



Results for the six months to 30 September 2022

10 November 2022

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Business review

Simon Borrows
Chief Executive



Resilient performance in a challenging market

Six months to 30 September 2022



Group

Total return
on equity

14%

NAV
per share

1,477p

Gearing

8%

First FY2023
dividend per share

23.25p

Private Equity

Gross investment return

16%

Proprietary capital invested

£292m

Realisations¹

£193m

Infrastructure

Gross investment return

3%

Cash income

£48m

3iN dividend

£14m

¹ £669m including the proceeds from the sale of Havea, received in October 2022.

Resilient performance across the portfolio

- **16%** gross investment return. Resilient performance across the portfolio, albeit some investments that rely on discretionary spending are facing more challenging conditions
- **91%¹** of portfolio growing earnings in the 12 months to June 2022
- Valuations reflect current market volatility, with multiples reduced for eight companies

Good level of investment activity; strong realisations evidence quality of the portfolio

- **£292m** of proprietary capital deployed across new, bolt-on and further investments
- **£193m** of realisations in the period, with a further £476m of proceeds generated from the sale of Havea since the period end

Portfolio well positioned in a challenging environment

- Exposed to long-term trends and strategically positioned to continue to drive attractive returns
- Prudently funded, with over 80% of debt due in 2025 and beyond, and two thirds of total term debt hedged against interest rate risk
- With proven resilience in a challenging environment

Private Equity

Significant majority of portfolio companies mitigating impact of current challenges



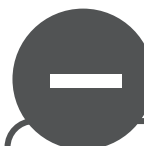
Value-for-money and private label Attractive in a context of reducing discretionary spending

Healthcare Continued strong growth in underlying end markets

Business and Technology Services Growth in outsourcing demand; long-term contracts

Specialty Industrials Resilient end-market exposures, mainly non-discretionary

Travel Good recovery in travel demand



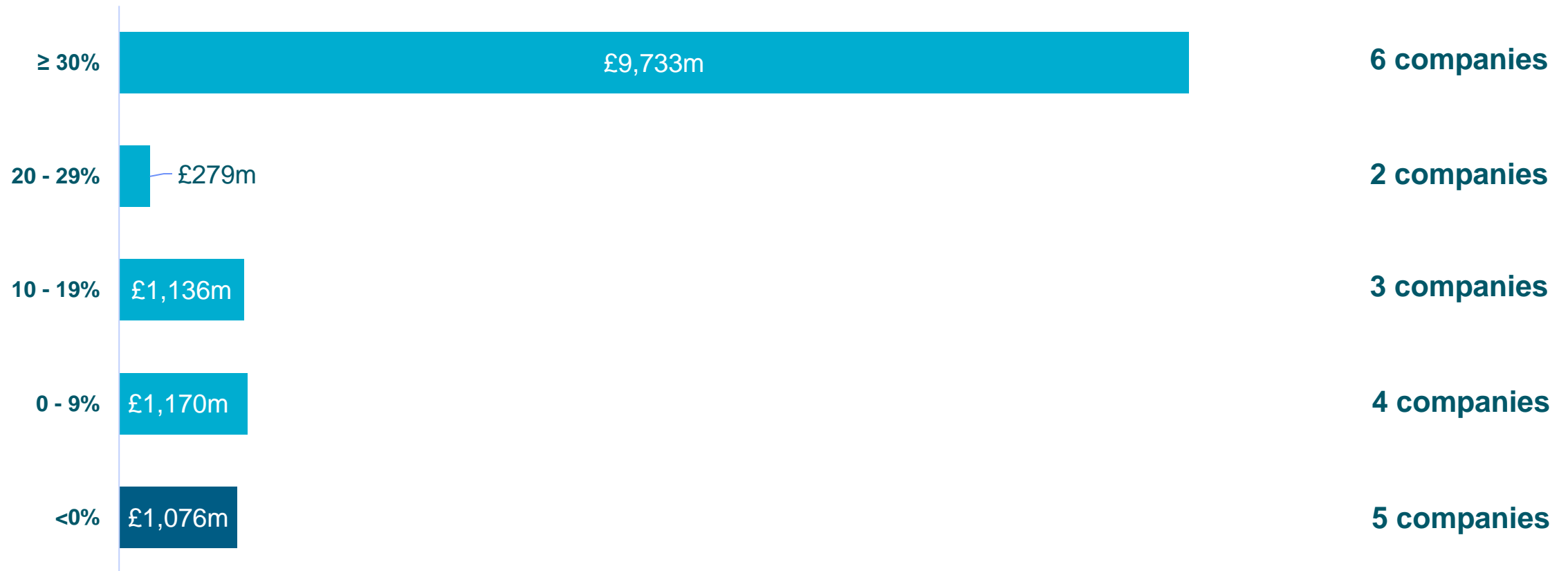
Online retail Normalisation vs pandemic demand peaks

Discretionary consumer Constrained consumer spending impacts demand and pricing power

Good pricing power and operational efficiency have mitigated impact of current challenges, including persisting high inflation and strong US dollar



Portfolio earnings growth of top 20 PE investments¹



¹ Includes top 20 Private Equity companies by value excluding Havea, which was valued on an imminent sale basis and Audley Travel, which was valued on a DCF basis. This represents 92% of the Private Equity portfolio by value. Last 12 months' adjusted earnings to 30 June 2022 and Action based on last 12 months run-rate earnings to the end of P9 2022. P9 runs to 2 October 2022.

Private Equity

Good overall earnings performance offset by lower multiples for a number of assets



Largest value increases (>£20m)

Portfolio company	Value growth (excl FX)	Value at 30 Sep 2022	Driver of value movement
Action	£1,156m	£8,612m	Performance
Havea ¹	£154m	£478m	Other
SaniSure	£90m	£422m	Performance
WilsonHCG ²	£45m	£183m	Performance
nexeye	£43m	£401m	Performance
Tato	£29m	£437m	Performance
AES	£29m	£298m	Performance
Dynatect ²	£20m	£141m	Performance

Performance
 Multiple
 Other

Largest value declines (>£20m)

Portfolio company	Value decline (excl FX)	Value at 30 Sep 2022	Driver of value movement
Luqom	£(166)m	£341m	Performance
YDEON ³	£(103)m	£34m	Performance
Basic-Fit ¹	£(31)m	£103m	Other
arrivia	£(23)m	£93m	Performance
Mepal	£(22)m	£69m	Performance
Formel D	£(20)m	£20m	Multiple

¹ Havea valued on an imminent sale basis and Basic-Fit on a mark-to-market basis.

² Net of a reduction in multiple.

