



# Results for the six months to 30 September 2024

14 November 2024



# Business review

**Simon Borrows**  
Chief Executive



# Resilient performance in a challenging market

Six months to 30 September 2024



## Group

Total return  
on equity

10%

NAV  
per share

2,261p

Gearing

4%

First dividend  
per share

30.5p

## Private Equity

Gross investment return

11%

Investment

£888m

Realised proceeds

£1,548m

## Infrastructure

Gross investment return

3%

AUM

£6.2bn

Cash income  
(incl Scandlines)

£68m

# Careful portfolio construction

Our portfolio is positioned to offer resilience across the economic cycle



Portfolio at 30 September 2024



**Value-for-money, Private Label, Infrastructure and Healthcare sectors represent 87% of portfolio**

# Private Equity

Good return supported by resilient trading across the portfolio



## Good result with strong contribution from Action

- 11% gross investment return for the portfolio overall
- 13% gross investment return for Action
- 94%<sup>1</sup> of portfolio by value growing earnings in the 12 months to June 2024

## Increased investment and realisation activity

- £768m reinvested in a 3% additional holding in Action
- £120m of proprietary capital deployed across other new and further investments
- Over £1.5bn of proceeds and income distributions
- Sale of WP agreed in July and completed in October

## Resilient portfolio

- Defensively positioned, with exposure to sustainable long-term growth trends
- Robust performance for most of the value-formoney, private label and healthcare portfolio companies
- Small pockets of weakness driven by specific sector headwinds

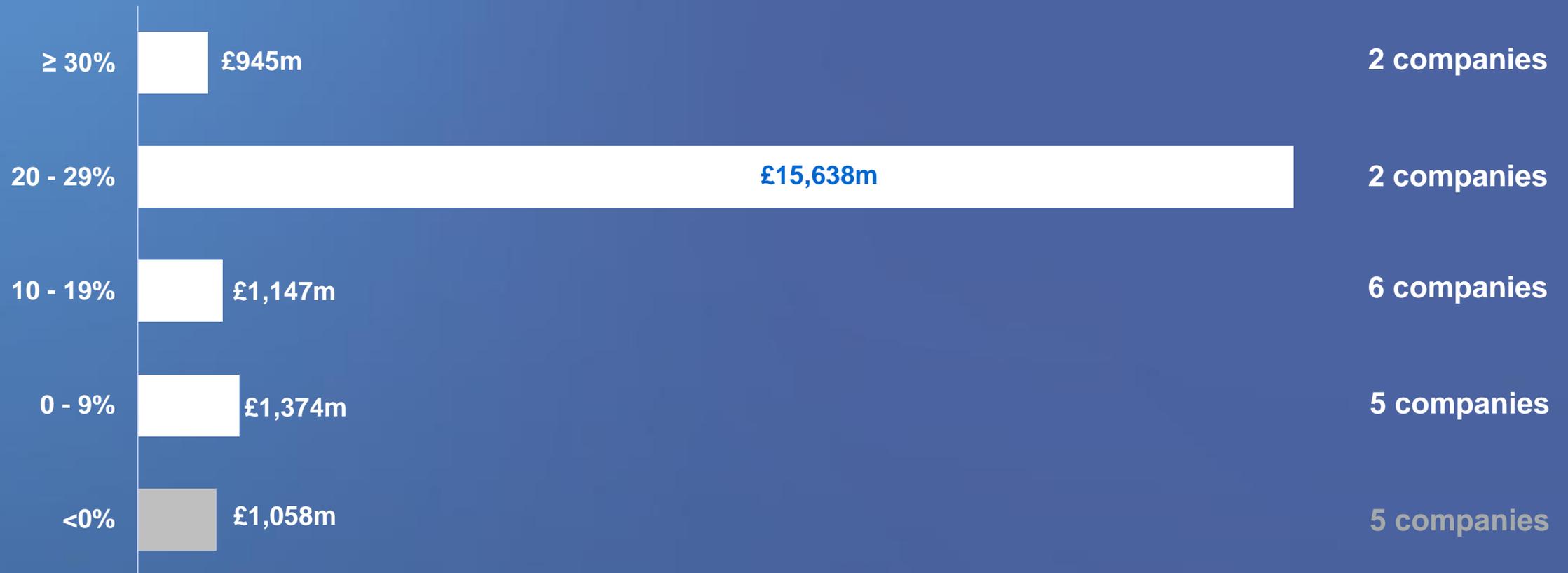
<sup>1</sup> LTM adjusted earnings to 30 June 2024. Includes 29 portfolio companies.

# Private Equity

94% of portfolio companies by value growing earnings



## Portfolio earnings growth of top 20 PE investments<sup>1</sup>



<sup>1</sup> Includes top 20 Private Equity companies by value excluding ten23 health and WP. This represents 96% of the Private Equity portfolio by value (31 March 2024: 96%). Last 12 months' adjusted earnings to 30 June 2024 and Action based on LTM run-rate earnings to P9 2024.

# Private Equity

Value movements principally performance driven



## Largest value increases (>£20m)

Portfolio company	Value growth (excl FX)	Value at 30 Sep 2024	Driver of value movement
Action	£2,170m	£15,543m	Performance
Royal Sanders	£131m	£695m	Performance
WP <sup>1</sup>	£42m	£279m	Other
Tato	£37m	£372m	Performance
Cirtec Medical	£32m	£583m	Performance

Two investments omitted from this table due to commercial sensitivities

## Largest value declines (>£20m)

Portfolio company	Value decline (excl FX)	Value at 30 Sep 2024	Driver of value movement
WilsonHCG	£26m	£94m	Performance

Performance
  Multiple
  Other

<sup>1</sup> Valued on an imminent sale basis.

# Private Equity

Action – strong trading in the year to date



- Strong trading YTD to P9 (29 September 2024)
  - Net sales of €9,567m, up 21% on PY
  - Operating EBITDA of €1,344m, up 26% on PY
  - LFL sales growth of 9.8%, all volume driven
  - 189 stores added, vs 153 in PY
- LTM operating EBITDA to P9 of €1,894m
- Performance sustained YTD to P10 (27 October 2024)
  - Net sales of €10,733m, up 21% on PY
  - Operating EBITDA of €1,532m, up 26% on PY
  - LFL sales growth of 10.1%, all volume driven
  - 220 stores added, vs 185 in PY
  - Cash balance of €830m

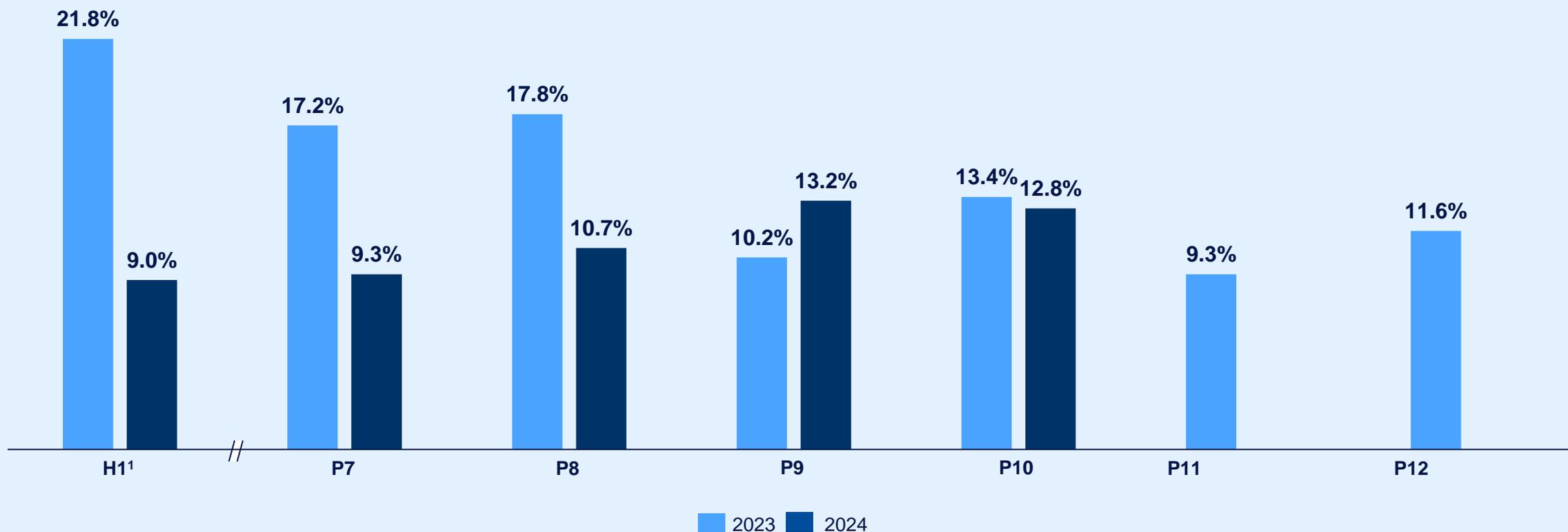


# Private Equity

Action – strong LFL sustained YTD



## LFL sales growth by period



Source: Company information.

