

# Market Release

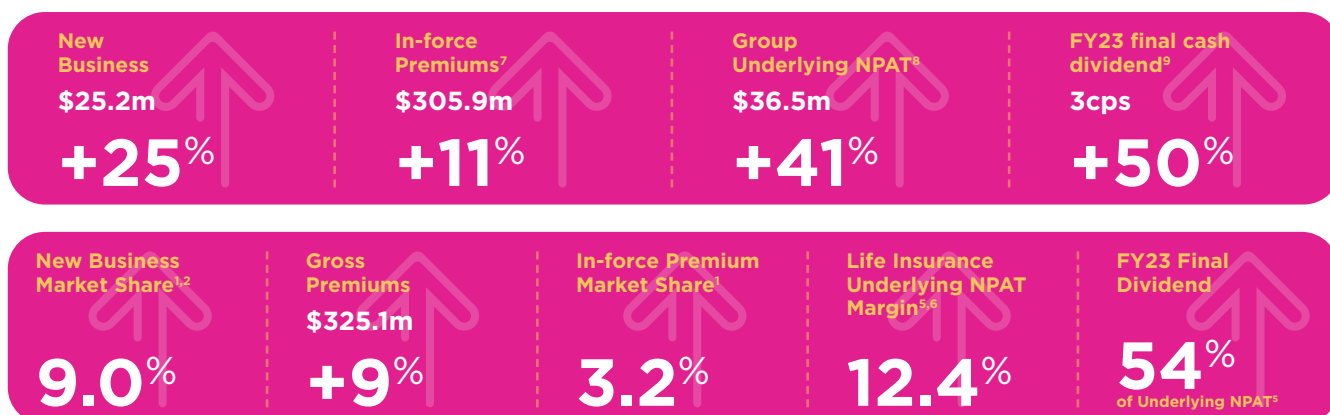
23 August 2023

## ClearView reports record 41% increase in underlying NPAT to \$36.5m, fully franked dividend of 3cps

Listed life insurance company, ClearView Wealth Limited (ClearView) (ASX: CVW) has reported a 41% increase in Group underlying net profit after tax of \$36.5m for the year to 30 June 2023, reflecting strong growth across all key financial metrics and improving life insurance market conditions.

### Results highlights and future targeted growth

The strong FY23 operating results and growth prospects are driven by the ongoing business simplification. The FY23 actual results are reflected below:



### Life insurance focus has driven strong momentum

- Significant growth and momentum - achieved an 11% new business market share in Q4 FY23.
- Continued positive claims and lapse experience.
- Divestment of Wealth Management will improve cost structure and reduce regulatory risk.

### Investment in IT and operational efficiencies will drive FY26 Targets

- Scale and efficiency benefits from ClearView's multi-year transformation program are expected to flow through from FY25, which will support profit margin expansion.
- Plans are underway to increase ClearView's exposure to underwriting risk for new business. This will reduce reinsurance costs, lift sum insured retained and drive higher new business profit over time.
- This confidence to increase the underwriting risk exposure is due to the increased size of the in-force portfolios, improved industry profitability and product sustainability measures, seen in the Group's financial performance this year.

## FY23 final cash dividend of 3cps (up 50% on FY22); Targeting double digit underlying NPAT growth ex implementation of AASB17<sup>4</sup>

- FY23 dividend **fully franked** and represents a **dividend yield of 6.2%**<sup>10</sup> per annum.
- Annual dividend program reinstated from FY21, after period of rebuilding.
- **FY23 payout ratio of 54%**, reflecting the mid-point of our dividend range (40% - 60%). This range will be reviewed post-IT transformation and wealth management exit.
- Business has shifted to an **underlying cash generation position**.
- FY24 Underlying NPAT base year<sup>4</sup> will be impacted by implementation of AASB 17, given the material change to accounting standards.
- AASB 17 implementation is underway. **AASB 17 is not expected to impact economics** including cash flows, underlying growth rate and end point of earnings in FY26<sup>4</sup>.

