

May 12, 2020

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

Financial Results for the six months ended March 31, 2020

For Immediate Release - (Hamilton, Bermuda) Somers Limited, a financial services investment holding company, announces its results for the quarter and six months ended March 31, 2020.

Overview of the half year ended March 31, 2020:

- Net asset value (“NAV”) per share of \$15.73 as at March 31, 2020 (September 30, 2019: \$17.10);
- Shareholders’ equity of \$331.3 million as at March 31, 2020 (September 30, 2019: \$353.6 million); and
- Interim dividend per share of \$0.21 (2019: \$0.21).

Investment highlights for the quarter ended March 31, 2020:

- Resimac Limited (“Resimac”) reports normalised profit after tax of A\$26.9 million for the six months ended December 31, 2019, up 85% from the same period last year, and Assets under Management (“AuM”) of over A\$14 billion;
- Waverton Investment Management Limited (“Waverton”) AuM as at March 31, 2020 of £5.6 billion (December 31, 2019: £6.2 billion); and
- PCF Group plc (“PCF”) announces an increase of 45% in its lending portfolio to £400 million as at March 31, 2020.

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

“During the quarter the Company’s investments experienced significant stock market and currency volatility as a result of the impact of the COVID-19 pandemic and the actions taken by Governments worldwide. The impact of sharply reduced valuations combined with the decrease of Sterling and the Australian Dollar against the US Dollar caused the Company’s NAV to decrease to \$15.73 as at March 31, 2020. It is positive to note that since the quarter end the Company’s NAV has moved higher and is now back above the Company’s NAV at the start of the financial year.

However, looking through these short-term fluctuations, we are pleased with the operating performance of the majority of our major investee companies who appear well positioned for the future.

Disappointingly, during the quarter, we were not able to complete the sale of Bermuda Commercial Bank Limited due to the uncertainty caused by COVID-19 and the impact this uncertainty had on investor confidence. We remain in discussions with the proposed buyer and are hopeful that we will be able to complete the sale later in 2020.

As a sign of the underlying strength of our investments the Board of directors is pleased to recommend an interim dividend of \$0.21 per share, which is maintained from 2019.”

Summary of Somers' results for the six months ended March 31, 2020

Introduction

Following the excellent first quarter performance where the Company reported net income of \$74.6 million, it is disappointing to see this performance turn around in the second quarter resulting in a net loss for the six months ended March 31, 2020 of \$22.0 million (2019: net loss of \$20.4 million). The loss per share for the six-month period was \$1.06 (2019: loss per share \$1.01). The Company's net asset value per share was \$15.73 as at March 31, 2020 (September 30, 2019: \$17.10).

During the quarter there was a \$78.3 million unrealised loss on the Company's investment portfolio (2019: unrealised loss of \$8.6 million). Investment gains and losses result from changes in the valuations of the Company's investments and the year to date loss was principally due to decreased valuations of the Company's holdings in PCF, Waverton, BCB and Thorn Group. Whilst we anticipate valuations to be impacted by COVID-19 in the short term, particularly in those businesses, such as PCF, which is focused on asset financing and whose customers will be impacted by the pandemic, we do expect that over the longer term these investments will generate significant value to Somers shareholders.

Net foreign exchange losses were \$27.7 million for the quarter (six-month year to date exchange losses were \$14.5 million). As at March 31, 2020, 76% of Somers' investment portfolio is denominated in foreign currencies, primarily Sterling and the Australian Dollar and the main driver of the Q2 currency losses was the 12.5% depreciation of the Australian Dollar versus the Dollar while Sterling depreciated by 6.3%. These exchange losses were primarily unrealised.

Total assets were \$403.2 million at March 31, 2020 (September 30, 2019: \$423.1 million). The investment portfolio was \$397.6 million as at March 31, 2020 (September 30, 2019: \$410.3 million) with equity investments (\$393.0 million) accounting for 98.8% of this total. Within investments, Resimac at \$194.1 million, BCB at \$70.0 million, Waverton at \$60.7 million, and PCF at \$23.6 million together represent 87.6% of total investments.

Borrowings

Total borrowings were \$70.2 million at March 31, 2020 (September 30, 2019: \$67.9 million).

Shareholders' Equity

Shareholders' equity ended the period at \$331.3 million (September 30, 2019: \$353.6 million).

Under the dividend reinvestment plan, out of dividends paid in January 2020 of \$6.2 million, \$5.9 million was reinvested in the Company through the issuance of 395,434 shares, resulting in an increase in the number of issued shares to 21,065,144 as at March 31, 2020.

Somers' share price ended the period at \$15.00, a discount of 4.7% to the Company's NAV per share.

Dividend

The Company's Board has resolved to pay an interim dividend of \$0.21 a share (2019: \$0.21). The record date for the dividend will be July 17, 2020 and the payment date will be July 27, 2020.

Directors and Officers Interest in Somers' Share Capital

At March 31, 2020 the Directors and Officers of the Company and their related interests had combined interests totalling 155,367 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 quarter.

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About 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; a 100% shareholding in Bermuda Commercial Bank Limited, one of Bermuda's four licensed banks, a 62.8% shareholding in UK specialist bank, PCF Group plc; and, a 62.5% holding in Waverton Investment Management Limited, a UK wealth manager. Somers has shareholders' funds of approximately US\$331 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.