

# Thorney Technologies Ltd

ABN 66 096 782 188

ASX Announcement: 14 May 2019

ASX Code: TEK

## THORNEY INVESTMENT FORUM – COMPANY PRESENTATIONS

Please find attached a company presentation from iSelect Limited [ASX:ISU] being presented at today's Thorney Investment Forum in Sydney.

### Details:

Date: Tuesday 14 May 2019  
Location: Australian Securities Exchange Centre  
Address: 20 Bridge Street, Sydney  
Time: 9.00am for 9.15am, concluding by 1.00pm

For those unable to attend in person, shareholders will be able to view the forum by clicking [here](#).

A video recording of the presentations will also be uploaded to the respective websites a few days after the forum concludes.

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# Thorney Investment Forum

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## Brodie Arnhold - CEO

# iSelect locations

**Melbourne:** iSelect head office

**Fiji:** iSelect compliance and customer service

**Kuala Lumpur:** iMoney head office

**Jakarta:** iMoney Indonesian operations

**Manila:** iMoney Philippine operations

**HK/Sing/Thailand:** iMoney operations



# iSelect marketplace

## Insurance



## Utilities

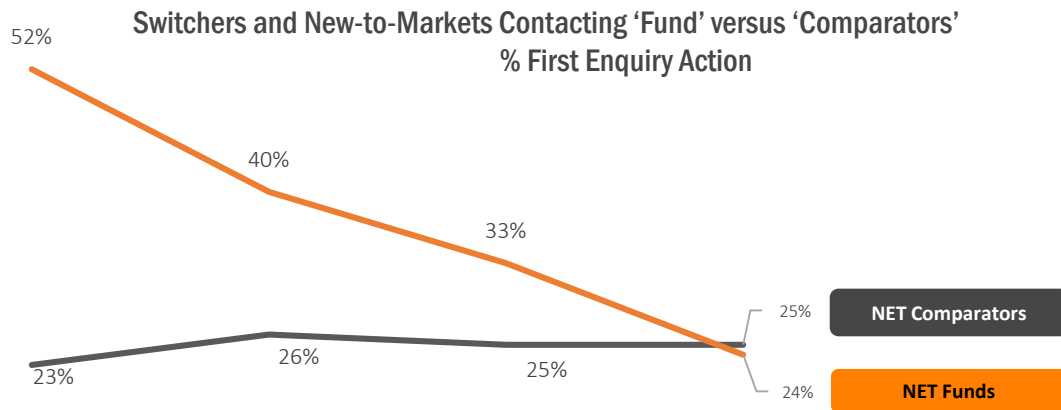


## Money



# Consumer usage of comparator sites increasing

Comparators eclipse funds as 1st enquiry action



- Around 26%\* of new joins via intermediaries (includes switchers)
- Half (48%) 'touch' a comparator during the purchase process
- Any fund not dealing with intermediaries is limited to 74% of available market

2011

2013

2015

2017

iSelect

IPSOS: Healthcare & Insurance Australia 20 December 2017. Comparator awareness and attitudes  
Base: All respondents aware of comparator category for PHI, regardless of PHI status

