



Electra Private Equity PLC Full Year Review and Analysis

November 2014



Electra Private Equity PLC

- Pure play private equity
- Investment trust since 1935, listed since 1976
- Net assets £1.2 billion at 30 September 2014
- Objective: achieve a compound 10-15% return on equity 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 30 September 2014:
 - 262% increase in Electra's diluted NAV per share; 248% increase in Electra's share price
 - 41% increase in the Morningstar Private Equity Share Price Index (ex-Electra)
 - 120% increase in the FTSE All-Share

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 £4.4 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 year to 30 September 2014

- High investment rate continued from 2013
- Successfully deploying capital from realisations
- Net liquid resources of £166 million before commitments to invest
- Strong portfolio performance, particularly from more recent investments
- 15% NAV increase – outperformance against LPE sector and FTSE All-Share
- 10-year annualised return of 14% - at the upper end of the 10-15% target
- Portfolio well positioned for future performance

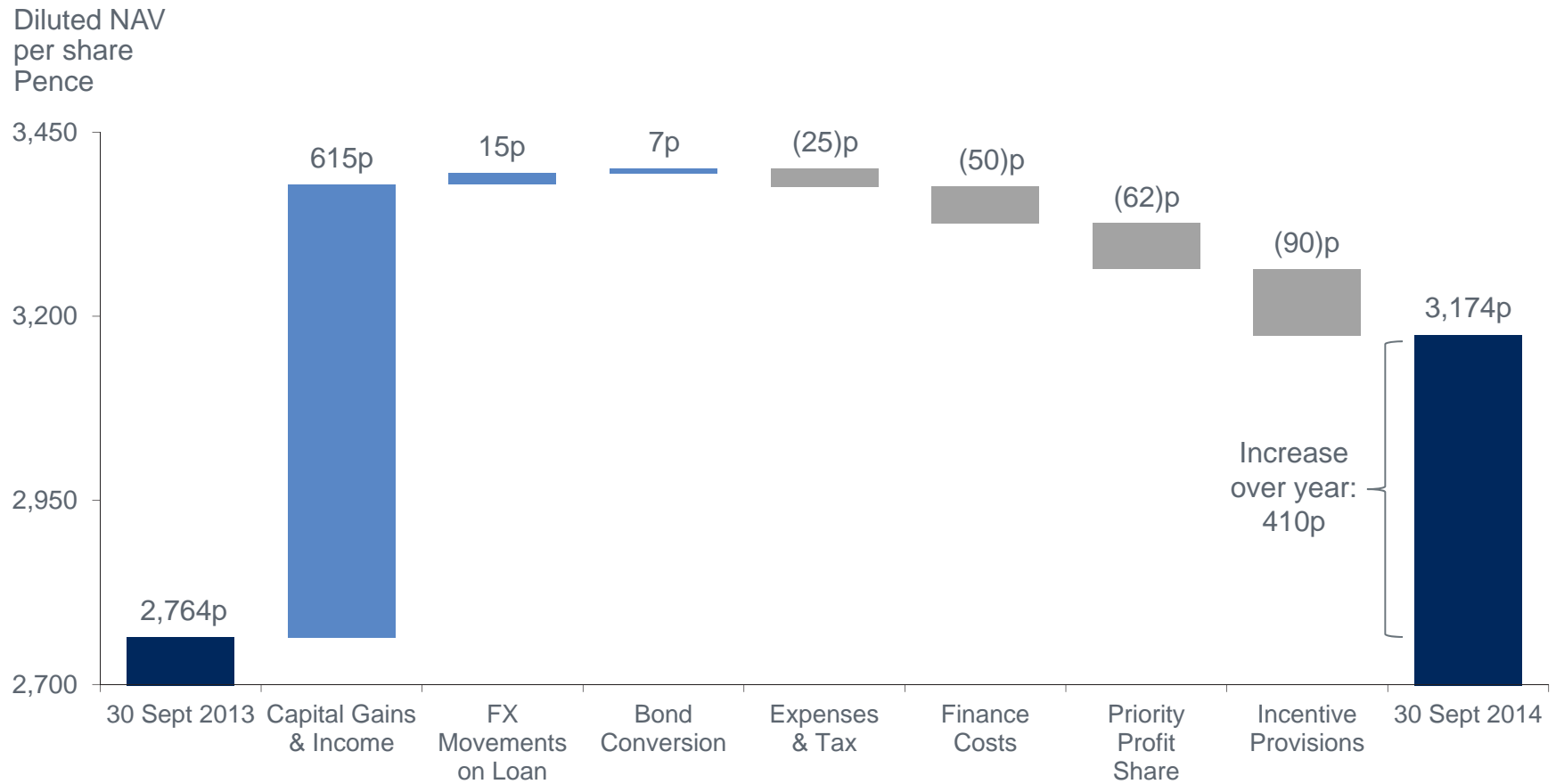
Results: Year to 30 September 2014

	30 September 2014	30 September 2013	Change
Net assets (£m)	1,195	1,030	16.0%
Net Asset Value per share (diluted)	3,174p	2,764p	14.8%
Share price	2,650p	2,230p	18.8%
Discount	16.5%	19.3%	

- FTSE All-Share up 6.1% over the year to 30 September 2014
- Partially adjusted diluted NAV per share at 21 November 2014 was 3,185p (share price 2,587p)

Analysis of movement in NAV per share

Year to 30 September 2014

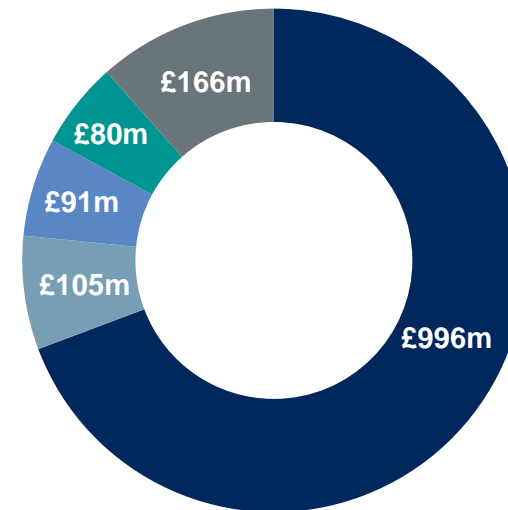


Balance sheet / Portfolio

Balance Sheet Summary

30 September 2014	£m
Portfolio	1,438
Net Liabilities	(96)
ZDP	(65)
Convertible Bond	(82)
Net Assets	1,195

Portfolio £1,438 million



- Direct unlisted at Fair Value 69% (30 companies)
- Secondarys 7% (5 Portfolios)
- Listed 6% (7 investments)
- Funds 6% (18 Funds; 78 underlying investments)
- Net Liquid Assets 12% (cash and liquid funds less bank borrowings)

Investment portfolio – changes

Year to 30 September 2014 compared to prior years

Year to 30 September 2014	2014 £m	2013 £m	2012 £m	2011 £m	2010 £m
Opening investment portfolio	968	868	883	766	576
New investment	410	337	150	136	183
Realisations / Income	(352)	(459)	(301)	(137)	(149)
Total return	246	222	136	118	156
Closing investment portfolio	1,272	968	868	883	766
Return as a percentage of opening portfolio	25.4	25.6	15.4	15.4	27.1

