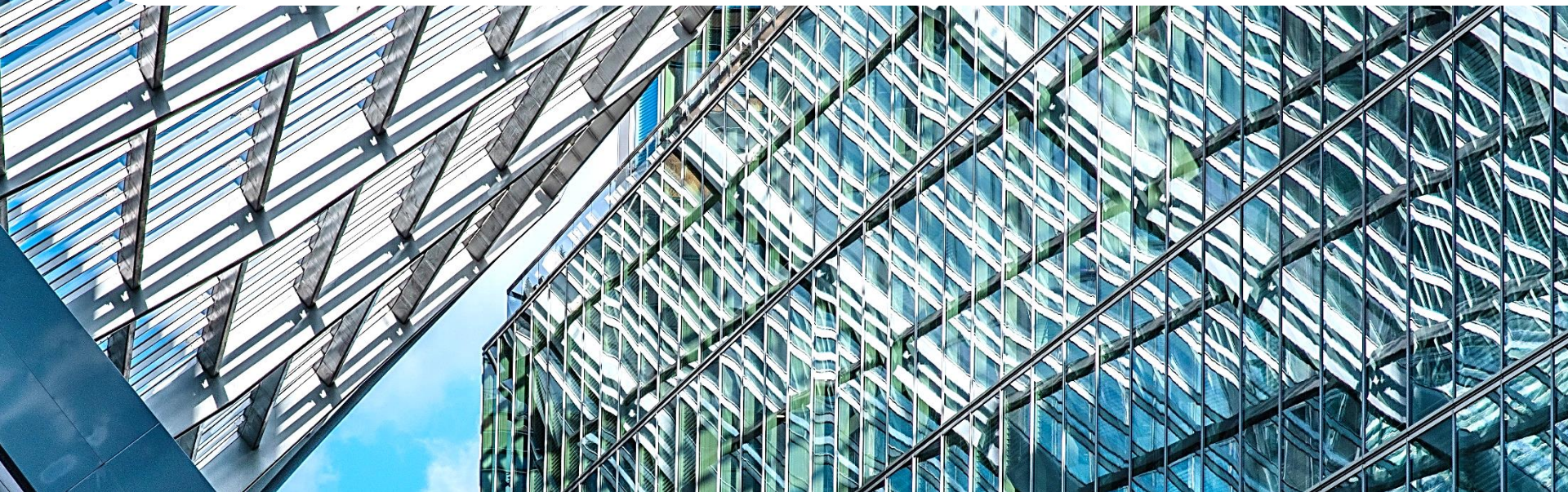




# Results for the six months to 30 September 2019

14 November 2019



# A good start to the year

## Six months to 30 September 2019



Group		Private Equity	Infrastructure	Corporate Assets
Total return on equity	Interim dividend	Proprietary capital invested	Cash income	Cash realisations
10%	17.5pps	£221m	£37m	£70m
NAV per share	Net cash	Top 20 assets growing earnings	3iN TSR	Dividend income
873p	£50m	91% (by value)	9%	£27m

**Good progress across our business**

# Private Equity

## Action – proposed liquidity event for EFV LPs



### EFV transaction

- Sale of EFV LP's interest in Action to new 3i managed vehicles, backed by existing and new institutional investors and 3i
- Proposed transaction values Action at post-discount EV of €10.25bn, representing a net implied multiple of September run-rate and LTM EBITDA of 18.2x and 20.3x respectively
- Additional €625m TLB issue to be completed by Action immediately prior to the transaction. Proceeds, and surplus cash in the business, distributed to pre-sale shareholders (c.€745m)

### 3i's holding in Action

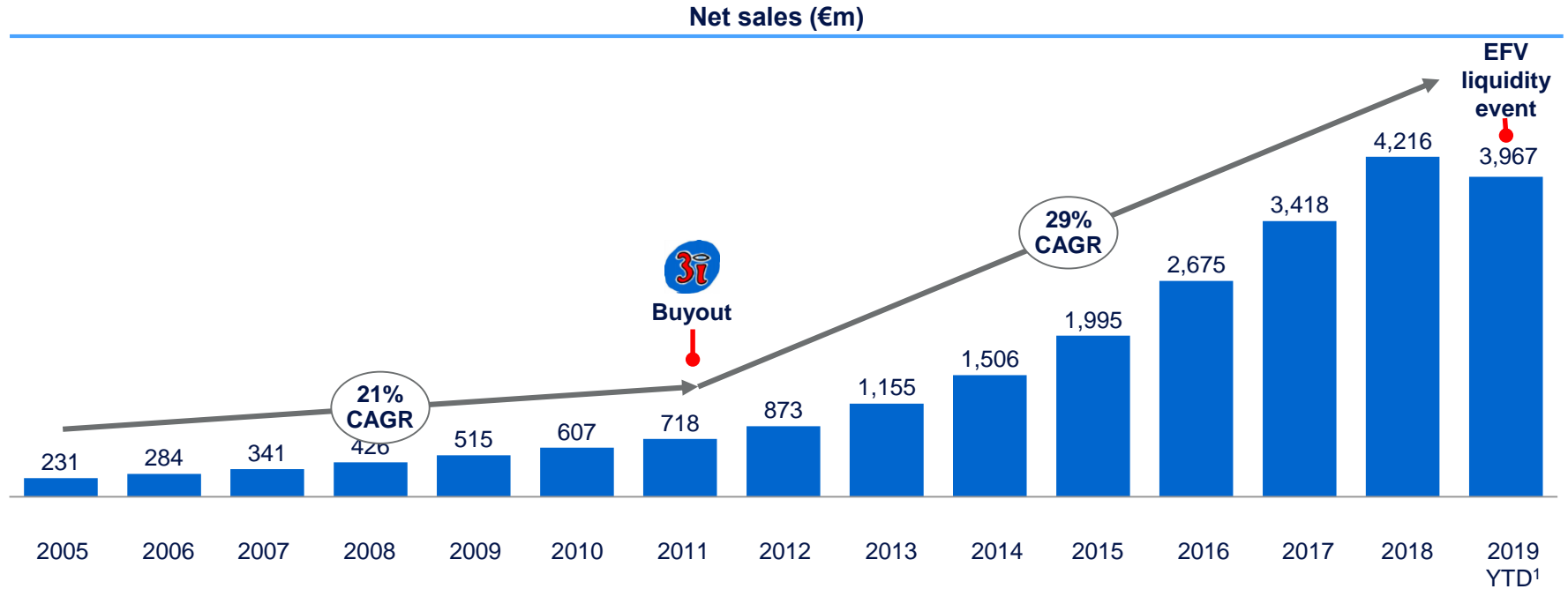
- 3i will increase its holding in Action through investment of the distribution received from the refinancing and the net EFV carry proceeds; 3i expects to own an interest in Action of just under 50%
- 3i's governance of Action remains unchanged

### Carried interest

- Transaction triggers receipt of carry receivable from EFV, with a corresponding payment due to participants in the EFV carry plan
- Carry payable on existing 3i balance sheet investment in Action remains in place but liability effectively "hedged" by 3i's increased holding in Action

# Private Equity

## Action – an impressive growth trajectory



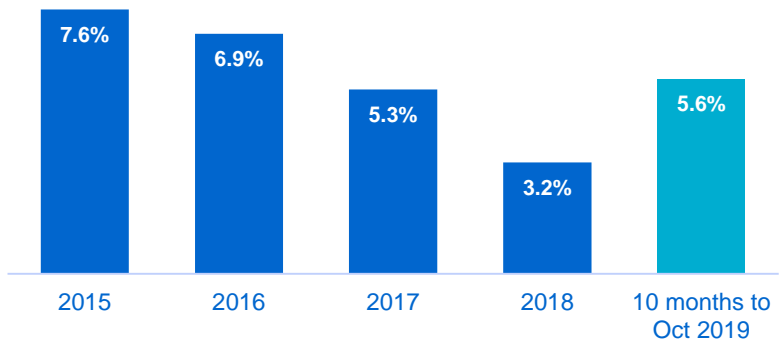
**3i continues to have conviction in the Action growth story**

# Private Equity

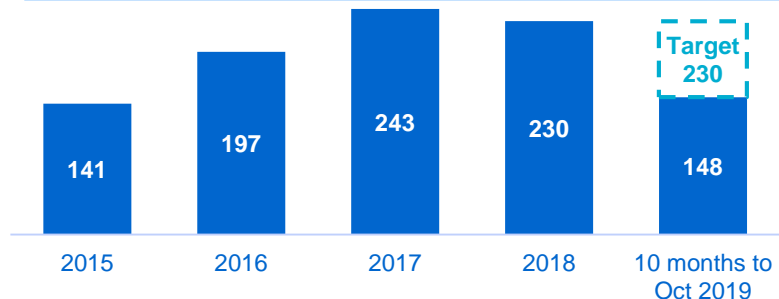
Action – strong current trading and operational performance



