25 July 2023

2023 Annual Lender Presentation

HS1's CEO and CFO will commence the presentation shortly. Please note the following presentation protocol;

- This presentation will be recorded.
- Please remain on mute during the presentation.
- Questions will be addressed during the Q&A section at the end of the presentation.
- Please address any questions directly to the 'HS1 (Q&A)' attendee by using the chat function, or raise your virtual hand, you will then be asked for your question. Please unmute yourself to ask your question, remembering to put yourself back on mute when finished. To unmute if using a phone, please press *6.
- Questions will be taken post presentation via email.
- The session will finish promptly at 15:00hrs

hs1 high speed one

ANNUAL LENDER PRESENTATION

HS1 LIMITED

25 JULY 2023

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The Presentation has been prepared on the basis of our reasonable assumptions as at the time of this Presentation and information relating to base case projections provided by our key train operating partner, Eurostar International Limited. Our assumptions are inherently subject to significant uncertainties and contingencies which are impossible to predict and are beyond our control.

AGENDA

Section	Presenter
Introduction	Dyan Perry
Business and Industry update	Dyan Perry
Financial and regulatory update	Mark Farrer
Wrap up	Dyan Perry
Questions	

INTRODUCTION

HS1 continued its financial recovery. Results are broadly in line with plan and good performance in the year provides us a solid basis to push for further growth across the business

HS1 continues to operate and perform as a best in class railway infrastructure asset and is the green gateway to Europe, with average delay of 7.3 seconds in FY22/23

Eurostar ('EIL') booked timetable is recovering and in July booked an annualised timetable of 89% of the 2019/20 levels. Domestic revenues are expected to be at the Underpin level for the medium term. DSCR ratios now back to 2019 levels

Protections in the concession remain effective, including a third "volume reopener". There was limited financial impact from the industrial action and our operator, NR(HS) has agreed terms with its RMT staff

The business continues to monitor the impact of the macro-economic uncertainties. The business continues to be hedged at or close to 100% on currency and interest rate, as well as having RPI revenue swaps for the equivalent of the domestic IRC revenue

S&P rating was affirmed in January 2023 rating at BBB+ Stable, after updating its rating methodology. The Fitch annual review is expected to be completed by the end of August

BUSINESS & INDUSTRY UPDATE

25 JULY 2023

HS1 Operating Highlights FY 22/23

Robust operational performance in a challenging year. The strong performance has allowed a greater focus to be on business growth

HS1 Key Metrics

Safety

Plans implemented to drive further safety improvements. FWI of 0.15

Delay seconds

Average delay of 7.3 secs in FY 22/23, well inside the concession performance floor

Productivity & Efficiency

Periodic Review preparations are continuing, delivering balanced costs to the TOCs

Delivery against renewals

CP3 renewals are on track

Sustainability

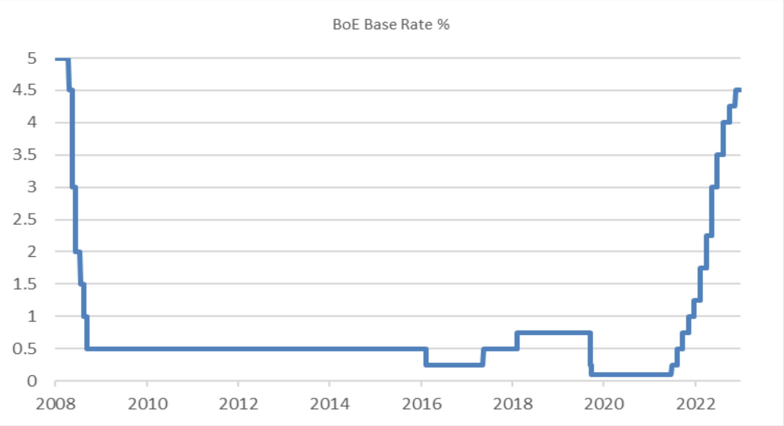
Published 3rd ESG report

Updated strategy

On track for 2030 Vision

Macro-economic Factors

HS1 is not immune to macro-economic challenges facing the economy. However, there are significant protections in the concession which provide reasonable certainty, alongside the hedging strategy the company employs



