



# Electra Private Equity PLC

**Annual Review and Analysis**

December 2011

Presented by

electra  
partners

# Results: Year to 30 September 2011

	30 Sept 2011	30 Sept 2010	Change
Net assets (£000's)	821,492	724,531	13.4%
Net asset value per share (diluted)	2,225p	2,050p	8.5%
Share price	1,360p	1,368p	(0.6%)
Discount	38.9%	33.3%	

FTSE All-Share down 7.4% over the year to 30 September 2011

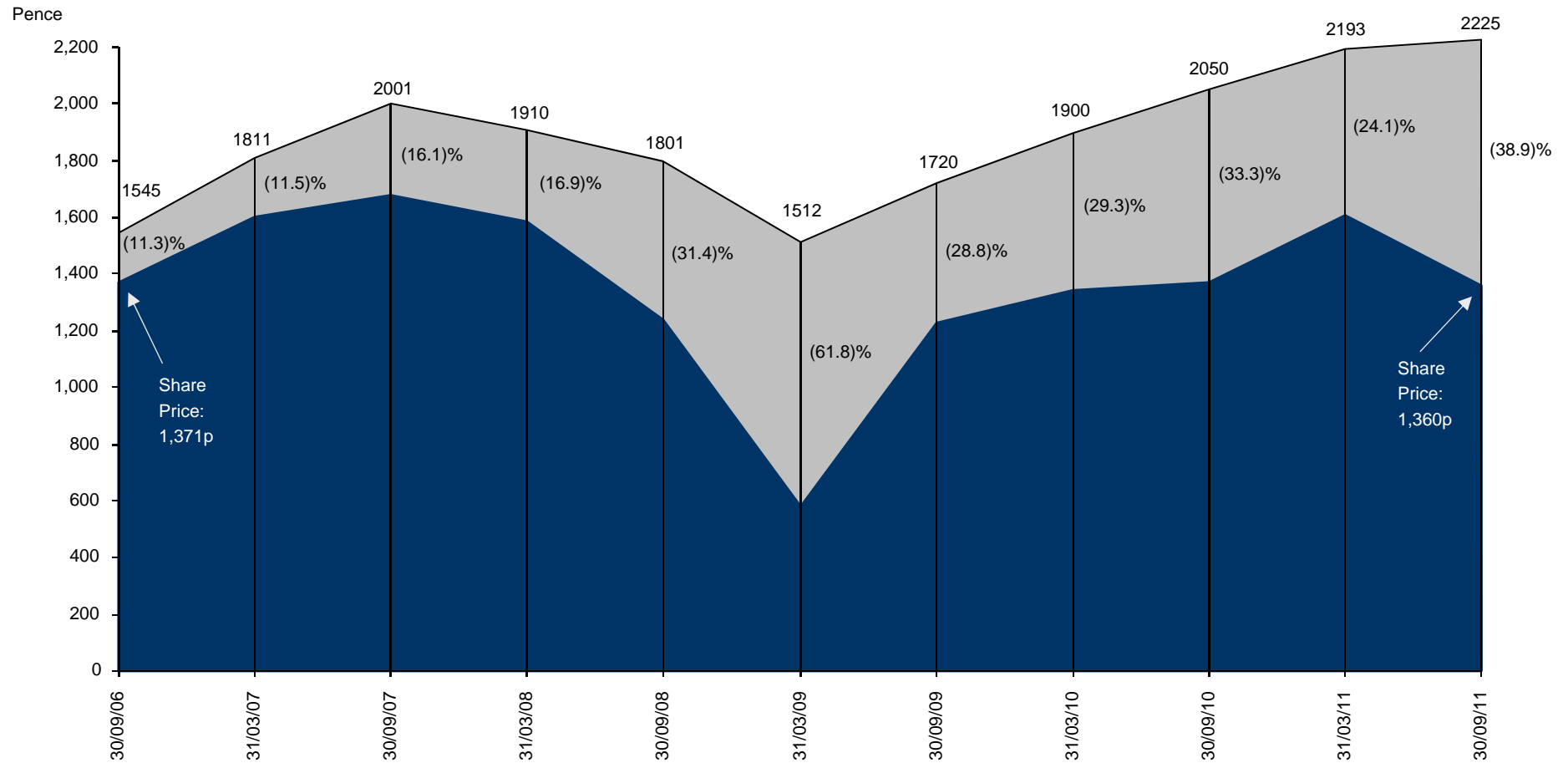
Partially adjusted diluted NAV per share at 30 November 2011 was 2,221p (share price 1,435p)

# Results: Six Months to 30 September 2011

	30 Sept 2011	31 Mar 2011	Change
Net assets (£000's)	821,492	808,563	1.6%
Net asset value per share (diluted)	2,225p	2,193p	1.5%
Share price	1,360p	1,664p	(18.3%)
Discount	38.9%	24.1%	

