Year ending June 2018 presentation

Presenter: Jane Aikman, Chief Financial Officer

Version: Final

Disclaimer

This presentation has been prepared by and is the sole responsibility of Arqiva Group Limited and its subsidiaries (the “Company”) and has been prepared for information and update purposes in respect of the Company’s secured debt programmes only (and has not been prepared in any other context) and does not constitute or form part of a prospectus or offering memorandum or of any offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any securities nor should it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. This presentation has not been verified and no representation or warranty, either express or implied, is given or made by any person in relation to the fairness, accuracy, completeness, correctness or reliability of the information or any opinions contained herein and no reliance whatsoever should be placed on such information or opinions. No responsibility or liability is or will be accepted by the Company as to or in relation to the accuracy, sufficiency, completeness or correctness of this document or the information forming the basis of the document or for any reliance placed on the document by any person whatsoever. No representation or warranty, expressed or implied, is or will be made as to the achievement or reasonableness of, and no reliance should be placed on, any projection, targets, estimates, forecasts and nothing in this document should be relied on as a promise or representation as to the future.

The financial information set forth in this presentation has been subjected to rounding adjustments for ease of presentation. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row. Furthermore, percentage figures included in this presentation have not been calculated on the basis of rounded figures but have been calculated on the basis of such amounts prior to rounding.

This material should not be regarded by recipients as a substitute for the exercise of their own judgement and assessment. Any opinions expressed in this material are subject to change without notice and neither the Company nor any other person is under any obligation to update or keep current the information contained herein. This material, which does not purport to be comprehensive, has not been independently verified by the Company or any other party. The document does not constitute an audit or a due diligence review and should not be construed as such.

Certain information and statements constitutes "forward-looking statements". These statements, which contain the words "anticipate", "believe", "intend", "estimate", "expect" and words of similar meaning, reflect the directors of the Company’s beliefs and expectations and are subject to risks and uncertainties that may cause actual results to differ materially. These risks and uncertainties include, among other factors: actions or decisions by governmental and regulatory bodies, or changes in the regulatory framework in which the Company operates; changes or advances in technology and availability of resources such as bandwidth spectrum, necessary to use new or existing technology, or consumer preferences regarding technology; the changing business or other market conditions and the prospectus for growth anticipated by the management of the Company; the Company’s ability to realise the benefits it expects from existing and future projects and investments it is undertaking or plans to or may undertake; the Company’s ability to develop, expand and maintain its telecommunications infrastructure; the Company’s ability to obtain external financing or maintain sufficient capital to fund existing and future investments and projects; the Company’s dependency on only a limited number of key customers for a large percentage of its revenue; and expectations as to revenues under contract. These and other factors could adversely affect the outcome and financial effects of the plans and events described herein. As a result, you are cautioned not to place undue reliance on such forward-looking statements. The Directors disclaim any obligation to update their view of such risks and uncertainties or to publicly announce the result of any revisions to the forward-looking statements made herein, except where it would be required to do so under applicable law. Past performance should not be taken as an indication or guarantee of future results.

Certain industry and market data in this presentation was obtained from various external sources that the Company believes to be reliable, but the Company has not verified such data with independent sources and there can be no assurance as to the accuracy or completeness of the included information. Accordingly, the Company makes no representation as to the accuracy or completeness of that data, and such data involves risks and uncertainties and is subject to change based on various factors.

No representation or warranty, expressed or implied, is or will be made and, save in the case of fraud, law or other regulation may restrict the distribution of this document in certain jurisdictions. Accordingly, recipients of this material should inform themselves about and observe all applicable legal and regulatory requirements. Any failure to comply with any applicable restrictions may constitute a violation of the laws of such other jurisdiction. This document does not constitute an offer to sell or purchase or an invitation or solicitation of an offer to subscribe for or purchase securities in any jurisdiction and is not intended to provide, and must not be taken as, the basis of any decision and should not be considered as a recommendation to acquire any securities of the Company. Nothing herein shall be taken as constituting the giving of investment advice. To the fullest extent permitted by law, neither the Company nor any of its affiliates, officers, agents, employees or advisors, accept any liability whatsoever for any loss arising from any use of, or reliance on this presentation.