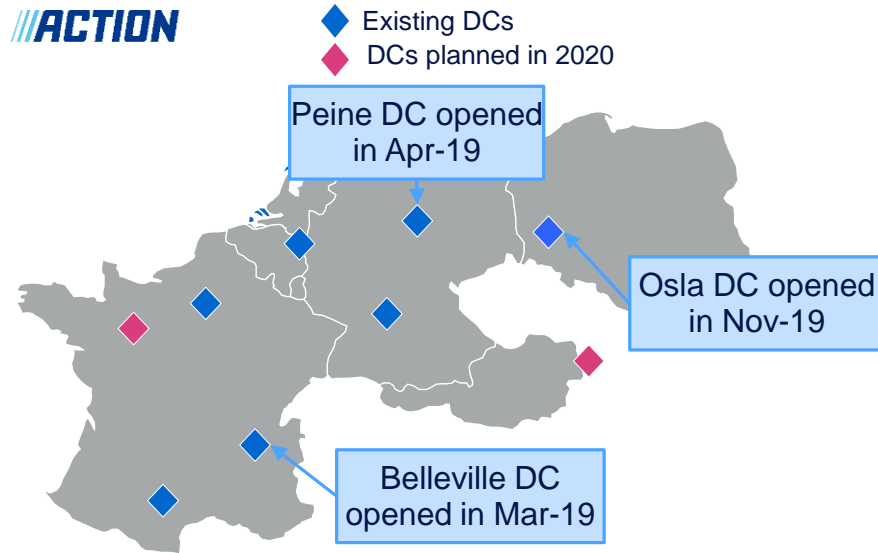
**Strong LFL sales growth**



**On track to achieving store opening target for the year**



**Eight DCs now operational, with two further openings in 2020**



Year	2015	2016	2017	2018	2019	2020
# DCs	2	3	5	5	8	10

**The current DC network has excess capacity to serve over 500 additional stores**

# Private Equity

## Action – transformation of scale implied by the business plan



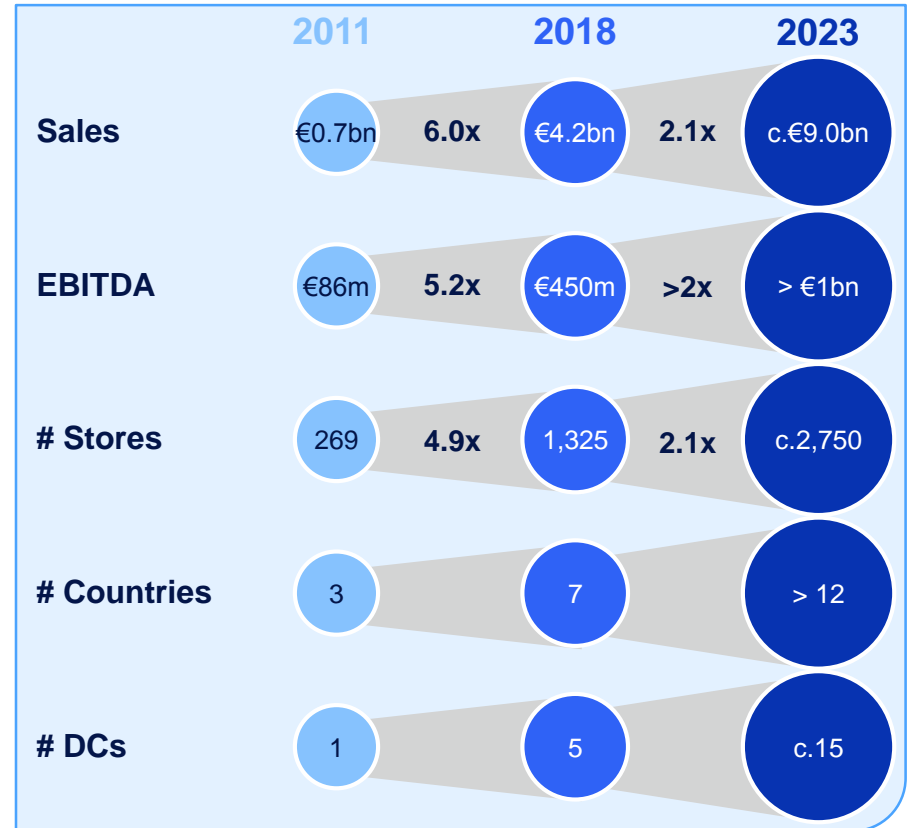
The fastest growing non-food discounter in Europe

Exceptional track record of growth and attractive returns

Further European white space potential of c.5,000 stores

First class senior management team

A discount platform primed to deliver outstanding growth for the long-term





# Private Equity

Disciplined approach and robust fundamentals driving performance



Good earnings growth across the portfolio

11% gross investment return

Good performance overall, with softness in some industrials

91% of top 20 assets by value grew earnings in the period

Disciplined approach to new investment

£139m investment in Magnitude completed in the period

c.£214m investment in Evernex completed since the period end

Continued focus on robust growth trends

Adding selectively to portfolio through bolt-ons

Seven bolt-on acquisitions completed across the portfolio

One further bolt-on completed since the period end

# Private Equity

91% of the top 20 portfolio companies by value grew earnings in the period



## Largest value increases (>£10m)

Portfolio company <sup>1</sup>	Value growth (excl FX)	Value at 30 Sep 2019	Key driver of value movement
Action	£381m	£3,243m	↑ Earnings
Hans Anders	£39m	£303m	↑ Earnings
Tato	£22m	£139m	↑ Earnings ↑ Multiple
Q Holding	£21m	£277m	↑ Multiple
Royal Sanders	£13m	£163m	↑ Earnings ↓ Multiple

## Largest value declines (>£10m)

Portfolio company	Value decline (excl FX)	Value at 30 Sep 2019	Key driver of value movement
Schlemmer	£(35)m	£70m	↓ Earnings ↓ Multiple

**Good earnings performance drove portfolio value growth of £429m in HY2020**

<sup>1</sup> One asset excluded due to commercial sensitivity.  
Note: slide refers to unquoted assets.





### c.£214m new investment announced in the period

- Leading provider of third-party maintenance of critical IT infrastructure in Europe, Latin America, APAC and MEA
- Maintains 200,000 IT systems in 160 countries and operates 34 offices internationally
- 1,800+ customers globally; preferred maintenance partner for multinational companies

The Evernex logo, featuring the word 'evernex' in a lowercase, sans-serif font. The 'x' is stylized with a green and blue gradient. The logo is positioned at the bottom left of the image, which shows a close-up of server racks with blue lighting.

evernex

|France

|Business & Technology Services

# Private Equity

Disciplined approach to new investment: backing sustainable growth trends



## Value-for-money

**ACTION**



**HANS ANDERS**

**BASIC-FIT**

## Favourable demographics

AUDLEY

I.C.E.   
Powered by Innovation

Cirtec   
MEDICAL

**HANS ANDERS**

Q HOLDING COMPANY  
when precision matters

**BoConcept**  
Urban Danish Design since 1952

## Health & Wellness

Q HOLDING COMPANY  
when precision matters

Cirtec   
MEDICAL

**BASIC-FIT**

Havea  
— GROUP —

## Compliance & Safety

Formel  D

**DYNATECT**  
DYNAMIC EQUIPMENT PROTECTION

**AESSEAL**  
ENVIRONMENTAL TECHNOLOGY

**JMJ**

## Big data

evernex

**MAGNITUDE**

**KIVOLT**  
TRUSTED POWER

Portfolio investments backed by sustainable long-term growth trends

# Private Equity

Progressing buy-and-build strategies across a number of assets



CHRIST + VALMANO

Havea + PHC  
- GROUP - PASQUALI HEALTHCARE

lampenwelt.de + QLF  
BRANDS

ASPEN® PUMPS + TNC Clips

DYNATECT™ + thodacon®  
DYNAMIC EQUIPMENT PROTECTION Thodacon Werkzeugmaschinenenschutz GmbH

BASIC-FIT + FITLAND  
REAL FITNESS. REAL RESULTS.

