Investor Briefing

H1 FY16 results

iSelect

25 FEBRUARY 2016

H1 FY16 – a strategic refresh

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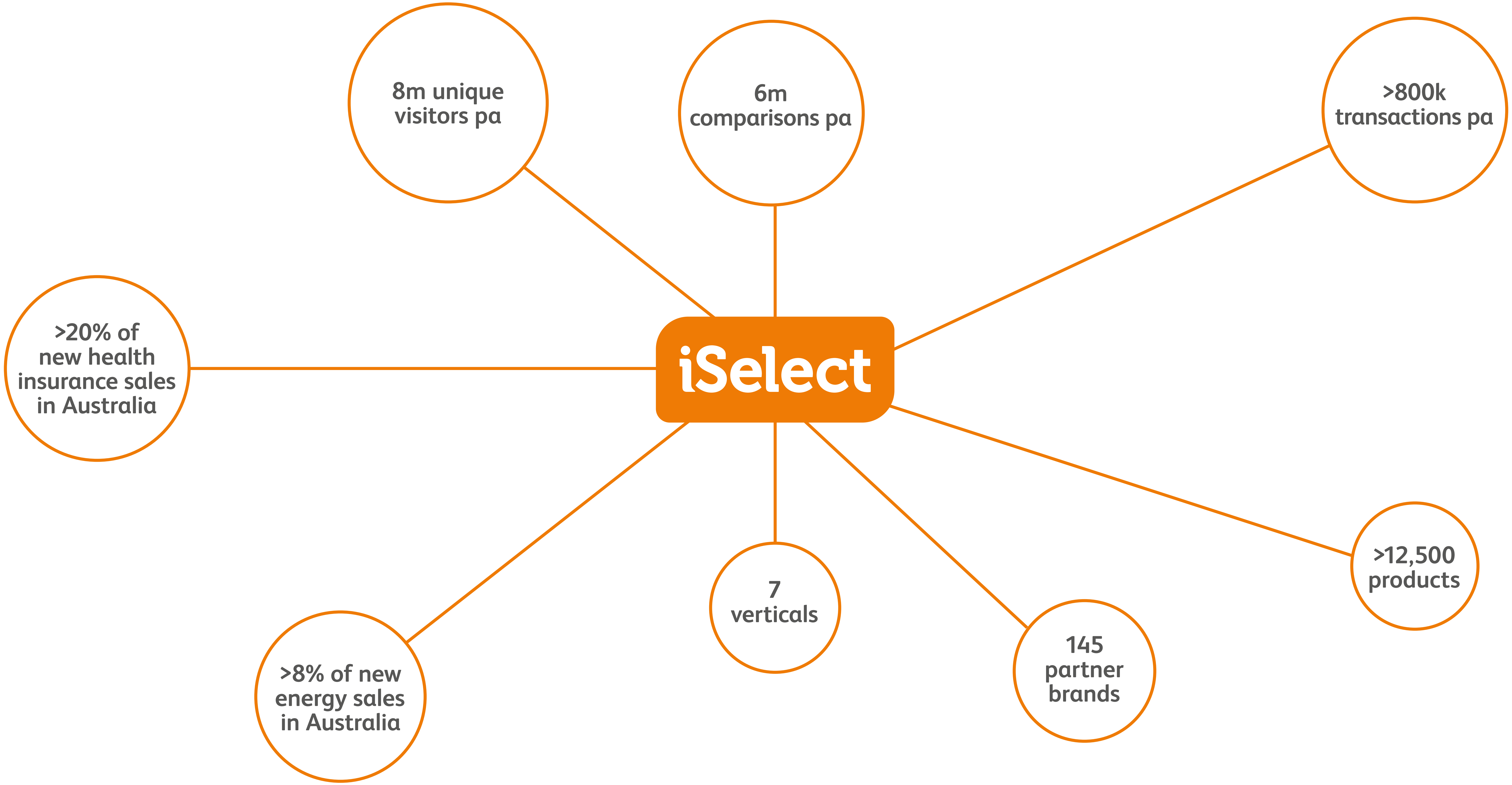
"Enhancing our marketplace to deliver even better results for our customers and partners."

iSelect marketplace – matching customers' unique and timely needs to the right products



H1 FY16 snapshot

UNIQUE VISITORS
↑37%
TO
3.9m

SALES UNITS
↑4%
TO
164k

CUSTOMER LEADS
↑4%
TO
1.7m

Home & Contents

Health

Energy

CONVERSION
rates stable at
9.5%

REVENUE/SALE
steady at
$428

Home Loans

Life

Car

Broadband

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iSelect competitive advantages

Brand

- Substantial investment
- Core positioning – Consumer choice
- Unique messaging – Focused on value
- High digital integration

Customer Leads

- iConnect Platform – proprietary technology
- Data rich
- Real time

Conversion

- iConnect platform
- It's all about the customer's needs
- End-to-end customer experience

Partners

- 145 Partner brands with over 12,500 products
- Technology links/API's
- Focus on providing value to our partners, not merely a distribution channel

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H1 FY16 results

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“The company’s H1 FY16 financial performance reflected substantial strategic and operational issues that are being addressed.”