In the United Kingdom, this presentation is being distributed only to, and is directed only at: (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the Order); and/or (ii) high net worth entities falling within Article 49 of the Order, and other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as relevant persons).

By attending and/or reading this presentation you agree to be bound by the foregoing limitations and conditions.

A ▶ Executive summary

B ▶ Divisional review

C ▶ Detailed financials

D ▶ Financing

Executive summary

Arqiva at a glance

Terrestrial Broadcast

Terrestrial Broadcast
TV and radio broadcast and infrastructure services

Sole provider[1]

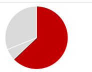
Revenue[2]
£314m

Digital Platforms
Leading provider of commercial Freeview videostreams for broadcasters

Number 1 position

Revenue
£173m

EBITDA
£361m



Telecoms & M2M

Telecoms
Leading independent provider of wireless sites and a provider of outdoor small cells-as-a-service

Independent number 1

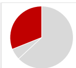
Revenue
£278m

M2M
Gas & electricity smart meters and water smart meters

A market leader

Revenue
£63m

EBITDA
£178m

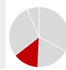


Satellite & Media

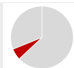
Satellite & Media
Leading UK teleport operator and media management provider

A market leader

Revenue
£134m



EBITDA
£34m



Note: Revenues and EBITDA shown relate to Arqiva Broadcast Parent Limited and Arqiva Group Parent Limited for the full year to 30 June 2018. Divisional EBITDA figures exclude central corporate overhead costs of £(55)m. Total EBITDA for the ABPL/AGPL is £518m including these corporate costs. The equivalent EBITDA for Arqiva Group Limited (Arqiva's top company) was £522m
Source: Arqiva company information

1. Sole provider of Managed Transmission Services and Network access for digital terrestrial television.
2. Terrestrial Broadcast (TB) revenue is post-intercompany TB / Digital Platforms (DP) eliminations

arqiva

Financial summary

Strong programme delivery, shift in sales mix and efficiencies drive earnings growth

Key financials	Full year to June 18 results	Full year to June 17 results	Year on year change
Revenue	£962m	£941m	↑ 2%
EBITDA[1,3]	£518m	£474m	↑ 9%
Working capital	£64m	£45m	↑ n.m
Capital expenditure	£(165)m	£(161)m	↓ 3%
Operating cash flow after capital and financial investment activities[2]	£413m	£352m	↑ 17%
Senior leverage[3]	4.42x	5.10x	↓
Senior Cashflow[4] ICR	2.78x	2.53x	↑
Senior and Junior leverage[3]	5.51x	6.29x	↓

