

# Results for the year to 31 March 2020

7 May 2020



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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**

# Defensive portfolio performing well through exceptional economic conditions

3i Infrastructure plc



**Exceeded our medium-term target**

**11.4%**

Total return on opening NAV

**254.5p**

NAV per share

**New investment in Ionisos, further diversifying the portfolio**

**£186m**

New investment

**Realisations of WIG and the UK projects portfolio**

**£581m**

Gross proceeds

**Strong cash position in uncertain markets**

**£418m**

Cash position

**Delivering our FY20 dividend, fully covered, and setting higher target for FY21**

**9.2p**

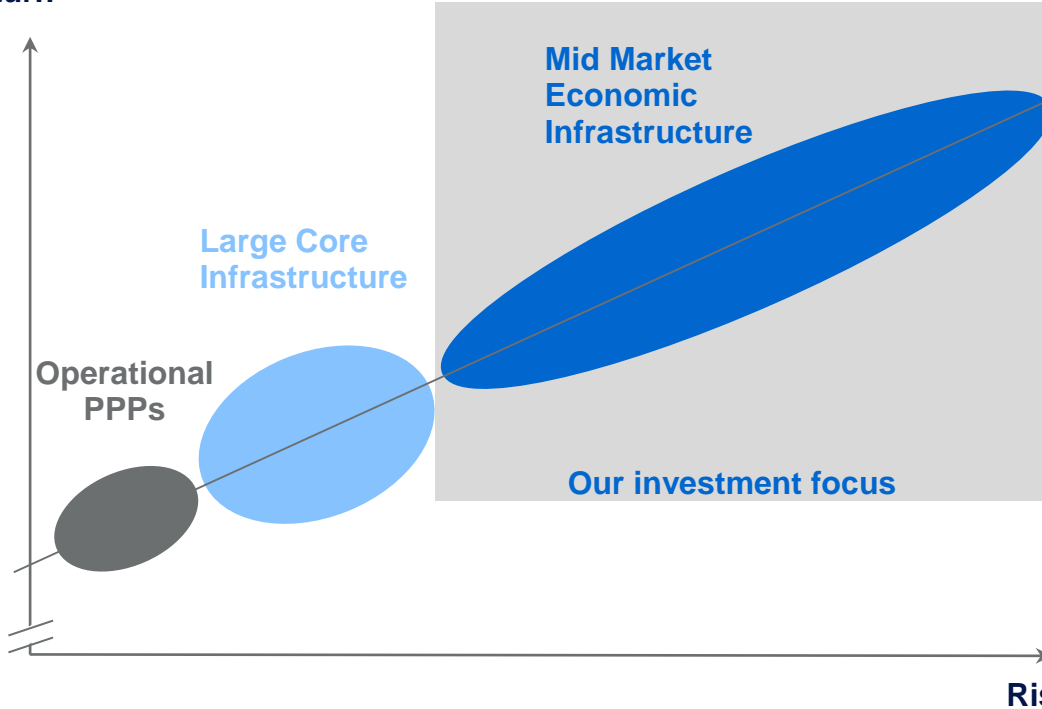
dividend per share for the year

**9.8p**

Target dividend for FY21, up 6.5%

# Generating value in the current market

Return



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



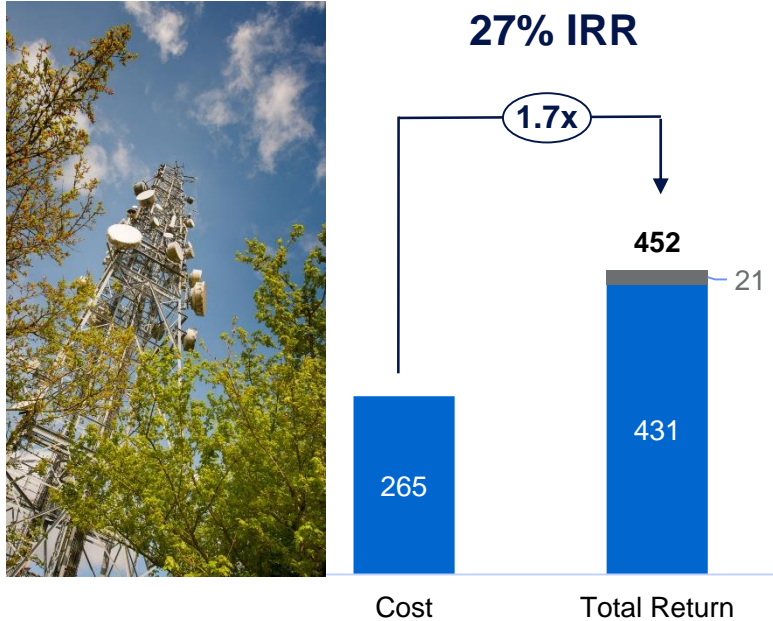
- 1 Portfolio operating close to normally
- 2 Lock down length and recovery pace still uncertain
- 3 Reduced near term growth
- 4 Specific impacts on Attero and TCR

