

Annual General Meeting

19 July 2018



Introduction and Highlights of the Year

Will Wyatt
Chief Executive



Highlights

Year ended 31 March 2018

NAV total return

+1.4%
(2017: +18.0%)

NAV per share

3285 pence **(3.2%)**
(2017: 3395p)

Discount to NAV

19.3% **+0.3%**
(2017: 19.0%)

Annual dividend per share

57.0 pence **+4.0%**
(2017: 54.8p)

- +1.4% NAV per share total return for year
- Sale of The Sloane Club in October 2017 for £80m
- Special dividend of £55m (100p per share) paid during year
- Ordinary dividend of 57.0p (+4.0%)
- £450m capital available to invest

Performance Track Record

Year ended 31 March 2018



- Aim to grow capital value and income over the long term (10 years) measured in real terms
- Outperformance of RPI +3% to +6% over medium term
- 5 year outperformance against FTSE All-Share total return
- Diversified portfolio across both quoted and unquoted investments provides risk mitigation

	1 year	3 years	5 years	10 years
NAV total return	1.4	22.9	61.6	89.6
NAV total return annualised	1.4	7.1	10.1	6.6
RPI annualised	3.3	2.7	2.3	2.8
Caledonia RPI (under)/outperformance	(1.9)	4.4	7.8	3.8
FTSE All-Share total return annualised			6.6	6.7
Caledonia FTSE out/(under) performance			3.5	(0.1)

NAV Summary Performance by Pool

Year ended 31 March 2018



Investment Pool	Value 31 Mar 2018 £m	Investment Income £m	Total Return £m	Total Return %	Total Return excl. FX %
Quoted	452.3	10.0	16.3	+3.6%	+10.9%
Income	194.6	10.6	(21.2)	(9.6%)	(7.1%)
Unquoted	463.5	15.9	24.5	+4.9%	+4.4%
Funds	470.5	1.5	34.1	+8.0%	+19.1%
Total pools	1,580.9	38.0	53.7		
Net cash	207.8				
Other	47.9	8.0	(28.3)		
	1,836.6	46.0	25.4	+1.4%	+6.3%

Quoted Pool - Highlights

Year ended 31 March 2018

Income

£10m

Return for the year

+4%

Invested in the year

£52m

Consumer

watSCO

CHARTER COMMUNICATIONS

Industrial

symrise



Technology/growth

ECOLAB



ThermoFisher
SCIENTIFIC

Realised in the year

£72m

Entire holdings



 **Bristow**

Top-slicing of holdings



Spirax-Sarco Engineering plc

Quoted Pool – Highlights

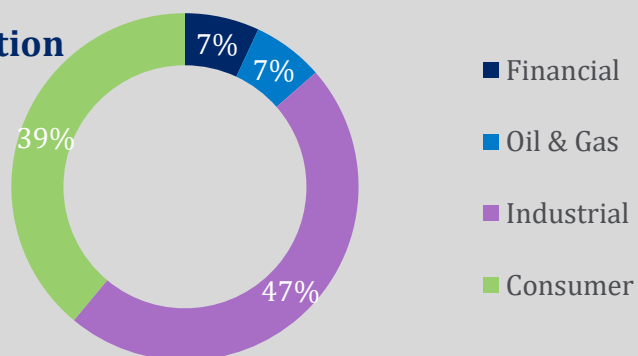
Year ended 31 March 2018

- Strong FX headwind (+10.9% return in constant currency)
- US dollar exposure 54%
- 19 core holdings
- Bottom of allocation range
- 5 year CAGR 7.7% vs FTSE All-Share 6.6%

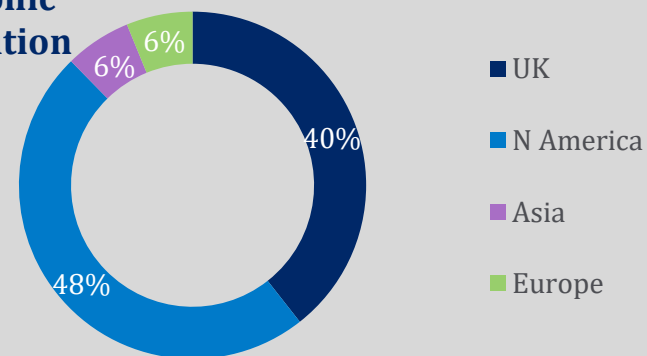
Quoted Pool

Significant Contributors (£m)	First Invested	Value 31 Mar 2018	Value 31 Mar 2017	Income	Capital Gain/(Loss)	Total Return For Year %
Polar Capital	2001	31.3	25.5	1.8	12.2	+64%
Microsoft	2014	37.3	35.4	0.9	8.3	+26%
Flowserve	2015	30.0	37.6	0.5	(7.6)	(19%)
British American Tobacco	2015	28.5	36.5	1.0	(8.0)	(19%)
Spirax Sarco	2011	32.2	30.0	0.5	6.1	+25%
A G Barr	1977	39.8	47.4	1.1	5.6	+17%
Other contributors		253.2	255.5	4.2	(10.3)	
Total		452.3	467.9	10.0	6.3	+4%

Sector Distribution



Geographic Distribution



Income Pool - Highlights

Year ended 31 March 2018

Income

£11m

Return for the year

(10%)

Net yield

5%

Positive performers



Negative performers



Track record since inception in March 2011

6% p.a.

