

**amaysim**

## **FY2015 Results Presentation**

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21 August 2015

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## **Statutory and pro forma information**

Statutory information is based on audited financial statements. Pro forma information has not been audited. 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 document include the following:

- Net Revenue means the total revenue and other income, excluding interest income
- ARPU means net revenue for the financial year divided by average monthly closing subscribers for the period;
- 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 of amaysim’s brand name acquisition. This measure is intended to remove the effect of non-cash charges attributable to the amortisation of the acquisition of the brand name of amaysim.

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.

## Agenda

- 1 Overview
- 2 Financial information
- 3 Summary and Q&A
- A Appendix







# 1 Overview

# Highlights

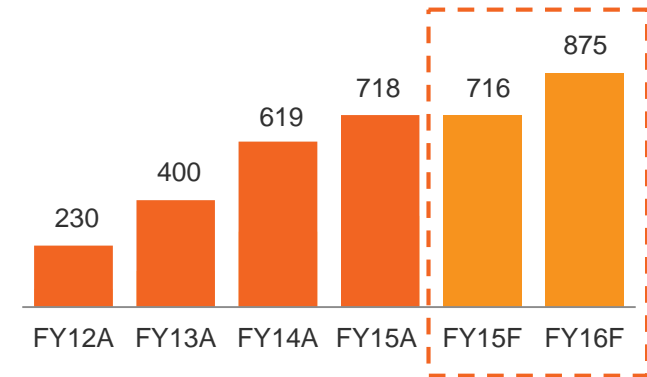
- Successful completion of IPO in July 2015 – no distraction to the business
- Pro forma FY15 EBITDA of \$16.4m, 3.4% ahead of prospectus and pro forma NPATA of \$10.2m, 11.4% ahead of prospectus
- Statutory FY15 EBITDA of \$14.0m, 1.7% ahead of prospectus and statutory NPAT of \$24.0m, 17.7% ahead of prospectus
- Structural growth trends continue – BYO no-contract segment and demand for mobile data
- Set to launch new products within this calendar year
- Scope for market share and unprompted awareness growth
- FY16 prospectus forecasts: FY16 subscribers of 875k (718k at June 15), pro forma EBITDA \$31.7m (\$16.4m FY15A), pro forma NPATA \$20.0m (\$10.2m FY15A).

# Overview

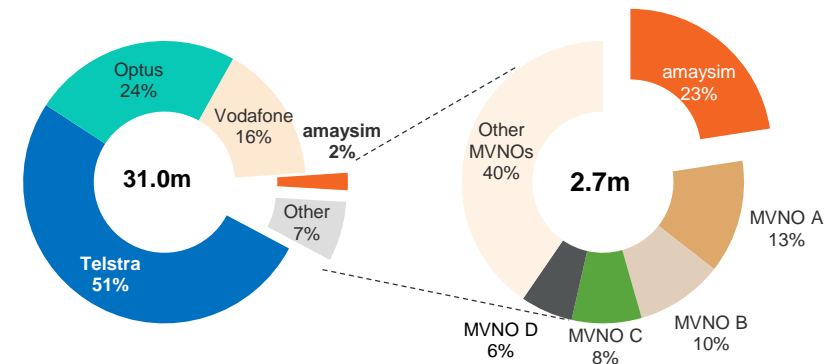
A leading Australian online-led mobile service provider

-  One of the fastest growing mobile service providers in Australia
-  Launched in 2010, organically grown to 718k subscribers<sup>1</sup>
-  Multiple award winner including Australian mobile service provider of the year for two years running<sup>2</sup> with high NPS of 57%<sup>3</sup>
-  Asset-light model leveraging Optus network infrastructure, with low capital expenditure and high free cash flow growth
-  Scalable online-led business model with high operational leverage
-  FY16 forecast net revenue of \$263.6m and pro forma EBITDA of \$31.7m<sup>4</sup>

Historical and forecast subscriber base (000s)



