



Results for the year to 31 March 2018

11 May 2018





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The Company has had an outstanding year. The realisations of our holdings in Elenia and Anglian Water Group generated exceptional value for shareholders.

Richard Laing
Chairman

Today's agenda



Introduction

Richard Laing

Business review

Phil White

Financial review

James Dawes

Q&A

All

FY18 results: an outstanding year



Strong portfolio performance drove NAV growth

28.6%

Total return on opening NAV

211.0p

NAV per share

Good income progression

£156m

Total income and non-income cash

Delivered the dividend target

7.85pps

Full year dividend per share for FY18

41.4pps

Special dividend

8.65pps

Target dividend per share for FY19

Success in realisations and new investments

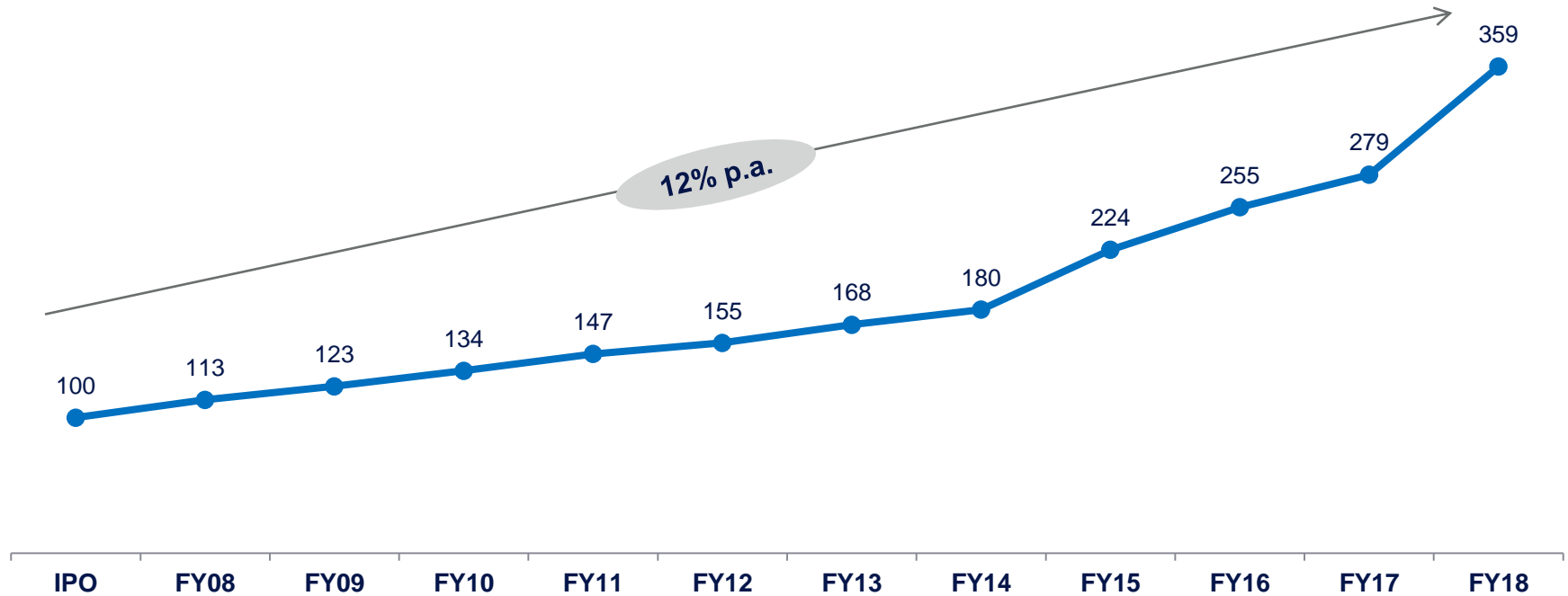
£1,137m

Realised proceeds

£525m

Invested or committed

NAV growth since IPO



Note: This chart shows NAV growth (including dividends) from IPO to 31 March 2018, indexed to 100



Excellent realisations, a high level of new investment, good performance from the portfolio, and a special dividend for shareholders.

Phil White

Managing Partner, Infrastructure, 3i Investments plc



Our objectives

Provide shareholders with a **total return of 8% to 10% per annum**, to be achieved over the medium term, with a **progressive annual dividend per share**

Our track record

16.6% average total return per year over the past five years

FY18 – continuing to deliver value for our shareholders



1

Successful sales of 3iN's two largest assets

2

Paid £425 million special dividend

3

High level of new investments

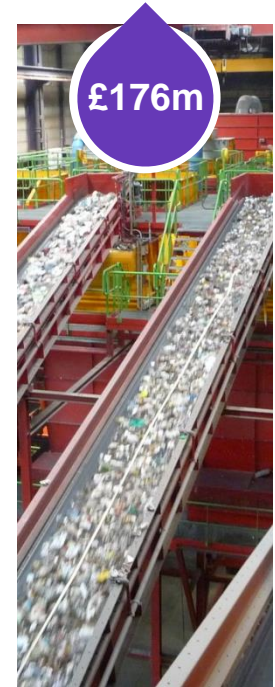
New investments



Oystercatcher



ESVAGT



Note: Total new investments includes £11m investment in Infinis for organic growth projects