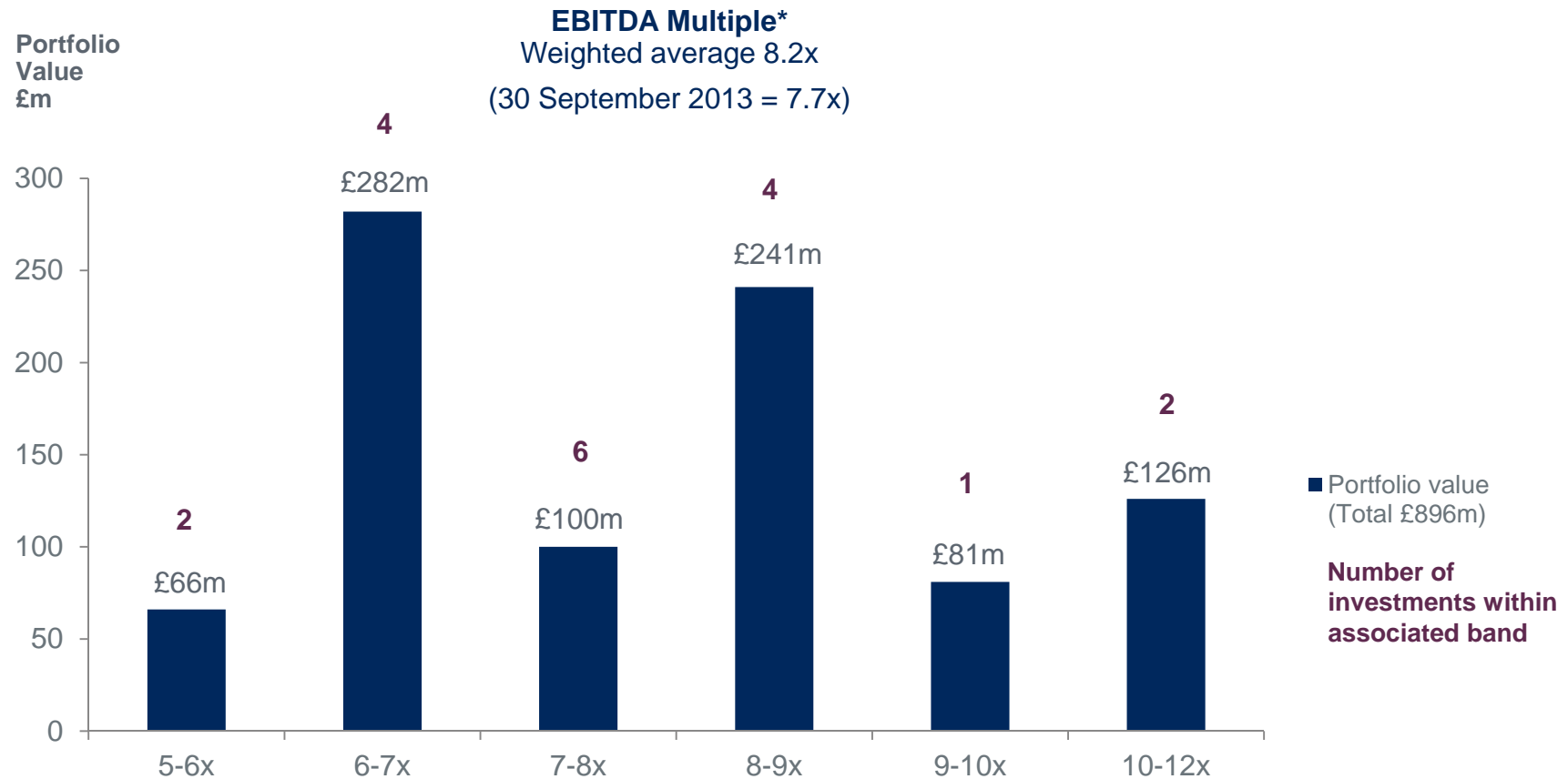
Portfolio changes (by segment)

Year to 30 September 2014

	Valuation at 30 Sept 2013 £m	New Investments £m	Realisations / Income £m	Total Return £m	Valuation at 30 Sept 2014 £m	Performance Increase / (Decrease) %
Direct Unlisted	662	392	240	182	996	27.5
Listed	87	-	52	56	91	64.4
Secondaries	126	1	34	12	105	9.5
Funds	93	17	26	(4)	80	(4.3)
	968	410	352	246	1,272	25.4

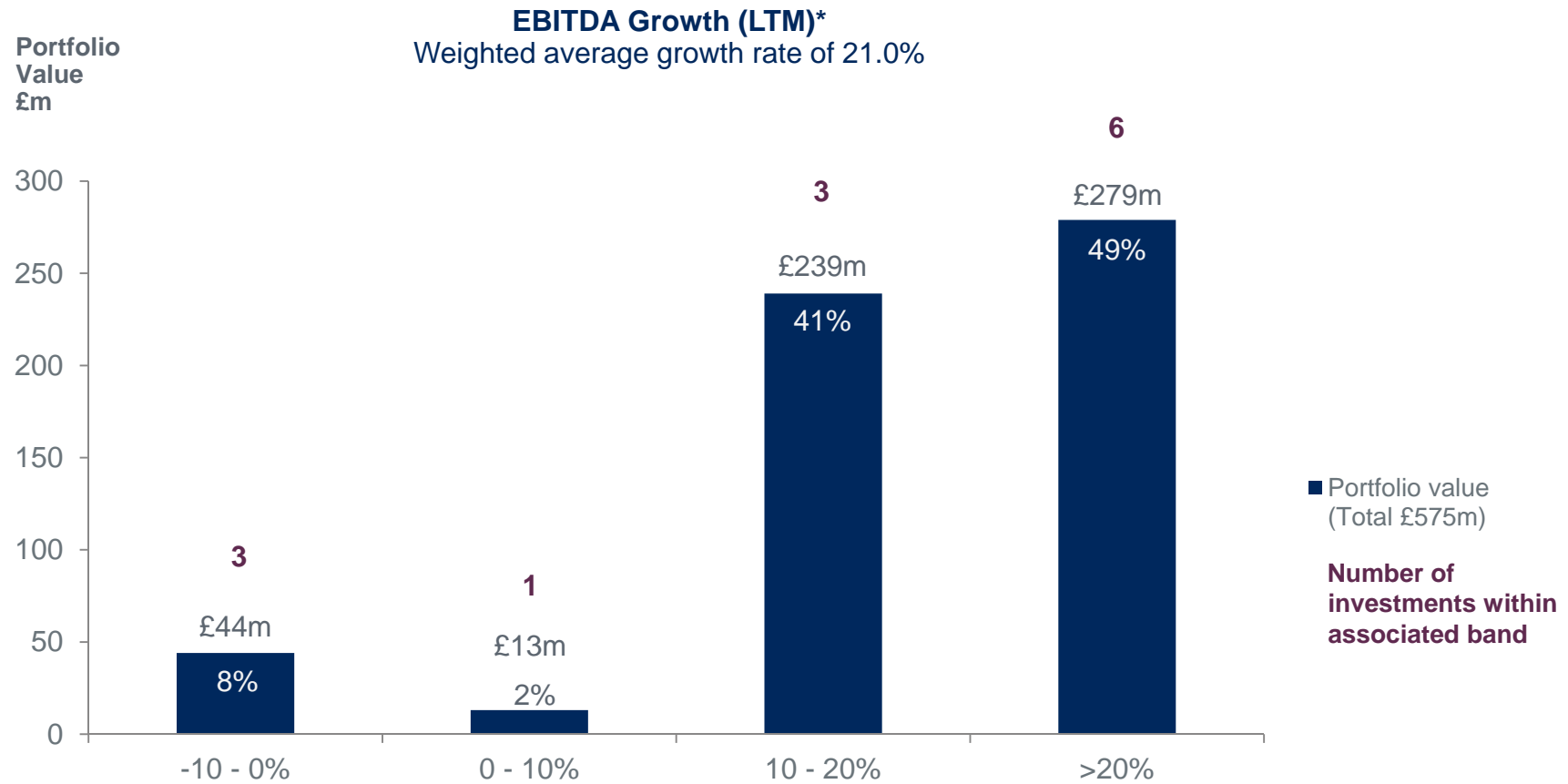
	Total Return	
	1 st Half £m	2 nd Half £m
Unlisted	62	120
Listed	29	27
Secondaries	3	9
Funds	(5)	1
	89	157

