



14 May 2014

3i Group plc announces full year results to 31 March 2014

Key highlights

- Strong total shareholder return of 30%
- Good flow of Private Equity realisations with proceeds of £669m, representing a 43% uplift over opening value
- Building investment momentum with three new Private Equity investments and one substantial further investment. Closed acquisition of Barclays' European infrastructure fund management business and seeing a good pipeline of primary PPP projects from this platform. Also closed 4 CLOs during the year; two each in the US and Europe
- Substantially outperformed cost savings target; achieved £70 million of cumulative run-rate operating cost reductions, ahead of targeted savings of £60 million. Exceeded our target of covering operating costs with cash income, with an annual operating cash profit of £5m for the year
- Solid and simplified balance sheet with gross debt reduced to £857m and gross interest costs reduced to £54m, ahead of target of £60m. Net debt reduced to £160m and gearing to 5%
- Total return of £478 million after accounting for a foreign exchange translation loss of £116m
- Good progression in NAV per share to 348 pence and a distribution yield of over 6%
- Confirming final dividend of 13.3 pence per share, bringing the total dividend for FY2014 to 20.0 pence per share, subject to shareholder approval

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

"We have met or exceeded all of our strategic priorities and targets for the year.

"3i is now a more streamlined, decisive organisation focused on high performance and delivering attractive shareholder returns. We have started the new financial year with good momentum in our private equity portfolio and ambitious plans in our three businesses."

Financial data

	Year to/as at 31 March 2014	Year to/as at 31 March 2013
Group		
Total return	£478m	£373m
- Total return on opening shareholders' funds	16.3%	14.2%
Dividend per ordinary share	20.0p	8.1p
Total shareholder return ¹	30%	54%
Operating expenses	£136m	£170m
- As a percentage of assets under management ²	1.0%	1.3%
Annual operating cash profit/(loss)	£5m	£(8)m
Proprietary Capital		
Realisation proceeds	£677m	£606m
- Uplift over opening book value	£202m/43%	£190m/46%
- Money multiple	1.8x	2.1x
Gross investment return ³	£665m	£598m
- As a percentage of opening 3i portfolio value	20.2%	18.7%
Operating profit ⁴	£539m	£386m
Cash investment	£337m	£149m
Net interest payable	£51m	£95m
3i portfolio value	£3,565m	£3,295m
Gross debt	£857m	£1,081m
Net debt/(cash)	£160m	£335m
Gearing	5%	11%
Liquidity	£1,197m	£1,082m
Net asset value	£3,308m	£2,934m
Diluted net asset value per ordinary share	348p	311p
Fund Management		
Total assets under management	£12,911m	£12,870m
- Third party capital	£9,508m	£9,176m
- Proportion of third party capital	74%	71%
Total fee income	£127m	£127m
- Third-party fee income	£76m	£71m
Operating profit/(loss) ⁴	£19m	£(13)m
Underlying Fund Management profit ^{4,5}	£33m	£17m
- Underlying Fund Management margin	26%	13%

¹ Total shareholder return is calculated as the share price movement between the close of business on the last trading day of the prior year and close of business on the last trading day of the current year plus shareholder distributions.

² Actual operating expenses, excluding restructuring costs of £9 million in the year to 31 March 2014 and £30m in the year to 31 March 2013, as a percentage of weighted average assets under management.

³ Gross investment return includes £3m of portfolio fees allocated to Fund Management.

⁴ Operating profit for the Proprietary Capital and Fund Management activities excludes carried interest payable/receivable, which is not allocated between these activities.

⁵ Excluding Fund Management restructuring costs of £8m and amortisation costs of £6m (2013: £24m, £6m).

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For further information regarding the announcement of 3i's annual results to 31 March 2014, including a live videocast of the results presentation at 10.00am, please visit www.3i.com.

Notes to editors

3i is a leading international investment manager focused on mid-market Private Equity, Infrastructure and Debt Management across Europe, Asia and the Americas. For further information, please visit: www.3i.com.

Notes to the announcement of the results

Note 1

The statutory accounts for the year to 31 March 2014 have not yet been delivered to the Registrar of Companies. The statutory accounts for the year to 31 March 2013 have been delivered to the Registrar of Companies. The auditors' 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 Report and accounts 2014 will be distributed to shareholders on or soon after 4 June 2014.

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 final dividend is expected to be paid on 25 July 2014 to holders of ordinary shares on the register on 20 June 2014.