



Clarke Inc.
2015 Annual General Meeting Presentation

May 7, 2015



Forward-Looking Statements

CAUTIONARY STATEMENT REGARDING USE OF NON-IFRS ACCOUNTING MEASURES

This presentation 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.

FORWARD-LOOKING STATEMENTS

This presentation 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, 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 ferry operation, such risks and uncertainties include, among others, weather conditions, safety, claims and insurance, labour relations, and other factors.

All amounts contained herein are as of March 31, 2015, unless otherwise stated

Overview of Clarke Inc.

- Publicly-traded investment company based in Halifax, Canada:
 - \$173mn Market Cap¹
 - \$108mn Enterprise Value¹

- Focused on:
 - Acquiring undervalued or underperforming businesses with hard assets
 - Working with management to improve operations and capital allocation
 - Divesting once corporate results and valuations have improved

- Long-term investor in its businesses

- Sole objective is to increase intrinsic value per share

2014 Value Creation

- Increased book value per share by 51% from \$8.32 to \$12.57
 - BVPS at March 31, 2015 is \$12.87
 - Pro forma BVPS¹ at March 31, 2015 is \$13.28

- Returned \$20.1mn to shareholders
 - \$7.6mn of dividends
 - \$12.5mn of share repurchases in 2014

- Between March 31, 2014 –2015 Clarke repurchased 22% of its outstanding shares...all at a discount to book value per share

Executive Team

GEORGE ARMOYAN – *Executive Chairman*

- Entrepreneur with extensive experience in real estate development, mergers and acquisitions and capitalizing on turn-around opportunities over his 32 year career.
- Mr. Armoyan holds an Executive MBA from Harvard Business School.

MICHAEL RAPPS – *President & Chief Executive Officer*

- As a Director of Clarke since 2012, Mr. Rapps has been involved in many of Clarke's investments in recent years.
- Mr. Rapps recently acted as Managing Director of a private investment company focused on undervalued and distressed investments and previously practiced law at Davies Ward Phillips & Vineberg LLP. Holds a BCL and an LLB from McGill University.

ANDREW SNELGROVE, CA – *Chief Financial Officer*

- Directs the company's financial reporting, treasury, tax accounting and budgeting activities. Before joining Clarke, Mr. Snelgrove practiced public accounting.
- Holds a Bachelor of Commerce degree (distinction) from Dalhousie University.

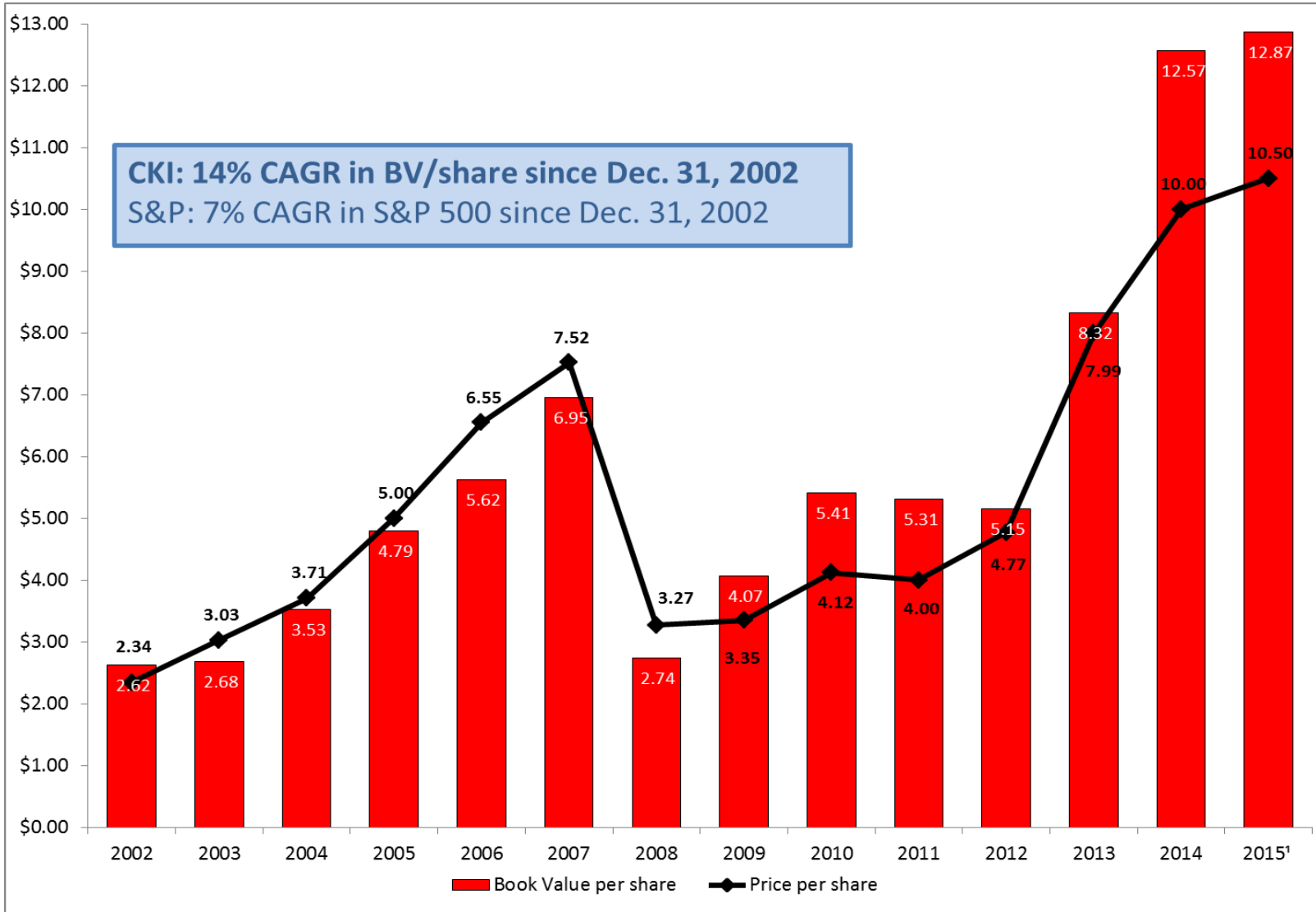
DUSTIN HAW, PhD – *Vice President, Investments*

