2019 half year results

investor presentation

26 February 2019

amaysim

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Currency

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No offer of securities

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The views expressed in this presentation contain information that has been derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information.

Operating segments

All comparisons, unless otherwise noted, are half year ended 31 December 2018 compared to half year ended 31 December 2017 and refer to the continuing operations of the Company with all comparisons relating to prior periods adjusted to reflect only continuing operations. The Company discontinued selling devices on 27 August 2018 and divested its fixed line broadband customer base on 26 October 2018 (completed 30 October 2018). As a result, the results of these businesses are reflected as discontinued operations for all periods presented.

Statutory, proforma and underlying information

Statutory information is based on audited financial statements. "Proforma" and "underlying" financial information has not been audited or reviewed. 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 presentation include without limitation the following:

- Net Revenue means total service revenue and other revenue
- ARPU means average revenue per subscriber, calculated as net revenue for the period divided by average subscribers for that period, and expressed on a monthly basis;
- EBITDA means earnings before income tax excluding interest, depreciation, amortisation and impairment expense;
- EBIT means earnings before interest and tax;
- NPAT means net profit after tax;
- NPATA means NPAT and after adding back the tax affected amortisation relating to acquired contracts and intangibles other than software; and
- Underlying figures have been calculated from statutory data and exclude the impact of non-core income and expenses, any acquisition related expenses including consequential changes in the value of tax assets, integration and transaction costs with a related tax adjustment where applicable and impairment costs. Refer to appendix for reconciliation between statutory and underlying results.

Although the directors of amaysim believe that these measures provide useful information about the financial performance of amaysim, they should be considered as indications or supplements to those 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.

2019 half year results

CEO Presentation

Peter O'Connell, Chief Executive Officer and Managing Director

amaysim

2019 half year results – reported financial metrics

our vision
to be Australia's best customer focused utilities service provider

$263.0m (5.6%) Net revenue	**$29.2m** 32.2% Underlying EBITDA	**(4.8m)** (289.4%) NPAT
$79.0m 9.2% Gross Profit	**$27.2m** 69.5% EBITDA	**(2.3cents)** (288.4%) EPS

1.171m mobile subscribers[1] **+3.9%** ▲

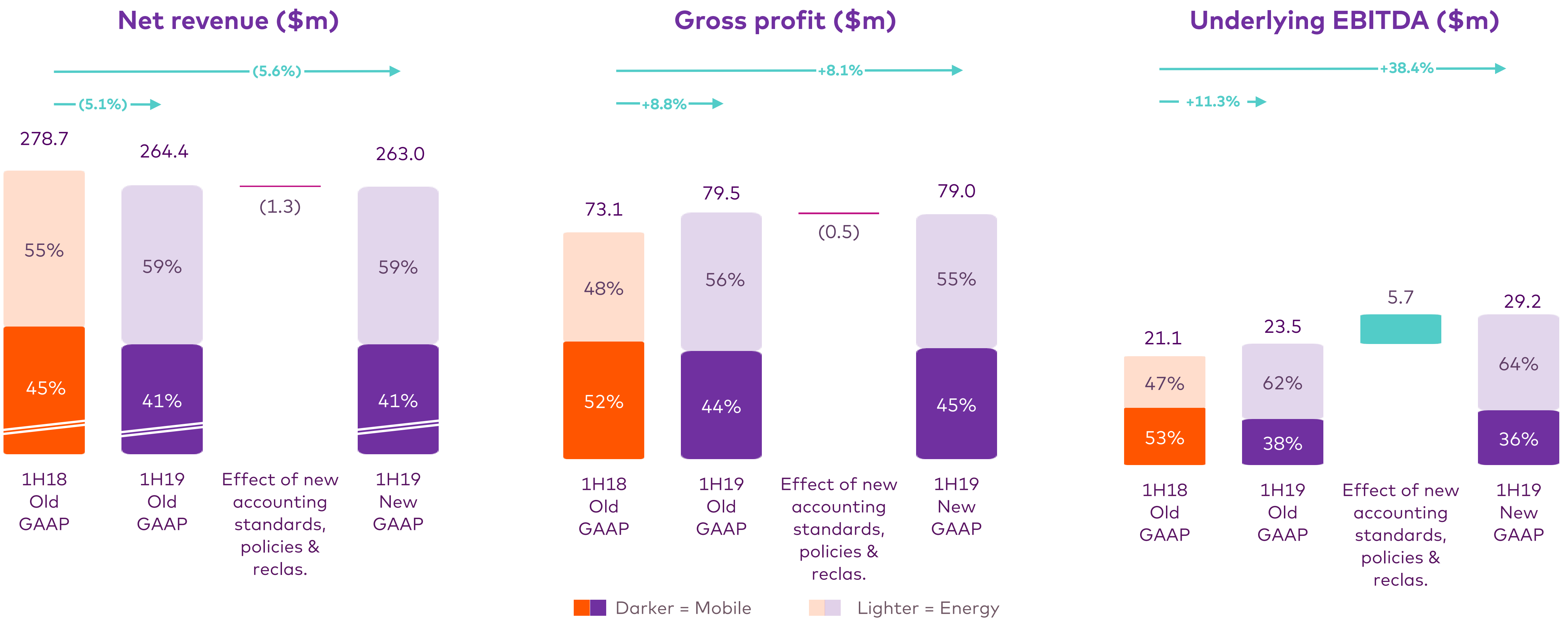
194k energy subscribers **+5.4%** ▲

All comparisons are half year ended 31 December 2018 compared to half year ended 31 December 2017 as reported in amaysim's income statement unless otherwise noted. The effect of the new Accounting Standards and related changes ("New GAAP") has a disproportionately positive effect on FY19 versus FY18 which distorts comparability. Care must be taken when analyzing and comparing reported results after the effect of New GAAP. Subsequent analysis in this presentation focuses on the comparable previous Accounting Standards ("Old GAAP"). This will no longer be an issue from FY20. Refer to appendix A1 (Detailed profit and loss statement), A2 (Operating segments) and A3 (1H19 underlying to statutory results reconciliation) of this presentation as well as note 2 (Operating Segment), note 5 (Discontinued operations) and note 12 (Changes to existing accounting policies and adoption of new Accounting Standards) in amaysim's 2019 half-year financial report for a complete reconciliation of the effects of the new Accounting Standards and policies applied from 1 July 2018, as well as the effect of discontinued operations. These reconciliations detail, on a step-by-step basis, how these items have adjusted previously reported numbers.

1. As at 15 February 2019, the Group's mobile subscriber base was ~1.061 million. Refer to page 19 for more information on the mobile business

Strong 2019 half year gross profit and earnings performance

Outperformance in the energy business offset by a softer half for mobile



1. Click Energy was acquired 1 May 2017
2. A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the new standards. The effect of the new Accounting Standards and related changes has a disproportionately positive effect on FY19 versus FY18 which distorts comparability. Care must be taken when analyzing and comparing reported results after the effect of the new Accounting Standards and related changes. Subsequent analysis in this presentation focuses on the comparable Old GAAP operating measures. This will no longer be an issue from FY20. Refer to appendix A1 (Detailed profit and loss statement), A2 (Operating segments) and A3 (1H19 underlying to statutory results reconciliation) of this presentation as well as note 2 (Operating Segment), note 5 (Discontinued operations) and note 12 (Changes to existing accounting policies and adoption of new Accounting Standards) in amaysim's 2019 half-year financial report for a complete reconciliation of the effects of the new Accounting Standards and policies applied from 1 July 2018, as well as the effect of discontinued operations. These reconciliations detail, on a step-by-step basis, how these items have adjusted previously reported numbers.

