



**Electra Private Equity PLC
Half Year Review and Analysis**

May 2015



Electra Private Equity PLC

- Pure play private equity
- Investment trust since 1935, listed since 1976
- Net assets £1.4 billion at 31 March 2015
- Investment objective is to achieve a compound return on equity of 10-15% per year over the long term
- Managed on an exclusive and fully discretionary basis by Electra Partners
- Ordinary shares, ZDPs and Convertible Bonds



Why Electra is different

Consistent Long-term Performance

- Consistent outperformance of the peer group and benchmark over the long-term. In the 10 years to 31 March 2015:
 - 251% increase in Electra's diluted NAV per share; 253% increase in Electra's share price
 - 36% increase in the Morningstar Private Equity Share Price Index (ex-Electra)
 - 111% increase in the FTSE All-Share
 - 13% diluted NAV per share annualised return, at the upper end of Electra's 10-15% per annum target

Fully Exploits its Flexible Investment Mandate

- Electra has the most flexible investment mandate in the listed private equity sector meaning it has the ability to invest in the full range of private equity opportunities
- This allows Electra Partners to tailor its investment strategy to suit changing market conditions, thereby deploying capital where it sees the best relative value for shareholders
- Electra's structure means it can provide long-term capital to portfolio businesses. Investee companies can be supported with a long-term strategy and access to capital. Exits are sought only when returns can be maximised for shareholders, rather than a forced sale to demonstrate a track record for future fundraisings

Experienced Manager

- Successfully managed by Electra Partners for over 25 years investing in excess of £4.5 billion in over 200 deals
- During this time the firm has accumulated considerable experience of investing across economic cycles, sectors, geographies and business models and built a long and distinguished track record

Low Risk of Overcommitment

- Electra invests directly in transactions arranged by Electra Partners, as opposed to being one LP in a fund managed in the interests of a range of investors
- This means that Electra Partners can moderate the pace of investment dependent on the level of net liquid resources. As a result, there is a very low risk of over-commitment – a problem that many LPE investment trusts have encountered

Highlights for the six months to 31 March 2015

- Strong NAV growth of 12%
- 10-year annualised return of 13% - at the upper end of our 10-15% target
- £129 million invested
- Active ownership approach driving value in the portfolio
- Balance sheet more effectively deployed
- Portfolio well positioned for further strong performance
- Interim dividend of 1% of NAV declared, amounting to 38p per share

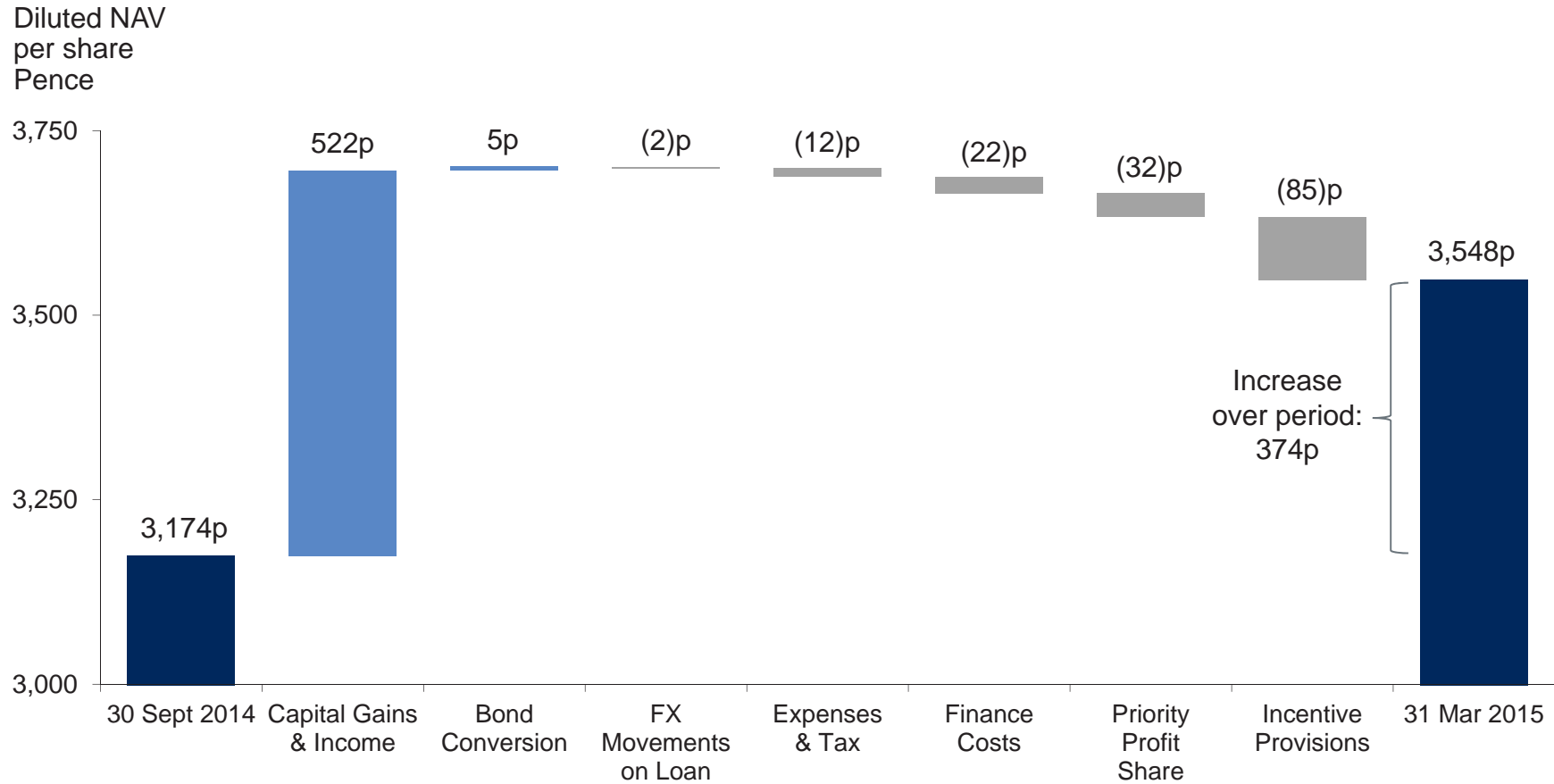
Results: Six months to 31 March 2015

	31 March 2015	30 September 2014	Change
Net assets (£m)	1,350	1,195	13.0%
Net Asset Value per share (diluted)	3,548p	3,174p	11.8%
Share price	3,160p	2,650p	19.2%
Discount	10.9%	16.5%	

- FTSE All-Share up 5.3% over the six months to 31 March 2015
- Partially adjusted diluted NAV per share at 15 May 2015 was 3,533p (share price 3,135p)
- NAV per share (diluted) increase in the year to 31 March 2015 was 21.7%

Analysis of movement in NAV per share

Six months to 31 March 2015



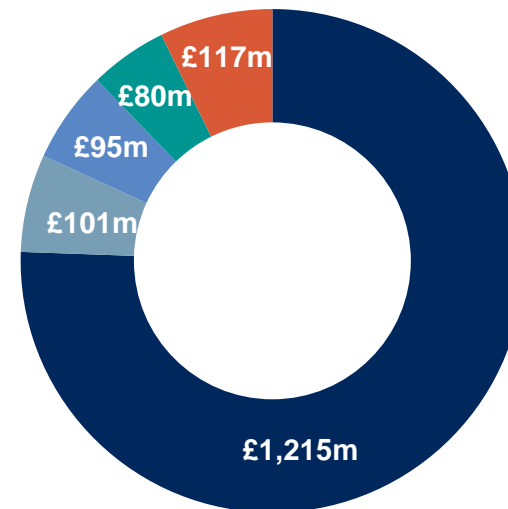
Balance sheet / Portfolio

At 31 March 2015

Balance Sheet Summary

31 March 2015	£m
Portfolio	1,608
Net Liabilities	(115)
ZDP	(67)
Convertible Bond	(76)
Net Assets	1,350

Portfolio £1,608 million



- Direct unlisted at Fair Value 76% (29 companies)
- Secondaries 6% (6 Portfolios)
- Listed 6% (7 investments)
- Funds 5% (15 Funds; 65 underlying investments)
- Cash 7%