1 H1 LFL sales growth based on YTD P6 LFL sales growth in 2024 and 2023, respectively.

# Private Equity

Action – results to P10 2024 indicate another very strong year



## Net sales (€m)

### YoY growth

32% 30% 32% 34% 28% 23% 21% 9% 23% 30% 28% 21%



## Stores

### YoY growth

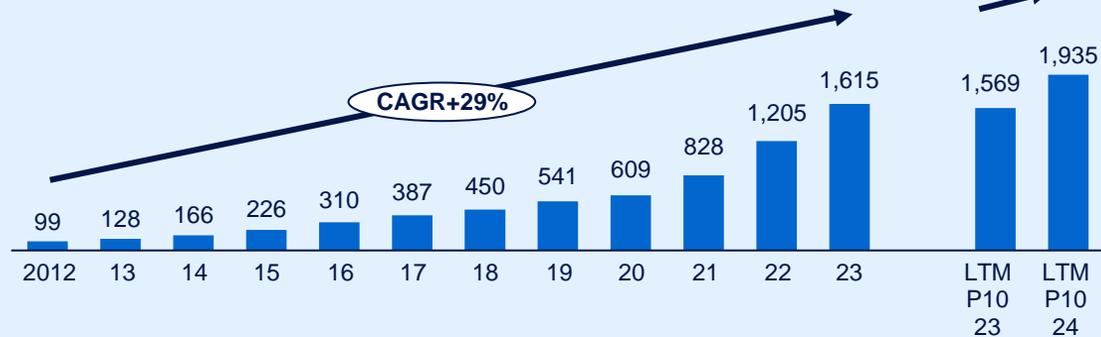
26% 27% 27% 30% 29% 21% 17% 11% 16% 14% 13% 14%



## Operating EBITDA (€m)

### YoY growth

29% 30% 36% 37% 25% 16% 20% 12% 36% 46% 34% 23%



## LfL sales growth (%)

Avg. LfL 2012-2023: 8.2%



# Private Equity

Action - €2.1bn incremental term debt raise completed in July 2024



<b>Size</b>	<ul style="list-style-type: none"><li>• €700m</li><li>• US\$1,500m</li></ul>
<b>Price</b>	<ul style="list-style-type: none"><li>• € – 325bps margin, issued at par</li><li>• US\$ – 300bps margin, issued at par</li></ul>
<b>Maturity</b>	<ul style="list-style-type: none"><li>• 2031</li></ul>
<b>Cost</b>	<ul style="list-style-type: none"><li>• US\$ fully hedged back to € and fixed at an all-in € cost of c.5.6%</li><li>• c.2/3 of the total €2.1bn incremental debt raised interest rate hedged</li></ul>
<b>Rating</b>	<ul style="list-style-type: none"><li>• BB (unchanged, stable outlook) – S&amp;P</li><li>• Ba2 (rating upgraded from stable to positive outlook) – Moody's</li></ul>

**€2.1bn achieved vs  
€1.75bn initial target**

**Net debt to run-rate  
EBITDA ratio reduced  
from 3.2x after the  
transaction in July to  
2.9x at the end of P9**

# Private Equity

Action – proceeds from share redemption partially redeployed to increase 3i's stake to 57.9%



Gross proceeds to 3i from pro-rata share redemption

**£1,164m**

3i re-investment of proceeds in purchase of Action shares

**£768m**

Net proceeds

**£396m**

3i interest in Action

From 54.8% to **57.9%**

# Private Equity

We are building a portfolio of longer-term compounders alongside our 'origination engine'



## Core PE portfolio

- Our 'origination engine', investing with a 2x MM objective
- Exit typically after 4-6 year investment timeframe
- Selected assets have the potential to become longer-term compounders

## Longer-term compounders



- 3-4 other assets to be identified
- EBITDA ~€/\$100m, cash generative
- Can continue to meet 15% return hurdle

## **ACTION**

- Returns materially in excess of 3i's return objective
- ~140x MM to date on initial investment
- Significant growth and cash flow potential
- Core long-term holding

# Private Equity

Royal Sanders – continued strong performance vs investment case



- Strong organic growth – “winning with the winners”
- Historic and recent acquisitions performing well
- Fragmented market with further consolidation options



**£131m**

**Value growth**  
six months to 30 September 2024

**23%**

**Return over opening value<sup>1</sup>**  
six months 30 September 2024

# Private Equity

New investment in Constellation, an IT managed services provider based in France



Strong growth trajectory backed by:

- corporate digitalisation megatrend
- increased outsourcing of infrastructure and application management by IT departments
- transition to hybrid cloud
- increased need for cyber security

**£98m**

New investment



# Private Equity

WP (2015) - successful realisation completed in October



3i supported WP in its international growth strategy and in establishing itself as a leading innovative player with strong focus on sustainability.

During our ownership WP:

- doubled EBITDA
- made the transformational acquisition of Proenfar and three further bolt-on acquisitions, reinforcing its presence in Europe and South America
- achieved Ecovadis Platinum status, placing in the top 1% of its industry

**£325m**

Total return<sup>1</sup>

**18%**

Profit over  
31 March 2024 value

**2.2x**

Money multiple



<sup>1</sup> Including £45m of distributions received during holding period.



### Portfolios continue to perform strongly

- 3% gross investment return - 3iN share price still lagging robust underlying portfolio performance
- 3iN generated total return of 5.1%, on track with objective
- Resilient performance from North American fund and assets

### Good cash income

- £56m cash income from fee and portfolio income
- AUM of £6.2bn at 30 September
- PPP fund management capability sold

