Clarke Inc. Reports 2015 Third Quarter Results and Declares Quarterly Dividend

HALIFAX, Nov. 4, 2015 /CNW/ - Clarke Inc. ("Clarke" or the "Company") (TSX: CKI) today announced its results for the three and nine months ended September 30, 2015.

Results for the Three and Nine Months Ended September 30, 2015

In the third quarter, the Company's book value per share decreased by $1.42 or 10.8%, mainly as a result of unrealized losses on our investment holdings. The Company returned $0.10 per share to shareholders in the form of dividends. Our book value per share at the end of the quarter was $11.71 while our share price was $10.17.

Net loss attributable to equity holders of the Company for the three and nine months ended September 30, 2015 was $19.3 million and $17.7 million, respectively, compared with net income of $16.4 million and $109.3 million for the same period in 2014. The significant net income earned for the nine months ended September 30, 2014 was due to the sale of the Company's freight transport business and its interest in Gestion Jerico Inc. which resulted in gains on sale of $71.1 million. During the three and nine months ended September 30, 2015, the Company had unrealized losses on its investments of $22.2 million and $21.6 million, respectively, compared to unrealized gains of $25.6 million and $42.0 million for the same period in 2014. The Company had realized gains on its investments of nil and $0.8 million, respectively, for the three and nine months ended September 30, 2015 compared with realized losses of $12.4 million and $3.3 million for the same period in 2014.

Fourth Quarter Dividend

Clarke also announced today that its Board of Directors declared a quarterly dividend of $0.10 per Common Share payable on January 8, 2016 to shareholders of record at the end of business on December 31, 2015.

Third Quarter Review and Outlook

As a result of our various investment sales in recent years, Clarke eliminated substantially all of its debt and built a cash balance of $79.1 million at the beginning of 2015. During the first three quarters of 2015, Clarke deployed $89.6 million of cash, consisting of $42.5 million of investment purchases, $40.0 million of share repurchases and $7.1 million in loan advances while also receiving $45.6 million in loan repayments. At September 30, 2015, our cash balance (net of all debt) was $43.4 million representing 27% of Clarke's market capitalization.

During the third quarter, our investment portfolio declined in value by $22.2 million. This value decline can be attributed, in large part, to the declining share prices of Holloway Lodging Corp. ("Holloway") ($10.8 million), TerraVest Capital Inc. ("Terravest") ($3.0 million) and our energy basket securities ($8.2 million). Clearly, we are not pleased with this performance. However, we view the recent share price declines as transitory in nature.

In the case of Holloway and Terravest, each of these companies continues to invest strategically and deliberately in its business with a view to making investments that will generate attractive returns for many years. In addition, each of these companies is seeking to take advantage of the present dislocation in energy related industries and acquire assets and businesses at very low multiples of present (or even normalized) earnings.

In the case of our energy basket, we likely began acquiring energy securities one quarter too soon; but, this should make little difference in the long run. We believe that recent oil prices (mid-$40 range per WTI barrel) are too low to warrant substantial investment in replacing existing production or developing new production and that the dramatic decline in oil prices will lead to some increase in the demand for oil. Our belief is that the confluence of these factors will, over time, lead to higher oil prices and higher security prices for well positioned companies, including those in our energy basket.

Since the start of 2015, the Company repurchased 3,866,802 Common Shares at an average cost of $10.34 per share and at a total cost of $40.0 million. All of these shares were repurchased at less than our book value per share and less than management's view of our intrinsic value per share. As we believe that our investment holdings will appreciate in value in coming years (particularly as the oil and gas markets normalize), we believe that these repurchases will benefit shareholders greatly.

We continue to see limited investment opportunities outside of the oil and gas industry due to generally high valuations, although we remain on the lookout. We will remain disciplined in deploying our capital as that capital retains option value while it is in our hands.

Other Information

Further information about Clarke, including Clarke's Interim Condensed Consolidated Financial Statements and Management's Discussion & Analysis for the three and nine months ended September 30, 2015, is available at www.sedar.com and www.clarkeinc.com.

