



# Annual General Meeting

29 June 2017



**Simon Thompson**  
Chairman



# Today's agenda



- Introductory remarks – Simon Thompson
- Review of the year – Simon Borrows
- Q&A – Simon Thompson
- Formal business including Resolutions – Simon Thompson

# The Board of Directors and General Counsel





Our clear strategy and focus on investment discipline and effective asset management delivered strong returns in FY2017.

# Good progress against all KPIs

## Year to 31 March 2017



### Group

Total return  
on equity

36%

Total dividend  
per share

26.5p

NAV per share

604p

Operating cash profit<sup>1</sup>

£33m

### Private Equity

Cash invested

£478m

Realisation proceeds

£982m

### Infrastructure

Advised 3iN on six  
new investments

£479m

Operating cash income

£59m

<sup>1</sup> Operating cash profit redefined in the financial year to be cash portfolio and fee income less cash expenses (previously cash portfolio and fee income less accrued expenses).

# FY 2017 total dividend of 26.5p per share



	2014	2015	2016	2017
Base	8.1p	8.1p	8.1p	16.0p
Additional	11.9p	11.9p	13.9p	10.5p
	20.0p	20.0p	22.0p	<b>26.5p</b>

**Interim dividend of 8p and final dividend of 18.5 pence**



- Base dividend of 16 pence per share (8p interim/8p final)
- Additional dividend dependent on net divestment and balance sheet, rather than formula, provided that
  - Gearing <20%
  - Gross debt <£1bn

**Our robust balance sheet underpins our confidence in future distributions**





# Simon Borrows



# Our strategy is clear and consistent



- 1 Grow investment portfolio earnings
- 2 Realise investments with good cash-to-cash returns
- 3 Maintain an operating cash profit
- 4 Use our strong balance sheet
- 5 Increase shareholder distributions

# Our post-restructuring track record continues to improve



	Year to 31 Mar 2017 <sup>1</sup>	Year to 31 Mar 2016	Year to 31 Mar 2015	Year to 31 Mar 2014	Year to 31 Mar 2013	Year to 31 Mar 2012
<b>Total return % over opening net asset value</b>	<b>£1,592m 36%</b>	£824m 22%	£659m 20%	£478m 16%	£373m 14%	£(656)m (20)%
<b>Dividend per share (base/additional)</b>	<b>16.0p/10.5p</b>	8.1p/13.9p	8.1p/11.9p	8.1/11.9p	8.1p	8.1p
<b>Diluted NAV per share</b>	<b>604p</b>	463p	396p	348p	311p	279p
<b>Operating expenses</b>	<b>£117m</b>	£134m	£131m	£136m	£170m	£180m
<b>Gross investment return</b>	<b>£1,755m</b>	£1,069m	£805m	£665m	£598m	£(429)m
<b>3i portfolio value</b>	<b>£5,675m</b>	£4,497m	£3,877m	£3,565m	£3,295m	<b>£3,204m</b>
<b>Net cash/(debt)</b>	<b>£419m</b>	£165m	£49m	£(160)m	£(335)m	£(464)m

**3i is now performing as it should, with careful investment and active asset management generating strong returns**

<sup>1</sup> As reported. Prior year figures not restated to reflect the sale of Debt Management.

# Private Equity

## An excellent year



Strong return for the year

- **£1,624m** gross investment return
- **43%** of opening book value

Resilient portfolio performance

- Portfolio value growth of **£1,274m** driven by growing earnings

Good momentum in investment activity

- **£478m** proprietary capital invested
- **Three** new investments and **one** further
- Three further new investments announced for FY2018