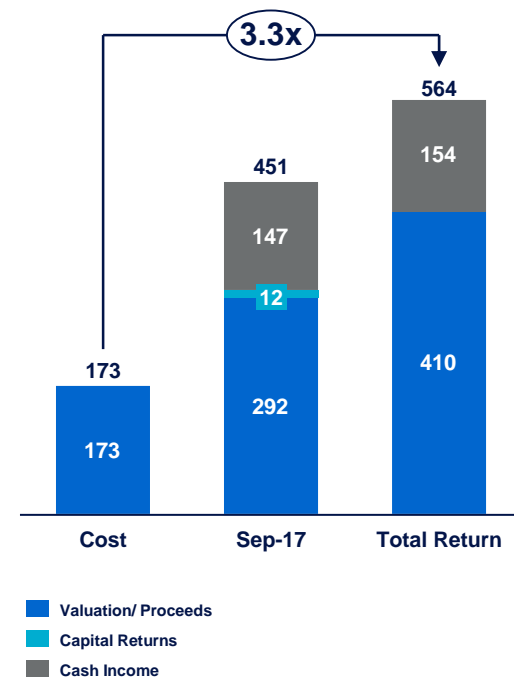
Realisation: Anglian Water Group

Maximising shareholder value through well managed sales



- 1 High quality business
- 2 Low yielding investment
- 3 Opportune time to sell
- 4 Well managed sale process

Investment Performance (£m)



Realisation: Elenia

Maximising shareholder value through well managed sales



1

Buying well

2

Strong management team

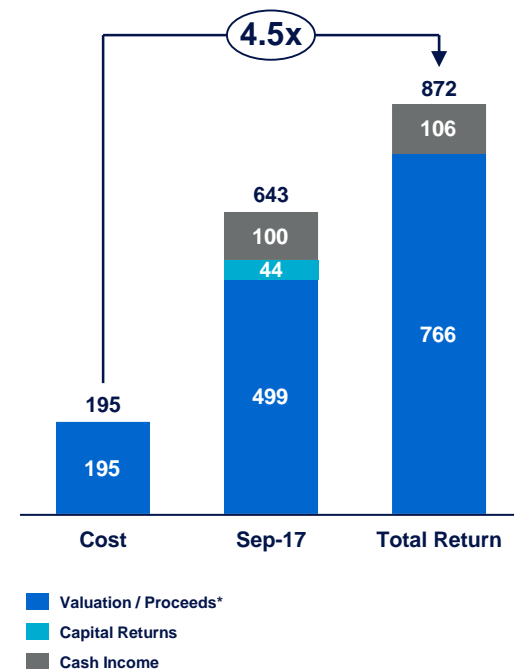
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Asset management

4

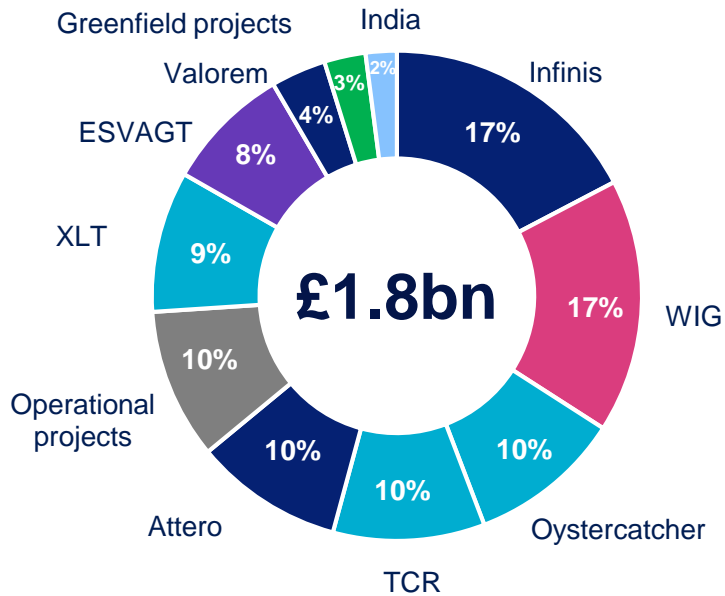
Well managed sale process

Investment Performance (£m)



* Valuation/proceeds includes allocation of FX hedging

A balanced portfolio





Highly competitive market

Smart and disciplined investor



Regulatory and political risk

Exited AWG and Elenia



Economic and market risk

Unique, diversified portfolio



We managed the balance sheet actively, distributing surplus cash promptly and avoiding dilution of returns.

