

# Shareholder engagement event

15 June 2021





# Introduction

**Simon Thompson**  
Chairman



# Today's agenda



Introductory remarks

– Simon Thompson

Review of the year

– Simon Borrows

Q&A

– Simon Thompson



In challenging circumstances, 3i delivered a strong result in our 2021 financial year.

We are disciplined investors, focused on creating value for shareholders by driving sustainable growth in our portfolio companies.

# A strong result exceeding our financial targets

Year to 31 March 2021



## Group

Total return  
on equity

22%

Operating cash  
profit

£23m

Total dividend  
per share

38.5p

NAV per share

947p

Liquidity

£725m

Gearing

8%

## Private Equity

Gross investment  
return

30%

Proprietary capital  
invested

£508m

## Infrastructure

Gross investment  
return

16%

Cash income

£67m

# 10% increase in proposed total dividend reflects good performance in a challenging year



Our dividend policy aims to maintain or grow the dividend year-on-year subject to:

- maintaining our conservative balance sheet strategy
- careful consideration of the outlook for investments and realisations and market conditions

**Second FY2021 dividend of 21.0 pence per share brings total dividend for the year to 38.5 pence per share**

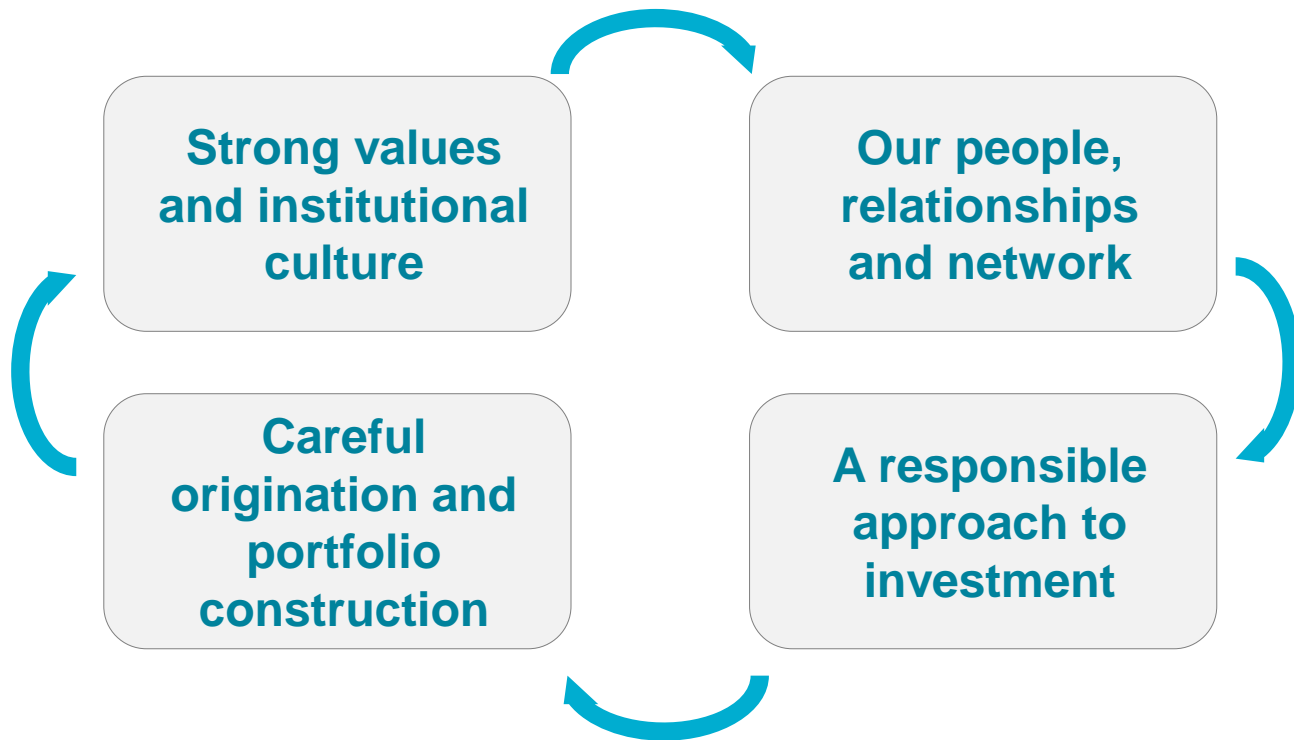


# Review of the year

**Simon Borrows**  
Chief Executive



# What 3i brings to the table



As proprietary capital investors we have a long-term, responsible approach.

We create value through thoughtful origination, disciplined investment and active management of our assets, driving sustainable growth in our investee companies.