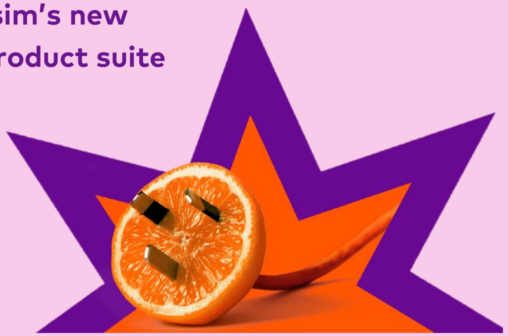
2019 half year milestones

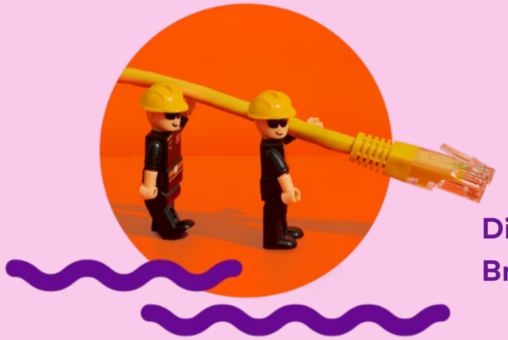
Refreshed $30 / $40 / $50 mobile plans in Sep 2018

Launched a new $60 mobile plan in Nov 2018

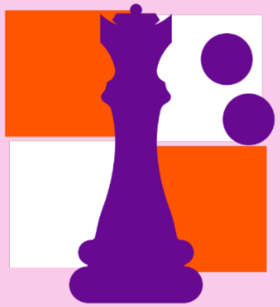
Closed the online device stores in Aug 2018

Kicked off development of amaysim's new energy product suite





Divested the fixed line Broadband customer base



Strengthened the Board and senior management team

amaysim's strategy to deliver shareholder value

Our vision

To be Australia's best customer focused utilities service provider

Strategic priorities

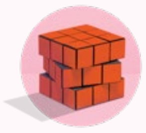
- Defend and grow mobile
- Disrupt retail energy
- Expand into other aligned services and segments
- Extend technology platforms to enhance speed to deploy additional services
- Refine and sharpen our marketing capabilities

Critical enablers

- Cross-sell, up-sell and focus on quality customer relationships
- Expand and improve product range across mobile and energy
- Enter one new segment or market, including energy/mobile B2B, organically or via M&A
- Invest in tech stack to allow rapid delivery of new innovative products and services
- Expand the feature-set available in the amaysim mobile app
- Enhance analytics capabilities to deliver insights that will drive customer value
- Optimise operating costs, remaining lean and agile

Our values


agility


simplicity


reliability


empathy

Mobile

Intense competition continuing to pressure the mobile business

- MNOs continue to drive competition with price and inclusions being left as the key battleground until 5G is launched

Refreshed amaysim's Unlimited mobile portfolio

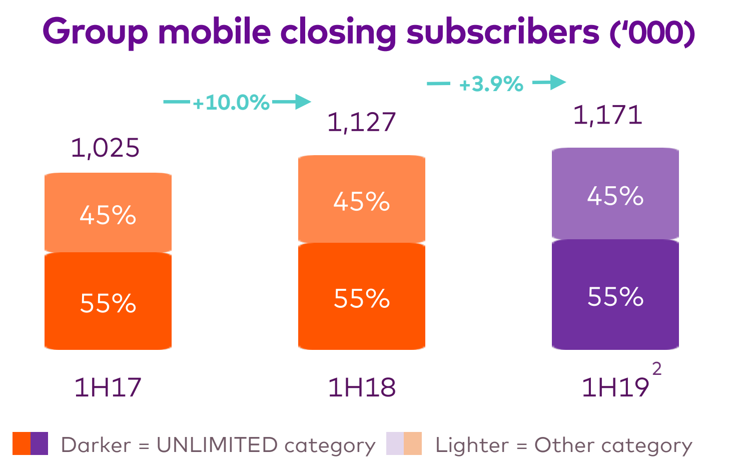
- Refreshed $30 / $40 / $50 mobile plans in Sep 2018
- Launched a new $60 mobile plan in Nov 2018, amaysim's best valued unlimited talk and text mobile plan ever

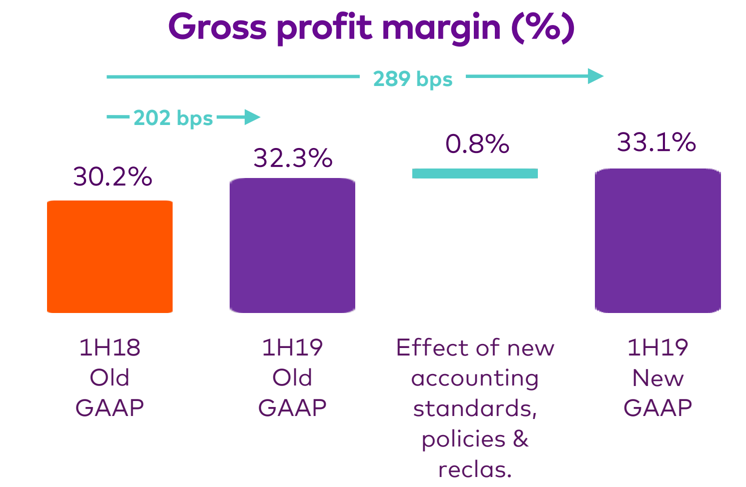
Mobile subscribers continue to grow in 1H19

- amaysim's lower value $10 and $20 plans continue to attract significant subscriber numbers
- The inherent strategic value in the mobile subscriber base is expected to continue to increase as it grows, allowing amaysim to optimise its wholesale cost structure in the coming years and cross-sell its new energy product suite into the base
- amaysim recorded its lowest level of customer complaints and was one of the lowest complained service providers in the industry[1]

Strong gross margin

- Mobile gross margin on a comparable basis increased 202 bps to 32.3% following the refresh of the amaysim mobile product suite





1. 0.5 complaints per 10,000 customers, Telecommunications Complaints in Context, October - December 2018. Applies only to amaysim brand
2. As at 15 February 2019, the Group's mobile subscriber base was ~1.061 million

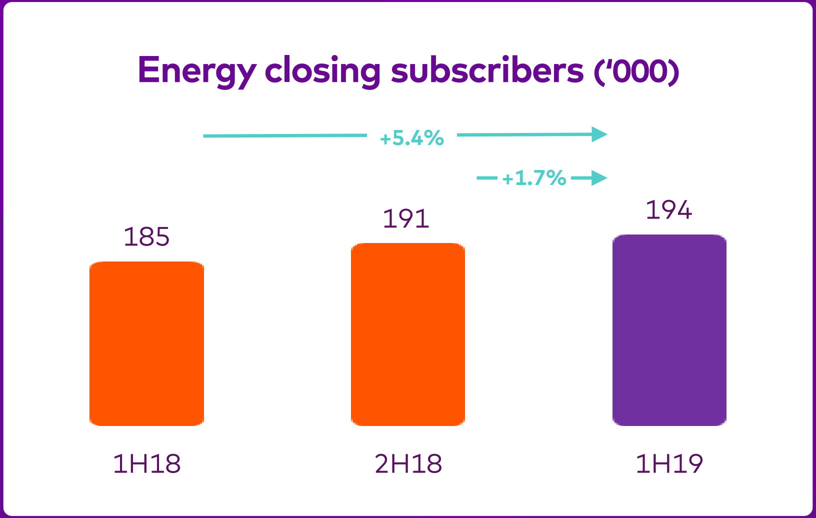
Energy

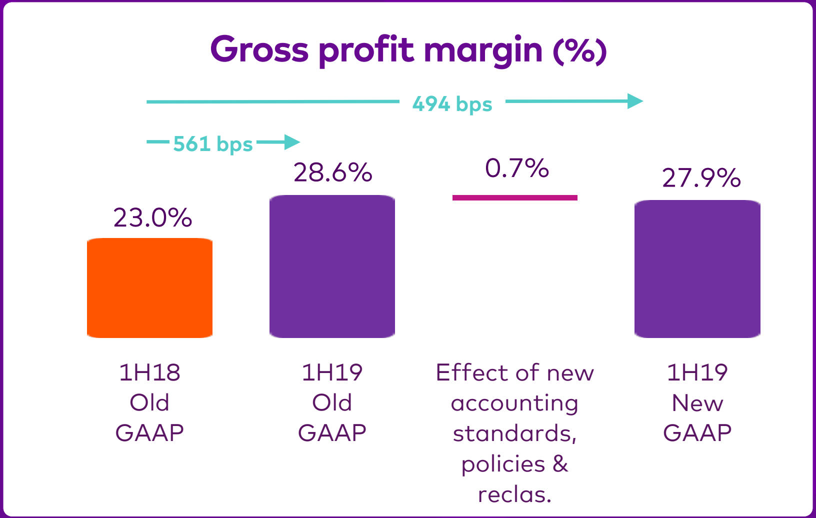
Strong performance by energy in a competitive market

