

Investor Report

1 July 2023 - 30 June 2024

angel^{Trains}

Rail people.
Real expertise.



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01. General Overview

Angel Trains Group (the “Group”) performed strongly during the period with EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) of £452.3m (2023: £455.5m).

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 30 June 2024, the Group owned 4,027 vehicles (of which 72 are marked for disposal). This was lower than the 4,171 vehicles owned at 30 June 2023 following the disposal of a number of life-expired vehicles, partly offset by acceptance of Class 720 vehicles. During the period, 70 new vehicles were delivered, with a further 70 vehicles in the process of being manufactured for future delivery.

Several leases were entered into or extended during the year and 98% of all vehicles with an economic value are on lease. In addition to the 72 vehicles marked for disposal, the Group has 55 vehicles off-lease with an economic value remaining for which re-lease opportunities are being sought and 16 vehicles which are off-lease but have no economic value and are to be retained for spares if no re-lease opportunity presents itself.

4,027
**vehicles owned by the
Group at 30th June 2024**



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EBITDA during the period of

£452.3m

Revenue of

£604.6m



02.

Significant Business Developments

2.1

New significant business developments to 30 June 2024

New Trains

Acceptance of Class 720 Avenra vehicles continued during the year. At 30 June 2024, 595 of the 665 vehicles that were procured for operation as part of the East Anglia franchise had been delivered.

The new electric multiple units 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.

SMBC Leasing

In March 2024, Angel Trains announced that it had acquired a 50% share in SMBC Leasing's UK rail rolling stock portfolio. The portfolio is a diverse fleet of modern rolling stock, serving rural and urban areas throughout the UK. The assets are on long-term lease arrangements with highly rated counterparties. As this is a joint venture, the results are not consolidated into the Group's results.



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Refurbishment Projects and Future Developments

Despite a number of challenges to the industry in general, our supply base has continued to support our maintenance requirements over the past year. To aid this, we are working closely with our strategic supply base to ensure continuity of supply through workload consolidation, whilst also ensuring retention of competencies and capacity within the rail industry. We continue to enjoy strong and positive relations with our suppliers and seek to identify further ways to develop these relationships for mutual gain.

The award-winning £120m refurbishment of the iconic Pendolino fleet was completed in June 2024. The refurbishment, undertaken in conjunction with Avanti West Coast and Alstom at the Alstom facility in Widnes, was the largest refurbishment programme ever undertaken in the UK and saw 574 refurbished carriages delivered in just over two years, at a rate of one completed train every two weeks. The upgrade has returned the whole Pendolino fleet to an 'as new' condition.

574 

**refurbished carriages delivered
in just over two years**



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Class 802 battery trial

In collaboration with Transpennine Trains Limited and manufacturer Hitachi Rail, Angel Trains entered into an agreement in December 2023 to undertake a trial of battery traction equipment on one of its Class 802 assets. The 12-month battery trial programme will evaluate the capability of a Tri-Mode Class 802 for use on non-electrified sections of rail infrastructure. The other key objectives of the battery traction trial will determine the reduction in noise and fuel usage as a consequence of the removal of a diesel engine from the unit, along with air quality improvements. These benefits will contribute towards the targets to decarbonise the railway.

Tyseley Depot

In December 2023, Angel Trains secured a lease for Tyseley Depot with Network Rail and is working with West Midlands Trains to finance the delivery of a depot enhancement programme. Angel Trains will invest c.£51m in critical modifications and upgrades to the depot, which will support its Class 172 fleet and the new Class 197 fleet. The investment in the Tyseley Depot modernisation programme will support the long-term operation of these fleets and is an important step in the diversification of the Angel Trains business.

c.£51m

investment in critical
modifications and upgrades
to the Tyseley Depot



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The award-winning £120m refurbishment of the iconic Pendolino fleet was completed in June 2024. The refurbishment, undertaken in conjunction with Avanti West Coast and Alstom at the Alstom facility in Widnes, was the largest refurbishment programme ever undertaken in the UK



During the period

70

new vehicles delivered

70

vehicles in the process
of being manufactured



2.2

Re-leasing activity and current fleet utilisation

As at 30 June 2024, Angel Trains owned 4,027 rolling stock vehicles. 143 of these are presently off-lease, of which 55 are expected to be re-leased with the remainder 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):

- West Coast Partnership – The Emergency Recovery Measures Agreement (“ERMA”) previously in place on the West Coast Main Line was replaced by a NRC on 15 October 2023.

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

- **Transport for Wales** – the lease for the 70 Class 175 vehicles was extended until September 2024, with a planned handback profile over this period.
- **Transport for Wales** – the lease for the 48 Class 158 vehicles was extended until April 2025. Further extensions are anticipated to April 2027.
- **Grand Central** – 10 Class 180 vehicles were leased to Grand Central after coming off-lease from East Midlands Railway.
- **South Eastern** – the lease for the 150 Class 707 vehicles was extended until October 2027.
- **East Midlands Railway** – the lease for the 84 Class 360 vehicles was extended until October 2030.
- **South Western Trains** – the lease for the 225 Class 444 vehicles was extended until May 2025.
- **South Western Trains** – the lease for the 508 Class 450 vehicles was extended until May 2025.
- **West Midlands Trains** – the lease for 16 Class 172 vehicles was extended until September 2026.