# NAV and Share Price

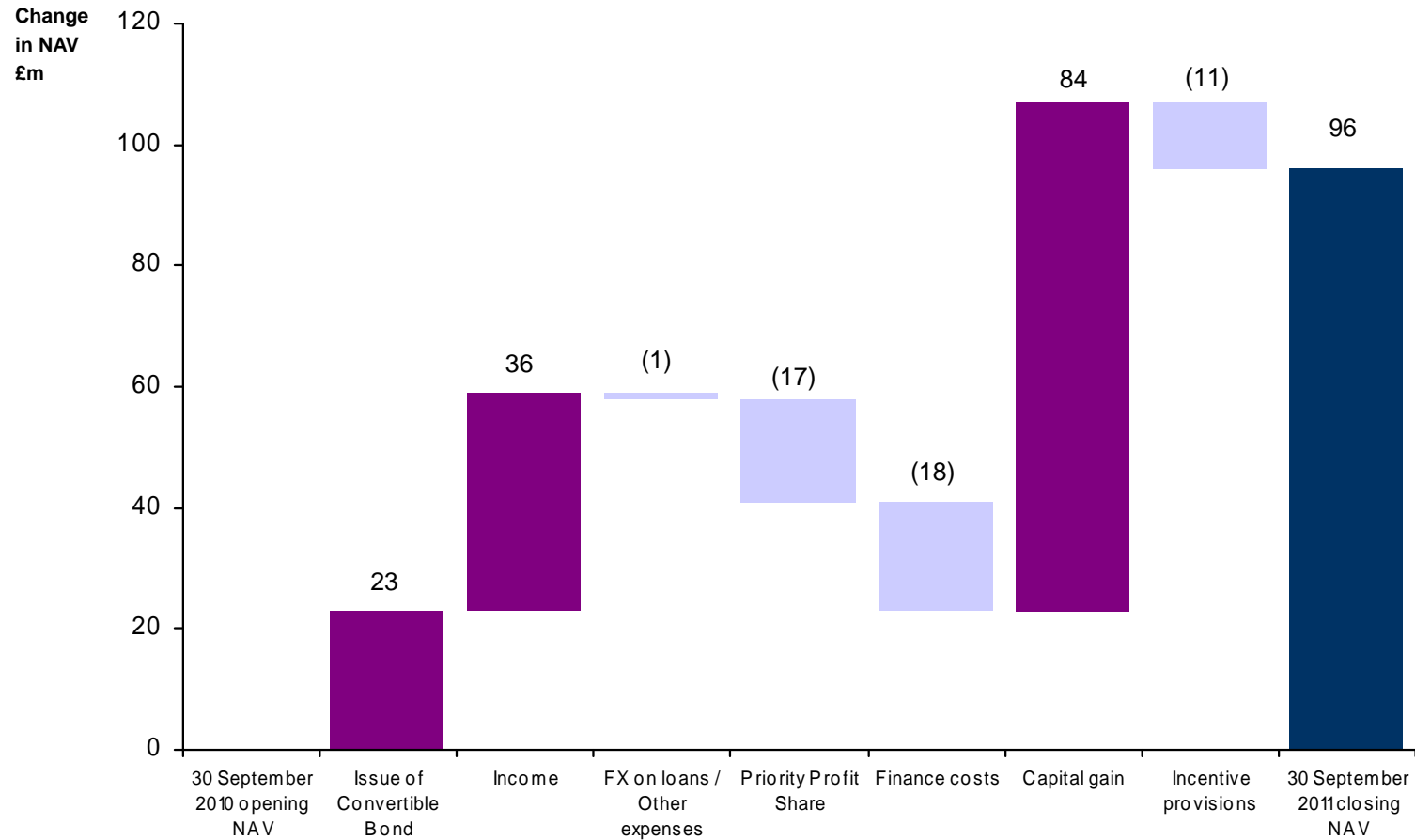
Movement over last 5 years





# Analysis of Movement in NAV

Year to 30 September 2011

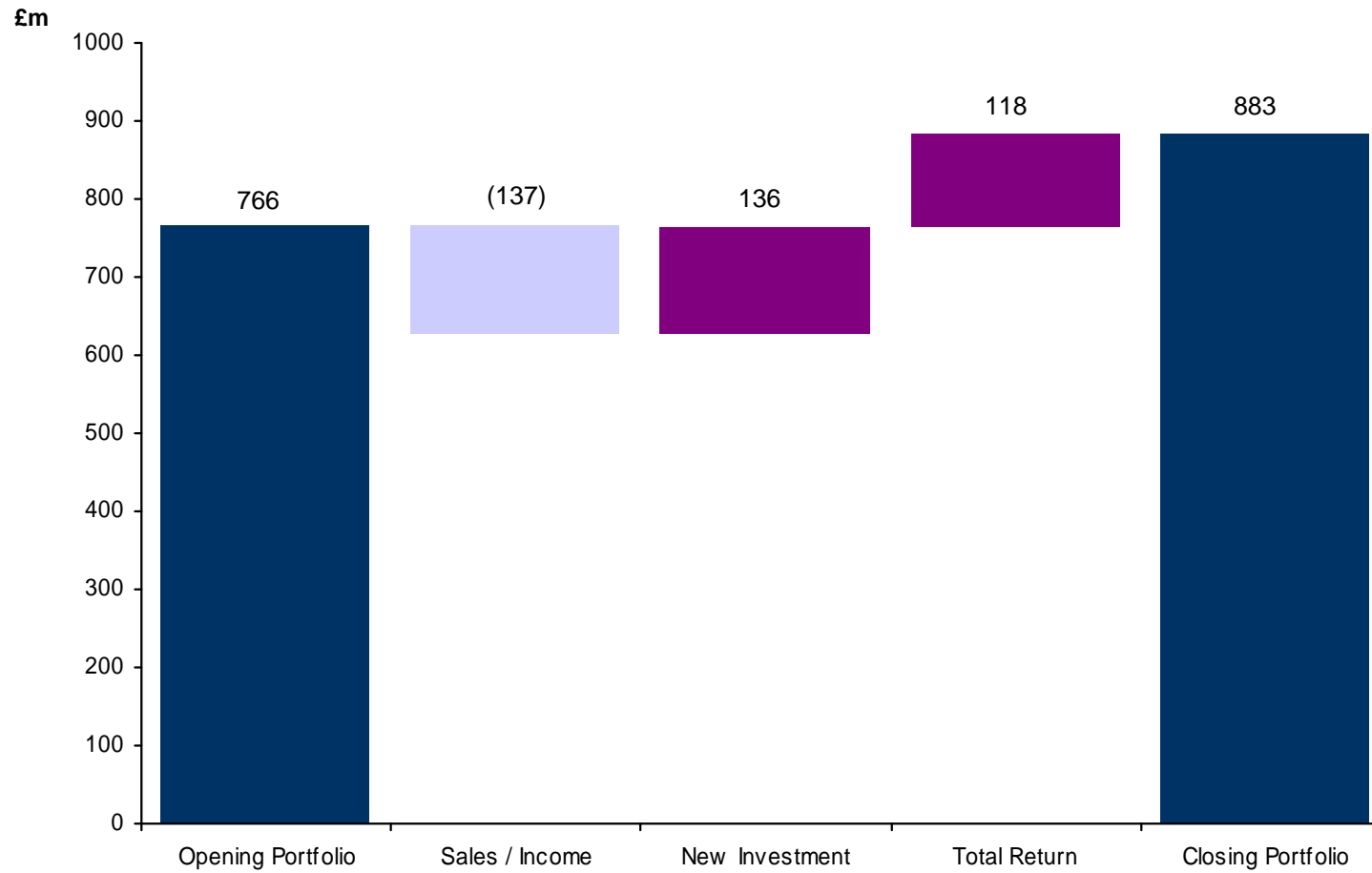


**NAV**  
**30 Sept 2010:**  
**£725m**

**NAV**  
**30 Sept**  
**2011:**  
**£821m** Electra Private Equity PLC

# Change in Investment Portfolio

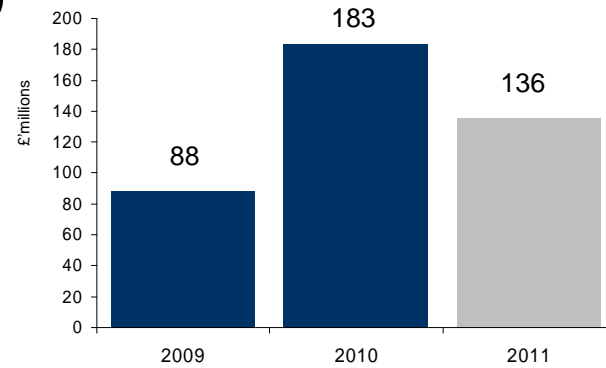
Year to 30 September 2011



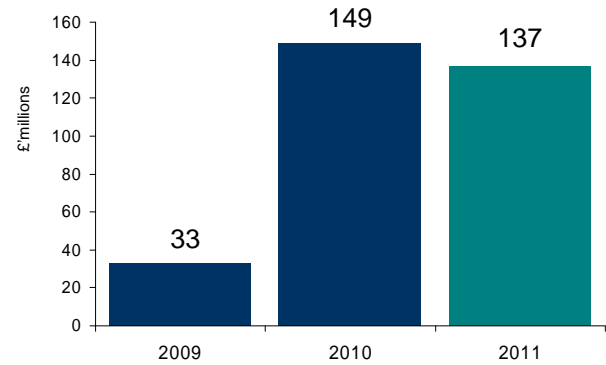
# Investment Portfolio

Changes last 3 years

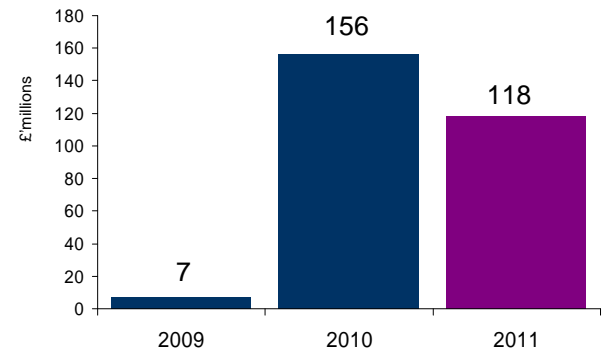
New Investment



Realisations



Total Return

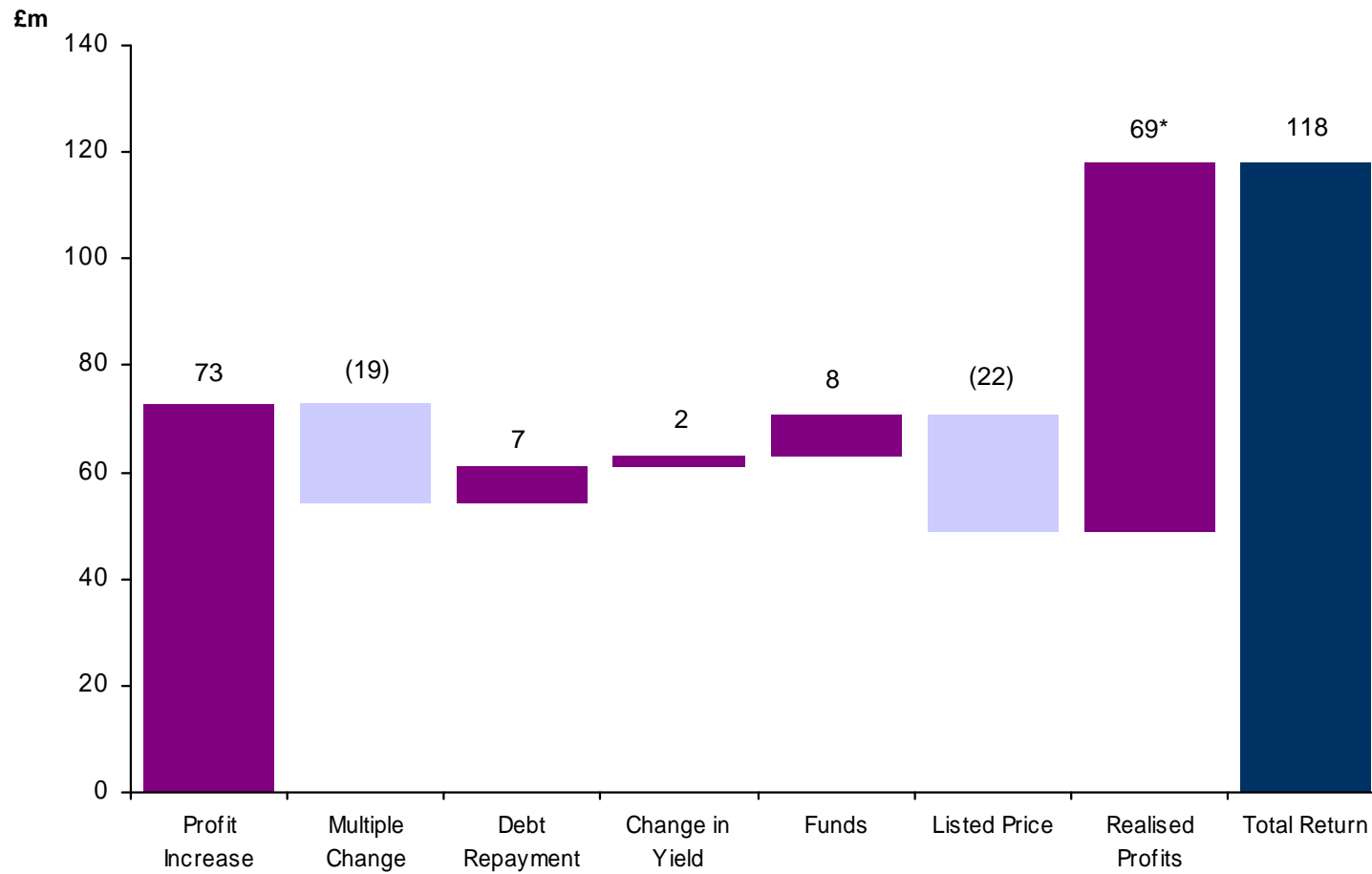


Electra Private Equity PLC



# Analysis of Total Return

Year to 30 September 2011







# Portfolio Movement (by segment)

Year to 30 September 2011

	Valuation at 30 Sept 2010 £m	Purchases £m	Sales / Income £m	Total Return £m	Valuation at 30 Sept 2011 £m	% Increase
Direct Unlisted	501	94	103	129	621	25.7
Secondaries	50	22	18	3	57	6.0
Funds	96	20	13	8	111	8.3
Listed	119	-	3	(22)	94	(18.5)
	766	136	137	118	883	15.4





# Portfolio Return

Year to 30 September 2011 – H1 vs H2

