

# Results for the year to 31 March 2019

9 May 2019



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**Richard Laing**  
Chair

# Today's agenda



## Introduction

Richard Laing

## Business review

Phil White

## Financial review

James Dawes

## Q&A

All

# FY19 results: an outstanding year



**Strong portfolio performance drove NAV growth**

**15.4%**

Total return on opening NAV

**234.7p**

NAV per share

**Realised investment in XLT**

**£333m**

Net realisation proceeds in the year

**Success in new investment across our target markets**

**£377m**

New investments or commitments in the year

**Delivered the dividend target**

**8.65p**

Full year dividend per share for FY19

**6.4% increase in the dividend target for FY20**

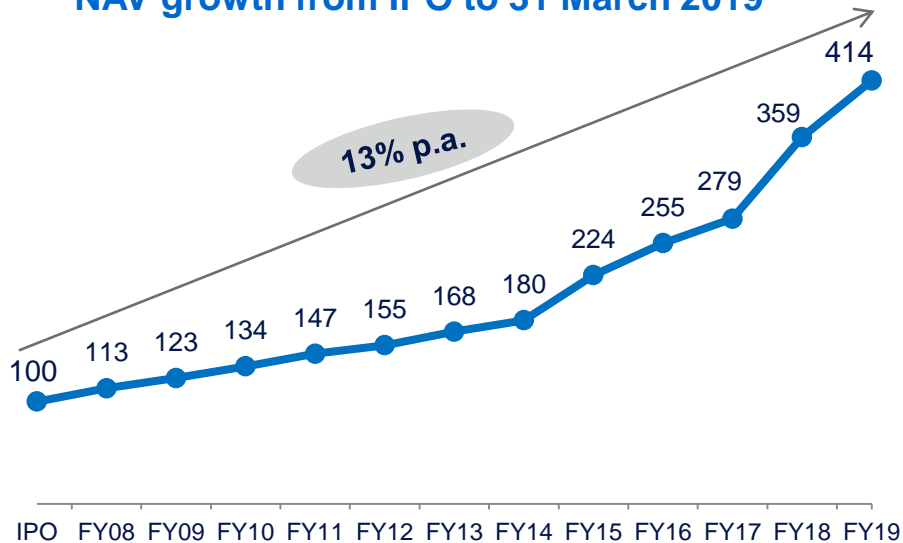
**9.20p**

Target dividend per share for FY20

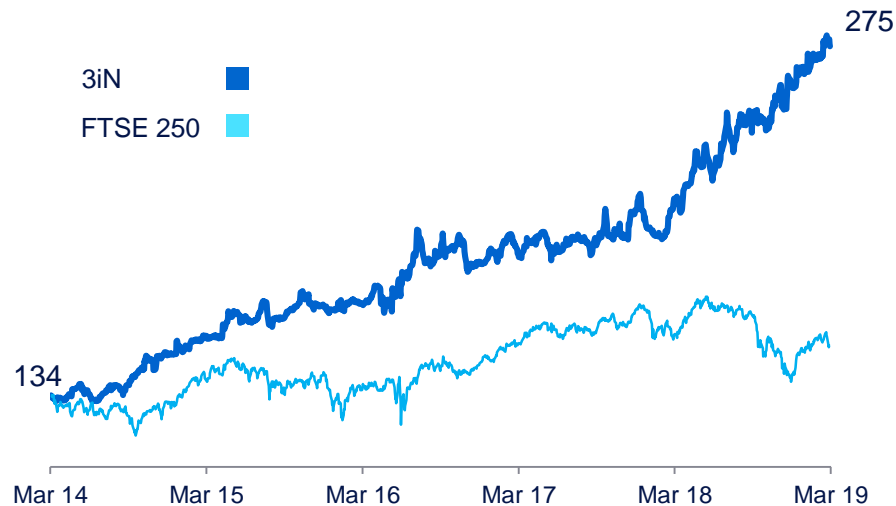
# Continued outperformance



## NAV growth from IPO to 31 March 2019



## Share price performance



TSR	3iN	FTSE 250
Full year	33.4%	1.0%
5 year	19.5%	6.1%
Since IPO	13.4%	7.4%

Note: Indexed to 100  
This chart shows NAV growth including dividends.



**Phil White**

Managing Partner, Infrastructure, 3i Investments plc

# FY19 Summary

Delivering consistently good return for our shareholders

3i Infrastructure plc



- 1 Outperform target return
- 2 Successful sale of XLT
- 3 Actively managing portfolio
- 4 New investments and bolt-ons