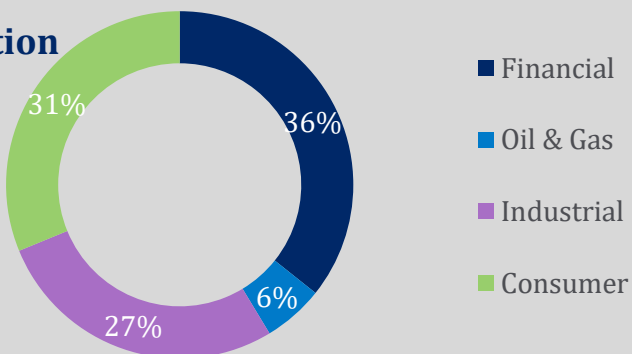
Income Pool - Highlights

- Difficult year for equity income investors
- Income target exceeded
- Stock selection and FX both negatives
- Volatility not loss of value
- 5 year CAGR 3.3% vs FTSE All-Share 6.6%

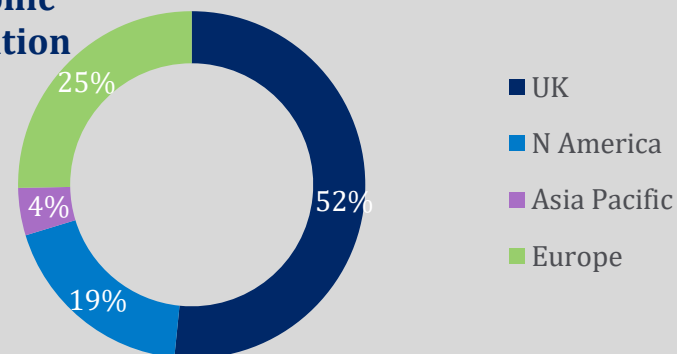
Income Pool

Significant Contributors (£m)	First Invested	Value 31 Mar 2018	Value 31 Mar 2017	Income	Capital Gain/(Loss)	Total Return For Year %
Imperial Brands	2015	7.9	9.9	0.5	(4.4)	(35%)
Greene King	2015	6.8	8.4	0.4	(3.4)	(31%)
Pennon Group	2015	8.2	10.0	0.4	(2.9)	(24%)
Telenor	2014	10.7	8.9	0.5	1.8	+27%
Altria	2013	9.1	11.7	0.3	(2.6)	(20%)
Other		151.9	167.0	8.5	(20.3)	
Total		194.6	215.9	10.6	(31.8)	(10%)

Sector Distribution



Geographic Distribution



Unquoted Pool - Highlights

Year ended 31 March 2018

Income

£16m

Return for the year

5%

Invested in the year

£31m

Follow-on



Realised in the year

£144m

Entire holding (October 2017)



Top-slicing of holdings



Brookshire Capital

Unquoted Pool - Highlights

Year ended 31 March 2018

- Strong deal flow – 231 opportunities reviewed
- 7 serious bids, no new investments
- 2 follow-on investments
- High pricing in PE markets
- Bottom of asset allocation model
- 5 year CAGR 15.4% vs FTSE All-Share 6.6%

Unquoted Pool – Sale of The Sloane Club

Year ended 31 March 2018



Lifetime IRR

8.3%

A private members' club in the heart of Chelsea with over 130 bedrooms

Originally acquired in 1991

Sold to Queensway and Clearbell in October 2017 for £80m

Reasons for sale:

- Interest rate cycle turning
- Leasehold tenure shortening

Unquoted Pool – Partial Sale of Cobehold

Year ended 31 March 2018



Lifetime IRR

13.5%

Current valuation

£93.5m

A private Belgian investment company

First investment made in 2004

Reduced stake by £51m in year

Portfolio of c.14 unlisted businesses continuing to perform well

Provides good unquoted investment exposure to Europe, US and Asia

Unquoted Pool – Trading Updates

Year ended 31 March 2018



Valuation

£75m

↓ 33%

Year of Investment

2015

- Difficult year with lower footfall and increased expenses
- Profits fell year-on-year
- New management team
- Online bingo to be launched in 2018/19
- Valuation reduction reflecting trading performance
- Confident outlook for 2018/19



Valuation

£73m

↓ 19%

Year of Investment

2016

- Acquisition of 25 pubs taking estate to 125 during year
- Investment in new distribution centre
- Revenues up, profits slightly down
- Valuation reduction reflects lower benchmark company multiples, lower profit and increased discount
- Confident outlook for 2018/19

Unquoted Pool – Trading Updates

Year ended 31 March 2018



Valuation

£82m

↑ 54%

Year of Investment

2013

- Expanded capacity now being occupied
- Heading towards full capacity (c.94/95%)
- Positive trading
- Valuation increased due to increased profits, higher multiples and lower discount