- Leads investment team. Before joining Clarke, Dr. Haw was an investment analyst at a private investment firm.
- Holds a PhD in physics from the University of Western Ontario.

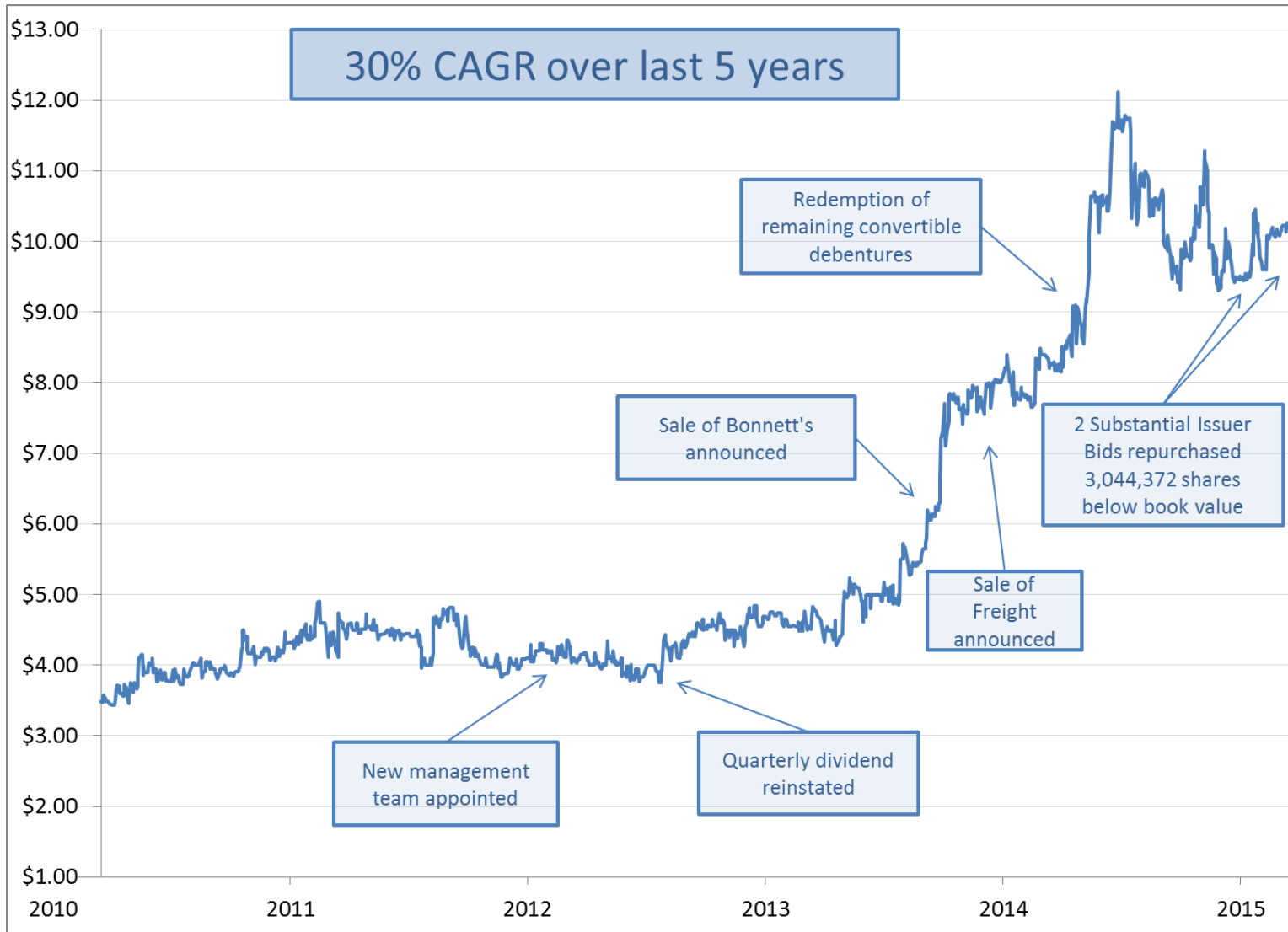
KIM LANGILLE, CA – *Vice President, Taxation*

