

**iSelect grows Underlying H1 FY19 EBIT by 80% to \$6.2 million**

**18 February 2019:** iSelect Limited (ASX: ISU) is pleased to announce its results for the half year ended 31 December 2018 (H1 FY19), that saw the Company return to profitable growth. The strong result was underpinned by a renewed executive team focused on generating sustainable profitability, with an emphasis on core operations and the customer.

**H1 FY19 results overview**

- Results reflect the focus on profitable growth, ROI from targeted marketing investment, strategic investment in technology and an emphasis on core operations and the customer
  - Revenue down 8% to \$74.3 million (H1 FY18: \$80.4 million)
  - Statutory EBITDA loss of \$2.6 million (H1 FY18: profit of \$2.5 million)
  - Statutory EBIT loss of \$6.9 million (H1 FY18: loss of \$2.1 million)
  - Statutory net loss after tax of \$6.9 million (H1 FY18: loss of \$1.5 million)
- Underlying business performance reflected the successful turnaround in the business, which is ahead of plan
  - EBITDA up 46% to \$10.2 million (H1 FY18: \$7.0 million)
  - EBIT up 80% to \$6.2 million (H1 FY18: \$3.5 million)
- Strong balance sheet with \$29.2 million cash and no debt
  - Supports further investment in technology and iMoney to drive future growth
  - No dividends or buy-backs planned in FY19
  - Balance sheet 'clean' including write off/disposal of legacy fixed assets
- Attractive outlook for H2 FY19 and beyond; the Board remains confident that iSelect will return to its higher levels of historic profitability over the near term

**Focus on core operations and the customer underpins profitable growth**

Revenue for H1 FY19 was down 8% to \$74.3 million due to the Company's emphasis on generating profitable growth. Reflecting the positive return on investment (ROI) from marketing investment, underlying EBIT was up 80% to \$6.2 million.

Commenting on the H1 FY19 results, iSelect's CEO and Executive Director, Brodie Arnhold said: "Our FY19 priority to 'focus on core business' is generating operating results slightly better than we expected. The underlying resilience of our business model and customer value proposition can clearly be seen in these half year results, the first since the start of our business reset aimed on customer ease, core operations and giving customers information, services and choice that delivers real value to them."

"Our marketing spend has now been rebalanced, with an increase in higher quality, higher value customer leads and a step change in marketing ROI. Our team's focus on efficient, targeted marketing spend will provide a strong platform for continued growth," added Mr Arnhold.

**Improved margins supported by a rebalanced marketing mix and focus on ROI**

Health revenues decreased 6% to \$34.0 million, reflecting continued softness in market demand and focus on profitability. A lower Revenue Per Sale (RPS) was experienced due to a change in sales mix and

ongoing focus on meeting customer needs. Pleasingly, and in line with our operational strategy, EBITDA increased 32% to \$4.6 million, a result of more profitable revenue and an actively managed cost base.

Energy & Telco revenue was down 18% to \$23.3 million, partly offset by a 10% improvement in RPS, reflecting an increase in more profitable multi-product sales. EBITDA performed strongly, up 62%, once again reflecting a focus on generating profitable revenue.

Life & General Insurance (GI) revenue was up 12% to \$13.2 million supported by increased leads (up 30%) in Home & Contents and Pet & Travel Insurance. This led to strong EBITDA growth, up 241% to \$3.2 million.

### **Sale of InfoChoice consistent with our renewed focus on core operations**

During FY18 a one-off non-cash impairment charge of \$16.9 million was incurred against InfoChoice following a strategic review undertaken of that business unit. As a result of the review and strategy of focusing on core business and profitable growth, InfoChoice was sold.

### **Strategic technology investment improving customer value proposition**

As part of the Customer First priority, \$3.4 million was invested in H1 FY19 on technology initiatives focused on customers' journeys, partners, operational efficiency and cyber security that continue to drive operations to a more customer-centric focus. By being highly receptive and attuned to customer requirements and buying behaviour, the technology platform is better enabled to promote ease of use and efficiency as customers interface with iSelect consultants.

"We continue to strategically invest in targeted technology and platform improvement, to drive long term value for both our customers and shareholders alike, with the aim of making customers' lives less complex. We are pleased with the continued improvements in our cross-serve capability as well as progress towards a 'single-view of customer'. This combined with our website customer experience initiatives will allow our consultants to provide a multi-product experience, increasing customer engagement and improving repeat business and lifetime value," said Mr Arnhold.

### **Strong balance sheet with \$29.2 million cash and no debt**

iSelect's balance sheet remains strong, with no debt and \$29.2 million cash at 31 December 2018, supported by strong operating cashflows that saw a turnaround from an operating cash outflow in H1 FY18 to a positive result in H1 FY19.

Trail commission receivables decreased due to a \$22.6 million write down in line with AASB15, which is a more conservative approach to the valuation of Trail assets.

The Board remains focused on conserving cash for strategic business reinvestment and has determined not to pay an interim dividend or final dividend during FY19. The reinstatement of iSelect's dividend policy will be considered periodically and reinstated as soon as it is deemed prudent by the Board.

## iMoney – next phase of the Asian growth strategy

iSelect's investment in iMoney is one of the Company's key growth pillars in a fast expanding, increasingly mobile, South East Asian demographic. iMoney's strategic alignment with iSelect's business is progressing well and it's better positioned to maximise the promising growth opportunity available.

"iMoney presents a significant opportunity for iSelect in Asia. We have now invested a total of US\$18.4 million for an 84.3% shareholding and we plan to continue the investment to grow revenues and unlock value in our Asian growth strategy," said Mr Arnhold.

As part of iSelect's business reset, a review of the Company's investment options for iMoney going forward is being undertaken with opportunities including a strategic partner, stand alone or industry consolidation being considered.

## Well positioned to deliver a strong FY19

Mr Arnhold said: "The second half of FY19 will be focused on addressing the conversion performance of our Cape Town operations and completing the restructure of the Home Loans business.

"Our Health business has prepared for Private Health Insurance regulatory changes impacting this half, both through website improvements and staff training. We believe the changes aimed at simplifying level of cover will create new opportunities to support more customers navigating these changes.

"Our Life & GI business will see continued growth in smaller verticals. We will remain engaged with regulatory bodies, including in the Energy sector, so that we can continue to evolve customer experience and provide market-leading service to all our customers based on needs. Our teams are also developing further Telco opportunities, including preparing for 5G, to ensure a great range of services to meet customers' expanding needs.

"Our technology initiatives will continue to be rolled out over the next 12-18 months to enable the 'single view of customer' to underpin the best possible experience for customers and further increase returns for shareholders. These include improvements to our technology to decrease sales leakage and to improve cross sell and web sales.

"iSelect has been financially reset, with an emphasis on generating sustainable profitable growth. We will continue to maintain our unwavering focus on marketing ROI and key investments in technology and customer experience. I expect these improvements to be finalised by the end of June, with the benefits flowing from FY20. The Board remains confident that iSelect will return to its higher levels of historic profitability over the near term."

-- ENDS --

## Investor and analyst conference call

The Company will be holding an investor and analyst conference call at **9:30AM Australian Eastern Daylight Savings 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: 774711**.

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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 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](http://www.home.iselect)