



Results for the year to 31 March 2018

17 May 2018



A strong result for the year

Year to 31 March 2018



Group

Total return
on equity

24%

Total dividend
per share

30p

NAV per share

724p

Net cash

£479m

Private Equity

Proprietary capital
invested

£587m

Realisation
proceeds

£1,002m

Infrastructure

Fee and portfolio
income

£81m

3iN special dividend

£143m

Strong returns across the business and good progress on all our strategic objectives

Our post-restructuring track record



	Year to 31 Mar 2018	Year to 31 Mar 2017 ¹	Year to 31 Mar 2016 ¹	Year to 31 Mar 2015 ¹	Year to 31 Mar 2014 ¹	Year to 31 Mar 2013 ¹	Year to 31 Mar 2012 ¹
Total return	£1,425m	£1,592m	£824m	£659m	£478m	£373m	£(656)m
% over opening net asset value	24%	36%	22%	20%	16%	14%	(20)%
Diluted NAV per share	724p	604p	463p	396p	348p	311p	279p
Cash realisations	£1,277m	£1,308m	£718m	£841m	£671m	£606m	£771m
Cash investment	£827m	£638m	£433m	£369m	£276m	£126m	£646m
3i portfolio value	£6,657m	£5,675m	£4,497m	£3,877m	£3,565m	£3,295m	£3,204m
Net cash/(debt)	£479m	£419m	£165m	£49m	£(160)m	£(335)m	£(464)m

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

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

Our business model – delivering sustainable returns



1. Invest our proprietary capital in Private Equity

2. Grow portfolio earnings and cash flow

3. Realise a money multiple of >2x in Private Equity

4. Cover costs with fee and portfolio income



Mid to high-teens IRR net of carry over typical 4-5 year holding period

No cost dilution of returns

Objective: deliver a sustainable mid to high teens return across the cycle with no Group leverage

1. Investment – Private Equity

Strategic clarity and focus leading to a better “hit rate”



Clear focus

- Consumer, Industrial, Business & Tech Services
- Northern Europe, North America



Themes/megatrends

- Flexibility to follow long-term trends that support earnings growth

Flexible to adapt to market developments and to pursue winning themes. Focused on returns



Disciplined process

- Early stage commercial evaluation
- Less competitive or proprietary processes



3i network and BLN

- Identification of and access to targets
- Assessment, due diligence and NXD involvement

1. Investment – Private Equity

Flexibility to follow developing themes and megatrends



Compliance/
Testing, inspection
and certification



Polarisation/
Value-for-money



Demographics



Technological disruption



Health & Wellness



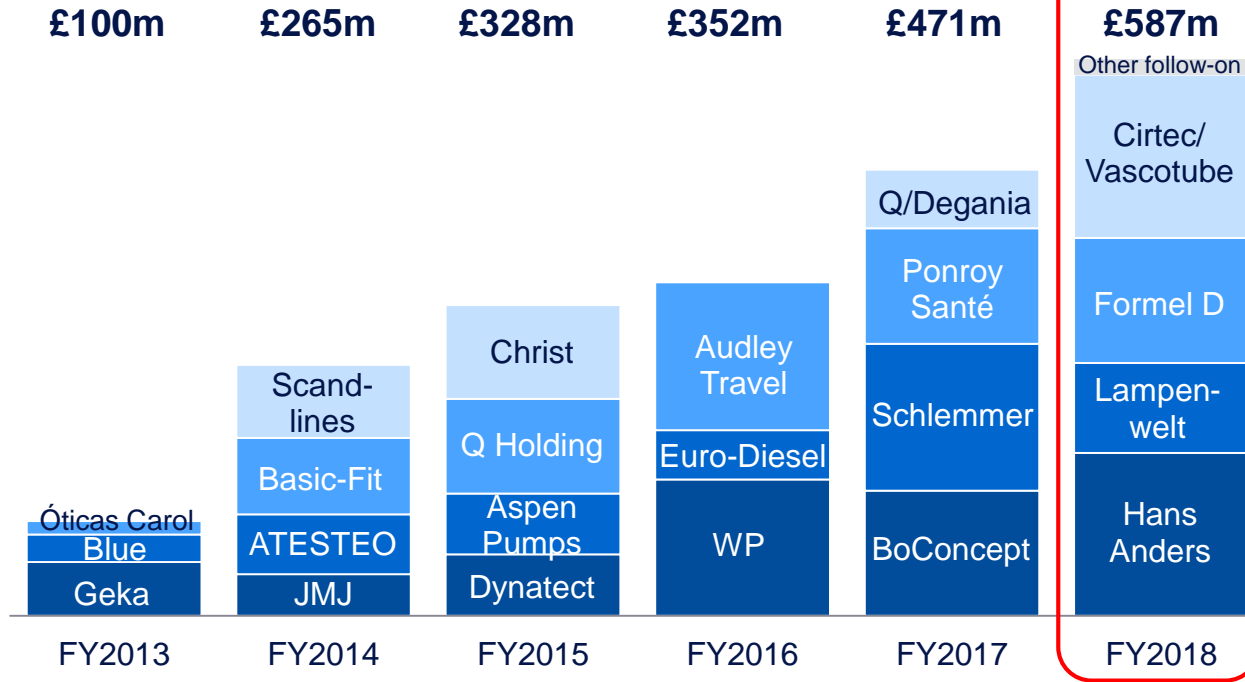
Our investments are supported by developing megatrends

1. Investment – Private Equity

Our approach is producing good results



Proprietary capital invested in each Private Equity vintage



c.£2.1bn invested in FY2013-FY2018

FY2013-FY2016 MM of **2.1x**

Investment of £135m in Royal Sanders completed in April and c.\$150m in ICE announced since year end

