

Results for the six months to 30 September 2016



10 November 2016



Good progress against all KPIs

Six months to 30 September 2016



Group

Total return on equity ¹	Interim dividend per share
22.6%	8p

NAV per share	Operating cash profit ²
551p	£34m

Private Equity

Private Equity cash invested
£291m

Private Equity realisation proceeds
£654m

Infrastructure

Infrastructure cash invested
£131m

Infrastructure operating cash income
£28m

1. Our Debt Management business is now classified as a discontinued operation following the announcement of its sale on 25 October 2016. On a continuing operation basis, total return on equity for the period was 20.7% (September 2015: 4.3%).
2. On a continuing operations basis, the operating cash loss for the period was £(4)m (September 2015: £(3)m).

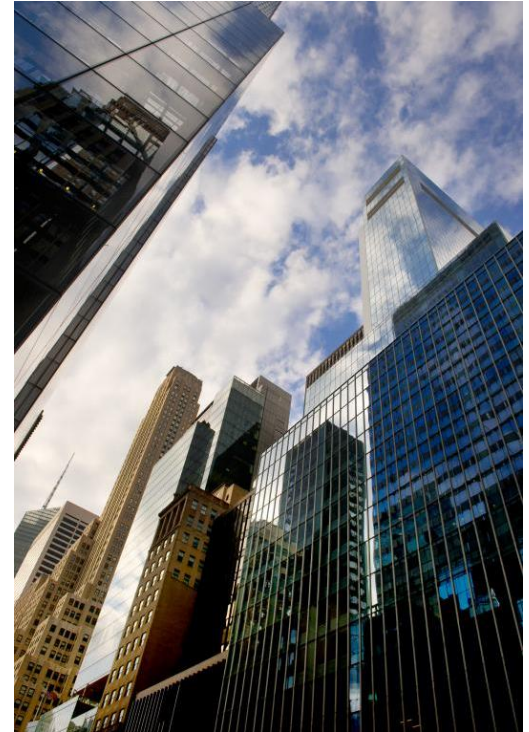
Strategic developments

Agreement to sell Debt Management to Investcorp



- Important contribution in achieving and maintaining operating cash profit
- Fit now less clear given strong progress in Private Equity and Infrastructure

Cash income from Debt Management less important as we focus on building our Private Equity and Infrastructure portfolios from a robust position, with a strong balance sheet and lean cost base



Private Equity

A strong start to the year



Strong return for the period

- **£989m** gross investment return
- **26%** of opening book value

Resilient portfolio performance

- Portfolio value growth of **£643m** in the period
- Some softness in assets exposed to oil & gas capex and discretionary consumer spending

Good quality new investment

- **£291m** proprietary capital invested
- **Two** new investments
- **€150m** investment in Ponroy Santé announced in November

Continuing to realise assets at good returns

- **£654m** gross realisation proceeds
- **Eight** full realisations

Private Equity

Robust portfolio performance continues to drive value growth



Largest value increases

Portfolio company	Value growth (excl FX)	Value at 30 Sep 2016	Key driver of value movement
Action	£547m	£1,549m	↑ Earnings ↑ Multiple
Basic-Fit ¹	£61m	£195m	↑ IPO
Scandlines	£47m	£434m	↑ DCF assumptions
ATESTEO	£23m	£115m	↑ Earnings
Euro-Diesel	£14m	£82m	↑ Multiple ↑ Earnings
Aspen Pumps	£14m	£78m	↑ Earnings ↑ Multiple
Tato	£13m	£93m	↑ Earnings ↑ Multiple

Largest value declines

Portfolio company	Value decline (excl FX)	Value at 30 Sep 2016	Key driver of value movement
Agent Provocateur	£(39)m	£6m	Other
Dynatect	£(10)m	£59m	↓ Earnings ↓ Multiple

- Private Equity portfolio value growth of £643m in the period

¹ Basic-Fit was IPOed in June 2016. 3i received £82m in proceeds and maintains a 24% stake.

Private Equity

FY13+ vintages continue to perform well



Investment	Financial year invested	Country	Sector	Total cost (£m)
Geka (realised)	FY13	Germany	Industrials	57
Scandlines (further)	FY13	Denmark/Germany	Transport	77
JMJ	FY14	US	Business Services	42
ATESTEO	FY14	Germany	Business Services	77
Basic-Fit	FY14	Benelux	Consumer	81
Dynatect	FY15	US	Industrials	65
Aspen Pumps	FY15	UK	Industrials	64
Q Holding	FY15	US	Industrials	100
Christ	FY15	Germany	Consumer	99
Weener Plastic	FY16	Germany	Industrials	144
Euro-Diesel	FY16	Benelux	Industrials	52
Audley Travel	FY16	UK	Consumer	156
Total				1,014

Aggregate MM of 1.6x compares well with 2013 vintage European PE funds¹

Geka and Basic-Fit realised or partially realised in the period

¹ Source: Preqin

Private Equity

Action continues to grow strongly



- Management team confident that last year's growth metrics can be replicated
- DC3 near Paris opened in June 2016
- DC4 and DC5 near Toulouse and Mannheim now at the planning stage

Valued at £1,549m, or 16.8x LTM run-rate earnings
(June 2016: £1,488m, or 18.2x)





- **Exposure to capex in oil & gas and commodities**
- **Exposure to discretionary consumer spending**
- **Agent Provocateur substantially written down**

Private Equity

Continuing to reshape the portfolio through realisations



	Investment	Realised proceeds	Money multiple (MM) over cost ¹	IRR
Refi	Mayborn	£136m	3.5x	17%
	Quintiles	£107m	3.3x	23%
	Amor	£88m	2.3x	18%
	Geka	£85m	1.8x	16%
	Polyconcept	£42m	2.0x	7%
	Eltel	£20m	1.0x	(1)%
	UFO Moviez	£16m	2.9x	16%
Partial	Basic-Fit	£82m	3.5x	58%
	Scandlines	£16m	3.8x	30%
	Other	£8m	n/a	n/a
Refi	ATESTEO	£48m	2.1x	34%

HY17 realisations

£654m total proceeds

2.3x average MM

8 full realisations

5 partial realisations

1 refinancing

¹ For partial realisations and refinancings, MM includes residual value.