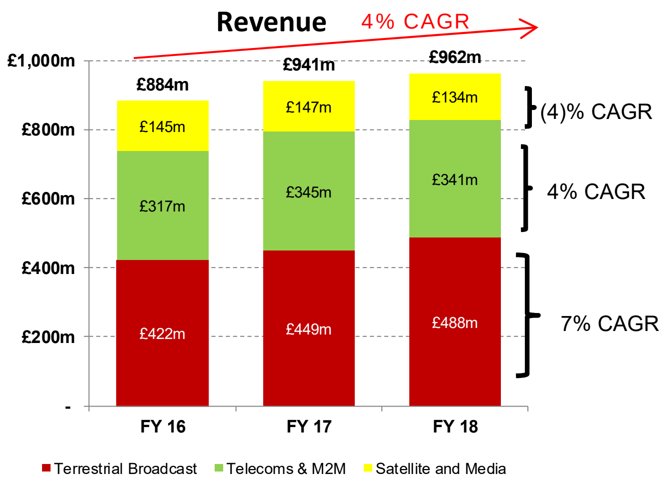
Summary

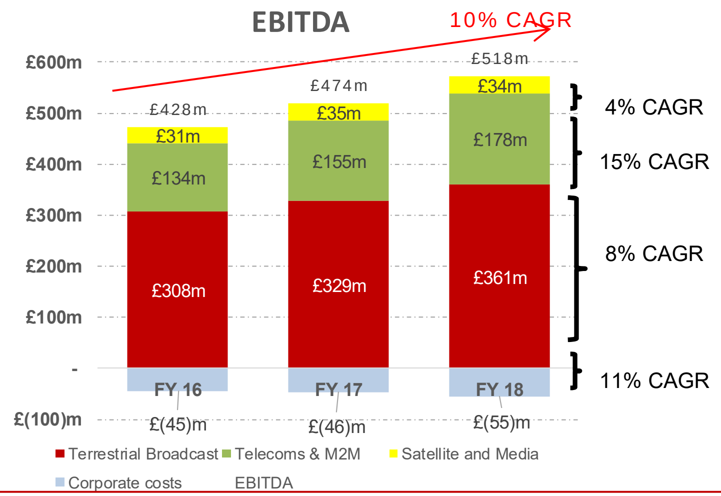
- Revenue up 2% year on year
  - Increase due to 700 MHz Clearance ramp up, DAB rollout, higher Smart Metering revenues, growth in site share and contract indexation partially offset by lower 4G installation services and Satellite and Media.
  - Prior year includes some revenues from non-core business areas that were disposed of. Excluding these disposals, revenue growth from continuing operations was 3%.
- Reported EBITDA up 9% year on year due to strong programme delivery, shift in sales mix towards higher margin products supported by an increasingly efficient cost base
- Operating cash flow after capital and financial investment activities up 17% year on year principally due to strong EBITDA growth and a positive movement in working capital
- Senior financial covenants improve year on year due to better EBITDA performance, improved cashflow and reduced net debt

Notes
1. "EBITDA" refers to earnings before interest, tax, depreciation and amortisation and excludes exceptional costs
2. "Operating cash flow after capital and financial investment activities" reflect cashflows before interest and financing as detailed on page 18
3. For covenant reporting purposes senior and junior leverage is calculated based on an EBITDA of £525m (FY 17: £480m on a covenant adjusted basis)
4. For the purposes of senior cashflow ICR cashflow is defined as EBITDA as per note 3 above less: maintenance capex, net corporation tax paid and issuer profit amount payable

arqiva

Results driven by shift in sales mix and FutureFit





Key highlights

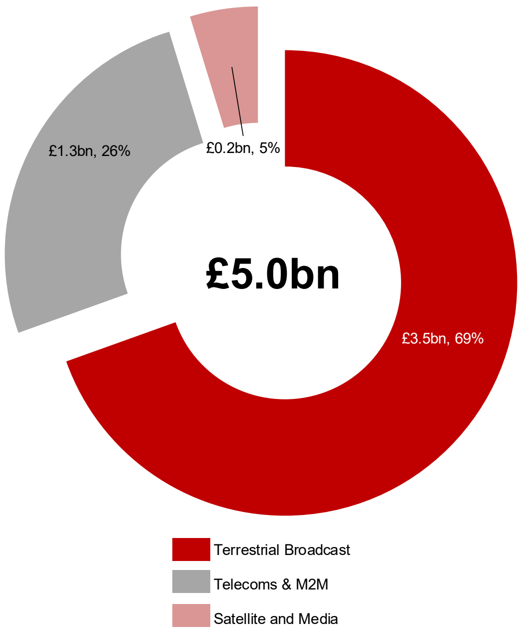
- Revenue growth over two years has been driven by 700 MHz Clearance, smart metering, site share assignments and upgrades, and DAB rollout
- EBITDA growth over the same period has been driven by a shift in sales mix towards higher margin products and cost savings as a result of FutureFit initiatives. EBITDA margin has increased from 48% in FY 16 to 54% in FY 18. Key drivers by division are as follows:
  - **Terrestrial Broadcast** revenues and EBITDA continue to grow underpinned by long term TV and radio contracts, DAB rollout, 700MHz Clearance programme and high Digital Platforms capacity utilisation
  - **Telecoms & M2M** – strong growth from smart metering rollout, change requests, site share assignments and site upgrades partially offset by disposals of non core business areas including WiFi and Secure Solutions. Shift in sales mix towards higher margin activities drives strong EBITDA CAGR
  - **Satellite and Media** is showing improved quality of earnings as a result of exiting low margin and low capital intensive business areas
  - **Corporate costs** are higher to support growth areas including smart metering plus one-off consultancy costs and foreign exchange credits in the prior year not repeated

arqiva

Contracted orderbook

Orderbook Value at 30 June 2018 was £5.0bn

- **% of FY18 revenue contracted at the start of the year** — **86%**
- **Multiple of FY18 revenues** — **c. 5x**



