

# Half-Year Results

Six months ended 30 September 2023

---



**CALEDONIA**  
INVESTMENTS



# Cautionary Statement

---

This presentation contains certain statements that are, or may be deemed to be, forward-looking. Phrases such as "aim", "plan", "intend", "should", "anticipate", "well-placed", "believe", "estimate", "expect", "target", "consider" and similar expressions are generally intended to identify forward-looking statements. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations of the Company about future events, and involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. Any forward-looking statement is based on information available to the Company as of the date of the statement, it can give no assurance that these expectations will prove to be correct. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements. Forward-looking statements should therefore be construed in the light of such factors. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date made. All written or oral forward-looking statements attributable to the Company are qualified by this caution. Other than in accordance with legal and regulatory obligations, the Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

# Caledonia

## Overview



### Self-managed investment company

Net assets of £2.9 billion

### Targeting long-term compounding real returns

CPIH +3% to +6%

Progressive dividend policy

### Successful track record

Strong consistent long term NAV growth

56 consecutive years of dividend increases

### Established by the Cayzer family

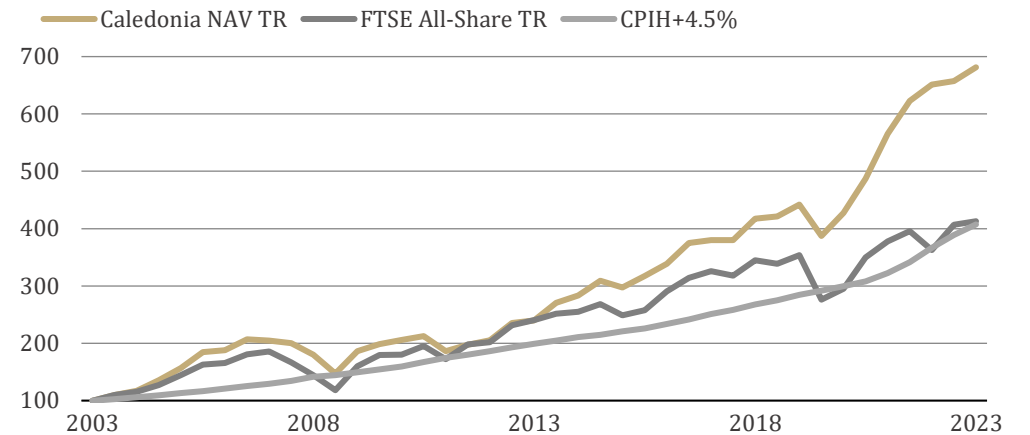
History dates from late 1800s

Remain a supportive long-term shareholder



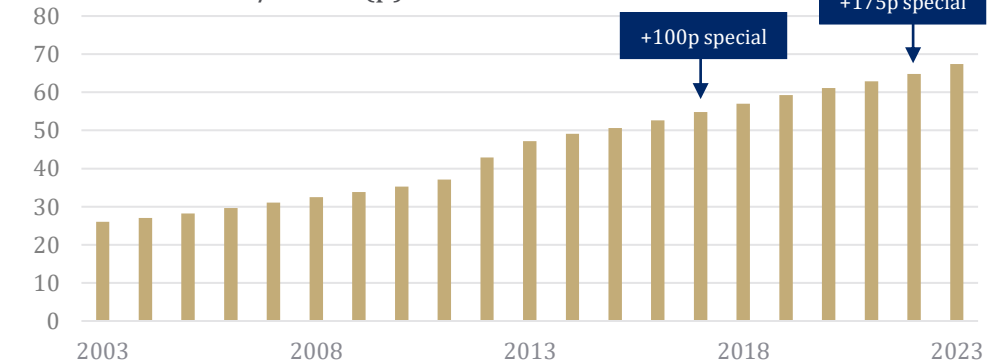
### NAV Growth

NAV total return growth since 2003



### Dividend Growth

Annual dividend / share (p)



# We Are A Long-Term Investor

With the aim of generating consistent returns for our shareholders

---



**We invest in high quality companies that have the potential to generate exceptional long-term value**

---

We buy to hold, investing in high quality companies with strong market positions and fundamentals, alongside investments in private equity funds with track records of success

---

We build rewarding relationships and a deep understanding of our investments

---

Our robust and disciplined investment process aligns with our risk appetite, with ESG factors embedded

---

As a self-managed vehicle, we invest from the balance sheet ensuring our interests are wholly aligned with our shareholders

---

This has delivered NAVTR that has outperformed FTSE All-Share TR by >5% p.a. over the last 10 years, resulting in cumulative outperformance of 112%

# A Well-Balanced Portfolio

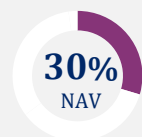
Provides shareholders with access to both private and public companies globally

## Public Companies

Strategic Allocation: 30%-40%

- Global portfolio
- Businesses that we understand, with underlying growth and pricing power
- Around 30 high quality companies across two strategies (Capital and Income)
- Total return target of 10% p.a. on Capital portfolio and 7% p.a. on Income portfolio (3.5% yield on cost)

**9.0% p.a.**  
(10 year return)

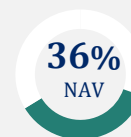


## Private Capital

Strategic Allocation: 25%-35%

- Direct investments focused on high quality, UK mid-market companies
- Significant owners working in partnership with companies to drive value through business improvement
- Prudent capital structures
- Target portfolio of 6 to 8 companies
- Total return target of 14% p.a. (2.5% yield on cost)

**14.5% p.a.**  
(10 year return)

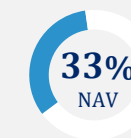


## Private Equity Funds

Strategic Allocation: 25%-35%

- Proven private equity managers
- Focus is on North American mid-market companies (58%)
- Asian growth portfolio invested in new economy sectors (42%)
- Total return target of 12.5% p.a.

**19.2% p.a.**  
(10 year return)

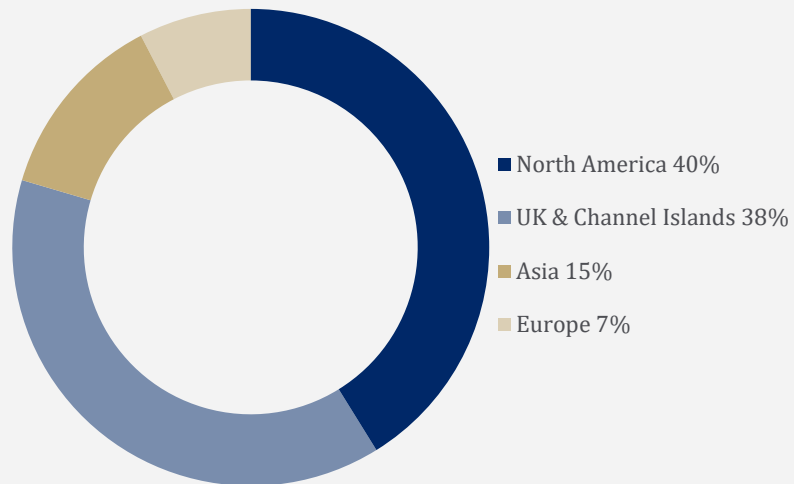


# A Well-Balanced Portfolio (cont'd)

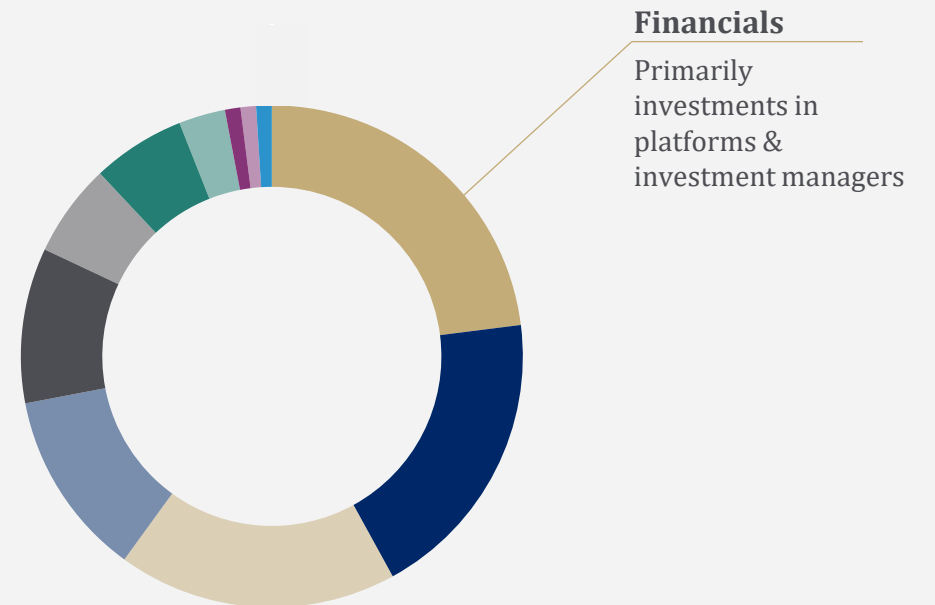
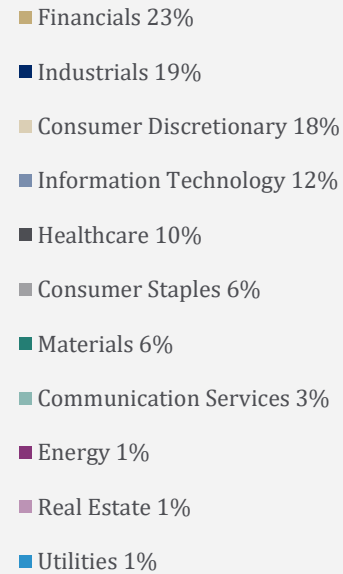
Diversified by sector and geography

