

Heathrow

# HEATHROW (SP) LIMITED

RESULTS FOR THE YEAR ENDED  
31 DECEMBER 2022



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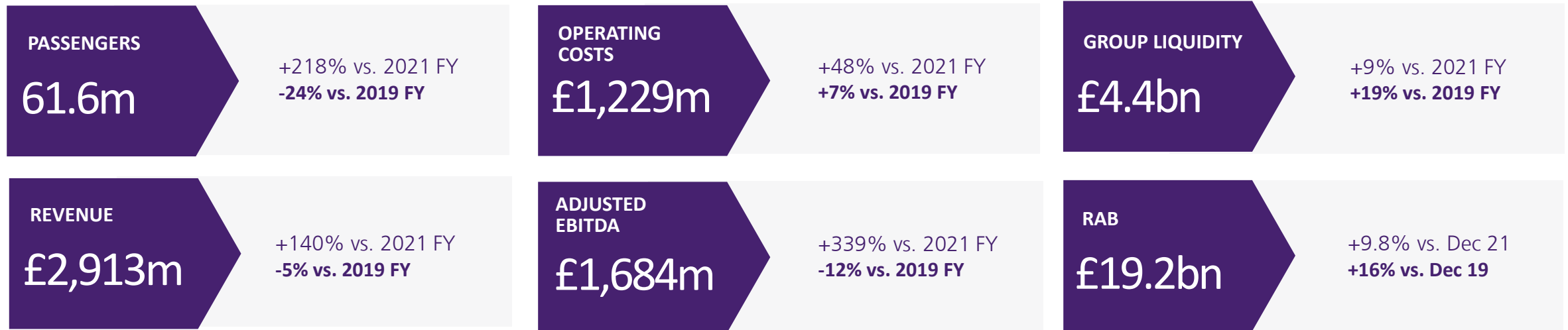
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# FY 2022 PERFORMANCE



# OPERATIONAL AND FINANCIAL PERFORMANCE



## Operational and financial highlights

- Fastest growing airport globally
- Best airport in Europe for customer service by Business Traveller magazine
- 2022 focus on balancing supply and demand
- Well placed for Summer 2023
- Strong EBITDA performance
- Continue to make an adjusted loss before tax
- Strong balance sheet

# STRATEGIC PRIORITIES

- Rebuild the aviation eco system to focus on safety, service, efficiency and resilience
- Regulatory settlement that incentivises investment to deliver for consumers
- Net zero-carbon aviation
- Sustainable, affordable, financeable and deliverable expanded Heathrow

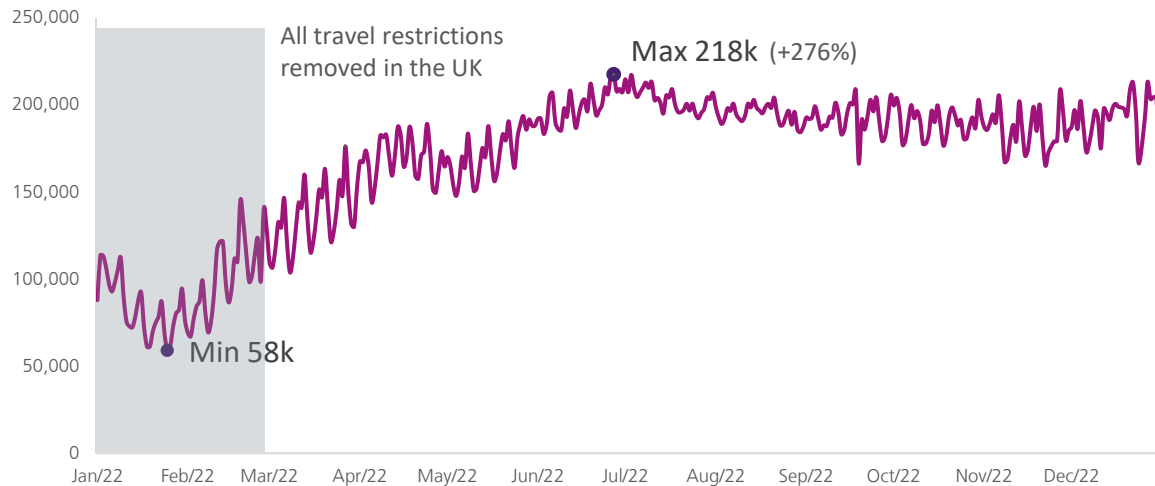


# BUSINESS UPDATE

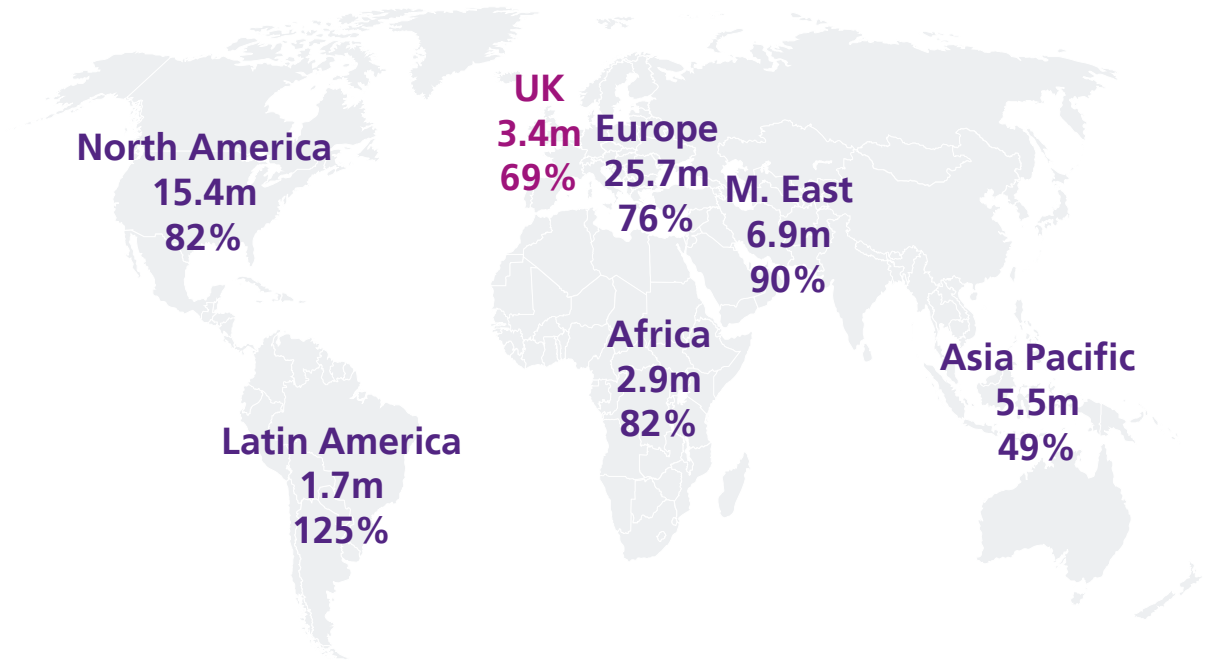


# STRONG YEAR OF RECOVERY: 61.6 MILLION PASSENGERS TRAVELLED THROUGH HEATHROW

2022 daily total passenger numbers



2022 passenger numbers by market  
(2022 as a % of 2019 levels)



