

Strong result amidst challenging external market conditions

24 August 2021

iSelect Limited (ASX: ISU) (Company) has released its results for the full year ended 30 June 2021 (FY21) which saw the Company demonstrate its resilience despite the challenging external market conditions and continue its evolution towards a customer relationship business.

FY21 Results Overview

The Company has posted Underlying EBITDA including JobKeeper of \$20.8 million (FY20: \$13.7 million).

- Underlying Revenue of \$111.0 million (FY20: \$123.0 million)
- Underlying EBIT of \$10.3 million (FY20: \$5.1 million)
- Underlying NPAT of \$7.1 million (FY20: \$3.1 million)
- Reported NPAT loss -\$5.1 million (FY20: -\$43.5 million)

Highlights from a busy FY21

iSelect launched new partnerships with NewsCorp and Seven Affiliates Sales to promote both the iSelect and Energy Watch brands to the Australian market. The innovative agreements go beyond traditional media buying and see partners share insights to optimise return on investment for both parties.

During FY21, there was a heightened focus on providing customers with more choice through expanding our breadth of providers and products. With the arrival of Bupa to our marketplace, iSelect now represents brands from Australia's nine major health insurers whilst in Telco, we welcomed Aussie Broadband as a new partner in FY21.

Business Loans launched in H2 FY21, complementing iSelect's existing small-medium business offerings. In addition, new verticals of Credit cards, Personal Loans and Car Loans have just been launched this month. The business will focus on building and scaling these in FY22 whilst continuing to explore further new opportunities.

The resilience of the iSelect business

COVID-19 saw fluctuating consumer demand impact leads and revenue in FY21. The lead declines were most significantly felt in our Energy, Telco and Car Insurance verticals, where declines of 40-50% were recorded. In Health Insurance in H1, we saw a 21% decline in leads when elective surgery and some 'extras' services were interrupted, however recovery was seen in H2 and the Health leads finished 13% down for the full year.

Throughout FY21, our key operating performance metrics of conversion and cross serve remained strong across the board, with the Energy and Telco segment's conversion improvement a reflection of a stabilised Energy market following the regulatory changes introduced in FY20. We expect these levels of performance will provide us with a strong foundation and position the business on a path back to growth.

With COVID-19 restrictions recurring during FY21, our team has been very resilient with our operations largely remaining in a 'Work-from-home' environment throughout the year. Our progress against our goal of diversifying our workforce has been positive. We have continued to build a more flexible and remote team, with now approximately 20% of our sales team located outside of Melbourne.

i26 - iSelect's long-term strategy

In FY21, the Board and management team developed iSelect's long-term, five-year strategy, named i26. Central to this is the Consumer Data Right (CDR) legislation, which was passed in 2019 and has already been rolled out to the banking sector ('Open Banking'), with Open Energy Tranche #1 (covering the major retailers) scheduled for October 2022 and Tranche 2 (coverage of remaining retailers) expected in October 2023. After Open Energy, the CDR is likely to be extended to the Telecommunications and Insurance sectors in the coming years. The introduction of CDR will empower consumers to compare and switch products and service providers. For iSelect, this represents a future opportunity to deliver new, simplified and seamless journeys, building ongoing relationship with customers by providing continuous comparisons and one central location to manage their needs.

Commenting on i26, Mr Hebard said: "During FY21, we have invested in our data platforms and focused on growing our iSelect account base, which is now up to 1.1 million customers. We will continue this ahead of the arrival of Open Energy in FY23, when we will look to leverage these investments to deliver new and innovative digitised journeys for our customers, providing a frictionless, always-on comparison experience."

Balance sheet strength

The Company's Net Assets at 30 June 2021 remain strong at \$110.7 million, with a consolidated cash balance of \$9.4 million and no debt. Trail cash collections performed strongly, which validates the Trail Asset valuation of \$124.8 million. The abnormal trading conditions of FY21 saw a higher than expected Trail Revenue mix and Working Capital remain as an outflow in FY21. Despite this, we expect this to continue to directionally improve in FY22.

Outlook

Looking ahead to FY22, Mr Hebard said: "COVID-19 continues to cause market volatility and we anticipate it will impact the Group's performance in the first half of FY22. We also note the increasing competition in our space and therefore our focus in FY22 will be on executing operationally within our core business whilst progressing our i26 strategy. Our first phase of i26 will be leveraging our Energy expertise in preparing for Open Energy, building out our new verticals and continuing to invest in our marketing partnerships and brand. In this uncertain economic environment, we remain committed to our customers and helping them find opportunities to save on their bills and expenses."

Investor and analyst conference call

The Company will be holding an investor and analyst conference call on Tuesday, 24 August 2021 at 11:00AM Australian Eastern Standard Time.

- Please note that pre-registration is required for Q&A calls. Please use the link below to pre-register: <https://s1.c-conf.com/diamondpass/10015473-fmwl7k.html>

Authorised for release by the Board of iSelect Limited.

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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