³ Formerly GartenHaus

Private Equity

Action – strong trading to P9 and P10



- Sales to the end of P9¹ of **€6.1bn**, 27% ahead of the same period last year
- LFL sales growth of **15.7%** vs 12.9% last year
- P9 LTM EBITDA of **€1,036m**, 35% ahead of same period last year and ahead of >€1bn target for end of 2023
- Sales and LTM EBITDA to the end of P10² of **€6.8bn** and **€1,057m** respectively
- **182** new stores in the year to date, on track to open more than in 2021
- Cash balance at the end of P10 of approximately **€800m**

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

¹ Nine months ending on 2 October 2022.

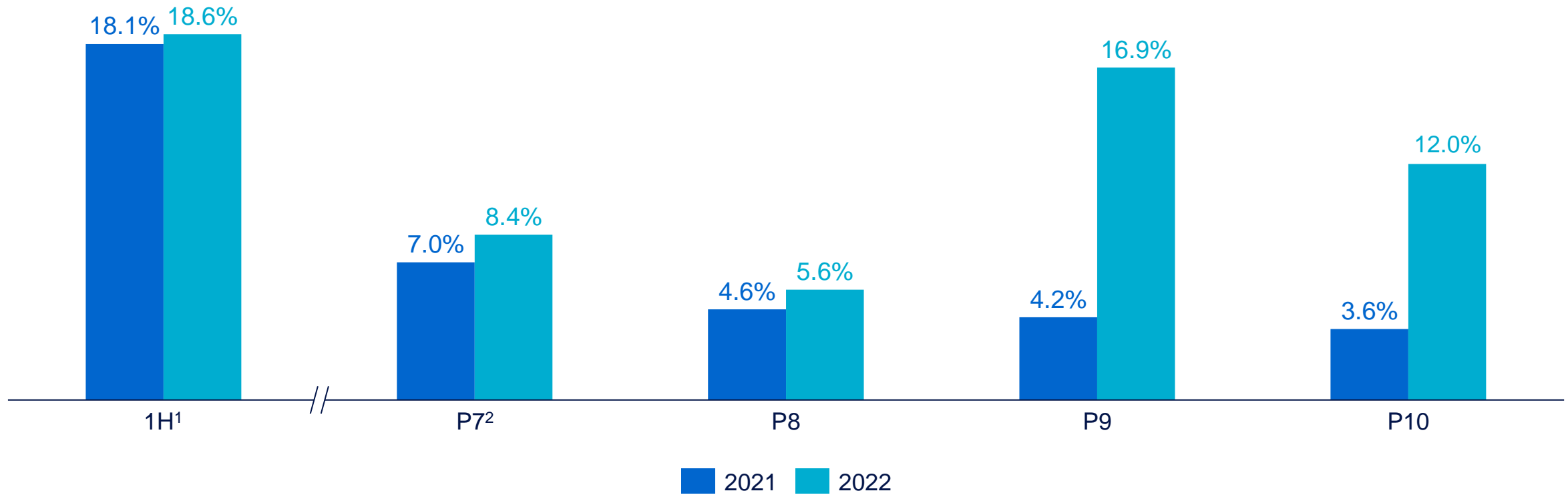
² Ten months ending on 30 October 2022.

Private Equity

Action – LfL sales have accelerated ahead of expectations since the summer



LfL sales growth by period



Source: Action.

1. LfL sales growth in 1H based on the YTD P6 LfL sales growth in 2021 and 2022.

2. LfL sales growth in P7-P10 in 2020 averaged approximately 12%.

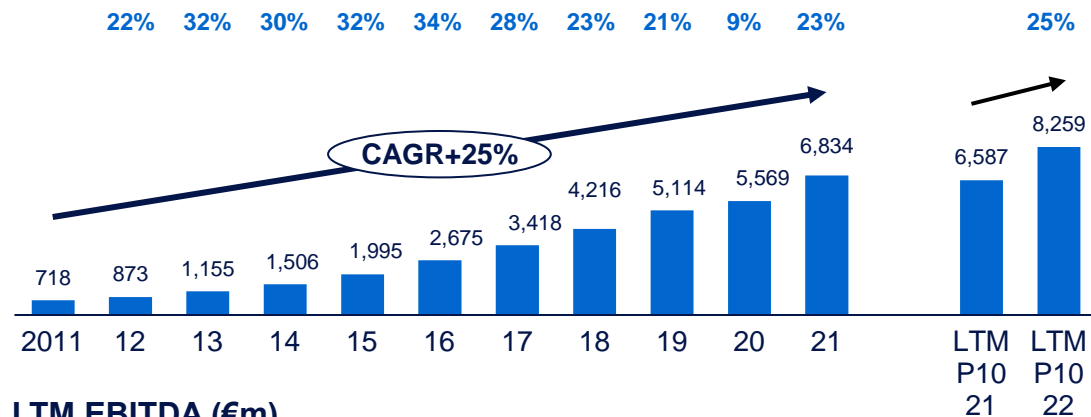
Private Equity

Action – results to P10 2022 indicate very strong year for Action with continued outperformance vs peers



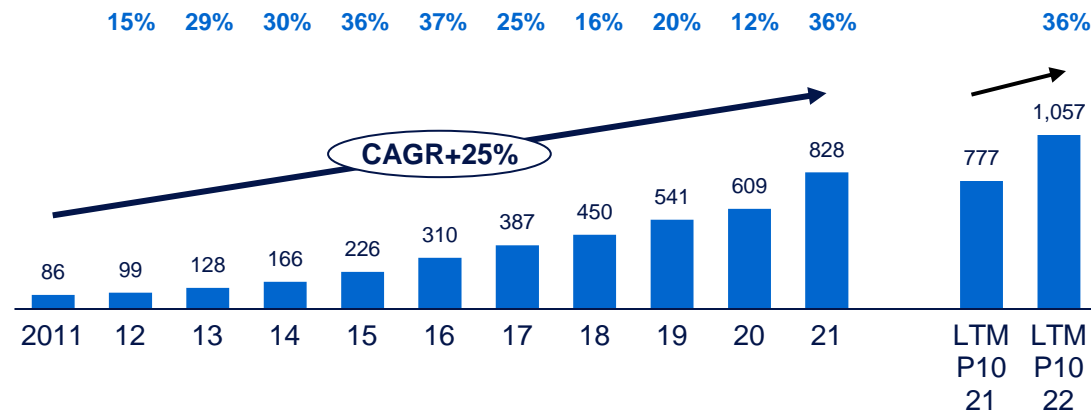
Net sales (€m)