Heathrow	2019	2020	2021	2022
Passengers	80.9	22.1	19.4	61.6
Passengers ATM	473,233	177,285	160,744	367,160
Cargo ATM	2,639	23,667	29,288	9,689
Load factors (%)	80.0	57.7	55.8	77.0
Seats per ATM	213.7	216.2	216.3	218.0
Cargo tonnage ('000)	1,587	1,141	1,403	1,351

Total of 61.6 million passengers  
(76% of 2019 levels)

# HEATHROW RECORDED THE HIGHEST PASSENGER GROWTH OUT OF ANY AIRPORT GLOBALLY

## Heathrow

62m passengers  
+42m vs. FY 2021  
+218% vs. FY 2021  
-24% vs. FY 2019

Cargo 1.4m tonnes  
-4% vs FY 2021  
-15% vs FY 2019

## Charles de Gaulle

57m passengers  
+31m vs. FY 2021  
+119% vs FY 2021  
-25% vs FY 2019

## Schiphol

52m passengers  
+27m vs. FY 2021  
+106% vs FY 2021  
-27% vs FY 2019

Cargo 1.4m tonnes  
-14% vs FY 2021  
-8% vs FY 2019

## Madrid

51m passengers  
+26m vs. FY 2021  
+110% vs FY 2021  
-18% vs FY 2019

Cargo 0.6 tonnes  
+8% vs FY 2021  
+1% vs FY 2019

## Frankfurt

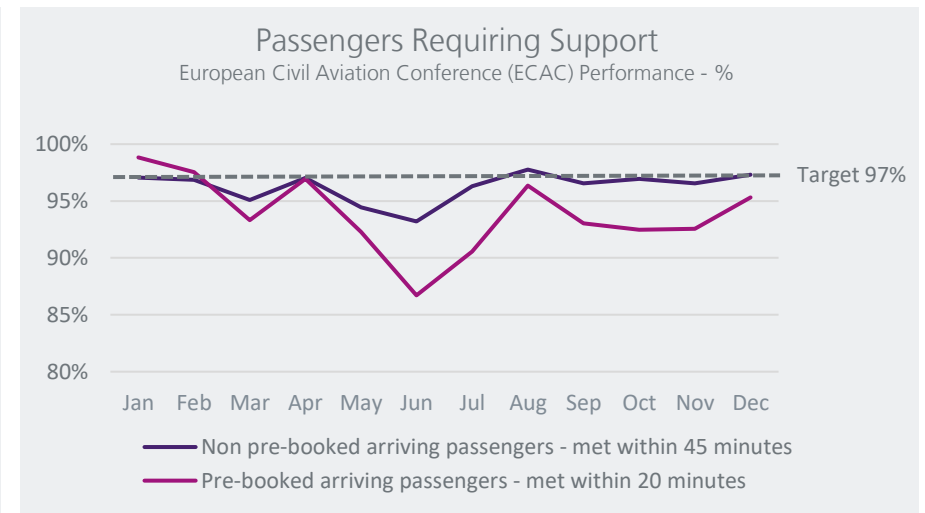
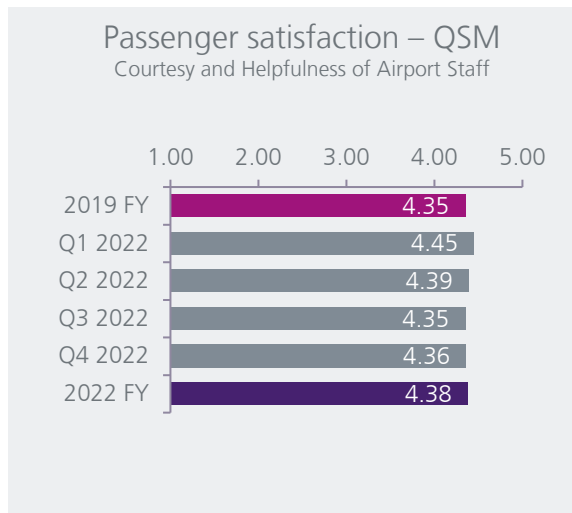
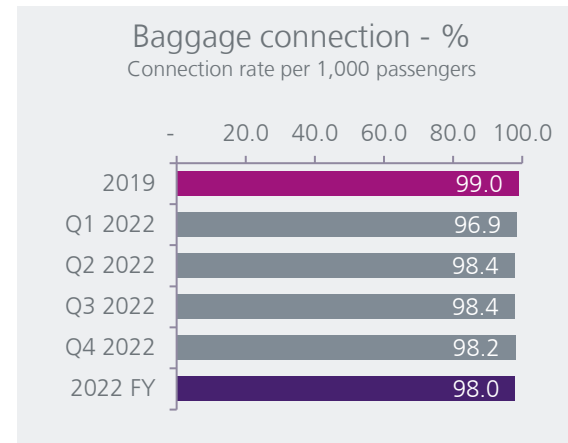
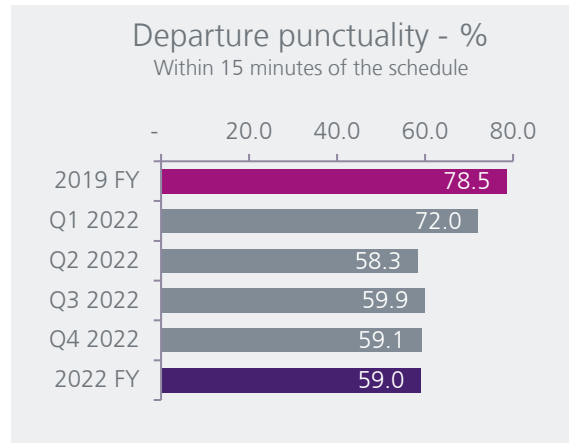
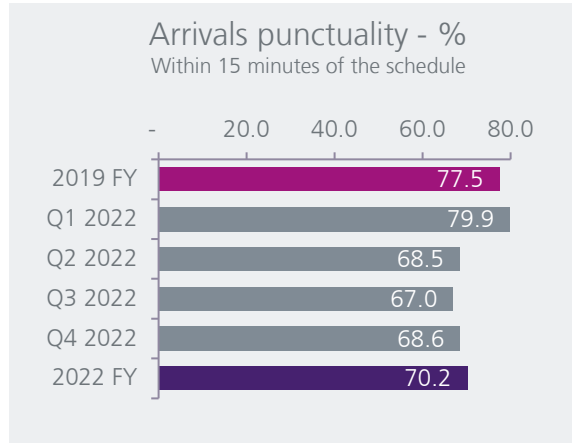
49m passengers  
+24m vs. FY 2021  
+97% vs FY 2021  
-31% vs FY 2019