**Provides shareholders with access to companies operating across diverse sectors with global exposure**

## Geography (Headquartered)



## Sector



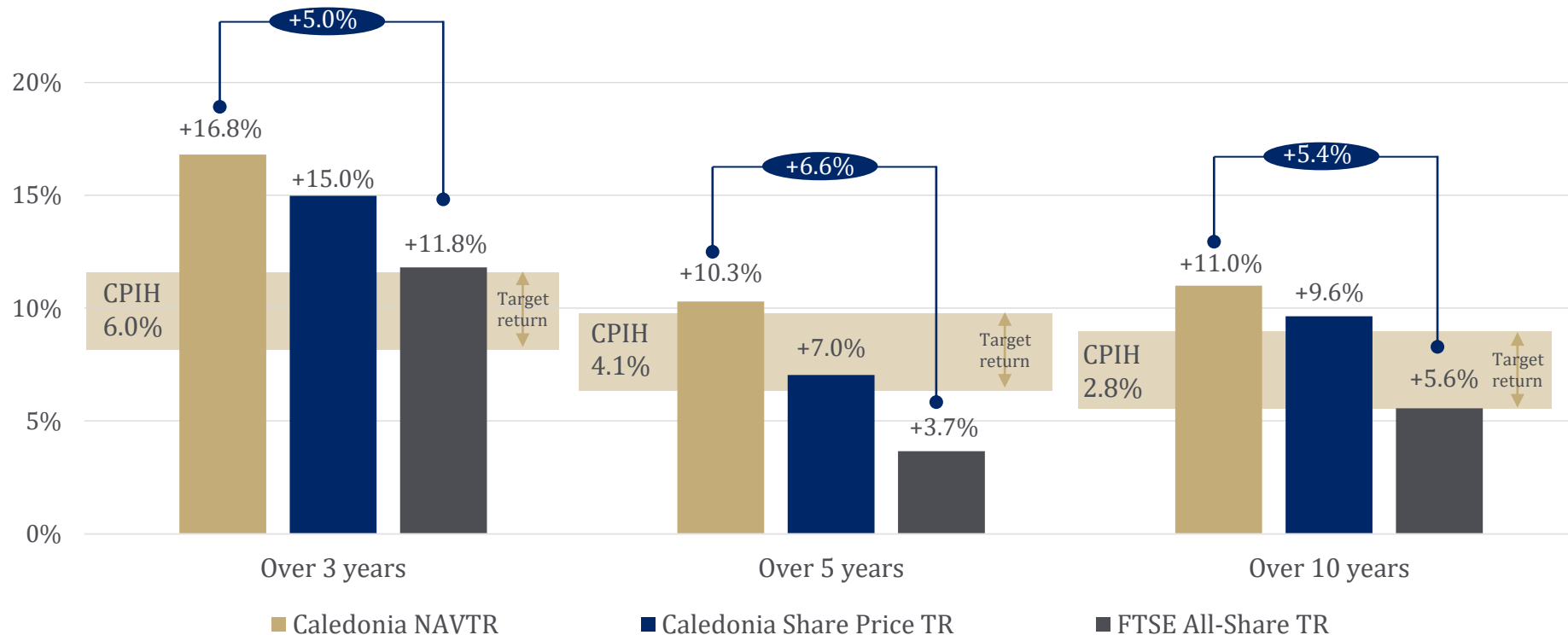
**Financials**  
Primarily investments in platforms & investment managers

# Consistent Long-Term Outperformance

Targeting real returns and outperformance of FTSE All-Share TR

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

Annualised Performance Medium and Long-Term to 30 September 2023



# Half-Year Results

Six months ended 30 September 2023





# Highlights

Six months ended 30 September 2023

---

## Net assets per share

<b>5,203p</b> (£2.9bn)	<b>+3.7%</b> Total return
---------------------------	------------------------------

---

## Dividend

<b>18.9p</b>	<b>+4.0%</b>
--------------	--------------

---

## Share price

<b>3,360p</b>	<b>+0.6%</b> Total return
---------------	------------------------------

---

## All investment pools contributed to NAV growth

- **Private Capital +5.9%**
  - Key driver was the agreed sale of 7IM
  - Acquisition of AIR-serv Europe
- **Public Companies +2.8%**
  - Reflecting mixed performance of major markets
- **Private Equity Funds +4.6%**
  - Modest gains across North American and Asian portfolio
- **Limited impact of foreign exchange across the pools**

## Dividend

- Interim dividend of 18.9p declared
- 4.0% increase on 2022 half-year dividend

## People

- Rob Memmott appointed as CFO

# Private Capital

Six months ended 30 September 2023



# Private Capital

Direct investments in established high quality businesses

**£1,027m invested in nine predominantly UK focused companies, with the top six representing c.94% of value**

## Performance

- 5.9% increase in the six months
- Performance predominantly driven by the agreed sale of 7IM

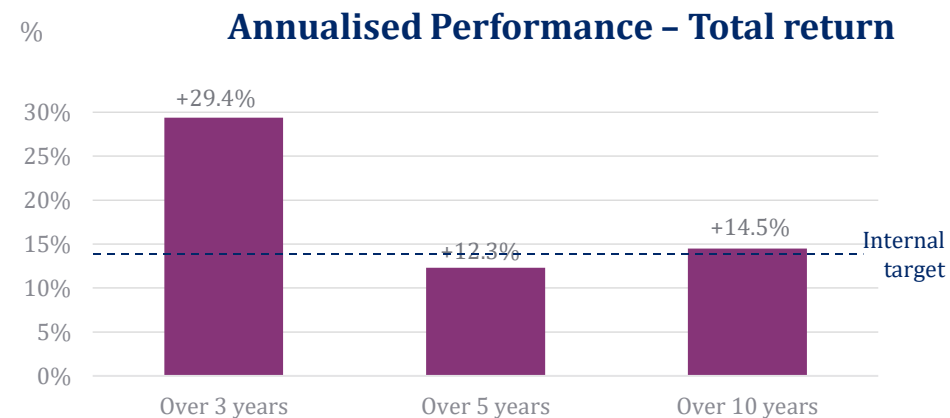
## Operating metrics

- Continued robust operating performance across the majority of the portfolio
- EV/EBITDA valuation multiple of between 9x - 14x\* and a net debt/EBITDA of c.2x\*

## Realisations and new investments

- Agreed sale of majority stake in 7IM, expected cash proceeds of £255m, representing a £58m uplift to March carrying value and a 2.3x multiple to cost\*\*
- Acquisition of majority stake in European division of AIR-serv for £142.5m

Portfolio (£m)	First Invested	Value 30 Sept 2023	% of Net Assets
7IM	2015	248.5	8.6
Cobehold	2004	178.8	6.2
Stonehage Fleming	2019	157.0	5.5
AIR-serv Europe	2023	142.5	5.0
Liberation Group	2016	135.0	4.7
Cooke Optics	2018	102.3	3.6
Other		63.0	2.7
<b>Total</b>		<b>1,027.1</b>	<b>36.3</b>



# Private Capital (cont'd)

7IM – AUM tripled over period of ownership

## Investment:

- Date: Sept 2015
- Stake: **c.£74m** for 94% ownership
- Investment thesis:
  - Expand direct to consumer distribution
  - Management succession
  - Invest in people and operations

