



Eversholt Rail

Investor Update

6 May 2020



Covid-19 Impact

No material impact; long-term too early to predict



- Eversholt Rail has not experienced material adverse impacts resulting from Covid-19.
- Expected to continue to have adequate financial resources to support capital expenditure and working capital needs.
- Remain in compliance with all financial covenants and expect to remain so over the next year.
- In the short term Eversholt Rail is protected against disruption from COVID-19:
 - The UK Government has stepped in to support franchised passenger service operators for a period of six months through Emergency Management Arrangements (EMA) and to date we have received all expected lease rents.
 - The UK Government is keen to ensure that rolling stock is maintained in good order so that a full, reliable service can be re-established in the short term.
 - Lease contracts with the franchised operators contain “hell or high water” provisions.
 - Agreement has been reached to help freight and open access customers not covered by EMA. This equates to less than 3% of total rental income.
 - Work on outstanding new build trains at suppliers’ sites has suffered some delay due to temporary plant closure, new working practices on re-opening and supply chain disruption. However, the majority of the new build units are already in service and remaining seven units are still expected to be completed in 2020.
 - The maintenance supply base is starting to open operations again and we do not expect any major delay to necessary maintenance in 2020. There is regular communication with suppliers to ensure that commitments can be met and any risk mitigated in a timely manner.
 - All staff are currently fully engaged and occupied.

Franchising Activity 2020

Temporary suspension of rail franchising agreements

Direct Awards in Q1 2020

Franchise name	Franchise terms	What it means for Eversholt Rail
South Eastern	Direct Agreement with a term commencing 1 April 2020 ending 17 October 2021. Agreement includes an option to extend to 31 March 2022.	Fleets C375, C376, C465 and C395 retained for the duration of the franchise.
Great Western	Direct Award with a term of 3 years ending 31 March 2023. There is an option to extend for up to 12 months.	We secured the C802 fleet for the full duration of the franchise.

New Fleets on Order – largely delivered to plan

Remaining units slightly delayed – expected Q4 2020

C802

Fleet in service
Final acceptance 2020



- 36 x Hitachi AT300
- 236 vehicles (£499m)
- Great Western Railway
- Bi-mode (Diesel-Electric) – ‘go anywhere’ 5 and 9 car
- Built in Japan and Italy

C195

Delivery in progress.
Full passenger service Sep 20



- 58 x CAF Civity trains
- 149 vehicles (£283m)
- Northern Trains
- Diesel Multiple Unit made up of 2 and 3 car formation
- Built in Spain (Irun) & Wales

C331

Delivery in progress
Full passenger service May 20



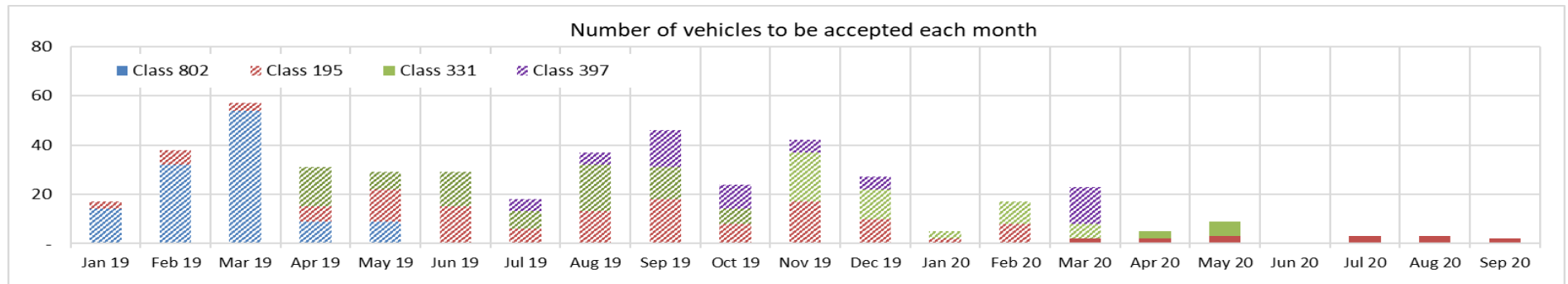
- 43 x CAF Civity trains
- 141 vehicles (£232m)
- Northern Trains
- Electric Multiple Units made up of 3 and 4 car formation
- Built in Spain (Zaragoza)

C397

Final unit accepted Mar 20
Full passenger service Apr 20



- 12 x CAF Civity trains
- 60 vehicles (£113m)
- First Trans Pennine Express
- High Speed Electric Multiple Unit 5 car formation
- Built in Spain (Beasain)



Financial Performance

Solid EBITDA performance, comfortable covenant headroom



Year Ended Profit and Loss	31-Dec-19 £m	31-Dec-18 £m
EBITDA	374.6	323.8
EBIT	193.6	168.6
PBT	31.7	30.5
PBT (excl FV adjustment)	26.1	15.4

Historical Ratios	31-Dec-19	31-Dec-18
Leverage Test (lock up >7.0x)	5.22x	5.31x
Interest Cover Test (lock up <1.75x)	3.20x	2.83x
NPV Test (lock up >70%)	58.5%	55.0%

Forward Ratios	01-Jan-20	01-Jan-19
Leverage Test (lock up >7.0x)	5.98x	5.81x
Interest Cover Test (lock up <1.75x)	2.79x	2.96x

EBITDA

- Increase in EBITDA as new build fleets enter revenue generating service.

Covenant ratios

- Compliant with all financial and non-financial covenants.
- Headroom under the financial covenants remains adequate.

Distributions

- Distributed £89m to shareholders in 2019.

Stable Financing Platform Remains

Performed clean down of RCF in April 2020

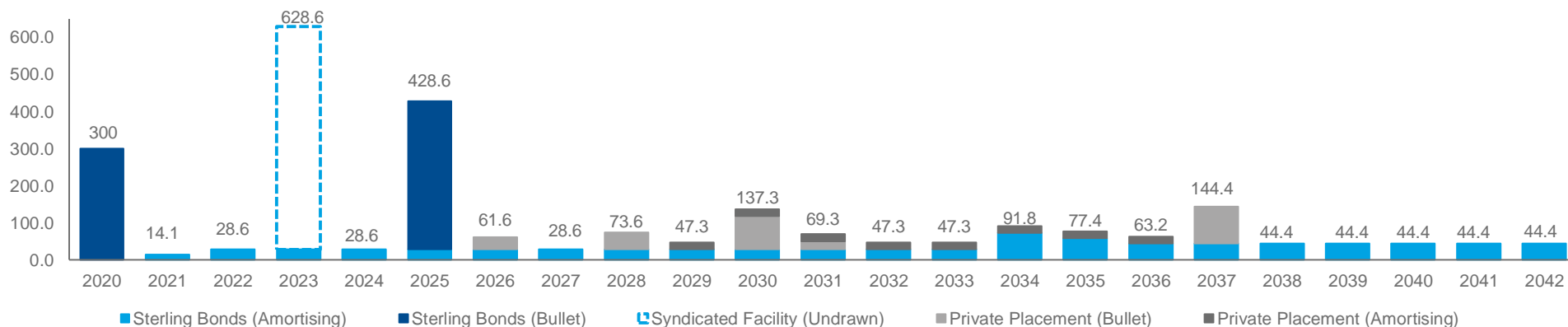
Existing financing

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

As at 30 April 2020

- Decrease in debt since Dec 2019.
- Cash at bank £37m.
- In April we performed a clean down of the RCF, therefore meeting the requirement for 2020.
- 2020 Capex forecast of £105m, to be funded by £600m undrawn RCF and operational cash flows.
- With Bond A maturing in December 2020 we continue to monitor bank and debt capital markets to evaluate alternative refinancing scenarios. The RCF remains available as a fallback solution.

Senior debt maturity profile (£ millions)



Source: Eversholt Rail

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