



MEDIA RELEASE

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29 August 2013

iSelect achieves solid full-year result in FY13

iSelect Limited (ASX:ISU) today announced its full-year result for the financial year ended 30 June 2013.

The solid result reflects the strength of the Company's brand and business model, demonstrated by its success in new markets, despite challenges within the private health insurance market.

IFRS Highlights (Year on Year)

- Total Group revenue was \$118.0 million, up 5.5 % on FY12
- Gross profit was \$56.9 million, up 3.5 % on FY12
- NPAT was \$13.4 million, representing an increase of 3.4 % versus FY12

Financial Highlights (Year on Year)

- The Company completed 201,000 sales¹ in FY13, up 18.9 % versus FY12
- EBITDA (actual) was \$25.0 million, versus \$24.1 million in FY12
- EBITDA (excluding IPO costs) was \$26.5 million, versus \$24.1 million reported EBITDA in FY12
- Operating cash flow increased to \$4.2 million in FY13, versus (\$0.4) million in FY12
- Operating cash conversion² reached 17 %, up from (2 %) in FY12
- Cash balance at 30 June 2013 was \$85.3 million, up from \$20.0 million at 30 June 2012

Financial Highlights (FY13 Actual vs. FY13 Prospectus)

- Total Group revenue was \$118.0 million, 2.9 % below prospectus forecast of \$121.6 million
- EBITDA (actual) of \$25.0 million was 0.3 % ahead of prospectus forecast of \$24.9 million
- EBITDA (excluding IPO costs) was \$26.5 million, 1.7 % up on prospectus forecast of \$26.0 million
- Operating cash flow was \$4.2 million, in line with prospectus forecast

Chief Executive, Matt McCann said the Company's result for the 2013 financial year demonstrated the strength of the iSelect business model.

"With our new businesses posting results exceeding expectation, and Group FY13 EBITDA (excluding IPO costs) ahead of our prospectus forecast, the Group is continuing to perform strongly and efficiently," Mr. McCann highlighted.

"Our continued investment in people and data analytics has driven strong operational results and has served as a key competitive advantage in both our established and newer underlying product markets.

"Our ability to achieve 18.9 % year on year growth in sales volume and an operating cash conversion result of 17 % during FY13, despite challenging economic conditions and regulatory changes in the private health insurance market, highlights the quality of our business model," Mr. McCann went on to say.

As outlined in the Group's FY13 prospectus, the Group continues to pursue a number of growth strategies, therefore the Board determined no dividend would be paid in FY13.

¹ Excluding Money business unit to enable comparison to the iSelect 2013 prospectus

² Operating cash conversion defined as operating cash flow divided by EBITDA

Financial and operational performance

During FY13, the Group continued to deliver strongly across several key operating metrics including lead volumes and conversion.

A late weakening was seen in consolidated Group Revenue Per Sale ("RPS"), down 12.1 % versus FY12. This was due to a changing revenue mix across the business and a shift in product mix toward lower priced private health insurance products during the second half.

The Group's balance sheet was strong at 30 June 2013 with nil debt and a cash balance of \$85.3 million, following the June 2013 receipt of initial public offering proceeds, the injection of new capital in 1H FY13 following a successful capital raising, and improved cash flows from operations.

Strong lead volumes were driven by iSelect's robust consumer brand and organic search positions, underpinned by a refresh of the Group's creative advertising platform over the period. The ongoing rollout of the Group's proprietary 'iConnect' platform continued to deliver improvements in sales lead conversion over the period.

Key Operating Metric	FY13 Actual	FY13 Prospectus	FY12 Actual	% Change YoY
Leads ('000s)*	3,317	3,306	2,945	up 12.6%
Conversion (%)*	6.1%	6.1%	5.7%	up 5.5%
Sales ('000s)*	201	201	169	up 18.9%
Revenue Per Sale (RPS - \$)*	\$564	\$581	\$642	down 12.1%

*Consolidated KPIs exclude the Company's Money business unit

FY14 outlook

In terms of outlook, Mr. McCann said the future for iSelect was bright.

"We expect the performance of our newer units to continue over the next period as the iConnect platform continues to improve conversion of leads to sales.

"With some early signs in 1H FY14 of a return to normal private health insurance market conditions, we remain cautious and will closely monitor the market with a view to maintaining our resilience over the next reporting period.

"While we saw RPS weaken in late 2H FY13 resulting in FY13 revenue being \$3.6 million below forecast, it remains too early to determine whether factors driving this weakening will extend into 1H FY14.

"We continue to see strong growth opportunities in our newer businesses, but the net impact of these on our overall top line growth will remain largely dependent upon how consumers respond to the means-tested private health insurance landscape during 1H FY14.

"Notwithstanding this, management has demonstrated a strong ability to manage the business efficiently in response to dynamic external factors, and so we reaffirm our CY13 EBITDA forecast of \$30.0 million, excluding IPO costs" he went on to say.

"Following our second quarter capital raising and subsequent initial public offering, our balance sheet is robust, giving us financial flexibility to fund growth into the future," Mr. McCann concluded.

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