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Investor Presentation

24 July 2018

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Agenda

Agenda	Who
Introduction and Context	Dyan Crowther
View from Keith Ludeman, Designate Chairman HS1 Ltd	Keith Ludeman
HS1 Performance 2017/18	Dyan Crowther
2018/19 & Future Growth	Mark Farrer
Close	Dyan Crowther
Q&A	All

Essential Low Risk Infrastructure with Strong Opportunities for Growth…..

Video from presentation can be found below

https://highspeed1.co.uk/about-us

Introduction

Dyan Crowther

Board and Management

Despite ownership change, there is consistency in the underlying management team

HS1

BOARD OF DIRECTORS

4 x Infrared / 2 x Equitix / 3 x Independent (inc non-execs)

Rob Holden
Chairman

Dyan Crowther
Chief Executive Officer

Mark Farrer
Chief Financial Officer

Wendy Spinks
Commercial Director

Sean Horkan
Chief Operating Officer

Lucy Clarke-Bodicoat
General Counsel & Corporate Services Director

HIGH SPEED

HS1 Strategy

Strategy was reviewed over the last year and updated to capture the current business requirements

Board

The SMT are the same but board has gained additive experience

HS1

BOARD OF DIRECTORS

4 x Infrared / 2 x Equitix / 3 x Independent (inc non-execs)

Rob Holden*
Chairman

Keith Ludeman (Chairman Designate)

- Ben Loomes (InfraRed)
- Scott Springett (InfraRed)
- Andy Pitt (InfraRed)
- Mark Woodhams (InfraRed)
- Siôn Jones (Equitix)
- Achal Bhuwania (Equitix)
- John Curley* (Non-exec)

** Board members pre-sale*

Keith Ludeman: Chairman Designate HS1 Ltd

Experienced Rail Executive

HIGH 1 SPEED

Performance 2017/18

Dyan Crowther

HS1 Investment Highlights

HS1 is core UK infrastructure with a record of outperformance vs budget and significant downside protections

Resilient operating record

Average delay of 5secs

Significant headroom to performance floor

Strong cashflow generation

EBITDA / CFADS outperformance vs budget

HS1: Core UK infrastructure

Limited capex requirements

TOC funded escrow accounts pay for track and station renewals

HS1 only funds discretionary capex

Government underpin

IRC income equivalent to c. 53K domestic paths per year guaranteed through underpin agreement

HS1 Strategy

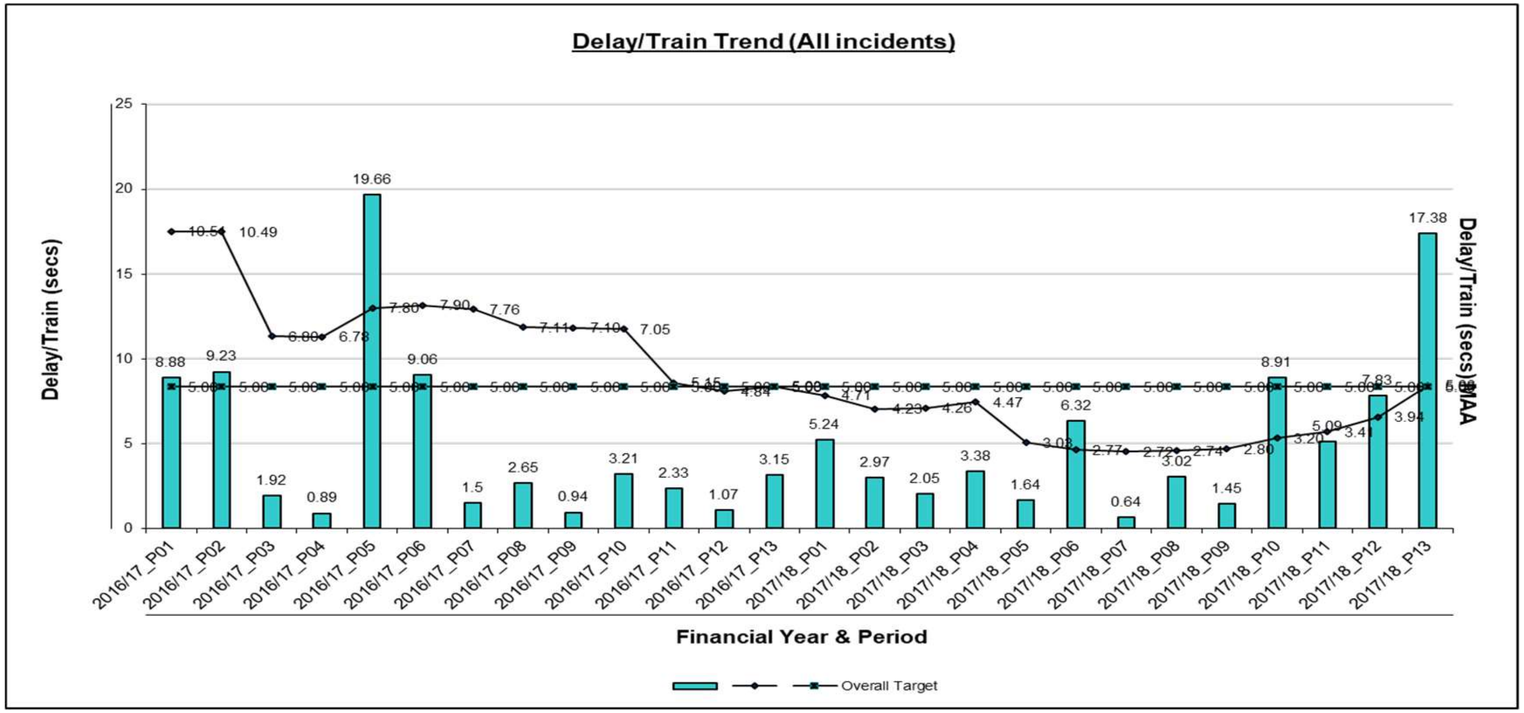
Updated strategy has a strong delivery plan based on consistent values

Our mission is to deliver the **World's leading high speed rail experience**

Protect: Operating Performance

Underlying asset performance remains good. Delay seconds per train 5.06 for 17/18

