



Annual results to 31 March 2012



17 May 2012



Update

Sir Adrian Montague
Chairman





Agenda for today's meeting

- Board's strategic priorities
Adrian Montague
- Appointment of new CEO
Adrian Montague
- Update on performance
Julia Wilson
- Proposed return of capital
Julia Wilson
- The way forward
Simon Borrows
- Closing remarks
Adrian Montague

Board's strategic mandate



- Core strategy
 - affirm diversification strategy into Infrastructure and Debt Management
- Resourcing
 - determine both scale and skill set of investment teams
- Costs
 - ensure that costs are aligned with the market opportunity
- Balance sheet
 - define its size and an appropriate distribution policy
- Disclosure
 - increasing disclosure to track progress

“We have consulted widely on key areas identified by the Board”

Appointment of new CEO



- Process to identify a successor launched at end of March
- Identified skills required to execute Board's strategic mandate
- Announcement today of the appointment of Simon Borrows



Annual General Meeting



- Board has set clear, tangible and credible initiatives
- AGM to be held on 29 June 2012

“Our priority will be to execute our strategy”



Update and performance

Julia Wilson
Finance Director



Key topics



1. Performance of our portfolio
2. Cost base
3. Balance sheet management

Key financials



Year to 31 March	2012	2011
Gross portfolio return	£(329)m	£601m
Gross portfolio return on opening portfolio value	(8.2)%	17.1%
Net portfolio return	£(425)m	£449m
Net portfolio return on opening portfolio value	(10.6)%	12.8%
Total return	£(656)m	£324m
Total return on opening shareholders' value	(19.5)%	10.6%
NAV per share	£2.79	£3.51
Dividend	8.1p	3.6p
Assets under management	£10.5bn	£12.7bn
Investment	£646m	£719m
Realisation proceeds	£771m	£609m

Net portfolio return by business line



As at 31 March 2012 (£m)	Private Equity	Infrastructure	Debt ¹ Management	Total ²
Gross portfolio return	(339)	11	1	(329)
Fees	32	25	32	89
Net carry	-	(6)	1	(5)
Operating expenses	(127)	(17)	(31)	(180)
Total	(434)	13	3	(425)
% opening portfolio value	(12.8)%	2.8%	21.4%	(10.6)%
% prior year	11.1%	11.1%	46.7%	12.8%

1 Includes £6m of acquisition accounting adjustments, underlying profit is £9m

2 Total includes net portfolio return of £(7)m from the non-core portfolio

Infrastructure performance



As at 31 March (£m)	2012	2011
Gross portfolio return	11	45
Fees	25	25
Carry	(6)	(2)
Operating expenses	(17)	(23)
Net portfolio return	13	45
% opening portfolio value	2.8%	11.1%
Investment	70	36
Realisation proceeds	1	1
Assets under management	£1.7bn	£1.6bn

Continuing strong performance

Debt Management performance



As at 31 March (£m)	2012 ¹	2011
Gross portfolio return	1	39
Fees	32	2
Carry	1	(1)
Operating expenses	(31)	(5)
Net portfolio return	3	35
% opening portfolio value	21.4%	46.7%
Investment	36	49
Realisation proceeds	-	145
Assets under management	£3.4bn	£3.4bn