£155m of proprietary capital invested in August

- Global leader in cable management solutions for the automotive industry
- Business set to benefit from mega trends in the automotive industry such as connectivity, e-mobility, autonomous driving and safety





£132m proprietary capital invested in July in a public-to-private transaction

- Urban interior design brand, founded in 1952
- 254 brand franchises and 43 studios across 60 countries
- Attractive market segment, with good growth outlook underpinned by demographic trends



€150m proprietary capital investment announced in November

- Leader in the natural consumer healthcare industry in Europe, with a presence in Asia and the Americas
- Well known brands include Yves Ponroy, Biolane, Lecitone, Vitarmony and Ultrabiotique
- Good growth potential underpinned by global mega trends in natural healthcare and wellbeing



Private Equity

A portfolio weighted towards our better assets



	The buckets	Selected examples	% of value	
			HY2017	FY2016
1	Longer-term hold and value creation	Action, Scandlines, Audley Travel, ATESTEO	c.62%	c.62%
2	Strong performers; performing in line with investment case	WP, Q Holding, BVG, Schlemmer	c.24%	c.22%
3	Manage intensively; potential value upside	Mémora, OneMed, Etanco, Lekolar	c.8%	c.10%
4	Low or nil-valued assets	Indiareit, Siro	0.4%	0.3%
5	Quoted assets	Basic-Fit, Refresco, Dphone	c.6%	c.5%

44 portfolio companies and 3 quoted stakes at 30 September 2016, down from 47 portfolio companies and 5 quoted holdings at start of FY2017

Infrastructure

Continuing to build investment momentum



Contributing to capital and income returns

- **£90m** gross investment return, or **17%** of opening book value
- **£28m** operating cash income

Investment activity levels remain strong

- Four new investments/commitments announced in the period, totalling c.**£290m**
- Further **£185m** investment in Infinis announced in October

Supporting growth in the franchise

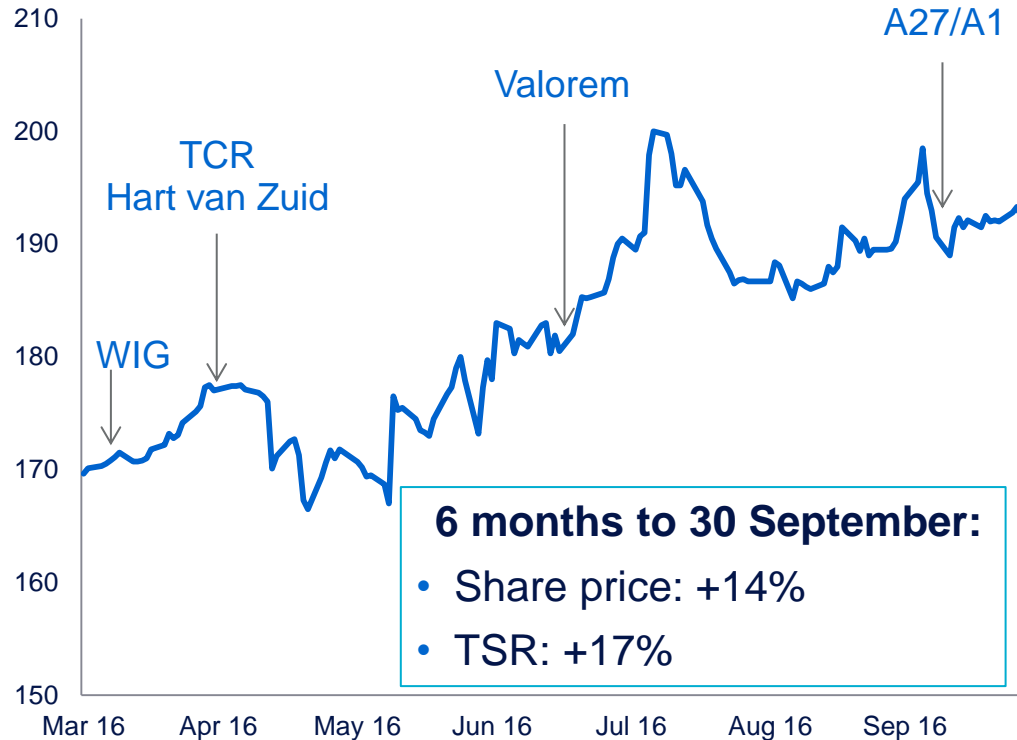
- 3iN raised **£385m** in new equity in June, of which £131m from 3i
- Proceeds now deployed

Infrastructure

3iN: robust returns and strong momentum in investment activity



3iN share price (p/share)



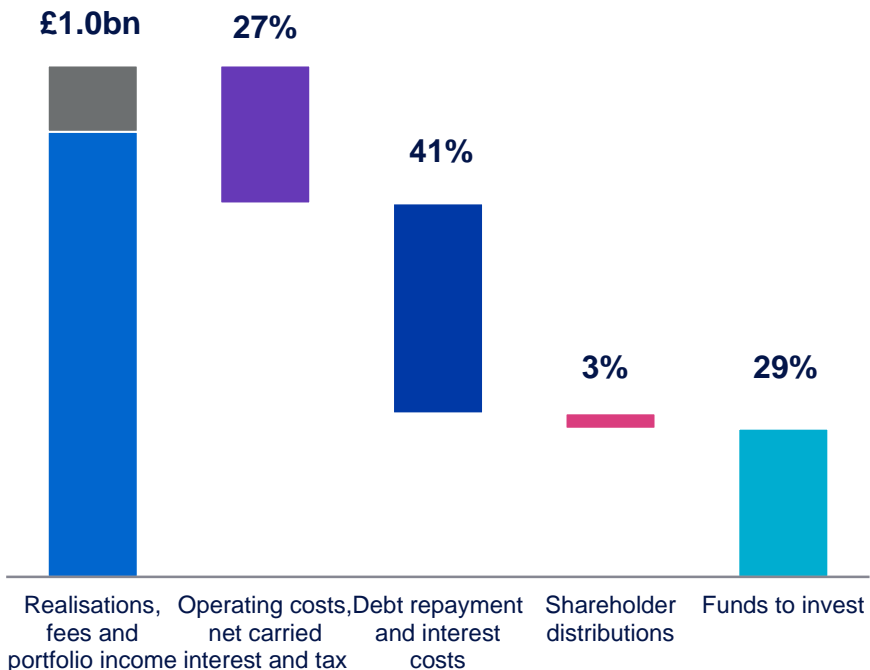
Strong performance in HY17

Total return on opening NAV	5%
NAV per share	165.7p
Interim dividend per share	3.775p

