



**CALEDONIA**  
INVESTMENTS

**Performance driven**

Interim results to 30.09.03

17 November 2003



## About Caledonia

- Investment trust from 1 April 2003
- AITC Global Growth sector
- Quoted since 1960 (FTSE 250)
- 37.7% owned by Cayzer Trust, 49.9% wider concert party
- Market cap £669m (31 October 2003)

# Objectives

- Outperform FTSE All-Share Total Return over 5 and 10 years
- Maintain a progressive dividend

## Key differentiators

- Long term investor – but not a forever investor
- Valued reputation ⇒ strong deal flow
- Added value of constructive active management
- Self-managed/stable management team
- Over £460m of distributable reserves
- Scope for moderate gearing – currently £60m bank facilities available
- Performance

## Highlights to 30 September 2003

- NAV increase of 27% - 10% outperformance
- TSR\* increase: 59% over 5 years – 60% outperformance  
: 161% over 10 years – 75% outperformance
- AITC\* ranking: -2<sup>nd</sup> out of 22 trusts – 5years  
-3<sup>rd</sup> out of 21 trusts – 10 years
- 8.4p per share interim dividend – 5% increase
- £52m invested and £43m realised
- Share price discount narrowed to 21.4% from 29.8%

\*See Appendix for notes and definitions

## Performance to 30 September 2003

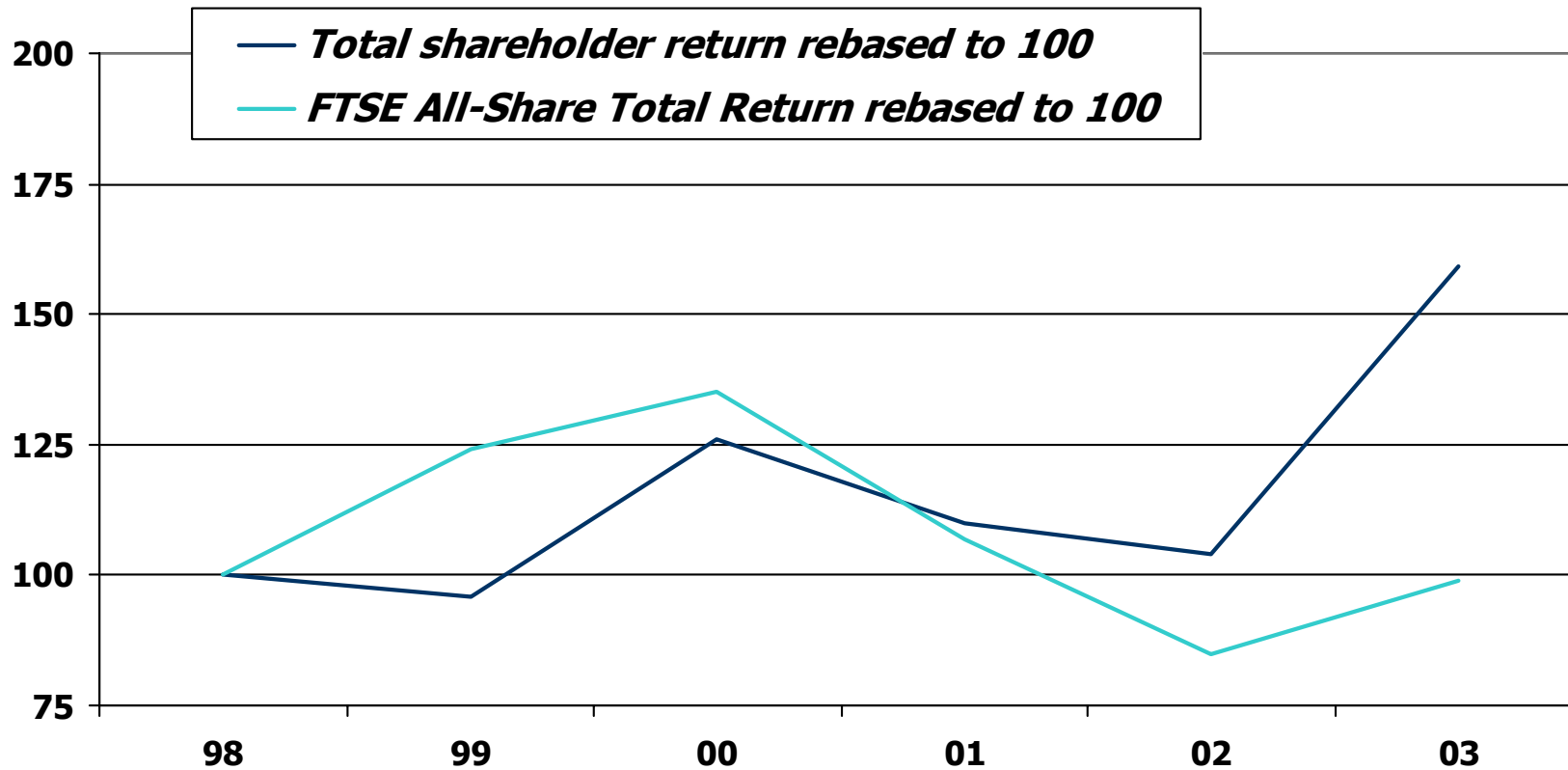
	5 year %	10 year %
Total shareholder return	59.4	161.4
FTSE All-Share total return	-0.9	86.2
TSR outperformance	<u>60.3</u>	<u>75.2</u>
AITC Global Growth	<u>10.0</u>	<u>61.4</u>
Outperformance	<u>49.4</u>	<u>100.0</u>

