




Electra Private Equity PLC

Annual Review and Analysis

November 2012

Presented by
electra
partners



Results: Year to 30 September 2012

	30 September 2012	30 September 2011	Change
Net assets (£000's)	916,304	821,492	11.5%
Net asset value per share (diluted)	2,473p	2,225p	11.1%
Share price	1,770p	1,360p	30.1%
Discount	28.4%	38.9%	

FTSE All-Share up 12.9% over the year to 30 September 2012

Partially adjusted diluted NAV per share at 23 November 2012 was 2,474p (share price 1,807p)





Portfolio Movement

Three years to 30 September

Year ended 30 September	2012 £m	2011 £m	2010 £m
Opening investment portfolio	883	766	576
Investments	150	136	183
Realisations / Income	(301)	(137)	(149)
Total return	136*	118	156
Closing investment portfolio	868	883	766
Return as a percentage of opening portfolio	15.4	15.4	27.1

* Net of £21m of adverse currency movements

2012 – New Investments

Company			Debt Portfolio
Business Description	Caravan parks operator	Property management services	Debt positions in five companies
New Capital Invested	£69.0m	£22.0m	£15.0m (excludes £15m in Park Resorts)
Ownership	Various debt instruments	49.4%	Various debt investments
Investment Rationale	Acquisition at discounted value	Low purchase price of business with strong growth prospects	High yield and attractive acquisition discount

Park Resorts Investment

- In January 2012 Electra invested £44.9 million in acquiring term debt in the caravan parks operator, Park Resorts
- Electra has since acquired two further debt positions taking its total investment to £69.0 million
- The debt was purchased at a significant discount to face value and matures in April 2014
- Park Resorts is a leading operator of holiday parks offering caravan holidays at its 39 sites across the UK. Income is generated from caravan or holiday home sales, pitch and owner rentals, holiday sales tariff and retail activities
- Park Resorts has a strong management team and a leading position in the sector and has performed well since acquisition



Peverel Group Investment

- In March 2012 Electra invested £22 million in the acquisition of Peverel from its administrators
- Peverel is the UK's leading property management services group with activities also including retirement property sales, insurance services and security systems
- Since investment, Peverel has rebuilt its management team and the core businesses have continued to trade profitably benefitting from the stability of new ownership
- Electra's strategy is to improve the service quality further across the business and then build on Peverel's market position
- The valuation of Peverel has been increased to £33 million at 30 September 2012










Debt Portfolio

Investment

- In September 2012 Electra acquired a portfolio of second lien and mezzanine debt positions in five UK and European companies for £30 million
- The largest holding is in UK caravan parks operator Park Resorts (£15 million)
- Bought from an international bank at a significant discount to face value, the majority of the positions are due to mature within the next three years
- The debt portfolio provides a good yield, and combined with the purchase discount, is expected to generate returns comparable to those achieved on equity investments



Realisations – Proceeds over £10 million

Company	Investment Period Years/Months	Proceeds in Year £m	Profit in Year £m	Total Cash Invested £m	Total Proceeds £m	Investment Multiple	IRR %
	16.3	35.5	14.6	17.9	74.5*	4.2x	14
	7.6	45.2	-	32.0	91.0**	2.8x	21 [†]
	1.8	31.6	12.9	13.9	31.6	2.3x	61
	13.3	56.7	23.3	30.0	197.1*	6.6x	23
	5.8	38.8	0.3	24.4	40.7	1.7x	11
	5.6	18.8	0.8	15.8	25.3	1.6x	10
	0.5	14.8	3.3	11.5	14.8	1.3x	73
Total		241.4	55.2	145.5	475.0	3.3x	



Portfolio Changes (by segment)