# Responsible approach to investment

## A material lever for value creation in our portfolio



A number of our portfolio companies already make a positive impact across important themes. We have supported value-accretive investments in this direction



Health and wellbeing



Transition to low carbon economy



Circular economy/  
sustainable  
consumption



# Careful portfolio construction

Portfolio strategically positioned to benefit from structural growth trends



## Demographic change

AUDLEY



## Value-for-money



## Globalisation



## Digitisation, technological disruption and big data



## Low carbon and circular economy





### Strong performance across the portfolio

- 30% gross investment return
- 87% of portfolio by value grew earnings in the period
- Only £66m of liquidity support required by the portfolio (Audley Travel and Hans Anders)

### Disciplined investment approach, continued focus on buy-and-build

- £275m deployed in three new investments: MPM, WilsonHCG and GartenHaus
- £124m invested in bolt-ons for Evernex, SaniSure and GartenHaus; five further bolt-ons funded by portfolio companies
- Measured approach to realisations, with proceeds of £114m

### Good momentum as we move into FY2022

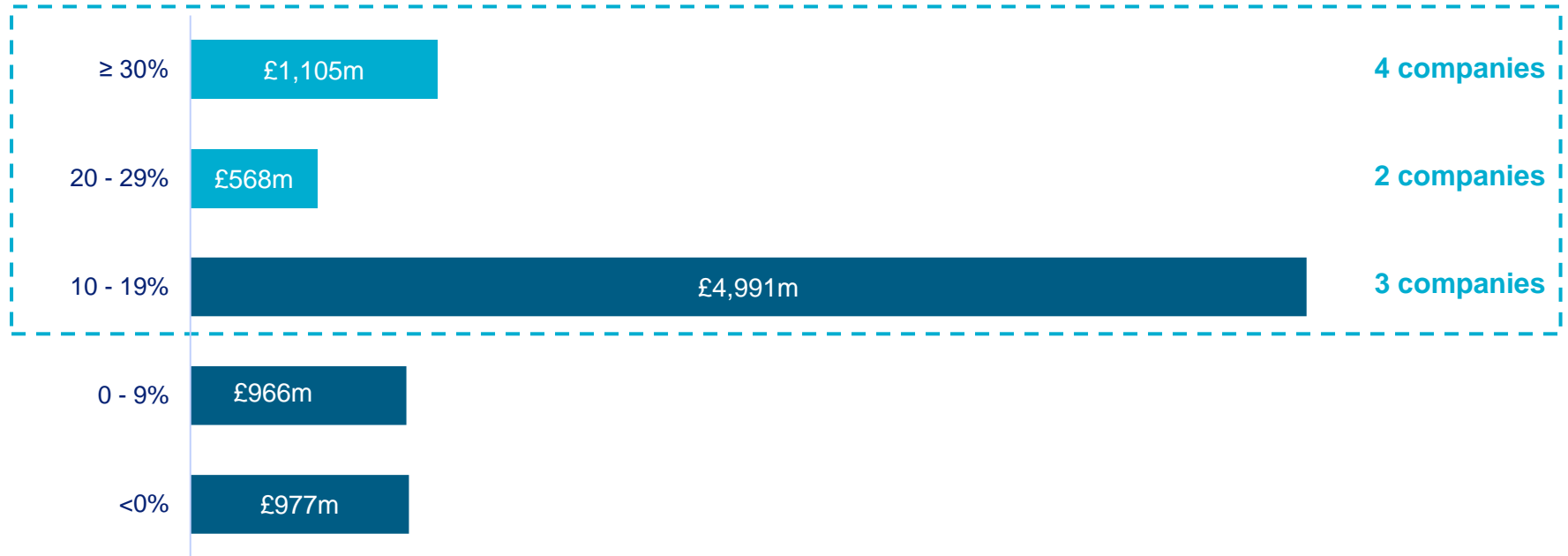
- Exposed to long-term trends and strategically positioned to continue to drive attractive returns
- Active refinancing and divestment schedule planned for this year

# Private Equity

Strong earnings growth across the portfolio



## Portfolio earnings growth of top 20 PE investments<sup>1</sup>



<sup>1</sup> Includes top 20 Private Equity companies by value. This represents 98% of the Private Equity portfolio by value. Last 12 months' adjusted earnings to 31 December 2020 and Action based on run-rate earnings to 31 March 2021 covering the period from 1 May 2020 to 31 March 2021.

# Private Equity

Portfolio value growth of £2.2bn predominantly performance driven



## Largest value increases (>£20m)<sup>1</sup>

Portfolio company	Value growth (excl FX)	Value at 31 Mar 2021	Key driver of value movement
Action	£1,202m	£4,566m	
Royal Sanders	£180m	£364m	
Cirtec Medical	£180m	£444m	
Luqom	£177m	£307m	
Tato	£172m	£368m	
SaniSure	£56m	£183m	
Magnitude	£55m	£165m	
AES	£53m	£212m	
Hans Anders	£51m	£262m	
BoConcept	£47m	£161m	
Havea	£40m	£242m	
Evernex	£24m	£281m	

## Largest value declines (>£20m)

Portfolio company	Value decline (excl FX)	Value at 31 Mar 2021	Key driver of value movement
Audley Travel	£(86)m	£85m	
Formel D	£(76)m	£62m	

<sup>1</sup> Excludes Basic-Fit, which increased in value by £113m in the year. Basic-Fit is valued on a mark-to-market basis.