Australian mobile subscriber share (FY14)<sup>5</sup>



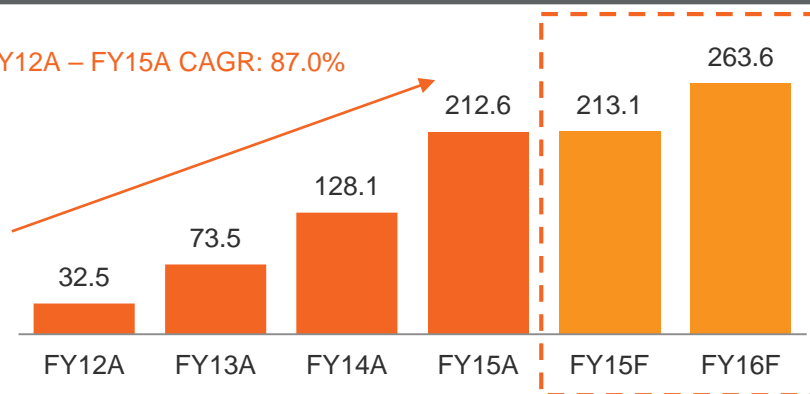
1. As at 30 June 2015  
 2. Roy Morgan "Mobile Service Provider of the Year" Australia for 2014 and 2013 (based on survey of 50,000 consumers annually)  
 3. Average Net Promoter Score (NPS) over 12 months to December 2014, based on April and December 2014 data points  
 4. Pro forma financial information has been prepared on the same basis as pro forma financial information in the amaysim prospectus to reflect the full period impact of the operating and capital structure that is now in place as if it had occurred at 1 July 2014 and with adjustments made for significant abnormal and/or non-recurring items including the impact of the IPO  
 5. Telsyte, Australian Mobile Services report, March 2015. Note that Optus includes Virgin

# Summary financial performance

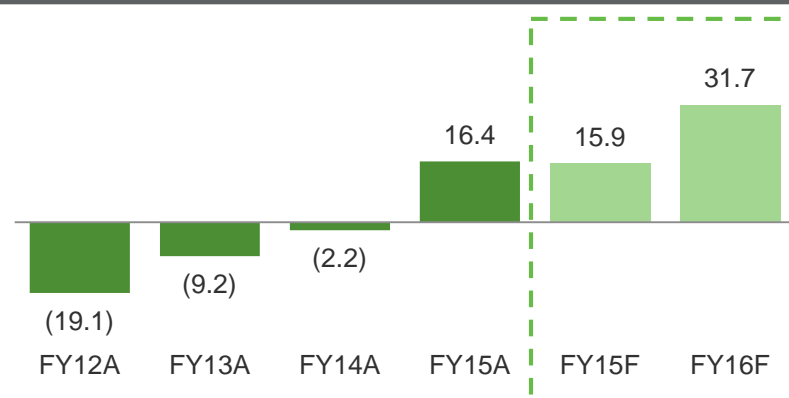
FY15 pro forma results consistent with prospectus pro forma forecasts

