

HEATHROW (SP) LIMITED

RESULTS FOR THE 3 MONTHS
ENDED 31 MARCH 2020



Heathrow

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Q1 2020 PERFORMANCE

EARLY IMPACT OF COVID-19

Operational performance

- Protecting the health and safety of our passengers and colleagues
- 14.6 million passengers down 18.3%, March down 52%
- Ramping up cargo capacity to safeguard vital supply lines

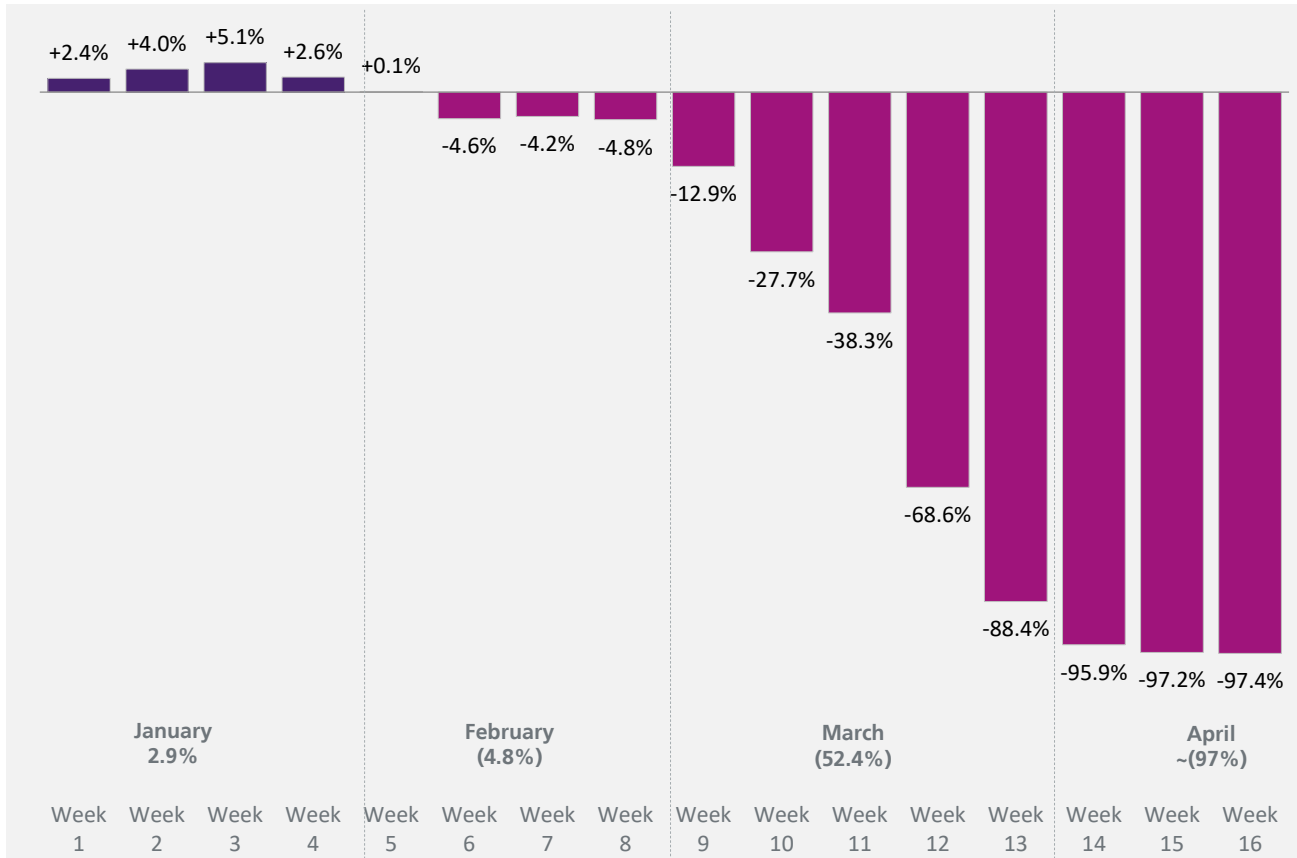
Financial performance

- Strong liquidity position with £3.2 billion in cash and committed facilities
- Adjusted EBITDA down 22.4% to £315 million
- Protecting long term value for consumers and investors

Strategic priorities

- Greater resilience, better service, lower cost
- Global standards for health and safety
- Flexible operating model to support emerging demand
- Regulatory construct fit for purpose – risk and reward

