



amaysim

Acquisition of Vaya Group

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1 Overview

Summary (1/2)

amaysim Australia Limited builds faster growth with the acquisition of Vaya Pty Ltd

Transaction Overview

- amaysim has acquired 100% of the shares in Vaya Pty Ltd for an enterprise value of \$70m including equity value of \$20m
 - \$5m payment in cash to Vaya's vendors on completion
 - \$15m of amaysim scrip issued to Vaya's vendors over a period of 12 months, subject to escrow arrangements¹
 - amaysim group to assume a total of \$50m of liabilities to Optus, payable over two years²
- Earnings from the acquisition of Vaya net of one-off integration costs, Vaya founder consulting fees and transaction costs are expected to make a minimal contribution to amaysim's statutory FY16 EBITDA
- Transaction expected to be materially accretive on an underlying NPATA basis³ for amaysim shareholders in FY17

Vaya Overview

- Brisbane based Mobile Virtual Network Operator utilising the Optus 4G Plus network that provides mobile voice, text, data and fixed line broadband services
- 100% online business and no retail presence
- Significant subscriber base of ~140k⁴, base has doubled in the last two years with average ARPU of ~\$22⁵ with ~2.7%⁶ churn
- Focused on the Australian market with customer service centres in Philippines & an outsourced service centre in India

1. 100% of Tranche 1 and 50% of Tranche 2 are subject to a 12 month escrow period from the date of issuance. Tranche 3 is not subject to any escrow arrangements. amaysim scrip issued at \$2.29 (30 trading day volume weighted average price to 30 December 2015). Escrows are subject to certain other customary early release triggers

2. \$11m cash payment in February 2016 and \$39m paid in equal instalments over 23 months commencing in March 2016

3. Underlying NPATA has been calculated as net profit after tax, excluding the tax effected expenses relating to amortisation of intangibles, one-off fintegration and transaction costs. Australian Accounting standards allow 12 months from completion to finalise accounting and purchase price allocation including identification of intangible assets, which will be amortised

4. As at 30 November 2015

5. Monthly ARPU for November 2015 (ex GST)

6. Monthly churn rate for November 2015. This churn rate includes port-outs, cancelled accounts and active disconnections by Vaya management

Summary (2/2)

Strong strategic fit and materially accretive¹ acquisition

Strategic Rationale

- Advances growth strategy, increases scale and drives operational leverage
- Builds position in a consolidating market
- Creates a sophisticated dual-brand strategy targeting multiple segments of the market with broadened reach
- Optus agreed to apply amaysim's Network Services Agreement (**NSA**) to the Vaya Group, with different wholesale pricing for the Vaya Group's products at gross margins which are not dilutive to amaysim's overall gross margin
- Fast-tracks platform, web and app development opportunities with a strategic footprint in the Philippines
- Expected to be materially accretive¹ for amaysim shareholders in FY17

1. In FY17 based on underlying NPATA which has been calculated as net profit after tax, excluding the tax effected expenses relating to amortisation of intangibles, one-off integration and transaction costs. Australian Accounting standards allow 12 months from completion to finalise accounting and purchase price allocation including identification of intangible assets, which will be amortised.

2 Overview of Vaya Group

Vaya's Business Overview

- ✓ Established in 2011, Brisbane based MVNO utilising the Optus 4G Plus network
- ✓ Significant subscriber base of ~140k¹ with ~2.7% churn²
- ✓ Growing subscriber base; doubled in last two years
- ✓ Has a lean team of 10 employees in Brisbane, 30 employees in the Philippines and an outsourced service centre in India
- ✓ Price fighter product suite, with main product being an \$18 (GST inclusive) monthly offering catering to younger, price sensitive online-savvy market segment
- ✓ Predominantly mobile product suite with minimal revenues from fixed line and broadband services
- ✓ 100% online business with no retail presence
- ✓ Operates under Vaya, Live Connected & Zen Connect brands

Key information on Vaya (as at November 2015)

Subscribers¹	• ~140,000
ARPU³	• ~\$22
Churn Rate²	• ~2.7%
Subscriber Mix	• Power plans – 77% • Unlimited Plans – 23%
Employees	• 40 (Brisbane and Manilla)

1. As at 30 November 2015

2. Monthly churn rate for November 2015. This churn rate includes port-outs, cancelled accounts and active disconnections by Vaya management

3. Monthly ARPU for November 2015 (ex GST)

Vaya's Current Product Offering

	Power Plans ¹			Unlimited Plans ¹		
Price (incl GST)	18	24	27	25	33	44
Fee p.m.	\$18	\$24	\$27	\$25	\$33	\$44
Voice	\$650	\$650	\$650	Unlimited		
Text	Unlimited			Unlimited		
Data	1.5 GB	2.0 GB	2.5 GB	1.5 GB	2.5 GB	6.0 GB
Flagfall	35c	35c	35c	N/A		
Int'l Calls	Additional per call rate			Additional per call rate		
Int'l SMS	40c	40c	40c	40c	40c	40c
Term	Monthly			Monthly		
# Subscribers	Total 108k subscribers on all Power Plans			Total 32k subscribers on all Unlimited Plans		
Core Product with over 77% subscribers						

1. All plans are post-paid plans

3 Acquisition Rationale

Strategically attractive and materially accretive¹

Strong strategic fit and expected to be materially accretive¹ in FY17; advances amaysim's strategy for profitable growth

