



# Annual General Meeting



25 June 2015



# Sir Adrian Montague Chairman



# Today's agenda

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**Introductory remarks**

– Sir Adrian Montague

**Review of the year**

– Simon Borrows

**Q&A**

– Sir Adrian Montague

**Formal business including Resolutions**

– Sir Adrian Montague

# The Board of Directors and General Counsel





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*“2015 has been another good year and 3i continues to make excellent progress against its strategic plan.”*

# FY 2015 – stronger and more resilient with good momentum across the group

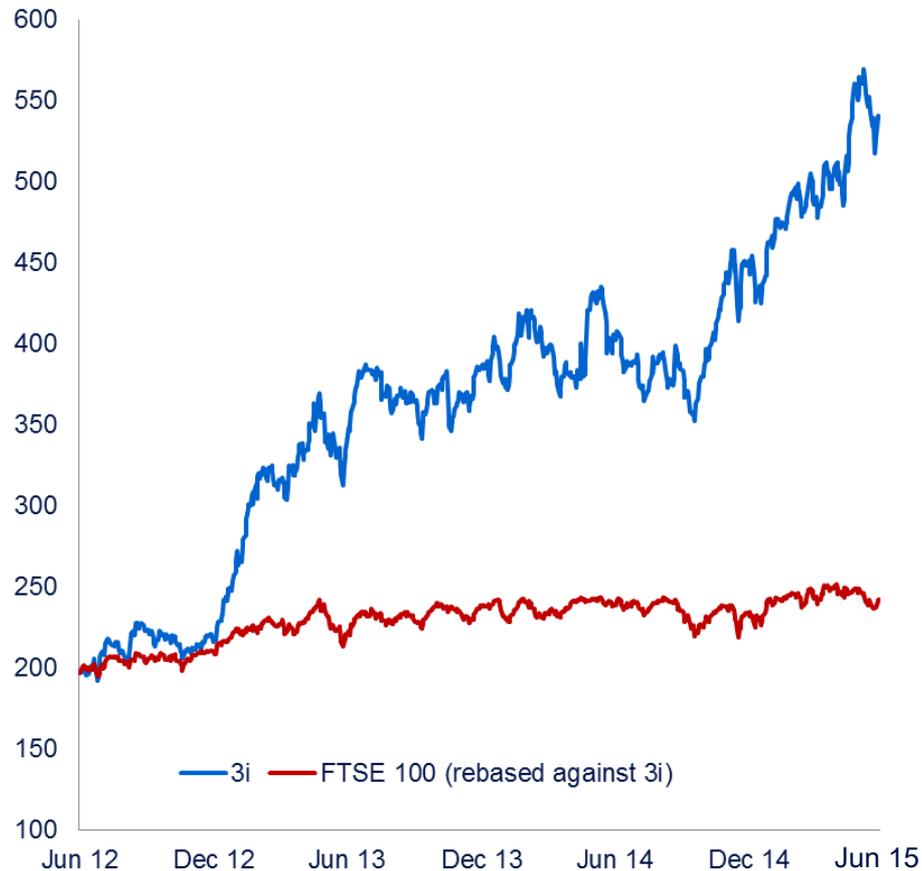


<b>Group</b>	<p>Total return on equity of <b>20%</b></p> <p>NAV of 396p/share (2014: 348p)</p>	<p>AUM of <b>£13.5bn</b></p> <p>Up 4% from last year</p>	<p><b>£28m</b> operating cash profit</p> <p>Up from £5m last year</p>
<b>Business lines</b>	<p><b>Private Equity</b></p> <hr/> <p><b>£831m</b> realisation proceeds</p> <p><b>£369m</b> cash invested</p>	<p><b>Infrastructure</b></p> <hr/> <p><b>20%</b> gross investment return</p> <p><b>£47m</b> cash income</p>	<p><b>Debt Management</b></p> <hr/> <p><b>£2.4bn</b> new AUM raised</p> <p><b>£34m</b> fee income</p>

