

Half year results 2013



7 November 2013

Presentation of the results for the six months to 30 September 2013

Chairman's introduction

Peter Sedgwick
Chairman



Financial highlights for the period

3i Infrastructure plc



Stable NAV

Total return of £5.9m, or 0.6% on shareholders' equity, supported by the continued strong performance of the European portfolio, almost entirely offset by weakness in India. NAV per share remained stable at 122.3p at the period end

0.6%

Portfolio income in line with expectations

Portfolio income in line with prior comparable six-month period

£31m

New investment in Cross London Trains

£64m invested in the period, including £62m in Cross London Trains ("XLT")

£62m

Interim dividend meets target distribution

Interim dividend of 3.35p (or £29.5m in aggregate) represents 2.75% of opening equity

3.35p

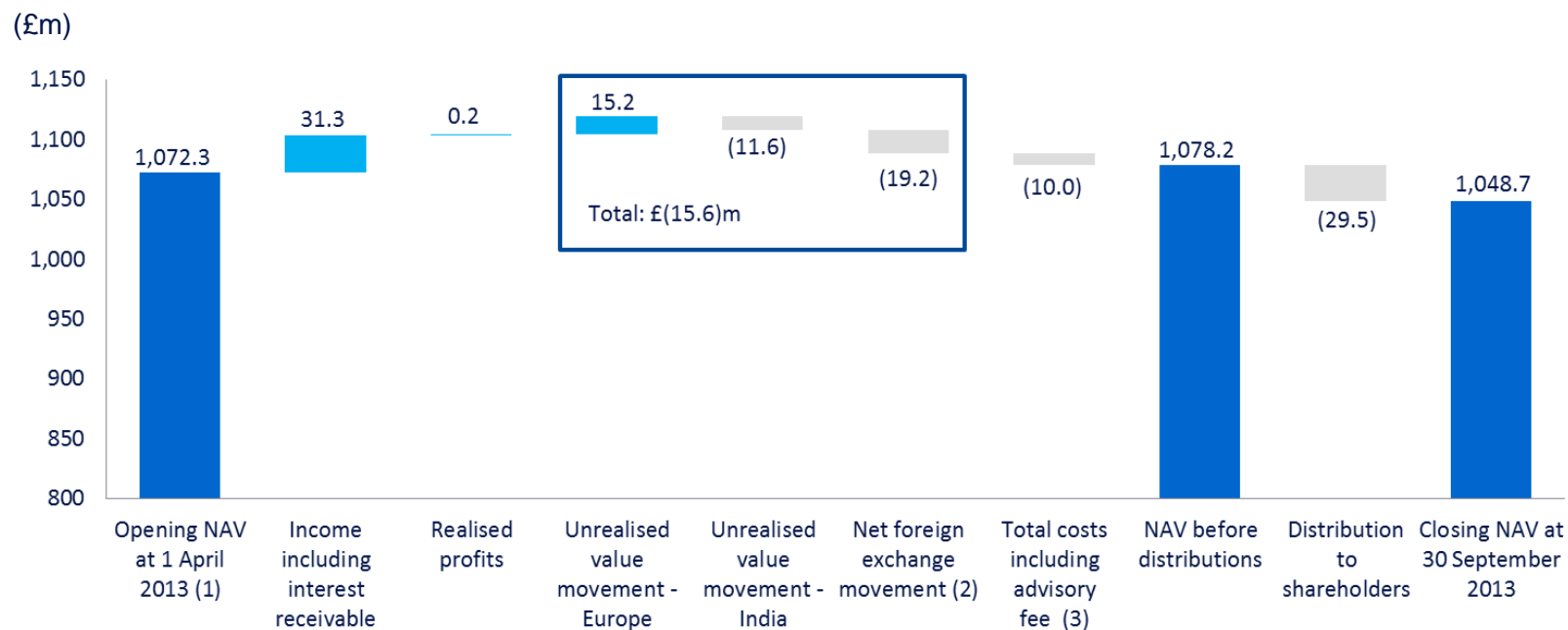


Financial review

Stephen Halliwell



Reconciliation of movements in NAV

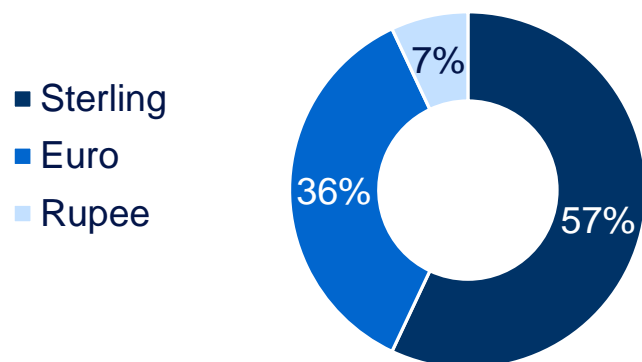


Stable income and capital returns from the European portfolio offset by weakness in India and foreign exchange losses