	First Six Months £m	Second Six Months £m	Year Total £m
Direct Unlisted	72	57	129
Secondaries	4	(1)	3
Funds	10	(2)	8
Listed	(2)	(20)	(22)
	84	34	118

# H2 2011 – New Investments

Company	 Steadfast Capital Fund II	
Business Description	Secondary Portfolio	Claims management
New Capital Invested	£21.7m	£35.8m
Ownership	16.8%	46.2%
Investment Rationale	Acquisition at discounted value with spread of risk	High quality management - good growth prospects

# Realisations

Company	Rio Trens Corporation	 BDR THERMEA	SAV Credit Limited
Business Description	Transportation	Heating products	Credit card operator
Date of Realisation	November 2010	October 2011	November 2011
Proceeds	£54m	£85m*	£41m
Investment Period	12 years	7 years	5 years
Transaction Type	Development capital	Buyout	Development capital
Value Creation Driver	Restructuring	Product improvement	Acquisition

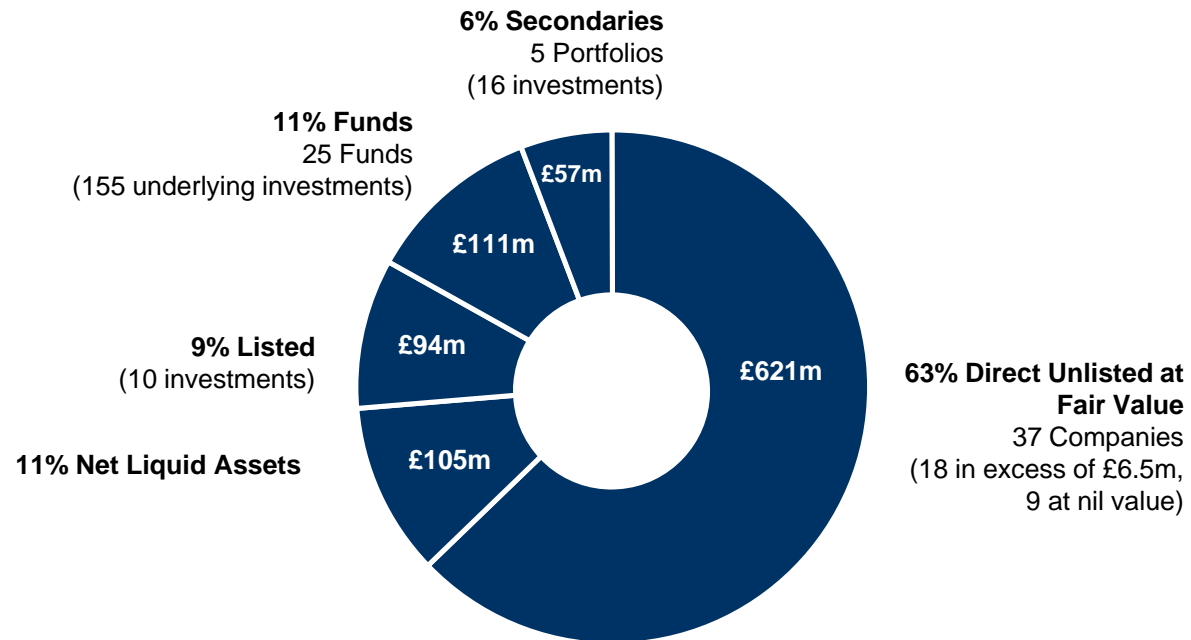


# Portfolio Analysis

Including Cash Net of Bank Loans

**Total £988 million**

30 September 2011



## Balance Sheet Summary

30 September 2011

	£m
Portfolio	988
Liabilities	(39)
ZDP	(53)
Convertible Bond	(75)
<b>Net Assets</b>	<b>821</b>