Direct Unlisted (over £5m) – Valuation multiples



* All investments with the exception of CALA, Promontoria and PINE

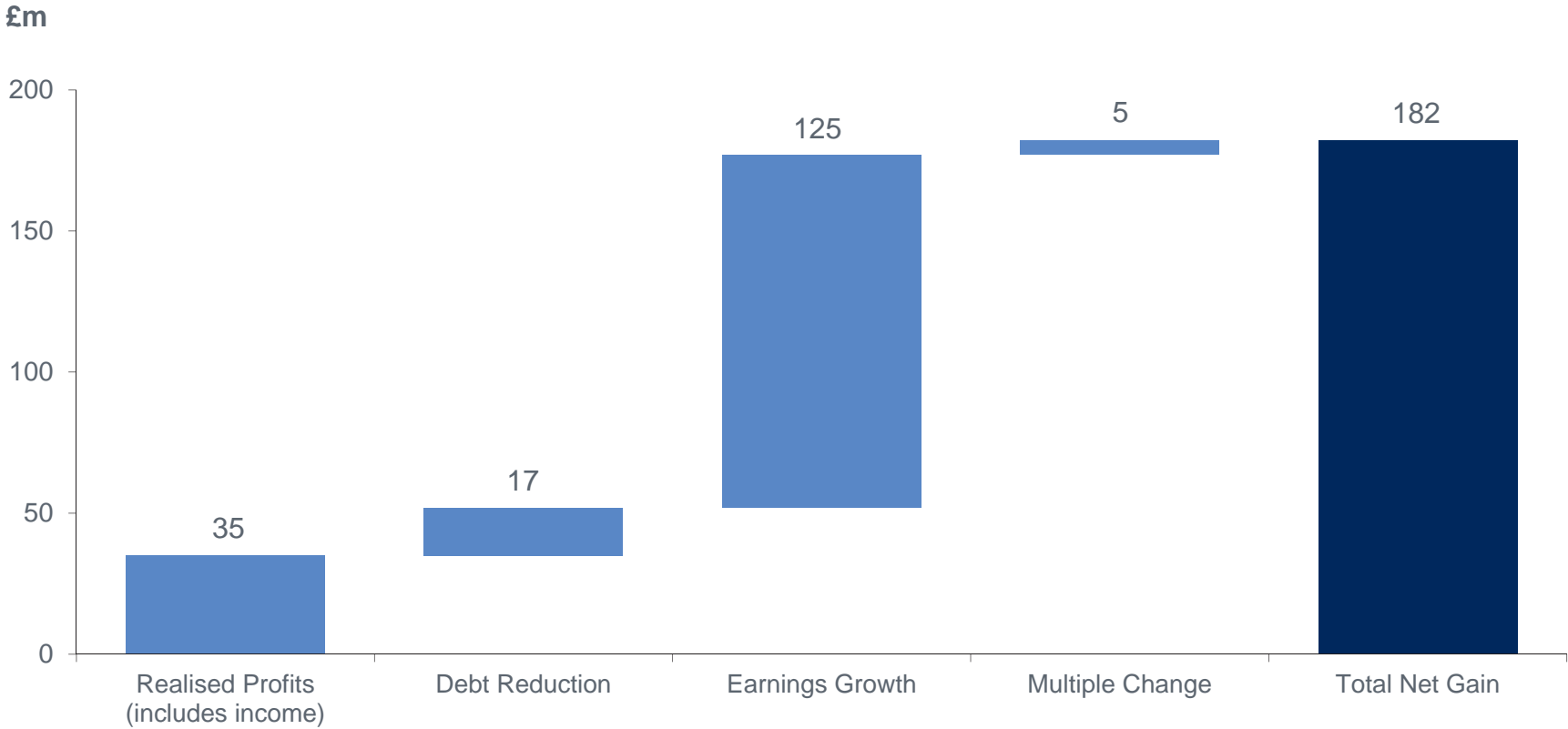
Direct Unlisted (over £5m) – EBITDA growth rates



