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2017 Annual General Meeting

MD & CEO's SPEECH

Thank you, Chris, and good afternoon everyone.

I'd also like to join Chris in welcoming you to iSelect's 2017 AGM and thank you for coming today.

In my presentation, I'm going to recap on the results from the FY17 year, and will provide an update on our current trading performance and near-term outlook.

But first, I'd like to touch on our current strategy and where we are in the five-year journey we set out upon when I became CEO.

Two years ago, we had a new Chairman and a new CEO. Our company was facing several operational challenges, particularly in the Health vertical, which back then accounted for well over half of the company's revenue and more of its earnings.

Chris and I, along with the rest of the Board and a newly restructured management team, set about resetting the business, rebuilding the executive management team and putting in place a five-year plan to take the Company forward.

We enacted a strategic refresh built upon a foundation of "Customer First", recognising that customers are, and should always remain, the primary focus of our business. This involved reworking the business unit management structure, aligning it to ensure we better meet our customers' needs. We also enacted some urgent changes to our contact centre employee recruitment and training processes – which proved successful.

And finally, we commenced a review of where our base-level systems needed improvement, including both back-end and customer-facing technology platforms.

We identified that there had been a long period of underinvestment in our base-level systems. Each business vertical largely operated independently of the other, and there was no ability to see a "whole of customer" view. While this had worked for iSelect when our business was largely Health, it was not efficiently scalable. We needed to undertake some much-needed catch up in the fundamental base-level systems of the business.

The re-work of these foundation blocks is now well underway, with the identification two years ago of two major projects to upgrade our customer relationship management systems and front-end customer experience platforms. The anchors of these upgrades are, of course, our Salesforce CRM and the Aspect VIA customer engagement projects. It was critical for these investments to be made to stabilise our business and establish a sustainable base from which we can grow.

I would like now to recap briefly on the financial year that ended in June 2017.

FY17 Recap

While Chris ran through some of the high-level financial results, I would like to take you through the Company's performance in some more detail.

The past year has seen the Company deliver several transformational projects impacting technology, people and growth, and I am very proud of the team's successes during FY17.

In March, we launched our newest customer contact centre in South Africa. Our Cape Town team is operating across the Broadband, Energy, Car and Health verticals and further enhances customer experience with extended trading hours. At 30 June 2017, we had 169 consultants in Cape Town and I am pleased with results to-date. We have seen a reduction in what it costs to serve our customers and Cape Town's conversion rates are steadily improving. We now have over 210 consultants in Cape Town.

On the progress of our IT projects, the rollout of Salesforce's customer relationship management platform has seen us retire six of our seven historically separate CRMs. Salesforce will enable our consultants to see a 360-degree single view of the customer and will enhance their ability to cross-serve customers across our entire product suite. We have also implemented the first stage of the Aspect VIA customer engagement platform, which will replace our legacy dialler with a state-of-the-art cloud-based system enabling us to deliver a consistent customer experience across voice, mobile, web and messaging platforms. As I mentioned before, these two projects are at the core of the upgrades we needed to undertake.

<FY17 Results slide>

Moving to the detailed results, as you can see from this slide, in FY17 we grew across all our key business metrics. Visitation grew strongly with 800,000 more unique visits to the website than last year, with the increased customer leads and conversion numbers delivering 13% growth in sales units. Increased margins were demonstrated by a 50% improvement in EBIT; and NPAT increased 27% to $16.4 million.

Of particular note last year, was the strong improvement in our cashflow position, with operating cashflow up 184% as a result of the growth in the business and a disciplined focus on working capital and cash collection.

< Segment Results slide>

This slide shows each segment's results and how the mix of business is changing from year to year.

Health had a solid result, demonstrating how we are leveraging the scale of our marketplace and continuing to attract a large audience of customers in a challenging broader private health insurance market. Health revenue grew 4% year-on-year, with EBITDA up 50% reflecting continued realisation of cost efficiencies and conversion improvements.

The diversification of our business continues with the growth of the non-health segments, which made close to half of our revenues in FY17. We expect that this will increase to over half in the current financial year.

Our standout business segment remains Energy & Telco. Alongside revenue growth of 25%, I am very pleased that FY17 also saw earnings flowing through, with EBITDA up 70% following an increased investment in marketing to accelerate the growth. Telco, in particular, had an outstanding year of growth with revenue up 71% and revenue per sale increasing – up 18% for the year.

Our Life & General Insurance segment remained profitable in FY17, and although the topline result in our Life Insurance vertical reflected the challenging external environment, solid growth in the Car vertical offset a decline in Life to return a flat revenue result overall.

< Growing the Marketplace slide>

We added a further 11 new partner brands to our marketplace in FY17, increasing the total to over 160 brands. With an increasing breadth of offering to our customers, the network effect of a marketplace builds, drawing in more customers, which then attracts more product providers that then attracts more customers and so on.

iMoney – further investment

< iMoney slide 1>

At the beginning of October, we were pleased to announce that we increased our strategic investment in iMoney, South East Asia's premier regional consumer product comparison service. iSelect bought a further 27.7% of iMoney to take us to a majority controlling position, and we are proposing to invest a further US$4 million to accelerate iMoney's growth plans. We expect this transaction to complete over the next three months following the transfer of shares and regulatory approval.

