



amaysim Australia Ltd
Level 6, 17-19 Bridge Street
Sydney NSW 2000
www.amaysim.com.au
ABN: 65 143 613 478

31 August 2020

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

Dear Sir / Madam

Divestment of Energy business

Please find enclosed an announcement from amaysim Australia Limited (ASX: AYS) in relation to a sale of the Energy business.

Authorised by:

Alexander Feldman

amaysim | Chief Strategy Officer, General Counsel & Company Secretary

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ASX ANNOUNCEMENT

31 August 2020

amaysim divests Energy business

amaysim Australia Limited (ASX:AYS) (**amaysim** or the **Company**) has today entered into a binding Share Sale Agreement (**SSA**) for the sale of amaysim's Energy business (**Energy** or the **Energy business**) to AGL Energy Limited (**AGL**) (the **Energy Divestment**) for all-cash consideration of \$115.0 million.

Under the SSA, the Company will sell all of the issued share capital in Click Energy Group Holdings Pty Ltd to AGL.

Strategic rationale

As announced to the ASX on 2 June 2020, amaysim engaged Luminis Partners to assist the Board with options to unlock shareholder value, including in respect of the Energy business.

As part of this process, amaysim has been actively engaged in discussions with various interested parties and explored a range of strategic options including continuation of status quo, strategic partnerships and divestment of the Energy business.

Following this process, amaysim has determined to divest its Energy business, noting that it will deliver the following strategic and financial benefits to amaysim:

- realises the inherent value today for the Energy business, reflecting the potential strategic value available to AGL;
- removes the risks associated with ongoing exposure to a challenging and changing regulatory environment and a potential COVID-19 related increase in bad debt;
- streamlines amaysim's focus and operations to an attractive pure-play Mobile business (especially in light of the wholesale tender described below);
- creates a strong balance sheet; and
- provides significant capital to enable continued investment in the core Mobile business to drive further growth.

Commenting on the sale of the Energy business, amaysim Chief Executive Officer and Founder, Peter O'Connell, said:

"On behalf of the Board, I would like to acknowledge and thank our Click Energy and amaysim Energy teams, led by General Manager, Chris Zondanos, for their outstanding efforts and customer-first focus. Chris and the team have done a remarkable job. They grew the subscriber base to record highs this year and maintained a strong culture and customer-centric focus despite the increase in regulatory intervention, impact of COVID-19 and declining gross profit margins. Despite this pressure, they never lost focus on our customers and the subscriber numbers speak for themselves.

"We couldn't be prouder of what our Energy business has achieved and we'd also like to acknowledge Isaac Ward's leadership and contribution as the executive responsible for our Energy business over the last 12 months and Paula Bautista and Carlos Hernandez who lead the wonderful customer service team in Manila.

"Our investment in amaysim Energy has delivered solid returns since acquisition in 2017, however, we believe that going forward the business will be best suited in the hands of AGL. The Energy business has delivered \$87.8 million of underlying EBITDA¹ in just three years and supported the Mobile business.

"Looking ahead, we believe transitioning to a pure-play Mobile business will deliver long term shareholder value. We will now be solely focussed on delivering on the growth of Mobile as we progress the tender for our wholesale mobile network provider."

Key terms

The Energy Divestment is expected to complete on or around 30 September 2020. Completion is subject to amaysim repaying \$53.05m of debt to amend its banking facilities and amaysim has signed facility amendment documents with its syndicate banks.

In connection with the Energy Divestment, amaysim has entered into a transitional services agreement with AGL to facilitate a smooth and orderly transition over a period of approximately 6 months.

amaysim has consulted with the ASX and the ASX has confirmed that the Energy Divestment does not require shareholder approval under Chapter 11 of the ASX Listing Rules.

Financial impact

In relation to impacts on amaysim's financial statements, it has always reported Mobile and Energy as separate segments. Mobile has always carried all material corporate costs and this continues to be the case. amaysim's balance sheet will be adjusted to reflect the Energy Divestment.

Proceeds of \$115.0 million from the Energy Divestment will be used to repay \$53.05 million of debt in line with agreements with amaysim's lenders. After the debt repayment and transaction expenses (but subject to completion adjustments), the Company's cash position is expected to increase by at least \$50 million as a result of the Energy divestment. At the time of this announcement, the estimated completion adjustments are not expected to result in a negative reduction from this projected position, however, amaysim will provide an update advising total net proceeds upon completion of the transaction. The Energy Divestment is not expected to result in any incremental income tax payable by amaysim.

This strong cash position for amaysim after the Energy Divestment completes will be used to further boost the core Mobile business and to pursue a next generation mobile wholesale services agreement.

As is customary, the parties have agreed that the Energy business will be transferred free of debt and cash and with a normal level of working capital in place at completion of the transaction.

Tender for wholesale mobile network services

amaysim has launched a competitive tender for wholesale mobile network services which would apply after its current Network Services Agreement (NSA) with Optus expires on 30

¹ Cumulative underlying EBITDA for Energy from FY17A to FY20A, post any accounting changes implemented in that year.

June 2022. This is a critical strategic milestone and presents an opportunity for amaysim to generate shareholder value through new and improved terms for the provision of wholesale network services, which will support the future growth and performance of Mobile. This work stream is progressing well and amaysim looks forward to selecting a preferred network partner in the near term.

Advisers

amaysim is being advised by Luminis Partners as financial adviser and King & Wood Malletsons as legal adviser.

Investor & analyst contact:

Rosa Smith

T: +61 475 305 047

E: rosa.smith@amaysim.com.au

Media contact:

Renée Bertuch, Cannings Strategic Communications

T: +61 409 550 389

E: rbertuch@canningscomms.com.au

ABOUT AMAYSIM

amaysim launched in 2010 and is Australia's fourth largest mobile service provider with over one million subscribers and a proven market disruptor. We have adopted the philosophy of putting our customers first by delivering them the best mobile plans and we do this by providing clear and transparent plans and excellent customer service. 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.

ABOUT AGL

Proudly Australian for more than 180 years, AGL supplies more than 3.95 million services to customers, including energy, phone and broadband. We're committed to making energy, alongside other essential services, simple, fair and transparent. AGL operates the largest electricity portfolio in the National Electricity Market made up of traditional coal and gas-fired generation, and renewables such as wind, hydro and solar. We also operate gas storage and production assets. We're focussed on developing flexible supply, building on our history as Australia's leading private investor in renewable energy, to support the transition to a new energy system. We have a passionate belief in progress and a relentless determination to make things better for our communities, customers, the Australian economy and our planet.

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