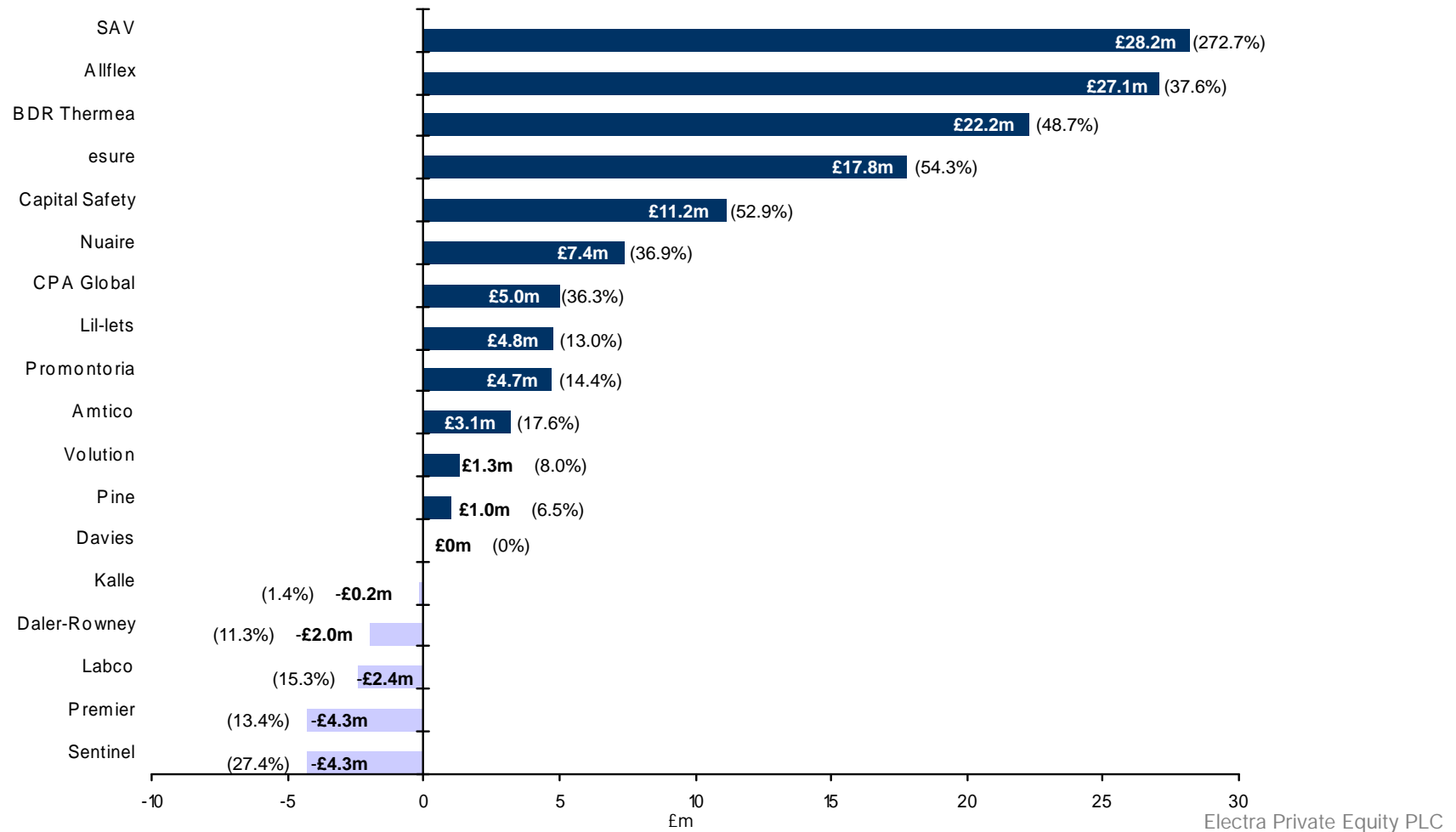
# Direct Investments

(Individual investments greater than £6.5 million in value)

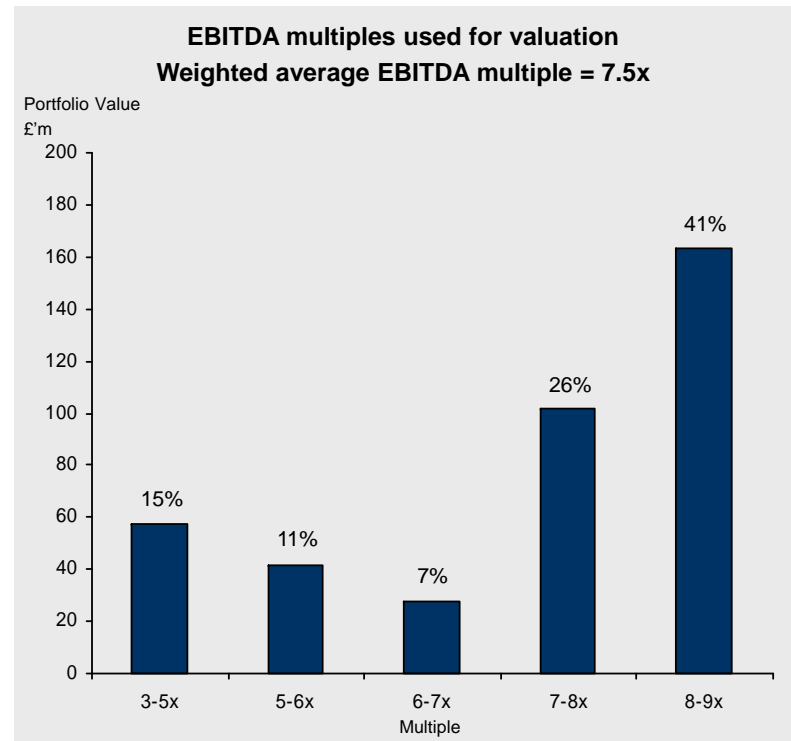
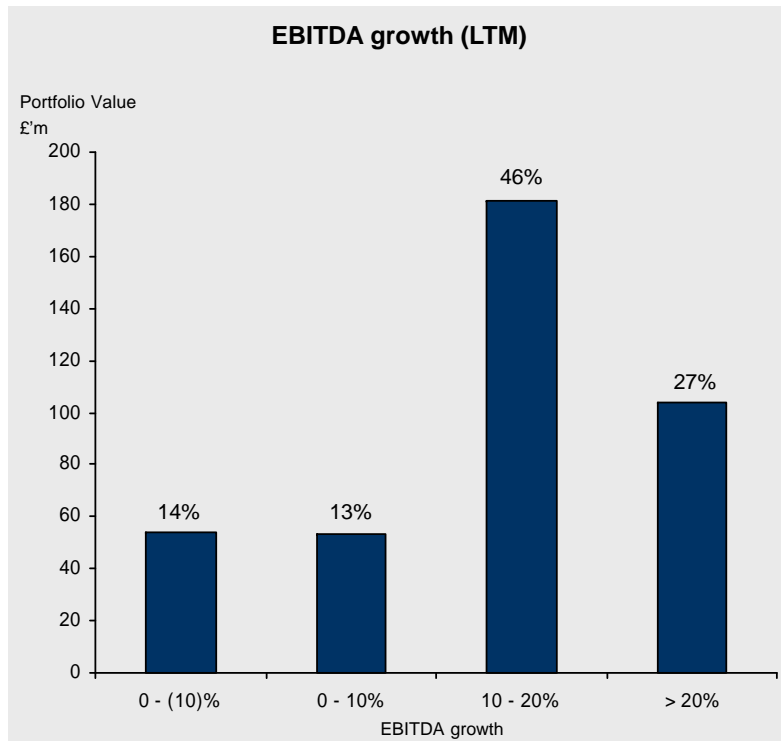
Company	Sector	Year of Investment	Cost £m	Valuation at 30 Sept 2011 £m	Total return in year £m	Percentage of unlisted investments %
Allflex	Animal tagging	*2007	40.8	99.0	27.1	12.5
BDR Thermea	Heating systems	*2009	44.3	73.2	22.2	9.3
esure	Motor and home insurance	2010	29.7	50.7	17.8	6.4
Lil-Lets Group	Feminine hygiene	2007	21.7	41.4	4.8	5.2
SAV Credit	Credit card operator	2005	22.8	38.5	28.2	4.9
Promontoria	Property holding Co.	*2008	14.1	37.4	4.7	4.7
Davies Group	Insurance claims management	2011	35.8	35.8	-	4.5
Capital Safety Group	Specialist safety equip	*2007	19.1	32.3	11.2	4.1
Nuaire	Ventilation systems	2007	23.1	27.6	7.4	3.5
Premier	Financial services	2008	55.8	27.6	(4.3)	3.5
Amtico	Luxury flooring	*2006	22.3	20.9	3.1	2.6
CPA	Patent management	2010	13.9	18.7	5.0	2.4
Volution	Ventilation systems	2006	15.8	18.1	1.3	2.3
PINE	Nursery school finance	2006/7	14.5	16.3	1.0	2.1
Daler-Rowney	Fine art products	2011	17.4	15.5	(2.0)	2.0
Labco	Medical diagnostics	2008	24.2	13.3	(2.4)	1.7
Kalle	Food containers	2010	9.0	11.5	(0.2)	1.5
Sentinel	Heating fluids	2011	15.7	11.4	(4.3)	1.4
			440.0	589.2	120.6	74.7
Other – Direct investments (19)				32.3	8.4	4.1
<b>Total</b>				<b>621.5</b>	<b>129.0</b>	<b>78.8</b>

