



# Electra Private Equity PLC

**Annual Review and Analysis**

November 2010

Presented by

electra  
partners

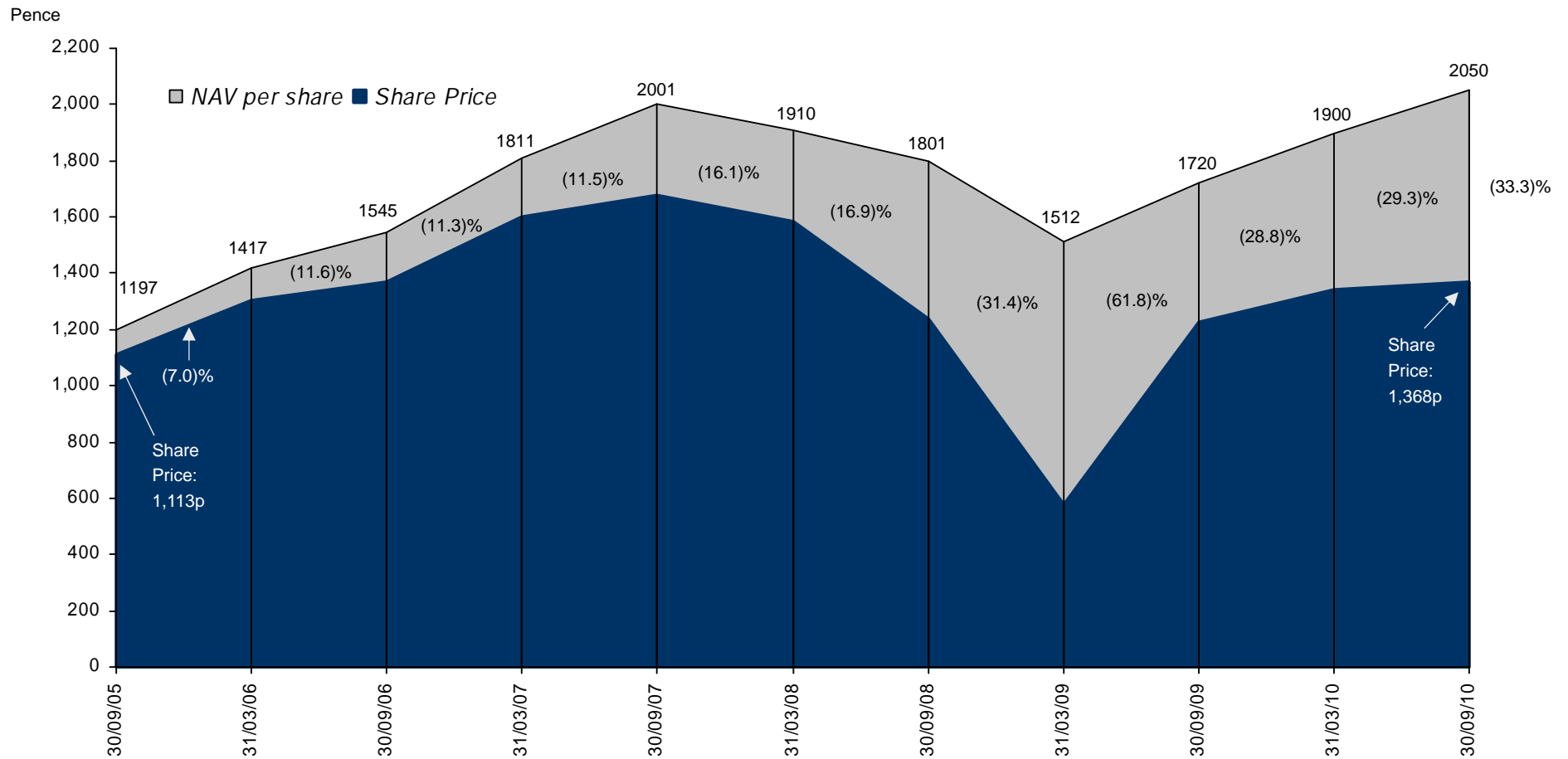
# Results: Year to 30 September 2010

	30 Sept 2010 p	30 Sept 2009 p	Change %
Net asset value per share	2,050	1,720	19.2%
Share price	1,368	1,224	11.8%
Discount	33.3%	28.8%	

FTSE All-Share up 8.8% over the year to 30 September 2010  
Electra's closing share price was 1,595p on 26 November 2010