H1 FY16 results – Non-Health revenue now 53% of total revenue

INCOME STATEMENT	NORMALISED			REPORTED		
$m, HYE 31 December	H1 FY16	H1 FY15	Change	H1 FY16	H1 FY15	Change
Upfront revenue	51.6	51.1	1%	51.6	51.1	1%
Trail commission revenue	14.6	14.4	1%	14.6	14.4	1%
REVENUE	**66.2**	**65.6**	**1%**	**66.2**	**65.6**	**1%**
GROSS PROFIT	**16.5**	**26.4**	**(37)%**	**16.5**	**26.4**	**(37)%**
%	25%	40%		25%	40%	
Overheads	(18.0)	(18.0)	0%	(20.2)	(18.0)	12%
EBITDA	**(1.4)**	**8.4**	**(117)%**	**(3.6)**	**8.4**	**(143)%**
Depn. and amort.	(2.9)	(3.2)	(11)%	(2.9)	(3.2)	(11)%
Loss from associates	(0.4)	(0.1)	356%	(0.4)	(0.1)	356%
EBIT	**(4.7)**	**5.1**	**(193)%**	**(6.9)**	**5.1**	**(237)%**
Net interest income	1.1	2.7	(58)%	1.1	2.7	(58)%
Income tax (expense)/benefit	1.0	(2.4)	140%	1.6	(2.4)	168%
NPAT	**(2.6)**	**5.4**	**(148)%**	**(4.2)**	**5.4**	**(177)%**
%	(4)%	8%		(6)%	8%	

- Revenue growth of 1% driven by strong performance in non-health businesses
- Non-health businesses represent 53% of total revenue compared to 44% in H1 FY15
- Upfront revenue represents 78% of total revenue
- Gross profit impacted by the Health result, driven by off trend conversion and contact centre staffing costs
- Overheads remain flat on a normalised basis after the exclusion of costs in relation to the restructure and CEO exit

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Gross profit bridge – H1 FY16

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Strong balance sheet with no borrowings and >$100m cash

BALANCE SHEET

$m	31 Dec-15	30 Jun-15	Change
Cash	102.5	70.5	45%
Receivables	27.8	33.0	(16)%
Tax receivables	2.6	–	n.m
Trail commission receivable	101.6	101.6	0%
NIA receivable	–	40.7	(100)%
Property, plant and equipment	7.3	7.1	2%
Intangibles	46.0	46.2	0%
Other	2.3	3.8	(38)%
Investment in associates	3.9	4.2	(9)%
TOTAL ASSETS	**294.0**	**307.2**	**(4)%**
Trade and other payables	17.3	22.1	(22)%
Provisions	8.4	14.1	(40)%
Net deferred tax liability	25.3	24.1	5%
TOTAL LIABILITIES	**51.0**	**60.3**	**(15)%**
NET ASSETS	**243.0**	**246.9**	**(2)%**
Contributed equity	173.7	173.7	0%
Reserves	7.5	7.2	4%
Retained earnings	61.8	66.0	(6)%
EQUITY	**243.0**	**246.9**	**(2)%**

- Cash increase as a result of $42 million received from NIA
- Increase in tax receivable due to tax instalments paid which are not reflective of half year loss
- Trail book remained steady for the period
- Decrease in investment is due to loss made in first half by iMoney
- Decrease in payables reflective of seasonality of business
- Decrease in provisions from the payment of FY15 taxes

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Cash flow impacted by H1 FY16 operational issues

CASH FLOW STATEMENT– REPORTED

$m, HYE 31 December	H1 FY16	H1 FY15	Change
OPERATING CASH FLOW	**(8.3)**	**8.5**	**(198)%**
Capital expenditure	(2.9)	(1.7)	64%
Acquisition and investments	–	(14.3)	n.m
Interest received	2.6	2.8	(7)%
NIA facility receipts/(advances)	40.7	(13.1)	411%
INVESTING CASH FLOW	**40.4**	**(26.3)**	**253%**
Finance costs	(0.1)	(0.1)	35%
Proceeds/outflows from share Issues/buy backs	(0.1)	0.8	(108)%
FINANCING CASH FLOW	**(0.1)**	**0.7**	**(120)%**
NET MOVEMENT IN CASH	**32.0**	**(17.2)**	**286%**
Reported EBITDA	(3.6)	8.4	(143)%
Cash conversion	n.m	101%	n.m

- Operating cash flow decline as a result of a lower operating result and payment of income taxes of $5.2 million
- In July $42 million was received from NIA Health as settlement for the loan facility and interest receipts
- Capital expenditure investment included second office, IT infrastructure and Data Warehouse

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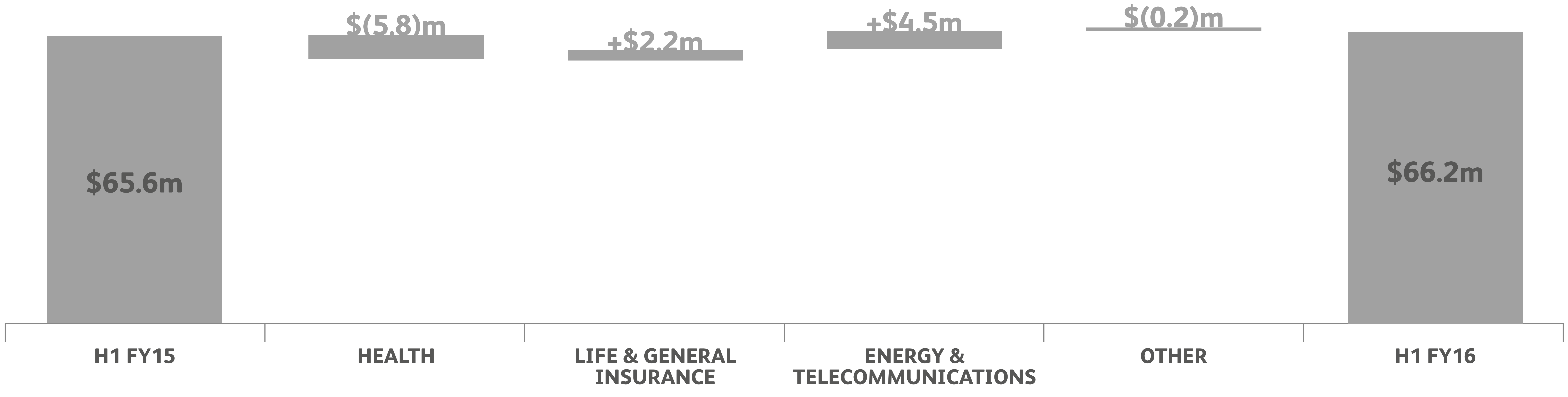
Strategic and balanced approach to Capital Management