Valuation

£92m

↑ 13%

Year of Investment

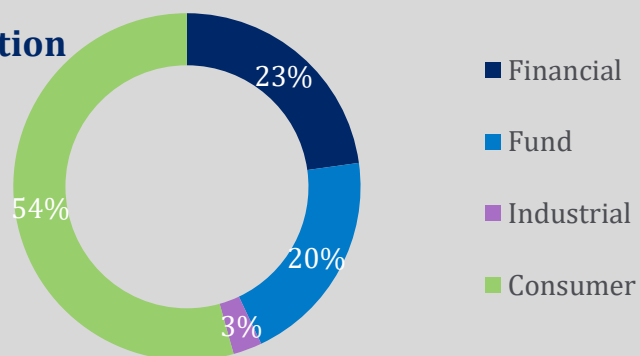
2015

- Strong inflows leading to increased FUM
- Strong trading performance
- Valuation increased due to profits and multiple expansion
- Acquisition of TCAM in May 2018 adding £1.1bn to AUM

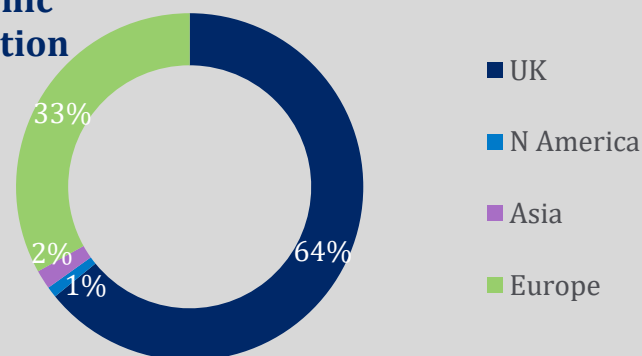
Unquoted Pool

Significant Contributors (£m)	First Invested	Value 31 Mar 2018	Value 31 Mar 2017	Income	Capital Gain/(Loss)	Total Return For Year %
Gala Bingo	2015	74.5	104.2	0.2	(36.0)	(33%)
Choice Care Group	2013	81.9	54.6	1.9	27.0	+54%
The Sloane Club	1991		61.4	3.7	15.3	+31%
Liberation Group	2016	72.9	74.4	2.3	(17.9)	(19%)
Seven Investment Management	2015	91.5	81.3	–	10.7	+13%
Cobehold	2004	93.5	130.6	2.5	8.0	+12%
Other		49.2	61.3	5.3	1.5	
Total		463.5	567.8	15.9	8.6	+5%

Sector Distribution



Geographic Distribution



Funds Pool - Highlights

Year ended 31 March 2018

Income

£2m

Return for the year

8%

(+19% on constant currency basis)

Invested in the year

£100m

Realised in the year

£67m

Positive performers



Negative contributors



	USA %	Asia %	UK %	Total %
Private equity	29	29	4	62
Quoted market	15	23		38
Total	44	52	4	100

Funds Pool - Highlights

Year ended 31 March 2018

- PE programme maturing
- Capital Today China 13x, 46% IRR
- 95% US\$ denominated
- 5 year CAGR 18.0% vs FTSE All-Share 6.6%

Invested in the year

Private equity

£92m

Quoted managed

£8m

Realised in the year

Private equity

£61m

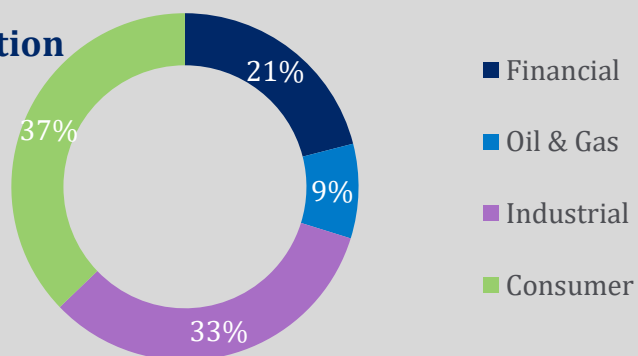
Quoted managed

£6m

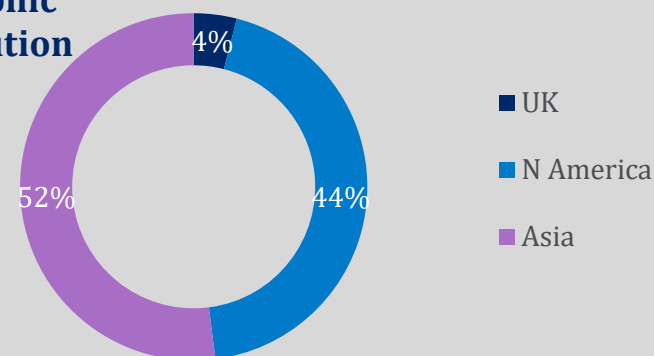
Funds Pool

Significant Contributors (£m)	First Invested	Value 31 Mar 2018	Value 31 Mar 2017	Income	Capital Gain/(Loss)	Total Return For Year %
Capital Today China Growth	2006	31.0	34.4	0.2	21.0	+81%
Aberdeen US PE funds	2013	58.7	41.8	0.1	8.5	+19%
PVAM Perlus Microcap	2010	26.1	30.4	–	(4.4)	(14%)
Arlington AVM Ranger	2014	42.0	39.1	–	2.9	+7%
Close Brothers Private Equity	1994	3.0	2.3	–	2.8	+139%
Livingbridge Private Equity	2000	14.5	16.6	1.0	1.8	+20%
Overlook Partners	2016	23.6	19.1	–	2.7	+10%
Other		271.6	220.6	0.2	(2.7)	
Total		470.5	404.3	1.5	32.6	+8%

