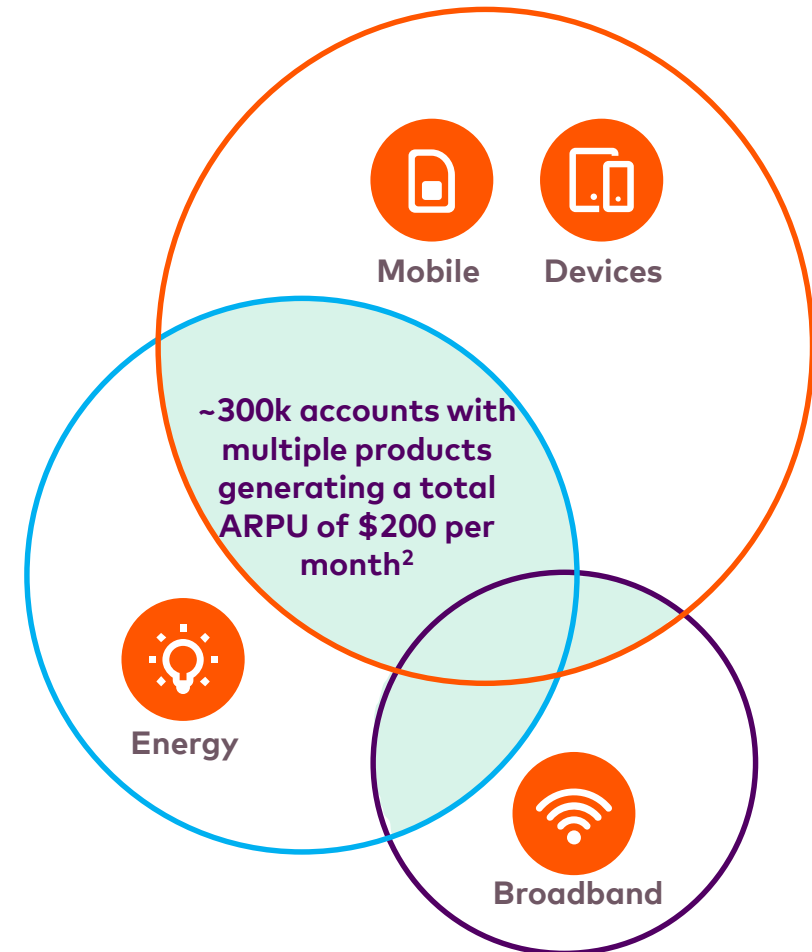


Cross-sell

- > Our aim is to simplify services for Australian households by creating amazing experiences
- > 68% of Australians find the idea appealing to have energy, broadband and mobile with the same provider¹
- > Our multi-product and technology-led approach increases amaysim's relevance to the Australian household and ability to cross-sell products that are simple and transparent
- > We began to market our multiple services across targeted segments of our subscriber base in Nov 2017
- > We are adopting a mobile-led strategy to bring in new subscribers through our most efficient channel and will market our higher ARPU energy and broadband plans to them
- > Our FY2021 vision is to have approximately 300k accounts with multiple products generating a total ARPU of \$200 per month

1. Research conducted by 2CV in August 2017, n=1027 nationally representative
2. Potential multi-product monthly ARPU (ex. GST) as at 31 December 2017 for amaysim Group mobile (ex. devices) of ~\$19, broadband of ~\$65 and energy of ~\$147

FY2021 cross-sell vision





Delivering services in a way customers have never experienced before

Traditional customer acquisition models are outdated, complex and expensive...

Traditional energy/broadband customer acquisition model

High cost per acquisition

Complex sign on process

High cost to service model

We will use a mobile-led strategy to maintain a low cost per acquisition, drive subscriber growth and cross-sell

amaysim's customer acquisition model

Low cost per acquisition
(Mobile CPA¹ = ~\$32,
Mobile ARPU of \$19.02)

Efficient sign on process
allowing subscribers to add
higher ARPU broadband and
energy products at the click
of a button

Efficient cost to service
model utilising amaysim's
DIY platform and customer
service centre

Benefits of amaysim model

Energy and broadband are
high \$ ARPU products
(Energy ARPU = \$146.50,
Broadband ARPU = \$64.95)

Multi-product household
accounts have longer tenure



Growing mobile is key to the cross-sell strategy

What we did in 1H18

- **Accelerated mobile subscriber growth**
 - Launched the new "Small But Mighty" \$10 plan
 - Unveiled the "Just What You Need" marketing campaign that supported the mobile product launch and raised brand awareness

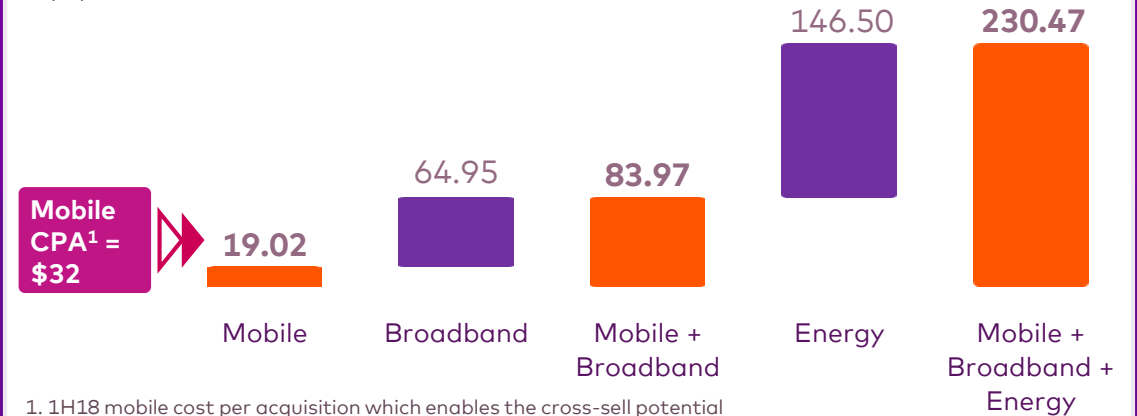
Results to date

- **Strong growth in price sensitive segment**
 - Generating approximately one new mobile plan sale per minute from Dec 2017 – Feb 2018 with record growth driven by new \$10 and \$20 unlimited mobile plans
- **Initial cross sell wins**
 - 1.1% of the amaysim branded mobile subscriber base have a product from another amaysim branded vertical
- **Increased brand awareness**
 - Unprompted brand awareness has almost doubled since the launch of the 'Just What You Need' marketing campaign