# Realisation: Cross London Trains

Maximising shareholder value through active asset management

3i Infrastructure plc



1

Matured into a strong business operating smoothly

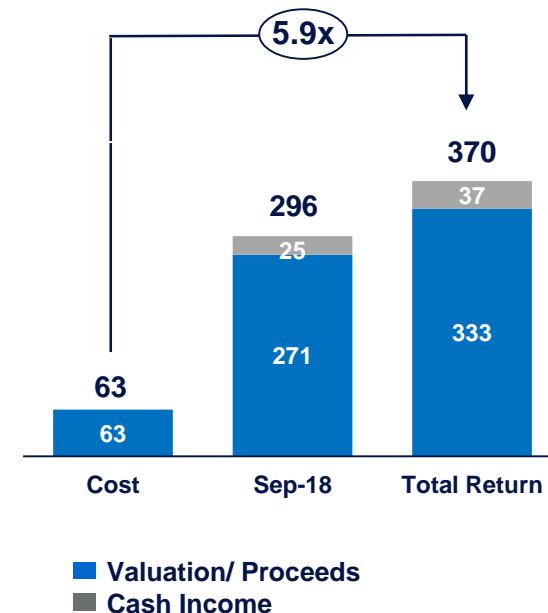
2

Outstanding return generated

3

Well managed sale process

## Investment performance (£m)

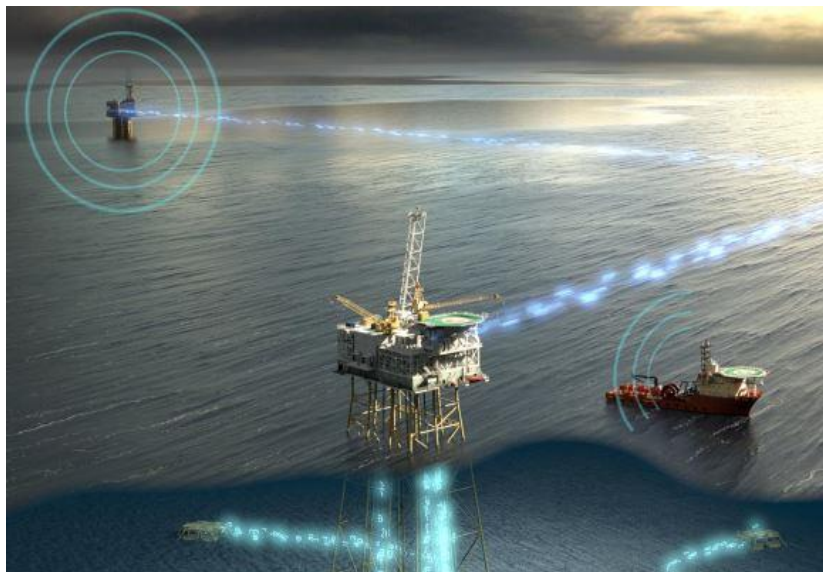


# New investments

## Two attractive economic infrastructure assets



50% for £187m



Joulz

100% for £190m



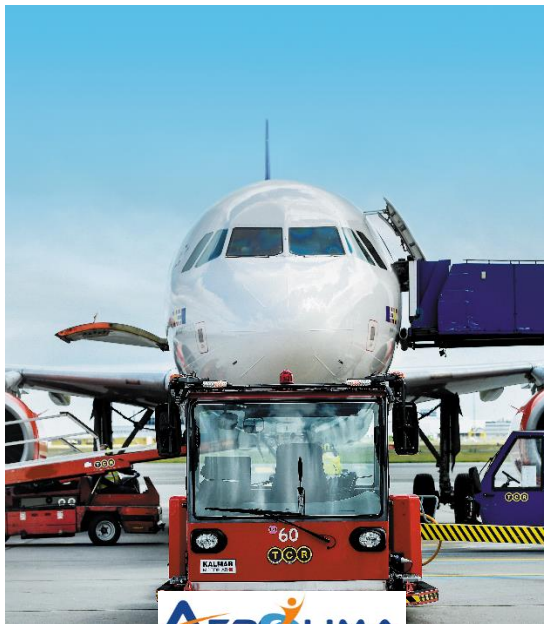
# Bolt-on investments



**arqiva**

Indoor networks  
business

**HIGHPOINT**

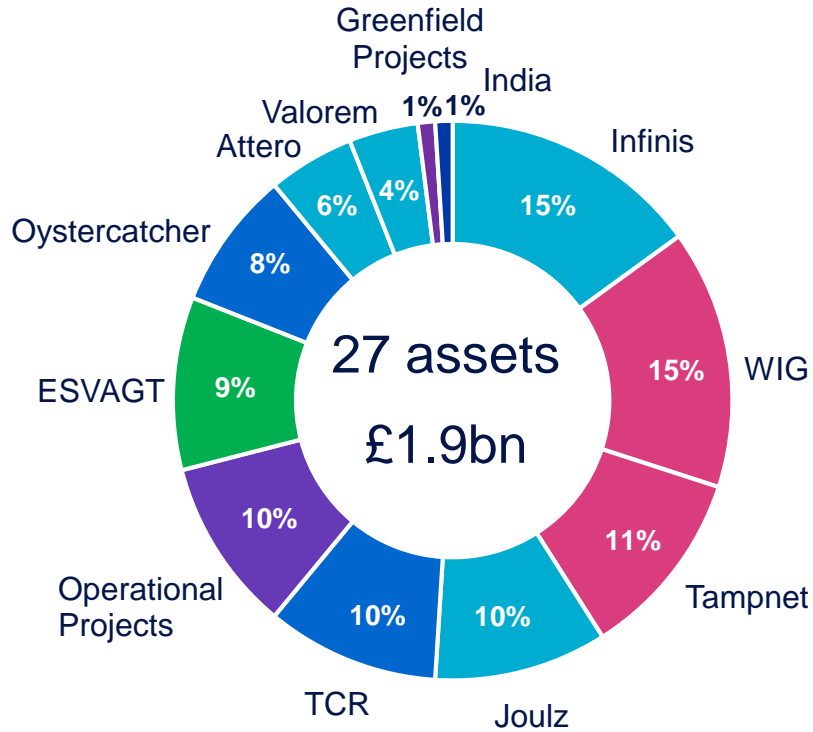


