

3i Infrastructure plc



# Results for the half year to 30 September 2021

9 November 2021



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# Consistently strong performance against our objectives



## 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**

# A strong first half driven by excellent performance of the portfolio

3i Infrastructure plc



Resilient portfolio consistently meeting or exceeding target return

**10.6%**

Total return on opening NAV

**291.2p**

NAV per share

Sale of Oystercatcher's European terminals

**3.0x**

Money multiple

**13.9%**

Unrealised IRR

On track to deliver the FY22 dividend target,  
6.6% higher than FY21

**5.225p**

Dividend per share for the half year

**10.45p**

Target dividend for FY22, up 6.6%

Good level of liquidity to make new investments and to grow  
existing portfolio

**£253m**

Cash position

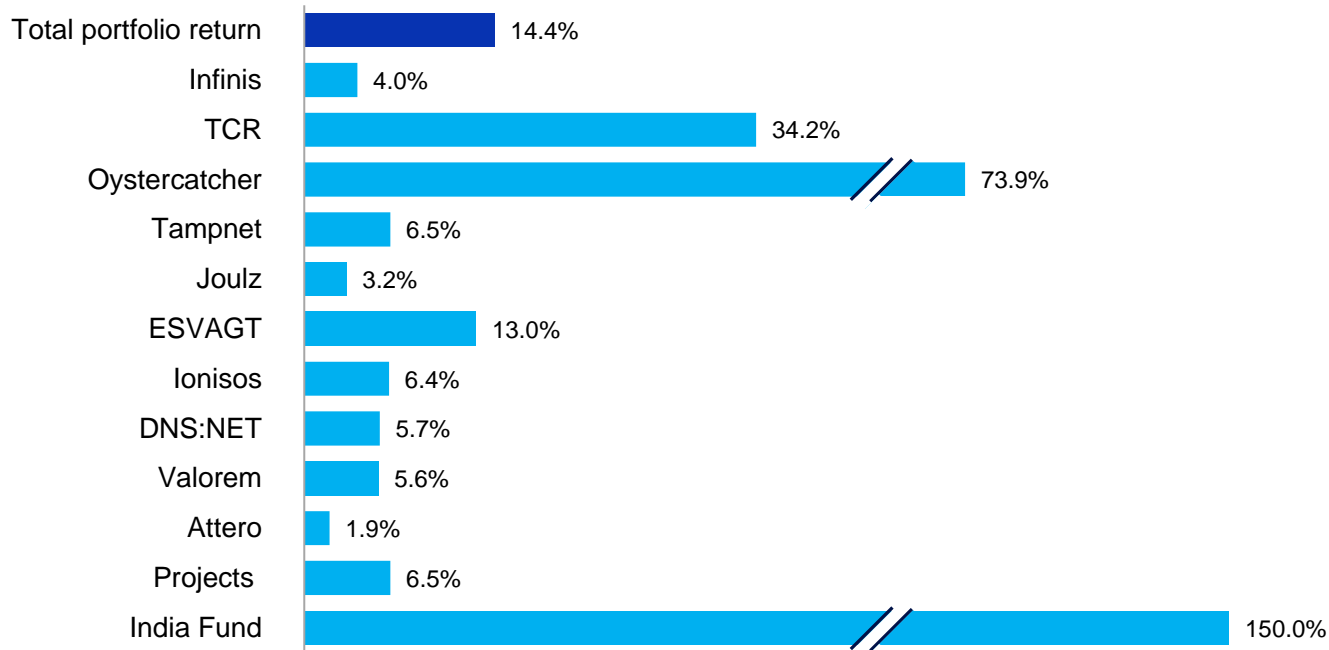
**£400m**

Refinanced RCF

# Generating value in the current market: focusing on Mid-Market Economic Infrastructure

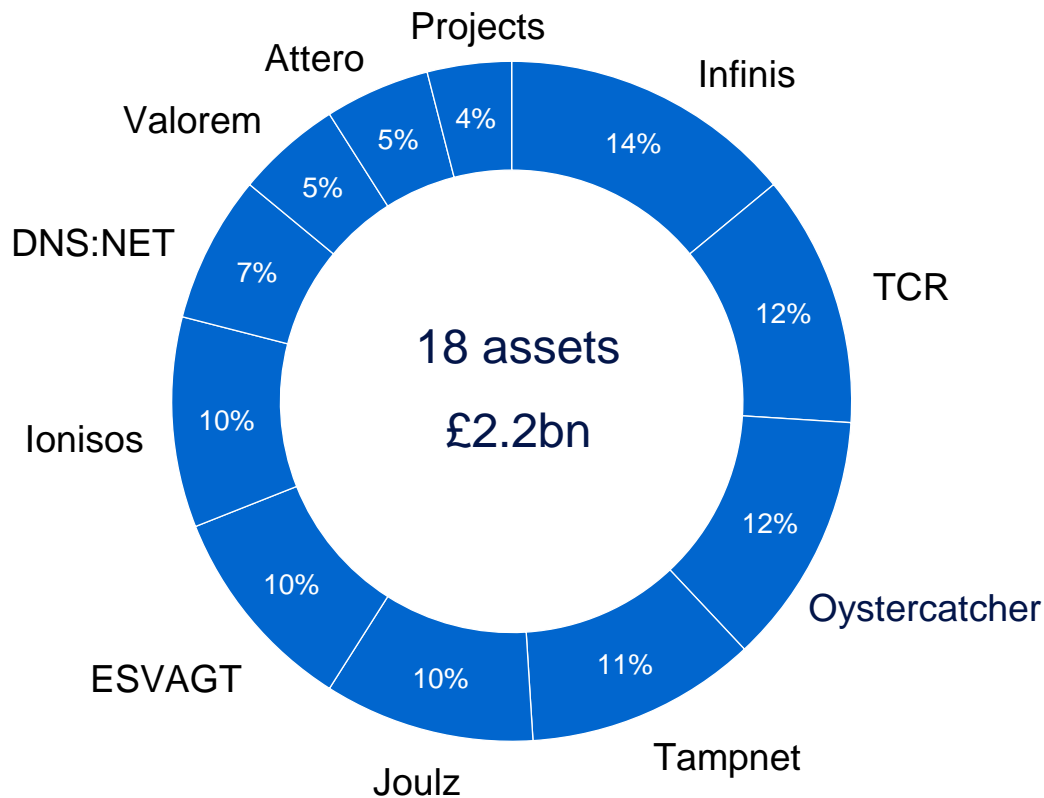


# Resilient portfolio, outperforming expectations for the half year to 30 September 2021



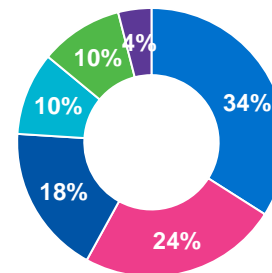
\*Returns are not annualised

# A balanced portfolio of infrastructure investments focused on long-term performance



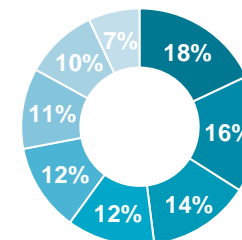
## Portfolio value by sector

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

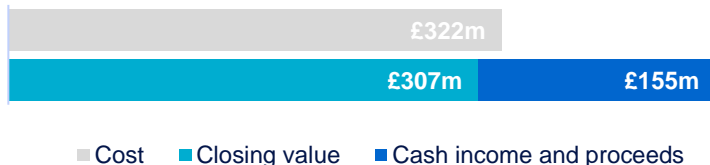


## Portfolio value by country

- Netherlands
- France
- UK
- Belgium
- Luxembourg
- Norway
- Denmark
- Germany



