

Annual General Meeting

27 July 2022



CALEDONIA
INVESTMENTS



www.caledonia.com

David Stewart
Chairman



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Presentation of final results

to 31 March 2022



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Will Wyatt
Chief Executive

Tim Livett
Chief Financial Officer



Highlights

Year ended 31 March 2022

NAV total return

+27.9%

(2021: +25.9%)

NAV per share

5041 pence **+26.0%**

(2021: 4000p)

Net assets

£2,783m **+25.1%**

(2021: £2,225m)

Annual dividend per share

64.8 pence **+3.0%**

(2021: 62.9p)

Special dividend per share

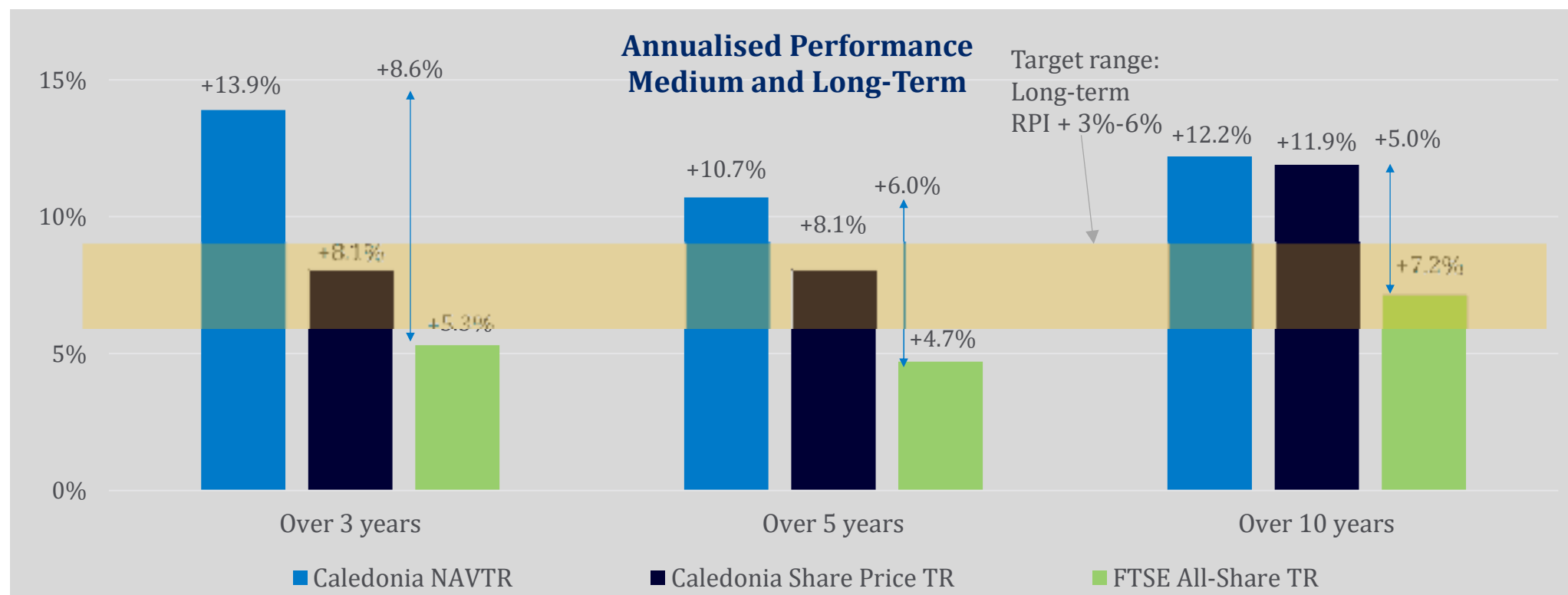
175 pence

- +27.9% NAV per share total return for year
- All 3 pools delivered strong positive returns
- High level of liquidity from cash generated by exits
- 3.0% increase in full year dividend and a proposed special dividend of 175p/share

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 / long term ✓ **Achieved**
- Aim to outperform FTSE All-Share Total Return over 10 years ✓ **Achieved**



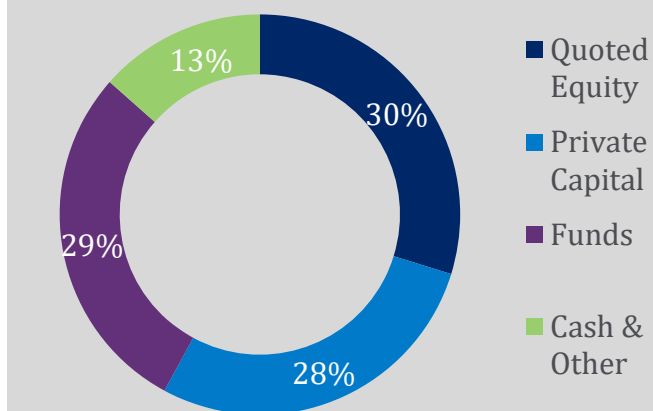
Strategy & Allocation

Investment portfolio construction

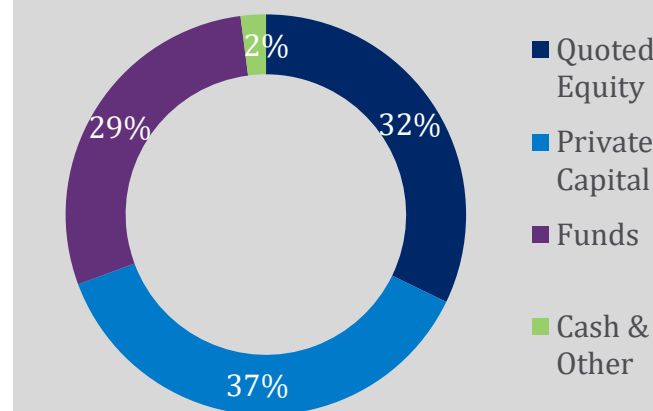


Investment Pool	Description	Total Return Targets	Strategic Allocation
Quoted Equity	Capital portfolio	10%	35%-50%
	Income portfolio	7% (3.5% yield on cost)	
Private Capital	UK mid-market companies	14%	35%-45%
Funds	US & Asia PE Funds	12.5%	20%-30%

