



# Annual General Meeting

27 June 2019





**Simon Thompson**  
Chairman



# Today's agenda



- Introductory remarks – Simon Thompson
- Review of the year – Simon Borrows
- Q&A – Simon Thompson
- Formal business including Resolutions – Simon Thompson

# The Board of Directors and General Counsel





A clear strategy and consistent execution has delivered strong returns.

# A strong result for the year

## Year to 31 March 2019



Group		Private Equity	Infrastructure	Corporate Assets
Total return on equity	Total dividend per share	Proprietary capital invested	Cash income	Reinvestment in Scandlines
18%	35p	£332m	£82m	£529m
NAV per share	Net cash	Realisation proceeds	3iN TSR	Dividend income from Scandlines
815p	£495m	£1,235m <sup>1</sup>	33%	£28m

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

<sup>1</sup> Gross of the re-investment in Scandlines.

## Total dividend set at 35 pence per share



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

**Second FY2019 dividend of 20 pence per share brings total dividend for the year to 35 pence per share, from 30 pence last year**



- The MIFID II and PRIIPS regulations came into effect in 2018
- Under these regulations, 3i is considered to be a “fund” and not a company, and has to publish or make available information on its costs and charges in a format comparable to the costs and charges disclosures of other funds

**These are the normal operating costs of the Company, which are already taken into account in the share price. No charge is made by the Company to you.**

# Simon Borrows

## Review of the year



# Private Equity

## The market context vindicates our approach to investment



### We have clear investment filters

- We invest in the true **mid market** (EV of €100-500m)
- We focus on clearly defined sectors and geographies



### We drive earnings growth

- We identify **long-term secular growth trends**
- We invest with a well defined strategy for value creation



### We leverage our resources

- We use our **international network and BLN** to identify and diligence targets
- BLN contacts sit on portfolio company boards as NXDs



### We can afford to be patient

- **Proprietary capital approach:** no pressure to deploy
- We are able to run our “winners” for longer

# Private Equity

## Our approach to value creation - spotlight on buy-and-build



### Why buy-and-build?

- Focus on smaller initial investments
- Operational and financial synergies
- Better market access through scale and improved commercial capabilities
- Opportunity for multiple arbitrage

### What makes a good buy-and-build candidate?

- Growth underpinned by a clear secular growth trend
- Operates in a fragmented market
- Generates plenty of free cash flow

### What is required to get this strategy right?

- Deep sector knowledge
- An international network
- Rigorous approach to governance and integration

**The whole is worth more than the sum of its parts**  
**We completed bolt-ons for an aggregate EV of €478m in FY2019**

# Private Equity

## Spotlight on buy-and-build: Cirtec Medical



 <p>Outsourced medical device manufacturing platform</p>	 <p>Metal stamping for medical device applications</p>	 <p>Precision nitinol tubing for high end medical device applications</p>	 <p>Design of custom ASICs for medical device market</p>	 <p>Thin film sensor substrates serving continuous glucose monitoring</p>	
<p><b>United States</b></p> <p>2017</p> <p>£103m investment</p>	<p><b>United States</b></p> <p>2017</p> <p>Self funded</p>	<p><b>Germany</b></p> <p>2017</p> <p>£69m 3i funding</p>	<p><b>United States</b></p> <p>2018</p> <p>Self funded</p>	<p><b>United States</b></p> <p>2018</p> <p>Self funded</p>	<p>Valued at £248m at 31 March 2019</p>

**Building an international leader diversified by product, capabilities, geography and client base**

# Private Equity

Good earnings performance drove portfolio value growth of £916m in FY2019



## Largest value increases (>£20m)

Portfolio company <sup>1</sup>	Value growth (excl FX)	Value at 31 Mar 2019	Key driver of value movement
Action	£701m	£2,731m	↑ Earnings ↑ Multiple
Cirtec	£44m	£248m	↑ Earnings
Audley Travel	£43m	£270m	↑ Earnings ↓ Multiple
Aspen Pumps	£40m	£103m	↑ Earnings
AES	£33m	£172m	↑ Earnings ↑ Multiple
Formel D	£30m	£169m	↑ Earnings ↓ Multiple
Ponroy Santé	£24m	£174m	↑ Earnings
ICE	£23m	£155m	↑ Earnings
Dynatect	£21m	£75m	↑ Earnings

## Largest value declines (>£20m)

Portfolio company	Value decline (excl FX)	Value at 31 Mar 2019	Key driver of value movement
Schlemmer	£(70)m	£92m	↓ Earnings ↓ Multiple

**93% of Private Equity portfolio companies by value grew earnings in the year**  
**We continue to adopt a considered approach to valuations**

# Private Equity

The portfolio is weighted towards our better assets



	The buckets	Selected examples	% of value	
			FY2019 <sup>1</sup>	FY2018
1	Longer-term hold; value creation	Action, Audley, Cirtec, Ponroy, ICE	c.69%	c.67%
2	Strong performers; performing in line with investment case	Hans Anders, WP, Royal Sanders, Lampenwelt	c.20%	c.21%
3	Manage intensively; potential value upside	Schlemmer, Dynatect, Christ	c.7%	c.7%
4	Low or nil-valued assets	Indiareit, Navayuga	0.3%	0.3%
5	Quoted assets	Basic-Fit	c.4%	c.5%

**31 unquoted assets and one quoted stake**

<sup>1</sup> Scandlines no longer included in this analysis, as it is now reported as a Corporate Asset.

