

HEATHROW (SP) LIMITED

RESULTS FOR THE YEAR ENDED
31 DECEMBER 2021





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FY 2021 PERFORMANCE



OPERATIONAL AND FINANCIAL PERFORMANCE

PASSENGERS

19.4m

-12% vs. FY 20
-76% vs. FY 19

ADJUSTED EBITDA

£384m

+42% vs. FY 20
-80% vs. FY 19

REVENUE

£1,214m

+3% vs. FY 20
-60% vs. FY 19

LIQUIDITY

£4.0bn

+4% vs. FY 20
+9% vs. FY 19

OPERATING COSTS

£830m

-8% vs. FY 20
-28% vs. FY 19

RAB

£17.5bn

+6% vs. Dec 20
+5% vs. Dec 19

Recovery from COVID-19 underway

- Lower passenger numbers and high fixed costs mean cumulative losses have risen to £3.8bn
- Business protection plan has delivered £870m of cost savings and deferred £1bn of capex
- Strong balance sheet has seen gearing ratios reduce towards 2019 levels
- Top 10 global airport in 2021 by Skytrax
- We have worked hard to reopen markets in collaboration with our airline partners
- Strong financial discipline means we can shift quickly into recovery
- With travel restrictions lifted in the UK, we are investing ahead of demand

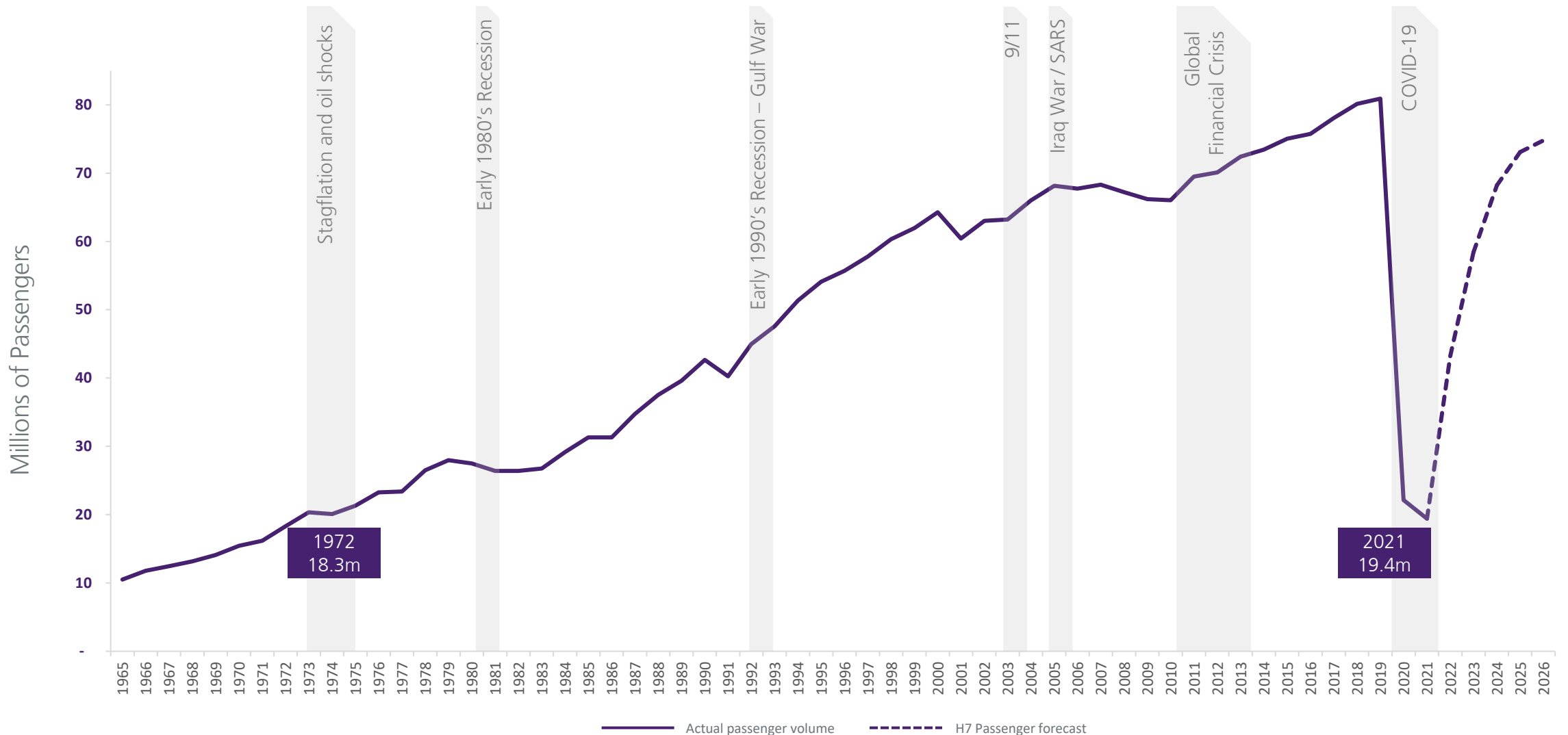
STRATEGIC PRIORITIES

- Greater resilience, better service, lower cost
- Winning the recovery
- Reach a regulatory settlement that provides great service and a fair return for investors
- Net zero-carbon aviation
- Sustainable, affordable, financeable and deliverable expanded Heathrow

FY 2021
BUSINESS UPDATE



LOWEST ANNUAL PASSENGER NUMBERS SINCE 1972



OUR KEY MARKETS ARE NOW OPEN, BUT RESTRICTIONS WILL CONTINUE TO LIMIT RECOVERY

63% of our markets retain some form of travel restriction or testing requirements

2nd COUNTRY STATUS

| | | 2 nd COUNTRY STATUS | | | | | |
|-----------|-----------------------------------|---|---|--|--|-----------------------------------|-----------------------------|
| | | Open for vaccinated passengers (37%) | Testing required (47%) | | Quarantine with testing (10%) | Essential travel only (1%) | Closed border (5%) |
| UK STATUS | Vaccines accepted (99%) | UK and CI Ireland Rest of Other Europe Germany Spain Switzerland Denmark Portugal Greece France Norway Sweden India | Italy USA Iceland Rest of Africa UAE South Africa Rest of EU Rest of South Asia Australia | North Africa Canada Netherlands Central and Latin America Turkey Central Asia | Qatar Singapore Rest of Middle East Rest of East Asia | NZ | Japan Hong Kong China |
| | Vaccines not accepted (1%) | | Russia | | | | |
| | | 63% | | | | | |