Net Assets - Mar 2022



Net Assets - Mar 2021



Summary Performance by Pool



Annual returns for the three pools

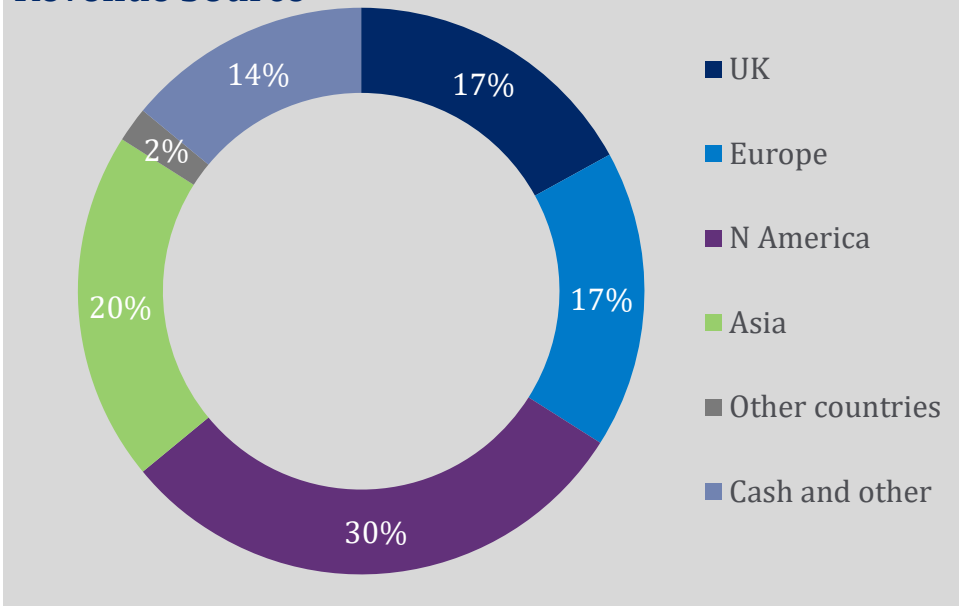
Investment Pool	Value 31 Mar 2022 £m	NAV Breakdown %	Investment Income £m	Total Return £m	Total Return %
Quoted Equity	830.1	30%	23.3	100.7	14.1%
Private Capital	781.7	28%	26.9	322.0	54.7%
Funds	794.4	29%	5.6	230.4	38.3%
Total Pools	2,406.2	87%	55.8	653.1	29.9%
Cash	341.1	12%	-	-	
Other	35.4	1%	0.6	(41.8)	
Caledonia Total	2,782.7	100%	56.4	611.3	27.9%

Note: Quoted Equity investment income includes £4.8m shown within the Capital column of the Income statement.