Highlights of the interim condensed consolidated financial statements for the three and nine months ended September 30, 2015 compared to the three and nine months ended September 30, 2014 are as follows:

	Three months ended September 30,	Three months ended September 30,	**Nine months ended September 30,**	Nine months ended September 30, 2014

(in millions, except per share amounts)	2015 $	2014 $	2015 $	$
Realized and unrealized gains (losses) on investments	**(22.2)**	13.2	**(20.8)**	38.7
Dividend income	**1.0**	1.8	**2.7**	5.6
Interest income	**0.5**	1.2	**2.2**	2.9
Revenue and other income*	**4.0**	4.4	**7.1**	13.8
Income (loss) from continuing operations	**(19.3)**	16.4	**(17.7)**	49.6
Net income (loss) attributable to equity holders of the Company	**(19.3)**	16.4	**(17.7)**	109.3
Comprehensive income (loss) attributable to equity holders of the Company	**(20.8)**	17.4	**(18.1)**	106.3
Basic earnings per share ("EPS")				
Income (loss) from continuing operations	**(1.24)**	0.83	**(1.04)**	2.57
Net income (loss)	**(1.24)**	0.83	**(1.04)**	5.66
Diluted EPS				
Income (loss) from continuing operations	**(1.24)**	0.83	**(1.04)**	2.09
Net income (loss)	**(1.24)**	0.83	**(1.04)**	4.55
Total assets	**191.8**	271.1	**191.8**	271.1
Long-term financial liabilities	**1.9**	2.6	**1.9**	2.6
Cash dividends declared per share	**0.10**	0.10	**0.30**	0.40
Book value per share	**11.71**	12.99	**11.71**	12.99

**Revenue and other income includes pension recovery, gains on sale of fixed assets, foreign exchange gains/losses, gains on convertible debenture redemptions and repurchases and service revenue.*

About Clarke

Halifax-based Clarke invests in a variety of private and publicly-traded businesses and participates actively where necessary to enhance the performance of such businesses and increase its return. Clarke's securities trade on the Toronto Stock Exchange (CKI); for more information about Clarke Inc., please visit our website at www.clarkeinc.com.

Cautionary Statement Regarding Use of Non-IFRS Accounting Measures

This press release makes reference to the Company's book value per share as a measure of the performance of the Company as a whole. Book value per share is measured by dividing shareholders' equity at the date of the statement of financial position by the number of Common Shares outstanding at that date. Clarke's method of determining this amount may differ from other companies' methods and, accordingly, this amount may not be comparable to measures used by other companies. This amount is not a performance measure as defined under IFRS and should not be considered either in isolation of, or as a substitute for, net earnings prepared in accordance with IFRS.

Note on Forward-Looking Statements and Risks

This press release may contain or refer to certain forward-looking statements relating, but not limited, to the Company's expectations, intentions, plans and beliefs with respect to the Company. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "does not expect", "is expected", "budget", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", or equivalents or variations of such words and phrases, or state that certain actions, events or results, "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements include, without limitation, those with respect to the future or expected performance of the Company's investee companies, the future price and value of securities held by the Company, changes in these securities holdings, the future price of oil and value of securities held in the Company's energy basket, changes to the Company's hedging practices, currency fluctuations and requirements for additional capital. Forward-looking statements rely on certain underlying assumptions that, if not realized, can result in such forward-looking statements not being achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to be materially different from the historical results or from any future results expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others, the Company's investment strategy, legal and regulatory risks, general market risk, potential lack of diversification in the Company's investments, interest rates, foreign currency fluctuations, the sale of Company investments, the fact that dividends from investee companies are not guaranteed, reliance on key executives, commodity market risk, risks associated with investment in derivative instruments and other factors. With respect to the Company's investment in a ferry operation, such risks and uncertainties include, among others, weather conditions, safety, claims and insurance, labour relations, and other factors.

Although the Company has attempted to identify important factors that could cause actions, events or results not to be as estimated or intended, there can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Other than as required by applicable Canadian securities laws, the Company does not update or revise any such forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Accordingly, readers should not place undue reliance on forward-looking statements.

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