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

Analysis of total return – Direct Unlisted

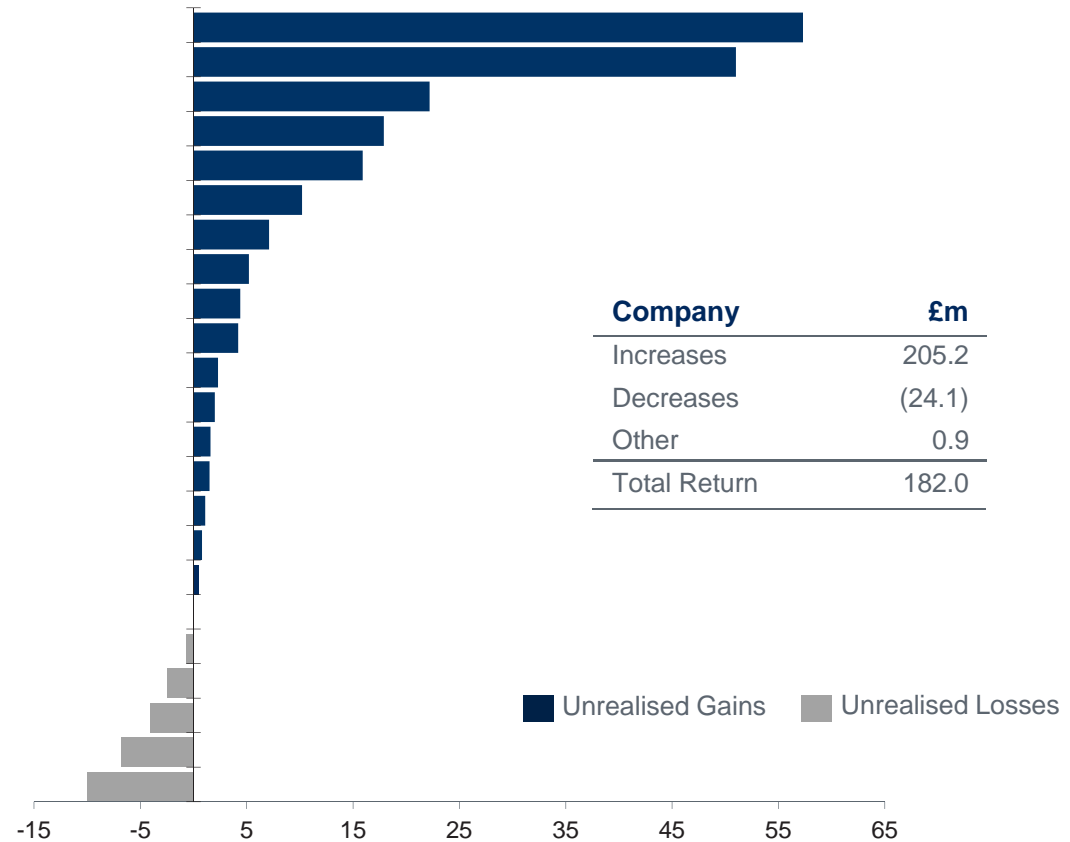
Year to 30 September 2014



Direct Unlisted – Ranked by return

Year to 30 September 2014

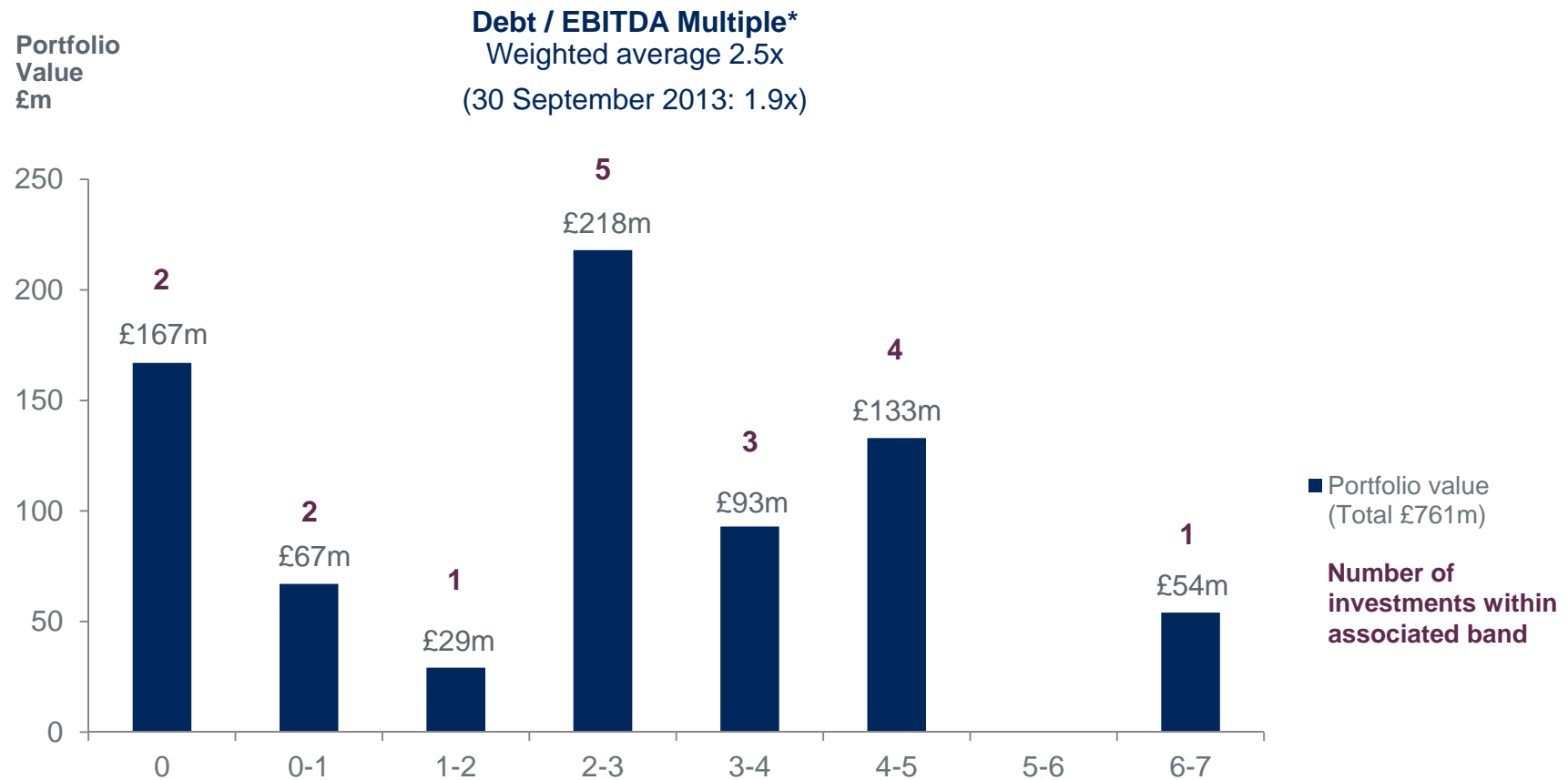
Company	Return in Year £m	Change %
AXIO	57.3	55
Park Resorts	51.0	59
South Lakeland	22.2	105
Nuaire	17.9	51
Allen & Heath	15.9	28
Premier	10.2	29
PINE	7.1	40
Davies	5.2	30
Peveler	4.4	11
CALA	4.2	12
Treetops	2.3	17
Eliau	2.0	2
Daler-Rowney	1.6	6
TOBC	1.5	3
Allflex	1.1	2
SVMP	0.8	4
Console Group	0.5	1
Innovia	-	-
Kalle	(0.7)	(6)
Labco	(2.5)	(15)
Sentinel	(4.1)	(31)
Promontoria	(6.8)	(25)
Hotter	(10.0)	(12)



Direct Unlisted – Investments more than £5m in value

Company	Sector	Financial Year of Investment	Valuation Basis	Cost £m	Valuation at 30 Sep 2014 £m	% of Unlisted	Cumulative %
AXIO	B2B information services	2013	Earnings	68.9	140.4	14.1	14.1
Park Resorts	Caravan parks operator	2012	Earnings	69.6	134.9	13.5	27.6
Elian	Fiduciary Services	2014	Recent transaction	81.2	81.2	8.2	35.8
Hotter	Shoe manufacturer	2014	Earnings	84.5	72.4	7.3	43.1
Console Group	Audio mixing consoles	2014	Recent transaction	64.0	64.0	6.4	49.5
Allflex	Animal tagging	2013	Earnings	56.7	54.0	5.4	54.9
TOBC	Ten-pin bowling centre operator	2014	Recent transaction	50.5	50.5	5.1	60.0
Peveler	Property management	2012	Earnings	22.0	44.3	4.5	64.5
South Lakeland	Caravan parks operator	2013	Earnings	19.1	41.3	4.1	68.6
CALA	Premium house builder	2013	Net Assets	31.7	38.2	3.8	72.4
Nuaire	Ventilation systems	2007	Earnings	13.9	37.8	3.8	76.2
Innovia	Speciality films and substrate	2014	Recent transaction	32.7	32.7	3.3	79.5
Daler-Rowney	Fine art products	2011	Earnings	17.5	29.1	2.9	82.4
Premier	Asset management	2007	Recent transaction	30.4	26.5	2.7	85.1
PINE	Nursery school finance	2005	Net Assets	14.0	23.7	2.4	87.5
Davies	Insurance claims management	2011	Earnings	38.8	23.0	2.3	89.5
SVMP	Holiday parks	2014	Recent transaction	19.8	19.8	2.0	91.8
Promontoria	Property holding company	2007	Net Assets	12.3	18.4	1.8	93.6
Treetops	Nursery education	2012	Earnings	12.4	15.8	1.6	95.2
Labco	Medical diagnostics	2008	Earnings	24.5	13.1	1.3	96.5
Sentinel	Heating fluids	2011	Earnings	15.9	9.3	0.9	97.4
Kalle	Food containers	2010	Earnings	4.4	5.9	0.6	98.0
				784.8	976.3		
Direct investments – Other (8)					19.8	2.0	100.0
Total					996.1		

Direct Unlisted (over £5m) – Debt / EBITDA ratio

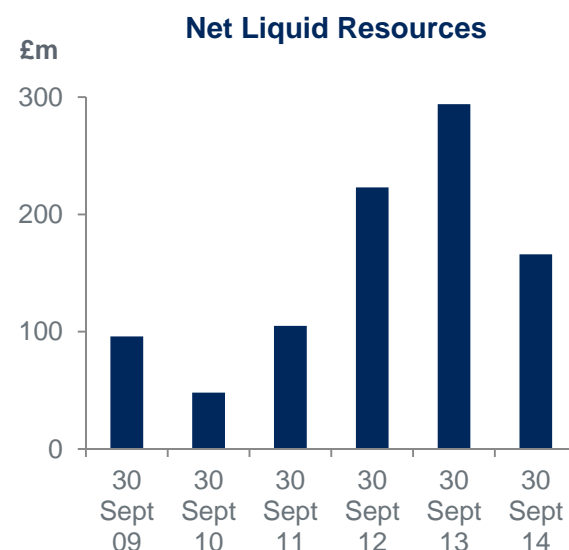


* All investments with the exception of CALA, Promontoria, PINE and Park Resorts

Electra liquidity position

- As at 30 September 2014, Electra had:
 - Outstanding commitments to private equity funds and secondary funds of £77m
 - Bank borrowings of £152m providing currency hedges
- Bank facilities of £195m are available until December 2017
- ZDP shares are repayable in August 2016 for an amount of £73m
- The remaining Convertible Bonds are repayable in December 2017 unless converted (Electra may 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)

