

HEATHROW (SP) LIMITED

RESULTS FOR THE 6 MONTHS ENDED
30th JUNE 2022





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2022 H1 PERFORMANCE



OPERATIONAL AND FINANCIAL PERFORMANCE

PASSENGERS

26.1m

+578% vs. 2021 H1
-33% vs. 2019 H1

ADJUSTED EBITDA

£744m

-- vs. 2021 H1
-18% vs. 2019 H1

REVENUE

£1,280m

+268% vs. 2021 H1
-12% vs. 2019 H1

LIQUIDITY

£3.8bn

-21% vs. 2021 H1
+40% vs. 2019 H1

OPERATING COSTS

£536m

+41% vs. 2021 H1
-3% vs. 2019 H1

RAB

£18.4bn

+5.4% vs. Dec 21
+11% vs. Dec 19

Operational and financial highlights

- Heathrow ramp-up plan on track for summer peak; 1,300 new hires in H1, Terminal 4 reopened in June
- Revenue, operating costs and EBITDA on track with revised forecast
- Easter and half-term peaks went well, good start to Summer peak
- Continue to make an Adjusted loss before tax
- Capacity cap will remain in place until airlines increase their ground handler resource
- Balance sheet remains strong with Group gearing ratios below pre-pandemic levels
- June passenger numbers at 83% of pre-pandemic levels

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

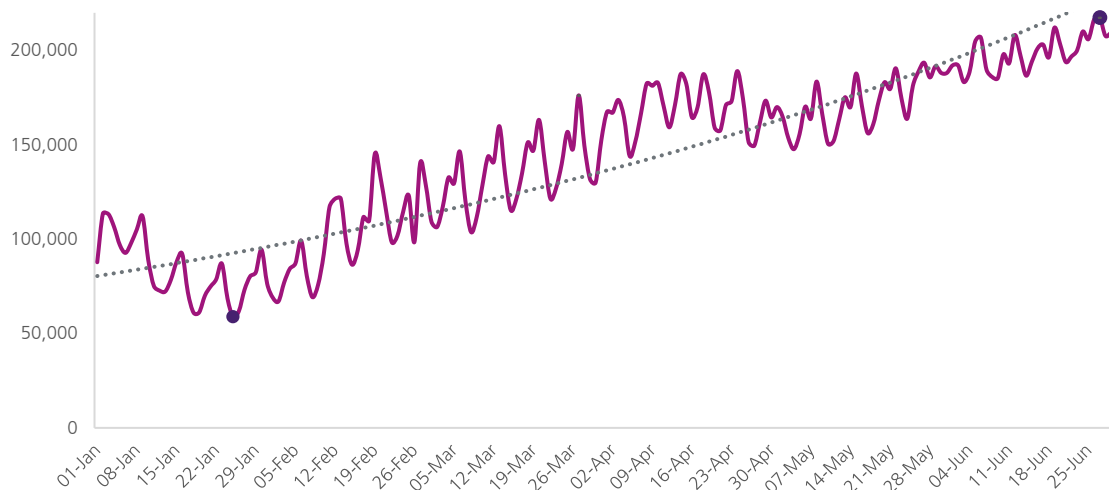
Heathrow



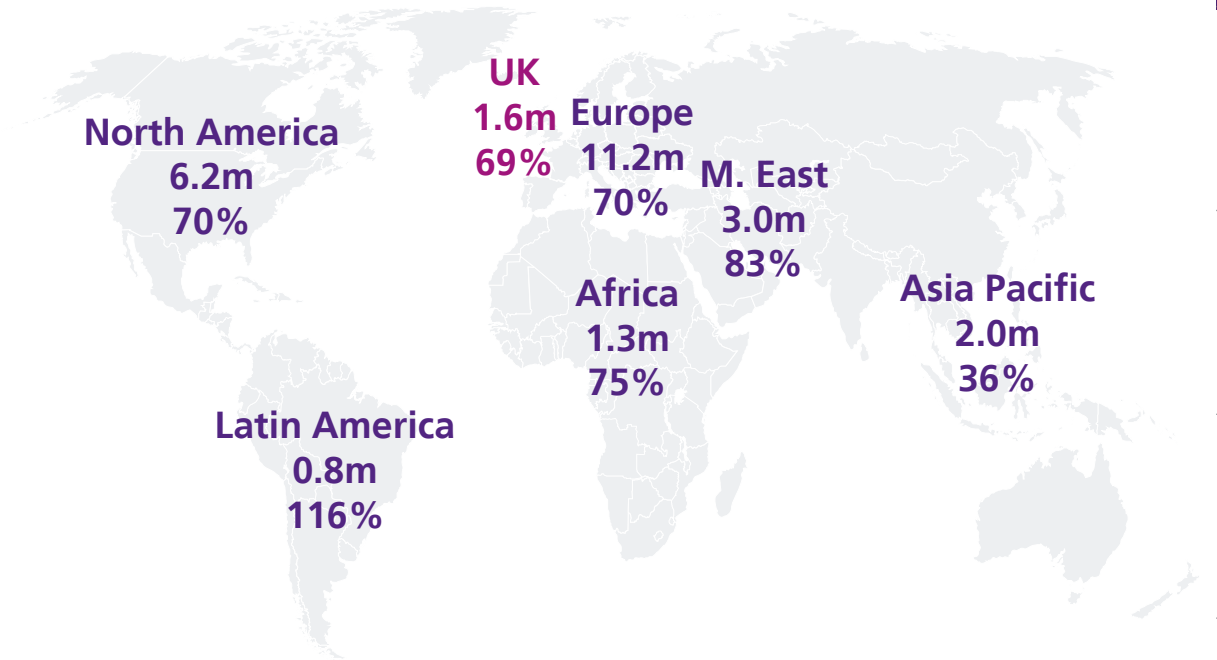
PASSENGER NUMBERS IN JUNE WERE THE HIGHEST SINCE THE START OF THE PANDEMIC

Heathrow	2019 H1	2020 H1	2021 H1	2022 H1
Passengers	38.8	15.4	3.9	26.1
Passengers ATM	233,956	108,125	61,235	166,094
Cargo ATM	1,404	9,391	18,386	6,339
Load factors (%)	77.8	65.4	40.0	72.9
Seats per ATM	213.0	218.4	224.5	215.2
Cargo tonnage ('000)	806	550	665	688

2022 H1 daily total passengers numbers



H1 passenger numbers by market
(2022 as a % of 2019 levels)



Total of 26.1 million passengers
(67% of 2019 levels)

SIGNIFICANT PASSENGER GROWTH CONTINUES TO PUT PRESSURE ON THE AIRPORT SYSTEM ACROSS EUROPE

Charles de Gaulle

24.8m passengers
+18.2m vs. H121
+275% vs H121
-32% vs H119

Schiphol

23.8m passengers
+18.1m vs. H121
+324% vs H121
-31% vs H119

Heathrow

26.1m passengers
+22.2m vs. H121
+578% vs H121
-33% vs H119

Cargo 0.8m tonnes
+14% vs H121
-6% vs H119

Capacity cap: 67.5k daily
departing passengers (July)

Cargo 0.7m tonnes
+3% vs H121
-15% vs H119

Capacity cap: 100k daily
departing passengers (Jul-Sep)