**AEROLIMA**



**FORCE HYDRAULIQUE ANTILLAISE**

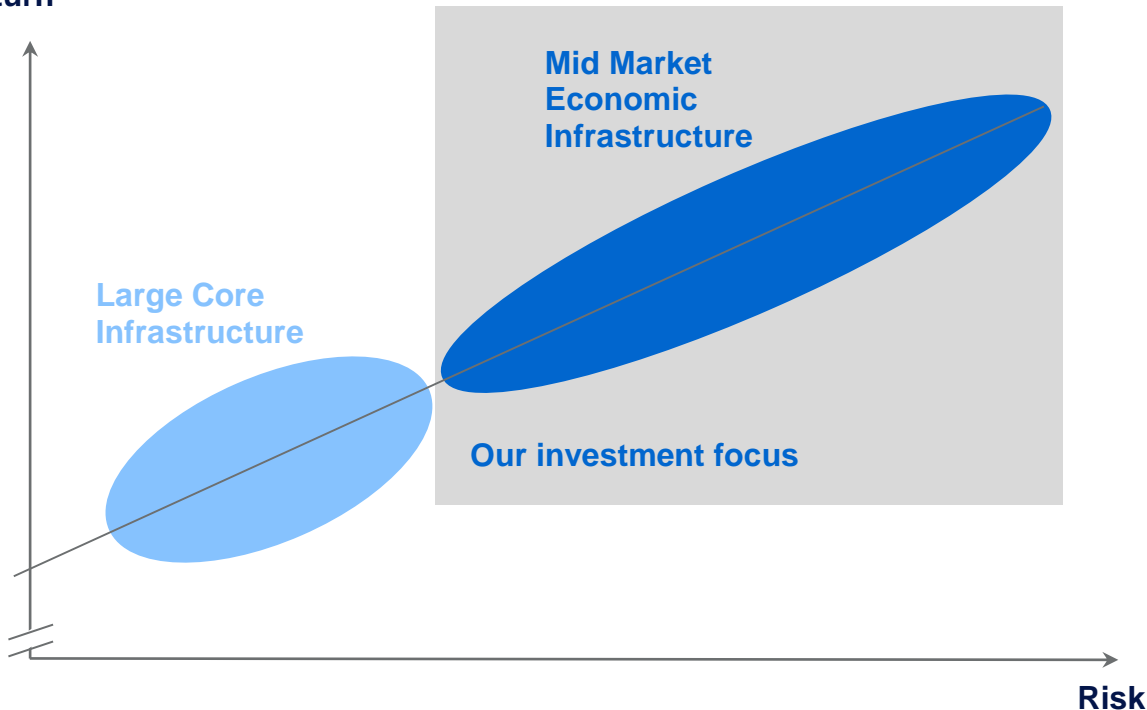
# A balanced portfolio



Note: Portfolio chart including commitments as at March 2019.



Return



1

Large core realisations

2

Selectively sourcing assets in the mid market

3

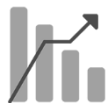
Alignment of interest with shareholders



**Good portfolio with increased diversification**



**Selective new investments and active asset management**



**Focused on delivering on our 8-10% net return target**



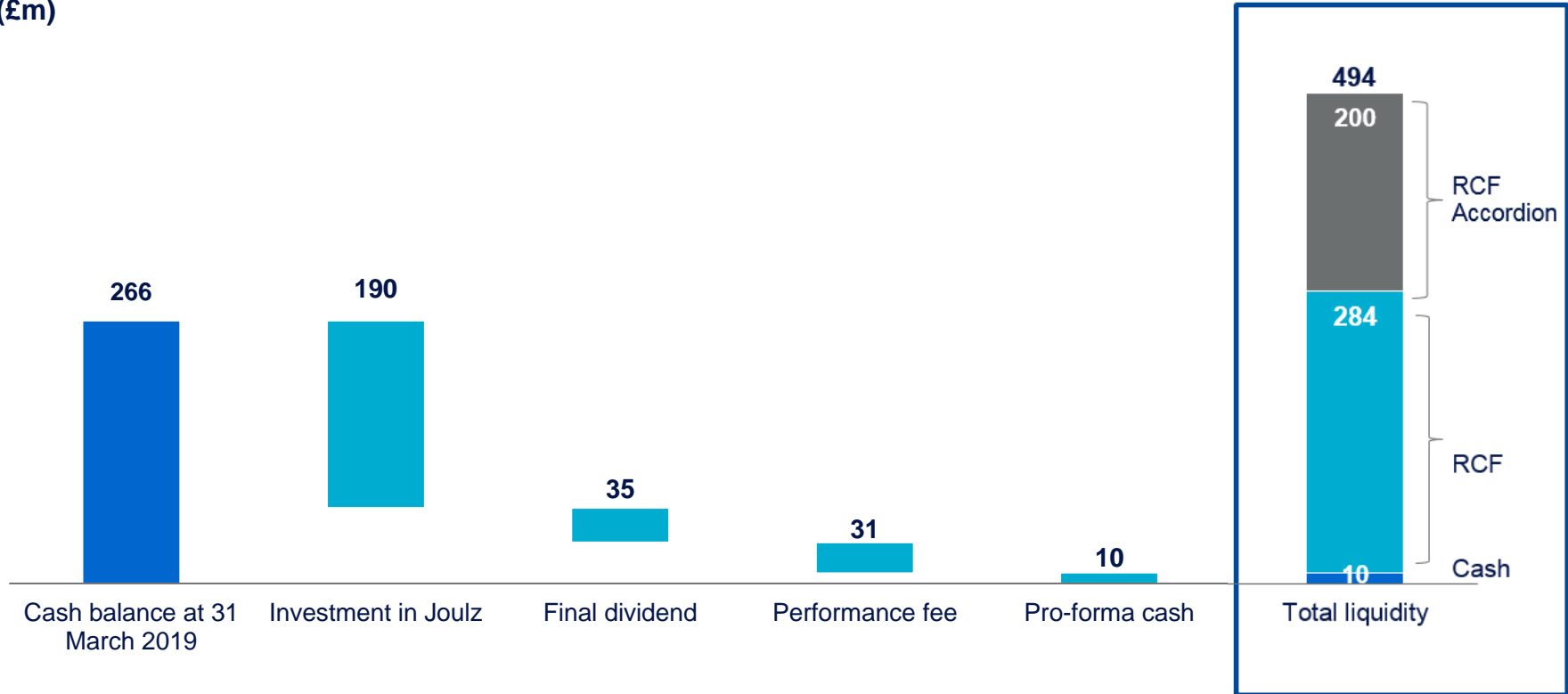
**James Dawes**

CFO, Infrastructure, 3i Investments plc

# Efficient balance sheet



(£m)