Continuing to realise assets at good returns

- **£982m** realisation proceeds
- **12** full realisations

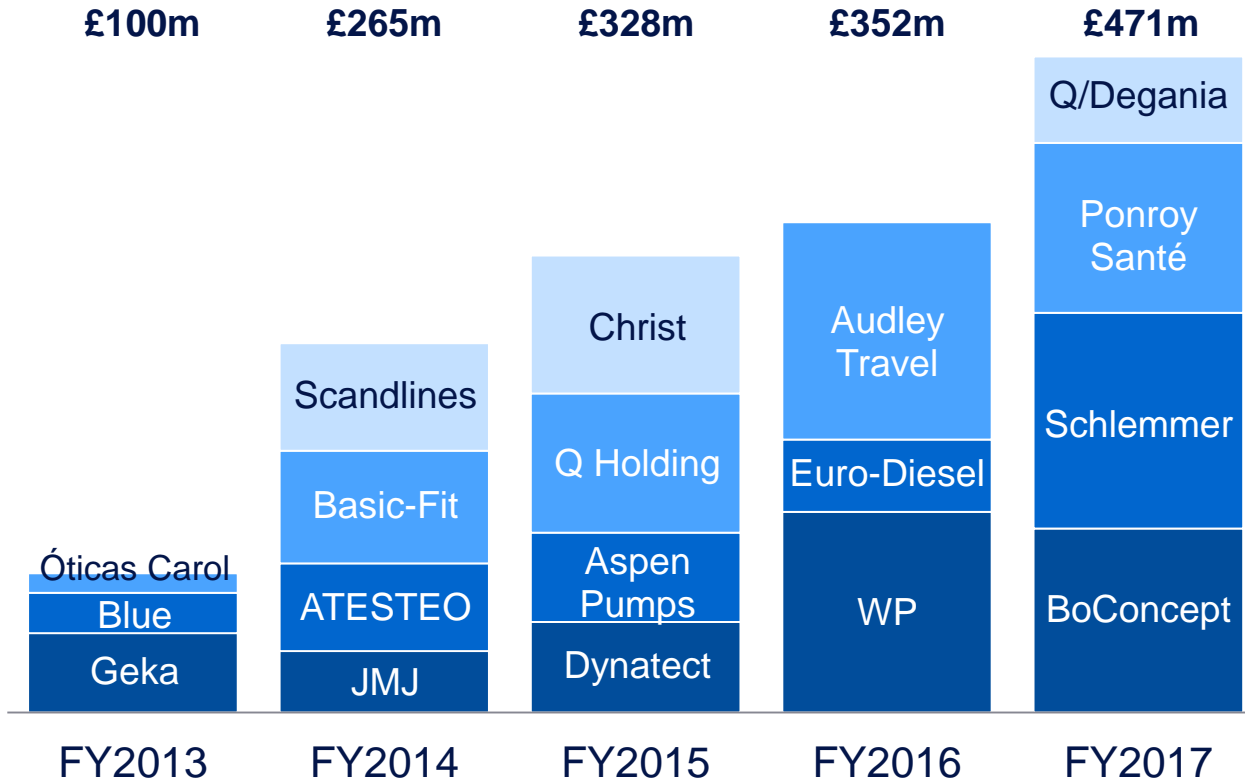
**Objective: generate an attractive investment return** ✓

# Private Equity

## FY2013+ vintages continue to perform well



Proprietary capital invested in each vintage



**£1.5bn** invested since FY2013

Aggregate MM of **1.7x<sup>1</sup>**

<sup>1</sup> Excludes new investments made in FY2017 but includes the further investment in Q/Degania. Sterling MM

# Private Equity

A portfolio weighted towards our better assets



	The buckets	Selected examples	% of value	
			FY2017	FY2016
1	Longer-term hold and value creation	Action, Scandlines, Aspen Pumps, ATESTEO	c.64%	c.62%
2	Strong performers; performing in line with investment case	WP, Q Holding, BoConcept, Schlemmer	c.22%	c.22%
3	Manage intensively; potential value upside	OneMed, Etanco, SLR	c.9%	c.10%
4	Low or nil-valued assets	Indiareit	0.4%	0.3%
5	Quoted assets	Basic-Fit, Refresco	c.5%	c.5%

