



25 July 2018

3i Group plc FY2019 Q1 performance update

A good start to the year

- NAV per share of **760 pence** and total return of **5.1%** for the three months to 30 June 2018
- Cash realisations of **£337 million** in the quarter, net of the **£535 million** reinvestment in Scandlines
- Completed two new Private Equity investments in Royal Sanders and International Cruise and Excursions (“ICE”) totalling **£245 million**
- Advised 3i Infrastructure plc (“3iN”) on its investment in Attero and a further investment for Infinis, Alkane Energy

Simon Borrows, Chief Executive, commented:

“This was another productive quarter for 3i with good portfolio performance as well as significant investment and realisation activity. We completed the Group’s sale and reinvestment into Scandlines, two new Private Equity investments and advised 3iN on its investments in Attero and Alkane Energy. Our balance sheet is strong but we remain cautious about the pricing of new investments in the current environment. Overall, our portfolio of international companies remains well positioned, despite the macro uncertainties, to deliver another year of good earnings growth.”

Private Equity

Portfolio performance

The Private Equity portfolio generated good returns in the quarter. The majority of the portfolio performed well with notable value growth increases from Action, Basic-Fit, Cirtec Medical and Etanco.

Private Equity investments

We completed our £135 million investment in Royal Sanders, a private label and contract manufacturing producer of personal care products, in April 2018. In June 2018, we completed our £110 million investment in ICE, a global travel and loyalty company that connects leading brands, travel suppliers and end consumers. In addition to our proprietary investment, we continue to originate acquisition opportunities for our portfolio companies. In the quarter, Royal Sanders announced its first acquisition under our ownership and there is a good pipeline of other acquisition opportunities across the portfolio, the majority of which are expected to be funded by the companies themselves.

Private Equity realisations

We generated total cash proceeds in the quarter of £868 million, principally from the £835 million received from the sale of Scandlines in June 2018, before taking account of the Group's £535 million reinvestment.

Private Equity	Realisation proceeds £m
Full realisations	
Scandlines ¹	835
SLR	30
Partial realisations	
Other	3
Total Q1 2019 cash proceeds	868

1. Private Equity proceeds are shown gross and before the Group's £535 million reinvestment.

In June 2018, we announced the realisation of Etanco, one of the last investments in Eurofund V, for proceeds of c.€102 million. At 30 June 2018, Etanco was held on an imminent sales basis and valued at £88 million, an uplift of 32% compared to its value at 31 March 2018 of £66 million.

Infrastructure

Our Infrastructure team had a busy start to the year, including advising 3iN on the completion of its investments in Attero and Alkane Energy and its refinancing of TCR. 3iN's shares performed well in the quarter, generating unrealised value growth of £27 million for 3i in addition to dividend income of £11 million.

The infrastructure market remains very active and our Infrastructure team is working on a pipeline of interesting investment opportunities in Europe and North America.

Total return and NAV position

We recognised a £99 million gain on foreign exchange in the quarter, as both the US dollar and euro strengthened against sterling. Based on the balance sheet at 30 June 2018, a 1% movement in the euro and US dollar would result in a total return movement of £47 million and £10 million respectively. The diluted NAV per share increased to 760 pence (31 March 2018: 724 pence) or 738 pence after deducting the 22p per share FY2018 dividend, which was paid on 20 July 2018.

Balance sheet

Top 10 investments by value at 30 June 2018

	Valuation basis	Valuation currency	Valuation Mar-18 £m	Valuation Jun-18 £m	Activity in the quarter
Action	Earnings	EUR	2,064	2,215	
3i Infrastructure plc	Quoted	GBP	581	604	Ex-dividend 14 June 2018
Scandlines	Price of recent investment	EUR	803	539	Full realisation and 3i's partial reinvestment completed on 21 June 2018 and generated net proceeds of £300m
Basic-Fit	Quoted	EUR	270	334	
Weener Plastics	Earnings	EUR	244	248	
Audley Travel	Earnings	GBP	233	238	
Q Holding	Earnings	USD	229	235	
Cirtec Medical	Earnings	USD	190	219	
Hans Anders	Earnings	EUR	189	191	
Smarte Carte	DCF	USD	167	179	Received refinancing proceeds of £4m

The 10 investments in this table comprise 72% (31 March 2018: 75%) of the total Proprietary Capital portfolio value of £6,915 million (31 March 2018: £6,657 million).

Balance sheet

At 30 June 2018, the Group's balance sheet included net cash of £638 million, before the 22 pence FY2018 dividend (£213 million), which was paid on 20 July 2018.

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Notes

1. Balance sheet values are stated net of foreign exchange translation. Where applicable, the GBP equivalents at 30 June in this update have been calculated at a currency exchange rate of €1.1310:£1 and \$1.3201:£1 respectively. At 30 June 2018, 64% of the Group's net assets were in euro and 14% were in US dollar.
2. At 30 June 2018 3i had 973 million diluted shares.
3. Action was valued using a post discount run-rate EBITDA multiple of 16.5x based on its run-rate earnings to 30 June 2018.

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About 3i Group

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.

All statements in this performance update relate to the three month period ended 30 June 2018 unless otherwise stated. The financial information is unaudited and is presented on 3i's non-GAAP Investment basis in order to provide users with the most appropriate description of the drivers of 3i's performance. Net asset value ("NAV") and total return are the same on the Investment basis and on an IFRS basis. Details of the differences between 3i's consolidated financial statements prepared on an IFRS basis and under the Investment basis are provided in the 2018 Annual report and accounts. There have been no material changes to the financial position of 3i from the end of this quarter to the date of this announcement.