



## ASX ANNOUNCEMENT

30 November 2016

### **amaysim Investor Day and update for the full year 2017**

amaysim Australia Ltd (**ASX: AYS**) today announced an update to its full year results for the 2017 financial year in an investor presentation.

Commenting on this update, amaysim's CEO and Managing Director Julian Ogrin said: "the amaysim Group has started FY17 in line with management's expectations with continued organic growth in its subscriber base and low churn. In what continues to be a competitive market, we announced in November 2016 a milestone for the company having attracted over one million subscribers across the amaysim Group. This reflects the consistency and value of our offering while reinforcing our position as a major participant in the mobile services market.

"As I look forward to the remainder of the 2017 financial year I am confident that the amaysim Group will continue its pattern of solid earnings and subscriber growth.

"In addition, we are excited about the opportunity broadband presents. Following a closed beta test, amaysim broadband is set to be launched early in the 2017 calendar year. This positions us to take advantage of the 'forced migration' event presented by the roll-out of the National Broadband Network (NBN) across Australia. We will look to replicate our success in the mobile market in broadband by leveraging our technology platforms to provide customers with price-competitive broadband products underpinned by amaysim's award winning customer experience," Mr Ogrin said.

#### **Market update<sup>1</sup>**

In FY17, the amaysim Group expects its core mobile business to continue to grow organically adding approximately 58,000 to 60,000 net mobile subscribers in the first half of FY17. This growth in net subscribers is anticipated to drive low-double digit net revenue growth in FY17.

Consistent with industry trends and reflecting the full year impact of Vaya's lower ARPU subscriber base, the amaysim Group mobile FY17 ARPU<sup>2</sup> is expected to be lower

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<sup>1</sup> The market update statements for FY17 are in respect of the amaysim Group mobile business and excludes the impact of amaysim broadband unless specifically stated

<sup>2</sup> ARPU means average revenue per subscriber



than FY16. It is anticipated that the downward pressure to ARPU will finalise in the first half of FY17 with ARPU gradually increasing in the second half of FY17.

It is expected that in FY17, churn for the core mobile business will hold steady and that gross profit margins will be approximately 32% to 33%.

Reflecting the operating efficiency of the business as it continues to grow, underlying mobile operating expenses for FY17 are anticipated to be approximately \$50 million which is flat compared to FY16.

Please see the following pages for amaysim's latest investor presentation.

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# amaysim investor day

30 November 2016

**amaysim**

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# amaysim Group overview

Julian Ogrin

**amaysim**

# the amaysim journey



1.As at Nov 2016

# sustainable pillars for growth and expansion

## amaysim sustainable pillars



**asset light,  
technology-led  
business model**



**established  
subscriber base and  
recurring subscription  
revenue model**



**award winning  
subscriber experience  
underpinned by  
technology**

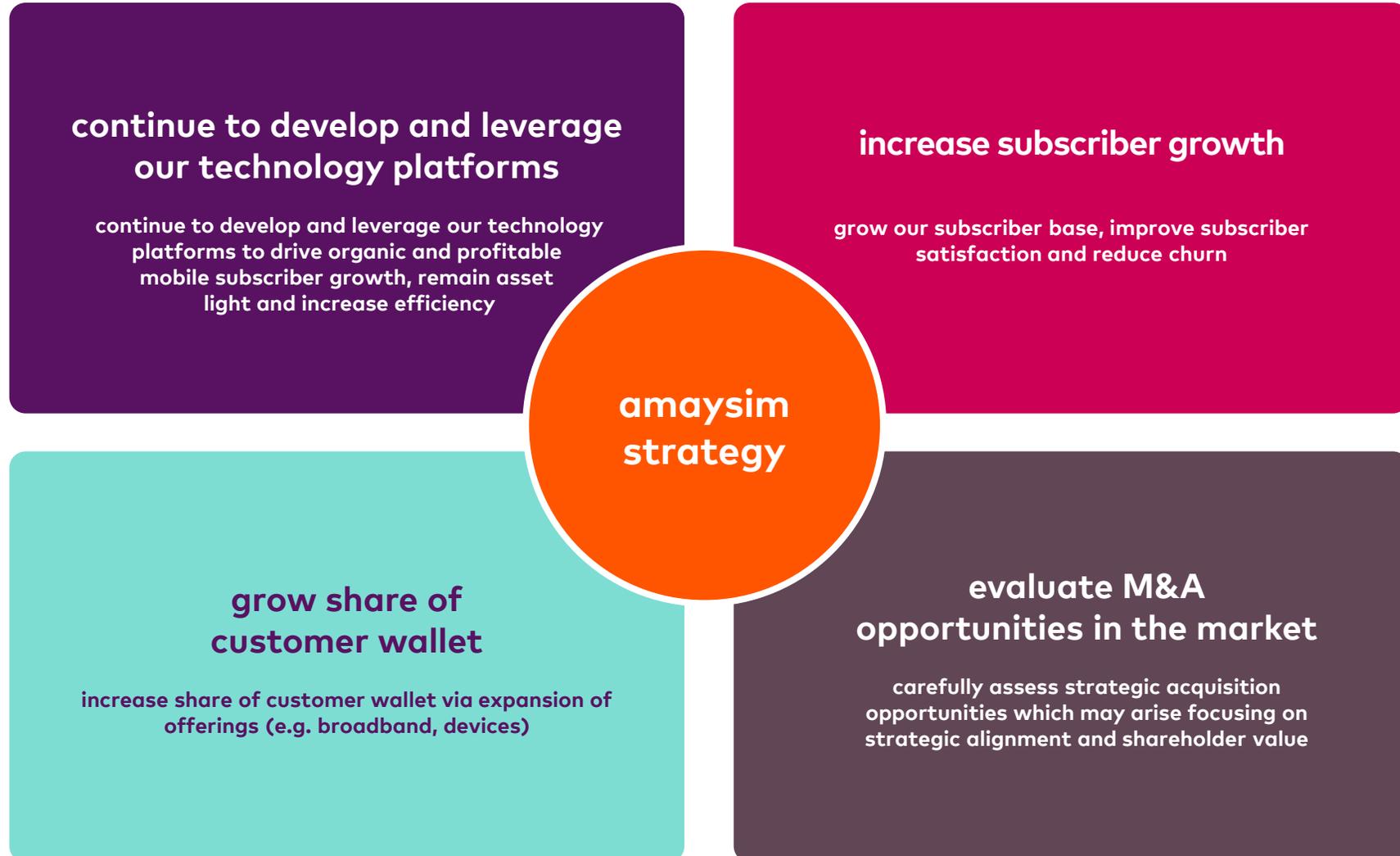


**powerful dual-brand  
strategy**



**strategic NSA for  
long-term  
profitability and  
competitiveness**

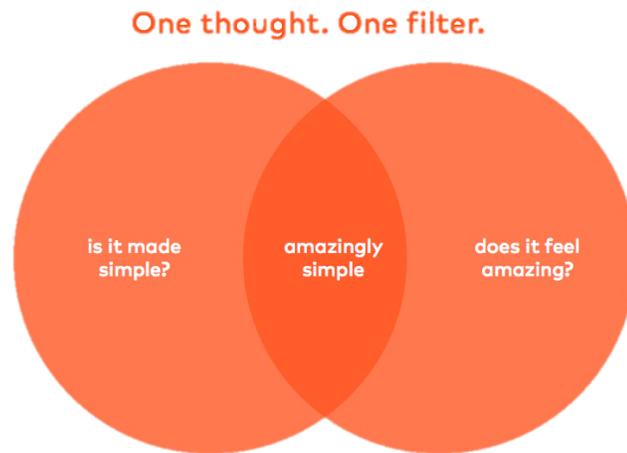
# the amaysim strategy



# brand evolution



2013



2015



2015



today

## summary



continued organic growth in mobile underpinned by strong customer satisfaction and low churn