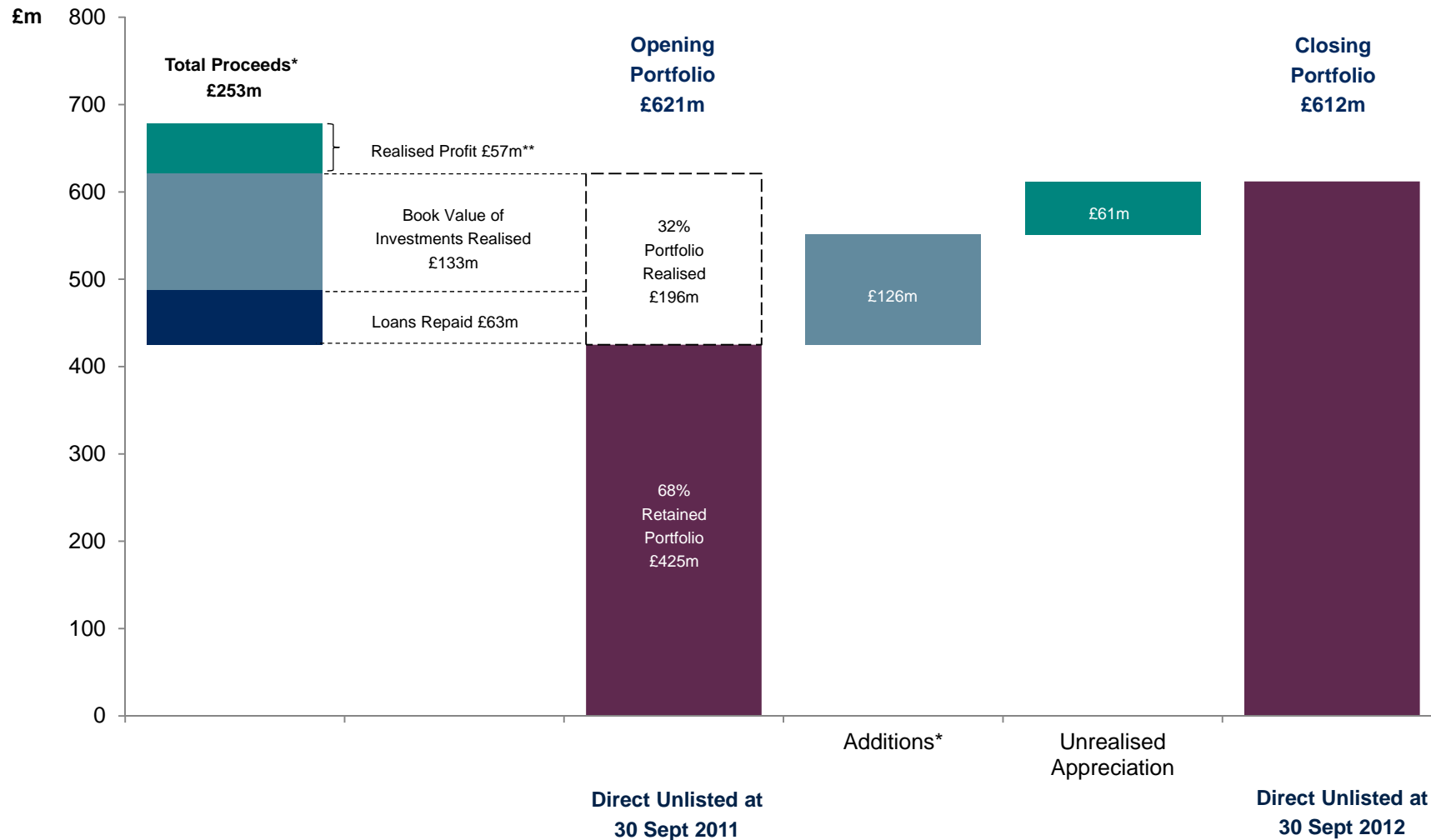
Year to 30 September 2012

	Valuation at 30 Sept 2011 £m	Purchases £m	Sales / Income £m	Total Return £m	Currency Movements £m	Valuation at 30 Sept 2012 £m	% Increase Pre / Post Currency
Direct Unlisted	621	132	259	127	(9)	612	20.4 / 19.0
Secondaries	45	4	23	10	(2)	34	22.2 / 17.8
Funds	123	14	9	(4)	(7)	117	(3.2) / (8.9)
Listed	94	-	10	24	(3)	105	25.5 / 22.3
	883	150	301	157*	(21)	868	17.8 / 15.4

* Includes £65m of realised profits (44% of total return)

Direct Unlisted – Movements

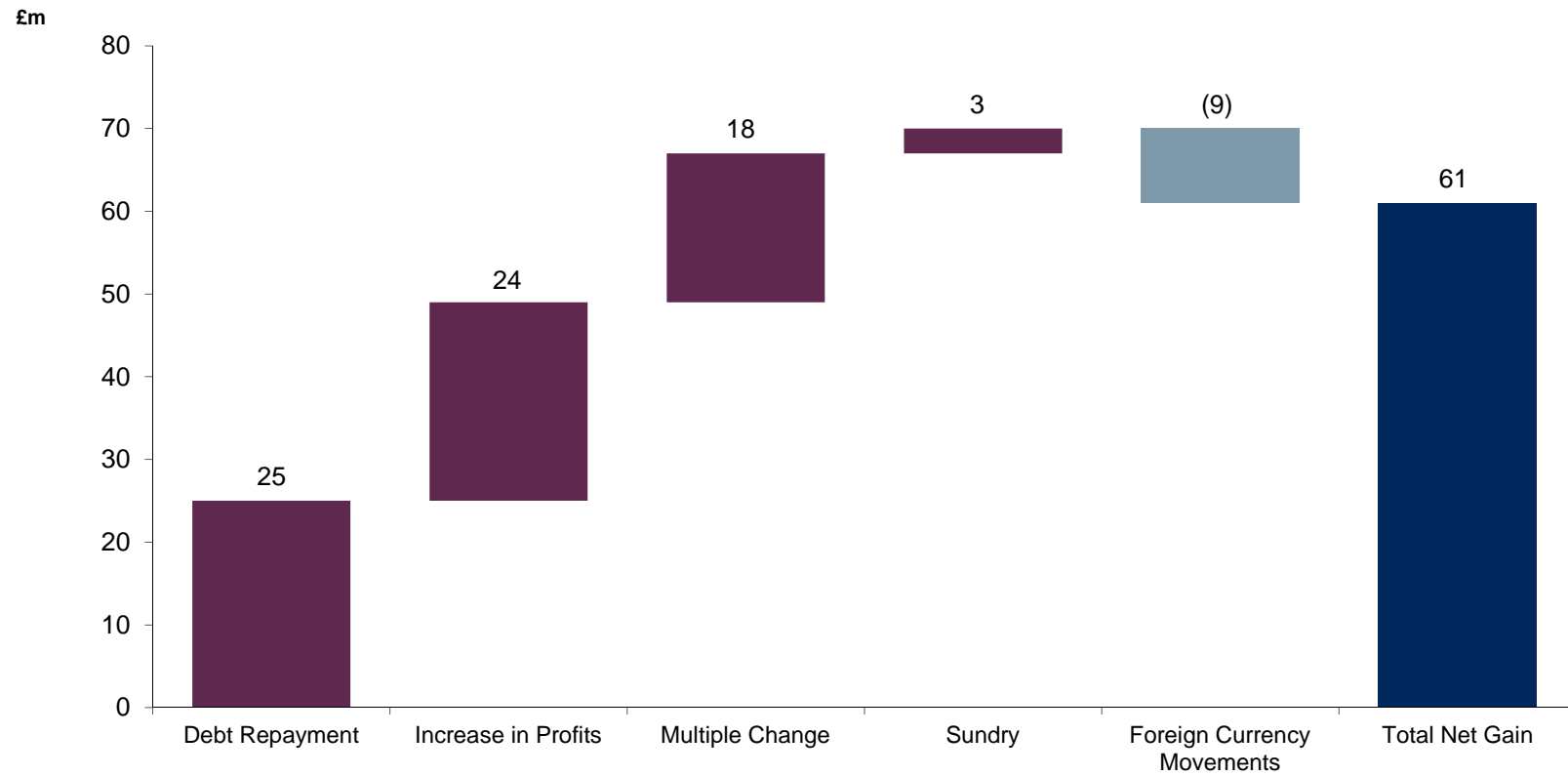
Year to 30 September 2012



* Total proceeds and additions exclude £6m of loans purchased and repaid in the year
 ** Includes £4m of income