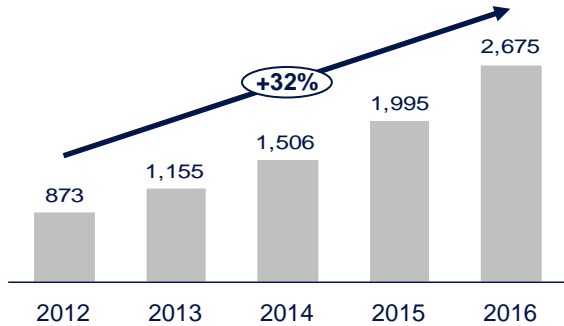
**37 portfolio companies and 3 quoted holdings at 31 March 2017, down from 47 portfolio companies and 5 quoted holdings at start of FY2017**

# Private Equity - Action

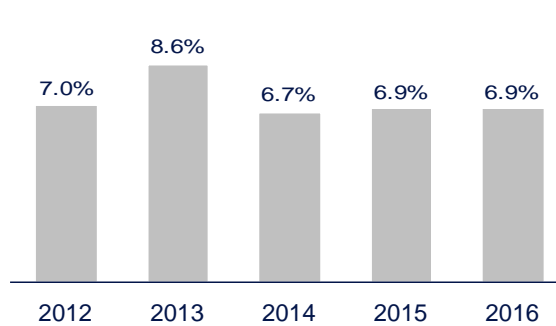
## Strong financial track record across all KPIs



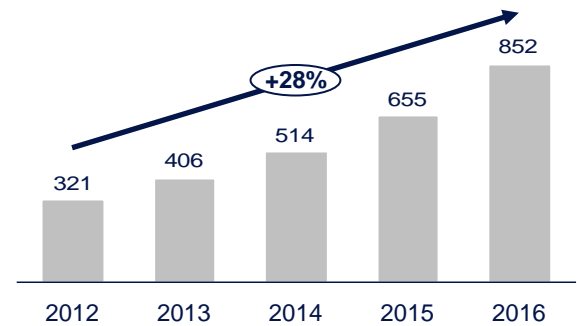
Net sales (EURm)



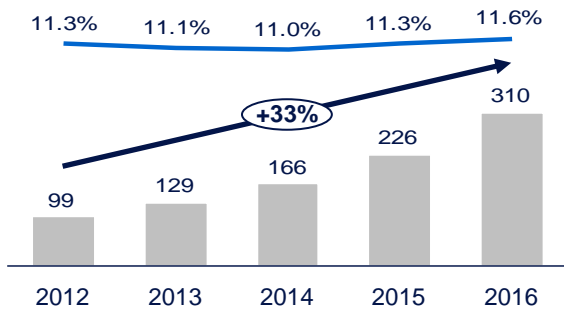
Like-for-like sales growth (%)



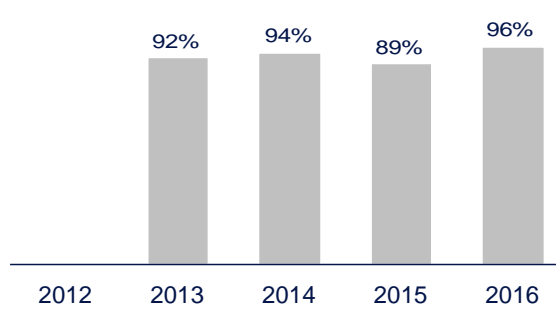
Number of stores



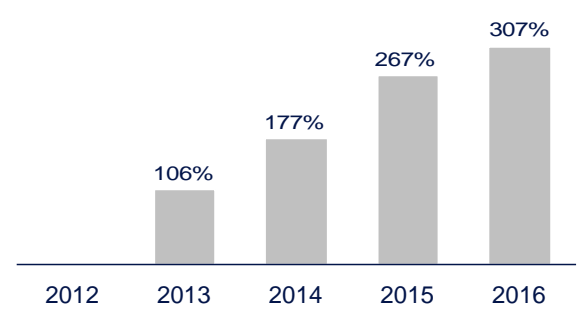
EBITDA (EURm)



Cash conversion



ROCE



— EBITDA margin

Cash conversion: (EBITDA-maintenance CAPEX)/EBITDA  
 ROCE: EBIT/Capital Employed (excluding Goodwill)

# Infrastructure

## A year of increased activity



Contributing to capital and income returns

- **£87m** gross investment return, or **17%** of opening book value
- **£59m** operating cash income