- Maiden **interim fully franked dividend** of 1.0 cent per share declared
  - Full dividend policy to be outlined at FY16 results
- On-market Buy-back commenced
  - iSelect currently has the capacity to buy-back a further 17,758,011 shares
  - The company has bought back 7,628,162 shares (approximately 3% of the Company's issued capital)
- Shareholder approval to be requested at the General Meeting on 16 March 2016 by a further 25.5 million shares
- $50m capital management program initiated while maintaining capital structure to provide flexibility and support growth

Substantial revenue growth in non-Health segments



SEGMENT REVENUE – REPORTED ($m)

Segment	H1 FY16	H1 FY15	Change
Health	31.1	36.9	(16)%
Life & General Insurance	13.3	11.1	20%
Energy & Telecommunications	17.5	13.0	34%
Other	4.3	4.5	(4)%
TOTAL	**66.2**	**65.6**	**1.0%**

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Health underperformance due to incorrect staffing levels and poor conversion rate

REPORTED ($m)

Health	H1 FY16	H1 FY15	Change
Revenue	31.1	36.9	(16)%
EBITDA	(2.0)	6.4	(131)%
Customer leads (000s)	507	524	(3)%
Sales (000s)	43.3	50.5	(14)%
RPS $	804	779	3%
Conversion	8.5%	9.6%	(1.1)pp

- Revenue per sale up 3% to $804
- Revenue impacted by an off-trend and material reduction in conversion
- EBITDA impacted by an off-trend and significant increase in direct staff costs
- We have been addressing staff levels and conversion rates since November 15 through recruitment selection and training

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Strong growth in Energy & Telecommunications

REPORTED ($m)

	H1 FY16	H1 FY15	Change
Revenue	17.5	13.0	34%
EBITDA	0.4	0.6	(33)%
Customer leads (000s)	774	639	21%
Sales (000s)	98.5	90.6	9%
RPS $	202	171	18%
Conversion	12.7%	14.2%	(1.5)pp

- Strong revenue growth in both Energy and Telecommunications
- Reduced EBITDA reflects growth and investment in people and marketing
- Strong RPS growth in both verticals
- Energy and Telecommunications comprised 26% of Group revenue in H1 FY16 vs 20% in H1 FY15

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Continued growth in Life & General Insurance

REPORTED ($m)

	H1 FY16	H1 FY15	Change
Revenue	13.3	11.1	20%
EBITDA	3.4	2.7	25%
Customers leads (000s)	360	406	(11)%
Sales (000s)	21.7	16.3	33%
RPS $	611	657	(7)%
Conversion	6.0%	4.0%	2.0pp

- Strong revenue growth across both Life and General Insurance
- Substantial improvement in conversion rate
- Managed reduction in customer leads to match operational conversion capacity
- Life and General Insurance comprised 20% of Group revenue in H1 FY16 vs 17% in H1 FY15

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Other

REPORTED ($m)

	H1 FY16	H1 FY15	Change
Revenue	4.3	4.5	(4)%
EBITDA	0.1	0.8	(83)%

- Other comprises of financial service products including Home Loans
- Revenue down slightly due to decline in Money customer leads and website conversion
- EBITDA reduced due to investments in the new home loan digital customer process and negative impact on Money from changes to SEM mobile rankings
- Home loans conversion up 22% on H1 FY15

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Positive outlook

"The strategic refresh is already improving key business drivers that will underpin long term sustainable growth."

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Putting in place the right growth fundamentals