- Leads tax department, including oversight of tax planning, reorganizations, tax compliance and reporting.
- Before joining Clarke, Ms. Langille was a Senior Tax Manager with a public accounting firm.

2014 Value Creation



Clarke Inc. 5-Year Stock Chart



2014 Highlights

- Sold Freight Transport Business – proceeds of \$100.5mn
 - Gain on sale of \$66.4mn

- Sold Gestion Jerico – proceeds of \$24.9mn
 - Gain on sale of \$4.7mn

- Sold shares of Sherritt – proceeds of \$64.5mn
 - Gain on sale plus dividends of \$17.7mn, and 68% IRR

- Sold shares of Supremex – proceeds \$37.4mn
 - Gain on sale plus dividends of \$5.6mn

- Redeemed all outstanding debentures

Clarke Today

Summary of Clarke's Assets

| At April 30, 2015 | (\$mn) |
|--------------------------------------|--------------|
| Public company equity investments | 100.0 |
| Public company debenture investments | 12.0 |
| Debt investments | 7.5 |
| Real estate holdings | 3.5 |
| Private equity funds | 2.9 |
| Pension surplus | 51.0 |
| Cash | 68.0 |
| Private company investments | n/a |
| Tax losses | n/a |
| Total Assets | 244.9 |

Public Securities Portfolio

- Marketable securities of \$112mn
- Realize income through dividends, interest payments and capital gains

| | Ticker | Value (\$mn) | % of Portfolio |
|-------------------------------------|--------|--------------|----------------|
| Holloway Lodging Corp. (Equity) | HLC | \$49 | 44% |
| Holloway Lodging Corp. (Debentures) | HLC.DB | \$12 | 11% |
| Keck Seng Investments | KS | \$5 | 4% |
| TerraVest Capital Inc. | TVK | \$30 | 27% |
| Energy Securities Portfolio | | \$16 | 14% |
| TOTAL | | \$112 | 100% |

Clarke Investment Process

Certain Fundamental Principles

1. Invest for the Right Reasons

- We do not need to be fully invested
- We do not invest to generate management or other fees
- We invest when we can make an attractive return with a sufficient margin of safety
- We invest counter-cyclically

2. Capital Allocation is Key

- Repurchase shares at a discount to intrinsic value
- Measure new investments and share repurchases against each other
- Leverage intelligently