Investment portfolio – changes

Six months to 31 March 2015 compared to corresponding prior periods

Six months to 31 March	2015 £m	2014 £m	2013 £m	2012 £m
Opening investment portfolio	1,272	968	868	883
New investment	129	134	204	92
Realisations / Income	(121)	(152)	(112)	(268)
Total return	211	89	161	79
Closing investment portfolio	1,491	1,039	1,121	786
Return as a percentage of opening portfolio	16.6	9.2	18.5	8.9

Note: Total return in year to 31 March 2015 was £368 million (percentage return: 35.4%)

Portfolio analysis by segment

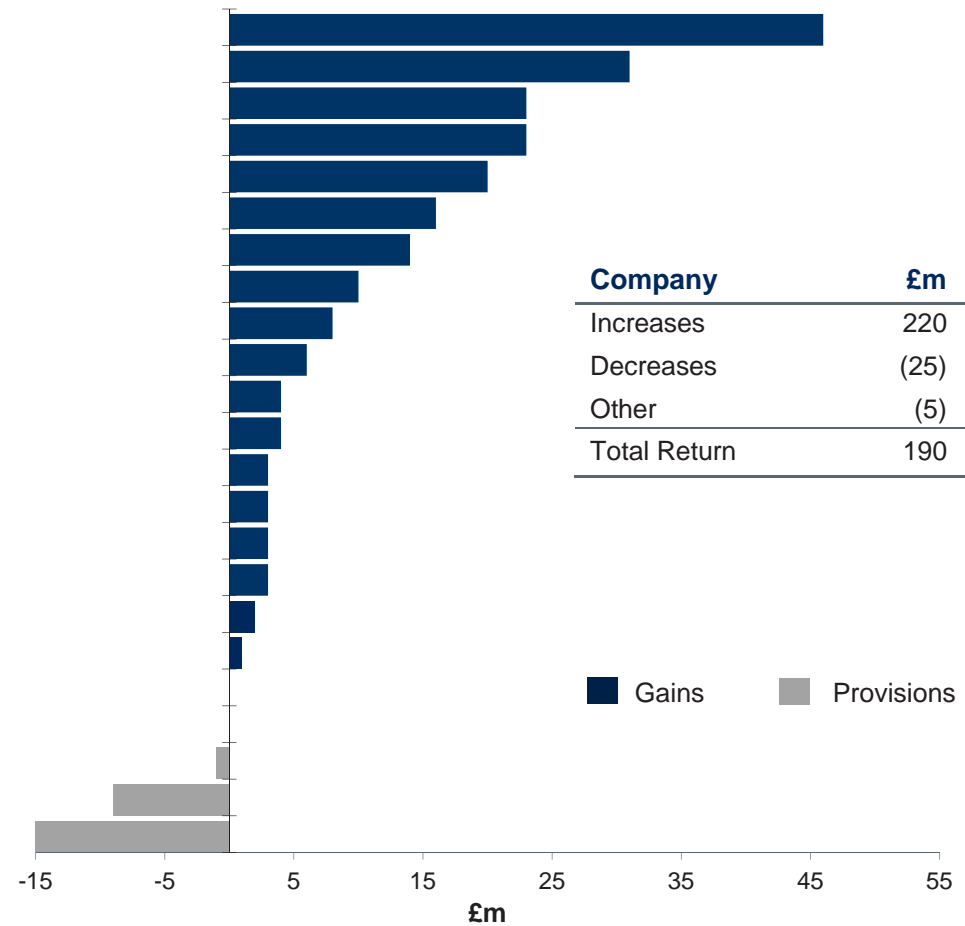
Six months to 31 March 2015

	Valuation at 30 Sept 2014 £m	Purchases £m	Sales / Income £m	Total Return £m	Valuation at 31 Mar 2015 £m	Performance %
Direct Unlisted	996	112	83	190	1,215	19.1
Secondaries	105	14	23	5	101	4.8
Funds	80	3	7	4	80	5.0
Listed	91	-	8	12	95	13.2
	1,272	129	121	211	1,491	16.6

Direct Unlisted investments – Ranked by return

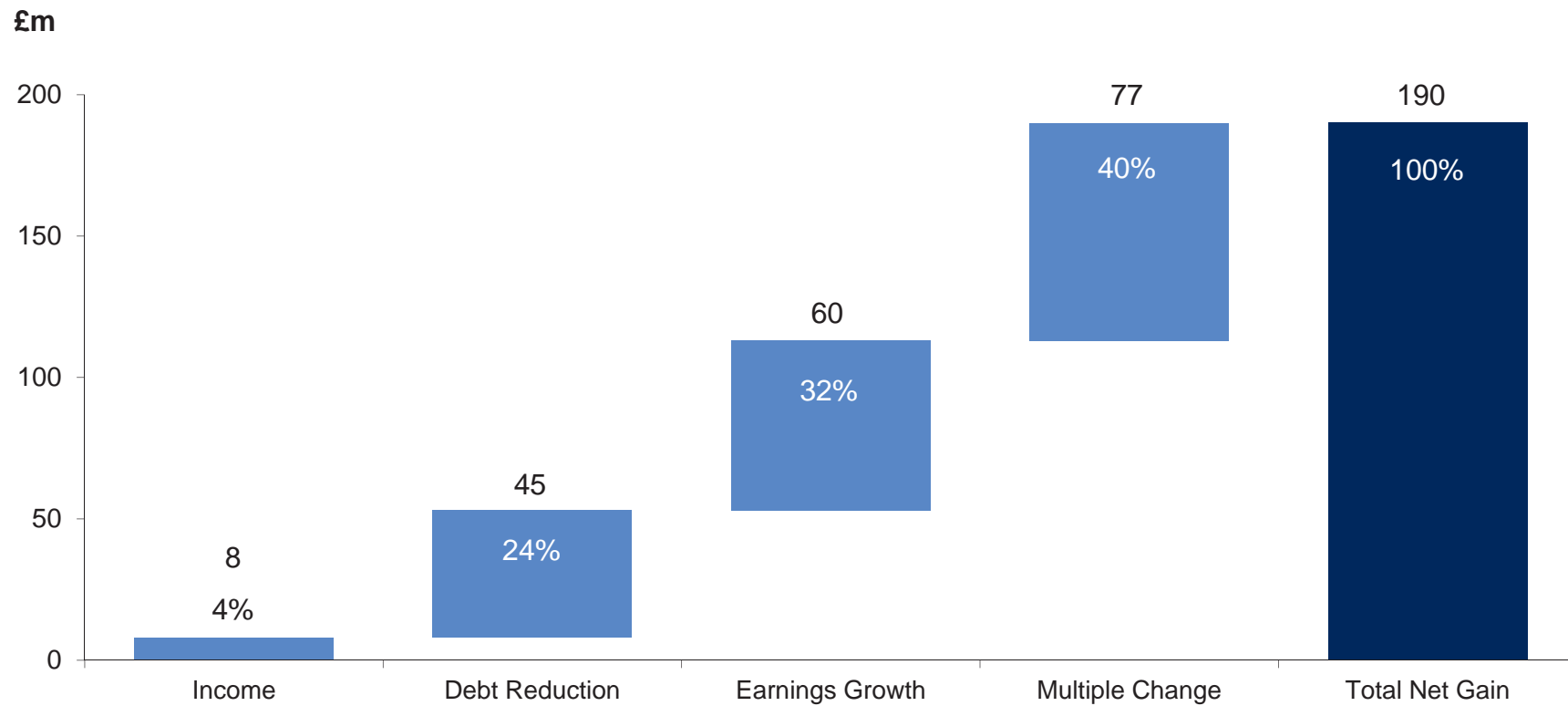
Six months to 31 March 2015

Company	Return in Period £m	Change %
AXIO	46	49
TOBC	31	62
Park Resorts	23	17
Audiotonix	23	36
Elian	20	26
SVMP	16	89
Allflex	14	22
Nuaire	10	26
South Lakeland	8	20
Treetops	6	38
Kalle	4	61
Knight Square	4	13
CALA	3	8
PINE	3	13
Premier	3	12
TGI Fridays	3	3
Hotter	2	3
Labco	1	8
Davies	-	-
Innovia	-	-
Promontoria	(1)	(6)
Sentinel	(9)	(100)
Daler-Rowney	(15)	(52)