- Underlying performance remains good although first 6 months of the calendar year have seen a number of infrastructure issues

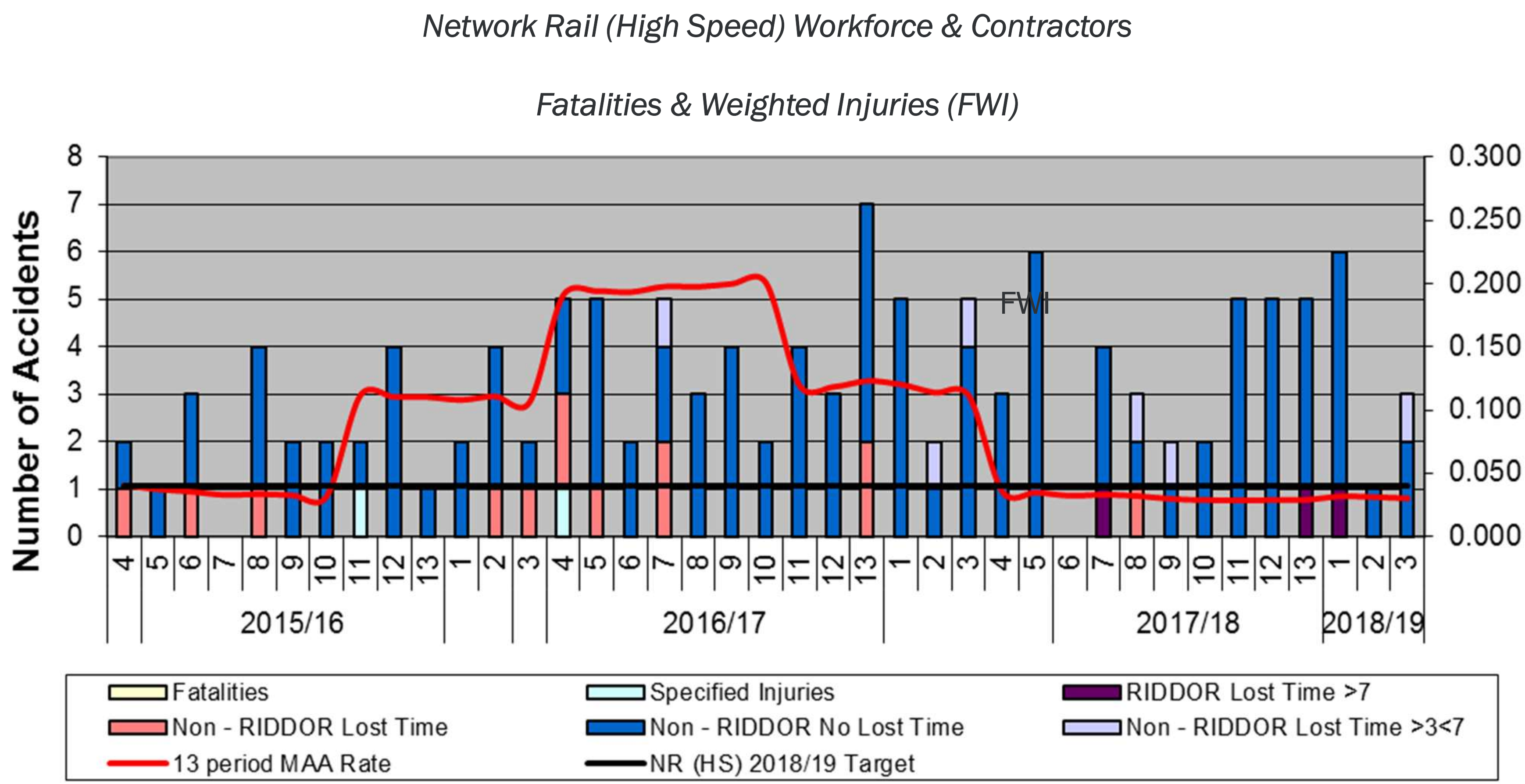


- Number of incidents reducing, but Delay per incident is increasing
- Performance plans in place addressing the changing nature of performance on the railway

HIGH SPEED 1

Protect: Safety Performance

Fatality Weighted Index better than target (0.04), with most accidents slips, trips and falls



Utilising Space for Retail Opportunity

Innovative use of space at St Pancras has delivered growth

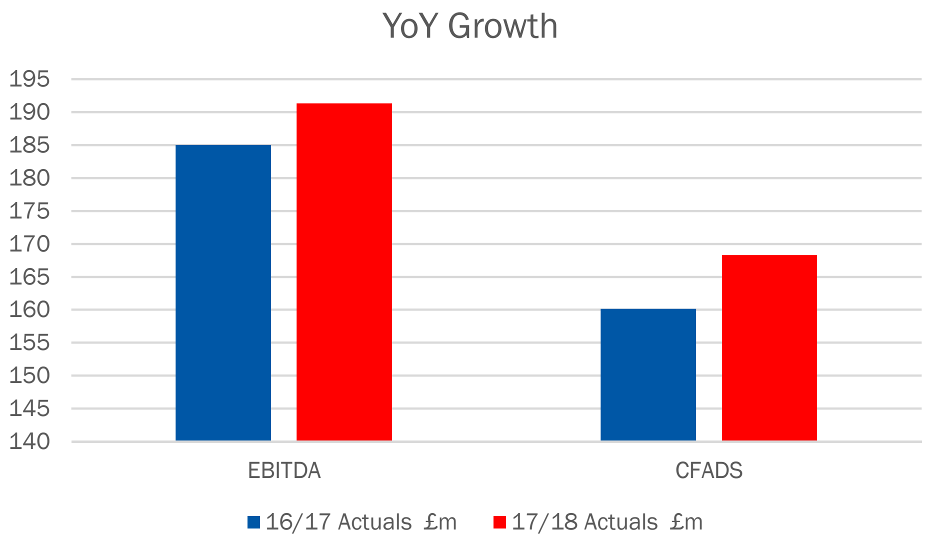
Oversized Ticket office

New Retail opportunities

HIGH 1 SPEED

Protect: 17/18 Financial Performance

Despite lots of change and a reduction in train paths, the business continues to perform strongly