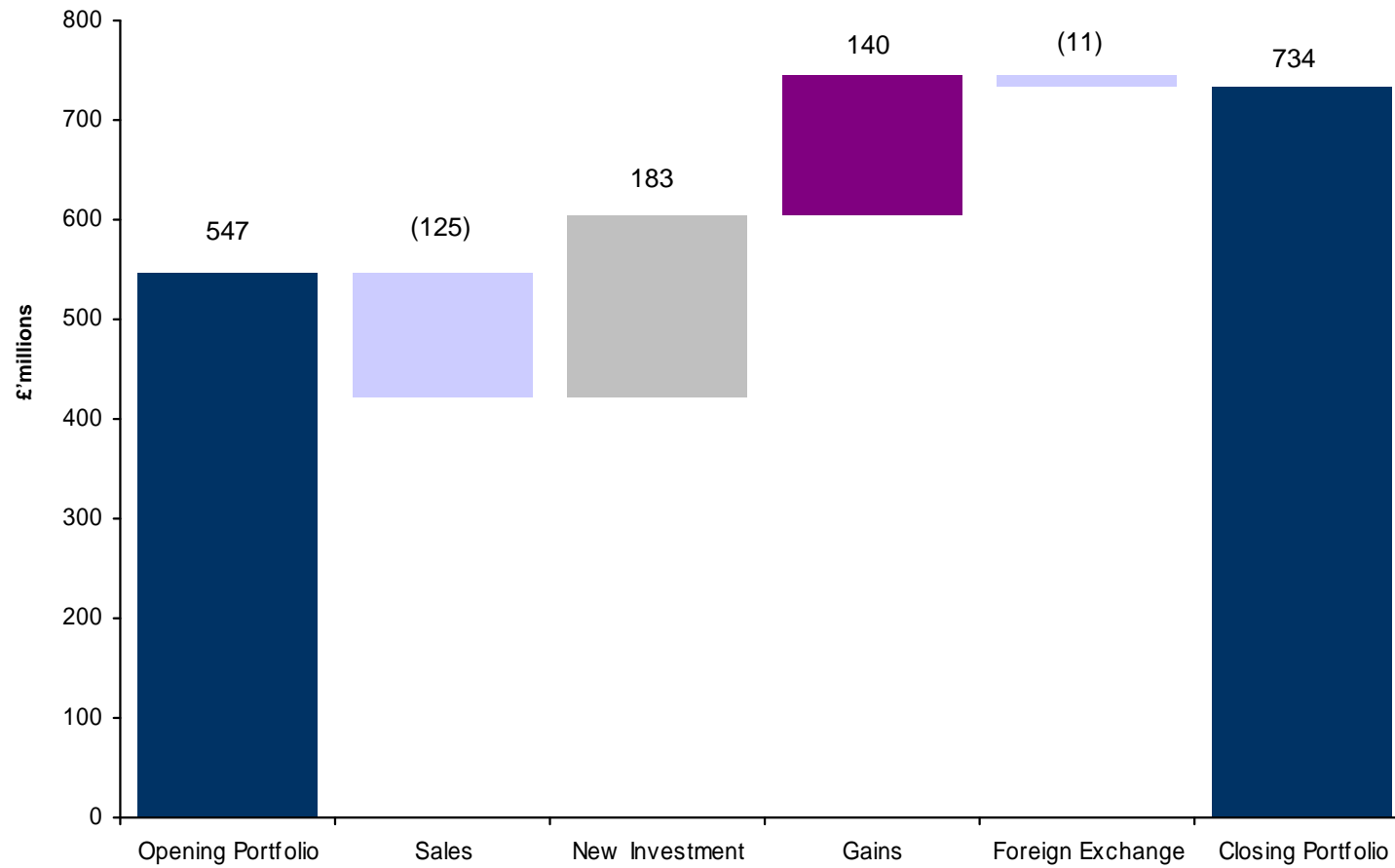
# NAV and Share Price

Movement over last 5 years



# Portfolio Movement

Year to 30 September 2010

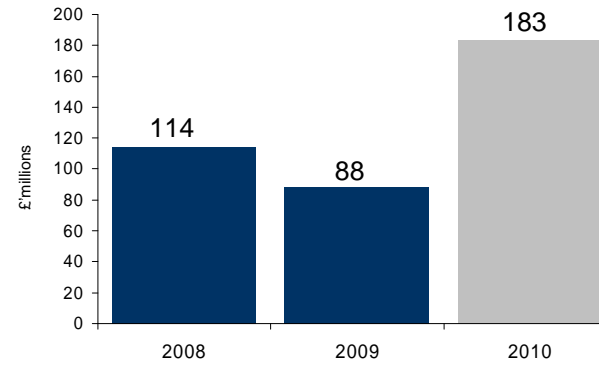


Figures above exclude accrued income and incentive provisions

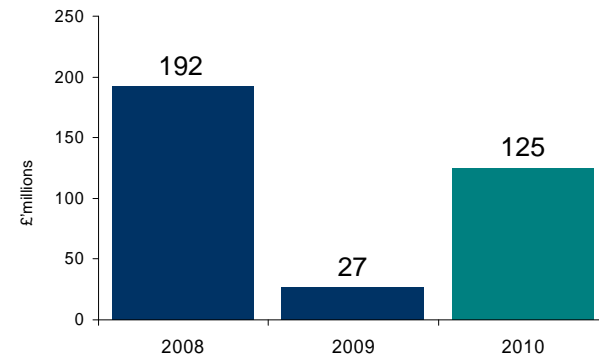
# Portfolio Changes

Last 3 years

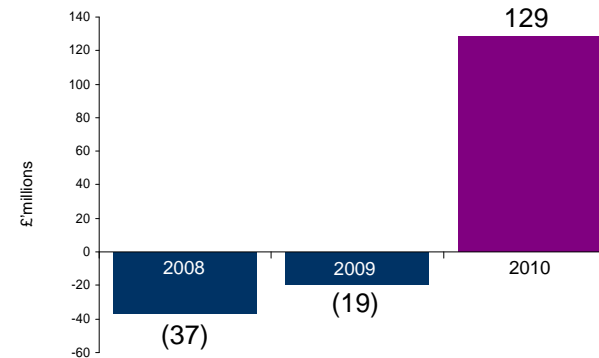
New Investment








Realisations



Net Capital Gains





# 2010 – Summary New Investments

Company					
Business Description	Heating systems	Insurance	Asset management	Food casings	Patent management
New Capital Invested <sup>1</sup>	£55.8m	£29.7m	£23.6m	£9.0m	£13.9m
Ownership	6%	7%	74%	8%	3%
Investment Rationale	Merger synergies	Cyclical recovery	Buy and build synergies	Organic growth	Organic growth

**In total, Electra has invested £183m of capital in new businesses or to fund bolt-on acquisitions in the year to 30 September 2010**

1. New Capital Invested is new investments made during the financial year ended 30 September 2010

# 2010 – Summary Realisations

Company	Credit Opportunities	 <i>from vision to reality</i>	 meat processing systems	Rio Trens Corporation*
Business Description	“Stressed” debt	Engineering components	Abattoir equipment manufacturer	Transportation
Date of Realisation	March 2010	June 2010	August 2010	November 2010
Proceeds	£21m	£12m	£34m	£54m
Investment Period	< 2 years	4 years	< 2 years	12 years
Transaction Type	Debt secondary	Secondary	Secondary	Direct
Value Creation Driver	Market dislocation	Organic growth	Organic growth	Restructuring

**Electra has created value, both short and long term and across economic cycles**

\*The sale of Electra’s minority interest in RioTrens Corporation was announced on 16 November 2010.

