

Market Release

Sydney, 24 August 2016

ClearView delivers strong FY16 performance

Underlying NPAT¹ up 33% on successful transition to growth phase

Results Highlights

- **Robust earnings growth reflects transition from ‘build phase’ to ‘growth phase’ and ongoing successful implementation of the longer term growth strategy**
- **Underlying NPAT growth in line with guidance at mid-point of 30%-35% range**
- **Total Operating Earnings after tax² up 35% to \$28.2 million**
- **Reported NPAT up 89% to \$23.6 million**
- **Life Insurance segment earnings up 60% reflecting 30% growth in in-force premiums, in particular LifeSolutions driven by expanding distribution reach via IFAs³, and strong J-curve economics as patient investment in growth begins to impact**
- **Wealth Management segment delivered 50% higher earnings in early stages of segment investment phase, driven by 12% higher FUM⁴ and new business flows from contemporary products**
- **Number of APLs carrying LifeSolutions up 34% to 256 with 62% of Advice based life insurance new business generated from third party APLs, up 49%**
- **Embedded Value growth of 16% to \$624 million⁵ reflects strong growth and diversity in sales of contemporary products and services**
- **Dividend per share up 19% to 2.5 cps**
- **Successful \$50 million capital raising in June 2016 to repay debt and provide capital for growth.**

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.

2 Total Operating Earnings (After Tax) represents the Underlying NPAT of the business units before taking into account the interest costs associated with corporate debt.

3 Independent Financial Advisers.

4 FUM includes Funds Under Management (ClearView Master Trust, WealthFoundations and ClearView Managed Investment Schemes), Funds Under Administration on WealthSolutions and FUM in ClearView MIS platform funds that are placed on external platforms.

5 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. FY15 EV restated to include franking credits in the net worth.

Market Release

After Tax Profit by Segment, \$m	FY16	FY15	% 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%
Total Operating Earnings (after tax)¹	28.2	20.9	↑ +35%
Underlying NPAT²	27.2	20.5	↑ +33%
NPATA³	32.7	21.5	↑ +52%
Reported NPAT	23.6	12.5	↑ +89%
Embedded Value⁴	624.1	494.1	↑ +16%
Value of New Business⁵	19.0	15.8	↑ +20%
Net Asset Value⁶	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%

ClearView Wealth Limited (ClearView, ASX: CVW) today announced its results for the financial year ended 30 June 2016.

ClearView increased Total Operating Earnings after tax 35% to \$28.2 million (FY15: \$20.9 million), and delivered a 33% higher Underlying NPAT² of \$27.2 million (FY15: \$20.5 million), in line with the mid-point of its profit guidance range.

Segment results

- **Life Insurance Operating NPAT increased 60% to \$24.5 million.** This is the most advanced segment and is demonstrating strong J-curve economics as expense overruns decrease and operating leverage is achieved through scale. Profit growth is driven by a 30% increase in in-force premiums to \$150.7 million, of which LifeSolutions was \$105.7 million.
- **Wealth Management Operating NPAT increased 50% to \$2.7 million.** This is the least mature segment with its build phase only commencing in FY15 along with a material investment in a new contemporary platform. FUM increased 12%, which drove fee income, predominantly offset by the continuing growth and development costs and the run off of higher fee rates on the older Master Trust book. Profitability will grow as the new wealth management products build to scale.
- **Financial Advice Operating NPAT decreased 66% to \$1.5 million.** This result was driven by a reallocation to CFA⁸ of part of the dealer group support costs that were previously absorbed by the Life Insurance segment. Higher costs were also incurred through additional investment in the strategic advice model and compliance given the increased regulatory focus.

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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.

8 ClearView Financial Advice business.

Market Release

The FY16 result also includes the impacts of key decisions to support the medium term growth and long-term strategy of the business including restructuring the senior management team to align with the change in focus to the growth phase, and an intentional slowdown in non-advice new business, in particular the direct life insurance channel that targeted lower socio economic customers¹.

Reported Net Profit After Tax (NPAT) increased 89% to \$23.6 million (FY15: \$12.5 million). Reported NPAT is impacted by Other Adjustments and Amortisation. In FY16, the positive Other Adjustments figure was driven by the after tax effect of the movement in long-term discount rates used to determine the insurance policy liabilities between periods of \$7.8 million (FY15: \$2.9 million), partially offset by the after tax impairment of the investment in Your Insure and Strategic Review Costs, totalling \$(2.2) million (FY15: \$(1.9) million in Matrix deal integration costs).

Commenting on the operating result, ClearView Managing Director, Mr Simon Swanson, said: “We are delighted with this result that reflects our industry disrupter strategy of winning market share within profitable segments by delivering innovative products and a high level of service.

ClearView has established a strong foundation for sustained growth as we transition from the build phase of our strategy to the growth phase.

ClearView remains well positioned for robust growth over the medium to long term by virtue of our Life Insurance and Wealth Management business units that offer complementary products and services over the economic cycle.”

