



Year ending June 2020 presentation

Presenter: Sean West, Chief Financial Officer
Final



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Executive summary

Arqiva TowerCo sale completed

£2bn sale successfully
completed on 8 July 2020

Proceeds used to repay debts and swaps

c. £1.8bn of the proceeds
applied to capital structure to
pay down debt and derivatives

New organisation structure

A new integrated operating
model supported by a new
Executive Committee

COVID 19 risk mitigation

Business continuity plans in
place as part of our operational
and financial risk mitigation

Financial performance

Driven by managed declines
and successful completion of
programmes

Business and commercial highlights

New wins/renewals in M2M and
digital platforms

Exited low margin businesses in
satellite



Business and financial summary

TowerCo sale completed

Sale completed

- On 8 July 2020, Arqiva successfully completed the sale of the Telecoms business by disposing Arqiva Services Limited to Cellnex. The c. £2.0bn deal was first announced in October 2019 and includes the sale of c.7,400 sites and contractual rights to market a further c.900 sites across the UK.

c. £1.8bn debt and swaps repaid

- C. £1.8bn of the sales proceeds have been used to repay senior debt and derivatives that result in a stronger capital structure for the remaining business.
- Instruments prepaid were selected to ensure a debt service profile appropriate for the new cash flow profile and ensure investment grade ratings of S&P: BBB / Fitch: BBB are retained
- Owing to the resulting deleveraging, in June 2020 Moody's announced a one notch upgrade (to Ba2/B1) for the junior debt. Fitch and S&P maintained the ratings existing prior to the sale with senior and junior debt at BBB (Fitch/S&P) and B- (Fitch) respectively.

Maintenance of financial covenants

- Maintain robust covenant package including:
 - Senior net debt to EBITDA ratio trigger threshold of 6.50x and event of default threshold of 7.50x
 - Senior net debt to EBITDA ratio lock-up on making restricted payments of 5.0x
 - DSCR tests to ensure sufficient debt service coverage and crystallization of amortization plan, trigger threshold of 1.30x and event of default threshold of 1.05x; Senior cashflow ICR trigger threshold of 2.0x and event of default threshold of 1.55x

Our strategy

Broadcast

Drive development and competitiveness of Hybrid DTT as the most popular TV platform in the UK

Invest to maintain our market leading position in DTT, DTH and radio

Successfully renew and extend our multiplex licences

Facilitate the radio industry's transition from analogue to digital

Utilities

Build a market leading secure, scalable and dedicated M2M network for the utility sector

Be the partner of choice for UK water meter connectivity

Invest in a product portfolio that directly enhances customer value

Grow satellite data communications and identify adjacent opportunities that utilise our core infrastructure

Experienced management team

Experienced management team with strong track record and continuity going forward




Paul Donovan 20+
CEO

- Arqiva CEO since April 2020
- Previously advisor and NED on Arqiva's board since 2017
- Previous CEO and executive roles at Odeon Cinemas, eir Ireland and Vodafone



Sean West 20+
CFO

- Arqiva CFO since May 2019, having joined as Director of Treasury and Corporate Finance in 2015
- Senior corporate finance and treasury positions at ICG and Land Sec
- Fellow of the Association of Corporate Treasurers



Shuja Khan 20+
Chief Commercial Officer

- Joined Arqiva in January 2020
- Cable & Wireless Chief Commercial Officer 2017-18
- Liberty Global Vice President, Transformation 2016-17
- Virgin Media Various commercial leadership roles between 2010-16



Alex Pannell 15+
Executive Director, Commercial Broadcast and Utilities

- Joined Arqiva in 2012
- BT Group:** 15 years in various commercial and portfolio leadership roles (including Concert, joint venture with AT&T, Global Services and Wholesale division)



Jeremy Mavor 15+
Executive Director, Corporate Affairs

- Joined Arqiva in 2013
- Allen & Overy:** 10 years in their London and Paris offices on a broad range of cross border corporate finance and M&A matters
- Also spent time at Natixis and BNP Paribas when he was based in France.