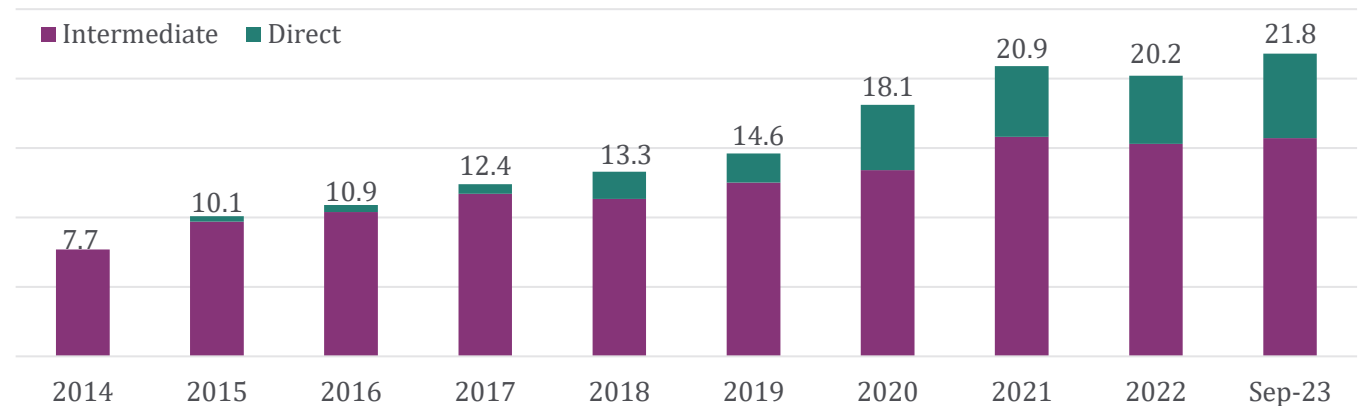
## Ownership:

- New CEO, Chair & Exco change
- c.£54m of follow-on capital
- Four acquisitions to expand direct to consumer offering
- c.£40m investment in technology
- Businesses pivoted from pure investment manager to 'platform led' wealth manager

## Corporate & Investment Timeline



## Lifetime AUM Growth (£bn)



# Private Capital (cont'd)

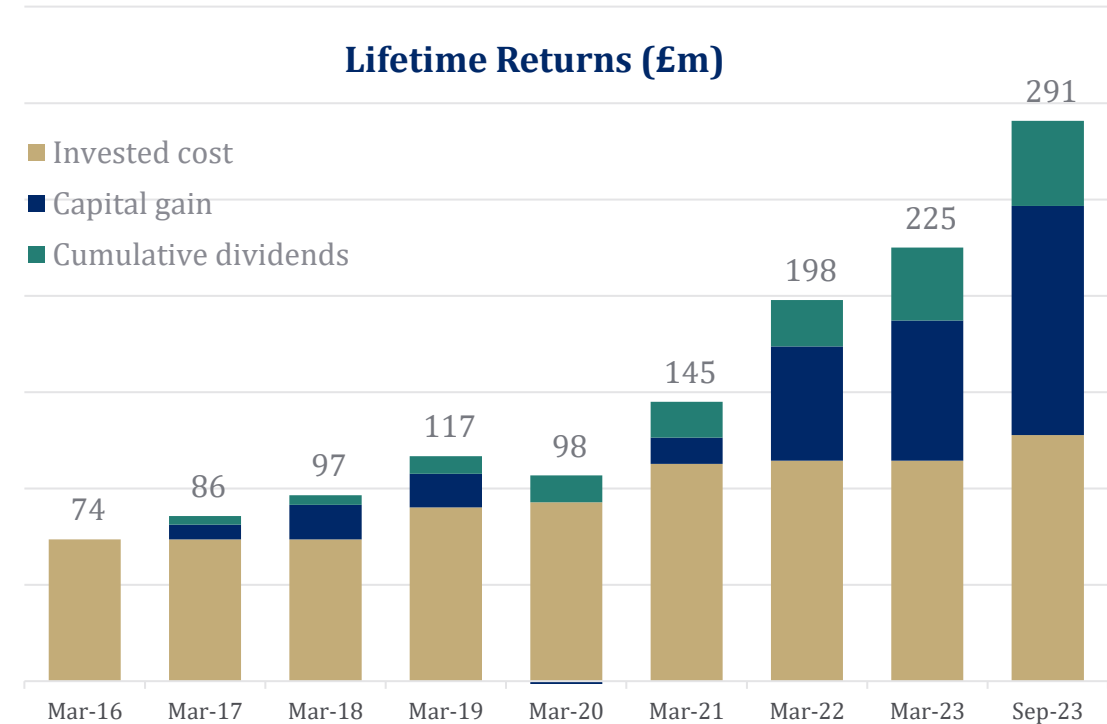
Investment in 7IM generated an IRR of 15% and a 2.3x multiple of cost

## Investment:

- Hold period: 8+ years
- Sep 2023 valuation: c.£248.5m\*
- Distributions received/accrued to date: c.£44m

## Exit:

- Agreement signed with Ontario Teachers' Pension Plan Board on 5 Sep 2023
- Expected completion: by early 2024, subject to FCA change in control
- Expected exit proceeds: c.£255m; IRR: c.15%; 2.3x multiple of cost



# Private Capital (cont'd)

Five further investments represent over 70% of the Private Capital pool's value



<b>Valuation</b>	<b>£157m</b>
<b>Return</b>	<b>11.7%</b>
<b>Year of Investment</b>	<b>2019</b>
<b>Sector</b>	<b>Financials</b>
<b>Equity Stake:</b>	<b>33.9%</b>

- International multi-family office
- Good earnings growth across both Family Office (new client wins and increased activity level with existing clients) and Investment Management (recovery in equity markets)
- Successful integration of Maitland private client business



<b>Investment</b>	<b>£143m</b>
<b>Return</b>	<b>Held at cost</b>
<b>Year of Investment</b>	<b>2023</b>
<b>Sector</b>	<b>Consumer discretionary</b>
<b>Equity Stake:</b>	<b>99.7%</b>

- Leading designer and manufacturer of air, vacuum and jet wash machines
- Provides machines on revenue share or rental basis to fuel station forecourt operators across UK and Western Europe
- Business is trading well, earnings slightly ahead of expectations, demonstrating good year on year growth
- Given the business entered the portfolio in April, its valuation is held at cost



<b>Valuation</b>	<b>£135m</b>
<b>Return</b>	<b>2.3%</b>
<b>Year of Investment</b>	<b>2016</b>
<b>Sector</b>	<b>Consumer discretionary</b>
<b>Equity Stake:</b>	<b>82.4%</b>

- Pubs, bars, brewing and inns business
- Estate is dominated by quality destination pubs
- Some adverse impact from cost inflation and weaker consumer demand
- Traded slightly below expectations in spring and summer
- Integration of Cirrus Inns progressing well

# Private Capital (cont'd)

Five further investments represent over 70% of the Private Capital pool's value



<b>Valuation</b>	<b>£102m</b>
<b>Return</b>	<b>-17.5%</b>
<b>Year of Investment</b>	<b>2018</b>
<b>Sector</b>	<b>Industrials</b>
<b>Equity Stake:</b>	<b>93.2%</b>

- Leading manufacturer of cinematography lenses
- Heavily impacted by Hollywood writers' and actors' strike
- Valuation written down in the six months, reflecting the reduction in sales and earnings
- Anticipate product demand will return in the medium to long term



<b>Valuation</b>	<b>£179m</b>
<b>Return</b>	<b>3.1%</b>
<b>Year of Investment</b>	<b>2004</b>
<b>Sector</b>	<b>Financials</b>
<b>Equity Stake:</b>	<b>5.2%</b>

- Brussels based investment company, diverse global portfolio
- Portfolio of well-developed private businesses
- Investment philosophy reflects investing in transactions with moderate leverage that allow management to focus on the business
- Majority continue to perform well, with many delivering strong performance and valuation progression
- Small uplift in valuation driven by exits and operating performance

# Public Companies

Six months ended 30 September 2023





# Public Companies

High quality companies where long-term ownership will be rewarded

**£865m invested in 30 companies, with a bias towards resilient companies with high returns on capital and pricing power**

