Investor Presentation

23 July 2019

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HIGH 1 SPEED

Introduction

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 8.2secs (Significant headroom to performance floor)

FWI at 0.4 down from 0.45 in the prior year

Strong cashflow generation

EBITDA / CFADS growth YoY

CFADS is £180m, 7.1% up YoY

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 supported through underpin agreement

Board and Management

One change to the executive management team in the year, with the Engineering Director being promoted internally

HS1

BOARD OF DIRECTORS

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

Keith Ludeman
Chairman

Dyan Crowther
Chief Executive Officer

Mark Farrer
Chief Financial Officer

Wendy Spinks
Commercial Director

Richard Thorp
Engineering Director

Lucy Clarke-Bodicoat
General Counsel & Corporate Services Director

Sector Passenger Growth

The UK railway is expected to have significant passenger and rolling stock growth over the next 20-30 years

40%

More passengers By 2040

85%

Rolling stock increase in next 30 years

NetworkRail

Rail Delivery Group

National Rail

BRITAIN RUNS ON RAIL

HIGH SPEED

HS1 Strategy

The core strategic themes of Protect, Enhance and Grow continue to support the business plan

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

HIGH SPEED

Strategic response to uncertainty

HS1, like the wider economy, is facing several risks and uncertainties, but is well positioned to meet these challenges

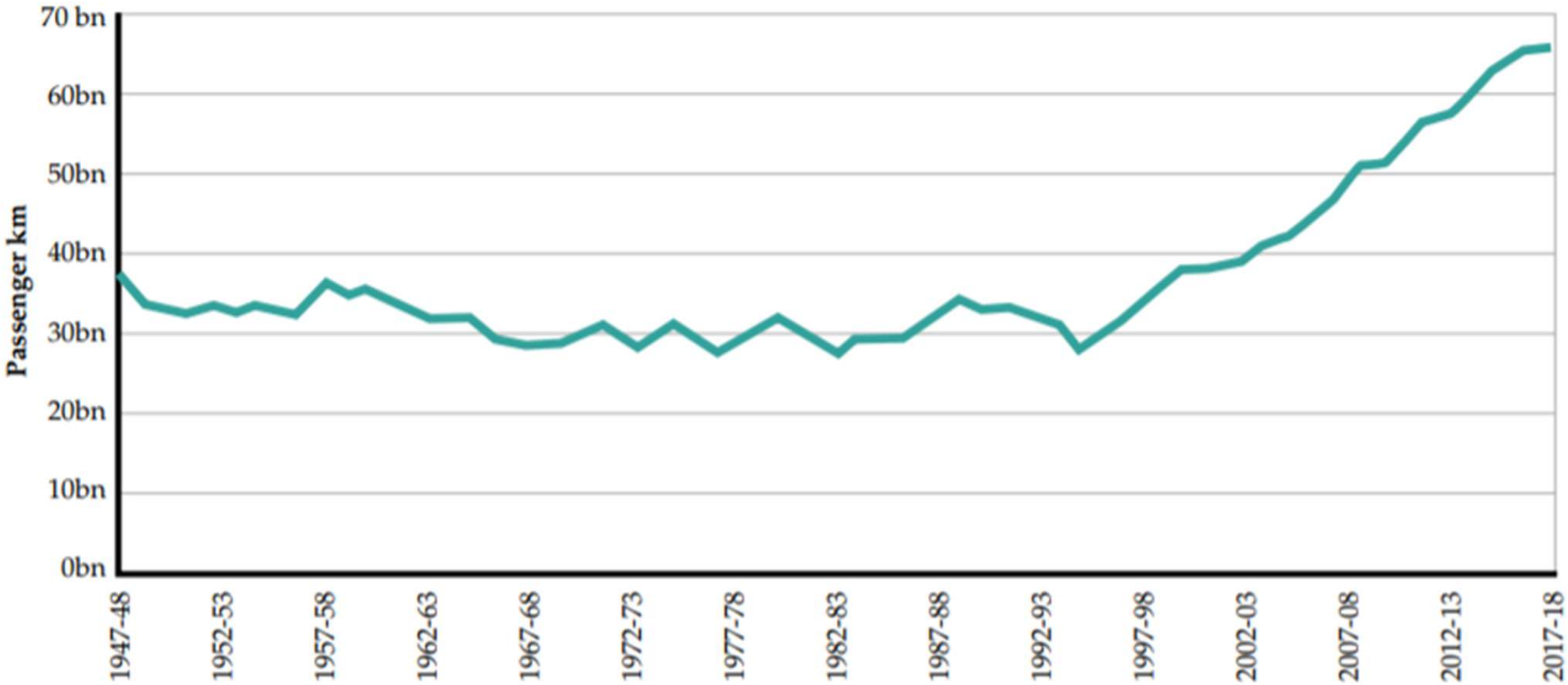
Britain 'facing highest risk of recession since 2007'

Observer, July 2019

Long-term Rail Growth Trend

The trend for passenger growth on trains has been for growth since privatisation

UK Rail Passenger Kilometres



Source: Teneo Consulting

Sector Passenger Growth

The UK railway is expected to have significant passenger and rolling stock growth over the next 20-30 years

40%
More passengers By 2040

85%
Rolling stock increase in next 30 years

NetworkRail

Rail Delivery Group

National Rail

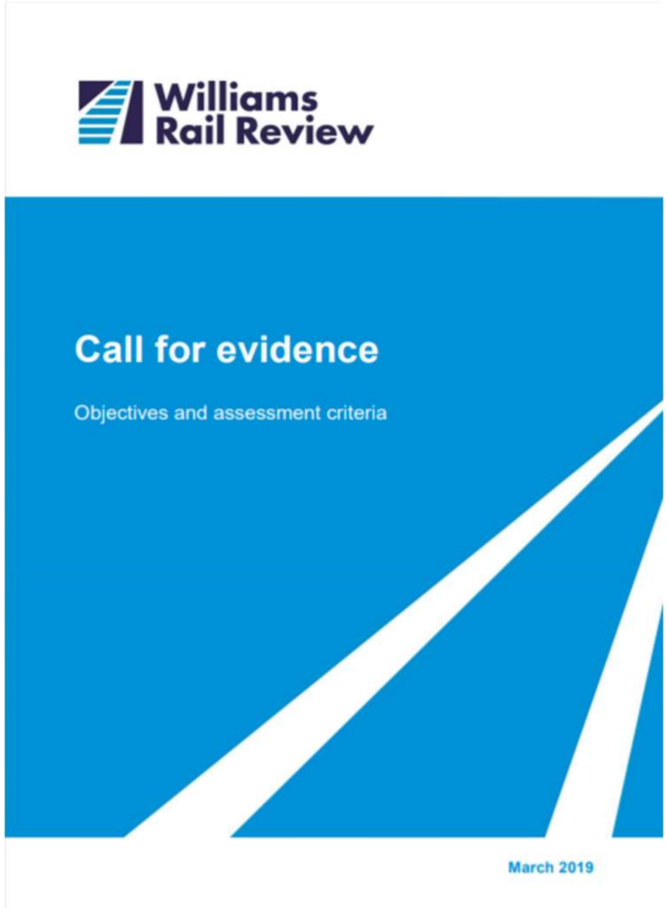
BRITAIN RUNS ON RAIL

HIGH SPEED

Growth in domestic passenger numbers

Despite the slow down in passenger numbers across the wider industry, HS1's demand is still growing