Annual Train Paths Billed

	16/17 Actuals	17/18 Actuals	Var
LSER	55,800	55,793	<(0.1)%
Eurostar	18,873	17,362	(8.0)%
Total	74,673	73,155	(2.0)%

- YoY Growth
  - EBITDA up +3.4%
  - CFADS up +5.1%.
- Driven by Inflation linked growth from train paths and unregulated performance
- Trains paths were mixed, falling by 2%:
  - LSER broadly flat
  - Eurostar down 8%
- Decline in paths driven by larger trains and a reduction in passenger numbers following terrorist attacks at the time of the timetable booking

Stakeholder Management

HS1 consistent operating model……………………… Some changes coming – LSER refranchise

Regulatory

Department for Transport

ORR
OFFICE OF RAIL AND ROAD

Customers

southeastern

EUROSTAR™

DB

HIGH 1 SPEED

Operators & Suppliers

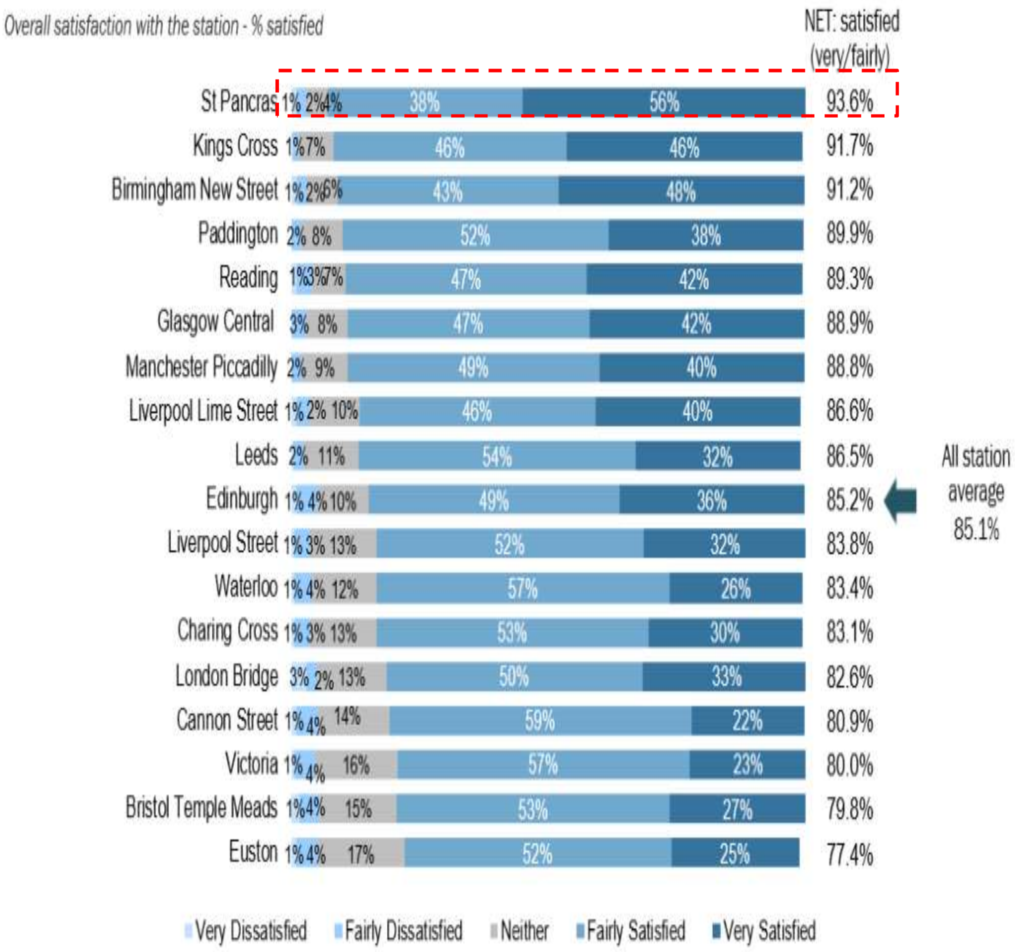
NetworkRail

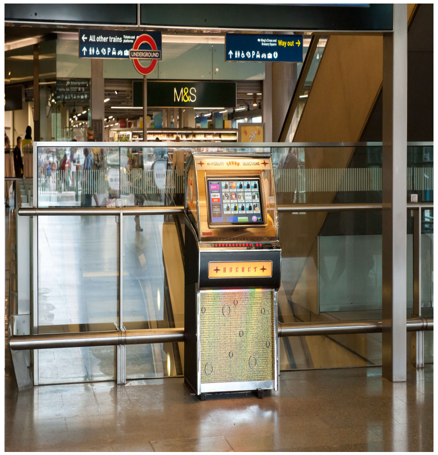
UK Power Networks
Delivering your electricity