Established Relationships with Blue-Chip Customers

Business Unit	Customers	Avg. Contract Length[1]	Inflation Linkage
Terrestrial Broadcast	BBC, itv, 4 (Public Service Broadcasters); global, BAUER	TV: up to 20+ years Radio: 8-12 years	✓
Digital Platforms	4, itv (Public Service Broadcasters); iDEAL, uktv	3 – 6 years	✓
Telecoms	MBNL, EE, 3; CTIL, vodafone, O2	7 – 10 years	✓
M2M	Data Communications Company, love every drop anglianwater, Thames Water	4 – 15 years	✓
Satellite	Turner, Discovery Channel, BT	3 – 5 years	Partial

– Public Service Broadcasters

✓ Tick indicates inflation linkage is a typical feature of contracts in this division

1. Contract lengths reflect typical duration from contract start

arqiva

Highlights from the year (1)

Activity		Update
Leadership	Management changes	• New CFO - Jane Aikman joined Arqiva in July 2018. Jane brings extensive experience having held executive roles in both private and publicly listed technology, telecoms and infrastructure companies including KCOM, Phoenix IT Group, Infinis plc, Wilson Bowden plc and Pressac plc • Telecoms & M2M – David Crawford takes over the role of Managing Director having led the Satellite and Media business since joining Arqiva in 2014. He brings significant telecoms, business process, international and strategy consulting experience having held a number of service and commercial leadership roles at Cable & Wireless, Capita, Jardine Matheson and Bain & Company • Satellite & Media – Alex Pannell took over the role of Managing Director having been in the business since 2012. Alex has previously led Product & Technology and Media Services areas, and most recently was Commercial Director in the same business unit. Prior to joining Arqiva, Alex held various leadership roles at BT
Delivery	Terrestrial Broadcast	• Arqiva DTT multiplex - Strong utilisation levels of 99% and 85% on DVB-T (main) and DVB-T2 (HD capable) multiplexes respectively • 700 MHz spectrum clearance on track and expecting to continue until 2020 • Digital Audio Broadcasting (DAB) network rollout completed and multiplexes continue to show high utilisation driven by strong demand • Freeview investment to transition to hybrid platform - £125m being invested by Freeview partners over 5 years for new developments including a mobile app and improvements in content discoverability and navigation

Highlights from the year (2)

Activity		Update
Delivery	Telecoms	• MNO coverage obligations met – Arqiva played a key role in this through our installation service activities over a four year period • Small cells – commercial contracts in place for small cells rollout for two MNOs and trials with a further two being progressed • 5G – In July 2017, Arqiva undertook Europe's first ever 5G FWA (Fixed Wireless Access) trials with Samsung and acquired additional 28GHz spectrum in anticipation of the UK becoming 5G ready
	M2M	• Smart metering networks live for both energy and water metering • Smart water metering – a second trial won with Anglian Water in August 2017 for additional region for the delivery and monitoring of a smart water metering fixed network trial
	Satellite and Media	• Virtualisation – Arqiva secured its first virtualised services contract with a US broadcaster who has launched a new consumer OTT service. Furthermore, two new customers were secured on our new cloud based service • HD channel growth – four new HD channels launched reinforcing the Group's position as the leading premium services provider of UK Direct to Home (DTH) services
Corporate	FutureFit	• Programme has contributed to continued EBITDA margin improvement to 53.8% in the year ending 30 June 2018
	Credit ratings	• The Group's senior and junior debt continues to be stably rated at BBB (Fitch/S&P) and B-/B3 (Fitch/Moodys) respectively
	Junior refinancing	• The Group intends to refinance (subject to market conditions) the existing Junior Notes

Divisional review

Terrestrial Broadcast update

Strategy

Support competitiveness of hybrid DTT	• Invest in developing Freeview as a fully hybrid platform • Continue to work with broadcasters to expand channel line-up on Freeview to broaden viewer appeal • Continue to promote HD services on Freeview
Investing in Group's infrastructure to support industry objectives	• Manage seamless execution of 700 MHz programme and meet target of May 2020 completion • Focus on maintaining high levels of service quality for all customers using our networks
Radio	• Engage in government and industry debate over the future of radio and possible analogue switch-off • Continue to work with broadcasters to expand station line-up on DAB and expand coverage