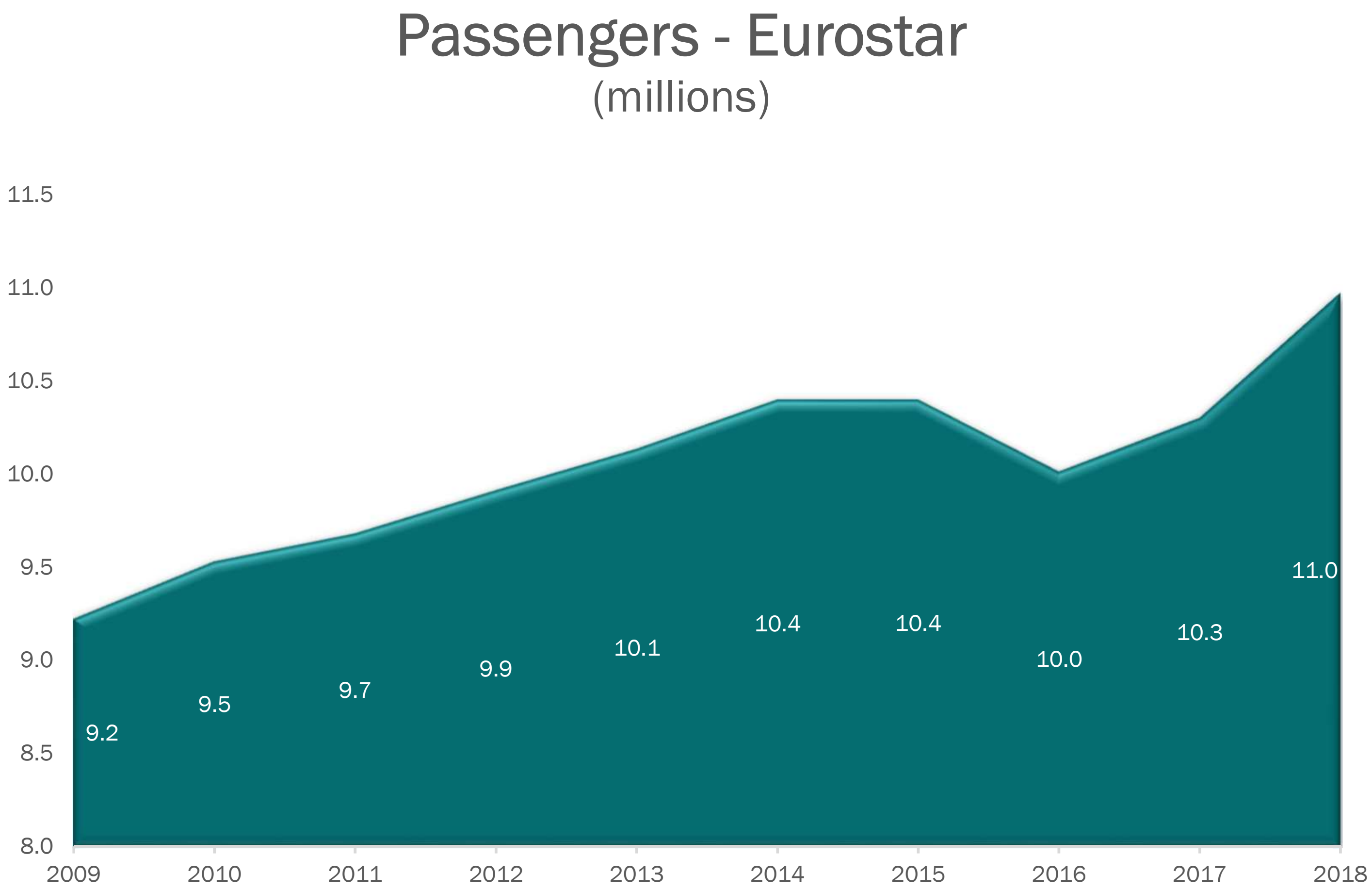
southeastern



4.1% on LSER in 2018

Growing International Rail Sector

International passenger growth has accelerated in 2018 supported by the new Amsterdam route



678
Extra Eurostar trains in 2018/19

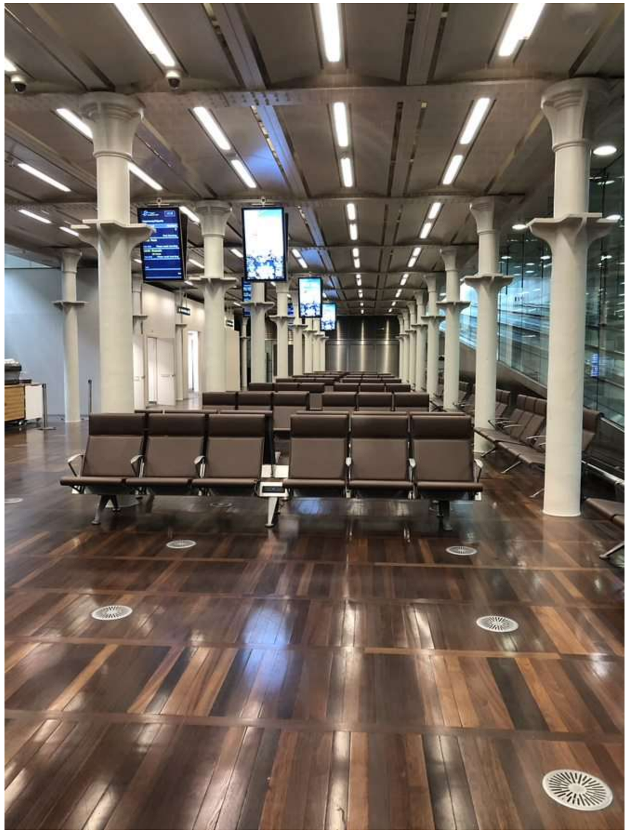
11m
Eurostar passengers in 2018

7%
Eurostar passenger growth YoY 17/18

3tpd
(Trains per day London/ Amsterdam)

Departure capacity increase

The capacity expansion scheme allows the station to process an extra 450 passengers at any one time, which provides resilience in the event of delays and as train paths become more frequent



St Pancras Station - An outperforming retail offer

The St Pancras offer, focused on convenience and gifting, has proved resilient in a challenging retail market

