

11 January 2016

Revised earnings guidance and capital management update

iSelect Limited (ASX:ISU or the "Company") is today releasing revised EBIT guidance for FY2016.

The Company has encountered several strategic and operational issues across FY2015 and into H1 FY2016 (described below). In light of these issues, the Company provides updated full year FY2016 earnings guidance of EBIT of \$15 – 18 million on a normalised basis.

An in-depth review of the Company's operations and strategic marketing mix has been completed. The review, which was conducted with the assistance of external advisers, was led by iSelect Chief Executive Officer (CEO) Mr Scott Wilson who was appointed in October 2015.

As previously disclosed, the H1 period was impacted by management decisions to maintain seasonally high June staffing levels throughout the seasonally low H1 period. The strategic review identified this issue had a deeper impact on full year earnings than initially anticipated and was due to the following:

- An off-trend and significant increase in direct staff costs in health insurance business unit; and
- An off-trend and material reduction in health insurance sales conversion in H1 FY2016.

Other material issues identified in the review include:

- Decisions to replace previously successful health insurance contact centre recruitment, training and development programs with new programs that were not effective;
- Withholding planned investments in technology and R&D; and
- Delays in updating and investing in new iSelect brand creative and enhanced marketing assets.

These issues are also expected to result in losses of up to \$5m at the EBIT level for H1 FY2016 on a normalised basis (prior to any trail book or audit adjustments that may occur).

iSelect CEO Mr Scott Wilson said, "The reduction in EBIT is disappointing, but what has become clear since my appointment as CEO is the importance of ongoing and additional strategic investment in the business to ensure iSelect creates long term growth for shareholders. What has pleased me following the completion of the review is that the fundamentals of the business are strong and the Company has the financial stability to deliver on the opportunities available."

The Company is implementing multiple key strategic initiatives designed to rectify these recent internal operational issues and ensure iSelect adapts to changing customer needs, including:

- **Customers - Investment in enhanced customer experience:** The Company is currently assessing key initiatives, including convenient touchpoints and extended contact centre opening hours, to deliver superior customer experience while reducing the cost to serve;
- **Brand - Investment in marketing:** Enhance customer engagement with the iSelect brand by delivering new advertising creative in H2 FY2016 as well as diversifying customer lead sources via strategic marketing initiatives;

- **Partners - Investment in cross-serve (cross-sell) capabilities:** Expand the iSelect market place and enable partners to access a greater number of potential customers through increased focus on cross-serve with a target of 15% of all sales via cross-serve in FY2017;
- **People - Investment in iSelect contact centre:** Launch the 'iSelect Academy' to deliver tailored consultant recruitment, training and development programs to ensure iSelect returns to best-in-class conversion; and
- **Platforms - Investment in R&D and core systems to build scalable technology:** The Company has commenced evaluation of a new CRM system and integrated telephony technology and the expansion of the proprietary iConnect Platform across all business units.

iSelect CEO Mr Wilson said "The Company will be focusing on its core business following a period of significant change in the first half of FY2016. Since my appointment, a number of changes have been implemented which have provided positive momentum and I expect trading to return to normal levels in H2 FY2016. I also expect that the successful execution of the key strategic initiatives, which require a number of one-off investments, will enable iSelect to better serve the changing needs of our customers and will lay the foundations for growth in FY2017 and beyond."

Capital management update

iSelect recently commenced an on-market buy-back for up to 10% of the Company's ordinary shares on issue which is current and on-going. It remains the Board's view that the Company has substantial capacity to undertake capital management, up to a total of \$50m for all initiatives, whilst still maintaining an appropriate and prudent capital structure.

As announced on 7 December 2015, the Board has also been considering other options available to return capital to shareholders in the most efficient and tax effective manner. As a result of these considerations, iSelect will call a general meeting in due course to seek shareholder approval to increase the Company's ability to buy-back shares in excess of 10% of issued capital within 12 months. Should approval be obtained from iSelect shareholders, the Company will have significantly more flexibility to return capital to shareholders via a share buy-back in the near term.

In addition, it remains the Board's current intention to commence paying a fully franked ordinary dividend once a sufficient franking balance has been accumulated.

Investor and analyst conference call

The Company will be holding an investor and analyst conference call at 10.30AM AEDT today.

Dial in details:

Participants can dial either of the numbers below to join the call:

+61 2 8038 5221 or 1800 123 296 (TOLL FREE)

When prompted, please enter CONFERENCE ID: 1850 4167

ENDS

Investor and analyst enquiries:

David Christie

Company Secretary and General Counsel
iSelect Limited
Ph: +61 3 9276 8357
Mob: +61 418 585 029
Email: dchristie@iselect.com.au

Media enquiries:

Tim Allerton

City Public Relations
Ph: +61 2 9267 4511
Mob: +61 412 715 7087
Email: tallerton@citypublicrelations.com.au

About iSelect

iSelect is Australia's leading online comparison service, providing Australian consumers with trusted product comparison and advice on more than 12,500 insurance, energy, personal finance and broadband products from over 95 partner providers. With a household brand that attracts over 8 million unique visitors to its website every year, iSelect now distributes 1 in 5 of all private health insurance policies in Australia. Owing to its digitally enabled and customer-centric advice model, iSelect continues to grow its market-leading position in health insurance, energy, life insurance and personal finance comparison.

iSelect Ltd

ABN: 48 124 302 932
294 Bay Road, Cheltenham, Victoria 3192 Australia
Tel: +61 (3) 9276 8000 Fax: +61 (3) 9276 8080