

# Results for the year to 31 March 2019



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## Our strategy

To maintain a balanced portfolio of infrastructure investments delivering an attractive mix of income yield and capital appreciation for shareholders

## Our objectives

To provide shareholders with:

- **A total return of 8% to 10% per annum**, to be achieved over the medium term; and
- **A progressive annual dividend per share**

Our Purpose is to deliver a long-term sustainable return to shareholders from investing in infrastructure

# FY19 results: an outstanding year



## Strong portfolio performance drove NAV growth

**15.4%**

Total return on opening NAV

**234.7p**

NAV per share

## Realised investment in XLT

**£333m**

Net realisation proceeds in the year

## Success in new investment across our target markets

**£377m**

New investments or commitments in the year

## Delivered the dividend target

**8.65p**

Full year dividend per share for FY19

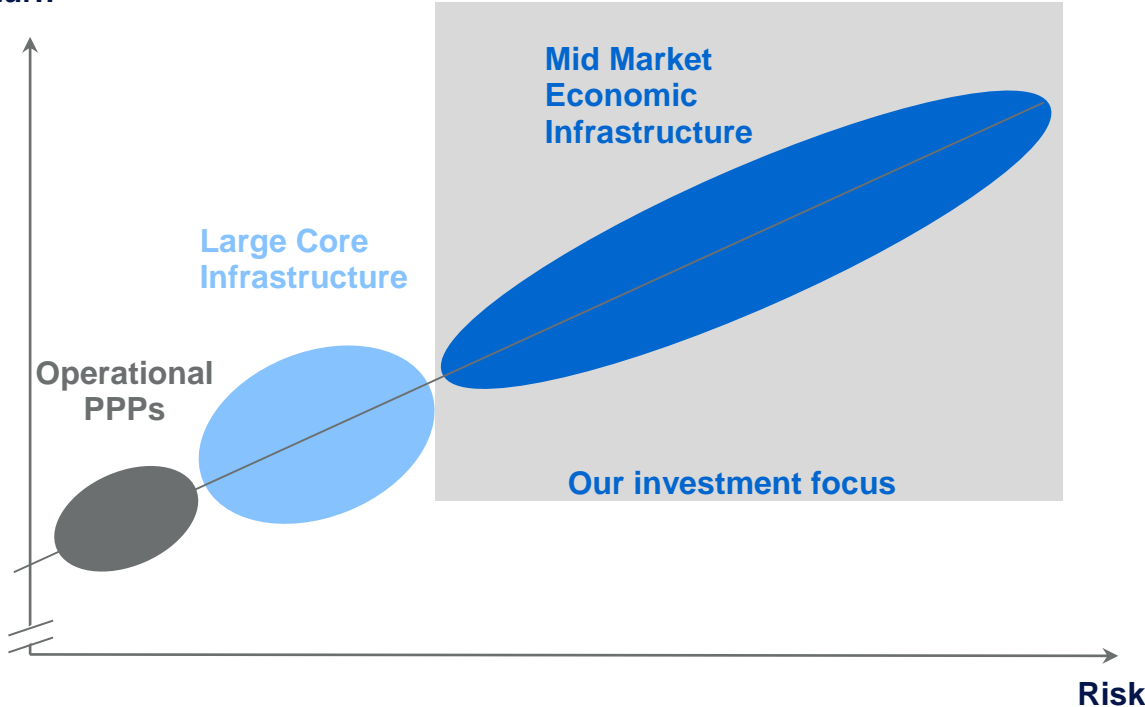
## 6.4% increase in the dividend target for FY20

