iSelect

FY18 RESULTS

14 August 2018

"FY18 underlying EBIT of $8.5m; within guidance."

Overview of key operating metrics in FY18

CUSTOMER LEADS

2% ↓

to 4.2m

- Energy leads growth underpinned by utility price rises
- Health leads negatively impacted by declining Private Health Insurance participation levels
- Significant investment in the ineffective Brand campaign, via 'Above the Line' channels saw overall marketing efficiency reduced. This has now been addressed

SALES PER CUSTOMER

3.3% ↑

From 1.38 to 1.43

- Shift towards return customers to drive multiple sales and customer value
- Gross revenue per customer increased by 2.6% from $463 per customer to $475 per customer

REVENUE

2% ↓

to $181.4m

- Health revenue impacted by an ineffective marketing campaign
- However Health RPS improved due to continued success among the older demographic
- Revenue growth in Energy & Telco as well as General Insurance, reflecting improved operating efficiency and a focus on multi-product sales, driving higher RPS per customer

CONVERSION

IMPROVED FOCUS

at 11.0%

- Strong operational focus saw conversion increases in Health, Life, General Insurance (GI) and Energy
- Underpinned by a greater focus on Cross-serve

SALES UNITS

3.5% ↑

to 465k

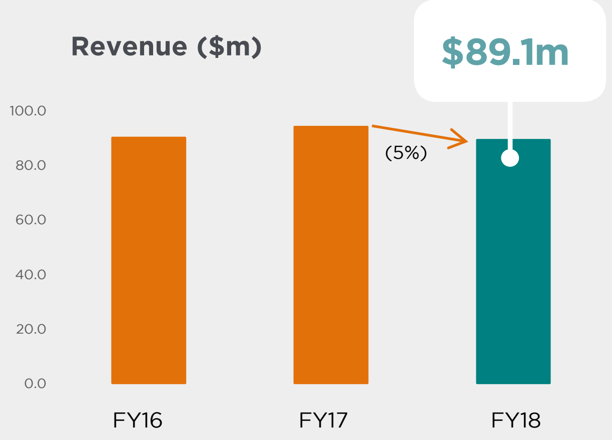
- Sales growth driven by the new GI verticals
- Energy sales continued to grow on the back of strong market demand

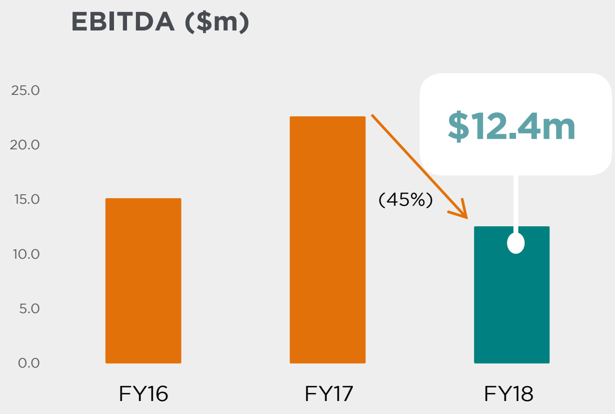
Underlying EBIT of $8.5m; within guidance

$m,	FY18	FY17	Change
Reported Revenue	181.4	185.1	(2%)
Underlying Result[1]			
Gross Profit	50.5	65.6	(23%)
Overheads	(34.8)	(36.9)	(5%)
EBITDA	15.7	28.7	(46%)
Depn. and Amort.	(6.7)	(5.7)	(18%)
Loss from associates	(0.4)	(0.4)	-
EBIT	8.5	22.5	(62%)
Net interest income	0.3	1.4	(79%)
Income tax (expense)/benefit	(2.1)	(7.6)	(72%)
NPAT	6.7	16.4	(59%)
Reported EBITDA	(5.5)	28.6	(119%)
Reported EBIT	(12.9)	22.5	(175%)

- Revenue: Health and Energy & Telco verticals have been negatively impacted by ineffective marketing campaign, market volatility and increasing competition, partially offset by strong operating performance (conversion and cross-serve)
- Gross Profit down: Impacted by changes in marketing mix, an ineffective Brand campaign as well as under-performance in Cape Town and increases in Telephony and CRM costs – all have been addressed
- Increased D&A in line with uplift in technology investment
- Interest income down due to a lower cash balance
- Underlying earnings decreased as marketing mix impacted results
  - Strong focus to re-set strategy to drive more efficient, brand-building marketing spend in FY19
  - Business restructuring and iMoney integration and acquisition costs: $1.3m
  - Nest loss: $1.8m
  - iMoney operating loss since acquisition (1 December 2017): $1.5m
  - InfoChoice impairment charge: $16.9m

