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Genworth, China Oceanwide extend merger deadline to Nov. 30

SNL Financial

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Aug 1, 2017 6:44 p.m. ET

Genworth Financial Inc. and China Oceanwide Holdings Ltd. are extending the deadline of their proposed merger to Nov. 30 to give regulators more time to review the deal.

The companies expect the deal to close in the fourth quarter. The deadline was previously Aug. 31.

"I remain committed to satisfying the closing conditions under the merger agreement as soon as possible," China Oceanwide Chairman LU Zhiqiang said in a statement.

In July, Genworth and China Oceanwide withdrew and refiled their notice for review by the U.S. Committee on Foreign Investment, which must approve the transaction for it to move forward.

Genworth also said it completed the final internal reinsurance and recapture transactions required by the China Oceanwide agreement on July 1. The transactions should create at 15-to-20-point decline in Genworth's consolidated risk-based capital ratio.

Genworth reported second-quarter net income available to common stockholders of \$202 million, or 40 cents per share, up from \$172 million, or 34 cents per share, in the year-ago period.

The company reported adjusted operating income of \$151 million, or 30 cents per share, compared to \$123 million, or 25 cents per share, in the prior-year quarter.

The S&P Capital IQ consensus normalized EPS estimate for the quarter was 24 cents.

Total revenues for the quarter were \$2.22 billion, down slightly from \$2.24 billion a year earlier. Premiums for the quarter were \$1.11 billion, compared with \$1.13 billion a year ago.

Genworth's U.S. life insurance division reported total adjusted operating income of \$39 million for the quarter, down from \$55 million in the second quarter of 2016. Adjusted operating income for the U.S. mortgage insurance segment was \$91 million, versus \$61 million in the prior-year quarter. Adjusted operating income for the quarter was \$41 million for the Canada mortgage insurance segment and \$12 million for the Australia mortgage insurance segment.

Book value per share for the quarter decreased to \$26.08 from \$30.37 a year earlier. Book value per share excluding accumulated other comprehensive income was \$19.88 for the quarter, down from \$20.16 in the second quarter of 2016.

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