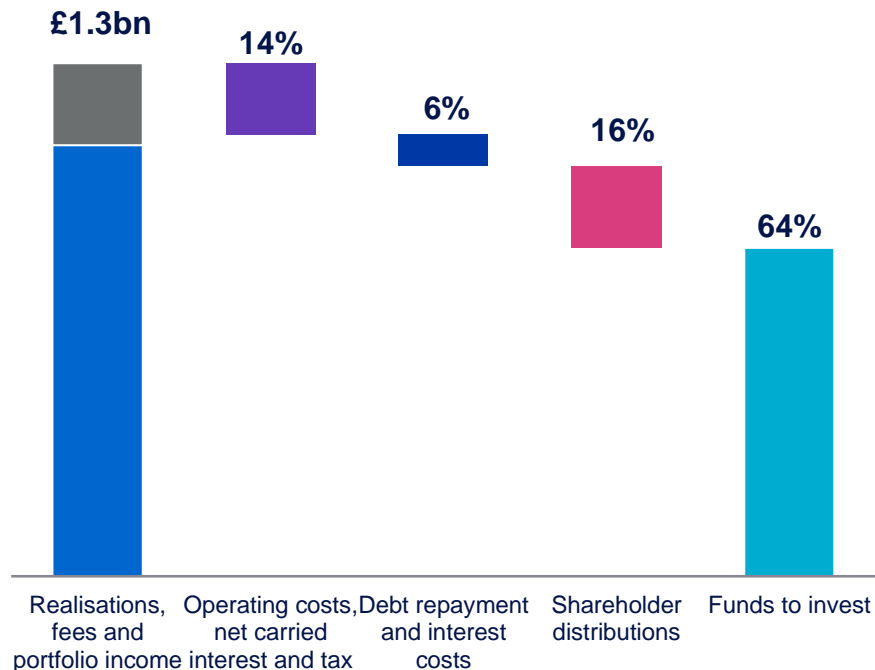
Continuing to improve capital efficiency and allocation



Average over FY10-FY12



Year to 30 September 2016

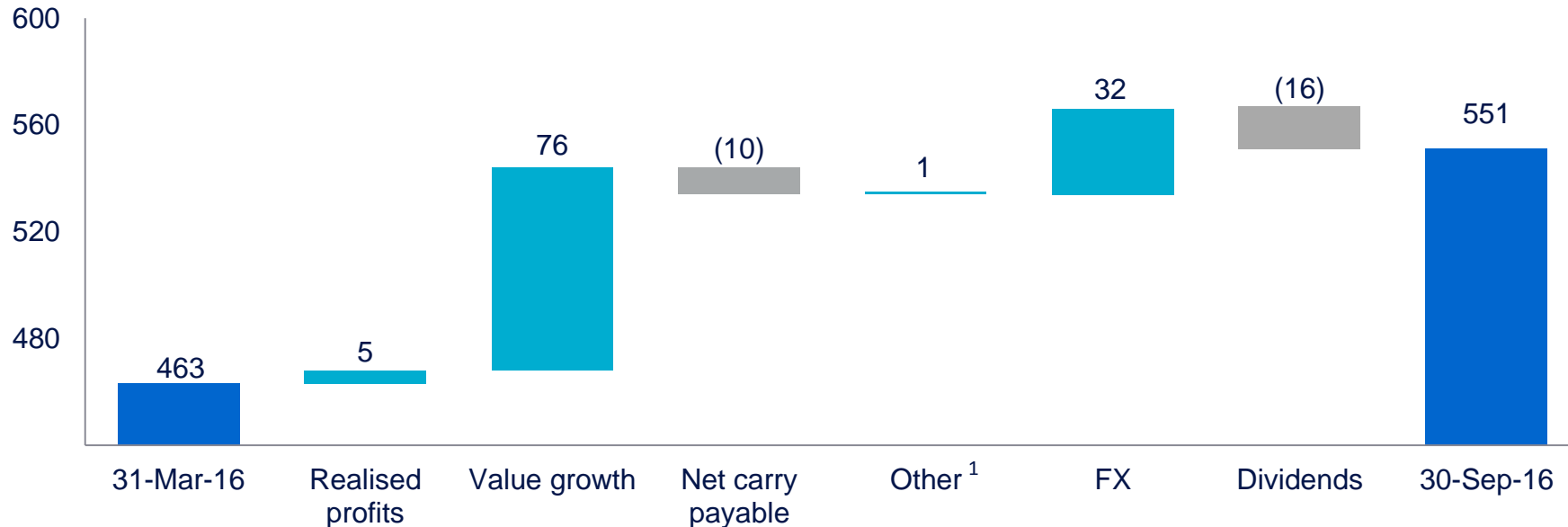




NAV up 19% to 551 pence driven by strong portfolio performance



NAV per share (pence)



Debt Management contributed 9 pence to NAV in the first half

¹ Other includes fee income, operating expenses, interest paid etc.

