Tower FY22 Results Announcement Investor Presentation Script

Slide 1 – 2022 Full Year Results

Michael Stiassny

Mōrena, good morning and thank you for making the time to join us for this investor call and presentation of our 2022 full year results.

Slide 2 - Agenda

With me in Auckland is our Chief Executive Officer, Blair Turnbull and our Chief Financial Officer, Paul Johnston who will take you through the results and answer your questions.

Slide 3 – Chairman's update

This has been a positive year for Tower. The business has experienced solid growth, delivered a strong underlying business performance and continues to be well capitalised.

Importantly, despite the inflationary headwinds and pandemic-induced difficulties that all business are struggling with, Tower has proven resilient in 2022 and remains well positioned for long-term growth.

Strong and well capitalised

As a result, I am pleased to announce that the Board has declared a final dividend of 4 cents per share, to be paid on the 1st of February 2023. This brings total dividends for FY22 to 6.5 cents per share.

In late 2021, the Board announced a share buyback as a result of the Reserve Bank lowering Tower's solvency condition. This was completed in February 2022, with $30.6 million being returned to shareholders.

In June, in recognition of our strong financial position, the Reserve Bank once again reduced Tower's licence condition from $25 million to $15 million and ratings agency, AM Best reaffirmed our A-, excellent rating in April.

We continue to look for investments that will deliver strong shareholder value. To that end, over the year we completed our purchase of the minority interests in National Pacific Insurance and also completed our programme of acquiring legacy books and migrating them to Tower Direct. This has resulted in further efficiencies and growth benefits which Blair will expand on shortly.

Resilient to challenges

It has been gratifying to see that the actions Tower has taken to address challenges including record inflation, supply chain issues, access to talent, and increasing large events, are having the desired effect.

However, there is no room for complacency, and we remain tightly focused on continuing to manage the inflationary pressures that are likely to be prevalent for some time.

Climate change is the defining challenge of our lifetime. Proactively managing the risks posed by climate change is fundamental to protecting our customers', our communities' and our shareholders' interests.

In the last year, we introduced flood risk-based pricing and parametric insurance, to better inform and prepare our customers - and our business - for the future. Increasing the large event limit in our financial plans and Tower's reinsurance programme also provide necessary protection from this volatility.

In the coming financial year, we will respond to the Government's new Climate-related Disclosures reporting regime by beginning to share the risks and opportunities we anticipate from a range of potential climate change scenarios.

We see this regime as a positive opportunity to further inform our business strategy and support future resilience.

Continued long term growth

This year's strong performance reflects the investments we have made in our core technology platform and distribution footprint which have positioned Tower well to continue delivering GWP growth.

Our flagship Tower Direct business and unique partnership distribution capability continue to go from strength to strength. Digitisation of our Pacific business continues at pace, and we are now operating on one core platform across New Zealand and the Pacific, leading to further improvements in efficiency and competitiveness.

[pause]

There have been some significant changes to the Board this year. I'd like to publicly acknowledge and thank Steve Smith and Warren Lee, both of whom made considerable contributions to Tower's transformation over many years.

I would also like to welcome Geraldine McBride who has recently joined the Board. Geraldine brings extensive New Zealand and international governance and technology industry experience that will be invaluable as Tower continues to evolve.

In closing, I'd like to thank the Tower team. It's a good result – we're paying a dividend, the business remains strong and well capitalised, and has achieved sustained premium growth. None of this would be possible without the vision, dedication and commitment of our people.

I'll now hand over to Blair and Paul, who will take you through the results and outlook before we take questions.

Blair Turnbull

Slide 4 – Business update

Kia ora, thank you Michael and good morning, everyone.

I am delighted to be here sharing our 2022 financial results which see Tower in a very positive position.

Today's results demonstrate the resilience of our customer and digitally led strategy. We are continuing to grow; to drive down expenses; and to innovate our customer experience.

Our technology and direct distribution advantage sets us apart from our competitors and affords strong long-term customer and premium growth prospects.

Slide 5 – Our performance - Solid growth and increased efficiencies underpin strong underlying business performance

I am pleased to report positive business performance for the year which has been achieved through strong growth and efficiencies.

Offering our customers a simple and rewarding experience through our leading technology platform has helped grow Tower's Gross Written Premium for the year to 30 September to $457 million, up 13% on the same period last year. Good customer growth was a key contributor to this, with Tower welcoming 15,000 new customers in the past 12 months, increasing to 319,000 customers.