Sector Distribution



Geographic Distribution

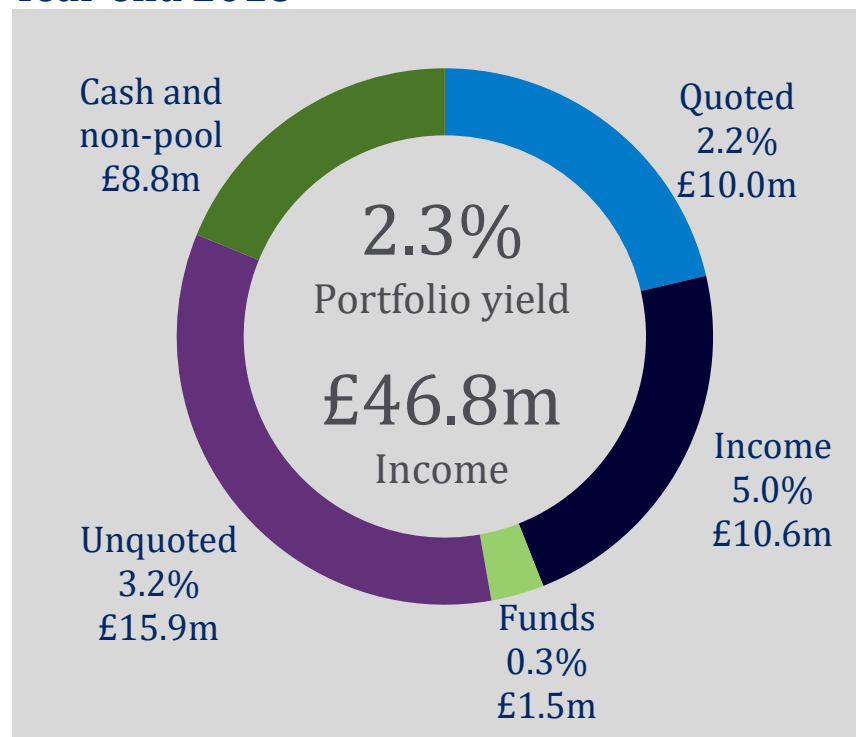


Strategic Allocation

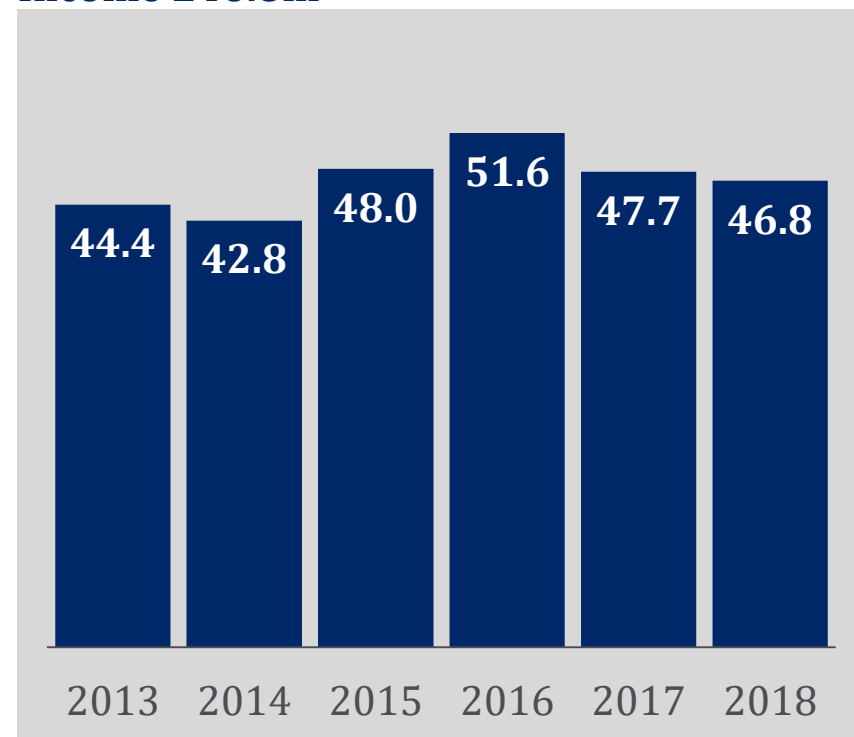
Investment Pool	£m	Allocation 31 Mar 2018 %	Above/Below Strategic Range	Target Return	Description
Quoted	452.3	25	25-40	10.0%	Equity holdings in high quality, listed companies
Income	194.6	11	15-20	7.0%	Global equity portfolio, 4.5% net yield
Unquoted	463.5	25	35-45	14.0%	8-10 direct stakes in private companies >£25m
Funds	470.5	25	15-20	12.5%	Private equity and quoted market funds (US & Asia focus)
Cash and other	255.7	14	(10)-10		
Total	1,836.6	100%		11%	