Cargo 1.9m tonnes  
-14% vs FY 2021  
-8% vs FY 2019

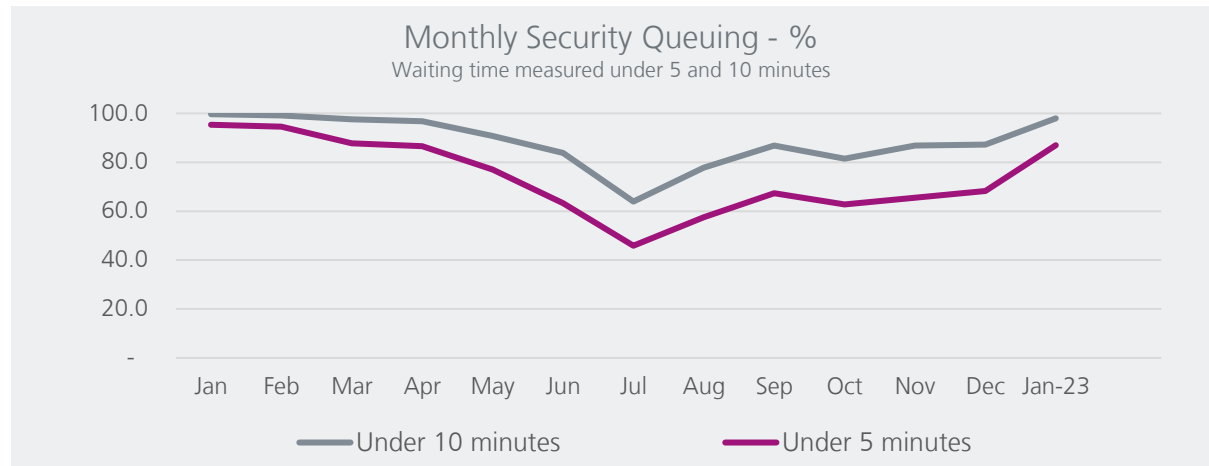
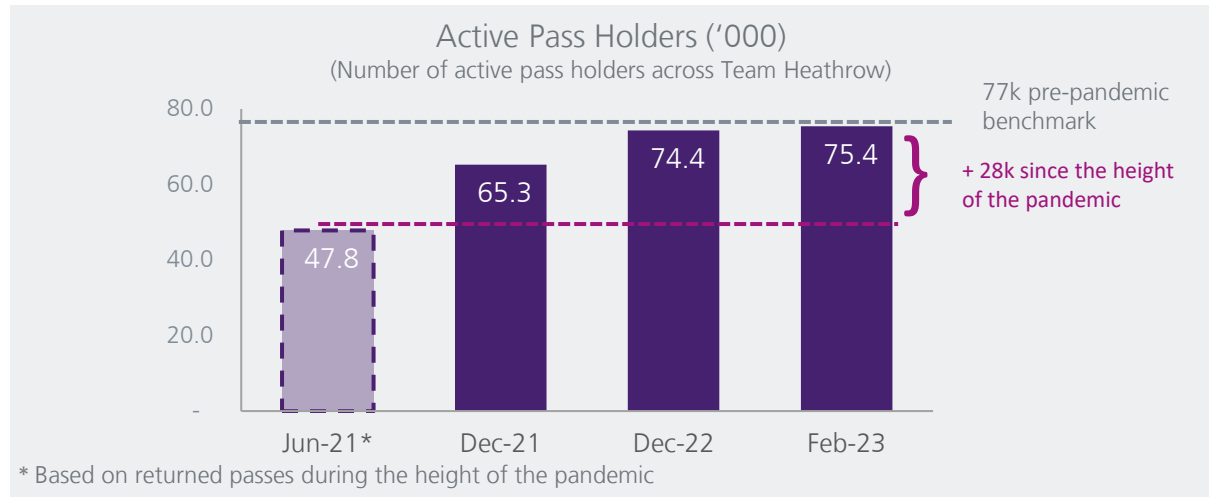
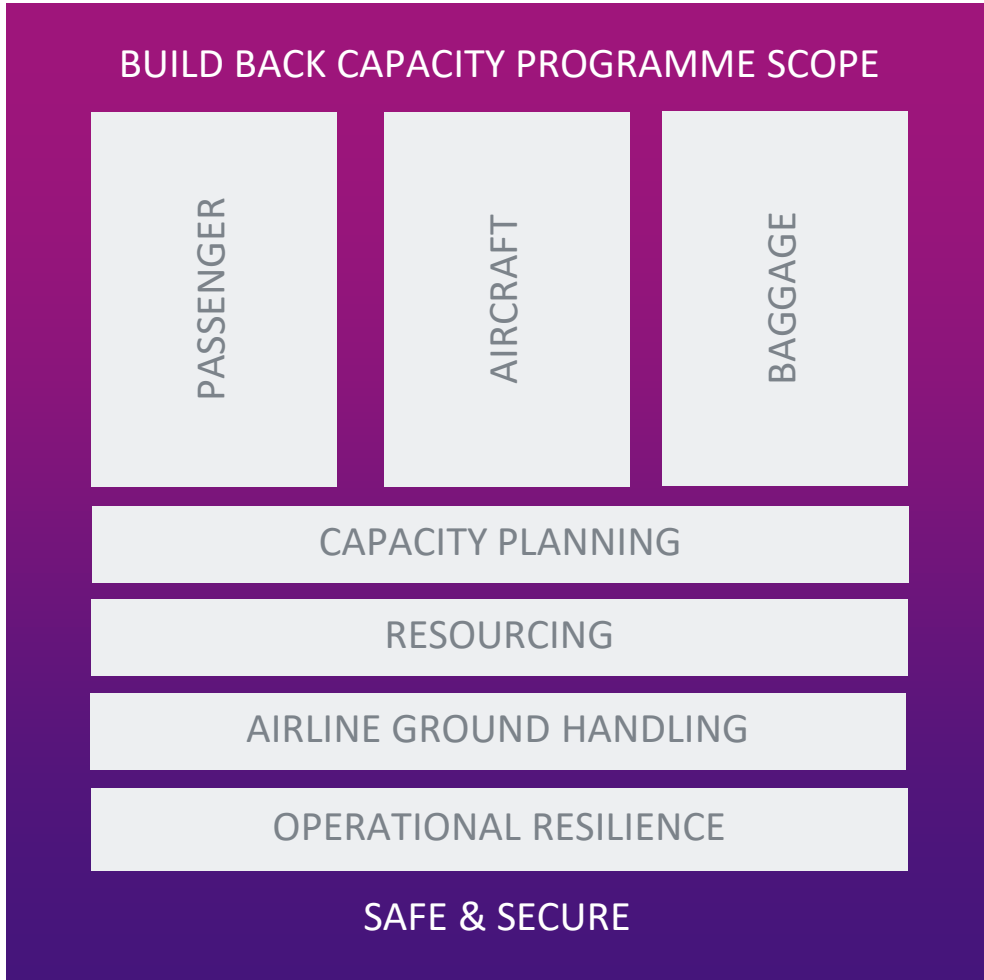




