ClearView

MARKET RELEASE

SYDNEY, 24 August 2016

FY16 FULL YEAR RESULTS ANNOUNCEMENT

ClearView Wealth Limited (ASX: CVW, “ClearView”) advises the release of its Full Year FY2016 results.

Please refer to the following information in relation to ClearView’s results for the twelve months ended 30 June 2016.

1. FY2016 results – Part 1 Appendix 4E;
2. FY2016 results – Part 2 Appendix 3A.1 – Notification of dividend/distribution;
3. FY2016 results – Part 3 ClearView 2016 Annual Report;
4. FY2016 results – Part 4 Market Release;
5. FY2016 results – Part 5 Investor Presentation;
6. FY2016 results – Part 6 ClearView 2016 Corporate Governance Statement; and
7. FY2016 results – Part 7 Appendix 4G – Key to Disclosures Corporate Governance Council Principles and Recommendations.

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

Emergence of growth

Appendix 4E for the year ended 30 June 2016

ClearView

ClearView Wealth Limited

ABN 83 106 248 248

Appendix 4E

Name of Entity:

	ClearView Wealth Limited
ACN:	106 248 248
Period ended (reporting period)	30 June 2016
Period ended (previous corresponding period)	30 June 2015

Results for announcement to the market

(Amount and percentage change up or down from the previous corresponding period)

	30 June 2016 $'000	30 June 2015 $'000	% Change
Operating revenue before net fair value gains on financial assets	295,828	253,640	17%
Net operating revenue from ordinary activities[1]	291,158	326,458	(11%)
Net operating profit from ordinary activities	23,615	12,572	89%
Net profit for the reporting period attributable to members	23,615	12,572	89%

[1] Net operating revenues from ordinary activities include amounts attributable to shareholders, policyholders and external unitholders. The amount is the aggregate of net premium revenue of $108.1 million (2015: $86.8 million), fee and other revenue of $110.9 million (2015: $95.5 million), investment income of $76.8 million (2015: $71.8 million) and net fair value losses on financial assets of $4.7 million (2015: gains of $72.8 million).

Dividends

	Amount per security	Franked amount per security
Final dividend declared (cents)	2.5	2.5
Interim dividend (cents)	nil	nil

On 24 August 2016, the Company proposed a fully franked final dividend of $16.45 million representing 2.5 cents per share (Final Dividend). For full details refer to the ASX Appendix 3A.1, Notification of Dividend Form.

Ex-dividend date	15 September 2016
Record date for determining entitlements to the dividends	16 September 2016
Payment date for dividends	30 September 2016

A final dividend for FY15 of $12.30 million (2.1 cents per share) was paid during the financial year via a fully underwritten Dividend Reinvestment Plan (DRP).

The Group surplus capital position as at 30 June 2016 is $32.6 million[1] (in excess of internal benchmarks). Internal benchmarks include capital held for the protection of the ClearView's regulatory capital position in respect of risk outcomes where the regulatory capital cannot be easily accessed and to protect the various entities' regulatory licences. Internal benchmarks across the Group also include a $31.0 million working capital reserve to fund future new business growth.

1 The surplus capital position is stated prior to the FY16 final cash dividend of $16.45 million.

Capital raising and strategic review

In June 2016, ClearView completed a fully underwritten capital raising to raise approximately $50 million, by way of a 1 for 10.2 pro rata accelerated renounceable Entitlement Offer. The capital raising was predominantly used to repay the Debt Funding Facility ($45.5 million) that previously was put in place with the intention of being replaced by one or more longer term capital solutions as the need for, and quantum of, longer term capital funding emerged.

Approximately 59 million new ClearView shares were issued (9.8% of total issued capital); there are now 658.2 million shares on issue. ClearView's major shareholder, CCP Bidco Pty Limited and its Associates (Crescent) exercised all their rights in relation to the equity raising.

ClearView is now fully capitalised with "Common Equity Tier 1" capital to fund its current business plans, anticipated medium term growth and have some additional capital flexibility over the medium term.

The existing $50 million Debt Funding Facility remains in place to provide future capital funding in the event that medium to longer term growth is materially above that which is currently anticipated in its business plans or other opportunities arise.