Identify
opportunity
Invest

Engage with
Management / Board
Create value

Return capital &
Reinvest

Exit investment
Realize value

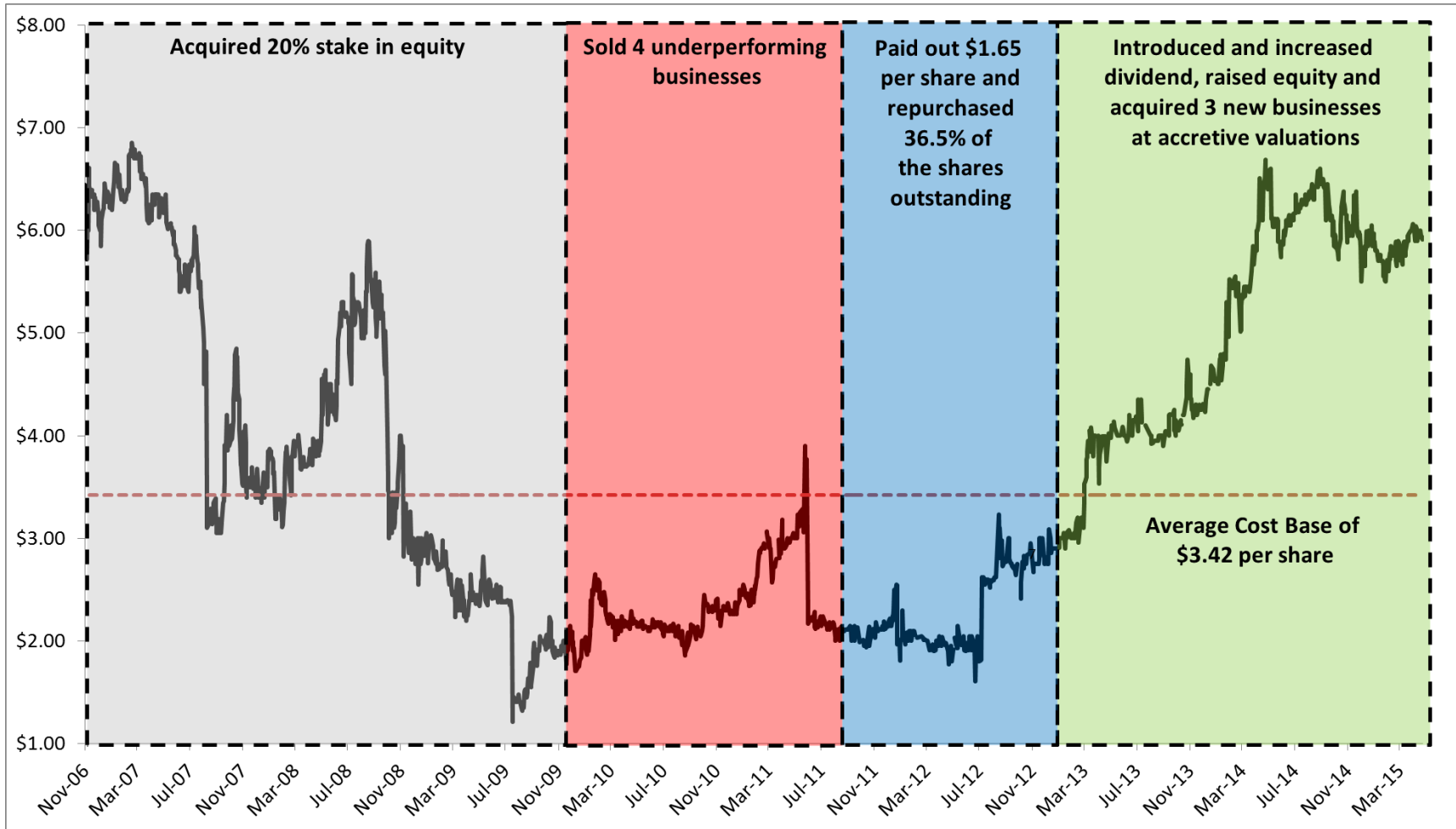
Case Study: Terravest Capital Inc.

- Terravest was a broken income trust with a disparate collection of underperforming portfolio companies
- Clarke acquired 20% of the equity and joined the Board of Directors
- Sold four underperforming portfolio businesses
 - Stylus, Don Park, Ezee-On and Beco
- Declared special distributions totaling \$1.65 per share from proceeds of divested businesses
- Completed SIB for 36.5% of the equity at a discount to intrinsic value
- Introduced quarterly dividend
- Began acquiring complementary niche businesses

Case Study: Terravest Capital Inc.

