

Market Release

Sydney, 22 February 2018

ClearView reports \$15.3 million net profit for HY18

ClearView Wealth Limited (**ClearView**, ASX: CVW) has announced an Underlying Net Profit after Tax (**NPAT**¹) of \$15.3 million, up 1%, for the six months to December 31, 2017; reflecting strong growth in new business, in-force premium and funds under management.

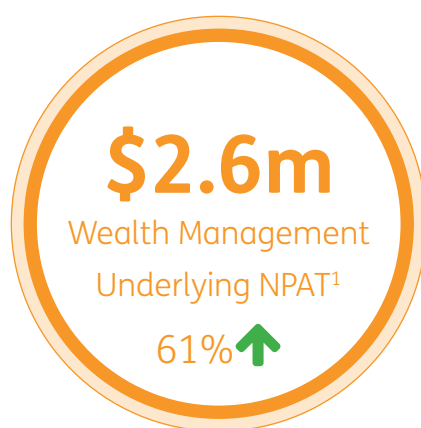
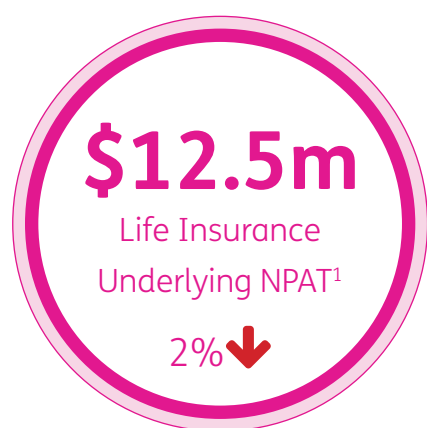
Results Highlights

- Modest growth in Underlying NPAT¹ underplays strong fundamentals in the underlying operating businesses and further emergence of sustainable growth offset by adverse claims experience.
- ClearView remains on track to achieve its near and medium-term goals with further emergence of sustainable growth.
- In HY18, there was an adverse claims experience of \$3.2 million² that primarily occurred in Q1. This has had a material impact on profitability due to the small size and nature of the portfolio.
- Adjusting to exclude the adverse claims experience, Underlying NPAT would have been up 17% to \$18.5 million.
- Life Insurance gross premiums up 24% to \$104.7 million, life insurance sales³ up 10% to \$22.6 million and in-force premiums⁴ up 23% to \$209.9 million.
- IFA⁵ channel represents 77 per cent of sales with LifeSolutions currently on 374 Approved Product Lists⁶, up 28% in the half.
- Wealth Management fee revenue up 11% to \$18 million, net inflows in contemporary products⁷ up 62% to \$229 million and FUM⁸ up 20% to \$2.73 billion.
- Reflects strong support from the aligned network and increasing IFA⁵ support with contemporary wealth management products on 31 APLs⁶, up 72%.
- Embedded Value⁹ growth of 8 per cent to \$681 million reflecting strong growth and diversity in sales of contemporary Life Insurance and Wealth Management products.
- Ongoing collaboration and strategic partnership with Sony Life Insurance Co., Ltd. (Sony Life).

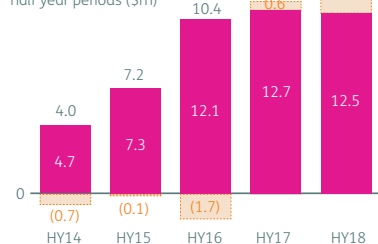
Underlying NPAT¹, the Board's key measure of Group profitability and also used for dividend payment decisions, **increased 1% to \$15.3 million (HY17: \$15.2 million)**. This modest growth underplays the strong fundamentals in the underlying operating businesses and further emergence of sustainable growth, offset by adverse claims experience.

After Tax Profit by Segment, \$M	HY18 \$M	HY17 \$M		% Change ¹⁷
Life Insurance	12.5	12.7	↓	2%
Wealth Management	2.6	1.6	↑	61%
Financial Advice	1.0	1.2	↓	21%
Listed entity and other	(0.8)	(0.4)	↓	90%
Underlying NPAT¹	15.3	15.2	↑	1%
Other adjustments ¹⁰	(3.0)	(12.0)	↑	75%
Reported NPAT¹¹	12.3	3.2	↑	284%
Embedded value ⁹	681.0	632.8	↑	8%
Value of New Business ¹²	9.6	8.5	↑	13%
Net asset value ¹³	428.4	400.0	↑	7%
Underlying diluted EPS (cps) ¹⁴	2.38	2.45	↓	3%

HY18 Results by Segment

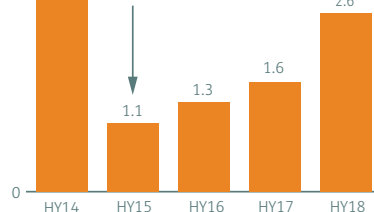


Overall net claims performance averages out to -\$0.3m claims loss per half over nine half year periods (\$m)



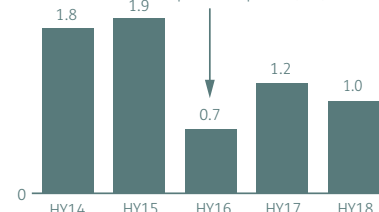
■ Actual Life Insurance Underlying NPAT ■ Claims volatility²

Significant investment in contemporary platform and products with growth now emerging (\$m)



■ Actual Wealth Management Underlying NPAT

Change in expense allocation basis, broadly neutral result period-to-period (\$m)



■ Actual Financial Advice Underlying NPAT

Segment results

Life Insurance UNPAT¹ of \$12.5 million, down 2 per cent

In HY18, there was an adverse claims experience of \$3.2 million² (HY17: \$0.6 million). Claims loss predominantly arose in Q1 of FY18 (-\$2.3 million in Q1). Adjusting to exclude this adverse claims experience, Life Insurance Underlying NPAT would have been up 19% to \$15.8 million. The overall net claims performance broadly has an average -\$0.3 million impact per half period over the past nine half year periods (and is broadly neutral, excluding HY18).