Formel D

+

CPS  
QUALITY  
MEMBER OF THE  
Formel D Group

+

dynamics  
MEMBER OF THE FORMEL D GROUP

Seven bolt-on acquisitions announced or completed in the period and one since the period end

# Private Equity

The portfolio is weighted towards our better assets



	The buckets	Selected examples	% of value	
			HY2020	FY2019
1	Longer-term hold; value creation	Action, Audley, Cirtec, Royal Sanders, AES	c. 69%	c. 69%
2	Strong performers; performing in line with investment case	Hans Anders, WP, Lampenwelt, Magnitude	c. 21%	c. 20%
3	Manage intensively; potential value upside	Schlemmer, Dynatect, Christ	c. 6%	c. 7%
4	Low or nil-valued assets	Indiareit, Navayuga	0.2%	0.3%
5	Quoted assets	Basic-Fit	c. 4%	c. 4%

32 unquoted assets and one quoted stake

# Infrastructure

## Contributing to returns and cash income



Good performance  
across portfolios

9% gross investment return

3iN contributing strongly, with 7% share price appreciation and £12m of dividend income in the period

Strong contribution  
to the Group's  
operating cash  
profit

£37m of cash income through management fees and portfolio income

AUM of £4.6bn, up from £4.2bn at the end of March

Attractive new  
investments across  
portfolios

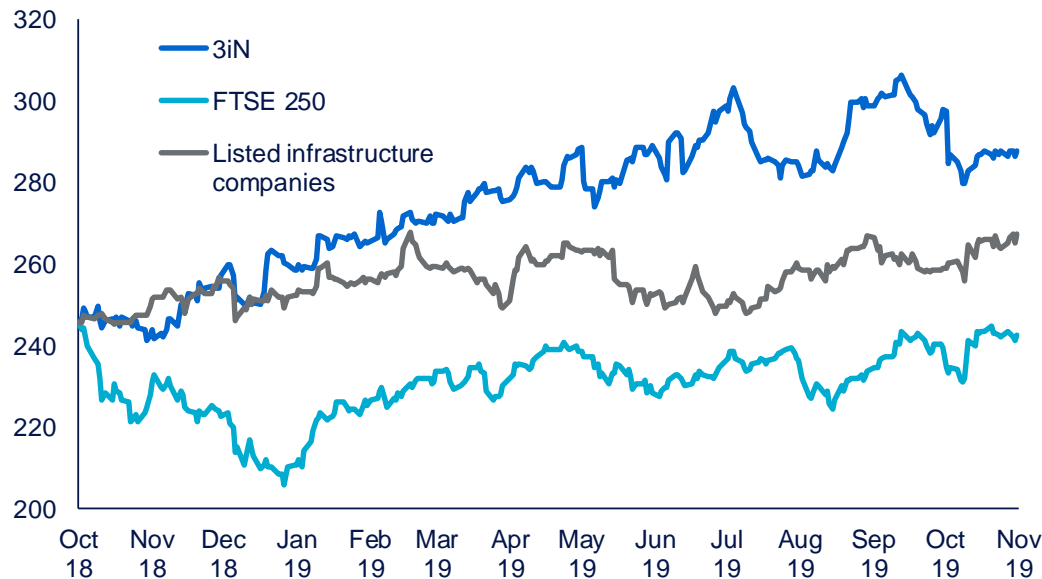
New investments in Joulz and Ionisos for 3iN and new investment in Regional Rail (on 3i balance sheet)

Significant bolt-on for Regional Rail (on 3i balance sheet) and material new investment for EOPF announced since period end



### 3iN relative share price performance – HY2020

(rebased to 3iN, pence per share)



Source: Bloomberg

\* Basket includes: HICL, BBGI and INPP

### HY2020 highlights

- 9% TSR and 6% total return
- New investments in Joulz and Ionisos further diversify the portfolio
- 4.6pps interim dividend announced
- £223m raised in October at 19% premium to ex-div March 2019 NAV

**Robust diversified portfolio  
delivering good returns**

# Corporate Assets

## Scandlines: successful refinancing and attractive returns



- Gross investment return of £44m, or 8% of opening portfolio
- Successful investment grade refinancing in August 2019 returned £70m of cash proceeds to 3i
- Dividend distribution of £27m

**23% of reinvestment amount already returned in proceeds and dividends since reinvestment in FY19**

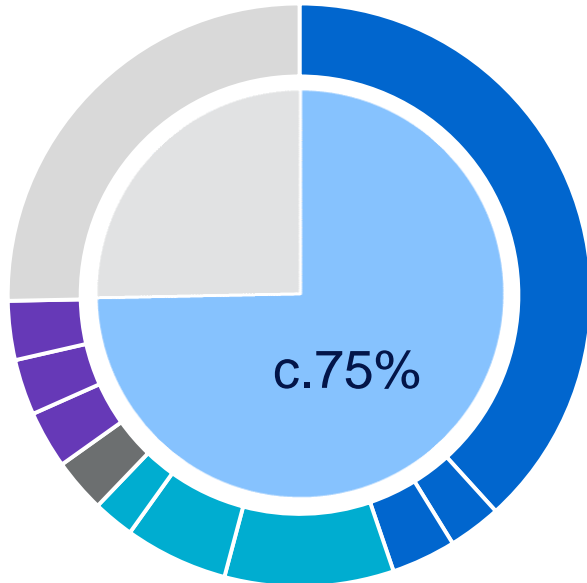


# Capital allocation

Our portfolio is defensively positioned for the current environment



## NAV as at 30 September 2019



## Top 10 assets as at 30 September 2019

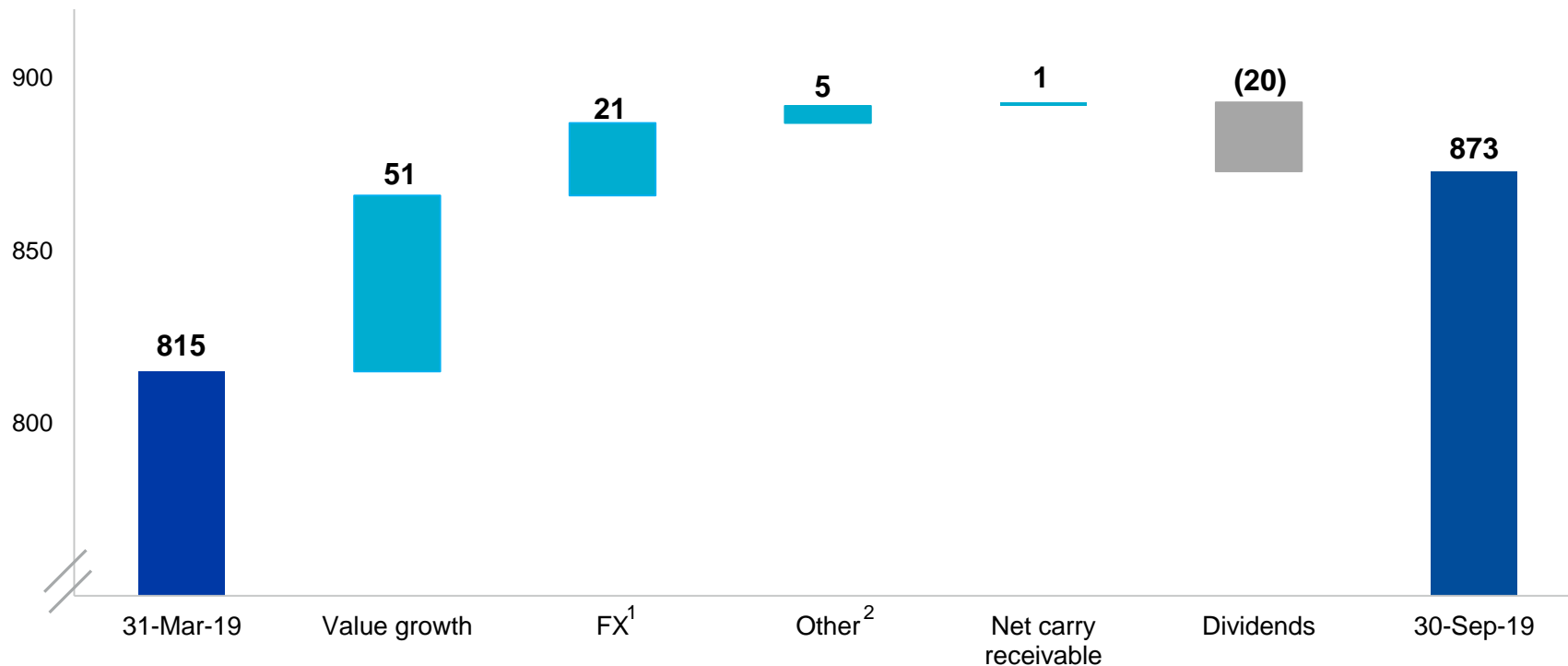
	Value at 30 Sep 2019 (£m)	% of NAV at 30 Sep 2019
<b>Value-for-money</b>		
Action	3,243	38.3%
Basic-Fit	249	2.9%
Hans Anders	303	3.6%
<b>Infrastructure / essential services</b>		
3iN	794	9.4%
Scandlines	485	5.7%
Smarte Carte	194	2.3%
<b>Consumer staple end markets</b>		
WP	253	3.0%
<b>Favourable demographics</b>		
Audley Travel	270	3.2%
Cirtec Medical	262	3.1%
Q Holding	277	3.3%
<b>Total</b>	<b>6,330</b>	<b>74.7%</b>

