



angel^{Trains}

Rail People
Real Expertise

Investor Report

1st January - 31st December 2022

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1. General Overview

£452.2m

2022

EBITDA

£512.7m

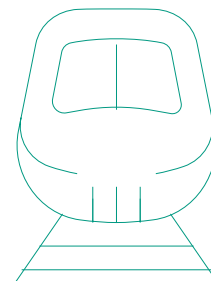
2021

Angel Trains Group (the “Group”) performed strongly during the period with EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) of £452.2m (2021: £512.7m).

The Group has maintained metrics consistent with the Baa2 credit rating throughout the period, confirmed by the Moody’s credit update, which also highlighted limited re-lease risk in the medium term.

At 31 December 2022, the Group owned 4,202 vehicles (of which 148 are marked for disposal). This was higher than the 4,048 vehicles owned at 31 December 2021 owing to the acceptance of Class 720 vehicles, partly offset by the disposal of a number of life-expired vehicles.

During the period, 225 new vehicles were delivered, with a further 220 vehicles in the process of being manufactured for future delivery.



4,202

vehicles owned by the Group at 31 December 2022



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EBITDA during the period of

£452.2m

Revenue of

£578.4m

2. Significant Business Developments



Several leases were entered into as a result of National Rail Contracts (“NRC”) and all vehicles with an economic value are on lease. In addition to the 148 vehicles marked for disposal, the Group has 10 vehicles which are off-lease but have no economic value and are to be retained for spares if no re-lease opportunity presents itself.

2.1 New significant business developments to 31 December 2022

READYPOWER GROUP ACQUISITION

Angel Trains acquired 100% of Readypower Group on 28 January 2022. Readypower provides specialised on-track plant equipment as well as civil engineering, drainage, haulage and operating services to the UK rail sector. It plays a critical role in helping to modernise the UK’s rail network as electrification and upgrades continue throughout the country. The acquisition demonstrates Angel Trains’ commitment to investing in rail assets in the UK. Readypower will continue to run as an independent business, with its brand and management team remaining in place.

NEW TRAINS

Acceptance of Class 720 Bombardier Aventra vehicles continued during the year. At 31 December 2022, 445 of the 665 vehicles that were procured for use in the East Anglia franchise had been delivered. The new electric fleet will reduce the proportion of diesel trains that the Group owns, reduce the average age of the portfolio and provide a long-term revenue stream. →



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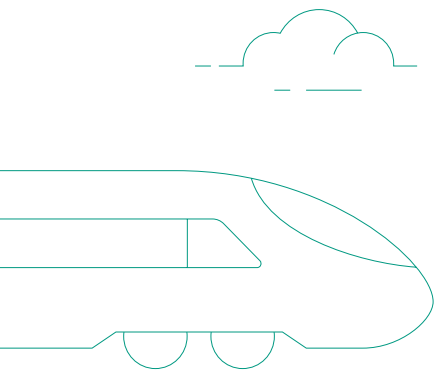
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REFURBISHMENT PROJECTS AND FUTURE DEVELOPMENTS

In general, our suppliers continue to perform well under challenging circumstances. Although many of the restrictions imposed during the pandemic have been relaxed and working practices returned to normal, some suppliers have struggled with cost inflation and skills recruitment. We are seeking to form partnerships with a smaller number of suppliers which provide the Group with the required capabilities in the longer term.

Angel Trains was delighted to work alongside Cordel and Greater Western Railway to install the latest generation of Cordel's LiDAR and image capture technology on a passenger train for the first time, as part of a 12-month pilot. By installing sensors on existing rolling stock paired with Cordel's advanced AI-powered software, the pilot's success will enable the future roll-out of the automated inspection of all Network Rail infrastructure to support its Mobile Infrastructure Monitoring Strategy.

With Avanti West Coast and Alstom, Angel Trains is undertaking a £125m refurbishment of the iconic Pendolino fleet in Widnes. This is the largest refurbishment programme ever undertaken in the UK and will result in a train fit for the future. →



With Avanti West Coast and Alstom, Angel Trains is undertaking a **£125m** refurbishment of the iconic Pendolino fleet in Widnes.



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2.2 Re-leasing activity and current fleet utilisation

As at 31 December 2022, Angel Trains owned 4,202 rolling stock vehicles. 158 of these are presently off-lease and are expected to be scrapped or held for spares.