HEATHROW RECOVERY TO DATE HAS BEEN BEHIND EUROPEAN HUBS DUE TO TIGHTER RESTRICTIONS

Heathrow

19.4m passengers
-12% vs FY20
-76% vs FY19

Cargo 1.4m tonnes
+23% vs FY20
-12% vs FY19

Charles de Gaulle

26.2m passengers
+18% vs FY20
-66% vs FY19

Schiphol

25.5m passengers
+22% vs FY20
-64% vs FY19

Cargo 1.7m tonnes
+46% vs FY20
+6% vs FY19

Frankfurt

24.8m passengers
+32% vs FY20
-65% vs FY19

Cargo 2.3m tonnes
+19% vs FY20
+9% vs FY19

Madrid

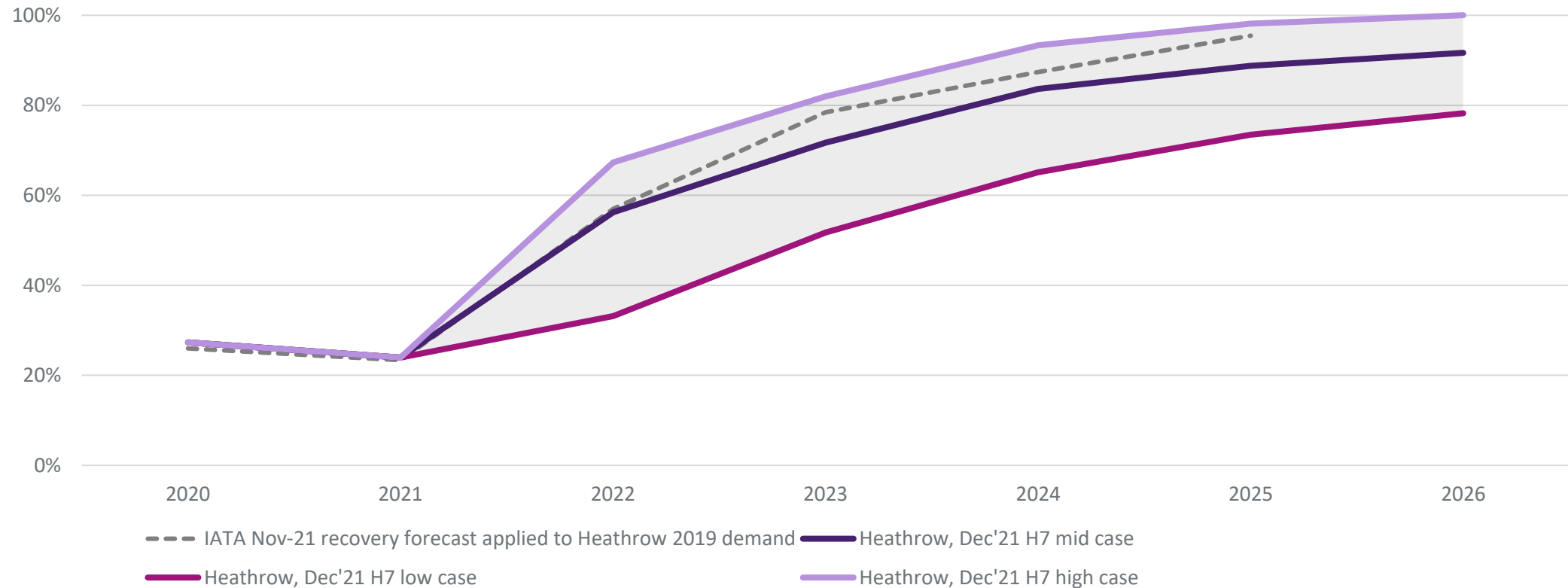
24.1m passengers
+41% vs FY20
-61% vs FY19

Cargo 0.5m tonnes
+30% vs FY20
-7% vs FY19

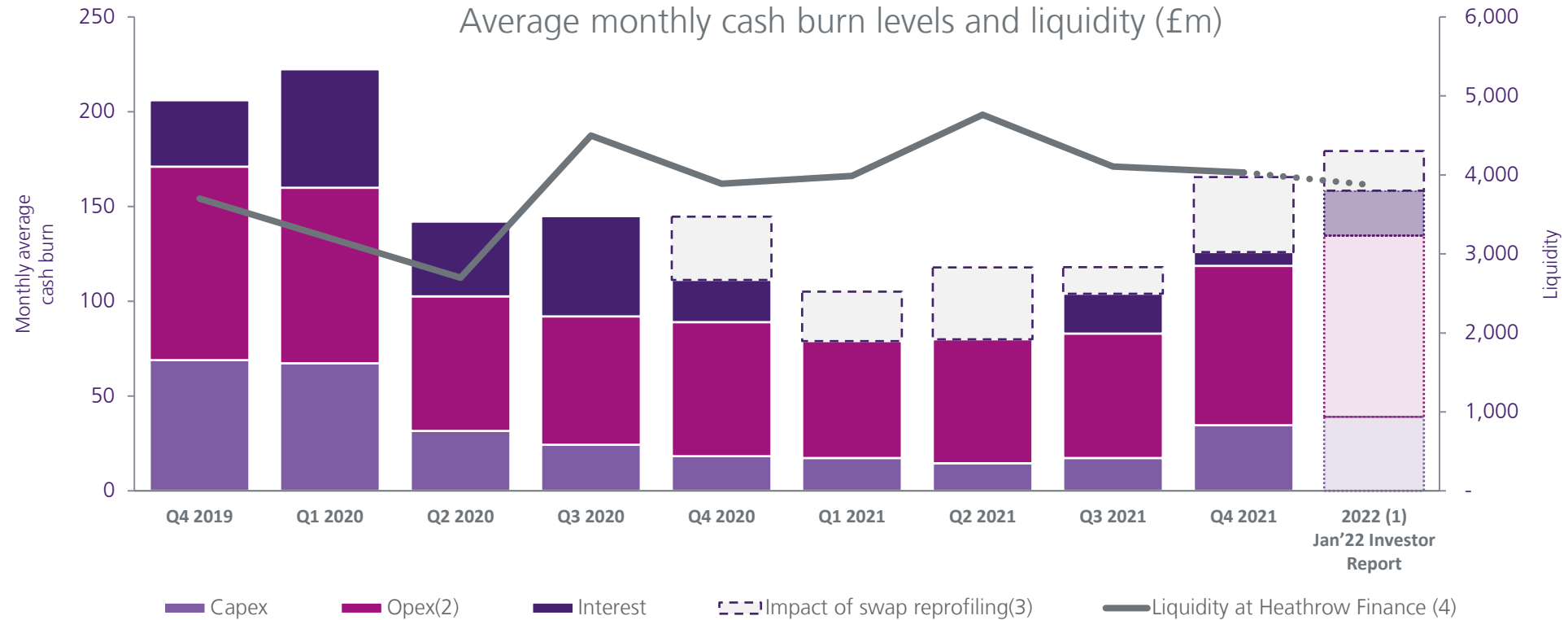


WINNING THE RECOVERY OUTLOOK REMAINS UNCERTAIN

Passenger forecast versus 2019 – H7 RBP Update 2



WINNING THE RECOVERY WE ARE NOW INVESTING AHEAD OF GROWTH



(1) 2022 monthly average cash burn based on forecast in January 2022 Investor Report Update

(2) Opex excludes impact of 2020 opex prepayments of c.£280m

(3) Our swap portfolio reprofiling resulted in c.£100m of interest prepayment in Q4 2020 with interest savings arising from Q1 2021 to Q4 2022.