[1] All metrics excludes Connected Home, iMoney & InfoChoice impairment





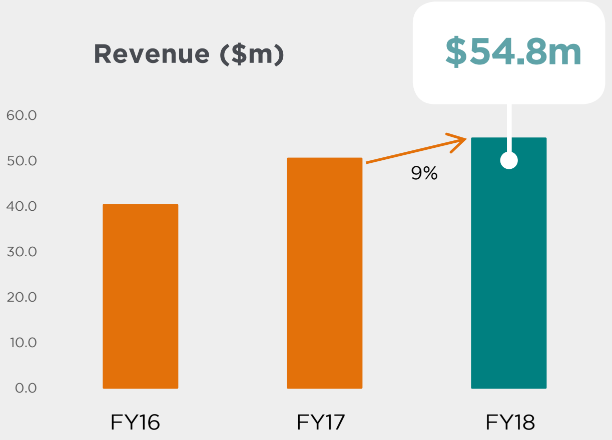
Health – impacted by marketing mix

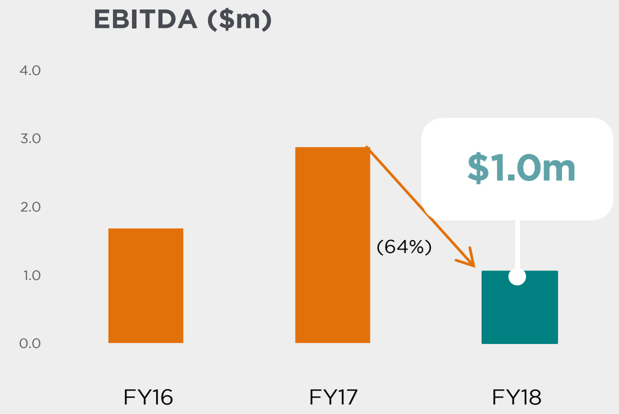
UNDERLYING ($m)

Health	FY18	FY17	Change
Revenue	89.1	94.0	(5%)
EBITDA	12.4	22.5	(45%)
Customer Leads (000s)	1,036	1,136	(9%)
Sales Units (000s)	99.1	107.9	(8%)
RPS $	1,037	997	4%
Conversion	9.6%	9.5%	0.1pp

- Key driver of underperformance: Softening of overall demand (low industry rate rises and ongoing affordability issues) combined with changes in marketing mix resulting in substantially reduced leads
- Marketing campaign was not effective, and as soon as this was known it was reset with a focus on efficient, targeted spend
- EBITDA down: Driven by lower leads and rebalancing of marketing mix
- RPS up: ongoing growth in “couples and families” leads that typically have a higher Gross Written Premium (GWP)
- Conversion up: Australian contact centre re-focus continuing to drive conversion

