

Annual General Meeting

24 July 2019



CALEDONIA
INVESTMENTS



Introduction and Highlights of the Year

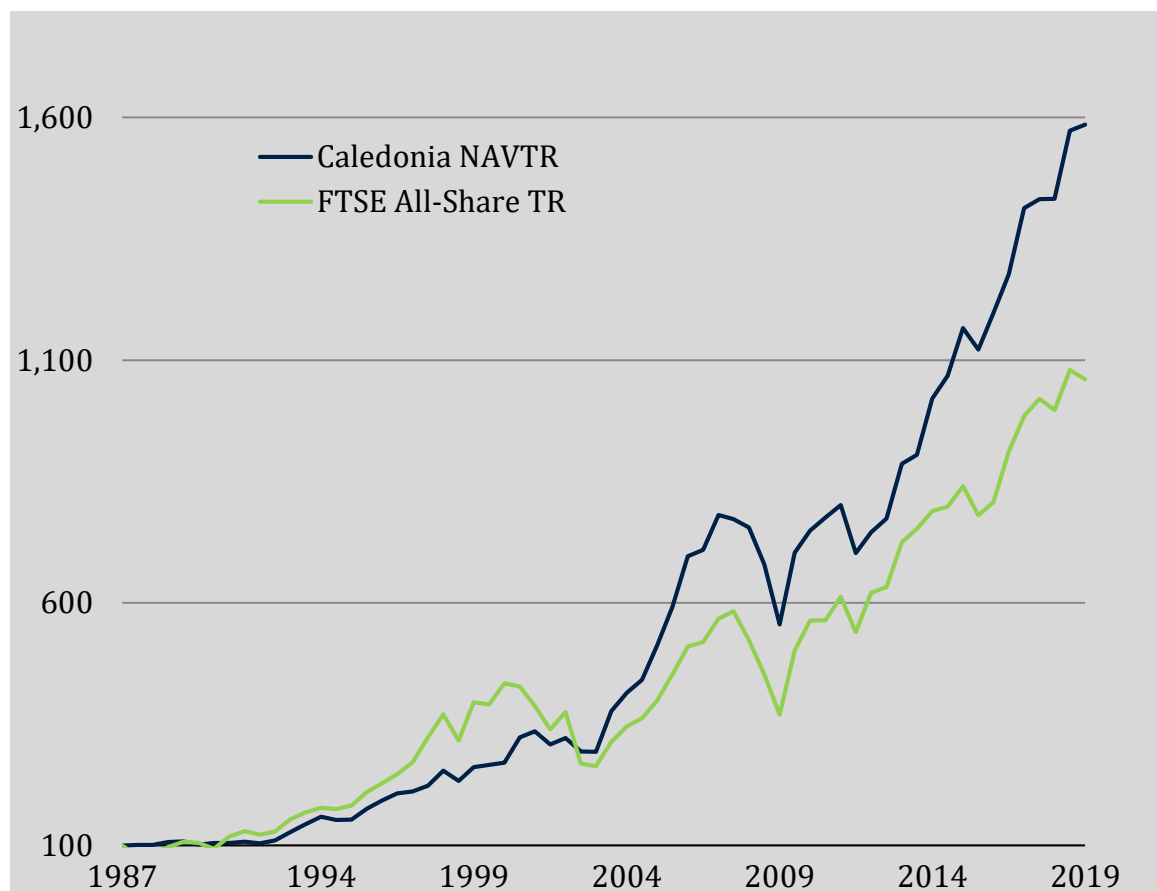
Will Wyatt
Chief Executive



NAV total return growth since 1987

Consistent growth in returns and dividends

- +9.2% NAV per share annualised total return for period since 1987 (vs 7.8% for FTSE All-Share)
- 10 year NAV per share annualised total return +11.1% (10 year FTSE All-Share TR annualised also +11.1%)
- Record of 52 years of increasing annual dividends



Highlights

Year ended 31 March 2019

NAV total return

+10.9%

(2018: +1.4%)

NAV per share

3582 pence **+9.0%**

(2018: 3285p)

Discount to NAV

16.8%

(2018: 19.3%)

**2.5pts
lower**

Annual dividend per share

59.3 pence **+4.0%**

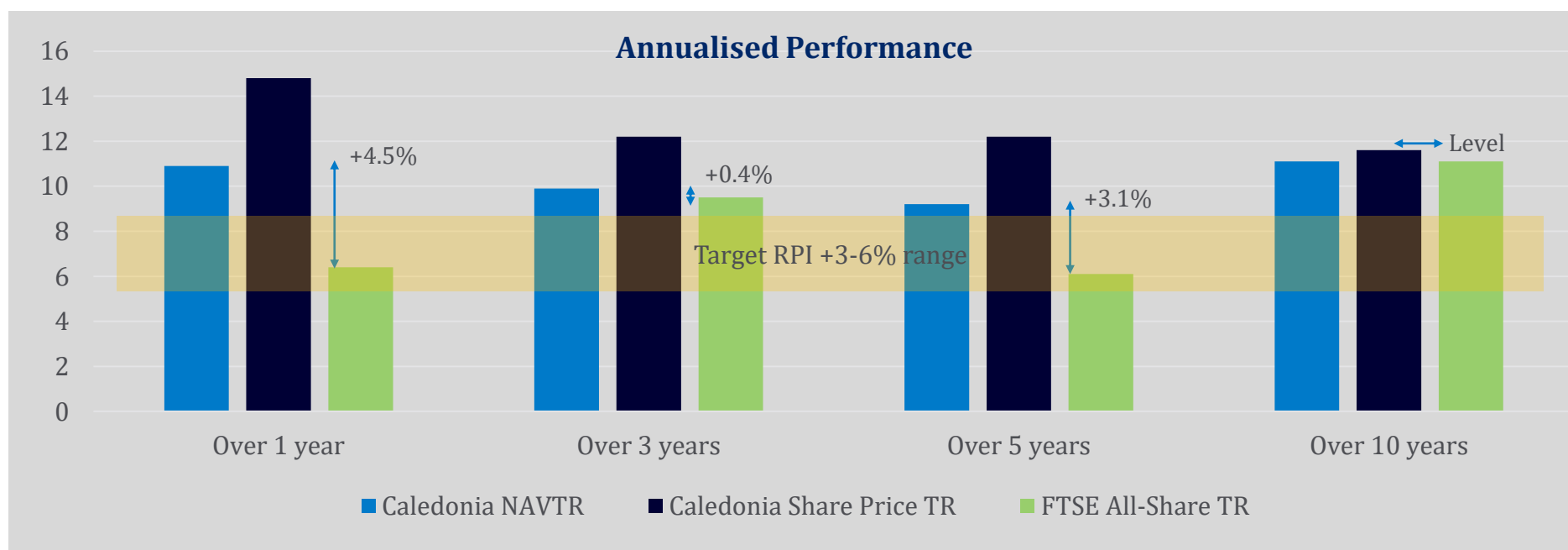
(2018: 57.0p)

- +10.9% NAV per share total return for year
- +14.8% share price total return
- Positive returns from all pools
- Favourable FX movements
- Discount range during year 14% - 22%
- AIC reclassification from Global to Flexible Investment sector in December 2018
- +4.1% increase in final dividend (43.2p), ahead of inflation

Performance Track Record

Consistent long term outperformance

- Aim to grow capital value and income over the long term (10 years) measured in real terms ✓ **Achieved**
- Target return of RPI +3% to +6% over medium term ✓ **Achieved**
- Aim to outperform FTSE All-Share Total Return over 10 years ✓ **Level**