## Net revenue (\$m)<sup>1,2</sup>

FY12A – FY15A CAGR: 87.0%

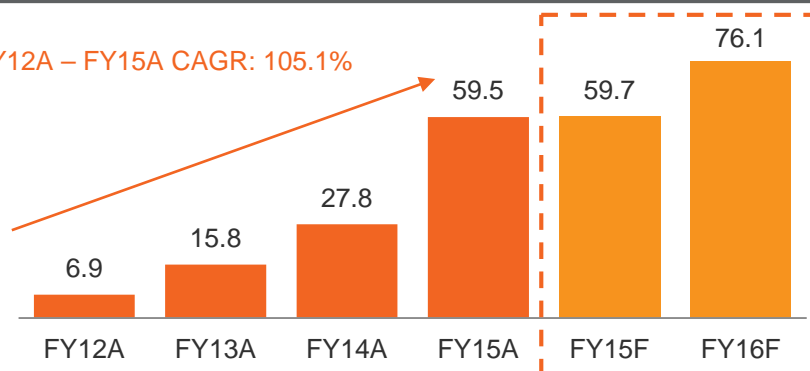


## Pro forma EBITDA (\$m)<sup>3</sup>

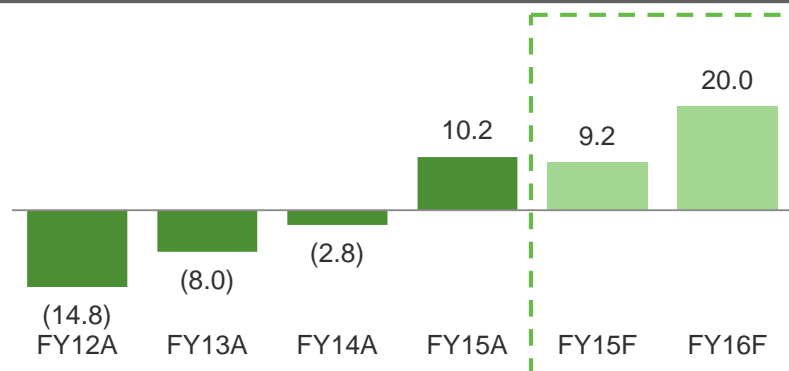


## Gross profit (\$m)<sup>2</sup>

FY12A – FY15A CAGR: 105.1%



## Pro forma NPATA (\$m)<sup>3,4</sup>



Note: Financial information is presented on a pro forma basis

1. Net revenue is the total revenue and other income, excluding interest income

2. FY12A to FY15A Net revenue and gross profit results represent statutory results

3. Refer to page 20 and the annual report for a reconciliation between pro forma and statutory results

4. NPATA means net profit after taxation but before amortisation of amaysim's brand name acquisition. This measure is intended to remove the effect of non-cash charges attributable to the amortisation of the acquisition of the brand name of amaysim

