



amaysim Australia Ltd

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31 August 2020

The Manager
Market Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
Sydney NSW 2000

Full Year 2020 Results

Dear Sir or Madam,

Please find enclosed the announcement of amaysim Australia Limited's (ASX: AYS) financial results for the financial year 2020.

The Company has also lodged its annual report, appendix 4G and appendix 4E and results presentation, which this announcement should be read in conjunction with.

Authorised by:

Alexander Feldman

amaysim | Chief Strategy Officer, General Counsel & Company Secretary

ASX ANNOUNCEMENT

31 August 2020

amaysim 2020 full year result

Exceeded guidance, exceptional mobile subscriber growth and a strong performance in energy

amaysim Australia Limited ("amaysim" or "Company") today announced its results for the full year ended 30 June 2020.

Financial highlights

- Underlying EBITDA of \$40.1 million exceeded FY20 guidance of \$33 million to \$39 million
- Reported EBITDA was \$38.4 million
- Underlying EBITDA of \$40.1 million was 15.2% lower than FY19. This was after an additional \$9.1 million of marketing investment in FY20 as per the growth strategy
- Mobile gross profit was up 11.9% to \$77.8 million (FY19: \$69.5 million) and energy gross profit decreased 11.3% to \$73.3 million (FY19: \$82.7 million)
- Gross profit margin remained strong across the Group at 30.8% (FY19: 29.9%) with mobile gross margin of 40.9%, up from 34.2%, due to the strength of the network supply agreement (NSA)
- Net revenue of \$490.5 million, down 3.5% on the prior year (FY19: \$508.3 million) due to lower ARPU across the mobile and energy business units
- Reported NPAT was \$0.6 million, up \$7.1m from the loss of \$6.5 million in FY19 (which had been impacted by a non-cash impairment in energy)

Subscriber growth

- Strong organic mobile subscriber growth continued in 2H20 and as at 30 June 2020 the total mobile subscribers grew to 1.18 million (including As You Go), and 830,000 of which are recurring mobile subscribers. In FY20, amaysim delivered:
 - organic growth of 91,000 mobile subscribers since 30 June 2019 (approximately 7,000 net subscribers per month through the year)
 - acquisitions of Jeenee Mobile and OVO Mobile subscribers added a further 115,000¹ recurring mobile subscribers²
- Energy subscribers grew in 2H20 to an all-time high of 211,000

¹ Acquired bases were correct at the time of acquisition. Amounts as at 30 June may differ slightly due to churn but does not change the total base number.

² The acquisition of Jeenee Mobile was completed on 30 November 2019 and as such, Jeenee's financial contribution to the amaysim Group's FY2020 results is for seven months and OVO Mobile subscribers were acquired on 3 June 2020, and therefore contributing to less than one month of the financial year. All FY2020 numbers in this document incorporate the impact from AASB9, AASB15 and AASB16. The comparative period FY2019 takes into account AASB9 and AASB15. AASB16 was not applicable in FY2019 and therefore care must be taken when comparing reported results.

This ASX announcement should be read in conjunction with the 2020 annual report and investor presentation. The investor presentation includes analysis for FY2020 on a pre AASB16 basis.

Commenting on the FY20 financial results and operations, Mr Peter O'Connell, Chief Executive Officer and Founder said:

"FY20 was a year of solid execution against our strategic pillars. We achieved exceptional growth of the mobile business, improved our brand awareness and energy delivered a strong result amid another year of unprecedented regulatory change.

"The increased investment in mobile marketing activity, coupled with our acquisition of Jeenee Mobile and OVO Mobile subscribers, drove significant growth of the mobile base and our steadfast focus on rewarding loyalty, exceptional customer service and retention is delivering outstanding results.

"The unprecedented volume of regulatory changes this year put pressure on energy margins. Given the uncertainty, we made a strategic decision to reduce our marketing investment. Despite the challenges, we were able to optimise our owned marketing channels and improved churn to grow our energy subscriber base in the second half to an all-time high. Not only did we do this amid the distraction of unprecedented regulatory intervention, but we also did this from a standing start, having reported a decline in the energy subscriber base in the first half of the financial year.

