

# Results for the year to 31 March 2020

7 May 2020





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# Richard Laing

Chair





# Today's agenda

**Introduction**

Richard Laing

**Business review**

Phil White

**Financial review**

James Dawes

**Q&A**

All

# Defensive portfolio performing well through exceptional economic conditions



**Exceeded our medium-term target**

**11.4%**

Total return on opening NAV

**254.5p**

NAV per share

**New investment in Ionisos, further diversifying the portfolio**

**£186m**

New investment

**Realisations of WIG and the UK projects portfolio**

**£581m**

Gross proceeds

**Strong cash position in uncertain markets**

**£418m**

Cash position

**Delivering our FY20 dividend, fully covered, and setting higher target for FY21**

**9.2p**

dividend per share for the year

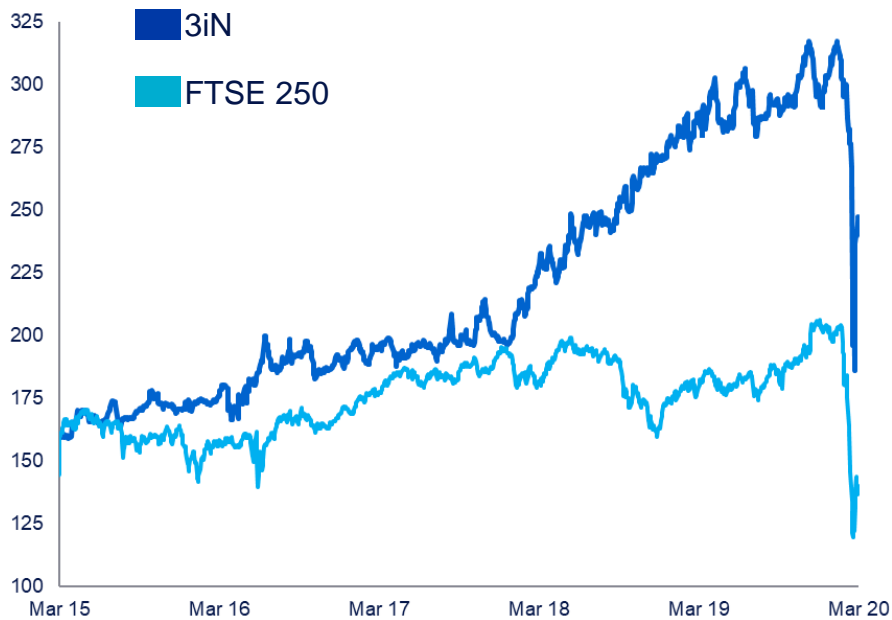
**9.8p**

Target dividend for FY21, up 6.5%

# Share price has been more volatile recently but continues to outperform



## 5 year share price performance



## Total Shareholder Return

	<b>3iN</b>	<b>FTSE 250</b>	<b>Beta</b>
FY to 31 March 2020	(7.3%)	(18.7%)	0.5
3 years	11.4%	(4.7%)	0.5
5 years	12.5%	0.3%	0.4
Since IPO	11.7%	5.2%	N/A

Note: 1. FTSE 250 rebased to 3iN opening share price at 1 April 2015

2.Total shareholder return shown per annum

# We aim to deliver long-term sustainable returns to shareholders



Influencing our companies positively

Invest in companies that support a sustainable future

Appointed a new director with sustainability expertise





## Phil White

Managing Partner, Infrastructure, 3i Investments plc





# 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**

# Selecting investments with strong infrastructure characteristics



Asset intensive, resilient companies



Mid market economic businesses where we can add value



Acceptable element of market or volume risk

# Covid-19 impact

## Resilient portfolio of companies delivering essential services



- 1 Portfolio operating close to normally
- 2 Reduced near term growth
- 3 Lock down length and recovery pace still uncertain
- 4 Specific impact on Attero and TCR