# Revitalised senior executive team



**Brodie Arnhold**

**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 to 3 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

# Results from business reset clearly flowing through in H1 FY19

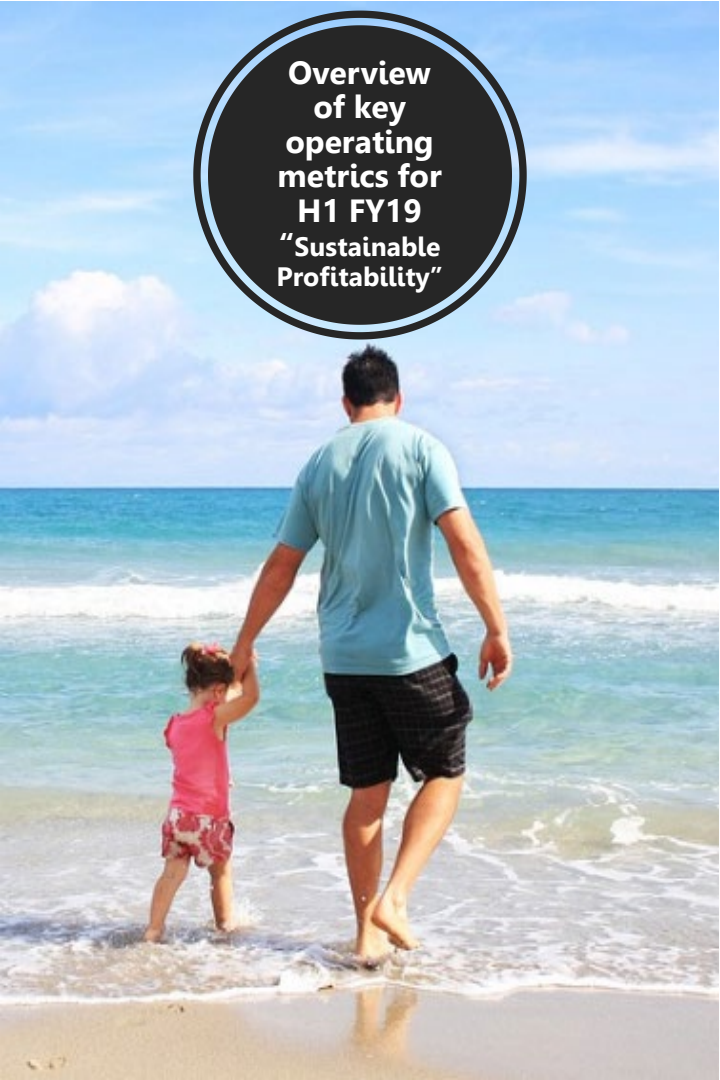
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- Focus on generating sustainable **profitable growth** delivering results with strong growth in earnings
- Strategic review is complete with implementation ahead of schedule. Initiatives to be completed in H2 FY19, delivering further profit and operational improvement
- Significant improvement in **marketing ROI** will remain a key focus area
- Continuing to invest in **technology and customer experience**, benefits to start flowing in H2 FY19
- Further investment in **iMoney**, to position in one of the fastest growing financial services markets, to maximise growth opportunity
- Strategic shareholder has crept 3% to 22.6%

# Substantially progressed business reset initiatives-H1 FY19

6 Months ago : What we said we would do	Status	What we have done in H1 FY19
<b>Business Reset</b>		
<ul style="list-style-type: none"> <li>Other Business Reset initiatives</li> </ul>		Complete: Strategic Review, Write-off/Disposal of Legacy Fixed Assets, Renegotiation of Kiosk contract, InfoChoice sale, Nest
<ul style="list-style-type: none"> <li>Home Loans Business Model</li> </ul>		Introduction of self-employed brokers and ongoing review of sustainable profitable operating model
<ul style="list-style-type: none"> <li>Scaled down Cape Town model</li> </ul>		Contract now renegotiated. Despite this, conversion performance in H1 has been below expectation
<b>Strategic Focus Areas</b>		
<ul style="list-style-type: none"> <li>Focus on EBIT positive ROI for all marketing activity</li> </ul>		Significant improvement in marketing ROI YOY, this will continue to be a focus area in H2
<ul style="list-style-type: none"> <li>Reduction in sales leakage</li> </ul>		Sales leakage is a key focus area, work is ongoing and success will be underpinned by technology and data improvements
<ul style="list-style-type: none"> <li>Improvement in multi-product and cross-serve capability</li> </ul>		Multi-skilled consultants continues to be a focus area. Cross-Serve has continued to increase as a % of iSelect Revenue in H1
<ul style="list-style-type: none"> <li>Continued migration to 'Single view of customer'</li> </ul>		Technology development is progressing well. On track to leverage this capability and realise benefit in FY20





Overview  
of key  
operating  
metrics for  
H1 FY19  
“Sustainable  
Profitability”

