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General Capital
More Capacity, Less Conversion

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General Capital's (GEN) lending subsidiary, General Finance Limited (GFL), delivered a softer-than-expected 1Q27 update. While funding capacity continued to grow, loan receivables and earnings declined quarter-on-quarter, with lending utilisation coming in below our expectations. That said, we view continued funding base growth as consistent with our thesis that the Depositor Compensation Scheme (DCS) would continue to support near-term deposit inflows. While GEN has ample capacity to lend, it must now convert its larger funding base into loan receivables, with our forecasts requiring stronger lending through the remainder of FY27. We lower our lending growth and near-term utilisation assumptions, reducing our FY27 NPAT estimate by -18% and our blended spot valuation by -4% to NZ$0.48.

NZX code	GEN
Share price	NZ$0.29
Spot Valuation	NZ$0.48 (from 0.50)
Risk rating	Medium
Issued shares	92.0m
Market cap	NZ$26.7m
Avg daily turnover	13.2k (NZ$4k)

Financials: Mar/	26A	27E	28E	29E
Total Income (NZ$m)	26.8	30.0	36.0	39.8
NPAT* (NZ$m)	3.4	3.2	4.6	5.7
EPS* (NZc)	3.7	3.5	5.0	6.2
DPS (NZc)	1.2	1.0	1.2	1.6
Imputation (%)	100	100	100	100

*Based on normalised profits

Valuation (x)	26A	27E	28E	29E
PE	7.8	8.3	5.8	4.7
EV/EBIT	n/a	n/a	n/a	n/a
EV/EBITDA	n/a	n/a	n/a	n/a
Price / NTA	1.0	0.9	0.8	0.7
Cash div yld (%)	4.1	3.6	4.3	5.4
Gross div yld (%)	5.7	5.0	5.9	7.4

What's changed?

- **Earnings:** Our FY27/FY28/FY29 NPAT estimates fall -18%/-11%/-2% respectively.
- **Spot valuation:** Our spot valuation falls -NZ2cps to NZ$0.48, reflecting earnings revisions and lower peer multiples.

Funding outpaces lending in 1Q27

Total assets increased +4% quarter-on-quarter in 1Q27 to NZ$291.1m, while total lending fell -13% to NZ$210.9m. Cash and bank deposits more than doubled to NZ$76.6m, reducing lending utilisation (loan receivables as a share of total assets) to 72.5% from 86.6% in 4Q26. While we recognise that quarterly originations can be uneven, and that 1Q27 laps a comparable period which saw significant lending growth, evidence of loan receivables growth through the remainder of FY27 will now be in focus. Our revised +11% FY27 gross receivables forecast now requires *c.*+8.5% quarter-on-quarter growth through the remaining three quarters of the year.

Earnings conversion softens sequentially

General Finance's NPAT fell -31% quarter-on-quarter to NZ$0.8m in 1Q27, but came in materially ahead of the NZ$0.3m reported in 1Q26, noting that the prior comparable was likely impacted by one-off costs (*c.*NZ$0.6m) booked by GEN in 1H26. Annualised quarterly ROA of 1.1% came in below 1.3% in FY26, consistent with the shift from receivables into lower-yielding cash and bank deposits.

Capital buffers provide capacity

General Finance retains substantial regulatory capacity despite softer quarterly earnings. General Finance's capital ratio rose to 17.1% from 16.4%, while its trust-deed minimum capital ratio increased +1ppt to 9.0% under new licence conditions. Its liquidity ratio increased to 3.4x from 3.0x, comfortably above the 1.25x minimum. Operating cash inflow of NZ$42.1m largely reflected the decline in receivables. These buffers can support growth, but meeting our forecasts requires cash to be deployed into earning assets through the remainder of the year.

