



Annual Shareholder Meeting

Full Year Results to 30
September 2017

1 March 2018

Meeting agenda

- Chairman's address
- Capital raise update
- CEO's address and performance overview
- Questions
- Board resolutions
- General business

Chairman's address

Michael Stiasny
Chairman

Chairman's address



Transformation into digital challenger accelerating

- Capital raise successfully completed
- Management team focused on accelerating digital challenger brand strategy

Ongoing Board refresh

- New director, Wendy Thorpe, brings extensive financial and technology experience to the Tower Board
- Committed to increasing Board diversity
- David Hancock retires from Tower Board

Solid capital base and commitment to efficient capital management

- Tower's Board and management team remain strongly committed to paying dividends
- The Board intends to recommence dividends at the 2018 Full Year, subject to financial performance



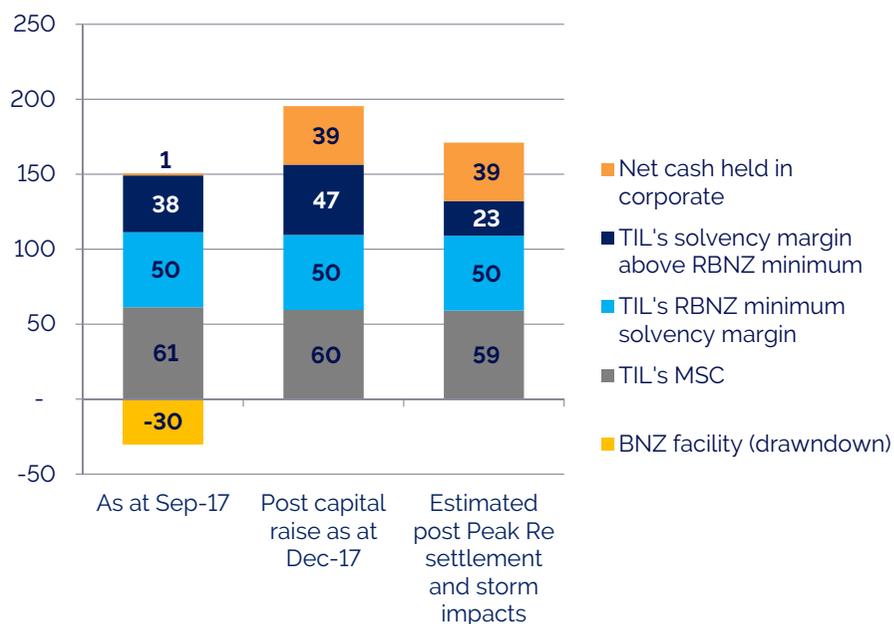
Capital raise update

Jeff Wright
Chief Financial Officer

Capital position

Strong take-up by NZ institutions and retail shareholders shows belief in underlying business and strategy

TOWER INSURANCE LIMITED SOLVENCY POSITION PLUS CORPORATE CASH(\$m)



CAPITAL RAISE COMPLETED

- Tower's Board and management determined additional capital required to strengthen solvency capital position and enable investment for the future
- Capital raise successfully completed with over 88% of shareholders taking up rights
- Strong capital base allows investment in future and acceleration of transformation into a challenger brand

SOLID PROGRESS FINALISING CANTERBURY EARTHQUAKE CLAIMS

- The number of open Canterbury Earthquake claims reduced by 241 in FY17
- Tower's Board elected to create an additional risk margin for Canterbury claims of \$10m
- Decision made to close Christchurch office at conclusion of Canterbury Earthquake recovery programme
- Settlement agreement reached with Peak Re

GOOD PROGRESS IN KAIKOURA

- Resolution of Kaikoura claims remains on track

CEO's address & performance overview

Richard Harding
Chief Executive Officer

Improving business performance

Positive momentum in GWP growth with effective claims management and ongoing expense reduction

- Full year loss of \$8m for FY17, a \$13.5m improvement on prior year

ACHIEVEMENTS

- ✓ GWP growth of 5.8% achieved in core NZ portfolio
- ✓ Maintained claims discipline despite challenging environment
- ✓ \$3.9m improvement in management expenses
- ✓ Solid progress being made in Canterbury with a further reduction of 241 open claims