Analysis of Unrealised Appreciation – Direct Unlisted

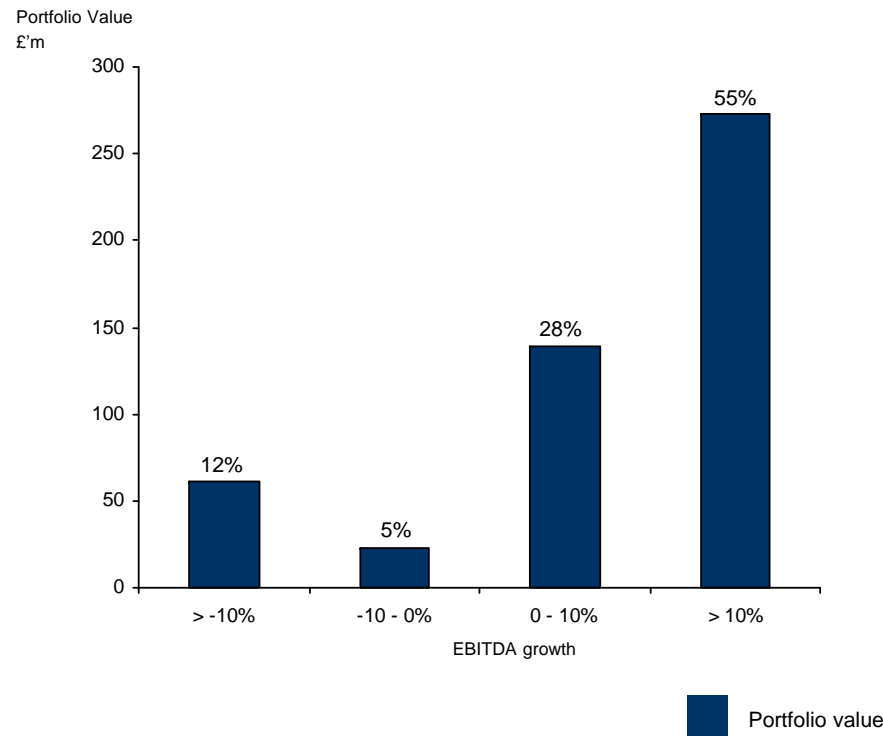
Year to 30 September 2012



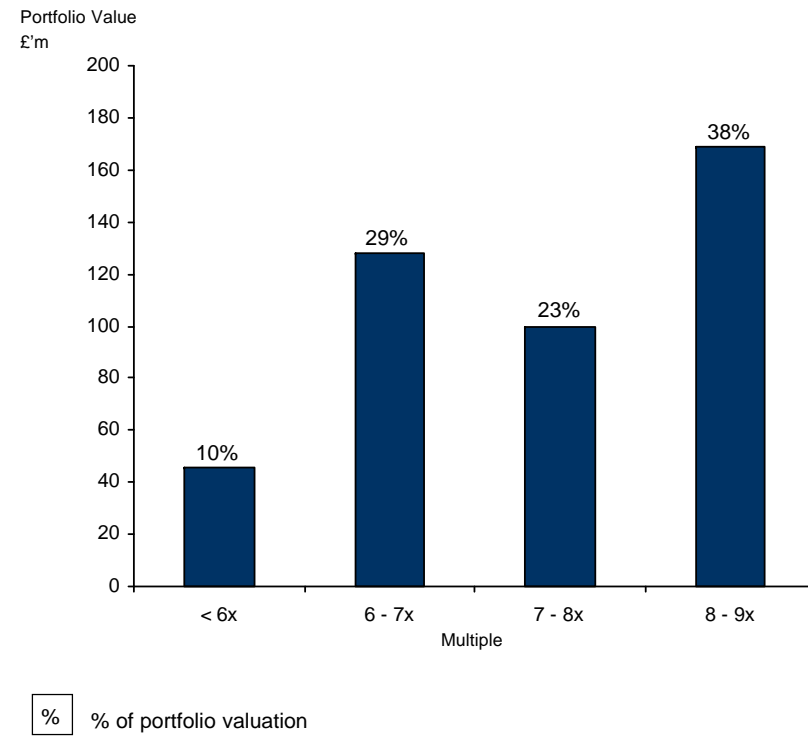
Direct Unlisted

EBITDA Growth / Valuation Multiples

EBITDA growth (LTM)*

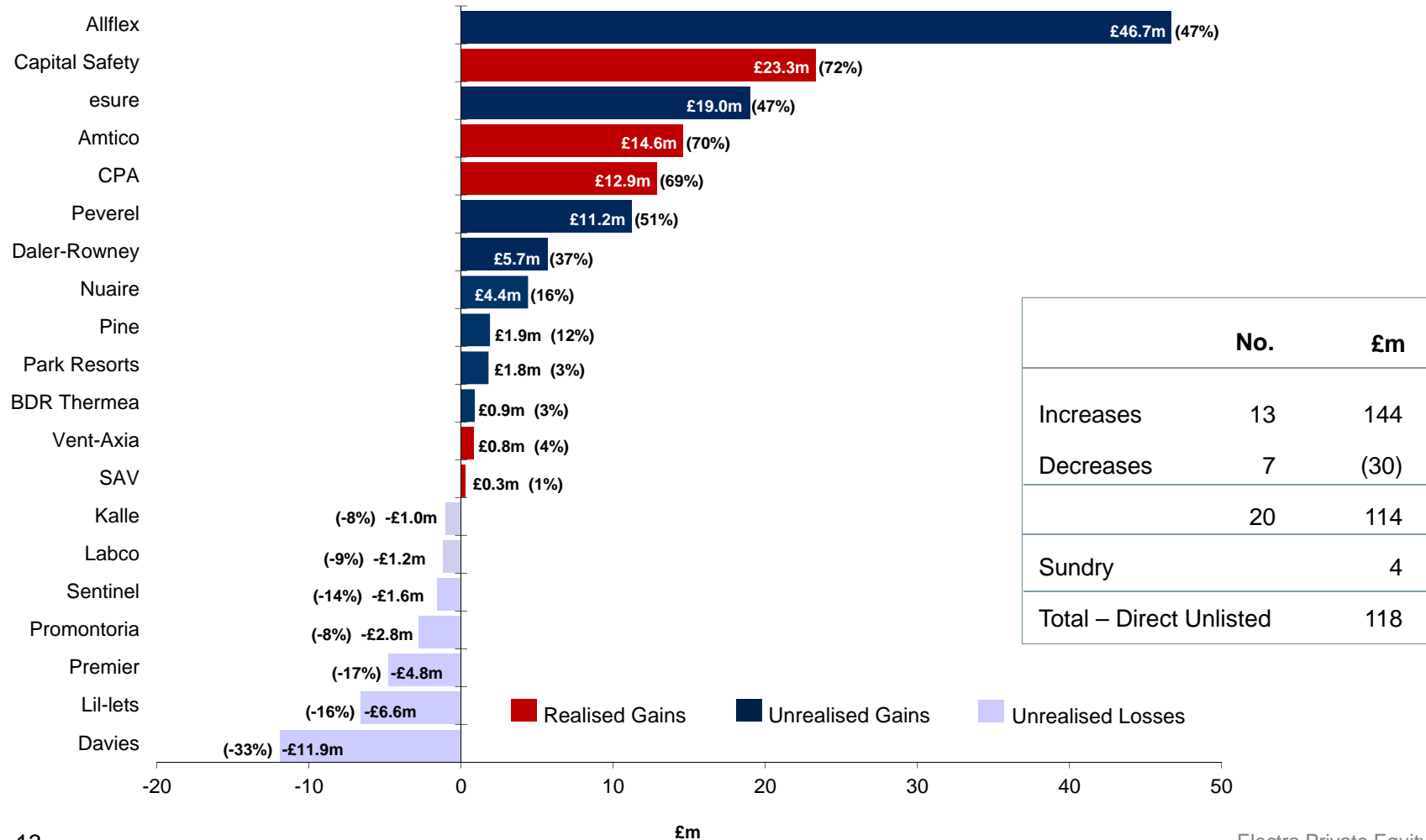


EBITDA multiples used for valuation*
Weighted average EBITDA multiple = 7.7x



Direct Unlisted – Returns by Investment*

Year to 30 September 2012





Direct Unlisted – Portfolio

Individual investments greater than £7.0 million in value

Company	Sector	Year of Investment	Valuation Basis	Cost £m	Valuation at 30 Sept 2012 £m	% of Unlisted**	Cumulative %
Allflex	Animal tagging	*2007	Earnings	49.3	154.1	20.2	20.2
Park Resorts	Caravan parks operator	2012	Cost	69.0	69.8	9.0	29.2
esure	Motor and home insurance	2010	Earnings	20.8	58.9	7.7	36.9
Lil-lets Group	Feminine hygiene	2007	Earnings	23.2	36.3	4.8	41.7
Promontoria	Property holding Co.	*2008	Yield	14.1	33.6	4.4	46.1