6%

Christmas
Sales Growth
YoY 2018/19

93%

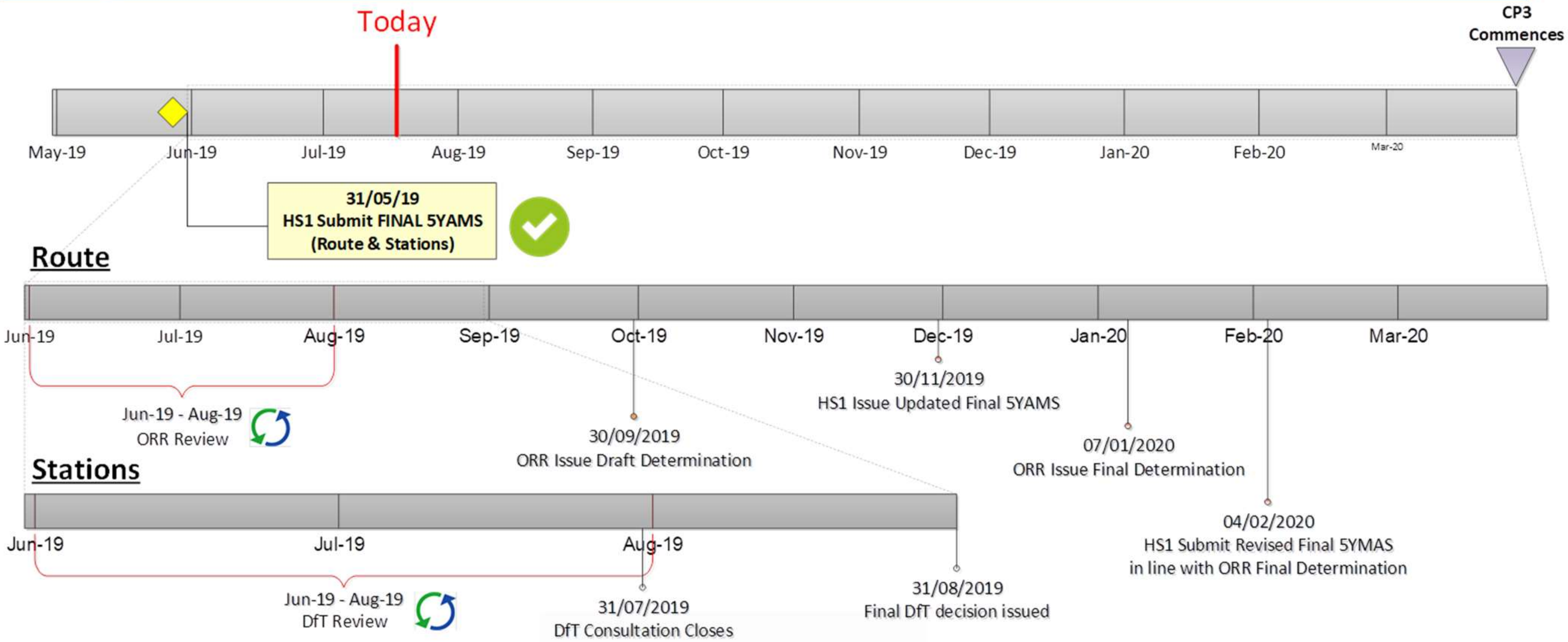
Station
Satisfaction

Source: Transport Focus

HIGH SPEED 1

Regulatory review

The PR 19 Regulatory review is currently in process and we expect a final determination on the route by January 2020



= Complete

= Ongoing

HS1: Essential low risk infrastructure

A railway that continues to deliver and transform the lives of people in London, the South-East and beyond

HIGH SPEED

HIGH 1 SPEED

2018/19 & Future Growth

Mark Farrer

Key Messages

HS1's has performed in line with expectations during 18/19. The resilient business model allows us to feel optimistic about the future

First set of results under IFRS but no change in the underlying business

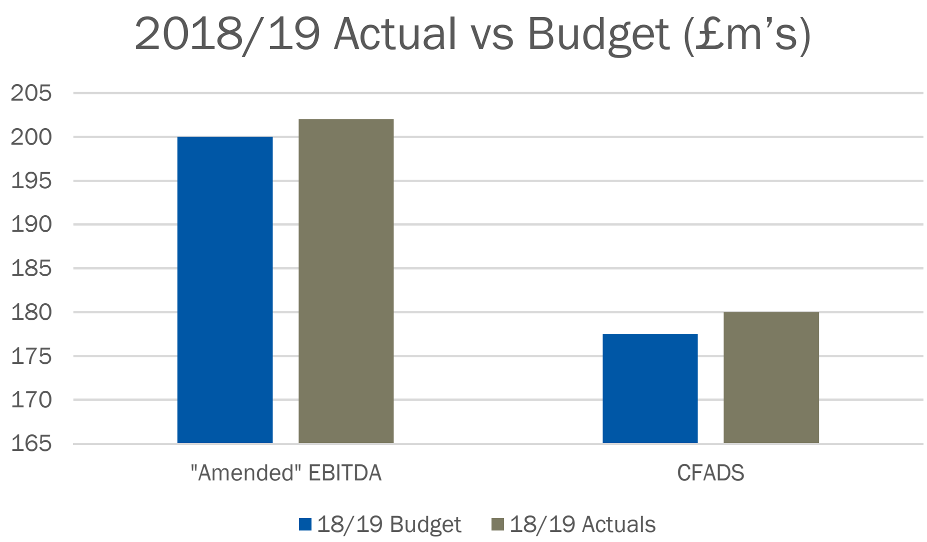
Business is performing strongly with EBITDA/CFADS growth despite broadly flat train paths

HS1's credit strengths, like the domestic underpin and limited capex requirements, provide resilience in an uncertain environment

There are some known changes coming but we are preparing for them

Financial Performance 18/19 – Overview

First year reporting under IFRS, but business performed in line with expectations



- Train Path growth driven by Eurostar
- Key drivers of growth versus budget are IRC and Unregulated performance
- DCSR headroom at Opco (Helix Acquisition Ltd) is well over 2x, well above the covenant "Lock up" levels

Key Financial Indicators

	17/18 Actuals £m	18/19 Actuals £m	Var
EBITDA (IFRS)	81.6	88.7	8.7%
CFADS	168.1	180.0	7.1%
DSCR (Historic)	2.21x	2.23x	N/A

Annual Train Paths Billed

	17/18 Actuals	18/19 Actuals	Var
LSER	55,793	55,606	<(0.3)%
Eurostar	17,362	18,070	+4.1%
Total	73,155	73,676	+0.7%

Full year 18/19 Performance vs Budget

HS1 was broadly on budget after adjusting for the IFRS change. IRC (+£1m) and Retail (+£1m) outperformance, plus £1m of capex phasing was offset by £(3)m of working capital timing differences

