

December 17, 2018

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

Financial Results for the year ended September 30, 2018

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, 2018.

Overview of the year ended September 30, 2018:

- Net income for the year of \$4.2 million (2017: \$19.4 million);
- Shareholders’ equity of \$364.1 million as at September 30, 2018 (2017: \$361.2 million);
- Net asset value (“NAV”) per share of \$18.15 as at September 30, 2018 (2017: \$18.55); and
- Final dividend of \$0.29 per share (2017: \$0.28 per share) bringing the total dividend for the year to \$0.50 per share (2017: \$0.48 per share).

Investment highlights for the year ended September 30, 2018:

- Resimac Group Limited (“Resimac”) formerly Homeloans Limited, remains Somers’ largest investment with a value of \$129.7 million and reported Assets under Management (“AuM”) of A\$12.1 billion;
- Bermuda Commercial Bank Limited (“BCB”) reports a capital ratio of 41.3% and a highly liquid balance sheet with 59% in cash and high quality liquid assets and a profit for the year of \$7.2 million;
- Waverton Investment Management Limited (“Waverton”) records pre-tax income of £7.6 million (2017: £9.4 million) and AuM as at September 30, 2018 of £5.9 billion (2017: £5.2 billion);
- PCF Group plc (“PCF”) reports pre-tax profit of £5.2 million, deposits of £191 million and a loan book of £219 million as at September 30, 2018; and
- Sale of Somers’ investment in Merrion Group post the year end.

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

“2018 was a positive year for the Company with strong underlying financial performances at most of our investments. Valuations at Resimac and PCF increased over the course of the year and despite more volatile capital markets our investments have grown their assets under management. Unlike last year, the US Dollar value of our investments was adversely impacted by falls in both Sterling and the Australian Dollar. Despite this, the Company recorded a profit for the year of \$4.2 million. The Directors are pleased to recommend the payment of a final dividend of \$0.29 per share bringing the total dividend for the year to \$0.50.

During the year Somers acquired 94.5 million shares in PCF from BCB for \$38.7 million, and the Company’s direct holding in PCF is now 55%. Due to the growth in the loan book at PCF, and the introduction of new capital adequacy rules, it was

more suitable that the investment was held directly in Somers. Post the year end we sold our investment in Merrion Group and the proceeds will be reinvested in a number of new opportunities.

For the last few years investors have become used to rising markets in a benign environment. This year has ushered in a new period of volatility which we believe is likely to continue as global growth starts to weaken and global interest rates continue to diverge. However, we believe our investments are well placed to withstand a more difficult economic and interest rate environment and continue their progress and growth, and this allows us to look forward with cautious optimism.”

Summary of Somers’ results for the year ended September 30, 2018

Introduction

Total net income for the year reduced to \$4.2 million (2017: \$19.4 million) as Somers recorded a net loss of \$13.6 million in the fourth quarter. The fourth quarter loss per share was \$0.69 (2017: earnings per share of \$1.44) bringing the full year earnings per share to \$0.21 (2017: \$1.40).

The Company received dividend income of \$7.6 million in 2018 compared to \$4.1 million a year ago. Of the dividends received, \$4.1 million were received from Waverton and \$3.3 million from Resimac.

Somers recorded a \$10.9 million gain on its investment portfolio for 2018 (2017: \$15.2 million). Investment gains and losses result from changes in the valuations of the Company’s investments. The 2018 gain was driven principally by valuation increases at Resimac and an increase in the PCF share price. The valuations of West Hamilton and BCB decreased during the year due to the Company applying a discount to the value of its investment in West Hamilton to account for the current commercial property market in Bermuda while the decrease in BCB’s valuation resulted from the delay in the implementation of their strategic plan.

Net foreign exchange losses were \$9.9 million for the year (2017: gain of \$3.3 million). As at the year end 70.4% 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 2.8% and 7.8% respectively. These exchange losses were primarily unrealised.

Somers’ total assets increased during the year to \$407.3 million (2017: \$368.1 million). The investment portfolio was \$403.0 million as at September 30, 2018 (2017: \$361.0 million) with equity investments (\$399.1 million) accounting for 99.0% of this total. The remaining 1.0% (\$3.9 million) consisted of convertible loan note investments. Within investments, Resimac at \$129.7 million (2017: \$107.5 million), BCB at \$94.9 million (2017: \$102.5 million), Waverton at \$77.0 million (2017: \$85.1 million) and PCF at \$58.6 million together represent 89.4% of total investments.

Borrowings

Total borrowings increased to \$41.5 million at September 30, 2018 from \$4.5 million a year earlier. This was principally due to the Company entering into a new £25.0 million bank loan facility to part fund the acquisition of 94.5 million PCF shares from BCB.

Shareholders’ Equity

Shareholders’ equity increased to \$364.1 million as at September 30, 2018 (2017: \$361.2 million). During the year shareholders invested \$9.1 million of the \$9.6 million dividends paid since September 2017, under the dividend reinvestment plan and Somers bought back 31,376 shares at a cost of \$0.5 million. The net result from these actions was an increase in the number of issued shares to 20,058,261 as at September 30, 2018 (2017: 19,475,459). Somers’ share price ended the period at \$16.00 up from \$14.00 at September 30, 2017.

Final Dividend

The Company's Board has resolved to pay a final dividend of \$0.29 per share (2017: \$0.28 per share) bringing the total dividend for the year to \$0.50 per share (2017: \$0.48 per share). The record date for the dividend will be January 18, 2019 and the payment date will be February 22, 2019.

Directors and Officers Interest in Somers' Share Capital

At September 30, 2018, the Directors and Officers of the Company and their related interests had combined interests totaling 9,997,139 common shares representing 49.8% 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.

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Somers Limited ("Somers") is a listed financial services investment holding company whose major assets include: a 62.2% holding in Resimac Group Limited, a leading non-bank Australian financial institution with A\$12.1 billion in assets under management; 100% shareholding in Bermuda Commercial Bank Limited, one of Bermuda's four licensed banks; a 65.1% shareholding in UK specialist bank, PCF Group plc; and, a 62.5% holding in Waverton Investment Management Limited, a UK wealth manager with £5.9 billion assets under management. Somers has shareholders' funds of approximately US\$364 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