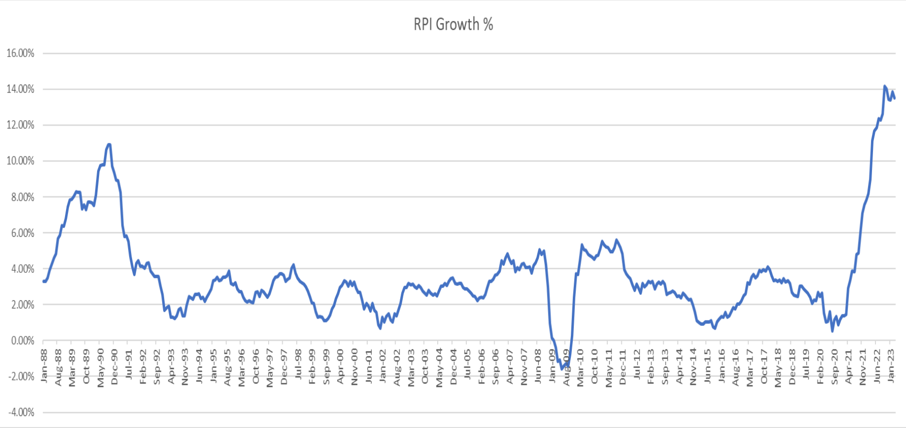
Interest rates

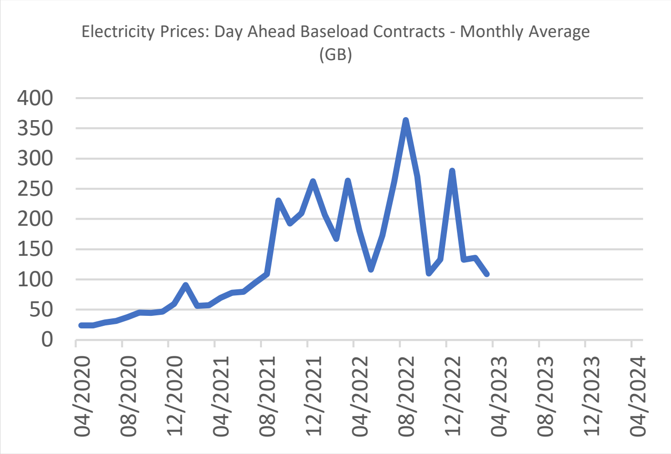
96% of HS1 Opco Debt is hedged. £67m remains floating (£9m Term Loan and £58m USPP loan)

RPI inflation

HS1's OMRC and IRC incomes are RPI linked, with resets in February and August. An RPI swap for a value equivalent to approx the domestic underpin IRC (£116m at 2017 prices) is in place at 3.14%.

HS1 cashflow are net positive even when capital repayments on the index linked bond start in 2028.



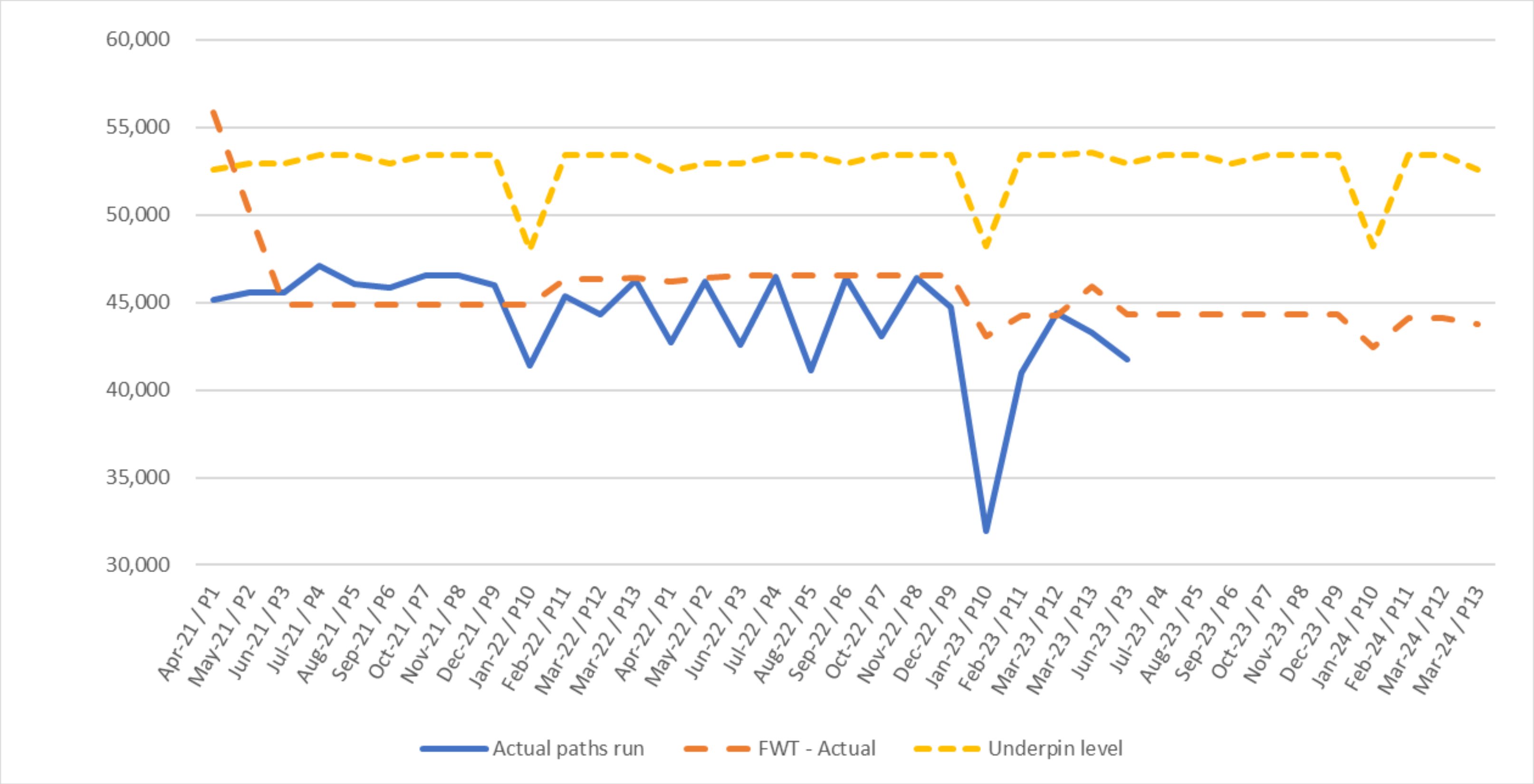


Wholesale Electricity

EC4T (traction electricity) is treated as a passthrough cost to TOCs, hence rising costs do not directly impact HS1.
We are working to limit the cost rises on the system to support growth.