a clear strategy to increase subscribers and grow share of wallet



positioned for further growth with launch of amaysim broadband and an expanded footprint as an online service provider



a roadmap to develop our technology platforms to drive efficiency, scalability and growth



disciplined financial and operational management

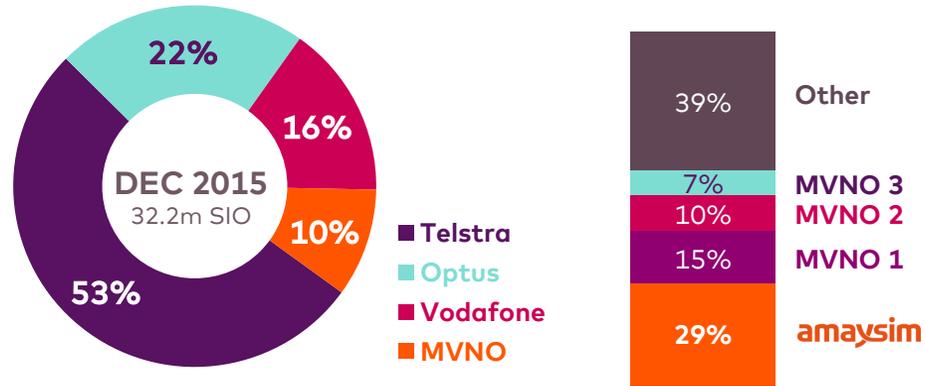
mobile

Julian Ogrin / Ged Mansour

amaysim

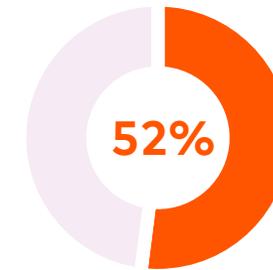
# the Australian mobile services market – continued shift to BYO

## the Australian mobile services market<sup>2</sup>

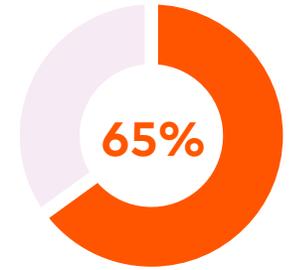


population own a smartphone<sup>1</sup>

51% of the population (10m) own both a smartphone and tablet<sup>1</sup>



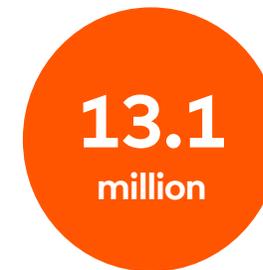
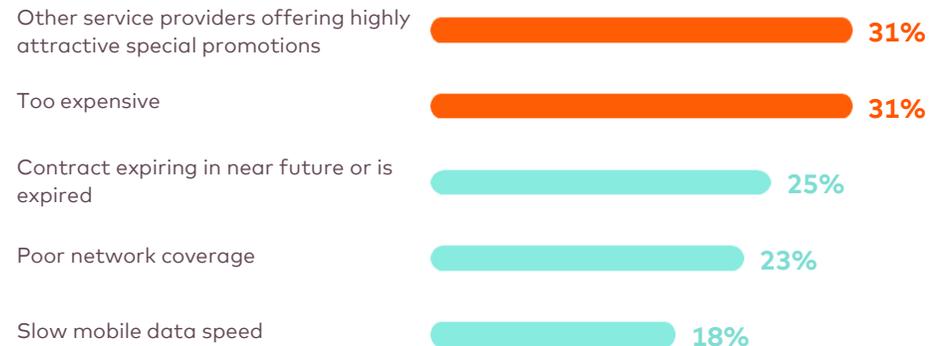
mobile phone users are on a no-contract plan<sup>2</sup>



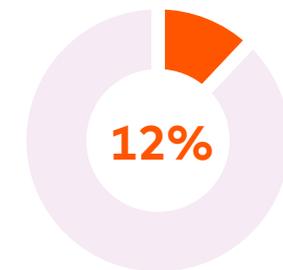
people who switch providers are choosing no lock-in contracts<sup>2</sup>

## price & contract expiry are the main reason for switching<sup>2</sup>

**Q: why are you considering changing your current mobile provider?**



Australians over 16 spending <\$50 per month on their main mobile plan<sup>1</sup>