Flexible approach to capital allocation allows us to position the portfolio to withstand economic headwinds and benefit from emerging secular growth trends

# NAV up 7% to 873 pence driven by strong portfolio performance



## NAV per share (pence)



1 FX includes the fair value movement on FX hedging derivatives.

2 Other includes portfolio income, third party fee income, operating costs.

# Private Equity

## Strong performance



Six months to 30 September £ million	2019	2018
<b>Gross investment return</b>	<b>666</b>	667
% of opening portfolio	<b>11%</b>	11%
<b>Realised profit</b>	<b>–</b>	75
<b>Realisations</b>	<b>1</b>	1,052 <sup>1</sup>
<b>Cash investment</b>	<b>221</b>	254

**Assuming £350 million to £500 million proceeds for FY2020**

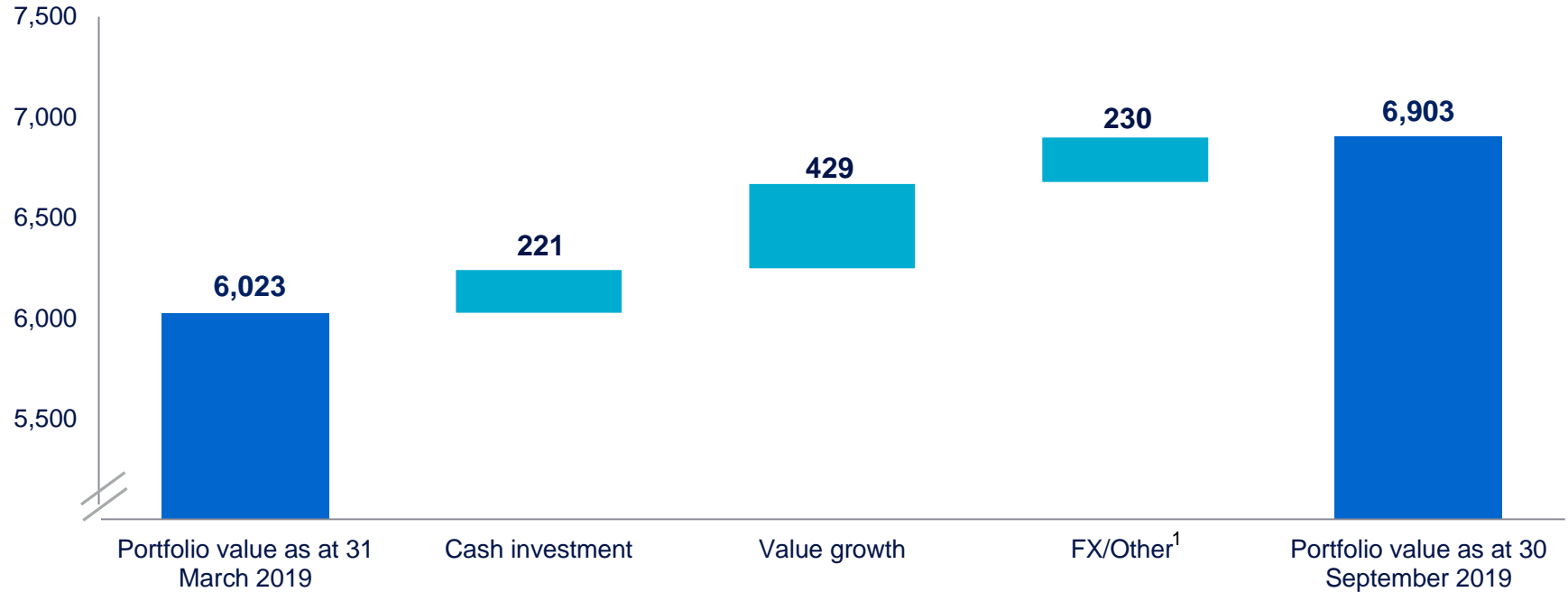
<sup>1</sup> The 2018 realisations are gross of the Scandlines transaction. The £529 million reinvestment is included within Corporate Assets.

# Private Equity

## Strong value growth and cash investment



£ million



<sup>1</sup> Includes capitalised interest, other non-cash investment and divestment value of £1 million.



### 3i carrying value at 30 September 2019

(£ million)



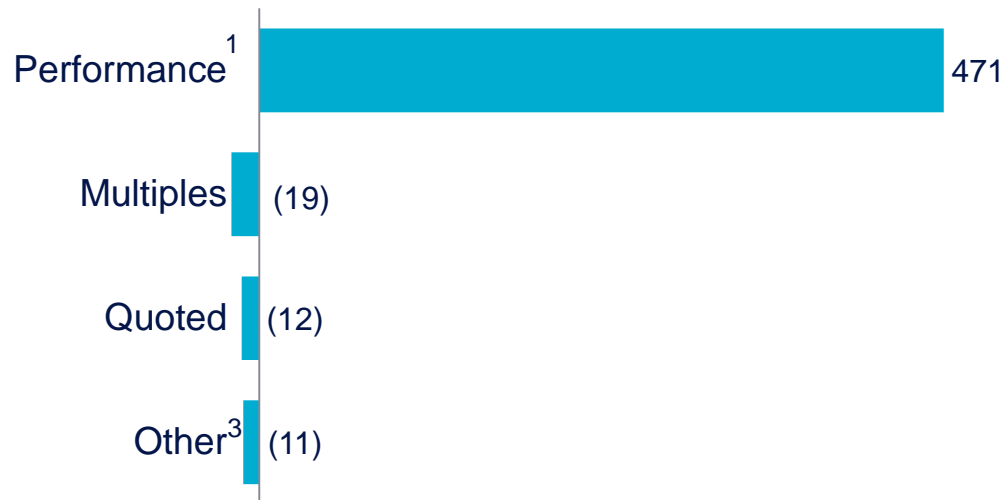
<sup>1</sup> Calculated based on valuation earnings growth in the top 20 investments: 17 used EBITDA, 2 used EBITA and 1 used run-rate earnings. Calculation includes Basic-Fit.

# Private Equity

£429 million value growth driven by good earnings growth



## Value movement by basis (£ million)



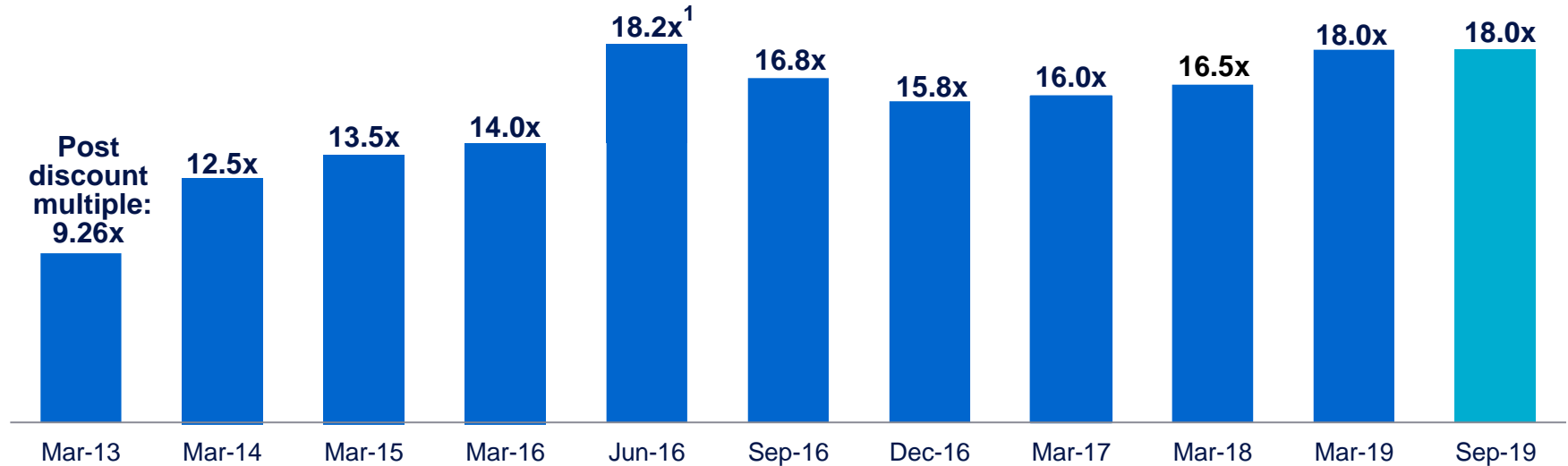
Multiples <sup>2</sup>	September 2019	March 2019
Action	<b>18.0x</b>	18.0x
3i ex. Action	<b>11.0x</b>	11.1x

### £(19)m multiple change: no change for Action

<sup>1</sup> Performance includes value movements relating to earnings and net debt movements in the period.