## Summary of the six months to 30 September 2003

	30.9.03	31.3.03	Change
Net asset value per ordinary share	1161p	915p	+26.9%
Share price	912.5p	642.5p	+42.0%
FTSE All-Share Index	2027.7	1735.7	+16.8%
AITC Global Growth change in NAV			+19.8%
Discount*	21.4%	29.8%	narrowed
Interim dividend per ordinary share	8.4p	8.0p	+5.0%

\*See Appendix for notes and definitions

## Total return: 5 year to 30 September 2003



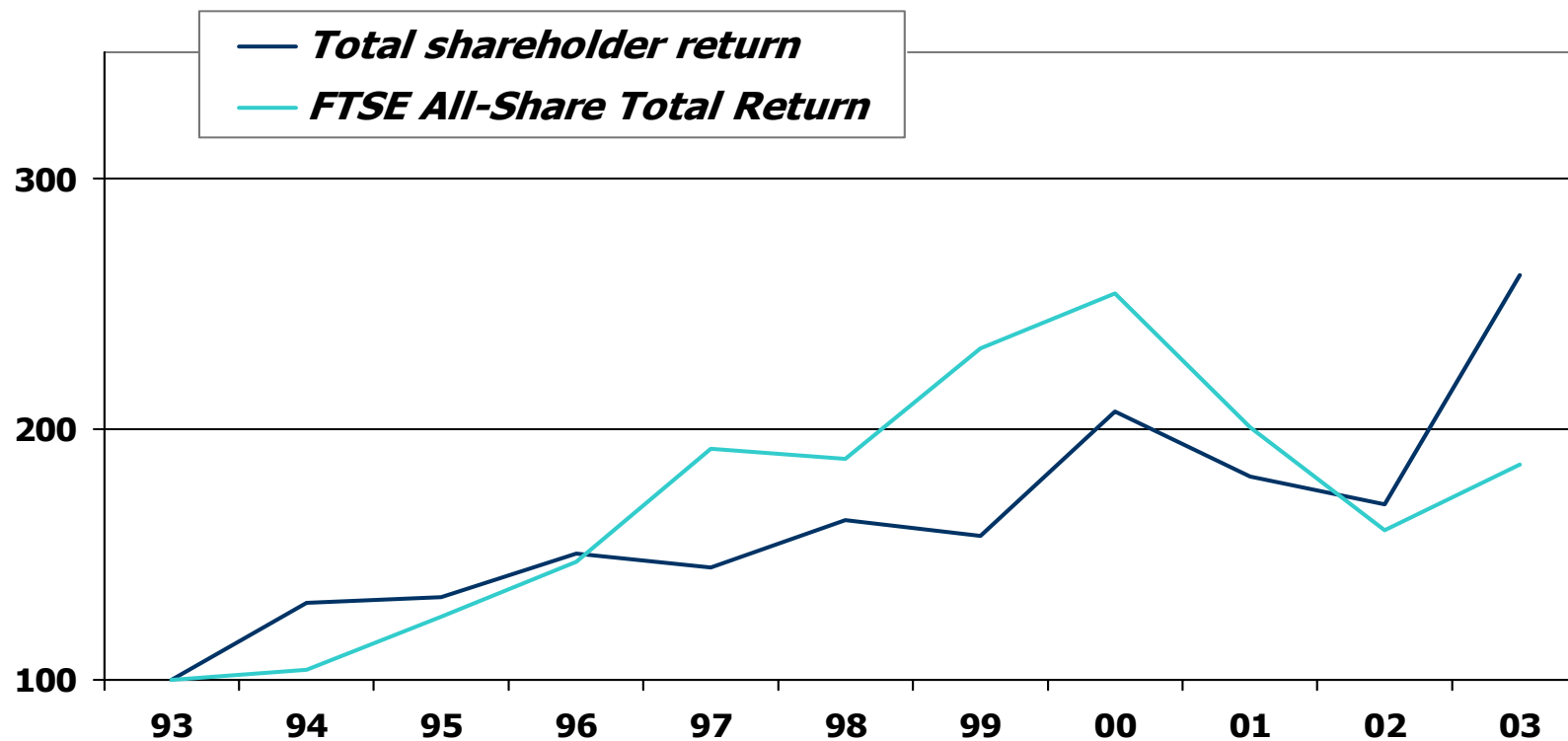
**Caledonia TR CAGR**

**+9.8%**

**FTSE All-Share TR CAGR**

**-0.2%**

## Total return: 10 year to 30 September 2003



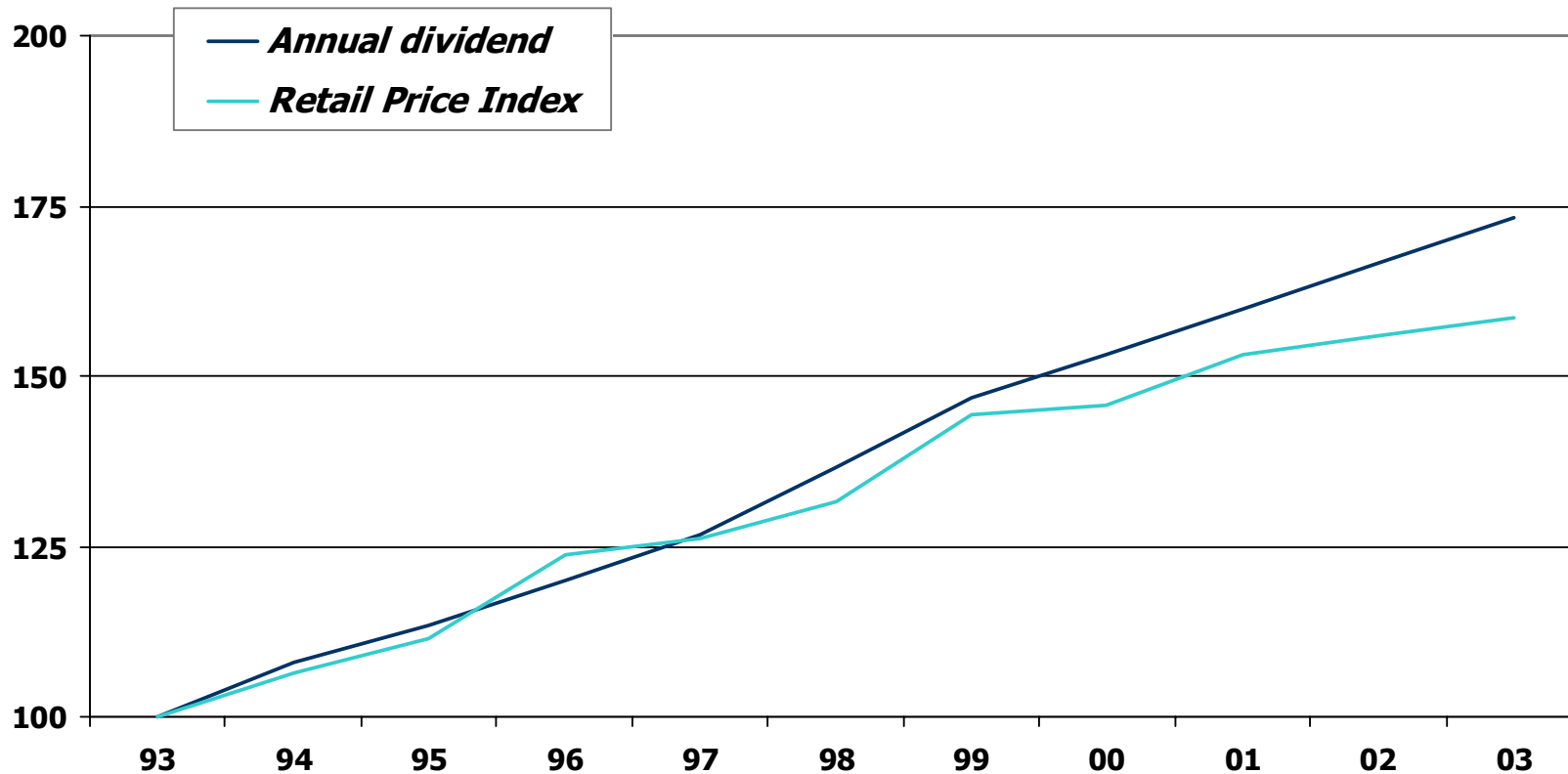
**Caledonia TR CAGR**

**+10.1%**

**FTSE All-Share TR CAGR**

**+6.4%**

## Annual dividend growth and proposed dividend



Excluding special dividends of 30p and 70p per share in relation to 1997 and 2000 respectively

**Caledonia dividend CAGR** **5.7%**

**RPI** **4.7%**

# Craven proposal

Proposal to replace management and liquidate company

- Received June
- Considered carefully by Board
- Advice from Rothschild and Cazenove