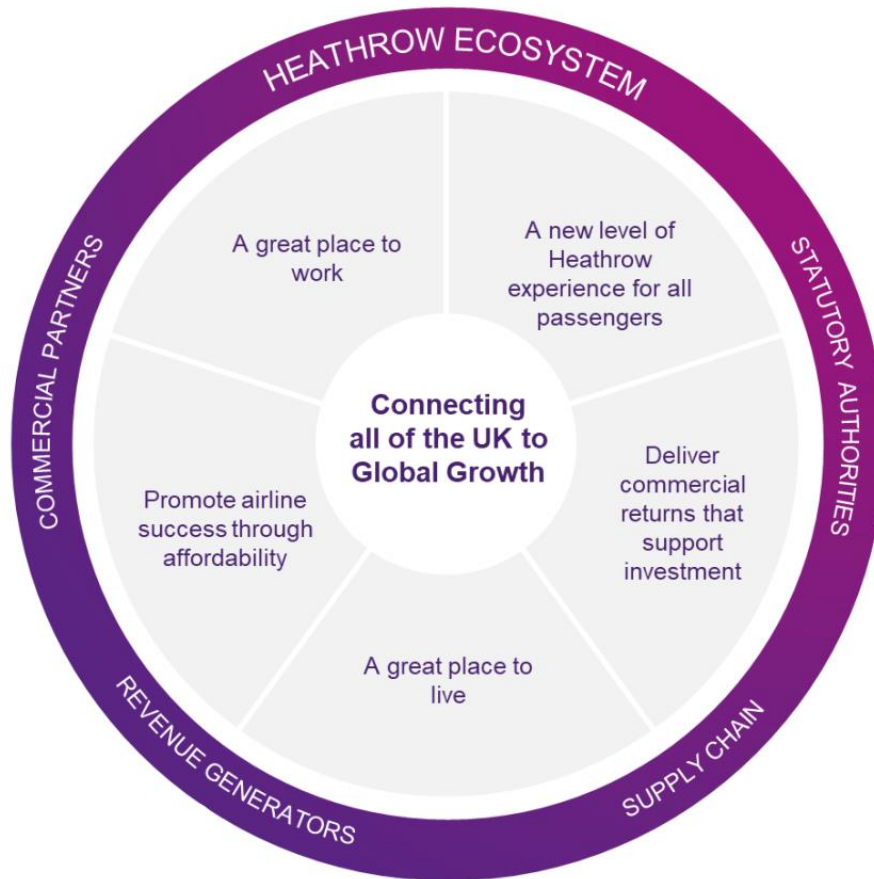
WEEKLY TRAFFIC VIEW JANUARY 2020 TO APRIL 2020



(1) Calculated using unrounded passenger figures
(2) On a day aligned basis



MANAGEMENT HAS RESPONDED QUICKLY TO COVID-19



keep people safe

maximise revenue

protection plan

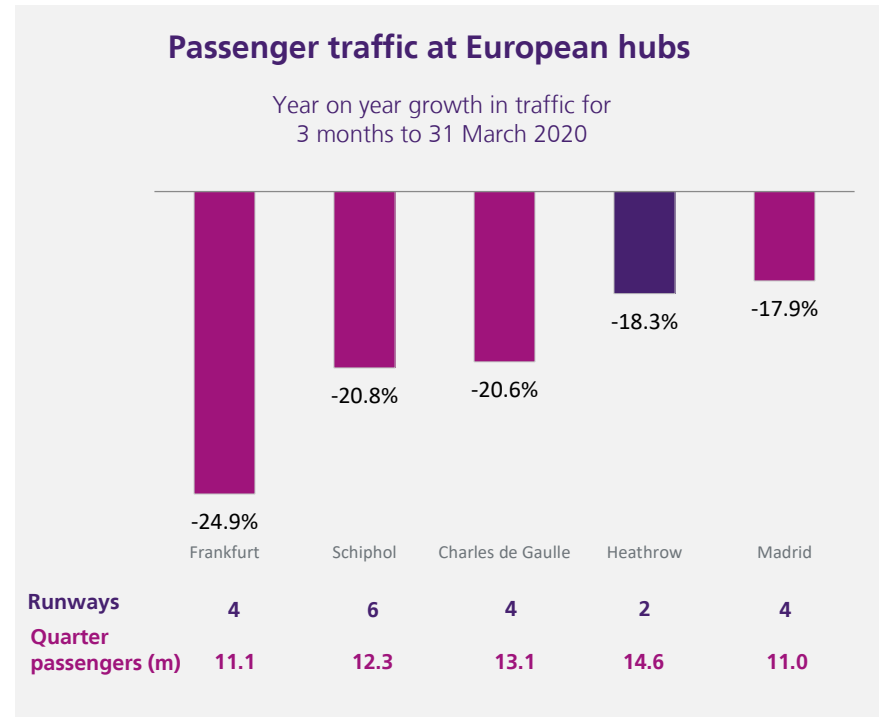
KEEPING PEOPLE SAFE



MAXIMISING OUR REVENUE AMID COVID-19 CRISIS

	Q1 2019	Q1 2020
Passengers	17.9	14.6
Long-haul traffic growth/(decline) (%)	0.6	(20.4)
Short-haul traffic growth/(decline) (%)	2.1	(16.5)
Passengers ATM	112,016	98,206
Cargo ATM	677	760
Load factors (%)	74.7	68.6
Seats per ATM	214.3	217.5
Cargo tonnage ('000)	408	333