Energy & Telco – Revenue & RPS growth



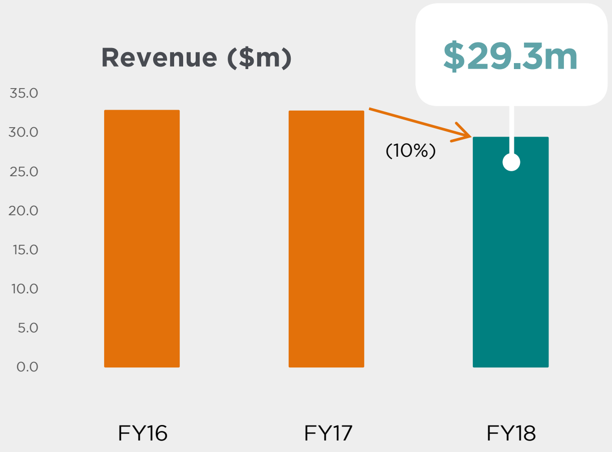


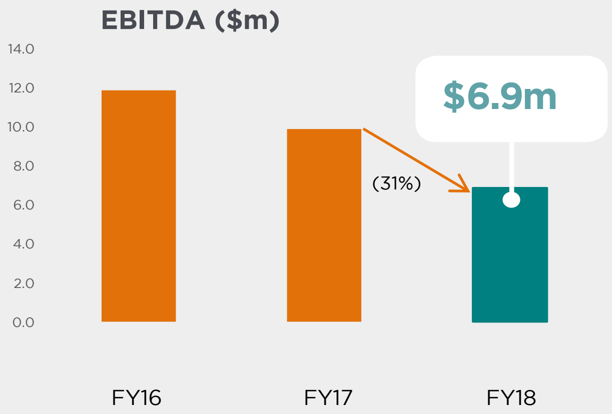
Energy & Telco – Revenue & RPS growth

UNDERLYING ($m)

Energy and Telecommunications	FY18	FY17	Change
Revenue	54.8	50.4	9%
EBITDA	1.0	2.9	(64%)
Customer Leads (000s)	2,235	2,272	(2%)
Sales Units (000s)	285.5	286.3	0%
RPS $	226	210	8%
Conversion	12.8%	12.6%	0.2pp

- Revenue up: Strong increase in RPS combined with improved conversion underpinned revenue growth despite reduced leads due to ineffective marketing mix
- EBITDA down: Increased marketing and digital customer acquisition costs eroded margins
- Customer leads down: Ineffective marketing mix skewed too heavily to traditional media and increased cost of SEM
- Conversion up: continued focus onshore coupled with Cape Town improvements





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Life & GI – Sales units strong, impacted by mix

UNDERLYING ($m)

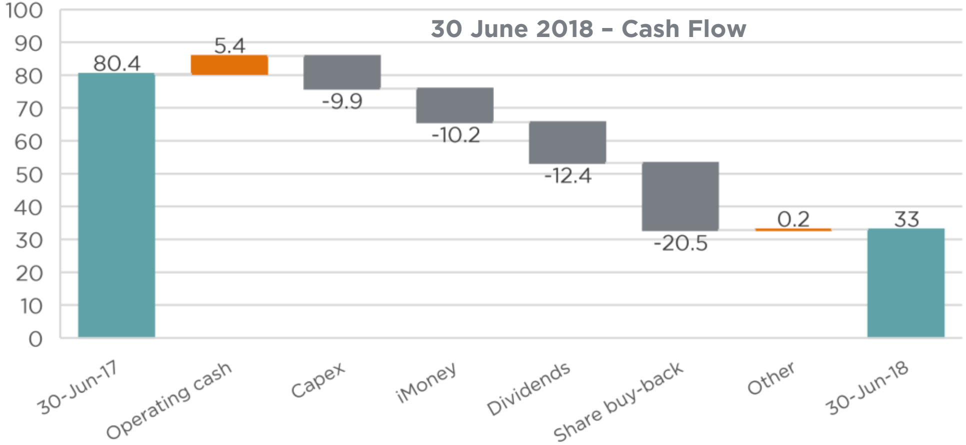
Life and General Insurance	FY18	FY17	Change
Revenue	29.3	32.6	(10%)
EBITDA	6.9	9.9	(31%)
Customer Leads (000s)	806	710	14%
Sales Units (000s)	79.2	54.0	47%
RPS $	331	503	(34%)
Conversion	9.48	7.6%	2.2pp

- Revenue down: Low GI RPS in new insurances impacted overall revenue mix. Decline in overall Life Insurance market was compounded by ineffective marketing mix, further impacting revenue
- Leads were up strongly, driven by GI (with low RPS)
- Operational restructure has stabilised contact centre team performance, with contact centre conversion continuing to improve

Strong balance sheet with no debt and $33.0m cash

CASH FLOW STATEMENT - REPORTED ($m)	FY18	FY17
Operating Cash flow	5.4	30.6
Capital Expenditure	(9.9)	(10.1)
Free Cash	(4.5)	20.5
Investing/Financing cash flow	(42.9)	(27.7)
Net movement in cash	(47.4)	(7.2)
Cash at beginning	80.4	87.6
Cash at end	33.0	80.4

30 JUNE 2018 BALANCE SHEET - REPORTED ($m)	30 Jun 18	30 Jun 17
Cash	33.0	80.4
Receivables	31.7	34.6
Trail commission receivable	125.5	112.8
Other	66.1	68.2
Total assets	256.3	296.0
Total liabilities	74.5	70.8
Net assets	181.8	225.2