NAV Summary Performance by Pool

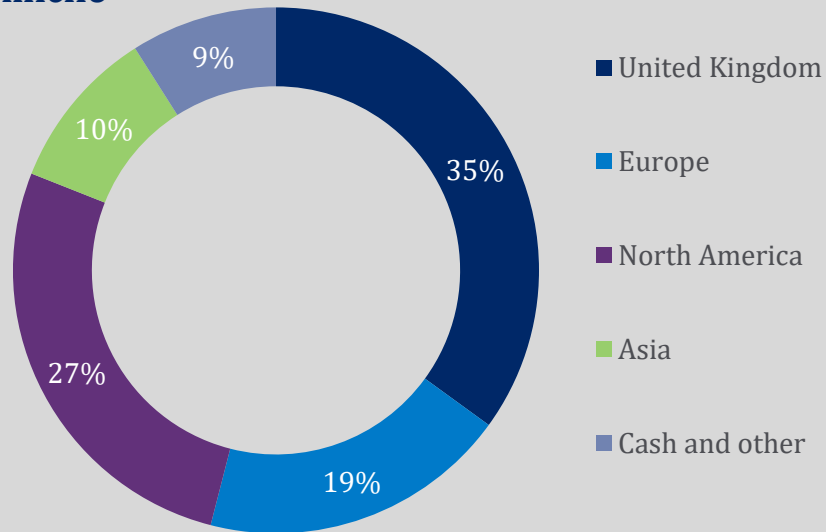
Positive returns across all four pools

Investment Pool	Value 31 Mar 2019 £m	Investment Income £m	Total Return £m	Total Return %	Total Return excl. FX %
Quoted	464.4	9.6	88.9	+21.0%	+15.5%
Income	224.5	13.4	6.7	+2.9%	+1.7%
Unquoted	659.5	27.6	63.4	+11.4%	+11.7%
Funds	482.7	1.5	69.9	+15.0%	+7.3%
Total pools	1,831.1	52.1	228.9		
Cash	112.3	0.5			
Other	58.6	0.1	(29.2)		
	2,002.0	52.7	199.7	+10.9%	+8.1%

