

Caledonia Private Capital

Spotlight – 22 January 2025



CALEDONIA
INVESTMENTS

Time Well Invested



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.

Today's agenda

Private Capital Spotlight

Agenda and introduction

Mat Masters
CEO

Private Capital Spotlight

Tom Leader
Head of Caledonia Private Capital

Q&A

**Mat Masters, Tom Leader &
Rob Memmott**
CFO

Close

Caledonia

We are a long-term equity investor



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

57 consecutive years of dividend increases

Established by the Cayzer family

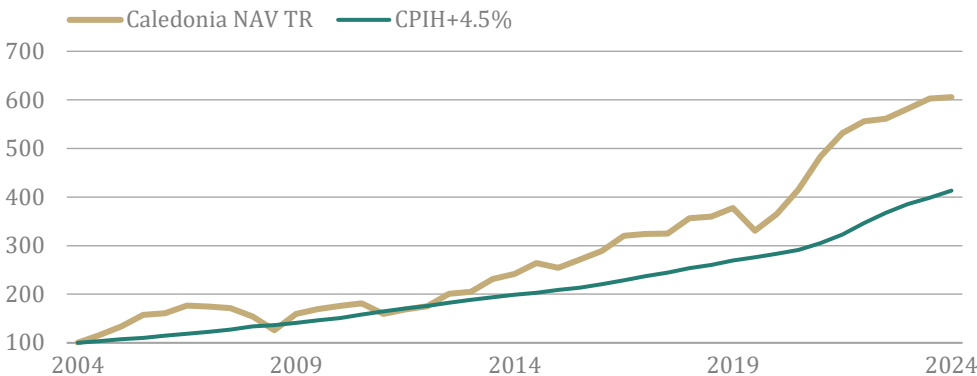
History dates from late 1800s

Remain a supportive long-term shareholder



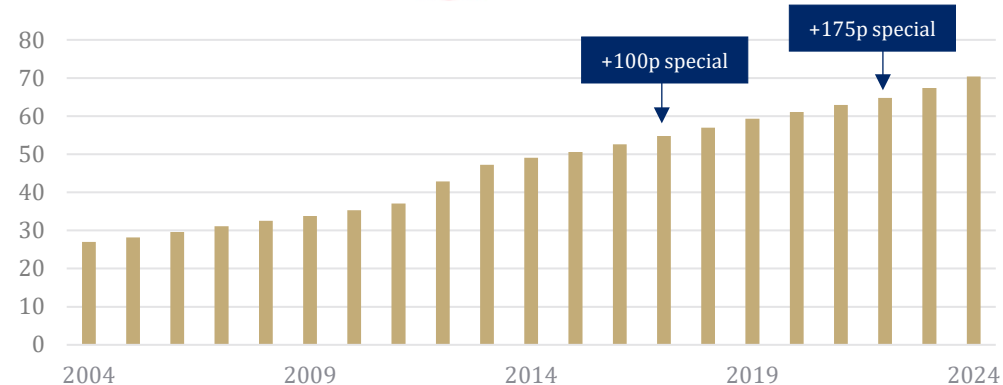
NAV Growth

NAV total return growth since 2004



Dividend Growth

Annual dividend / share (p)



Time well invested

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

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



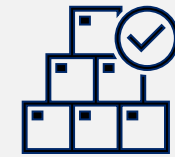
Team

We have a team of **experts**, focused on making carefully considered long-term investments



Opportunity

Our investment strategies are in **attractive markets** enabling our investment team to develop high-quality opportunities



Alignment

We invest our balance sheet, with interests **wholly aligned** with shareholders

Underpinned by **Time** - we believe the key to our investment returns is our long-term approach, this allows us to look through short-term market cycles, capitalise on fundamental opportunities and allow compounding to do its work

A well-balanced portfolio

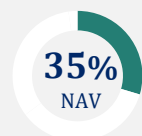
Providing access to both private and public companies, diversified by sector and geography

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 (74%) and Income (26%)
- Total return target of 10% p.a. on Capital portfolio and 7% p.a. on Income portfolio (3.5% yield on cost)

9.4% 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 up to 10 companies
- Total return target of 14% p.a. (2.5% yield on cost)

13.1% p.a.
(10 year return)



Funds

Strategic Allocation: 25%-35%

- Proven private equity managers
- North American mid-market companies (63%)
- Asian growth portfolio invested in new economy sectors (37%)
- Total return target of 12.5% p.a.

