



30 January 2020

3i Infrastructure plc – Q3 Performance update

Attractive realisations, on track to exceed total return objective

3i Infrastructure plc (“3i Infrastructure” or the “Company”) is an investment company whose purpose is to deliver a long-term sustainable return to shareholders from investing in infrastructure. This statement relates to the period from 1 October 2019 to 31 December 2019 (the “period”).

Highlights

Portfolio activity

- Sale of Wireless Infrastructure Group (“WIG”), the independent wireless infrastructure operator headquartered in the UK, for proceeds of c.£387 million, realising a 27% IRR from this investment.
- Sale of the UK projects (the “UK Projects”) agreed for proceeds of c.£194 million, realising a 15% IRR for the Company.

Financial update

- The portfolio overall is performing in line with expectations and is delivering a good level of income. Total portfolio income and non-income cash was £44 million in the period. This compares with £26 million of portfolio income and non-income cash received in the same period last year.
- Adjusting for the estimated proceeds from the realisations announced in the period, the pro-forma September 2019 Net Asset Value of the Company is estimated to have increased to 253.0 pence per share, after payment of the interim dividend.
- The Company is expected to exceed the total return objective of 8% to 10% per annum over the medium term, for the current financial year.
- The Company is on track to deliver its dividend target for the year ending 31 March 2020 of 9.20 pence per share. The full year dividend is expected to be fully covered.
- The Company’s cash balance was £338 million at 31 December 2019 with the full Revolving Credit Facility of £300 million available.

Commenting on today's announcement, Richard Laing, Chair of 3i Infrastructure, said: "The excellent realisations of WIG and the UK Projects further demonstrate the Company's track record of creating significant value for our shareholders. We expect to exceed our target return and achieve our dividend target for the year."

Phil White, Managing Partner and Head of Infrastructure, 3i Investments plc, Investment Manager of the Company, added: "Our recent divestments have delivered exceptional returns for our shareholders. The portfolio overall continues to perform in line with expectations and deliver a good level of income. We are working on a broad range of potential investment opportunities, seeking to invest in businesses that enhance the Company's portfolio, while continuing to manage liquidity carefully."

Portfolio activity

On 19 December 2019, 3i Infrastructure completed the sale of its 93% stake in WIG to Brookfield Infrastructure for c.£387 million, which compares to a valuation of £291 million at 30 September 2019. This investment achieved a 27% gross IRR and a 1.7x gross money multiple for 3i Infrastructure. Approximately half of the proceeds have been received, with a quarter payable unconditionally in 12 months and a quarter payable unconditionally in 24 months.

On 6 December 2019, following a strategic review of its projects portfolio, 3i Infrastructure agreed to sell the UK Projects, all of which are now operational. The UK Projects being sold comprise stakes in Ayrshire College, Elgin (a vehicle holding 16 project investments), Mersey Gateway Bridge, Octagon Hospital, the West of Duddon Sands offshore transmission owner project and an interest in the Dalmore Capital Fund. These sales have now completed, except for Mersey Gateway Bridge which we expect to complete by the end of the financial year.

The proposed tax on waste imports to the Netherlands, highlighted in the Half-yearly report, was passed by the Dutch Parliament and Senate and has taken effect from 1 January 2020. Attero expects that the immediate impact of the tax on Attero's revenues will be limited, as waste customers absorb a material part of the tax. The portfolio valuation exercise to be carried out as at 31 March 2020 will take these developments into account.

Portfolio returns

Following the realisations of the Company's stakes in WIG and the UK Projects, the pro-forma September NAV of the Company has increased to an estimated 253.0 pence per share. This is a 5.9% increase from the previously announced 30 September ex-dividend NAV of 239.0 pence per share. This pro-forma September NAV adjusts the announced September NAV for the estimated realisation proceeds as announced in the period, less a performance fee that would have accrued at this higher NAV (as the performance hurdle for the year would have been exceeded). No other changes since 30 September have been taken into account in this NAV estimate. A full portfolio valuation exercise will be carried out as at 31 March 2020.

The portfolio overall has performed in line with expectations and is delivering a good level of income. Total portfolio income and non-income cash was £44 million in the period, comprising portfolio income of £38 million and non-income cash of £6 million. This compares with £26 million of income and £0.1 million of non-income cash received in the same period last year.

Balance sheet

At 31 December 2019, the Company's cash balance was £338 million with the full Revolving Credit Facility of £300 million undrawn and available to fund potential new investment opportunities.

In January 2020, a further £99 million was received from the UK Projects realisations.

Ends

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About 3i Infrastructure plc

3i Infrastructure plc is a Jersey-incorporated, closed-ended investment company, listed on the London Stock Exchange and regulated by the Jersey Financial Services Commission. The Company is a long-term investor in infrastructure businesses and assets. The Company's market focus is on economic infrastructure and greenfield projects in developed economies, principally in Europe, investing in operating businesses and projects which generate long-term yield and capital growth.

3i Investments plc, a wholly-owned subsidiary of 3i Group plc, is authorised and regulated in the UK by the Financial Conduct Authority and acts as Investment Manager to 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 2019 to 31 December 2019 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.