ASX ANNOUNCEMENT

iSelect's long term strategy remains on track despite H1 FY20 market headwinds

25 February 2020: iSelect Limited (ASX: ISU) has released its results for the half year ended 31 December 2019 (H1 FY20) which saw the Company continue its evolution into a technology-driven customer relationship business, despite stronger than expected market headwinds.

H1 FY20 Results Overview

H1 FY20 proved a challenging half resulting in a $2.5 million underlying EBIT loss primarily due to:

- Regulatory changes in the Energy market
- Ongoing consolidation in the Life Insurance market
- Continued investment in our Brand and Technology platform

– Reported EBIT including iMoney of -$6.6 million (H1 FY19: -$6.9 million)
– Underlying revenue down 19% to $58.6 million (H1 FY19: $72.1 million)
– Underlying EBITDA down 83% to $1.6 million (H1 FY19: $9.7 million)
– Underlying EBIT of -$2.5 million (H1 FY19: $5.7 million)
– Underlying NPAT of -$2.0 million (H1 FY19: $5.2 million)

* FY19: Figures adjusted for adoption of AASB15, reflecting a like-for-like comparison with H1 FY20

Balance sheet:
– Consolidated Cash Balance: $15.4 million
– Operating cash flow for H1 FY19: iSelect business +$2.1 million; iMoney business -$2.1 million

Despite the challenging half, the Board remains committed to our long-term strategy and remains confident that the Company will rebound as the external energy market continues to improve.

Challenging H1, Energy is recovering and strategy remains on track

Revenue for H1 FY20 was down 19%, reflecting the significant challenges within the wider Energy market as a result of the regulatory changes introduced on 1 July 2019.

Commenting on the H1 FY20 results, iSelect's Chief Executive Officer Brodie Arnhold said: "There is no doubt that H1 FY20 has been a challenging period for iSelect. The recent reforms in the energy market have had a greater than anticipated impact on our revenue and profitability.

The energy reforms, combined with a period of change in the Life Insurance market and our continued investment in brand and technology platforms, have resulted in a $2.5 million EBIT loss.

Importantly given the challenging conditions, we have remained disciplined in our core business and our underlying operational metrics remain strong with Health performing well and demonstrating a pleasing 5% growth which has continued into H2".

Impact of energy regulatory reforms

Mr. Arnhold explained that the introduction on 1 July 2019 of the Default Market Offer (DMO) and Victorian Default Offer (VDO) represented a 'price-ceiling' in the energy market, which impacted retailer margins and products.

"As a result, we saw a sharp drop in energy conversion from 1 July 2019. Due to the 'high volume' nature of our energy business, this also impacted our cross-serve business," Mr. Arnhold said.

"Since August 2019, we have seen a continued improvement in conversion as retailers have adjusted to the new regulatory environment. We expect this positive trend to continue with prominent new partners, more competitive offers, and solar product expansion to be introduced into our marketplace in H2 FY20".

Disciplined focus on the core and commitment to our strategy

Mr. Arnhold said H1 FY20 saw the Company's continued evolution into a technology-driven customer relationship business, with a number of key initiatives delivered during the half:

- New Genesys telephony platform with Salesforce integration
- B2B Lead Platform: AFG the first partner to go live
- Customer Account: Phase 1 now live
- Bill Upload
- Marketing Automation

"Despite the challenging environment, we maintained a diligent focus on our operating costs which have seen a 16% decrease on our controllable costs vs H1 FY19," Mr. Arnhold said.

Balance Sheet

The Company's consolidated cash balance at 31 December 2019 was $15.4 million. The Board remains focused on conserving cash for strategic business reinvestment such as technology, marketing and brand, and has determined not to pay an interim or final dividend for FY20. We note that our Trail Book Asset of $117.3 million represents a value of almost 54c per share.

iMoney

The Board are progressing with the iMoney disposal as indicated and have received indicative and non-binding offers. The market will be kept updated on progress.

Confident of riding out external market conditions

Mr Arnhold said: "We truly believe in the market opportunity presented as we evolve from a transactional business into a technology-enabled customer relationship model. We remain fully committed to our vision of saving Australians time, effort and money.

Although the market and regulatory environment has been particularly challenging so far in FY20, we continue to adapt our business model to the new landscape and pleasingly in H2 to date, we have seen Revenue growth of 11% in Health".

- - ENDS - -

iSelect Ltd
ABN: 48 124 302 932
294 Bay Road, Cheltenham, Victoria 3192 Australia
Tel: +61 (3) 9276 8000 Fax: +61 (3) 9276 8080

Investor and analyst conference call

The Company will be holding and investor and analyst conference call on Tuesday 25 February at **11:00AM Australian Eastern Standard Time**. Participants can dial 1800 558 698 (toll free) or 02 9007 3187 to join the call. When prompted, please provide **CONFERENCE ID: 10003601**.

Investor and analyst enquiries:
Rohan Dixon
Group Investor Relations, Strategy and Analysis
M: +61 402 094 289
E: rohan.dixon@iselect.com.au

Media enquiries:
Tim Allerton
City Public Relations
M: +61 412 715 707
E: tallerton@citypublicrelations.com.au

About iSelect

At iSelect, we're passionate about helping Australians with their household bills and save time, effort and money. We are Australia's go-to destination for comparison across insurance, utilities and personal finance products made available from our range of providers and our service is provided at no cost to the customer.

We compare a wide range of Australia's leading brands but unlike other comparison sites, we are not owned by an insurance company. Our trained consultants help Australians to compare, select and save.
www.iselect.com.au