(4) Liquidity position including cash and undrawn facilities

WINNING THE RECOVERY MOST AIRPORT FACILITIES NOW OPEN

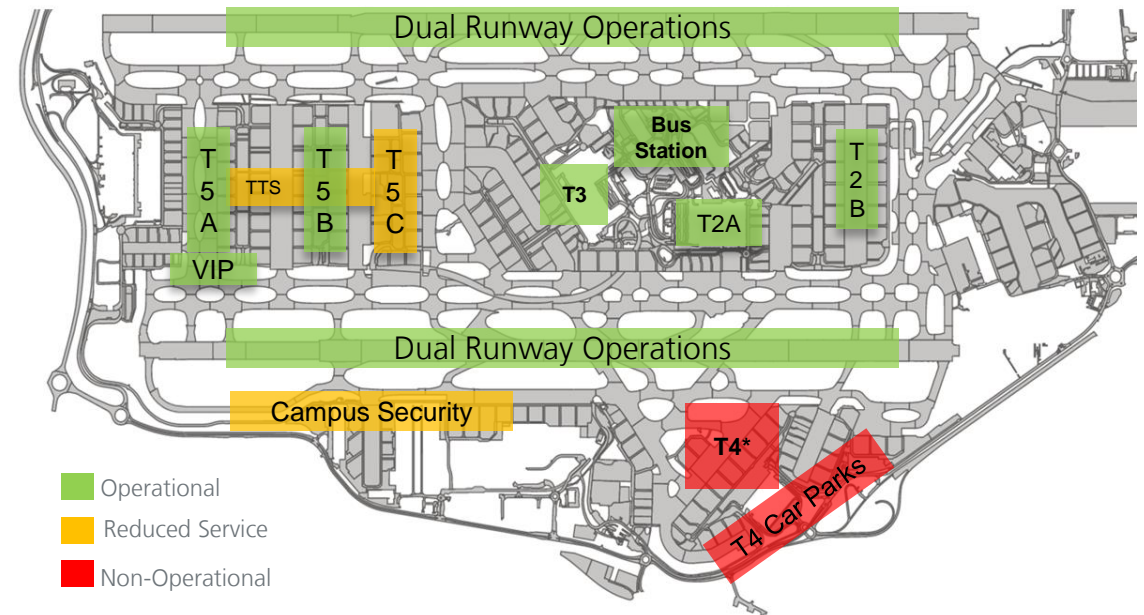
Restarting travel safely

- Fully vaccinated passengers arriving in the UK no longer required to take a post arrival test
- Simplified passenger locator form
- Government intends to move away from blanket border measures to a more sophisticated and targeted global surveillance system

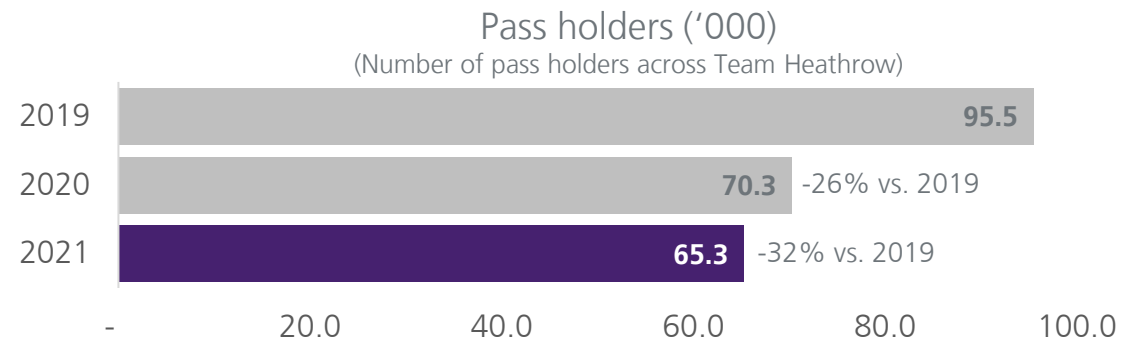
Gearing up for growth

- Dual runway operations
- T2, T3 and T5 fully operational

Ramping up recruitment to make sure we have enough resource to meet summer demand



(*) Terminal 4 will reopen by July.



BUILDING BACK BETTER

HEATHROW 2.0: CONNECTING PEOPLE AND PLANET

Heathrow 2.0 sets out an ambitious series of goals over the next decade to tackle the growing climate emergency, decarbonise flight and continue to improve the area around the airport for those who live and work in it.

- Our ambition is to ensure 2019 was the year of peak carbon at the airport and we will achieve this by setting industry-leading carbon targets
- We've launched the UK's first Sustainable Aviation Fuel incentive programme for airlines
- We've extended the London Living Wage to include the airport's full direct supply chain
- We'll aim to provide 10,000 external jobs, apprenticeships and early career opportunities for local people by 2030



BUILDING BACK BETTER OUR PLAN FOR H7 DELIVERS FOR CONSUMERS

OUR PLAN FOR H7
MAINTAINS CURRENT
SERVICE LEVELS

4.26
Overall Satisfaction

95% < 5 mins
Security Queues

99%
Asset Availability

80.5% on time
Punctuality

0.7%
Baggage misconnect

4.00
PRS satisfaction

WHILE INVESTING TO
ADDRESS CONSUMER
HOTSPOTS

Enhanced Service -
Asset Resilience

Enhanced Service -
Passengers Requiring
Support (PRS)

Covid-19 Safety



BUILDING BACK BETTER OUR PLAN FOR H7 INVESTS IN SERVICE AND RESILIENCE

KEY FOCUS AREAS FOR INVESTMENT

- Asset maintenance and replacement
Ensuring the airport operates safely and securely
- Replacing the Terminal 2 baggage system
Improving service and reducing frequency of missing baggage
- Replacing security lanes
Making it quicker and easier to go through security
- Investing in commercial proposition
Improving our retail offering and digital experience
- Investing in carbon and sustainability
Delivering outcomes that align with significant colleague, community and environmental issues for the airport



BUILDING BACK BETTER

OUR PLAN FOR H7 IS AFFORDABLE, FINANCEABLE AND INVESTABLE

H7 Timetable



Revised Business Plan Update 2

H7 Charge
£41.95 (2018p)

Capex Plan
£4.1bn (2018p)

WACC
8.5%

RAB Adjustment
£2.5bn (2018p)

- A financeable plan with sufficient cashflow
- Identified material and basic errors in the CAA's analysis
- Our plan delivers the service consumers want, with only a 2% increase in ticket prices
- Reduce charge to £34 by deferring regulatory depreciation but only if a further RAB adjustment is granted
- A risk sharing mechanism which incentivises airlines and the airport to work together to grow passenger volumes

FY 2021 FINANCIAL REVIEW



FINANCIAL REVIEW

| (£ million) | FY 2020 | FY 2021 | Versus 2020 % |
|--|---------|---------|---------------|
| Revenue | 1,175 | 1,214 | 3.3 |
| Adjusted operating costs | (905) | (830) | (8.3) |
| Adjusted EBITDA | 270 | 384 | 42.2 |
| Loss before tax | (2,012) | (1,792) | (10.9) |
| Cash (used in)/generated from operations | (95) | 613 | 744.2 |
| Capital expenditure | 521 | 252 | (51.6) |

| (£ million) | Dec 2020 | Dec 2021 | Versus Dec 20 % |
|---------------------------------------|----------|----------|-----------------|
| Consolidated nominal net debt | | | |
| Heathrow (SP) | 13,131 | 13,332 | 1.5 |
| Heathrow Finance | 15,120 | 15,440 | 2.1 |
| Consolidated cash at Heathrow Finance | 3,891 | 2,882 | (25.9) |
| Regulatory Asset Base | 16,492 | 17,474 | 6.0 |

REVENUE IMPACTED BY REDUCED TRAFFIC

Revenue is impacted by government restrictions, offset by ORC's increase due to prior year under-recovery

- lower passenger numbers mainly in the first six months of 2021
- retail impacted by government restrictions and decision on VAT
- large increase in other revenue through recovery of ORC's

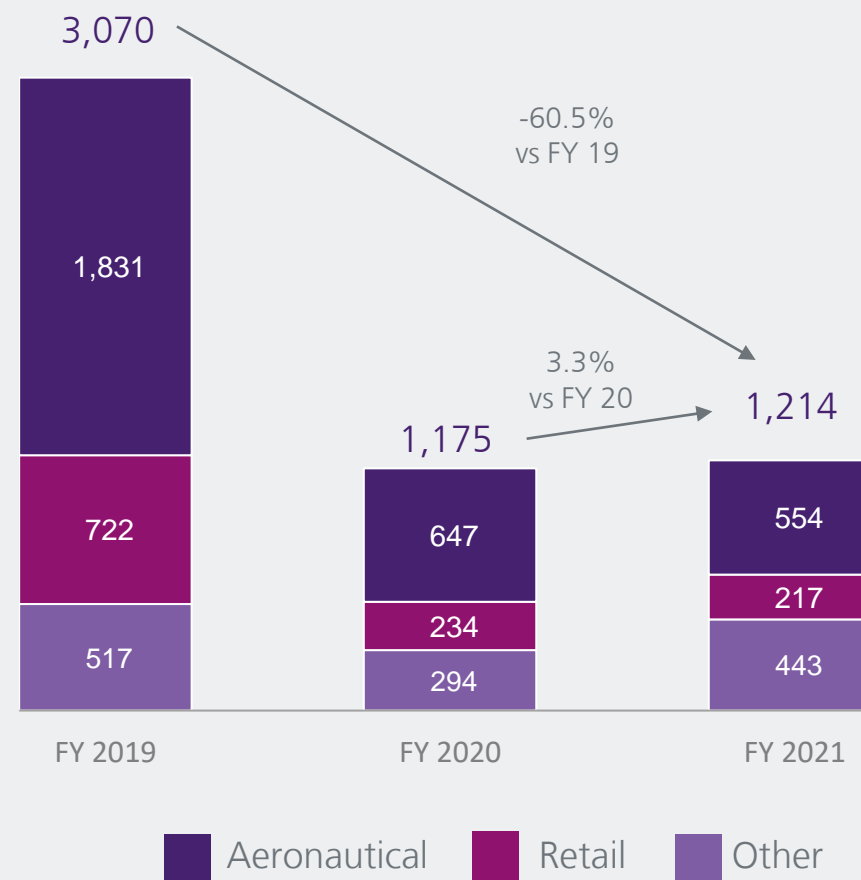
Revenue protection initiatives

- new retailers and improved digital passenger experience
- maximising traffic and cargo
- terminal drop-off charge

The government decision places UK at a competitive disadvantage by making this the only country in Europe not to offer tax-free shopping

Heathrow

Analysis of revenue (£m)



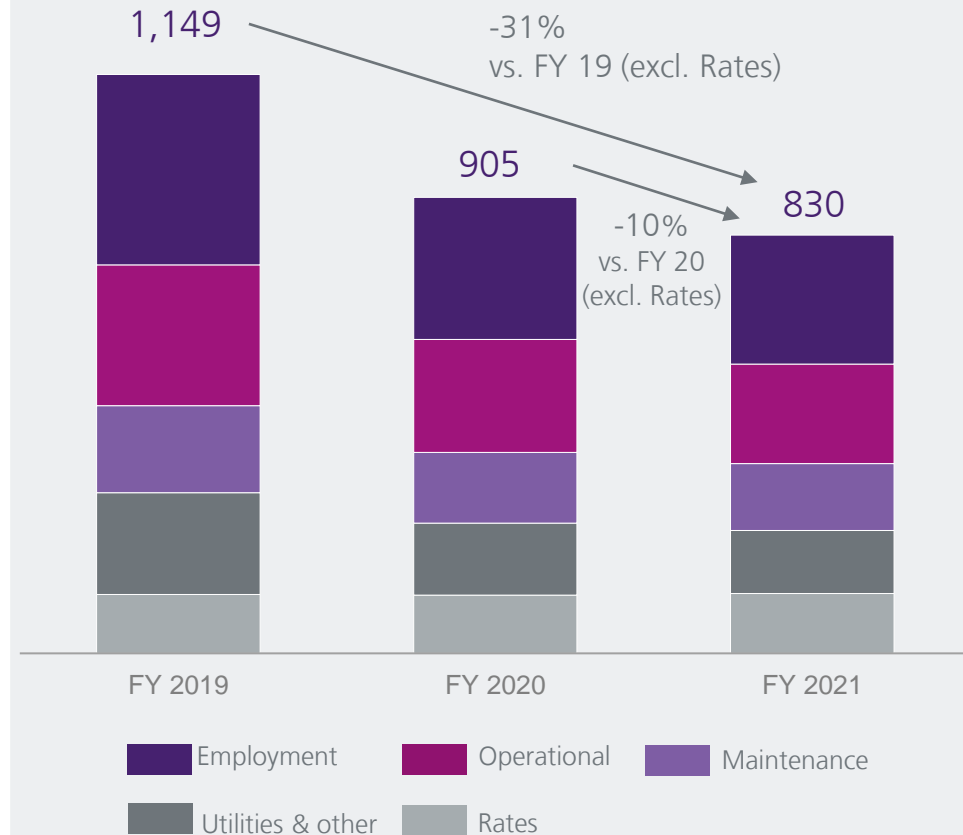
OUR OPERATING COSTS REMAIN REDUCED

Our controllable costs (excl. rates) are 10% below 2020 and 31% below 2019 levels

- over the past two years we have saved around £870m vs pre-pandemic expected run-rate
- benefits of organisational changes
- consolidation of operations, mainly in H1 2021
- renegotiation of suppliers' contracts
- business rates remain broadly flat since 2019

Our operating costs increased £39m (18%) in Q4 2021 versus Q4 2020 due to higher passenger numbers and additional operational ramp-up costs ahead of 2022

Analysis of adjusted operating costs (£m)

