



CALEDONIA
INVESTMENTS

Presentation of half-year results
for the six months ended 30 September 2014



Financial highlights

Six months ended 30 September 2014



- 4.6% NAV total return per share for six months to 30 September (RPI 1.1%)
- 17.7% NAV total return over last twelve months
- 3.0% increase in interim dividend
- £46m invested into three new Asian funds in the period
- Divestment from Oval completed; £70m cash proceeds
- £49m net cash at 30 September

Summary of the half year	30 Sep 2014	31 Mar 2014	Change %
NAV per share	2675p	2593p	+3.2
Share price discount to NAV per share	19.3%	25.8%	-6.5
Interim dividend per share	13.8p	13.4p	+3.0

NAV summary performance by investment pool

Six months ended 30 September 2014



Pool	Value 30 Sep 2014 £m	Value 31 Mar 2014 £m	Investment income £m	Total return £m	Total return %
Quoted	470.0	497.8	5.6	(12.1)	-2.5
Unquoted	484.8	568.3	8.8	22.5	+4.7
Funds	284.2	204.4	1.8	60.5	+28.3
Income & Growth	188.9	189.6	5.5	5.5	+2.9
Portfolio	1,427.9	1,460.1	21.7	76.4	+5.5
Net cash	49.1	(7.1)	0.1	0.1	
Other items	16.4	(7.4)	(8.6)	(9.7)	
	1,493.4	1,445.6	13.2	66.8	+4.6

Performance track record

Period to 30 September 2014



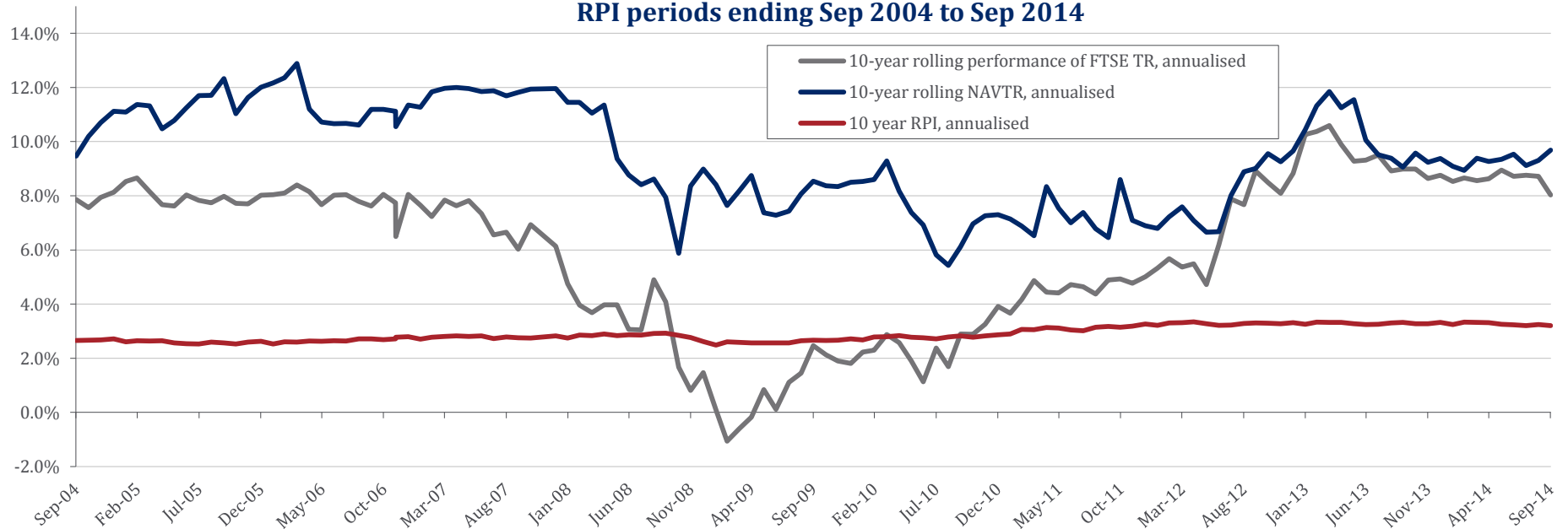
- Aim to grow capital value and income over long term, measured in real terms
- Target return RPI +3% to RPI +6%, outperforming FTSE TR over 10 years