Operation delivery

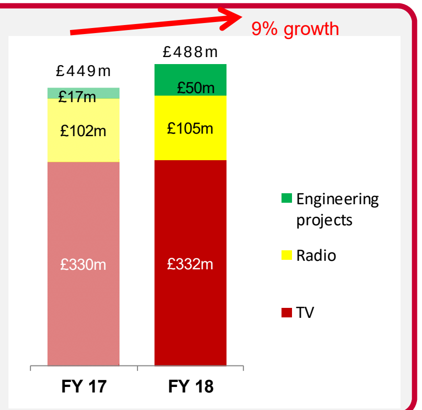
700 MHz spectrum clearance on schedule	• All Clearance events scheduled to date have been completed successfully and in line with the programme requirements
DAB radio rollout complete	• **BBC DAB rollout** completed in September 2017 with 164 new transmitters rolled out and the network now covering more than 97% of the population • **Commercial Local DAB rollout** completed by March 2018 delivering new transmitters at 221 sites taking local DAB coverage to over 91%

Orderbook additions

- Terrestrial Broadcast orderbook stands at at £3.5bn
- Orderbook additions of £0.1bn in the year related to DAB and contract renewals in Digital Platforms and radio

Revenue analysis

- 9% year on year growth driven by 700 MHz Clearance programme, DAB rollout, and RPI linked increases on broadcast contracts



arqiva

Telecoms & M2M update

Strategy

Mobile towers	• Strengthen Arqiva's position as leading independent tower provider by increasing number of sites and maintaining long term contracts with MNOs
Small cells	• Be a leading UK provider of small cells by leveraging Arqiva street infrastructure exclusive concessions gained in prime locations
Smart meters and M2M business	• Grow the value of our M2M business, building on existing smart energy and water metering contracts

Operation delivery

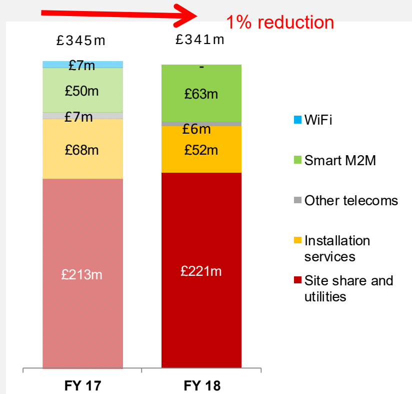
4G rollout	• 8,245 4G equipment upgrades completed across Arqiva sites as at 30 June 2018 since rollout began in 2014
5G	• Demonstration and trials of 5G FWA connectivity with industry stakeholders
M2M	• **Smart energy metering - North** - service is live and currently covers c. 98% of premises in line with requirements • **Smart water metering –** Thames Water network is live with over 307,000 smart water meters deployed as at 30 June 2018. Anglian Water trial is also live with over 17,200 of the anticipated 19,500 smart water meters installed as at 30 June 2018

Orderbook additions

- Telecoms & M2M orderbook stands at £1.3bn
- Orderbook additions of £0.2bn in the year related to one year MBNL extension, site share upgrades and smart energy metering change requests

Revenue analysis

- Year on year broadly flat with increases in site share and smart metering revenues being offset the expected slowdown in lower margin installation service activities as 4G rollout nears completion and disposal of WiFi business



Satellite and Media update

Strategy

Efficiency and flexibility	• Continue to drive operational efficiency whilst delivering industry leading service • Create new saleable capacity through improved compression • Maintaining high asset utilisation and cash generative services • Continue to drive flexible commercial terms and PAYG arrangement on satellite capacity
UKDTH growth	• Drive UK DTH growth from demand for HD channels
International markets	• Drive growth from provision of Managed Services across international markets using UK infrastructure
New OTT services	• Continued expansion of OTT capabilities using cloud platform that offer customers greater speed to market commercial flexibility and incurs lower capex for Arqiva

Operation delivery

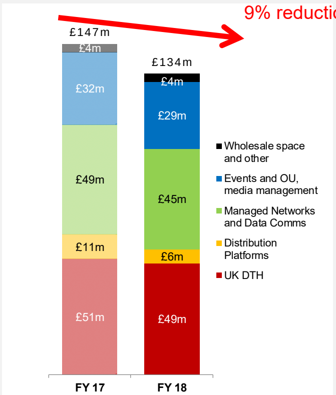
Virtualisation and OTT	• New product investment on virtualised public cloud environments to leverage PAYG models for media management and OTT services
Proactive Cost Management	• UKDTH satellite capacity supply renewal complete providing commercial flexibility with PAYG options. • Implemented capacity reductions to deliver cost reductions and improved utilisation rates.