The following leases were entered into during the period, as a result of NRC awards (unless specified otherwise):

ScotRail

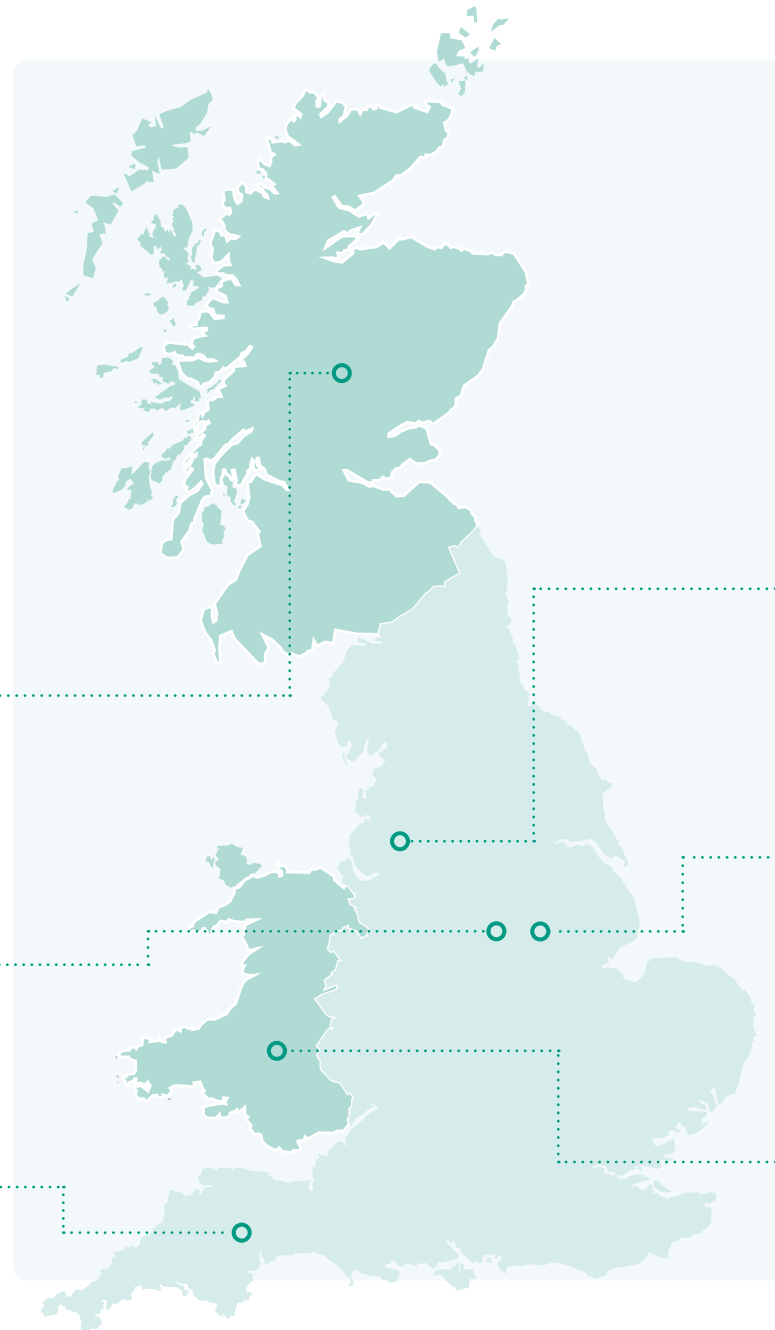
As part of the New Transport Scotland Rail Contract that commenced in April 2022, a lease for Class 156s was entered into for a duration of 5 years with a possible extension of 9 months. The Class 153s continue to be leased under the same terms as the previous operator, and the HST vehicles continue to be leased with the new operator as part of the Section 54 agreement in place.

East Midlands Railway

As part of the new National Rail Contract a new 8 year lease was entered into for the Class 158 vehicles, securing them on lease until October 2030.

Great Western Railway

As part of the new National Rail Contract new leases were signed for: Class 150 vehicles (until June 2027), Class 16x vehicles (until June 2028) and HST vehicles (until June 2025).



The following leases were extended during the year, outside of the rail contracting process;

MerseyTravel

The Class 507/508 vehicles were extended to various dates up to July 2024.

East Midlands Railway

- The Class 156 vehicles were extended to March, October and December 2022.
- The Class 158 vehicles were extended until March and October 2022.
- The Class 180 vehicles were extended until June 2023.

Wales & Borders

- The Class 175 vehicles were extended until May 2023.
- The Class 158 vehicles were extended until October 2024.



The table below summarises the Angel Trains fleet by lease counterparty as at 31 December 2022.

