Performance highlights

"I am pleased to report that 3i delivered another strong set of results in the financial year to 31 March 2025, consistent with our excellent track record of growth since the restructuring in 2012."

FY2025 performance

2,542p

NAV per share

(31 March 2024: 2,085p)

25%

Total return on equity

(2024: 23%)

73.0p

Dividend per share

(2024: 61.0p)

Alternative Performance Measure ("APM")

3i prepares its statutory financial statements in accordance with UK-adopted international accounting standards. However, we also report a non-GAAP "Investment basis" which we believe aids users of our report to assess the Group's underlying operating performance.

The Investment basis is an APM and is described on page 75. Total return, which is defined as Total comprehensive income for the year and net assets are the same under the Investment basis and IFRS and we provide a reconciliation of our Investment basis financial statements to the IFRS statements from page 76.

We assess our performance using a variety of measures that are not specifically defined under IFRS and are therefore termed APMs. These include: Gross investment return ("GIR") as a percentage of opening value, cash realisations, cash investment, operating cash profit, net (debt)/cash and gearing. These APMs are referred to throughout the report and their purpose, calculation and reconciliation to IFRS can be found on page 79.

Chair's statement

FY2025 marks another strong year for 3i and is our fifth consecutive year of annual returns exceeding 20%. This sustained performance highlights our ability to generate consistent, long-term compounding growth, while continuing to enhance our dividend, despite ongoing macro-economic challenges and geopolitical uncertainties.

Performance

In our financial year to 31 March 2025 ("FY2025"), the Group generated a total return of £5,049 million (2024: £3,839 million) or 25% (2024: 23%) on opening shareholders' funds. Net asset value ("NAV") increased to 2,542 pence per share (31 March 2024: 2,085 pence per share).

Action remained on its impressive growth trajectory and was the primary driver of the Group's performance in FY2025. Royal Sanders, another long-term hold asset, also performed strongly, alongside a number of our other larger assets in the broader portfolio, more than offsetting weaker trading for an isolated number of companies with specific end-market challenges. We also saw a step up in our transaction activity across our portfolio, with a number of new investments and strong realisations, against what remains a difficult environment across the private market.

Market environment

The global economic environment remained difficult for most of our financial year, shaped by ongoing geopolitical tensions and subdued growth across most major economies. Against this backdrop, consumer sentiment remains cautious, with affordability still a key driver of spending behaviour. Our value-for-money and private label businesses maintained a strong focus on the customer and all performed well during FY2025. Action delivered another year of sector-leading results across its key performance indicators and continued momentum in its European store roll-out. We once again took the opportunity to increase our stake in Action in FY2025. Across the broader portfolio we saw good performance from a number of our larger assets across the healthcare, industrial and infrastructure sectors.

Chair's statement continued

The global M&A market experienced an improvement in our financial year, as inflation and interest rates stabilised. While transaction activity increased across most sectors, investor sentiment remained cautious reflecting geopolitical uncertainties. We maintained a highly selective and cautious approach to capital deployment and realisations in the year. Our activity centred on strategic reinvestments within our portfolio, new investments in sectors we know well and targeted bolt-on acquisitions for several of our existing portfolio companies. We also completed three realisations across our portfolios at or beyond a money multiple of 2x.

Dividend

Our policy is to maintain or grow the dividend year on year, subject to the strength of our balance sheet and the outlook for investments and realisations. Cash generation remains strong, with cash inflows of £2.4 billion from our portfolio companies in FY2025.

In line with our policy and in recognition of the Group's financial performance, the Board recommends a second FY2025 dividend of 42.5 pence (2024: 34.5 pence), subject to shareholder approval, which will take the total dividend to 73.0 pence (2024: 61.0 pence).

Based on the recommended dividend and the expected payment in July 2025, we will have paid a total of £4.6 billion to shareholders in dividends since our restructuring was announced in June 2012, growing our total dividend by a compound annual growth rate of 18% over this period.

Board and people

We were pleased to welcome Hemant Patel to the Board on 3 February 2025 as an additional non-executive Director. He is the Chief Financial Officer of Whitbread plc and brings deep and highly relevant financial and commercial experience from his different roles in retail and consumer businesses.

Sustainability

We were pleased to announce in May 2024 that our near-term science-based emissions reduction targets ("science-based targets") had been validated by the Science Based Targets initiative ("SBTi") in March 2024. These targets cover our direct greenhouse gas ("GHG") emissions (Scope 1 and 2, market-based), as well as those related to our portfolio. We have made significant progress in relation to our portfolio engagement target, with seven portfolio companies across 3i Group and 3i Infrastructure plc ("3iN") having set approved science-based targets as at 31 March 2025, including most notably Action.

Outlook

We enter FY2026 with a carefully constructed portfolio that is underpinned by two very strong long-term hold assets that are delivering consistent compounding growth and a broader portfolio that is operating in sectors that have proven their resilience through many periods of market disruption.

Whilst we expect the ongoing market uncertainty to disrupt transactions across the wider private market, we will continue to be disciplined in our approach to new investment and realisations under these conditions in FY2026.

David Hutchison
Chair

14 May 2025