Frankfurt

20.8m passengers
+14.3m vs. H121
+220% vs H121
-38% vs H119

Cargo 1.0m tonnes
-11 vs H121
-3% vs H119

Capacity cap: 88 movements
per hour

Madrid

22.0m passengers
+15.5m vs. H121
+238% vs H121
-25% vs H119

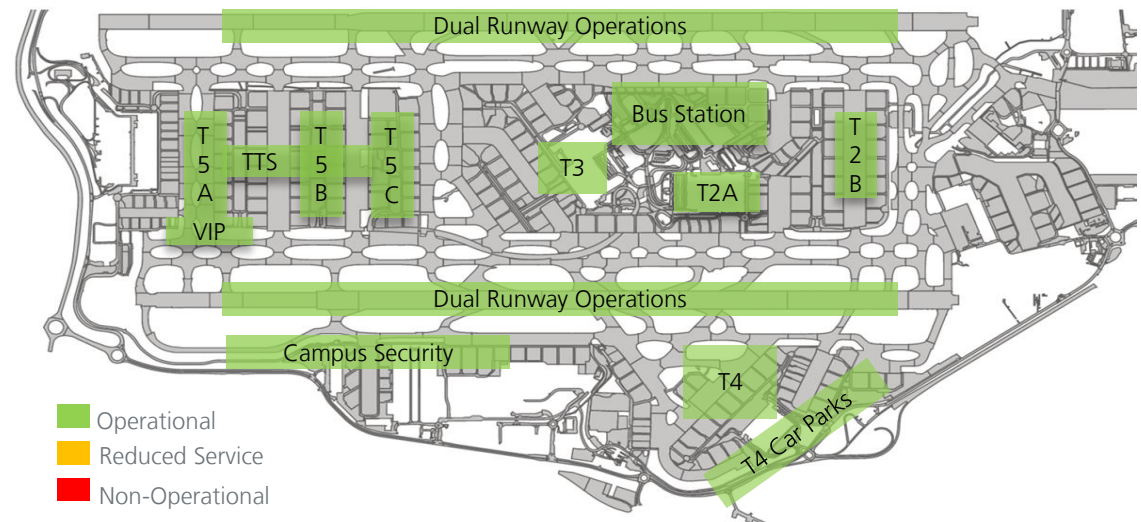
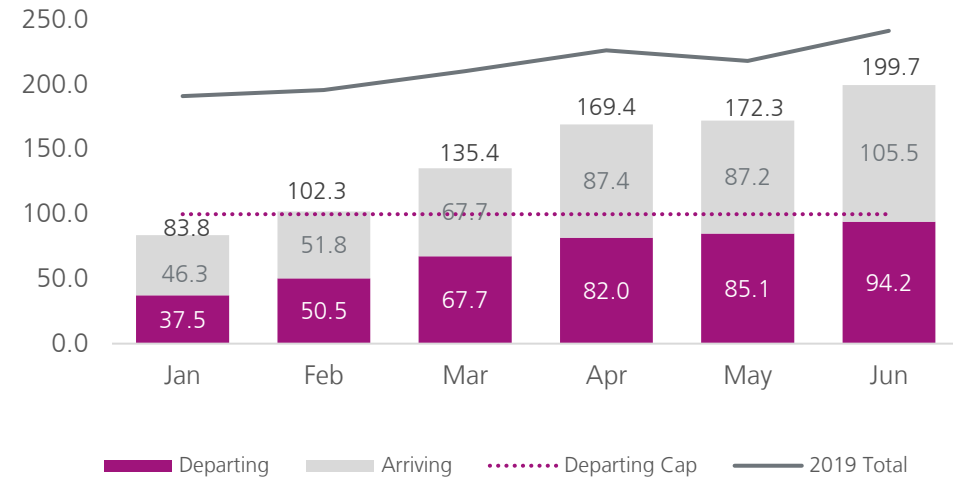
Cargo 0.3 tonnes
+21% vs H121
+5% vs H119



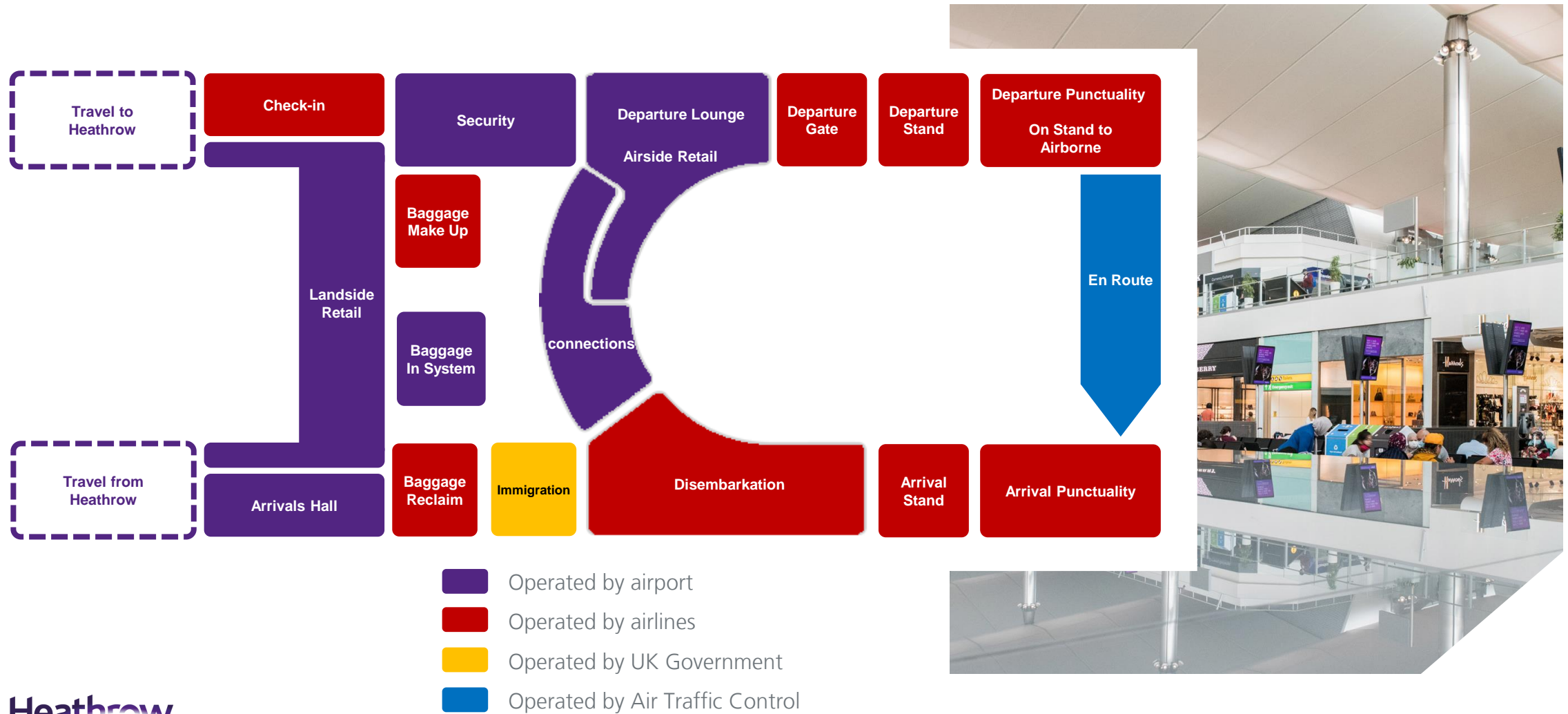
HEATHROW'S RAMP UP PLAN IS ON TRACK

- Reopened and moved 25 airlines into T4 to relieve congestion in check in
- Worked with airlines to speed up check in processes and move them online
- Actively recruiting since Nov 2021; 1,300 new starters in H1 – as much resource in security as pre-pandemic
- DFT's slot amnesty and Heathrow departing passenger cap have allowed airlines to revise schedules to keep capacity and demand in balance
- Aim is to give confidence that everyone will have a safe and reliable journey and arrive at their destination with their bags