YoY growth



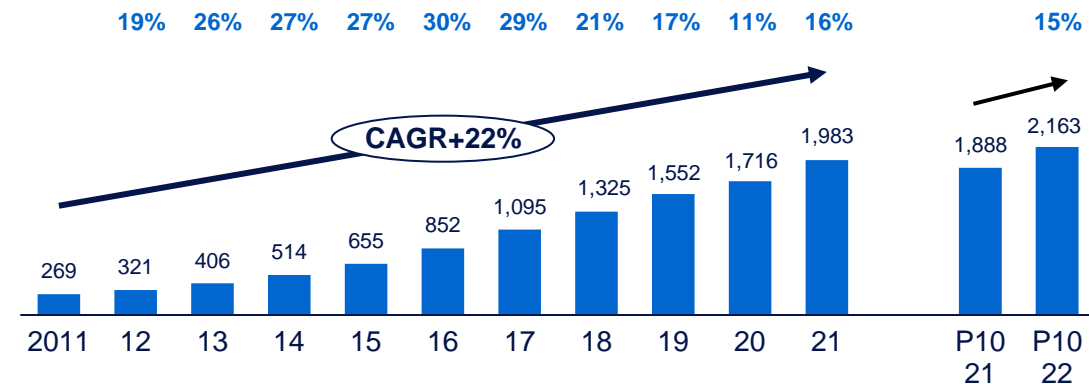
LTM EBITDA (€m)

YoY growth

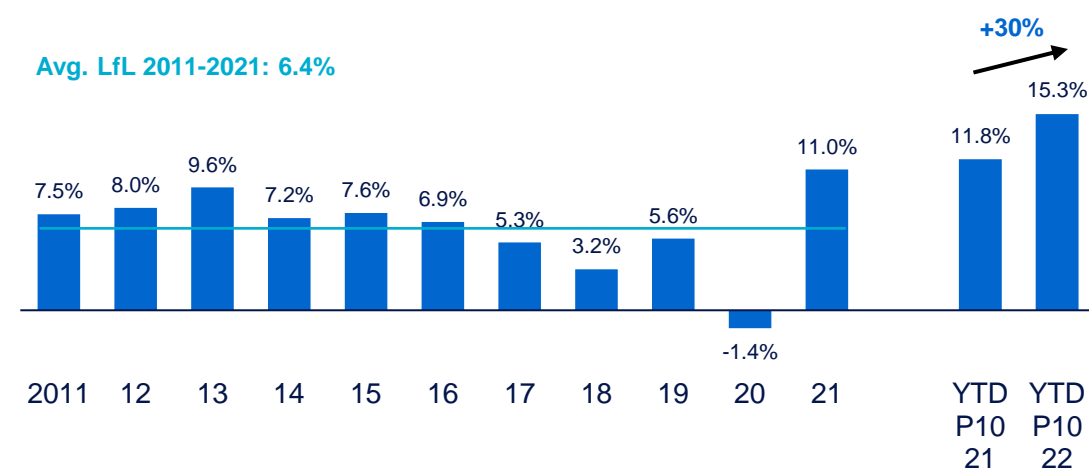


Stores

YoY growth



LfL Sales Growth (%)



Private Equity

Made four new investments in the period...



Accounts payable process automation specialist
focused on the SAP ecosystem

£100m proprietary capital investment



Premium brand offering apparel and accessories
for babies and children

£60m proprietary capital investment



Online travel agency in the Benelux focused on
affordable holidays

£37m proprietary capital investment



Provider of unique video compression
technology

£20m proprietary capital investment

Private Equity

...and continued to build existing platforms through targeted bolt-ons



LUQOM + **BRUMBERG**
G R O U P

B2B manufacturer and distributor of luminaries
and lighting products

£34m proprietary capital investment

arrivia + **RED WEEK**

Online timeshare marketplace

£23m proprietary capital investment

ma't + **Nittmann
&
Pekoll**

Austrian abas ERP partner

Self-funded

evernex + **XSi**

Specialist in IT lifecycle services
and IT hardware support

Self-funded

evernex + **integra**

Provider of IT maintenance
and cloud services

Self-funded



- Significant transformation achieved over a five-year holding period, doubling size
- Proceeds of £476m received in October 2022
- Signed in June 2022, with uplift to March 2022 valuation of 50%
- Sterling money multiple of 3.1x
- IRR of 24%



Portfolios continue to perform well, but GIR impacted by 3iN's share price volatility

- **3%** gross investment return, impacted by a 12.4% decline in the share price of 3iN in the period
- 3iN generated **9.3%** total return in 1H (ahead of target), and is on track to deliver its dividend objective for FY2023
- Other funds and portfolios continue to perform in line with expectations

Good contribution to operating cash profit

- **£48m** cash income from fee and portfolio income
- AUM at **£5.9bn** at 30 September 2022, vs £5.7bn at the end of March 2022

Portfolios well positioned in the current environment

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



3i Infrastructure plc



- Total return of 9.3% in the first half already outperforming medium term annual target
- £98m of income and non-income cash generated in the period, supporting dividend payments
- Strong portfolio performance
 - proven resilience
 - positive correlation to inflation and power prices

Diversified portfolio is structurally positioned to deliver growth in real terms over the cycle