	1 year	3 years	5 years	10 years
NAV Total Return (absolute)	+17.7%	+51.8%	+51.7%	+141.4%
NAV Total Return (annualised)	+17.7%	+14.9%	+8.7%	+9.2%
RPI annualised	+2.3%	+2.7%	+3.7%	+3.2%
Caledonia outperformance	+15.4%	+12.2%	+5.0%	+6.0%
FTSE All-Share Total Return annualised				+8.2%
Caledonia outperformance				+1.0%

Performance reflects embedded portfolio structure

- 10+ year investment horizon
- Return a blend of sustainable yield and longer term capital growth measured in real terms
- Invest in high quality businesses and funds in both quoted and unquoted markets, leveraging Caledonia 'brand'
- Balanced exposure to asset classes, sectors and geographies - achieved through pool structure

10-year rolling performance of NAVTR, v FTSE TR and RPI periods ending Sep 2004 to Sep 2014



Strategic allocation

Pool	30 Sep 2014 £m	30 Sep 2014 %	31 Mar 2014 £m	31 Mar 2014 %	Strategic allocation range disposition %
Quoted	470.0	32	497.8	35	35-50
Unquoted	484.8	32	568.3	39	20-35
Funds	284.2	19	204.4	14	15-20
Income & Growth	188.9	13	189.6	13	15-20
Cash/(borrowings)	49.1	3	(7.1)	-	10-(10)
Other	16.4	1	(7.4)	(1)	
Net assets	1,493.4	100	1,445.6	100	

Investment activity during the six months

Total investments of £137m

Significant investments include:

	£m
Income & Growth pool	25.2
Rolls Royce	18.1
Microsoft	15.1
BNY Newton Asia Income	15.0
New Silk Road's Asia Landmark Fund	14.9

Total realisations of £204m

Significant realisations include:

	Proceeds £m
Oval	70.2
Income & Growth pool	25.9
Dewan Housing Finance	18.1
Petroceltic	13.3
FCPR Pragma	11.0

Significant contributors to six month performance

Investment	Pool	Value 30 Sep 2014 £m	Value 31 Mar 2014 £m	Income £m	Total return £m
Significant outperformers					
Capital Today China	Funds	92.3	44.8	0.3	49.8
Dewan Housing Finance	Quoted	28.1	31.0	0.4	15.2
TGE Marine	Unquoted	45.3	39.3	5.8	11.3
Latshaw Group	Unquoted	37.2	33.0	–	4.1
Significant underperformers					
Avanti Communications	Quoted	23.8	46.8	–	(17.5)
Bristow Group	Quoted	68.3	74.5	0.5	(5.7)
Quintain Estates	Quoted	29.3	41.2	–	(5.2)
Polar Capital	Quoted	33.2	39.0	1.7	(4.1)