Train Paths Update - Domestic

HS1 continues to be paid at the underpin in accordance with the domestic underpin agreement. The SETL Forward Booked Timetable (FWT) remains below the underpin level level and is expected to remain at this level throughout FY23/24. Industrial action impacted actual train path's operated in 2022/23. The latest FWT is in line with the FWT submitted in December 2022



Industry Update - Domestic

HS1's domestic services are operating at a lower base than before the pandemic, this is broadly offset by the Underpin. There is significant uncertainty in the wider Rail industry as a whole, including proposed UK wide rail reform. HS1 is proactively participating in consultations but is not directly impacted by the proposals

- UK Rail reform – GBR legislation delayed but Government remain committed to reform agenda. Currently out of scope for HS1, we continue to monitor and input into consultations.

- Industrial action in Rail now mainly with train drivers, direct impact to HS1 is limited to lost opportunity cost, if trains don't run. NR(HS) have agreed terms with staff to ensure operation of the railway.

- Government focused on cost control and GBR. No expectation of train paths above Underpin during CP3 or early CP4.

- ORR published their approach to the regulatory review[1], process well underway

[1] https://www.orr.gov.uk/sites/default/files/2023-01/approach-and-process-to-hs1-pr24.pdf

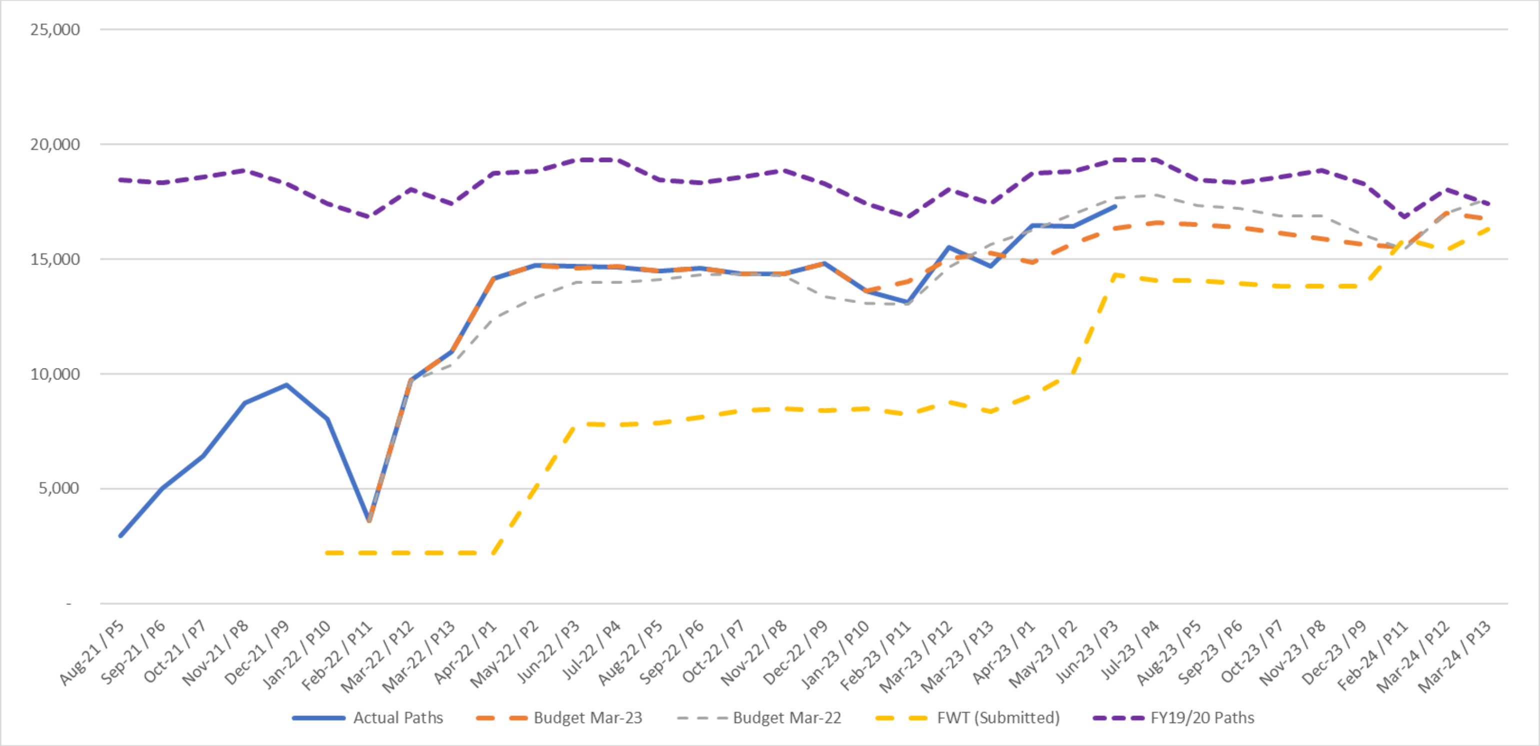
Great British Railways TRANSITION TEAM

southeastern Working together, to bring people together.

ORR OFFICE OF RAIL AND ROAD

Train Paths Update - International

EIL has submitted their FWT for Dec-23 to May-24 committing to circa 89% of pre-covid paths for the period demonstrating, an ongoing increase in demand



The latest FWT is the equivalent of 16.4k train paths on an annualised basis, compared to 14k for the May-23 to Dec-23 FWT period. Actual paths are performing above the latest Budget.

