



Results for the year to 31 March 2019

16 May 2019



A strong result for the year

Year to 31 March 2019



Group		Private Equity	Infrastructure	Corporate Assets
Total return on equity	Total dividend per share	Proprietary capital invested	Cash income	Reinvestment in Scandlines
18%	35p	£332m	£82m	£529m
NAV per share	Net cash	Realisation proceeds	3iN TSR	Dividend income from Scandlines
815p	£495m	£1,235m ¹	33%	£28m

**Strong returns across the business and good progress
on all our strategic objectives**

¹ Gross of the re-investment in Scandlines.

Private Equity

The market context vindicates our approach to investment



We have clear investment filters

- We invest in the true **mid market** (EV of €100-500m)
- We focus on clearly defined sectors and geographies



We drive earnings growth

- We identify **long-term secular growth trends**
- We invest with a well defined strategy for value creation



We leverage our resources

- We use our **international network and BLN** to identify and diligence targets
- BLN contacts sit on portfolio company boards as NXDs



We can afford to be patient

- **Proprietary capital approach:** no pressure to deploy
- We are able to run our “winners” for longer

Private Equity

Our approach to value creation - spotlight on buy-and-build



Why buy-and-build?

- Focus on smaller initial investments
- Operational and financial synergies
- Better market access through scale and improved commercial capabilities
- Opportunity for multiple arbitrage

What makes a good buy-and-build candidate?

- Growth underpinned by a clear secular growth trend
- Operates in a fragmented market
- Generates plenty of free cash flow

What is required to get this strategy right?

- Deep sector knowledge
- An international network
- Rigorous approach to governance and integration

The whole is worth more than the sum of its parts
We completed bolt-ons for an aggregate EV of €478m in FY2019

Private Equity

Spotlight on buy-and-build: Cirtec Medical



 <p>Outsourced medical device manufacturing platform</p>	 <p>Metal stamping for medical device applications</p>	 <p>Precision nitinol tubing for high end medical device applications</p>	 <p>Design of custom ASICs for medical device market</p>	 <p>Thin film sensor substrates serving continuous glucose monitoring</p>	<p>Valued at £248m at 31 March 2019</p>
<p>United States</p> <p>2017</p> <p>£103m investment</p>	<p>United States</p> <p>2017</p> <p>Self funded</p>	<p>Germany</p> <p>2017</p> <p>£69m 3i funding</p>	<p>United States</p> <p>2018</p> <p>Self funded</p>	<p>United States</p> <p>2018</p> <p>Self funded</p>	

Building an international leader diversified by product, capabilities, geography and client base

Private Equity

Good earnings performance drove portfolio value growth of £916m in FY2019



Largest value increases (>£20m)

Portfolio company ¹	Value growth (excl FX)	Value at 31 Mar 2019	Key driver of value movement
Action	£701m	£2,731m	↑ Earnings ↑ Multiple
Cirtec	£44m	£248m	↑ Earnings
Audley Travel	£43m	£270m	↑ Earnings ↓ Multiple
Aspen Pumps	£40m	£103m	↑ Earnings
AES	£33m	£172m	↑ Earnings ↑ Multiple
Formel D	£30m	£169m	↑ Earnings ↓ Multiple
Ponroy Santé	£24m	£174m	↑ Earnings
ICE	£23m	£155m	↑ Earnings
Dynatect	£21m	£75m	↑ Earnings

Largest value declines (>£20m)

Portfolio company	Value decline (excl FX)	Value at 31 Mar 2019	Key driver of value movement
Schlemmer	£(70)m	£92m	↓ Earnings ↓ Multiple

93% of Private Equity portfolio companies by value grew earnings in the year
We continue to adopt a considered approach to valuations

Private Equity

The portfolio is weighted towards our better assets



	The buckets	Selected examples	% of value	
			FY2019 ¹	FY2018
1	Longer-term hold; value creation	Action, Audley, Cirtec, Ponroy, ICE	c. 69%	c.67%
2	Strong performers; performing in line with investment case	Hans Anders, WP, Royal Sanders, Lampenwelt	c. 20%	c.21%
3	Manage intensively; potential value upside	Schlemmer, Dynatect, Christ	c. 7%	c.7%
4	Low or nil-valued assets	Indiareit, Navayuga	0.3%	0.3%
5	Quoted assets	Basic-Fit	c. 4%	c.5%

31 unquoted assets and one quoted stake

¹ Scandlines no longer included in this analysis, as it is now reported as a Corporate Asset.

Private Equity

Action – continued strong growth in 2018



2018

Highlights

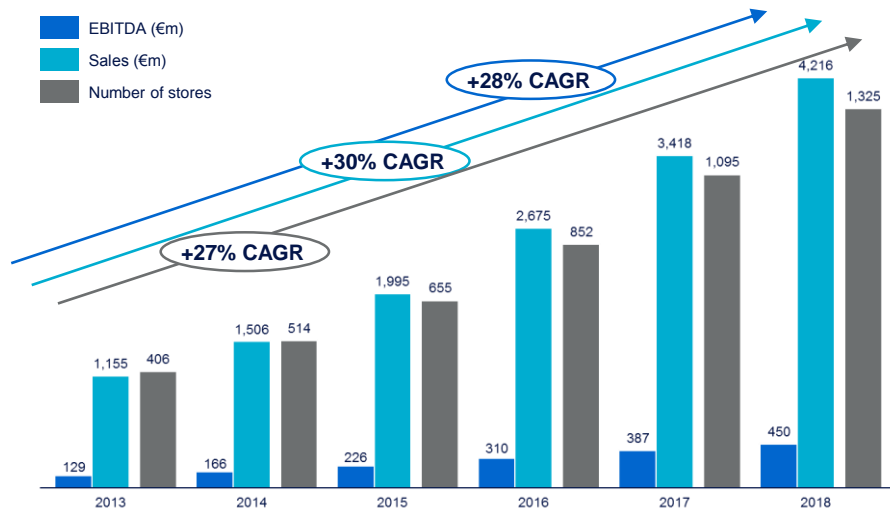
+23% revenue growth

+16% EBITDA growth

1,325 stores

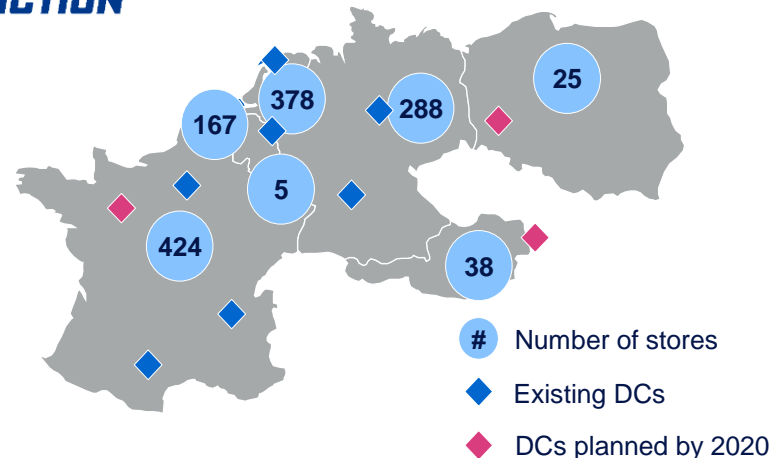
230 net new stores

An unbroken high growth track record



A truly pan-European footprint

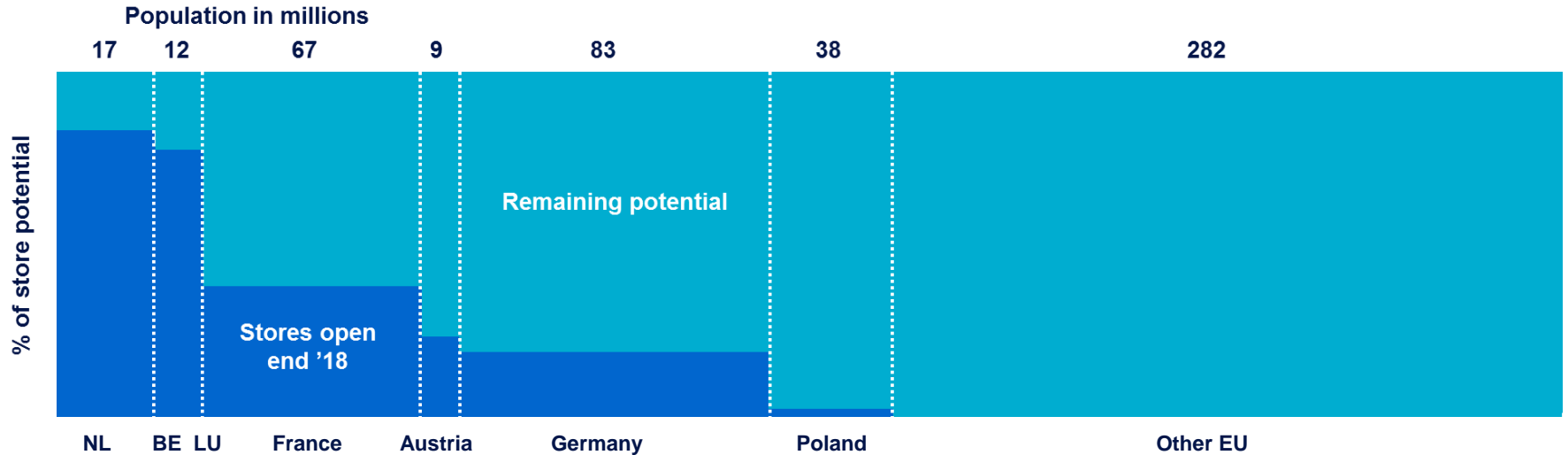
ACTION



Investing to become a €10bn turnover business and expand EBITDA margin

Private Equity

Action – there is ample potential for growth in existing and new markets



Medium-term objective to double current store base

Private Equity

Continued good realisations track record



Selected full realisations (year invested, proceeds, money multiple, uplift)

