



Private Equity Capital Markets Seminar

20 September 2023



Agenda and introduction

Simon Borrows
Chief Executive



14.00-14.10	Agenda and introduction	Simon Borrows Chief Executive
14.10-14.45	nexeye Q&A	Boris Kawohl Private Equity - Partner, Managing Director Benelux, Global Head of Consumer
14.45-15.20	European Bakery Group Q&A	Bastiaan Peer Private Equity - Partner
15.20-15.55	Private Equity Banking team Q&A	Anil Kohli Private Equity – Partner, Head of Banking & Risk
15.55-16.00	Closing remarks and final questions	Simon Borrows Chief Executive



- Private Equity portfolio continues to make good progress against a difficult macroeconomic backdrop:
 - Resilient earnings growth and positive momentum into H2 FY24 for assets in value for money consumer and private label, healthcare, specialty industrial and technology services. Sustained increase in demand for travel related assets
 - Luqom and YDEON continue to face a challenging sales environment following the Covid lockdown period
 - Tato, Formel D and WilsonHCG dealing with weaker end markets and the resulting reduction in customer demand
- Action's impressive performance continues:
 - YTD sales (at 17 September 2023) at over €7.5bn are 31% ahead of the same period last year
 - YTD like-for-like sales growth at 20%, driven principally by high customer footfall
 - Strong performance across all geographies and categories, with significant new customer flow driven by very low prices and good product availability
 - Expect operating EBITDA for the 12 months to the end of P9 2023 to be c.€1,530m compared to €1,036m at the end of September 2022
 - Continued strong cash generation with cash balances of €1,014m at 17 September 2023
 - 140 net new stores opened to date in 2023; on track to open c.300 stores in 2023
 - Expect tougher like-for-like comparisons for the remainder of the current calendar year

3i's active asset management key to mitigating impact of market challenges

Today's presenters



Boris Kawohl

**Private Equity - Partner, Managing Director Benelux,
Head of Consumer**



Bastiaan Peer

Private Equity – Partner



**Active management -
Private Equity Banking Team**

Anil Kohli

Private Equity – Partner, Head of Banking & Risk



nexeye

Boris Kawohl

**Partner Private Equity, MD Benelux, Global
Head of Consumer Sector**



3i Benelux - overview

- Core market for 3i
- Office in Amsterdam since 1998
- 10 investment professionals
- Invested c.€2.7bn of equity in 24 deals in the Benelux since 2001, generating >€20bn¹ in value (>10x¹ money multiple) and a >40% IRR
- No loss on any investment made in last 15 years



1. Including cash returns and current valuations (March 2023).

3i Benelux - current portfolio



Selection of realised investments 3i Benelux





Investment focus

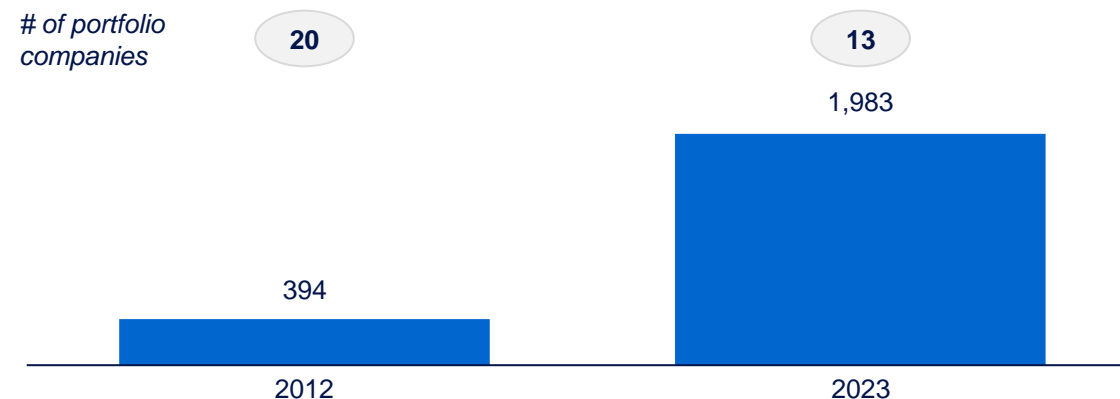
- Winning propositions
- Structurally differentiated
- International growth as key value driver – organic and inorganic
- Capital-efficient business model

Strong growth in value of 3i's consumer investments

Value of 3i stake in GBPm (FY 2012 / June 2023)



Consumer investments (excl. Action), March 2023, GBPm



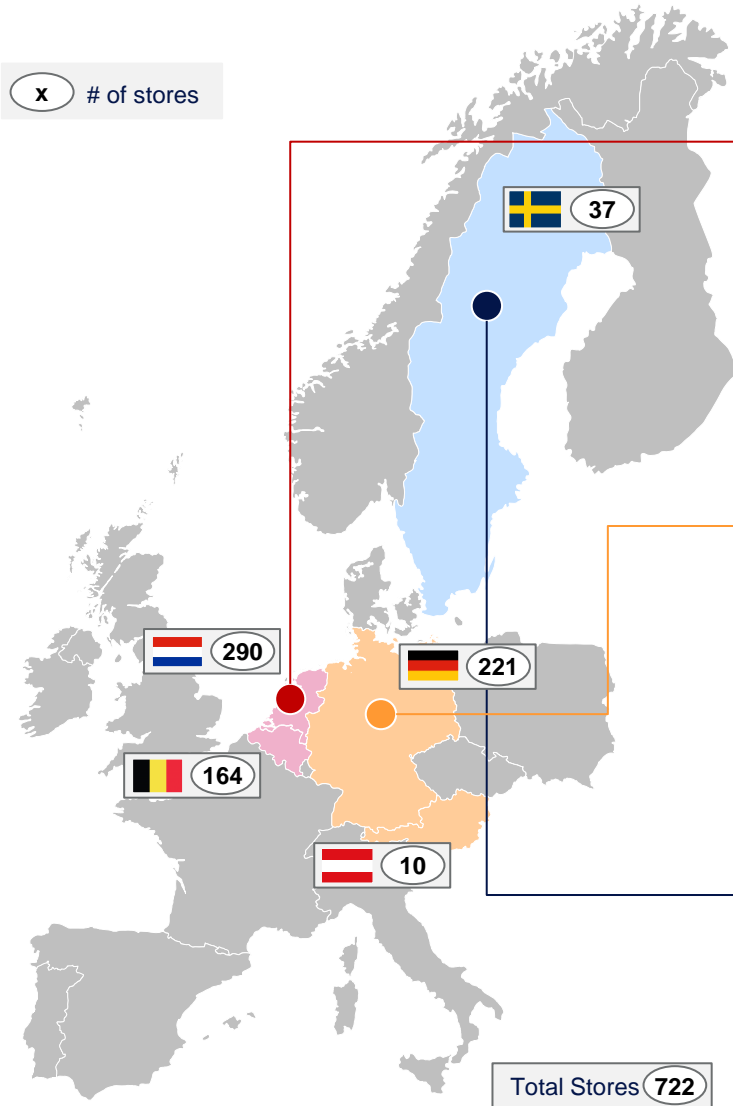
Update to 3i's investment in nexeye (2017 investment)



- Presented at CMD in 2019
- Volatile macro environment in recent years
 - Covid
 - Ukraine war
 - Inflation
 - Consumer spending shifts
- nexeye realised solid, resilient results, based on long-term drivers and active ownership initiatives
 - Sales and EBITDA on highest level
 - Structural, long-term market drivers remain unchanged with nexeye positioned in the most attractive segments



European spectacles company focused on the value-for-money segment



HANS ANDERS



Hans Anders

- Founded in 1982
- NL and BE
- Leading value-for-money operator in Benelux market – volume market leader
- Multi brand with focus on private label and accessible plus aspirational brands
- Up-sell concepts – with attractive prices

eyes more®



eyes + more

- Bolt on acquisition in 2018
- DE, AT and NL, BE
- Fastest growing chain and key value-for-money challenger in Germany
- All-in-one concept - mono brand with recently successfully introduced brand offer

DIREKT OPTIK



Direkt Optik

- Acquired under previous owners in 2013
- Sweden
- Differentiated 3=1 offering

Three successful formats with an established and growing presence across five countries – based on centralised, scalable operations