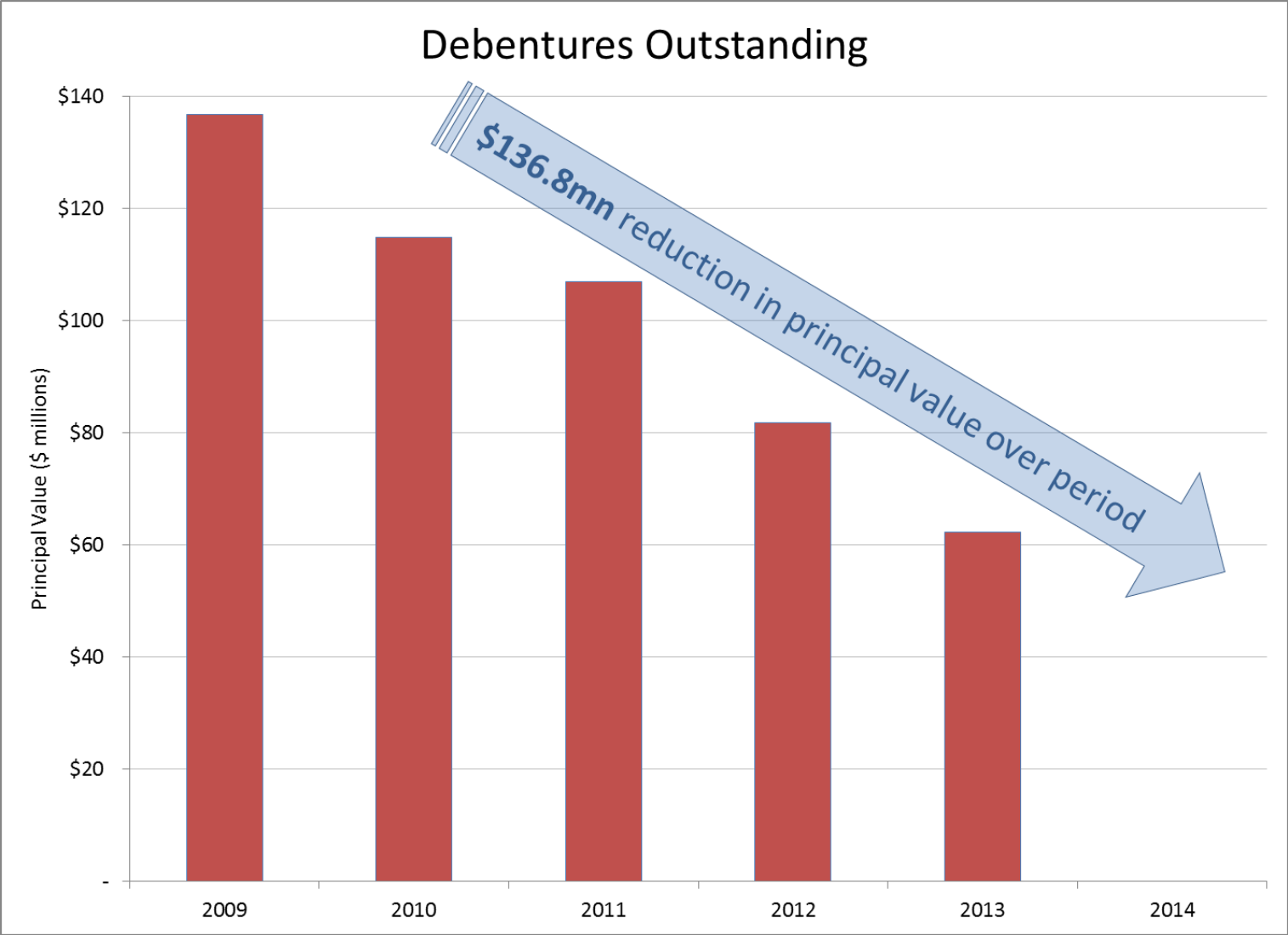
- Acquired Gestion Jerico for \$54mn
 - Tank and pressure vessel fabrication
 - Acquisition multiple of 4.7x EBITDA
 - Cross-selling synergies available and countercyclical with existing businesses
- Raised \$20mn of equity to pursue further opportunities
- Acquired NWP Industries for \$12.8mn
 - Wellhead equipment manufacturer
 - Acquisition multiple of 4.25x EBITDA
 - Synergies available with existing wellhead equipment business
- Acquired Signature Truck Systems for US\$14.25mn
 - Propane truck assembly and manufacturer
 - EBITDA multiple of 4.5x
 - Synergies available with existing propane business in Jerico

Case Study: Terravest Capital Inc.