	Q1 2019	Q1 2020
ASQ	4.18	4.20
Baggage connection	99.0%	99.0%
Departure punctuality	82.6%	83.4%



PROTECTION PLAN

- Consolidation of operations
- Management initiatives to reduce costs by at least 30%
- Deferral of investment
- Strong liquidity position
- Fit for purpose regulation
- Supporting Team Heathrow



FINANCIAL REVIEW

FINANCIAL REVIEW



(£ million)	Q1 2019	Q1 2020	Versus 2019 %
Revenue	679	593	(12.7)
Adjusted operating costs	(273)	(278)	1.8
Adjusted EBITDA	406	315	(22.4)
Exceptional items	--	82	--
Capital expenditure	191	224	17.3

(£ million)	Dec 2019	Mar 2020	Versus 2019 %
Consolidated nominal net debt			
Heathrow (SP)	12,412	12,472	0.5
Heathrow Finance	14,361	14,542	1.3
Regulatory Asset Base	16,598	16,646	0.3
Cash at Heathrow (SP)	1,540	2,486	61.4

REVENUE IMPACTED BY REDUCED TRAFFIC

Aeronautical revenue decline

- lower passenger numbers
- lower aircraft movements

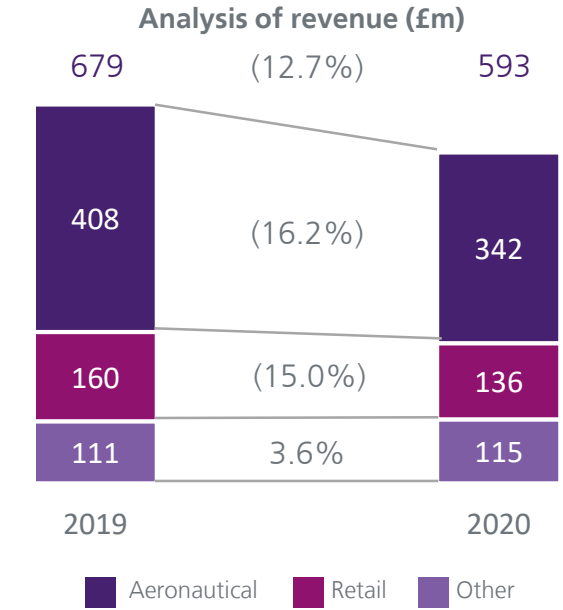
Retail revenue decline

- lower passenger numbers
- most outlets closed late March
- change in passenger mix

Other revenue growth

- track access charges

March revenue down 28.9%



Per passenger (£)	2019	2020	Change %
Aeronautical revenue	22.75	23.35	2.6%
Retail revenue	8.92	9.28	4.0%



MANAGEMENT ACTION TO TARGET 30% COST REDUCTION

Increase in costs reflects investment early in the year

- services for passengers with reduced mobility
- new hold baggage screening
- higher government levies on utilities usage whilst overall consumption declined

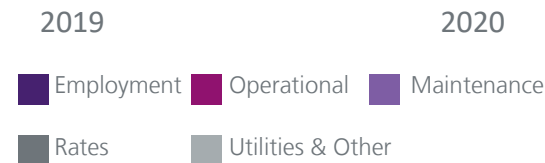
Largely fixed cost base

Targeting 30% cost reduction

- people initiatives
- renegotiating all supplier contracts
- consolidating operational spaces
- stopping all non-essential spend
- March costs down 5.4%

Analysis of adjusted operating costs (£m)