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The table below summarises the Angel Trains fleet by lease counterparty as at 30 June 2024.

Franchise Owner	TOC	Total Vehicles	Lease End Dates	Vehicles Leased %	Contract Type
Abellio	Abellio East Anglia Ltd	595	Oct 25	14.78	NRC
	Abellio East Midlands Ltd	116	Aug 27 / Oct 30	2.88	NRC
	Total	711		17.66	
Abellio, JR East and Mitsui	West Midlands Trains Ltd	224	Mar 26 / Sep 26	5.56	NRC
Arriva	Chiltern Railways	89	Dec 27	2.21	NRC
	Grand Central Railway Company Ltd	50	Dec 26	1.24	Open Access
	Total	139		3.45	
First Group	Great Western Railway Ltd	177	Jun 25 / Jun 27 / Jun 28	4.40	NRC
	Hull Trains	25	Dec 29	0.62	Open Access
	Total	202		5.02	
First Group / MTR	First MTR South Western Trains Ltd	733	May 25	18.20	NRC
GB Railfreight	GB Railfreight Ltd	4	May 25 / Jul 25	0.10	Freight
Transport for Wales	Transport for Wales Rail Ltd	83	Sep 24 / Apr 25	2.06	OLR
Transport Scotland	ScotRail Trains Ltd	258	Mar 26 / Mar 27	6.41	OLR
Rail Operations Group	Rail Operations Group Ltd	6	Jul 31	0.15	Hauler
Serco / Abellio	Merseyside Passenger Transport Ltd	27	Jul 24	0.67	Franchise
Trenitalia	Trenitalia C2C Ltd	112	Nov 29	2.78	NRC
Department for Transport	Northern Trains Limited	332	Mar 25	8.24	OLR
	SE Trains Ltd	384	Oct 27	9.54	OLR
	TransPennine Trains Ltd	95	May 31	2.36	OLR
	Total	811		20.14	
First Group / Trenitalia	First Trenitalia West Coast Rail Ltd	574	Mar 26	14.25	NRC
	Off lease with future rent expectations	55		1.36	*
	Off lease with no future rent expectations	16		0.40	*
	Marked for disposal*	72		1.79	**
	Total	143		3.55	
GRAND TOTAL		4,027			

* Opportunities being explored **Off lease, life expired with no future identifiable opportunities to release



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2.3

Significant Board/Management changes for the period ending 30 June 2024

Following its acquisition of a 10% stake in Angel Trains from PSP Investments in June 2023, Arjun Infrastructure Partners completed the acquisition of a further 1.65% from PSP Investments in March 2024. PSP Investments remains Angel Trains' majority shareholder with 62.6%.

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

- F Feghoul (appointed on 15 September 2023)
- JB Auger (resigned on 27 September 2023)



62.6%

PSP Investments
remains Angel Trains'
majority shareholder



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As at 30 June 2024

4,027

rolling stock vehicles
owned by Angel Trains

143

are presently off-lease

55

expected to be re-leased

03. Regulatory/ Governmental Developments

3.1

Significant announcements / publications by any regulator or relevant government department

The table below summarises the forthcoming contract awards:

Franchise/ Route	Contract Commencement Date	Expiry Date	Extension Option (up to)
Northern	May 2025	TBA	TBA
South Western	May 2025	TBA	TBA
Essex Thameside	July 2025	TBA	TBA
Greater Anglia	October 2025	TBA	TBA

The Group's pre-existing contracts with train operators continue in force, notwithstanding the amended contract expiry dates described above.

We anticipate that the new Government will set out its plans for nationalisation of train operators in the forthcoming Railway Services Bill which is scheduled to be put before Parliament before the end of 2024. Until that time, the timescale for the transfer of individual train operators to state ownership is ambiguous and remains subject to change.



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04. 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 £134m, mainly comprising of:

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

The Group had total capital commitments of £200m as at 30 June 2024, mainly comprising of:

- Stage & delivery payments and capitalised interest for Class 720 vehicles.
- Modifications and CSO works to several fleets.