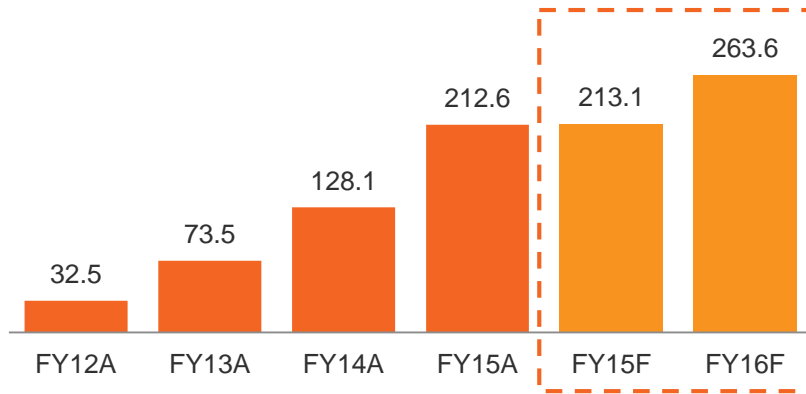
# **2** Financial information



# Revenue drivers

Structural growth trends and new products will continue to drive revenue growth

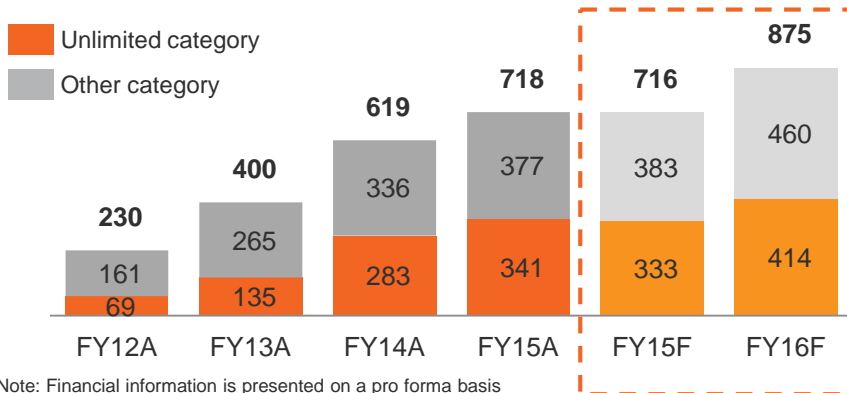
Net revenue (\$m)<sup>1</sup>



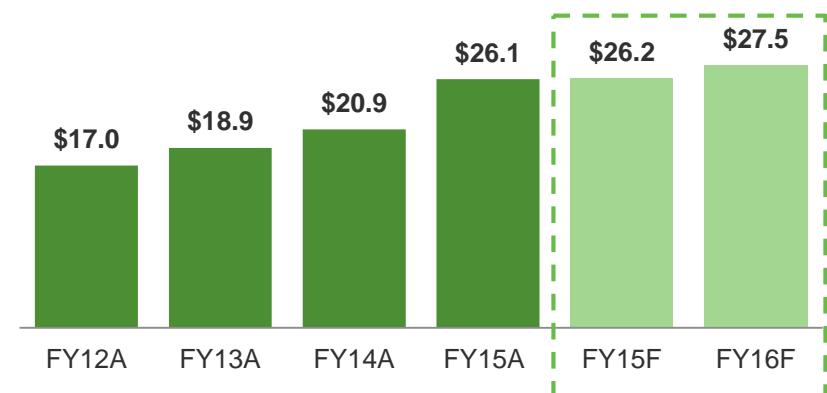
Comments

- Product mix shift driving ARPU growth
- Higher take-up of 4G Unlimited product suite than prospectus forecast
- Part year contribution of the 3G product repositioning
- Agile approach to changing market conditions, optimising ARPU, subscriber growth and increasing online engagement, to manage gross profit and EBITDA

Closing subscriber base by category ('000s)



ARPU (\$ per month ex GST)<sup>2</sup>



Note: Financial information is presented on a pro forma basis

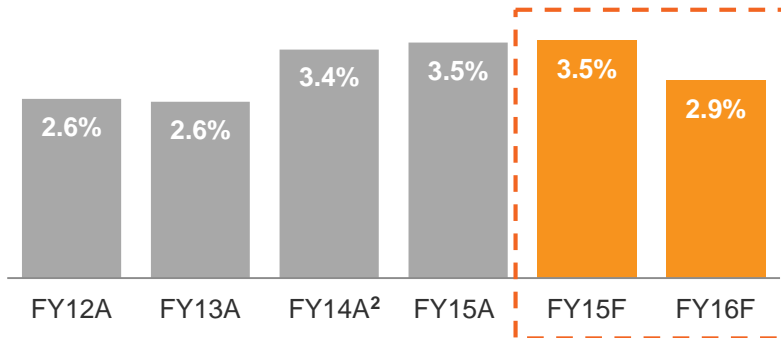
1. Net revenue is the total revenue and other income, excluding interest income

2. Average Revenue Per Subscriber (ARPU) calculated as net revenue for the financial year divided by average monthly closing subscribers for the period

# Revenue drivers (cont.)

FY15A subscriber churn in line with prospectus forecasts with downward trend following the launch of 4G products

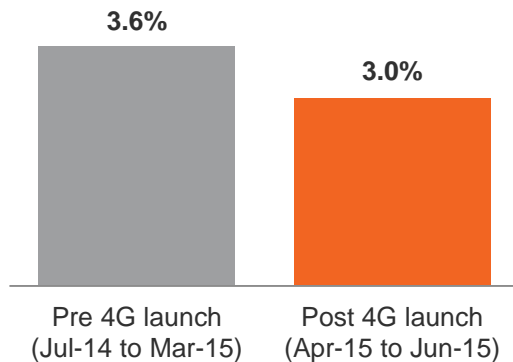
Average monthly subscriber churn (%)<sup>1</sup>



Comments

- Churn includes subscriber movements due to port outs and expiries
- FY15 churn in line with prospectus forecasts
- Driving FY16 churn to historically lower level, continuing the momentum following launch of 4G product suite in March 2015

FY15A average monthly churn – impact of 4G launch (%)