- (1) Net of prior year final dividend
- (2) Foreign exchange movements are addressed in slide 6
- (3) Includes fees payable on investment activity



Portfolio currency exposure (%)



Impact of foreign exchange movements on portfolio value (£m)

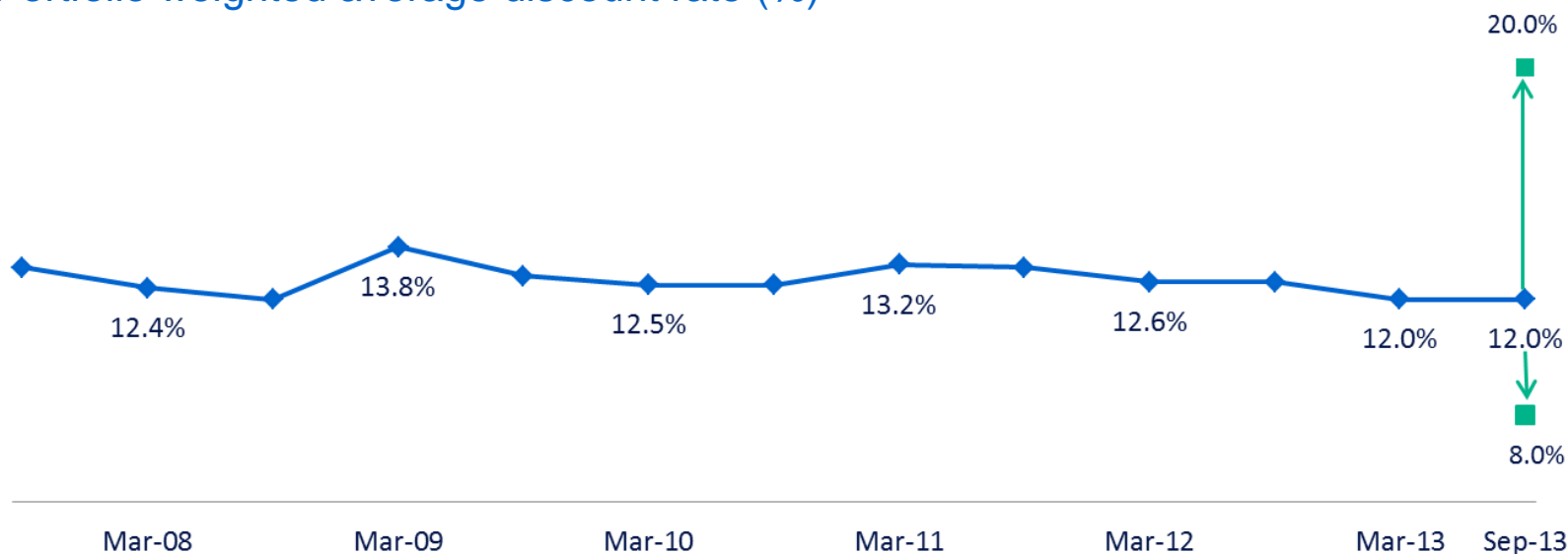
	Six months to Sep 2013	Six months to Mar 2013	Six months to Sep 2012
£/rupee	(18.3)	4.0	(4.9)
£/€ (net of hedging)	(0.9)	3.5	(1.0)
Net foreign exchange impact	(19.2)	7.5	(5.9)

Weighted average discount rate

3i Infrastructure plc



Portfolio weighted average discount rate (%)