¹ Includes £6m of acquisition accounting adjustments, underlying profit is £9m

Good development with growth opportunities

Key financials



Year to 31 March	2012	2011
Gross portfolio return	£(329)m	£601m
Gross portfolio return on opening portfolio value	(8.2)%	17.1%
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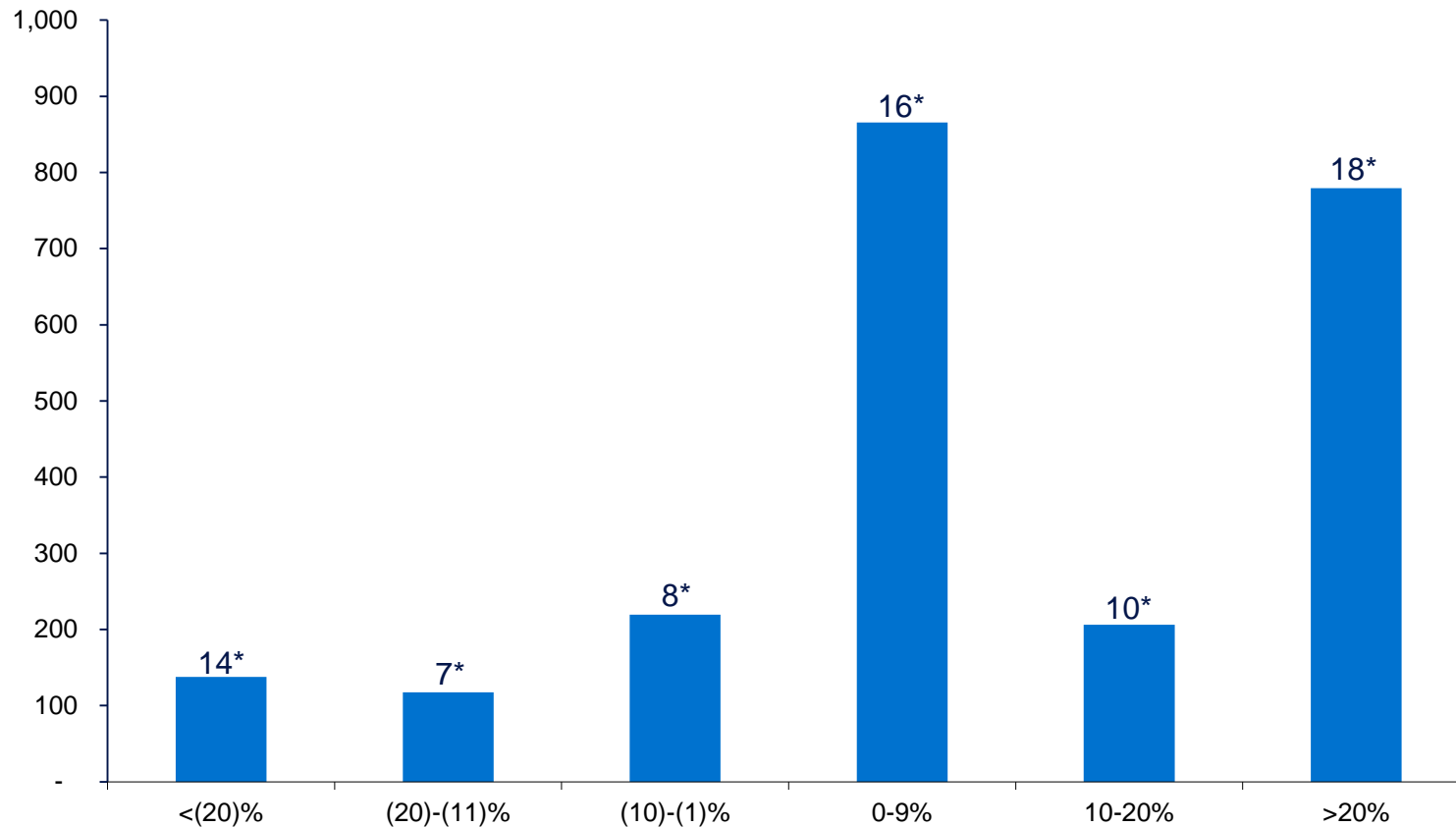


- Stronger growth in Northern Europe and US and in investments since rights issue
- Spain, UK and, to some extent, France, experiencing market fragility
- Infrastructure less impacted by macro and portfolio continues to perform well
- Largest 10 realisations at 2.9x original cost

Private Equity portfolio – 9% value weighted earnings growth



Carrying value (£m)



*Number of assets

LTM earnings growth (December 2011)

- By value, 80% of portfolio grew earnings

Private Equity portfolio – increased disclosure



- Increased disclosure
- Top 25 assets¹ – 66% of Private Equity portfolio value
- 20 out of 25 grew earnings
- 9 by over 10%

Company	Value bracket	25 asset brackets	Revenue £M	Earnings growth %
Company 1	< £50M	< 10%	2,000	1%
Company 2	< £50M	< 10%	701	22%
Company 3	< £50M	26-29%	568	*%
Company 4	< £50M	16-20%	***	21%
Company 5	< £50M	26-29%	*8*	18%
Company 6	< £50M	16-20%	1,165	112%
Company 7	< £50M	16-20%	*50	15%
Company 8	< £50M	16-20%	508	22%
Company 9	< £50M	16-20%	517	5%
Company 10	< £50M	26-29%	*15	***%
Company 11	< £50M	*6%	116	9%
Company 12	< £50M	*6%	819	5%
Company 13	< £50M	*6%	159	21%
Company 14	< £50M	16-20%	811	1%
Company 15	< £50M	16-20%	*62	111%
Company 16	< £50M	16-20%	116	2%
Company 17	< £50M	26-29%	225	6%
Company 18	< £50M	16-20%	116	119%
Company 19	< £50M	*6%	189	5%
Company 20	< £50M	16-20%	*2*	181%
Company 21	< £50M	16-20%	116	122%
Company 22	< £50M	*6%	12*	21%
Company 23	< £50M	*6%	88	52%
Company 24	< £50M	16-20%	9*	2%
Company 25	< £50M	*6%	66	16%

Four assets, excluded for commercial reasons, are replaced by the next highest value assets.