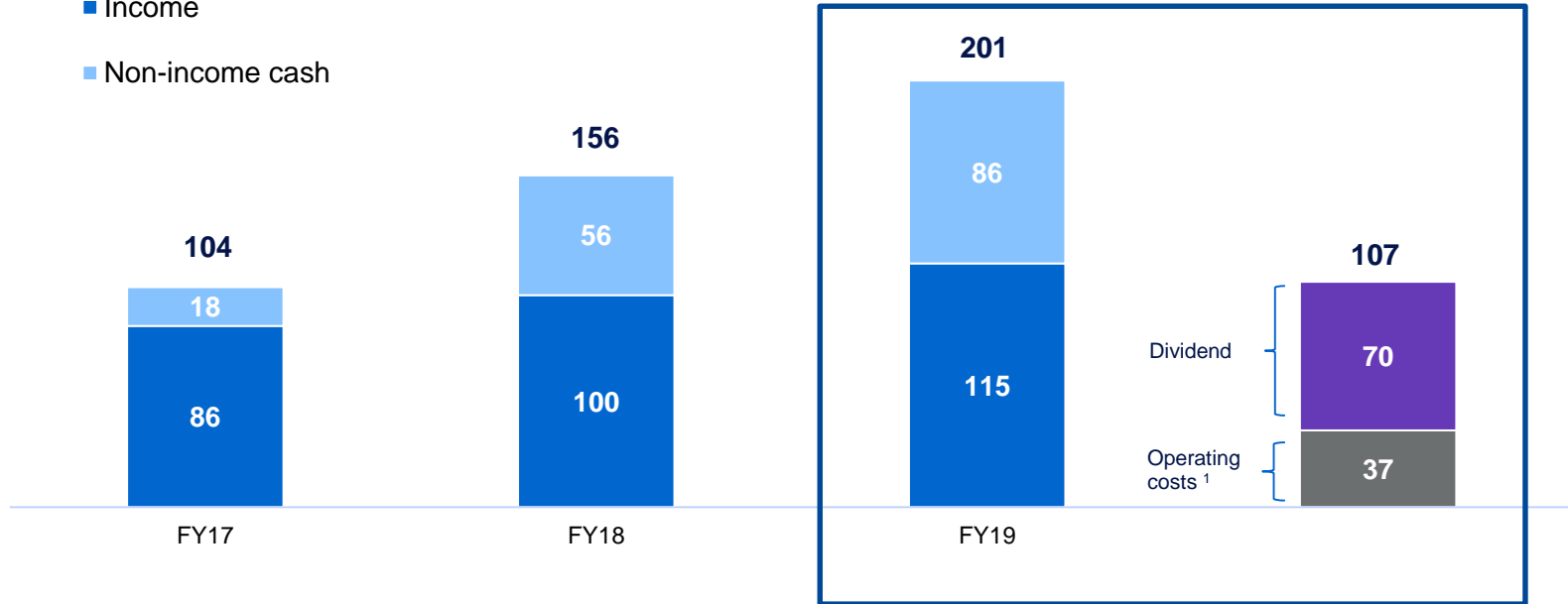
# Dividend well covered



(£m)

■ Income

■ Non-income cash



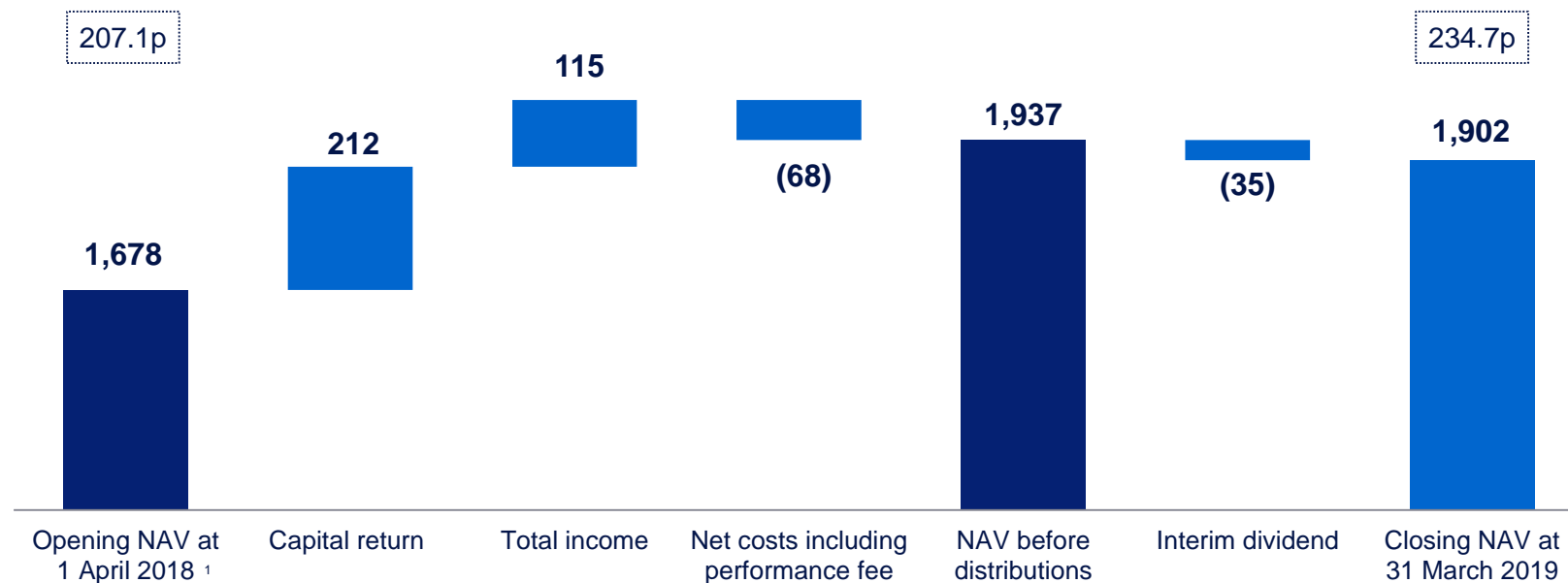
1. Operating costs exclude performance fees.