Owner Operating Group	TOC	Total Vehicles	Lease End Dates	Vehicles Leased %	Contract Type
Abellio	Abellio East Anglia Ltd	445	Oct 25	10.59	NRC
	Abellio East Midlands Ltd	144	Jun 23 / Aug 27 / Oct 30	3.43	ERMA
	Total	589		14.02	
Abellio, JR East and Mitsui	West Midlands Trains Ltd	224	Mar 26 / Sep 26	5.33	NRC
Arriva	Chiltern Railways	89	Dec 27	2.12	NRC
	Grand Central Railway Company Ltd	50	Dec 26	1.19	Open Access
	XC Trains Ltd	21	Oct 23	0.50	ERMA
Total	160		3.81		
First Group	Great Western Railway Ltd	217	Jun 25 / Jun 27 / Jun 28	5.16	NRC
	First Transpennine Express Ltd	95	May 23	2.26	NRC
	Hull Trains	25	Dec 29	0.59	Open Access
Total	337		8.01		
First Group / MTR	First MTR South Western Trains Ltd	733	Aug 24	17.44	NRC
GB Railfreight	GB Railfreight Ltd	4	May 25 / Jul 25	0.10	Freight
Transport for Wales	Transport for Wales Rail Ltd	118	May 23 / Oct 24	2.81	OLR
Transport Scotland	ScotRail Trains Ltd	258	Mar 26 / Mar 27	6.14	NRC
Rail Operations Group	Rail Operations Group Ltd	5	Jul 24	0.11	Hauler
Serco / Abellio	Merseyside Passenger Transport Ltd	162	May 23	3.86	Franchise
Trenitalia	Trenitalia C2C Ltd	112	Nov 29	2.67	NRC
Department for Transport	Northern Trains Ltd	332	Mar 25	7.90	OLR
	SE Trains Ltd	436	Oct 24	10.38	NRC
Total	768		18.28		
First Group / Trenitalia	First Trenitalia West Coast Rail Ltd	574	Mar 26	13.66	ERMA
	Off lease with no future rent expectations*	10		0.24	
	Marked for disposal**	148		3.52	
Total	158		3.76		
GRAND TOTAL		4,202			

* All off lease vehicles are economic life expired but opportunities are being explored. ** Off lease, life expired with no future identifiable opportunities to release

2.3 Significant Board/Management changes for the period ending 31 December 2022

The following significant changes of directors and officers in the Angel Trains Group of companies took place during the period:

- L Baldry (appointed on 26 January 2022)
- P Walsh (appointed on 26 January 2022)
- L Porter (resigned on 15 March 2022)
- A Wilkie (resigned 31 August 2022)
- S Wu (appointed on 31 August 2022)
- A Chaplin (appointed on 22 November 2022)



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A high-speed train is being lifted by a crane at a manufacturing facility. The train is white with a black and grey front end. It is suspended by several cables from a large crane structure. The background shows a clear blue sky and some industrial equipment. The image is overlaid with a green and white graphic design.

During the period

225

new vehicles delivered

220

*vehicles in the process
of being manufactured*

3. Regulatory / Governmental Developments



3.1 Significant announcements / publications by any regulator or relevant government department

The table below summarises the forthcoming contract awards:

Route	Contract Commencement Date	Expiry Date	Extension Option
West Coast Partnership	October 2023	TBA	TBA
TransPennine	May 2023	May 2031	TBA

The Group's pre-existing contracts with train operators continue in force, notwithstanding the amended contract expiry dates described above. The impact of the DfT announcements on the Group remains broadly beneficial.



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4. Capital Expenditure

4.1 Material matters of capital expenditure including future commitments made during the relevant period

During the period the Group incurred capital expenditure of £234m, mainly comprising of:

- Stage payments and capitalised interest for Class 720 vehicles.
- Refresh and modifications for Class 165/166, Class 15x, HSTs, Class 17x, Class 333, Class 350, Class 360 and Class 390 vehicles.
- Continued Service Operation work on HSTs.

The Group had total capital commitments of £303m as at 31 December 2022, mainly comprising of:

- Stage & delivery payments and capitalised interest for Class 720 vehicles.
- Retention payments for Class 802 vehicles.
- Modifications to several fleets including the Pendolino fleet for First Trenitalia West Coast.