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Strategic refresh

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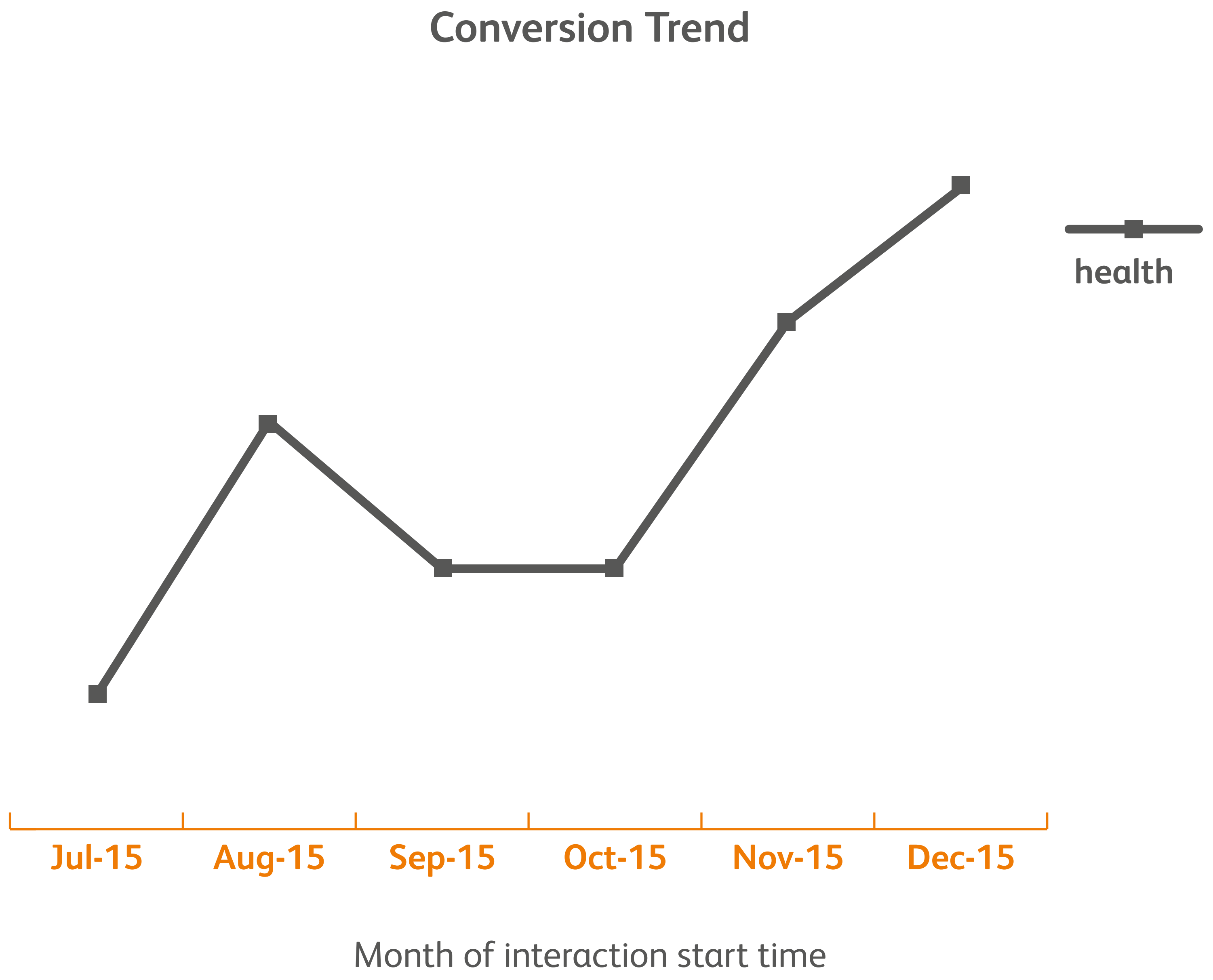
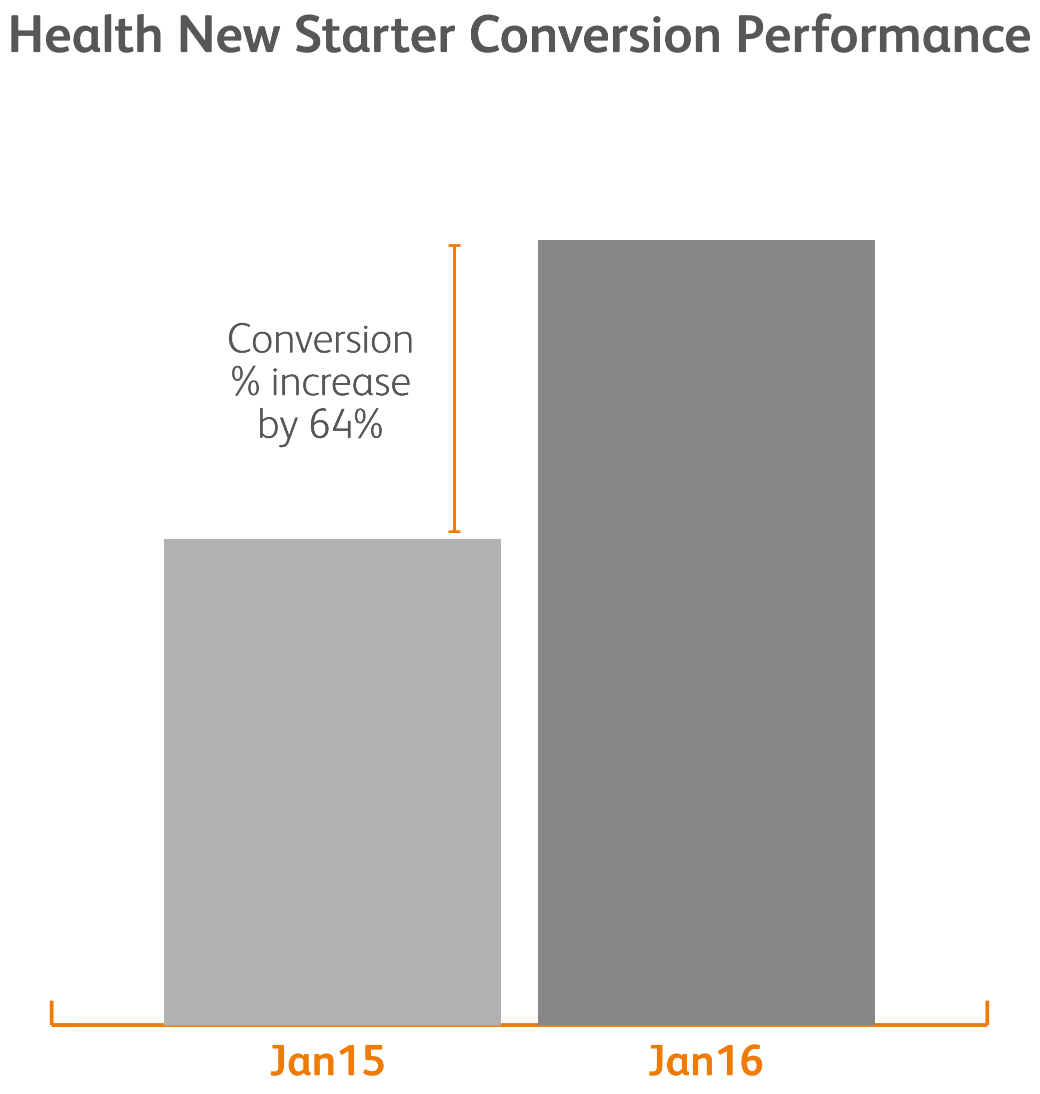
1. Refreshed business unit structure (Group Executives)
2. Invest in scalable technology platforms & cross-serve
3. Roll-out of iConnect to all verticals in H2 FY16
4. Launching Credit Cards, Travel Insurance & Mobile
5. Expand core and grow new businesses