As the Chair referenced, we are managing external headwinds well with Tower's BAU claims ratio dropping to 48.9% from 50.2% in the 2021 financial year.

We are pleased to have seen our management expense ratio (MER) improve again to 36% versus 37% in FY21, thanks to our disciplined cost control and further efficiencies.

Tower planned for $20m of large events costs for the FY22 year, and these came in at a $19m net impact, up from $13.9m net in FY21.

Pleasingly, our combined operating ratio decreased to 90.1% from 91.4% in the FY21.

Reflecting our positive business performance, underlying NPAT including large events was $27.3 million, up 31% from $20.8m in FY21.

Reported profit was down 2% at $18.9m versus $19.3m in FY21.

Slide 6 – Strong core business performance

Our business fundamentals continue to improve as we drive double digit growth and our investments in our core technology platform and actions to control inflationary pressures continue to deliver efficiencies.

Our core business performance has improved substantially, with underlying NPAT excluding large events increasing 33% year on year to $41m.

As we disclosed in our guidance update on the 17th of October, our reported profit was impacted by additional strengthening of the residual Canterbury earthquake provision, which Paul will talk through in more detail shortly.

Additionally, we have made a provision of $2.6m after tax for customer remediation arising from an error in the calculation of multi-policy discounts.

After we identified the issue, we proactively advised the Financial Markets Authority. We are in the process of identifying affected customers and expect to begin processing refunds in December.

Slide 7 – Strong growth in customers and premium

Tower's focus on simple and rewarding customer experiences combined with our digital and data capability have contributed to strong growth in both premium and customers.

During the financial year we grew our gross written premiums 13% year on year, up to $457m. We also grew customer numbers to 319,000, up 5% on the last financial year.

Our digitisation strategy is driving deeper customer engagement and growth, with the number of Tower Direct quotes online increasing to 292,000 leading to 66% of sales now taking place on digital channels.

These new customers are being brought on board at a lower cost to acquire, at 12% of net earned premium, versus 12.6% in FY21.

However, it's not just about attracting new customers. Half of our New Zealand customers have two or more products with Tower which shows we are continuing to sell more to existing customers as we grow.

Two achievements we are particularly proud of this year are winning Canstar's top Car Insurer of the Year Award, and also the Outstanding Value Award for the second year running.

Slide 8 – Growth and improvements across all three businesses

All three of our business units are growing and improving performance.

Tower Direct

Our flagship Tower Direct business is going from strength to strength growing GWP by 17% to $320m as we innovate to build rewarding and engaging relationships with customers.

And our leading digital platform continues to perform strongly and increase customer engagement. In FY22 we recorded a milestone 200,000 My Tower registrations, up 51% on FY21 which has contributed to a record 500,000 logins in FY22, up 56% on FY21.

Contributing to this success is our strong, 85% retention of the customers we transitioned to Tower Direct via our legacy book acquisitions.

We are pleased that an important aspect of our digital self-service experience is valued by customers with our online purchase journey achieving a customer net promoter score of 61%, up from 57% in FY21.

Partnerships

Our Partnership business is continuing to deliver positive growth with GWP from active partners increasing by 35% to $54m. Our flagship Trade Me partner contributed strongly to this growth, growing by 38% to $25m GWP.

The number of advisors referring customers to Tower has also expanded, increasing by 35% over the year to 1,500 active advisors. This growth will be further bolstered by our new agreement with advisory firm Kiwi Advisor Network.

We continue to attract new retail partners and in September were pleased to enter a significant partnership with leading real estate agency, Ray White which sells 20,000 houses a year across New Zealand. We look forward to welcoming Ray White’s customers to Tower as part of its successful Concierge insurance and moving solutions offering.

This year we completed the delivery of our strategy of acquiring legacy insurance books and migrating them to Tower Direct. Between February 2021 and October 2022 we purchased books for a total price of $26m from ANZ, Westpac, TSB and Kiwibank, ending commission payments of around $11m per annum and enabling us to have a direct relationship with these customers, who represent more than 88,000 risks.

This strategy has contributed to commission payments further reducing to just 2.2% of gross earned premium.