This result also includes the impact of some loss from heightened lapses in the lead up to the 1 January 2018 regulatory changes, the tail end of the effect of ClearView's income protection price increases implemented in HY17 and some drift in competitive position of LifeSolutions lump sum premium rates (to be addressed during CY18).

Wealth Management UNPAT¹ of \$2.6 million, up 61 per cent

Strong net flow positive business with material growth in earnings, demonstrating growing demand for innovative investment administration platforms and benefiting from the shift away from the larger institutions and banks.

Growth in earnings follows material investment in the contemporary wealth platform and products in FY15.

Financial Advice UNPAT¹ of \$1.0 million, down 20 per cent

Aligned dealer groups, Matrix Planning Solutions and ClearView Financial Advice experienced an 11% increase in Premiums under Advice¹⁵ to \$247 million and a 9 per cent increase in Funds under Management and Advice (FUMA¹⁶) to \$9.3 billion.

ClearView is committed to building a high quality aligned advice business and assisting advisers run more efficient and profitable practices.

Prior period result includes the potential recovery of certain compliance costs incurred (+\$0.3 million). Adjusting for this item recognised in HY17, Underlying NPAT has remained broadly neutral year-on-year.

ClearView Managing Director Simon Swanson said the result reflected the strong fundamentals of the Group's underlying operating businesses and the further emergence of growth, notwithstanding some short-term challenges.

"ClearView remains well-positioned to outperform the market, despite the adverse impact of heightened lapses and material claims volatility during the half," he said.

"The Life Insurance segment continues to be the key profit driver with sales of our flagship LifeSolutions product up 10 per cent, in-force premium up 23 per cent and strong growth of our distribution footprint underpinning the company's profit profile and embedded value."

"Wealth Management is also making an increasing contribution to the business with underlying NPAT up 61 per cent and strong support from both our aligned network and the Independent Financial Adviser (IFA) channel."

HY18 strategy and outlook

ClearView's continued focus is on delivering strong, sustainable growth by partnering with financial advisers to help more Australians protect and grow their wealth and income in retirement.

The Group's long-term market growth fundamentals remain sound with increasing need for professional advice and quality financial products and services, due to Australia's growing and ageing population, swelling compulsory retirement savings pool, and underinsurance problem.

Furthermore, ongoing regulatory reform, industry consolidation and structural changes are creating opportunities for ClearView to provide licensing services and support to a greater number of financial advisers.

With an integrated financial services model, ClearView is well-positioned to take advantage of the convergence of life insurance and wealth management.

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Footnotes:

- 1 Underlying NPAT 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 Reflects actual adverse claims experience in relevant period.
- 3 Life Insurance contemporary new business or sales represents the amount of new LifeSolutions annual written premium sold during the period, net of policies cancelled from inception and excludes age based/ CPI increases.
- 4 In-force premium is defined as annualised premium in-force at the balance date.
- 5 IFAs are independent financial advisers that write ClearView products that are placed on third party dealer group approved product lists.
- 6 APLs are where ClearView products that are placed on third party dealer group approved product lists.
- 7 Wealth Contemporary Product Net Flows is defined as inflows less redemptions into FUM[®] but excludes management fees outflow and ClearView Master Trust product net flows given that the product is not marketed to new customers.
- 8 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 on external platforms.
- 9 Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and Employee Share Plan (ESP) loans.
- 10 Other adjustments includes non-cash amortisation, costs considered unusual to normal activities and changes in long term discount rates used to determine the insurance policy liabilities (\$6.2m 'swing' between periods).
- 11 Reported NPAT of \$12.3m, up 284%, impacted by changes in long term discount rates used to determine the insurance policy liabilities (\$6.2m 'swing' between periods); represents a non-cash timing difference in the release of profit over time and has no impact on underlying earnings.
- 12 Value of New Business (VNB) at 4% discount rate margin.
- 13 Net Asset Value as at 31 December 2017 excluding ESP Loans; % movement HY17 to HY18 adjusted for the impact of the cash component of the FY17 final dividend and ESP related items (\$0.2m).
- 14 Adversely impacted by the dilutive effect of shares issued under the DRP, ESP shares vested/forfeited during the period and an increase in the number of ESP shares 'in the money' given the increase in ClearView's share price period on period.
- 15 Premiums Under Advice is life insurance in-force premium that are externally managed and administered (Third Party Products) and in-force LifeSolutions premium.
- 16 FUMA includes FUM[®] and funds under advice that are externally managed and administered.
- 17 % movement, HY17 to HY18 unless otherwise stated.