

Results for the year to 31 March 2021

13 May 2021





Business review

Simon Borrows
Chief Executive



A strong result exceeding our financial targets

Year to 31 March 2021



Group

Total return
on equity

22%

Operating cash
profit

£23m

Total dividend
per share

38.5p

NAV per share

947p

Liquidity

£725m

Gearing

8%

Private Equity

Gross investment
return

30%

Proprietary capital
invested

£508m

Infrastructure

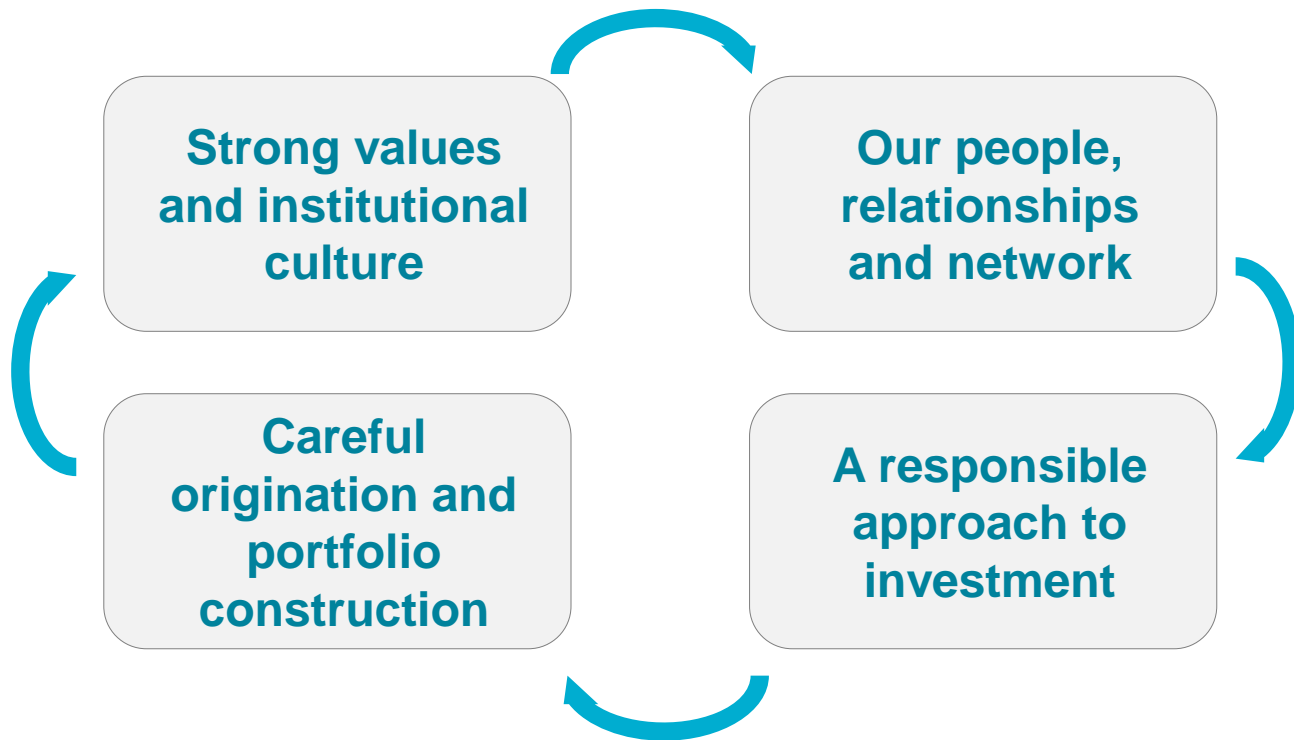
Gross investment
return

16%

Cash income

£67m

What 3i brings to the table



As proprietary capital investors we have a long-term, responsible approach.

We create value through thoughtful origination, disciplined investment and active management of our assets, driving sustainable growth in our investee companies.

Responsible approach to investment

A material lever for value creation in our portfolio



A number of our portfolio companies already make a positive impact across important themes. We have supported value-accretive investments in this direction



Health and wellbeing



Havea
- GROUP -



Transition to low carbon economy



ESI/AGT



Joulz



Circular economy/
sustainable
consumption

evernex



Careful portfolio construction

Portfolio strategically positioned to benefit from structural growth trends



Demographic change

AUDLEY



Value-for-money

BASIC-FIT



Globalisation



evernex



Digitisation, technological disruption and big data

evernex



Low carbon and circular economy

Scandlines

ESVAGT



Joulez



evernex





Strong performance across the portfolio

- 30% gross investment return
- 87% of portfolio by value grew earnings in the period
- Only £66m of liquidity support required by the portfolio (Audley Travel and Hans Anders)

Disciplined investment approach, continued focus on buy-and-build

- £275m deployed in three new investments: MPM, WilsonHCG and GartenHaus
- £124m invested in bolt-ons for Evernex, SaniSure and GartenHaus; five further bolt-ons funded by portfolio companies
- Measured approach to realisations, with proceeds of £114m

Good momentum as we move into FY2022

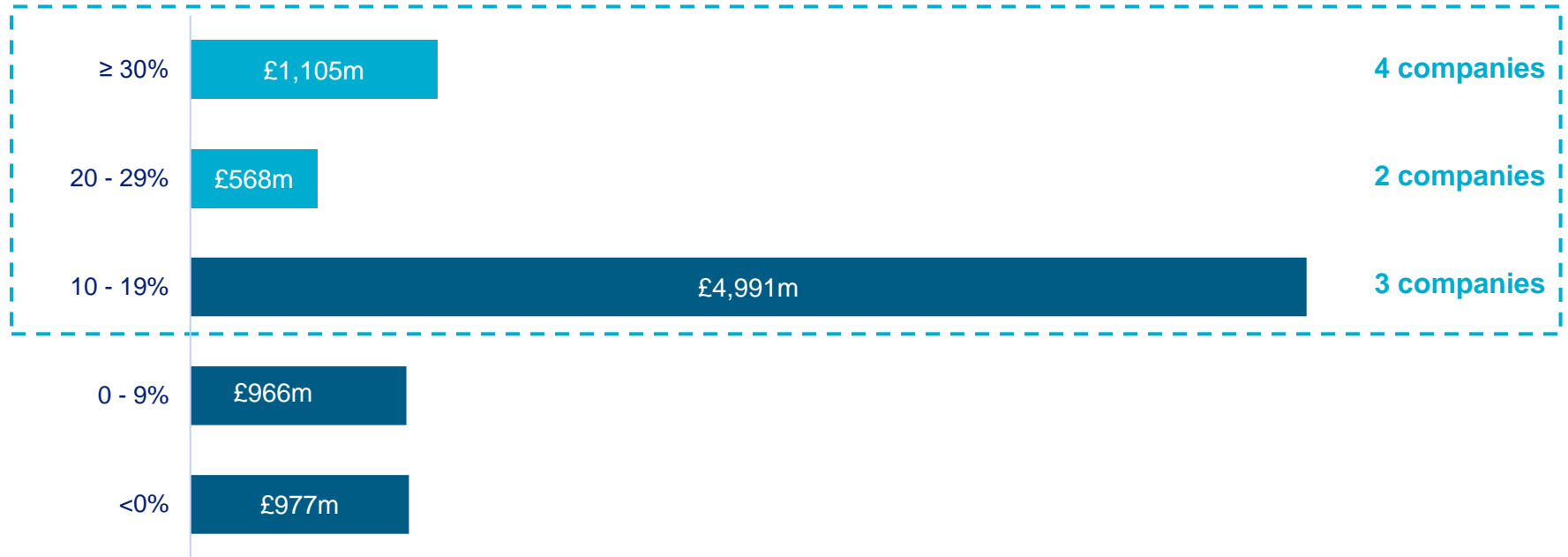
- Exposed to long-term trends and strategically positioned to continue to drive attractive returns
- Active refinancing and divestment schedule planned for this year

Private Equity

Strong earnings growth across the portfolio



Portfolio earnings growth of top 20 PE investments¹















¹ Includes top 20 Private Equity companies by value. This represents 98% of the Private Equity portfolio by value. Last 12 months' adjusted earnings to 31 December 2020 and Action based on run-rate earnings to 31 March 2021 covering the period from 1 May 2020 to 31 March 2021.