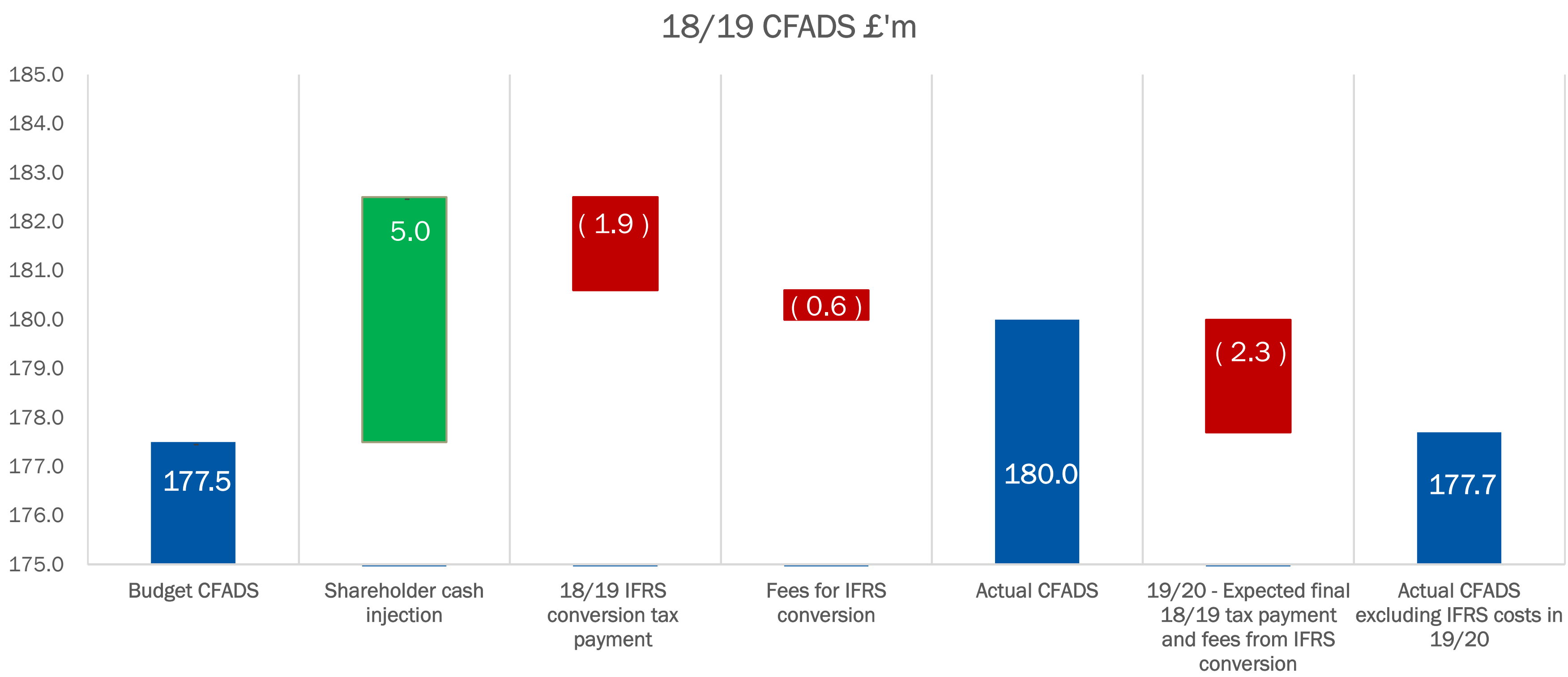
	Revenue	- Operating Costs	= EBITDA	+ Investing activities	= "Amended" EBITDA (Change vs Budget)
Track	Domestic Underpin IRC £0m			£114m	£114m
Track	Domestic Passenger IRC £11m		£64m		£64m
Track	International Passenger IRC £53m				£178m (+1m)
Track	Operations, Maintenance and Renewals Income £75m	OMRC £74m	£1m		£1m
Track	Power Charges £18m	Power Costs £18m	£0m		£0m
Stations	Station Charges £30m	Station Charge £29m	£1m		£1m
Unregulated Activities	Retail & Advertising £29m	Retail Costs £11m	£18m		£18m (+£1m)
Unregulated Activities	Car Parking £8m	Car Park Costs £2m	£6m		£6m
Other	Other income £2m	Other costs £4m	£(2)m		£(2)m
TOTAL	£226m	£138m	£88m	£114m	£202m (+£2m)
		Capital - UKPN/Capex/Tax	£(21)m		£(21)m (+3m)
		Working Capital	£(1)m		£(1)m (-£3m)
Cash Flow Available for Debt Service			£66m	£114m	£180m (+£2m)

* At 31 March 2019, the value of the escrow balance was £126m

HIGH SPEED

Cash injection waterfall

HS1 hit budget for 18/19 after adjusting for the IFRS conversion, as £2m of tax was spent after year end



Budget 19/20 – Financial Overview

Continued strong growth in cashflows driven by inflation and expected growth from domestic

Key Financial Indicators

	18/19 Actuals £m	19/20 Budget £m	Var
EBITDA	88.7	97.0	+9.4%
CFADS	180.0	192.0	+6.6%
DSCR (Security group)	2.23x	1.56x	N/A

Annual Train Paths Billed

	18/19 Actuals	19/20 Budget	Var
LSER	55,606	55,910	+0.5%
Eurostar	18,070	18,066	(0.0)%
Total	73,676	73,976	+0.4%

- EBITDA and CFADS continue to grow from inflation linked track access
- Further unregulated growth from land sales forecast
- DSCR headroom still very strong, with some capital repayments starting in the year
- LSER has broadly flat train paths prior to the refranchise
- Eurostar broadly flat due to larger trains and Amsterdam services being extensions of the Brussel service

