



ASX ANNOUNCEMENT

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amaysim first half 2018 trading update¹

Revenue boosted by solid subscriber growth and new verticals; earnings reflect investment in strategic growth initiatives

SUMMARY

- Strong growth in subscribers:
 - mobile: 1.127 million up 10%
 - energy: 185,000 up 18% since the acquisition of Click on 1 May 2017
 - broadband: 13,000 from 5,000 in June 2017
- Invested in strategic initiatives to drive future business growth, including the successful launch of 'amaysim energy' and 'amaysim devices' and new mobile products targeting the sub-\$20 market
- Robust statutory net revenue of approximately \$292 - \$294 million (vs. \$136.6 million) driven by strong subscriber growth across the Group and the addition and acquisition of new verticals
- Statutory EBITDA of approximately \$10 - \$11 million (vs. \$17.3 million)
- Underlying EBITDA of approximately \$17 - \$18 million (vs. \$17.3 million) after adding back costs incurred in connection with the integration of Click, investment in new mobile products and the launch of a new vertical, amaysim devices
- An additional \$6 million receivable relating to the first half will be reported as a subsequent event in the 2018 half year accounts. If this subsequent receivable were included, adjusted statutory EBITDA would be approximately \$16 - \$17 million and underlying EBITDA would be approximately \$23 - \$24 million
- Strong momentum of subscriber growth continuing in January and early February 2018 across all verticals
- The Board is pleased with the Company's strong subscriber growth and initial cross-sell results and will be reviewing the dividend payout ratio in the context of the Company's continued investment in growth

amaysim Australia Limited (ASX:AYS) ("amaysim" or "Company") today announced strong growth in subscribers and net revenue in the first half of the 2018 financial year. The increase in subscribers across all verticals, driven by long-term growth initiatives including new product launches, the refreshed mobile product suite and successful marketing campaigns, will see the Group achieve first half 2018 statutory net revenue of approximately \$292 - \$294 million.

During the period, the Company made significant investments to target a new market segment in mobile as well as to launch and promote the new amaysim online device store. These investments will not be included

¹ All comparisons are half year ended 31 December 2017 compared to half year ended 31 December 2016 unless otherwise noted. Preliminary only - All financial information provided in this announcement is based on management accounts and subject to review by the Company's auditors. Subscriber numbers in this announcement are rounded to the nearest thousand.

in the underlying 2018 first half results. The marketing campaign which supported the mobile product launch significantly boosted the Group's unprompted brand awareness and was in line with the Company's strategy to accelerate mobile subscriber growth and increase cross-sell of amaysim branded products.

Based on this, underlying EBITDA in the first half of the 2018 financial year is expected to be approximately \$17 - \$18 million. Underlying EBITDA does not include a \$6 million receivable relating to the first half which will be reported as a subsequent event in the 2018 half year accounts. If this subsequent receivable were included, underlying EBITDA would be approximately \$23 - \$24 million.

Commenting on the expected half year result, amaysim's Chief Executive Officer and Managing Director Julian Ogrin said: "amaysim built its success on being a bold challenger brand. After completing our diversification strategy in 2017, we relished the opportunity to invest in our business. We have been out in the market with new verticals, competitive products and a successful marketing campaign.

"This has been a strategic decision and the investment will see the Group benefit in future periods. We are already seeing early wins from these investments with strong growth in subscribers across all verticals and our unprompted brand awareness almost doubling in the first half of the 2018 financial year. Today, the amaysim Group is a diversified, established and more resilient business.

"Our focus on top-line growth, cross-selling products to our subscriber base and increasing share of the household wallet remains unchanged. We are using amaysim's highly competitive mobile products to bring in new subscribers and we will market our higher ARPU energy and broadband plans to them. The growth in mobile subscriptions remains at the heart of our cross-sell strategy, as this is the most efficient channel for acquiring new subscribers, who have a lower cost-per-acquisition when compared to energy and broadband.

"We have already begun to market our amaysim branded verticals across targeted segments of the subscriber base. At the time of this announcement, we have seen strong interest, with approximately 1.1% of the amaysim branded mobile subscriber base taking up a product from another amaysim branded vertical."

MOBILE

In its mobile business, amaysim broadened the suite of UNLIMITED products to capture a greater share of the sub-\$20 market and increased data inclusions. These disruptive initiatives were in line with the Company's broader cross-sell strategy and gave it an early lead into this significant and growing price sensitive segment.

The amaysim Group's mobile subscriber base grew by 10%, at a low churn rate of 2.0%, to close at 1.127 million as at 31 December 2017. This was achieved despite increased competition and the shutdown of the Optus 2G network in August 2017.

The Group's subscriber growth was driven by the October 2017 launch of the "Just What You Need" marketing campaign in conjunction with the unveiling of the new "small but mighty" \$10 plan. Following a period of lower investment in mobile in the 2017 financial year, these initiatives have been highly successful to date, generating approximately one new mobile plan sale per minute in the month of December 2017 while also increasing brand awareness for other products. The strong sales momentum has continued in January and early February 2018, supported by the second burst of the marketing campaign which commenced late-January.

Despite this subscriber growth, mobile net revenue (excluding devices) decreased by approximately 7% due to a reduction in mobile ARPU. ARPU was primarily impacted by the broadening of the mobile portfolio

which resulted in existing subscribers migrating towards lower price plans and fewer subscribers purchasing data top ups as inclusions were increased across the portfolio.

The Company expects competition in mobile to continue to intensify and believes that the best way to succeed in this environment is to lead the charge as a technology-led challenger with its unique multi-vertical growth strategy. This has required the Company to shift gears, focusing on strong subscriber growth in its mobile business in particular, with increased marketing campaigns and by entering previously untapped areas of the market in the 2018 financial year.

BROADBAND

After launching amaysim's nbn plans in the second half of the 2017 financial year, the broadband business has achieved solid growth in line with management's expectations.

In the period, the Group undertook promotional activity to increase awareness of this relatively new vertical and completed the build of its own national core network to support growth and allow it to go direct to nbn's points of interconnect in the 2018 financial year. The broadband business has approximately 13,000 subscribers as of 31 December 2017. Encouragingly, around 40% of the amaysim nbn subscribers have a relationship with the amaysim Group.

ENERGY

The energy business experienced strong growth in the first half of the 2018 financial year with approximately 185,000 subscribers as of 31 December 2017 (up 18% since the acquisition of Click on 1 May 2017). This growth followed the launch of new amaysim energy plans in October 2017, an increased level of disciplined investment and solid performance from Click's existing channels.

DIVIDEND

The Company's decision to invest in growth by launching products in three new verticals and broadening its mobile portfolio underpins its previously announced strategy to increase subscribers, cross-sell and grow its share of the household wallet.

The Board is pleased with the Company's strong subscriber growth and initial cross-sell results and will be reviewing the dividend payout ratio in the context of the Company's continued investment in growth. The Company will provide an update to the market when it releases its 2018 half year results.

amaysim will release its finalised 2018 first half financial year results pre-market open on 26 February 2018. For information regarding the results announcement conference call, please refer to the ASX announcement dated 19 December 2017.

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