Private Equity



Portfolio value growth of £2.2bn predominantly performance driven



Largest value increases (>£20m)¹

Portfolio company	Value growth (excl FX)	Value at 31 Mar 2021	Key driver of value movement
Action	£1,202m	£4,566m	
Royal Sanders	£180m	£364m	
Cirtec Medical	£180m	£444m	
Luqom	£177m	£307m	
Tato	£172m	£368m	
SaniSure	£56m	£183m	
Magnitude	£55m	£165m	
AES	£53m	£212m	
Hans Anders	£51m	£262m	
BoConcept	£47m	£161m	
Havea	£40m	£242m	
Evernex	£24m	£281m	

Largest value declines (>£20m)

Portfolio company	Value decline (excl FX)	Value at 31 Mar 2021	Key driver of value movement
Audley Travel	£(86)m	£85m	
Formel D	£(76)m	£62m	

¹ Excludes Basic-Fit, which increased in value by £113m in the year. Basic-Fit is valued on a mark-to-market basis.

Private Equity

Action – remarkable resilience in a difficult year



2020

Highlights

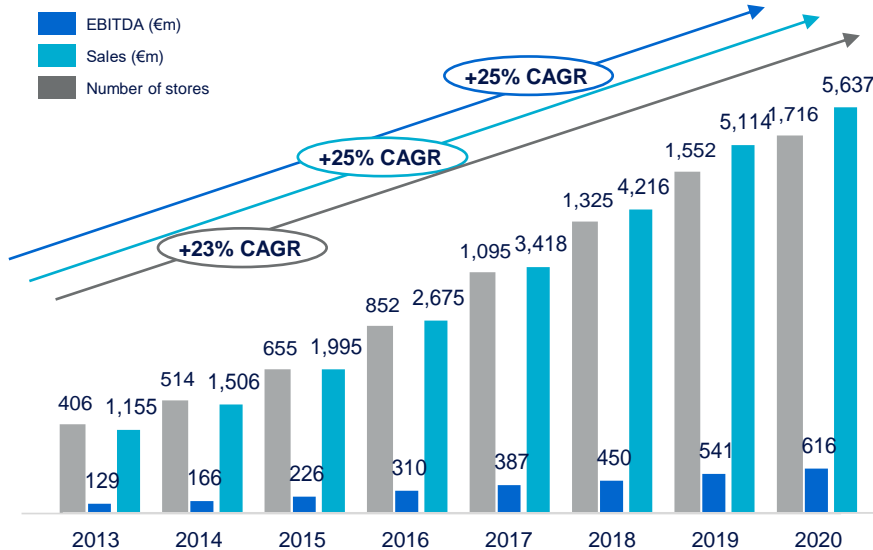
+10% revenue growth¹

+14% EBITDA growth¹

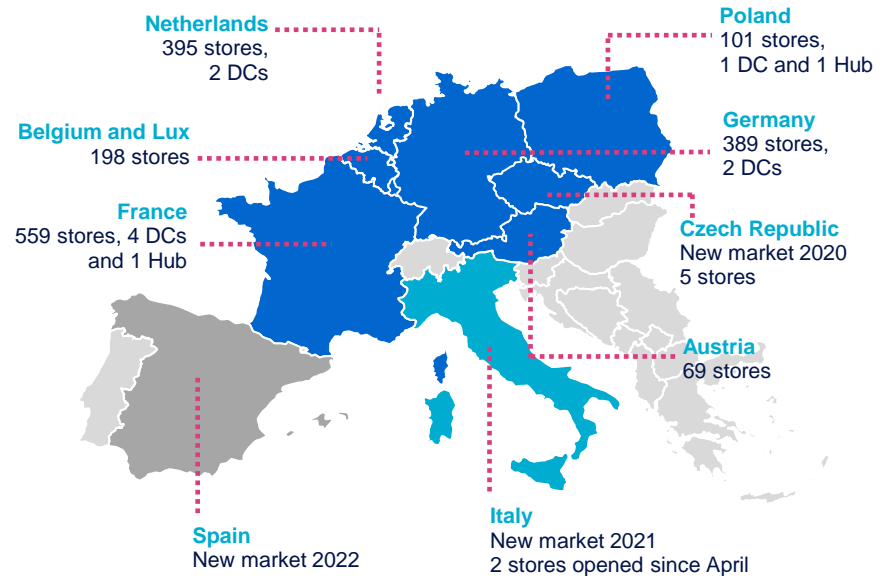
1,716 stores

164 new stores

An unbroken high growth track record



Expansion across Europe continues



¹ Including 53rd week

Private Equity

Action – update



- **Q1 trading:** softer January and February due to restrictions. Strong trading in March, bringing Q1 outcome ahead of prior year
- **Q2 trading:** much stronger P4 and early P5 than last year, good momentum for the rest of the quarter
- **Store openings:** on track to open 300 stores in the calendar year, including pilots in Italy
- **Outlook:** target to be back on track with five-year plan as soon as possible



Note: the image shows a new store opening in Turin, Italy



£364m value

2.9x money multiple¹



Driving consolidation in a highly fragmented industry

- 3 bolt-on acquisitions since investment...
- ...adding customers, further international capabilities and new verticals

Organic growth from existing and new customers

- Proven track record of organic growth in all markets
- Continued innovation: eg introducing sustainable SKUs at key customers

Considerable growth since initial investment

- Sales: >2x
- EBITDA: >2x



£444m value

2.6x money multiple¹



Diversification and internationalisation through acquisition

- 7 bolt-on acquisitions since investment, expanding exposures to additional fast-growth medical device markets and platforms
- Expanded into Europe and Costa Rica

Professionalisation and institutionalisation

- Supported expansion of senior leadership team
- Invested in consolidating and augmenting systems policies

Considerable growth since initial investment

- Sales: >2x
- EBITDA: >4x
- Material margin expansion



£307m value

3.2x money multiple¹



Significant international expansion, mostly organic

- Now active in 27 countries from 10 at initial investment
- Acquisition of QLF in 2019 and Lampemesteren in 2021 will facilitate expansion in the Benelux, Eastern Europe and the Nordic region

Material investment in the platform

- Investment in logistics, BI / data capabilities and sourcing (both private label and premium)
- Development of comprehensive B2B offering

Considerable growth since initial investment

- Sales: >3x
- EBITDA: >3x

Private Equity

Good level of new investment in a challenging environment...



MPM



£124m new investment

International branded, premium and natural pet food company

Significant US growth opportunity

WilsonHCG



£90m new investment

Global provider in recruitment process outsourcing and other talent solutions

Already seeing strong recovery in pipeline

GartenHaus



£61m new investment

Online retailer of garden buildings, sheds, saunas and related products in DACH and NL

Very strong sales

Private Equity

...supplemented by continued bolt-on investment activity



SaniSure + SaniTech West



US manufacturer, distributor and integrator of single-use bioprocessing systems and components

Evernex + TechnoGroup



Third-party IT equipment maintenance business in Austria, Germany and Switzerland

GartenHaus + Polhus



Online retailer of garden houses and related products based in Sweden

**£124m deployed in two transformational and one bolt-on acquisition.
A further five bolt-ons were funded from portfolio company balance sheets**



The bioprocessing opportunity

- Attractive market, underpinned by strong growth drivers
- Few investment opportunities, highly priced
- Opportunity to create a platform through a buy-and-build strategy

Creating the SaniSure platform

- Bioprocessing platform created in 2019 through the merger of Cellon, TBL and Silicone Altimex
- Sani-Tech West and BioFluid Focus added in 2020
- Total investment of £135m, further opportunities in the pipeline

We have created a vertically-integrated pure-play platform in the high-growth bioprocessing space, serving the vaccine and biologics manufacturing value chain, with a strong footprint across North America and Europe.

The business is well positioned to benefit from strong market tailwinds.





