

Epiris' presentation of the results for the year to 30 September 2016 for Electra Private Equity PLC

December 2016





About Electra Private Equity PLC



Electra Private Equity PLC

- Investment trust since 1935, listed since 1976
- Net assets £2.1 billion at 30 September 2016
- Investment objective is to achieve a compound return on equity of 10-15% per year over the long term...
- ... by investing in a portfolio of private equity assets
- Managed on an exclusive and fully discretionary basis by Epiris (formerly Electra Partners) until 31 May 2017

Epiris' investment strategy

1

Buyouts & Co-investments

- Direct investment in high-quality businesses
- Opportunity to buy well and then transform
- Buyouts: £40–150 million investment in UK-centric companies
- Co-investments: £30–100 million investment in UK or international companies

2

Secondaries

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

3

Debt

- Cash yield strategy – primary / secondary performing debt
- Capital growth strategy – secondary stretched debt

Epiris' investment approach





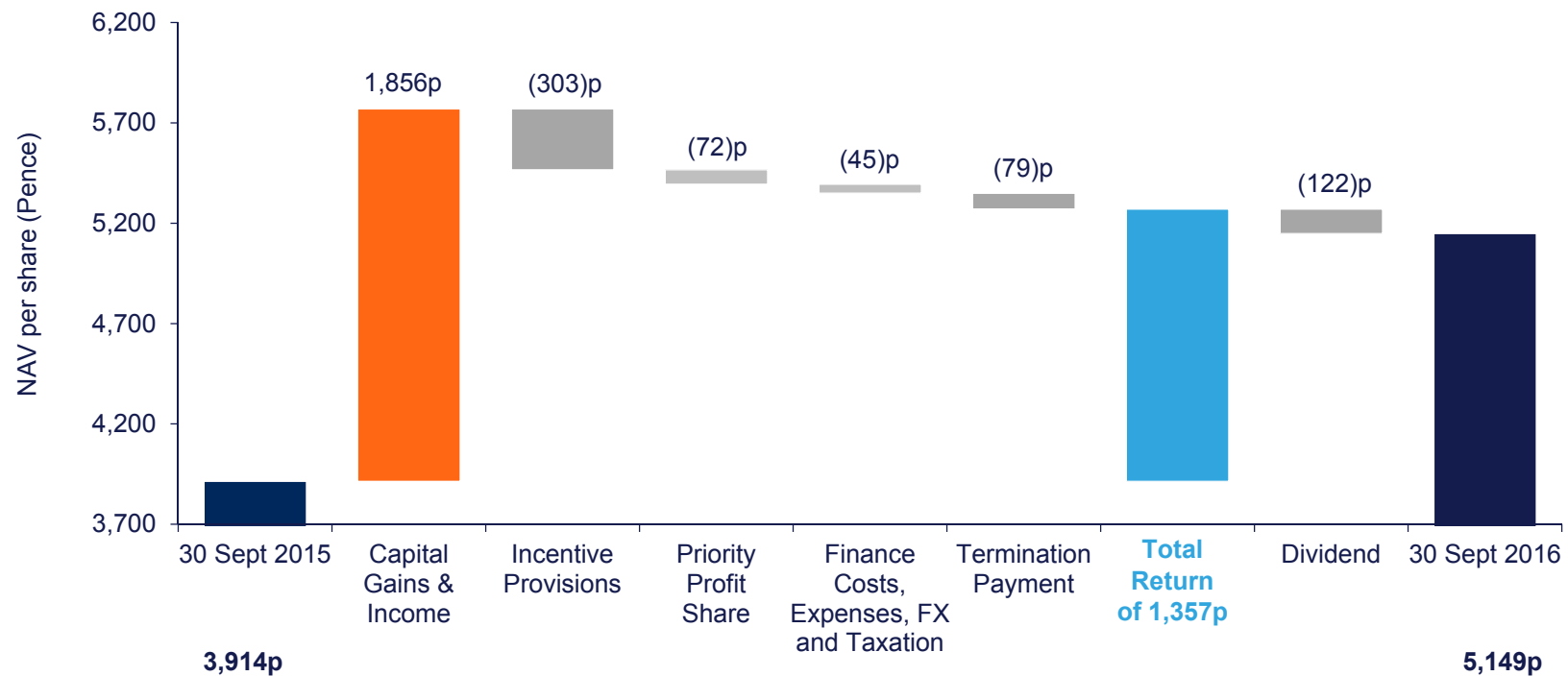
Full Year Results



An exceptional year for Electra – NAV per share total return of 35%

- Continued strong performance: NAV per share of 5,149p; a total return of 35%
- Share price total return of 36% contrasts with 17% for the FTSE All-Share
- Investment portfolio returned £751 million – the largest ever return
- £218 million invested
- £903 million realised – a record level
- Second interim dividend of 110p per share announced, taking the total dividend for the year to 30 September 2016 to 154p
- £200m Tender Offer launched in November and now approved; closes on 21 December