Income

Year end 2018



Income £46.8m

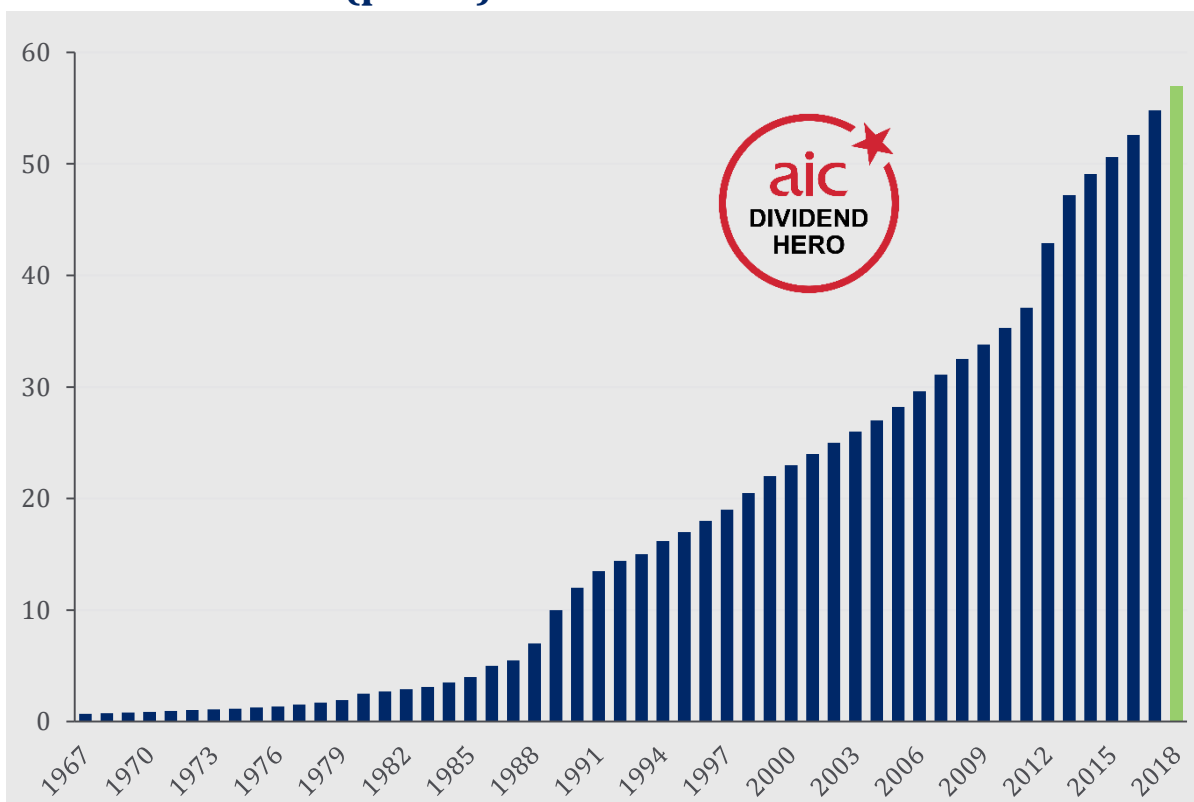


51 Years of Consecutive Dividend Growth

Year ended 31 March 2018

- 4.0% increase in annual dividend; **51st consecutive year of dividend growth**
- Final dividend of 41.5 pence proposed, giving 57.0 pence for the year