All new investments started well and performing at or above expectations



Force Hydraulique Antillaise

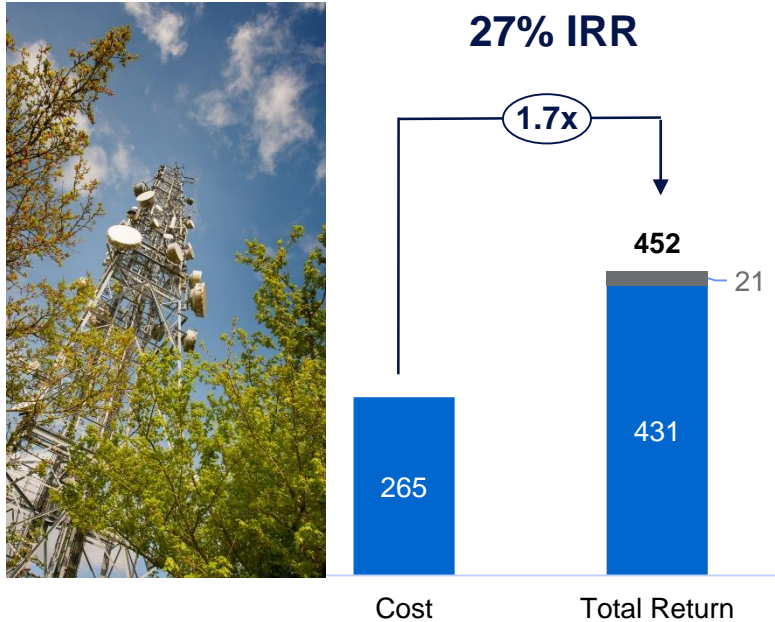


# Strong realisations driving outperformance this year



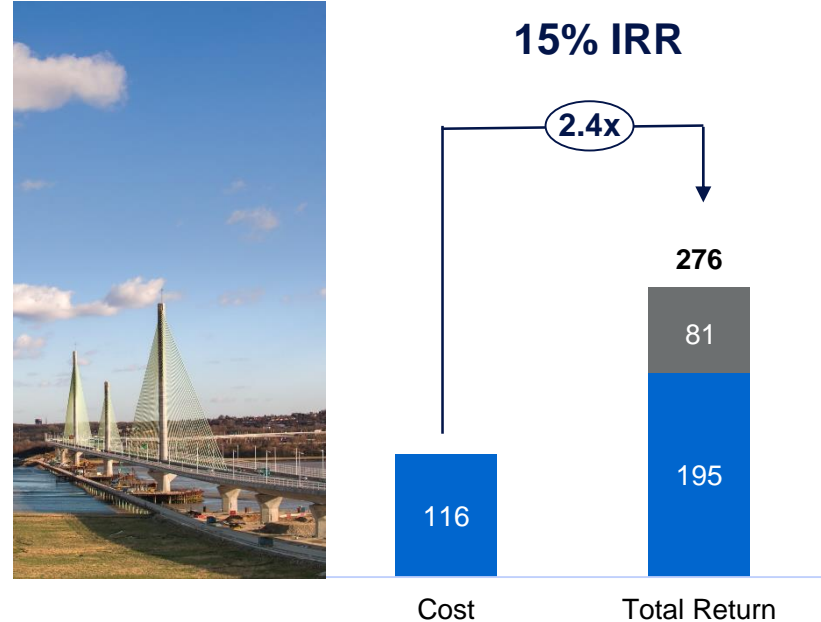
## WIG

27% IRR



## UK Projects

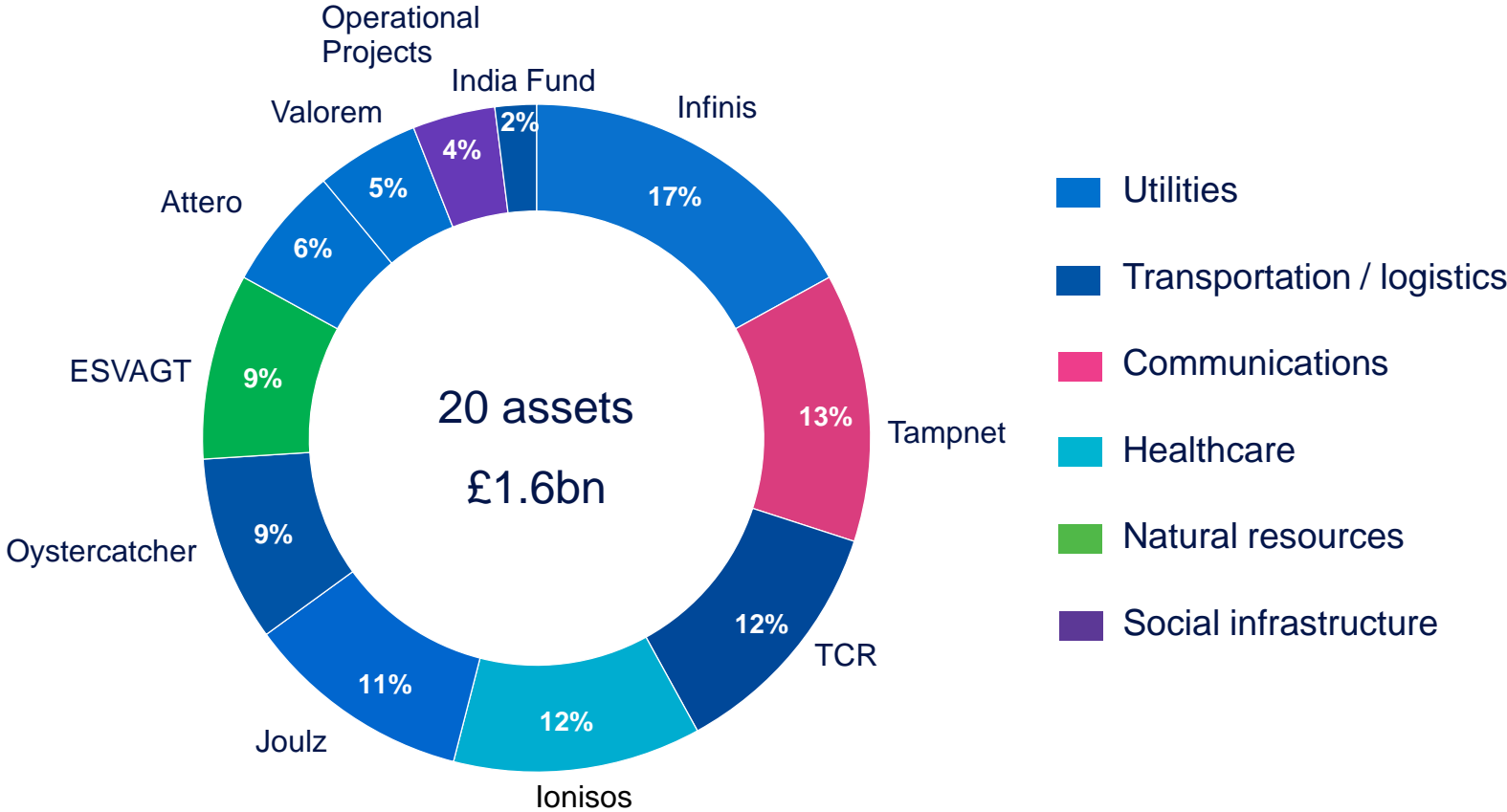