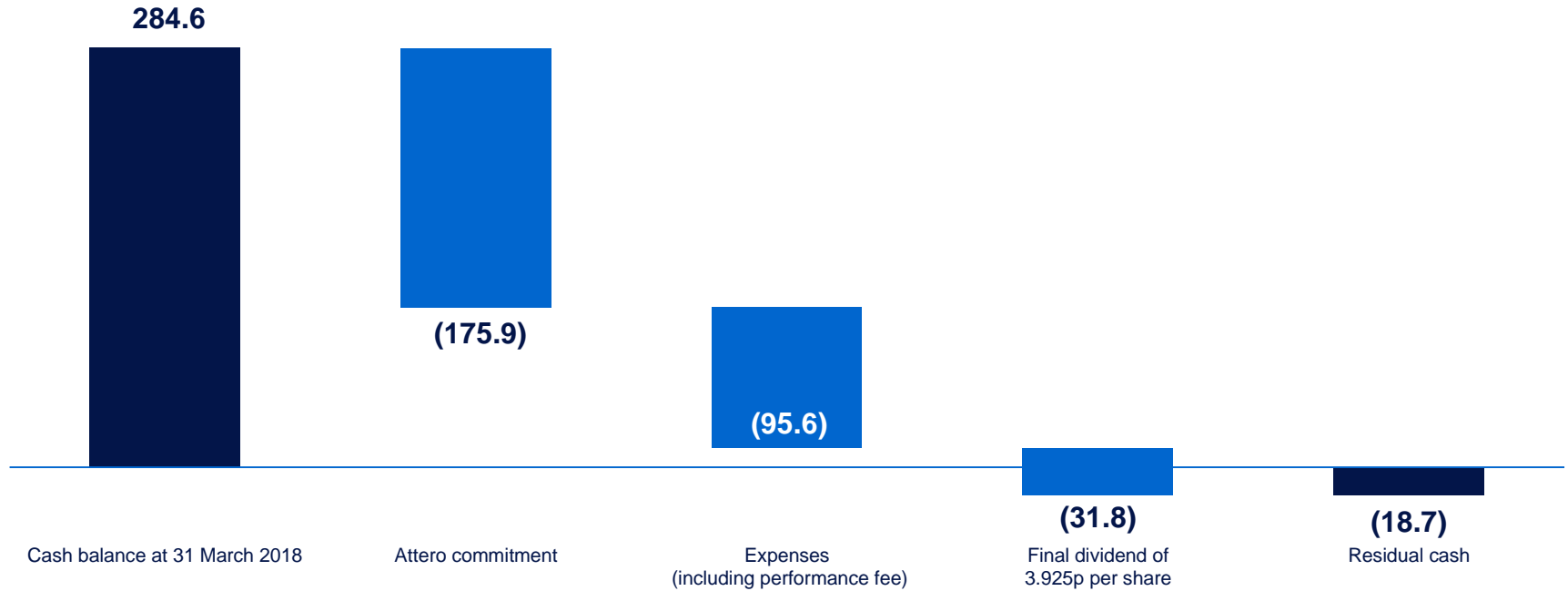
James Dawes

CFO, Infrastructure, 3i Investments plc

Efficient balance sheet

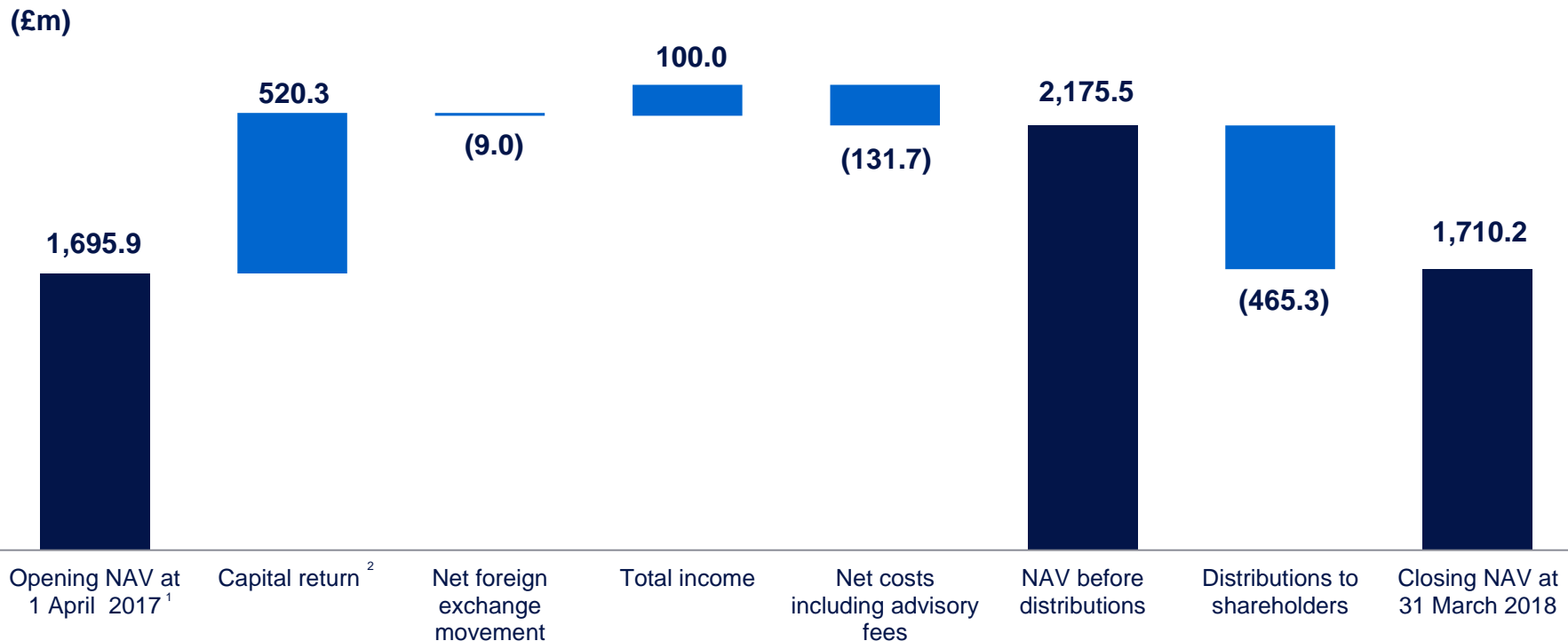


(£m)



