



# Results for the half year to 30 September 2020

11 November 2020

3i Infrastructure plc



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# Consistently strong performance against our objectives



## Our strategy

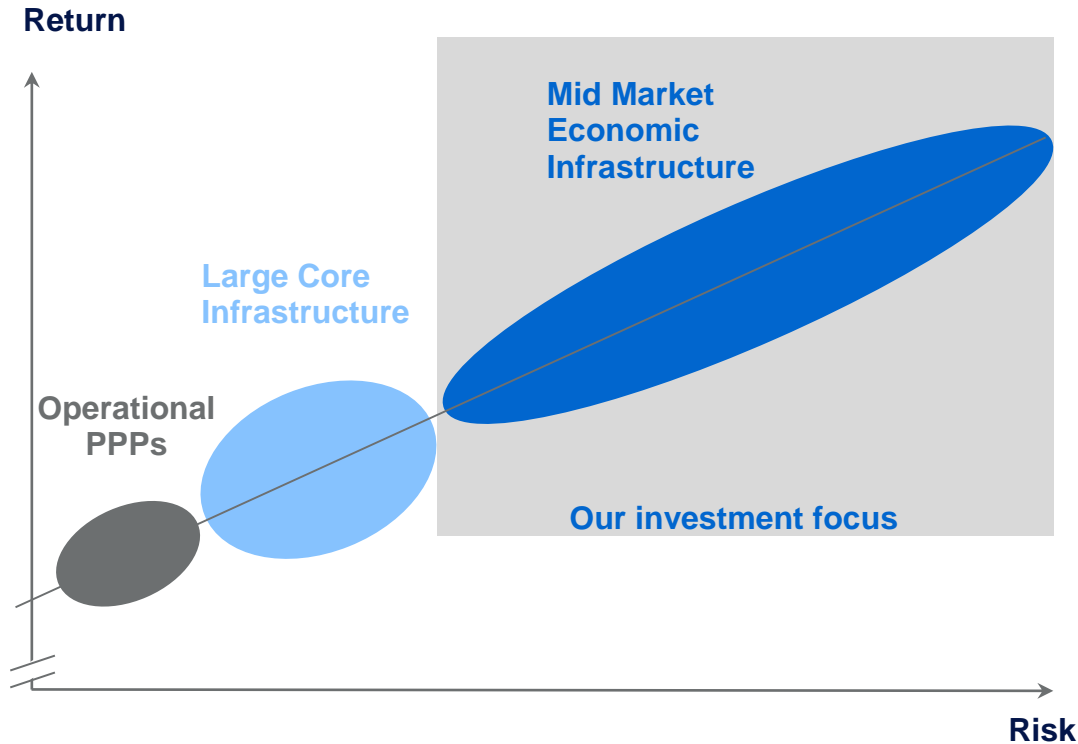
To maintain a balanced portfolio of infrastructure investments delivering an attractive mix of income yield and capital appreciation for shareholders

