

**20 May 2025**

## **Tower reports strong half year profit**

Kiwi insurer, Tower Limited (NZX/ASX: TWR) today reported its results for the half year to 31 March 2025, recording an underlying net profit after tax (underlying NPAT) of \$61.7m and a reported profit of \$49.7m.

The strong results were due to continued improvements in business-as-usual (BAU) claims performance, continued gross written premium (GWP) growth and improvements in the management expense ratio (MER). Reported profit includes provisions for ongoing customer remediation-related costs and an increase in Canterbury earthquake cost estimates, due to Tower continuing to receive more over-cap claims than expected from the Natural Hazards Commission (NHC).

Summary of HY25:

- Underlying profit \$61.7m vs \$36.6m in HY24
- Reported profit \$49.7m vs \$36m in HY24
- GWP \$297m, up 4%<sup>1</sup> on HY24
- BAU claims ratio 38.1% vs 49.7% in HY24
- MER improved to 30.4% vs 31.3% in HY24
- Large events costs \$3m vs -\$1.9m in HY24
- Customer numbers grew to 312,000, up from 309,000 in HY24
- Combined operating ratio (COR) 69.7% vs 80.2% in HY24
- Fully imputed interim dividend of 8 cents per share.

### **Enhanced risk selection and competitive pricing**

GWP growth of 4% to \$297m is attributed to customer growth in the New Zealand home and contents insurance portfolio which grew GWP by 11% year-on-year. However, this growth was tempered by reduced average premiums, due to a higher proportion of lower-risk new policies for house and motor insurance, along with more competitive pricing in the New Zealand market. The motor portfolio saw a 4% year-on-year decline in GWP due to rate reductions and slower policy growth following actions to tighten Tower's risk appetite in the prior year.

Tower's risk-based pricing approach in the house portfolio continues to reduce Tower's risk exposure to flooding. Ninety-one per cent of new house insurance policies in the year were rated by Tower as low or very low for flood risk, up from 86% in the prior year.

### **Continued strong BAU claims performance**

---

<sup>1</sup> Excluding divested portfolios. Prior year numbers have been adjusted to exclude sold and discontinued portfolios which include the Solomon Islands business and Vanuatu subsidiary, and the New Zealand commercial rural portfolio.

The BAU claims ratio has decreased substantially to 38.1% from 49.7% for the same period last year. This improvement is due to a prolonged period of favourable weather, easing inflation, fewer total loss house claims, claims process improvements and enhanced risk selection.

### **Reducing MER**

The MER has improved year-on-year, reducing to 30.4% in the half year from 31.3% in the prior comparable period due to premium growth, operational efficiencies, and cost control.

Tower has accelerated investment in initiatives aimed at future growth, improving efficiencies and further strengthening the business.

### **One large event recorded in HY25**

Tower's large events costs at the half year were \$3m due to the Dunedin flooding event in October 2024. The April 2025 Cyclone Tam flooding event in New Zealand will be recorded as a large event in the second half with an estimated cost of \$4m. Tower's large events allowance for FY25 is \$50m.

Tower Interim CEO, Paul Johnston says, "These positive first half results reflect Tower's commitment to delivering sustainable, profitable growth by upholding core insurance fundamentals: robust risk selection and pricing, and claims management.

"Tower is focused on continuing to grow high quality risks while enhancing the company's resilience and claims performance. This year we will expand risk-based pricing to include sea surge and landslide risks, helping our customers better understand their risks and how these factors impact their insurance pricing," he says.

### **Ends**

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

For media enquiries, please contact:

Emily Davies

Head of Corporate Affairs and Sustainability

+64 21 815 149

[emily.davies@tower.co.nz](mailto:emily.davies@tower.co.nz)

For investor enquiries, please contact:

James Silcock

Head of Strategy, Planning and Investor Relations

+64 22 395 9327

[James.silcock@tower.co.nz](mailto:James.silcock@tower.co.nz)