## Performance

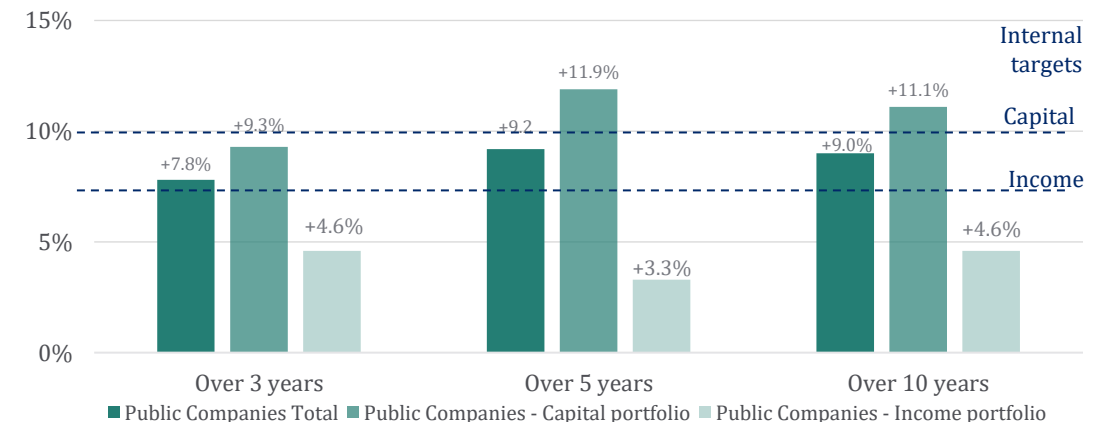
- 2.8% return in the six months
  - 4.6% capital – Hill & Smith, Charter Communications, Microsoft, Oracle and Watsco delivered strong returns (10% to 30%). Offset by Croda, Spirax, Sarco, Texas Instruments and Thermo Fisher Scientific
  - (2.2)% income – adverse performance in most holdings, partially offset by stronger performance of RELX, Watsco and Sabre

## Portfolio events

- Net portfolio investments of £17m
- Income portfolio had a new position in RELX, the global provider of information-based analytics and decision tools. Increased positions in numerous portfolio companies including Symrise and Croda as valuations were attractive
- Sold a portion of our positions in Oracle and Watsco following a period of strong share price appreciation

Portfolio (£m)	First Invested	Value 30 Sep 2023	% of Net Assets
Watsco*	2017	73.9	2.6
Microsoft	2014	72.3	2.5
Oracle	2014	69.8	2.4
Texas Instruments*	2018	54.2	1.9
Philip Morris*	2021	49.3	1.7
Other		545.4	18.9
<b>Total</b>		<b>864.9</b>	<b>30.0</b>

## Annualised Performance – total return



# Public Companies (cont'd)

Oracle – a long term investment that has generated a 16% annualised total return since inception

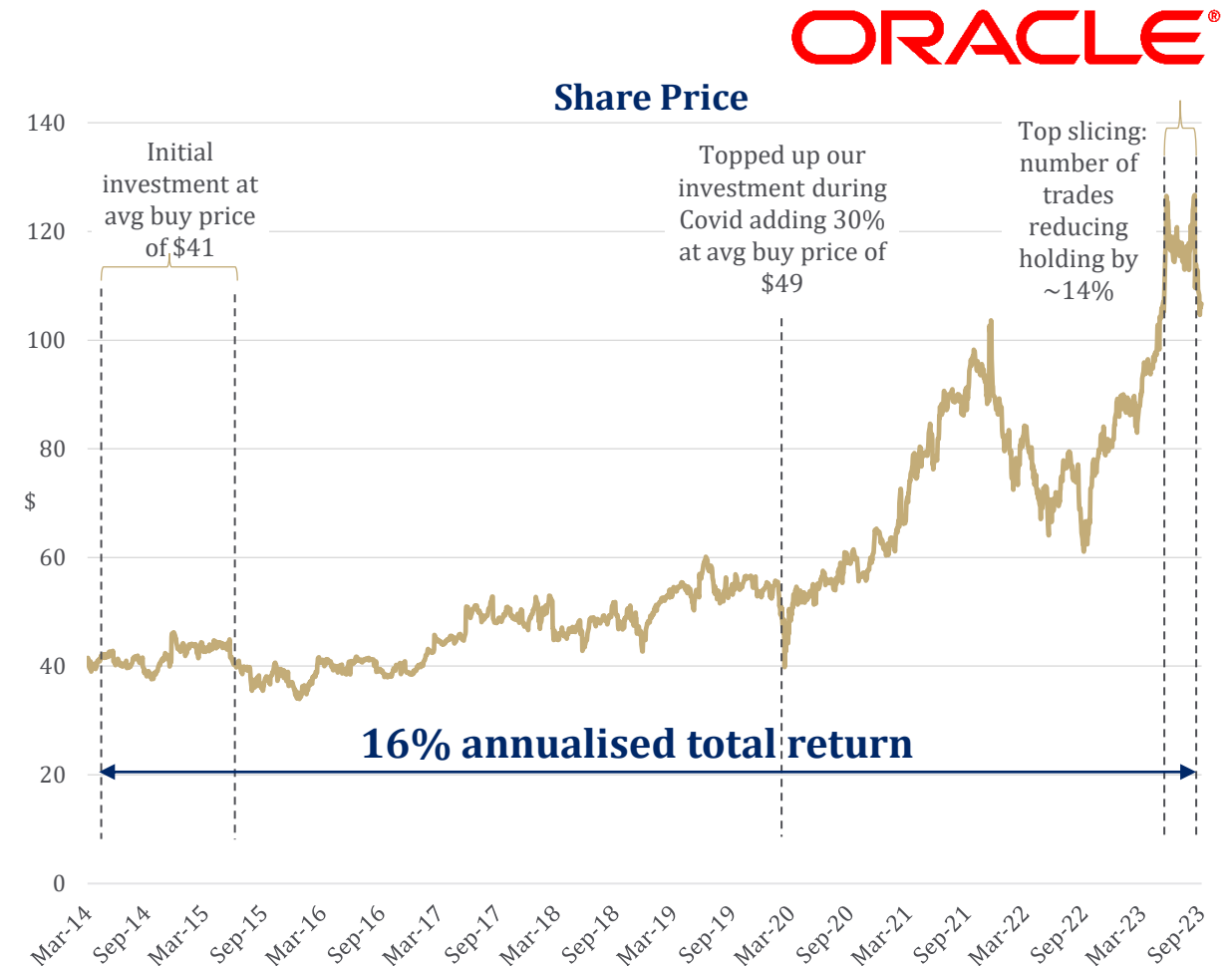
## Initial investment: 2014

### Investment rationale

- Attractive risk/return dynamic with a reasonable entry price into a highly cash generative company benefiting from high levels of recurring profit providing downside protection with:
  - Strong possibility of accelerated growth driven by transition to a cloud and subscription business model
  - Significant share buybacks at highly attractive prices to drive substantial value

### Ownership

- Successful transition to cloud and subscription business model - growth has accelerated to mid/high single digits
- Oracle reduced share count by ~50% over the last decade at an average price ~\$45
- Traded around our holding – adding ~30% during the Covid pandemic and selling on recent price spike



# Private Equity Funds

Six months ended 30 September 2023



# Private Equity Funds

Providing exposure to over 600\* companies operating in North America and Asia

**£963m invested in 75 funds managed by 44 managers**  
**58% focused on the North American small-mid market buyouts and**  
**42% on Asian growth/VC funds**

## Performance

- 4.6% return in the six months driven by modest valuation growth from both North American and Asian holdings

## Realisations and new investments

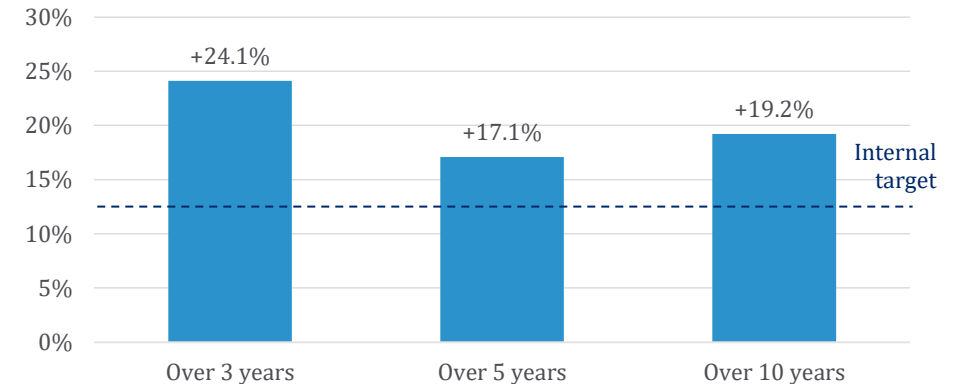
- £65m capital deployed in the period, including secondary purchase of two Decheng fund positions totaling £13m
- £15m distributions received evenly balanced between North America and Asia
- Level of distributions declined compared to last two years, reflecting more challenging funding conditions

