



Eversholt Rail

Investor Presentation

7 December 2020



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Introductions



Introductions



Mary Kenny
Chief Executive Officer



Andrea Wesson
Chief Financial Officer



Steve Timothy
Stakeholder Director



Strategy



Strategy, Vision & Strategic Themes

Great trains, Great people, Great future

STRATEGY

To retain and improve the Group's position as a leading rolling stock leasing company and to develop opportunities for further growth in the transport sector



VISION

To be recognised as the expert provider of transport asset financing and asset management for the long term

Maintain Value

Maximise asset utilisation and value manage assets over life

Add Value

Grow the portfolio by the disciplined purchase of in-service fleets and other rail related assets / infrastructure in/outside UK

Enhance Value

Invest to enhance attractiveness of the Group's trains to rail operators



Great Trains

£1bn invested in new rolling stock over the last 5 years, successfully delivered

Great People

Maintain investment in the growth and development of our people

Great Future

Strong and stable shareholder with appetite to grow

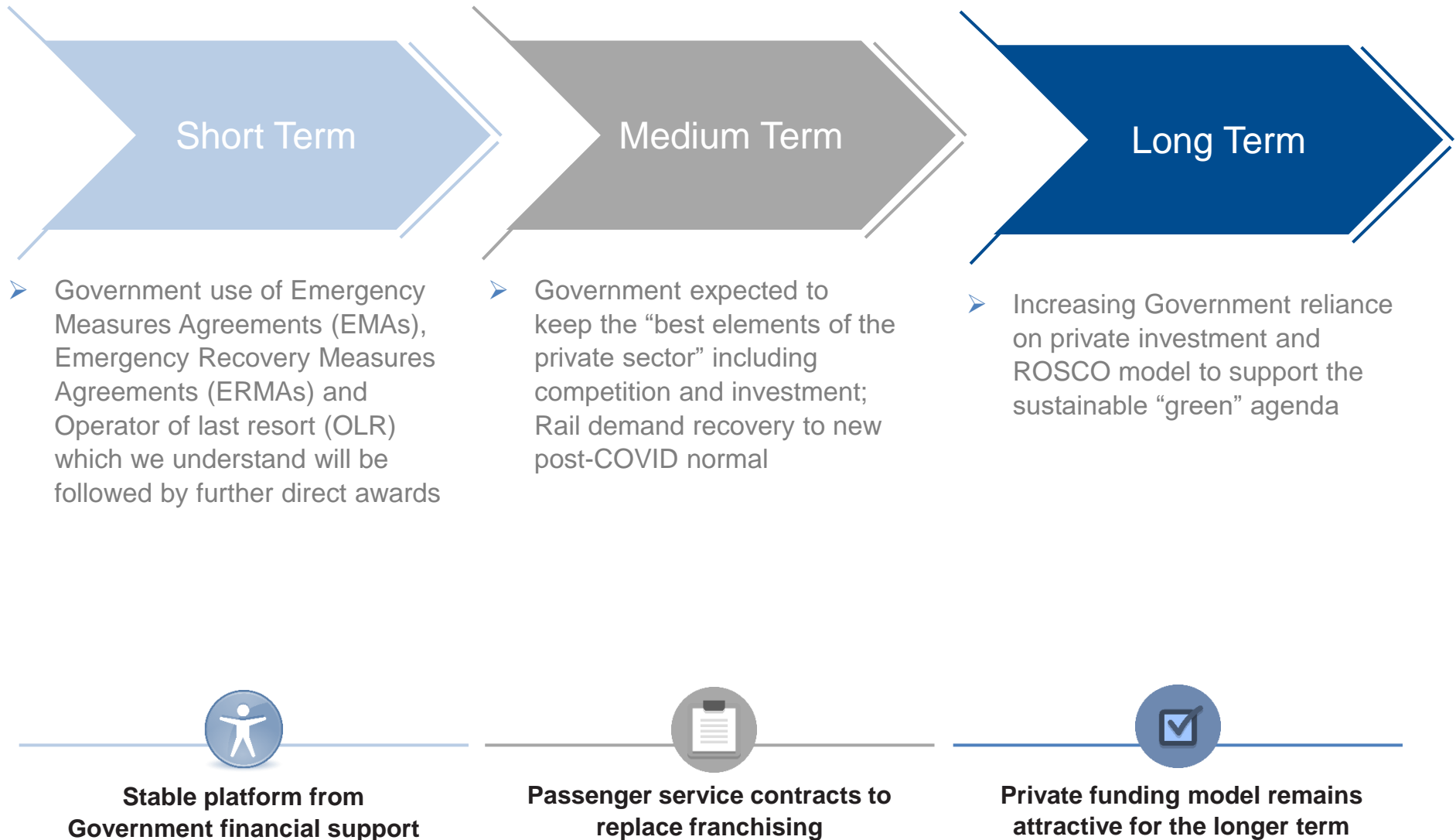


Industry Backdrop



Industry Backdrop

UK Government shows long term commitment to the ROSCO model



Positive UK Government response to Rail and ROSCOs

Commitment to keep trains running, continue with rolling stock leasing model and investment in new technologies

“The expectation is that all contracted rolling stock will be required to manage social distancing on trains.”

2 June 2020

“I have met with the main rolling stock companies to discuss how they can support the industry and the country during this time.”

2 June 2020

“The Government’s new deal for rail will keep the best elements of the private sector, including competition and investment, that have helped to drive growth.”

29 September 2020

“The UK rolling stock market has been a vibrant one and passengers are benefiting from private investment in new trains across the country.”

29 September 2020

“The Emergency Recovery Measures Agreement (ERMA) arrangements cover the operators’ costs including the costs of rolling stock contracts for the duration of the ERMA’s.”

1 October 2020

“The Secretary of State also has no plans to bring the rolling stock companies into public ownership.”

29 September 2020