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*Capital expenditure
during the period of*

£234m

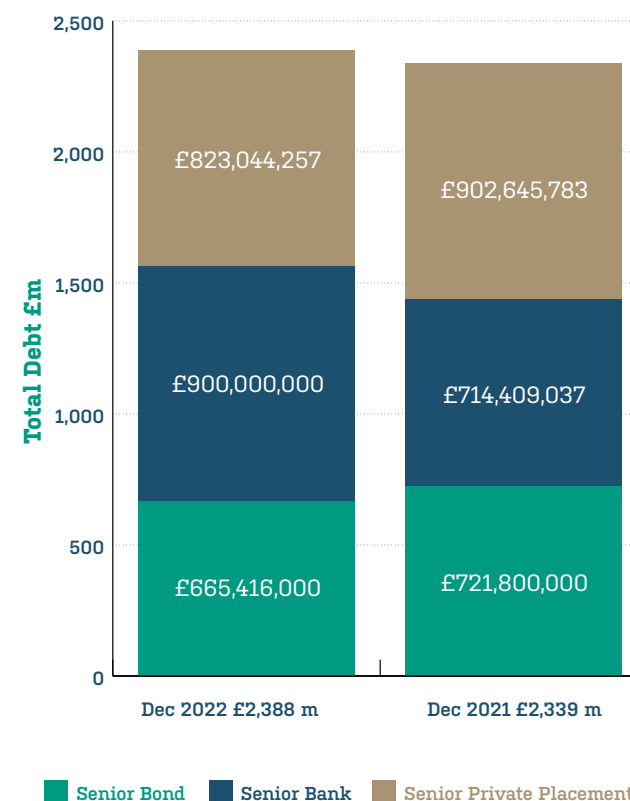
5. Financing

5.1 Total Senior debt outstanding at 31 December 2022

Group Entity: The Great Rolling Stock Company PLC

Debt Type	Debt Facility	Balance Outstanding	Issue / Facility Limit	Maturity Date
Senior Bond	20-yr Amortising Bond	349,600,000	460,000,000	Apr 31
	25-yr Amortising Bond	295,800,000	500,000,000	Jul 35
	Floating Rate Note (EMTN)	20,016,000	60,000,000	Dec 23
	Total for Debt Type	665,416,000	1,020,000,000	
Senior Private Placement	US Senior Private Placement	30,000,000	30,000,000	Jun 31
	US Senior Private Placement	85,000,000	85,000,000	Nov 32
	US Senior Private Placement	200,000,000	200,000,000	Sep 34
	US Senior Private Placement	100,000,000	100,000,000	Nov 37
	Senior Private Placement	408,044,257	437,534,052	Nov 27
Total for Debt Type	823,044,257	852,534,052		
Senior Bank	Revolving Credit Facility	0	350,000,000	Oct 25
	15-yr Amortising Debt	300,000,000	300,000,000	Oct 33
	10-yr Amortising Debt	450,000,000	450,000,000	Dec 31
	10-yr Amortising Debt	150,000,000	150,000,000	Dec 31
Total for Debt Type	900,000,000	1,250,000,000		
Grand Total		2,388,460,257	3,122,534,052	

5.2 Senior Debt Facilities: December 2022 v December 2021



6. Historical Financial Performance and Ratios



2022 **£2,388.5m**

2021 £2,257.9m

Group's total external senior debt at 31 Dec 2022

6.1 Update on financial performance for the year including ratios

EBITDA, the Group's key measure, for the period ending 31 December 2022 was £452.2 (2021: £512.7m). Revenue for the period was £578.4m (2021: £592.3m). The decrease from 2021 is mainly due to a reduction in non-capital deferred income and older life expired fleets coming off lease, partly offset by revenue associated with Readypower and capital revenue from the new Class 720s as they are introduced into passenger service.

The Group's total external senior debt at 31 December 2022 was £2,388.5m, compared to £2,257.9m at 31 December 2021. The net increase of £130.6m was due to £600.0m new Amortising Debt drawn, partly offset by £402.9m of unscheduled debt repayments and £69.4m of scheduled debt repayments.

All senior floating rate debt remained economically hedged and no speculative derivatives were executed.

The Senior Interest Cover ratio for the period to 31 December 2022 was 3.8, compared to the financial covenant requirement of at least 1.5:1.

The Senior Leverage ratio for the year ending 31 December 2022 was 5.0, compared to the financial covenant requirement of no greater than 8.5:1.

The Group remains insulated from the direct impact of foreign exchange volatility and the senior debt is hedged for interest rates. All of our revenues are generated within the United Kingdom and they are denominated in Sterling.



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6.2 Credit ratings

Moody's completed its annual review for 2022 and affirmed the Baa2 stable credit rating in February 2023 noting "strong operational performance since privatisation", that "revenue is not linked to passenger volumes or ticket sales" and "the protective features of Angel Trains' ring-fenced finance structure."

