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GENEVA FINANCE ANNOUNCES FULL YEAR RESULTS:
PRE-TAX PROFIT UP 16%
ANNUAL DIVIDEND UP 7.7%
GENEVA MOVES TO NZX MAIN BOARD

Geneva Finance has announced an unaudited pre-tax profit of $5.3m for the year, an increase of 16% on the same period in 2018.

Managing Director, David O'Connell said, "This result, is satisfactory and has been achieved in a difficult trading period. The profit lift was driven by the growth in our insurance operation and the investment in the Tongan finance business, the company is in a strong financial position and the board have approved a final dividend of 2.25 cents per share, giving a total dividend of 3.50 cents per share up 7.7% on last year"

David O'Connell. Commented: "The group's pre-tax profit of $5.3mm (up 16% on last year), continuing five consecutive years of double digit profit growth".

In term of the individual business sectors,

Insurance: Quest Insurance Premiums written increased by 26.6% and while a substantial portion of this premium growth is reflected in the unearned premium balance which increased by 47.6% to $10.4m, Quest is now seeing the benefit of a sustained period of year on year premium growth.

Finance Tonga: The Tongan Investment has delivered on expectations adding $1.2m before tax and minority interest to the group result.

Finance: After four consecutive years of profit growth (2015 +147%; 2016 +109%; 2017 +52%; 2018 +22% respectively), the finance company (with a pretax profit $5.6m), had a result slightly above last year.) This is primarily attributable to lending levels being similar to last year as asset quality was prioritised over lending volume. We consider the prioritising of "quality" over "volume" will position this business well to take advantage of opportunities in the market in the coming period.

Debt collection: This operation (pretax profit $0.4m) contributed to the profit result at similar levels to last year. We remain confident that this business has the potential to deliver good profit growth and have increased our investment in infrastructure (people and IT systems) to achieve this.

Invoice Factoring: The disappointment for the year has been the investment in the invoice financing operation (pretax loss $0.6m). This business is now trading at close to breakeven level and getting the business into profit and then building on that profit is a key focus in the coming year.

Taxation: While the after tax result of $4.2m is down from $6.1m last year, the reduction in profit is attributable to the March 19 year incurring a tax charge of $1.0m, compared to a deferred tax benefit of $1.6m in the prior year. This charge is a non cash item as the group has tax losses available to offset this charge.

Group total asset grew by 18% to $117m (the company's equity to total assets ratio amounts to 25.1% vs. 29.3% in the prior year).

On the 30th April this year Geneva migrated from the NZAX to the NZX main board. David O'Connell says "This is a natural progression for the company, is a reflection of Geneva's consistent trading profit growth over the last five years and opens up a wider market of potential shareholder investors in the business."

Mr O'Connell said "It has been a challenging year but despite these challenges the company delivered a 16% lift in pretax profits and increased dividend to shareholders to 3.50 cents per share up 7.7% on last year. The insurance business has been given the highest profit lift (+ 44%), and this in conjunction with the investment in the Tonga business has driven the profit growth. While both the lending operation and the debt collection business have delivered profit levels in line with last year, these companies are positioned to positive profit growth levels.

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