

# Investor Briefing

H1 FY17 Results

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20 FEBRUARY 2017

1. H1 FY17 Snapshot
2. The Numbers
3. Business Update

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**LiFE**

**ADMIN**

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# H1 FY17 snapshot – a period of strong growth (vs H1 FY16)

- Operating cash flow the standout at \$9.8m vs previous outflow of \$5.7m
- Revenue up 18 % to \$78.0m
- EBIT of \$2.8m vs previous loss of \$6.9m
- Health segment revenue up 13 %
- Energy and Telecommunications a standout segment – revenue up 39 %
- NPAT of \$2.6m vs previous loss of \$4.2m
- Interim dividend of 1.5cps fully franked up 50 %

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# H1 FY2017 snapshot – growth across all key business drivers

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UNIQUE VISITORS

↑ 300k  
TO  
4.5m

SALES UNITS

↑ 29%  
TO  
212k

CUSTOMER LEADS

↑ 18%  
TO  
2.0m

EBIT  
↑ up \$9.8m  
to \$2.8m

CONVERSION  
rates up at  
10.4%

REVENUE/SALE  
decreased by 5% to  
\$408

REVENUE  
↑ 18%  
to \$78.0m



Broadband



Car



Credit  
Cards



Energy



Health



Home &  
Contents



Home  
Loans



Life



Mobile  
Phones



Travel  
Insurance

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\*All metrics exclude Money business and financial figures shown are on a reporting basis.

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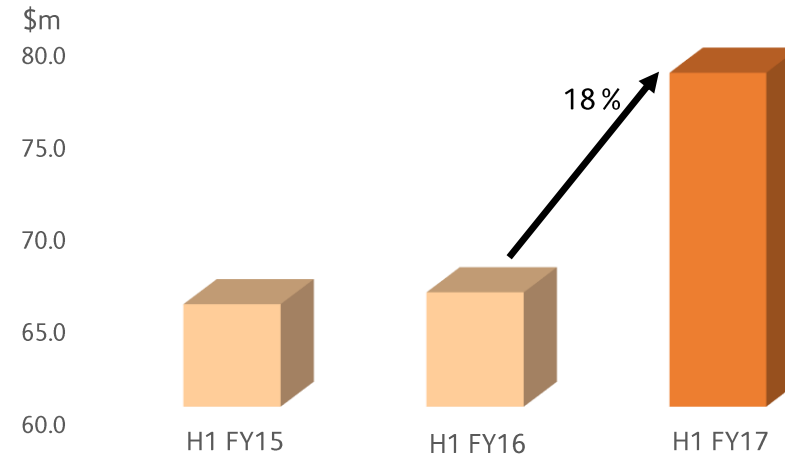
# Strong growth across all key financial metrics

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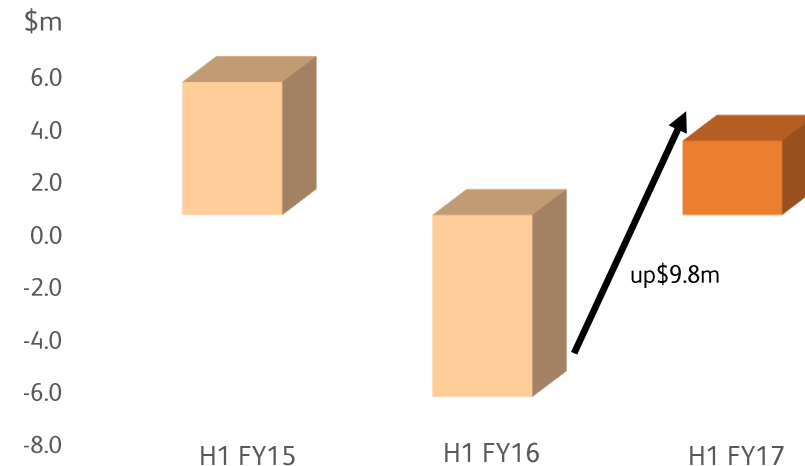
INCOME STATEMENT \$M	REPORTED		
	H1 FY17	H1 FY16	Change
REVENUE	78.0	66.2	18%
EBITDA	5.9	(3.6)	+\$9.5m
EBIT	2.8	(6.9)	+\$9.8m
NPAT	2.6	(4.2)	+\$6.7m
EPS (cents per share)	1.1	(1.6)	2.7cps