2022 Average daily passengers ('000)

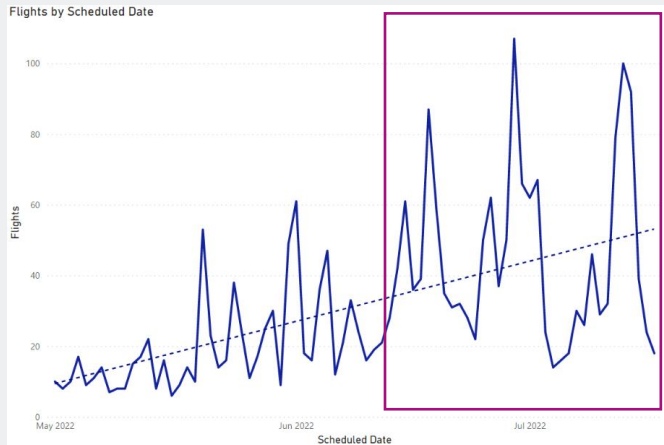


RAMP UP REQUIRES ALL 400 COMPANIES ACROSS THE AIRPORT TO INCREASE CAPACITY AT THE SAME PACE

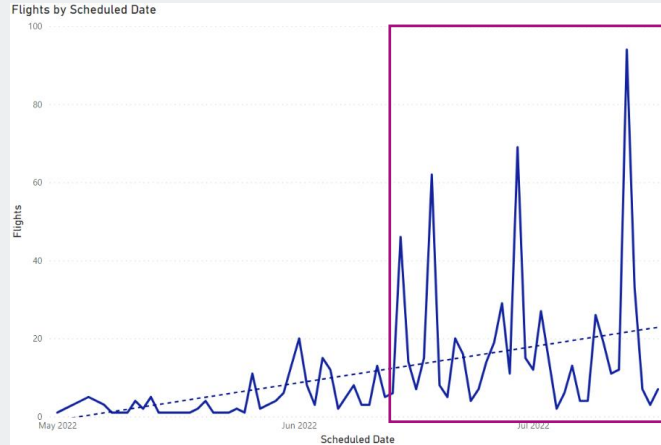


RECENT DETERIORATION IN AIRLINE GROUND HANDLING SERVICE TRIGGERED NEED FOR CAP AHEAD OF SUMMER PEAK

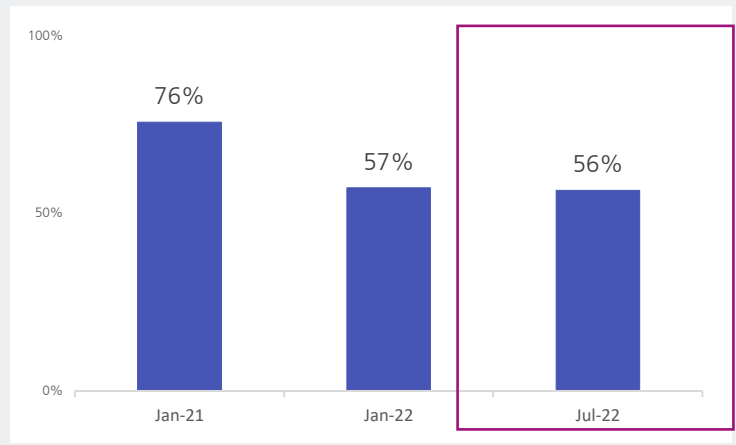
Departure Delay 60 mins Increasing trend since May



First Bag over 60 mins Increasing trend with some extreme spikes



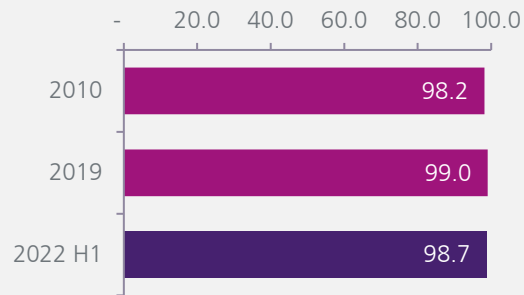
Ground Handler Resourcing Permanent passes (as a % of pre-pandemic)



KEY PRIORITY FOR H7 IS TO REBUILD PASSENGER SERVICE TO PRE-PANDEMIC LEVELS

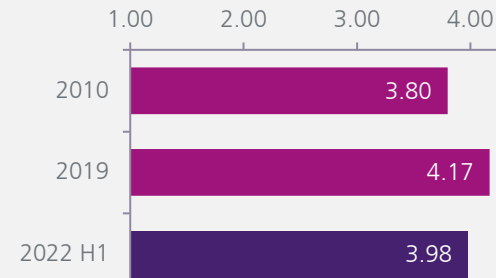
Baggage connection - %

Connection rate per 1,000 passengers



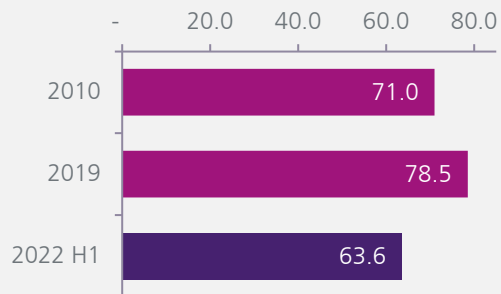
Passenger satisfaction

Airport Service Quality 'ASQ'



