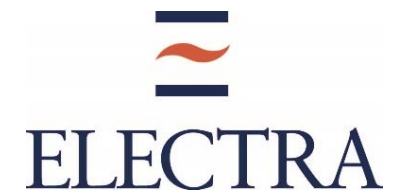


# **Electra Private Equity PLC**

## ***Strategic Review – Phase II***

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*October 2017*



## Important notice

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## Phase I update – completed items

- Internal organisation successfully assumed all management, reporting, and investment functions as of 1 June
  - Currently engaged in realising passive investments

- Significant expense reduction

<i>(£ millions)</i>	<u>External<sup>(1)</sup></u>	<u>Internal</u>
Annual Recurring Expenses	33	5
Carried Interest	81	n/a

- Corporate governance changes in place
  - Board exercises authority over all sales or purchases of assets and expenses
  - Minimises conflicts of interest
- Phase II of review

(1) 3 year average to 31 March 2017

## Phase II agenda

- Evolution of Net Asset Value
  - Investment portfolio
  - Shareholder distributions
  - Results of realisations
  - Pro forma composition of NAV
- Buyout and Co-investment portfolio review
- Historical returns analysis
- Strategic options
  - Historical approach
  - Corporate approach
  - Selected approach
- Implementation

## Evolution of Net Asset Value

- Significant change in NAV composition

	31 March 2015 <sup>(1)</sup>		31 March 2016		31 March 2017	
	£m	% of Assets	£m	% of Assets	£m	% of Assets
<b>Cash &amp; Cash Equivalents</b>	<b>£ 117.0</b>	<b>7%</b>	<b>£ 321.0</b>	<b>16%</b>	<b>£ 1,372.9</b>	<b>61%</b>
Buyouts	1,044.8	65%	1,158.8	57%	487.9	22%
Co-investments	237.6	15%	288.2	14%	200.0	9%
<b>Subtotal</b>	<b>£ 1,282.5</b>	<b>80%</b>	<b>£ 1,447.0</b>	<b>72%</b>	<b>£ 687.9</b>	<b>31%</b>
Funds	79.8	5%	89.4	4%	82.8	4%
Secondaries	101.2	6%	86.2	4%	54.0	2%
Debt	4.3	0%	59.3	3%	44.8	2%
Other	23.5	1%	20.8	1%	10.0	0%
<b>Subtotal Passive</b>	<b>£ 208.8</b>	<b>13%</b>	<b>£ 255.6</b>	<b>13%</b>	<b>£ 191.6</b>	<b>9%</b>
<b>Total Assets</b>	<b>£ 1,608.3</b>	<b>100%</b>	<b>£ 2,023.5</b>	<b>100%</b>	<b>£ 2,252.3</b>	<b>100%</b>
Accrued Carried Interest	(115.2)		(170.9)		(87.5)	
Other Liabilities	(66.4)		(78.6)		(42.4)	
<b>Net Asset Value</b>	<b>£ 1,426.7</b>		<b>£ 1,774.1</b>		<b>£ 2,122.5</b>	
<b>NAV per Share</b>	<b>3,548p</b>		<b>4,405p</b>		<b>5,544p</b>	
<i>LTM Distributions</i>	£ 0.0		£ 45.0		£ 156.3	