2019	Change %	2020
273	1.8%	278
92	(2.2%)	90
71	(1.4%)	70
44	(2.3%)	43
30	0.0%	30
36	25.0%	45

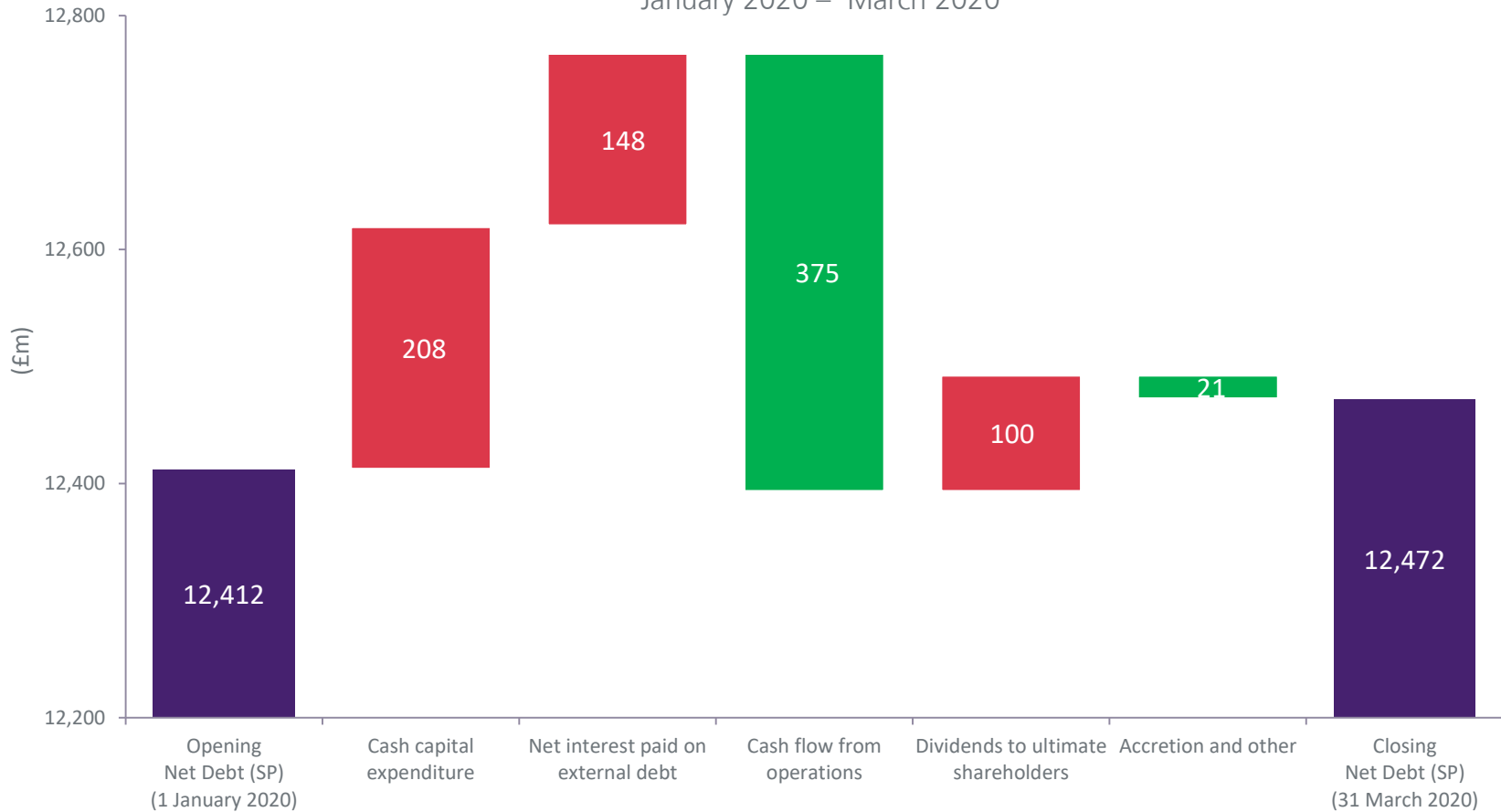


Per passenger (£)	2019	2020	Change %
Adjusted operating costs	15.22	18.98	24.7%



MONITORING CASH FLOW GENERATION

Heathrow (SP) nominal net debt