A resilient portfolio of companies maintaining essential services

# Strong realisations drove outperformance

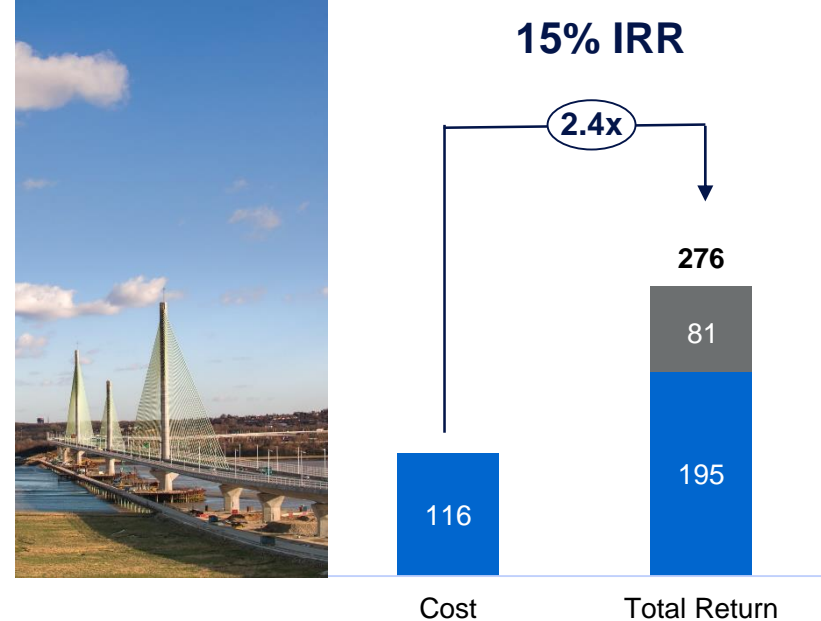
## WIG

27% IRR



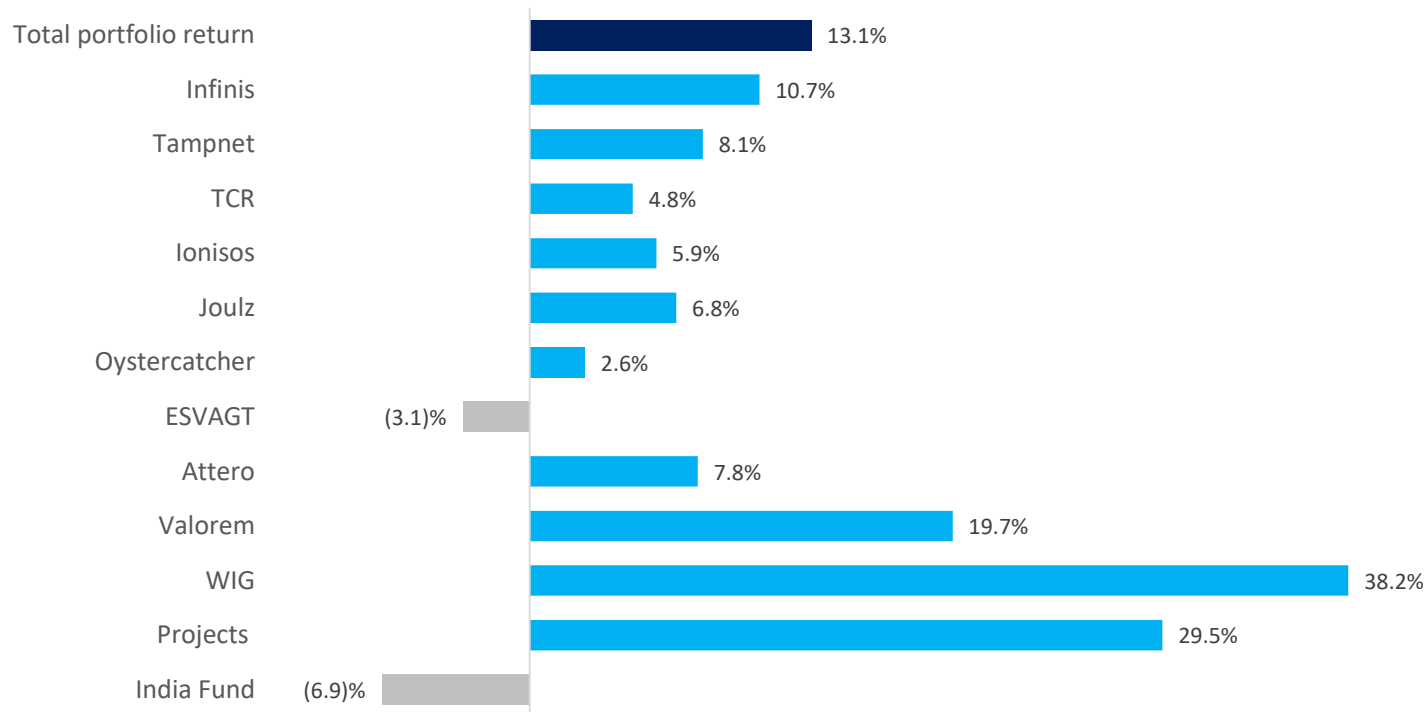
## UK Projects

15% IRR



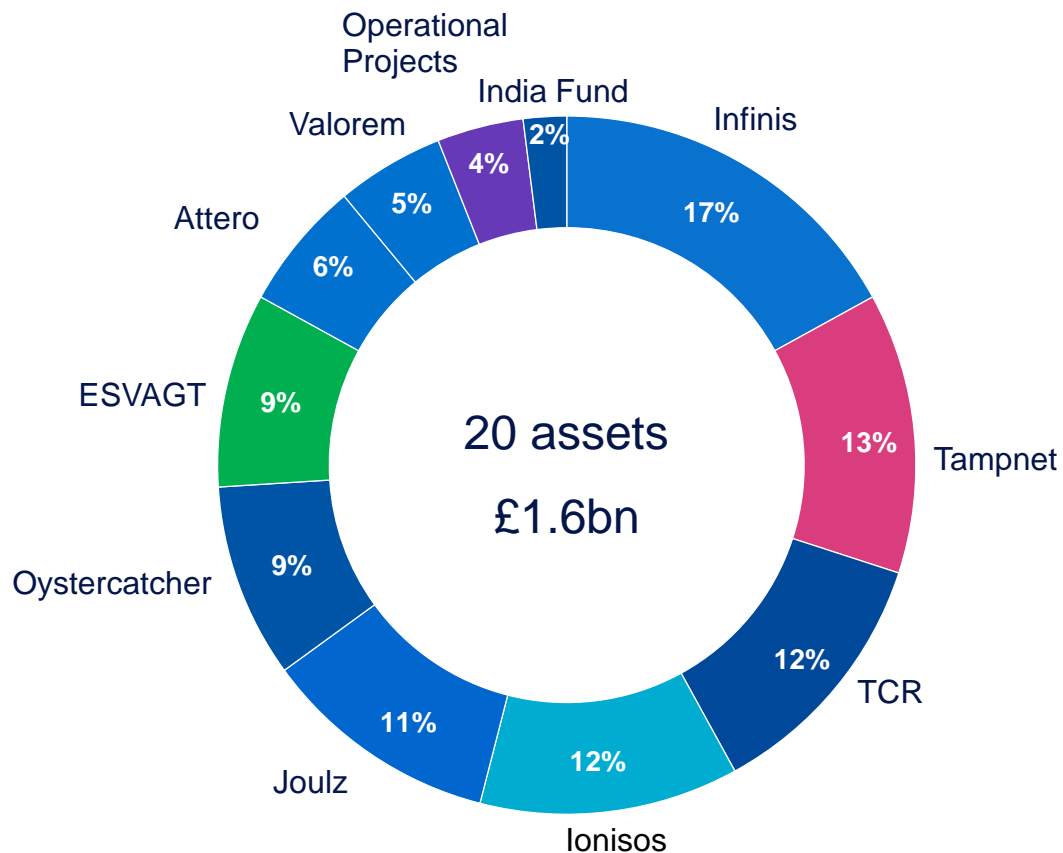
■ Valuation/ Proceeds ■ Cash Income

# Good overall returns across the portfolio for the year to 31 March 2020



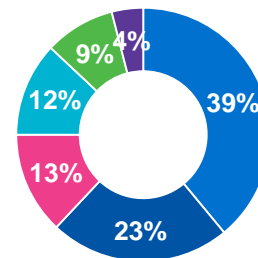


# A well-diversified, balanced portfolio



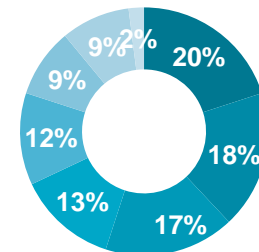
- Utilities
- Transportation / logistics
- Communications
- Healthcare
- Natural Resources / energy
- Social infrastructure

### Portfolio value by sector



### Portfolio value by country

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



# Infinis

## Generator of electricity



- Continues to perform well and to support the Company's yield
- Core business, generating electricity from landfill and mineral methane, exceeded budget, offset by lower power prices