1 Four assets excluded for commercial reasons and replaced by the next highest value assets

Portfolio performance – March valuations



- Reduced use of forecast accounts

	March 2012	March 2011
Management	90%	84%
Forecast ¹	8%	12%
Audited	2%	4%

- Multiples reduced in line with market movements and remain substantially below our FTSE 250 benchmark

	March 2012	March 2011
FTSE 250	9.6x	9.9x
3i pre discount	8.2x	8.8x
3i post discount	7.5x	7.8x

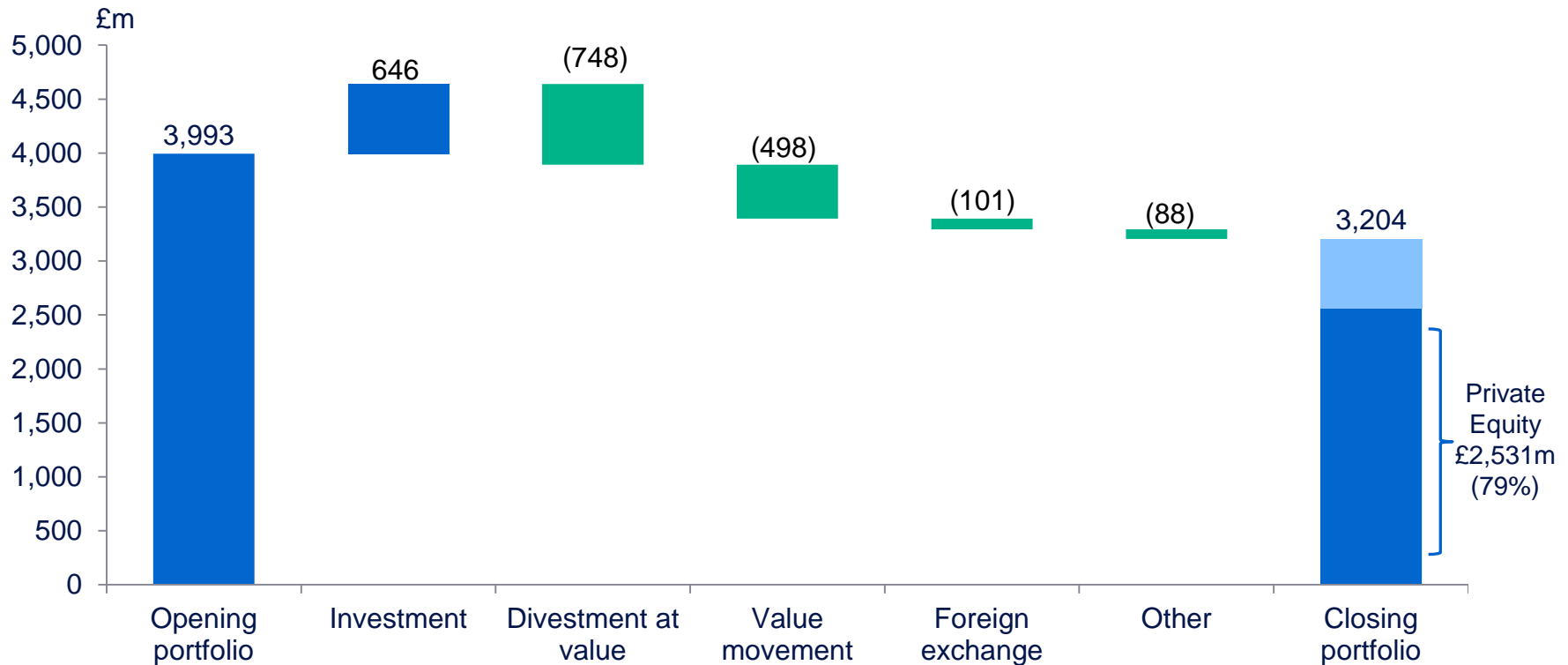
1 Forecast accounts are used when we expect future earnings to be lower than the previous quarter's (December 2011) management accounts

Unrealised value movement



Year to 31 March (£m)	2012	2011
Multiples	(130)	(76)
Earnings growth	23	295
Impairments	(178)	(196)
Provisions	(138)	(71)
Uplift to imminent sale	-	240
Discounted cash flow	(1)	54
Quoted	(20)	23
Debt Management broker quotes	(3)	8
Industry metric	(24)	15
Other	(27)	33
Total	(498)	325

Portfolio value - £3,204m



- Increasingly weighted to stronger geographies
 - 69% in Northern Europe, Asia, US
 - Spain reduced to 7% from 11%
- Post 2009 vintages now 28% of portfolio (10% - March 2011)