Total return of 1,357p per share in the year

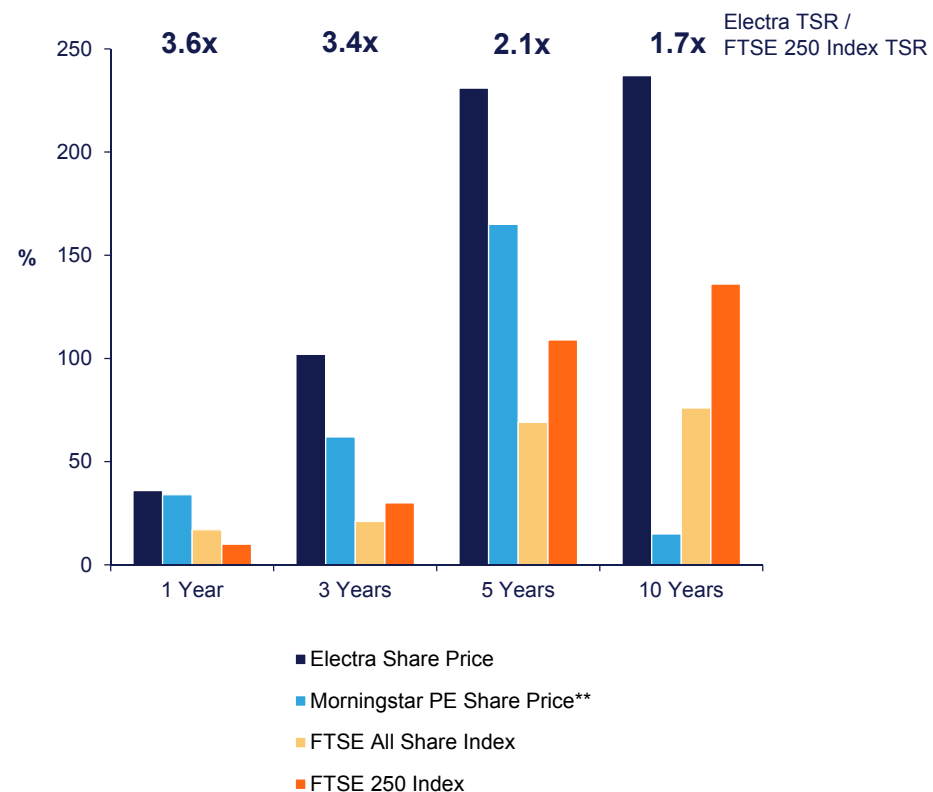


Consistent out-performance over the long term

Absolute Return

Year to 30 September 2016	1 year %	3 years %	5 years %	10 years %
Electra NAV per share*				
- Percentage increase	35	94	141	255
- Annualised rate of return	35	25	19	14
Electra share price*				
- Percentage increase	36	102	231	237
- Annualised rate of return	36	26	27	13
Electra alpha vs FTSE All-share (annualised)[∅]	32	24	24	10

Relative Return



Source: Morningstar and Epiris.

* Performance calculated on a total return basis with dividends reinvested.

[∅] Source: Bloomberg, using weekly data points.

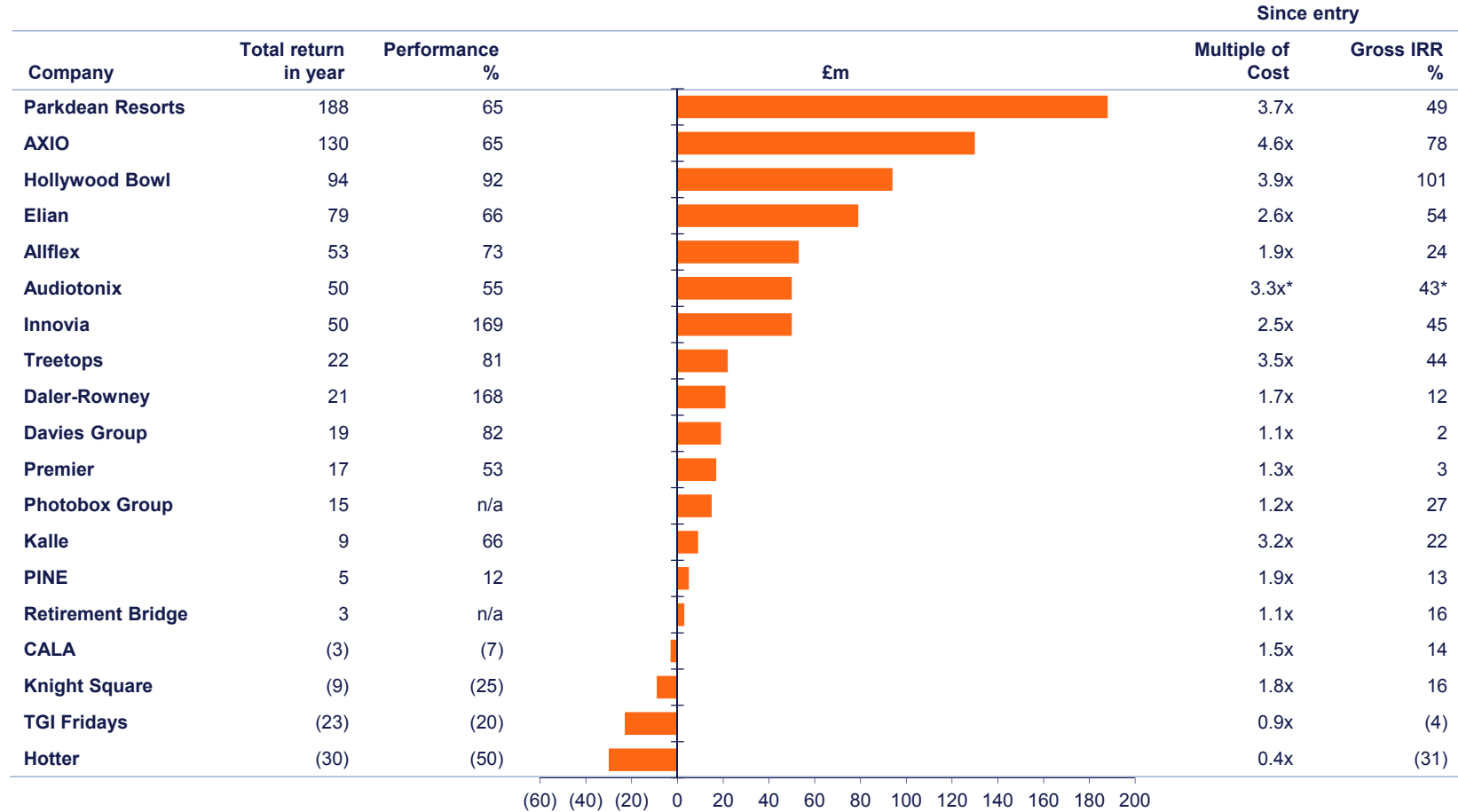
** This index reflects the performance of 21 private equity vehicles, excluding Electra, listed on the London Stock Exchange.