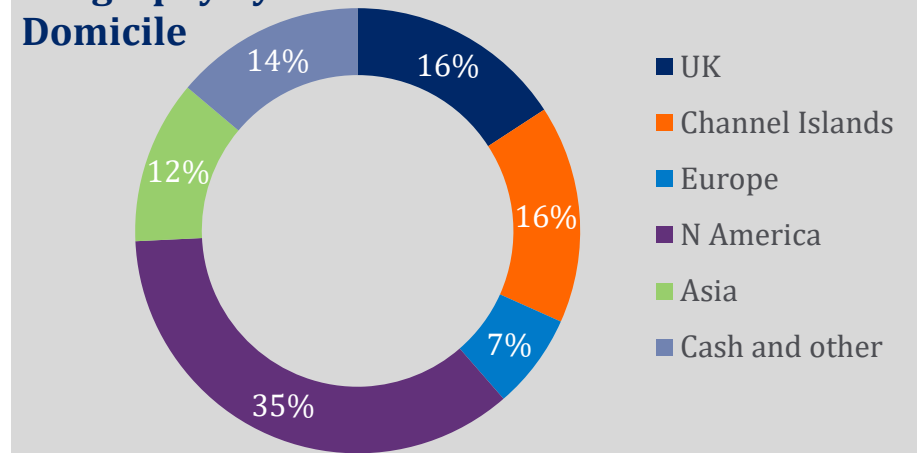
Analysis by Geography

Good geographical diversification

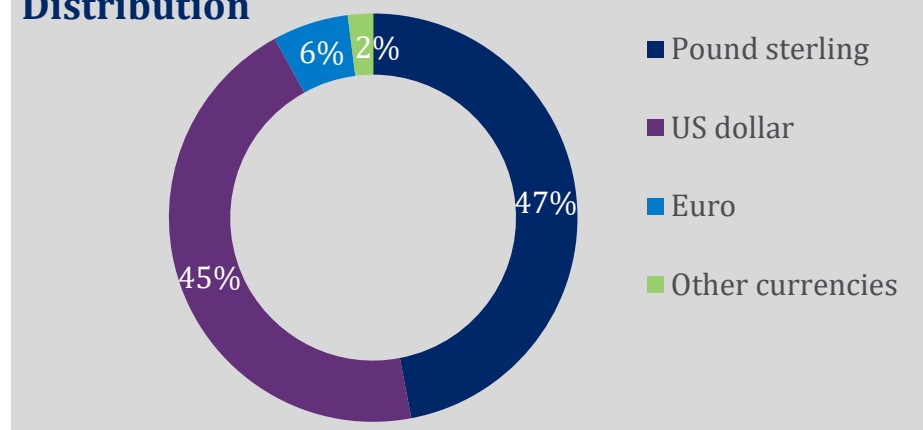
Geography by Revenue Source



Geography by Domicile

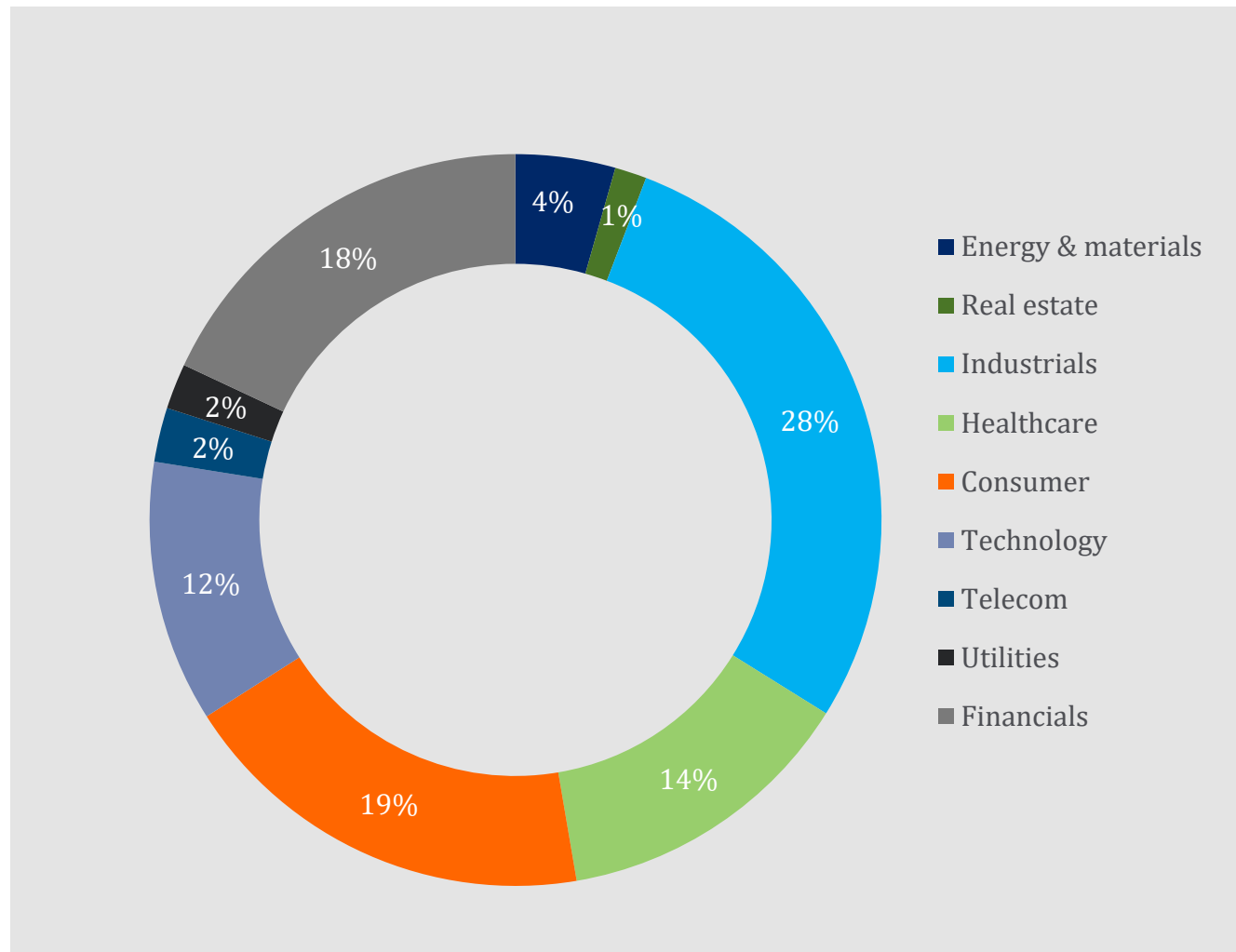


Currency Distribution



Analysis by Sector

See-through basis

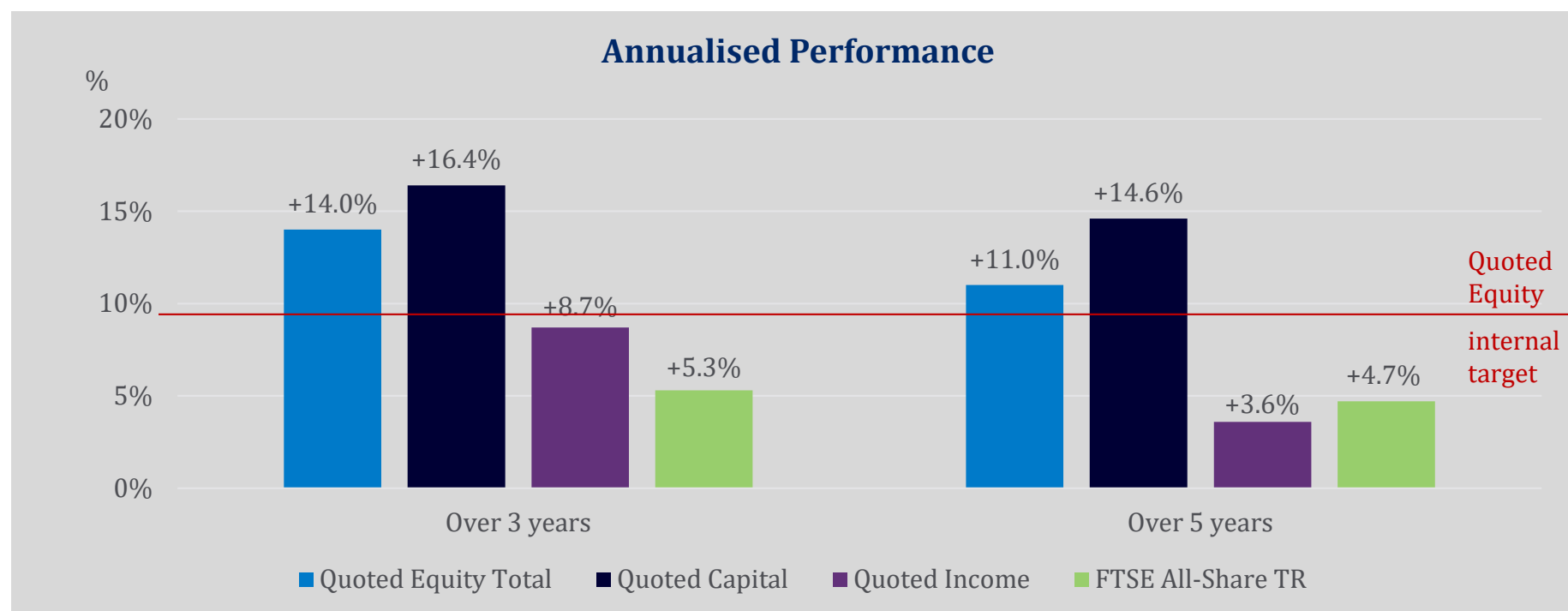


Quoted Equity

Sector leading businesses: good margins, well-managed & often global

- 2 portfolios representing 30% of net assets
- **14.1%** total return for year, split: Capital +14.6%; Income +13.7%
- Strong medium and long-term performance
- Long-term compounding businesses

Target annual return
Capital Portfolio 10%
Income Portfolio 7%

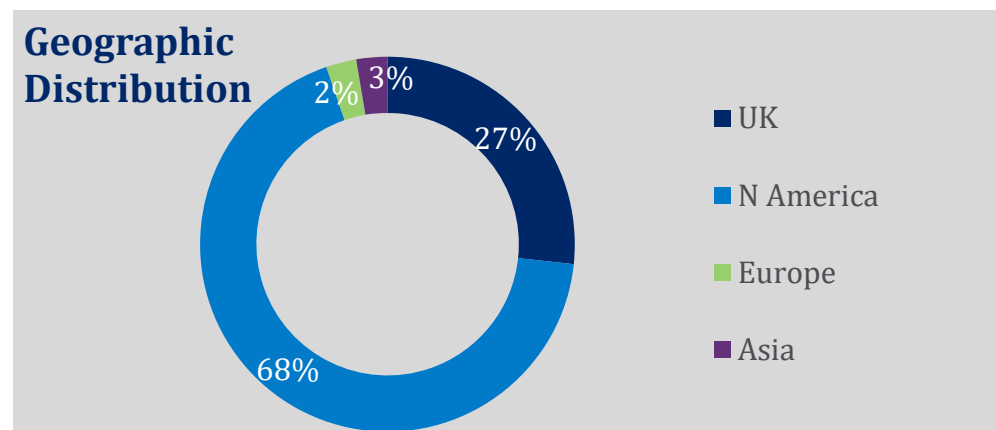
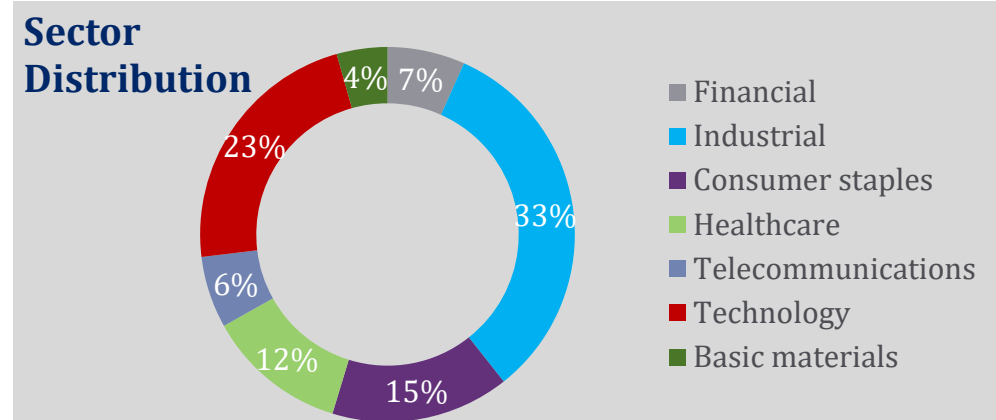


