

iSelect continues growth trajectory with benefits of scale driving higher cashflows and earnings

16 August 2017 (Melbourne): iSelect Limited (ASX: ISU) is pleased to announce its results for the year ended 30 June 2017 (FY17). The past 12 months clearly demonstrated scale benefits flowing through to a substantial increase in earnings and operating cashflow.

| Growth across financial metrics (\$m) | FY17 | FY16 | Change | |
|---------------------------------------|-------|-------|--------|--------|
| Revenue | 185.1 | 171.9 | up | 8% |
| Operating Cash Flow | 30.6 | 10.8 | up | 184% |
| Gross Profit | 65.6 | 58.5 | up | 12% |
| GP Margin (%) | 35.4% | 34.0% | up | 1.4 pp |
| EBITDA | 28.6 | 21.5 | up | 33% |
| EBIT | 22.5 | 15.0 | up | 50% |
| NPAT | 16.4 | 12.9 | up | 27% |
| EPS (cents per share (cps)) | 7.1 | 5.1 | up | 39% |
| FY17 dividend (cps, fully franked) | 5.5 | 2.5 | up | 120% |
| Net Cash (no debt) | 80.4 | 87.6 | down | (7.2)* |

* Cash balance after \$27.7m returned to shareholders via share buyback and dividend payments

| Focused on execution (excl. Money) | FY17 | FY16 | Change | |
|------------------------------------|-------|-------|--------|-------|
| Customer Leads (m) | 4.3 | 4.0 | up | 7% |
| Conversion (%) | 10.5% | 9.9% | up | 0.6pp |
| Sales Units ('000) | 449 | 397 | up | 13% |
| Average RPS (\$) | \$447 | \$466 | down | (4%) |

Focused execution delivering results

Managing Director & CEO, Scott Wilson commented on the full year result:

“iSelect’s results over FY17 are a direct result of the strategies implemented over the last two years to build the Life Admin® platform we now have in place. Our focus on execution has delivered solid revenue growth, a dramatic improvement in operating cashflows, increased margins, and a substantial increase in earnings to meet our FY17 guidance.”

Operating cashflow in FY17 was up 184% to \$30.6 million, reflecting a disciplined focus on working capital and cash collection. EBIT was up 50% to \$22.5 million – in line with guidance previously provided. Reflecting the benefits of scale now flowing through, earnings grew faster than revenue, which was up 8% to \$185.1 million. NPAT was up by 27%, with the benefits of the share buyback reflected in EPS growth exceeding that at 39%.

Dividend policy increased

The FY17 total dividend of 5.5 cents per share, fully franked, is an increase of 120% on FY16, for a total of \$12.6 million. The robust cashflows and the Board’s confidence in the Company’s cash generation ability has resulted in an increase to the Dividend Policy to 50% - 80% of reported NPAT, subject to the availability of franking credits and cash reserves.

Health stabilised and performing well in a challenging market

The iSelect Health business is now fully stabilised and generating strong profits with EBITDA up 50% from revenue growth of 4%. FY17 saw cost control and improved conversion delivering operating efficiencies in the customer contact centres. The external private health insurance market continues to encounter affordability headwinds and structural challenges, with the March quarter participation rates marking the seventh consecutive quarterly decline, with younger customer numbers falling again.

Mr Wilson commented, "As can be seen from our Health business, the benefits of scale and commitment to improving operating efficiencies have delivered strong profit outcomes and revenue growth, even in this challenging market."

Energy & Telco verticals continue to deliver

The Energy & Telco segment continued its outstanding growth trend, as foreshadowed in the H1 results, with annual revenue growth of 25% and EBITDA up over 70%, clearly demonstrating the benefits of scale are now flowing through.

Mr Wilson said, "A highlight of the Energy & Telco result was the increase in revenue per sale across both verticals. This reflects the strength of our marketplace and the benefit we provide to our product partners demonstrated through enhanced returns to the Company."

iSelect recently announced a partnership with Nest Labs Inc. as its exclusive launch partner in Australia. To enable this, iSelect's e-Commerce site was launched and will enable the Company to expand into the connected home market – part of the Internet of Things (IoT) revolution, which is predicted to grow to over \$5 billion by 2021¹.

Life & General Insurance profitable, but impacted by subdued Life market

The General Insurance vertical displayed solid growth across revenue, sales volumes and conversion rates. The Life Insurance business was subdued over the past 12 months, resulting in flat revenue and suppressed margins in the overall Life and General Insurance segment.

Balance sheet remains strong, \$27.7m cash returned to shareholders

iSelect's cash balance of \$80.4 million and no debt demonstrates the strength of the balance sheet, after \$27.7 million cash was returned to shareholders via the on-market share buyback and dividend payments.

Investment in technology and people for enhanced customer engagement, and growth

The Company continued its investment in core technology platforms, with the Salesforce customer relationship system retiring six of the seven historically separate CRMs. This will provide iSelect's consultants with a 360-degree single view of the customer – enhancing cross-serve ability and an improved customer experience. The Aspect VIA customer experience platform rollout is progressing well and to plan.

During FY17, iSelect's newest customer contact centre in Cape Town was opened. At 30 June, it had 169 consultants operating across the Broadband, Energy, Car and Health verticals. In addition to providing extended trading hours for our customers, Cape Town provides the benefits of cost efficiencies and enables the Company to meet its growing demand.

Mr Wilson commented, "I'm really pleased with the first year of operations at iSelect Cape Town, which is progressing in line with our expectations. The team over there is enthusiastically embracing the iSelect ethos and is performing well. The benefits of extended trading hours and customer service is reflected in our Net Promoter Score (NPS) which remains at a very positive +46 across the Group."

¹ according to the *Telsyte IoT Home Market Study 2017*

Positive momentum positions the company for continued growth

“Our strategy to become Australia’s Life Admin Store® coincides with a period where Australians are feeling the broad effects of rising cost-of-living pressures. This presents an excellent opportunity for iSelect to help more Australians by assisting them with their complicated Life Admin® decisions, helping them find the right product at the right price, and saving them money,” Mr Wilson said.

Commenting on the Company’s positive outlook, Mr Wilson said, “We are anticipating really strong growth in our Energy and Telco businesses and continued profitable growth in Health as consumers respond to ongoing affordability challenges.

“We will invest further in marketing, especially in the growth segments of Energy & Telco, and also in our Health Insurance business. Our investment in technology will continue, to build out the Aspect customer experience platform and complete the integration of the Salesforce CRM. We will also roll out new verticals as we accelerate our model to respond to customer demand.

“Our committed focus on helping our customers and executing our strategy has delivered the very strong growth achieved in FY17, and will underpin our anticipated growth in FY18 and beyond. The marketplace we have built, interacting with millions of Australians each year, provides a scalable position from which we can continue to grow and deliver increasing shareholder returns,” he concluded.

-- ENDS --

Investor and analyst conference call

The Company will be holding an investor and analyst conference call at **09:30AM Melbourne time today**. Participants can dial +61 2 9007 8048 or 1800 908 299 (toll free) to join the call. When prompted, please provide **CONFERENCE ID: 407446**

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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.

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