15% IRR



■ Valuation/ Proceeds ■ Cash Income



# A resilient, balanced portfolio

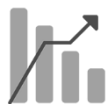




**Resilient portfolio with strong market positions**



**Healthy cash balance and active pipeline**



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



## James Dawes

CFO, Infrastructure, 3i Investments plc

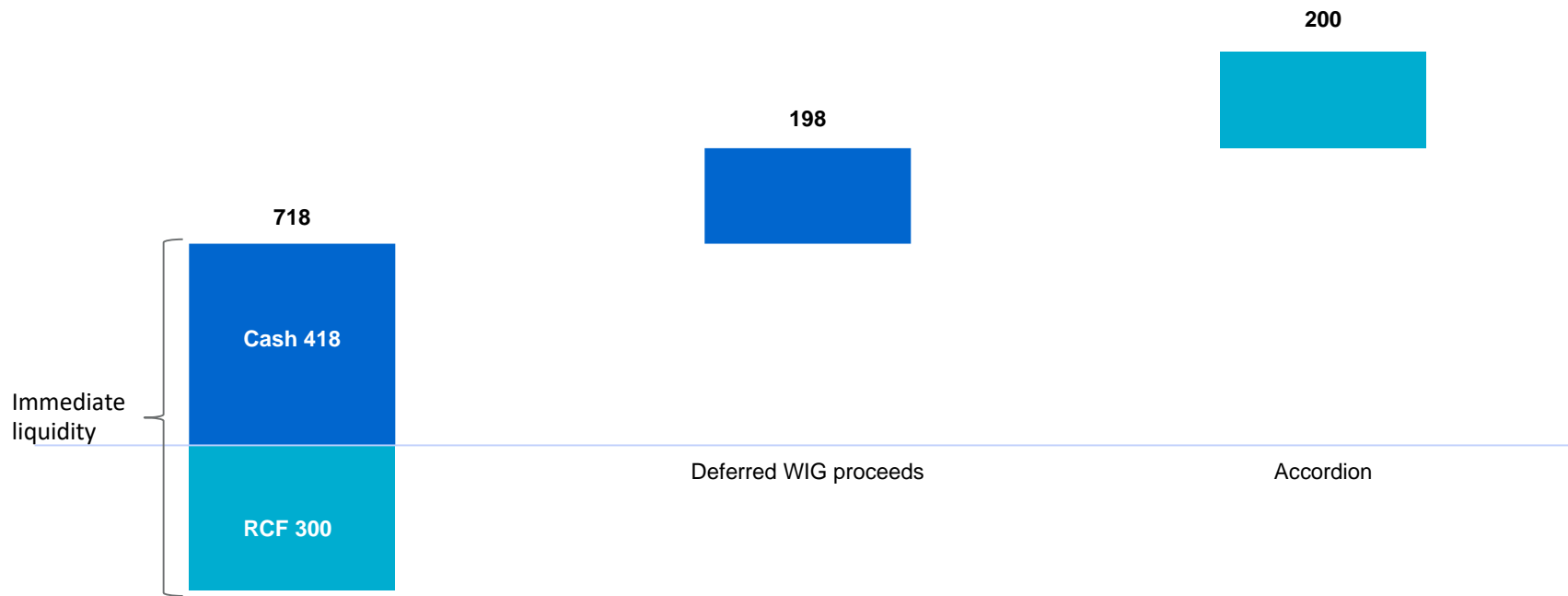




# Strong liquidity



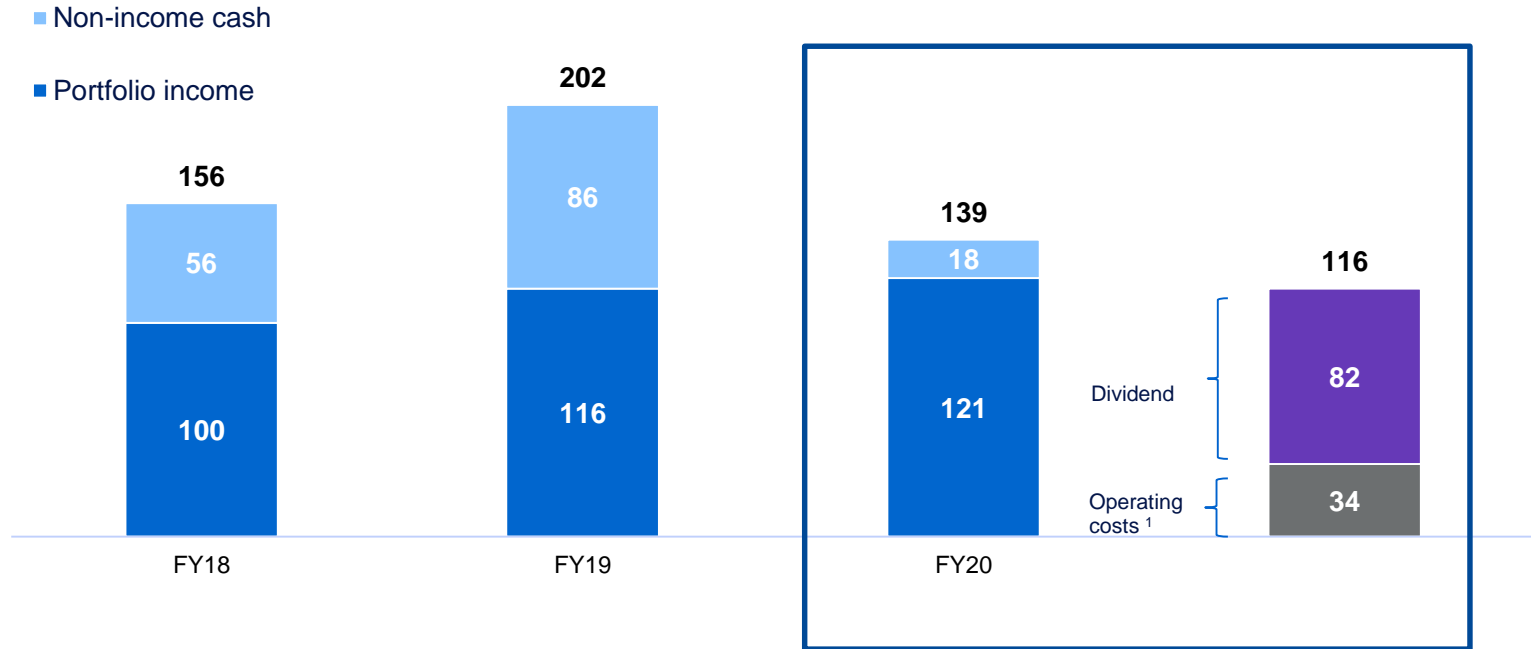
(£m)



# Dividend well covered



(£m)



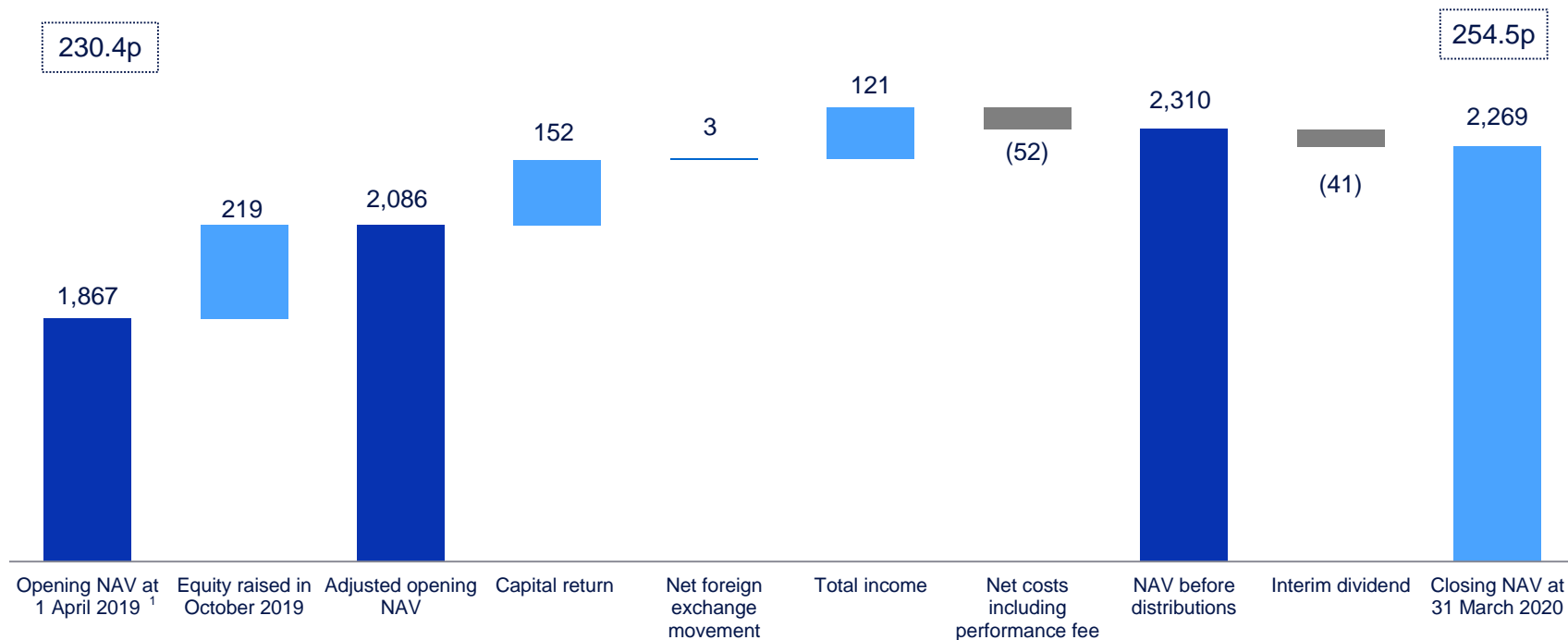
1. Operating costs exclude performance fees and fees payable on investment activities.