Good performance across portfolios

- 16% gross investment return
- Good contribution from 3iN, with 20% share price appreciation and £26m of dividend income
- US portfolio performing well, with £74m of cash proceeds received from Regional Rail

Strong contribution to operating cash profit

- £67m of cash income through management fees and portfolio income
- AUM of nearly £5bn, up from £4.4bn at the end of March 2020

Progress in AUM development

- 3i European operational projects fund now c.60% invested
- New 3i-managed vehicle to co-invest alongside 3iN, with €400m contribution from Industriens Pension of Denmark

Scandlines

Solid despite significant disruption to leisure traffic from Covid-19



- Gross investment return of £25m, or 6% of opening value
- Profitable through the pandemic despite restrictions
 - freight volumes stable
 - travel restrictions between Germany and Scandinavia continue to impact leisure volumes
 - good recovery in passenger traffic when restrictions lifted in summer months
- Continued investment in sustainability agenda



Financial review

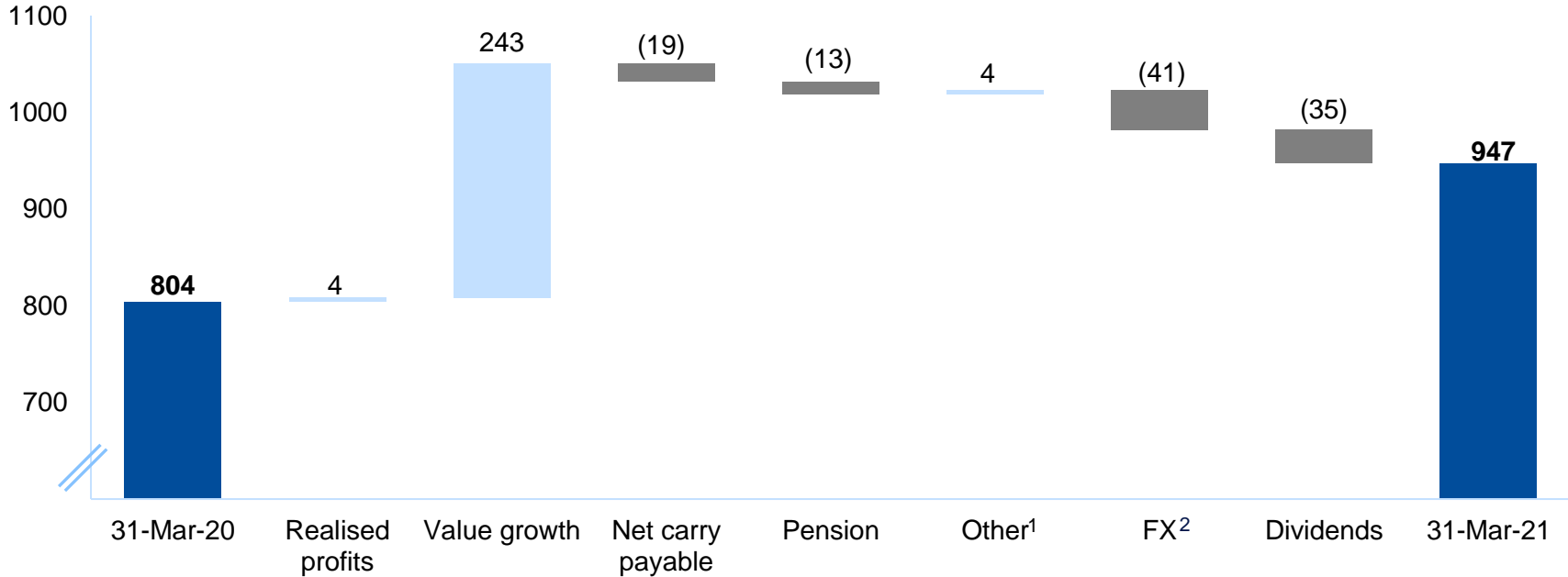
Julia Wilson
Group Finance Director



Total return on equity of 22% demonstrating portfolio strength



NAV per share (pence)



NAV per share up 18% to 947 pence

¹ Other includes portfolio income, third-party fee income and operating costs.

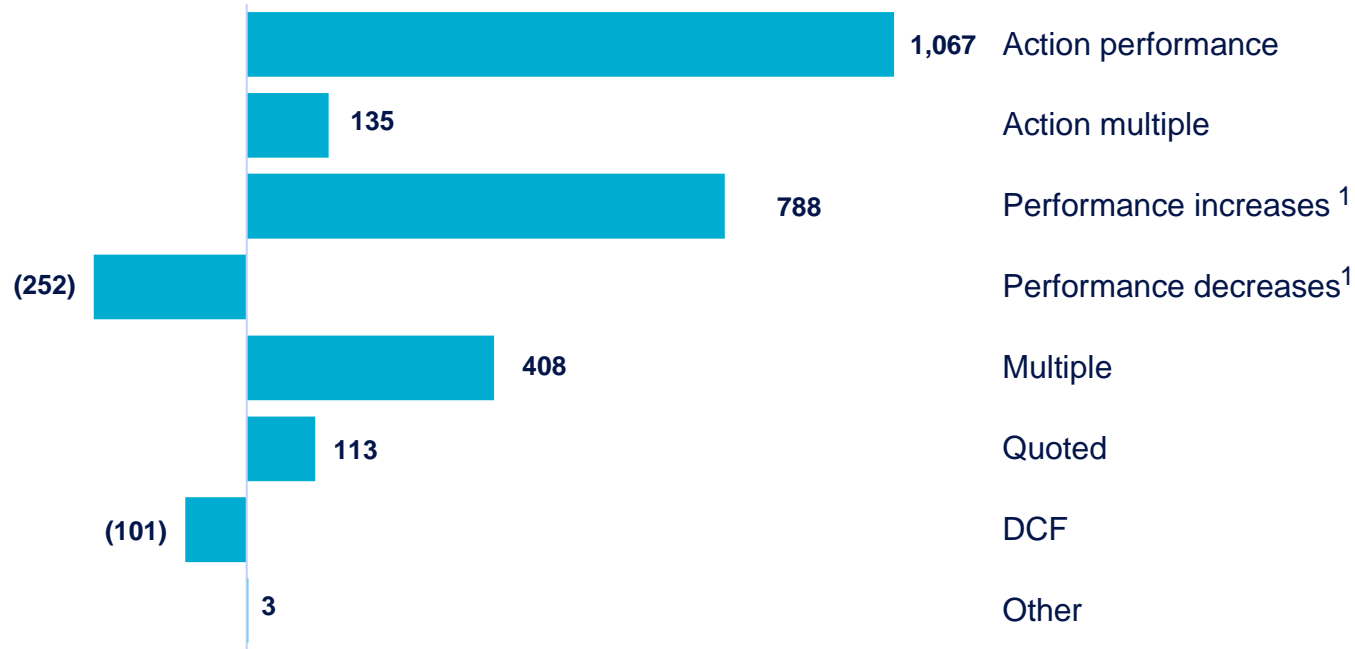
² FX net of derivatives.

Private Equity

Increase in values reflects structural growth



Value movement by basis (£ million)