### Well positioned to deliver growth over the cycle

- Broadly counter-cyclical and exposed to defensive sectors
- Prudently funded



# Financial review

**James Hatchley**

Group Finance Director

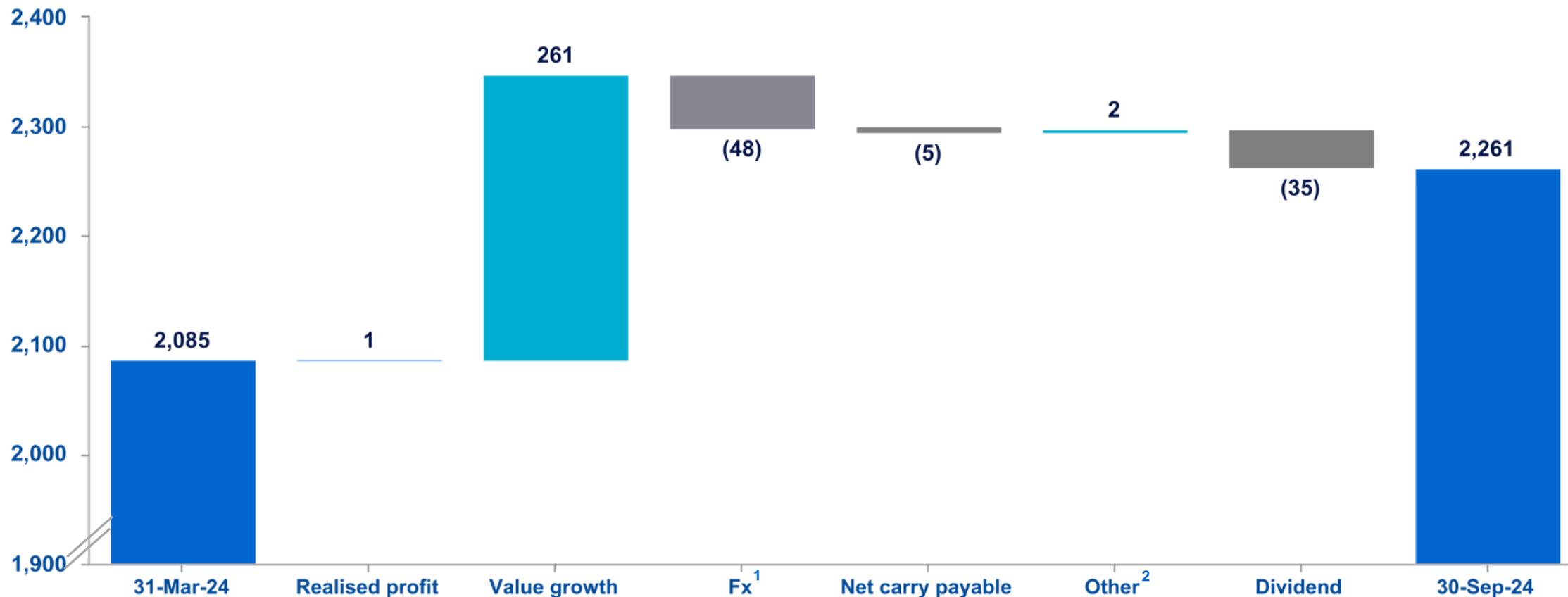


# NAV per share progression

Total return on equity of 10% for the half



## NAV per share (pence)



**NAV per share up 8% to 2,261 pence**

1 FX net of derivatives.

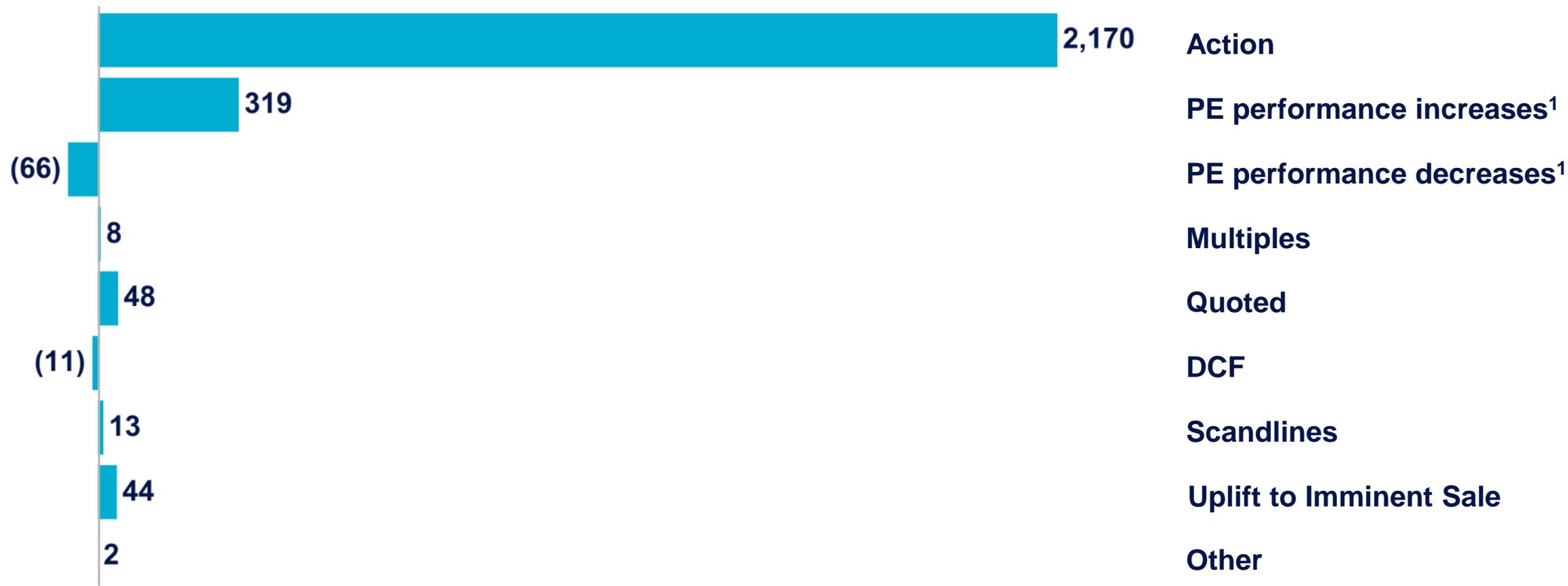
2 Other includes portfolio income, third-party fee income and operating costs.

# Good value growth despite a muted macroeconomic environment

£2.5bn value increase driven by the performance of Action and a number of other leading companies in our portfolio



## Value movement by basis excluding FX (£ million)



Portfolio value of £23 billion

<sup>1</sup> Performance includes value movements relating to earnings and net debt movements in the period.



## Enterprise value (post discount)



### At 30 September 2024

- LTM run-rate EBITDA earnings of €2,065m
- Net debt of €5,910m
- 18.5x (Mar-24: 18.5x) multiple post discount
- Valuation of £15,543m
- Ownership of Action of 57.9%

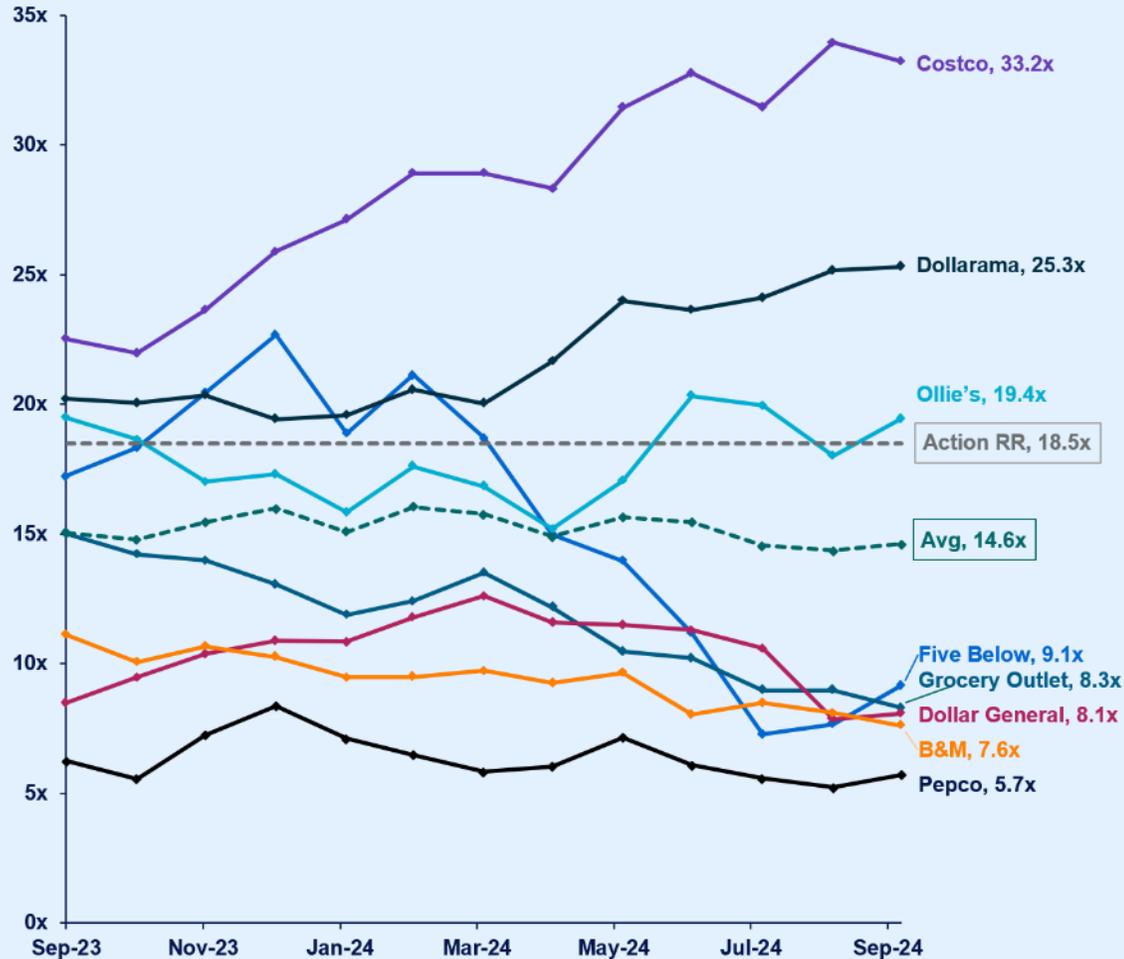
Valuation at 30 September 2023 translates to a 14.6x run-rate EBITDA achieved one year later