- Energy subscribers grew by +5.4% to ~194k subscribers as at 31 Dec 2018 driven by strong gross additions offset by higher than expected churn as energy remains under the media and political spotlight
- Subscriber growth has been achieved in a very competitive market through Click's existing channels and introduction of amaysim energy
- Disciplined margin management resulted gross profit on a comparable basis increasing 27.2% to $44.7m and gross margin on a comparable basis increasing by 561 basis points to 28.6%

Investing in new energy product suite

- The Australian retail energy market has all of the hallmarks of mobile from 10 years ago — opaque pricing constructs, unclear and ubiquitous access to usage data, bill shock, excessively long switching times and low satisfaction
- Given the strong performance of the energy business, amaysim has accelerated its investment in a new disruptive energy product suite, which is expected to assist in bringing much needed simplicity, customer centricity and transparency to the sector
- This new product suite is anticipated to launch in 2H19





2019 half year results

CFO Presentation

Gareth Turner, Chief Financial Officer

amaysim

Changes to reporting

- The period ended 31 December 2018 reflects the **discontinuation** of Broadband and Devices, the adoption of the new Accounting Standards and changes in accounting policies. The comparative period ended 31 December 2017 has been restated to reflect the same
- During the period, **new Accounting Standards** AASB 15 "Revenue from Contracts with Customers" and AASB 9 "Financial Instruments" were adopted (as of 1 July 2018) and the Group's accounting policies for Energy Trailing Commissions was changed
- During this transition phase, the impact of the adopting the new Accounting Standards and related changes[1] has a **disproportionately positive effect** on FY19 versus FY18 that distorts comparability. Analysis in this section of the presentation is focused on the Old GAAP operating measures (on a "**comparable basis**").This will no longer be an issue from FY20

Changes to existing accounting policies and adoption of new Accounting Standards

AASB 15 Revenue from Contracts with Customers	• Mobile access fees are recognised on a straight-line basis over the period of the contract (previously recognised upfront) • Energy service revenue is recognised over time when the supply of energy has occurred. Revenue on 'Occupier Accounts' in now only recognised when cash is received (previously recognised when billed) • Upfront fees and commissions incurred to obtain customer contracts (i.e. sales commissions) are now capitalised to intangible assets on the balance sheet and amortised (to the amortisation expense in the P&L) over the expected life of the customer (previously expensed when incurred) • Revenue from cross-sell products are allocated based on the standalone selling price of each service/product and discounts included are allocated proportionally across all verticals. For certain bundles, AASB 15 results in slower revenue recognition
AASB 9 Financial Instruments	• No change to the classification, measurement and recognition of derivatives and hedging activities • Provision for expected credit losses based on lifetime expected loss allowance for receivables (previously recognised when losses incurred)
Change in accounting policy	• Future trailing commissions used to be estimated and accrued for up-front. Under new AASB 15, these estimated costs would have been capitalised thereby introducing significant uncertainty to the balance sheet.Under the new policy, amaysim no longer accrues for these costs but expenses them to marketing costs when they are due and payable

1. The impact of the adopting the new Accounting Standards, changes to existing policies, and discontinued operations is clearly reported as step changes set out in note 2 (Operating Segment), note 5 (Discontinued operations) and note 12 (Changes to existing accounting policies and adoption of new Accounting Standards) in amaysim's 2019 half-year financial report

2019 half year results – financial metrics

$ million (unless stated otherwise)	New GAAP 1H19	Effect of new accounting standards, policies & reclassifications	Old GAAP 1H19	Old GAAP 1H18	Change
Net revenue	263.0	1.3	264.4	278.7	(5.1%)
Gross profit	79.0	0.5	79.5	73.1	8.8%
Gross profit margin (%)	*30.0%*	*4 bps*	*30.1%*	*26.2%*	*384 bps*
Operating expenses	49.8	6.2	56.0	52.0	7.8%
Underlying EBITDA	**29.2**	**(5.7)**	**23.5**	**21.1**	**11.3%**
NPAT	(4.8)	(1.0)	(5.8)	1.8	(413.5%)
Underlying NPATA	14.9	(4.0)	10.9	10.6	2.5%

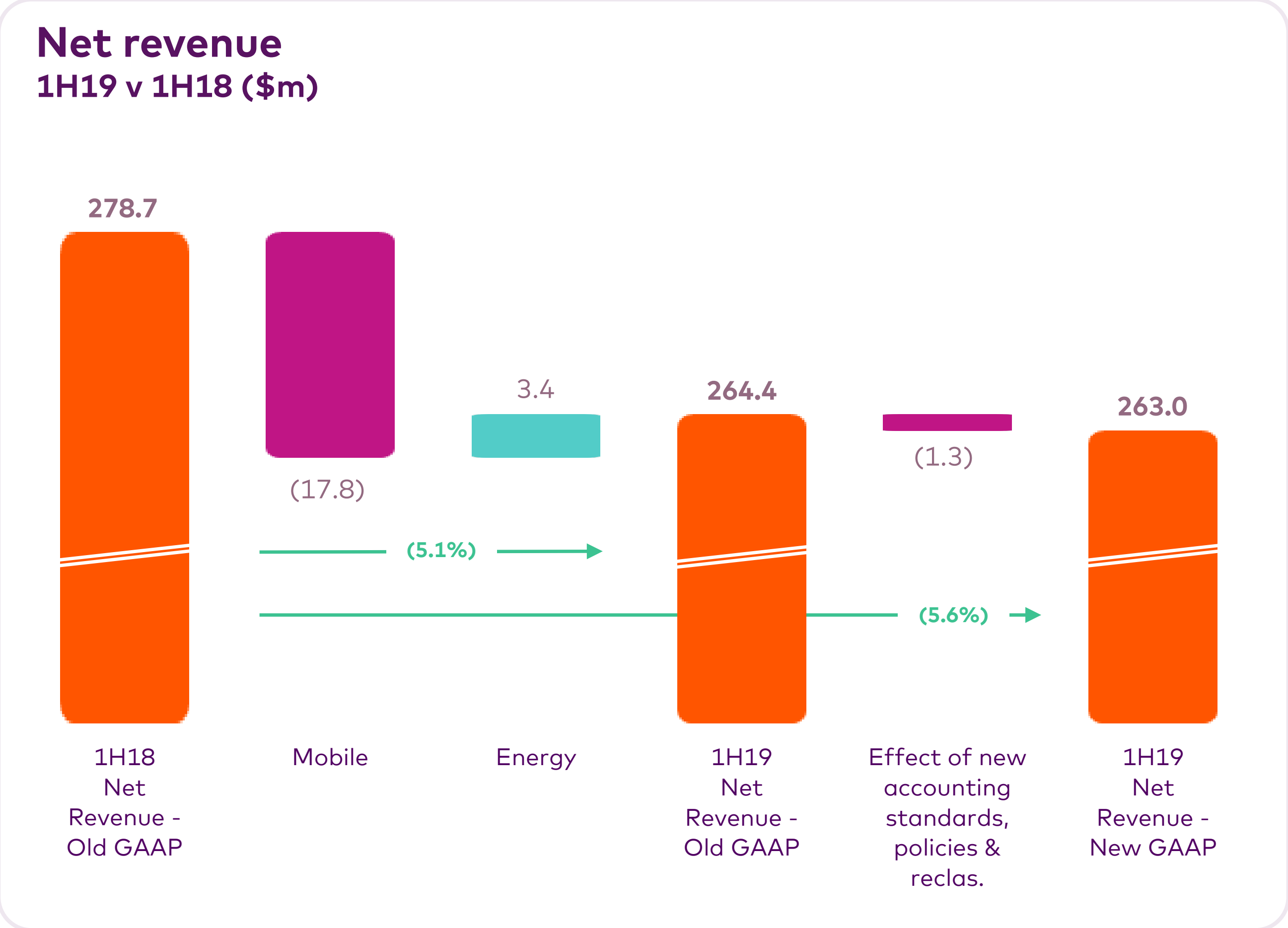
A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the new standards. Refer to appendix A1 (Detailed profit and loss statement), A2 (Operating segments) and appendix A3 (1H19 underlying to statutory results reconciliation) of this presentation as well as note 2 (Operating Segment), note 5 (Discontinued operations) and note 12 (Changes to existing accounting policies and adoption of new Accounting Standards) in amaysim's 2019 half-year financial report for a complete reconciliation of the effects of the new Accounting Standards and policies applied from 1 July 2018, as well as the effect of discontinued operations. These reconciliations detail, on a step-by-step basis, how these items have adjusted previously reported numbers.