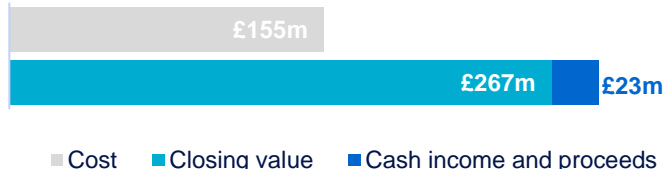




- Infinis performed ahead of expectations and continues to support our yield
- It took advantage of a higher power price environment to hedge its short-term production at attractive prices
- Longer term power price forecasts have decreased, lowering the valuation at the period end
- Infinis made solid progress on its solar development with a first site receiving planning consent and over 150MW at planning or pre-planning stage

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

## Ground support equipment in airports worldwide



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

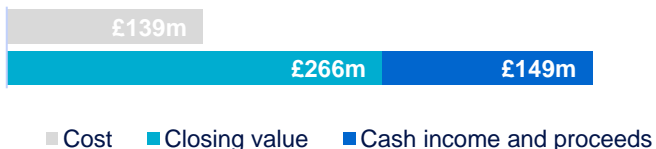
- TCR performed strongly ahead of expectations in the period, providing further evidence of the resilience of its model
- Executed long-term contracts with new customers, including Finnair and Gate Group, and is seeing increased interest from potential new customers
- Outperformance in the period combined with the recovery in the European air travel market in the summer led us to reduce TCR's discount rate to pre-COVID levels
- TCR is well positioned to support the air travel sector's recovery from Covid-19 with an increased focus on efficiency and sustainability

# Oystercatcher

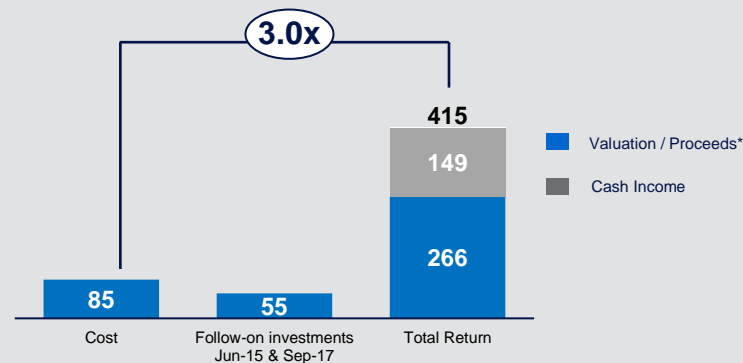
## Oil product storage in Singapore



- The realisation of the four European terminals was an excellent outcome for shareholders
- Our valuation includes net proceeds of €55 million received in October 2021
- We continue to own a 45% stake in the Singapore terminal, which benefits from more attractive medium term market dynamics