Industry Update - International

International services have recovered considerably in the last year, however the number of services has not reached 2019 levels, as Eurostar manages service quality with increased complexity from travel arrangements. We are working with the system to resolve these.

Border controls
- European entry and exit system uncertainty on implementation timing
- Current process constrains volumes through the station

Eurostar Group
- Operating under a new structure and appointed a new CEO
- Updated Eurostar strategy expected in September 2023
- Potential Amsterdam station closures not expected to directly impact HS1
- Publicly ruled out return to Ashford and Ebbsfleet until 2026 at the earliest
- Opportunity for Paris 2024 Olympics/Yield Management

"Customers [came] back overnight, but the system does not work anymore,"
"We cannot talk about growth if we are not able to cross the border in the right way." Gwendoline Cazenave, CEO, Eurostar

Financial Times: Eurostar boss says peak trains are left a third empty because of post-Brexit delays, 24 January 2023

HS1 Strategy

HS1 is operating in an uncertain macro-economic, geopolitical and new industrial environment, therefore we have updated our strategy to reflect this, to focus on our core operations and drive modal shift to rail, supporting our customers and future growth

Purpose

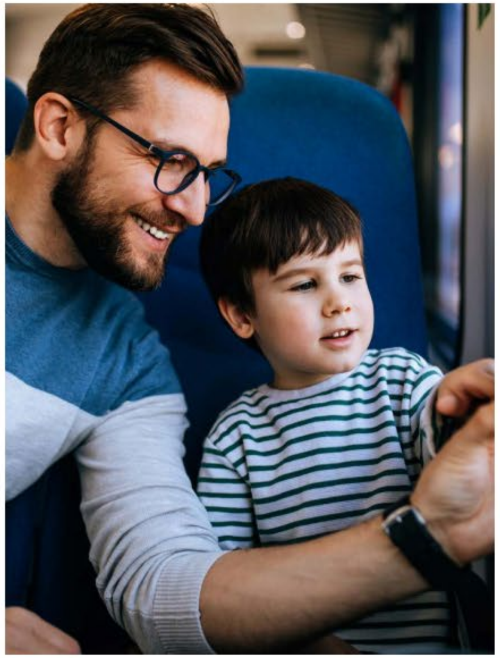
To manage a high speed rail system, connecting London, Kent and Europe that is good for communities, business and especially the environment.

Vision

Rail travel is everyone's number 1 choice

Mission

Getting people to fall in love with high speed rail travel



Values

- **A** BE AMBITIOUS
- **C** BE COLLABORATIVE
- **T** BE TRUSTED
- **S** BE SUSTAINABLE

New Operating Model

To achieve our strategy of future growth and support PR24, we have undergone an internal reorganisation of teams, with a new Regulation and Strategy director and most corporate functions, including legal and procurement rolling up under the CFO

Dyan Perry, CEO

Engineering

Richard Thorp

Asset performance

Manage supply chain

Ensure safety

Deliver sustainability

Regulation & Strategy

Mattias Bjornfors

Regulatory engagement inc PR24

Grow international

Promote competition

Border solutions

Commercial

Wendy Spinks

Drive unregulated income

Station capacity

Border solutions

Income diversification

CFO

Mark Farrer

Productivity & efficiency

Maintain financial stability

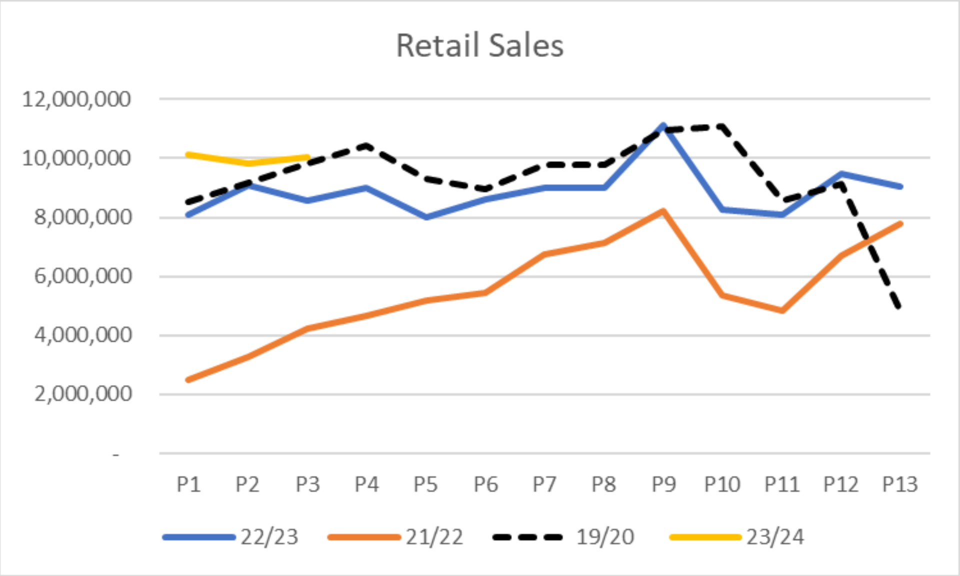
Enhance shareholder value

Governance and control

Unregulated Update

Actual retail performance in 22/23 was strong, early indications for current year are for another strong year of sales. Focus on retail growth, with plans in place to increase retail square footage. Recovery in car parks is slower due to changing commuter behaviour

- Active management with new brands, including, Costa Coffee, Grind, Curio-city and Aux Merveilleux de Fred, as well as pop up initiatives.
- Retail sales on strike days dip significantly below current trends, but bounce back quickly.
- Car park sales are slower to recover due to a change in commuter behaviour. However, we are looking at diversifying the asset utilisation in the future.