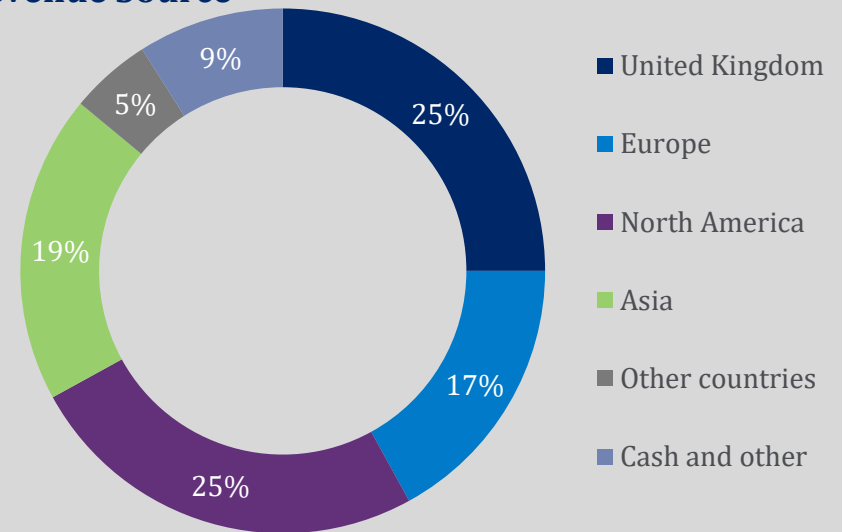
Analysis by Geography

Good geographical diversification

Geography by Domicile

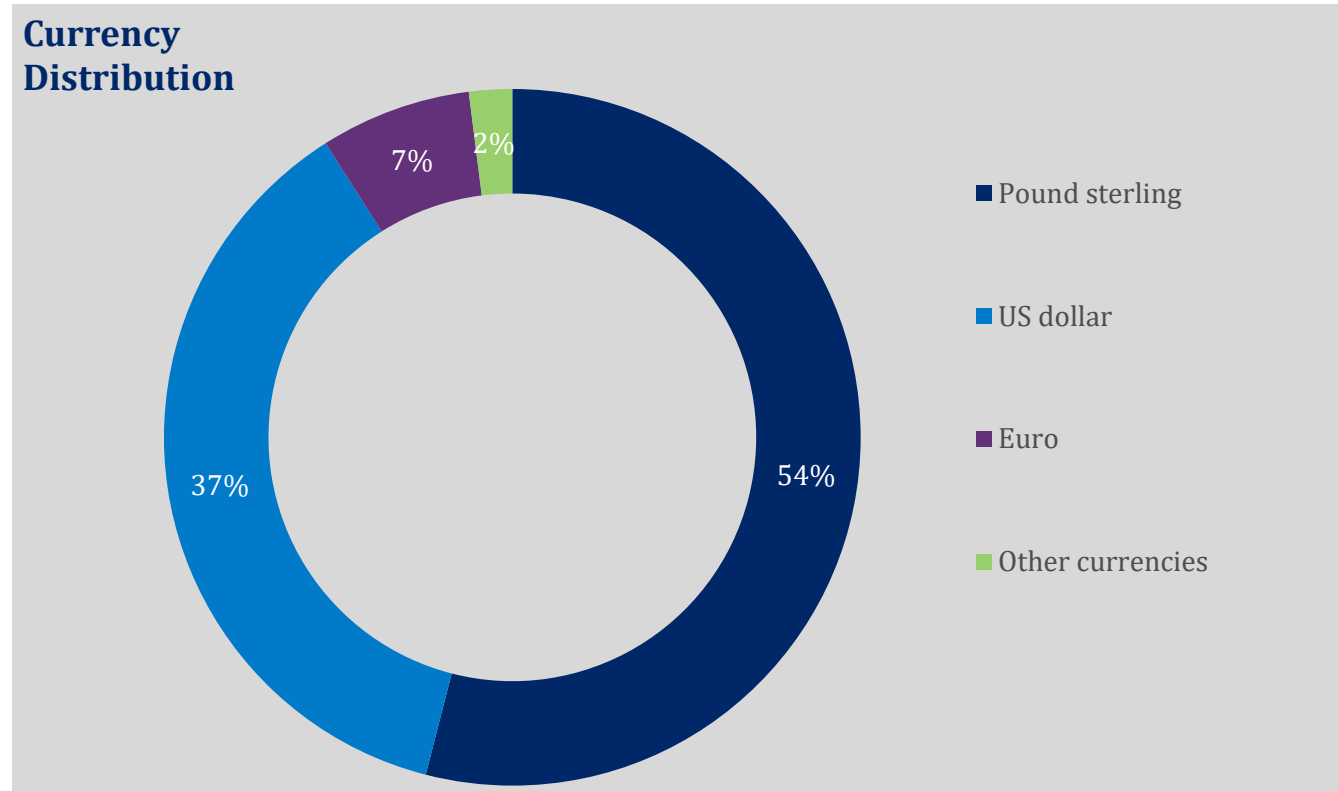


Geography by Revenue Source



Analysis by Currency

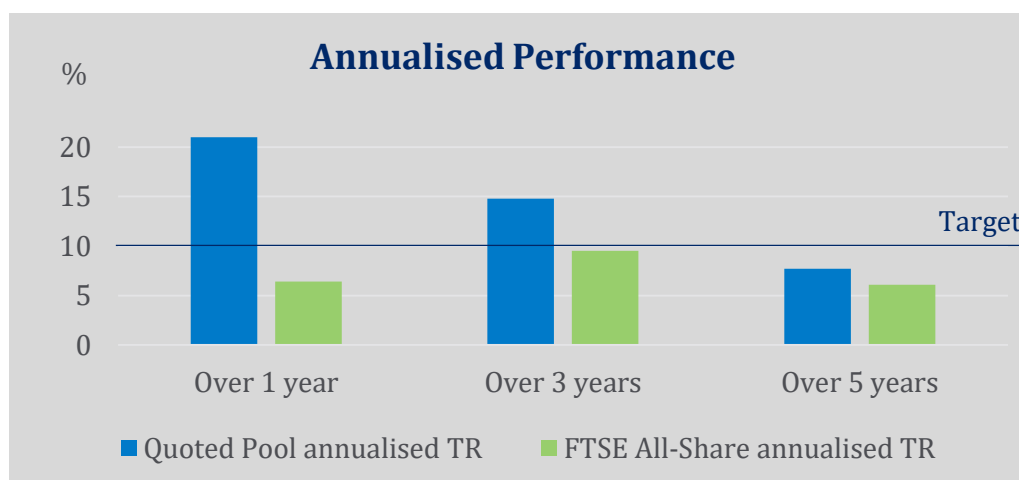
As at 31 March 2019



Quoted Pool

Concentrated portfolio of high quality compounding companies

- 19 core holdings
- £464m portfolio
- 23% of net assets
- £10m of income (estimate annual yield of c.2%)
- 21% return in year, against a target of 10%

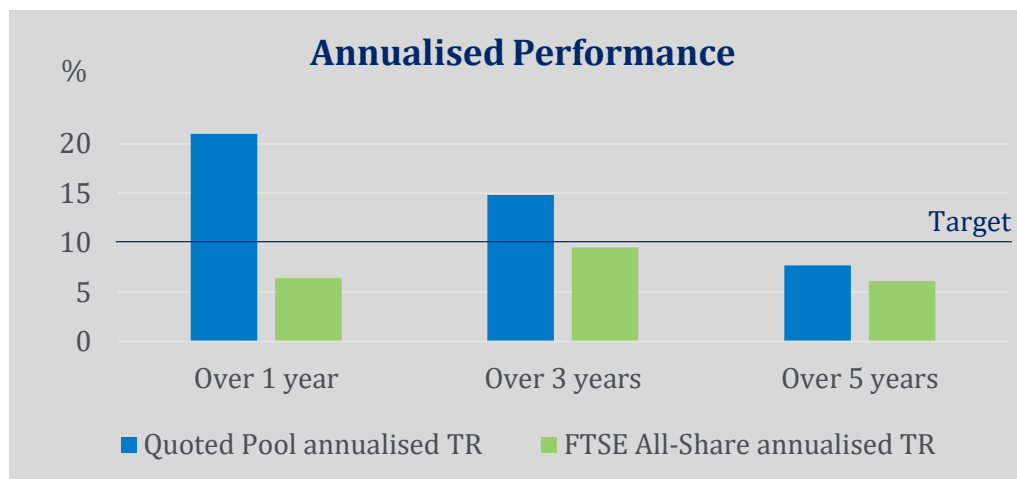


Quoted Pool

Exceptional performance in a turbulent year

Strong return driven by:

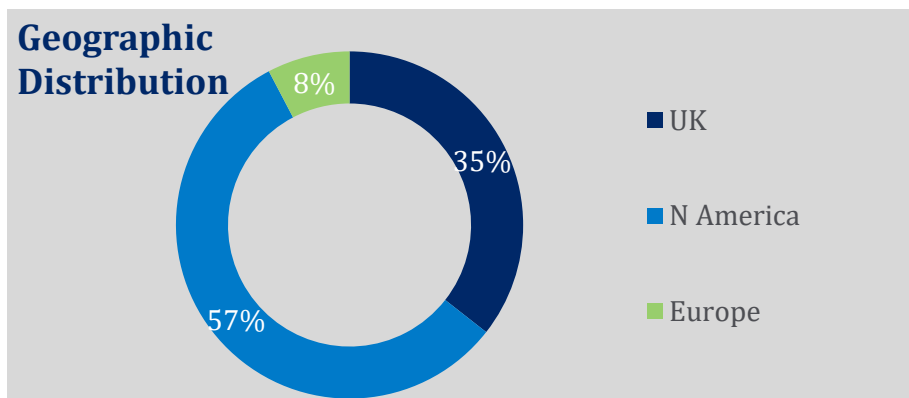
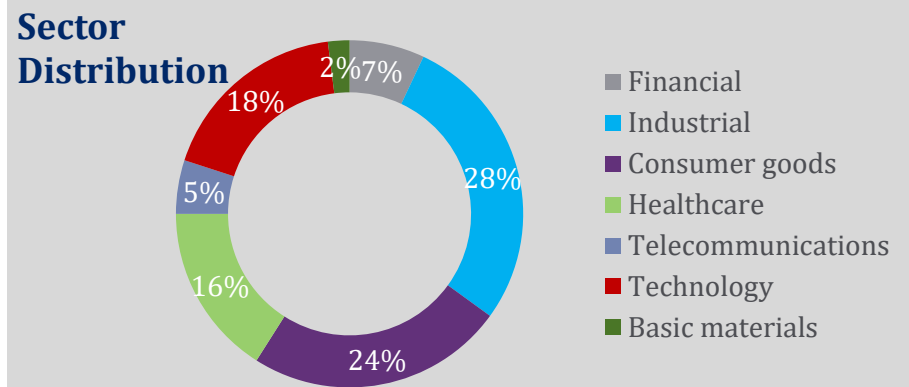
- Strong contribution from US quoted equities
- Selective partial divestment of some overweight holdings
- Net divestment of £67m in the year
- Strong relative performance during Q4 market dip (+5% vs FTSE All-Share -(10)%)
- FX impact favourable



Quoted Pool

Ten largest holdings as at 31 March 2019

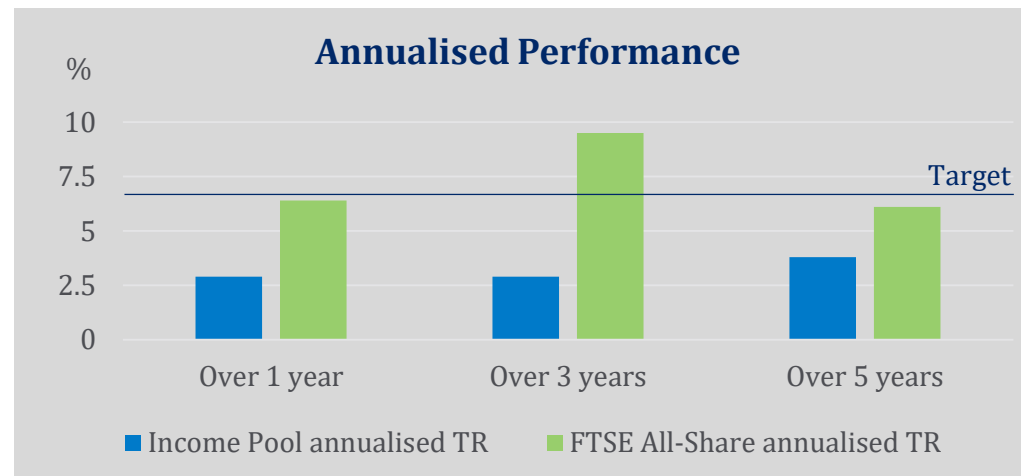
Ten Largest Holdings (£m)	Value 31 Mar 2019
Microsoft	43.2
AG Barr	40.4
Spirax Sarco	40.3
Oracle	31.5
Thermo Fisher Scientific	31.3
Becton Dickinson	30.2
Polar Capital	29.1
Charter Communications	27.4
Hill & Smith	27.1
Nestlé	24.7
	325.2
Remaining holdings	139.2
Total pool	464.4