Scandlines

2007/2013

£835m¹; 7.7x, 4%

SLR

2008

£30m; 1.3x, 3%

Etanco

2011

£91m; 1.3x, 36%

OneMed

2011

£96m; 0.9x, 118%

Selected partial realisations (year invested, proceeds, money multiple, uplift)

Basic-Fit

2013

£89m; 5.3x², 29%

Refinancings and capital distributions (year invested, proceeds, money multiple)

Aspen Pumps

2015

£48m; 2.4x²

Audley

2015

£8m; 1.9x²

£1,235m¹ proceeds

Post-restructuring
investments achieving
high money multiples

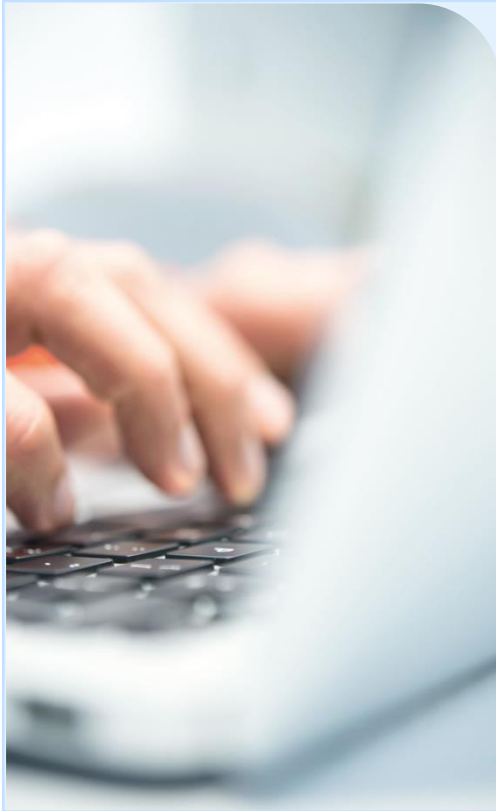
Continuing to realise pre-
2012 assets at good
uplifts to opening value

¹ Gross of the reinvestment in a 35% stake in Scandlines.

² Includes value of residual holding.

Private Equity

c.£139m investment in Magnitude Software announced in March 2019



- Leading provider of unified application data management solutions
- Strong relationships (SAP and Oracle)
- Operations in the US, NL, UK, Canada and India
- Over 1,400 customers, including 50% of the Fortune 100

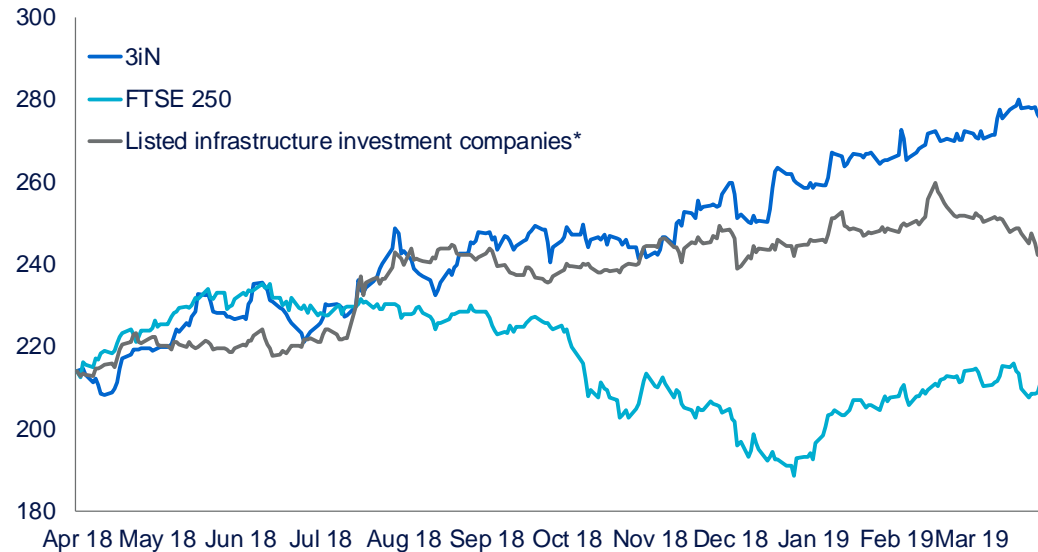
| United States

| Business & Technology Services



3iN relative share price performance – FY2019

(rebased to 3iN, pence per share)



Source: Bloomberg

* Basket includes: HICL, BBGI and INPP

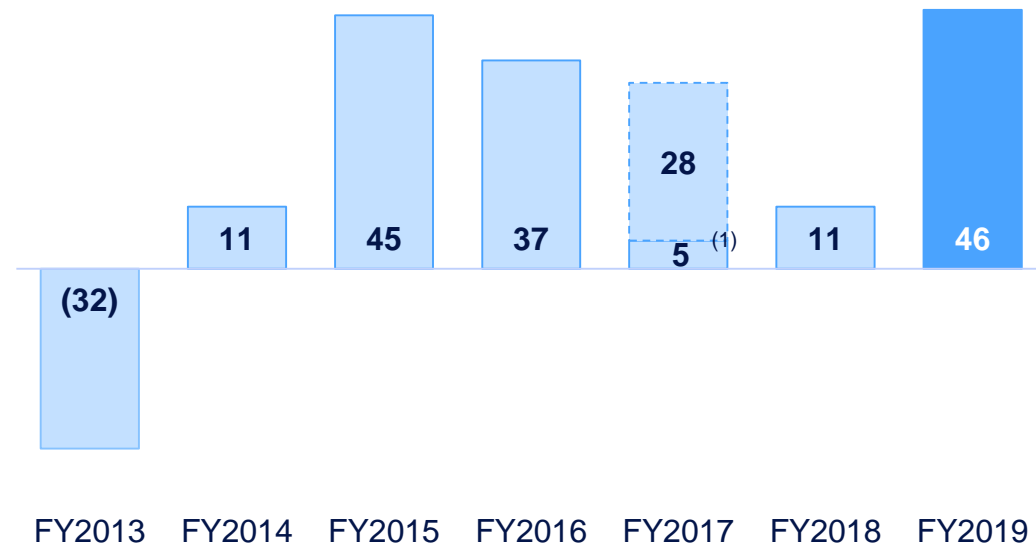
FY2019 highlights

33%	TSR
8.65pps	Total dividend
£377m	Investments and commitments
£333m	Realisations
15.4%	Total return

We are now generating a sustainable operating cash profit



Operating cash profit/(loss) (£m)



(1) Operating cash profit from continuing operations (excluding Debt Management) in FY2017 was £5m.