# Private Equity

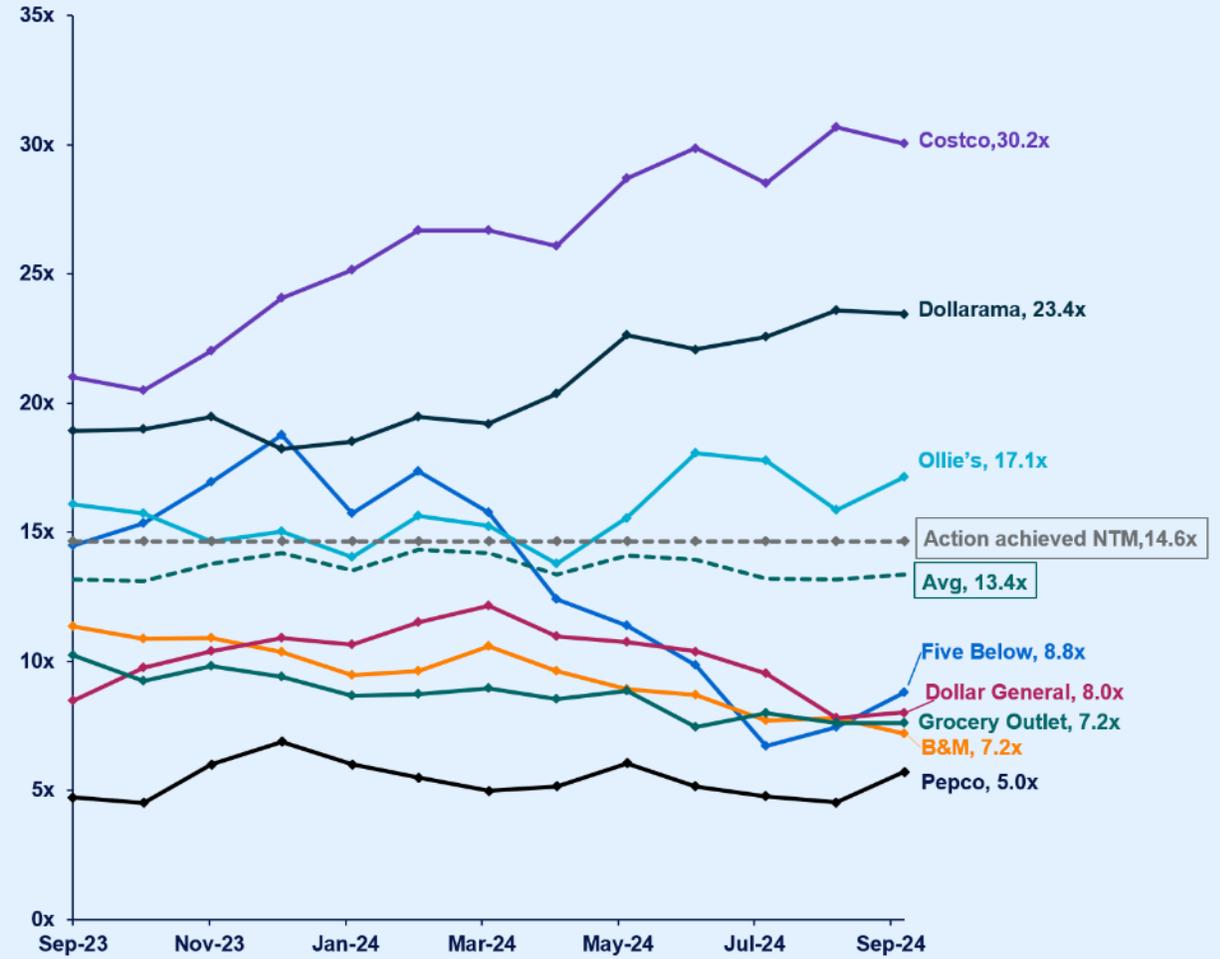
Action – peer group multiples support 18.5x run-rate EBITDA multiple for Action



### EV / LTM EBITDA



### EV / NTM EBITDA



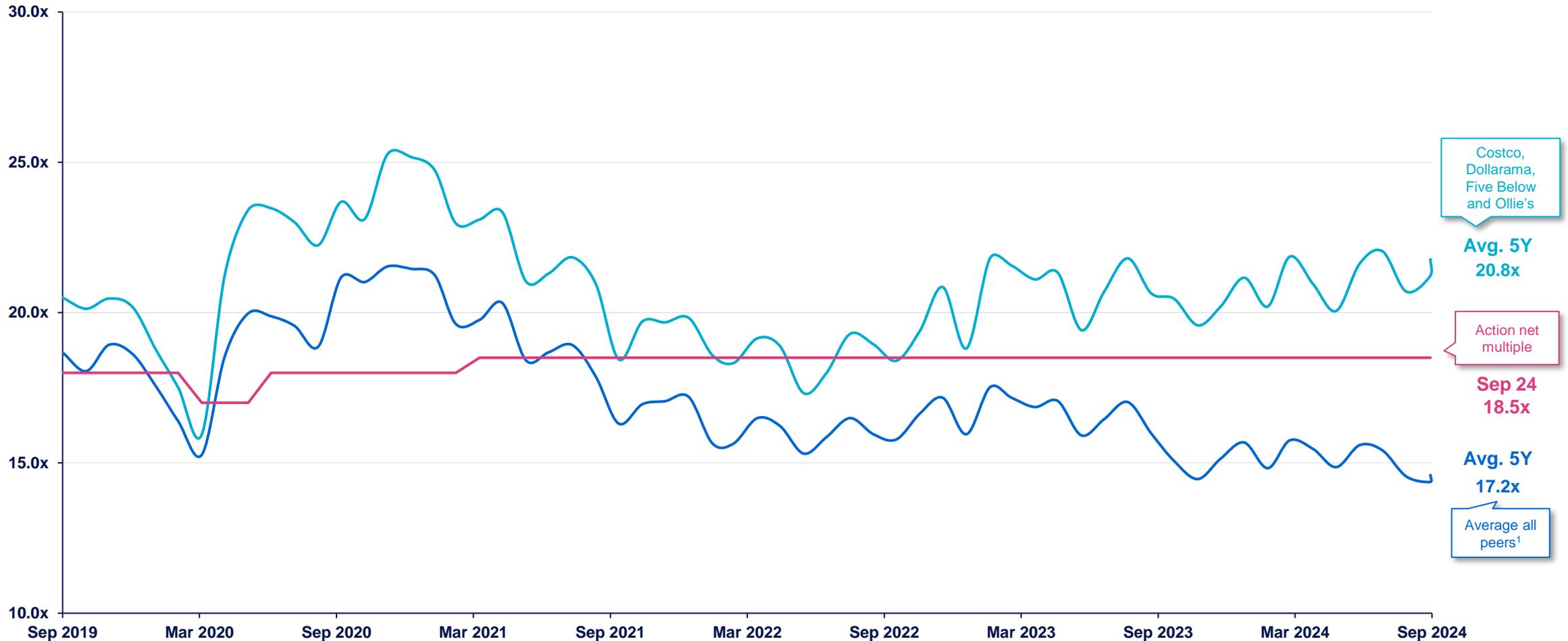
Source: CapIQ.  
Based on pre IFRS-16/ASC 842 multiples.