FY2013-2016 vintage could deliver money multiples closer to 3x than 2x

2. Grow portfolio earnings and cash – Private Equity



Implementing organic roll-out strategies: Action continues to grow strongly

2017

Highlights

+28% revenue growth

+25% EBITDA growth

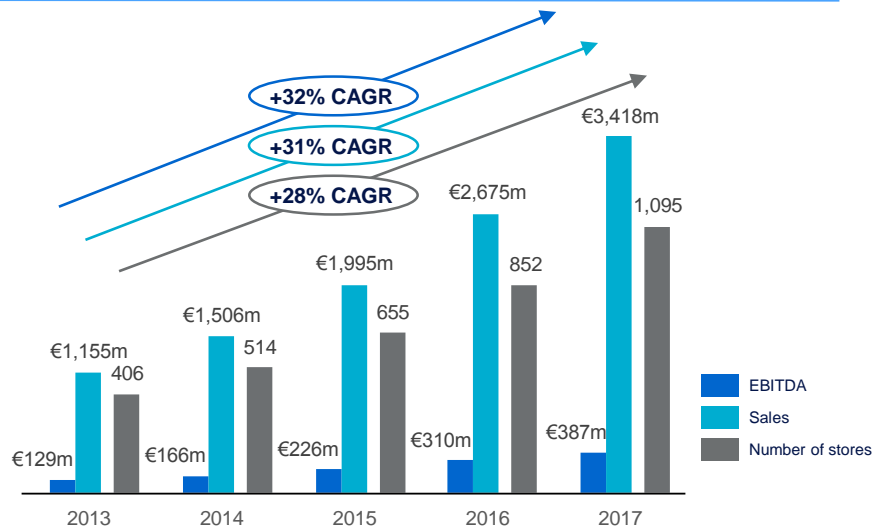
1,095 stores

243 net new stores added

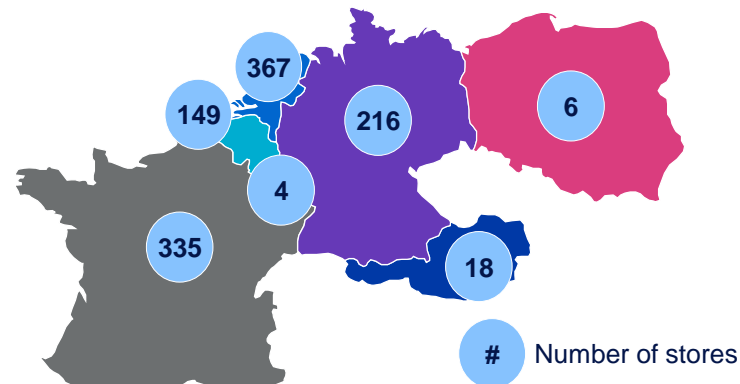
5 DCs, of which 2 new in 2017

2 DCs under construction

Consistent high growth track record



Rapid expansion in Germany & France; entry into Poland



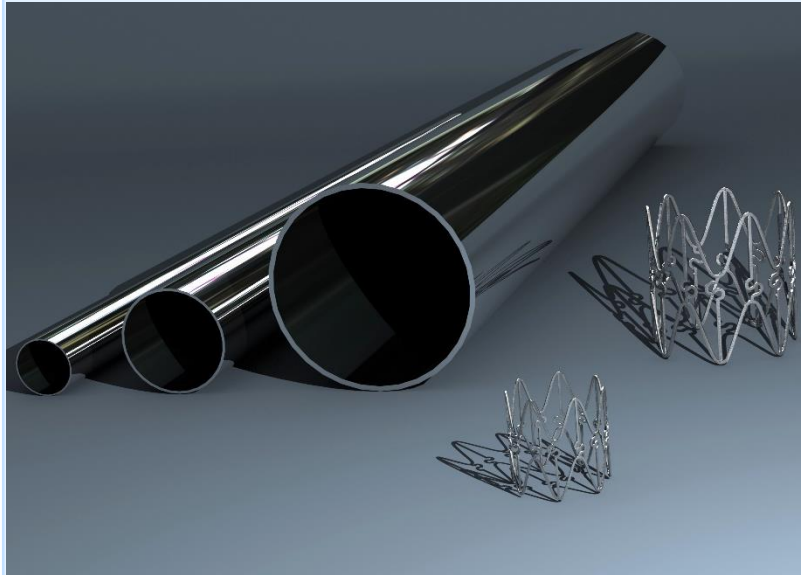
Investing to become a €10bn turnover business
Targeting more stores in 2018 than in 2017

2. Grow portfolio earnings and cash – Private Equity

Building platform assets: Cirtec's transformational acquisition of Vascotube



Vascotube is a precision nitinol tubing component supplier that serves fast growing medical device end markets



- Transformational acquisition completed four months after investment
 - diversifies product offering and reduces customer concentration
 - provides exposure to high growth minimally invasive procedures, such as TAVR and TMVR
- Target identified before the initial investment in Cirtec
- 3i's German office key to winning the transaction

2. Grow portfolio earnings and cash – Private Equity

Good earnings performance drove value growth of £1,080m in FY2018



Largest value increases (>£20m)

Portfolio company ¹	Value growth (excl FX)	Value at 31 Mar 2018	Key driver of value movement
Action	£610m	£2,064m	↑ Earnings ↑ Multiple
Scandlines	£302m	£803m	↑ Sale
Basic-Fit	£81m	£270m	↑ Share price
Q Holding	£33m	£229m	↑ Earnings ↑ Multiple
Audley Travel	£30m	£233m	↑ Earnings
Cirtec Medical	£27m	£190m	↑ Earnings
AES Engineering	£26m	£139m	↑ Earnings ↑ Multiple
WP	£26m	£244m	↑ Earnings

Largest value declines (>£20m)

Portfolio company	Value decline (excl FX)	Value at 31 Mar 2018	Key driver of value movement
Christ	£(53)m	£50m	↓ Earnings ↓ Multiple
Euro-Diesel	£(21)m	£82m	↓ Earnings

91% of portfolio companies by value grew earnings in the year

¹ One asset excluded for commercial reasons.

3. Realise a money multiple of >2x from PE investments

Meeting objective from both recent and legacy investments



Full realisations (proceeds, money multiple)

ATESTEO £278m; 4.8x	Mémora £119m; 1.4x	MKM £70m; 5.9x	Refresco £43m; 2.0x
F+P £33m; 1.8x	Óticas Carol £27m; 1.9x	Dphone £26m; 2.2x	Hobbs £7m; 0.2x

Refinancings (proceeds)

Action £307m	Scandlines £50m	ATESTEO £30m
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FY2018 realisations

£1,002m proceeds from realisations and refinancings

2.4x money multiple on full realisations

Realisation of Scandlines (FY2019) will generate a **total MM of 7.4x** and a MM on the 2013 investment of **5.8x**

3. Realise a money multiple of >2x from PE investments

ATESTEO – 4.8x money multiple from a typical 3i transaction



- £278m realisation announced in December 2017
 - 4.8x money multiple over a 4-year holding period
 - 100% uplift to valuation at 31 March 2017
- Doubled EBITDA during holding period through a number of growth initiatives
- Refinanced twice through holding period, generating total refinancing proceeds of £78m



Our Private Equity portfolio is now weighted towards our better assets and capable of delivering our overall objectives



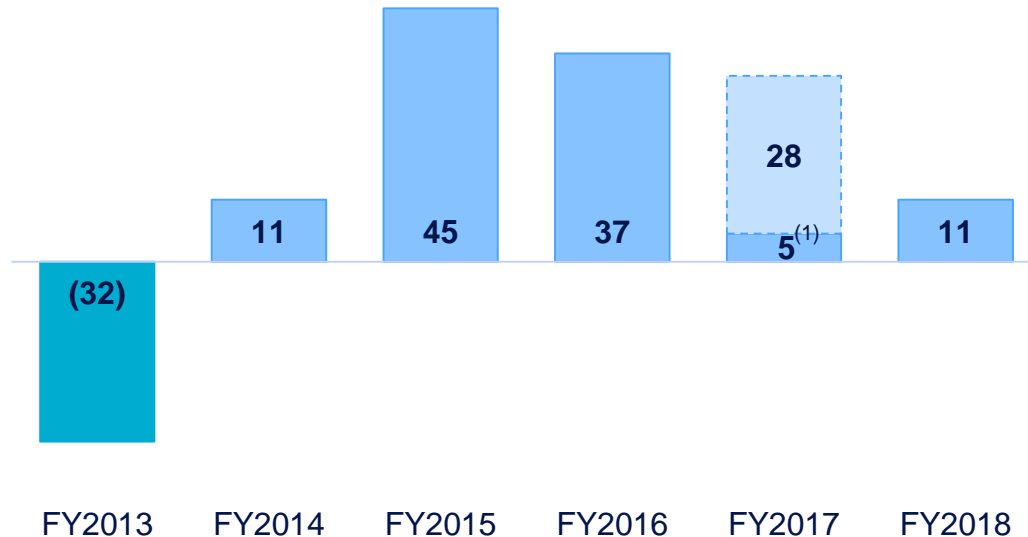
	The buckets	Selected examples	% of value	
			FY2018	FY2017
1	Longer-term hold; value creation	Action, Scandlines, Audley, Q Holding, Ponroy	c.67%	c.64%
2	Strong performers; performing in line with investment case	WP, BoConcept, Cirtec, Lampenwelt	c.21%	c.22%
3	Manage intensively; potential value upside	OneMed, Etanco, Christ, JMJ	c.7%	c.9%
4	Low or nil-valued assets	Indiareit, Navayuga	0.3%	0.4%
5	Quoted assets	Basic-Fit	c.5%	c.5%

35 portfolio companies and one quoted stake at 31 March 2018

4. Cover costs with fee and portfolio income to reduce potential dilution of capital returns



Operating cash profit (£m)



Growing fee and portfolio income

- Managed Infrastructure Acquisitions Fund
- European Operational Projects Fund
- US Infrastructure platform
- Regular cash dividends from Scandlines
- Focus on other portfolio income where appropriate

(1) Operating cash profit from continuing operations (excluding Debt Management) in FY2017 was £5m