Income Pool

Concentrated portfolio of international businesses with strong income characteristics

- 20 holdings
- £225m portfolio
- 11% of net assets
- £13m of income (estimate annual yield of 5.8%)
- 2.9% return in year, against a target of 7% (2.5% capital, 4.5% income)

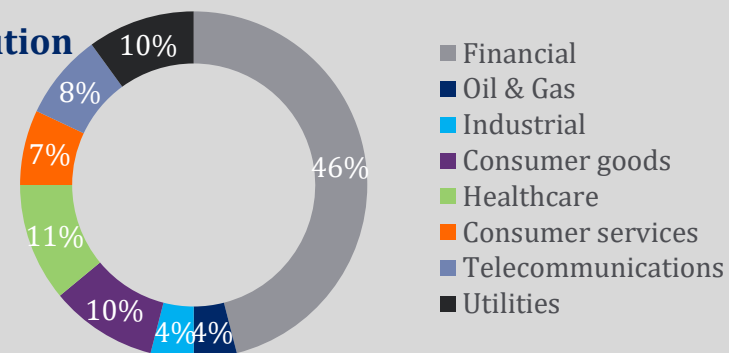


Income Pool

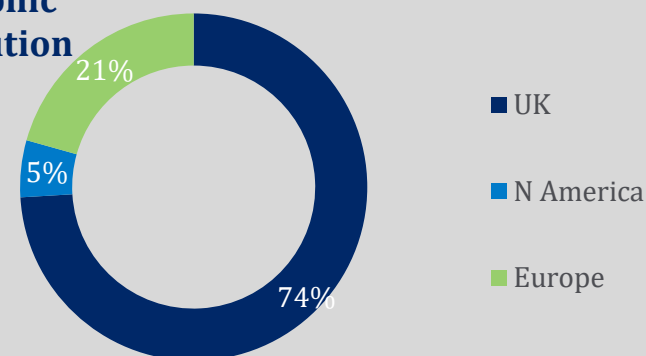
Ten largest holdings as at 31 March 2019

Ten Largest Holdings (£m)	Value 31 Mar 2019	Yield %
Phoenix Group	15.3	6.6
Sabre Insurance	14.6	5.1
Tritax Big Box	14.1	5.2
SCOR	13.9	4.2
Lloyds Banking Group	13.2	5.3
GlaxoSmithKline	12.6	6.1
Ageas	12.2	4.6
Direct Line	12.1	5.8
Imperial Brands	12.0	10.3
Pfizer	11.9	3.3
	131.9	
Remaining holdings	92.6	
Total pool	224.5	5.9

Sector Distribution



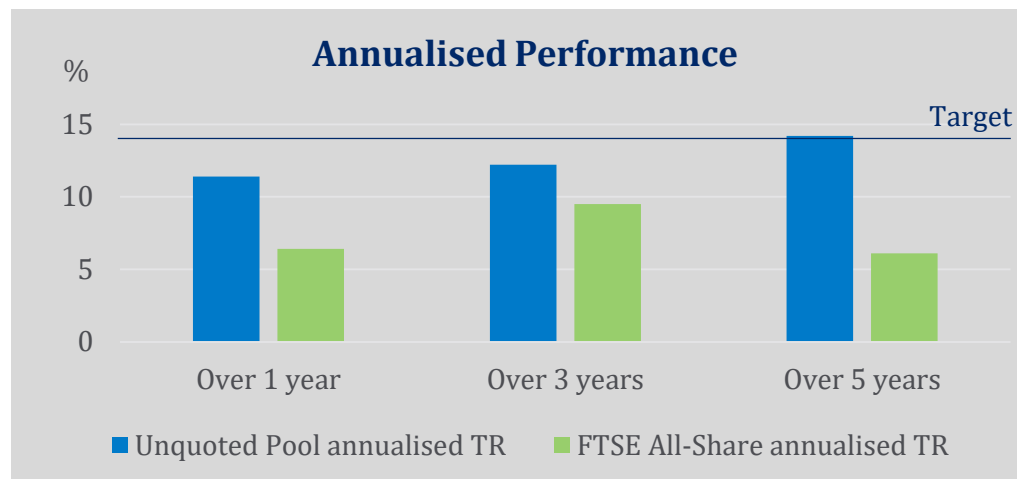
Geographic Distribution



Unquoted Pool

Majority and minority growth capital in established UK businesses

- 11 holdings
- £660m portfolio
- 33% of net assets
- 11.4% return in year against a 14% target return (9% capital, 5% income)
- Invest £25m - £125m of equity



Unquoted Pool

Year ended 31 March 2019

- 3 completed acquisitions (majority stakes in Cooke Optics (£63m + £30m loan) and Deep Sea Electronics (£117m) and an 8.8% stake in BioAgilytix (£23m))
- Acquired 36.7% of Stonehage Fleming in Dec 2018 for £92m, s/t regulatory clearance
- Follow-on investment of £32m, largely into Seven IM and Buzz Bingo
- Sale of Choice Care for £99m, delivering net IRR of 14.3%
- £28m of investment income on top of £36m of capital gains in the year



Unquoted Pool – Investments

Year ended 31 March 2019



Investment by Caledonia
£93m

Date of Investment
July 2018

- Market-leading UK manufacturer of premium-end cinematography lenses for film and television, founded in 1886
- Subscribed to £62.5m of equity to acquire a c. 89% stake and advanced £30.0m of debt
- Known by cinematographers for its 'Cooke Look®'
- Demand by content companies, e.g. Netflix, Amazon, Apple, driving market growth



Investment by Caledonia
£117m

Date of Investment
October 2018

- Based in the UK and founded in 1975, DSE is one of the world's leading designers and manufacturers of controllers for diesel-powered electricity generators and intelligent battery chargers
- Subscribed to £117.2m of equity to acquire a 98.9% stake
- Operates globally, selling in over 150 countries
- High share of global market and exciting growth opportunities in new sectors and geographies

Unquoted Pool – Investments

Year ended 31 March 2019



Investment by Caledonia
£92m

Date of Commitment
December 2018

- One of the world's leading independently owned family offices
- Agreed to acquire a 36.7% shareholding, subject to regulatory clearance
- Deferred consideration of up to £20.6m
- Two Board seats
- Over 540 employees in 11 offices in 8 geographies around the world
- UHNW market offers highly attractive long term growth dynamics – 9% YOY



Investment by Caledonia
£23m

Date of Investment
February 2019

- A US-based pharmaceutical services business
- Bioanalytical testing solutions for biological molecular research and development
- Acquired a minority stake, co-investing alongside Cobepa
- Offices in USA and Germany
- Over 250 employees
- Market opportunity