"Given the challenges faced by our people and the economy in the second half of the financial year, I am delighted to report that we exceeded our underlying EBITDA guidance range and that we were not reliant on any government COVID assistance schemes to deliver this result."

MOBILE

In FY20, an additional \$9.1 million was invested in mobile marketing activity, including promotions and retention offers (that are a deduction to revenue), compared with FY19. This sustained marketing activity throughout the 12 month period drove organic growth of the recurring mobile subscriber base of 15%.

During the year, the acquisition of Jeenee Mobile and OVO Mobile subscribers added a further 115,000 recurring mobile subscribers, bringing the total recurring base to 830,000. This represents 33% growth since 1 July 2019.

	Organic growth	Acquisitive growth ³	Total base FY20	Change %
Recurring subs	91,000	115,000	830,000	33.0%
As You Go	18,000	3,000	350,000	6.3%
Total	109,000	118,000	1,180,000	23.8%

Mobile underlying EBITDA decreased to \$11.4 million for FY20 (FY19 underlying EBITDA: \$15.2 million), on net revenue of \$190.1 million (FY19 net revenue: \$203.5 million). In assessing the earnings contribution of our mobile business, it is important to note that this segment also carries virtually all of our corporate overheads which materially depress reported earnings of the segment.

³ Acquired bases were correct at the time of acquisition. Amounts as at 30 June may differ slightly due to churn but does not change the total base number.

The increase in marketing investment that has driven growth in the subscriber base is a natural drag on EBITDA in the short-term but a long term benefit to shareholders. The decrease in net revenue was the result of lower ARPU - FY20 ARPU was \$21.77 (FY19: \$25.25).

The mobile market was competitive but stable throughout FY20. The lower ARPU can be attributed to fewer data top ups given increased plan inclusions, which has reduced our reliance on excess revenue. This has now all but disappeared and accounted for less than 3% of total mobile usage revenue in FY20, hence, to a large degree, this revenue headwind is behind us. We have now weaned our business off any future reliance on revenue attributable to excess usage. Since August 2019, every new subscriber has contributed directly to incremental recurring revenue growth based on the value of their recurring plan.

The acquisition of Jeenee also had a negative impact on ARPU, as its subscribers have a lower ARPU compared to the Group's existing recurring mobile subscriber ARPU. OVO Mobile subscribers were acquired in June 2020 and as such did not have a significant impact on ARPU in FY20, however, they too have a lower ARPU than our average recurring subscriber.

Our strategy is to continue our sustained investment in mobile marketing to continue to grow the base and increase brand awareness and to continue to deliver excellent customer service having already increased our NPS score to +57 from +41 12 months prior.

Mobile gross margin remained strong at 40.9% (FY19 gross margin: 34.2%). This improvement was a result of our revitalised network supply agreement that was signed in May 2019.

ENERGY

The energy business delivered a strong performance amid a challenging regulatory environment. Underlying EBITDA was \$28.6 million, which was down on FY19 (FY19: \$32.1 million) on net revenue of \$300.4 million (FY19: \$304.8 million).

The decline in net revenue is a result of a lower ARPU of \$122.25 across the energy subscriber base which is due to lower energy consumption trends and a higher proportion of gas accounts, that are typically lower billing than electricity accounts.

Gas and electricity subscribers totalled 211,000 (an all-time high) as at 30 June 2020, representing an increase of 1.9% (FY19: 207,000). This continued to grow in FY2021, reaching 215,000 as at 27 August 2020. Significant organic growth was achieved in the second half of FY20, following a decline in subscribers in 1H20 to 201,000. This was achieved through the optimisation of our owned sales channels (Click Direct and On The Move) and a reduction in churn. The improvement in churn was a result of our exceptional customer service which was possible even amid the challenges posed by COVID-19 that disrupted our customer service operations in Manila for a period of time.

