

Market Release

23 February 2023

ClearView HY23 Underlying NPAT up 31% to \$16.3m, reflecting strong momentum and improving market conditions

ClearView Wealth Limited (**ClearView**) (ASX: CVW) has reported a \$16.3 million Underlying Net Profit after Tax (**UNPAT**) for the six months to 31 December 2022, up 31% on the previous corresponding period.

Life insurance is the main contributor to the group's strong HY23 result, with the segment's 46% increase in UNPAT partially offset by the Wealth Management business, which comprises managed investments and superannuation.

During the half, gross life insurance premium income increased 8% and new business increased 9%.

ClearView has also outlined plans to divest its managed investments business (subject to certain conditions precedent) to deliver better customer outcomes and enable the business to focus on capturing opportunities from the improving life insurance market.

Post-completion, as part of this plan, the divestment of the managed investments business will give ClearView a 40% strategic stake in Human Financial Pty Ltd (**Human Financial**).

Half year highlights

- Life insurance UNPAT up 46% to \$19.4m
- Life insurance new business up 9% to \$11.3m
- Gross premium income up 8% to \$160m
- Positive claims (\$0.1m) and lapse performance (\$1.7m) relative to assumptions
- Higher interest rate environment, positively impacting underlying earnings
- Investment in transformation and technology starting to deliver benefits
- Centrepont Alliance contributed \$1.7m, resulting in a 50% increase in Group UNPAT to \$18.0m
- Proposed divestment of managed investments business to Human Financial (subject to certain conditions precedent), with ClearView to hold a strategic 40% stake in Human Financial following completion of the divestment
- Clear strategy, simplified business model and a focus on Life Insurance

Commentary

ClearView was a first mover in the life insurance product repricing cycle and launched the group's next generation life insurance product series, ClearView ClearChoice, in 2021.

ClearView ClearChoice is focused on improving customer outcomes and the long-term sustainability of the business.

The group's significant ongoing investment in people, processes and technology, during a period of uncertainty, dovetailed with improving life insurance market conditions underpinning strong growth in underlying profit for the half.

Life insurance remains the group's key profit driver, with inforce premiums from its Advised product range up 11% to \$290.9m.

The strength of ClearView ClearChoice lifted new business 9% to \$11.3m and boosted the group's market share to circa 8% (up from 5% in FY21).

With a strong balance sheet, including \$476.7m in net assets backed by cash and highly-rated securities, the group remains well positioned to benefit from ongoing structural change and regulatory tailwinds in a rising interest rate environment.

Off the back of material industry and regulatory changes, the life insurance market is starting to show signs of revival. The industry's return to profitability has been driven by structural reforms that focus on sustainability including product changes and the repricing of historical inforce portfolios.

Due to the strong HY23 result, FY23 full year Underlying NPAT guidance (excluding Centrepoint Alliance contribution) is increased from the range of \$28.5 million to \$30 million, to the range of \$30 million to \$32 million.

Divestment of Managed Investments business and strategic stake in Human Financial

Last year, ClearView announced a review of the Wealth Management business to determine the best direction to take the business.

As a result of this review, ClearView has entered an agreement to sell its managed investment business to investment management and technology company Human Financial, subject to certain conditions precedent and approvals.

Under the sale agreement, ClearView will receive cash consideration of \$1.3m and will also acquire a strategic 40% interest in Human Financial.

The strategic partnership with Human Financial will give ClearView exposure to the combined entity's investment, technology and distribution capabilities including Human Financial's integrated investment, technology and service platform.

On the HY23 result, ClearView Managing Director Simon Swanson said the group continued to extend its position as a key challenger by delivering high quality products, excellent service and being easy to do business with.

"The last few years have been about simplification and transformation, and we are starting to see the benefits of our ongoing investment in people, processes and technology," he said.

"Furthermore, the sale of our Financial Advice business in 2021 has resulted in a better home for former staff and financial advisers, and a simpler ClearView while enabling us to continue participating in the growing advice margin through our strategic interest in Centrepoint Alliance. Similarly, the proposed divestment of our managed investments business and subsequent 40% interest in Human Financial will expand our capacity to serve our customers and financial advisers, and sharpen our focus on lifting Life Insurance market share and profitability."

The superannuation fund trustee, ClearView Life Nominees Pty Limited, is currently considering a number of options and the best way forward for the superannuation fund, ClearView Retirement Plan.

Mr Swanson reiterated ClearView's support for the Quality of Advice Review (QAR) and the recommendation to retain current life insurance commission caps.

"We are supportive of any reforms that make good advice accessible and affordable to more Australians," he said.

"Key recommendations in the QAR Final Report, if implemented, will go a long way to achieving that goal by removing unnecessary complexity in the system and reducing the compliance burden on advice businesses.

“Importantly, the commission model is an important funding mechanism that helps keep the upfront cost of purchasing life insurance down. It gives consumers the choice over how they pay for life insurance advice, be that fees, commissions or a combination of both.”

During the half year, ClearView increased its distribution footprint to over 900 Australian Financial Services Licensees (**AFSLs**), comprised of over 4,000 financial advisers.

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Approval of Announcement

The Board 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

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