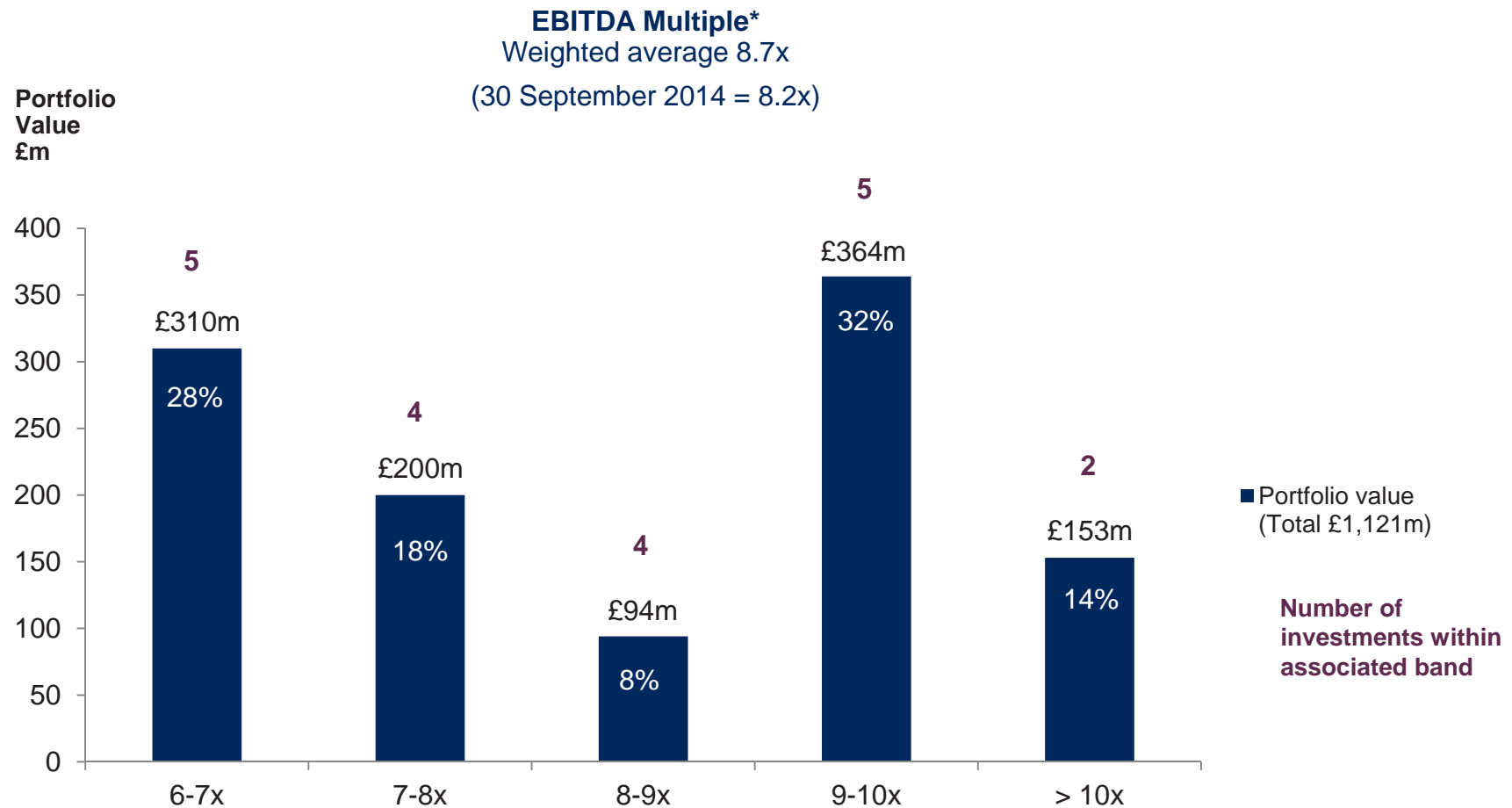


Direct Unlisted - Analysis of total return

Six months to 31 March 2015



Direct Unlisted – Valuation multiples



* All investments over £5 million with the exception of CALA, Promontoria and PINE

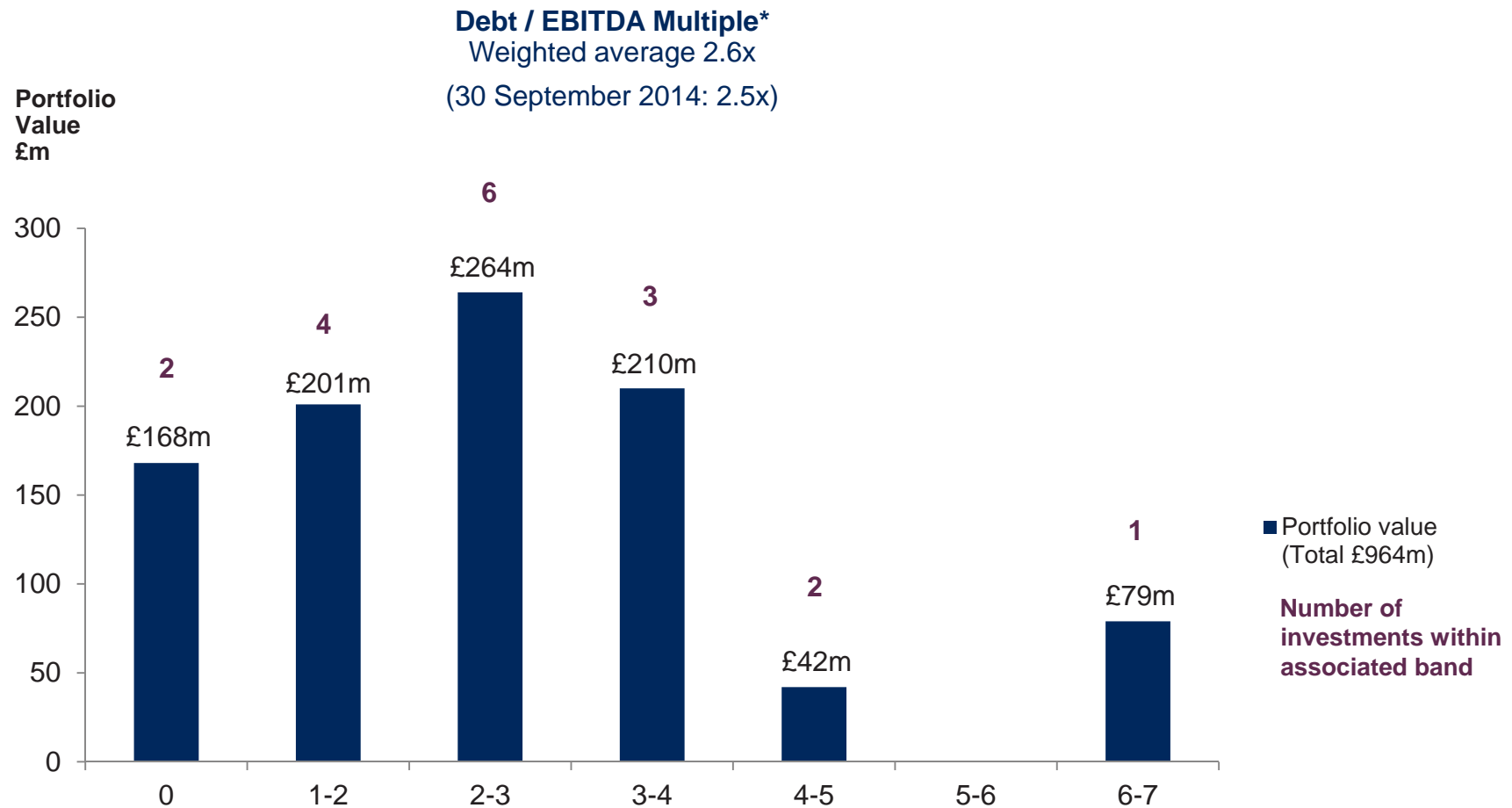
Direct Unlisted – EBITDA growth rates

EBITDA Growth (LTM)*
 Weighted average growth rate of 16.4%



* All investments over £5 million with the exception of CALA, Promontoria and PINE and those held for less than 12 months