# Strong momentum reflected in our share price



## Share price performance since the 2012 AGM (pence per share)



Share price performance since 2012 AGM **174%**

TSR since 2012 AGM **213%**

Note: all data as of 24 June 2015

## FY2015 dividend of 20p per share

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- Policy to pay out 15-20% of gross realisations proceeds, provided that:
  - Gearing <20% 
  - Gross debt is on target to be <£1bn 
- Proposed final dividend of 14p brings total dividend to 20p per share, or 23% of gross realisations



# Simon Borrows Chief Executive



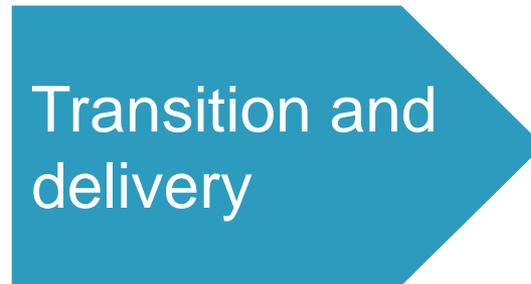
# Our journey since the announcement of the strategic restructuring in June 2012



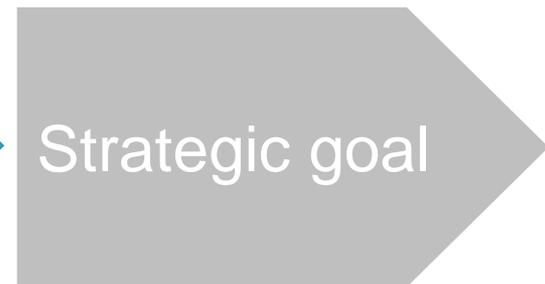
FY2013



FY2014 - 15



FY2016+



We have completed all key phases of our transformation

# We delivered against all our strategic priorities



<p><b>1</b> Create a leaner organisation with a cost base more aligned with its income ✓</p>	<p><b>2</b> Improve consistency and discipline of investment and asset management processes ✓</p>	<p><b>3</b> Re-focus and re-shape the Private Equity business ✓</p>	<p><b>4</b> Grow third-party AUM and income ✓</p>	<p><b>5</b> Materially reduce gross debt and funding costs ✓</p>
<p><b>£70m</b> cost savings  <b>37%</b> headcount reduction</p>	<p><b>Monthly dashboard</b>, detailed exit plans, vintage controls</p>	<p>Closed <b>8 offices</b>  Reduced PE portfolio from <b>124 to 65</b></p>	<p>Increase AUM by <b>CAGR of 9%</b>  Strategic acquisitions</p>	<p>Net interest costs reduced by <b>52%</b></p>

Generating attractive returns for shareholders:

TSR: 213% since 28 June 2012 to 24 June 2015; 27% in FY2015

# Progress reflected in materially stronger financial performance

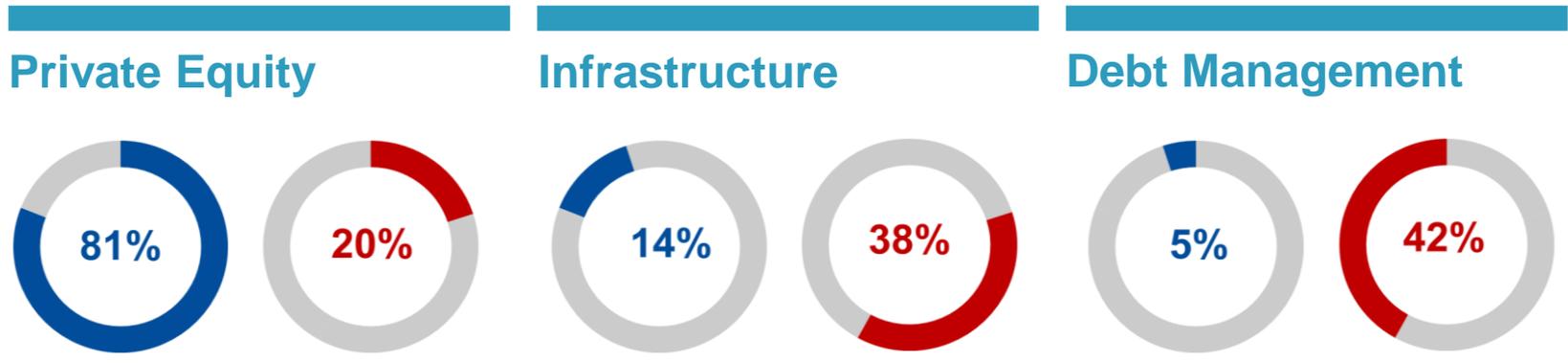


		Year to 31 Mar 2015	Year to 31 Mar 2014	Year to 31 Mar 2013	Year to 31 Mar 2012
<b>Group</b>	Total return % over opening net asset value	<b>£659m</b> <b>19.9%</b>	<b>£478m</b> <b>16.3%</b>	£373m 14.2%	£(656)m (19.5)%
	Dividend per share (base/add)	<b>8.1p/11.9p</b>	<b>8.1/11.9p</b>	8.1p	8.1p
	Diluted NAV per share	<b>396p</b>	<b>348p</b>	311p	279p
	Operating expenses	<b>£131m</b>	<b>£136m</b>	£170m	£180m
<b>Proprietary Capital</b>	Realisation proceeds	<b>£841m</b>	<b>£677m</b>	£606m	£771m
	Uplift over opening book value <sup>1</sup>	<b>£145m/27%</b>	<b>£191m/45%</b>	£195m/51%	£23m/3%
	Cash investment	<b>£474m</b>	<b>£337m</b>	£149m	£464m
	Gross investment return	<b>£805m</b>	<b>£665m</b>	£598m	£(429)m
	3i portfolio value	<b>£3,877m</b>	<b>£3,565m</b>	£3,295m	£3,204m
	Net cash/(debt)	<b>£49m</b>	<b>£(160)m</b>	£(335)m	£(464)m
<b>Fund Management</b>	Total AUM	<b>£13,474m</b>	<b>£12,911m</b>	£12,870m	£10,493m
	Third party fee income	<b>£80m</b>	<b>£76m</b>	£71m	£89m
	Underlying profit/margin	<b>£33m/26%</b>	<b>£33m/26%</b>	£17m/13%	£39m/23%