	30 Sept 2014		30 Sept 2013	
	£m	% of NAV	£m	% of NAV
Liquid resources	318	27	452	44
Bank borrowings	(152)	13	(158)	15
Net liquid resources	166	14	294	29
ZDP shares	(65)	5	(61)	6
Convertible Bond*	(97)	8	(100)	10



* 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

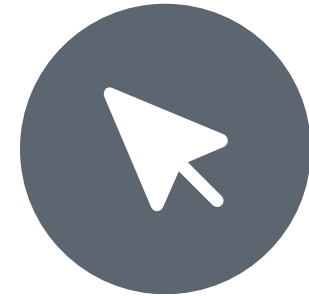
Hotter



International

Realised or unrealised potential to exploit growth in international markets

Console Group







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
	Shoe manufacturer, designer and retailer	£84m	61.3%	High quality products in a growth sector
	Provider of international trust, fund and company administration services	£81m	59.6%	Strong business with international growth potential
	The UK's largest ten-pin bowling operator	£50m	84.6%	First-class leisure business operating in an industry with excellent growth opportunities
	Manufacturer of speciality films, and substrate for polymer banknotes	£33m	23.8%	Market-leading films business and growth potential in security business

New investments – Continued

Company	Business description	New capital invested / Committed	Ownership	Investment rationale
Southview and Manor Park	Holiday parks	£20m	80.4%	Bolt-on for Park Resorts. Cements Parks' position as the UK's largest holiday parks operator
	Premium home builder	£18m	10.5%	Bolt-on acquisition of Banner Homes (a good strategic fit for CALA) and land purchases
 (Allen & Heath)	Audio mixing console manufacturer	£15m	*57.6%	Bolt-on for Allen & Heath. Impressive client list of worldwide broadcasters
 (Console Group)	Audio mixing console manufacturer	Undisclosed	*57.6%	Merged with Allen & Heath and Calrec to create a new group of market leading professional audio brands

* Refers to equity ownership of Console Group

The Original Bowling Company

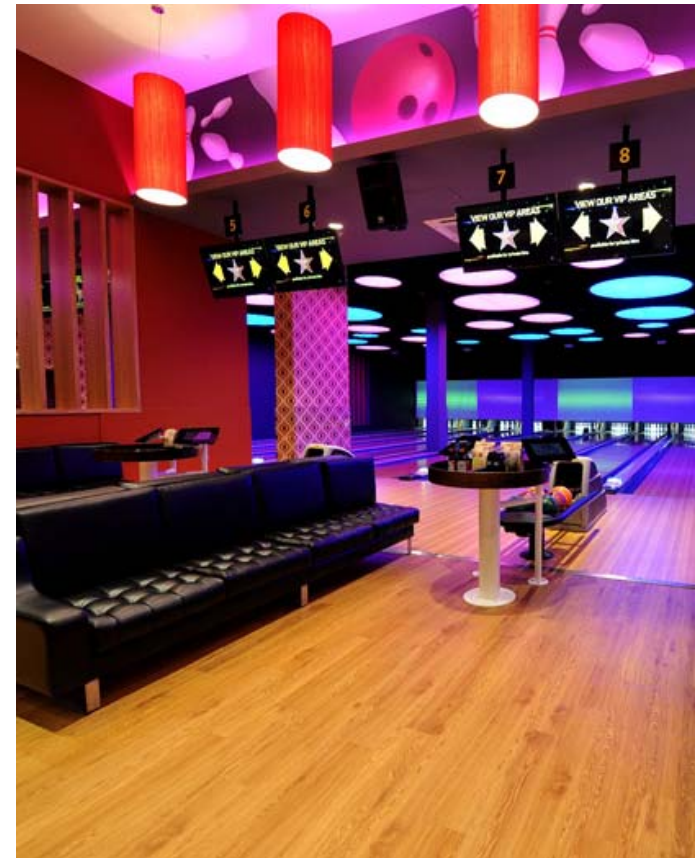
Investment

hollywood bowl



AMF
BOWLING

- In September 2014 Electra acquired The Original Bowling Company ("TOBC"), the UK's largest ten-pin bowling operator, for a total transaction value of £91 million. Electra invested £50 million of equity in the deal alongside TOBC's management team
- TOBC is the UK's largest ten-pin bowling business with 43 bowling centres operating under the Hollywood Bowl (29 sites) and AMF (14 sites) brands. TOBC specialises in large, high-quality bowling centres, predominantly located in leisure or retail parks, which offer a complete family entertainment experience with restaurants, licenced bars, and state-of-the-art family games arcades
- TOBC is the market leader in an industry which offers excellent growth opportunities. The business has a strong track record of industry outperformance, thanks to an excellent management team and a history of investment-backed growth
- TOBC's growth strategy is to invest in existing sites, open new sites and make further acquisitions as well as continuing to invest in technology to improve the customer experience