< iMoney slide 2>

iMoney's head-office is based in Kuala Lumpur, and the company operates in the high-growth consumer markets of Malaysia, Singapore, Indonesia and the Philippines. These countries have high-growth middle classes and a combined audience of almost 200 million internet users. iMoney's business model is the same as iSelect's, with the potential for a substantial increase in monetisation of its offering with the introduction of our iConnect systems to increase conversion and customer engagement.

iMoney was recently named in the Top 10 fastest growing FinTech businesses in Malaysia by IDC Financial Insights 2017 Fintech report, with its revenue growing by an average of over 80% per annum over the past three years. As the company is currently scaling to profitability, iMoney is expecting to make a loss before interest and tax of between US$1.2 million to US$1.7 million in FY18.

Trading update

Having discussed our performance in FY17, I would now like to provide you with an overview of the year-to-date trading environment and performance of our business at a high level.

The private health insurance market over the first quarter of FY18 is showing signs of stabilising, with the decline in leads in FY18 reducing. Our RPS in Health continues to contribute positively to the top-line result, and although still early in the financial year I am comfortable with where Health is currently trading.

The Government's recent announcements about reforms in the private health insurance market are positive. We believe that these reforms will make private health insurance more affordable, and I expect the incentives provided for younger customers, those new to Private Health Insurance and under 30 years of age, will see their numbers move well back into positive territory.

At iSelect, we're all about making it easier for customers to choose the right policy. The introduction of classification of Private Health Insurance products into gold, silver, bronze and basic policies will make it much easier for customers to make an informed decision when speaking to an expert iSelect advisor as to which policy is best suited to their individual needs and budget.

iSelect has a track record of successful engagement with new to PHI customers. We are well-placed to support the growth of new to PHI customers that is expected by the industry following implementation of the Government's PHI industry reforms.

Our fastest growing segment in FY17 continues to set the pace into FY18, with Energy & Telco continuing to grow strongly year to date. The Energy vertical has seen a strong increase in lead volumes with the well-publicised price increases in the energy markets causing large spikes in interest. We expect a strong second half in Energy as price rises have to-date only impacted the Northern states, with the Southern States which are iSelect's largest markets set to follow with energy price rises to be announced in January next year.

While the sudden spikes in leads have reduced conversion rates in Energy due to the 'lumpy' nature of the lead volumes and their generally short 'life-span', the increased activity has underpinned continued strong growth year to date and we see this continuing through the second half.

Our Telco business is also growing strongly, delivering continued top-line growth. In the first quarter, we experienced increased digital marketing costs as the RSPs lifted their marketing activity in the nbn space. Pleasingly, our increasing revenue per sale is allowing us to compete for customer leads successfully. To further enhance our margins in Telco, we will soon launch end to end web sales that will enable nbn customers via iSelect to complete their nbn broadband purchase self-serve online.

The Life & General Insurance segment has so far underperformed given the challenges in the broader life insurance market and some near-term issues within our business that we are now addressing.

Having said this, our General Insurance business is expected to provide some positive momentum later this financial year as we launch a full home & contents offering. To that end, we have signed a 6-month trial program with QBE Insurance, which will add QBE branded products to our general insurance vertical. In addition, we have also signed contracts with CHU insurance and Arcadia Insurance in home & contents, and we continue to engage with other major insurers in Australia to join our marketplace.

Our focus on cross-serving our customers, utilising the new iConnect system, is proving fruitful. The current cross-serve run-rate sits at 16% of revenue, up from 15% at the end of FY17; providing significant leverage to the business – particularly in our cost of customer acquisition.

Lastly, we are well-progressed in the resetting of our Money business, with the build-out of the InfoChoice website on schedule for re-launch in the second half. I am looking forward to the turnaround in what is a light-touch but highly profitable business for us.

Near-term Outlook & Market Guidance

In light of the trading performance year to date and given iSelect is a growth company, your Board has decided to provide guidance on the expected financial result for FY18 in order to ensure shareholders have visibility on the expected performance of the business this financial year.

We expect to see modest growth in Health over FY18, strong growth in Energy & Telco, and a subdued result in Life & General Insurance.

We are excited by the growth opportunities in South-East Asia available to iSelect, having announced the acquisition of a majority stake in iMoney in early October. It is a business very similar to iSelect operating in markets with very high growth fundamentals. As iMoney is scaling to profitability, it is expected to generate a consolidated loss to iSelect of between A$1.5 million to A$2.1 million in FY18.

Unfortunately, Nest has not performed as expected. Having invested around $2 million into marketing of the Nest products to date, we have put further marketing on hold as we reassess our Nest rollout strategy, given product traction has been slower than anticipated.

< Near-term outlook and Market Guidance slide>

When taking into account the performance of the business units to date and expectations for the remainder of FY18, your Board expects iSelect to deliver EBIT of between $23 million and $26 million for the FY18 year.

This expected earnings result includes the consolidated loss from iMoney, and approximately $2 million of specific marketing investment undertaken in relation to Nest.

From an underlying business perspective, the FY18 guidance provided shows that iSelect's underlying business will continue to grow this financial year, and is expected to generate an underlying EBIT of between approximately $26 million and $29 million in FY18.

< Thank you slide>

In conclusion, we are continuing on our journey to become Australia's Life Admin Store®.

We believe that our service offering is even more relevant in today's environment, where we know many customers are concerned with the pressures associated with the rising cost of living. This presents a great opportunity for iSelect to help more Australians find the right Life Admin product at the right price.

Thank you very much.

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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. www.home.iselect