

## MARKET RELEASE

### Market Update

**SYDNEY, 18 June 2013:**

### Business Progress

In the period to 31 May 2013, ClearView Wealth Limited (ASX: CVW; ClearView) passed two significant milestones – in-force life insurance premiums over \$60 million, which includes \$19 million of in-force LifeSolutions premium, and in-force FUM of over \$200 million on WealthSolutions. This has been achieved in just under 18 months from launch of the LifeSolutions and WealthSolutions products.

These results reflect growth in total in-force life insurance premium of 36% over the 11 month period to 31 May 2013 and growth in FUM (for all ClearView products) of 12% to \$1.54 billion over the same period. These represent significant increases over prior years.

Related to this growth, ClearView continues to recruit experienced and successful financial advisers into the ClearView dealer group. The number of authorised financial advice representatives in the ClearView dealer group have increased from 70 at 30 June 2012 to 102 at 31 May 2013, up 45%.

### Estimated FY13 Underlying Net Profit After Tax (Underlying NPAT)

Underlying net profit after tax (NPAT) is the Board's key measure of group profitability. This measure consists of reported net profit after tax, adjusted for amortisation of intangibles (not including capitalised software), the effect of changing discount rates on the insurance policy liabilities and any costs considered unusual to the Group's ordinary activities (for example, costs associated with the takeover bid of ClearView by CCP Bidco in FY13).

ClearView reported an Underlying NPAT of \$8.5 million in 1H FY13. We are now expecting the full year FY13 Underlying NPAT to be in the range of \$15 million to \$16 million.

This expectation is driven by three key factors:

- The payment of \$17.8 million in dividends out of the capital base of ClearView in 1H FY13 related to the CCP Bidco takeover, combined with reducing market interest rates over FY13, has reduced the contribution of investment earnings on ClearView's capital to our profit over 2H FY13 compared with 1H FY13.
- The 1H FY13 result was impacted by a claims experience loss of \$1.1 million (after tax). This predominantly related to the historic insurance portfolio. Given the current small size of the historic insurance portfolio and related reinsurance arrangements, material claims volatility from period to period is to be expected. The claims experience over the 5 month period to 31 May 2013 has also been adverse. The



adverse experience variation in FY13 follows similar but opposite positive claims experience in FY12.

- ClearView has recently commenced some material investments in revitalising its Direct life insurance business. ClearView has hired a new head of the Direct business who has restructured the team and refocused the direct distribution approach. This has led to some additional short term impacts, which are forecast to create shareholder value in the medium term. ClearView continues to invest in its systems and people to support its growth ambitions.

It is noted that the nature of life insurance and wealth management businesses is that they incur significant expenditure in acquiring customers ahead of the future multi-year revenues those customers provide (with that revenue accruing in future accounting periods). ClearView is currently in an investment period that it expects to create material shareholder value in the medium term. The board is supportive of this long term investment approach and is pleased with the growth that has been achieved to date.

The full year reported net profit after tax is expected to be additionally impacted by the continuing effect of changing discount rates on the insurance policy liabilities, and costs incurred or future costs provided for that are considered unusual to the Group's ordinary activities, which may include initiatives to improve the longer term efficiency of its distribution capabilities.

Further details on the financial performance of ClearView will be released with the full year results on 27 August 2013.

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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)