Direct Unlisted – Debt / EBITDA ratio



* All investments over £5 million with the exception of CALA, Promontoria, PINE, Sentinel and Park Resorts

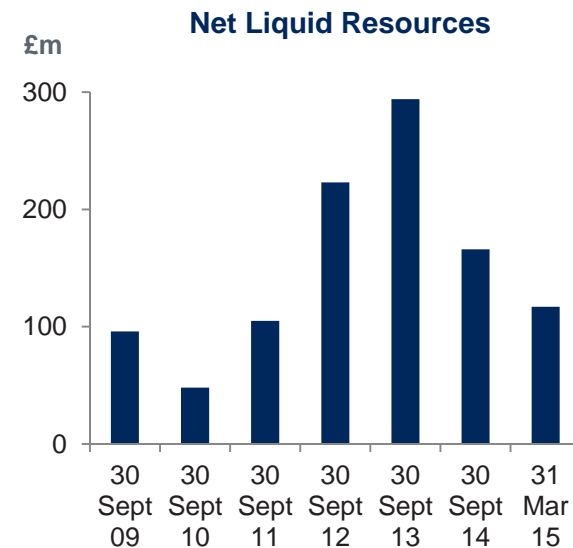
Direct Unlisted – Investments

Company	Sector	Financial Year of Investment	Valuation Basis	Cost £m	Valuation at 31 Mar 215 £m	% of Unlisted	Cumulative %	
Park Resorts	Caravan parks operator	2012	Earnings	69.1	155.9	12.8	12.8	
AXIO	B2B information services	2013	Earnings	25.1	138.6	11.4	24.2	
TGI Fridays	Restaurant chain	2015	Recent transaction	99.4	99.4	8.2	32.4	
Elian	Fiduciary services	2014	Earnings	76.2	96.2	7.9	40.3	
Audiotonix	Audio mixing consoles	2014	Earnings	64.0	86.5	7.1	47.5	
TOBC	Ten-pin bowling centre operator	2014	Earnings	50.5	81.2	6.7	54.1	
Allflex	Animal tagging	2013	Earnings	68.0	79.3	6.5	60.7	
Hotter	Shoe manufacturer	2014	Earnings	84.5	73.6	6.1	66.7	
South Lakeland	Caravan parks operator	2013	Earnings	19.1	49.0	4.0	70.8	
Nuaire	Ventilation systems	2007	Earnings	13.9	47.9	3.9	74.7	
CALA	Premium house builder	2013	Net assets	31.7	40.6	3.3	78.0	
Knight Square	Property management	2012	Earnings	8.3	34.1	2.8	80.8	
SVMP	Caravan parks operator	2014	Earnings	17.9	33.7	2.8	83.6	
Innovia	Speciality films and substrate	2014	Earnings	32.7	32.7	2.7	86.3	
Premier	Asset management	2007	Earnings	30.4	29.3	2.4	88.7	
PINE	Nursery school finance	2005	Net assets	14.0	25.5	2.1	90.8	
Davies	Insurance claims management	2011	Earnings	38.8	22.9	1.9	92.7	
Treetops	Nursery education	2012	Earnings	12.4	22.4	1.8	94.5	
Promontoria	Property holding Co.	2007	Net assets	11.7	15.6	1.3	95.8	
Daler-Rowney	Fine art products	2011	Earnings	17.5	14.3	1.2	97.0	
Labco	Medical diagnostics	2008	Earnings	24.7	14.2	1.2	98.2	
Kalle	Food containers	2010	Earnings	4.4	9.4	0.8	98.9	
				814.3	1,202.3			
Direct Other (7)						12.8	1.1	100.0
Total						1,215.1		

Electra liquidity position

- As at 31 March 2015, Electra had:
 - Outstanding commitments to private equity funds and secondary funds of £54m
 - Bank facilities of £275m available until December 2019
 - ZDP shares repayable in August 2016 in an amount of £73m
 - Convertible Bonds repayable in December 2017 unless converted (Electra can require conversion from December 2015 provided the share price exceeds 2,665p on at least 20 dealing days in a 30 consecutive dealing day period)

	31 Mar 2015		30 Sept 2014	
	£m	% of NAV	£m	% of NAV
Liquid resources	117	9	318	27
Bank borrowings	Nil	-	(152)	13
Net liquid resources	117	9	166	14
ZDP shares	(67)	5	(65)	5
Convertible Bond*	(90)	7	(97)	8



* Repayment amount of Bonds outstanding

Electra Partners' investment strategy

1. Buyouts & Co-investments

- Direct investments
- High-quality, well-managed businesses
- Potential for profit growth
- Buyouts: £40 – 120 million investment in UK-centric companies
- Co-investments: £20 – 60 million investment in UK or international companies

2. Secondaries

- Individual fund positions
- Portfolios of fund positions
- Secondary directs

3. Debt

- Primary debt
- Secondary performing
- Secondary stretched

Deal origination particularly focussed around growth themes



Austerity / Value

Help consumers and/or businesses reduce costs/save money

E.g. Park Resorts



Regulation

Current and prospective regulation a substantial driver of growth

Allflex Corporation



Demographic change

Services and products with demand driven by demographic change

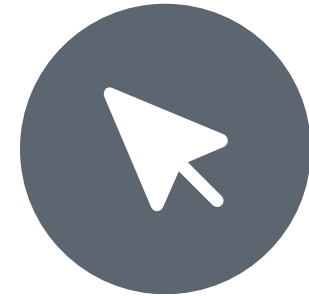
Hotter



International

Realised or unrealised potential to exploit growth in international markets

Audiotonix






Digital Economy

Services and products enabled by processing and communications technology

AXIO Data Group

New investments

Company	Business description	New capital invested / Committed	Ownership	Investment rationale
	American-style restaurant chain	£99m	77.7%	Wide demographic appeal, impressive financial track record and an excellent management team
 	SCR is the world's largest manufacturer of electronic milk meters and smart tags for monitoring cow fertility and health	US\$18m (£11m)	14.9% (Allflex)	Allflex's acquisition of SCR provides the company with an entry into a highly attractive adjacent sector and cements Allflex's position as the worldwide leader
Secondaries	Three secondary funds	£14m	n/a	Attractive acquisition discount, wide diversification, and high quality, cash-generative underlying assets

TGI Fridays UK

Investment



- In December 2014 Electra acquired the UK franchise of TGI Fridays, the American-style restaurant chain. Electra invested £99 million of equity in the deal alongside TGI's management team
- TGI Fridays is an authentic American casual restaurant chain offering a fun and lively dining experience for both young adults and families alike. The group has 66 UK restaurants, operating from a range of locations, including city centres, shopping centres and leisure parks. TGI Fridays restaurants focus on engagement with guests and the business prides itself on creating a memorable experience thanks to its energetic and enthusiastic team and lively atmosphere
- TGI is an attractive, differentiated business with an impressive financial track record and an excellent management team. The company's best-in-class service, bars and dining environments create a unique guest experience with a wide demographic appeal
- TGI's growth strategy is to develop the business further through a mixture of organic growth and new restaurant openings, while at the same time continuing to improve the existing sites