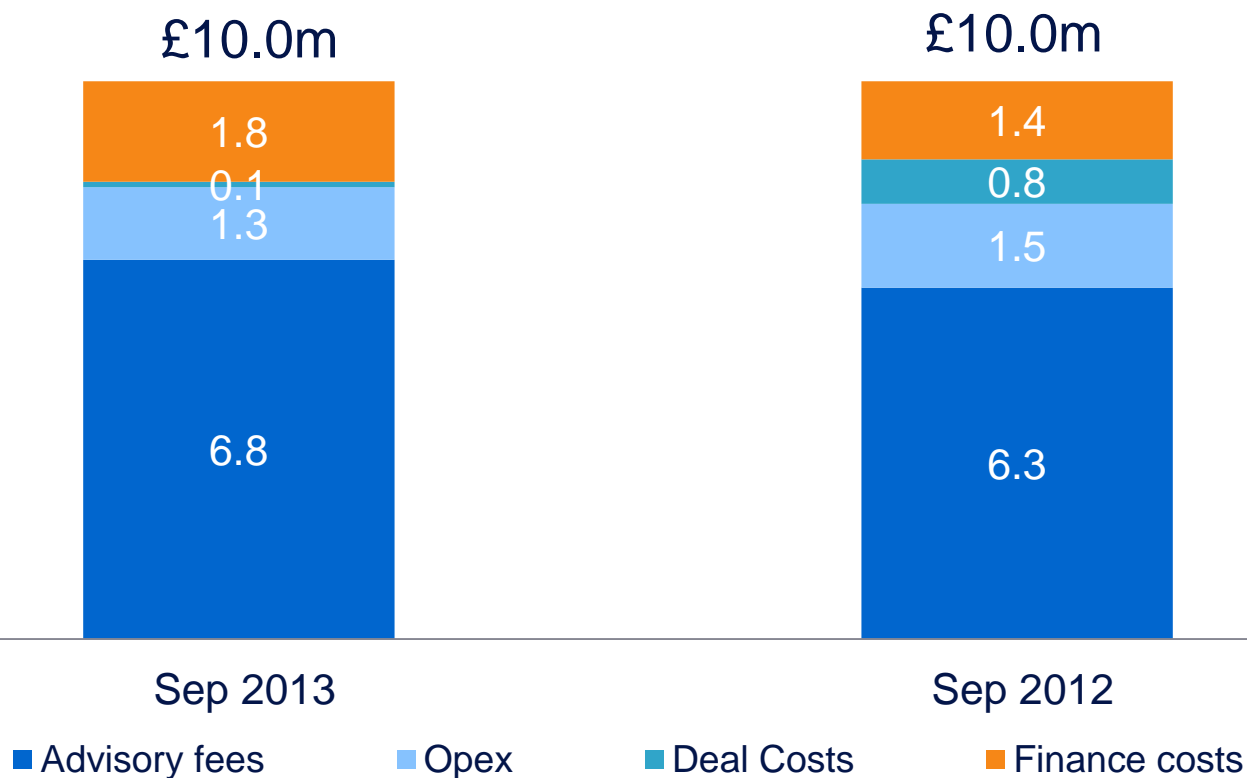


Weighted average discount rate flat from March 2013 at 12.0%

- Addition of XLT to the portfolio
- Marginal reduction in Elgin and Octagon discount rate to take into account the sale of a stake in Elgin by an existing co-shareholder reduces lower end of the range



(£m)



Overall costs stable period on period

Balance sheet

3i Infrastructure plc



(£m)	Investment basis as at Sep 2013	Investment basis as at Sep 2012	Consolidated basis as at Sep 2013
Investment portfolio	964.4	885.8	1,266.6
Other net assets	20.1	15.6	22.5
Cash and cash equivalents	93.7	169.9	94.7
Borrowings	-	-	(158.6)
Net assets	1,078.2	1,071.3	1,225.2
Shareholders' equity	1,078.2	1,071.3	1,084.3
Non-controlling interest	-	-	140.9
Total shareholders' equity	1,078.2	1,071.3	1,225.2
NAV per share (p)	122.3	121.6	123.0
NAV per share post dividend (p)	119.0	118.6	119.7