Our foundation: “Customer-first”

1. New business unit structure – contact centre reset – addressing staff sales skills in Health





Pre-November

- No recruitment screening
- Training and induction process was ineffective
- Conversion dropped substantially

Post-November

- Third party screening of applicants
- Introduced sales skills and product knowledge into training and induction
- Immediate lift in conversion rates

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2. Investment in scalable platform and technology – iConnect implementation

Health	Energy	Car	Life	Home Loans	Broadband	InfoChoice
100%	60%	15%	10%	0%	0%	0%

H2 iConnect rollout

Single CRM platform to be rolled out across all verticals in H2 FY16 which will enable the H2 roll out of iSelect's proprietary "iConnect" platform to all verticals

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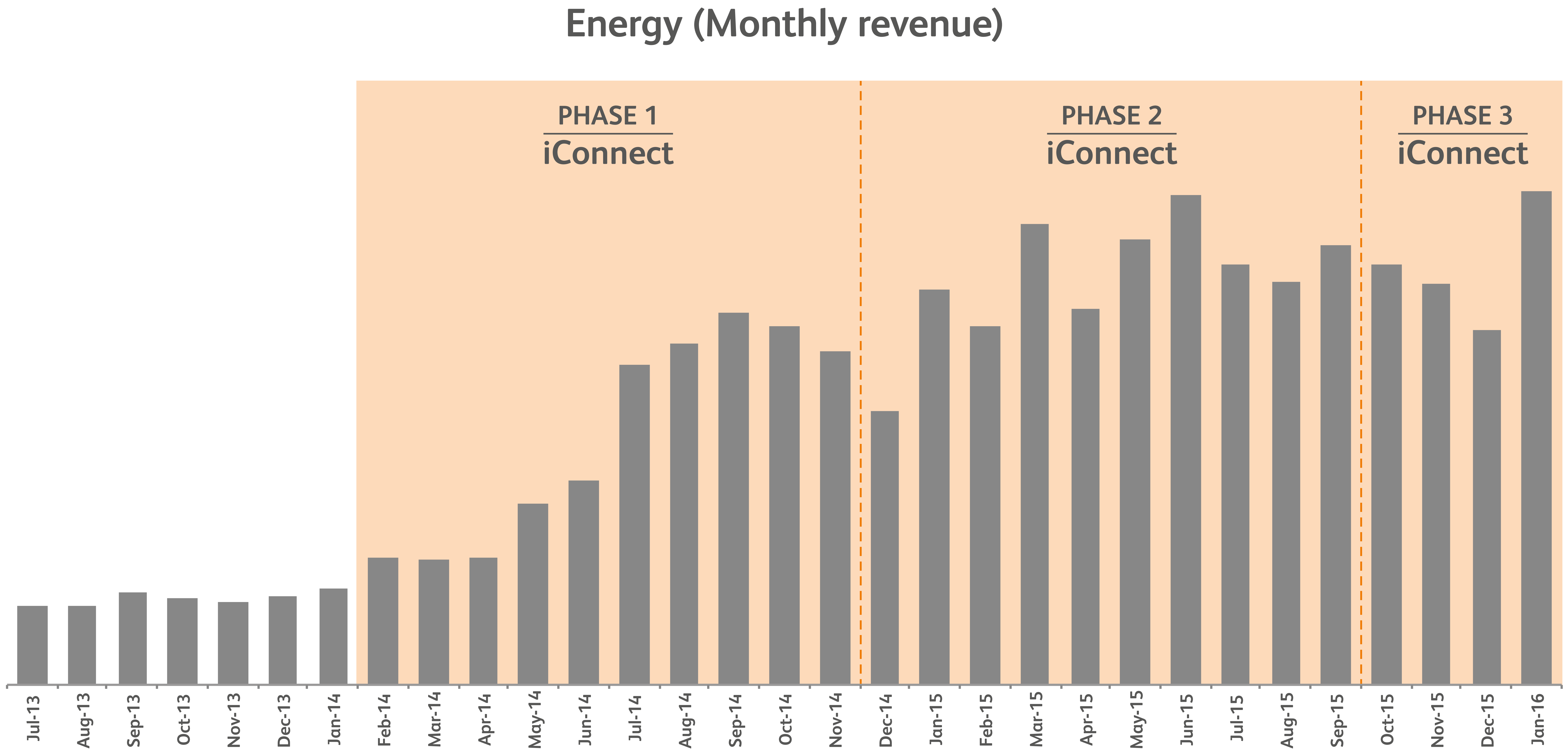
2. Investment in scalable platform and technology – Uplift to Energy from iConnect



