

December 13, 2019

Somers Limited
(“Somers”, the “Company” or the “Group”)

Financial Results for the year ended September 30, 2019

For Immediate Release - (Hamilton, Bermuda) Somers Limited, a financial services investment holding company, is pleased to announce its results for the quarter and year ended September 30, 2019.

Overview of the year ended September 30, 2019:

- Net asset value (“NAV”) per share of \$17.10 as at September 30, 2019 (2018: \$18.15);
- Shareholders’ equity of \$353.6 million as at September 30, 2019 (2018: \$364.1 million);
- FX losses resulted in a net loss for the year of \$9.7 million (2018: profit of \$4.2 million). Excluding FX losses, the Company would have recorded a profit of \$5.8 million for 2019; and
- Final dividend of \$0.30 per share (2018: \$0.29 per share) bringing the total dividend for the year to \$0.51 per share (2018: \$0.50 per share).

Investment highlights for the year ended September 30, 2019:

- Agreement to sell Bermuda Commercial Bank Limited to Permanent Capital Holdings Limited, subject to Government and Regulatory approvals;
- Completion of the sale of Somers’ holdings in Merrion Capital, Stockdale Securities and Street Capital Group;
- Resimac Group Limited (“Resimac”), remains Somers’ largest investment with a value of \$157.9 million and reported Assets under Management (“AuM”) in excess of A\$13 billion and recently announced a significant increase in forecast profits for the first half of the current financial year;
- Waverton Investment Management Limited (“Waverton”) records pre-tax income of £6.4 million (2018: £7.6 million) and AuM as at September 30, 2019 of £6.3 billion (2018: £5.9 billion); and
- PCF Group plc (“PCF”) reports pre-tax profit of £8.0 million (2018: £5.2 million), deposits of £267 million (2018: £191 million) and a loan book of £339 million (2018: £219 million) as at September 30, 2019.

Commenting on the financial results, Warren McLeland, Chairman of Somers said:

“2019 was a busy year for Somers with a number of corporate transactions and positive financial performances at several of the Company’s investee companies, particularly Resimac and PCF. Unfortunately, this did not flow through to the Company’s net asset value primarily due to weaknesses in Sterling and the Australian Dollar which meant that the Company recorded a loss for the year. Since the year end the rebound in the value of Sterling, the continued strong financial performance at Resimac and an increase in the share price at PCF have had a material positive impact on the Company’s net asset value. We are still waiting Regulatory and Government approvals for the sale of BCB but remain confident that the transaction will complete shortly.

The Directors are pleased to recommend the payment of a final dividend of \$0.30 per share bringing the total dividend for the year to \$0.51.

2019 has been a year of geo-political events which have impacted global markets and global economic growth which in turn has led to lower interest rates, often negative rates, and the re-introduction of central bank liquidity. The extreme volatility that the markets experienced in the last quarter of 2018 may not have been repeated in 2019 but until some of these events are removed global growth will continue to be anaemic and the threat of further volatility remains. However, our investments are well placed with strong financials, and with increased liquidity when the sale of BCB completes Somers will be able to take advantage of the opportunities that are likely to be present over the next 12 months.”

Summary of Somers’ results for the year ended September 30, 2019

Introduction

Total net loss for the year was \$9.7 million (2018: profit of \$4.2 million) as Somers recorded a net profit of \$4.9 million in the fourth quarter. The fourth quarter profit per share was \$0.21 (2018: loss per share of \$0.69) reducing the full year loss per share to \$0.48 (2018: earnings per share of \$0.21). Excluding FX losses, would have resulted in a profit of \$5.8 million for the year.

The Company received dividend income of \$7.5 million in 2019 compared to \$7.6 million a year ago. Of the dividends received, \$4.3 million was received from Resimac and \$2.4 million from Waverton.

Somers recorded a \$4.3 million gain on its investment portfolio for 2019 (2018: \$10.9 million). Investment gains and losses result from changes in the valuations of the Company’s investments. The 2019 gain was driven principally by valuation increases at Resimac and West Hamilton due to continued strong financial results at Resimac and change in the fair value of the West Hamilton property assets. Partially offsetting this, were valuation decreases at BCB and Waverton and a decrease in the PCF share price.

Net foreign exchange losses were \$15.6 million for the year (2018: loss of \$9.9 million). As at the year end 72.1% of Somers' net assets are exposed to foreign currencies, primarily Sterling and the Australian Dollar, and over the course of the year these currencies decreased in value versus the US Dollar by 5.7% and 6.6% respectively. These exchange losses were primarily unrealised.

Somers’ total assets increased during the year to \$423.1 million (2018: \$407.3 million). The investment portfolio was \$410.3 million as at September 30, 2019 (2018: \$403.0 million) with equity investments (\$397.3 million) accounting for 96.8% of this total. The remaining 3.2% (\$13.0 million) consisted of convertible loan notes and other financial investments. Within investments, Resimac at \$157.9 million (2018: \$129.7 million), BCB at \$82.9 million (2018: \$94.9 million), Waverton at \$68.8 million (2018: \$77.0 million) and PCF at \$43.5 million (2018: \$58.6 million) together represent 86.1% of total investments.

Borrowings

Total borrowings increased to \$67.9 million at September 30, 2019 from \$41.5 million a year earlier. This was principally due to increased shareholder loans to fund investments and the Company increasing its bank loan facility to participate in the PCF fundraising in February 2019.

Shareholders’ Equity

Shareholders’ equity decreased to \$353.6 million as at September 30, 2019 (2018: \$364.1 million). During the year shareholders invested \$9.6 million of the \$10.1 million dividends paid since September 2018, under the dividend reinvestment plan and Somers bought back 15,953 shares at a cost of \$0.2 million. The net result from these actions was an increase in the number of issued shares to 20,671,621 as at September 30, 2019 (2018: 20,058,261). Somers' share price ended the period at \$15.00 down from \$16.00 at September 30, 2018.

Final Dividend

The Company's Board has resolved to pay a final dividend of \$0.30 per share (2018: \$0.29 per share) bringing the total dividend for the year to \$0.51 per share (2018: \$0.50 per share). The record date for the dividend will be January 17, 2020 and the payment date will be February 10, 2020.

Directors and Officers Interest in Somers' Share Capital

At September 30, 2019, the Directors and Officers of the Company and their related interests had combined interests totaling 152,453 common shares representing 0.7% of the Company's issued share capital. No rights to subscribe to shares or debt securities in the Company have been granted to, or exercised by, any Director or Officer of the Company during the September quarter.

Media Contacts:

Alasdair Younie
Director
ICM Limited
Tel: 441-299-2897
Email: ay@icm.bm

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Somers Limited ("Somers") is a listed financial services investment holding company whose major assets include: a 62.5% holding in Resimac Group Limited, a leading non-bank Australian financial institution with over A\$13 billion assets under management; 100% shareholding in Bermuda Commercial Bank Limited, one of Bermuda's four licensed banks, a 62.7% shareholding in UK specialist bank, PCF Group plc; and, a 62.5% holding in Waverton Investment Management Limited, a UK wealth manager with £6.3 billion assets under management. Somers has shareholders' funds of approximately US\$354 million. Somers' shares are publicly traded and listed on the Bermuda Stock Exchange (Ticker: SOM.BH). More details on the Company can be found at www.somers.limited