# Largest Changes in Valuation (over £4m)

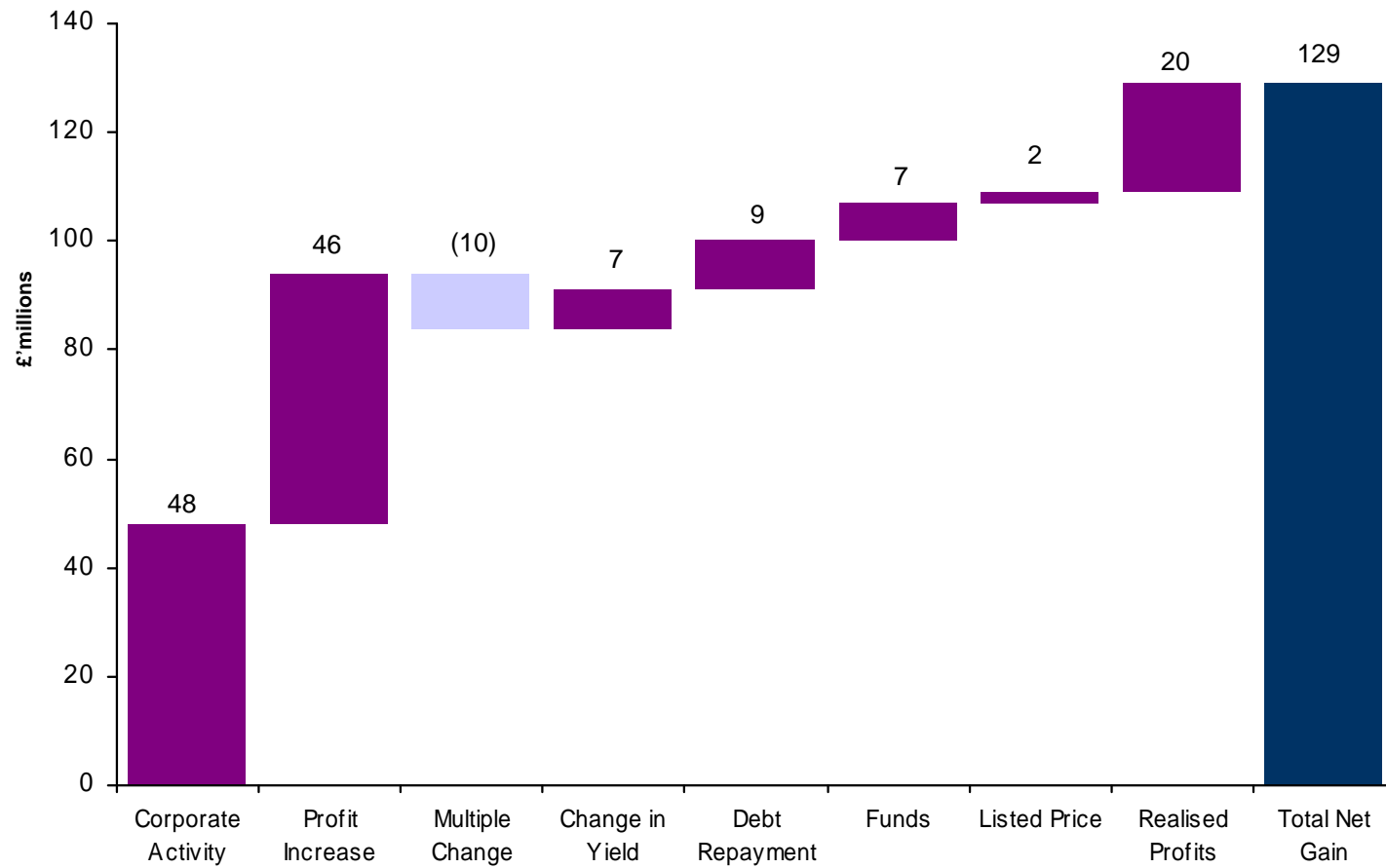
Company	H1 to 31 Mar 2010 £m	H2 to 30 Sep 2010 £m	Year to 30 Sep 2010 £m	Reason for change
<b>Gains</b>				
Rio Trens	0.3	29.6	29.9	Sale process
Allflex	12.5	8.7	21.2	Increase in profits
Steadfast	10.4	10.4	20.8	Strong performance by MPS
Capital Safety	3.8	7.9	11.7	Increase in profits
Zensar	5.1	3.3	8.4	Listed price
Funds	9.9	(3.0)	6.9	GP valuation
SAV Credit	2.8	4.0	6.8	Acquisition
BDR Thermea	-	6.7	6.7	Debt repayment
Amtico	5.9	-	5.9	Financial restructuring
Promontoria	1.7	4.2	5.9	Financial restructuring
Pine	3.7	2.0	5.7	Yield improvement
esure	-	5.6	5.6	Gocompare profit growth
Premier	4.9	-	4.9	Acquisition
Other (14 investments)	13.6	8.2	21.8	Various
	74.6	87.6	162.2	
<b>Reductions in value</b>				
Greenpark	(2.9)	(2.3)	(5.2)	Failure of sale process
Labco	(0.5)	(4.6)	(5.1)	Reduction in multiple
London and Stamford	(2.7)	(1.8)	(4.5)	Listed price
Arcadian	(1.3)	(2.9)	(4.2)	Profit reduction
Dinamia	(1.3)	(2.9)	(4.2)	Listed price
Other (10 investments)	(4.6)	(5.6)	(10.2)	Various
	(13.3)	(20.1)	(33.4)	
<b>Net Change</b>	<b>61.3</b>	<b>67.5</b>	<b>128.8</b>	





