

Heathrow

# HEATHROW (SP) LIMITED

RESULTS FOR THE NINE MONTHS  
ENDED 30 SEPTEMBER 2023





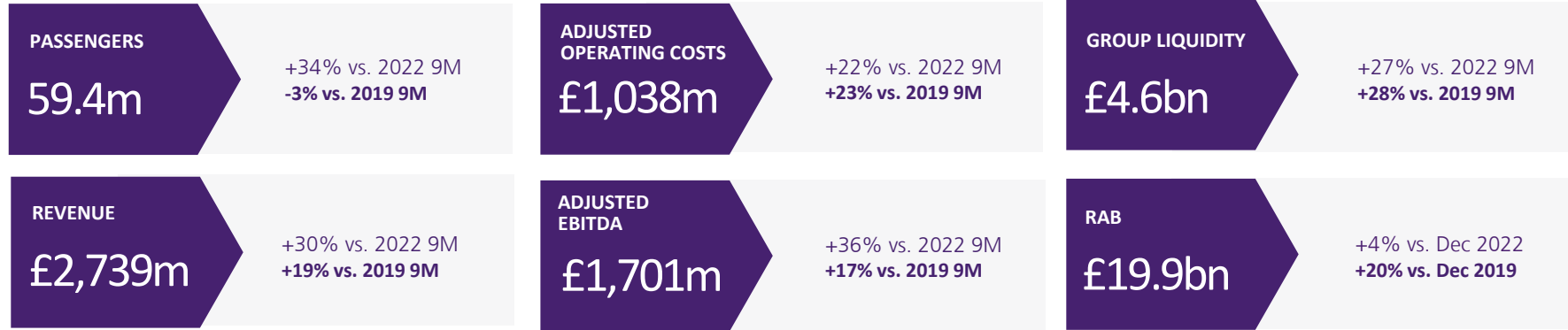
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# 2023 9M PERFORMANCE



# OPERATIONAL AND FINANCIAL PERFORMANCE



## Operational and financial highlights

- Strong performance over summer
- Consistent passenger service
- Most internationally connected airport
- New CEO started
- Progressing H7 investment plans
- Government support for a UK SAF industry
- Improved EBITDA
- Small adjusted loss before tax
- Very strong liquidity and balance sheet



# BUSINESS UPDATE

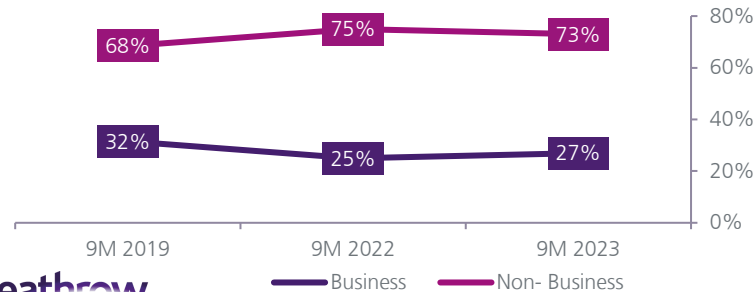


# STRONG SUMMER PERFORMANCE SUPPORTING GROWTH IN PASSENGER NUMBERS

Heathrow	2019 9M	2022 9M	2023 9M	Vs. 2019 %
Passengers (m)	61.0	44.2	59.4	-3%
Passengers ATM	356,317	265,458	335,702	-6%
Seats per ATM	213.2	217.3	221.0	+4%
Load factors (%)	80.2	76.6	80.0	0%
Cargo ATM	2,042	8,119	2,809	+38%
Cargo tonnage (*) ('000)	1,249	1,044	1,024	-18%