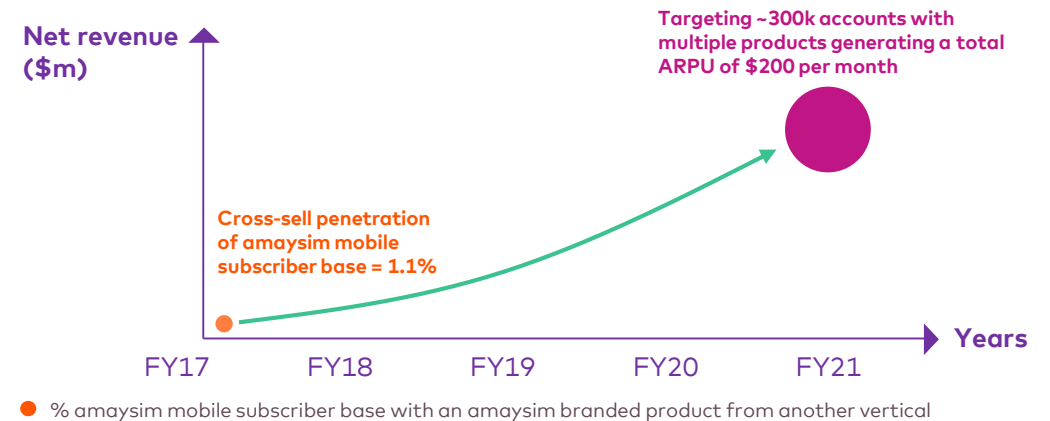
What we're focused on

- **Top-line growth, cross-selling products to our subscriber base and increasing share of the household wallet**
 - Continue to predominantly grow mobile subscriptions, our most efficient channel for acquiring new subscribers, and market our higher ARPU energy and broadband plans to them

Potential multi-product account ARPU bridge (\$)



Cross-sell and net revenue ambition



Strategic priorities to drive shareholder value and growth

FY18 strategic priorities

Continue to develop and leverage our technology platforms

- ⚙️ Continue to develop and improve our microservices architecture with a focus on customer experience leadership
- ✓ Extend single sign-on for energy and devices
- ✓ Integrate Click's acquired systems into amaysim's technology platform

Increase subscriber growth

- ✓ Launch new products in FY18 that are competitive, simple and transparent
- ✓ Ensure customer satisfaction remains at industry highs and maintain low customer churn

Grow share of customer wallet

- ⚙️ Increase share of customer wallet through efficient cross-sell of products across the Group's household customer base

2H18 initiatives to meet priorities

1. Tactical cross-sell initiatives (i.e. offerings and promotions) across the verticals to encourage households to subscribe to more than one product

2. Continue marketing effort to increase brand awareness and subscriber growth

3. Continue to enhance our best-in-breed IT architecture to improve speed and efficiency across all verticals



Update on dividend

- The Board decided to review the Company's capital allocation strategy and dividend policy in light of the company's growth and cross-sell strategy
- The Company has moved into an accelerated growth phase across all verticals and the Board has formed a view that, in this context, it is in the best interest of shareholders for the Company to retain a greater proportion of profits in the business
- This change will ensure that the Company has the ability to continue to invest, setting it up for long-term success. While investment is likely to be focused on incremental near term organic growth and cross-sell, the Company also needs the flexibility to consider any potential accretive M&A opportunities across its key sectors
- The Board has made the decision not to declare an interim dividend for the 2018 financial year. The Board also does not anticipate paying a final dividend for the 2018 financial year and expects this approach to continue for the short to medium term
- The Board regularly reviews its approach to capital allocation with a view to ensuring that returns to shareholders are maximised. If, in the future, the Company has capital in excess of its investment needs, then the Board will consider all appropriate avenues of returning value to shareholders, including through dividends and/or accretive share buy-backs

2018 half year results

Leanne Wolski, Chief Financial Officer

amaysim

2018 half year results – financial metrics

| \$ million (unless stated otherwise) | 1H18 | 1H17 | 1H18 vs 1H17 |
|--|--------------|--------------|------------------|
| Statutory net revenue | 294.0 | 136.6 | 115.1% |
| Statutory gross profit | 72.3 | 40.5 | 78.6% |
| <i>Gross profit margin (%)</i> | <i>24.6%</i> | <i>29.6%</i> | <i>(503 bps)</i> |
| Underlying operating expenses | 54.9 | 23.2 | 137.0% |
| Statutory EBITDA | 10.2 | 17.3 | (41.0%) |
| Underlying EBITDA | 17.8 | 17.3 | 2.9% |
| Underlying NPATA | 7.5 | 10.3 | (27.6%) |
| Underlying operating cash flow after capex | 37.7 | 18.3 | 106.0% |
| Underlying EPS (cents) | 1.4 | 4.6 | (69.3%) |

Refer to appendix A1 for detailed profit and loss statement and appendix A2/A3 for underlying to statutory results reconciliation

All figures reported are for the amaysim Group, which includes the mobile, broadband and energy businesses. 1H18 includes 6-months contribution from AusBBS (acquired 23 August 2016) and Click (acquired 1 May 2017); 1H17 includes ~4-months contribution from AusBBS

2018 half year result by segment

| \$ million (unless stated) | Mobile (ex. devices) | Mobile | Energy | Broadband | Group |
|-------------------------------|-------------------------|------------------|------------|------------|------------------|
| Statutory net revenue | | | | | |
| 1H18 | 125.7 | 137.3 | 153.1 | 3.6 | 294.0 |
| 1H17 | 136.6 | 136.6 | - | - | 136.6 |
| <i>1H18 v 1H17</i> | <i>(8.0%)</i> | <i>0.5%</i> | <i>n.a</i> | <i>n.a</i> | <i>115.1%</i> |
| Statutory gross profit | | | | | |
| 1H18 | 38.0 | 37.6 | 35.1 | (0.4) | 72.3 |
| 1H17 | 40.5 | 40.5 | - | - | 40.5 |
| <i>1H18 v 1H17</i> | <i>(6.2%)</i> | <i>(7.3%)</i> | <i>n.a</i> | <i>n.a</i> | <i>78.6%</i> |
| Gross margin | | | | | |
| 1H18 | 30.2% | 27.3% | 23.0% | (10.1%) | 24.6% |
| 1H17 | 29.6% | 29.6% | - | - | 29.6% |
| <i>1H18 v 1H17</i> | <i>58 bps</i> | <i>(228 bps)</i> | <i>n.a</i> | <i>n.a</i> | <i>(503 bps)</i> |
| Underlying EBITDA | | | | | |
| 1H18 | | 11.1 | 10.0 | (3.3) | 17.8 |
| 1H17 | | 17.3 | - | - | 17.3 |
| <i>1H18 v 1H17</i> | | <i>(35.9%)</i> | <i>n.a</i> | <i>n.a</i> | <i>2.9%</i> |