Orderbook additions

- Satellite and Media orderbook stands at £0.2bn
- Orderbook additions of £0.1bn in the year related to numerous renewals

Revenue analysis

- Decline due to continuing impact of exiting low margin contracts, pricing pressure and rationalisation of services.



arqiva

Detailed financials

Income statement summary (1)

(£m, FY-end 30 June)	2018	2017	%
ABPL and AGPL (Junior and Senior)			
Revenue	962	941	2%
Cost of sales	(323)	(354)	9%
Gross Profit	639	588	9%
Operating expenses	(122)	(114)	(6)%
EBITDA*	518	474	9%
Exceptional costs	(10)	(30)	68%
Depreciation	(164)	(142)	(16)%
Amortisation	(17)	(13)	(33)%
Impairment	(4)	-	-
Other income	5	1	
Share of results of associates and joint ventures and other income	0	0	243%
Operating profit	328	291	13%

*"EBITDA" refers to earnings before interest, tax, depreciation and amortisation. For covenant reporting purposes EBITDA is reported as £525m (FY 17: £480m)

Key highlights

- Revenue 2% up year on year due to 700 MHz Clearance ramp up, DAB rollout, higher Smart Metering revenues, growth in site share and contract indexation partially offset by lower 4G installation services and Satellite and Media. Prior year includes some revenues from non-core business areas that were disposed of. Excluding these disposals, revenue growth was 3%.
- Gross profit 9% up year on year due to shift in sales mix and improvements in service delivery
- Operating costs 6% up year on year as a result of a shift in the nature of activities as projects move from development phase to operational coupled with one-off consultancy costs
- EBITDA 9% up year on year due to increase in gross profit resulting from the shift in sales mix and savings arising from FutureFit initiative
- Exceptional costs down year on year due to lower reorganisation costs in relation to the Group's FutureFit initiative and shareholders' strategic review
- Depreciation and amortisation up year on year due to increase in tangible asset base driven by capex and accelerated depreciation on certain contracts including 700 MHz; amortisation driven by increase in underlying intangible asset base and the accelerated amortisation of certain assets linked to the Group's IT transformation
- Impairment charges relate to write down of tangible and intangible assets in connection with non-core business areas
- Operating profit 13% year on year due to EBITDA growth partially offset by below EBITDA expenses such as depreciation, amortisation and impairment charges

arqiva

Income statement summary (2)

(£m, FY-end 30 June)	2018	2017	2018	2017
	ABPL (Junior)		AGPL (Senior)	
Operating profit	328	291	328	291
Interest receivable and similar income	2	4	2	4
Net bank loan and other interest	(229)	(231)	(172)	(174)
Other net interest	(36)	(34)	(31)	(30)
Other gains and losses	92	(113)	92	(113)
Exceptional other gains and losses	0	(21)	0	(21)
Profit/(loss) on ordinary activities after external interest	158	(104)	219	(43)
Interest payable to parent undertakings	(103)	(93)	(145)	(136)
Profit/(loss) on ordinary activities before taxation	56	(197)	74	(179)
Tax	228	0	224	0
Profit/(loss) for the financial year	283	(197)	299	(179)

