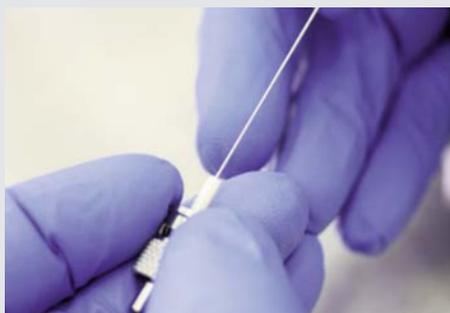




# Case studies

**3i Group plc** Half-yearly results to 30 September 2008





## Axellia Pharmaceuticals

New investment

Location: Norway

Sector: Healthcare

Website: [www.axellia.com](http://www.axellia.com)

### First investment

3i's Eurofund V invested €126m in April 2008 to enable the buyout of Axellia.

### Nature of business

Axellia Pharmaceuticals (formerly Alpha API) is a leading producer of active pharmaceutical ingredients. It specialises in fermented antibiotics and injectable finished products.

### Results to 31 December

	2007 (unaudited) \$m
Sales	188
EBITDA	50
Net assets	175

### Current trading

The first few months following the buyout were more challenging than anticipated, despite demand exceeding supply in key product areas. The new plant in China, which will be operational in 2009, will go some way to alleviating these supply issues.

### Developments since 3i invested

With 3i's support, Axellia has undertaken significant development. This includes board appointments and management changes, which are still in the process of being implemented.

Operational activity has now been extended to China, where manufacturing and business licenses have now been granted.

### 3i Group plc's investment

	Sept 2008 £m	Sept 2007 £m
<b>Cost</b>		
Equity and loan	57	n/a
<b>Directors' valuation</b>		
Equity and loan	54	n/a
Equity interest	33%	n/a
Income in the year	0	n/a

## Civica plc

New investment

Location: UK

Sector: Technology

Website: [www.civicapl.com](http://www.civicapl.com)

### First investment

3i's Eurofund V invested €125m in April 2008 to enable the public-to-private buyout of Civica.

### Nature of business

Civica plc is a leading provider of software solutions and IT services to the UK and international public sectors.

### Results to 30 September

	2007 (audited) £m
Sales	127
EBITDA	23
Net assets	107

### Current trading

The business is currently trading well with revenues ahead of prior year. In particular, the business has grown its recurring revenue base as well as its service related sales.

### Developments since 3i invested

Civica has taken advantage of 3i's sector expertise, commercial and international network. With effect from August 2008, 3i has also introduced Andrew Roberts as the new non-executive chairman of the group.

The company has also won a number of milestone contracts both in the UK and internationally. The introduction to 3i's network in Asia has helped the business to gain access and further establish itself in this region. The business recently completed the acquisition of Fujitsu's Australian public sector business.

### 3i Group plc's investment

	Sept 2008 £m	Sept 2007 £m
<b>Cost</b>		
Equity and loan	60	n/a
<b>Directors' valuation</b>		
Equity and loan	60	n/a
Equity interest	41%	n/a
Income in the year	0	n/a

These case studies consist of the two largest investments and the two largest realisations (by value) completed in the year. We have also included the next largest investment in the portfolio.

For new investments, cost and valuation may differ due to the application of different exchange rates.

Where relevant, EBITDA represents operational EBITDA, excluding non-recurring items.



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## ABX Logistics

Investment

Location: Belgium

Sector: General industrial

Website: [www.abxlogistics.com](http://www.abxlogistics.com)

### First investment

3i's Eurofund IV invested €69m in August 2006 to enable the buyout of ABX Logistics.

### Nature of business

ABX Logistics is a global freight forwarder, operating in close to 100 countries around the world, with a workforce of approximately 8,000.

### Results to 31 December

	2007 (audited) €m
Sales	1,826
EBITDA	54
Net assets	861

### Current trading

ABX performed well in the six months to June 2008. EBITDA was €31m, which exceeds the comparable period last year.