2019 half year result by segment

$ million (unless stated)	New GAAP 1H19	Effect of new accounting standards, policies & reclassifications	Old GAAP 1H19	Old GAAP 1H18	Change
Net revenue					
Mobile	108.0	(0.1)	107.9	125.7	(14.1%)
Energy	155.1	1.4	156.5	153.1	2.2%
Group	**263.0**	**1.3**	**264.4**	**278.7**	**(5.1%)**
Gross profit					
Mobile	35.7	(0.9)	34.8	38.0	(8.3%)
Energy	43.3	1.4	44.7	35.1	27.2%
Group	**79.0**	**0.5**	**79.5**	**73.1**	**8.8%**
Gross margin					
Mobile	33.1%	*83 bps*	32.3%	30.2%	202 bps
Energy	27.9%	*(67 bps)*	28.6%	23.0%	561 bps
Group	**30.0%**	***(4 bps)***	**30.1%**	**26.2%**	**385 bps**
Underlying EBITDA					
Mobile	10.6	(1.7)	8.9	11.1	(19.8%)
Energy	18.7	(4.0)	14.6	10.0	45.6%
Group	**29.2**	**(5.7)**	**23.5**	**21.1**	**11.3%**

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the new standards. Refer to appendix A1 (Detailed profit and loss statement), A2 (Operating segments) and appendix A3 (1H19 underlying to statutory results reconciliation) of this presentation as well as note 2 (Operating Segment), note 5 (Discontinued operations) and note 12 (Changes to existing accounting policies and adoption of new Accounting Standards) in amaysim's 2019 half-year financial report for a complete reconciliation of the effects of the new Accounting Standards and policies applied from 1 July 2018, as well as the effect of discontinued operations. These reconciliations detail, on a step-by-step basis, how these items have adjusted previously reported numbers.

Net revenue



- On a comparable basis net revenue decreased 5.1% to $264.4m reflecting a softer first half performance by the mobile business
- On a comparable basis Mobile net revenue fell (14.1%) to $107.9m impacted by a decline in mobile ARPU driven by continued subscriber growth in amaysim's lower value plans and an increase in data inclusions in amaysim's mobile plans; this however supported mobile subscriber growth of 3.9% to ~1.171m as at 31 December 2018
- On a comparable basis Energy net revenue increased 2.2% to $156.5m driven by energy subscriber growth of 5.4% to ~194k
- Energy represents ~59% of the Group's net revenue (1H18: ~55%) and has supported the Company in withstanding intense competition in the mobile market

1. Refer to appendix A3 of this presentation for an underlying to statutory results reconciliation
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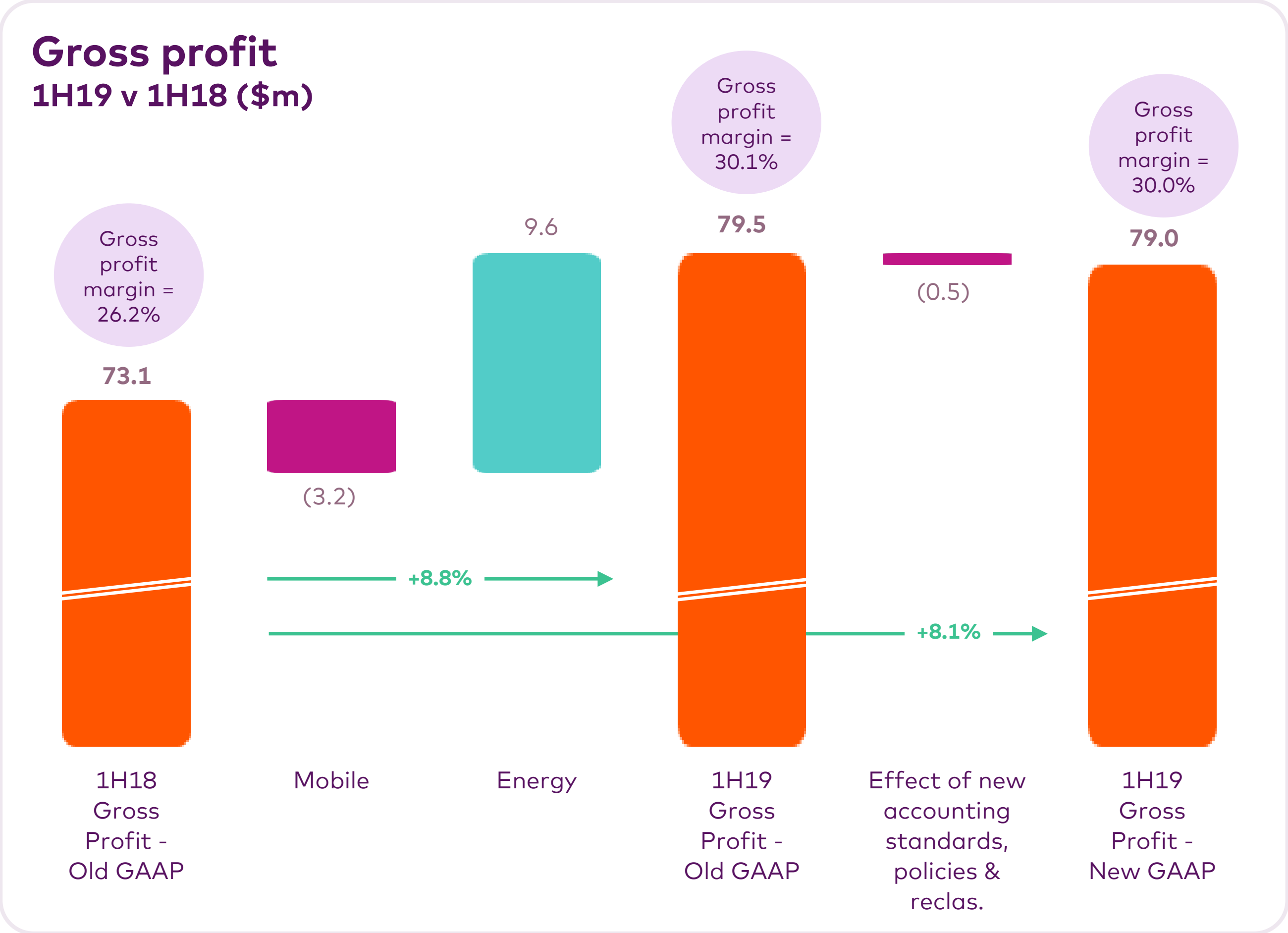
Gross profit



- On a comparable basis Gross Profit increased by 8.8% to $79.5m and gross margin improved 385 basis points to 30.1% driven by improvements in both energy and mobile gross margin

- On a comparable basis Energy gross profit increased 27.2% to $44.7m driven by disciplined margin management which resulted in energy gross margin increasing by 561 basis points to 28.6%

- On a comparable basis Mobile gross profit fell by 8.3% to $34.8m driven by a decline in mobile ARPU. Mobile gross margin improved 202 basis points to 32.3% following the refresh of the amaysim mobile product suite