January 2020 – March 2020



STRENGTHENING CASH MANAGEMENT CONTROLS

Strong liquidity position

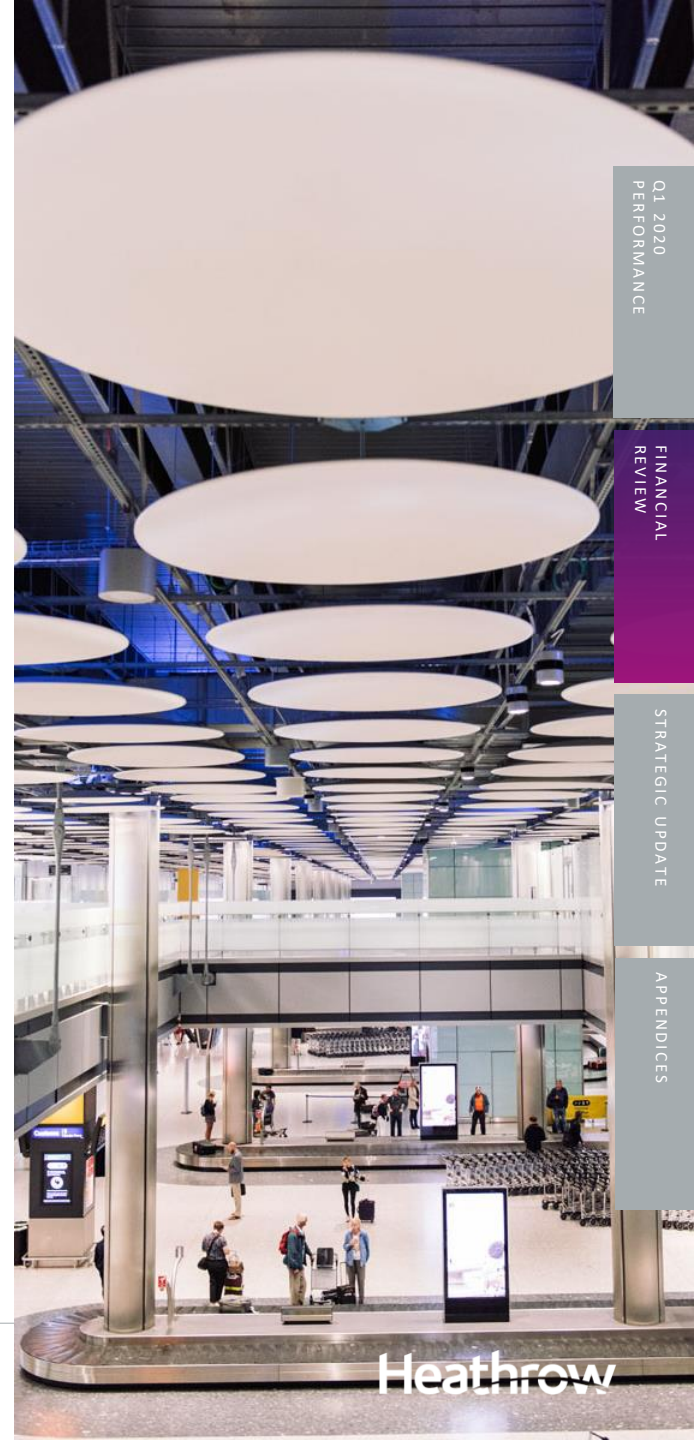
- £3.2 billion in cash and committed facilities
- At least 12-month liquidity horizon
- Well managed maturity profile - £1.5 billion by 2022