# 2022 FOCUS ON GETTING AS MANY PEOPLE AWAY AS POSSIBLE, WHILE BALANCING SUPPLY AND DEMAND



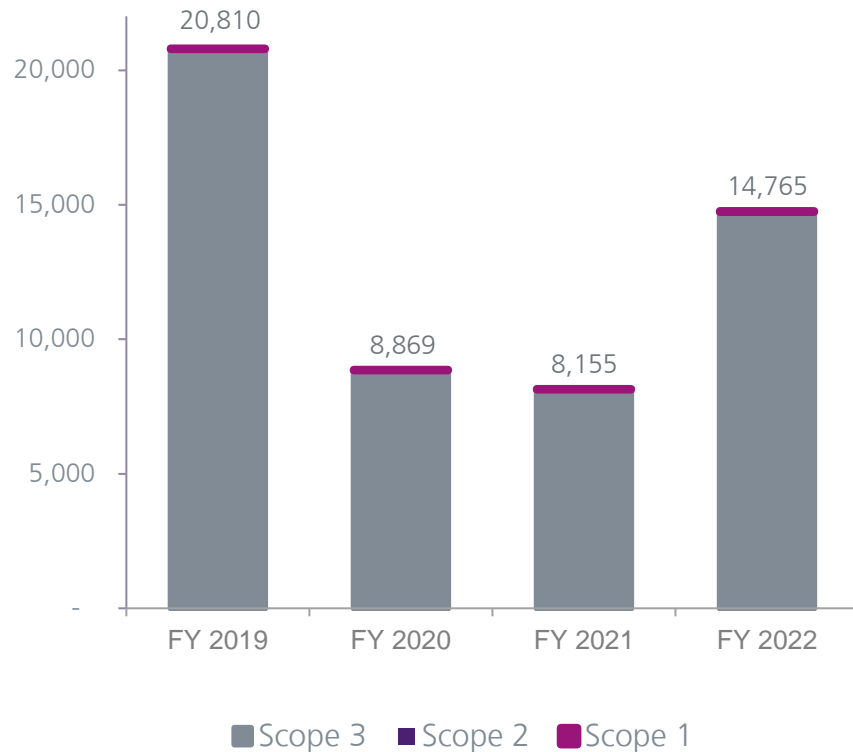
# RESOURCE LEVELS ALMOST RECOVERED, 2023 FOCUS ON BUILDING EXPERIENCE AND OPERATIONAL RESILIENCE



# HEATHROW 2.0: GOOD PROGRESS ON DECARBONISING GLOBAL AVIATION

## Our carbon footprint

Greenhouse gas emissions ('000 - tonnes CO<sub>2</sub>e)



**Net Zero Aviation:** cut carbon in the air by up to 15% and on the ground by at least 45% against 2019 levels by 2030

- **Scaling up SAF** – over 75% of airlines at Heathrow are committed to 10% SAF by 2030
- **Incentivising SAF use through our landing charges** – 2022 0.5% incentive oversubscribed and 1.5% targeted in 2023
- **Achieving commitment for a global net zero goal for aviation** – historic deal struck at the ICAO Assembly
- **Jet Zero Strategy** – working with Government to introduce a mandate and consult on price incentives to stimulate SAF
- **Planning for zero-emission aircraft** – project NAPKIN published in November describing the role hydrogen will play



# HEATHROW 2.0: DRIVING SUSTAINABLE CHANGE THROUGH MAJOR DEVELOPMENTS OVER THE YEAR



**Great place to live and work** - We aim to improve daily life for our neighbours and colleagues and invest in our communities

- **Sustainable Travel Zone roll out** – improved timetables on 14 local bus and coach routes; passengers using public transport increased to 38% (2021: 33%)
- **Employment, Education & Skills** – delivered over 2,500 career opportunities and 300 experience of work days
- **Launched our Giving Back Programme** – will collectively benefit at least one million local residents by 2030
- **Heathrow Business Summit** – attended by over 300 people, 100 Heathrow suppliers and 100 local SME's
- **Wildlife Trust's Biodiversity Benchmark Award** – retained for the 14th year running; 4,000th species identified on biodiversity sites

# FINANCIAL REVIEW



# FINANCIAL REVIEW

(£ million)	FY 2021	FY 2022	Versus 2021 %
Revenue	1,214	2,913	<b>140.0</b>
Adjusted operating costs	(830)	(1,229)	<b>48.1</b>
Adjusted EBITDA	384	1,684	<b>338.8</b>
Adjusted Loss before tax	(1,270)	(684)	<b>(46.1)</b>
Cash generated from operations	613	1,719	<b>180.4</b>
Capital expenditure	252	442	<b>75.4</b>

(£ million)	Dec 2021	Dec 2022	Versus Dec 21 %
Consolidated nominal net debt			
Heathrow (SP)	13,332	14,579	<b>9.4</b>
Heathrow Finance	15,440	15,786	<b>2.2</b>
Consolidated cash at Heathrow Finance	2,882	2,990	<b>3.7</b>
Regulatory Asset Base	17,474	19,182	<b>9.8</b>



# REVENUE GROWTH REFLECTS THE INCREASE IN PASSENGERS

## Strong growth in aeronautical revenue

- Higher passenger numbers and aircraft cargo movements
- Increase in aero charges in line with interim tariff set by CAA

## Retail recovering in line with passenger growth

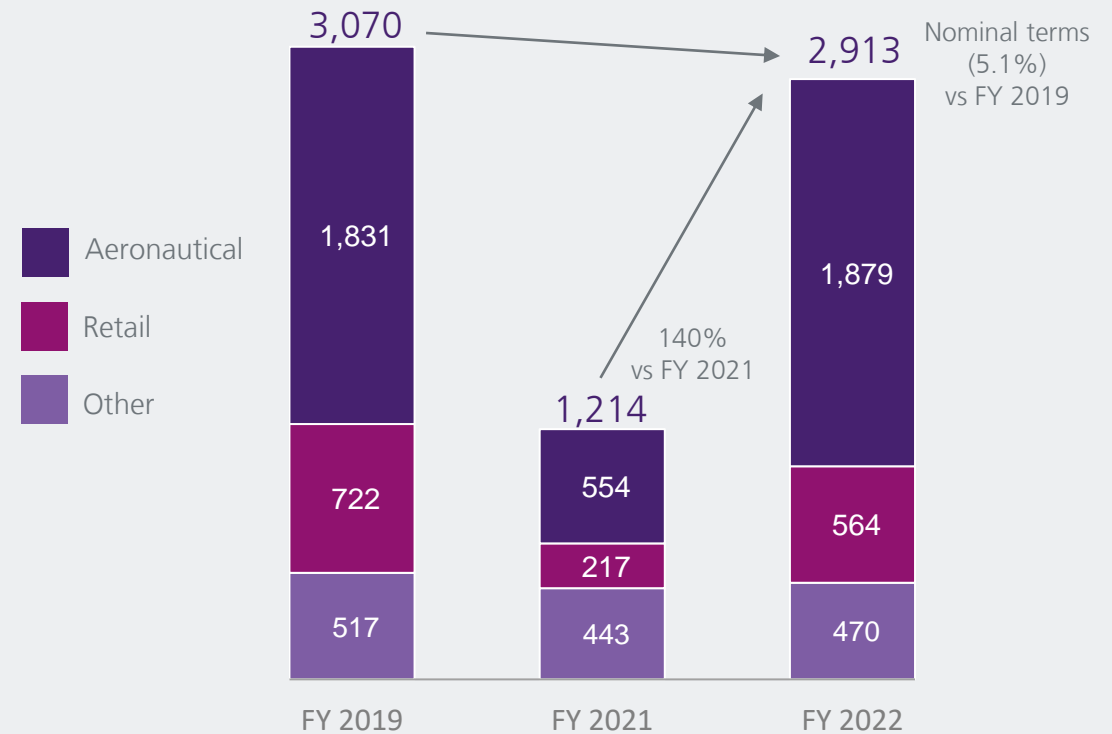
- Higher departing passengers, car parking, drop off and premium services

## Other revenue growth

- Significant recovery in Heathrow Express
- 2021 ORCs impacted by Airport Cost Recovery Charge

Regulated charges insufficient to offset lower passenger numbers

Analysis of revenue (£m)

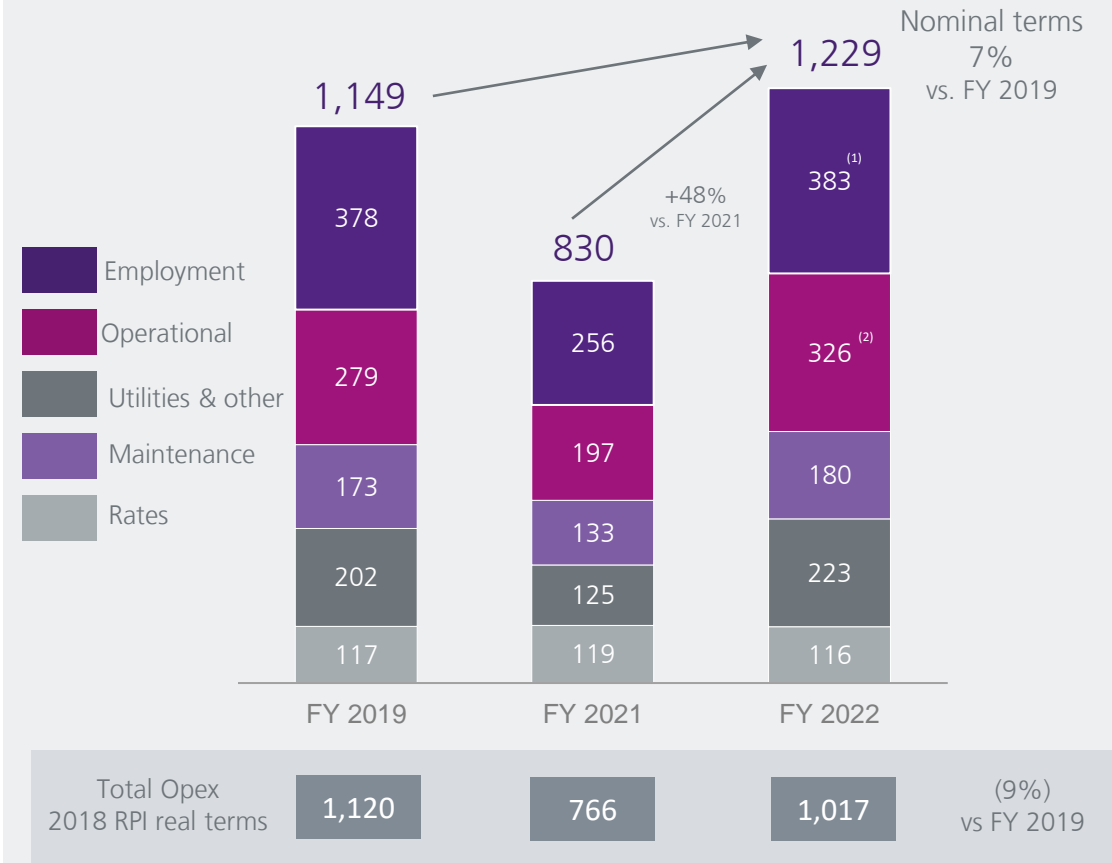


Total Revenue 2018 RPI real terms	FY 2019	FY 2021	FY 2022	Change vs FY 2019
	2,993	1,121	2,440	(19%) vs FY 2019

# OPERATING COSTS INCREASED TO SUPPORT THE GROWTH IN DEMAND AND CAPACITY, BUT NOT YET AT FULL RUN RATE

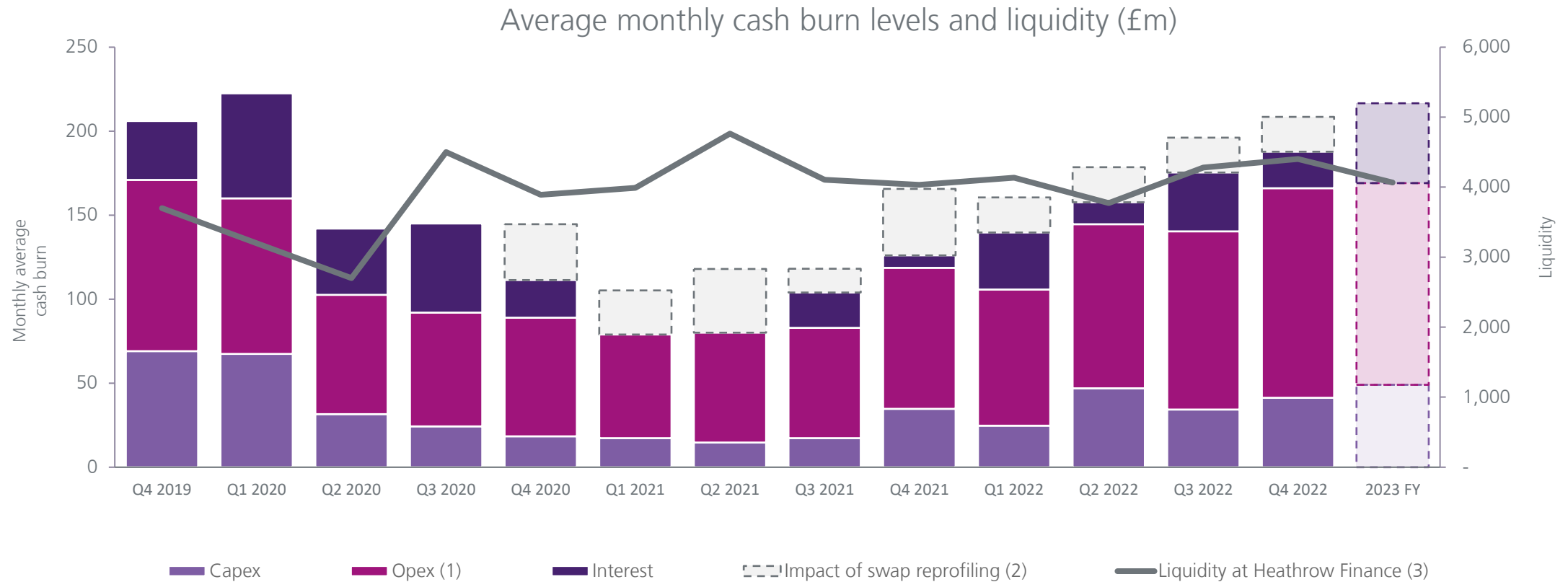
- Employment costs increased as we invested in additional colleagues, recruitment and training
- Operational and maintenance costs reflect full reopening of terminals, higher inflation and service quality rebates
- Utilities costs increased due to higher consumption and higher energy prices
- Business rates remained broadly flat