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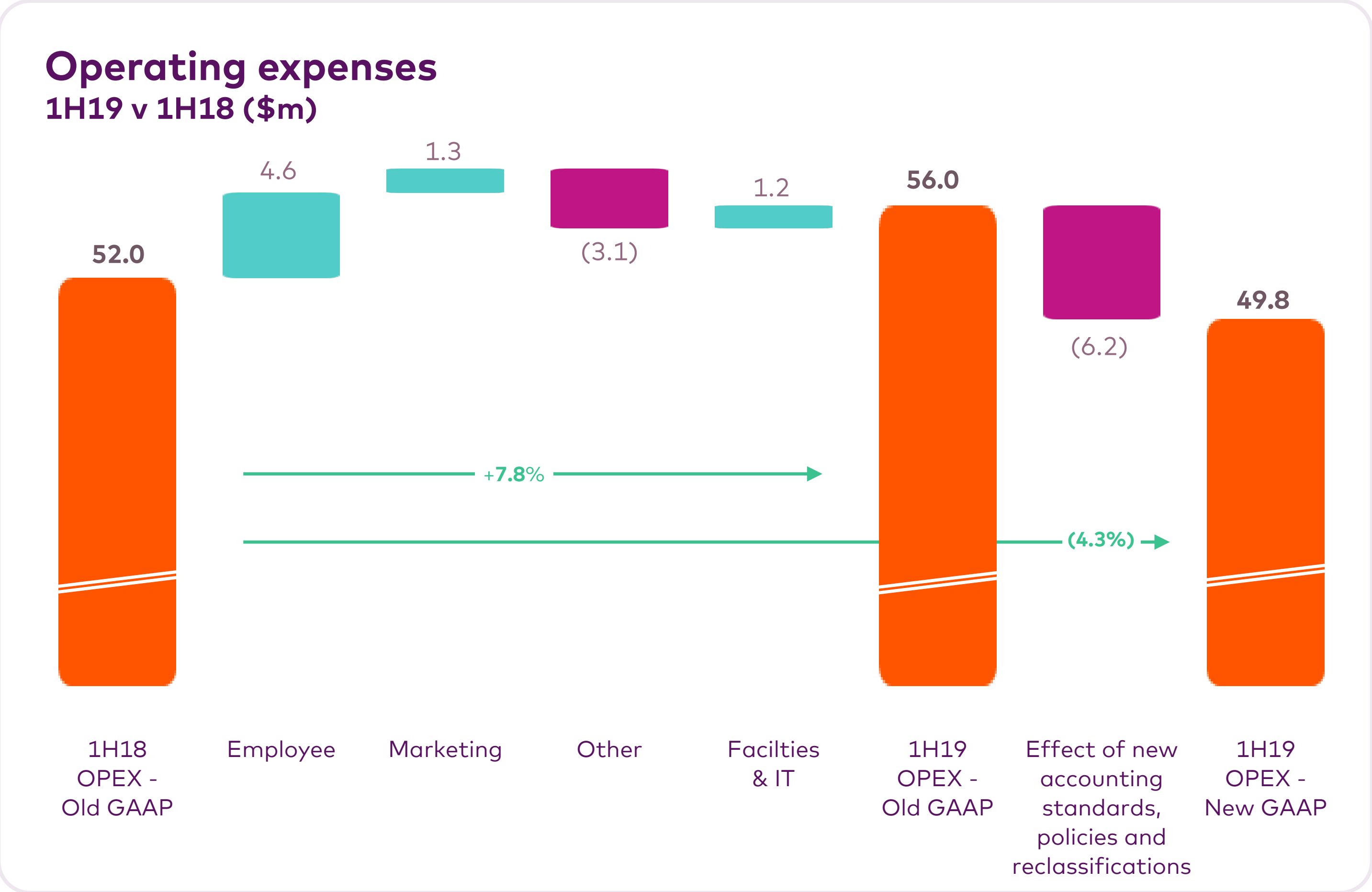
Operating expenses



- On a comparable basis, the Group's operating expenses were up $4.0m (7.8%) to $56.0m
- Employee costs increased $4.6m (26.4%) reflecting skill retention out of the discontinued businesses (~$0.5m); reduced capitalisation while shifting from building for broadband to building for mobile and energy (~$1.5m); and the reinstatement of provisioning for employee incentives (~$2.0m)
- Marketing expenses increased $1.3m (10.7%) with amaysim energy launching in Oct 2017
- IT and facilities expenses increased $1.2m (21.5%) driven by the relocation of the amaysim Philippines office within Manila
- Other expenses decreased by $3.1m (19.2%) mainly due to reduced bad debt expenses

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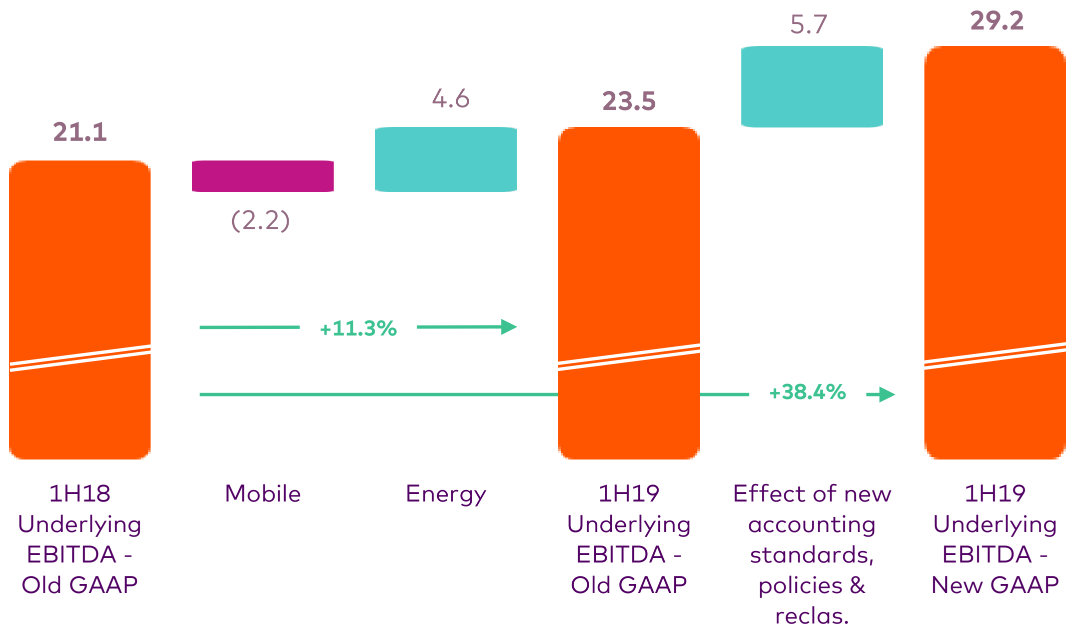
Underlying EBITDA

1H19 EBITDA increased 11.3% on a comparable basis driven by a strong performance in the energy business

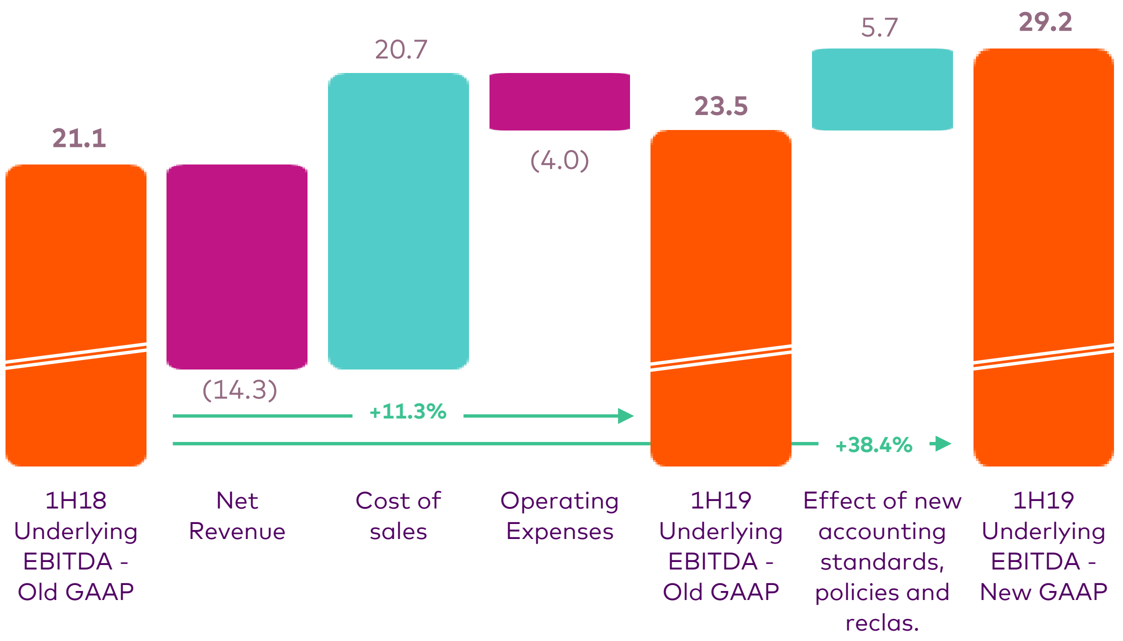
Underlying EBITDA by segment

1H19 v 1H18 ($m)



