TOWER

9 February 2017

Market Information
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Tower trading update

Tower's results for the three months ending 31 December 2016 remain in line with the company's update on 29 November 2016.

Underlying profit after tax is in line with budget expectations excluding the impact of Kaikoura. Gross Written Premium (GWP) was stable at $77.1 million for the three months ended 31 December 2016 (Q1 2016: $78.4 million).

Tower continues to advance its strategic transformation as outlined on 29 November 2016:

- Launch of the partnership with Air New Zealand Airpoints has been promising with increased customer inquiries since launch in mid-January
- Tower is now online with all products, early indications are positive with website traffic exceeding expectations
- The scoping phase of the IT simplification programme is near finalisation and the costs and benefits of the programme remain as expected
- Since announcing on 29 November 2016 its intention to create RunOff Co, Tower has progressed planning for separation with the RBNZ and the independent actuary.

Canterbury continues to present a complex and difficult situation for all insurers, claims costs continue to develop caused by additional 'overcap' claims being received from EQC and growth in the level of litigation and customer disputes. Tower's appointed actuary, Deloitte, is due to release their quarterly valuation in mid-March.

Tower has further advanced its recovery actions against both Peak Re and EQC and the Tower Board remains confident that it will recover these receivables.

A further update will be provided with the half year results in late May.

ENDS

Michael Stiassny
Chairman
TOWER Limited
ARBN 088 481 234 Incorporated in New Zealand