- 7 July Board announcement – “not in the best interest of shareholders”
- 2 October Cayzer Trust Company vote 72.9% against proposal
- 17 October proposal withdrawn

## Performance attribution for the six months to 30.09.03

	% change	Amount (£m)
Caledonia net asset performance*	26.9%	178.6
FTSE All-Share Index	16.8%	111.6
<b>Outperformance</b>	<b>10.1%</b>	<b>67.0</b>
Outperformance due to sector selection	3.4%	22.7
Outperformance due to stock selection	7.4%	49.2
Overhead costs as a % of NAV	-0.6%	-3.9
Corporate defence costs as a % of NAV	-0.1%	-1.0
<b>Outperformance</b>	<b>10.1%</b>	<b>67.0</b>

\*See Appendix for notes and definitions

## Major outperformers – six months to 30 September 2003

	Value 31.03.03 (£m)	Additions/ (disposals) (£m)	<b>Movement in underlying value (£m)</b>	Value 30.09.03 (£m)	Share price movement
Close Brothers	123.8	0	<b>57.8</b>	181.6	47%
Kerzner International	83.4	0	<b>41.0</b>	124.4	57%
British Empire Securities	47.9	0	<b>17.2</b>	65.1	36%
Aberforth Partners	19.4	0	<b>9.9</b>	29.3	Unquoted
Rathbones	20.7	0	<b>9.3</b>	30.0	45%