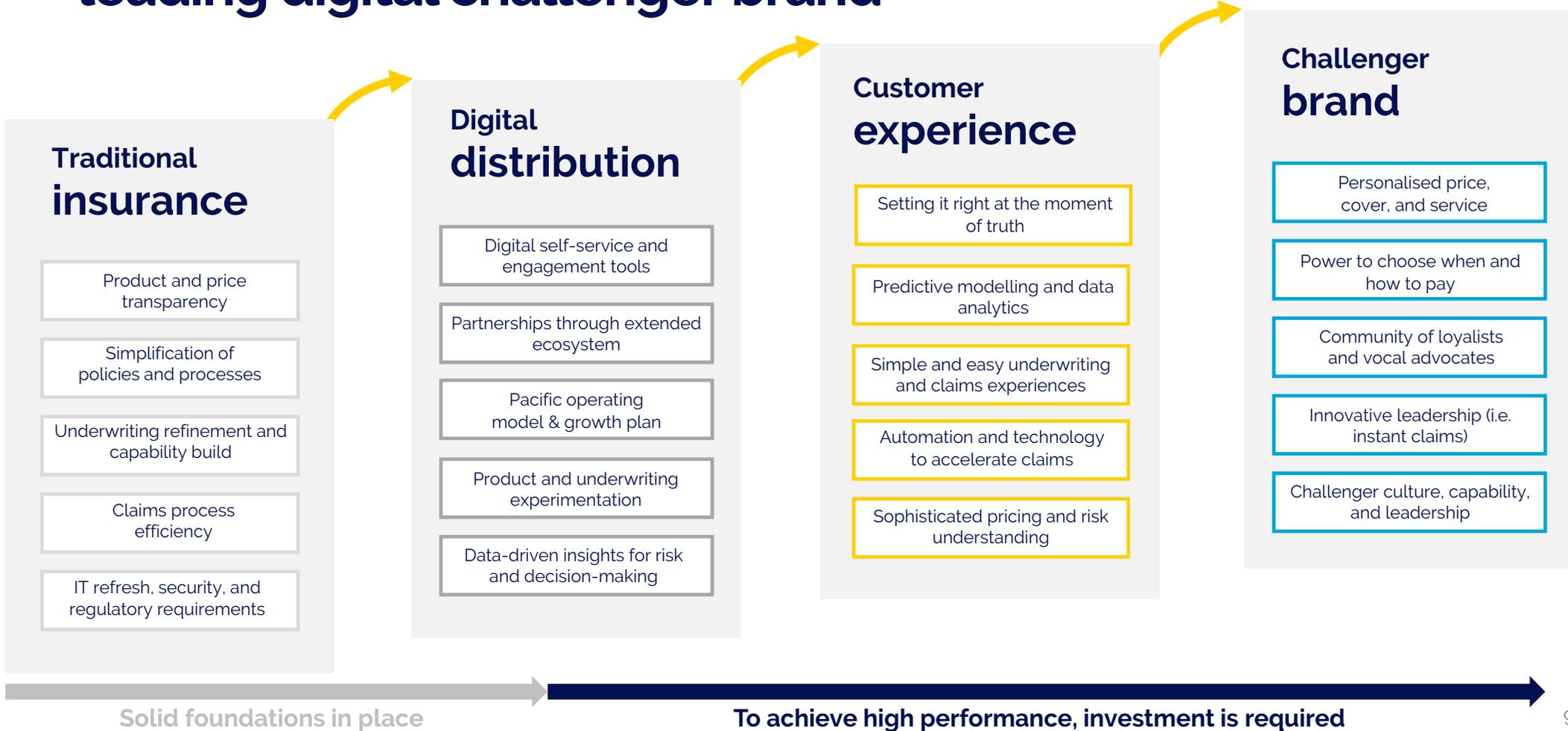
| Key metrics | FY17 | FY16 |
|--|-----------------|----------|
| Total GWP | \$312.4m | \$303.2m |
| GWP growth in core NZ portfolio ¹ | 5.8% | 1.9% |
| Growth in policies in core NZ portfolio ¹ | 12,441 | 2,509 |
| Claims expenses | \$131.6m | \$127.7m |
| Management and sales expenses | \$102.4m | \$106.3m |
| Underlying profit ² | \$18m | \$20.1m |
| Reported loss after tax ³ | \$8m | \$21.5m |
| Open Canterbury earthquake claims | 323 | 564 |

1. Core portfolio is the NZ business and excludes ANZ legacy portfolio

2. "Underlying profit" does not have a standardised meaning prescribed by Generally Accepted Accounting Practice (GAAP) and may not be comparable to similar measures presented by other entities. While Tower has applied a consistent approach to measuring underlying profit in the current and comparative periods, it is not subject to audit or independent review. Tower uses underlying profit as an internal reporting measure as management believes it provides a better measure of Tower's underlying performance than reported profit, as it excludes large or non-recurring items that may obscure trends in the underlying performance of the Tower group. Tower considers that underlying profit is useful to investors as it makes it easier to compare the underlying financial performance of Tower between periods.

3. "Reported loss after tax" is calculated and presented in accordance with GAAP and is taken from Tower Limited's audited financial statements for the year ended 30 September 2017.

Clear strategic plan to grow Tower as the leading digital challenger brand



Trading update

Positive trends continue in first few months of the FY18 year

- ✓ **Revenue growth is continuing to build on the positive momentum seen in FY17**
 - Continued strong GWP and policy growth in NZ book
 - Growth through digital remains a standout performer
 - Retention remains steady
 - Management expenses in line with plan
 - Pacific business remains steady with tightened approach to risk management in soft and high-risk markets

Update on storms

- Tower received approximately 300 claims as a result of the New Year storms, and based on analysis to date, Tower estimates the financial impact will be between \$1.4 - \$1.8 million after tax.
- Tower has received 244 claims so far, as a result of ex-cyclone Fehi. Tower estimates that the financial impact will be between \$2.2 - \$3.2 million after tax.
- Cyclone Gita had a larger impact in the Pacific Islands, with fewer claims received in New Zealand. Tower expects the gross impact of Cyclone Gita to be between \$5 - \$8 million.

Questions

Board resolutions

Board resolutions

- **Resolution 1**
 - Appointment and remuneration of auditor
- **Resolution 2**
 - Re-elect Steve Smith as a director
- **Resolution 3**
 - Elect Wendy Thorpe as a director

General business