Quoted Equity – Capital Portfolio

Top ten holdings as at 31 March 2022

Holdings (£m)	Value 31 Mar 2022
Microsoft	62.4
Oracle	58.6
Watsco*	45.2
Thermo Fisher Scientific	45.0
Texas Instruments*	40.0
Charter Communications	37.7
Spirax Sarco	33.6
Philip Morris*	31.7
Hill & Smith	31.6
Becton Dickinson	29.5
Other investments	193.9
Total	609.2

	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
Annualised Returns	14.6%	16.4%	14.6%



* Also held in Income portfolio

Quoted Equity – Income Portfolio

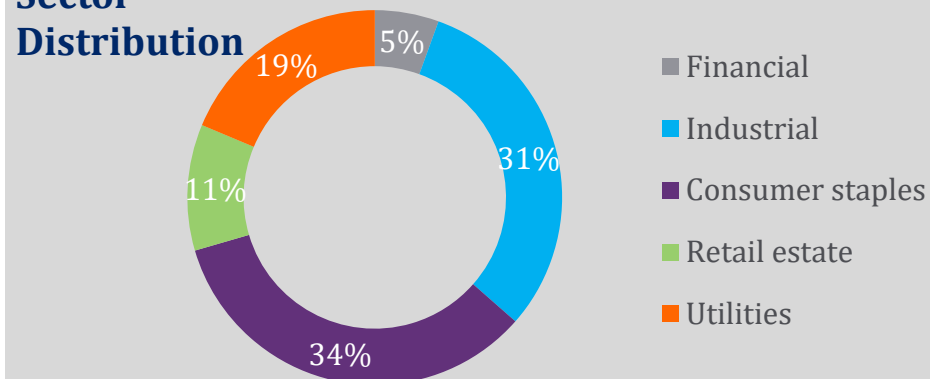
Top ten holdings as at 31 March 2022

Top Ten Holdings (£m)	Value 31 Mar 2022	Yield %
Watsco*	17.0	3.1
Fortis	16.2	3.3
Reckitt Benckiser	15.7	2.7
National Grid	15.4	4.2
Texas Instruments*	14.9	2.6
Diageo	14.9	2.0
Big Yellow	14.4	3.1
SGS	14.2	2.3
British American Tobacco*	13.8	6.5
Unilever*	12.9	4.0
Other investments	71.5	4.6
Total	220.9	3.9

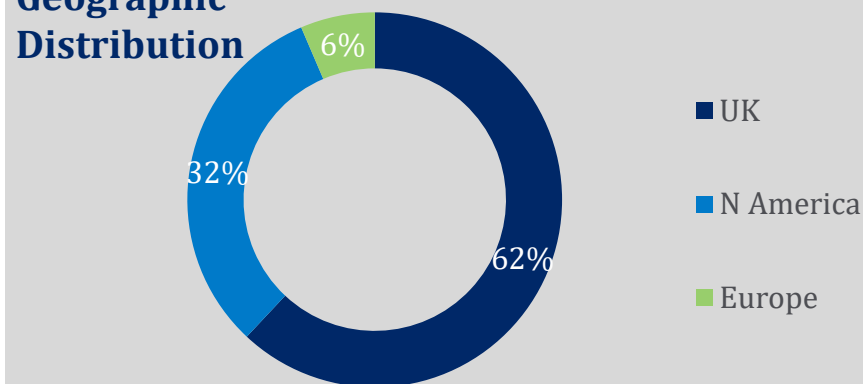
* Also held in Capital portfolio

	1 year	3 years	5 years
Annualised Returns	13.7%	8.7%	3.6%
Annualised Yield	3.9%	4.6%	5.0%

Sector Distribution



Geographic Distribution

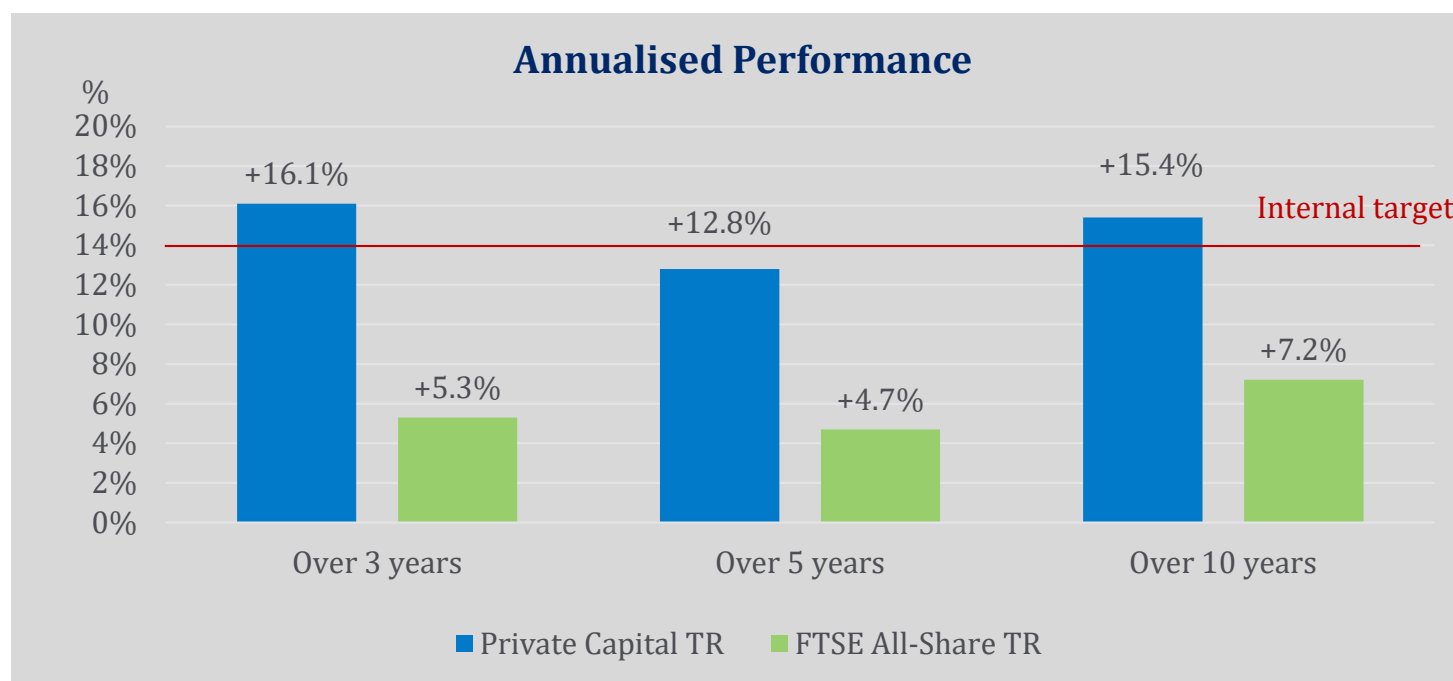


Private Capital

Majority and minority growth capital in established UK businesses

- 54.7% return for year
- 2 significant realisations in the year: Deep Sea Electronics and BioAgilytix
- Very strong performance underpinned by realised gains
- Longer term performance remains strong