General Capital Limited (GEN)

Market Data (NZ$)	
Priced as at 10 Sept 2026	**0.29**
52-week high / low	0.32 / 0.25
Market capitalisation (NZ$m)	26.7

Key WACC assumptions	
Risk-free rate	5.00%
Equity beta	1.35
WACC	13.9%
Terminal growth	1.5%

Profit and Loss Account (NZ$m)	2025A	2026A	2027E	2028E	2029E
Interest income	21.5	24.8	27.6	33.3	36.9
Net interest income	**8.9**	**9.6**	**10.7**	**12.3**	**14.0**
Other income (net)	1.1	2.0	2.4	2.7	2.9
Net revenue	**9.9**	**11.6**	**13.0**	**15.0**	**16.9**
Operating expenses	(6.0)	(7.6)	(8.3)	(8.4)	(8.6)
Associate income	-	-	-	-	-
Tax	(1.1)	(1.3)	(1.5)	(2.1)	(2.5)
Minority interests	-	-	-	-	-
Reported NPAT	**2.8**	**2.7**	**3.2**	**4.6**	**5.7**
Abnormals/other	-	0.7	-	-	-
Normalised NPAT	**2.8**	**3.4**	**3.2**	**4.6**	**5.7**
Normalised EPS (cps)	3.1	3.7	3.5	5.0	6.2
DPS (cps)	1.0	1.2	1.0	1.2	1.6

Growth Rates	2025A	2026A	2027E	2028E	2029E
Interest income (%)	30.7	15.1	11.2	20.8	10.8
Net interest income (%)	17.9	8.3	10.8	15.6	13.3
Net revenue (%)	21.2	16.4	12.6	15.0	12.6
Normalised NPAT (%)	6.5	22.2	-6.7	42.9	25.0
Normalised EPS (%)	>100	22.1	-6.8	42.8	25.0
Ordinary DPS (%)	n/a	21.0	-12.0	19.0	25.0

Cash Flow (NZ$m)	2025A	2026A	2027E	2028E	2029E
EBITDA	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
Working capital change	n/a	n/a	n/a	n/a	n/a
Interest & tax paid	n/a	n/a	n/a	n/a	n/a
Other	n/a	n/a	n/a	n/a	n/a
Operating cash flow	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
Capital expenditure	n/a	n/a	n/a	n/a	n/a
(Acquisitions)/divestments	n/a	n/a	n/a	n/a	n/a
Other	n/a	n/a	n/a	n/a	n/a
Funding available/(required)	**13.8**	**(12.5)**	**44.0**	**(7.3)**	**13.6**
Dividends paid	(0.5)	(0.7)	(1.2)	(1.0)	(1.3)
Equity raised/(returned)	-	0.1	0.0	-	-
(Increase)/decrease in net debt	**13.3**	**(13.2)**	**42.9**	**(8.4)**	**12.3**

Balance Sheet (NZ$m)	2025A	2026A	2027E	2028E	2029E
Cash & cash equivalents	36.0	22.8	65.7	57.3	69.7
Loan receivables	151.1	242.5	268.0	321.9	337.6
Intangibles	4.8	4.3	3.9	3.5	3.2
Bank deposits	25.0	13.0	13.0	13.0	13.0
Other assets	1.2	1.1	1.1	1.1	1.2
Total funds employed	**218.2**	**283.7**	**351.8**	**396.9**	**424.6**
Term deposits	184.7	248.0	300.1	339.1	359.4
Lease liability	-	-	0.0	0.0	0.0
Other liabilities	4.3	4.4	17.8	20.1	22.8
Shareholders' funds	29.2	31.3	34.0	37.7	42.3
Minority interests	-	-	-	-	-
Total funding sources	**218.2**	**283.7**	**351.8**	**396.9**	**424.6**

* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend** Information on Forsyth Barr's Carbon and ESG (CESG) ratings can be found at www.forsythbarr.co.nz/corporate-news-events/cesg-report

Spot valuation (NZ$)	**0.48**
PE comparable	0.30
P/NTA comparable	0.42
DCF	0.60

DCF valuation summary (NZ$m)	
Total firm value	57
(Net debt)/cash	-
Less: Capitalised operating leases	(1)
Value of equity	56

Valuation Ratios	2025A	2026A	2027E	2028E	2029E
EV/Sales (x)	0.3	0.3	0.5	0.4	0.3
EV/EBITDA (x)	n/a	n/a	n/a	n/a	n/a
EV/EBIT (x)	n/a	n/a	n/a	n/a	n/a
PE (x)	9.5	7.8	8.3	5.8	4.7
Price/NTA (x)	1.1	1.0	0.9	0.8	0.7
Free cash flow yield (%)	n/a	n/a	n/a	n/a	n/a
Adj. free cash flow yield (%)	n/a	n/a	n/a	n/a	n/a
Net dividend yield (%)	3.4	4.1	3.6	4.3	5.4
Gross dividend yield (%)	4.7	5.7	5.0	5.9	7.4