Significant decline in cash balances following XLT investment

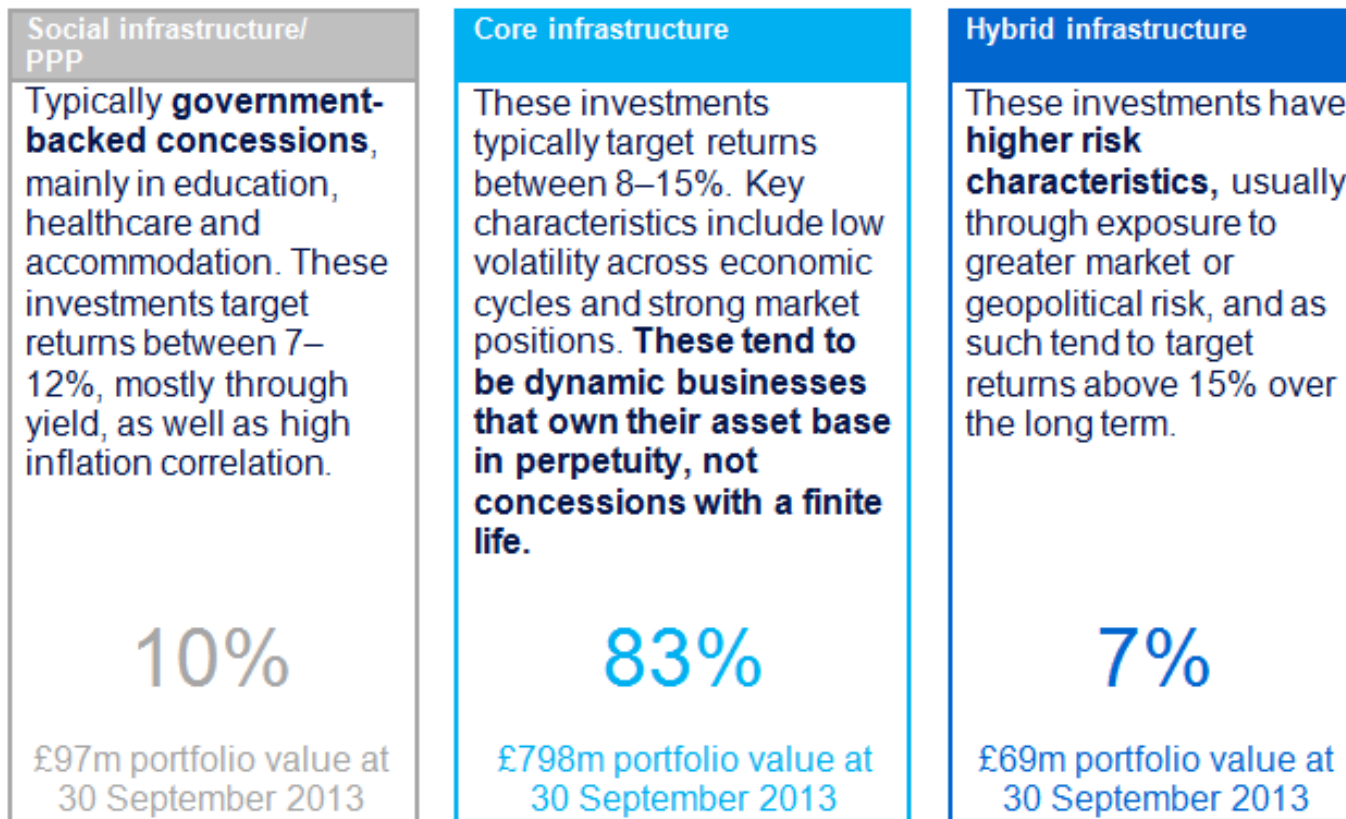
Portfolio update and strategic review

Cressida Hogg



Our investment strategy

3i Infrastructure plc



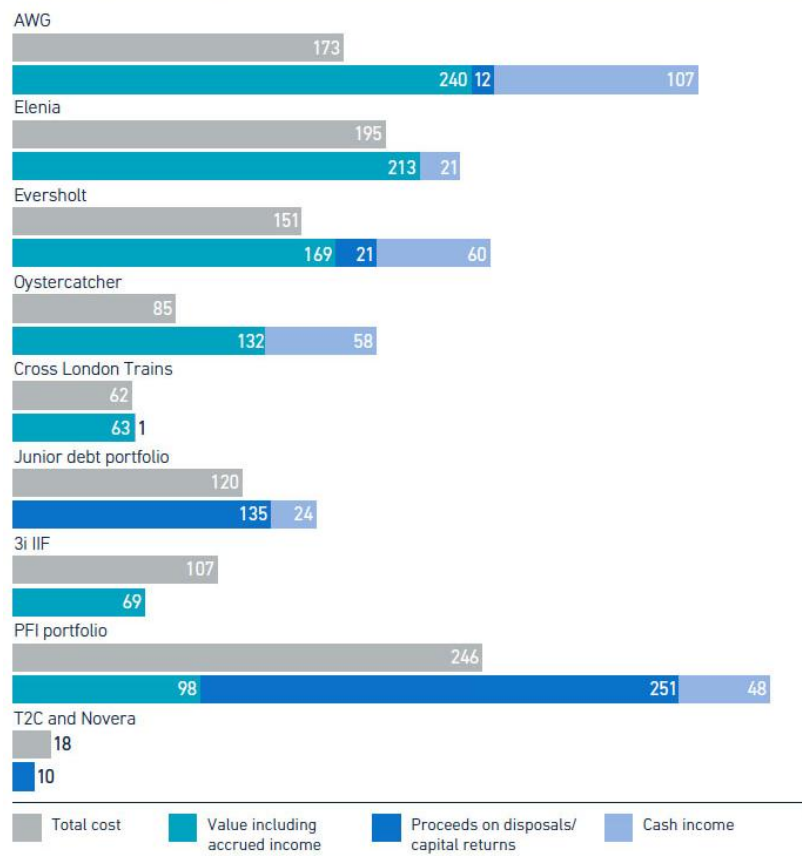
Yield

Capital growth

Focus on our core infrastructure capabilities to deliver stable returns and our enhanced dividend yield to our shareholders



Portfolio asset return throughout holding period (£m)



15%

asset IRR since IPO

- Capital growth underpinned by underlying asset performance
- Driving income generation through disciplined cash management
- Crystallising value through well timed realisations