## New commitment

- \$50m committed to one US mid-market industrials fund
- Total uncalled commitments of £427m (65% North America, 35% Asia), expected to be drawn over next 3 to 4 years

Portfolio (£m)	First Invested	Value 30 Sep 2023	% of Net Assets
High Vista Strategies**	2015	123.5	4.3
Axiom Asia funds	2012	88.1	3.1
Decheng funds	2016	57.4	2.0
Asia Alternatives funds	2012	47.3	1.6
Unicorn funds	2018	39.6	1.4
Other		607.2	20.6
<b>Total</b>		<b>963.1</b>	<b>33.0</b>

## Annualised Performance – total return



# Private Equity Funds (cont'd)

CenterOak Partners - Dallas-based lower mid-market control buyout fund



## Background to relationship

- The US lower mid-market has been a core part of our investment strategy for the last 10 years and we have built a strong network of relationships over this time
- CenterOak makes control buyouts of small industrial growth, consumer and business services companies, where these can be transformed through operational efficiency and a “buy-and-build” value creation strategy
- Companies are typically founder-owned, where founders roll significant equity

## Caledonia's commitment

Fund Name	CenterOak I	CenterOak II
Vintage Year	2015	2021
Fund Size	\$420m	\$690m
Caledonia's Commitment	\$30m	\$30m
Net MoM*	2.1x	2.0x

## Target company criteria

- Enterprise Value: \$50m - \$500m
- Revenue: \$50m - \$500m / EBITDA: \$7m - \$35m
- Total equity investment: \$30m - \$150m
- 9 - 10 platform investments per fund
- Strong add-on acquisition pipeline

## Target investments

- Typically first institutional capital into closely-held or family-owned businesses
- Can also be non-core subsidiaries or divisions of larger public or private companies
- Buy-and-build opportunities with time-tested executives
- Finding companies where they can improve net margins and grow revenue through operating efficiency

# Private Equity Funds (cont'd)

CenterOak Partners - Buy-and-build strategy in the US lower mid-market



## Portfolio Company Snapshots

Sub-Sector Categories	HVAC / Plumbing	Auto Collision Repair	Lawn Care	Pest Control
Portfolio Company				
Description	Provider of residential HVAC and plumbing maintenance, repair services in Western US	Provider of auto body repair services across the Central and North-East US	Provider of exterior residential services incl. lawn care services and exterior pest programmes	Provider of pest control, termite and mosquito services
Investment Date	Nov 2018	Aug 2020	Mar 2022	Sep 2022
No. of Add-Ons	10	23	5	1
Value Creation	<ul style="list-style-type: none"> <li>Building and augmenting management teams by hiring C-suite execs / key functional staff to help scale best practices</li> <li>Upgrading systems and building out IT infrastructure: operating (ERP), accounting and business intelligence; including training</li> <li>Reporting: standardising KPIs, budgeting and board reporting</li> </ul>			