Pacific

FY22 was a milestone year for our Pacific business which has returned to growth after the challenges of Covid, growing GWP by 8% to $58m in the year. We are continuing to digitise our Pacific offering, aligning our New Zealand and Pacific activities more closely to deliver growth and efficiencies.

Our core operating platform is now live across all our markets, we have launched a Pacific industry-first online payments capability and the full My Tower experience is now available across Fiji and Vanuatu.

We are continuing the simplification of our Pacific business and to this end sold our Papua New Guinea subsidiary in October and have now begun operating under the Tower brand following our acquisition of the minority interest in National Pacific Insurance.

Slide 9 – Enhanced underwriting accuracy, and expanded product range

Our strategy of leading with an innovative product range which enables us to deepen our customer relationships, improve revenue and increase retention has further progressed in FY22. Early in the year we launched new pet and travel offerings and in August began supporting customers with their home renovations by launching contract works cover.

In a particularly innovative approach, we have now begun piloting a cyclone parametric insurance product in Fiji. Cyclone Response Cover provides a rapid cash pay-out when a customer is impacted by a high wind speed cyclone event, regardless of damage and without the need for an insurance assessor's signoff.

With less than 10% of Pacific families having home insurance, we hope this will address a much-needed gap in the market and help provide economic resilience following a cyclone event.

Since broadening the range of EVs we insure in 2021 and Government schemes to incentivise uptake of EV and hybrid vehicles, the number of EVs we underwrite has continued to soar, increasing 78% to more than 4,000 electric vehicles during FY22.

Underpinning our rapid and targeted product development capability is our disciplined and agile approach to underwriting, enhanced through our use of data analytics.

This sophisticated underwriting approach saw us quickly implement risk-based pricing for flooding in November last year which has enabled us to transition 145,000 customers to this new pricing model as their house insurance policies have come up for renewal. In FY23 we will add coastal inundation and erosion, and windstorm risks to our ratings tool, offering customers greater insights into their homes' risks and giving Tower even better rating accuracy.

Ensuring accurate sum insured amounts for our customers' homes is one tool that's allowing us to stay ahead of inflation. In FY22 97% of our home insurance customers' policies were updated automatically either by the consumer price index or the Cordell calculator, compared to only 77% a year ago.

We are continuously monitoring our pricing to ensure we stay both competitive and profitable. Our agility and data-driven capabilities have enabled us to make more than 140 pricing and underwriting adjustments in the year.

And our underwriting capability is becoming increasingly automated with 95% of risks in New Zealand now sold without requiring a manual underwriting review.

Slide 10 – Improving claims ratio while managing inflation and weather events

Inflation impacts all facets of our lives, including how far our insurance cover will stretch at claims time. Due to the sharp increase in inflation over the previous 12 months, in FY22 it became more expensive to repair and rebuild homes, and repair or replace cars and contents.

But Tower’s advantage is our ability to identify and quickly address emerging trends, thanks to our investments in digital and data technology and the decisive actions we’ve taken over the past 18 months to deliver improvements.

Our increasing scale is also continuing to deliver efficiencies, with Tower’s BAU claims ratio being brought back to a very strong level of 48.9%, compared to 50.2% in the 2021 financial year.

This is despite the stormy weather across New Zealand this year resulting in total claims costs of $18m compared to the five-year average of $11m and New Zealand claims volumes overall increasing to almost 73,000 individual claims over the year.

By working with suppliers to optimise our supply chain we are seeing efficiencies with 77% of New Zealand motor repairs now being completed by our preferred supplier network.

And our work to streamline the claims lodgement process has seen the number of New Zealand claims lodged online increase from 31% to 48%.

Slide 11 – Improving MER through simplification and platform efficiency

By global standards, a 1% reduction in management expense ratio is a good result in any year for an insurer. So, in this highly inflationary environment, we are particularly pleased to have achieved yet another improvement in MER to 36% this year.

With half of all tasks and transactions in New Zealand now completed digitally versus 46% in FY21, the customer and efficiency benefits from our leading digital and data technology platform are being realised.

Two key drivers of our reducing expenses are the commissions saved through the transformation of our Partnerships business to a lower commission model and the legacy book acquisition programme.

We are on track with decommissioning legacy systems and now have just two remaining, down from 4 in FY21. I will now hand over to Paul Johnston to present our detailed financial performance.

Slide 12 – Financial performance title slide – Paul Johnston

Thank you, Blair and good morning, everyone.

