

# Annual General Meeting



**10 July 2012**

# Introduction

Peter Sedgwick  
Chairman





- Review and business update
- The resolutions

# Board of Directors

3i Infrastructure plc



**Peter Sedgwick**

Chairman



**Philip Austin**

Non-executive Director  
Senior Independent Director



**Sir John Collins**

Non-executive Director



**Florence Pierre**

Non-executive Director



**Charlotte Valeur**

Non-executive Director



**Paul Waller**

Non-executive Director



**Steven Wilderspin**

Non-executive Director  
Chairman of Audit Committee

# Our five-year track record

3i Infrastructure plc



## 9.4%

Annualised return to  
shareholders

## 5%

Dividend objective  
achieved in each year

## 16%

Annualised  
asset IRR

## >£1bn

Growth in NAV to over £1bn in  
five years

Track record of robust and steady returns over five years

# Financial highlights for 2012

3i Infrastructure plc



- Steady NAV growth – 5.6% total return on shareholders' equity
- Strong portfolio income generation of £73m fully covers dividend and costs
- Total dividend per share of 5.94p meets dividend objective
- £204m invested in the year
- Divestment proceeds of £133m
- £64m in new equity raised through the exercise of warrants



Five years of dividend growth



# Review and business update

Cressida Hogg



# Interim Management Statement

(for the period from April to 9 July 2012)

3i Infrastructure plc



- European portfolio continues to perform well operationally and financially, in line with expectations
  - Portfolio income in the first quarter totalled £12.2m in the quarter to 30 June 2012, below income for 1Q2011 due to lower income from AWG
  - No income yet accrued from LNI
- Valuation of holding in 3i India Infrastructure Fund (“3iIF”) continues to be affected by macro and market factors
  - Adani Power share price down 28% in the period
  - Sterling up 6% vs rupee in the period
- £4.9m invested in a portfolio of road BOT companies of Supreme Infrastructure India Limited through 3iIF
- Cash balances of £144m at 9 July 2012, after deducting the £26.2m final dividend, expected to be paid on 13 July

Developing investment pipeline and focusing on progressing the Thameslink transaction.





Social infrastructure / PPP / PFI	Core infrastructure	Hybrid infrastructure
Expected return <b>8-12%</b>	Expected return <b>10-16%</b>	Expected return <b>&gt;15%</b>
<ul style="list-style-type: none"> <li>▪ High inflation correlation</li> <li>▪ Mainly government-backed revenue streams</li> <li>▪ Lower risk/return profile</li> <li>▪ Strong yield when fully operational</li> </ul>	<ul style="list-style-type: none"> <li>▪ Dynamic businesses, owning their asset base, not finite concessions</li> <li>▪ Low cyclical volatility                             <ul style="list-style-type: none"> <li>- low volume / GDP risk</li> <li>- strong market position</li> </ul> </li> <li>▪ Asset management skills key to driving value                             <ul style="list-style-type: none"> <li>- operational expertise</li> <li>- financing skills</li> <li>- management incentives</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Higher risk characteristics                             <ul style="list-style-type: none"> <li>- country risk</li> <li>- market/volume risk</li> <li>- GDP correlation</li> </ul> </li> <li>▪ Operational expertise in building out the assets and running the business more important</li> </ul>
<b>11%</b>	<b>76%</b>	<b>13%</b>
£94m portfolio value at 31 March 2012	£683m portfolio value at 31 March 2012	£114m portfolio value at 31 March 2012

Focus on core infrastructure, adding value to dynamic businesses

# Our portfolio as at 31 March 2012

3i Infrastructure plc



14

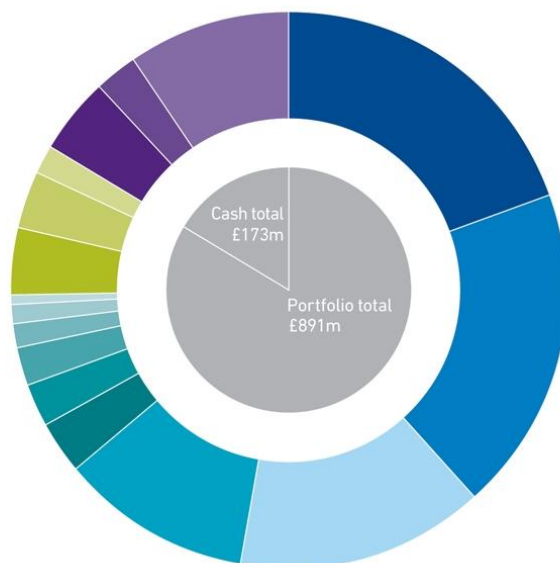
assets

£891m

portfolio value

£173m

cash balances



Anglian Water Group	£m
Lakeside Network Investments ("LNI")	209
Eversholt Rail Group	201
Oystercatcher	154
	118

## 3i India Infrastructure Fund

Krishnapatnam Port	31
Adani Power	28
GVK Energy	22
KMC Roads	16
Soma Enterprise	12
Ind-Barath Utkal	6

## PFI portfolio

Elgin	42
Octagon	33
Alpha Schools	19

T2C	nil
<b>Total portfolio value</b>	<b>891</b>

## Cash

Cash committed to India	47
Cash committed to final dividend	26
Free cash	100
<b>Total cash</b>	<b>173</b>



NAV of over £1bn

# Building the core portfolio – Investing in LNI (1)

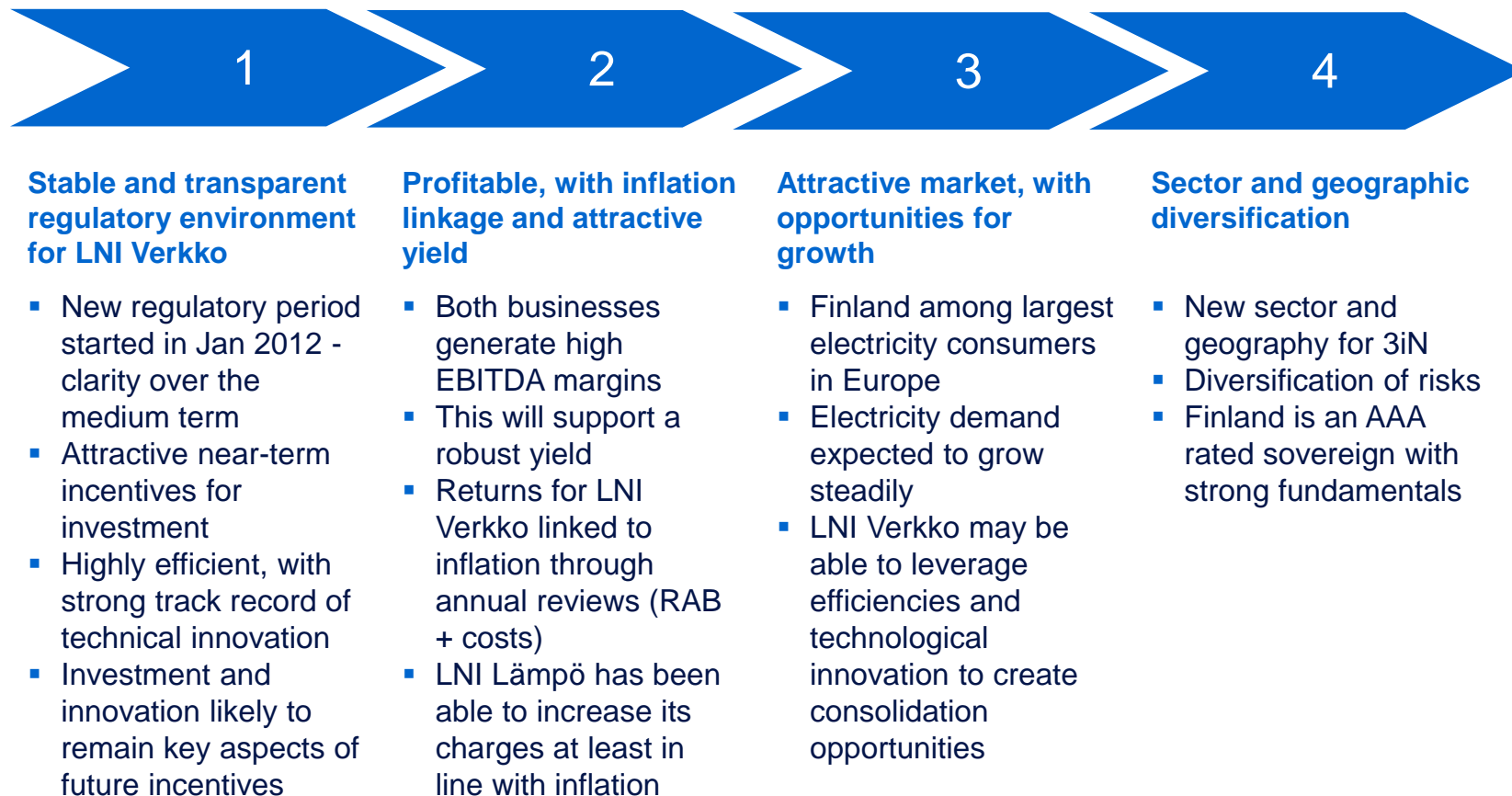
## The businesses

- LNI Verkkö (~85% of value)
  - second largest electricity distribution network in Finland, with a 12% market share
  - serves around 400,000 customers in SW Finland
  - regulated on a 4-year cycle
- LNI Lämpö (~15% of value)
  - operates 17 district heating businesses
  - strong market position in its localities



Attractive businesses with strong fundamentals

# Building the core portfolio – Investing in LNI (2)



A compelling investment case, confirmed through the implementation of our 100-day post acquisition plan

# Building the core portfolio – Investing in LNI (3)

## Executing the deal

- Identified opportunity early, and began working on it before a formal process was started, with
  - a stable consortium and banking group
  - advisers (including strong local advisers) on board
  - dialogue with management already underway

## Investment structure

- Acquired from Vattenfall AB in January 2012 for an EV of ~€1.54bn, as part of a consortium comprising
  - 3i Infrastructure (39%) and 3i Group (6%)
  - GS Infrastructure Partners (45%)
  - Ilmarinen Mutual Pension Insurance Company (10%)



Early mover advantage was key to winning the deal



## Challenging conditions for investment

- Overall M&A volumes down and markets remain volatile
- Uncertain outlook for growth
- Competition for assets from financial and trade buyers

## But

- Several large deals completed, including LNI
- Debt still available for strong infrastructure assets
- Robust performance for asset class



## ✓ Networked in our markets

- Target chosen opportunities early
- Build relationships with intermediaries, providers of finance and investing partners

## ✓ Strongly focused on core opportunities

- Sector knowledge
- Understanding of market dynamics

## ✓ Disciplined on pricing

- Clarity on long-term value drivers
- Mindful of competitive dynamics

## ✓ Portfolio resilience across the cycle

- Inflation linkage
- Strong sovereigns
- Long-term capex supporting growth

# Resolutions

Peter Sedgwick  
Chairman





- 14 resolutions
- Normal annual business (including dividend and auditor reappointment)
- Directors submitting themselves for reappointment
- Approval of Directors' remuneration report
- Dis-application of pre-emption rights
- Authorisation of share buy-back authority



# Proxy votes cast \*

3i Infrastructure plc



No	Resolution	For	Discretionary	Against	Withheld
1	To receive and consider accounts	99.98%	0.01%	0.00%	0.01%
2	To approve Directors' remuneration report	99.97%	0.01%	0.00%	0.02%
3	To declare final dividend	99.98%	0.01%	0.00%	0.01%
4	To re-elect Peter Sedgwick	99.98%	0.01%	0.00%	0.01%
5	To re-elect Philip Austin	99.98%	0.01%	0.00%	0.01%
6	To re-elect Sir John Collins	99.98%	0.01%	0.00%	0.01%
7	To re-elect Florence Pierre	98.11%	0.01%	1.87%	0.01%
8	To re-elect Charlotte Valeur	99.98%	0.01%	0.00%	0.01%
9	To re-elect Paul Waller	98.68%	0.01%	0.88%	0.43%
10	To re-elect Steven Wilderspin	99.97%	0.01%	0.01%	0.01%
11	To re-appoint auditors	99.95%	0.01%	0.03%	0.01%
12	To authorise Directors to set auditors' remuneration	99.98%	0.01%	0.00%	0.01%
13	To dis-apply pre-emption rights	99.97%	0.01%	0.01%	0.01%
14	To authorise share buy-back authority	99.96%	0.01%	0.00%	0.03%

\* Percentages rounded to 2 decimal places