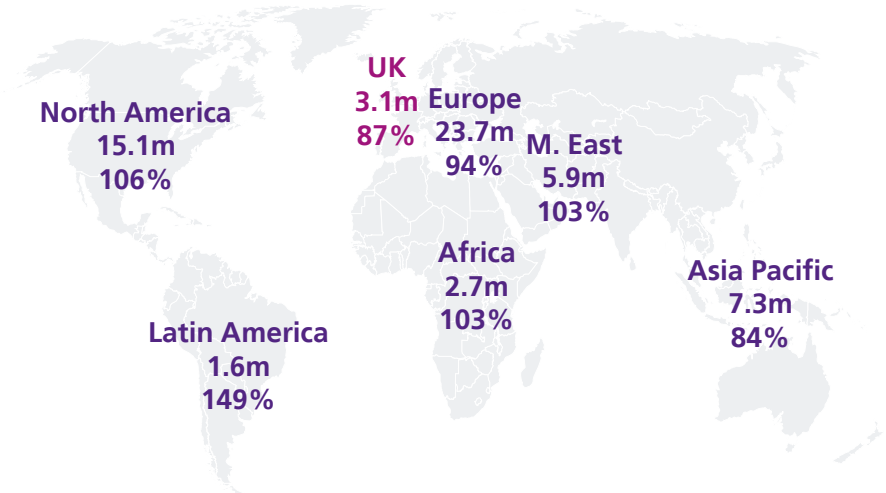
(\*) Includes mail

Passenger Profile by Segments



Heathrow

2023 9M passenger numbers by market  
(2023 as a % of 2019 levels)



Total of 59.4 million passengers  
(97% of 2019 levels)

# EUROPE'S BUSIEST AIRPORT AND MOST CONNECTED GLOBAL HUB

## Heathrow

59.4m passengers  
+15.2m vs. 2022 9M  
+34.4% vs. 2022 9M  
-2.6% vs. 2019 9M

Cargo 1.0m tonnes  
-1.9% vs 2022 9M  
-18.1% vs 2019 9M

## Charles de Gaulle

50.8m passengers  
+8.6m vs. 2022 9M  
+20.4% vs 2022 9M  
-12.4% vs 2019 9M

## Schiphol

46.5m passengers  
+7.0m vs. 2022 9M  
+17.8% vs 2022 9M  
-14.8% vs 2019 9M

Cargo 1.0m tonnes  
-5.6% vs 2022 9M  
-12.4% vs 2019 9M

## Madrid

45.0m passengers  
+8.1m vs. 2022 9M  
+22.1% vs 2022 9M  
-3.5% vs 2019 9M

Cargo 0.5m tonnes  
+11.5% vs 2022 9M  
+14.3% vs 2019 9M

## Frankfurt

44.5m passengers  
+8.6m vs. 2022 9M  
+23.9% vs 2022 9M  
-17.8% vs 2019 9M

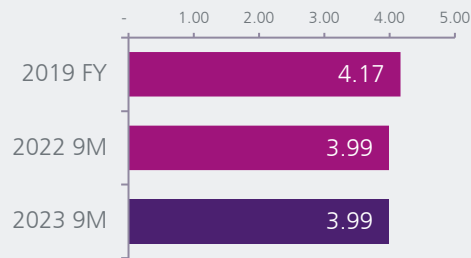
Cargo 1.4m tonnes  
-4.4% vs 2022 9M  
-7.6% vs 2019 9M



# DELIVERING GREAT SERVICE REMAINS OUR MAIN FOCUS



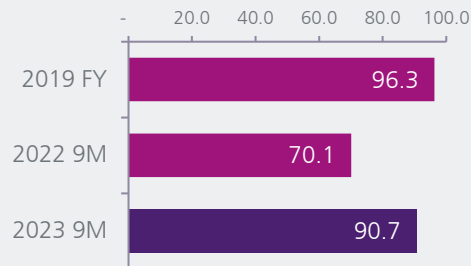
Passenger satisfaction  
Airport Service Quality 'ASQ'



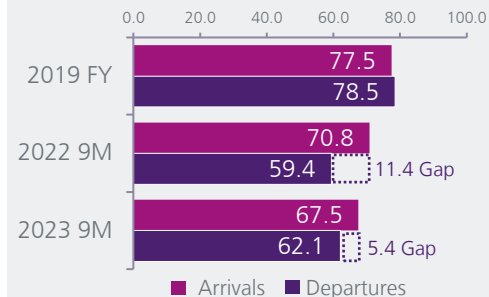
Baggage connection - %  
Connection rate per 1,000 passengers