- Strong revenue growth, particularly from Energy & Telco
- EBIT improved by \$9.8m, reflects Health return to H1 profitability and growth in Energy & Telco
- Cost management and focus on efficiencies continues
- Marketing investment driving top-line growth

Revenue



EBIT

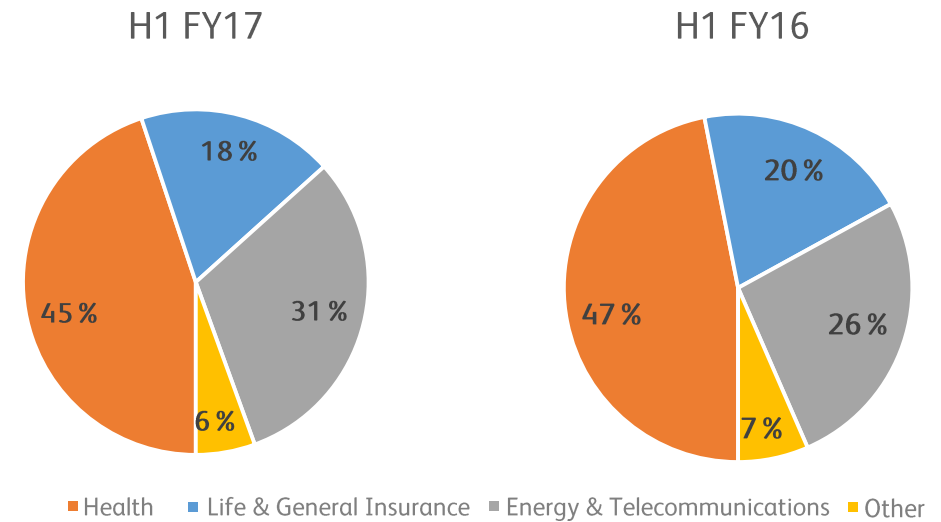


# Increased diversification of Group revenue

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## SEGMENT REVENUE - REPORTED (\$m)

Segment	H1 FY17	H1 FY16	Change
Health	35.0	31.1	13%
Energy & Telecommunications	24.3	17.5	39%
Life & General Insurance	14.4	13.3	8%
Other	4.3	4.3	0%
<b>TOTAL</b>	<b>78.0</b>	<b>66.2</b>	<b>18%</b>



- Energy & Telco mix now 31 % (vs 26 % in H1 FY16)
- Increased diversification with 55 % of revenue from verticals other than Health (vs 53 % in H1 FY16)
- Upfront revenue now 87 % of total revenue (vs 78 % in H1 FY16)



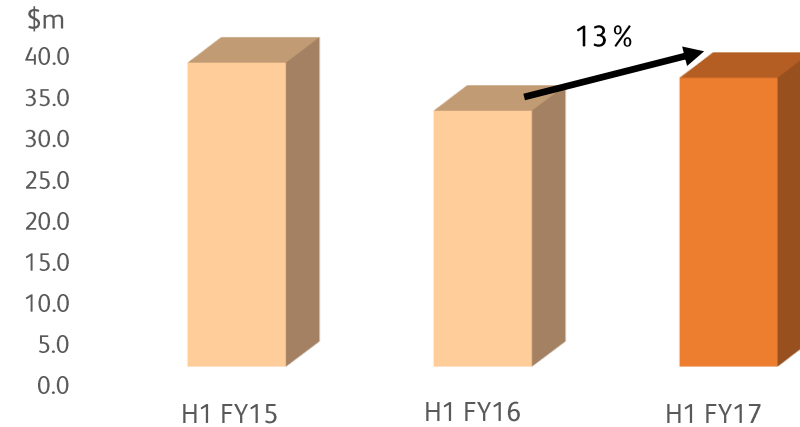
# Health segment shows strong results

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## REPORTED (\$m)

Health	H1 FY17	H1 FY16	Change
Revenue	35.0	31.1	13 %
EBITDA	5.2	(2.0)	+\$7.2m
Customer Leads (000s)	465	507	(8 %)
Sales Units (000s)	44	43	2 %
RPS \$	939	804	17 %
Conversion	9.5 %	8.5 %	1.0 pp