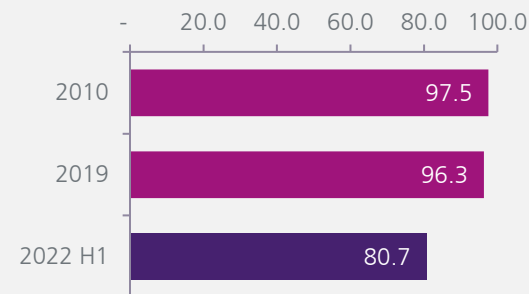
Departure Punctuality - %

Within 15 minutes of schedule



Security queuing - %

Waiting time measured under 5 minutes

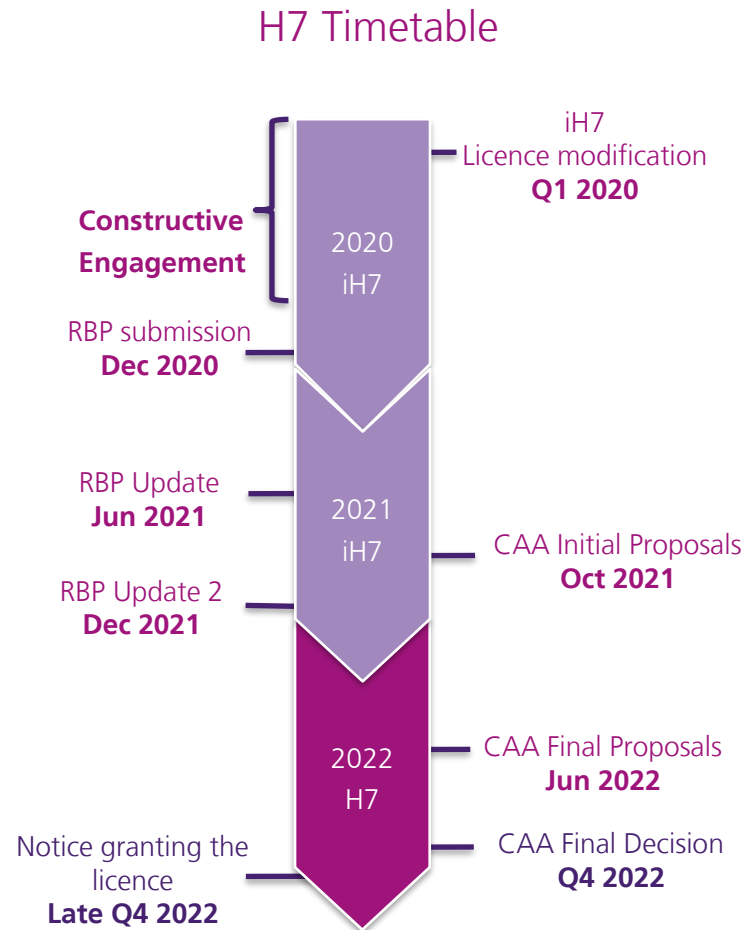


OUR PLAN FOR H7 DELIVERS FOR CONSUMERS AND INVESTS IN SERVICE AND RESILIENCE

BUILD BACK Q6 SERVICE LEVELS	WHILE INVESTING TO ADDRESS CONSUMER HOTSPOTS	KEY FOCUS AREAS FOR INVESTMENT
<p>4.26 Overall Satisfaction</p> <p>95% < 5 mins Security Queues</p> <p>99% Asset Availability</p> <p>80.5% on time Punctuality</p> <p>0.7% Baggage misconnect</p> <p>4.00 PRS satisfaction</p>	<p>Enhanced Service – Asset Resilience</p> <p>Enhanced Service - Passengers Requiring Support (PRS)</p> <p>COVID-19 Safety</p>	<ul style="list-style-type: none"> ▪ Asset maintenance and replacement ▪ Replacing the Terminal 2 baggage system ▪ Replacing security lanes ▪ Investing in commercial proposition ▪ Investing in carbon and sustainability ▪ Investment in improving efficiency & service



CAA'S FINAL PROPOSALS WILL NOT DELIVER THE OUTCOMES CONSUMERS WANT



Revised Business Plan Update 2

H7 Charge £41.95 (2018p)	Capex Plan £4.1bn (2018p)	WACC 8.5%	RAB Adjustment £2,5bn (2018p)
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Final Proposals

H7 Charge £24.14 (2020p)	Capex Plan £3.6bn (2020p)	WACC 4.2%	RAB Adjustment £0.3bn (2020p)
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- Our H7 plan will deliver the easy, predictable and reliable experience consumers value
- CAA's Final Proposals are not currently investable
- For the H7 price control to be deliverable the CAA must:
 - Review the unevidenced or inappropriate assumptions in its forecasts of opex
 - Correct the errors in its financial modelling and in its commercial revenues forecasting
 - Review its approach to cost of equity and implement a market-based approach
 - Align its approach to the treatment of inflation with that taken by the CMA

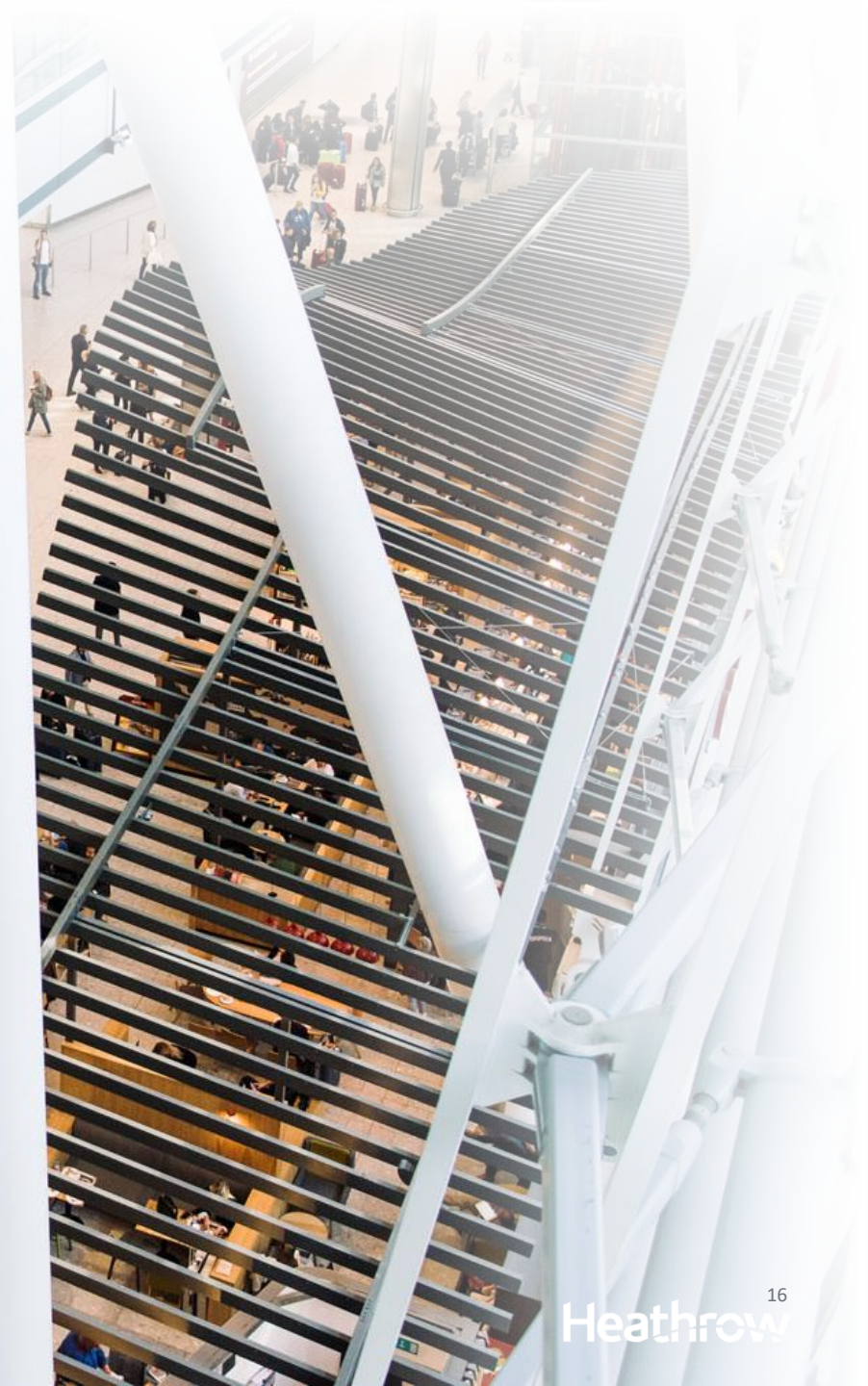
HEATHROW 2.0: CONNECTING PEOPLE AND PLANET

Our refreshed Heathrow 2.0 plan sets out our ambition to connect people and planet and describing our 2030 goals.