Security queuing - %  
Waiting time measured under 5 minutes



Arrivals and departures punctuality - %  
Within 15 minutes of schedule





# DURING H7 WE WILL INVEST IN CORE ASSETS AND SUPPORT DELIVERY OF OUR NET ZERO GOALS



## Asset Management and Replacement

- A diverse programme that's currently delivering over 150 individual projects including:
  - Resurfacing both runways and associated taxiways
  - A rolling programme to replace or refurbish lifts, escalators and passenger conveyors across all terminals
  - Enhancements across multiple IT systems to ensure they remain cyber-secure

## Carbon and Sustainability

- Over £200m of investment to support reduction of carbon 'in the air' and 'on the ground'
- Continuous rollout of EV chargers
- Over 50 aircraft stands will be served with new pre-conditioned air
- SAF incentive scheme

# FINANCIAL REVIEW



# FINANCIAL REVIEW

(£ million)	9M 2022	9M 2023	Versus 2022 %	Q3 2022	Q3 2023	Versus 2022 %
Revenue	2,106	2,739	30.1	826	997	20.7
Adjusted operating costs	(854)	(1,038)	21.5	(318)	(366)	15.1
Adjusted EBITDA	1,252	1,701	35.9	508	631	24.2
Adjusted loss before tax	(442)	(19)	95.7	(121)	120	200.0
Cash generated from operations	1,252	1,540	23.0	497	653	31.4
Capital expenditure	318	418	31.4	103	139	35.0

(£ million)	Dec 2022	Sept 2023	Versus Dec 22 %
Consolidated nominal net debt			
Heathrow (SP)	14,579	14,664	0.6
Heathrow Finance	15,786	15,845	0.4
Regulatory Asset Base	19,182	19,953	4.0