# Analysis of Capital Gains

Year to 30 September 2010

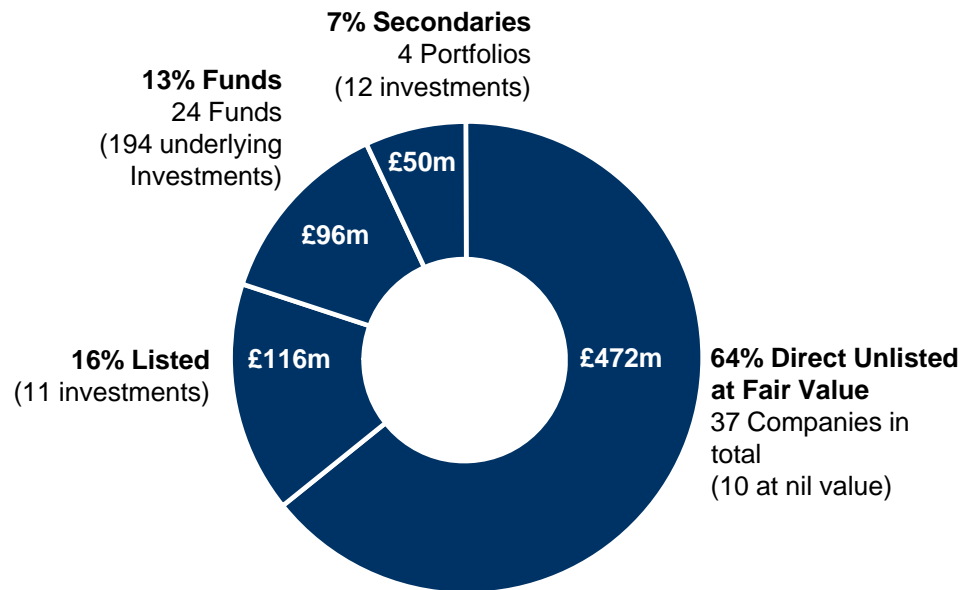




# Overall Portfolio Analysis

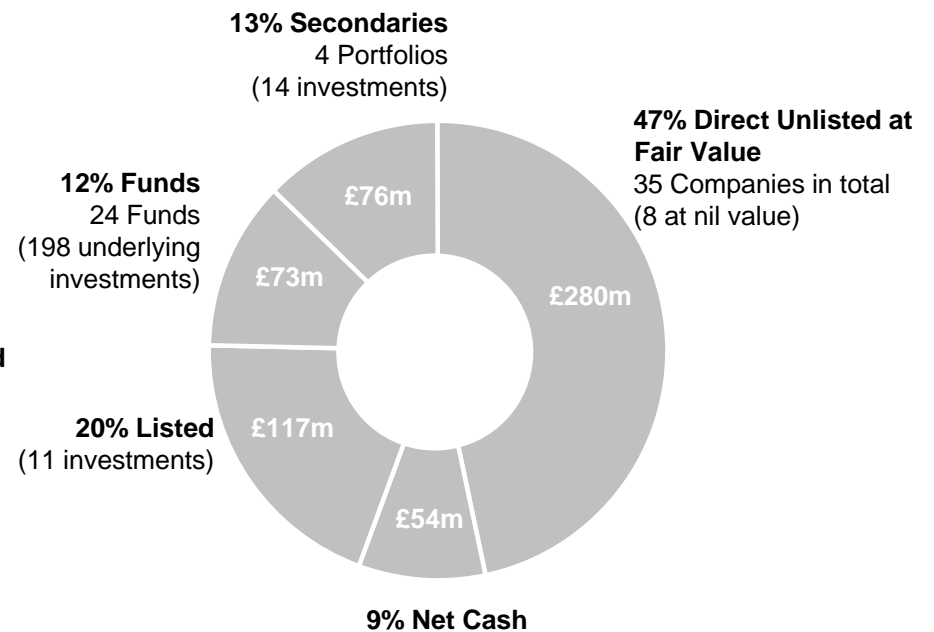
## Investment Portfolio £734 million

30 September 2010



## Investment Portfolio £600 million

30 September 2009



Net Cash was minus £2 million as at 30 September 2010 and hence has been omitted from the 2010 chart above

# Direct Investments and Secondaries

(Individual investments greater than £7.5 million in value)

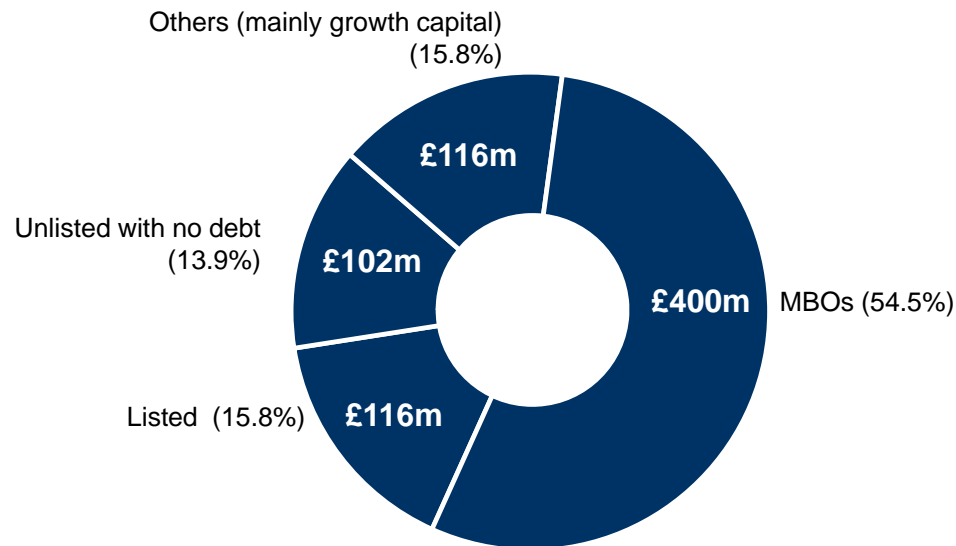
Company	Sector	Year of Investment	Cost £m	Valuation at 30 Sept 2010 £m	Net change in period £m	Currency change in period £m
Allflex	Animal tagging	*2007	40.5	71.9	21.2	-
BDR Thermea	Heating systems	*2009	32.1**	62.5	6.7	(1.6)
Rio Trens	Transportation	*2010	34.4	52.6	29.9	0.1
Promontoria	Property holding company	*2008	16.5	36.3	5.9	(1.6)
esure	Motor and home insurance	2010	29.7	35.4	5.6	-
Premier	Investment Management	*2010	55.8	31.8	4.9	-
Lil-Lets Group	Feminine hygiene	*2006	21.4	21.1	-	-
Nuaire	Ventilation systems	2007	23.1	20.1	1.0	-
Capital Safety Group	Specialist safety equipment	*2007	17.6	17.9	11.7	-
Vent-Axia	Ventilation systems	2006	15.8	15.8	-	-
Labco	Medical diagnostics	2008	24.0	15.4	(5.1)	(1.1)
PINE	Nursery school finance	2005	14.2	15.0	5.7	-
CPA	Patent management	2010	13.9	13.9	-	-
CH Pharma †	Pharmaceutical manufacture	2007	5.3	13.9	1.2	(0.8)
Amtico	Luxury flooring	*2006	22.3	12.4	5.9	-
SAV Credit	Credit card operator	*2007	24.2	12.0	6.8	-
Kalle	Food casings	2010	9.0	11.1	2.1	0.1
			399.8	459.1	103.5	(4.9)
Other – Direct investments (21)			90.3	26.5	(2.0)	
Other – Secondaries (11)			34.8	35.9	6.7	
<b>Total</b>			<b>524.9</b>	<b>521.5</b>	<b>108.2</b>	