Unquoted Pool – Realisations

Year ended 31 March 2019



Investment by Caledonia
£55m

Date of Sale
October 2018

- Owner and operator of residential care homes for adults with learning disabilities and mental health disorders
- Sold to iCON fund for EV £152.5m, cash to Caledonia £99.4m
- Lifetime IRR 14.3%, Money multiple 1.9x
- Reason for sale:
 - Decision point of another 5 year investment cycle
 - Public sector spending squeeze showing no signs of abating
 - Unsolicited approach at good valuation



SIS

Investment by Caledonia
£17m

Sale of SIS Live
October 2018

- Broadcasting group and leading supplier of 24/7 betting services to retail and online operators globally
- Sold its home grown global connectivity service SIS Live to US telecom group NEP
- From the proceeds Caledonia received a £9.0m dividend
- Caledonia retains 22.5% stake in SIS

Unquoted Pool – Trading Updates

Year ended 31 March 2019



Valuation
£90m ↑ 2%

Year of Investment
2015

- Additional £14.5m invested to support the rebrand to Buzz Bingo and launch of on-line business
- Stabilised retail performance
- On-line launch ahead of target (but early days)
- John Kelly re-joined team as Non-executive Chairman



Valuation
£83m ↑ 12%

Year of Investment
2016

- New UK bottling and distribution centre commissioned
- New management team recruited, led by Jonathan Lawson (ex-Greene King)
- Business well positioned for future growth



Valuation
£108m ↑ 4%

Year of Investment
2015

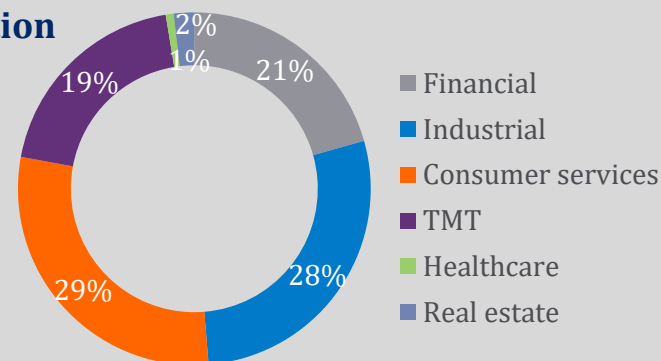
- Invested £14m for the acquisition of Tcam in July 2018, adding £1.16bn of AUM
- Further development of direct wealth management business
- Recruitment of new investment management team
- Strong cash generation

Unquoted Pool

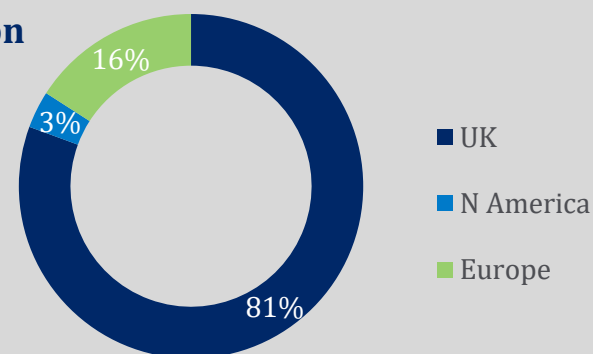
Portfolio as at 31 March 2019

Portfolio (£m)	First Invested	Value 31 Mar 2019
Deep Sea Electronics	2018	117.2
Seven Investment Management	2015	107.7
Cobehold	2004	104.9
Cooke Optics	2018	92.5
Buzz Bingo	2015	89.9
Liberation Group	2016	83.2
BioAgilytix	2019	23.0
Sports Information Services	2005	20.7
Other		20.4
Total		659.5

Sector Distribution



Geographic Distribution

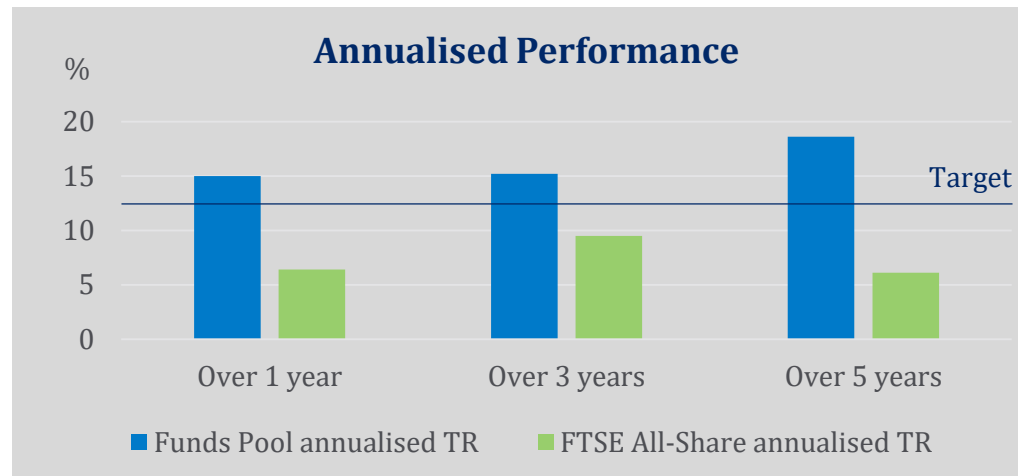


*Liberation and Seven IM included in UK for this chart

Funds Pool

We seek proven fund managers operating in North America and Asia

- £392m portfolio of US and Asian PE funds
- £71m invested in quoted market funds
- 15% return in year, against blended target return of 12.5%
- 24% of net assets

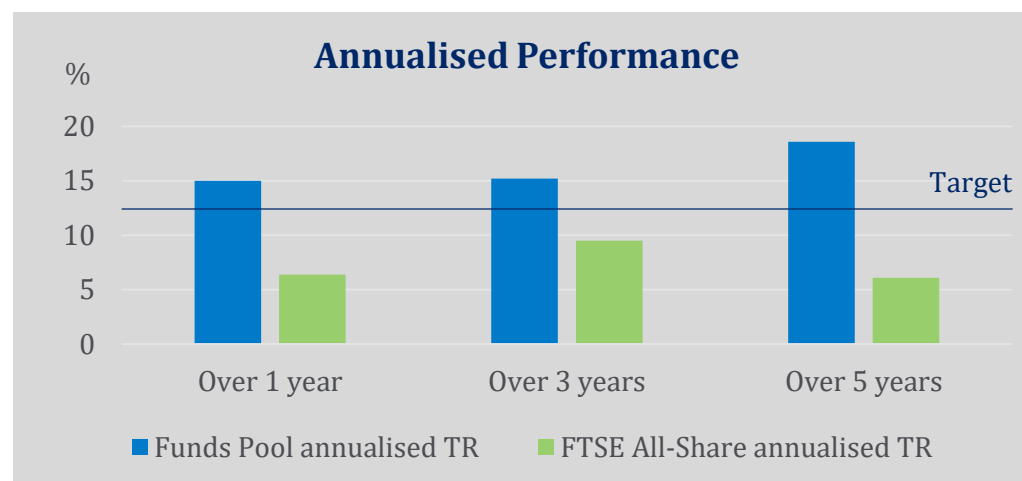


Funds Pool

Year ended 31 March 2019

Strong returns driven by:

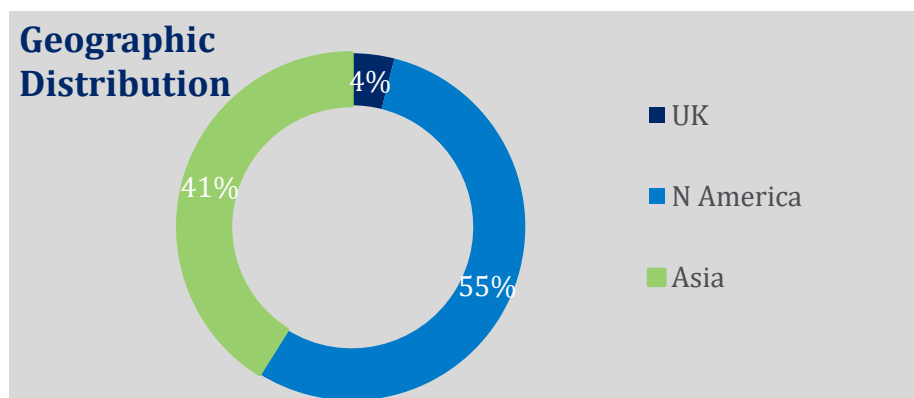
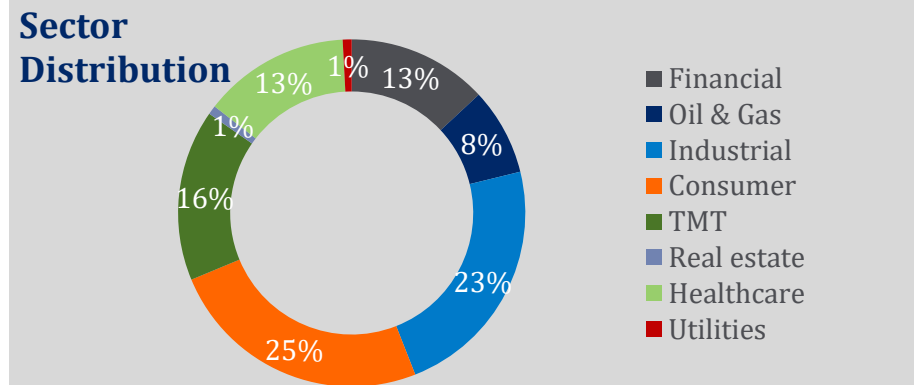
- Strong contribution from PE funds, particularly US based PE funds
- £104m of redemptions from Quoted Managed Funds, to provide capital for PE funds
- £104m of PE fund subscriptions net of £61m of PE funds distributions
- Committed to 5 new funds (2 in Asia, 3 in USA); £330m of undrawn commitments at March 2019
- FX impact favourable



Funds Pool

Ten largest holdings as at 31 March 2019

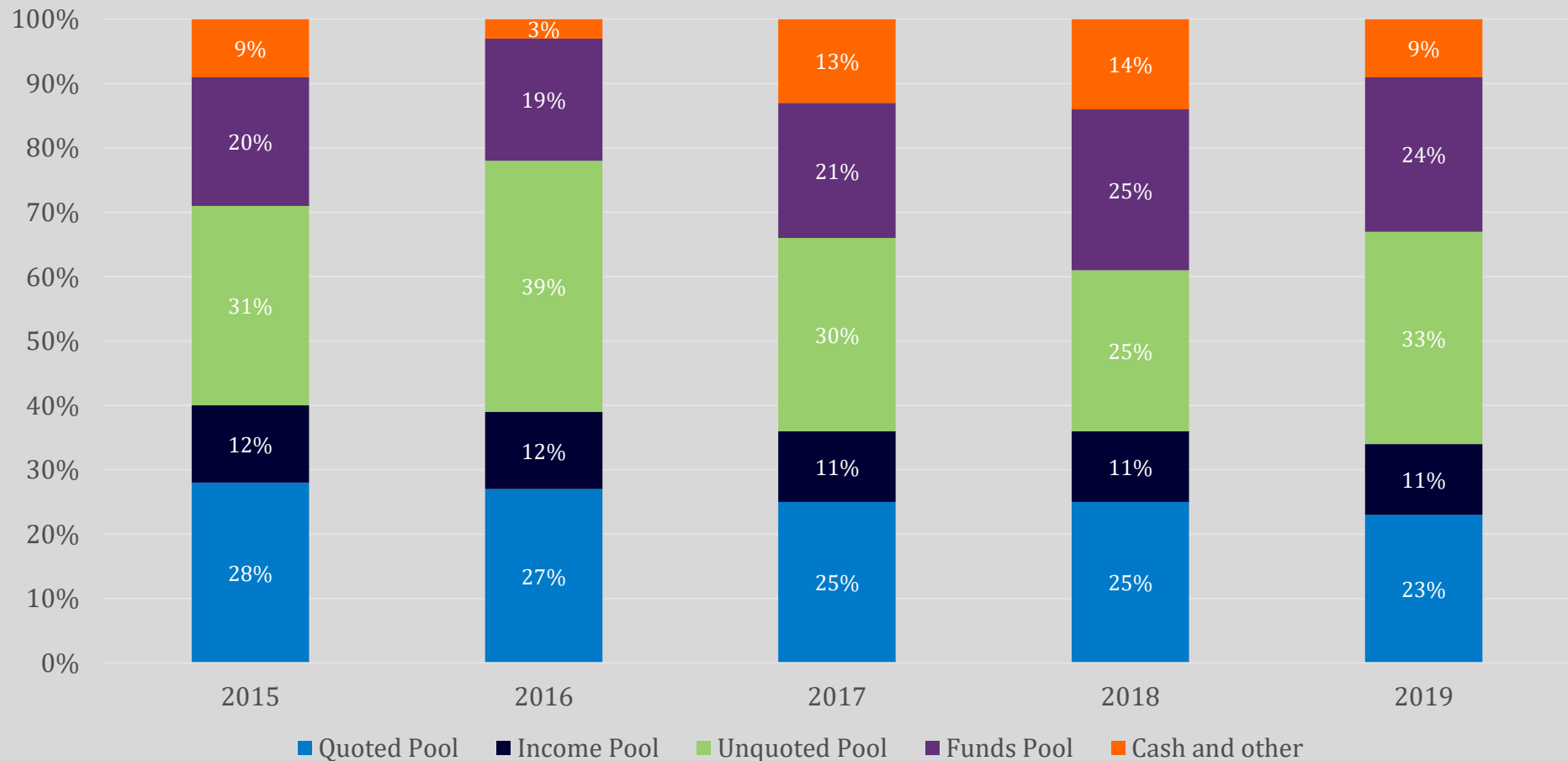
Ten Largest Holdings (£m)	Value 31 Mar 2019
Aberdeen US PE funds	86.5
JF Lehman funds	38.2
Axiom Asia funds	34.4
Asia Alternatives funds	33.2
Arlington AVM Ranger fund	29.7
Overlook Partners fund	24.7
Pacific Alliance fund	20.6
North Haven Asia	18.8
CenterOak Equity	16.9
PVAM Perlus Microcap	16.4
	319.4
Remaining holdings	163.3
Total pool	482.7