# REVENUE RECOVERY DRIVEN BY PASSENGER GROWTH

## Solid performance in aeronautical revenue

- Higher passenger numbers
- 2023 interim price cap unchanged

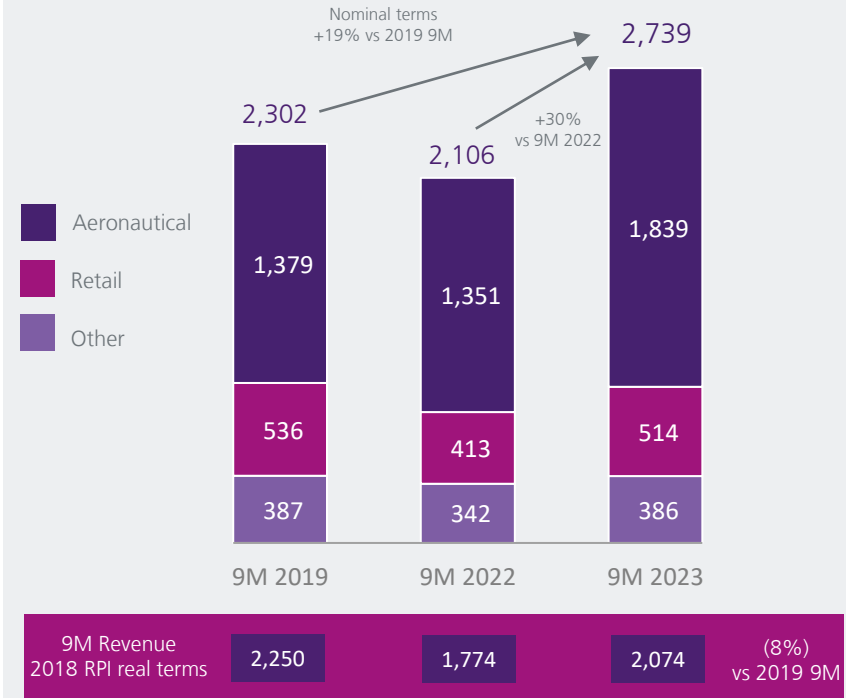
## Retail

- Removal of VAT-free shopping restricting commercial performance

## Other revenue

- Heathrow Express recovery in line with passenger increase

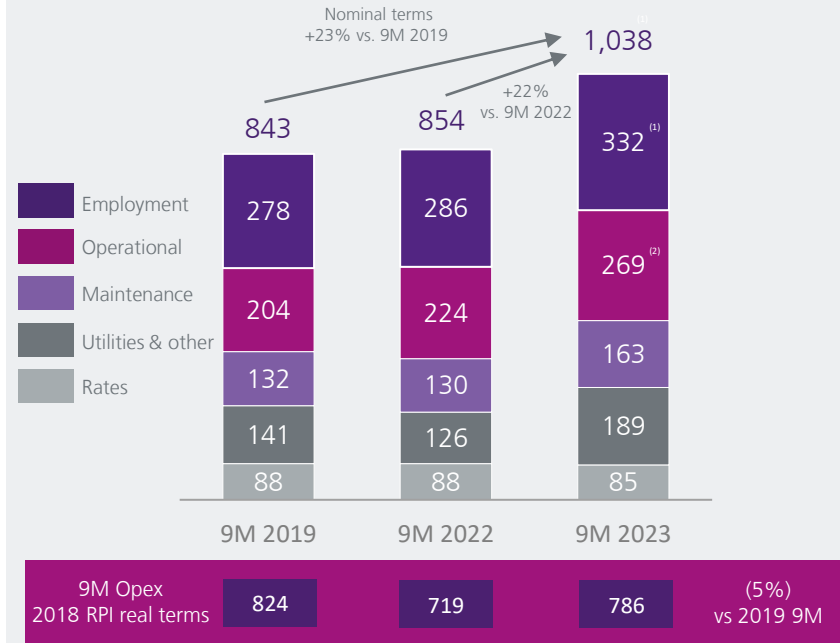
## Analysis of revenue (£m)



# INCREASED OPERATING COSTS REFLECT THE REBUILD OF CAPACITY

- Employment and operational costs have increased due to building resources and inflation
- Increase in maintenance largely driven by terminal cleaning and conservation
- Utilities and other costs have been impacted by higher consumption due to ramp-up and higher energy prices
- Business rates remained flat

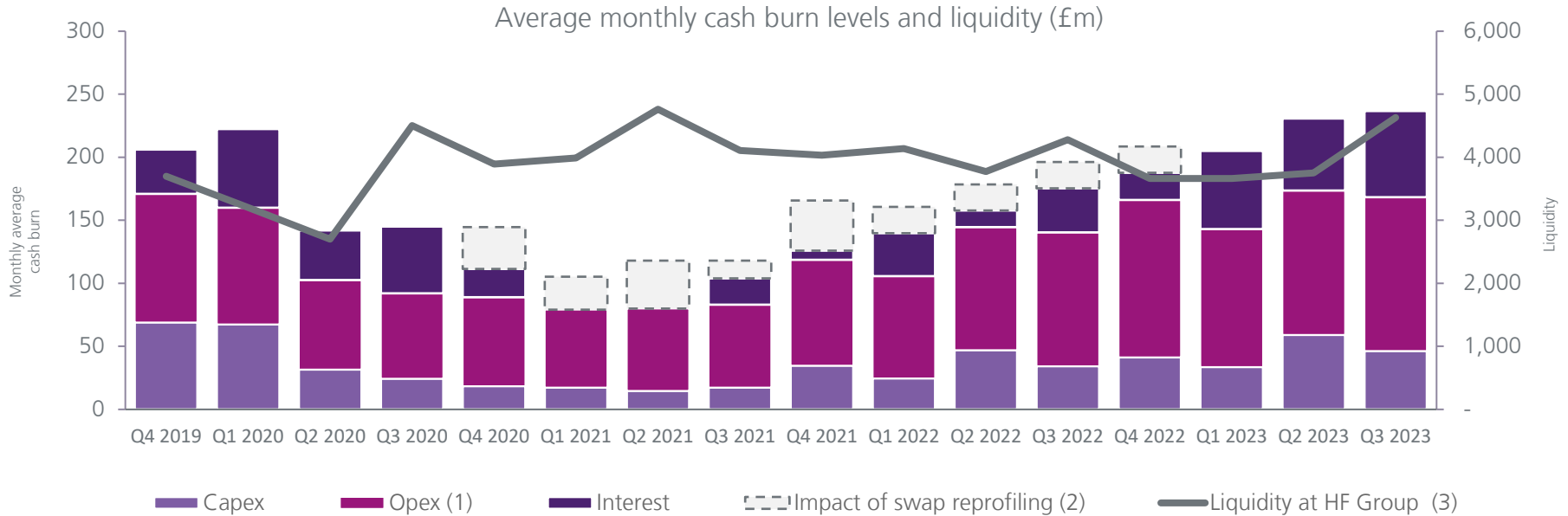
Analysis of adjusted operating costs (£m)