 **HANS ANDERS** 

 **DIREKT OPTIK** 

Bolt-on in 2018

 **eyes + more**®



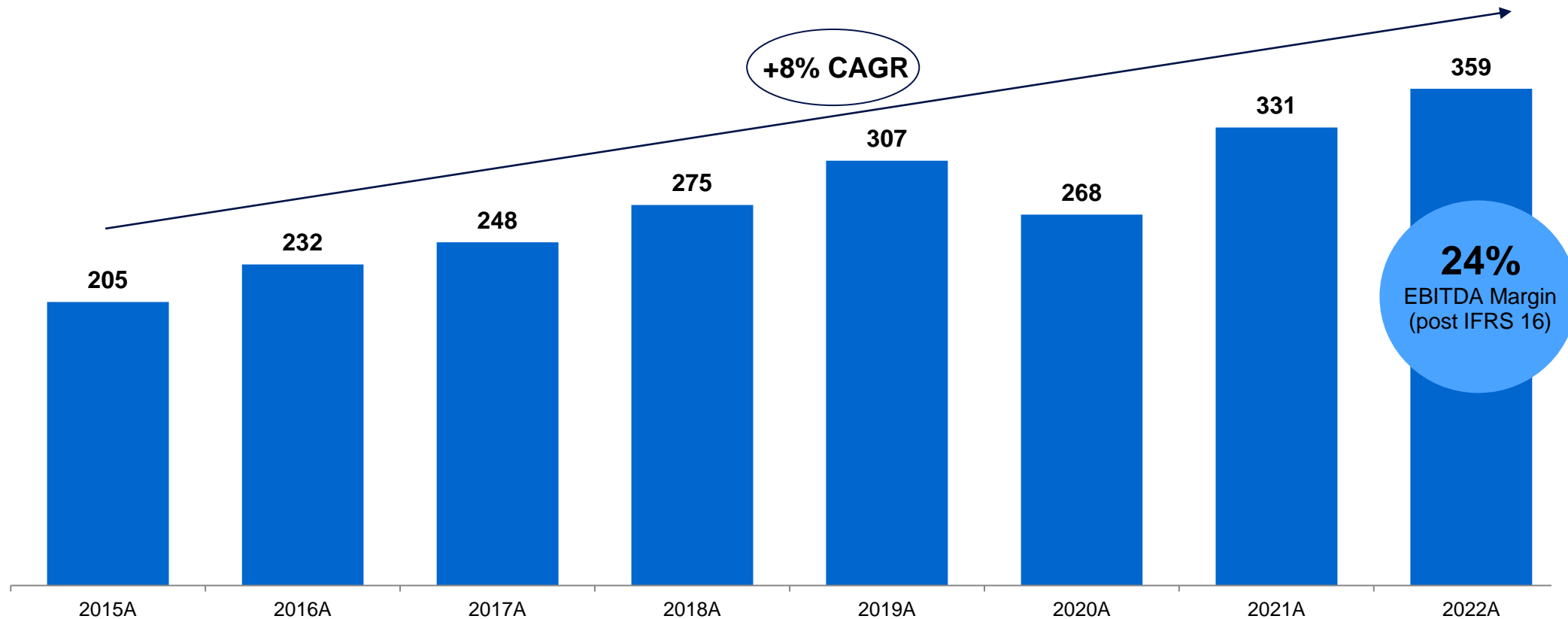
Cost efficient central set-up behind the brands to take advantage of scale benefits (purchasing, logistics, shared functions) and shared operational best practices across brands



Long-term growth track record with strong level of profitability

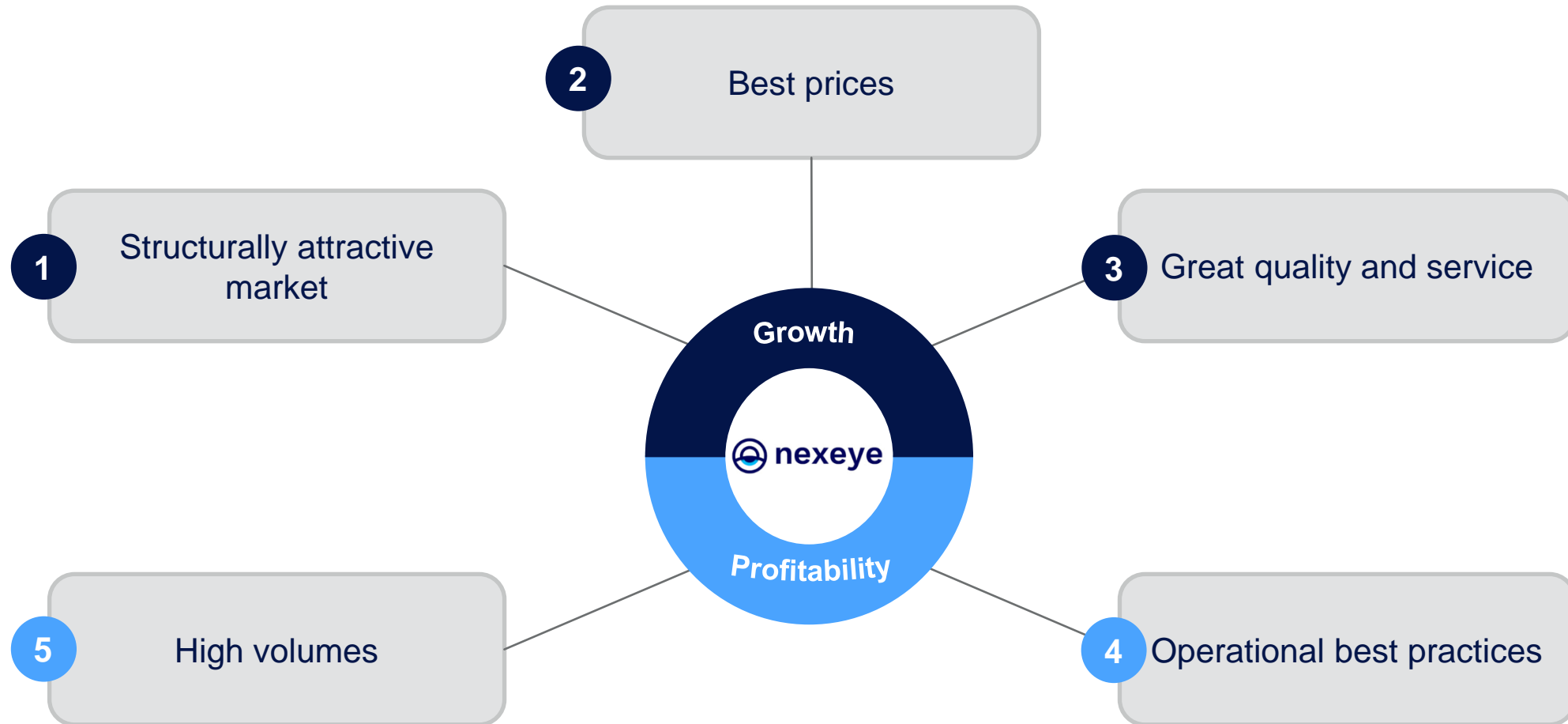


Net sales, €m (Dutch GAAP)¹



¹ Restated for disposal of HA France and E&M acquisition.

Defensible, structurally attractive value-for-money platform



Large, structurally growing market with attractive segment shifts



1 Structurally attractive market

Large European market ✓



- Large European market with sales >€40bn¹

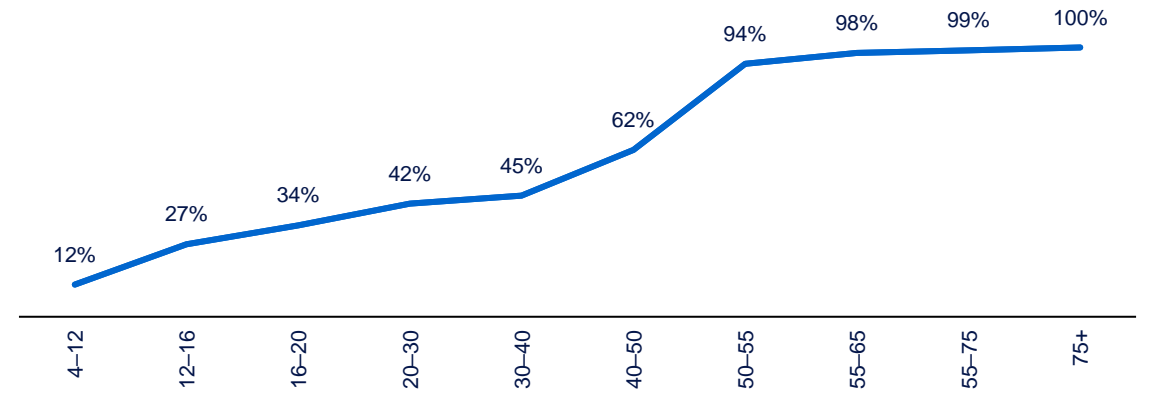
Increasing number of spectacles owned per customer ✓



- More frames per customer
- Shorter replacement cycles
- Customer journey moves towards omni-channel

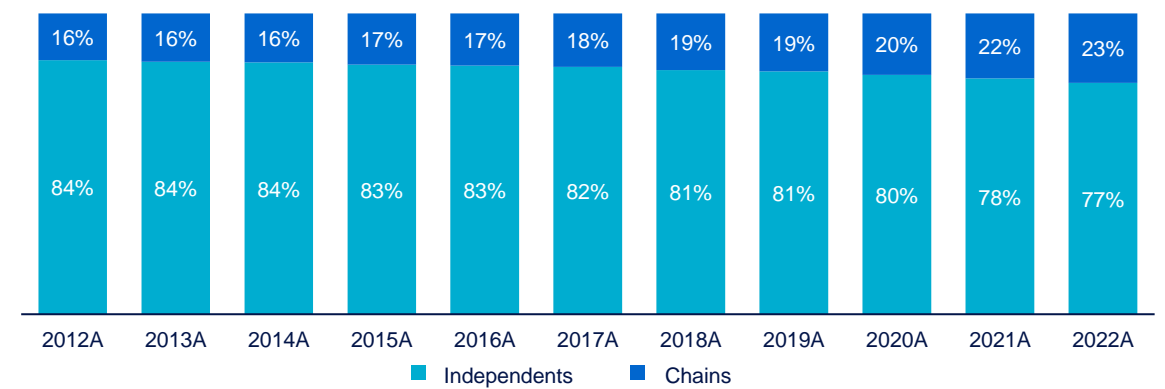
Almost all 50+ need visual aids – aging population increasing demand ✓