- New initiative to co-locate subsidy-free solar PV generation at existing sites, utilising spare grid capacity
- Improved regulatory outlook with resumption of Capacity Market payments and conclusion to Ofgem review of network residual charges
- Added Richard Lewis as a Non-Executive Director



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

# Tampnet

## Offshore telecom network

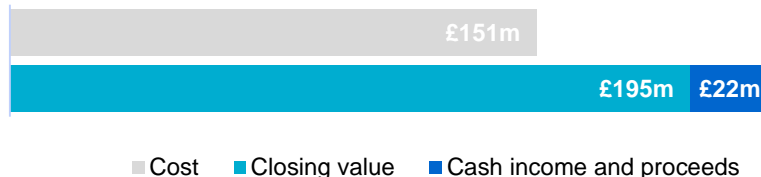


■ Cost ■ Closing value

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

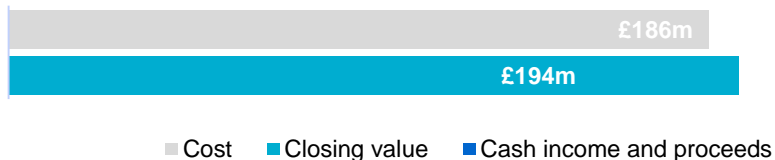
- Core business in the North Sea delivered continued growth, partly offset by slower build-out in the Gulf of Mexico
- New contract awarded to build and operate a 5G network on two platforms offshore Newfoundland, Canada
- Successful refinancing, earlier than planned, and on better terms than investment case
- Strengthened the management team with the appointment of Magnus Mandersson as Chair

