



## MARKET RELEASE

**SYDNEY, 24 August 2017**

### **FY17 FULL YEAR RESULTS ANNOUNCEMENT**

ClearView Wealth Limited (ASX: CVW, "ClearView") advises the release of its FY17 full year results.

Please refer to the following information in relation to ClearView's results for the twelve months ended 30 June 2017:

1. FY2017 results – Part 1 Appendix 4E;
2. FY2017 results – Part 2 Appendix 3A.1 – Notification of dividend/distribution;
3. FY2017 results – Part 3 ClearView 2017 Annual Report
4. FY2017 results – Part 4 Market Release;
5. FY2017 results – Part 5 Investor Presentation;
6. FY2017 results – Part 6 ClearView 2017 Corporate Governance Statement; and
7. FY2017 results – Part 7 Appendix 4G – Key to Disclosures Corporate Governance Council Principles and Recommendations.

ENDS

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### **About ClearView**

ClearView is an ASX-listed diversified financial services company which partners with financial advisers to help Australians protect and build their wealth, achieve their goals and secure a comfortable financial future. The group's three business segments: Life Insurance, Wealth Management and Financial Advice are focused on delivering quality products and services.

Additional information is available at [www.clearview.com.au](http://www.clearview.com.au)

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ClearView Wealth Limited  
ACN 106 248 248  
ASX Code CVW



# 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 2017
Period ended (previous corresponding period)	30 June 2016

### Results for announcement to the market

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

	30 June 2017	30 June 2016	% Change
	\$'000	\$'000	
Operating revenue before net fair value gains on financial assets	333,503	295,828	13%
Net operating revenue from ordinary activities <sup>1</sup>	395,935	291,158	36%
Net operating profit from ordinary activities	13,150	23,615	(44%)
Net profit for the reporting period attributable to members	13,150	23,615	(44%)

### Dividends

	Amount per security	Franked amount per security
Final dividend declared (cents)	2.75	2.75
Interim dividend (cents)	nil	nil

On 24 August 2017, the company proposed a fully franked final dividend of \$18.14 million representing 2.75 cents per share (Final Dividend). For full details refer to the ASX Appendix 3A.1, Notification of Dividend Form.

Ex-dividend date	12 September 2017
Record date for determining entitlements to the dividends	13 September 2017
Payment date for dividends	29 September 2017

A final dividend for FY16 of \$16.45 million (2.5 cents per share) was paid during the financial year.

The group surplus capital position as at 30 June 2017 is \$12.9 million (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 \$17.0 million working capital reserve to fund future new business growth.

### Details of Dividend Reinvestment Plan (DRP) in operation and the last date for the receipt of an election notice for participation in any DRP

ClearView's DRP will operate for the FY17 dividend payment. Shares under the DRP will be issued at a fixed price of \$1.39 per share, consistent with ClearView's DRP Rules, and represent a 2% discount over the 90 day volume weighted average price of \$1.42<sup>2</sup>. The DRP is a cost-effective way for ClearView shareholders to increase their shareholding through the reinvestment of any cash dividends in ordinary shares. ClearView intends to have the DRP active for future dividend periods until further notice.

Substantial shareholders have committed to participate in the DRP at a fixed price of \$1.39 per share as follows:

- Crescent Capital and its associates for its entire share of the dividend; and
- Sony Life for its share of the dividend to the extent that its holding does not exceed 14.9% (given regulatory approvals are required for Sony Life to increase its holding above 15%).

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 \$134.5 million (2016: \$108.1 million), fee and other revenue of \$116.5 million (2016: \$110.9 million), investment income of \$82.5 million (2016: \$76.8 million) and net fair value gains on financial assets of \$62.4 million (2016: losses of \$4.7 million).

2 90 day VWAP calculated as at 18 August 2017.

# ClearView Wealth Limited

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## Appendix 4E (continued)

New shareholders or shareholders who have not previously elected to participate in the DRP, can elect to participate in the DRP for the FY17 final dividend by updating their shareholding details online from the Computershare website [www.computershare.com.au/easyupdate/cvw](http://www.computershare.com.au/easyupdate/cvw).

For shareholders who have existing nominations, these nominations will be automatically applied for the FY17 final dividend, unless otherwise instructed. Change requests for existing nominations can be made by completing a change in participation form online at the Computershare website [www.computershare.com.au/easyupdate/cvw](http://www.computershare.com.au/easyupdate/cvw).

Elections to participate in the DRP or changes to existing DRP elections must be made with Computershare by 5pm Thursday 14 September 2017, which is the first business day after the record date for the FY17 final dividend.

Any shares issued to participating shareholders under the DRP will rank equally with existing fully paid ordinary shares.

A copy of the DRP Rules is available at the ClearView website [www.clearview.com.au](http://www.clearview.com.au) under the About ClearView, Corporate Governance section. The DRP Rules can also be viewed on the Computershare website by clicking into the "Plan Details" bar at [www.computershare.com.au/easyupdate/cvw](http://www.computershare.com.au/easyupdate/cvw).

### Review and results of operations

The ClearView Group achieved the following results for the year ended 30 June 2017.