Capital Structure	2025A	2026A	2027E	2028E	2029E
Interest cover EBIT (x)	>100x	>100x	>100x	>100x	>100x
Interest cover EBITDA (x)	>100x	>100x	>100x	>100x	>100x
Net debt/ND+E (%)	n/a	n/a	n/a	n/a	n/a
Net debt/EBITDA (x)	n/a	n/a	n/a	n/a	n/a

Key Ratios	2025A	2026A	2027E	2028E	2029E
Return on assets (%)	1.3	1.2	0.9	1.2	1.3
Return on equity (%)	9.6	8.7	9.4	12.1	13.5
Return on funds employed (%)	n/a	n/a	n/a	n/a	n/a
EBITDA margin (%)	n/a	n/a	n/a	n/a	n/a
EBIT margin (%)	n/a	n/a	n/a	n/a	n/a
Capex to sales (%)	n/a	n/a	n/a	n/a	n/a
Capex to depreciation (%)	n/a	n/a	n/a	n/a	n/a
Imputation (%)	100	100	100	100	100
Pay-out ratio (%)	32	32	30	25	25

Segment Performance	2025A	2026A	2027E	2028E	2029E
General Finance revenue (NZ$m)	**9.6**	**11.0**	**12.4**	**14.4**	**16.2**
Segment revenue growth rate (%)	23%	15%	13%	16%	13%
Segment as % of total revenue (%)	96%	95%	95%	96%	96%
NIM (%)	4.65%	3.89%	3.39%	3.31%	3.42%
Gross receivables book size (NZ$m)	154.0	246.4	273.5	328.2	344.6
Loss allowance & deferred fees (NZ$m)	-2.9	-3.9	-5.5	-6.3	-7.1
Segment NPAT (NZ$m)	3.2	3.5	3.9	5.3	6.4
Segment NPAT growth rate (%)	11%	10%	10%	36%	22%
Research+Advisory revenue (NZ$m)	**0.1**	**0.5**	**0.5**	**0.5**	**0.5**
Segment revenue growth rate (%)	-2%	275%	4%	2%	2%
Segment as % of total revenue (%)	1%	4%	4%	4%	3%
Segment NPAT	**0.0**	**-0.4**	**0.0**	**-0.1**	**-0.1**
Segment NPAT growth rate (%)	-109%	7524%	-88%	19%	17%
Corporate+Eliminations rev. (NZ$m)	0.2	0.1	0.1	0.1	0.1
Segment NPAT	**-0.4**	**-0.4**	**-0.6**	**-0.6**	**-0.6**
Interest income	21.5	24.8	27.6	33.3	36.9
Other income (gross)	1.1	2.0	2.4	2.7	2.9
Total income	**22.6**	**26.8**	**30.0**	**36.0**	**39.8**

Earnings revisions

Following a soft 1Q27 lending outcome, we reduce our FY27 gross receivables growth forecast to +11% from +20%. This lowers forecast gross receivables to NZ$273.5m from NZ$295.7m, implying GFL utilisation of 78.6% through FY27, versus 86.6% in FY26 and the 72.5% reported for 1Q27. Together, our updated forward interest-rate curve and lower average receivables reduce FY27 interest income -2%, net interest income -8%, and net revenue -7%. Our FY27 operating expense forecast increases +1%. FY26 included NZ$1.0m of one-off costs. Consequently, we reduce our FY27 NPAT forecast -18% to NZ$3.2m. The lower receivables base carries into FY28, reducing NPAT -11% to NZ$4.6m, before the impact narrows to -2% in FY29. We still assume lending accelerates through the remainder of FY27, but not enough to fully close the utilisation gap created in 1Q27.