Neil Taplin 25+
Executive Director, Operations

- Joined Arqiva in 2015
- Virgin Media:** 12 years in a number of senior operations roles leading large and geographically disperse teams. Experience of lead teams through large scale operational service and performance transformation.



Clive White 30+
Chief Technology and Transformation Officer

- Joined Arqiva in 2018
- RSA (UK):** led design/implementation of their transformation journey.
- Several transformation related roles at Lloyds Banking Group, Accenture, AT&T Global Network Services and BSKyB
































Vivian Leinster 20+
Chief People Officer

- Joined Arqiva in June 2020
- MS Amlin:** Chief People Officer at specialist insurance provider
- Previously spent four years as People Director at Bupa UK, and 10 years in a variety of senior generalist and specialist HR roles at BT.

Note: Number of years represents industry/specialism experience

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Arqiva at a glance

| | Media Networks | | | M2M | |
|--|---|--|--|---|--|
| | Number 1 Provider | Number 1 Provider | A Market Leader | A Market Leader | |
| Non replicable asset base of shared infrastructure sites for multiple services support market leading positions for the foreseeable future | | | | | |
| | Regulated | Unregulated | | | |
| |  >1,100 TV transmission sites  c. 740 Radio sites with >2,470 transmitters |  2¹ of the 3 National radio MUX licences and 25 local radio MUX licences |  2 of the 3 National commercial DTT multiplexes |  80+ Satellite uplink dishes accessing 40+ satellites  5 Teleports delivering to 5 continents  1.2 GHz Leased capacity on 28 global satellites |  >99% Premises covered in Northern England and Scotland for smart energy metering  2 large scale UK water contracts Rollout of 1-2 million meters expected over the next 5 years |
| Contract lengths² | TV: c.20+ years Radio: 8-12 years | | 3-6 years | 3-5 years | 4-15 years |
| £3.8bn orderbook | £3.1bn | | £0.1bn | £0.5bn | |
| Customers |      |     |         |    | |
| Critical UK Infrastructure | | | | | |

Statistics reported as at 30 June 2020

1. Arqiva is a 40% shareholder in the second of these
2. Contract lengths represent typical initial contract lengths

Financial summary

Performance driven by managed reductions and expected declines in programme activity

| Key financials ABPL and AGPL (Junior and Senior) | Full year to June 20 results | Full year to June 19 results ¹ | Year on year change |
|--|------------------------------------|---|------------------------|
| Revenue | £880m | £990m | ↓ 11% |
| EBITDA ^{2,4} | £522m | £527m | ↓ 1% |
| Working capital movement | £(13)m | £(28)m | ↓ 55% |
| Capital expenditure | £(115)m | £(122)m | ↓ 6% |
| Operating cash flow after capital and financial investment activities ³ | £361m | £371m | ↓ 3% |
| Senior leverage ⁴ | 4.17x | 4.11x | ↑ |
| Senior Cashflow ⁵ ICR | 2.98x | 2.92x | ↑ |

Summary

- Revenue down 11% year on year**
 - Decrease in core telecoms towers business from reductions due to end of legacy contracts
 - Revenue from M2M business has decreased due to incremental change requests not repeated at same levels from the prior year partially offset by increased core revenue as delivery phase continues and additional services launched.
 - Managed reductions in Media Networks from decisions to exit Occasional use satellite distribution and lower activity on 700MHz as programme nears completion as well as reduced capacity utilisation on DVB-T multiplex and discounts to commercial radio customers due to Covid-19 pandemic.
- Reported EBITDA down 1% year on year** due to lower trading performance across the business due to exit of legacy contracts and programme wind down mitigated by adoption of IFRS 16 due to derecognition of £73m of rental expense.
- Reduction in working capital outflows** Decreased working capital outflows driven by accruals arising from accrued settlement of swaps closed out on 30 June and VAT payment deferrals due to Covid-19 government support arrangements partially offset by the unwind of deferred income.
- Operating cash flow after capital and financial investment activities lower** principally due to lower operating profit partially offset by lower working capital outflows and decreased expenditure on major capital programmes as they progress as well as IFRS 16 adoption with rentals no longer included within operating cash flows.
- Senior financial covenants** increased senior leverage due to reduction in EBITDA partially offset by reduced net debt due to amortising principal repayments and settlement of £350m senior bond. Senior cash flow ICR increased due to lower senior debt interest following repayment of principal.