ISIS	13.2	0.3	<b>8.0</b>	21.5	62%
Quintain	22.1	(2.2)	<b>7.7</b>	27.6	35%
Paladin	21.6	4.1	<b>5.8</b>	31.5	23%
<b>Total</b>			<b>156.7</b>		
FTSE All-Share Index	1735.7			2027.7	17%

## Relative underperformers

	Value 31.03.03 (£m)	Additions/ Disposals (£m)	<b>Movement in underlying value (£m)</b>	Value 30.09.03 (£m)	Share price movement
Easybox SCA	7.5	8.0	<b>(1.0)</b>	14.5	Unquoted
Radio Investments	10.9	0.2	<b>0</b>	11.1	Unquoted
Sterling Industries	10.0	0	<b>0</b>	10.0	Unquoted
Buckingham Gate	17.5	0	<b>0</b>	17.5	Unquoted
The Sloane Club	24.6	0	<b>0</b>	24.6	Unquoted
Offshore Logistics	30.2	(6.4)	<b>1.5</b>	25.3	12%

# Investments

for the six months to 30 September 2003

## i) New investments

	£m	£m
Eddington Management/AAA fund	15.7	
SVB Holdings	7.2	
Melrose Resources	2.8	
C/fwd	<hr/>	25.7

# Investments-continued

for the six months to 30 September 2003

## ii) Follow on investments

	£m	£m
Easybox SCA	8.0	
Polar funds	7.9	
Paladin Resources	4.1	
Funds/Other	5.9	
		25.9
New investments (b/fwd)		25.7
<b>Total investment in six months</b>		<b>51.6</b>