Portfolio performance - disclosure



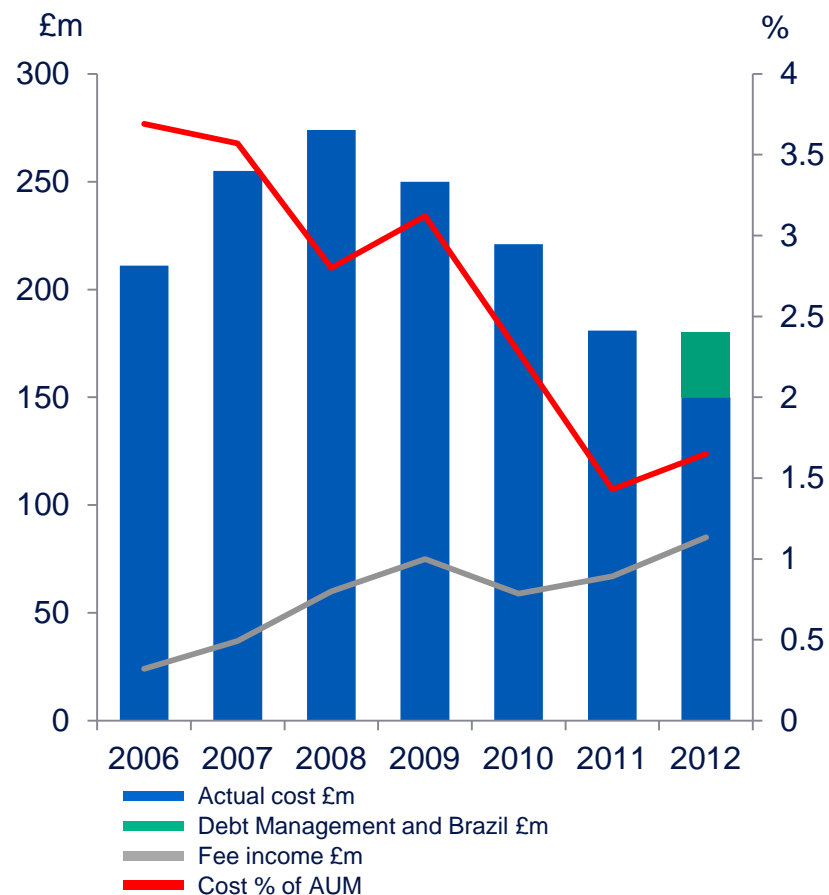
- Introduced net portfolio return by business line
- Introducing quarterly NAV reporting from 30 June 2012
- Granularity on individual company performance
- Greater transparency on portfolio performance

Allowing shareholders to track performance better

Operating expenses – progress and next steps



- Operating expenses run rate reduced by c.38% since peak in 2008
- Staff reduced to 435 from peak of 788
 - includes addition of 38 in Debt Management and Brazil
- Cost savings of c.£25m on an annualised basis have been implemented in 2011-12



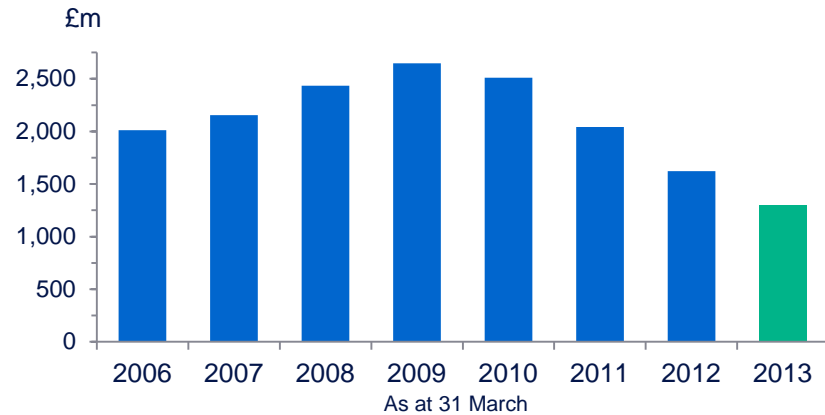
Significant progress but more to do

Managing the balance sheet

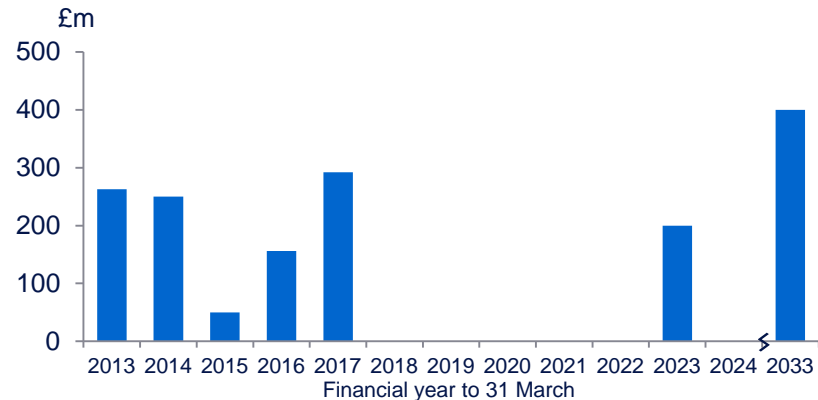


- Gross debt reduced by 21% in the year
 - March 2012 £1,623m vs March 2011 £2,043m
- Plan to reduce further to
 - £1.3bn by September 2012
 - <£1bn by June 2013
- Expecting to reduce FY 2013 gross interest costs by c.10%
- Gearing at 18%, liquidity £1.7bn