- Maintaining our strong balance sheet is a key focus
- Cash generation affected by marketing mix challenges, Nest losses, and mix changing as more Life trail commissions sold
- Investing / financing cash flow: investment in iMoney, business reinvestment, and $32.9m capital management initiatives
- Focus on conserving cash for business reinvestment – no final FY18 dividend. iSelect's dividend policy will be reinstated as soon as it is deemed prudent

Trail book

Trail commission receivable splits	FY16	FY17	FY18
Health	61.0%	54.2%	53.2%
Life & General Insurance	34.2%	40.0%	41.4%
Emerging and Other Businesses	4.8%	5.8%	5.5%

Trail commission receivable splits	FY16	FY17	FY18
Trail commission revenue % of gross revenue	18.6%	18.4%	20.7%

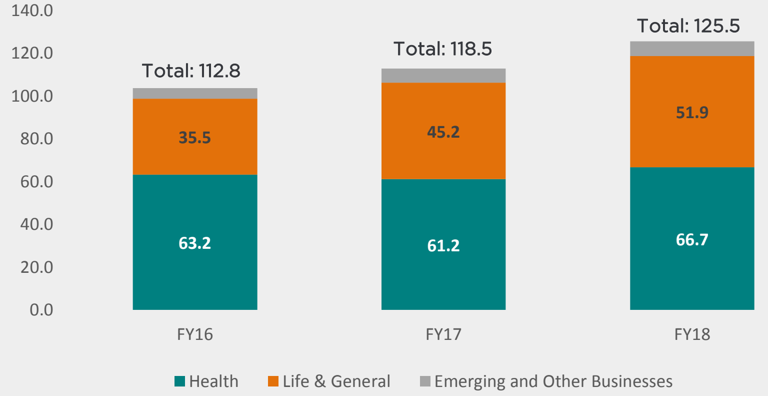
- Trail book has continued to increase YoY, with % splits remaining relatively stable from FY17 to FY18
- Health book has grown due to provider mix changes being more weighted to providers containing trail commission. Mix in FY18 similar to FY14
- Life business shift to hybrid commission structure in FY17 has resulted in more weighting in trail commission

Life hybrid commission reforms:

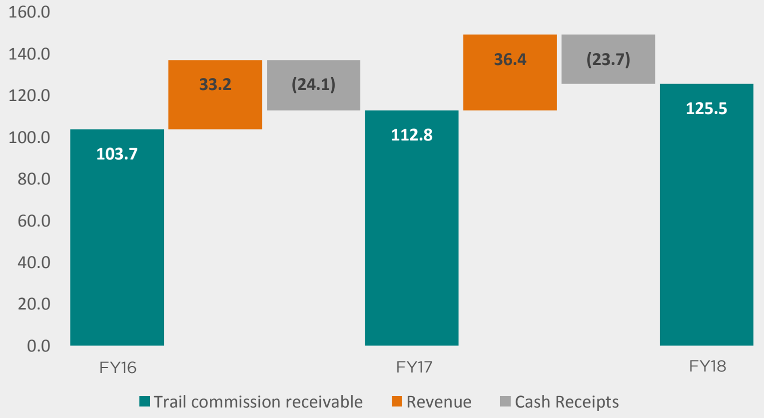
	CY18	CY19	CY20
Upfront commission %	80%	70%	60%
Trail commission %	20%	20%	20%
Upfront clawback period	2 years	2 years	2 years

- Revenue has increased at a higher % than cash receipts in FY18 due to a higher mix of long term trail commission provider sales in FY15 & FY16; however cash receipts are expected to grow at a higher rate in the next 1-2 years with more FY18 sales weighted to providers with shorter trail commission terms
- All other portfolios such as Life and Mortgages experienced growth in trail commission cash flows due to natural growth of the assets

Trail commission receivable splits ($m)



Trail commission receivable movements ($m)



AASB 15 to have minimal impact

AASB 15 Revenue from Contracts with Customers will be adopted on 1 July 2018 using the full retrospective transition approach. Impact of the new revenue recognition standard to be minimal

