

27 August 2015

## iSelect delivers strong results and diversification in FY15

iSelect Limited (ASX:ISU) today announced its full year result for the year ended 30 June 2015.

### SUMMARY OF FINANCIAL RESULTS<sup>1</sup>

| \$m                     | FY14  | FY15  | Change |
|-------------------------|-------|-------|--------|
| <b>Reported results</b> |       |       |        |
| Revenue                 | 120.4 | 157.2 | 31 %   |
| EBIT                    | 5.6   | 12.6  | 124 %  |
| NPAT                    | 6.3   | 9.6   | 54 %   |
| Operating cashflow      | 11.5  | 25.0  | 116 %  |

|                                       | FY14  | FY15  | Change            |
|---------------------------------------|-------|-------|-------------------|
| <b>Normalised results<sup>2</sup></b> |       |       |                   |
| Revenue                               | 136.7 | 157.2 | 15 % <sup>3</sup> |
| EBIT                                  | 22.8  | 25.1  | 10 %              |
| NPAT                                  | 18.3  | 21.4  | 17 %              |
| Operating cashflow                    | 12.4  | 27.5  | 122 %             |

1. All FY15 figures include Energy Watch

2. FY15 normalised figures exclude one offs: NIA loan impairment, NIA transaction costs, Chairman costs, Energy Watch integration

3. Revenue growth excluding Energy Watch and excluding the adverse impact of lower non-cash discount unwind was 13 %

“iSelect has delivered a strong result and we are creating a solid base to further diversify our earnings and deliver future growth. In FY15 we made further gains in health insurance market share and our new businesses have grown strongly, with the Energy vertical a stand out performer. Ongoing improvement in operating cash conversion has supported our continued investment in brand-building, technology and people throughout the year,” said iSelect CEO Alex Stevens.

The group reported normalised revenue growth of 15 %, with mix continuing to shift favorably, with up-front revenue growing by 26 % and trail revenue declining by 15 % over the period.

NPAT grew by 17 % to reach \$21.4m on a normalised basis, driving EPS growth of 17 %. Significantly, operating cash flow improved by 122 % (normalised), to reach an all-time high cash conversion of 88 % (normalised) over the period.

Solid progress was made against key business drivers, including group-wide sales lead conversion (up 3.1pp) to 9.7 % and sales units up 45 %. Sales unit growth in the health insurance vertical was particularly pleasing, up 10 % versus prior year.

“The observed trend in FY15 of consumers ‘trading down’ their health insurance policies is expected to be an ongoing industry issue. While this creates some headwinds for our Health business, managing this effectively will be a major focus in the year ahead,” said Mr Stevens.

“We will continue to monitor the impact of increasing lapse rates on our trail book to ensure that our assumptions remain appropriate for this new environment.”

“iSelect’s newer business units grew very strongly during FY15, further demonstrating the application of the iSelect model beyond health insurance and adding important diversification to our income streams. Consequently, Health as a percentage of total revenue declined from 70 % in FY14 to 59 % in FY15.”

In particular, the Energy business delivered 77 % revenue growth versus FY14 and the combined household utilities and financial segment (HUF) recorded particularly strong growth in FY15, with revenue up 74 %, EBITDA up 625 % and EBITDA margins up by 13pp to an all-time high of 17 %.

“Our investment in people, systems and partnerships will continue to strengthen our position as Australia’s largest multi-channel comparison service,” said Mr Stevens.

Following the recent settlement of the NIA Health loan facility, the Board is considering a number of capital management initiatives. These may include an on-market buyback of up to 5 per cent of the company’s issued capital over a 12 month period, and the commencement of paying a fully franked dividend (timing to be confirmed). iSelect is currently taking advice from external advisers in this regard and a further announcement will be made once the structure and key terms are finalised.

**ENDS**

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**About iSelect**

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iSelect is Australia’s leading multi-channel 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 85 partner providers. With a household brand that attracts over 8 million unique visitors to its website every year, iSelect now distributes more than 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.