Slide 13 – Group underlying financial performance

Looking at the consolidated results, we can see that growth in GWP continued to be a highlight, up $53.2m, or 13%, on FY21. As Blair just highlighted, management expenses improved 1% as benefits of the EIS platform and our increasing scale continue to be realised along with lower commissions through our legacy portfolio acquisitions.

Underlying NPAT including large events increased 31% to $27.3m, demonstrating strong business performance.

Reported NPAT was $18.9m, down 2% on FY21. Contributing to this was a Canterbury Earthquake valuation increase of $5.5m after tax and a provision for customer remediation of $2.6m after tax.

Slide 14 – Business growth drives strong underlying NPAT

As this chart demonstrates business growth contributed a strong $13.6m increase to Tower's underlying NPAT of $27.3m in the year, which is $6.5m above FY21.

As we have previously noted, reduced commissions provided a $1.4m benefit to the result.

FY22 saw a $5.1m increase in large events costs compared to FY21 which reduced underlying NPAT by $3.7m after tax. Large event costs were $19m net of reinsurance and a prior period recovery, up from $13.9m in FY21.

A $6.3m after tax increase in expenses includes amortisation of the legacy back book purchases and an increase in staffing costs due to wage inflation and an increase in both growth and regulatory compliance spend.

As we have previously noted, reported profit has been impacted by a $5.5m after tax Canterbury earthquake valuation increase across FY22 as a result of new claims valued more than the historic $100,000 EQC cap, the complexity of existing claims and inflation.

We have also made a provision for customer remediation which includes compensation payments as a result of discounts for taking out more than one policy being incorrectly applied.

Slide 15 – Steady BAU claims ratio in a challenging environment

The positive actions we have taken in the past 18 months to address the rapidly increasing inflationary pressures and an increased number of severe weather events are seeing results as evidenced by our BAU loss ratio improving to 48.9%.

Frequency and severity are the two key components of total claims costs.

The charts show average motor claims severity is following a rising trend up to $2,713 while frequency of motor claims is flat due to the lockdown we saw at the start of the financial year.

House claims have continued to increase year on year and are up 7.1% largely as a result of the wettest winter on record in New Zealand, while severity has dropped slightly back to pre-Covid levels.

Tower has applied targeted premium increases across motor and home to offset inflation and continues to work closely with supply chain partners to moderate the impact on customers as much as possible.

Our new artificial intelligence-based tool that identifies potentially unjustified claims went live in FY22. While it is early days, the results are promising. Since implementation began in April, we have improved our detection rate of potentially unjustified claims by 300%, which has led to a greater proportion of claims resulting in customers either withdrawing their claims or Tower declining the claims.

Slide 16 - Continued improvement in management expenses

We are pleased to see our management expense ratio continue to reduce with an improvement over the year of 1% to 36%.

Pleasingly business growth has enabled scale efficiencies and a 2.9% reduction in MER with a further 0.4% decrease in net commission expenses due to the legacy back book portfolio purchases.

In addition, we reduced our expectations of future policy administration costs which allowed us to unwind the liability adequacy test deficiency recognised at 30 September 2021, resulting in a 1.4% benefit. We elected to reinvest this LAT release in people, marketing and technology as we prioritise growth and regulatory compliance activities.

Other MER impacts include more deferred acquisition costs due to higher acquisition spend which helped drive our growth.

Slide 17 – Investment strategy limits impact of market volatility

Net investment income in FY22 increased to $1.2m before tax compared with income of $0.2m before tax in FY21.

This subdued income was the result of increases in interest rates revaluing Tower's portfolio to market values, however these losses are expected to be recovered through higher yields as the portfolio matures in the future. This is evidenced by the running yield on the core investment portfolio increasing to 4.12% at the end of September 2022 (from 1.32% at 30 September 2021).

Tower maintains a conservative investment policy with a focus on high credit quality and liquidity bonds, and a target duration for the core investment portfolio of six months.

Our strategy has mitigated the impact on our profit from macroeconomic factors and market movements and we expect to benefit from higher rates going forward.

Slide 18 - Increasing reserves to support Canterbury earthquake claims

We continue to settle open Canterbury earthquake claims with 40 closed over the year.

However we received an additional 43 new overcaps and reopened claims, bringing the total number of open claims at the year end to 36. This was a net increase of 3 from a total of 33 as at the end of September 2021.