# NAV progression

## FY19 growth driven by capital return

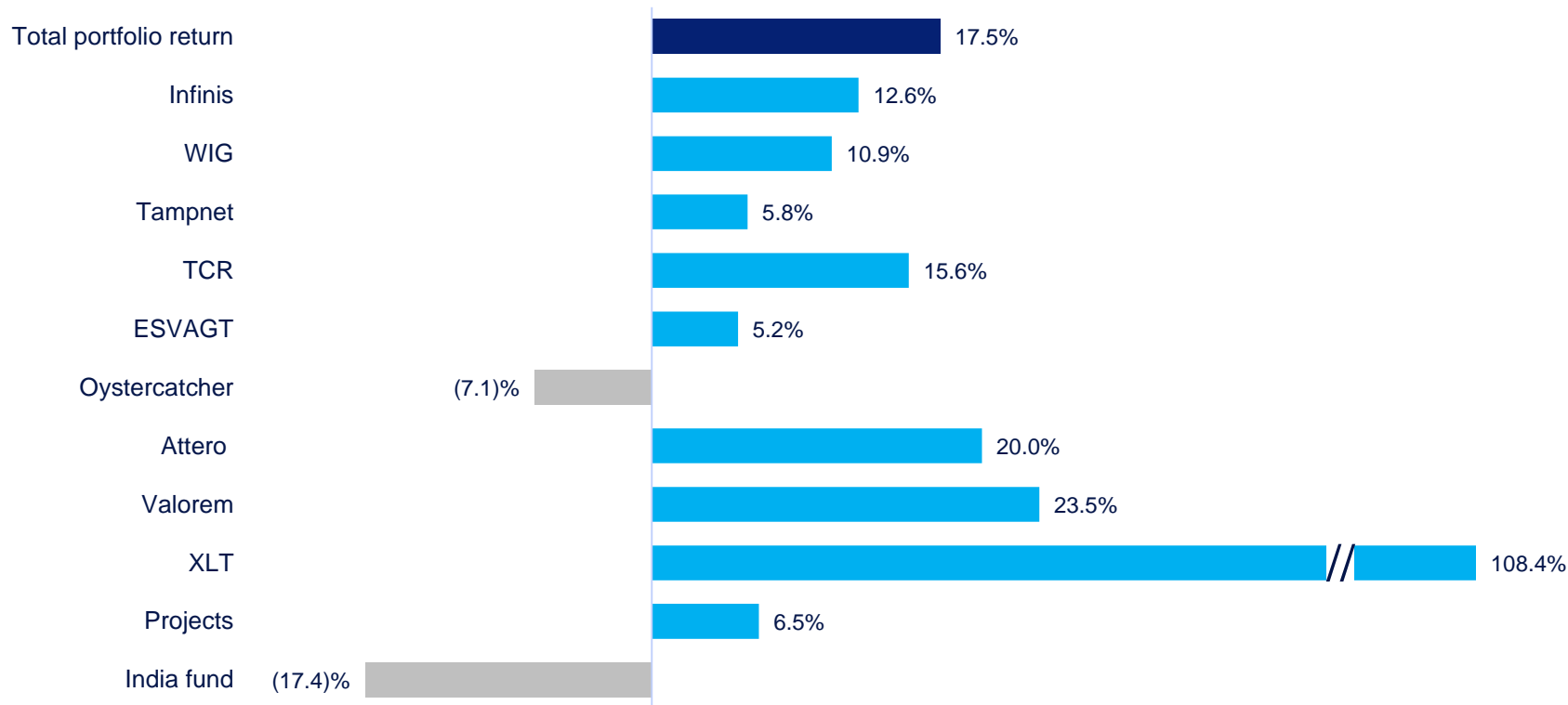


(£m)