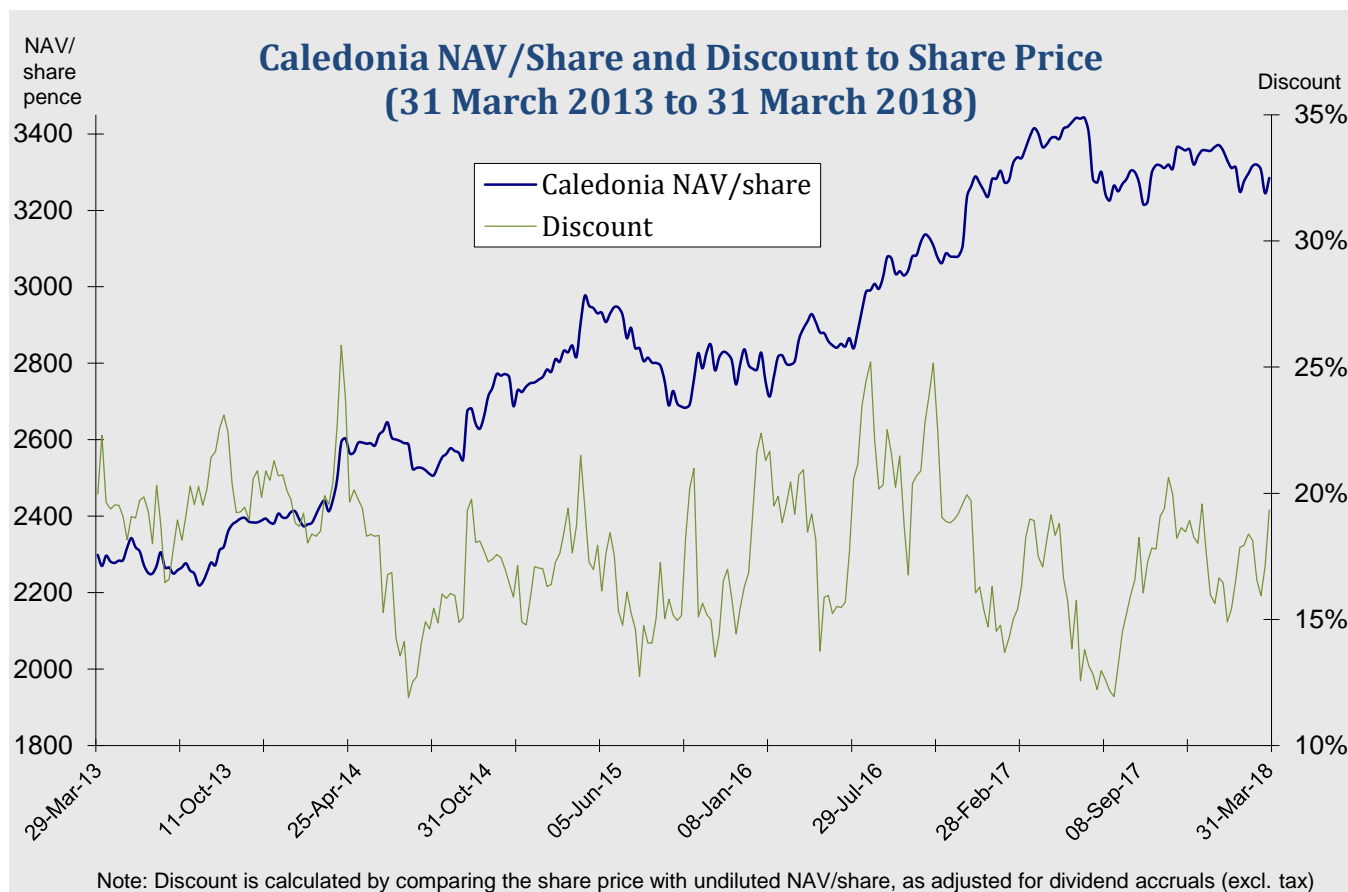
Annual dividend (pence)



Caledonia Discount

Year ended 31 March 2018

- Discount range from 12% to 21% in year
- Cayzer concert party holding constrains significant volume of buy-backs