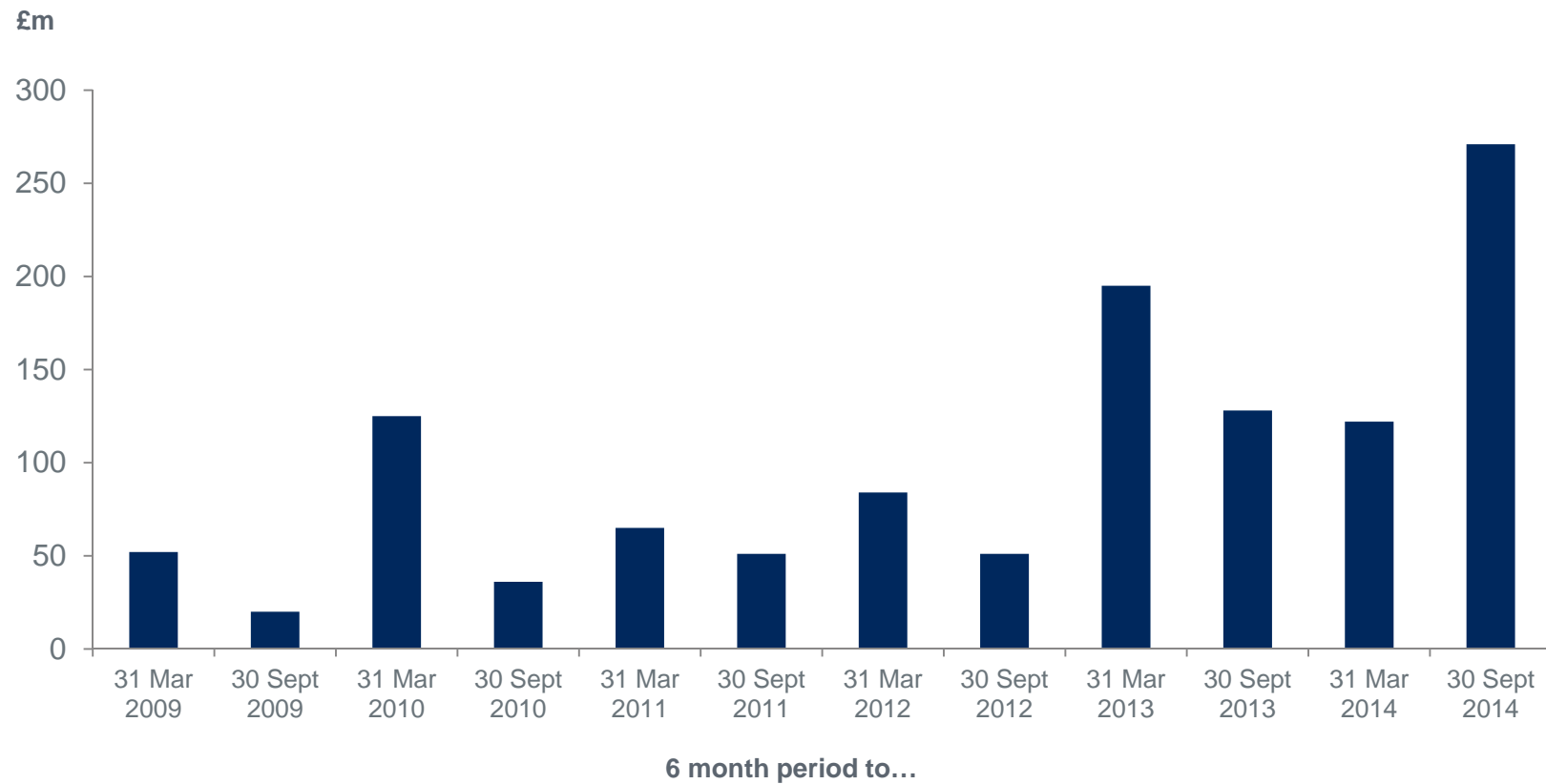


Recap on last meeting

- At the May 2014 presentation of Electra's Half Year results we mentioned:
 - The six months to 31 March 2014 was a record period for new investments / commitments
 - Electra's flexible investment mandate remained key to this (c.75% of new investments were in buyouts and a significant proportion were in co-investments)
 - Q1 2014 saw deal volumes dropping due to the strong IPO market, and prices continued to rise...
 - ... but Electra Partners was able to find value by executing proprietary and off market deals at attractive entry prices, for example in the form of portfolio company bolt-ons and co-investments
 - The pipeline remains strong with further portfolio company bolt-ons likely - but we are extremely selective
 - Still some further action on bank-owned assets, but expect fewer deals of this type
 - As ever, we continue to remain patient and disciplined

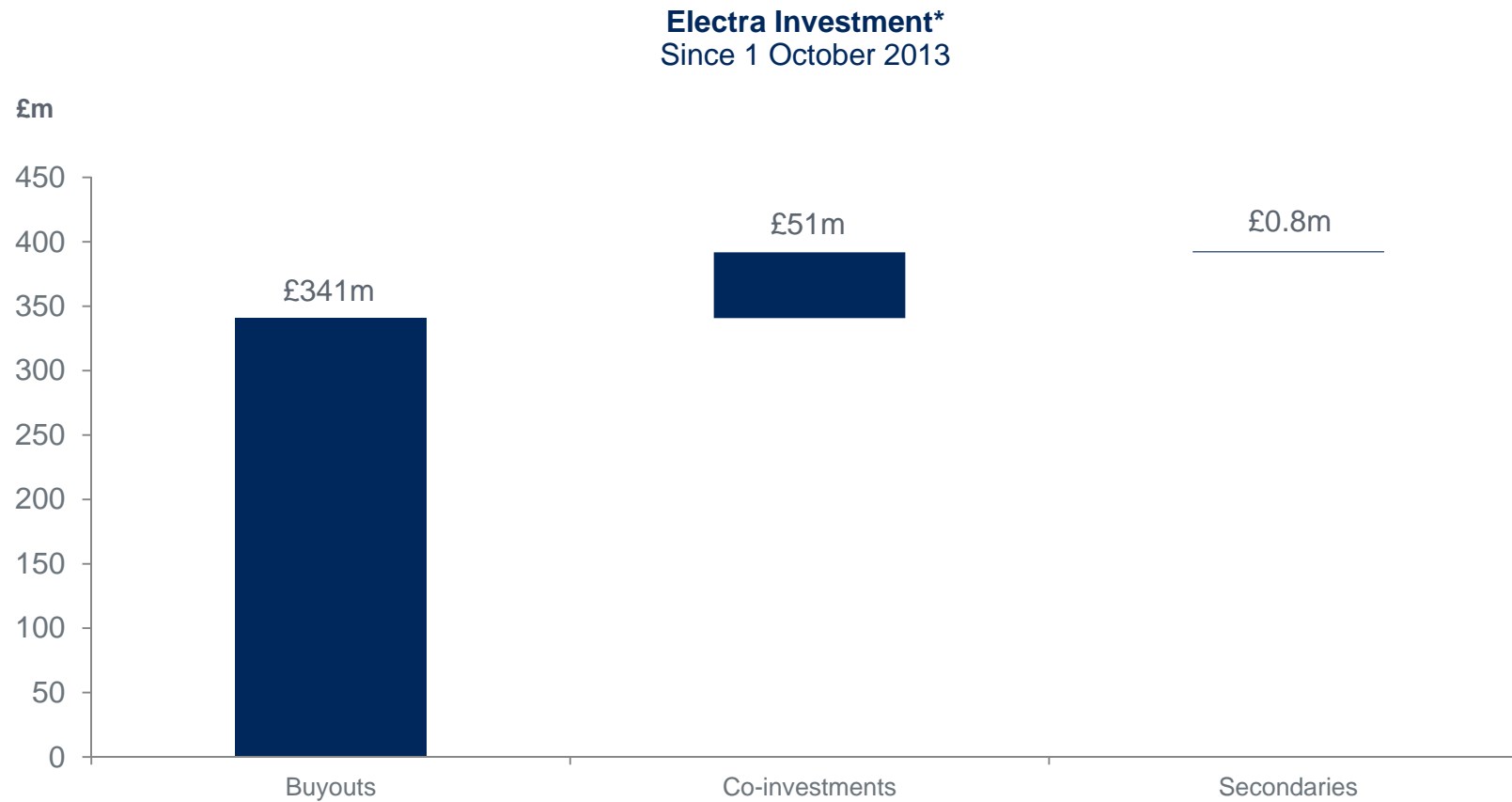
FY 2014: Another record year of new investment

Electra Investment*
Per 6 month period



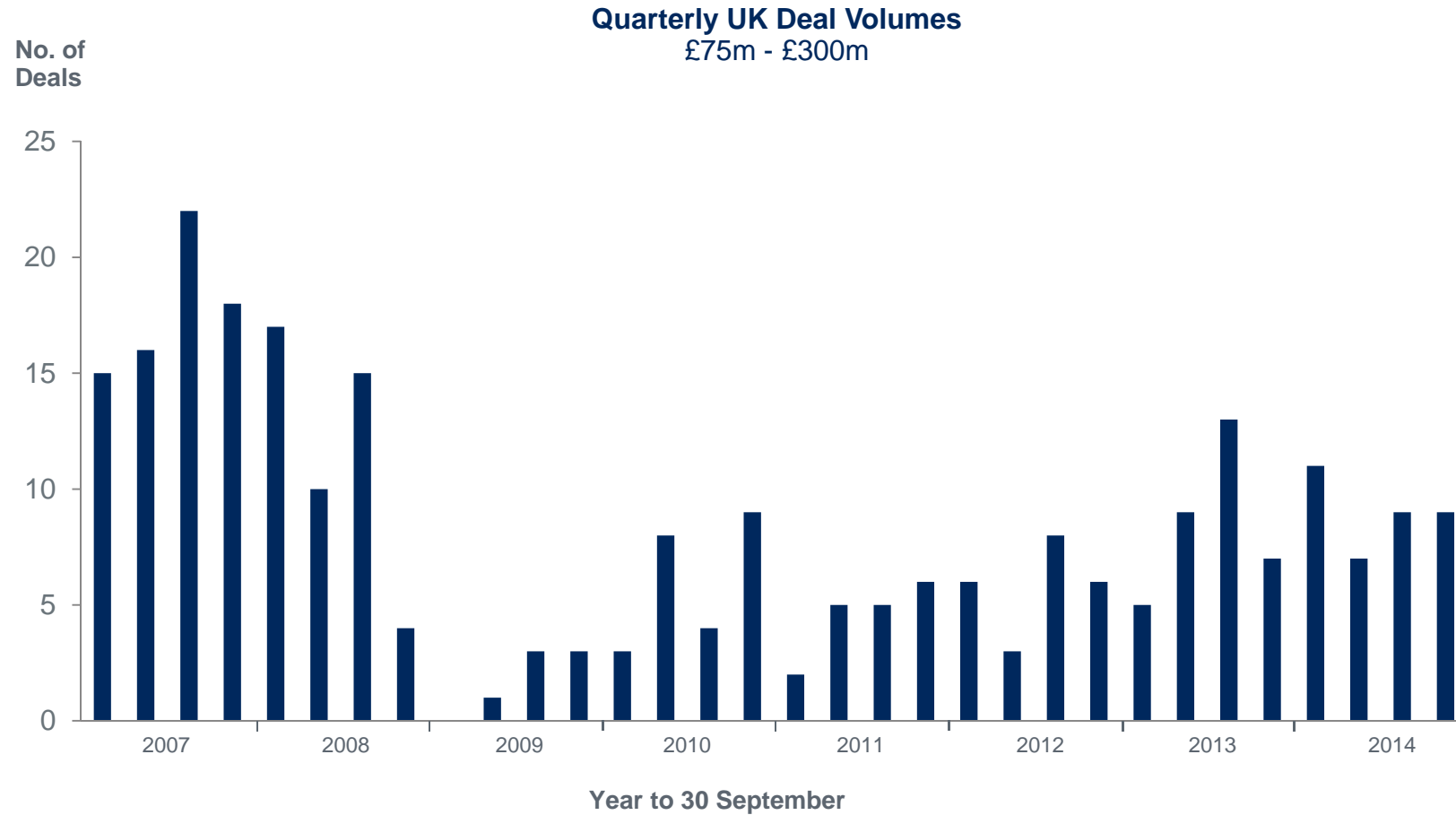
* Funds excluded

Electra's flexible mandate remains key



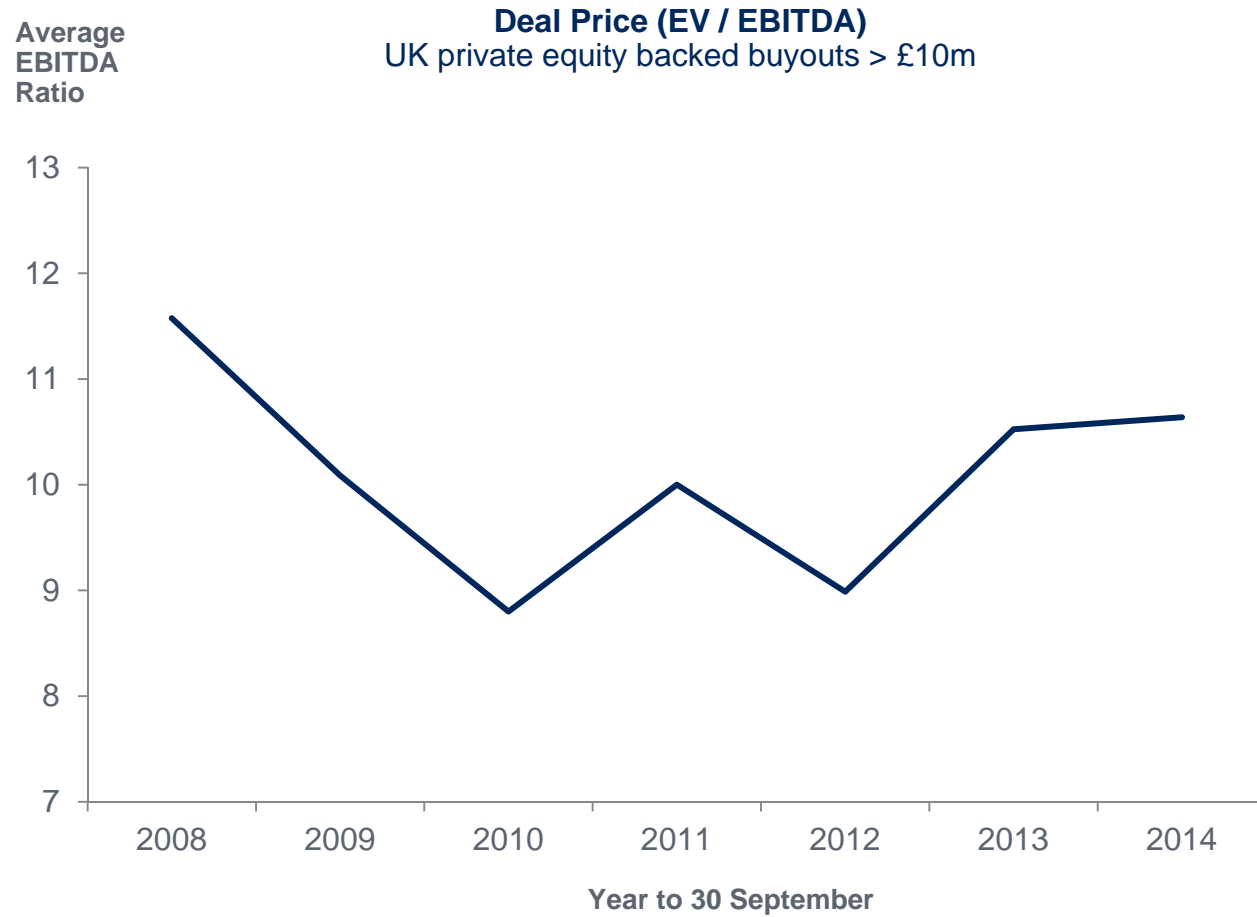
* Refers to new investments made since 1 October 2013. Excludes Funds.

Market deal volumes stable but not buoyant



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

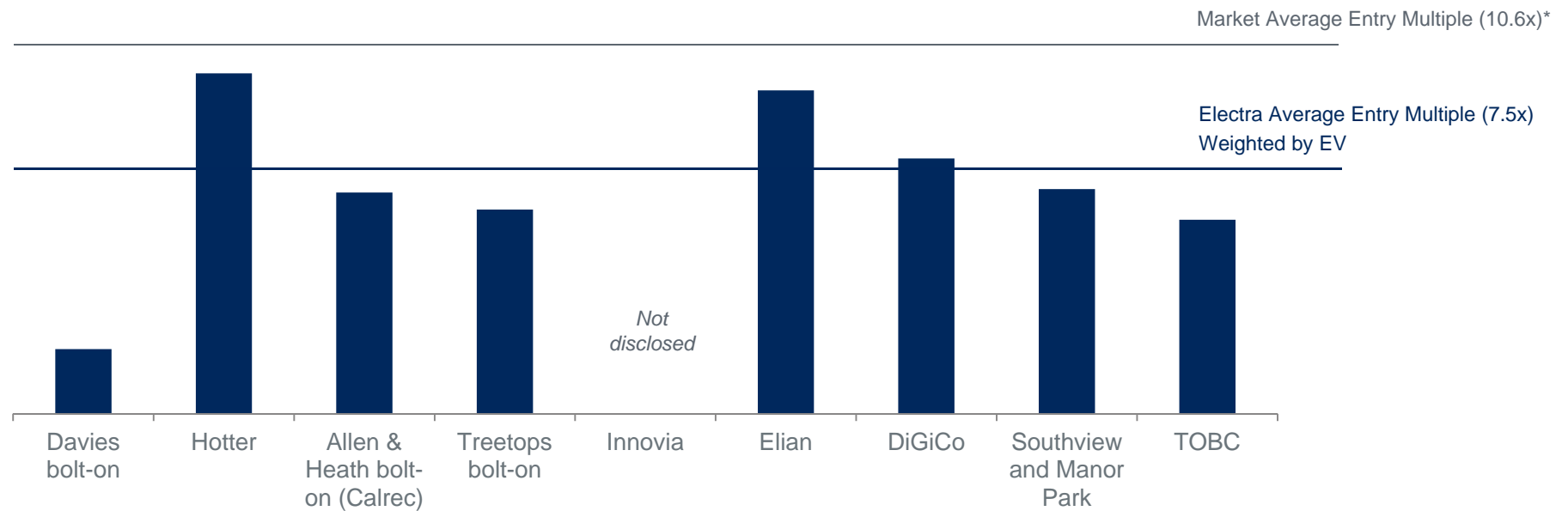
Market deal pricing high but steady...