Underlying EBITDA by line item

1H19 v 1H18 ($m)



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Mobile segment performance

$ million (unless stated)	New GAAP 1H19	Effect of new accounting standards, policies & reclassifications	Old GAAP 1H19	Old GAAP 1H18	Change
Net revenue	108.0	(0.1)	107.9	125.7	(14.1%)
Cost of sales	(72.2)	(0.8)	(73.1)	(87.7)	(16.7%)
Gross profit	**35.7**	**(0.9)**	**34.8**	**38.0**	**(8.3%)**
Gross profit margin (%)	*33.1%*	*(83 bps)*	*32.3%*	*30.2%*	*202 bps*
Operating expenses	(25.2)	(0.7)	(25.9)	(26.9)	(3.7%)
Underlying EBITDA	**10.6**	**(1.7)**	**8.9**	**11.1**	**(19.8%)**
EBITDA margin (%)	*9.8%*	*(156 bps)*	*8.3%*	*8.8%*	*(58 bps)*
Closing subscribers ('000)			1,171	1,127	3.9%
ARPU ($)			15.34	19.02	(19.3%)

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

- On a comparable basis Underlying EBITDA fell 19.8% to $8.9m, on net revenue of $107.9m (down 14.1%) reflecting competitive pressure
- ARPU declined 19.3% to $15.34 per month driven by continued subscriber growth in lower priced plans and an increase in data inclusions (resulting in lower excess usage revenue)
- Mobile subscribers grew 3.9% to ~1.171m as at 31 Dec 2018; churn remained stable at ~2.3%
- In Jan/Feb 2019, mobile churn increased due to the natural expiry of ~124.6k 'pay as you go' subscribers coinciding with the relevant plan expiry period for these subscribers. Mobile subscribers as at 15 Feb 2019 was ~1.061m. The loss of these subscribers is not expected to negatively impact revenue or earnings for FY19 as these naturally expiring subscribers have not added credit to their account for over 12 months. This will have a slight positive effect on ARPU
- On a comparable basis Mobile gross margin increased by 202 bps to 32.3% following the refresh of the amaysim mobile product suite
- On a comparable basis operating expenses fell 3.7% reflecting disciplined cost management and a reduction in marketing expense

Energy segment performance

$ million (unless stated)	New GAAP 1H19	Effect of new accounting standards, policies & reclassifications	Old GAAP 1H19	Old GAAP 1H18	Change
Net revenue	155.1	1.4	156.5	153.1	2.2%
Cost of sales	(111.8)	0.0	(111.8)	(117.9)	(5.2%)
Gross profit	**43.3**	**1.4**	**44.7**	**35.1**	**27.2%**
Gross profit margin (%)	*27.9%*	*67 bps*	*28.6%*	*23.0%*	*561 bps*
Operating expenses	(24.6)	(5.5)	(30.1)	(25.1)	19.9%
Underlying EBITDA	**18.7**	**(4.0)**	**14.6**	**10.0**	**45.6%**
EBITDA margin (%)	*12.0%*	*(270 bps)*	*9.3%*	*6.6%*	*278 bps*
Closing subscribers ('000)			194	185	5.1%
ARPU ($)			133.54	146.5	(8.8%)

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

- The energy business continued to grow in a highly competitive market. On a comparable basis net revenue increased 2.2% to $156.5m driven by subscriber growth offset by a reduction in ARPU
- Energy subscribers grew 5.4% to ~194k as at 31 Dec 2018 as strong gross additions were offset by higher than expected churn
- Energy ARPU declined 8.8% to $133.54 reflecting lower customer consumption and product mix changes (growth in NSW gas customers)
- On a comparable basis Underlying EBITDA increased 45.6% to $14.6m driven by disciplined margin management that resulted in gross profit increasing 27.2% to $44.7m and gross margin increasing by 561 bps to 28.6%
- The Company performed a detailed review of intangible assets, including acquired energy customer contracts, distributor relationships and channel partners. Following this review, the Company shortened the expected useful lives of these acquired assets resulting in a reduction in their carrying values and recognition of a non-cash impairment charge of $15.7m pre-tax. This charge has no impact on banking covenants or underlying EBITDA and will reduce amortization charges going forward

Balance sheet

$ million	31 Dec 18	30 Jun 18 Restated[1]	movement
Cash and cash equivalents	25.9	9.8	16.1
Trade receivables	38.8	60.0	(21.3)
Derivative financial instruments	6.1	0.1	6.0
Current tax assets	-	3.2	(3.2)
Other current assets	4.3	5.4	(1.2)
Total current assets	**75.0**	**78.5**	**(3.5)**
Property, plant and equipment	2.9	4.4	(1.6)
Intangible assets	185.1	203.3	(18.2)
Derivative financial instruments	0.8	-	0.8
Other non-current assets	0.6	0.5	0.1
Total non-current assets	**189.4**	**208.3**	**(18.9)**
Total assets	**264.4**	**286.8**	**(22.4)**
Trade and other payables	92.5	107.6	(15.2)
Customer deposits	2.3	2.4	(0.2)
Deferred revenue	7.6	8.4	(0.7)
Borrowings	8.6	13.6	(5.0)
Derivative financial instruments	0.1	7.7	(7.7)
Provisions	8.3	4.4	3.9
Current tax liabilities	2.3	-	2.3
Total current liabilities	**121.6**	**144.1**	**(22.5)**
Derivative financial instruments	-	0.2	-
Borrowings	76.7	76.0	0.7
Provisions	1.5	1.9	(0.5)
Deferred tax liabilities	2.1	4.2	(2.1)
Total non-current liabilities	**80.3**	**82.3**	**(2.1)**
Total liabilities	**201.9**	**226.5**	**(24.6)**
Net assets	**62.5**	**60.3**	**2.2**
Contributed equity	118.3	118.3	-
Equity compensation reserve	(7.9)	(8.2)	0.2
Cash flow hedge reserve	4.8	(5.5)	10.3
Foreign currency translation reserve	(0.2)	(0.3)	0.2
Retained profits	11.4	20.0	(8.5)
Accumulated losses (prior years)	(64.0)	(64.0)	-
Total equity	**62.5**	**60.3**	**2.2**

- Cash and cash equivalents up $16.1m due to the timing of cash receipts from the energy business from the winter months accrued and billed just prior to 30 June and the deferral of cash associated with the annual Renewable Energy Certificate purchases that occurs in Feb 2019
- Trade receivables down $21.3m driven by lower 1H19 receivables in energy (seasonality and milder weather) and mobile (lower revenues)
- Derivative financial instruments moved into an asset position during 1H19 driven by an increase in forward electricity prices
- Intangible assets fell $18.2m due to:
  - Impairment of acquired energy customer contract, distributor relationships and channel partners intangible assets as a result of the shortening of expected useful lives of these assets;
  - write-off of broadband intangibles following the divestment of the broadband business; offset by
  - adoption of AASB 15 that resulted in the capitalisation of mobile and energy upfront commissions
- Trade and other payables down $15.2m driven by lower energy wholesale costs that reflects improved pricing of hedges entered into in FY19 and final repayment of the Optus liability as a result of the Vaya acquisition in Jan 2018
- Current Borrowings fell $5.0m driven by a reduction in the rate of future amortisation amounts on tranche C of amaysim's facilities
- Current Provisions increased $3.9m reflecting provisions raised in anticipation of resolving certain proceedings and associated legal fees, employee incentives and costs to maintain the devices business (i.e. warranties)

Notes: Due to rounding, numbers presented in the left-hand table may not add up precisely to the totals provided

1. Balances as at 30 June 2018 have been restated to take account the effect of changes in Accounting Standards and policies. Refer to amaysim's 2019 half-year financial report for further details.