- AASB 15 establishes a five-step model to account for revenue arising from contracts with customers
- AASB 15 will not impact the overall profitability or cash flows arising over the lifetime of the Group's contracts – it will impact the phasing of earnings over the lifetime of certain contracts
- Impact assessment highlighted a requirement to apply additional conservatism to the trail book assumptions as well as some minor re-phasing of advertising & subscription fee revenue
- Key financial impacts to be incorporated into FY19 financial statements as follows:
  - Impacts to FY19 and beyond expected to be minimal with conservatism on new business revenue to be partially offset with cash flows relating to constrained prior periods
  - FY18 comparative and opening balances will also be adjusted using full retrospective approach

AASB 15 five step approach:

1. Identify the contract
2. Identify performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue when performance obligations are satisfied

Estimated impacts to future revenue:

Revenue impact assessment	FY19	FY20	FY21
Expected impact on total revenue	(0.7%)	(0.3%)	(0.3%)

“People & Technology, working together and returning iSelect to growth.”

Revitalised senior executive team

Brodie Arnold

Interim CEO, Executive Director

Brodie commenced as Interim CEO in April 2018 after having joined the board in September 2014

Brodie has over 15 years' experience in private equity and investment banking, including roles at Goldman Sachs and Nomura

Vicki Pafumi

Chief Financial Officer

Vicki joined iSelect in November 2015 and held senior roles within the Company's finance and operations functions before being appointed CFO in July 2018. Prior to Vicki's appointment as CFO, she held the role of Interim CFO from 27 January 2016 to3 July 2017 and from 17 November 2017 to 1 July 2018.

In her previous role Vicki was responsible for Workforce Planning, Dialler Operations and Project Management, as well as the management of our Cape Town business

Henriette Rothschild

Chief Operating Officer

Henriette joined iSelect in August 2017 and is responsible for the performance of the individual business units, customer contact centre operations and commercial partnerships

Henriette has over 25 years' experience in sales, marketing, human resources and consulting.

Slade Sherman

Chief Experience Officer

Slade joined iSelect in February 2018 and is responsible for customer and digital strategy including the Technology, Data Science and Product functions

He has extensive experience in digital transformation, having led large-scale technology based projects for leading global businesses

Warren Hebard

Chief Marketing Officer

Warren joined iSelect as CMO in April 2018, tasked with undertaking a strategic review of the business' marketing strategy and mix modelling tools to build both long-term brand equity and short-term lead generation

Warren is responsible for building iSelect's brand and consumer engagement across all media channels

David Christie

Chief Strategy Officer

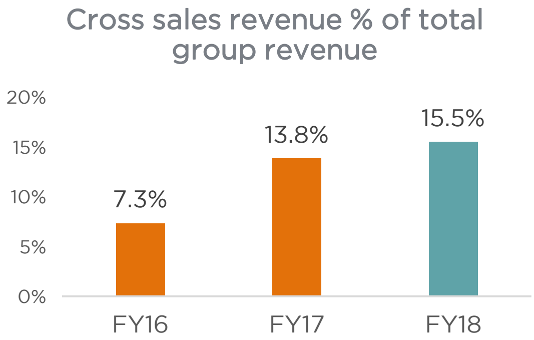
David joined iSelect in September 2013 and leads the Group's strategy, legal, compliance, human resources, IT and company secretary functions

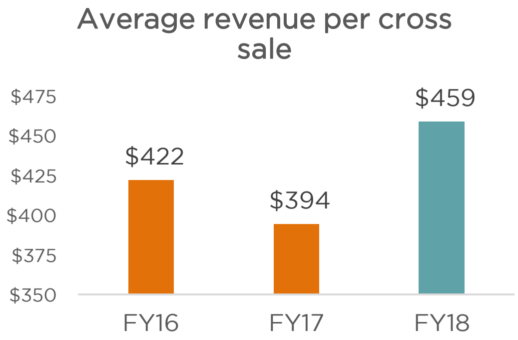
David has over 20 years' experience as a senior legal executive and was previously Global Head of Legal for Renaissance Capital Limited

Focus on operational improvements delivering results

- Through Q4 FY18, in response to business performance and market dynamics, a range of operational improvement initiatives were implemented:
  - Full business review that saw the exit from, or renegotiation of, underperforming arrangements:
    - Scaled down Cape Town model – focusing on customer service, Energy & Telco verticals only
    - Exit of new Telephone Platform Project and refocus on upgrading existing capability
    - Review and refocus of Nest relationship
- Ongoing improvement initiatives aimed at strengthening core business and margins:
  - Reduction in net sales adjustments / sales leakage (where customers fail to go financial after sale)
  - Multi-skilled, multi-product contact centre staff to improve flexibility and customer experience (from 4 to over 50 multi-product agents)
  - Improvement in cross-serve capability and processes to provide more services to customers
- Benefits from these operational improvements are flowing in FY19