1. Net of final dividend for the prior year of £31.8m.

# Strong asset returns across the portfolio

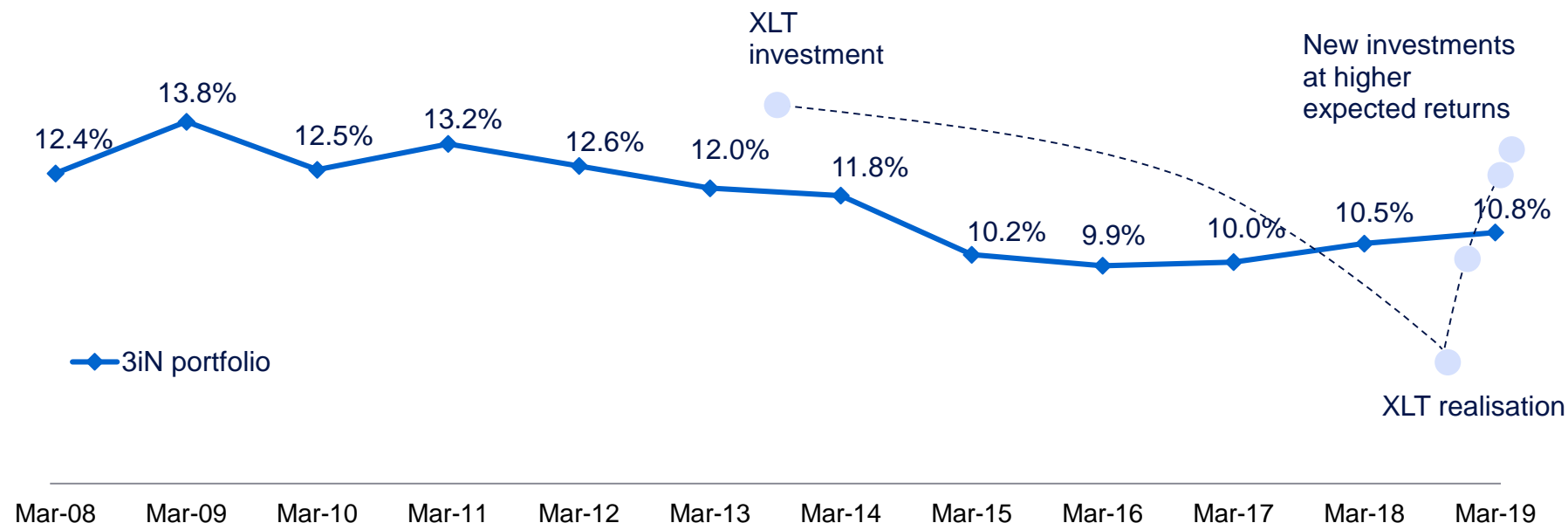


# Discount rate movement



The weighted average discount rate has increased to 10.8%

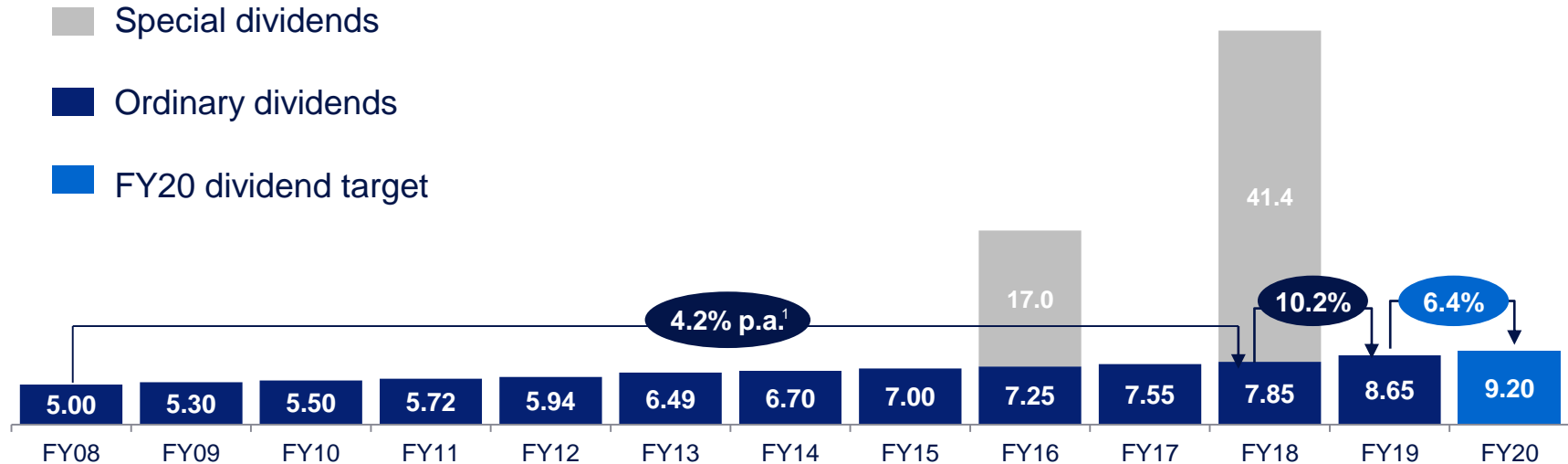
## Portfolio weighted average discount rate



# FY20 target dividend growth of 6.4%

## Dividend growth since IPO

(pence per share)



1. Annualised growth rate in ordinary dividends to FY18.



# Q&A

# Appendix



# Portfolio summary

## 31 March 2019 (£m)



Portfolio assets	Directors' valuation 31 March 2018	Investment in the year	Divestment in the year	Accrued income movement <sup>1</sup>	Value movement	Foreign exchange translation	Directors' valuation 31 March 2019	Allocated foreign exchange hedging	Underlying portfolio income in the year	Total portfolio return in the year <sup>2</sup>
Infinis	310.7	-	(45.7) <sup>3</sup>	4.5	19.5	-	289.0	-	19.5	39.0
WIG	300.4	7.9 <sup>4</sup>	(43.5) <sup>3</sup>	2.9	20.1	-	287.8	-	12.7	32.8
Tampnet	-	187.3	-	0.2	6.7	3.9	198.1	0.1	0.2	10.9
TCR	179.5	0.2 <sup>4</sup>	(3.7) <sup>3</sup>	1.3	9.8	(0.4)	186.7	2.9	15.7	28.0
ESVAGT	149.1	16.9 <sup>4</sup>	-	4.4	(8.6)	(2.0)	159.8	1.1	17.3	7.8
Oystercatcher	181.3	-	-	-	(31.9)	5.7	155.1	(3.6)	16.9	(12.9)
Attero	-	88.4 <sup>4,5</sup>	(1.3) <sup>6</sup>	0.9	16.3	(2.1)	102.2	2.1	1.4	17.7
Valorem	54.8	10.7	-	0.7	12.0	(1.6)	76.6	1.6	3.4	15.4
XLT	166.3	-	(332.1)	-	165.8	-	-	-	14.4	180.2
<b>Economic infrastructure portfolio</b>	<b>1,342.1</b>	<b>311.4</b>	<b>(426.3)</b>	<b>14.9</b>	<b>209.7</b>	<b>3.5</b>	<b>1,455.3</b>	<b>4.2</b>	<b>101.5</b>	<b>318.9</b>
Projects	167.0	30.7 <sup>4,7</sup>	(1.3) <sup>3</sup>	1.6	(0.2)	(1.1)	196.7	0.7	13.5	12.9
India fund	36.8	-	(1.3)	-	(7.3)	0.9	29.1	-	-	(6.4)
<b>Total portfolio</b>	<b>1,545.9</b>	<b>342.1</b>	<b>(428.9)</b>	<b>16.5</b>	<b>202.2</b>	<b>3.3</b>	<b>1,681.1</b>	<b>4.9</b>	<b>115.0</b>	<b>325.4</b>
Adjustments related to unconsolidated subsidiaries <sup>8</sup>	6.4	0.2	0.2	1.6	7.5	-	15.9	(0.8)	(5.2)	1.5
<b>Reported in the Consolidated financial statements</b>	<b>1,552.3</b>	<b>342.3</b>	<b>(428.7)</b>	<b>18.1</b>	<b>213.0</b>	<b>-</b>	<b>1,697.0</b>	<b>4.1</b>	<b>109.8</b>	<b>326.9</b>

1. The movement in accrued income comprises £3.9 million of movement in the period and £12.6 million in relation to the reclassification of the opening balance at 31 March 2018