4. Cover costs with fee and portfolio income

3iN continues to develop well and to pay significant dividends to 3i



3iN relative share price performance – FY2018

(rebased to 3iN, pence per share)



Strong performance in FY2018

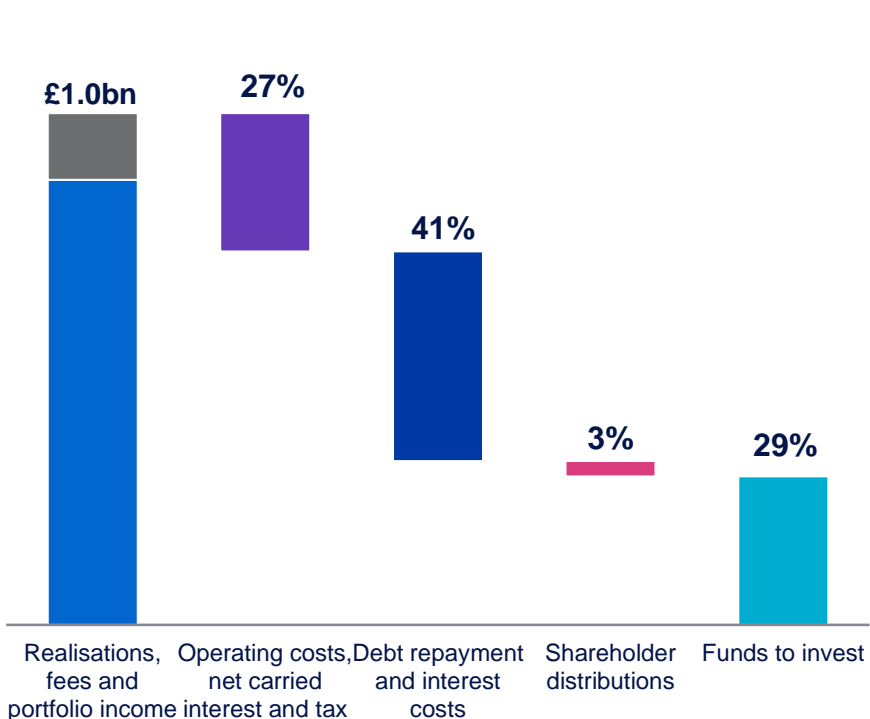
- 3iN total return of 29%
- Ordinary dividend to 3i of £27m
- Elenia and AWG sales generated proceeds of £1.1bn
- Special dividend to 3i of £143m (treated as realisation proceeds)

* Basket includes HICL, INPP, JLIF and BBGI
Source: Bloomberg

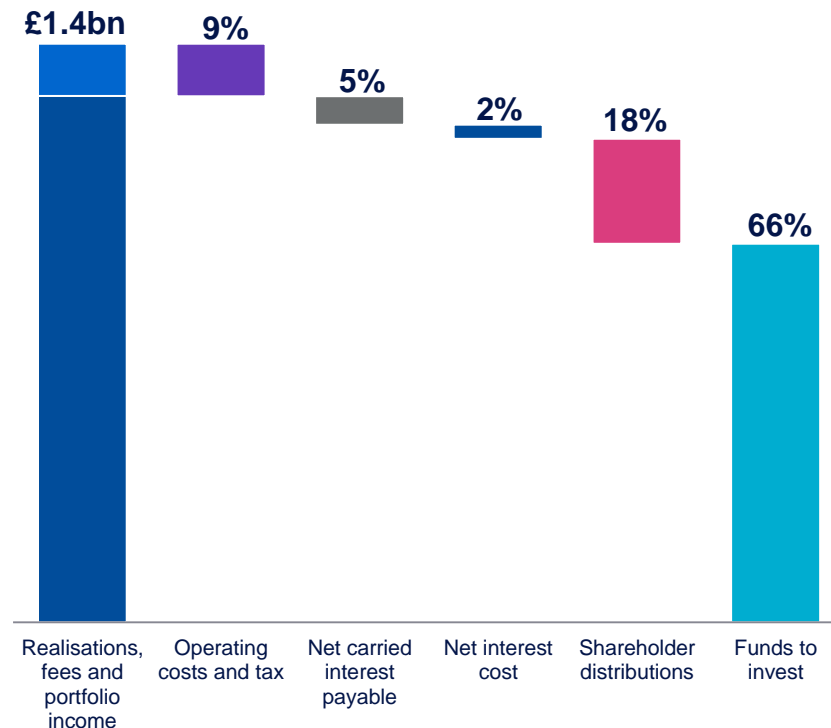
We continue to improve our capital efficiency and allocation



Average over FY2010-FY2012

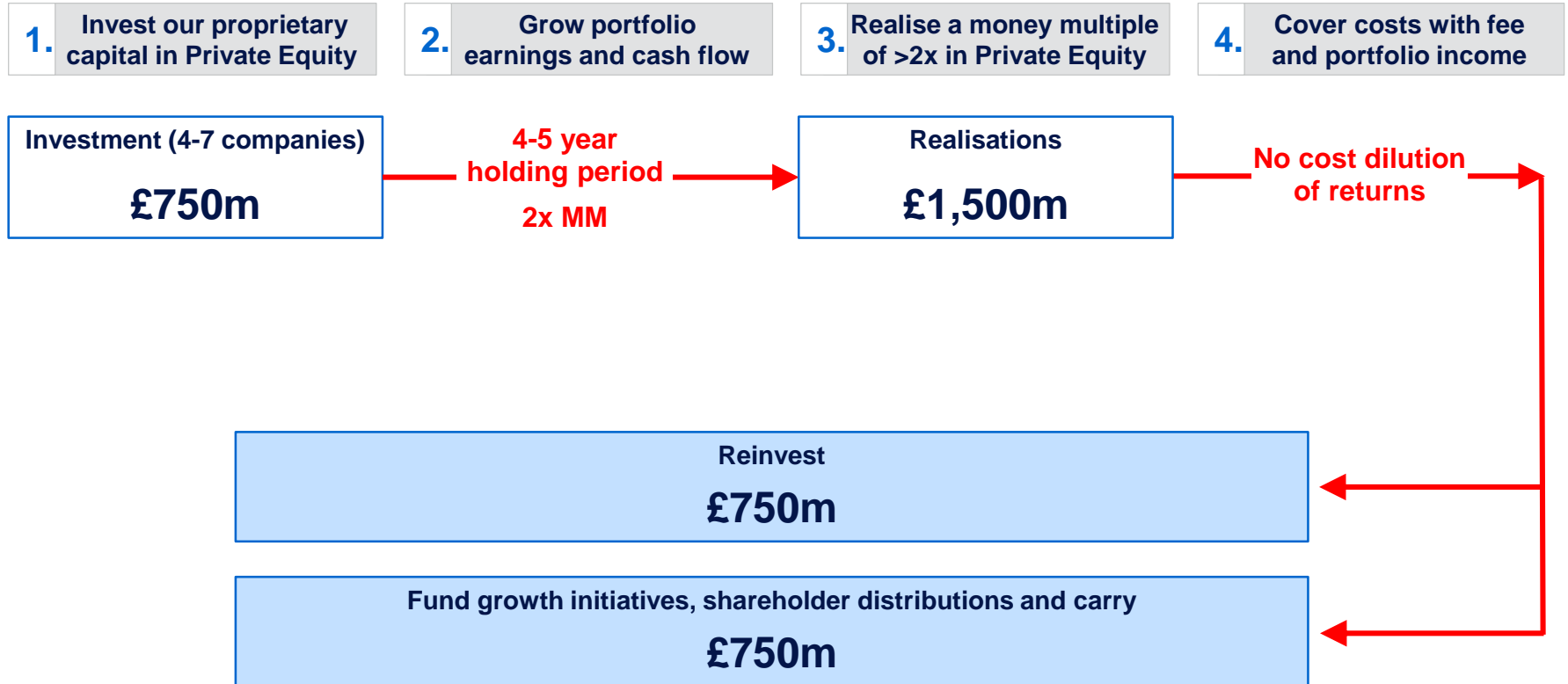


Year to 31 March 2018



Our business model – delivering sustainable returns

Mid to high teens return net of carry through the cycle, higher if we exceed our 2x MM objective