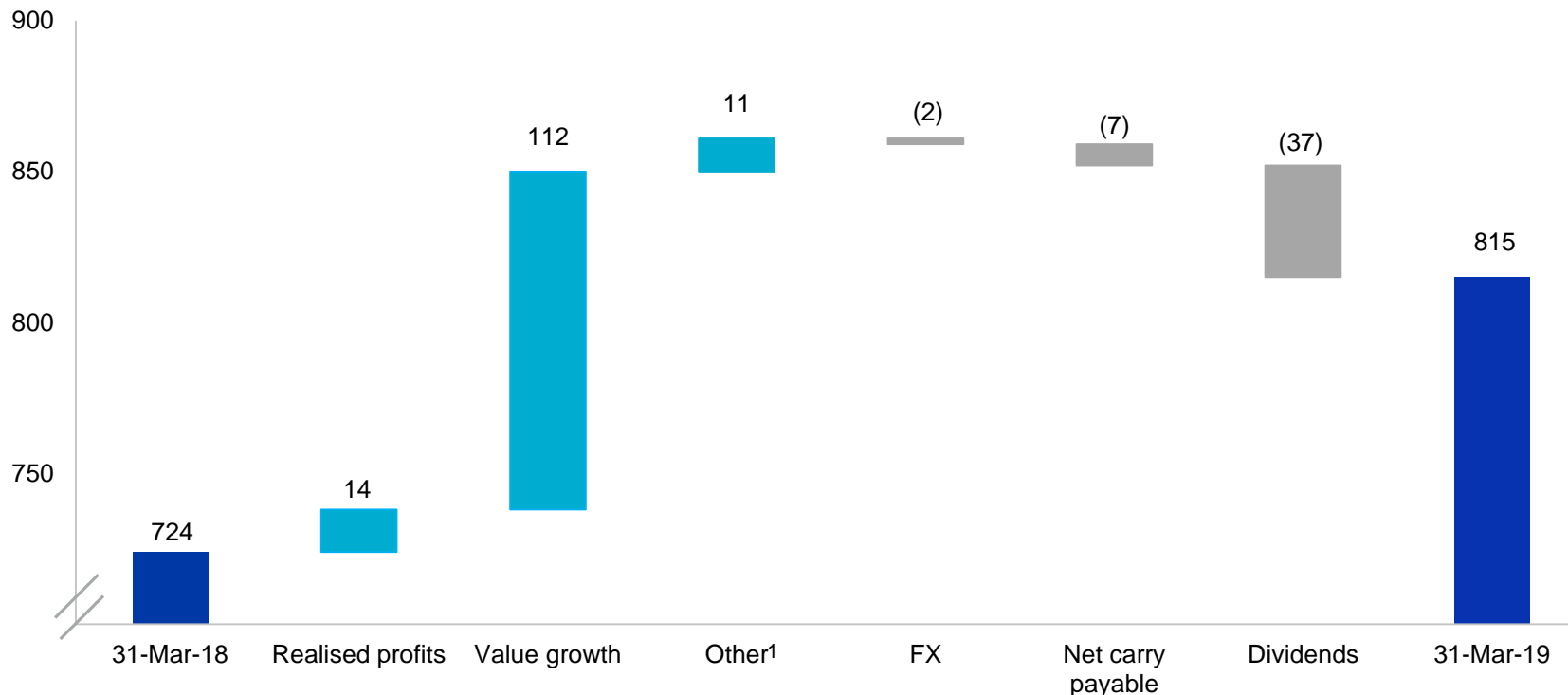
Growing fee and portfolio income

- Regular cash dividends from Scandlines
- Managed Infrastructure Acquisitions Fund
- 3i European Operational Projects Fund
- US Infrastructure platform
- Focus on other portfolio income where appropriate

NAV up 13% to 815 pence driven by strong portfolio performance



NAV per share (pence)

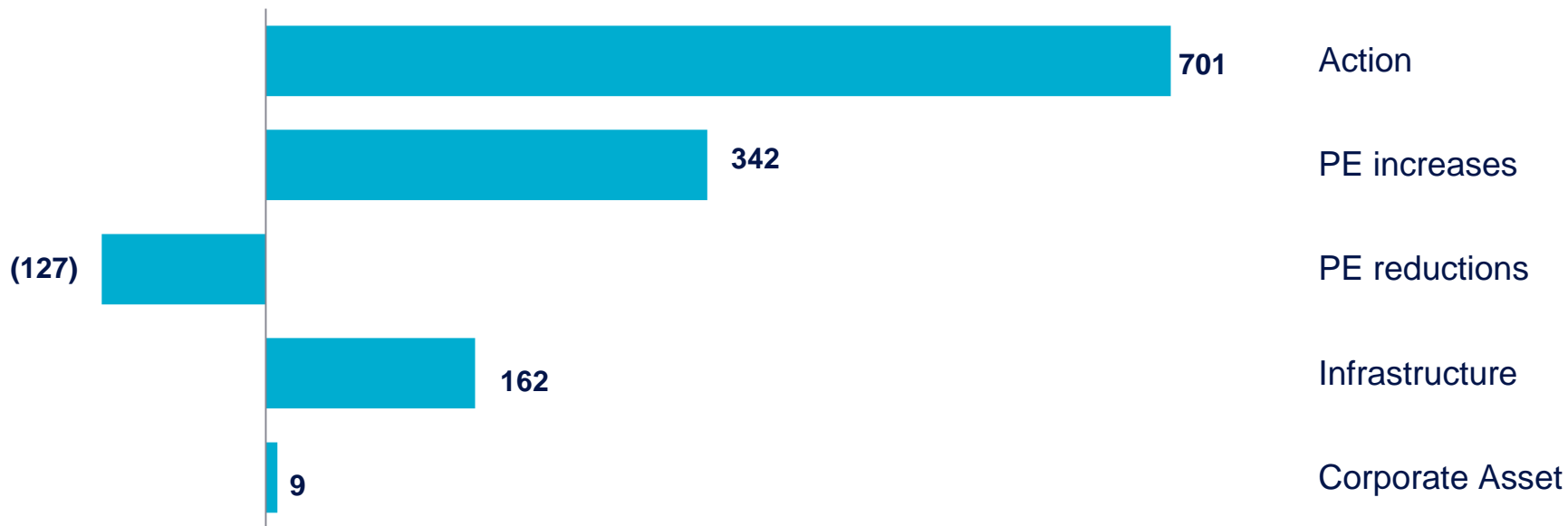


¹ Other includes portfolio income, third party fee income, operating costs and the fair value movement on FX hedging derivatives.

Group value growth of £1,087 million



Value movement by basis (£ million)



Private Equity

Strong performance



Year to 31 March £ million	2019	2018
Gross investment return	1,148	1,438
% of opening portfolio	20%	30%
Realised profit	131	199
Realisations¹	1,235	1,002
Cash investment	332	587
Portfolio value	6,023	5,825

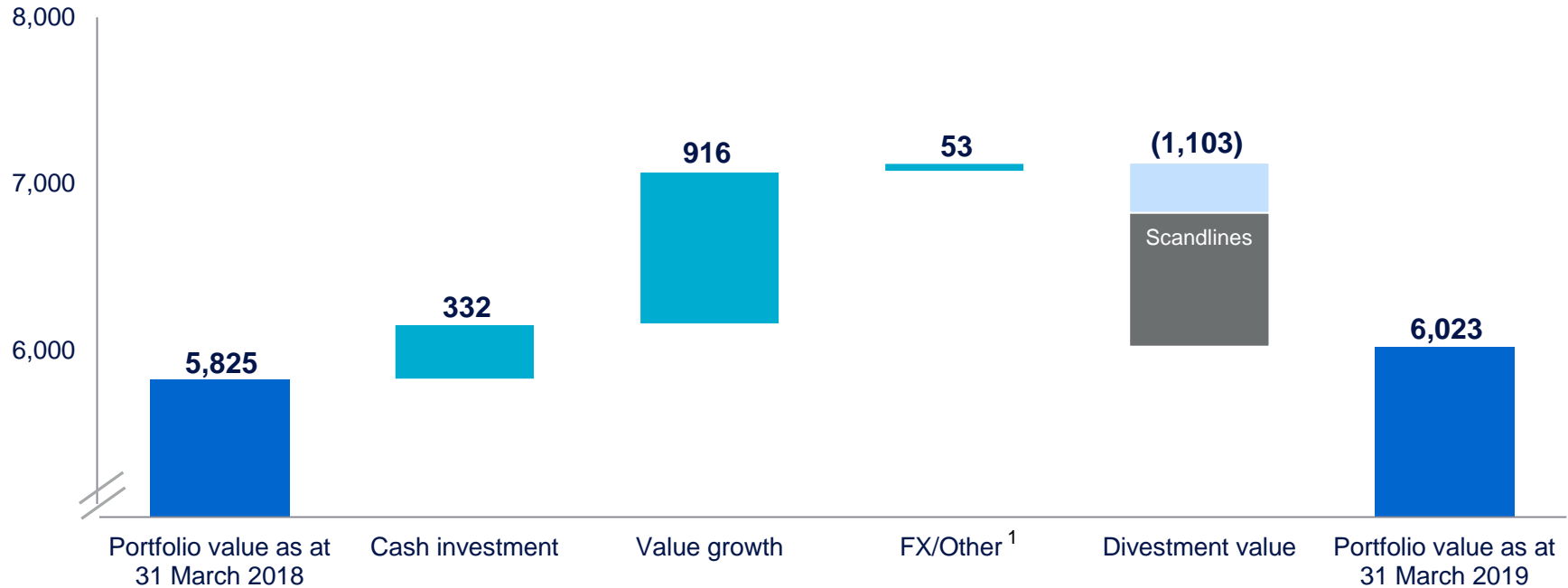
¹ The 2019 realisations are gross of the Scandlines transaction. The £529 million reinvestment is included within Corporate Assets.

Private Equity

Strong value growth and cash investment offset by Scandlines realisation



£ million



£916 million of value growth

¹ Includes capitalised interest and other non-cash investment.

