



MARKET RELEASE

SYDNEY, 23 August 2018

FY18 FULL YEAR RESULTS ANNOUNCEMENT

ClearView Wealth Limited (ASX: CVW, "ClearView") advises the release of its FY18 full year results.

Please refer to the following information in relation to ClearView's results for the twelve months ended 30 June 2018:

1. FY2018 results – Part 1 Appendix 4E;
2. FY2018 results – Part 2 Appendix 3A.1 – Notification of dividend/distribution;
3. FY2018 results – Part 3 ClearView 2018 Annual Report;
4. FY2018 results – Part 4 Market Release;
5. FY2018 results – Part 5 Investor Presentation;
6. FY2018 results – Part 6 ClearView 2018 Corporate Governance Statement; and
7. FY2018 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

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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 2018
Period ended (previous corresponding period)	30 June 2017

Results for announcement to the market

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

	30 June 2018	30 June 2017	% Change
	\$'000	\$'000	
Operating revenue before net fair value gains on financial assets	372,207	333,503	12%
Net operating revenue from ordinary activities ¹	413,402	395,935	4%
Net operating profit from ordinary activities	26,596	13,150	102%
Net profit for the reporting period attributable to members	26,596	13,150	102%

Dividends

	Amount per security	Franked amount per security
Final dividend declared (cents)	3.00	3.00
Interim dividend (cents)	nil	nil

On 22 August 2018, the company proposed a fully franked final dividend of \$20.05 million representing 3.00 cents per share (Final Dividend). For full details refer to the ASX Appendix 3A.1, Notification of Dividend Form.

Ex-dividend date	11 September 2018
Record date for determining entitlements to the dividends	12 September 2018
Payment date for dividends	28 September 2018

A final dividend for FY17 of \$18.14 million (2.75 cents per share) was paid during the financial year.

The group surplus capital position as at 30 June 2018 is \$14.7 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 \$3.4 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 FY18 dividend payment. Shares under the DRP will be issued at a fixed price of \$1.05 per share, consistent with ClearView's DRP Rules, and represents a 9% discount over the 90 day volume weighted average price of \$1.14². 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 \$1.05 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 \$158.4 million (2017: \$134.5 million), fee and other revenue of \$127.7 million (2017: \$116.5 million), investment income of \$86.0 million (2017: \$82.5 million) and net fair value gains on financial assets of \$41.2 million (2017:\$62.4 million).

2 90 day VWAP calculated as at 17 August 2018.

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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 FY18 final dividend by updating their shareholding details online from the Computershare website www.computershare.com.au/easyupdate/cvw.

For shareholders who have existing nominations, these nominations will be automatically applied for the FY18 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.

Elections to participate in the DRP or changes to existing DRP elections must be made with Computershare by 5pm Thursday 13 September 2018, which is the first business day after the record date for the FY18 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 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.

Review and results of operations

The ClearView Group achieved the following results for the year ended 30 June 2018:

After tax profit by segment, \$M	FY18 \$M	FY17 \$M		% change ¹
Life Insurance	26.1	24.9	⤴	5%
Wealth Management	5.2	3.9	⤴	31%
Financial Advice	1.8	2.2	⤵	(20%)
Listed entity and other	(0.7)	(0.7)	⤴	0%
Underlying NPAT²	32.4	30.4	⤴	7%
Other adjustments ³	(5.8)	(17.2)	⤴	66%
Reported NPAT⁴	26.6	13.2	⤴	102%
Embedded Value ⁵	701.1	661.9	⤴	6%
Value of new business ⁶	12.0	16.7	⤵	(28%)
Net asset value ⁷	444.3	415.6	⤴	7%
Underlying diluted EPS (cps) ⁸	5.03	4.88	⤴	3%
DPS (cps) ⁹	3.00	2.75	⤴	9%

1. % movement, FY17 to FY18 unless otherwise stated.

2. 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.

