

24 August 2009

Company Announcements Office  
**Australian Stock Exchange Limited**  
Exchange Centre  
Level 6, 20 Bridge Street  
Sydney NSW 2000

Market Information  
**New Zealand Exchange Limited**  
ASB Bank Tower  
Level 9, 2 Hunter Street  
Wellington

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**TOWER Rights Issue - Investor Presentation**

An investor presentation relating to the rights issue announced by TOWER on 24 August 2009 is attached.

Bronwyn Walsh  
**Company Secretary & Compliance Manager**  
**TOWER Limited**



**TOWER**



**TOWER Limited**  
Equity Capital Raising  
Investor Presentation (August 2009)

Goldman  
Sachs

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# Investment Highlights



1

**\$81 million rights issue to provide support for TOWER's future growth and enhance financial strength**

2

**TOWER is a leading provider of insurance and financial services in New Zealand and the Pacific Islands with a history dating back to 1869**

3

**Market is conducive for a range of opportunities**

4

**The offer is fully underwritten by Goldman Sachs JBWere (NZ) Limited  
TOWER's largest shareholder is GPG with a 35% shareholding  
GPG has indicated its intent to take up their entitlement**



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# Rights Issue Overview



Size	NZ\$81.3m
Entitlement ratio	5 for 16
Issue price per share	NZ\$1.34
New shares issued under rights issue	60,660,802*
Underwriting	Fully underwritten by Goldman Sachs JBWere (NZ) Limited TOWER's largest shareholder is GPG with a 35% shareholding GPG has indicated its intent to take up its entitlement
Eligible shareholders	Shareholders with registered addresses in New Zealand or Australia at 7pm (NZT) on 2 September 2009
Organising Participant and Lead Manager	Goldman Sachs JBWere (NZ) Limited

\* Subject to rounding





# Purpose of the Issue



**Issue will provide support for TOWER's future growth and enhance the Group's financial strength**

**Organic Business Growth**

- **Supports sustainable growth strategy**
  - Supports TOWER's long term strategy for organic business growth
  - Provides working capital for TOWER to achieve this

**Financial Strength**

- **Strengthens the balance sheet for maximum financial flexibility**
  - Further strengthen the balance sheet
  - Provide TOWER with a higher level of liquidity

**Financial Flexibility**

- **Positions TOWER for strategic acquisition opportunities**
  - Provides growth capital for strategic opportunities
  - Market is conducive for a range of strategic opportunities which might arise, although no specific opportunities are at a developed stage

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# Business Overview

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# Business Overview



- TOWER is a leading provider of insurance and financial services, offering insurance and investment products in New Zealand and the Pacific Islands
- TOWER is listed on both the New Zealand and Australian Stock Exchanges and has more than 57,000 shareholders
- The TOWER Group operates through the following core business units:
  - Health & Life Insurance
  - General Insurance
  - Investments
- Major Shareholder: Guinness Peat Group plc 35%



# Health & Life



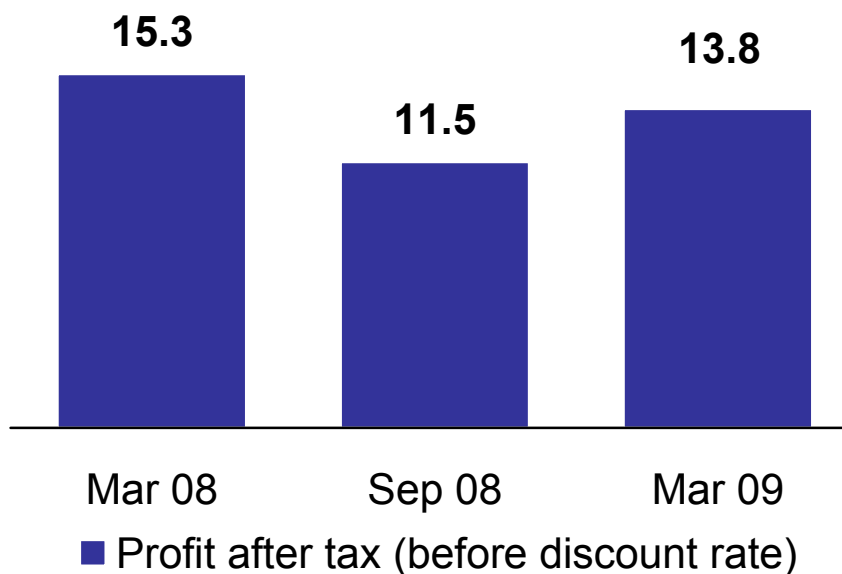
- TOWER's Health & Life business provides a range of Health & Life insurance products in both the individual and group New Zealand markets
- TOWER is the 2<sup>nd</sup> largest health insurer in New Zealand
  - Market share of 15.4% of in-force premium\*\*
- Strong underwriting results, however during the six months to 31 March 2009 the underlying profit reduced by 9.8% compared with the same period in the previous year, primarily due to lower investment returns

