



## Utilico Investments Limited Interim Management Statement 30 September 2013

### Quarterly Management Review

Utilico Investments Limited ("Utilico") published its annual report and accounts for the year to 30 June 2013 on 18 September 2013 and has published its monthly fact sheets on its website: [www.utilico.bm](http://www.utilico.bm).

Set out below is the interim management statement ("IMS") for the period from 1 July 2013 to 30 September 2013 containing information that covers this period, and up to the date of publication of this IMS.

### Performance

Over the three months to 30 September 2013, the FTSE All Share Index was up 5.6%, the S&P Index (GBP adjusted) was up 4.7% and the MSCI EM Index (GBP adjusted) was down 1.5%. Utilico out-performed the markets, showing a gain of 10.6% over the same period.

### Dividends

A final dividend in respect of the year ended 30 June 2013 of 3.75p was announced in September 2013 and paid in October 2013.

As indicated in the annual report, the Board has moved to the payment of dividends on a quarterly basis. It has declared a dividend of 1.875p per share in respect the first quarter of the year to June 2014, which will be paid on 22 November 2013 to shareholders on the register on 8 November 2013.

### Portfolio

Utilico's gross assets less current liabilities (excluding debt) increased by £26.0m from £389.5m to £415.5m at the end of September 2013.

The ten largest holdings are presented both as directly held by the Company and on a look through basis, with the underlying investment holdings of Infratil Limited ("Infratil"), Utilico Emerging Markets Limited ("UEM"), Bermuda First Investment Company Limited ("BFIC") and Zeta Resources Limited ("Zeta") consolidated with those of Utilico on a proportionate basis.

On a look through basis, eight of the ten largest holdings are the same as at 30 June 2013, although there have been changes in the weightings. NZ Bus (a holding of Infratil Limited) and Seacrest Limited have replaced Jersey Electricity and New Zealand Oil & Gas in the top ten.

The Net asset value ("NAV") of UEM (including its quarterly dividend) fell 1.3% during the quarter, but the share price appreciated by 0.6%. As a result the discount on UEM's shares narrowed from 11.2% to 9.6%.

Resolute Mining's ("Resolute") results for the quarter ended 30 September 2013 saw gold production of 84,274oz (down 27.1% on the same period in the prior year) at an average cash cost of A\$970/oz. The decrease in production reflects scheduled major maintenance shutdown at its Syama mine in Mali which is back to full operational capacity for the remaining quarters. It also reflects the winding down of operations at Golden Pride in Tanzania as the mine is now at end of life. The average cash price of gold sold in the quarter was A\$1,449/oz, down 9.4% on the comparable period in 2012. Guidance in FY 2014 is for production of 345,000oz at A\$890/oz. Resolute's shares were volatile in the period, rising from AS\$0.60 at the end of June, to a high of A\$1.07 in late August, and down to end September at AS\$0.64, a gain of 6.7% on the quarter.



Infratil Limited's ("Infratil") shares rose 12.5% during the quarter to NZ\$2.475. In August, the company successfully floated its Z Energy business on the New Zealand Stock Exchange. Infratil reduced its stake in Z Energy from 50% to 20%. Infratil has announced a tender offer for its shares and intends to increase dividends.

Bermuda National Limited's ("BNL") share price was unchanged on the quarter at US\$12.00. During the quarter, BNL completed its purchase of 62.5% of JO Hambro Investment Management Limited from Credit Suisse. Utilico exercised the majority of its BNL warrants, which resulted in a further investment into BNL of USD 15.7m (£10.2m) in the quarter.

Renewable Energy Generation Limited's ("REG") shares posted a strong performance with the shares up 18.2% to 78p at the end of September. The company announced the sale of its 12MW Goonhilly Downs wind farm for £25.1m during the period.

### Market Conditions

The global economic recovery appeared to be moving broadly forwards during the quarter, with generally positive economic data, especially in the US, UK and Germany. Concerns over military action by Western nations in Syria dominated world news and market sentiment in August, increasing volatility and driving up commodity prices, including oil and gold. A deal brokered by Russia resulting in a programme for the inspection and eventual destruction of Syria's chemical weapons diffused tensions.

Many emerging markets saw sharp sell offs, particularly in their currencies during the quarter. It appeared that this was generally a response to the strengthening US economy and concerns over the ending of the Fed's QE program. However, the Indian Rupee's 19.7% fall in value against Sterling in the quarter reflected more fundamental economic challenges in the country.

At the end of the quarter concerns shifted to Washington D.C. and the political deadlock over the US Federal budget and debt ceiling which were 'resolved' for the short term on 17 October 2013. The Federal Government shut down non-essential services from 1 October to 17 October 2013.

Oil prices rose by 6.1% to \$108.37 per barrel during the quarter, although this was off August's peak. The gold price rose 7.7% during the quarter to end September at \$1,329.03, but posted prices over \$100/oz higher than this at times in August.

Sterling was strong against most major currencies, rising 6.8% against the USD to 1.619, 2.5% against the Euro and 4.5% against the Australian Dollar. It lost 0.7% against the New Zealand Dollar.