NAV progression in a record year

Growth in underlying NAV after £425m return of capital



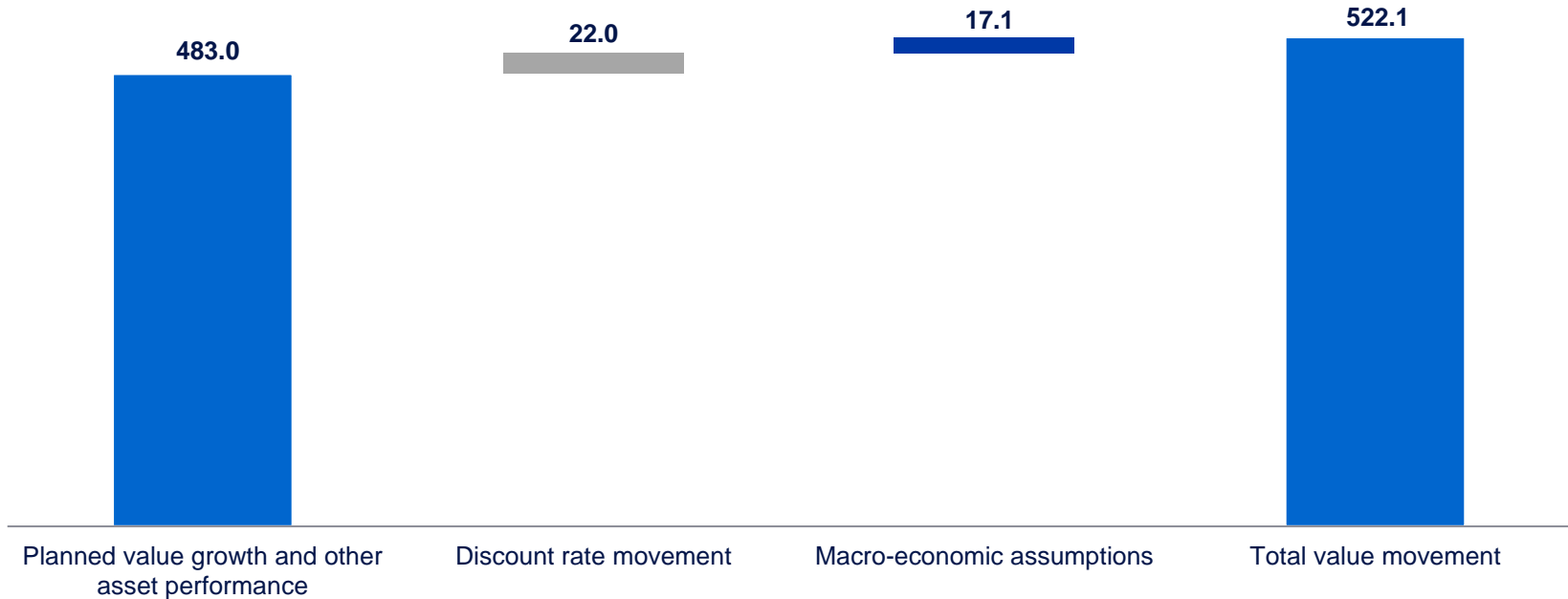
¹ Net of final dividend for the prior year of £38.7m.

² Includes a provision for the loss of value for the A9 project from draft tax legislation in the Netherlands resulting from BEPS

Strong asset performance



(£m)