Our proprietary capital strategy

Highly successful investments drive Group outperformance



Net investment return¹ from annual vintages (£m)

Total annual investment (£750m)

Average investment size (£150m)

MM	NIR ² (%)	NIR ² (£m)
2.0x	16%	605
2.5x	22%	935
3.0x	28%	1,265
3.5x	33%	1,595

Outperformance of FY2014 investments

BASIC-FIT

Cost: £81m
 Entry: Dec-13
 Exit: Jun-16³
 Value remaining: £270m
 MM: 4.4x
 IRR: 48%

ATESTEO

Cost: £74m
 Entry: Oct-13
 Exit: Feb-18
 MM: 4.8x
 IRR: 51%

Scandlines

Cost: £77m
 Entry: Dec-13⁴
 Exit: Q1 FY19
 Value remaining: £803m
 MM: 5.8x
 IRR: 67%

2013-16 MM⁵: 2.1x

Recent investments

HOLDING COMPANY
a whole processor matters

Cost: £162m
 Entry: Dec-14

AUDLEY

Cost: £156m
 Entry: Dec-15

GRUPE
 PONROY
 SANTÉ

Cost: £131m
 Entry: Jan-17

lampenwelt.de

Cost: £95m
 Entry: May-17

Cirtec
 MEDICAL

Cost: £172m
 Entry: Aug-17

(1) Net investment return is gross return net of carry

(2) Assuming a four year hold period

(3) Basic-Fit IPO; 3i reduced its stake from 44.4% to 23.7%

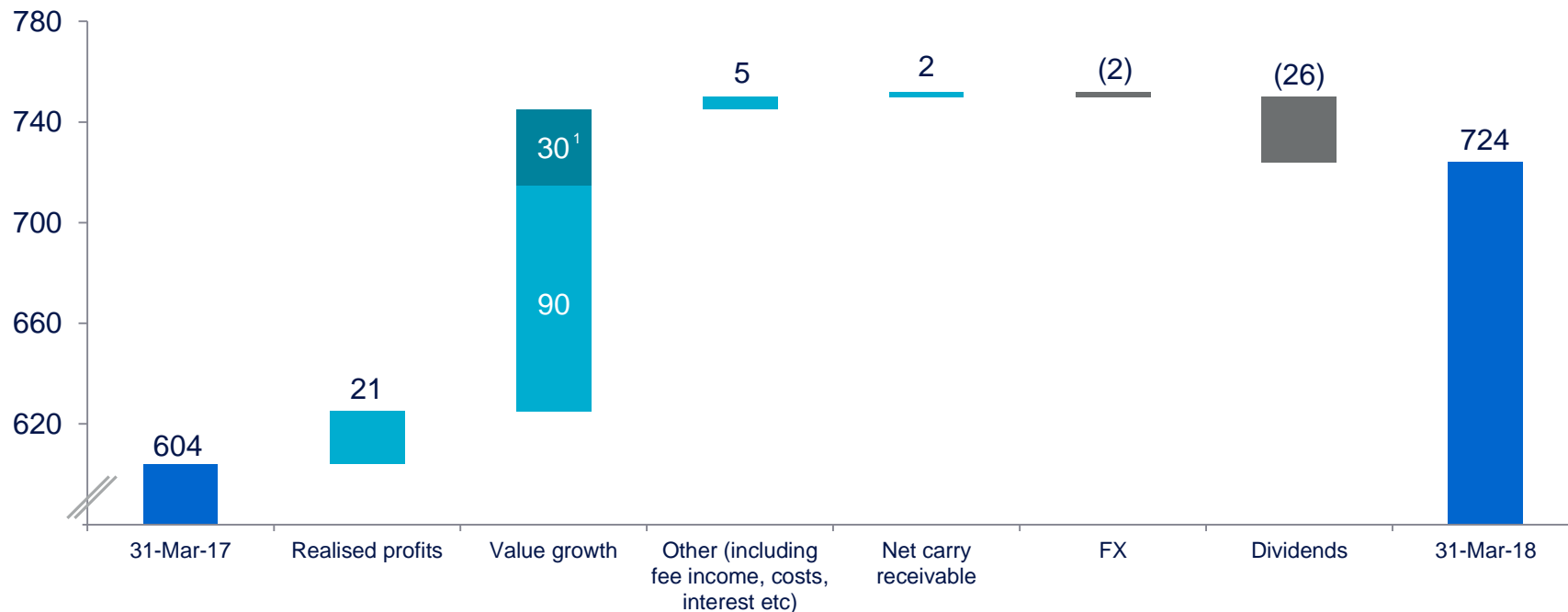
(4) Purchase of Allianz stake

(5) MM as at Mar-18

NAV up 20% to 724 pence driven by strong portfolio performance



NAV per share (pence)



1. Scandlines transaction value.

Private Equity

Gross investment return driven by value growth



Year to 31 March £ million	2018	2017
Gross investment return	1,438	1,624
% of opening portfolio	30%	43%
Realised profit	199	38
Total realisation proceeds	1,002	982
Cash investment	587	478
Portfolio value	5,825	4,831

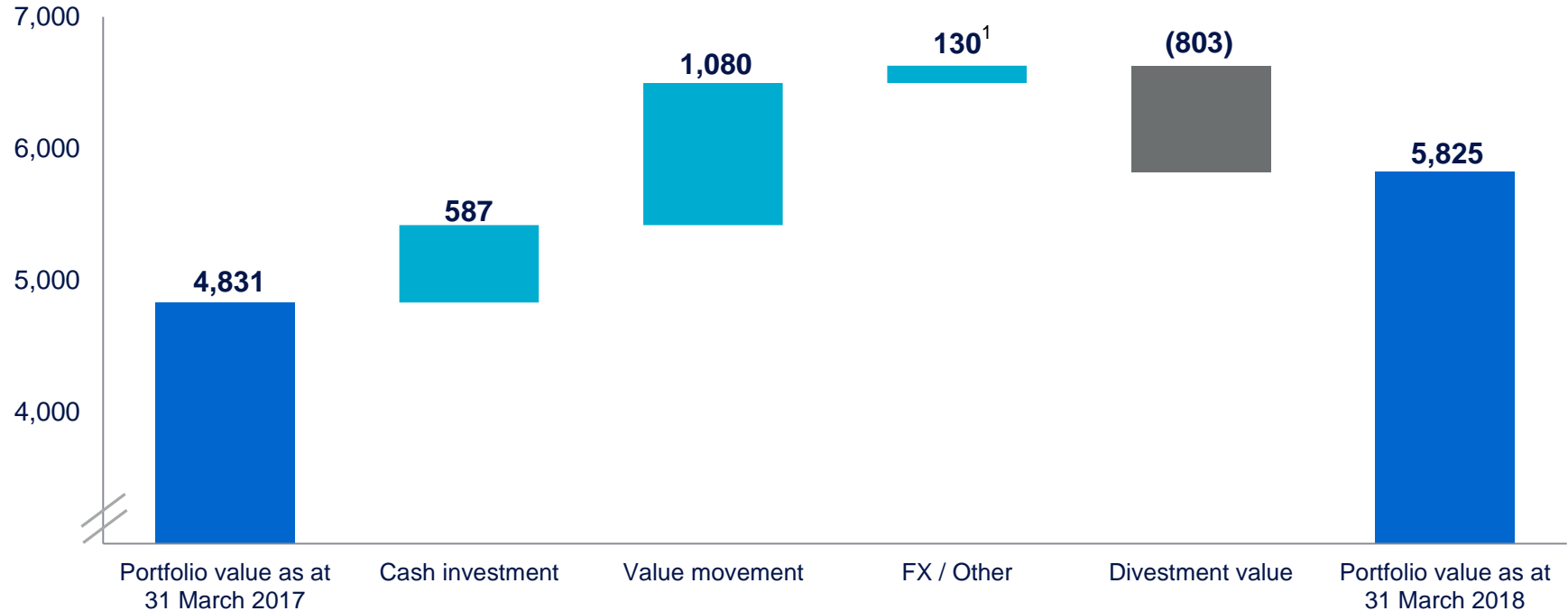
48% uplift and 2.4x money multiple on 8 full realisations in the year