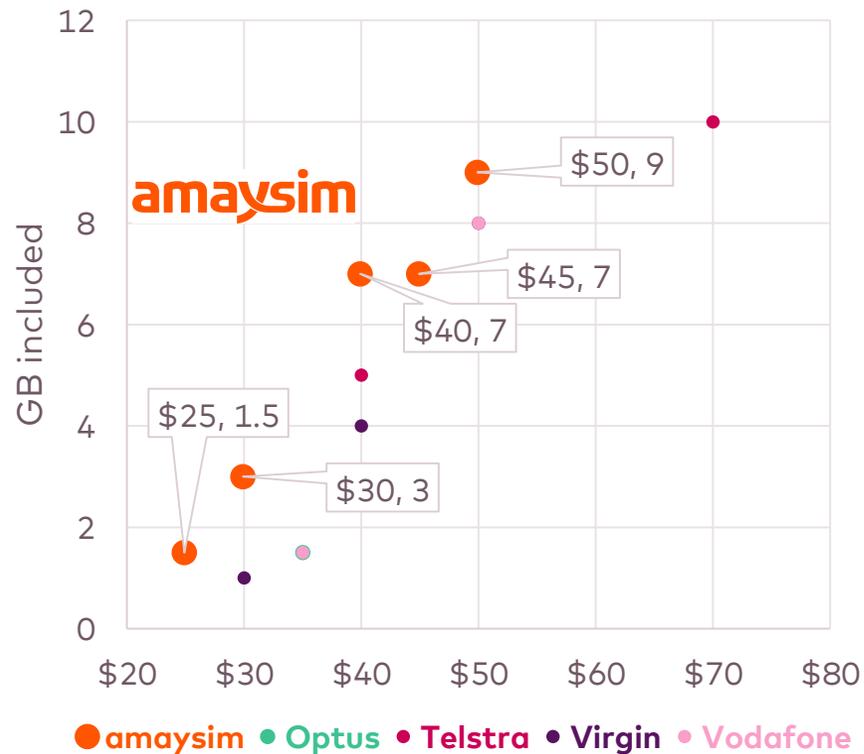


amaysim's share of the prepaid market<sup>3</sup>

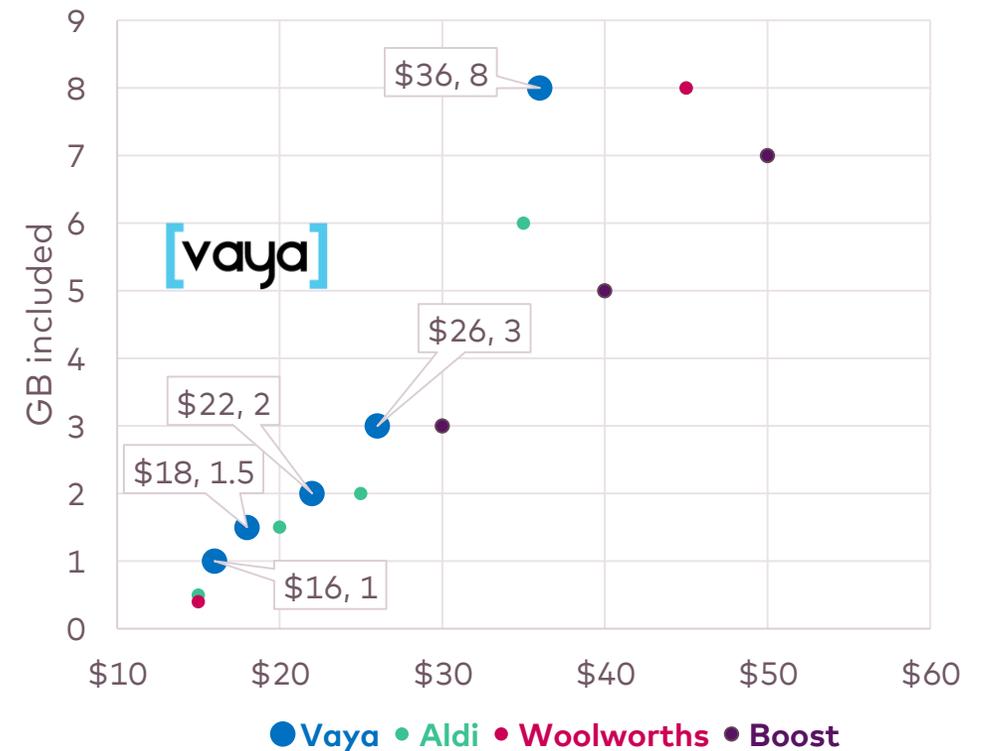
1.Telsyte Digital Consumer Study 2016, Estimate of population 16 and over (19.3 million)  
 2.Telsyte Australian Mobile Services Market Study 2016  
 3.Kantar Worldpanel ComTech data to Sept 2016

# the amaysim Group is well positioned to compete with both MNOs and low-cost MVNOs

amaysim: competing with MNOs<sup>1,2</sup>

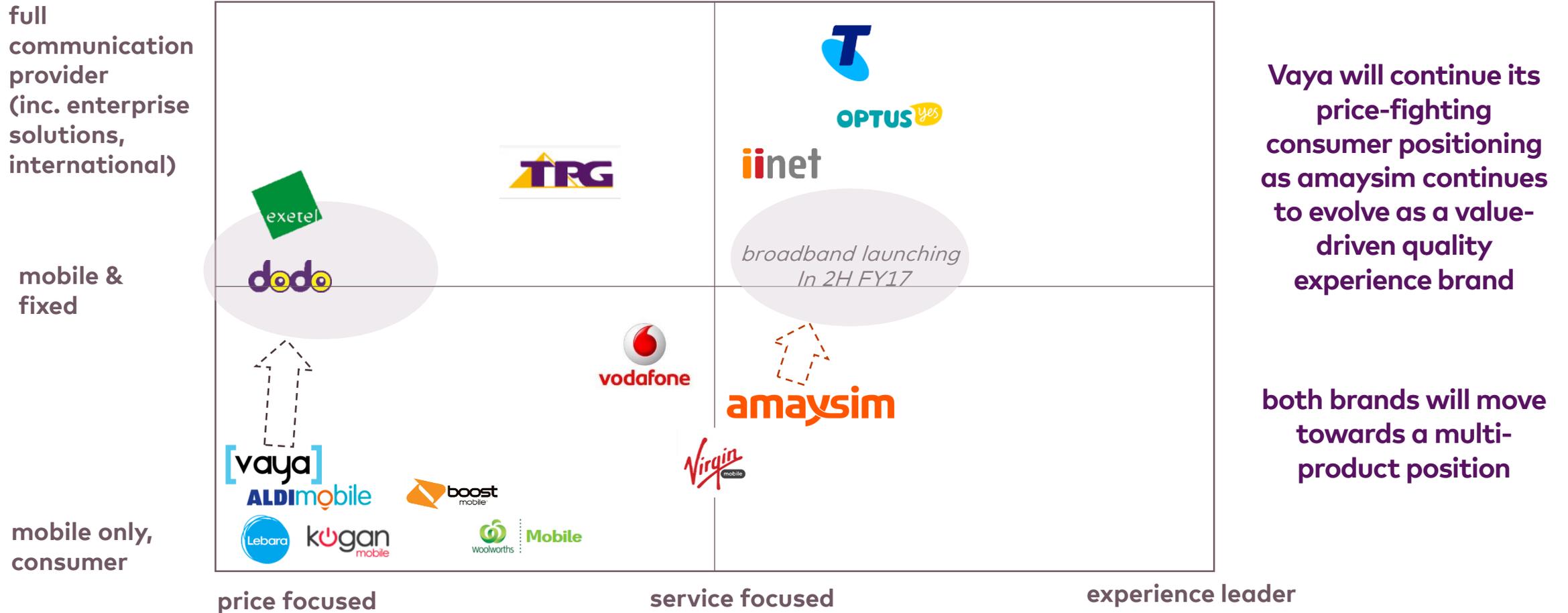


Vaya: price leader in the MVNO segment<sup>1,2</sup>

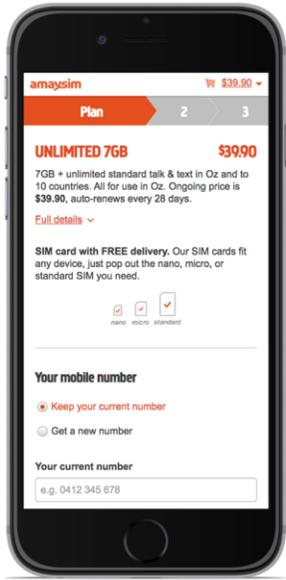


Source: Market data  
 1.Promotions excluded  
 2.Anytime data inclusions only (night and weekends inclusions excluded)

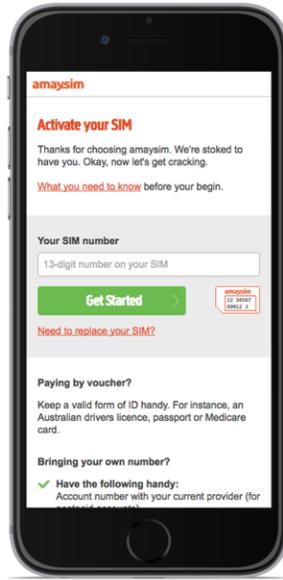
# we are moving towards a broader range of products, with a stronger focus on quality