Customer focus across verticals





- The business continues to improve its ability to do more with existing customers, with over 15% of overall revenue coming from cross business referrals
- In addition, cross sell initiatives have driven a 16% increase in average RPS to $459 per cross sell customer
- This cross vertical customer focus becomes more significant as cost of attracting new customers continues to rise
- This sets the business up well for the future, with a strong focus on customer experience and more consultants who are multi-product trained
- An overall Net Promoter Score of 48 for FY18 also reinforces the emphasis on positive customer engagement

Technology initiatives underpin improved customer experience

- Leading Data Science and machine learning [AI] capability resulting in unparalleled understanding of customer needs
- Continued migration to “single view of customer” and multi product experience driving lifetime value approach
- Building our technology and data science teams as a technology hub in Melbourne’s South East

Key technology investments:

- Move (ongoing) from desktop to mobile and messaging services
- Personalisation to better meet customer needs and changing data expectations
- Improving methods for finding products through search and discovery
- Customer lifetime value and subscribers increasingly important to drive customer acquisition cost efficiencies

Changes to marketing approach driving increased leads

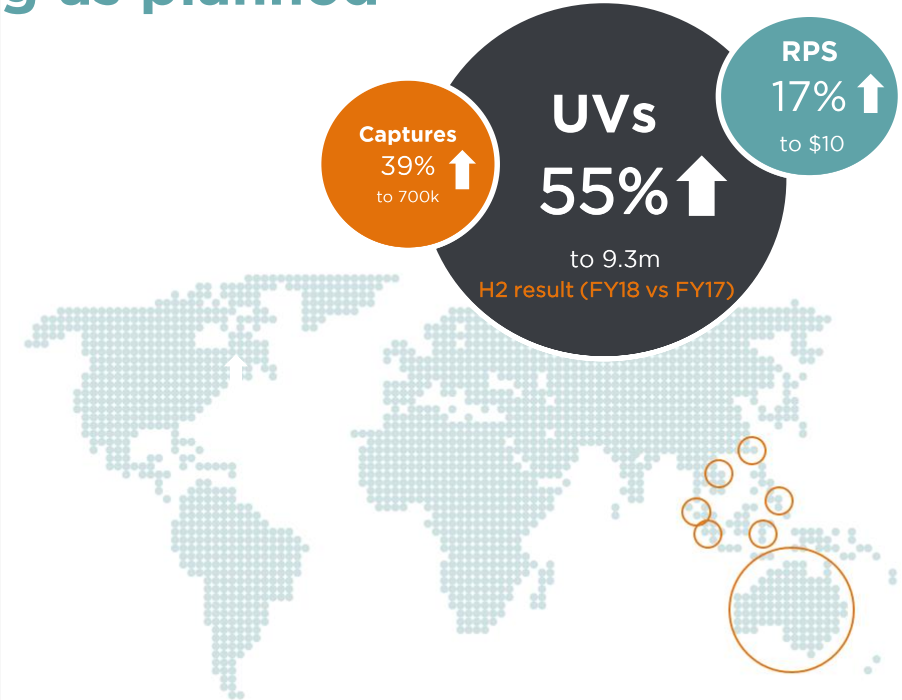
- Focus on EBIT positive ROI for all marketing activity
  - Best practice and core execution, along with improved tracking and analysis is being implemented
- Changes to marketing approach
  - Immediate shift away from underperforming marketing activity in Q4 FY18
  - Significant redirect of marketing mix to minimise non-productive marketing costs and adjust to increasing SEM
  - Exit of under-performing agreements, contracts and agency relationships to ensure greater flexibility in marketing spend to allow for rapid response to changing market dynamics
  - Internalisation of resources and execution
  - Restructure of marketing team
- Changes to marketing have already delivered results including:
  - A reduction in YoY Cost Per Acquisition metrics by -42% in May, -23% in June and -42% in July
  - A reduction in YoY Marketing as a percentage of Revenue by 14% points in May, 10% points in June and 18% points in July
- Having a reset media strategy and execution, work is underway on revitalising key aspects of the brand communications strategy

iMoney integration progressing as planned

- Progress priority growth & governance initiatives
  - Dialler & Propensity Implementation
  - Inbound and Web optimisation
  - Regulatory & compliance survey
  - End point security
  - Finance reporting integrations