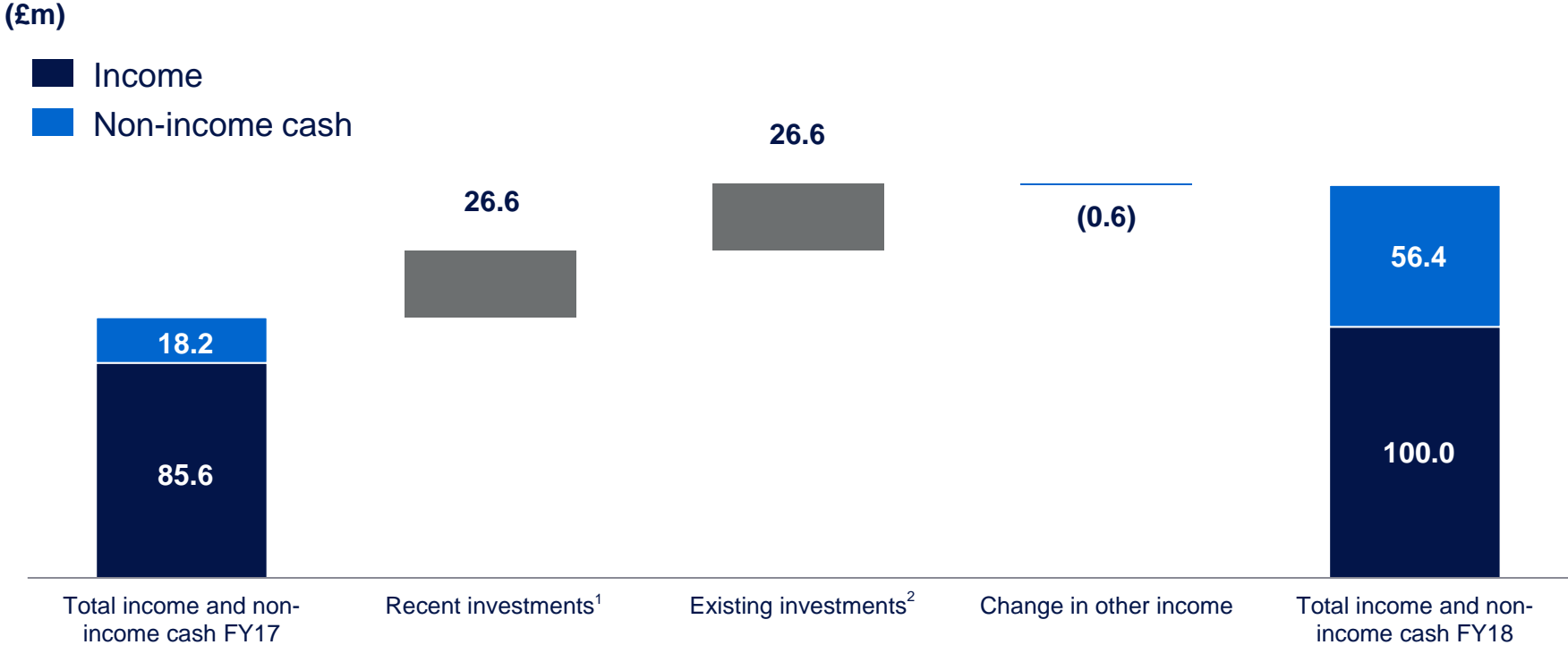
Moving to the UK

Mitigate the risk of double taxation of income and gains





Income growth from recent investments



1 WIG, TCR, Valorem and Infinis
2 All other assets.

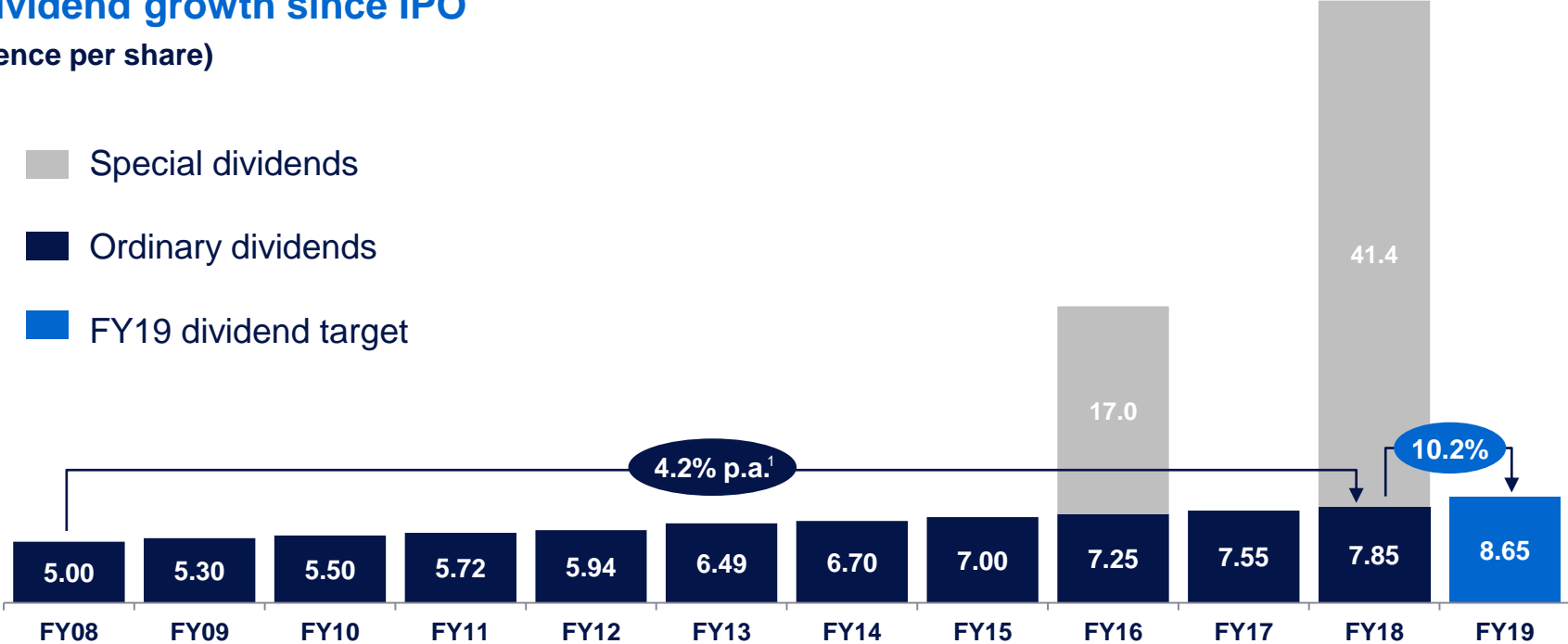


FY19 target dividend growth of 10%

Dividend growth since IPO

(pence per share)