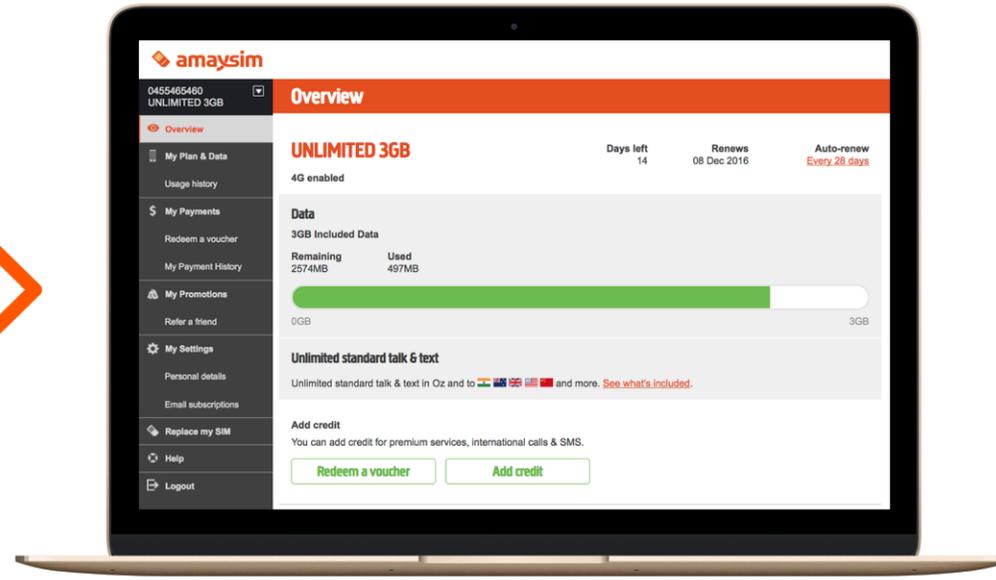
# award winning subscriber experience



sale



activation



optimisation



help & support

## industry awards



2016 Finder Awards — Best Telco Customer Innovation

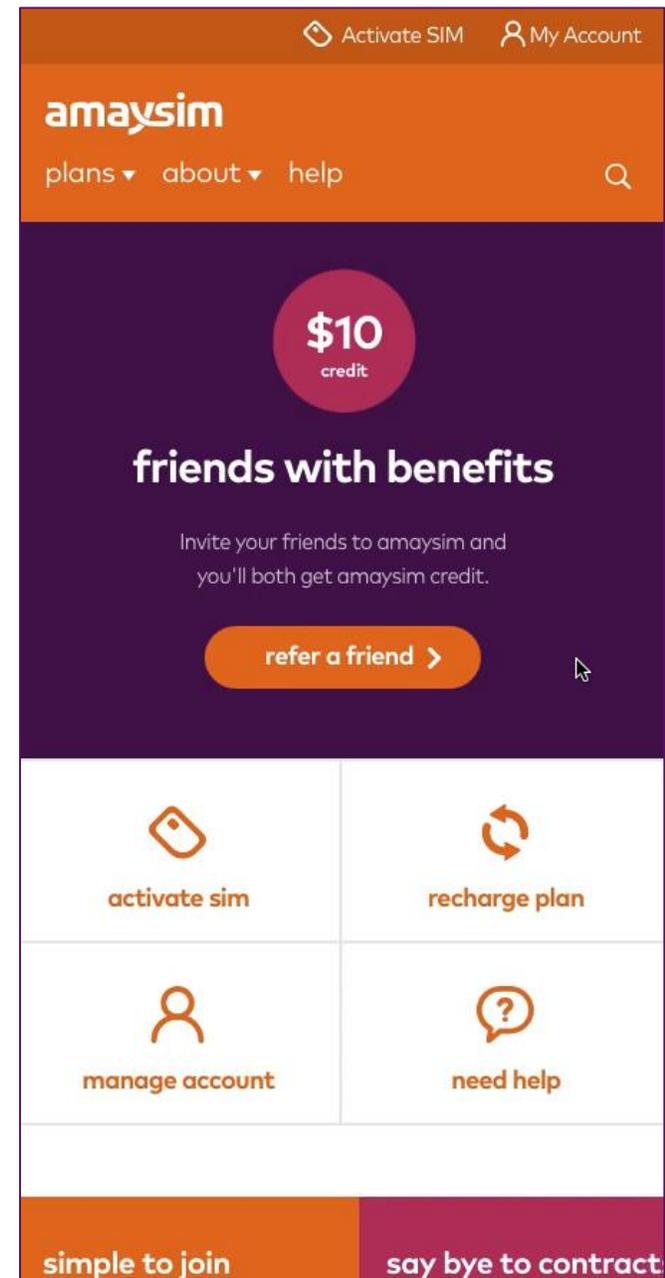


2016 Canstar Blue Customer Satisfaction Award — SIM-only postpaid mobile phone plans



2015 CHOICE Mobile Satisfaction Survey

## customer experience and service



# strategy and priorities - mobile

target	increase subscriber growth	leverage technology to enable high quality customer experiences	grow share of customer wallet
FY17 priorities	<ol style="list-style-type: none"> <li>continue to focus on customer satisfaction</li> <li>enhance simplicity and transparency of offers</li> <li>reduce customer churn</li> </ol>	<ol style="list-style-type: none"> <li>continue development of technology platforms</li> <li>automate processes to improve efficiencies</li> </ol>	<ol style="list-style-type: none"> <li>develop new features to our services to meet customer demands</li> <li>continue to drive loyalty in the base</li> </ol>
results	<p><b>1m+</b> subscribers in Nov 2016 966k subscribers reported in FY16, up 35% on FY15</p> <p><b>2.5%</b> FY16 subscriber churn down 100bps on FY15</p> <p><b>1.1</b> complaints per 10,000 subscribers<sup>1</sup> lowest contextualised complaints</p> <p><b>89%</b> customers would recommend amaysim to family, friends or colleagues through word-of-mouth recommendation<sup>1</sup></p>	<p><b>+10%</b> increase in customer conversion rate through new amaysim website<sup>3</sup></p> <p><b>91%</b> customers self-serve through website improvements only 9% of customers call amaysim after visiting the Help and support page of our website – down 30% to Sep 2016</p> <p><b>90%+</b> LiveChat handling rate since Sep 2016 Investment in customer care is delivering faster response times and better overall experience<sup>2</sup></p>	<p> cross-selling and upselling opportunities through NBN closed trials of amaysim broadband offering before Christmas with market launch early in 2017 calendar year</p>

1. Telecommunications Complaints in Context, July – September 2016, when compared with carriers, including Telstra, Optus, Vodafone, Pivotel and Other participants. Applies only to amaysim brand  
 2. >90% handling rate of LiveChat requests in Sept-16 compared with 77% long-term average (internal analysis)  
 3. Customer conversion based on key acquisition website pages via desktop, November 2016

Vaya

Jennifer Snell

amaysim

our powerful dual-brand strategy allows us to appeal to a broader market

The logo for amaysim, featuring the word "amaysim" in a bold, orange, lowercase sans-serif font. The letter 'y' is stylized with a curved underline that extends to the right.

the good value player delivering  
world leading customer experience

#amazinglysimple

The logo for [vaya], featuring the word "vaya" in a bold, black, lowercase sans-serif font, enclosed within large, light blue square brackets.

