

## MARKET RELEASE

## **ClearView's 1H FY13 results shows strong growth in life advice market**

**SYDNEY, 15 FEBRUARY 2013**: ClearView Wealth Limited ("ClearView", ASX: CVW) announced today its results for the six months ended 31 December 2012.

## 1H FY13 Financial Highlights

<b>\$M</b> (unless stated otherwise)	1H FY13	1H FY12	CHANGE %
Reported NPAT	(0.6)	12.2	-105%
Underlying NPAT <sup>1</sup>	8.5	9.1	-7%
In force premium	53.5	40.3	33%
FUM (\$B)	1.43	1.38	4%

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 costs considered unusual to the Group's ordinary activities.

For the half year to 31 December 2012, ClearView produced an underlying profit after tax of \$8.5 million. The result reflected adverse insurance claims experience (-\$1.1m against actuarial assumptions, -\$2.9m against 1HFY12) partially offset by improved lapse experience (+\$0.1m against actuarial assumptions, +\$0.9m against 1HFY12), loss of investment earnings from a lower cash rate and the pay out of cash as dividends (-\$0.3m against 1HFY12), and a higher effective tax rate (-\$0.9m against 1HFY12 rate). On ClearView's small current insurance portfolio, claims experience is volatile period to period, however it is anticipated to average out over time at the actuarial best estimate assumptions.

The reported loss of \$0.6 million was impacted by ongoing acquisition intangibles amortisation, -\$3.8 million, the CCP Bidco takeover bid related costs, -\$3.9 million, and the effect of increasing long term discount rates on the policy liability over the period, -\$1.4 million.

The 33% pcp growth in in-force premium has been primarily driven by LifeSolutions, ClearView's suite of life advice products launched in December 2011. Over the six months to 31 December 2012, total new business of \$9.9 million was generated compared to \$0.8 million in the six months to 31 December 2011. At the end of December 2012, LifeSolutions accounted for \$12.4 million or 23% of total in force premium.

FUM net outflows improved to \$33 million from \$62 million in 2H FY12 and \$90 million in 1H FY12. WealthSolutions net inflows were \$76 million in 1H FY13. As at 31 December 2012, WealthSolutions FUM accounted for \$114 million or 8% of total FUM.

ClearView Managing Director Simon Swanson commented: "It is both exciting and encouraging to see ClearView enter a new stage in its development as reflected by the current growth in business which is anticipated to continue into the second half of the financial year. It is further encouraging for management to have new major shareholders who are supportive of our growth and ambitions."



The Board continues to evaluate the Group's capital position and dividend policy, especially in light of the strong growth trajectory of its life insurance business and the capital support required, and also to better align market value with the Group's underlying intrinsic value. The Board is currently considering certain initiatives which include the following:

- Establishment of a fully underwritten Dividend Reinvestment Plan (DRP). This will provide shareholders the opportunity to reinvest into the Group's fast growing life insurance business, while at the same time retaining capital within the Group. Further, it is believed that an underwritten DRP will, over time, lead to enhanced liquidity in the Company's shares through the introduction of new shareholders;
- Implementing an interim dividend payment in future periods;
- Review of the current reinsurance arrangements in relation to the in force life insurance portfolio to further support the growth of the business;
- Transparent communication to the market around Embedded Value estimation and its relationship to the prevailing share price; and
- On-market buyback when considered to be in the best interests of shareholders.

Life insurance and wealth management are long term businesses that involve long term contracts with customers and complex accounting treatments. Embedded Value (EV) calculations are used as key measures to assess the performance of the business from period to period. Embedded Value calculations at 31 December 2012 at a range of risk discount margins are shown below:

RISK MARGIN OVER RISK FREE:	3% dm	4% dm	5% dm	<b>6% dm</b> <sup>1</sup>
Embedded Value	298	284	272	261
Imputation Credits (@ 70%):	48	45	42	40
Total EV incl Imputation Credits	346	329	314	301
ESP Loans	20	20	20	20
EV per share	71.4	68.2	65.5	63.0
EV per share incl Imputation Credits	82.1	78.3	74.9	72.0

1 Embedded Value at 31 December 2012 at 6% discount rate risk margin is broadly similar to the previously published Embedded Value at 30 June 2012, albeit approximately \$6.5m higher than the previous approach used.

The Embedded Value of the Group at the 6% discount margin above is broadly equivalent to the single Embedded Value result previously published. Adjusting the previous Embedded Value for the dividends paid and takeover bid related costs incurred, and the approximate impact of the change in approach (before allowance for imputation credits), the Embedded Value measured has increased to \$261 million (or \$301 million after the allowance for imputation credits) at 31 December 2012. The Embedded Value excludes the value of any future growth potential; it is based on the in force portfolios as at 31 December 2012.



For further information, please contact:

Simon Swanson Managing Director +612 8095 1588 simon.swanson@clearview.com.au

## 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.