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ECHOICE REPORTS INCREASED FIRST HALF REVENUES DUE TO MORTGAGE SETTLEMENT GROWTH AND NEW DIGITAL BUSINESS LINES

eChoice Limited (ASX: ECO) today reported its financial results for the half year ending 31 December 2015, which reflected a period of continued transformation, business consolidation and financial confidence. Implementation of the company's growth strategy and operational improvements have resulted in the company reporting improved revenues, higher settlement volumes, lower debt, and increased underlying profit after tax for the half, compared with the prior corresponding period ('pcp').

Key features of the half-year results include:

- Revenue from continuing operations $30.1 million, up 3.8% on pcp
- Other revenue, which includes growth businesses, increased 16.4% on pcp
- Operating Costs reduced $3.1 million compared to pcp
- Cash operating EBITDA[1] from continuing operations of $3.7 million
- Total settlement volumes of $1.7 billion, up 10.8% on pcp
- Net debt reduced by $10.6 million to $47.7 million
- Net loss after tax of $1.6 million (1H15 loss: $3.7 million), which includes an NPV adjustment downwards of $3.4 million

Commenting on the half year results, eChoice CEO Peter Andronicos said, "This is an important set of results which affirms the benefits of our growth strategy and positions us to capitalise on our strengths to generate improved financial returns."

"Our half year result reflected higher settlement volumes, initial revenues from our digital business, significantly reduced operating costs, lower interest expense and a smaller movement of the NPV asset than in the prior period. We were particularly pleased to deliver a substantial reduction in debt."

In the half year, eChoice progressed its strategy to become the distributor of choice of financial products and services to brokers, consumers and partners. This strategy leverages market-leading expertise and reputation in digital solutions and the distribution of financial services, particularly in the mortgage market.

Revenue from continuing operations increased by 3.8% to $30.1 million in the period. The improved revenue result was driven by a 10.8% increase in settlement volumes, including a 19.7% increase in direct and aggregation settlements, compared to the prior period.

"eChoice's growth in settlement volumes was driven by our expanded broker numbers, from new recruits and graduates from our Broker Academy, who began writing new loans in the current period." Mr Andronicos said.

Other Revenue, which includes revenue from the new digital business lines and the existing asset finance business, increased 16.4% to $0.9 million on pcp. Digital solution revenues accounted for 62.5% of Other Revenue, a 94.7% increase over the prior half-year.

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[1] Cash operating EBITDA represents the continuing operating EBITDA adjusted for the movement in the NPV net asset.

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The increase in Other Revenue reflects early successes in the roll-out of new business strategies and partnerships. Specifically, during the period the business consolidated its relationships with Domain and other established brands including major banks and real estate online businesses.

The results also benefited from the major operational restructure undertaken in early 2015, which facilitated a reduction in Operating Costs of $3.1 million compared to pcp, notwithstanding an increase in targeted marketing spending during the period. Further cost reductions are expected over the full year, driven in part by lower occupancy costs associated with the relocation to Ultimo in late 2015.

eChoice exited the mortgage securitisation business in October 2015, following the sale of the non-core Firstfolio Capital business. Net proceeds from the transaction were $7.8 million, comprising sale proceeds before costs of $2.0 million and the release of $5.8 million in cash collateral.

The Company's proceeds from the Firstfolio Capital transaction and strong operating cashflows enabled it to reduce corporate net debt by $10.5 million in 1H16, to $47.7 million. This reduction in net debt is ahead of the previously stated target of $5.0 million per annum.

In regard to outlook, Mr Andronicos said, "The major business restructuring last year has delivered significant cost savings and positive cultural change to the business. But most importantly, it paves the way forward for us to utilise our unique market expertise and in-house capabilities to drive activity in rapidly developing business channels."

"In the coming year, we expect to grow settlement volumes above system growth as graduate and recruited broker numbers increase.

"We are continuing to develop new revenue streams and are actively pursuing new partnerships in the digital solutions market to leverage eChoice's intellectual property and the wealth of data already held by the business.

"While it is early days for the digital solutions business and the revenue contribution remains small, the growth rate is highly encouraging.

"A targeted approach to growth in this area is expected to support revenue, margins and shareholder returns, while providing attractive benefits to the company's employees, customers and business partners."

For further information please contact:
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Deputy CEO, CFO and Company Secretary

About eChoice

eChoice (ASX: ECO) is one of Australia's most recognised and innovative digital brands in the financial services sector.

Established in 1998 originally as a home loan comparison website, eChoice has evolved significantly and as a digital and mortgage solutions provider, now utilises its extensive in-house capabilities to develop the leading edge tools and platforms of today and tomorrow, providing a complete solution for its growing network of brokers, partners and consumers.

As a whole business enabler, eChoice is establishing new industry benchmarks across rapidly expanding markets as it builds a reputation for identifying opportunities and then creating customised digital sourcing solutions which provide more effective and commercially sustainable monetisation programs for a broad range of businesses.