Cash flow

For the half-year ended 31 December 2018 $ million	31 Dec 18	31 Dec 17	Change
Receipts from customers (incl. of GST)	312.1	319.0	(6.9)
Payments to suppliers and employees (incl. of GST)	(286.6)	(279.6)	(7.0)
Repayment to Optus liability acquired on Vaya acquisition	-	(10.2)	10.2
Income tax refund/(paid)	1.0	(5.4)	6.4
Finance expenses	(3.2)	(3.4)	0.2
Interest received	0.2	0.1	0.1
Cash flows from operating activities	**23.5**	**20.6**	**2.9**
Payments for property, plant and equipment	(0.3)	(1.7)	1.4
Payments for intangible assets	(2.4)	(7.7)	5.3
(Increase) / Decrease in security deposits and bank guarantees	0.2	(0.0)	0.2
Net cash outflows from investing activities	**(2.5)**	**(9.4)**	**6.9**
Dividends paid	-	(10.8)	10.8
Repayment of borrowings	(5.0)	(7.5)	2.5
Proceeds from borrowings	-	7.1	(7.1)
Net cash outflows from financing activities	**(5.0)**	**(11.2)**	**6.2**
Net cash increase/(decrease) in cash and cash equivalents	**16.1**	**(0)**	**16.1**
Cash and cash equivalents at the beginning of the period	**9.8**	**18.1**	**(8.3)**
Cash and cash equivalents at the end of the period	**25.9**	**18.1**	**7.8**

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

1. Refer to appendix A4 (Cash conversion) for calculation of cash conversion rate

- Cash flows from operating activities increased by $2.9m to $23.5m implying a cash conversion rate of ~88% (cash conversion rate of ~109% under previous Accounting Standards).[1] While customer receipts were $6.9m lower and payments to suppliers were $7.0m higher, this was offset by the payments to Optus in relation to the acquired Vaya liability ceasing prior to 1H19
- Tax payments reduced $6.4m period on period
- Investing cash outflows improved $6.9m driven by capital expenditure reducing $6.7m following the simplification of the business in 1H19. This primarily relates to labour on software development
- Financing cash flows improved $6.2m due to reduced dividend payments of $10.8m and reduced facility C amortisation payments of $2.5m. This was partially offset by lower inflows from borrowings in the period relative to the prior period
- The closing cash balance of $25.9m is a high-point in amaysim's cash cycle with outflows of ~$12.3m related to green energy certificate purchases and surrenders landing in Jan/Feb 2019

2019 half year results

Summary and FY19 outlook

Peter O'Connell, Chief Executive Officer and Managing Director

amaysim

Summary and FY19 outlook

- Strong 1H19 earnings performance driven by outperformance in the energy business offset by a softer half for mobile

- Despite the current headwinds in mobile and some short-term regulatory uncertainty for energy, the management team and Board are optimistic about the sectors over the long-term with amaysim well positioned to take advantage of a number of growth opportunities arising over the next 3-years and capitalise on the changing dynamics

- Following the implementation of new Accounting Standards and related changes on 1 July 2018, the FY19 Underlying EBITDA is now expected to be in the range of $44.0 – $48.0m. Under the previous Accounting Standards, the equivalent range would have been $33.0 – $37.0m. Guidance reflects the Company's expectations of continued weaker comparative performance in mobile due to the intense competitive environment, softer performance in energy in 2H19 as margin transitions down to more sustainable long term levels, and the impact of an investment of approximately $8.0 – 10.0 million in new strategic growth initiatives. Guidance also assumes no material changes in, or adverse effects from, market conditions, operating environments, business circumstances or supplier arrangements

2019 half year results

Appendix

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A1. Detailed profit and loss statement

$ million	UNDERLYING				STATUTORY			
	1H19 New GAAP	1H19 Old GAAP	1H18 Old GAAP	Change Old GAAP	1H19 New GAAP	1H19 Old GAAP	1H18 Old GAAP	Change Old GAAP
Net revenue	**263.0**	**264.4**	**278.7**	**(5.2%)**	**263.0**	**264.4**	**278.7**	**(5.2%)**
Cost of Sales	(184.0)	(184.9)	(205.6)	(10.1%)	(184.0)	(184.9)	(205.6)	(10.1%)
Gross profit	**79.0**	**79.5**	**73.1**	**8.8%**	**79.0**	**79.5**	**73.1**	**8.8%**
Employee expenses[1]	(22.1)	(22.1)	(17.5)	26.4%	(24.4)	(24.4)	(20.4)	19.6%
Marketing expenses[2]	(9.4)	(13.8)	(12.5)	10.7%	(7.7)	(12.2)	(13.5)	(10.3%)
Facilities and I.T. expenses	(6.8)	(6.8)	(5.6)	21.5%	(6.8)	(6.8)	(5.6)	21.5%
Integration costs	-	-	-	-	(0.2)	(0.2)	(2.1)	(91.2%)
Other Expenses[3]	(11.4)	(13.2)	(16.4)	(19.2%)	(12.6)	(14.4)	(16.4)	(11.7%)
Total expenses	**(49.8)**	**(56.0)**	**(52.0)**	**7.8%**	**(51.8)**	**(58.0)**	**(58.0)**	**(0.0%)**
EBITDA	**29.2**	**23.5**	**21.1**	11.3%	**27.2**	**21.5**	**15.1**	42.6%
Depreciation, amortization and impairment	(13.3)	(8.9)	(8.9)	0.1%	(29.0)	(24.7)	(8.9)	176.7%
EBIT	**16.0**	**14.6**	**12.2**	**19.4%**	**(1.8)**	**(3.2)**	**6.1**	**(151.7%)**
Net interest (expense)/income	(3.7)	(3.7)	(3.8)	(3.4%)	(3.7)	(3.7)	(3.8)	(3.4%)
Profit before tax	**12.3**	**10.9**	**8.4**	**29.6%**	**(5.5)**	**(6.9)**	**2.3**	**(393.4%)**
Tax expense	(4.7)	(4.2)	(2.3)	82.5%	0.7	1.1	(0.5)	(319.1%)
NPAT	**7.6**	**6.7**	**6.1**	**9.5%**	**(4.8)**	**(5.8)**	**1.8**	**(413.5%)**
Add: Tax affected amortisation of acquired hedging reserves and intangibles other than software	7.2	4.2	4.5	(7.0%)	7.2	2.9	4.5	(36.0%)
NPATA	**14.9**	**10.9**	**10.6**	**2.5%**	**2.4**	**(2.9)**	**6.4**	**(145.4%)**

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

1. 1H19 underlying employee expenses exclude staff redundancy and termination expenses associated with restructuring activities ($0.6m); and energy related campaign related staff costs ($1.7m) which were classified as marketing expenses.
2. 1H19 underlying marketing expenses includes energy related campaign related staff costs ($1.7m)
3. 1H19 underlying other expenses exclude ACCC legal proceeding expenses associated with Click ($1.2m)