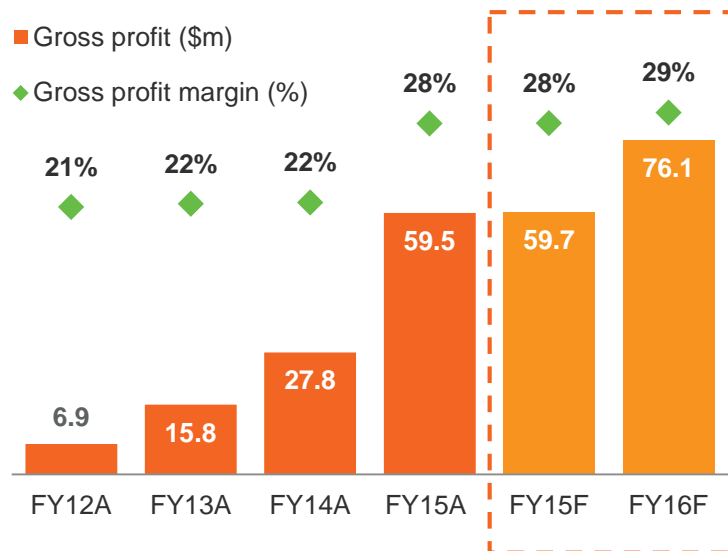


1. Calculated as an average of gross subscribers deactivated each month divided by the opening subscriber base for that month over a yearly period expressed as a percentage  
 2. FY14 churn higher than prior period churn as a result of one-off bulk disconnections enacted in accordance with amaysim's internal procedures

# Gross profit margins

GP margin management is one of our core competencies. Margin consistency is supported by our wholesale contract and increasing online engagement

## Gross profit (\$m) and margin (%)



- FY15 gross margin increase was largely a result of the product repositioning of the Unlimited 3G product in September 2014
- Increasing online subscriber engagement reduces transaction costs over time

## Key drivers

- Gross profit = net revenue – network related expenses (wholesale and transaction costs)
- amaysim has the freedom to develop its own products and pricing points
- Wholesale costs based on 'cost plus model'. Optus paid based on agreed price schedule for:
  - bundled services (fixed charges per subscriber); and
  - discrete services (per unit charges based on subscriber usage)
- Transaction costs largely comprise of commissions and payment fees to retailers and merchant providers

# Summary profit and loss statement

amaysim delivered on FY15 prospectus forecasts with GP rising by 114% from FY14

June Year End: \$ Millions (unless stated)	Pro forma <sup>1</sup> FY15 - Actual	Pro forma <sup>1</sup> FY15 - Prospectus	Variance (\$m)	Statutory FY15 - Actual	Statutory FY15 - Prospectus	Variance (\$m)
<b>Net revenue</b>	<b>212.6</b>	<b>213.1</b>	<b>(0.5)</b> <sup>A</sup>	<b>212.6</b>	<b>213.1</b>	<b>(0.5)</b>
Cost of Sales	(153.1)	(153.5)	0.4	(153.1)	(153.5)	0.4
<b>Gross profit</b>	<b>59.5</b>	<b>59.7</b>	<b>(0.2)</b>	<b>59.5</b>	<b>59.7</b>	<b>(0.2)</b>
Employee costs	(17.8)	(18.7)	0.9 <sup>B</sup>	(18.4)	(18.5)	0.1
Marketing costs	(13.1)	(13.3)	0.2	(13.1)	(13.3)	0.2
Facilities and I.T. costs	(5.5)	(5.6)	0.1	(5.5)	(5.6)	0.1
Other costs	(6.5)	(6.2)	(0.3)	(5.3)	(5.8)	0.5
IPO transaction costs	-	-	-	(3.1)	(2.7)	(0.4)
<b>Total operating costs</b>	<b>(43.0)</b>	<b>(43.8)</b>	<b>0.8</b>	<b>(45.4)</b>	<b>(45.9)</b>	<b>0.5</b>
<b>EBITDA</b>	<b>16.4</b>	<b>15.9</b>	<b>0.5</b>	<b>14.0</b>	<b>13.8</b>	<b>0.2</b>
Depreciation and amortisation	(3.0)	(3.0)	0.0	(3.0)	(3.0)	0.0
<b>EBIT</b>	<b>13.5</b>	<b>12.9</b>	<b>0.6</b>	<b>11.1</b>	<b>10.7</b>	<b>0.4</b>
Net interest (expense)/ income	0.3	0.2	0.1	0.2	0.1	0.1
<b>Profit before tax</b>	<b>13.8</b>	<b>13.1</b>	<b>0.7</b>	<b>11.3</b>	<b>10.8</b>	<b>0.5</b>
Tax (expense)/ benefit	(4.3)	(4.6)	0.3	12.7	9.5	3.2
<b>NPAT</b>	<b>9.5</b>	<b>8.5</b>	<b>1.0</b>	<b>24.0</b>	<b>20.4</b>	<b>3.6</b>
Add: Amortisation of brand name	0.7	0.7	(0.0)	-	-	-
<b>Adjusted NPAT (NPATA)</b>	<b>10.2</b>	<b>9.2</b>	<b>1.0</b> <sup>C</sup>	<b>24.0</b>	<b>20.4</b>	<b>3.6</b>
<b>Adjusted EPS (cents)<sup>2</sup></b>	<b>5.8c</b>	<b>n/a</b>	<b>n/a</b>	<b>13.6c</b>	<b>n/a</b>	<b>n/a</b>