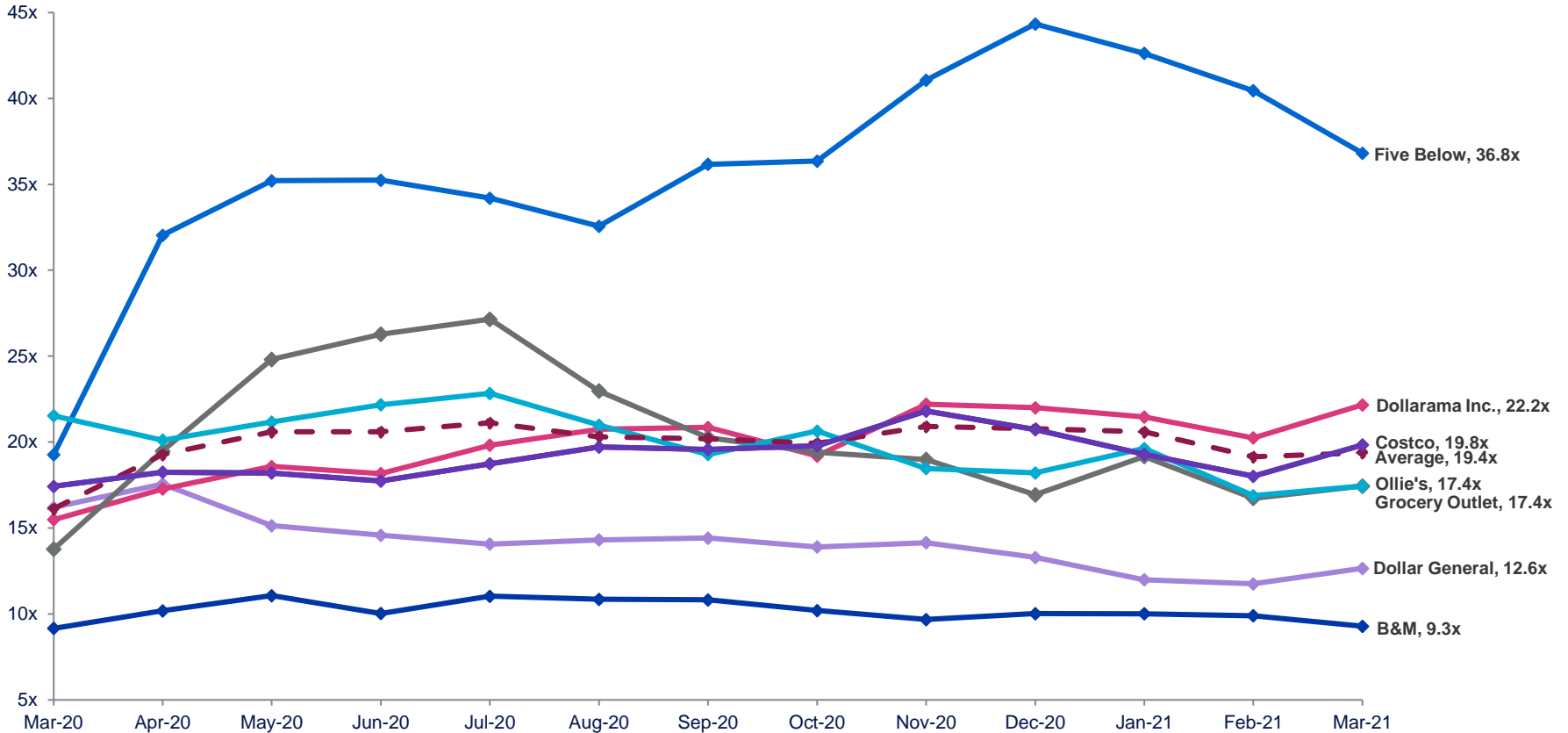


£2.2bn value increase driven by a combination of performance and multiples

¹ Performance includes value movements relating to earnings and net debt movements in the period.

Private Equity

Action performance at least as good as peers



Source: CAPIQ - analysis based on EV/LTM EBITDA.

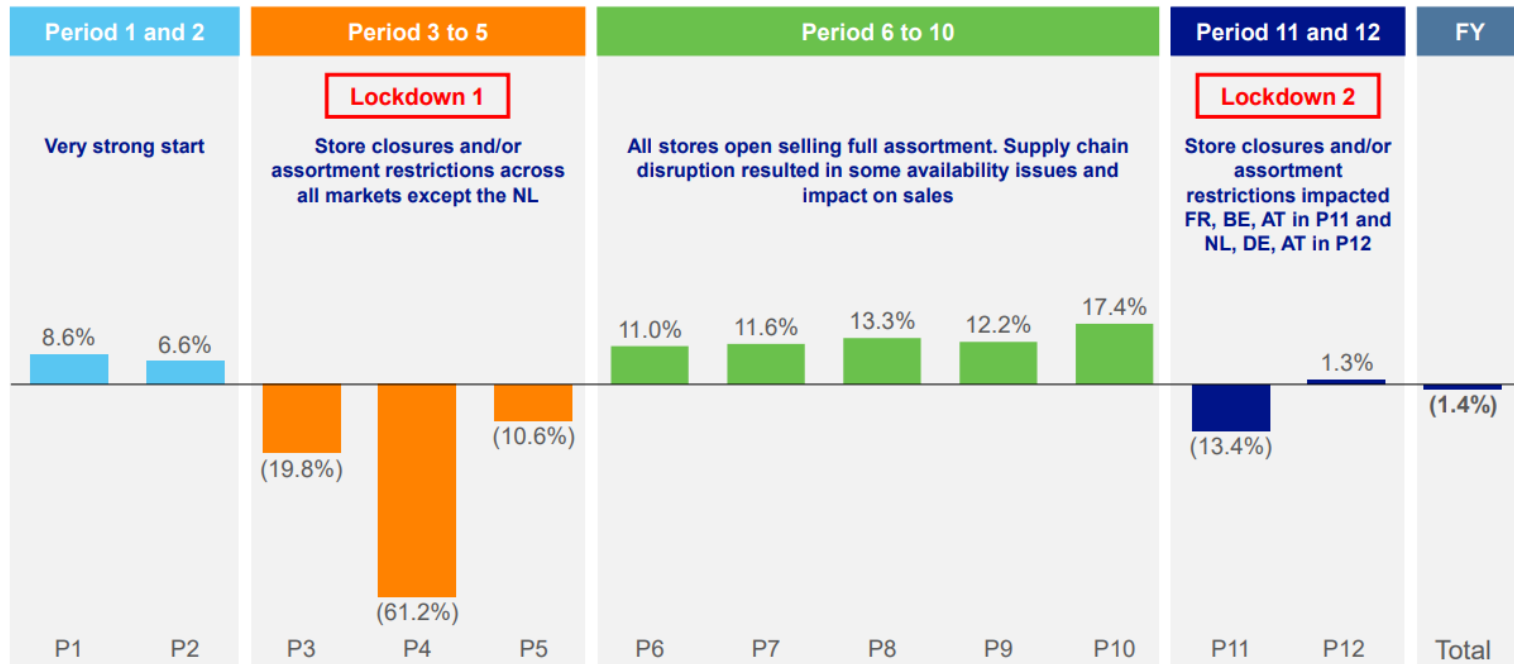
Private Equity

Action – resilience in a very challenging 2020



LfL throughout 2020 – strong underlying performance

ACTION

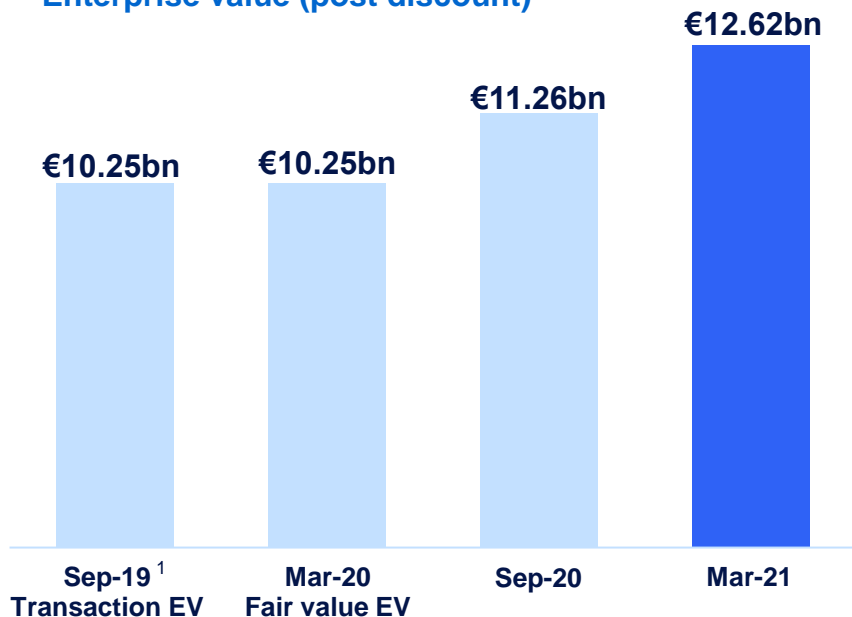


Private Equity

Action – approach to valuation



Enterprise value (post discount)



- Run-rate earnings of €682m including some adjustment for Covid-19 effects
- 18.5x (Sep-20: 18.0x) multiple post discount. Increase reflects strong performance in the year
- Triangulation against peer group and DCF model

Valuation at 31 March 2021 £4,566m

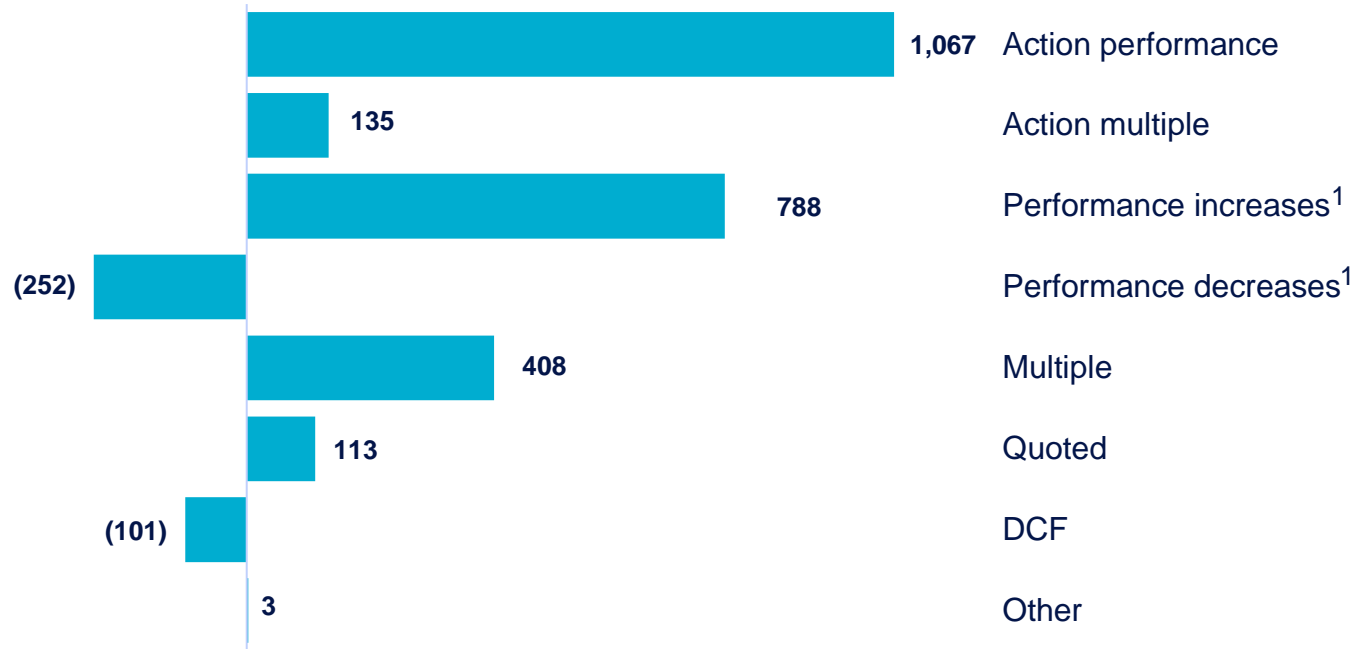
¹ The September 2019 valuation was based on run-rate earnings.

Private Equity

Increase in values reflects structural growth



Value movement by basis (£ million)

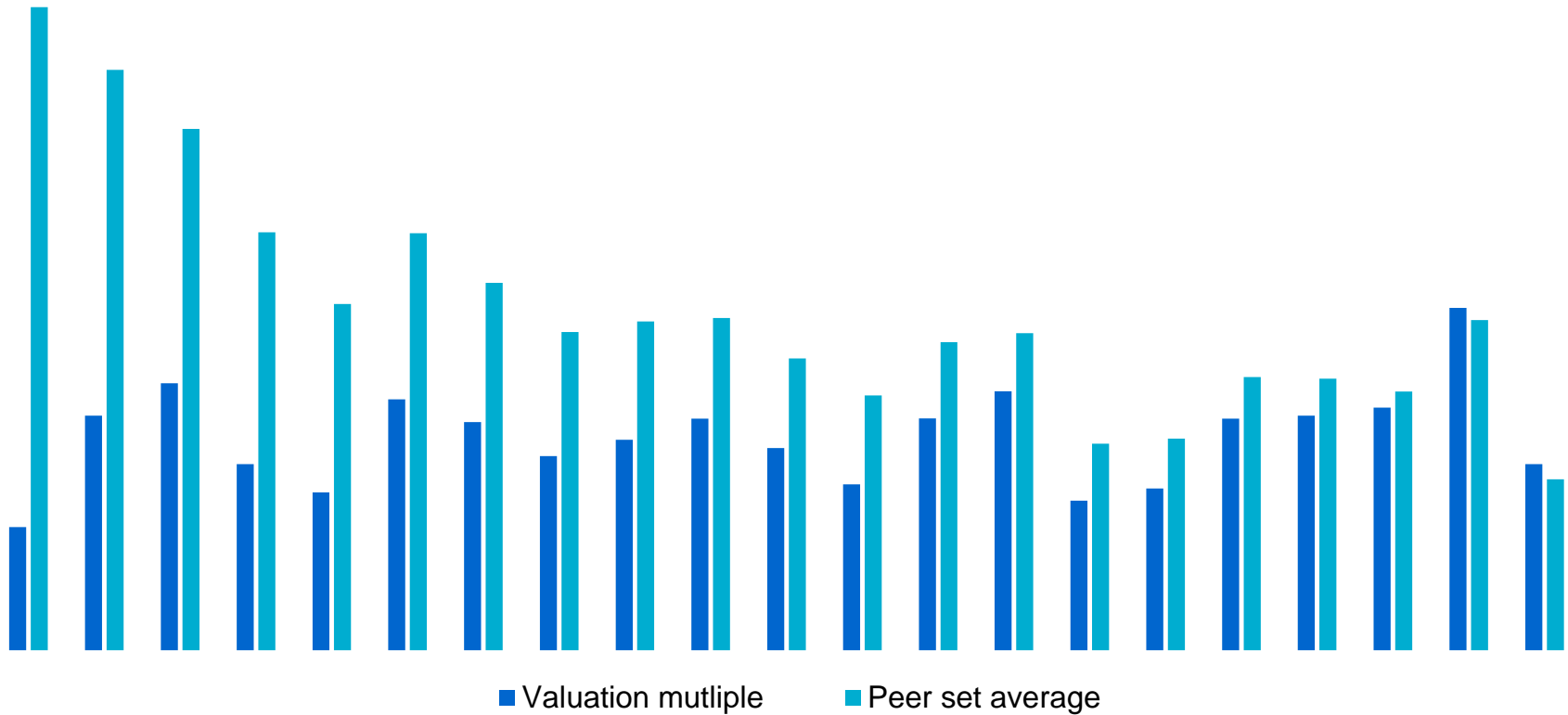


£2.2bn value increase driven by a combination of performance and multiples

¹ Performance includes value movements relating to earnings and net debt movements in the period.

Private Equity

LTM valuation multiples compared to the peer set¹



¹ Valuation multiples used for 21 companies valued on an earnings basis compared to 3i comparable set of peer companies.

Private Equity

Good performance and resilience reflected in valuation approach



Strong performance throughout pandemic

Good recovery since the lifting of initial lockdowns

Continued challenges
(less than 5% of portfolio value)



- Substantially all valued on December LTM
- Some Covid-19 revenue and costs normalisations
- Multiple increases consistent with strong performance and re-rating of sectors

- Maintainable earnings approach; or
- DCF

Private Equity

Strong performance and good rate of investment



Year to 31 March £ million	2021	2020
Gross investment return	1,936	352
% of opening portfolio	30%	6%
Realisations	114	848 ¹
Cash investment	508	1,062 ¹
Year to 31 March £ million	2021	2020
New investment	275	413
Portfolio support	66	10
Further investment	43	624 ¹
Bolt-on investment	124	15
Total cash investment	508	1,062

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

1. FY2020 investment includes £591 million of reinvestment in Action as part of the Eurofund V liquidity transaction and realised proceeds include £402 million from the Action transaction.

Infrastructure

Strong performance from 3iN



Year to 31 March £ million	2021	2020
3iN	132	(76)
Regional Rail	30	10
Smarte Carte	(4)	(22)
Other funds	10	(4)
Portfolio revaluation	168	(92)
Gross investment return	16%	(4)%
Realisation proceeds	104	-
Cash income	67	78

Scandlines

Solid performance despite travel restrictions



Year to 31 March £ million	2021	2020
Gross investment return	25	5
% of opening portfolio	6%	1%

Year to 31 March £million	2021	2020
Valuation	435	429

Operating cash profit provides resilience



Year to 31 March £ million	2021	2020
Private Equity	64	45
Infrastructure	67	78
Scandlines	–	37
Cash income	131	160
Operating cash expenses ¹	(108)	(120)
Operating cash profit	23	40

Objective is to at least break even

¹ Cash operating expenses include operating expenses paid and lease payments.

