

## **iSelect's focus on customer leads and increased sales delivered another half of strong business growth**

**16 February 2018:** iSelect Limited (ASX: ISU) is pleased to announce its financial results for the half year ended 31 December 2017 (H1 FY18), that saw the Company grow revenues by 7% to \$83.3 million. The growing revenues underpinned further business investment and drove a 23% increase in underlying EBIT to \$3.5 million.

### **H1 FY18 results summary:**

- Revenue up 7% to \$83.3 million (H1 FY17: \$78.0 million)
- Statutory results reflect Connected Home (Nest) losses, increased marketing investment in digital channel and stable overheads
  - EBITDA of \$3.9 million (H1 FY17: \$5.9 million)
  - EBIT of \$0.3 million (H1 FY17: \$2.8 million)
  - NPAT of \$0.5 million (H1 FY17: 2.6 million)
- Underlying business performance<sup>1</sup> showed strong growth, with underlying earnings growing faster than revenues as scale economies flowed through
  - EBITDA up 20% to \$7.0 million (H1 FY17: \$5.9 million)
  - EBIT up 23% to \$3.5 million (H1 FY17: \$2.8 million)
- Strong balance sheet with \$34.2 million cash and no debt
  - Returned \$29.5 million to shareholders via capital management initiatives – dividends (\$9.1 million) and on-market buy-back (\$20.4 million)
  - Invested \$15.0 million in growth initiatives – technology (\$4.8 million) and acquiring a controlling interest in iMoney (\$10.2 million)
- Interim fully franked dividend of 1.5 cents per share declared (H1 FY17: 1.5 cps)

### **H1 FY18 saw strong performances in Health and Energy & Telco**

iSelect's revenue for H1 FY18 was up 7% to \$83.3 million driven by a combination of 5% growth in customer leads, strong conversation rates being maintained and a 6% increase in sales units, with continued growth in Revenue Per Sale (RPS) reflecting an improved product mix and customer segmentation.

Commenting on the H1 FY18 results, iSelect's Managing Director & CEO Scott Wilson said: "iSelect's first-half 2018 result featured continued growth in our Health and Energy & Telco verticals, as well as strong growth in general insurance. While revenue was up 7% to \$83.3 million, the highlight of this result was the strong growth in underlying earnings. Underlying EBIT was up 23% to \$3.5 million, reflecting improved customer engagement through newly implemented technology and economies of scale.

"iSelect is a technology driven marketplace, and our vision to become Australia's trusted Life Admin partner is now a reality. The second-half has traditionally been a much stronger trading and cash generative period for the business, and we have a number of initiatives in place to deliver on the growth opportunities we are creating", added Mr Wilson.

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<sup>1</sup> Adjusted for \$3.2 million of one-off costs (business restructuring, iMoney acquisition, Nest and iMoney loss since acquisition).

Health revenues grew 8% to \$37.9 million, despite challenging market conditions and highlight the above-market growth iSelect continues to achieve. Reflecting increased marketing expense, Health EBITDA was up 6% to \$5.5 million.

Energy & Telco revenue was up 18% to \$28.6 million, reflecting growth across customer leads, conversion and RPS. Energy & Telco EBITDA was up 61% to \$2.3 million as the benefits of scale began to flow through.

Life & General Insurance (GI) revenue was down 11% to \$12.8 million, due to a near-term decline in the overall Life market. Life & GI EBITDA was down 24% to \$1.9 million due to a lower RPS given the greater mix of revenue from general insurance products.

### **Marketplace powered by state-of-the-art technology**

Having completed a substantial investment in iSelect's proprietary iConnect platform, iConnect is now generating increased leads, enhancing customer experience and increasing cross-service ability. iSelect consultants are interacting more closely with customers through a 360-degree single view of them on the platform.

"We are seeing the early benefits of iSelect's technology investment flow through a greater number of high quality leads and increasing revenue per customer. We are continuing to invest in technologies so our customers can have highly personalised recommendations while transacting more online. Our large and growing customer base serviced by our state of the art technology is benefiting our marketplace partners and iSelect", said Mr Wilson.

