

3i Group PLC

July 23, 2026

This report does not constitute a rating action.

Credit Highlights

Overview

Key strengths	Key risks
A permanent capital structure that is not subject to redemption risk, even in a stressed scenario.	The investment portfolio's high concentration in discount retailer Action.
Strong leverage metrics that are supported by a relatively large asset base compared with recourse liabilities.	As most portfolio assets are illiquid, it could prove difficult to realize them in a timely manner during a market downturn.
A strong track record in European midmarket private equity, maintaining resilient earnings in a challenging economy.	Exposure to investment market volatility.

Primary Contact

Shubham Verma
London
44-20-7176-0858
Shubham.Verma
@spglobal.com

Analytical Manager

Emanuele Tamburrano
London
44-20-7176-3825
emanuele.tamburrano
@spglobal.com

3i Group PLC's portfolio valuation continues to improve, backed by the increased valuations of Action and Royal Sanders. 3i's portfolio value increased by 24.4% year over year to £31.8 billion as of March 31, 2026, driven by the firm's long-term hold assets, Action and Royal Sanders, which contributed £5.9 billion and £0.3 billion, respectively, to the £6.2 billion increase. The valuation of the other eight investments in the top 10 also rose modestly on an aggregate basis, by £268 million in the same period. We are mindful of the concentration in Action, which represents 75% of the portfolio and the bulk of the valuation increase. However, the valuation increase is due to Action's organic earnings growth and 3i's increased stake in Action rather than a change in valuation multiples. Its high cash-generating capability and relatively low leverage also benefit 3i's liquidity. We expect Action's valuation to continue to rise in line with its EBITDA and dividends to benefit 3i's performance. Also, given 3i is currently trading at a discount, the group has announced a share buyback program of up to £750 million, which it aims to complete by Dec. 31, 2026.

3i demonstrates consistent and conservative gearing, maintaining its very strong stressed leverage assessment. The group reported net debt of £547 million as of March 31, 2026, with low gearing (net debt to total equity) of 2%, due to higher portfolio valuations. Its stressed leverage improved further to 11.0x from 9.0x the prior year, and we expect it to remain comfortably above our 3.5x threshold over the next two years. Given its large exposure to Action, we have considered leverage with and without the company. Even if we removed Action's valuation and its

high dividends from our calculations, 3i's metrics would still be strong, which highlights the group's capital buffer.

In our view, 3i's funding and liquidity profiles remain adequate. Strong permanent capital and a diverse investor base supports the strong assessment of the group's funding. We maintain our adequate assessment of 3i's liquidity based on cash levels of £396 million and a revolving credit facility (RCF) of £1,200 million. Action continues providing large dividends to 3i. Moreover, the private equity segment generated £542 million from two investment disposals, and the infrastructure business also reported stable fee income, notably from Scandlines and 3iN. We conservatively assume that much of the cash will be reinvested in new or existing companies or returned to shareholders through distributions or share buybacks.

Outlook

The stable outlook on 3i reflects our expectation that the group will preserve a conservative financial leverage policy and adequate liquidity levels, while managing concentration risks in the investment portfolio and maintaining solid operating and financial performance.

Downside scenario

We could lower the ratings if 3i weakens its commitment to its conservative leverage, it materially increases debt, or the investment portfolio's quality or performance deteriorates meaningfully. A downgrade could also occur if its liquidity management becomes less prudent.

Upside scenario

We are unlikely to raise the rating given 3i's heavily concentrated investment portfolio, the illiquid nature of its investments, and its adequate liquidity position.

Fund Overview And Investment Strategy

3i is a U.K.-based investment trust company that invests in private equity and infrastructure assets. It is listed on the London Stock Exchange (LSE) and is part of the FTSE 100. The company's £31.8 billion portfolio has been performing well for many years. The group has one of the longest track records in European midmarket private equity, investing in companies with enterprise values of €100 million-€500 million. It focuses on the consumer and private label, industrial, healthcare, and services and software sectors, primarily in the Netherlands, France, Germany, the U.K., and North America. In addition to private equity, the group focuses on infrastructure. 3i owns 29% of 3iN, amounting to £897 million, and acts as its investment manager. 3iN is a FTSE 250 company that invests across midmarket economic infrastructure in developed markets.