Notes

- Results for 2020 include the impact of adoption of IFRS 16 leasing standard. The comparative figures for 2019 have not been re-presented
- "EBITDA" refers to earnings before interest, tax, depreciation and amortisation and excludes exceptional costs
- "Operating cash flow after capital and financial investment activities" reflect cashflows before interest and financing as detailed on page 17
- For covenant reporting purposes senior leverage is calculated based on an EBITDA of £520m (FY 19: £530m on a covenant adjusted basis)
- For the purposes of senior cashflow ICR, cashflow is defined as EBITDA as per note 2 above less: maintenance capex, net corporation tax paid and issuer profit amount payable

Highlights from the year - Corporate

Business Update

Separation

- Separation process completed on 8th July, with all staff transferring to Cellnex. Arqiva will continue to provide Transition Services Agreements (TSA) for up to 18 months.

New CEO and organisation structure

- Paul Donovan appointed CEO on 20 April 2020. Paul has over 20 years' experience in senior executive roles across the technology, media and telecommunications sectors.
- Following the Telecoms disposal Arqiva has adopted a new integrated organisation structure which will better serve our customers, their delivery requirements, and the products and services that we provide.

COVID 19

- We have deployed business continuity plans as part of our operational and financial risk mitigation, to ensure the safety of our staff and the ongoing provision of services for our customers.
- Measures have been put in place across a number of areas including adhering to government guidelines, use of our technology, phased plan for resuming activities post restrictions, regular communication channel with critical suppliers, robust disaster recovery plans, strengthened cyber security and further strengthening financial liquidity.
- Arqiva has not taken funding from the Government Corporate Finance Facility initiative nor Furlough schemes. The business has supported the radio industry by waiving fees on a short term basis.

Transformation

- Our newly deployed digital workplace has supported our teams (more than 1,600 people) in working remote from our offices since March, with no interruption to our services.
- The first major releases of our new integrated core platforms underpinning our business transformation which include our Enterprise Resource Planning (ERP) solution, Asset Management solution and service and network management platforms are all on track for release near the end of this calendar year.
- We continue to invest in new technologies to optimise our business, secure our infrastructure and digitise our ways of working driving increased efficiency, flexibility and resilience.

Highlights from the year – Media Networks

Business Update

Consolidation of business areas

- On 1 July 2019, Arqiva combined the former Terrestrial Broadcast, Satellite and Media Business units, and corporate network teams into a newly merged business unit, Media Networks. As part of portfolio rationalisation the business also exited Payout and Occasional Use.

700 MHz Clearance

- Clearance completed in August 2020 following slight delays due to COVID 19 making the 700 MHz spectrum now available to Ofcom for auction.
- The impact of the delay on Arqiva's cash flow and profitability was limited, as we aligned the major spend on contractors with the remaining cash receipts relating to this project.

Arqiva DTT multiplexes

- DVB-T2 multiplex licence extended by Ofcom on a 3 month rolling notice period. Com-8 multiplex has now been closed with channels migrated to Com-7 multiplex which is still operating.
- Arqiva's main (DVB-T) multiplexes remain highly utilised at 90% capacity as at 30 June 2020.
- New addition of a fourth 24hr slot from a major customer as part of a multi-channel renewal which extends their services on our platform to 2026.
- Talking Pictures also extended their commitment to 2026 and a day-part channel, CCXTV was replaced by Hochanda TV service.
- During the lockdown period TV has provided a vital way of keeping people informed, helping with social isolation and entertainment. The wide reach of the DTT platform has been of vital national importance for delivering news and other information to the whole nation.