## 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

- Pre-pandemic, a very good year; now present in 149 airports
- Progress in anchoring activities in the US with new contracts; won an important repair and maintenance contract with BA; entered the Middle East market with new agreements in Saudi Arabia and Abu Dhabi
- Affected by the dramatic fall in air travel since start of Covid-19 pandemic; although the majority of revenues are fixed, TCR's customers are facing difficulties that have consequential effects on TCR
- Managing liquidity position carefully and working with customers to navigate the crisis
- Positioned for potential new opportunities that may arise



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

- Invested £186 million to acquire c.95% of Ionisos, alongside management, outside a formal auction process
- Third largest owner and operator of cold sterilisation facilities globally, servicing the medical, pharmaceutical and cosmetic industries
- Performed in line with investment case, showing good resilience during Covid-19 lockdown with all plants operating and seeing an increased focus on sterilisation of medical equipment
- Completed acquisition of a smaller Italian sterilisation business and making good progress in creating extra capacity at existing sites
- Refinanced debt facilities with longer maturities and lower cost than anticipated



- Outperformed investment case since acquisition
- Operational carve-out from Stedin on track to be completed by the end of 2020
- Strengthened the management team with the appointment of a Head of Metering, an interim CFO and a Head of Business Development
- Acquired GreenFlux's electric vehicle charging business, with over 3,000 points across the Netherlands
- Appointed Sjoerd Vollebregt as independent Chair

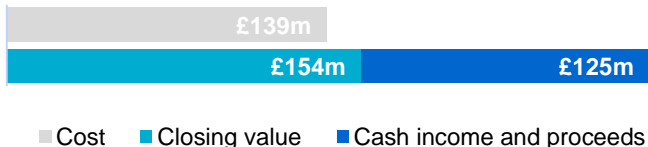


■ Cost ■ Closing value ■ Cash income and proceeds

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

# Oystercatcher

## Oil product storage terminals



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

- Over recent years, the extended backwardation period and the uncertainty in the lead up to the introduction of the new IMO 2020 regulation weighed on demand and pricing
- Customers are now starting to store compliant shipping fuel, and since March, contango has returned to the oil markets, providing a more positive backdrop
- Growing imbalance between supply and demand for gasoline storage in Asia Pacific continues to underpin Singapore market in the medium term



## Emergency response vessels and wind farm maintenance support vessels



- Oil and gas market conditions improved during the second half of the year
- Contract coverage improved steadily during the year but the recent drop in oil price will impact demand from summer 2020
- Wind farm service operations are the main driver of growth, with five new contract-backed vessels committed since our acquisition
- Currently in discussion with the shipyard supplying the new vessels, which is facing financial difficulties

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





■ Cost ■ Closing value ■ Cash income and proceeds

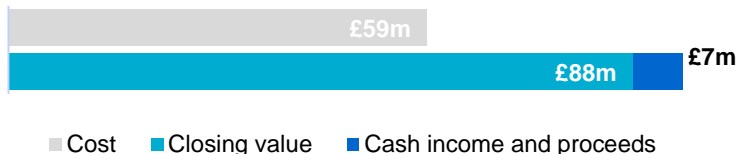
Ownership	25%
Date invested	June 2018
Management team HQ	Apeldoorn, Netherlands
Country	Netherlands
Currency	EUR
Sector	Utilities

- Market dynamics evolved favourably during most of the year, driving strong performance
- A new tax of €32/ton on imported waste took effect on 1 January; Attero has successfully renegotiated most of its import contracts, limiting the immediate impact of the tax
- Covid-19 has caused a drop in industrial and commercial waste, partly offset by an increase in household waste, which will impact Attero's profitability
- Attero benefits from its medium-term contracts for waste supply and its buffer of untreated waste

# Valorem

## Onshore wind developer

3i Infrastructure plc



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

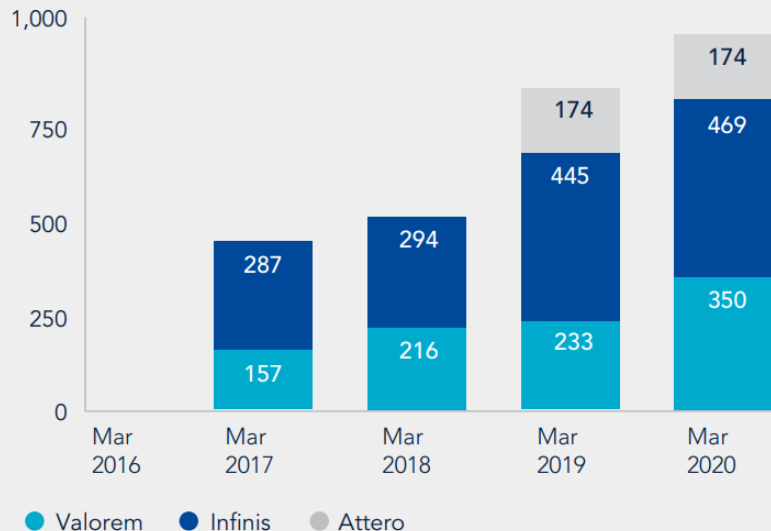
- Strong performance in the year with revenues above budget, 117MW becoming operational and 160MW of projects closed
- Since acquisition, the operational base grew 2.5x, to 436MW, with an average residual feed-in-tariff life of over 12 years
- The pipeline also continues to develop well; delivering this pipeline will drive future value growth
- Valorem continues to focus on larger wind and solar projects in France, and sold 90% of a Finnish project totalling 71MW
- Completed the bolt-on acquisition of FHA, a hydro power developer and operator

