



## Utilico Investments Limited Interim Management Statement 30 September 2012

### Quarterly Management Review

Utilico Investments Limited ("Utilico") published its report and accounts for the year to 30 June 2012 on 19 September 2012 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 2012 to 30 September 2012 containing information that covers this period, and up to the date of publication of this IMS.

### Performance

Equity markets continued to recover with the FTSE All Share Total Return Index up 4.7%, the FTSE 100 Total Return Index up 4.1% and the MSCI EM Total Return Index (sterling adjusted) up 4.8%. Utilico outperformed the markets with its net asset value (NAV) per share total return at 23.3%.

### Dividends

A final dividend of 3.50p was announced in the annual report, making a total dividend for the year to June 2012 of 7.00p per share. A yield of 4.86% on the financial year's opening share price.

### Issue of new zero dividend preference shares

On 28 September 2012 Utilico Finance Limited announced a proposed placing of up to 27,592,413 new 2018 ZDP shares. 15,305,037 were taken up by institutional and other investors with the balance being issued to Utilico. The new 2018 ZDP shares were allotted on 18 October 2012 and began trading on 25 October 2012. The new 2018 ZDP shares were issued at 105.37p with a yield to redemption of 7.25%.

### Portfolio

Utilico's gross assets less current liabilities (excluding debt) at the beginning of the period under review were £434.5m and increased by £56.0m to £490.5m at the end of September 2012. Ordinary shareholders funds increased by £48.7m to £257.6m.

The ten largest holdings have remained the same over the three months although there have been changes in the weightings.

Resolute Mining's share price recovered strongly after the falls seen in the earlier part of the calendar year as a result of the political unrest in Mali. The share price gained 44.8% over the three months, ending the period at AS\$1.94. Utilico reduced their shareholding in Resolute by selling into strength during September, realising £3.7m. The realisations matched the earlier company buybacks, thus maintaining Utilico's percentage interest in Resolute at 19.2%.

Resolute released its financial report for the year to 30 June 2012 during the period and reported net profit after tax of AS\$105.0m up 76.0%. Full year gold production was 398,451 ounces at a cash cost of \$761/oz. Average cash price received was AS\$1,627/oz. Resolute also announced a dividend of 5.0 cents per share. This dividend went ex on 22<sup>nd</sup> October with payment due on 16<sup>th</sup> November.

Resolute also announced that in the first quarter to 30 September 2012, it produced 115,544 ounces of gold at a cash cost of AS\$705/oz. Gold sales were 108,847 ounces at AS\$1,600/oz.

Utilico Emerging Markets Limited (UEM), Utilico's second largest holding, showed a marginal share price fall of 1.2%, however UEM's NAV per share total return, including the first quarter dividend of 1.375p paid in September 2012 was only down 0.5%. The share price discount to NAV was 7.3% at the end of September 2012.

Infratil, the third largest holding in the portfolio, has seen its share price rise to NZ\$2.13 as at 30 September 2012.



Bermuda Commercial Bank's (BCB) share price was up 4.3% during the three months. In the period under review, a new investment holding company, Bermuda National Limited (BNL) was established to hold BCB and other strategic financial sector investments.

BCB shareholders received BNL ordinary shares in exchange for their BCB holdings.

Utilico exercised its 250,626 options in BNL on 23 October 2012 receiving new ordinary shares at an exercise price of BM\$5.6972 per share. Following this Utilico holds 37.4% of BNL.

Jersey Electricity's share price fell by 3.3%, Renewable Energy Generation, New Zealand Oil & Gas, Keytech and Augean were all up by 4.4%, 0.6%, 4.5% and 1.4% respectively.

### Market Conditions

The situation in Europe continues to dominate. In August Mario Draghi announced plans for the ECB to purchase Eurozone countries' short-term bonds in an attempt to save the single currency. However, this came with warnings that the bail outs would come with tough fiscal and structural reform programmes.

During September, there were weeks of relative calm and optimism as market confidence was boosted due to the ECB's announcement. However, the end of September brought more violent anti-austerity protests in both Greece and Spain.

China's manufacturing sector remains weak with rising concerns that the world's second-largest economy is continuing to slowdown exacerbated by Europe's debt crisis.

Brazil's central bank reduced its economic growth forecast for 2012, and reduced its base rate by a further 0.25% to 7.5%.

In the USA, effects of the on-going debt crisis in Europe and the uncertainty surrounding U.S. fiscal policy continues to hamper economic growth. Confidence remains stuck in neutral and manufacturing activity remains weak. In August just 96,000 new jobs were added, well below economist's expectations and unemployment was 8.1% at the end of the month.