# Financial Review



# Financial Overview

---

---

£2.9bn **NAV** – strong balance sheet with zero structural leverage

---

£2.9bn **Portfolio value** – high quality, diversified portfolio

---

4.1% **Portfolio return** – good returns across all investment pools

---

£485m **Pro forma liquidity** – significant liquidity to support investments

---

4.0% Increase in **interim dividend** to 18.9p

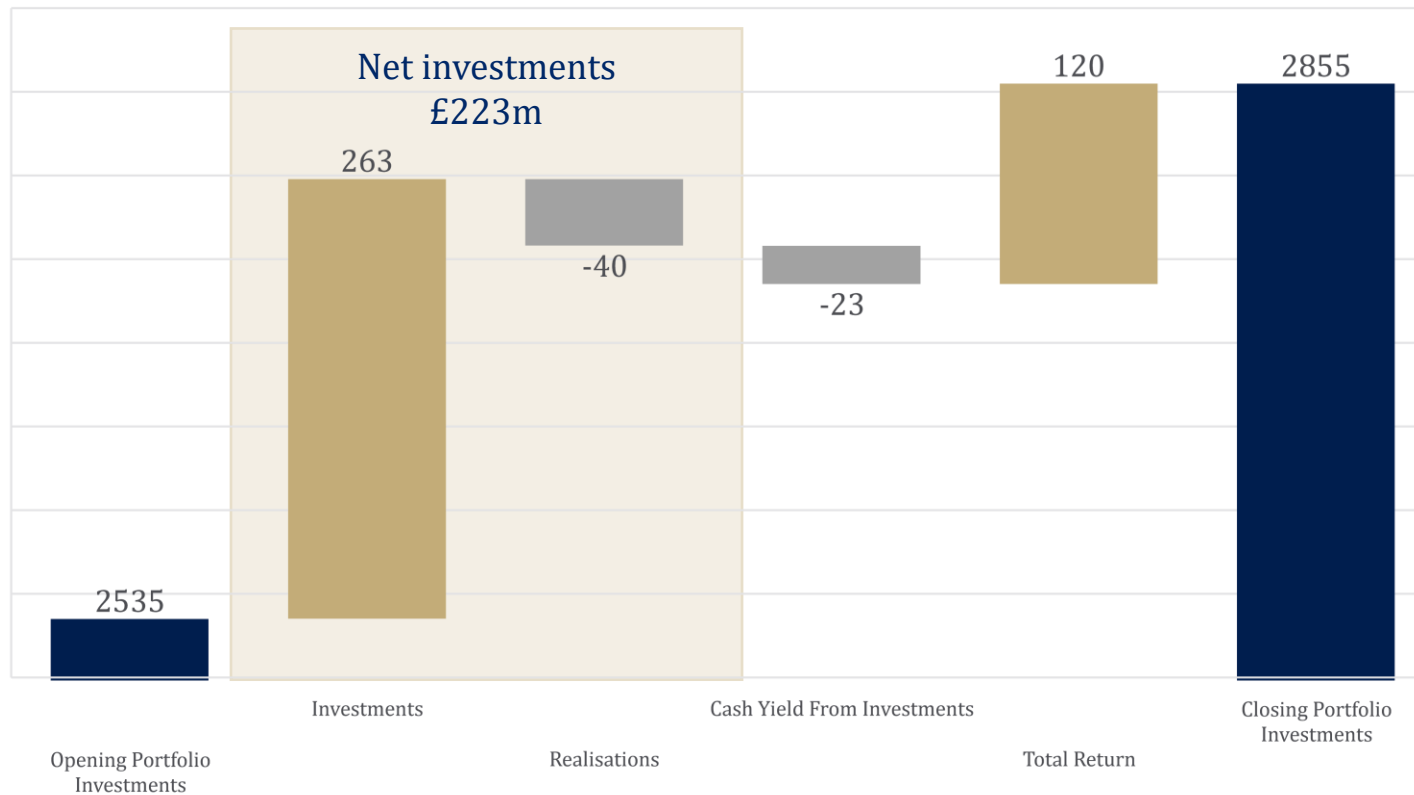
---



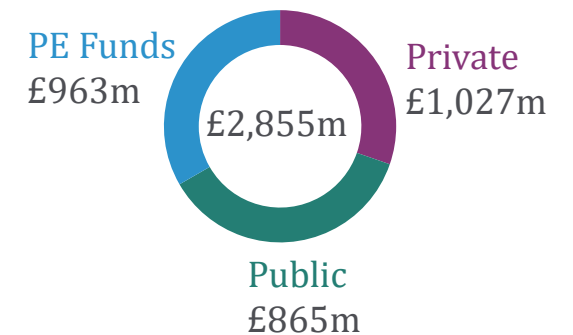
# Investment Portfolio & Returns

Total portfolio return of 4.1%

## Investment Movement (£m)



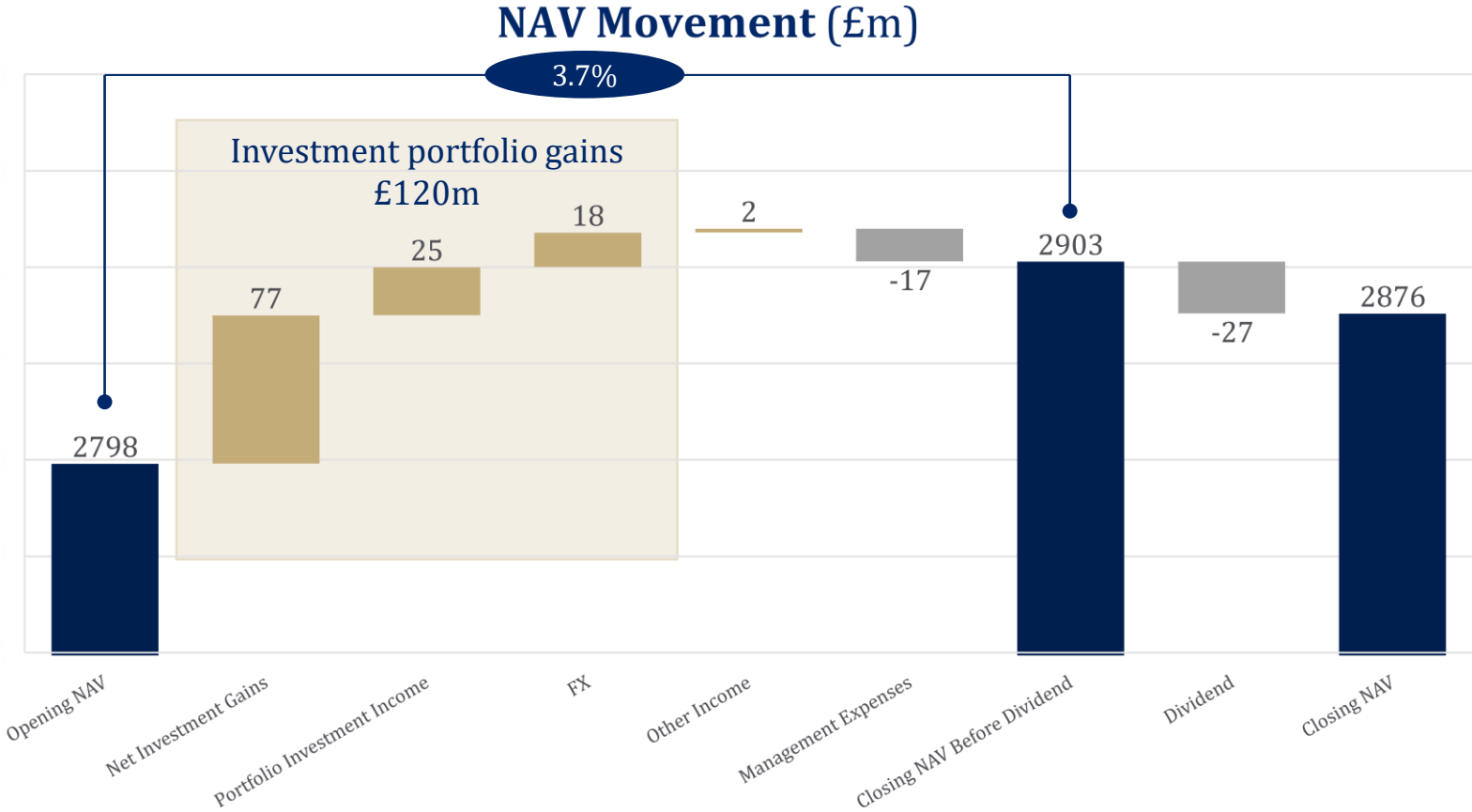
## Investments by Pool (£m)



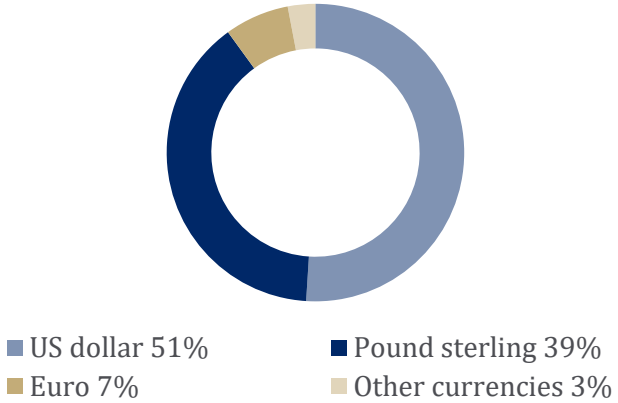
	Return %	Yield* %
Public Companies	2.8	4.2
Private Capital	5.9	4.7
Private Equity Funds	4.6	n/a
<b>Total Portfolio Return</b>	<b>4.1</b>	<b>3.5</b>

# Change in Net Asset Value

NAV return of 3.7%



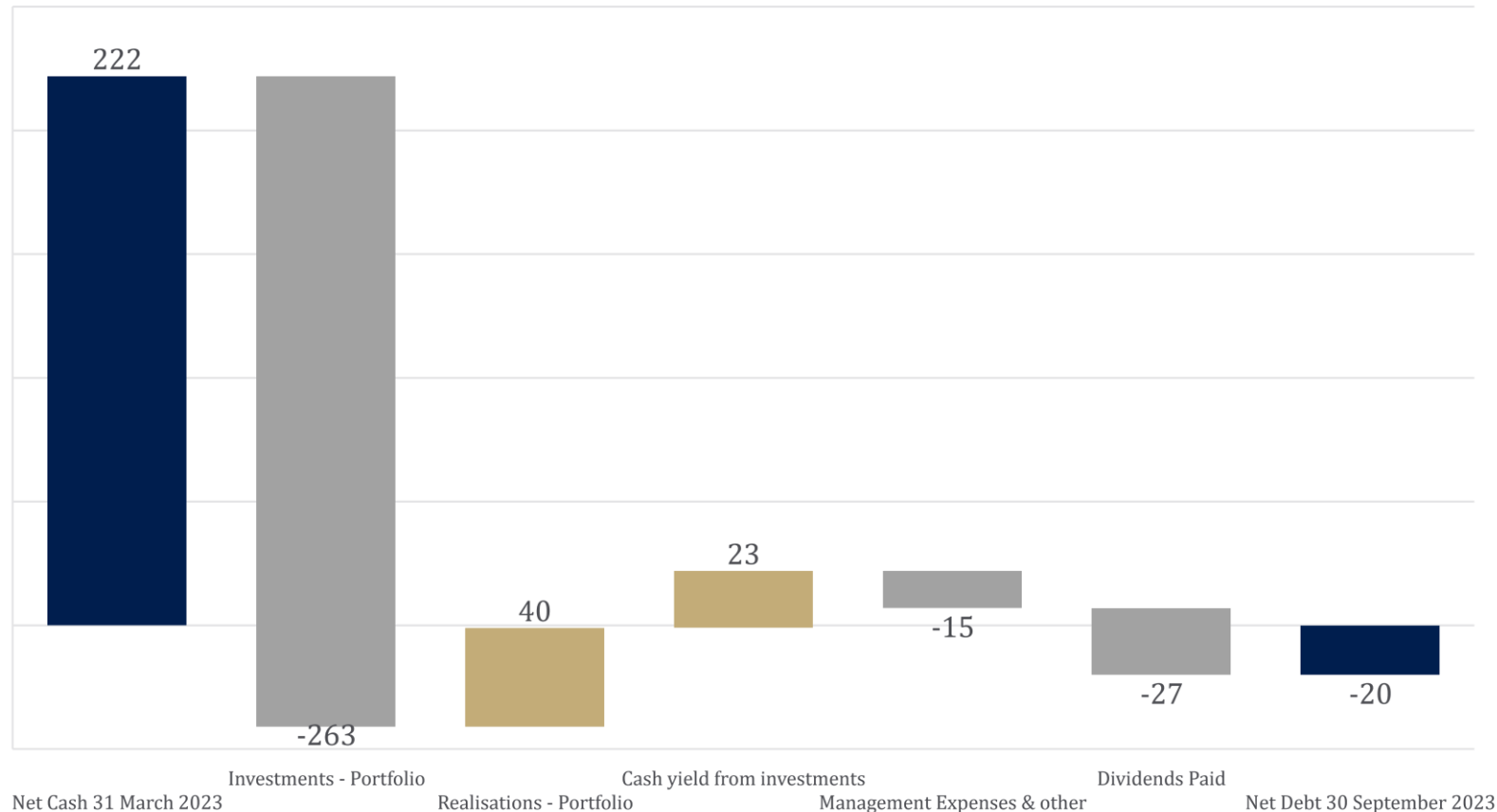
### Foreign Currency Exposure



# Net Cash / (Debt) & Facilities

Significant liquidity available

## Movement in Net Cash/(Debt) (£m)



- £250m RCF facility
  - £112.5m to July 2025
  - £137.5m to November 2027
- £255m of 7IM sale proceeds expected in early 2024

