

Half-yearly results to 30 September 2009



12 November 2009



Michael Queen
Chief Executive



- Transformed financial position
- Remain cautious about the economy
- Confident in the strength of the portfolio
- Ready for the upturn



- Introduction
- Progress against priorities
- Key financials
- Drivers of future performance
- Closing remarks

- Reduce net debt to about £1bn over next 12/15 months
- Preserve and optimise existing portfolio
- Position the business for the upturn
- Grow external funds under management



- Reduced net debt from £1.9bn at 31 March to £854m
- Reduced gearing from 103% at 31 March to 31%
- Extended maturity profile of debt with new Revolving Credit Facility
- Realisations exceeded new investment by £317m
- 33% of opening non-core portfolio value realised in the period
 - rises to 49% if realisations agreed are included
- Stable portfolio value
- Costs reduced by 18%
- Liquidity strengthened from £1bn at 31 March to £2bn
- Interim dividend 1p per share

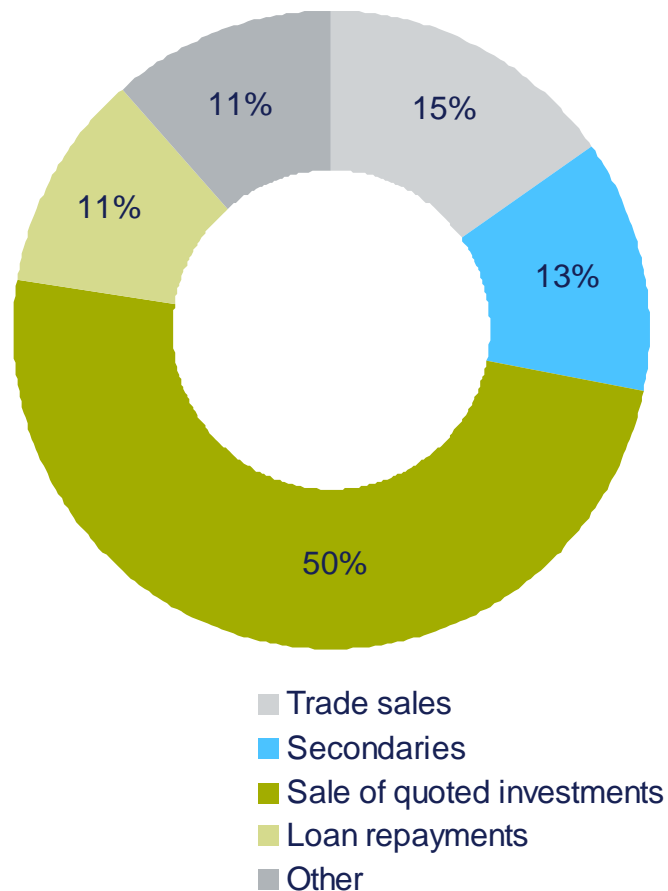


Stephen Halliwell



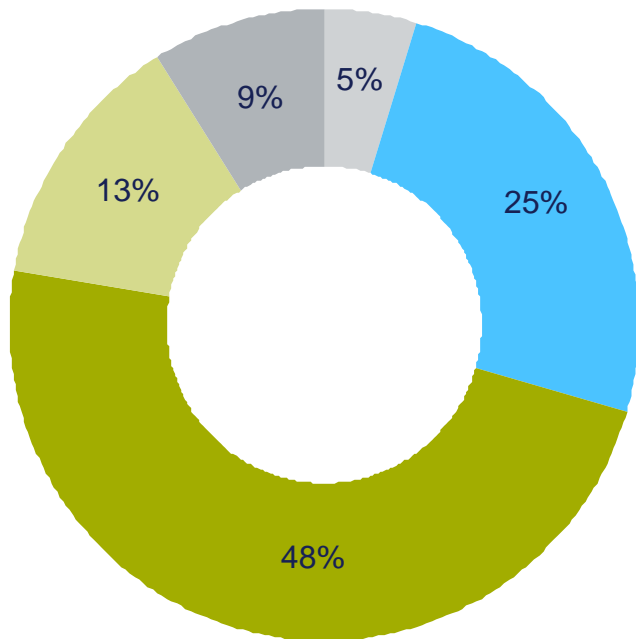
	6 months 30.9.09	6 months 31.3.09	6 months 30.9.08
Investment activity			
Investment	£190m	£300m	£668m
Realisations	£507m	£711m	£597m
Returns and balance sheet			
Total return	£81m	£(1,968)m	£(182)m
Return on opening equity	3.2%	(48.5)%	(4.5)%
Gross portfolio return	7.8%	(35.4)%	(1.3)%
Net asset value per ordinary share (diluted)	£2.86	£2.79*	£5.90*
Net debt	£854m	£1,912m	£1,802m

* The September 2008 NAV per share has been adjusted to reflect the bonus element from the rights issue and the 3i Quoted Private Equity transaction.
The March 2009 NAV per share has been adjusted to reflect the impact of the rights issue and issue of shares related to the acquisition of 3i Quoted Private Equity plc.



- Three largest realisations
 - Venture Production (£145m proceeds)
 - AWG (£44m proceeds)
 - Salamander (£43m proceeds)
- Venture Portfolio realisations of £93m
 - agreed sale of a further £105m
- 3% uplift over opening portfolio
- 13% uplift on core portfolio

Realisations exclude the £110m of cash received in respect of the solvent liquidation of 3i QPEP, although subsequent sales of assets transferred are included



- Acquisition finance
- Rescue/equity cure
- Capitalised interest*
- Drawdown
- Other

- All investment into portfolio
- £47m for equity rescue/equity cures
- £92m of capitalised interest including PIK notes
- Balance to support portfolio development through acquisition or other means
- £94m cash investment