\* Date of most recent material transaction † Secondary purchase \*\* Original cost

# Investment Portfolio Debt Analysis

## Investment Portfolio £734 million

30 September 2010



## Management buyouts £400 million

Debt/EBITDA Ratio	%	£m	Average Ratio	No of Co's
5 – 6	5	18	6.5	1
4 – 5	22	88	4.4	2
3 – 4	12	50	3.4	4
2 – 3	11	45	2.5	3
1 – 2	32	127	1.8	7
LBO Funds	18	72	-	140
	100	400		

**Weighted Average Debt/EBITDA Ratio 2.9**  
(excluding Funds)

30 September 2009: 3.2



# Electra Liquidity Position

- As at 30 September 2010, the Company had outstanding commitments to private equity funds of £72m
- As at 30 September 2010, the portfolio included £116m of listed securities, the majority of which can be realised within a short time-frame

	30 Sept 10 £m	30 Sept 09 £m
Liquid resources	212	266
Bank borrowings <sup>†</sup>	(164)	(170)
Net liquid resources	48	96
ZDP shares	(50)	(42)
Net cash (gearing)	(2)	54

<sup>†</sup> Facility of £185 million available until 2013



# Investment Activity

We remain cautious about the outlook for the European economy

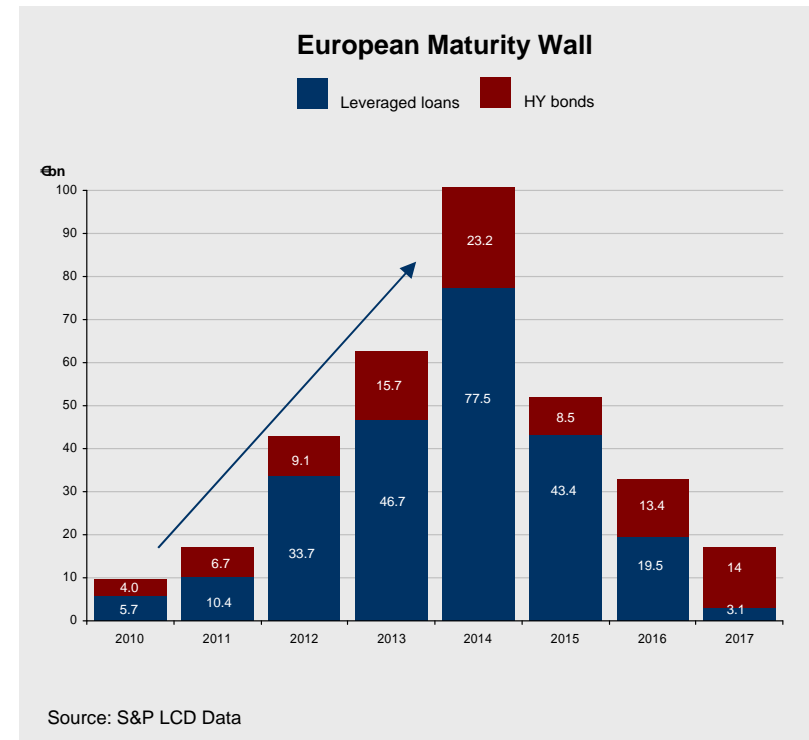
Activity has increased

- more deals reviewed
- more sales contemplated
- investments and realisations have increased significantly compared to 2009

Prospects for higher levels of activity remain very positive

# Private Equity Market in 2010

- “Clean up” following excessive lending during 2005-2007 period is incomplete
  - 7x increase in leverage loans due from 2011 to 2014
- Credit crunch has changed the leverage culture
  - Banks have reduced appetite
  - Significant and varied equity requirements
- Short term irrational behaviour of some buyers likely to subside during 2011



**Refinancing pressure is and will create distressed vendors and deal flow**



## Summary

Electra has:

- Existing portfolio in good shape and performing well
- The attributes necessary to take advantage of current market conditions:
  - experienced management team
  - well respected position in the market
  - flexible capital

**Well placed for further progress**



# Capital Raising Rationale

- Opportune time to expand Electra's capital base to capitalise on market opportunities
- Expand the capital base now, ready for the current investment cycle/opportunities
  - Creates diversity of funding sources
  - Extends average maturities

- Proposed £100m convertible bond issue via placing and open offer
- Observes principle of pre-emption for shareholders<sup>1</sup>
- No immediate impact on NAV per share<sup>2</sup>
- More attractive than alternatives (debt raising or a rights issue)

**Proposed capital raising minimises ordinary shareholder dilution  
whilst maintaining the principle of pre-emption**

<sup>1</sup> Subject to a minimum shareholding of 354 shares

<sup>2</sup> As at 30 September 2010, save for transaction costs

# Proposal

## Proposal

- Placing and open offer to raise £100m of Convertible Bonds
- Placing subject to clawback by qualifying shareholders: with offset available to placees

## Rationale

- To enhance NAV growth in the future through
  - capitalising on investment opportunities in an attractive investment environment
- To increase Electra's capital available for investment
- To improve liquidity in Electra's shares

## Convertible Bond Summary Terms

<b>Size</b>	• £100m
<b>Life</b>	• 7 years
<b>Status</b>	• Subordinated
<b>Coupon</b>	• 5%
<b>Conversion price</b>	• 2,050p

## Proposed Timetable

<b>30 November</b>	• Publication of Prospectus • Start of Open Offer
<b>30 November*</b>	• Conditional Placing closes
<b>21 December</b>	• Latest date for acceptance and payment in full under Open Offer • Clawback / Offset
<b>23 December</b>	• General Meeting
<b>29 December</b>	• Trading begins in new securities