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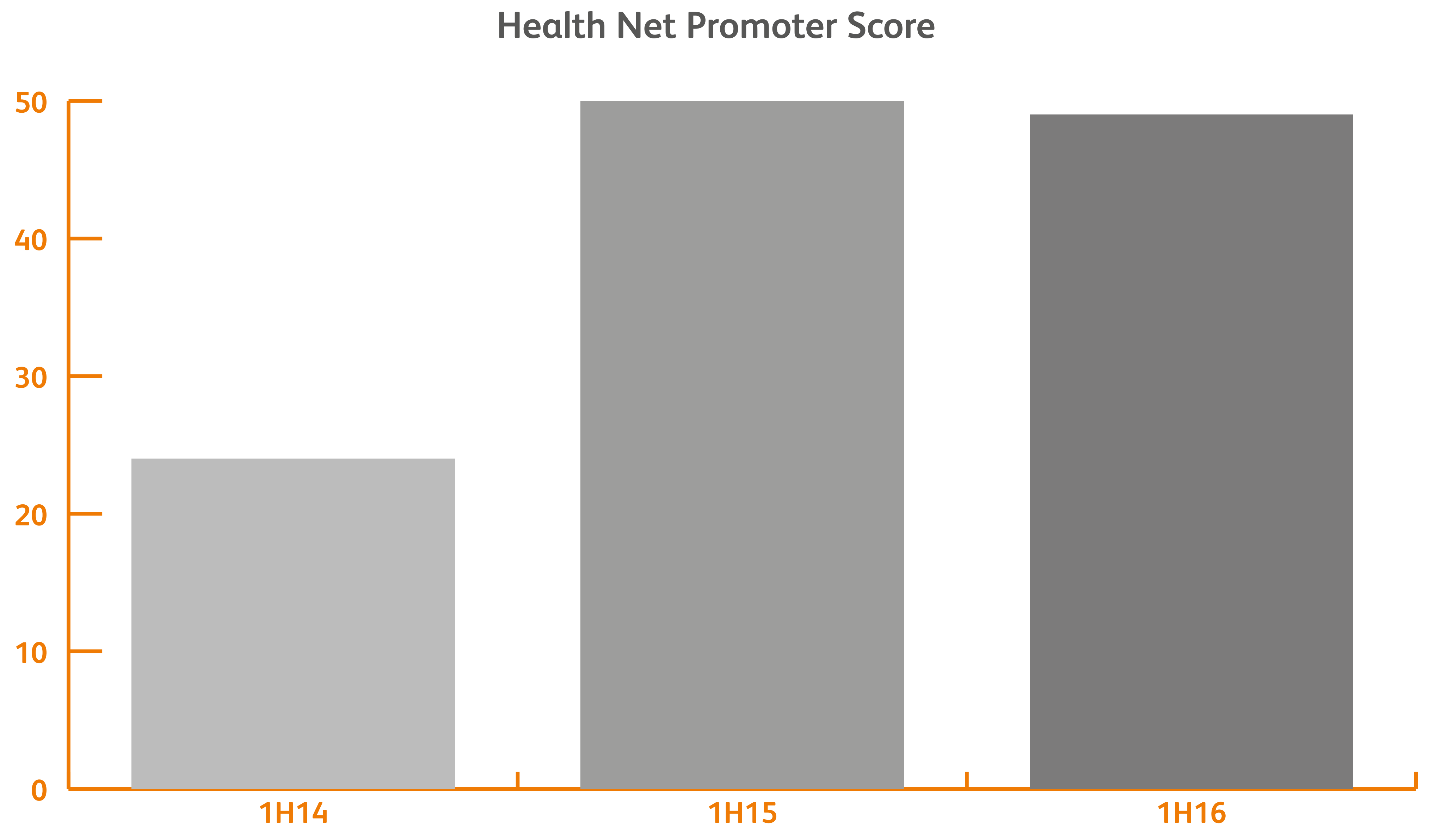
3. Develop core business and verticals – Maintaining a high Net Promoter Score



- NPS is key measure of customer satisfaction
- High NPS lowers churn and increases referrals
- Expanding NPS beyond Health

