

MARKET RELEASE

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ClearView Announces 1H FY14 Results and Equity Raising

- Underlying NPAT of \$9.1 million, representing growth of 7% on the prior corresponding period
- In-force life insurance premiums growth of 38%; \$74 million in-force premiums; Life insurance underlying NPAT up 18%;
- FUM net inflows of \$5 million; 14% FUM growth and total FUM of \$1.63 billion; Combined wealth management and financial advice underlying NPAT up 13%
- Fully underwritten equity raising of approximately \$45 million to fund growth in life in-force premiums

ClearView Wealth Limited (“ClearView” or “the Company”, ASX: CVW) today announced its results for the six months ended 31 December 2013.

1H FY14 Financial Highlights

| \$m (unless stated otherwise) | 1H FY14 | 1H FY13 | % Change |
|-------------------------------|---------|---------|----------|
| Reported NPAT | 3.6 | (0.6) | NM |
| Underlying NPAT ¹ | 9.1 | 8.5 | 7% |
| In-force Premium | 74 | 54 | 38% |
| Funds Under Management (\$bn) | 1.63 | 1.43 | 14% |
| ClearView Financial Advisers | 109 | 94 | 16% |

As foreshadowed in the 1H FY14 business update provided on Thursday, 19 December 2013, the strong growth in life insurance sales observed since June 2013 has continued, with in-force life insurance premiums growing to approximately \$74 million as at 31 December 2013, a growth of 38% from December 2012. Life insurance new risk premium of \$12.4 million was achieved for the first half of FY14 (up 25%) driven off the back of the LifeSolutions product and the restructure of direct distribution in the first half of FY14.

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 liability and costs considered unusual to the Group’s ordinary activities.

FUM increased 14% to \$1.63 billion, driven by positive investment markets and net fund inflows of \$5 million for the first half of FY14, compared to net outflow of \$33 million for the first half of FY13. This predominantly reflects the successful introduction of the WealthSolutions platform, primarily sold to date via ClearView employed advisers.

The number of financial advisers in the ClearView Financial Advice business has increased to 109 as at 31 December 2013, representing an increase of 16% since 31 December 2012.

For the half year ended 31 December 2013, ClearView produced an underlying net profit after tax (NPAT) of \$9.1 million. Underlying NPAT has increased by \$0.6 million (7%) compared with that for the half year ended 31 December 2012, equivalent to an increase in basic underlying earnings per share for the year from 2.07 cents per share to 2.18 cents per share (5%). This result reflects:

- Positive impact of a claims experience profit of \$0.7 million (after tax) relative to the expected claims cost. This positive claims experience variation follows similar but opposite negative claims experience in the first half of FY13 of \$1.1 million;
- Life insurance lapse experience was broadly in line with the rates assumed in the life insurance policy liability (determined at 30 June 2013) with an experience loss of \$0.1 million (after tax) in FY14 compared to experience profit of \$0.1 million (after tax) in the prior half year.
- Lower investment earnings driven by the payment of \$17.8 million in dividends out of the capital base of ClearView (in the first half of FY13) and the payment of takeover costs related to the CCP Bidco takeover offer, combined with reducing market interest rates over FY13. This has reduced the contribution of investment earnings on ClearView's capital to the profit after tax by \$0.8 million when compared to the first half of FY13 result;
- An increase in the cost base reflecting the investment in the business ahead of revenue to support the Group's growth strategy. Emerging life insurers invest and incur expenses ahead of "getting to scale". As the business gets to scale, these expenses are progressively supported by business volumes that creates operating leverage. Expense over-runs depress initial reported profits; these should be eliminated as scale is achieved, thereby increasing underlying profit margins through the in-force portfolio.

The reported profit of \$3.6 million was impacted by amortisation of acquisition intangibles of \$3.8 million and the effect of long term discount rates on the policy liability resulting in a loss of \$1.7 million for the first half of FY14. The reported profit in the first half of FY13 was impacted by the takeover bid related costs.

Commenting on the result, ClearView Managing Director, Simon Swanson, said, "It is both exciting and encouraging to be involved with ClearView at such a critical juncture, as reflected by the current strong growth in the business, which is anticipated to continue into the second half of the financial year. We are further encouraged by the ongoing support provided by our major shareholders for our growth and profitability ambitions."

Equity Raising Overview

Consistent with the 1H FY14 business update, ClearView today also announced the launch of a fully underwritten equity raising of approximately \$45 million to support the growth of the Company, with proceeds to be applied as follows:

- \$40 million will be used to fund ClearView's strong growth in in-force premiums; and
- \$5 million will be used to make a number of potential small investments and other activities to accelerate the growth of the business

Equity Raising Details

The equity raising will comprise two separate components, in order to give existing ClearView shareholders the opportunity to participate, while broadening ClearView's share register:

- An Institutional Placement to raise approximately \$20 million (**Placement**); and
- A 1 for 12 pro rata accelerated non-renounceable Entitlement Offer to raise approximately \$25 million (**Entitlement Offer**).

Approximately 70.0 million new ClearView shares will be issued under the equity raising, representing approximately 14.9% of total issued capital.

The issue price of \$0.65 represents a discount of 9.7% to the closing price of \$0.72 on Tuesday, 25 February 2014² and a 9.0% discount to the theoretical ex-rights price (TERP).

The institutional component of the Entitlement Offer (**Institutional Entitlement Offer**) will be open to eligible institutional shareholders and provides the opportunity to acquire 1 new ClearView share (**New Shares**) for every existing 12 shares held at the issue price of \$0.65 per New Share. New Shares issued under the Placement will not be eligible to participate in the Entitlement Offer.