### Developments since 3i invested

ABX finalised the restructuring of its German domestic road transport business and continued the integration of the group in its core international road, air and sea freight forwarding business. The business continued to expand geographically in areas such as Asia, Central Eastern Europe and in its core home markets. Today there are offices in 19 cities in China, employing a workforce of nearly 500 people. The group is also increasing its market share in its traditional markets in Europe and the USA.

In June 2008 an agreement was reached for the sale of ABX to DSV, a Danish publicly quoted logistics company. On 1 October 2008 the sale has returned €294m to 3i and investors in Eurofund IV, representing a money multiple of 5.0 times over the life of the investment, including a recapitalisation in November 2007 which returned €51m.

3i Group plc's investment	Sept 2008 €m	Sept 2007 €m
<b>Cost</b>		
Equity and loan	14	35
<b>Directors' valuation (imminent sale/cost basis)</b>		
Equity and loan	162	35
Equity interest	41%	41%
Income in the year	1	2



## Freightliner Group

Realisation

Location: UK

Sector: General industrial

Website: [www.freightliner.co.uk](http://www.freightliner.co.uk)

### First investment

3i first invested in Freightliner Group in 1996, when it co-led a buyout from the British Railways Board in 1996. Then in January 2005 3i completed the secondary buyout of Freightliner Group for £25m and increased its stake to 38%.

### Nature of business

Freightliner Group's core activity (operated through specialist subsidiary companies) is the provision of a high quality rail-based logistic service.

### Results to 31 March

	2008 (audited) €m
Sales	271
EBITDA	31
Net assets	55

### Developments since 3i invested

Freightliner has grown considerably and business expansion has been funded by over £370m investment raised, with £185m invested in equipment and staff facilities alone since 2001. Employment has also improved significantly, with a 60% increase during the period.

In July 2008 Freightliner was sold to Arcapita, a Middle-Eastern infrastructure fund. This generated proceeds of £85m and a 4.9 times money multiple and IRR of 50%.

3i Group plc's investment	Sept 2008 €m	Sept 2007 €m
<b>Cost</b>		
Equity	n/a	1
<b>Realised value</b>		
Equity	85	n/a
<b>Unrealised value</b>		
Equity	n/a	5
Equity interest	n/a	38%
Income in the year	0	0



## Giochi Preziosi

Realisation

Location: Italy

Sector: Consumer

Website: [www.giochipreziosi.it](http://www.giochipreziosi.it)

### First investment

3i's Eurofund IV invested €126m in February 2006 to enable the buyout of Giochi Preziosi.

### Nature of business

Giochi Preziosi is one of the world's leading toy businesses.

### Results to 30 June

	2007 (audited) €m
Sales	723
EBITDA	79
Net assets	205

### Developments since 3i invested

3i has helped Giochi Preziosi make a number of senior appointments since investment through its global network. The company has grown substantially since 3i first invested. The number of employees has increased from 1,470 in 2004 to 1,717 in 2007 and turnover has also increased from €590m to €723m during the same period.

In May 2008, Giochi Preziosi was sold to private equity firm Clessidra for €290m, generating a 2.3 times money multiple for 3i and investors in Eurofund IV and a 45% IRR.

3i Group plc's return on investment	Sept 2008 €m	Sept 2007 €m
<b>Cost</b>		
Equity	n/a	63
<b>Realised value</b>		
Equity	166	0
<b>Unrealised value</b>		
Equity	n/a	20
Equity interest	0%	38%
Income in the year	0	0



## Grupo Union Radio

New investment  
Location: Spain  
Sector: Media  
Website: [www.unionradio.com](http://www.unionradio.com)

### First investment

In April 2008, 3i invested €100m (out of a total commitment of €225m) for an 8% minority stake in Grupo Union Radio. This was to support the company with international expansion plans through both organic growth and acquisitions, particularly in the key growth markets of Latin America and the Hispanic speaking US.