Since 30 September 2003 £15m committed to Oval

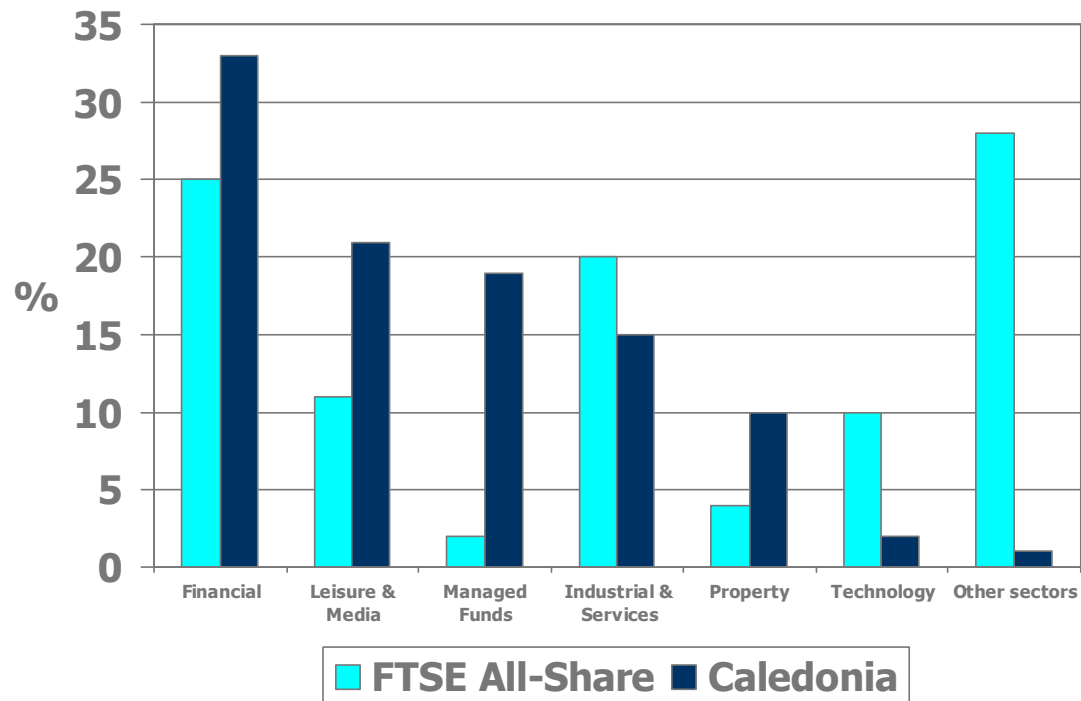
## Divestments for the six months to 30 September 2003

	£m
Meinl European Land	8.6
Offshore Logistics*	6.4
ICAP	5.5
Quintain	2.2
Ionian fund	5.4
Compco	3.8
Other	11.5
<b>Total</b>	<b>43.4</b>

\*See Appendix for notes and definitions

# Portfolio Information

Sector distribution as at 30 September 2003



Sector	FTSE All-Share %	Caledonia %	Policy Limit %
Financial	25	33	40
Leisure & Media	11	21	30
Managed Funds	2	19	25
Ind'l & Services	20	15	30
Property	4	10	20
Technology	10	2	10
Other sectors	28	1	10
	<b>100</b>	<b>100</b>	

## Portfolio Information (continued)

- Split of total assets as at 30 September 2003

	%
Quoted investments	66
Unquoted investments	31
Cash	3
	<hr/>
	100
	<hr/>

- Not less than 50% of total assets to be held in quoted investments or liquid assets
- Scope for moderate gearing to enhance shareholders' returns
  - Board policy: maximum 20% of total assets
  - Bank facilities presently £60m

## Cashflow six months to 30 September 2003

	£m
Cash at 1 April 2003*	40.3
Acquisitions	(52.0)
Disposals	40.7
Dividends	(13.1)
Investment income	7.9
Tax payment	(5.6)
Other	(4.5)
Cash at 30 September 2003*	<u>13.7</u>

See Appendix for notes and definitions

\*Excluding £8.1m cash in subsidiaries (31.03.03: £8.2m)

# Company total return

six months to 30 September 2003

	£m	£m
Gains on investments	189.1	
Income from investments	7.9	
		197.0
Expenses – management	(3.9)	
Corporate defence costs	(1.0)	
Interest/charges	(0.6)	
		(5.5)
		191.5
Taxation		0.7
		192.2
Dividends		(6.0)
		186.2
Total return per share		266.8p