# Private Equity

## Action vs peer group - valuation over the last five years



### EV / LTM EBITDA

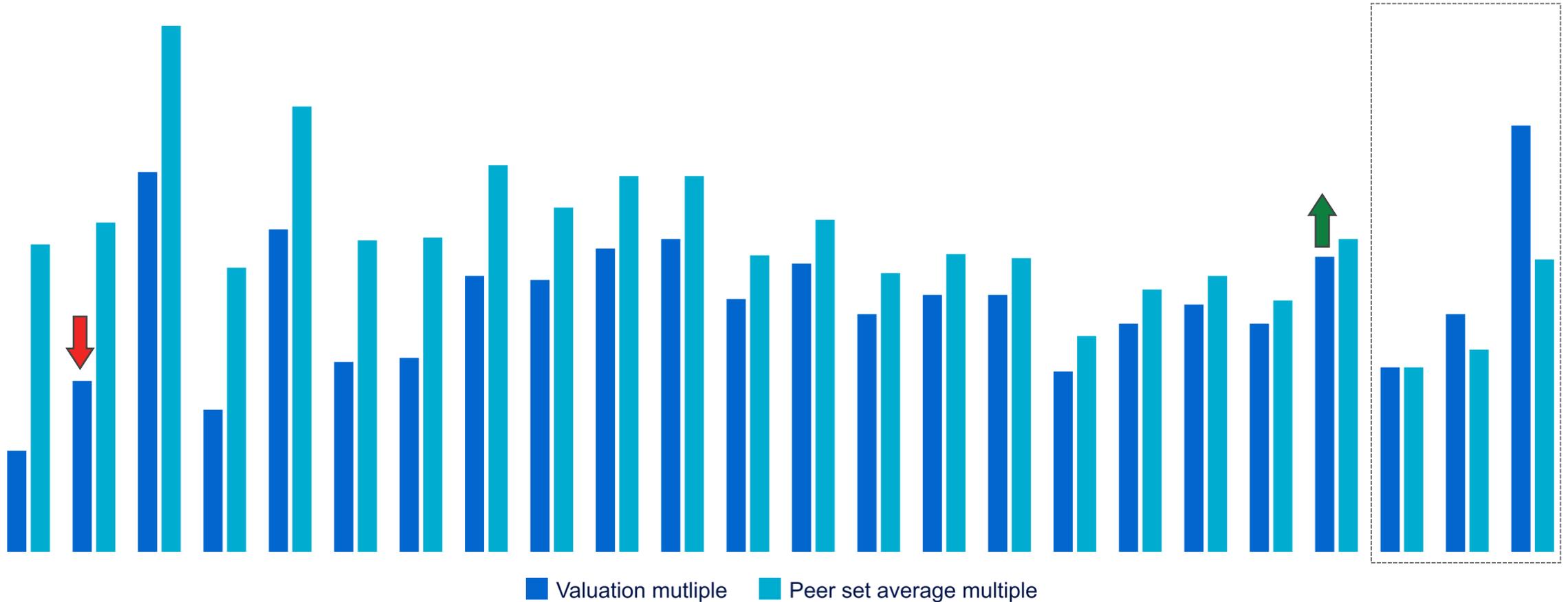


Source: CapIQ.

<sup>1</sup> Peers include B&M, Costco, Dollarama, Dollar General, Five Below, Grocery Outlet, Ollie's Bargain Outlet, Pepco Group.

# Private Equity

Valuation multiples continue to compare favourably to average multiples for peer sets<sup>1</sup>



**Only three companies have valuation marks above their peer set averages**  
**All multiples are within peer set ranges**

<sup>1</sup> Valuation multiples used for assets valued on an earnings basis compared to a peer group that represents the average of the reference peer groups of 3i's portfolio assets.

# Private Equity

Realisation premiums maintained through difficult markets



- Money multiple of **2.0x**
- Proceeds of **£382m**
- Profit over 31 March 2024 value of **3%**



- Money multiple of **2.2x**
- Proceeds of **£280m<sup>1</sup>**
- Profit over 31 March 2024 value of **18%**

NB: Infrastructure uplift on Valorem's offer and the Future Biogas syndication:  
both **15%** on 31 March 2024 valuation

<sup>1</sup> Includes £3m of cash income. Proceeds received in October 2024.

# Private Equity

Good portfolio performance including two significant secured realisations



Six months to 30 September £ million	2024	2023
<b>Gross investment return</b>	<b>2,071</b>	1,826
of which foreign exchange <sup>1</sup>	<b>(456)</b>	(127)
GIR % of opening portfolio	<b>11%</b>	11%
<b>Realisations</b>	<b>1,548</b>	1
<b>Cash investment</b>	<b>888</b>	50

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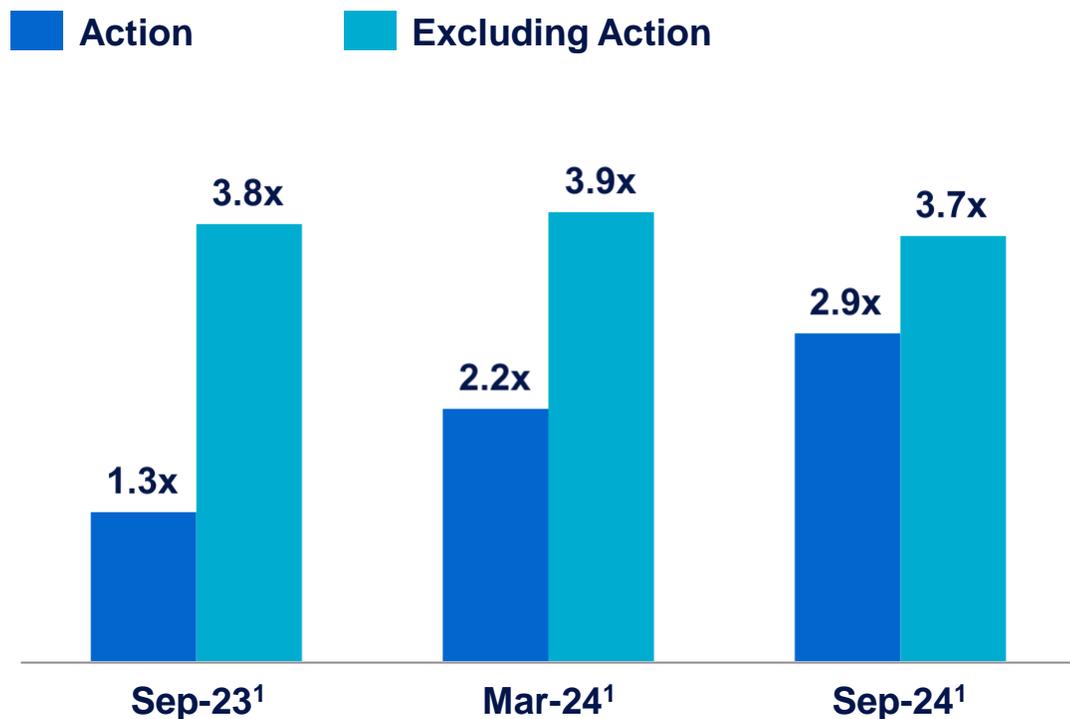
£ million	30 September 2024	31 March 2024
Portfolio value	<b>20,930</b>	19,629

Note: Investment and realisations may differ to the cashflow due to the timing of cash movements.