# Direct Investments – Returns

Year to 30 September 2011



# Direct Investments – EBITDA Growth / Valuation Multiples



■ Portfolio value

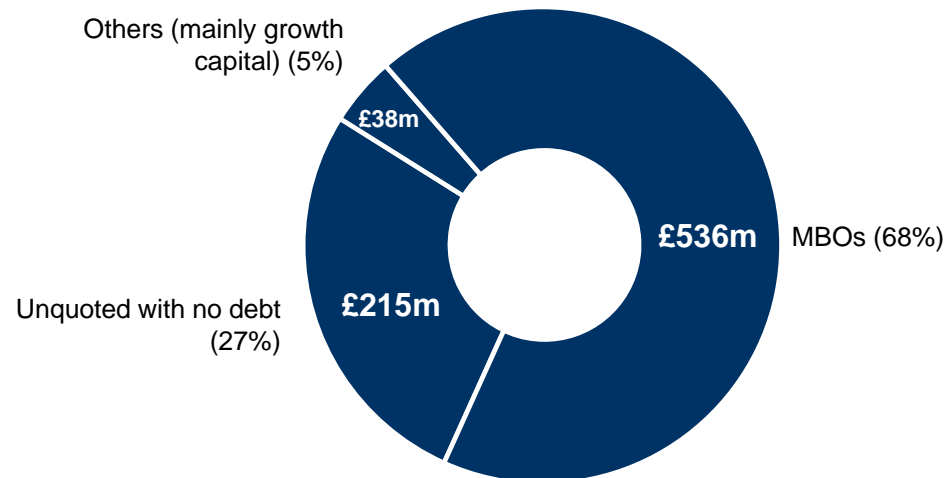
□ % of portfolio valuation



# Debt Analysis

## Unlisted Investment Portfolio £789 million

30 September 2011



## Management buyouts £536 million

Debt/EBITDA Ratio	%	£m	Average Ratio	No of Co's
5 – 6	-	-	-	-
4 – 5	8	46	4.6	2
3 – 4	25	123	3.5	3
2 – 3	17	90	2.6	4
1 – 2	31	178	1.5	6
LBO Funds	19	99	-	86
	100	536		

**Weighted Average Debt / EBITDA Ratio 2.5**  
(excluding Funds)

31 March 2011	2.7
30 September 2010	2.9
31 March 2010	3.0
30 September 2009	3.2
31 March 2009	3.9



# Capital Safety Group

## Investment History

	Year	Enterprise value	Investment £m	Net proceeds £m
Original investment	1998	\$160m	30	-
Refinancing	2005	-	-	45
Sale to Candover Reinvestment	2007	\$565m	-	113 *(18)
Proposed disposal	2012	c.\$1,100m	-	**54
			30	194



# Electra Liquidity Position

- As at 30 September 2011, the Company had outstanding commitments to private equity funds of £97m
- Since 30 September 2011, cash proceeds from the realisations of SAV Credit, BDR Thermea and others have amounted to over £100m
- In October 2011 the bank facility was renewed with £195m available until June 2016
- Borrowing required for currency hedges (primarily Euro) and Investment Trust compliance

	30 Sept 11 £m	30 Sept 10 £m
Liquid resources	269	212
Bank borrowings	(164)	(164)
<b>Net liquid resources</b>	<b>105</b>	<b>48</b>
ZDP shares	(53)	(50)
Convertible Bond*	(100)	-
* Repayment amount		

## Short Term New Deal Outlook is Challenging...

Few businesses being sold – deal volumes down in H2 2011 versus last year

Debt markets weak

Equity markets, from which buyer and seller valuation expectations are set, extraordinarily volatile meaning that agreeing price is hard

Forecasting earnings is challenging!



Few deals expected to be consummated over next few months



## ...but Next 12-18 Months Look Very Exciting

Fundraising pressure on our competitors

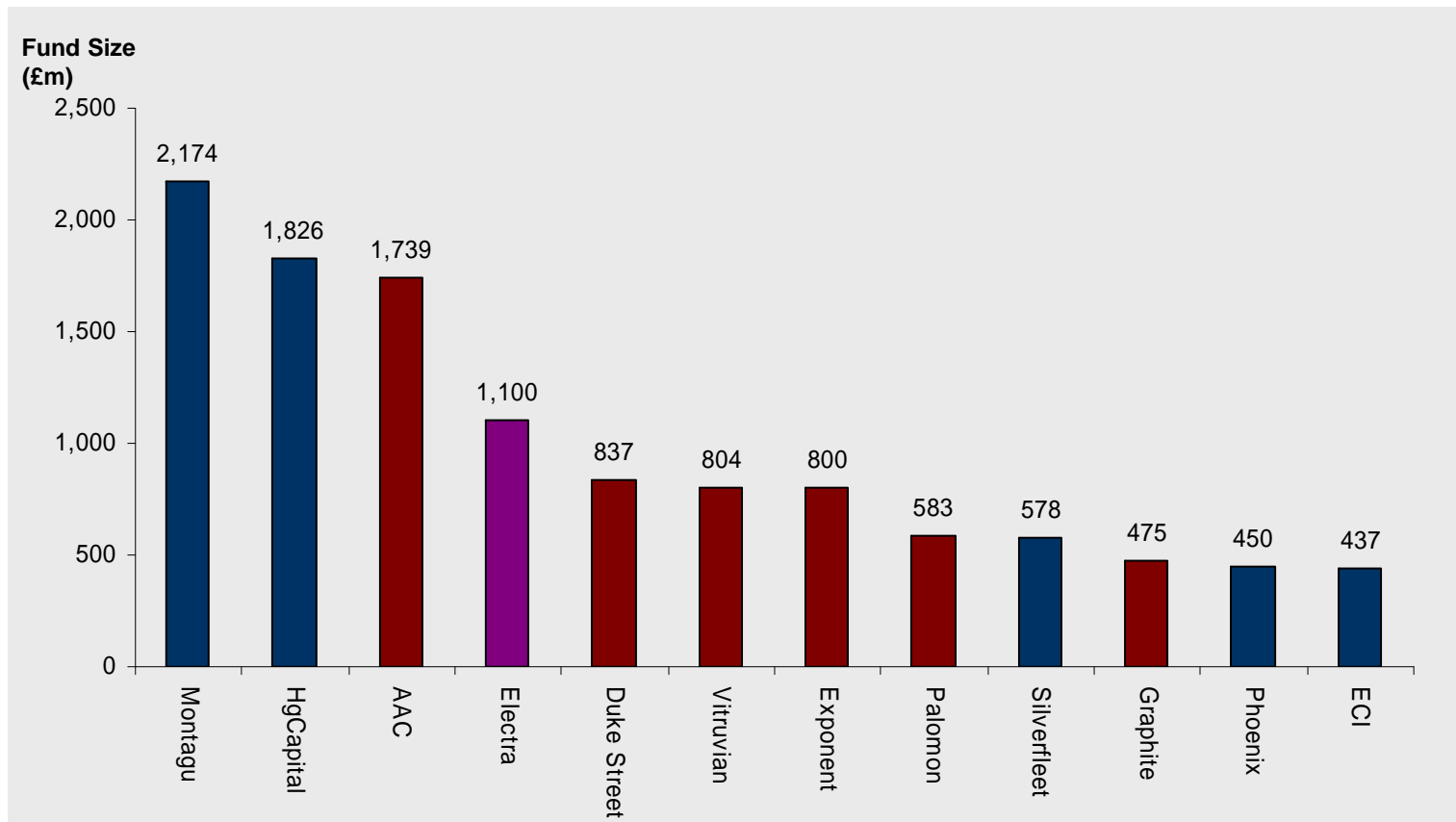
Bank deleveraging will force asset sales