“Rolling stock companies are owned by private sector shareholders and suspension of payment of dividends will be a matter for them.”

8 June 2020

Rail franchising replaced by ERMAs

A transitional stage to a new system paving the way for industry reform



“Until passenger numbers return, significant taxpayer support will still be needed, including under the transitional contracts announced today”...Grant Schapps Sept 2020

England

- EMAs replaced with ERMAs in September 2020
- By 29 January 2021, operators must reach final agreement with DfT on contractual terms or they lapse back to original franchise terms
- The DfT intends to negotiate new National Rail Concession Contracts ('NRCCs') following the end of the ERMAs
- A transition to the contemplated 'new world' of Passenger Service Contracts ('PSCs'), to commence around 2023/4

Scotland & Wales

- EMA arrangements extended to January 2021 in Scotland pending agreement with UK Government on longer-term arrangements
- Transport for Wales has announced it is nationalising rail operations and we expect our lease to be novated to the new operator

DfT Announcements

The DfT set out their plans for extensions in early November

On the 6 November the DfT released a series of Prior Information Notices (PIN) plans for on English passenger franchises.

Franchise	Start	Duration	Core	Extension
Chiltern	31 December 2021	72 Months	18 months	54 months
East Anglia (Greater Anglia)	19 September 2021	60 months	36 months	24 months
East Midlands	1 April 2022	72 months	48 months	24 months
Essex Thameside (C2C)	1 April 2021	48 months	24 months	24 months
South Eastern	17 October 2021	72 months	24 months	48 months
South Western	1 April 2021	48 months	24 months	24 months
TPE	1 April 2021	48 months	24 months	24 months
TSGN (Govia Thameslink Railway)	19 September 2021	72 months	24 months	48 months
West Coast	1 April 2022	72 months	48 months	24 months
West Midlands	19 September 2021	60 months	36 months	24 months



Business Overview and Developments



Business Overview

A refreshed and diversified lease asset base



- Rolling stock leased to UK franchised / non-franchised passenger and freight operators
- Assets biased towards franchised operators, leased for full franchise terms but franchise environment is moving
- Average remaining asset life of over 20 years following new investment
- Completed investment program underpinning recent performance
- Government provides support via EMAs & ERMs