14.1% p.a.
(10 year return)



Central investment committee approves all investments, oversees portfolio construction, capital allocation and risk management

Private Capital



Who we are

We buy to own, providing flexible capital and enduring support to our companies

Our investment philosophy is underpinned by a core set of values

- Make investments rather than doing deals
- Operate with high conviction
- Provide capital and support throughout life of an investment
- Create fundamental value over medium to long term
- Responsible investor and owner - do business in the right way
- Invest in people

14

New investments made since
2012, plus 10 bolt-on
acquisitions

£0.8bn

Portfolio value
30 Sept 2024

£1.1bn

Proceeds from
realisations¹

£0.5bn

Net cash returned¹

17.0%

IRR on realised
investments¹

13.1% p.a.

10-year total return

Competitive advantage

Investment philosophy resonates with management and selling shareholders



High conviction investors

- Low deal volume enables us to move quickly and deploy significant resource
- No pressure to invest - focus on only the best opportunities that meet our criteria



Flexible capital with an evergreen balance sheet

- Ability to equity underwrite the full capital structure
- Deploy follow-on capital throughout the investment period, not just the initial years
- Long term investors – exit when the time is right to maximise value for shareholders



Lower risk and strong track record of partnership

- Lower risk deal for management, but with similar economic returns
- Simple, well-aligned capital structures
- Lower financial leverage
- Close working relationship with management

Our approach is differentiated vs. typical financial sponsors
Advisors, management and selling shareholders want Caledonia in their sale processes

The team

An experienced and well-balanced team



Tom Leader

Head of Caledonia Private Capital



Chris Hodges

Director



Tim Lewis

Director



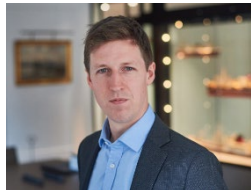
Sophie Bell

Head of Origination



Rachel Pillsbury

Director of Data & Analytics



Theo Tizard

Investment Director



Dan Lock

Investment Director



James Lander

Investment Director



Joe Carter-Hepplewhite

Investment Manager



Will Sym

Investment Executive



Rhydian Deighton-Jones

Portfolio Associate

- c.100 years' cumulative private capital investing experience
- Strong ethos of recruitment, development and retention
- c.50 years' cumulative Caledonia experience
- Core investment team is responsible for origination, execution and portfolio management

Investment strategy & portfolio



Investment strategy

Develop and maintain a portfolio of up to 10 companies and target a 14% p.a. return

UK headquartered mid-market businesses, sector agnostic - enterprise value of c.£75m-£250m

Quality businesses

We look for robust, established businesses, with strategies which will create sustainable shareholder value

- Favourable market dynamics
- Well positioned in its market with a sustainable competitive advantage
- Attractive financial metrics
- Strong management team
- Multiple levers for growth
- Exit flexibility

Attractive financial metrics		
<i>EBITDA</i>	<i>EBITDA margin</i>	<i>Cash conversion</i>
<i>> £7m</i>	<i>> 10%</i>	<i>> 70%</i>

Quality investment opportunities

We only dedicate time to investment opportunities that meet our criteria and where our investment philosophy is valued

- £50m-£150m of initial Caledonia equity
- Management investing alongside Caledonia, with an aligned risk appetite
- Control management buy-out, preferred minority, and co-invest (only alongside a trusted partner)
- Contractual liquidity rights