**9.20p**

Target dividend per share for FY20

# Generating value in the current market environment

Return



1

Large core realisations

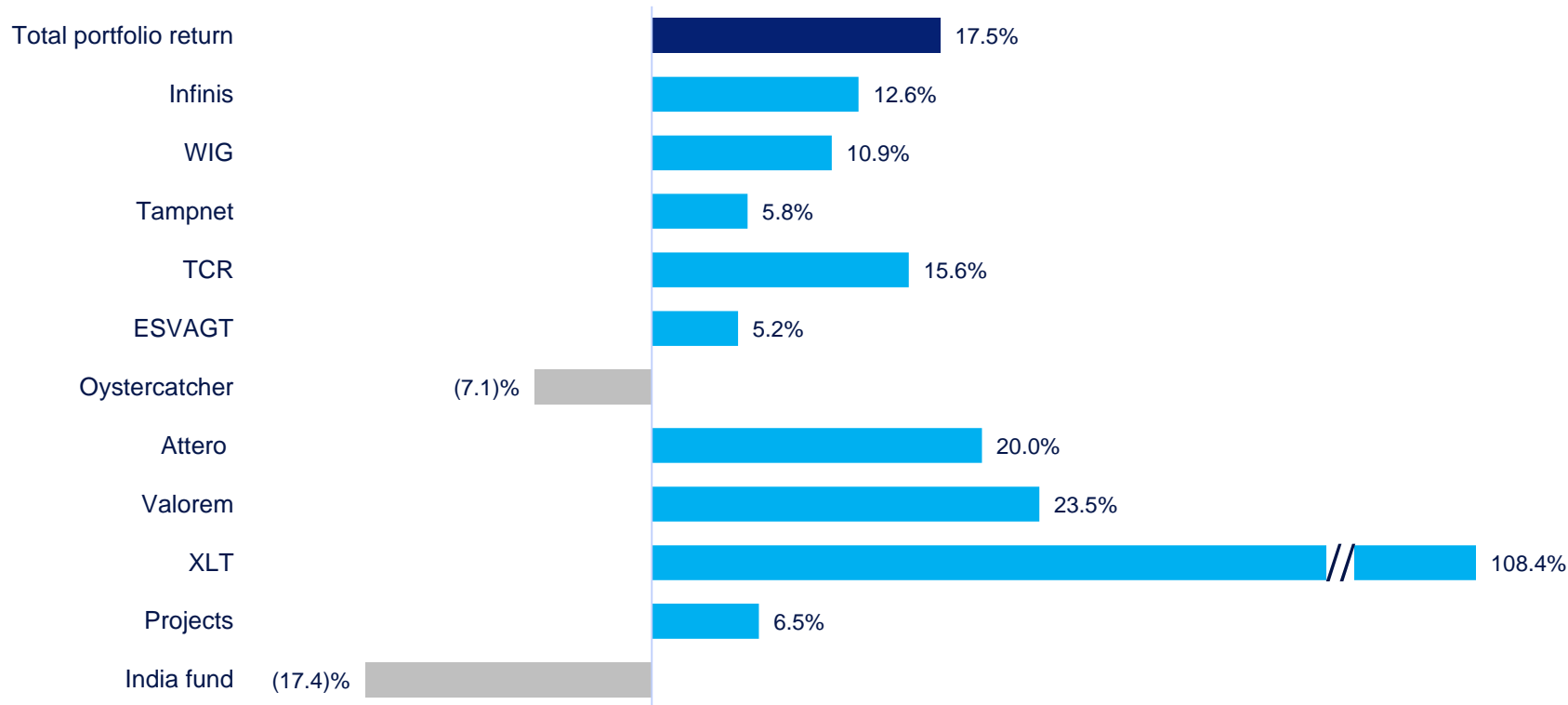
2

Selectively sourcing assets in the mid market

3

Alignment of interest with shareholders

# Strong asset returns across the portfolio



# Realisation: Cross London Trains



1

Matured into a strong business operating smoothly

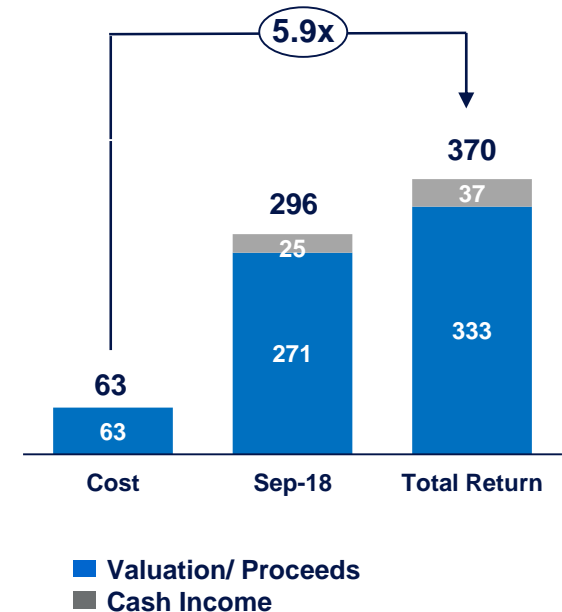
2

Outstanding return generated

3

Well managed sale process

## Investment performance (£m)





# New investment: Tampnet

## Offshore telecom network



■ Cost ■ Closing value

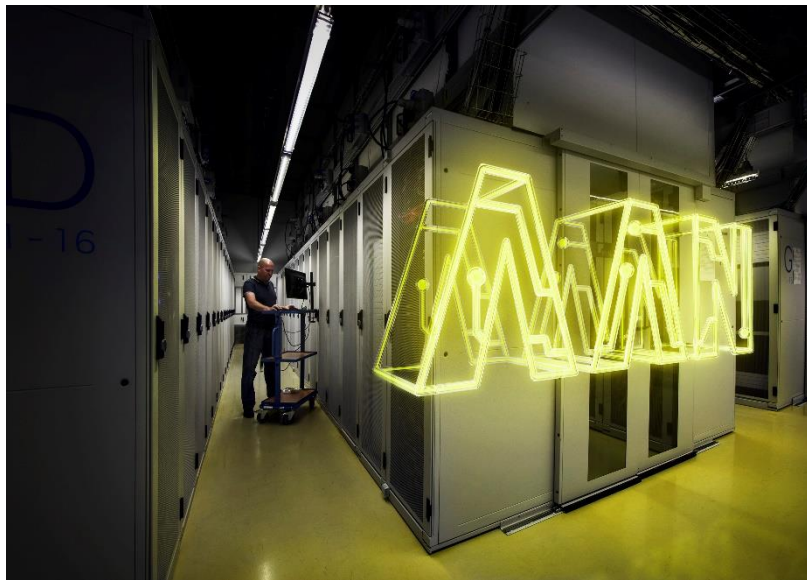
Ownership	50%
Date invested	March 2019
Management team HQ	Stavanger, Norway
Countries	Norway, UK, US
Currency	NOK
Sector	Communications

- Invested €219 million jointly with ATP, a leading Danish pension fund manager
- Operates a comprehensive network of fibre optic cables, 4G stations and microwave links in the North Sea and the Gulf of Mexico
- Unique asset base benefiting from the increase in data demand from offshore industry
- Well positioned to capture growth outside its core geographies
- Sourced outside a formal auction process
- Outperformed our investment case since acquisition was announced in July 2018



# New investment: Joulz

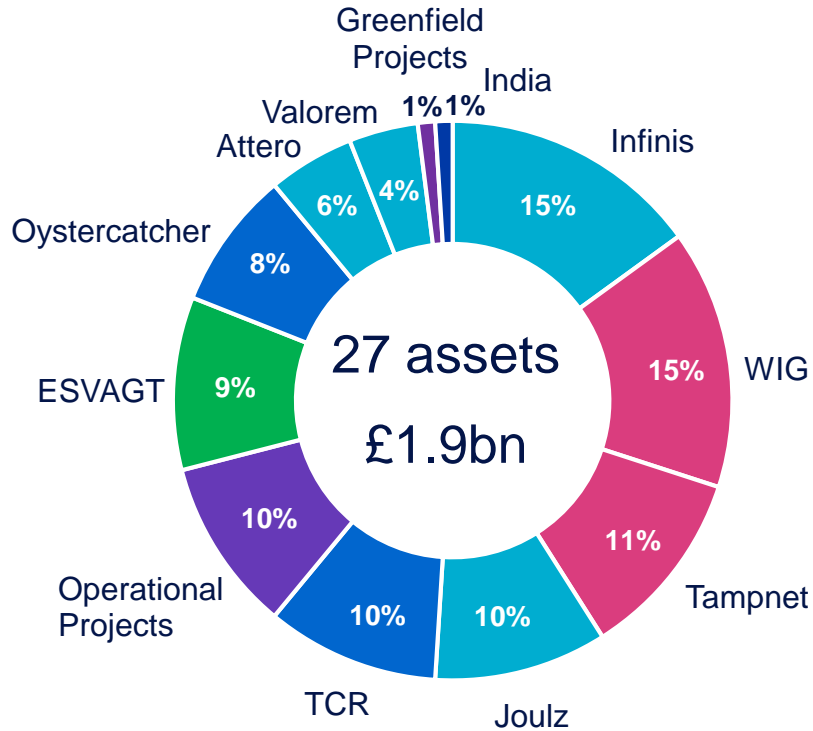
## Essential energy infrastructure equipment and services