Strong balance sheet and conservative capital management



£10,408m

- High quality, resilient portfolio

£225m

- Gross cash held centrally with no material restrictions

£975m

- Gross debt made up of 2023, 2032 and the new £400m bond expiring in 2040

£500m

- Undrawn RCF, maturity extended to March 2026

£725m liquidity at 31 March 2021

10% increase in proposed total dividend reflecting good performance in a challenging year



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

Second FY2021 dividend of 21.0 pence per share brings total dividend for the year to 38.5 pence per share



Outlook

Simon Borrows
Chief Executive



Strong outlook for FY2022 despite the pandemic



- Strong result for the year exceeded our financial targets
- Increased dividend to reflect strong value growth
- Cautious financial policy at Group and portfolio company level underpins resilience
- High quality portfolio, strategically positioned to benefit from secular growth trends



Additional information

Our business model

Delivering sustainable returns over the cycle



What we offer

Expertise

Access to capital

BLN

Active partnership

Reputation

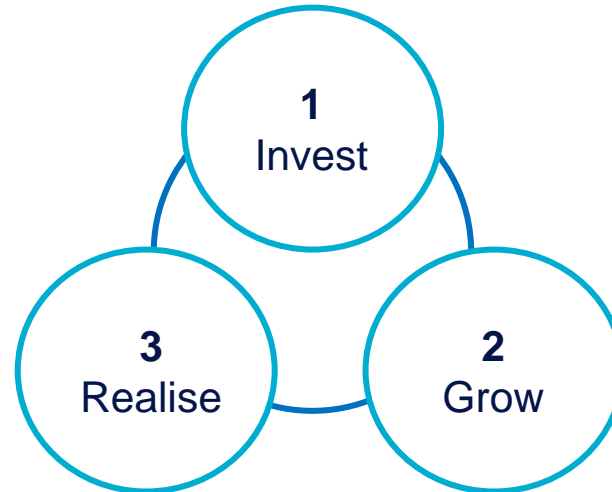
Institutional culture

Strong corporate governance

Responsible approach

Value creation

- Conservative balance sheet management
- Tight grip on operating costs
- Operating cash profit



Who benefits

Shareholders

Portfolio companies

Employees

Responsible approach to investment

Our RI policy has been in place for over a decade



Our RI policy applies to all investments. We invest only in businesses which are committed to:

The environment

Fair and safe working conditions

Business integrity

Good governance

This is a summarised version of 3i's full policy

Responsible Investment policy

The following is a summary of the full 3i Responsible Investment policy.

References throughout this Policy to the 'Portal' are to 3i's global internal web-based knowledge system which is accessible by all 3i staff.

- 3i will use its influence as an investor to promote a commitment in our portfolio companies to:
- Comply, as a minimum, with applicable local and international laws and regulations (**Applicable Laws**) and, where appropriate, relevant international standards¹ (**International Standards**) where these are more stringent than Applicable Laws.
 - Mitigate any adverse environmental and social impacts and enhance positive effects on the environment, workers and relevant stakeholders.
 - Uphold high standards of business integrity and strong corporate governance.

Scope

This Policy applies, subject to certain exceptions², to all new investment opportunities considered by 3i's business lines (and the funds which they manage or advise) across all sectors and geographies from November 2011 (the date on which this Policy became effective).

3i's responsible investment approach

- 3i will:
- Promote consistent practice and adherence to this Policy across its investment business.
 - Provide sufficient information, instruction, training and resources to its staff to ensure that they can effectively manage environmental, social and governance ("ESG") matters within their investment activities.

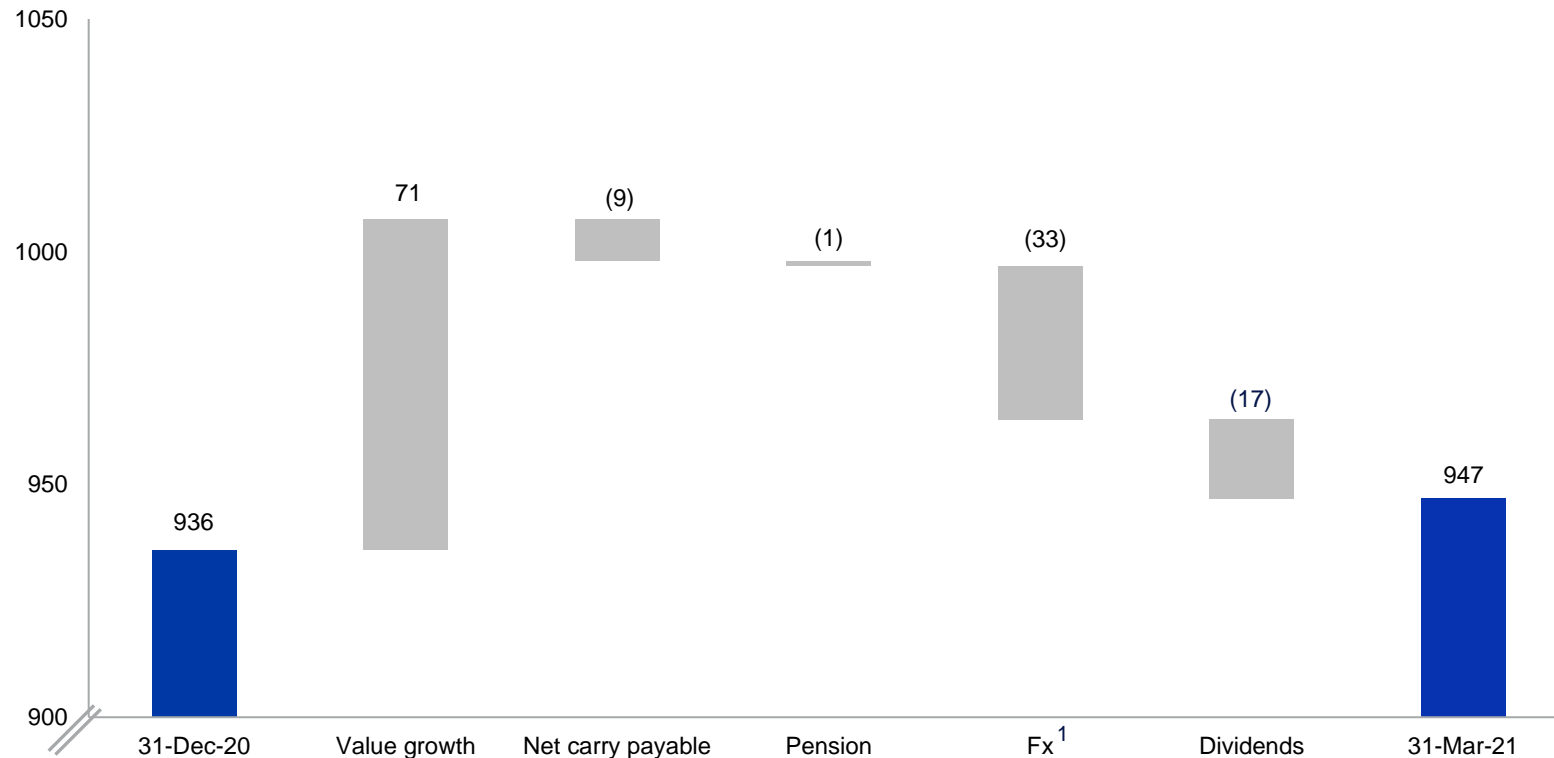
¹ The **International Standards** include the relevant IFC Performance Standards and associated Guidelines and the International Labour Organisation (ILO) Fundamental Conventions. The IFC is the private sector arm of the World Bank and its Performance Standards are intended to provide a reference for businesses in emerging markets for environmental and social standards. The IFC's Environmental, Health and Safety (EHS) Guidelines are technical reference documents with general and industry-specific examples of good industry practice. The most basic labour rights have been codified by the ILO in the 1998 Declaration on Fundamental Principles and Rights at Work which identifies 8 conventions fundamental to the rights of people at work, irrespective of the level of development of a country.

² This Policy does not apply to investments made (i) by funds raised, or substantially raised, by fund management platforms prior to their acquisition by 3i or (ii) by funds raised, or substantially raised, prior to November 2011 when this Policy became effective. Certain areas of the Policy (e.g. the minimum corporate governance standards) do not apply to PPP / project investments by the Infrastructure business as they are either not relevant or inappropriate to those investments.