Risk-Adjusted Leverage

Our risk-adjusted leverage assessment is adequate, balancing 3i's very strong loan-to-value metrics and the company's high concentration.

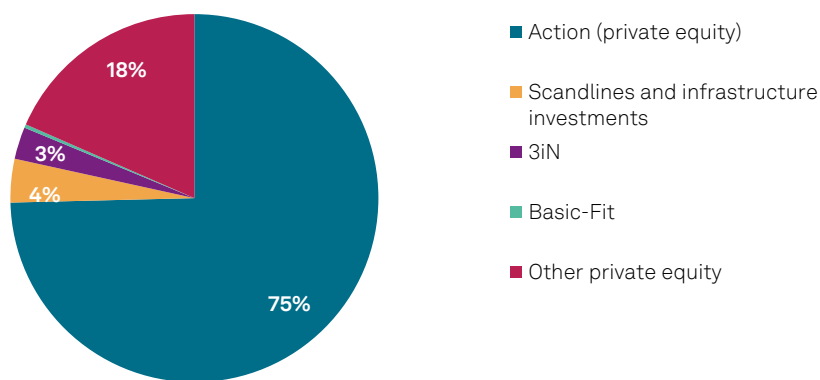
Stressed leverage: Very strong

Stressed leverage is improving in line with 3i's portfolio valuation. We continue to view the group's stressed leverage assessment as very strong--our highest assessment--since it has

consistently been above our 3.5x threshold over the past six years. We calculate the group's stressed leverage by applying different haircuts to its assets to reflect typical market movements in a 'BBB' stress scenario and comparing the total stressed assets to cover the total recourse liabilities. We applied a higher haircut to the portion of the investment portfolio composed of illiquid assets, which could be challenging to realize quickly in a stressed scenario. As of March 31, 2026, this ratio was 11.0x--one of the highest in our peer group. We think there is a sufficient capital buffer to absorb large asset value declines in a market downturn. A rise in debt could worsen stressed leverage, but 3i has no appetite for structural gearing at the group level. It operates within a range of net cash equivalent to about 2.5% of net asset value (NAV) and net debt equivalent to about 5% of NAV. Net debt was £547 million as of March 31, 2026 with a low gearing of 2%, leaving stressed leverage at comfortable levels.

3i's asset portfolio is highly concentrated

Portfolio composition as of March 31, 2026



Source: S&P Global Ratings.

Copyright © 2026 by Standard & Poor's Financial Services LLC. All rights reserved.

We use the following assets in our stressed scenario, based on 3i's reported data as of March 31, 2026:

- Cash and cash equivalents of about £396 million (minimum cash over the past three years);
- Public equity of £994 million, comprising the quoted investment Basic-Fit (£97 million) and 3iN (£897 million);
- Private equity of £30.8 billion, namely all other investments, including Scandlines and infrastructure; and
- Excess cash was assumed as private equity investments of £268 million.

In addition, we use the following total recourse liabilities:

- The €500 million, 4.875% notes due in 2029;
- The £375 million, 5.750% notes due in 2032;
- The £400 million, 3.750% notes due in 2040.

When calculating our stressed leverage ratio, we apply a 50% haircut on listed stocks (with Basic-Fit and 3iN listed as quoted investments) and a 60% haircut on unlisted stocks, which is commensurate with a 'BBB' stress scenario. Of the top 15 private equity investments, which

account for 95% of portfolio value, 11 were earnings-accretive and generated value growth of about £4.2 billion.

We think the portfolio could expand further considering Action's resilient performance. Action has proven its ability to replicate its successful strategy in existing and new countries. The company added 384 stores and three distribution centers by the end of 2025. The year also marked Action's entry into Switzerland and Romania. In March 2026, Action also opened its store in Croatia, its 15th country. It plans to open further new stores in Slovenia and Bulgaria over the next few years. Nevertheless, we note Action's lower EBITDA growth of 14% compared with 29% the previous year and lower like-for-like (LFL) sales growth of 4.9% versus 10.3% in the previous year.

