



26 July 2017

## 3i Group plc FY2018 Q1 performance update

A busy start to the year with four new Private Equity investments and good portfolio performance

- NAV per share of **628 pence** and total return of **4.1%** at 30 June 2017
- Good level of new investment in Private Equity with **£276 million** invested in Hans Anders and Lampenwelt in the quarter and a further **£241 million** committed to Formel D and Cirtec
- Successful close of two new Infrastructure funds, the 3i Managed Infrastructure Acquisitions Fund and the 3i European Operational Projects Fund

### **Simon Borrows, Chief Executive, commented:**

“This was another good quarter for 3i and our portfolio of international investments is performing well against an improving economic backdrop. We completed or signed four new investments in Germany, the Netherlands and the US and some £250 million of divestments, including the announced sale of Mémora at a significant uplift to its March 2017 value. We also added two new Infrastructure funds, the 3i Managed Infrastructure Acquisitions Fund and the 3i European Operational Projects Fund.”

### **Private Equity**

#### **Portfolio performance**

The Private Equity portfolio performed well in the quarter. Action continued to see strong earnings growth and cash flow generation. There was robust earnings growth across the portfolio more generally with a good contribution from ATESTEO, Q Holding and Audley Travel, together with strong cash flow generation from Scandlines.

#### **Private Equity investments**

We completed our investments in Hans Anders (£172 million) and Lampenwelt (£104 million) in May 2017 and Formel D (£136 million) in July 2017. We also announced a c.\$136 million investment in Cirtec Medical, a leading provider of outsourced engineering and manufacturing to the medical device sector, which is expected to complete by 30 September 2017.

## Private Equity realisations

We generated total cash proceeds of £107 million in the quarter from the full realisations of MKM and Dphone at uplifts of 3% and 30% respectively against 31 March 2017 book value.

	Realisation proceeds £m
<b>Full realisations</b>	
MKM	70
Dphone	26
Other	11
<b>Total Q1 FY2018 cash proceeds</b>	<b>107</b>

We also announced the sale of Mémora on 17 July 2017. This disposal, which is expected to complete by the end of September 2017, will generate proceeds of c.£117 million to 3i. Mémora was valued at £86 million at 31 March 2017 and has been moved to an imminent sales basis at 30 June 2017.

## Infrastructure

Our team, which advises 3i Infrastructure plc, is working actively on its more recent acquisitions, including potential follow on investments, and its pipeline of possible new investments. 3i also invested £21 million in the new 3i Managed Infrastructure Acquisitions Fund and committed €40 million to the new 3i European Operational Projects Fund, which achieved its first close in April 2017.

## Top 10 investments by value at 30 June 2017

	Valuation basis	Valuation currency	Valuation Mar-17 £m	Valuation Jun-17 £m	Activity in the quarter
<b>Action</b>	Earnings	EUR	1,708	1,835	
<b>3i Infrastructure plc</b>	Quoted	GBP	655	658	Ex-dividend date 15 June 2017
<b>Scandlines</b>	DCF	EUR	538	571	
<b>Q Holding</b>	Earnings	USD	222	238	
<b>Weener Plastic</b>	Earnings	EUR	200	213	
<b>Audley Travel</b>	Earnings	GBP	185	194	
<b>Basic-Fit</b>	Quoted	EUR	184	182	
<b>Hans Anders</b>	Earnings	EUR	-	175	New investment
<b>ATESTEO</b>	Earnings	EUR	160	172	
<b>BoConcept</b>	Earnings	DKK	146	156	

The top 10 investments in this table comprise 71% (31 March 2017: 70%) of the total Proprietary Capital portfolio by value.

## Total return and NAV position

The continued weakening of sterling against the euro following the UK General Election in June 2017 contributed to a total foreign exchange gain in the quarter of £68 million. Based on the balance sheet at 30 June 2017, a 1% movement in the euro and US dollar would result in a total return movement of £37 million and £7 million respectively. Altogether the diluted NAV per share increased to 628 pence (31 March 2017: 604 pence) and 609.5 pence following the payment of the FY2017 final dividend.

## Balance sheet and dividend

The Group's balance sheet remains well funded. Net cash reduced to £161 million, due to the investment activity in the quarter. Liquidity remained strong at £1,086 million. The £136 million investment in Formel D completed on 17 July 2017 and the 18.5 pence FY2017 final dividend (£178 million) was paid on 21 July 2017.

## Notes

1. Balance sheet values are stated net of foreign exchange translation. Where applicable, the GBP equivalents at 30 June 2017 in this update have been calculated at a currency exchange rate of €1.1388:£1 and \$1.2989:£1 respectively. At 30 June 2017, 61% of the Group's net assets were in euro and 12% were in US dollar.
2. At 30 June 2017 3i had 968.4 million diluted shares.
3. Action was valued using a post discount run-rate EBITDA multiple of 16.0x based on its run-rate earnings to 19 June 2017, the closest period end to 3i's.

– ENDS –

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### About 3i Group

3i is a leading international investment manager focused on mid-market Private Equity and Infrastructure. Our core investment markets are northern Europe and North America. For further information, please visit: [www.3i.com](http://www.3i.com)

All statements in this performance update relate to the three month period ended 30 June 2017 unless otherwise stated. The financial information is unaudited and is presented on 3i's non-GAAP Investment basis in order to provide users with the most appropriate description of the drivers of 3i's performance. Net asset value ("NAV") and total return are the same on the Investment basis and on an IFRS basis. Details of the differences between 3i's consolidated financial statements prepared on an IFRS basis and under the Investment basis are provided in the 2017 Annual report and accounts. There have been no material changes to the financial position of 3i from the end of this quarter to the date of this announcement.