- <sup>A</sup> Variance as a result of timing of revenue recognition due to higher than anticipated Unlimited subscriber base at end of year
- <sup>B</sup> Savings as a result of lower than expected employee headcount
- <sup>C</sup> Strong performance as a result of stronger EBITDA and tax adjustment

- Scale and operating leverage delivering uplift in FY15 EBITDA (compared to FY14)
- Disciplined management of direct costs

1. Pro forma financial information has been prepared on the same basis as pro forma financial information in the amaysim prospectus to reflect the full period impact of the operating and capital structure that is now in place as if it had occurred at 1 July 2014 and with adjustments made for significant abnormal and/or non-recurring items including the impact of the IPO

2. Adjusted EPS calculated as NPATA divided by shares outstanding of 176,165,670 after accounting for the share split and issue of employee shares as part of the IPO completed in July 2015

# Cash flow statement

Strong cash flow conversion. Net cash flow lower than anticipated due to timing differences in working capital from key suppliers

June Year End: \$ Millions	Pro forma <sup>1</sup> FY15 - Actual	Pro forma <sup>1</sup> FY15 - Prospectus	Variance (\$m)	Statutory FY15 - Actual	Statutory FY15 - Prospectus	Variance (\$m)
<b>EBITDA</b>	<b>16.4</b>	<b>15.9</b>	<b>0.5</b>	<b>14.0</b>	<b>13.8</b>	<b>0.2</b>
Non-cash expenses	0.9	0.9	(0.0)	1.8	1.8	0.0
Changes in working capital	2.9	5.4	(2.5) <sup>A</sup>	2.9	5.4	(2.5)
Capital expenditure	(3.5)	(3.6)	0.1	(3.5)	(3.6)	0.1
Purchase of brand name	-	-	-	(5.1)	(5.1)	0.0
<b>Operating cash flow after capex</b>	<b>16.7</b>	<b>18.6</b>	<b>(1.9)</b>	<b>10.2</b>	<b>12.4</b>	<b>(2.2)</b>
Income tax paid	-	-	-	-	-	-
Net financing costs	(0.0)	(0.1)	0.1	(0.0)	(0.2)	0.2
Changes in term deposits	(1.8)	(2.4)	0.6	(1.8)	(2.4)	0.6
<b>Net cash flow before dividends</b>	<b>14.9</b>	<b>16.2</b>	<b>(1.3)</b>	<b>8.4</b>	<b>9.8</b>	<b>(1.4)</b>

<sup>A</sup> Variance as a result of timing of receivable from suppliers at end of year

1. Pro forma financial information has been prepared on the same basis as pro forma financial information in the amaysim prospectus to reflect the full period impact of the operating and capital structure that is now in place as if it had occurred at 1 July 2014 and with adjustments made for significant abnormal and/or non-recurring items including the impact of the IPO

# Balance sheet

Strong balance sheet with \$18.1m in net cash

As at 30 June 2015 \$ Millions	Statutory consolidated balance sheet
Cash and cash equivalents	15.0 <sup>A</sup>
Trade and other receivables	13.5
<b>Total current assets</b>	<b>28.5</b>
Property, plant and equipment	0.6
Intangible assets	8.0
Deferred tax asset	12.8
Term deposits	3.1 <sup>A</sup>
<b>Total non-current assets</b>	<b>24.4</b>
<b>Total assets</b>	<b>53.0</b>
Trade and other payables	51.0
Other current liabilities	-
Provisions	0.6
Borrowings	-
<b>Total current liabilities</b>	<b>51.6</b>
Other payables	3.6
Provisions	0.4
<b>Total non-current liabilities</b>	<b>4.0</b>
<b>Total liabilities</b>	<b>55.6</b>
<b>Net assets</b>	<b>(2.6)</b>
Contributed equity	35.5
Other reserves	1.8
Accumulated losses (prior years)	(64.0)
Retained profits (current year)	24.0
<b>Total equity</b>	<b>(2.6)</b>