# NAV progression

## FY20 growth driven by capital return

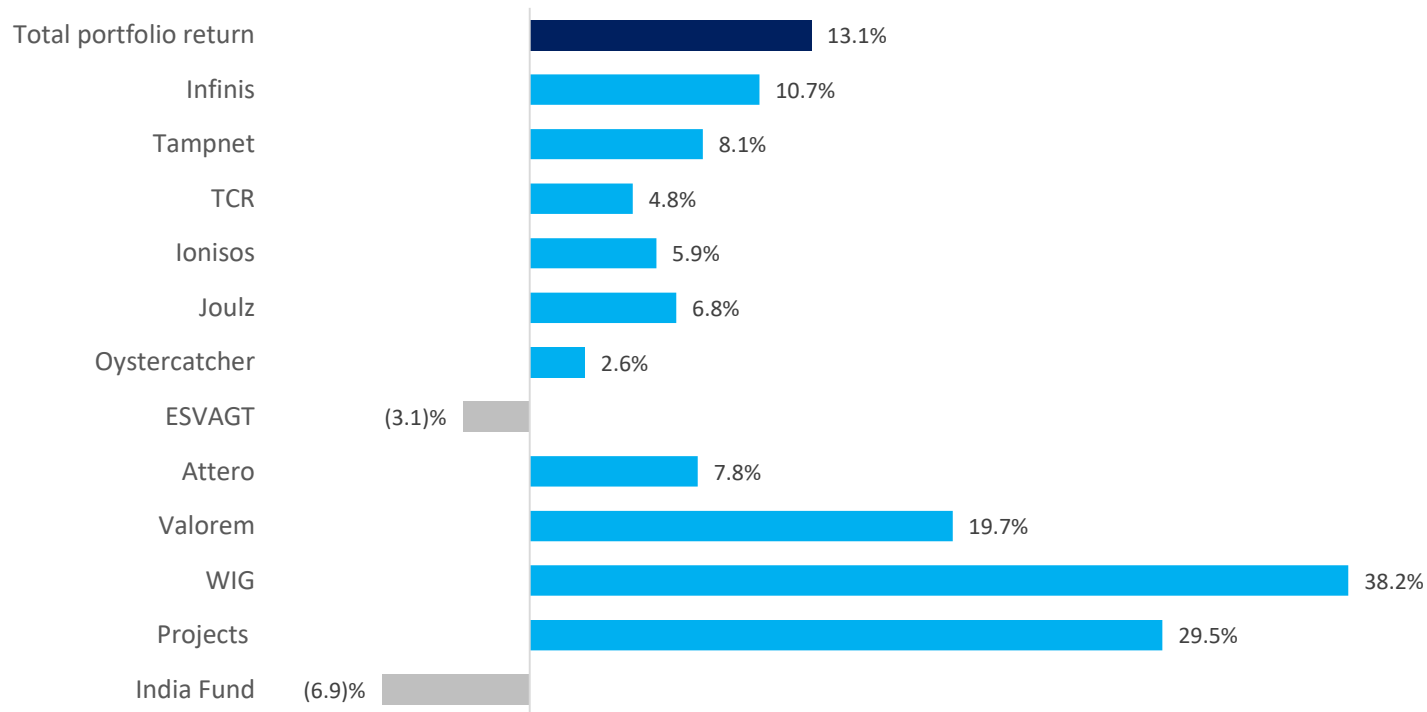


(£m)