- Advances amaysim's growth strategy, increases scale and drives operational leverage
 - Adds ~140k subscribers and builds position in sub-\$20 market segment
- Creates a sophisticated dual-brand strategy targeting more market segments with broadened reach
 - New “price fighter” challenger brand, complementing amaysim's “customer champion” brand
 - Adds a 100% online brand consistent with amaysim's digitally driven business model
- Provides overflow capacity through overseas service centres
- Builds amaysim's strong challenger position in a consolidating and competitive market
- Attractive for amaysim's shareholders
 - Different wholesale pricing for the Vaya Group's products at gross margins which are not dilutive to amaysim's overall gross margin and provide lower data utilisation risk for the Vaya Group
 - Improved wholesale pricing for amaysim's products maintains competitive advantage and further reduces an already low data utilisation risk
 - Transaction expected to be materially accretive on an underlying NPATA basis¹ for amaysim shareholders in FY17
- The amounts payable to Optus will be funded from existing cash reserves and amaysim's future free cash flow over 24 months commencing in February 2016

1. Expected to be materially accretive in FY17 to underlying NPATA. Underlying NPATA has been calculated as net profit after tax, excluding the tax effected expenses relating to amortisation of intangibles, one-off integration and transaction costs. Australian Accounting standards allow 12 months from completion to finalise accounting and purchase price allocation including identification of intangible assets, which will be amortised

Complementary brand strategy

Differentiators	amaysim	Vaya
Target Segments	<ul style="list-style-type: none">• Mass market	<ul style="list-style-type: none">• Cost conscious customers, online shoppers
Target Competitors	<ul style="list-style-type: none">• Telstra, Optus, Vodafone	<ul style="list-style-type: none">• Other Mobile Virtual Network Operators
Sales Channels	<ul style="list-style-type: none">• Online, mobile and retail	<ul style="list-style-type: none">• 100% online & mobile
Price Range (inc GST)	<ul style="list-style-type: none">• Core product suite ranging from \$30 to \$50	<ul style="list-style-type: none">• Core product suite ranging from \$18 to \$27
Contract	<ul style="list-style-type: none">• Month to month	<ul style="list-style-type: none">• Month to month• Legacy base with 12 - 24 month contracts

- amaysim to operate 'amaysim' and 'Vaya' brands separately as part of a dual-brand strategy, continuing to grow both subscriber bases
- Existing Vaya customer and supplier arrangements will be maintained on a "business as usual" basis, with seamless operational transition
- amaysim intends for Vaya's operational management team to continue with the business and grow the brand
- Minimal integration costs expected

4 Financial Impact

Financial Impact and Funding

Acquisition Value	<ul style="list-style-type: none"> • amaysim has acquired Vaya Pty Ltd for an enterprise value of \$70m
Funding	<ul style="list-style-type: none"> • amaysim has acquired 100% of the shares in Vaya Pty Ltd for an enterprise value of \$70m including an equity value of \$20m funded with shares, cash reserves and free cash flow <ul style="list-style-type: none"> - \$5m payment in cash to Vaya’s vendors on completion - \$15m payment to Vaya’s vendors through scrip issued¹ through 3 equal tranches – on completion, 3 months after completion and 12 months after completion² (subject to escrow arrangements and any adjustments) - amaysim group to assume a total of \$50m of liabilities to Optus, payable over two years³ • This funding arrangement is not anticipated to restrict amaysim’s organic growth strategy
Agreement with Optus	<ul style="list-style-type: none"> • Optus agreed to apply amaysim’s NSA to Vaya, with different wholesale pricing for Vaya products at gross margins which are not dilutive to amaysim’s overall gross margin
Financial Impact	<ul style="list-style-type: none"> • Earnings from the acquisition of Vaya net of one-off integration costs, Vaya founder consulting fees and transaction costs are expected to make a minimal contribution to amaysim’s statutory FY16 EBITDA • Transaction is expected to be materially accretive on an underlying NPATA basis⁴ for amaysim shareholders in FY17 • amaysim’s strong balance sheet to be maintained, with payments to Optus funded from existing cash reserves and future free cash flow • The cash funded component of this acquisition is not expected to, in and of itself, impact amaysim’s ability to declare dividends in FY16 as described in the Prospectus • Minimal capital expenditure required for integration with amaysim’s capital-light operating model

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2. 100% of Tranche 1 and 50% of Tranche 2 are subject to a 12 month escrow period from the date of issuance. Tranche 3 is not subject to any escrow arrangements. Escrows are subject to certain other customary early release triggers

3. \$11m cash payment in February 2016 and \$39m paid in equal instalments over 23 months commencing in March 2016

4. Underlying NPATA has been calculated as net profit after tax, excluding the tax effected expenses relating to amortisation of intangibles, one-off integration and transaction costs. Australian Accounting standards allow 12 months from completion to finalise accounting and purchase price allocation including identification of intangible assets, which will be amortised.

Summary and Outlook

- ✓ Strong strategic fit and expected to be materially accretive transaction for amaysim's shareholders (on an underlying NPATA basis) in FY17¹
- ✓ amaysim will apply its own NSA terms and scale advantages to Vaya's subscriber base to transform Vaya's profitability. Further operational (non-network related) synergies expected over time
- ✓ Builds amaysim's position in a consolidating and competitive market
- ✓ Creates a sophisticated dual-brand strategy targeting multiple segments of the market and broader reach. Provides amaysim with a complementary product set
- ✓ amaysim to operate amaysim and Vaya brands separately, continuing to grow Vaya's subscriber base and maintaining Vaya's supplier relationships
- ✓ Management is focused on a disciplined integration of the two businesses, with minimal integration costs expected
- ✓ Strengthens Optus relationship. Negotiated terms with Optus will support Vaya's subscriber base
- ✓ amaysim's organic growth strategy and performance remains on-track and continues to be management's key focus

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References to NPATA

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