% of people who use visual aids in NL by age



Still highly fragmented, with a structural shift towards chains ✓

Total optical retail points of sale in Germany (# stores)

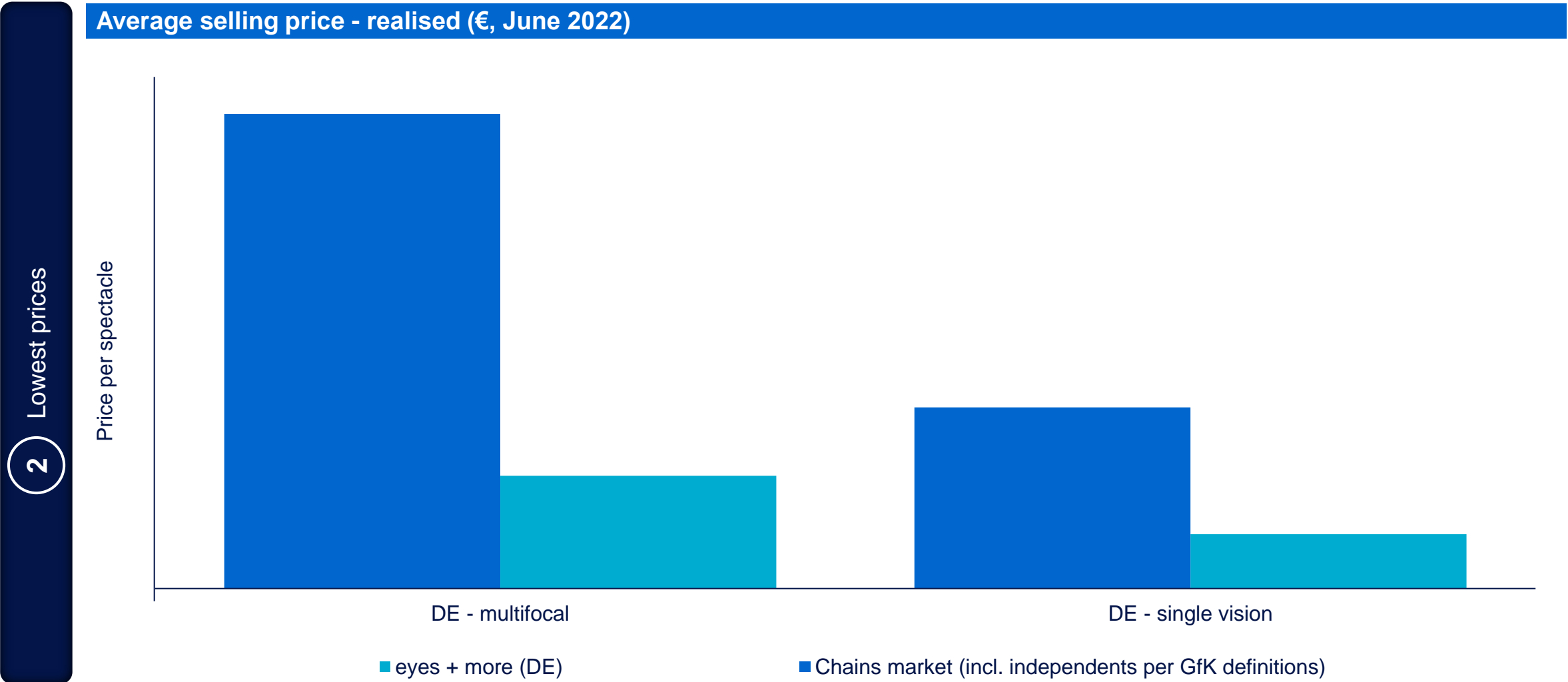


¹ Source: Statista eyewear market by value, countries included: Netherlands, Germany, Belgium, Sweden, Austria, France, UK, Italy, Spain, Switzerland, Portugal, Norway, Poland, Denmark, Greece, Czech Republic and Hungary.

nexeye formats have an exceptional price positioning...



Average selling price - realised (€, June 2022)



Source: GfK

... while offering high quality products and services



Best quality products and great customer service

3

Product

- AAA lenses from leading supplier
- High quality private brands
- Branded frames



Service

- 100% of eyes+more and 81% of Hans Anders stores on latest format
- Qualified, well trained opticians
- Seamless omni-channel approach



Customer experience

- NPS score
- Trustpilot score
- TUV price/quality score



... supported by operational excellence and volume leadership



Operational excellence

4

- **Strong retail practices now introduced**
 - Assortment
 - Customer service
 - Appointment tools (customer / company)
 - Work force planning tools
 - Omni-channel



Omni-channel key element for the customers and the operations



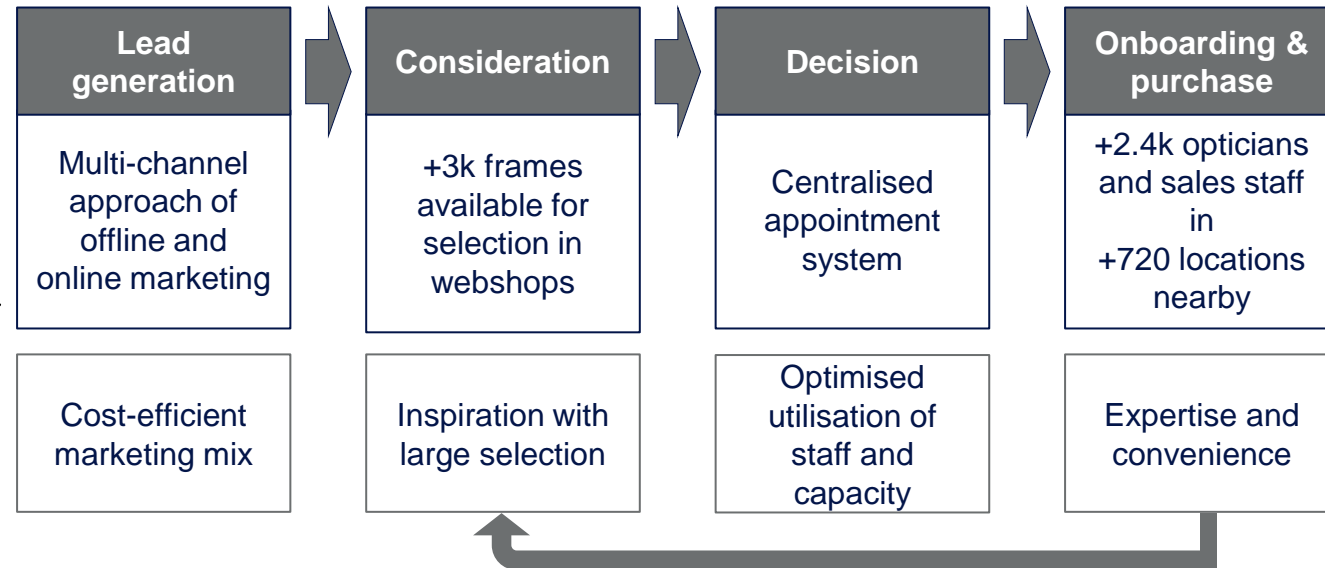
4 Operational excellence - Omni-channel development



Online-first players have tried to disrupt optical retail with pure play ecommerce strategies, but increasingly recognise that the eye test and fitting components of the customer journey are difficult to disrupt