- SAF landing charges incentive was over-subscribed
- Over 50% of the target volume of SAF was delivered to the airport during the first half of 2022
- Government's Jet Zero strategy published
- First UK airport accredited with the highest level of ACI Europe's Airport Carbon Accreditation programme



FINANCIAL REVIEW



FINANCIAL REVIEW

(£ million)	H1 2021	H1 2022	Versus 2021 %	Q2 2021	Q2 2022	Versus 2021 %
Revenue	348	1,280	267.8	183	764	317.5
Adjusted operating costs	(381)	(536)	40.7	(196)	(293)	49.5
Adjusted EBITDA	(33)	744	--	(13)	471	--
Adjusted Loss before tax	(787)	(321)	59.2	(458)	(98)	79.6
Profit / (Loss) before tax	(868)	263	--	(561)	454	--
Cash generated from operations	177	755	326.6	45	477	960.0
Capital expenditure	96	215	124.0	44	141	220.5

(£ million)	Dec 2021	Jun 2022	Versus Dec 21 %
Consolidated nominal net debt			
Heathrow (SP)	13,332	14,507	8.8
Heathrow Finance	15,440	15,561	0.8
Consolidated cash at Heathrow Finance	2,882	2,602	(9.7)
Regulatory Asset Base	17,474	18,425	5.4

REVENUE GROWTH REFLECTS THE INCREASE IN PASSENGERS

Strong growth in aeronautical revenue

- higher passenger numbers and aircraft cargo movements
- increase in aero charges
- prior year was impacted by COVID restrictions

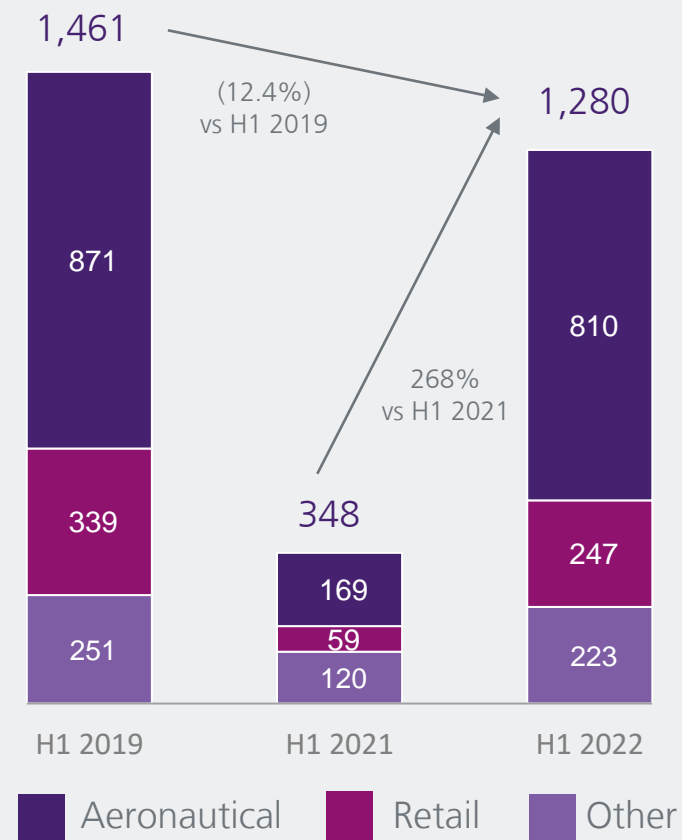
Retail recovering in line with passenger growth

- higher departing passengers, car parking, premium services and the mix of retail services available
- luxury revenue lower due to removal of VAT free shopping

Other revenue growth

- Other Regulated Charges largely because of higher passengers
- Heathrow Express recovering, ahead of launch of through running Elizabeth Line

Analysis of revenue (£m)