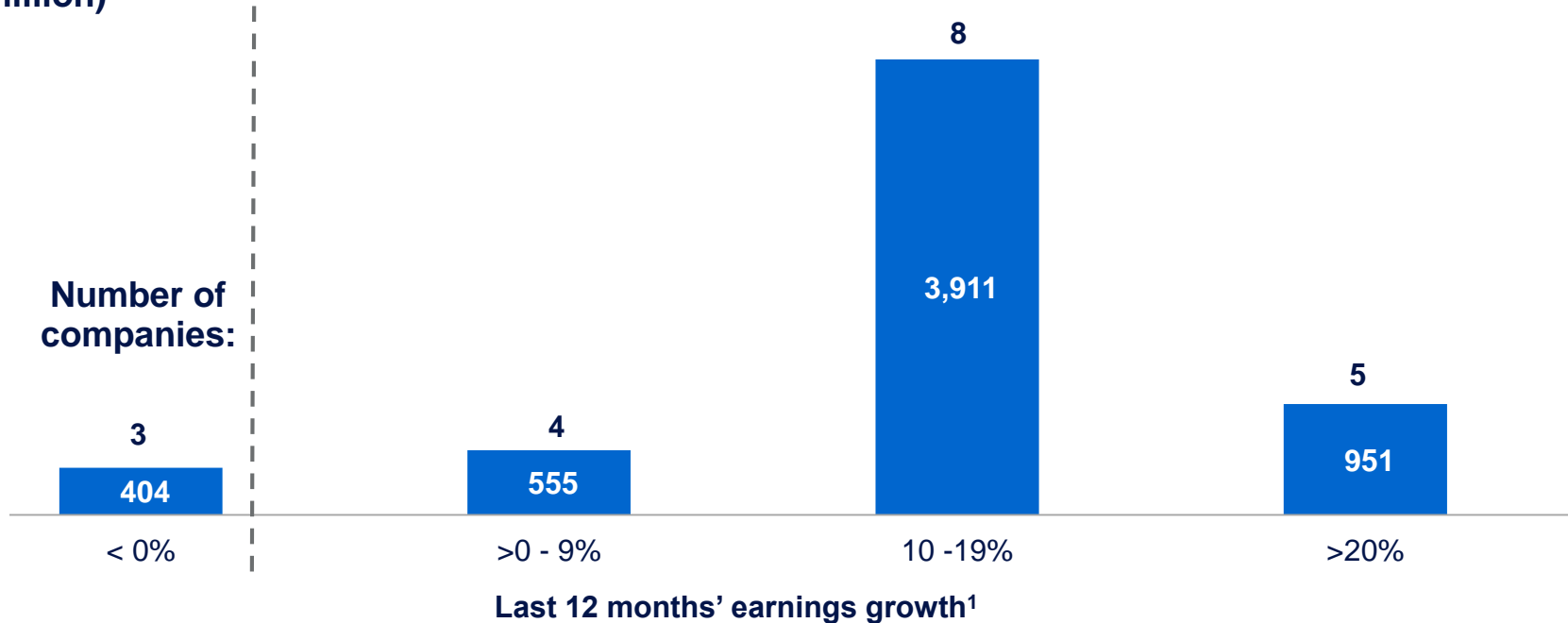
Private Equity

Top 20 assets continue to show good earnings growth



3i carrying value at 31 March 2019

(£ million)



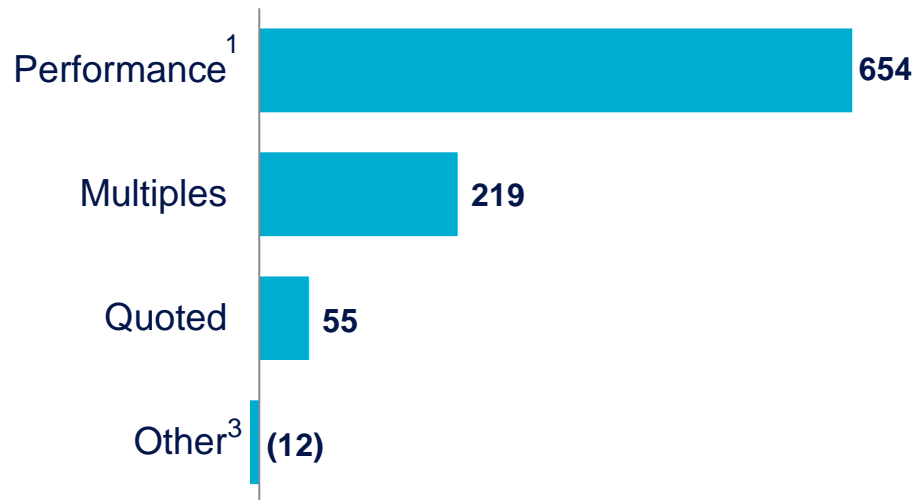
¹ Calculated based on valuation earnings growth in the top 20 investments: 17 used EBITDA, 2 used EBITA and 1 used run-rate EBITDA earnings. ACR is excluded because earnings are not its relevant measure. Calculation includes Basic-Fit.

Private Equity

£916 million value growth driven by good earnings growth



Value movement by basis (£ million)



Multiples ²	March 2019	March 2018
Action	18.0x	16.5x
3i ex. Action	11.1x	11.0x

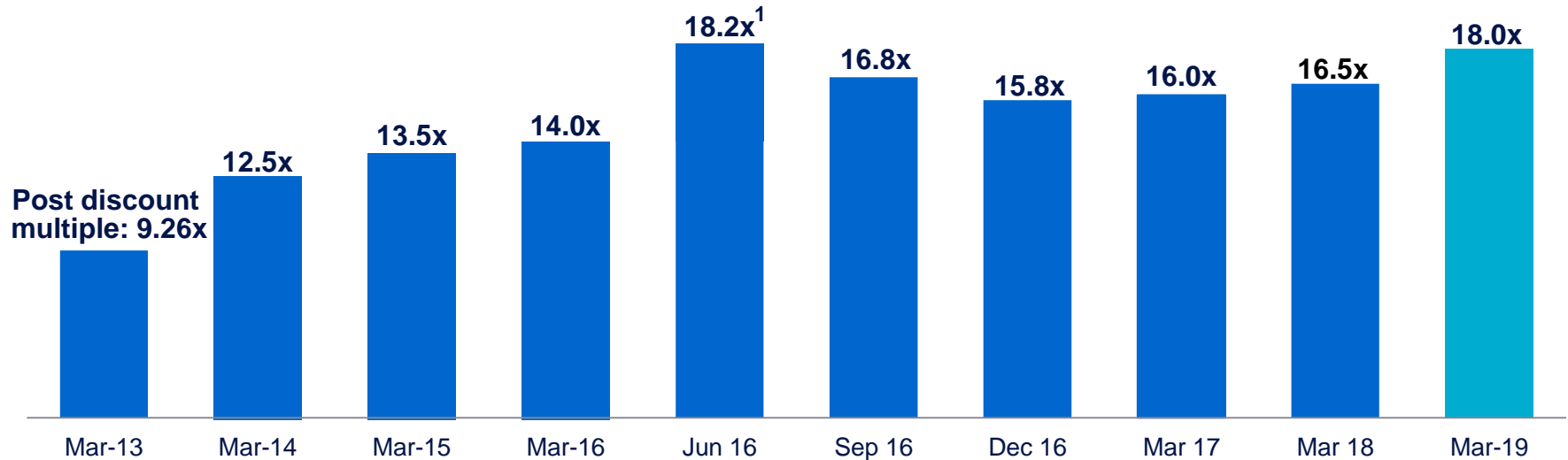
£219m multiple change: £260m Action, £(41)m rest of portfolio

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

² Multiples are stated post liquidity discount and are based on EBITDA or run-rate EBITDA consistent with the valuation.

³ Other includes legacy investments and investments valued on net asset value.

Private Equity Action valuation



Valuation methodology

- Run-rate earnings to 31 March 2019
- Run-rate multiple: 18.0x (post discount)

**Action value at 31 March 2019 of £2,731 million,
value growth of £701 million in the year**

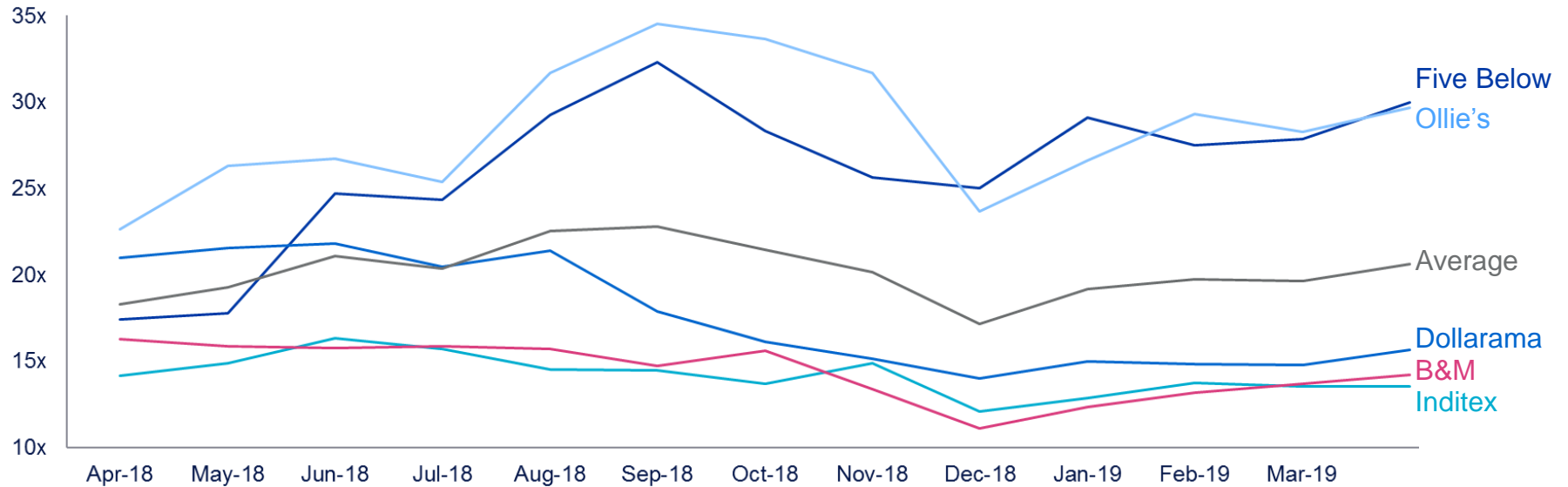
¹ Increase in multiple following third-party interest in June 2016.