3. Other adjustments include non-cash amortisation, costs considered unusual to normal activities (includes \$0.8m strategic review costs) and changes in long term discount rates used to determine the insurance policy liabilities (\$5.0m 'swing' between periods).

4. Reported NPAT of \$26.6m, up 102%, impacted by changes in long term discount rates used to determine the insurance policy liabilities (\$5.0m 'swing' between periods); represents a non-cash timing difference in the release of profit over time and has no impact on underlying earnings.

5. Embedded Value at 4% discount rate margin, including a value for future franking credits, accrued franking credits and Employee Share Plan (ESP) loans.

6. Value of New Business (VNB) at 4% discount rate margin. Adversely impacted in 2H by the hybrid commission model under the LIF reforms (noting VNB will improve as the commission cap reduces from 80% to 60% over the next few years).

7. Net Asset Value as at 30 June 2018 excluding ESP Loans.

8. Adversely impacted by the dilutive effect of shares issued under the DRP, ESP shares vested/forfeited during the period partially offset by a decrease in the number of ESP shares 'in the money' given the decrease in ClearView's share price period on period.

9. DPS is dividend per share.

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Appendix 4E (continued)

Underlying NPAT¹, Reported NPAT, earnings per share (EPS) and dividends per share (DPS)

Chart 1: Segment performance FY14-FY18

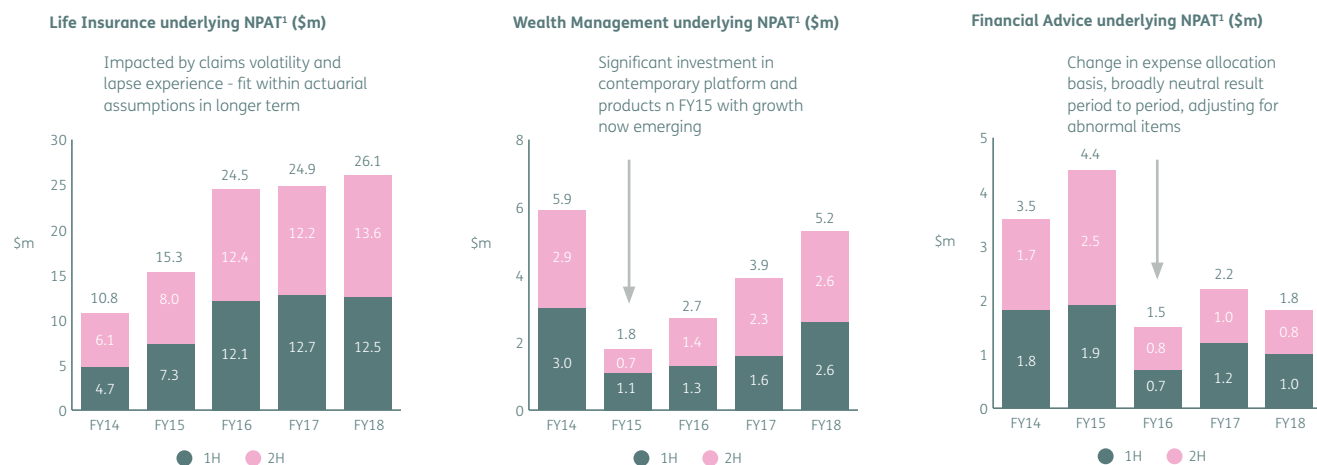
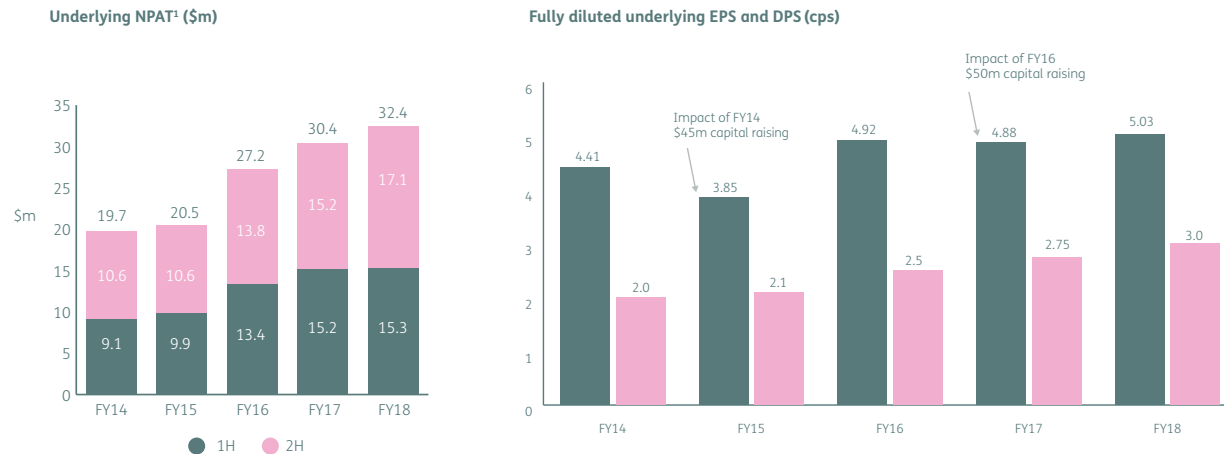