1. Net of final dividend for the prior year of £35.1m.

# Strong asset returns across the portfolio for the year to 31 March 2020

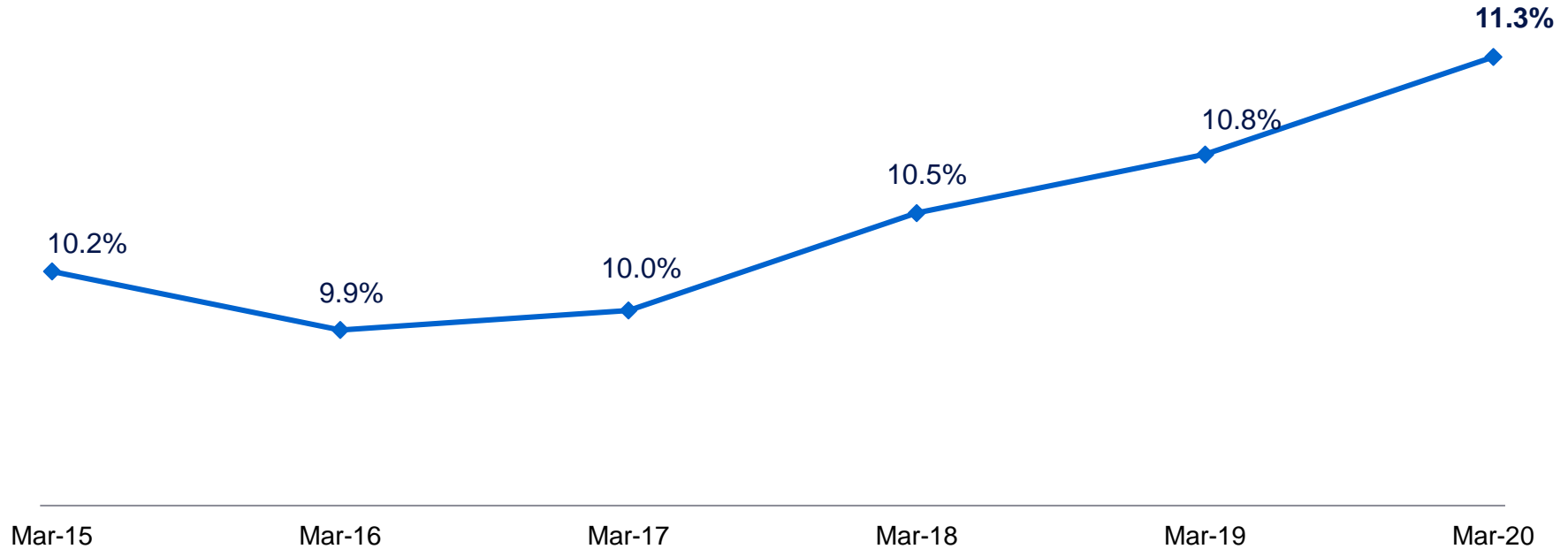


# Discount rate movement



The weighted average discount rate has increased to 11.3%

## Portfolio weighted average discount rate

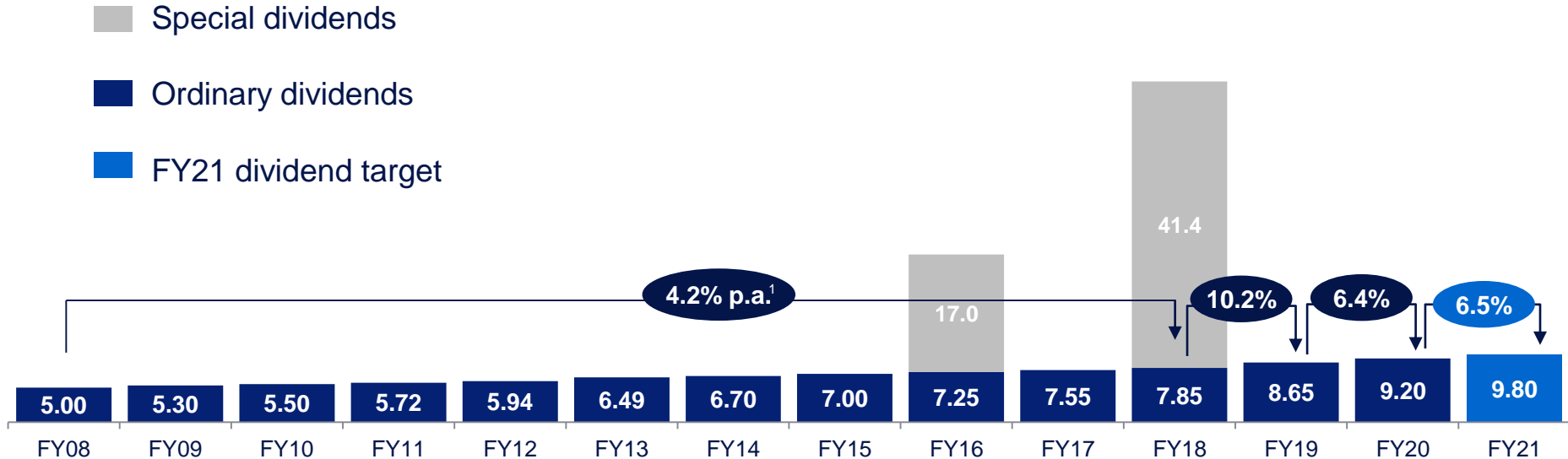




# FY21 target dividend growth of 6.5%

## Dividend growth since IPO

(pence per share)



1. Annualised growth rate in ordinary dividends to FY18.



# Q&A

# Appendix





# Portfolio summary

## 31 March 2020 (£m)



Portfolio assets	Directors' valuation 31 March 2019	Investment in the year	Divestment in the year	Accrued income movement	Value movement	Foreign exchange translation	Directors' valuation 31 March 2020	Allocated foreign exchange hedging	Underlying portfolio income in the year	Total portfolio return in the year <sup>1</sup>
Infinis	289	-	(17) <sup>2</sup>	-	13	-	285	-	18	31
Tampnet	198	4 <sup>3</sup>	-	-	10	(7)	205	8	5	16
TCR	187	8 <sup>3</sup>	-	3	(3)	-	195	1	11	9
Ionisos	-	186	(1) <sup>2</sup>	4	4	1	194	2	4	11
Joulz	-	190	(1) <sup>2</sup>	2	(9)	5	187	(1)	18	13
Oystercatcher	155	- <sup>3</sup>	-	-	(1)	-	154	-	5	4
ESVAGT	160	18	-	1	(17)	(21)	141	14	19	(5)
Attero	102	2 <sup>3</sup>	-	-	(3)	2	103	(2)	11	8
Valorem	76	-	-	-	10	2	88	(1)	4	15
WIG	288	-	(387)	(3)	102	-	-	-	8	110
<b>Economic infrastructure portfolio</b>	<b>1,455</b>	<b>408</b>	<b>(406)</b>	<b>7</b>	<b>106</b>	<b>(18)</b>	<b>1,552</b>	<b>21</b>	<b>103</b>	<b>212</b>
Projects	197	15 <sup>3,4</sup>	(191)	(1)	47	1	68	-	14	62
India fund	29	-	-	-	(1)	(1)	27	-	-	(2)
<b>Total portfolio</b>	<b>1,681</b>	<b>423</b>	<b>(597)</b>	<b>6</b>	<b>152</b>	<b>(18)</b>	<b>1,647</b>	<b>21</b>	<b>117</b>	<b>272</b>
Adjustments related to unconsolidated subsidiaries <sup>5</sup>	16	-	-	(5)	(6)	-	5	-	6	-
<b>Reported in the Consolidated financial statements</b>	<b>1,697</b>	<b>423</b>	<b>(597)</b>	<b>1</b>	<b>128</b>	<b>-</b>	<b>1,652</b>	<b>21</b>	<b>123</b>	<b>272</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

