

2 February, 2022

Tower Provides Business Update, Reconfirms Guidance

Kiwi Insurer, Tower Limited (NZX/ASX: TWR) today holds its Annual Shareholder Meeting and reconfirms its full year guidance.

Tower continues to grow while navigating a challenging environment

In the three months to 31 December 2021, Tower recorded \$112 million gross written premium (GWP), representing growth of 12% on the same period last year.

Customer numbers grew by 6,000 over the first quarter to 310,000, an increase of 24,000 customers year-on-year. My Tower registrations also increased, with 150,000 customers now registered for the online service, up from 50,000 in the same period last year.

Blair Turnbull, Tower CEO, says Tower's focus on supporting customers and delivering on its technology and distribution growth strategies has led to a good start to the 2022 financial year.

"This result has been driven by a combination of improved customer retention and new business, as well as inflation-based rating adjustments. Lower than expected motor and large house claims, as well as fewer severe natural events have also contributed towards a solid first quarter performance," he says.

Tower continues to actively manage inflationary pressure on claims costs and Covid-related supply chain issues which began challenging the insurance industry in 2021 and are expected to continue throughout 2022.

The actions taken to address these external factors have allowed Tower to maintain a claims ratio of 47%, excluding large events, which is consistent with the same period last year. Disciplined cost control has seen management expenses remain consistent with the prior year at 38%.

Guidance reconfirmed

There is no change to Tower's FY22 underlying net profit after tax (NPAT) guidance range of \$21m to \$25m, noting that this guidance assumes inflation pressures will continue throughout FY22 and that the \$20m excess on Tower's aggregate reinsurance is fully utilised.

Supporting Tonga's recovery

Tower is still assessing the impact of the significant eruption of underwater volcano Hunga-Tonga-Hunga-Ha'apai and subsequent tsunami in Tonga and surrounding areas.

Mr Turnbull says, "Tower has been in the Pacific for almost 150 years and remains committed to our Pacific communities. Tower plans for such events and, alongside our robust reinsurance programme that underpins our resilience, we are in a strong position to continue to support our customers throughout Tonga's recovery."

Tower's reinsurance programme provides up to \$873m of cover for catastrophe events. Its reinsurance excess for such events is \$11.25m which is within the \$20m Tower has allowed for large events in FY22.

Financial information provided in this update is based on Tower's unaudited management accounts as at 31 December 2021. Tower's results for the half year ending 31 March 2022 will be released in May 2022.



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This announcement has been authorised by the Tower Board.

Blair Turnbull
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