



Results for the six months to 30 September 2023

9 November 2023



Business review

Simon Borrows
Chief Executive



Resilient performance in a challenging market

Six months to 30 September 2023



Group

Total return
on equity

10%

NAV
per share

1,886p

Private Equity

Gross investment
return

11%

Infrastructure

Gross investment
return

2%

Gearing

6%

First FY24
dividend per share

26.50p

% of portfolio value
growing earnings¹

89%

Cash income

£62m

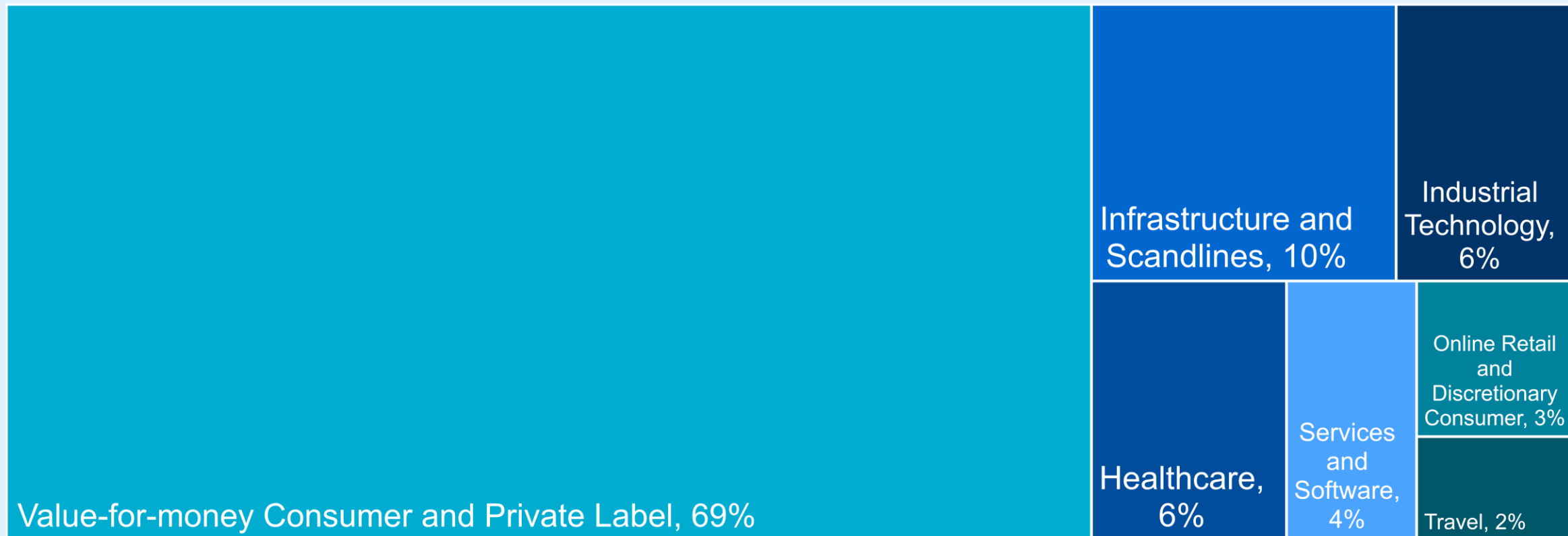
¹ Based on LTM adjusted earnings to June 2023. Includes 31 companies.

Careful portfolio construction

Our portfolio delivers resilience across the economic cycle



Portfolio at 30 September 2023



Value-for-money, Private Label, Infrastructure and Healthcare represent ~85% of portfolio



Exceptional performance at Action, resilient performance across rest of portfolio

- 11% gross investment return for the portfolio overall
- 15% gross investment return for Action
- 89%¹ of portfolio growing earnings in the 12 months to June 2023

Portfolio performing resiliently in a challenging environment, with pockets of weakness...

- Strong performance for value-for-money, private label and healthcare portfolio
- Companies with discretionary consumer, construction and recruitment exposure face more challenging trading conditions

...and well positioned to continue to deliver attractive returns across the cycle

- Managed actively by 3i
- Exposed to long-term megatrends
- Prudently valued, funded and hedged for interest rate risk



Portfolio earnings growth of top 20 PE investments (97% of PE portfolio by value)¹



¹ Includes top 20 Private Equity companies by value excluding ten23 health. This represents 97% of the Private Equity portfolio by value (31 March 2023: 96%). LTM adjusted earnings to 30 June 2023 and Action based on LTM run-rate earnings to P9 2023. P9 2023 runs to 1 October 2023.

Private Equity

Divergence in performance across the portfolio



Largest value increases (>£20m)

Portfolio company	Value growth (excl FX)	Value at 30 Sep 2023	Driver of value movement
Action	£1,810m	£12,862m	Performance
Royal Sanders	£121m	£486m	Performance
European Bakery Group	£96m	£207m	Performance, Multiple
AES	£45m	£396m	Performance
Q Holding	£27m	£145m	Performance
ten23 health	£25m	£149m	Performance
Cirtec Medical	£21m	£579m	Performance

Largest value declines (>£20m)

Portfolio company	Value decline (excl FX)	Value at 30 Sep 2023	Driver of value movement
Tato	£81m	£330m	Performance
Luqom	£52m	£225m	Performance, Multiple
WilsonHCG	£42m	£156m	Performance, Multiple
Basic-Fit	£31m	£88m	Other
YDEON	£21m	£16m	Performance, Multiple

Performance
 Multiple
 Other

Private Equity

Action – strong trading to P9 and P10



- Strong trading YTD to P9 (1 October 2023)
 - Net sales of €7,912m, up 31% on PY
 - Operating EBITDA of €1,065m, up 44% on PY
 - LFL sales growth of 19.2%
 - 153 stores added, vs 150 in PY
- Performance sustained YTD to P10 (29 October 2023)
 - Net sales of €8,848m, up 30% on PY
 - Operating EBITDA of €1,212m, up 43% on PY
 - LFL sales growth of 18.5%
 - 185 stores added, vs 180 in PY



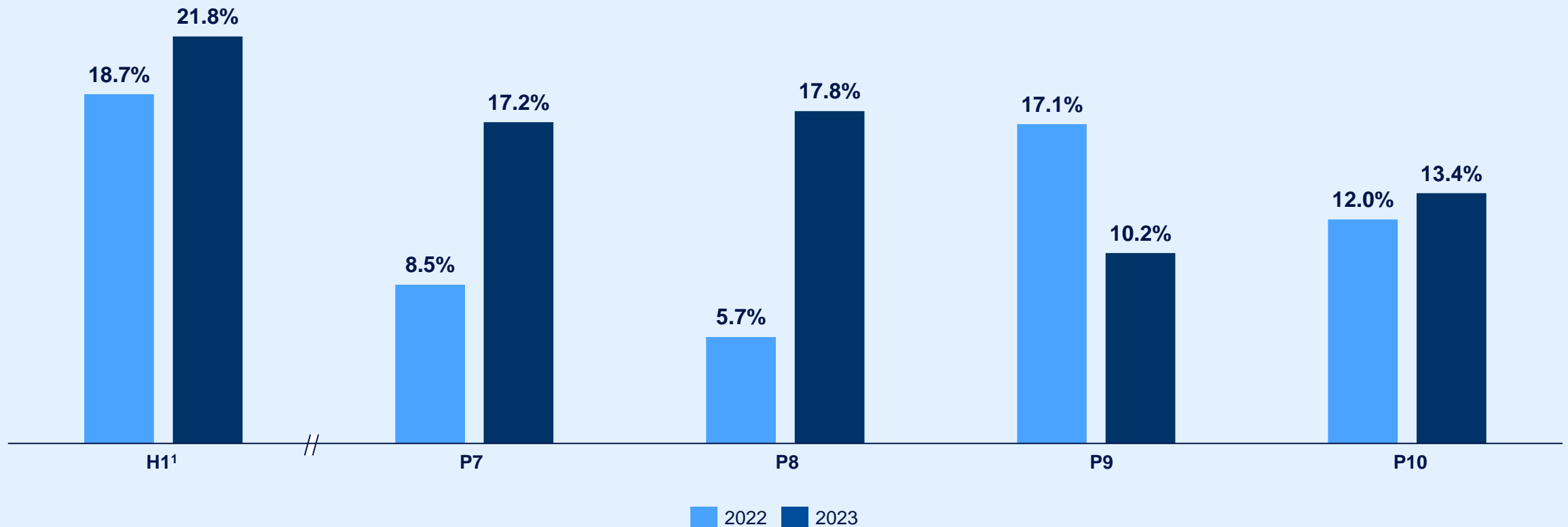
Strong profitability to the end of P10 as a result of operational leverage and tight cost control

Private Equity

Action – strong LFL sustaining with tough November and December comparables ahead



LFL sales growth by period



Source: Company information.

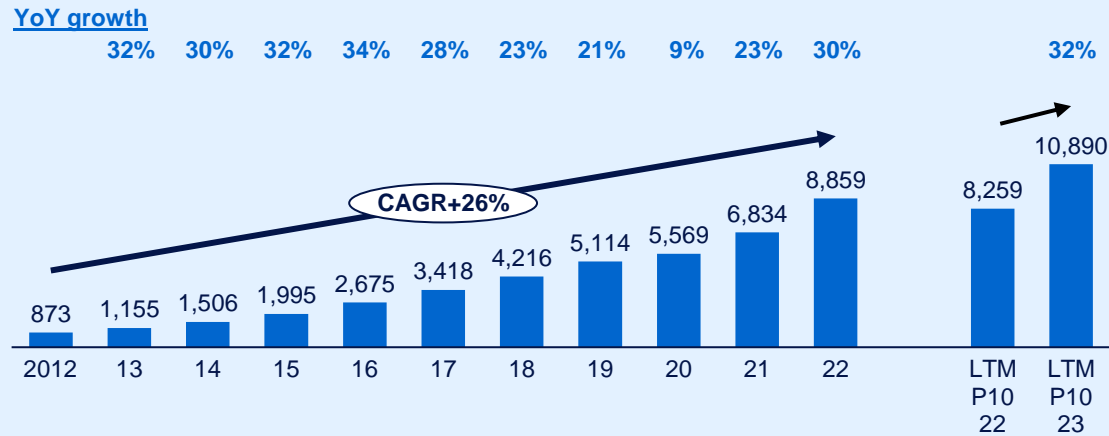
1 H1 LFL sales growth based on YTD P6 LFL sales growth in 2023 and 2022, respectively.

Private Equity

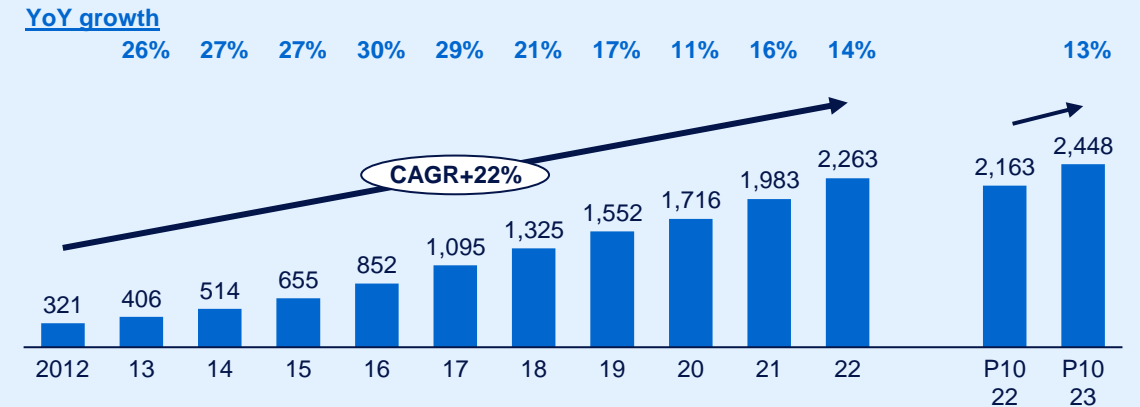
Action – results to P10 2023 indicate another very strong year



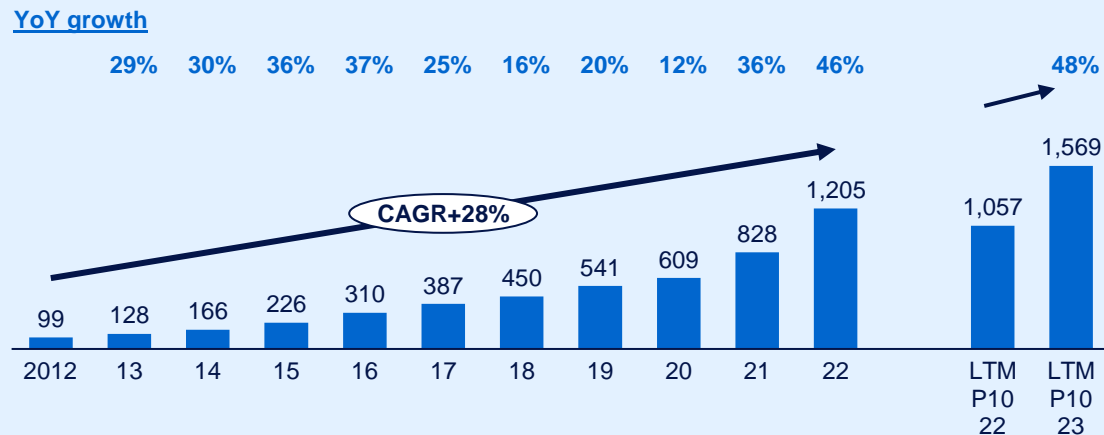
Net sales (€m)



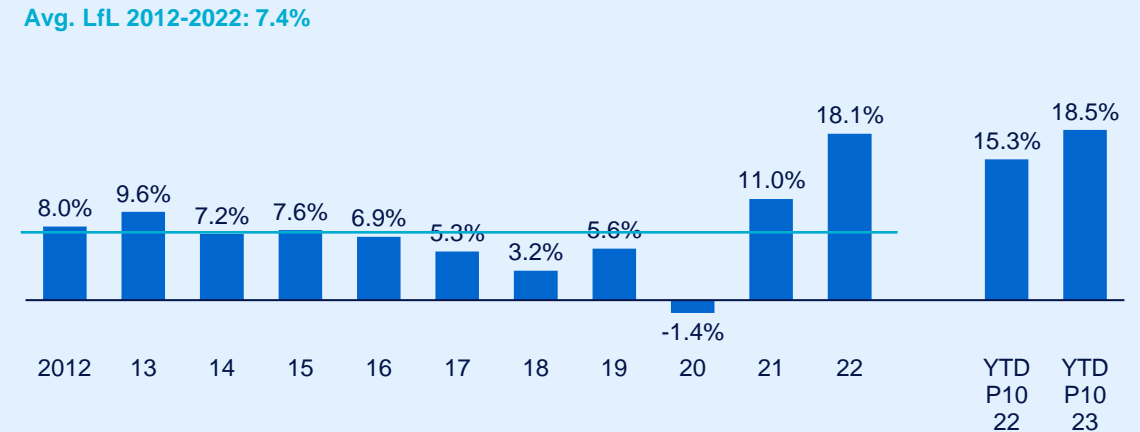
Stores



Operating EBITDA (€m)



LfL sales growth (%)



Private Equity

Action - \$1,500m USD TLB issuance completed in October



Transaction overview

Size • \$1,500m achieved vs \$1,000m initial target

Pricing • 325bps margin
• 25bps margin reduction vs initial indications

Maturity 2030

Cost • Fully hedged back to Euro
• 70% fixed at an all-in Euro cost of 6.3%

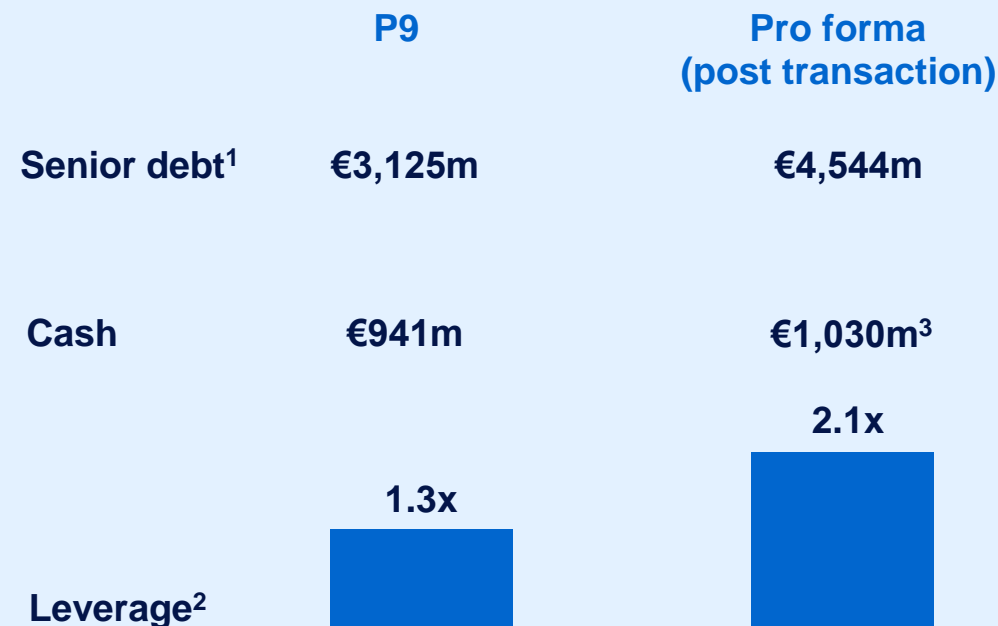
Rating • BB (upgraded) – S&P
• Ba2 (upgraded) – Moody's

1 Excludes €500m undrawn RCF.

2 Net debt / run-rate EBITDA.

3 As at 3 November 2023.

Leverage



Private Equity

Action – capital restructuring/share redemption



Gross proceeds to 3i from pro-rata share redemption

€877m

3i re-investment of proceeds in purchase of Action shares

€524m

Net proceeds

€353m

3i interest in Action

From 52.9% to **54.8%**



Portfolio continues to perform well, but GIR impacted by 3iN's share price volatility

- 2% gross investment return
- Total return of 6.3% for 3iN for the first half, but share price performance remains under pressure
- All vehicles performing ahead of or in line with expectations

Good contribution to operating cash profit

- £62m cash income from fee and portfolio income

Portfolios well positioned to deliver growth in real terms over the cycle

- Broadly counter-cyclical and exposed to defensive sectors
- Prudently funded
- Benefiting from positive correlation to inflation

3i Infrastructure plc

- 6.3% total return in H1, on track to meet annual return objective of 8-10% and dividend target for the year
- Strong trading from Tampnet, TCR and Valorem, offsetting weaker performance at DNS:NET
- Announced sale of Attero at c.31% uplift from March 2023 valuation



North American infrastructure

- Good progress with North American infrastructure platform
 - New investment in AmWaste
 - Further acquisition of rail assets for Regional Rail
 - Asset performance in line with or ahead of expectations





Financial review

James Hatchley
Group Finance Director

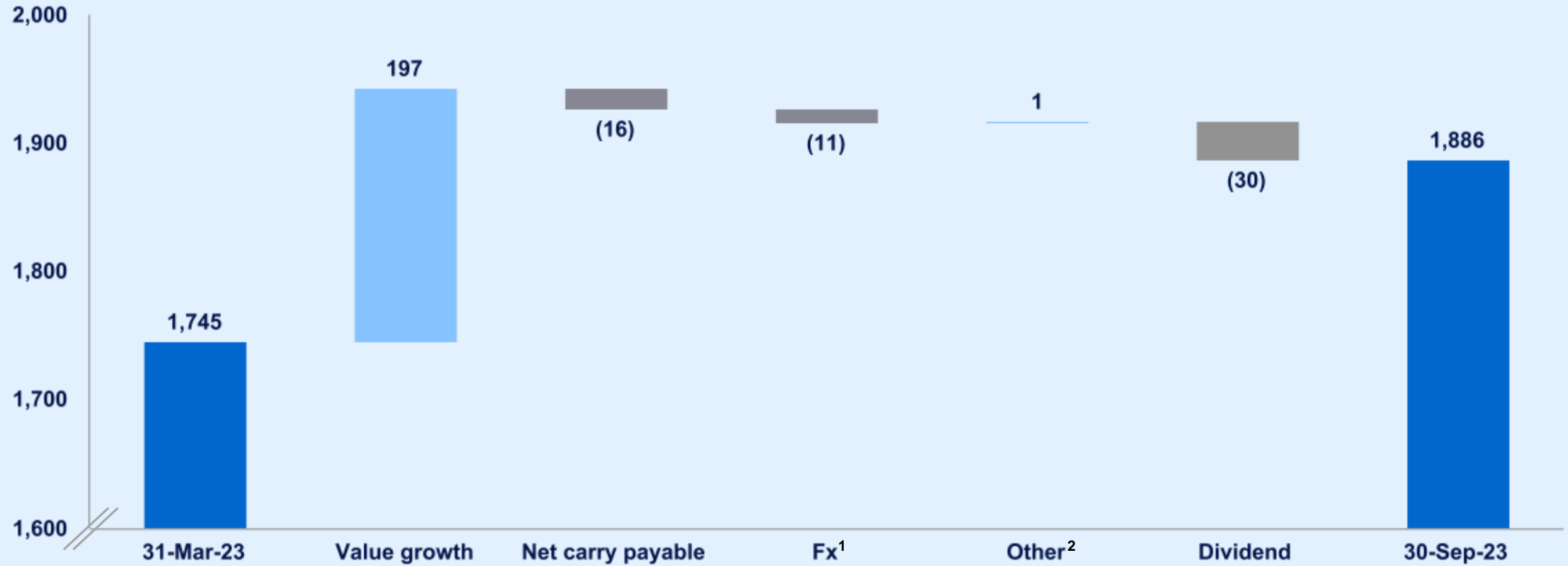


NAV per share progression

Total return on equity of 10% for the half



NAV per share (pence)



NAV per share up 8% to 1,886 pence

¹ FX net of derivatives.

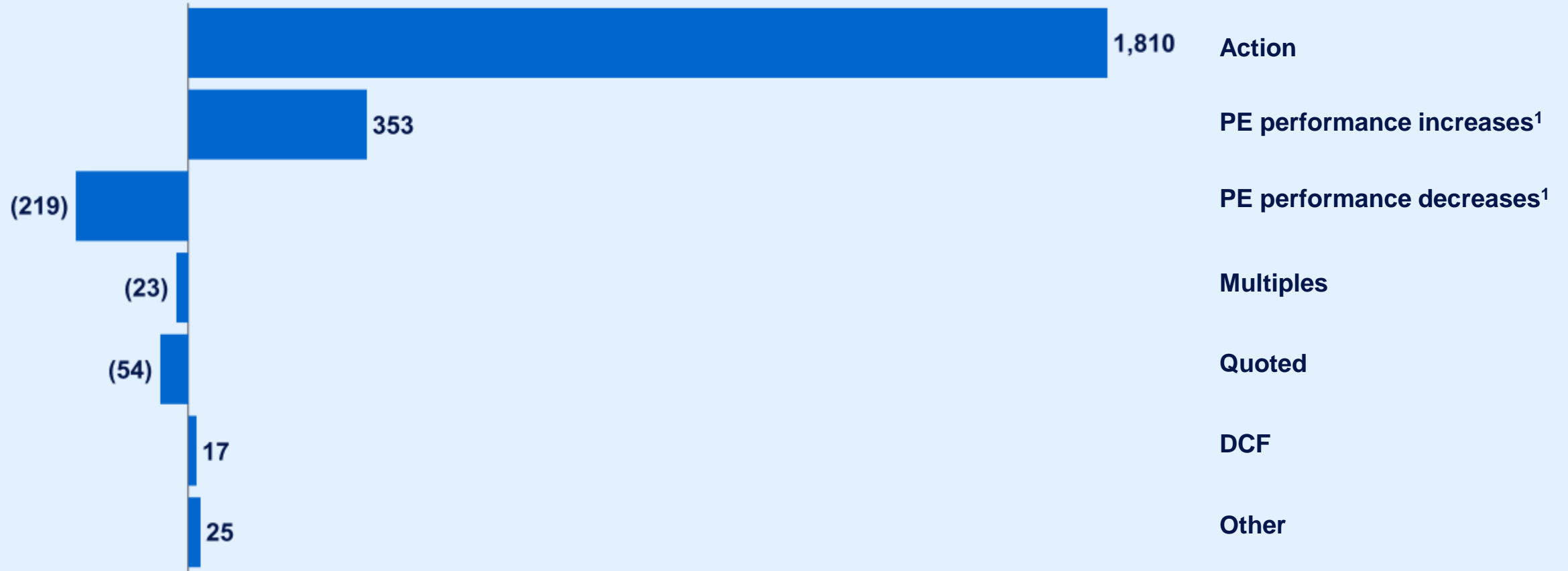
² Other includes portfolio income, third-party fee income and operating costs.

Good value growth despite challenging macroeconomic and geopolitical climate

£1.9bn value increase driven by Action's performance



Value movement by basis excluding FX (£ million)

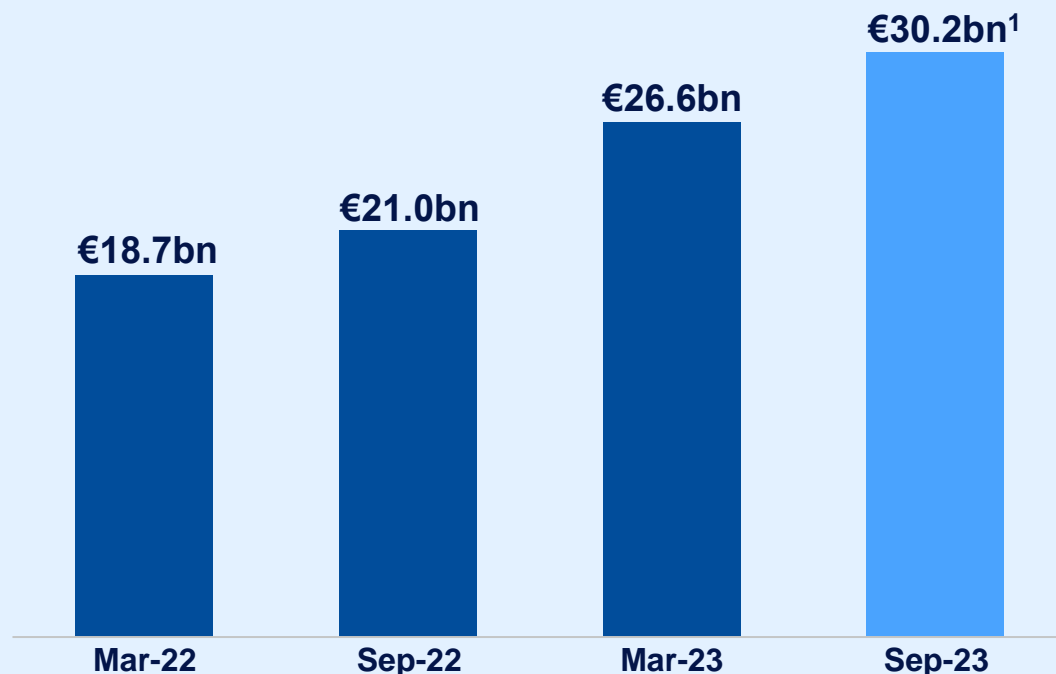


Portfolio value of £20.3 billion

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



Enterprise value (post discount)



- LTM Operating EBITDA to P9 2023 of €1,530m
- LTM run-rate EBITDA of €1,634m
- Net debt of €2,184m at 30 September 2023
- 18.5x (Mar-23: 18.5x) multiple post discount
- Valuation at 30 September 2023 of £12,862m
- Ownership of Action at 30 September 2023 of 52.9%¹

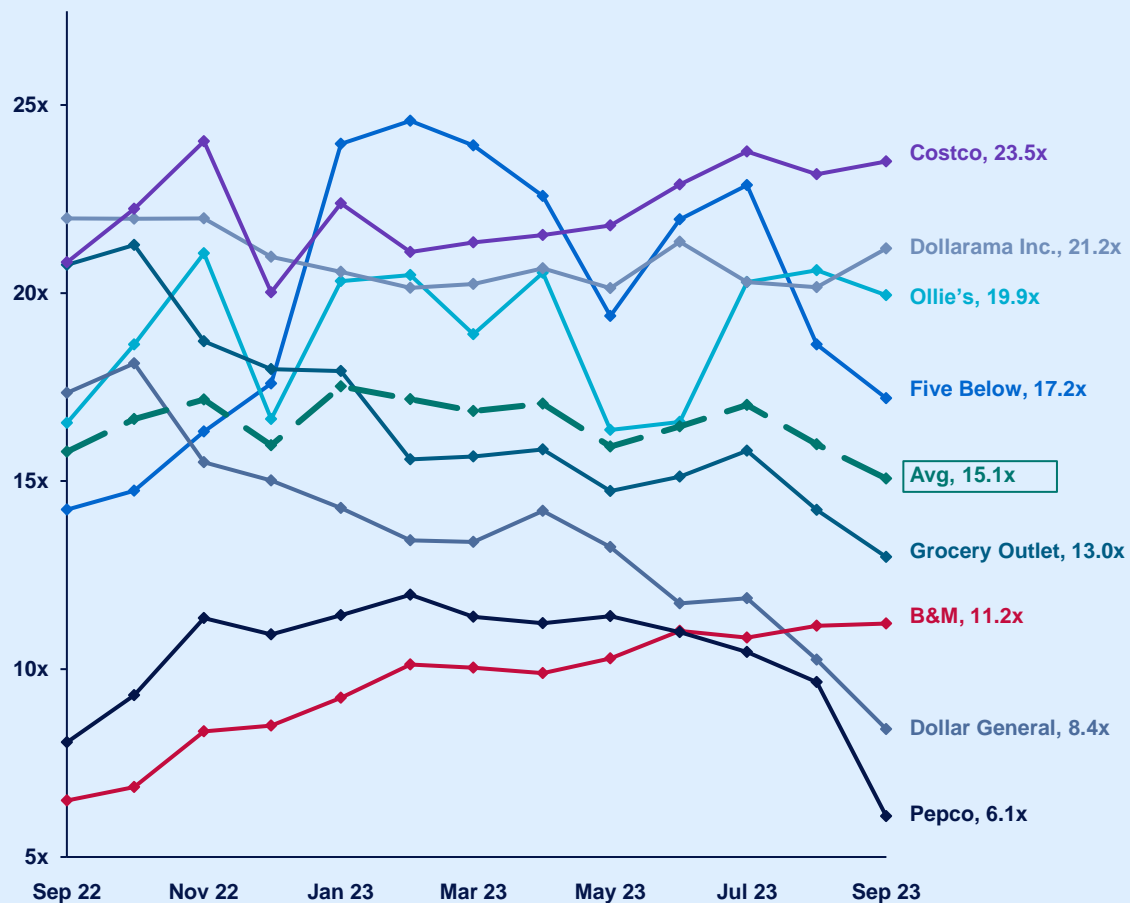
¹ Before acquisition of further shares in Action in November 2023 with proceeds from Action's pro rata share redemption.

Private Equity

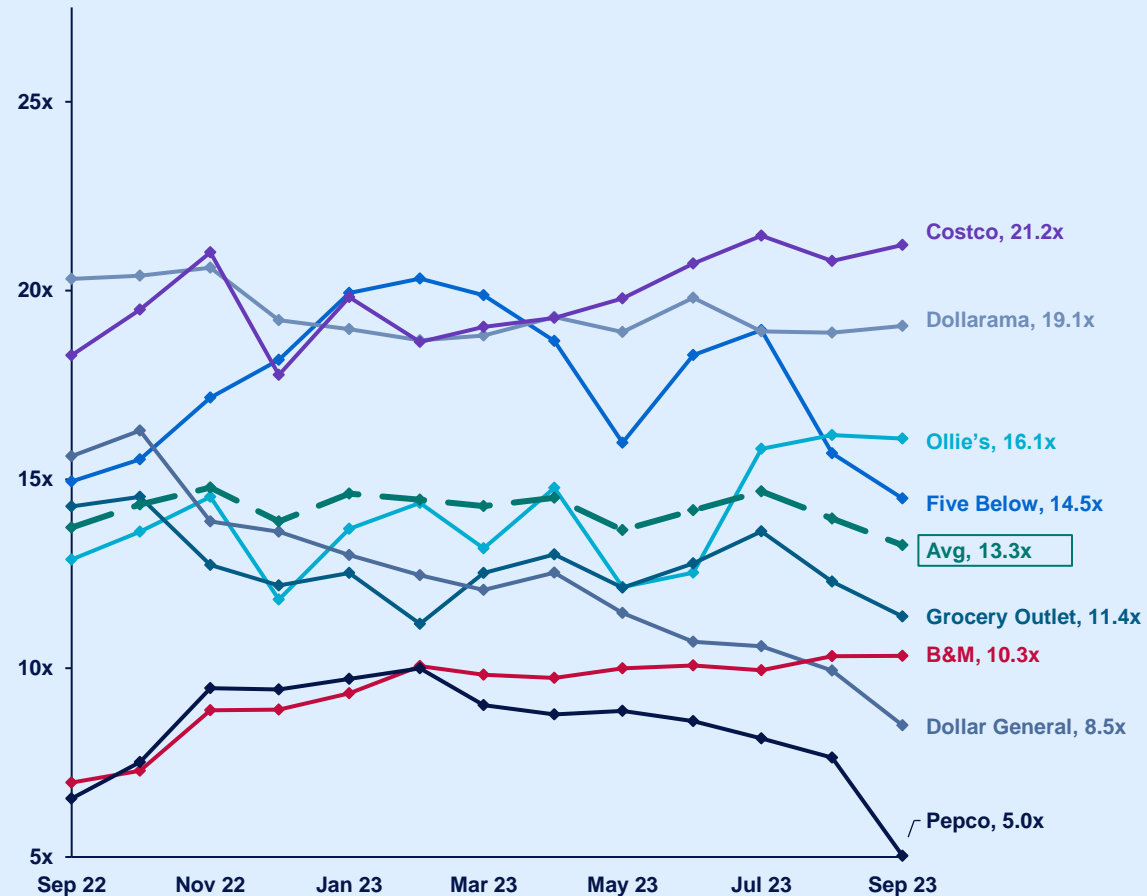
Action – peer group multiples support 18.5x run-rate EBITDA multiple for Action



EV / LTM EBITDA



EV / NTM EBITDA



Valuation at 30 September 2022 translates to 12.8x run-rate EBITDA achieved one year later

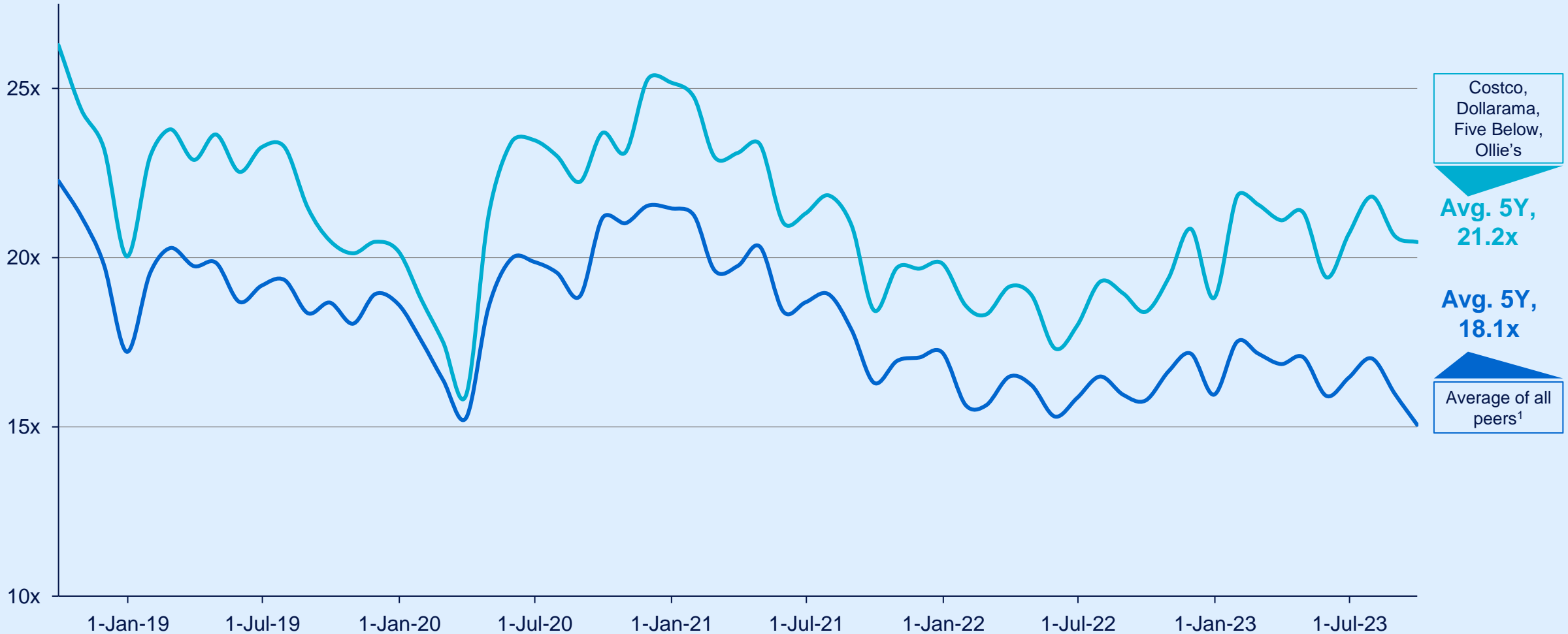
Source: CapIQ.
Based on pre IFRS-16/ASC 842 multiples.

Private Equity

Action – peer group valuation multiples over time



EV / LTM EBITDA over the last five years



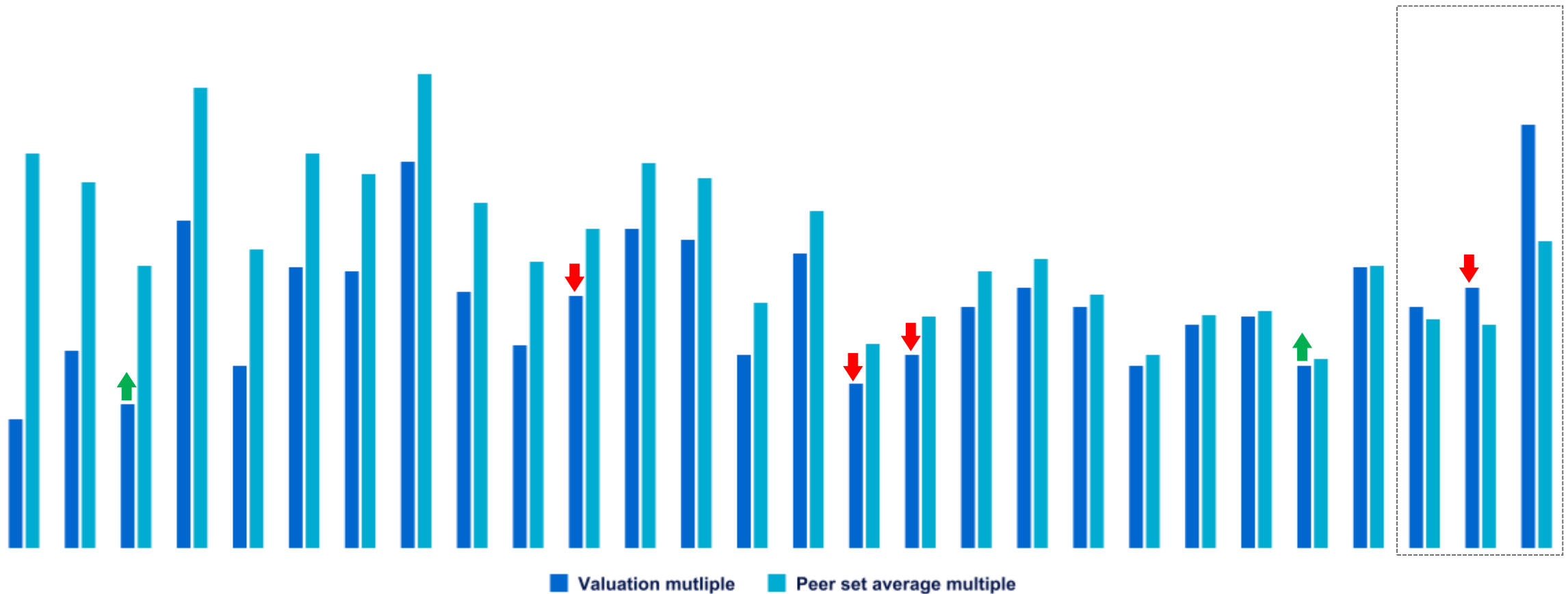
Source: CapIQ.

Based on pre IFRS-16/ASC 842 multiples.

1. Includes B&M Retail, Costco, Dollar General, Dollarama, Five Below, Grocery Outlet, Ollie's Bargain Outlet, Pepco. Peers are included from when multiples are available post IPO (Grocery Outlet – Sep-19 and Pepco – Jun-21).

Private Equity

Valuation multiples continue to compare favourably to average multiples for peer sets¹



**Only three companies have valuation marks above their peer set averages
All multiples are within peer set ranges**

¹ Valuation multiples used for assets valued on an earnings basis compared to a peer group that represents the average of the reference peer groups of 3i's portfolio assets.

Private Equity

Good portfolio performance



Six months to 30 September £ million	2023	2022
Gross investment return	1,826	1,970
of which foreign exchange ¹	(127)	685
GIR % of opening portfolio	11%	16%
Realisations	1	193
Cash investment	50	292

£ million	30 September 2023	31 March 2023
Portfolio Value	18,275	16,425

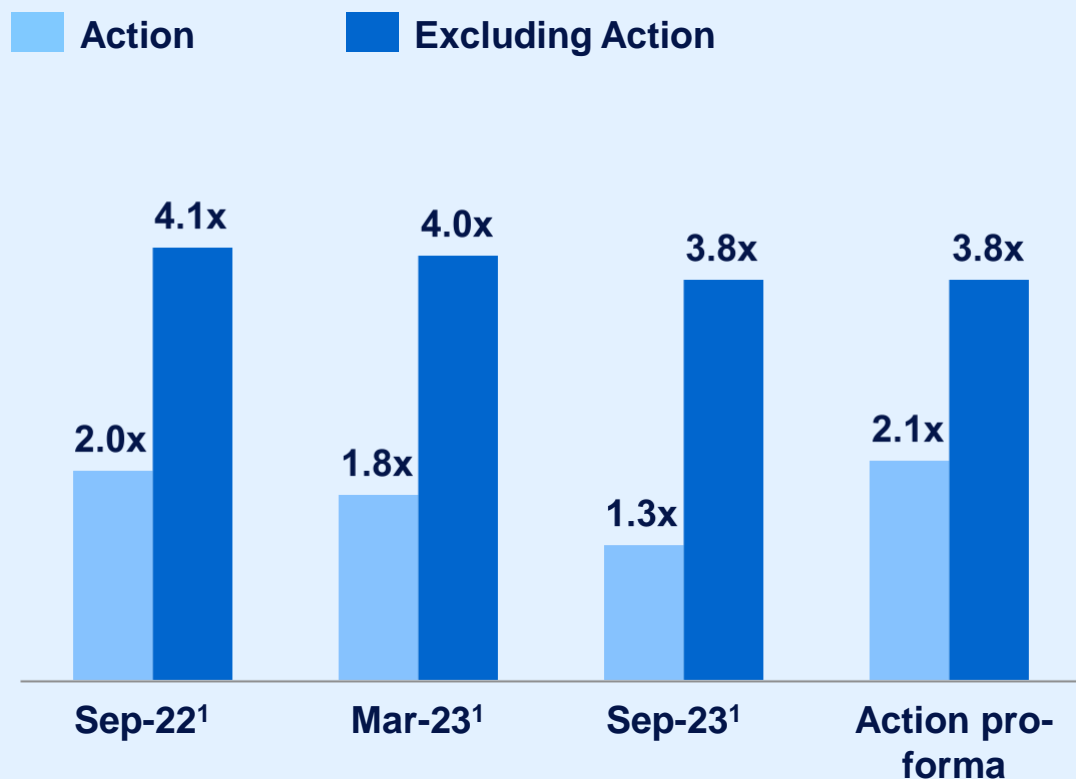
Note: Investment and realisations may differ to the cashflow due to the timing of cash movements.
¹ Including the impact of foreign exchange hedging.

Private Equity

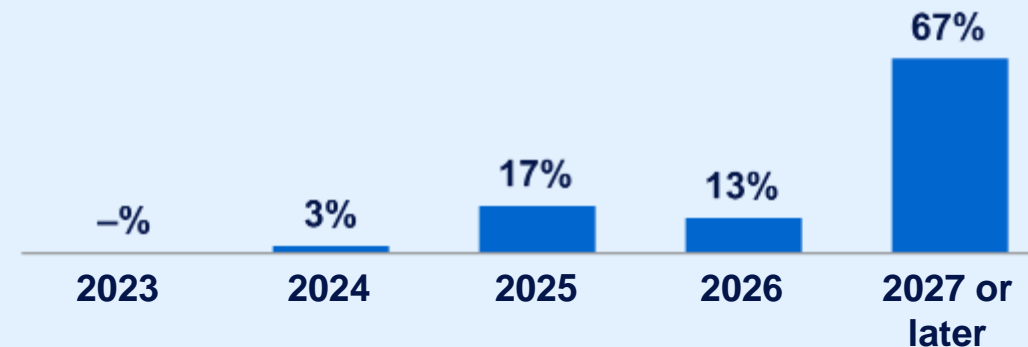
Portfolio leverage remains moderate



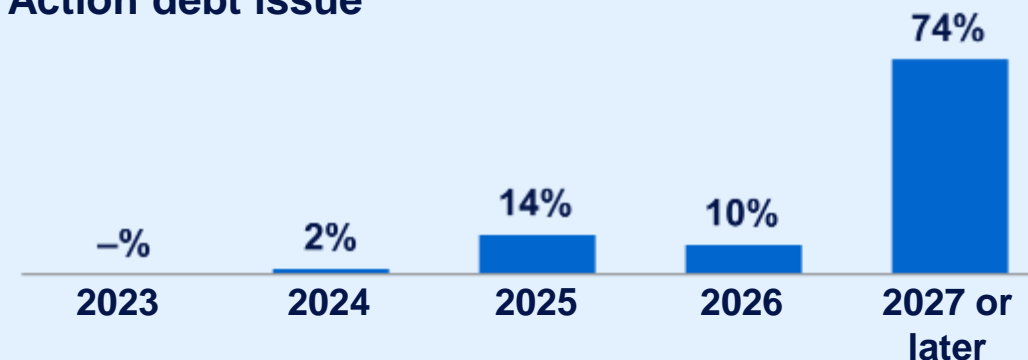
Ratio of total net debt to earnings



Debt maturity (% of value, Sep-2023)



Debt maturity (% of value) pro-forma Action debt issue



Over two thirds of PE portfolio term debt hedged against interest rate risk

¹ This represents 93% (Mar-23: 92%, Sep-22: 87%) of the Private Equity portfolio by value. Quoted holdings and companies with net cash are excluded from the calculation. Net debt and adjusted earnings as of 30 June 2023 (Mar-23: 31-Dec-22, Sep-22: 30-Jun-22) and Action based on net debt and last 12 months run-rate earnings to the end of P9 2023 (Mar-23: P3 2023, Sep-22: P9 2022).

Infrastructure

Solid performance in the period



Six months to 30 September £ million	2023	2022
Infrastructure gross investment return	31	35
Realised loss over value	(3)	–
Unrealised profit/(losses) on revaluations ¹	2	(47)
Dividend and interest income from the portfolio	24	24
Foreign exchange	8	58
GIR % of opening portfolio	2%	3%

£ million	30 September 2023	31 March 2023
Infrastructure portfolio value	1,433	1,409

£ million	30 September 2023	31 March 2023
Scandlines value	547	554

¹ The unrealised value gain of £2 million (2022: £47 million loss) includes a £23 million unrealised value loss from 3iN (2022: £117 million loss) offset by a value gain of £25 million from US Infrastructure and other funds (2022: £70 million).

Operating cash position

Objective to at least break even



Six months to September £ million	2023	2022
Private Equity	16	7
Infrastructure	62	48
Scandlines	10	12
Cash income	88	67
Operating cash expenses ¹	(82)	(84)
Operating cash profit/(loss)	6	(17)

¹ Operating cash expenses includes leases paid.



£20,255m

- Portfolio value
- High quality, well constructed portfolio

£55m

- Gross cash held centrally

£1,208m

- Gross fixed term debt made up of bonds expiring 2029, 2032 and 2040
- Average cost of 4.8%

£900m

- Undrawn RCF
- Base £500m RCF available until 2027 and additional £400m available until 2025

£955m

- Liquidity at 30 September
- Pro forma c.£1.2bn, including net Action proceeds of c.£300m

+c.£300m

- Subsequent to the period end, 3i received proceeds of c.£760m from the Action share redemption, of which c.£300m has been held on the Balance Sheet

Private Equity

Further payment of carried interest related to Action in the period of £258m



Six months to September £ million	2023	2022
Income statement		
Carried interest receivable	–	2
Carried interest payable	(147)	(157)
Net total expense	(147)	(155)

£ million	30 September 2023	31 March 2023
Balance sheet		
Carried interest receivable	5	6
Carried interest payable	(962)	(1,325)
Net total payable	(957)	(1,319)

Private Equity

GIR dilution from Action carried interest payable reduced significantly since September 2022



	September 2022	March 2023	September 2023	Pro forma share purchase
Gross holding in Action	52.7%	52.9%	52.9%	54.8%
Further investment in Action	–	£30m	–	£455m¹
Action carry dilution on GIR (approximately)	10%	8%	6%	5%
Net holding in Action (post carry dilution)	47.7%	48.9%	50.0%	52.0%

x0.95

+4.3%

¹ €524m as shown on slide 12.

First FY2024 dividend of 26.50 pence per share



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



Closing remarks

Simon Borrows
Chief Executive





Private Equity portfolio construction

Core PE portfolio

- Our origination engine, invested with a 2x MM objective
- 4-6 year investment timeframe, realised regularly
- Selected assets have the potential to become longer-term compounders

Longer-term compounders

- 5-6 assets to be identified
- EBITDA ~€/\$100m, cash generative
- Can continue to meet 15% return hurdle

///ACTION

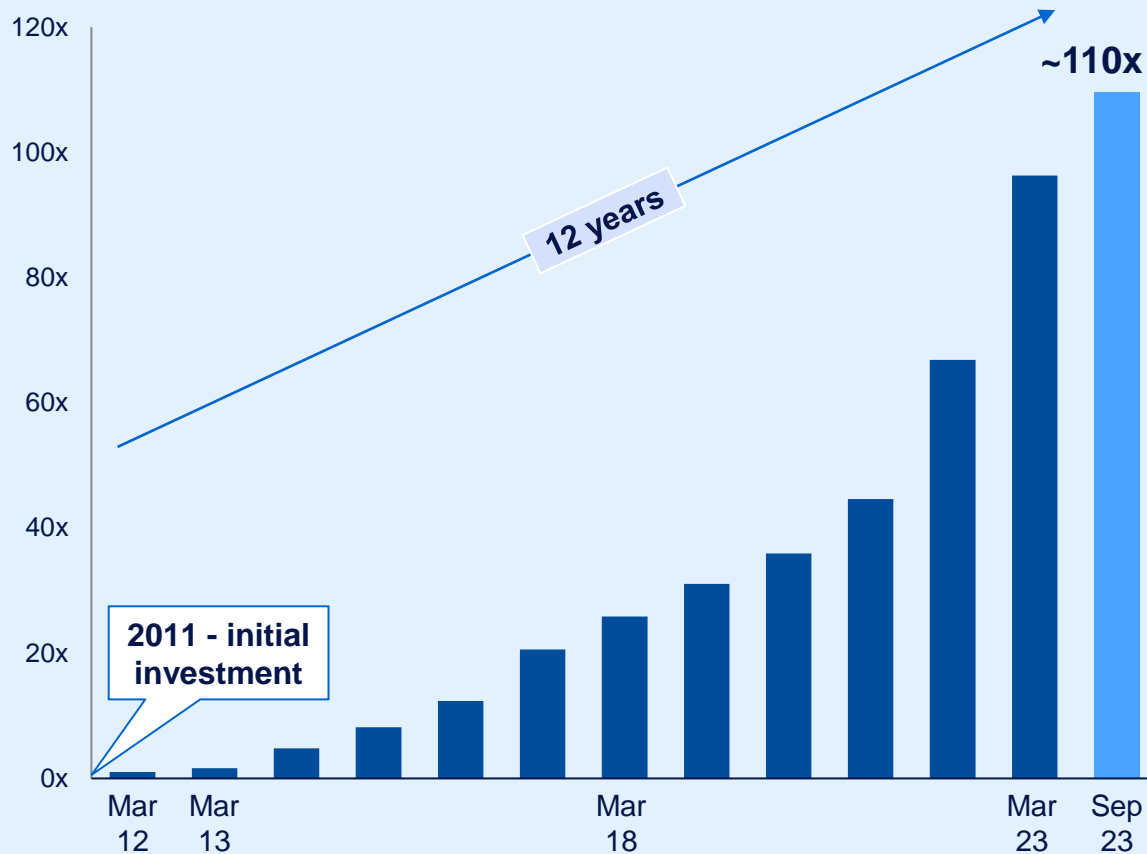
- Returns materially in excess of 3i's return objective
- ~110x MM to date on initial investment
- Significant growth and cash flow potential
- No exit planned

All segments capable of meeting or exceeding our mid-teen return objective over the long term

Power of compounding is starting to manifest for Action



Historical evolution of Action's money multiple, EUR¹



Illustrative time required for Action's MM to reach 200x at constant valuation multiple

+25% EBITDA CAGR → ~2.5 years

+20% EBITDA CAGR → ~3.0 years

+15% EBITDA CAGR → ~4.0 years

+10% EBITDA CAGR → ~5.0 years

1. Based on initial investment; does not account for reinvestments



Additional information

3i has significant long-term potential



Permanent capital. Long-term, sustainable approach

Thematic approach to investment with exposure to long-term secular growth trends

Proven model, underpinned by robust processes, patience and price discipline

Active management of portfolio companies with significant influence and board representation

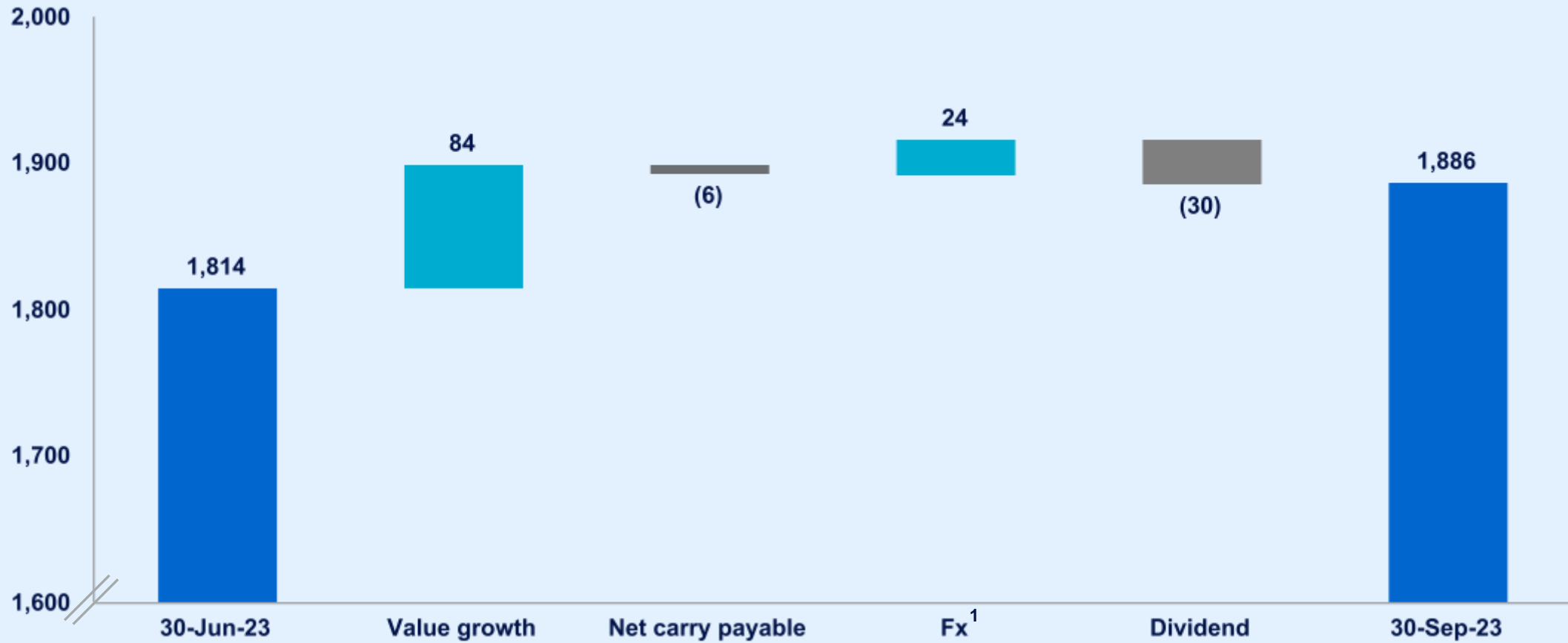
Resilient and prudently funded portfolio, positioned to withstand current macro challenges

Significant growth platforms in Action and other consumer and healthcare assets

Q2 NAV increased from 1,814 pence to 1,886 pence



NAV per share (pence)



¹ FX net of derivatives.