## 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**

# Generating value in the current market



Asset intensive, resilient companies



Asset bases that are hard to replicate



Providing essential services



Established market positions



Good visibility of future cash flows



Acceptable element of demand or market risk



Opportunities for further growth

# Resilient to the challenges of Covid-19



Resilient portfolio underpinning growth in net asset value

**3.8%**

Total return on opening NAV

**259.4p**

NAV per share

Good level of income and non-income cash to support the dividend

**£48m**

Total income and non-income cash

Strong liquidity position to make new investments

**£360m**

Cash position

On track to deliver the FY21 dividend target,  
6.5% higher than FY20

**4.9p**

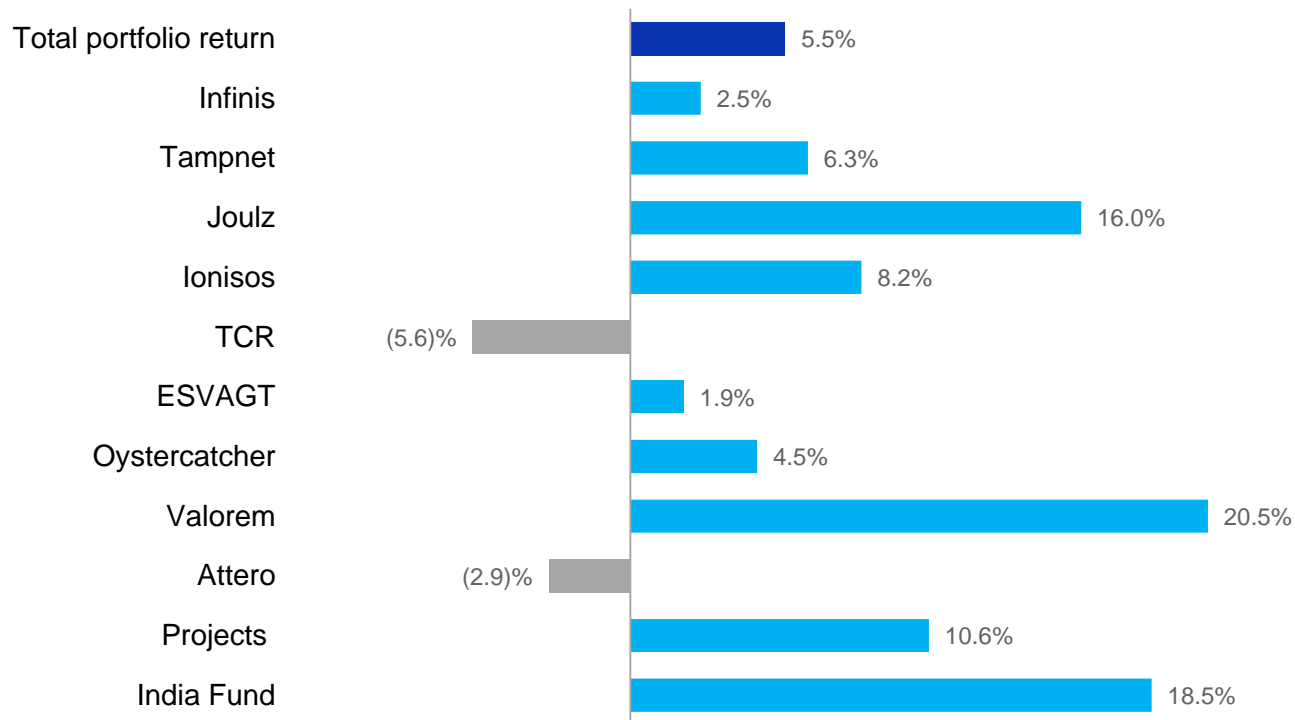
Dividend per share for the half year

**9.8p**

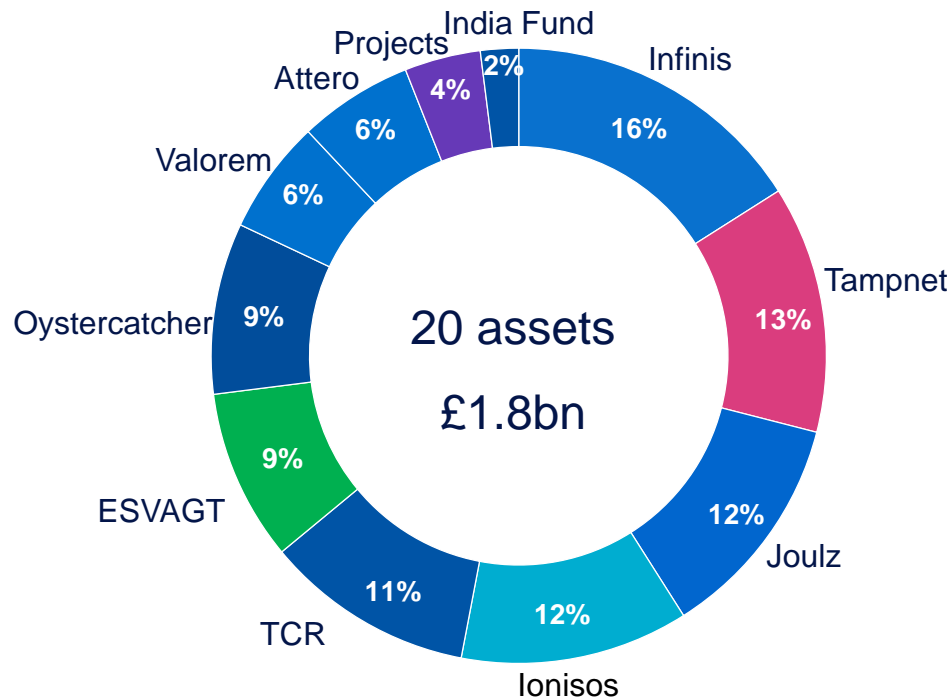
Target dividend for FY21, up 6.5%

# Strong return from a diversified portfolio for the half year to 30 September 2020

3i Infrastructure plc



# A well-diversified, balanced portfolio



■ Utilities

■ Transportation /  
logistics

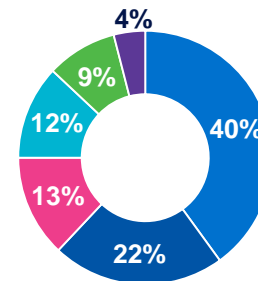
■ Communications

■ Healthcare

■ Natural Resources  
/ energy

■ Social  
infrastructure

### Portfolio value by sector



■ Netherlands

■ France

■ UK

■ Norway

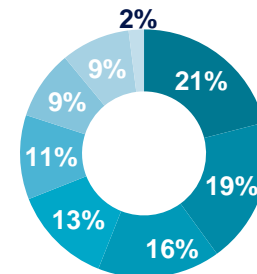
■ Belgium

■ Luxembourg

■ Denmark

■ India

### Portfolio value by country



# Engaged asset management approach to positively influence our companies



- 1 Strengthen portfolio company management teams
- 2 Invest and develop companies to support a sustainable future
- 3 Growing our platform businesses through acquisitions



# Infinis

## Generator of electricity



■ Cost ■ Closing value ■ Cash income and proceeds

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

- Performed ahead of expectations in the period
- Mostly unaffected by the pandemic and continues to benefit from the inflation-linked UK Renewables Obligation Certificate regime until 2027
