



Utilico Investments Limited Interim Management Statement 31 March 2013

Quarterly Management Review

Utilico Investments Limited ("Utilico") published its half year report and accounts for the six month period to 31 December 2012 on 19 February 2013 and has published its monthly fact sheets on its website: www.utilico.bm.

Set out below is the interim management statement ("IMS") for the period from 1 January 2013 to 31 March 2013 containing information that covers this period, and up to the date of publication of this IMS.

Performance

Over the three months to 31 March 2013, the FTSE All Share Index was up 9.3%, the S&P Index (GBP adjusted) was up 17.7% and the MSCI EM Index (GBP adjusted) was up 4.8%. Utilico underperformed the markets, showing a gain of 8.5% over the same period. On a total return basis, adding back the combined interim and special dividend of 6.25p which went ex-dividend on 6 March 2013, Utilico was up 11.2%, in line with the FTSE All Share Total Return Index which was up 10.3% over the three months.

Dividends

An interim dividend of 3.75p and a special dividend of 2.50p was announced in February 2013 and paid in April 2013.

Portfolio

Utilico's gross assets less current liabilities (excluding debt) increased by £22.4m from £471.2m to £493.6m at the end of March 2013.

The ten largest holdings are presented on a look through basis, with the underlying investment holdings of Infratil Limited ("Infratil") and Utilico Emerging Markets Limited ("UEM") consolidated with those of Utilico on a proportionate basis.

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

Resolute Mining ("Resolute") remained the largest holding on a look-through basis. Its share price fell by 15.8% to A\$1.33 at the end of March, and the price has subsequently fallen further in response to weakness in the price of gold.

Resolute's results for the quarter ended March 2013 saw gold production of 110,227oz (up 4.6% on the same period in the prior year) at an average cash cost of A\$831/oz. The average cash price of gold sold in the quarter was A\$1,575/oz, down 2.2% on the comparable period in 2012. In the quarter Resolute completed its \$85m convertible loan note transaction with Noble Mineral Resources, in which it owns a 19.67% equity stake. Resolute is on track to meet guidance for 415,000oz gold production at a cash cost of A\$830/oz in the financial year to end-June 2013.

Infratil Limited's shares rose 5.8% during the quarter to NZ\$2.39. Trustpower is Infratil's largest investment and its results for the six months to September 2012 showed revenue growth of 2.8% and net profit growth of 1.6%. Infratil Energy Australia reported an 11.1% rise in customer numbers in the year to March 2013.

Bermuda National Limited ("BNL") share price was unchanged on the quarter at \$12.00. During March, BNL entered into an agreement to buy 62.5% of JO Hambro Investment Management Limited from Credit Suisse.





To support BNL, Utilico has agreed to exercise the majority of its BNL warrants which will result in a further investment into BNL of approximately £10.0m.

Renewable Energy Generation Limited's ("REG") shares rose strongly to end the quarter at 66p, up 40.4%. In January, the company announced a strategic deal with Blackrock which included the sale of 16MW of wind farm assets. At an average price of £2m/MW this has demonstrated the intrinsic value of its portfolio, providing fresh capital for further growth and enabled the commencement of a share buyback programme.

Jersey Electricity's share price rose by 12.5% and New Zealand Oil & Gas's share price remained flat.

The NAV of UEM (including the quarterly dividend) rose 16.6% during the quarter and the share price appreciated by a similar percentage. Eastern Water Resources PCL ("Eastwater") is Utilico Emerging Market's largest holding, and is Utilico's tenth largest stock on a "look-through" basis. Eastwater's share price rose 17.1% in the quarter to THB15.10.

Market Conditions

January provided a strong start to the calendar year, with markets rallying globally. The US markets continued to be strong throughout the quarter, with the Dow Jones Industrial Average and the S&P 500 both ending March on record highs. Performance in other markets was mixed.

In Europe, economic activity remains weak with markets susceptible to fiscal and political uncertainty. There was some cautious optimism that the worst of the Eurozone crisis was over, but risk was brought back into focus in the middle of March, as details of the rescue proposals for Cyprus became apparent.

Oil prices rose by 1.7% to \$109.79 per barrel during the quarter, although this was substantially below their peak of \$116.35 in mid-February. The gold price declined 4.6% during the quarter to end March at \$1,598.75. There has however been a further sharp correction in the gold price since the period end.