Asset Allocation

Year ended 31 March 2019

% of NAV by Pool and Other



Financial Review

Tim Livett

Chief Financial Officer



Summary of Comprehensive Income

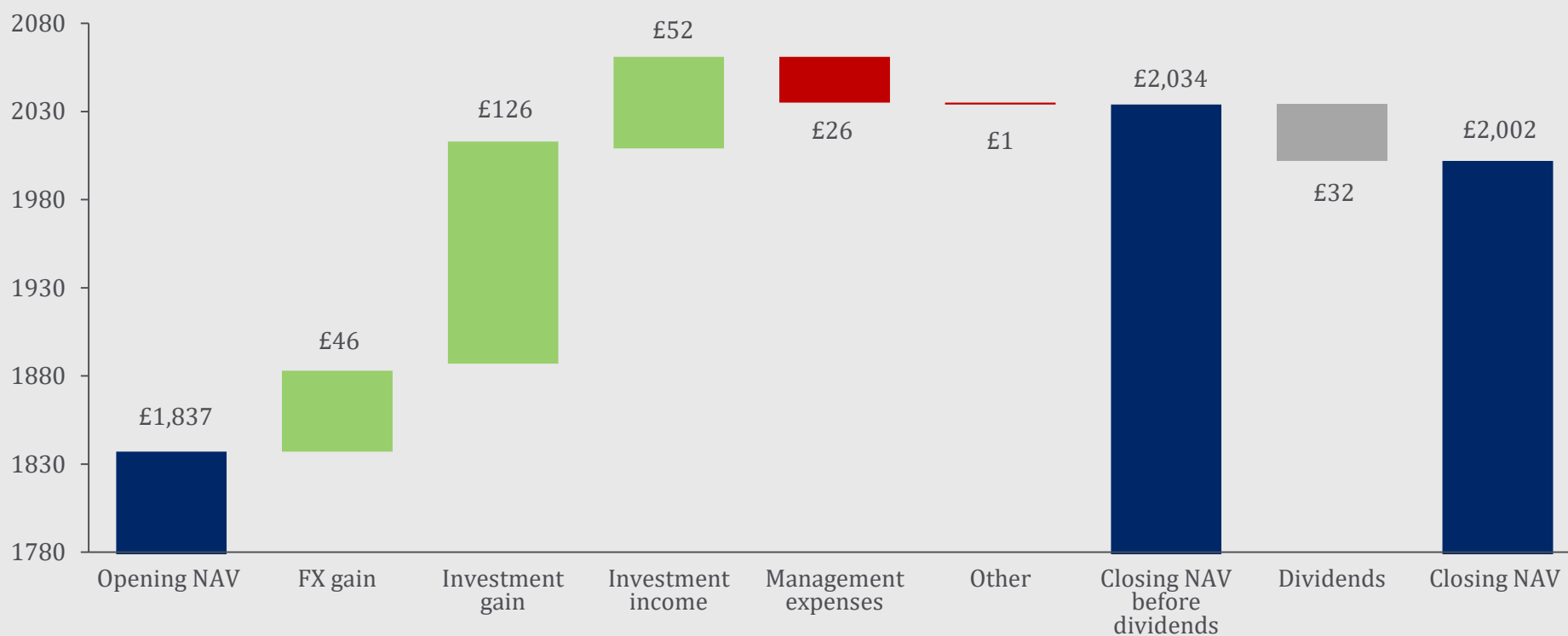
	31 Mar 2019 £m	31 Mar 2018 £m	Change £m
Investment and other income	53.1	46.2	6.9
Gains on investments and property	171.4	0.9	170.5
Total income	224.5	47.1	177.4
Expenses - ongoing management	(17.9)	(16.9)	(1.0)
- performance awards (allocated to capital expenses)	(8.2)	(5.8)	(2.4)
- transaction costs and other non-recurring expenses	(0.4)	(0.1)	(0.3)
Provisions/pensions	1.3	(0.8)	2.1
Treasury/taxation	0.4	1.9	(1.5)
Total comprehensive income	199.7	25.4	174.3
Dividends paid	(31.6)	(85.3)	53.7
Retained profit/(loss) for the year	168.1	(59.9)	228.0

- Ordinary dividends of £31.6m fully covered by net revenue in year
- Long term share award costs charged to capital, in line with industry best practice
- Management expenses of £17.9m (2018 - £16.9m) charged to revenue
- Ongoing Charges Ratio 0.92% (2018 - 0.91%)

Change in Net Asset Value

Year ended 31 March 2019

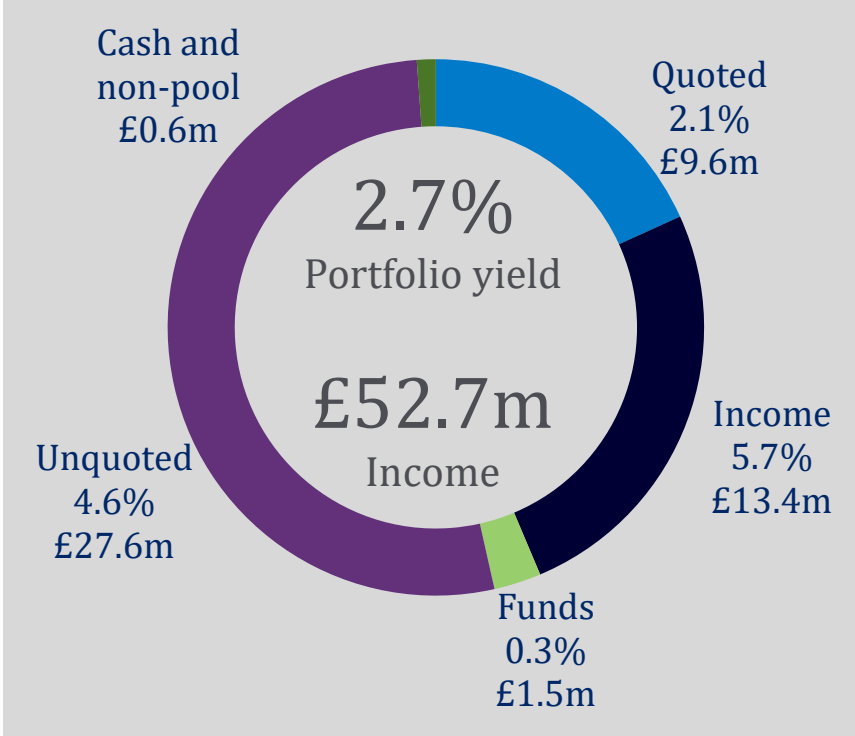
NAV Movement (millions)