### Bank debt

Bank debt was increased from £42.5m at the end of June to £49.3m at 30 September 2013. This was drawn as USD 16m and the balance in Sterling.

### Currency Hedging

At the end of September 2013 Utilico held currency hedges in New Zealand Dollars, Australian Dollars and Euro's. In total £94.1m of assets are covered by these currency hedges.

### ZDP Shares

Over the 3 months, the traded price of Utilico's 2014 ZDP shares rose 1.5% to 160.88p, the 2016 ZDP shares rose 1.7% to 168.25p and the 2018 ZDP shares rose by 0.7% to 114.13p. During the 3 months, Utilico sold in the market 1,575,000 2018 ZDP shares at prices above the accrued capital value and at 30 September 2013 held 4,237,376 2018 ZDP shares; these 2018 ZDP shares were sold on 18 October 2013 at 112.75p.



### Share price and NAV

Utilico's NAV increased from 148.50p at 30 June 2013 to 164.24p at 30 September 2013, and its share price rose from 130.00p to 130.75p at 30 September 2013. Utilico's discount to NAV widened to 20.4% at 30 September 2013.

Capital Structure	30 September 2013	30 June 2013
Gross assets less current liabilities	£415.5m	£389.5m
Bank debt and other debt	£49.3m	£42.5m
ZDP shares	£203.3m	£199.8m
Shareholders' funds (ordinary shares)	£162.9m	£147.2m
	<b>£415.5m</b>	<b>£389.5m</b>

Ordinary Shares	30 September 2013	30 June 2013
NAV (cum income)	164.24p	148.50p
Share price	130.75p	130.00p
Discount to undiluted NAV	20.4%	12.5%
Annual average compound return (including dividends)	7.8%	7.0%
Shares in issue	99,157,214	99,157,214

ZDP Shares at 30 September 2013	2014	2016	2018
Accrued capital entitlement	155.35p	155.35p	112.46p
Share price	160.88p	168.25p	114.13p
(Discount)/premium to NAV	3.6%	8.3%	1.5%
ZDP cover*	3.22x	1.88x	1.38x
Yield to redemption*	3.8%	4.5%	6.9%
ZDP redemption value	167.60p	192.78p	160.52p
Shares in issue	47,500,000	47,500,000	49,842,413
*based on final redemption values	UTLB.L	UTLC.L	UTLD.L

Performance	30 September 2013	30 June 2013	% change
Utilico NAV (cum income)	164.24p	148.50p	10.6%
FTSE All-Share Total Return Index	5,107	4,837	5.6%

Sectoral Split of Investments	30 September 2013	30 June 2013
Renewables	20%	19%
Financial Services	12%	9%
Gold mining	12%	13%
Electricity	9%	10%
Other	9%	10%
Oil & Gas	8%	8%
Water and Waste	6%	7%
Infrastructure IT	6%	5%
Ports	5%	6%
Airports	5%	5%
Toll Roads	4%	4%
Telecoms	4%	4%
	<b>100%</b>	<b>100%</b>

Geographical Split of Investments	30 September 2013	30 June 2013
New Zealand	20%	20%
Asia & Far East	17%	18%
UK and Channel Islands	16%	16%
Bermuda	15%	15%
Other - Gold	12%	13%
Australia	7%	6%
Latin America	6%	7%
Europe (excluding UK)	5%	3%
North America	2%	2%
	<b>100%</b>	<b>100%</b>

Top 10 Holdings held directly by the Company as % of Gross Assets	30 September 2013	30 June 2013
1 Utilico Emerging Markets Limited	24.2%	26.3%
2 Infratil Limited	22.5%	21.5%
3 Resolute Mining Limited	10.4%	11.1%
4 Bermuda National Limited	9.4%	8.2%
5 Renewable Energy Generation Limited	5.2%	4.8%
6 Vix Group	4.3%	3.7%
7 Zeta Resources Limited	4.1%	3.1%
8 Bermuda First Investment Company Limited	3.6%	4.2%
9 RHJ International SA	1.9%	-
10 Augean PLC	1.9%	-
<b>Total Top 10</b>	<b>87.5%</b>	<b>82.9%</b>

Top 10 Holdings on a look through basis as % of Gross Assets		30 September 2013	30 June 2013
1	Resolute Mining Limited	11.2%	11.9%
2	TrustPower Limited	10.3%	9.8%
3	Bermuda National Limited	9.4%	8.2%
4	Renewable Energy Generation Limited	5.2%	4.8%
5	Vix Group	4.3%	4.4%
6	Infratil Energy Australia Pty Ltd	3.7%	3.5%
7	Wellington International Airport Limited	2.9%	2.7%
8	Z Energy Limited	2.7%	2.6%
9	NZ Bus	2.3%	-
10	Seacrest Limited	2.2%	-
	Jersey Electricity	-	2.7%
	New Zealand Oil & Gas Ltd	-	2.5%
<b>Total Top 10</b>		<b>54.2%</b>	<b>53.1%</b>

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