

Security National

Family of Companies



Security National Financial Corporation Reports Financial Results for the Quarter Ended March 31, 2018

May 15, 2018

SALT LAKE CITY, May 15, 2018 (GLOBE NEWSWIRE) -- Security National Financial Corporation (SNFC) (NASDAQ:SNFCA) announced financial results for the quarter ended March 31, 2018.

For the three months ended March 31, 2018, SNFC's after-tax earnings from operations increased 810.0% from \$1,860,000 in 2017 to \$16,926,000 in 2018, on a 15.9% increase in revenues to \$82,076,000.

Scott M. Quist, President of the Company, said, "To have a quarter where we recognize after tax income of nearly \$17,000,000 is extraordinary by any standard. That represents an 11% return on equity for the first quarter alone. Adding the 4th quarter of 2017 to this first quarter and we have increased shareholders equity by more than \$26,000,000, or 19% in the last 6 months. Without question much of that increase can be attributed to changes in tax law and asset dispositions, but still those are impressive numbers.

Our previously disclosed sale of the Dry Creek apartment complex comprised about \$17.6 million of our after tax first quarter earnings. We entered into that sale simply because we thought the timing was right. Without question the profit we recognized on that sale reflected development efforts, market, and other forces that had been at work over a several years period of time and during those years we very well may have recorded operational losses attributable to that property. Nevertheless, those were the results accomplished at the time we decided to sell.

Operationally, two of our three business segments performed well during the first quarter. Our life segment increased revenue 10% YOY and increased before tax earnings 14% YOY. That was despite a nearly \$700,000 increase in interest and depreciation costs attributable to our Center 53 office building development. Lease up has been slower than we have liked at that development, reflecting a slowing, we believe, in the office environment in Salt Lake City, but we remain optimistic. Our Memorial segment increased revenue 4.7% and pretax profits by 13.4%. Our mortgage segment experienced a troubling quarter recording a \$2.7 million after tax loss on a 33% decrease in revenue. Our units funded decreased by 23% compared to year ago levels, with the additional 10% decrease in revenue coming from margin compression due to competitive pressures. Of course, the first quarter of any year is traditionally the weakest quarter for mortgage production and profitability, but we believe we have not addressed cost and operational issues quickly enough given the continuing very challenging environment. We are committed to that task. Still, viewing the Company as a whole, it is difficult to be too critical of a nearly \$17 million first quarter.

SNFC has three business segments. The following table shows the revenues and earnings before taxes for the three months ended March 31, 2018, as compared to 2017, for each of the three business segments:

	Revenues			Earnings before Taxes		
	2018	2017		2018	2017	
Life Insurance	\$ 50,860,000	\$ 26,159,000	94.4%	\$ 23,711,000	\$ 1,484,000	1,497.8%
Cemeteries/Mortuaries	\$ 3,776,000	\$ 3,605,000	4.7%	\$ 861,000	\$ 759,000	13.4%
Mortgages	\$ 27,440,000	\$ 41,064,000	(33.2%)	\$ (3,385,000)	\$ 655,000	(616.8%)
Total	\$ 82,076,000	\$ 70,828,000	15.9%	\$ 21,187,000	\$ 2,898,000	631.1%

Net earnings per common share was \$1.04 for the three months ended March 31, 2018, compared to net earnings of \$.11 per share for the prior year, as adjusted for the effect of annual stock dividends. Book value per common share was \$10.25 as of March 31, 2018, compared to \$9.23 as of December 31, 2017.

The Company has two classes of common stock outstanding, Class A and Class C. There were 16,189,923 Class A equivalent shares outstanding as of March 31, 2018.

If there are any questions, please contact Mr. Garrett S. Sill, Mr. Brian Nelsen or Mr. Scott Quist at:

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