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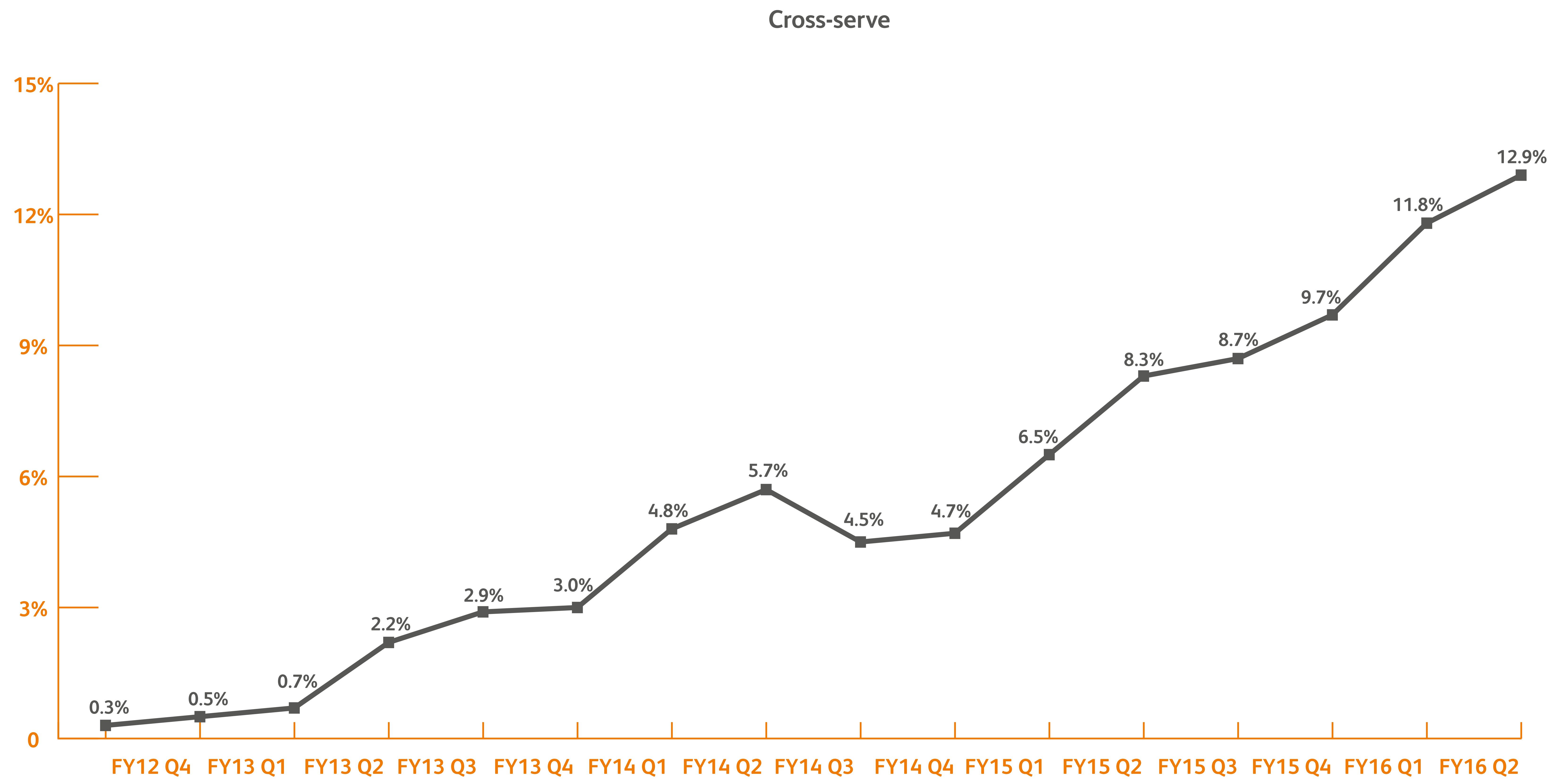
3. Develop core business and verticals – Increasing cross-serve



- Customer comparisons of 6m people
- Average customer purchases 1.4 products
- Cross-serve revenue as a % of total revenue has been increasing over time
- Improving CRM and technology platform (iConnect) to lift cross-sell to 15% of revenue on FY17
- Operational improvements continuing to drive higher trend in Jan and Feb

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4. New verticals - Providing additional services to customers

Credit Cards

Travel Insurance

Mobile Phone SIM Cards

- New verticals have been identified based on consumer demand and natural extensions from our current verticals
- System and platform development on track
- New partner onboarding progressing well
- Test and learn for new verticals being conducted

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5. New brand direction

New creative marketing platform to be launched in Q4 FY16

Whether it's just having the right answer, or buying someone the right gift, you walk a little taller when you know you've nailed it. And it's even more satisfying (and important) when it comes to the things that are close to home.

From your health, to the energy that keeps your family warm, and even how much you pay at tax time, iSelect is there to help you make the right call on the things that matter most.

With our range of providers, intuitive tech, and people that care about what you need, everything comes together to give you the knowledge and confidence to make the right decisions.

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In summary...

- iSelect's market place continues to grow
- H1 FY16 financial performance reflected strategic and operational issues that are being addressed
- Strong revenue growth in non-health business units
- Maiden interim dividend declared
- Strong balance sheet with no debt and >$100m cash
- Capital management strategy implemented
- Successfully progressing investments to return iSelect back to being a growth business
- Early results from new initiatives are encouraging
- On track to achieve previous guidance of $15m to $18m FY16 normalised EBIT

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Questions

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Appendix

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H1 FY16 operational performance highlights*

	H1 FY14	H1 FY15	H1 FY16	Change
Customer Leads (m)	1.6	1.7	1.7	4%
Conversion (%)	6.8%	9.5%	9.5%	0.0pp
Sales Units (000s)	106	158	164	4%
Revenue Per Sale (RPS)	$512	$427	$428	0%

Customer Leads (m)
- Deliberate easing in most verticals to align with capacity
- Strong Energy group result with customer leads up 14%
- Strong growth in Telecommunications up 32%

Conversion (%)
- Strong improvements in Car up to 2.7pp
- iSelect Energy continues to improve on strong H1 15 performance up 2.5pp
- Health conversion down 1.1pp

Sales Units (000s)
- Improved performance in Telecommunications up 46%
- Growth in sales from lead result in Energy & Telecommunications; and conversion in Life & General Insurance
- Decline in Health by 14% due to conversion result

Revenue Per Sale (RPS)
- Health up by 3%
- Telecommunications up 194%
- RPS is flat due to change in mix of product offering

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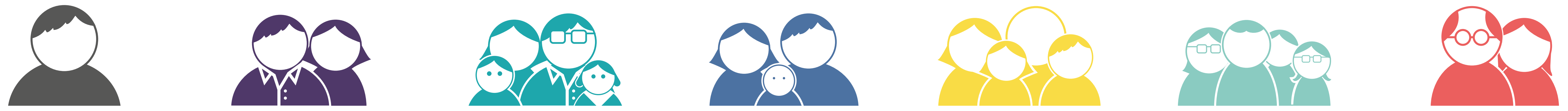
H1 FY15 has been updated to include Energy Watch business metrics to aid comparison of H1 FY16.