taking the fight to the streets with  
the lowest prices and extreme agility

#glovesoff

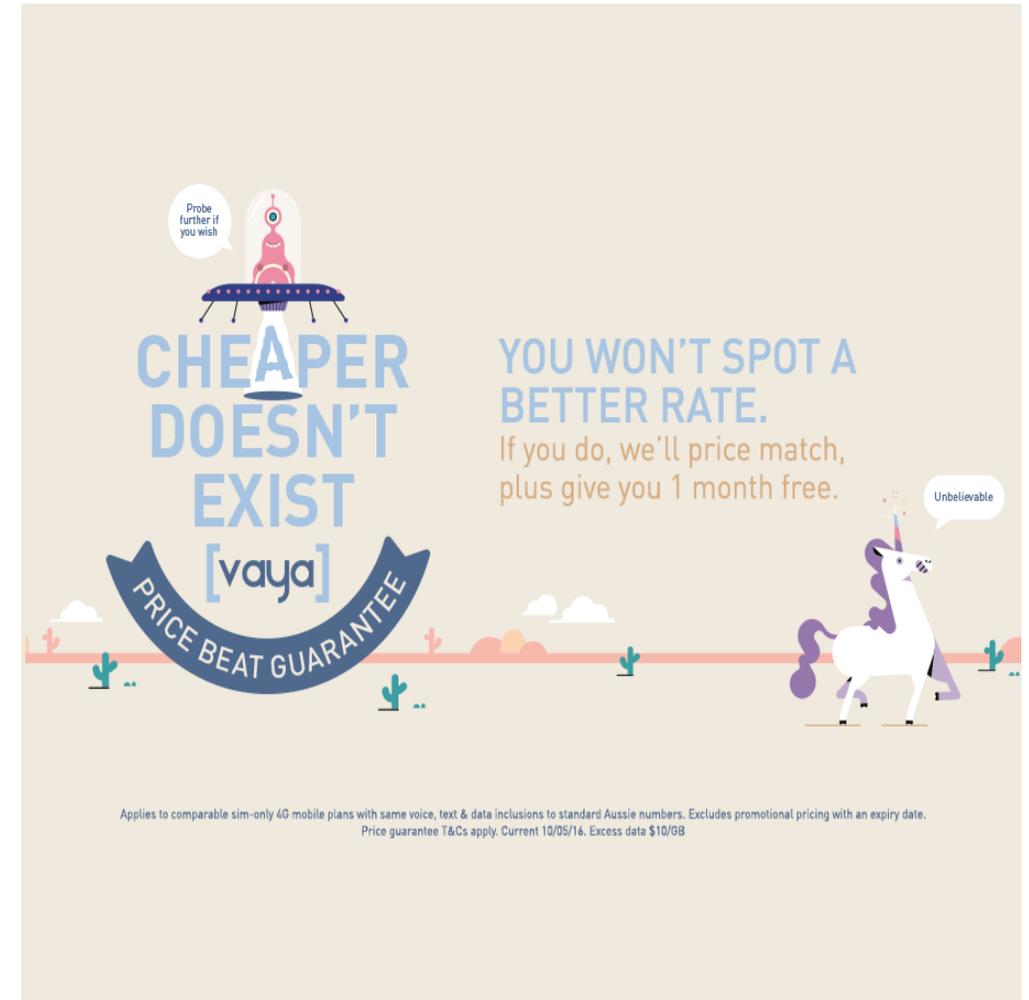
# strategy and priorities - Vaya

## Vaya - continuing to be an incubator for our group mobile strategy

target	increase subscriber growth	leverage technology to enable high quality customer experiences	grow share of customer wallet
FY17 priorities	<ol style="list-style-type: none"> <li>1. increase customer satisfaction by simplifying product suite &amp; removal of confusing fees</li> <li>2. launch new digital acquisition channels</li> </ol>	<ol style="list-style-type: none"> <li>1. continue development of technology platforms</li> <li>2. automate processes to improve efficiencies</li> </ol>	<ol style="list-style-type: none"> <li>1. increase share of customer wallet via expansion of offerings</li> <li>2. continue to drive loyalty in the base</li> </ol>
results	<p> <b>simplification of product suite with focus on Unlimited Talk &amp; Text plans</b> Cheapest unlimited plan in Australia launched Aug 2016</p> <p> <b>launched Price Beat Guarantee</b> The Guarantee is a key customer retention piece</p> <p> <b>subscriber growth contributing to amaysim Group hitting 1m+ subscriber milestone in Nov 2016</b></p>	<p> <b>-84%</b> <b>YoY decline in contextualised TIO complaints<sup>1</sup></b> Attributed to process improvements across billing, invoicing and complaints handling</p> <p> <b>automation of customer communications allows efficient, effective base management</b></p>	<p> <b>device store launched November 2016, with devices available outright or through an integrated third-party finance option</b></p> <p> <b>Vaya broadband offering by 1H FY18</b></p>

1. Jan – Sept 2016 vs Jan – Sept 15

# a continued focus on price and inclusions is aimed at positioning Vaya as the go-to brand for cost-conscious Australians



# announcing the launch of the Vaya device shop

## the device shop addresses customer demand for handsets

- ✓ growing demand for handsets that are not locked into contracts
- ✓ issues with affordability addressed by allowing customers to purchase phones and tablets outright or with a 12 / 24 month finance option<sup>1</sup>
- ✓ incremental revenue and churn reduction benefit
- ✓ no stock hold risk and no handset subsidies

## price comparison – Vaya vs MNOs Apple iPhone 7 32GB

<b>Vaya<sup>2</sup></b> 8GB data plan	<b>MNO 1</b>	<b>MNO 2</b>	<b>MNO 3</b>
	8GB data plan (6GB + bonus 2GB)	8GB data plan (7GB + bonus 1GB)	9GB data plan (8GB + bonus 1GB)
<b>\$84</b> Total plan price per month (per month)	<b>\$99</b> per month	<b>\$87</b> per month	<b>\$90</b> per month
\$2,064 Total minimum cost over 24 months for device and plan (24 months)	\$2,376 over 24 months	\$2,088 over 24 months	\$2,136 over 24 months

1. Finance is facilitated through Rate Setter, with whom the amaysim Group have vertical exclusivity  
2. Vaya Unlimited XL 8GB plan used for price comparisons

The screenshot shows the Vaya website interface. At the top, there's a navigation bar with links for Mobile Plans, Phones, Data Plans, Contact Us, My Account, and Activate SIM. The main banner features an iPhone 7 with the text 'iPhone 7 \$48 per month' and a 'Get it now' button. Below the banner, there are two categories: 'Mobile Phones' and 'Tablets'. At the bottom, there are two promotional boxes: 'Free Delivery' (Order today for free delivery Australia-wide, Order online) and 'Awesome prices' (Great value devices. That's why smart shoppers love Vaya. Enjoy the savings).