## SALES VOLUME

197k

-13% YOY

## CONVERSION

10.0%

-0.4p.p YOY

ENERGY/TELCO

RSA: 4.5%

AUS: 11.0%

BLENDED: 9.0%

## RPS

\$414

+6% YOY

## X-Serve as %Rev

14.6%

+0.6 pp YOY

## MARKETING ROI

3.54

+26% YOY

## GP MARGIN

37.1%

+6.6 pp YOY

## EBIT

\$6.2m<sub>(Underlying)</sub>

+80% YOY

## EBIT MARGIN

8.6%<sub>(Underlying)</sub>

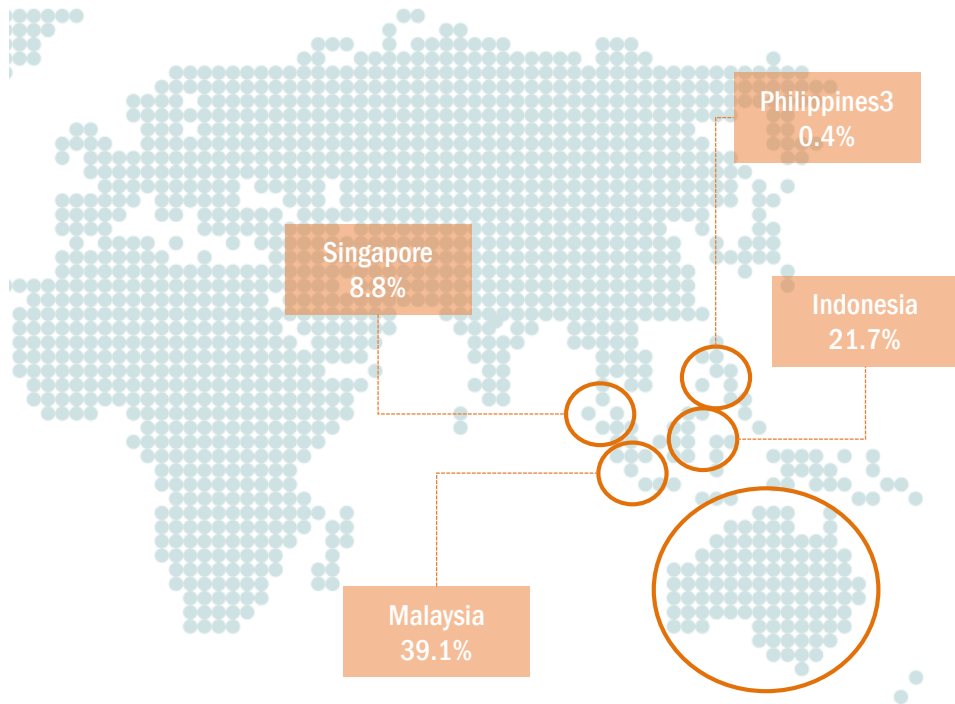
+4.4 pp YOY

# iMoney continues growth trajectory

- iMoney revenue growth continues in one of the fastest growing financial services markets in the world
- Significant opportunity for iSelect:
  - 4 Markets currently
  - 266m mobile users (potential customers)(1)
- Strong recent fundraising in this sector with majority of competitors achieving valuations at double digit revenue multiples (CompareAsia, C88, Jimexu, GoBear)
- Investment in iMoney US\$18.4m for 84.3% shareholding (as at Jan 31st, 2019)
- Increase planned investment velocity (c. US\$2m) to enable accelerated asset growth preparing for a strategic partnership or market consolidation opportunity

## iMoney

### Current Revenue Split by Market



# "Focus on core" delivering results

## OPERATING MODEL IMPLEMENTATION



H1 has seen a restructure/exit from unprofitable businesses and initiatives

- Cape Town contract renegotiation: Limit focus to better performing verticals
- Review of non-Core business initiatives: Kiosks, Nest, Aspect Telephony platform, unprofitable affiliate partnerships
- Streamlining of existing business:
  - Exit InfoChoice
  - Home Loans new model well progressed
- 3rd party review (Deloitte) of cost base and efficiency opportunities

## OPERATIONS



Continued focus on customer ease and experience

- Increasing base of multi-skilled consultants
- Focus on customer experience and Net Promoter Score
- Focus on cross-serving and increasing products per customer
- Minimising sales leakage

## MARKET OUTLOOK



In a changing market and regulatory environment, our independence creates opportunities

- PHI reforms and ACCC's Energy retail focus impact
- Royal Commission
- Maintaining our strong compliance process will continue to be a focus
- Retaining our focus on consumer benefit, transparency and independence is key

# Customer first

## Customer choice

Strategic focus on adoption of customer centric business practices and technologies giving customers choice

### H1 Activity

- AER & Health regulation changes
- Continued improvements on cross-serve capability and single-view of customer initiatives
- Website customer experience initiatives

iSelect



Improve

### Future outcomes

- Short terms benefits in continuation and conversion measured in H1 with increases to continue in H2