Private Equity

Increase in portfolio driven by value growth and cash investment



£ million



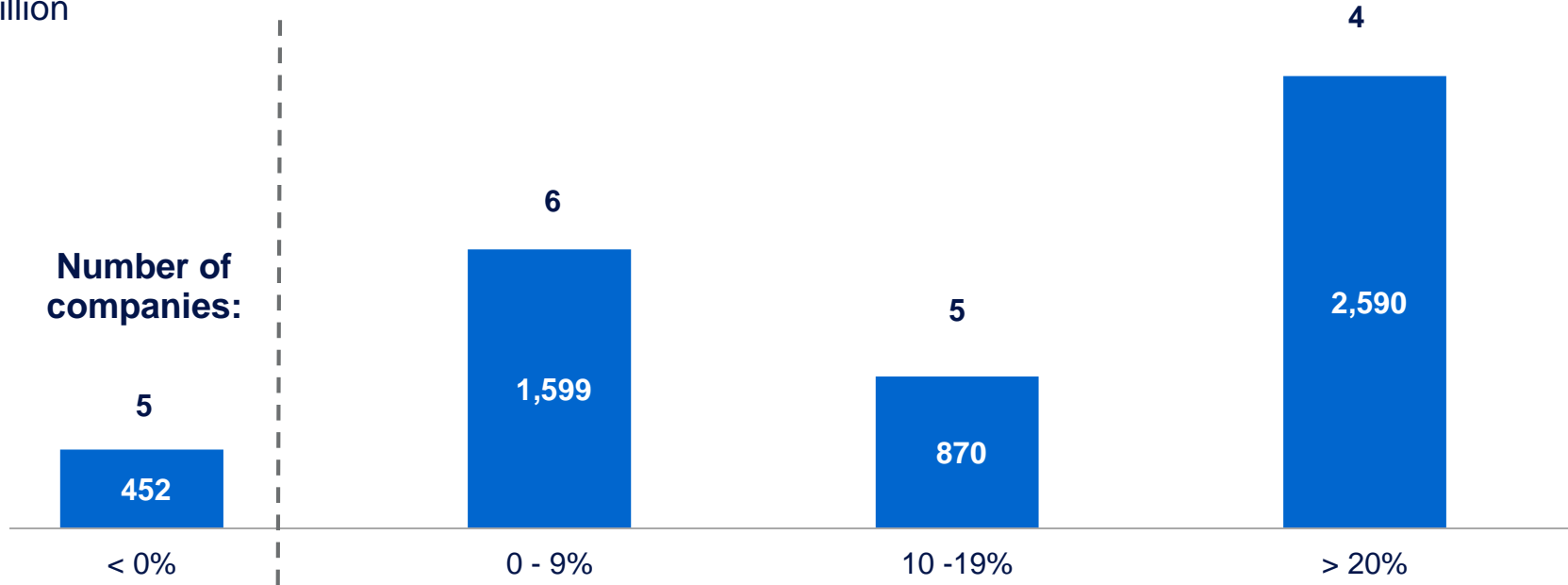
£994 million / 21% increase in portfolio value in the year

¹ Includes capitalised interest and other non-cash investment.



3i carrying value at 31 March 2018¹

£ million



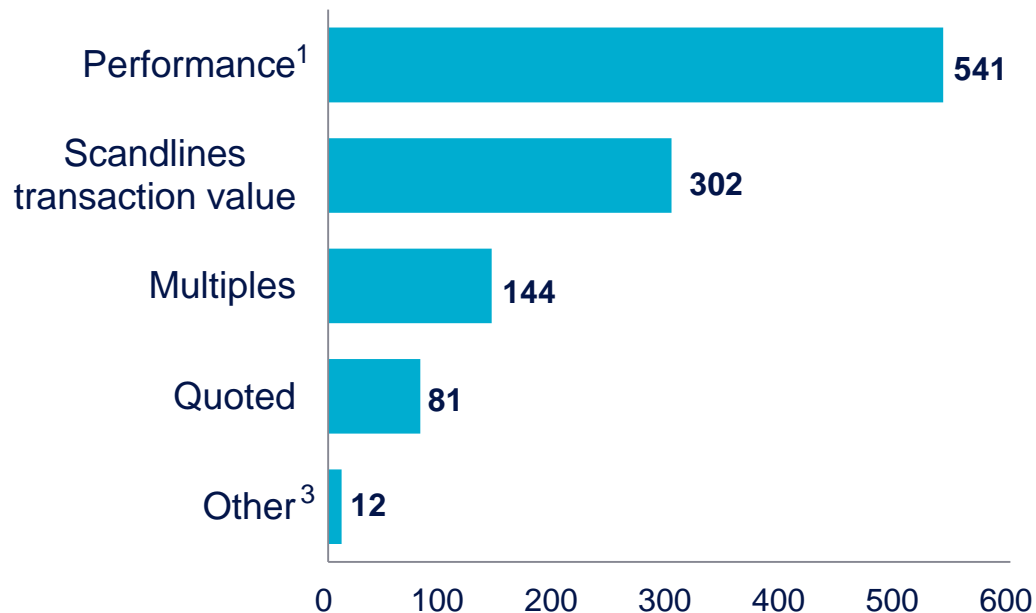
1. Earnings growth in the top 20 investments including Scandlines and Basic-Fit.

Private Equity

£1,080 million value growth



Value movement by basis (£ million)



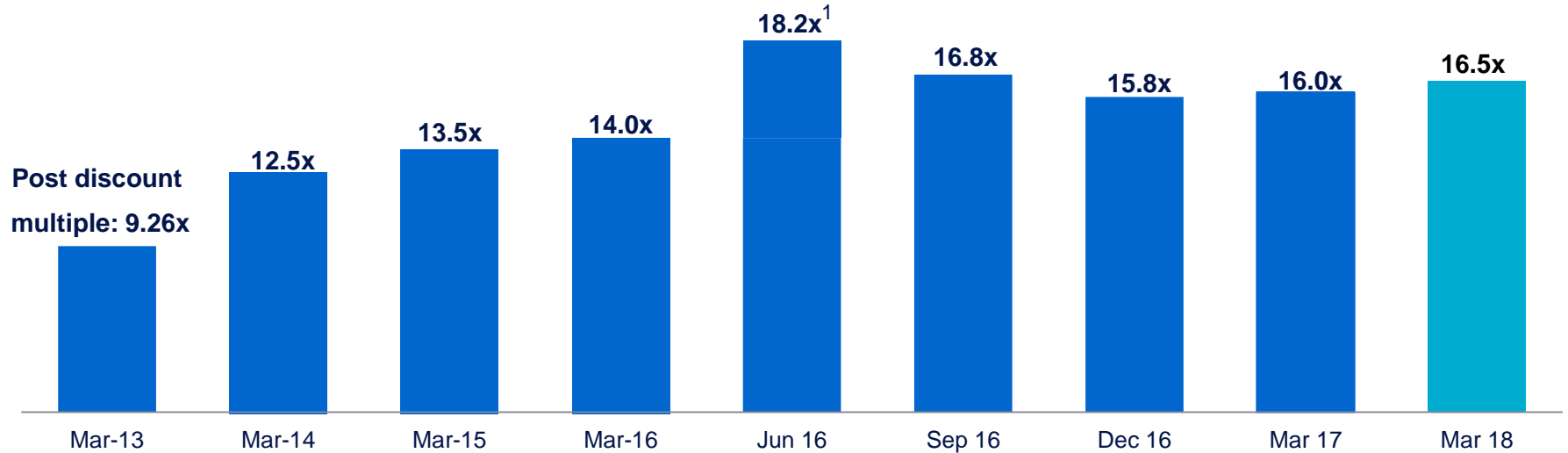
Multiples ²	March 2018	March 2017
Action	16.5x	16.0x
3i ex. Action	11.0x	9.9x

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

² Multiples are stated post liquidity discount and are based on LTM EBITDA or run-rate EBITDA earnings consistent with the valuation.