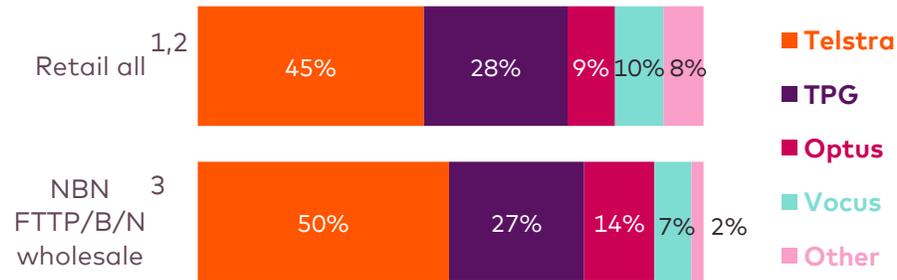
# broadband

Rob Appel / Julian Ogrin

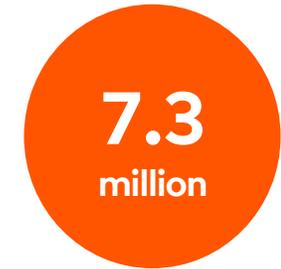
amaysim

# the Australian broadband market

## market share (% total connections)

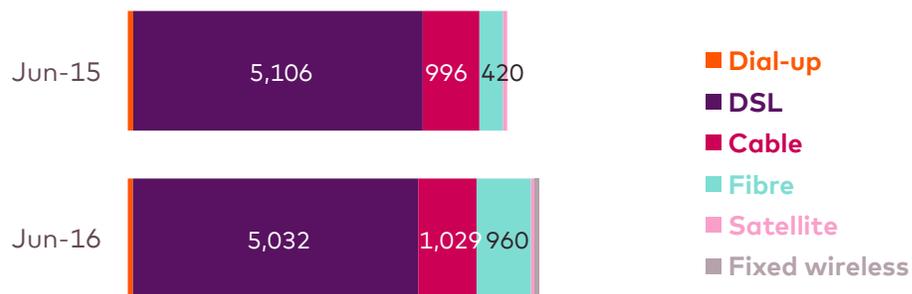


combined retail broadband market share of Telstra, TPG and Optus<sup>1</sup>



internet subscribers (inc. satellite & fixed wireless, excluding mobile broadband) in Australia. This is an increase of 9% YoY<sup>4</sup>

## internet connections in Australia ('000)<sup>4</sup>



growth in fibre subscribers YoY<sup>4</sup>



growth in NBN driven by the scheduled roll-out will continue to present opportunities for new providers

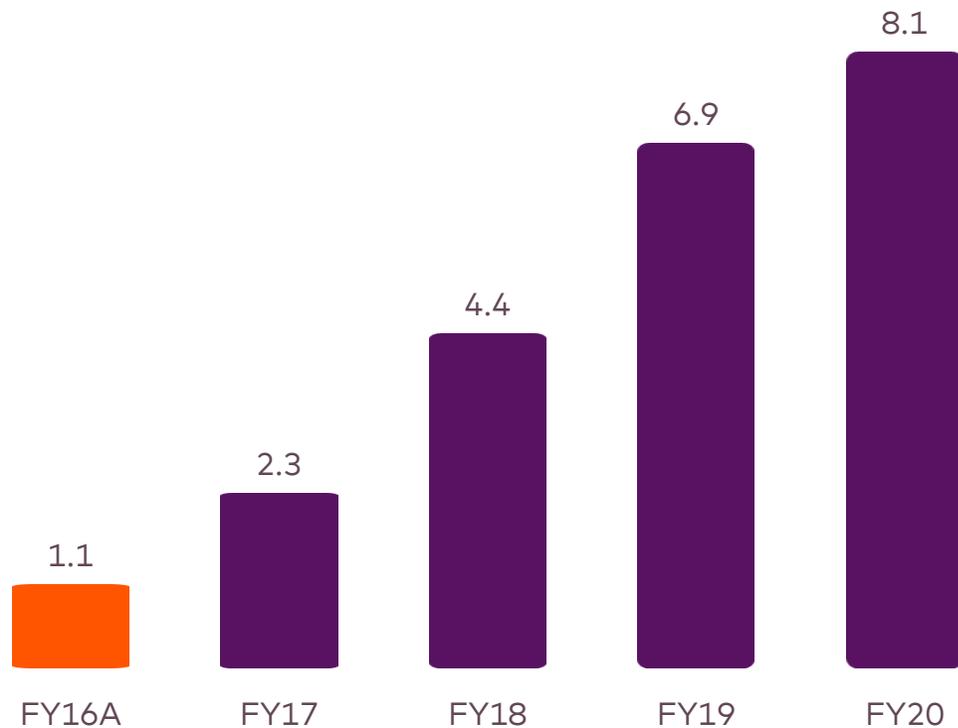
1. IBISWorld Industry Report J5911 Internet Service Providers in Australia July 2016  
 2. All fixed internet access types; Telstra share includes Belong  
 3. ACCC, NBN Wholesale Market Indicators Report 30 September 2016  
 4. Australian Bureau of Statistics, 8153.0 - Internet Activity, Australia, June 2016  
 5. Accurate as of 31 October 2016

# the National Broadband Network

unique market opportunity to target over 8 million premises which will become NBN-ready by FY20

## NBN activations<sup>1</sup>

million households



changing market context created by the NBN:

incumbents network differentiation is eroded on NBN

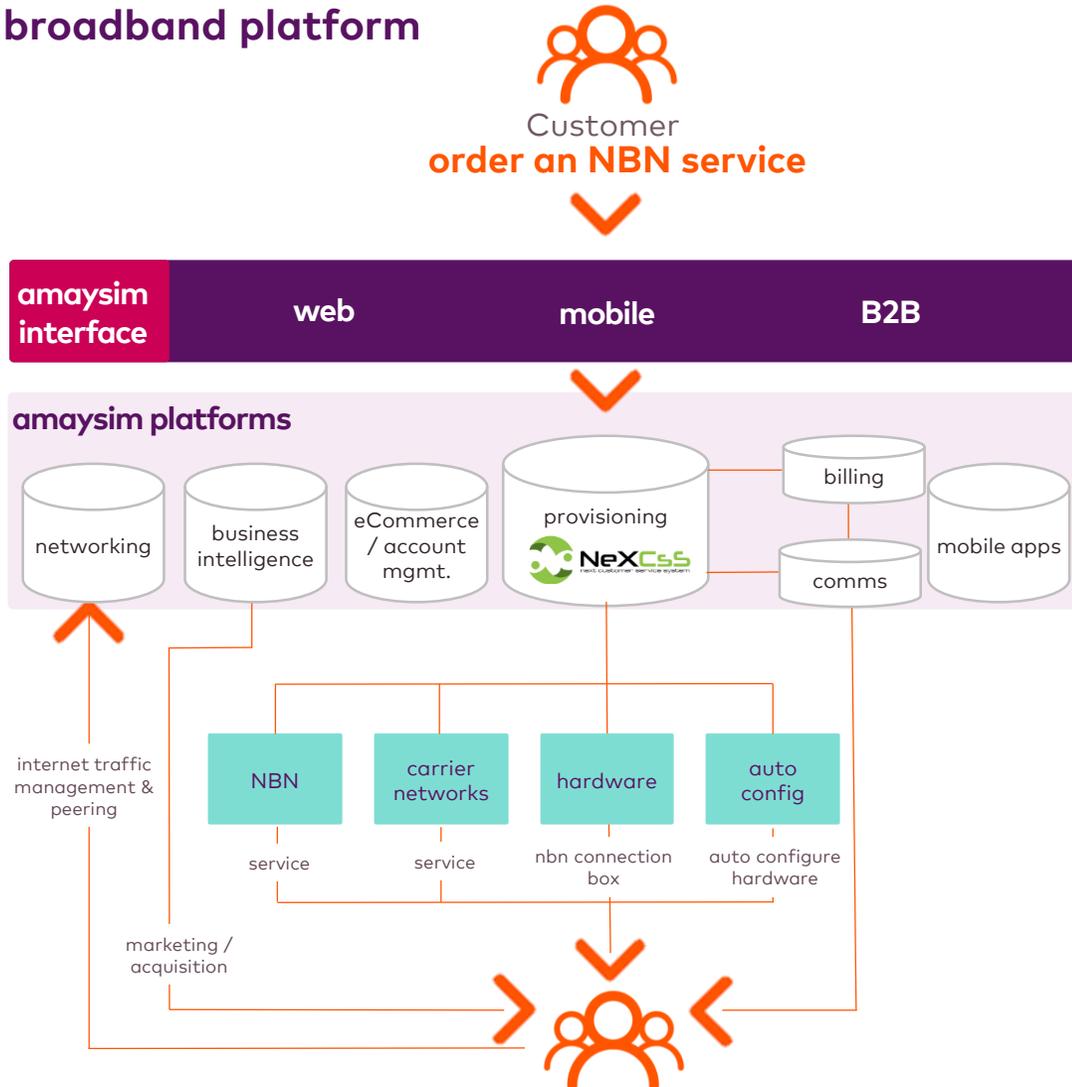
some customers have a choice of provider for the first time