\*\*As at 30 June 2009



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## Health & Life - Analysis of Profit\* (\$m)



\*Figures for the six months ended



# General Insurance



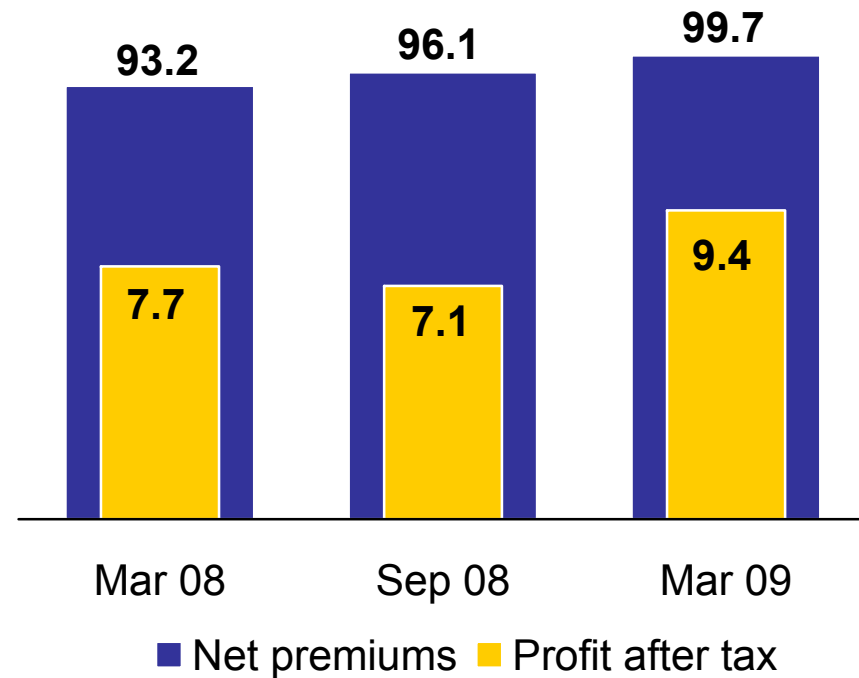
- TOWER provides general insurance in New Zealand and the Pacific Islands
  - TOWER has more than 400,000 insurance policies in New Zealand and holds an 8.1% market share of personal lines\*\*
- The primary focus is personal lines insurance with products such as home and contents insurance and private motor vehicle insurance
  - TOWER also sells travel insurance, insurance for the rural sector and commercial insurance in the Pacific Islands
- During the six months ended 31 March 09, the business reported underlying profit after tax 22.1% up on the previous comparable period

\*\*As at 30 June 2009



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## General Insurance - Analysis of Profit\* (\$m)



\*Figures for the six months ended



# Investments



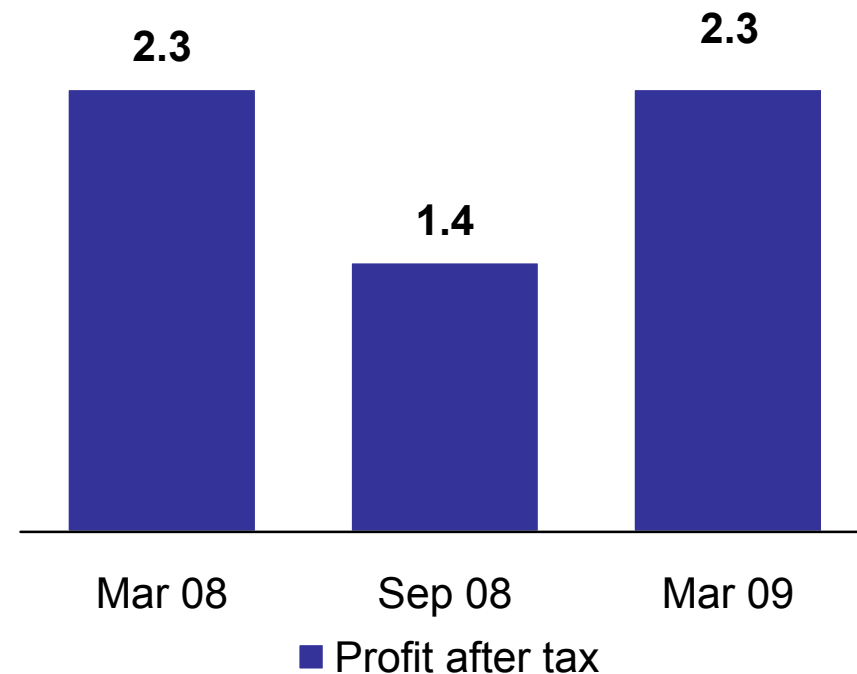
- TOWER's investment business operates in wholesale and retail funds management and superannuation
  - TOWER is one of the six default KiwiSaver scheme providers, and has a 7.6% share of the market\*\*
- TOWER Investments had \$3.5 billion of funds under management\*\*

\*\*As at 30 June 2009

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## Investments - Analysis of Profit\* (\$m)