DAB radio

- UK commercial radio impacted by COVID 19. To support the radio industry and in agreement with the Government, Arqiva waived its fees for some customers across both DAB and analogue.
- Despite the loss of advertising revenue, informal indications are that radio listening has increased during the lockdown as more people tune in to radio for news and entertainment. With lockdown restrictions easing, we expect radio advertising to recover again.
- Viewed over a longer timescale, trends remain positive. Commercial radio listening has grown and both Arqiva national commercial DAB multiplexes are fully utilised.
- Arqiva successfully completed the renewal of the BBC Analogue Radio agreement for an additional 5 years. This agreement covers the key AM and MW services the BBC deliver to its listeners around the UK and further underpins the importance of radio to the UK.

Highlights from the year – Telecoms and M2M

Business Update

Anglian Water (M2M)

- In June 2020, Arqiva was successful in its bids to deliver a smart metering fixed network for Anglian Water.
- Arqiva will deploy the fixed network infrastructure to support the operation of over three-quarters of a million (789,000 target by 2025) smart water meters across 24 planning zones. Arqiva will then operate the infrastructure for a further 15 years.
- The trial follows two successful projects between Arqiva and Anglian Water in Newmarket and Norwich which began in 2016 and 2018.

Thames (M2M)

- Since April 2015, Arqiva has delivered a smart metering network that enables the collection, management and transfer of metering data for Thames Water.
- 480,000 meters installed as at 30th June 2020 and well over 10 million meter readings being delivered per day.
- This is currently the largest smart water metering network in the UK and comprises high coverage across the Thames Water London region. The rollout reduced overall leakage from its 20,000 mile network of pipes by 15 per cent in one year.
- Thames have described the rollout programme as contributing to the water industry's "biggest reduction in leakage this century".

Yorkshire Water (M2M)

- Arqiva selected by Yorkshire Water to deliver and monitor a smart metering fixed-network two year trial as part of its plans to revolutionise its leakage detection programme across 30 of Yorkshire Water's areas.
- Meter installations began in mid-May 2020 and our network went live at the end June 2020. The non-household meters are smart-enabled and, where they are installed in coverage, will automatically connect to the fixed network.

Smart energy metering (M2M)

- Currently covering 99.4% of premises in Northern England and Scotland. Planned to reach final coverage of 99.5% by end of 2020.
- 4.3 million SMETS2 meters rolled out on the national network with rollout completion date currently under review following COVID 19.

Renewals (Telecoms)

- Renewals of key customer contracts completed prior to disposal of this business.



Detailed financials

Income statement summary (1)

| (£m, FY-end 30 June) | 2020 | 2019 | % |
|--|------------|------------|--------------|
| ABPL and AGPL (Junior and Senior) | | | |
| Revenue | 880 | 990 | (11)% |
| Cost of sales | (246) | (347) | 29% |
| Gross Profit | 634 | 644 | (2)% |
| Operating expenses | (112) | (117) | (5)% |
| EBITDA* | 522 | 527 | (1)% |
| Exceptional costs | (34) | (13) | (169)% |
| Depreciation | (207) | (184) | (13)% |
| Amortisation | (10) | (16) | 38% |
| Other income | 10 | 8 | 25% |
| Operating profit | 281 | 322 | (13)% |

**“EBITDA” refers to earnings before interest, tax, depreciation and amortisation. For covenant reporting purposes EBITDA is reported as £520m (FY 19: £530m)

Notes

1. Results for 2020 include the impact of adoption of IFRS 16 leasing standard. The comparative figures for 2019 have not been represented..

