



14 February 2020

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Wellington  
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## **Business performance update – strong growth continues**

Tower Limited (NZX/ASX: TWR) advises that strong growth continues to be achieved off the back of its digital challenger strategy.

Business performance in the four months to 31 January 2020 shows this positive momentum continuing, in line with expectations.

Tower CEO, Richard Harding, says that the company continues to grow because it is focussed on delivering something better to customers.

"Our significant investment in digital and online platforms is making it simpler and easier for customers to buy insurance from us and it's great that they're noticing and choosing Tower."

"This year our focus is on transferring all of our customers to our new system, so that they get all the benefits, including self service, great products and fair pricing," said Harding.

### **Increasing percentage of GWP growth delivered through digital sales channels**

Gross Written Premium in Tower's core New Zealand book, including the Youi NZ portfolio, increased 11% in the four months to 31 January 2020, compared to the same period last year. Total Tower GWP increased 8% over the same period.

Tower's new, easy-to-use digital platform is being well received by customers, with new business through this channel accounting for over 55% of GWP, compared to less than 10% in 2016.

### **Customer migration and product rationalisation well underway**

Following successful delivery of Tower's new IT platform, customers are now being transferred to the new system and new, improved products on the renewal of their policy. Migration is being achieved at a rate of around 30,000 policies per month with over 60,000 policies successfully transferred to new system and new products so far. This will largely be complete by the end of the 2020 calendar year.

### **No change to guidance**

There is no change to Tower's FY20 guidance of underlying NPAT of \$27m - \$30m, noting continued growth at current rates, the addition of the Youi NZ portfolio and a return to long run average large event costs

The total cost of the Timaru hailstorm is currently \$4m pre-tax. As a result, \$4 million remains from the \$8 million allowance for large events in Tower's guidance for FY20.

Investment income is slightly below forecast due to the unexpected reduction of the Official Cash Rate by the RBNZ in the second half of 2019.

Tower continues to make progress in Canterbury with open claims reducing to 81 at 31 January 2020, from 109 at 30 September.

Information provided in this update is based on Tower's unaudited management accounts as at 31 January 2020. Tower's results for the half year ending 31 March 2020 will be released in May 2020.



**ENDS**

Richard Harding  
Chief Executive Officer  
TOWER Limited  
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