mitie

St Pancras continues to delight customers

St Pancras regains number 1 station position in the Spring 2018 NRPS survey





Grow: Unregulated Performance

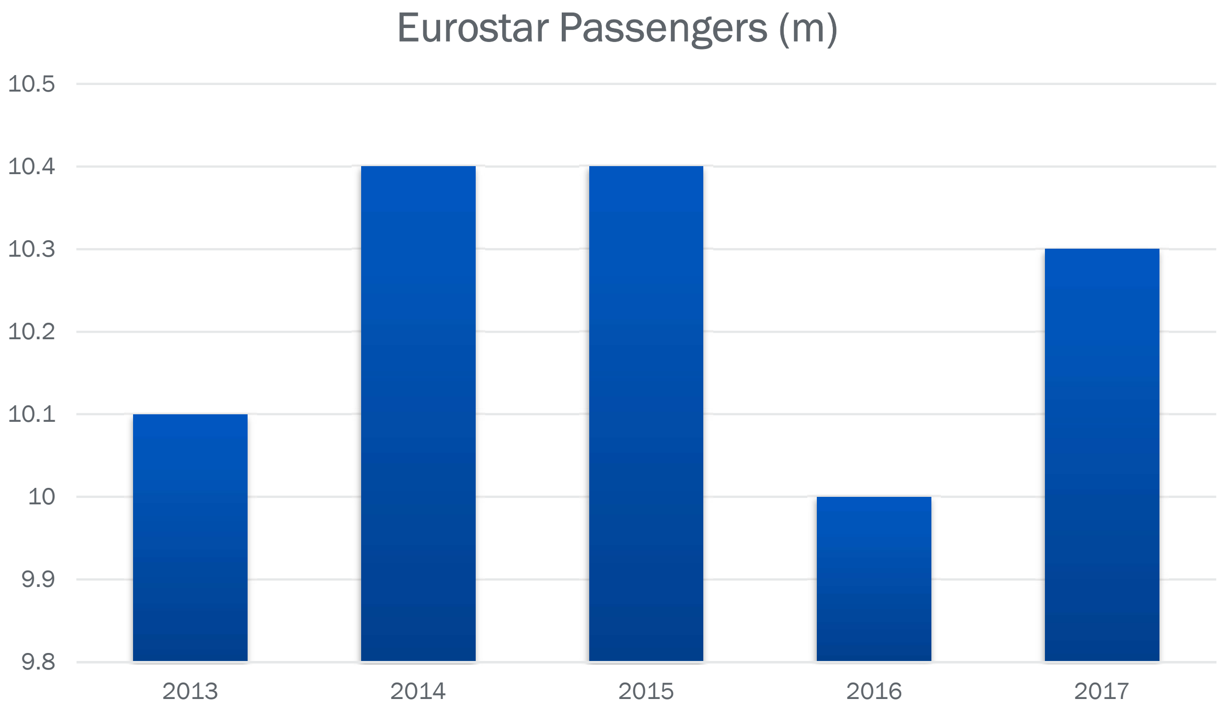
St Pancras continues to outperform compared to the High Street

- New brands, attracted to St Pancras as high footfall quality environment.
- Changing the tenant mix keeps the offer fresh for the consumer
- Travel retail is great location for impulse, convenient shopping.
- Healthy mix of food and retail
- Perfect for gift shopping for commuter and those leisure travellers visiting friends and family
- Active landlord focussed on sales not just rent.

HIGH SPEED

Eurostar Passenger Growth for 17/18

Eurostar reporting positive momentum on passenger volumes



- Eurostar Passengers back in growth in 2017, +3% higher than 2016
- Eurostar reported quarter 1 2018 growth of +4%

Growth Opportunities in 18/19

BECHTEL

2018/19 & Future Growth

Mark Farrer

Key Messages

HS1's ownership has changed but the underlying operating company is the same. The resilient business model has delivered strong results

First set of results under new ownership beat budget

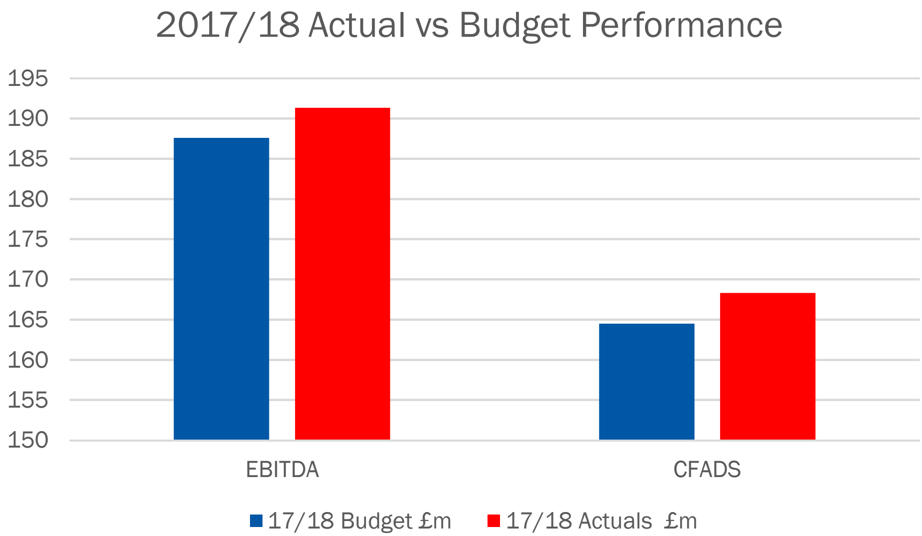
Business is performing strongly with EBITDA/CFADS growth despite reduction in train paths

HS1's credit strengths like the domestic underpin and limited capex requirements provide resilience through change

RPI swaps given even further certainty over cashflows

Financial Performance 17/18 – Overview

Beat budgeted EBITDA and CFADS. Reduction in train paths built into budget



Key Financial Indicators

	17/18 Budget £m	17/18 Actuals £m	Var
EBITDA	187.6	191.3	2.0%
CFADS	164.5	168.3	2.3%
DSCR (Historic)	2.16x	2.21x	N/A

- Key drivers of growth versus budget are IRC and Unregulated performance
- DCSR headroom is well over 2x, well above the covenant "Lock up" levels

Full year 17/18 Performance

HS1 growth over budget was driven by IRC, +£2m, and retail and car parking, +£2m, offset by OMRC