*Includes PIK notes

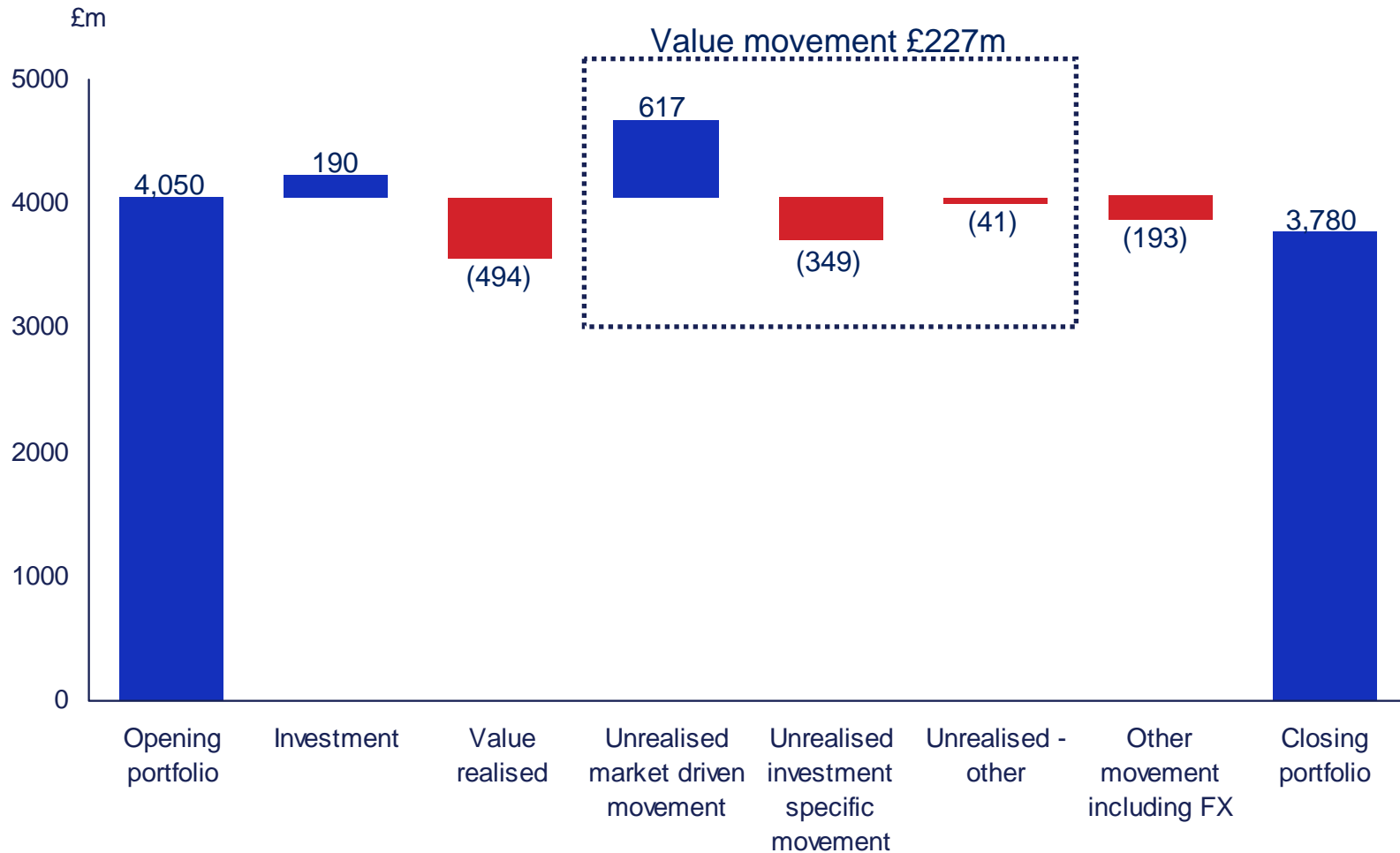
A Payment in Kind (PIK) note is a loan instrument whereby, at pre-agreed dates, interest accrued is capitalised and rolled into the value of the principal of the loan. It is payable at the loan repayment date.

	6 months to 30.9.09 £m	6 months to 31.3.09 £m	6 months to 30.9.08 £m
Gross portfolio return	316	(2,128)	(78)
Fees receivable from external funds	28	37	38
Net carried interest	(4)	10	43
Operating expenses	(108)	(119)	(131)
Net portfolio return	232	(2,200)	(128)
Net interest payable	(55)	(44)	(42)
Net foreign exchange movements	(66)	304	11
Pension	(36)	10	(18)
Movement in fair value of derivatives and other	6	(38)	(5)
Comprehensive income “Total return”	81	(1,968)	(182)
Total return on shareholders’ funds	3.2%	(48.5)%	(4.5)%

Group	6 months to 30.9.09 £m	6 months to 31.3.09 £m	6 months to 30.9.08 £m
Realised profits/(losses)	13	(127)	190
Unrealised profits/(losses)	227	(2,029)	(411)
Portfolio income	76	28	143
Gross portfolio return	<u>316</u>	<u>(2,128)</u>	<u>(78)</u>
Realised uplift on opening book value	3%	(15)%	47%

Business line	6 months to 30.9.09 %	6 months to 31.3.09 %	6 months to 30.9.08 %
Buyouts	9	(40)	7
Growth Capital	9	(37)	(7)
Infrastructure	15	(17)	7
Non-core	(7)	(32)	(8)
Total 3i Group	<u>8</u>	<u>(35)</u>	<u>(1)</u>

Movement in portfolio value





	At 30.9.09	At 31.3.09	At 30.9.08
Weighted average EBITDA multiple post discount	7.1x	5.9x	6.2x

- 71% of unquoted portfolio valued on an earnings basis (2008: 37%)
- No assets held at cost (2008: 25%)
- Weighted average multiple up 21% from March to September 2009
- Larger value assets tend to have higher but more stable multiples



	At 30.9.09	At 31.3.09	At 30.9.08
Audited	22%	37%	48%
Management	39%	42%	21%
Forecast	39%	21%	31%

- Portfolio earnings down 6% in the period
- Earnings used for valuation down 13%
- Value impact of falls concentrated in a small number of investments

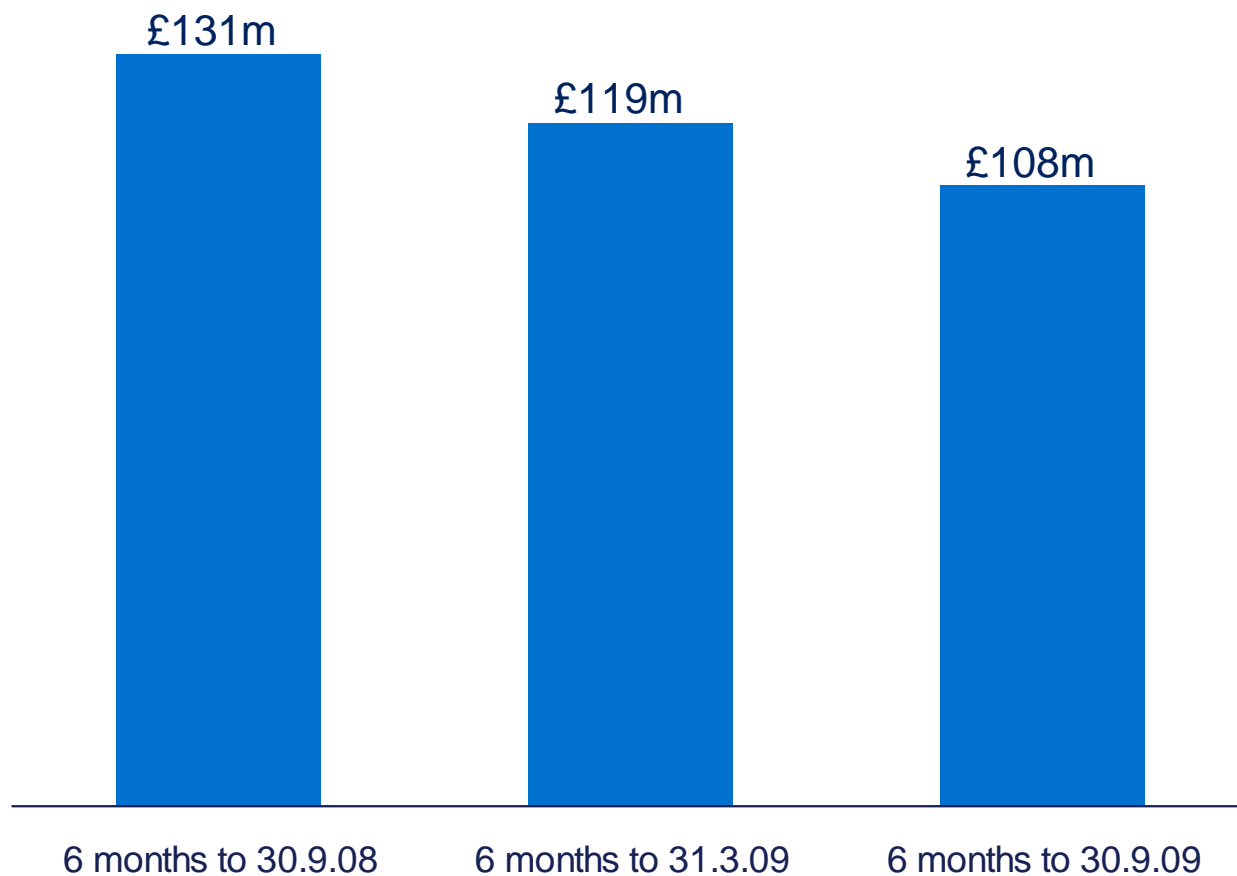
Unrealised profits/(losses) on revaluation of investments