Retail Sales	19/20	20/21	21/22	22/23	23/24
Actual	£120m	£18m	£72m	£115m	
YoY % change		(85%)	+300%	+60%	YTD +13% on PY

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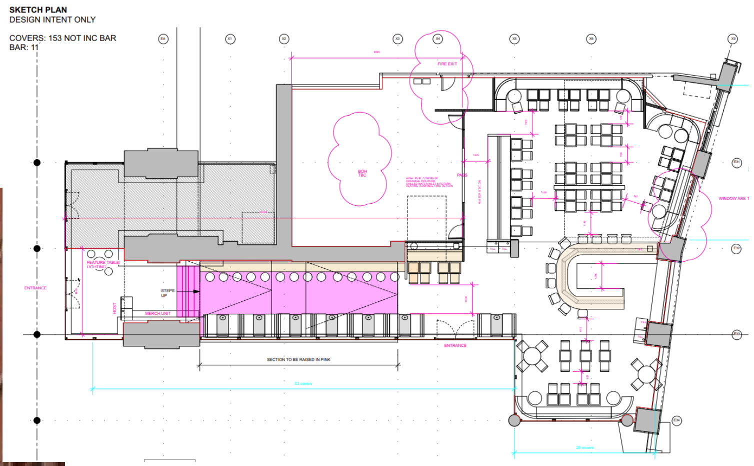
Midland Road Service Yard

Following successful bounce back of our retail portfolio, we are investing in capacity in the station by reconfiguring a service area in the "Midland Road Service yard", to support growth

- Capex spend: +£1m
- +1610 sq. ft extra retail space upon completion (c.1.5%)
- Extra dining to sit 155+ people
- Active discussions with the proposed tenant, legal agreements to be finalised imminently
- New unit to be open in early 2024



Future Growth Opportunities

HS1's business development team has cultivated a healthy pipeline of growth opportunities which is closer than ever to delivering a significant positive step change in revenue

International Challenger

- Actively supporting the business case development of prospective operators
- Removing barriers to entry and heightened system readiness.

Return to Domestic Underpin

- Lobbying government to return Southeast Highspeed services to the underpin
- Rebasing path volume ready for further longer-term growth over the lifetime of the concession

New Destinations

- Advanced feasibly on the creation of new international ports of entry in Germany and Switzerland.
- Lobbying of public bodies in target destinations for support and buy-in.

Asset Diversification

- Exploring alternative use of HS1 assets to create new revenue streams

"…The only way we're actually going to bring prices down, get more people on, it's getting more operators on there. And I think that's my ambition for it."

"That will actually come into conversations about how we see the actual High Speed 1 infrastructure used as well, because there's a lot more space there that we'd actually like to see used." Huw Merriman, Rail Minister

Independent: Eurostar could face competition to drive down fares, government says 22 June 2023


SEARCYS
CHANEL

FINANCIAL REGULATORY UPDATE

25 JULY 2023

Key Messages

Cashflows have proved resilient, supported by the concession protections. Financial results and DSCR covenants in line with expectations

HS1 performed in line with expectations for FY23 with stable domestic services and continued recovery in International services

HS1's budget for FY23/24 is based on key assumptions about Eurostar's train paths and retail. Eurostar's forward timetable from Dec-23 to May-24 is £16.4k on an annualised basis, approximately 89% of pre-covid levels. SETL's is at underpin levels

HS1 finalised the third OMRC "volume reopener" in February to fully recover operations, maintenance and renewals costs, in the context of timetabled train paths. HS1 continues to invoice the DfT for underpinned payments

The Company is working to deliver its Periodic Review in 2024 and has started engaging the regulator and system on the cost headwinds and opportunities from the next control period review. The plan is on track

Management is focused on protecting value for all stakeholders and in particular your interests as lenders. Strong performance year to date provides a good platform to consider growth

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Budget 23/24 – Financial Overview

HS1's budget forecasts an increase in YoY EBITDA and CFADS driven by predicted strong growth in Eurostar train paths, and higher retail income

Key Financial Indicators

£'m	22/23 Actuals	23/24 Budget	Var
EBITDA	68.7	90.1	+31%
CFADS	194.2	227.3	+17%
DSCR (Security group)	1.45x	1.54x	N/A

Annual Train Paths Billed

	22/23 Actuals	23/24 Budget	Var
SETL	52,824	52,888	0%
Eurostar	14,509	16,135	+11%
Total	**67,333**	**69,023**	**+2.5%**

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HS1 Budget 23/24

The recovery in train paths is reflected in the incremental £14m of IRC budgeted, driven by Eurostar paths. The OMRC income is due to the timing of charges following the volume reopener. CFADS is up 17% YoY

	Revenue		Operating Costs		EBITDA	Investing Activities		CFADS	CFADS (vs Actuals 22/23)
Track	Domestic IRC	£(18)m			£43m	Underpin Domestic IRC	£149m	£192m	£192m (+£14m)
Track	International IRC	£61m							
Track	Operations, Maintenance and Renewals Income	£106m	OMRC	£(98)m	£7m			£7m	£7m (+£13m)
Track	Power Charges	£52m	Power Costs	£(52)m	£0m			£0m	£0m (+£0m)
Stations	Stations Charges	£40m	Station Costs	£(39)m	£1m			£1m	£1m (+£0m)
Unregulated Activities	Retail & Advertising	£26m	Retail Costs	£(12)m	£14m			£14m	£14m (-£0m)
Unregulated Activities	Car Parking	£8m	Car Park Costs	£(2)m	£6m			£6m	£6m (-£0m)
Other	Other Income	£14m	Other Costs	£(3)m	£11m			£11m	£11m (+£11m)
Total		£289m		£(207)m	£82m		£149m	£231m	£231m (+£38m)
						Capital - UKPN/Capex/Tax		£(29)m	£(29)m (-£7m)
						Working Capital		£26m	£26m (+£1m)
Cash Flow Available for Debt Service (CFADS)								£227m	£227m (+£33m)