### Nature of business

Grupo Union Radio is the leading Hispanic radio operator with a major presence in Spain, Latin America and a growing presence in the US. The company currently has more than 22 million listeners through its 1,240 radio stations.

Results to 31 December	2007 (adjusted/audited) €m
Sales	396
EBITDA	114
Net assets	–*

\*Due to legal reasons we are not able to publicly disclose certain financial information relating to our investment in Union Radio. Sales and EBITDA figures are from Prisa's (majority shareholder) accounts.

### Current trading

Our investment in Union Radio is at an early stage, with the company currently performing in line with expectations.

### Nature of business

3i is actively engaged in supporting Group Union Radio's growth ambitions, utilising 3i experience and contacts in the global media sector, particularly through Spanish and US relationships.

3i Group plc's investment	Sept 2008 €m	Sept 2007 €m
<b>Cost</b>		
Equity and loan	80	n/a
<b>Directors' valuation</b>		
Equity and loan	79	n/a
Equity interest	8%	n/a
Income in the year	2	n/a

## Labco

New investment  
Location: France  
Sector: Healthcare  
Website: [www.labco.fr](http://www.labco.fr)

### First investment

3i invested €60m (out of a total commitment of €140m) for a 10% (19% post full investment) stake in Labco in July 2008. The aim is to strengthen the company's leading position in a rapidly consolidating European clinical laboratories industry.

### Nature of business

Labco is the leading European network of clinical laboratories, providing diagnostic lab testing services to patients, general practitioners and hospitals. At the time of investment the company owned around 250 laboratories in six countries, operated by approximately 4,000 healthcare professionals.

Results to 31 December	2007 (unaudited) €m
Sales	212
EBITDA	46
Net assets	119

### Current trading

Since the beginning of 2008, Labco continues to grow strongly, in line with the investment plan. Labco have already completed 17 new acquisitions in five different countries to date.

### Developments since 3i invested

Daniel Bour, former CEO of General de Sante, has joined the board of Labco as a non-executive Director following 3i's introduction.

3i are actively participating in the acceleration of Labco's growth both in countries such as France, Germany and Belgium where Labco has a presence (support in negotiation of strategic acquisitions) and potential new areas (introduction to targets, regulatory authorities and advisers).

With 3i's support, Labco launched a series of operational alignment initiatives aimed at structuring the organisation, improving financial control and integrating recent acquisitions.

3i Group plc's investment	Sept 2008 €m	Sept 2007 €m
<b>Cost</b>		
Equity	48	n/a
<b>Directors' valuation</b>		
Equity	48	n/a
Equity interest	10%	n/a
Income in the year	0	n/a

These case studies consist of the two largest investments and the two largest realisations (by value) completed in the year. We have also included the next largest investment in the portfolio.

For new investments, cost and valuation may differ due to the application of different exchange rates.

Where relevant, EBITDA represents operational EBITDA, excluding non-recurring items.



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### Venture Production plc

New investment

Location: UK

Sector: Oil, gas and power

Website: [www.venture-production.com](http://www.venture-production.com)

#### First investment

3i initially backed Venture Production in 1997 before its IPO and divested in 2002. Since receiving a minority stake as consideration on the sale of CH4 to Venture Production in 2006, 3i invested a further £110m in Venture Production plc during August 2007. The aim is to support development in the UK and Netherlands sectors of the North Sea.

#### Nature of business

Venture Production is a UK North Sea oil and gas producer, focusing on development and enhancement of discovered and producing oil and gas fields.

Results to 31 December	2007 (audited) €m
Sales	358
EBITDA	267
Net assets	281

#### Current trading

In its interim accounts to June 2008, Venture Production announced 55% growth in revenues in its last 12 months, driven by higher production volumes and significantly higher realised commodity prices. Financial performance remains in line with expectations.