Analysis of adjusted operating costs (£m)



(1) Employment including 3rd party resourcing  
 (2) Operational excluding 3rd party resourcing

# CASH BURN HAS INCREASED AS CAPACITY AND SERVICE LEVELS RETURN TO PRE-PANDEMIC LEVELS



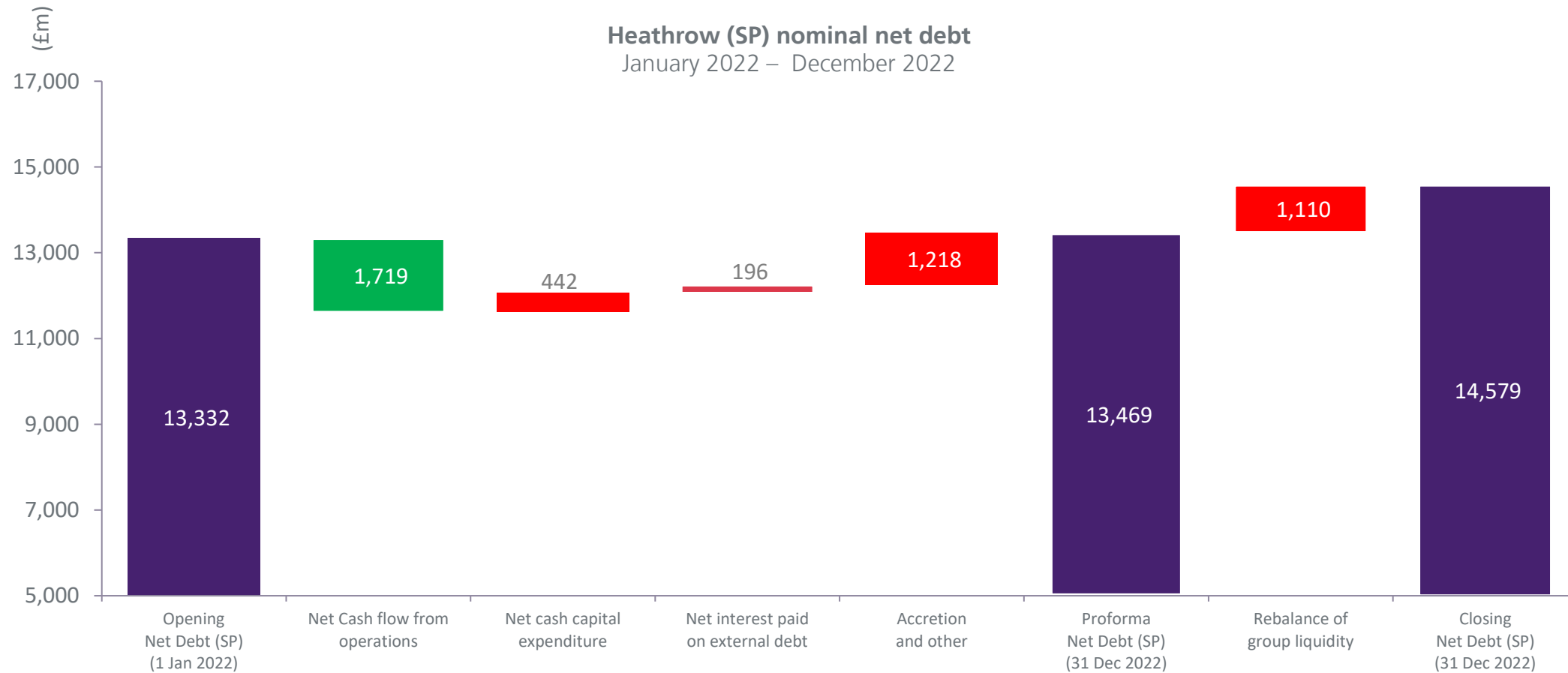
(1) Opex excludes impact of 2020 opex prepayments of c.£280m

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

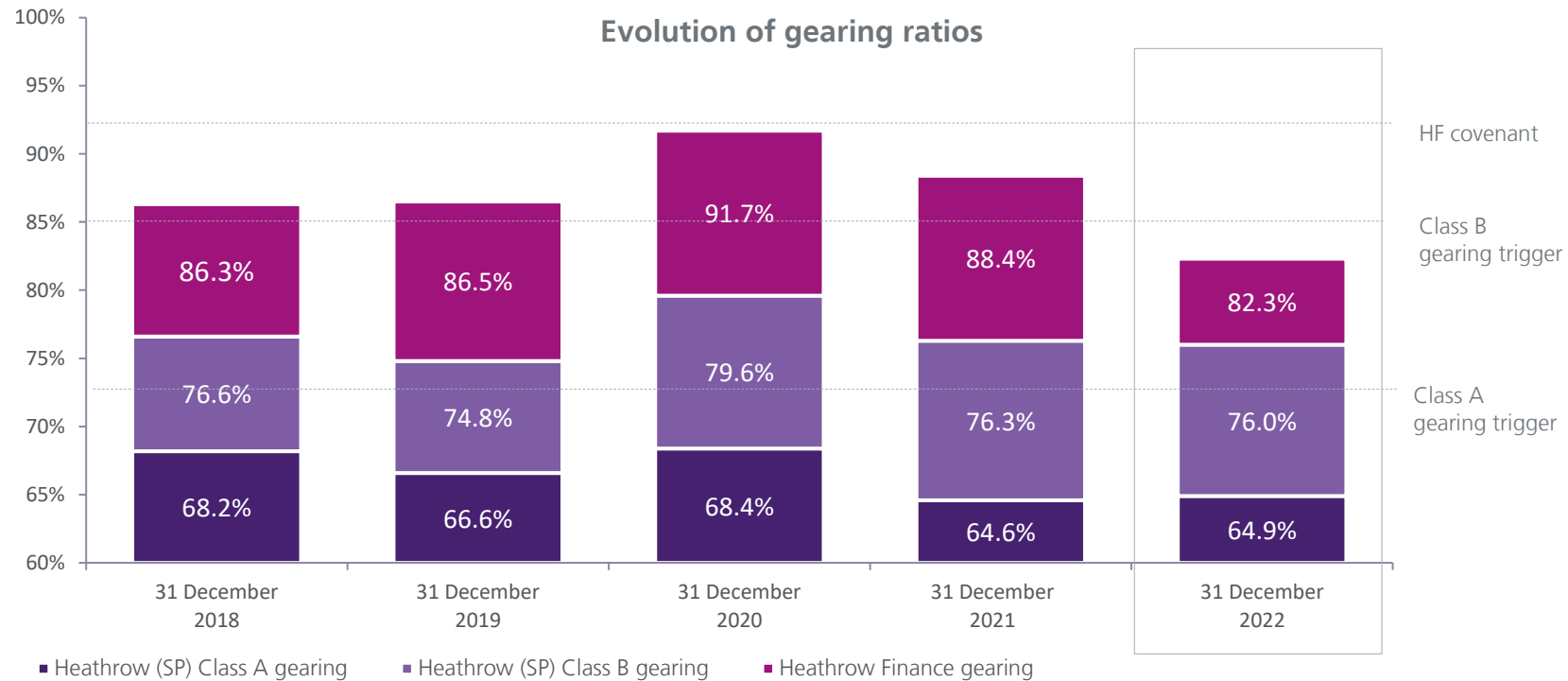
(3) Liquidity position including cash and undrawn facilities