A2. 1H19 Operating segment performance

For the half-year ended 31 December 2018 ($m)	Results under old GAAP				Remove Discontinued Operations*			Continuing operations under old GAAP			Effect of new Accounting Standards, policies and reclassifications**			Continuing operations under new GAAP		
	Mobile (inc Devices)	Energy	Broadband	TOTAL	Devices	Broadband	TOTAL	Mobile (exc Devices)	Energy	TOTAL	Mobile	Energy	TOTAL	Mobile	Energy	TOTAL
Service revenue	106.7	156.0	4.2	266.8	-	4.2	4.2	106.7	156.0	262.6	0.1	(1.4)	(1.3)	106.8	154.5	261.3
Other Revenue	2.1	0.5	0.2	2.8	0.9	0.2	1.1	1.2	0.5	1.7				1.2	0.5	1.7
Net Revenue	**108.8**	**156.5**	**4.3**	**269.6**	**0.9**	**4.3**	**5.2**	**107.9**	**156.5**	**264.4**	**0.1**	**(1.4)**	**(1.3)**	**108.0**	**155.1**	**263.0**
Network & wholesale costs	(74.1)	(111.8)	(5.5)	(191.5)	(1.1)	(5.5)	(6.6)	(73.1)	(111.8)	(184.9)	0.8		0.8	(72.2)	(111.8)	(184.0)
Gross margin	**34.6**	**44.7**	**(1.2)**	**78.1**	**(0.2)**	**(1.2)**	**(1.4)**	**34.8**	**44.7**	**79.5**	**0.9**	**(1.4)**	**(0.5)**	**35.7**	**43.3**	**79.0**
Operating Expenses	(26.6)	(30.1)	(2.0)	(58.7)	(0.7)	(2.0)	(2.7)	(25.9)	(30.1)	(56.0)	0.7	5.5	6.2	(25.2)	(24.6)	(49.8)
Underlying EBITDA	**8.1**	**14.6**	**(3.3)**	**19.4**	**(0.9)**	**(3.3)**	**(4.1)**	**8.9**	**14.6**	**23.5**	**1.7**	**4.0**	**5.7**	**10.6**	**18.7**	**29.2**
Non-operating costs				(2.8)			(0.7)			(2.0)						(2.0)
EBITDA				**16.6**			**(4.9)**			**21.5**	**1.7**	**4.0**	**5.7**			**27.2**
					Depreciation, amortisation and impairment					(24.7)			(4.4)			(29.0)
					Net Finance cost					(3.7)			-			(3.7)
					Profit before tax					**(6.9)**			**1.4**			**(5.5)**
					Income Tax					1.1			(0.4)			0.7
					Profit after tax					**(5.8)**			**1.0**			**(4.8)**
											Segment Assets as at 31 December 2018* **			76.2	188.0	**264.2**
											Segment Liabilities as at 31 December 18******			(147.9)	(49.1)	**(197.1)**

*Refer to Note 5 of amaysim's 2019 half-year financial report for further details about discontinued operations.
**Refer to Note 12 of amaysim's 2019 half-year financial report for further details about change in and new accounting policies.
***Assets for Mobile include the current tax assets of the Group.
****Liabilities for Mobile include total Group borrowings (Note 7 of amaysim's 2019 half-year financial report), accrued interest expense and deferred tax liabilities

A2. 1H18 Operating segment performance

For the half-year ended 31 December 2017 ($m)	Results under old GAAP				Remove Discontinued Operations**			Continuing operations under old GAAP			Effect of new Accounting Standards, policies and reclassifications***			Continuing operations under new GAAP		
	Mobile (inc Devices)	**Energy**	**Broadband**	**TOTAL**	**Devices**	**Broadband**	**TOTAL**	**Mobile (exc Devices)**	**Energy**	**TOTAL**	**Mobile**	**Energy**	**TOTAL**	**Mobile**	**Energy**	**TOTAL**
Service revenue	124.2	152.5	2.8	279.5	-	2.8	2.8	124.2	152.5	276.7	(0.9)		(0.9)	123.3	152.5	275.8
Other Revenue	13.1	0.6	0.8	14.5	11.6	0.8	12.5	1.5	0.6	2.0	0.9		0.9	2.4	0.6	3.0
Net Revenue	**137.3**	**153.1**	**3.6**	**294.0**	**11.6**	**3.6**	**15.2**	**125.7**	**153.1**	**278.7**				**125.7**	**153.1**	**278.7**
Network & wholesale costs	(99.8)	(117.9)	(4.0)	(221.7)	(12.1)	(4.0)	(16.0)	(87.7)	(117.9)	(205.6)		(0.7)	(0.7)	(87.7)	(118.7)	(206.4)
Gross margin	**37.6**	**35.1**	**(0.4)**	**72.3**	**(0.4)**	**(0.4)**	**(0.8)**	**38.0**	**35.1**	**73.1**		**(0.7)**	**(0.7)**	**38.0**	**34.4**	**72.4**
Operating Expenses	(28.0)	(25.1)	(3.0)	(56.1)	(1.1)	(3.0)	(4.1)	(26.9)	(25.1)	(52.0)		1.7	1.7	(26.9)	(23.4)	(50.2)
Underlying EBITDA	**9.6**	**10.0**	**(3.3)**	**16.3**	**(1.5)**	**(3.3)**	**(4.9)**	**11.1**	**10.0**	**21.1**		**1.0**	**1.0**	**11.1**	**11.0**	**22.1**
Non-operating costs				(6.1)						(6.1)						(6.1)
EBITDA				**10.2**			**(4.9)**			**15.1**		**1.0**	**1.0**			**16.1**
Depreciation, amortisation and impairment										(8.9)						(8.9)
Net Finance cost										(3.8)						(3.8)
Profit before tax										**2.3**			**1.0**			**3.3**
Income Tax										(0.5)			(0.3)			(0.8)
Profit after tax										**1.8**			**0.7**			**2.5**
Segment Assets as at 30 June 2018******														89.8	188.3	**278.1**
Segment Liabilities as at 30 June 2018*********														(168.8)	(64.0)	**(232.8)**

* For presentation purposes in this table, underlying EBITDA for Mobile excludes $1,548k in relation to the investment in the devices vertical, disclosed as an underlying adjustment at 31 December 2017. As a result, underlying EBITDA does not reconcile to amounts disclosed in the prior period

** Refer to Note 5 of amaysim's 2019 half-year financial report for further details about discontinued operations.

*** Refer to Note 12 of amaysim's 2019 half-year financial report for further details about change in and new accounting policies.

**** Assets for Mobile include the current tax assets of the Group.

***** Liabilities for Mobile include total Group borrowings (Note 7 of amaysim's 2019 half-year financial report), accrued interest expense and deferred tax liabilities

A3. 1H19 underlying to statutory results reconciliation

		EBITDA		NPAT		NPATA		Total expenses[1]	
$ million	Note	1H19	1H18	1H19	1H18	1H19	1H18	1H19	1H18
Statutory results		**27.2**	**16.1**	**(4.8)**	**2.5**	**2.4**	**7.0**	**51.8**	**56.3**
Add back/(deduct):									
Non-core expenses	i	0.6	0.2	0.6	0.2	0.6	0.2	(0.6)	(0.2)
Investment in new mobile products	ii	-	2.6	-	2.6	-	2.6	-	(2.6)
Integration expenses	iii	0.2	3.3	0.2	3.3	0.2	3.3	(0.2)	(3.3)
ACCC legal proceedings	iv	1.2	-	1.2	-	1.2	-	(1.2)	-
Impairment	v	-	-	15.7	-	15.7	-	-	-
Income tax adjustment	vi	-	-	(5.3)	(1.8)	(5.3)	(1.8)	-	-
Underlying results		**29.2**	**22.1**	**7.6**	**6.8**	**14.9**	**11.3**	**49.8**	**50.2**

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

1. Operating expenses exclude expenses related to network, finance, amortization, depreciation and impairment with underlying total expenses adjusted to be consistent with other underlying results

Notes:

i. Non-core expenses relate to staff redundancy and termination expenses associated with restructuring activities in so far as they impacted the continuing businesses during the year

ii. 'Just What You Need' marketing campaign to promote amaysim's new sub-$20 mobile plan and support the Group's brand awareness

iii. 1H19 integration related expenses are related to Click's reorganisation and transition of On The Move call center. 1H18 integration related expenses comprise of costs directly related to integrating and reorganising acquired businesses Click Energy Group Holdings Pty Ltd

iv. At 31 December 2018, the Group has provided $1.2m for costs and potential penalties in relation to the Australian Competition and Consumer Commission proceedings which were commenced on 9 July 2018 against an amaysim subsidiary, amaysim Energy Pty Ltd, in relation to statements about discounts and savings related to its energy products

v. Impairment of acquired energy customer contracts and distributor relationships as a result of the shortening of expected useful lives of these assets

vi. Income tax adjustment is the tax impact of the underlying NPAT and NPATA adjustments

A4. Cash conversion

$ million	1H19 New GAAP	1H19 Old GAAP	1H18 Old GAAP
Underlying EBITDA	**29.2**	**23.5**	**21.1**
Operating cashflow	**23.5**	**23.5**	**20.6**
+ Tax paid (- tax refund)	-1.0	-1.0	5.4
+ Finance expenses paid	3.2	3.2	3.4
+ Optus liability from Vaya acquistion	0.0	0.0	10.2
Adjusted pre-tax ungeared cash flow	**25.7**	**25.7**	**39.6**
Cash conversion	**88.0%**	**109.4%**	**187.7%**

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