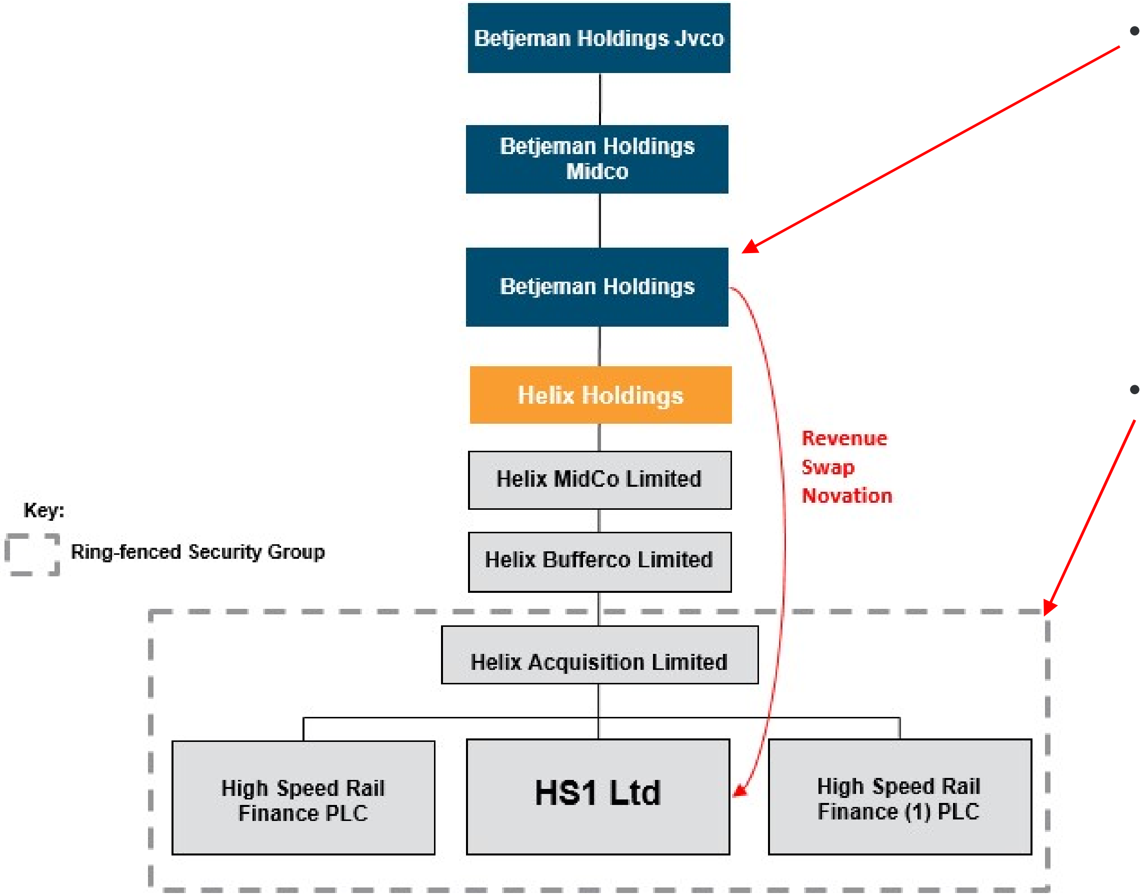
	Revenue	– Operating Costs	= Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA) (Change vs 17/18 Budget)
Track	Domestic Passenger IRC £122m International Passenger IRC £48m		£170m (+£2m)
Track	Operations, Maintenance and Renewals Income £70m	OMRC £71m	£(1)m (-£1m)
Track	Power Charges £16m	Power Costs £16m	£0m
Stations	Station Charges £29m	Station Charges £29m	£0m (+£1m)
Unregulated Activities	Retail & Advertising £27m	Retail Costs £10m	£17m (+£1m)
Unregulated Activities	Car Parking £8m	Car Park Costs £1m	£7m (+£1m)
Other	Other income £2m	Other costs £4m	£(2)m (-£1m)
TOTAL	£322m	£131m	£191m (+£3m)
		Capital - UKPN/Capex/Re-Fi	£(22)m (+£2m)
		Working Capital	£(1)m (-£2m)
Cash Flow Available for Debt Service (Budget 2017/18: £165m)			£168m (+£3m)

HIGH SPEED

* At 31 March 2018, the value of the escrow balance was £110m

Group Structure

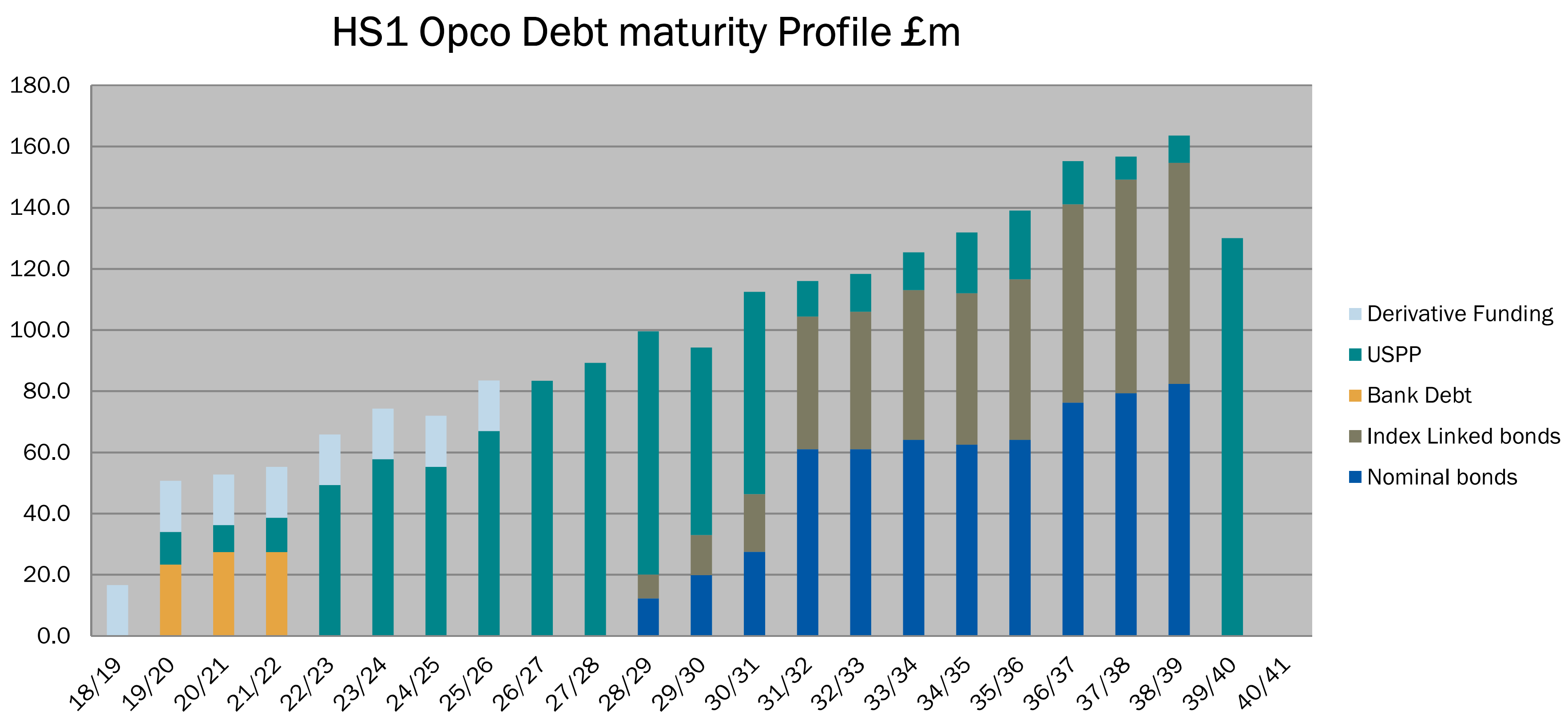
HS1 now has £2.4bn of external debt, in two lawyers: the security group; and a new Holdco tranche