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

3. Shareholder loan repaid

4. Capitalised interest

5. Net of syndication

6. Represents receipt of realised value gain on syndication

7. Drawdown of commitment

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

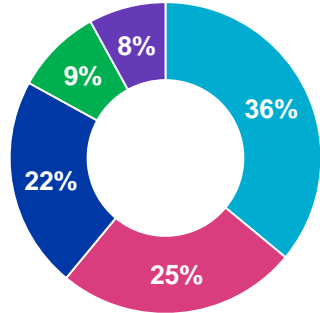


# Portfolio breakdowns



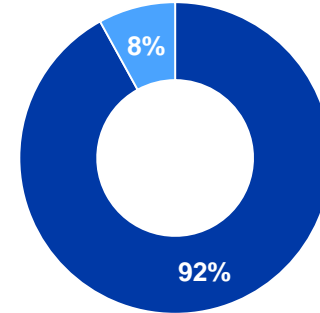
## Portfolio value by sector

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



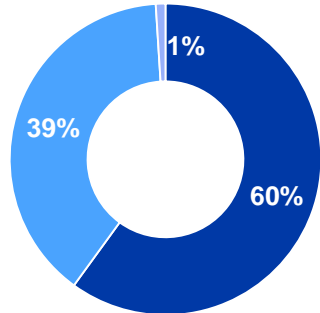
## Projects by type

- Operational Projects
- Greenfield Projects



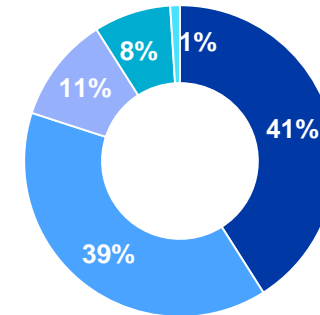
## Portfolio value by geography

- Continental Europe
- UK
- India



## Portfolio value by currency

- EUR
- GBP
- NOK
- DKK
- INR

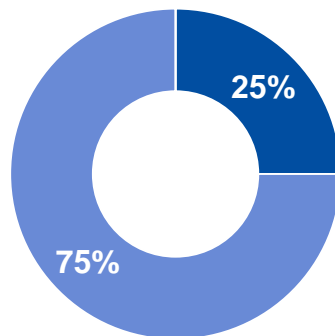


# Sensitivities to total return

## Inflation linkage

### Assets with revenues:

- Directly linked to UK inflation
- Partly linked to inflation



### Sensitivity (for European assets only)

+1% point

-1% point

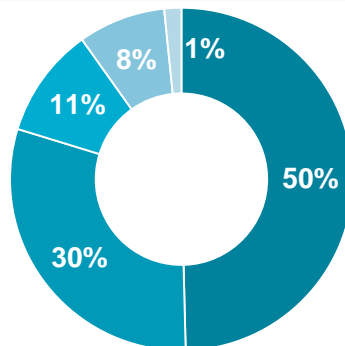
Change in inflation over  
underlying assumption for  
next 2 years

£33.9m

£(33.6)m

## Foreign exchange

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



### Sensitivity

+5%

-5%

Change in foreign  
exchange rate<sup>1</sup>

£5.1m

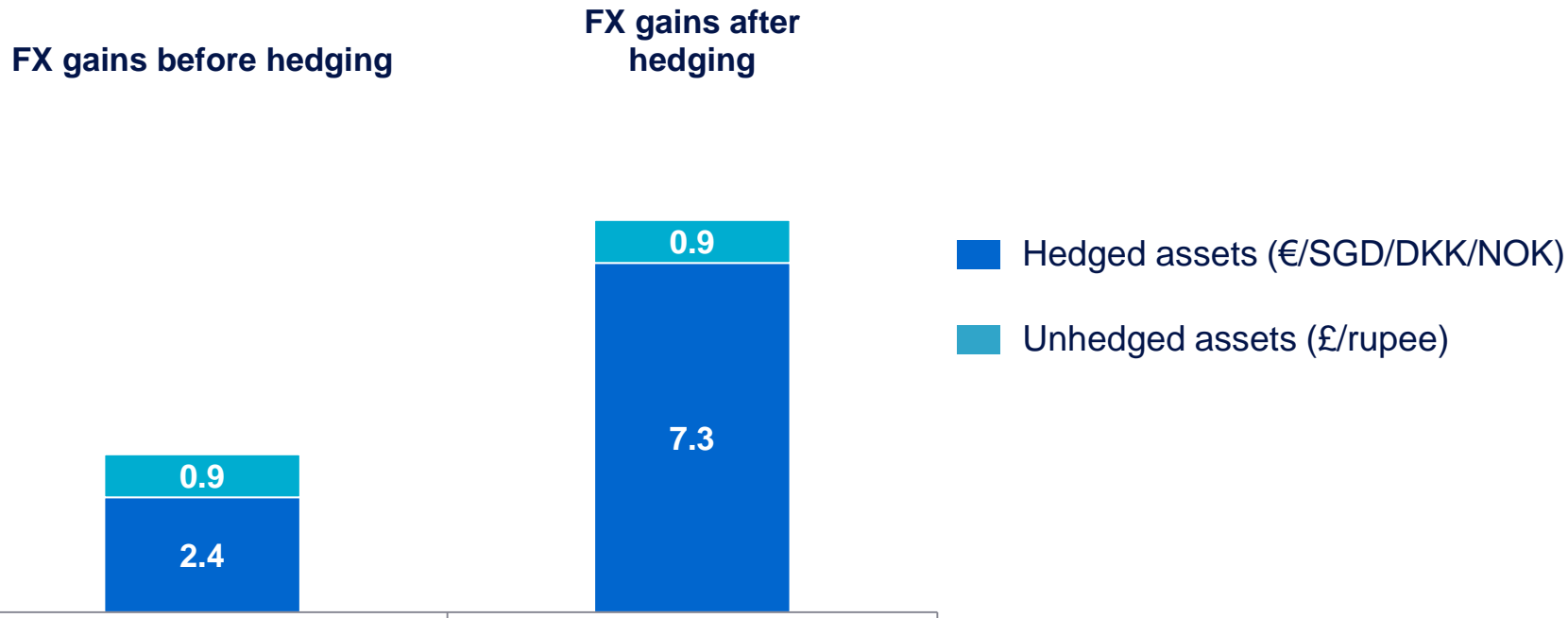
£(4.9)m

1. The sensitivity calculation assumes that the hedging programme movements are fully effective. Foreign exchange sensitivity calculation includes cash held at 31 March 2019.