Multi-channel lead generation model to drive in-store traffic



300+ locations added since investment¹

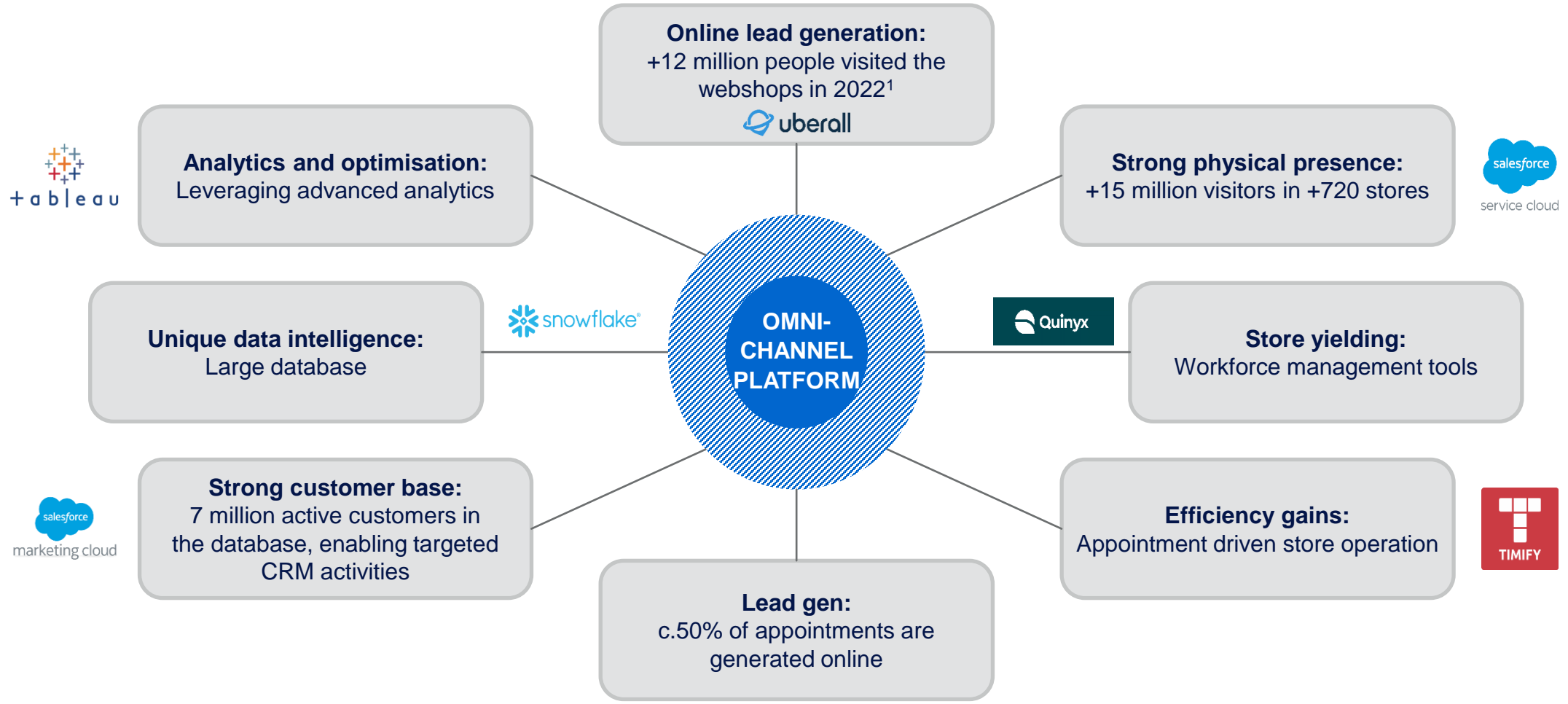
Successful acquisition and integration of eyes+more
Promising long-list of additional targets

¹ Including acquisition of eyes+more.

Omni-channel platform well invested and scalable



4 Operational excellence - Omni-channel development



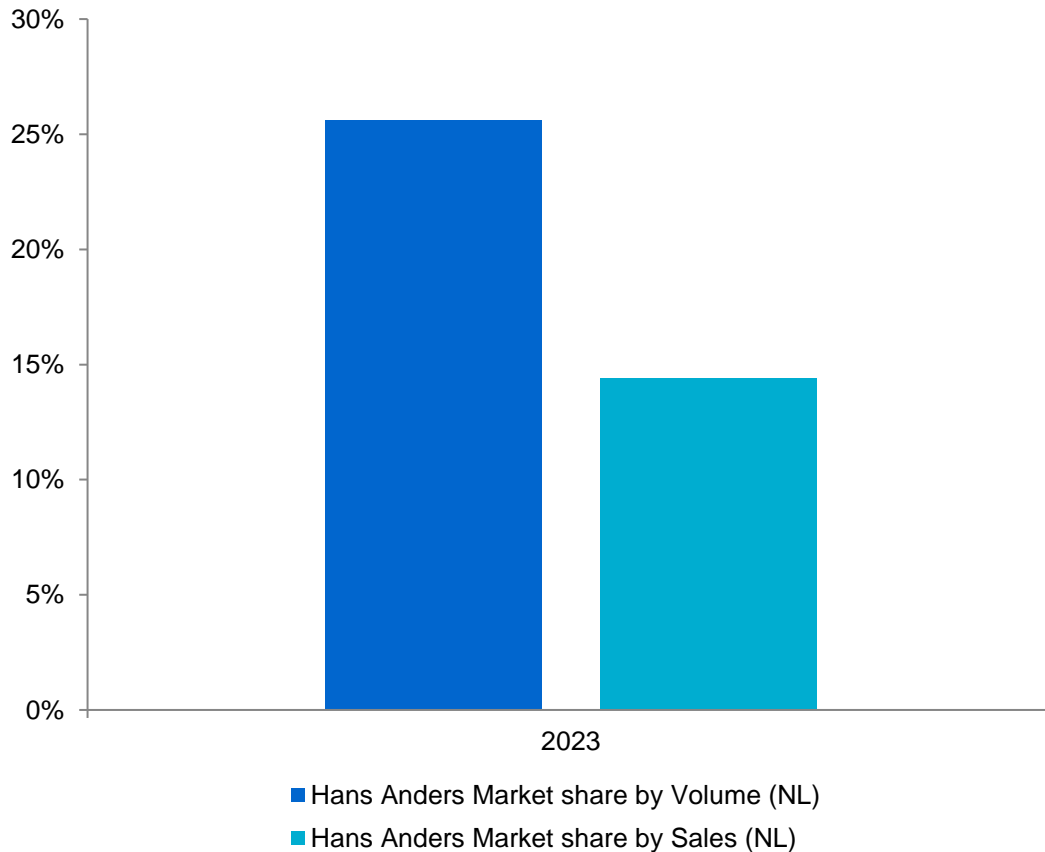
¹ Sessions on company websites.

High volumes reduce cost per unit and drive scale



5 High volumes and scale benefits

2023 YTD Hans Anders market share by volume (frames) and value (sales, €)

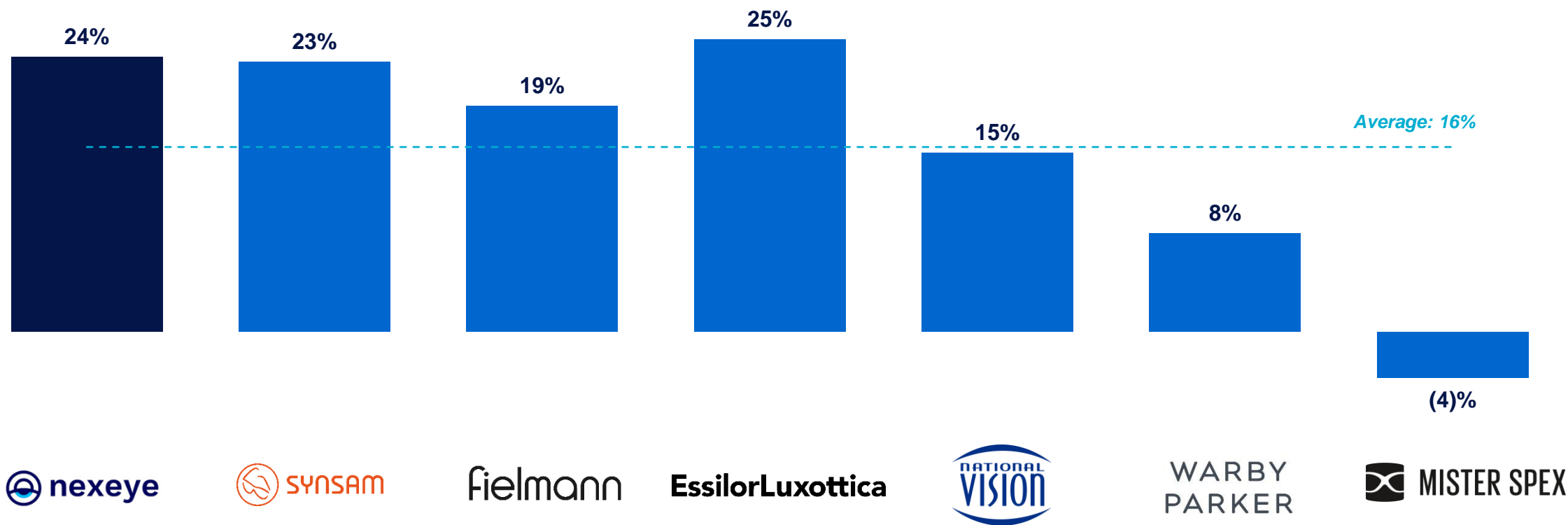


- Industry with high gross margins (>70%)
- Most costs do not scale with volume increases. Volumes create cost leverage
 - Store costs, marketing costs, overhead costs
- Strong fully loaded unit economics despite low consumer prices

Strong EBITDA margins – in margin rich category – but based on low consumer prices



EBITDA margin FY22^{1,2} (post IFRS 16), % of sales








1 FY22 relates to year ending January 23 for nexeye, and year ending December 22 for Synsam, Fielman, EssilorLuxottica and National Vision.