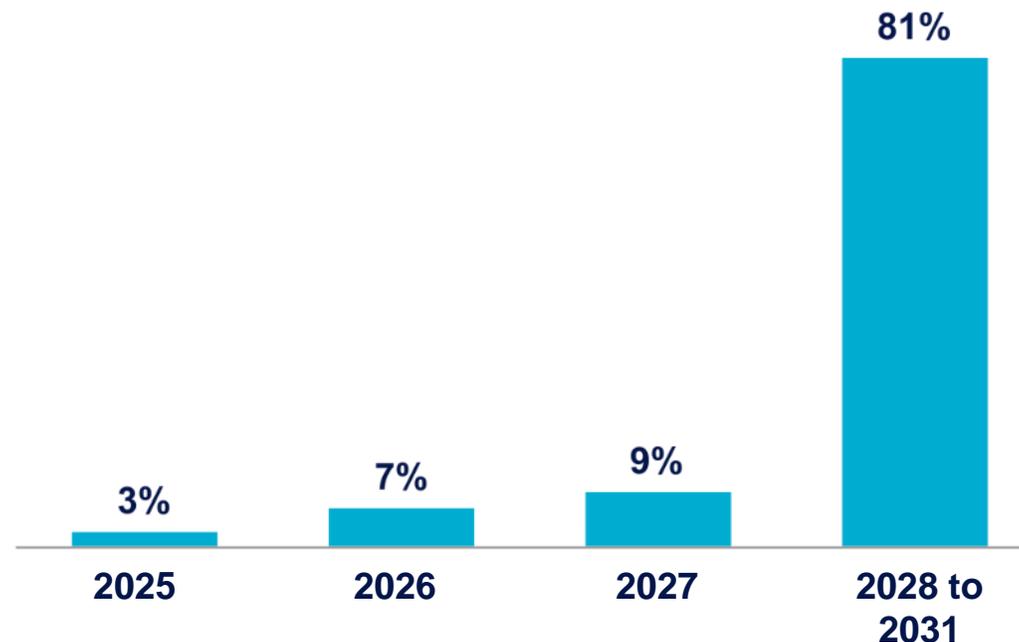
1 Including the impact of foreign exchange hedging.



## Ratio of total net debt to earnings



## Debt maturity (% of fair value)



**90% of debt repayable from 2027 to 2031**

<sup>1</sup> This represents 92% (Mar-24: 91%, Sep-23: 93%) of the Private Equity portfolio by value. Quoted holdings, WP, ten23 health and companies with net cash are excluded from the calculation. Net debt and adjusted earnings as of 30 June 2024 (Mar-24: 31-Dec-23, Sep-23: 30-Jun-23) and Action based on net debt and last 12 months run-rate earnings to the end of P9 2024 (Mar-24: P3 2024, Sep-23: P9 2023).

# Infrastructure and Scandlines

## Steady performance in the period



Six months to 30 September £ million	2024	2023
<b>Infrastructure gross investment return</b>	<b>43</b>	31
Realised losses over value	—	(3)
Unrealised profits on revaluations <sup>1</sup>	<b>47</b>	2
Dividend and interest income from the portfolio	<b>24</b>	24
Foreign exchange	<b>(28)</b>	8
GIR % of opening portfolio	<b>3%</b>	2%

£ million	30 September 2024	31 March 2024
<b>Infrastructure portfolio value</b>	<b>1,504</b>	1,488

£ million	30 September 2024	31 March 2024
<b>Scandlines value</b>	<b>519</b>	519

<sup>1</sup> The unrealised value gain of £47 million (2023: £2 million) includes a £39 million unrealised value gain from 3iN (2023: £23 million unrealised value loss) and a £8 million value gain from US Infrastructure and other funds (2023: £25 million).

# Operating cash position

Operating cash profit expected by the end of our financial year



Six months to September £ million	2024	2023
Private Equity	13	16
Infrastructure <sup>1</sup>	56	62
Scandlines	12	10
<b>Cash income</b>	<b>81</b>	<b>88</b>
Operating cash expenses <sup>2</sup>	(83)	(82)
<b>Operating cash (loss)/profit</b>	<b>(2)</b>	<b>6</b>

1 After the sale of PPP fund management capability.

2 Operating cash expenses includes leases paid.

# Simple balance sheet and conservative capital management

At 30 September 2024



## Portfolio value

- High quality, well constructed portfolio

**£22,953m**

## Gross cash

- Held centrally with no material restrictions
- 94% held in AAA-rated money market funds

**£386m<sup>1</sup>**

## Gross fixed term debt

- Made up of bonds expiring 2029, 2032 and 2040
- Average cost of 4.8%

**£1,191m**

## Undrawn RCF

- Base £500m RCF available until 2027 and additional £400m available until 2026

**£900m**

## Liquidity

**£1,286m<sup>1</sup>**

<sup>1</sup> Excludes £280m received from WP post period end.

# Private Equity

Carried interest liability reduced in the half due to the crystallisation of carry relating to Action



Six months to September £ million	2024	2023
<b>Income statement</b>		
Carried interest payable	(42)	(147)
£ million	30 September 2024	31 March 2024
<b>Balance sheet</b>		
Carried interest receivable	4	5
Carried interest payable	(456)	(803)
<b>Net total payable</b>	<b>(452)</b>	<b>(798)</b>

First FY2025 dividend of 30.5 pence per share



**Our dividend policy aims to maintain or grow the dividend year-on-year subject to:**

- maintaining our conservative balance sheet strategy
- careful consideration of the outlook for investments and realisations and market conditions



# Closing remarks

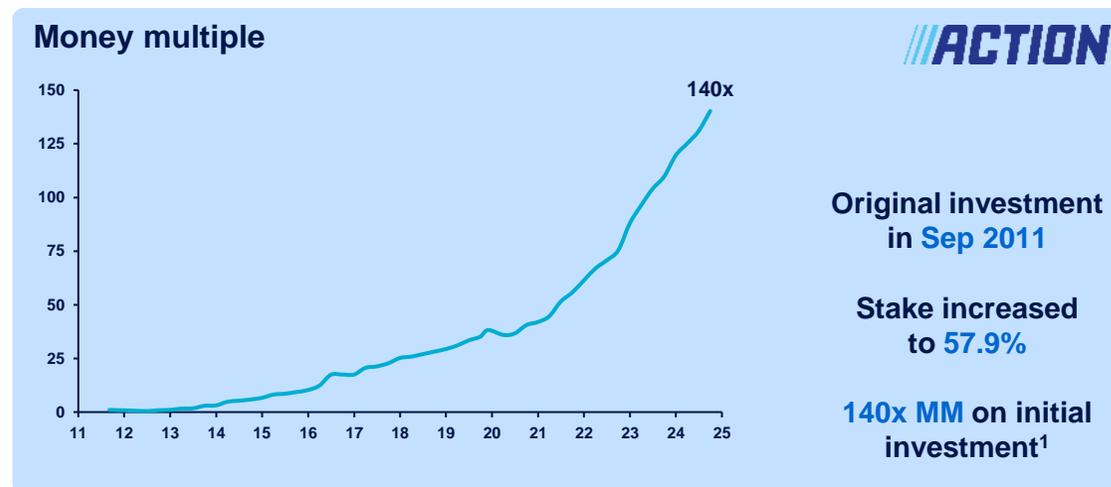
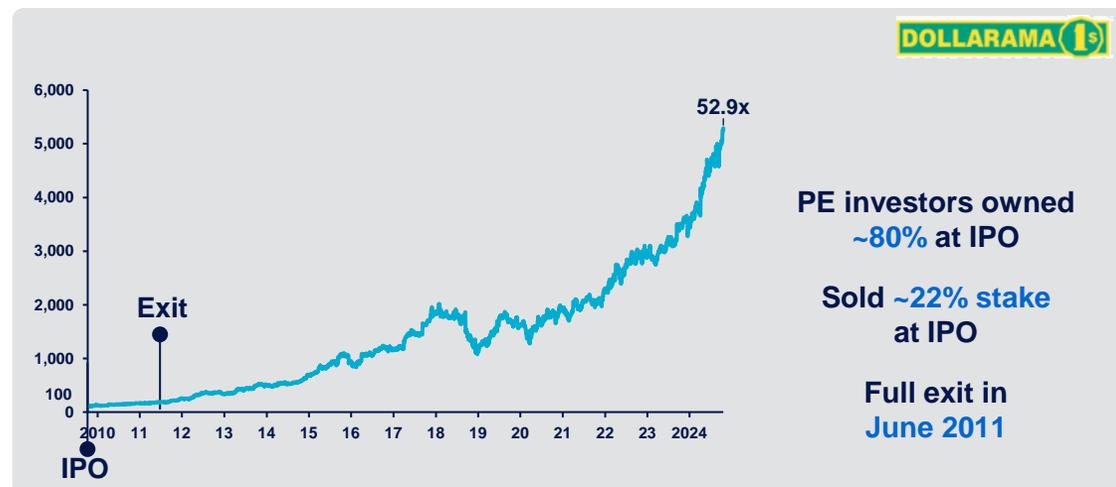
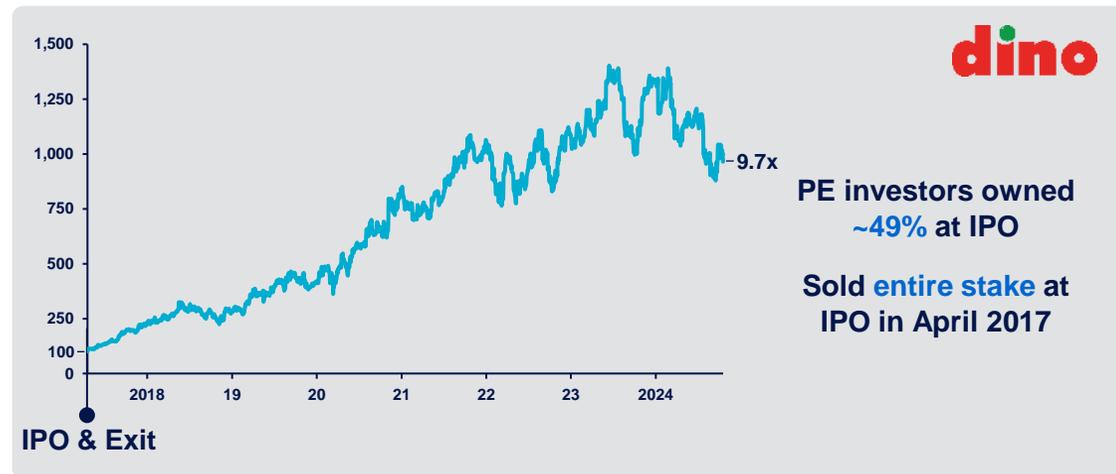
**Simon Borrows**  
Chief Executive