Moody's commented that the stable outlook reflected its "expectation of strong cash flow generation supported by rolling stock lease renewals at lease rates that are, at a minimum, in line with our base case forecast and that Angel Trains will continue to implement conservative financial policies. The stable outlook also reflects our expectation of continued stable and supportive regulation in the UK passenger rail sector."

The review noted that during 2023 and 2024 "around 38% of vehicles are expected to come off-lease, 28% of which are at the end of their useful economic lives. Therefore, re-leasing risk during this period is limited, reflecting Angel Trains' strong recent re-leasing performance, with higher risk fleets having already been cascaded."



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7. Other Business Matters

7.1 Other business matters

Angel Trains has maintained Rail Industry Supplier Approval Scheme (“RISAS”) certification in support of its provision of vehicle overhaul and engineering services. RISAS builds upon Angel Trains ISO 9001 approval for quality management.

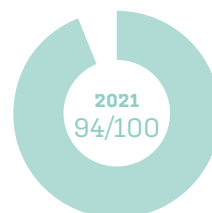
Our Global Real Estate Sustainability Benchmark (“GRESB”) score increased from 94/100 to 95/100 (retaining the rating as a 5-star rated business) and the Group came first out of 540 businesses in Management score.

During the period, employees’ opinions were surveyed using “pulse” surveys and participation remained high.

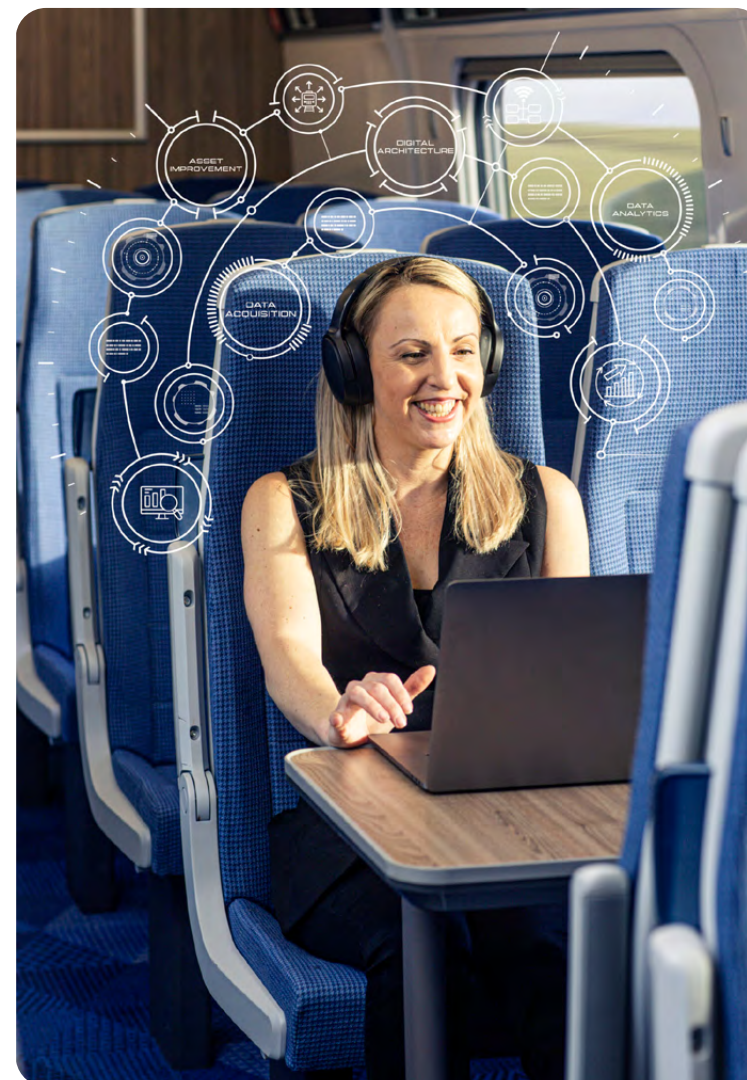
Angel Trains achieved a 3-year re-accreditation from IMechE and IET of its monitored professional graduate development scheme that leads to Chartered Engineer status. The changes to the scheme that had been adopted since the last accreditation were commended, with particular focus being on the monthly mentor meetings, placement feedback forms/ presentations and support at senior and Executive level.

The business also had a successful audit by LRQA on our Quality (ISO 9001) Management System. Our ISO 9001 approval, together with our RISAS approval, provides assurance to our customers in the QMS processes used to provide our engineering services. This audit was the preparation visit prior to the full re-certification audit due in December 2023.

GRESB
benchmark
score
increased:



Retaining the
rating as a
5-star rated
business



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