# Investors who do not engage in a serious way around sustainability will be left behind

## Transitioning to a low carbon economy

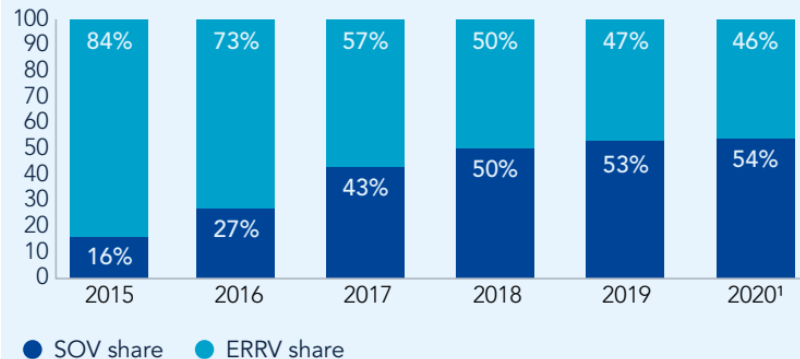
### Renewable energy installed capacity

(at 31 March, MW)



## ESVAGT: Supporting the energy transition

### SOV and ERRV share of earnings over time



<sup>1</sup> Budget.

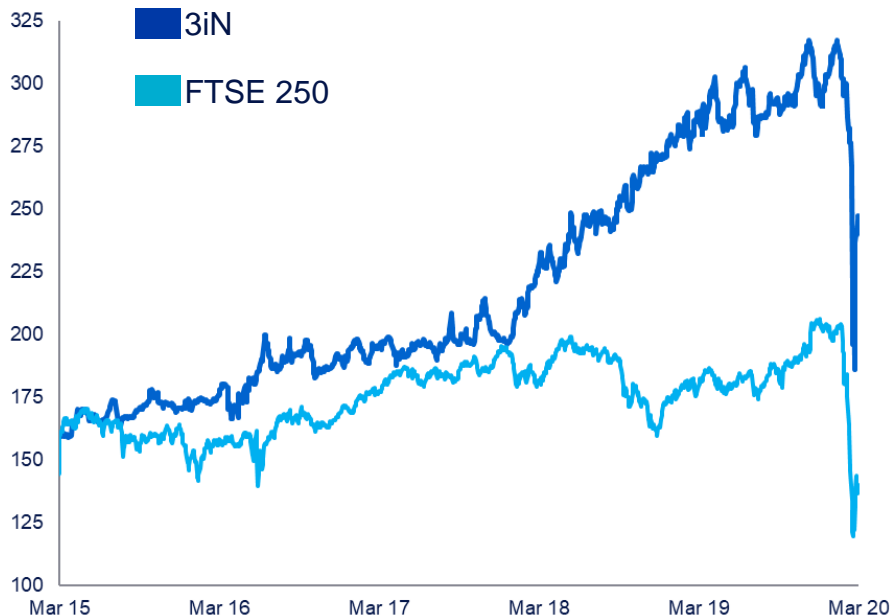
# Appendix



# Share price has been more volatile recently but continues to outperform



## 5 year share price performance



## Total Shareholder Return

	3iN	FTSE 250	Beta
FY to 31 March 2020	(7.3%)	(18.7%)	0.5
3 years	11.4%	(4.7%)	0.5
5 years	12.5%	0.3%	0.4
Since IPO	11.7%	5.2%	N/A

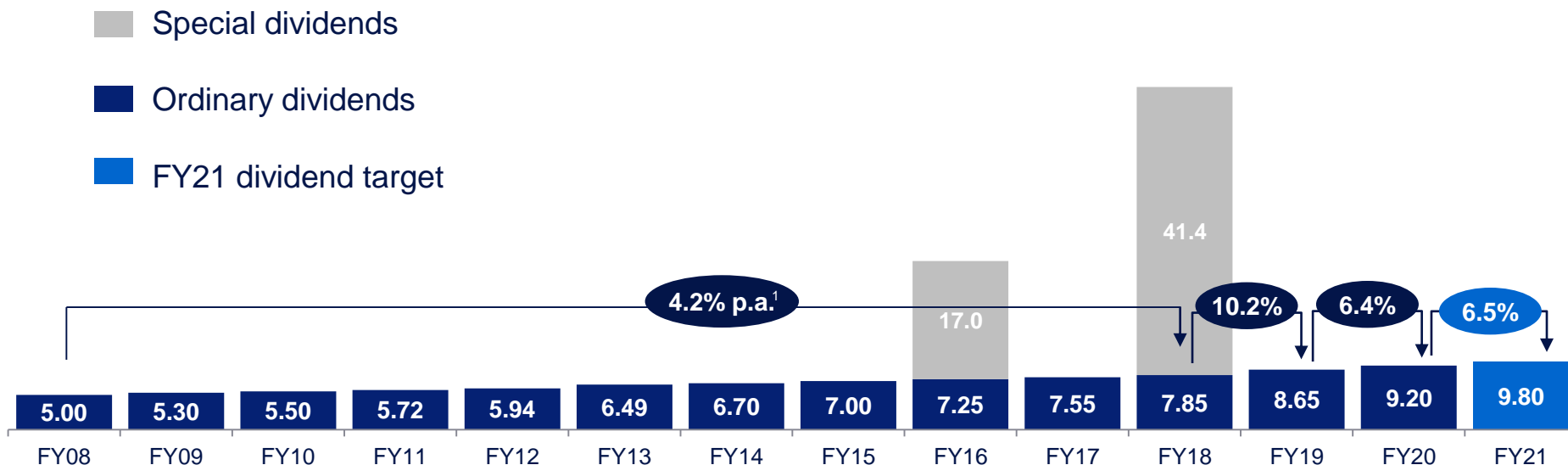
Note: 1. FTSE 250 rebased to 3iN opening share price at 1 April 2015