## Revenue



- Strong revenue improvement in first half performance up 13 % on H1's previous corresponding period
- EBITDA first half turnaround demonstrates successful focus on contact centre operations and marketing efficiencies
- Growth in RPS as a result of continued focus on customer needs
- **Health Cover Check Up** marketing campaign success – strategic investment targeting H1 revenue balancing
- Customer leads down due to softer external market, offset by higher conversion and RPS



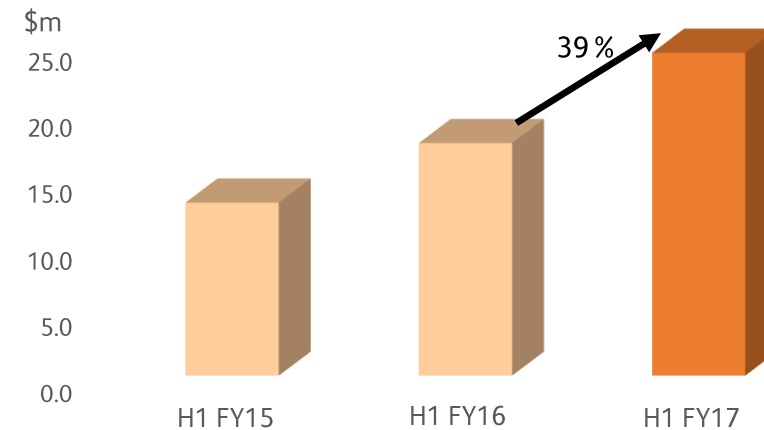
# Energy & Telecommunications - ongoing growth engine

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## REPORTED (\$m)

Energy and Telecommunications	H1 FY17	H1 FY16	Change
Revenue	24.3	17.5	39 %
EBITDA	1.4	0.4	260 %
Customer Leads (000s)	1,135	774	47 %
Sales Units (000s)	139	98	41 %
RPS \$	206	202	2 %
Conversion	12.3 %	12.7 %	(0.4 pp)

## Revenue



- Significant revenue growth up 39 % versus H1 FY16
- Strong customer lead performance up 47 % as a result of increased marketing investments
- Continued investment in headcount to capitalise on customer lead growth
- Steady RPS growth across the segment
- Continued growth expected in expanding market
- Conversion outcome reflects change in product mix

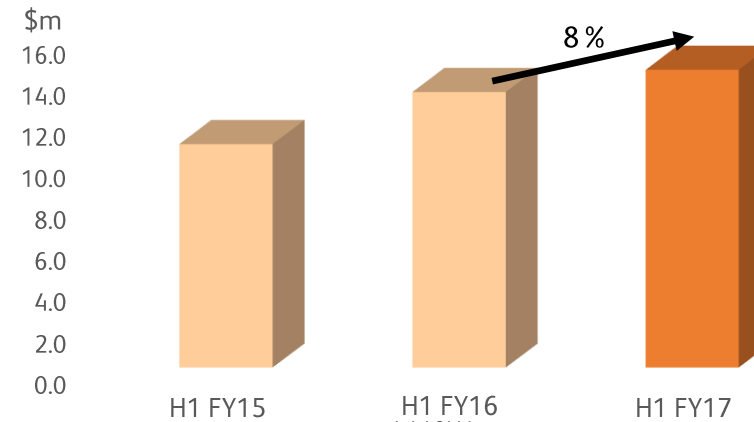
# Life & General Insurance – continued growth

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## REPORTED (\$m)

Life and General Insurance	H1 FY17	H1 FY16	Change
Revenue	14.4	13.3	8 %
EBITDA	2.5	3.4	(26 %)
Customer Leads (000s)	347	360	(4 %)
Sales Units (000s)	28	22	30 %
RPS \$	486	611	(20 %)
Conversion	8.1 %	6.0 %	2.1pp

## Revenue



- Revenue growth up 8 % on previous corresponding period, driven by conversion improvements
- Life margins compressed due to industry pressures and increasing investments in marketing and people
- Strong policy growth in general insurance
- RPS reduction reflects increasing contribution from Car
- Zurich joining Car Insurance panel

# Strong balance sheet provides flexibility for growth options

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## 31 DECEMBER 2016 BALANCE SHEET - REPORTED