Diversified Investments in Quoted and Unquoted Markets

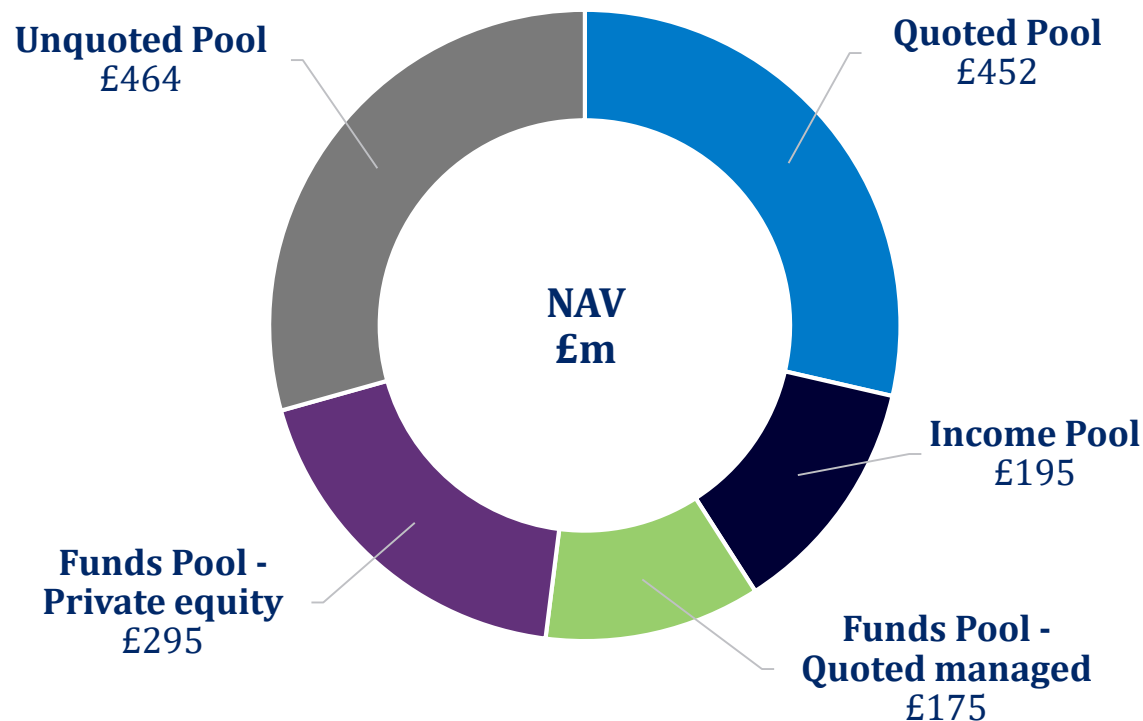
Year ended 31 March 2018

Quoted Investments

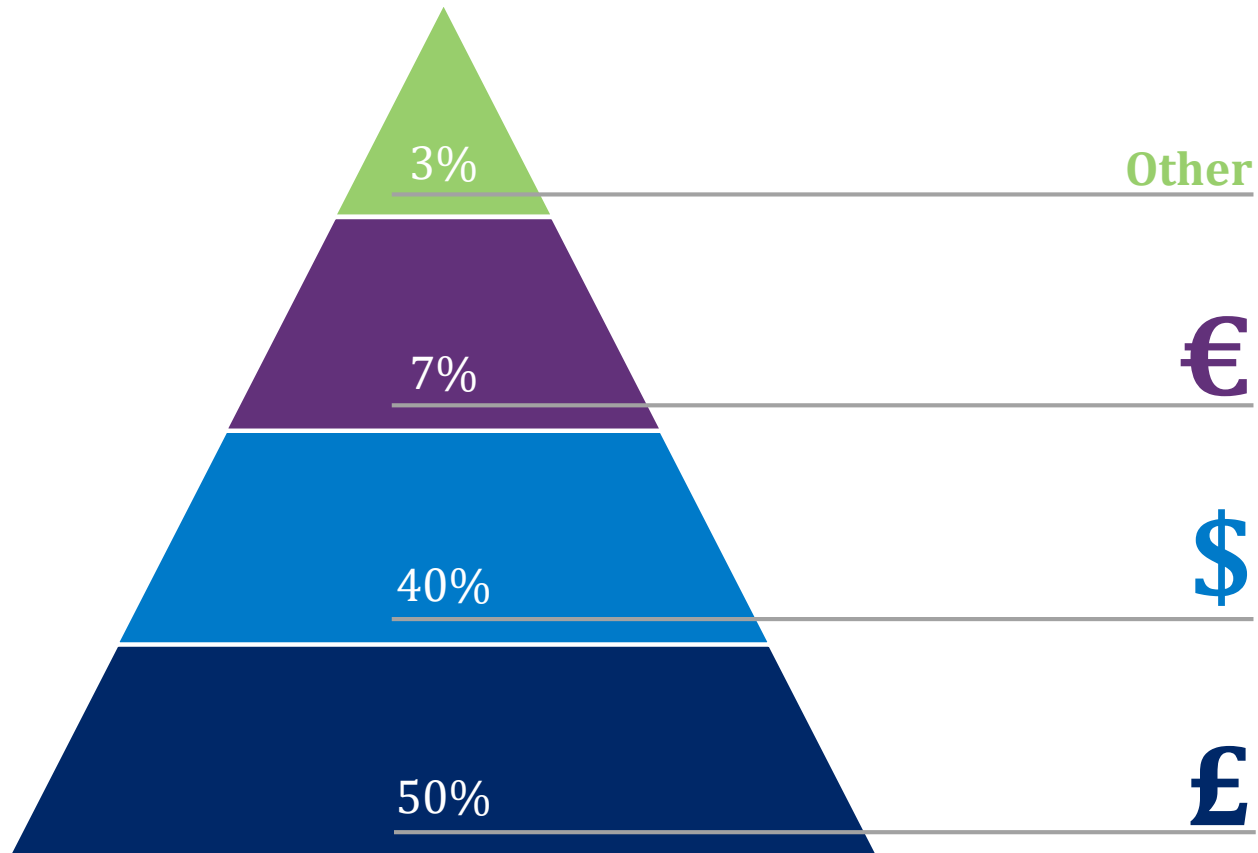
£822m

Unquoted Investments

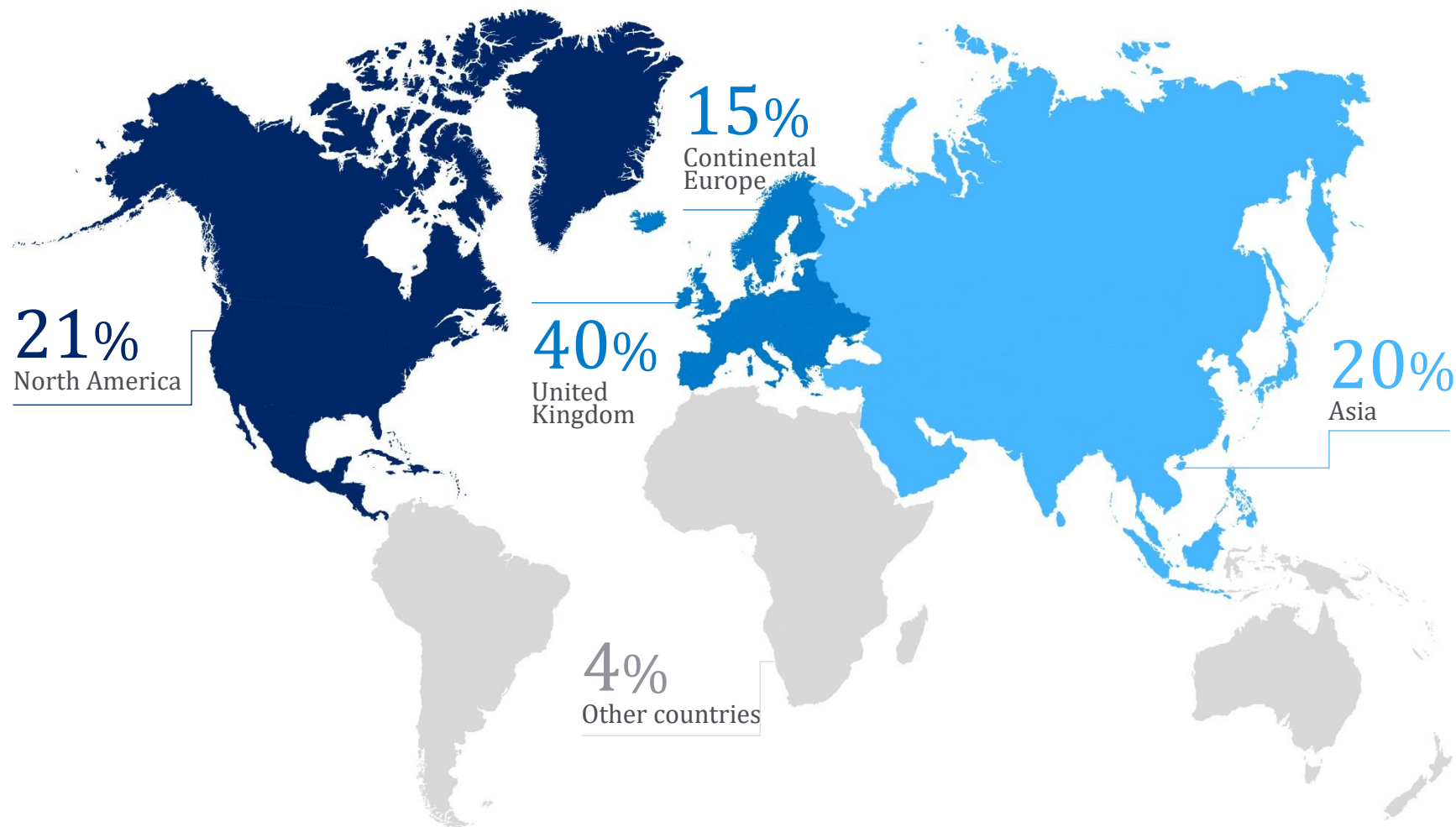
£759m



Currency Distribution



Map of 'Look Through' Revenue Generation



Net Cash and Facilities

Caledonia Net Cash

31 March 2018

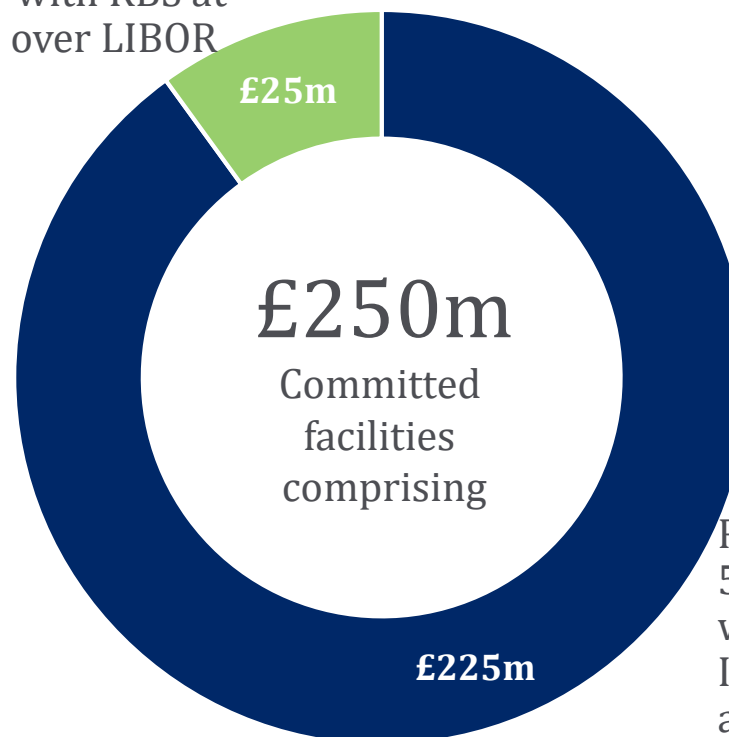
£208m

Caledonia Net Cash

31 March 2017

£207m

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

Update Since Year End

- 4.9% NAV per share total return for the quarter to June 2018
- Investments of £112m
 - £65m in Quoted and Income pools
 - £31m in fund subscriptions and drawdowns
 - £14m in Gala Bingo for online launch and rebrand to Buzz Bingo
- Divestments of £93m
 - Principally from fund redemptions and distributions
- Acquisition of 89% of Cooke Optics in July 2018 for £92.5m

Unquoted Pool – Acquisition of Cooke Optics



Transaction Value

£92.5m

UK manufacturer of premium-end cinematography lenses for film, television and advertising industries

Investment made in July 2018

Subscribed to £62.5m of equity and £30.0m of debt to acquire a c.89% stake

Founded in 1886

Headquarters and factories in Leicester

130 full time employees

Known by cinematographers for their 'Cooke Look®'

Unquoted Pool – Acquisition of Cooke Optics



- 1 Significant capital available for deployment
- 2 Pricing discipline remains key
- 3 Brexit negotiations and uncertain UK growth prospects an uncomfortable backdrop
- 4 Portfolio is positioned to continue to deliver performance in line with strategic targets and risk tolerance

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19 July 2018

