



14 May 2020

## 3i Group plc announces results for the year to 31 March 2020

### Resilient performance despite severe disruption from COVID-19

- **Total return of £253 million or 3% on opening shareholders' funds** (March 2019: £1,252 million, 18%) and **NAV per share of 804 pence** (31 March 2019: 815 pence) after paying 37.5 pence of dividends in the year.
- Our Private Equity business delivered a gross investment return of £352 million or 6% (March 2019: £1,148 million, 20%). The portfolio had performed well overall in the 11 months to 29 February 2020 and was on track to generate returns consistent with our strategic objectives before the significant impact of COVID-19 on the portfolio valuation at 31 March 2020. The pandemic has impacted our travel, retail and automotive portfolio companies, while companies in medical technology, personal care products, e-commerce and other specialty manufacturers are experiencing strong demand.
- Action traded strongly in 2019 and in the first two months of 2020, but COVID-19 caused major short-term disruption to the business, as it was forced to implement total or partial temporary store closures in a number of countries. As of today, virtually all of Action's stores have reopened and it is rebounding strongly now that lockdowns are being lifted.
- Earlier this year we closed the transaction to provide liquidity to investors in Eurofund V from the realisation of the Fund's investment in Action through a sale to the 3i 2020 Co-investment vehicles. This transaction achieved an enterprise value of €10.25 billion and was funded by a combination of rolling LPs, new LPs and 3i, which reinvested in Action to increase its gross holding from 45.3% at 31 December 2019 to 52.6% at 31 March 2020. At 31 March 2020, we valued Action at a level consistent with the valuation achieved in this transaction. This is a step back from the valuation of the investment at the end of December 2019, and is broadly equivalent to using Action's run-rate earnings to March 2020 and reducing the multiple used to c.17x post discount.
- In competitive markets the Private Equity team maintained its cautious approach to capital deployment, making three new investments in the year in Evernex, Magnitude and a new bioprocessing products platform, for a total of £413m. We continued to focus on M&A activity by our portfolio companies and completed 13 bolt-on acquisitions in total during the year, most of which were self-funded.
- Private Equity realisations (excluding Action) totalled £446 million. Of note, we generated a 4.1x money multiple on our realisation of Aspen Pumps, sold another tranche of Basic-Fit and sold ACR, a challenged legacy investment.
- Our Infrastructure business delivered a gross investment return of £(39) million, or (4)% (March 2019: £210 million, 25%). The negative return was driven primarily by the decline in the share price of 3i Infrastructure plc ("3iN") as a result of the broader market volatility in March 2020. Our Infrastructure portfolios have proven resilient to the impact of COVID-19 and most portfolio companies have traded robustly through the pandemic.
- During the year, 3iN deployed £376 million in two new investments, Joulz and Ionisos, and generated proceeds of £581 million from the realisations of WIG and the UK projects portfolio. Our North American Infrastructure team completed its second US Infrastructure investment, with the acquisition of Regional Rail and two bolt-on investments for a total of £175 million, funded from our own balance sheet. We also continued to deploy capital in the 3i European Operational Projects Fund, which is now c60% invested.

- Scandlines generated a gross investment return of £5 million, or 1% (March 2019: £49 million, 9%). The business continued to perform well and produced solid results in 2019 and a good contribution to portfolio income. The decision by the Danish and German governments to close their borders to stem the spread of COVID-19 had a significant short-term impact on car volumes in particular, however freight continues to flow with good volumes. This is reflected in the valuation at the end of March 2020.
- **Total dividend of 35 pence per share** for FY2020, with a dividend of 17.5 pence per share to be paid in July 2020 subject to shareholder approval.

**Simon Borrows, 3i's Chief Executive**, commented:

"We delivered a solid return for FY2020 despite the severe challenge posed by the COVID-19 pandemic and its impact on portfolio performance in the last month of the year.

Throughout this pandemic, our focus has been first and foremost on protecting the well-being of our own employees and those of our portfolio companies and of the communities in which we all collectively operate.

We enter our new financial year with a carefully assembled portfolio of private equity and infrastructure companies and an experienced team that has proved adept at managing these investments against a deteriorating macro-economic backdrop. We have been cautious investors for some years and have maintained a strong balance sheet since our restructuring in 2012. This conservative approach will help us to navigate the challenging months ahead minimising significant interruptions so that we can continue to generate attractive returns for our investors through the cycle."

## Financial highlights

	Year to/as at 31 March 2020	Year to/as at 31 March 2019
<b>Group</b>		
Total return	<b>£253m</b>	£1,252m
Operating expenses	<b>£116m</b>	£126m
Operating cash profit	<b>£40m</b>	£46m
Cash realisations	<b>£801m</b>	£1,261m
Gross investment return	<b>£318m</b>	£1,407m
- As a percentage of opening 3i portfolio value	<b>4%</b>	21%
Cash investment	<b>£1,248m</b>	£859m
3i portfolio value	<b>£8,098m</b>	£7,553m
Gross debt	<b>£575m</b>	£575m
Net cash	<b>£270m</b>	£495m
Gearing <sup>1</sup>	<b>nil</b>	nil
Liquidity	<b>£1,245m</b>	£1,420m
Net asset value	<b>£7,757m</b>	£7,909m
Diluted net asset value per ordinary share	<b>804p</b>	815p
Total dividend per share	<b>35p</b>	35p

<sup>1</sup> Gearing is net debt as a percentage of net assets.

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**For further information regarding the announcement of 3i's annual results to 31 March 2020, including a live webcast of the results presentation at 10.00am, please visit [www.3i.com](http://www.3i.com).**

**Notes to editors**

3i is a leading international investment manager focused on mid-market Private Equity and Infrastructure. Our core investment markets are northern Europe and North America. For further information, please visit: [www.3i.com](http://www.3i.com).

**Notes to the announcement of the results**

**Note 1**

All of the financial data in this announcement is taken from the Investment basis financial statements. The statutory accounts are prepared under IFRS for the year to 31 March 2020 and have not yet been delivered to the Registrar of Companies. The statutory accounts for the year to 31 March 2019 have been delivered to the Registrar of Companies. The auditor's reports on the statutory accounts for these years are unqualified and do not contain any matters to which the auditor drew attention by way of emphasis or any statements under section 498(2) or (3) of the Companies Act 2006. This announcement does not constitute statutory accounts.

**Note 2**

Copies of the Annual report and accounts 2020 will be distributed to shareholders on or soon after 26 May 2020.

**Note 3**

This announcement may contain statements about the future including certain statements about the future outlook for 3i Group plc and its subsidiaries ("3i"). These are not guarantees of future performance and will not be updated. Although we believe our expectations are based on reasonable assumptions, any statements about the future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

**Note 4**

Subject to shareholder approval, the proposed second dividend is expected to be paid on 17 July 2020 to holders of ordinary shares on the register on 12 June 2020. The ex-dividend date will be 11 June 2020.