



31 March 2022

3i Infrastructure plc – Pre-close update

Portfolio performing strongly; on track to meet dividend target, up 6.6% year-on-year

3i Infrastructure plc ('3i Infrastructure' or the 'Company') is an investment company whose purpose is to invest responsibly in infrastructure, delivering long-term sustainable returns to shareholders and having a positive impact on our portfolio companies and their stakeholders. This statement relates to the period from 1 October 2021 to 30 March 2022 (the 'Period').

Highlights

- **Strong level of investment in new platforms and existing portfolio companies:**
 - On 17 November 2021, 3i Infrastructure agreed to invest c.\$512 million to acquire 100% of Global Cloud Xchange ('GCX'). GCX is a leading global data communications service provider and owns one of the world's largest private subsea fibre optic networks. Additional acquisition debt was raised in March 2022, reducing the Company's equity commitment to c.£300 million. The transaction is due to complete in Summer 2022
 - On 14 December 2021, 3i Infrastructure completed the c.£191 million acquisition of a 92% stake in SRL Traffic Systems ('SRL'), the market leading traffic management equipment rental company in the UK
 - On 16 December 2021, the Company invested a further c.£21 million into Valorem through a capital increase to fund its growth, raising the Company's stake in Valorem to c.33%
 - On 1 February 2022, 3i Infrastructure completed a further £258 million investment in ESVAGT, the market leader in service operation vessels for the offshore wind industry, doubling its equity stake to 100%
 - On 14 February 2022, the Company invested a further £33 million in DNS:NET to fund the next step of its fibre roll-out, increasing 3i Infrastructure's stake in DNS:NET to 64%
- **Successful realisation of Oystercatcher's four European terminals:** On 29 October 2021, the Company completed the sale of its 45% stakes in four European liquid storage terminals for proceeds of c.€55 million after debt repayment. 3i Infrastructure continues to hold a 45% stake in Oiltanking Singapore.
- **Sale of the European projects portfolio:** On 29 March 2022, the Company agreed to sell its European projects portfolio to 3i European Operational Projects Fund ('3i EOPF') for c.£100 million. This transaction is expected to reach completion by June 2022.

- **Portfolio performing strongly:** The portfolio overall has delivered strong operational and financial performance over the Period, in most cases ahead of the expectations we set in September 2021.
- **Income as expected in the Period:** Total income and non-income cash was in line with expectations at £86 million in the Period. This compares with £69 million of income and non-income cash received in the same period last year.
- **On-track to meet the FY22 dividend target** of 10.45 pence per share, a year-on-year increase of 6.6%. The dividend is expected to be fully covered.
- **Efficient balance sheet:** In January 2022, 3i Infrastructure obtained an additional one-year credit facility of £400 million from existing lenders. As a result, the Company's aggregate credit facilities total £1 billion, giving ample liquidity to fund existing commitments and bid for new investment opportunities.

Phil White, Managing Partner and Head of Infrastructure, 3i Investments plc, Investment Manager of the Company, commented: "We are delighted with the new investment commitments we have made, both in new businesses and in companies we already know well, and with the successful realisations at attractive prices of Oystercatcher's European terminals and the European projects portfolio. Our engaged asset management approach has continued to drive performance from the portfolio, ahead of our expectations."

Changes to management team

3i Group plc has today announced that Phil White is stepping down from his role with effect from 1 July 2022. Scott Moseley and Bernardo Sottomayor will be appointed as Co-Heads of European Infrastructure.

Richard Laing, Chair of 3i Infrastructure plc, said: "Phil has contributed enormously to 3i Infrastructure's success over many years. During his 8 year tenure as Managing Partner, the Company's returns have consistently been ahead of the FTSE-250 benchmark – a major achievement. In addition, under his leadership the management team has increased in number and depth, and is therefore well positioned for the future. All of us on the Board will miss Phil's experience, wisdom and commitment and are extremely grateful for all that he has done. We know Scott and Bernardo well, having worked with them over many years, and are confident that the team will continue to provide excellent management of the Company."

Portfolio update

Overall, the portfolio has performed strongly in the Period, with performance, in most cases, ahead of the expectations set in September 2021.

Neither 3i Infrastructure, nor any of its portfolio companies, has any direct exposure to Russia or Ukraine. In two portfolio companies, Ionisos and Infinis, there are or have been commercial relationships with Russian-owned companies which, when ceased, would have only minor consequences for those portfolio companies pending replacement by third parties. Further detail is provided below.

There are actual and potential indirect effects on portfolio companies of the Russian invasion of Ukraine and the imposition of sanctions on Russia and Russian businesses, including increasing cost and wage inflation, availability of resources and disruptions to normal market activities. However, the impact to date on portfolio companies has been limited.

DNS:NET, in which the Company first invested in June 2021, is performing overall in line with our expectations. As anticipated at the time of investment, 3i Infrastructure injected a further £33 million of capital in the Period to support further fibre network roll-out in and around the Berlin area.

