

Market release

16 February 2016

ASX announcement

Trading Update

Cover-More Group (**ASX: CVO**) today provided an update on its current trading performance.

Key H1 FY2016 results include:

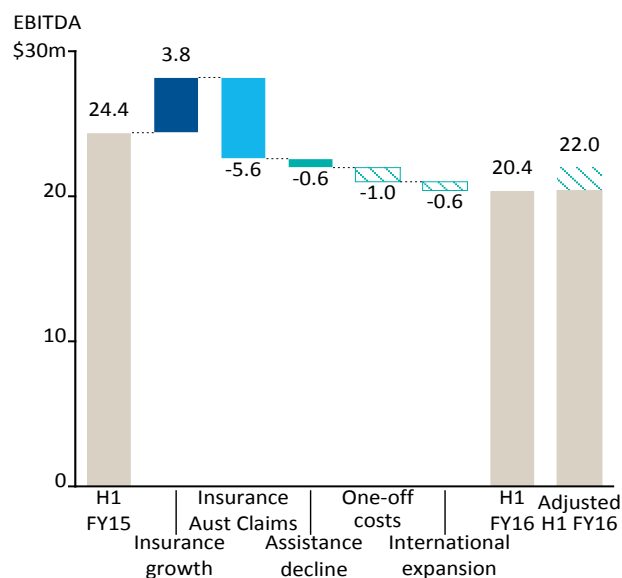
- Cover-More has continued to deliver strong revenue growth. In H1 FY2016:
 - Group sales grew by +6.6% vs pcip
 - Gross travel insurance sales in Australia grew by +7.1% vs pcip
 - Gross sales in Asia grew at +27.6% vs pcip

This strong growth was achieved in an outbound travel market below historical growth rates.

- The EBITDA result was \$20.4m, 16.4% behind the prior corresponding period (\$24.4m). Excluding one-off costs and business expansion costs linked to the increased global footprint, adjusted EBITDA was \$22.0m (-9.8%)

The key drivers of the EBITDA result were:

- Higher claims costs (EBITDA impact of -\$5.6m). This was driven by the AUD depreciation and continuing impact of the portfolio mix shift
- One-off costs of \$1.0m, associated with the settlement of a legal dispute and the impacts of Bali's ash cloud events
- Investment of \$0.6m incurred in expanding Cover-More's international footprint
- A decline in the Assistance business of \$0.6m due to lost contracts, as previously reported



Our business model remains resilient and partnerships with distributors robust.

Cover-More continues to reprice to recover margins and optimise returns. Our initiatives for North America and Global Direct remain on track. We enter H2 FY2016 with strong momentum.

We are working with our Australian underwriting partner in an effort to limit the volatility experienced through the current pricing model and transition to a Generalised Linear Model which could have favourably impacted H1 FY2016 results. Given these negotiations are unlikely to be completed by Friday we have released this trading update today.

A teleconference has been arranged for 10:00am Tuesday, 16 February 2016 during which management will discuss this trading update.

<http://www.webcasts.com.au/cover-more190215/>

Cover-More will release full results for H1 FY16 on 19 February. The teleconference at 10:45am Friday, 19 February 2016 will be held as scheduled.

ENDS

Contact

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All numbers in this announcement are preliminary and subject to audit review.

About Cover-More

Cover-More Group is a specialist and integrated travel insurance, medical assistance and employee assistance provider. Cover-More has the leading market position in Australia—with an approximate 40% share of the national travel insurance market—and a growing footprint in India and China, as well as a presence in Malaysia, Singapore, New Zealand and the United Kingdom.

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