# Hedging programme mitigates volatility



(£m)

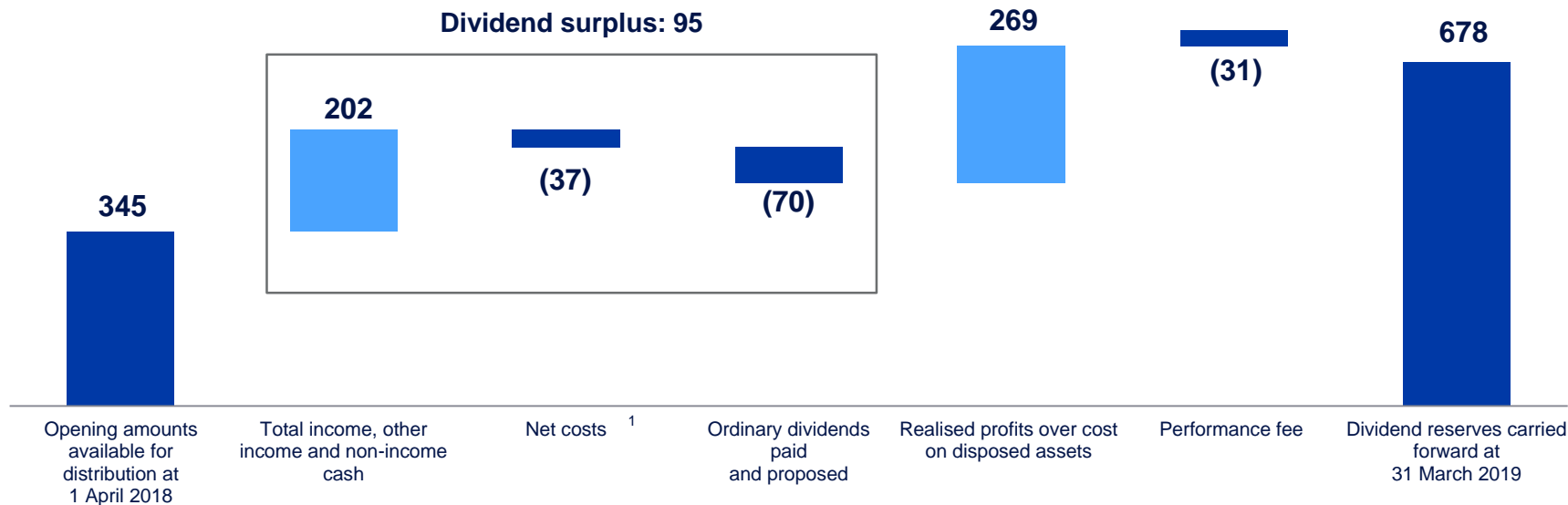


Note: SGD exposure is within Oystercatcher, a euro denominated investment.

# Dividend fully covered

## Significant dividend reserves carried forward

(£m)

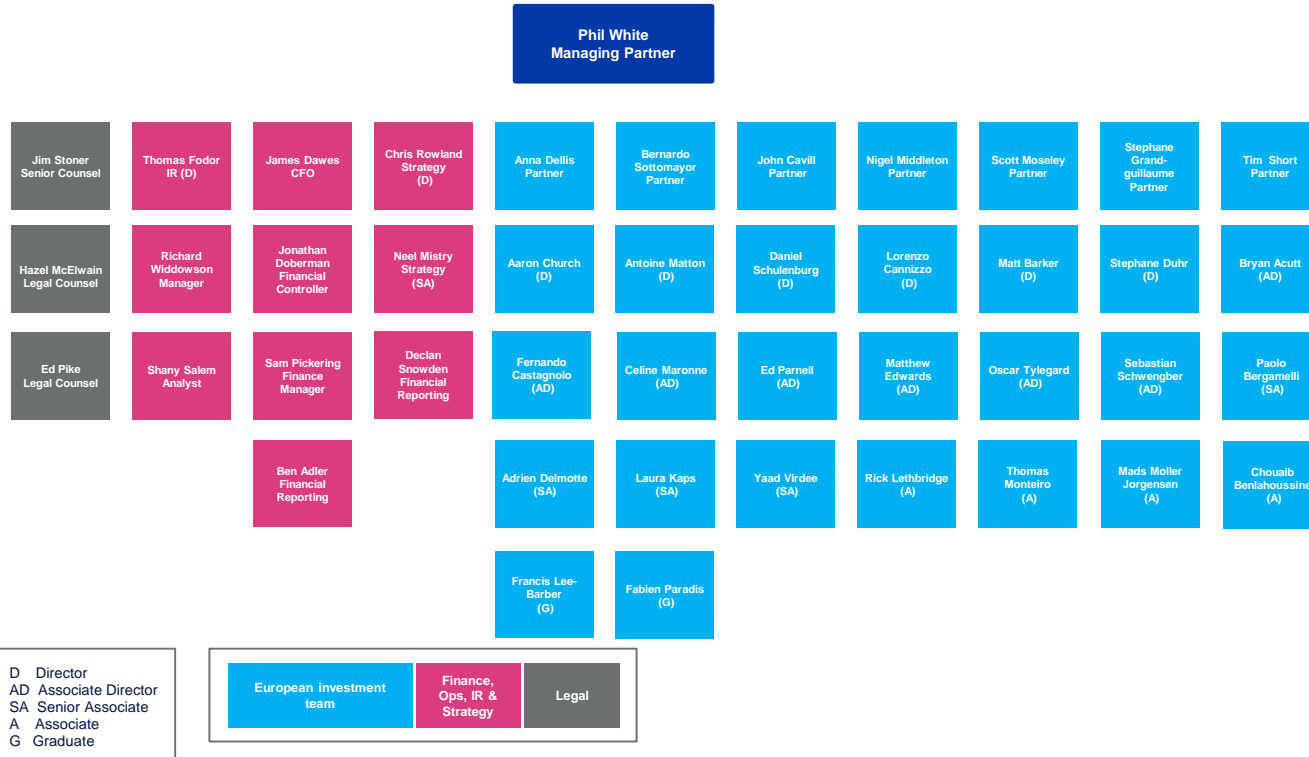


1. Net costs excludes transaction fees payable and non-portfolio foreign exchange.

# The 3i Infrastructure European team

## Experienced and well-resourced team established in 2006

3i Infrastructure plc



Note: Excludes assistants.

# Governance and fees from 1 April 2019

<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>Independent Chairman, four independent non-executive directors and one 3i Group appointed non-executive director</li> <li>Committed to observe requirements of the UK Corporate Governance Code</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

