

GENEVA FINANCE LTD (GENEVA)
6 MONTHS PRE-TAX PROFIT UP 27%
INTERIM DIVIDEND INCREASED BY 25%

Following the 25% increase in the interim dividend announce on the 6th December, Geneva announces a 27% increase in pretax profit for the six months to 31 September 2018.

David O'Connell, Geneva Managing Director says "The profit growth was built on the 22% increase in profit from lending activities. The insurance operation, though behind last year in terms of pretax profit, has delivered a 43% sales growth and is well positioned for profit growth in the coming periods."

Revenue Performance:

Geneva Financial Services (GFSL - The lending business) reported a \$3.2m profit for the six months, 22% up on the previous period. This was a very good result given the decision to choose asset quality over lending growth as the key driver of lending volumes. As a result the receivables ledger increased to \$66.8m up from \$62.5m the prior year. Asset quality remained strong and within expectations.

Quest Insurance Group Limited (Quest) reported a \$0.4m pretax profit 7.4% behind the previous period. Premium written increased by 42.4% to \$5.3m. Claim rates are within expectations and the unearned premium reserve (which is available to be released over the life of individual policies) increased a further \$2m over the six months and totals \$9.2m at balance date.

Stellar Collections (Stellar): Stellar reported a profit of \$0.1m for the period, \$0.1m down on the prior year. The MFL business segment acquired late last year is making a positive contribution to Stellar and offers potential for increased profit growth. Cash collection on the old stellar business was down resulting in the profit decrease compared to the prior period.

New Business acquisitions: - During the period, Geneva completed two acquisitions:

- GCL, an invoice factoring operation which reported a loss of \$0.3m for the period. The loss is due to initial setup costs incurred and the small size of the ledger at acquisition. Good ledger growth has been achieved over the six months and the business is expected to move into profit by the end of the current financial year. Geneva owns 70% of this company.
- Federal Pacific Tonga which delivered a NZD \$0.6m profit. Geneva's 60% ownership, equating to \$0.4m, is recognized in the Group's consolidated results.

Balance Sheet:

Total group assets increased to \$115m (28% increase). The company's equity to total assets ratio is 26.9% vs 29.9% prior year,

Strategic Direction:

David O'Connell Advised: "The current focus is to continue to develop the group IT infrastructure to enhance the lending, invoice factoring, insurance and collection operations. In regard to the invoice financing acquisition, we see this acquisition as offering a revenue stream in a sector that is compatible but not competing with the existing operations; while the Tongan finance acquisition offers a new market place to

promote our financial services products while also opening the door to further opportunities in the Pacific islands. “

Summary and outlook:

During the period the group enjoyed good growth in the core lending and insurance operations, acquired two new business and in doing so delivered a 27% growth in pretax profit. Looking forward we have a positive outlook on the expectation that these investments will deliver profit growth, while the group’s conservative gearing ratio offers further potential for acquisitions.

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About Geneva Finance Limited

Geneva Finance is a New Zealand-owned finance company that provides finance and financial services to the consumer credit and small to medium business markets.

The company provides hire purchase finance, and personal loans secured by registered security interests over personal assets such as motor vehicles and household goods (e.g. furniture and appliances). Geneva Finance has been providing funding for family vehicles at competitive rates and a quick approvals process since 2002.

Geneva Finance Limited (GFL) is a listed company on the New Zealand Stock Exchange (NZX alternative market, NZAX).