As a consequence, FY22 has seen an adverse Canterbury earthquake P&L charge of $7.5m before tax in non-underlying Items, reflecting these increases in expected claims costs. Contributing to this is:

- $5.4m in new overcaps, which includes an allowance for future new overcaps, and;
- a $4.3m increase in provision for existing open claims.

Remaining reinsurance cover partially mitigates these two factors by $2.2m.

A contributing factor to the additional new overcap claims is that the $100K cap is not inflation adjusted so the cost of the same repair is now higher. We will work with EQC to help mitigate these additional costs.

Some of our open CEQ claims are complex and long-term. The expected cost for several of these has increased in FY22, driven by both inflation and more costly rectification approaches and we have increased our provisions to address this.

We continue to closely manage these outstanding claims and our dedicated CEQ team is actively working to finalise claims as efficiently as possible.

Slide 19 - Robust reinsurance programme provides protection

In September we were pleased to successfully renew our reinsurance programme for the 2023 financial year, obtaining comprehensive cover with very competitive rates for our home, motor, boat and commercial portfolios, across New Zealand and the Pacific.

Tower's reinsurance strategy provides protection from volatility caused by large events and maintains financial flexibility to support growth, while underpinning strong solvency.

Under this new arrangement we have increased our catastrophe upper limit from $873m to $934m in FY23 to reflect business growth. The catastrophe cover excess is $11.9m, in line with previous years.

In FY23 we will be paying proportionally less for reinsurance cover at 13.6% of total income, compared to 15.9% of premium income in FY22 (including the previous aggregate programme). This proportional reduction reflects reinsurers' confidence in Tower's positive business performance.

To manage the impact of large events volatility on our results, we have budgeted for $30m of large events in our FY23 plan. For context, this is almost $9m more than ultimate estimate of large events costs for FY22 and more than double the 10-year average of $13m and well above the five-year average of $16m.

FY22 large events of $21.1m comprised $6.8m for the Tonga volcanic eruption and tsunami, $3.6m for Cyclone Dovi, $6.4m for the North Island Rainstorms, and $4.3m for the Nelson Floods.

The expense recorded in Tower's profit and loss was reduced to $19m after reinsurance recoveries under the FY22 $20m aggregate cover excess and a $1m recovery on a prior period event.

Slide 20 - Strong capital and solvency, delivering shareholder returns

In the last 12 months Tower has returned $55.3m to shareholders in the form of dividends and a capital return. As a result of these payments to shareholders, Tower's surplus capital has decreased.

However, with a solvency ratio of 205% as at 30 September, after the capital return and final dividend, it is clear that Tower remains in a strong capital and solvency position. As the Chair announced we will be paying a final dividend of 4 cents on the 1st of February, 2023, bringing the full year dividend to a total of 6.5 cents per share.

Slide 21 – FY23 guidance

In FY23 Tower anticipates underlying NPAT of between $27m and $32m.

This range is based on further growth of between 10% and 15% as well as the allowance for large events of $30m. It represents a $8m after tax increase in the impact of large events when compared to FY22.

Consistently with FY22, we will measure large events as those which have a total cost of more than $2m.

In line with Tower's ordinary dividend policy to pay a sustainable annual dividend in the range of between 60-80% of adjusted earnings where prudent to do so, Tower anticipates FY23 dividends to be 6.5 cents per share.

Slide 22 – Looking forward

Thank you. I will now hand back to Blair who will provide an update on our outlook.

Blair Turnbull

Thank you, Paul.

Slide 23 – Leveraging scalable platform to continue growth and efficiencies

Tower is continuing to leverage investments in our scalable platform to deliver shareholder value via attractive long-term growth and greater efficiencies.

Two areas where we are targeting efficiencies are in our customer service and claims processes and in FY23 we expect to see significant improvements through further digital and process optimisation.

New My Tower improvements to enhance customer experience and further reduce telephony interactions include our car replacement journey. We know that customers predominantly cancel their motor insurance when they have bought a new car. Our new feature coming soon aims to capture these customers with the option to replace their car policy rather than cancel.

We are also offering customers information at their fingertips on ways to save on their insurance and enhancing the ability to update personal details on the go.

We are further investing in our enhanced sales capability with our automated marketing platform set to send out 5 million targeted and personalised messages in FY23.