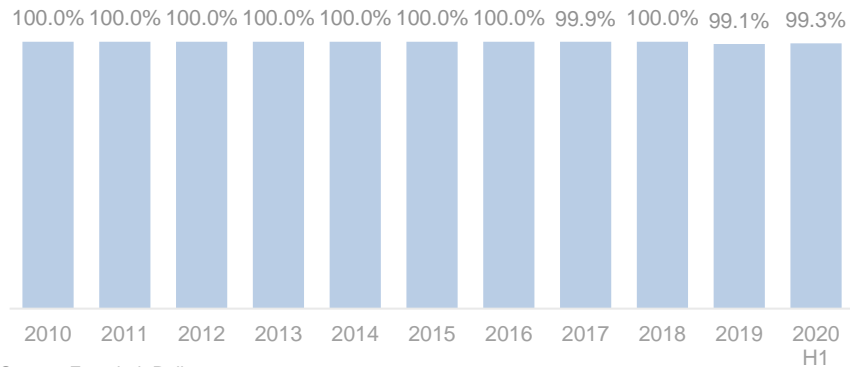
- Through life asset management expertise to optimise asset life
- Leases protected by 'hell or high water' provisions with strong asset protection & legal terms
- Continuously reviewing and developing existing assets to meet future requirements and demand

- COVID-19 has accelerated market change and likely shape of Williams review
- Pressure on public sector finances may play to our asset management strengths and existing fleet optimisation
- Examining new developments focused on meeting industry challenges of the future such as green agenda

Strong Track Record of Re-leasing and New Build Delivery

Underpinned by attractive fleet characteristics

Eversholt Rail passenger fleet utilisation (2010 – 2020)



Source: Eversholt Rail

New build vehicle programme successfully delivered

- £1bn invested in new rolling stock over the last 5 years
- Final 2*C195 units expected to be delivered before year end
- C331, C397 & C802 units all accepted and in revenue generating service
- Delays in competitor new build programmes has created lease opportunities for some of our existing fleets



C185



C397



C375



C802

Business Developments

Green agenda driving innovation

New build & remarketing existing fleets

New build investment program largely complete and in service

Opportunities in medium term likely to be more influenced by asset management capabilities and green agenda

Remarketing opportunities for existing fleets



Innovation and UK Rail decarbonisation

Mix of technologies (electrification, battery augmentation, hydrogen propulsion)

‘Breeze’ hydrogen multiple units

Battery augmentation

Revolution Very Light Rail (VLR)

Diesel improvements

Acquisitions and Other Opportunities

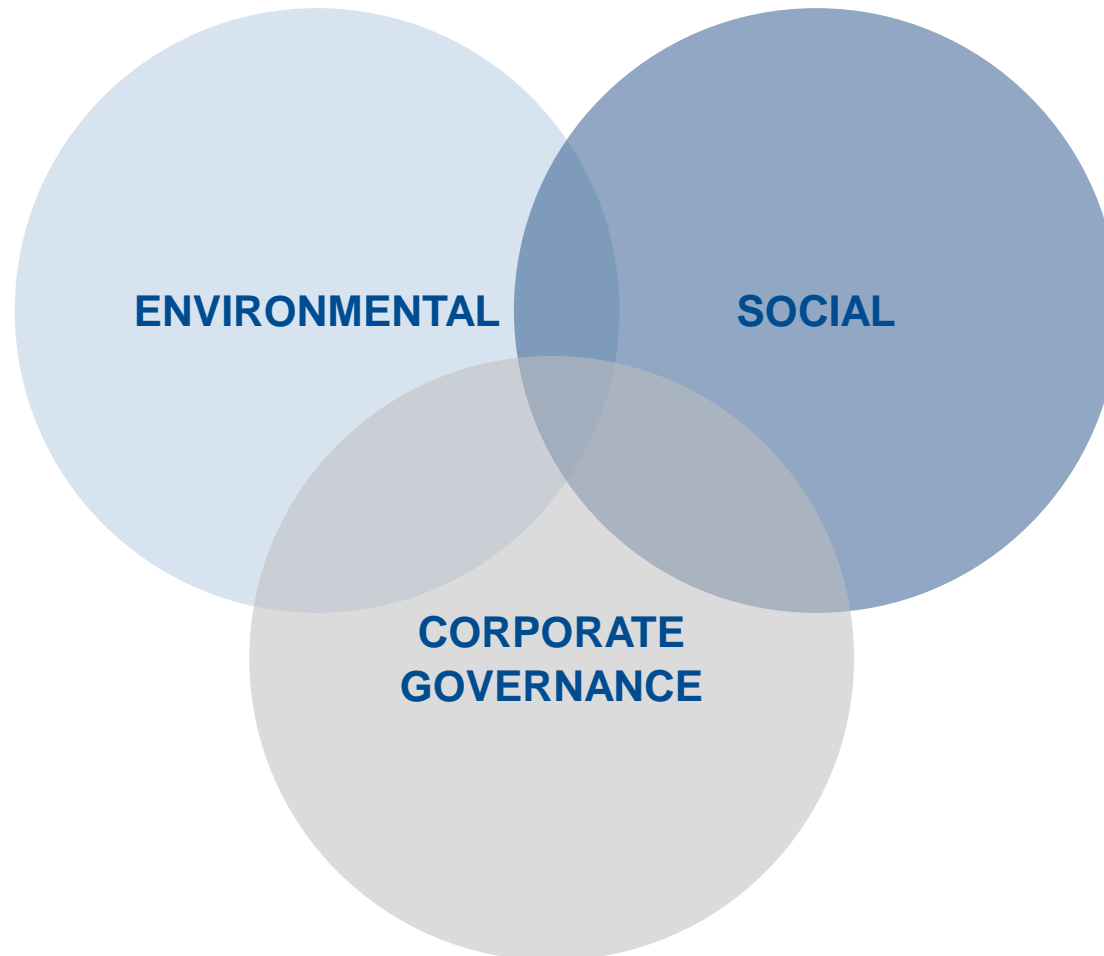
Mid-life fleets and smaller asset owners

Exploring opportunities within other transport assets and in other jurisdictions

Environmental, Social and Governance Oversight

Building on our track record of CSR

Eversholt Rail's future investment program is aligned to the UK's decarbonisation agenda, via a broad mix of technologies - Hydrogen, electrification and battery power



Railways key to social mobility and access to employment

Highest standards of Health and Safety in product development and operations

We promote a diverse, professional and values driven culture

Robust internal controls and focus on the professional and personal development of our employees

Regular and open interaction with shareholders and lenders



Financial Performance



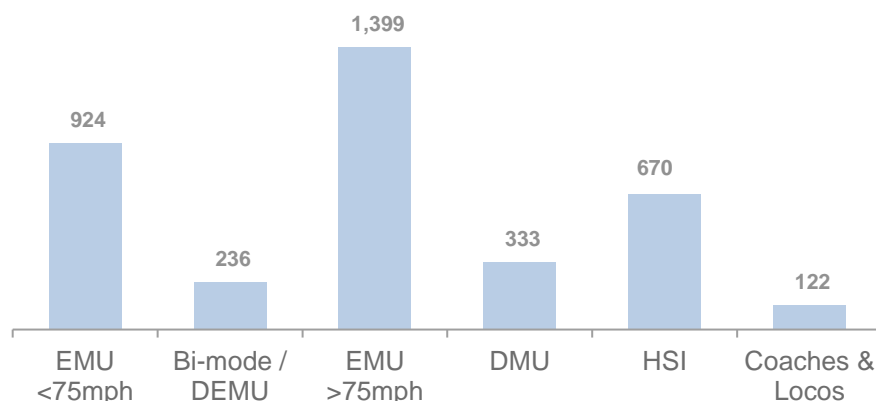
Summary Financials

Solid EBITDA performance driven by a diversified revenue base and significant investment in the fleet

£m	FY18	FY19	HY19	HY20
Capital Rental Income	309.8	369.7	173.1	199.3
EBITDA	323.8	374.6	179.6	209.8
Capital Expenditure	244.3	409.6	212.3	53.6
Total Assets	2,423	2,497	2,496	2,834

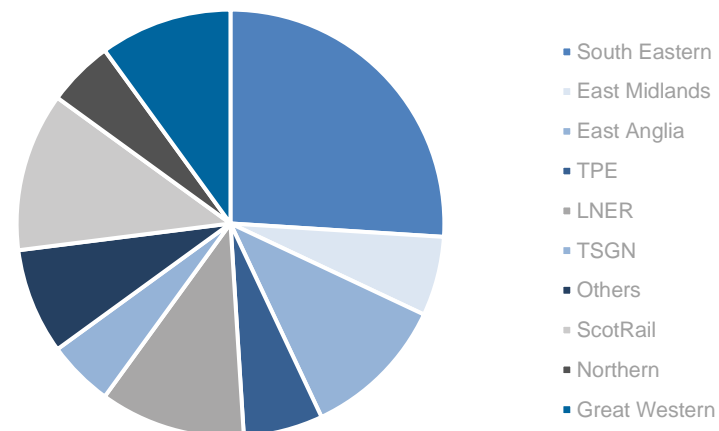
- Strong EBITDA growth supported by diversified revenue streams
- 2020 performance underpinned by completed investment projects and in-service fleet
- Strong and stable shareholder with a long-term horizon and a disciplined approach to investment
 - Over £1bn invested in new rolling stock since 2015
 - Continued investment in excess of £200m in existing assets over last 5 years