Financial review

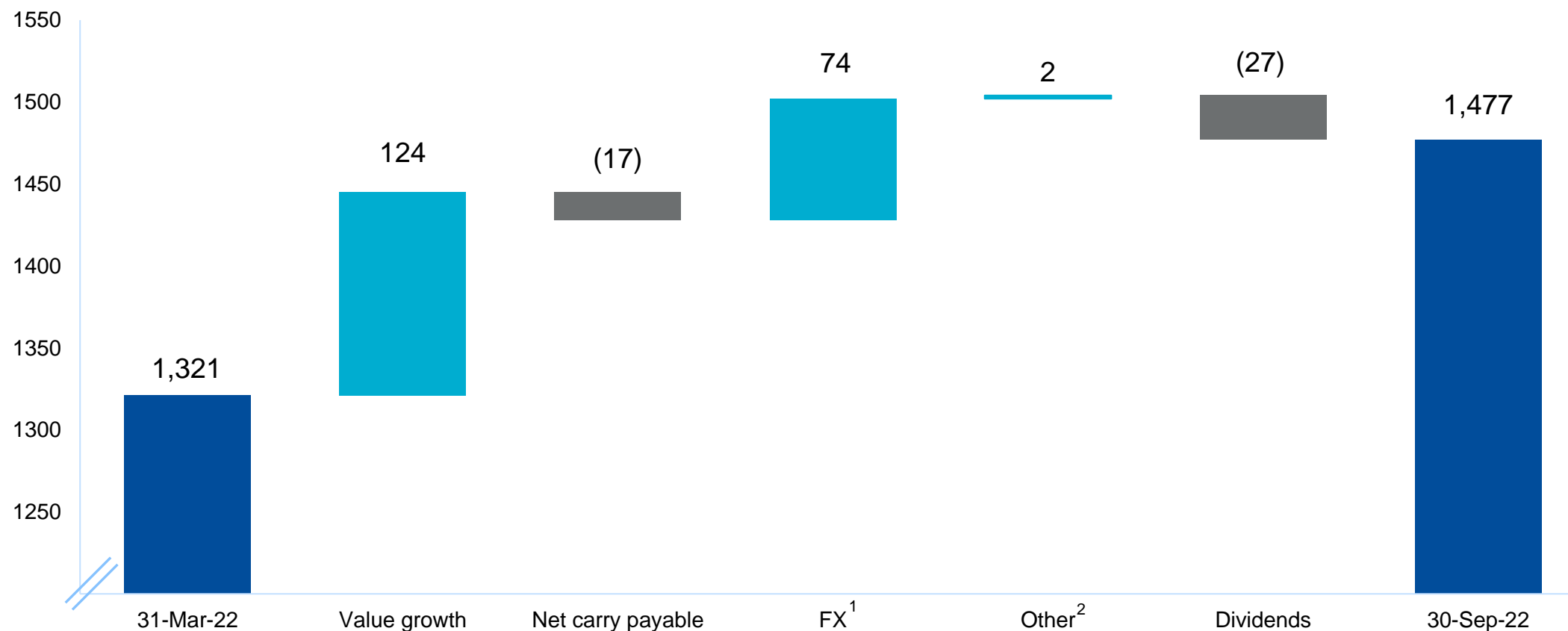
James Hatchley
Group Finance Director



Total return on equity of 14% in the first half of the financial year



NAV per share (pence)



NAV per share up 12% to 1,477 pence

¹ FX net of derivatives.

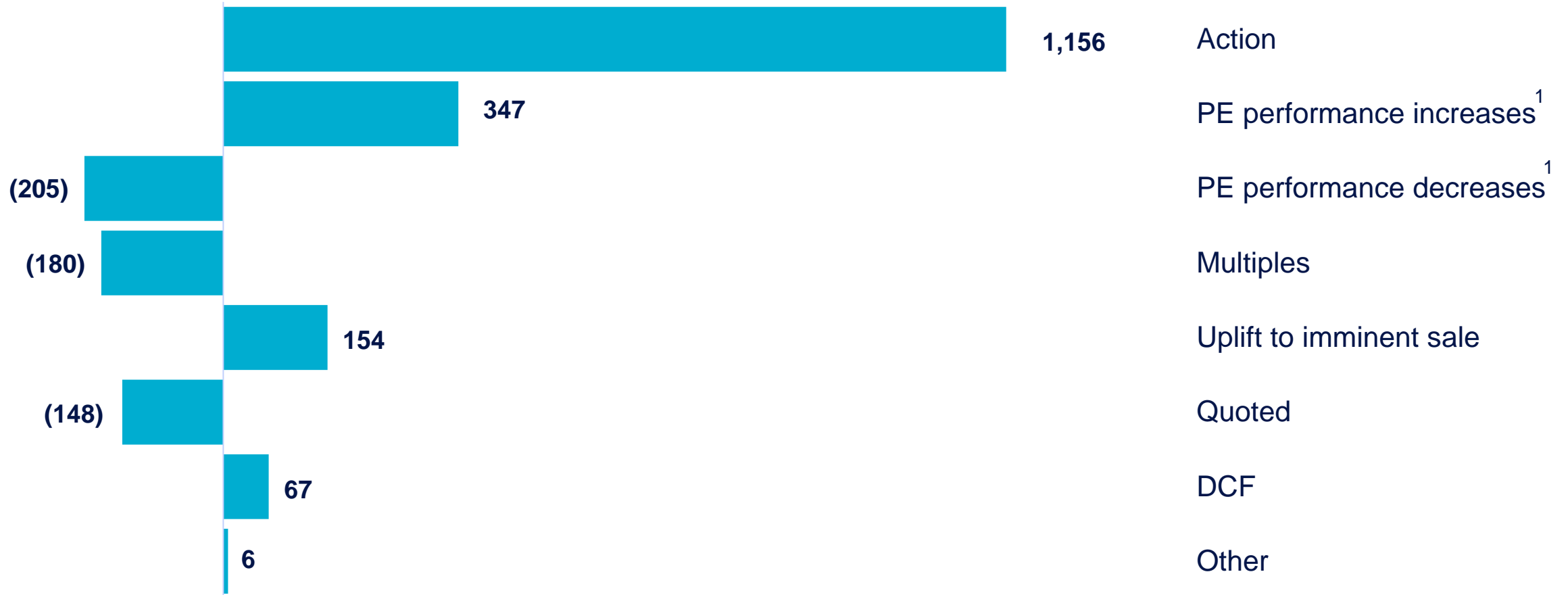
² Other includes portfolio income, third-party fee income and operating costs.

Good value growth despite market headwinds

£1.2bn value increase driven by earnings growth and cash generation



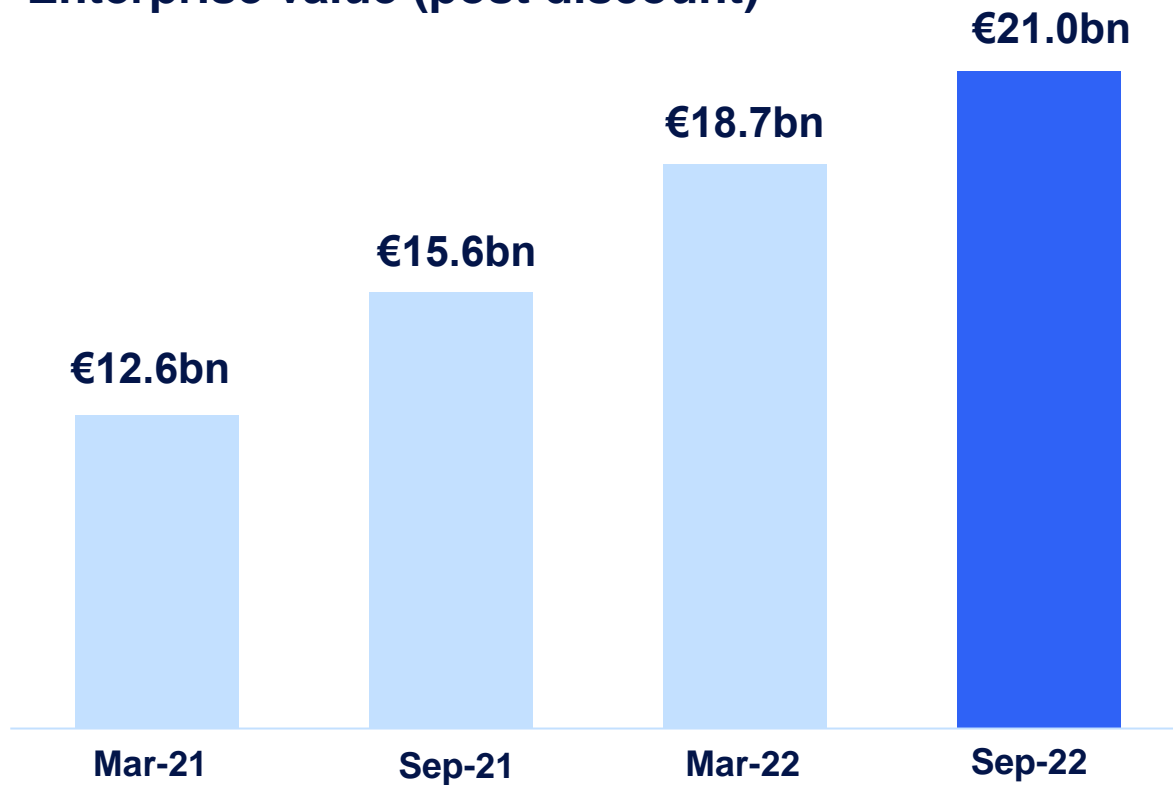
Value movement by basis excluding FX (£ million)