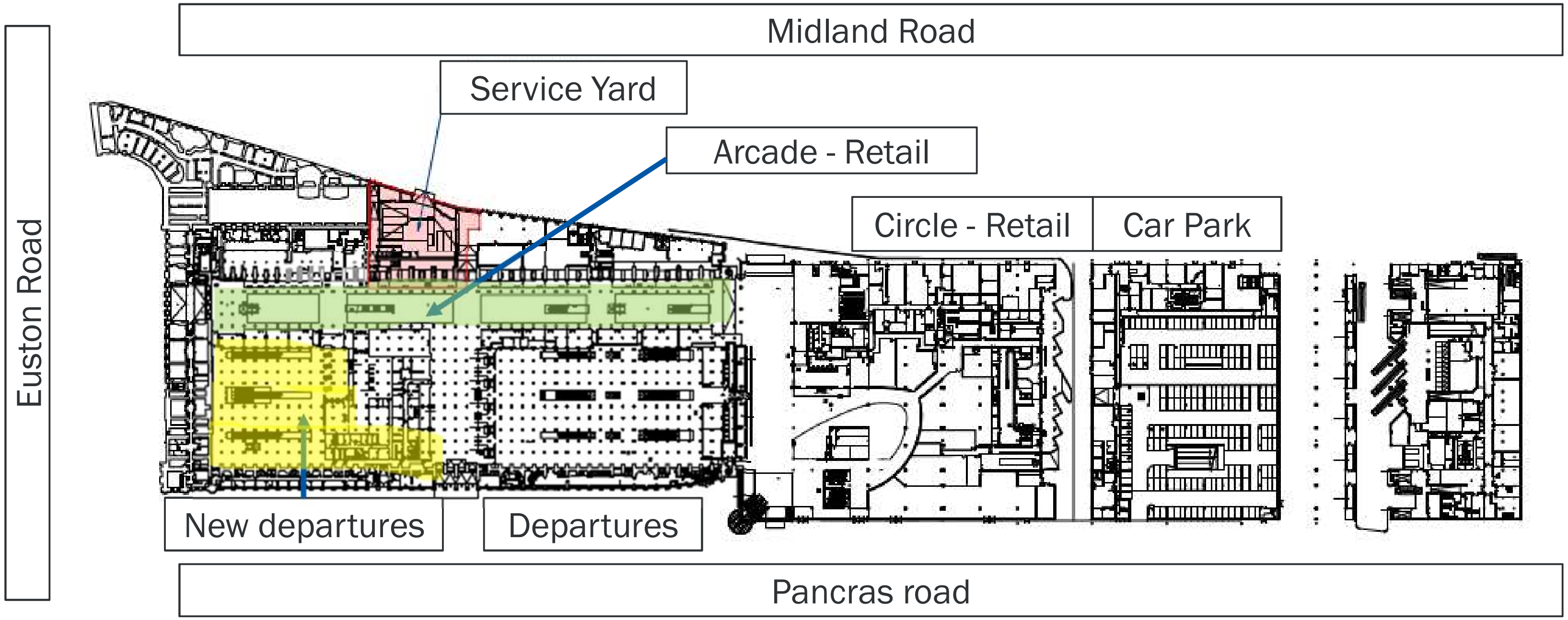
Budget 19/20

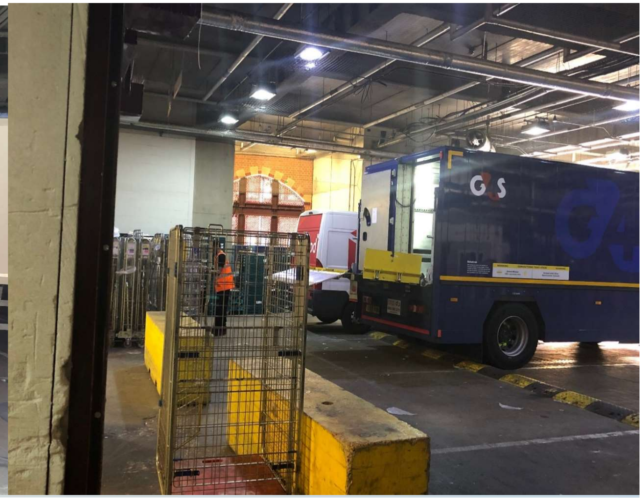
Year on year growth in EBITDA and CFADS, driven by inflation, land sales and reversal of working capital timing differences, partially offset by incremental capex and the remaining tax payment

	Revenue	- Operating Costs	= EBITDA	+ Investing activities	= "Amended" EBITDA (Change vs 18/19 Actual)
Track	Underpin Domestic Passenger IRC £0m			£118m	£118m
	Domestic Passenger IRC £10m		£64m		£64m
	International Passenger IRC £54m				£182m (+4m)
	Operations, Maintenance and Renewals Income £76m	OMRC £74m	£2m		£2 (+£1m)
	Power Charges £21m	Power Costs £21m	£0m		£0m
Stations	Station Charges £30m	Station Charges £29m	£1m		£1m
Unregulated Activities	Retail & Advertising £30m	Retail Costs £12m	£18m		£18m
	Car Parking £9m	Car Park Costs £2m	£7m		£7m (+£1m)
Other	Other income £6m	Other costs £1m	£5m		£5m (+£7m)
TOTAL	£236m	£139m	£97m	£118m	£215m (+£13m)
		Capital - UKPN/Capex/Tax	£(27)m		£(27)m (-£6m)
		Working Capital	£4m		£4m (+£5m)
	Cash Flow Available for Debt Service		£74m	£118m	£192m (+£12m)

Retail capacity expansion

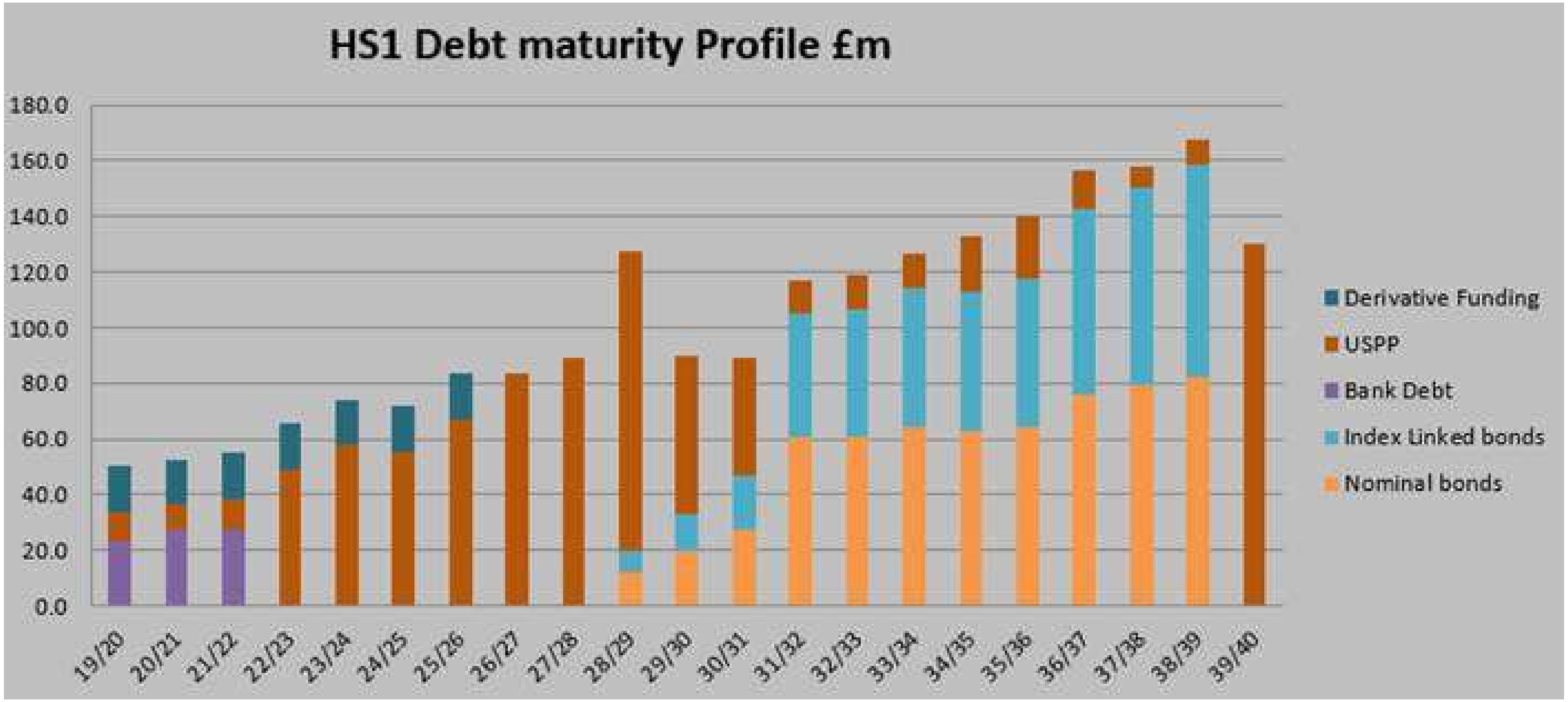
The conversion of the Midland Road Service Yard provides an opportunity to expand retail space by 1,750 sq ft in a prime location at St Pancras station





Capital Structure

A sustainable amortising debt structure remains in place, with a one year debt free tail. Bank debt and USPP capital repayments start in this financial year



September covenant

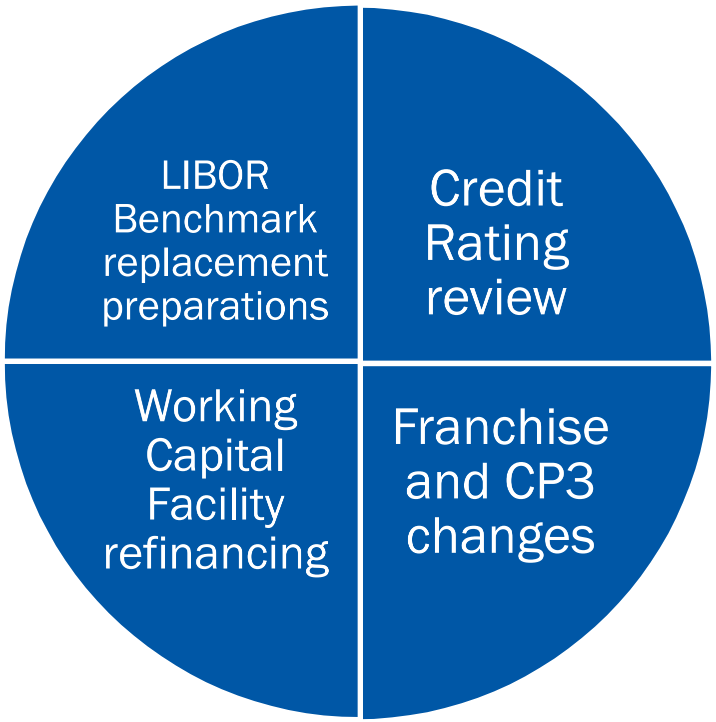
Covenant tests are completed twice a year: September and March. After September 2019, the covenant remains well above the lock-up thresholds over the budgeted period