**Caledonia Net Debt**  
30 September 2023

**£(20)m**

**Caledonia Pro Forma Liquidity**

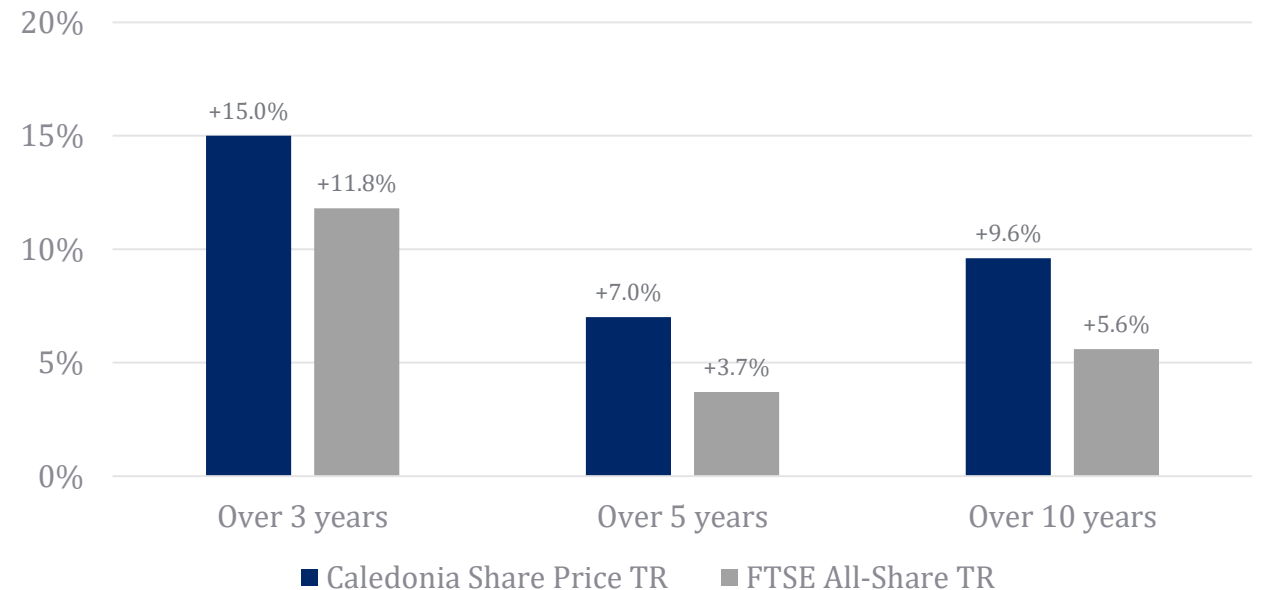
**£485m\***

# Share Price Performance

TSR of 0.6% in the six months

- Longer term performance remains strong, with TSR outperforming the FTSE All-Share TR on a 3, 5 and 10 year basis
- Shorter term TSR has been impacted by sector sentiment and ongoing concerns about the macro-economic outlook
- Discount widened from 32.8% to 35.4% in the period

## Annualised Performance



# Summary



# Summary

---

- 
- 1 The **diverse portfolio** remains well placed to deliver target returns over the long term both in terms of dividend and net asset growth for shareholders
  - 2 **Resilient portfolio** capable of responding to the challenges posed by inflation, increased interest rates and potentially lower future growth in GDP
  - 3 **Robust balance sheet**, with banking facilities to provide short term liquidity if required
  - 4 Our **experienced team** remain committed and are well placed to operate within current market conditions, focused on investing in good quality companies and funds operating in attractive markets
-

# Appendix



# Private Capital

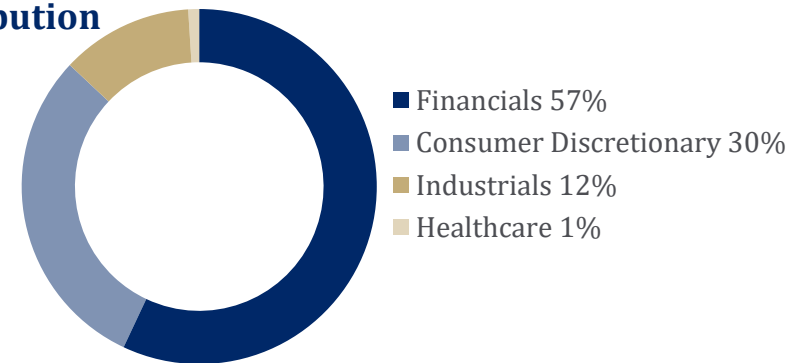
Portfolio as at 30 September 2023

Portfolio (£m)	First Invested	Value 30 Sep 2023
7IM	2015	248.5
Cobehold	2004	178.8
Stonehage Fleming	2019	157.0
AIR-serv Europe	2023	142.5
Liberation Group	2016	135.0
Cooke Optics	2018	102.3
Other		63.0
<b>Total</b>		<b>1,027.1</b>

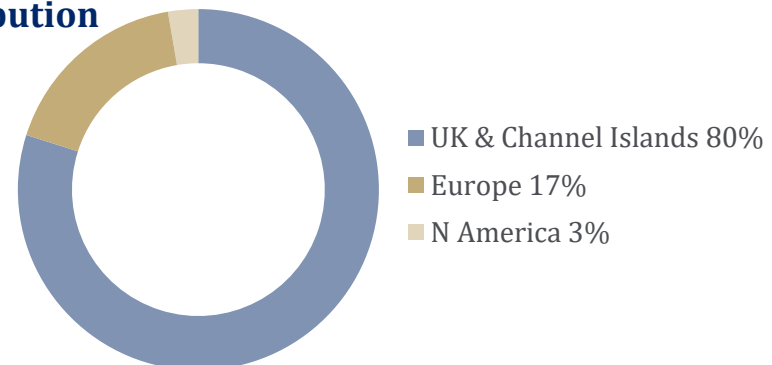
**Total Income** **£11.6m**

	3 years	5 years	10 years
Annualised Returns	29.4%	12.3%	14.5%

## Sector Distribution



## Geographic Distribution





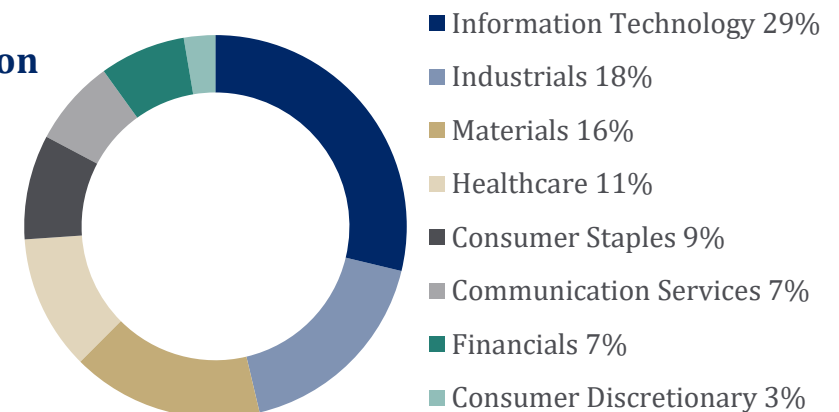
# Public Companies – Capital Portfolio

Top holdings as at 30 September 2023

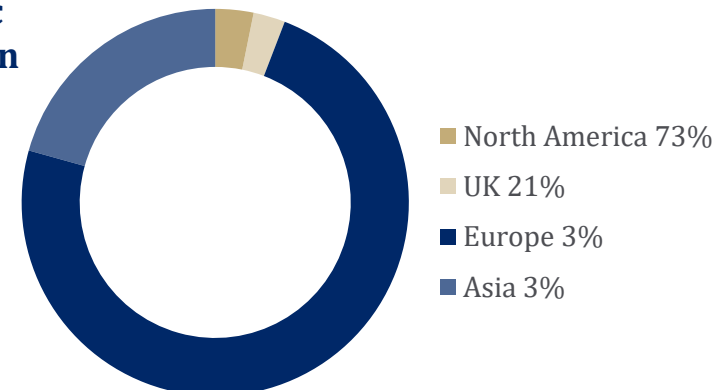
Top Holdings (£m)	First Invested	Value 30 Sep 2023
Microsoft	2014	72.3
Oracle	2014	69.8
Watsco*	2017	54.9
Charter Communications	2017	46.4
Thermo Fisher	2015	41.6
Texas Instruments*	2018	40.3
Hill & Smith	2012	40.2
Philip Morris*	2021	33.7
Becton Dickinson	2015	30.9
Fastenal*	2020	28.8
Spirax Sarco	2012	27.6
Moody's Corporation	2022	27.5
Other investments		120.6
<b>Total</b>		<b>634.6</b>

