

investor newsletter

June 2020

amaysim



Since our last newsletter in March, we have further grown our mobile subscriber base, both organically and through acquisition. We have continued to progress our growth strategy and notwithstanding the current economic environment we've been pleased with the mobile business' performance.

Mobile subscriber growth

Our marketing activity has driven organic growth of the recurring mobile subscriber base of 82,000, since 1 July 2019. This organic growth has been complemented by the acquisitive growth of 115,000 subscribers (Jeenee and OVO combined) and brings the total recurring subscriber base to 821,000 (as at 31 May 2020) – a 30% increase since 1 July 2019 to 31 May 2020.

OVO acquisition

On 3 June 2020, we announced the acquisition of ~77,000 mobile subscribers (~74,000 of which are recurring) from OVO Mobile. The acquisition was for a maximum of \$15.8 million and is expected to be earnings accretive in FY2021, with an increased earning contribution in FY2022 and beyond.

The migration process of OVO subscribers to the amaysim brand, systems and platforms has now commenced and is expected to complete within four months. The announcement is available on our [website](#) and a webcast presented by management is available at [OpenBriefing](#).

Since 1 July 2019 to 31 May 2020 we have achieved:

82,000

organic growth of recurring mobile subscriber base

117,000

subscribers acquired (41,000 Jeenee and 74,000 OVO)

821,000

Total mobile recurring subscribers

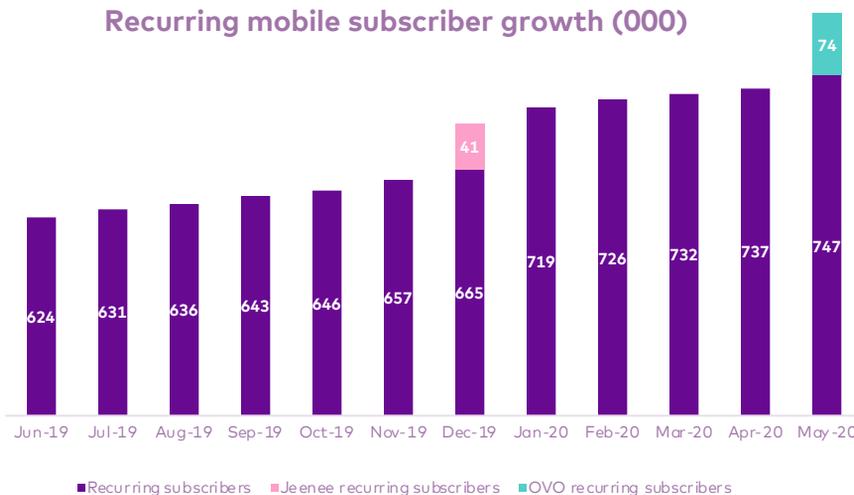
+30%

total growth of recurring mobile subscriber base

1.17 million

Total mobile subscribers including As You Go subscribers

Recurring mobile subscriber growth (000)





mobile continued

Brand awareness

One of our core strategic pillars is to build our brand and our increased marketing efforts have not only been focusing on subscriber growth but have also been targeting an increased brand awareness.

We set a target to reach a score of 20% for unprompted brand awareness in this financial year. As at end April 2020 we were delighted to have exceeded this target, having reached 22%.

Brand awareness plays an important role in customer acquisition; a higher unprompted brand awareness increases our marketing funnel because more people know of our brand and then consider us.

**Unprompted
brand
awareness
22%**
up from 19%

Calculated by an external party - The Clever Stuff

We remain the least complained about telco

The latest *Complaints in Context* reports (December 2019* and March 2020 quarter) from *CommsAlliance* reported amaysim as the least complained about telco in both quarters with significantly less complaints than any other telco: 0.3 complaints per 10,000 customers in December quarter and 0.4 complaints per 10,000 customers in the March 2020 quarter. The modest increase in complaints is a result of the reduced customer service support, which was impacted by COVID-19 restrictions and still represents a good result given the circumstances.

**Note that December was delayed and released in tandem with the March 2020 report in June 2020*

Acts of amaysim continues to surprise and delight

Since launching 'acts of amaysim' earlier this year, we have continued to reward and delight our loyal and supportive customers that have posted positive sentiments on social media with more fun and novel 'acts of amaysim' including a dog portrait, a cheerleading squad performance and a pancake portrait (we said they were novel!). You can watch the videos on our [Facebook](#) page or subscribe to our [YouTube](#).

Content partnership with VICE

We teamed up with Vice to launch 'At Home With amaysim', a social media collaboration that brings Australians online entertainment. A unique mix of content from Vice can be streamed from our Facebook page including live music performances, cooking demonstrations, workouts, comedy and much more. Head to our [Facebook](#) page to find out more.

