





Growth Capital

Michael Queen
June 2005



Welcome
Michael Queen
Head of Growth Capital



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Agenda

- Current position
- Vision and strategy
 - size of market
 - investment focus
 - organisation
- Where we operate
- Execution
- Case studies
- Outlook
- Closing remarks

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Current position

- The business is in transition
- Changed processes
- Investment profile has improved





Vision and strategy

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Vision

To be the minority investor of choice for exceptional companies that have the potential to deliver outstanding returns

Strategy

- To bring global scale and knowledge to local opportunities
- To generate superior returns from our investment focus
- To have a disciplined investment approach for origination, execution and asset management
- To use our unique structure as a key competitive advantage

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3i's strengths - uniquely suited to the market need

- Flexibility afforded by our balance sheet
 - size of investment
 - returns targets
 - exit timings
 - minority holdings
- Network strength
 - sector focus
 - People Programmes
- Unrivalled experience

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Size of market for 3i

- Initial data shows the market is large
 - France market study shows 20-25 deals per annum
 - UK market study shows 50-75 deals per annum
 - Spain market study shows 15 deals per annum
 - estimate 200 deals across Europe
 - estimate 200 deals in US
 - Asian market, particularly India and China, growing rapidly
- We have completed 25 deals over €10 million in the 24 months to 31 March 2005, investing €700 million
- Dis-intermediated market

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Investment focus

- We invest in minority situations
- Where we have aligned interests with other shareholders
- We will invest increasingly large amounts
 - size range €10million to €100 million
 - average size of €30 million
 - upside of €10 million+
- We will invest in 20-30 new deals per annum – globally
- Portfolio target return of 20%

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Organisation

- Global team
- Senior partnership
- Operating partners
- Remunerated as one team from 1 April 2006

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Where we operate



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Delivery of strategy

- One global partnership
- Teams focused on three practice areas:
 - origination
 - execution
 - asset management
- Practice area leaders to understand, share and implement best practice across teams

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Great work so far...

williamslea

€49m

Growth/Private placing



€37m

Placing



€20m

Growth/Pre IPO



€25m

Growth/Debt replacement



€18m

Placing/Pre IPO



GRIES DECO COMPANY

€13m

Growth/Private placing



HOSPDR

HOSPITAIS PORTUGUESES, S.A.

€21m

Growth/Placing



Petrofac

€31m

Growth



€20m

Placing



Avec plaisir!

(undisclosed)

Growth/Placing



€22.5m

Placing

CLINICA BAVIERA
INSTITUTO OFTALMOLOGICO EUROPEO

€40m

Placing

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Country and case studies



Maite Ballester, Spain, Origination



Klas Hillström, Nordic, Execution



Steven Nicholls, UK, Execution



Robert Stein, Germany, Origination

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Maite Ballester



The Growth Capital market in Spain

- 2004 - €1.2 billion invested in 355 deals representing 60% of the total private equity market
- 15 deals above €15 million in 2004 (3 done by 3i)
- Highly fragmented market
- Liquidity can be an issue
- Different investment criteria (banks, institutions)



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Maite Ballester - Spain



Clínica Baviera

Quote from Eduardo Baviera, CEO of Clínica Baviera

“Our preference was built on a number of facts and findings:

- the international network of 3i worldwide;
- the excellence of your professional network in the most relevant Spanish cities; and
- the superb teamwork carried out by 3i people in Spain.

Growth opportunities, areas of improvement were identified in a quick and clever manner.

Intelligent reflections on strategic issues were put on the table.”

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Maite Ballester - Spain



Clínica Baviera

Situation

- Market leader with 14% market share in ophthalmology clinics specialised in laser refractive surgery.
- Tripled turnover in 5 years to €38 million. New growth formats in cosmetic treatments.
- Strong competition from 5 local PEs. Pricing of 8x EBITDA.

Winning the deal

- Healthcare sector knowledge and credibility.
- Extensive 3i network to acquire companies in other EU countries and greenfield in Portugal.
- Full availability of 3i team and advisers, including Chris Rowlands – completed in six weeks.

Influencing

- Relevant NXDs: focused on exit and in Portuguese opportunities.

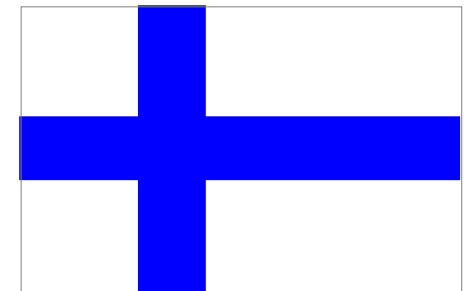
Making money

- Joint agenda with majority owner in terms of value plan and exit, the latter demonstrated by full drag along from year 5 onwards.
- Downside protection to guarantee 2x cash in 3 years.