Private Equity

Strong performance



6 months to 30 September £ million	2016	2015
Gross investment return	989	246
% of opening portfolio	26%	8%
Realised profit	52	26
Uplift over book value ¹	9%	9%
Money multiple	2.3x	1.6x
Realisations	654	307
Cash Investment	291	208
Portfolio value	4,351	3,275

Portfolio now 44 assets and 3 quoted stakes

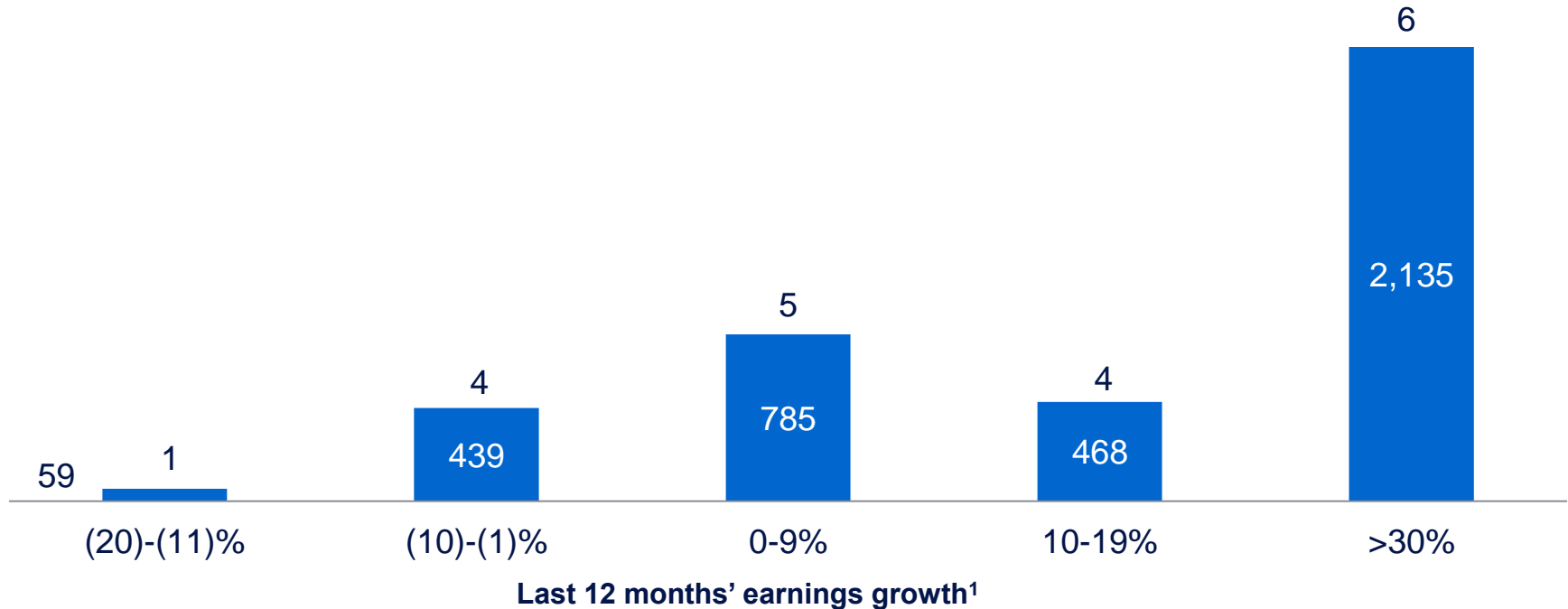
¹ Excludes refinancings.

Private Equity

Good growth in the top 20 assets



3i carrying value at 30 September 2016
(£ million)



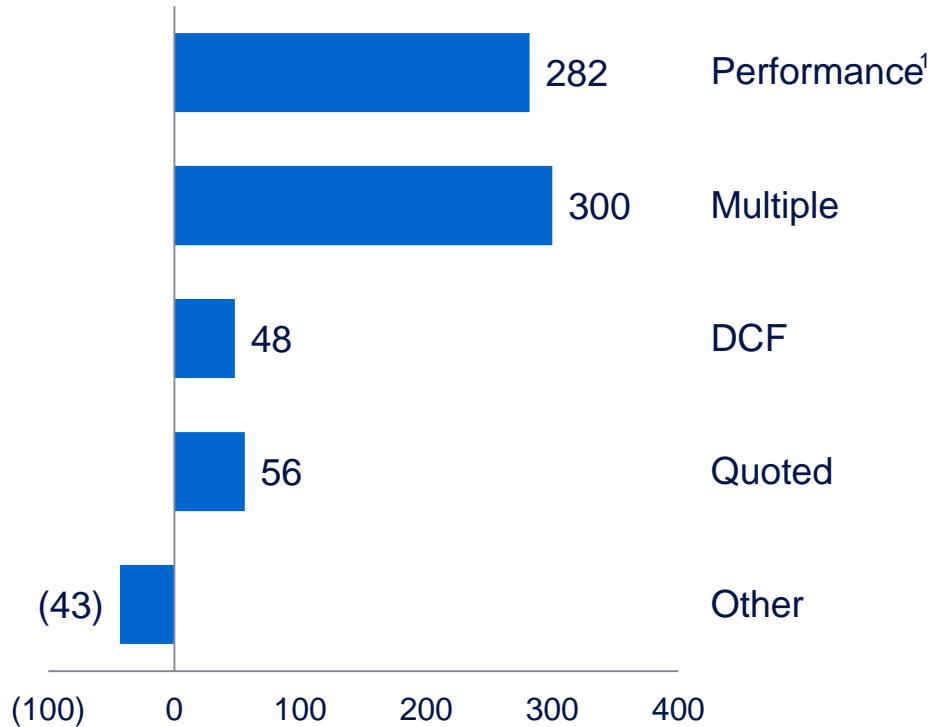
¹ Twenty large Private Equity assets as disclosed in the Half-yearly report. This represents 89% of the Private Equity portfolio value.

Private Equity

£643 million value growth driven by Action, Scandlines and the more recent investments



Value movement by basis (£ million)



Use of earnings	Sept 2016	March 2016
% valued on an earnings basis	72%	74%
Forecast indicates negative outlook (no.)	2	2

Multiples	Sept 2016	March 2016
FTSE 250	14.2x	14.3x
Action ²	16.8x	14.0x
3i ex. Action ²	9.7x	10.1x

¹ Performance includes value movements relating to earnings and net debt movements in the period.

² Multiples are stated post liquidity discount.