Attero has enjoyed strong operational and financial performance in the Period, supported by high waste volumes, gate fees and power prices. The Company closed an additional debt raise of €81 million and refinanced €19 million of existing bank debt in the Period, on favourable terms.

At **Oystercatcher**, our terminal in Singapore has performed in line with our expectations in the Period and ahead of prior year, supported by increasing oil prices, although the current backwardation market structure observed for most products and recent market volatility may maintain some short-term pressure on pricing of contract renewals.

Ionisos's performance exceeded expectations in the Period driven by increasing end customer demand across all market segments and a favourable product mix.

Ionisos's Estonian business has in the past sourced Cobalt-60 from a Russian-owned company, JSC. Whilst JSC is not currently subject to sanctions, Ionisos will not source new Cobalt-60 from JSC for the foreseeable future and is in the process of making alternative supplier arrangements.

SRL, the traffic management equipment business acquired in December 2021, is performing in line with our investment case. As planned at acquisition, the Company completed a debt raise in February 2022 and the bridge loan provided at acquisition by 3i Infrastructure has been repaid.

ESVAGT has started the period of our 100% ownership well, with good progress made in the pipeline for new service operation vessels. ESVAGT's emergency rescue and response vessel segment is also experiencing positive momentum due to the oil price rebound and increasingly attractive supply / demand dynamics.

Infinis performed strongly in the Period supported by higher energy prices, benefitting its power response business in particular. Infinis has continued the development of its solar power generation business and now has a consented pipeline of 117MW with a further 93MW currently in planning.

Infinis's electricity offtake arrangements include contracts with Gazprom's UK subsidiary, a large supplier in the UK non-domestic energy market. Whilst these contracts are not currently affected by sanctions, Infinis is actively replacing contracts where permitted and others will run off over time. We do not expect Infinis to be adversely affected by any extension of sanctions or an insolvency process for Gazprom's UK subsidiary.

Despite lower than anticipated revenue from electricity generation due to low wind conditions in Q4 2021, **Valorem's** performance has been in line with expectations. In February 2022, Valorem closed the 313MW Viatti wind project in Finland, of which 148MW is owned by Valorem, enhancing its pan-European profile.

TCR outperformed our expectations in the Period. The recovery in air traffic continued, although negatively affected by travel restrictions and regulations imposed to combat the Omicron variant of Covid-19, and the business maintained strong cost discipline.

The performance of **Joulz's** infrastructure services and metering businesses was in line with expectations and we saw continued healthy growth in the order book. In December 2021 the Company injected €5.5 million of additional equity into Joulz to part-fund upcoming projects including the purchase of a further c.€2.7 million of transformers from Stedin.

Tampnet performed well ahead of expectations in the Period and significantly higher than prior year. Tampnet's core connectivity business in the North Sea performed well as customers continued to upgrade their bandwidth requirements. The Gulf of Mexico region also performed well in 2021 although it is still experiencing delays in installations, particularly in the deep water, as Covid-19 and severe weather conditions during the winter continued to affect customer operations.

On 29 March 2022, the Company signed an agreement to sell all of its holdings in the **European projects portfolio**, comprising four Dutch and two French PPP projects across transport and social infrastructure, to 3i EOPF. Completion is expected by June 2022 and proceeds are estimated at c.£100 million. The proceeds from the transaction will be used to pay down the Revolving Credit Facility ('RCF') and provide the Company with further liquidity. The projects portfolio performed well in the Period.

There was completion of a further small divestment from the **India Fund** at an uplift to carrying value.

Portfolio returns

The portfolio is delivering income in line with expectations. Total income and non-income cash was £86 million in the Period, comprising income of £85 million and non-income cash of £1 million. This compares with £69 million of income and 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 full-year to 31 March 2022 will be the valuation exercise carried out on the investment portfolio at that date.

Balance sheet

At 30 March 2022, the Company's cash balance was £14 million, with drawings of £232 million under the RCF.

In December 2021, 3i Infrastructure received lender approval to increase the RCF by £200 million to £600 million. In January 2022, the Company obtained an additional one-year credit facility of £400 million from existing lenders. Aggregate credit facilities therefore total £1 billion today.

The outstanding balance on the vendor loan note due from the sale of WIG in 2019 was rolled forward. The Company received £12 million of accrued interest in December 2021, leaving £98 million of deferred proceeds due in December 2023 and callable on 6 weeks' notice.

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's purpose is to invest responsibly in infrastructure, delivering long-term sustainable returns to shareholders and having a positive impact on our portfolio companies and stakeholders.

3i Investments plc, a wholly-owned subsidiary of 3i Group plc, is authorised and regulated in the UK by the Financial Conduct Authority and is the investment manager of 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 October 2021 to 30 March 2022 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.