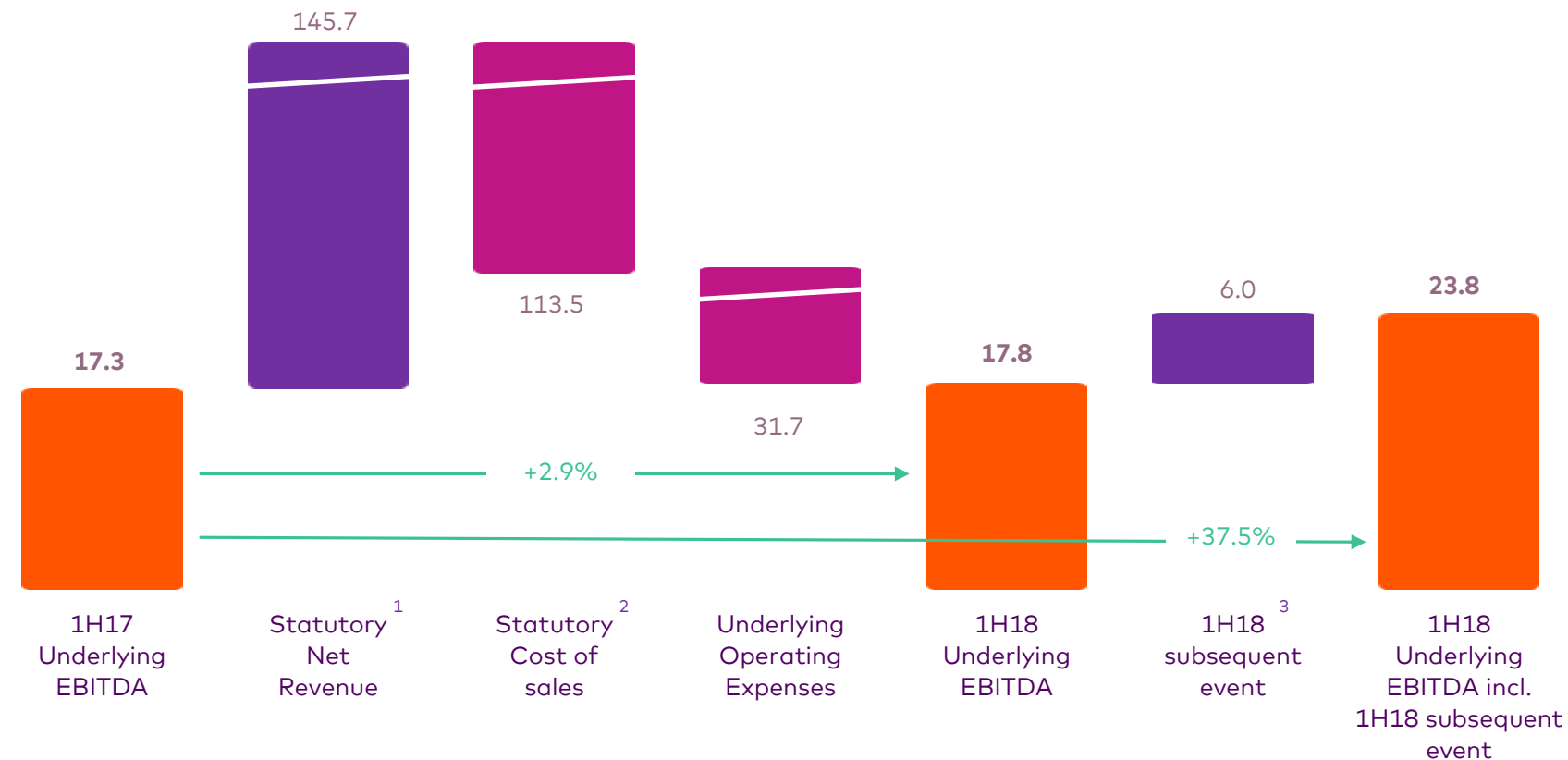
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1H18 includes 6-months contribution from AusBBS (acquired 23 August 2016) and Click (acquired 1 May 2017); 1H17 includes ~4-months contribution from AusBBS.

Due to rounding, numbers presented in the table above may not add up precisely to the totals provided.

Underlying EBITDA

Underlying EBITDA by line item 1H18 v 1H17 (\$m)



- 1H18 underlying earnings up 2.9% pcv driven by the addition of new verticals, particularly energy, offset by mobile performance
- An additional \$6.0m receivable relating to the first half has been reported as a subsequent event in the 2018 half year accounts
- If this subsequent event were included, adjusted underlying EBITDA would be approximately \$23.8m

Refer to appendix A2/A3 for underlying to statutory results reconciliation.

All figures reported are for the amaysim Group, which includes the mobile, broadband and energy businesses. 1H18 includes 6-months contribution from AusBBS (acquired 23 August 2016) and Click (acquired 1 May 2017); 1H17 includes ~4-months contribution from AusBBS

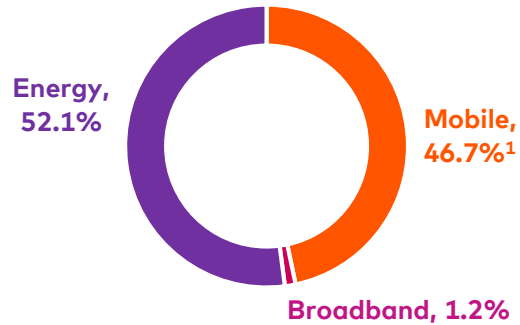
1. Excludes 1H18 devices statutory net revenue of \$11.6m

2. Excludes 1H18 devices statutory cost of sales of \$12.1m

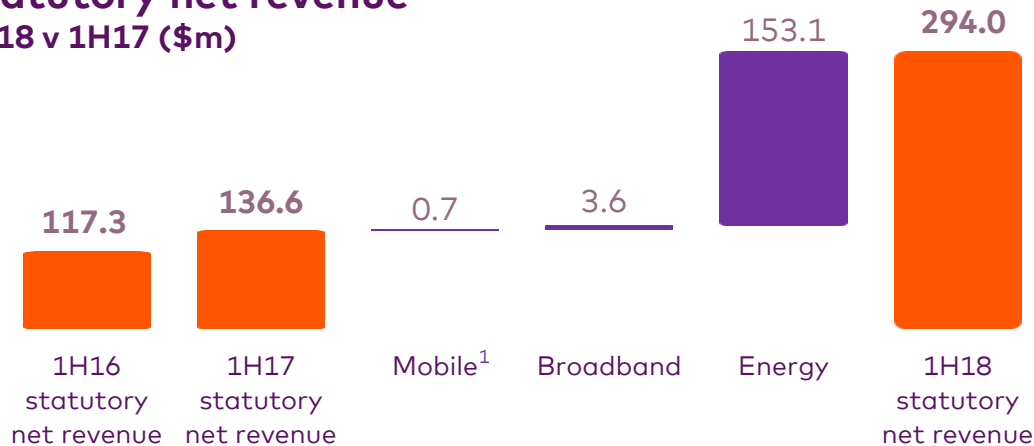
3. \$6.0m receivable relating to the first half that has been reported as a subsequent event in the 2018 half year accounts