3i Group

20 large investments

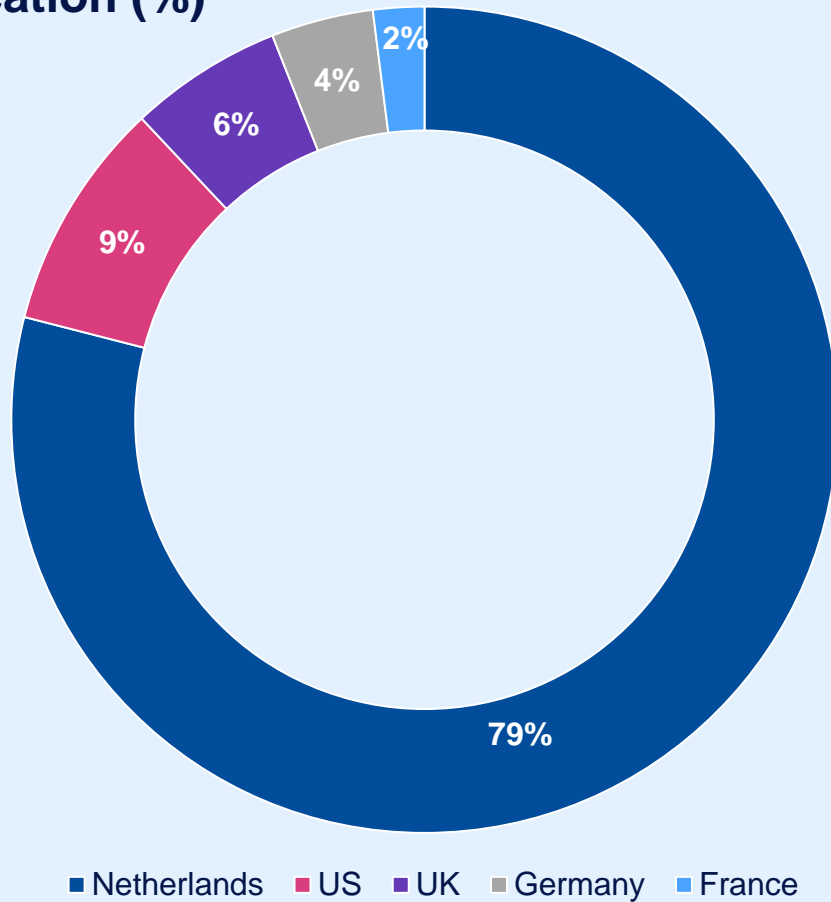


Investment	Business description	Valuation September 2023 (£m)	Valuation March 2023 (£m)
Action	General merchandise discount retailer	12,862	11,188
3i Infrastructure plc	Quoted investment company, investing in infrastructure	818	841
Cirtec Medical	Outsourced medical device manufacturing	579	552
Scandlines	Ferry operator between Denmark and Germany	547	554
Royal Sanders	Private label and contract manufacturing producer of personal care products	486	369
AES Engineering	Manufacturer of mechanical seals and provision of reliability services	396	351
nexeye	Value-for-money optical retailer	390	393
SaniSure	Manufacturer, distributor and integrator of single use bioprocessing systems and components	375	389
Tato	Manufacturer and seller of specialty chemicals	330	411
Smarte Carte	Provider of self-serve vended luggage carts, electronic lockers and concession carts	316	300
Evernex	Provider of third-party maintenance services for data centre infrastructure	315	305
WP	Global manufacturer of innovative plastic packaging solutions	273	274
Luqom	Online lighting specialist retailer	225	271
European Bakery Group	Industrial bakery group specialised in home bake-off bread and snack products	207	73
MPM	An international branded, premium and natural pet food company	198	181
Audley Travel	Provider of experiential tailor-made travel	173	162
WilsonHCG	Global provider of recruitment process outsourcing and other talent solutions	156	196
BoConcept	Urban living designer	155	160
ten23 health	Biologics focused CDMO	149	111
Q Holding	Manufacturer of catheter products serving the medical device market	145	117

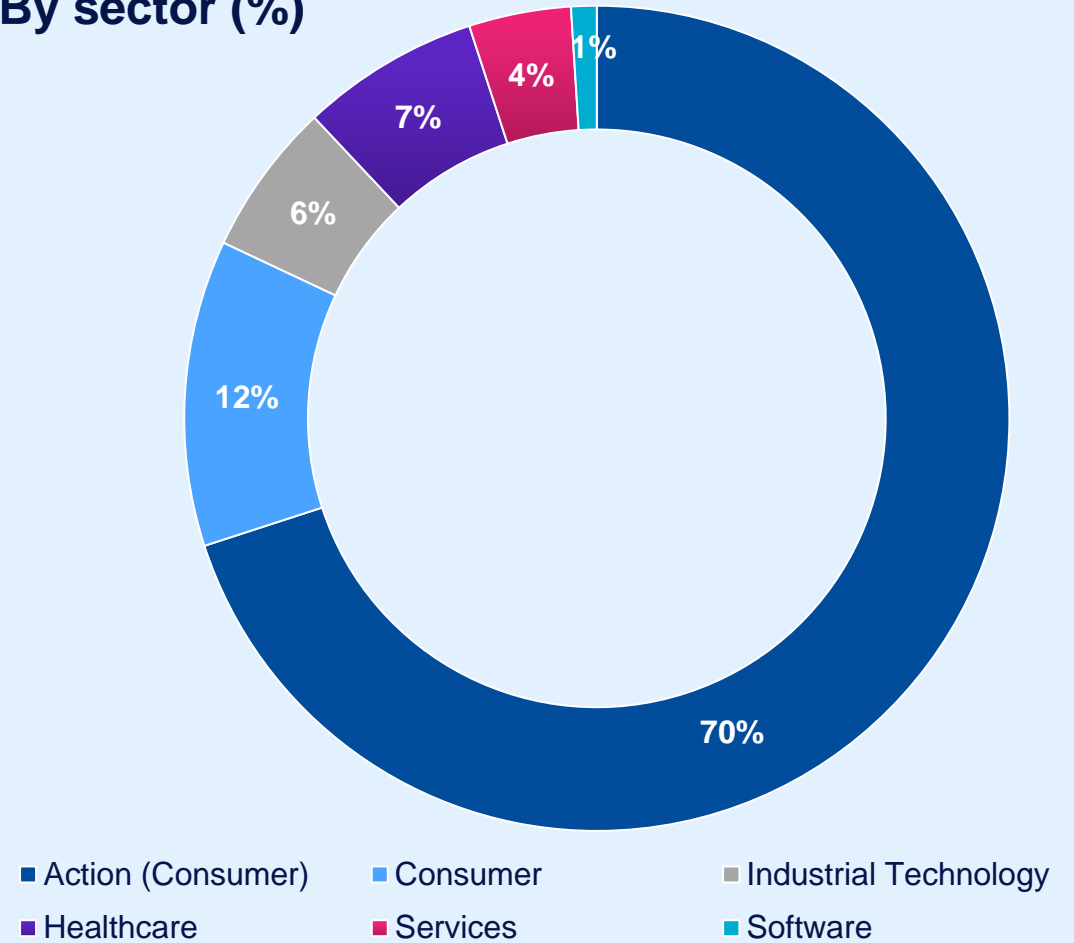
Private Equity portfolio by value at 30 September 2023



By location (%)

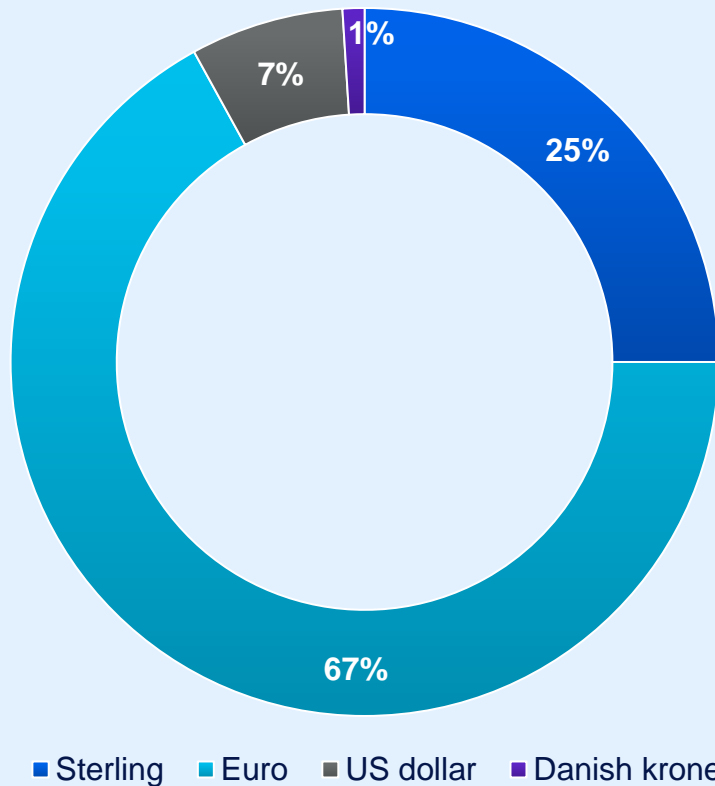


By sector (%)



Portfolio of 39 investments (31 March 2023: 39)

Net assets by currency 30 September 2023



74% of net assets denominated in euro or US\$

- €2.6bn (incl. Scandlines) of euro and \$1.2bn of US dollar exposure now hedged
- Majority of net asset exposure to euro and US dollar remains
- Including the hedging programme: 1% movement in euro = £121m, 1% movement in US dollar = £12m



We generate attractive returns for our shareholders and co-investors by investing in private equity and infrastructure assets.

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

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