\*Figures for the six months ended



# Financial Performance

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# TOWER Group Financial Highlights



**Strong result reported for six months to 31 March 2009**

● Net profit (from continuing operations)	\$26.6m	↑	32%
● Underlying profit	\$21.5m	↑	5%
● Earnings per share	13.8cps	↑	30%
● Return on equity (annualised)	17.7%	↑	3%

% changes are compared to Half Year 31 March 2008

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# Summary of Group Results\*



\$m	Mar 08	Sep 08	Mar 09	% Change
Health & Life	15.3	11.5	13.8	(10)%
General Insurance	7.7	7.1	9.4	22%
Investments	2.3	1.4	2.3	-
Finance & Corporate Expenses	(4.9)	(1.6)	(4.0)	18%
<b>Underlying Profit After Tax</b>	<b>20.4</b>	<b>18.4</b>	<b>21.5</b>	<b>5%</b>
Discount Rate Effect	(0.2)	1.9	5.1	
<b>NPAT – Continuing Operations</b>	<b>20.2</b>	<b>20.3</b>	<b>26.6</b>	<b>32%</b>

*\*All figures are six months ended*

% changes are compared to Half Year 31 March 2008



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# Group Financial Position



- TOWER continues to maintain a strong and conservative balance sheet
  - Currently have no bank debt, with \$82 million of senior bonds (maturing April 2014)<sup>(1)</sup>
  - Equity raising will result in TOWER being strongly capitalised and with substantial liquidity

\$m	March 09	Adjustments		Pro-forma
		Repayment of Bank Debt	Equity Raising <sup>(2)</sup>	March 09
Cash	152.7	(86.3)	78.8	145.2
Financial Assets	1,024.3			1,024.3
Other Assets	393.9			393.9
<b>Total Assets</b>	<b>1,570.9</b>	<b>(86.3)</b>	<b>78.8</b>	<b>1,563.4</b>
Interest Bearing Debt	165.2	(86.3)		78.9
Other Liabilities	1,098.3			1,098.3
<b>Total Liabilities</b>	<b>1,263.5</b>	<b>(86.3)</b>		<b>1,177.2</b>
<b>Equity</b>	<b>307.4</b>		<b>78.8</b>	<b>386.2</b>
<b>Gearing<sup>(3)</sup></b>	<b>35%</b>			<b>17%</b>

<sup>(1)</sup> Interest bearing debt at 31 March 2009 includes accrued interest and is net of costs associated with the issue of bonds.

<sup>(2)</sup> Assumes transaction costs of \$2.5 million.

<sup>(3)</sup> Gearing defined as interest bearing debt / (interest bearing debt + equity).



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# Outlook and Strategy



## **TOWER considers it is uniquely positioned amongst insurance and financial services providers operating in the New Zealand market**

- Strong market position in each segment with brand focused on the local market
- Continued improvements in operating costs / efficiencies
  - TOWER has commenced replacement of its core computer systems, taking approximately two years to complete
- New products and channels launched throughout the Group
- Recently re-launched FinTel brand
- Management remains firmly focused and vigilant for opportunities for profitable and sustainable growth
- **The 4 month period to 31 July 2009 has seen a continuation of satisfactory results. Assuming normal and stable trading conditions for the remainder of the financial year, the Board expects the full year underlying profit to be in line with market expectations**



# Offer Structure

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Organising Participant and Lead Manager	Goldman Sachs JBWere (NZ) Limited

\* Subject to rounding





# Equity Raising Timetable\*



Existing shares quoted ex-entitlements on ASX	27 August 2009
Rights trading starts on ASX	27 August 2009
Record date (7pm NZT)	2 September 2009
Existing shares quoted ex-entitlements on NZX	3 September 2009
Rights trading starts on NZX	3 September 2009
Rights trading ceases on ASX	16 September 2009
Last day for receipt of Rights Sale Facility Sell Forms (7pm NZT)	18 September 2009
Rights trading ceases on NZX	21 September 2009
Closing date (7pm NZT)	23 September 2009
Allotment of new Shares	28 September 2009
Trading of new shares on a normal settlement basis	30 September 2009

*\* Indicative timetable is subject to change*



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# Rights Issue Structure



- Rights Sale Facility
  - Eligible shareholders entitled to 200 or fewer rights and wishing to sell their entitlement (either in part or in full) may do so through the Rights Sale Facility provided by TOWER
  - Rights Sale Facility forms are required to be received by the registry by 18 September 2009
  
- Excess Subscription Facility
  - Eligible shareholders may apply for new shares in excess of their entitlement from any Shortfall, at the same issue price of NZ\$1.34
  - The allocation of additional shares will be dealt with as follows:
    - First, to any shareholders who would otherwise have a less than minimum shareholding after the offer (i.e. less than 200 shares)
    - Second, to all other shareholders who have applied for Additional Shares on a pro-rata basis
    - The Board has discretion to withdraw this facility with the Underwriter's agreement



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