DSCR	Sept 18	March 19	Sept 19	March 20
	Historic		Prospective	
Opco	2.18	2.23	1.73	1.56
Holdco	1.22	1.34	1.25	1.31

- Opco covenants up to March 2019 are above 2x and then reduce as capital repayments start
- Holdco covenants have been slightly more variable:
  - Sept 2018 was driven by consolidating full debt payments but only pro-rating HS1 income in the year of BHL's incorporation
  - Sept 2019's covenant dips more than Opco due to the timing of the holdco short term facility repayment on top of the opco payments

HS1: What is coming in 2019

We are working hard to deliver the budget and execute the “PEG” strategy but there are several other areas the finance team are focused on externally



Key Risks Remain Mitigated

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

Train paths

- Reduced domestic demand
- Reduced International demand

Regulatory

- PR 19 Regulatory cost review
- Unexpected changes to regulatory framework
- Brexit...........

Cashflow

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

Unplanned events

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

- Appendix 4 has more detail of the mitigations

Key Messages

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

Business has performed well with EBITDA/CFADS growth despite broadly flat train paths

HS1's credit strengths, like the domestic underpin and limited capex requirements, provide resilience in an uncertain environment

HS1 is focused on delivery the budget and strategy but there are several externally focused workstreams to come as well

HS1 is forecasting another year of growth

Wrap up

Dyan Crowther

Trading and Operational Performance 19/20 YTD

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

1. Continued **excellent operational performance** at P3 2019/20:
   - MAA delay per train is 6.5 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 broadly in line with budget projections for both services
   - Eurostar in Q1 2019 were flat year on year after industrial action in Paris
   - Amsterdam 3rd service now in the timetable

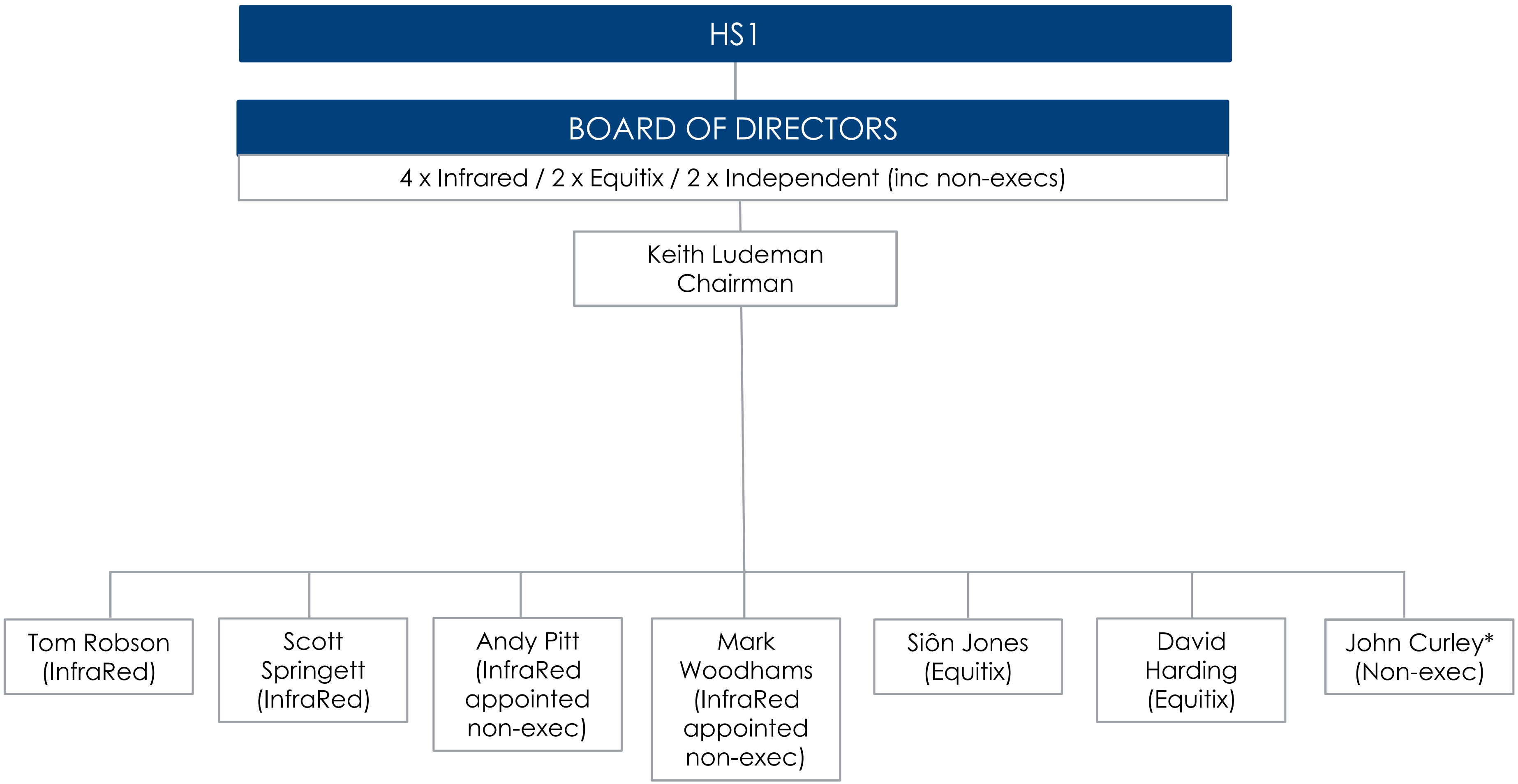
3. **YTD (P3) position EBITDA/CFADS in line with budget, except the land sale**
   - Land sale expected to fall into the following financial year