Target annual return
Private Capital 14%



Private Capital

Portfolio as at 31 March 2022

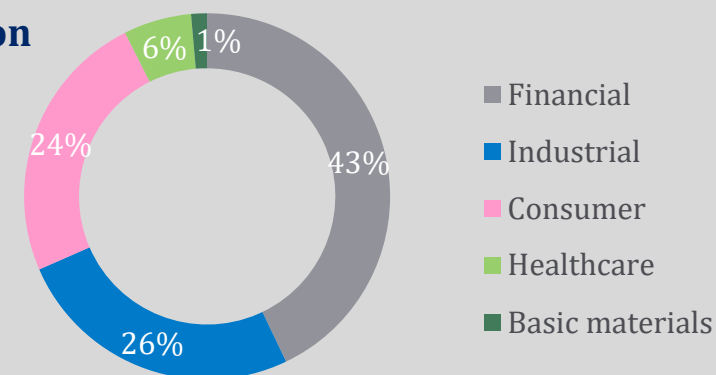
Portfolio (£m)	First Invested	Value 31 Mar 2022
Seven Investment Management	2015	173.7
Cobehold	2004	159.2
Stonehage Fleming	2019	140.1
Liberation Group	2016	135.7
Cooke Optics	2018	117.8
BioAgilytix	2019	31.9
Sports Information Services	2005	16.9
Other		6.4
Total		781.7

Total Income

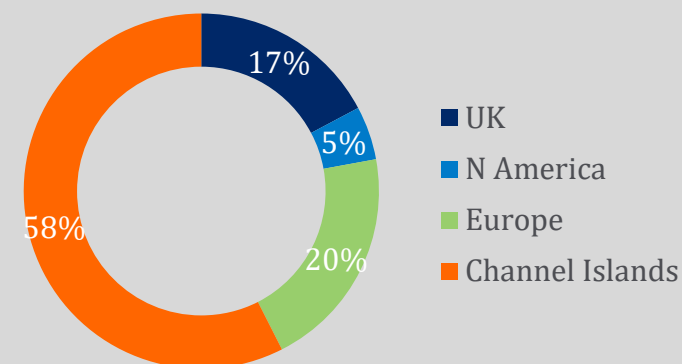
£26.9m

	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
Annualised Returns	54.7%	16.1%	12.8%

Sector Distribution



Geographic Distribution



Private Capital: Businesses Sold In Year

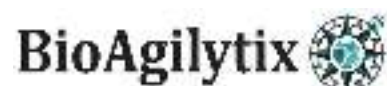
Year ended 31 March 2022



Proceeds
£242m

Year of Investment
2018

- Leading provider of backup power control systems
- Grew strongly since its acquisition by Caledonia in 2018
- Sold to Generac Holdings in Jun 2021 - net proceeds of £242m*
- Uplift in the year of £49m versus valuation at 31/3/21



Proceeds
£136m

Year of Investment
2019

- US based bioanalytical testing solutions provider
- Strong period of growth, both organic and through acquisition
- Sold to Cinven in Dec 2021 - gross proceeds of US\$183m*
- Uplift in the year of US\$147m versus valuation at 31/3/21
- Re-invested US\$42m alongside Cinven, Cobepa and consortium

*Net of fees

Private Capital: Financial Services Businesses

Year ended 31 March 2022



Valuation	£174m
FY return	41%

Year of Investment
2015

- Intermediary and private client investment management
- Strong performance, AUM growth
- Net fund inflows of £1.6bn in the year
- Well executed integration of Partners Wealth Management



Valuation	£140m
FY return	25%

Year of Investment
2019

- International multi-family office
- Growth both organically and through acquisition
- Successful integration of Cavendish Asset Management
- Acquisition of Maitland Group private client business



Valuation	£159m
FY return	44%

Year of Investment
2004

- Brussels based investment company
- Portfolio of 14 international businesses
- 2 significant realisations behind strong performance

Private Capital: Leisure & Industrial Businesses



Year ended 31 March 2022



Valuation £136m

FY return 6%

Year of Investment
2016

- Pub, restaurant and drinks business
- Financially robust despite two years of Covid interrupted trading
- Estate is dominated by quality destination pubs
- Wadworth pubs performing well post capex programme



Valuation £118m

FY return 34%

Year of Investment
2018

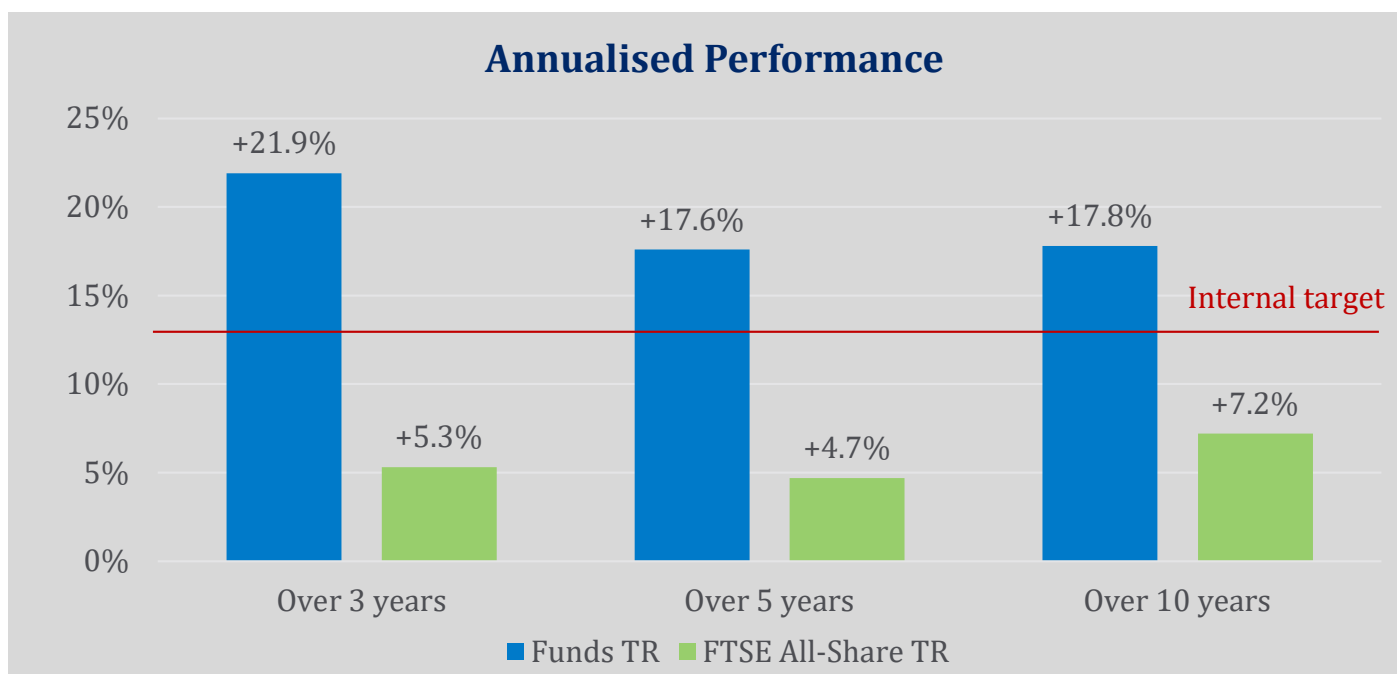
- Leading manufacturer of cinematography lenses
- Trading well with improved financial performance
- Recent launch of new lenses positively received
- Long-term demand for film content remains strong

Funds

A portfolio of PE funds operating in North America and Asia

- **38.3%** total return for year
- £794m portfolio / 29% of net assets – invested in US and Asian PE funds
- Portfolio invested in 64 funds managed by 40 managers
- US fund investment focuses on buyout funds in lower mid-market
- Asian fund investment focuses on venture and growth in non-cyclical, new economy sectors

Target annual return
Funds 12.5%

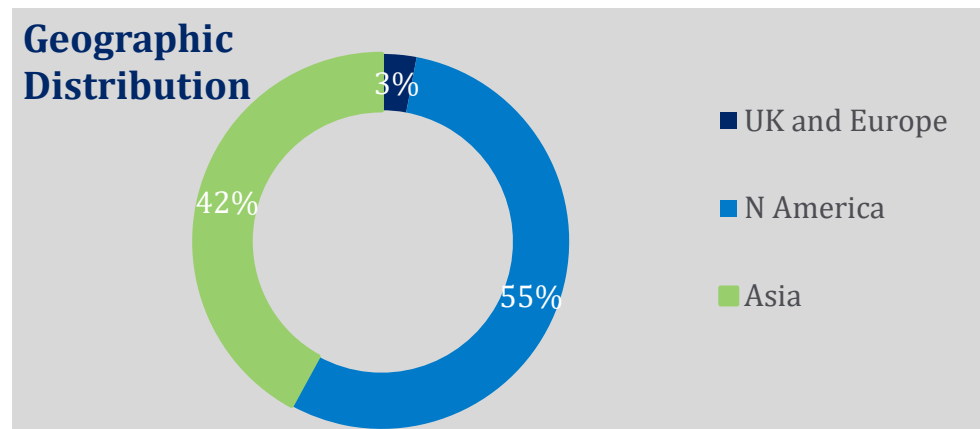
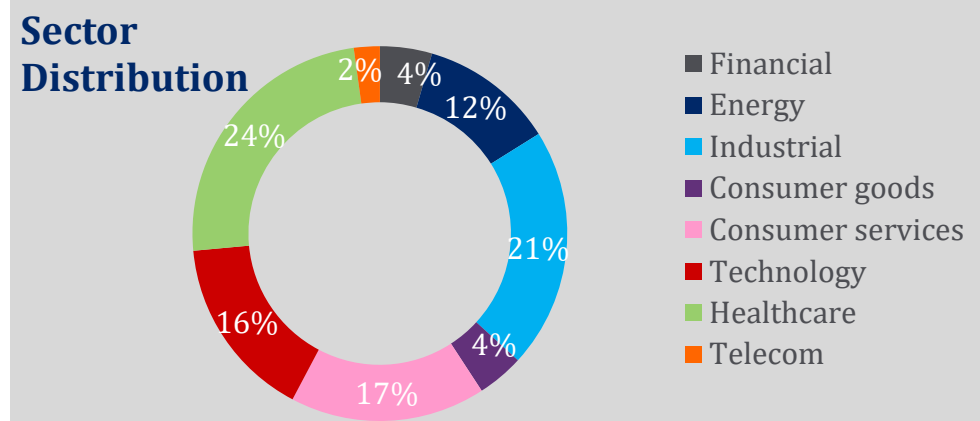


Funds

Top holdings as at 31 March 2022

Top Holdings (£m)	Value 31 Mar 2022
Aberdeen US PE fund of funds	117.3
Axiom Asia fund of funds	87.6
Asia Alternatives fund of funds	49.8
Stonepeak funds	41.5
Decheng funds	35.9
Unicorn funds	34.3
LYFE fund	30.0
Pacific Alliance fund	29.1
Other investments	368.9
Total	794.4

	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>
Annualised Returns	38.3%	21.9%	17.6%



Succession

- Mat Masters to succeed as CEO post AGM in July
- Joined Caledonia in 2005 from Grant Thornton
- Head of Quoted Capital portfolio since 2010, promoted to Head of Quoted Equity in 2019
- Experienced in both quoted and unquoted investing

Financial Review



Summary of Comprehensive Income

	31 Mar 2022 £m	31 Mar 2021 £m	Change £m
Investment and other income	56.4	45.5	10.9
Gains on investments and property	570.7	440.2	130.5
Total income	627.1	485.7	141.4
Expenses - ongoing management	(21.0)	(18.9)	(2.1)
- performance awards (allocated to capital expenses)	(11.4)	(7.3)	(4.1)
- transaction costs and other non-recurring expenses	(0.4)	(0.3)	(0.1)
Provisions/pensions	(1.4)	2.3	(3.7)
Treasury/taxation	18.4	6.1	12.3
Total comprehensive income	611.3	467.6	143.7
Dividends paid	(34.6)	(33.7)	(0.9)
Retained profit for the period	576.7	433.9	142.8

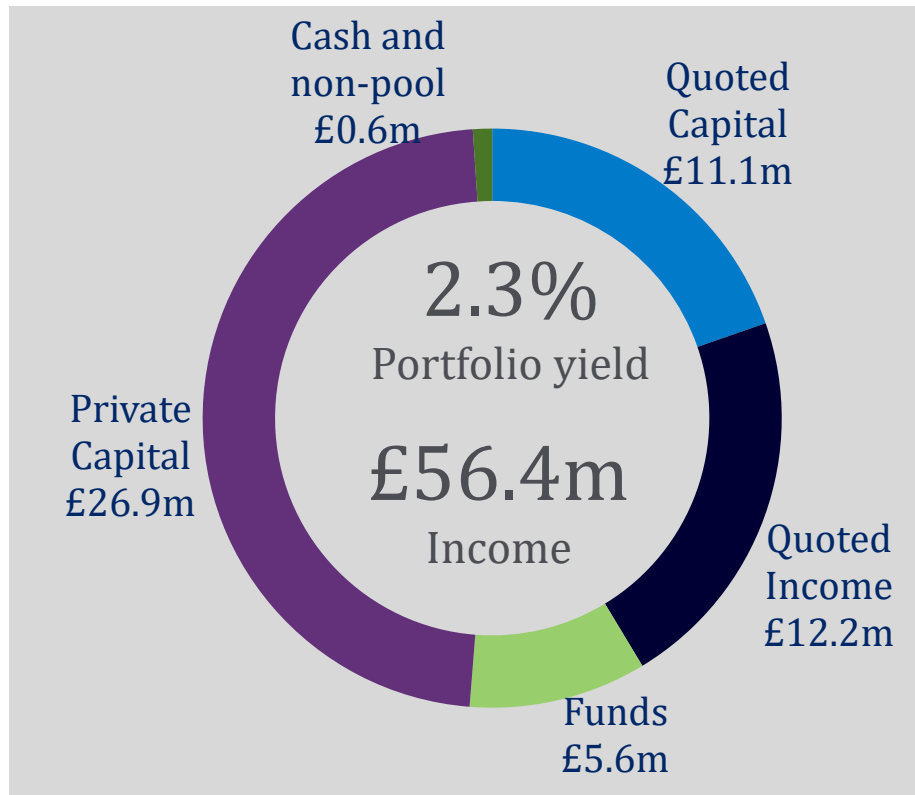
- Ordinary dividends of £34.6m fully covered by net revenue in year
- Long term share award costs charged to capital, in line with industry best practice
- Management expenses of £21.0m (2021: £18.9m) charged to revenue
- Ongoing Charges Ratio 0.84% (2021: 0.98%)

Income

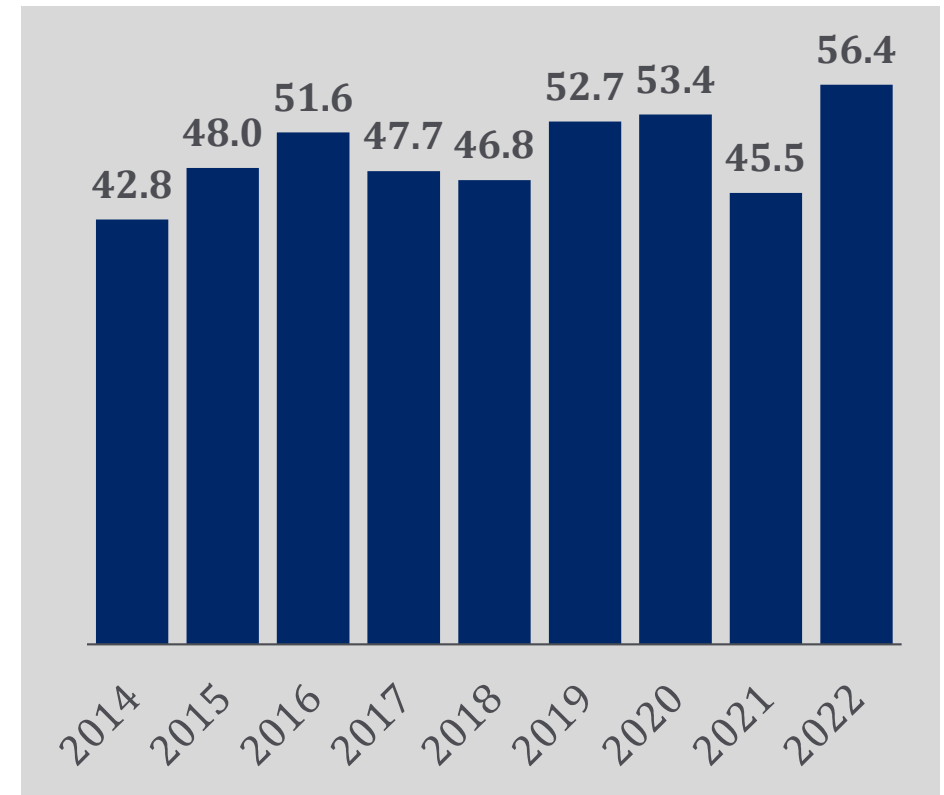
Year ended 31 March 2022

- Income principally derived from:
 - Private Capital £26.9m (2021: £22.8m)
 - Quoted Equity £23.3m (2021: £17.1m)

Year end 2022



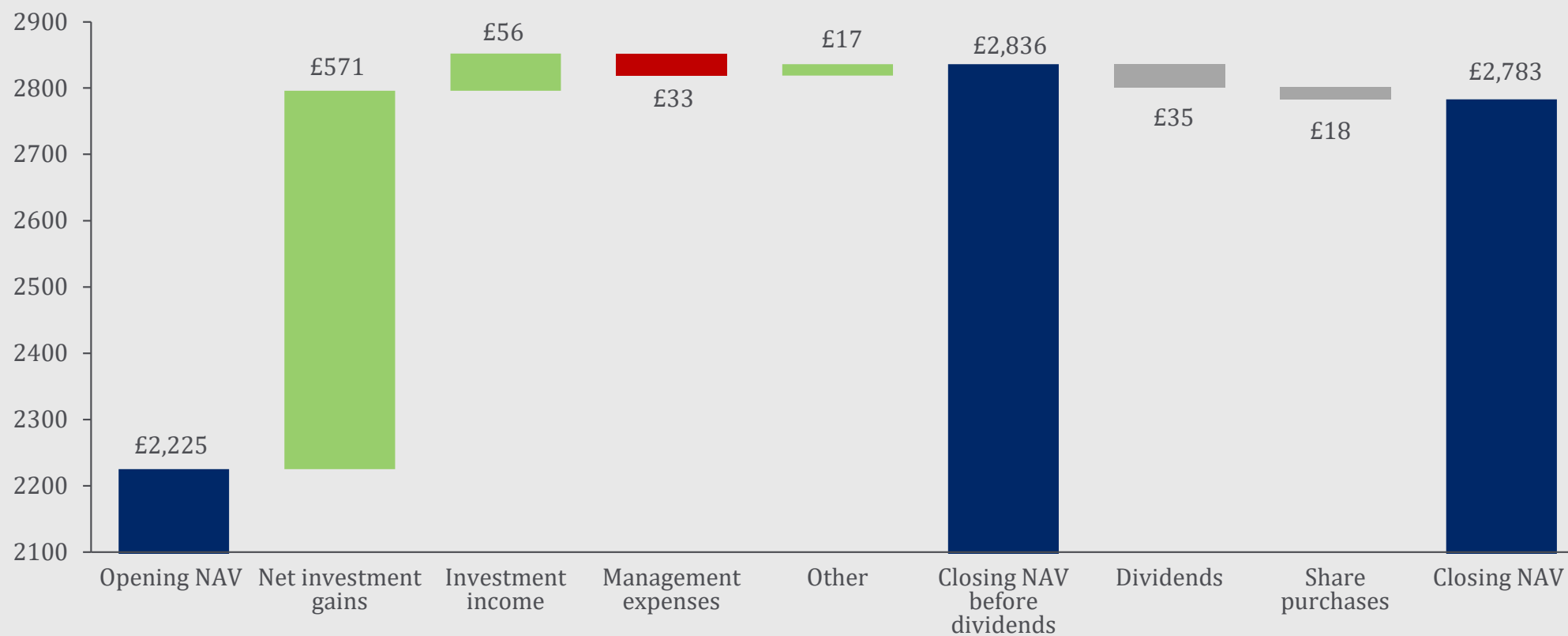
Income £56.4m



Change in Net Asset Value

Year ended 31 March 2022

NAV Movement (millions)



Net Cash and Facilities

- Started the year with £15m drawn – paid back in the first quarter
- Discussions completed with ING to renew £112.5m facility for further 3 years to July 2025
- Proposed special dividend will cost £95m and takes yield to shareholders, over last 5 years, above 3%