New investment: Cross London Trains

About XLT

3i Infrastructure plc



- Cross London Trains (“XLT”) is the company established to purchase 1,140 Desiro City rail carriages and lease them to the operator of the Thameslink rail franchise
- 3iN invested £62m in a 33.3% holding, alongside Siemens Project Ventures and Innisfree
- Siemens is responsible for the manufacture and on-going maintenance of the carriages, which will be delivered to XLT over the next five years



New investment: Cross London Trains

A compelling investment case

3i Infrastructure plc



1	Strategic asset, operating in the capacity-constrained London commuter market
2	High quality, low risk cash flows, with lease revenues underpinned for 20 years by the DfT
3	Residual value supported by favourable market dynamics
4	Partnership with Siemens, a market leader in UK rolling stock
5	Immediately accretive to 3i Infrastructure's returns and income

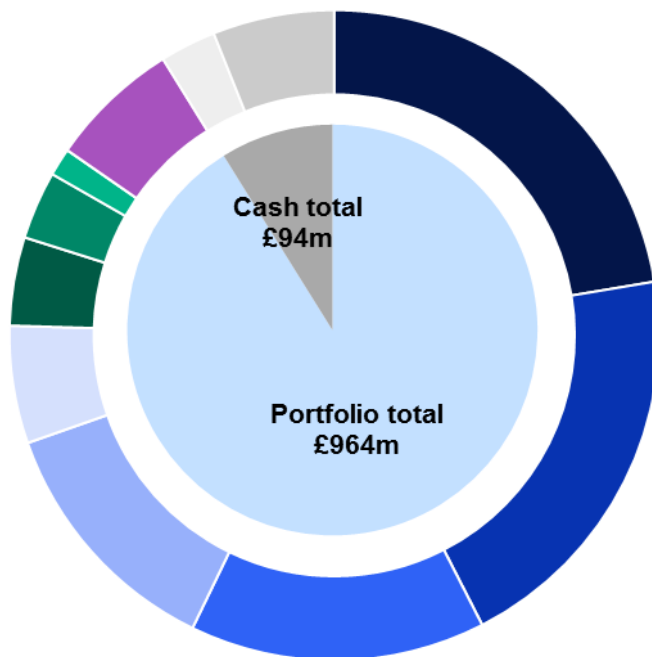
Our portfolio

As at 30 September 2013

3i Infrastructure plc



15 **£964m** **£94m**
investments¹ portfolio value cash balances



Investments	(£m)	% of total
Core portfolio	798	83%
AWG	236	
Elenia	213	
Eversholt Rail Group	155	
Oystercatcher	132	
Cross London Trains	62	
Social Infrastructure Portfolio	97	10%
Elgin	46	
Octagon	36	
Dalmore	15	
3i India Infrastructure Fund	69	7%
Total portfolio value	964	100%
Cash		
Cash committed to interim dividend	30	
Free cash	64	
Total cash	94	

¹ The India Fund has seven underlying investments



- Operational performance and income levels in line with expectations
- Ranked second for the SIM qualitative assessment for Q1-14
- Draft Water Bill expected to pass through Parliament by April 2014
- Working on business plan for AMP6, due to be submitted to Ofwat in December

Cost	£161.9m
Opening value	£230.6m
Closing value	£236.5m
Equity interest	10.3%
Income in the period	£10.9m
Asset total return in the period	£16.8m



- Both businesses performing well
- Regulator consulting on changes to incentives in response to legislation aimed at improving reliability of supply; changes to take effect from January 2014
- No income accrued, as cash is retained in the business in preparation for refinancing of acquisition debt
- Continuing to assess potential acquisition opportunities

Cost	£194.8m
Opening value	£205.5m
Closing value	£212.7m
Equity interest	39.3%
Asset total return in the period	£7.2m
Valuation basis	DCF

Eversholt Rail Group

Operational highlights for the period

3i Infrastructure plc



- Eversholt working with franchise holders and prospective bidders in accordance with new refranchising timetable
- New contract to provide advisory and asset management services agreed with XLT
- In addition to the recruitment of a new CFO, executive team strengthened with appointment of a COO
- Completion of new £600m senior debt financing announced in November

Cost	£129.8m
Opening value	£153.6m
Closing value	£155.6m
Equity interest	33.3%
Income in the period	£8.8m
Asset total return in the period	£10.8m

Oystercatcher

Operational highlights for the period

3i Infrastructure plc



- Terminals performed in line with expectations
- Customer contracts expiring in the period re-let on good terms
- On-going enhancement programme to further improve safety and environmental standards at Amsterdam terminal
- Depreciation of the Singapore dollar against the euro impacted Oystercatcher's valuation of its investment in the Singapore terminal

Cost	£84.5m
Opening value	£141.4m
Closing value	£131.7m
Equity interest	45.0%
Income in the period	£6.2m
Asset total return in the period	£(3.5)m

Social infrastructure investments

Operational highlights for the period

3i Infrastructure plc



Octagon

- Good operational and financial performance and strong working relationship with NHS Trust and Serco

Elgin

- All 16 projects performing in line with expectations
- Increase in valuation reflects sale of co-shareholder stake ahead of 3iN's book value at that time

Dalmore

- Net £2.2m drawn in the period to finance new investment
- All projects performing in line with expectations

Cost	Opening cost £70.0m	Closing cost £72.0m
Opening value	£88.5m	
Closing value	£97.0m	
Income in the period	£2.8m	
Asset total return in the period	£9.2m	

3i India Infrastructure Fund

Operational highlights for the period

3i Infrastructure plc



Transportation

- Road investments affected by
 - funding constraints
 - slow-down in project execution
 - increase in raw material costs
- K-Port still affected by long-term impact of iron ore export ban, but performance has improved as a result of broadening of cargo mix

Power

- Performance affected by
 - availability and pricing of fuel, exacerbated by the sharp depreciation of the rupee
 - strain on State Electricity Boards' financial position
 - no mechanism agreed to pass increased fuel costs through higher tariffs

Cost	£106.8m
Opening value	£99.1m
Closing value	£69.1m
Partnership interest	20.9%
Asset total return in the period	£(29.7)m

3i Group's strategic acquisition of Barclays' infrastructure fund management business

3i Infrastructure plc



Overview of business

- AUM of c.£780m
- Manages a number of unlisted funds investing in UK and European PPP and energy projects
- Team based in London and Paris

Strategic rationale

- ✓ Complements and broadens existing 3iN offering
- ✓ New team covers attractive and specialist market segment
- ✓ Experienced team with good track record
- ✓ Aligned to 3iN's target portfolio balance

Enhanced platform will strengthen access to opportunities in primary PPP; likely to result in additional deal flow to 3iN



- Increasing competition for infrastructure investments in a low interest rate environment
- Low deal volumes in core infrastructure, but attractive opportunities arising from asset sales by
 - large European corporates
 - specialist financial investors nearing end of fund lives
- PPP market expected to grow as governments throughout Europe commence programme implementation
 - projected returns from secondary PPP remain under pressure
 - better opportunities in less competitive primary PPP market

While the market remains competitive, we are confident that we will be able to originate attractive investments



The portfolio composition will evolve over time:

- 75%–80% invested in core infrastructure
- 20%–25% invested in PPP, with an emphasis on primary investments
- The India Fund portfolio will be gradually realised

Over time, the portfolio will rebalance in favour of **less volatile** core infrastructure and PPP project investments in the developed world, which can deliver a **balance of yield and capital growth**



- The European portfolio continues to deliver returns ahead of our expectations and provides a **bedrock for future development**, even if weakness in India has been a drag on returns in the period
- The market in our focus northern European regions provides **attractive opportunities**
- With its **market leading track record and expanded origination team**, the Investment Adviser is well placed to access these, **while maintaining a disciplined approach to investment**

Additional financial information



Valuation summary

Six months to 30 September 2013

3i Infrastructure plc



Portfolio assets	Directors' valuation Mar 2013	Investment in period	Divestment in period	Value movement	Foreign exchange translation	Directors' valuation 30 Sep 2013	Profit on disposal	Income in period	Asset total return in period
Core infrastructure									
Anglian Water Group	230.6	-	-	5.9	-	236.5	-	10.9	16.8
Elenia	205.5	-	-	9.3	(2.1)	212.7	-	-	7.2
Eversholt Rail Group	153.6	-	-	2.0	-	155.6	-	8.8	10.8
Oystercatcher	141.4	-	-	(8.4)	(1.3)	131.7	-	6.2	(3.5)
Cross London Trains	-	61.8	-	-	-	61.8	-	2.3	2.3
	731.1	61.8	-	8.8	(3.4)	798.3	-	28.2	33.6
Social infrastructure									
Elgin	42.9	-	(0.1)	3.7	-	46.5	-	1.5	5.2
Octagon	34.0	-	-	1.8	-	35.8	-	1.0	2.8
Dalmore	11.6	2.2 ²	-	0.9	-	14.7	-	0.3	1.2
	88.5	2.2	(0.1)	6.4	-	97.0	-	2.8	9.2
India									
3i India Infrastructure Fund	99.1	-	(0.1)	(25.0) ¹	(4.9)	69.1	0.2	-	(29.7)
Total	918.7	64.0	(0.2)	(9.8)	(8.3)	964.4	0.2	31.0	13.1

¹ Includes a £13.4 million negative impact from US\$/rupee exchange movements.

² Net investment.

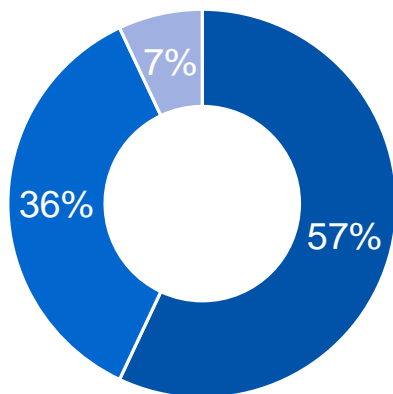
Portfolio diversification

30 September 2013

3i Infrastructure plc

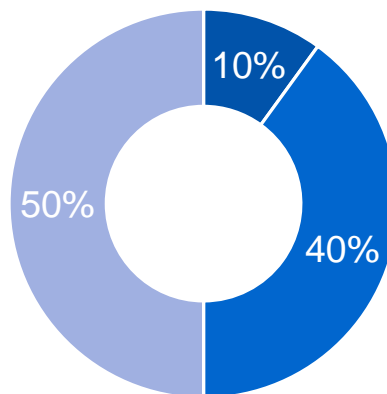


By geography



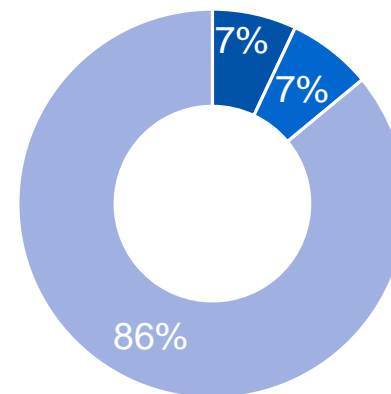
- UK and Ireland
- Continental Europe
- Asia

By sector



- Social infrastructure
- Transportation
- Utilities

By maturity



- Early stage
- Operational growth
- Mature

Total return

Six months to 30 September 2013

3i Infrastructure plc



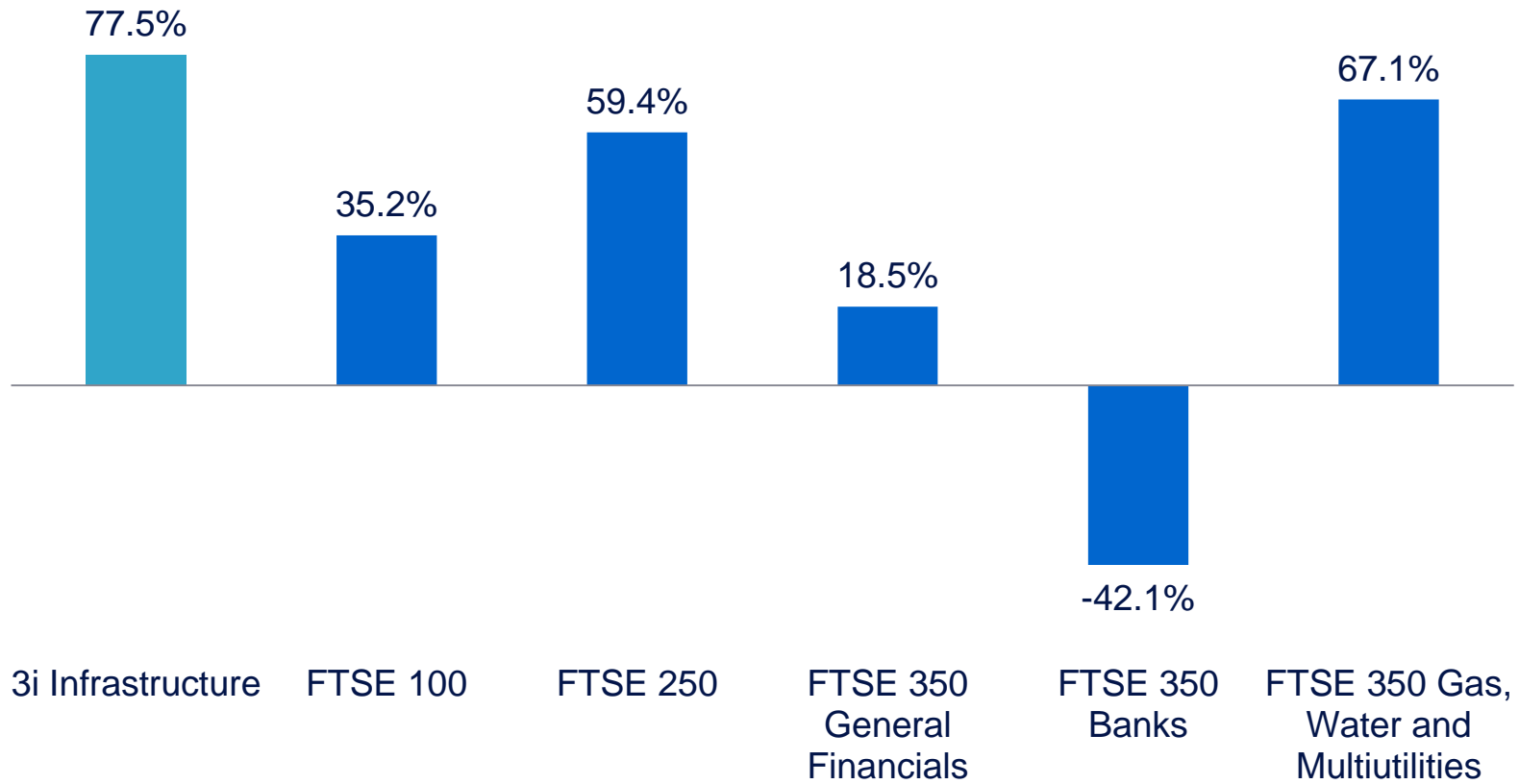
(£m)	Investment basis 30 Sep 2013	Investment basis 30 Sep 2012	Consolidated basis 30 Sep 2013
Realised profits over fair value on disposal of investments	0.2	-	0.2
Unrealised profits on the revaluation of investments	(9.8)	11.6	(9.6)
Foreign exchange (losses)/gains on investments	(8.3)	(14.7)	-
Capital loss	(17.9)	(3.1)	(9.4)
Portfolio income	31.0	30.8	41.1
Fees payable on investment activities	(0.1)	(0.8)	(0.1)
Interest receivable	0.3	0.6	0.3
Investment return	13.3	27.5	31.9
Fees and operating expenses and finance costs	(9.7)	(8.7)	(18.0)
Movements in the fair value of derivative financial instruments	2.5	12.6	8.6
Other net expense	(0.2)	(0.5)	(0.2)
Profit for the period	5.9	30.9	22.3
Exchange difference on translation of foreign operations	-	-	(8.9)
Profit attributable to non-controlling interests for the period	-	-	(8.1)
Total comprehensive income ("Total return")	5.9	30.9	5.3
Total return as a % of shareholders' equity	0.6%	3.0%	2.9%

Total shareholder return

3i Infrastructure plc



Total shareholder return (31 March 2007 – 30 September 2013)



About 3i Infrastructure





Board of Directors	<ul style="list-style-type: none">▪ Independent Chairman, four independent non-executive directors and one 3i Group appointed non-executive director▪ Committed to observe requirements of the UK Corporate Governance Code▪ Responsibilities<ul style="list-style-type: none">- acts as investment Committee / approves investment opportunities- responsible for determination and supervision of investment policy- supervises monitoring of investments- reviews the strategy
Investment Adviser	<ul style="list-style-type: none">▪ Advises the Board on<ul style="list-style-type: none">- origination and completion of investments- realisation of investments- funding requirements- management of the portfolio
Fees	<ul style="list-style-type: none">▪ Advisory fee of 1.5% of Gross Investment Value, reducing to 1.25% for any portion of an asset held for more than five years▪ Performance fee of 20% of the growth in Net Asset Value, above a hurdle of 8%

Senior members of the London Investment Advisory team

3i Infrastructure plc



Cressida Hogg
Managing Partner

- 17 years at 3i, Managing Partner of the Infrastructure business line since 2009
- Co-founded 3i's Infrastructure business in 2005
- Manages the team and leads relationship with 3i Infrastructure's Board
- Member of the AWG board of directors



Neil King
Partner

- Joined 3i in 2005 at the foundation of the Infrastructure business line
- More than 20 years of experience in infrastructure market
- Responsible for origination activities
- Member of the Eversholt board



Phil White
Partner

- Joined 3i in 2007 shortly after 3i Infrastructure's IPO
- 20 years of experience in infrastructure market
- Responsible for portfolio management activities
- Member of the Elenia, Eversholt and Oiltanking boards



Stephen Halliwell
CFO

- 14 years at 3i, joined the Infrastructure team in 2007 shortly after 3i Infrastructure's IPO
- 21 years of experience in various finance roles
- Manages the operational, financial and reporting requirements of the Infrastructure business line

A stable team in place since 2007

Asset intensive businesses, providing essential services

Transport

- Airports
- Ports
- Toll roads
- Rail

Utilities

- Water
- Electricity and gas transmission and distribution
- Power generation
- Midstream energy
- Communication networks

Social infrastructure

- Public Private Partnerships
- Healthcare
- Education
- Government accommodation