DENT
LONDON
DENT
LONDON

Appendices

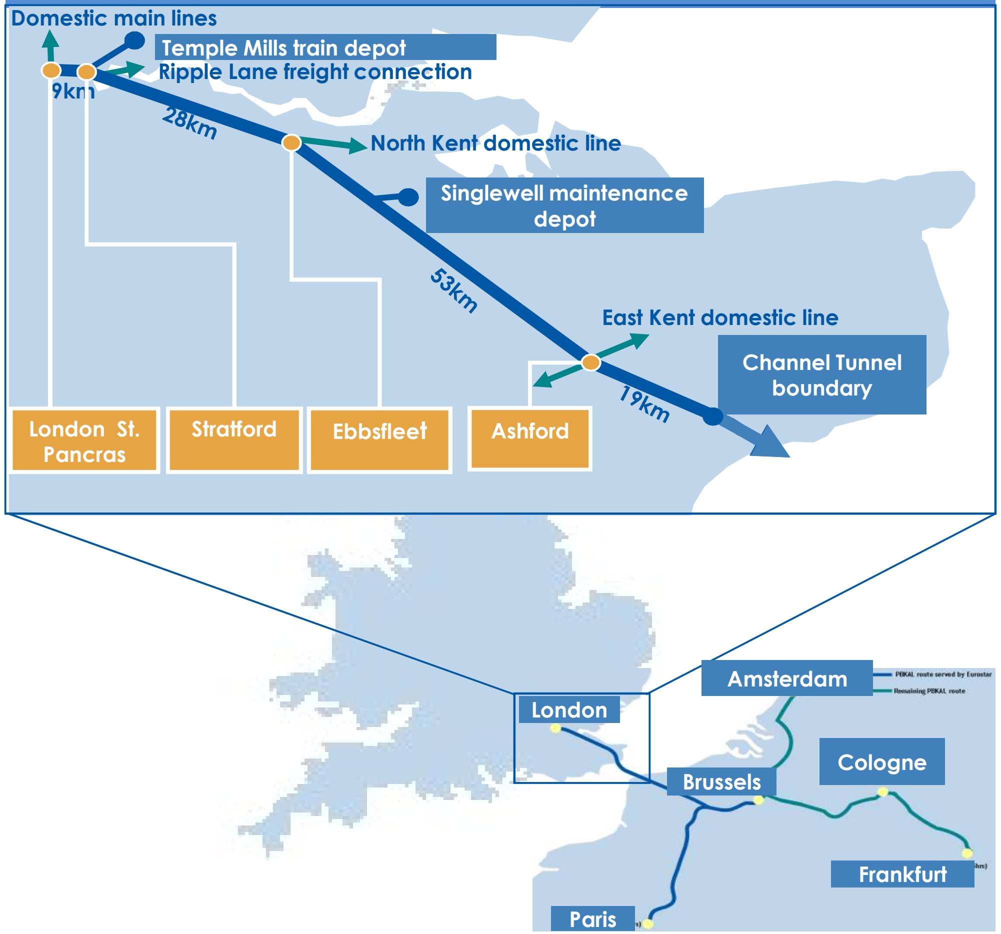
1. HS1 Board
2. Business Overview
3. Contractual Framework
4. Key Risks remain mitigated
5. Budget 19/20 – Key assumptions / Sensitivities
6. HS1 Group structure
7. St Pancras station NRPS score
8. HS1 Stakeholders
9. Updates to the website

Appendix 1: HS1 Board



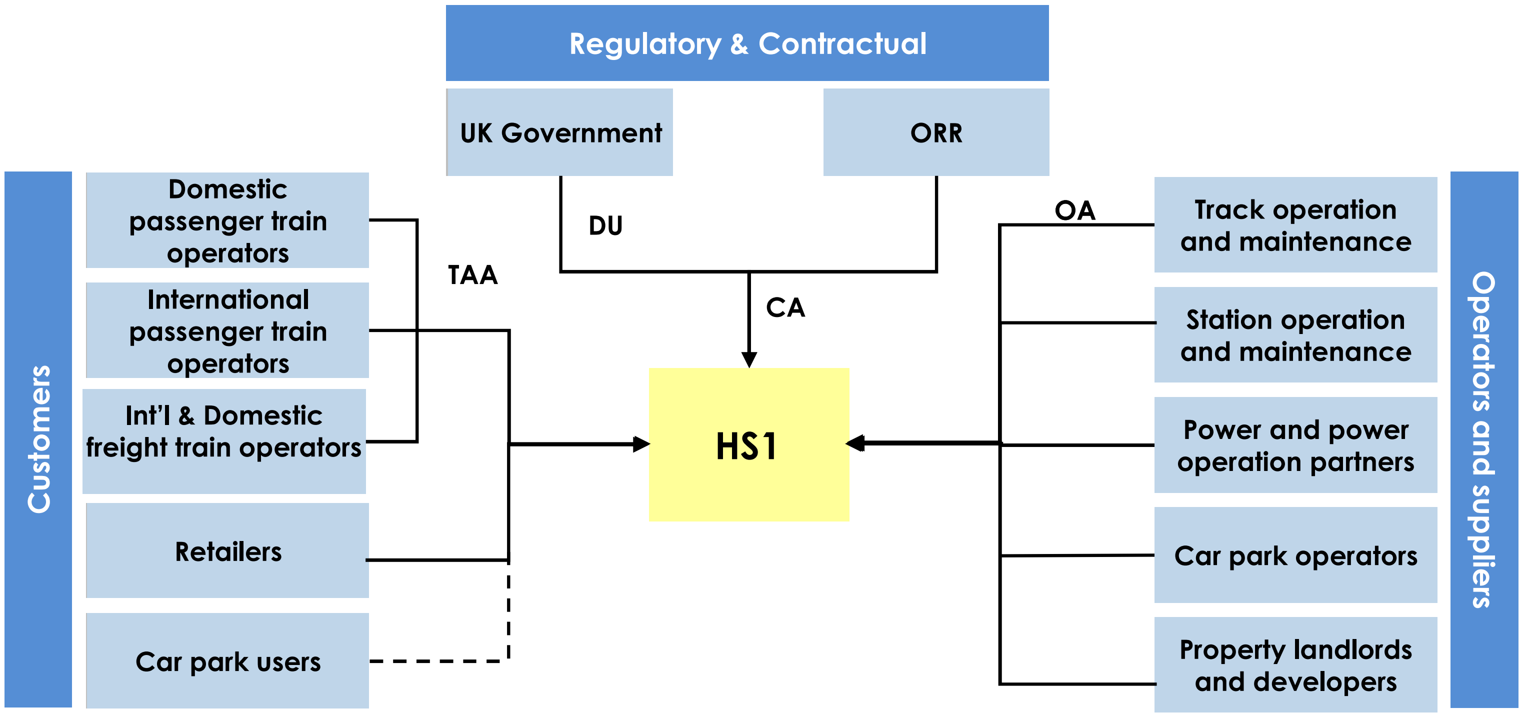
Appendix 2: Business Overview

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 3: Contractual Framework



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

Appendix 4: 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 since 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 11m passengers in 2018
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. 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. CP3 Periodic review in process with a final route determination in January 2020
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 £126m in escrow at end of the financial year 2018/19
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. Eurostar now has a separate operator license for the UK and the EU.