Enhanced monitoring of commercial partners

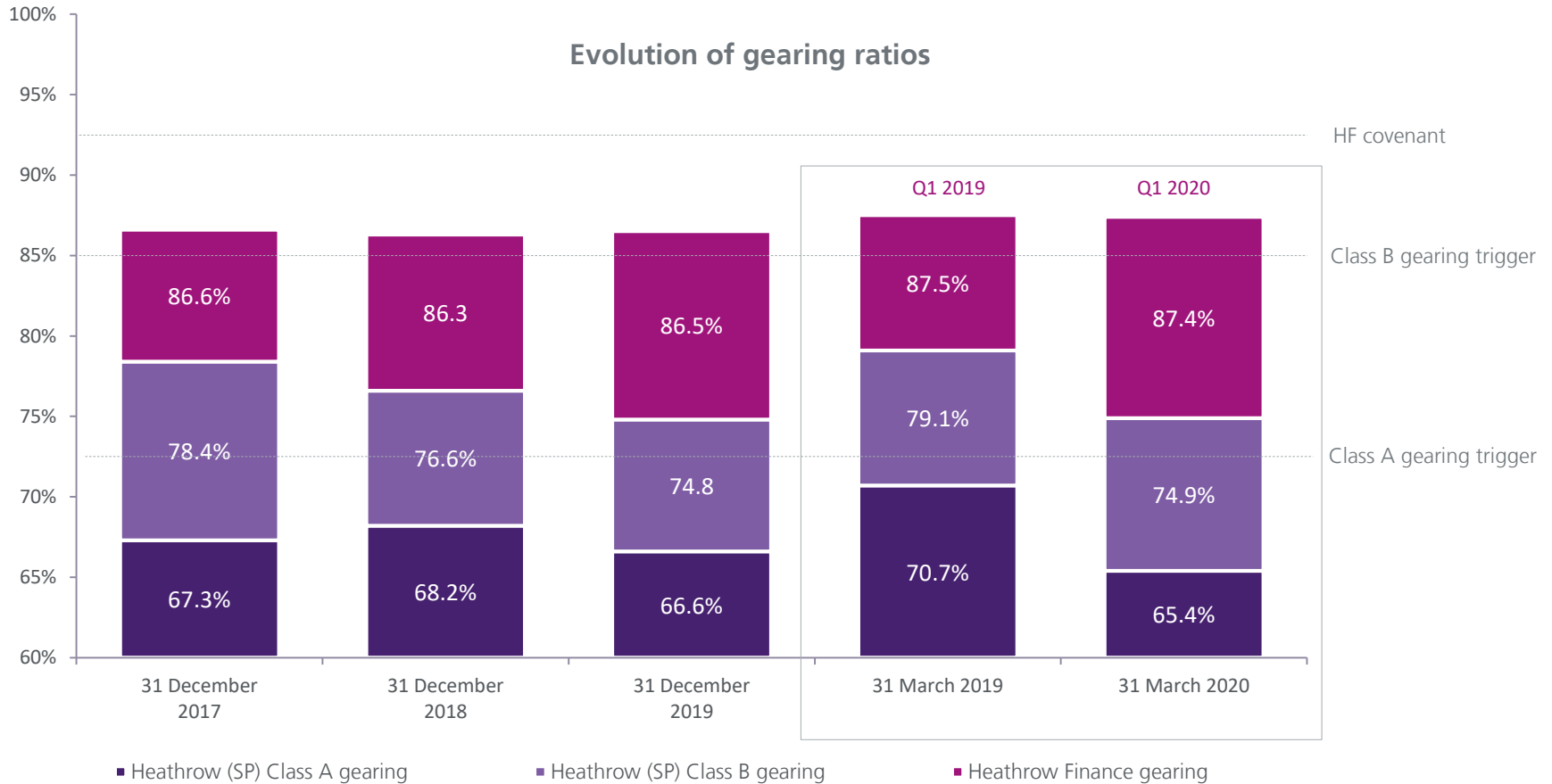
- Maintaining payment terms with airlines and retailers
- Ongoing checks on financial health of commercial debtors

Bank exposure diversification

Ongoing dialogue with rating agencies



MONITORING HEADROOM TO KEY RATIOS



PRINCIPAL RISKS

Liquidity	Financial loss	Financing	Ineffective organisation structure	Failure of key stakeholders	Government support for aviation
Safe environment	Physical security	Information security	Reputation	Carbon & climate change	Systems & technology

OUTLOOK

December Investor Report guidance does not reflect COVID-19 impact

Significant volatility in traffic forecast

Revised guidance to be provided in June Investor Report





STRATEGIC UPDATE

Q1 2020
PERFORMANCE

FINANCIAL
REVIEW

STRATEGIC UPDATE

APPENDICES

LOOKING PAST THE OUTBREAK

- Focus on 'safe to fly' and global standards
- Operations ready for staged reopening
- Zero-based approach to costs
- Reinforced market proposition – cargo, UK gateway, safe hub
- Building back better – net-zero carbon, Heathrow 2.0 sustainability goals aligned with UN SDG's

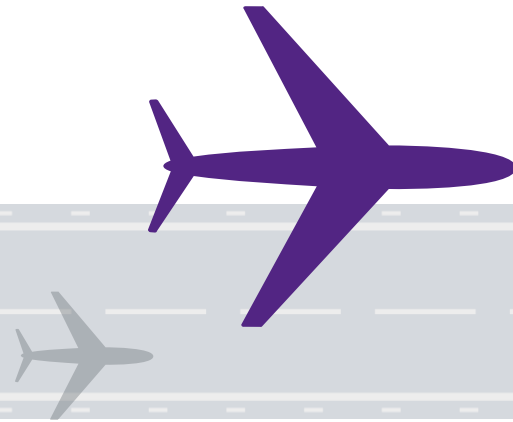


QUESTIONS?

APPENDICES

KEY EXPANSION DEVELOPMENTS

- Court of Appeal decision relates to government process
- Heathrow seeking appeal to the Supreme Court
- Government can amend the ANPS
- Expansion timetable delayed