Refinancing wall fast approaching – sale pressure and equity top up required



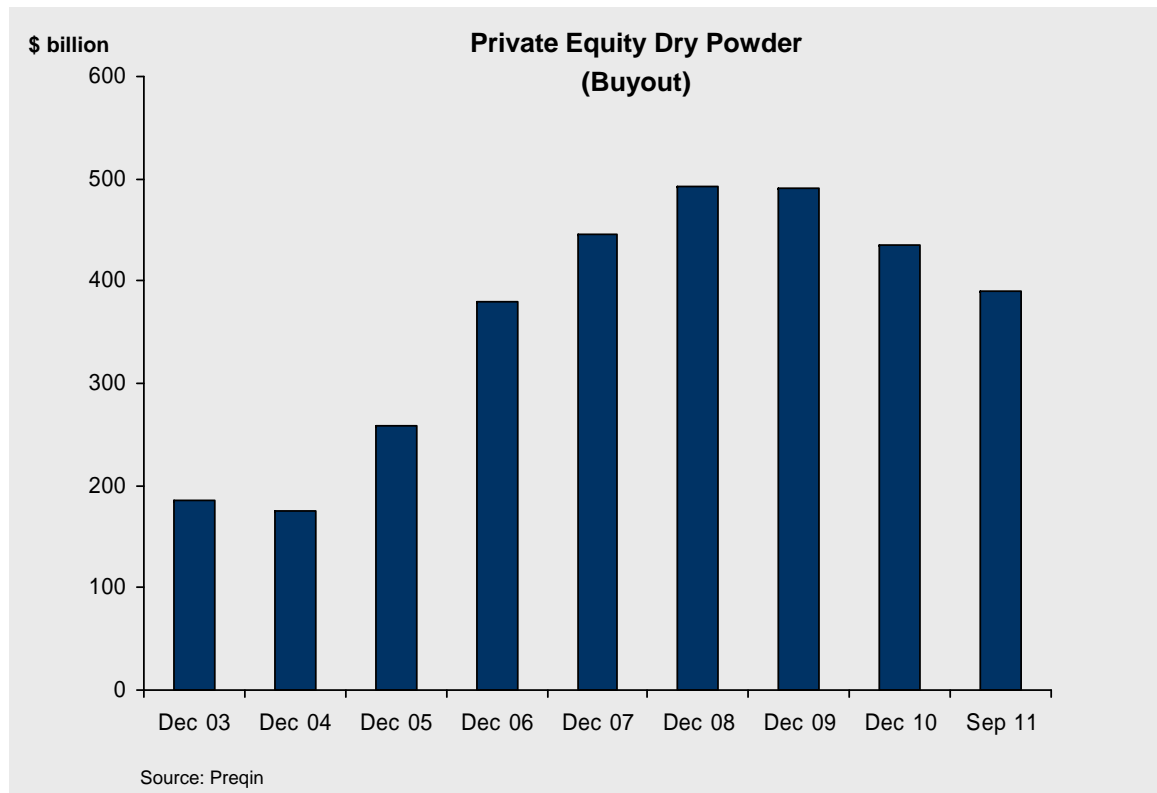
More opportunities at better prices –  
we could not be better placed as a cash rich permanent capital vehicle at this point in the cycle

## Most Key Competitors Need to Fundraise Over Next 12-18 Months



Red denotes last fund raised 4 or more years ago (normal investment period 5 years)

# The Private Equity Overhang is Reducing



20% decline in dry powder between December 2008 and September 2011  
due to slow fundraising environment



# Bank Deleveraging Expected

- European banks need €244 billion new equity...
- ...or €2.6 trillion of deleveraging to meet Basel III ratios
- Banks own very large inventory of unintentional non-core assets...
- ...as well as being “conglomerates” with previously core businesses earmarked for disposal
- Electra’s flexibility will be a significant advantage

## Example Assets for Potential Disposal

### Financial Assets:

- Debt for equity swaps
- Debt
- Investments in funds

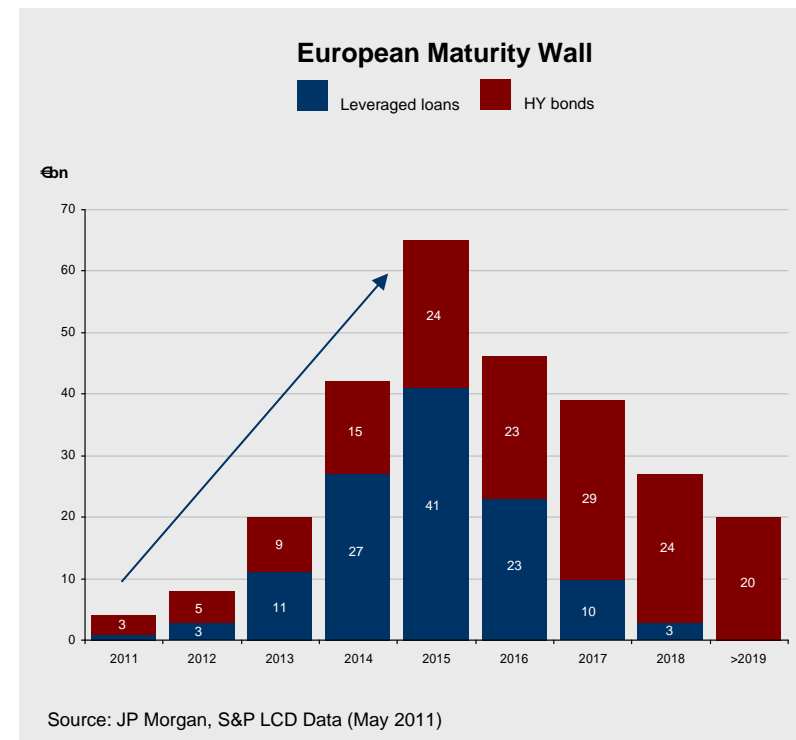
### Non Core Business Assets:

- Fund management
- Custodian services
- Insurance

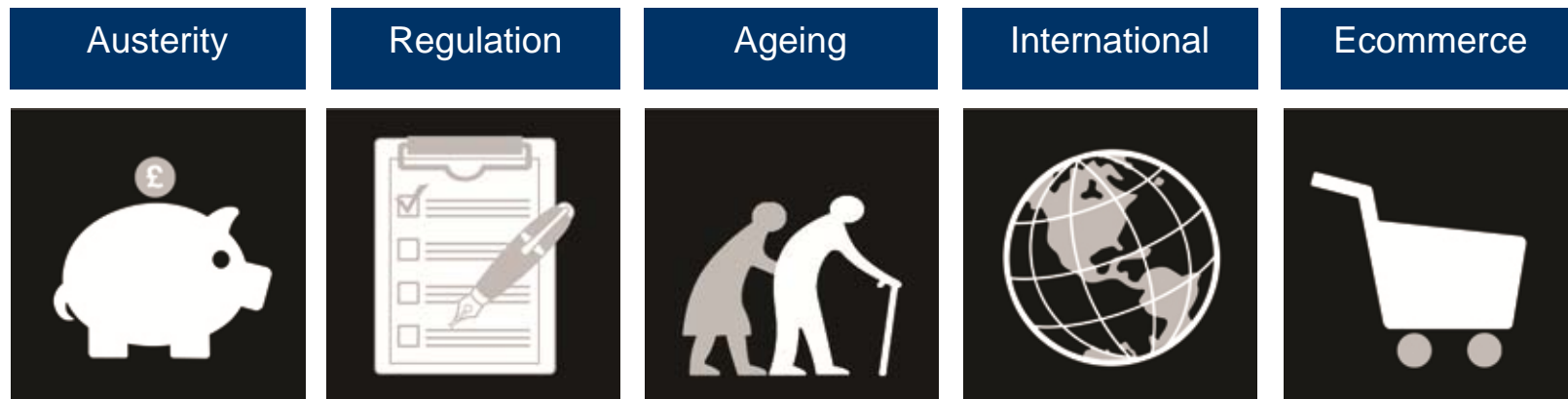


# Refinancing Wall Approaching

- 2013 and 2014 sees very large volume of private equity debt maturity
- Shareholders will be seeking to resolve these with significant time to spare so we expect next year to be busy
- Equity needed to refinance down to current market debt levels will create an opportunity for Electra...
- ...as well as outright acquisition opportunities