2.Total shareholder return shown per annum

# FY21 target dividend growth of 6.5%

## Dividend growth since IPO

(pence per share)

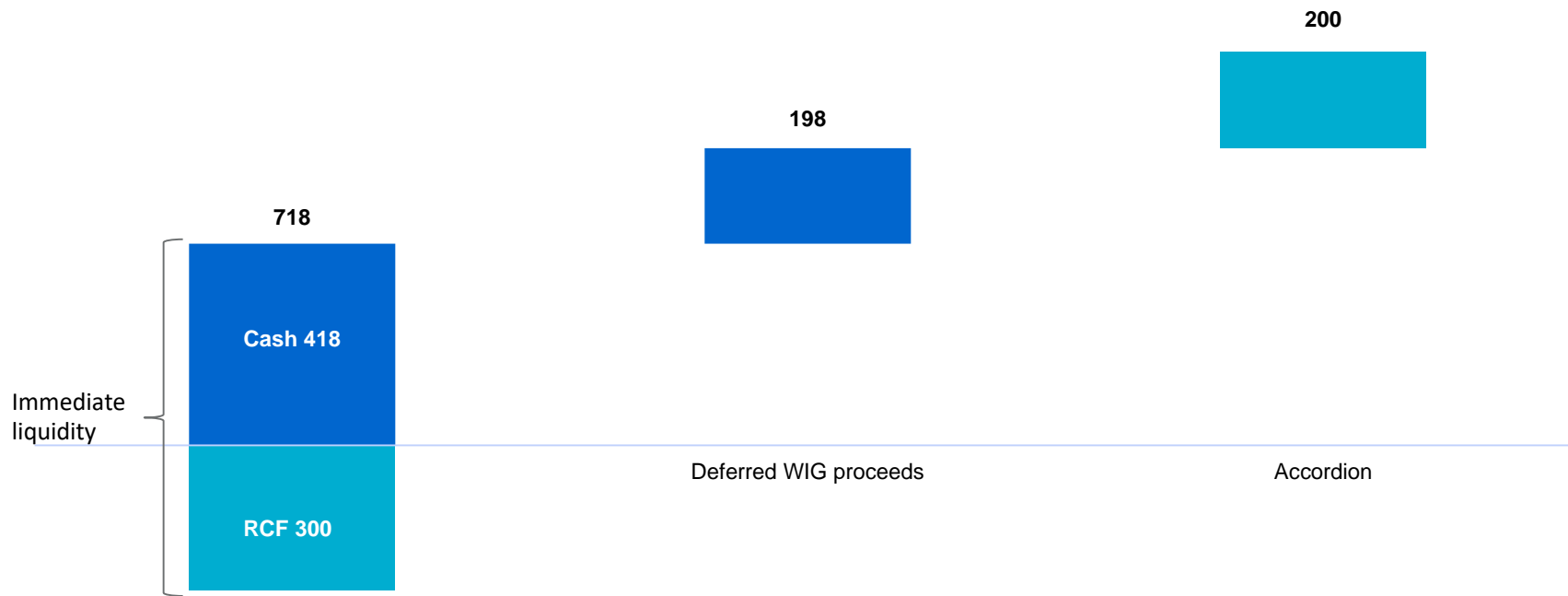


1. Annualised growth rate in ordinary dividends to FY18.

# Strong liquidity



(£m)