All segments of the portfolio performing well

Year to 30 September 2016

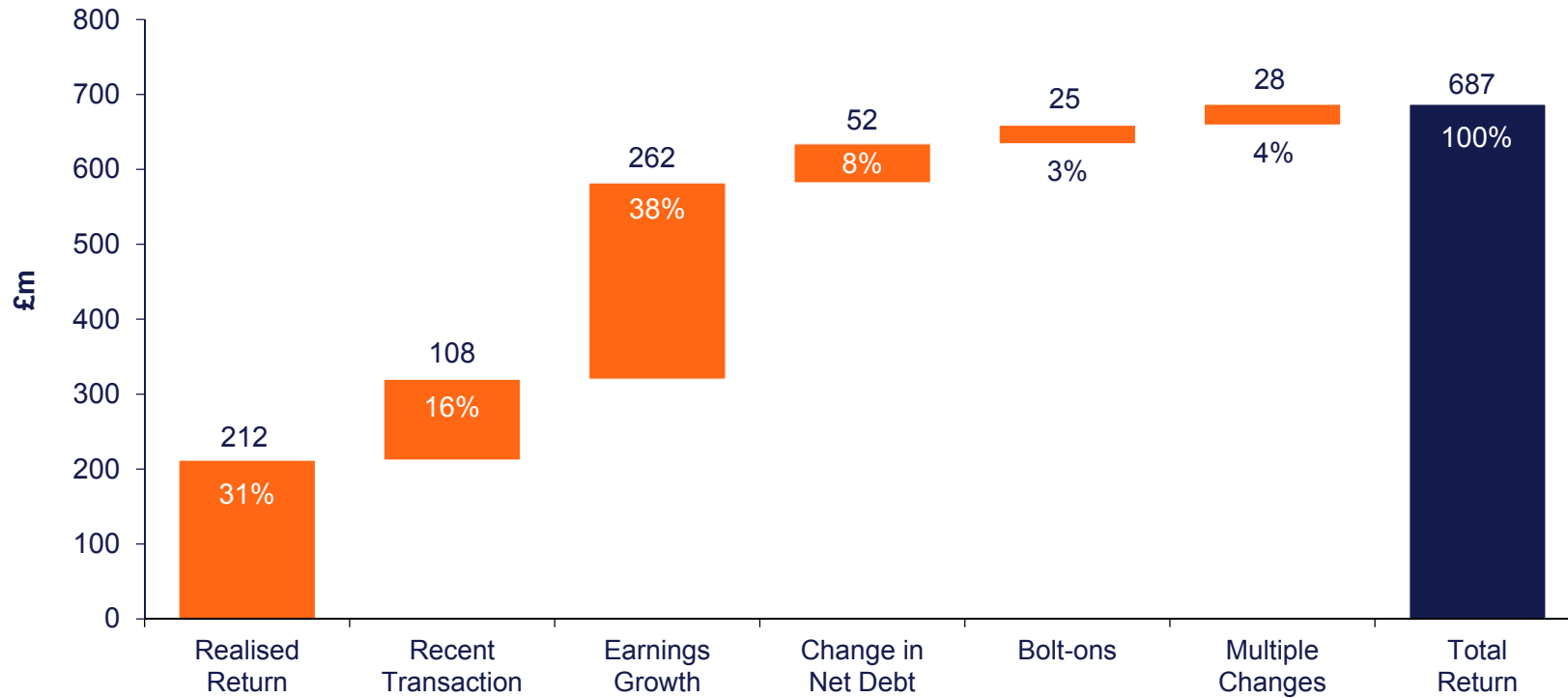
	Valuation at 30 Sept 2015 £m	New Investment £m	Realisations £m	Total Return £m	Valuation at 30 Sept 2016 £m	Return as a % of Opening Position
Buyouts and Co-investments	1,418	137	781	687	1,461	48
Secondaries	92	7	32	15	82	17
Debt	17	62	40	12	51	66
Non-core investments	103	12*	50	37	102	35
	1,630	218	903	751	1,696	46

Buyouts and Co-investments – Investment performance



Buyouts and Co-investments - Analysis of total return

Year to 30 September 2016



Parkdean Resorts

Continued strong performance following successful merger integration

Buying well

- Loan-to-own debt investment, bolt-on acquisitions from banks

Business transformation

- M&A – four bolt-on acquisitions and a transformational merger to create Parkdean Resorts
- Management strengthened (Chairman, CFO)
- Strategy – investment-led growth strategy has driven accelerated organic growth
- Operational improvements – margin improvement
- Taken EBITDA from £30m to a £100m+ market leader through 11 transactions (debt purchases, debt-for-equity swap, bolt-ons and merger)

Update

- Strong performance following successful completion of post-merger integration; profit growth delivered through investment, yield management, cost synergies and the recent acquisition of Vauxhall Holiday Park

14%	LTM profits growth
£380m	Valuation at 30 Sep 2016
£188m	Total return in year
£132m	Original cost
3.7x	Multiple of cost
49%	IRR



AXIO Data Group

Continued successful execution of business improvement and realisation strategy

Buying well

- A complex carve-out of seven different businesses from a corporate

Business transformation

- M&A – 12 non-core disposals and 3 bolt-on acquisitions
- Management strengthened centrally and divisionally
- Strategy – focus on growth supported by improved execution and investment
- Operational improvement – cost and working capital improvements
- Businesses repositioned as high-margin, growth companies that have attracted strong buyer interest; three businesses sold for more than twice the entry multiple

Update

- €100m sale of Vidal; acquisition of Chipworks by TechInsights; strong performance across the remaining businesses due to successful strategy implementation which has trebled earnings since acquisition

33%	LTM profits growth*
£220m	Valuation at 30 Sep 2016
£130m	Total return in year
£91m	Original cost
4.6x	Multiple of cost
78%	IRR

Audiotonix



Investment in R&D is driving growth from successful product launches

Buying well

- A complex carve-out from a corporate

Business transformation

- M&A – two bolt-on acquisitions to create a market leader
- Management strengthened (Chairman, CFO, CTO, Sales & Marketing Director)
- Strategy – growth acceleration through investment in sales and marketing and product development
- Operational improvement – supply chain restructuring
- Created a market leader, while quadrupling earnings, in a fragmented sector through operational improvement, organic growth and M&A

Update

- Recent and future new product launches driving growth

24%	LTM profits growth
£141m	Valuation at 30 Sep 2016
£50m	Total return in year
£42m*	Original cost
3.3x	Multiple of cost
43%	IRR

* The original cash cost of the investment is £42 million. Original cost in the accounts is £64 million, reflecting the valuation of Electra's interest in Allen & Heath which was rolled into the Audiotonix transaction in August 2014.



All-time record level of realisations in the year

Investments and realisations



All-time record level of realisations

Portfolio company	Date	Exit EV £m	Proceeds to Electra £m	Exit EBITDA multiple	Return	Residual Holding
MIMS	Oct 15	\$250m	£95m	Teens	n/a	n/a
 ZenSar TECHNOLOGIES <small>Your Transformation Partner</small>	Oct 15	£82m	£82m	9.0x*	19.3x 18% IRR	n/a
DALER  ROWNEY	Feb 16	Not disclosed	£33m	Double digit	1.7x 12% IRR	n/a
Kalle	July 16	£350m ^Ω	£23m	Not disclosed	3.2x 22% IRR	n/a
 Aliflex	July 16	Not disclosed	£57m	Not disclosed	1.9x 24% IRR**	10.7%
ELIAN	Sept 16	£435m	£199m	Not disclosed	2.6x 54% IRR	n/a
hollywood bowl group	Sept 16	£266m	£153m (on equity investment)	9.0x [∪]	3.9x 101% IRR (on equity investment)**	18%

* Source: Capital IQ.