Private Equity

Action's comparable set



Action's comparable set EV/LTM EBITDA



Note: Last data point as at 9 May 2019.

Private Equity

Carried interest receivable and payable a function of good performance



Year to/ended 31 March £ million	2019	2018
Income statement		
Carried interest receivable	128	138
Carried interest payable	(206)	(196)
Net total return charge	(78)	(58)
Balance sheet		
Carried interest receivable	609	505
Carried interest payable	(942)	(839)
Net total payable	(333)	(334)
Carried interest cash paid	77	43

Infrastructure

Excellent performance from 3iN



Year to 31 March £ million	2019	2018
Gross investment return	210	113
% of opening portfolio	25%	16%
Contribution from 3iN		
- Dividend and fee income	53	61
- Performance fee	31	90
- Special dividend	–	143

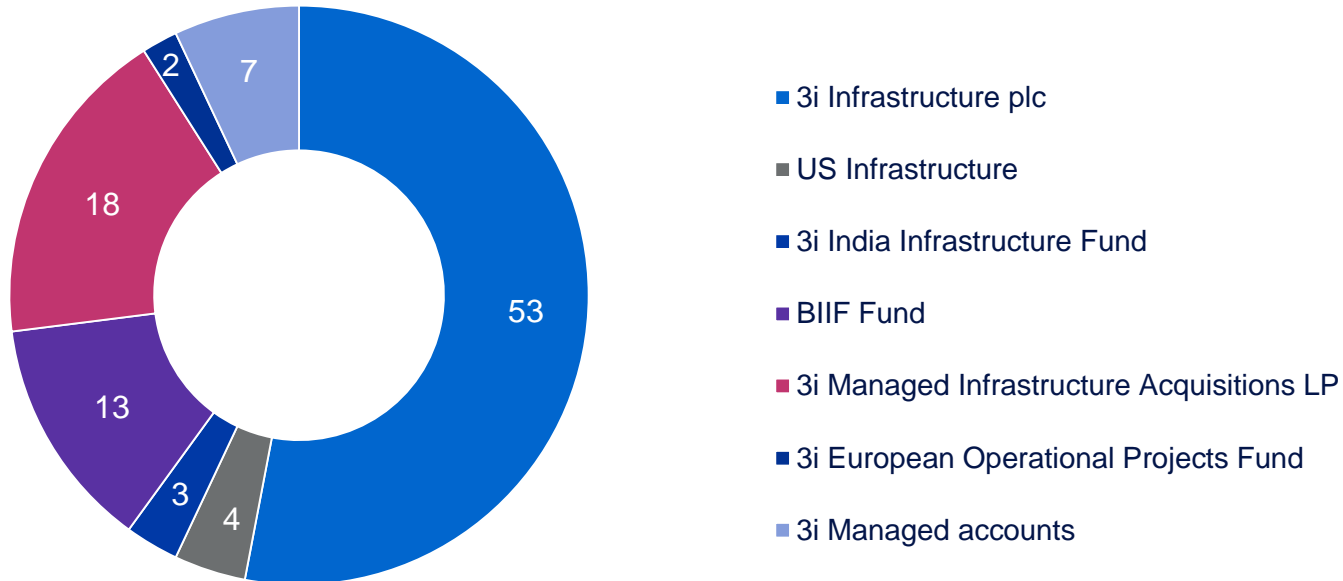
3iN: 29% share price increase and £167 million value growth

Infrastructure

AUM of £4.2 billion at 31 March 2019



AUM by fund or strategy (%)



Fee generating AUM increased by £300m from 3i Managed accounts due to investments in Attero and Tampnet



Year to 31 March £ million	2019
Valuation	529
Gain on foreign exchange hedging	21
Dividend income	28

Gross investment return of £49m since reinvestment in June 2018

Operating cash profit



Year to 31 March £ million	2019	2018
Private Equity	45	39
Infrastructure	82	78
Corporate Assets	28	–
Other	–	9
Cash income	155	126
Operating cash expenses	(109)	(115)
Operating cash profit	46	11

Balance sheet remains well funded for investment



Year ended 31 March £ million	2019 Gross Scandlines ¹	2019 Net Scandlines ¹	2018
Investments	(859)	(330)	(827)
Realised proceeds	1,242	713	1,323
Net divestment	383	383	496
Net cash		495	479
Net assets		7,909	7,024
Liquidity ²		1,420	1,404

1 On 21 June 2018, 3i sold its investment in Scandlines for £835m and subsequently re-invested £529m in a 35% stake in the business.

2 Committed investments as at 31 March 2019; Magnitude Software (£139m) and Regional Rail (c.\$112m).

Total dividend set at 35 pence per share



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

- maintaining our conservative balance sheet strategy, which excludes structural gearing at the Group level
- careful consideration of the outlook for investments and realisations and market conditions

Second FY2019 dividend of 20 pence per share brings total dividend for the year to 35 pence per share.



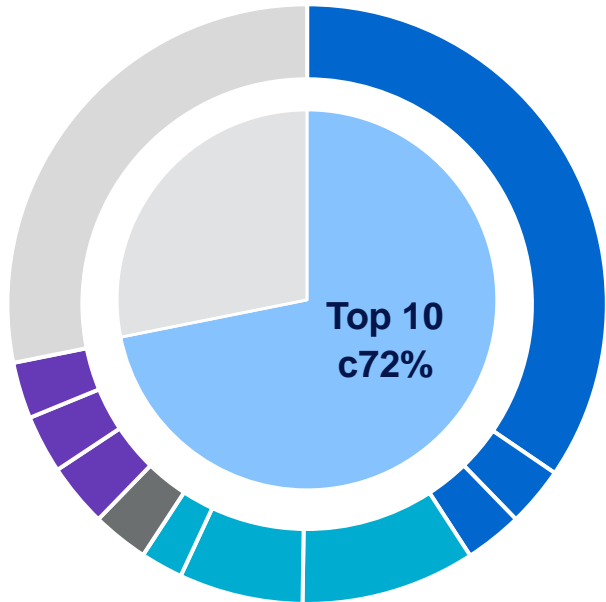
Additional information

Capital allocation

Our portfolio is defensively positioned for the current environment



NAV as at 31 March 2019



Top 10 assets as at 31 March 2019

Value at 31 Mar 2019 (£m) % of NAV at 31 Mar 2019

Value-for-money

Action	2,731	34.5%
Basic-Fit	254	3.2%
Hans Anders	246	3.1%

Infrastructure / essential services

3iN	744	9.4%
Scandlines	529	6.7%
Smarte Carte	181	2.3%

Consumer staple end markets

WP	241	3.0%
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Favourable demographics

Audley Travel	270	3.4%
Cirtec Medical	248	3.1%
Q Holding	241	3.0%

Total	5,685	71.7%
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Flexible approach to capital allocation allows us to position the portfolio to withstand economic headwinds and benefit from emerging secular growth trends

Our post-restructuring track record



	Year to 31 March 2019	Year to 31 Mar 2018	Year to 31 Mar 2017 ¹	Year to 31 Mar 2016 ¹	Year to 31 Mar 2015 ¹	Year to 31 Mar 2014 ¹	Year to 31 Mar 2013 ¹	Year to 31 Mar 2012 ¹
Total return	£1,252m	£1,425m	£1,592m	£824m	£659m	£478m	£373m	£(656)m
% over opening net asset value	18%	24%	36%	22%	20%	16%	14%	(20)%
Diluted NAV per share	815p	724p	604p	463p	396p	348p	311p	279p
Cash realisations	£1,261m²	£1,277m	£1,308m	£718m	£841m	£671m	£606m	£771m
Cash investment	£859m²	£827m	£638m	£433m	£369m	£276m	£126m	£646m
3i portfolio value	£7,553m	£6,657m	£5,675m	£4,497m	£3,877m	£3,565m	£3,295m	£3,204m
Net cash/(debt)	£495m	£479m	£419m	£165m	£49m	£(160)m	£(335)m	£(464)m
Dividend per share	35.0p	30.0p	26.5p	22.0p	20.0p	20.0p	8.1p	8.1p

Careful investment and active asset management combined with a lean platform are generating strong returns

¹ As reported. Figures not restated to reflect the sale of Debt Management.

² Gross of our £529m reinvestment in Scandlines.