# Caledonia Investments plc [CLDN]

- Key advantages
  - Performance and dividend record (absolute and relative)
  - Long term approach
  - Favoured access to opportunities
  - Added value of active management
  - Stable management team
  - Focus on narrowing discount (22.7% at 31.10.03)
  - Over £460m of distributable reserves



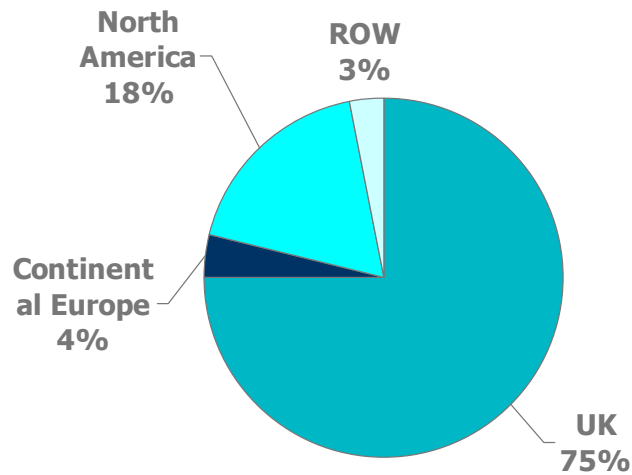
**CALEDONIA**  
INVESTMENTS

## Appendix

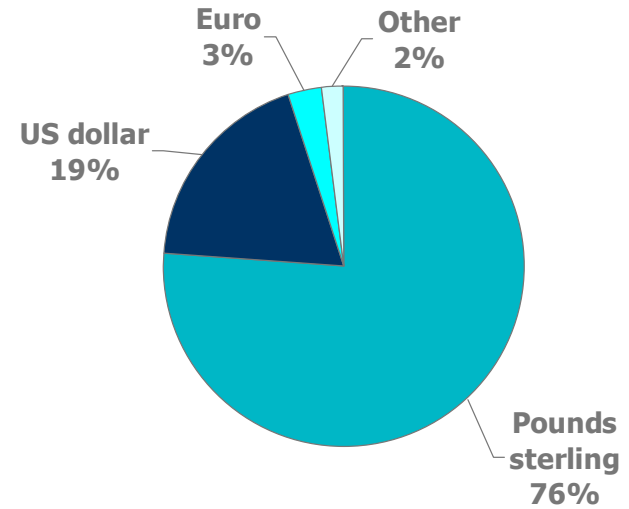


# Total assets distribution

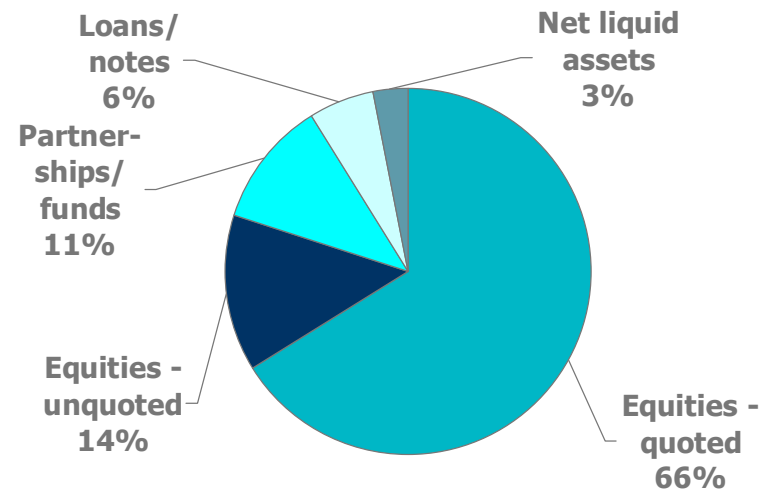
at 30 September 2003



Geography



Currency



Category

# Notes and definitions

## Page 4

- TSR represents total shareholder return, being the theoretical growth in the value of a Caledonia shareholding assuming that dividends are reinvested at the prices prevailing on their ex-dividend dates. Performance measured against FTSE All-Share Total Return Index.
- Measured against the AITC Global Growth sector

## Page 6

- AITC discount has narrowed from 14.7% to 14.0% over the same period

## Page 11

- Net asset performance is stated before dividend accruals

## Page 16

- Loan note redemption by company

## Page 19

- £2.7m of investment sales in debtors ( $£43.4m - £2.7m = £40.7m$ )