** At 30 September 2016.

Ω Source: Mergermarket

∪ Based on analysts' expectations for FY 2016.

Eliau

A complex carve-out with M&A-led business transformation

Buying well

- A complex carve-out from a law firm

Business transformation

- M&A – acquisitions of Allied Trust and SFM achieved a step-change in scale
- Management strengthened (Chairman, Commercial Director, European Head of Funds)
- Strategy – geographic, customer and product diversification led to growth acceleration
- Operational improvement – productivity and efficiency improvements
- Built a growing, increasingly profitable business (earnings grew by 60% over two years) of strategic value to trade buyers

Update

- Business sold to Intertrust; return of 2.6x / 54% IRR

£207m Total proceeds

£81m Total cost

2.6x Multiple of cost

54% IRR

Hollywood Bowl Group

M&A and investment programme have accelerated the company's growth resulting in a successful IPO and an exceptional return

Buying well

- Market bias against sector overlooked company's strengths; bolt-on acquisition from bank

Business transformation

- M&A – acquisition of Bowlplex from a bank created a step-change in scale
- Management strengthened (Chairman, Commercial Director)
- Strategy – growth accelerated with investment in refurbishments and new sites
- Operational improvement – investment in CRM system and yield management strategy
- Business hit year three of its plan in year one through organic growth; earnings doubled in two years

Update

- IPO realised £153 million which, together with the residual 18% holding, gives a return of 3.9x / 101% IRR

£44m

Remaining valuation at 30 Sept 2016

£94m

Total equity return in year

£50m

Original equity cost

3.9x

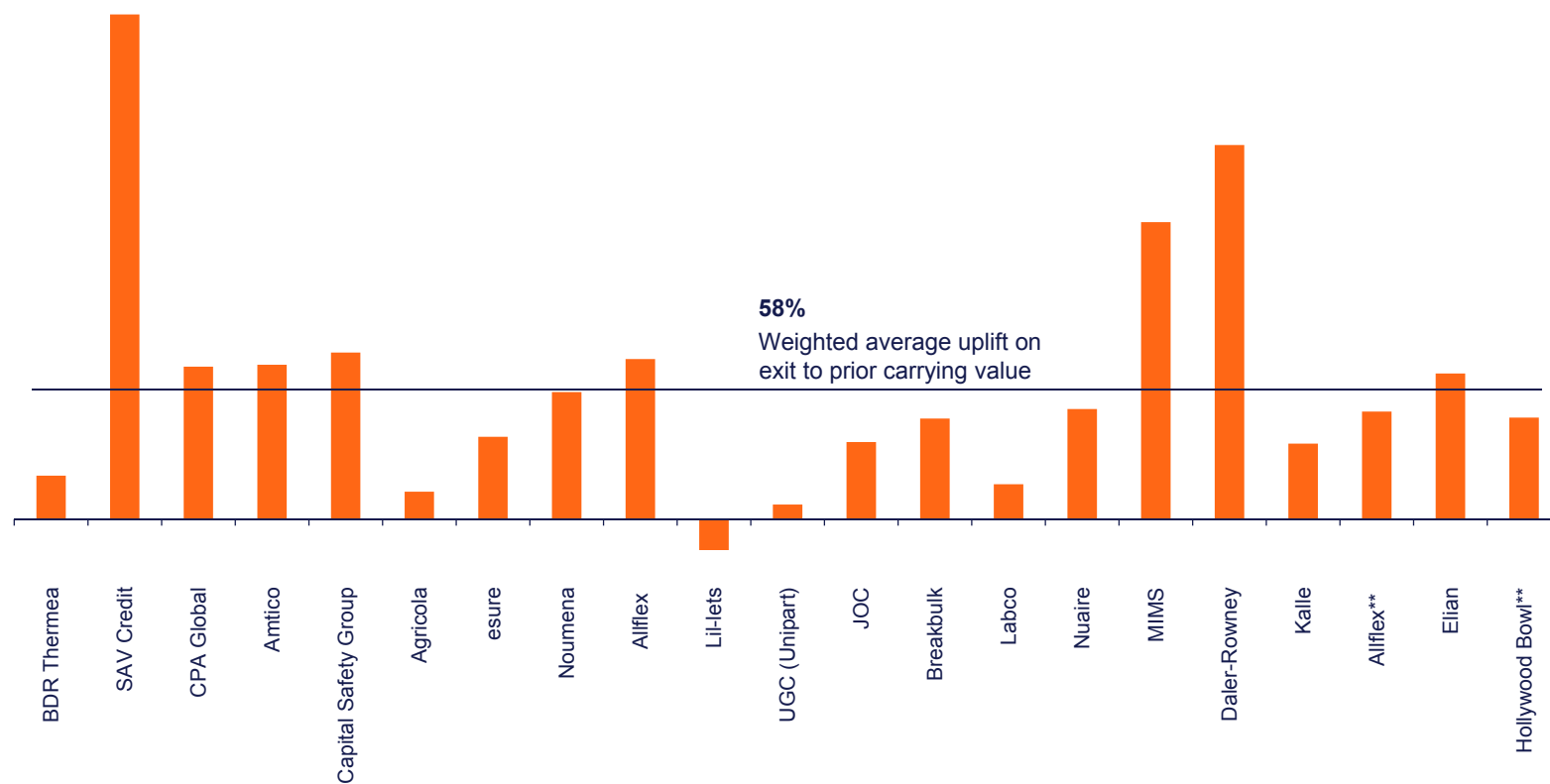
Equity multiple of cost

101%

Equity IRR

The average uplift on exit is 58%

Uplift to Prior Carrying Value* 1 Oct 2011 – 30 Sept 2016
(excludes Debt investments)



* Except where the prior valuation at the time reflected the impending realisation, in which case the "prior, prior" valuation has been used.