- Thanks to its near-term hedging strategy, low power prices have had limited impact, but revised medium to long-term forecasts weighed on valuation
- Small bolt-on acquisition for a solar development at Ling Hall and good progress on the broader solar initiative which could represent 400 megawatts of generating capacity, over the next few years

# Tampnet

## Offshore telecom network

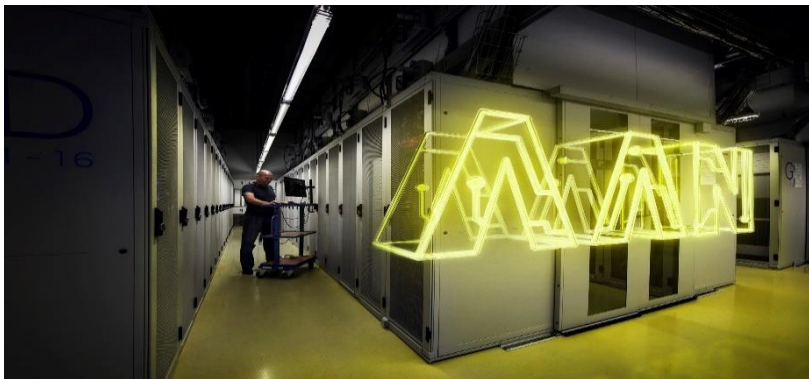


■ Cost ■ Closing value

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

- Agreed to acquire BP's fibre assets in the Gulf of Mexico, securing ownership of a key piece of subsea infrastructure and enabling Tampnet to replicate its successful North Sea business model
- The acquisition is expected to complete in 2021 and is value accretive
- Witnessed slower near-term growth and lower roaming revenues owing to lower oil prices and the pandemic
- Replaced CFO, appointing Ulf Bonnevier

## Essential energy infrastructure equipment and services



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

- Performed ahead of our investment case again for the year to date with limited impact from Covid-19
- Carve-out from Stedin and the integration of the new electric vehicle charging solutions business acquired in March are progressing well
- Completed a successful refinancing on better terms than envisaged in our previous valuation
- Continued to strengthen the management team with the appointment of Joulz's first CFO, Paul Smits, previously the CFO for the Port of Rotterdam

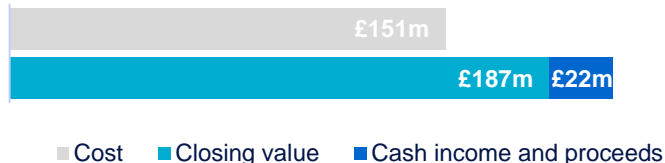


■ Cost ■ Closing value

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

- Performed well during our first year of ownership
- Benefited from cold sterilisation being an essential service
- Pandemic resulted in reduced demand for surgical, cosmetic and veterinary products but offset by an increase in demand for medical PPE and packaging
- Started construction of a new E-beam facility in Bautzen, Germany
- Added a new CFO to the management team, Mohamed El Bounaamani