shift in cost structure and business model for established ADSL and PSTN providers posing a threat to existing revenue and margin

increase in competition from new entrants (e.g. MyRepublic, Vodafone in 2017)

# technology disruption – network efficiency and customer experience

## broadband platform



## technology strategy

automation of workflow

ability to provide a superior customer experience in a cost-effective manner

scalability benefits

partnering with leading third party providers allows us to be on the cutting edge without significant R&D development cost

easily adaptable

technology is flexible enough to work with multiple suppliers and tenants

traffic management & peering

amaysim network strategy will bring industry best traffic management and peering arrangements

# evolving customer needs and increased complexity in the market



**consumer confusion about different technologies, plans, tariffs, bundles and speeds**



**increase in the number of Internet-connected devices per households**

9 devices per household in 2015, rising to 28 in 2020<sup>1</sup>



**increase in Internet usage**

+22% between Dec 15 & Jun 16 highlighting the longer term need for faster speeds and larger allowances<sup>2</sup>



**diminished appetite for fixed voice services**

>29% of Australians 18+ are mobile-only phone users with no fixed-line telephone at home



1.Telsyte Digital Consumer Study 2016  
2.Australian Bureau of Statistics, 8153.0 - Internet Activity, Australia, June 2016 – Total volume of data downloaded  
3.ACMA, "Australians get mobile" 9 June 2015

# an opportunity for amaysim to disrupt, simplify and grow

amaysim has a proven track record in delivering a superior customer experience and is an agile service provider with access to over 600k households across the amaysim Group

key components of the amaysim experience will stay the same...

customer promise

pillar of customer experience

> it's simple to join

✓ great value for money

> there's no lock-in contracts

✓ transparent pricing & inclusions

> you're in control

✓ simple customer experience

we can deliver this profitably because we are agile

network neutrality across all service providers, including Telstra, Optus, TPG, Vocus, MyRepublic

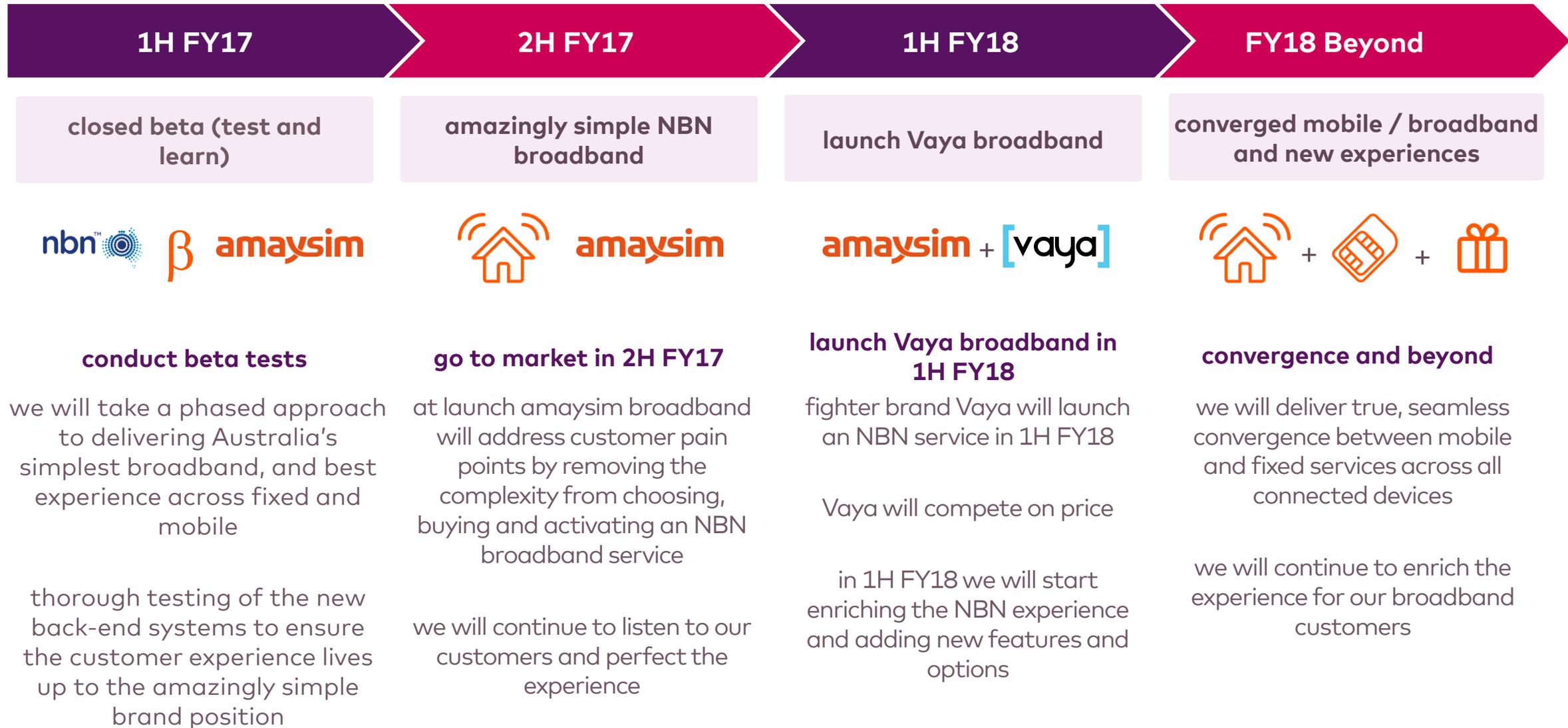
no network to maintain (low overhead)

no investment in legacy systems

low-cost approach: best of breed IT platforms with a cloud approach

no fixed line margin to protect

# amaysim broadband is coming to market



technology

Isaac Ward

amaysim

# asset light, technology-led business model



**scalable and leading edge technology**  
scalable cloud-based platform



**data driven insights**  
real-time data analytics to monitor sales, customer service, porting and other business systems and metrics