Portfolio value of £16.4 billion

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

Enterprise value (post discount)

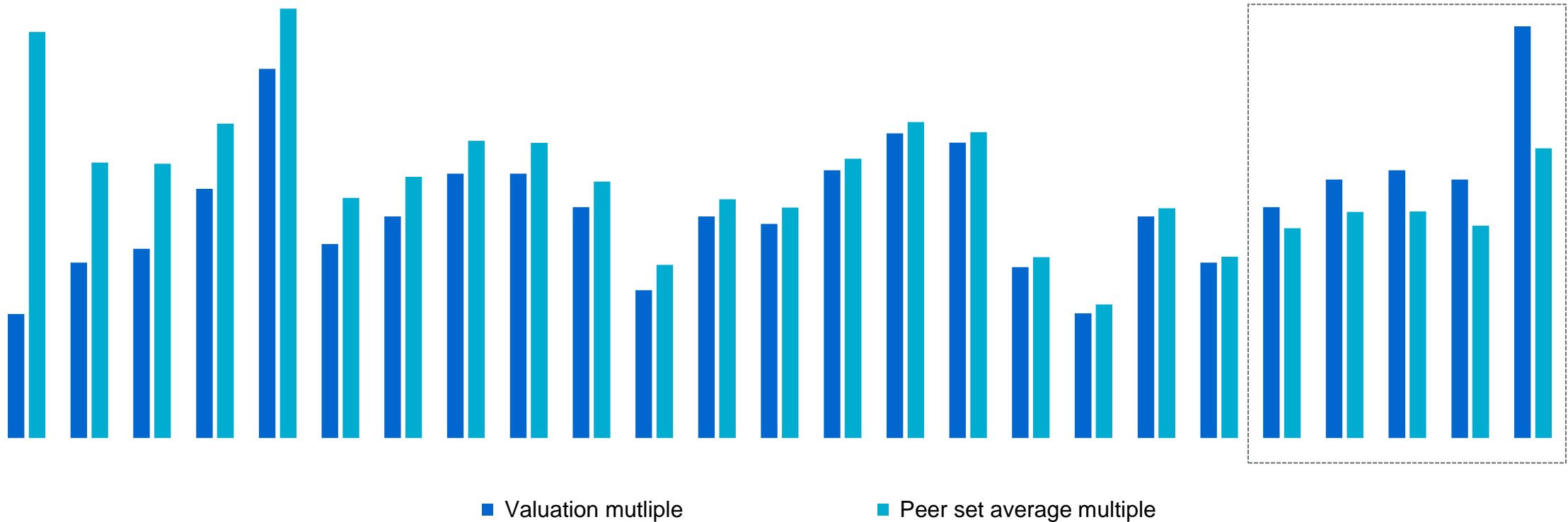


- LTM EBITDA to P9 2022 of €1,036m
- LTM run-rate EBITDA earnings of €1,135m
- Net debt of €2,226m at 30 September 2022
- 18.5x (Mar-22: 18.5x) multiple post discount
- Valuation at 30 September 2022 of £8,612m

Outcome for September 2022 implied prospective multiple of 13.8x at September 2021

Private Equity

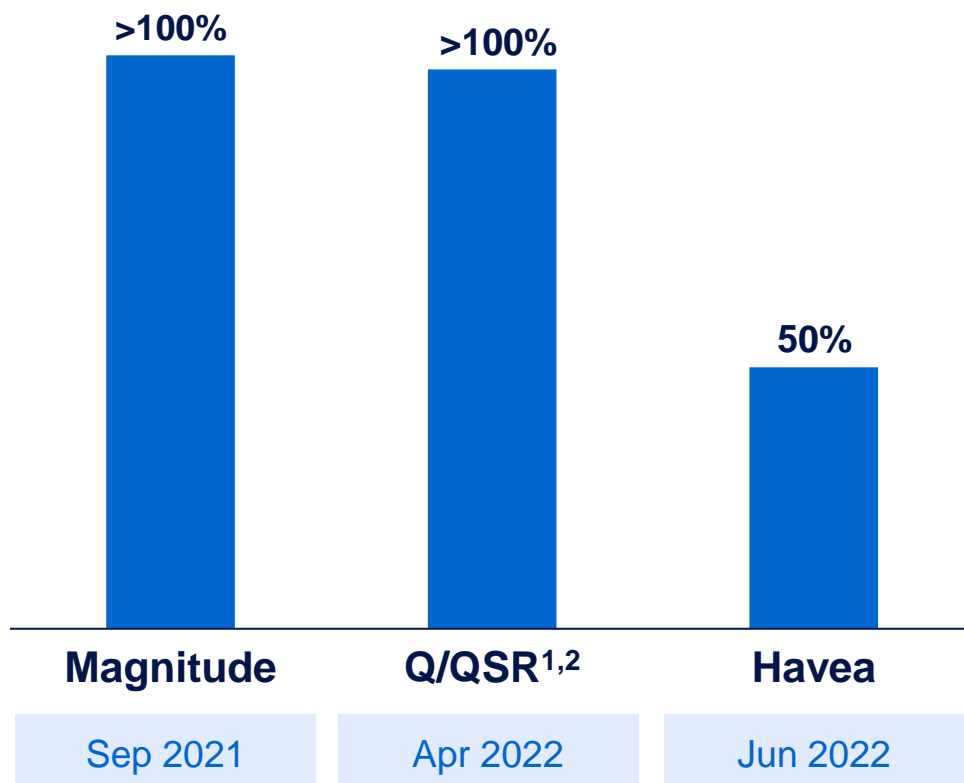
Valuation multiples continue to compare favourably to average multiples for peer sets¹



20 out of 25 portfolio companies have valuation marks below peer set average
All multiples are within peer set ranges

¹ Valuation multiples used for 25 companies valued on an earning basis compared to a peer group that represents the average of the reference peer groups of 3i's portfolio assets.

Realisation premium vs book value



- **2.5x** money multiple
- Proceeds of **£346m**



- **2.8x²** money multiple
- Proceeds of **£190m**



- **3.1x** money multiple
- Proceeds of **£476m**

Note: Portfolio realisations premium cover exits over the last two years.