	6 months to 30.9.09 £m	6 months to 31.3.09 £m	6 months to 30.9.08 £m
Earnings and multiple based valuations			
Earnings - Earnings multiples	464	(218)	(194)
- Earnings growth	(322)	(64)	78
Loans - Impairments (earnings basis)	2	(564)	(56)
First time movements from cost	-	(519)	(30)
Market adjustment	(40)	(35)	-
Other bases			
Provisions	(27)	36	(192)
Uplift to imminent sale	1	(288)	148
Loans - Impairments (other basis)	52	(228)	-
Other movements on unquoted investments	(11)	(110)	(78)
Quoted portfolio	108	(39)	(87)
Total	227	(2,029)	(411)

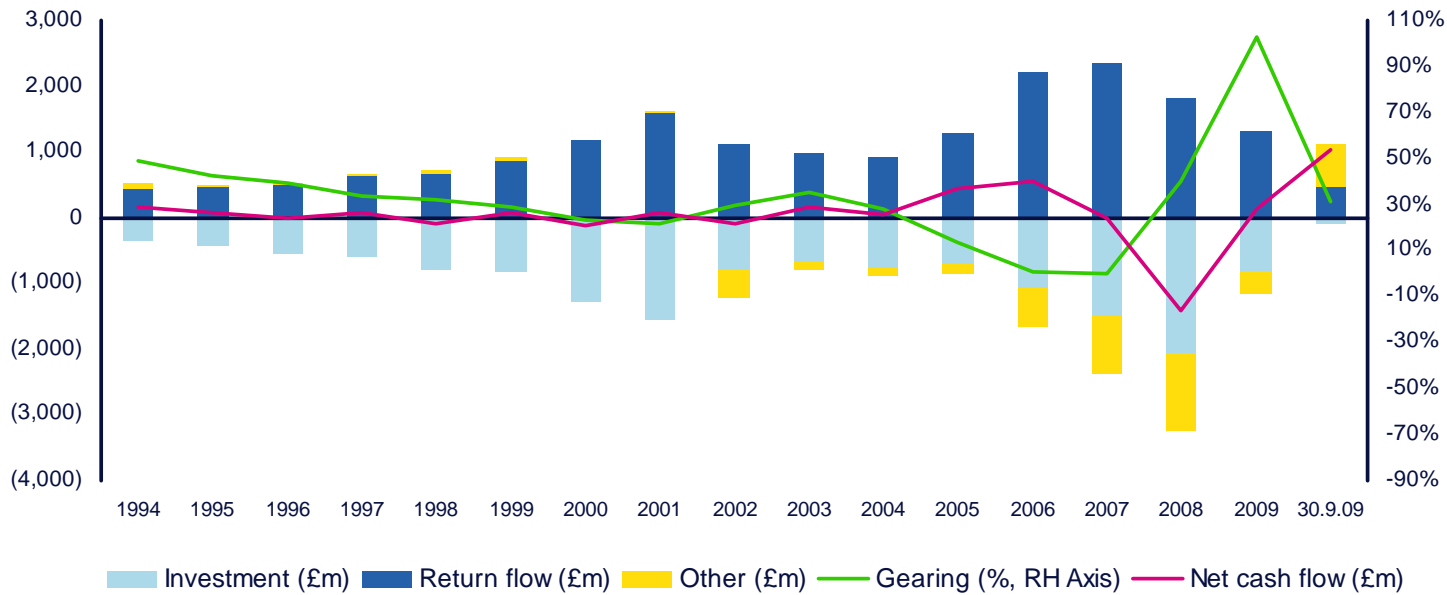
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Further reduction in operating costs



Headcount	731	607	537
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Strong cash flow generation



Demonstrated capacity to generate cash through economic cycles and periods of market volatility.

	As at 30.9.09 £m	As at 31.3.09 £m	As at 30.9.08 £m
Investment assets	3,780	4,050	5,934
Other net liabilities	(180)	(276)	(280)
	3,600	3,774	5,654
Net borrowings	854	1,912	1,802
Equity	2,746	1,862	3,852
	3,600	3,774	5,654
Gearing	31%	103%	47%
NAV	£2.86	£2.79*	£5.90*

* The September 2008 NAV per share has been adjusted to reflect the bonus element from the rights issue and the 3i Quoted Private Equity transaction.
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Type	Amount	Start date	Maturity date
Multi-currency bilateral facility Replacement of £150m multi-currency bilateral facility	£100m	September 2009	October 2012
Forward start facility	£275m	September 2010	October 2012
Multi-currency bilateral facility	£200m	November 2009	November 2014