As for the valuation of the rest of the portfolio, in fiscal year-end 2026 (March 31), only two companies declined in value by more than £20 million: Wilson (£40 million decline), a global provider of recruitment process outsourcing and other talent solutions; and Cirtec Medical (£27 million decline), a medical device manufacturer. The declines were due to market uncertainty and challenging trading conditions. In the previous year, only one company saw a decline in value by more than £20 million; Wilson, by £88 million. The underlying leverage at the asset level excluding Action was also lower, at 3.2x versus 3.5x in fiscal 2025, indicating good EBITDA resilience against the indirect effects of geopolitical risks, changes in U.S. trade policies, and market turmoil.

Risk position: Weak, due to 3i's highly concentrated portfolio and illiquid assets. The group's portfolio consists of 34 private equity names but is highly concentrated. In particular, its investment in Action represented about 75% of the total portfolio as of March 31, 2026, compared with 44% six years ago.

Over the past six years, the portfolio size has increased in tandem with Action's strong performance. In fiscal 2026, Action generated net sales of €16 billion representing growth of 16% year on year, while LFL sales growth was 4.9% (10.3% in the previous year), driven primarily by growth in transaction volumes. Although Action delivered another year of strong performance, overall LFL performance for the year was moderated by relatively weaker trading in France, Action's largest market. Action continues to generate high dividends, contributing most of the £4.2 billion unrealized gains in 3i's portfolio as well as the group's portfolio income. Action is cash-generative, paying dividends of £500 million related to fiscal 2026 and £433 million in fiscal 2025. It also adds to the portfolio's market volatility, since the total valuation is increasingly sensitive to Action's performance. In addition, holding a large amount in one name can limit the recycling of capital. Action's earnings multiple was unchanged at 18.5x, based on an EBITDA run rate of €2.7 billion as of March 31, 2026 (compared with €2.3 billion at March 31, 2025). Under our risk position assessment, we consider this a structural concentration risk in 3i's portfolio, which partly offsets the quantitatively strong stressed leverage metric, in our view.

As for the rest of the portfolio, most companies are highly leveraged, unlisted, and equivalent to speculative-grade. A large number of assets could take more time to divest, even at a discount, compared with peers that hold mostly listed equities in their portfolio. Nevertheless, we regard positively 3i's strategy of focusing on well-known sectors, primarily in the U.S. and Europe, and a more limited number of investments.

Top 10 largest exposures represent 91% of 3i's investment portfolio

Company name	Valuation basis	Valuation, March 2026 (mil. £)	Share of total portfolio (%)
Action	Earnings	23,743	74.6
Royal Sanders	Earnings	1,228	3.9

Top 10 largest exposures represent 91% of 3i's investment portfolio

Company name	Valuation basis	Valuation, March 2026 (mil. £)	Share of total portfolio (%)
3iN (29% stake)	Quoted	897	2.8
Cirtec Medical	Earnings	573	1.8
Scandlines	DCF	571	1.8
AES Engineering	Earnings	443	1.4
Audley Travel	Earnings	425	1.3
Tato	Earnings	379	1.2
Ten23 health	Other	315	1.0
Sanisure	Earnings	315	1.0
Top 10 total	N/A	28,889	90.8

Figures as of March 31, 2026. Source: S&P Global Ratings based on company reports. DCF--Discounted cash flow. N/A--Not applicable.

Foreign exchange and interest rate risks are well-managed. Historically, with unhedged exposures in Europe and the U.S., currency risks have caused volatility in 3i's accounts. In fiscal 2023, the group implemented a medium-term hedging program to partially reduce the sensitivity of its returns to exchange rate movements as part of its overall capital management approach. The partial hedge includes forward foreign exchange contracts of (notionally) €3.0 billion and \$1.2 billion. The €3.0 billion includes the €600 million notional value of the forward foreign exchange contracts related to the Scandlines hedging program. As a result, 3i recorded a total foreign exchange translation gain of £786 million, including the impact of foreign exchange hedging in the year (March 2025: £259 million loss). Interest rate risk is limited.

Funding And Liquidity

Our Funding and liquidity assessment is adequate, backed by strong funding and adequate liquidity.