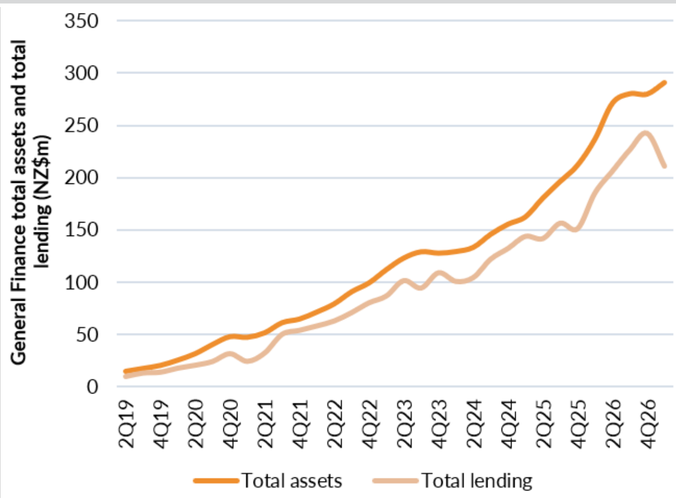
Figure 1. GEN—Earnings revisions

	FY26	FY27E			FY28E			FY29E		
	Reported	Old	New	Change (%)	Old	New	Change (%)	Old	New	Change (%)
Interest income	**24.8**	**28.2**	**27.6**	**-2%**	**33.8**	**33.3**	**-1%**	**36.7**	**36.9**	**+0%**
Interest expense	(15.2)	(16.6)	(16.9)	+2%	(20.6)	(21.0)	+2%	(22.5)	(22.9)	+2%
Net interest income	9.6	11.6	10.7	-8%	13.2	12.3	-6%	14.2	14.0	-2%
Fee and commision income	1.4	1.8	1.8	-3%	2.1	2.1	-2%	2.3	2.3	+0%
Fee and commision expense	(0.0)	(0.0)	(0.0)	-3%	(0.0)	(0.0)	-2%	(0.0)	(0.0)	+0%
Net fee and commision income	1.4	1.8	1.8	-3%	2.1	2.0	-2%	2.3	2.3	+0%
Revenue from contracts with customers	0.5	0.5	0.5	+1%	0.5	0.5	-0%	0.6	0.6	-2%
Cost of sales	(0.0)	(0.0)	(0.0)	n/a	(0.0)	(0.0)	n/a	(0.0)	(0.0)	n/a
Gross profit from contracts with customers	0.5	0.5	0.5	+1%	0.5	0.5	-0%	0.6	0.5	-1%
Modification gain on loan receivables	-	-	-		-	-		-	-	
Other income	0.1	0.1	0.1	+0%	0.1	0.1	+0%	0.1	0.1	+0%
Total revenue	26.8	30.6	30.0	-2%	36.5	36.0	-1%	39.7	39.8	+0%
Net revenue (gross margin)	**11.6**	**14.0**	**13.0**	**-7%**	**15.9**	**15.0**	**-6%**	**17.1**	**16.9**	**-1%**
Total operating expenses	(7.6)	(8.2)	(8.3)	+1%	(8.3)	(8.4)	+0%	(8.6)	(8.6)	+0%
Profit before income tax expense	4.0	5.8	4.7	-19%	7.6	6.6	-12%	8.5	8.2	-3%
Income tax (expense) / benefit	(1.3)	(1.9)	(1.5)	-20%	(2.4)	(2.1)	-14%	(2.7)	(2.5)	-6%
Net profit after income tax expense	**2.7**	**3.9**	**3.2**	**-18%**	**5.2**	**4.6**	**-11%**	**5.8**	**5.7**	**-2%**

Source: Company data, Forsyth Barr analysis

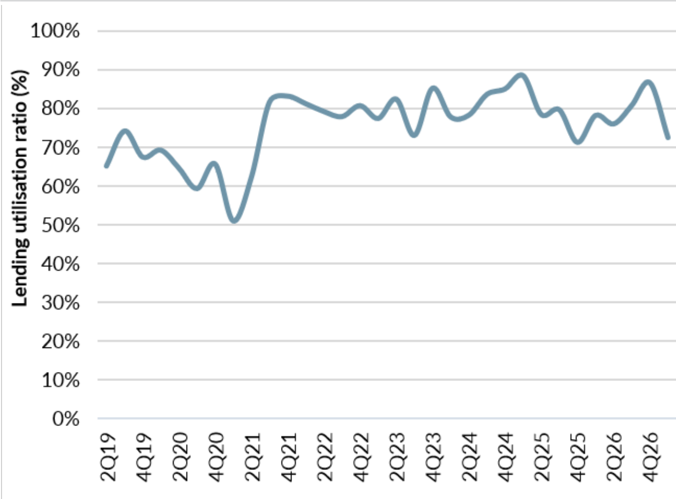
Key charts

Figure 2. General Finance assets and loans (NZ$m)