# Electra Focused on Five Growth Themes



- Help consumers and/or businesses reduce costs/save money

- Current and prospective regulation a substantial driver of growth

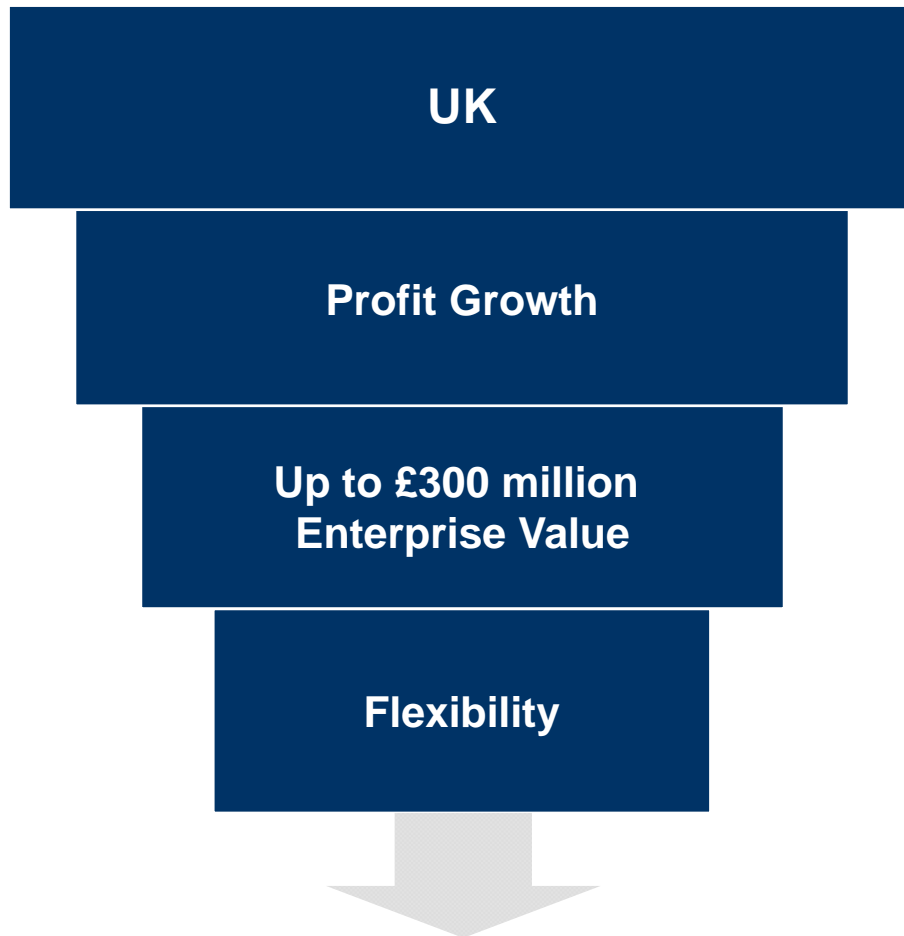
- Services and products geared to and benefitting from the increasing older demographic

- Realised or unrealised potential to exploit growth in international markets

- B2B and/or B2C ecommerce business – both front end and infrastructure



# Targeted Deal Criteria



- UK based HQ and / or management team
- Invest for growth, not just financial engineering
- Particularly active in buy and builds and complex restructuring
- Sweet spot equity cheque of £40-100 million
- Not constrained by LPs or fund raising cycles
- More flexible around control, time frame and position in the capital structure



## Conclusion

Electra's existing portfolio remains in good shape, is performing well and will continue to drive NAV growth

New investment opportunities are expected to improve as private equity overhang recedes and banks' capital requirements increase

**Electra remains well placed in terms of experience, liquidity and flexible investment approach to benefit from this market situation**