## Ground support equipment in airports



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

- Performed broadly in line with our expectations during the first half of the year, as flights resumed slightly earlier than anticipated and operating costs were managed well
- Assuming a more prolonged and gradual recovery to previous air traffic levels by 2024 and consequential impacts on TCR's customers which reduced the valuation
- Increasing interest in TCR's business model from existing and potential new customers could accelerate growth in the medium term

## Wind farm maintenance support vessels and emergency response vessels



■ Cost ■ Closing value

- Overall performance improved compared to the same period last year
- ERRV fleet seeing lower utilisation, as a result of lower oil prices
- Wind farm SOVs largely unaffected by Covid-19 or reduced oil prices
- Committed further £27m to support continued growth in the wind sector, with three new SOV vessels due to commence operations in the coming year

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



■ Cost ■ Closing value ■ Cash income and proceeds

- Good first half of the year, outperforming expectations and prior year
- Drop in oil prices caused a contango market structure which led to storage rate improvements and customers keen to renew earlier
- Negative impact of Covid-19 has been limited to lower throughput levels as a result of lower end-user demand and refineries continuing to operate below their normal output levels

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

# Attero

## Waste treatment and processing



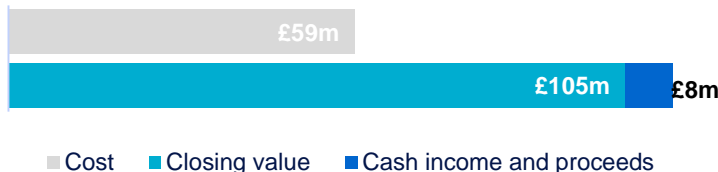
- Continued to perform well operationally
- Waste production in the Netherlands has largely recovered, however waste imports from the UK are still below pre-pandemic levels
- Plants were able to continue operating at full capacity during the period by drawing waste from Attero's buffer
- Significant reduction in power prices was partly mitigated by the company's hedging programme but the valuation reflects lower medium to long-term forecasts

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



# Valorem

## French renewable energy developer

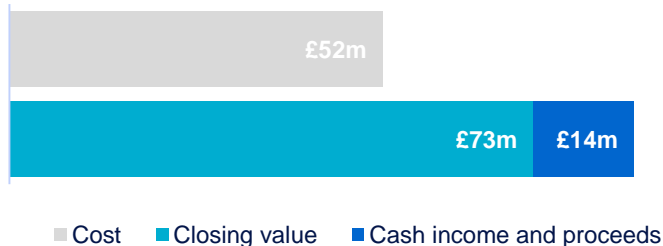


Ownership	28.5%
Date invested	September 2016
Management team HQ	Bègles, France
Country	France
Currency	EUR
Sector	Utilities

- Performed well in the first half of the year, benefiting from favourable wind conditions, good availability and a partial refinancing
- All assets continued to operate as normal during the lockdown period and a number of new projects became operational, while some construction projects suffered only limited delays
- Management team has been strengthened with the appointment of a new CFO, Tristan Maes

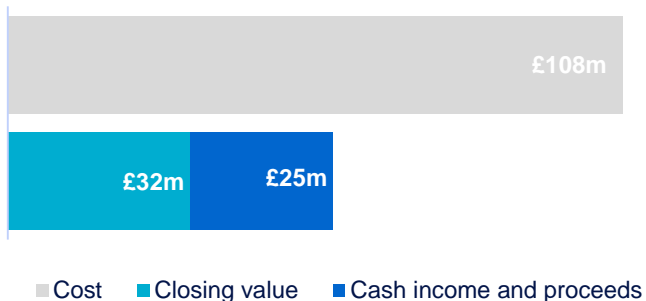


- Performed in line with expectations
- Availability-based revenues unaffected by the Covid-19 pandemic
- In October, agreed acquisitions of several co-shareholders' stakes for a total equity investment of c.€25m



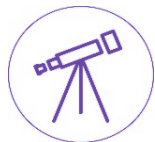


- Significant progress made towards realising the remaining assets in the fund
- Agreement reached to sell stake in Krishnapatnam Port, for a price significantly above the latest valuation