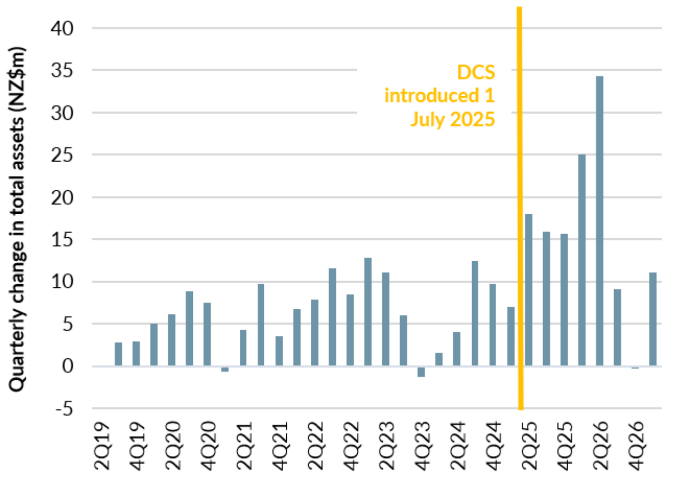
Source: Company data, Forsyth Barr analysis

Figure 3. GEN—Lending utilisation ratio (%)



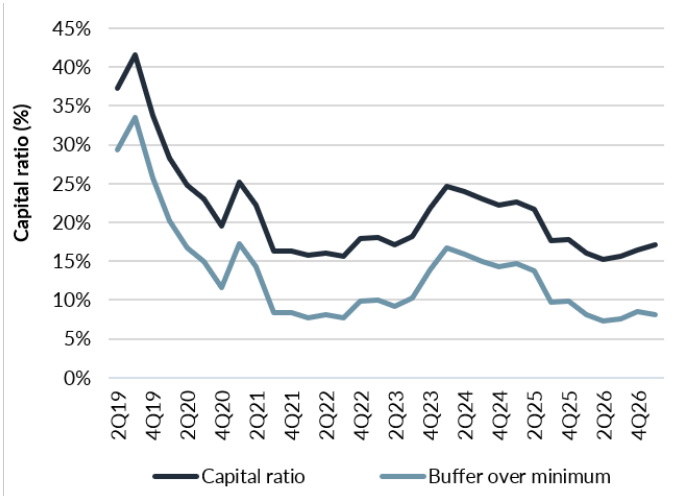
Source: Company data, Forsyth Barr analysis

Figure 4. General Finance asset change (NZ$m)



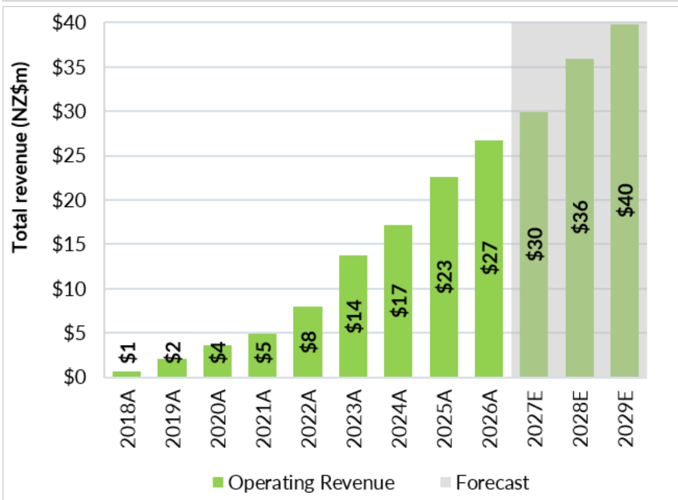
Source: Forsyth Barr analysis

Figure 5. General Finance capital ratio (%)