Chart 2: Underlying NPAT, EPS and DPS performance FY14-FY18



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.

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Underlying NPAT, the Board's key measure of Group profitability and basis for dividend payment decisions increased 7% to \$32.4 million (FY17: \$30.4 million), 2H FY18 Underlying NPAT up 12% to \$17.1 million (HY17:\$15.2 million):

- **Life Insurance Underlying NPAT up 5% to \$26.1 million (FY17: \$24.9 million):**
 - In FY18, there was an adverse claims experience of \$5.5 million (FY17: \$1.9 million). Adopting a longer term view, overall net adverse claims performance is mainly attributed to the income protection (IP) portfolio, with the lump sum portfolio having a net neutral experience over the same five-year period. Claims assumptions have been updated for the IP portfolio at June 2018, with the expectation that overall claims performance will fit within best estimate claims assumptions (as at 30 June 2018) over the longer term. Due to the small size and nature of the portfolio, volatility has a material short-term impact on profitability.
 - In FY18, there was an adverse lapse experience of \$2.1 million (FY17: \$2.0 million). LifeSolutions has been broadly neutral over a five-year period, with the more recent adverse experience driven by the LifeSolutions lump sum portfolio. The repositioning and repricing of the LifeSolutions lump sum product in 1H FY19, coupled with the impact of the life insurance (LIF) reforms, is expected to improve lapse performance so it is in line with best estimate lapse assumptions (as at 30 June 2018) over the longer term.
 - Life Insurance remains the key profit driver. Our expanding distribution footprint and strong new business volumes led to a material increase in the in-force portfolio which underpins the growth profile.
 - The in-force book has grown 19% in FY18 and LifeSolutions sales are up 5%. The IFA distribution footprint continues to expand, diversifying sales and creating embedded growth.
- **Wealth Management Underlying NPAT up 31% to \$5.2 million (FY17: \$3.9 million)**
 - Wealth Management is a strong, net flow positive business with material growth in earnings. The business will continue to benefit from the shift away from larger institutions and banks, along with increasing demand for competitive investment administration platforms and products, albeit with some competitive pricing pressures in response to industry scrutiny.
 - Growth in earnings follows material investment in the contemporary wealth platform and products in FY15.
 - FUM increased 12% in FY18 with net flows of \$333 million into new contemporary products (material relative to FUM). Material net flows will lead to comparable market share growth in FUM which is a key profit driver.
- **Financial Advice Underlying NPAT down 20% to \$1.8 million (FY17: \$2.2 million)**
 - Committed to building a high quality aligned advice business and assisting advisers run more efficient and profitable practices.
 - Underlying NPAT is down 20%, but the prior year result includes the recovery of certain compliance costs incurred. Adjusting for this item recognised in FY17, Underlying NPAT has remained broadly neutral year-on-year.