³ Other includes investments valued on a DCF basis and net asset value.

Private Equity Action valuation



Valuation methodology

- Run-rate earnings to 31 March 2018
- Run-rate multiple: 16.5x (post discount)

£2,064 million value at 31 March 2018, £610 million value growth in the year

¹ Increase in multiple following third-party interest in June 2016.



- Valued using the transaction value less 2.5% discount at 31 March 2018
- After completion, Scandlines will be a longer term hold proprietary capital asset
- Dividends will contribute to cash income

Excellent result: total money multiple of 7.4x and 5.8x on the 2013 investment

Private Equity

Carried interest receivable and payable a function of good performance



£ million	2018	2017
Income statement		
Carried interest receivable	138	275
Carried interest payable	(196)	(431)
Net total return charge	(58)	(156)
Balance sheet		
Carried interest receivable	505	359
Carried interest payable	(839)	(650)
Net total payable	(334)	(291)
Net cash paid	43	127

Infrastructure

Outstanding performance from 3iN and completed first US investment



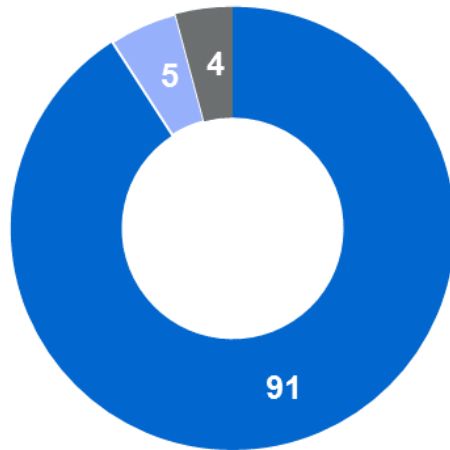
Year to 31 March 2018 £ million	2018	2017
Gross investment return	113	87
% of opening portfolio	16%	17%
Cash investment	217	131
Contribution from 3iN		
- Dividend and advisory fee income	61	48
- Performance fee	90	4
- Special dividend	143	-

Infrastructure

Proprietary capital of £832 million and AUM of £3.4 billion at 31 March 2018

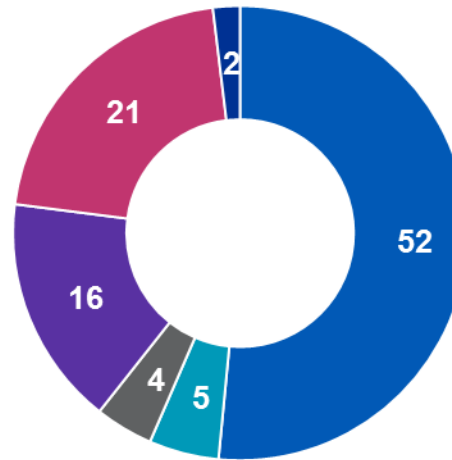


AUM by region (%)



■ Europe ■ North America ■ Other

AUM by fund (%)



- 3i Infrastructure plc
- US Infrastructure
- 3i India Infrastructure Fund
- BIIF Fund
- 3i Managed Infrastructure Acquisitions LP
- 3i European Operational Projects Fund

Balance sheet remains well funded for investment



£ million	31 March 2018	31 March 2017
Investments	(827)	(689)
Realisations	1,323	1,275
Net divestment	496	586
Net cash	479	419
Net assets	7,024	5,836
Liquidity	1,404	1,323

...and shareholder distributions



	2015	2016	2017	2018
Base	8.1p	8.1p	16.0p	16.0p
Additional	11.9p	13.9p	10.5p	14.0p
	20.0p	22.0p	26.5p	30.0p

- Base dividend of 16.0 pence (8.0 pence interim and 8.0 pence final)
- Additional dividend of 14.0 pence

Dividend of 22.0 pence to be paid in July 2018, subject to shareholder approval



- Propose to replace the current base plus additional dividend policy with a simpler policy
- New proposal 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
- Expect the interim dividend to be 50% of the prior year's total dividend, subject to the same considerations

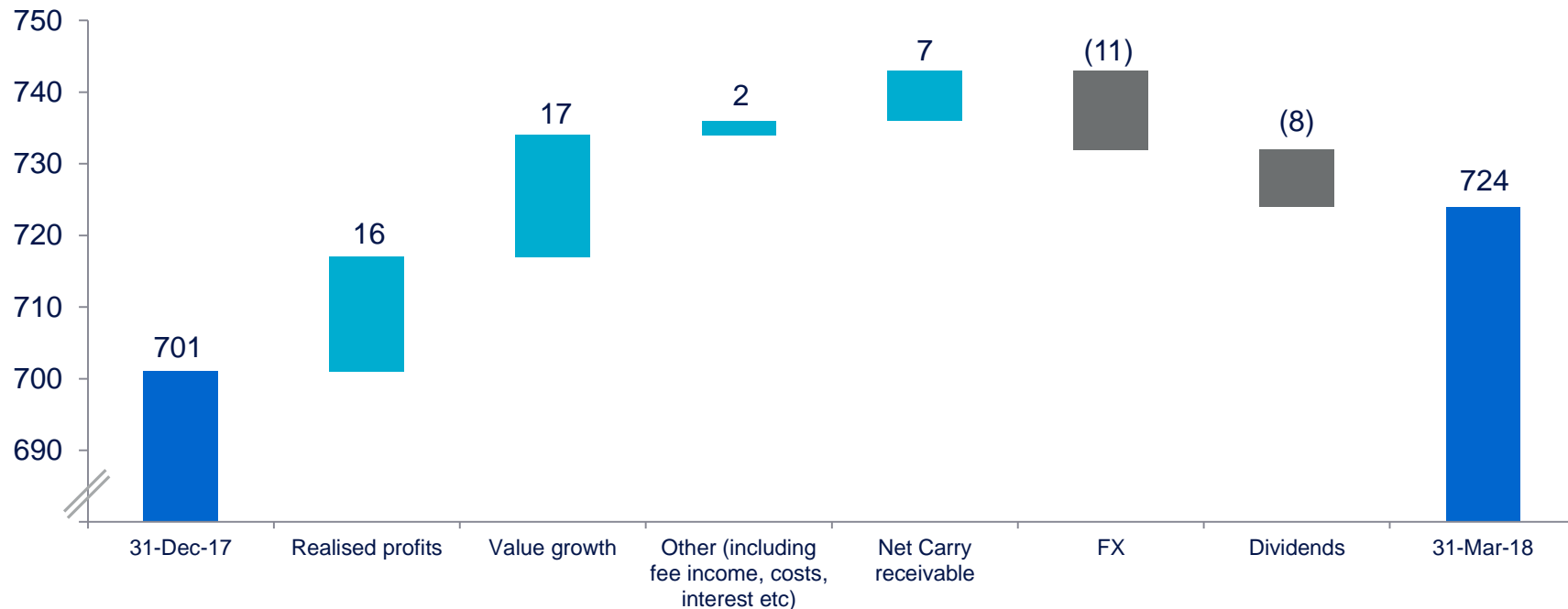


Additional information

Q4 NAV up from 701 pence to 724 pence



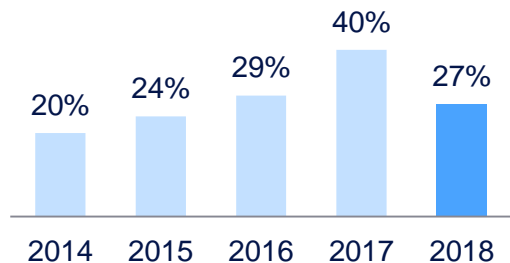
NAV per share (pence)