Peveler	Property management services	2012	Earnings	22.0	33.2	4.4	50.5
Nuaire	Ventilation systems	2007	Earnings	23.1	32.0	4.2	54.7
BDR Thermea	Heating systems	*2009	Loan value	-	28.9	3.8	58.5
Davies Group	Insurance claims management	2011	Earnings	35.8	23.9	3.1	61.6
Premier	Financial services	2008	Earnings	55.8	22.8	3.0	64.6
Daler-Rowney	Fine art products	2011	Earnings	17.4	21.1	2.8	67.4
PINE	Nursery school finance	2006/7	Yield	14.0	17.2	2.2	69.6
Labco	Medical diagnostics	2008	Earnings	25.3	13.2	1.7	71.3
Kalle	Food containers	2010	Earnings	9.0	10.5	1.4	72.7
Sentinel	Heating fluids	2011	Earnings	15.5	10.0	1.3	74.0
				394.3	565.5	74.0	74.0
Direct investments - Sundry				80.2	46.6	6.1	80.1
Total				474.5	612.1	80.1	

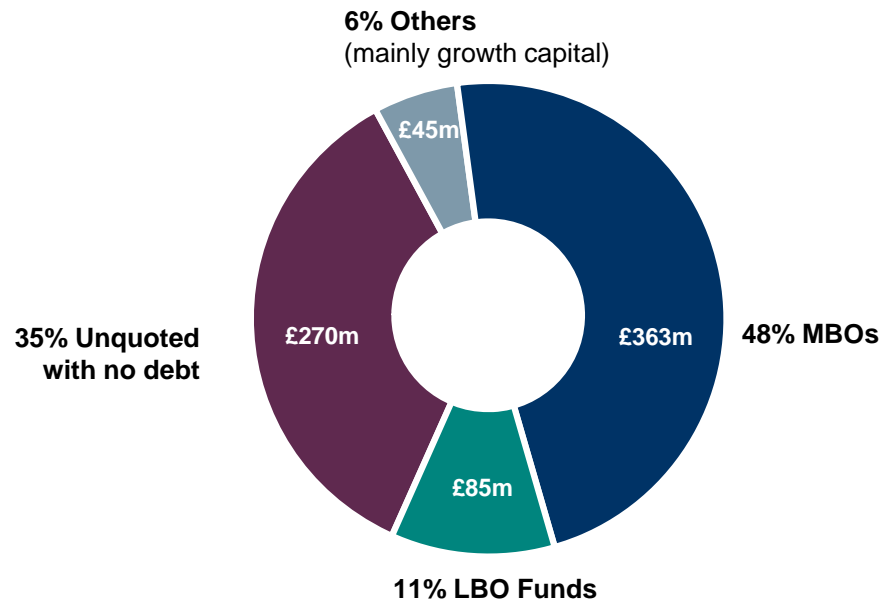
* Date of latest refinancing

** Total £763m includes funds and secondaries

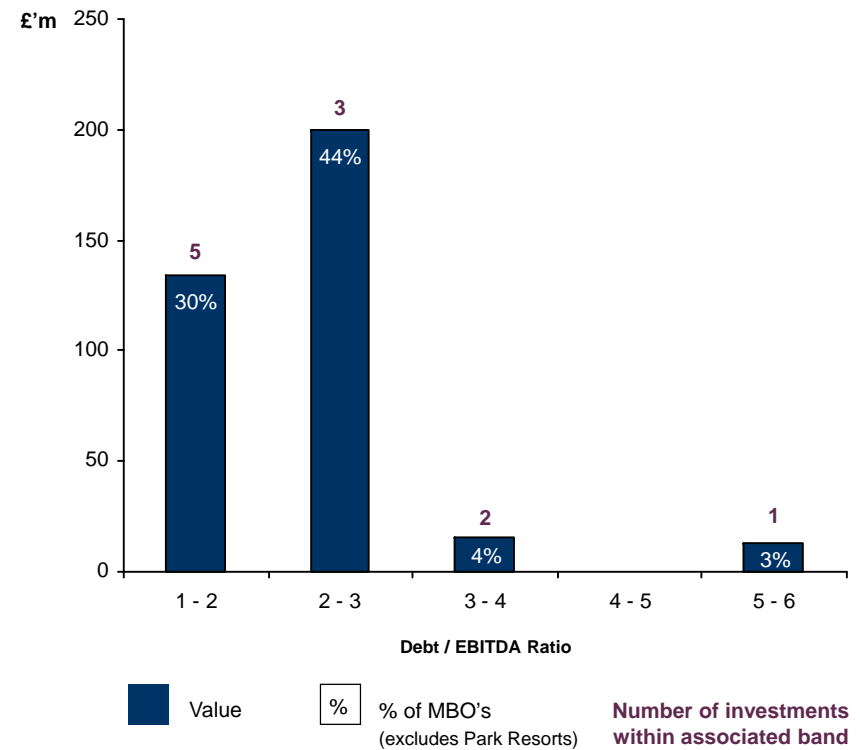
Debt Analysis

Unlisted Investment Portfolio £763 million

30 September 2012



Debt / EBITDA Ratio: MBOs (£363m)