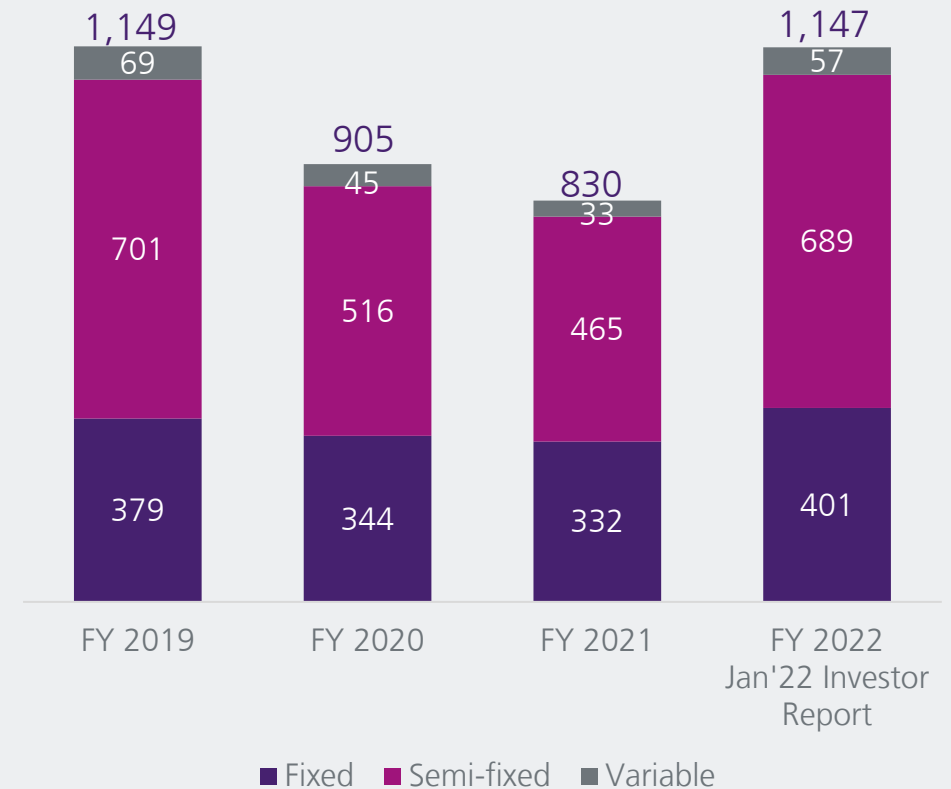


OUR OPERATING COSTS ARE EXPECTED TO INCREASE IN 2022 TO SUPPORT THE RECOVERY

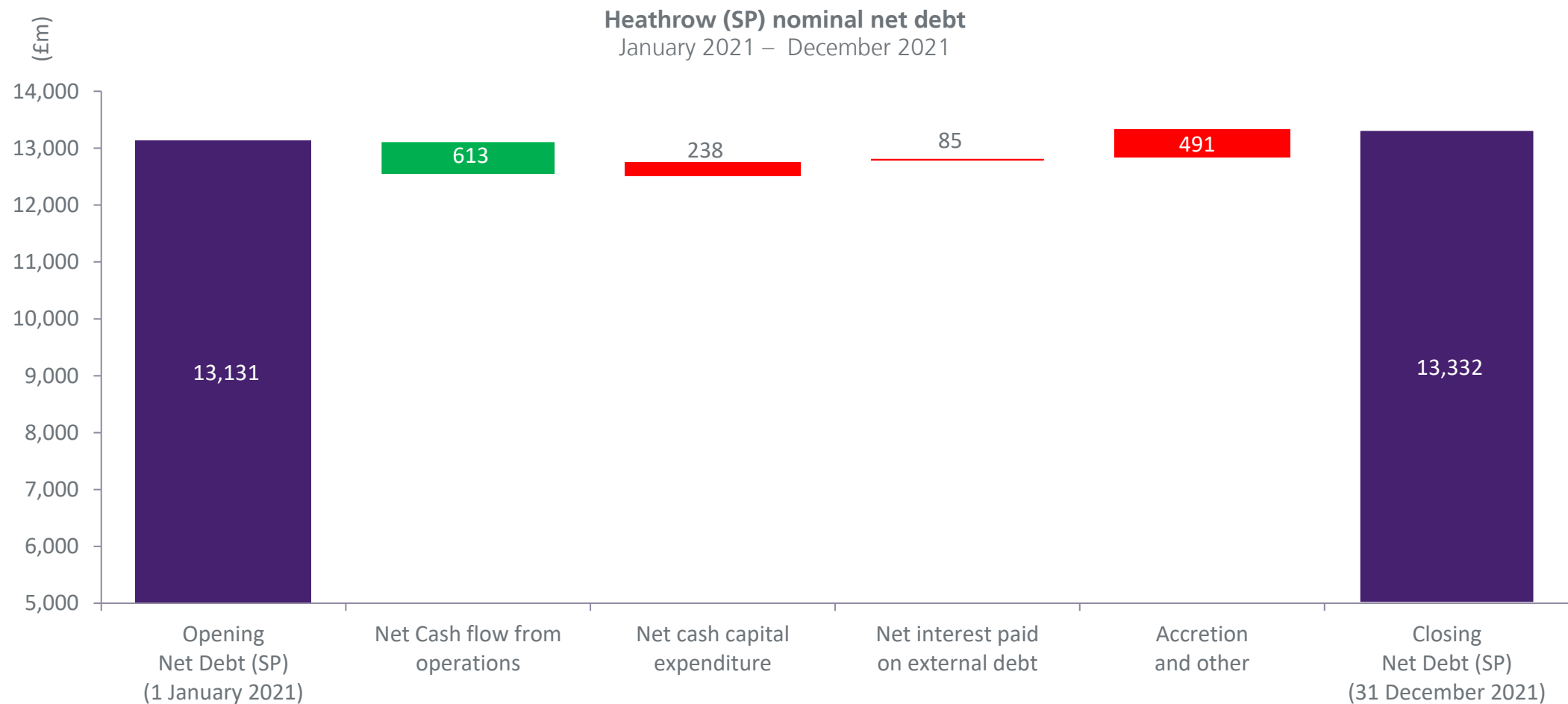
Our operating costs base is c. 95% fixed and semi-fixed

- 73% of 2020 and 2021 cost savings were temporary
- temporary savings included pay reduction and consolidation of operations
- incremental costs associated with operational ramp-up and inflation are expected during 2022