** Partial realisation, only takes into account the cash proceeds received.

Photobox Group

photoboxgroup



Acquired well and with transformation potential through market growth and improved efficiency

- £89m investment alongside Exponent Private Equity
- Europe's leading digital consumer service for personalised products and gifts. Sold through the PhotoBox, Moonpig, posterXXL, Hofmann and Sticky9 brands
- Due to its scale as the European market leader Photobox is well placed to capture further market growth, which is expected to continue as a result of the growth in digital photography and personalised products
- Strategy is to accelerate growth through improving the rate and economics of customer acquisition as well as through product innovation, and to ensure that growth is delivered effectively and efficiently
- Performance has been ahead of the Epiris investment case since the acquisition was agreed in October 2015



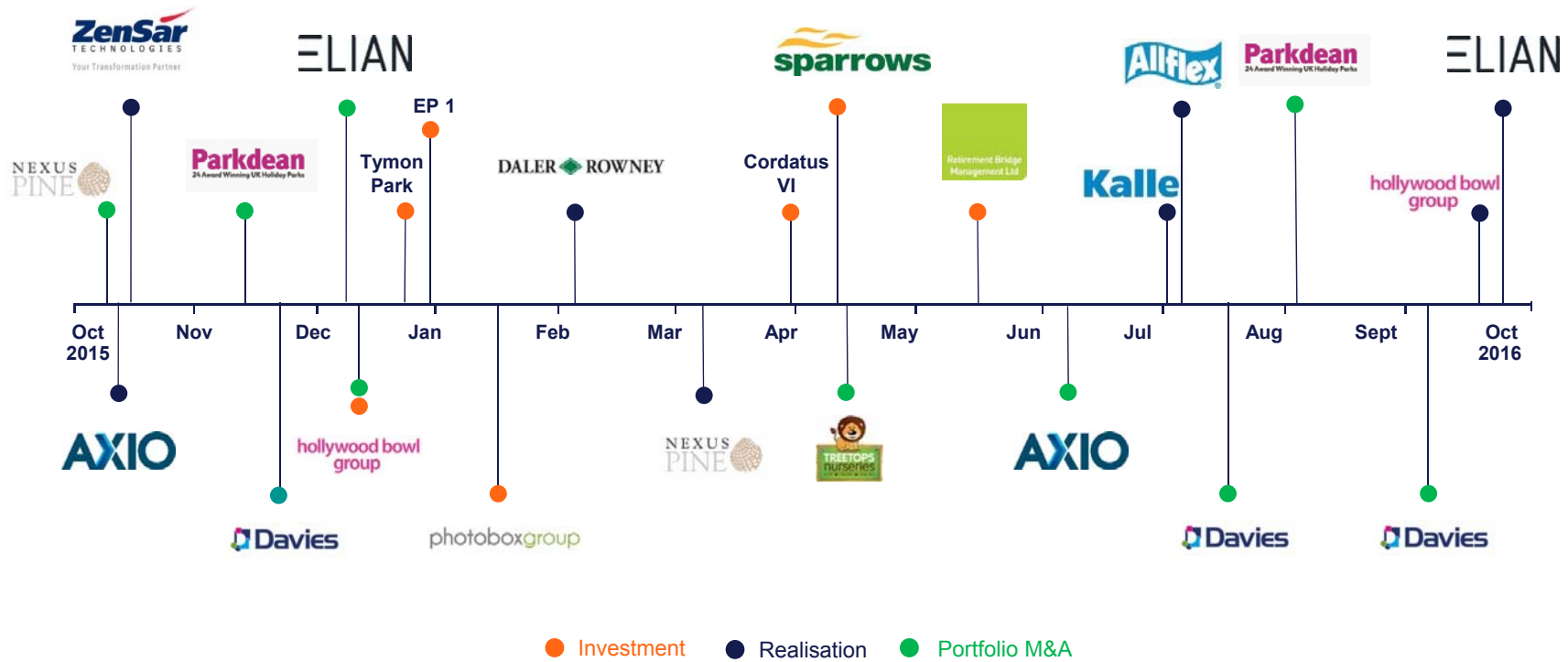
Retirement Bridge Group

A complex carve-out from a corporate offering an attractive, low-risk return

- £45m investment alongside Patron Capital
- Acquisition of the home reversion equity release business from Grainger plc; subsequently rebranded Retirement Bridge Group
- The company is a consolidator and servicer of home reversion equity release plans with a portfolio of over 3,500 properties across the UK
- Offers an attractive risk-adjusted return benefiting from a cash yield and downside protection from the high level of asset backing
- Strategy is to optimise the return from the existing portfolio and to explore opportunities for organic and acquisition-led growth
- Since acquisition, the company has been successfully separated from its former parent and management has been strengthened with a new Chairman
- Performance has been in line with expectations and the management team is focused on both growth and operational improvement initiatives



A very busy year of investment activity






Buyouts and Co-investments (Current portfolio)

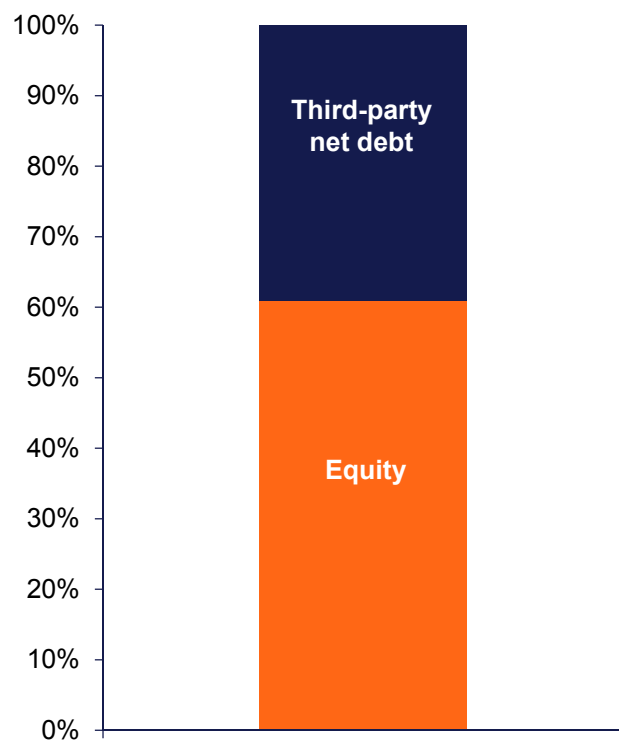
Individual investments greater than £5 million in value