2 National Vision and Warby Parker based on Adjusted EBITDAR / Sales.

Update to value creation opportunities presented in 2019



Value creation opportunities		Update
Attractive market	<ul style="list-style-type: none"> • Structural growth from aging population • Spectacles increasingly seen as fashion item • Value-for-money is winning share 	 Unchanged long-term drivers, chains continue taking market share and value is outperforming premium – all further supporting long term trends
Operational improvements	<ul style="list-style-type: none"> • Comprehensive operational excellence agenda • Focus on store operations (in-store execution, staff planning), assortment and procurement 	 Comprehensive step up delivered
Omni-channel development	<ul style="list-style-type: none"> • Development of leading omni-channel organisation and systems (initiatives include digital marketing, CRM, online appointments, webshop) 	 c.50% of appointments are generated online Full suite of CRM tools live
Store rollout and network optimisation	<ul style="list-style-type: none"> • Accelerated roll-out of eyes + more in Germany • Selected store consolidation and rent reductions 	 300+ locations added since investment¹
Selective M&A	<ul style="list-style-type: none"> • Accelerate geographic expansion through M&A • Realise synergies from advantages of scale 	 Successful acquisition and integration of eyes+more and Belgian franchisee Promising long-list of additional targets

¹ Including acquisition of eyes+more.

Long-term drivers remain in place



Attractive market

Sweet spot market positioning

Operational improvements

Omni-channel developments

Store roll-out and network optimisation

Selective M&A



nexeye Q&A



europaean
bakery group

European Bakery Group

Bastiaan Peer

Partner, Private Equity

Introduction to European Bakery Group (1/2)

Leading pan-European industrial bakery, focused on bake-off bread and snack products



 **dutchbakery**®



coolback
SUPERIOR BAKERY



panelto
FOODS



 **europaean**
bakery group

Introduction to European Bakery Group (2/2)

Leading pan-European industrial bakery, focused on bake-off bread and snack products



Company overview

- Active in private label bake-off bread and snack products
- Production facilities in the Netherlands, Germany and Ireland
- Producing more than 1.75bn+ baked goods across 750+ SKUs each year
- Strong focus on product innovation, customer service and ESG
- Pan-European player partnering with winning retailers and brand owners across Western Europe

Deal metrics

- Initial platform investment in October 2021 through the acquisition of Dutch Bakery
- Revenues of c.€110m at entry
- Two transformative acquisitions and two strategic add-on acquisitions since 3i's investment, growing revenues to €350-400m today
- €55m 3i investment at entry and €45m further investment (bringing total investment to €100m) to (part-)fund transformative M&A

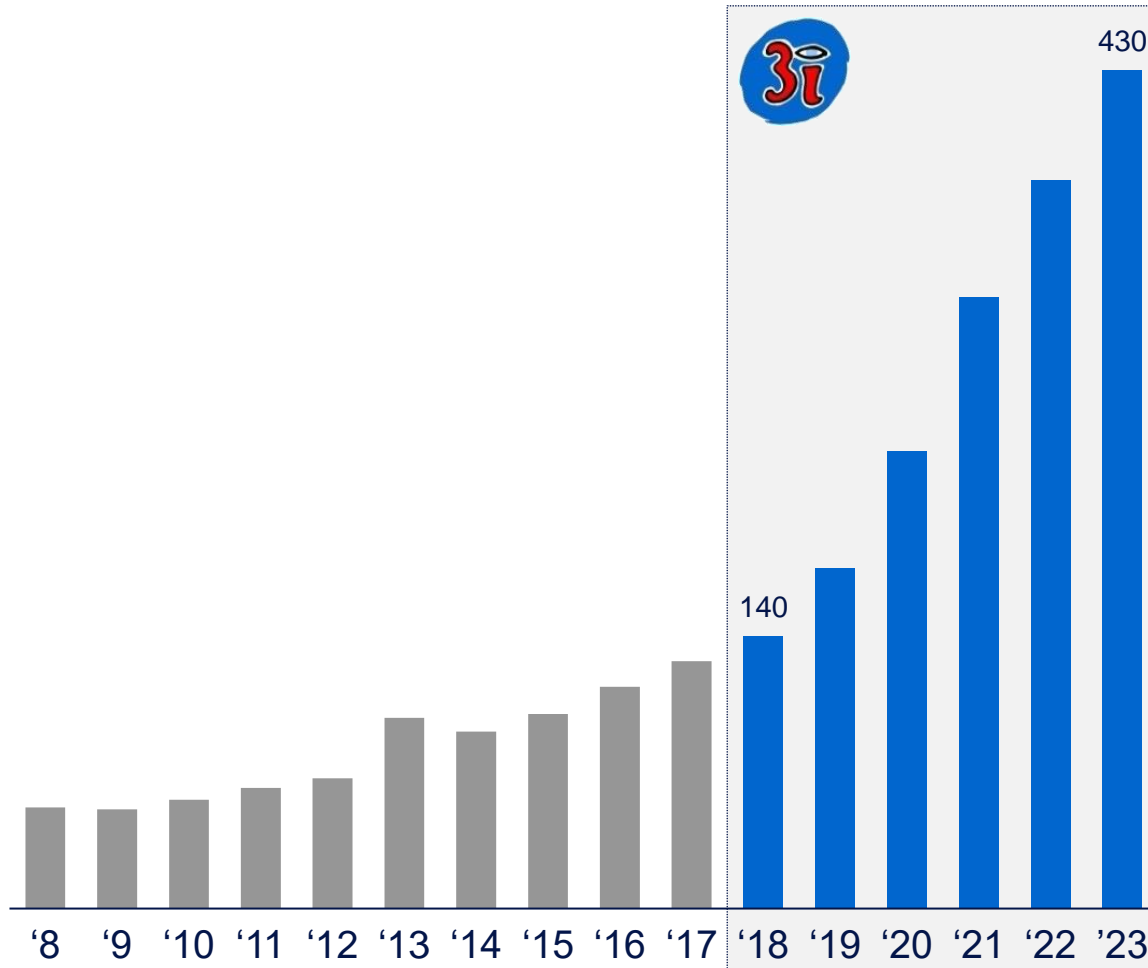


3i's private label track record – Royal Sanders case study

Creating high-growth platforms through M&A in mature industries



Revenue development (€m, year to March)

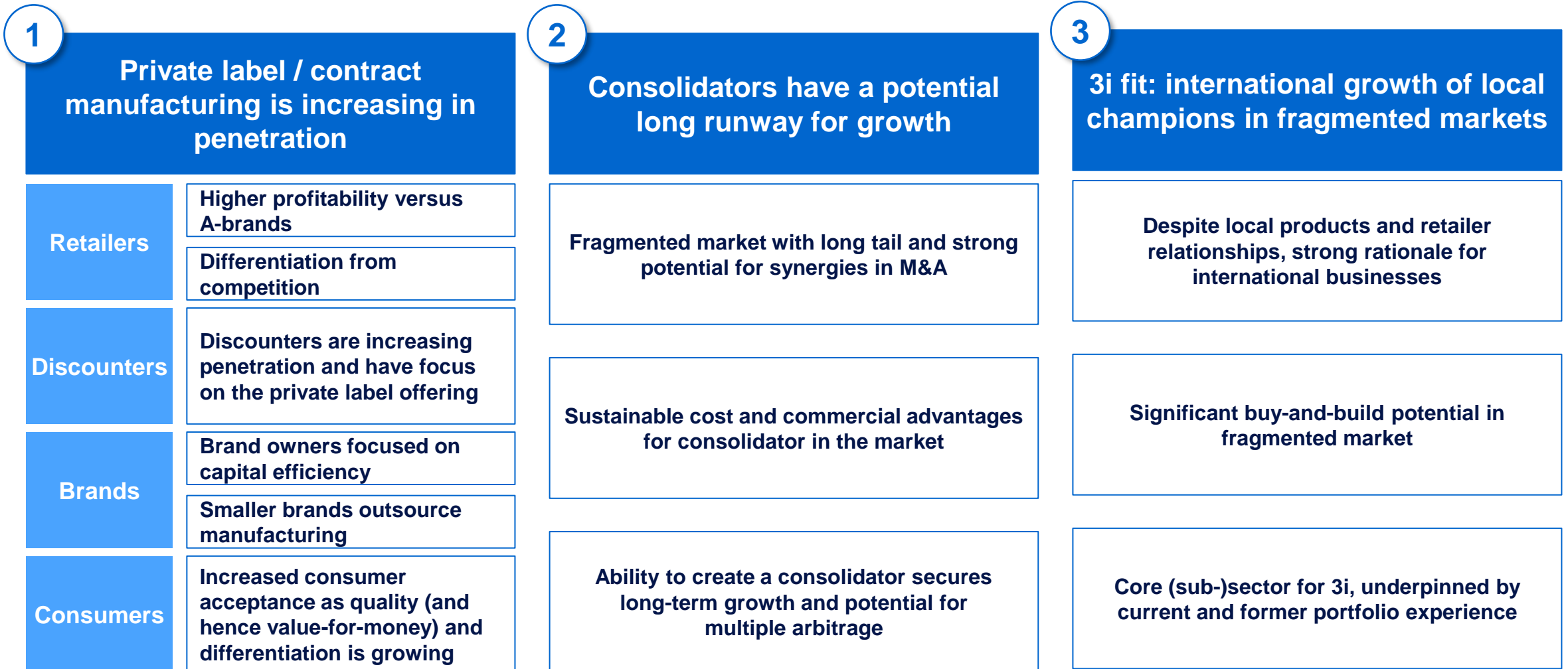


Buy-and-build



Private label / contract manufacturing investment thesis

Value creation potential with long growth runway when building a consolidation platform