Gross margin was under pressure due to the regulatory changes, and as a result gross margin was 270 bps lower at 24.4% and gross profit was \$73.3 million (FY19: \$82.7 million).

OUTLOOK

Mobile subscriber growth has continued in July and August, with the recurring subscriber base totalling 836,000 as at 27 August 2020. We will continue to invest in mobile marketing to

maintain this growth and further build our brand. We do expect to see some softening in retail channels in line with sporadic pandemic lock-down measures in different states and territories.

We are approaching a key strategic milestone as we progress the tender for our mobile wholesale agreement, that expires in June 2022, and has the potential to deliver significant shareholder value.

We have today announced the divestment of the energy business to AGL for an all cash consideration of \$115 million. The sale removes the risks associated with ongoing exposure to a challenging and changing regulatory environment and an impending rise in bad debt as a result of COVID-19. It also provides additional capital to invest in further driving the growth of mobile. Please refer to today's (31 August 2020) announcement for further details.

The business is trading well and in line with expectations. However, given the unprecedented level of economic uncertainty we will not be providing guidance at this time but look forward to providing a business update at the AGM.

WEBCAST DETAILS FOR INVESTORS

Management will hold an investor and analyst briefing this morning (31 August 2020) at 10:00am (AEDT) to present the 2020 full year result. To register and listen to the live conference call, please go to <https://webcast.openbriefing.com/6184/>

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ABOUT AMAYSIM

amaysim exists to make the lives of its customers amazingly simple and is removing the unnecessary hassle from everyday life by simplifying mobile and energy services. amaysim launched in 2010 and is Australia's fourth largest mobile service provider and a proven market disruptor.

amaysim is bringing the best of its ground-breaking approach to mobile into the energy sector with subscription energy services to help drive a fundamental shift in the industry towards simplicity and flexibility. amaysim is a technology-driven company, and offers customers smart tools, DIY account management and award winning, online-first customer support. All of amaysim's services also feature no lock-in contracts and are built to deliver a great customer experience and convenience. For more information about amaysim visit amaysim.com.au.

Appendix A –FY2020 Key Financial Information for Continuing Businesses

Financial period ended 30 June \$ million (unless stated otherwise)	FY2020 Underlying	FY2019 Underlying	Change
Reported basis			
EBITDA	40.1	47.3	(15.2%)
mobile	11.4	15.2	(24.9%)
energy	28.6	32.1	(10.7%)
Comparable basis (excluding the effect of AASB16 on FY20 results)			
EBITDA (on a comparable basis)	36.8	47.3	(22.2%)
mobile (on a comparable basis)	9.7	15.2	(36.1%)
energy (on a comparable basis)	27.1	32.1	(15.6%)

Financial period ended 30 June \$ million (unless stated otherwise)	FY2020 Reported	FY2019 Reported	Change
Net revenue	490.5	508.3	(3.5%)
Gross profit	151.1	152.2	(0.7%)
<i>Gross profit margin (%)</i>	<i>30.8%</i>	<i>29.9%</i>	<i>86 bps</i>
EBITDA	38.4	43.9	(12.6%)
NPAT (continued operations)	0.6	(6.5)	N/A ¹
EPS (cps) ¹	0.2	(2.8)	N/A ¹
Subscribers ('000)			
Mobile (recurring subscribers only)	830	624	33%
energy	211	207	1.9%
ARPU (\$) per month			
Mobile (recurring subscribers only)	21.77	25.25	(13.8%)
energy	122.25	128.49	(4.9%)

Due to rounding, numbers presented in the table may not add up precisely to the totals provided.

Percentage change movements reported in the table above have been calculated on exact numbers hence may not calculate on numbers in the table displayed.

1. The percentage change cannot be defined due to moving from a loss in FY2019 to a profit in FY2020.

2. EPS is calculated as NPAT divided by the weighted number of shares on issue.