Sterling was weak during the period. It fell 3.7% against the Euro, 6.4% against the US Dollar, 6.7% against the Australian Dollar and 7.6% against the New Zealand Dollar.

Bank debt

Bank debt reduced by £5.0m during the period and was £45.0m at 31 March 2013. Cash balances at the end of the period under review were £5.1m.

Currency Hedging

At the end of March 2013 Utilico held currency hedges in New Zealand Dollars, Australian Dollars and Euro's. In total £87.3m of assets are covered by these currency hedges.

Ordinary Shares

During the 3 months Utilico bought back 475,000 ordinary shares for cancellation at 162.00p per share.

ZDP Shares

Over the 3 months, the traded price of Utilico's 2014 ZDP has remained at 157.50p, the 2016 ZDP shares rose 0.9% to 162.88p and the 2018 ZDP shares rose by 2.9% to 114.25p. During the 3 months, Utilico sold in the market 2.9m 2018 ZDP shares at prices above the accrued capital value and at 31 March 2013 held 8,587,376 2018 ZDP shares.

Share price and NAV

Utilico's NAV increased from 230.77p at 31 December 2012 to 250.46p at 31 March 2013, and its share price rose from 162.75p to 163.50p at 31 March 2013. Utilico's discount to NAV widened to 34.7% at 31 March 2013. A combination of all Utilico's traded instruments ended March at a 24.3% discount to underlying asset value.

Capital Structure	31 March 2013	31 December 2012	
Gross assets less current liabilities	£493.6m	£471.2m	
Bank debt and other debt	£48.9m	£57.1m	
ZDP shares	£196.4m	£180.8m	
Shareholders' funds (ordinary shares)	£248.3m	£233.3m	
	<u>£493.6m</u>	<u>£471.2m</u>	
Ordinary Shares	31 March 2013	31 December 2012	
NAV (cum income)	250.46p	230.77p	
Share price	163.50p	162.75p	
Discount to undiluted NAV	(34.7%)	(29.5%)	
Annual average compound return (including dividends)	12.2%	11.4%	
Shares in issue	99,157,214	99,632,214	
ZDP Shares at 31 March 2013	2014	2016	2018
Accrued capital entitlement	149.91p	149.91p	108.53p
Share price	157.50p	162.88p	114.25p
(Discount)/premium to NAV	5.1%	8.7%	5.3%
ZDP cover*	5.59x	2.60x	1.77x
Yield to redemption*	4.0%	4.8%	6.3%
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	31 March 2013	31 December 2012	% change
Utilico NAV (cum income)	250.46p	230.77p	8.5%
FTSE All-Share Total Return Index	3,381	3,093	9.3%

Geographical Split of Investments *	31 March 2013	31 December 2012
Gold Mining	24%	27%
New Zealand	19%	19%
Asia & Far East	15%	14%
UK and Channel Islands	13%	10%
Bermuda	11%	12%
Australia	7%	7%
Latin America	6%	6%
Europe excluding UK	3%	3%
North America	2%	2%
	100%	100%

Sectoral Split of Investments *	31 March 2013	31 December 2012
Gold Mining	24%	27%
Renewables	14%	13%
Other	10%	10%
Electricity	9%	9%
Financial Services	8%	7%
Water and Waste	7%	6%
Oil and Gas	6%	5%
Ports	5%	5%
Infrastructure IT	5%	5%
Toll Roads	5%	5%
Airports	4%	4%
Telecoms	3%	3%
	100%	100%

Top 10 Holdings on a look through basis as % of Gross Assets	31 March 2013	31 December 2012
1 Rolute Mining Ltd	22.4%	26.2%
2 Trustpower Ltd	9.2%	9.4%
3 Bermuda National Limited	6.3%	6.2%
4 Renewable Energy Generation Limited	3.7%	2.8%
5 Vix Group	3.6%	3.7%
6 Infratil Energy Australia Ltd	3.6%	3.7%
7 Jersey Electricity plc	2.7%	2.5%
8 New Zealand Oil & Gas	2.6%	2.5%
9 Eastern Water Resources PCL	2.5%	-
10 Z Energy Limited	2.3%	2.4%
Total Top 10	58.9%	59.4%