Private Capital's approach to origination and investment process



Origination

Origination is focused on intermediary coverage and thematic direct origination

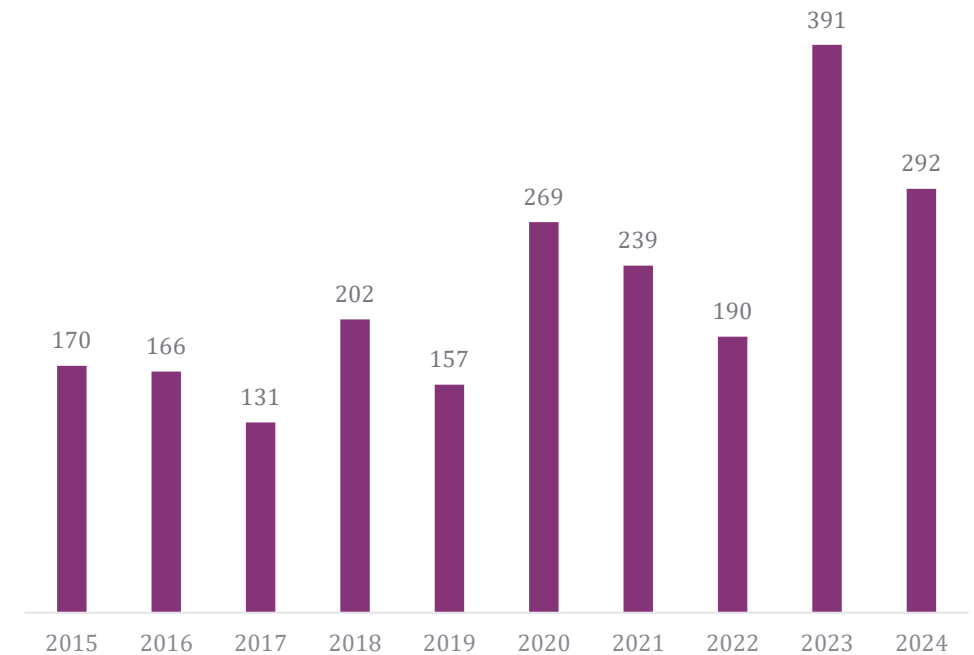
Well positioned with intermediaries to capture deal flow across a range of sectors in the UK

- Maintain regular contact with c.100 key corporate finance advisors that cover the UK

Outbound origination themes

- Maintain a “shadow portfolio” of quality companies
- Focus on privately owned companies and the portfolio companies of reputable private equity investors
- Explore specific sectors with long term tailwinds

Annual new opportunities recorded since 2015



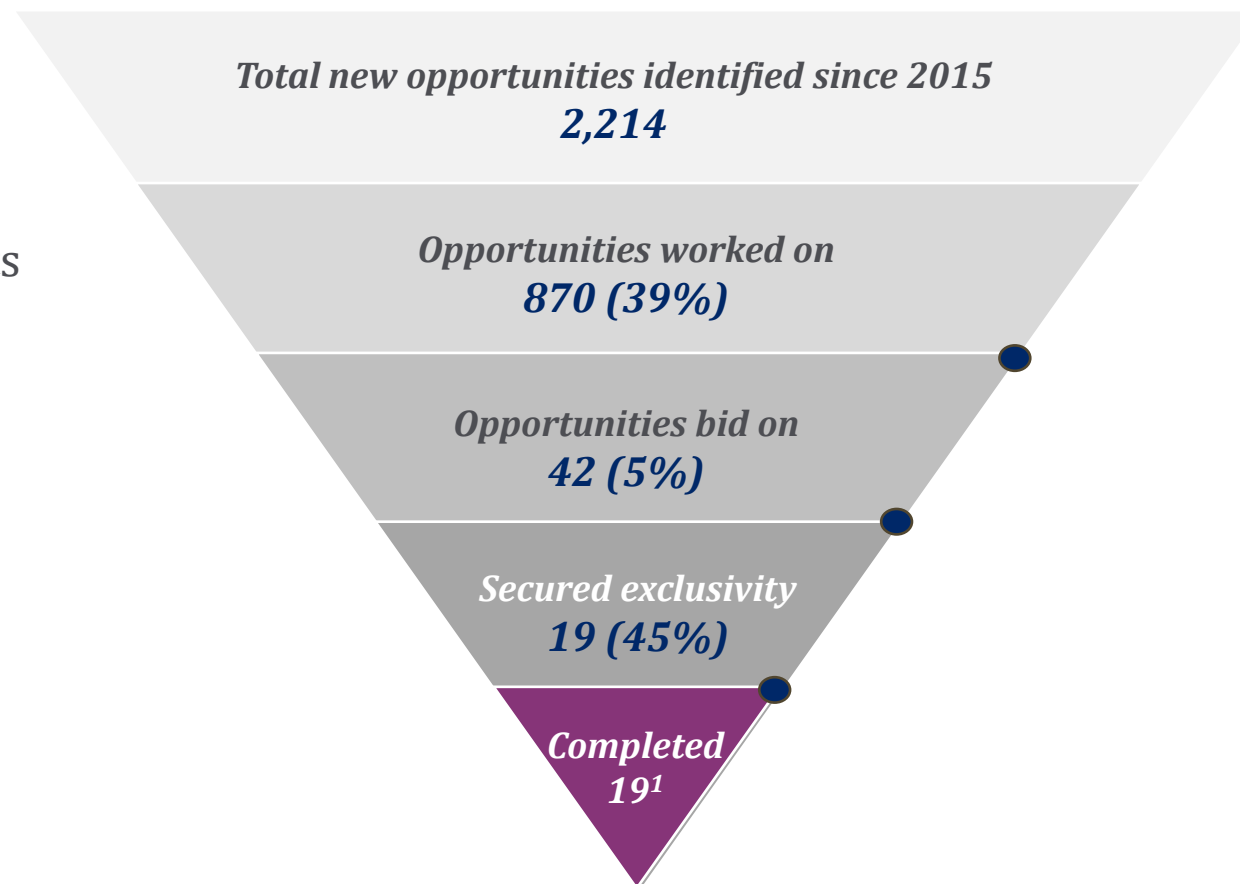
We have recorded c.150-250 new opportunities each year with an increase from 2023 since adding origination focused resource