The Board is aware that its major shareholder Crescent would consider selling their shares in ClearView and are likely to entertain future control proposals. The Board has been soliciting and will evaluate proposals in the best interests of all shareholders. Morgan Stanley Australia Securities Limited has been appointed to evaluate any strategic options or proposals. There is no certainty that any such proposals will be received.

With the continued growth of the business and the need for capital to support the growth of in-force life insurance premiums the Board considered it appropriate to raise capital in advance of receiving any proposals.

Suspension of dividend reinvestment plan

As foreshadowed at the time of the capital raising ClearView's DRP has been suspended and will not operate in respect of the FY16 dividend payment. It is ClearView's present intention that the DRP will be reactivated for the FY17 dividend, but is subject to an assessment of the capital position of the Group at the time.

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Appendix 4E (continued)

Review and results of operations

The ClearView Group achieved the following results for the year ended 30 June 2016:

After Tax Profit by Segment, $m	FY16 $M	FY15 $M	% Change[7]
Life Insurance	24.5	15.3	+60%
Wealth Management	2.7	1.8	+50%
Financial Advice	1.5	4.4	-66%
Business Unit Operating Earnings (after tax)	**28.7**	**21.5**	**+33%**
Listed Entity and Other	(0.5)	(0.6)	N.M.
Total Operating Earnings (after tax)[1]	**28.2**	**20.9**	**+35%**
Interest expense on corporate debt (after tax)	(1.0)	(0.4)	N.M
Underlying NPAT[2]	**27.2**	**20.5**	**+33%**
Other Adjustments	5.5	1.0	N.M
NPATA[3]	**32.7**	**21.5**	**+52%**
Amortisation	(9.1)	(9.0)	N.M
Reported NPAT	**23.6**	**12.5**	**+89%**
Embedded Value[4]	624.1	494.1	+16%
Value of New Business[5]	19.0	15.8	+20%
Net Asset Value[6]	411.8	336.8	+8%
Reported diluted EPS (cps)	4.27	2.36	+81%
Underlying diluted EPS (cps)	4.92	3.85	+28%
Dividend Per Share (cps)	2.5	2.1	+19%

FY15 concluded a successful three-year strategy focused on building ClearView's market position, with growth now emerging in FY16:

- FY13 – FY15 reflects the 'build' phase with significant investment made in building out a platform for growth;
- The 'build' phase drove significantly greater capacity than immediate requirements (expense overruns). As the business develops scale, expense overruns decrease and create operating leverage;
- Strong FY16 earnings reflect the emergence of growth given the transition of ClearView from its 'build' phase to 'growth' phase; and
- Underlying NPAT growth of 33% is in line with market guidance provided and in the mid-point of the range of 30%-35%.

The strong growth and diversity in sales of contemporary product is leading to growth in the in-force base that is underpinning Embedded Value growth.

1 Total Operating Earnings (After Tax) represents the Underlying NPAT of the business units before taking into account the interest costs associated with corporate debt
2 Underlying NPAT consists of consolidated net 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.
3 NPATA is reported net profit after tax adjusted to exclude the non-cash amortisation of acquired intangibles (not including capitalised software)
4 Embedded Value at 4% discount rate margin, including a value for future franking credits, franking credits included in the net worth and ESP loans; % movement to FY15 adjusted for the $50m Entitlement Offer completed in June 2016
5 Value of New Business at 4% discount rate margin
6 % movement to FY15 adjusted for the $50 million entitlement offer completed in June 2016
7 Change represents the movement from FY15 to FY16.

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Appendix 4E (continued)

The FY16 result includes the impacts of key decisions to support medium term growth and the longer-term strategy:

- a senior management team restructure in October 2015 (and consequential downstream staff changes) to shift the focus of the business from the 'build' to the 'growth' phase (upfront termination costs of $1.0m were incurred in 1H FY16, with net savings being progressively earned from 2H FY16);
- an intentional slowdown in non-advice new business, in particular the direct life insurance channel that targeted lower socio economic customers, driven by adverse lapse experience. This led to a 36% decline in new business volumes to $4.5m and a drag on the overall life insurance Value of New Business included in the Embedded Value calculations; and
- a material investment in FY15 in new wealth products and contemporary platform, with growth and development costs starting to now be supported by FUM as these products build to scale over time.