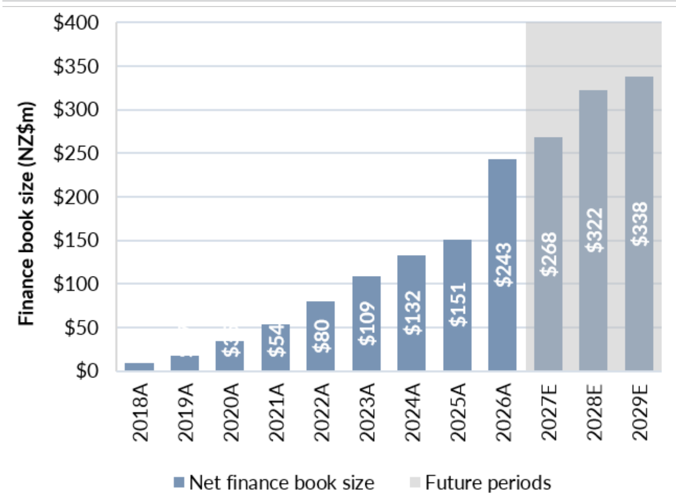
Source: Forsyth Barr analysis

Figure 6. GEN—Revenue grew +18% in FY26



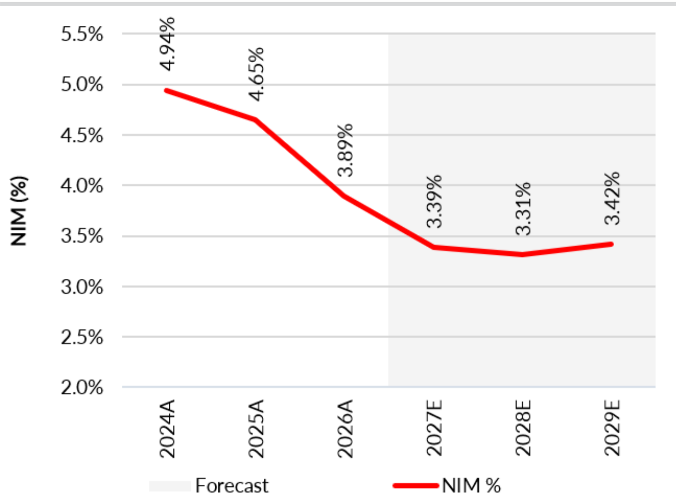
Source: Company, Forsyth Barr analysis

Figure 7. GEN—Net receivables grew +60% in FY26



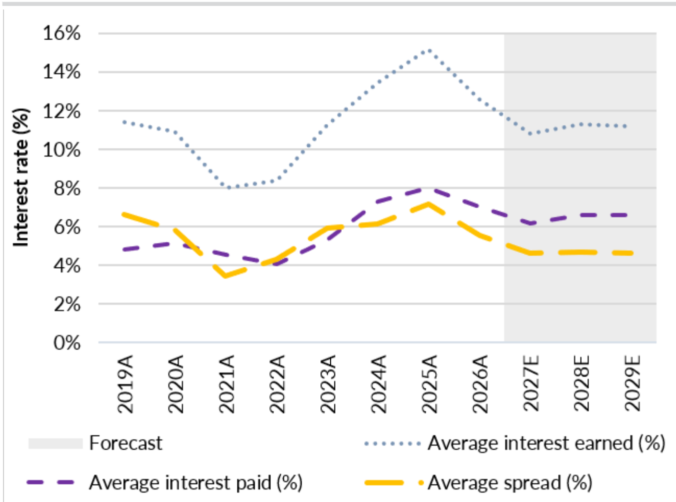
Source: Company, Forsyth Barr analysis

Figure 8. GEN—We forecast that NIM troughs in FY28



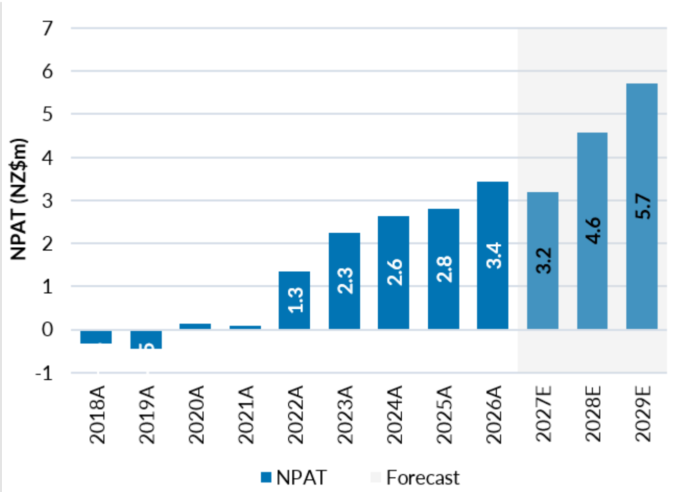
Source: Company, Forsyth Barr analysis