# OUR EFFORTS TO PROTECT LIQUIDITY AND CASHFLOW HAVE ENABLED NO MATERIAL CHANGE IN NET DEBT



# GROUP GEARING RATIOS ARE BELOW PRE-PANDEMIC LEVELS



# OUTLOOK

- Traffic forecast of 67.2m based around a range of 58m to 73m passengers
- Financial outlook in line with Investor Report published in December
- 2023 Q1 results to be published on 26 April 2023



# STRATEGIC UPDATE





# TO GIVE PASSENGERS THE BEST AIRPORT SERVICE IN THE WORLD

We delivered...

...and we will do more



- Named in Glassdoor's top 50 UK companies to work
- Winter support plan for all colleagues
- 50% female colleagues at Band A and Executive level

- Build back resourcing levels
- Invest further in recruitment, training and development
- Become the employer of choice for local diverse talent



- Named Best Airport in Europe for customer service by Business Traveller magazine
- Removed temporary capacity cap
- Services and punctuality improved
- Build Back Capacity Programme implemented

- Restore pre-pandemic service standards
- Better use of data to improve flow of passengers, planes, bags and cargo
- New security scanners and T2 baggage system



- Highest passenger growth in the world
- Europe's busiest airport over Summer
- RCF fully refinanced and expanded

- Next generation retail
- Digital strategy
- Cargo transformation
- Property and estate optimisation



- ICAO commitment to target net zero
- 2022 SAF incentive fully subscribed
- Heathrow Business Summit
- Surface Access Strategy published
- Expansion review has commenced

- Execute SAF airlines incentive to 1.5%
- Host the first passenger plane to fly transatlantic on 100% SAF
- Airspace modernisation
- Giving Back Programme for 1 million people locally



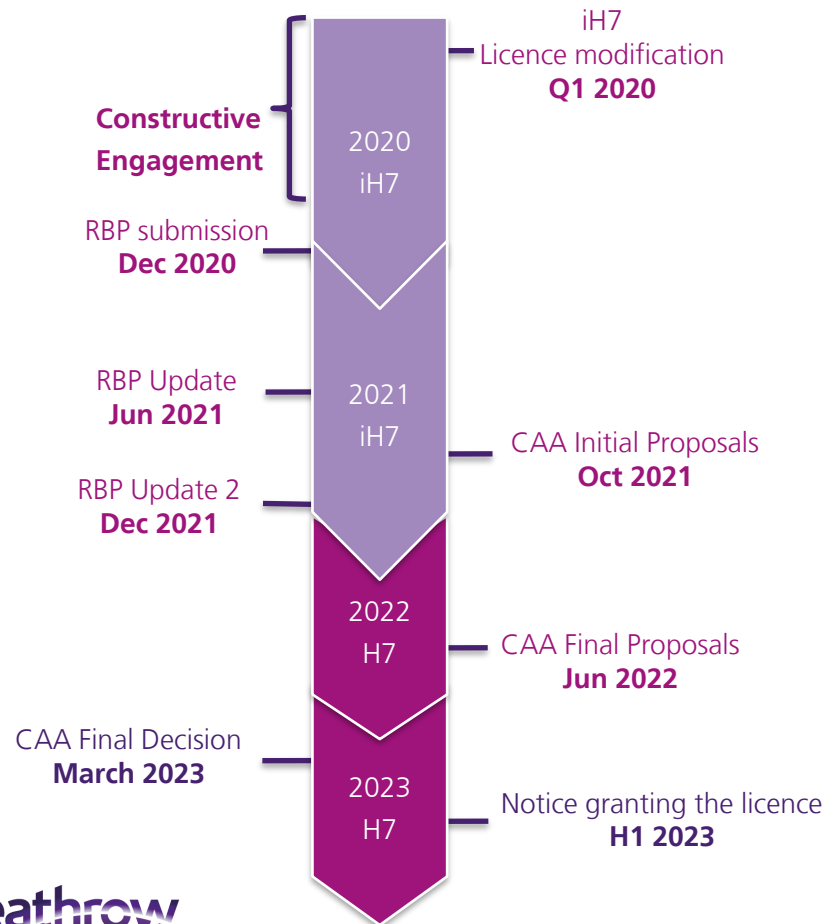
# Q&A

# APPENDICES CONTENT



# CAA'S FINAL PROPOSAL RESTRICTS INVESTMENT AND DOES NOT DELIVER THE OUTCOMES CONSUMERS WANT

## H7 Timetable



2023 interim charge of £31.57 is equal to the 2016 charge in real terms, and the average H7 charge is lower than the Q6 charge, despite lower forecast passenger numbers

Q6 Charge  
£24.43 (2020p)

H7 Charge  
£24.14 (2020p)

- CAA's proposals, as currently set out, are not deliverable and contain basic errors
- CAA's final proposals put at risk the delivery of the service that passengers expect
- Without corrections, the full capital plan may not be possible, and investment trade-offs will be required
- CAA has disallowed capex and opex for improvements for PRS



# HEATHROW EXPANSION

We remain committed to a long-term sustainable expansion

- Currently reviewing our plans for delivering expansion
- ANPS is in full effect post legal challenge
- Expanding capacity to meet growing demand
- Decarbonising aviation a central part of the Government's green growth agenda