A 1% increase improvement in our Web performance (e.g. continuation rates) would equate to \$3m+ revenue annually

# Optimising customer experience

## iConnect

Improving product matching and service efficiency through proprietary iConnect Data Science applications



Optimise

## H1 Activity

- Commenced implementation of Engagement Platform upgrade due for completion in H2
- Upgrade of Salesforce to Lightning
- Continued focus on delivering sustainable and high quality digital platforms

iSelect

## Future outcomes

- Increases in customer experience and conversion rates from FY20
- Retirement of legacy systems and associated cost savings

A 1% improvement in our Call Centre Operation's conversion rate would equate to \$5m+ revenue annually

# Supporting the partner ecosystem

## Partnervalue

Focus on improving connectivity and partner tools to support the comparison marketplace

### H1 Activity

- Continued focus on sales leakage through improving partner onboarding processes, reducing leakage, and developing APIs to better link with our partners

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### Insurance



### Utilities



### Money



### Future outcomes

- Reduced leakage in H2 with benefits further realised in FY20

A 1% improvement in our Leakage rate would equate to \$1.5m+ revenue annually

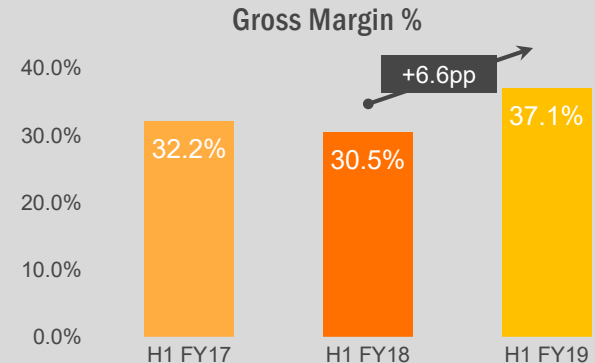
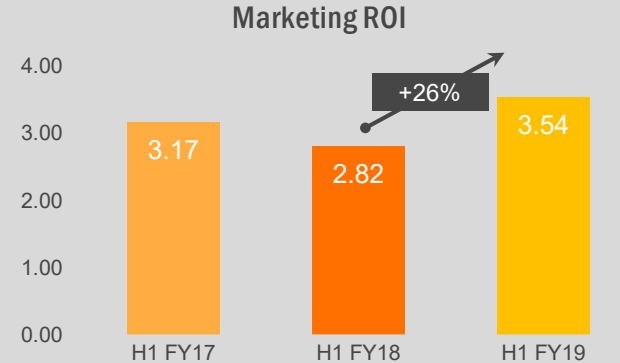


Improve

# ROI focus on marketing delivered improved margins in H1 FY19

## Streamlined approach

- ROI focussed strategy has delivered a significant increase in efficiency YOY
- Exit of underperforming marketing contracts and commitments with negative ROI completed
- Marketing team restructure completed
- Updated “Compare Select Save” brand positioning and new [“Billusionist” campaign](#) launched
- Deliberate significant reductions in non-working media, reliance on agencies and 3<sup>rd</sup> party suppliers
- Agile approach to prioritisation of highest performing channels and resource/budget allocation to verticals



# Positive outlook for H2 FY19

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- Strategic review initiatives to be complete in H2
  - Cape Town performance
  - New model for Home loans
- Benefits to be realised in H2
  - Continued benefit from Marketing ROI
  - Tight management of **Overhead** costs and **Tech** Capital investments. Expecting to see cost efficiencies as new Tech initiatives rollout over coming 6-18months
- Industry opportunities
  - **Health** - PHI reforms due in H2, internal view is that this will be positive for iSelect
  - **Energy & Telco** – Continue to work with regulatory bodies on changes in Energy and Broadband
  - **Life and GI** – Continued growth in new GI verticals, and capitalising on Life Insurance market post Royal Commission

The Board remains confident that iSelect will return to its historic profitability over the near term



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

This document is a presentation of general background information about iSelect’s activities current at the date of the presentation, 18 February 2019. It is information in a summary form and does not purport to be comprehensive.

It is to be read in conjunction with the iSelect Limited’s half year results filed with the Australian Securities Exchange on 18 February 2019.

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