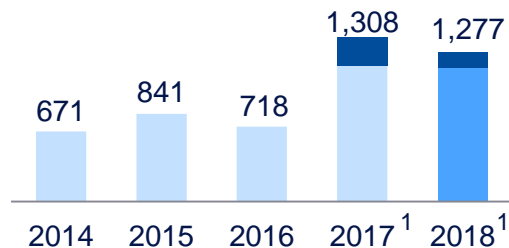
Strong progress across all KPIs



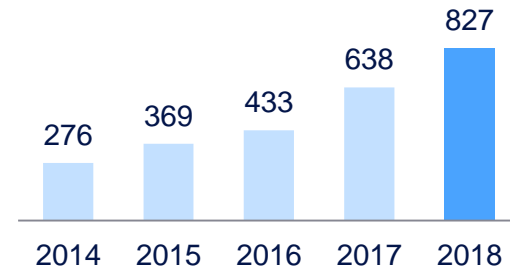
Gross investment return (%)



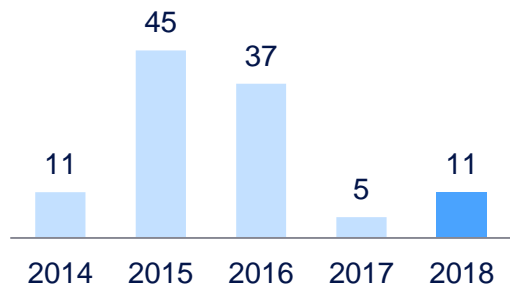
Cash realisations (£m)



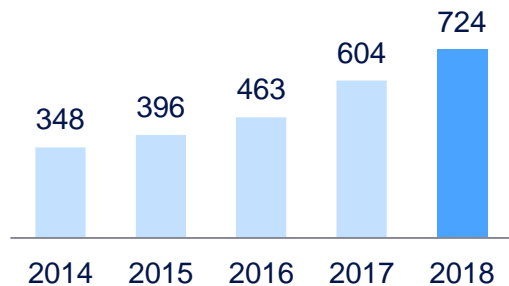
Cash investment (£m)



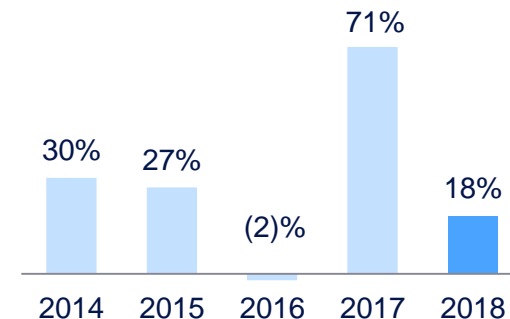
Operating cash profit (£m)²



NAV per share (pence)



Total shareholder return(%)



¹ 2017 includes proceeds from the sale of Debt Management of £270m and 2018 includes the £152m from the sale of the residual Debt Management assets.

² Balances up to 2016 include the contribution of the Debt Management business sold to Investcorp.

Maintained an operating cash profit

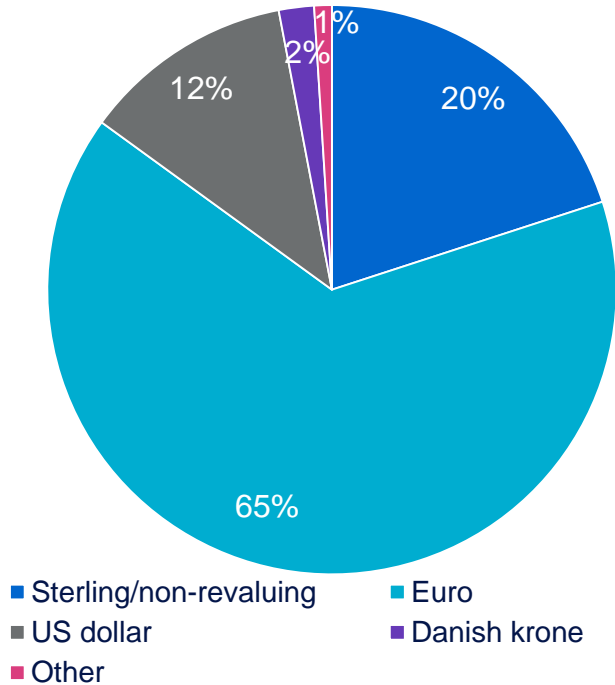


Year to 31 March 2018 £ million	2018	2017
Private Equity	39	43
Infrastructure	78	59
Other	9	19
Cash income	126	121
Operating cash expenses	(115)	(116)
Operating cash profit	11	5

Infrastructure and Scandlines dividend income will be important contributions to operating cash profit



Net asset exposure by currency



Currency	Net assets	Change YTD	Impact
Sterling	£1,390m	n/a	n/a
Euro	£4,542m	(2.6)%	£81m
US dollar	£862m	10.8%	£(90)m
Danish krone	£137m	(2.3)%	£3m
Other ¹	£93m	n/a	£(10)m
Total	£7,024m		£(16)m

1% movement in euro = £45 million, 1% in US dollar = £9 million

¹ Other mainly includes Indian rupee and Swedish krona.