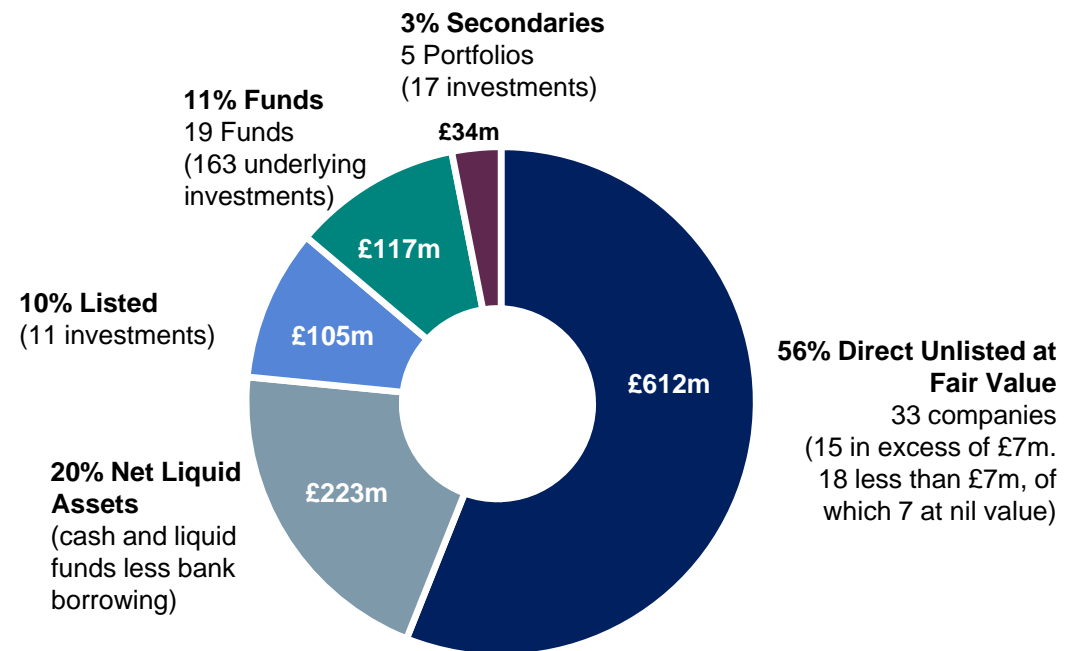
Weighted Average Debt / EBITDA Ratio 2.4
(excluding Funds)



Balance Sheet / Portfolio

Balance Sheet Summary	
30 September 2012	
	£m
Portfolio	1,091
Liabilities	(40)
ZDP	(57)
Convertible Bond	(78)
Net Assets	916

Portfolio £1,091 million



	30 Sept 12 £m	30 Sept 11 £m
Investment Portfolio	868	883
Net Liquid Resources	223	105
Total Portfolio	1,091	988



Electra Liquidity Position

- As at 30 September 2012, Electra's only outstanding commitments were those to other private equity funds for a total of £83m (£17m of which were to funds outside the investment period)
- Bank borrowings (£154m) provide for currency hedging and Investment Trust compliance
- In October 2011 the bank facility was renewed with £195m available until June 2016

	30 Sept 12 £m	30 Sept 11 £m
Liquid resources	377	269
Bank borrowings	(154)	(164)
Net liquid resources	223	105
ZDP shares	(57)	(53)
Convertible Bond*	(100)	(100)

* Repayment amount
 ZDP repayable in 2016
 Convertible Bond repayable in 2017



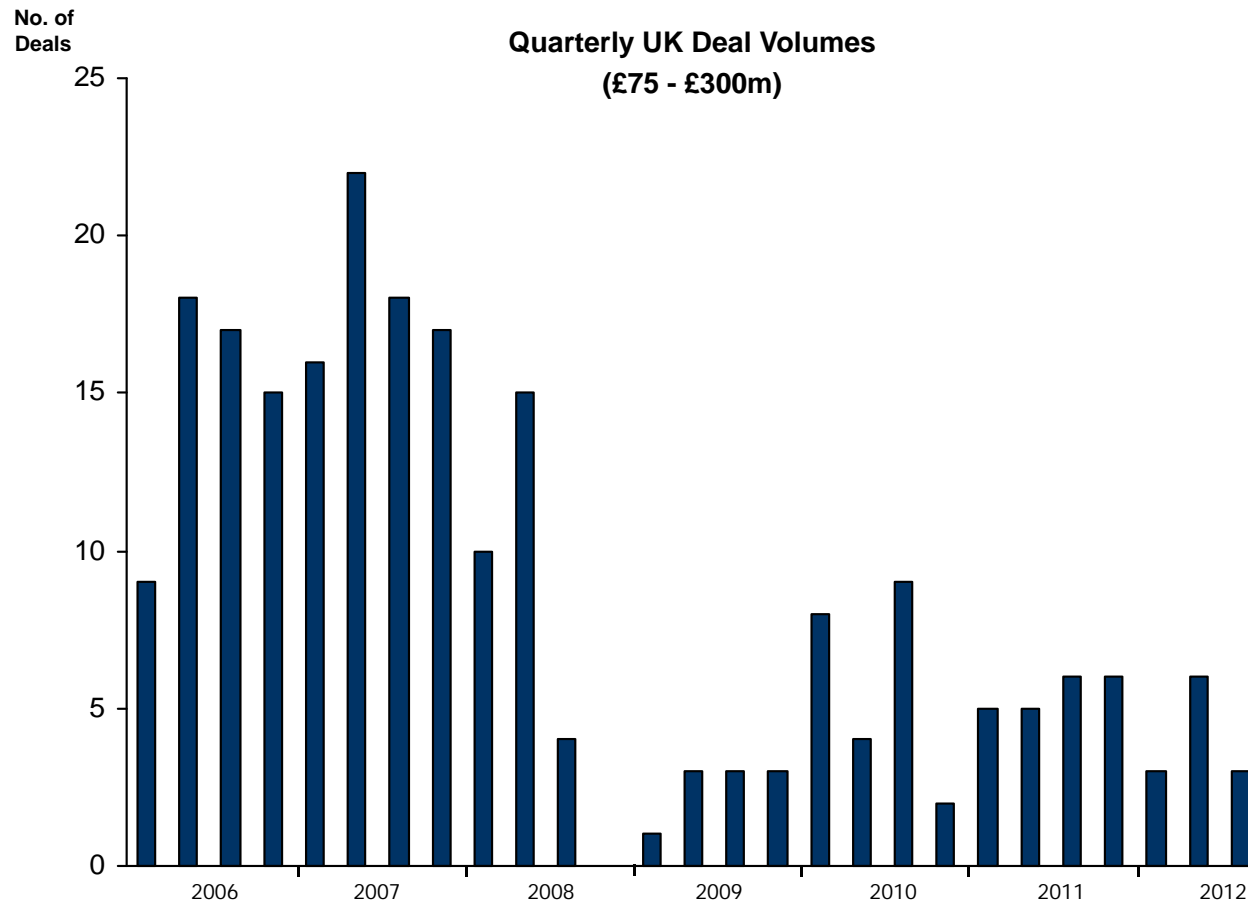
Electra is Busy and Getting Deals Done

- Electra Partners was aware of all but two of UK mid-market deals in the past financial year
- It also pursued, and is pursuing, a number of off-market opportunities