After tax profit by segment, \$m	FY17 \$m	FY16 \$m		% Change <sup>1</sup>
Life Insurance	24.9	24.5	↑	2%
Wealth Management	3.9	2.7	↑	44%
Financial Advice	2.2	1.5	↑	47%
Listed entity and other	(0.7)	(1.5)	↑	53%
<b>Underlying NPAT<sup>2</sup></b>	<b>30.4</b>	<b>27.2</b>	↑	<b>12%</b>
Other adjustments <sup>7</sup>	(9.0)	5.5	↓	Large
<b>NPATA<sup>3</sup></b>	<b>21.4</b>	<b>32.7</b>	↓	<b>(36%)</b>
Amortisation <sup>8</sup>	(8.2)	(9.1)	↑	10%
<b>Reported NPAT</b>	<b>13.2</b>	<b>23.6</b>	↓	<b>(44%)</b>
Embedded value <sup>4</sup>	661.9	624.1	↑	8%
Value of new business <sup>5</sup>	16.7	19.0	↓	(12%)
Net asset value <sup>6</sup>	415.6	411.8	↑	4%
Reported diluted EPS (cps) <sup>9</sup>	2.11	4.27	↓	(51%)
Underlying diluted EPS (cps) <sup>9</sup>	4.88	4.92	↓	(1%)
Dividend per share (cps)	2.75	2.50	↑	10%

1 Change represents the movement from FY16 to FY17

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 FY16 to FY17 adjusted for the FY16 cash dividend paid of \$16.5 million in September 2016 less ESP related items (\$6.2 million).

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

6 Net Asset Value as at 30 June 2017 excluding ESP Loans; % increase adjusted for the FY16 cash dividend paid of \$16.5 million in September 2016 less ESP related items (\$6.2 million).

7 Other adjustments includes costs considered unusual to normal activities (includes \$2.4m Direct closure provision) and changes in long term discount rates used to determine the insurance policy liabilities (\$13.7m 'swing' between periods).

8 Amortisation is amortisation of acquired intangibles (not including depreciation and amortisation of software).

9 Impacted by the effect of 59m shares issued in June 2016 as part of \$50m Entitlement Offer.



# ClearView Wealth Limited

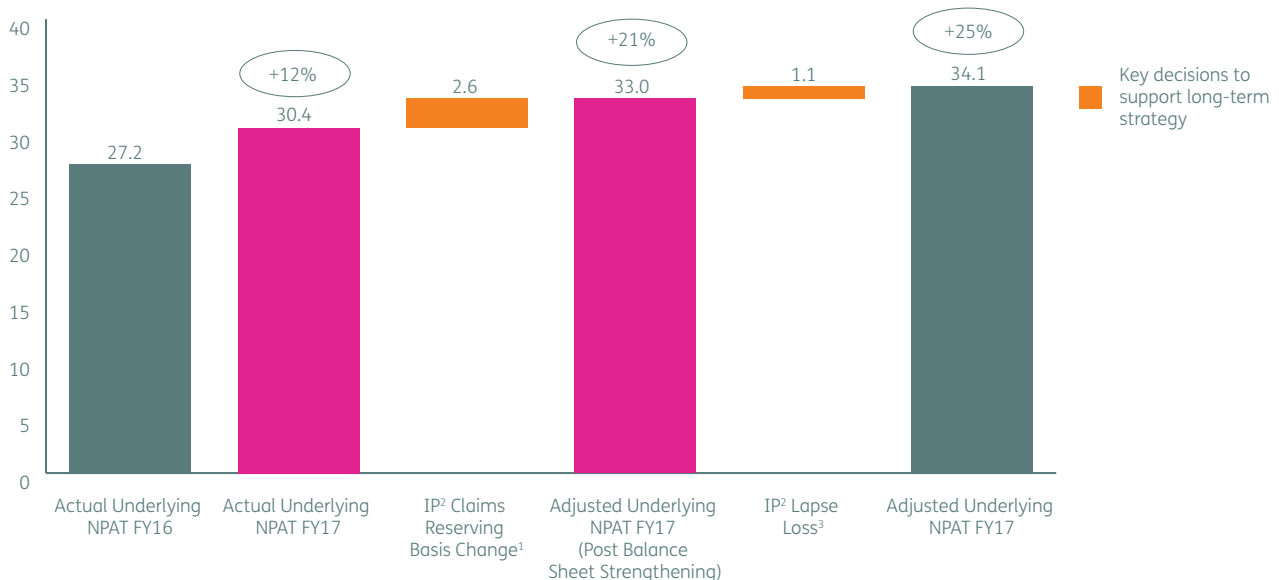
ABN 83 106 248 248

## Appendix 4E (continued)

The FY17 result reflects strong fundamentals in the group's underlying operating businesses and the delivery of strong, profitable and sustainable growth:

- Life Insurance remains the key profit driver with further expansion of the IFA distribution footprint leading to strong Advised sales and a material increase in the in-force portfolio which is underpinning the company's growth profile.
- Wealth Management is a net flow positive business with growth in earnings now emerging, following the recently-completed 'build phase'.
- Financial Advice is committed to building a high quality aligned advice business and helping advisers run more efficient and profitable practices.