Private Equity

Carry receivable and payable



£ million	6 months to 30 September	
Income statement	2016	2015
Receivable	203	(8)
Payable	(302)	(36)
Net total return charge	(99)	(44)
Balance sheet	September 2016	March 2016
Carried interest receivable	296	92
Carried interest payable	623	356
Net cash paid	54	9

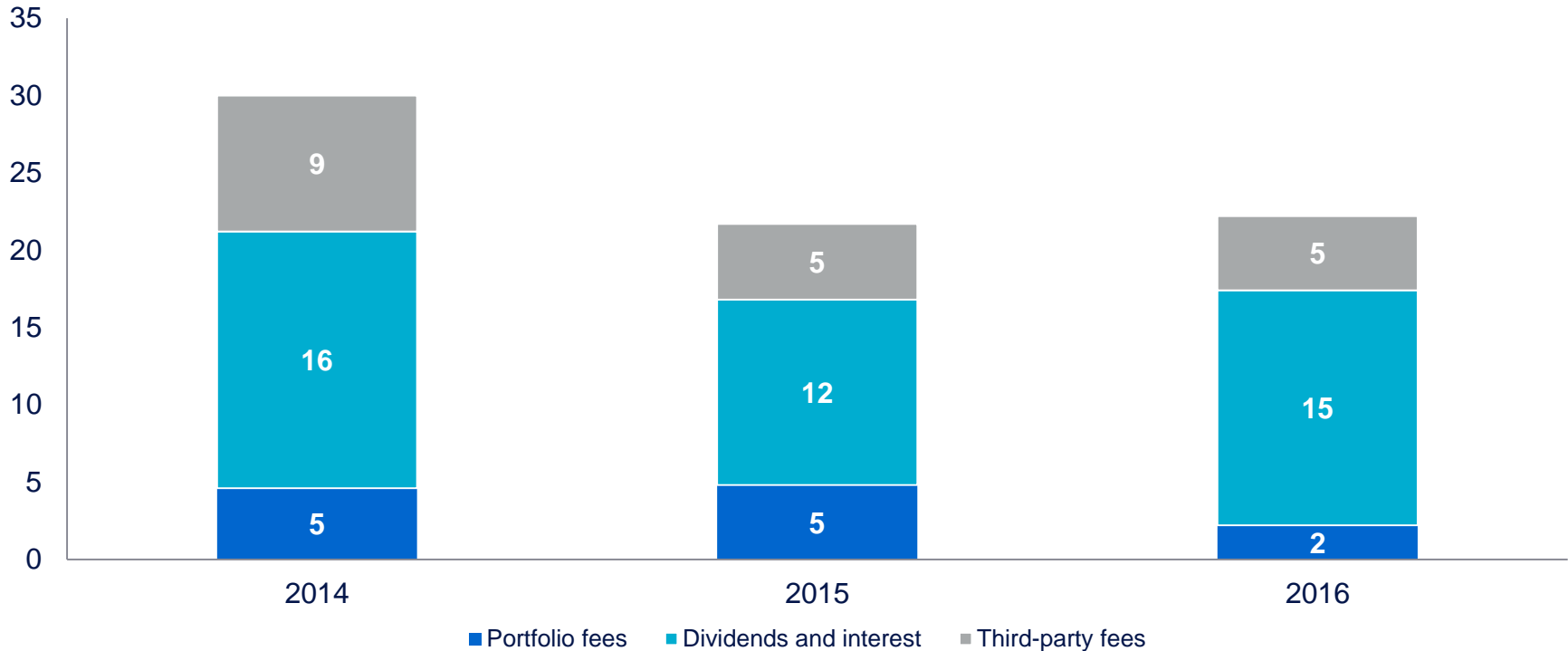
EFV multiple 2.0x; Growth Capital multiple 1.8x

Private Equity

Good portfolio contribution to operating cash income



6 months to 30 September
£ million



Infrastructure

Strong gross investment return



6 months to 30 September £ million	2016	2015
Gross investment return	90	23
% of opening portfolio	17%	4%
Fee income	18	14
Cash income	28	25
Cash investment	131	-
Portfolio value	722	513

3iN TSR of 17% in the period

Debt Management

Good performance in the first half



6 months to 30 September £ million	2016	2015
Gross investment return	69	3
% of opening portfolio	30%	2%
Fee income	24	17
Cash income	50	33
Direct operating expenses	12	13
Net contribution to total return	84	5

Launched 3 CLOs and raised £1.0bn of AUM; total AUM of £9.0bn

Debt Management

Sale to Investcorp announced 25 October 2016



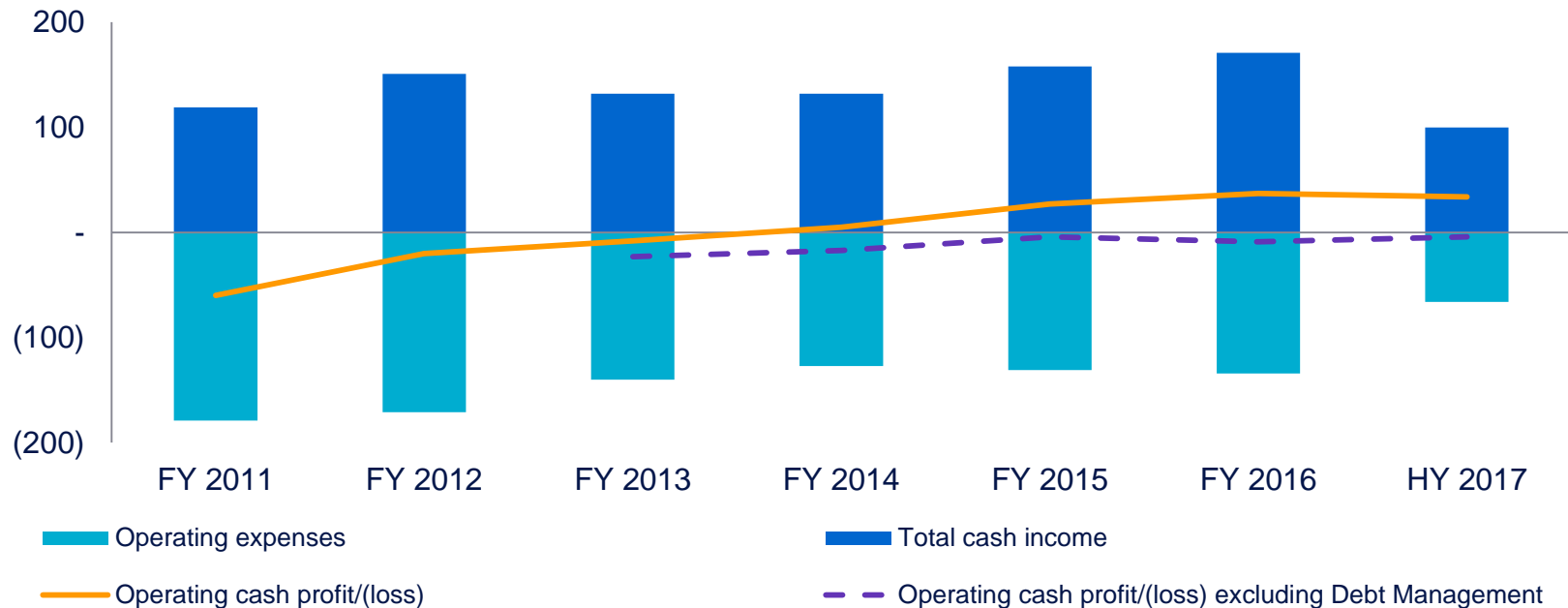
- Gross cash proceeds of **£222m** subject to closing adjustments
 - Sold risk retention equity (**£182m** at 30 September 2016) and Fund Management business (**£9bn** of AUM)
- Debt Management classified as a discontinued operation and expect remaining investments to unwind as appropriate
- Transaction expected to complete no later than 31 March 2017

