

**11 February, 2025**

### **Tower reports positive Q1 trading performance prior to ASM**

Kiwi and Pacific insurer, Tower Limited (NZX/ASX: TWR) is reporting strong business performance prior to its annual shareholder meeting today, following an update on its 2025 financial year earnings guidance last week.

Tower CEO, Blair Turnbull says, "The first quarter trading performance reflects year-on-year improvements in both business-as-usual (BAU) claims and management expense ratios, and continued GWP growth.

"This positive business performance is supported by our strategy of selecting the right risks for the right price and achieving sustainable growth and efficiencies through the use of digital technology and data," he says.

The BAU claims ratio has decreased substantially to 39%, down from 57% for the same period last year. This improvement is due to a combination of continued benign weather, easing inflation, a lower number of total loss house claims and enhanced risk selection.

The management expense ratio (MER) has continued to improve, reducing to 30% in the quarter from 32% in the prior comparable period. This improvement was driven by gross written premium (GWP) growth, operational efficiencies, and disciplined cost control.

GWP rose by 6%<sup>1</sup> to \$155m compared to the same period last year. Average premiums have reduced year on year due to lower inflation and volume growth in lower risk assets. Ninety-two per cent of new house insurance policies in the year were rated by Tower as low or very low for flood risk, up from 87% in the prior year.

Tower's New Zealand business grew by 8,000 policies, predominantly in the house and contents markets, and overall customer numbers increased from 305,000 to 310,000 from 30 September, 2024.

So far in FY25, Tower has recorded one large event - the Dunedin flooding event in October, with an estimated cost of around \$3m. Tower's large events allowance for FY25 is \$50m.

Tower has now closed more than 99% of both the Auckland Anniversary and Cyclone Gabrielle FY23 catastrophe event claims.

Mr Turnbull says the performance demonstrates the strength of Tower's strategy to become the leading direct insurer in New Zealand and our Pacific markets, fostering a high-performance culture and focusing on innovation in digital technology.

"I believe Tower is a fantastic company that is well-positioned to continue delivering sustainable customer and premium growth, improved efficiencies, and attractive

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<sup>1</sup> GWP growth has been adjusted to exclude sold portfolios which include the Solomon Islands business, the Vanuatu subsidiary and the New Zealand commercial rural portfolio.



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shareholder earnings. I am pleased to be leaving Tower in the hands of our strong and focused management team," says Mr Turnbull.

### **FY25 Guidance**

On 5 February Tower advised the market that it expects FY25 full year underlying NPAT to be between \$60m and \$70m. This assumes full utilisation of the \$50m large events allowance, of which \$3m has been used. Tower also expects GWP to be between 7% and 12%, and the combined operating ratio (COR) to be between 84% and 86%.

Financial information provided in this update is based on Tower's unaudited management accounts as at 31 December, 2024.

### **Ends**

This announcement has been authorised by Tower Limited Board Chair, Michael Stiasny.

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