

# Market Release

24 February 2021

## ClearView reports solid HY21 result, underpinned by strong claims performance

Diversified financial services company, ClearView Wealth Limited (ASX: CVW) has reported Operating Earnings After Tax<sup>1</sup> of \$13.1m for the half year ended 31 December 2020, up 39% on the previous corresponding period.

The strong HY21 result reflected the Group's resilient business model and a material improvement in claims management outcomes, amidst challenging market conditions.

Underlying net profit after tax<sup>2</sup> (NPAT) increased 27% to \$13.0m and reported NPAT remained relatively flat.

ClearView also announced its intention to reinstate its FY21 dividend (in line with its dividend policy), subject to its capital position and 2H21 performance.

### Results summary

- Life insurance gross premium income up 7% to \$133.3m
- Life insurance Operating Earnings After Tax<sup>1</sup> up 55% to \$12.4m
- Strong claims performance and limited COVID-19 impacts to date
- Lapse experience loss impacted by price increases on income protection
- Funds under management passes \$3b
- Transformational projects on track to hit key milestones
- Interest earnings on capital impaired by ultra-low rates and capital structure changes
- FY21 updated Underlying NPAT<sup>2</sup> guidance of \$21-\$25m<sup>3,4,5</sup>
- Business is on track to meet its medium to long term performance improvement objectives

### Commentary

ClearView remains focused on supporting staff and customers impacted by COVID-19 and enacting transformational change through the delivery of key milestones including a new life insurance policy administration system and life insurance product series and enhanced superannuation and investment offerings to accelerate the growth of the Group's Wealth Management business.

1 Operating Earnings (after tax) represents the Underlying NPAT<sup>2</sup> of the business segments before underlying investment income and interest costs associated with corporate debt and Tier 2 Capital.

2 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.

3 Key potential impacts that are critical to the attainment of the guidance provided are the achievement of best estimate assumptions in 2H FY21 (in particular for claims and lapses) and the secondary economic impacts of COVID-19, and the flow on effects to IP claims and affordability of premiums. While estimates and allowances have been made in the claims and lapse assumptions adopted, given the fluidity of the COVID-19 pandemic and operating environment, potential impacts from any deterioration in economic conditions or unanticipated delays in the roll out of the vaccine, actual experience relative to assumptions adopted will need to be closely monitored with the related flow on effects to the guidance provided.

4 Includes a \$1m impact on Underlying NPAT in the second half from interest costs associated with the subordinated debt that was raised in November 2020.

5 Group Underlying NPAT<sup>2</sup> guidance of \$20-24m was previously provided.

The Group's multi-year transformation program aims to ensure that it continues to be easy to do business with and is strongly positioned for future growth.

The business is making good progress towards achieving its strategic projects and priorities.

Amidst ongoing structural and regulatory change, ClearView remains committed to personal financial advice.

The Group's strategic investment in compliance and technology to drive efficiencies in Financial Advice has resulted in 28 practices joining LaVista Licensee Solutions since its launch (91 financial advisers).

ClearView Managing Director Simon Swanson said: "While challenging market conditions persist, this result reflects the impact of initiatives to improve claims management outcomes, boost customer loyalty and strengthen our relationships with professional financial advisers."

"Fundamental demand for the quality products and services offered by ClearView has not changed. Australia's complex tax and regulatory environment, ageing population and rising debt levels underpin the need for strategic advice and fit-for-purpose products to help people achieve their financial goals, manage risk and retire with confidence."

"COVID-19 has only heightened awareness of the need for sound financial advice and relevant products like life insurance."

ClearView's commitment to assisting advisers and customers to navigate COVID-19 was recognised in an independent report by Investment Trends where advisers ranked ClearView number one for support to those suffering financial hardship due to the impact of COVID-19.

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**Approval of announcement**

The Board 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 three business segments: Life Insurance, Wealth Management and Financial Advice are focused on delivering quality products and services.

For more information visit **clearview.com.au**

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