Performance

Multiple

# Private Equity

## Action – remarkable resilience in a difficult year



**2020**

Highlights

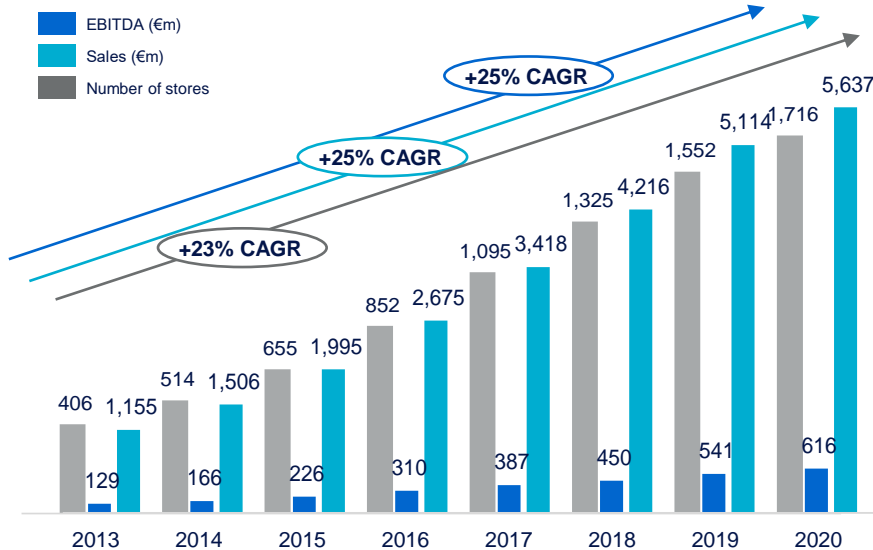
**+10%** revenue growth<sup>1</sup>

**+14%** EBITDA growth<sup>1</sup>

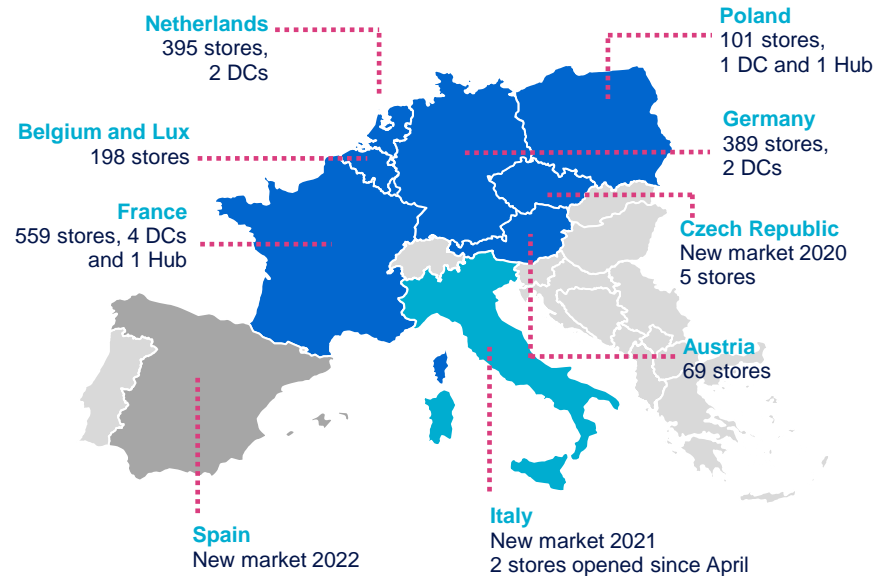
**1,716** stores

**164** new stores

### An unbroken high growth track record



### Expansion across Europe continues



<sup>1</sup> Including 53<sup>rd</sup> week.

# Private Equity

## Action – update



- **Q1 trading:** softer January and February due to restrictions. Strong trading in March, bringing Q1 outcome ahead of prior year
- **Q2 trading:** much stronger P4 and early P5 than last year, good momentum for the rest of the quarter
- **Store openings:** on track to open 300 stores in the calendar year, including pilots in Italy
- **Outlook:** target to be back on track with five-year plan as soon as possible



Note: the image shows a new store opening in Turin, Italy.