\$m	31Dec'16	30June'16
Cash	73.2	87.6
Receivables	26.6	43.9
Trail commission receivable	101.7	103.7
Other	64.9	63.3
<b>Total assets</b>	<b>266.4</b>	<b>298.5</b>
<b>Total liabilities</b>	<b>48.2</b>	<b>63.9</b>
<b>Net assets</b>	<b>218.2</b>	<b>234.6</b>

## CASH FLOW STATEMENT - REPORTED

\$m, HY - 31 DECEMBER 2016	H1 FY17	H1 FY16
<b>Operating Cash flow</b>	<b>9.8</b>	<b>(5.7)</b>
Capital Expenditure	(4.2)	(2.9)
<b>Free Cash</b>	<b>5.6</b>	<b>(8.6)</b>
<b>Investing/Financing cash flow</b>	<b>(20.0)</b>	<b>40.6</b>
<b>Net movement in cash</b>	<b>(14.4)</b>	<b>32.0</b>
<b>Cash at beginning</b>	<b>87.6</b>	<b>70.5</b>
<b>Cash at end</b>	<b>73.2</b>	<b>102.5</b>

- Strong cash balance at \$73.2m
  - Reduction in receivables as a result of renewed focus on working capital management
  - Reduction in trail commission receivable as a result of growth in upfront revenue businesses
  - Net assets reduced by \$16.5m, primarily due to the share buy back
- 
- Operating cash flow improvement of \$15.6m vs H1 FY16
  - Strong operating cashflow and free cash balances from improved trading performance and focus on cash collections
  - Increase in capital expenditure as a result of investments made in Sales Force and Aspect projects
  - Financing outflow as a result of continued share buy back and dividend payments in H1 (totalling \$20.0m)

# Continued capital management program

- On-market Buy-back continuing
  - 9.0 million shares bought back in H1 FY17 (\$16.4m)
  - Total of 32.0 million shares bought back since commencing buyback (\$38.8m)
- Interim FY17 **fully franked** dividend of 1.5 CPS – \$3.4 m (est.)
  - Record date: 27<sup>th</sup> February 2017
  - Dividend payment date: 24<sup>th</sup> March 2017

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# Corporate Strategy

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Vision

Australia's Life Admin Store™

Corporate Strategy

Diversify

Efficient Market Place

Customer First

Employer of Choice

Platforms and Tech

Initiatives

- Increase New Verticals
- Develop Leadership and Capability
- Diversify Customer Lead Sources
- Reduce Cost to Serve
- Expand Lifetime Value of Customer
- Investment in Best-in-class Platforms and Technologies

Levers & Tactics

Cost Efficiency

Strategic Partnerships

Organic Growth

Inorganic Growth

Increasing Shareholder Value

# Delivering on strategy

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## Key Strategic Initiatives

### Corporate Strategy

DIVERSIFY



EFFICIENT MARKET PLACE



CUSTOMER FIRST



EMPLOYER OF CHOICE



PLATFORMS & TECH



### Initiatives & Outcomes

- Non-health segments growing
- Launched new verticals – Travel Insurance, Credit Cards, Mobiles

- Expanded the iSelect market place – new partners & brands added
- iConnect rollout to marketing and commercial partnerships

- Launched new contact centre in South Africa – expanding contact hours for customers
- Continued investment in brand, website functionality and product offering

- iSelect Academy – continued investment in learning and development

- Salesforce CRM and Aspect customer experience platform rollout on track
- Expansion of the proprietary iConnect platform



# Efficient Marketplace – 9 new Partners/Brands join iSelect in H1 FY17

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## Health



## Energy



## Life



## Home Loans



## Money



## General Insurance



## Telco & Entertainment



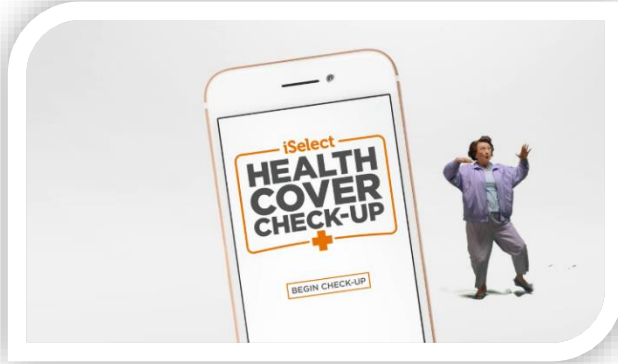
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# Customer First – Brand and Marketing