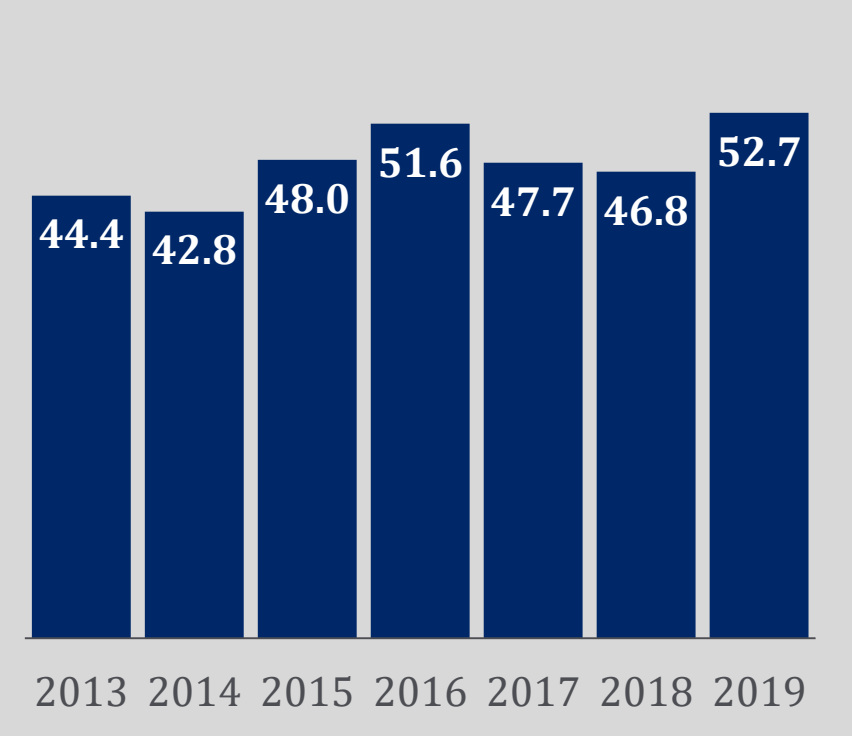
Income

- 8% cash and 25% in funds earning little income

Year end 2019



Income £52.7m



Net Cash and Facilities

Caledonia Net Cash

31 March 2019

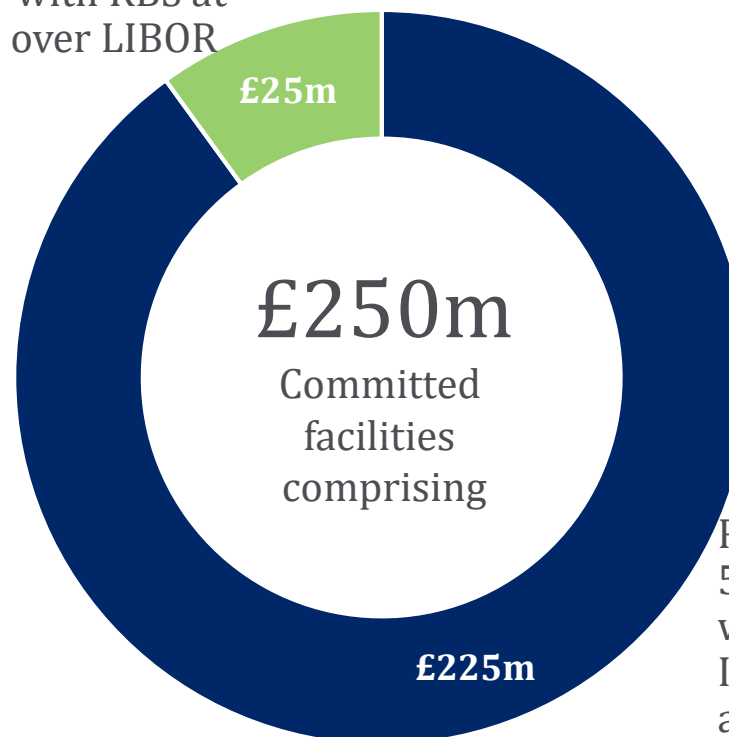
£112m

Caledonia Net Cash

31 March 2018

£208m

Revolving 3-year
facility with RBS at
150bp over LIBOR



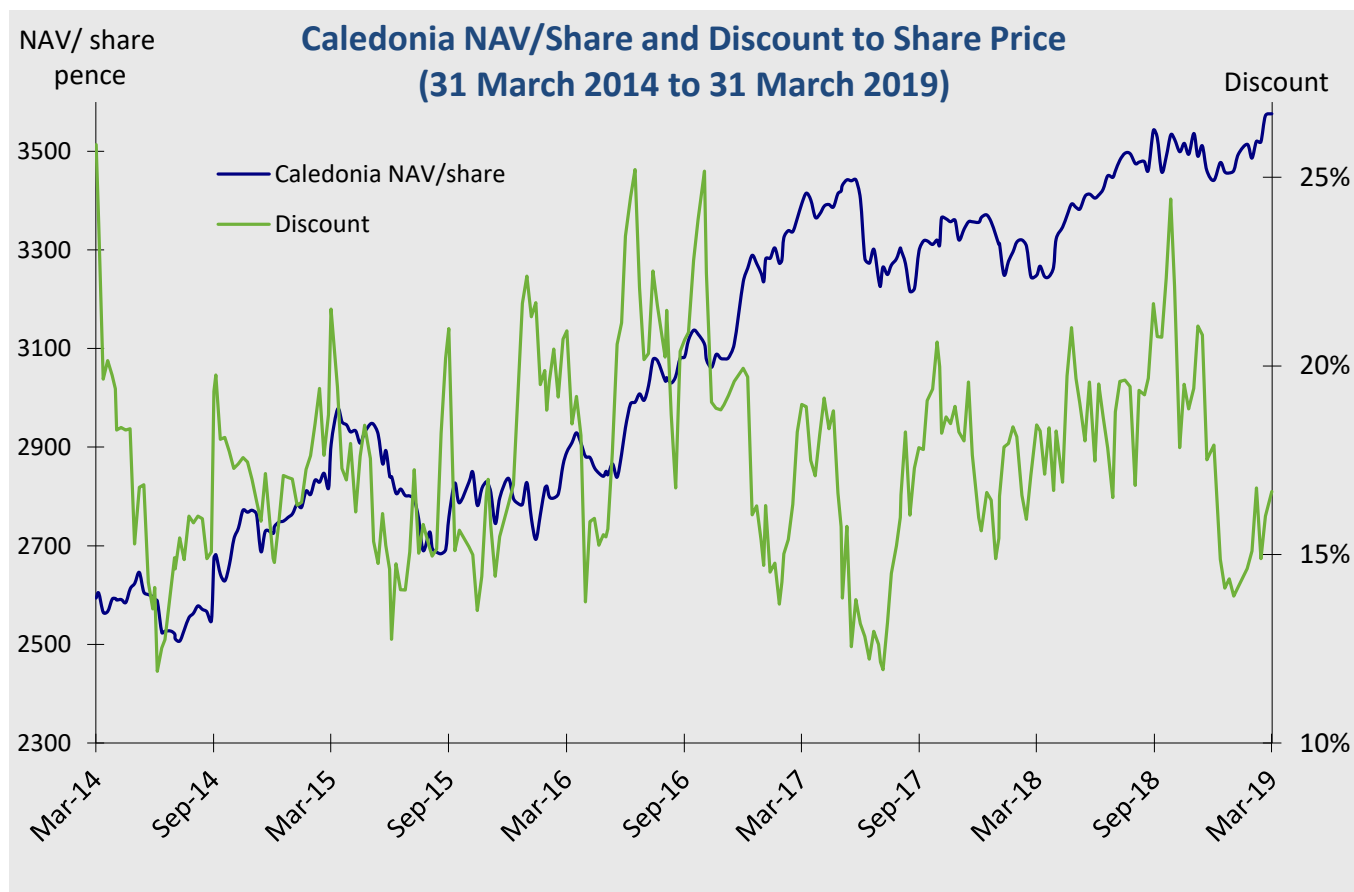
Revolving 3 and
5-year facilities
with RBS and
ING at a blended
average margin
of 175bp over
LIBOR

Caledonia Discount

Year ended 31 March 2019



- Discount at month end range from 14% to 22% in year
- Cayzer concert party holding constrains buy-backs



Outlook

- 1 Significant capital available to be deployed as opportunities identified
- 2 Pricing discipline for new investments remains key to generating return
- 3 There will continue to be geographical tensions in the coming year that will affect markets
- 4 Portfolio construction and underlying investments leave us well positioned to deliver our long term return targets and dividend growth

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INVESTMENTS