- Initiated distributions to shareholders in 2016 period

(1) Represents diluted net asset value

## Evolution of Net Asset Value (cont'd)

	1 June 2017 <sup>(1)</sup>		30 September 2017 <sup>(1)</sup>		Pro Forma 31 December 2017 <sup>(1)</sup>			
					Pre-Dividend		Post-Dividend	
	£m	% of Assets	£m	% of Assets	£m	% of Assets	£m	% of Assets
Cash & Cash Equivalents	£ 741.4	64%	£ 435.1	53%	£ 475.3	59%	£ 125.4	27%
Buyouts <sup>(2)</sup>	164.0	14%	200.7	25%	199.6	25%	199.6	43%
Co-investments	134.7	12%	136.1	17%	136.1	17%	136.1	30%
<b>Subtotal</b>	<b>£ 298.8</b>	<b>26%</b>	<b>£ 336.7</b>	<b>41%</b>	<b>£ 335.6</b>	<b>41%</b>	<b>£ 335.6</b>	<b>73%</b>
Funds	59.9	5%	30.4	4%	-	0%	-	0%
Secondaries	2.2	0%	2.3	0%	-	0%	-	0%
Debt	43.8	4%	-	0%	-	0%	-	0%
Other	9.1	1%	9.4	1%	-	0%	-	0%
<b>Subtotal Passive</b>	<b>£ 115.0</b>	<b>10%</b>	<b>£ 42.0</b>	<b>5%</b>	<b>£ -</b>	<b>0%</b>	<b>£ -</b>	<b>0%</b>
<b>Total Assets</b>	<b>£ 1,155.2</b>	<b>100%</b>	<b>£ 813.9</b>	<b>100%</b>	<b>£ 811.0</b>	<b>100%</b>	<b>£ 461.0</b>	<b>100%</b>
Accrued Carried Interest <sup>(3)</sup>	(32.7)		(33.5)		(32.7)		(32.7)	
Other Liabilities	(4.1)		(4.0)		(4.0)		(4.0)	
<b>Net Asset Value</b>	<b>£ 1,118.5</b>		<b>£ 776.5</b>		<b>£ 774.2</b>		<b>£ 424.3</b>	
<b>NAV per Share</b>	<b>2,922p</b>		<b>2,028p</b>		<b>2,022p</b>		<b>1,108p</b>	
Distributions	£ 999.9		£ 349.9		£ 0.0		£ 349.9	

- Distributions to shareholders in period of £1.7 billion
  - Includes dividend of £350 million (914p per share) declared 23 October 2017
- Cash represents 30% of Net Asset Value at 31 December after payment of dividend

(1) Carrying values as at 31 March 2017 pending completion of year-end audit; September and December figures reflect purchase of the former manager's 1% interest following termination; December figures pro forma for realisations and redemptions signed but not yet completed

(2) September and December figures give effect to additional £35 million invested in TGI Fridays to support refinancing

(3) See p.8 for details by investment

## Portfolio realisations summary

- Buyouts and Co-investments

<i>(£ millions)</i>	31 March 2016	Realised		31 December 2017
	Book Value	Value <sup>(1)</sup>	% Uplift	Pro Forma Book Value <sup>(2)</sup>
Realised Investments	1,181.2	1,812.9	53%	-
Unrealised Investments	265.7	n/a	n/a	335.6
<b>Total</b>	<b>£ 1,447.0</b>			<b>£ 335.6</b>

– Aggregate uplift on realised Buyouts and Co-investments 53%

- Passive investments

<i>(£ millions)</i>	31 March 2016	Realised <sup>(3)</sup>		31 December 2017
	Book Value	Value <sup>(1)</sup>	% Uplift	Pro Forma Book Value
Funds	89.4	105.0	17%	-
Secondaries	86.2	80.4	(7%)	-
Debt	59.3	76.6	29%	-
Other	20.8	26.5	28%	-
<b>Total</b>	<b>£ 255.6</b>	<b>£ 288.5</b>	<b>13%</b>	<b>£ -</b>

– Aggregate uplift on realised passive investments 13%<sup>(3)</sup>

(1) Gross value before carried interest

(2) Gives effect to additional £35 million invested in TGI Fridays to support refinancing; carrying values as at 31 March 2017 pending completion of year-end audit

(3) Includes realisations and redemptions signed but not yet completed

## Composition of Net Asset Value

- Estimated composition of 31 December 2017 Net Asset Value post-dividend<sup>(1)</sup>

<i>(£ millions)</i>	Investment Value	Attributable Carried Interest	NAV	NAV per share (pence)
TGI Fridays	156.6	(17.3)	139.3	364p
Hotter Shoes	43.0	(6.1)	36.9	96p
<b>Subtotal Buyouts</b>	<b>199.6</b>	<b>(23.5)</b>	<b>176.1</b>	<b>460p</b>
Photobox	103.8	(4.6)	99.2	259p
Knight Square	26.5	(3.8)	22.7	59p
Sentinel	3.0	(0.4)	2.6	7p
Other	2.8	(0.5)	2.3	6p
<b>Subtotal Co-investments</b>	<b>136.1</b>	<b>(9.3)</b>	<b>126.8</b>	<b>331p</b>
<b>Investment Portfolio</b>	<b>335.6</b>	<b>(32.7)</b>	<b>302.9</b>	<b>791p</b>
Cash & Cash Equivalents			125.4	328p
Other Net Assets/(Liabilities)			(4.0)	(10p)
<b>Pro Forma Net Asset Value</b>			<b>424.3</b>	<b>1,108p</b>