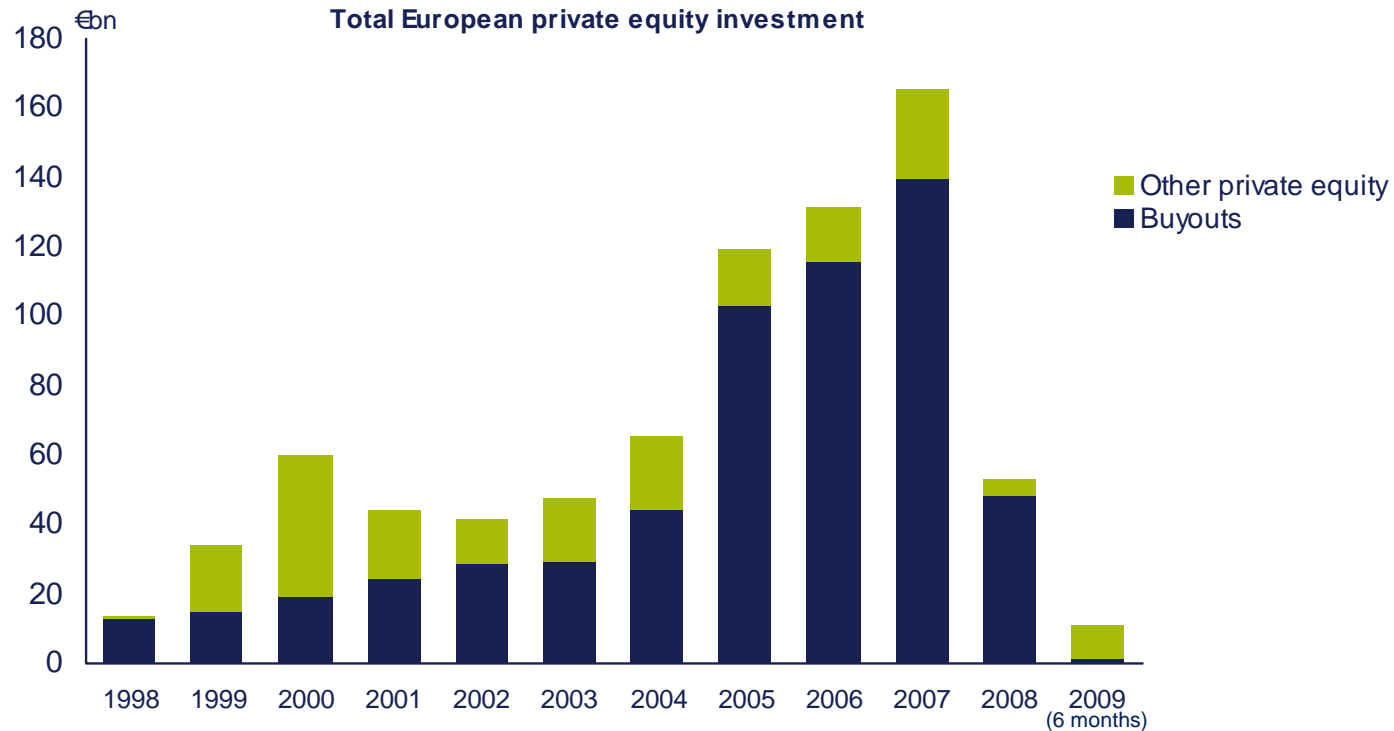
- Significantly improved financial position
- Positive return for the first half
- £317m net divestment
- Reduced operating expenses



Michael Queen
Chief Executive



- Economic outlook
- Private equity market
- 3i today
- Strategic focus
- Positioning 3i for the future
- Overview of performance



Source: S&P European Private Equity 2009

Industry challenges

- Overhang of capital
- Debt availability remains difficult
- LBO refinancings impacting asset class reputation

Opportunities for 3i

- Mid-market positioning
- Shortage of equity for growing companies
- Market access and fire power
- LP relationships

(as at 30 September 2009)

3i Group

Buyouts

Mid-market transactions in Europe and Asia

Transaction size: EV up to €1bn

Investments made through LP private equity funds

Three funds currently under management

Companies in portfolio: 54

Assets under management (£m)

Own balance sheet	1,560
External funds	<u>2,254</u>
	3,814

Growth Capital

Minority investments in established and profitable businesses across Europe, Asia and the North America

Transaction size: up to €150m

Investments typically made on balance sheet

Companies in portfolio: 101

Assets under management (£m)

Own balance sheet	1,551
External funds	<u>28</u>
	1,579

Infrastructure

Investing principally in transportation, utilities and social infrastructure

Investments made through:

- 3i Infrastructure plc, a quoted company advised by 3i
- 3i India Infrastructure Fund
- on balance sheet

Companies in portfolio: 15*

Assets under management (£m)

Own balance sheet	365
External funds	<u>1,163</u>
	1,528

* Includes 4 investments directly held by 3i

Non-core portfolio

Companies in portfolio reduced from 199 to 129

Disposals and QPE transaction resulting in value of £304m (£638m at 31 March 2009)

Sales agreed on a further £105m from the Venture Portfolio

Enterprise

maintaining the infrastructure of the UK

Buyout - 2007

- UK public sector and utilities outsourcing
- Eurofund V invested £166m
- Revenue growth 29%, EBITDA 41% driven by contract wins and successful acquisition of Accord



Growth Capital - 2008

- US based global business
- Outsourced product development/commercialisation for pharma industry
- 3i invested £100m from own balance sheet
- Order backlog up over 23%



Growth Capital - 2008

- French clinical laboratories business
- Made 14 acquisitions in five different countries since 3i invested
- Revenue grown by 94%