¹ Refers to unrealised value growth for Q Holding (including QSR) over March 2021 value.

² Includes the residual value of Q Holding.



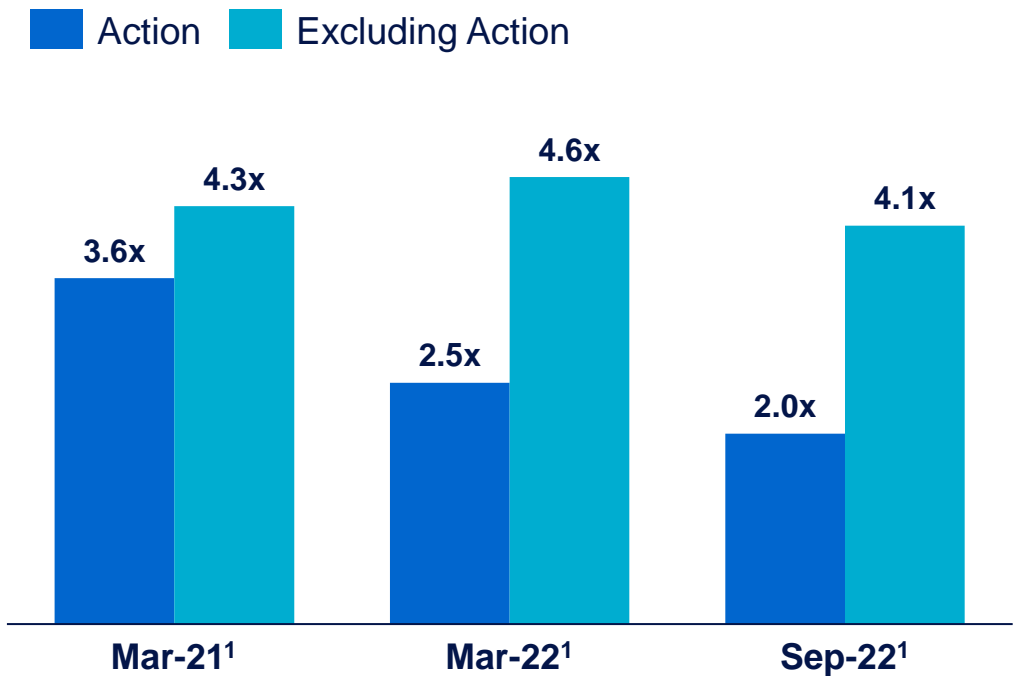
Six months to 30 September £ million	2022	2021
Gross investment return	1,970	2,373
of which foreign exchange	685	97
GIR % of opening portfolio	16%	27%
Realisations	193	118
Cash investment	292	58

£ million	30 September 2022	31 March 2022
Portfolio value	14,483	12,420

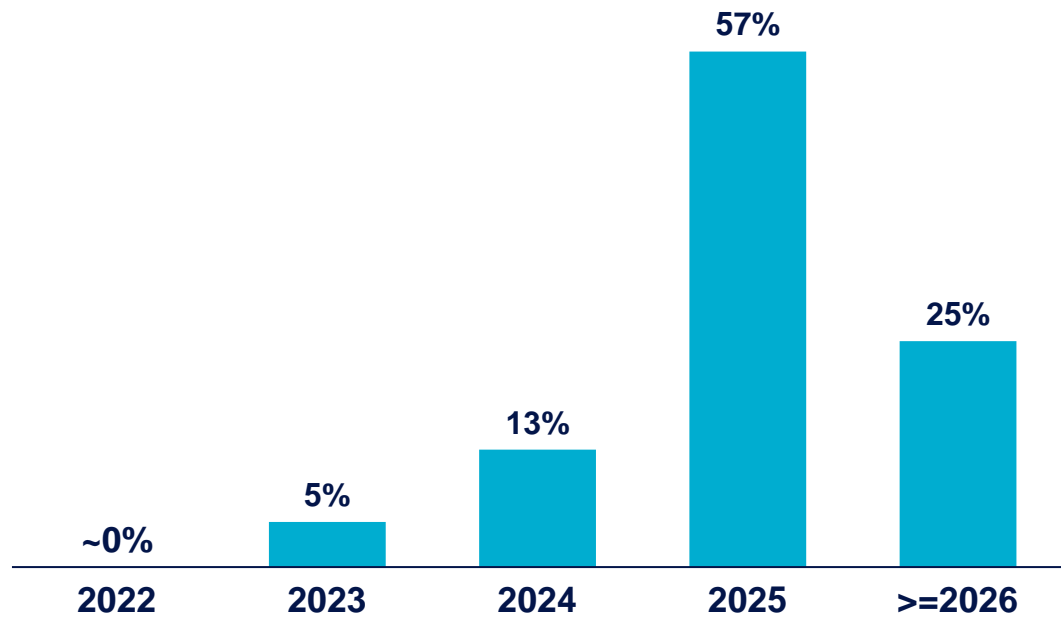
Note: Investment and realisations may differ to the cashflow due to the timing of cash movements.



Ratio of total net debt to earnings



Debt maturity (% of fair value)



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

¹ This represents 87% (Mar-22 92%, Mar-21: 88%) of the Private Equity portfolio by value. Quoted holdings, deferred consideration and companies with net cash are excluded from the calculation. Net debt and adjusted earnings as of 30 June 2022 (Mar-22: 31-Dec-21, Mar-21: 31-Dec-20) and Action based on net debt and last 12 months run-rate earnings to the end of P9 2022 (Mar-22: P3 2022, Mar-21: run-rate earnings to 31-Mar-21 covering the period 1-May-20 to 31-Mar-21).

Infrastructure and Scandlines

Solid performance in the period



Six months to 30 September £ million	2022	2021
Infrastructure gross investment return	35	60
Realised profits over value	-	3
Unrealised (losses)/profit on revaluations ¹	(47)	30
Dividend and interest income from the portfolio	24	20
Foreign exchange	58	7
GIR % of opening portfolio	3%	5%

£ million	30 September 2022	31 March 2022
Infrastructure portfolio value	1,380	1,352

£ million	30 September 2022	31 March 2022
Scandlines value	554	533

1. The unrealised value loss of £47 million (2021: profit of £30 million) includes a £117 million unrealised value loss from 3iN (2021: £20 million value gain) offset by a value gain of £70 million from US Infrastructure and other funds (2021: £10 million).

Operating cash position

Operating loss position expected to turn positive by end of financial year



Six months to 30 September £ million	2022	2021
Private Equity	7	14
Infrastructure	48	39
Scandlines	12	—
Cash income	67	53
Operating cash expenses ¹	(84)	(72)
Operating cash loss	(17)	(19)

¹ Operating cash expenses includes leases paid.