<sup>2</sup> Multiples are stated post liquidity discount and are based on EBITDA or run-rate EBITDA consistent with the valuation.

<sup>3</sup> Other includes legacy investments and investments valued on net asset value.



## Valuation methodology

- Run-rate earnings to 30 September 2019
- Run-rate multiple: 18.0x (post discount)

**Action value at 30 September 2019 of £3,243m, value growth of £381m in the period**

<sup>1</sup> Increase in multiple following third-party interest in June 2016.



# Private Equity

## Proposed Action transaction features



1. Refinancing and distribution of proceeds to all current shareholders
2. Sale of EFV interests in Action
3. Payment of EFV carry to 3i
4. Payment of EFV carry by 3i to carry participants
5. Reinvestment by 3i into Action of refi proceeds and EFV carry “surplus”
6. Continuation of 3i balance sheet carry
7. Set up of 3i 2020 co-investment vehicles, governance unchanged

# Private Equity

Carried interest receivable and payable a function of good performance



£ million	September 2019	March 2019
<b>Balance sheet</b>		
Carried interest receivable	684	609
<i>of which EFV</i>	681	
Carried interest payable	(998)	(942)
<i>of which EFV</i>	(481)	
<b>Net total payable</b>	<b>(314)</b>	<b>(333)</b>

Cash payment of £481m nets to £372m after release of £109m cash escrow

# Private Equity

## Action transaction features



1. Refinancing and distribution of proceeds to all current shareholders
2. Sale of EFV interests in Action
3. Payment of EFV carry to 3i
4. Payment of EFV carry by 3i to carry participants
5. Reinvestment by 3i into Action of refi proceeds and EFV carry “surplus”
6. Continuation of 3i balance sheet carry
7. Set up of 3i 2020 co-investment vehicles, governance unchanged

# Infrastructure

## Good performance from 3iN



Six months to 30 September £ million	2019	2018
<b>Gross investment return</b>	<b>88</b>	107
% of opening portfolio	<b>9%</b>	13%
<b>Cash contribution from 3iN</b>		
- Dividend and fee income	<b>25</b>	28

**3iN: 7% share price increase, £53 million value growth**



Six months to 30 September £ million	2019	2018
Valuation	485	521
Foreign exchange on investments	16	8
Movement in fair value of derivatives	(9)	-
Capital proceeds	70	-
Dividend income	27	22

**YTD gross investment return of £44m, 8% of opening portfolio value**

# Operating cash (loss)/profit



Six months to 30 September £ million	2019	2018
Private Equity	13	9
Infrastructure	37	42
Corporate Assets	27	22
<b>Cash income</b>	<b>77</b>	<b>73</b>
Cash operating expenses <sup>1</sup>	(79)	(69)
<b>Operating cash (loss)/profit</b>	<b>(2)</b>	<b>4</b>

<sup>1</sup> Cash operating expense includes leases paid.

# Balance sheet remains well funded for investment



£ million	30 September 2019	31 March 2019 <sup>1</sup>
Investments	(312)	(330)
Realised proceeds	71	713
Net (investment) / divestment	(241)	383
Net cash	50	495
Net assets	8,475	7,909
Liquidity <sup>2</sup>	975	1,420

1 31 March 2019 figure are net of the £529m reinvestment in Scandlines.

2 Committed investments as at 30 September 2019; Evernex (c.£214m).



## First FY2020 dividend



In line with our dividend policy, our interim dividend is set at 50% of the prior year's total dividend

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

- maintaining our conservative balance sheet strategy, which excludes structural gearing at the Group level
- careful consideration of the outlook for investments and realisations and market conditions

**Confirmed today that we will pay a first FY2020 dividend of 17.5 pence in January 2020**



# Additional information

# Our post-restructuring track record



	6 months to 30 Sept 2019	Year to 31 Mar 2019	Year to 31 Mar 2018	Year to 31 Mar 2017 <sup>1</sup>	Year to 31 Mar 2016 <sup>1</sup>	Year to 31 Mar 2015 <sup>1</sup>	Year to 31 Mar 2014 <sup>1</sup>	Year to 31 Mar 2013 <sup>1</sup>	Year to 31 Mar 2012 <sup>1</sup>
<b>Total return</b>	<b>£767m</b>	£1,252m	£1,425m	£1,592m	£824m	£659m	£478m	£373m	£(656)m
<b>% over opening net asset value</b>	<b>10%</b>	18%	24%	36%	22%	20%	16%	14%	(20)%
<b>Diluted NAV per share</b>	<b>873p</b>	815p	724p	604p	463p	396p	348p	311p	279p
<b>Cash realisations</b>	<b>£71m</b>	£1,261m <sup>2</sup>	£1,277m	£1,308m	£718m	£841m	£671m	£606m	£771m
<b>Cash investment</b>	<b>£312m</b>	£859m <sup>2</sup>	£827m	£638m	£433m	£369m	£276m	£126m	£646m
<b>3i portfolio value</b>	<b>£8,551m</b>	£7,553m	£6,657m	£5,675m	£4,497m	£3,877m	£3,565m	£3,295m	£3,204m
<b>Net cash/(debt)</b>	<b>£50m</b>	£495m	£479m	£419m	£165m	£49m	£(160)m	£(335)m	£(464)m
<b>Dividend per share</b>	<b>17.5p</b>	35.0p	30.0p	26.5p	22.0p	20.0p	20.0p	8.1p	8.1p

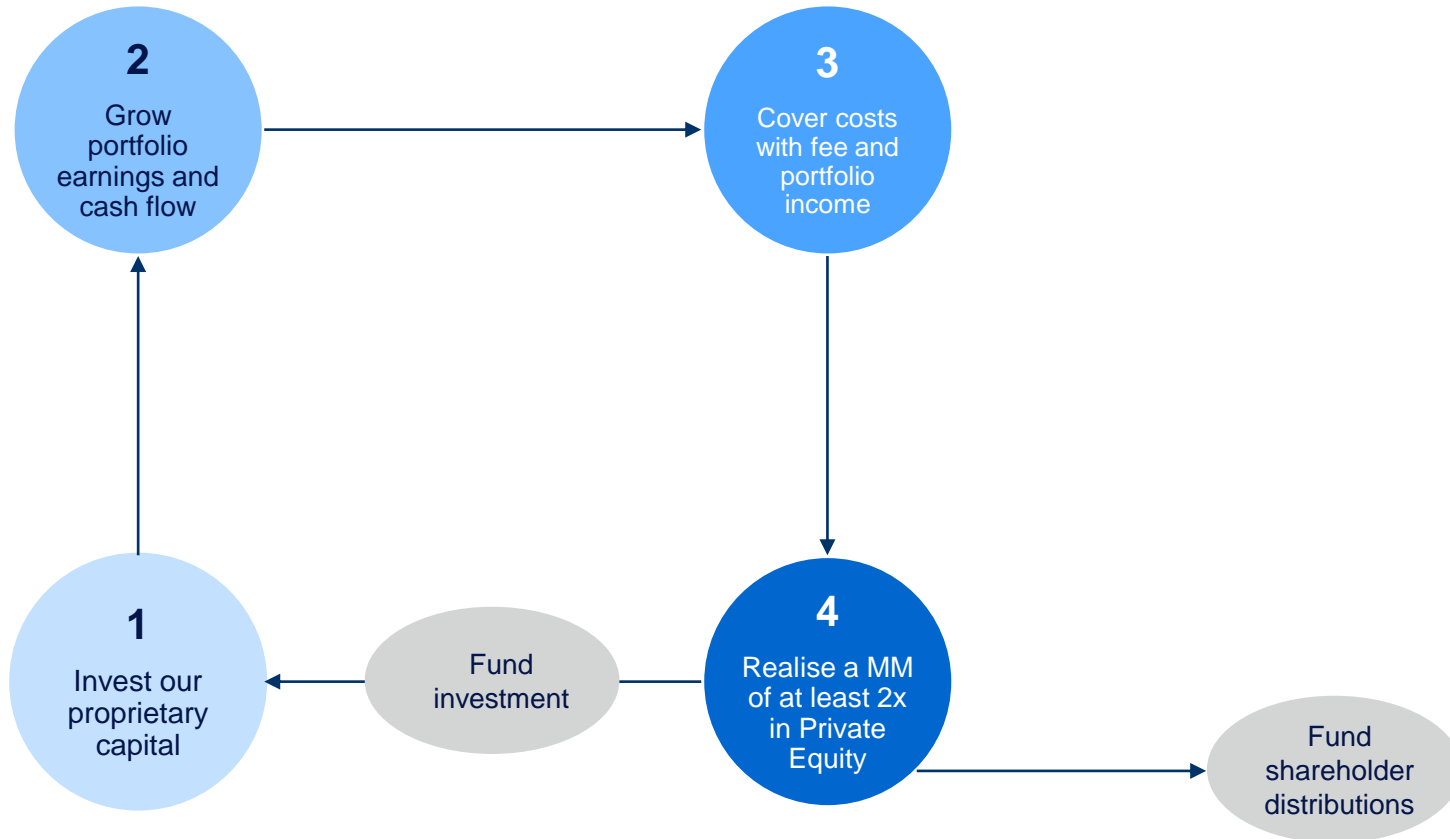
**Careful investment and active asset management combined with a lean platform are generating strong returns**