Investment process

A consistent, quality deal flow gives confidence to wait for the right opportunities

Robust investment process

- Meetings with management and site visits
- Extensive due diligence
- Rigorous Investment Committee process



45%

Conversion rate to investment of bids submitted

● Caledonia Investment Committee

DTM

Cultural fit, high conviction & deal structuring



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Time Well Invested



Maximise tyre life, minimise waste

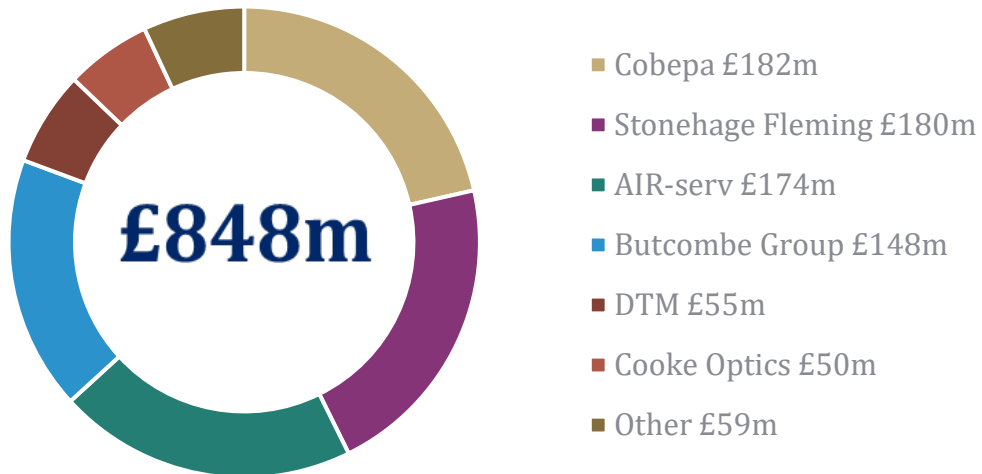


Click Here to Play Video

Our portfolio

A diversified portfolio of direct investments in established, high quality companies

Portfolio value at 30 September 2024



Valuation multiple

9x-14.5x

EV/EBITDA

Leverage

2x-2.5x

Net debt/EBITDA

Cash yield

3.9%

Our portfolio

Our six largest investments



Value: £182m
First investment:
April '04

Belgium-based independent investment company with net assets of €4.7bn, investing in private businesses in Europe and North America

Investment thesis

- Long-term partner with similar investment philosophy
- Geographic diversification and source of potential co-investments



Value: £180m
First investment:
July '19

Largest independent multi-family office in EMEA, providing family office, fiduciary, investment management, corporate services, treasury and custody services

Investment thesis

- Attractive long-term growth dynamics
- Geographic and product-based acquisition strategy
- Significant investment in technology platform and people



Value: £174m
First investment:
April '23

Leading designer and manufacturer of air, vacuum and jet wash machines, providing turnkey solutions to fuel station forecourt operators across Western Europe

