

iSelect positioned for a return to growth and appoints CEO

14 August 2018: iSelect Limited (ASX: ISU) announces its results for the full year ended 30 June 2018 (FY18), that saw the Company deliver FY18 underlying EBIT, within guidance, at \$8.5 million.

Importantly, the unrelenting focus on operational excellence by iSelect's new senior executive team has seen a strong start to FY19, with outperformance against budget putting the Company firmly back on a growth trajectory to its historic profitability over the short to medium term.

FY18 results overview:

- Revenue down 2% to \$181.4 million (FY17: \$185.1 million)
- Statutory results reflect the impact of marketing and operational challenges in 2H18, which are now being rectified, and a \$16.9 million one-off non-cash impairment of non-core asset Infochoice
 - EBITDA loss of \$5.5 million (FY17: profit of \$28.7 million)
 - EBIT loss of \$12.9 million (FY17: profit of \$22.6 million)
 - Net loss after tax of \$13.5 million (FY17: profit of \$16.4 million)
- Underlying business performance
 - EBITDA of \$15.7 million (FY17: \$28.6 million)
 - EBIT of \$8.5 million was within guidance (FY17: \$22.5 million)
- Strong balance sheet with no debt and \$33.0 million cash
 - Returned \$32.9 million to shareholders via dividends (\$12.4 million) and the on-market buy-back (\$20.5 million)
 - Invested \$20.1 million in growth initiatives including technology initiatives (\$9.9 million) and the acquisition of a controlling interest in iMoney (\$10.2 million).

Appointment of Brodie Arnhold as CEO

Over the past four months, the new senior executive team, led by Brodie Arnhold in the role of Interim-CEO, has put in place a focused operational plan that addressed previous business issues and is now delivering positive results. To ensure continuity in the execution of this plan and maintain the positive momentum, the Board has asked Mr Arnhold to extend his contract for up to 24 months. This will allow the board to be more considered in its approach to appoint a longer-term CEO. Details of Mr Arnhold's new contract are included in the attached Appendix.

During Q4 FY18 we rebalanced our marketing initiatives and refocused on our core operations

Revenue for FY18 was down 2% to \$181.4 million, driven primarily by Health and Energy & Telco segments that were negatively impacted by ineffective marketing that led to lower leads, as well as general market volatility. Encouragingly, the decline in leads generated was partially offset by improved conversion rates as the business refocused on core operations.

Commenting on the FY18 results, iSelect's newly appointed CEO and Executive Director, Brodie Arnhold said: "The challenges that our business faced in FY18 have tested the resilience of our team and our underlying business model. We have refocused on our core capabilities centred around delivering our customers real value in their buying decision. We have also successfully rebalanced our marketing spend over the last quarter of FY18, and into FY19, to increase higher quality leads for a lower spend."

“iSelect’s FY18 result featured a strong focus on conversion, particularly in the last quarter, across all our key verticals. This is an achievement the new senior executive team is proud of, and we have seen this trend continue through July and into August. Even though the business was impacted in FY18 primarily by a miss-step in marketing that skewed too heavily to traditional media, this is being re-balanced with a focus on efficient, targeted marketing spend that is supporting more optimal lead profiles being generated,” added Mr Arnhold.

FY18 saw higher marketing costs and lower leads, and challenging market dynamics

Health revenues decreased 5% to \$89.1 million, impacted by a softening in demand dynamics and changes in marketing that affected leads, further impacting EBITDA which was down 45% to \$12.4 million.

Energy & Telco revenue was up 9% to \$54.8 million, with strong improvement in RPS and conversion. However, a decrease in leads impacted the result with EBITDA down, driven by high digital customer acquisition costs.

Life & General Insurance (GI) revenue was down 10% to \$29.3 million as weakness in the Life market continued, further impacted by the marketing campaign. Pleasingly, leads were up 14% with conversion improving strongly at 10% due to strong GI sales.

One-off non-cash impairment of Infochoice

Infochoice was acquired in 2011, as a source of referred leads, and operates in a mature and extremely competitive market. iSelect’s reliance on Infochoice’s leads has reduced as iSelect’s verticals have matured and a higher focus has been placed on WeSelect. As a result, a one-off non-cash impairment charge of \$16.9 million has been incurred given the strategic review currently being undertaken on Infochoice.