ABPL key highlights

- Net bank loan and other interest £2m down year on year due to the new facilities and swap instruments that were established in November 2016
- Interest payable to parent undertakings £10m up year on year due to the additional interest on higher interest accrued and outstanding balances
- Other gains and losses (non-cash) of £92m – primarily as a result of movements in the fair value of the Group's derivatives coupled with small gains arising from foreign exchange movements on foreign denominated debt instruments
- Tax credit of £228m due to one-off tax adjustments including recognition of deferred tax assets, not previously recognised on the balance sheet, following changes in tax legislation, and payment received for group relief
- Accounting profit of £283m includes £22m of non-cash items including depreciation, amortisation, other gains and losses, interest payable to parent undertakings and other net interest charges. Excluding the non-cash charges results in an adjusted profit of £305m

arqiva

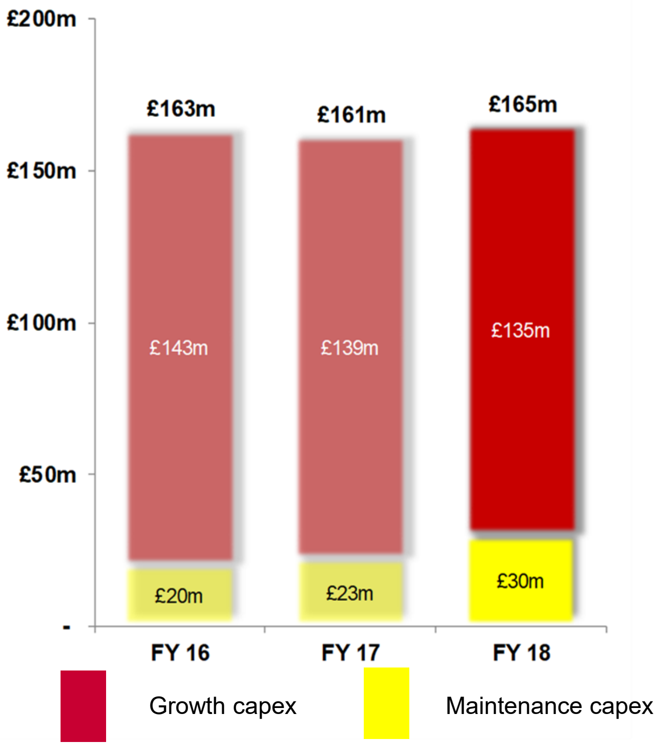
Cashflow summary

(£m, FY-end 30 June)	2018	2017	2018	2017
	ABPL (Junior)		AGPL (Senior)	
EBITDA	*518*	*474*	*518*	*474*
Exceptional costs and other	*(9)*	*(30)*	*(9)*	*(30)*
Working capital	*64*	*46*	*64*	*46*
Net cash inflow from operating activities	572	490	572	489
Net capital expenditure and financial investment	(165)	(161)	(165)	(161)
Disposals	5	23	5	24
Loans to joint ventures	1	-	1	
Operating cash flow after capital and financial investment activities	413	352	413	352
Net interest paid and financing charges	(227)	(237)	(170)	(180)
Principal accretion on ILS	(59)	(53)	(59)	(53)
Refinancing costs	-	(45)	-	(45)
Net cash flow before financing	128	16	185	73
Movement in external borrowings	(125)	(19)	(125)	(19)
Financing - parent undertakings	-	-	(57)	(57)
Increase/(decrease) in cash	3	(4)	3	(3)

ABPL key highlights

- Operating cash flow after capital and financial investment activities £61m up year on year principally due to strong EBITDA growth and a positive working capital driven by additional deferred income recognised in relation to Telecoms & M2M and Terrestrial Broadcast customers
- Disposals relate to proceeds in connection with investment in Arts Alliance Media Investment Limited. The prior year related to WiFi business
- Net interest paid and accretion £4m down year on year reflecting the impact of the November 2016 refinancing and inflation
- External borrowings relate to net repayment of bank facilities and scheduled amortisation of senior bonds

Capex



Note - Growth capex also includes cash sales of fixed assets and change in capital creditors as shown in the table opposite

Capex breakdown:

	FY17	FY18
• Terrestrial engineering incl 700 MHz Clearance	£40m	£63m
• Smart metering – energy and water	£61m	£34m
• Telecoms	£12m	£13m
• Satellite and Media	£12m	£10m
• Radio	£12m	£3m
• Net other	£6m	£3m
Contracted and non-contracted growth capex	**£143m**	**£126m**
• Capital creditors/accruals	£(4)m	£8m
• Sales of fixed assets	-	0
Net Growth capex (as per chart)	**£139m**	**£135m**
Maintenance capex	**£23m**	**£30m**
Total capex	£161m	£165m

arqiva

Covenant reporting and guidance

	30 June 2018		30 June 2019
	September 2017 certificate (projected)	September 2018 certificate (actual)	September 2018 certificate (projected)
EBITDA*	£510m	£525m	£515m
Senior net debt	£2,397m	£2,320m	£2,230m
Senior leverage	4.70x	4.42x	4.33x
Junior leverage	N/A	5.51x	N/A
Senior ICR	2.66x	2.78x	2.84x
Junior ICR	N/A	2.11x	N/A