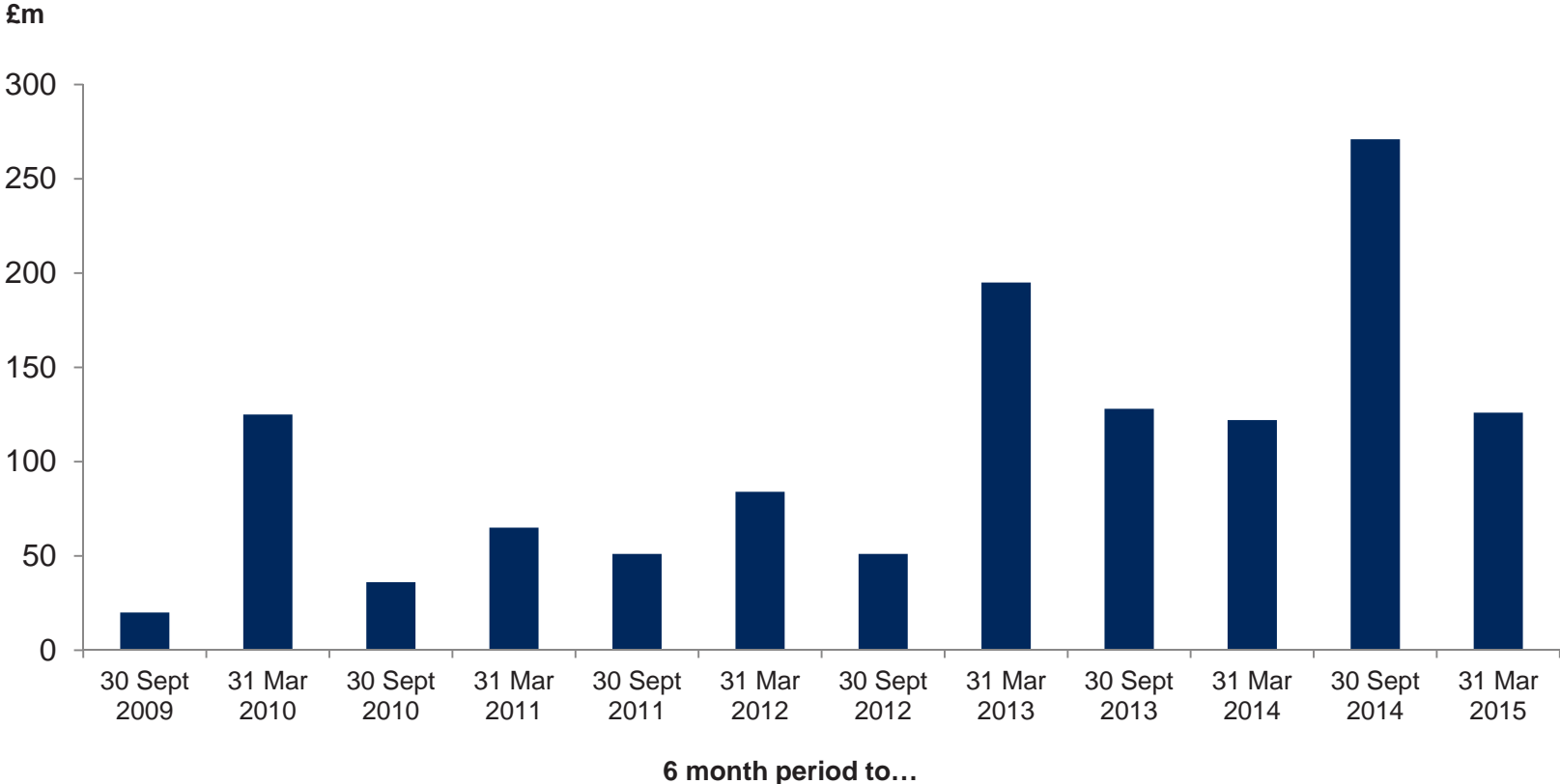


Recap on last meeting

- At the November 2014 presentation of Electra's Full Year results we mentioned:
 - The year to 30 September 2014 was another record year for new investment
 - Electra's flexible investment mandate continued to play an important role in this (c. 87% of new investments were in buyouts and a significant portion were in co-investments)
 - After a dip in Q1 2014, deal volumes stabilised for the rest of year; deal pricing also flattened off
 - Electra Partners continued to find value – our average “in price” for the year was significantly below the market. Whilst we were happy to pay up for high-growth assets in competitive sale processes, the market was undervaluing lower-growth, cash-generative businesses and we were able to acquire these at attractive prices
 - The pipeline remains full and we expected to deploy a significant amount of capital - but we are extremely selective
 - Still some further action on bank-owned assets, but expect fewer deals of this type
 - As ever, we remain patient and disciplined

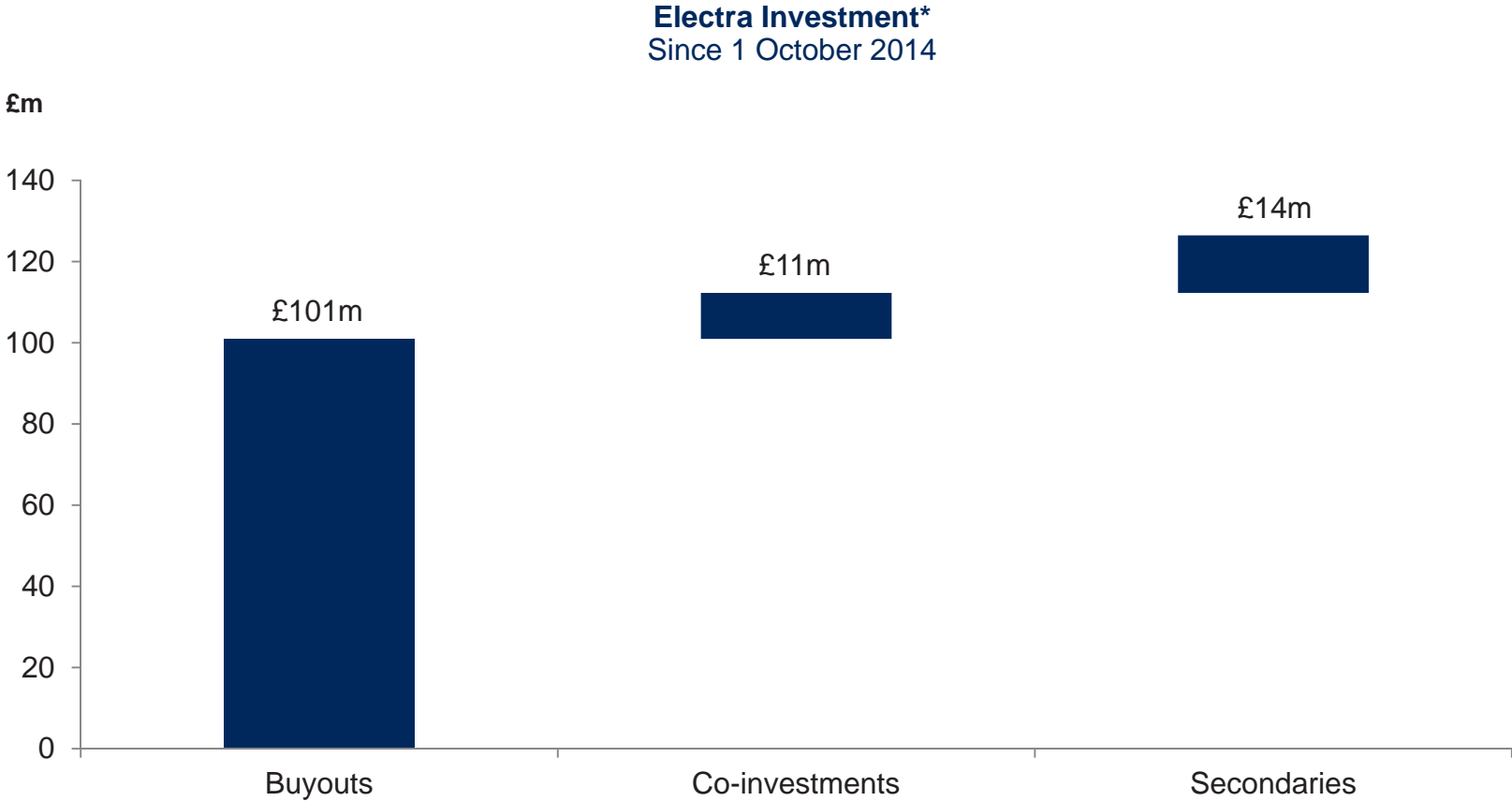
HY 2015: A slower period for new investment, but still £126 million* put to work