### Bank debt

During September, Utilico finalised an increase in its bank facility with Scotiabank to £50.0m and an extension of the maturity to March 2014. At the end of September 2012 the facility remained undrawn, although £45.0m was drawn down on 25 October 2012 to fund the redemption of the 2012 ZDP shares.

### Hedging

*Put options.* At 30 September 2012 Utilico held a small net long put option position, of 350 S&P500 Index put options, with a value of £6.0m providing a gross market protection of approximately £30.0m.

*Currency Hedging.* At the end of September 2012 Utilico held currency hedges in New Zealand Dollars, Australian Dollars and Euro's. In total £69.0m of assets are covered by these currency hedges.

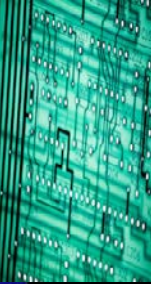
### ZDP Shares

The 2012 ZDP shares were redeemed in full on 31 October 2012 at a cost of £69.8m. During October, a further issue of 27,592,413 2018 ZDP's were allotted. 15,305,037 were taken up by investors and 12,287,376 are being held by Utilico for investment purposes.

### Share price and NAV

Utilico's share price rose from 144.00p at 30 June 2012 to 160.50p at 30 September 2012, a gain of 11.4%. Utilico's share price discount to NAV widened from 31.3% to 37.9%.

A combination of all Utilico's traded instruments ended September 2012 with an 18.0% discount to underlying asset value.



Capital Structure	30 September 2012	30 June 2012		
Gross assets less current liabilities	£490.5m	£434.5m		
Bank debt and other debt	£2.6m	£1.2m		
ZDP shares	£230.3m	£224.4m		
Shareholders' funds (ordinary shares)	£257.6m	£208.9m		
	<u>£490.5m</u>	<u>£434.5m</u>		
Effective gearing on ordinary shares	1.90x	2.07x		
Ordinary Shares	30 September 2012	30 June 2011		
NAV (cum income)	258.52p	209.67p		
Share price	160.50p	144.00p		
Discount to undiluted NAV	(37.9%)	(31.3%)		
Annual average compound return (including dividends)	12.8%	10.8%		
Shares in issue	99,632,214	99,632,214		
ZDP Shares at 30 September 2012	2012	2014	2016	2018
Accrued capital entitlement	176.44p	144.80p	144.80p	104.83p
Share price	176.75p	155.75p	153.50p	107.00p
(Discount)/premium to NAV	0.2%	7.6%	6.0%	2.1%
ZDP cover*	6.77x	3.23x	2.01x	1.76x
Yield to redemption*	5.3%	3.6%	5.7%	6.9%
ZDP redemption value	177.52p	167.60p	192.78p	160.52p
Shares in issue	39,342,809	47,500,000	47,500,000	22,250,000
*based on final redemption values	UTLA.L	UTLB.L	UTLC.L	UTLD.L
Performance	30 September 2012	30 June 2012	% change	
Utilico NAV (cum income) total return per share	258.52p	209.67p	23.3%	
FTSE All-Share Total Return Index	4,294	4,101	4.7%	

	30 September 2012	30 June 2012
Gold Mining	33%	26%
New Zealand	18%	19%
Asia & Far East	12%	14%
UK and Channel Islands	11%	12%
Bermuda	8%	9%
Australia	7%	7%
Latin America	6%	7%
Europe excluding UK	3%	4%
North America	2%	2%

	30 September 2012	30 June 2012
Gold Mining	33%	26%
Renewables	12%	13%
Electricity	10%	11%
Other	8%	9%
Water & Waste	6%	7%
Financial Services	6%	5%
Ports	5%	6%
Oil & Gas	5%	5%
Toll Roads	4%	5%
Infrastructure IT	4%	5%
Airports	4%	5%
Telecoms	3%	3%

	30 September 2012	30 June 2012
1 Rolute Mining Ltd	31.3%	26.2%
2 Utilico Emerging Markets Limited	19.2%	22.5%
3 Infratil Limited	18.5%	20.4%
4 Bermuda Commercial Bank Limited	3.9%	4.3%
5 Vix Technology Pty Limited	3.4%	3.6%
6 Jersey Electricity plc	2.9%	3.5%
7 Renewable Energy Generation Limited	2.7%	3.0%
8 New Zealand Oil & Gas	2.5%	2.5%
9 KeyTech Limited	1.5%	1.7%
10 Augean plc	1.4%	1.6%
Total Top 10	87.3%	89.3%

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 1 Nov 2012