Current Trading

Current trading is broadly in line with the budget. There are some signs of EIL is performing ahead of plan

Measure	P3 YTD Actual	P3 YTD Variance	FY Budget
International Train Paths incl spots	3,892	254	16,135
Domestic Train Paths incl spots	12,563	283*	45,116
HS1 Costs exc unregulated (£'m)	(3.8)	0.4	(18.3)
Unregulated Cashflow (£'m)	4.7	(0.5)	20.9
Total CFADS (£'m)	**94**	**19.2**	**227.3**

* Domestic spot bids do not get billed where total domestic train paths are below the government underpin

HS1 Cost Recovery

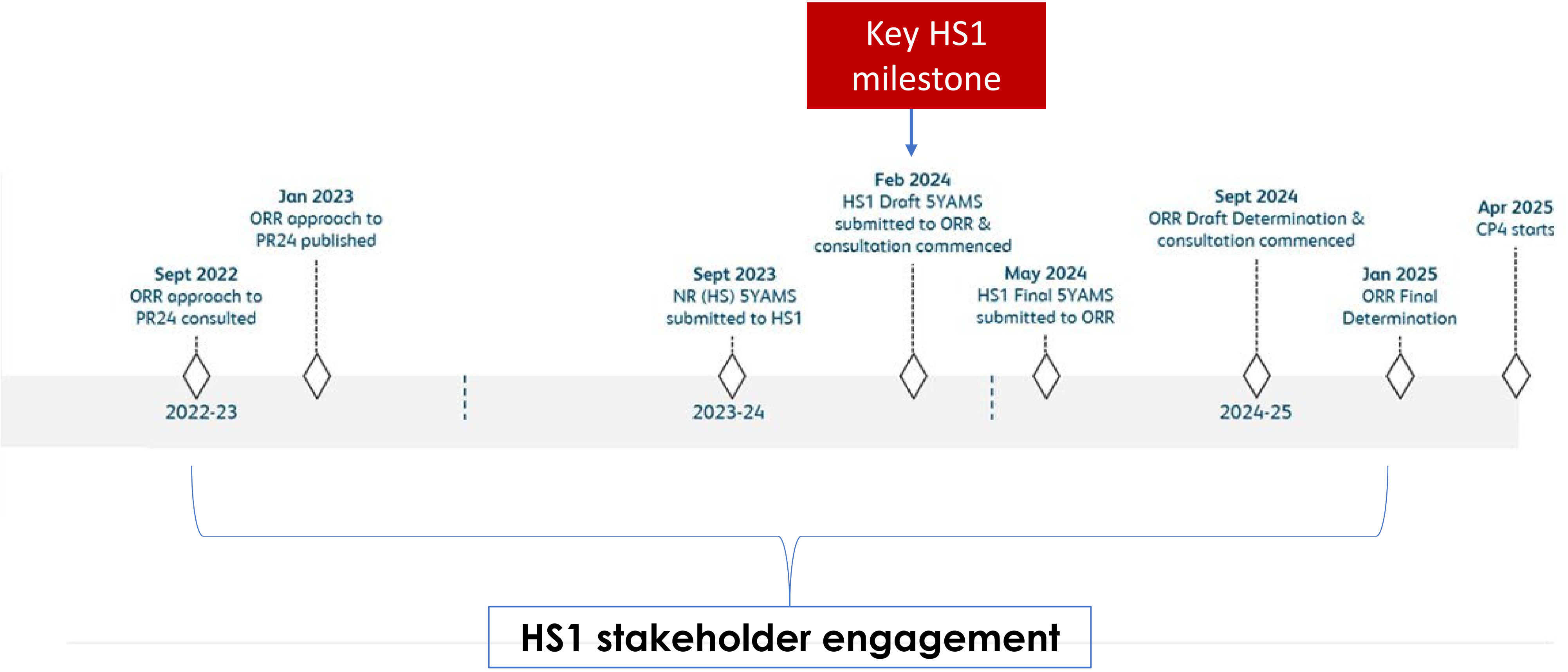
HS1 Operations, Maintenance and Renewal Charges (OMRC) are set by the ORR in consultation with HS1 and are adjusted through a Volume Re-opener when appropriate. This ensures HS1 fully recovers its fixed costs along with passthrough costs. HS1 remains at risk for variable charges

Allocation of train paths	CP3 pa	2021 Volume Reopener	2022 Volume Reopener	2023 Volume Reopener	Difference since 2022 Reopener	Comment
SETL (LSER) Paths	55,500	54,134	52,652	52,670	+18	Underpin volumes used while actuals remain below this level.
Eurostar paths	17,700	2,444	7,223	15,930	+8,707	HS1 set expected volumes on reasonable basis as FWT remains low (albeit higher than 2022)
Total Paths	**73,200**	**56,578**	**59,875**	**68,600**	**+8,725**	