Key highlights

- **Revenue 11% down year on year** due to managed decreases within Media Networks from decision to exit traditional OU and lower activity from 700 MHz Clearance as the programme nears completion. Further decrease due to market challenges with reduced capacity utilisation on the main (DVB-T) multiplex and discounts provided to commercial radio customers to support through the Covid pandemic. Telecoms and M2M revenues lower due to reductions and end of legacy contracts and M2M incremental change request revenues not repeated at same levels as the prior year partially offset by increased Installation services and core M2M revenues as delivery phase continues and additional services launched.
- **Gross profit 2% down year on year** due to the decreases in trading performance of the business offset by a reduction in cost of sales due to adoption of IFRS 16 leasing standard reducing rental expense.
- **Operating expenses 5% down year on year** due to headcount reduction following implementation of the new Media Networks business structure as well as continued focus on cost management.
- **EBITDA 1% down year on year** due to decrease in revenues offset by operating cost savings and changes in accounting following IFRS 16 adoption.
- **Exceptional costs up year on year** relate predominantly to transaction costs associated with one off projects costs including divestment of the Telecoms towers business. Further costs include reorganisation costs relating to change in business structure and transformations costs.
- **Depreciation and amortisation up year on year** due to increase following capitalisation of right-of-use assets from IFRS 16 partially offset by lower accelerated depreciation and amortisation connected with 700MHz Clearance and OU assets as these contracts wind down.
- **Operating profit down 13% year on year** due to EBITDA decrease as well as higher depreciation and higher exceptional charges.

Income statement summary (2)

| (£m, FY-end 30 June) | 2020 | 2019 | 2020 | 2019 |
|---|---------------|-------------|---------------|-------------|
| | ABPL (Junior) | | AGPL (Senior) | |
| Operating profit | 281 | 322 | 281 | 322 |
| Interest receivable and similar income | 2 | 2 | 2 | 3 |
| Net bank loan and other interest | (200) | (211) | (158) | (165) |
| Other net interest | (51) | (31) | (49) | (28) |
| Other gains and losses | 115 | (37) | 114 | (23) |
| Profit/(loss) on ordinary activities after external interest | 146 | 46 | 190 | 108 |
| Interest payable to parent undertakings | (125) | (113) | (168) | (156) |
| Profit/(loss) on ordinary activities before taxation | 22 | (67) | 22 | (47) |
| Tax | (2) | (27) | (2) | (31) |
| Profit/(loss) for the financial year | 20 | (94) | 20 | (78) |

ABPL key highlights

- **Net bank loan and other interest £11m down year on year** resulting from lower principal amounts of senior debt due to repayments made and lower interest following the Junior refinancing in September 2018.
- **Interest payable to parent undertakings £12m (non-cash) up year on year** due to higher interest accrued and outstanding balances.
- **Other gains and losses (non-cash) of £115m** – principally arises from positive fair value movements (gain of £122m) recognised in respect of derivative contracts offset by an £8m foreign exchange loss. Also included is a £1m gain on close out of swap in June 2020 following repayments of the Group's £350m senior bond.
- **Accounting profit before tax of £22m** includes £280m 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 £301m (2019: £290m).
- **Tax charge of £2m** prior year charge credit was due to an allocation of disallowed interest expense for FY2018 and FY2019.

Notes

1. Results for 2020 include the impact of adoption of IFRS 16 leasing standard. The comparative figures for 2019 have not been re-presented..

Cashflow summary

| (£m, FY-end 30 June) | 2020 | 2019 |
|--|---------------|-------------|
| | ABPL (Junior) | |
| EBITDA | 522 | 527 |
| Exceptional costs and other | (33) | (13) |
| Working capital | (14) | (28) |
| Net cash inflow from operating activities | 475 | 487 |
| Net capital expenditure and financial investment | (115) | (123) |
| Disposals | - | 8 |
| Loans to joint ventures | - | - |
| Operating cash flow after capital and financial investment activities | 360 | 371 |
| Net interest paid and financing charges | (231) | (218) |
| Payment of lease liabilities ¹ | (72) | - |
| Principal accretion on ILS | (49) | (44) |
| Refinancing costs | (1) | (22) |
| Cash inflow on redemption of swaps | 5 | 2 |
| Net cash flow before financing | 12 | 89 |
| Movement in external borrowings | 51 | (113) |
| Financing - parent undertakings | - | - |
| Increase/(decrease) in cash | 64 | (24) |

| 2020 | 2019 |
|---------------|------------|
| AGPL (Senior) | |
| 522 | 527 |
| (33) | (13) |
| (14) | (28) |
| 475 | 487 |
| (115) | (123) |
| - | 8 |
| - | - |
| 360 | 371 |
| (188) | (168) |
| (72) | - |
| (49) | (44) |
| (1) | - |
| 5 | 2 |
| 55 | 161 |
| 51 | (137) |
| (42) | (20) |
| 64 | 3 |