A reconciliation of Reported Net Profit After Tax (NPAT) to Underlying NPAT is provided below:

	30 June 2016 $'000	30 June 2015 $'000	% Change
Reported Net Profit After Tax (NPAT)	**23,615**	**12,572**	**89%**
Adjusted for:			
Amortisation of intangibles[1]	9,135	9,003	1%
AIFRS policy liability adjustment (after tax)[2]	(7,749)	(2,913)	Large
Your Insure impairment (after tax)[3]	1,898	-	Large
Strategic review costs (after tax)[4]	336	-	Large
Matrix deal and integration costs (after tax)[5]	-	1,872	Large
Underlying Net Profit After Tax (UNPAT)	**27,235**	**20,534**	**33%**

Please refer to accomanying Annual Report 2016 for Consolidated Statements of Profit and Loss and Other Comprehensive Income, Consolidated Statements of Financial Position, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, Notes to the Financial Statements and Operating and Financial Review for further details on the result for the year ended 30 June 2016.

1 The amortisation of the intangibles is associated with the acquisition of wealth and life insurance businesses from Bupa, the ComCorp financial advice business and Matrix. These are separately reported to remove the non-cash effect of the write-off of these acquired intangibles. However, amortisation associated with capitalised software is reported as part of Underlying UNPAT.

2 The policy liability discount rates effect is the result of the changes in long term discount rates used to determine the insurance policy liability. The life insurance policy liability (based on AIFRS) is discounted using market discount rates that typically vary at each reporting date and create volatility in the policy liabilities and consequently earnings. ClearView separately reports this volatility which represents a timing difference in the release of profit and has no impact on underlying earnings. This movement in policy liability creates a cash flow tax effect.

3 ClearView made an investment in Your Insure, a start-up operation in Melbourne, in August 2014 to target selling direct life insurance to the lower socio demographic customers. ClearView agreed to provide funding to Your Insure which was structured as a Convertible Note. The investment in Your Insure has been written off, with a net of tax cost of $1.9 million being incurred. The costs associated with the aforementioned are considered unusual to the ordinary activities of the Group and are therefore not reflected as part of Underlying UNPAT.

4 Certain costs were recognised in relation to the evaluation of strategic options and proposals associated with the potential changes of major shareholder. The costs are considered unusual ot the ordinary activities of the Group and are therefore not reflected as part of Underlying UNPAT.

5 Certain costs were recognised in the prior period in relation to the deal and integration costs associated with the merger of Matrix Planning Solutions Limited. The costs associated with the aforementioned are considered unusual to the ordinary activities of the Group and are therefore not reflected as part of Underlying UNPAT.

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Appendix 4E (continued)

Net tangible assets per security

	Reporting period	Previous corresponding period
Net assets per security (cents per share)*	68.6	64.0
Net tangible asset backing per ordinary security (cents per share)*	61.2	54.4

* Adjusted for shares issued and corresponding loans granted ($39.6 million) (2015: $36.5 million) under the Executive Share Plan (ESP).

See Operating and Financial Review in accompanying Annual Report for details on the Statements of Financial Position and Embedded Value as at the 30 June 2016.

Control gained or lost over entities

None.

Details of associates and joint venture entities

None.

Earnings per share

	Reporting period	Previous corresponding period
Basic earnings per share (cents per share)	4.39	2.43
Fully diluted earnings per share (cents per share)	4.27	2.36
Basic underlying earnings per share (cents per share)	5.07	3.97
Fully diluted underlying earnings per share (cents per share)	4.92	3.85

Underlying earnings per share is based on Underlying NPAT with is the Board's key measure of group profitability and the basis on which dividends are determined.

Compliance Statement

The information provided in this report has been prepared in accordance with AASB standards, other AASB authoritative pronouncements or other standards acceptable to ASX.

The ClearView Wealth Limited Annual Report for the period ended 30 June 2016 has been subject to audit by our external auditors. A copy of the independent audit report to the members of ClearView Wealth Limited is included in the accompanying Annual Report.

Athol Chiert
Company Secretary

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