



30 September 2020

3i Infrastructure plc – Pre-close update

Portfolio performing well; on track to meet dividend target, up 6.5% year-on-year

3i Infrastructure plc (“3i Infrastructure” or the “Company”) is an investment company whose purpose is to deliver a long-term sustainable return to shareholders from investing in infrastructure. This statement relates to the period from 1 April 2020 to 29 September 2020 (the “Period”).

Highlights

Portfolio performing well: The portfolio continues to demonstrate its resilience to the effects of Covid-19. Most portfolio companies have met or exceeded the expectations we set at the start of the Period, although lower power price forecasts, ongoing effects of the pandemic and the slow recovery in air travel will affect some portfolio company valuations at the half year end.

- **Follow-on investments:**
 - Tampnet agreed to purchase a 1,200km offshore fibre cable system in the Gulf of Mexico from BP
 - 3i Infrastructure committed additional capital to ESVAGT to fund further growth in its offshore wind servicing segment
- **Good portfolio income in the Period:** Total portfolio income and non-income cash was slightly ahead of expectations at £47 million in the Period. This compares with £57 million of income and non-income cash received in the same period last year.
- **FY21 dividend target:** The Company is on track to deliver its dividend target for the year ending 31 March 2021 of 9.80 pence per share, a year-on-year increase of 6.5%.
- **Strong available liquidity:** The Company’s cash balance was £361 million at 29 September 2020 with the full revolving credit facility of £300 million available.

Phil White, Managing Partner and Head of Infrastructure, 3i Investments plc, Investment Manager of the Company, commented: “During the Period we have been pleased by the performance of our investments. We were delighted to secure an important bolt-on acquisition for Tampnet and to invest capital to fund further growth at ESVAGT. We remain cautious about the speed of the recovery in economic activity, but we have a portfolio that is continuing to prove resilient and we continue to work on a broad range of potential investment opportunities, seeking to invest in businesses that enhance the Company’s portfolio, taking advantage of our strong financial position.”

Portfolio update

The portfolio overall performed well during the Period. We remain cautious about the speed of the recovery in economic activity and conscious of further Covid-19 related risks, but we have a portfolio that is continuing to prove resilient. We note the prolonged effects of the pandemic on the air travel sector, which will have an effect on TCR; and the reduction in power price expectations which will affect the value of Attero and Infinis, despite strong operational performance by both companies in the Period.

Joulz exceeded expectations in the Period, with no noticeable impact from Covid-19. Both Valorem and Ionisos also performed strongly. Valorem's operating portfolio benefitted from favourable wind conditions, good availability, and a partial refinancing, while a number of new projects became operational. Ionisos has benefitted from cold sterilisation being an essential service to the healthcare and pharma industries.

Tampnet, the world's leading operator of offshore fibre communications networks, agreed to purchase a 1,200km offshore fibre cable system in the Gulf of Mexico from BP Exploration & Production Inc. The transaction is expected to be funded from Tampnet's own resources and existing credit facilities. It gives Tampnet ownership of a key piece of subsea infrastructure in the region, enabling Tampnet to replicate its successful North Sea business model in the Gulf of Mexico. Tampnet's performance during the Period has been affected by the low oil price delaying some expected growth, and by the pandemic reducing some offshore personnel-related activities.

ESVAGT has seen no noticeable impact from Covid-19 on the wind sector or on the operational performance of the business. As expected, the relatively low oil price has led to reduced demand in the emergency rescue and response segment. The Company committed to invest further capital into ESVAGT to fund continuing growth in its offshore wind servicing segment, with three new vessels due to commence operations in the next year. £15 million, out of a commitment of £27 million, was invested in September.

TCR performed slightly ahead of our expectations during the Period, supporting its clients through the crisis in the aviation sector and seeing increasing interest in its full service rental business model from a broad range of existing and potential new customers. However, we now expect a more prolonged period of gradual recovery to previous air traffic levels. This will be factored into the half year valuation of TCR.

Oystercatcher performed in line with expectations. The oil products market continues to be in contango despite the oil price increases since May as European countries started to ease government restrictions, but we have seen reduced throughput activity across the Period as a whole.

The portfolio is delivering a good level of income. Total portfolio income and non-income cash was £47 million in the Period, comprising portfolio income of £45 million and non-income cash of £2 million. This compares with £51 million of income and £6 million of non-income cash received in the same period last year.

As usual, an important element of the determination of the Company's results for the half-year to 30 September 2020 will be the valuation exercise carried out on the investment portfolio at that date.

Balance sheet

At 30 September 2020, the Company's cash balance was £361 million, with the full revolving credit facility of £300 million undrawn and available to fund potential new investment opportunities and to support portfolio companies if needed.

A further £205 million of deferred proceeds (including accrued interest), is due from the sale of WIG, half of which is due to be paid in December 2020 with the remainder in December 2021.

The Investment Manager continues to see a good flow of potential new investment opportunities across the Company's target markets, and expects to invest the Company's cash balance in due course.

Ends

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About 3i Infrastructure plc

3i Infrastructure plc is a Jersey-incorporated, closed-ended investment company, an approved UK Investment Trust, listed on the London Stock Exchange and regulated by the Jersey Financial Services Commission. The Company is a long-term investor in infrastructure businesses and assets. The Company's market focus is on economic infrastructure and greenfield projects in developed economies, principally in Europe, investing in operating businesses and projects which generate long-term yield and capital growth.

3i Investments plc, a wholly-owned subsidiary of 3i Group plc, is authorised and regulated in the UK by the Financial Conduct Authority and acts as Investment Manager to 3i Infrastructure plc.

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This statement aims to give an indication of material events and transactions that have taken place in the period from 1 April 2020 to 29 September 2020 and their impact on the financial position of 3i Infrastructure plc. These indications reflect the Board's current view. They are subject to a number of risks and uncertainties and could change. Factors which could cause or contribute to such differences include, but are not limited to, general economic and market conditions and specific factors affecting the financial prospects or performance of individual investments within the portfolio of 3i Infrastructure plc.