We are nimble and responsive to external conditions

Flexible approach to capital allocation, origination and portfolio construction



2012

Now

Private Equity

- Europe, Americas, Asia
- Broad range of sectors
- 124 portfolio companies
- £3.5bn proprietary capital invested
- £5.3bn AUM

- ✓ Narrowed investable universe
- ✓ Focused on key megatrends
- ✓ Reshaped portfolio
- ✓ Added Healthcare sector

- Northern Europe, North America
- 4 sectors
- 32 portfolio companies
- £6.0bn proprietary capital value
- £8.3bn AUM

Infrastructure

- Europe, India
- 2 investment vehicles
- £0.5bn proprietary capital invested
- £1.7bn AUM

- ✓ Bought Barclays PPP business
- ✓ Early focus on “Core +”
- ✓ Sold out of regulatory risk
- ✓ New team in North America
- ✓ Raised MIA and EOPF

- Europe, North America
- 5 investment vehicles and other managed accounts
- £1.0bn proprietary capital value
- £4.2bn AUM

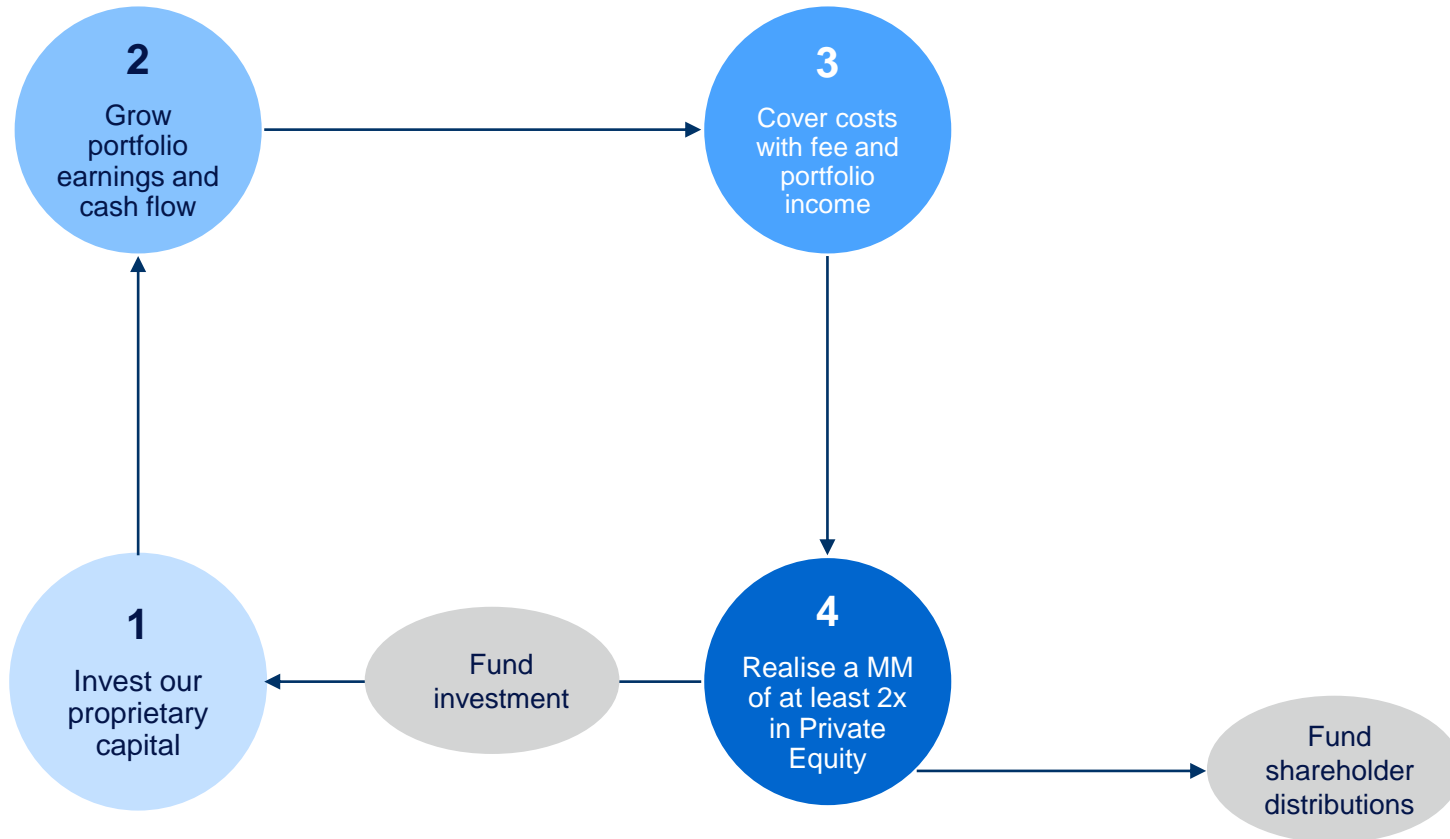
Debt Management

- Europe, US
- £0.1bn capital invested
- £3.4bn AUM

- ✓ Assessed long-term opportunity
- ✓ Sold business to Investcorp

Our business model – delivering sustainable returns

Capable of delivering mid-teen returns to shareholders across the cycle

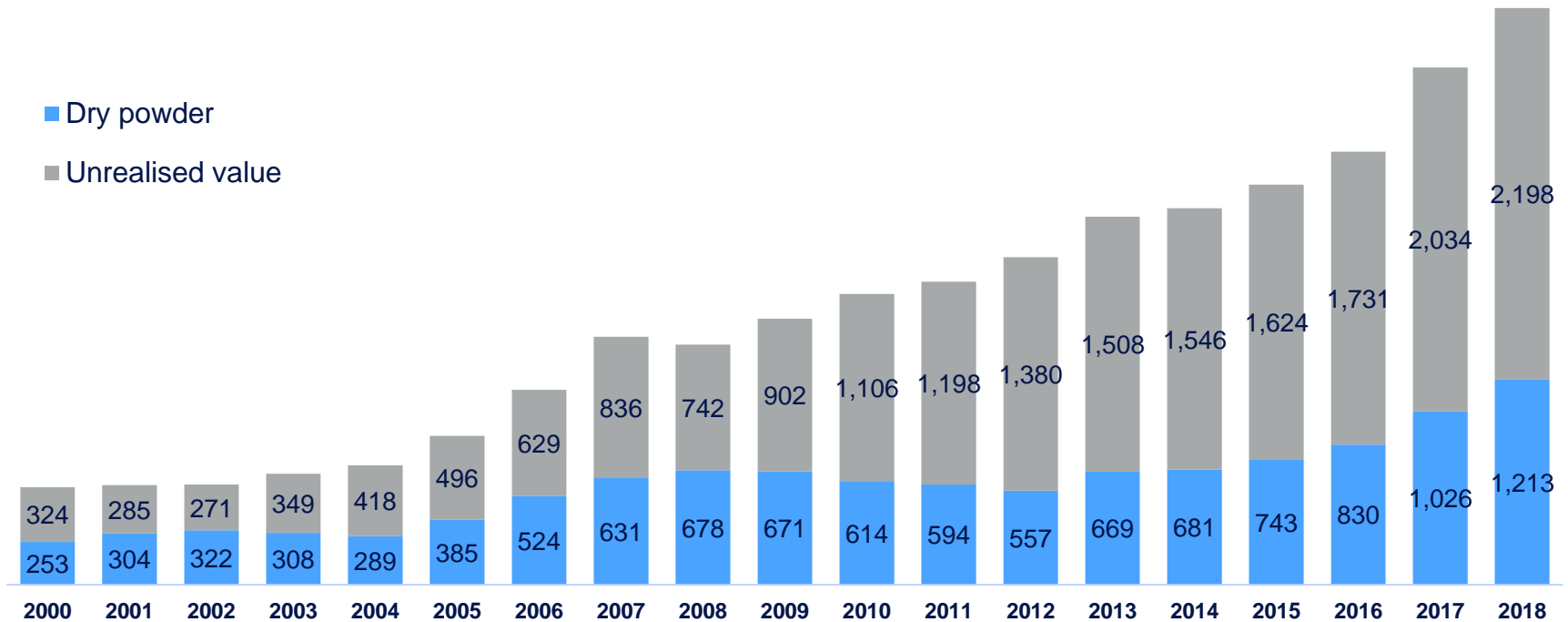


Private equity market context

Dry powder remains at all time highs



Global private equity assets under management (\$bn), 2000-2018

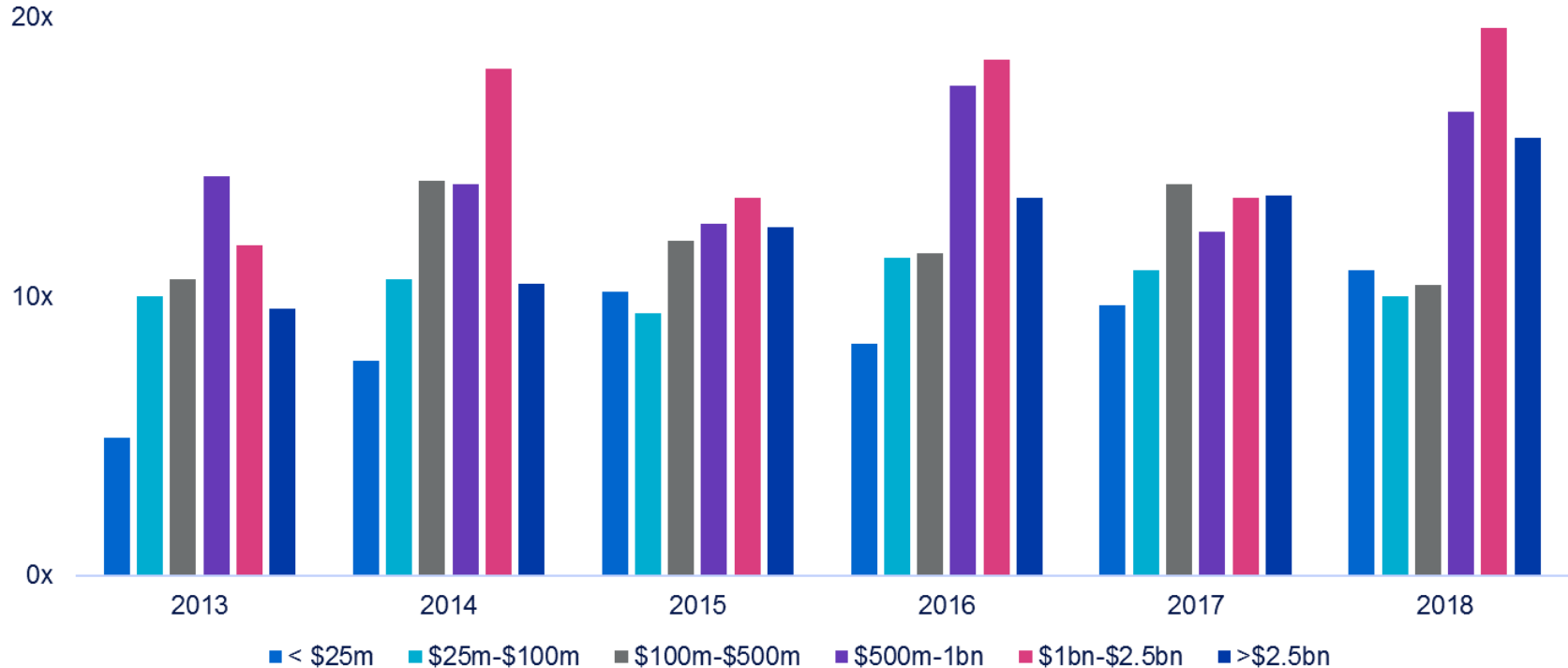


Private equity market context

Smaller companies trade for lower multiples



Median EBITDA purchase price multiple for global buyout transactions, by deal size

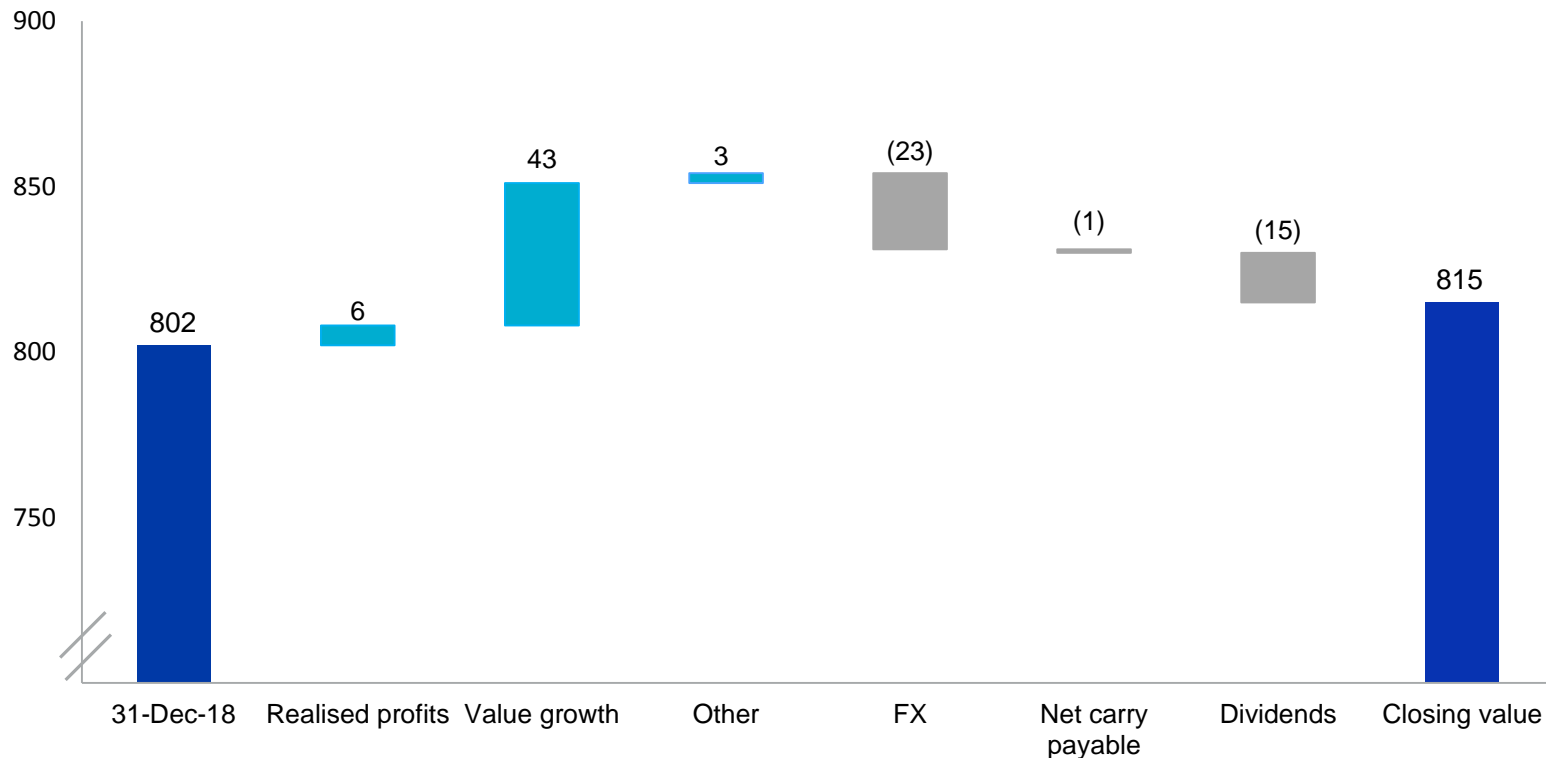


Source: Bain & Company Global Private Equity Report, with data sourced from PitchBook Data, Inc

Q4 NAV increased from 802 pence to 815 pence



NAV per share (pence)



1 Other include portfolio income, third party fee income, operating costs and the fair value movement on FX hedging derivatives.

3i Group

20 large investments

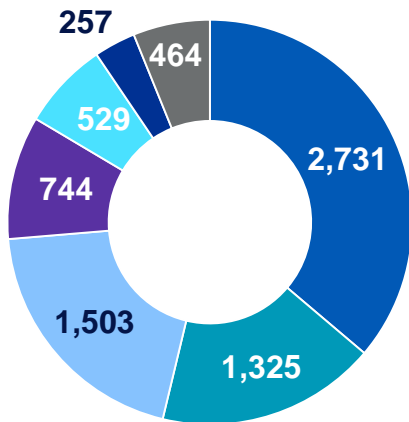


Investment	Business description	Valuation Mar 18 £m	Valuation Mar 19 £m
Action	Non-food discount retailer	2,064	2,731
3i Infrastructure plc	Quoted investment company, investing in infrastructure	581	744
Scandlines	Ferry operator between Denmark and Germany	n/a	529
Audley Travel	Provider of experiential tailor-made travel	233	270
Basic-Fit	Discount gyms operator	270	254
Cirtec Medical	Outsourced medical device manufacturing	190	248
Hans Anders	Value-for-money optical retailer	189	246
Q Holding	Manufacturer of precision engineered elastomeric components	229	241
WP	Supplier of plastic packaging solutions	244	241
Smarte Carte	Provider of self-serve vended luggage carts, electronic lockers and concession carts	167	181
Ponroy Santé	Manufacturer of natural healthcare and cosmetics products	145	174
AES Engineering	Manufacturer of mechanical seals and support systems	139	172
Formel D	Quality assurance provider for the automotive industry	133	169
ICE	Global travel and loyalty company that connects leading brands, travel suppliers and end consumers	n/a	155
BoConcept	Urban living designer	137	152
Royal Sanders	Private label and contract manufacturing producer of personal care products	n/a	147
ACR	Pan-Asian non life reinsurance	129	129
Lampenwelt	Online lighting specialist retailer	111	119
Tato	Manufacturer and seller of speciality chemicals	114	117
Aspen Pumps	Manufacturer of pumps and accessories for the air conditioning, heating and refrigeration industry	108	103

Group investment portfolio

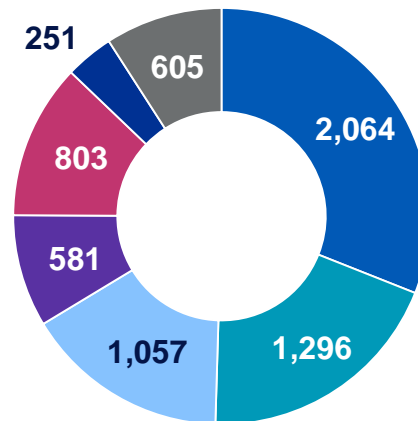


Portfolio value at 31 March 2019 (£m)