<b>Ownership</b>	45%
<b>Date invested</b>	August 2007 and June 2015
<b>Management team HQ</b>	Singapore and Hamburg
<b>Countries</b>	Singapore
<b>Currency</b>	EUR
<b>Sector</b>	Transportation / Logistics



\* Valuation/proceeds includes allocation of FX hedging

# Tampnet

## Offshore telecommunications networks

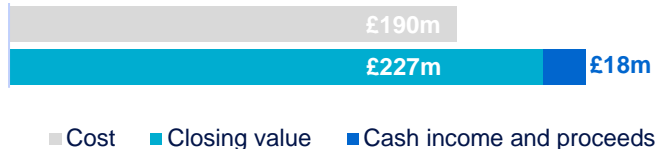


■ Cost ■ Closing value

<b>Ownership</b>	<b>50%</b>
<b>Date invested</b>	<b>March 2019</b>
<b>Management team HQ</b>	<b>Stavanger, Norway</b>
<b>Countries</b>	<b>Norway, UK, US and Canada</b>
<b>Currency</b>	<b>NOK</b>
<b>Sector</b>	<b>Communications</b>

- Demonstrated continued resilience in the period as customers upgrade their bandwidth requirements in the North Sea
- In the Gulf of Mexico, installations have been delayed by Covid-19 and weather conditions, but the contract pipeline continues to grow
- Appointed a new CEO, Elie Hanna, joining from Ericsson, bringing the right expertise and approach to capitalise on a wave of expected investment in remote digital operations by Tampnet's offshore clients

## Essential energy infrastructure equipment and services in The Netherlands



- Joulz outperformed in its core businesses, with order intake for Infrastructure Services being especially strong
- The integration of the EV charging and solar rooftop businesses is delivering benefits for customers as The Netherlands drives towards low carbon energy sources
- Joulz’s strategy to develop into a leading integrated energy transition solutions provider took a further step forward with the signing of a ‘virtual grid’ project for a large distribution centre development near Amsterdam

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

## Wind farm maintenance support vessels and emergency response vessels



- The offshore wind market is gathering further momentum in both Europe and the USA, positioning ESVAGT to continue its growth in the offshore wind segment
- Operations started successfully for 3 new SOVs under long term charter with MHI Vestas, taking our operational wind SOV fleet to 8 ships
- The ERRV segment also achieved good results and ESVAGT agreed an important contract with its largest customer, Total Energies, in Denmark
- The ERRV fleet is largely contracted for the coming winter

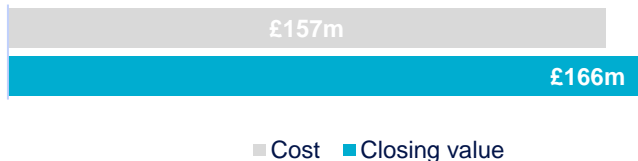
<b>Ownership</b>	<b>50%</b>
<b>Date invested</b>	<b>September 2015</b>
<b>Management team HQ</b>	<b>Esbjerg, Denmark</b>
<b>Countries</b>	<b>Denmark, Norway and UK</b>
<b>Currency</b>	<b>DKK</b>
<b>Sector</b>	<b>Natural Resources / Energy</b>



<b>Ownership</b>	95%
<b>Date invested</b>	September 2019
<b>Management team HQ</b>	Civrieux, France
<b>Countries</b>	France, Spain, Germany, Estonia
<b>Currency</b>	EUR
<b>Sector</b>	Healthcare

- Ionisos performed strongly during the period, particularly in its pharmaceutical and testing segment
- Capacity was expanded through the completion of construction of a new facility in Bautzen, Germany in April
- A further site in Kleve, Germany is progressing towards completion in 2022
- Italian operations (c.3% of 2020 EBITDA) were placed into voluntary liquidation during the period. This was fully provided for in the March 2021 valuation

## Leading independent telecommunications provider in Germany

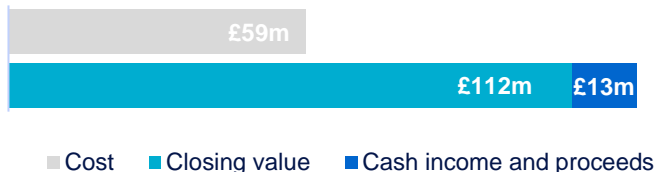


<b>Ownership</b>	60%
<b>Date invested</b>	June 2021
<b>Management team HQ</b>	Berlin, Germany
<b>Countries</b>	Germany
<b>Currency</b>	EUR
<b>Sector</b>	Communications