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

<sup>2</sup> Gross of our £529m reinvestment in Scandlines.

# Our business model – delivering sustainable returns

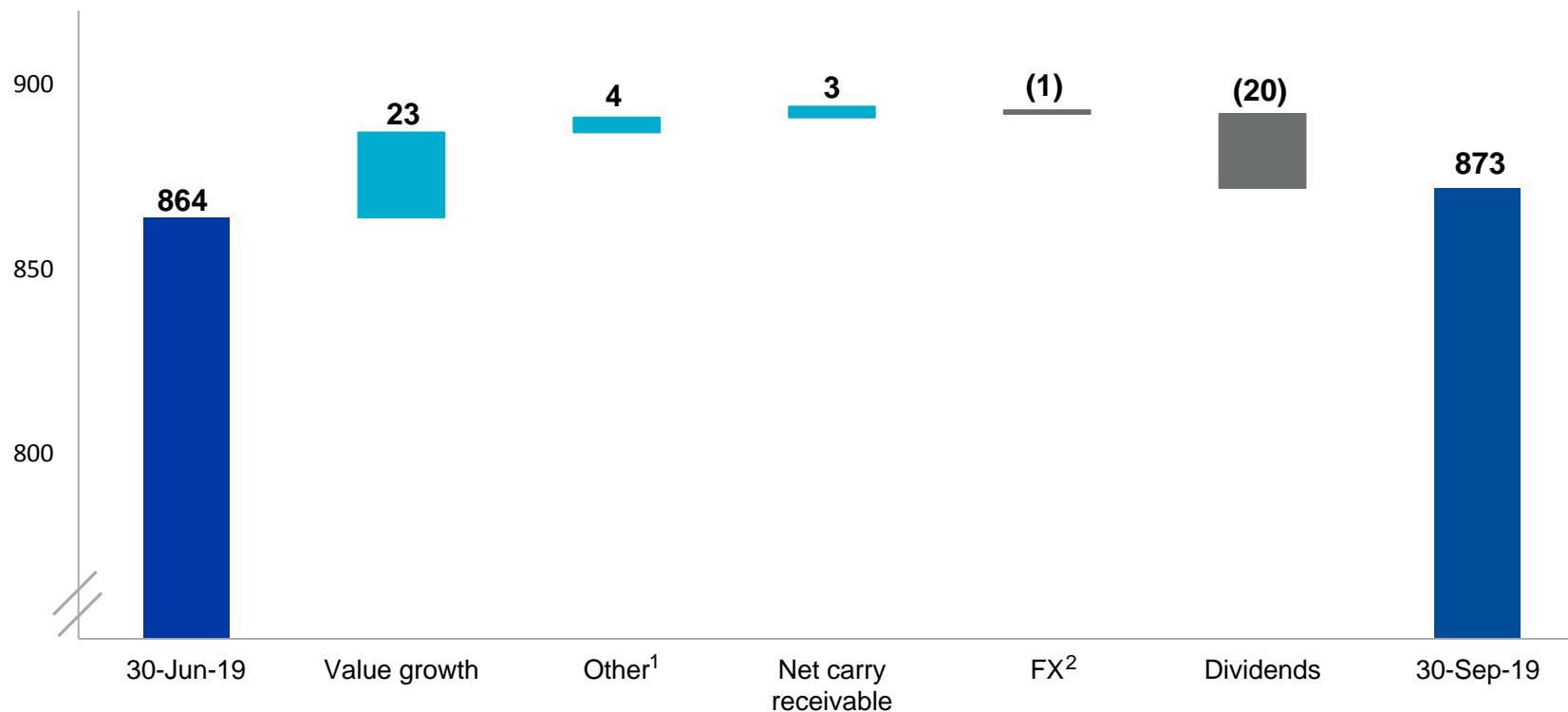
Capable of delivering mid-teen returns to shareholders across the cycle



# Q2 NAV increased from 864 pence to 873 pence



## NAV per share (pence)



1 Other includes portfolio income, third party fee income, operating costs.

2 FX includes the fair value movement on FX hedging derivatives.

# 3i Group

## 20 large investments

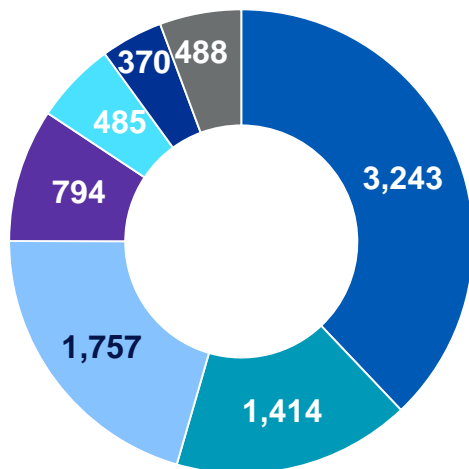


Investment	Business description	Valuation Mar 19 £m	Valuation Sep 19 £m
<b>Action</b>	Non-food discount retailer	2,731	3,243
<b>3i Infrastructure plc</b>	Quoted investment company, investing in infrastructure	744	794
<b>Scandlines</b>	Ferry operator between Denmark and Germany	529	485
<b>Hans Anders</b>	Value-for-money optical retailer	246	303
<b>Q Holding</b>	Manufacturer of precision engineered elastomeric components	241	277
<b>Audley Travel</b>	Provider of experiential tailor-made travel	270	270
<b>Cirtec Medical</b>	Outsourced medical device manufacturing	248	262
<b>WP</b>	Supplier of plastic packaging solutions	241	253
<b>Basic-Fit</b>	Discount gyms operator	254	249
<b>Smarte Carte</b>	Provider of self-serve vended luggage carts, electronic lockers and concession carts	181	194
<b>Havea (formerly Ponroy Santé)</b>	Manufacturer of natural healthcare and cosmetics products	174	187
<b>AES Engineering</b>	Manufacturer of mechanical seals and support systems	172	178
<b>Formel D</b>	Quality assurance provider for the automotive industry	169	177
<b>BoConcept</b>	Urban living designer	152	165
<b>Royal Sanders</b>	Private label and contract manufacturing producer of personal care products	147	163
<b>ICE</b>	Global travel and loyalty company that connects leading brands, travel suppliers and end consumers	155	156
<b>Magnitude Software</b>	Leading provider of unified application data management solutions	-	145
<b>Tato</b>	Manufacturer and seller of speciality chemicals	117	139
<b>Lampenwelt</b>	Online lighting specialist retailer	119	128
<b>ACR</b>	Pan-Asian non-life reinsurance	129	125

# Group investment portfolio

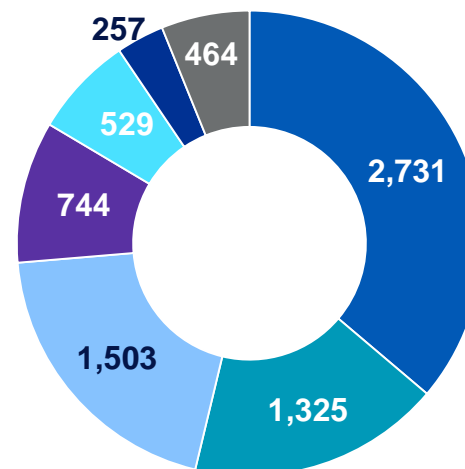


Portfolio value at 30 September 2019 (£m)