Source: CMBOR

... But Electra continues to find value

Entry Multiple (EV / EBITDA ratios)
Excludes deal costs



* Market multiple source: CMBOR. Financial year to 30 September 2014
Note: EBITDA multiples are pro-forma where appropriate

We expect to continue to find interesting opportunities to deploy capital

- Pipeline remains full – we expect another busy year
- £300 million of equity investment if deals currently in exclusivity or second round close (expect perhaps 30-50% hit rate)
- Four portfolio company bolt-ons under review – typically off-market / limited competition
- Continued flow of “traditional buyouts” – cash generative, stable businesses at reasonable prices
- Some remaining bank owned assets – e.g. Southview and Manor Park

Consistent Out-performance

- Electra has out-performed the FTSE All-Share Index and the Morningstar PE Indices over the long-term

Period to 30 September 2014	Total Return			
	1 year %	3 years %	5 years %	10 years %
Electra NAV per share (diluted)	15%	43%	84%	262%
Morningstar PE Index NAV per share return (ex. Electra)	11%	26%	55%	56%
Electra share price	19%	95%	117%	248%
Morningstar PE Index share price return (ex. Electra)	7%	76%	72%	41%
FTSE All-Share Index	6%	48%	59%	120%

Source: Morningstar and Electra Partners.
Performance calculated on a total return basis with dividends reinvested.



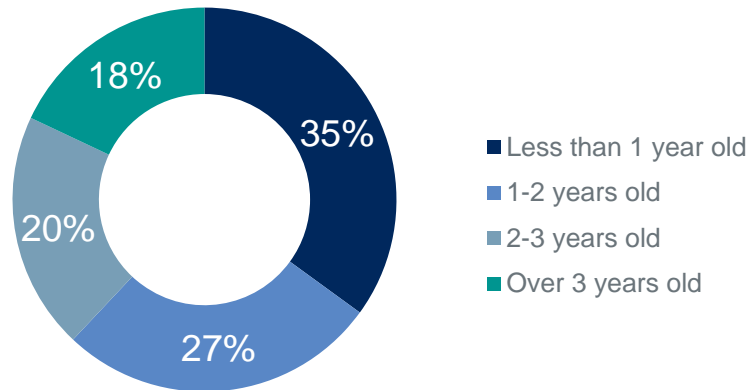
Appendices



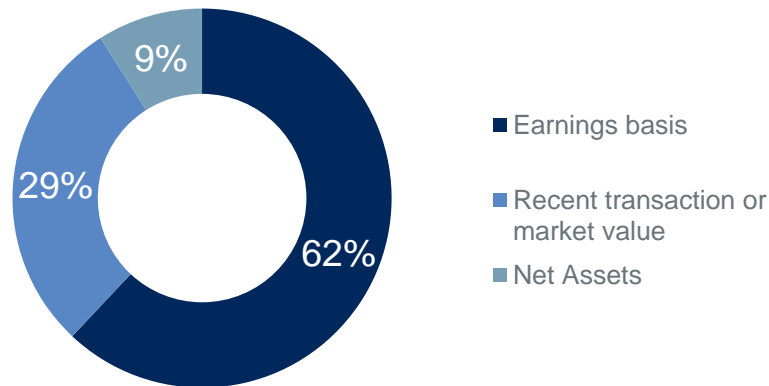
Investment portfolio – Direct unlisted

At 30 September 2014

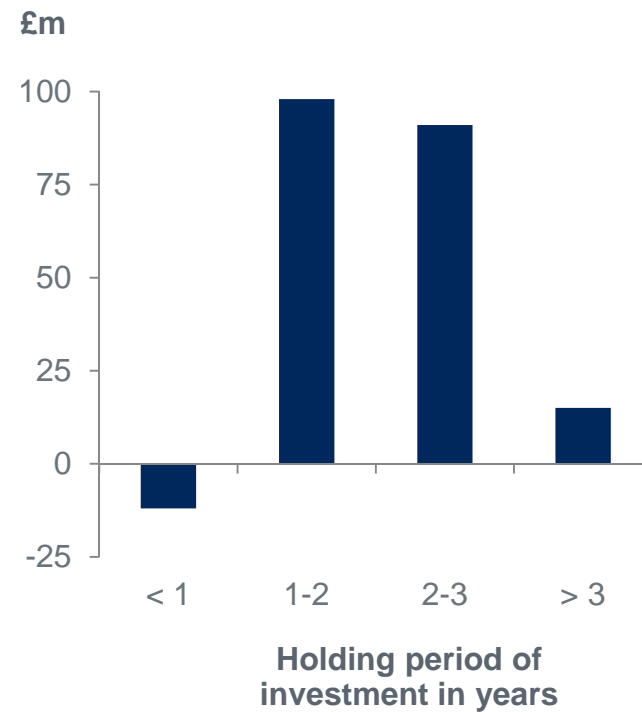
Age Profile By last financing



Valuation Basis



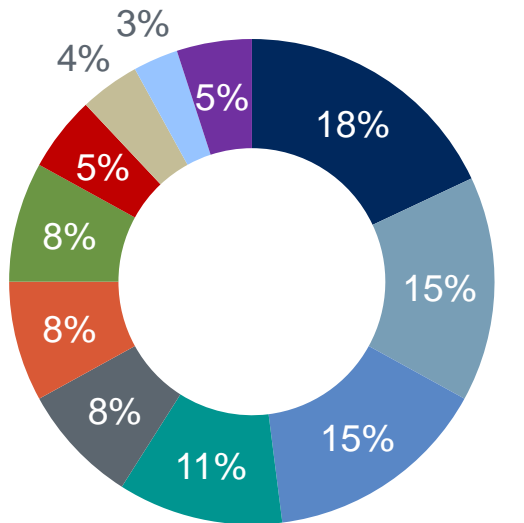
Unrealised Profit by Vintage Total £192m



Direct unlisted

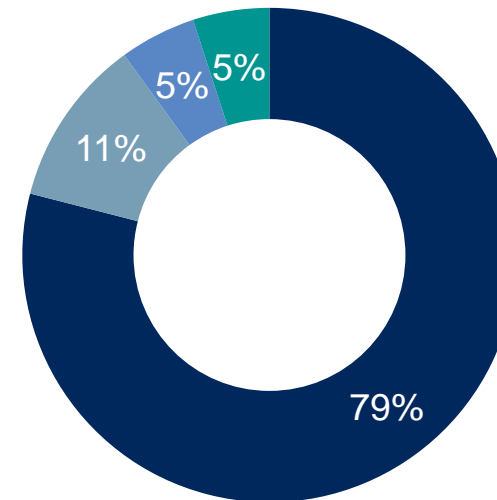
At 30 September 2014

Classification and Distribution



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

Geographic Split



- UK
- Continental Europe
- USA
- Asia and elsewhere

Listed portfolio

	Country	No of Shares '000	Cost £m	Value at 30 Sep 2014 £m
Zensar	India	10,301	4.1	63.4
Dinamia	Spain	1,700	13.9	10.2
EQMC	UK	13,022	7.7	7.9
Esure	UK	2,178	-	5.1
In process of sale			2.5	4.6
			28.2	91.2

Investment Team

Well resourced

- 19 investment professionals
- Backed by a 21-strong team skilled in finance, compliance, 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	Chris Hanna	Investment Partner
Tim Syder	Deputy Managing Partner	Sarah Williams	Investment Director
David Symondson	Deputy Managing Partner	Owen Wilson	Investment Director
Alex Cooper-Evans	Partner	Ian Wood	Investment Director
Rhian Davies	Partner	Nicola Gray	Investment Manager
Steve Ozin	Partner (CFO and Compliance)	Shakira Adigun-Boaye	Investment Associate
Bill Priestley	Partner	Tom Stenhouse	Investment Associate
Charles Elkington	Investment Partner	Oliver Huntsman	Portfolio Manager, UK

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