ClearView has strong growth embedded in its expanding distribution footprint and product range – this underpins the growth profile:

- Maturation of existing Life Insurance approved product lists (APLs) and gaining access to new APLs. If the transition to open APLs occurs through regulatory change, the addressable market will expand materially for the LifeSolutions product; and
- Continued significant investment in building a wealth platform and products (since FY15), with the ability to leverage off the Life Insurance distribution network over time.

Reported NPAT increased to \$26.6 million (FY17: \$13.2 million) and reported diluted EPS increased by 95% to 4.14 cps (FY17: 2.11 cps). Underlying NPAT increased to \$32.4 million (FY17: \$30.4 million) and fully diluted Underlying EPS increased by 3% to 5.03 cps (FY17: 4.88 cps). EPS calculations have been impacted by:

- Growth in Underlying NPAT of 7%;
- Positive swing of \$5.0 million (after-tax) from the impact of changes to the long-term discount rates on policy liabilities between periods;
- Reduction in amortisation of the intangibles associated with the acquisition of businesses from Bupa in 2010 given certain client books acquired have now been written off;

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- Reduction in the number of dilutive ESP shares given the decrease in ClearView's share price since June 2017; and
- Dilutive effect of shares issued under the DRP and ESP shares vested/forfeited during the period.

The Board declared a fully franked FY18 dividend of \$20.0 million (2017: \$18.1 million). This equates to 3.00 cents per share (2017: 2.75 cents per share), representing just over 60% of 2018 UNPAT in line with the company's dividend policy (+9% increase).

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

	30 June 2018 \$'000	30 June 2017 \$'000	% Change
Reported Net Profit After Tax (NPAT)	26,596	13,150	102%
Adjusted for:			
Amortisation of intangibles ¹	4,044	8,190	(51%)
AIFRS policy liability adjustment (after tax) ²	906	5,917	Large
Strategic review cost (net of tax) ³	806	685	18%
Direct closure provision (after tax) ⁴	-	2,420	Large
Underlying Net Profit After Tax (UNPAT)	32,352	30,362	7%

Please refer to accompanying Annual Report 2018 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 2018.

- 1 Amortisation of intangibles (\$4.0 million) is associated with the acquisition of wealth management and life insurance businesses from Bupa, ComCorp and Matrix Planning Solutions. These are reported separately 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 NPAT.
- 2 The policy liability discount rate effect is the result of changes in the 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. The increase in long-term discount rates over FY18 caused an adverse after-tax impact of -\$0.9 million (FY17: -\$5.9 million).
- 3 Costs that are considered unusual to ClearView's ordinary activities and therefore not reflected as part of Underlying NPAT predominantly include expenses incurred as ongoing costs associated with the Cooperation Agreement between ClearView and Sony Life. These costs are expected to cease from the end of July 2018, being the date of termination of the Cooperation Agreement.
- 4 Certain costs were recognised in the prior period in relation to the closure of ClearView's Direct operation and the direct remediation costs. 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.

Net tangible assets per share

	Reporting period	Previous corresponding period
Net assets per share (cents per share)*	71.3	68.6
Net tangible asset backing per ordinary share (cents per share)*	64.6	61.8

*Adjusted for shares issued and corresponding loans granted (\$32.4 million) (2017: \$36.8 million) under the Executive Share Plan (ESP).

See Operating and Financial Review in accompanying Annual Report for details on the Statements of Financial Position, Capital Position and Embedded Value as at the 30 June 2018.

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Appendix 4E (continued)

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)	4.33	2.20
Fully diluted earnings per share (cents per share)	4.14	2.11
Basic underlying earnings per share (cents per share)	5.27	5.09
Fully diluted underlying earnings per share (cents per share)	5.03	4.88

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 2018 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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