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## **Tower's consistent growth supports return to dividends**

Kiwi Insurer, Tower Limited (NZX/ASX: TWR) today holds its Annual Shareholder Meeting and has reconfirmed its full year guidance, as well as announcing its intention to confirm and pay an interim dividend with its half year results in May 2021.

Blair Turnbull, Tower CEO, says an ongoing focus to create a more agile and digital business model has helped the company weather a number of large events in the first four months of the financial year, while still maintaining a focus on growth and innovation.

"In the four months to 31 January 2021, we achieved \$129m Gross Written Premium (GWP), representing growth of 6% on the same period last year thanks to our ongoing focus on delivering for our customers. Along with the addition of the Youi NZ portfolio, this growth has seen our market share increase to 9.2% in December 2020, up from 8.4% at the same time last year," says Turnbull.

### **No change to guidance and intention to pay interim dividend**

There is no change to Tower's FY21 underlying Net Profit After Tax (NPAT) guidance of at least a 5% improvement on FY20 underlying NPAT (\$28.4m), although falling investment returns and large events have placed some pressure on FY21. This is based on the current level of actual large events.

The large events expense for Lake Ōhau fire and Napier floods has resulted in a \$10m large events expense year to date which will impact Tower's FY21 underlying NPAT. Tower's aggregate reinsurance cover is triggered at \$14m.

Tower has announced an updated dividend policy of 60% - 80% of cash earnings where prudent to do so, with cash earnings defined as Reported Full Year Net Profit After Tax adjusted for acquisition amortisation and unusual items.

Along with the updated policy, Tower has announced its intention to pay a dividend with its half year results in May in what would be the company's first dividend payment since March 2016. An indicative interim dividend of \$0.025 per share is expected to be confirmed at the company's 2021 Half Year results.

### **Continued focus on digital and data is supporting customer engagement**

"As well as growing our business, more and more customers are signing up to use MyTower. Since launching just over a year ago, more than 65,000 customers have registered," says Turnbull.

"These customers now have full control of their insurance at their fingertips. They can make payments, access rewards, add new policies, or modify existing ones, all with a few clicks of a button," says Turnbull.

Migration of all Tower Direct customers to its new digital and data platform is almost complete, with over 270,000 Tower customer policies now on its leading, cloud-based digital and data platform.

The ability for customers to self-serve, and the ongoing removal of legacy technology from the business has supported a further improvement in Tower's Management Expense Ratio (MER). The group ratio reduced to 37% for the four months to 31 January 2021, a 2% improvement on the same



period last year. This is moving closer to our Tower Direct model expense ratio which remains at 34%.

Supporting the growth of the flagship Tower Direct business in New Zealand has been Tower's Partnership and Pacific businesses says Turnbull.

"Tower's Partnership business has been actively engaging with new partners and we continue to expand our distribution model. Recent referral partnership agreements have been signed with AIA, NZ Defence and the Auckland Council which will contribute to continued growth of our business.

"The Pacific is performing well in light of product rationalisation and portfolio de-risking, with the recent launch of MyTower in Fiji being received well by our customers in the region. This will now act as a blueprint as we expand our digital and data platform across all Pacific countries creating consistency and long-term sustainability.

Turnbull says that Tower is in a good position where the company has strong capital and solvency, no debt, a growing and innovative business and consistent profitability.

"We now have the opportunity to accelerate our progress through a number of sensible investments and will continue to seek attractive bolt-on opportunities which are aligned to our lines of business, like the recent Youi NZ acquisition, Club marine referral agreement and ANZ deal.

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

## **ENDS**

This announcement has been authorised by the Tower Board

Blair Turnbull  
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