- Our investment completed in the period and the company has performed in line with expectations
- Germany lags behind most other European countries in the deployment of FTTH and DNS:NET is uniquely positioned to capitalise on this opportunity, having established the largest FTTC network in the Berlin area
- The current focus is on ramping up construction capacity and, during the period, DNS:NET signed a framework agreement with a key construction partner

Note: FTTH: Fibre-to-the-home; FTTC: Fibre-to-the-cabinet





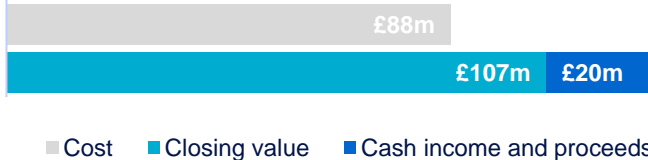
- Valorem had a good first half of the year, thanks to strong wind conditions and good turbine availability
- Construction activity is progressing well: 90MW of wind and solar projects entered into operation during the period
- The development of Viiatti, a 300MW onshore wind project in Finland, is expected to close in the first half of 2022
- The French pipeline continues to progress, although some wind projects have experienced delays in the permitting process

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

## Waste treatment and processing in The Netherlands

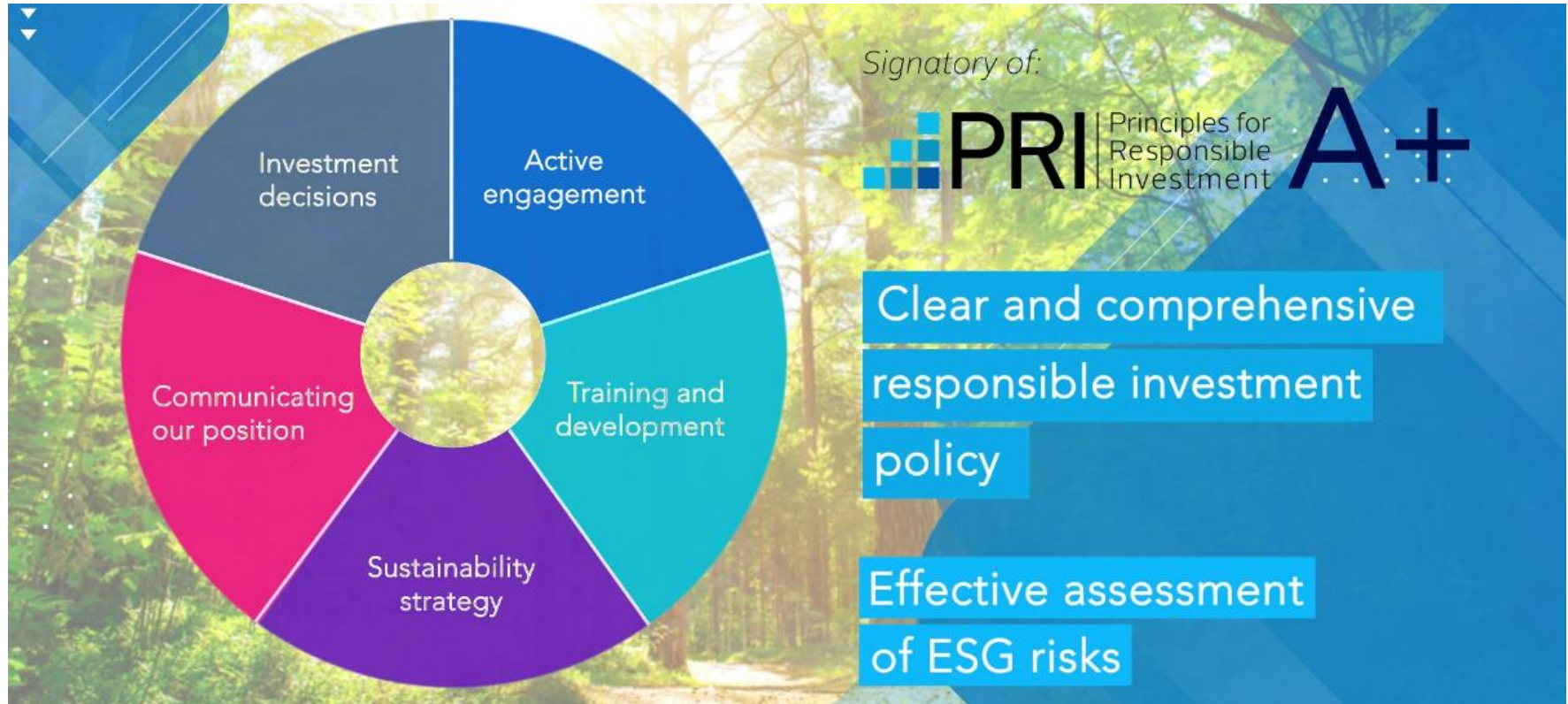


- Waste supply volumes continued to recover during the period, allowing Attero to run its plants at full capacity without drawing on its waste buffer
- The Organics business benefitted from favourable weather and new contracts, enabling Attero to fill expanded facilities
- The Minerals business continued to see lower volumes than pre-Covid reflecting reduced construction activity in The Netherlands
- This good performance was partly offset by a more conservative forecast of future net revenues from gate fees