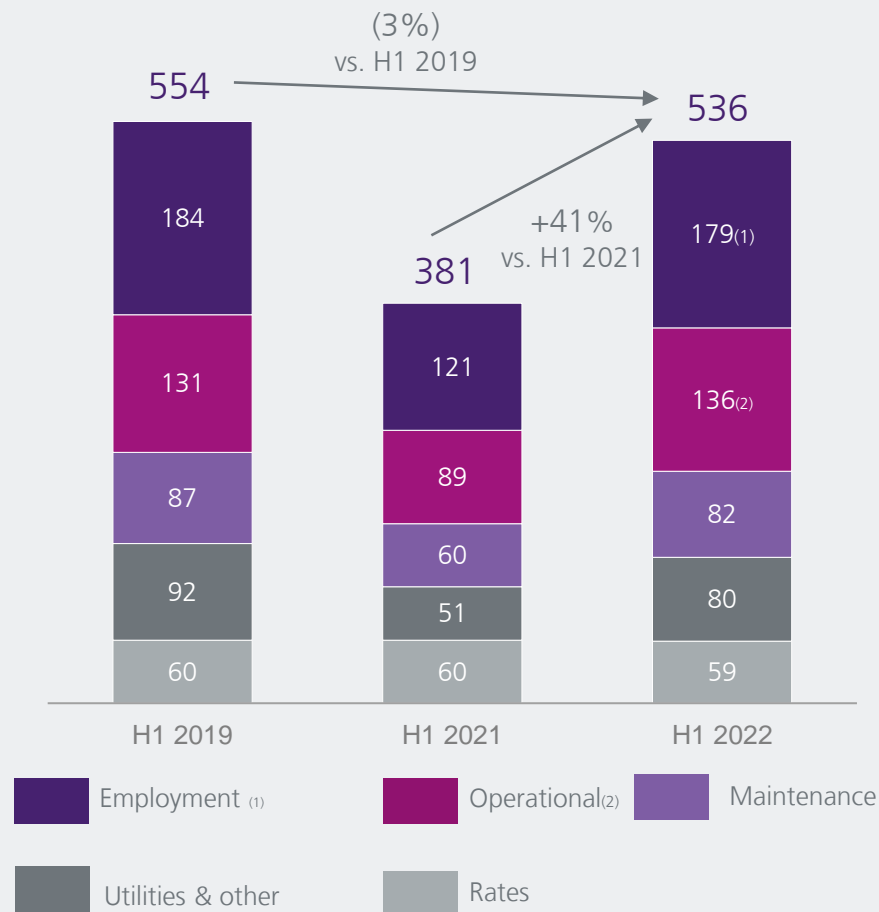


OPERATING COSTS HAVE INCREASED TO SUPPORT RAMP UP

Investing in operating costs ahead of growth

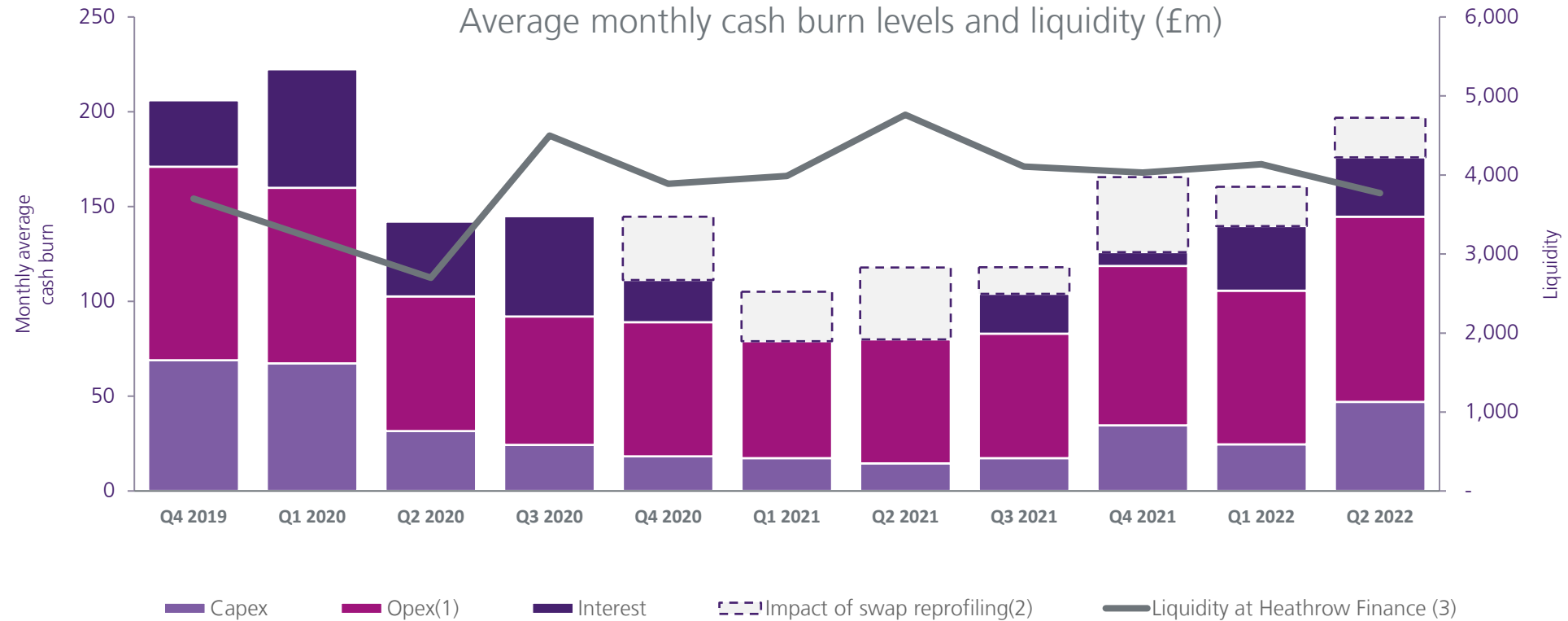
- increase in employment costs driven by recruitment, overtime and training costs
- operational costs have increased due the reopening of operations, higher passengers and ramp-up costs
- maintenance costs reflect increased resourcing and full reopening of operations
- utilities costs have increased due to higher energy prices
- business rates remain broadly flat

Analysis of adjusted operating costs (£m)



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

CASH BURN IS INCREASING TO SUPPORT DEMAND GROWTH

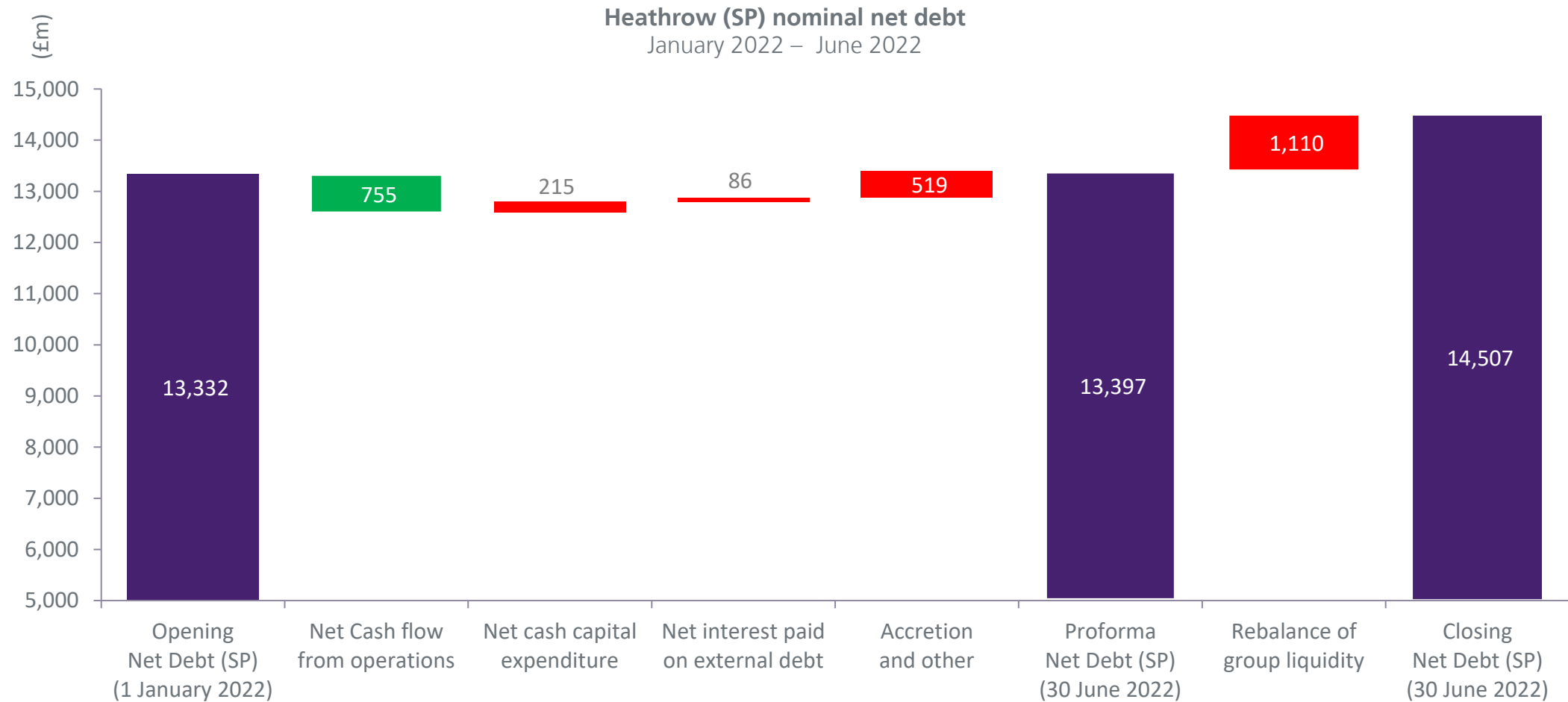


(1) Opex excludes impact of 2020 opex prepayments of c.£280m

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

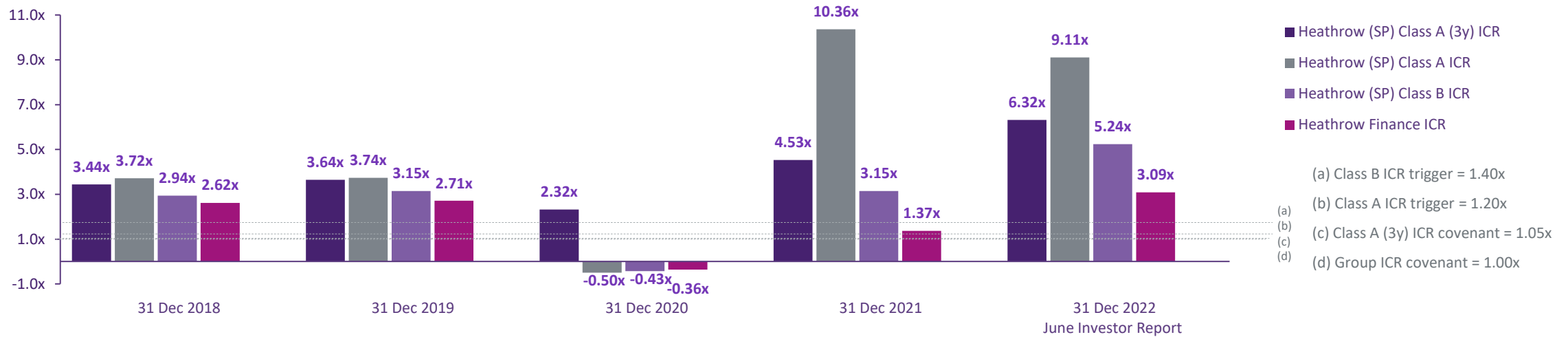
(3) Liquidity position including cash and undrawn facilities