Electra Investment*
Per 6 month period



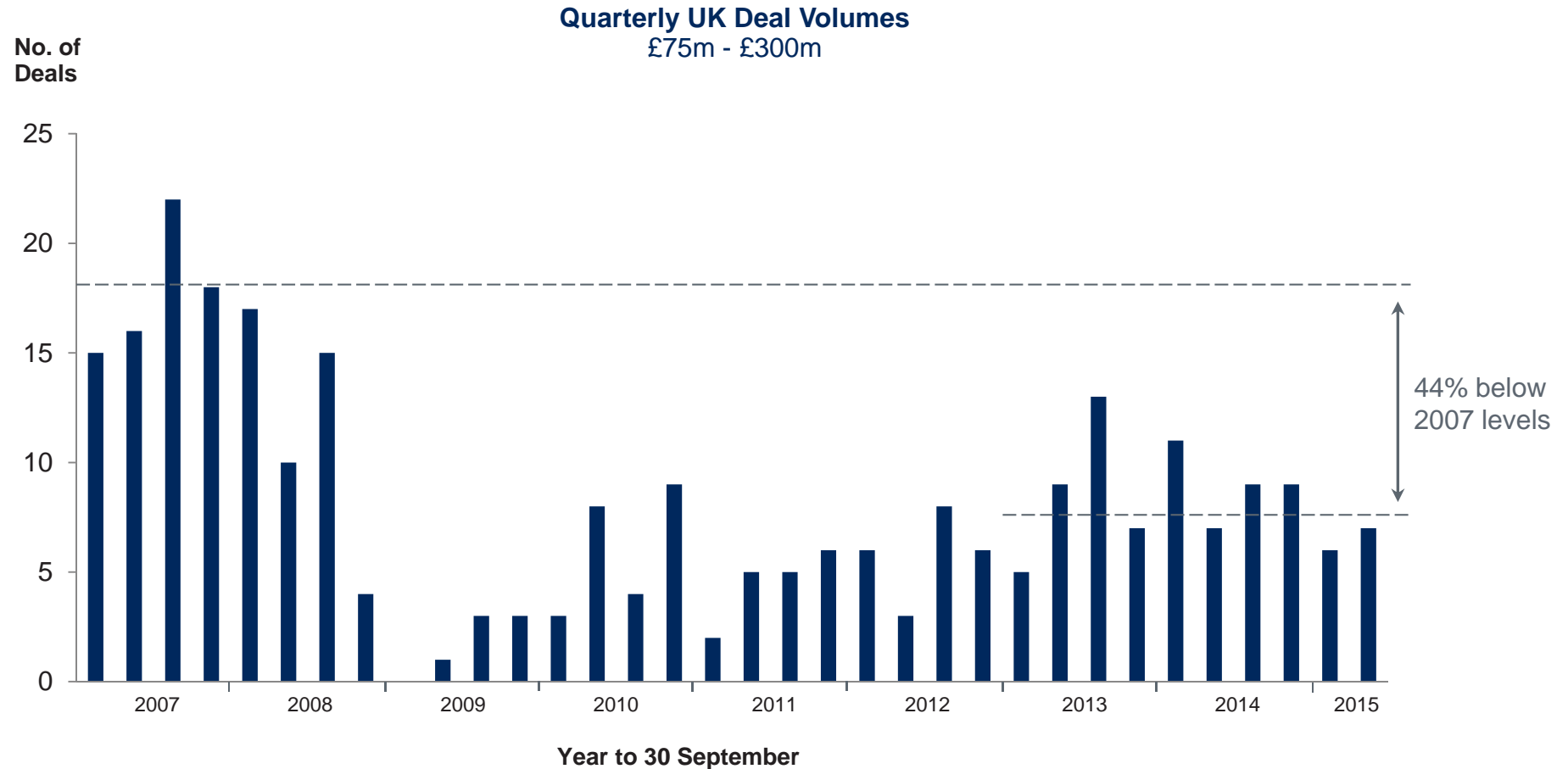
* Funds excluded

Control buyouts have accounted for c.80%, but flexible mandate important



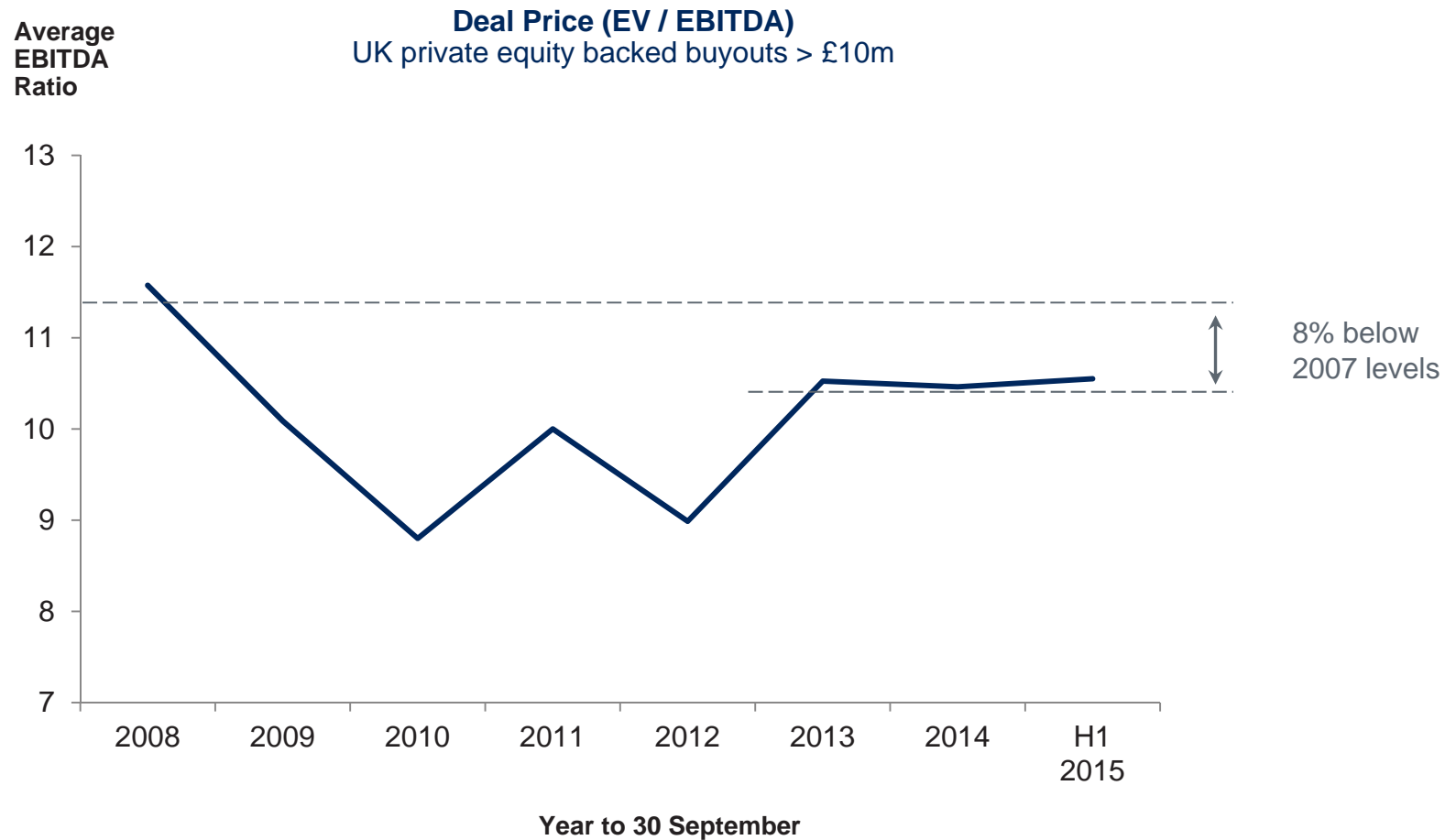
* Refers to new investments made since 1 October 2014. Excludes Funds.

Market deal volumes have continued to be stable but not buoyant...