- Establish operating Rhythm
  - Periodic huddles & prioritisations
  - Joint business planning
  - Resource share & collaboration

- Strategic planning & alignment



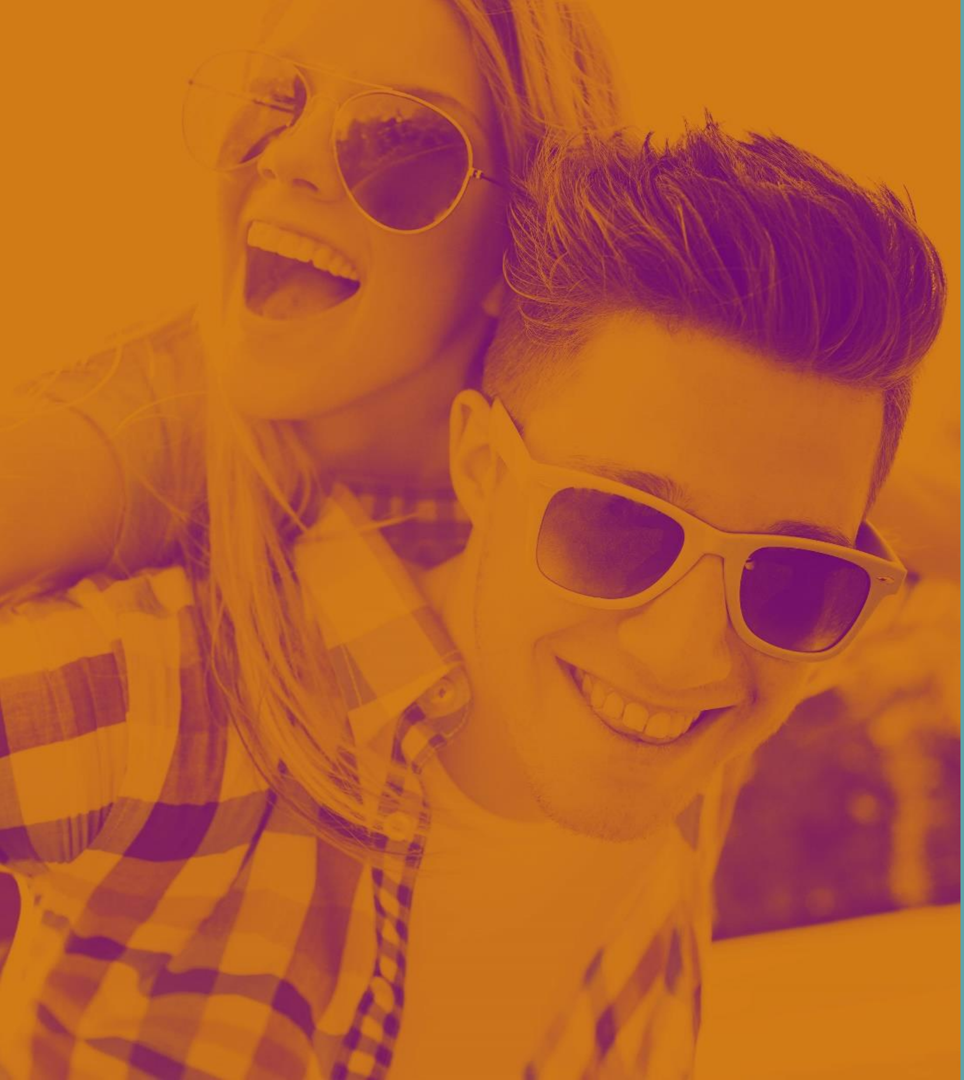
Strong Start to FY19 as initiatives drive profitable performance

While still early in FY19, early indications are positive. July results saw a strong financial performance across the Group

- An optimal lead profile and strong conversion underpinned a profitable month
  - July 2017 was loss making
- July 2018 result reflected our focus on sustainable profitable growth
  - Optimised Lead mix driving an improved marketing efficiency
  - Strong conversion rates
  - Combined these are delivering strong sales units
  - Continued efficient management of overheads