OUR FINANCING PRIORITY REMAINS TO PROTECT LIQUIDITY AND CASHFLOW

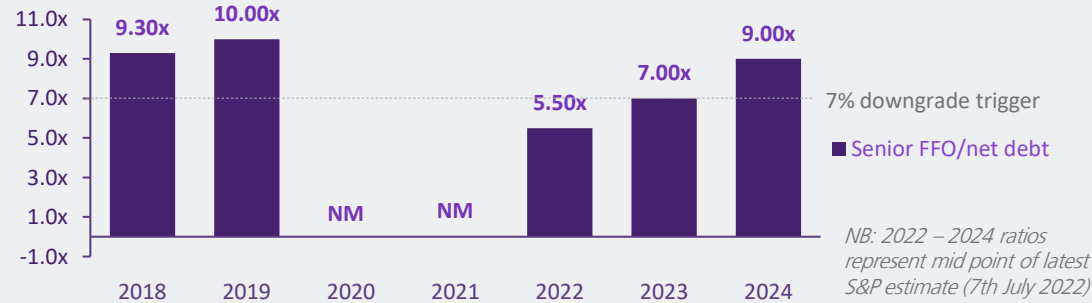


INTEREST COVER RATIOS ARE COMFORTABLE BUT PRESSURE REMAINS ON CASHFLOW AND CREDIT RATING METRICS IN THE NEAR TERM

Interest Cover Ratios



S&P Senior FFO to Net Debt

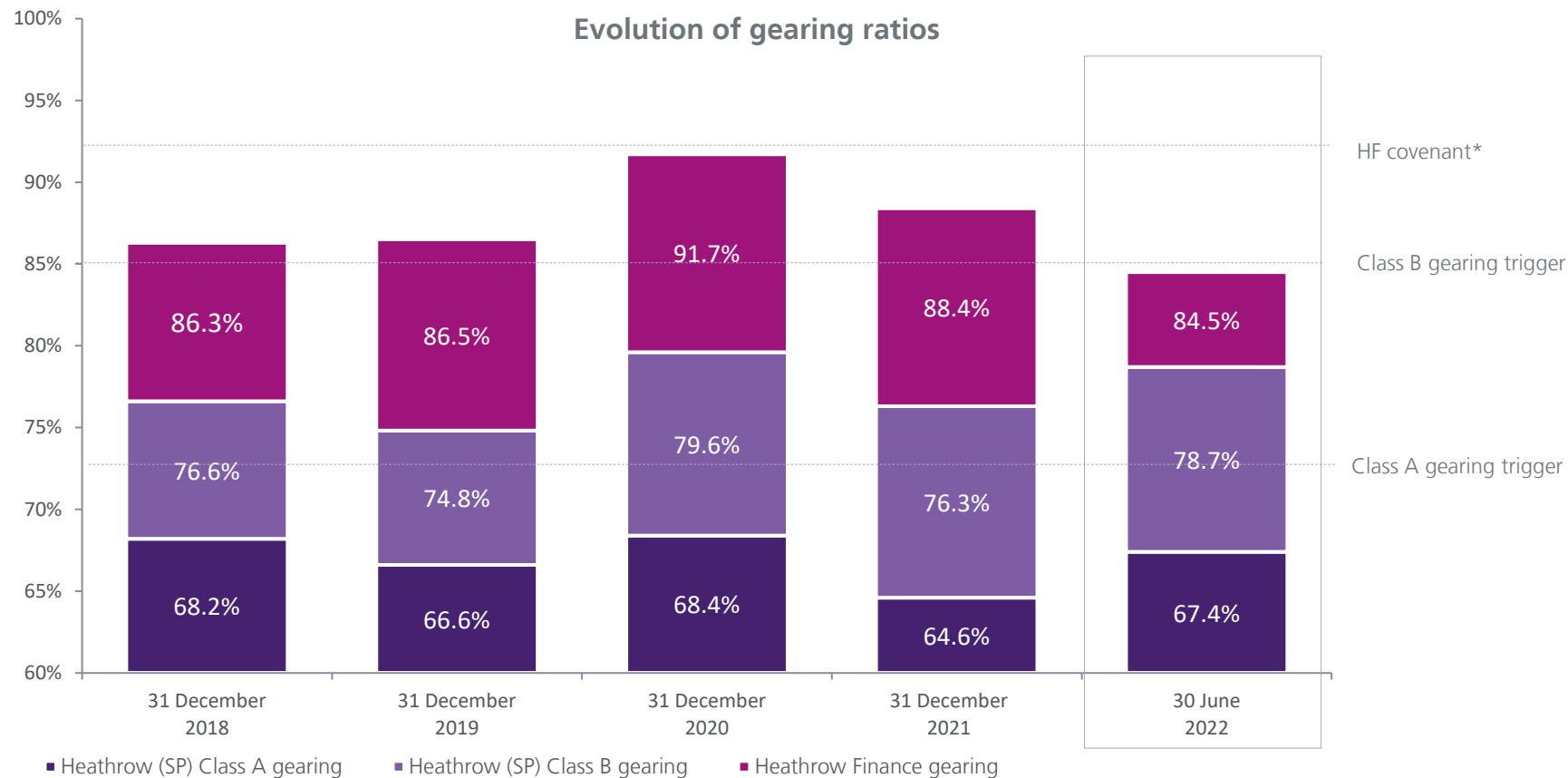


“We believe there are still uncertainties regarding Heathrow Funding Ltd.’s (HFL’s) ability to recover and sustain its credit metrics to a level commensurate with its credit ratings, notably 2022-2024 weighted-average funds from operations (FFO) to senior debt of at least 7.0% and funds from operations (FFO) to total debt of at least 5.0%.”

“The proposed tariff decline for Heathrow Airport Ltd. (HAL) may weigh further on already-tight credit metrics if it is not properly compensated by mitigating actions or traffic recovery.”

S&P Research Update, July 7 2022

GROUP GEARING RATIOS ARE NOW BELOW PRE-PANDEMIC LEVELS



(*) Heathrow Finance's RAR covenant now restored to 92.5% (temporarily 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, following the waiver secured on 8 July 2020)

2022 OUTLOOK

- Financial outlook remains consistent with the revised guidance published in our June Investor Report
- Significant uncertainty remains post Summer
- 2022 Q3 results to be published on 26 October 2022



STRATEGIC UPDATE



TO GIVE PASSENGERS THE BEST AIRPORT SERVICE IN THE WORLD

We delivered...