Private Equity

20 large investments¹

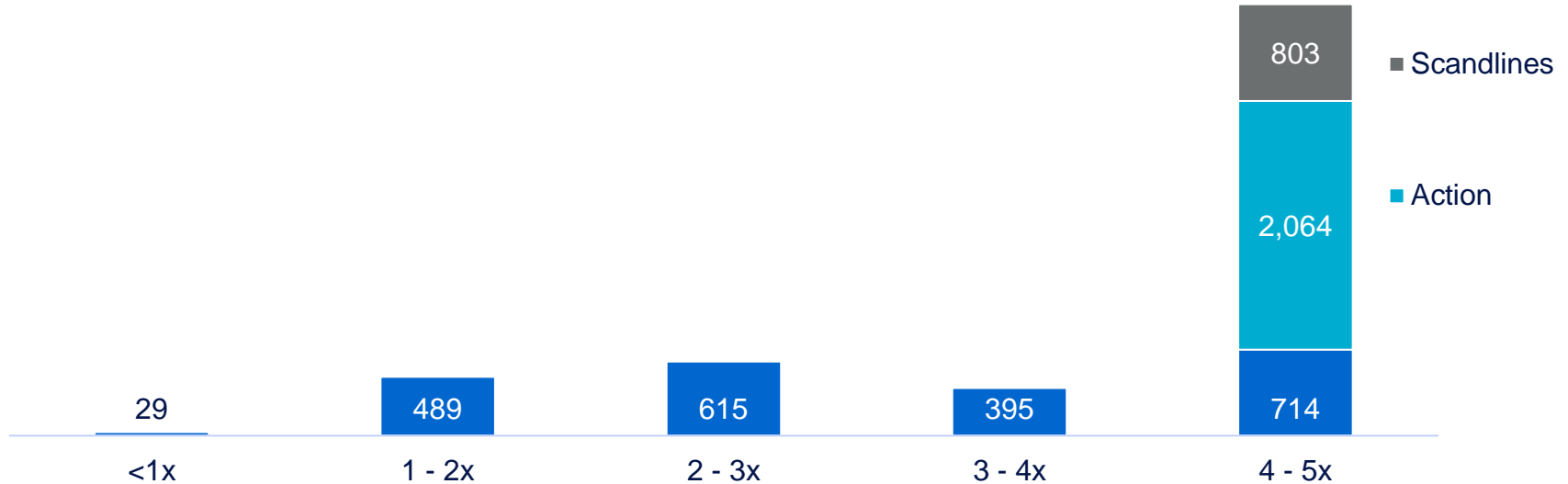


Investment	Business description	Valuation March 18 £m	Valuation March 17 £m
Action	Non-food discount retailer	2,064	1,708
Scandlines	Ferry operator between Denmark and Germany	803	538
Basic-Fit	Discount gyms operator	270	184
WP	Supplier of plastic packaging solutions	244	200
Audley Travel	Provider of experiential tailor-made travel	233	185
Q Holding	Manufacturer of precision engineered elastomeric components	229	222
Cirtec Medical	Outsourced medical device manufacturing	190	-
Hans Anders	Value-for-money optical retailer	189	-
Schlemmer	Manufacturer of cable management solutions for the automotive industry	152	154
Ponroy Santé	Manufacturer of natural healthcare and cosmetics products	145	122
AES Engineering	Manufacturer of mechanical seals and support systems	139	113
BoConcept	Urban living designer	137	146
Formel D	Quality assurance provider for the automotive industry	133	-
ACR	Pan-Asian non-life reinsurance	129	135
Tato	Manufacturer and seller of speciality chemicals	114	112
Lampenwelt	Online lighting specialist retailer	111	-
Aspen Pumps	Manufacturer of pumps and accessories for the air conditioning, heating and refrigeration industry	108	88
Euro-Diesel	Manufacturer of uninterruptible power supply systems	82	95
Christ	Distributor and retailer of jewellery	50	98
Dynatect	Manufacturer of engineered, mission critical protective equipment	50	56

1. One investment is excluded for commercial reasons.

Ratio of total net debt to earnings by 3i carrying value at 31 March 2018

(£ million)



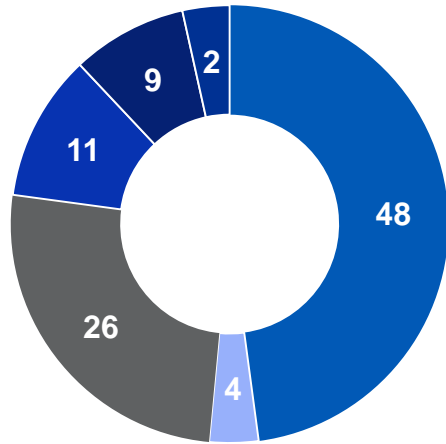
Note: The chart above represents 88% of the Private Equity portfolio by value. Quoted holdings, deferred consideration and companies with net cash are excluded.

Private Equity

Proprietary capital portfolio

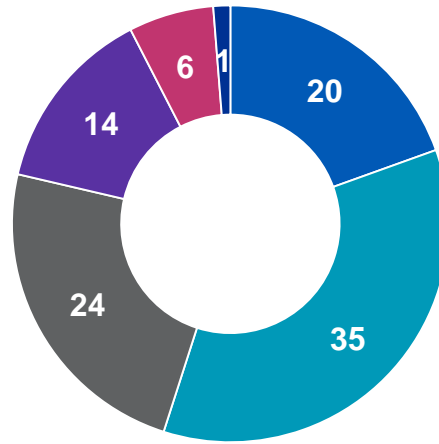


By 3i office location (%)



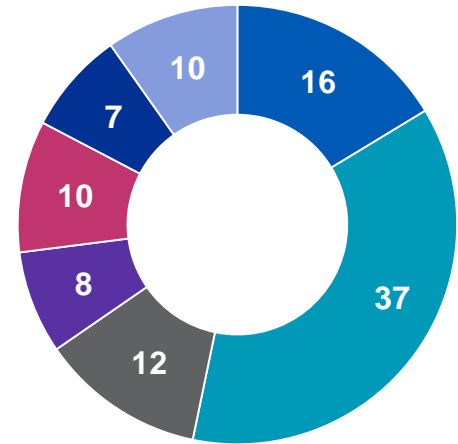
- Benelux
- Germany
- US
- France
- UK
- Other

By sector (%)



- Consumer
- Action (Consumer)
- Industrials
- Scandlines (Industrials)
- Business & technology services
- Other

By vintage (%)



- Pre 2012
- 2015
- 2016
- 2017
- 2018
- 2014¹

Portfolio of 36 investments, down from 40 at 31 March 2017

1. 2014 vintage includes the Scandlines further.

Private Equity

Eight realisations in the year



Full realisations	Calendar year invested	Realisation proceeds	Uplift to opening value	Money multiple ¹	Residual value (31 Mar 2018)
ATESTEO	2013	£278m	100%	4.8x	-
Memora	2008	£119m	37%	1.4x	-
MKM	2006	£70m	3%	5.9x	-
Refresco Gerber	2010	£43m	30%	2.0x	-
Foster and Partners	2007	£33m	(3)%	1.8x	-
Oticas Carol	2013	£27m	50%	1.9x	-
Dphone	2006	£26m	30%	2.2x	-
Hobbs	2004	£7m	(22)%	0.2x	-
		£603m	48%	2.4x	-

¹ Money multiple calculated using 3i sterling cash flows.

Private Equity

Refinancings, partial realisations and deferred consideration



Investment realised	Calendar year invested	Realisation proceeds	Uplift to opening value	Money multiple ¹	Residual value (31 Mar 2018)
Refinancings					
Action	2011	£307m	-	24.5x	£2,064m
Scandlines	2007/2013	£50m	-	7.4x	£803m
ATESTEO	2013	£30m	-	n/a	-
Partial realisations					
Other investments	n/a	£6m	-	n/a	£36m
Deferred consideration					
Other investments	n/a	£6m	n/a	n/a	-

¹ Money multiple calculated using 3i sterling cash flows and for partial exits and refinancings includes 31 March 2018 residual value.



- Carried interest calculation unchanged **but** we will have to consider what could constrain recognition
- Majority of our carried interest due from EFV and dependent on EFV's realisation of Action
- Current assessment: no material impact expected

Carried interest from EFV £ million	2018	2017
Balance sheet		
Carried interest receivable	484	340
Carried interest payable	(334)	(251)
Net receivable	150	89
Impact on NAV (pence)	15	9

Private Equity

Proprietary capital and external funds



Vintage	Proprietary capital value at 31 March 2018	Multiple at 31 March 2018
Buyouts 2010-2012	£2,139m	7.2x
Growth 2010-2012	£33m	2.2x
2013-2016	£1,695m	2.1x
2016-2019	£1,057m	1.1x
Other	£901m	n/a
Total Proprietary capital value	£5,825m	

External fund	Close date	Original fund size	Original 3i commitment	Remaining 3i commitment at March 2018	% invested at March 2018	Gross money multiple at March 2018	External funds value	Fee income received in the year
3i Eurofund V	Nov 06	€5,000m	€2,780m	€94m	95%	2.5x	£2,289m	£5.7m
3i Growth Capital Fund	Mar 10	€1,192m	€800m	€346m	53%	1.9x	£32m	£0.5m
Other	various	various	various	n/a	n/a	n/a	£172m	£1.3m
Total external value							£2,493m	£7.5m

Infrastructure

Assets under management and advisory agreement



	Close date	Fund size at 31 March 2018	3i commitment/share	Remaining 3i commitment at March 2018	% invested at March 2018	AUM	Fee income received in the year
3iN ¹	Mar 07	n/a	£581m	n/a	n/a	£1,731m	£34m
3i Managed Infrastructure Acquisitions LP	Jun 17	£698m	£35m	£5m	85%	£707m	£5m
3i European Operational Projects Fund ²	Nov 17	€251m	€40m	€29m	27%	£65m	–
BIIF	May 08	£680m	n/a	n/a	90%	£551m	£5m
India Infrastructure fund	Mar 08	US\$1,195m	US\$250m	US\$35m	73%	£139m	£4m
Other (third party)	various	various	various	n/a	n/a	£167m	£2m
Total Infrastructure AUM						£3,360m	£50m

1. AUM based on share price at 31 March 2018.

2. The final close of 3i European Operational Projects fund was on 10 April 2018 with commitments of €456 million. At 10 April 2018, the percentage invested was 15%.