\* Or such later date as JP Morgan Cazenove and the Company may agree

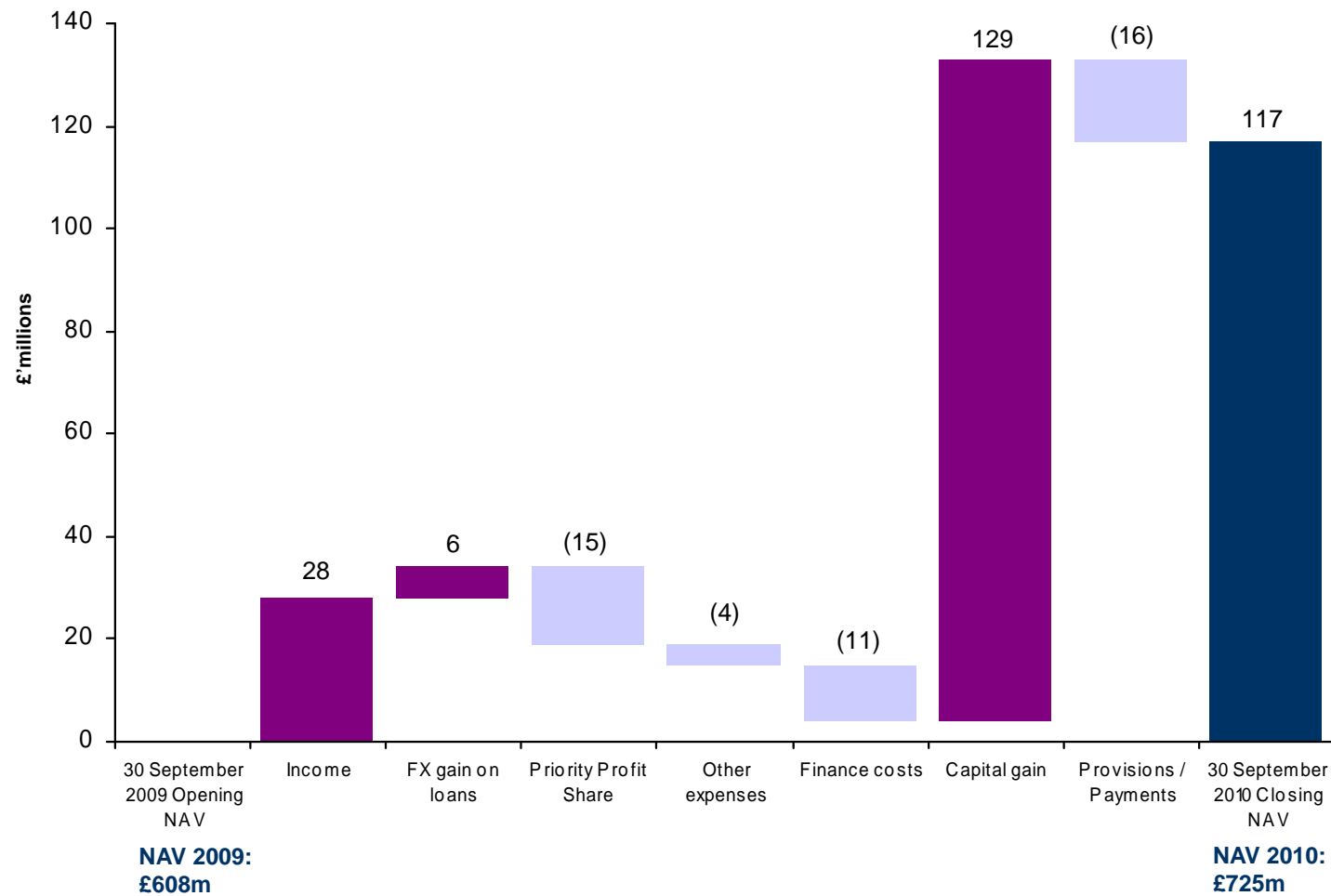


# Appendices



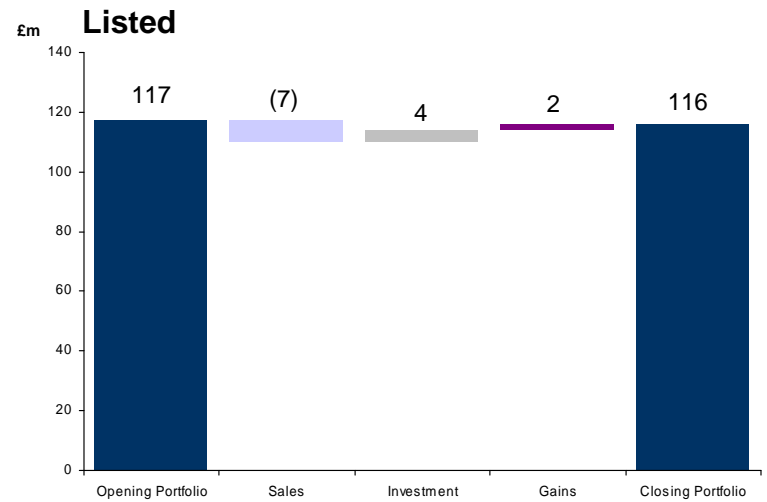
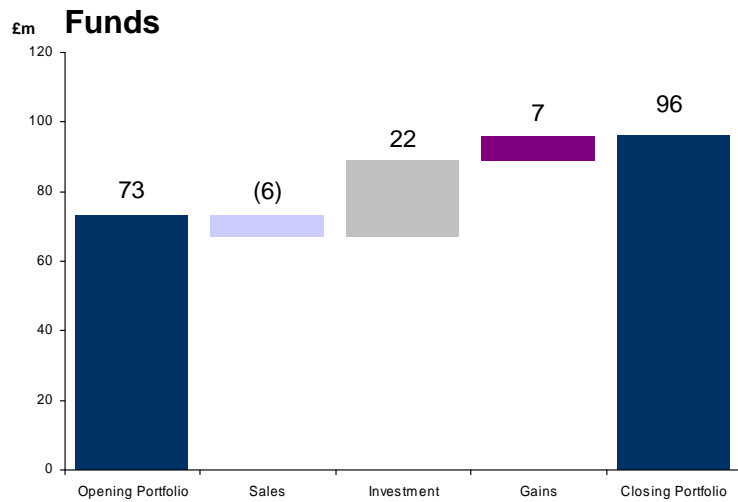