Strong relative performance in a recessionary environment

Winning private label company together with 3i experience

European Bakery Group is in the sweet spot of 3i's investment strategy in private label



European Bakery Group has all the key attributes of a successful private label industry consolidator



1	Best-in-class operator through operational discipline and cost efficiency	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2	End-market with attractive organic growth opportunities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3	“Champions League” customer portfolio	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4	Strong leadership with a proven track record in operations and M&A	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
5	Potential to accelerate M&A strategy to consolidate fragmented industry	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
6	Team in place to drive accelerated growth strategy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

What attracted us to Dutch Bakery

Local platform as the starting point for pan-European consolidation



Leading position in Modified Atmosphere Packaging (“MAP”) segment in the Dutch market

Opportunity to build a European buy-and-build platform in a market with no real consolidator

Resilient end-market with limited cyclicity

Operational efficiency and strong financial profile

Strong fit with 3i’s prior track record of building consolidation platforms in private label

Key risks

- Deliverability of (international) buy-and-build agenda
- Exposure to raw material and energy price fluctuations
- Scale customers

Introduction to Dutch Bakery

Benelux home bake-off player specialising in MAP



Key business metrics



€140m+ revenue



6 bakeries



c.350 FTE



9 acquisitions since 2013¹



c.430 SKUs



16 production lines

Production footprint



- 1 Tilburg (HQ)
- 2 Waalwijk
- 3 Rijen
- 4 Eindhoven
- 5 Budel
- 6 Alkmaar

Key product categories

High volume



Regular



Premium

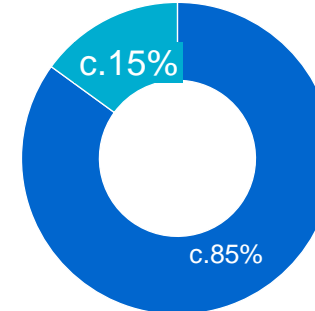


Indulgence



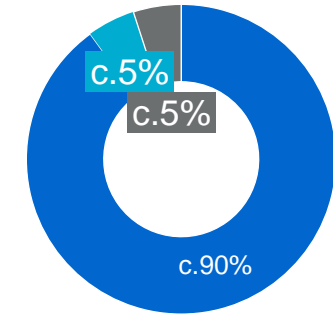
Revenue split

Channel



■ Retail ■ Foodservice

Geography



■ Benelux ■ Rest of Europe ■ UK

¹ Excluding coolback and Panelto.

Dutch Bakery delivers as a buy-and-build platform

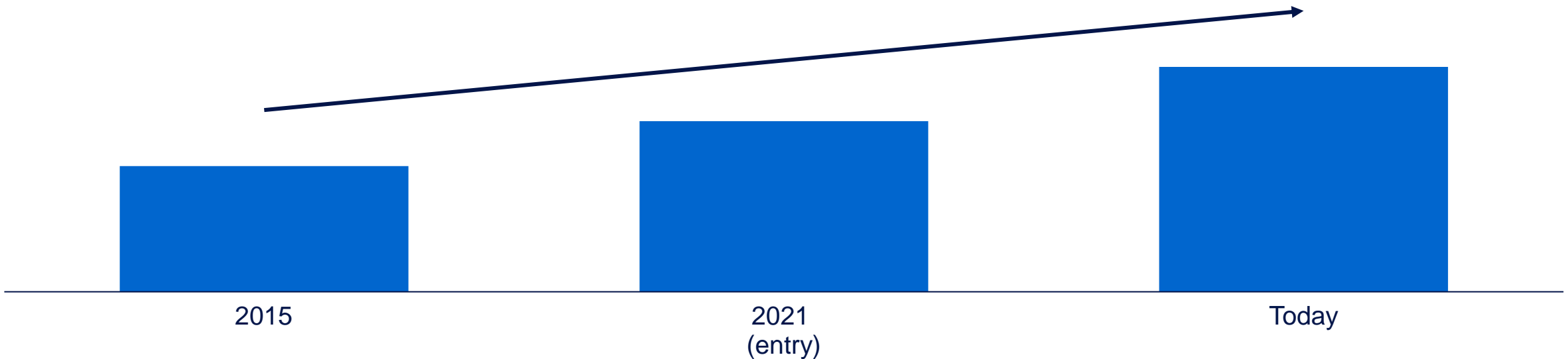
Strategic add-ons create value through a strengthening of the commercial proposition



Buy-and-build



Revenue development (€m)



Investment case for European Bakery Group

coolback and Panelto were Tier 1 targets to establish a pan-European Bakery Group



At 3i entry in Oct-21

Leading Dutch industrial bakery group specialised in home bake-off products

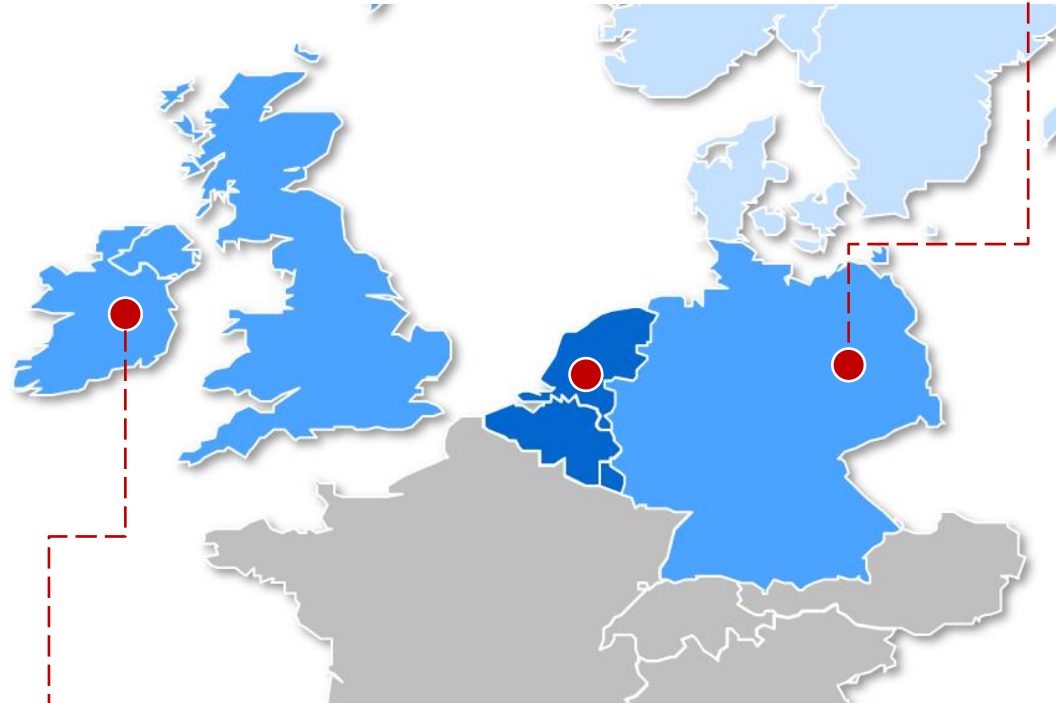
Focus on the Benelux with selected customers in the UK and Germany

Primarily MAP (>70%) complemented with a frozen and chilled offering

Sales of c.€110m

coolback
SUPERIOR BAKERY

Revenue: c.€160m+
Footprint: DACH & Nordics
Focus: Frozen bake-off / MAP



panelto
FOODS

Revenue: c.€75m+
Footprint: UK & Ireland
Focus: Frozen bake-off

As of today

Leading Western European industrial bakery group across home bake-off, in-store bake-off and chilled

Strong market presence in the Benelux and DACH regions, UK and Ireland with significant additional export

Strong sales in MAP, frozen, chilled and organic

Sales of c.€350-400m

Introduction to coolback and Panelto

German and Irish based producers establishing strong local platforms within European Bakery Group



Key business metrics – coolback



€160m+ revenue



3 bakeries



c.625 FTE



1.2bn+ baked goods annually



200+ SKUs



10 production lines (+1 mixing line)