– Cash represents 30% of Net Asset Value after payment of dividend

*(1) As at 23 October 2017; gives effect to realisations and redemptions currently signed; gives effect to additional £35 million invested in TGI Fridays to support refinancing; carrying values as at 31 March 2017 pending completion of year-end audit; figures reflect purchase of the former manager's 1% interest following termination*



# Private asset valuation methodology

- Listed private asset fund valuation prescribed by IPEV guidelines<sup>(1)</sup>
  - Enterprise value
    - “Maintainable” earnings multiplied by market multiple
      - Typically trailing 12 months EBITDA
      - Typically public peer average trading multiple
  - Less “marketability” discount applied to Enterprise Value
    - Addresses illiquidity and other factors
  - Less third-party net debt
- Example applying IPEV methodology
  - Assumed Enterprise Value discount 25%

Maintainable EBITDA	£	10
Average Public Peer Multiple		10x
<b>Enterprise Value</b>	<b>£</b>	<b>100</b>
Less: Marketability Discount		(25)
<b>Adjusted Enterprise Value</b>	<b>£</b>	<b>75</b>
Less: Third-Party Borrowings		(50)
<b>Reported Carrying Value</b>	<b>£</b>	<b>25</b>

- Implied equity value discount 50% at 1:1 gearing

(1) *International Private Equity and Venture Capital Valuation Guidelines*

## Private asset valuation methodology (cont'd)

- Historical Electra reported marketability discount to Enterprise Value

	<u>2015</u>	<u>2016</u>	<u>31 March 2017</u>
Discount to Enterprise Value	23%	27%	31%
Implied Discount to Equity <sup>(1)</sup>	46%	54%	62%

- Recent realisations at approximately 122% of carrying value before marketability discounts<sup>(2)</sup>

	<u>Carrying Value Before Discounts<sup>(3)</sup></u>	<u>Realised Value</u>	<u>% of Carrying Value Before Discounts</u>
Notice Period Realisations	£ 1,406.0	£ 1,714.2	122%

(1) At 1:1 gearing

(2) Buyouts and Co-investments valued on an earnings basis

(3) As at 31 March 2016

## Buyouts – TGI Fridays

- Operating data

<i>(YE 31 December)</i> <i>(£ millions)</i>	8 months			
	2015	2016	2016	2017
Sales	190.3	211.0	131.6	138.5
Operating Profit	20.7	22.9	13.4	13.0
EBITDA	30.3	33.5	19.5	20.3

- Leverage<sup>(1)</sup>

- Net Debt to EBITDA: 1.9x
- Net Debt to Equity: 1:2.5

- Recent developments

- Like-for-like sales increased 2.0% in first 8 months
- Openings year-to-date 5 on a base of 76 (81 total)
- Electra invested £35 million in August 2017 to reduce borrowings to customary corporate ratios
  - Interest savings c.70%

(1) As at 31 March 2017, adjusted for refinancing; Equity represents Carrying Value; see p.12 for details

## Buyouts – TGI Fridays (cont'd)

- Valuation<sup>(1)</sup>
  - Marketability discount on Enterprise Value 35%
  - Effective EV/EBITDA multiple 6.6x

*(£ millions)*

Trailing 12 Months EBITDA	34.4
EV/EBITDA Market Multiple (Gross)	10.1x
<b>Enterprise Value</b>	<b>347.4</b>
Marketability Discount	(120.5)
<b>Adjusted Enterprise Value</b>	<b>226.9</b>
Net Debt	(64.0)
<b>Carrying Value</b>	<b>162.9</b>

- Effective equity discount 43%

- Electra proportion of value<sup>(1)</sup>

*(£ millions)*

	<b>Entire Company</b>	<b>% Ownership</b>	<b>Electra Proportion</b>
Shareholder Loan Note Value	162.9	95.3%	156.6
Equity Value	-	78.7%	-
<b>Reported Carrying Value</b>	<b>162.9</b>	<b>95.3%</b>	<b>156.6</b>

