

# Electra Private Equity PLC

## Annual General Meeting

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*27<sup>th</sup> February 2019*



## Composition of NAV at year end and following disposals announced on 4<sup>th</sup> October 2018

(£ millions)	30 September 2018		Pro forma NAV after Disposals Announced 4th October 2018	
	NAV per Share		Share	
	NAV	(pence)	NAV	(pence)
TGI Fridays	124.6	326	124.6	326
Hotter Shoes	6.8	18	6.8	18
SPC	7.3	19	7.3	19
Others	3.5	9	3.5	9
<b>Buyouts</b>	<b>142.2</b>	<b>372</b>	<b>142.2</b>	<b>372</b>
Photobox	96.1	251	-	-
Knight Square	20.7	54	-	-
Sentinel	4.1	11	4.1	11
Other	3.4	8	3.4	8
<b>Other investments</b>	<b>124.3</b>	<b>324</b>	<b>7.5</b>	<b>19</b>
<b>Investment Portfolio</b>	<b>266.5</b>	<b>696</b>	<b>149.7</b>	<b>391</b>
Cash & cash equivalents	75.8	198	192.6	503
Other Net Assets / (Liabilities)	(0.6)	(2.0)	(0.6)	(2.0)
<b>Net Asset Value</b>	<b>341.7</b>	<b>892</b>	<b>341.7</b>	<b>892</b>

## Investment Objective and Policy adopted 30<sup>th</sup> October 2018

- Electra's investment objective is to follow a realisation strategy which aims to crystallise value for shareholders, through balancing the timing of returning cash to shareholders with maximisation of value.
- The Company will not make any new investments but will continue to support its existing investments to the extent required in order to optimise returns.
- The Company will retain sufficient cash to meet its obligations and to support its portfolio assets, with cash from realisations being invested in AAA rated money market funds pending utilisation or return to shareholders.
- Should it be appropriate to utilise gearing in order to optimize the balance between timing of returning cash to shareholders and maximisation of value the Company will maintain gearing below 40% of its total assets.

## Summary of events following the Year End

- **4<sup>th</sup> October 2018:** announcement of disposal of Photobox and Knight Square. EGM called to consider revised Investment Objective and Policy
- **19<sup>th</sup> October 2018:** disposal of Photobox completed with receipt of £98m
- **30<sup>th</sup> October 2018:** EGM. Revised Investment Objective and Policy adopted by over 99% of shareholders. £140m Special Dividend announced
- **14<sup>th</sup> December 2018:** disposal of Knight Square completes with receipt of £20.8m
- **Jan./Feb. 2019:** £7.5m invested in Hotter
- **27<sup>th</sup> February 2019:** AGM, £20.8m Special Dividend announced, payable 12<sup>th</sup> April '19 to shareholders on 15<sup>th</sup> March 2019

# Composition of NAV at year end and following disposals announced on 4<sup>th</sup> October 2018

(£ millions)	30 September 2018		Pro forma NAV after Disposals Announced 4th October 2018		Pro forma NAV after all disposals, distributions and Hotter Investment *	
	NAV	NAV per Share (pence)	NAV	Share (pence)	NAV	Share (pence)
TGI Fridays	124.6	326	124.6	326	124.6	326
Hotter Shoes	6.8	18	6.8	18	14.3	37
SPC	7.3	19	7.3	19	7.3	19
Others	3.5	9	3.5	9	3.5	9
<b>Buyouts</b>	<b>142.2</b>	<b>372</b>	<b>142.2</b>	<b>372</b>	<b>149.7</b>	<b>391</b>
Photobox	96.1	251	-	-	-	-
Knight Square	20.7	54	-	-	-	-
Sentinel	4.1	11	4.1	11	4.1	11
Other	3.4	8	3.4	8	3.4	8
<b>Other investments</b>	<b>124.3</b>	<b>324</b>	<b>7.5</b>	<b>19</b>	<b>7.5</b>	<b>19</b>
<b>Investment Portfolio</b>	<b>266.5</b>	<b>696</b>	<b>149.7</b>	<b>391</b>	<b>157.2</b>	<b>410</b>
Cash & cash equivalents	75.8	198	192.6	503	24.3	64
Other Net Assets / (Liabilities)	(0.6)	(2.0)	(0.6)	(2.0)	(0.6)	(2)
<b>Net Asset Value</b>	<b>341.7</b>	<b>892</b>	<b>341.7</b>	<b>892</b>	<b>180.9</b>	<b>472</b>