# Private Equity

## Action – continued strong growth in 2018



### 2018

Highlights

+23% revenue growth

+16% EBITDA growth

1,325 stores

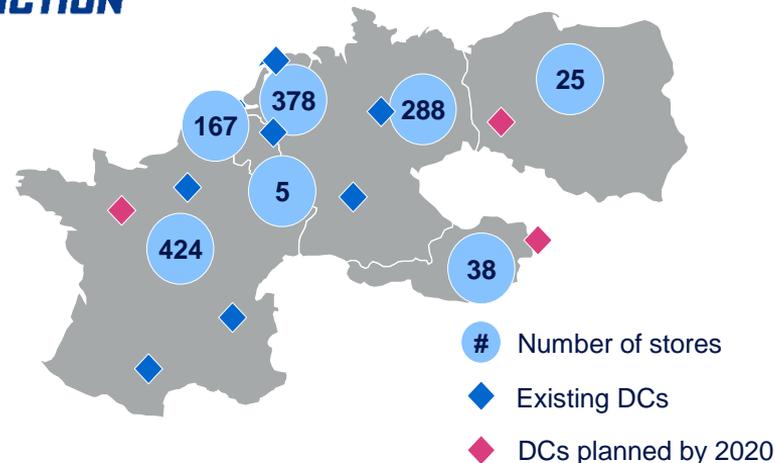
230 net new stores

### An unbroken high growth track record



### A truly pan-European footprint

**ACTION**



Investing to become a €10bn turnover business and expand EBITDA margin

# Private Equity

Action – there is ample potential for growth in existing and new markets



**Medium-term objective to double current store base**

# Private Equity

## Continued good realisations track record



### Selected full realisations (year invested, proceeds, money multiple, uplift)

#### Scandlines

2007/2013  
£835m<sup>1</sup>; 7.7x, 4%

#### SLR

2008  
£30m; 1.3x, 3%

#### Etanco

2011  
£91m; 1.3x, 36%

#### OneMed

2011  
£96m; 0.9x, 118%

### Selected partial realisations (year invested, proceeds, money multiple, uplift)

#### Basic-Fit

2013  
£89m; 5.3x<sup>2</sup>, 29%

### Refinancings and capital distributions (year invested, proceeds, money multiple)

#### Aspen Pumps

2015  
£48m; 2.4x<sup>2</sup>

#### Audley

2015  
£8m; 1.9x<sup>2</sup>

**£1,235m<sup>1</sup>** proceeds

Post-restructuring  
investments achieving  
high money multiples

Continuing to realise  
pre-2012 assets at good  
uplifts to opening value

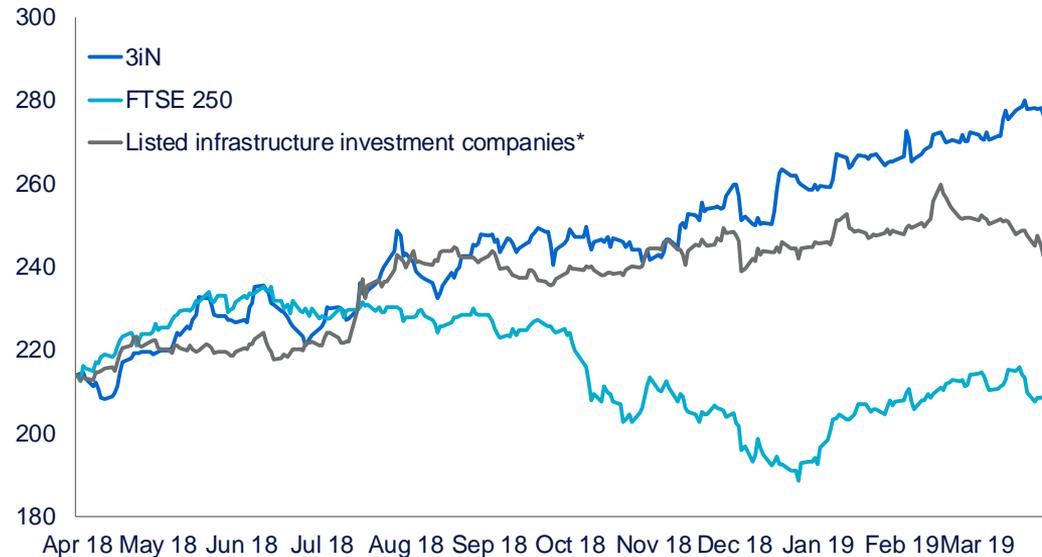
<sup>1</sup> Gross of the reinvestment in a 35% stake in Scandlines.

<sup>2</sup> Includes value of residual holding.