Source: Mergermarket (completed deals where an EV is provided)

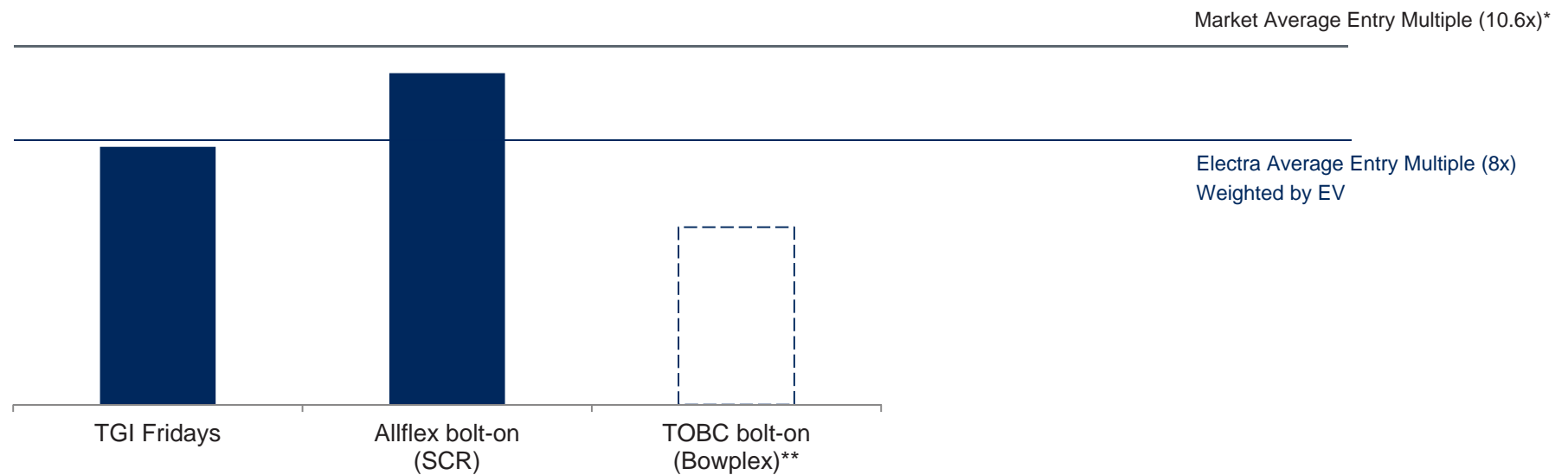
... likewise market deal pricing high but steady



Source: CMBOR

... But Electra continues to find value

Entry Multiple (EV / EBITDA)
Excludes deal costs



* Market multiple source: CMBOR. Q1 2015 multiple

** Subject to approval from the Competition and Markets Authority

Note: EBITDA multiples are post-synergies where appropriate

We are particularly focussed on portfolio company deals at the moment

- Five portfolio company bolt-ons announced so far this year
- 12 acquisitions across eight portfolio companies currently under detailed review
- Selective further opportunities in pipeline – both control buyouts and secondaries / debt

Nuaire

- In 2007 Electra invested £23 million in the £83 million management buyout
- Refinanced in February 2014 – cost reduced to £14 million
- Year to 30 September 2014: Turnover £56 million; EBITDA £10 million
- Valuation of £47.9 million at 31 March 2015
- Nuaire is a leading UK-based manufacturer and distributor of ventilation products
- Growth is driven by energy efficiency and legislative requirements
- Continued investment in product development and manufacturing during and since the recession

Park Resorts



Transaction

- In January 2012 Electra invested £45 million in the acquisition of term debt. Further debt purchases in February and August 2012
- Total investment in Park Resorts debt £70 million (face value of £130 million)
- In July 2013 led a consensual refinancing of the debt facilities
- Funds managed or advised by Electra Partners became the majority shareholders with 54% stake

Business Description

- Leading operator of holiday parks in seaside locations across the UK
- Revenue from caravan sales, pitch fees, holiday lettings, food & beverage sales, etc



Park Resorts (Cont.)

Investment Rationale

- Defensive, fragmented sector
- Resilience in recession
- Market supported by customer demographic and strong value proposition
- Real estate asset backing

Strategy

- Either earn attractive return from holding debt to maturity
- Or restructure debt to take equity control...
- ... and then grow organically and through acquisition



Park Resorts (Cont.)

Update

- Refinancing and restructuring finalised August 2013
 - Electra Partners took control
 - Capital made available to improve park facilities
- First phase of growth capex programme completed over winter 2013/14: £4 million invested in hire fleet, pitches and park facilities - led to sales and profits growth of 6% and 22% respectively
- Alan Parker, former CEO of Whitbread, appointed Chairman
- Acquisitions of South Lakeland Parks (SLP) as well as South View and Manor Park (SVMP) holiday parks completed
 - SLP; 9 holiday parks in Lake District and Morecambe Bay area, acquired September 2013 – profits grown from £5.6 million to £8.8 million in first year
 - SVMP; two large and established holiday parks, acquired August 2014 at an attractive multiple of c.7x EBITDA

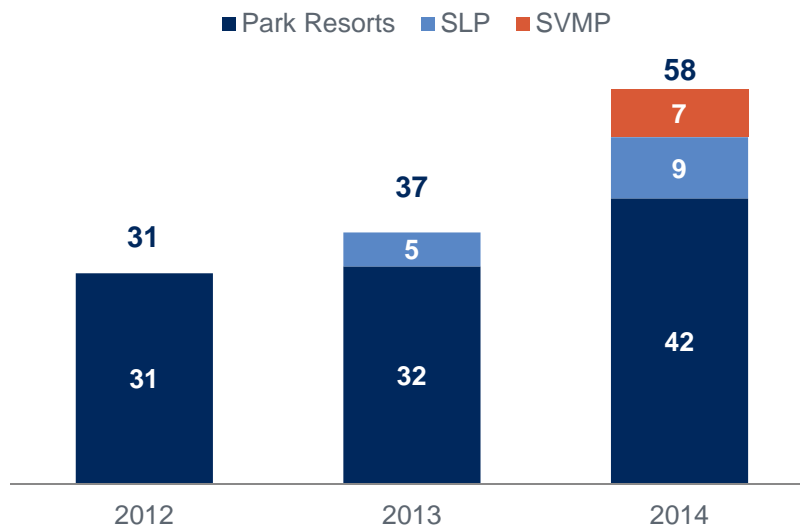


Park Resorts (Cont.)

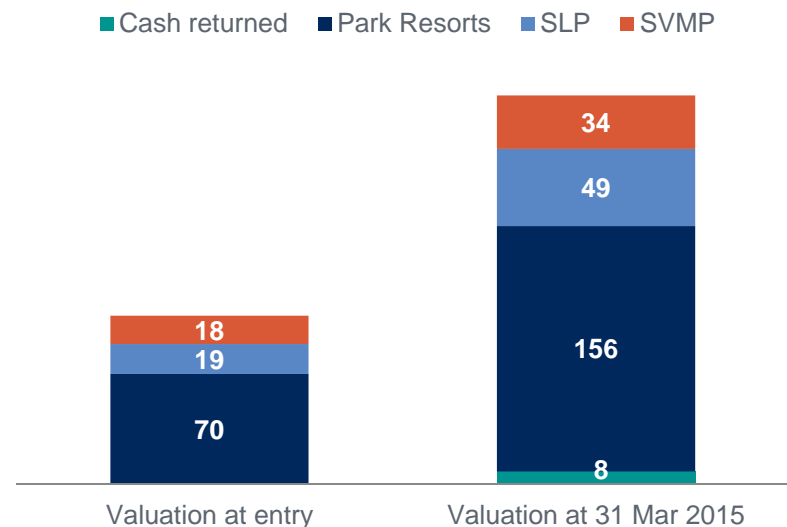
Update

- Combined the management of the businesses to create the largest holiday parks operator in the UK with 49 properties and £58 million of EBITDA
- Significant uptick in valuations
- Further £5 million of capex invested in winter 2014/15, to drive future growth

Progression of Profits (EBITDA £m, Pro Forma)



Entry cost vs. Current Valuation (£m)

