

Cadence Capital Limited (ASX: CDM) Record Full Year Profit & Final Dividend

Sydney, 10th August 2021: Cadence Capital Limited (ASX: CDM) today announced a record full year profit before tax of \$106.1m and a record full year profit after tax of \$75.0m. Karl Siegling, Chairman, said “The Company had a strong financial year with the portfolio up 43.2% for the past 12 months, outperforming the All Ordinaries Accumulation Index by 13.0%. The top contributors to performance during the year were Resimac Group, Lynas Corp, Uniti Group, ARB Corp and Pinterest. The largest detractors from performance were EML Payments and Redfin.”

Karl Siegling noted, “It is pleasing that this performance was driven by both new and existing positions across a broad range of sectors. It was also achieved with the fund having less than market exposure, being on average 78.5% invested over the past year.”

Fully Franked Final Dividend

The Board is pleased to announce a 3.0 cents per share fully franked final dividend. This is a 50% increase in dividend and brings the 2021 fully franked full year dividend to 5.0 cents per share, equating to a 4.5% annual fully franked yield, or 6.4% gross yield (grossed up for franking) based on the current CDM share price of \$1.12. The Ex-Date for the dividend is the 18th October 2021. The payment date for the dividend is the 29th October 2021. The Dividend Re-Investment Plan (“DRP”) is in operation for the final dividend. There will be no DRP discount applied.

Full Year Results to 30 June 2021:

- Record Profit before tax of \$106.1m
- Record Profit after tax of \$75.0m
- Fund gross performance of 43.2%, outperforming All Ordinaries Accumulation Index by 13.0%
- 3.0c fully franked final dividend, up 50% on interim dividend
- Annualised Yield of 4.5% fully franked (6.4% gross including franking)
- CDM share price is up 83.5% over past year (including dividends but excluding franking)
- CDM has bought back 24.3 million shares for \$18.4m (\$0.76 per share)

Discount to NTA

Over the past financial year the CDM share price is up 83.5% (including dividends but excluding franking). Karl Siegling said, “We are pleased that the CDM share price is trading closer to NTA with buying interest returning from both new, existing and past CDM shareholders.”

“Over the financial year the Company continued to implement its on-market share buy-back which has increased the NTA per share for all CDM shareholders. Since its implementation the Company has bought back 24.3 million shares for a total consideration of \$18.4m, representing an average price of \$0.76 per share. Board and management, who are the largest investors in the Company, continued to add to their positions in CDM.”

DeepGreen Metals

In late June DeepGreen Metals shareholders approved the merger of DeepGreen and Sustainable Opportunities Acquisition Corporation (SOAC). The British Columbia Supreme Court has also approved the plan of arrangement between DeepGreen and SOAC. The merger needs to be approved by SOAC’s shareholders and satisfy other customary closing conditions. The combined entity will be renamed The Metals Company and is expected to begin trading on the NASDAQ under the ticker symbol TMC. This is expected to occur in the current quarter.

The Company’s investment in DeepGreen Metals is approximately 2.8% of the portfolio and is valued at the weighted average cost of purchases at US\$1.38 per share. Karl Siegling noted, “The proposed listing is at a valuation substantially higher than our current valuation with the recent raising of US\$330 million being done at a price of US\$10 per share. Upon listing this would equate to a substantial uplift in pre and post-tax NTA for the Company’s shares. Our monthly NTA announcements will not include the full value accretion of the DeepGreen transaction until the TMC listing.”

Outlook

Karl Siegling noted, “The World is slowly coming to terms with Covid 19 with financial markets having largely recovered from the Covid 19 ‘panic’. Corporate profits have rebounded and in many cases are at all-time highs. Investor confidence has returned. Western Europe and North America are leading the world in vaccinations which is allowing their economies to fully re-open. With interest rates expected to remain at zero, or low, across much of the world, the overall environment remains supportive of equities.”

Karl Siegling continued, “We are finding investment opportunities for the fund across a broad range of sectors, both domestically and internationally. Opportunity now exists through stock selection rather than ‘all boats rising in a rising tide.’”

Karl Siegling
Chairman, Cadence Capital Limited

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