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

# Sustainability - Actions we are taking

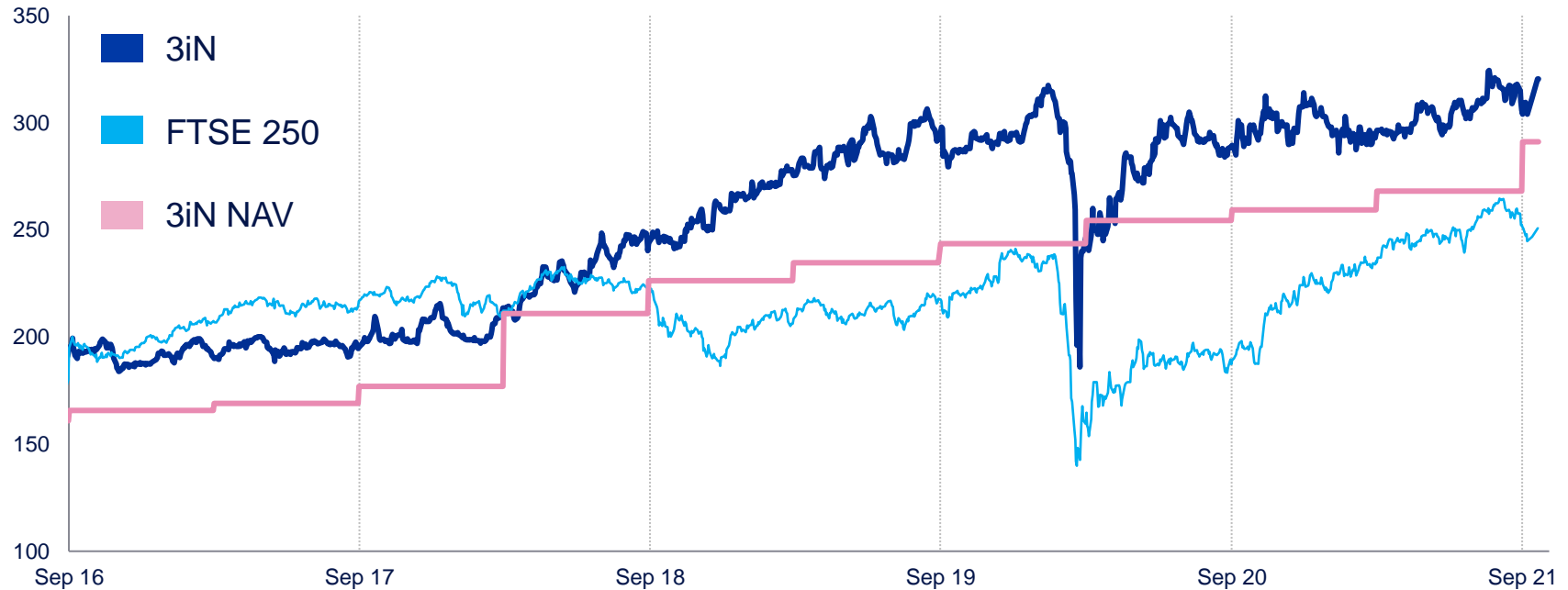




# Appendix



# Share price has outperformed the market



**3iN TSR of 12.4% p.a. has outperformed FTSE 250 TSR of 7.9% p.a. since IPO**

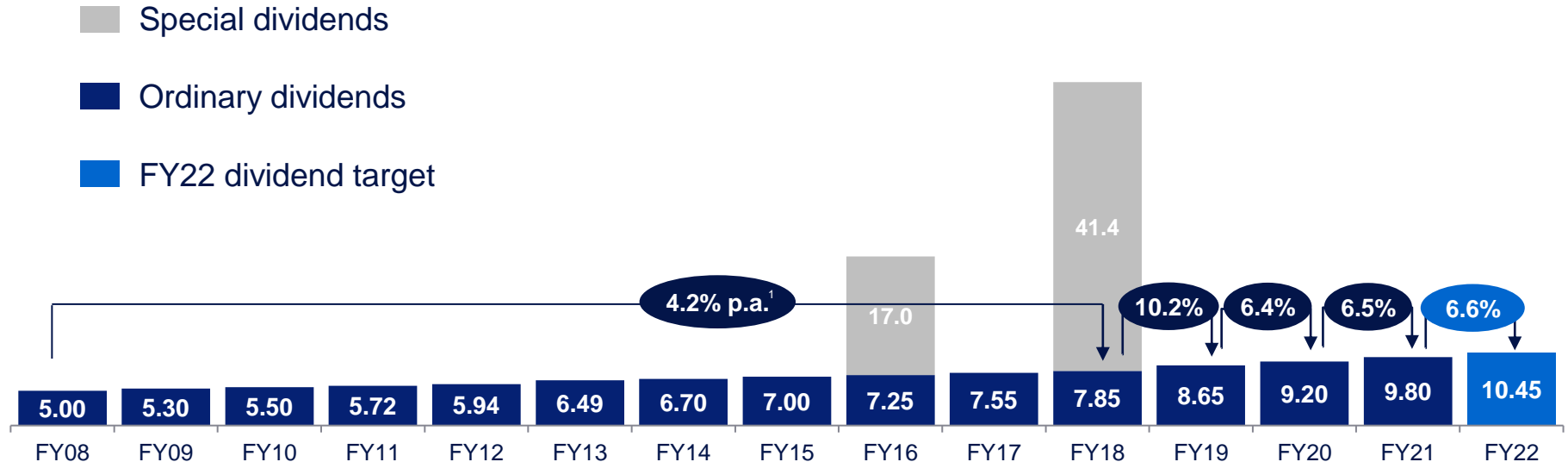
Note:

1. FTSE 250 rebased to 3iN opening share price at 1 October 2016.
2. TSR stated is per annum sourced from Bloomberg.



# FY22 target dividend growth of 6.6%

## Dividend growth since IPO (pence per share)



<sup>1</sup> Annualised growth rate in ordinary dividends to FY18.

# Portfolio summary

## 30 September 2021 (£m)



Portfolio assets	Directors' valuation 31 March 2021	Investment in the period	Divestment in the period	Accrued income movement	Value movement	Foreign exchange translation	Directors' valuation 30 September 2021	Allocated foreign exchange hedging	Underlying portfolio income in the period	Portfolio total return in the period <sup>1</sup>
Infinis	300	-	-	3	4	-	307	-	8	12
TCR	199	-	-	6	61	1	267	(1)	7	68
Oystercatcher	157	-	-	-	107	2	266	(2)	9	116
Tampnet	230	-	-	3	11	2	246	-	2	15
Joulz	219	3 <sup>2</sup>	(1) <sup>3</sup>	-	4	2	227	(2)	3	7
ESVAGT	189	22 <sup>2,4</sup>	-	1	14	-	226	-	12	26
Ionisos	202	-	-	4	8	2	216	(1)	4	13
DNS:NET	-	157	-	2	7	-	166	-	2	9
Valorem	107	-	-	-	4	1	112	(1)	2	6
Attero	105	-	-	-	1	1	107	(1)	1	2
<b>Economic infrastructure portfolio</b>	<b>1,708</b>	<b>182</b>	<b>(1)</b>	<b>19</b>	<b>221</b>	<b>11</b>	<b>2,140</b>	<b>(8)</b>	<b>50</b>	<b>274</b>
Projects	92	-	-	-	3	-	95	-	3	6
India Fund	2	-	(5)	-	2	1	-	-	-	3
<b>Total portfolio</b>	<b>1,802</b>	<b>182</b>	<b>(6)</b>	<b>19</b>	<b>226</b>	<b>12</b>	<b>2,235</b>	<b>(8)</b>	<b>53</b>	<b>283</b>
Adjustments related to unconsolidated subsidiaries <sup>5</sup>	2	-	(2)	-	6	-	6	-	(6)	-
<b>Reported in the Financial statements</b>	<b>1,804</b>	<b>182</b>	<b>(8)</b>	<b>19</b>	<b>244</b>	<b>-</b>	<b>2,241</b>	<b>(8)</b>	<b>47</b>	<b>283</b>