Investment thesis

- Expand the installed machine estate in the UK and new European geographies
- Invest in people, operations and governance, and drive performance efficiencies and cash generation



Value: £148m
First investment:
Sept '16

Inns and drinks business with a pub estate stretching from south-west London to Bristol and the Channel Islands

Investment thesis

- Defensive, asset-backed business generating robust cash flow from its Channel Islands operations
- Targeted capex within the UK estate, both enhancing current assets and the acquisition of additional pubs
- Market share gains and synergies from acquisitions



Value: £55m
First investment:
Aug '24

The UK's leading independent provider of outsourced tyre management services to fleet operators

Investment thesis

- Growth by continuing to win new customers in DTM's core market
- Invest in technology, digitalisation and the use of data to enhance customer experience whilst driving efficiencies and margins



Value: £50m
First investment:
July '18

Leading manufacturer of cinematography lenses

Investment thesis

- Market-leading UK manufacturer of premium-end cinematography lenses for film and TV, founded in 1886
- Market growth in streaming and production studios worldwide
- Investment in manufacturing capacity, NPD and global distribution network

Investment spotlight: Stonehage Fleming



Stonehage Fleming

Leading independent multi-family office in EMEA and second largest globally

- Operates in 14 geographies, with clients ranging from £25m to >£10bn wealth
- Acts as a trusted adviser working with families to help determine a purpose and strategy for their wealth
- A focus on complex multi-generational and multi-jurisdictional families
- Integral to the family decision making process
- Comprehensive global services suite to meet clients' complex needs

**Heritage dating
back to 1873**

**c.£140bn Family
Office AuA**

**c.50%
management and
employee owned**

**c.£20bn
AuM**

c.3.0k clients

**>97% FY20-24
client retention**

**> 980 FTEs
across 19 offices**

**c.13% revenue
CAGR FY20-24**

Why we invested in Stonehage Fleming

Stonehage Fleming met our investment criteria and there was a strong cultural fit