Company	Sector	Financial year of investment	Valuation basis	Total cost £m	Total proceeds £m	Valuation at 30 Sept 2016 £m	Total value £m	% of valuation at 30 Sept 2016	Cumulative %
Parkdean Resorts	Caravan parks operator	2012	Earnings	132	110	380	490	26	26
AXIO	B2B information services	2013	Earnings*	91	193	220	413	15	41
Audiotonix	Audio mixing consoles	2014	Earnings	64	4	141	145	10	51
Photobox Group	Personalised products / gifts	2016	Earnings	89	2	102	104	7	58
TGI Fridays	Restaurant chain	2015	Earnings	99	3	90	93	6	64
Innovia	Speciality films	2014	Earnings	33	-	80	80	5	69
Allflex	Animal tagging	2013	Recent transaction	68	57	69	126	5	74
Treetops	Nursery education	2012	Earnings	15	3	49	52	3	77
CALA	Premium house builder	2013	Net assets	32	-	47	47	3	81
Retirement Bridge	Equity release plans	2016	Net assets	45	1	47	48	3	84
Premier	Asset management	2007	Recent transaction	57	25	46	71	3	87
Hollywood Bowl	Ten-pin bowling centre operator	2014	Recent transaction	50	155	44	199	3	90
Davies Group	Insurance claims	2011	Earnings	40	1	43	44	3	93
PINE	Nursery school finance	2005	Net assets	31	19	40	59	3	96
Hotter	Shoe manufacturer	2014	Earnings	84	2	31	33	2	98
Knight Square	Property management	2012	Earnings	22	14	25	39	2	100
				952	589	1,454	2,043		
Direct investments - Sundry						7		0	100
						1,461			

Activity post-Full Year 2016

Company	Activity	Business description	Date	Enterprise value	Detail
	 Partial realisation	Premier is a retail asset manager distributing funds through IFAs and wealth managers across the UK	Oct 16	£140m market cap	Following the company's IPO in October 2016, Electra received cash proceeds of £36m from the redemption of preference shares and the sale of ordinary shares. Electra continues to hold c.8% of the issue share capital
	Sale of Vidal to M3, Inc	Part of AXIO, Vidal is a leading European provider of reference drug information for healthcare professionals	Nov 16	€100m	Electra received proceeds of £55 million

A portfolio of real scale and modest gearing*



£2.2bn	LTM revenues
£0.5bn	LTM EBITDA
22%	EBITDA margin
14%	LTM EBITDA growth
9.7x	EV / EBITDA multiple
2.5x	Net debt / EBITDA multiple
c.19,100	UK employees

* All investments over £5 million with the exception of CALA, Retirement Bridge and PINE which are valued on a net assets basis.

Note: LTM revenues, LTM EBITDA and UK employees are totals with no adjustment made to reflect Electra's ownership interest. EBITDA margin reflects LTM EBITDA as a percentage of LTM revenues. LTM EBITDA growth reflects the growth in Electra's "share" of historical portfolio company earnings. EV to EBITDA multiple and net debt to EBITDA ratio are simple averages.

Vintage performance

	2006 fund	2009 fund	2012 fund
	Top 30%	Top decile	Top decile
Amount invested:	£436m	£359m	£785m
Distributions to Paid-In capital ("DPI"):	1.6x	1.0x	1.0x
Total Value to Paid-In capital ("TVPI"):	1.6x	2.0x	1.8x
Fund net IRR:	11.1%	25.3%	31.8%
Preqin 75 th percentile net IRR:	11.1%	16.0%	19.4%

Strong liquidity and a simplified balance sheet

	30 Sept 2016 £m	31 Mar 2016 £m	30 Sept 2015 £m
Investment portfolio	1,696	1,703	1,630
Cash	659	321	147
Zero Dividend Preference Shares	-	(72)	(69)
Convertible Bond	-	-	(73)
Net cash	659	249	5
Other assets & liabilities	(281)	(178)	(132)
Net assets	2,074	1,774	1,503
NAV per share	5,149p	4,405p	*3,914p



Outlook

Outlook

- The portfolio continues to perform well
- The strategies we are implementing are successfully driving growth, and repositioning each business to make it of significant interest to acquirers
- The portfolio's maturity means we have been and expect to be able to continue to turn performance into cash returns
- We are committed to a successful handover of responsibilities to Electra on 31 May 2017
- We are in discussions regarding a Transitional Services Agreement to provide any short-term, ongoing support after 31 May 2017 should it be required
- We continue to manage the portfolio to optimise returns for Electra and its shareholders



Appendices

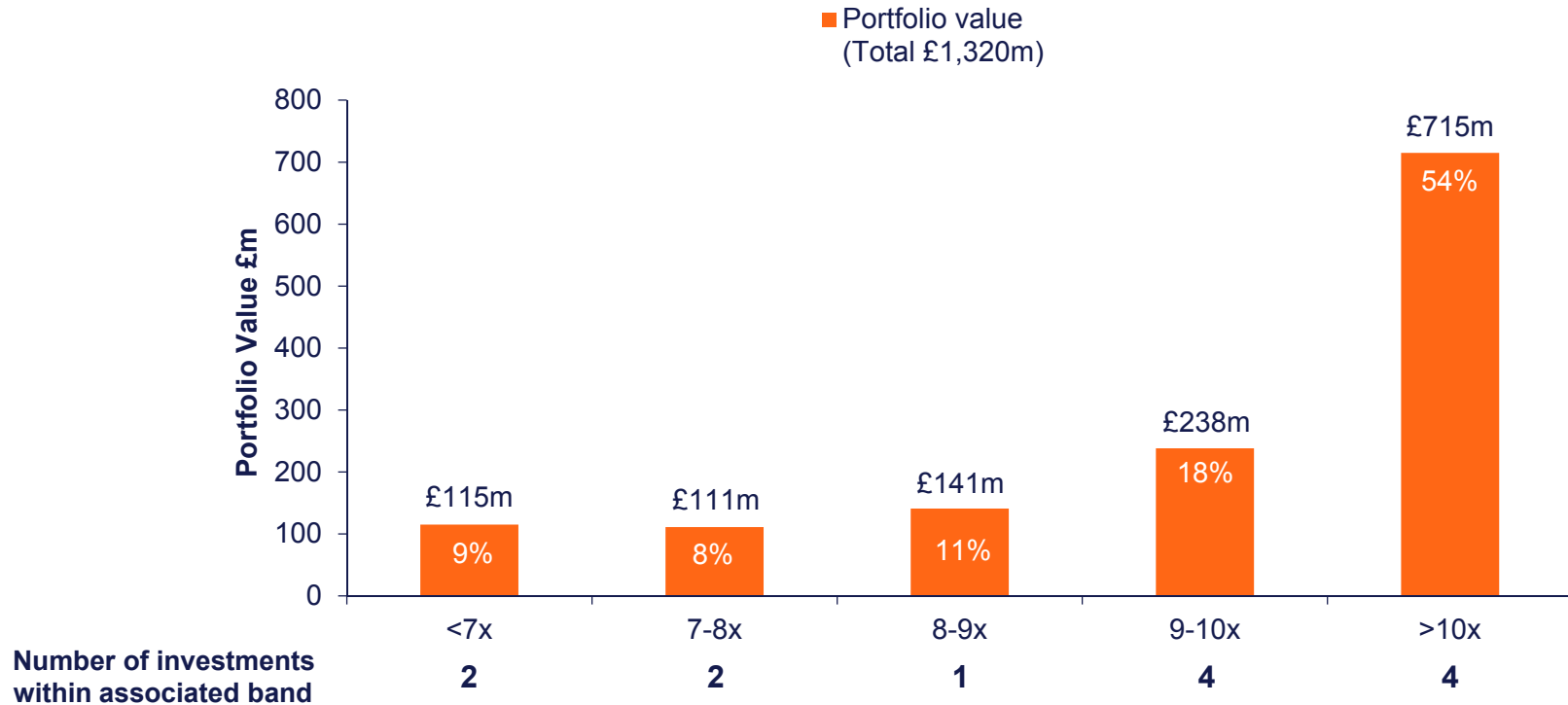
Buyouts and Co-investments – Valuation multiples

