

**MARKET RELEASE**
**ClearView delivers a solid result and maintains positive outlook**

**SYDNEY, 20 August 2012:** ClearView Wealth Limited (“ClearView”, ASX: CVW) announced today its results for the twelve months ended 30 June 2012.

**FY2012 Financial Highlights**

<b>\$M</b> (unless stated otherwise)	<b>FY2012</b>	<b>FY2011</b>	<b>CHANGE %</b>
Reported NPAT	22.3	8.7	158
Underlying NPAT <sup>1</sup>	19.2	19.3	(0)
Dividend per share (cents, fully franked)	1.8	1.8	-
Underlying EPS <sup>2</sup> (cents, fully diluted)	4.5	4.6	(1)
Net Assets per share <sup>3</sup> (cents)	63.7	60.5	5
Embedded value <sup>4</sup>	265	259	6
Embedded value per share <sup>3 4</sup> (cents, fully diluted)	64.2	63.0	6
Surplus capital above internal target requirements <sup>5</sup>	66	53	25

See page 4 of this release for explanations of notes 1-5

ClearView produced an underlying profit after tax of \$19.2 million for the year to 30 June 2012. This was essentially in line with the \$19.3 million reported in the previous year. The result reflected favourable insurance claims experience that was partially offset by insurance lapse losses (albeit with a significant improvement in the second half). Lower fees from wealth management and development costs associated with new products and infrastructure also detracted.

The reported profit after tax was \$22.3 million, an increase of 158% on the prior year, largely attributable to a significant positive impact on the life insurance contract liabilities from the reduction in long term discount rates over the reporting period.

A fully franked dividend of 1.8 cents per share was declared, in line with last year, representing approximately 40% of underlying profit after tax and consistent with the company’s stated dividend policy. The dividend ex date is 10 September with the dividend payable on 27 September.

Embedded value increased by \$6 million to \$265 million at year end, or 64.2 cents per share. The increase was despite the payment of dividends (\$7.7 million), lower FUMA levels and

insurance lapse losses and excludes the potential value of any future growth and franking credits.

The company's balance sheet remains strong with no debt and \$66 million of surplus capital above internal benchmarks. Internal benchmarks exceed regulatory requirements. Following the adoption by the board of a new three year business plan that reflects the strong life insurance sales momentum evident in the second half of FY 2012, the company has set aside \$19 million from this surplus to fund the anticipated new business growth. This is in accordance with APRA capital requirements. The surplus capital is also stated prior to the payment of the FY12 dividend in the amount of \$8m.

ClearView Managing Director, Simon Swanson, commented, "In a weak and volatile market with hesitant investor sentiment, ClearView's result is a solid one. The investment in developing our life and wealth product suites will deliver enhanced sales growth in the years ahead, as is already being evidenced."

### **FY2012 Operational Highlights**

Significant operational achievements during the year were focused on putting together the products, distribution and structure that will enable ClearView to deliver on its long term strategy of increasing its share of the Australian life insurance and wealth management markets. These achievements included:

- Expanding the market opportunity for ClearView with the creation and launch in December 2011 of our new product range:
  - o ClearView LifeSolutions; and
  - o ClearView WealthSolutions
- Extending distribution of our products and services into the broader financial adviser market:
  - o Recruitment of experienced and successful financial advisers to the ClearView dealer group; and
  - o Establishment of distribution agreements with third party dealer groups, including independent financial advisers

These new products have meant that ClearView has been able to expand further into the adviser market. This means its life insurance and wealth management products now have access to more of their respective markets. In life insurance, ClearView is now able to compete in approximately 66% of the total \$10.6 billion market, compared to approximately 12% previously. And in the \$433 billion wealth management industry, ClearView now has products that compete in approximately half the market compared to approximately 16% previously.

Another highlight during the year was the achievement of investment returns in the top or second quartile for all ClearView investment products.

## **Growth Initiatives**

Sales in the second half of FY2012 have already demonstrated our strategy is working with the foundations being laid and the growth phase well and truly underway. Life insurance sales increased significantly with sales in the second half increasing by 540% over the first half period and accelerating in the last quarter of the financial year.

Mr Swanson commented “Our focus in FY 2013 is to extend this by:

- building on the initial success of LifeSolutions;
- recruiting more advisers to our financial advice business;
- establishing more distribution agreements with independent financial advisers, and
- rolling out our WealthSolutions platform.”

## **Outlook**

ClearView will continue to grow its sales by providing a fresh, innovative and compelling offer to customers and by utilising its strategic advantages that include:

- the capability and licences to operate across all segments of the life insurance and wealth management value chain;
- scalable distribution in both the advice and non-advice (direct) life and wealth markets;
- the combination of an outbound call centre and participation in full advice which positions ClearView favourably to pursue scaled advice opportunities;
- a strong financial position with no debt and assets in excess of regulatory and internal capital management benchmarks; and
- a dedicated and very experienced management team.

“It is well recognised that in Australia the life insurance and wealth management sectors enjoy strong long term growth potential due to underinsurance and the forthcoming increase in mandated superannuation contributions. Although shifting market conditions can at times be challenging, they will not alter the basic long term growth trajectory of these sectors.

“Clearview has reached an inflection point where it is now well positioned to participate in the growth of the life and wealth sectors, building on the momentum evidenced in the results for Q4 of FY12,” Mr Swanson said.

## NOTES

- 1 Underlying net profit after tax is the Board's key measure of profitability and the basis on which dividend payments are determined. It consists of profit after tax adjusted for amortisation, the effect of changing discount rates on insurance policy liabilities and in the prior comparable period, restructure, transition and system upgrade costs considered unusual to the Group's ordinary activities.
- 2 Adjusted for after tax interest on the Employee Share Plan (ESP) loan of \$17.4m (2011:\$12.0m) and the weighted average number of ESP shares on issue.
- 3 Adjusted for ESP loan of \$17.4m (2011:\$12.0m) and 31.1m (2011: 20.7m) ESP shares.
- 4 Embedded Value represents the discounted present value of the future cash-flows (after tax) anticipated to arise from the in-force life policies and investment client balances as at 30 June 2012. The Embedded Value excludes any value from future growth, potential value of franking credits, costs associated with being listed on ASX and short term development and growth related costs. It is pre the FY2012 dividend. Consistent discount rate assumptions have been maintained with the prior period despite a significant reduction in long terms interest rates during FY2012. The percentage change is calculated excluding the FY2011 fully franked dividend of \$7.7 million.
- 5 Surplus capital reported is surplus capital above internal benchmarks at 30 June 2012. Internal benchmarks exceed regulatory requirements. Surplus capital reduced by \$19m post balance date on adoption of the Board approved three year business plan. The reduction is due to the need for ClearView's life insurance subsidiary to cater for the expected growth in LifeSolutions new business volumes. Surplus capital is prior to FY12 final dividend of \$8m.

## ENDS

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**About ClearView Wealth Limited**

ClearView Wealth Limited is a diversified Australian financial services company with businesses that provide integrated life insurance, wealth management and financial planning solutions.

Additional information is available at [www.clearview.com.au](http://www.clearview.com.au)