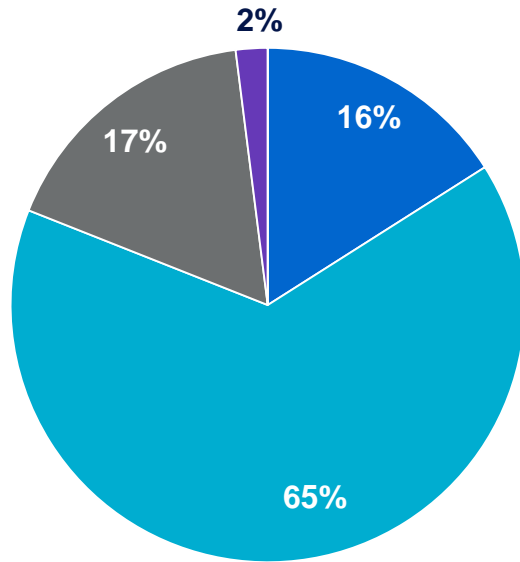
- Action
- 2016-2019 Private Equity
- Scandlines reinvestment
- Other

Portfolio value at 31 March 2019 (£m)



- 2013-2016 Private Equity
- 3iN
- Other Infrastructure

# Net asset exposure by currency



Currency	Net assets	Change YTD	Impact
Sterling	£1,386m	n/a	n/a
Euro <sup>2</sup>	£5,492m	(2.7)%	£119m
US dollar <sup>2</sup>	£1,397m	(5.7)%	£73m
Danish krone	£165m	(2.7)%	£4m
Other <sup>1</sup>	£35m	n/a	-
<b>Total</b>	<b>£8,475m</b>		<b>£196m</b>

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

**1% movement in euro = £50 million, 1% in US dollar = £13 million**

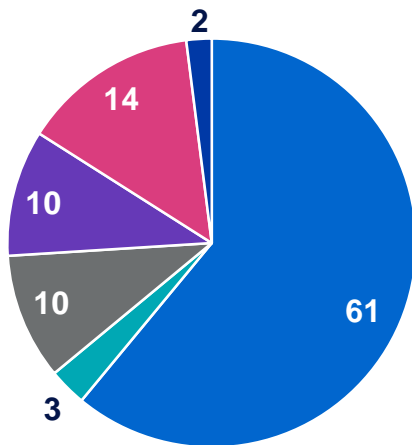
1 Other mainly includes Indian rupee and Swedish krona.  
 2 Net of impact of FX hedging derivatives.



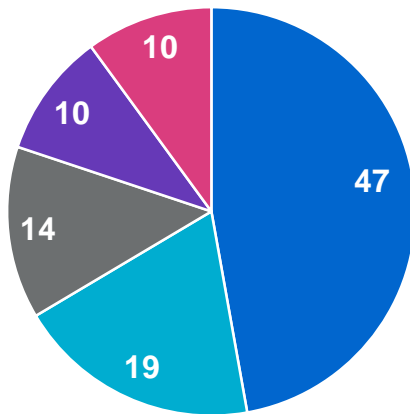
# Private Equity portfolio by value



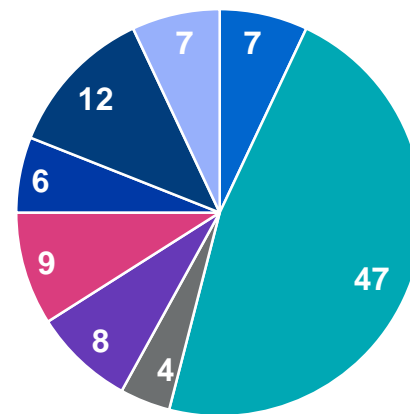
By office location (%)



By sector (%)



By vintage (%)



- Benelux
- UK
- France
- US
- Germany
- Others

- Action (Consumer)
- Industrials
- Healthcare
- Consumer
- B&TS\*

- Pre 2012
- 2015
- 2018
- 2012
- 2016
- 2019
- 2014
- 2017

**Portfolio of 33 investments, up from 32 at 31 March 2019**

\* Business and Technology Services.

# Private Equity

## Proprietary capital and external funds



Vintage <sup>1</sup>	Proprietary capital value at 30 Sep 2019 (£m)	Multiple at 30 Sep 2019
Buyouts 2010-2012	3,115	9.4x
Growth 2010-2012	23	2.1x
2013-2016	1,414	2.4x
2016-2019	1,757	1.2x
Other	594	n/a
<b>Total proprietary capital value</b>	<b>6,903</b>	

External fund	Close date	Original fund size	Original 3i commitment	Remaining 3i commitment at Sep 2019	% invested at Sep 2019	Gross money multiple at Sep 2019 <sup>2</sup>	External funds value	Fee income received in the period
3i Eurofund V	Nov 06	€5,000m	€2,897m <sup>3</sup>	€83m	97%	3.0x	£2,470m	-
3i Growth Capital Fund	Mar 10	€1,192m	€800m	€346m	53%	1.9x	£10m	-
Other	various	various	various	n/a	n/a	n/a	£188m	£1m
<b>Total external value</b>							<b>£2,668m</b>	<b>£1m</b>

<sup>1</sup> Assets in these vintages are disclosed on page 161 of the Annual report.

<sup>2</sup> The money multiple is calculated as the cumulative distributions plus any residual value divided by paid-in capital.

<sup>3</sup> Including additional stakes purchased in EuroFund V.

# Infrastructure

## Assets under management

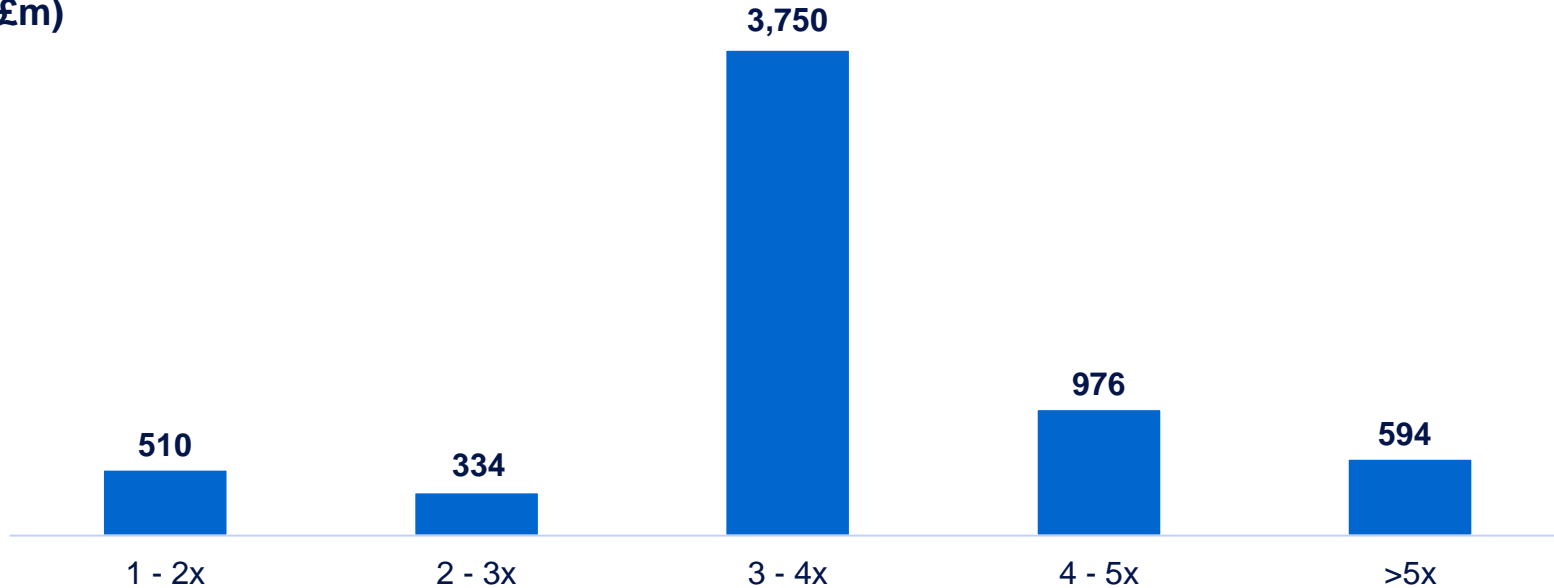


Fund	Close date	Fund size	3i commitment/ share	Remaining 3i commitment at Sep 2019	% invested at Sep 2019	AUM <sup>1</sup> (£m)	Fee income earned in the period (£m)
3iN <sup>1</sup>	Mar-07	n/a	£794m	n/a	n/a	2,391	15
3i Managed Infrastructure Acquisitions LP	Jun-17	£698m	£35m	£5m	86%	788	3
3i European Operational Projects Fund	Apr-18	€456m	€40m	€26m	36%	156	1
BIIF	May-08	£680m	n/a	n/a	90%	509	2
3i India Infrastructure Fund	Mar-08	US\$1,195m	US\$250m	US\$35m	73%	113	-
3i managed accounts	various	n/a	n/a	n/a	n/a	336	1
US Infrastructure	various	n/a	n/a	n/a	n/a	289	-
<b>Total Infrastructure AUM</b>						<b>4,582</b>	<b>22</b>

<sup>1</sup> 3iN AUM is based on share price at 30 September 2019. In all other cases, AUM is based on NAV.