	3 years	5 years	10 years
Annualised Returns	9.3%	11.9%	11.1%

## Sector Distribution



## Geographic Distribution



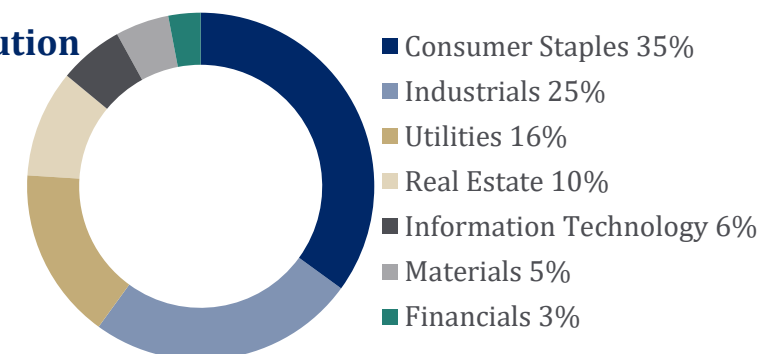
# Public Companies – Income Portfolio

Top holdings as at 30 September 2023

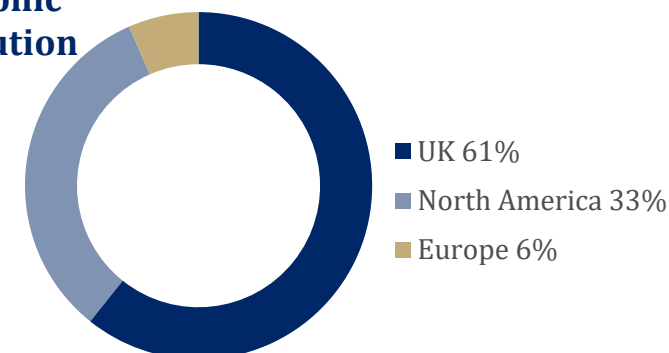
Top Holdings (£m)	First Invested	Value 30 Sep 2023	Yield** %
Watsco*	2020	19.0	5.9
Unilever	2019	18.4	3.5
Reckitt Benckiser	2020	18.0	3.0
National Grid	2015	17.5	4.6
Diageo	2020	16.7	2.4
Philip Morris*	2021	15.6	6.0
Fortis	2020	15.4	3.4
SGS	2020	15.1	2.1
Texas Instruments*	2020	13.9	4.0
Relx	2023	13.0	2.3
London Metric	2020	12.4	6.2
Other investments		55.3	4.9
<b>Total</b>		<b>230.3</b>	<b>4.1</b>

	3 years	5 years	10 years
Annualised Returns	4.6%	3.3%	4.6%
Annualised Yield	4.5%	4.7%	4.2%

## Sector Distribution



## Geographic Distribution



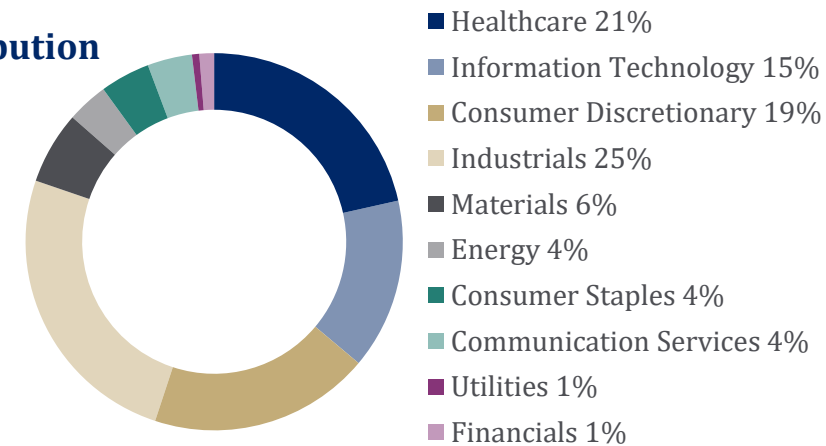
# Private Equity Funds

Top holdings as at 30 September 2023

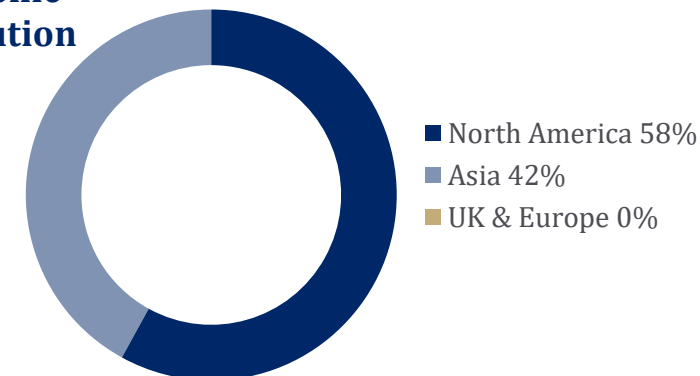
Top Holdings (£m)	First Invested	Value 30 Sep 2023
HighVista Strategies*	2015	123.5
Axiom Asia funds	2012	88.1
Decheng funds	2016	57.4
Asia Alternatives funds	2012	47.3
Unicorn funds	2018	39.6
CenterOak funds	2015	38.9
Stonepeak funds	2016	36.2
Ironbridge funds	2016	34.0
Other investments		498.1
<b>Total</b>		<b>963.1</b>

	3 years	5 years	10 years
Annualised Returns	24.1%	17.1%	19.2%

## Sector Distribution



## Geographic Distribution



# Statement of Financial Position

Six months ended 30 September 2023



	30 Sep 2023 £m	31 Mar 2023 £m	Change £m
<i>Portfolio value*</i>	2,855	2,535	320
<i>Other investments</i>	50	260	(210)
<b>Total investments</b>	<b>2,905</b>	<b>2,795</b>	<b>110</b>
Property and PPE	43	43	-
Other assets	44	35	9
Cash	15	222	(207)
<b>Total assets</b>	<b>3,007</b>	<b>3,095</b>	<b>(88)</b>
External RCF	(35)	-	(35)
Intra-group loans (non-consolidated)	(49)	(266)	217
All other liabilities	(47)	(31)	(16)
<b>Net assets</b>	<b>2,876</b>	<b>2,798</b>	<b>78</b>

# Summary of Comprehensive Income

	30 Sep 2023 £m	30 Sep 2022 £m	Change £m
Investment income - portfolio	25	25	-
Other investment income	9*	-	9
Capital gains - portfolio	95	121	(26)
Capital gains - other investments	(7)	(16)	9
Other income	1	2	(1)
<b>Total income</b>	<b>123</b>	<b>132</b>	<b>(9)</b>
Expenses - ongoing management	(12)	(11)	(1)
- performance awards (allocated to capital expenses)	(5)	(3)	(2)
- exchange movements and other non-recurring items	5*	1	4
Finance costs	(6)*	-	(6)
Taxation	(1)	1	(2)
<b>Total comprehensive income</b>	<b>104</b>	<b>120</b>	<b>(16)</b>

# Returns In The Period

All three pools generated good, positive returns

	31 Mar 2023 £m	Investments	Realisations	Accrued income	Gains / (losses)	30 Sep 2023 £m	Income	Return %
Public Companies	837	41	(25)	-	12	865	12	2.8
Private Capital	824	157	-	2	44	1,027	12	5.9
Private Equity Funds	874	65	(15)	-	40	963	2	4.6
<b>Portfolio</b>	<b>2,535</b>	<b>263</b>	<b>(40)</b>	<b>2</b>	<b>95</b>	<b>2,855</b>	<b>25</b>	
Other investments*	260	5	(208)	-	(7)	50	9	
<b>Total investments</b>	<b>2,795</b>	<b>268</b>	<b>(248)</b>	<b>2</b>	<b>88</b>	<b>2,905</b>	<b>34</b>	
Other net assets / (liabilities)	3					(29)		
<b>Net assets</b>	<b>2,798</b>					<b>2,876</b>		<b>3.7</b>

# Further Information

---

If you have any questions, or to request a meeting, please contact us in the following ways:

- Send an email to: [investorrelations@caledonia.com](mailto:investorrelations@caledonia.com)
- Call us on tel: 020 7802 8080
- Website: [www.caledonia.com](http://www.caledonia.com)
- The Company's ordinary shares are premium listed on the LSE under SEDOL: 0163992 or TIDM: CLDN. The ISIN is GB0001639920

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

Tel: +44 20 7802 8080

Web: [www.caledonia.com](http://www.caledonia.com)



**CALEDONIA**  
INVESTMENTS