At 30 September 2016

EBITDA Multiple*

Simple average **9.7x** (30 Sept 15 = 8.4x)

Valuation-weighted average **10.0x** (30 Sept 15 = 8.6x)



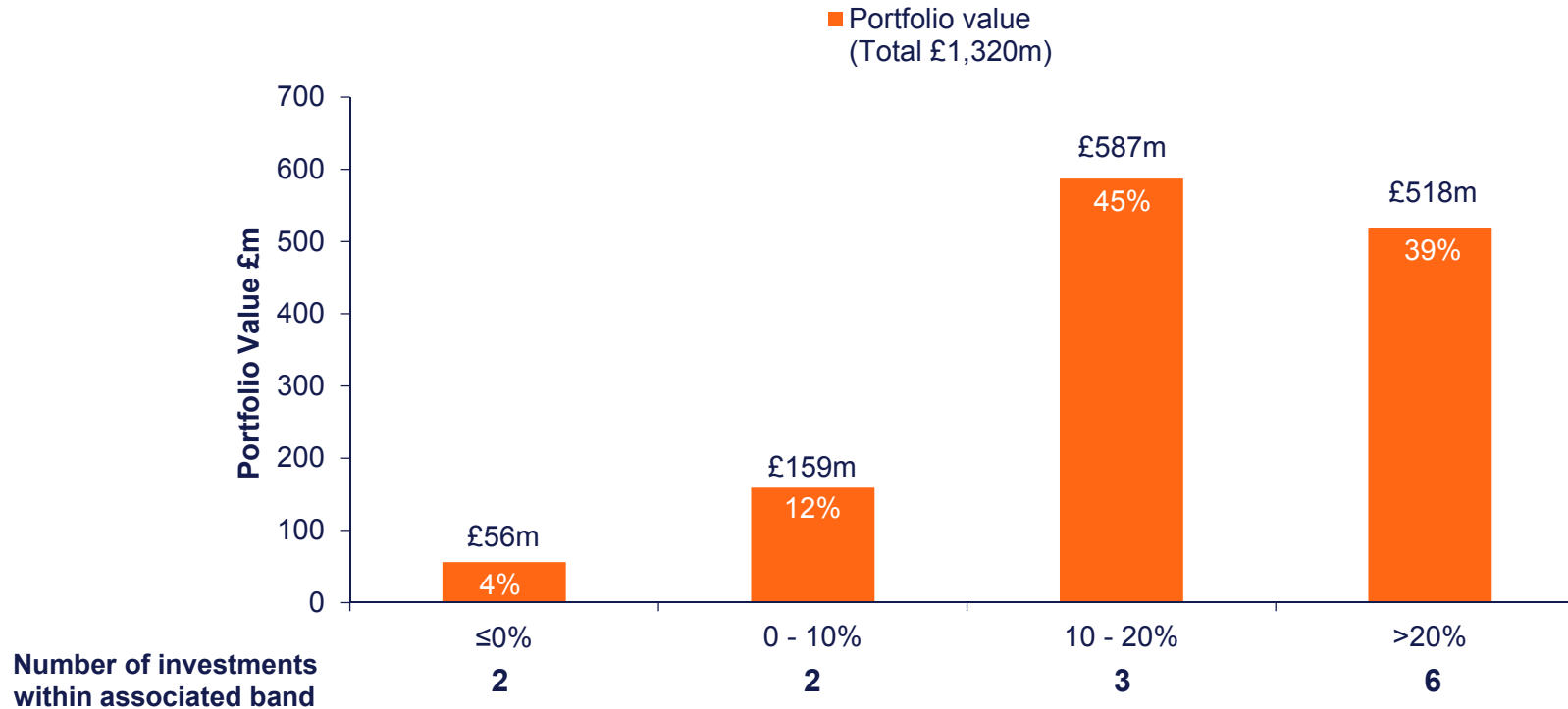
Buyouts and Co-investments – EBITDA growth rates

At 30 September 2016

EBITDA Growth (LTM)*

EBITDA-weighted average growth rate **14%**** (30 Sept 15 = 12%)

Valuation-weighted average growth rate **21%**** (30 Sept 15 = 16%)



* All investments over £5 million with the exception of CALA, Retirement Bridge and PINE which are valued on a net assets basis.

** Bolt-on acquisitions by portfolio companies accounted for approximately one percentage point of the EBITDA-weighted average growth and three percentage points of the valuation-weighted average growth.