### 3iN relative share price performance – FY2019

(rebased to 3iN, pence per share)



Source: Bloomberg

\* Basket includes: HICL, BBGI and INPP

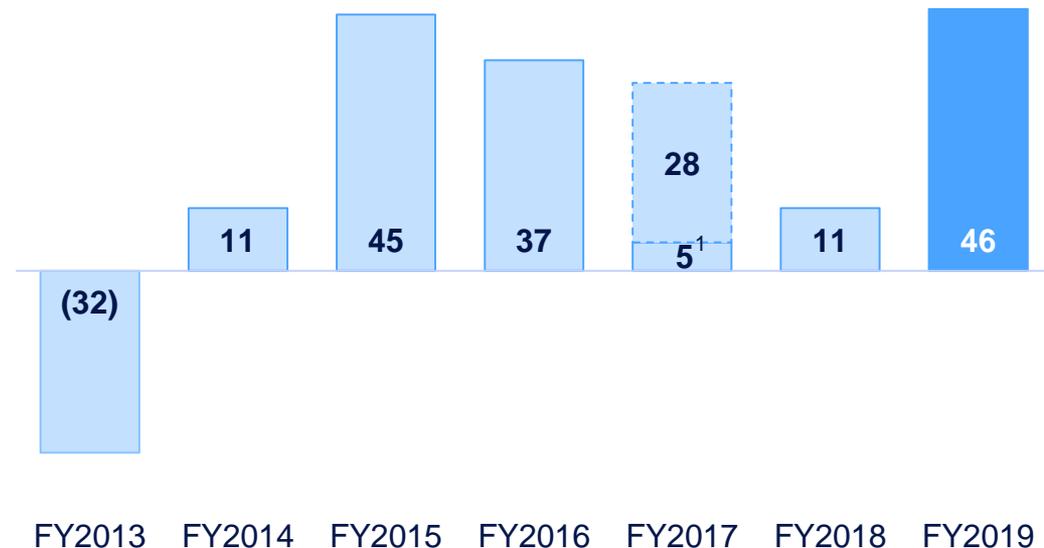
### FY2019 highlights

- 33%** TSR
- 8.65pps** Total dividend
- £377m** Investments and commitments
- £333m** Realisations
- 15.4%** Total return

# We are now generating a sustainable operating cash profit



## Operating cash profit/(loss) (£m)



<sup>1</sup> Operating cash profit from continuing operations (excluding Debt Management) in FY2017 was £5m.

## Growing fee and portfolio income

- Regular cash dividends from Scandlines
- Managed Infrastructure Acquisitions Fund
- 3i European Operational Projects Fund
- US Infrastructure platform
- Focus on other portfolio income where appropriate



# The Resolutions





- 16 ordinary resolutions
- 4 special resolutions
- Normal annual business

## AGM poll card

The Board recommends you vote FOR resolutions 1 to 20

Resolutions	For	Against	Abstain
1 To receive and consider the Company's Accounts for the year to 31 March 2019 and the Directors' and Auditor's reports.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 To approve the Directors' remuneration report.	<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.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 To reappoint Mrs C J Banzky as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 To reappoint Mr S A Borrows as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 To reappoint Mr S W Daintith as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 To reappoint Mr P Grosch as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 To reappoint Mr D A M Hutchison as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 To appoint Ms C L McConville as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolutions	For	Against	Abstain
11 To reappoint Mr S R Thompson as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12 To reappoint Mrs J S Wilson as a Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13 To reappoint Ernst & Young LLP as Auditor.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14 To authorise the Board to fix the Auditor's remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15 To renew the authority to incur political expenditure.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16 To renew the authority to allot shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17 To renew the section 561 authority.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18 To give additional authority under section 561.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19 To renew the authority to purchase own ordinary shares.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20 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"/>



1. That the Company's accounts and the reports of the Directors and the Auditor for the year to 31 March 2019 be and are hereby approved
2. That the Directors' remuneration report for the year to 31 March 2019 be and is hereby approved
3. To declare a dividend of 20p per ordinary share for the year to 31 March 2019, payable to shareholders whose names appear on the Register of Members at close of business on 14 June 2019
4. That Mr J P Asquith be and he is hereby reappointed as a Director of the Company



5. That Mrs C J Banzsky 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 S W Daintith and he is hereby reappointed as a Director of the Company
8. That Mr P Grosch be and he is hereby reappointed as a Director of the Company
9. That Mr D A M Hutchison be and he is hereby reappointed as a Director of the Company



10. That Ms C L McConville be and she is hereby appointed as a Director of the Company
11. That Mr S R Thompson be and he is hereby reappointed as a Director of the Company
12. That Mrs J S Wilson be and she is hereby reappointed as a Director of the Company
13. That Ernst & Young LLP be and they are hereby reappointed as Auditor of the Company to hold office until the conclusion of the next General meeting at which Accounts are laid before the members



14. That the Board be and it is hereby authorised to fix the Auditor's remuneration
15. To renew the authority to incur political expenditure
16. To renew the authority to allot shares
17. To renew the Section 561 authority
18. To give additional authority under Section 561
19. To renew the Company's authority to purchase its own ordinary shares
20. That a General Meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice