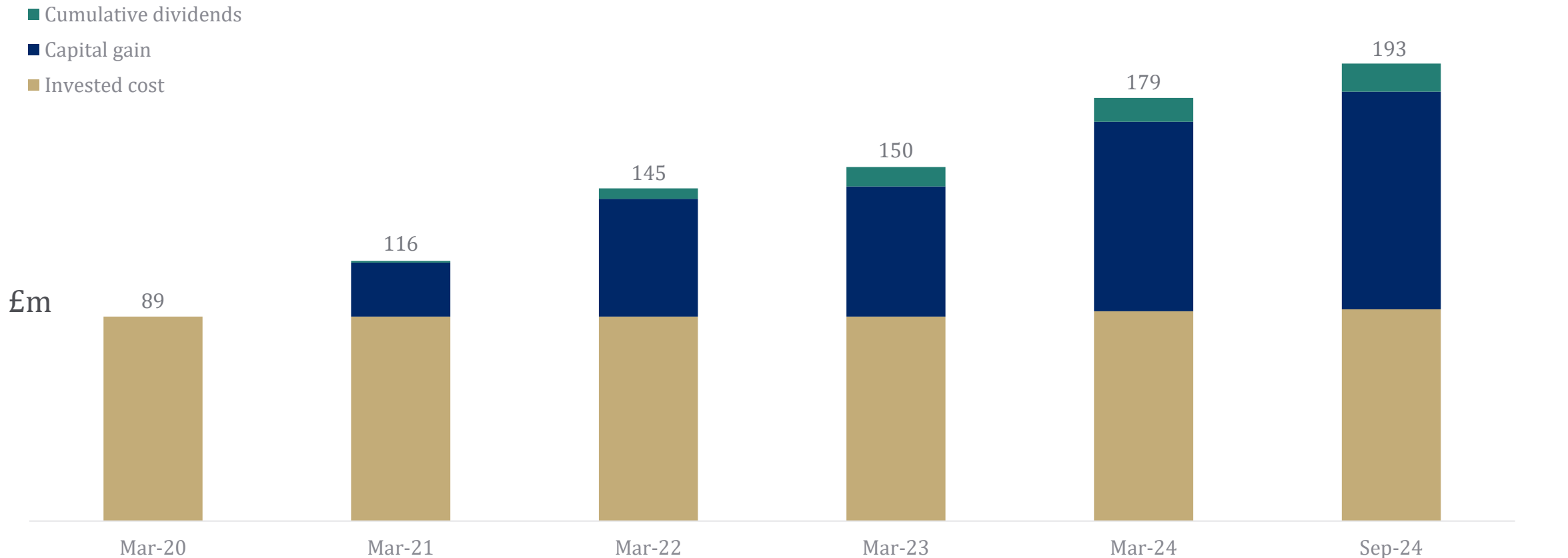


Performance and value creation to date

Consistent value creation through a mix of income and capital gain

IRR: 15.3%

MOIC: 2.0x



The Butcombe Group

Our partnership approach, benefits of long-term thinking & ambition



BUTCOMBE
— **GROUP** —



[Click Here to play video](#)

Track record

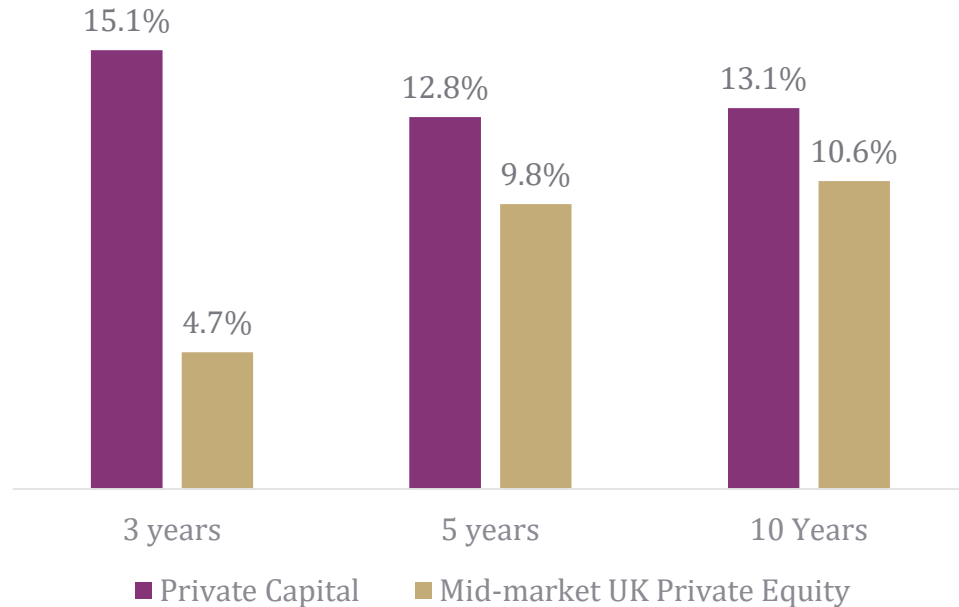


Investment returns over time

Strong performance relative to the UK PE mid-market and public markets

Private Capital's performance vs UK mid-market

% IRR



Source: BVCA Performance Measurement Survey 2023 (issued in July 2024). Horizon performance – IRR (%) at 31 December 2023 for UK mid-market private equity
Private Capital performance – IRR at 30 September 2024
Note: Mid-market UK private equity is defined by the BVCA as equity investment per transaction of £10m-£100m