- Betjeman Holdings has £500m of amortising debt - **“Holdco” debt**
  - The Holdco debt has no public rating
- The HS1 Security Group has £1.9bn of senior debt – **“Opco” debt**
  - The last ratings issued were both at A- Stable from Fitch and S&P
  - The business is 92% hedged

Capital Structure

A sustainable amortising debt structure remains in place, with a one year debt free tail

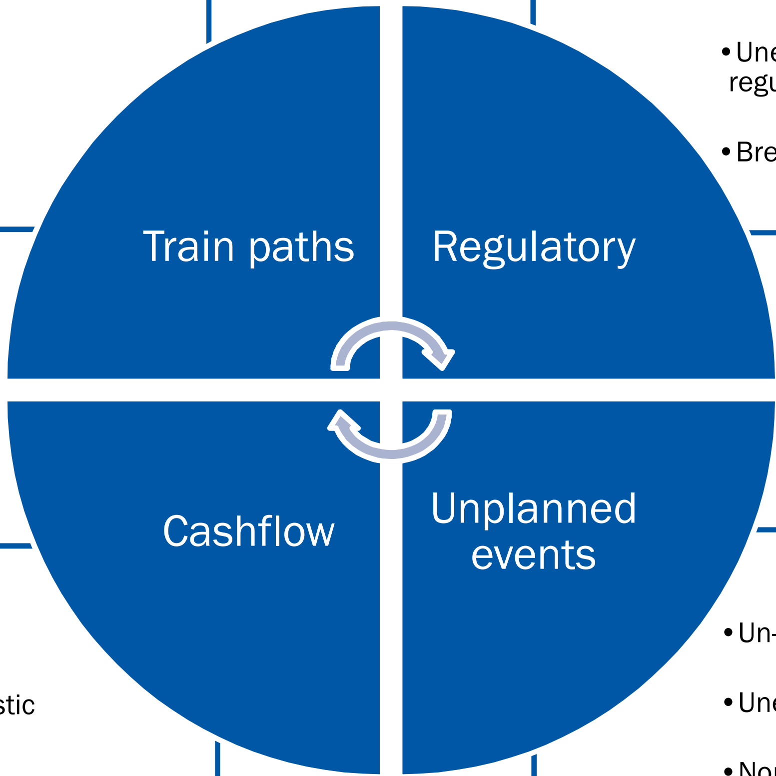


Key Risks Remain Mitigated

HS1 works hard to mitigate known risks and plan for unlikely events

- Reduced domestic demand
- Reduced International demand

- Regulatory cost challenge
- Unexpected changes to regulatory framework
- Brexit..........



- Non-payment by a domestic TOC (e.g. Insolvency of a domestic TOC)
- Insolvency of Eurostar

- Un-planned major capex
- Unexpected event occurring
- Non-performance by Network Rail/UKPN

- Appendix 3 has more detail of the mitigations

Budget 18/19 – Financial Overview

Continued strong growth in cashflows driven by Inflation and a return to growth of Eurostar

Key Financial Indicators

	17/18 Actuals £m	18/19 Budget £m	Var
EBITDA	191.3	200.0	+4.5%
CFADS	168.3	177.5	+5.5%
DSCR (Security group)	2.21x	2.20x	N/A

Annual Train Paths Billed

	17/18 Actuals	18/19 Budget	Var
LSER	55,793	55,763	<(0.1)%
Eurostar	17,362	18,190	+4.8%
Total	73,155	73,953	+1.1%

- EBITDA and CFADS continue to grow from inflation linked track access
- Further unregulated growth, in particular retail, forecast
- DSCR headroom still very strong
- LSER has broadly flat train paths prior to the refranchise
- Eurostar returns to growth
    - Including the launch of the Amsterdam service

Budget 18/19

Year on year growth in EBITDA and CFADS, driven by IRC from train paths

	Revenue		—	Operating Costs		=	Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA) (Change vs 17/18 Actual)
Track	Domestic Passenger IRC	£124m					£177m (+£7m)
	International Passenger IRC	£53m					
	Operations, Maintenance and Renewals Income	£75m		OMRC	£74m		£1m (+£2m)
	Power Charges	£19m		Power Costs	£19m		£0m
Stations	Station Charges	£30m		Station Charges	£29m		£1m (+£1m)
Unregulated Activities	Retail & Advertising	£28m		Retail Costs	£11m		£17m
	Car Parking	£8m		Car Park Costs	£2m		£6m (-£1m)
Other	Other income	£2m		Other costs	£4m		£(2)m
TOTAL		£339m			£139m		£200m (+£9m)
				Capital - UKPN/Capex/Re-Fi			£(24)m (-£2m)
				Working Capital			£2m (+£3m)
Cash Flow Available for Debt Service (Actuals 2017/18: £168m)							£178m (+£10m)

HS1: What is coming in 2018

Over the next 3 months we reach one year under new ownership. The aim is to have an Opco and Holdco standard reporting cycle by December 2018

July

Website updates with consolidated historic financial information

August

Betjeman Group Accounts audited

Opco VAT STID Vote

Sept

Half year close

Launch of BHL amendment process

December

Betjeman Holdco group and Helix Opco group half year accounts prepared concurrently