(1) As at 31 March 2017; adjusted for August 2017 refinancing; Electra's proportion reflects purchase of the former manager's 1% interest following termination

## Buyouts – Hotter

- Operating data

<i>(YE 31 January)</i> <i>(£ millions)</i>	6 months			
	2016	2017	2017	2018
Sales	101.3	98.0	52.6	50.3
Operating Profit	6.2	7.1	3.3	3.7
EBITDA	9.7	10.5	5.1	5.2

- Leverage<sup>(1)</sup>

- Net Debt to EBITDA: 2.6x
- Net Debt to Equity: 1:2

- Recent developments

- UK retail down 9% year-over-year
  - 24% of sales
- US direct up 26% year-over-year
  - 9% of sales

- New marketing, operating, and capital investment plans to be presented H1 2018

(1) As at 31 March 2017; Equity represents Carrying Value; see p.14 for details

## Buyouts – Hotter (cont'd)

- Valuation<sup>(1)</sup>
  - Marketability discount on Enterprise Value 18%
  - Effective EV/EBITDA multiple 7.8x

*(£ millions)*

Trailing 12 Months EBITDA	11.2
EV/EBITDA Market Multiple (Gross)	9.5x
<b>Enterprise Value</b>	<b>106.4</b>
Marketability Discount	(18.3)
<b>Adjusted Enterprise Value</b>	<b>88.1</b>
Net Debt	(29.1)
<b>Carrying Value</b>	<b>59.0</b>

- Effective equity discount 24%

- Electra proportion of value<sup>(1)</sup>

*(£ millions)*

	Entire Company	% Ownership	Electra Proportion
Shareholder Loan Note Value	59.0	72.9%	43.0
Equity Value	-	61.3%	-
<b>Reported Carrying Value</b>	<b>59.0</b>	<b>72.9%</b>	<b>43.0</b>

(1) As at 31 March 2017; Electra's proportion reflects purchase of the former manager's 1% interest following termination

## Co-investments – Photobox

- Controlled by a UK middle market private equity firm
  - Electra has board representation and some information rights

- Operating data

<i>(YE 30 April)</i> <i>(£ millions)</i>	<b>2016</b>	<b>2017</b>
Sales	295.9	326.0
Operating Profit	41.6	40.5
EBITDA	47.4	47.9

- Leverage<sup>(1)</sup>

- Net Debt to EBITDA: 4.5x
- Net Debt to Equity: 1:1

- Recent developments

- Undergoing management transition and IT upgrades
- Evaluating new management and strategy to assess potential value

(1) As at 31 March 2017; Equity represents Carrying Value; see p.16 for details

## Co-investments – Photobox (cont'd)

- Valuation<sup>(1)</sup>
  - Marketability discount on Enterprise Value 27%
  - Effective EV/EBITDA multiple 9.4x

*(£ millions)*

Trailing 12 Months EBITDA	47.7
EV/EBITDA Market Multiple (Gross)	12.9x
<b>Enterprise Value</b>	<b>615.3</b>
Marketability Discount	(166.3)
<b>Adjusted Enterprise Value</b>	<b>449.0</b>
Net Debt	(215.7)
<b>Carrying Value</b>	<b>233.4</b>

- Effective equity discount 42%

- Electra proportion of value<sup>(1)</sup>

*(£ millions)*

	Entire Company	% Ownership	Electra Proportion
Shareholder Loan Note Value	224.4	44.8%	100.5
Equity Value	8.9	37.2%	3.3
<b>Reported Carrying Value</b>	<b>233.4</b>	<b>44.5%</b>	<b>103.8</b>

(1) As at 31 March 2017; Electra's proportion reflects purchase of the former manager's 1% interest following termination



## Co-investments – Knight Square

- Controlled by Epiris under agreements approved by previous board in 2007
  - Electra is largest investor (50%) in consortium investment
  - Electra has no board representation

- Operating data

<i>(YE 31 December)</i> <i>(£ millions)</i>			<b>8 months</b>	
	<b>2015</b>	<b>2016</b>	<b>2016</b>	<b>2017</b>
Sales	74.4	76.1	50.7	48.9
Operating Profit	11.4	9.5	4.8	4.7
EBITDA	14.3	12.1	6.4	6.7

- Leverage<sup>(1)</sup>
  - Net Debt to EBITDA: 2.4x
  - Net Debt to Equity: 1:2
- Recent developments
  - Executing strategy to diversify customer base

(1) As at 31 March 2017; Equity represents Carrying Value; see p.18 for details

## Co-investments – Knight Square (cont'd)

- Valuation<sup>(1)</sup>
  - Marketability discount on Enterprise Value 46%
  - Effective EV/EBITDA multiple 6.3x

*(£ millions)*

Maintainable EBITDA	11.5
EV/EBITDA Market Multiple (Gross)	11.8x
<b>Enterprise Value</b>	<b>135.7</b>
Marketability Discount	(62.6)
<b>Adjusted Enterprise Value</b>	<b>73.1</b>
Net Debt	(27.4)
<b>Carrying Value</b>	<b>45.7</b>

- Effective equity discount 58%

- Electra proportion of value<sup>(1)</sup>

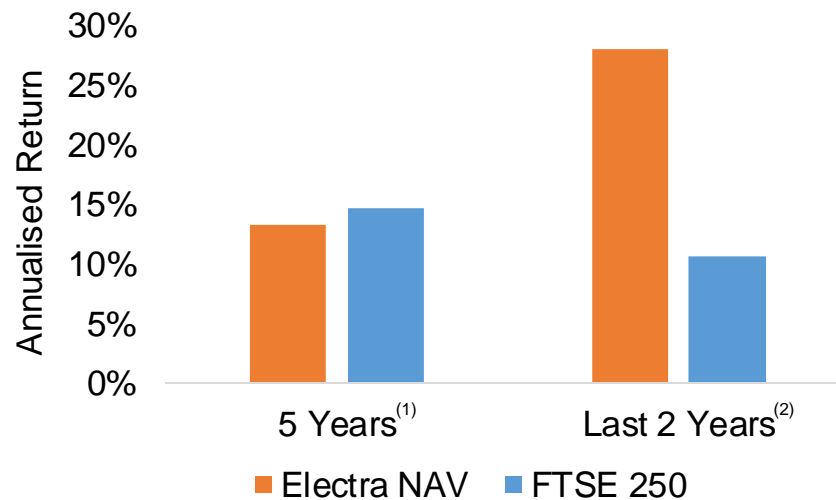
*(£ millions)*

	Entire Company	% Ownership	Electra Proportion
Shareholder Loan Note Value	35.3	60.2%	21.3
Equity Value	10.4	49.8%	5.2
<b>Reported Carrying Value</b>	<b>45.7</b>	<b>57.9%</b>	<b>26.5</b>

(1) As at 31 March 2017; Electra's proportion reflects purchase of the former manager's 1% interest following termination

## Historical returns analysis

- NAV performance versus FTSE 250 index



- 5 year historical returns similar to index
  - Majority of return from multiple expansion and gearing
- Outperformance in last 2 years principally reflects one-time realisation of marketability discounts
  - 75% of returns during Notice Period<sup>(3)</sup>

(1) 5 years to 31 March 2015

(2) 31 March 2015 to 31 May 2017

(3) 31 March 2016 to 31 May 2017

## Strategic options

- Historical approach
  - Invest to achieve returns from gearing and cyclical multiple expansion
- Corporate approach
  - Invest to achieve returns from improved operating performance
  - Lower management fees/expenses
- Selected approach
  - Optimise return on shareholder capital
    - Invest or distribute to shareholders based on prospective returns

## Historical approach – discounts

- Illustrative effect of discounts on shareholder value

		% Discount on	
		<u>EV</u>	<u>Equity</u>
Enterprise Value of Buyout	£ 200		
Borrowings	(100)		
<b>Electra Equity Value</b>	<b>£ 100</b>		
Marketability Discount <sup>(1)</sup>	(46)	23%	46%
<b>Reported NAV</b>	<b>£ 54</b>		
Share Price Discount to NAV <sup>(2)</sup>	(14)	7%	14%
<b>Shareholder Value</b>	<b>£ 41</b>	<b>30%</b>	<b>60%</b>

- Historical Electra marketability discounts on Enterprise Value

<u>2015</u>	<u>2016</u>	<u>H1 2017</u>
23%	27%	31%

(1) Assumes 23% marketability discount on Enterprise Value; Electra's discounts historically 23% or more