Generating double digit returns for Caledonia over the last 10 years

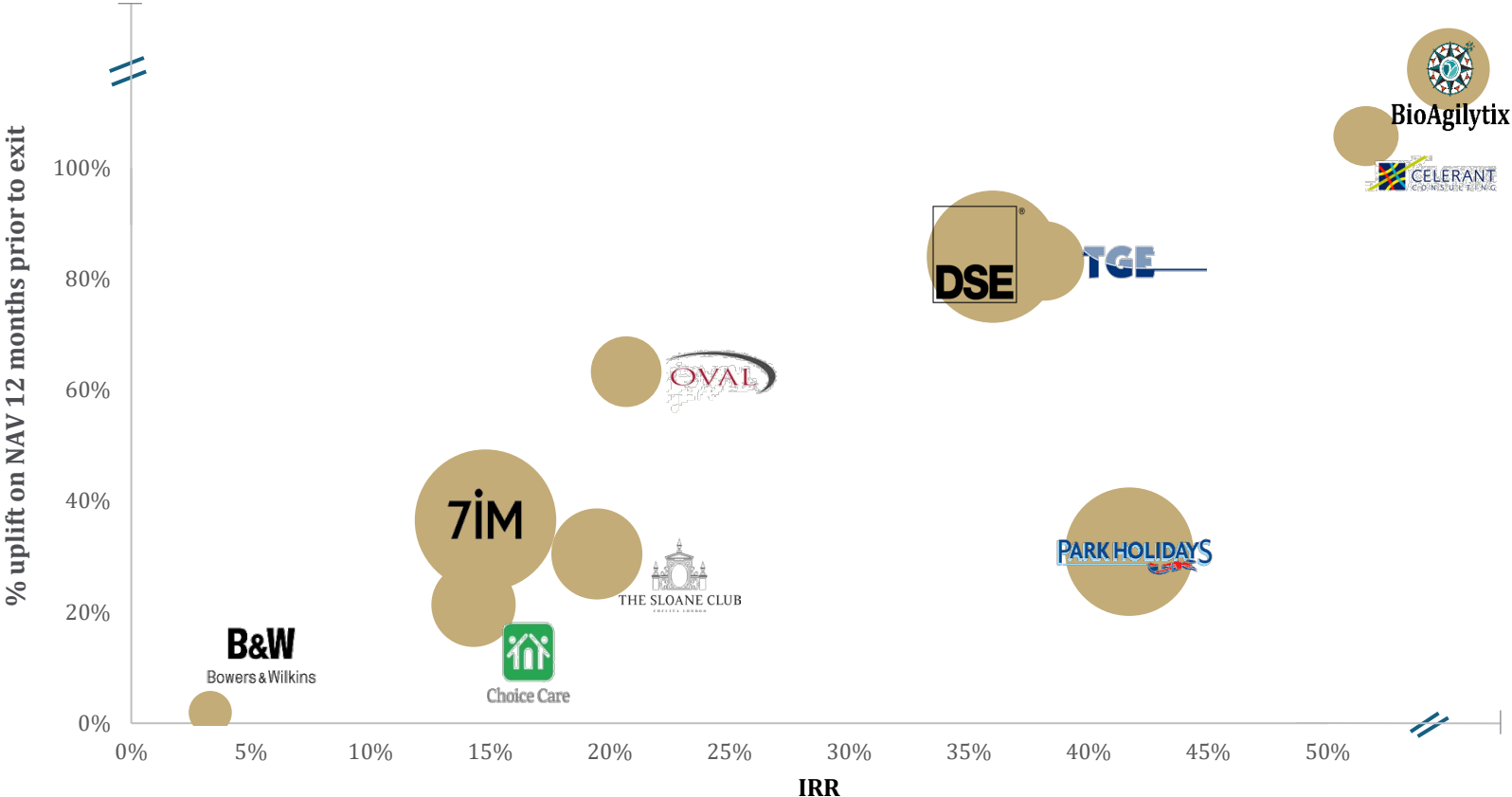
- 13.1% p.a.¹, ahead of average returns for the UK mid-market, despite:
 - Lower risk/return strategy
 - Conservative use of leverage (typically 2.0-2.5x net debt/EBITDA, vs. 4.2x in the UK mid-market²)
 - No use of fund level drawdown facilities (which can artificially boost IRR by 1%-2%)
- Private Capital's returns compare to FTSE All-Share 10 year return of 6.3% p.a.¹

Realisation activity

Successful track record of exits and generating a meaningful valuation uplift on realisations

LTM NAV growth vs. Caledonia IRR (size of bubble represents Caledonia total proceeds)

- Skilled at delivering realisations
- £1.1bn of proceeds generated from realisations², generating c.£0.5bn of net cash returned.
- 17% IRR on realised investments²; 1.8x cost



1. Buzz Bingo not included in the chart but included in the overall realised IRR of 17%. Performance of Buzz Bingo was materially impacted by Covid-19 pandemic, and was sold for a nominal amount in 2021
2. From investments made since 2012, as at 30 September 2024

Value creation



Our approach to value creation: 7iM

A patient investment approach to maximise shareholder returns



**CALEDONIA
INVESTMENTS**
Time Well Invested

Buy well

- *Acquired 94% stake for c.£74m in September 2016*
- *EV of £100m (c.10x EBITDA)*

Investment strategy

- Long-term attractive market dynamics
- Create a unique platform
- Cash generation/ yield
- Exit to a financial sponsor or larger sector consolidator