Funding: Strong

The permanent capital base is a key strength. The group benefits from its permanent capital structure since it is not subject to redemption risk, even in stress scenarios. Aside from its proprietary capital, 3i has £1.2 billion of long-dated debt and a £1,200 million RCF that remains undrawn. We think the group has a strong capital structure and financial flexibility, given the low balance-sheet gearing. 3i's strategy is to use investment proceeds, available cash to reinvest in new assets, and to use the RCF as a standby liquidity facility on a temporary basis to bridge future cash inflows, because it aims to have very low to no structural gearing. However, the committed credit facilities could, in our view, remain drawn for longer if exceptional investment opportunities arise or if 3i's cash reserves reach a low point. However, we view the latter scenario as remote. Furthermore, we think the group's renowned franchise and long-standing relationships with financial institutions support its funding profile.

Liquidity: Adequate

Liquidity is further supported by large dividends from Action and our adequate assessment in a potential stress scenario. 3i's liquidity could facilitate opportunistic investments, in line with the group's strategy. We project liquidity sources would exceed liquidity uses by 1.36x in a 'BBB'

stressed scenario, pointing to an adequate liquidity cash flow assessment, although some uses are discretionary in such a stressed scenario.

Liquidity sources include:

- Cash balances of about £396 million;
- The RCF of £1,200 million;
- £497 million of listed stocks (only Basic-Fit and 3iN) after applying a 50% haircut;
- Dividend and interest income with a 50% haircut of £334 million, although this amount could be substantially lower if Action does not pay a dividend; and
- Fee income from external funds of £35 million after applying a 50% haircut.

Liquidity uses include:

Liquidity uses in a 'BBB' stressed scenario over a 12-month horizon include:

- £850 million of dividend distributions;
- £205 million of operating expenses;
- £450 million estimated for opportunistic acquisitions and further investments to support the portfolio;
- £300 million estimated for share buybacks.

We assume rolling three-year minimum cash levels of about £396 million since we expect 3i to deploy much of its cash into private equity investments if opportunities arose. We consider that cash could also be provided to 3i's existing companies to support strategies or for any liquidity issues. Although simulated at about £396 million in our liquidity assessment, we estimate in any case that such investments will remain commensurate with 3i's capacity and would not jeopardize any upcoming debt repayment.

When calculating the liquidity ratio, we assume that 3i would not divest or sell any of its private equity companies in a timely manner in an extreme stress scenario. We also apply the appropriate haircuts to assets in a 'BBB' scenario, including 50% for the sale of Basic-Fit and 3iN, which are the publicly listed stock in 3i's portfolio.

Action has provided another large dividend of £500 million (including a delayed second dividend of £254 million received in May 2026), which was bigger than last year's £433 million. This supports our adequate liquidity assessment. That said, in a stress scenario, if Action did not provide a large dividend, we consider that 3i Group's net investments would also be correspondingly lower, which would maintain the liquidity ratio. We expect 3i's liquidity profile to remain adequate and supportive of the group's strategy.

Other Key Credit Considerations

3i is listed on the LSE, with its shares widely held, and is a constituent of the FTSE 100, which reinforces its sound governance. It is not regulated, but some subsidiaries are. 3i Investments PLC is regulated by the U.K. Financial Conduct Authority. As a U.K. investment trust, 3i's capital gains are exempt from tax.

Track record and investment performance: Neutral

3i's track record and investment performance are neutral for our rating. The management team, under long-serving CEO Simon Borrows, has set strategic objectives with linked key performance indicators, such as gross investment returns, operating cash profit, and gearing. Mr. Borrows is also chairman of Action's board. Despite economic and geopolitical challenges in the year, 3i continued its strong track record of delivering realizations at money multiples of over 2x of its invested capital across both private equity and 3iN. 3i's NAV per share has increased to 3,030 pence as of March 31, 2026 (2025: 2,542 pence) and Action has continued its growth track record. Management also has a history of not incurring unexpected declines in earnings or cash flow from operational risks.

Risk management: Neutral

Risk management is consistent and supportive of the group's strategy. The board reviews 3i's strategic objectives and risk appetite at least annually. It is responsible for 3i's risk assessments, risk management process, and protection of the group's reputation and brand integrity. The group's risk management framework is designed to support the delivery of its strategic objectives. The board considers the most significant risks 3i faces and uses quantitative analyses, such as vintage controls--which consider the portfolio concentration by region and sector--and liquidity reporting where appropriate. The group's risk appetite policy, which is consistent with that of previous years, is built on rigorous and comprehensive investment procedures and conservative capital management. It has exposure to infrastructure and health care, which should provide some protection against inflation. The team's consistency and very low turnover are qualities that underpin the management.