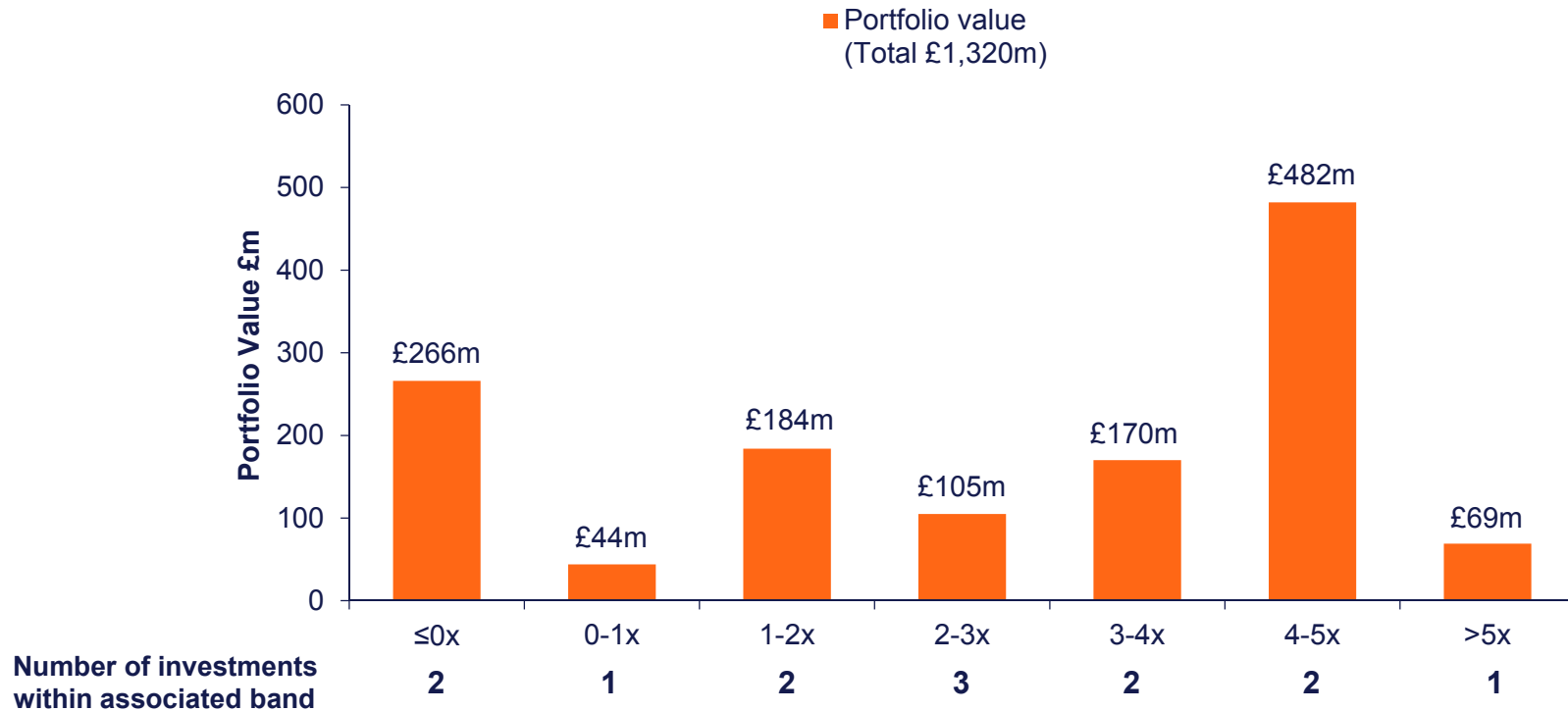
Buyouts and Co-investments – Net Debt / EBITDA ratio

At 30 September 2016

Net Debt / EBITDA Multiple*

Simple average **2.5x** (30 Sept 15 = 2.7x)

Valuation-weighted average **2.8x** (30 Sept 15 = 2.5x)

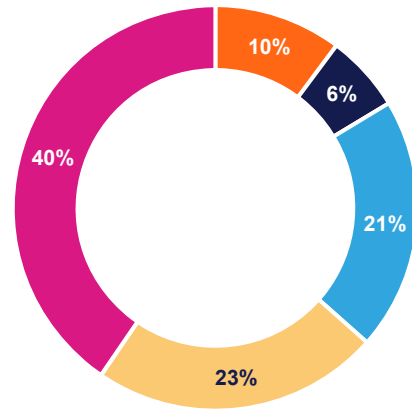


Buyouts and Co-investments – Age profile & valuation basis

At 30 September 2016

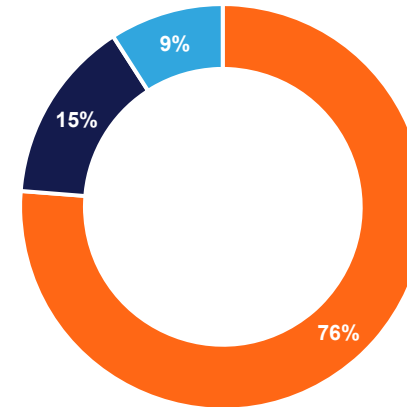
Age Profile

(of original platform deal)



	£m
Less than 1 year old	149
1-2 years old	90
2-3 years old	295
3-4 years old	336
Over 4 years old	591
Total	1,461

Valuation Basis

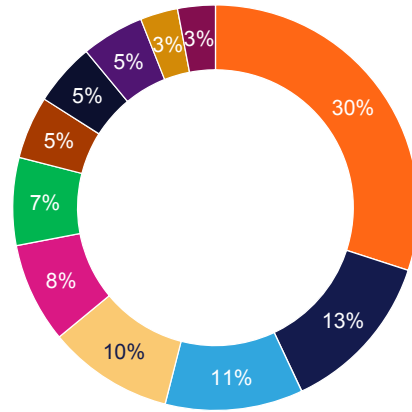


	£m
Earnings	1,114
Recent transaction*	214
Net assets	133
Total	1,461

Buyouts and Co-investments – Sector & geographic basis

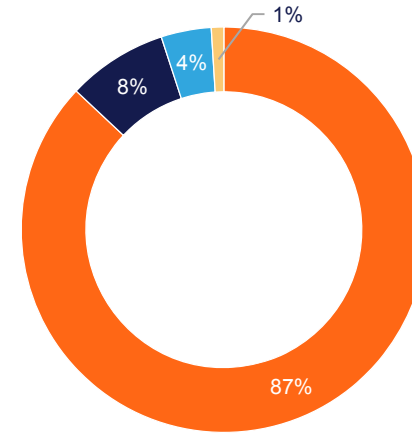
At 30 September 2016

Classification and distribution



- Travel & Leisure
- Media
- House, Leisure & Personal Goods
- Industrial General & Transportation
- Technology Hardware & Equipment
- Support Services
- Financial & Insurance
- Private Equity Funds
- Secondaries
- Real Estate
- Other

Geographic split



- UK
- Continental Europe
- USA
- Asia and elsewhere

Investment team

- Well resourced**
- 13 investment professionals
 - Supported by a team experienced in compliance, finance, investor relations and marketing

- Experienced**
- Senior management have on average 22 years' experience in private equity
 - In private equity long enough to invest through several business cycles
 - Short decision lines

Alex Fortescue
Bill Priestley
Alex Cooper-Evans
Charles Elkington
Chris Hanna
Steve Ozin

Managing Partner
Chief Investment Partner
Partner
Partner
Partner
Partner

Sarah Williams
Owen Wilson
Ian Wood
Nicola Gray
Arvind Tewari
Daniel Frazer
David Symondson

Investment Director
Investment Director
Investment Director
Investment Manager
Investment Manager
Investment Associate
Chairman of Investment Committee

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