



20 April 2017

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Financial impacts of recent storm activity

Tower Limited (NZX/ASX: TWR) said today that the maximum financial impact of the storms associated with ex-Cyclone Debbie will be \$3.6 million after tax.

"Tower is committed to helping its customers get back on their feet as soon as possible," said Richard Harding, Chief Executive Officer.

Tower has recently gained access to Edgecumbe and we are working with our customers to assess the damage to their property. As such, a full understanding of the impacts are not yet fully known.

Based on analysis to date, Tower estimates gross claims costs for storms associated with Cyclone Debbie, including Edgecumbe will reach between \$10 million and \$12 million.

Tower's aggregate reinsurance cover will absorb the first \$5 million of losses and catastrophe reinsurance cover will pay for claims in excess of \$10 million. Therefore the maximum possible impact of ex-Cyclone Debbie is \$3.6 million after tax.

New Zealand has experienced a high number of catastrophic events in the 2017 Financial Year. Tower has already announced after tax profit impacts of:

- \$7.2 million for the Kaikoura earthquake, plus the cost of reinsurance reinstatement
- \$1 million for Port Hills fires
- \$2.6 million for Tasman Tempest storm.

Cyclone Cook's impact was not as significant as expected, with approximately 120 claims received from customers to date. While still very early, we do not expect this to be a significant event loss.

Tower retains approximately \$4 million of aggregate reinsurance cover plus full catastrophe cover of over \$700 million, plus appropriate back-up cover. The diagram attached provides an illustrative overview of Tower's reinsurance structure.

Tower will update the market as the situation develops.

ENDS

TOWER
Richard Harding
Chief Executive Officer
Tower Limited
ARBN 088 481 234 Incorporated in New Zealand

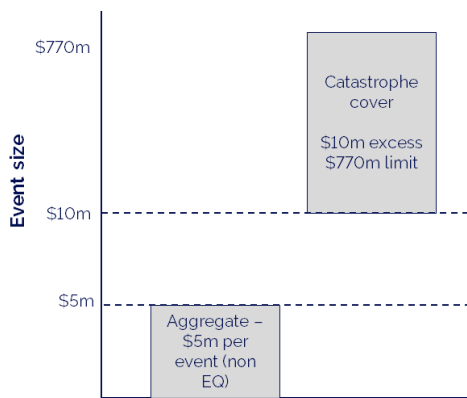


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Illustrative overview of Tower’s reinsurance structure

STRUCTURE OVERVIEW (per event)



AGGREGATE COVER CAN EXTEND ACROSS MULTIPLE EVENTS

- Min event size of \$1m to qualify, max of \$5m per event coverage
- \$10m cover once \$5m excess filled
- No coverage for EQ

Example showing six events:

