



# Results for the full year to 31 March 2021

11 May 2021

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**

# The Company continues to deliver long-term sustainable returns

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Resilient portfolio consistently meeting or exceeding target return

**9.2%**

Total return on opening NAV

**268.1p**

NAV per share

New investment, DNS:NET, in growth sector and new geography

**€182m**

New investment commitment

Delivered our FY21 dividend target, fully covered and up 6.5% year-on-year. Setting higher target for FY22

**9.8p**

Dividend for FY21

**10.45p**

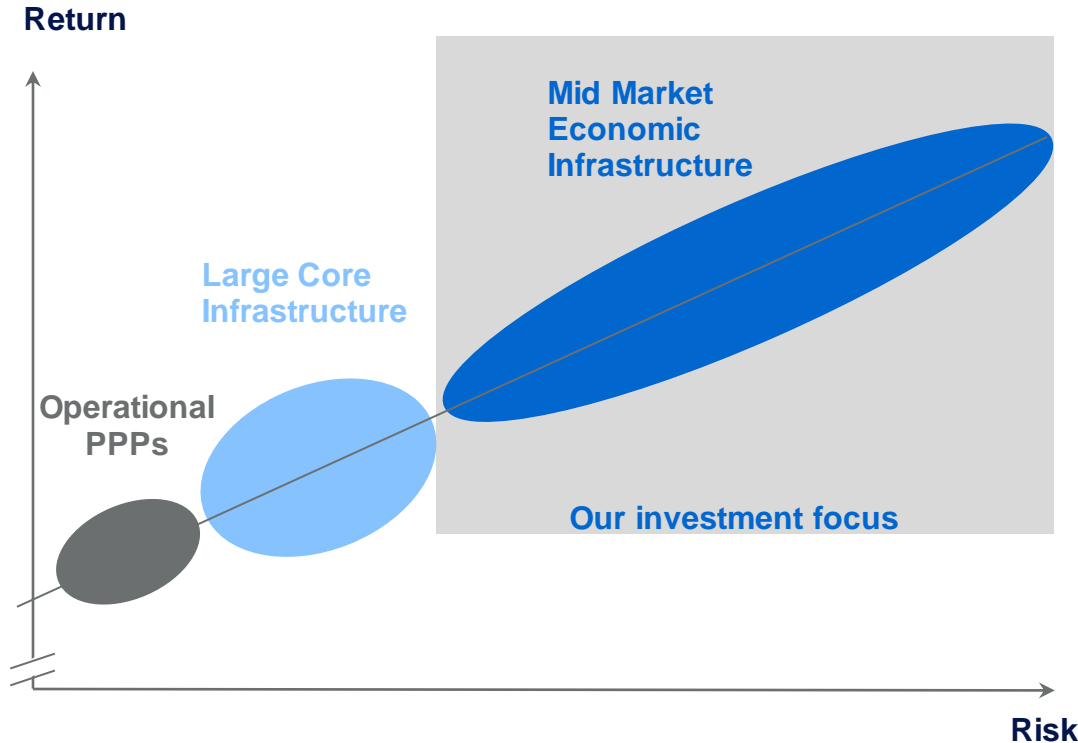
Target dividend for FY22, up 6.6%

Strong liquidity position to make new investments and to grow and support existing portfolio

**£463m**

Cash position

# 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

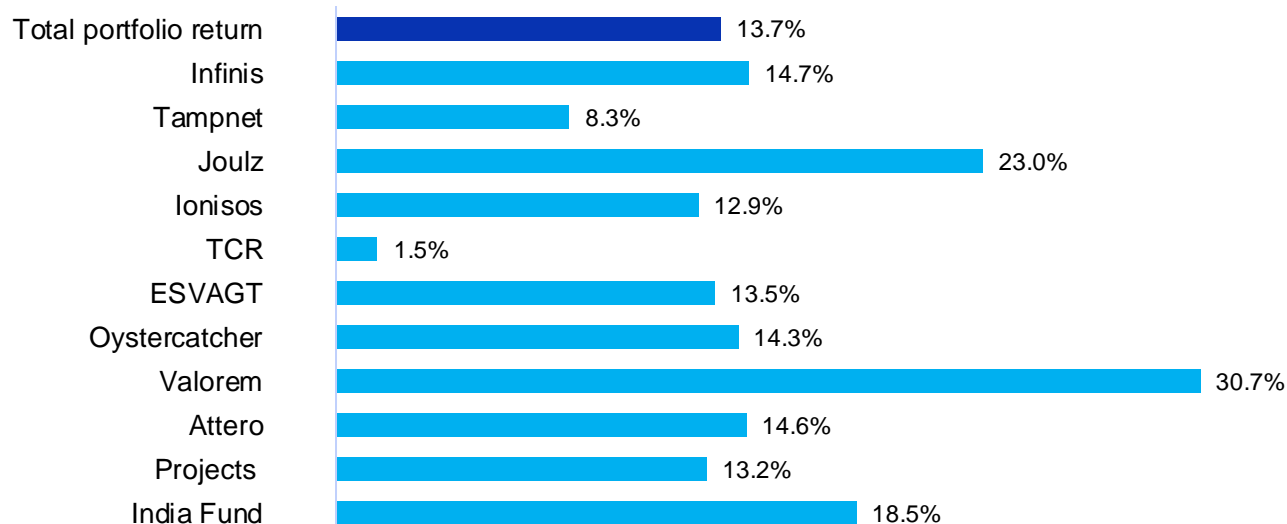


Acceptable element of demand or market risk

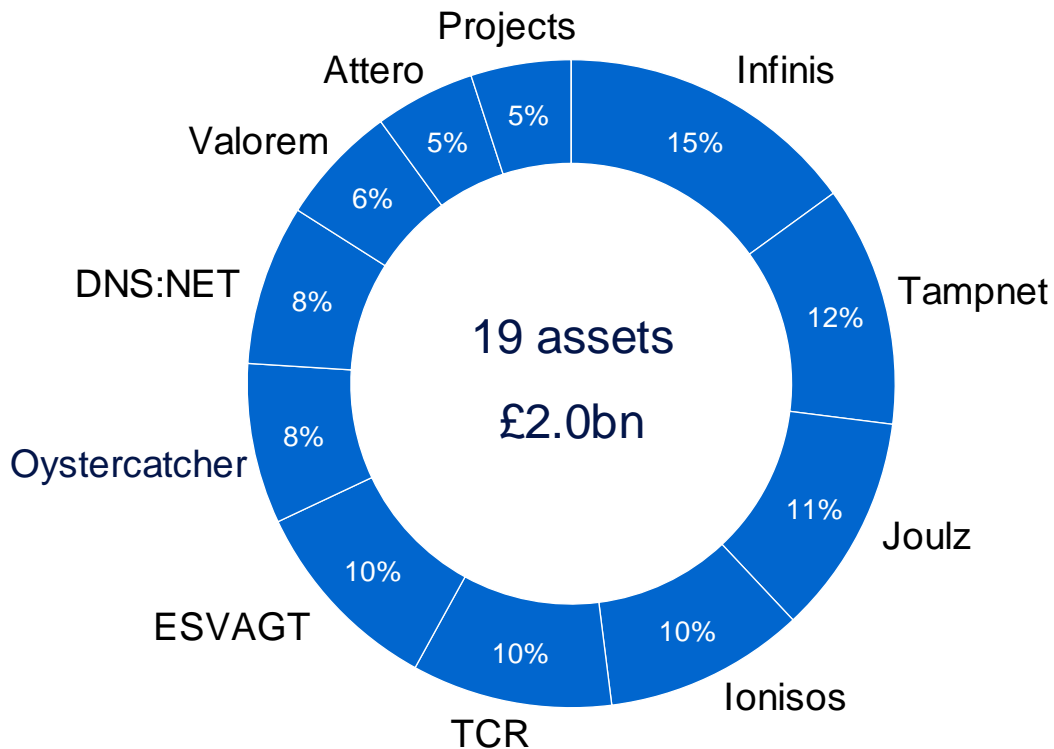


Opportunities for further growth

# Strong return from a diversified portfolio for the year to 31 March 2021

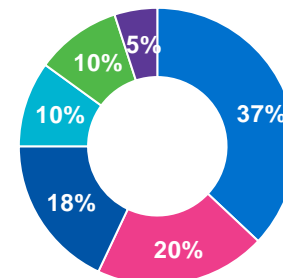


# A well-diversified, balanced portfolio



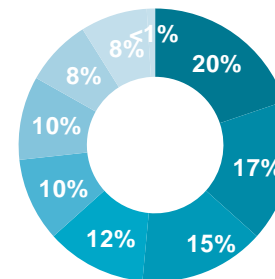
## Portfolio value by sector

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



## Portfolio value by country

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





# 3iN remains well positioned to deliver its objectives



**Continue to deliver for shareholders and broader community of stakeholders**



**Help make our portfolio companies more sustainable**



**Pipeline of potential bolt-on opportunities and new ideas**

# New investment: DNS:NET

Leading independent telecommunications provider in Germany

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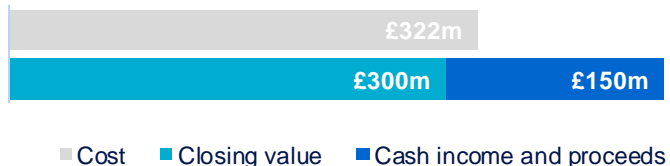


Ownership	60%
Management team HQ	Berlin, Germany
Countries	Germany
Currency	EUR
Sector	Communications

- We committed €182 million to acquire a 60% stake alongside Founder and CEO
- Germany (a new country for 3iN) lags behind most other European countries in the deployment of FTTH
- DNS:NET is uniquely positioned to benefit, having established the largest FTTC network in the Berlin area
- Strong alignment of interest with the CEO who will continue to drive DNS:NET's growth
- Material potential for upside and, once the roll-out is complete, will become a high cash-generative asset

# Infinis

## Generator of electricity



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

- Performed well through the Covid-19 crisis and its cashflow continues to support our yield
- The baseload power price environment improved over the last six months and peak power prices were more volatile, benefitting Infinis
- Good progress has been made on the new Solar division, with >75MW expected to start construction in FY22
- A refinancing was completed, extending maturities and establishing a platform to fund solar growth
- Strong progress was made on sustainability strategy and reporting on carbon footprint metrics

# Tampnet

## Offshore telecom network

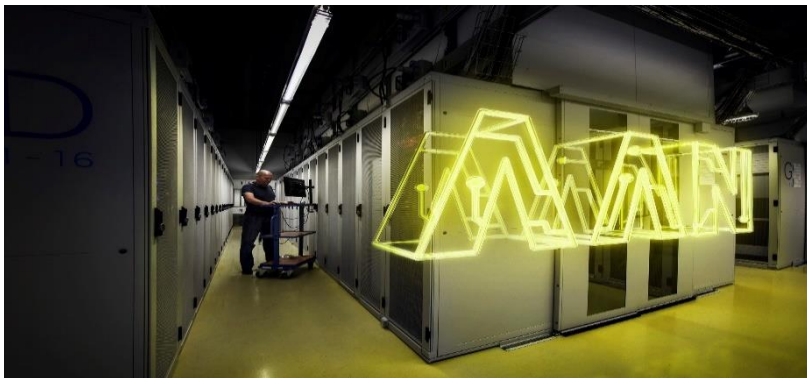


■ Cost ■ Closing value

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

- Core business in the North Sea was stable in the year with customers continuing to upgrade their bandwidth requirements
- The oil price decline had a negative impact on exploration-linked revenues and brought forward some decommissioning of offshore platforms. In addition, some connection projects and roaming installations were postponed
- The acquisition on BP's 1200km fibre network in the Gulf of Mexico completed, allowing Tampnet to replicate its fibre-led North Sea business model
- Sustainability strategy focused on enabling producers to use existing resources more efficiently, to reduce emissions and to ensure better health and safety

## Essential energy infrastructure equipment and services



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

- Performed broadly in line with expectations during the year, and Covid-19 has had limited impact
- The carve-out from Stedin is now completed
- Continued progress on our strategy to broaden the product offering: in March 2020, acquired Greenflux's EV charging business, and in March 2021 agreed to acquire Zonel, a roof top solar developer
- Well positioned to meet customers' increased interest in integrated energy solutions, and to help them achieve their energy transition objectives
- Completed the implementation of ISO14001 (Environmental management systems)

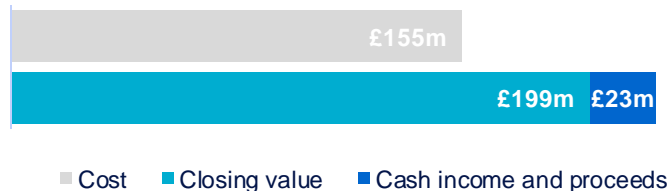


<b>Ownership</b>	95%
<b>Date invested</b>	September 2019
<b>Management team HQ</b>	Civrieux, France
<b>Countries</b>	France, Spain, Germany, Italy, Estonia
<b>Currency</b>	EUR
<b>Sector</b>	Healthcare

- Outperformed expectations during the year, demonstrating resilience during the Covid-19 pandemic
- Over the medium term, could benefit from increased testing, focus on sterilisation and relocation of pharma manufacturing to Europe
- Italian operations (c.3% of earnings) stopped following discovery of serious shortcomings in safety of operations – an investigation is underway with Ionisos full cooperation
- Expansion projects in Germany and France are progressing in line with expectations and construction of a new site in Kleve, Germany, was launched in April 2021



## Ground support equipment in airports



<b>Ownership</b>	46%
<b>Date invested</b>	July 2016
<b>Management team HQ</b>	Brussels, Belgium
<b>Countries</b>	10 European countries, Malaysia, Australia, New Zealand and US
<b>Currency</b>	EUR
<b>Sector</b>	Transportation / Logistics

- Performed ahead of expectations in a severely hit aviation market thanks to its largely availability-based contracted revenue structure
- Traffic is set to remain low in the near term, however the roll-out of vaccines continues to underpin our assumption of a gradual return to 2019 levels by 2024
- Secured new long-term contracts with Finnair and Gate Gourmet – also in discussions with several airports for fleet pooling initiatives
- Focused on helping the aviation industry to mitigate its impact on climate change by supporting the transition to green equipment and promoting initiatives to optimise GSE fleet sizes

## Wind farm maintenance support vessels and emergency response vessels



■ Cost ■ Closing value

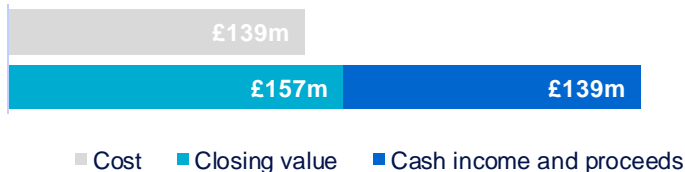
Ownership	50%
Date invested	September 2015
Management team HQ	Esbjerg, Denmark
Countries	Denmark, Norway and UK
Currency	DKK
Sector	Natural Resources / Energy

- Performed in line with our post-Covid expectations during the year
- Majority of earnings now generated by the wind segment, with one new vessels delivered in operations in January 2021 and two further expected later in the year
- Legacy ERRV fleet negatively impacted in the first six months, but market has recovered with the fleet fully contracted for Summer 2021
- Strong commitment to the energy transition, including making a net zero commitment to be achieved through battery powered equipment, fuel saving and in the longer term using fully sustainable fuel sources



# 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

- Benefitted from a contango market structure for oil products, which led to higher rates and early contract renewals
- Negative impact of Covid-19 has been limited to lower throughput levels as a result of lower end-user demand
- Continued good performance of Singapore terminal as outlook for oil demand in the Asia Pacific region remains more positive than Europe
- Engaged in a strategic review of our ownership of the European terminals, alongside our partner Oiltanking

# Valorem

## French renewable energy developer

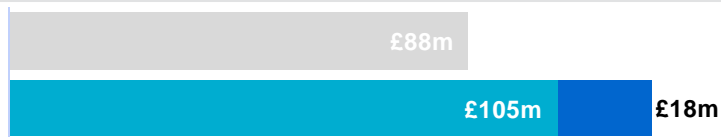
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■ Cost ■ Closing value ■ Cash income and proceeds

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

- Good year with revenues above budget and 45MW of wind, solar and hydro projects becoming operational
- Since acquisition, the asset base grew by 2.7x to c.485MW of fully developed renewable capacity
- All assets continued to operate as normal during the lockdown periods, with limited delays to construction early in the pandemic
- Relatively young portfolio, with 12.5yr residual feed-in-tariff on average
- Preparing for a post-subsidy world with its first long-term corporate PPA



■ Cost ■ Closing value ■ Cash income and proceeds

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

- Resilient to the pandemic and performed broadly in line with our pre-Covid expectations
- Waste production in the Netherlands and energy prices have recovered to pre-pandemic levels, however waste imports from the UK were weak over the period
- Plants were able to continue operating at full capacity by drawing on Attero's buffer of untreated waste
- Comprehensive sustainability strategy focused on maintaining a net neutral CO2 position each year, delivering a favourable biodiversity impact on the local environment and improving gender diversity

# Appendix



# Share price has outperformed the market



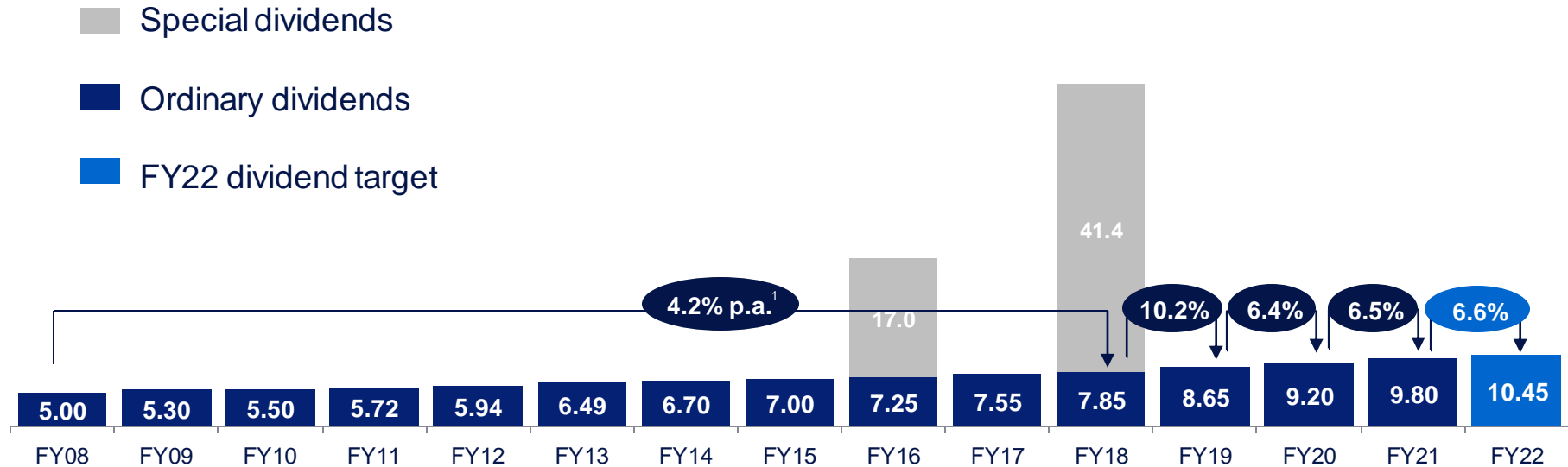
**3iN TSR of 12.5% has outperformed FTSE 250 TSR of 7.6% since IPO**

Note:

1. FTSE 250 rebased to 3iN opening share price at 1 April 2016.
2. TSR stated is per annum sourced from Bloomberg.

# FY22 target dividend growth of 6.6%

## Dividend growth since IPO (pence per share)



1. Annualised growth rate in ordinary dividends to FY18.

# Portfolio summary

## 31 March 2021 (£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 31 March 2021	Allocated foreign exchange hedging	Underlying portfolio income in the year	Portfolio total return in the year <sup>1</sup>
Infinis	285	-	(6) <sup>2</sup>	(4)	25	-	300	-	17	42
Tampnet	205	5 <sup>3</sup>	- <sup>2</sup>	-	18	2	230	(8)	5	17
Joulz	187	5 <sup>3</sup>	(1) <sup>2</sup>	-	36	(8)	219	10	5	43
Ionisos	194	-	-	2	14	(8)	202	10	9	25
TCR	195	20 <sup>3,4</sup>	-	(3)	(12)	(1)	199	3	13	3
ESVAGT	141	36 <sup>3,4</sup>	-	1	-	11	189	(12)	22	21
Oystercatcher	154	-	-	-	10	(7)	157	6	13	22
Valorem	88	-	-	-	23	(4)	107	5	3	27
Attero	103	2 <sup>3</sup>	(4) <sup>2</sup>	-	8	(4)	105	5	6	15
<b>Economic infrastructure portfolio</b>	<b>1,552</b>	<b>68</b>	<b>(11)</b>	<b>(4)</b>	<b>122</b>	<b>(19)</b>	<b>1,708</b>	<b>19</b>	<b>93</b>	<b>215</b>
Projects	68	23 <sup>4</sup>	(1) <sup>5</sup>	(1)	7	(4)	92	3	6	12
India fund	27	-	(30)	-	6	(1)	2	-	-	5
<b>Total portfolio</b>	<b>1,647</b>	<b>91</b>	<b>(42)</b>	<b>(5)</b>	<b>135</b>	<b>(24)</b>	<b>1,802</b>	<b>22</b>	<b>99</b>	<b>232</b>
Adjustments related to unconsolidated subsidiaries <sup>6</sup>	5	-	(6)	(4)	7	-	2	-	(7)	-
<b>Reported in the Financial statements</b>	<b>1,652</b>	<b>91</b>	<b>(48)</b>	<b>(9)</b>	<b>118</b>	<b>-</b>	<b>1,804</b>	<b>22</b>	<b>92</b>	<b>232</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.

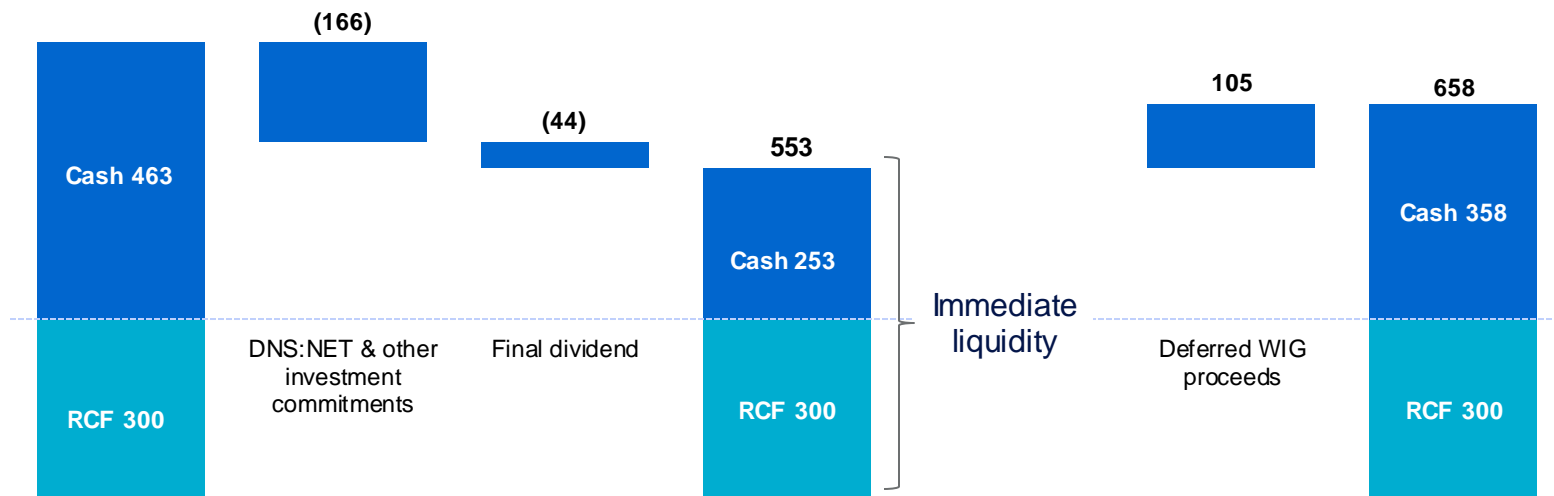
3. Capitalised interest.

4. Follow on investment in TCR of £4 million, ESVAGT of £15 million and Projects of £23 million.

5. Deferred consideration of £1 million was received from the sale of WODS.

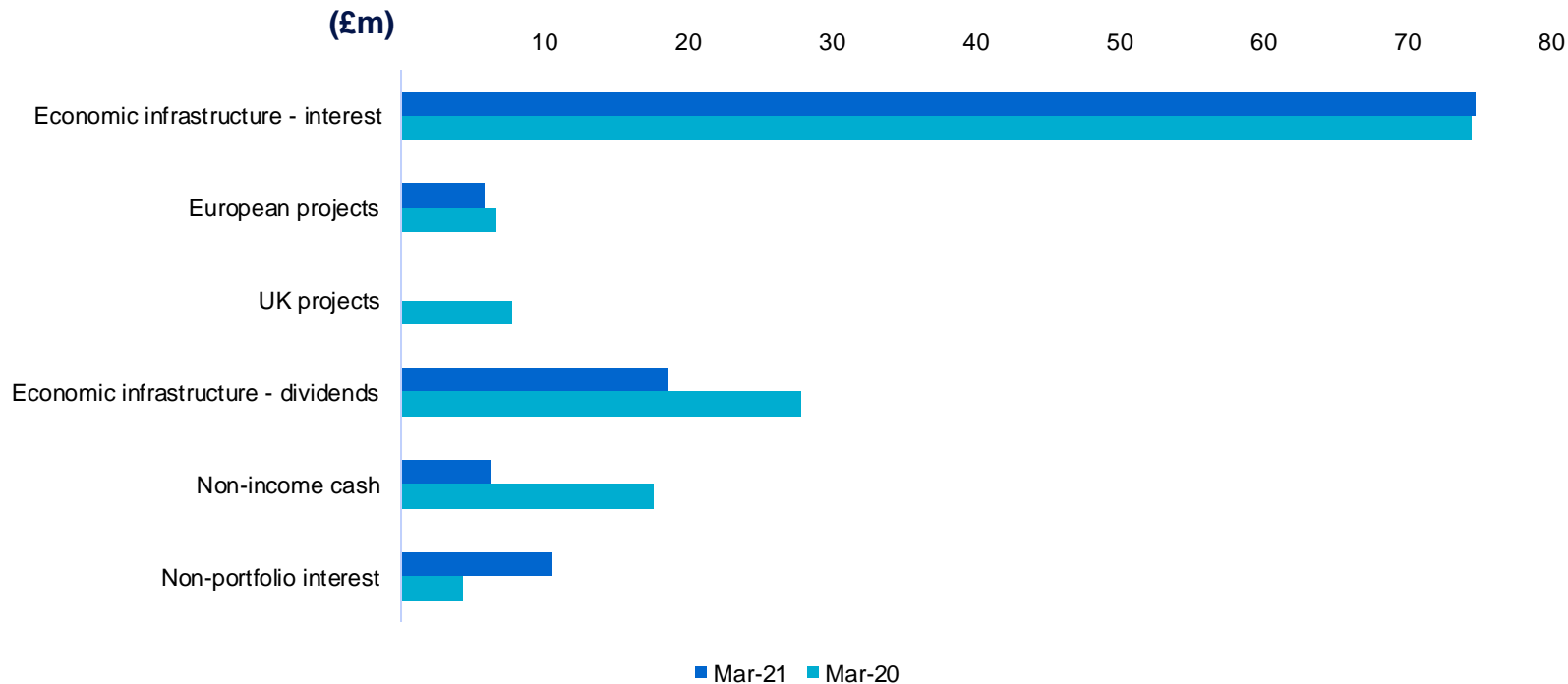
6. Income statement adjustments explained in the March 2021 Annual report and accounts.

(£m)





# Income in line with expectations

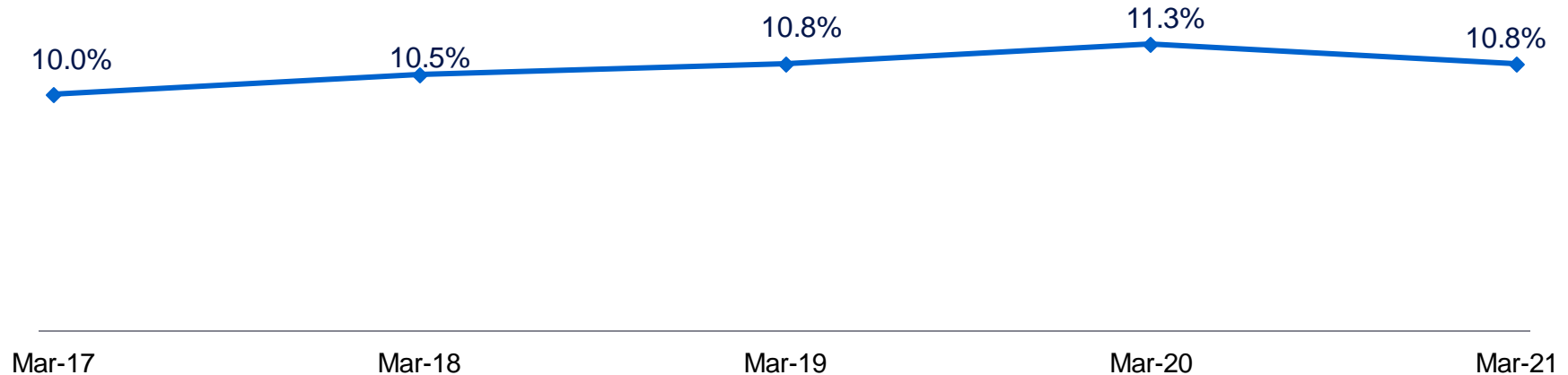


# Discount rate movement

The weighted average discount rate is 10.8%



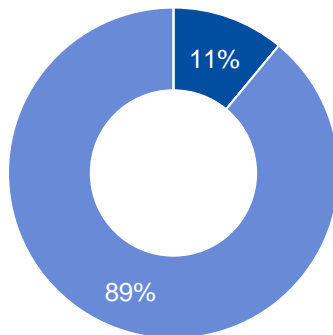
## Portfolio weighted average discount rate



## Inflation linkage

### Assets with revenues:

- Directly linked to inflation
- Partly linked to inflation



### Sensitivity

Change in inflation over underlying assumption for next 2 years

+1% point

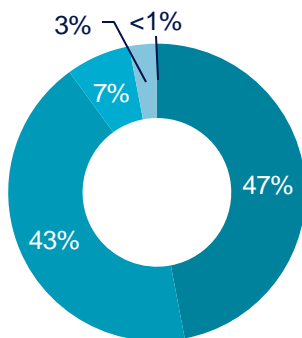
£25m

-1% point

£(25)m

## Foreign exchange

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



### Sensitivity

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

+5%

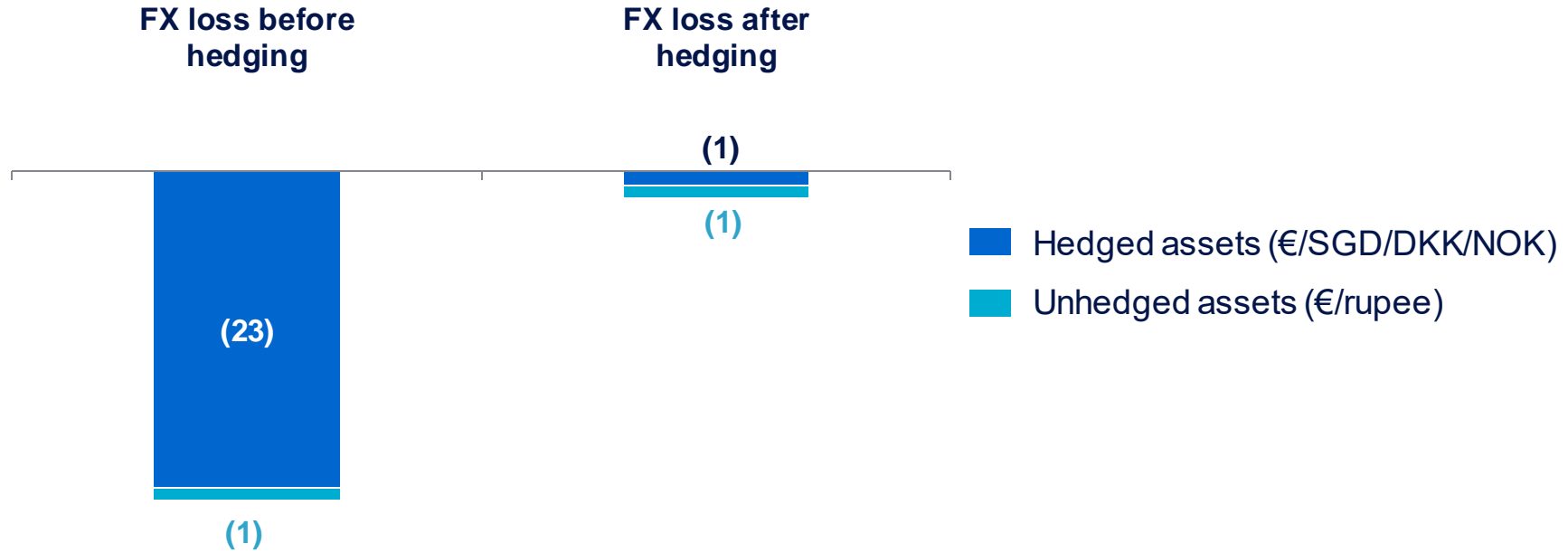
£4m

-5%

£(4)m

# Hedging programme mitigates volatility

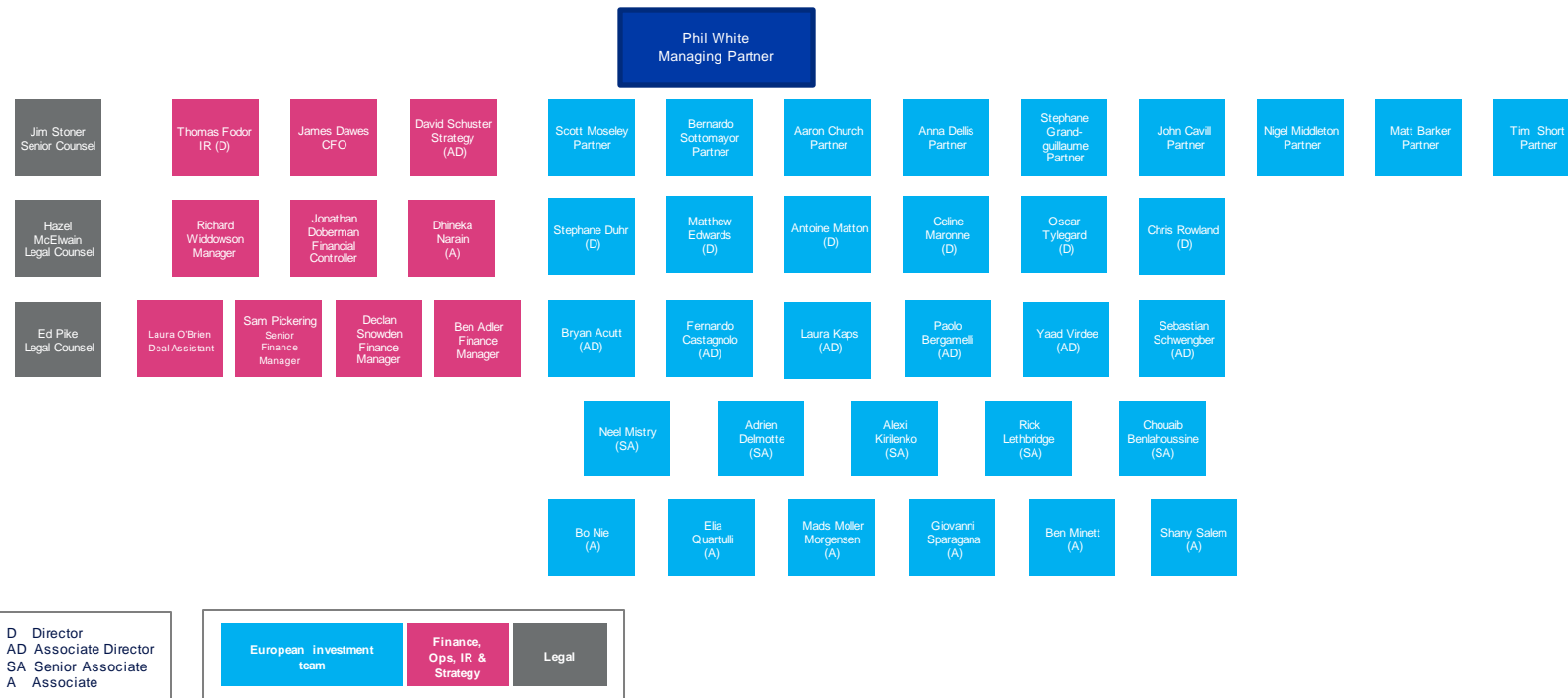
(£m)



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>

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