- VRO provides HS1 cost neutrality – fixed costs spread over updated train path forecasts vs CP3
- VRO 2023 led to small uplift to fixed cost allocation per train for Eurostar and SETL as EIL train volumes recover
- Full passthrough costs recovered
- No uplift to variable costs

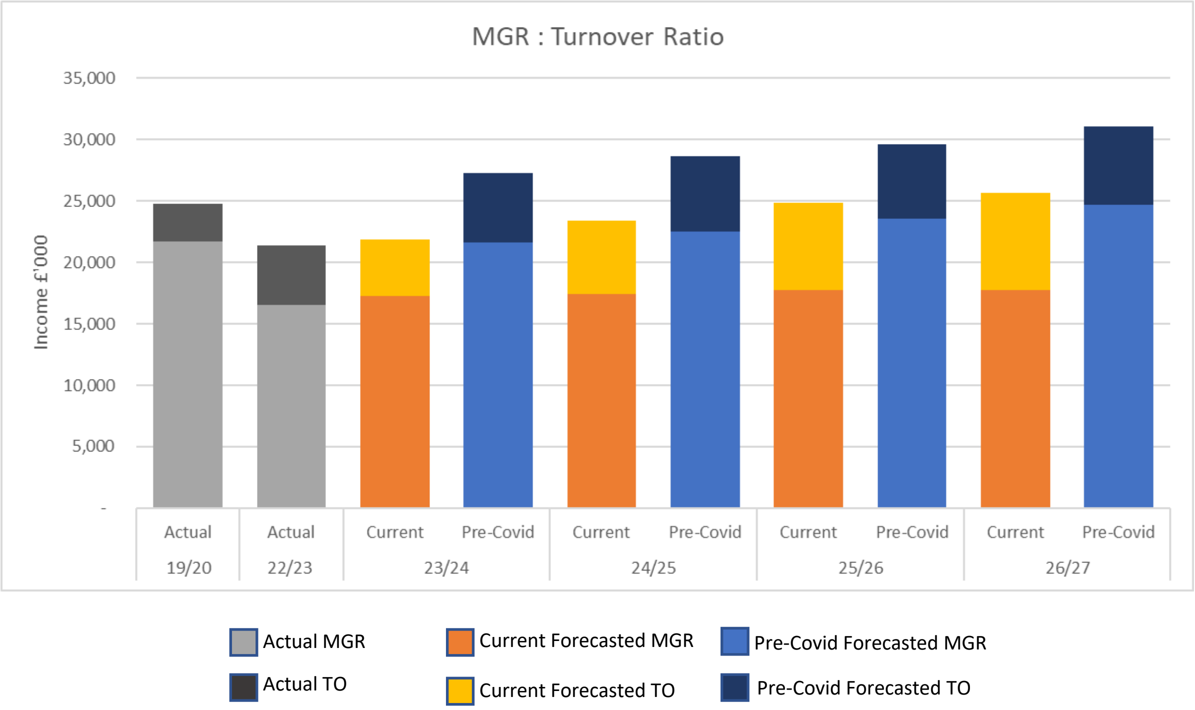
CP4 Timetable (PR 24)

5-yearly periodic review process for the next control period well underway. ORR oversees both route and stations periodic review process. HS1 and NRHS holding regular frequent stakeholder engagement as we develop plans. Key milestone is HS1's draft 5YAMS submission in Feb 2024



Retail Update

New leases are being agreed at the same or higher levels, indicating the strong trade performance. Overall MGRS are still lower than pre-covid levels, resulting in turnover income making up a higher proportion of total retail income



Actuals FY22/23

Total retail income was £22.9m, with £16.5m MGR, £4.8m turnover, £1.5m advertising.

Income at 87% of pre-covid levels (FY20), lower MGR driven by rebased renewals agreed over the pandemic.

TO surpassed pre-covid levels due to the combination of lower MGRs but strong footfall recovery and marketing.

Total retail sales were 96% of FY20.