Income drivers

1H18 statutory net revenue composition (\$m)



Statutory net revenue 1H18 v 1H17 (\$m)



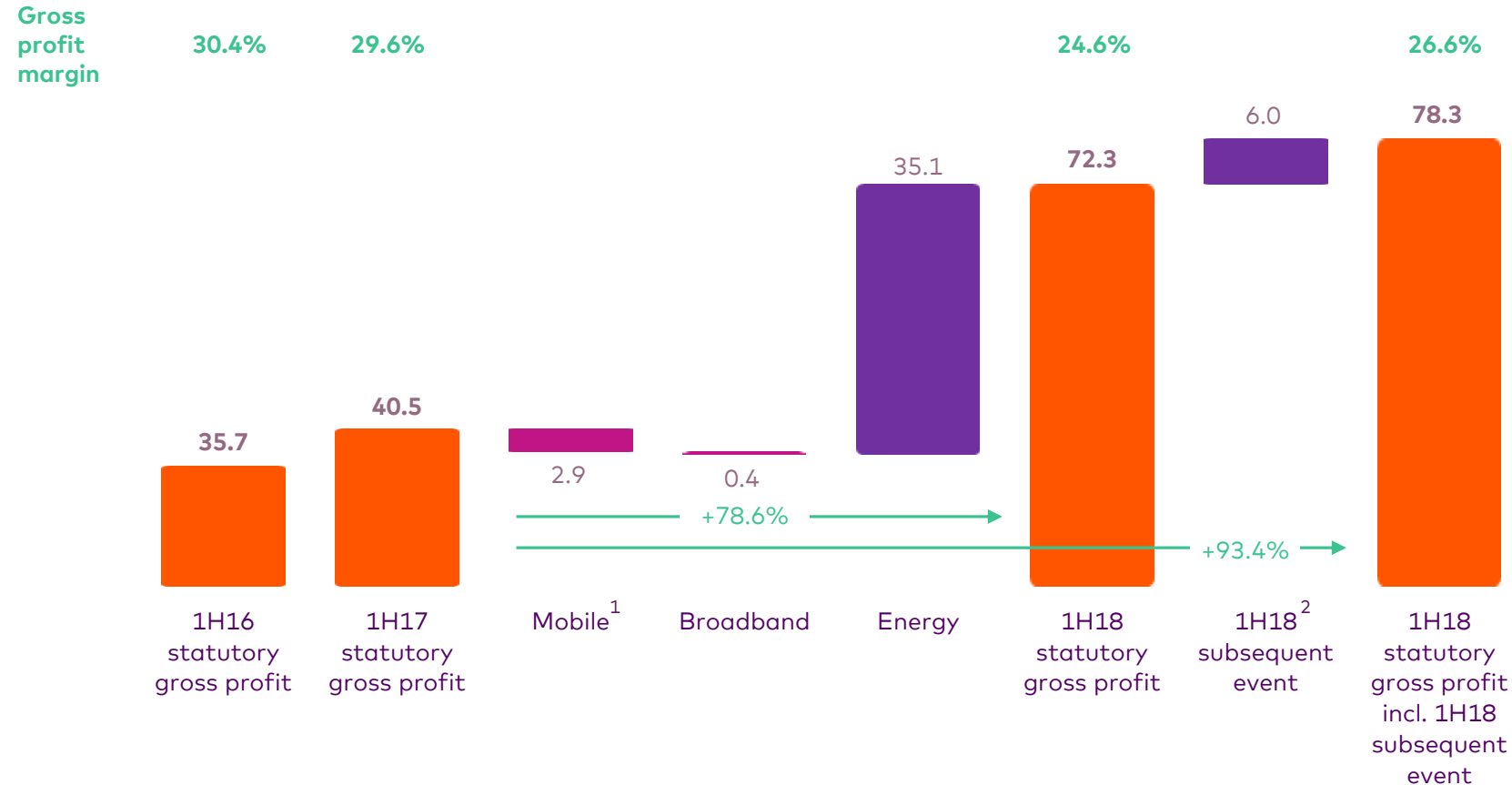
- Statutory net revenue up 115.1% pcp driven by the addition of energy and strong growth in subscribers across the Group
 - mobile: 1.127m up 10% pcp despite increased competition and the shutdown of the Optus 2G network in August 2017
 - energy: 185k up 18% since the acquisition of Click on 1 May 2017
 - broadband: 13k up from 5,000 in Jun 2017
- Mobile (including devices) statutory net revenue flat pcp. Excluding devices, mobile net revenue was down approximately 7% pcp impacted by a 15.0% reduction in mobile ARPU following the broadening of the mobile portfolio suite and launch of the \$10 mobile plan
- Energy had a solid performance in 1H18 driven by strong growth in subscribers and ARPU
- Energy now represents ~52% of the Group's net revenue ensuring amaysim is a more diversified business today than when it first listed

1H18 includes 6-months contribution from AusBBS (acquired 23 August 2016) and Click (acquired 1 May 2017);
1H17 includes ~4-months contribution from AusBBS

1. Includes 1H18 devices statutory net revenue of \$11.6m

Gross profit drivers

Statutory Gross profit 1H18 v 1H17 (\$m)



