
CEO Presentation

Mr Brodie Arnhold | Chief Executive Officer

FY20: Challenging external market environment

ENERGY REGULATORY CHANGE - Severe impact in H1, recovering in H2

- Energy reforms came into effect July 1, 2019. Default Market Offer (DMO) and Victorian Default Offer (VDO) introduced a 'price ceiling'
- The VDO/DMO impacted margins for electricity retailers. To offset this, retailers adjusted their pricing on their more competitive offers
- iSelect saw conversion levels halve in July 2019. By Q4 2020, conversion had recovered to 90% of historical levels
- Because Energy is a 'high volume' business for iSelect, the reforms impacted our Cross-Serve business, affecting Group revenue and margins

COVID-19 ONSET - Coincided with Health Insurance peak period

- COVID-19's onset in mid-March impacted the Health business performance as the 2nd half of March is typically our busiest fortnight of the year.
- The deferral of the annual rate rise, suspension of elective surgeries and closure of some health practices saw Health Insurance demand decline by 50% during March and April. We received JobKeeper which supported the business during this period
- As always, the safety and wellbeing of our people comes before anything else. We would like to thank all of our team members for adapting to the changing environment as we moved quickly to setup all operations and staff to a 'Work-from-home' (WFH) environment in March
- The Board and Executive also moved quickly to adjust the cost base during this time: Board and Executive pay reductions of 30%, 8-day fortnights for staff, organisational redesign as well as other significant fixed cost savings (\$4.4m annualised in FY21)

FY20 RESULT In a challenging year, iSelect announces an Underlying EBITDA (including JobKeeper) result of: \$13.7m for FY20

A Strategic Review to set up the business for success in FY21 and beyond

- The force of these external market disruptions, combined with the uncertain timing of a recovery, has impacted the valuation of two of our businesses:
 - **iMoney** - Sale and exit for nominal value completed, after an earlier sales process ended due to COVID-19 uncertainty in Asia
 - **Energy Watch** - Following the significant impact of the Energy regulatory reforms, **Energy Watch business became impaired**

- The onset of COVID-19 in March was a catalyst for a change in consumer behaviour. In response, the Board and Executive **conducted a strategic review** leading to several changes in Q4 and we continue to evolve our future operating model.
- Changes made to date are yielding positive early results in FY21

Wealth model	iSelect will remain in Life and Home Loans comparison however will outsource the fulfilment of customer orders going forward
Cost base reduction	Fixed and Direct cost base reductions and right-sizing going forward
New models	Encompassing new service models , verticals, B2B partnerships and continued focus on growing our Customer Account
Prioritisation of profit & cash	Greater emphasis on marketing ROI, profitability and cash flow , more streamlined technology investment

- With many households under increased financial strain due to loss of employment or reduced income, **iSelect remains well placed to help Australians save money on their bills and expenses** to help relieve some of their financial pressure

Outlook

Future Operating Model | Evolving customer engagement

DIVERSIFYING OUR LEAD SOURCES AND MAINTAINING OUR BRAND

Broadening our lead sources

- Maintaining our brand strength
- Leaders in Paid and Organic search
- Investments in B2B Partnerships
- Expanding social and new channels

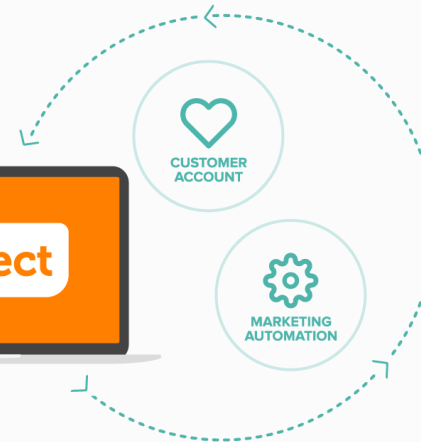
Engaging with existing customers

- Customer Account
- Marketing Automation
- Cross Sell

CUSTOMER ACQUISITION



CUSTOMER OPTIMIZATION



BUILDING ONGOING RELATIONSHIPS WITH CUSTOMERS

The Opportunity

- Increase frequency, reduce friction in how we service customers
- Measured by 'monthly active users'
- Increased products per customer
- Permission to use customer needs to generate automated comparisons
- Customer Lifetime Value approach

Future Operating Model | Evolving comparison service options

**WE ARE UTILISING NEW MODELS AS WE CONTINUE TO
EXPAND OUR OFFERING FOR CUSTOMERS**

Full-Service Comparison & Connections

End-to-end comparison and connections in Health, Energy, Movers, Broadband and GI

B2B Partnerships

Leveraging white label relationships for Home Loans, Life, Pet, Travel and Business Insurance

Web Only

Comparison and web experience or 'click-out'



Outlook

CEO UPDATE

- iSelect is pleased to announce that Warren Hebard, currently Chief Marketing and Commercial Officer, has been appointed CEO effective 1 November, 2020. On behalf of the Board, we congratulate Warren and look forward to working closely with him as we return the business to growth in the future.

LOOKING AHEAD TO FY21

- We expect a **step change in our FY21 EBITDA and cash flow** due to the following factors:
 - **Market demand** to retain the stability we have seen in recent months
 - Significantly improved performance from our **Energy business**
 - **Increased gross margins** from our Future Operating Model, including exploring a flexible/remote call-centre operating model
 - Further **fixed cost reductions**
 - Continued growth in our **Monthly Active Users** on Customer Account
- In Q1 FY21, we posted an EBITDA of \$8.1m (including JobKeeper of \$3.4m), which provides some early validation of changes made in Q4FY20.

CAPITAL MANAGEMENT

- Following several years of Working Capital increases, we expect **Working Capital to reduce from H2 FY21**. As a result, we expect stronger cash flows in FY21 and in due course we will **consider capital management options as appropriate**

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