



3i Group plc announces half yearly results to 30 September 2015

Another solid half year with each business making important progress

- Good progression in NAV per share to 401 pence, after the payment of the 14 pence final FY2015 dividend
- Strong performance in the Private Equity portfolio underpinned by continued earnings momentum in our key assets
- Productive first half for Private Equity with selective investment of £208 million and realised proceeds of £307 million
- Infrastructure had a good first half, advising 3i Infrastructure plc on three new investments and contributing a special dividend of £51 million and cash income of £25 million to 3i
- Debt Management assets under management now £7.5 billion as the team raised £0.8 billion of new assets from one new CLO in Europe and one new CLO in the US and launched the Global Income Fund
- Efficient operating platform supported operating cash profit of £17 million
- Well funded balance sheet with net debt of only £12 million
- Interim dividend of 6.0 pence per share and expect to pay a full year dividend of at least 15 pence per share

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

"We have completed another solid half year with each business making important progress. The macro and market environment has clearly deteriorated over the course of this year and the steps we have taken since 2012 to create a more resilient business are proving their value.

We are enjoying good momentum across 3i and anticipate that the current environment will, over time, create attractive opportunities and we have the people, financial resources and agility to take advantage of them."

Financial highlights

	Six months to/as at 30 September 2015	Six months to/as at 30 September 2014	Year to/as at 31 March 2015
Group			
Total return	£168m	£234m	£659m
Total return on opening shareholders' funds	4.4%	7.1%	19.9%
Dividend per ordinary share	6.0p	6.0p	20.0p
Operating expenses	£63m	£63m	£131m
As a percentage of assets under management ¹	0.9%	1.0%	1.0%
Operating cash profit	£17m	£16m	£28m
Proprietary Capital			
Realisation proceeds	£359m	£324m	£841m
Uplift over opening book value ²	£29m/9%	£36m/15%	£145m/27%
Money multiple	1.7x	1.8x	2.0x
Gross investment return	£272m	£297m	£805m
As a percentage of opening 3i portfolio value	7.0%	8.3%	22.6%
Operating profit ³	£204m	£262m	£721m
Cash investment	£294m	£199m	£474m
3i portfolio value	£4,037m	£3,672m	£3,877m
Gross debt	£819m	£831m	£815m
Net (debt)/cash	£(12)m	£(161)m	£49m
Gearing	0.3%	5%	nil
Liquidity	£1,157m	£1,020m	£1,214m
Net asset value	£3,851m	£3,426m	£3,806m
Diluted net asset value per ordinary share	401p	358p	396p
Fund Management			
Total assets under management	£13,469m	£12,923m	£13,474m
Third-party capital	£10,143m	£9,566m	£10,140m
Proportion of third-party capital	75%	74%	75%
Total fee income	£58m	£63m	£125m
Third-party fee income	£37m	£41m	£80m
Operating profit ³	£10m	£13m	£26m
Underlying Fund Management profit ^{3,4}	£13m	£16m	£33m
Underlying Fund Management margin	22%	26%	26%

1 Annualised actual operating expenses, excluding restructuring costs of nil (September 2014: nil, March 2015: £1 million), as a percentage of weighted average assets under management.

2 Uplift over opening book value excludes refinancings. The September 2014 balance has been restated from £35 million to £36 million to exclude refinancings.

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

4 Excludes Fund Management restructuring costs of nil (September 2014: nil, March 2015: £1 million) and amortisation costs of £3 million (September 2014: £3 million, March 2015: £6 million).

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For further information regarding the announcement of 3i's Half-yearly results to 30 September 2015, including a live videocast of the results presentation at 10.00am (registration from 9.00am), 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. Our core investment markets are northern Europe and North America. For further information, please visit: www.3i.com.

Notes to the announcement of the Half-yearly results

Note 1

All of the financial data in this announcement is taken from the Investment basis financial statements. This Half-yearly report has been prepared solely to provide information to shareholders. It should not be relied on by any other party or for any other purpose.

The financial information for the year ended 31 March 2015 contained within this announcement does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The statutory accounts for the year to 31 March 2015, prepared under IFRS, have been reported on by Ernst and Young LLP and delivered to the Registrar of Companies. The report of the Auditor on these statutory accounts was unqualified and did not contain a statement under section 498(2) or section 498(3) of the Companies Act 2006.

Note 2

A pdf of the 3i Group plc Half-yearly report 2015 will be available on our website www.3i.com and is also attached below.

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

The interim dividend is expected to be paid on 6 January 2016 to holders of ordinary shares on the register on 11 December 2015.

Disclaimer

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Basis

The numbers and commentary in the Overview and Interim management report reflects the Investment basis rather than IFRS. Detail on the differences and a reconciliation is included in the Reconciliation of the Investment basis to IFRS. The key measures of total return on equity and NAV are the same under both bases.

For definitions of our financial terms, used throughout this report, please see our glossary.

We have enhanced the Half-yearly report to concentrate on those events and transactions that are significant to an understanding of 3i's financial performance in the period since the *Annual report and accounts 2015*. As a result the commentary has been streamlined to remove duplication and a number of Notes on the Financial Statements have been refined or deleted to focus on information that is material to this Half-yearly report.

Total return for the six months to 30 September 2015

	Six months to 30 September 2015 £m	Six months to 30 September 2014 £m	12 months to 31 March 2015 £m
Investment basis			
Realised profits over value on disposal of investments	29	35	162
Unrealised profits on revaluation of investments	167	307	684
Portfolio income			
Dividends	36	21	45
Income from loans and receivables	28	30	62
Fees receivable	5	2	6
Foreign exchange on investments	7	(98)	(154)
Gross investment return	272	297	805
Fees receivable from external funds	37	41	80
Operating expenses	(63)	(63)	(131)
Interest receivable	2	1	3
Interest payable	(24)	(26)	(49)
Movement in the fair value of derivatives	-	(1)	(1)
Exchange movements	(10)	25	40
Other income	-	1	-
Operating profit before carry	214	275	747
Carried interest			
Carried interest and performance fees receivable from external funds	(3)	19	80
Carried interest and performance fees payable	(39)	(45)	(142)
Acquisition related earn-out charges	(4)	(5)	(8)
Operating profit	168	244	677
Income taxes	1	(3)	(4)
Re-measurements of defined benefit plans	(1)	(7)	(14)
Total comprehensive income ("Total return")	168	234	659
Total return on opening shareholders' funds	4.4%	7.1%	19.9%