<sup>1</sup> Excludes refinancings

# How do we progress from here?

## Our business model



■ Proprietary Capital portfolio value   ■ Fund Management fee income

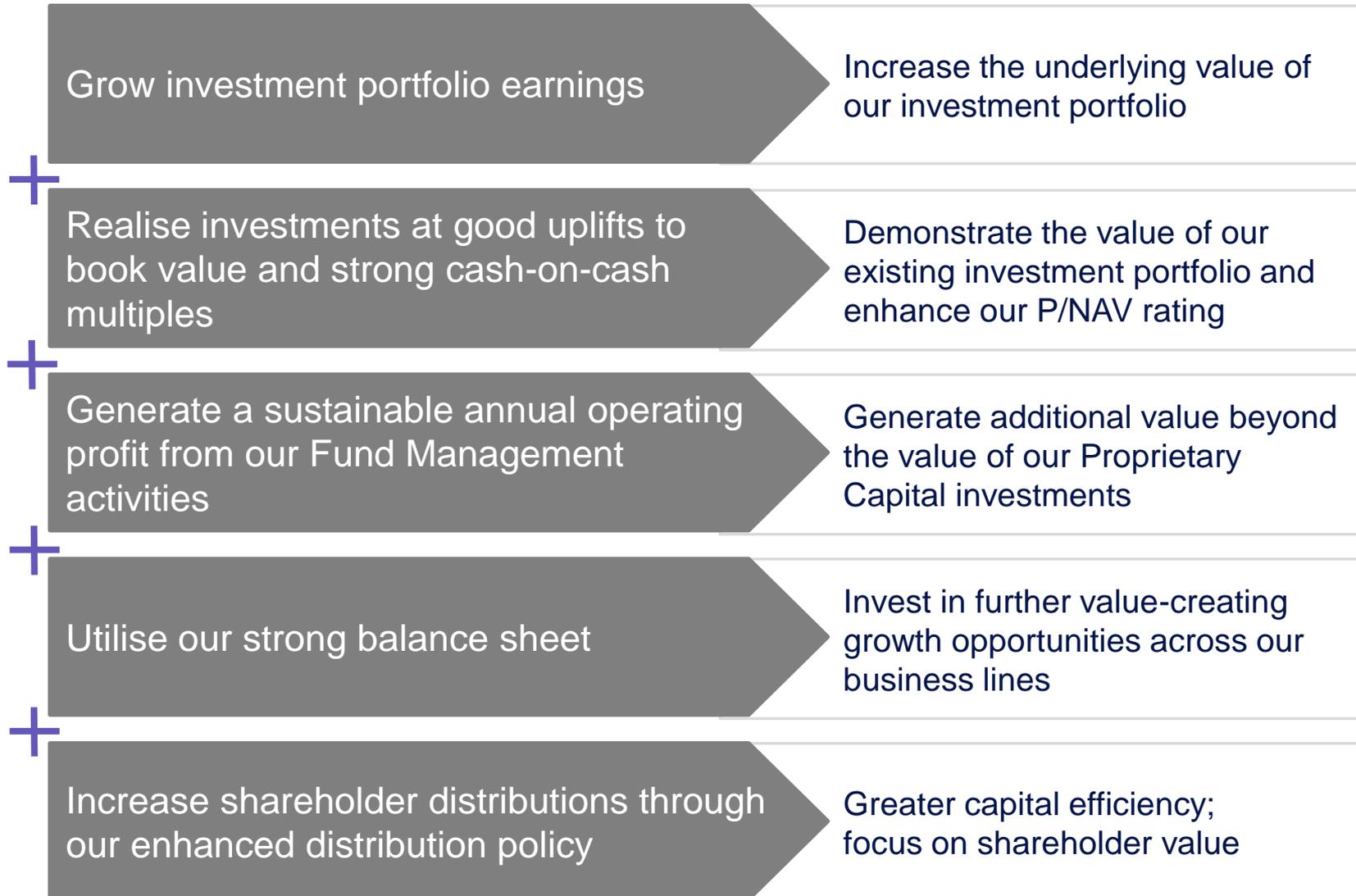
Employs the majority of 3i's proprietary capital

Increasingly a third-party fund management business

Primary driver of third-party fund management business

# The 3i Value Build

## An attractive, multi-year value proposition





- Taking advantage of market conditions to realise assets at good uplifts
  - gross investment return of £719m, or 24% of opening portfolio
  - proceeds of £831m
  - realised uplift of £144m, or 27% over opening book (excluding refinancings)
  - portfolio reduced from 81 to 65 companies
- Leveraging network to source attractive investment opportunities
  - £457m cash invested (£369m proprietary)
  - average entry multiple of 9.7x
- Portfolio performing strongly
  - 19% weighted average earnings growth; including acquisitions
  - Selective refinancing of some of our larger and better assets

# Reshaping our Private Equity portfolio



	The buckets	Selected examples	% of value	
			FY2015	FY2014
1	Longer-term hold and value creation	Action, Element, Basic-Fit, Scandlines	c. 60%	c. 42%
2	Strong performers; position for sale over the next few years	Hillite, Vedici, LHI, Dynatect	c. 15%	c. 30%
3	Manage intensively; potential value upside	Azelis, Mémora, OneMed	c. 15%	c. 26%
4	Low or nil-valued assets	Boomerang, Indiareit, Nimbus	c. 1%	c. 2%
5	Quoted assets	Quintiles, Refresco, Eltel	c. 9%	n/a