Caledonia Net Cash

31 March 2022

£341.1m

Caledonia Net Debt

31 March 2021

£(0.8)m



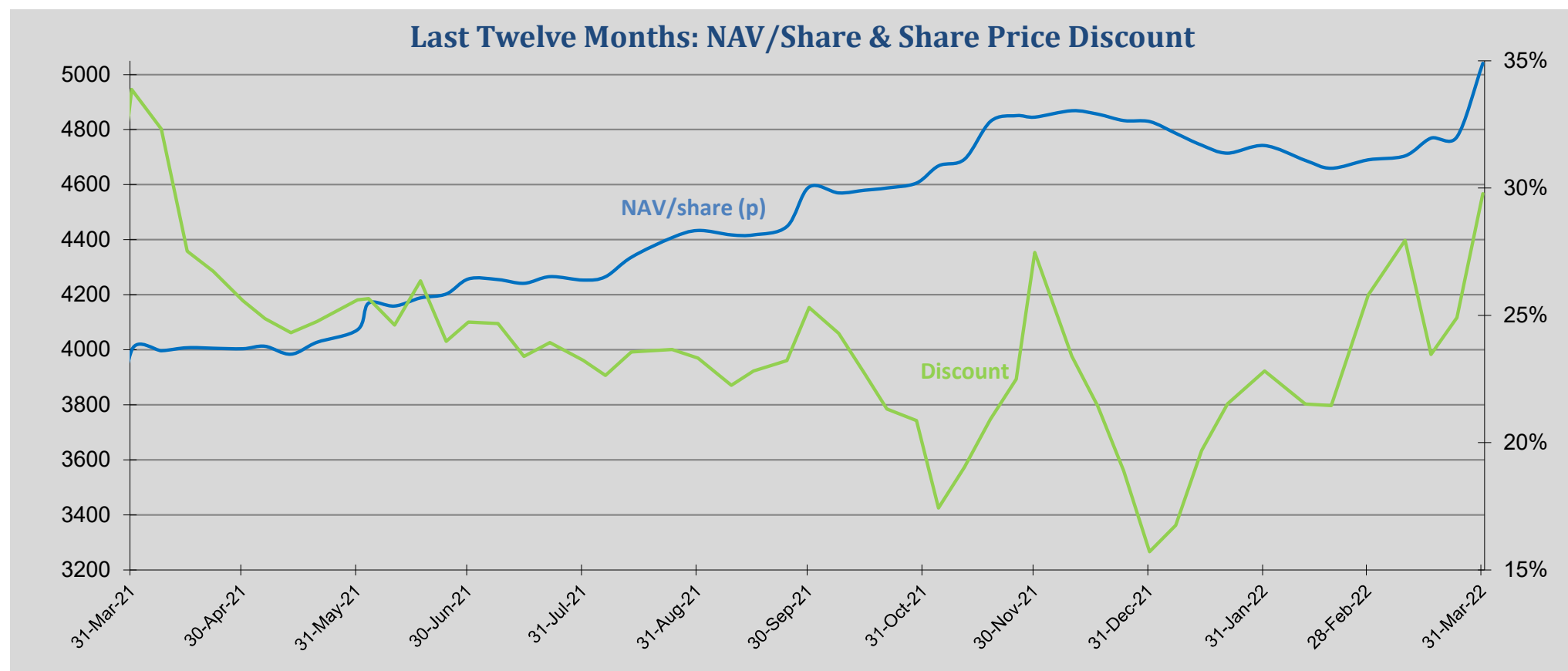
Revolving 5-year facilities with RBSI and ING at a blended average margin of 205bp over SONIA

Caledonia NAV/Share & Share Price Discount



Performance to 31 March 2022

- Discount widened at end March following NAV uplift
- Discount averaged 24% over twelve months of FY21/22



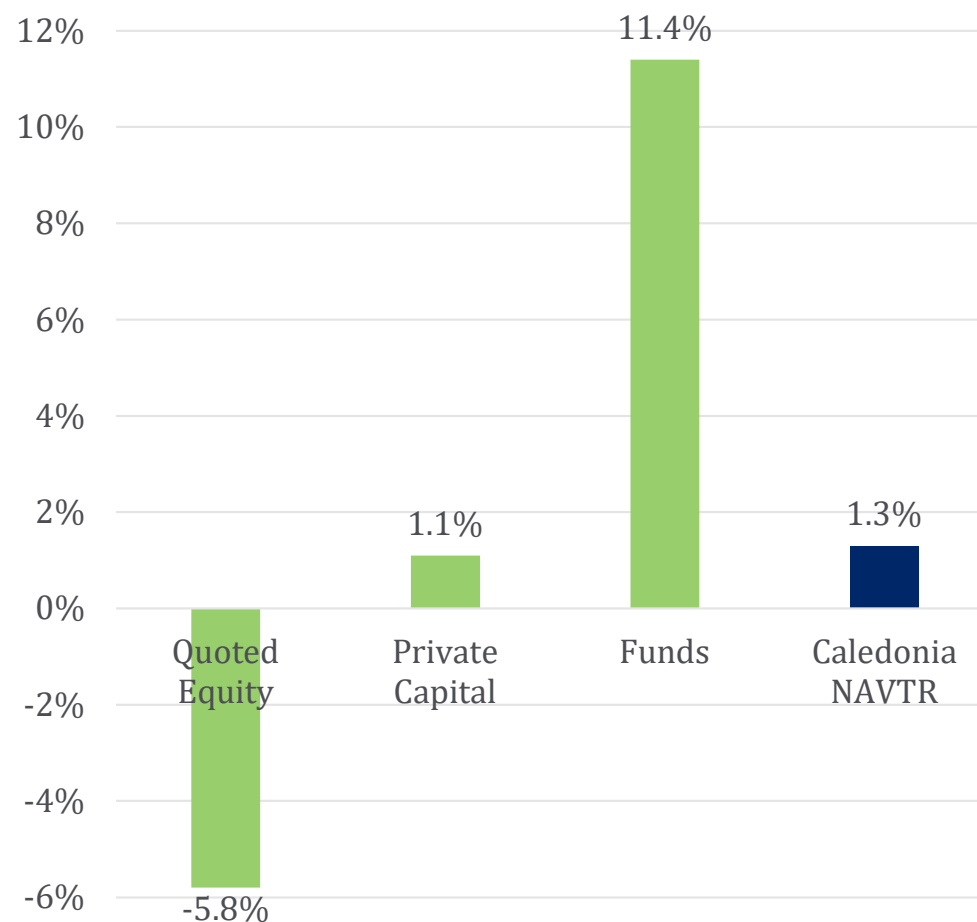
Note: Discount is calculated by comparing the share price with undiluted NAV/share, as adjusted for dividend accruals (exc. tax)

Trading Update – Qtr 1 FY2023

Performance summary

- NAVTR of 1.3% for the quarter
- Impacted by volatility and weakness in global public equity markets
- US dollar strengthening by c.8% against Sterling has supported returns across our investments – in particular for Funds
- Quoted Equity portfolio impacted by market movements – greater impact on the Capital portfolio
- No material transactions or valuation changes in Private Capital holdings
- Underlying Funds performance remains strong – with valuation uplifts flowing through from several funds in the quarter

April – June Returns



- 1 Diverse portfolio of listed, fund and privately owned assets managed to deliver target returns over the long term
- 2 High-quality holdings capable of responding to the challenges posed by inflation, supply constraints and potentially lower future growth in GDP
- 3 Strong balance sheet, with banking facilities to provide short term additional liquidity if required
- 4 Portfolio remains well placed to achieve aims of growing net assets and dividends over the long term

David Stewart
Chairman



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Q&A



Formal business



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