Transparency and complexity: Neutral

The strategy is focused, with comprehensive reporting. Since it is listed on the LSE, 3i has been subject to comprehensive market reporting requirements. The company has consistent reporting across both International Financial Reporting Standards rules and its own management method to present a clearer picture of investments that should not be consolidated, in the group's view. 3i's business is not complex and is focused on execution with a set risk appetite, mostly investing in key known sectors.

Comparable rating analysis: A positive one-notch adjustment

We view listed investment funds The Mercantile Investment Trust PLC (AA-/Stable/A-1+), a U.K. midcap equity investment trust fund, and Pershing Square Holdings Ltd. (A-/Stable/--), a similar-sized public equity firm, as peers. Compared with 3i, Mercantile Investment Trust invests in liquid equity securities and is less concentrated, which explains the rating difference. We assess Pershing Square's risk-adjusted leverage as adequate, the same as for 3i, but its funding and liquidity are assessed as strong, given that its asset liquidity is better because it invests in listed equities rather than the illiquid private equity investments at 3i. However, for 3i, we have a positive one-notch adjustment in the comparable rating analysis, reflecting our cautious approach but highlighting improving flexibility, both in leverage and in liquidity. Given the group's very low leverage, a track record of keeping very low debt, and funding and liquidity that are stronger than other peers with an adequate assessment, we think 'A-' is holistically a better reflection of 3i's creditworthiness compared with that of peers.

Issue Ratings

As of fiscal 2026, 3i's debt consisted of well-laddered, unsecured term notes of €500 million maturing in 2029, £375 million maturing in 2032, and £400 million maturing in 2040. We do not notch down because the debt is not subordinated, since 3i does not hold any other secured debt. There are also no covenants on any of the previously mentioned notes.

3i Group PLC--Ratings score snapshot

Issuer Credit Rating	A-/Stable/A-2
Risk-adjusted leverage	Adequate
Stressed leverage	Very strong
Risk position	Weak
Funding and liquidity	Adequate
Funding	Strong
Liquidity	Adequate
Preliminary anchor	bbb+
Jurisdictional risk	0
Anchor	bbb+
Modifiers	
Track record and investment performance	Neutral
Risk management	Neutral
Transparency and complexity	Neutral
Comparable rating analysis	Positive (+1)
Stand-alone credit profile	a-

Related Criteria

- [Criteria | Financial Institutions | Other: Alternative Investment Funds Methodology](#), Aug. 30, 2024
- [General Criteria: Methodology For Determining Ratings-Based Inputs](#), July 26, 2024
- [Criteria | Structured Finance | General: Methodology And Assumptions For Market Value Securities](#), July 26, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Peer Holding III B.V. \(Action\) Upgraded To 'BB+' On Strong Growth, Ample Cash, And Prudent Leverage; Outlook Stable](#), Sept. 22, 2025
- [3i Group PLC](#), June 27, 2025

3i Group PLC

- [Research Update: 3i Group Plc Upgraded To 'A-' On Higher Financial Flexibility; Outlook Stable](#), July 5, 2024
- [3i Group PLC](#), June 10, 2024

Ratings Detail (as of July 23, 2026)*

3i Group PLC		
Issuer Credit Rating		A-/Stable/A-2
Senior Unsecured		A-
Issuer Credit Ratings History		
05-Jul-2024	Foreign Currency	A-/Stable/A-2
23-Jul-2021		BBB+/Stable/A-2
25-Feb-2020		BBB/Positive/A-2
05-Jul-2024	Local Currency	A-/Stable/A-2
23-Jul-2021		BBB+/Stable/A-2
25-Feb-2020		BBB/Positive/A-2
Sovereign Rating		
United Kingdom		AA/Stable/A-1+
*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.		

Copyright © 2026 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Some of the Content may have been created with the assistance of an artificial intelligence (AI) tool. Published Content created or processed using AI is composed, reviewed, edited, and approved by S&P personnel.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.spglobal.com/ratings (free of charge), and www.ratingsdirect.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.spglobal.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.