3iN continues to perform strongly

- Advised 3iN on new investment of **£479m**
- Total return of **9%** and TSR of **16%** in FY2017

Supporting growth in the franchise and in fee income

- 3iN raised **£385m** in new equity in June, of which £131m from 3i
- Two new funds launched, raising a total of **c£800m** in AUM

Objective: grow fee and portfolio income ✓



# Our strategy is clear and consistent

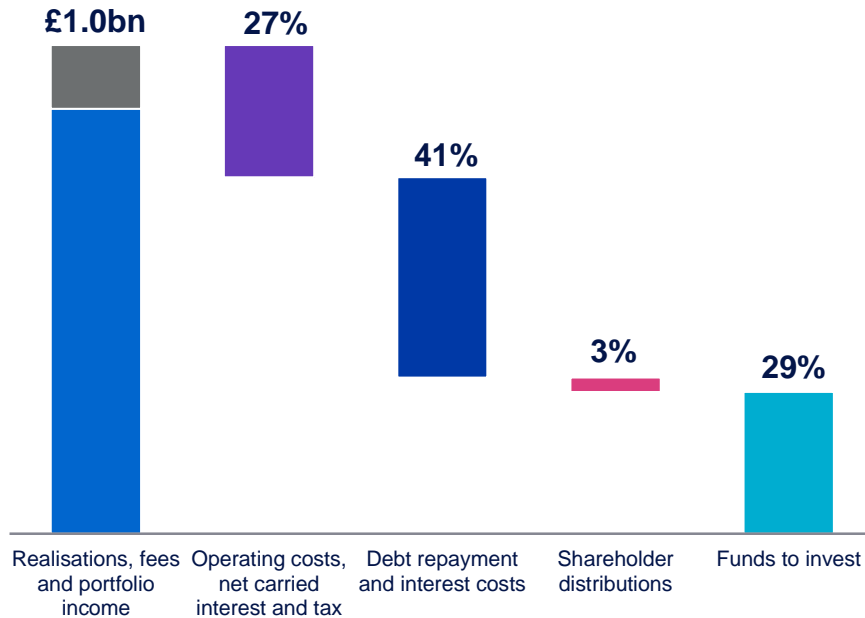


- 1 Grow investment portfolio earnings
- 2 Realise investments with good cash-to-cash returns
- 3 Maintain an operating cash profit
- 4 Use our strong balance sheet
- 5 Increase shareholder distributions

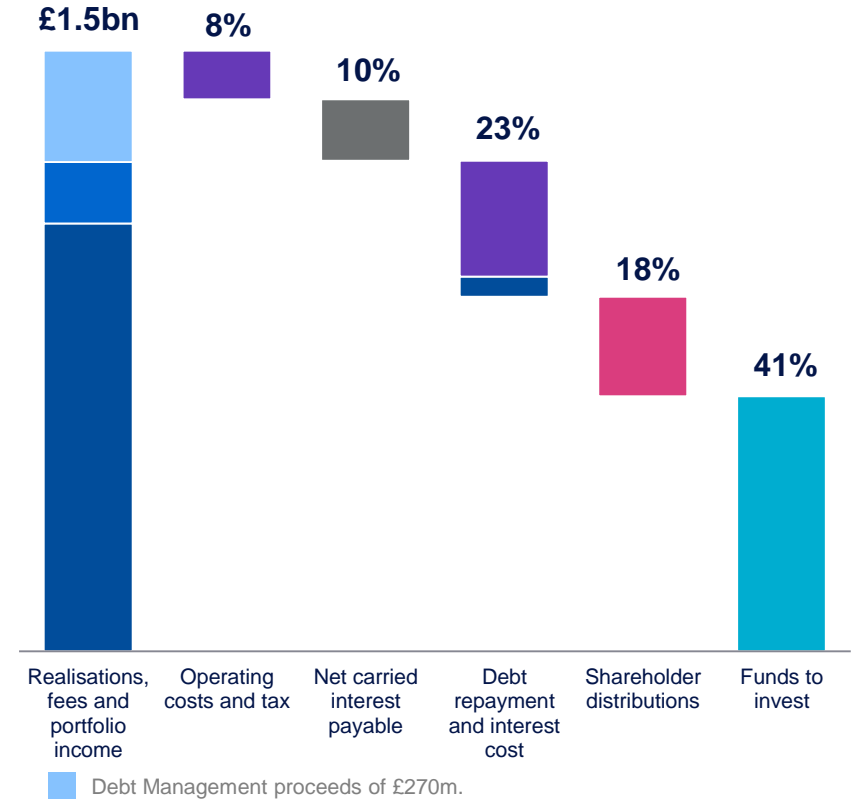
# Stronger cash generation funding higher investment and dividends