Q4 NAV increased from 936 pence to 947 pence



NAV per share (pence)



¹ Fx movement net of derivatives.

20 large investments

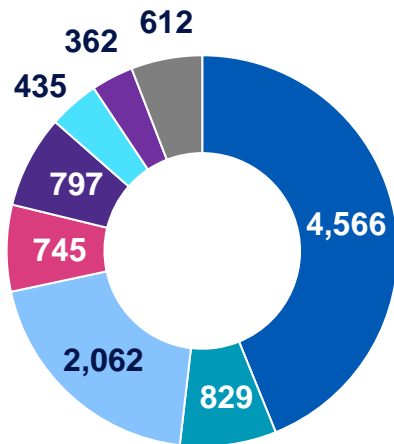


Investment	Business description	Valuation Mar 21 (£m)	Valuation Mar 20 (£m)
Action	General merchandise discount retailer	4,566	3,536
3i Infrastructure plc	Quoted investment company, investing in infrastructure	797	665
Cirtec Medical	Outsourced medical device manufacturing	444	302
Scandlines	Ferry operator between Denmark and Germany	435	429
Tato	Manufacturer and seller of speciality chemicals	368	196
Royal Sanders	Private label and contract manufacturing producer of personal care products	364	198
Luqom (formerly Lampenwelt)	Online lighting specialist retailer	307	144
Evernex	Provider of third-party maintenance services for data centre infrastructure	281	217
Hans Anders	Value-for-money optical retailer	262	196
WP	Supplier of plastic packaging solutions	259	244
Havea	Manufacturer of natural healthcare and cosmetics products	242	182
Basic-Fit	Discount gyms operator	214	93
AES Engineering	Manufacturer of mechanical seals and support systems	212	158
Q Holding	Manufacturer of precision engineered elastomeric components	187	222
SaniSure (formerly BioProcessing platform)	Manufacturer, distributor and integrator of single-use bioprocessing systems and components	183	64
Magnitude Software	Provider of unified application data management solutions	165	121
BoConcept	Urban living designer	161	119
Smarte Carte	Provider of self-serve vended luggage carts, electronic lockers and concession carts	160	172
Regional Rail	Owns and operates short-line freight railroads and rail-related businesses	131	195
MPM	An international branded, premium and natural pet food company	124	-

Group investment portfolio

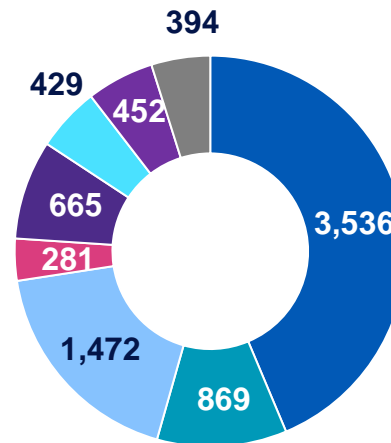


Portfolio value at 31 March 2021 (£m)



- Action
- 2016-2019 Private Equity
- 2013-2016 Private Equity
- 2019-2022 Private Equity
- 3iN
- Scandlines reinvestment
- Other Infrastructure
- Other

Portfolio value at 31 March 2020 (£m)



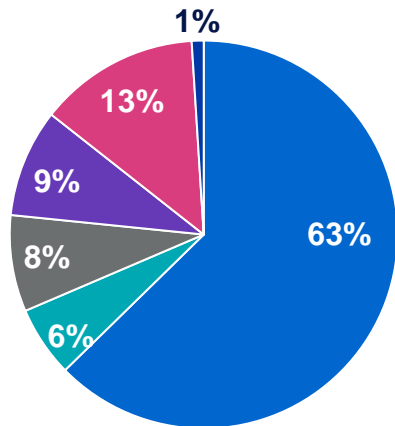
- Action
- 2016-2019 Private Equity
- 2013-2016 Private Equity
- 2019-2022 Private Equity
- 3iN
- Scandlines reinvestment
- Other Infrastructure
- Other

Note: The 2013 further Scandlines investment is not allocated to the 2013-2016 vintage for the purposes of this analysis.

Private Equity portfolio by value

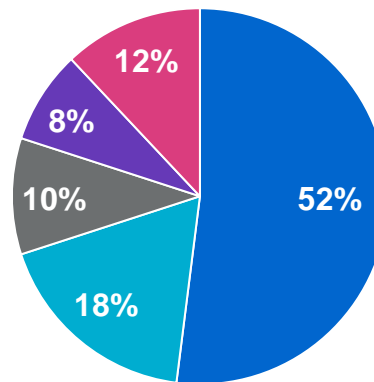


By office location (%)



- Netherlands
- Germany
- US
- France
- UK
- Others

By sector (%)

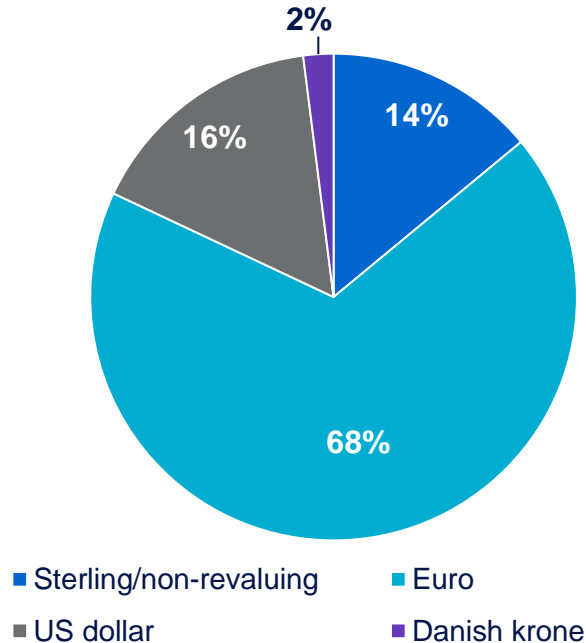


- Action (Consumer)
- Industrials
- Healthcare
- Consumer
- B&TS*

Portfolio of 33 investments (31 March 2020: 32)

* Business and Technology Services.

Net asset exposure by currency



Currency	Net assets £m	Change YTD	Change £m
Sterling	1,254	n/a	-
Euro ¹	6,237	3.9%	(247)
US dollar	1,489	11.3%	(142)
Danish krone	162	3.5%	(5)
Other	22	n/a	(2)
Total	9,164		(396)

1% movement in euro = £62 million, 1% in US dollar = £15 million

¹ Sensitivity impact is net of derivatives.

