



13 November 2014

## 3i Group plc announces Half-yearly results to 30 September 2014

### Key highlights

- Robust performance underpinned by good flow of realisations and strong balance sheet
- Solid Private Equity portfolio performance; value weighted last twelve months earnings growth of 17%
- Continued strong realisation and refinancing proceeds of £324 million; further proceeds of £218 million received from realisations since the period end
- Debt Management successfully raised two CLOs in the period and secured further commitments to the US Senior Loan Fund; first close of European Middle Market Loan Fund at €250 million post period end
- Operating expenses of £63 million and interest costs of £26 million both 7% lower than the first half last year
- Further improvement in Fund Management profitability to £13 million (30 September 2013: £8 million)
- Total return of £234 million after accounting for a foreign exchange translation loss of £73 million
- Good progression in NAV per share to 358 pence at 30 September 2014, after 13.3 pence final dividend paid in July 2014 (31 March 2014: 348 pence)
- Interim dividend of 6.0 pence per share; of which 2.7 pence is base and 3.3 pence is additional
- Expecting to pay a minimum dividend of 15 pence per share in respect of the full year; of which 8.1p is base dividend, in line with policy

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

"The Group performed well in the first half and again demonstrated strong progress against our strategic plan.

There is good earnings momentum in our larger investments and we have a number of realisation and refinancing projects in process.

We continue to seek new investment opportunities, but we recognise the increasing political uncertainty and stagnating growth in Europe and are mindful of the risks of over-paying for new investments in this environment.

We will continue to manage our portfolio energetically, capitalise on realisation opportunities and be selective in making new investments."

## Financial data

	Six months to/as at 30 September 2014	Six months to/as at 30 September 2013	Year to/as at 31 March 2014
<b>Group</b>			
Total return	<b>£234m</b>	£175m	£478m
Total return on opening shareholders' funds	<b>7.1%</b>	6.0%	16.3%
Dividend per ordinary share			
Base dividend	<b>2.7p</b>	2.7p	8.1p
Additional dividend	<b>3.3p</b>	4.0p	11.9p
Operating expenses	<b>£63m</b>	£68m	£136m
As a percentage of assets under management <sup>1</sup>	<b>1.0%</b>	1.1%	1.0%
Operating cash profit	<b>£16m</b>	£6m	£5m
<b>Proprietary Capital</b>			
Realisation proceeds	<b>£324m</b>	£528m	£677m
Uplift over opening book value	<b>£35m/12%</b>	£129m/32%	£202m/43%
Money multiple	<b>1.8x</b>	1.6x	1.8x
Gross investment return <sup>2</sup>	<b>£297m</b>	£240m	£665m
As a percentage of opening 3i portfolio value	<b>8.3%</b>	7.3%	20.2%
Operating profit <sup>3</sup>	<b>£262m</b>	£179m	£539m
Cash investment	<b>£199m</b>	£92m	£337m
Net interest payable	<b>£25m</b>	£27m	£51m
3i portfolio value	<b>£3,672m</b>	£3,058m	£3,565m
Gross debt	<b>£831m</b>	£873m	£857m
Net debt/(cash)	<b>£161m</b>	£(28)m	£160m
Gearing	<b>5%</b>	n/a	5%
Liquidity	<b>£1,020m</b>	£1,401m	£1,197m
Net asset value	<b>£3,426m</b>	£3,062m	£3,308m
Diluted net asset value per ordinary share	<b>358p</b>	322p	348p
<b>Fund Management</b>			
Total assets under management	<b>£12,923m</b>	£11,751m	£12,911m
Third-party capital	<b>£9,566m</b>	£8,585m	£9,508m
Proportion of third-party capital	<b>74%</b>	73%	74%
Total fee income	<b>£63m</b>	£63m	£127m
Third-party fee income	<b>£41m</b>	£38m	£76m
Operating profit <sup>3</sup>	<b>£13m</b>	£8m	£19m
Underlying Fund Management profit <sup>3,4</sup>	<b>£16m</b>	£15m	£33m
Underlying Fund Management margin	<b>26%</b>	24%	26%

1 Annualised actual operating expenses, excluding restructuring costs of nil in the six months to 30 September 2014, £4 million in the six months to 30 September 2013 and £9 million in the year to 31 March 2014, as a percentage of weighted average assets under management.

2 Gross investment return includes nil of portfolio fees allocated to Fund Management (September 2013: £2 million, March 2014: £3 million).

3 Operating profit for the Proprietary Capital and Fund Management activities excludes carried interest payable/receivable, which is not allocated between these activities.

4 Excluding Fund Management restructuring costs of nil and amortisation costs of £3 million (September 2013: £4 million, £3 million, March 2014 £8 million, £6 million).

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For further information regarding the announcement of 3i's Half-yearly results to 30 September 2014, including a live videocast of the results presentation at 10.00am (registration from 9.00am), please visit [www.3i.com](http://www.3i.com)

A pdf of the 3i Group plc Half-yearly report 2014 will be available on our website.

## Notes to editors

3i is a leading international investment manager focused on mid-market private equity, infrastructure and debt management across Europe, Asia and North America.

This Half-yearly report has been prepared solely to provide information to shareholders. It should not be relied on by any other party or for any other purpose.

This Half-yearly report may contain statements about the future, including certain statements about the future outlook for 3i Group plc and its subsidiaries ("3i"). 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.

## Total return for the six months to 30 September 2014

	Six months to 30 September 2014 £m	Six months to 30 September 2013 £m	12 months to 31 March 2014 £m
Realised profits over value on disposal of investments	35	129	202
Unrealised profits on revaluation of investments	307	137	475
Portfolio income			
Dividends	21	18	44
Income from loans and receivables	30	25	50
Fees receivable	2	6	7
Foreign exchange on investments	(98)	(75)	(113)
<b>Gross Investment Return</b>	<b>297</b>	<b>240</b>	<b>665</b>
Fees receivable from external funds	41	36	73
Operating expenses	(63)	(68)	(136)
Interest receivable	1	1	3
Interest payable	(26)	(28)	(54)
Movement in the fair value of derivatives	(1)	10	10
Exchange movements	25	(4)	(3)
Other income	1	-	-
<b>Operating profit before carry</b>	<b>275</b>	<b>187</b>	<b>558</b>
Carried interest			
Carried interest receivable from external funds	19	3	3
Carried interest and performance fees payable	(45)	(25)	(85)
Acquisition related earn out charges	(5)	(4)	(6)
<b>Operating profit</b>	<b>244</b>	<b>161</b>	<b>470</b>
Income taxes	(3)	(2)	(3)
Re-measurements of defined benefit plans	(7)	16	11
<b>Total comprehensive income ("Total return")</b>	<b>234</b>	<b>175</b>	<b>478</b>
<b>Total return on opening shareholders' funds</b>	<b>7.1%</b>	<b>6.0%</b>	<b>16.3%</b>