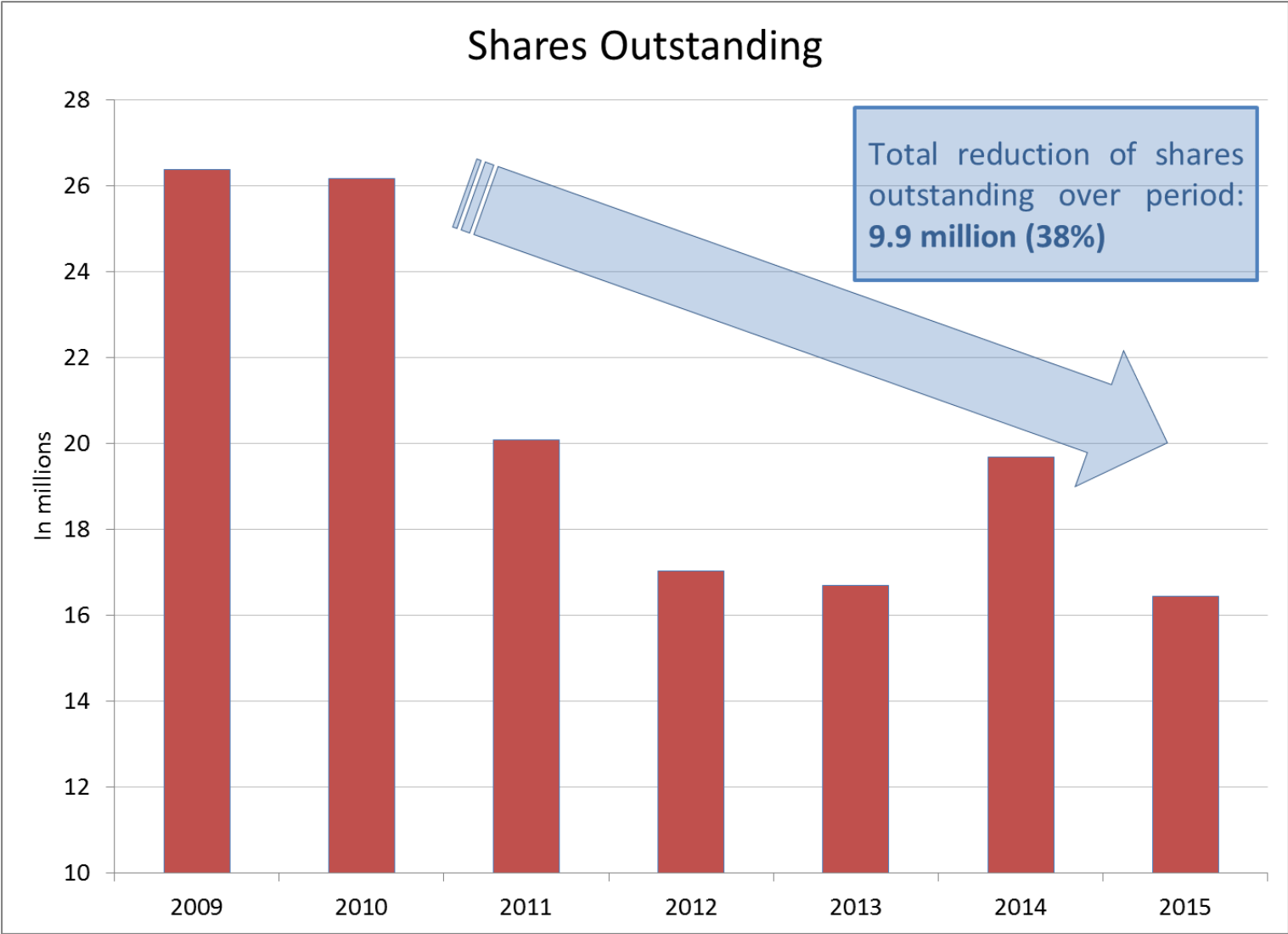


Capital Structure

Reduction in Debentures Outstanding



Reduction in Shares Outstanding



Summary

➤ Focus on:

- ✓ Increasing the value of current investments
- ✓ Identifying new investment opportunities
- ✓ Returning capital to shareholders through dividends and share repurchases

➤ Well positioned for growth with strong balance sheet:

- ✓ \$68mn of net cash
- ✓ \$112mn marketable securities
- ✓ \$65mn other assets

Capital Structure

Clarke Inc. (TSX: CKI)

| | |
|-----------------------|------------------|
| Shares Outstanding | 16,448,605 |
| Share Price | \$10.50 |
| 52-Week Trading Range | \$8.17 – \$12.24 |
| Market Cap | \$173mn |
| Cash | \$68mn |
| Total Debt | \$3mn |
| Enterprise Value | \$108mn |

Clarke Inc.

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