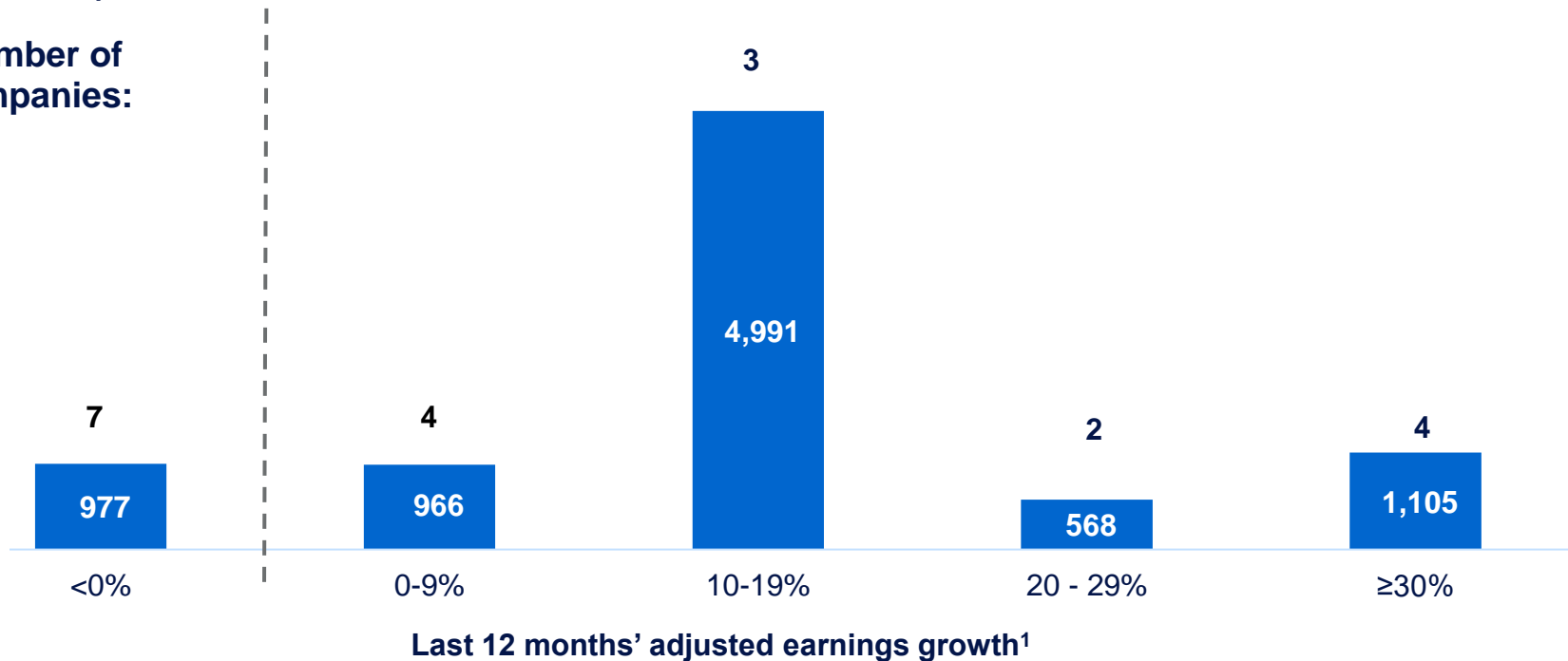
Private Equity

Top 20 assets continue to show good earnings growth



3i carrying value at 31 March 2021 (£ million)

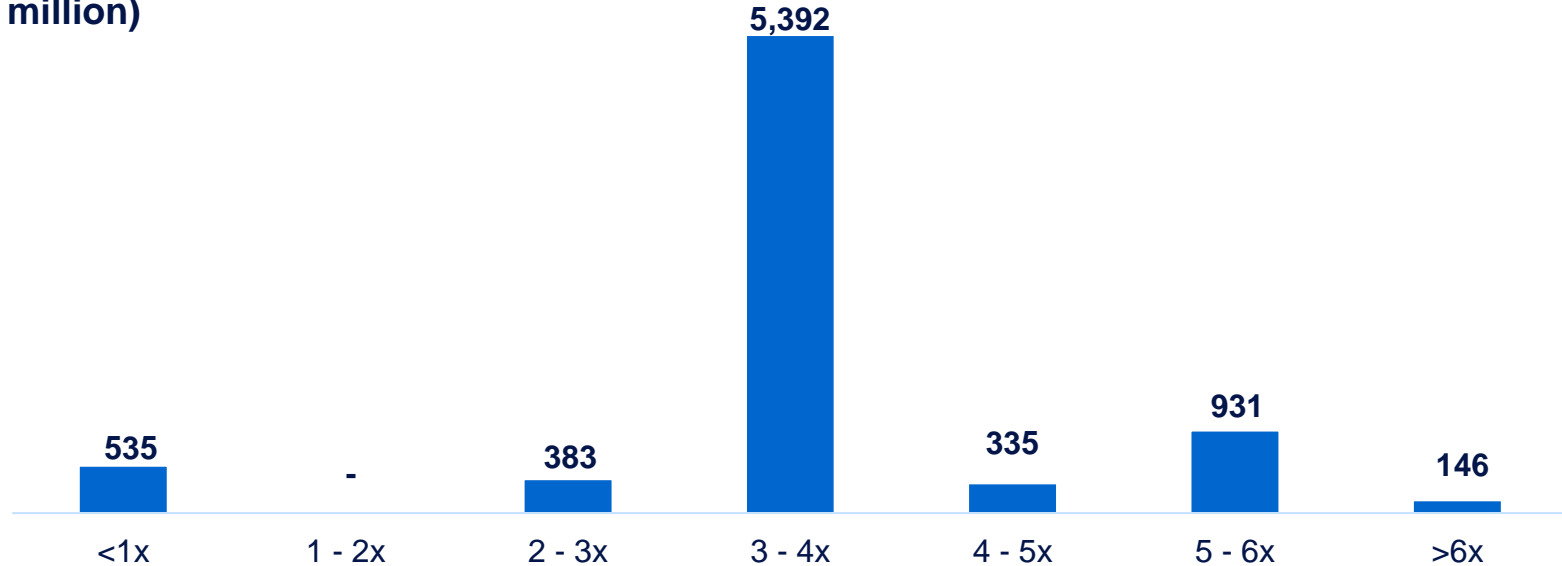
Number of
companies:



¹ Includes top 20 Private Equity companies by value. This represents 98% of the Private Equity portfolio by value. Last 12 months' adjusted earnings to 31 December 2020 and Action based on run-rate earnings to 31 March 2021 covering the period 1 May 2020 to 31 March 2021.



Ratio of total net debt to earnings¹ by 3i carrying value at 31 March 2021 (£ million)



3.9x leverage across the whole portfolio

¹ This represents 88% of the Private Equity portfolio by value. Quoted holdings, deferred consideration and companies with net cash are excluded from the calculation. Net debt and adjusted earnings at 31 December 2020 and Action based on run-rate earnings to 31 March 2021 covering the period 1 May 2020 to 31 March 2021.

Private Equity

Proprietary capital and external funds



Vintage ¹	Proprietary capital value at 31 March 2021 ²	Vintage money multiple at 31 March 2021 ³
Buyouts 2010-2012	£1,569m	10.2x
Growth 2010-2012	£16m	2.1x
2013-2016	£829m	2.1x
2016-2019	£2,062m	1.4x
2019-2022	£745m	1.1x
Other ⁴	£3,593m	n/a
Total proprietary capital value	£8,814m	

External capital	External capital value as at 31 March 2021	Gross money multiple at 31 March 2021 ⁵	Fee income received in the year
3i Eurofund V	£14m	2.96x	-
3i Growth Capital Fund	£7m	1.88x	-
Other	£2,771m	n/a	£4m
Total external	£2,792m		£4m

1 Assets in these vintages are disclosed on glossary section of the Annual report.

2 3i proprietary capital is the unrealised value for the remaining investments in each vintage.

3 Vintage money multiple (GBP) includes realised value and unrealised value as at the reporting date.

4 Includes value of £2,997 million held in Action through the 2020 Co-investment vehicles and 3i.

5 Gross money multiple of the fund in external fund currency.

Private Equity



Carried interest payable reduction a result of carry paid in the period

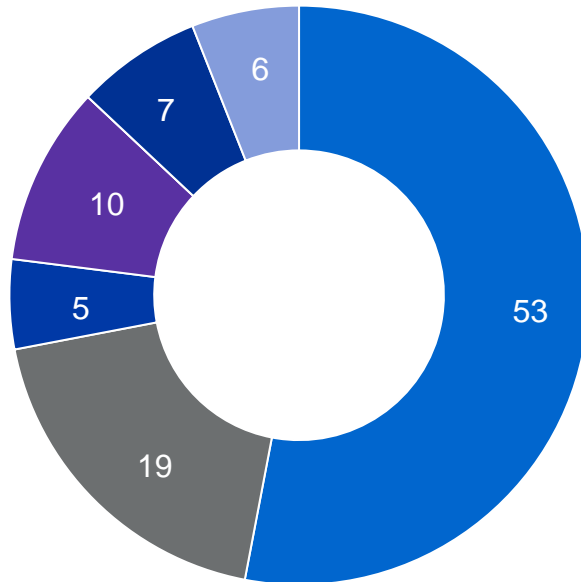
Year to 31 March £ million	2021	2020
Income statement		
Carried interest receivable	(3)	79
Carried interest payable	(173)	(63)
Net total (expense)/return	(176)	16
Year to 31 March £million	2021	2020
Balance sheet		
Carried interest receivable	8	11
Carried interest payable	(533)	(998)
Net total payable	(525)	(987)
Net carry (paid)/received (net of receivable and escrow)	(506)	631

Infrastructure

AUM of £4.9 billion at 31 March 2021



AUM by fund or strategy (%)



- 3i Infrastructure plc
- 3i Managed Infrastructure Acquisitions LP
- 3i European Operational Projects Fund
- BIIF
- 3i India Infrastructure Fund
- 3i Managed accounts
- US Infrastructure

AUM increased by £504m in the year