Figure 9. GEN—Interest spread narrows in FY27



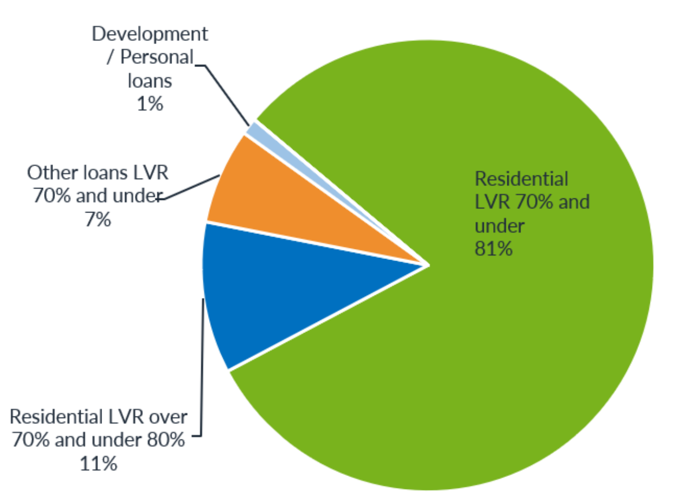
Source: Company, Forsyth Barr analysis

Figure 10. GEN—Reported NPAT rises from FY27



Source: Company, Forsyth Barr analysis

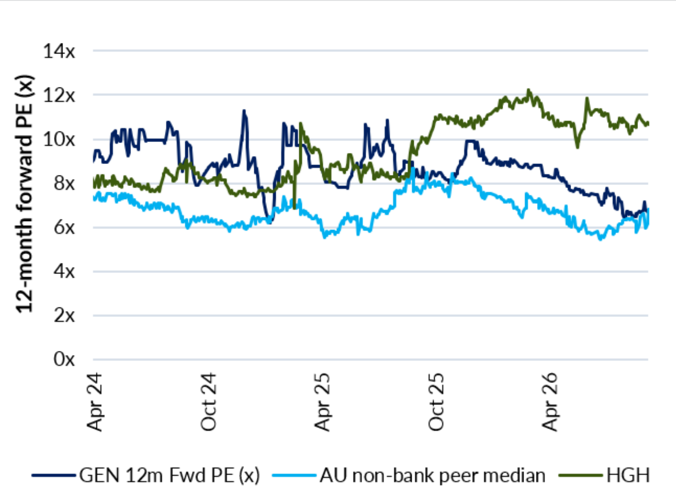
Figure 11. General Finance loan mix (%)



Source: Company, Forsyth Barr analysis

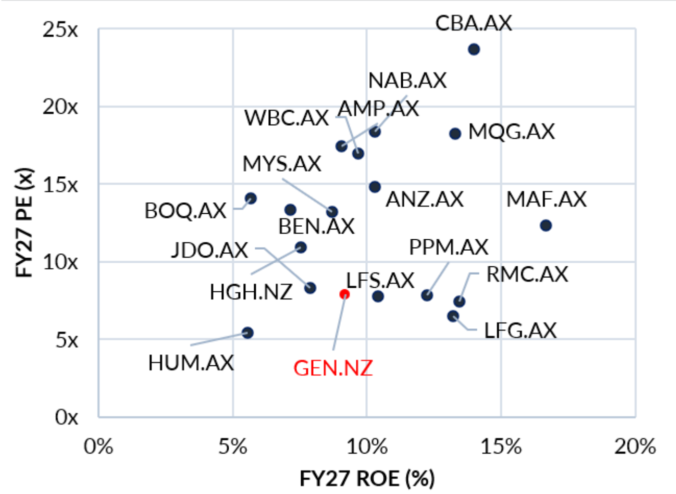
Valuation charts

Figure 12. GEN—12-month Forward PE (x)