Exceptional profit on disposal of c.£36m to be recognised on completion

Operating cash profit



£ million



Significant progress since the 2012 strategic review

¹ Operating expenses exclude restructuring costs up until FY2016.

Summarised balance sheet



£ million	30 September 2016¹	31 March 2016
Portfolio value	5,073	4,497
Gross debt	(844)	(837)
Cash	1,031	1,002
Net cash	187	165
Liquidity	1,360	1,352

¹ Excludes Debt Management balances which are included within assets held for sale.



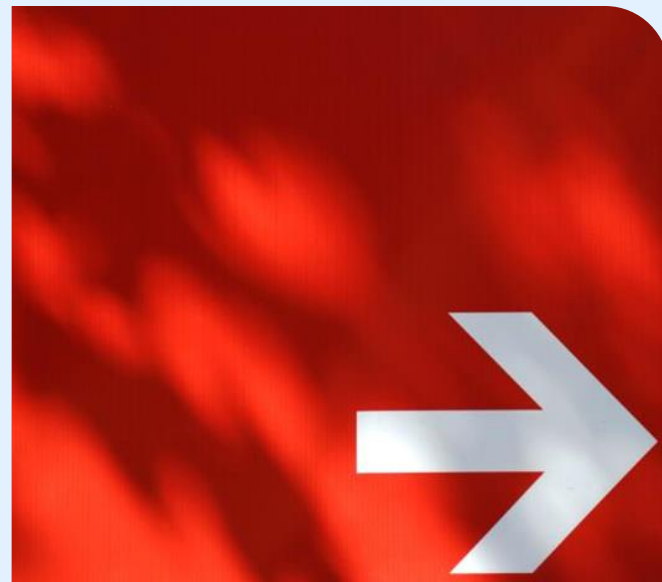
- Policy to pay **8.0p** interim dividend and **8.0p** year end dividend plus additional final dividend, provided:
 - gearing <20% ✓
 - gross debt on target to be <£1bn ✓
- Final dividend dependent on cash realisations, investment pipeline and balance sheet at year end

8.0 pence interim dividend announced today

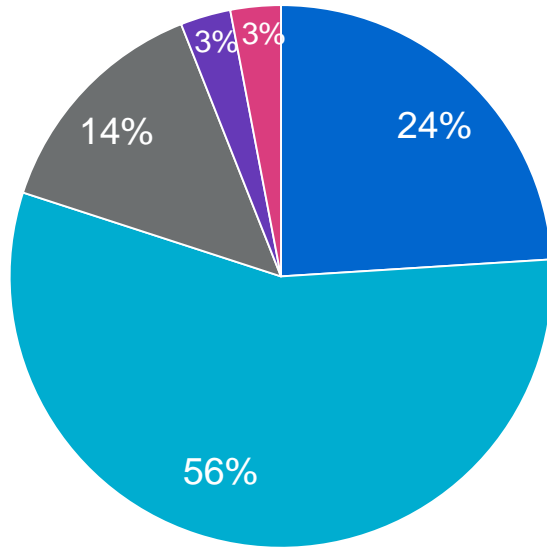




Additional information



Net asset exposure by currency



- Sterling/non-revaluing
- Euro
- US dollar
- Danish krone
- Other

Currency	Net assets	Change YTD	Impact
GBP	£1,296m		
Euro	£2,989m	(9.1)%	£208m
US dollar	£741m	(10.9)%	£57m
Danish krone	£133m	(9.1)%	£1m
Other	£161m	n/a	£17m
Total	£5,320m	n/a	£283m