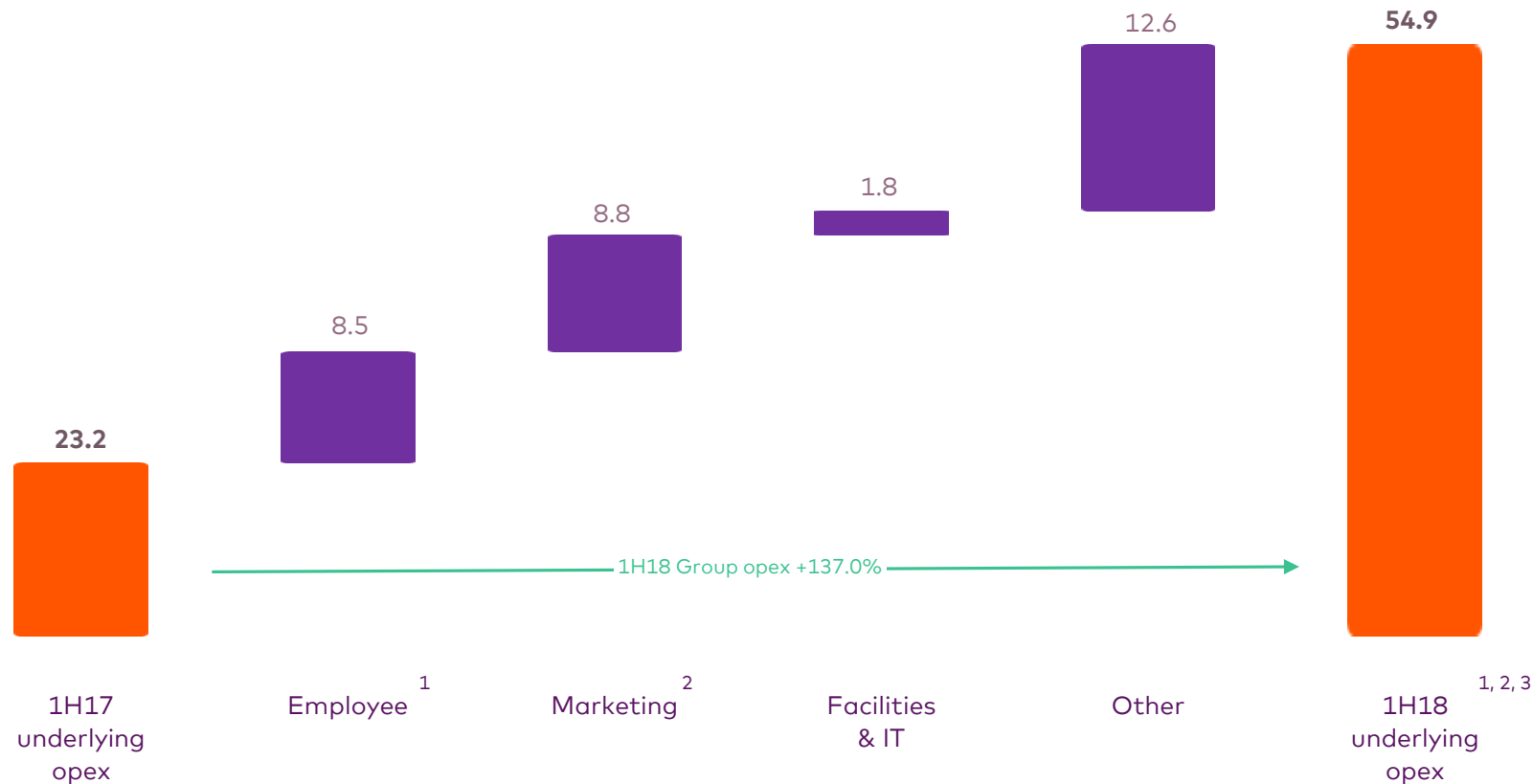
- 1H18 gross profit of \$72.3m (up 78.6% pcp) driven by the addition of energy. Including the \$6.0m 1H18 subsequent event, gross profit would have been \$78.3m (up 93.4% pcp)
- 1H18 gross profit margins declined 503 bps pcp to 24.6% with the inclusion of energy. Including the 1H18 subsequent event, gross profit margin would have been 26.6%
- Mobile (including devices) gross profit was down 7.3% pcp despite solid mobile gross margins of 30.2% driven by a reduction in mobile ARPU following the broadening of the mobile product suite
- Broadband gross profit in-line with management's expectations reflecting start-up of the vertical
- Energy gross profit driven by strong subscriber growth with healthy gross profit margins of 23.0%

1H18 includes 6-months contribution from AusBBS (acquired 23 August 2016) and Click (acquired 1 May 2017); 1H17 includes ~4-months contribution from AusBBS

1. Includes 1H18 devices gross profit of (\$0.4m) reflecting costs relating to promotions at the time of the device store launch
2. \$6.0m receivable relating to the first half that has been reported as a subsequent event in the 2018 half year accounts

Operating expense drivers

Underlying operating expenses 1H18 v 1H17 (\$m)



- 1H18 Group underlying operating costs up 137.0% pcp primarily driven by the addition of new verticals – broadband and energy. Excluding new verticals, 1H18 operating costs were up 15.9% pcp
- Employee expenses increased by 16.8% pcp reflecting growth in the business and higher headcount
- Marketing costs up 201.5% pcp driven by additional acquisition costs to launch amaysim energy and drive strong energy subscriber growth (i.e. marketing, commissions)
- Other costs increased 333.7% pcp reflecting higher provisioning for doubtful debts as the energy business and revenue grows

1H18 includes 6-months contribution from AusBBS (acquired 23 August 2016) and Click (acquired 1 May 2017); 1H17 includes ~4-months contribution from AusBBS

1. Excludes \$1.9m of employee costs in relation to the integration of Click (\$1.2m), staff redundancy and termination expenses associated with restructuring activities (\$0.2m), and employee costs related to the devices business (\$0.5m)
2. Excludes \$2.6m of costs to launch 'Just What You Need' marketing campaign to promote amaysim's new \$10 small but mighty mobile plan and support the Group's brand awareness
3. Excludes \$1.1m of costs in relation to the launch of amaysim online device store

Mobile segment performance

| \$ million (unless stated) | Mobile (ex. devices) | | | Devices | Mobile + Devices |
|--------------------------------|----------------------|-------------------|------------------|---------------|------------------|
| | 1H18 | 1H17 ¹ | 1H18 vs 1H17 | 1H18 | 1H18 |
| Statutory net revenue | 125.7 | 136.6 | (8.0%) | 11.6 | 137.3 |
| Statutory cost of sales | (87.7) | (96.2) | (8.8%) | (12.1) | (99.8) |
| Statutory gross profit | 38.0 | 40.5 | (6.2%) | (0.4) | 37.6 |
| <i>Gross profit margin (%)</i> | <i>30.2%</i> | <i>29.6%</i> | <i>58 bps</i> | <i>(3.6%)</i> | <i>27.3%</i> |
| Underlying operating expenses | (26.9) | (23.2) | 15.9% | | |
| Underlying EBITDA | 11.1 | 17.3 | (35.9%) | | |
| <i>EBITDA margin (%)</i> | <i>8.8%</i> | <i>12.7%</i> | <i>(383 bps)</i> | | |
| Closing subscribers ('000) | 1,127 | 1,025 | 10.0% | | |
| ARPU (\$) | \$19.02 | \$22.37 | (15.0%) | | |

Refer to appendix A2/A3 for underlying to statutory results reconciliation.

Due to rounding, numbers presented in the table above may not add up precisely to the totals provided.

