



10 November 2022

3i Group plc announces results for the six months to 30 September 2022

Resilient performance in a challenging market

- **Total return of £1,765 million or 14%** on opening shareholders' funds (September 2021: £2,199 million, 24%) and **NAV per share of 1,477 pence** (31 March 2022: 1,321 pence), including a 74 pence gain on foreign exchange translation.
- **Our Private Equity business delivered a gross investment return of £1,970 million or 16%** (September 2021: £2,373 million, 27%). Action continues to perform very strongly and we continue to see strong earnings growth and momentum in a number of our portfolio companies in the value-for-money consumer, healthcare, specialty industrial and business and technology service sectors. However, a limited number of investments have seen a deterioration in performance as a result of cost pressures and reduced demand. 91% of our Private Equity portfolio companies by value grew earnings in the 12 months to 30 June 2022. Valuation multiples were reduced for eight portfolio companies.
- **Action's sales in the nine months ending on 2 October 2022 ("P9") grew to €6.1 billion** (P9 2021: €4.8 billion) and like-for-like sales growth was very strong at 15.7%, with footfall significantly ahead of last year. Last 12 months' EBITDA to the end of P9 was €1,036 million (P9 2021: €765 million), representing a 35% increase over the same period last year. Action is seeing strong sales growth across all countries and categories; margins continue to be well managed, with tight operational cost control mitigating increased operating costs.
- In competitive markets the **Private Equity** team deployed **£292 million** in four new investments, two portfolio bolt-on acquisitions and other further investments. In addition, our portfolio companies completed three self-funded bolt-on acquisitions. Realisations for the current financial year are off to a good start, with **£193 million** of proceeds received in the period and a further **£476 million** received in early October 2022 following the completion of the realisation of Havea, which achieved a 50% uplift on 31 March 2022 value.
- **Our Infrastructure business generated a gross investment return of £35 million, or 3%** (September 2021: £60 million, 5%). We continued to see strong performance across our Infrastructure portfolios, with assets benefiting from defensive characteristics and positive correlation to inflation and power prices, however the return was impacted by a 12.4% decline in 3i Infrastructure plc's share price, despite the 9.3% total return on its opening NAV it achieved in the first half.
- **First dividend of 23.25 pence per share** for FY2023, set at 50% of the total dividend for FY2022, to be paid in January 2023.

Simon Borrows, 3i's Chief Executive, commented:

"This was a good half for 3i against a tough macroeconomic and market backdrop. We have carefully constructed our Private Equity and Infrastructure portfolios over many years with the aim of generating good returns for our shareholders across the market cycle. Over the past few years, there have been significant levels of investment in the private equity industry, at elevated prices and often with significant leverage. In contrast to many private equity investors, we were highly selective in the new investments made in 2020 and 2021, which together account for only 5% by value of our current investment portfolio.

Action continues to exceed expectations as it expands across Europe and attracts significant new customer flow through very low prices and the flexibility of its category format.

We are anticipating difficult macroeconomic conditions in 2023 which will continue to present significant challenges to the consumer and corporate sector alike and the Group's conservative capital structure gives us considerable flexibility to respond to opportunities and developments as they arise. Our near-term decisions will remain guided by patience and discipline as we continue to deliver the significant growth potential of our existing portfolio."

Summary financial highlights under the Investment basis

3i prepares its statutory financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). 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 (which is unaudited) is an alternative performance measure ("APM") and is described on page 20. Total return 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 21. Pages 1 to 17 are prepared on an Investment basis.

Investment basis	Six months to/as at 30 September 2022	Six months to/as at 30 September 2021	12 months to/as at 31 March 2022
Total return ¹	£1,765m	£2,199m	£4,014m
% return on opening shareholders' funds	14%	24%	44%
Dividend per ordinary share	23.25p	19.25p	46.5p
Gross investment return ²	£2,016m	£2,463m	£4,525m
As a percentage of opening 3i portfolio value	14%	24%	43%
Cash investment ²	£298m	£59m	£543m
Realisation proceeds	£193m	£124m	£788m
3i portfolio value	£16,417m	£12,784m	£14,305m
Gross debt	£1,129m	£975m	£975m
Net debt ²	£1,074m	£931m	£746m
Gearing ²	8%	8%	6%
Liquidity	£801m	£544m	£729m
Diluted net asset value per ordinary share ("NAV per share")	1,477p	1,153p	1,321p

1 Total return is defined as Total comprehensive income for the year, under both the Investment basis and the IFRS basis.

2 Financial measure defined as APM. Further information on page 18.

Disclaimer

These half-year results have been prepared solely to provide information to shareholders. They should not be relied on by any other party or for any other purpose. These half-year results may contain statements about the future, including certain statements about the future outlook for 3i Group plc and its subsidiaries ("3i" or "the Group"). These are not guarantees of future performance and will not be updated. Although we believe our expectations are based on reasonable assumptions, any statements about the future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

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A PDF copy of this release can be downloaded from www.3i.com/investor-relations

For further information, including a live webcast of the results presentation at 10.00am on 10 November 2022, please visit www.3i.com/investor-relations