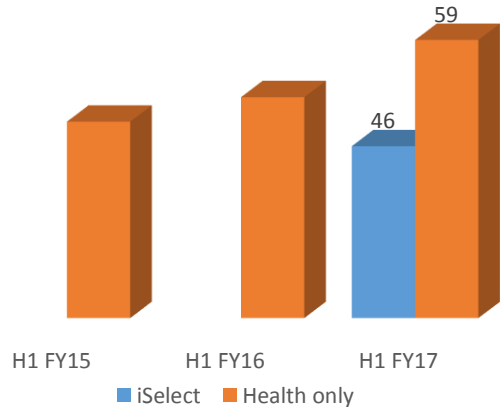
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Health Cover  
Check Up



iSelect Net  
Promoter score

iSelect NPS Trend

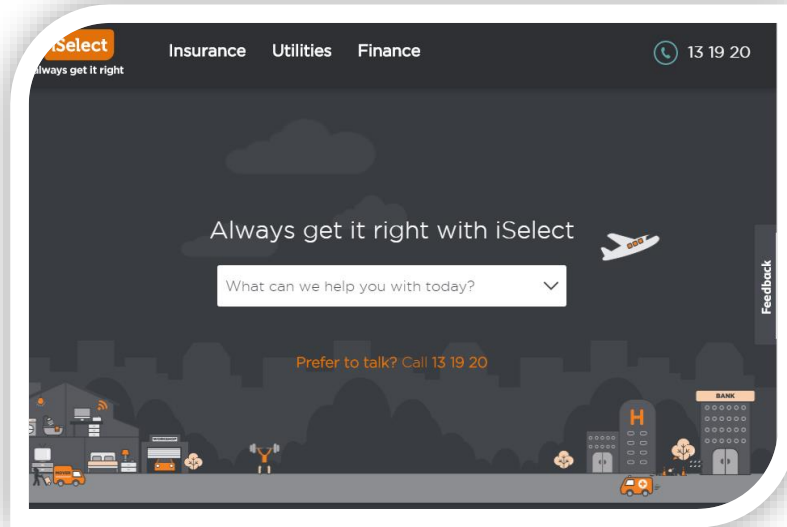


MFC  
Sponsorship



# Customer First – Creating an effortless experience

New public-facing website



Global Top Level Domains Launched

## Global brand TLD “.iselect” as top level domain

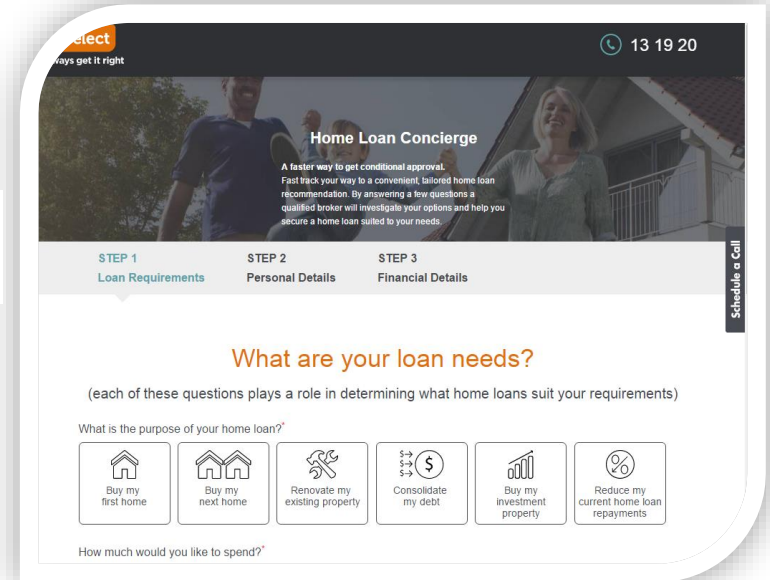
- Allows customer-friendly domain names such as [www.health.iselect](http://www.health.iselect); [www.life.iselect](http://www.life.iselect)
- Intuitive and direct navigation to iSelect product sites, mobile friendly
- Assists the journey towards a truly effortless customer experience