Budget Year FY23/24 & YTD performance

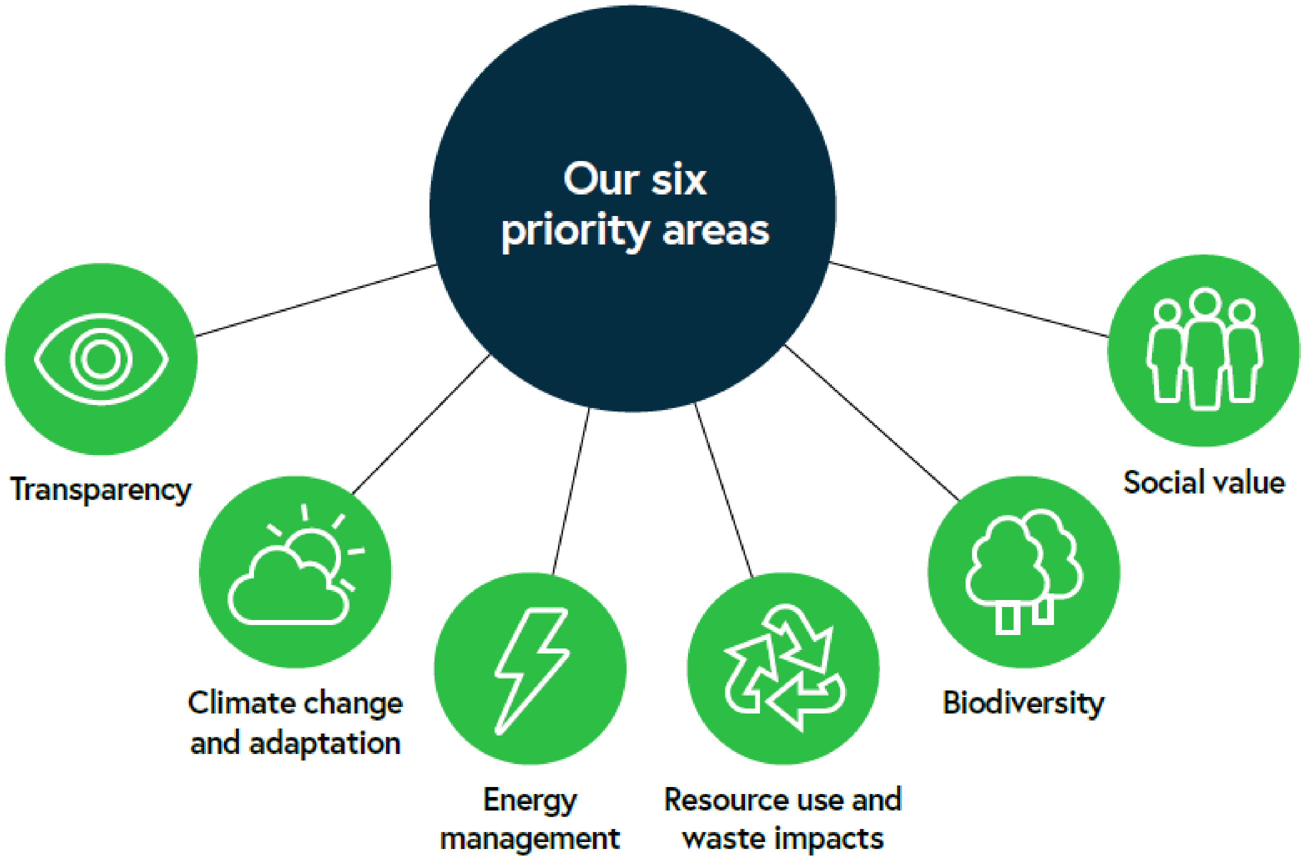
Total forecast income of £23.8m, 4% YoY growth in income: MGR at 80%, TO at 157% and advertising at 89% of pre-covid levels. YTD performance in line with budget.

Retail sales aligned to customer footfall in the forecast.

Base case reaches FY20 total income levels in FY26 but remains below the pre-covid forecast due to MGR rebasing.

ESG strategy update

HS1 has sustainability at the heart of the Company values. The ESG strategy was first drafted in 2020 and has been refreshed in FY22/23 reflecting the six priority areas.



- The 2023 sustainability strategy has been refreshed from 2020's version to reflect:
  - more tangible milestones and glide paths as we learn more
  - Particular enhancements to the Social Value target with new EDI, business ethics and staff volunteering targets
  - a climate change adaptation target, rather than just mitigation
- The company is on track to ensure it is ready for the TCFD enhanced reporting
- Outside of core financial reporting, the 3rd HS1 ESG report was published recently.
- hs1-esg-report-2022-23.pdf (highspeed1.co.uk)

DSCR Covenants

Forecast DSCR covenant anticipate improving headroom back towards pre-pandemic levels. Based on the current budget, the headroom to lock up on the ratios has increased as we see improvement of international train paths and unregulated income

Covenant for the period to:	Forecasted covenant ratio	Finalised
Mar 23	1.46x	Confirmed
Sep 23	1.47x	Dec 23
Mar 24	1.54x	Jun 24

Credit ratings: HSRF1 (Opco Security Group)

S&P have recently revised its methodology for rating project finance transactions and based on this, it has affirmed the credit rating and outlook, after taking into consideration the effective protections of the concession and improved financial performance. We expect them to revert to their usual annual ratings cycle in September with Fitch in August/September. Constructive dialogue continues to take place with both agencies

S&P (Jan 2023): BBB+ Affirmed (Stable Outlook)

In December 2022, S&P published a revised project finance rating methodology. Following this, S&P affirmed the rating and outlook

Further upside actions will be dependent on traffic recovery close to pre-Covid levels and visibility on post-pandemic traffic patterns, with ratios shown consistently above 1.35x

International traffic continues to improve in line with our expectations, but future bookings seem to be recovering faster than we previously forecast. The performance of international traffic over 2022-2023 is significantly above that in 2020 and 2021, and we expect it will be back to pre-pandemic levels by 2024-2025. Eurostar has already booked close to 80% of 2019's train paths in advance for the period from May-December 2023.

S&P Research Update High Speed Rail Finance (1) PLC 31 January 2023

Fitch (August 2022): A- Stable Affirmed

Fitch annual review expected to be concluded in August

WRAP UP

Wrap Up

HS1 continues to perform in line with expectations after navigating through a period of significant instability. While there are still several macroeconomic challenges, we are now in a position of stability which provides an opportunity to deliver growth

HS1 continues to operate and perform as a best in class railway infrastructure asset and is the green gateway to Europe

We expect domestic revenues to be stable in the medium term, supported by the underpin. Eurostar continue their YoY growth trajectory, booking an annualised timetable that is 89% of pre-covid levels

The rail industry still faces wider macroeconomic challenges but HS1 is well positioned given the concession structure and our hedging strategy

The business is forecast to grow CFADs by £33m (17%) in the budget year FY23/24, driven by growth in retail and international services. This supports robust DSCR ratios

HS1 has refreshed its strategy to deal with future challenges and drive growth

QUESTIONS