



27 August 2013

The Manager  
Companies Announcement Office  
Australian Securities Exchange  
Level 4, 20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam,

**RESULTS MARKET RELEASE CORRECTION**

The Market Release made earlier today included 2 typographical errors on page 2 in respect of the number of authorised financial advice representatives in the ClearView dealer group. The corrected Market Release is enclosed. The corrected sentence reads “The number of authorised financial advice representatives in the ClearView dealer group has increased from 70 at 30 June 2012 to 102 at 30 June 2013, up 46%.”

Yours sincerely

A handwritten signature in black ink that reads 'Chris Robson'.

Chris Robson  
General Counsel and Company Secretary

## MARKET RELEASE

**SYDNEY, 27 August 2013:** ClearView Wealth Limited (“ClearView”, ASX: CVW) announced today its results for the year ended 30 June 2013.

ClearView has delivered its first full year of strong business growth under its strategy, with an underlying profit after tax of \$16m while continuing to invest for its future growth.

### FY13 Financial Highlights

\$M (unless stated otherwise)	FY13	FY12	CHANGE %
Reported NPAT	1.9	22.3	(92%)
Underlying NPAT <sup>1</sup>	16.0	19.2	(17%)
Life Insurance Sales (Annual Written Premium)	19.4	5.2	273%
FUM net flows	(16)	(152)	91%
In force premium	62.1	44.1	41%
FUM (\$B)	1.53	1.38	11%
Embedded Value <sup>2</sup>	279	258	8%
Reported EPS (Fully Diluted) (cents)	0.46	5.24	(91%)
Underlying EPS (Fully Diluted) (cents)	3.65	4.53	(19%)
DPS (Final Dividend)	1.8	1.8	0%

1 Underlying net profit after tax is the Board’s key measure of group profitability and the basis on which dividend payments are determined. It consists of consolidated profit after tax adjusted for amortisation (not including capitalised software), the effect of changing discount rates on insurance policy liabilities and costs considered unusual to the Group’s ordinary activities (for example, takeover bid related costs and a financial planning business restructure provision for FY13).

2 Previously reported EV of \$265m at 30 June 2012 adjusted for dividends (-\$17.8m), net capital applied (+\$1m), cash takeover bid related costs (-\$3.4m) and the reduction in the discount rate risk margin to 5% (+\$12.4m). Excluding a value for future franking credits. EV at 30 June 2013 at 5% discount rate risk margin, excluding a value for future franking credits of \$44m.

For the year ended 30 June 2013, ClearView produced an underlying net profit after tax of \$16.0 million. The result reflects adverse term life insurance claims experience (-\$1.9m against actuarial assumptions, -\$4.8m against FY12), adverse but improved lapse experience (-\$0.8m against actuarial assumptions, +\$0.4m against FY12), loss of investment earnings from a lower cash rate and the pay out of cash as dividends (-\$0.8m against FY12), and a higher effective tax rate (-\$0.6m against FY12 rate), partially offset by the growth in its business (given the timing of new business and accounting treatments, the new business growth did not contribute a full year’s profit to FY13).

This year’s adverse and last year’s favourable life claims experience predominantly relates to the term life insurance portfolio written before 2011. The claims experience of the recently written life insurance business was favourable in FY13. Given the current small size of the life insurance portfolio and the historic reinsurance arrangements in place, material claims volatility from period to period is to be expected. The claims experience volatility has not been attributable to industry issues associated with income protection claims as ClearView’s pre 2011 portfolio has very limited income protection business (less than 1%). In addition,



ClearView has no group life insurance business which has also caused underperformance in the industry.

The reported profit of \$1.9 million was impacted by ongoing acquisition intangibles amortisation of \$7.5 million, the CCP Bidco takeover bid related costs of \$4.5 million, restructure costs of \$0.6 million, and the effect of increasing long term discount rates on the policy liability over the year resulting in a loss of \$1.6 million.

These results reflect growth in in-force premium of 41% over the year to 30 June 2013 and growth in FUM<sup>1</sup> (for all ClearView products) of 11% to \$1.53 billion over the same period. This represents significant increases over prior years. FUMA increased by 22% to \$3.7 billion.

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 has increased from 70 at 30 June 2012 to 102 at 30 June 2013, up 46%.

ClearView Managing Director Simon Swanson commented: “It is both exciting and encouraging to see the stepped change in the growth profile of ClearView. It is further encouraging for management to have new major shareholders who are supportive of our growth and ambitions.”

The Board has continued 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. In light of this, the Board has decided the following:

- To reinstate the Dividend Reinvestment Plan, which will be fully underwritten. This will ensure capital preservation to facilitate future growth and introduce new investors to the share register;
- To increase the target payout ratio to between 40% and 60% of underlying net profit after tax to more closely align ClearView to its peers; and
- To provide transparent communication to the market around Embedded Value (EV) estimation and its relationship to the prevailing share price.

Life insurance and wealth management are long term businesses that involve long term contracts with customers and complex accounting treatments. EV calculations are used as key measures to assess the performance of the business from period to period. The EV excludes the value of any future growth potential; it is based on the in force portfolios as at its calculation date. EV calculations at 30 June 2013 at a range of risk discount margins are shown below:

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<sup>1</sup> FUM includes Funds Under Management and Funds Under Administration on WealthSolutions. It does not include funds under advice (FUA) that are externally managed and administered.



<b>RISK MARGIN OVER RISK FREE:</b>	<b>3% dm</b>	<b>4% dm</b>	<b>5% dm</b>	<b>6% dm</b>
<b>Embedded Value (\$m)</b>	<b>305</b>	<b>291</b>	<b>279</b>	<b>267</b>
Imputation Credits (@ 70%) (\$m)	49	47	44	42
<b>Total EV incl Imputation Credits (\$m)</b>	<b>354</b>	<b>338</b>	<b>323</b>	<b>309</b>
<i>ESP Loans (\$m)</i>	<i>24</i>	<i>24</i>	<i>24</i>	<i>24</i>
<b>EV per share (cents)</b>	<b>72.5</b>	<b>69.5</b>	<b>66.7</b>	<b>64.2</b>
<b>EV per share incl Imputation Credits (cents)</b>	<b>83.4</b>	<b>79.8</b>	<b>76.4</b>	<b>73.5</b>

Based on the 5% dm (discount margin over an assumed risk free rate of 4%) calculation as an indication, the calculated EV has increased by 8% to \$279 million. The 8% is after adjusting the previously reported EV to a consistent discount rate and methodology, and allowing for the dividends and cash related takeover costs paid over the year. If an allowance for imputation credits is included (valued at 70%), an EV at a 5% dm of \$323 million is calculated at 30 June 2013.

ENDS

For further information, please contact:

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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)