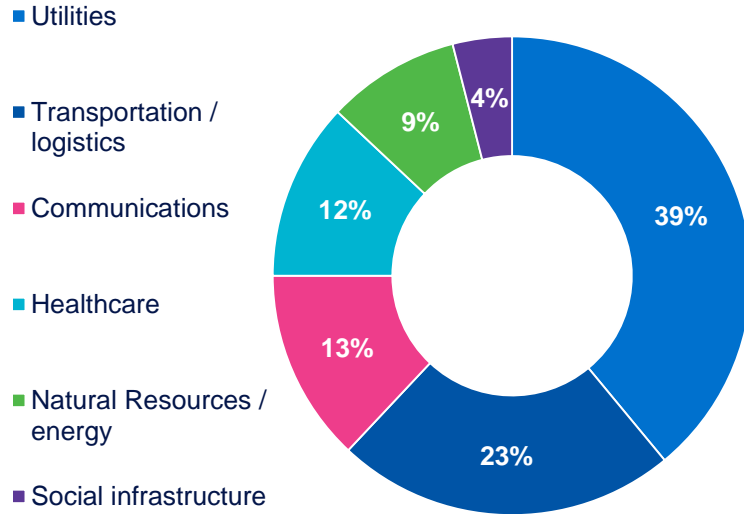
3. Capitalised interest

4. Drawdown of commitment

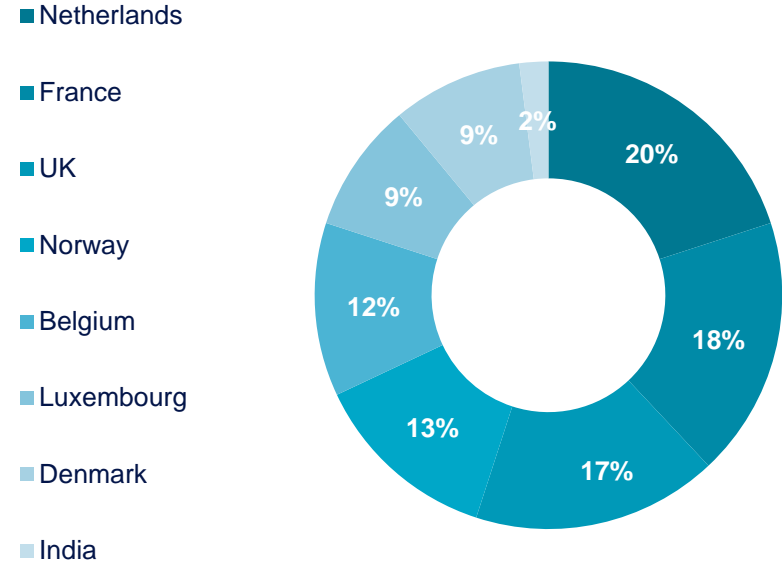
5. Income statement adjustments explained in the March 2019 Annual Report



## Portfolio value by sector



## Portfolio value by country



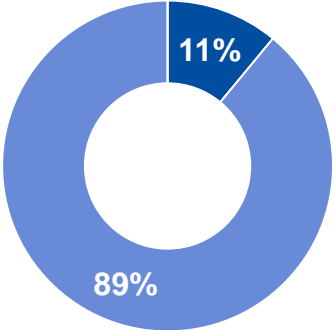


# Sensitivities to total return

## Inflation linkage

Assets with revenues:

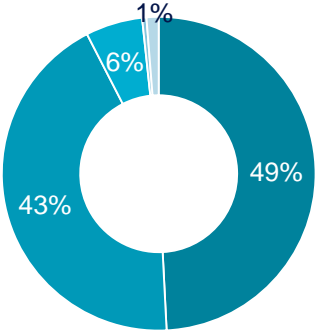
- Directly linked to inflation
- Partly linked to inflation



Sensitivity	+1% point	-1% point
Change in inflation over underlying assumption for next 2 years	£15.7m	£(15.3)m