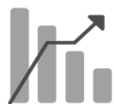




**Resilient portfolio with strong market positions**



**Strong liquidity to make new investments and invest in our portfolio**



**Continuing to deliver progressive dividend**

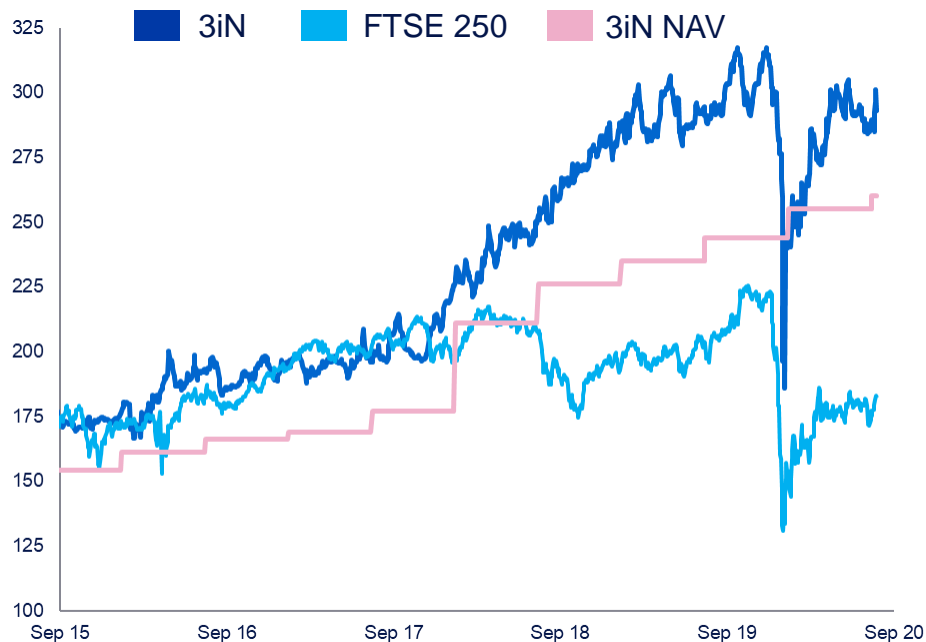
# Appendix



# Share price continues to outperform



## 5 year share price and NAV performance



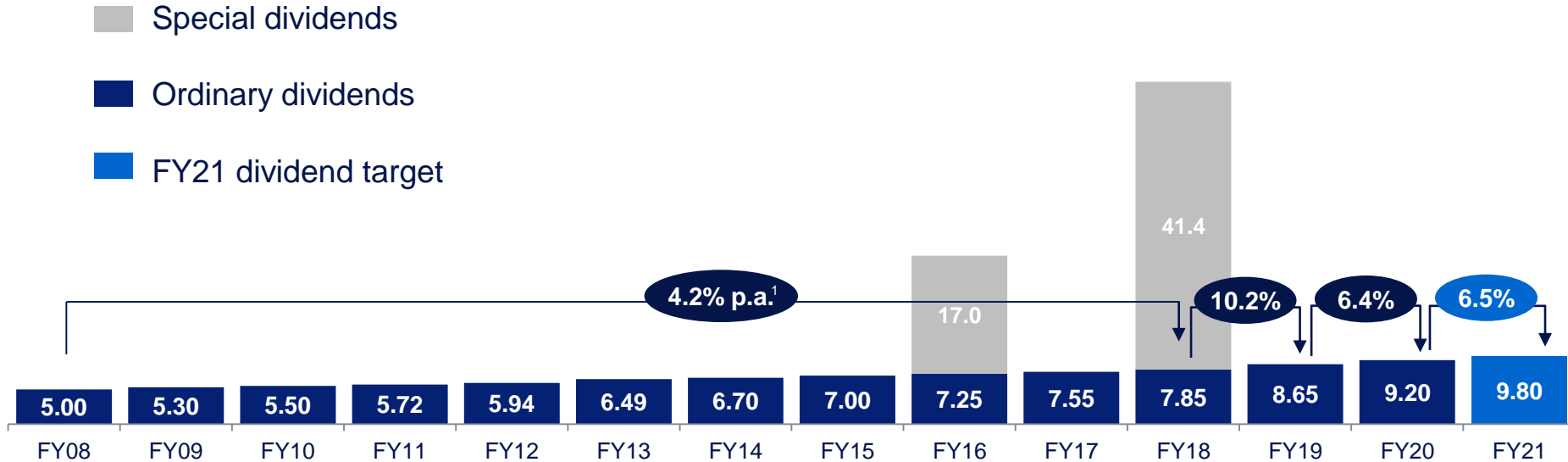
## Total Shareholder Return

	3iN	FTSE 250	Beta
HY to 30 September 2020	18.9%	16.0%	0.13
3 years	16.1%	(2.0%)	0.33
5 years	14.9%	3.4%	0.31
Since IPO	12.7%	6.1%	N/A

Note: 1. FTSE 250 rebased to 3iN opening share price at 1 October 2015.  
2. Total shareholder return shown per annum.