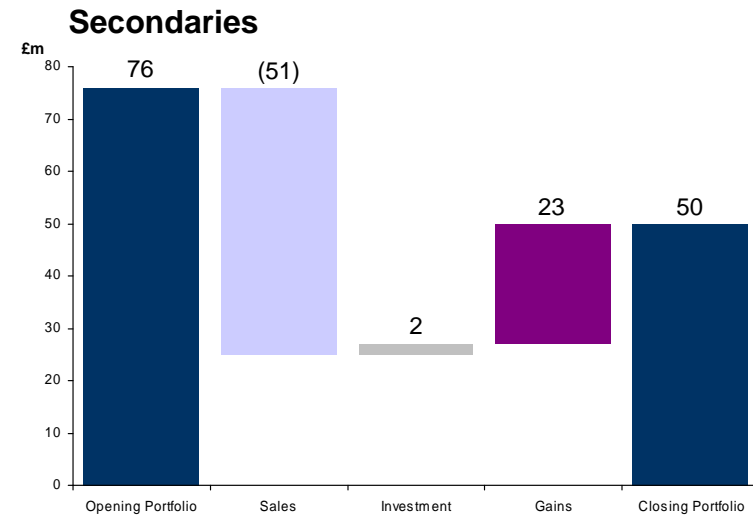
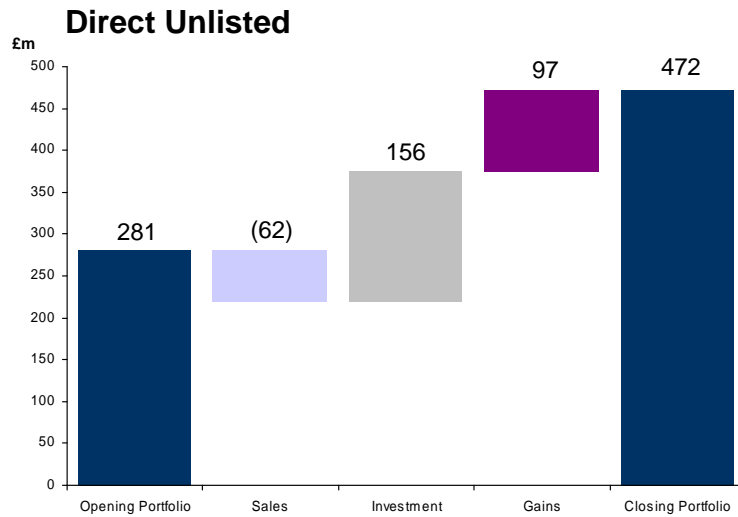
# Analysis of Movement in NAV

Year to 30 September 2010





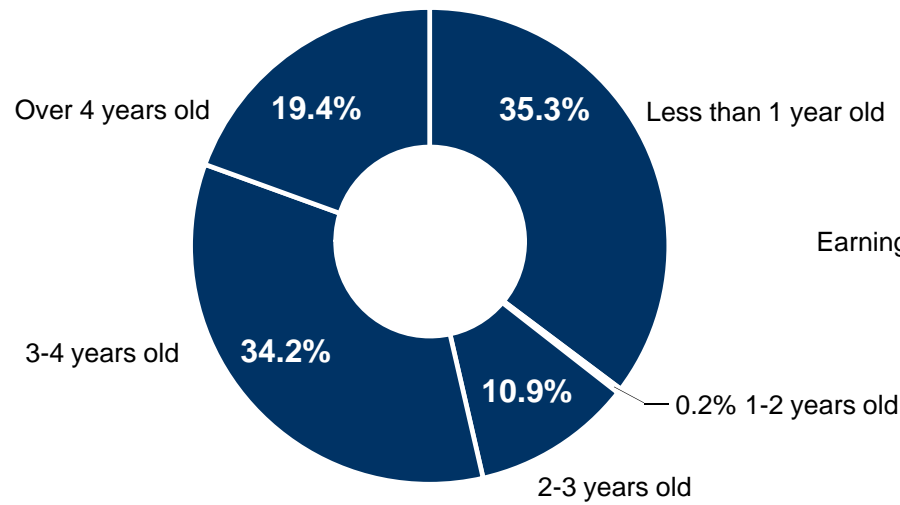
# Segmental Changes - Year to 30 September 2010