- Special dividends
- Ordinary dividends
- FY19 dividend target



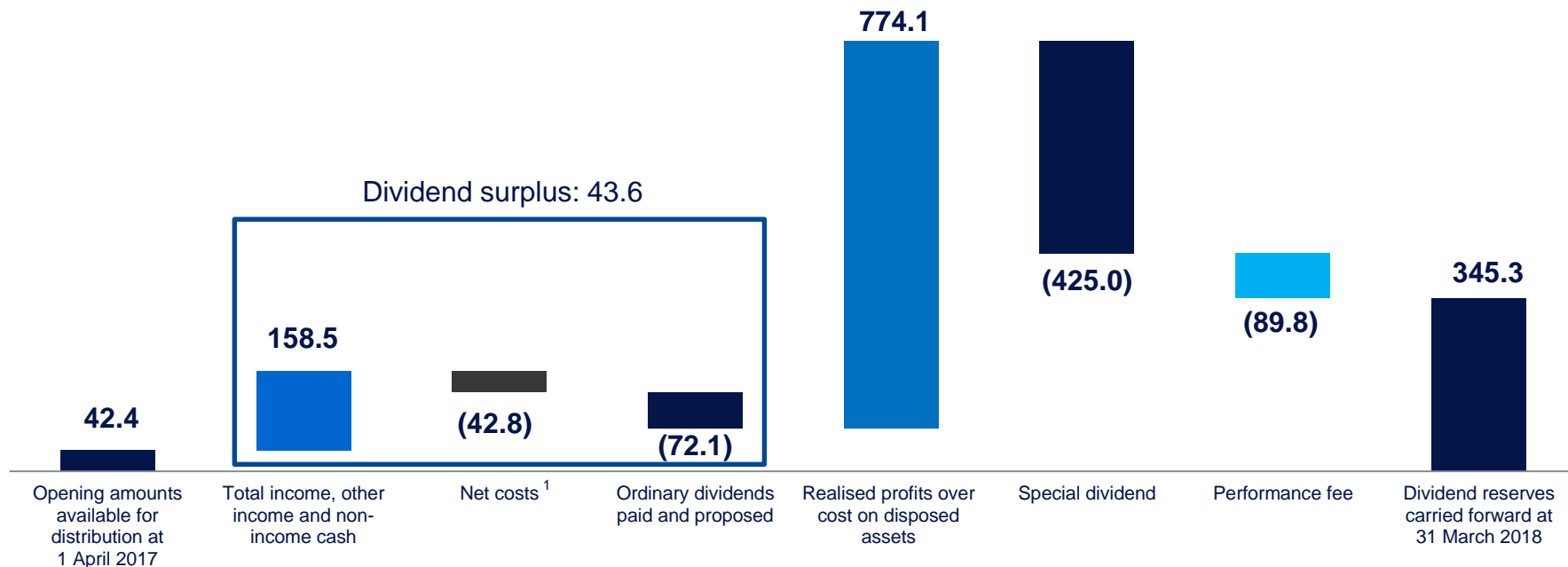
1. Annualised growth rate in ordinary dividends to FY18

Dividend fully covered

Significant dividend reserves carried forward



(£m)



¹ Net costs excludes transaction fees payable and non-portfolio foreign exchange.