2019 Fleet by type (no. of vehicles generating revenue)



EMU = Electric Multiple Unit. DMU = Diesel Multiple Unit; HSI = High Speed & Intercity

FY 2019 Franchise exposure by Capital Rental

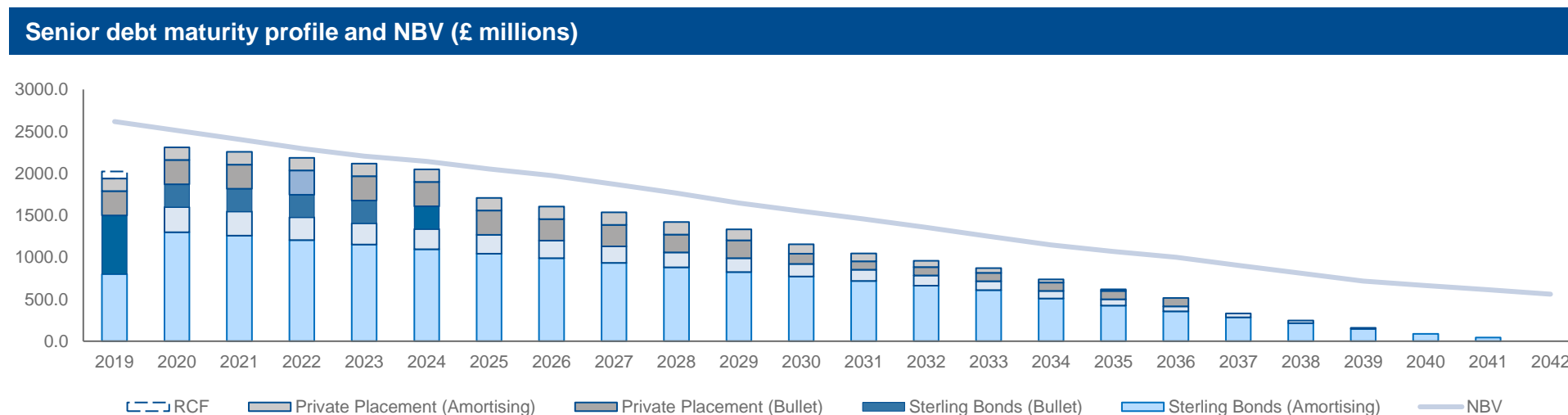


Debt profile

Largely amortising structure profiled to match cashflow as a result of June fund raising. Further liability management undertaken in H2

Existing financing			
Year ended Funding	Jun 2020 £m	Dec 2019 £m	Dec 2018 £m
£600m RCF Nov. 23	-	85	-
Bond A £300m 5.831% (2020)	300	300	300
Bond B £400m 6.359% (2025)	271	400	400
Bond C £400m 6.697% (amt. 2021 – 2035)	400	400	400
Bond D £400m 3.529% (amt. 2034 – 2042)	400	400	400
Bond E £500m 2.742% (amt. 2021 – 2040)	500	-	-
Private notes (amt. 2026 – 2037)	440	440	440
Total Drawn Senior debt	2,311	2,025	1,940

- June 2020 refinancing via 20-year fully amortising notes has resulted in a smoother debt maturity profile
- Group's bonds affirmed as part of fund raising; Baa2 by Moody's and BBB+ by Fitch
- Next scheduled bond maturity not until 2025, with size of issue reduced to £272m via June buy-back
- Further liability management work undertaken in H2, cancelling the unallocated 2025 swap portfolio, resulting in a substantial interest charge reduction to 2025
- RCF remains undrawn



Conclusion - The next five years

Making the right choices for the longer term

- Despite the substantial global challenges in 2020, our business remains robust and on plan
- We have a strong and stable shareholder and a disciplined approach to growth
- As a consequence, we are in a strong position to anticipate and react quickly to rail industry changes and opportunities
- We remain ready and able to actively bid for other transport and rail related opportunities – UK and non-UK
- Internal transformation programme underway to ensure we maintaining our high standards and are in the best shape for growth

Thank you for your continued support





Q&A



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