Key highlights

- Senior financial covenants better than guidance for year ending 30 June 2018 principally due to a better than forecast EBITDA performance and strong cashflows driven by improved working capital movement

Note – All financials are reported as per covenant reporting definitions
*"EBITDA" refers to earnings before interest, tax, depreciation and amortisation and is reported as per covenant reporting definitions.

Financing

Arqiva debt position

As at 30 June 2018	£m	Maturity	Structure	Leverage
SENIOR				
Public Bonds (BBB/BBB) [1]	387	Dec-32	WBS Platform	
Public Bonds (BBB/BBB) [1]	350	Jun-35 (exp. Jun-20)		
Public Bonds (BBB/BBB) [1]	164	Dec-37 (exp. Jun-30)		
USPP 1 – USD tranche [2]	236	Jun-25		
USPP 1 – GBP tranche	163	Jun-25		
USPP 2	300	Jun-29		
USPP 3	219	Dec-29		
EIB Loan	190	Feb-38 (exp. Jun 24)		
Institutional Term Loan	180	Feb-38 (exp. Dec 23)		
Capex and working capital facilities	55	Mar-21		
Bank term loan	75	Dec-24 (exp. Jun-20)		
TOTAL DRAWN SENIOR DEBT[4]	2,318			4.42x EBITDA[3]
JUNIOR				
Junior Notes (B- / B3)[5]	600	Mar-20		
TOTAL DRAWN DEBT	2,918			5.51x EBITDA[3]

Note – all values are reported at their carrying value unless specified otherwise

1. Fitch / S&P
2. Sterling equivalent of US $358m in principal amount, swapped into sterling at an exchange rate of US $1.52
3. Net leverage as per the latest covenant compliance certificates published September 2018, as at 30 June 2018
4. Total drawn senior debt on this page represents gross debt. On a covenant reporting basis, gross debt is adjusted for finance leases and the deduction of total cash balances to arrive at a reported senior net debt value in the certificate of £2,320m
5. Fitch / Moodys

Long term and stable portfolio

Summary Terms[1]	Inflation Linked Swaps	Interest Rate Swaps
Overview	ILSs convert fixed rate liabilities into inflation linked liabilities which aligned with the characteristics of the underlying business	IRSs convert floating rate liabilities into fixed rate liabilities
Notional amount	c.£1,313m	c.£976m
Maturity	2027	IRSs structured to match the maturities of floating rate debt (2024-2029)
Mandatory breaks	£1.1bn notional has no mandatory breaks; £0.2bn notional has break in 2023	None
Ranking	Super senior to senior debt (but carries no voting or enforcement rights)	Pari passu with senior debt
Structural Features	Coupon and principal amounts accrete with RPI. Accretion payments paid down annually	N/A
Fair value	£(757)m	£(298)m

1. Presented on an aggregated basis across counterparties

Covenant summary

Financial covenant ratios and senior trigger events

Ratios (maintenance tests) *Forward and backward looking*	**Historic (Jun 18)**	**Projected (Jun 19)**	**Trigger Threshold (Historic test)**	**Consequence of Trigger**	**Event of Default Threshold**
Senior Net Debt to EBITDA Ratio	4.42x	4.33x	6.50x	**Senior Trigger Event:** Distribution lock-up	7.50x (Historic test)
Senior Cashflow DSCR	2.58x	1.95x	1.30x		1.05x (Historic test)
Senior Cashflow ICR	2.78x	2.84x	2.0x		1.55x (Historic test)
Junior leverage	5.51x	N/A	7.50x		8.50x (Historic test)

Liquidity facilities

	£m	**Maturity**
Facility		
Capex facility	250	March '21
Working capital facility	140[1]	March '21
Senior liquidity facility	250	364 day (renewable)

1. As at 30 June 2018, £55m of the working capital facility was drawn.

arqiva

Q & A