Gross debt



Debt repayment profile at 31 March 2012



Significant progress but more to do



- Rebased dividend in November 2011 to 8.1p (3.6p last year)
- Now defining basis of distribution as 15-20% of cash realisations proceeds, provided
 - gearing < 20%
 - gross debt is on target to be <£1bn by June 2013
- Flexible mechanism
 - special dividend
 - standing buyback authority
 - other methods

Giving shareholders direct participation in realisation flow



- Portfolio performance improved in the second half but Eurozone stability critical
- A focus on operating efficiency with tangible results
- Continue to restructure balance sheet
 - continue de-gearing
 - actively lowering interest costs
- Able to now further clarify distribution plan
 - rebased dividend in November 2011
 - mechanism to allow shareholders to participate directly in returns



The way forward

Simon Borrows
Chief Executive



Introduction



- 3i IPO - 1994
- 3i today
- The role from October 2011
- My perspective

Private Equity portfolio – by geography

Direct portfolio value of £2,531m as at 31 March 2012



3i region	% of Private Equity direct portfolio value	Selected comments	Portfolio status
UK	22%	Low near-term market growth outlook	
Germany	17%	Exits of MWM (November 2011) and Norma (April 2011), investment in Hilite (June 2011)	
Asia	14%	Reduction in ACR valuation due to impact of natural disasters	
US	11%	Initial signs of improving economic conditions	
Benelux	11%	Exit of Hyva (April 2011), investment in Action (September 2011)	
France	9%	Investment in Etanco (October 2011)	
Nordic	8%	Exit of Ålö Intressenter (July 2011)	
Spain	7%	Challenging economic conditions; withdrawing from new investment	
Italy	<1%	Challenging economic conditions; withdrawing from new investment	
Brazil	- ¹	First investment in Brazil (Blue Interactive, announced December 2011)	

¹ First investment (Blue Interactive Group) to complete post 31 March 2012

Private Equity portfolio – by sector

Direct portfolio value of £2,531m as at 31 March 2012



Sector	% of Private Equity direct portfolio value	Selected comments
Industrials & Energy	30%	<ul style="list-style-type: none">▪ June 2011 investment in Hilite (German-based automotive components), followed by sale of emissions control business in April 2012▪ Recent large realisations include: Ålö, Hyva, MWM and Norma
Business and Financial Services	29%	<ul style="list-style-type: none">▪ Strong capabilities and track record in the testing, inspection and certification sector▪ December 2010 investment in Element (Benelux-based materials testing)
Consumer	21%	<ul style="list-style-type: none">▪ September 2011 investment in Action (Dutch-based, non-food discount retailer)
Healthcare	12%	<ul style="list-style-type: none">▪ Largest investment is in Quintiles (US-based clinical research solutions outsourcing)

Infrastructure portfolio

Direct portfolio value of £528m as at 31 March 2012

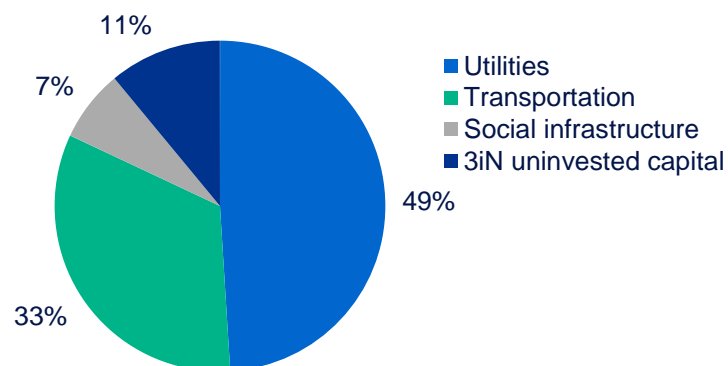


Overview

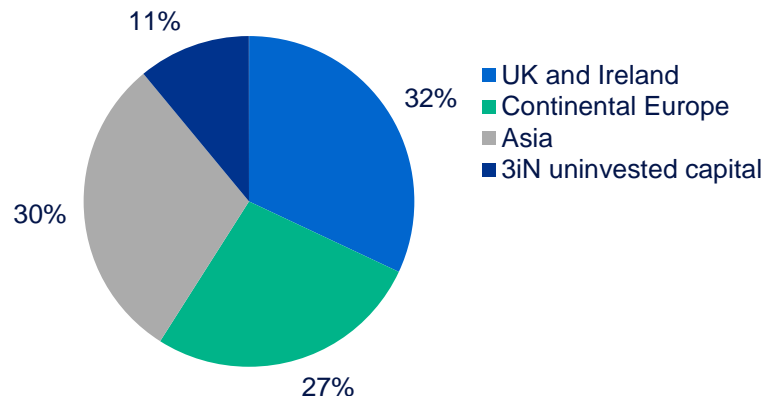
- Portfolio of 11 investments (including 3iN as single investment), representing 16% of the total 3i direct portfolio value
 - 6 of these investments held through the 3i India Infrastructure Fund
- Strong returns generated by the European portfolio, partly offset by weaker returns from the 3i India Infrastructure Fund
- Despite market and macro uncertainty, a few sizeable infrastructure transactions were completed during the year in Europe
 - 3i and 3iN investment in LNI, which owns Finland's second largest electricity distribution network
 - investment opportunities in Europe are likely to continue to emerge
- Macroeconomic conditions in India are challenging, with high inflation and a growing fiscal deficit impacting the outlook for growth
 - as a result, investment activity was lower