Technology investment improving customer experience and building our growth platform

Over FY18 iSelect invested \$9.9 million in new technologies including CRM Salesforce, iConnect and WeSelect, and appointed a Chief Experience Officer to lead the Company’s technology development.

“People and Technology are the backbone of iSelect. We have increased investment in targeted technology to drive long term value for both our customers and shareholders alike, enhancing our valued offering to all our customers with the aim of making their lives less complex,” said Mr Arnhold.

Strong balance sheet with no debt and \$33.0 million cash

iSelect’s balance sheet remains strong, with no debt and \$33.0 million cash at 30 June 2018. This position was achieved through strong cash generation despite several challenges in marketing, Nest losses and the changing mix of trail commissions from the Life business.

Further, \$20.1 million worth of investment was made in growth initiatives (\$9.9 million in new technologies and \$10.2 million in iMoney), and the Company returned \$32.9 million to shareholders via dividends (\$12.4 million) and the on-market buy-back (\$20.5 million) in FY18.

The Board remains focused on conserving cash for business reinvestment and has determined not to pay a final FY18 dividend. Reinstatement of iSelect's dividend policy will be considered periodically and reinstated as soon as it is deemed prudent by the Board.

iMoney integration on track

"Our investment in iMoney provides an unprecedented opportunity to access the fast growing, consumer driven South East Asian marketplace, with a scalable business model that can benefit from iSelect's experience and technologies. Our integration of iMoney into the larger iSelect family is progressing as planned as we introduce processes and technologies from our Australian operations. iMoney's new platform will underpin its next phase of growth," said Mr Arnhold.

Update on potential corporate activity

As previously disclosed, the Board received several unsolicited approaches. BHL Management Services Limited (related to Compare the Market) continues to hold a 19.63% interest and has not had any substantial engagement with the Company. In addition, unsolicited non-binding proposals have been received that the Board considers do not reflect an acceptable value in light of the Board's confidence in the turnaround of iSelect given the Company's achievement of FY18 guidance and the strong performance over July. The Company will keep the market informed of any material developments in accordance with its continuous disclosure obligations.

Refocused approach delivering benefits that underpin a return to growth

Mr Arnhold said: "Having achieved our FY18 guidance in difficult circumstances under the stewardship of a revitalised senior executive team, iSelect is now positioned back on a growth pathway. We are determined to continue focusing on what makes our business great, delivering on our technological initiatives to provide an engaging experience and real value to all our customers.

"We identified and quickly addressed the marketing miss-step that occurred under the previous management. We believe that iSelect's new senior executive team has the right skill sets to drive the business forward. The team now includes a Chief Marketing Officer, appointed in April 2018, who has a strong focus on ensuring more efficient and effective marketing across traditional and digital media. At the same time, we have re-focused our efforts on operational excellence to not only deliver cost efficiencies, but also improve lead conversion across the business.

"iSelect's performance over July and August to date, featuring more effective marketing, leads optimised, strong conversion rates and higher profits ahead of budget, gives the Board confidence of a promising year ahead and a trajectory that should see iSelect return to its historic profitability over the short to medium term," concluded Mr Arnhold.

-- ENDS --

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: 568506**.



Investor and analyst enquiries:

Ronn Bechler

Market Eye

P: +61 3 9591 8901

M: +61 400 009 774

E: ronn.bechler@marketeye.com.au

Media enquiries:

Tim Allerton

City Public Relations

P: +61 2 9267 4511

M: +61 412 715 707

E: tallerton@citypublicrelations.com.au

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 trusted Life Admin partner, 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

Appendix

Material terms of Brodie Arnhold’s appointment as CEO of iSelect

Key terms	Detail
Commencement date	14 August 2018
Term	Up to 30 June 2020.
Total Fixed Remuneration (TFR)	Base amount of \$800,000 per annum.
Short Term Incentive (STI)	A maximum of \$400,000. The STI does not form part of the TFR for any purpose, including the calculation of notice, payment in lieu of notice, or any other entitlement.
Long Term Incentive (LTI)	Mr Arnhold will receive an equity incentive, the terms of which are to be agreed and a resolution to approve the incentive will be included in the upcoming Annual General Meeting.
Notice Period	Either party may terminate the agreement on 3 months' written notice.
Non-competition	Standard non-compete conditions apply.