We have been pleased with the performance of the energy business and subscriber growth continued in the second half of the financial year, despite a challenging regulatory environment.

Energy subscriber growth

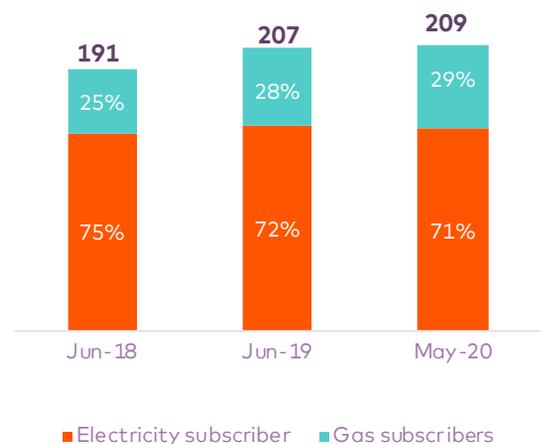
Despite the regulatory upheaval in the energy market, we have grown our customer base to 209,000 (as at 31 May 2020). The highest it has ever been.

This is ahead of the FY2019 base of 207,000 and a significant increase on the HY2020 subscriber base, which totalled 201,000.

This growth was achieved by optimising our wholly owned sales channels, including our On The Move business and an improvement in churn.

There is also an increasing mix of gas accounts in the energy subscriber base. This is a result of improved pricing of our gas plans and our cross sell activity into the electricity subscriber base.

Energy subscribers ('000)



Subscription energy plans

Given the substantial regulatory change that has occurred in the energy market and the disruption of COVID-19 we are monitoring the market and will wait for the right time before we invest in marketing campaigns to drive growth and awareness of the plans.

The plans are a new concept in the energy sector and it will take time for consumers to become accustomed to purchasing energy on a subscription basis.

We are encouraged by larger incumbents having launched similar plans and regulatory changes in the market to support these plans are also encouraging including the Australian Energy Market Operator's (AEMO) intention to create a market process that will facilitate customers to transfer electricity retailer within two days by December 2020. Please refer to our [March 2020 Newsletter](#) for a breakdown of the energy regulation that has and will occur.

The subscription plans are available on our website for purchase and we are seeing modest organic growth. When the time is right, we will reconsider a wider launch and marketing campaign to support these plans.

what else?

Confirmed guidance and FY2020 results to be released 24 August 2020

At the announcement of the OVO Mobile subscriber acquisition, we confirmed we are expecting to report underlying EBITDA for FY2020 within our guidance range of \$33 to \$39 million. Both the energy and the mobile businesses performed well in the second half of the financial year, with the energy business performing better than anticipated, with the impact on gross margin from the raft of regulatory changes less than we initially expected.

The FY2020 results will be released on Monday 24 August 2020. Management will host an investor briefing at 10am on the date of release and the live webcast will be available [here](#).

COVID-19 update

Our people continue to operate remotely across all sites. In Australia we are in the final stages of developing our return to work plan. It is our priority to ensure that our people are safe and supported as we transition back into the office. We have been amazed at how smooth the transition to working from home has been and we even managed to complete an acquisition (OVO) during remote working.

The disruption in the Philippines impacted the availability of our customer service team, however we are pleased to report that we have been back at nearly full capacity for about a month now and voice call support has also been switched back on.

We have been pleased with the performance of both the mobile and energy businesses in the second half of the financial year. In energy, we anticipate that COVID-19 could result in increased bad debt across the industry. We have not yet experienced any detrimental impact as a result; however, we are cognisant of a potential spike in bad debt when the government JobSeeker and JobKeeper initiatives come to an end and the potential for this to coincide with high winter bills.

We have been working to ensure that this is an issue that is not shouldered by energy retailers alone. The entire supply chain (retailers, distributors, generators and government) need to rally together. Retailers make up only 8% of a residential customers' bill, whereas network operators account for 43% and wholesale costs are 34% (ACCC in a [2017 report](#)). The onus should not be on retailers alone to absorb the impact of customers' bad debt. To read more about this issue, check out an article from our CEO Peter O'Connell on [LinkedIn](#).

Supplier Code of Conduct and Human Rights Policy published

We understand that companies and their people want to do business with organisations that not only comply with international and national legislation but strive to adhere to high standards of ethical conduct. In March, we published our Supplier Code of Conduct, that outlines our expectations of our suppliers and promotes the conduct of business activities in a safe, equitable and responsible manner. In June, we published our Human Rights Policy that provides more detail on our approach, procedures and commitments to protecting the human rights of all people. Both documents can be found on our [investor website](#).

thank you for reading

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