**legacy free**  
lack of historic complexity supported by agile development and full IP ownership



ability to support many times the existing subscriber base

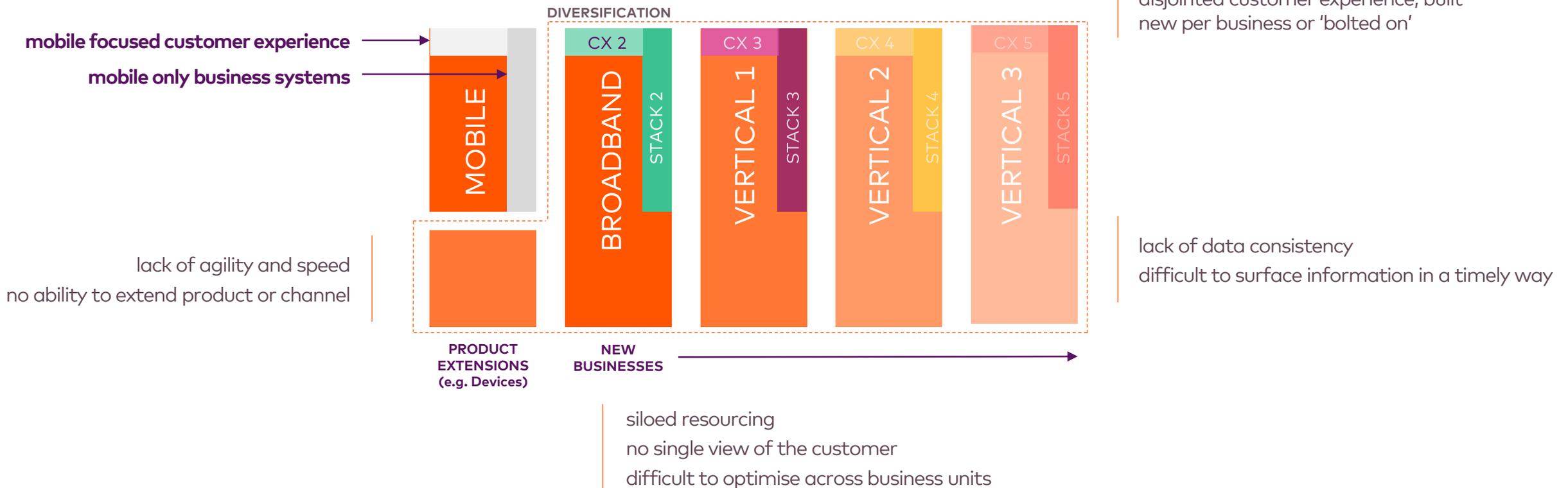
facilitates business decisions and enables high quality customer experiences to be provided

rapid deployment of new functionality in a cost-efficient manner

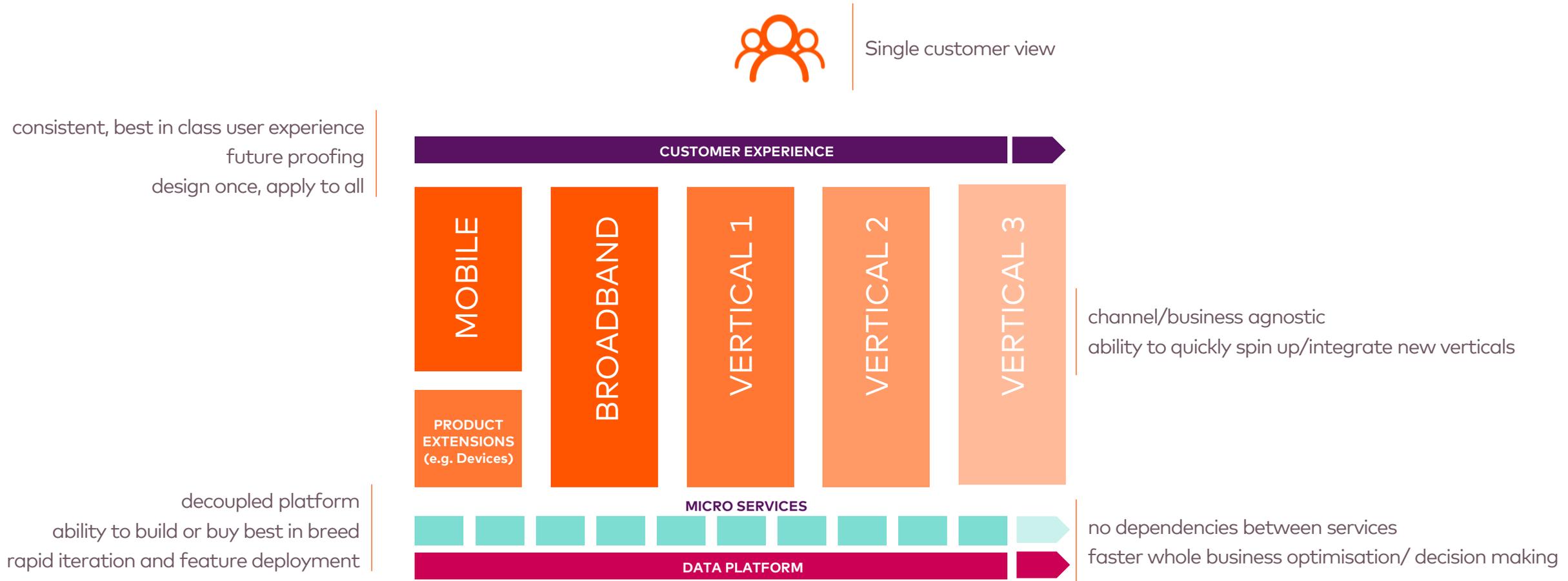
# traditional siloed approach to technology in companies is expensive and time consuming to maintain and difficult to optimise across business units



a new software stack will be required for each new business  
no reuse, capital heavy, slower launch



# how amaysim will scale better, faster



# market update

Julian Ogrin

amaysim

# 2017 focus and update

## FY17 focus

disciplined gross margin management

grow the mobile subscriber base

reduce churn by improving customer experience

launch amaysim broadband



## FY17 update<sup>1</sup>

### mobile

continue to organically grow our subscriber base  
~58k to 60k net adds in 1H FY17

low-double digit net revenue growth

gross profit margin  
~32% to 33%

OPEX to hold flat to FY16 ~\$50m

1. FY17 update in relation to the amaysim Group's core mobile business excluding broadband

## summary



continued organic growth in mobile underpinned by strong customer satisfaction and low churn



a clear strategy to increase subscribers and grow share of wallet



positioned for further growth with launch of amaysim broadband and an expanded footprint as an online service provider



a roadmap to develop our technology platforms to drive efficiency, scalability and growth



disciplined financial and operational management

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## **Statutory and proforma information**

Statutory information is based on reviewed financial statements. “Proforma” and “underlying” financial information has not been audited or reviewed. amaysim uses certain measures to manage and report on business performance that are not recognised under Australian Accounting Standards (“non-IFRS financial measures”). These non-IFRS financial measures that are referred to in this presentation include without limitation the following:

- Net Revenue means the total revenue and other income net of promotion costs, excluding interest income
- 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;
- EBITDA means earnings before interest, tax, depreciation and amortisation;
- EBIT means earnings before interest and tax; and
- NPATA means net profit after taxation but before amortisation. This measure is intended to remove the effect of non-cash charges of acquired intangibles other than software.

Although the Directors believe that these measures provide useful information about the financial performance of amaysim, they should be considered as supplements to the income statement and cash flow measures that have been presented in accordance with the Australian Accounting Standards and not as a replacement for them. Because these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have standard definitions, and the way amaysim has calculated these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures.