



CALEDONIA
INVESTMENTS

Presentation of half-year results
for the six months ended 30 September 2015



Financial highlights

Six months ended 30 September 2015



- NAV total return per share of -3.8% for six months to 30 September 2015 (+4.6% in 2014)
- Income from the portfolio up 6.9% over previous half-year, to £23.3m
- Interim dividend up 3.6% to 14.3p per share
- £250m net invested, taking advantage of opportunities in quality businesses
- £173m net realised, including sale of TGE Marine for £84m, a 30% premium to book value
- Strong performance from unquoted investments provided balance to more volatile quoted markets
- Discount range during period 14.6% - 21.5%

Summary of the half year	30 Sep 2015	31 Mar 2015	Change %
NAV per share	2759p	2906p	-5.1
Interim dividend per share	14.3p	13.8p	+3.6

Performance track record

Period to 30 September 2015



- 10+ year investment horizon
- Return a blend of sustainable yield and longer term real capital growth
- High quality businesses and funds in both quoted and unquoted markets
- Balanced exposure to asset classes, sectors and geographies – managed through pool structure
- Disciplined investing with a proven record of delivering performance consistent with our strategic risk/return appetite and investment horizon

-----Annualised-----

	6 months	1 year	3 year	5 years	10 years
NAV Total Return	-3.8	+5.0	+13.2	+7.6	+6.6
RPI		+0.8	+2.1	+2.9	+3.0
Performance against RPI		+4.2	+11.1	+4.7	+3.6
FTSE All-Share Total Return					+5.6
Performance against FTSE					+1.0

NAV summary performance by investment pool

Six months ended 30 September 2015

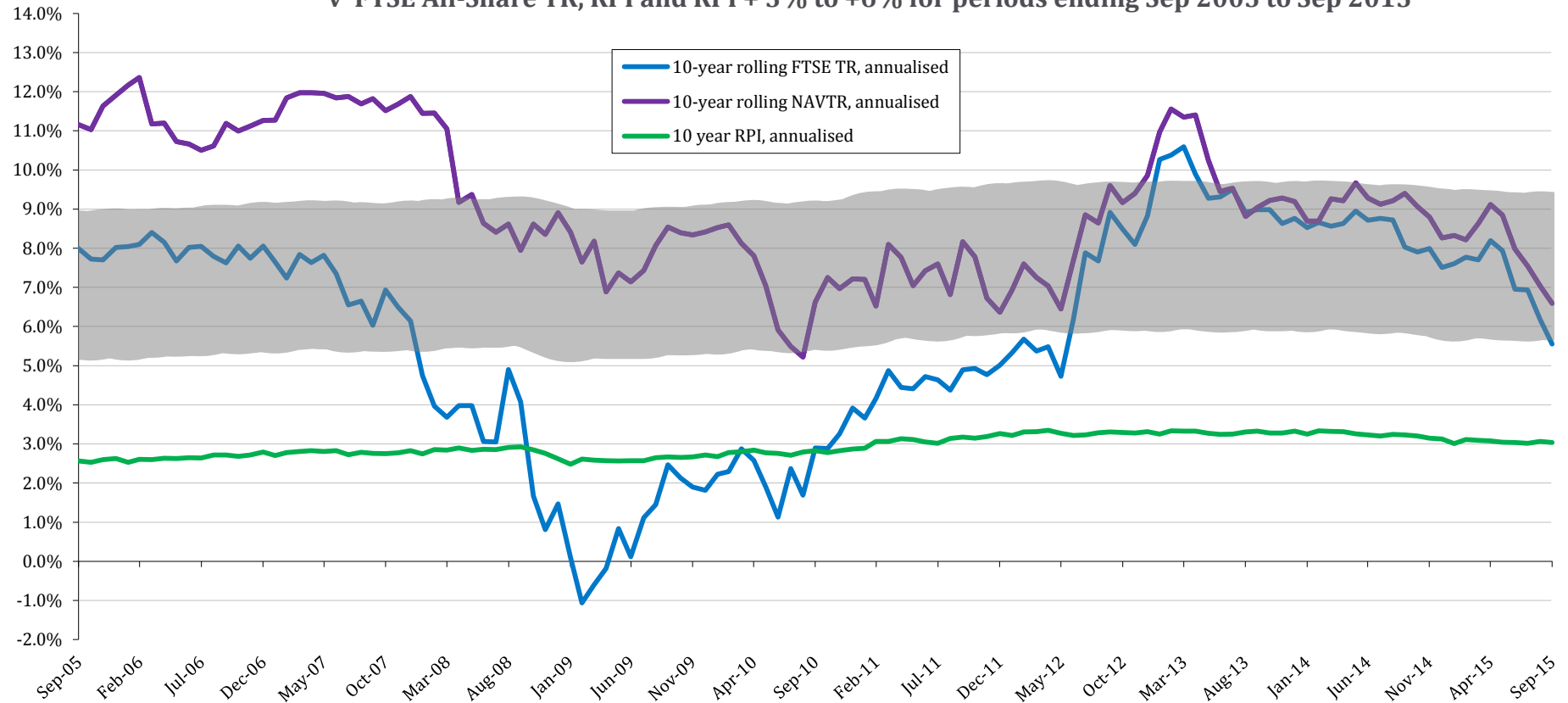


Investment pool	Value 30 Sep 2015 £m	Investment income £m	Total return £m	Total return %
Quoted	475.5	6.9	(54.5)	-11.4
Unquoted	518.0	10.1	30.6	+6.0
Funds	309.5	0.7	(8.1)	-2.5
Income & Growth	191.8	5.6	(14.3)	-6.8
Portfolio	1,494.8	23.3	(46.3)	-3.0
Net debt	(48.3)		(1.1)	
Other items (expenses, tax)	105.3		(8.3)	
	1,551.8		(55.7)	-3.8

Performance reflects embedded portfolio structure

- Aim to grow real capital value and income over the longer term (10 years)
- Target return RPI +3% to RPI +6%, outperforming FTSE All-Share TR over 10 years

10-year rolling performance of NAVTR
 v FTSE All-Share TR, RPI and RPI + 3% to +6% for periods ending Sep 2005 to Sep 2015



Strategic allocation

Pool	30 Sep 2015 £m	30 Sep 2015 %	31 Mar 2015 £m	31 Mar 2015 %	Strategic allocation range disposition %
Quoted	475.5	31	447.7	28	35-50
Unquoted	518.0	33	510.3	31	20-35
Funds	309.5	20	327.7	20	15-20
Income & Growth	191.8	12	202.1	12	15-20
Cash & other	57.0	4	139.1	9	(10)-10
Net assets	1,551.8	100	1,626.9	100	

Investment activity during the six months

Total investments of £250m

Significant investments include:

	£m
Income & Growth pool (net)	9.6
Seven Investment Management	73.6
Flowserve	35.0
British American Tobacco	21.7
Union Pacific	19.4

Total realisations of £173m

Significant realisations include:

	Proceeds £m
TGE Marine	78.9
Avanti Communications	15.1
Capital Today China	14.3
Weir Group	13.0

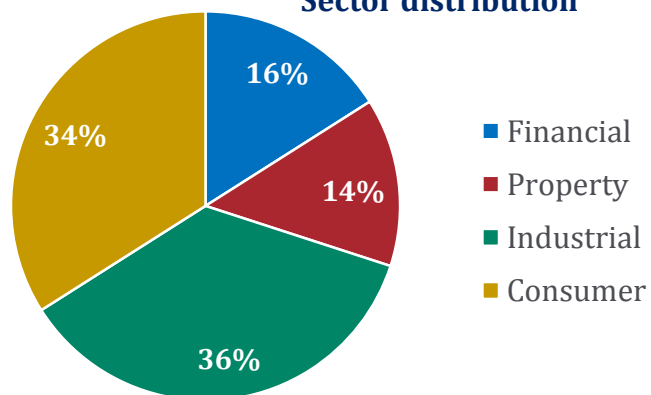
Significant contributors to six month performance

Investment	Pool	Value 30 Sep 2015 £m	Value 31 Mar 2015 £m	Income £m	Total return £m	Total return %
Significant outperformers						
TGE Marine	Unquoted	–	64.9	5.4	19.4	+31
Park Holidays	Unquoted	113.4	101.1	2.1	14.4	+14
Quintain Estates	Quoted	34.0	23.5	–	11.3	+49
Significant underperformers						
Bristow Helicopters	Quoted	29.3	60.8	0.5	(30.9)	-51
Sterling Industries	Unquoted	23.9	35.5	–	(11.6)	-33
Flowserve	Quoted	26.4	–	0.2	(8.4)	-34
AG Barr	Quoted	49.6	57.6	0.9	(7.2)	-13
Rolls-Royce	Quoted	16.4	23.1	0.3	(6.3)	-28

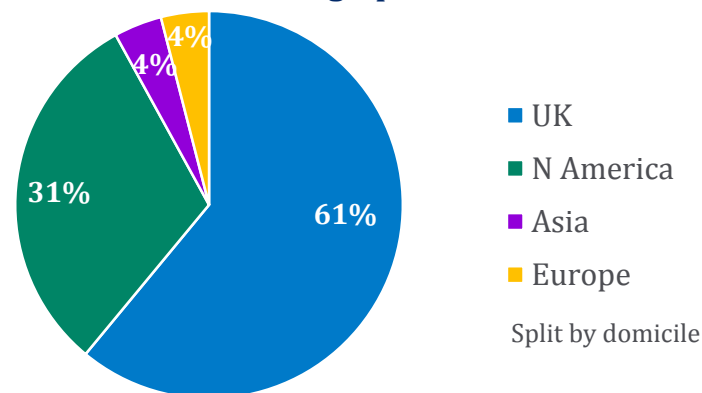
Quoted pool

Significant investments	First invested	Value 30 Sep 2015 £m	Value 31 Mar 2015 £m	Income £m	Capital gain/(loss) £m	Total return %
AG Barr	1977	49.6	57.6	0.9	(8.0)	-13
Close Brothers	1987	47.0	56.1	-	(2.0)	-4
Quintain Estates	1994	34.0	23.5	-	11.3	+49
Bristow Group	1991	29.3	60.8	0.5	(31.4)	-51
Polar Capital	2001	29.3	29.3	1.5	0.8	+8
Flowserve	2015	26.4	-	0.2	(8.6)	-34
Other		259.9	220.4	3.8	(23.5)	
Total		475.5	447.7	6.9	(61.4)	-11

Sector distribution



Geographic distribution



Unquoted pool

- Return for six months +6%; income of £10m
- Returns driven by profitable realisation of TGE Marine (£84.3m received, including £7.4m of dividends) and earnings growth at Park Holidays
- Completed £73.6m investment into UK asset management business Seven Investment Management
- Agreed to purchase Gala Bingo for £241m (4.5 x EBITDA), £98m in equity
- Strong cash flow generation with £10m of dividends received in six months (£9m in 2014)
- Strong investment pipeline; 213 opportunities viewed in twelve months to Sep 2015

Gala Bingo

- Announced, in October, an agreement to acquire Gala Bingo, the UK market-leading retail bingo operation for £241m
- Equity investment of circa £98m from Caledonia
- Quality long term leisure asset for our unquoted investment pool, providing strong annual cashflow and dividends together with growth from a defensive investment sector
- Completion is subject to Gambling Commission Change of Control approval

Seven Investment Management

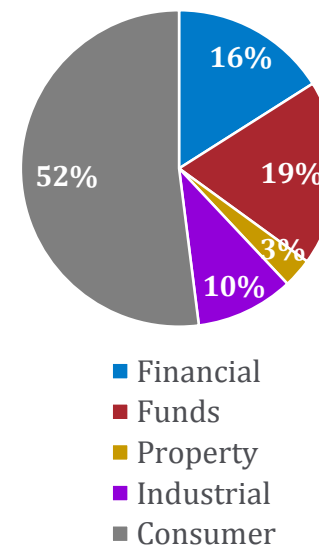
- Completed the acquisition of a majority stake in Seven Investment Management, a discretionary fund manager, retail investment fund provider and platform service
- Invested £74m into a business valued at £100m
- Circa £9.5bn AUM
- Continues Caledonia's unquoted investment model in established businesses partnering longer term capital growth and a strong, growing annual dividend

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- Successfully completed the sale of our unquoted investment in TGE Marine to Mitsui Engineering and Shipbuilding for €107m, having received a €8m dividend
 - Sale represents a lifetime IRR of 39% and a MoM of 3.5x
 - Investment held since 2006 in line with our longer term investment model which has seen EBITDA grow significantly over the ownership period
 - Sale represented a circa 30% uplift to our most recent NAV valuation

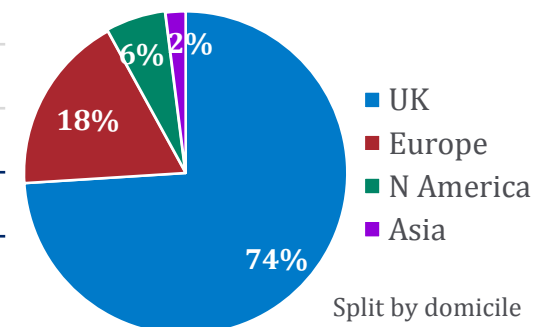
Unquoted pool

Significant investments	First invested	Value 30 Sep 2015 £m	Value 31 Mar 2015 £m	Income £m	Capital gain/ (loss) £m	Total return %
Park Holidays	2013	113.4	101.1	2.1	12.3	+14
Cobehold	2004	96.9	92.2	1.7	4.7	+7
Seven Investment Management	2015	73.6	-	-	-	-
The Sloane Club	1991	59.4	55.0	-	4.4	+8
Choice Care Group	2013	52.6	51.5	-	-	-
Latshaw Group	2012	29.2	34.0	-	(4.7)	-14
Bowers & Wilkins	2011	24.0	24.0	0.8	-	+3
Sterling Industries	1989	23.9	35.5	-	(11.6)	-33
Satellite Information Services	2005	20.0	20.6	-	(0.6)	-3
Other		25.0	96.4	5.5	16.0	
Total		518.0	510.3	10.1	20.5	+6

Sector distribution



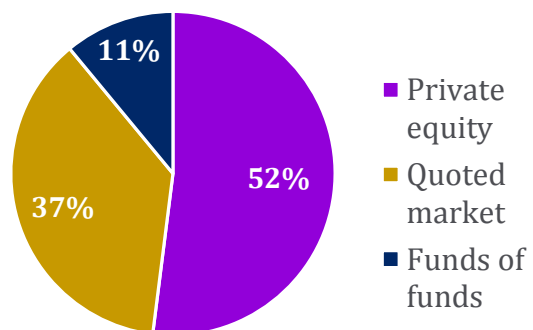
Geographic distribution



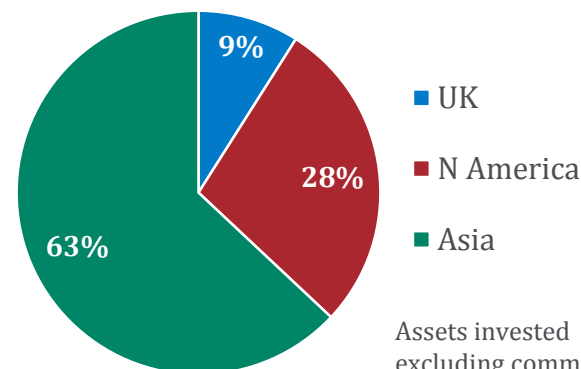
Funds pool

Significant investments	First invested	Value 30 Sep 2015 £m	Value 31 Mar 2015 £m	Income £m	Capital gain £m	Total return %
Capital Today China	2006	90.7	103.6	-	1.4	+1
Macquarie Asia New Stars	2014	20.3	21.7	-	(1.4)	-7
Arlington AVM Ranger	2014	20.0	15.6	-	(2.1)	-11
FLAG Capital	2013	18.7	12.6	-	0.7	+5
NT Asian funds	2015	17.7	14.8	-	(3.5)	-20
Perlus Microcap	2007	14.8	29.8	-	(2.0)	-9
Livingbridge	2007	14.5	12.4	-	1.2	+10
Other		112.8	117.2	0.7	(3.1)	
Total		309.5	327.7	0.7	(8.8)	-3

Fund investment style



Geographic distribution

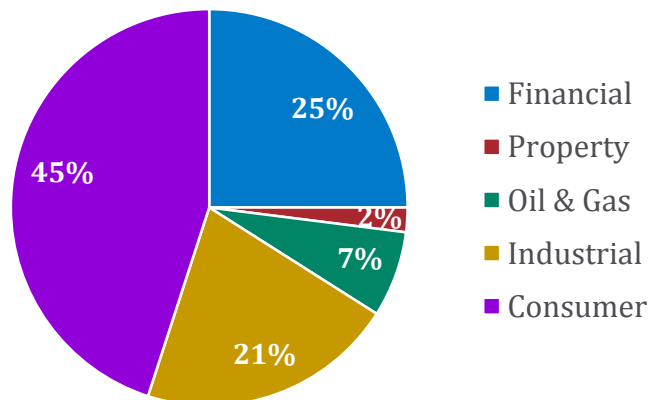


Assets invested excluding commitments

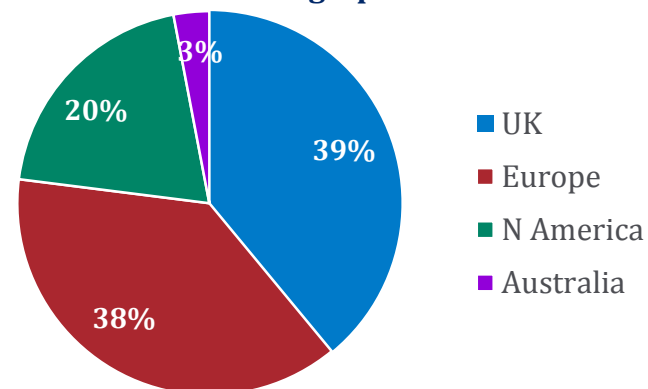
Income & Growth pool

Top five holdings	Country	Value 30 Sep 2015 £m	Income £m	Total return %
National Grid	UK	8.5	0.2	+6
British American Tobacco	UK	8.3	0.1	+6
Lloyds Banking Group	UK	8.2	0.1	-27
AT&T	US	8.2	0.1	-2
Royal Mail	UK	8.1	0.2	-20
Other		150.5	4.9	
Total		191.8	5.6	-7

Sector distribution



Geographic distribution

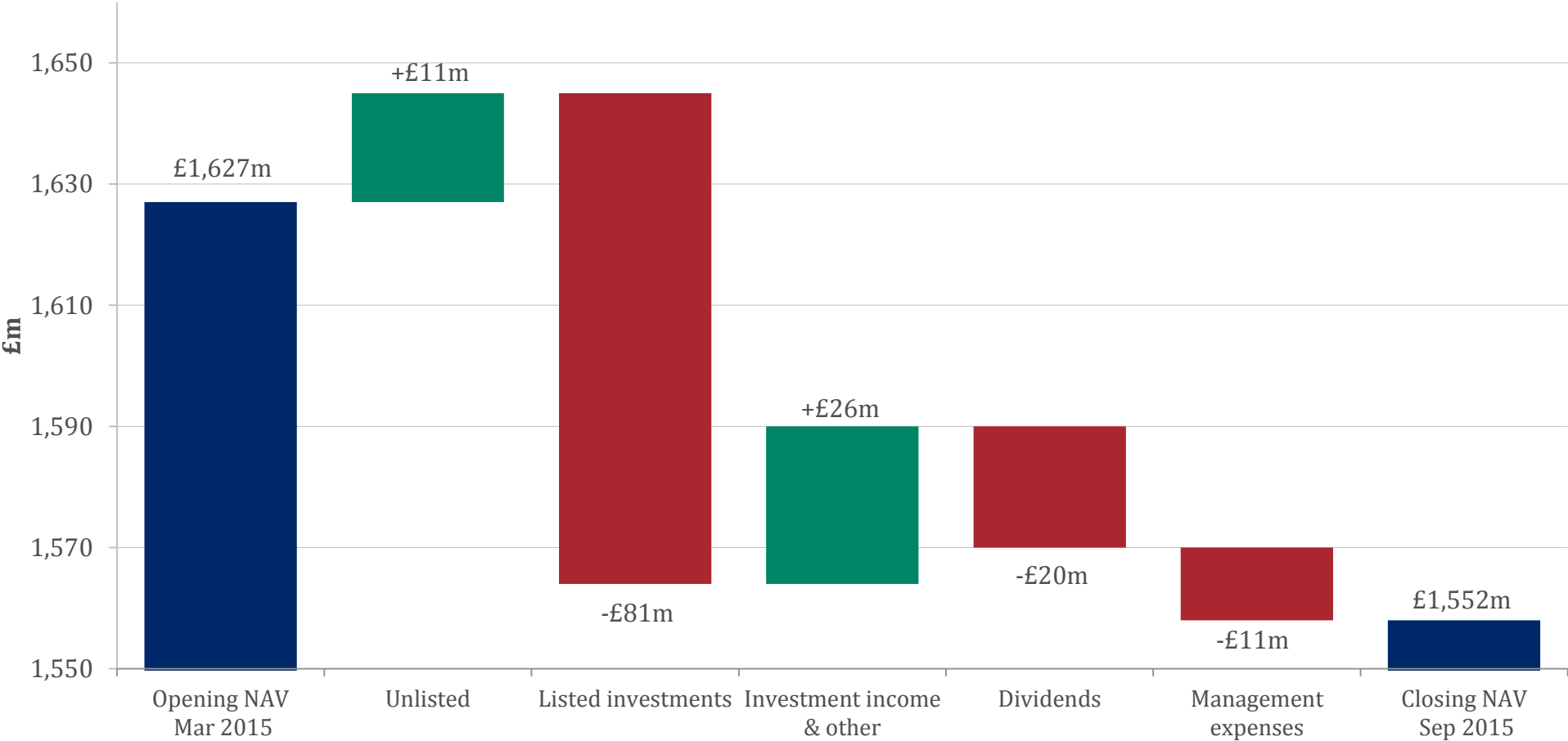


Net cash and facilities

- Group had £48.3m of net debt at 30 September 2015. £78.9m was received on 1 October from the sale of TGE Marine (31 March 2015: net cash of £131.0m)
- £175m committed facilities in group:
 - £125m revolving facility (RBS/ING) in company at a blended average margin: 208bp over LIBOR
 - £50m revolving facility (RBS) in treasury subsidiary at LIBOR +0.9%
- £10m overdraft facility in company and a £1.5m overdraft facility in treasury subsidiary

Change in net asset value

Six months to 30 September 2015



Summary and outlook

- Market volatility expected to continue
- Pricing discipline for new investments remains key
- Income from portfolio increasing and helping to drive returns
- Strong dealflow in unquoted portfolio
- Gala Bingo deal will complete when regulatory approval received
- Portfolio well positioned to deliver long term performance in line with strategic aims

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Top ten investments

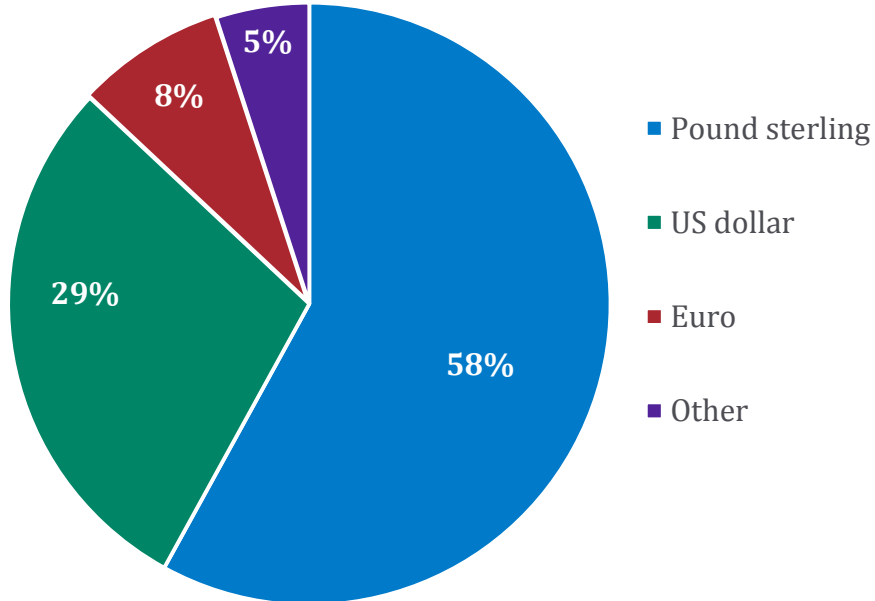
As at 30 September 2015



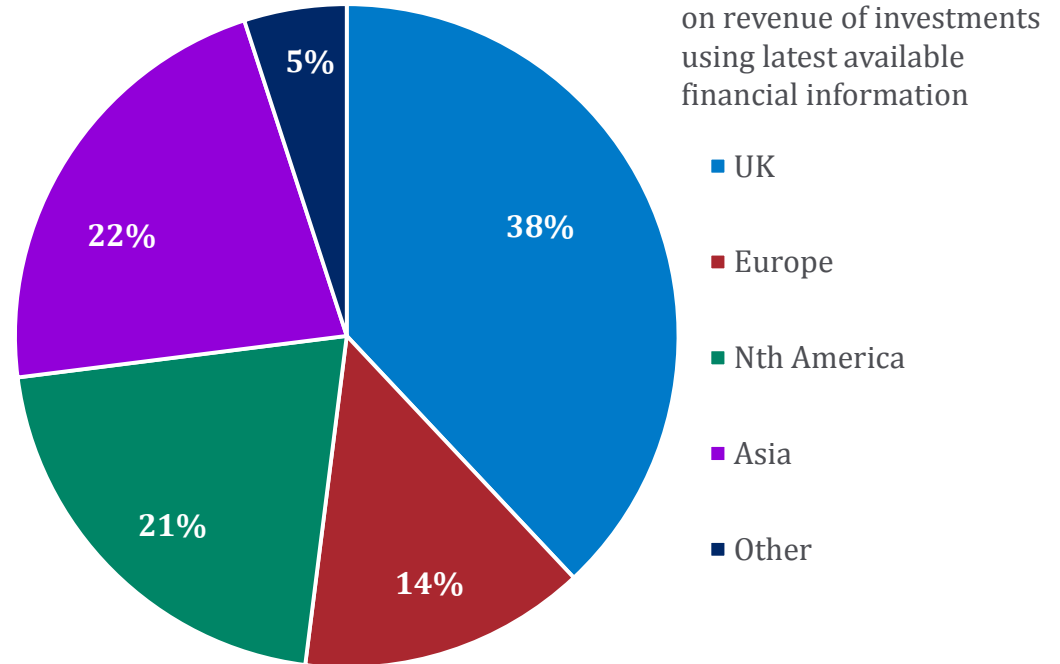
Name	Pool	Business	30 Sep 2015 £m	31 Mar 2015 £m	Change in weighting %
Park Holidays	Unquoted	Caravan parks operator	113.4	101.1	+1.1
Cobehold	Unquoted	Investment company	96.9	92.2	+0.6
Capital Today China	Funds	Private equity fund	90.7	103.6	-0.5
Seven Investment Management	Unquoted	Investment management	73.6	–	+4.7
The Sloane Club	Unquoted	Residential club	59.4	55.0	+0.4
Choice Care Group	Unquoted	Care homes provider	52.6	51.5	+0.2
AG Barr	Quoted	Soft drinks	49.6	57.6	-0.3
Close Brothers	Quoted	Financial services	47.0	56.1	-0.4
Quintain Estates	Quoted	Property services	34.0	23.5	+0.7
British American Tobacco	Quoted/I&G	Tobacco	33.4	9.0	+1.6
Top ten			650.6	549.6	

Balanced geographical & currency distribution

Analysis by currency



Analysis by revenue exposure



Summary of comprehensive income

	30 Sep 2015 £m	30 Sep 2014 £m	Change £m	Change %
Portfolio and other income	23.4	22.1	1.3	6
Gains/(losses) on investments and property	(69.6)	54.4	(124.0)	
Total revenue	(46.2)	76.5	(122.7)	
Expenses/provisions	(11.4)	(10.8)	(0.6)	(6)
Treasury/taxation	1.9	1.1	0.8	
Total comprehensive income for the six months	(55.7)	66.8	(122.5)	
Dividends paid	(20.3)	(19.7)	(0.6)	3
Other items	0.9	0.7	0.2	
Retained profit/(loss) for the six months	(75.1)	47.8	(122.9)	

- Management expenses of £11.2m fully charged to revenue

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