HEATHROW NOMINAL NET DEBT AT 31 MAR 2020

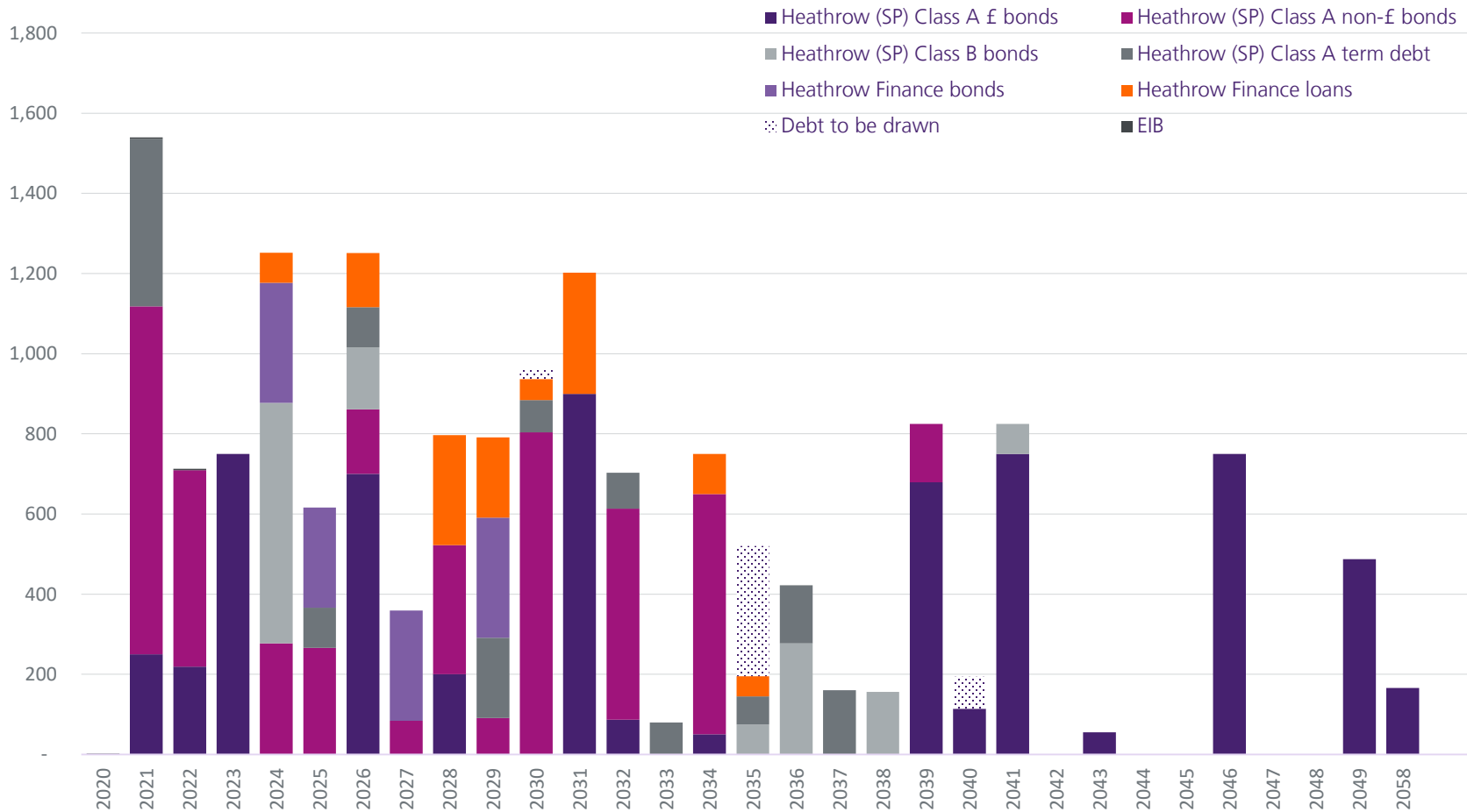
Heathrow (SP) Limited	Amount	Available	Maturity
Senior debt	(£m)	(£m)	
£250m 9.2%	250	250	2021
C\$450m 3%	246	246	2021
US\$1,000m 4.875%	621	621	2021
£180m RPI +1.65%	219	219	2022
€600m 1.875%	490	490	2022
£750m 5.225%	750	750	2023
CHF400m 0.5%	277	277	2024
C\$500m 3.25%	266	266	2025
CHF210 0.46%	161	161	2026
£700m 6.75%	700	700	2026
NOK1,000m 2.65%	84	84	2027
C\$400m 3.4%	226	226	2028
£200m 7.075%	200	200	2028
A\$175m 4.150%	96	96	2028
NOK1,000m 2.50%	91	91	2029
€750m 1.5%	566	566	2030
C\$400m 3.872%	238	238	2030
£900m 6.45%	900	900	2031
€50m Zero Coupon	42	42	2032
£75m RPI +1.366%	87	87	2032
€50m Zero Coupon	42	42	2032
€500m 1.875%	443	443	2032
€650 1.875%	559	559	2034
£50m 4.171%	50	50	2034
€50m Zero Coupon	40	40	2034
£50m RPI +1.382%	58	58	2039
€86 Zero Coupon	75	75	2039
£460m RPI +3.334%	622	622	2039
¥10,000m 0.8%	71	71	2039
£100m RPI +1.238%	114	114	2040
£750m 5.875%	750	750	2041
£55m 2.926%	55	55	2043
£750m 4.625%	750	750	2046
£75m RPI +1.372%	87	87	2049
£400m 2.75%	400	400	2049
£160m RPI +0.147%	166	166	2058
Total senior bonds	10,792	10,792	
Term debt	1,453	1,533	Various
Index-linked derivative accretion	221	221	Various
Revolving/working capital facilities	900	900	2023
Lease liability	4	4	
Total other senior debt	2,578	2,658	
Total senior debt	13,370	13,450	
Heathrow (SP) Limited cash	(2,486)		
Senior net debt	10,884		

