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Tower updates full year guidance

Kiwi insurer Tower (NZX/ASX: TWR) has updated its earnings guidance for the year to 30 September 2022.

Based on preliminary and unaudited results, Tower anticipates underlying net profit after tax (NPAT), including large events, will be around \$26m, up from a range of \$21m-\$25m. Underlying NPAT excluding large events (\$14m after tax) is expected to be around \$40m, above the previously advised range of \$35.4m to \$39.4m.

This increase to underlying NPAT follows continued growth in gross written premiums (GWP), reflecting rate increases and organic growth from existing and new customers, stronger retention, as well as disciplined management of claims and operating costs.

Unaudited GWP has increased 13% to \$457m during the 2022 financial year, compared to the prior year. Customer numbers have grown 4% to 317,000 from 304,000.

Reported profit will be impacted by additional strengthening of the residual Canterbury earthquake provision, due to factors including inflationary impacts and the receipt of new claims. There will also be a one-off provision of around \$3m after tax for customer remediation arising from an error in the calculation of multi-policy discounts. Tower is in the process of identifying affected customers and determining refunds.

Dividend guidance remains at 5.5c per share over the full year, in line with Tower's dividend policy.

ENDS

This announcement has been authorised by Tower Chief Executive, Blair Turnbull.

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