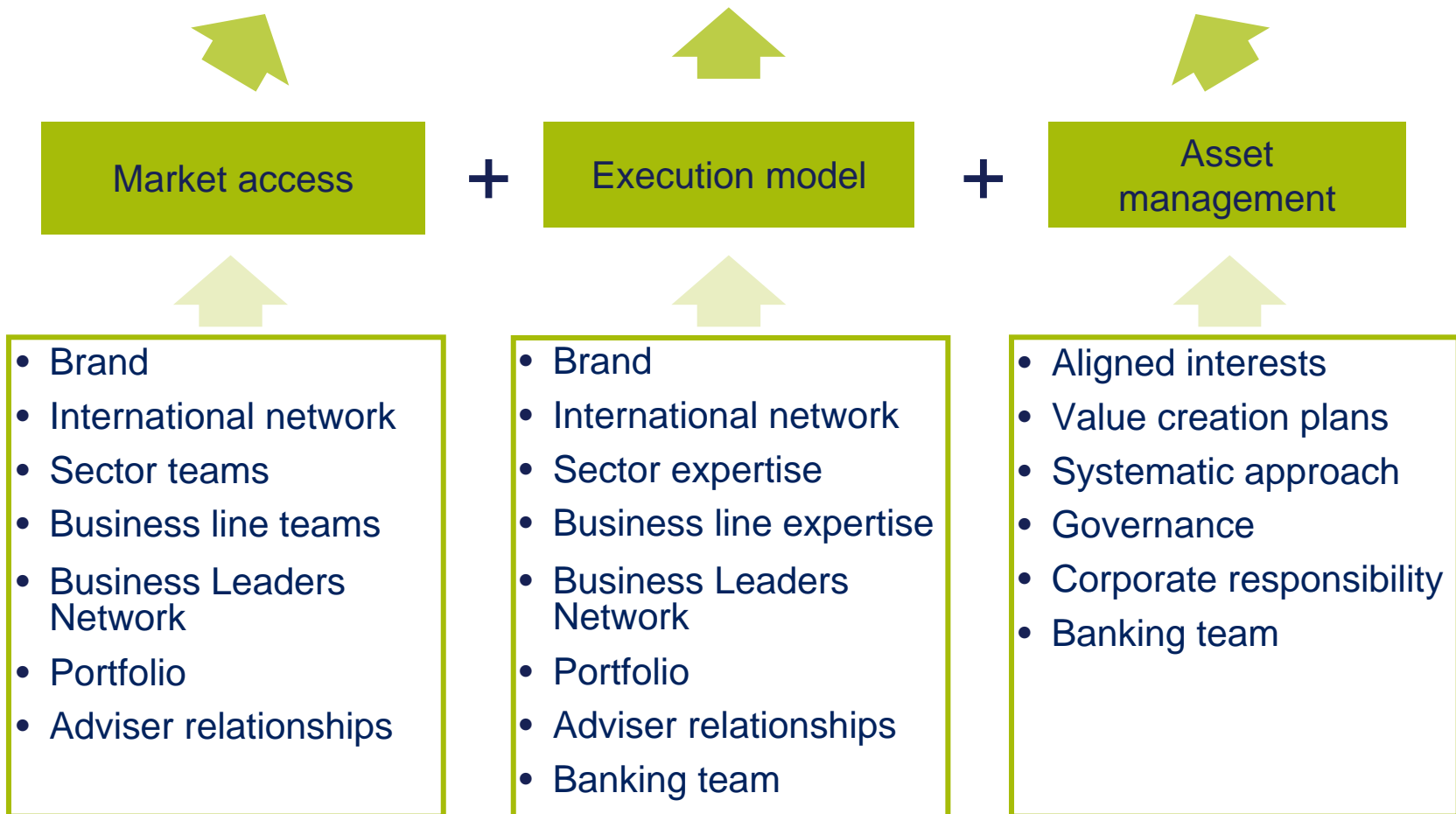
ADANI

Infrastructure - 2008

- Indian power developer
- India Infrastructure Fund invested \$243m
- \$4.5bn IPO in July 2009

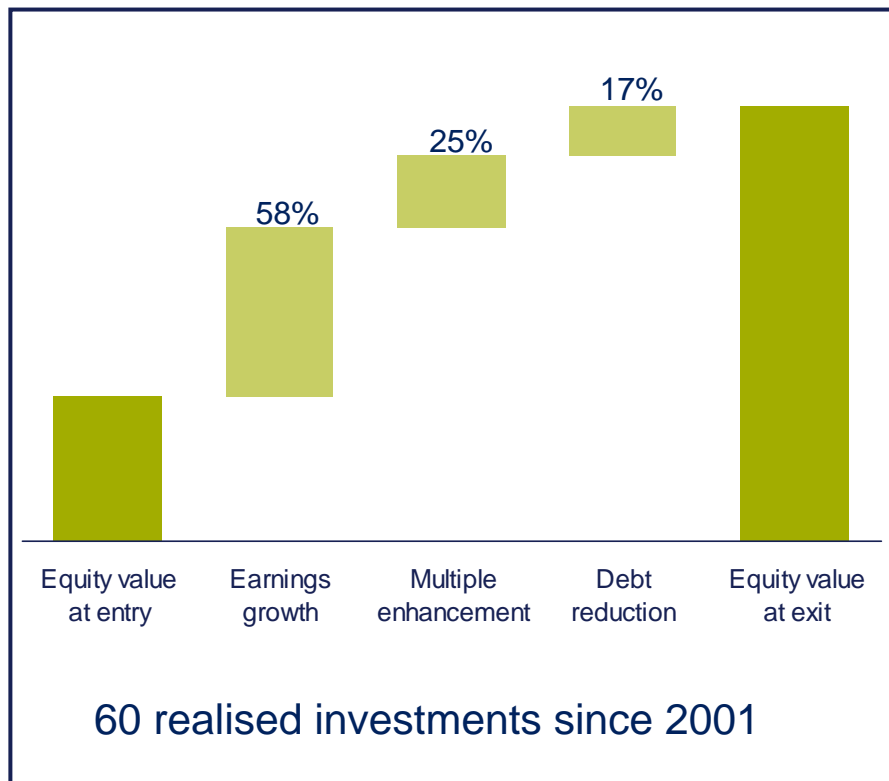
- Invest in high-return assets
- Grow our assets and those we manage on behalf of third parties
- Continue to build our strong culture of operating as one company across business lines, geographies and sectors

Creating value throughout the investment process

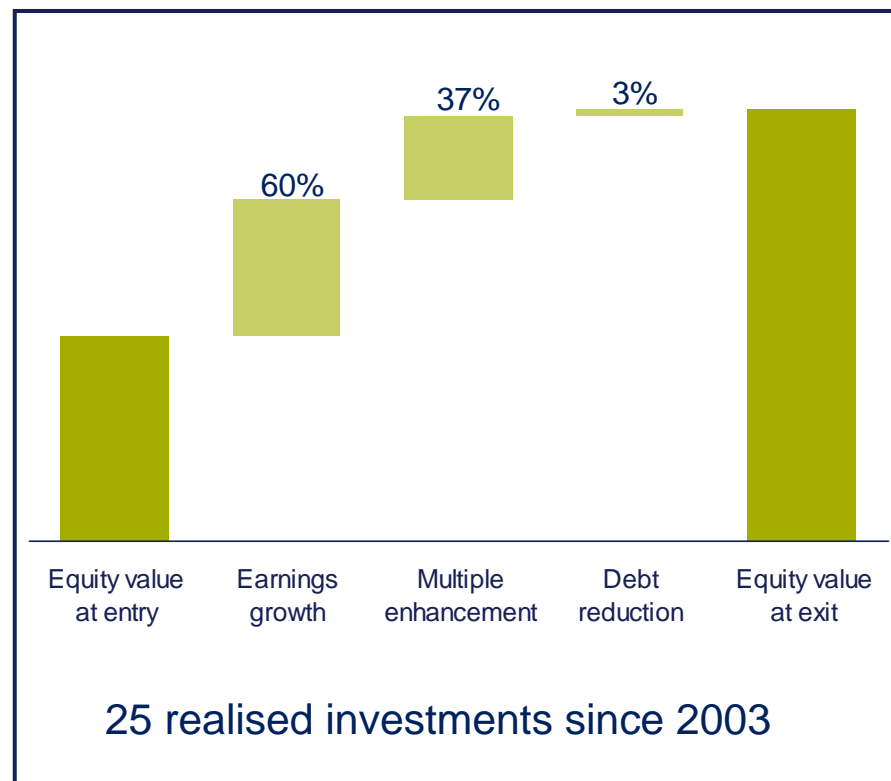




Buyouts

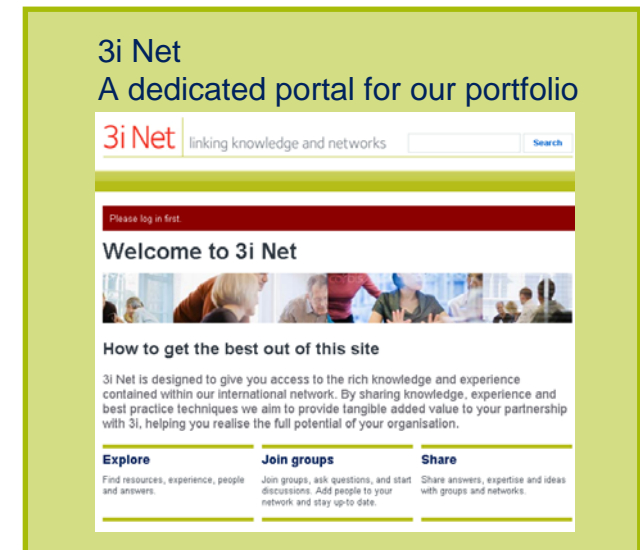


Growth Capital





- Delivering value in key functional areas
 - Working capital management
 - Pricing
 - Sales force effectiveness
 - Procurement
 - Lean manufacturing
- Sharing experience across the portfolio
 - Events
 - In house specialists
 - 3i Net portal





- Comprehensive review of investment processes
- Improved investment processes as a result
- “Rebuying of our key assets”
- Cultural development – “One 3i”
- Increased cost effectiveness
- Continuing development on corporate responsibility



- Performance of existing portfolio
- Good realisations
- New investment
- Growth in assets under management
- Cost control



- Transformed financial position
- Remain cautious about the economy
- Confident in the strength of the portfolio
- Ready for the upturn





Appendix



Vintage IRR performance

Vintage year	Cost remaining	As at 30 Sept 2009	As at 31 March 2009
2009	100%	(8)%	n/a
2008	99%	(26)%	(30)%
2007	80%	22%	25%
2006	34%	47%	46%
2005	26%	61%	62%

41% of direct Group portfolio value
£3.8bn assets under management

	Sept 2009	March 2009	March 2008	March 2007	March 2006
Gross portfolio return	9%	(34)%	57%	54%	29%



Vintage IRR performance

Vintage year	Cost remaining	As at 30 Sept 2009	As at 31 March 2009
2009	100%	(19)%	n/a
2008	87%	(5)%	(16)%
2007	82%	(6)%	(2)%
2006	37%	23%	23%
2005	28%	26%	27%

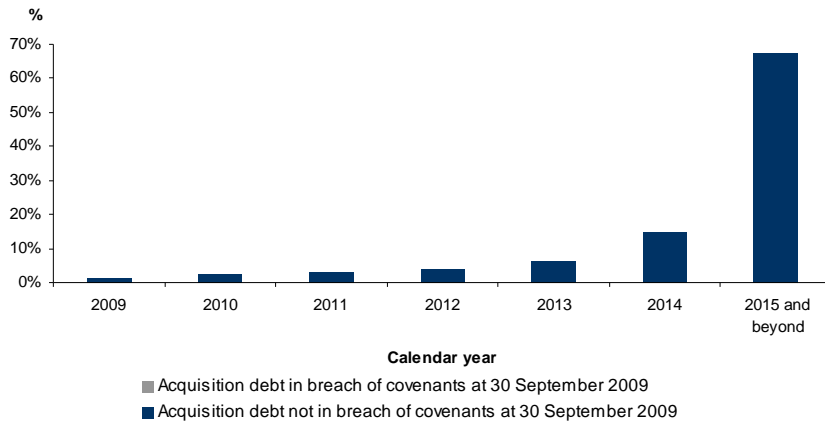
41% of direct Group portfolio value
£1.6bn assets under management

	Sept 2009	March 2009	March 2008	March 2007	March 2006
Gross portfolio return	9%	(44)%	21%	48%	26%

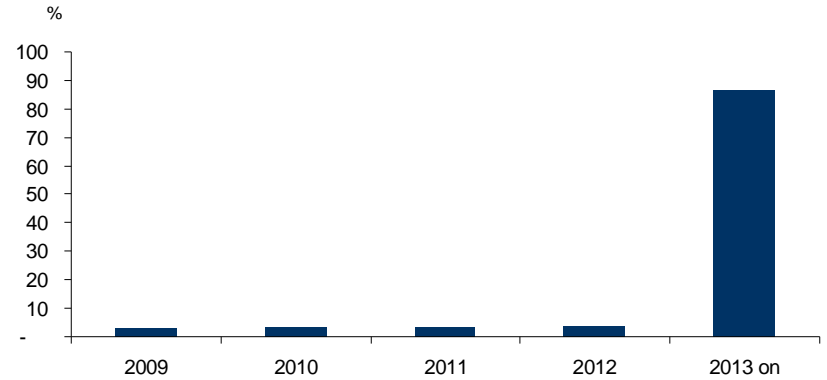
	As at 30.9.09 £m	As at 30.9.08 £m
Contribution to Group results		
Realised profits	-	6
Unrealised profits	47	7
Portfolio income	10	23
Gross portfolio return	<u>57</u>	<u>36</u>
Fees receivable from external funds	8	16
Assets under management	1,528	1,477



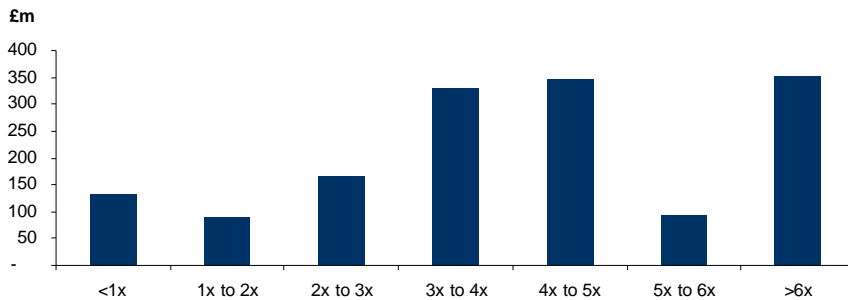
Buyouts repayment profile of acquisition debt – index weighted by 3i carrying value



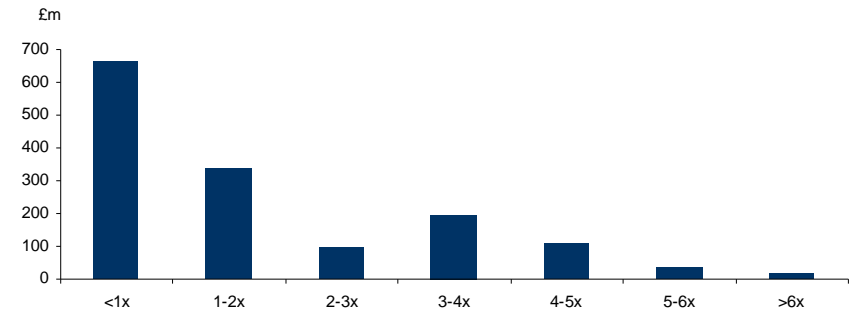
Growth Capital portfolio debt repayment profile, weighted by 3i Group value



