

30 June 2017

Attention: Company Announcements
ASX Limited

By E-Lodgment

BUSINESS STRATEGY UPDATE, GOODWILL IMPAIRMENT AND FY18 GUIDANCE

As reported at the AGM last year, InvestSMART continues to develop the best digital direct wealth platform in Australia with innovative tools, research, products and affordable advice to help all Australians reach their financial goals.

Developing products and services with wider appeal is core to our strategy.

FY17 guidance previously provided to shareholders is not expected to change. However, our current strategy will have an EBITA impact in FY18, while fund management revenues continue to build. InvestSMART will report its full year results in August 2017.

FY18 Guidance and Goodwill Impairment

Ongoing implementation of our strategy will result in the following:

- Forecast EBITA for FY 2018 will be substantially lower than expected in FY 2017 due to:
 - \$1.8m increase in costs due to significant investment into marketing and product development, and
 - 4% decline in revenue as current subscribers are provided complimentary subscription when investing in our in-house investment products.
- A write down of the carrying value of goodwill assets arising from the purchase of InvestSMART, YourShare, Intelligent Investor and Eureka Report of \$23.6m in FY17.

As a result of the applicable AASB standard and our focus away from growing subscription revenue, the Group will reduce the carrying value of its goodwill assets by \$23.6m which will be included as a significant item in the FY17 year end results and excluded from the Group's underlying earnings. The AASB standard does not allow InvestSMART Group to recognise the potential future revenues from growing fund management income from the clients and customer bases of these purchased businesses. The impairment is non-cash in nature and will not impact the Group's future revenues and prospects.

Group Managing Director and CEO, Ron Hodge, said: "Our customers, content and historic revenue streams gained through these strategic acquisitions over the past few years continue to fund the Group's strategy to become the leading provider of digital wealth services in Australia. The increased expenditure on marketing and funds management will accelerate these plans".

InvestSMART's ongoing transformation puts it squarely in front of the expected growth in self-directed investments over the next 15 years, estimated to grow from \$71 billion today to over \$315 billion by 2030 according to Rice Warner's 'Personal Investments Market Projections Report 2015'.

For further information or comment, please contact either of us at InvestSMART Group on 02 8305 6000.



Paul Clitheroe AM
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