Direct portfolio value breakdown¹ as at 31 March 2012

Sector



Geography



¹ Analysis incorporates underlying holdings in 3iN

Debt Management



- Continue to grow third party funds
- Significant contribution to operating cash flow
- Impressive performance in year

New investments



Investment	Size of investment made by 3i	Business description	Selected comments
GEKA GmbH	Value not disclosed Majority stake	<ul style="list-style-type: none"> German-based manufacturer of brushes, applicators and comprehensive packaging systems for the cosmetics industry 	<ul style="list-style-type: none"> Announced in February 2012 Sector: Industrials & Energy
Blue Interactive Group	\$55m Significant minority stake	<ul style="list-style-type: none"> Brazilian cable TV and broadband provider Currently present in 9 Brazilian states and 14 cities 	<ul style="list-style-type: none"> Announced in December 2011 Sector: Consumer
LNI Acquisition Oy	£28m by 3i (6% stake) and £195m by 3i Infrastructure (39% stake)	<ul style="list-style-type: none"> Second largest electricity distribution network in Finland Additionally, operates a broad-based local district heating in Finland 	<ul style="list-style-type: none"> Announced in December 2011 and completed in January 2012
Indian road BOT projects	Value not disclosed Significant minority stake	<ul style="list-style-type: none"> Holds a number of key tolling concessions Highly complementary with previous investments in Soma and KMC 	<ul style="list-style-type: none"> Completion subject to final approvals



Number of important steps already taken to improve the focus and discipline around the Group's investment processes and asset management approach

- Strengthened the Private Equity business' management and significantly reshaped our team of investment professionals
- Focusing new Developed Markets Private Equity investment predominantly on Northern Europe and withdrawing from new investment in Spain and Italy
- Focusing on intensively managing the existing portfolio and seeking realisations where the conditions are right to maximise value for the Group, its shareholders and its fund investors

Key areas of focus



Immediate focus will be on following key areas

- Determining the best shape and investment strategy for the business going forward
- Further improvements to the Group's asset management approach and investment capabilities
- Ensuring that the operating and liquidity costs of the Group are consistent with its investment and asset management strategy, and maintenance of a prudent balance sheet strategy





Appendix



Balance sheet



As at 31 March (£m)	2012	2011
Investment assets	3,204	3,993
Other net liabilities	(113)	(114)
	3,091	3,879
Gross debt	1,623	2,043
Cash	(1,159)	(1,521)
Net borrowings	464	522
Equity	2,627	3,357
	3,091	3,879
Gearing	18%	16%

Gross portfolio return by business line



As at 31 March 2012 (£m)	Private Equity	Infrastructure	Debt Management	Total*	Total year to 31.3.11
Realised profits	17	-	1	23	124
Unrealised value growth	(481)	(7)	(3)	(498)	325
Portfolio income	125	18	3	146	152
Total	(339)	11	1	(329)	601
% opening portfolio value	(10.0)%	2.4%	7.1%	(8.2)%	17.1%

*Total includes gross portfolio return of £(2)m from the non-core portfolio

Portfolio value movement by business line



£m	Opening portfolio value 1 April 2011	Investment	Value disposed	Unrealised value movement	Other movement ¹	Closing portfolio value 31 March 2012
Business lines						
Private Equity						
Developed	2,952	522	(724)	(405)	(168)	2,177
Developing	442	18	(15)	(76)	(15)	354
Debt Management	14	36	1	(3)	(6)	42
Infrastructure	464	70	(1)	(7)	2	528
	3,872	646	(739)	(491)	(187)	3,101
Non-core	121	-	(9)	(7)	(2)	103
Total	3,993	646	(748)	(498)	(189)	3,204

¹ Other relates to foreign exchange and the provisioning of capitalised interest

Buyouts - performance



Long-term performance

Vintage year	Total investment ¹ £m	Return flow £m	Value remaining £m	IRR to 31.3.12	IRR to 31.3.11
2012	281	-	326	n/a	n/a
2011	274	-	275	5%	n/a
2010*	-	-	-	-	-
2009	429	5	198	(13)%	1%
2008	843	353	204	(7)%	(6)%
2007	764	390	309	9%	17%
2006	521	1,176	3	48%	49%
2005	387	1,044	52	63%	61%
2004	332	705	1	35%	35%
2003	278	671	21	49%	49%