# HEATHROW NOMINAL NET DEBT AT 31 DECEMBER 2022

Heathrow (SP) Limited	Amount	Available	Maturity
Senior debt	(£m)	(£m)	
£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
CHF165m 1.800%	136	136	2029
£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%	104	104	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%	70	70	2039
€86 Zero Coupon	75	75	2039
£460m RPI +3.334%	751	751	2039
¥10,000m 0.8%	71	71	2039
£100m RPI +1.238%	138	138	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
£60m 4.702%	60	60	2047
£75m RPI +1.372%	104	104	2049
£400m 2.75%	400	400	2049
£160m RPI +0.147%	197	197	2058
<b>Total senior bonds</b>	<b>12,046</b>	<b>12,046</b>	
Term debt	1,455	1,455	Various
Index-linked derivative accretion	726	726	Various
Revolving / WC facilities	0	1,019	2026
Operating lease liability	53	53	Various
<b>Total other senior debt</b>	<b>2,234</b>	<b>3,253</b>	
<b>Total senior debt</b>	<b>14,280</b>	<b>15,299</b>	
<b>Heathrow (SP) Limited cash</b>	<b>(1,833)</b>		
<b>Senior net debt</b>	<b>12,447</b>		

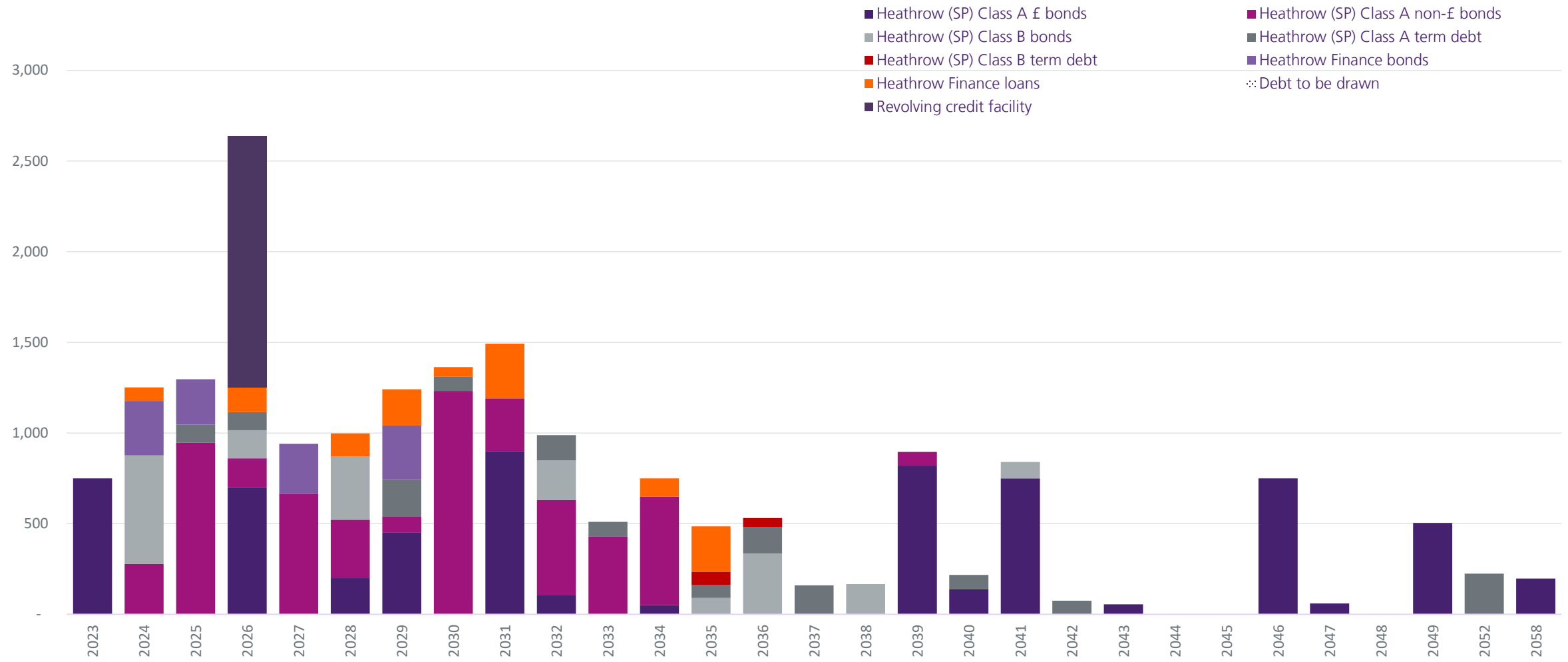
Heathrow (SP) Limited	Amount	Available	Maturity
Junior debt	(£m)	(£m)	
£600m 7.125%	600	600	2024
£155m 4.221%	155	155	2026
£350m 2.625%	350	350	2028
£182m 0.101%	218	218	2032
£75m RPI + 0.347%	91	91	2035
£75m RPI + 0.337%	91	91	2036
£180m RPI +1.061%	245	245	2036
£51m RPI + 0.419%	61	61	2038
£105m 3.460%	105	105	2038
£75m RPI + 0.362%	91	91	2041
<b>Total junior bonds</b>	<b>2,007</b>	<b>2,007</b>	
Term debt	125	125	Various
Junior revolving credit facilities	0	367	2026
<b>Total junior debt</b>	<b>2,132</b>	<b>2,499</b>	
<b>Heathrow (SP) Limited group net debt</b>	<b>14,579</b>		

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
<b>Total bonds</b>	<b>1,125</b>	<b>1,125</b>	
£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
<b>Total loans</b>	<b>1,239</b>	<b>1,239</b>	
<b>Total Heathrow Finance plc debt</b>	<b>2,364</b>	<b>2,364</b>	
<b>Heathrow Finance plc cash</b>	<b>(1,157)</b>		
<b>Heathrow Finance plc net debt</b>	<b>1,207</b>		

Heathrow Finance plc group	Amount	Available
	(£m)	(£m)
<b>Heathrow (SP) Limited senior debt</b>	<b>14,280</b>	<b>15,299</b>
<b>Heathrow (SP) Limited junior debt</b>	<b>2,132</b>	<b>2,499</b>
<b>Heathrow Finance plc debt</b>	<b>2,364</b>	<b>2,364</b>
<b>Heathrow Finance plc group debt</b>	<b>18,776</b>	<b>20,162</b>
<b>Heathrow Finance plc group cash</b>	<b>(2,990)</b>	
<b>Heathrow Finance plc group net debt</b>	<b>15,786</b>	



# DEBT MATURITY PROFILE AT 31 DECEMBER 2022



# NOTES, SOURCES AND DEFINED TERMS

**Page 4**

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 2022 sourced from companies websites

**Page 9**

Courtesy & Helpfulness of Airport Colleagues (QSM)

International (ACI). Survey scores range from 1 up to 5.

Departure punctuality – percentage of flights departing within 15 minutes of schedule.

Baggage connection – numbers of bags connected per 1,000 passengers.

Security queuing - % of security waiting time measured under 5 and 10minutes, based on 15-minute time period measured.

**Page 14**

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.

**Page 16**

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

**Page 18**

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.

**Page 19**

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

**Page 27-28**

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

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