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New products for customers



Home Loans Concierge



## Home Loans Concierge launched

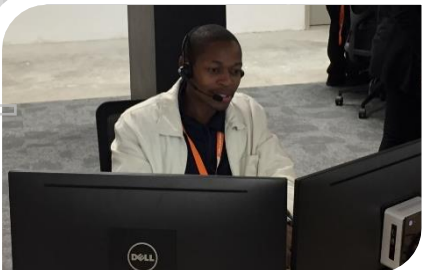
- Assists customers throughout their home loan journey
- Multiple banks on board – first in Australia
- Fully paperless digitised home loan approvals
  - Conditional approval in three hours
  - Removes up to 46 pages of documentation



# Customer First – extending trading hours

## New Contact Centre launched in South Africa

- Third iSelect contact centre based in Cape Town
- Will further enhance Australian customer experience with extended servicing hours
- Operating across Broadband, Car, Energy and Health verticals
- Structured as a long-term partnership with 3rd party provider – Merchants, South Africa (Dimension Data)
- Business continuity and cost efficiency benefits expected in FY18 & beyond



# Platforms & Tech – iConnect rollout and expansion

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## Expansion of proprietary iConnect platform

- Two new iConnect modules developed for Marketing and Commercial partnerships
- iConnect now deployed to EnergyWatch and Mover segments

Proprietary iConnect platform leveraging our big data

# Platforms & Tech – Aspect & Salesforce rollout

[n=1]. Any channel, any device...



+



Personalisation

+



Single View of Customer

Effortless engagement, [all] the time.

# Generating strong operating cashflows, reaffirming EBIT guidance

## H1 FY17: DELIVERING ON STRATEGY

- Strong growth across all key financial metrics
- Energy & Telco growth a standout – growth trajectory to continue
- 1.5cps fully franked interim dividend

## H2 FY17: POSITIVE OUTLOOK FOR CONTINUED GROWTH

- Further expansion of iSelect marketplace – new partners, brands, verticals
- Further business investment – technology and marketing
- Balance sheet strength allows flexibility for growth options
- Continued growth expected in operating cash flow
- FY17 EBIT expected at upper end of \$21m - \$24m guidance range



# Questions



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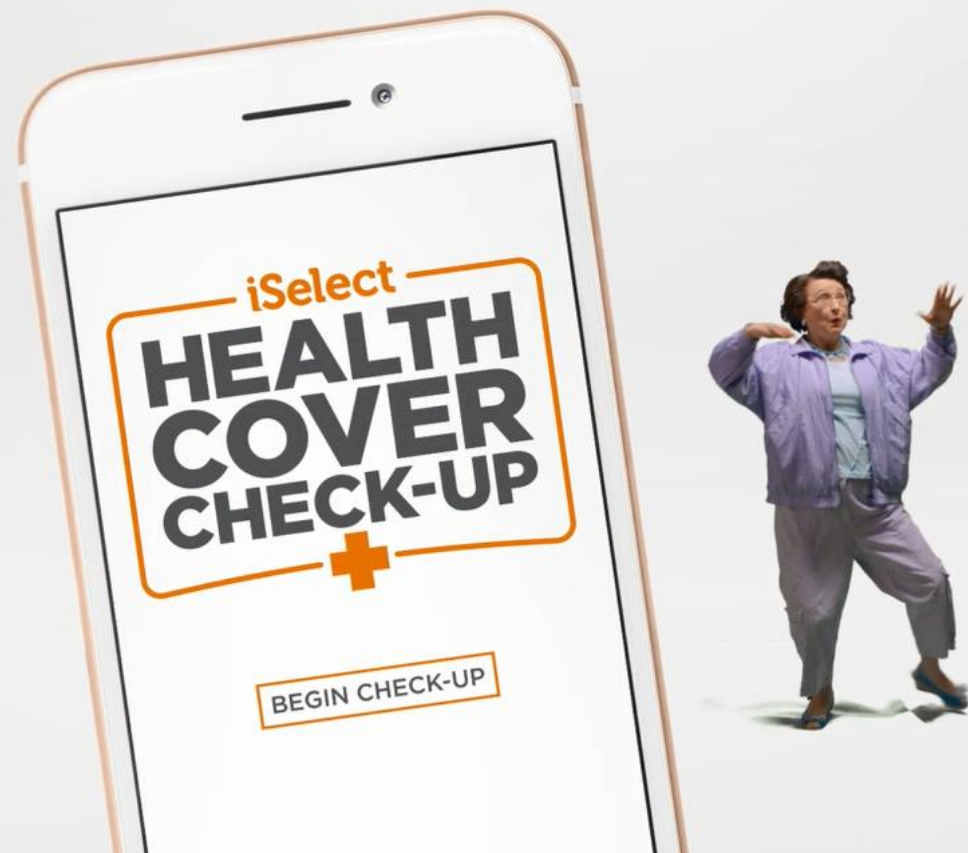
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## Appendix