## Ratio of net debt to valuation earnings by 3i carrying value at 30 September 2019<sup>1</sup> (£m)



**3.8x portfolio leverage excluding Action**

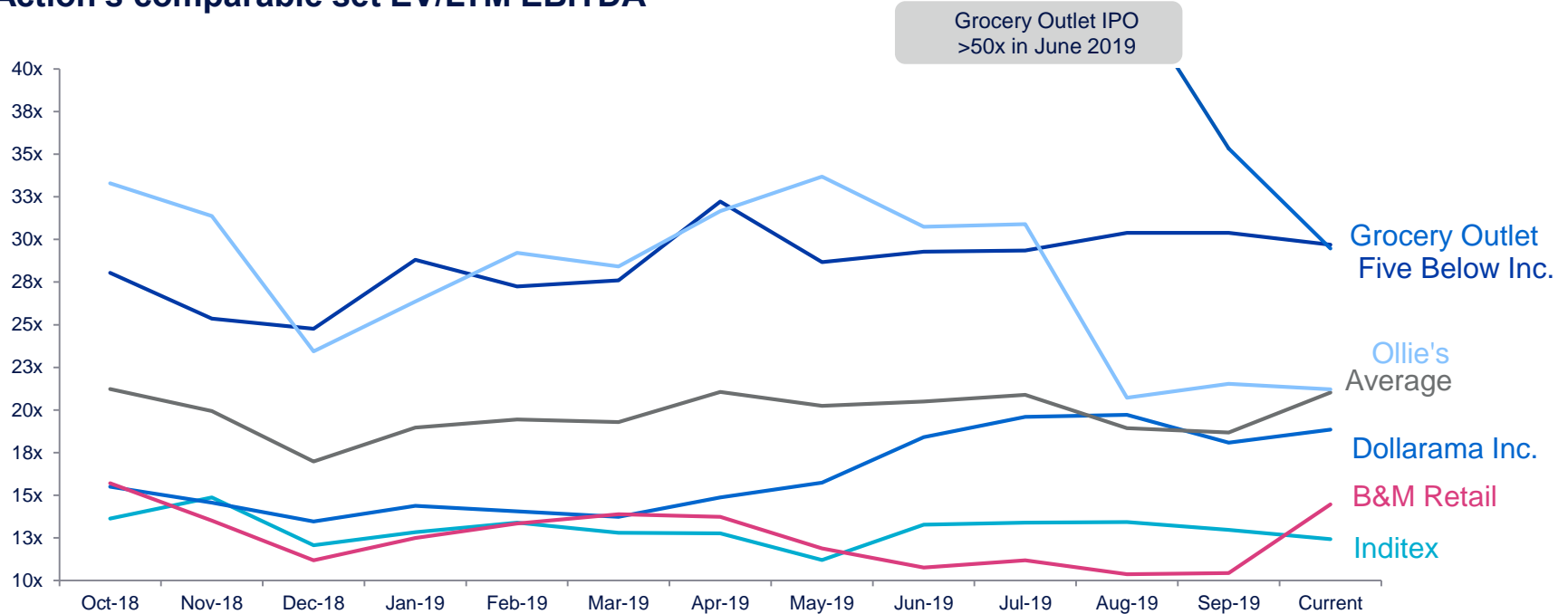
<sup>1</sup> This represents 89% of the Private Equity portfolio by value (31 March 2019: 88%). Quoted holdings, deferred consideration and companies with net cash are excluded from the calculation.

# Private Equity

## Action's comparable set



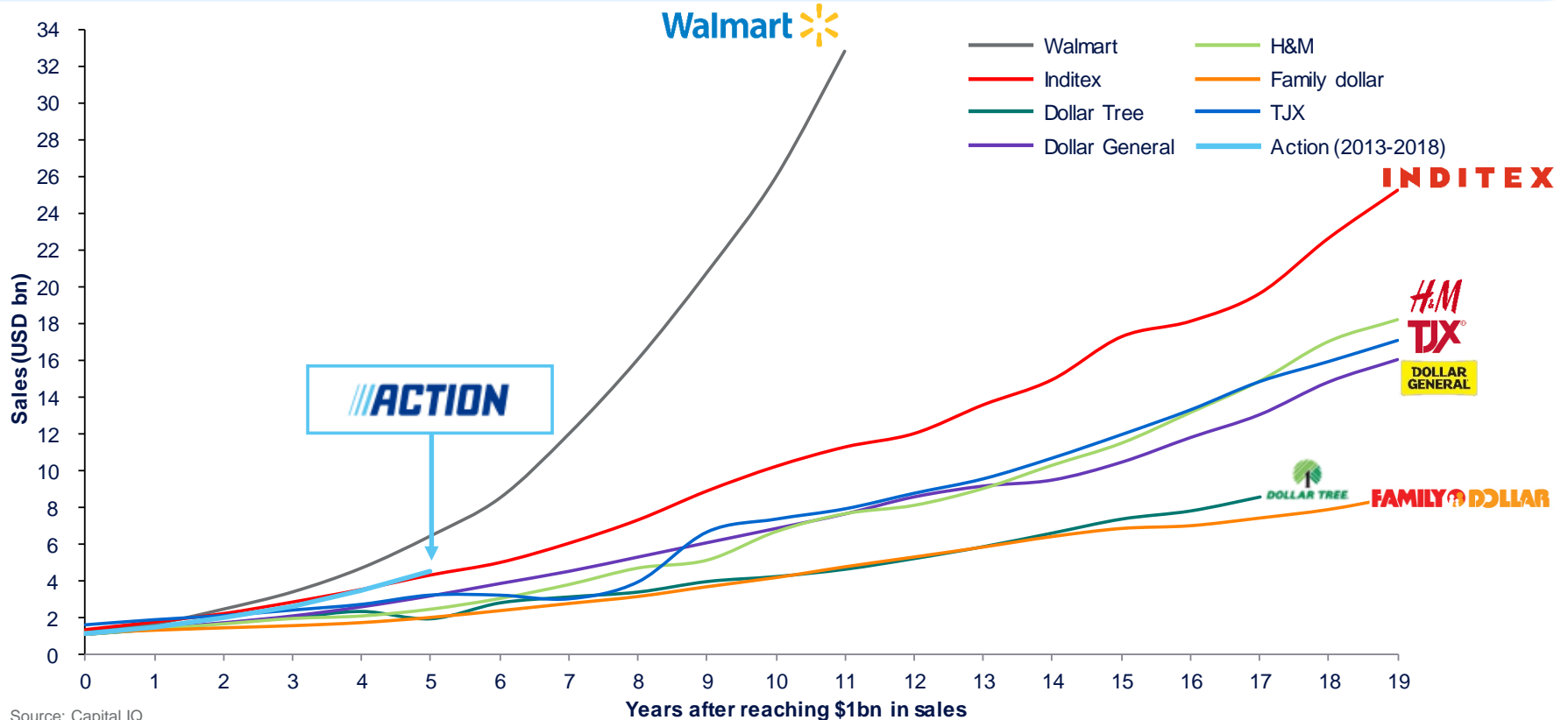
### Action's comparable set EV/LTM EBITDA



Note: Last data point as at 29 Oct 2019. Source CAPIQ adjusted for IFRS 16.

# Action is just at the beginning of its journey

## Sales development of selected peers after reaching \$1bn in sales



Source: Capital IQ.

Total sales in USD based on FX rate in year \$1bn in sales reached. Dollar Tree acquired Family Dollar in July 2015.

Walmart data as of 1980. TJX figures from 1988 post sale of Zayre to Ames (sales start at \$1.9bn).