<sup>A</sup> Company remains ungeared with net cash balance of \$18.1m representing \$15.0m of cash and cash equivalents and \$3.1m held in term deposits

Cash at bank was \$0.3m ahead at \$18.1m vs \$17.8m prospectus forecast

In line with prospectus, no dividend is payable for FY15

# 3 Summary and Q&A

# Summary

- Pro forma FY15 EBITDA of \$16.4m, 3.4% ahead of prospectus and pro forma NPATA of \$10.2m, 11.4% ahead of prospectus
- Statutory FY15 EBITDA of \$14.0m, 1.7% ahead of prospectus and statutory NPAT of \$24.0m, 17.7% ahead of prospectus
- Structural growth trends continue – BYO no-contract segment and demand for mobile data
- Set to launch new products within this calendar year
- Scope for market share and unprompted awareness growth
- FY16 Prospectus Forecasts: FY16 subscribers of 875k (718k at June 15), pro forma EBITDA \$31.7m (\$16.4m FY15A), pro forma NPATA \$20.0m (\$10.2m FY15A)



# A Appendix

- A1** Industry trends and company features
- A2** Increasing trend towards online engagement
- A3** FY15 Results vs Prospectus Forecast
- A4** Pro forma to statutory accounts reconciliation

# A1: Industry trends and company features

amaysim is well positioned to capitalise on current industry trends

## Industry trends



Growing mobile market forecast to increase from 31.0m subs to 36.6m subs by FY19<sup>1</sup>

2%

Large addressable market with amaysim's share at 2%<sup>2</sup>



Growing amaysim brand awareness



Demand for BYO with 45% of mobile plans outside of contract<sup>2</sup>



Growing demand for data



Growing m-commerce activity and improving mobile services technologies



## Company features

Online-led distribution and customer care



Focused offering with high customer satisfaction



Asset-light model leveraging Optus 4G network



Scalable platform



No debt and strong cash flow generation



Experienced management

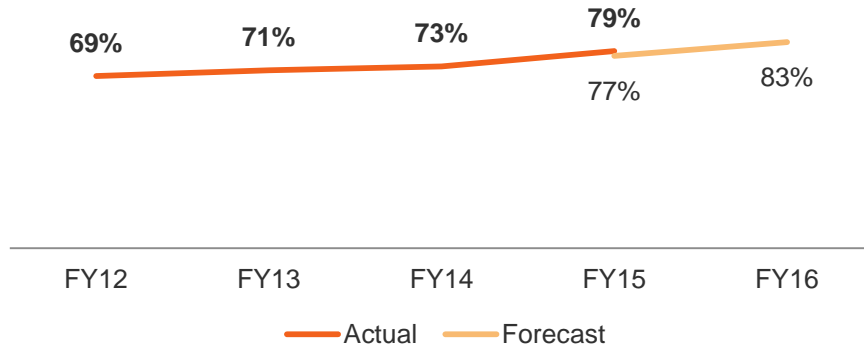


1. Australian mobile services market forecast to increase from 31.0m to 36.6m subscribers between FY14 and FY19 (Telsyte, Australian Mobile Services report, March 2015)  
2. Estimate as at FY14 (Telsyte, Australian Mobile Services, report March 2015)

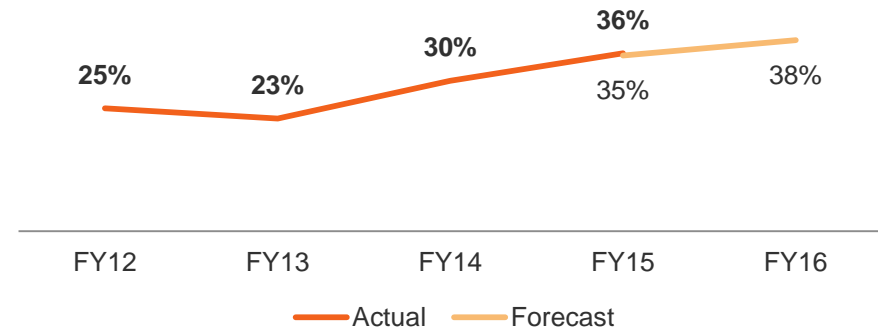
## A2: Increasing trend towards online engagement