Average over FY2010-FY2012



Year to 31 March 2017





# The Resolutions





- 17 ordinary resolutions
- 4 special resolutions
- Normal annual business



## AGM poll card

The Board recommends you vote FOR resolutions 1 to 21

Resolutions	For	Against	Abstain
1 To receive and consider the Company's Accounts for the year to 31 March 2017 and the Directors' and Auditor's reports.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 To approve the Directors' remuneration report.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 To approve the Directors' remuneration policy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 To declare a dividend.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 To reappoint Mr J P Asquith as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 To reappoint Mrs C J Banzky as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 To reappoint Mr S A Borrowas as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 To reappoint Mr S W Daintith as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 To reappoint Mr P Grosch as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 To reappoint Mr D A M Hutchison as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 To reappoint Mr S R Thompson as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolutions	For	Against	Abstain
12 To reappoint Mrs J S Wilson as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13 To reappoint Ernst & Young LLP as Auditor.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14 To authorise the Board to fix the Auditor's remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15 To renew the authority to incur political expenditure.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16 To increase the annual limit on Directors' fees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17 To renew the authority to allot shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18 To renew the section 561 authority.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19 To give additional authority under section 561.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20 To renew the authority to purchase own ordinary shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21 To resolve that General Meetings (other than AGMs) may be called on not less than 14 clear days' notice.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signature



1. “That the Company’s accounts and the reports of the Directors and the Auditor for the year to 31 March 2017 be and are hereby approved”
2. “That the Directors’ remuneration report (other than the part containing the Directors’ remuneration policy) for the year to 31 March 2017 be and is hereby approved”
3. “ That the Directors’ remuneration policy in the form set out in the Directors’ remuneration report be and is hereby approved, such policy to take effect from the date this resolution is passed”
4. “To declare a final dividend of 18.5p per ordinary share for the year to 31 March 2017, payable to shareholders whose names appear on the Register of Members at close of business on 16 June 2017”



5. “That Mr J P Asquith be and he is hereby reappointed as a Director of the Company”
6. “That Mrs C J Banzky be and she is hereby reappointed as a Director of the Company”
7. “That Mr S A Borrows be and he is hereby reappointed as a Director of the Company”
8. That Mr S W Daintith and he is hereby reappointed as a Director of the Company”



9. “That Mr P Grosch be and he is hereby reappointed as a Director of the Company”
10. “That Mr D A M Hutchison be and he is hereby reappointed as a Director of the Company”
11. “That Mr S R Thompson be and he is hereby reappointed as a Director of the Company”
12. “That Mrs J S Wilson be and she is hereby reappointed as a Director of the Company”





13. “That Ernst & Young LLP be and they are hereby reappointed as Auditors of the Company to hold office until the conclusion of the next General meeting at which Accounts are laid before the members”
14. “That the Board be and it is hereby authorised to fix the Auditors’ remuneration”
15. To renew the authority to incur political expenditure
16. To increase the aggregate annual limit on Directors’ fees set out in Article 88 of the Company’s Articles of Association from £1,000,000 to £1,500,000 with immediate effect



17. "THAT the Directors be generally and unconditionally authorised, in substitution for all subsisting authorities, to allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company"
18. To renew the Directors' authority to allot shares for cash
19. To give further authority to allot shares for cash
20. To renew the Company's authority to purchase its own ordinary shares
21. "That a General Meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice"