Heathrow (SP) Limited	Amount	Available	Maturity
Junior debt	(£m)	(£m)	
£600m 7.125%	600	600	2024
£155m 4.221%	155	155	2026
£75m RPI + 0.347%	75	75	2035
£75m RPI + 0.337%	75	75	2036
£180m RPI +1.061%	202	202	2036
£51m RPI + 0.419%	51	51	2038
£105m 3.460%	105	105	2038
£75m RPI + 0.362%	75	75	2041
Total junior bonds	1,338	1,138	
Term debt	0	75	2035
Junior revolving credit facilities	250	250	2023
Total junior debt	1,588	1,663	
Heathrow (SP) Limited group net debt	12,472		

Heathrow Finance plc	Amount	Available	Maturity
	(£m)	(£m)	
£300m 4.75%	300	300	2024
£250m 5.75%	250	250	2025
£275m 3.875%	275	275	2027
£300m 4.125%	300	300	2035
Total bonds	1,125	1,125	
£75m	75	75	2024
£135m	135	135	2026
£275m	275	275	2028
£200m	200	200	2029
£75m	51	75	2030
£302m	302	302	2031
£100m	100	100	2034
£300m	50	300	2035
Total loans	1,189	1,462	
Total Heathrow Finance plc debt	2,314	2,587	
Heathrow Finance plc cash	(244)		
Heathrow Finance plc net debt	2,070		

Heathrow Finance plc group	Amount	Available
	(£m)	(£m)
Heathrow (SP) Limited senior debt	13,370	13,450
Heathrow (SP) Limited junior debt	1,588	1,663
Heathrow Finance plc debt	2,314	2,587
Heathrow Finance plc group debt	17,272	17,700
Heathrow Finance plc group cash	(2,730)	
Heathrow Finance plc group net debt	14,542	

£1.5 BILLION MATURING BY 2022



NOTES, SOURCES AND DEFINED TERMS

Page 04

Adjusted EBITDA: Adjusted EBITDA is profit before interest, taxation, depreciation, amortisation and fair value adjustments on investment properties and exceptional items.

Page 08

Passenger satisfaction: quarterly Airport Service Quality surveys directed by Airports Council International (ACI). Survey scores range from 1 up to 5.

Page 11

Operating costs exclude depreciation amortisation and fair value adjustments on investment properties and exceptional items.

Adjusted EBITDA: Adjusted EBITDA is profit before interest, taxation, depreciation, amortisation and fair value adjustments on investment properties and exceptional items.

Capital expenditure includes capital creditors.

Consolidated net debt at Heathrow (SP) Limited and Heathrow Finance plc is calculated on a nominal basis excluding intra-group loans and including index-linked accretion.

RAB: Regulatory Asset Base.

Page 13

Operating costs refer to adjusted operating costs which excludes depreciation and amortization and exceptional items.

Page 14

Opening and closing nominal net debt includes index-linked accretion.

Cash capital expenditure for the period.

Other comprises index-linked accretion, other restricted payments, external tax payments and fees paid in relation to financing transactions.

The financing arrangements of the Group and Heathrow Finance restrict certain payments unless specified conditions are satisfied. These restricted payments include, among other things, payments of dividends, distributions and other returns on share capital, any redemptions or repurchases of share capital and payments of fees, interest or principal on any intercompany loans involving entities outside the Group or Heathrow Finance, as appropriate.

Page 16

Gearing ratio: external nominal net debt (including index-linked accretion and additional lease liabilities) to RAB (regulatory asset base).

Page 24 and 25

Net debt is calculated on a nominal basis excluding intra-group loans and including index-linked accretion and includes non-sterling debt at exchange rate of hedges entered into at inception of relevant financing.

Maturity is defined as the Scheduled Redemption Date for Class A bonds.

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Heathrow