Key Messages

HS1's ownership has changed but the underlying operating company is the same. The resiliant business model has delivered strong results

Despite significant change in the year, HS1 continues to demonstrate its excellent credit strength

DSCR covenants are well above the "lock up" ratios on a historic and prospective basis

HS1 aims to align the reporting cycle of the Security group and new Holdco accounts

HS1 beat budget in 2018 and is forecasting another year of growth

Wrap up

Dyan Crowther

Trading and Operational Performance 18/19 YTD

HS1 continues to be strong operationally and is performing broadly in line with budget

1. Continued **excellent operational performance** at P3 2018/19:
   - MAA delay per train is 5.18 secs from HS1 infrastructure incidents (P3)

2. **Train Paths in line with budget**
   - FWT for full year now known and total paths expected to be in line with budget projections for both services
   - Eurostar recording 4% passenger growth in Q1 2018
   - Amsterdam service now in the timetable

3. **YTD (P3) position EBITDA/CFADS in line with budget**

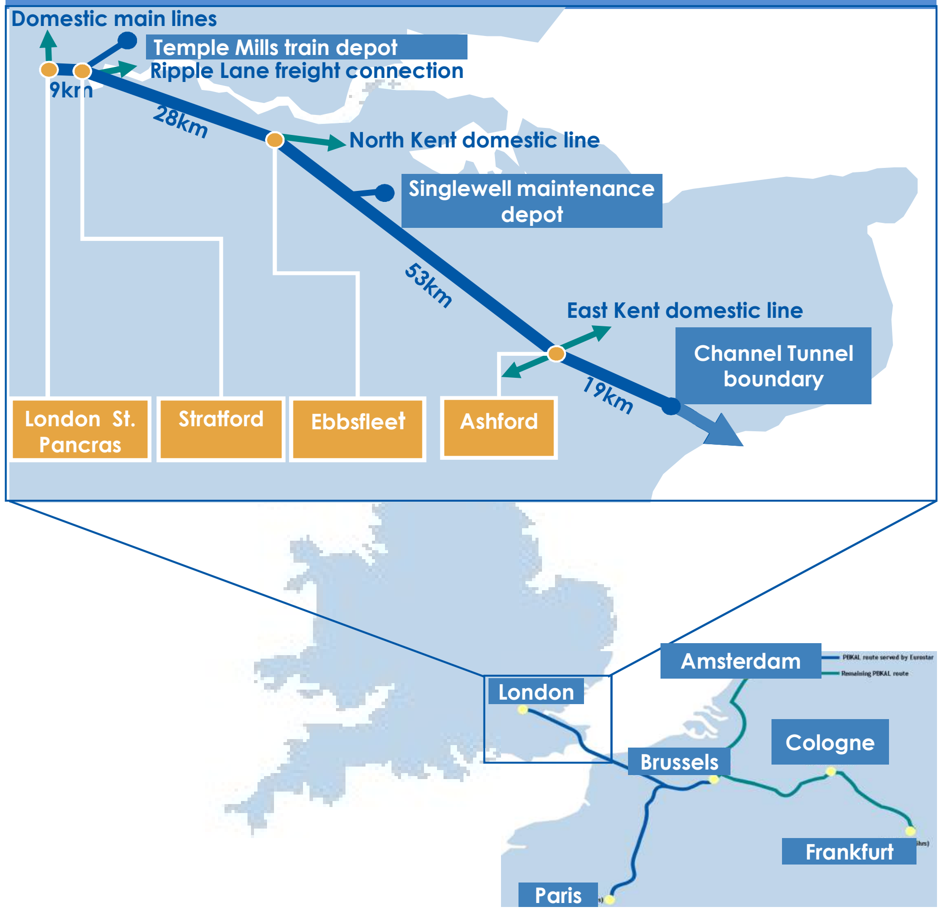
Questions and Answers

Appendix

1. Business Overview
2. Contractual Framework
3. Key Risks remain mitigated
4. Budget 17/18 – Key assumptions / Sensitivities
5. Updates to the website