1% movement in euro = £30m, 1% in US dollar = £7m

Private Equity

Twenty large investments



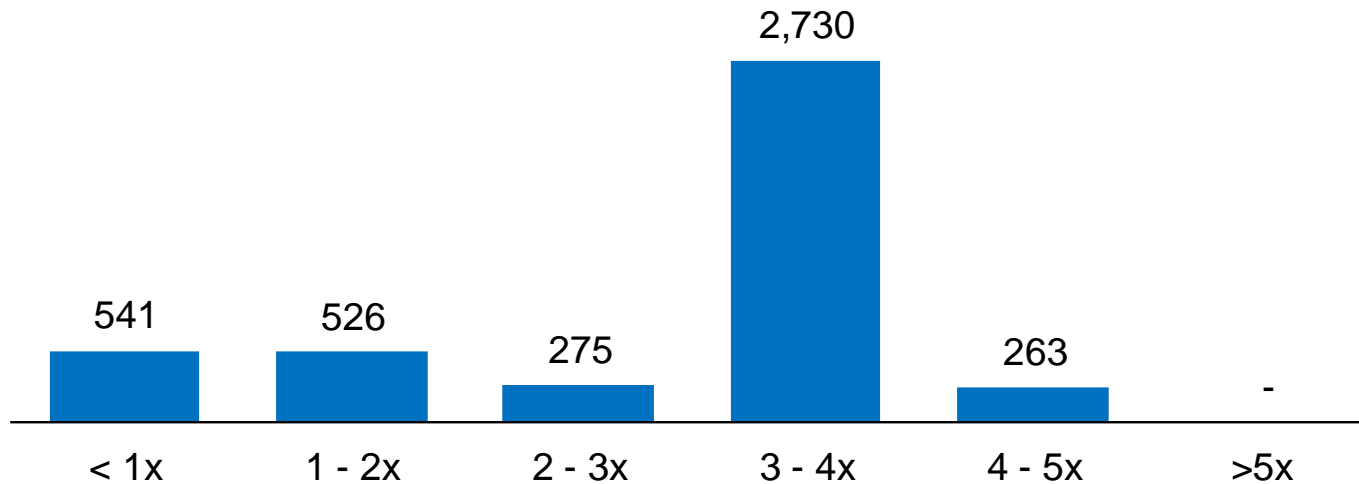
Investment	Business description	Value at 30-Sep-16 £m	Value at 31-Mar-16 £m	Relevant transactions in the period
Action	Non-food discount retailer	1,549	902	
Scandlines	Ferry operator between Denmark and Germany	434	369	
Basic-Fit	Discount gyms operator	195	208	IPO in June
WP	Supplier of plastic packaging solutions	187	173	
Audley Travel	Provider of experiential tailor made travel	162	158	
Schlemmer	Provider of cable protection for automotive and industrial applications	157	-	New investment
Q Holding	Precision engineered elastomeric components manufacturer	134	120	
BoConcept	Urban living brand	133	-	New investment
Christ	Distributor and retailer of jewellery	121	117	
ATESTEO	International transmission testing specialist	115	130	Refinancing
AES Engineering	Manufacturer of mechanical seals and support systems	101	92	
Tato	Manufacture and sale of speciality chemicals	93	80	
Memora	Funeral service provider	83	83	
Euro-Diesel	Manufacturer of uninterruptible power supply systems	82	59	
Aspen Pumps	Manufacturer of pumps and accessories for the air conditioning, heating and refrigeration industry	78	64	
MKM	Building materials supplier	60	53	
Dynatect	Manufacturer of engineered mission critical protective equipment	59	63	
OneMed	Distributor of consumable medical products, devices and technology	55	60	
Refresco Gerber	European bottler of soft drinks and fruit juices	46	44	
Etanco	Manufacturer of building fasteners and fixing systems	40	36	

Table above lists 20 large investments as disclosed in the Half-yearly report 2016

Private Equity leverage

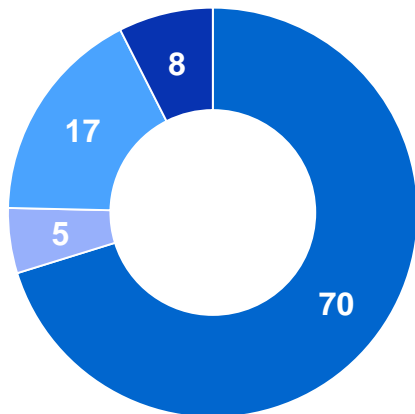


Ratio of total net debt to EBITDA by September 2016 values (£ million)



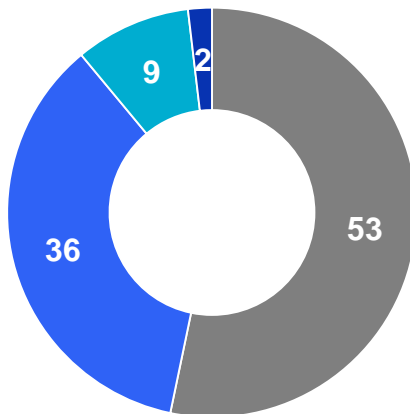
Note: The above table includes assets not valued on an EBITDA basis.

By region (%)



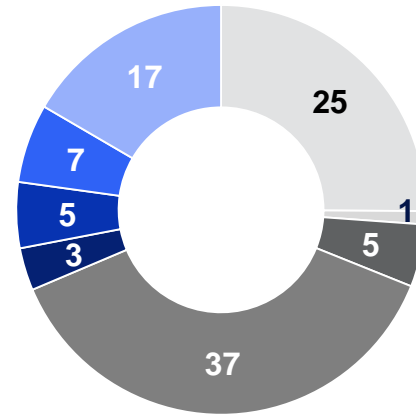
- Northern Europe
- North America
- UK
- Other

By sector (%)



- Consumer
- Industrial
- Business services
- Other

By vintage (%)



- pre 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015
- 2016

Portfolio of 47 investments, down from 52 at 31 March 2016

8 Private Equity full realisations in the year



Investment realised	Calendar year invested	Realisation proceeds	Uplift to opening value	Money multiple
Realisations				
Mayborn	2006	£136m	2%	3.5x
Quintiles	2008	£107m	10%	3.3x
Amor	2010	£88m	2%	2.3x
Geka	2012	£85m	47%	1.8x
Polyconcept	2005	£42m	2%	2.0x
Eltel	2007	£20m	5%	1.0x
UFO Moviez	2007	£16m	23%	2.9x

Private Equity refinancings, partial realisations and deferred consideration



Investment realised	Calendar year invested	Realisation proceeds	Uplift to opening value	Money multiple ¹	Residual value (30 Sep 2016)
Refinancings					
ATESTEO	2013	£48m	-%	2.1x	£115m
Partial realisations					
Basic-Fit	2013	£82m	-%	3.5x	£195m
Scandlines	2007/2013	£16m	-%	3.8x	£434m
Other	n/a	£8m	n/a	n/a	£59m
Deferred consideration					
Other investments	n/a	£6m	n/a	n/a	£1m

¹ Money multiple calculated using 3i sterling cash flows and, for partial exits and refinancings, includes 30 September 2016 residual value.

Assets under management

Private Equity



	Close date	Original fund size	Original 3i commitment	Remaining 3i commitment ¹ at September 2016	% invested at September 2016	Gross money multiple ² at September 2016	AUM	Fee income received in the period
3i Growth Capital Fund	Mar 10	€1,192m	€800m	€346m	53%	1.8x	€211m	£1m
3i Eurofund V	Nov 06	€5,000m	€2,780m	€107m	94%	2.0x	€1,637m	£4m
3i Eurofund IV	Jun 04	€3,067m	€1,941m	€82m	95%	2.3x	€196m	–
Other	various	various	various	n/a	n/a	n/a	£813m	n/a
Total Private Equity AUM							£3,181m	£5m

1 All funds are beyond their investment period.

2 Gross money multiple is the cash returned to the fund plus value as at 30 September 2016, as a multiple of cash invested.

