



Press release
19 March 2020

3i Group plc Update on Covid-19 and Action Capital Markets Seminar

3i Group plc (“3i” or “the Group”) will be holding a Capital Markets Seminar this morning, involving a presentation from the management team of Action. Presentation materials will be made available on 3i’s website (www.3i.com), and a copy of the transcript will be published when it is available.

Since 3i published its performance update for the nine months to 31 December 2019 on 30 January 2020, the global impact of Covid-19 on public health, business, financial markets, and governments’ responses has developed rapidly. This further update provides a brief summary of the current status of 3i’s balance sheet position and our Private Equity portfolio ahead of the valuation of the portfolio as at 31 March 2020.

3i Group balance sheet

3i has had a conservative balance sheet strategy since its restructuring in 2012. It has two long-dated bonds (£200 million, maturing in 2023, and £375 million, maturing in 2032) which have no financial covenants. On 13 March 2020, we completed the refinancing of our Revolving Credit Facility (“RCF”), increasing its amount from £350 million to £400 million in a five year facility with an option to extend annually for a further two years. The cost of the facility, which has no financial covenants, was also reduced. At 31 March 2020, we expect our cash balance to be c.£800 million before the payment of carry in respect of the Action liquidity event due in May 2020; there are currently no plans to draw on our RCF.

Private Equity portfolio

We completed our semi-annual portfolio company review meetings of the substantial majority of our top 20 investments (which at 31 December accounted for 97% of the total Private Equity portfolio value) in the week commencing 9 March 2020. Although the situation is very fluid, the majority of our portfolio is expected to experience a modest short-term disruption to its business, principally as a result of the country by country lockdowns. A small number of other companies are more directly and significantly affected, at least in the short term. These include Action, BoConcept and Hans Anders in the retail sector, and Audley Travel and ICE in the travel sector. Basic-Fit, in which we have a 13% stake, has also seen a significant decline in its share price.

An update on Action’s performance for 2019, and the current status of the impact of Covid-19 on the business will be provided at the seminar this morning.

More generally, we are focused on working with our portfolio companies to support them through these unprecedented times. The weighted average net debt of the portfolio at 31 December 2019 was 4.0x excluding Action.

Private Equity investments and realisations

We invested £471 million in the nine months to 31 December 2019, including new investments in Magnitude Software, Evernex, and the new bioprocessing platform. We have recently seen a number of new investment processes being postponed in light of the current environment. We are focusing our efforts on supporting our portfolio companies to deal effectively with the Covid-19 situation.

On 5 December 2019, we announced the signing of an implementation agreement to dispose of our investment in ACR. We received final approvals to complete this transaction. Proceeds are subject to a number escrow arrangements; we expect to receive the first tranche of c.\$136 million in Q3 2020.

We have also signed an agreement to sell another portfolio company for proceeds of up to €96 million, which will be announced in due course and is expected to complete later this year.

Portfolio valuation at 31 March 2020

For some time, we have had a policy of taking a longer-term approach to the multiples used to value our portfolio. This has meant that, in recent years, we have typically used multiples lower than those prevailing for comparable quoted companies. As a result, we have been able to mitigate the impact of market volatility in the past. Although the valuation of our portfolio will depend on market multiples and outlook as at 31 March 2020, the significant and continuing falls in equity markets will put more pressure on the multiples that we will use to value the portfolio as at that date, particularly for those portfolio companies currently most directly exposed to the impact of Covid-19.

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Notes to editors:

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.

Appendix 1 – Top 20 investments

	Company	Value at Dec 19 £m
1	Action	3,461
2	3i Infrastructure plc	791
3	Scandlines	464
4	Cirtec Medical	256
5	Hans Anders	249
6	Q Holding Inc	245
7	WP	237
8	Audley Travel	217
9	Evernex	206
10	Aspen Pumps	203
11	Basic Fit	198
12	Smarte Carte	183
13	Havea	180
14	AES	179
15	Formel D	177
16	Royal Sanders	170
17	Regional Rail	163
18	ICE	159
19	Tato	158
20	Boconcept	149
Top 20 by NAV		8,045