At June 2008, the company had £365m of unutilised debt facilities to help finance acquisitions and fund capital expenditures required to develop existing assets.

#### Nature of business

Venture Production has completed nine acquisitions since January 2008, adding interests in 11 new discoveries and three exploration prospects. The company is currently working on the development of seven new projects, which are expected to come on stream within the next two years and will significantly increase production levels.

3i Group plc's investment	Sept 2008 €m	Sept 2007 €m
<b>Cost</b>		
Equity and loan	111	0
<b>Directors' valuation</b>		
Equity and loan	126	24
Equity interest	5%	6%
Income in the year	2	2



### Novem Car Interior Design

Realisation

Location: Germany

Sector: General industrial

Website: [www.novem.de](http://www.novem.de)

#### First investment

3i acquired a 35% interest in CID Car Interior Design in August 2004 for €25m to support the company's expansion plans.

#### Nature of business

At the time of realisation CID Car Interior Design was the global market leader for high-quality decorative components primarily for premium vehicle interiors.

Results to 31 December	2007 (audited) €m
Sales	—*
EBITDA	—*
Net assets	—*

\*Due to legal reasons we are not able to publicly disclose certain financial information relating to our investment in Novem.

#### Developments since 3i invested

3i worked closely with management to develop and implement a programme to optimise production efficiency and quality and strengthen its market leader position. Growth was achieved organically, with annual revenues increasing from around €200m in 2004 to nearly €300m in the last financial year, while employee numbers grew from 2,750 to 3,700 during the same period.

This strong performance and the potential of CID to consolidate its leading position led to the successful sale of the company in June 2008. The sale generated proceeds for 3i of £49m, a cash multiple of 2.5 times and an IRR of 27%.

3i Group plc's investment	Sept 2008 €m	Sept 2007 €m
<b>Cost</b>		
Equity and loan	n/a	20
<b>Proceeds</b>		
Equity and loan	49	n/a
<b>Unrealised value</b>		
Equity and loan	n/a	33
Equity interest	0%	33%
Income in the six month period	0	1



### Electrawinds

Realisation

Location: Benelux

Sector: Oil, gas and power

Website: [www.electrawinds.be](http://www.electrawinds.be)

#### First investment

3i invested €31m between December 2006 and December 2007 for a minority stake in Electrawinds to support the development of new renewable energy projects in Belgium and other European markets.

#### Nature of business

At the time of realisation Electrawinds was the leading independent renewable energy provider in Belgium.

Results to 31 December	2007 (audited) €m
Sales	36
EBITDA	8
Net assets	37

#### Developments since 3i invested

Electrawinds developed a series of wind, solar and biomass projects across European markets and strengthened its leading position in the Belgian market. Key milestones were delivered earlier than anticipated and employment in the company grew from 22 at the end of 2006 to 101 at the time of the sale.

In August 2008, 3i sold its stake for an undisclosed amount to the majority shareholders in the company, representing an IRR of 47%.

3i Group plc's investment	Sept 2008 €m	Sept 2007 €m
<b>Cost</b>		
Equity and loan	n/a	14
<b>Proceeds</b>		
Equity and loan	n/a*	n/a
<b>Unrealised value</b>		
Equity and loan	n/a	15
Equity interest	0%	n/a*
Income in the six month period	0	0

\*Due to legal reasons we are not able to publicly disclose certain financial information relating to Electrawinds.



### 3i Infrastructure plc

3i Infrastructure plc ("3i Infrastructure") is a Jersey-incorporated, closed-ended investment company that invests in infrastructure businesses and assets. 3i Infrastructure listed on the London Stock Exchange in March 2007, raising £703m in its initial public offering, and raised an additional £115m in July 2008 through a placing and open offer. 3i Infrastructure is a constituent of the FTSE 250 index and, as at 30 September 2008, had a market capitalisation of £884m.

3i acts as investment adviser to 3i Infrastructure and holds a 43% stake in the company.