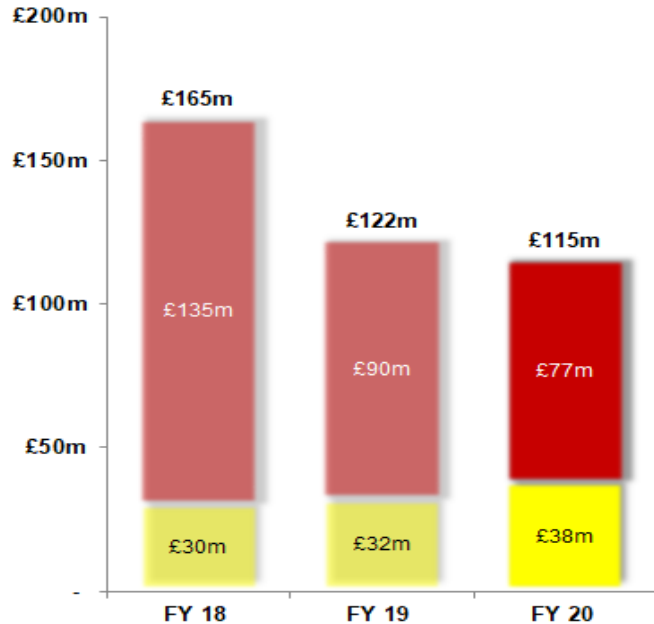
ABPL key highlights

- Operating cash flow after capital and financial investment activities £11m down year on year**
 Lower EBITDA performance, reduced capex and higher exceptional costs, offset by lower working capital outflows driven by increased accruals due to accrued settlement of swaps closed out and VAT deferral.
- Capital expenditure down £8m year on year** See overleaf.
- Net interest paid and accretion £18m up year on year** reflecting the impact of IFRS 16 adoption with £22m included paid in relation to lease liability interest partially offset by lower interest following debt principal repayments.
- Payment of lease liabilities** reflects implementation of IFRS 16. In the prior year costs recognised within rental expense in EBITDA.
- Movement in external borrowings** reflects drawdowns of working capital and capex facilities at year end to support repayment £350m senior bond on 30 June as a bridge between bond maturity date and receipt of Telecoms disposal proceeds post year end.

Notes

- Results for 2020 include the impact of adoption of IFRS 16 leasing standard. The comparative figures for 2019 have not been represented.

Capex



■ Growth capex ■ Maintenance capex

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

Capex breakdown:

- Terrestrial engineering incl 700 MHz Clearance
- Smart metering – energy and water
- Telecoms
- Other Broadcast
- Radio
- Net other

Contracted and non-contracted growth capex

- Capital creditors/accruals
- Sales of fixed assets

Net Growth capex (as per chart)

Maintenance capex

Total capex

| | FY20 | FY19 |
|---|--------------|--------------|
| Terrestrial engineering incl 700 MHz Clearance | £28m | £49m |
| Smart metering – energy and water | £28m | £16m |
| Telecoms | £6m | £7m |
| Other Broadcast | £4m | £6m |
| Radio | £3m | £3m |
| Net other | £6m | £4m |
| Contracted and non-contracted growth capex | £75m | £85m |
| Capital creditors/accruals | £2m | £6m |
| Sales of fixed assets | - | £(1)m |
| Net Growth capex (as per chart) | £77m | £90m |
| Maintenance capex | £38m | £32m |
| Total capex | £115m | £122m |

Growth capex decrease driven by phasing of works associated with the 700MHz Clearance programme as it nears completion, partly offset by increase in smart metering due to water contracts and IT refresh on smart energy metering.