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

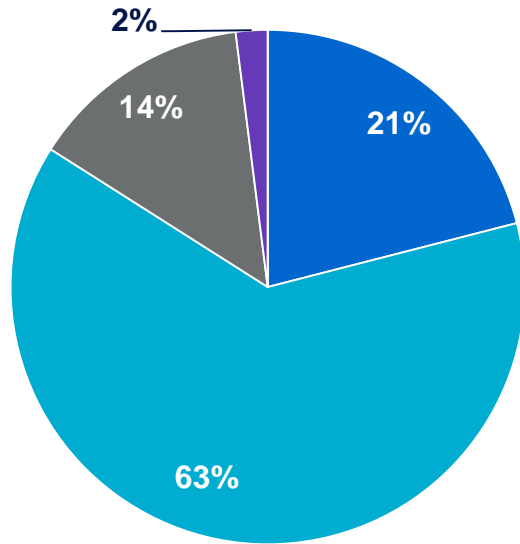
Portfolio value at 31 March 2018 (£m)



- Action
- 2013-2016 Private Equity
- 2016-2019 Private Equity
- 3iN
- Scandlines
- Other infrastructure
- Other

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

Net asset exposure by currency



Currency	Net assets	Change YTD	Impact
Sterling	£1,657m	n/a	n/a
Euro ²	£4,966m	1.7%	£(63)m
US dollar	£1,098m	(7.6)%	£68m
Danish krone	£152m	1.9%	£(3)m
Other ¹	£36m	n/a	£(2)m
Total	£7,909m		-

■ Sterling/non-revaluing ■ Euro ■ US dollar ■ Danish krone

1% movement in euro = £45 million, 1% in US dollar = £11 million

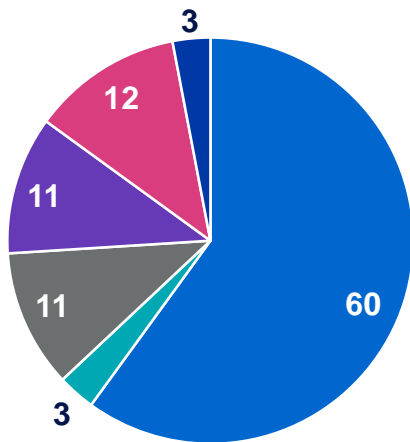
¹ Other mainly includes Indian rupee and Swedish krona.

² Net of impact of FX hedging derivatives.

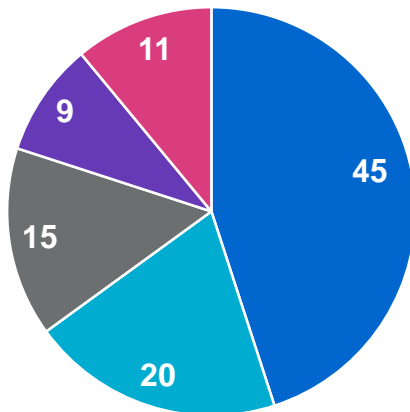
Private Equity portfolio by value



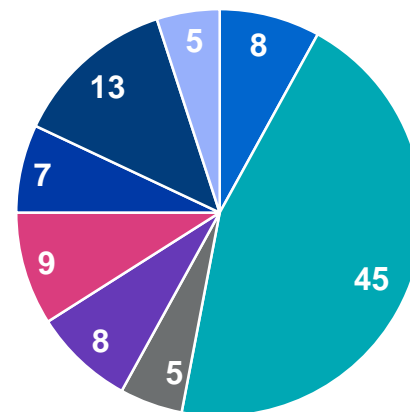
By Office Location (%)



By sector (%)



By Vintage (%)



- Benelux
- UK
- France
- US
- Germany
- Others

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

- Pre 2012
- 2012
- 2014
- 2015
- 2016
- 2017
- 2018
- 2019

Portfolio of 32 investments, down from 36 at 31 March 2018

* Business and Technology Services.

Private Equity

Proprietary capital and external funds



Vintage ¹	Proprietary capital value at 31 Mar 2019	Vintage multiple at 31 Mar 2019
Buyouts 2010-2012	£2,679m	8.5x
Growth 2010-2012	£25m	2.1x
2013-2016	£1,325m	2.3x
2016-2019	£1,503m	1.2x
Other	£491m	n/a
Total proprietary capital value	£6,023m	

External fund	Close date	Original fund size	Original 3i commitment	Remaining 3i commitment at Mar 2019	% invested at Mar 2019	Gross money multiple at Mar 2019 ²	External funds value	Fee income received in the year
3i Eurofund V	Nov 06	€5,000m	€2,835m ³	€81m	96%	2.8x	£2,081m	£2m
3i Growth Capital Fund	Mar 10	€1,192m	€800m	€346m	53%	1.9x	£11m	-
Other	various	various	various	n/a	n/a	n/a	£180m	£2m
Total external value							£2,272m	£4m

1 Assets in these vintages are disclosed on page 161 of the Annual report.

2 The money multiple is calculated as the cumulative distributions plus any residual value divided by paid-in capital.

3 Including additional stakes purchased in Eurofund V.

Infrastructure

Assets under management

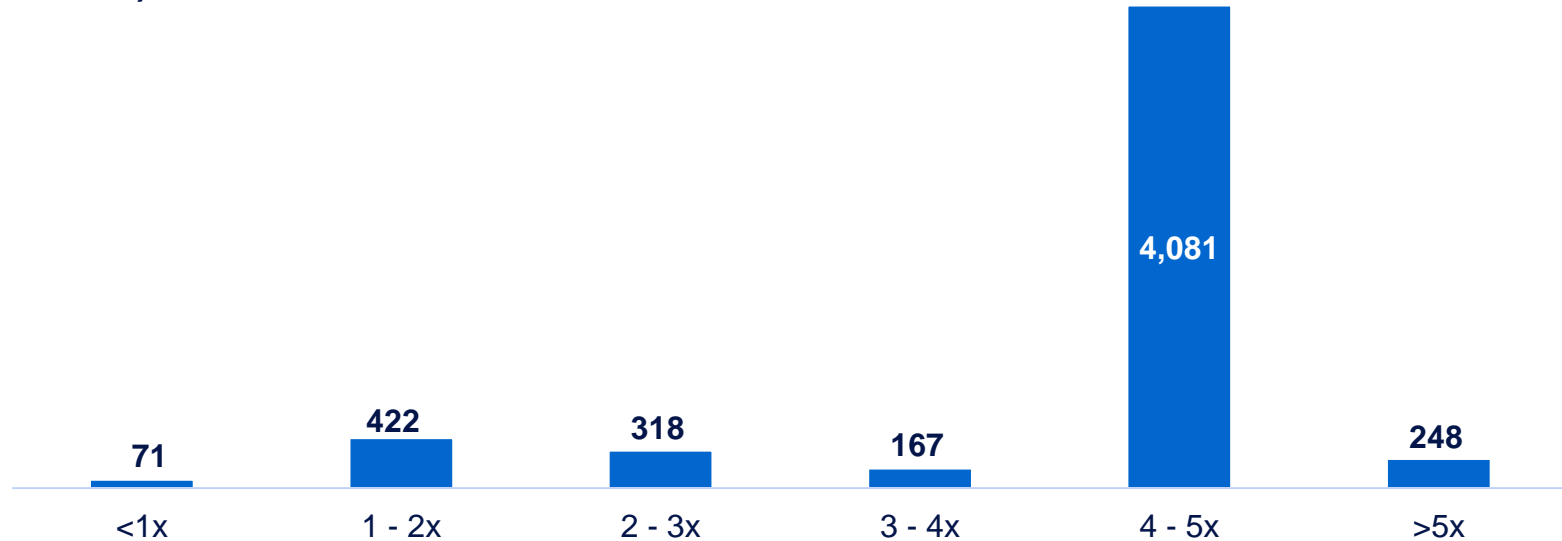


	Close date	Fund size	3i commitment/ share	Remaining 3i commitment at March 2019	% invested at March 2019	AUM ¹	Fee income received in the year
3iN ¹	Mar 07	n/a	£744m	n/a	n/a	£2,232m	£31m
3i Managed Infrastructure Acquisitions LP	Jun 17	£698m	£35m	£5m	86%	£751m	£6m
3i European Operational Projects Fund	Apr 18	€456m	€40m	€31m	22%	£96m	£1m
3i India Infrastructure Fund	Mar 08	US\$1,195m	US\$250m	\$35m	73%	£110m	£4m
BIIF	May 08	£680m	n/a	n/a	90%	£528m	£5m
3i Managed accounts	Various	n/a	n/a	n/a	n/a	£300m	£2m
US Infrastructure	Various	n/a	n/a	n/a	n/a	£181m	-
Total Infrastructure AUM						£4,198m	£49m

¹ 3iN AUM is based on share price at 31 March 2019. In all other cases, AUM is based on NAV.



Ratio of total net debt to earnings by 3i carrying value at 31 March 2019¹ (£ million)



3.7x portfolio leverage excluding Action

¹ This represents 88% of the Private Equity portfolio by value (31 March 2018: 88%). Quoted holdings, deferred consideration and companies with net cash are excluded from the calculation.