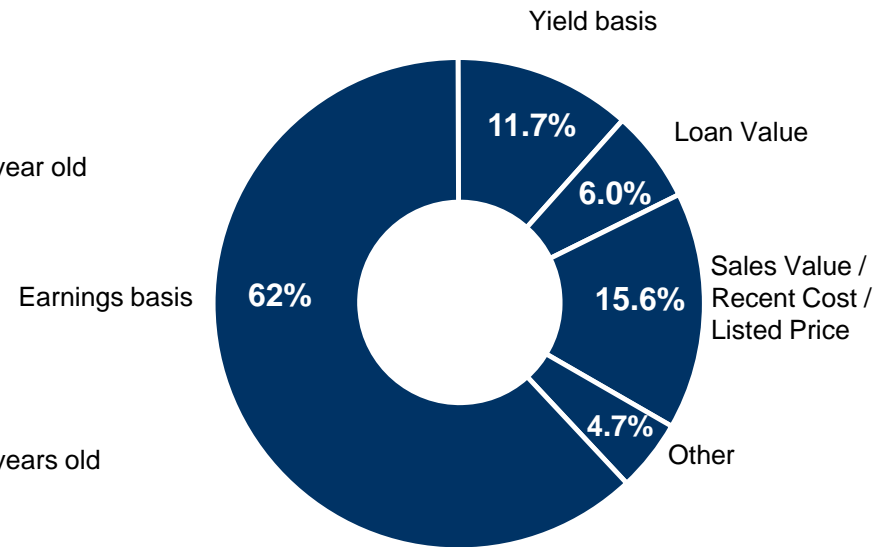
# Investment Portfolio\*

at 30 September 2010

Age Profile By last financing



Valuation Basis



**Total £472 million**

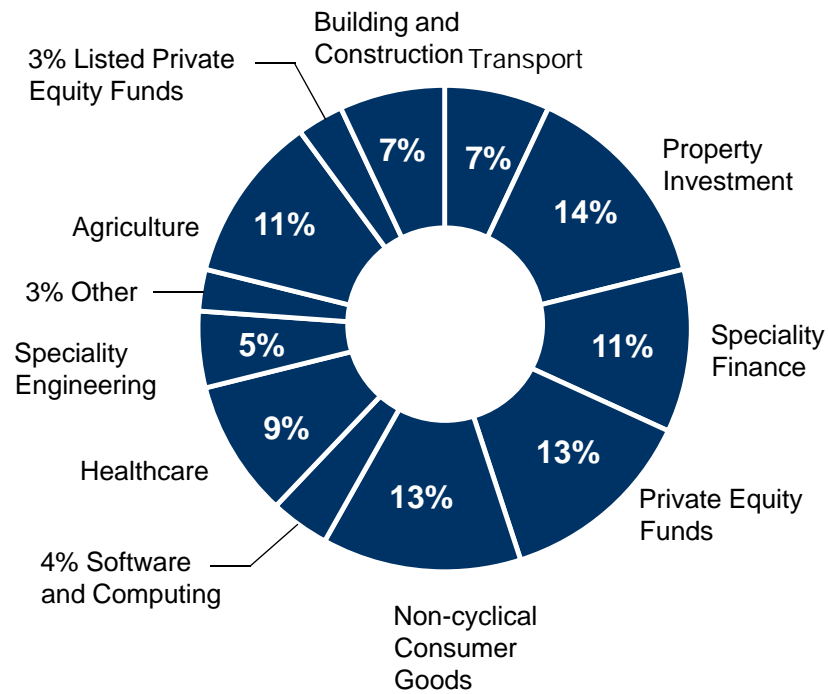
\* Includes Direct Unlisted investments only



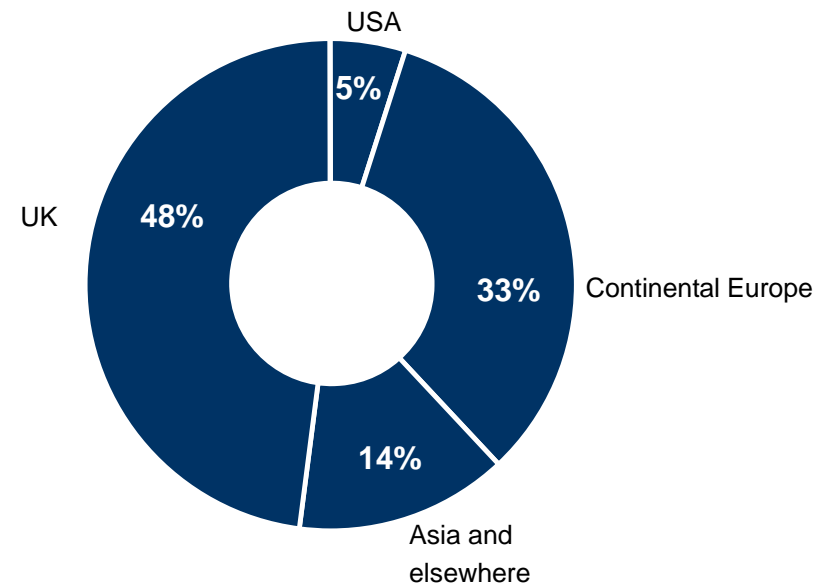
# Investment Portfolio

at 30 September 2010

**Classification and Distribution**



**Geographic Split**





# Listed Portfolio

	Country	No of Shares '000	Value at 30 Sept 2010 £m
London & Stamford	UK	29,700	33.9
Zensar Technologies	India	10,301	24.0
Dinamia	Spain	1,666	12.2
Moser Baer	India	9,960	9.5
Millicom	USA	110	6.7
Candover	UK	950	6.7
Orthofix	USA	329	6.6
Hornby	UK	2,995	4.8
Meghmani	India	28,389	3.4
Sundry (mainly in process of sale)			8.6
			116.4





# Management Team

## Well resourced

- 14 investment professionals
- Backed by a 24-strong team skilled in finance, compliance, property investment, portfolio management and marketing

## Experienced

- Senior management have worked together since 1992
- In private equity long enough to invest through several business cycles
- Short decision lines
- Investment professionals average over 17 years in private equity industry
- Senior Partners have worked together for 20 years

### Senior Management Team

Hugh Mumford	Managing Partner
Tim Syder	Deputy Managing Partner
David Symondson	Deputy Managing Partner
Rhian Davies	Partner
Philip Dyke	Partner
Steve Ozin	Partner

### Investment Team

Alex Cooper-Evans	Investment Partner
Ian Dyke	Investment Partner
Charles Elkington	Investment Partner
Nigel Elsley	Investment Partner
Roger Issac	Investment Partner
John Martin	Investment Manager
Sarah Williams	Investment Manager
Oliver Huntsman	Portfolio Manager



The information contained in this presentation is restricted and is not for release, publication, or distribution, directly or indirectly, in or into the United States, Canada, Japan or Australia. The information in these materials does not constitute an offer of securities for sale in the United States, Canada, Japan or Australia. No information contained in this presentation shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction.

This presentation is not an offer to sell or a solicitation of any offer to buy any securities of Electra Private Equity PLC or Electra Private Equity Investments PLC (the "Company", and "EPEI" respectively and such securities, the "Securities") in the United States or any other jurisdiction. The Company and EPEI are not registered under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"), and holders of any Securities will not be entitled to the benefits of the Investment Company Act. The Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be reoffered, resold or transferred in the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act) unless registered under the Securities Act or an exemption from such registration is available. Copies of this announcement are not being, and should not be, distributed or sent into the United States. No public offering of Securities is being made in the United States. If for any reason in the future an offering of the Securities is made, such offering will be made by means of a prospectus that may be obtained from the Company and/or EPEI and will contain all relevant information about the Company, EPEI, their management, and their financial statements.