Increasing online penetration driving gross margin benefit and operating cost efficiencies

Top-up payments as % of total



Online activation as % of total



- Top-up payments refer to monthly subscription costs and additional credit acquired by subscribers
- Top-up payments made through online mechanisms have steadily increased over the last 4 years and were higher than anticipated in FY15 as a result of increasing activations of SIM cards through the online channel

- amaysim subscribers can activate their SIM cards prior to use through either online or retail channels
- amaysim's customer base has increasingly moved towards online activation of SIM cards as a result of amaysim promotions and general consumer acceptance of using online channels to acquire products

## A3: FY15 Results vs Prospectus Forecast

June Year End: \$ Millions (unless stated)	Pro forma <sup>1</sup> FY15 - Actual	Pro forma <sup>1</sup> FY15 - Prospectus	Variance (%)	Statutory FY15 - Actual	Statutory FY15 - Prospectus	Variance (%)
Net Revenue	212.6	213.1	(0.2%)	212.6	213.1	(0.2%)
Gross Profit	59.5	59.7	(0.4%)	59.5	59.7	(0.4%)
Gross Profit Margin %	28%	28%	-	28%	28%	-
EBITDA	16.4	15.9	3.4%	14.0	13.8	1.7%
EBIT	13.5	12.9	4.6%	11.1	10.7	3.6%
NPATA	10.2	9.2	11.4%	24.0	20.4	17.7%
ARPU \$	\$26.12	\$26.18	(0.2%)	\$26.12	\$26.18	(0.2%)
Closing Subscribers (000s)	718	716	0.3%	718	716	0.3%

- Revenue was in line with pro forma prospectus forecasts
- EBITDA was 3.4% ahead of pro forma prospectus forecasts
- NPATA was 11.4% ahead of pro forma prospectus forecasts

1. Pro forma financial information has been prepared on the same basis as pro forma financial information in the amaysim prospectus to reflect the full period impact of the operating and capital structure that is now in place as if it had occurred at 1 July 2014 and with adjustments made for significant abnormal and/or non-recurring items including the impact of the IPO

## A4: Pro forma to statutory accounts reconciliation

June Year End: \$ Millions	Net Revenue		EBITDA		EBIT		NPATA	
	FY15	FY14	FY15	FY14	FY15	FY14	FY15	FY14
<b>Statutory results</b>	<b>212.6</b>	<b>128.1</b>	<b>14.0</b>	<b>(0.6)</b>	<b>11.1</b>	<b>(2.2)</b>	<b>24.0</b>	<b>(9.9)</b>
Add back/(deduct) significant items:								
Executive remuneration	-	-	(0.3)	0.7	(0.3)	0.7	(0.3)	0.7
Employee share plan	-	-	1.0	(0.8)	1.0	(0.8)	1.0	(0.8)
Public company costs	-	-	(1.3)	(1.5)	(1.3)	(1.5)	(1.3)	(1.5)
Offer costs	-	-	3.1	-	3.1	-	3.1	-
Market feasibility costs	-	-	-	-	-	-	-	7.5
Interest on convertible notes	-	-	-	-	-	-	0.1	0.3
Pro forma tax	-	-	-	-	-	-	(17.0)	0.8
Amortisation on brand name	-	-	-	-	-	-	0.7	-
<b>Pro forma results<sup>1</sup></b>	<b>212.6</b>	<b>128.1</b>	<b>16.4</b>	<b>(2.2)</b>	<b>13.5</b>	<b>(3.8)</b>	<b>10.2</b>	<b>(2.8)</b>

1. Pro forma financial information has been prepared on the same basis as pro forma financial information in the amaysim prospectus to reflect the full period impact of the operating and capital structure that is now in place as if it had occurred at 1 July 2014 and with adjustments made for significant abnormal and/or non-recurring items including the impact of the IPO