# Portfolio summary

## 31 March 2020 (£m)



Portfolio assets	Directors' valuation 31 March 2019	Investment in the year	Divestment in the year	Accrued income movement	Value movement	Foreign exchange translation	Directors' valuation 31 March 2020	Allocated foreign exchange hedging	Underlying portfolio income in the year	Total portfolio return in the year <sup>1</sup>
Infinis	289	-	(17) <sup>2</sup>	-	13	-	285	-	18	31
Tampnet	198	4 <sup>3</sup>	-	-	10	(7)	205	8	5	16
TCR	187	8 <sup>3</sup>	-	3	(3)	-	195	1	11	9
Ionisos	-	186	(1) <sup>2</sup>	4	4	1	194	2	4	11
Joulz	-	190	(1) <sup>2</sup>	2	(9)	5	187	(1)	18	13
Oystercatcher	155	- <sup>3</sup>	-	-	(1)	-	154	-	5	4
ESVAGT	160	18	-	1	(17)	(21)	141	14	19	(5)
Attero	102	2 <sup>3</sup>	-	-	(3)	2	103	(2)	11	8
Valorem	76	-	-	-	10	2	88	(1)	4	15
WIG	288	-	(387)	(3)	102	-	-	-	8	110
<b>Economic infrastructure portfolio</b>	<b>1,455</b>	<b>408</b>	<b>(406)</b>	<b>7</b>	<b>106</b>	<b>(18)</b>	<b>1,552</b>	<b>21</b>	<b>103</b>	<b>212</b>
Projects	197	15 <sup>3,4</sup>	(191)	(1)	47	1	68	-	14	62
India fund	29	-	-	-	(1)	(1)	27	-	-	(2)
<b>Total portfolio</b>	<b>1,681</b>	<b>423</b>	<b>(597)</b>	<b>6</b>	<b>152</b>	<b>(18)</b>	<b>1,647</b>	<b>21</b>	<b>117</b>	<b>272</b>
Adjustments related to unconsolidated subsidiaries <sup>5</sup>	16	-	-	(5)	(6)	-	5	-	6	-
<b>Reported in the Consolidated financial statements</b>	<b>1,697</b>	<b>423</b>	<b>(597)</b>	<b>1</b>	<b>128</b>	<b>-</b>	<b>1,652</b>	<b>21</b>	<b>123</b>	<b>272</b>

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

2. Shareholder loan repaid

3. Capitalised interest

4. Drawdown of commitment

5. Income statement adjustments explained in the March 2019 Annual Report

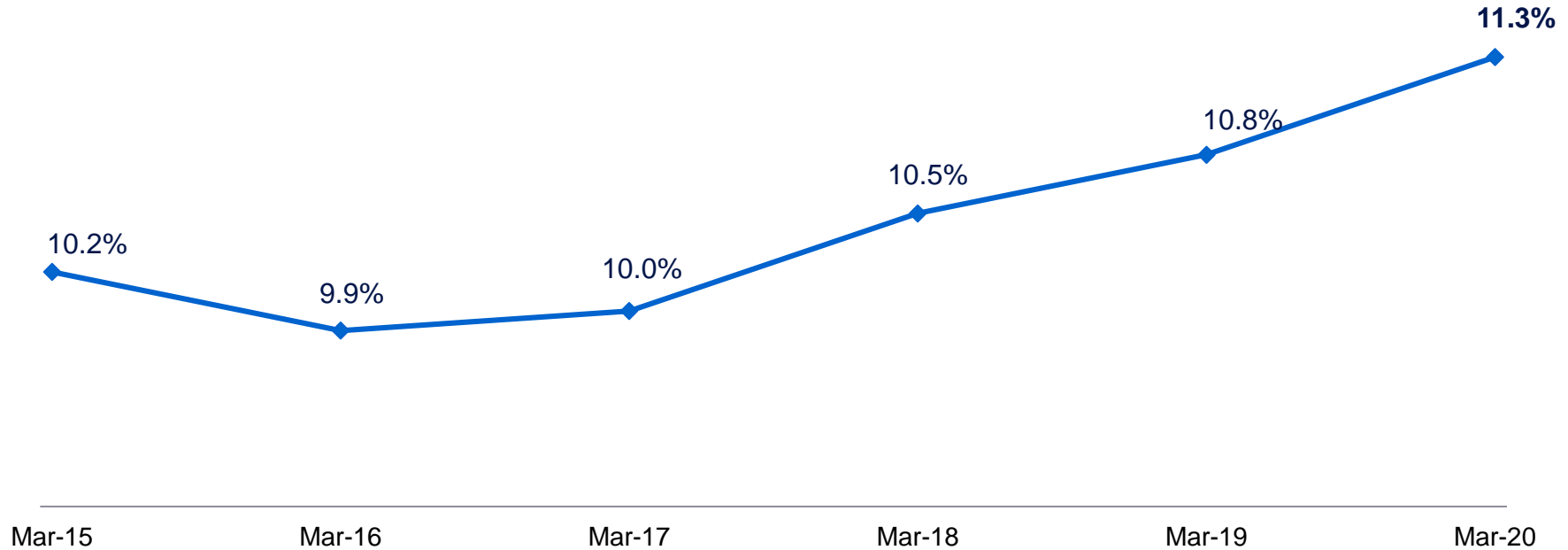


# Discount rate movement



The weighted average discount rate has increased to 11.3%

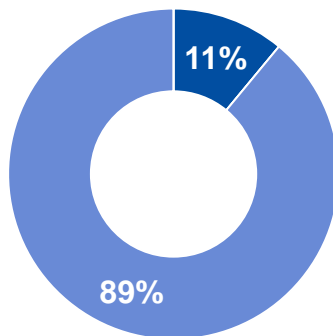
## Portfolio weighted average discount rate



## Inflation linkage

### Assets with revenues:

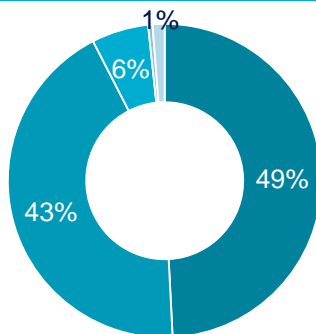
- Directly linked to inflation
- Partly linked to inflation



Sensitivity	+1% point	-1% point
Change in inflation over underlying assumption for next 2 years	£15.7m	£(15.3)m

## Foreign exchange

- GBP
- EUR/SGD
- NOK
- INR



Sensitivity	+5%	-5%
Change in foreign exchange rate <sup>1</sup>	£5.2m	£(5.2)m

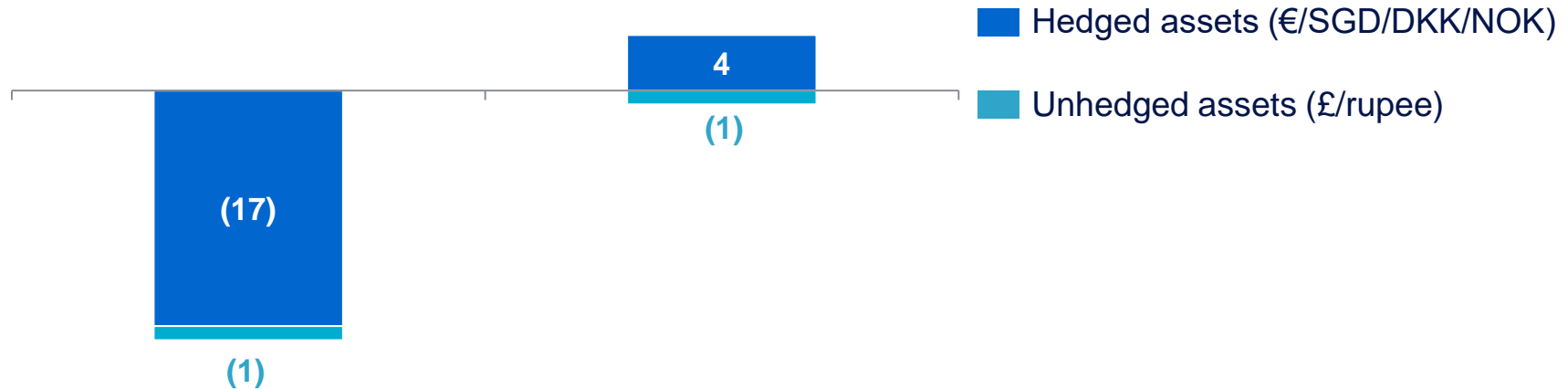
1. The sensitivity calculation assumes that the hedging programme movements are fully effective. Foreign exchange sensitivity calculation includes cash held at 31 March 2020.

# Hedging programme mitigates volatility

(£m)

**FX loss before  
hedging**

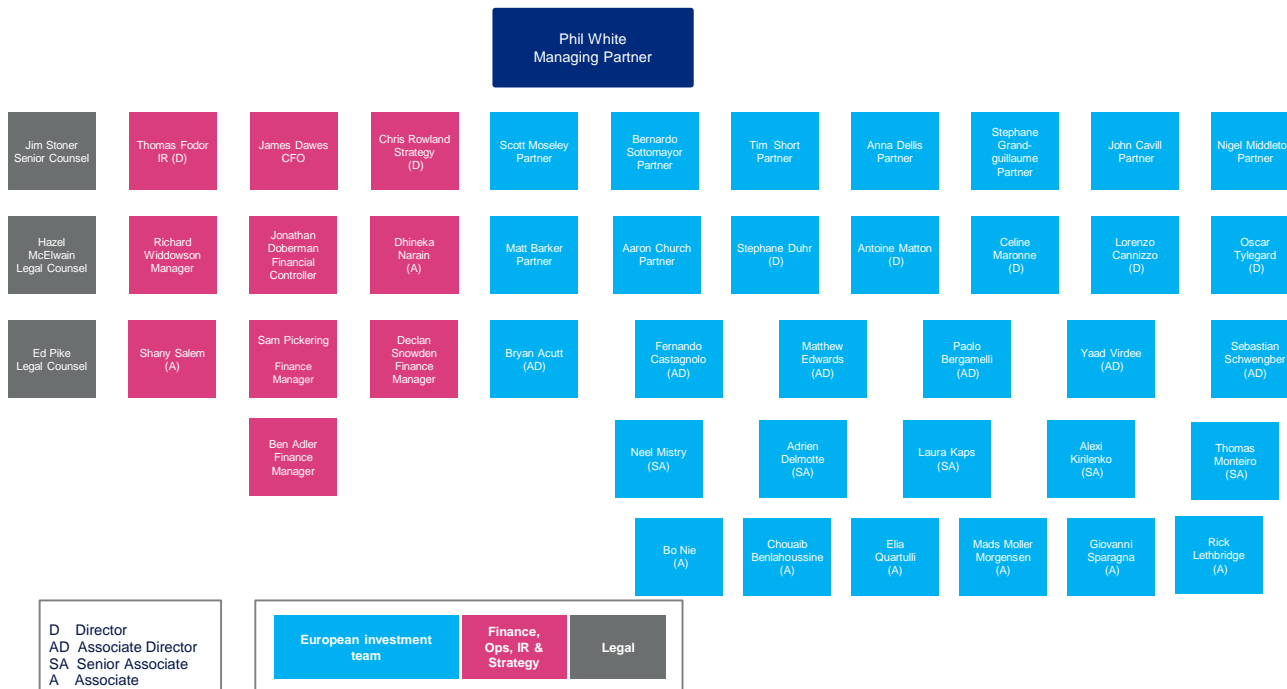
**FX gain/(loss) after  
hedging**



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

# 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