£16,417m • High quality, well constructed portfolio

£900m • RCF, of which £154m drawn at 30 September 2022, fully repaid in October

£55m • Gross cash held centrally with no material restrictions

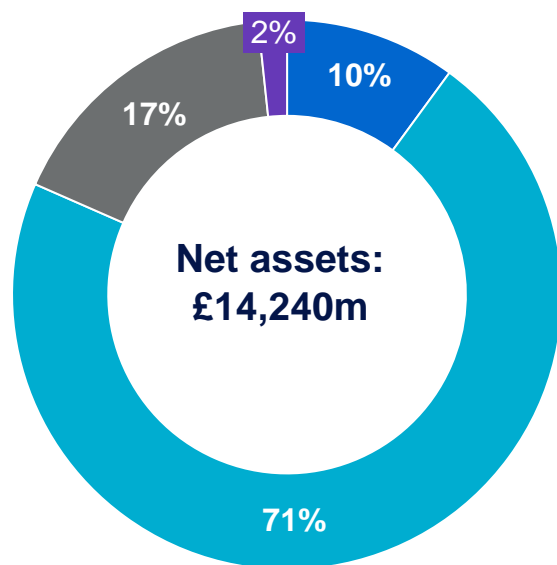
£975m • Gross fixed term debt made up of bonds expiring in 2023, 2032 and 2040

Liquidity of £801m at 30 September 2022, increased to c. £1.3bn at 31 October 2022

Net asset exposure by currency



Net assets by currency
30 September 2022



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

88% of net assets denominated in euro or US\$¹

- Medium-term foreign exchange hedging programme executed post 30 September
 - partial reduction of FX sensitivity
 - locks rate for future sterling outflows
- €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
- Hedging programme not currently expected to be extended beyond these amounts

Including the hedging programme:

1% movement in EUR = £83m, 1% movement in US dollar = £13m

¹ At 30 September 2022 the only hedged position was Scandlines (notional amount €600m).

First FY2023 dividend of 23.25 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

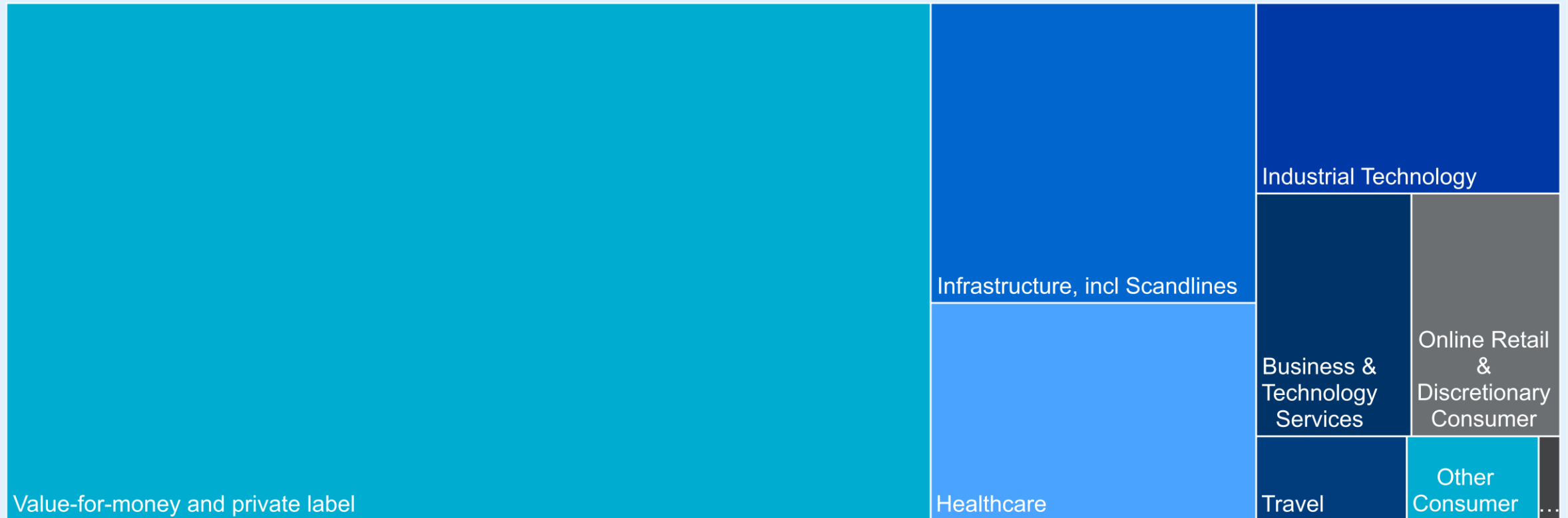
Simon Borrows
Chief Executive



The portfolio is positioned to continue to perform resiliently in challenging markets



Portfolio at 30 September 2022¹



Value, Infrastructure and Healthcare >80% of portfolio

¹ Excludes Havea.