¹ Total investment includes capitalised interest

* No investments were made in the 2010 vintage

Growth Capital - performance



Long-term performance

Vintage year	Total investment ¹ £m	Return flow £m	Value remaining £m	IRR to 31.3.12	IRR to 31.3.11
2012	70	-	68	n/a	n/a
2011	21	-	25	20%	n/a
2010	46	-	17	(52)%	8%
2009	210	47	84	(16)%	(5)%
2008	1,076	481	525	(1)%	1%
2007	554	238	294	(1)%	1%
2006	487	629	57	23%	23%
2005	179	302	6	25%	26%
2004	297	528	-	26%	26%
2003	233	551	-	27%	27%

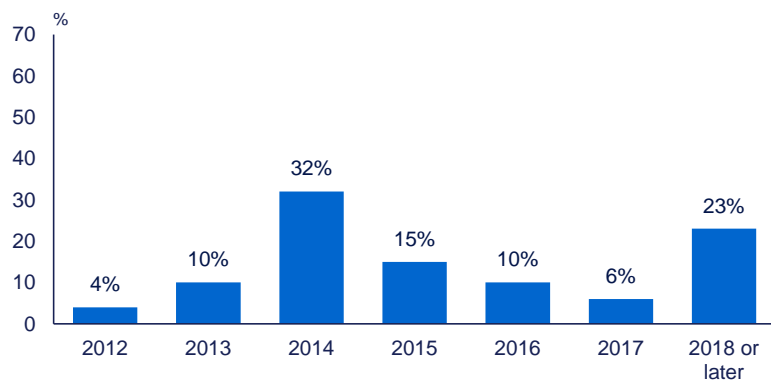
1 Total investment includes capitalised interest

Portfolio leverage – Buyouts and Growth Capital



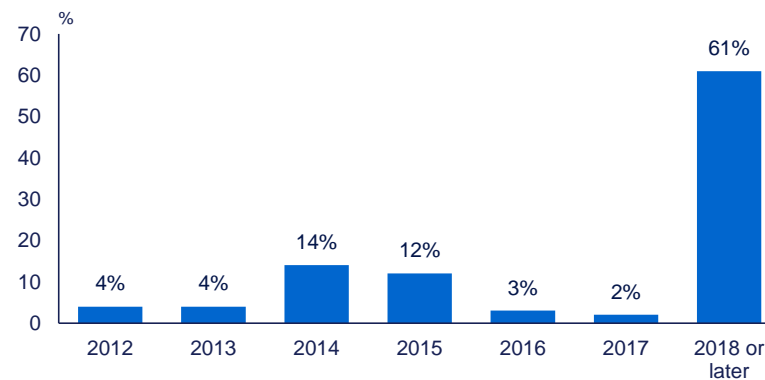
Debt repayment profile – Buyouts portfolio

Repayment index weighted by 3i Group carrying values (%) at 31 March 2012



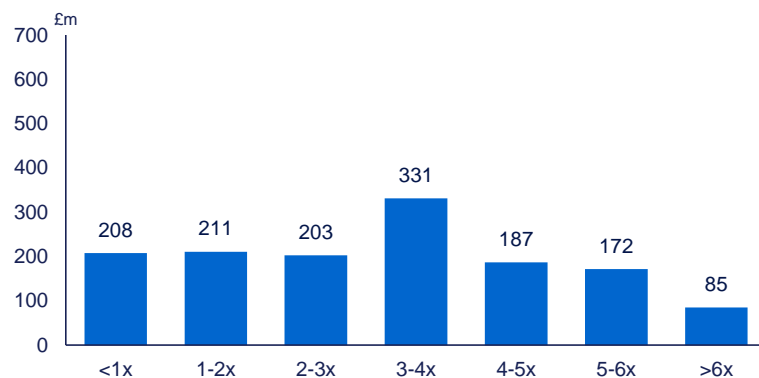
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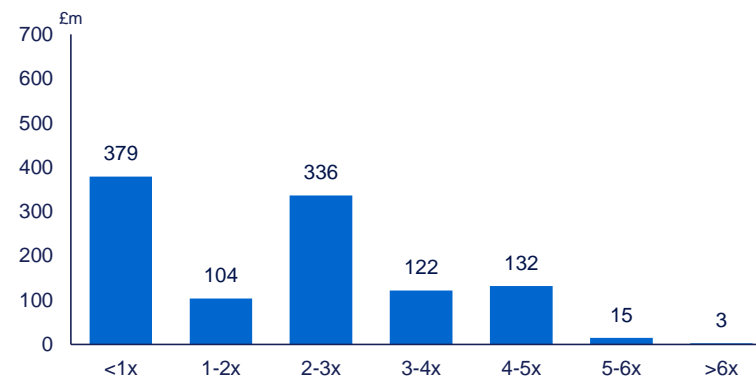
Ratio of net debt to EBITDA – Buyouts portfolio