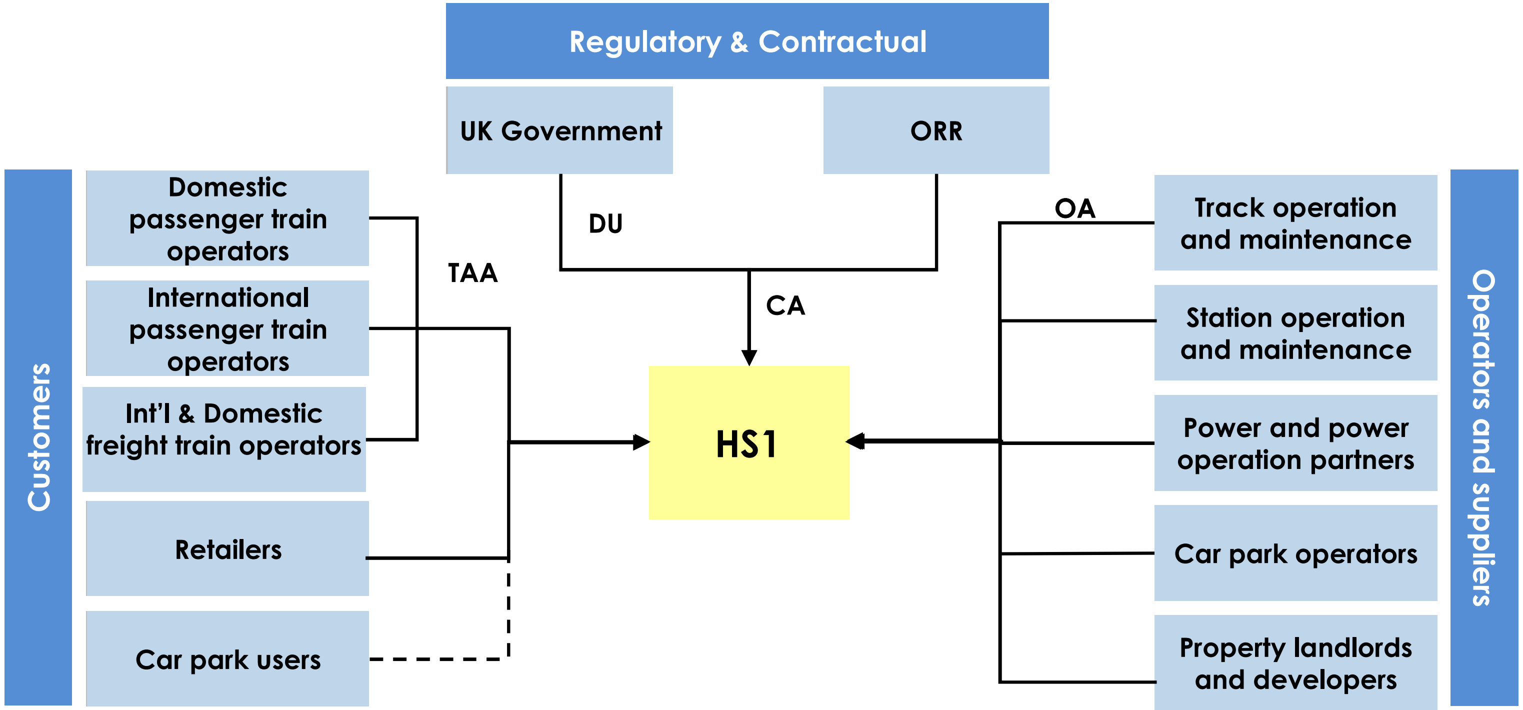
Appendix 1: Business Overview

HS1 rail and station infrastructure



- Concession until 2040 to operate, maintain and renew the 109 km high speed rail line
  - UK's only high speed railway, completed in 2007
  - Connects London St. Pancras International to the Channel Tunnel
  - Serves four stations along the route
  - UK leg of the Paris-Brussels-Köln-Amsterdam-London trans-European transport network priority project
- Primary business is to provide high speed rail access to domestic and international passenger rail and international rail freight
- Highly stable regulated track access income
- Unregulated performance mainly driven by retail, car parking and advertising
- Clear and transparent regulatory and commercial framework

Appendix 2: Contractual Framework



CA Concession Agreement **DU** Domestic Underpinning **OA** Operator Agreement **TAA** Track Access Agreement

Appendix 3: Key Risks Remain Mitigated

Consideration	Mitigation
Reduced Domestic Services	• Domestic traffic is underpinned by the UK Government for c. 53,000 train paths pa for the entire concession length. Standard timetable from December 2015 is c. 2,000 trains above the underpin level
Reduced International Traffic	• 20 year operational track record and business resilient in the face of recession and terrorist attacks with 10m passengers in 2016
Insolvency of Eurostar	• Still majority state owned post UK stake sale in 2015 • Potential to redistribute OMRC to domestic operator • Highly likely that another rail operator will step in, given profitability and prestige of service
Non-payment by a Domestic TOC (e.g. TOC Insolvency)	• Train Operating Companies pay quarterly in advance • The 4 TOC failures in the UK since 1994 have resulted in immediate remediation and access charges paid in full
Unexpected Event Occurring	• HS1 benefits from a comprehensive insurance framework including terrorism cover. Cover improved since 2012 to £20m from off route incidents and excess of £2.5m. Excellent operating track record now of running full service with no major disruptions since 2009
Non-performance by Network Rail/UKPN	• Performance regimes under Network Rail OA and UKPN assume part of the risk
Regulatory Challenge of Costs	• Only OMRC reviewed. New OA and pass through costs. CP2 Periodic review confirmed full cost recovery with NRHS taking majority of regulatory cost risk until at least 2025
Unplanned Major Capex Spend	• Renewals funded through OMRC. Reviewed at each Control Period to ensure sufficient funds available. Major capex at stations unlikely – paid from accrued long term charge escrow. Total of £110m in escrow at end of the financial year 2017/18 • £7m GSMR specified upgrade nearing completion. Originally approved by ORR as a specified upgrade and will be recovered with financing costs from the ToCs. HS1 has no obligation to provide specified upgrades
Unexpected Changes to Regulatory Framework	• Clear regulatory statement from ORR, pre-approvals of agreements to date and good relationship. Periodic review clear evidence of ORR regulatory intent and no changes in framework proposed by ORR / TOCs • Regulation based upon, and supported by, precedent consultation process & supportive legal analysis
Brexit	• Potential scenarios are being reviewed with customers and suppliers. Juxtapose passport controls are bilateral government non-EU agreements

Appendix 4:
Budget 18/19 – Key Assumptions / Sensitivities

Assumptions	Comments
RPI	IRC increases in line with Feb and Aug indices with most other contracts linked to the Feb index
Train Paths	Domestic services budgeted at c. 2,400 paths above the underpinned level. Eurostar up on 17/18 with an expected recovery in passenger numbers from the prior year and new Amsterdam services
Financing	Approved budget includes a debt position broadly comparable to that on. LIBOR rate assumed on floating debt is 1.0%

Sensitivities*	+ (£m)	- (£m)	Comments
RPI +/- 1%	0.8	-	IRC 18/19 billing indexed on Feb 2018 and Aug 2019 RPI. Both higher than budget and now fixed, hence no downside. Includes impact of Revenue Swaps
Train Paths +/- 100	0.3	(0.3)	Timetable confirmed to Dec 2018. Risk – lower spot bids. Upside – further spot bids
LIBOR -/+ 50bps	0.3	(0.3)	Based on floating rate USPP debt tranche of £58m security group (excludes bank debt where there is a swap in place, even though it is not fully effective)

**£m based on full year sensitivities*

Appendix 5: Updates to the website

HS1 has added several new items to the website this year

1. Budget 2018/19

   https://highspeed1.co.uk/media/282511/hs1-2018-budget.pdf

2. Tax strategy March 2018

   https://highspeed1.co.uk/media/282445/tax-strategy-march-2018.pdf

3. Historic Financials – PL to Cashflow to DSCR:

   https://highspeed1.co.uk/investors/investor-related-documents/reports-results-and-presentations

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