1. 1H17 includes ~4-months contribution from AusBBS (acquired 23 August 2016)

- Mobile statutory net revenue of \$137.3m (flat pcg). Excluding devices, mobile statutory net was \$125.7m (down approximately 7%)
- Net revenue driven by solid subscriber growth (up 10%) offset by a decrease in ARPU
- ARPU declined 15.0% pcg driven by the broadening of amaysim's UNLIMITED mobile portfolio suite to capture a greater share of the sub-\$20 market and increased data inclusions. This has resulted in subscribers migrating towards lower value plans and being less likely to exceed their data limits
- Devices generated statutory net revenue of \$11.6m. 1H18 gross loss of \$0.4m reflects marketing and promotions to launch the new vertical
- Despite the fall in mobile (ex. devices) net revenue, mobile (ex. devices) gross margin maintained at 30.2% (up 58 bps pcg) reflecting amaysim's competitive product offering and terms negotiated under the wholesale network supply agreement with Optus
- Underlying operating expenses up 15.9% pcg driven by costs of shared services (including accounting, IT, engineering) across verticals being allocated to mobile

Energy segment performance

| \$ million (unless stated) | 1H18 |
|--------------------------------|--------------|
| Statutory net revenue | 153.1 |
| Statutory cost of sales | (117.9) |
| Statutory gross profit | 35.1 |
| <i>Gross profit margin (%)</i> | <i>23.0%</i> |
| Underlying operating expenses | (25.1) |
| Underlying EBITDA | 10.0 |
| <i>EBITDA margin (%)</i> | <i>6.6%</i> |
| Closing subscribers ('000) | 185 |
| ARPU (\$) | \$146.50 |

Refer to appendix A2/A3 for underlying to statutory results reconciliation.

Due to rounding, numbers presented in the table above may not add up precisely to the totals provided.

1. FY17 Energy ARPU reflects ~2 months contribution from Click that was acquired on 1 May 2017

- Statutory net revenue of \$153.1m driven by:
 - Solid subscriber growth of approximately 18% since the acquisition of Click on 1 May 2017 to close with approximately 185k subscribers following the launch of new amaysim energy plans in October 2017 and solid performance from Click's existing channels
 - Strong ARPU of \$146.50 (FY17 Energy ARPU of \$139.82¹) primarily as a result of higher wholesale prices being passed through to customers
- Gross profit margin of 23.0% (FY17 gross margin of 21.9%¹) reflecting:
 - Rising wholesale prices being passed through to customers that will ensure gross \$ margin per customer is maintained but results in gross % margin to remain at low 20%'s
 - Growth into new geographies with lower margins, such as New South Wales Gas
- The energy segment, primarily driven by Click continues to utilize its operating leverage relying on a low cost service model to grow the business
- Operating expenses of \$25.1m was higher than historical prior comparable periods due to a \$3.6m increase in acquisition costs to launch amaysim energy and drive strong energy subscriber growth (i.e. marketing, commissions) and higher provisioning for doubtful debts as the energy business and revenue grows

Broadband segment performance

| \$ million (unless stated) | 1H18 |
|--------------------------------|----------------|
| Statutory net revenue | 3.6 |
| Statutory cost of sales | (4.0) |
| Statutory gross profit | (0.4) |
| <i>Gross profit margin (%)</i> | <i>(10.1%)</i> |
| Underlying operating expenses | (2.9) |
| Underlying EBITDA | (3.3) |
| Closing subscribers ('000) | 13 |
| ARPU (\$) | \$64.95 |

- 1H18 statutory net revenue of \$3.6m up 44.0% compared to the prior half driven by solid subscribers growth and strong ARPU performance
- Closing broadband subscribers of approximately 13k as at 31 Dec 2017 (up 8k hoh) following promotional activity in the period and cross-sell of broadband into the amaysim customer base in nbn serviceable areas (~40% of amaysim nbn subscribers have a relationship with the amaysim Group)
- ARPU for amaysim broadband of \$64.95 driven by amaysim nbn product mix with ~53% of subscribers choosing a speed tier of 25/5 Mbps or 100/40 Mbps
- Gross margin loss of \$0.4m reflecting promotional activity the Group has undertaken to drive customer growth and raise awareness
- Underlying operating costs of \$3.0m driven by growth in the business

Refer to appendix A2/A3 for underlying to statutory results reconciliation.

Due to rounding, numbers presented in the table above may not add up precisely to the totals provided.

Balance sheet

| \$ million | 31 Dec 17 statutory | 30 Jun 17 statutory | movement |
|--------------------------------------|------------------------|------------------------|---------------|
| Cash and cash equivalents | 18.1 | 18.1 | (0.0) |
| Trade receivables | 48.9 | 43.8 | 5.1 |
| Derivative financial instruments | 1.6 | 7.6 | (6.0) |
| Other current assets | 8.7 | 6.2 | 2.5 |
| Total current assets | 77.2 | 75.7 | 1.5 |
| Property, plant and equipment | 4.0 | 3.1 | 1.0 |
| Intangible assets | 209.9 | 209.7 | 0.2 |
| Derivative financial instruments | - | 3.3 | (3.3) |
| Other non-current assets | 0.9 | 0.9 | 0.0 |
| Total non-current assets | 214.8 | 216.9 | (2.1) |
| Total assets | 292.0 | 292.5 | (0.5) |
| Trade and other payables | 109.8 | 82.8 | 27.1 |
| Customer deposits | 3.0 | 3.2 | (0.2) |
| Deferred revenue | 8.4 | 9.9 | (1.5) |
| Borrowings - current | 13.6 | 13.6 | (0.0) |
| Derivative Financial Instruments | 3.5 | - | 3.5 |
| Provisions | 5.7 | 6.2 | (0.5) |
| Current tax liabilities | 1.8 | 10.1 | (8.3) |
| Total current liabilities | 145.9 | 125.7 | 20.1 |
| Borrowings – non-current | 82.8 | 82.6 | 0.2 |
| Derivative Financial Instruments | 1.2 | - | 1.2 |
| Provisions | 4.0 | 3.1 | 0.9 |
| Deferred tax liabilities | 2.8 | 4.9 | (2.2) |
| Total non-current liabilities | 90.7 | 90.6 | 0.1 |
| Total liabilities | 236.5 | 216.3 | 20.2 |
| Net assets | 55.5 | 76.2 | (20.8) |
| Contributed equity | 118.3 | 114.7 | 3.6 |
| Equity compensation reserve | (7.5) | (5.0) | (2.5) |
| Cash flow hedge reserve | (3.3) | 5.4 | (8.7) |
| Foreign currency translation reserve | (0.2) | (0.2) | 0.0 |
| Retained Profits | 12.2 | 25.3 | (13.1) |
| Accumulated losses (prior years) | (64.0) | (64.0) | - |
| Total equity | 55.5 | 76.2 | (20.8) |

- Trade receivables increased \$5.1m primarily driven by energy and increase in subscribers
- Property, plant and equipment increased \$1.0m following the relocation of Click to a new Melbourne office
- Intangible assets increased by \$0.2m net, reflecting investment in software intangibles for new devices, broadband and energy and offset by amortisation expense
- Derivative financial instruments reflects unrealised loss of \$3.1m driven by falling forward prices and remaining tenure under the hedges
- Trade and other payables grew \$27.1m driven primarily by increased wholesale energy prices, increased energy customers and favourable payment terms from trade and other suppliers
- Current tax liabilities decreased by \$8.3m driven by investment in new products and verticals

Notes: Due to rounding, numbers presented in the table above may not add up precisely to the totals provided. All figures reported are for the amaysim Group, which includes the mobile, broadband and energy businesses.