\* Pro forma NAV after Disposals Announced 4th October 2018 & Distributions on 15th December 2018 and 12th April 2019 and Hotter Investment

# TGI Fridays

- Operating data:

(£ millions)	<u>Year to end</u>	<u>Year to end March</u>	
	<u>Sept. '18</u> <sup>(1)</sup>	<u>2017</u>	<u>2016</u>
Sales	209.1	216.0	211.0
Operating profit	16.6	22.3	21.0
EBITDA <sup>(2)</sup>	26.8	33.3	31.0

- Trading conditions were challenging in the year with over-supply in a still growing market leading to competitor discounting. TGI maintained margins and has plans in place to recover volume lost through targeted promotional activity and brand marketing.
- One-off impacts of extreme weather and the World Cup estimated to have reduced revenue by 4% in FY18 and EBITDA by £2.5m (not adjusted in the year-end valuation).
- The business continues to focus on providing a great dining experience with growth through attracting and retaining new customers and sustainable store expansion, achieving returns on investment of around 35% on recent openings.

(1) Based on last 12 month's unaudited management accounts

(2) EBITDA as reported after non-recurring items

## Hotter Shoes

- Operating data:

(£ millions)	<u>Year to end</u>	<u>Year to end January</u>	
	<u>Sept.'18</u> <sup>(1)</sup>	<u>2018</u>	<u>2017</u>
Sales	95.7	100.8	98.0
Operating profit	0.5	5.0	4.3
EBITDA	3.5	9.5	9.0

- After 3 years of consistently earning £9.0m-£9.5m EBITDA Hotter has had a challenging year and actions are now being taken to recover profitability and provide a solid and more resilient base for the future.
- The UK direct and wholesale channels have proved resilient however UK retail and US direct have been severely impacted by adverse trading conditions.
- Demand for product continues to be high and with an active UK direct database of 0.8 million customers with a further 0.5m customers pa through retail the opportunity for profit growth is good.
- US business has an active database of 160k customers with a proven concept for growth.
- £7.5m invested in early 2019 to fund continuation of strategic projects
- Ian Watson joins as CEO on 4<sup>th</sup> March 2018

(1) Based on last 12 month's unaudited management accounts

## Special Product Company

- Operating data:

(\$ millions)	<u>Year to end</u>	<u>Year to end March</u>	
	<u>Sept.'18</u> <sup>(1)</sup>	<u>2018</u>	<u>2017</u>
Sales	28.4	21.2	20.4
Operating profit <sup>(2)</sup>	2.9	1.3	1.6
EBITDA <sup>(2)</sup>	2.9	1.3	1.7

- The weakness in this business has historically been its concentration of too few products across too few customers – leaving it subject to significant performance fluctuations in line with its customers' cap-ex projects lifecycle.
- Significant progress has now been made in development of more 'next generation' product as well as collaborative R&D working with its larger customers to meet their wider needs.
- Expansion of US customer base also achieved with the potential for export opportunities for the 1<sup>st</sup> time.

(1) Based on last 12 month's unaudited management accounts

(2) Excludes product warranty charge of \$3.5m



## Overview

- NAV as at 30 September 2018 of £341.7m (892 pence per share)
- Following the disposal of Photobox and Knight Square post year end and the two £140m Special Dividends totalling £160.8m pro forma NAV of £180.9m (472 pence per share)
- Main controlled assets have LTM maintainable EBITDA and Net Debt of:

<b>(£ millions)</b>	<b><u>Year to end</u></b>	
	<b><u>Sept.'18</u></b> <sup>(1)</sup>	<b><u>Net Debt</u></b>
TGI Fridays	27.6	(63.5)
Hotter Shoes <sup>(3)</sup>	3.5	(9.9)
SPC	2.2	(0.7)
Corporate <sup>(2)</sup>		24.3
	<u>33.3</u>	<u>(49.8)</u>

- TGI and Hotter trading and valuation impacted by unfavourable market conditions in year to September. Recovery plans for both businesses are in place and now being implemented
- Realistic timeframe for exits from remaining assets: 18-36 months

(1) Based on last 12 month's unaudited management accounts

(2) Pro forma following £20.8m Special Dividend due to be paid 12<sup>th</sup> April 2019

(3) Net Debt proforma following additional £7.5m in early 2019

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