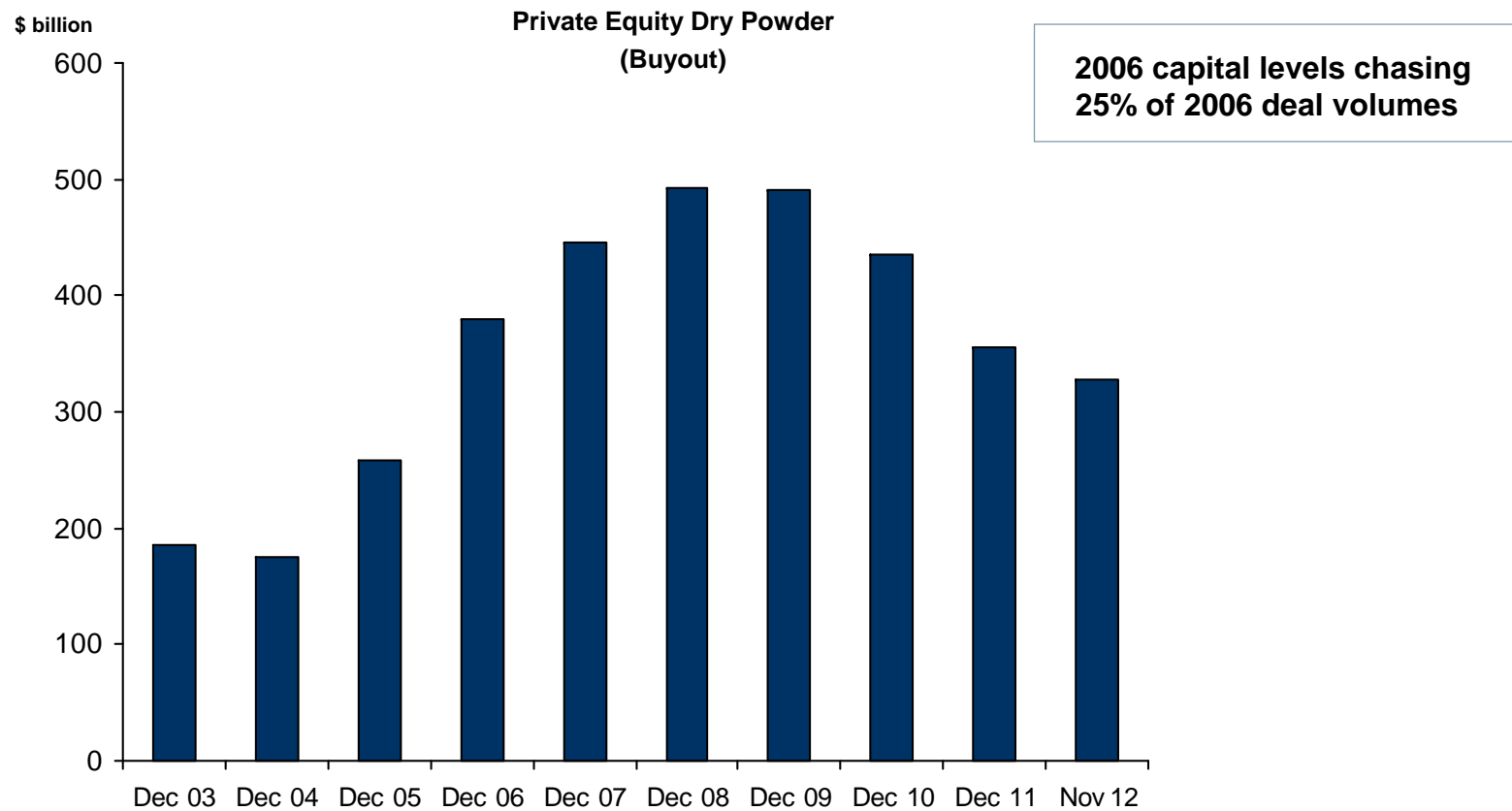
Opportunities Investigated by Electra Partners since 1 October 2011	Final Result
Opportunities investigated	>750
Of which were bid on by Electra	28
Of which progressed to 2 nd round (or was an off-market opportunity)	17
Of which completed	3
Of which still in process	6
Further hot prospects being pursued	19