Adjusted UNPAT - Year ended 30 June 2017



The FY17 result includes the impact of key decisions to support the longer-term strategy. They are detailed below.

- The LifeSolutions adverse claims experience includes the impact of adopting an enhanced actuarial claims reserving basis (statistical model) on the income protection (IP) portfolio in FY17 (-\$2.6 million<sup>1</sup>). While the IP<sup>2</sup> portfolio remains profitable, this was a key driver in the adverse overall "swing" in claims experience between FY17 and FY16.
- IP<sup>2</sup> price increases (10% on average) were implemented in October 2016 following market price increases, to ensure prudent management of margin over time but has resulted in some short-term elevated lapses on the IP portfolio (-\$1.1 million<sup>3</sup>). IP price changes improves the long-term product profitability.
- Closure of the Direct operation reflects changes in the market's attitude and appetite for non-advice models. A review of the business concluded that the model is no longer economically viable or socially acceptable due to increasing client acquisition costs, rising consumer expectations and likely heightened regulatory scrutiny. The closure of the Direct business, which made an immaterial contribution to the overall group, allows ClearView to sharpen its focus on Advised Life Insurance.

1 Enhancement in estimate in relation to IP claims in the course of payment pre 30 June 2016.

2 Income protection policies.

3 FY17 income protection portfolio lapse loss.

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## Appendix 4E (continued)

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

	30 June 2017 \$'000	30 June 2016 \$'000	% Change
<b>Reported Net Profit After Tax (NPAT)</b>	<b>13,150</b>	<b>23,615</b>	<b>(44%)</b>
<b>Adjusted for:</b>			
Amortisation of intangibles <sup>1</sup>	8,190	9,135	10%
AIFRS policy liability adjustment (after tax) <sup>2</sup>	5,917	(7,749)	Large
Your Insure impairment (after tax) <sup>3</sup>	-	1,898	Large
Costs associated with Sony Life becoming a strategic shareholder <sup>4</sup>	685	336	Large
Direct closure provision (after tax) <sup>5</sup>	2,420	-	Large
<b>Underlying Net Profit After Tax (UNPAT)</b>	<b>30,362</b>	<b>27,235</b>	<b>12%</b>

Please refer to accompanying Annual Report 2017 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 2017.

### Sony Life

The Board announced in October 2016 that Sony Life Insurance Co., Ltd (Sony Life) had acquired a 14.9% stake in ClearView from its major shareholder, Crescent Capital Partners and its Associates (Crescent)<sup>6</sup>.

In January 2017, ClearView and Sony Life entered into a mutually-beneficial cooperation agreement to share information and increase their coordination to drive efficiency and growth.

In relation to the Cooperation Agreement, ClearView is focused on:

- Expanding its distribution footprint in the independent financial adviser (IFA) market;
- Continuously enhancing the quality of advice provided by the group's aligned advisers;
- Recruiting more skilled advisers into the dealer group; and
- Exploring the development and use of relevant technology, products and services.

To facilitate the sharing of knowledge and explore opportunities to leverage from each organisation, two Sony Life employees have been seconded to ClearView since February 2017.

The Cooperation Agreement is effective for so long as Sony Life holds at least 10% of the issued share capital in ClearView.

In December 2016, Mr Satoshi Wakuya, General Manager, Head of Business Development Division for Sony Life, was appointed to the ClearView Board as a Non-executive Director. Mr Satoshi Wakuya has over 10 years' experience in the life insurance industry in Japan and has held a number of senior management positions with Sony Life's ultimate parent company Sony Corporation.

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 UNPAT.

2 The policy liability discount rates effect is the result of changes in long term discount rates used to determine insurance policy liabilities. 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 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 to the ordinary activities of the Group and are therefore not reflected as part of UNPAT.

5 Certain costs were recognised in the period in relation to the closure of ClearView's Direct operation. The costs associated with the aforementioned are considered unusual to the ordinary activities of the Group and are therefore not reflected as part of UNPAT.

6 For full terms of Sony transaction, refer to ASX announcement dated 25 October 2016.

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## Appendix 4E (continued)

### Net tangible assets per share

	Reporting period	Previous corresponding period
Net assets per share (cents per share)*	68.6	68.6
Net tangible asset backing per ordinary share (cents per share)*	61.8	61.2

\*Adjusted for shares issued and corresponding loans granted (\$36.8 million) (2016: \$39.6 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 2017.

### Control gained or lost over entities

None.

### Details of associates and joint venture entities

None.

### Earnings per share

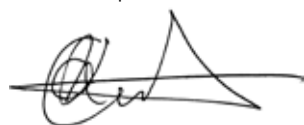
	Reporting period	Previous corresponding period
Basic earnings per share (cents per share)	2.20	4.39
Fully diluted earnings per share (cents per share)	2.11	4.27
Basic underlying earnings per share (cents per share)	5.09	5.07
Fully diluted underlying earnings per share (cents per share)	4.88	4.92

Underlying earnings per share is based on UNPAT which 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 2017 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

ClearView Wealth Limited  
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