Key figures <sup>(1)</sup>	March 2008	September 2008
Total return	£91.0m	<b>£50.3m</b>
Total return as a % of shareholders' equity	13.1%	<b>6.1%</b>
Dividend per share	5.0p	<b>2.1p</b>
Diluted NAV/share (post dividend)	105.6p	<b>109.2p</b>

### Return objective

3i Infrastructure's overall objective is to provide a total return of 12% per annum (net), to be achieved over the long term.

Within this overall objective, the company also targets a 5% distribution yield, to be achieved through a combination of regular dividend payments and capital returns.

### Target market

3i Infrastructure is building a portfolio of investments in infrastructure businesses, defined as asset-intensive businesses, providing essential services over the long term, often on a regulated basis or with a significant proportion of revenues and costs that are subject to long-term contracts.

Within this broad definition, the company targets investments principally in the transport, utilities and social infrastructure sub-sectors.

3i Infrastructure has, from inception to 30 September 2008, invested or committed 84% of aggregate net proceeds raised in a portfolio of assets based in the UK, Continental Europe and Asia. Going forward, the company expects to further diversify the geographic composition of its portfolio, in particular in the US.

(1) The return measures provided above are calculated using the investment presentation basis, which accounts for majority investments and subsidiaries formed specifically for investment purposes in the same way as minority investments and does not consolidate these entities as is required under IFRS.

### 3i India Infrastructure Fund

The 3i India Infrastructure Fund was established by 3i to apply its infrastructure business' successful investment strategy to the rapidly growing Indian infrastructure market. The Fund closed in March 2008 with total commitments of US\$1.2bn, of which US\$250m from each of 3i and 3i Infrastructure.

3i acts as investment manager to the 3i India Infrastructure Fund.

### Return objective

The 3i India Infrastructure fund aims to provide investors with an 18% IRR (net) over the life of the fund.

### Target market

The 3i India Infrastructure Fund is building a portfolio of infrastructure assets whose primary commercial operations are in India, with a primary focus on ports, airports, roads and power.

The Fund has completed two investments, in Adani Power Limited, which is building a portfolio of power plants across India, the largest of which is in the Mundra Special Economic Zone, and in Soma Enterprise Limited, one of India's top five infrastructure engineering and construction firms.

Investments made by the Infrastructure business line are made through 3i Infrastructure plc, 3i India Infrastructure Fund or directly from 3i's balance sheet. Investments made by the QPE business line are made by 3i QPE plc.

These two pages provide a summary of 3i Infrastructure plc, 3i India Infrastructure Fund and 3i QPE plc.



For further information on 3i's portfolio and cases studies please visit [www.3i.com/investment-stories](http://www.3i.com/investment-stories)



**3i Quoted Private Equity plc**

3i Quoted Private Equity plc (“3i QPEP”) is a Jersey-incorporated, closed-ended investment company that aims to deliver private equity value creation techniques to public companies, using 3i’s international network to source attractive investment opportunities and execute its value creation plan. 3i QPEP listed on the London Stock Exchange in June 2007, raising £400m in its initial public offering. 3i QPEP is a constituent of the FTSE All-Share index and, as at 30 September 2008, had a market capitalisation of £238m.

3i acts as investment adviser to 3i QPEP and holds a 44.9% stake in the company.

Key figures	March 2008
Total return	£15.3m
Total return as a % of shareholders’ equity	3.9%
NAV/share	102.3p
NAV/share as of 30 September 2008 (unaudited)	93.4p

**Target market**

3i QPEP’s strategy is to build a portfolio of influential stakes in selected companies with an initial focus on the UK and Continental Europe and across a broad spectrum of sectors to attain, through board participation, the level of influence necessary to generate significant improvements in operating performance.

The company’s target market includes companies with ambitious and operationally strong management teams, where there is an opportunity to unlock and enable significant strategic development.

3i QPEP has now invested 44% of its flotation proceeds on a portfolio of five assets.