Deal Volumes Remain Well Below 2006/7 Peak

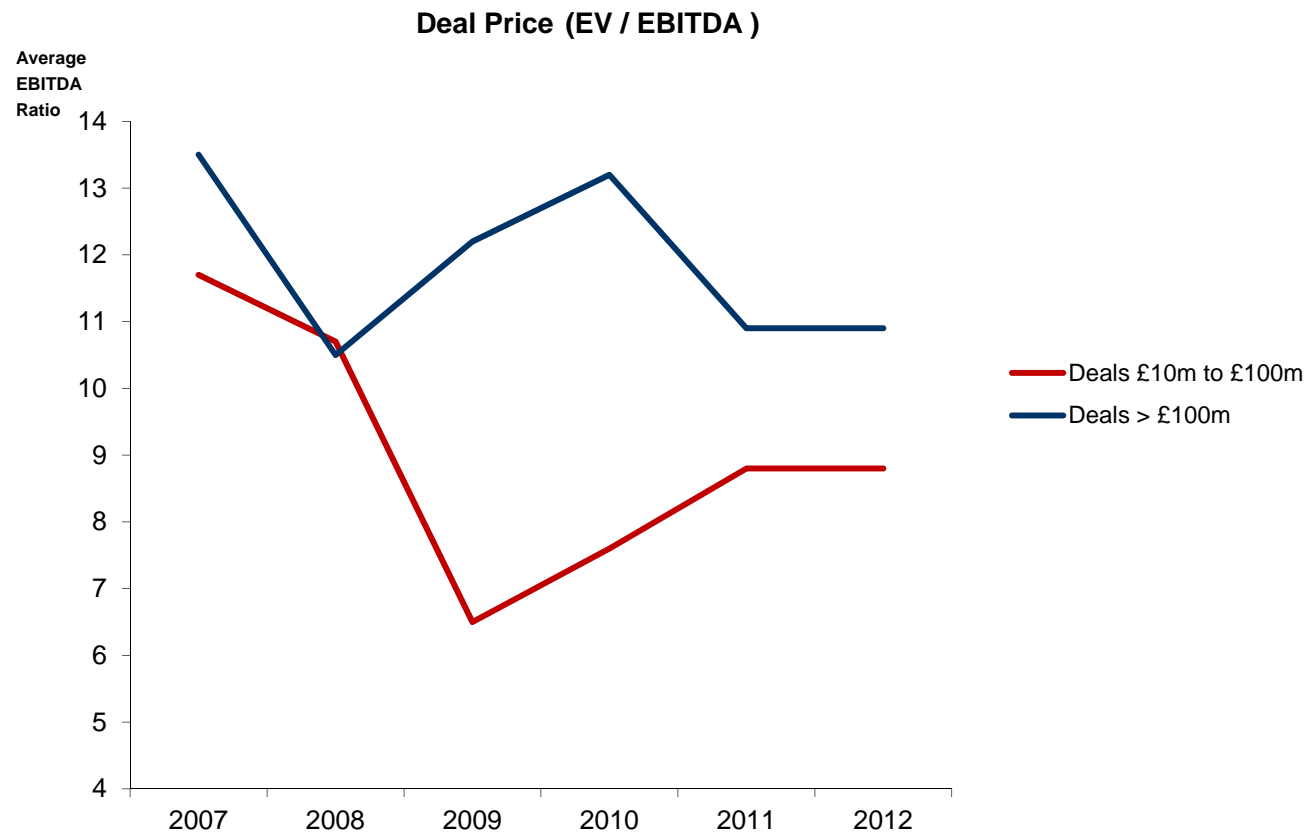


— Dry Powder Continuing to Decline as Expected, but
— Still Only Just Below 2006 Levels





Deal Pricing Remains Stubbornly High



However We Remain Convinced that these Factors will Improve

- Many funds now on last gasp
- Fund raising environment for competitors is dire
- Banks are disposing of assets
- Debt wall being shifted to the right by “amend and extend”, but still real and still coming

We remain disciplined but optimistic



Conclusion

- Existing portfolio is making positive progress and will continue to contribute to NAV growth
- Strong liquid position will allow full participation in an improving market
- Flexible investment strategy ideally situated to current market conditions

Electra remains well placed in terms of experience, liquidity and flexible investment approach to maximise benefit of existing opportunities