Key details related to the FY23 dividend are below:

<b>Amount of dividend:</b>	3.00 cents per share
<b>Ex-dividend date:</b>	6 September 2022
<b>Record date:</b>	7 September 2023
<b>Payment date:</b>	22 September 2023

## Business outlook

The successful execution of ClearView's simplification and transformation strategy now sees the business emerge as a life insurance business that is focused on protecting and optimising its position as a dynamic challenger.

The divestment of the Wealth Management business, targeted to complete in FY24, will result in a simplified, focused business. This follows the successful sale of ClearView's Financial Advice business to Centrepoin Alliance in 2021.

ClearView's strategy is to increase its share of the life insurance market; achieving operational excellence in the core life insurance functions of product, underwriting, claims and rehabilitation; and exploring potential growth and diversification opportunities.

As an agile, purpose-driven company, ClearView is poised to take advantage of reforms designed to make advice accessible and affordable to more Australians.

ClearView Managing Director Nadine Gooderick said the Group's strong FY23 result reflected material growth across every key metric, against the backdrop of improving life insurance market conditions.

"Our decision to re-set and transform the business in early 2020 by simplifying and investing in our systems, processes and technology, as well as expanding our people capability, is starting to deliver benefits and growth through efficiencies, productivity gains and scale benefits," she said.

"The Group's refreshed strategy is focused on leveraging our competitive advantage in life insurance to achieve our goal of becoming a top player in the Australian market."

In conjunction with this we have set ourselves some key goals that we are looking to achieve by FY26:

### FY26 Life Insurance Goals<sup>4</sup>

New Business Market Share<sup>1</sup>

12-14%

Gross Premiums

\$400m

In-force Premium Market Share<sup>1</sup>

~4%

Life Insurance Underlying NPAT Margin<sup>3</sup>

11-13%

Dividend Policy

40-60%  
of Underlying NPAT

Ms Gooderick said key business highlights in FY23 included building out the functionality of the Group's Policy Administration System, enhancements to ClearView ClearChoice and a refreshed customer claims journey alongside ongoing customer retention and lapse management initiatives, improvements in underwriting and a range of employee wellbeing programs.

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For more information, contact

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### Approval of Announcement

The Board of Directors of ClearView has authorised the release of this announcement to the market.

### 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 two business segments: Life Insurance and Wealth Management are focused on delivering quality products and services.

For more information visit [clearview.com.au](http://clearview.com.au)

1. ClearView calculations based on NMG Risk Distribution Monitor Reports for Retail Advice In-force and New Business Analysis for relevant periods - NMG Market analysis includes total of 'Retail' consistently applied (that is, IFA, Bank Advice and Aggregator channels).
2. FY23 new business market share based on NMG Risk Distribution Monitor Reports for Retail Advice New Business Analysis for the year ended 30 June 2023 (including June quarter).
3. Is calculated as Life Insurance Underlying NPAT divided by Gross Premium Income. Under AASB 17 basis and stated prior to any AIACF impairment charges on stepped premium business or loss recognition on level premium business.
4. FY26 goals based on AASB 17 FY24-26 business plan forecasts - currently aligned to implementation program of work and subject to change. Underlying NPAT AASB 17 basis and stated prior to any AIACF impairment charges on stepped premium business or loss recognition on level premium business.
5. Underlying NPAT consists of consolidated profit after tax excluding amortisation, the effects of changing discount rates on policy liabilities and costs considered unusual to the Group's ordinary activities. Includes amortisation of capitalised software and leases, underlying investment income and interest costs associated with corporate debt and Tier 2 Capital. Costs associated with the incurred claims treaty are reflected as part of reinsurance costs.
6. Is calculated as Life Insurance Underlying NPAT divided by Gross Premium Income. FY23 based on accounting standards on issue - the margin on services approach under AASB 1038.
7. In-force premiums are the annualised premium in-force at balance date for the advice products (LifeSolutions and ClearChoice) and excludes the closed direct products no longer marketed to new customers. Total in-force premiums of \$339.3m as at 30 June 2023.
8. From continuing operations before equity accounted earnings. Wealth management treated as a discontinued operation as at 30 June 2023.
9. Fully franked.
10. Calculated based on the 90-day VWAP share price of \$0.483 as at 30 June 2023.