Dividend

The Directors declared a fully franked final dividend of \$16.45 million or 2.5 cents per share, up 19% on the 2015 final dividend of \$12.30 million (2.1 cents per share). This represents approximately 60% of the FY16 Underlying NPAT and is in line with the Company’s dividend policy.

The dividend is payable on 30 September 2016 to shareholders on ClearView’s share register at 5pm on 16 September 2016. The Dividend Reinvestment Plan (DRP) has been suspended and will not operate on this dividend. No interim dividend was paid during 2016 or 2015.

Capital Management

The Company entered into a \$50 million Debt Funding Facility in December 2014 to support its short to medium term funding needs. It was always intended that the funding provided under that facility would be replaced in due course with a longer-term capital solution.

In May 2016 the Company announced the launch of a \$50 million fully underwritten pro-rata renounceable entitlement offer to eligible shareholders that was settled just prior to the end of the financial year. The proceeds were used to repay the Debt Funding Facility (\$45.5 million), with the remaining \$4.5 million retained as capital to fund future growth.

ClearView is now fully capitalised with Common Equity Tier 1 capital to fund its current business plans and anticipated medium-term growth, with some additional capital flexibility over the medium term. The existing \$50 million Debt Funding Facility will remain in place to provide future capital funding in the event that medium to longer term growth is materially above that currently anticipated or if other opportunities arise.

Strategic Review

The ClearView Board is aware that its 52.9% shareholder CCP Bidco Pty Limited and its Associates (Crescent) would consider selling its shares in ClearView and is likely to entertain future control proposals. The Board has been soliciting and will evaluate proposals in the interests of all shareholders and has appointed Morgan Stanley Australia Securities Limited to assist in evaluating any strategic options or proposals.

There is no certainty that any proposals will be received but the Company will update the market at appropriate intervals and also advise of any material developments in accordance with its continuous disclosure reporting obligations. There is nothing further to report on this matter as of the date of this release.

¹ The focus for direct life insurance has shifted to the mid-market.

Market Release

FY17 Strategy and Outlook

The focus on growth will continue in FY17, building on the strong foundations laid in the past five years, and will include the following key initiatives:

- **Life Advice:** Continue to innovate in the life insurance market and to expand distribution reach and embed growth via the third party IFA market.
- **Non-Advice (Life):** Continue to meet the needs of the mid-market segment that does not seek advice but requires more sophisticated products than typical Direct insurance offerings.
- **Wealth Management:** Continue to build out the wealth management business to leverage the investments made over the past 24 months; leverage off the distribution network that has been built in the life insurance business particularly with the number of third party APLs on which ClearView wealth products are placed now standing at 9.
- **Financial Advice:** Continue to build a high quality financial advice business providing strategic advice for clients by focusing on selectively recruiting high quality advisers with the right cultural fit for ClearView and Matrix, with an emphasis on quality over quantity.

ClearView remains in a strong position to continue profitable growth, given the complementary nature of life insurance and wealth management products over the economic cycle.

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 advice solutions.

Additional information is available at www.clearview.com.au

Market Release

Appendix 1 - FY16 Financial Highlights

After Tax Profit by Segment, \$m	FY16	FY15	% Change ¹¹
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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 NPAT²	27.2	20.5	↑ +33%
Other Adjustments	5.5	1.0	N.M.
NPATA³	32.7	21.5	↑ +52%
Amortisation	(9.1)	(9.0)	N.M.
Reported NPAT	23.6	12.5	↑ +89%
Life Insurance New Business (Advice) (\$m) ⁴	34.7	27.5	↑ +26%
Life Insurance New Business (Non-Advice) (\$m) ⁴	4.5	7.0	↓ -36%
In-force Premium (\$m) ⁵	150.7	115.7	↑ +30%
Funds Under Management (FUM) (\$bn) ⁶	2.13	1.90	↑ +12%
FUM Net Flows (\$m) ⁷	212.3	111.5	↑ +90%
ClearView Financial Advisers (#)	235	221	↑ +6%
Embedded Value ⁸	624.1	494.1	↑ +16%
Value of New Business ⁹	19.0	15.8	↑ +20%
Net Asset Value ¹⁰	411.8	336.8	↑ +8%
Reported diluted EPS (cps)	4.27	2.36	↑ +81%
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3 NPATA is reported net profit after tax adjusted to exclude the non-cash amortisation of acquired intangibles (not including capitalised software)

4 Life insurance new business or sales represents the amount of new annual written premium sold during the period, net of policies cancelled from inception and excludes age based/CPI increases.

5 In-force premium is defined as annualised premium in-force at the balance date.

6 FUM includes Funds Under Management (ClearView Master Trust, WealthFoundations and ClearView Managed Investment Schemes), Funds Under Administration on WealthSolutions and FUM in ClearView MIS platform funds that are placed on external platforms.

7 FUM net flows is defined as inflows less redemptions into FUM but excludes management fees outflow.

8 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 \$50 million Entitlement Offer completed in June 2016. FY15 EV restated to include franking credits in the net worth.

9 Value of New Business at 4% discount rate margin.

10 % movement to FY15 adjusted for the \$50 million Entitlement Offer completed in June 2016.

11 Change represents the movement from FY15 to FY16.