Strong 19% weighted average earnings growth driven by buckets 1 and 2



- Strong performance at 3iN driving gross investment return of 20%
  - 25% total shareholder return from 3iN (£77m unrealised value growth; £20m dividend)
  - market returns compression underpinning value growth
  - performance fee of £45m driven by 3iN's strong NAV growth
- New investment commitments of £114m for 3iN, leveraging capabilities to invest in attractive areas of the market (eg mid-market Core infrastructure, primary PPP)
- Robust growth in fee income from Infrastructure to £30m (2014: £24m)
- 3iN's return objectives updated since the year end to 8%-10% to be achieved over the long term



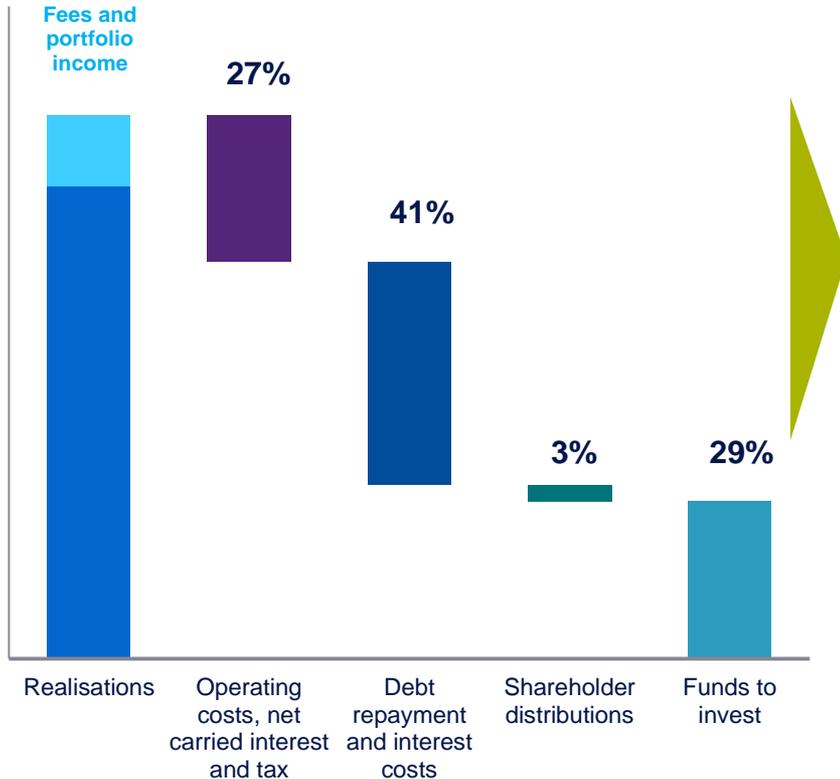
- CLO “engine” working well: six new CLOs issued in the year, in Europe and the US, raising £2.2bn in AUM
- Successfully diversifying product offering
  - first close of European Mid Market Loan Fund at €250m
  - doubled AUM in US Senior Loan Fund to \$157m
- Debt Management AUM up to £7.2bn from £6.5bn a year earlier
- Fee income in the year of £34m, from £32m a year earlier