Looking forward – optimistic for a return to growth in FY19

- Achievement of FY18 guidance positions iSelect for a return to growth
- Revitalised senior executive team focused on operational performance and sustainable, profitable growth
- Initiatives implemented over Q4 FY18 are delivering tangible benefits
- Investment in technology to improve customer experience and underpin long-term growth
- Ensure iSelect continues to make it easier for customers to transparently compare services and make informed decisions to renew, buy and save through ongoing work with commercial partners, regulators and government
- Performance over July, featuring more effective marketing, leads optimised, strong conversion rates and higher profits ahead of budget, gives the Board confidence of a promising year ahead and a trajectory that should see iSelect return to its historic profitability over the short to medium term



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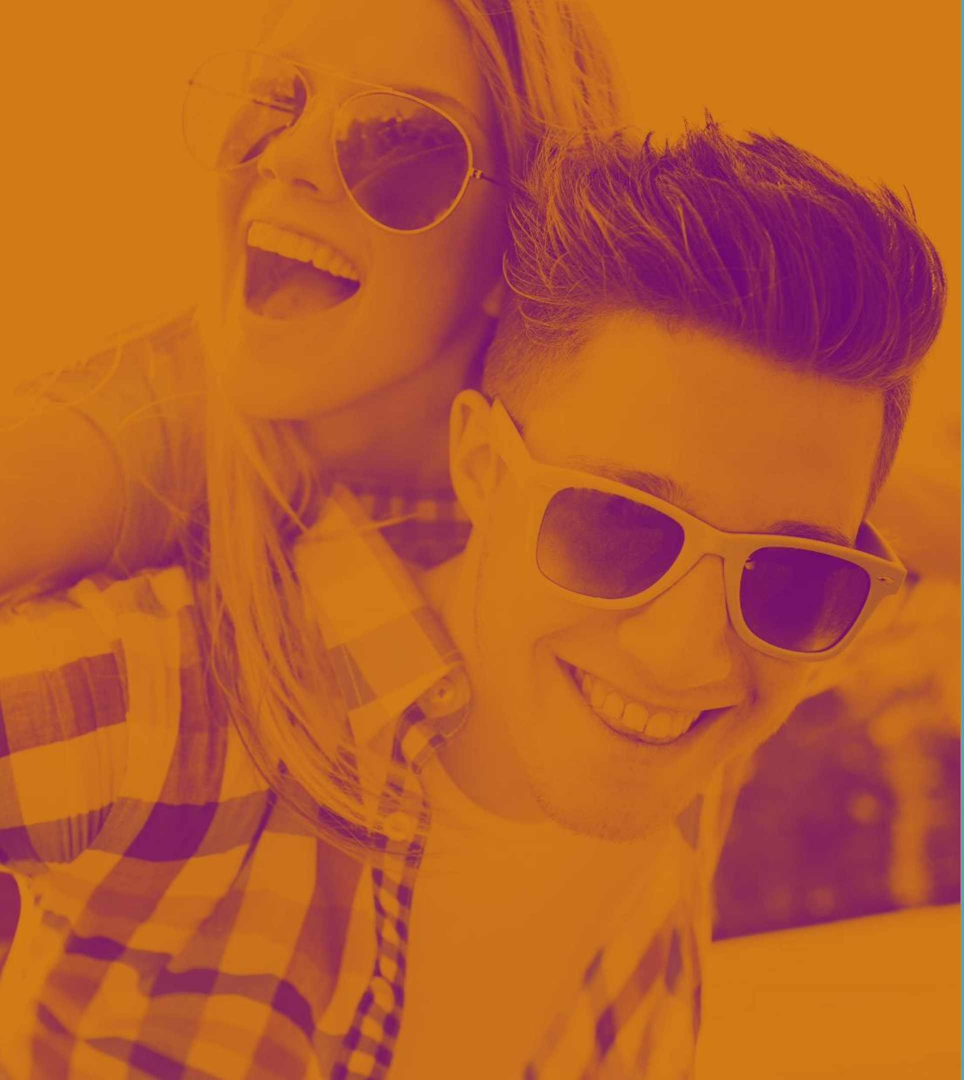
Questions



Appendix

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Any references to "Group" in this presentation refer to iSelect Limited and its controlled entities.

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