Source: LSEG Workspace, Forsyth Barr analysis

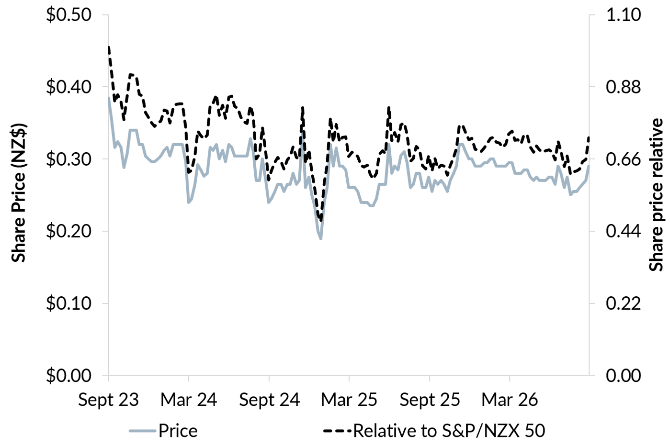
Figure 13. Peer PE versus FY27 ROE



Source: LSEG Workspace, Forsyth Barr analysis

Additional data

Figure 14. Share price performance



Source: LSEG, Forsyth Barr analysis

Figure 15. Substantial shareholders

Shareholder	Latest Holding
Rewi Bugo (Chairman)	34.5%
Brent King (Managing Director)	10.4%
DMX Asset Management	8.3%
Ascentro Capital Partners	7.1%

Source: NZX, Bloomberg, Forsyth Barr analysis; shares outstanding fall back to the analyst model; NOTE: based on SPH notices only

Figure 16. International valuation comparisons using consensus data (one and two year forward)

Company	Code	Price	Mkt Cap	PE		EV/EBITDA		EV/EBIT		Cash Yld
			(m)	1yr	2yr	1yr	2yr	1yr	2yr	1yr
General Capital	**GEN NZ**	**NZ$0.29**	**NZ$27**	**7.0x**	**5.3x**	**n/a**	**n/a**	**n/a**	**n/a**	**3.9%**
Heartland Group Holdings	HGH NZ	NZ$1.24	NZ$1,423	9.7x	8.0x	9.0x	9.2x	4.9x	5.1x	6.4%
Liberty Group	LFG AT	A$3.32	A$1,008	6.3x	5.8x	0.8x	0.7x	0.9x	0.7x	10.7%
Pepper Money Ltd	PPM AT	A$1.76	A$791	6.9x	6.4x	>75x	>75x	54.2x	51.9x	9.3%
Resimac Group Ltd	RMC AT	A$0.82	A$324	7.3x	6.7x	n/a	n/a	n/a	n/a	14.6%
ANZ	ANZ AT	NZ$36.42	NZ$109,825	14.3x	14.0x	n/a	n/a	13.9x	13.4x	4.7%
Westpac	WBC AT	NZ$33.90	NZ$115,948	16.0x	15.4x	24.8x	23.7x	12.2x	11.8x	4.7%
NAB	NAB AT	A$37.48	A$116,859	15.5x	15.1x	n/a	n/a	7.3x	7.1x	4.6%
CBA	CBA AT	A$152.62	A$255,404	22.7x	22.3x	11.8x	11.4x	n/a	n/a	3.4%
Bendigo and Adelaide Bank	BEN AT	A$10.12	A$5,873	12.6x	11.6x	n/a	n/a	3.9x	n/a	6.3%
Macquarie Group	MQG AT	A$246.90	A$94,718	18.3x	17.5x	18.4x	17.8x	n/a	n/a	3.2%
Bank of Queensland	BOQ AT	A$6.50	A$4,292	12.3x	n/a	n/a	n/a	2.7x	n/a	6.2%

Source: Forsyth Barr analysis, Bloomberg. NOTE: all multiples based on Bloomberg consensus estimates. EV = market cap + net debt + lease liabilities + min interests - investments

Disclosures

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