Key product categories – coolback



Potato rolls



Farmer rolls



Superior bakery



Baguettes



Filled baguettes



Special rolls

Key business metrics – Panelto



€75m+ revenue



2 bakeries



c.290 FTE



325m+ baked goods annually



c.140 SKUs



3 production lines

Key product categories – Panelto

SBR¹ pre-packed thaw and display

Loaves bake-off



SBR¹ bake-off

Baguettes bake-off



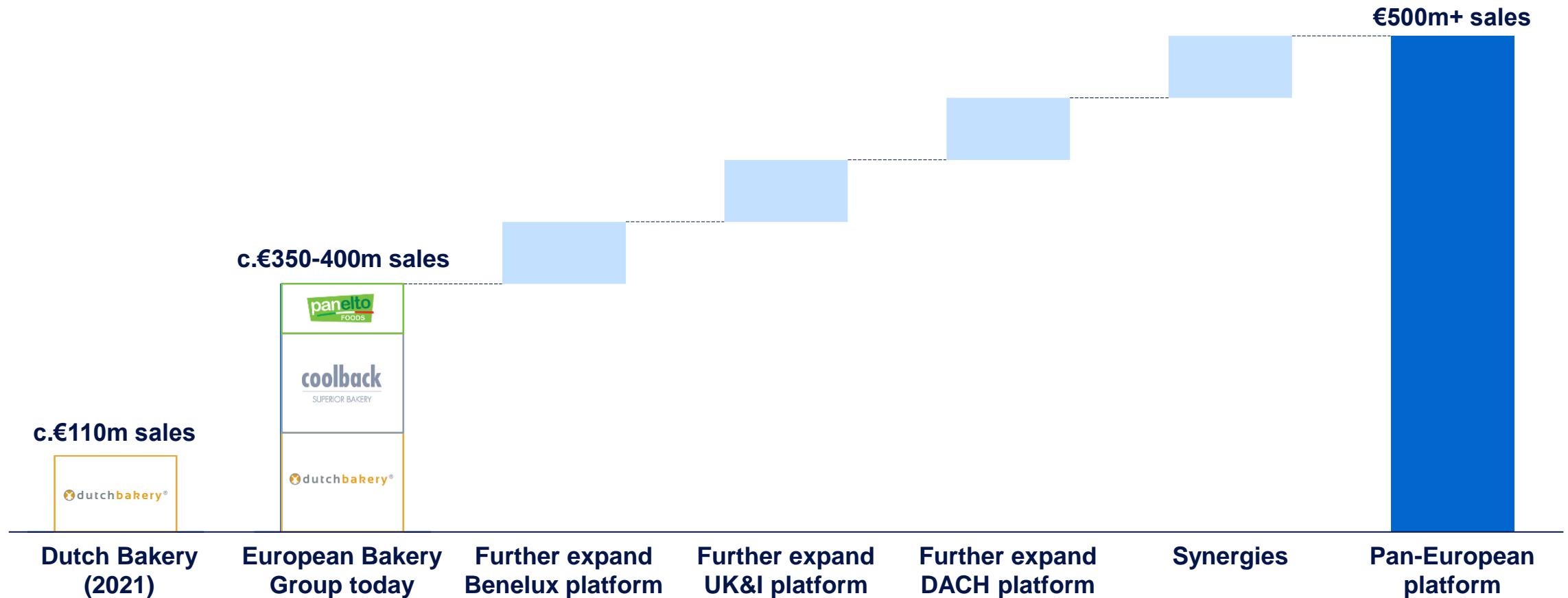
¹ Sandwich, breads and rolls.

Long-term ambition

Tangible pipeline of potential M&A opportunities



Indicative overview of long-term ambition for European Bakery Group





European Bakery Group

Q&A

3i Private Equity Banking Team

Anil Kohli

Partner, Head of Banking & Risk



3i Private Equity Banking Team

In-house dedicated team providing specialist debt financing advice



Established in 2005, one of Private Equity's longest standing in-house debt capital markets teams. Over 70 years of team experience

- Supports 3i's Private Equity activities and portfolio companies globally
- Responsible for managing 3i Private Equity's lending relationships
- Covers all financing requirements through the lifecycle of an investment
- During the 12 months to June 23, the team completed 12 transactions, addressing / raising over €4.5bn of debt facilities
- Embed risk approach - Anil acts as Second Partner on new transactions



Anil Kohli
*Head of Banking & Risk,
Banking Partner*

- 27+ years banking experience
- Previous roles at Dresdner Kleinwort and Lloyds Bank Structured Finance



George Archer
Banking Partner

- 28+ years banking experience
- Previous roles at Barclays Capital, Bank of America and The Royal Bank of Scotland



William Bourne
Associate Director

- 9+ years of banking experience
- Previously worked in Leveraged Finance at Barclays



Rohith Sunkaraneni
Senior Associate

- 9+ years banking experience
- Previous worked in Leveraged Finance at NatWest

3i Banking Team - stages of involvement through the life cycle of a private equity investment



Primary acquisition financing

Assessing and negotiating appropriate leverage, lenders and terms

- Right debt quantum, type of debt and leverage
- Right lenders
- Right terms and flexibility



Portfolio management - monitor, refinancings, amendments

- General support to finance teams / stakeholder management
- Buy & build M&A finance
- Refinancings, recaps, re-pricings
- Amendments and extensions where needed



Exit preparation

Prepare businesses to exit with strong debt financing underpin

- Lender education and knowledge building
- Evolving facilities to meet exit environment

Consistent unchanged goal of debt financing to set a medium-term, modest, all senior financing underpinning the business plan we are backing



Counterparty selection and management including reporting advice

Procuring and managing ancillary lines (working capital / trade lines)

Guidance on hedging across FX and interest rate

Cashflow focus and covenant management

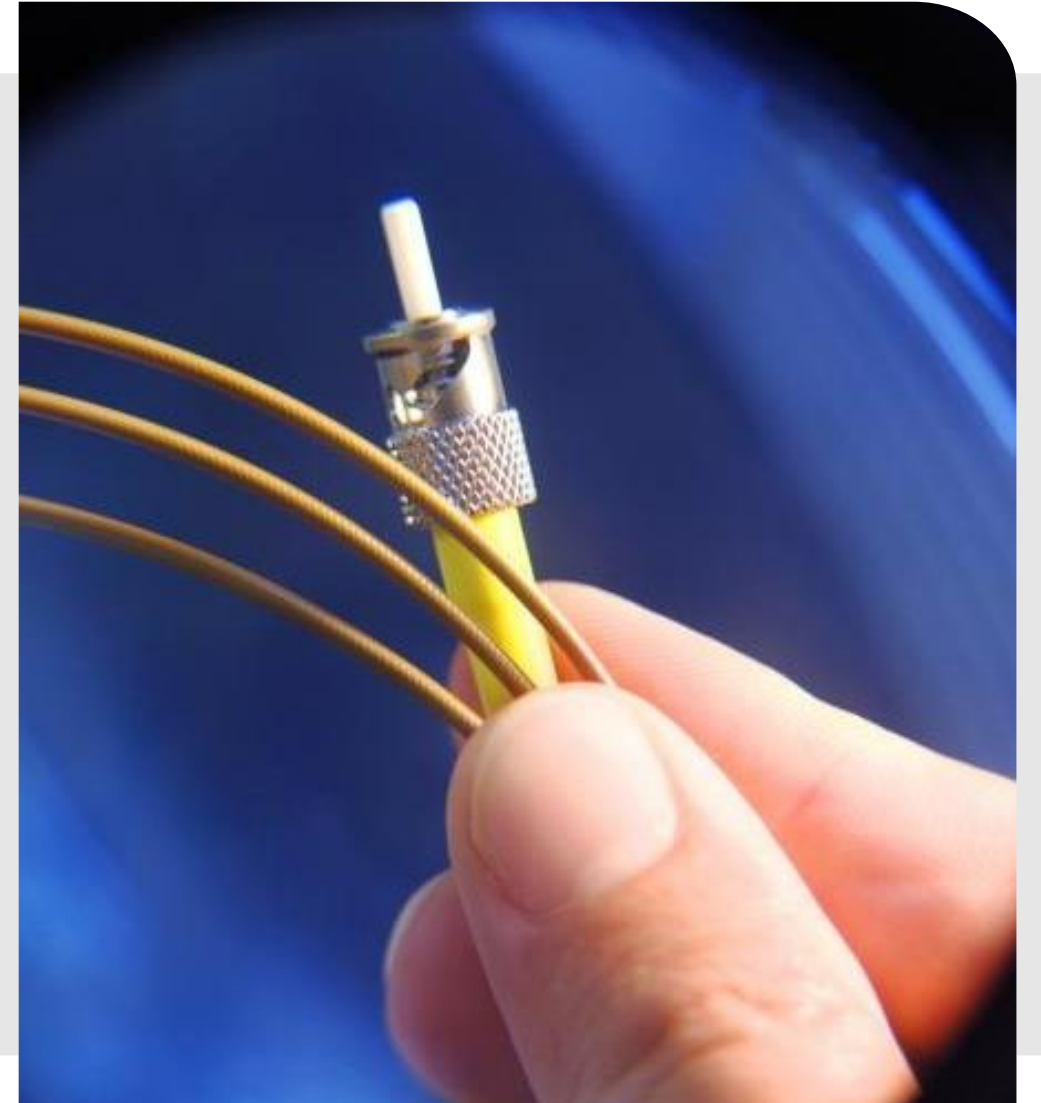
Internal regular monitoring

The 3i Banking Team is involved in a wide range of activities with portfolio companies on a day-to-day basis

- In the life of an investment and as a business grows, the Banking Team is involved to ensure the financing is managed accordingly with both wider 3i deal teams and portfolio company finance departments

The 3i Private Equity Banking Team works in collaboration with 3i Group's Treasury team and 3i's Infrastructure business

- A consistent and coordinated approach to lending relationships
- Harness the technical knowledge within each segment of the Group by tapping into the full network
- Work in collaboration with long-standing debt team of 3i's Infrastructure business. Different approaches, but harness best practice and views
- Ensure patronage reflects the support received across the 3i Group