£364m value

2.9x money multiple<sup>1</sup>



### Driving consolidation in a highly fragmented industry

- 3 bolt-on acquisitions since investment...
- ...adding customers, further international capabilities and new verticals

### Organic growth from existing and new customers

- Proven track record of organic growth in all markets
- Continued innovation: eg introducing sustainable SKUs at key customers

### Considerable growth since initial investment

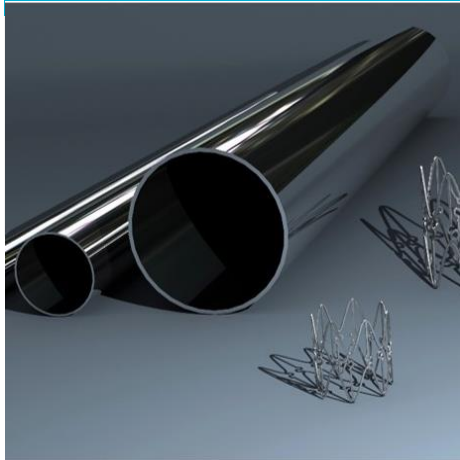
- Sales: >2x
- EBITDA: >2x





£444m value

2.6x money multiple<sup>1</sup>



### Diversification and internationalisation through acquisition

- 7 bolt-on acquisitions since investment, expanding exposures to additional fast-growth medical device markets and platforms
- Expanded into Europe and Costa Rica

### Professionalisation and institutionalisation

- Supported expansion of senior leadership team
- Invested in consolidating and augmenting systems policies

### Considerable growth since initial investment

- Sales: >2x
- EBITDA: >4x
- Material margin expansion



£307m value

3.2x money multiple<sup>1</sup>



### Significant international expansion, mostly organic

- Now active in 27 countries from 10 at initial investment
- Acquisition of QLF in 2019 and Lampemesteren in 2021 will facilitate expansion in the Benelux, Eastern Europe and the Nordic region

### Material investment in the platform

- Investment in logistics, BI / data capabilities and sourcing (both private label and premium)
- Development of comprehensive B2B offering

### Considerable growth since initial investment

- Sales: >3x
- EBITDA: >3x

# Private Equity

Good level of new investment in a challenging environment...



## MPM



**£124m new investment**

International branded, premium and natural pet food company

Significant US growth opportunity

## WilsonHCG



**£90m new investment**

Global provider in recruitment process outsourcing and other talent solutions

Already seeing strong recovery in pipeline

## GartenHaus



**£61m new investment**

Online retailer of garden buildings, sheds, saunas and related products in DACH and NL

Very strong sales

# Private Equity

...supplemented by continued bolt-on investment activity



## SaniSure + SaniTech West



US manufacturer, distributor and integrator of single-use bioprocessing systems and components

## Evernex + TechnoGroup



Third-party IT equipment maintenance business in Austria, Germany and Switzerland

## GartenHaus + Polhus



Online retailer of garden houses and related products based in Sweden

**£124m deployed in two transformational and one bolt-on acquisition.  
A further five bolt-ons were funded from portfolio company balance sheets**



### The bioprocessing opportunity

- Attractive market, underpinned by strong growth drivers
- Few investment opportunities, highly priced
- Opportunity to create a platform through a buy-and-build strategy

### Creating the SaniSure platform

- Bioprocessing platform created in 2019 through the merger of Cellon, TBL and Silicone Altimex
- Sani-Tech West and BioFluid Focus added in 2020
- Total investment of £135m, further opportunities in the pipeline

We have created a vertically-integrated pure-play platform in the high-growth bioprocessing space, serving the vaccine and biologics manufacturing value chain, with a strong footprint across North America and Europe.

The business is well positioned to benefit from strong market tailwinds.





### Good performance across portfolios

- 16% gross investment return
- Good contribution from 3iN, with 20% share price appreciation and £26m of dividend income
- US portfolio performing well, with £74m of cash proceeds received from Regional Rail

### Strong contribution to operating cash profit

- £67m of cash income through management fees and portfolio income
- AUM of nearly £5bn, up from £4.4bn at the end of March 2020

### Progress in AUM development

- 3i European operational projects fund now c.60% invested
- New 3i-managed vehicle to co-invest alongside 3iN, with €400m contribution from Industriens Pension of Denmark

# Scandlines

Solid despite significant disruption to leisure traffic from Covid-19



- Gross investment return of £25m, or 6% of opening value
- Profitable through the pandemic despite restrictions
  - freight volumes stable
  - travel restrictions between Germany and Scandinavia continue to impact leisure volumes
  - good recovery in passenger traffic when restrictions lifted in summer months
- Continued investment in sustainability agenda

# Strong outlook for FY2022 despite the pandemic



- Strong result for the year exceeded our financial targets
- Increased dividend to reflect strong value growth
- Cautious financial policy at Group and portfolio company level underpins resilience
- High quality portfolio, strategically positioned to benefit from secular growth trends





# Q&A

**Simon Thompson**  
Chairman