The seven iSelect customer segments



Young & Free	Work Hard, Play Hard	Growing Aussie Family	Growing Confident Family	Established Aussie Family	Established Affluent Family	Mature Maximisers
18-29yrs	30-44yrs	18-34yrs	18-34yrs	35-64yrs	35-64yrs	45-64yrs
No Children	No Children	Children living at home	Children living at home	Children living at home	Children living at home	No children or none at home
Household Income: Above $50,000	Household Income: Above $80,000	Household Income: $50,000-$90,000	Household Income: Above $90,000	Household Income: $50,000-90,000	Household Income: Above $90,000	Net Worth: Above $400,000
4%	4%	4%	5%	8%	19%	7%

of the Australian 18+ population

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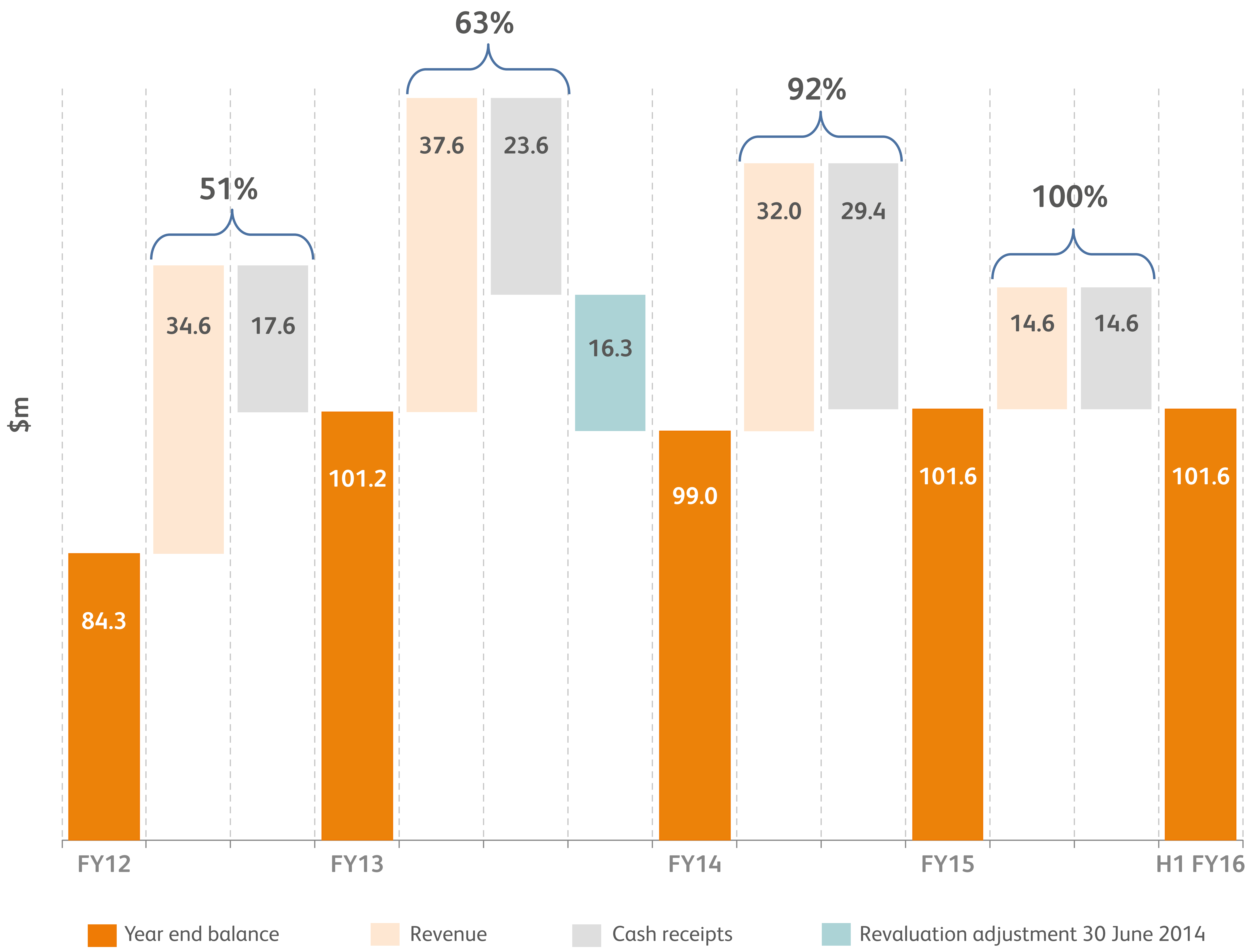
Source: iSelect customer segmentation research, Brandhook, 2014

Trail book progression over time



Key Observations and comment

- Upfront revenue mix remains high (c. 78% of total revenue)
- Trail commission cash flow as a percentage of trail revenue has increased to 100%
- The Group specifically provides for known and expected risks to future cash flows. These risks include but are not limited to attrition and discount rates.
- The trail book balances shown are net of these risks
- Attrition risk and other underlying assumptions have remained in line with the assumptions set at FY15

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Disclaimer

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