Top ten investments

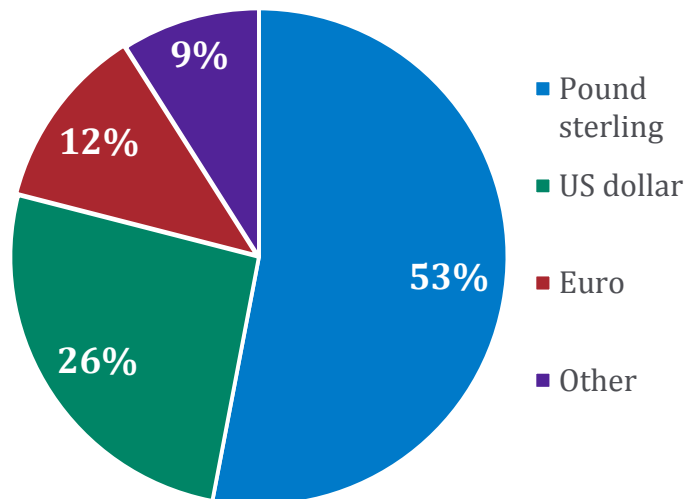
As at 30 September 2014



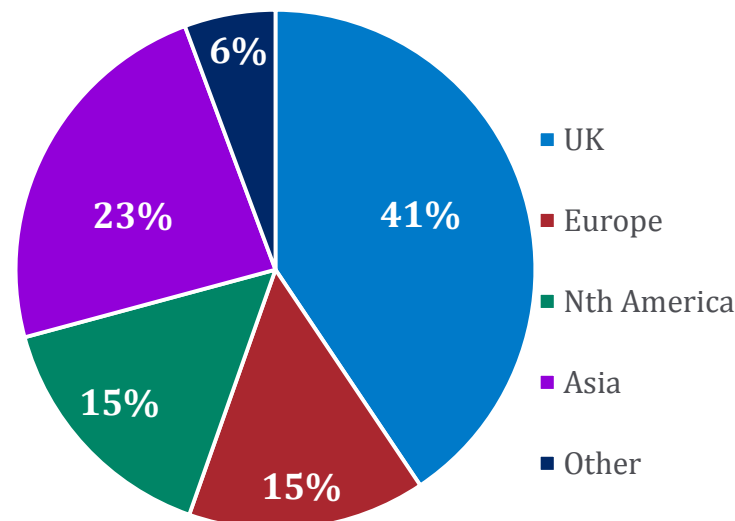
Name	Pool	Business	30 Sep 2014 £m	Six month total return %	30 Sep 2014 %	Six month change in weighting %
Cobehold	Unquoted	Investment company	96.2	0.1	6.4	-0.5
Capital Today China	Funds	Private equity fund	92.3	111.2	6.2	+3.1
Park Holidays	Unquoted	Caravan parks operator	81.1	0.2	5.4	-0.7
Bristow Group	Quoted	Helicopter services	68.3	(7.5)	4.6	-0.6
Close Brothers	Quoted	Financial services	65.5	1.4	4.4	-0.1
AG Barr	Quoted	Soft drinks	58.4	2.6	3.9	-0.1
Choice Care Group	Unquoted	Care homes provider	50.2	-	3.4	+0.3
The Sloane Club	Unquoted	Residential club	45.7	5.0	3.1	+0.1
TGE Marine	Unquoted	LNG engineering	45.3	28.7	3.0	+0.3
Sterling Industries	Unquoted	Engineering	39.2	7.7	2.6	+0.1
Top ten investments			642.2		43.0	-1.3

Sector, geographical & currency distribution

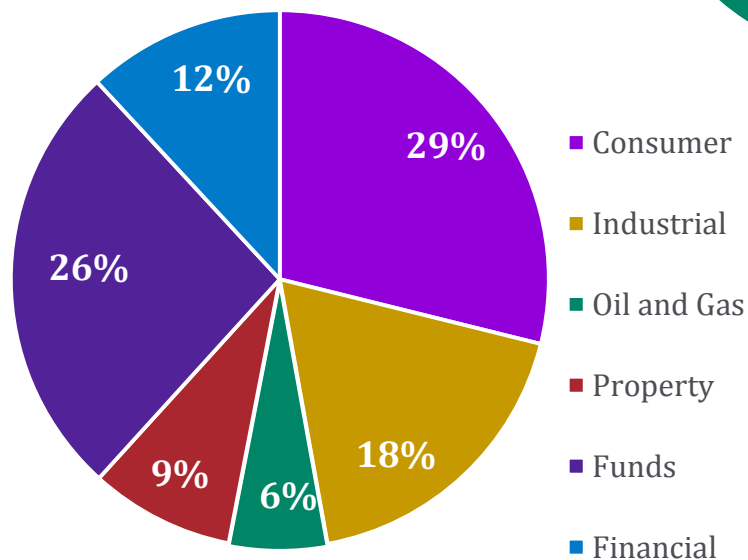
Analysis by currency



Analysis by revenue



Analysis by sector



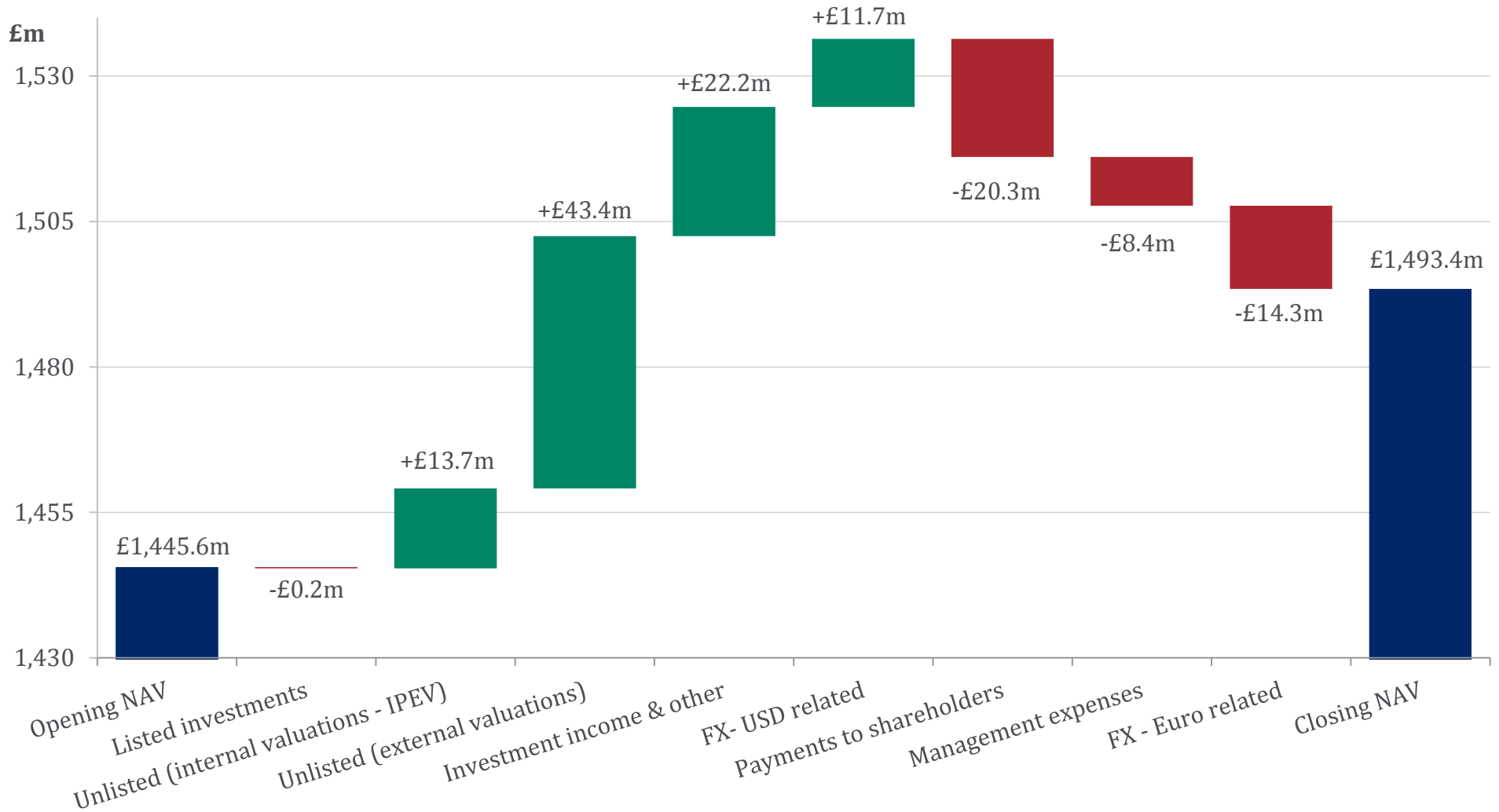
Split by geography based on revenue of investments using latest available financial information

Net cash and facilities

- £49.1m net cash at 30 September 2014 (£7.1m net debt at 31 March 2014)
- Committed facilities increased to £125m
 - £125m revolving facility (RBS/ING)
 - Blended average margin: 208bp over LIBOR
- Overdraft facility £10m

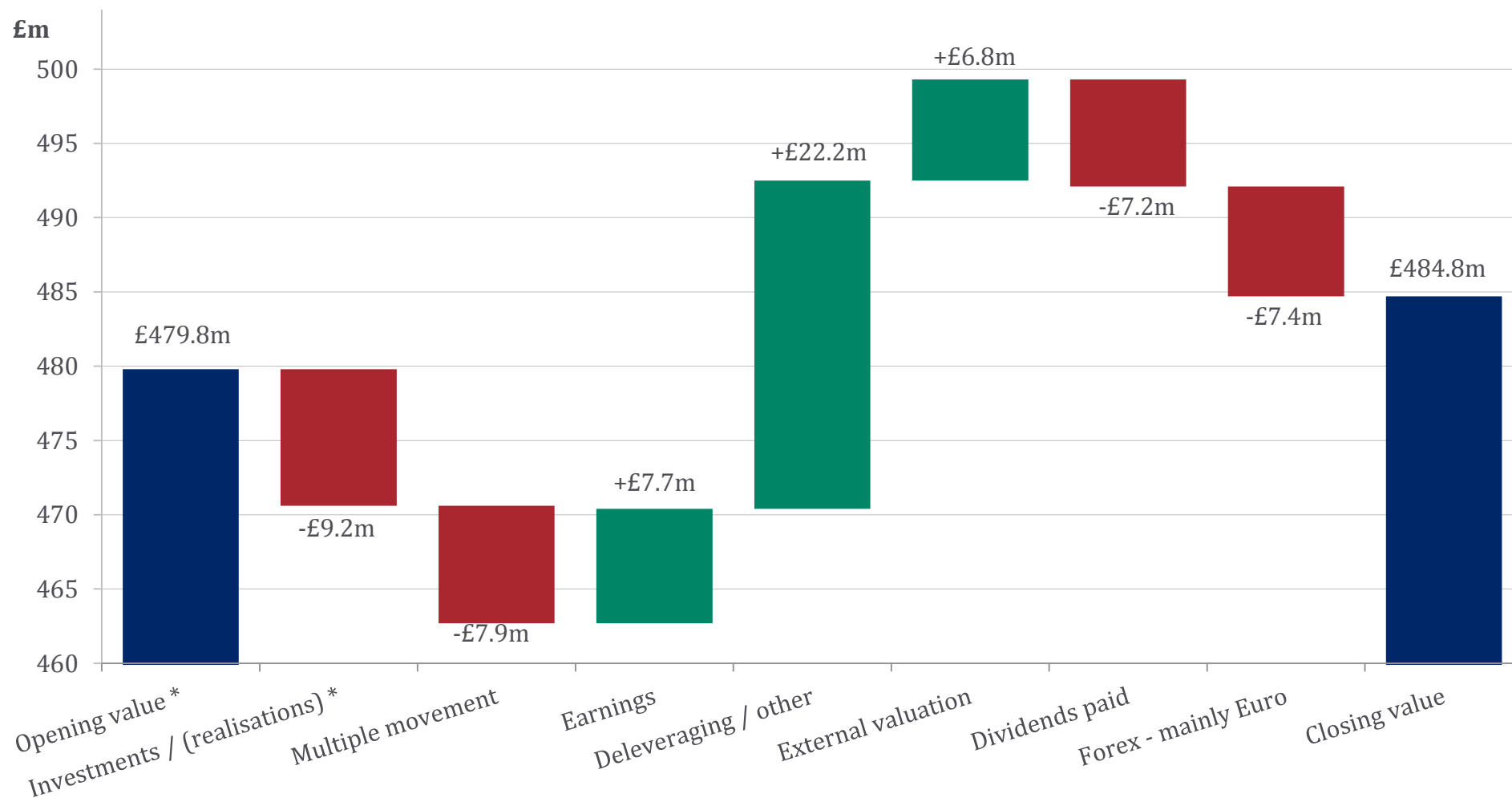
Change in net asset value

Six months to 30 September 2014



Valuation waterfall for Unquoted pool

Six months to 30 September 2014



* Opening value and realisations exclude Oval (£70.0m realised on 1 April 14) and Buckingham Gate (£18.5m).

Summary and outlook

- Six months +4.6% half year NAV total return in line with strategic investment framework (following +13% return in previous six months)
- Equity markets seeing recent increased volatility and reversion to quality
- Portfolio positioned to deliver positive total returns in line with longer term strategy

Appendices

	Page
Summary of comprehensive income	15
Quoted pool	16
Unquoted pool	17
Funds pool	18
Income & Growth pool	19

Summary of comprehensive income

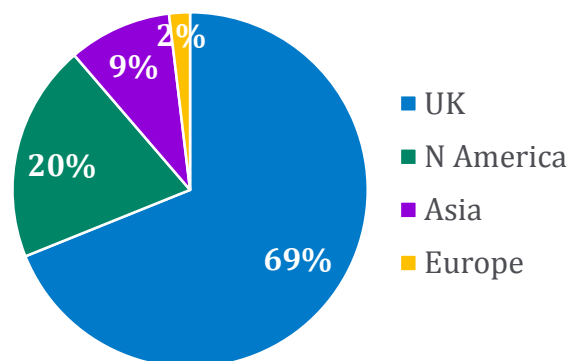
	30 Sep 2014 £m	30 Sep 2013 £m ¹	Change £m
Investment income	21.7	15.9	5.8
Gains on investments	54.7	9.8	44.9
Portfolio return	76.4	25.7	50.7
Management expenses	(8.4)	(5.5)	(2.9)
Non recurring items - inc performance fees	(2.4)	3.5	(5.9)
Other – inc treasury/taxation	1.2	1.9	(0.7)
Total comprehensive income for the period	66.8	24.8	42.0
Dividends paid	(19.7)	(19.1)	(0.6)
Retained profit for the period	47.1	5.7	41.4

¹ Restated for the adoption of IFRS 10

Quoted pool

Significant investments	Value 30 Sep 2014 £m	Value 31 Mar 2014 £m	Income £m	Capital gain/(loss) £m	Total return %
Bristow Group	68.3	74.5	0.5	(6.2)	(8)
Close Brothers	65.5	64.6	-	0.9	1
AG Barr	58.4	57.7	0.8	0.7	3
Polar Capital	33.2	39.0	1.7	(5.8)	(11)
Quintain Estates	29.3	41.2	-	(5.2)	(14)
Other	215.3	220.8	2.5	(2.1)	-
Total	470.0	497.8	5.5	(17.7)	(3)

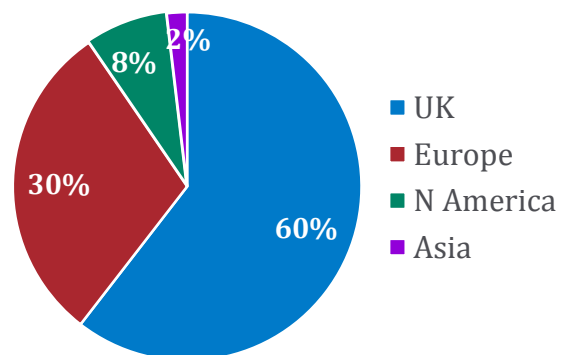
Geographic distribution



Unquoted pool

Significant investments	Value 30 Sep 2014 £m	Value 31 Mar 2014 £m	Income £m	Capital gain excl. Forex £m	Forex gain/(loss) £m	Total return %
Cobehold	96.2	100.2	1.7	1.7	(5.7)	(2)
Park Holidays	81.1	88.1	-	0.2	-	-
Choice Care	50.2	50.2	-	-	-	-
The Sloane Club	45.7	43.8	0.1	1.9	-	5
TGE Marine	45.3	39.3	5.8	8.0	(2.4)	29
Other	166.3	246.7	1.2	9.3	0.7	7
Total	484.8	568.3	8.8	21.1	(7.4)	5

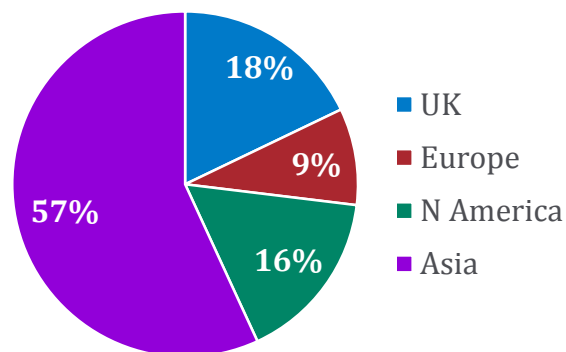
Geographic distribution



Funds pool

Significant investments	Value 30 Sep 2014 £m	Value 31 Mar 2014 £m	Income £m	Capital gain/(loss) £m	Total return %
Capital Today China	92.3	44.8	0.3	49.5	114
Perlus Microcap	25.2	24.3	–	0.9	4
New Silk Road Asia Landmark	15.8		–	0.9	10
Nova Springboard	15.6	14.9	–	0.7	5
Newton Asia Income	14.8		–	(0.2)	(3)
Other	120.5	120.4	1.5	6.9	7
Total	284.2	204.4	1.8	58.7	28

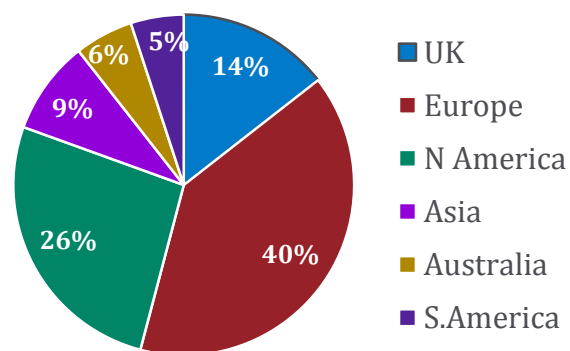
Geographic distribution



Income & Growth pool

Top five holdings	Country	Value 30 Sep 2014 £m	Total return %
Zurich Insurance	Switzerland	7.2	7
HSBC	UK	7.1	4
Sanofi	France	7.0	14
Swedbank	Sweden	6.9	(3)
General Electric	US	6.8	3
Other		153.9	3
Total		188.9	3

Geographic distribution



Contact details

Caledonia Investments plc
Cayzer House
30 Buckingham Gate
London
SW1E 6NN

Tel: +44 (0)20 7802 8080
Web: www.caledonia.com