

# Security National

Family of Companies



## Security National Financial Corporation Reports Financial Results for the Quarter Ended June 30, 2018

August 14, 2018

SALT LAKE CITY, Aug. 14, 2018 (GLOBE NEWSWIRE) -- Security National Financial Corporation (SNFC) (NASDAQ symbol "SNFCA") announced financial results for the quarter ended June 30, 2018.

For the three months ended June 30, 2018, SNFC's after-tax earnings from operations increased 30.2% from \$2,486,000 in 2017 to \$3,238,000 in 2018, on a 6.1% decrease in revenues to \$68,865,000. SNFC's after tax earnings for the six months ended June 30, 2018 increased 364% to \$25,349,000 from \$6,892,000 in 2017.

Scott M. Quist, President of the Company, said, "We are always pleased when we can report an increase in profitability. But, more so than usual, there are numerous subplots to the story. Our life insurance segment has shown excellent revenue growth of 13.5% and good profitability growth of nearly 5%, especially when one realizes that nearly \$700,000 of depreciation and interest costs related to our Centre53 project that are accounted for in that calculation. As a major initiative we are working hard to reorganize our final expense distribution channel to better support the individual agent to make her/him more successful.

"Our Memorial Cemetery and Mortuary group, stripping out non-operational related real estate activities, improved operating earnings 34%. That result was achieved without regard to the gain associated with the sale of one of our mortuary buildings to the dominant faith in Salt Lake City for use in its charitable activities. As a general rule we dislike selling operating properties, but given the proposed changes to that neighborhood it made sense. We have made great progress on our pre-need cemetery sales, those being up more than 20%.

"Our Mortgage segment continues to navigate in a particularly challenged industry. Recent industry data report that mortgage loan applications decreased 17% year-over-year. Our own experience has been a 15% decrease in application volume for the 2<sup>nd</sup> quarter as compared to the prior year. Our team has worked very hard on efficiencies and decreased costs over 20% for the same period. But margin compression, caused by increased competitive pressures due to the decrease in industry volume, decreased revenue by 23% for the same period. In this environment, somewhat counterintuitively, we are stepping up our recruiting activities believing that, over time, we can take advantage of the industry difficulties. I am particularly proud of all the work and efforts of our management and staff in accomplishing the efficiency progress we have made and fully recognize that we have not yet met our goals.

"Again, given the challenges we have had, we are pleased to report the improvement in total profitability."

SNFC has three business segments. The following table shows the revenues and earnings before taxes for the three months ended June 30, 2018, as compared to 2017, for each of the three business segments:

	Revenues			Earnings before Taxes		
	2018	2017		2018	2017	
Life Insurance	\$ 29,370,000	\$ 25,870,000	13.5%	\$ 2,937,000	\$ 2,799,000	4.9%
Cemeteries/Mortuaries	\$ 5,281,000	\$ 3,309,000	59.6%	\$ 2,072,000	\$ 325,000	537.5%
Mortgages	\$ 34,214,000	\$ 44,134,000	(22.5%)	\$ (847,000)	\$ 870,000	(197.4%)
Total	\$ 68,865,000	\$ 73,313,000	(6.1%)	\$ 4,162,000	\$ 3,994,000	4.2%

For the six months ended June 30, 2018:

	Revenues			Earnings before Taxes		
	2018	2017		2018	2017	
Life Insurance	\$ 80,236,000	\$ 52,034,000	54.2%	\$ 26,649,000	\$ 4,283,000	522.2%
Cemeteries/Mortuaries	\$ 9,051,000	\$ 6,908,000	31.0%	\$ 2,932,000	\$ 1,084,000	170.5%
Mortgages	\$ 61,653,000	\$ 85,200,000	(27.6%)	\$ (4,232,000)	\$ 1,525,000	(377.5%)

Total	\$	<u>150,940,000</u>	\$	<u>144,142,000</u>	4.7%	\$	<u>25,349,000</u>	\$	<u>6,892,000</u>	267.8%
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Net earnings per common share was \$.20 for the three months ended June 30, 2018, compared to net earnings of \$.15 per share for the prior year, as adjusted for the effect of annual stock dividends. Book value per common share was \$10.43 as of June 30, 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 16,261,671 Class A equivalent shares outstanding as of June 30, 2018.

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

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Source: Security National Financial Corporation