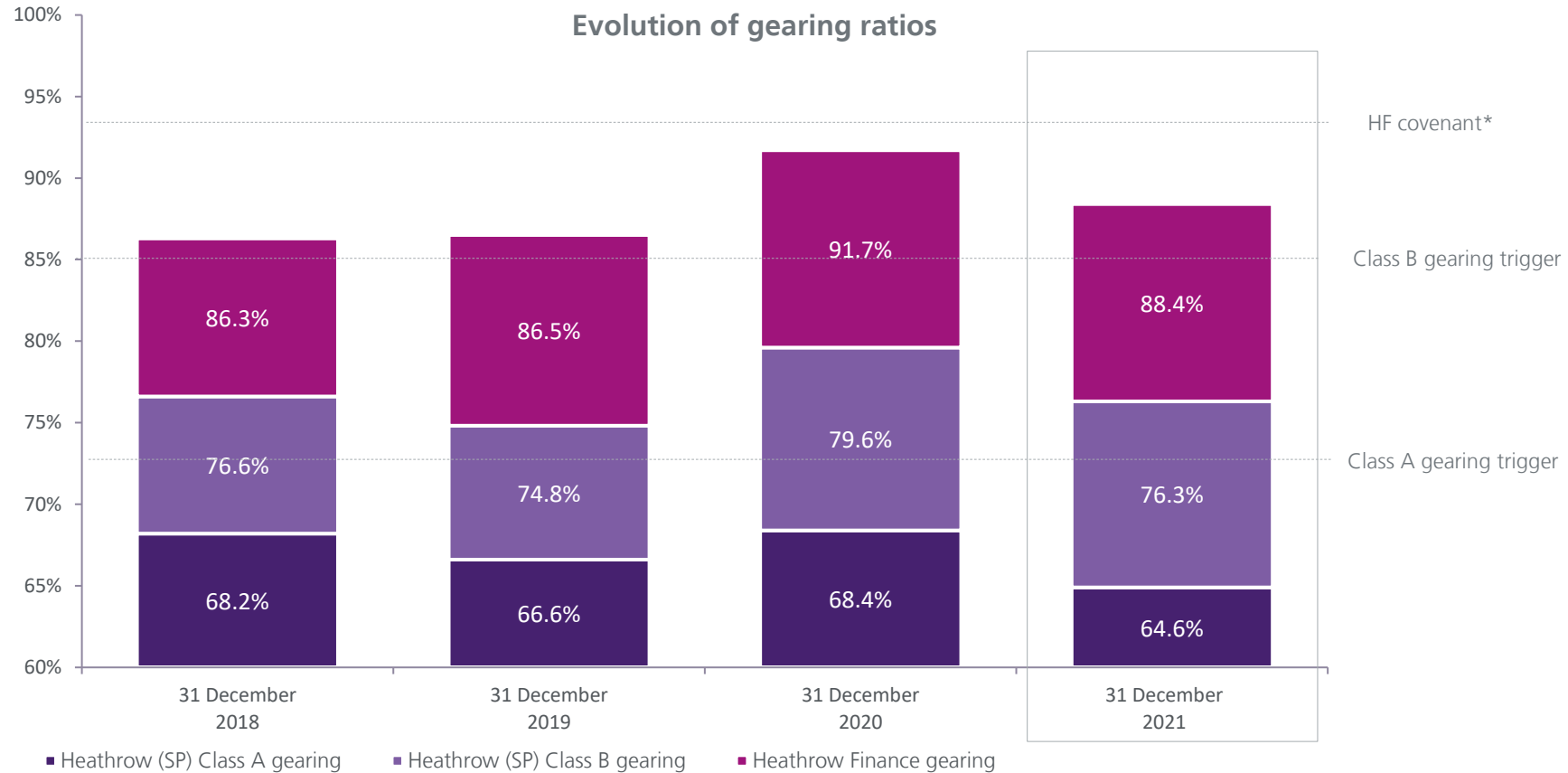
Operating Costs (£m)



FOCUS ON CASHFLOW PROTECTION



MANAGEMENT ACTIONS HAVE PROTECTED GEARING RATIOS



(*) As a result of the waiver secured on 8 July 2020, Heathrow Finance’s RAR covenant increased to 95.0% for the testing date occurring on 31 December 2020, and 93.5% for the testing date occurring on 31 December 2021.

INFLATION EXPOSURE AT HEATHROW

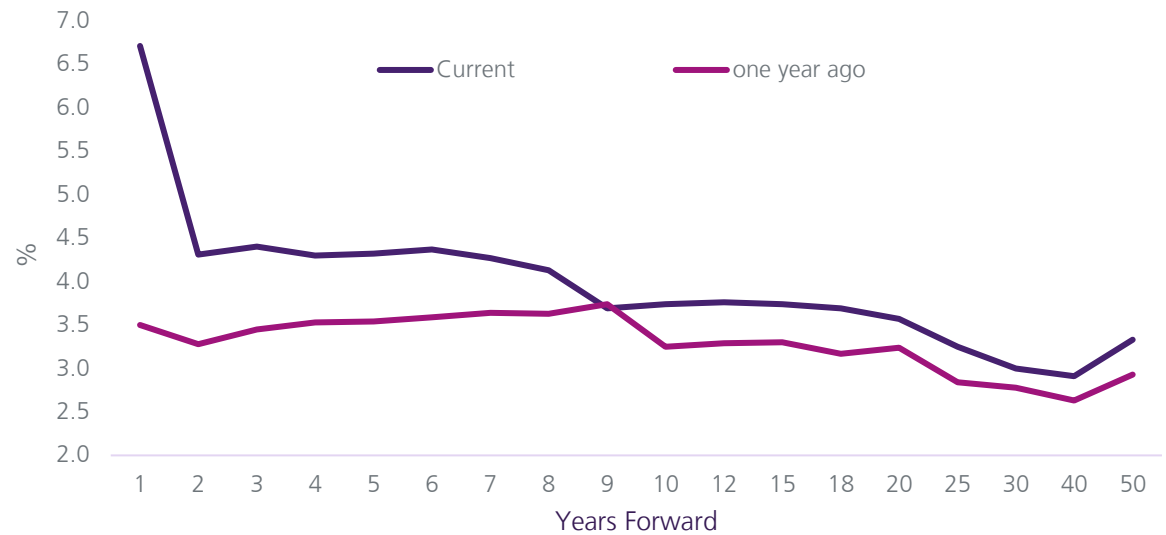
Inflation is actively managed, supporting growth in RAB and revenue whilst hedging downside risks

RAB and revenue linked to RPI

Linker bonds and swaps used to hedge inflation targeting 50% of RAB value

Maintains an inflation linked return whilst protecting downside risk

YoY inflation – Bloomberg Forward curve projection 21/02/2022



Inflation linked swaps create P&L volatility as currently not hedge accounted

Mark to market volatility is elevated due to current levels of Inflation

2022 OUTLOOK

- Traffic forecast remains at 45.5m passengers
- Financial outlook in line with Investor Report update published in January
- 2022 Q1 results to be published on 26 April 2022



FY 2021 STRATEGIC UPDATE



TO GIVE PASSENGERS THE BEST AIRPORT SERVICE IN THE WORLD

OBJECTIVES



- Improve colleague facilities and wellbeing
- Invest in recruitment, training and development
- Implement London Living Wage



- Maintain service standards, focus on passengers who require support
- Improve flow of passengers, planes, bags and cargo



- Coordinate ramp up of operations across Team Heathrow
- Diversify revenue streams



- Deliver Heathrow 2.0
- Review expansion programme

A blurred, high-angle view of an airport terminal. The ceiling features a grid of circular lights. People are seen walking through the terminal, and there are signs for '8' and 'Customs'. A purple graphic element, resembling a stylized '7' or a corner bracket, is positioned to the right of the text.