Following the completion of our digital transformation, the mix of our spend has moved from focusing on our technology platform, systems and regulatory compliance towards customer relationships and growth, reflecting the maturity of our technology transformation.

Slide 24 - Tackling resourcing gap via digital service and unique footprint

It's no secret that a key challenge for New Zealand businesses today is the tight labour market. And for many businesses with active contact centres this struggle to fill seats has resulted in long wait times and frustrations for customers.

Tower has not been immune to these challenges which have disappointingly seen our net promoter score (NPS) drop to 20% from 43% in September 2021.

However, we have some clear unique advantages that will allow us to tackle this challenge via a pathway for NPS improvement in FY23. This includes:

Firstly, leveraging our digital self-service platform. In FY23 digital will comprise 30% of our investment on customer experience and frontline enhancements and will include new My Tower features, further automation and enhanced straight through claims processing.

Secondly, we will make further improvements to our fantastic staff culture and engagement through promoting and developing career pathways for frontline staff and leveraging digital technology to improve the frontline user experience.

Thirdly and excitingly, we will invest in our Fiji hub by adding an additional 100 Tower people in Suva in FY23. This will see the mix of staff more evenly spread between our operational centres in Auckland, Rotorua and Suva, and our people permanently working from home.

Our investments in digital technology are increasingly enabling us to move workflows across our Suva, Rotorua and Auckland operations centres. Having a physical presence in these locations also gives us access to talent in these markets.

In Suva particularly we are offering high quality roles where our people there appreciate the opportunity to progress their careers into senior positions without having to leave their countries. Tower roles in Fiji comprise a wide range of corporate functions, including, finance, technology, human resources, marketing and customer service.

Our recent recruitment drives in Fiji have seen strong interest from highly educated, experienced and professional candidates who are excited about becoming part of the Tower team and providing high quality service to our customers.

Slide 25 – Protecting the future for our customers and communities

Last year we began our sustainability journey with the development of a strategy that guides how Tower manages its environment, social and governance issues under the following focus areas:

Firstly, a diverse and inclusive workplace that builds people's physical and emotional wellbeing.

Secondly, ensuring we are thinking ahead for our planet by moving all aspects of our business towards zero-carbon and zero-waste and having a positive impact on New Zealand and the Pacific.

Thirdly, helping communities navigate climate change by championing informed dialogue and supporting research and education on climate change issues.

And finally, being people's go-to trusted insurance partner by providing fair and transparent insurance that is accessible and affordable.

In FY23 we will progress on these commitments by adding coastal erosion and inundation risks to our customer facing risk ratings tool, educating homeowners transparently about the risks that may impact their properties. And we are excited about the potential for parametric cyclone cover to improve the economic resilience of Pacific communities in the future.

We are also committed to further innovating our products to influence our customers to reduce their carbon footprints. We currently offer a home insurance sustainability benefit which contributes $15,000 to sustainable products for a total rebuild; our policies support a range of e-mobility vehicles; and we have updated our GoCarma app to give people real time feedback on their driving emissions, based on their car's make and model, and their driving behaviour.

We take measuring and reducing our emissions seriously as we recognise that every effort to reduce emissions helps to mitigate global warming. Tower has set an ambitious target, grounded in science, of a 21% reduction over five years using FY20 as our base year, which as we all know was subject to Covid restrictions.

We will present full details of our sustainability reporting in this year's annual report which has been prepared in accordance with the Global Reporting Initiative 2021 standard.

And as the Chair noted, we are currently preparing for the introduction of the External Reporting Board's Climate-related Disclosures regime and are planning an early partial disclosure in FY23.

Slide 26 – Continuing to deliver dividends and growth

It's clear that Tower's business performance has been strong. And we have delivered customer and premium growth while further improving our management expenses.

Tower is a well-capitalised business with a strong balance sheet and solvency margins and we are delighted to have returned $55.3m to shareholders in the form of dividends and a capital return.

In the coming year, our focus is on continuing our solid underlying operating performance and achieving positive customer outcomes and growth.

We continue to focus on claims inflation and enhancing claims processes while driving efficiencies through our scalable digital platform and focus on expenses.

We remain committed to delivering positive returns to our shareholders through continued dividends and accelerating growth.

Thank you for your time this morning, I will now hand back to the operator to ask for questions.