

25 October 2018

## 2018 Annual General Meeting CHAIRMAN'S SPEECH

Good afternoon Ladies and Gentlemen, my name is Chris Knoblanche and I am the Chairman of the iSelect Board. On behalf of all the Directors, I am pleased to welcome you to the 2018 Annual General Meeting of iSelect Limited. Thank you all for your attendance this afternoon.

I have been told we have a quorum and I therefore declare the meeting open. A Notice of Meeting was distributed earlier setting out the business and resolutions to be considered at this meeting and I will take the Notice as read.

### (Introductions)

I would like to start by introducing your Board of Directors and senior management here on my left. Starting from the far left is David Christie, our Chief Strategy Officer, General Counsel and Company Secretary; on his right are our Independent Non-Executive Directors, Melanie Wilson, Shaun Bonnet and Bridget Fair; next to Bridget is our CEO & Executive Director Brodie Arnhold.

For the first time in several years, we have a complete senior executive team, and are delighted by the skills and experience they bring collectively to the business. In addition to David Christie who I introduced earlier, they are:

- Henriette Rothschild, Chief Operating Officer
- Vicki Pafumi, Chief Financial Officer
- Warren Hebard, Chief Marketing Officer; and
- Slade Sherman, Chief Experience Officer.

Also attending today's meeting representing iSelect's auditors, is Tim Coyne from Ernst & Young, and, from Computershare, our returning officer David Squires.

Before handing to Brodie to run through a presentation about the business, I would like to make some brief comments as Chairman.

Firstly, FY18 was a particularly challenging, yet pivotal year for our business. We have successfully brought on a highly experienced leadership team, whom I am confident will steer iSelect to future success both in Australia, South Africa and South East Asia.

The Board was focused on ensuring stability and consolidating core operations with an appropriate adjustment to our marketing mix to provide a solid platform moving into FY19. Testament to the strength and resilience of our underlying business and team, operating cash flow remained positive for FY18, and we have seen a turnaround in the business performance over the first quarter of FY19 as our new "Return on Investment" marketing approach has changed the revenue mix and no longer sees us generating unprofitable revenue.

In addition, even with the operational issues faced over the past 12 months, we have still be able to achieve continued success and progress in our key technology investments, Orange ID and iConnect. These IT projects will allow a truly deep relationship-based interface with all our customers. We are very excited as we continue to unleash the value of our technology.

## (FY18 Performance)

Experiencing a tough set of challenges during FY18, the Board acted quickly to rectify core issues. Pleasingly, we experienced a slow but steady turnaround in performance in the latter part of the second half of FY18 which has continued into FY19 with a strong start to the new financial year.

FY18 saw revenue down 2% to \$181.4 million, underlying earnings before interest & tax (EBIT) was in line with our revised guidance, down 62% to \$8.5 million as we invested in state-of-the-art technology which will improve our ability to serve all our customers.

Net profit after tax (NPAT) decreased 59% to \$6.7 million (pre Infochoice goodwill impairment and other one-off expenses), or a \$13.7 million loss (post Infochoice goodwill impairment and other one-off expenses).

Our Health business was impacted by both the softening overall demand and marketing mix challenges. As a result, Health revenue decreased 5% and customer leads, and sales units were down 9% and 8% respectively.

However, the positive news is that Health RPS was up 4% as a result of a successful campaign that targeted customers that 'switch up' to a higher gross annual premium, boosting RPS.

Highlighting the ongoing strength in Life & General Insurance, we were pleased to announce a strong improvement in customer leads and sales units, up 14% and 47% respectively. Combined with enhanced focus on conversion which was up 2.2 percentage points. However, RPS was down 34% reflecting a greater mix of general insurance sales, which are by nature, lower value relative to life insurance sales.

Energy & Telco continued to show promise, with revenue up 9% in FY18, RPS up 8%, and conversion improving slightly

Crucially, we improved our focus on conversion, which improved 0.5 percentage points to 11.0% driving overall sales units up by 3.5% over the year. This improvement was driven by our strong operational focus and was underpinned by a greater focus on Cross-serve. Conversion is a critical component in the iSelect model and is our major competitive advantage, driven to a large extent by the 'smarts' inherent in our proprietary iConnect platform.

Before I finish my discussion on iSelect's financial results, I would like to highlight the substantial improvement we have seen in the business performance over the first quarter of FY19. While Brodie will cover this in more detail in his presentation, I would like to highlight that our reinvigorated marketing approach centred around needing to generate a positive return on investment from any marketing activity, has underpinned the company's return to sustainable profitability over the first quarter of FY19.

While revenue has been a high single digit percentage lower, our renewed focus on ROI driven marketing spend, has seen the mix of revenue change so that we are no longer generating unprofitable sales. EBIT has swung from a loss in the first quarter of FY18 to a sustainable profit in the first quarter of FY19. The business performed ahead of budget for Q1. However, Q2 will be impacted by previously delayed marketing spend that had been committed to last financial year, and a change in the operating model to underpin further sustainable growth in the business. Our marketing activities will not be impacted in the second half by any historic pre-committed marketing, and we are confident of achieving the return to growth in FY19 previously forecast at our FY18 full year results in August.

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### (Capital Management)

iSelect has maintained a strong balance sheet that supports strategic flexibility. This strategy allowed iSelect to do the following in FY18: invest \$20.1 million in key growth initiatives, new technology and iMoney; and return \$32.9 million to shareholders via dividends and an on-market buy back. As at 30 June 2018, iSelect had no debt and \$33.0 million in cash.

### (Potential Corporate Activity)

During the year, the Board was approached by various parties showing interest in our business. BHL Management Services Limited, a company related to Compare the Market, currently holds a 19.63% interest in iSelect. Various unsolicited non-binding proposals from other parties have been received that the Board considered do not reflect an acceptable value in light of the Board's confidence in the turnaround of iSelect given the Company's achievement of FY18 guidance and the strong performance over the first quarter of FY19.

### (Summing up)

After a challenging year, we look forward in confidence, that we have the right team and right strategy in place to drive a return to growth, including further technology rollouts and investment in iMoney. With a relentless focus on getting the basics right and focusing on what makes iSelect the easy choice for our customers, we have started FY19 on a strong footing and look forward to a promising FY19 that will see the company return to a growth trajectory.

Before I hand over to Brodie, I would like to take this opportunity to thank him, our revitalised senior executive and management team, as well as our broader team across iSelect, for their contribution and dedication to the Company. I would also like to thank my fellow Directors for their efforts over the past year, and you our shareholders for your continued support.

Thank you for your attention. I now hand over to Brodie, who will run through his presentation. I will return following Brodie to run through the formal part of the meeting.

- ENDS -

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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.iselect.com.au](http://www.iselect.com.au)

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