(2) Assumes 25% discount, approximately equivalent to 5 year average Electra discount

## Historical approach – discounts (cont'd)

- Factors contributing to private asset fund discounts
  - Valuation methodology
  - Liquidity
  - Expenses
  - Shareholder base
  - Discount control
  - Perpetual reinvestment risk
- Private asset fund structure intrinsically results in lower shareholder value

## Corporate approach

- Corporate structure has potential shareholder benefits
  - Eliminates marketability and NAV discounts
    - Investments valued directly by market
  - Simpler to add value through operating improvements and control of management expenses

	<u>Fund Format</u>	<u>Corporate Format</u>
Enterprise Value	£ 200	£ 200
Borrowings	(100)	(100)
<b>Electra Equity Value</b>	<b>100</b>	
Marketability Discount <sup>(1)</sup>	(46)	
<b>Reported NAV</b>	<b>54</b>	
Share Price Discount to NAV <sup>(2)</sup>	(14)	
<b>Shareholder Value</b>	<b>£ 41</b>	<b>£ 100</b>

- Not viable at present due to portfolio disposals during Notice Period
  - Controlled investments reduced from 11 to 2
  - Value of controlled investments reduced from £1.2 billion to £164 million
- Would require new acquisitions to be economic
  - Current market conditions considered unattractive for acquisitions

(1) Assumes 23% marketability discount on Enterprise Value; Electra's discounts historically 23% or more

(2) Assumes 25% discount, approximately equivalent to 5 year average Electra discount

## Current outlook for new investments

- Return environment for investments

	<b>2012</b>	<b>Current<sup>(1)</sup></b>
FTSE 250 EV/EBITDA	<u>9.2x</u>	<u>13.9x</u>

- Increasing risks from financial gearing
  - Balance sheet leverage at inception typically 1:1 for Electra buyouts
    - Amplifies returns and losses
- Significant reinvestment risk in current environment
  - Reversion to 2012 multiples at 1:1 gearing would reduce NAV by 68%
    - Additional impact from share price discount to NAV

(1) As at 9 October 2017



## Selected approach – capital allocation policy

- Invest or distribute to shareholders based on prospective returns
- Announced capital return de-risks shareholder investment<sup>(1)</sup>

	<b>Value per Share</b>
Recent Share Price	£ 16.50
Dividend	(9.14)
<b>Net Capital Invested</b>	<b>£ 7.36</b>

- Announced distribution raises potential rate of return on post-dividend capital<sup>(2)</sup>

<b>(£ per Share)</b>	<b>Value Before Marketability Discounts</b>	<b>Marketability Discounts</b>	<b>Reported NAV</b>
Cash (Post-Dividend)	3.28	-	3.28
Buyouts	7.99	(2.77)	5.21
Co-investments	6.27	(2.71)	3.55
Carried Interest	(1.64)	0.79	(0.85)
Other Liabilities, net	(0.10)	-	(0.10)
<b>NAV per Share</b>	<b>£ 15.78</b>	<b>£ (4.69)</b>	<b>£ 11.08</b>

(1) £9.14 dividend declared 23 October 2017

(2) Pro forma as at 31 December 2017 after £9.14 per share dividend declared 23 October 2017; valuations as at 31 March 2017 pending year-end audit

## Summary

- Structural disadvantages of listed private asset vehicle appear unattractive
  - Multiple levels of discount
- Current market conditions favour return of capital to shareholders versus reinvestment in new assets
- Retain option to invest in corporate format if investment outlook changes
- Optimised capital allocation policy to measure prospective returns on shareholder capital versus returns of capital to shareholders

## Implementation

- £350 million (914p per share) dividend declared today
- Explore options for reclassification of current listing
  - Investment trust tax benefits no longer applicable following sale of passive portfolio
  - Solicitation of shareholder approvals
- Further reduce operating costs to minimise drag on shareholder returns
- Optimise return on existing assets and grow or divest as appropriate
  - Return or reinvest realisation proceeds based on prospective returns
- Remove “private equity” from corporate name

**Appendix**

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## Flow of funds

- 12 month periods ending 31 March

<i>(£ millions)</i>	
<b>31 March 2014 Cash, net</b>	<b>£ 71.0</b>
(Investments) / Realisations, net	138.0
Carried Interest	(39.0)
Management Fee	(26.0)
Other Expenses	(13.0)
Interest Expense	(14.0)
Distributions to Shareholders	-
<b>31 March 2015 Cash, net</b>	<b>£ 117.0</b>
(Investments) / Realisations, net	304.0
Carried Interest	(19.0)
Management Fee	(26.0)
Other Expenses	(4.0)
Interest Expense	(6.0)
Distributions to Shareholders	(45.0)
<b>31 March 2016 Cash, net</b>	<b>£ 321.0</b>
(Investments) / Realisations, net	1,521.0
Carried Interest	(192.0)
Management Fee	(32.0)
Other Expenses	(14.8)
Interest Expense	(1.0)
Redemption of ZDP Shares	(73.0)
Distributions to Shareholders	(156.3)
<b>31 March 2017 Cash, net</b>	<b>£ 1,372.9</b>
(Investments) / Realisations, net <sup>(1)</sup>	556.6
Carried Interest <sup>(1)</sup>	(54.7)
Management Fee <sup>(2)</sup>	(39.0)
Other Expenses	(10.7)
Interest Expense	-
Distributions to Shareholders <sup>(3)</sup>	(1,699.7)
<b>PF 31 December 2017 Cash, net</b>	<b>£ 125.4</b>

(1) Gives effect to realisations and redemptions currently signed

(2) Represents £5.0 million management fee and £34.0 million termination payment

(3) Includes £350 million dividend declared 23 October 2017

## Co-investments – Sentinel

- Controlled by Epiris under agreements approved by previous board in 2007
  - Electra is largest investor (53%) in consortium investment
  - Electra has no board representation

- Operating data

<i>(YE 31 March)</i> <i>(£ millions)</i>	<b>5 months</b>			
	<b>2016</b>	<b>2017</b>	<b>2017</b>	<b>2018</b>
Sales	16.1	18.0	5.7	6.0
Operating Profit	1.9	2.7	(0.0)	(0.3)
EBITDA	2.2	3.0	0.1	(0.2)

- Leverage<sup>(1)</sup>

- Net Debt to EBITDA: 4.7x
- Net Debt to Equity: 2:1

(1) As at 31 March 2017; Equity represents Carrying Value; see p.31 for details

## Co-investments – Sentinel (cont'd)

- Valuation<sup>(1)</sup>
  - Marketability discount on Enterprise Value 53%
  - Effective EV/EBITDA multiple 6.6x

*(£ millions)*

Maintainable EBITDA	2.7
EV/EBITDA Market Multiple (Gross)	14.1x
<b>Enterprise Value</b>	<b>38.1</b>
Marketability Discount	(20.1)
<b>Adjusted Enterprise Value</b>	<b>18.0</b>
Net Debt	(12.6)
<b>Carrying Value</b>	<b>5.4</b>

- Effective equity discount 79%

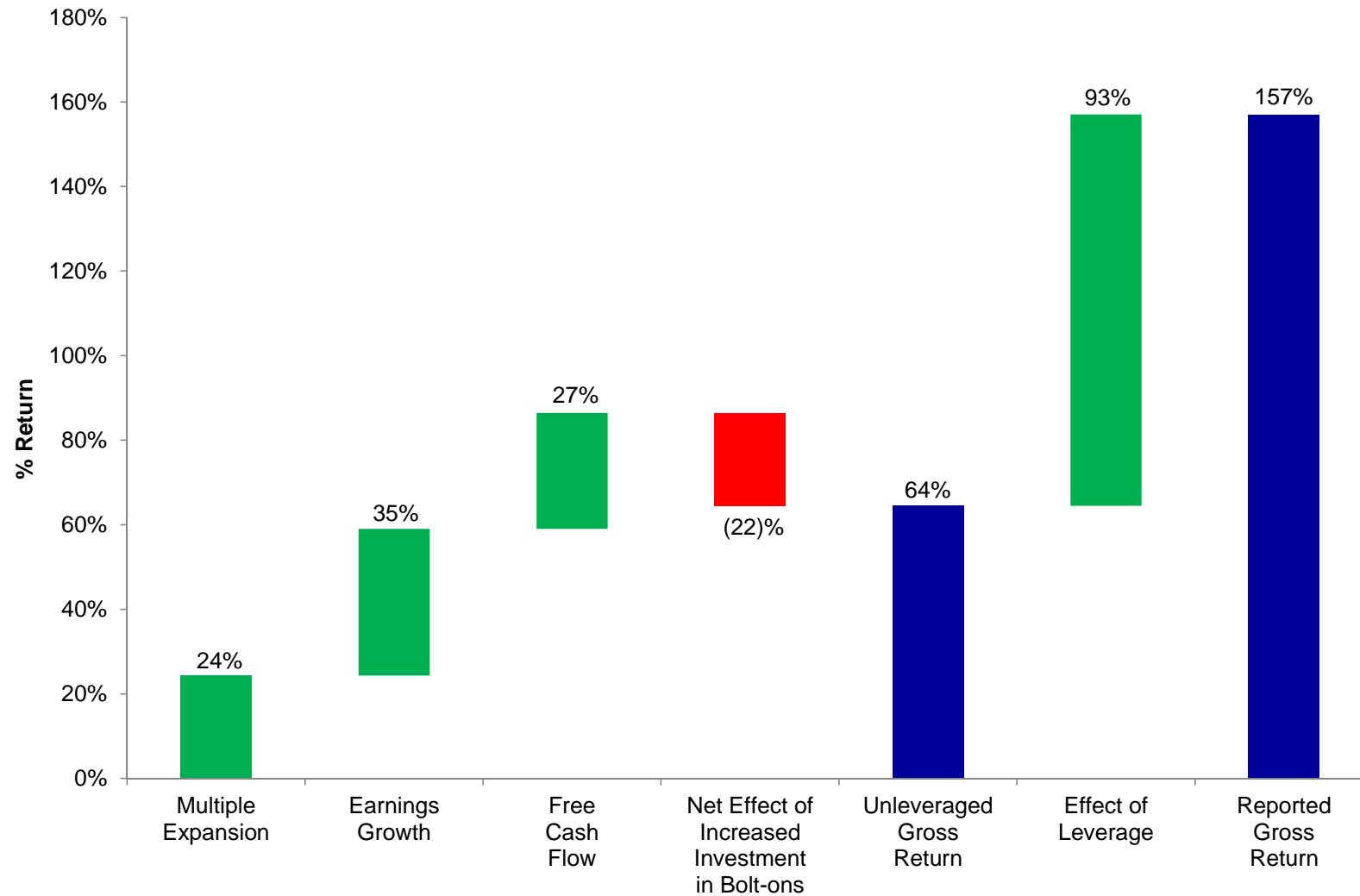
- Electra proportion of value<sup>(1)</sup>

*(£ millions)*

	Entire Company	% Ownership	Electra Proportion
Shareholder Loan Note Value	2.8	60.3%	1.7
Equity Value	2.5	53.3%	1.3
<b>Reported Carrying Value</b>	<b>5.4</b>	<b>57.0%</b>	<b>3.0</b>

(1) As at 31 March 2017; Electra's proportion reflects purchase of the former manager's 1% interest following termination

## Example of realised investment return – Elian







## Example of realised investment return – Elian (cont'd)

### Highly accretive and margin enhancing

#### Illustrative combined financials

€m	 <b>Intertrust</b> (Dec-15 YE <sup>1</sup> )	 <b>ELIAN</b> (Jan-16 YE)	Synergies	Intertrust + Elian
Adj. revenue	351	111	3 <sup>2</sup>	466
Adj. EBITDA % margin	149 42.5%	39 35.4%	13 <sup>3</sup>	202 43.3%
Adj. EBITA % margin	142 40.4%	37 33.5%	13 <sup>3</sup>	192 41.3%
Tax rate	~18%	~10%		~16%
Adj. net income per share (CY 2018E)				~20% accretion <sup>4</sup>

Note: £ financials converted to € at FX rate of 1.28 on 3-Jun-16

1. Pro forma for CorpNordic

2. Run-rate gross revenue synergies of £2.7m

3. Run-rate synergies of £10.4m, including net revenue synergies, by CY 2018E

4. Including synergies, compared to Bloomberg consensus on 3-Jun-16