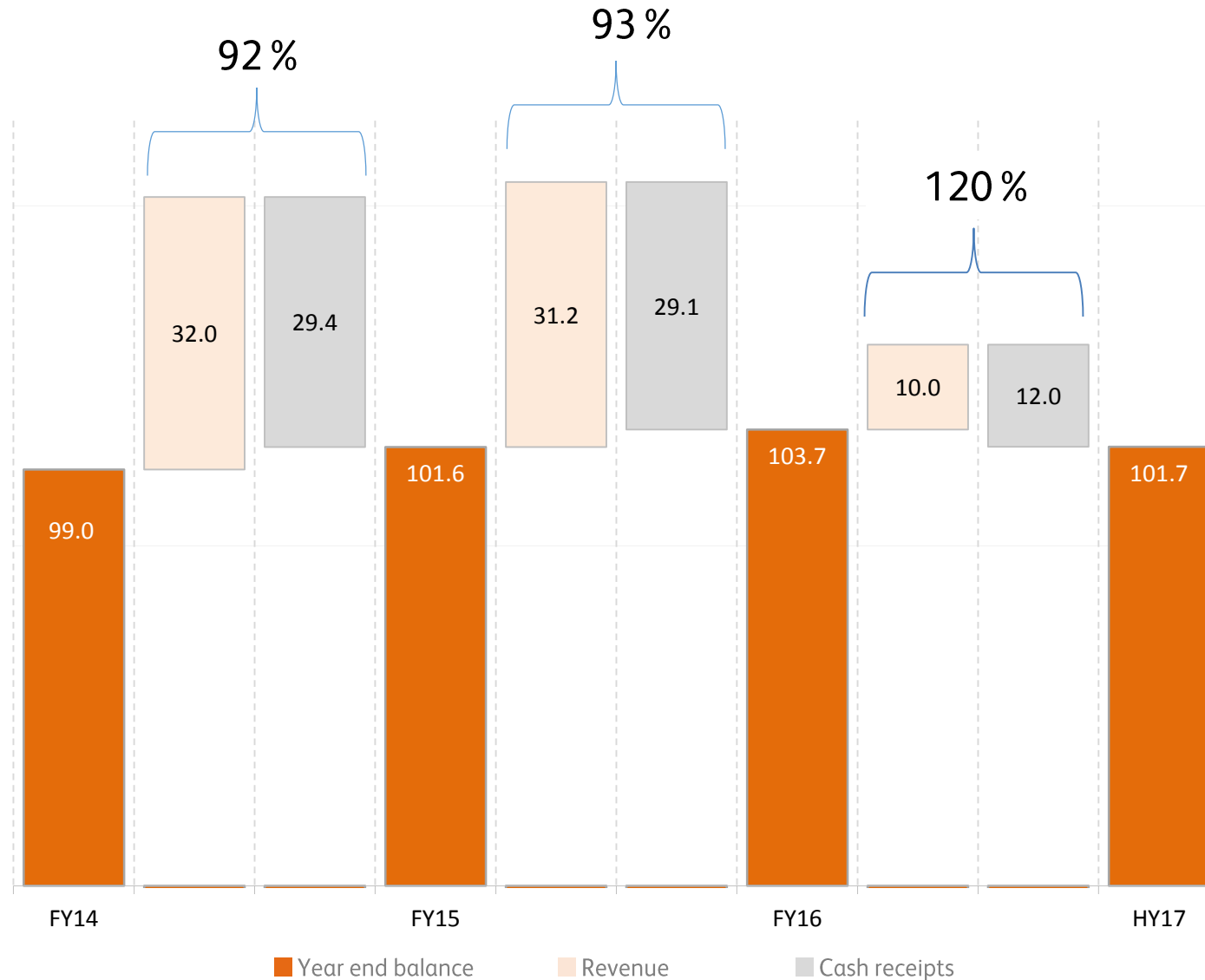
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# Trail book progression over time

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