QUESTIONS?



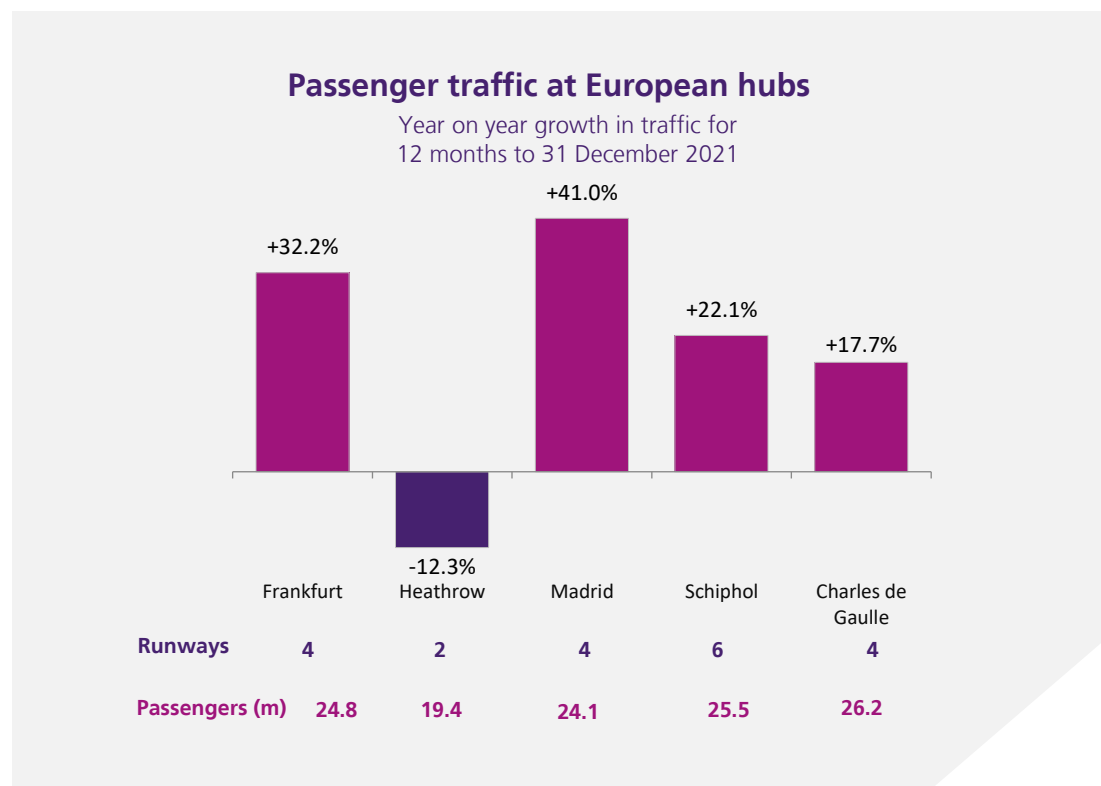
FY 2021
APPENDICES
CONTENT



COMPARISON AGAINST EUROPEAN HUBS

| Heathrow | 2019 | 2020 | 2021 |
|---|---------|---------|---------|
| Passengers | 80.9 | 22.1 | 19.4 |
| Long-haul traffic growth/(decline) (%) | 2.2 | (74.8) | (18.4) |
| Short-haul traffic growth/(decline) (%) | (0.3) | (70.3) | (6.5) |
| Passengers ATM | 473,233 | 177,285 | 242,831 |
| Cargo ATM | 2,639 | 23,667 | 29,288 |
| Load factors (%) | 80.0 | 57.7 | 55.8 |
| Seats per ATM | 213.7 | 216.2 | 267.6 |
| Cargo tonnage ('000) | 1,587 | 1,141 | 1,403 |

| Heathrow | 2019 | 2020 | 2021 |
|---------------------------|------|------|------|
| ASQ | 4.19 | 4.20 | 4.23 |
| Baggage connection (%) | 99.0 | 99.2 | 99.0 |
| Departure punctuality (%) | 78.5 | 85.7 | 80.9 |



BUILDING BACK BETTER – EXPANSION

We remain committed to a long-term sustainable expansion

- Positive outcome from a judicial review last year
- Decarbonising aviation a central part of the Government's green growth agenda
- We will consult with investors, Government, airline customers and regulators on our next steps
- We reopened our Interim Property Hardship Scheme following the CAA's approval in May 2021