Q&A

Appendix



Portfolio summary

31 March 2018 (£m)



Portfolio assets	Directors' valuation 31 March 2017	Investment in the year	Divestment in the year	Value movement	Foreign exchange translation	Directors' valuation 31 March 2018	Allocated foreign exchange hedging	Underlying portfolio income in the year	Asset total return in the year ⁶
Economic infrastructure businesses									
Elenia	413.1	-	(777.3) ¹	350.4	13.8	0.0	(17.4)	15.8	362.6
AWG	280.8	-	(398.4) ¹	117.6	-	0.0	-	7.5	125.1
Infinis	183.7	136.5	(10.5) ¹	1.0	-	310.7	-	12.0	13.0
WIG	78.4	193.7 ²	-	28.3	-	300.4	-	7.3	35.6
Oystercatcher	203.3	2.3	-	(17.6)	(6.7)	181.3	6.0	15.9	(2.4)
TCR	164.1	4.7 ²	-	7.5	3.2	179.5	(2.6)	11.1	19.2
XLT	125.6	-	-	40.7	-	166.3	-	4.8	45.5
ESVAGT	112.7	47.5 ²	-	(11.2)	0.1	149.1	(0.1)	12.9	1.7
Valorem	50.0	-	-	3.5	1.3	54.8	(1.6)	2.2	5.4
	1,611.7	384.7	(1,186.2)	520.2	11.7	1,342.1	(15.7)	89.5	605.7
Projects									
Greenfield projects ³	0.1	-	-	-	-	0.1	-	-	-
Operational projects									
Elgin	48.7	-	(0.2) ¹	(0.1)	-	48.4	-	3.4	3.3
Octagon	45.6	-	-	1.8	-	47.4	-	2.3	4.1
WODS	21.8	0.6 ²	-	(0.6)	-	21.8	-	1.8	1.2
Dalmore	17.6	-	(0.2) ¹	1.2	-	18.6	-	0.7	1.9
Mersey Gateway	-	13.1 ⁴	-	(0.6)	-	12.5	-	0.5	(0.1)
NMM	8.5	-	-	(1.2)	0.2	7.5	(0.3)	0.8	(0.5)
A12	6.0	-	(0.1) ¹	(0.3)	0.2	5.8	(0.2)	0.6	0.3
Ayrshire	5.0	0.1 ²	-	(0.2)	-	4.9	-	0.5	0.3
	153.3	13.8	(0.5)	(0.0)	0.4	167.0	(0.5)	10.6	10.5
India Fund									
3i India Infrastructure Fund	40.9	-	(1.1)	1.9	(4.9)	36.8	-	-	(3.0)
Total portfolio	1,805.9	398.5	(1,187.8)	522.1	7.2	1,545.9	(16.2)	100.1	613.2
Adjustments related to unconsolidated subsidiaries ⁵	9.7	-	(0.6)	(2.7)	-	7.3	1.5	(5.9)	(7.1)
Reported in the Consolidated financial statements	1,815.6	398.5	(1,188.4)	526.6	-	1,553.2	(14.7)	94.2	606.1

¹ Includes shareholder loan repaid in the year.

² Includes capitalised income.

³ Investments in A9, La Santé, RIVM, Condorcet Campus, Hart van Zuid, and A27/A1 primary projects.

⁴ Drawdown of commitment in September 2017. The bridge opened to traffic on 14 October 2017 and is shown as operational in the Annual Report.

⁵ Income statement and balance sheet adjustments explained in the Annual Report. The value movement in unconsolidated subsidiaries includes a provision of £1.8 million for the loss of value of £1.8 million for the A9 project from draft tax legislation in the Netherlands resulting from BEPS.

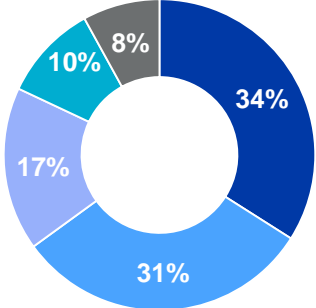
⁶ This comprises the aggregate value movement, foreign exchange translation, allocated foreign exchange hedging and underlying portfolio income in the year.