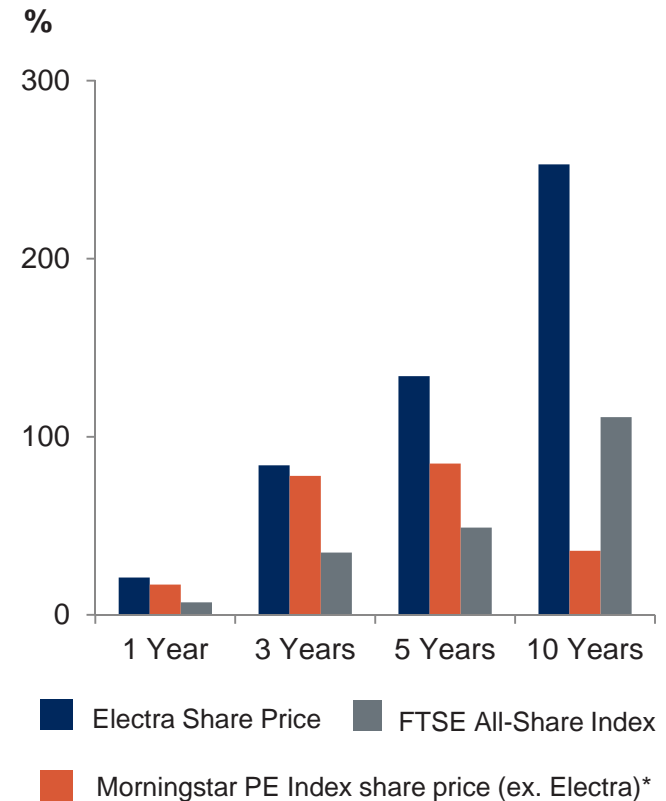


Consistent Out-performance

Absolute Return

Period to 31 March 2015	1 year	3 years	5 years	10 years
Electra NAV per share (diluted)				
- Percentage increase	22%	50%	87%	251%
- Annualised rate of return	22%	14%	13%	13%
Electra share price				
- Percentage increase	21%	84%	134%	253%
- Annualised rate of return	21%	23%	19%	13%

Relative Return



Source: Morningstar and Electra Partners

Performance calculated on a total return basis with dividends reinvested

* This index reflects the performance of 19 private equity vehicles, excluding Electra, listed on the London Stock Exchange



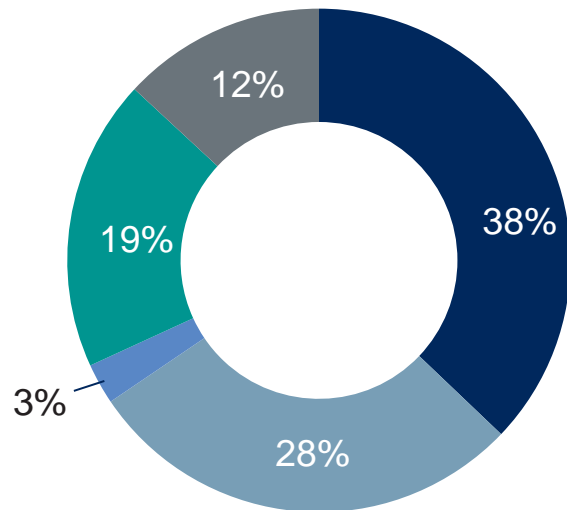
Appendices



Direct Unlisted – Age profile & valuation basis

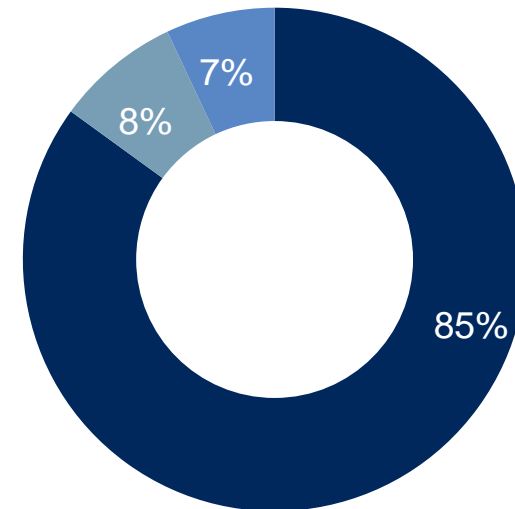
At 31 March 2015

Age Profile



	£m
Less than 1 year old	451
1-2 years old	345
2-3 years old	32
3-4 years old	228
Over 4 years old	159
Total	1,215

Valuation Basis

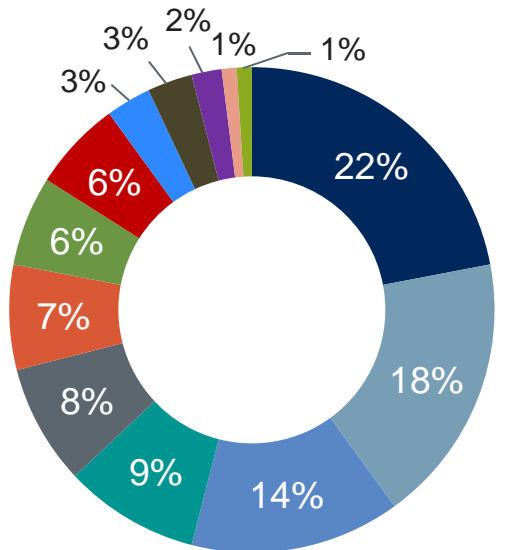


	£m
Earnings	1,026
Recent cost	99
Net assets	90
Total	1,215

Direct Unlisted

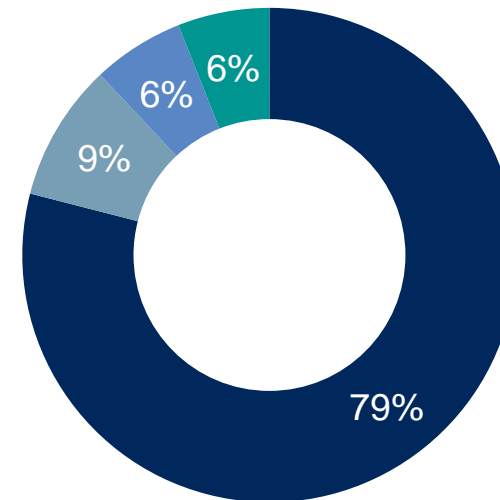
At 31 March 2015

Classification and Distribution



- Travel & Leisure
- Support Services
- House, Leisure & Personal Goods
- Media
- Industrial General & Transportation
- Secondaries
- Funds
- Technology Hardware & Equipment
- Real Estate
- Construction & Materials
- Financial & Insurance
- Food & Beverage
- Health Care Equipment & Services

Geographic Split



- UK
- Continental Europe
- USA
- Asia and elsewhere

Listed portfolio

	Country	No of Shares '000	Cost £m	Value at 31 Mar 2015 £m
Zensar	India	10,301	4.1	71.7
Dinamia	Spain	1,699	13.9	10.1
EQMC	UK	9,766	5.7	6.7
esure	UK	-	-	-
Hornby	UK	2,995	0.1	2.5
IGAS	UK	4,648	0.1	1.2
Meghmani	Far East	28,389	1.1	1.9
Moser Baer	Far East	9,960	1.3	1.1
			26.3	95.2

Investment Team

Well resourced

- 18 investment professionals
- Supported by a team experienced in compliance, finance, investor relations and marketing

Experienced

- Senior management have on average 24 years' experience in private equity
- In private equity long enough to invest through several business cycles
- Short decision lines

Hugh Mumford	Managing Partner	Nigel Elsley	Property Investment Partner
Alex Fortescue	Chief Investment Partner	Zoe Clements	Investment Director
David Symondson	Deputy Managing Partner	Sarah Williams	Investment Director
Alex Cooper-Evans	Partner	Owen Wilson	Investment Director
Rhian Davies	Partner	Ian Wood	Investment Director
Charles Elkington	Partner	Shakira Adigun-Boaye	Investment Manager
Chris Hanna	Partner	Nicola Gray	Investment Manager
Steve Ozin	Partner (CFO and Compliance)	Tom Stenhouse	Investment Manager
Bill Priestley	Partner	Oliver Huntsman	Portfolio Manager, UK

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