Cash flow

| as at 31 Dec 2017 | 1H18 | 1H17 | |
|---|-------------|-------------|-------------|
| \$ million | underlying | underlying | movement |
| EBITDA | 17.8 | 17.3 | 0.5 |
| Non-cash expenses | 0.5 | 0.5 | (0.0) |
| Changes in working capital | 28.9 | 5.6 | 23.3 |
| Capital expenditure | (9.4) | (5.0) | (4.4) |
| Operating cash flow after capex | 37.7 | 18.4 | 19.3 |
| Income tax paid | (5.4) | - | (5.4) |
| Net Interest (expense)/income | (3.3) | 0.2 | (3.5) |
| Free cash flow | 29.0 | 18.6 | 10.4 |
| Payments to Optus (VAYA) | (10.2) | (10.2) | 0.0 |
| Decrease/(increase) in security deposit and bank guarantees | (0.0) | (1.9) | 1.9 |
| Proceeds from borrowings | 7.1 | - | 7.1 |
| Repayment of borrowings | (7.5) | - | (7.5) |
| Proceeds from Airtasker share sale | - | 2.1 | (2.1) |
| Acquisition related expenses and integration | (3.3) | (1.3) | (2.0) |
| Payment for acquisition of AusBBS | - | (1.0) | 1.0 |
| Investment in new mobile products | (2.6) | - | (2.6) |
| Investment in devices | (1.5) | - | (1.5) |
| Non core expenses | (0.2) | - | (0.2) |
| Net cash flow before dividends | 10.7 | 6.2 | 4.4 |

- Underlying operating cash flow after capex increased \$19.3m to \$37.7m implying a cash conversion rate of approximately 212%. This was primarily driven by a \$23.3m increase in working capital reflecting favourable payment terms from trade and other suppliers and the inclusion of energy
- Capital expenditure increased \$4.4m driven by internal software development to launch the new amaysim energy and device verticals
- The last payment remaining to Optus in relation to Vaya liability was due in January 2018
- Repayment and proceeds of borrowings relate to the syndicated loan facility to fund the acquisition of Click
- Acquisition and integration expenses were up \$2.0m driven by the integration and reorganization of Click
- Investment in new mobile products of \$2.6m was associated with the 'Just What You Need' marketing campaign
- Investment of \$1.5m relates to the launch of the amaysim online device store, comprising \$1.1m marketing launch costs and \$0.4m in launch promotions

Notes: Due to rounding, numbers presented in the table above may not add up precisely to the totals provided. All figures reported are for the amaysim Group, which includes the mobile, broadband and energy businesses. 1H18 includes 6-months contribution from AusBBS (acquired 23 August 2016) and Click (acquired 1 May 2017); 1H17 includes ~4-months contribution from AusBBS

2018 half year results

Julian Ogrin, CEO and Managing Director

amaysim

Summary

- Strong subscriber growth across all verticals
- Significant investment in strategic initiatives in 1H18 that will drive future business growth:
 - New verticals under the amaysim brand (devices, energy)
 - Broadening of mobile product suite, including launch of sub-\$20 plans
 - Just What You Need marketing campaign
- amaysim is now a stronger and more diversified business with a broad suite of products
- Focus for the management team in 2H18 is to continue to be a challenger brand across the markets we operate, accelerate mobile subscribers growth and execute on the cross-sell strategy

2018 half year results

Appendix

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A1. Detailed profit and loss statement

| | 1H18 | 1H17 | 1H18 vs 1H17 |
|--|---------------|---------------|-----------------|
| Statutory, \$'000 | | | |
| Net revenue | 294.0 | 136.6 | 115.1% |
| Cost of Sales | (221.7) | (96.2) | 130.5% |
| Gross profit | 72.3 | 40.5 | 78.6% |
| Other Income (Airtasker) | - | 2.1 | - |
| Employee expenses | (21.0) | (11.8) | 78.5% |
| Marketing and advertising | (16.2) | (4.4) | 269.8% |
| Facilities and IT costs | (6.4) | (4.4) | 45.6% |
| Other costs | (16.5) | (3.9) | 321.8% |
| Integration costs | (2.1) | (0.8) | 147.7% |
| Operating costs | (62.1) | (25.3) | 145.9% |
| EBITDA | 10.2 | 17.3 | (41.1%) |
| Depreciation and amortisation | (10.1) | (3.8) | 165.8% |
| EBIT | 0.1 | 13.5 | (99.1%) |
| Net interest (expense)/income | (3.8) | (1.0) | 288.1% |
| Profit before tax | (3.7) | 12.5 | - |
| Tax (expense)/benefit | 1.3 | (4.2) | - |
| NPAT | (2.4) | 8.4 | - |
| Add: Tax affected amortisation of acquired contracts and intangibles other than software | 4.5 | 1.9 | 131.0% |
| NPATA | 2.1 | 10.3 | (79.6%) |
| Statutory EBITDA to Underlying EBITDA | | | |
| EBITDA | 10.2 | 17.3 | (41.0%) |
| Add: | | | |
| Underlying adjustments - Non-Devices | 6.1 | 0.0 | - |
| Underlying adjustments - Devices | 1.5 | - | - |
| Underlying EBITDA | 17.8 | 17.3 | 2.9% |

Due to rounding, numbers presented in the table above may not add up precisely to the totals provided. All figures reported are for the amaysim Group, which includes the mobile, broadband and energy businesses. 1H18 includes 6-months contribution from AusBBS (acquired 23 August 2016) and Click (acquired 1 May 2017); 1H17 includes ~4-months contribution from AusBBS

A2. 1H18 underlying to statutory results reconciliation

| \$ million | Note | EBITDA | | EBIT | | NPAT | | NPATA | | Total expenses ¹ | |
|--|------|-------------|-------------|------------|-------------|--------------|------------|------------|-------------|-----------------------------|-------------|
| | | 1H18 | 1H17 | 1H18 | 1H17 | 1H18 | 1H17 | 1H18 | 1H17 | 1H18 | 1H17 |
| Statutory results | | 10.2 | 17.3 | 0.1 | 13.5 | (2.4) | 8.3 | 2.1 | 10.3 | 62.1 | 25.3 |
| Add back/(deduct): | | | | | | | | | | | |
| Acquisition related expenses | i | - | 0.8 | - | 0.8 | - | 0.8 | - | 0.8 | - | (0.8) |
| Non-core income - Airtasker share sale | ii | - | (2.1) | - | (2.1) | - | (2.1) | - | (2.1) | - | |
| Non-core expenses | iii | 0.2 | 0.8 | 0.2 | 0.8 | 0.2 | 0.8 | 0.2 | 0.8 | (0.2) | (0.8) |
| Launch of new verticals | iv | 1.5 | - | 1.5 | - | 1.5 | - | 1.5 | - | (1.1) | - |
| Investment in new mobile products | v | 2.6 | - | 2.6 | - | 2.6 | - | 2.6 | - | (2.6) | - |
| Integration expenses | vi | 3.3 | 0.5 | 3.3 | 0.5 | 3.3 | 0.5 | 3.3 | 0.5 | (3.3) | (0.5) |
| Income tax adjustment | vii | - | - | - | - | (2.3) | (0.0) | (2.3) | (0.0) | - | - |
| Underlying results | | 17.8 | 17.3 | 7.7 | 13.5 | 3.0 | 8.3 | 7.5 | 10.3 | 54.9 | 23.2 |