# Permanent capital allows 3i to run its winners



## Annualised shareholder return



Source: Bloomberg, desktop research.  
 1 EUR money multiple, 100% equity value.

# Retailers with a consistent track record of performance have compounded strong returns over multiple decades



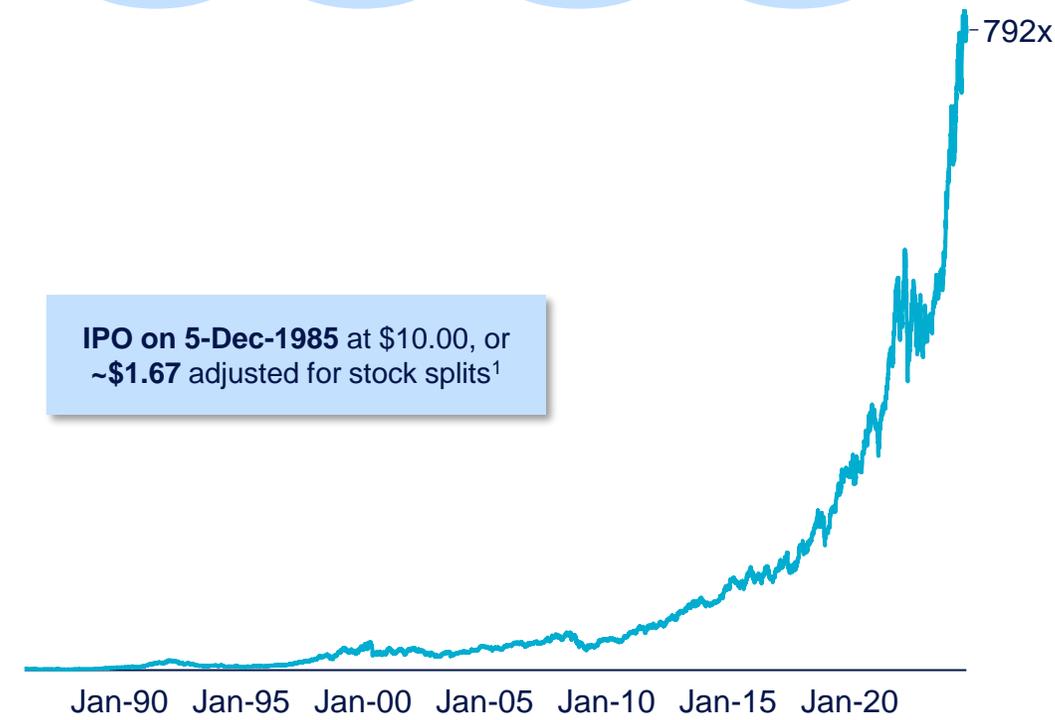
## Annualised shareholder return



Since IPO	Last 10 years	Last 5 years	Last 3 years
22.3%	14.7%	17.7%	19.7%



Since IPO	Last 10 years	Last 5 years	Last 3 years
18.7%	23.6%	26.8%	23.8%



Source: Bloomberg (data since 30 August 1972 for Walmart and since 11 February 1986 for Costco); corporate websites.

<sup>1</sup> As per corporate website disclosure.

## 3i has significant long-term potential



Permanent capital. Long-term, sustainable approach

Thematic approach to investment with exposure to long-term secular growth trends

Proven model, underpinned by robust processes, patience and price discipline

Active management of portfolio companies with significant influence and board representation

Resilient and prudently funded portfolio, positioned to withstand current macro challenges

Significant growth platforms in Action, Royal Sanders and other consumer and healthcare assets