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05. Financing

5.1. Total Senior debt outstanding at 30 June 2024

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	326,600,000	460,000,000	Apr 31
	25-yr Amortising Bond	259,200,000	500,000,000	Jul 35
	Total for Debt Type	585,800,000	960,000,000	
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	391,242,949	437,534,052	Nov 27
	Total for Debt Type	806,242,949	852,534,052	
Senior Bank	Revolving Credit Facility	0	500,000,000	Aug 28
	15-yr Amortising Debt	271,428,571	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
	10-yr Amortising Debt	250,000,000	250,000,000	Aug 33
	Total for Debt Type	1,121,428,571	1,650,000,000	
Grand Total		2,513,471,521	3,462,534,052	



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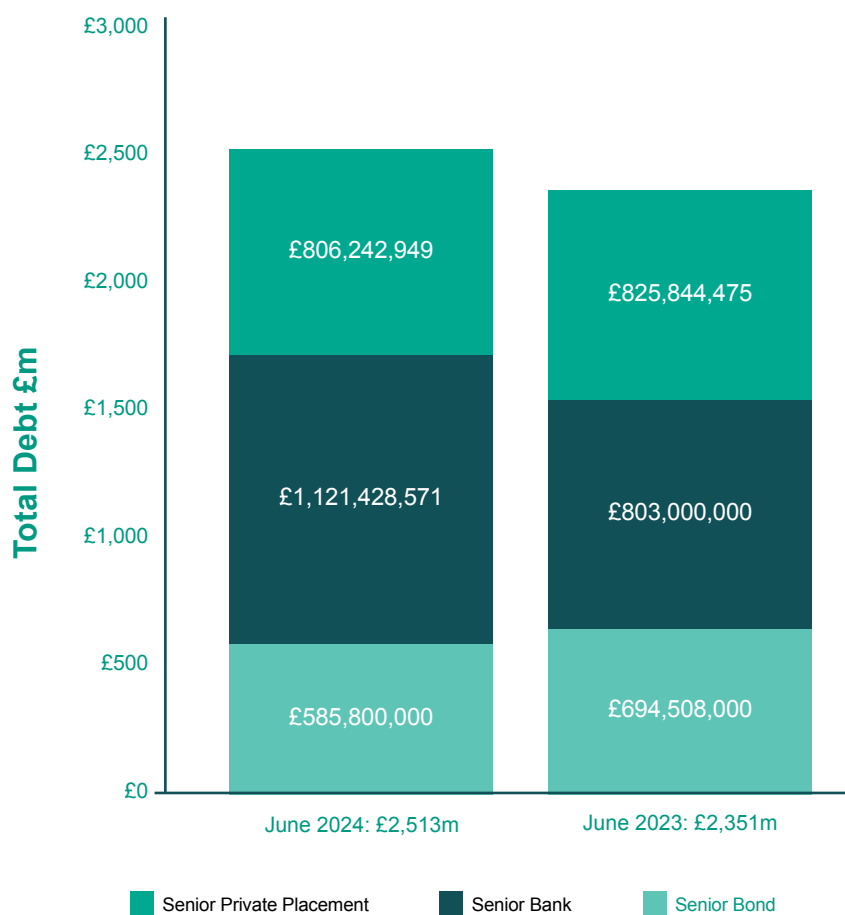
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5.2. Senior Debt Facilities: June 2023 v June 2022



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06. Historical Financial Performance and Ratios



2024 **£452.3m**

2023 **£455.5m**

6.1 Update on financial performance for the year including ratios

EBITDA, the Group's key measure, for the period ending 30 June 2024 was £452.3m (2023: £455.5m). Revenue for the period was £604.6m (2023: £587.5m).

The increase in revenue from 2023 was mainly due to Readypower related revenue driven by acquisitions, partly offset by a reduction in non-capital deferred income and older life expired fleets coming off lease. The reduction in EBITDA is largely driven by older life expired fleets coming off lease.

The Group's total external senior debt at 30 June 2024 was £2,513.4m, compared to £2,351.0m at 30 June 2023. The net increase of £162.4m was due to a new £250.0m term facility drawn, partly offset by £87.6m 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 30 June 2024 was 3.8, compared to the financial covenant requirement of at least 1.5:1.

The Senior Leverage ratio for the year ending 30 June 2024 was 5.5, 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 are denominated in Sterling.

6.2 Credit ratings

Moody's completed its annual review for 2023 and affirmed the Baa2 stable credit rating in March 2024 again 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 acknowledged that during 2024 and 2025 "around 42% of vehicles are expected to come off-lease, however, 14% of these 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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“Angel Trains retained its Global Real Estate Sustainability Benchmark (“GRESB”) rating as a 5-star rated business, with a score of 95/100”

07. Other Matters

7.1

Other business matters

Angel Trains retained its Global Real Estate Sustainability Benchmark (“GRESB”) rating as a 5-star rated business, with a score of 95/100 for the second year running.

The business had a successful audit by LRQA on its (ISO 9001) Quality 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 and innovation services.

During the period, Angel Trains was again recognised by Effactory as a World Class Workplace. Angel Trains has worked with Effactory on employee surveys for over a decade. They survey over a million employees globally and award the “World-class Workplace” label to organisations that score above the national benchmark for “Employership”, which takes into account employee engagement, the level of employee commitment, and how successful businesses are at enabling employees to reach their potential. Not only did Angel Trains meet the criteria for a World-Class Workplace but received two awards - “Best in UK” and “B2B Supplier” - in the industry category. Our annual employee survey also resulted in a response rate of 95% and an Net Promoter Score 68, significantly above the benchmark.



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Real expertise.**