Due to rounding, numbers presented in the table above may not add up precisely to the totals provided. All figures reported are for the amaysim Group, which includes the mobile, broadband and energy businesses. 1H18 includes 6-months contribution from AusBBS (acquired 23 August 2016) and Click (acquired 1 May 2017); 1H17 includes ~4-months contribution from AusBBS

1. Operating expenses exclude expenses related to network, finance, amortisation and depreciation, with underlying total expenses adjusted to be consistent with other underlying results

Notes:

- Acquisition related expenses comprise transaction expenses incurred in the process of acquiring Click Energy Group Holdings Pty Ltd and Australian Broadband Services Pty Limited
- During the prior period shares held in Airtasker were sold
- Non-core expenses relate to staff redundancy and termination expenses associated with restructuring activities
- Investment relating to the launch of the amaysim online device store, comprising \$1.1m marketing launch costs and \$0.4m in launch promotions
- 'Just What You Need' marketing campaign to promote amaysim's new \$10 small but mighty mobile plan and support the Group's brand awareness
- Integration related expenses comprise of costs directly related to integrating and reorganising acquired businesses Click Energy Group Holdings Pty Ltd and Australian Broadband Services Pty Limited and allocated employee expenses
- Income tax adjustment is the tax impact of the underlying NPAT adjustments

A3. 1H18 EBITDA underlying to statutory results reconciliation by segment

| \$ million | Note | Mobile 1H18 | Broadband 1H18 | Energy 1H18 | Group 1H18 |
|-----------------------------------|------|----------------|-------------------|----------------|---------------|
| Statutory EBITDA | | 5.7 | (3.3) | 7.8 | 10.2 |
| Add back/(deduct): | | | | | |
| Non-core expenses | i | 0.2 | - | - | 0.2 |
| Launch of new verticals | ii | 1.5 | - | - | 1.5 |
| Investment in new mobile products | iii | 2.6 | - | - | 2.6 |
| Integration expenses | iv | 1.1 | - | 2.2 | 3.3 |
| Underlying EBITDA | | 11.1 | (3.3) | 10.0 | 17.8 |

Due to rounding, numbers presented in the table above may not add up precisely to the totals provided.

Notes:

- Non-core expenses relate to staff redundancy and termination expenses associated with restructuring activities
- Investment relating to the launch of the amaysim online device store, comprising \$1.1m marketing launch costs and \$0.4m in launch promotions
- 'Just What You Need' marketing campaign to promote amaysim's new \$10 small but mighty mobile plan and support the Group's brand awareness
- Integration related expenses comprise of costs directly related to integrating and reorganising acquired businesses Click Energy Group Holdings Pty Ltd and Australian Broadband Services Pty Limited and allocated employee expenses

A4. Cash flow statement - statutory

| \$ million | 31 Dec 2017 | 31 Dec 2016 | movement |
|--|----------------|----------------|--------------|
| Cash flows from operating activities | | | |
| Receipts from customers (incl. of GST) | 319.0 | 150.6 | 168.5 |
| Payments to suppliers and employees (incl. of GST) | (279.6) | (129.4) | (150.2) |
| Repayment of Optus liability acquired on Vaya acquisition | (10.2) | (10.2) | - |
| Income taxes paid | (5.4) | (0.0) | (5.4) |
| Finance expenses | (3.4) | - | (3.4) |
| Interest received | 0.1 | 0.2 | (0.2) |
| Net cash inflows from operating activities | 20.6 | 11.2 | 9.4 |
| Cash flows from investing activities | | | |
| Payments for acquisition of subsidiary net of cash acquired | - | (1.0) | 1.0 |
| Payments for property, plant and equipment | (1.7) | (2.1) | 0.4 |
| Proceeds from sale of investments | - | 2.1 | (2.1) |
| Payments for intangible assets | (7.7) | (2.9) | (4.8) |
| (Increase) / Decrease in security deposits and bank guarantees | (0.0) | (1.9) | 1.8 |
| Net cash outflows from investing activities | (9.4) | (5.8) | (3.6) |
| Cash flows from financing activities | | | |
| Dividends paid | (10.8) | (9.7) | (1.0) |
| Proceeds from borrowings | 7.1 | - | 7.1 |
| Repayment of borrowings | (7.5) | - | (7.5) |
| Net cash inflow/(outflows) from financing activities | (11.2) | (9.7) | (1.5) |
| Net increase/(decrease) in cash and cash equivalents | (0.0) | (4.3) | 4.3 |
| Cash and cash equivalents at the beginning of the financial year | 18.1 | 13.4 | 4.7 |
| Cash and cash equivalents at the end of the year | 18.1 | 9.1 | 9.0 |

Due to rounding, numbers presented in the table above may not add up precisely to the totals provided. All figures reported are for the amaysim Group, which includes the mobile, broadband and energy businesses. 1H18 includes 6-months contribution from AusBBS (acquired 23 August 2016) and Click (acquired 1 May 2017); 1H17 includes ~4-months contribution from AusBBS

A5. Statutory to underlying operating cash flow after capex reconciliation

| \$ million | 1H18 |
|--|-------------|
| Statutory net operating cash flows | 20.6 |
| Net interest paid | 3.3 |
| Income tax paid | 5.4 |
| Repayment of Optus liability assumed on Vaya acquisition | 10.2 |
| Capital expenditure | (9.4) |
| Acquisition related transaction and integration expenses | 3.3 |
| Investment in new mobile products | 2.6 |
| Investment in devices | 1.5 |
| Non-core expenses | 0.2 |
| Underlying operating cash flows after CAPEX | 37.7 |

Due to rounding, numbers presented in the table above may not add up precisely to the totals provided. All figures reported are for the amaysim Group, which includes the mobile, broadband and energy businesses.

The background of the image consists of a repeating pattern of diagonal stripes. The stripes are light blue and are set against a dark blue background. The stripes are oriented diagonally from the top-left to the bottom-right.

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