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Suncorp New Zealand announces full year results 2017

Suncorp Group Limited (Suncorp) today reported net profit after tax (NPAT) of A\$1,075 million (FY16: \$1,038 million) for the 12 months to 30 June 2017, an increase of 3.6%.

Suncorp New Zealand's general insurance and life insurance businesses delivered NPAT of NZ\$87 million (FY16: NZ\$200 million).

Suncorp New Zealand CEO Paul Smeaton said the variance on the previous year was due to a number of one-off events, including the Kaikoura earthquake and aftershocks, Cyclones Debbie and Cook, and additional claims from the 2010/11 Canterbury earthquakes.

Mr Smeaton said a trend in motor claims cost inflation, experienced across the industry, also contributed to the lower result.

General Insurance business delivers strong underlying performance

Suncorp's New Zealand general insurance business, which includes Vero Insurance and AA Insurance (a joint venture), delivered NPAT of NZ\$47 million, a sound underlying performance after excluding natural hazards and other one-offs.

Gross Written Premium (GWP) was up 6.3% to NZ\$1,424 million, driven by strong growth in the home and motor portfolios.

Net incurred claims were up 20.1% to NZ\$735 million, due to natural hazard events, increases in average claims cost and frequency, particularly in the motor book, and several large commercial claims.

"The general insurance business continued to outperform the New Zealand market in relation to GWP growth, and we're making good progress settling claims from the Kaikoura earthquake and the Edgumbe floods," said Mr Smeaton.

Life insurance business continues to grow

Suncorp's New Zealand life insurance business, which includes Asteron Life and AA Life (a joint venture), delivered NPAT of NZ\$40 million.

In-force premium growth was 7.0%, outperforming the New Zealand life insurance market.

Mr Smeaton said he expected in-force premium and underlying profit growth to continue, and that the move to a digital quote and buy application process would deliver a superior adviser and customer experience.

Update on Tower acquisition

Mr Smeaton said it was disappointing that the New Zealand Commerce Commission had declined the application to acquire Tower Limited, and that Suncorp would review the decision before commenting further.

Suncorp New Zealand strategy

Looking ahead, Mr Smeaton said there were a range of initiatives in place for FY18, which would deliver against its four strategic priorities – inspire our people, elevate the customer, create the Marketplace, and maintain momentum and grow.

“These initiatives will build a more resilient business to meet a greater number of customer and business partner needs, and help us achieve our vision to be the number one choice for New Zealanders because we are the destination for the moments that matter.”

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For more information contact:

Media

| Tony Reid

027 405 1174