Rising cost of debt and evolving debt capacity

Sluggish and changeable macroeconomic backdrop

Changing lender landscape - Private Credit vs Banks

Lower M&A activity in 2023 / valuations under pressure

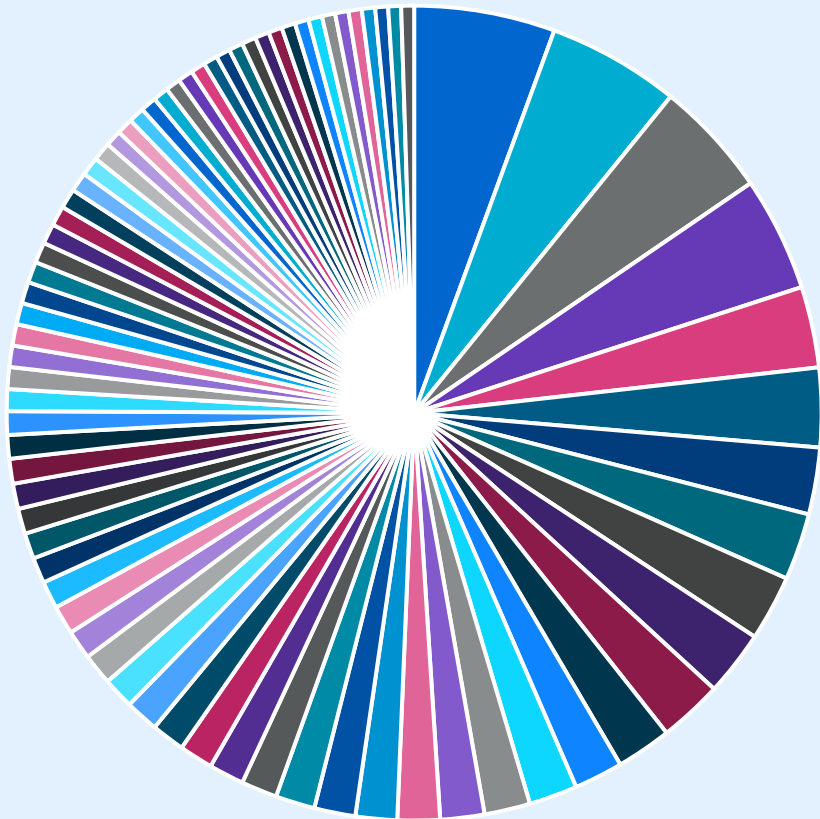
Rising default risk – flight to quality

A prudent approach to accommodate a highly changeable environment

- Private Equity debt book is entirely senior debt
- Prudent leverage and orderly maturity profile
- Consistent and long-standing hedging approach with around 70% of total term debt hedged at a weighted average tenor of > 3 years
- Monitoring and management of counterparty risk

Private Equity debt portfolio – by lender^{1,2}

% Debt commitments of total ~ €7bn



The Private Equity debt book comprises Action debt of €3.625bn, with the non-Action debt book of around c. €3.4bn¹

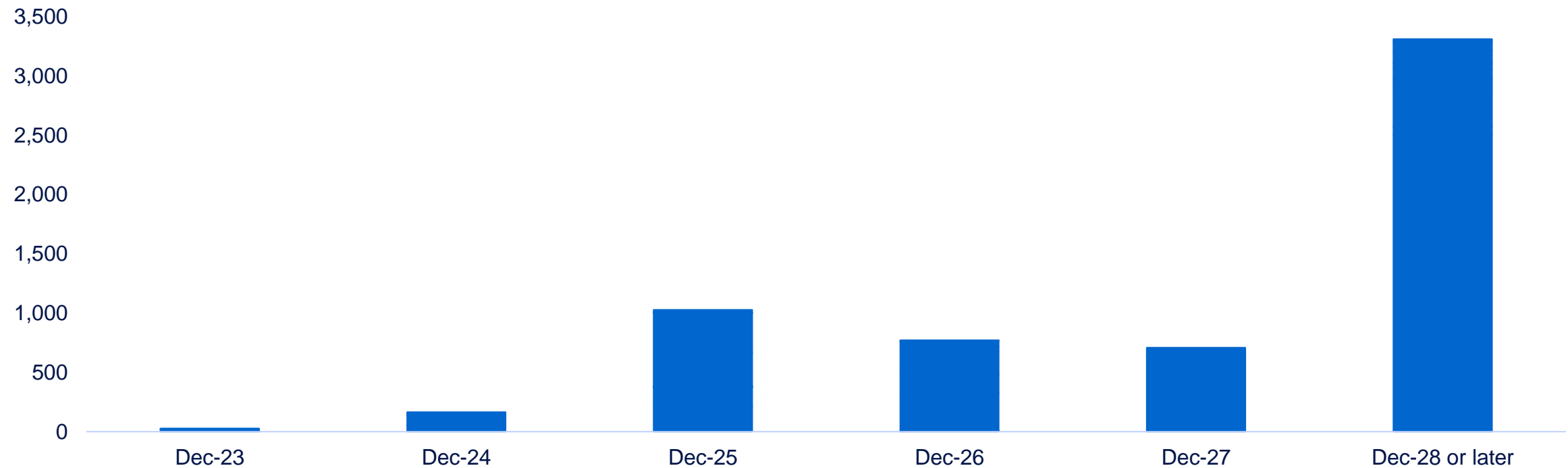
- Action is widely syndicated with one of the largest € Term Loans in the market
- Transactions dominated by traditional all senior deals with a syndicate of lenders
- The non-Action debt book is a healthy mix of counterparties across Banks and Funds
- Well diversified total debt book with no counterparty representing > 5%
- We closely track our top lead lenders (by exposure and activity) vs patronage paid

¹ Data as at Jun 23.

² Top 75 lenders by commitment size shown only. The Private Equity debt portfolio consists of 174 lenders, of which the top 75 represent c.85% of total debt commitments. No lender, outside the top 75 represents >0.5% of total debt commitments.



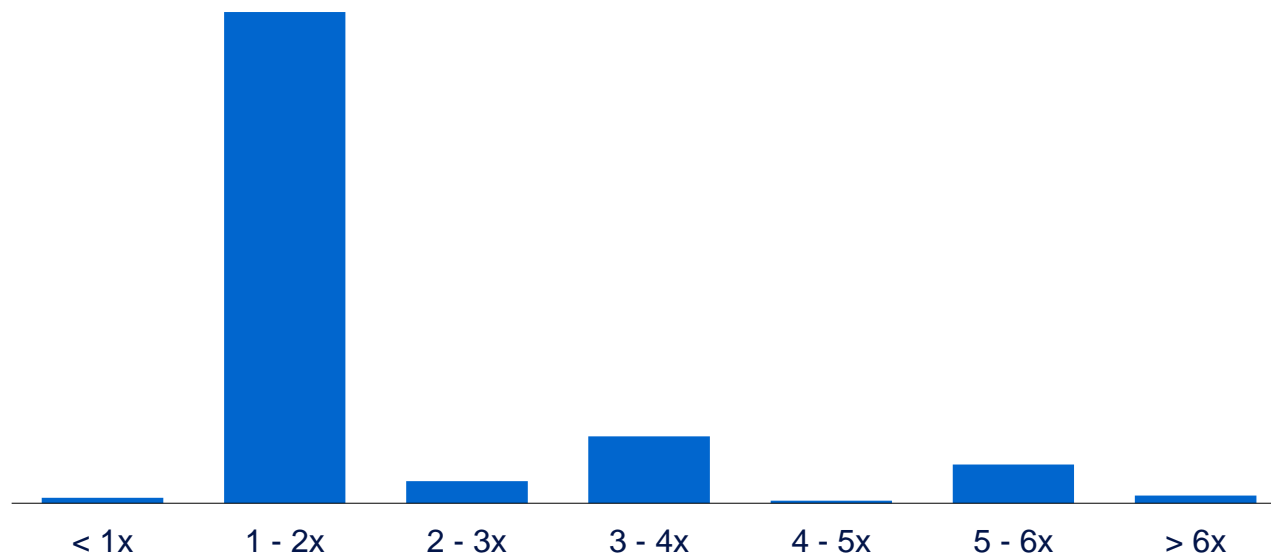
Private Equity debt portfolio – maturity profile EURm of term debt commitments



Proactive management of debt maturities



Private Equity asset portfolio – net leverage profile weighted by value



The Private Equity debt book is all senior debt with a ratio of net debt to EBITDA at 2.3x weighted by value

- Portfolio leverage excluding Action is at 3.9x
- Portfolio companies with higher leverage reflect stronger credit profiles
- Some higher leverage due to underperformance / Covid recovery

A wide array of financings across the platform



European
bakery group

Total facilities:
> €175m

Kongens Lyngby

Total facilities:
RCF only

ACTION

Total facilities:
> €3.6bn

Cirtec
MEDICAL

Total facilities:
> \$400m

CHRIST

Total facilities:
> €150m

AUDLEY

Total facilities:
> £150m

Primary acquisition financing

- Wide array of structures, lenders and geographies
- Balance of leverage, pricing and flexible terms
- On occasion we choose not to implement upfront term debt

Refinancings, amend and extends and recapitalisations

- A range of debt quantum and execution approaches
- Implementing an investment thesis with refinancings, add-on financing, and amendments

Defensive amendments

- Strong portfolio management with early assessment of risks
- Pro-active approach to amendments to preserve and optimise value



Private Equity Banking Team

Q&A



Closing remarks and final questions

Simon Borrows
Chief Executive