Portfolio breakdowns

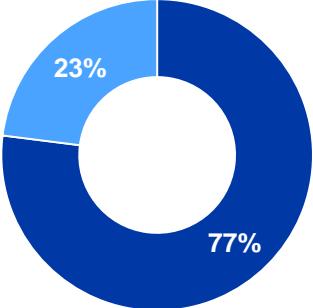
Portfolio value by sector

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



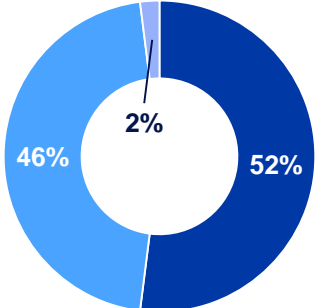
Projects by type

- Operational Projects
- Primary Projects



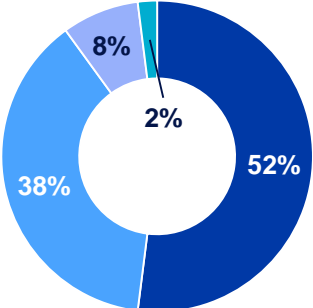
Portfolio value by geography

- UK and Ireland
- Continental Europe and Singapore
- India



Portfolio value by currency

- GBP
- EUR
- DKK
- INR

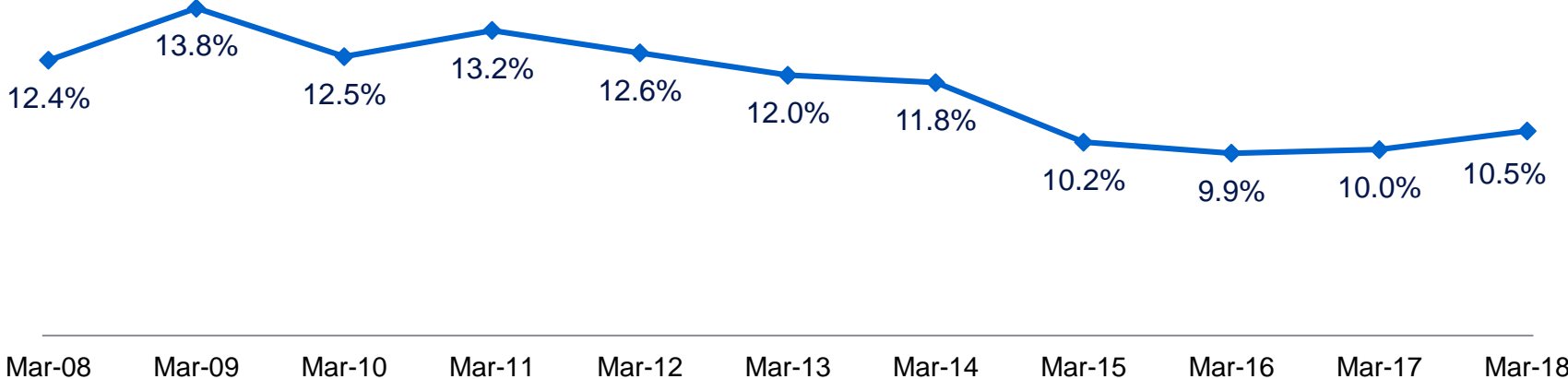


Note: Includes investments commitments



Weighted average discount rate

Portfolio weighted average discount rate (%)



The weighted average discount rate of the portfolio has increased to 10.5%

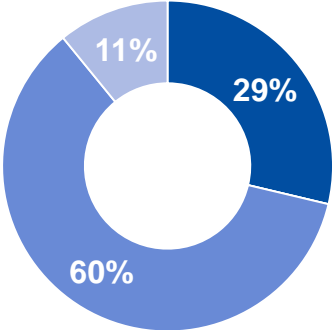


Sensitivities to total return

Inflation linkage

Assets with revenues:

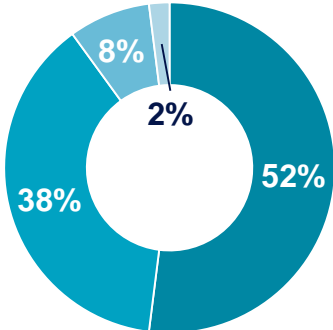
- Directly linked to UK inflation
- Partly linked to inflation
- Not linked to inflation



Sensitivity (for European assets only)	+1% point	-1% point
Change in inflation over underlying assumption for next 2 years	£38.9m	£(38.4)m

Foreign exchange

- Sterling
- Euro/SGD
- DKK
- INR



Sensitivity	+5%	-5%
Change in foreign exchange rate ¹	£10.8m	£(10.3)m

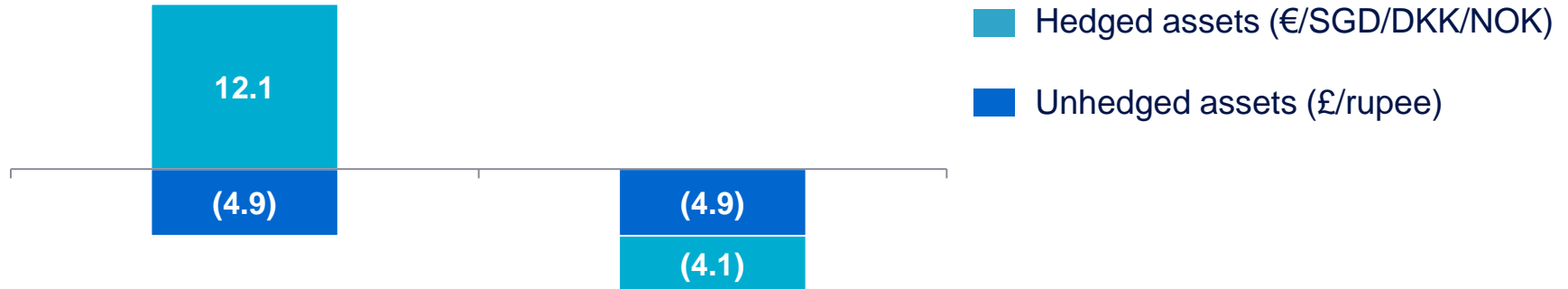
¹ The sensitivity calculation assumes that the hedging programme movements are fully effective.

FX substantially hedged

(£m)

FX gains/(losses) before hedging

FX losses after hedging



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



Moving to the UK

- Mitigate risk of double taxation of income and gains from investments in portfolio companies
- Intention to move management and tax domicile to UK
- Effective from 1 October 2018
- Project plan in place and being executed
 - Application for UK approved investment trust status
- Additional cost to the Company from irrecoverable VAT, c. £1m



Governance and fees

Board of Directors

- Independent Chairman, four independent non-executive directors and one 3i Group appointed non-executive director
- Committed to observe requirements of the UK Corporate Governance Code
- Responsibilities include
 - acts as Investment Committee / approves investment opportunities
 - responsible for determination and supervision of strategy and investment policy
 - supervises monitoring of investments and approves divestments

Investment Adviser

- Advises the Board on
 - origination and execution of investments
 - realisation of investments
 - funding requirements
 - management of the portfolio

Fees

- Advisory fee of 1.5% of Gross Investment Value, reducing to 1.25% for any portion of an asset held for more than five years
- Advisory fee of 1% for new greenfield PPP and renewable energy project investments
- Performance fee of 20% of the growth in Net Asset Value, above a hurdle of 8%, with a high water mark requirement

3i Infrastructure plc