Appendix 5:
Budget 19/20 – Key Assumptions / Sensitivities

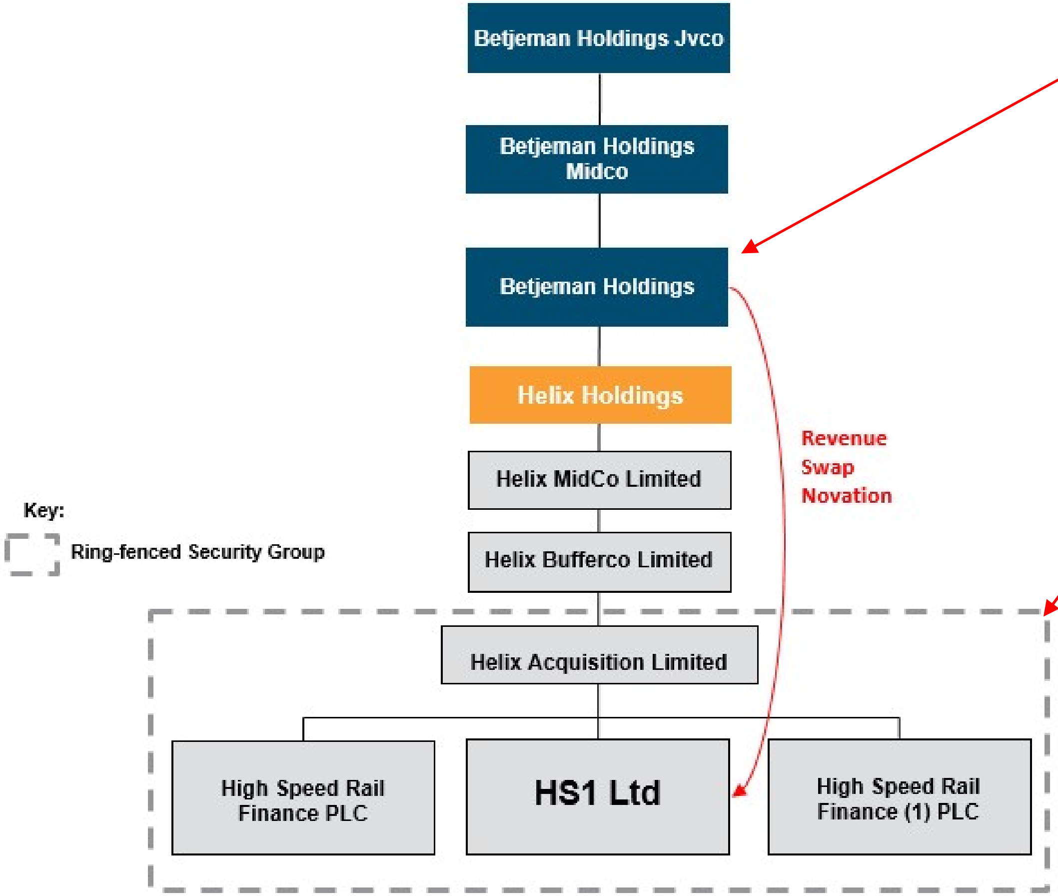
Assumptions	Comments
RPI	IRC increases in line with Feb and Aug indices with most other contracts linked to the Feb index
Train Paths	Domestic services budgeted at c. 2,400 paths above the underpinned level. Eurostar flat on 18/19 following Eurostar submission of current timetable and the new Amsterdam services being Brussels extensions
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	(0.8)	IRC 19/20 billing indexed on Feb 2019 and Aug 2019 RPI. Only Feb 2019 now fixed. Includes impact of Revenue Swaps
Train Paths +/- 100	0.4	(0.4)	Timetable confirmed for the financial year. 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 6: Group Structure

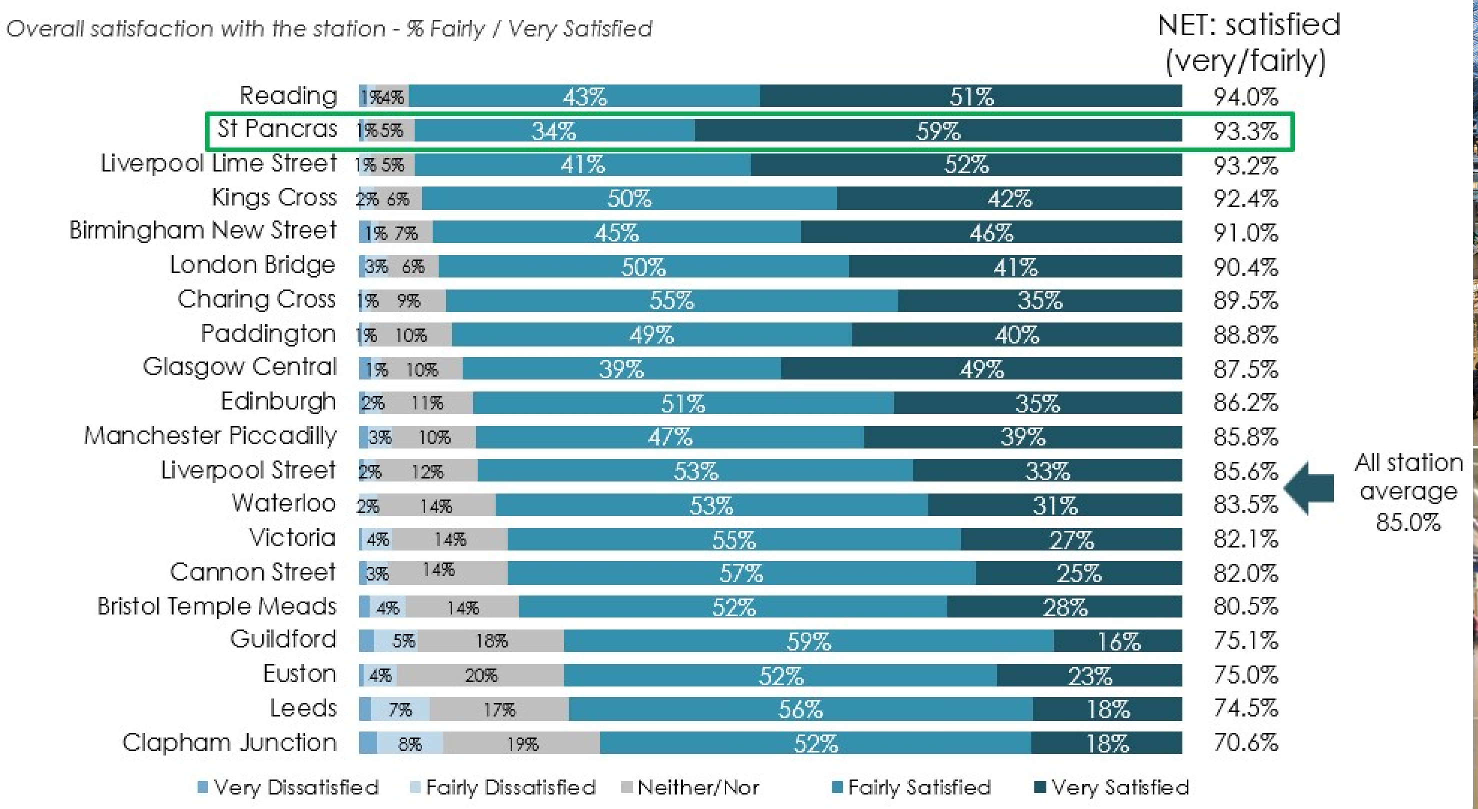
HS1 now has £2.4bn of external debt, in two layers: the security group; and a new Holdco tranche



- Betjeman Holdings has <£500m of amortising debt - "Holdco" debt
  - The Holdco debt has no public rating
  - Short term facility will be paid off by year end
- 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 repayments start in Sept 2019

Appendix 7: St Pancras continues to delight customers

St Pancras regains number 2 station position in the Spring 2019 NRPS survey, with relatively consistent net satisfaction scores.



Appendix 8: Stakeholder Management

HS1 consistent operating model........................ As part of the regulatory review we have done regular workshops with key stakeholders through the consultation process

Regulatory

Customers

Operators & Suppliers

Appendix 9: Updates to the website

HS1 has added several new items to the investor section of the website this year

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

1. Budget 2019/20
2. Tax strategy March 2019
3. Historic Financials – PL to Cashflow to DSCR