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

2. Capitalised interest.

3. Shareholder loan repaid.

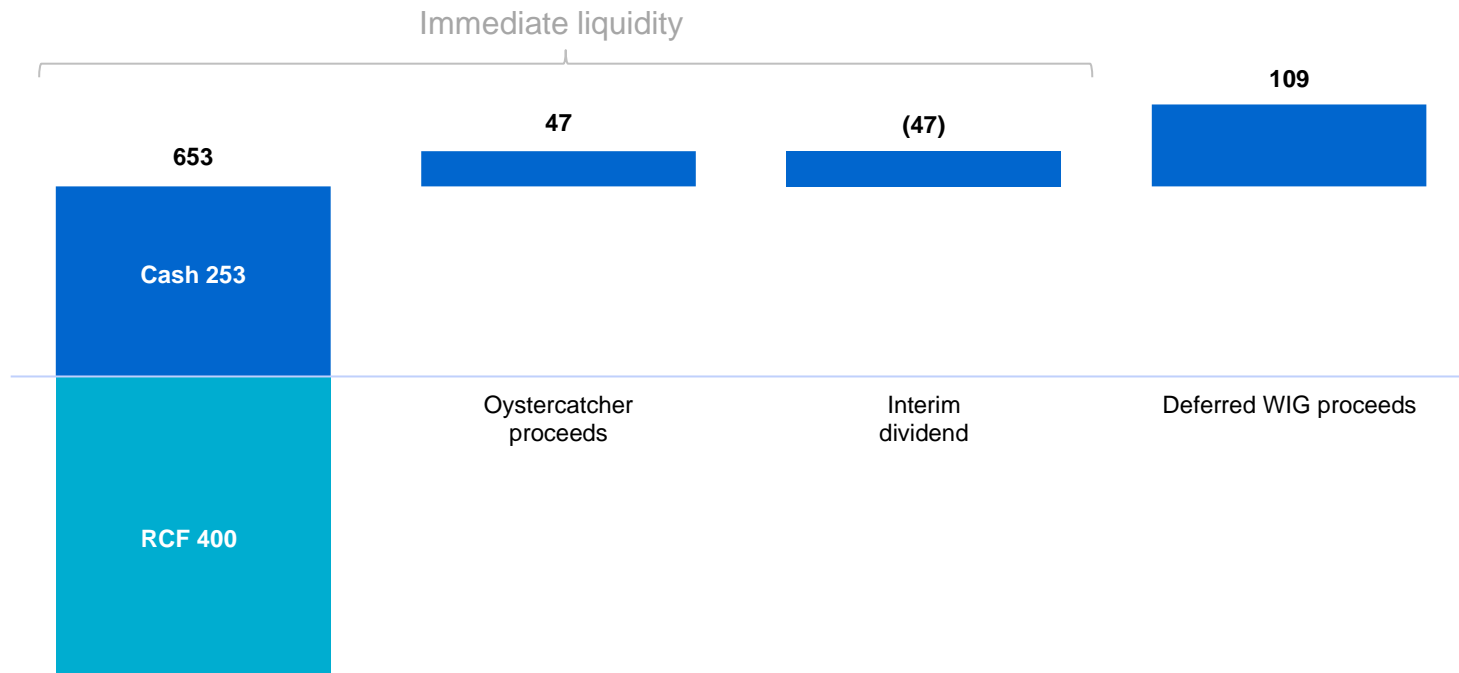
4. Follow on investment in ESVAGT of £12 million.

5. Income statement adjustments explained in the September 2021 Half-yearly report and accounts.

# Good liquidity



(£m)



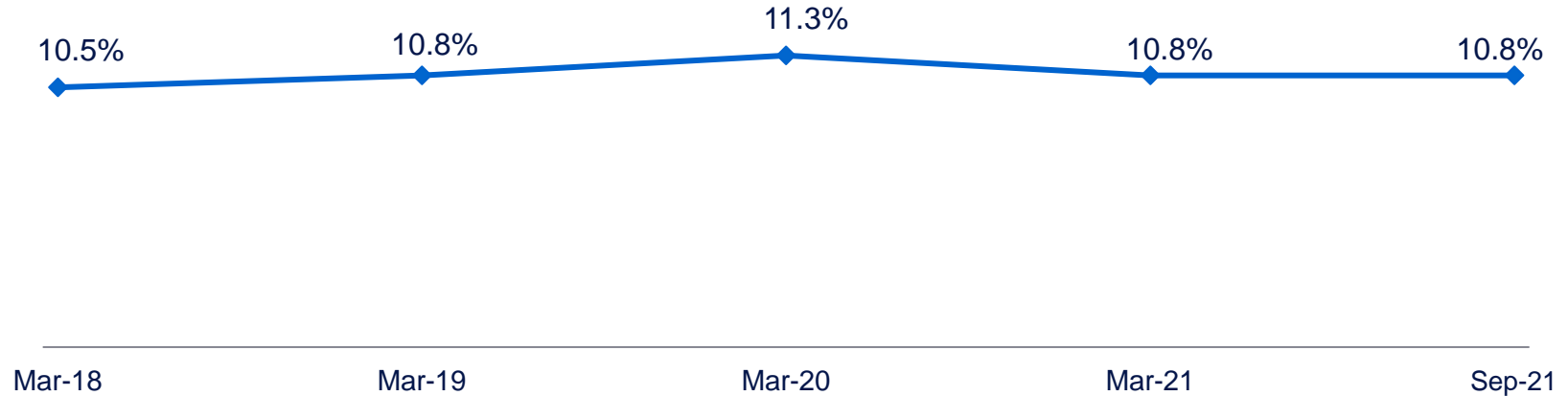


# Discount rate movement



The weighted average discount rate remains at 10.8%

## Portfolio weighted average discount rate



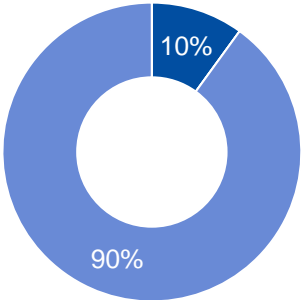


# Sensitivities to total return

## Inflation linkage

Assets with revenues:

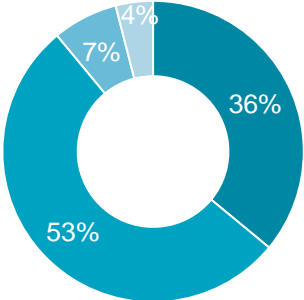
- Directly linked to inflation
- Partly linked to inflation



Sensitivity	+1% point	-1% point
Change in inflation over underlying assumption for next 2 years	£29m	£(27)m

## Foreign exchange

- GBP
- EUR/SGD
- NOK
- DKK



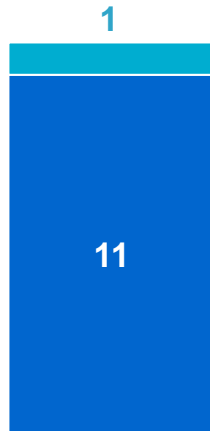
Sensitivity	+5%	-5%
Change in foreign exchange rate <sup>1</sup>	£6m	£(6)m

<sup>1</sup> The sensitivity calculation assumes that the hedging programme movements are fully effective. Foreign exchange sensitivity calculation includes cash held at 30 September 2021.

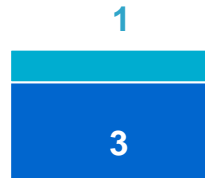
# Hedging programme mitigates volatility



(£m)

FX gain before  
hedging



FX gain after  
hedging

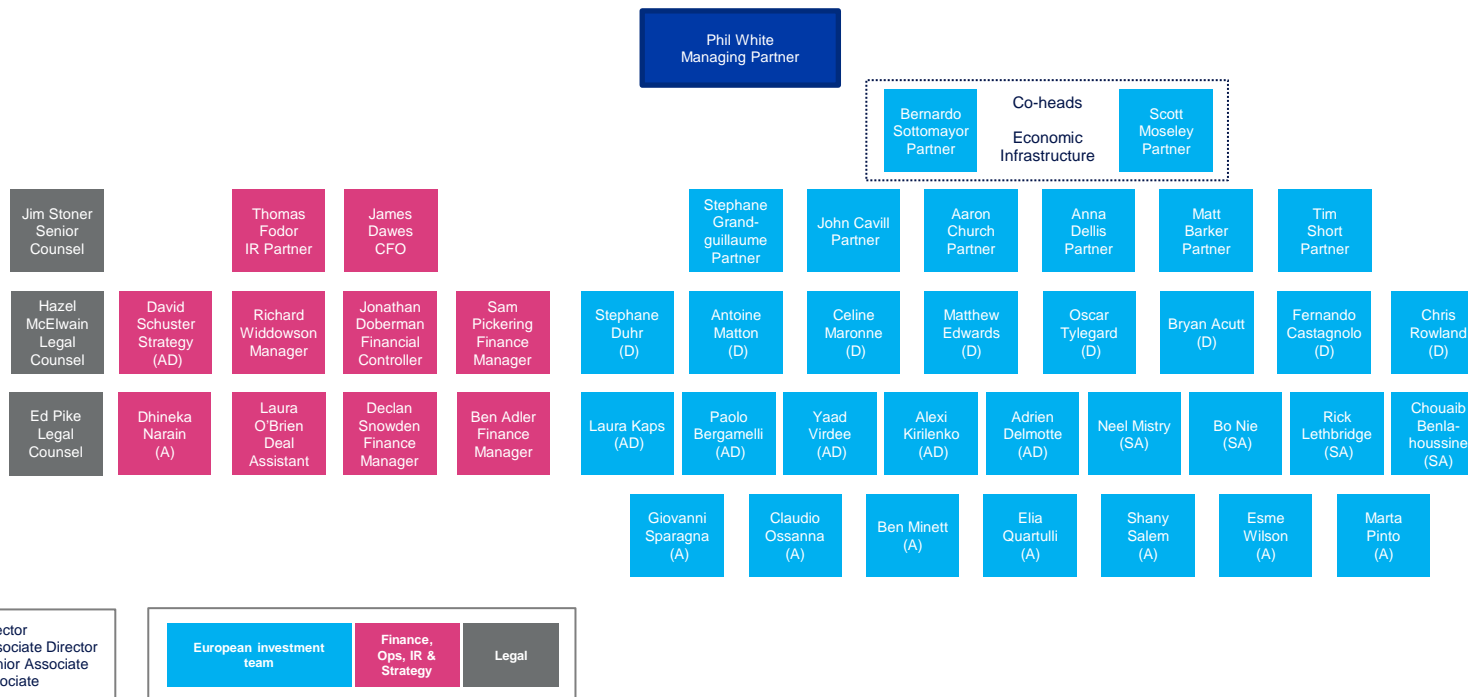


-  Hedged assets (€/SGD/DKK/NOK)
-  Unhedged assets (€/rupee)

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

# The 3i Group team managing the Company

## Experienced and well resourced team established in 2006



**50-strong Infrastructure Team in Europe, with over 30 Investment Professionals and dedicated Legal, Finance, IR and Strategy Executives**



# Governance and fees

<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>• Independent Chair, four independent non-executive directors and one 3i Group appointed non-executive director</li> <li>• Committed to observe requirements of the AIC Code of Corporate Governance</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 equity invested into 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