## Foreign exchange

- GBP
- EUR/SGD
- NOK
- INR

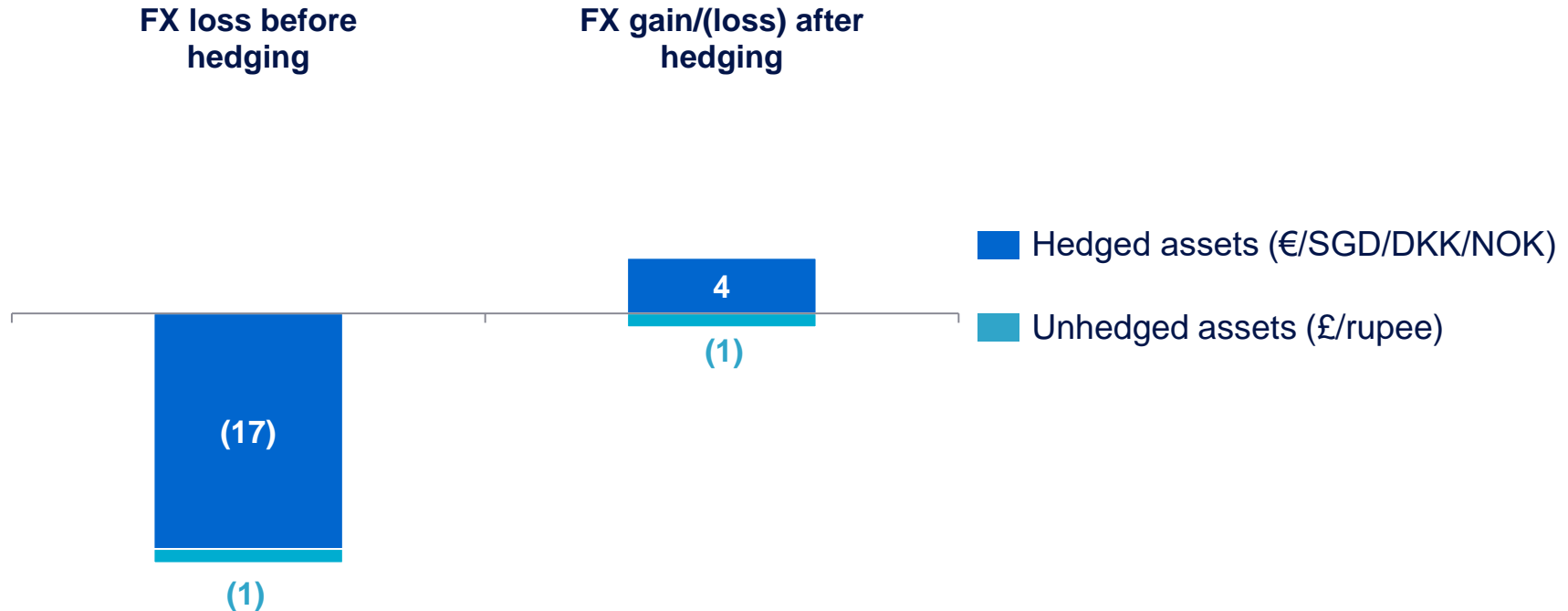


Sensitivity	+5%	-5%
Change in foreign exchange rate <sup>1</sup>	£5.2m	£(5.2)m

1. The sensitivity calculation assumes that the hedging programme movements are fully effective. Foreign exchange sensitivity calculation includes cash held at 31 March 2020.

# Hedging programme mitigates volatility

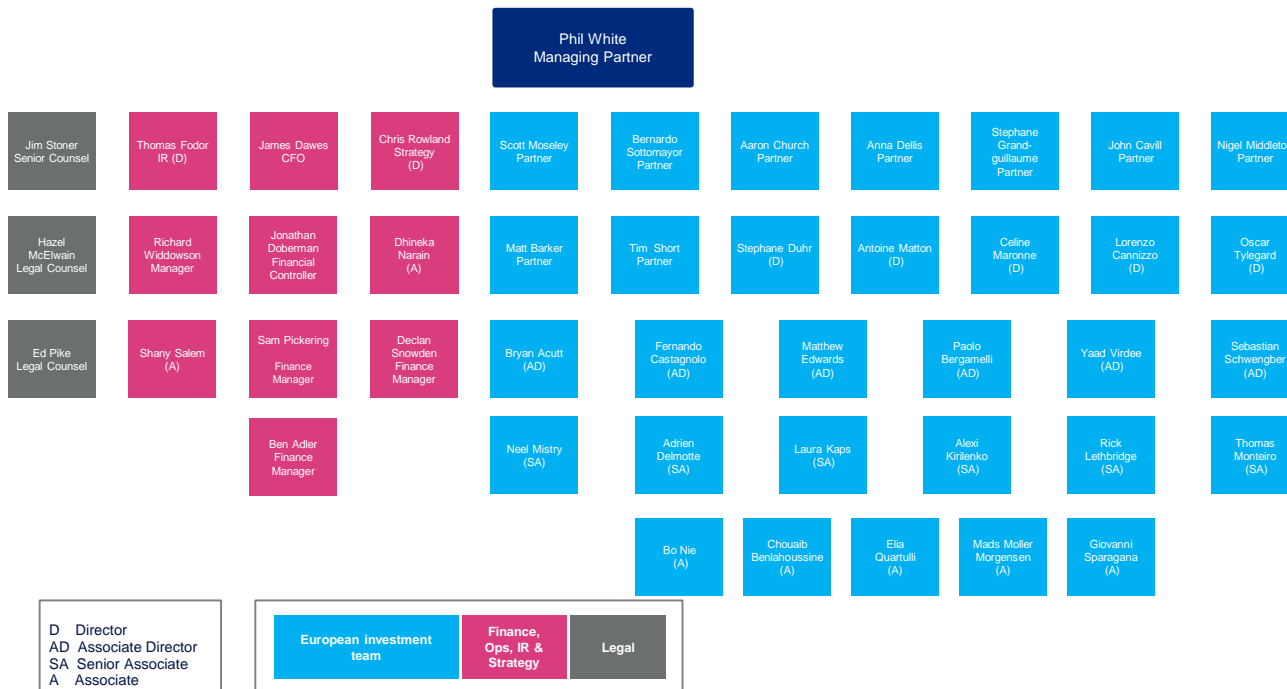
(£m)



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**



# Governance and fees

<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>

3i Infrastructure plc