...and we will do more



- Implemented London Living Wage across supply chain
- 1,300 new colleagues and 220 internally promoted
- 180 colleagues assigned to training & development programmes

- Continually improve colleague facilities and wellbeing
- Invest further in recruitment, training and development
- Deliver a safe and secure operation that meets service measures and Summer 2022
- Become the employer of choice for local diverse talent



- Introduction of Capacity cap to balance supply and demand
- Supported airline ground handlers

- 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



- Re-opened T4 in June
- Three new airlines flying from Heathrow in 2022
- £0.3bn of new debt raised

- Coordinate our winter ramp up programme
- Complete our funding plan
- Submit our response to CAA Final Proposals



- Over 50% of the target volume of 2022 SAF delivered
- First UK airport to receive Carbon Accreditation programme

- ICAO General Assembly in September / October
- COP27 in November
- Update plan and timetable for expansion programme

Q&A



APPENDICES CONTENT



HEATHROW EXPANSION

We remain committed to a long-term sustainable expansion

- Positive outcome from a judicial review
- 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 will continue to assess our plans for expansion in due course



HEATHROW NOMINAL NET DEBT AT 30 JUNE 2022

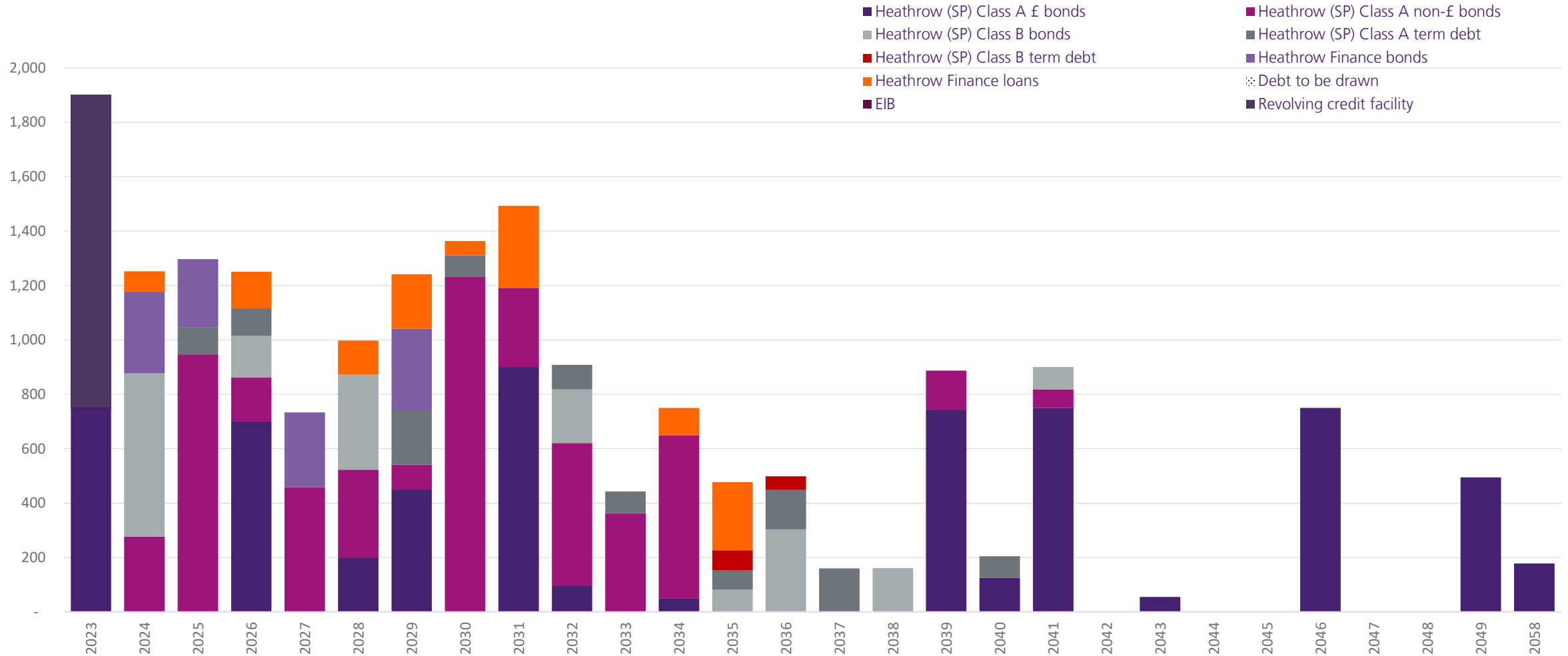
Heathrow (SP) Limited	Amount	Available	Maturity
Senior debt	(£m)	(£m)	
£750m 5.225%	750	750	2023
CHF400m 0.5%	277	277	2024
C\$500m 3.25%	266	266	2025
€750m 1.50%	681	681	2025
CHF210m 0.45%	161	161	2026
£700m 6.75%	700	700	2026
NOK1,000m 2.65%	84	84	2027
C\$650m 2.7%	374	374	2027
C\$400m 3.4%	226	226	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%	97	97	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%	65	65	2039
€86 Zero Coupon	75	75	2039
£460m RPI +3.334%	702	702	2039
¥10,000m 0.8%	71	71	2039
£100m RPI +1.238%	129	129	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%	97	97	2049
£400m 2.75%	400	400	2049
£160m RPI +0.147%	187	187	2058
Total senior bonds	11,898	11,898	
Term debt	1,305	1,305	Various
Index-linked derivative accretion	480	480	Various
Revolving / WC facilities	0	900	2023
Operating lease liability	34	34	Various
Total other senior debt	1,819	2,719	
Total senior debt	13,717	14,618	
Heathrow (SP) Limited cash	(1,291)		
Senior net debt	12,426		

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%	204	204	2032
£75m RPI + 0.347%	85	85	2035
£75m RPI + 0.337%	85	85	2036
£180m RPI +1.061%	230	230	2036
£51m RPI + 0.419%	58	58	2038
£105m 3.460%	105	105	2038
£75m RPI + 0.362%	85	85	2041
Total junior bonds	1,956	1,956	
Term debt	125	125	Various
Junior revolving credit facilities	0	250	2023
Total junior debt	2,081	2,331	
Heathrow (SP) Limited group net debt	14,507		

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	302	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	(1,310)		
Heathrow Finance plc net debt	1,054		

Heathrow Finance plc group	Amount	Available
	(£m)	(£m)
Heathrow (SP) Limited senior debt	13,717	14,618
Heathrow (SP) Limited junior debt	2,081	2,331
Heathrow Finance plc debt	2,364	2,364
Heathrow Finance plc group debt	18,162	19,313
Heathrow Finance plc group cash	(2,601)	
Heathrow Finance plc group net debt	15,561	

DEBT MATURITY PROFILE AT 30 JUNE 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.

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Passenger and cargo numbers as at 30 June 2022 sourced from companies websites

Page 12

Airport Service Quality 'ASQ' – quarterly Airport Service Quality surveys directed by Airports Council 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 minutes, based on 15-minute time period measured.

Page 17

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 19

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

Page 21

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 22

IRC ratio: Inestest Cover Ratio is cash flow from operations less 2% of RAB and corporation tax paid to HMRC divided by net interest paid

Page 23

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

Page 30-31

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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