HEATHROW NOMINAL NET DEBT AT 31 DECEMBER 2021

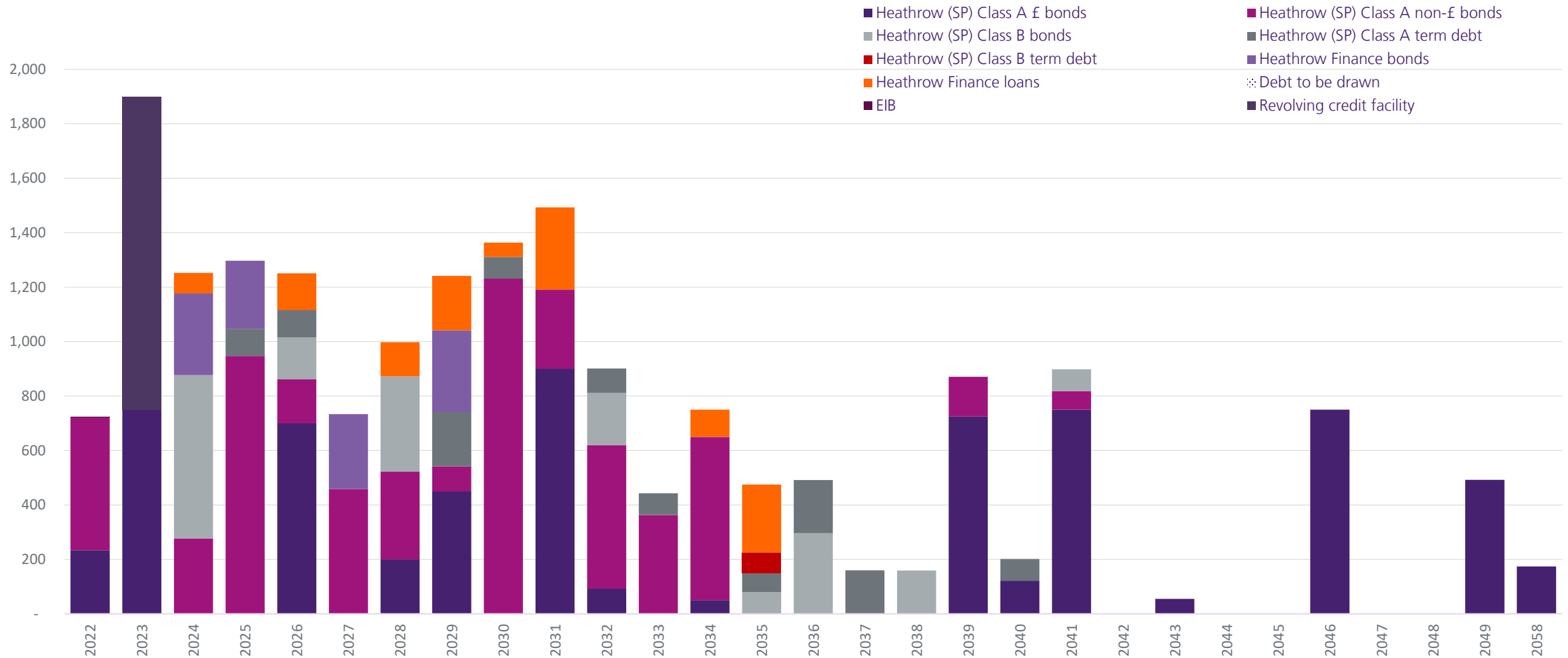
| Heathrow (SP) Limited | Amount | Available | Maturity |
|-----------------------------------|----------------|---------------|----------|
| Senior debt | (£m) | (£m) | |
| £180m RPI +1.65% | 234 | 234 | 2022 |
| €600m 1.875% | 490 | 490 | 2022 |
| £750m 5.225% | 750 | 750 | 2023 |
| CHF400m 0.5% | 277 | 277 | 2024 |
| C\$500m 3.25% | 266 | 266 | 2025 |
| €750m 1.50% | 681 | 681 | 2025 |
| CHF210m 0.45% | 161 | 161 | 2026 |
| £700m 6.75% | 700 | 700 | 2026 |
| NOK1,000m 2.65% | 84 | 84 | 2027 |
| C\$650m 2.7% | 374 | 374 | 2027 |
| C\$400m 3.4% | 226 | 226 | 2028 |
| £200m 7.075% | 200 | 200 | 2028 |
| A\$175m 4.150% | 96 | 96 | 2028 |
| £450m 2.75% | 450 | 450 | 2029 |
| NOK1,000m 2.50% | 91 | 91 | 2029 |
| £750m 1.5% | 566 | 566 | 2030 |
| C\$400m 3.872% | 238 | 238 | 2030 |
| €500m 1.125% | 427 | 427 | 2030 |
| C\$500m 3.661% | 291 | 291 | 2031 |
| £900m 6.45% | 900 | 900 | 2031 |
| €50m Zero Coupon | 42 | 42 | 2032 |
| £75m RPI +1.366% | 92 | 92 | 2032 |
| €50m Zero Coupon | 42 | 42 | 2032 |
| €500m 1.875% | 443 | 443 | 2032 |
| C\$300m 3.7% | 363 | 363 | 2033 |
| €650 1.875% | 559 | 559 | 2034 |
| £50m 4.171% | 50 | 50 | 2034 |
| €50m Zero Coupon | 40 | 40 | 2034 |
| £50m RPI +1.382% | 62 | 62 | 2039 |
| €86 Zero Coupon | 75 | 75 | 2039 |
| £460m RPI +3.334% | 662 | 662 | 2039 |
| ¥10,000m 0.8% | 71 | 71 | 2039 |
| £100m RPI +1.238% | 122 | 122 | 2040 |
| £750m 5.875% | 750 | 750 | 2041 |
| A\$125m 3.500% | 68 | 68 | 2041 |
| £55m 2.926% | 55 | 55 | 2043 |
| £750m 4.625% | 750 | 750 | 2046 |
| £75m RPI +1.372% | 92 | 92 | 2049 |
| £400m 2.75% | 400 | 400 | 2049 |
| £160m RPI +0.147% | 174 | 174 | 2058 |
| Total senior bonds | 12,414 | 12,414 | |
| Term debt | 1,105 | 1,105 | Various |
| Index-linked derivative accretion | 381 | 381 | Various |
| Revolving / WC facilities | 0 | 900 | 2023 |
| Operating lease liability | 20 | 20 | Various |
| Total other senior debt | 1,506 | 2,406 | |
| Total senior debt | 13,920 | 14,820 | |
| Heathrow (SP) Limited cash | (2,626) | | |
| Senior net debt | 11,294 | | |

| Heathrow (SP) Limited | Amount | Available | Maturity |
|---|---------------|--------------|----------|
| Junior debt | (£m) | (£m) | |
| £600m 7.125% | 600 | 600 | 2024 |
| £155m 4.221% | 155 | 155 | 2026 |
| £350m 2.625% | 350 | 350 | 2028 |
| £182m 0.101% | 193 | 193 | 2032 |
| £75m RPI + 0.347% | 80 | 80 | 2035 |
| £75m RPI + 0.337% | 80 | 80 | 2036 |
| £180m RPI +1.061% | 217 | 217 | 2036 |
| £51m RPI + 0.419% | 54 | 54 | 2038 |
| £105m 3.460% | 105 | 105 | 2038 |
| £75m RPI + 0.362% | 80 | 80 | 2041 |
| Total junior bonds | 1,913 | 1,913 | |
| Term debt | 125 | 125 | Various |
| Junior revolving credit facilities | 0 | 250 | 2023 |
| Total junior debt | 2,038 | 2,288 | |
| Heathrow (SP) Limited group net debt | 13,332 | | |

| 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 | 2029 |
| Total bonds | 1,125 | 1,125 | |
| £75m | 75 | 75 | 2024 |
| £135m | 135 | 135 | 2026 |
| £125m | 125 | 125 | 2028 |
| £150m | 200 | 200 | 2029 |
| £52m | 53 | 53 | 2030 |
| £301m | 301 | 301 | 2031 |
| £52m | 100 | 100 | 2034 |
| £300m | 250 | 250 | 2035 |
| Total loans | 1,239 | 1,239 | |
| Total Heathrow Finance plc debt | 2,364 | 2,364 | |
| Heathrow Finance plc cash | (256) | | |
| Heathrow Finance plc net debt | 2,108 | | |

| Heathrow Finance plc group | Amount | Available |
|--|----------------|---------------|
| | (£m) | (£m) |
| Heathrow (SP) Limited senior debt | 13,920 | 14,820 |
| Heathrow (SP) Limited junior debt | 2,038 | 2,288 |
| Heathrow Finance plc debt | 2,364 | 2,364 |
| Heathrow Finance plc group debt | 18,322 | 19,472 |
| Heathrow Finance plc group cash | (2,882) | |
| Heathrow Finance plc group net debt | 15,440 | |

DEBT MATURITY PROFILE AT 31 DECEMBER 2021



NOTES, SOURCES AND DEFINED TERMS

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

Page 8

Passenger and cargo numbers as at 31 December 2021 sourced from companies websites.

Page 18

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

Adjusted EBITDA: is profit before interest, taxation, depreciation, amortization 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.

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

Pre-pandemic expected run-rate: 2020 Gross Opex forecast published in December 2019 Investor Report

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

Cash capital expenditure for the period.

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

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

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

Passenger numbers as at 30 September 2021 sourced from companies' websites.

Page 32-33

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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