Maintenance capex includes expenditure associated with structural projects such as mast strengthening, IT and transformation. Increase year on year driven by phasing on the transformation programme.

Covenant reporting and guidance

| | 30 June 2020 | | 30 June 2021 |
|--|--|-------------------------------------|--|
| | September 2019 certificate (projected) | September 2020 certificate (actual) | September 2020 certificate (projected) |
| EBITDA* incl Telecoms | £465m | £520m | N/A |
| EBITDA* - continuing operations¹ | N/A | £389m | £328m |
| Senior net debt | £2,165m | £2,172m | £848m |
| Senior leverage | 4.66x | 4.17x | 2.58x |
| Senior ICR | 2.47x | 2.98x | 4.66x |

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.

1. "EBITDA – continuing operations" is presented here on a covenant reporting basis. The £389m for 30 June 2020 is reported as £391m on a reporting basis in the annual 30 June 2020 statutory accounts for APBL and AGPL.

Key highlights

- **Senior financial covenants better than guidance for year ending 30 June 2020** Guidance in September 2019 excluded the impact of IFRS 16 on EBITDA. September 2020 actuals include a £73m increase from IFRS 16 rental costs.
- Projected covenants exclude the Telecoms business sold post year end and reflect the deleveraging of the Group from the sale process. Further impacts from lower expected activity on programmes as roll outs near completion, managed exits as well as timing differences relating to one off amounts.



Financing

Arqiva debt position

| £m | As at 30 June 2020 | 30 June 2020 (Proforma) | Maturity |
|--|--------------------|-------------------------|----------------------|
| SENIOR | | | |
| Public Bonds (BBB/BBB) ¹ | 333 | 333 | Dec-32 |
| Public Bonds (BBB/BBB) ¹ | 164 | 164 | Dec-37 (exp. Jun-30) |
| USPP 1 – USD tranche ² | 203 | - | Jun-25 |
| USPP 1 – GBP tranche | 140 | - | Jun-25 |
| USPP 2 | 300 | 192 | Jun-29 |
| USPP 3 | 179 | 114 | Dec-29 |
| EIB Loan | 190 | 172 | Feb-38 (exp. Jun 24) |
| Institutional Term Loan | 180 | 90 | Feb-38 (exp. Dec 23) |
| Capex and working capital facilities | 550 | 110 | Mar-21 |
| TOTAL DRAWN SENIOR DEBT³ | 2,239 | 1,175 | |
| JUNIOR | | | |
| Junior Notes (B- / B1) ⁴ | 625 | 625 | Sep-23 |
| TOTAL DRAWN DEBT | 2,864 | 1,800 | |

WBS Platform

Key highlights

- c. £1.8bn of the sales proceeds have been used to repay senior debt and derivatives
- c£1.06bn has been applied to debt balances since 30 June 2020
- The £1,175m reflects 30 June 2020 balance adjusted for these repayments to give a proforma view

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

1. Fitch / S&P

2. Sterling equivalent of US \$308m in principal amount, swapped into sterling at an exchange rate of US \$1.52

3. 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 give net debt

4. Fitch / Moodys

Significantly reduced swaps portfolio

| Summary Terms | Inflation Linked Swaps | | Interest Rate Swaps | |
|----------------------------|---|----------|---|----------|
| Overview | ILSs convert fixed rate liabilities into inflation linked liabilities which align with the characteristics of the underlying business | | IRSs convert floating rate liabilities into fixed rate liabilities | |
| Notional amount | 30 June 2020 | Proforma | 30 June 2020 | Proforma |
| | £1,063m | £682m | £849m | £410m |
| Maturity | 2027 | | IRSs structured to match the maturities of floating rate debt (2024-2029) | |
| Mandatory breaks | Swaps with mandatory breaks closed-out as part of capital restructuring | | 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 | 30 June 2020 | Proforma | 30 June 2020 | Proforma |
| | £508m | £333m | £262m | £0m |



Any questions?

argiva