Weighted by 3i Group carrying value at 31 March 2012



Ratio of net debt to EBITDA – Growth Capital portfolio

Weighted by 3i Group carrying value at 31 March 2012



Ten largest investments at 31 March 2012



Company	Business line	Value at 31.3.12 £m	Value at 31.3.11 £m
3i Infrastructure plc	Infrastructure	375	320
Action*	Private Equity	143	**n/a
ACR Capital Holdings	Private Equity	118	146
Mold Masters*	Private Equity	115	86
Hilite*	Private Equity	115	**n/a
Foster + Partners	Private Equity	112	132
Mayborn Group Limited*	Private Equity	105	95
NORMA	Private Equity	103	***197
Element*	Private Equity	90	57
Scandlines	Private Equity	89	102
Top 10 value £m		1,457	1,197

* Moved in to top10 assets during year ended 31 March 2012

** No comparative information as purchased during year ended 31 March 2012

*** Partially realised during the year ended 31 March 2012

Top 25 Private Equity assets



Company	Value bracket	3i equity bracket %	Revenue £m	Earnings growth %
Company 1	>£50m	<10%	2,090	1%
Company 2	<£50m	<10%	701	22%
Company 3	>£50m	20-29%	508	4%
Company 4	>£50m	10-20%	444	34%
Company 5	>£50m	20-29%	484	18%
Company 6	<£50m	10-20%	1,305	(12)%
Company 7	<£50m	10-20%	459	15%
Company 8	>£50m	30-39%	598	22%
Company 9	<£50m	10-20%	537	5%
Company 10	>£50m	20-29%	435	44%
Company 11	>£50m	40%+	136	9%
Company 12	>£50m	40%+	839	5%
Company 13	>£50m	40%+	159	21%
Company 14	>£50m	30-39%	813	1%
Company 15	<£50m	30-39%	402	(3)%
Company 16	>£50m	30-39%	140	2%
Company 17	<£50m	20-29%	225	0%
Company 18	<£50m	30-39%	130	(19)%
Company 19	>£50m	40%+	189	5%
Company 20	<£50m	10-20%	434	(8)%
Company 21	>£50m	30-39%	130	(22)%
Company 22	>£50m	40%+	124	23%
Company 23	>£50m	40%+	88	52%
Company 24	>£50m	30-39%	94	2%
Company 25	>£50m	40%	60	10%

Four assets excluded for commercial reasons and replaced by the next highest value assets

Assets under management



	Close date	Original fund size	Original 3i commitment	Outstanding 3i commitment at March 2012	% invested at March 2012	Gross money multiple at March 2012 ¹	AUM
Private Equity							
3i Eurofund III	July 1999	€1,990m	€995m	€90m	91%	2.1x	€82m
3i Eurofund IV	June 2004	€3,067m	€1,941m	€78m	96%	2.2x	€512m
3i Eurofund V	November 2006	€5,000m	€2,780m	€486m	83%	0.8x	€3,458m
3i Growth Capital Fund	March 2010	€1,192m	€800m	€376m	53%	0.9x	€1,192m
Other	Various	Various	Various	n/a	n/a	n/a	£838m
Infrastructure							
3i India Infrastructure Fund	March 2008	\$1,195m	\$250m	\$75m	70%	1.0x	\$945m ²
3i Infrastructure plc	March 2007	£1,040m ³	£355m ⁴	n/a	n/a	n/a	£1,040m
Other	Various	Various	Various	n/a	n/a	n/a	£104m
Debt Management						Average paid yield ⁵	
Harvest I	April 2004	€514m	€15m	-	100%	9.4%	€255m
Harvest II	April 2005	€552m	€5m	-	100%	12.7%	€518m
Harvest III	April 2006	€660m	€5m	-	100%	9.6%	€620m
Harvest IV	June 2006	€752m	€6m	-	100%	10.5%	€722m
Harvest V	April 2007	€650m	€10m	-	100%	4.1%	€600m
Windmill I	October 2007	€600m	€5m	-	100%	5.7%	€492m
Friday Street	August 2006	€300m	Nil	-	100%	2.6%	€131m
Palace Street I	September 2011	€50m	€50m	€7m	86%	8.8%	€50m
Vintage I	March 2007	€500m	Nil	-	100%	4.3x ¹	€404m
Vintage II	November 2011	\$400m	Nil	-	100%	n/a	\$317m
Non-core							£104m
Total AUM (in sterling)							£10,493m

¹ Gross money multiple is cash returned to the Fund plus value, as at 31.3.12, as a multiple of cash invested

² Adjusted to reflect 3i Infrastructure plc's \$250 million commitment to the Fund

³ Based on latest published NAV (ex-dividend)

⁴ 3i Group's proportion of latest published NAV

⁵ The average paid yield of the CLO and debt funds is the average annual return for equity note holders since the funds' inception