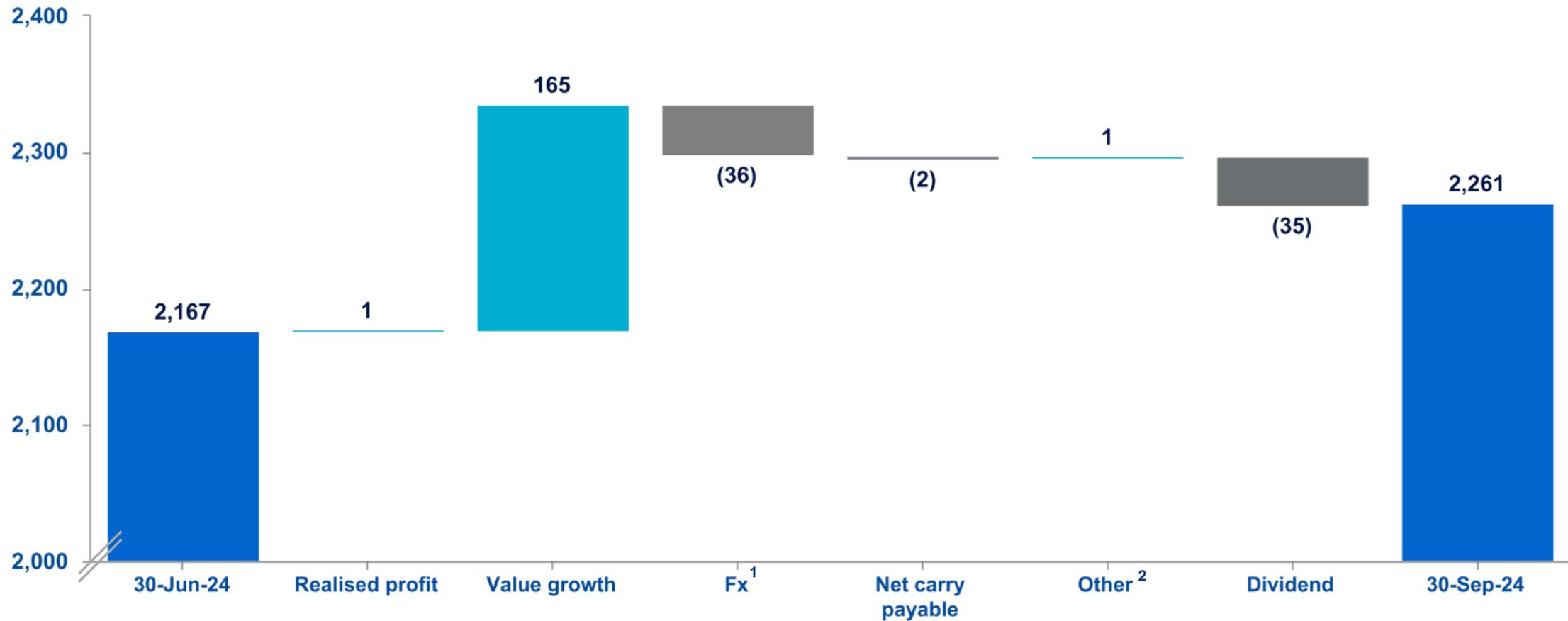


# Additional information

# Q2 NAV increased from 2,167 pence to 2,261 pence



## NAV per share (pence)



1 FX net of derivatives.

2 Other includes portfolio income, third-party fee income and operating costs.

# 3i Group

## 20 large investments



Investment <sup>1</sup>	Business description	Valuation September 2024 (including FX, £m)	Valuation March 2024 (including FX, £m)
<b>Action</b>	General merchandise discount retailer	15,543	14,158
<b>3i Infrastructure plc</b>	Quoted investment company investing in infrastructure	918	879
<b>Royal Sanders</b>	Private label and contract manufacturing producer of personal care products	695	580
<b>Cirtec Medical</b>	Outsourced medical device manufacturing	583	586
<b>Scandlines</b>	Ferry operator between Denmark and Germany	519	519
<b>AES Engineering</b>	Manufacturer of mechanical seals and provider of reliability services	407	403
<b>Tato</b>	Manufacturer and seller of specialty chemicals	372	335
<b>Evernex</b>	Provider of third-party maintenance services for data centre infrastructure	329	331
<b>SaniSure</b>	Manufacturer, distributor and integrator of single use bioprocessing systems and components	312	334
<b>Smarte Carte</b>	Provider of self-serve vended luggage carts, electronic lockers and concession carts	283	306
<b>WP</b>	Global manufacturer of innovative plastic packaging solutions	279	234
<b>European Bakery Group</b>	Industrial bakery group specialised in home bake-off bread and snack products	257	267
<b>Luqom</b>	Online lighting specialist retailer	215	222
<b>ten23 health</b>	Biologics focused CDMO	208	192
<b>Q Holding</b>	Manufacturer of catheter products serving the medical device market	141	150
<b>BoConcept</b>	Urban living designer	141	133
<b>MAIT</b>	IT services provider of PLM & ERP software applications and IT infrastructure solutions for larger SME clients in the DACH region	105	100
<b>Dynatect</b>	Manufacturer of engineered, mission critical protective equipment	105	130
<b>xSuite</b>	Accounts payable process automation specialist focused on the SAP ecosystem	103	98
<b>Constellation</b>	IT managed services provider	96	n/a

<sup>1</sup> Two assets excluded for commercial sensitivities.

# Private Equity

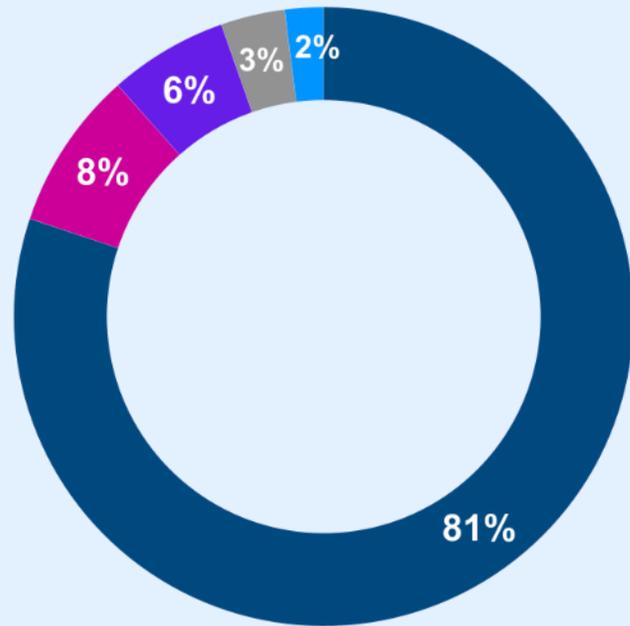
GIR dilution from Action carried interest payable reduced significantly



	September 2022	March 2023	September 2023	March 2024	September 2024
Gross holding in Action	52.7%	52.9%	52.9%	54.8%	<b>57.9%</b>
Further investment in the period	–	£30m	–	£455m	£768m
Action carry dilution on GIR (approximately)	10%	8%	6%	3%	<b>1%</b>
Net holding in Action (post carry dilution)	47.7%	48.9%	50.0%	53.2%	<b>57.4%</b>

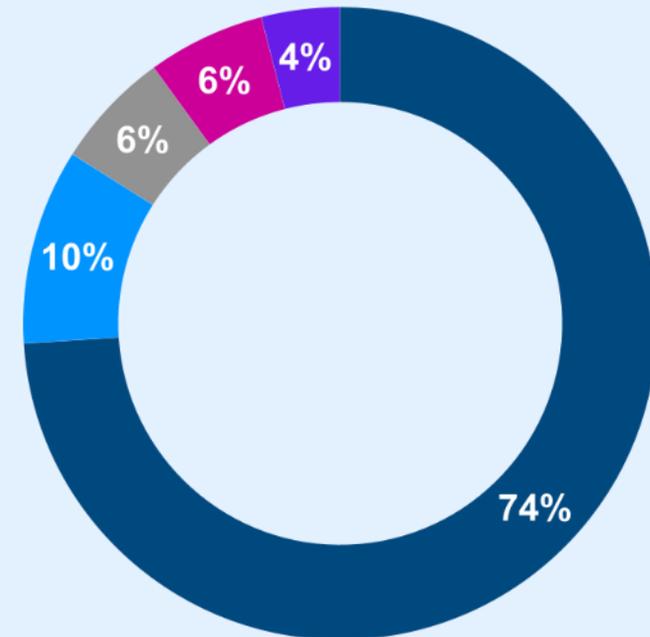


## By office location (%)



■ Netherlands ■ US ■ UK ■ Germany ■ France

## By sector (%)

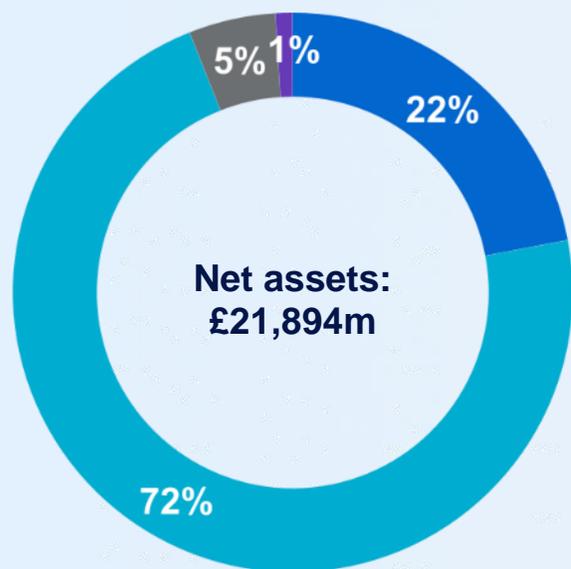


■ Action (Consumer) ■ Consumer & Private Label  
■ Healthcare ■ Industrial  
■ Services & Software

**Portfolio of 36 investments**



## Net assets by currency 30 September 2024



■ Sterling ■ Euro ■ US dollar ■ Danish krone

77% of net assets denominated in euro or US\$

Including the hedging programme: 1% movement in euro = £156m, 1% movement in US dollar = £11m

Six months to September (in £m)	Foreign exchange movements (excl hedging)	Hedging impact	Total
2023	(133)	26	(107)
2024	(578)	112	(466)

- Foreign exchange hedging programme maintained at €2.6bn (incl. Scandlines) and \$1.2bn
  - partial reduction of FX sensitivity
  - locks rate for future sterling outflows