- Committed €220 million to acquire 100%, which completed in April 2019
- Owns and leases medium voltage electricity infrastructure such as transformers, switchgear and cables alongside a Metering business which owns and leases electricity and gas meters
- Large and diversified customer base comprising industrial, commercial and public sector customers with medium to long term contracts
- Strongly positioned to benefit from the Dutch government's commitment to decarbonise the economy

Ownership	100%
Date invested	April 2019
Management team HQ	Rotterdam, Netherlands
Countries	Netherlands
Currency	EUR
Sector	Utilities

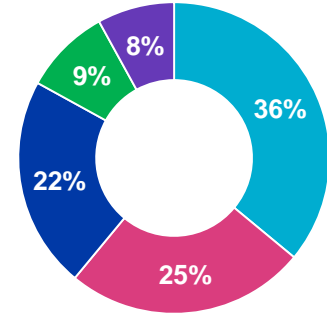
# A balanced portfolio



Note: Portfolio chart includes commitments as at March 2019.

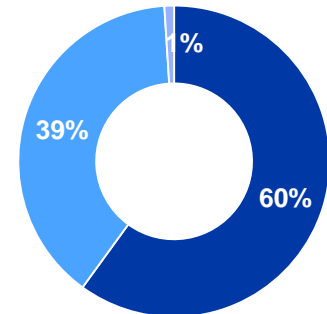
## Portfolio value by sector

- Utilities
- Communications
- Transportation / logistics
- Natural Resources / energy
- Social infrastructure



## Portfolio value by geography

- Continental Europe
- UK
- India





■ Cost ■ Closing value ■ Cash income and proceeds

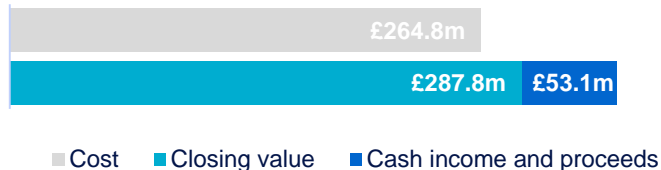
<b>Ownership</b>	<b>100%</b>
<b>Date invested</b>	<b>December 2016 and April 2018</b>
<b>Management team HQ</b>	<b>Northampton, UK</b>
<b>Country</b>	<b>UK</b>
<b>Currency</b>	<b>GBP</b>
<b>Sector</b>	<b>Utilities</b>

- Good performance since acquisition and strong contribution to income, supported by rising baseload power prices
- Integration of Alkane Energy (acquired in 2018) is complete and delivering synergies
- Refinancing completed in the year on attractive terms
- Power response development progressing well with over 180MW installed capacity on 30 sites
- Uncertain outlook for the “embedded benefits” received by Infinis pending regulatory review

# Wireless Infrastructure Group

## Communications towers

3i Infrastructure plc



Ownership	93%
Date invested	June 2016 and January 2018
Management team HQ	Belshill, UK
Countries	UK, Ireland
Currency	GBP
Sector	Communications

- Core tower business performing well, underpinned by long term, inflation linked contracts
- 5G introduction expected to offer opportunities
- Clear market leader in UK Indoor networks after the acquisition of Arqiva's entire portfolio
- Acquired 27 telecom towers in Ireland, more than doubling its size in this market
- Shortlisted for TfL underground DAS project
- Completed refinancing of the business on more favourable terms



Ownership	46%
Date invested	July 2016
Management team HQ	Brussels, Belgium
Countries	10 European countries, Malaysia, Australia, New Zealand and US
Currency	EUR
Sector	Transportation / Logistics

- Continues to grow and perform well: now present in 139 airports vs. 112 at start of the year
- Customer renewal levels remain very high
- Acquired Aerolima, another lessor of GSE in France, adding c. 2,000 pieces of equipment and 20 airports
- Won new business in Europe and Asia as well as first contracts in the US, Australia and New Zealand
- Completed a refinancing of the acquisition facilities on attractive terms
- Tom Bellekens has taken over from Marc Delvaux as CEO as planned at acquisition

## Emergency response vessels and wind farm maintenance support vessels



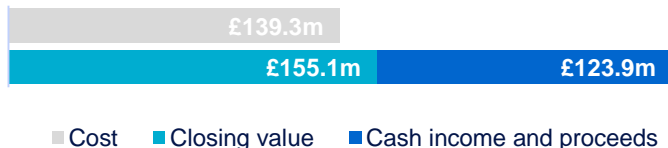
- Oil and gas market conditions and demand/supply dynamics are gradually improving, leading to increasing contract coverage and rates, albeit on shorter contract durations
- ESVAGT signed agreements with MHI Vestas for three new wind support vessels, and the pipeline for new opportunities remains healthy
- Peter Lytzen became CEO in September 2018, and Sisse Mai was appointed as CFO in December 2018

Ownership	50%
Date invested	September 2015
Management team HQ	Esbjerg, Denmark
Countries	Denmark, Norway and UK
Currency	DKK
Sector	Natural Resources / Energy



# Oystercatcher

## Oil product storage terminals



Ownership	45%
Date invested	August 2007 and June 2015
Management team HQ	Various
Countries	Netherlands, Belgium, Malta, Singapore
Currency	EUR
Sector	Transportation / Logistics

- The difficult market conditions for storage of certain oil product types continue
- Uncertainty over future fuel specifications for marine vessels, and markets remaining in backwardation have impacted storage demand
- Expecting the market backdrop to improve later in 2019
- Signed a new long term contract for jet fuel storage at our Amsterdam terminal, taking advantage of the existing dedicated pipeline to Schiphol airport
- Growing imbalance between supply and demand for gasoline storage in Asia Pacific underpins Singapore market in the middle to long term



