

22 September, 2021

Tower Updates Guidance

Tower Limited (NZX/ASX:TWR) has today revised its guidance on underlying net profit after tax (NPAT) for the year ending 30 September 2021 to \$19m to \$21m, from between \$22m and \$24m.

Large house claims in FY21 are continuing to be above long-term averages, particularly over the last quarter, including four total loss fires in the past week. FY21 large house claims now number 97 claims totalling approximately \$21.3m compared to 56 in FY20 totalling \$10.4m.

While operational improvements and growth strategies at Tower remain on track, this revision reflects ongoing challenges raised at the interim result announcement in May continuing to influence financial performance in the second half.

Industry wide inflation is a continuing source of pressure on both motor and house claims. This is predominantly being driven by a 14% rise in the value of second-hand vehicles and increased costs of house materials which rose 4.6% in the June quarter alone due to supply chain constraints.

Tower has taken decisive actions to proactively address the impacts of claims inflation since the half year, some of which will take time to flow through to financial performance. These include rating and underwriting actions; strengthening our claims management processes; and working with our supply chain to manage increases. While the current Covid-19 lockdown has offset some of the impact of the above issues, it has only partially alleviated claims costs.

Tower remains in a strong capital and solvency position. At the half year the company paid a 2.5c dividend and expects to pay a final dividend in line with its policy at the full year.

Tower will provide comprehensive detail at the full year results announcement on 24 November.

ENDS

This announcement has been authorised by the Tower Board.

Blair Turnbull
Chief Executive Officer
Tower Limited

For media enquiries, please contact in the first instance:
Emily Davies
Head of Corporate Affairs and Reputation
+64 21 815 149
emily.davies@tower.co.nz