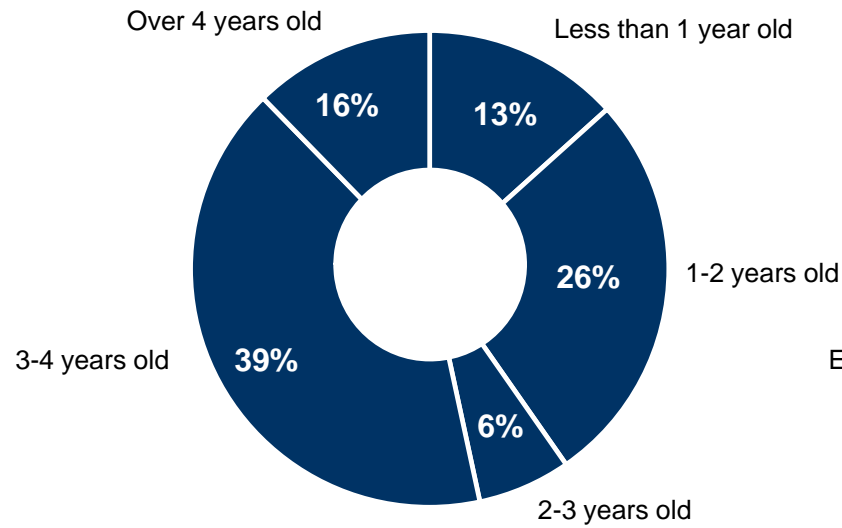


# Appendices

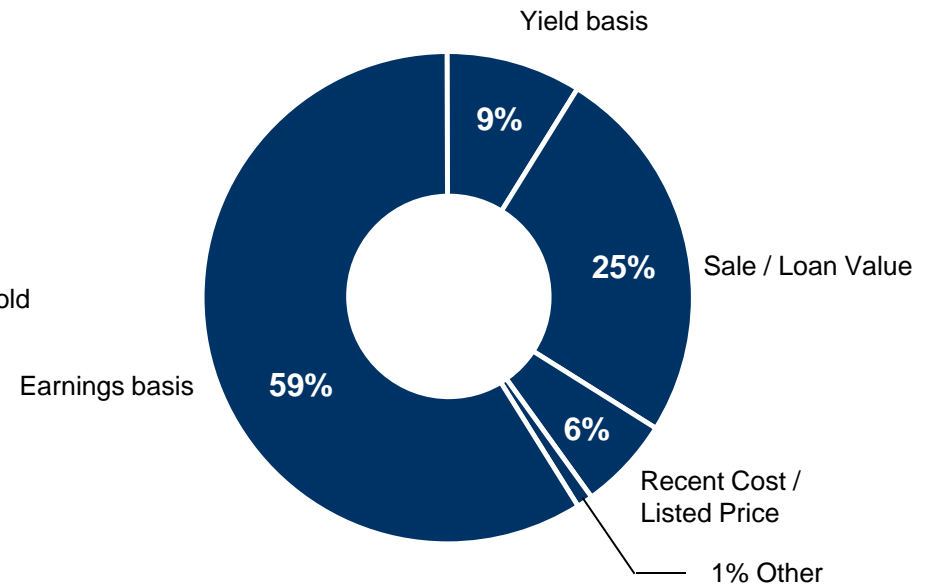
# Investment Portfolio\*

at 30 September 2011

**Age Profile By last financing**



**Valuation Basis**



**Total £621 million**

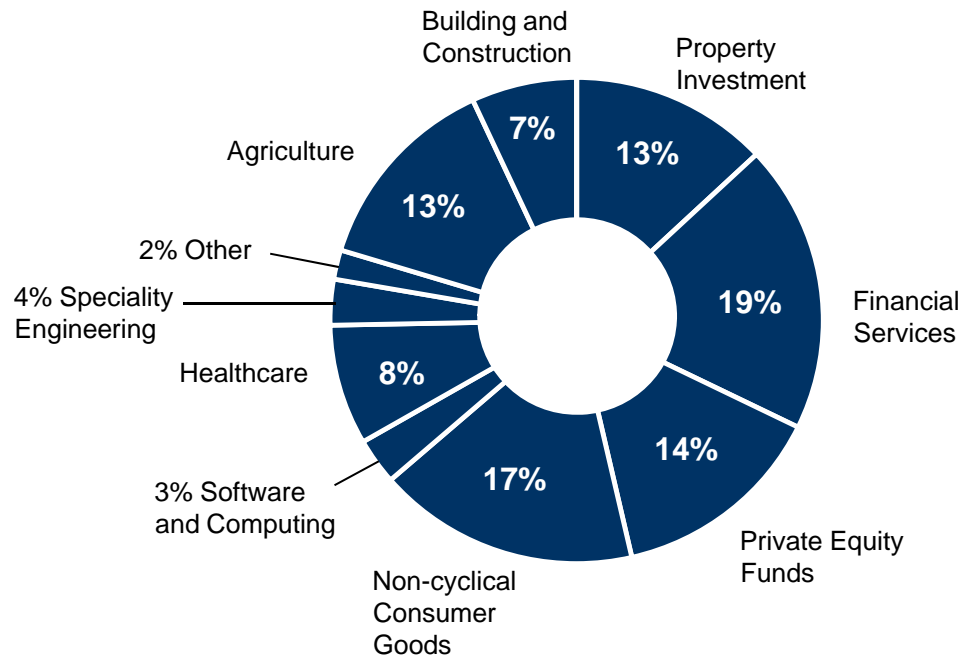
\* Includes Direct Unlisted investments only



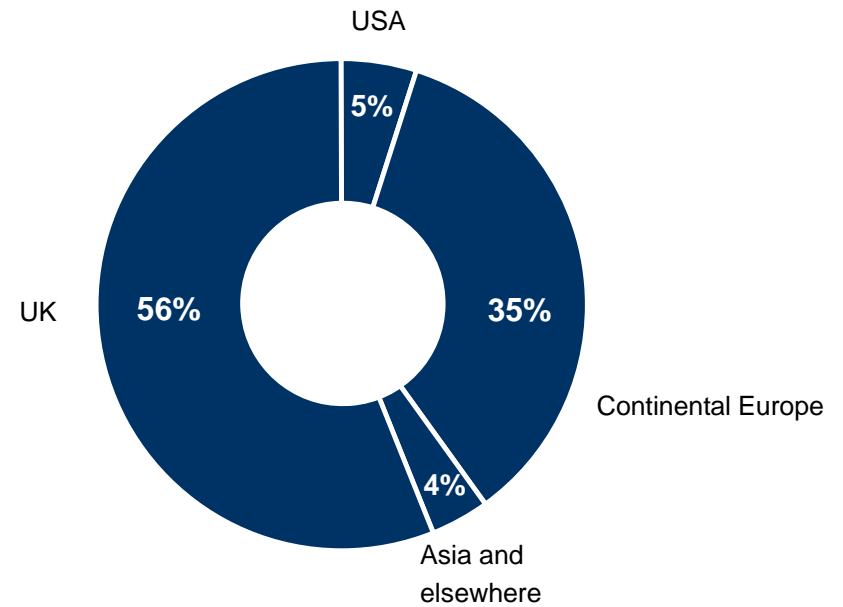
# Investment Portfolio

at 30 September 2011

**Classification and Distribution**



**Geographic Split**





# Listed Portfolio

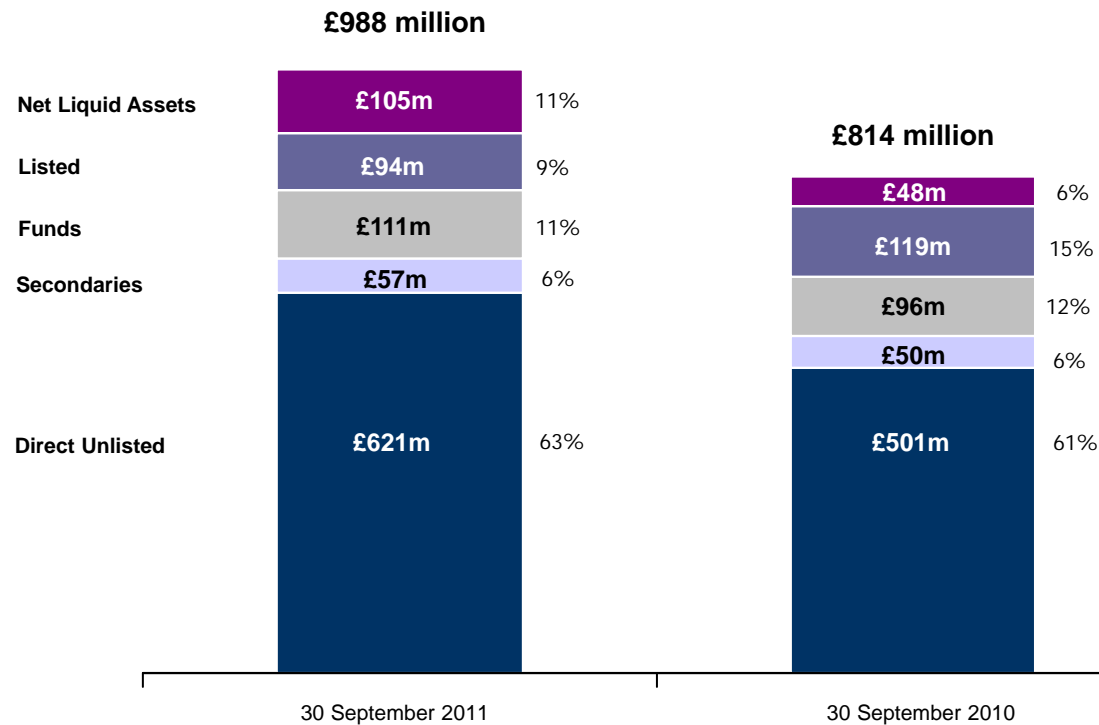
	Country	No of Shares '000	Cost £m	Value at 30 Sept 2011 £m
London & Stamford	UK	29,700	30.2	34.8
Zensar Technologies	India	10,301	4.2	16.1
Dinamia	Spain	1,666	13.9	6.5
Moser Baer	India	9,960	1.9	5.2
Millicom	USA	116	0.2	7.1
Candover	UK	950	3.8	4.4
Orthofix	USA	329	0.1	7.3
Hornby	UK	2,995	0.1	3.7
Meghmani	India	28,389	2.6	1.7
Sundry (mainly in process of sale)			3.3	7.5
			60.3	94.3





# Overall Portfolio Analysis

Including Cash Net of Bank Loans: 2011 vs 2010



# Management Team

## Well resourced

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

## Experienced

- Majority of senior management have worked together for 20 years
- In private equity long enough to invest through several business cycles
- Short decision lines
- Investment professionals average over 18 years in private equity industry

### Senior Management Team

Hugh Mumford	Managing Partner
Tim Syder	Deputy Managing Partner
David Symondson	Deputy Managing Partner
Alex Fortescue	Chief Investment Partner
Rhian Davies	Partner
Philip Dyke	Partner
Steve Ozin	Partner

### Investment Team

Alex Cooper-Evans	Investment Partner
Charles Elkington	Investment Partner
Chris Hanna	Investment Partner
Nigel Elsley	Investment Partner
John Martin	Investment Manager
Sarah Williams	Investment Manager



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