# FY21 target dividend growth of 6.5%

## Dividend growth since IPO (pence per share)



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

# Portfolio summary

## 30 September 2020 (£m)



Portfolio assets	Directors' valuation 31 March 2020	Investment in the year	Divestment in the year	Accrued income movement	Value movement	Foreign exchange translation	Directors' valuation 30 September 2020	Allocated foreign exchange hedging	Underlying portfolio income in the period	Portfolio total return in the period <sup>1</sup>
Infinis	285	-	(2) <sup>2</sup>	-	(2)	-	281	-	9	7
Tampnet	205	2 <sup>3</sup>	-	-	14	4	225	(7)	2	13
Joulz	187	-	-	3	24	5	219	(2)	3	30
Ionisos	194	-	-	4	9	5	212	(2)	4	16
TCR	195	-	-	6	(19)	5	187	(3)	6	(11)
ESVAGT	141	25 <sup>3,4</sup>	-	-	(4)	4	166	(7)	10	3
Oystercatcher	154	-	-	-	6	1	161	-	-	7
Valorem	88	-	-	-	15	2	105	(1)	2	18
Attero	103	1 <sup>3</sup>	-	-	(5)	2	101	(1)	1	(3)
<b>Economic infrastructure portfolio</b>	<b>1,552</b>	<b>28</b>	<b>(2)</b>	<b>13</b>	<b>38</b>	<b>28</b>	<b>1,657</b>	<b>(23)</b>	<b>37</b>	<b>80</b>
Projects	68	-	-	-	4	1	73	(1)	3	7
India fund	27	-	-	-	5	-	32	-	-	5
<b>Total portfolio</b>	<b>1,647</b>	<b>28</b>	<b>(2)</b>	<b>13</b>	<b>47</b>	<b>29</b>	<b>1,762</b>	<b>(24)</b>	<b>40</b>	<b>92</b>
Adjustments related to unconsolidated subsidiaries <sup>5</sup>	5	-	-	3	(3)	-	5	-	3	-
<b>Reported in the Consolidated financial statements</b>	<b>1,652</b>	<b>28</b>	<b>(2)</b>	<b>16</b>	<b>73</b>	<b>-</b>	<b>1,767</b>	<b>(24)</b>	<b>43</b>	<b>92</b>

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

2. Shareholder loan repaid.

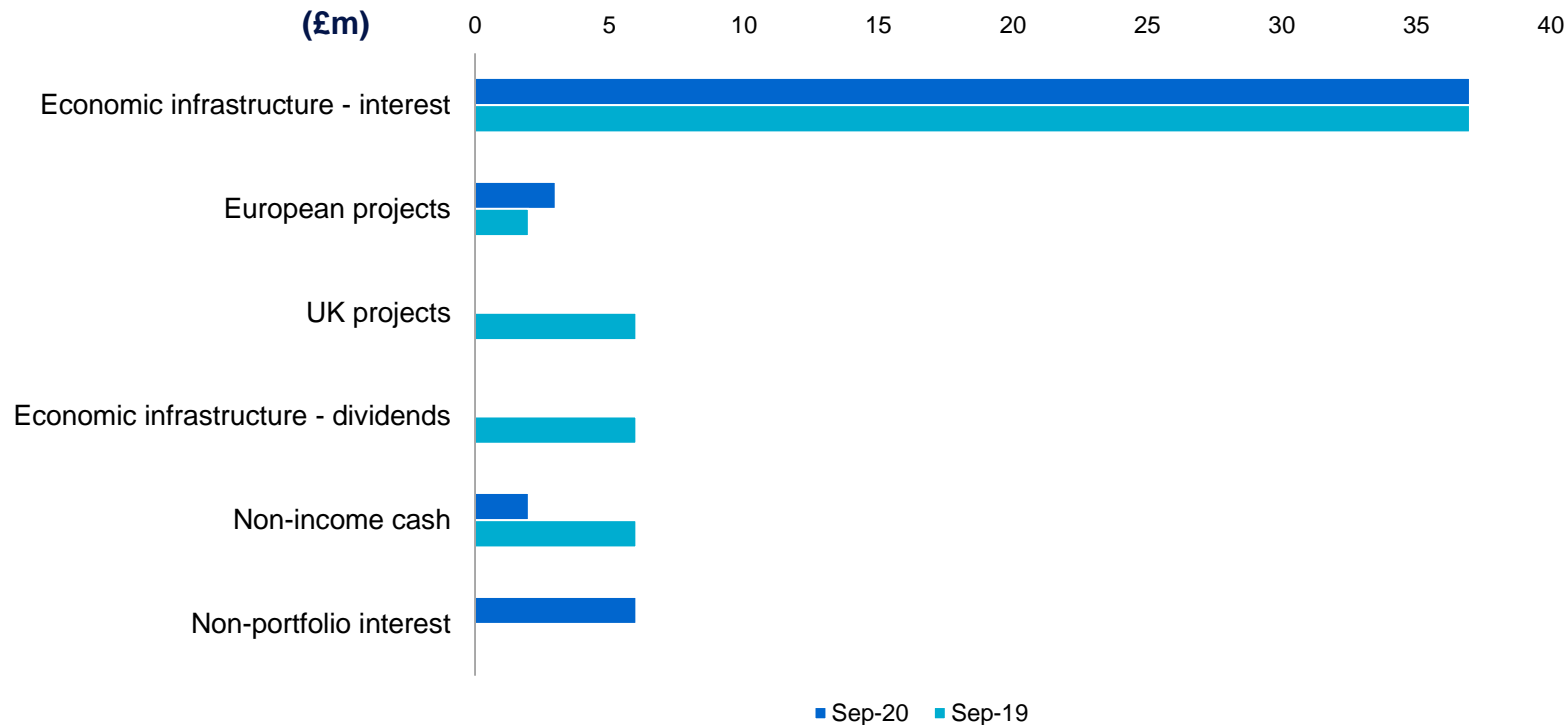
3. Capitalised income.

4. Follow on investment in ESVAGT of £15 million.

5. Income statement adjustments explained in the September 2020 Half Year Report.



# Income in line with expectations

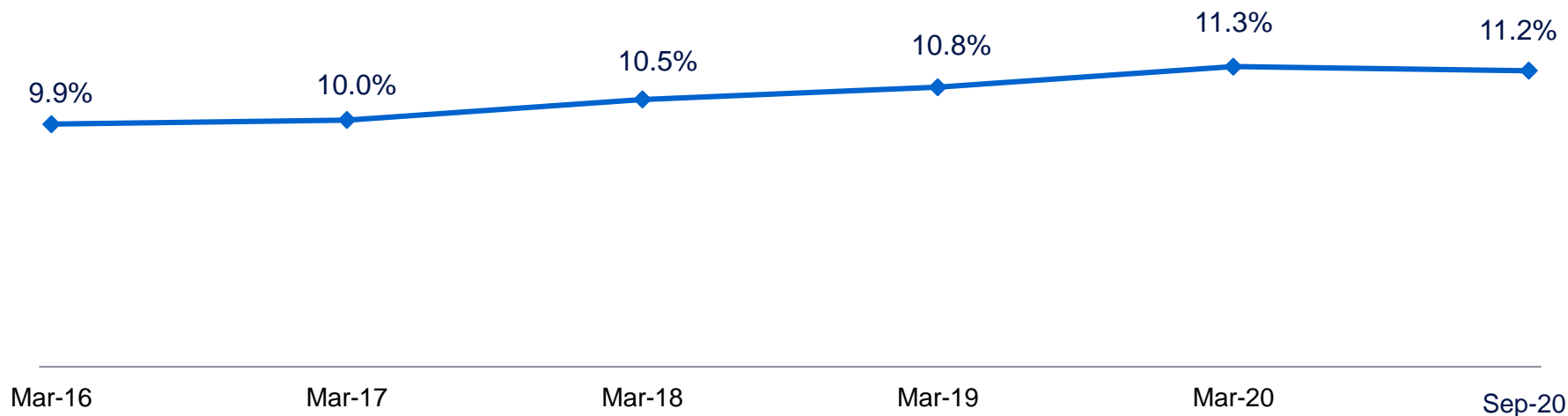


# Discount rate movement

The weighted average discount rate is 11.2%



## Portfolio weighted average discount rate



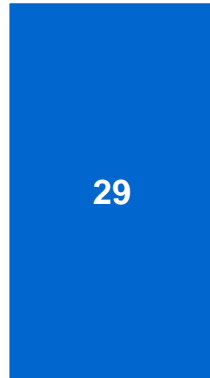
# Hedging programme mitigates volatility



(£m)

**FX gain before  
hedging**

**FX gain after  
hedging**



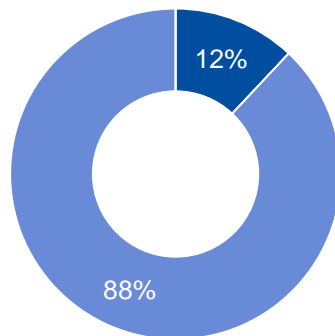
■ Hedged assets (€/SGD/DKK/NOK)

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

## Inflation linkage

### Assets with revenues:

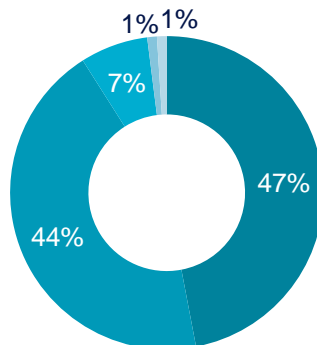
- Directly linked to inflation
- Partly linked to inflation



Sensitivity	+1% point	-1% point
Change in inflation over underlying assumption for next 2 years	£21m	£(21)m

## Foreign exchange

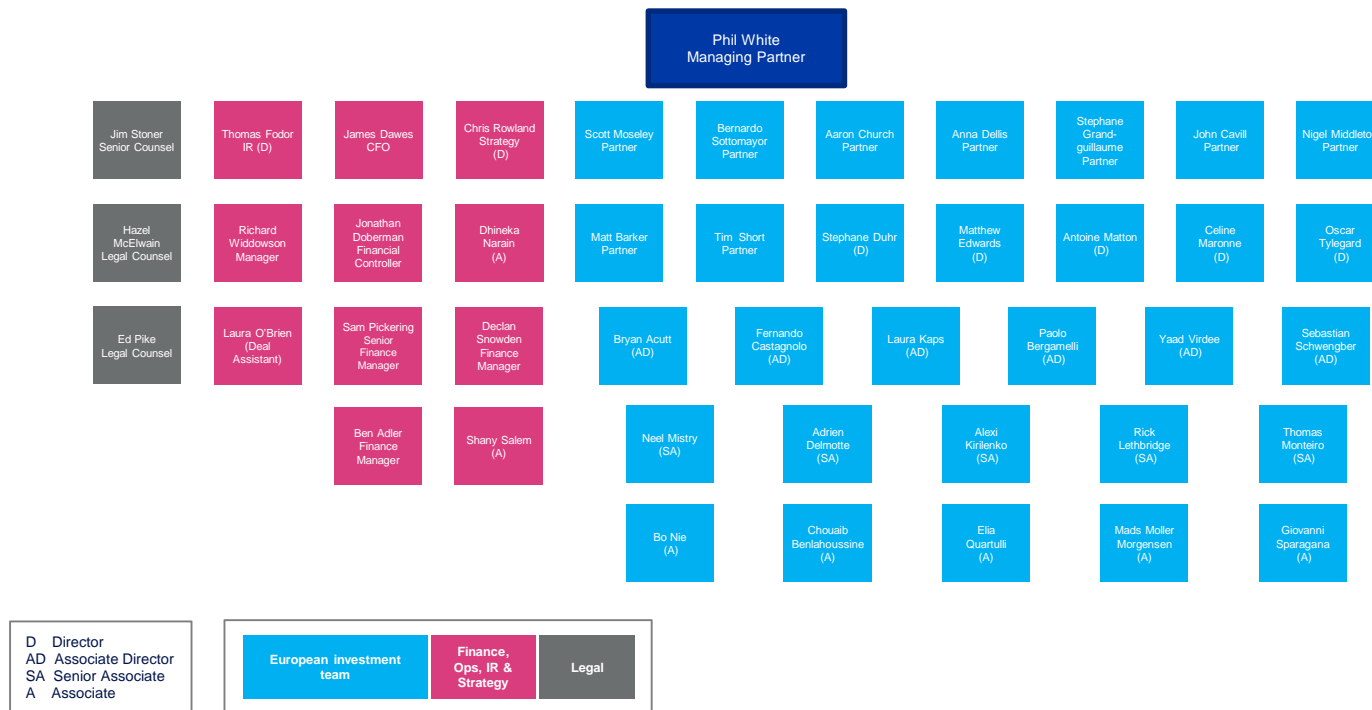
- GBP
- EUR/SGD
- NOK
- DKK
- INR



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

# Introduction and Background

## Experienced and well resourced team established in 2006



**50-strong Infrastructure team in Europe, with c.30 Investment Professionals and dedicated legal, finance, IR and strategy executives**



<b>Board of Directors</b>	<ul style="list-style-type: none"><li>• Independent Chair, five 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 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