Contributing materially to the profitability of the Fund Management business

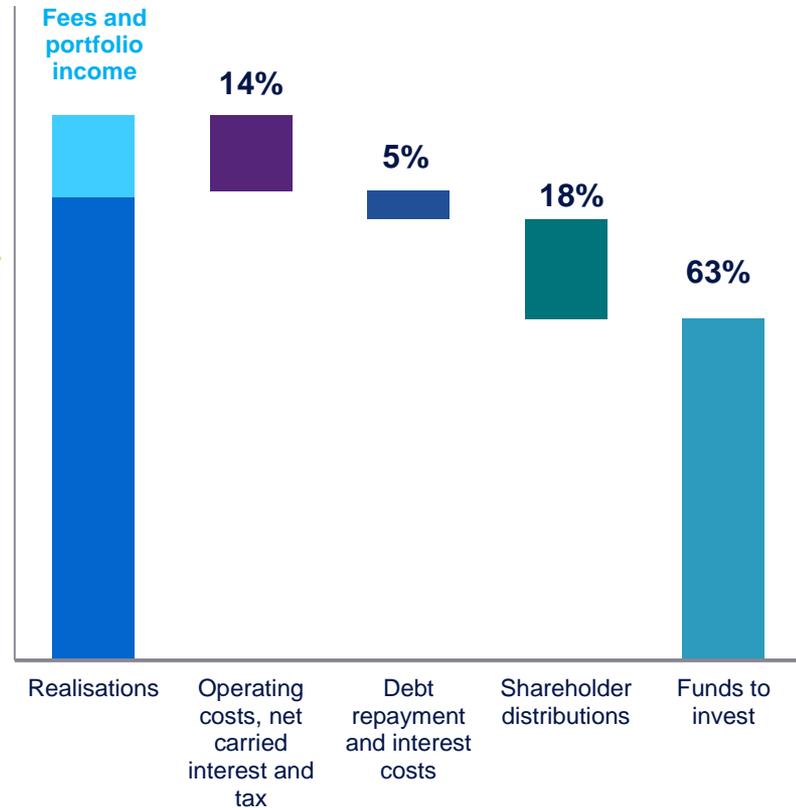
# Continue to improve capital efficiency and allocation



Average over FY10-FY12



Year to 31 March 15



Shift in capital allocation continuing to drive increased capital available for shareholder distributions and re-investment



# The Resolutions



# Resolutions commentary

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- 18 resolutions
- Normal annual business

# Poll card



The Board recommends you vote **FOR** resolutions 1 to 18

Resolutions	For	Against	Abstain
1 To receive and consider the Company's Accounts for the year to 31 March 2015 and the Directors' and Auditors' reports.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 To approve the Directors' remuneration report for the year to 31 March 2015.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 To declare a dividend.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 To reappoint Mr J P Asquith as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 To reappoint Mrs C J Banzky as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 To reappoint Mr S A Borrows as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 To reappoint Mr A R Cox as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 To reappoint Mr D A M Hutchison as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 To reappoint Mr S R Thompson as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 To reappoint Ms M G Verluyten as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11 To reappoint Mrs J S Wilson as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 To reappoint Ernst & Young LLP as Auditors of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolutions	For	Against	Abstain
13 To authorise the Board to fix the Auditors' remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14 To renew the authority to incur political expenditure.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15 To renew the authority to allot shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16 To renew the section 561 authority.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17 To renew the authority to purchase own ordinary shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18 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"/>

## Resolutions 1-3

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1. “That the Company’s Accounts for the year to 31 March 2015, the Directors’ report and the Auditors’ report on those Accounts, on the Directors’ report and on the auditable part of the Directors’ remuneration report be and they are hereby received and considered”
2. “That the Directors’ remuneration report in the form set out in the Company’s Annual report and accounts for the year ended 31 March 2015 be and it is hereby approved”
3. “That a final dividend of 14p per ordinary share be and it is hereby declared, payable to those shareholders whose names appear on the Register of Members at close of business on 19 June 2015”

## Resolutions 4-7

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

## Resolutions 8-11

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

## Resolutions 12-15

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12. “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”
13. “That the Board be and it is hereby authorised to fix the Auditors’ remuneration”
14. To renew the authority to incur political expenditure
15. To renew the Directors’ authority to allot shares

# Resolutions 16-18

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## Special Resolutions

16. To renew the Directors' authority to allot shares for cash
17. To renew the Company's authority to purchase its own ordinary shares
18. That a General Meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice