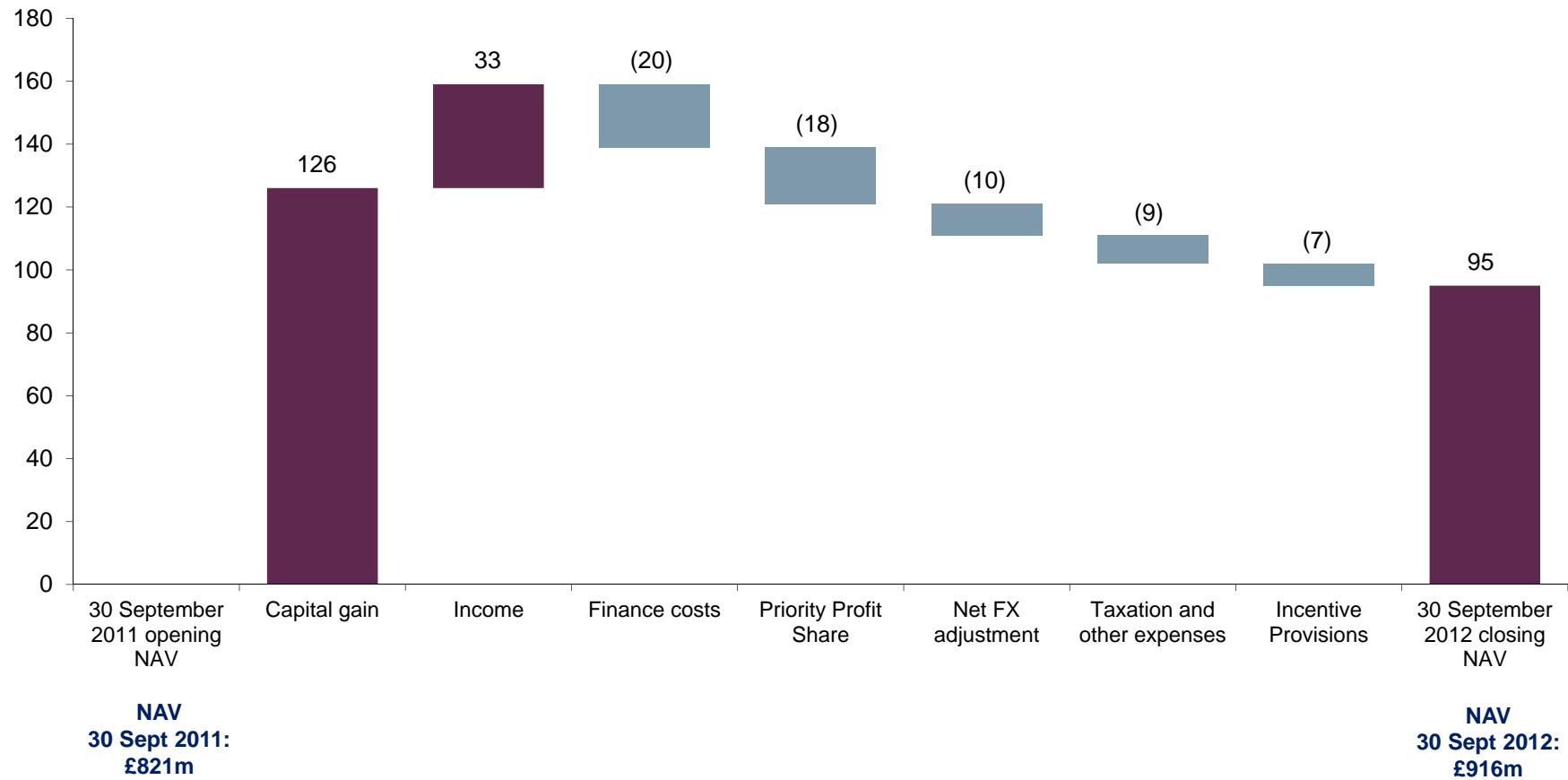
Appendices



Analysis of Movement in NAV

Year to 30 September 2012

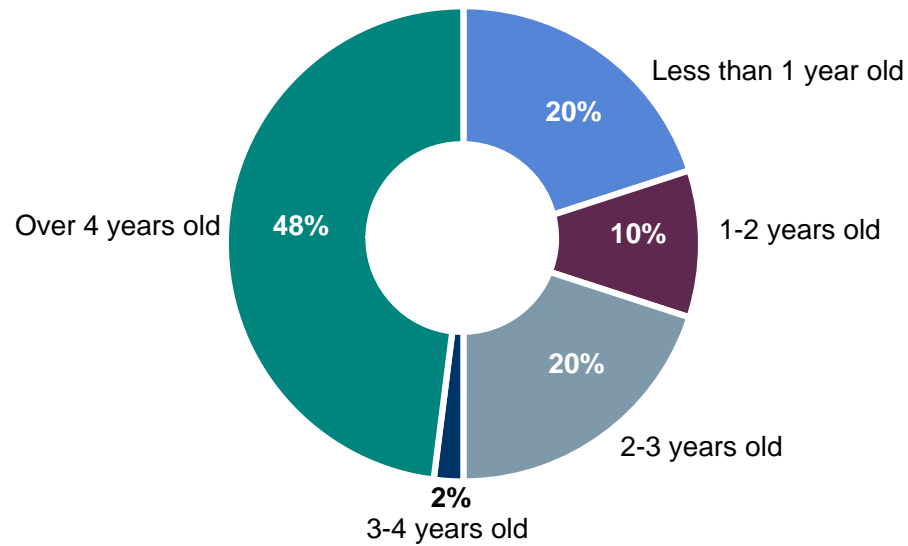
Change in
NAV £m



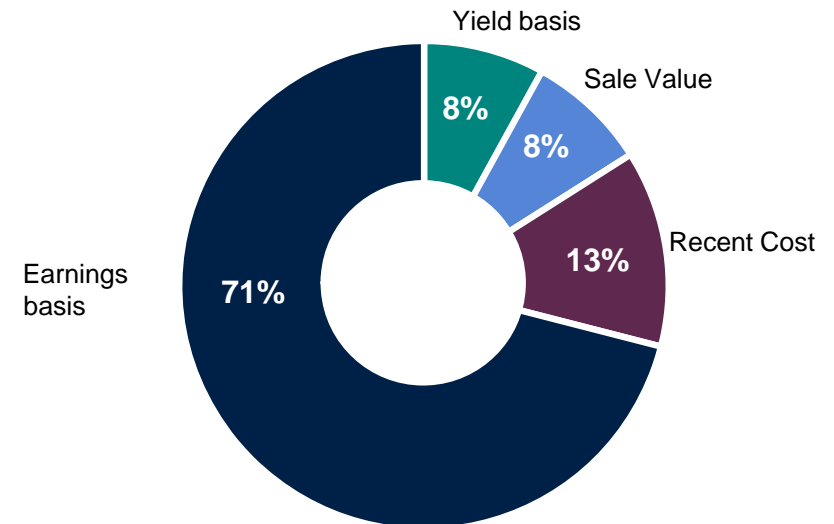
Investment Portfolio - Direct Unlisted

at 30 September 2012

Age Profile By last financing



Valuation Basis



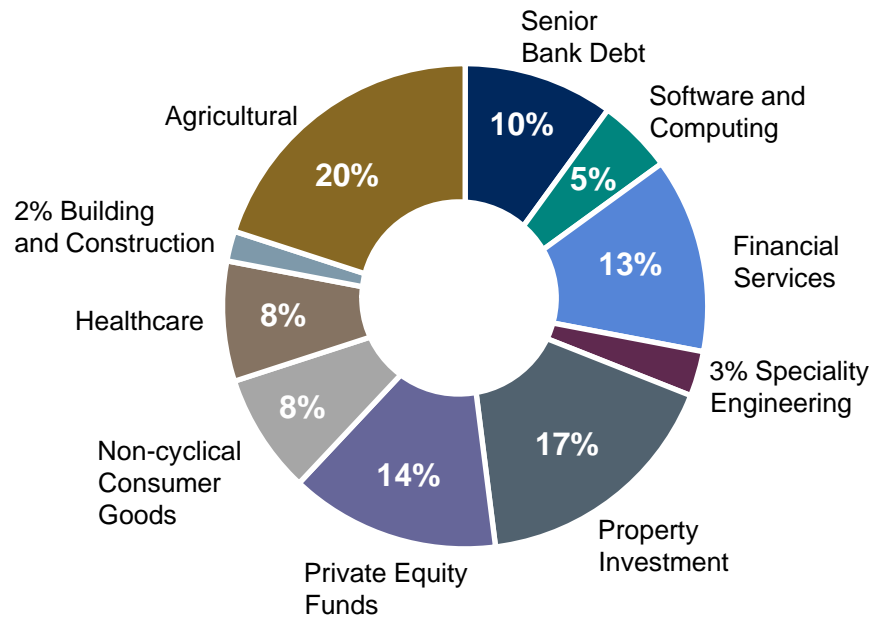
Total £612 million



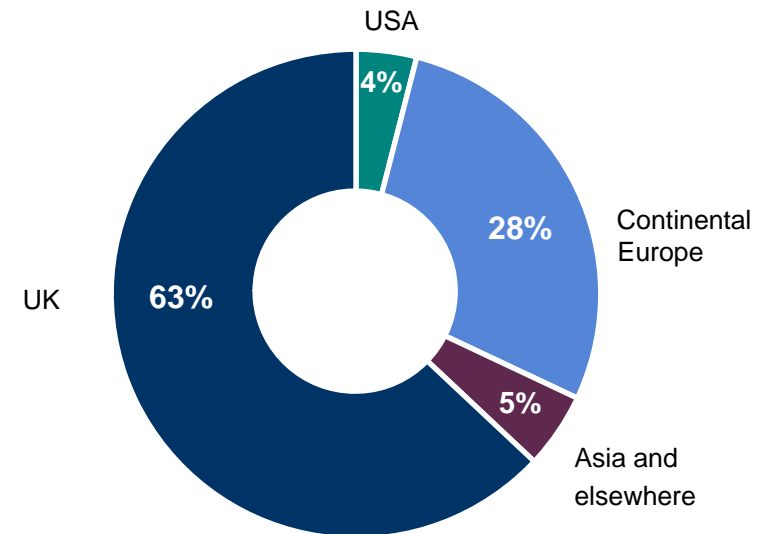
Investment Portfolio

at 30 September 2012

Classification and Distribution



Geographic Split



Total £868 million



Listed Portfolio

	Country	No of Shares '000	Cost £m	Value at 30 Sept 2012 £m
London & Stamford	UK	29,700	30.2	34.1
Zensar Technologies	India	10,301	4.2	33.4
Orthofix	USA	329	0.1	9.1
Dinamia	Spain	1,666	13.9	7.3
Millicom	USA	116	0.2	6.7
Hornby	UK	2,995	0.1	1.9
Meghmani	India	28,389	2.6	1.1
Moser Baer	India	9,960	1.9	0.8
Sundry (mainly in process of sale)			3.3	7.8
			56.5	102.2
Accrued dividends (Dinamia £1.4m, Zensar £1.1m)				2.5
				104.7



Management Team

- Well resourced
- 16 investment professionals
 - Backed by a 23-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 15 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
Nigel Elsley	Investment Partner
Chris Hanna	Investment Partner
John Martin	Investment Manager
Sarah Williams	Investment Manager
Ian Wood	Investment Manager
Shakira Adigun-Boaye	Investment Associate
Tom Stenhouse	Investment Associate



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