The Growth Capital market in the Nordic region

- €700 million invested in c.500 investments
- Sizeable number of family owned businesses facing succession issues
- Maturing asset portfolios of local VCs and private equity houses that need exits
- Private equity model fully accepted by:
 - vendors
 - management teams
 - banks
- Good pool of local management talent
- Limited local competition for minority deals
 - smaller pockets
 - not much of a network outside Nordic



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Klas Hillström - Nordic



Boxer

Situation

- Operator of the only terrestrial digital pay TV network in Sweden
- 410,000 subscribers in March 2005, up 60% in 12 months
- 30% stake sold as the largest asset in a portfolio deal by Swedish life insurer

Winning the deal

- 3i acted as a credible taker for the whole portfolio while signing up a syndication partner. The vendors were only considering offers for the whole portfolio
- 3i managed to win the confidence of the remaining shareholder in Boxer
- This was key to winning the whole deal

Influencing

- Two Board seats
- Our international outlook and financial expertise is sought after by the other shareholder

Making money

- Potential to leverage the structure early on
- Solid bottom line growth opportunity
- Helping Boxer develop into an independent company

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Steven Nicholls - UK



The Growth Capital market in the UK

- Largest European market
- c.£1.2 billion invested in 70 deals in 2004
- Fragmented competitor base:
 - private equity/hedge funds
 - banks
 - AIM
 - ‘do nothing’
- We are genuinely differentiated:
 - level of investment appetite and desire to work alongside other shareholders/management
 - added value to the business and board
 - unrivalled international network
 - clear alignment of interests





Williams Lea

Situation

- Leading UK document and print management BPO provider
- Exceptional management team, blue chip customers, growing sector
- Competing against Buyout, PE backed Trade bidder, all debt solution

Winning the deal

- Nine months spent understanding needs and agenda of:
 - Shareholders:** liquidity for founding family / ESOP holders; unable to provide additional equity
 - Management:** PE agenda. Independent board. Future equity liquidity event
 - Combined:** Enlarged equity base, debt adverse. Access to significant future upside
- Creative, all equity deal. €30m of new capital and €38m private placing

Influencing

- Agreed value growth agenda
- Rising interest rate / ability to call funds if growth plans not achieved
- Introduced Robert Walker (ex CEO Seven Trent) as Chairman and new CFO from Liberata
- 3/6/9 month post completion action plans

Making money

- Entry pricing was a discount to market
- Acquisition of BBS from Bowne for \$180 million within first 6 months

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Robert Stein - Germany



The Growth Capital market in Germany

- Significant market opportunity
- Current market mainly covered by banks/captive fund vehicles
- Estimated to be around €500 million in 2004
- Aggressive debt product
- Limited local private equity competition regarding opportunities > €10 million
- Low awareness of private equity in growth capital situations
- Structural changes (internationalisation, low cost production, etc.)



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Robert Stein - Germany



Gries Deco

Situation

- Vertically integrated retailer with 60 shops offering home decoration/gifts
- Tripled turnover in 3 years to €35 million
- Strong competition from mezzanine to support growth of the company

Winning the deal

- Self originated through sector approach
- Demonstrated know-how through in-house expertise and network, thereby demonstrating value add ('strategic investor without strategic agenda')
- Full availability of 3i team (24/7) – completed within 8 weeks!

Influencing

- NxDs/board of directors
- Team of executive directors for initial period
- 180 days post completion action plan based on strict time lines

Making money

- Joint agenda with majority owner in terms of value plan and exit, the latter demonstrated by full drag along after year 3
- Transforming a family business into a corporation



Outlook

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Asia - market

- Area covers some of the most dynamic, and fastest growing economies in the world
- Globalisation means many of our European investments want access to Asia
- Increasingly active and established private equity market

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Asia – 3i's approach

- 3i's presence since 1998 gives us a solid, profitable base to expand from
- Expansion of current Asia business, investing directly into China and India
 - office in Shanghai June 2005
 - office in Mumbai autumn 2005
- Recruitment of teams now underway
 - Anil Ahuja, Indian Managing Director


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Infrastructure

- Dedicated team investing in assets core to the operation of key services across Europe
- Experienced investor

Company	Business activity	Deal value
	Secondary PPP and infrastructure investment	€640m
Alma Mater Fund	Student accommodation operator	€1.4bn
Norfolk and Norwich University Hospital  NHS Trust	General hospital operator	€290m
	Tramway operator	€250m
Grupo TCB	Port operator	€200m

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Infrastructure investment strategy

- Invest c.£300 million in primary and secondary infrastructure assets over the next three years
- Investing directly and through co-managed funds
- Invest directly in three to five new investments in the primary market per annum and invest £10 million to £50 million per deal
- Invest via I², a specialist fund in which we are investors, £150 million into the secondary market over the next three years
- Focused particularly on the healthcare, transport and accommodation sectors while working on a broad range of opportunities

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Investment levels

- Increasing investments in established European markets
- Significant expansion of existing Asian business
- Introduction of an infrastructure team

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Returns

- Increased focus on 'new model' vintages
- Seeing financial results from recent vintages
- Returns trend to new business model

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Closing remarks

- Market uniquely suited to 3i's strengths
- Great work so far in improving our investment profile
- Next phase is bringing further focus to origination, execution and asset management
- Increasing investment levels and achieving target returns