The retail component of the Entitlement Offer (**Retail Entitlement Offer**) is open to eligible retail shareholders in Australia and New Zealand and provides the opportunity to acquire 1 new ClearView share for every existing 12 shares held as at the Record Date of 7.00pm (AEDT) on Monday, 3 March 2014 at the issue price of \$0.65 per New Share. Eligible retail shareholders are also being given the opportunity to apply for New Shares in excess of their entitlement.³ New Shares issued under the Placement and the Entitlement Offer will rank equally with existing ClearView shares.

Both the Placement and Entitlement Offer are fully underwritten by CBA Equities Limited (ABN 76 003 485 952) (the **Underwriter**). ClearView's major shareholder, Crescent Capital Partners (**Crescent**) and its associates (holding approximately 59.0% of total issued capital as at the date of this announcement) are supportive of the equity raising. Crescent and its associates hold shares in ClearView through a number of entities (**Crescent Shareholders**), including CCP BidCo Pty Limited

² Being the last trading day prior to announcement of the equity raising.

³ Subject to a cap of \$10,000 of Additional New Shares per eligible retail shareholder. The number of additional New Shares this represents will be calculated at the Offer Price. Applications for New Shares in excess of entitlements may be scaled back at ClearView's absolute discretion. Any allocation of additional New Shares will be made at ClearView's absolute discretion subject to a cap of \$10,000 per shareholder.

(ACN 159 362 428) as trustee for CCP Bidco Trust (**CCP BidCo**). CCP BidCo has committed to subscribe for its pro rata entitlement under the Institutional Entitlement Offer at the offer price of \$0.65. CCP BidCo has also agreed with the Underwriter to sub-underwrite the Institutional Entitlement Offer and the Retail Entitlement Offer. Each Crescent Shareholder other than CCP BidCo has agreed not to take up its entitlement so that such entitlements can be taken up by CCP BidCo under this sub-underwriting arrangement. ClearView's Managing Director, Simon Swanson, currently holds shares in ClearView in a personal capacity and through his investment vehicle. Mr Swanson, and his investment vehicle, will not take up their entitlements under the Institutional Entitlement Offer. Instead, Mr Swanson's nominated investment vehicle has entered into a sub-underwriting agreement with the Underwriter pursuant to which Mr Swanson's nominated investment vehicle agrees to sub-underwrite the Institutional Entitlement Offer up to Mr Swanson's, and his investment vehicle's entitlements under the Institutional Entitlement Offer.

On the basis that CCP BidCo and Mr Swanson's investment vehicle acquire the maximum number of New Shares under the Sub-underwriting Agreements, their voting power in respect of ClearView shares will be as follows:

| | Before the Placement | On completion of the Entitlement Offer |
|--------------------------------|----------------------|--|
| CCP BidCo (and associates) | 59.0% | 58.6% |
| Simon Swanson (and associates) | 2.6% | 2.4% |

Commenting on the equity raising, ClearView's Chairman Dr. Gary Weiss said, "We are delighted with the performance of the business over the last 12 months, and are pleased to present such an exciting opportunity for shareholders to participate in the future growth of ClearView through the equity raising. The additional funding will provide additional capital to support the growth of the company in the medium term."

Shareholder Enquiries

Eligible retail shareholders will be sent further details about the Entitlement Offer via a retail offer booklet to be lodged with ASX and despatched on or around Thursday, 6 March 2014.

Retail shareholders who have questions relating to the Entitlement Offer should call the ClearView Wealth Limited shareholder information line on 1300 298 042 (within Australia) or +61 3 9415 4110 (outside Australia) from 8.30am to 5.30pm (AEDT) Monday to Friday, prior to 5.00pm (AEDT) Friday, 21 March 2014.

Appendix – Key Dates for the Equity Raising

| Key Event | Date ⁴ |
|---|--------------------------------|
| Trading Halt | Wednesday, 26 February |
| Announcement of 1H14 Results and Equity Raising | Wednesday, 26 February |
| Placement and Institutional Entitlement Offer Opens | 10:00am Wednesday, 26 February |
| Placement and Institutional Entitlement Offer Closes | 5:00pm Wednesday, 26 February |
| Announcement of Outcome Under Placement and Institutional Entitlement Offer | Thursday, 27 February |
| Trading in ClearView Shares Recommences on an ex-entitlement basis | Thursday, 27 February |
| Record Date for Entitlement Offer | 7:00pm, Monday, 3 March |
| Settlement of New Shares Issued Under Placement and Institutional Entitlement Offer | Wednesday, 5 March |
| Allotment and Trading of New Shares Under Placement and Institutional Entitlement Offer | Thursday, 6 March |
| Retail Entitlement Offer Opens | Thursday, 6 March |
| Retail Entitlement Offer Closes | 5:00pm Friday, 21 March |
| Announcement of Outcome Under the Retail Entitlement Offer | Monday, 24 March |
| Settlement of New Shares Issued Under Retail Entitlement Offer | Wednesday, 26 March |
| Allotment of New Shares Issued Under Retail Entitlement Offer | Thursday, 27 March |
| Trading of New Shares Issued Under Retail Entitlement Offer | Friday, 28 March |
| Dispatch of Holding Statements | Friday, 28 March |

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

⁴ The above timetable is indicative only and subject to change. ClearView in conjunction with the Underwriter reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), ASX Listing Rules and other applicable laws. All times and dates are in reference to 2014 AEDT.