3i has significant long-term potential



Permanent capital. Long-term, sustainable approach

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

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

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

Significant growth platforms in Action and other consumer and healthcare assets

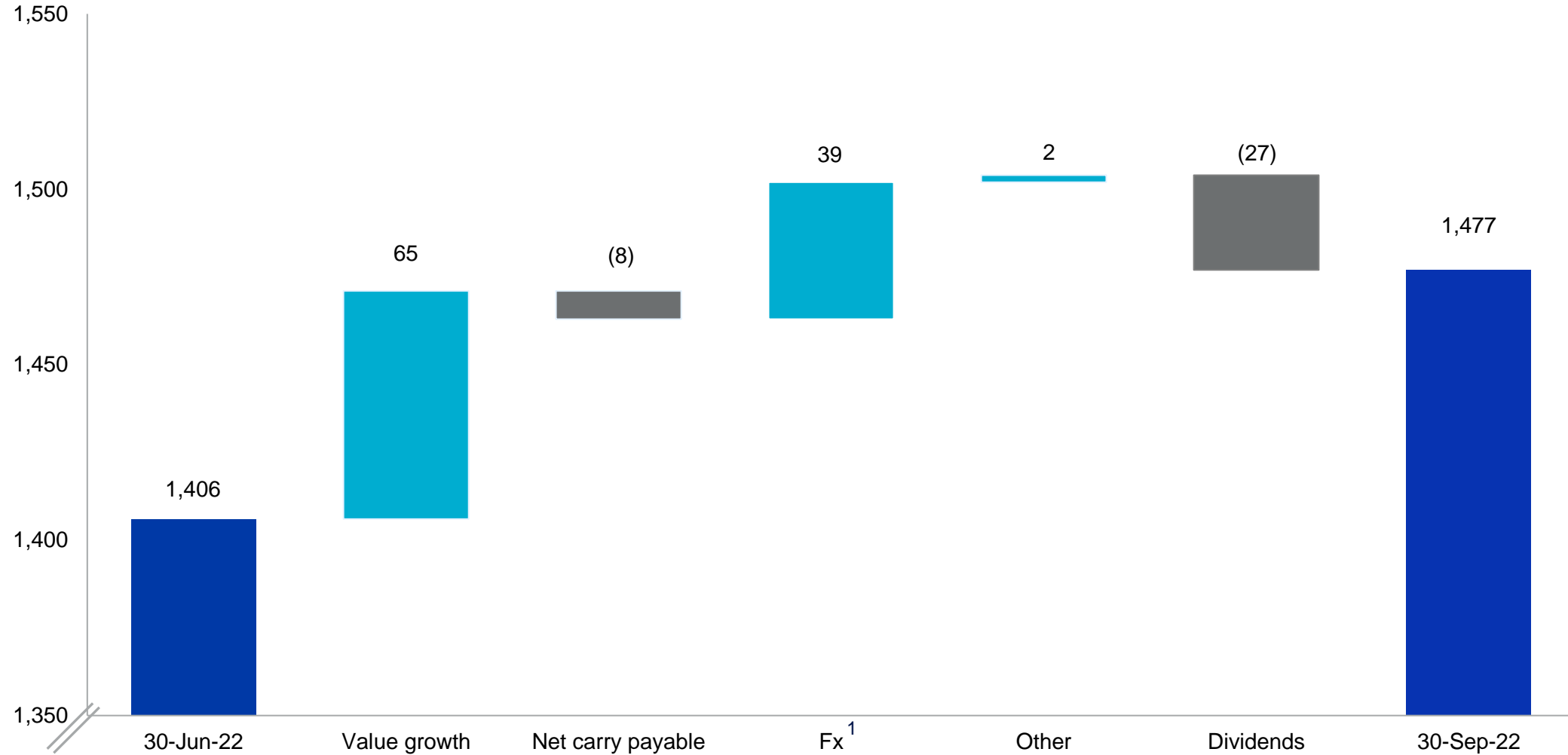


Additional information

Q2 NAV increased from 1,406 pence to 1,477 pence



NAV per share (pence)



¹ FX net of derivatives.

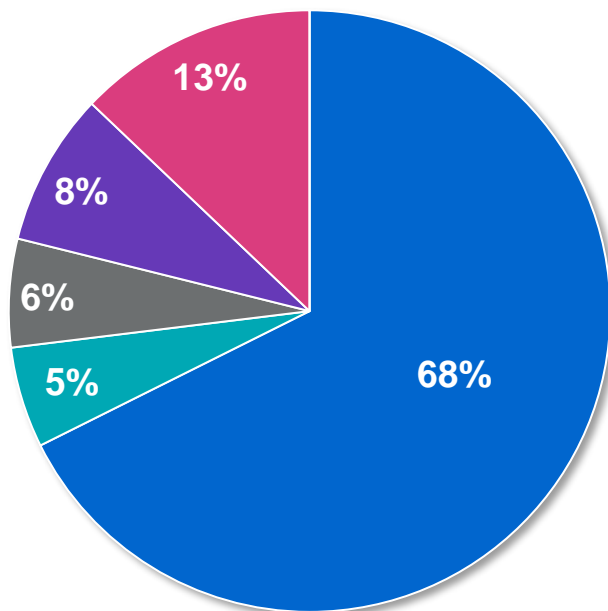
3i Group

20 large investments



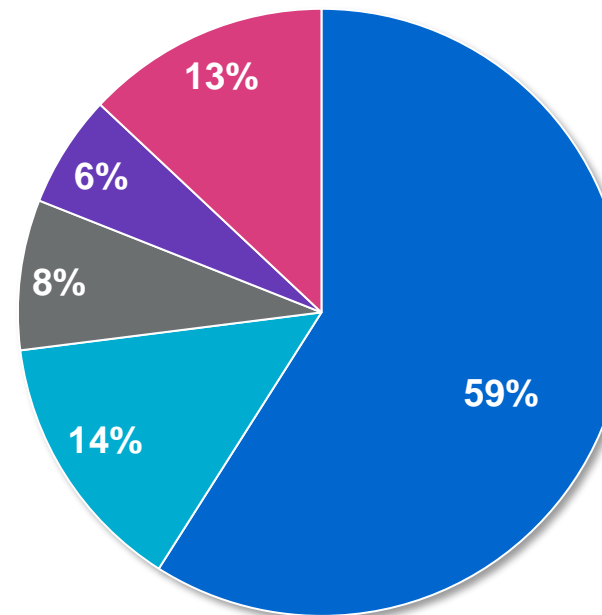
Investment	Business description	Valuation Sep 22 (£m)	Valuation Mar 22 (£m)
Action	General merchandise discount retailer	8,612	7,165
3i Infrastructure plc	Quoted investment company, investing in infrastructure	817	934
Cirtec Medical	Outsourced medical device manufacturing	613	513
Scandlines	Ferry operator between Denmark and Germany	554	533
Havea	Manufacturer of natural healthcare and cosmetics products	478	304
Tato	Manufacturer and seller of specialty chemicals	437	407
SaniSure	Manufacturer, distributor and integrator of single-use bioprocessing systems and components	422	277
nexeye	Value-for-money optical retailer	401	345
Luqom	Online lighting specialist retailer	341	448
Royal Sanders	Private label and contract manufacturing producer of personal care products	322	297
Evernex	Provider of third-party maintenance services for data centre infrastructure	314	291
Smarte Carte	Provider of self-serve vended luggage carts, electronic lockers and concession carts	304	207
AES Engineering	Manufacturer of mechanical seals and support systems	298	269
Q Holding	Manufacturer of precision engineered elastomeric components	272	398
WP	Global manufacturer of innovative plastic packaging systems	251	234
WilsonHCG	Global provider of recruitment process outsourcing and other talent solutions	183	115
BoConcept	Urban living designer	177	184
MPM	An international branded, premium and natural pet food company	175	162
Dynatect	Manufacturer of engineered, mission critical components that protect equipment	141	102
Audley Travel	Provider of experiential tailor-made travel	121	117

By office location (%)



■ Netherlands ■ France ■ Germany ■ UK ■ US

By sector (%)



■ Action (Consumer) ■ Consumer ■ Industrial Technology
■ B&TS* ■ Healthcare

Portfolio of 41 investments (31 March 2022: 37)

* Business and Technology Services.

Private Equity

Carried interest payable a result of value growth in the period



Six months to 30 September £ million	2022	2021
Income statement		
Carried interest receivable	2	2
Carried interest payable	(157)	(194)
Net total expense	(155)	(192)
£ million	30 September 2022	31 March 2022
Balance sheet		
Carried interest receivable	10	8
Carried interest payable	(1,106)	(926)
Net total payable	(1,096)	(918)

Action peers

EV/LTM EBITDA, pre-IFRS 16