### **Strong balance sheet with \$34.2 million cash**

iSelect's balance sheet remains strong, with no debt and \$34.2 million cash at 31 December 2017. This position was achieved despite investing \$15 million in growth initiatives (\$4.8 million in new technologies and \$10.2 million in iMoney) and returning \$29.5 million to shareholders via dividends (\$9.1 million) and the on-market buy-back (\$20.4 million).

The Board of iSelect is focused on optimising capital structure, while providing flexibility for growth. With attractive organic growth opportunities available to iSelect, including iMoney, the Board has decided to pause the on-market buy-back as part of its overall capital management strategy.

The Board is pleased to announce an interim FY18 fully franked dividend of 1.5 cents per share, consistent with the interim FY17 dividend. The dividend has a record date of 23 February 2018 and a payment date of 29 March 2018.

### **iMoney presents a unique South-East Asian growth opportunity**

iSelect increased its minority stake in iMoney to take a controlling interest (74.8%) in December 2017. Commenting on the investment, Mr Wilson said: "We are very excited by the opportunity iMoney represents to iSelect in new growth markets. iMoney operates in South-East Asia's high-growth markets that are underpinned by attractive structural trends including over 200 million internet users and fast-growing economies.

“iMoney is in a high growth phase with revenue having increased by an average of over 80% per annum over the last three years. We see tremendous opportunity in rapidly growing iMoney through integrating iSelect’s proprietary iConnect technology platform and operational and marketing expertise to increase iMoney’s revenue per customer,” added Mr Wilson.

### Positive outlook for H2 FY18

Commenting on the outlook for H2 FY18, Mr Wilson said:

“We are excited by the potential we see for iSelect in our role as a trusted Life Admin partner rather than a simple comparison website. We are focused on leveraging our technology platform to ensure our customers get the right products for their specific needs. We have several initiatives planned for the second-half that will underpin iSelect’s continued growth.

“A refreshed brand and new marketing approach is anticipated to further grow customer numbers and products per customer. Having undertaken a substantial investment in internal systems and processes over the past 18 months, we are now leveraging that investment to maintain strong customer leads, conversion rates and sales units.

“Further technology investment over the next six months will support our ‘relationship’ approach and drive increased products per customer, and the enhancements we are making to our customer facing web technology platform are expected to improve customers’ experience and increase the mix of digital self-serve sales.

“We believe that the health switch market will continue growing, and our focus on ‘switchers’ is expected to drive faster growth for us relative to the market. At the same time, we see further strong growth in the energy market given changing pricing structures, and the telecommunications market given the increased penetration of nbn. We expect the Life & General Insurance markets to level out over the second half as operational initiatives begin to deliver and new verticals continue to deliver strong growth.”

Successful delivery of iSelect’s key initiatives over the second-half and market growth underpin continued guidance in the previously advised range of \$26 million to \$29 million in FY18 underlying EBIT.

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### Investor and analyst conference call

The Company will be holding an investor and analyst conference call at **9:30AM Melbourne time today**. Participants can dial +61 02 9007 3187 or 1800 558 698 (toll free) to join the call. When prompted, please provide **CONFERENCE ID: 461584**.

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### **About iSelect**

At iSelect, we get that most people find insurance, utilities and personal finance boring. But we understand that it's really important to always get these things right. As Australia's Life Admin Store™, iSelect gives customers the confidence to make the right call on some of the things that matter most.

Last year, more than 9 million Australians visited our website and we provided recommendations to over 6 million customers. But we are much more than just another online comparison website. Our highly-trained experts at iSelect HQ help customers to choose and buy from thousands of available policies, products and plans. And we provide our advice at no cost to the customer.

We compare and sell some of Australia's biggest brands and are proud to be ASX-listed and, unlike other comparison sites, we are not owned by an insurance company. From health and life insurance through to energy and broadband, as well as car insurance and home loans, iSelect helps Australians take care of the boring but important stuff. [www.home.iselect](http://www.home.iselect)