3 AUM is calculated on the residual cost.

Assets under management

Infrastructure



	Close date	Original fund size	Original 3i commitment	Remaining 3i commitment at September 2016	% invested at September 2016	Gross money multiple ¹ at September 2016	AUM	Fee income received in the period
3iN	Mar 07	n/a	n/a	n/a	n/a	n/a	£1,662m ²	£11m
India fund	Mar 08	US\$1,195m	US\$250m	US\$35m	73%	0.5x	US\$474m ³	£2m
BIIF	May 08	£680m	n/a	n/a	90%	n/a	£561m	£3m
BEIF II	Jul 06	£280m	n/a	n/a	97%	1.1x	£63m	£1m
Other	various	various	various	n/a	n/a	n/a	£145m	£1m
Total Infrastructure AUM							£2,726m	£18m

¹ Gross money multiple is the cash returned to the fund plus value as at 30 September 2016, as a multiple of cash invested.

² Based on latest published NAV (ex-dividend).

³ Adjusted to reflect 3i Infrastructure plc's US\$250m share of the fund.

Assets under management

Debt Management Europe CLOs



	Closing date	Reinvestment period end	Maturity date	Par value of fund at launch ¹	Realised equity money multiple ²	AUM	Annualised equity cash yield ^{3,4,5}	Fees received in the period £m
European CLO funds								
Harvest XVI	Sep 16	Oct 20	Oct 29	€452m	n/a	€440m	n/a	
Harvest XV	May 16	May 20	May 29	€413m	n/a	€401m	n/a	
Harvest CLO XIV	Nov 15	Nov 19	Nov 29	€400m	0.1x	€401m	17.3%	
Harvest CLO XII	Aug 15	Aug 19	Aug 29	€413m	0.2x	€403m	18.7%	
Harvest CLO XI	Mar 15	Mar 19	Mar 29	€415m	0.2x	€402m	16.6%	
Harvest CLO X	Nov 14	Dec 18	Nov 28	€467m	0.3x	€452m	18.7%	
Harvest CLO IX	Jul 14	Aug 18	Aug 26	€525m	0.4x	€510m	20.0%	
Harvest CLO VIII	Mar 14	Apr 18	Apr 26	€425m	0.4x	€412m	19.0%	
Harvest CLO VII	Sep 13	Oct 17	Oct 25	€310m	0.3x	€302m	12.1%	
Axius CLO	Oct 07	Nov 13	Nov 23	€350m	0.8x	€147m	9.0%	
Coniston CLO	Feb 07	Jul 13	Jul 24	€409m	1.1x	€149m	12.4%	
Harvest CLO V	Apr 07	May 14	May 24	€632m	0.9x	€373m	9.8%	
Garda CLO	Jan 07	Apr 13	Apr 22	€358m	1.5x	€85m	15.5%	
Pre 2007 CLOs	n/a	n/a	n/a	n/a	n/a	€350m	n/a	
						£4,166m		£15m

Assets under management

Debt Management US CLOs



	Closing date	Reinvestment period end	Maturity date	Par value of fund at launch ¹	Realised equity money multiple ²	AUM	Annualised equity cash yield ^{3,4,5}	Fees received in the period £m
US CLO funds								
Jamestown CLO IX	Sep 16	Oct 20	Oct 28	US\$408m	n/a	US\$398m	n/a	
Jamestown CLO VIII	Dec 15	Jan 20	Jan 28	US\$504m	0.1x	US\$509m	13.4%	
Jamestown CLO VII	Aug 15	Jul 19	Jul 27	US\$511m	0.1x	US\$501m	15.3%	
Jamestown CLO VI	Feb 15	Feb 19	Mar 27	US\$750m	0.3x	US\$751m	19.3%	
Jamestown CLO V	Dec 14	Jan 19	Jan 27	US\$411m	0.3x	US\$392m	19.0%	
Jamestown CLO IV	Jun 14	Jul 18	Jul 26	US\$618m	0.4x	US\$585m	19.7%	
COA Summit CLO	Mar 14	Apr 15	Apr 23	US\$416m	0.5x	US\$277m	21.5%	
Jamestown CLO III	Dec 13	Jan 18	Jan 26	US\$516m	0.4x	US\$494m	16.8%	
Jamestown CLO II	Feb 13	Jan 17	Jan 25	US\$510m	0.7x	US\$497m	19.1%	
Jamestown CLO I	Nov 12	Nov 16	Nov 24	US\$461m	0.7x	US\$441m	18.2%	
Pre 2007 CLOs	n/a	n/a	n/a	n/a	n/a	US\$373m	n/a	
						£4,019m		£7m

Assets under management

Debt Management other funds



	Closing date	Reinvestment period end	Maturity date	Par value of fund at launch ¹	Realised equity money multiple ²	AUM	Annualised equity cash yield ^{3,4,5}	Fees received in the period £m
Other funds								
Global Income Fund	Jul 15	n/a	n/a	n/a	n/a	US\$196m	4.8%	
EMMF	Nov 14	Nov 17	Nov 22	n/a	n/a	€264m	n/a	
Vintage II	Nov 11	Dec 13	n/a	US\$400m	0.4x	US\$136m	1.6x	
Senior Loan Fund	Jul 09	n/a	n/a	n/a	n/a	US\$196m	7.1%	
COA Fund	Nov 07	n/a	n/a	n/a	n/a	US\$11m	3.1%	
Vintage I	Mar 07	Mar 09	Jan 22	€500m	4.2x	€201m	6.7x	
						£820m		£2m
Total						£9,005m		£24m

1 Includes par value of assets and principal cash amount.

2 Multiple of total equity distributions over par value of equity at launch.

3 Average annualised returns since inception of CLOs calculated as annualised cash distributions over par value of equity. Excludes unrealised equity remaining in CLO.

4 Vintage I & II returns is shown as gross money multiple which is cash returned to the Fund plus value as at 30 September 2016, as a multiple of cash invested.

5 The annualised returns for the COA Fund and Senior Loan Fund are the annualised net returns of the Funds since inception.