# Attero

## Waste treatment and processing

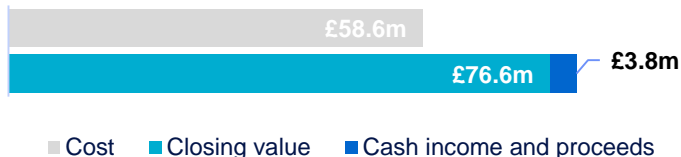


- Since acquisition, favourable supply/demand dynamics have resulted in higher gate fees
- New steam pipeline and electricity turbine commissioned in Moerdijk
- New plastic recycling plant started operations in Wijster, processing 24,000 tonnes of used packaging into high quality regranulate each year
- Acquisition debt refinanced earlier and at better terms than assumed in the investment case

Ownership	25%
Date invested	June 2018
Management team HQ	Apeldoorn, Netherlands
Country	Netherlands
Currency	EUR
Sector	Utilities

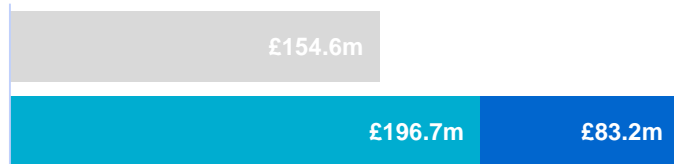
# Valorem

## Onshore wind developer



Ownership	28.5%
Date invested	September 2016
Management team HQ	Bègles, France
Country	France
Currency	EUR
Sector	Utilities

- Installed capacity has grown from 140MW to 340MW (including 90MW under construction) since acquisition
- Pipeline for both wind and solar projects is developing faster than expected
- Political support continues, with an official target to more than double renewable electricity generation capacity in 10 years
- Wind tariffs remain strong, due to demand/supply imbalance at recent auctions
- Signed acquisition of Force Hydrolique Antillaise, a hydro power operator and developer in the French Caribbean where Valorem is already present



■ Cost ■ Closing value ■ Cash income and proceeds

- Overall continued to perform well during the year
- All operational assets are delivering a good level of income and had negligible exposure to Carillion and Interserve
- Three projects still in construction
- Invested €33 million in two projects approaching operational status:
  - La Santé prison in France
  - A9 motorway in the Netherlands
- Held for yield as returns on operational assets is below our target

# Appendix



# Portfolio summary

## 31 March 2019 (£m)



Portfolio assets	Directors' valuation 31 March 2018	Investment in the year	Divestment in the year	Accrued income movement <sup>1</sup>	Value movement	Foreign exchange translation	Directors' valuation 31 March 2019	Allocated foreign exchange hedging	Underlying portfolio income in the year	Total portfolio return in the year <sup>2</sup>
Infinis	310.7	-	(45.7) <sup>3</sup>	4.5	19.5	-	289.0	-	19.5	39.0
WIG	300.4	7.9 <sup>4</sup>	(43.5) <sup>3</sup>	2.9	20.1	-	287.8	-	12.7	32.8
Tampnet	-	187.3	-	0.2	6.7	3.9	198.1	0.1	0.2	10.9
TCR	179.5	0.2 <sup>4</sup>	(3.7) <sup>3</sup>	1.3	9.8	(0.4)	186.7	2.9	15.7	28.0
ESVAGT	149.1	16.9 <sup>4</sup>	-	4.4	(8.6)	(2.0)	159.8	1.1	17.3	7.8
Oystercatcher	181.3	-	-	-	(31.9)	5.7	155.1	(3.6)	16.9	(12.9)
Attero	-	88.4 <sup>4,5</sup>	(1.3) <sup>6</sup>	0.9	16.3	(2.1)	102.2	2.1	1.4	17.7
Valorem	54.8	10.7 <sup>7</sup>	-	0.7	12.0	(1.6)	76.6	1.6	3.4	15.4
XLT	166.3	-	(332.1)	-	165.8	-	-	-	14.4	180.2
<b>Economic infrastructure portfolio</b>	<b>1,342.1</b>	<b>311.4</b>	<b>(426.3)</b>	<b>14.9</b>	<b>209.7</b>	<b>3.5</b>	<b>1,455.3</b>	<b>4.2</b>	<b>101.5</b>	<b>318.9</b>
Projects	167.0	30.7 <sup>4,7</sup>	(1.3) <sup>3</sup>	1.6	(0.2)	(1.1)	196.7	0.7	13.5	12.9
India fund	36.8	-	(1.3)	-	(7.3)	0.9	29.1	-	-	(6.4)
<b>Total portfolio</b>	<b>1,545.9</b>	<b>342.1</b>	<b>(428.9)</b>	<b>16.5</b>	<b>202.2</b>	<b>3.3</b>	<b>1,681.1</b>	<b>4.9</b>	<b>115.0</b>	<b>325.4</b>
Adjustments related to unconsolidated subsidiaries <sup>8</sup>	6.4	0.2	0.2	1.6	7.5	-	15.9	(0.8)	(5.2)	1.5
<b>Reported in the Consolidated financial statements</b>	<b>1,552.3</b>	<b>342.3</b>	<b>(428.7)</b>	<b>18.1</b>	<b>213.0</b>	<b>-</b>	<b>1,697.0</b>	<b>4.1</b>	<b>109.8</b>	<b>326.9</b>

1. The movement in accrued income comprises £3.9 million of movement in the period and £12.6 million in relation to the reclassification of the opening balance at 31 March 2018

2. This comprises the aggregate of value movement, foreign exchange translation, allocated foreign exchange hedging and underlying portfolio income in the year

3. Shareholder loan repaid

4. Capitalised interest

5. Net of syndication

6. Represents receipt of realised value gain on syndication

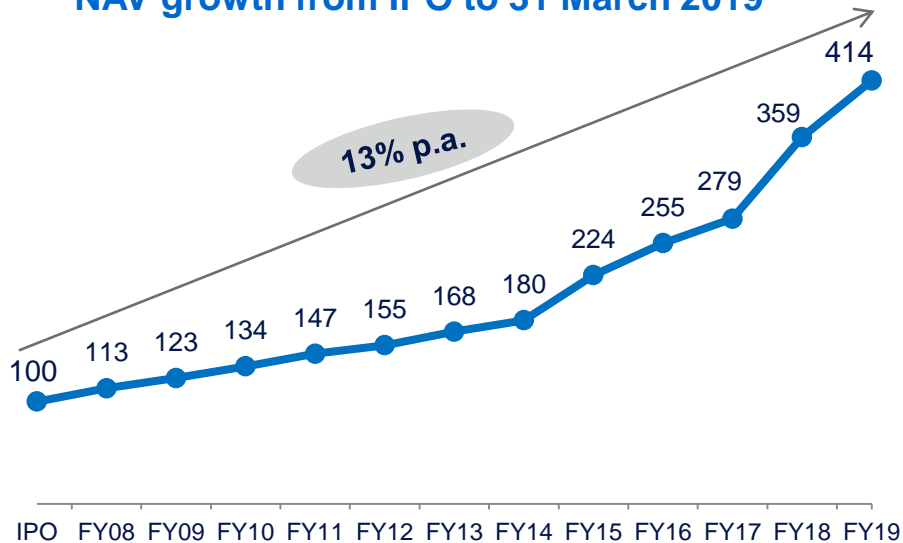
7. Drawdown of commitment

8. Income statement adjustments explained in the March 2019 Annual Report

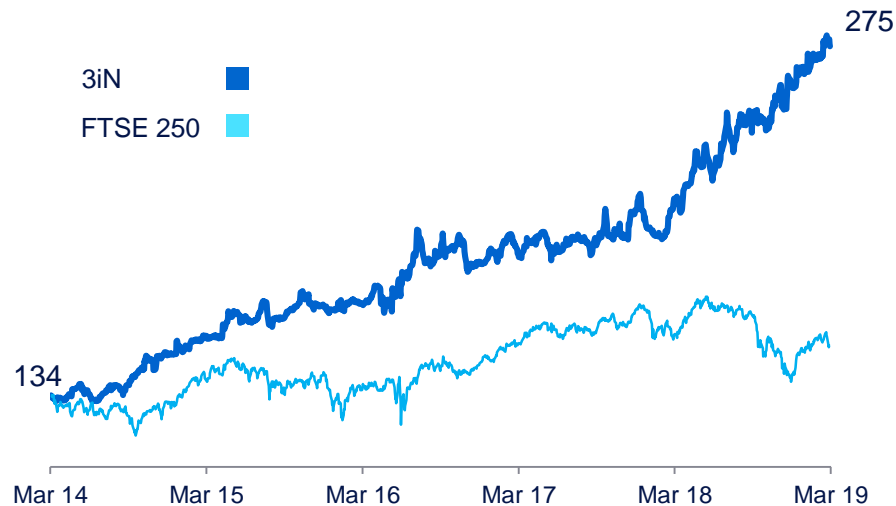
# Continued outperformance



## NAV growth from IPO to 31 March 2019



## Share price performance



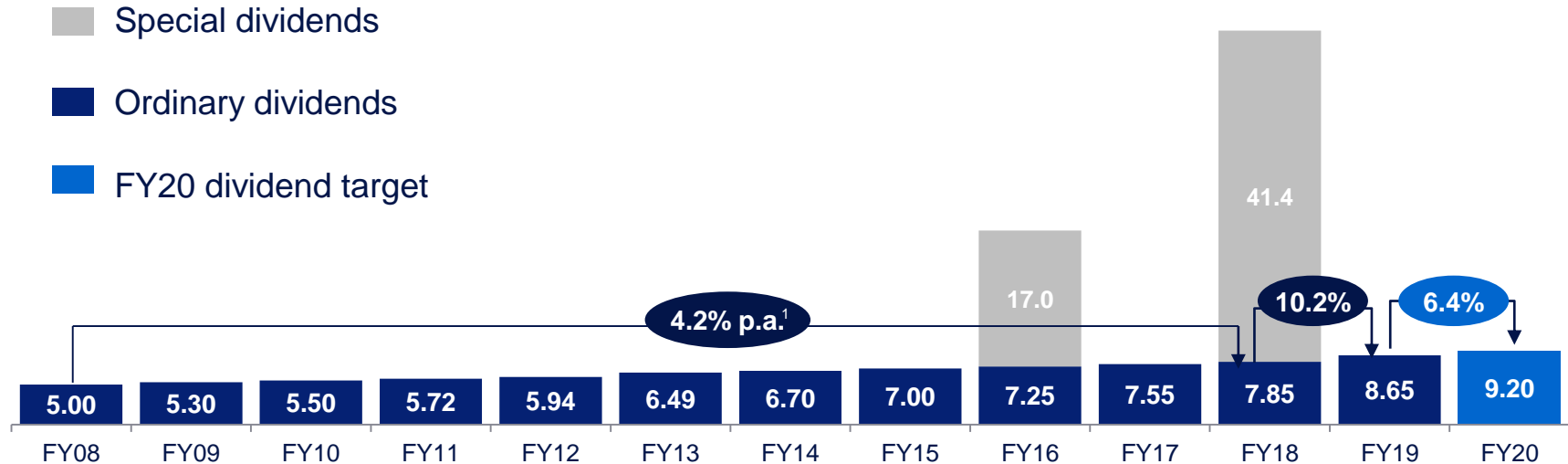
TSR	3iN	FTSE 250
Full year	33.4%	1.0%
5 year	19.5%	6.1%
Since IPO	13.4%	7.4%

Note: Indexed to 100  
This chart shows NAV growth including dividends

# FY20 target dividend growth of 6.4%

## Dividend growth since IPO

(pence per share)



1. Annualised growth rate in ordinary dividends to FY18



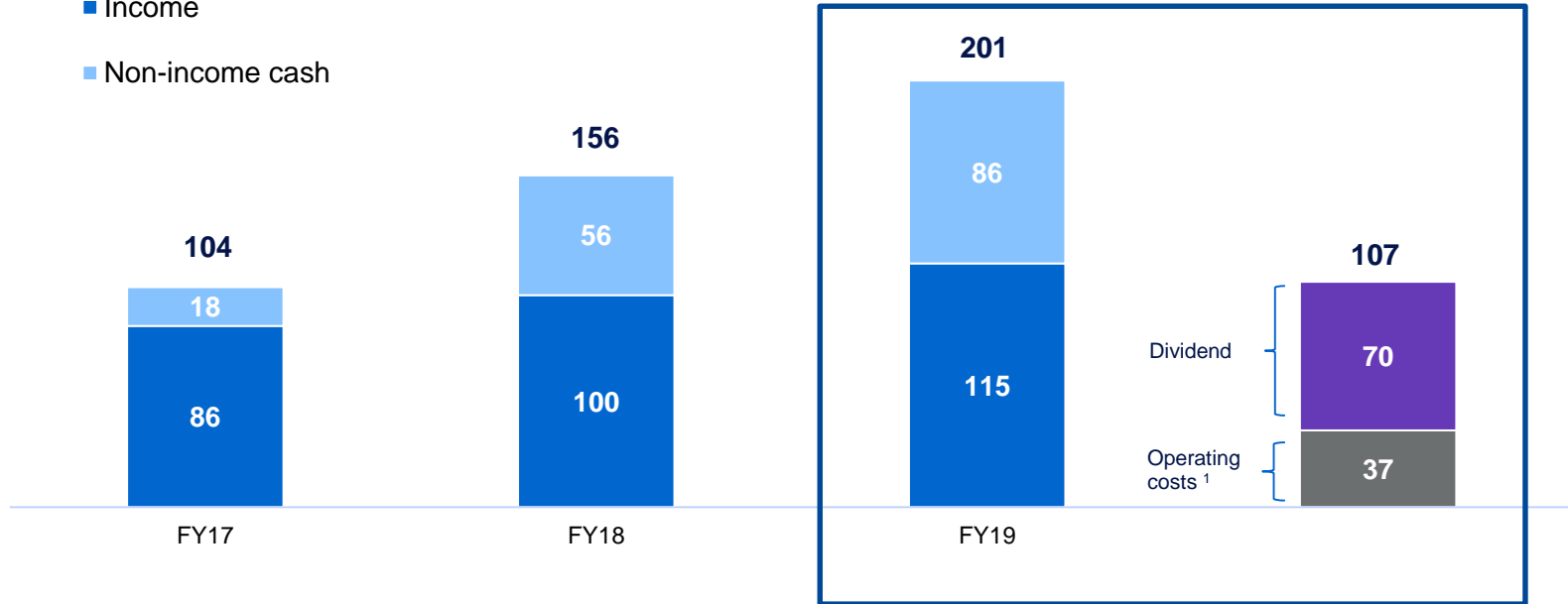
# Dividend well covered



(£m)

■ Income

■ Non-income cash



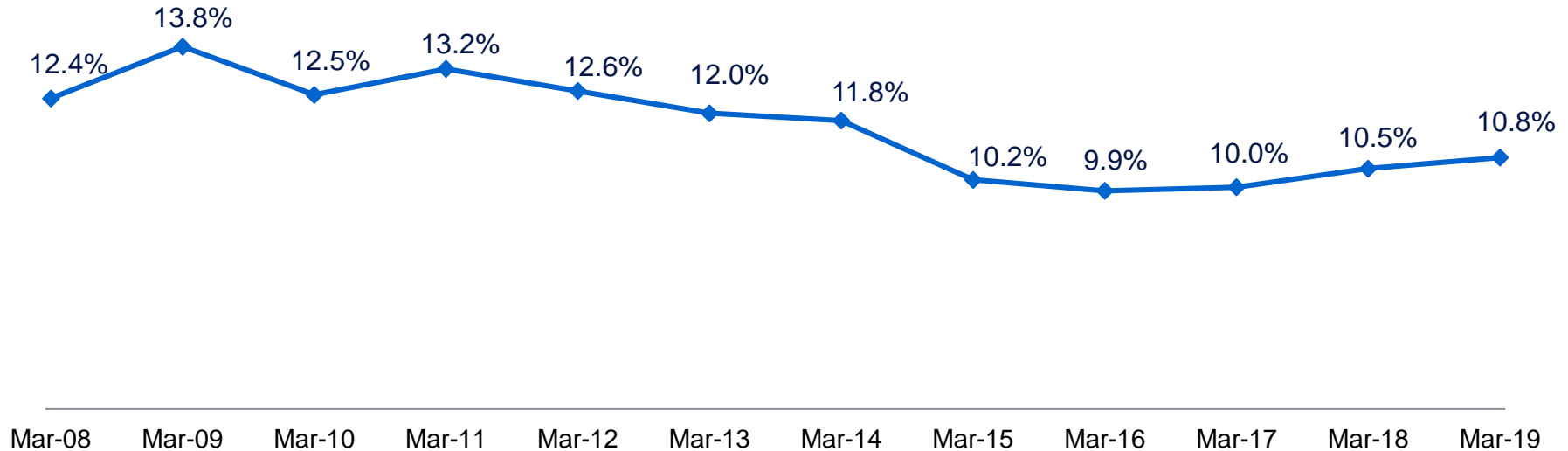
<sup>1</sup> Operating costs exclude performance fees

# Discount rate movement



The weighted average discount rate has increased to 10.8%

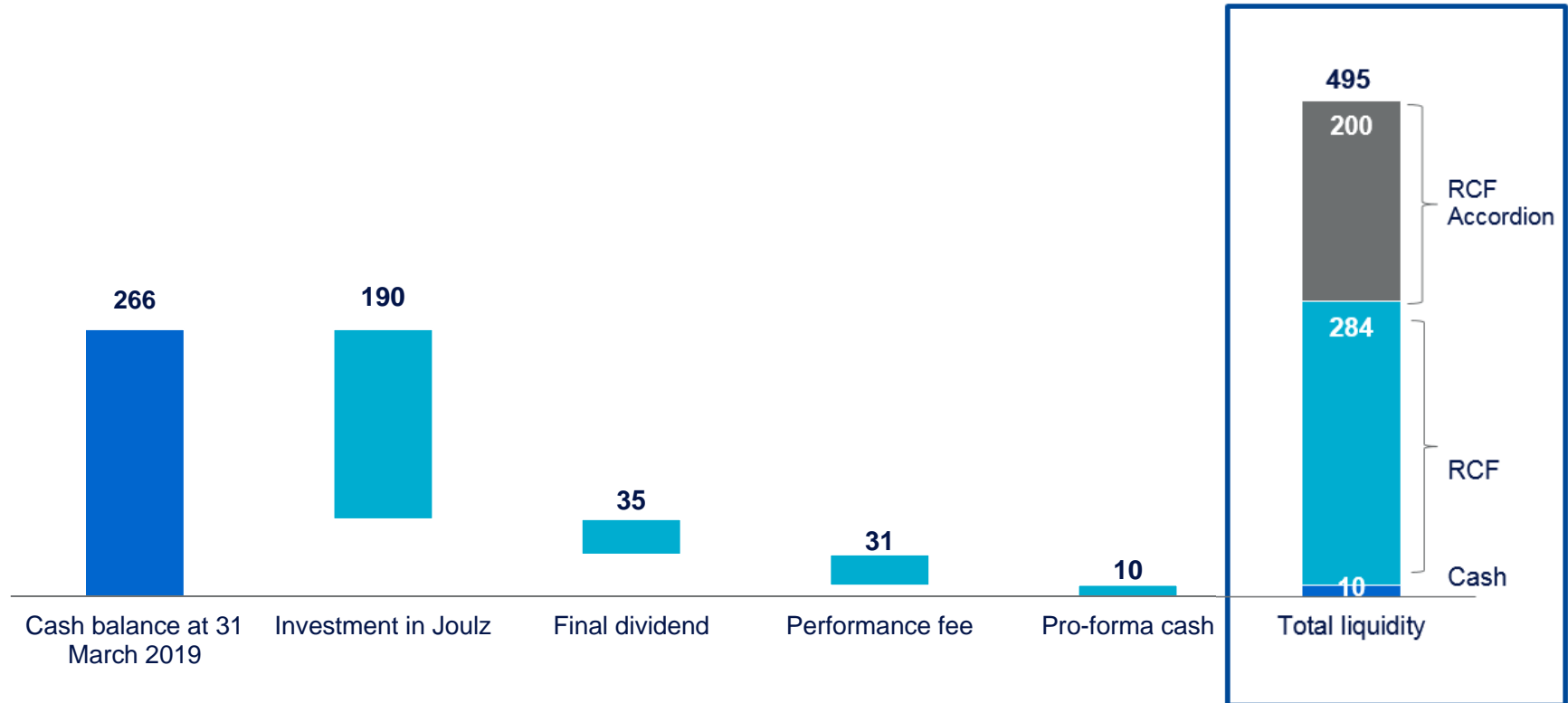
## Portfolio weighted average discount rate



# Efficient balance sheet



(£m)

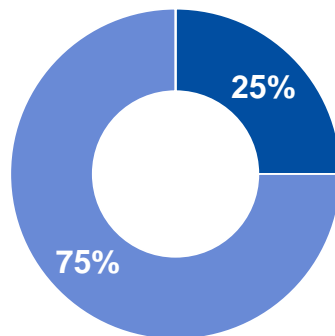


# Sensitivities to total return

## Inflation linkage

### Assets with revenues:

- Directly linked to UK inflation
- Partly linked to inflation



### Sensitivity (for European assets only)

+1% point

-1% point

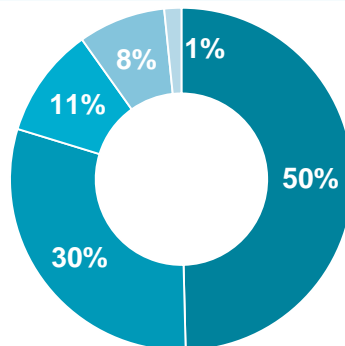
Change in inflation over  
underlying assumption for  
next 2 years

£33.9m

£(33.6)m

## Foreign exchange

- GBP
- EUR/SGD
- NOK
- DKK
- INR



### Sensitivity

+5%

-5%

Change in foreign  
exchange rate<sup>1</sup>

£5.1m

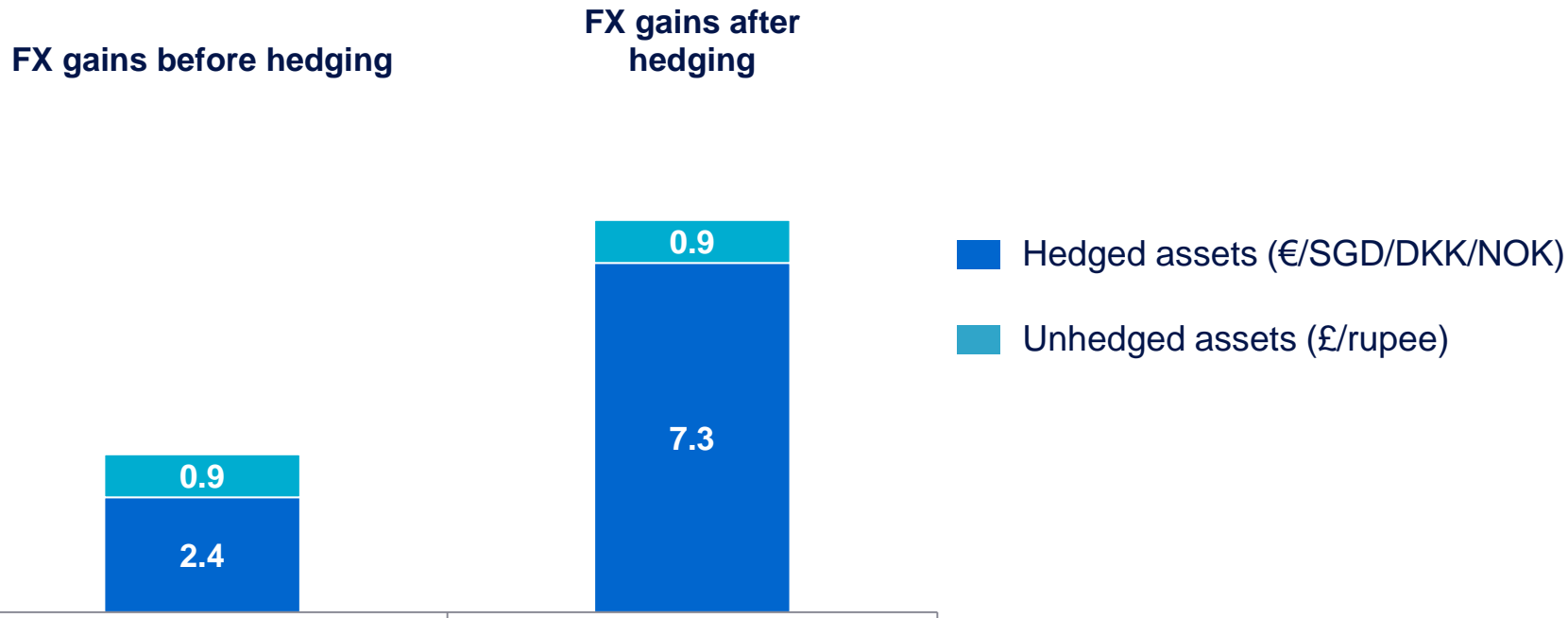
£(4.9)m

1. The sensitivity calculation assumes that the hedging programme movements are fully effective. Foreign exchange sensitivity calculation includes cash held at 31 March 2019

# Hedging programme mitigates volatility



(£m)

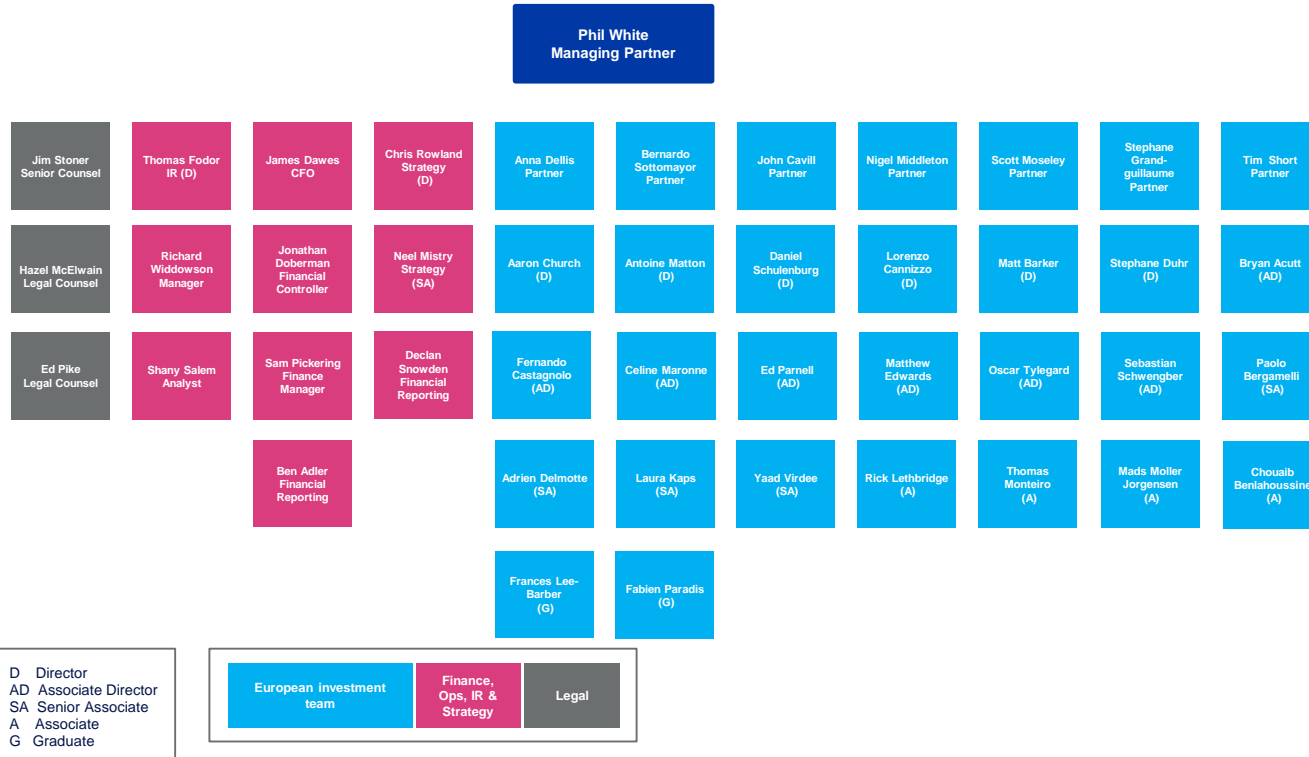


Note: SGD exposure is within Oystercatcher, a euro denominated investment

# The 3i Infrastructure European team

## Experienced and well-resourced team established in 2006

3i Infrastructure plc



Note: Excludes assistants

# Governance and fees from 1 April 2019

<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>• Independent Chairman, four independent non-executive directors and one 3i Group appointed non-executive director</li> <li>• Committed to observe requirements of the UK Corporate Governance Code</li> <li>• Responsibilities include:             <ul style="list-style-type: none"> <li>– overall supervision of 3i Investments plc as the investment manager</li> <li>– monitoring of investments and divestments</li> </ul> </li> </ul>
<b>Investment Manager</b>	<ul style="list-style-type: none"> <li>• Services provided by 3i Investments plc as the Company's investment manager include:             <ul style="list-style-type: none"> <li>– origination, execution and realisation of investments</li> <li>– providing valuations of the Company's portfolio on a half-yearly basis</li> <li>– managing funding requirements and treasury management</li> <li>– managing the portfolio</li> <li>– providing support services in respect of the administration of the Company</li> </ul> </li> </ul>
<b>Fees</b>	<ul style="list-style-type: none"> <li>• Tiered management fee: 1.4% p.a. in respect of the portion of the gross investment value of the Company's portfolio up to £1.25 billion; 1.3% p.a. above £1.25 billion up to £2.25 billion; and 1.2% above £2.25 billion</li> <li>• One-off transaction fee: 1.2% of the acquisition price of each new Investment</li> <li>• No fee on cash or other net assets</li> <li>• Performance fee equal to 20% of the Company's total return in excess of 8%, payable in three equal annual instalments, with the 2nd and 3rd instalments only payable if the performance of the Company exceeds 8% in those years or is above the 8% hurdle over the three years on an annual basis</li> </ul>



3i Infrastructure plc