Business strategy

- Pivot from pure-play investment manager to “platform led” wealth manager
- Expand direct to consumer distribution
- Invest in people and operations

Management

- Planned succession of founder CEO
- Dean Proctor appointed in 2019
- Empowered Dean to build a high calibre executive team

Organic investment

- c.£40m+ invested in technology
- +345 FTEs during investment period

M&A

- £54m in follow-on capital to finance four bolt-on acquisitions
- Final bolt-on executed within six months of exit

Drive business quality

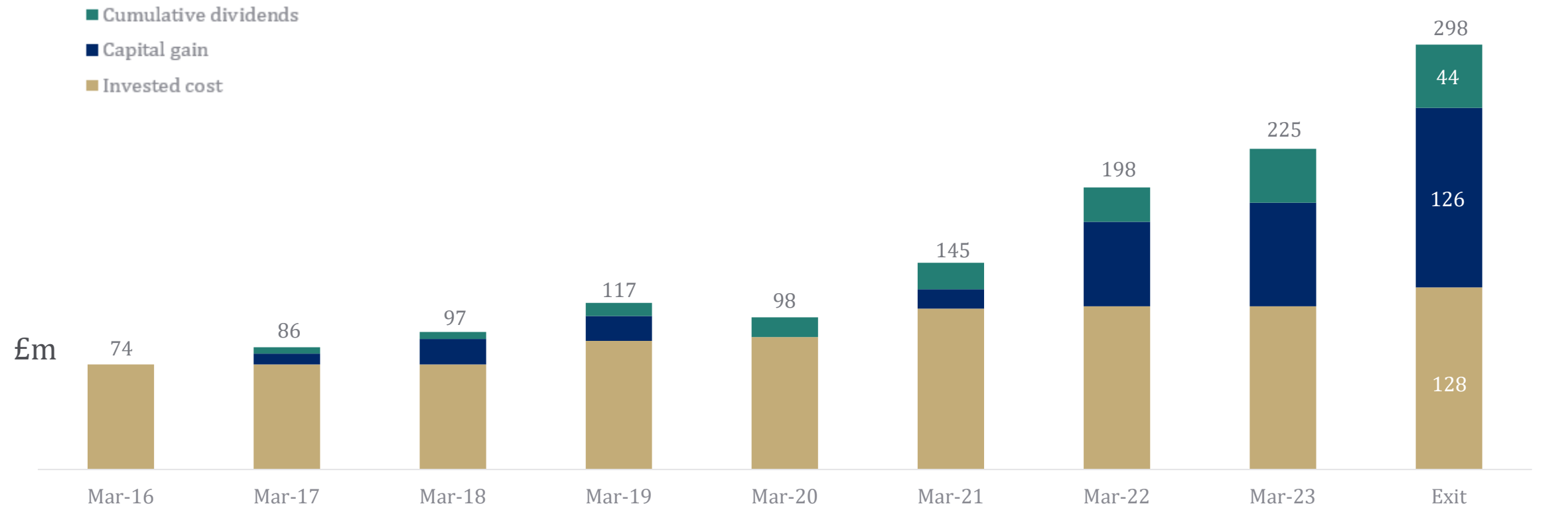
- Net flows and AUM growth
- AUM mix
- Margin improvement
- Governance
- Risk Management
- ESG
- Management Information

Sell well

- *Sold to Ontario Teachers' Pension Plan via a competitive auction in January 2024*
- *Caledonia returns: c.£298m; IRR: c.15%; MOIC: c.2.3x*

7iM value creation

Sold in January 2024, delivering an IRR of 15% and a 2.3x MOIC



Conclusion



A differentiated investor

With a strong track record of value creation in the UK mid market

1 **Experienced team** investing in **high quality established UK mid-market companies**

2 **High conviction investor**, with a **buy-to-own** investment philosophy

3 **Responsible investor and owner** - do business in the right way

4 Under **no pressure to invest or divest**

5 **Strong track record**

14

New investments made since 2012, plus 10 bolt-on acquisitions

£0.8bn

Portfolio value
30 Sept 2024

£1.1bn

Proceeds from realisations¹

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Net cash returned¹

17.0%

IRR on realised investments¹

13.1% p.a.

10-year total return

Q&A



**CALEDONIA
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Time Well Invested

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