Ratio of net debt to EBITDA
Buyouts portfolio

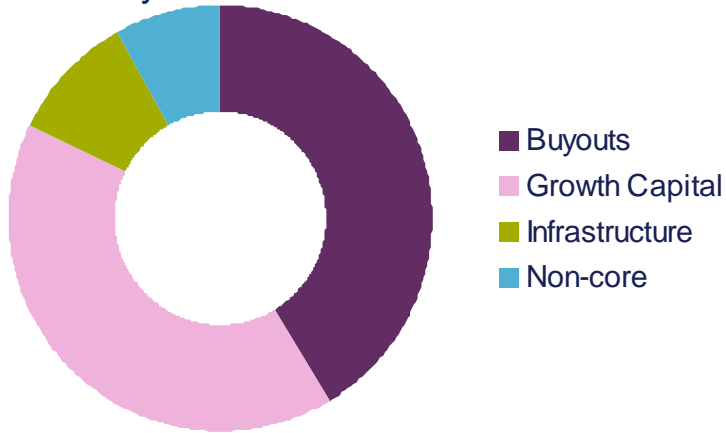


Ratio of net debt to EBITDA
Growth Capital portfolio

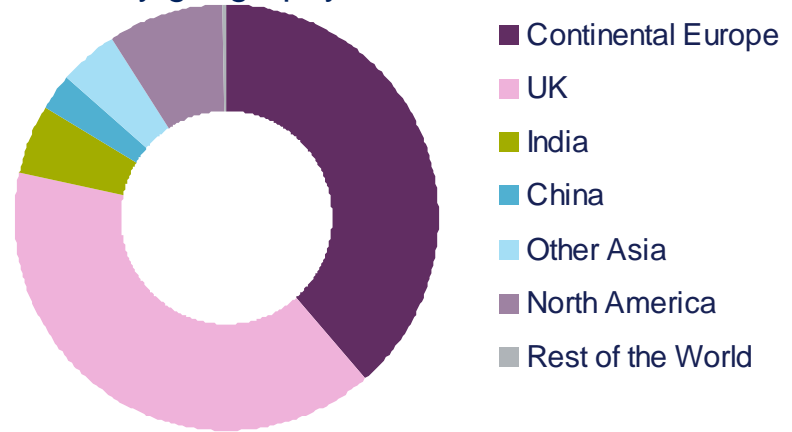




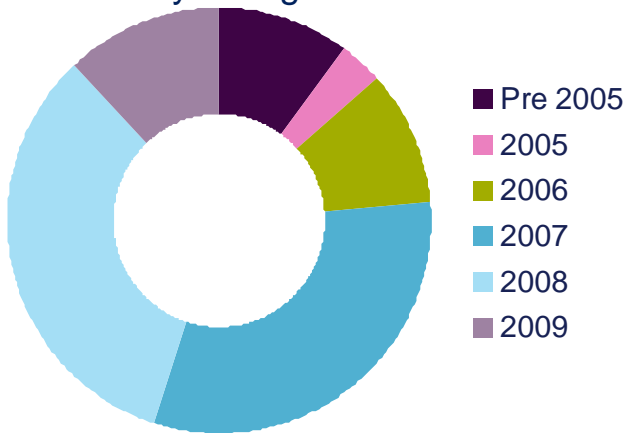
By business line



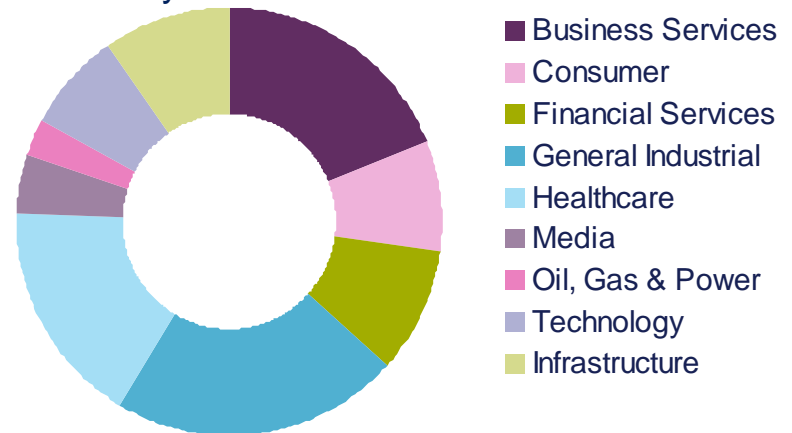
By geography



By vintage



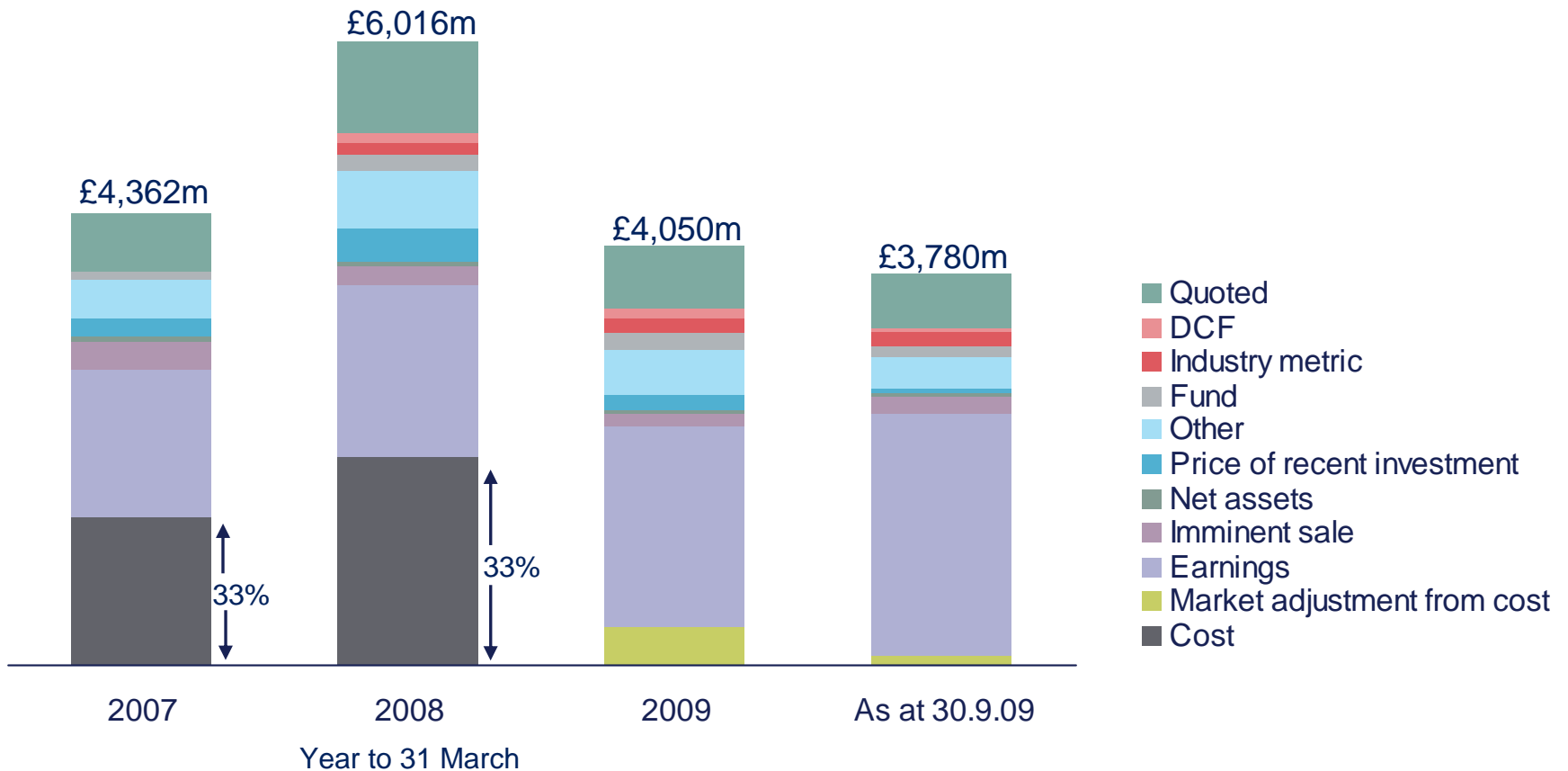
By sector



3i direct portfolio by business line, geography, vintage and sector



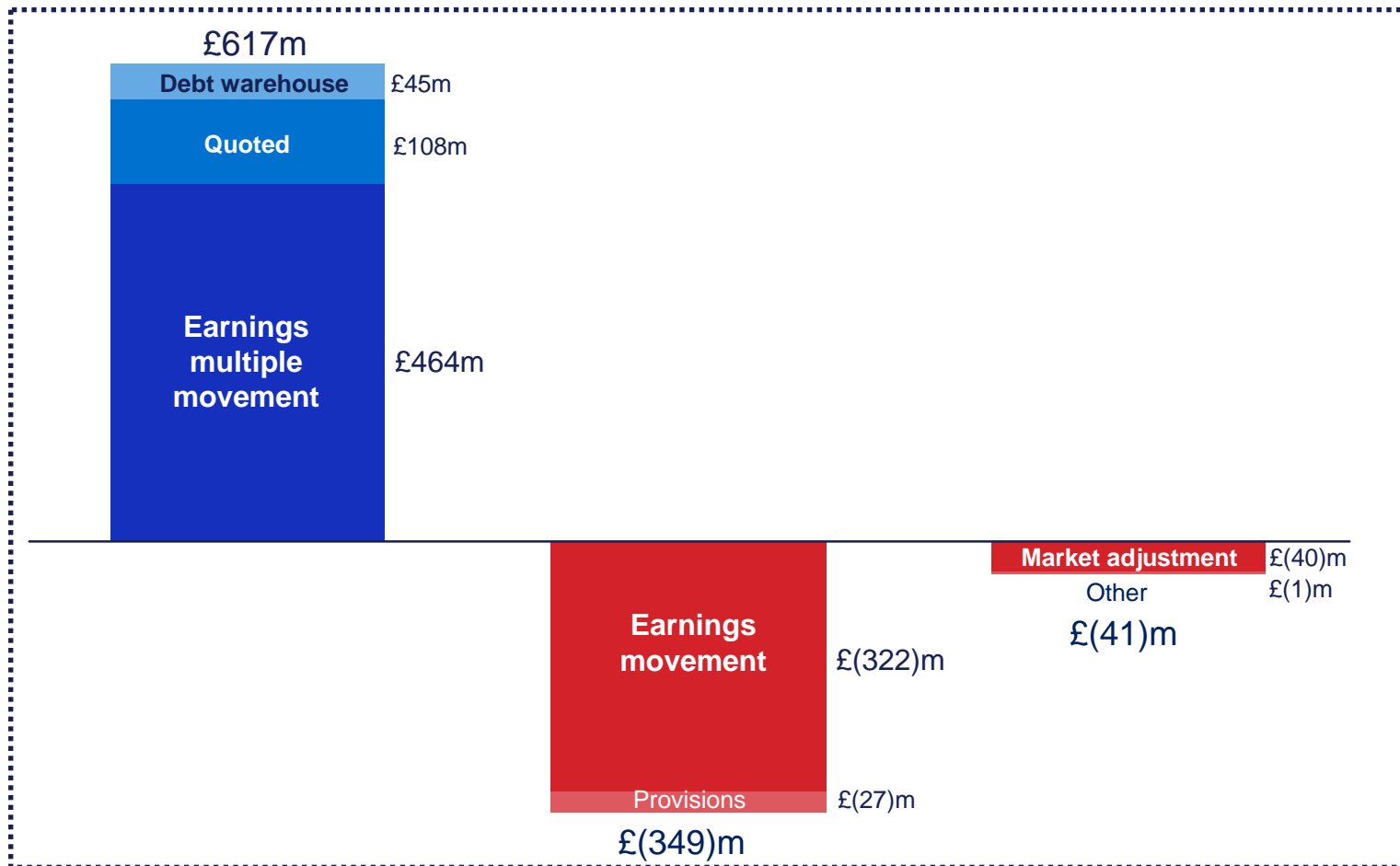
- No assets held at cost
- Forecast earnings used, rather than historic, where future earnings are likely to fall
- Weighted average EBITDA multiple 7.1



Unrealised value movement



Value movement £227m



Unrealised market driven movement

Unrealised investment specific movement

Unrealised - other



	6 months to 30.9.09 £m	6 months to 30.9.08 £m
Opening portfolio value	4,050	6,016
Investment	190	668
Realisation proceeds	(507)	(597)
Realised profits on disposal	13	190
Unrealised value growth	227	(411)
Exchange and other movements	(193)	68
Closing portfolio value	<u>3,780</u>	<u>5,934</u>

Top 10 assets at 30 September 2009



Company	Business line	Value at 30.9.09 £m	Value at 31.3.09 £m
3i Infrastructure plc	Infrastructure	277	228
Quintiles	Growth	148	109
ACR	Growth	135	125
Enterprise	Buyout	135	125
Ambea*	Buyout	133	102
Inspicio	Buyout	123	105
Foster + Partners	Growth	119	111
Memora	Buyout	106	102
Telecity plc*	Buyout	105	95
MWM (Deutz)*	Buyout	95	91
Top 10 value £m		1,376	1,193

*Moved in to top 10 assets at 30 September 2009