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



# CASH BURN IS NORMALISING AS INVESTMENT RECOVERS

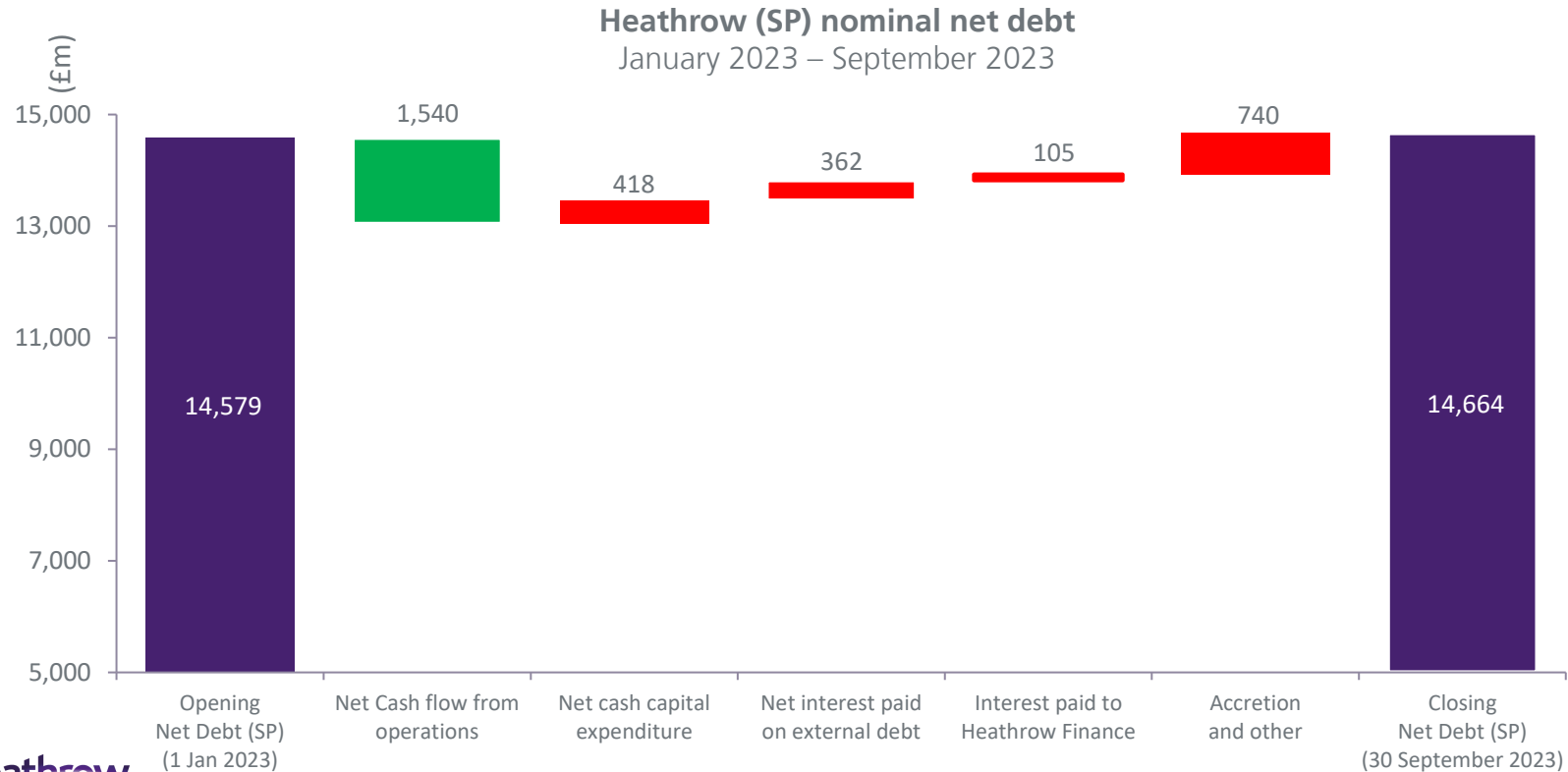


(1) Opex excludes impact of 2020 opex prepayments of c.£280m

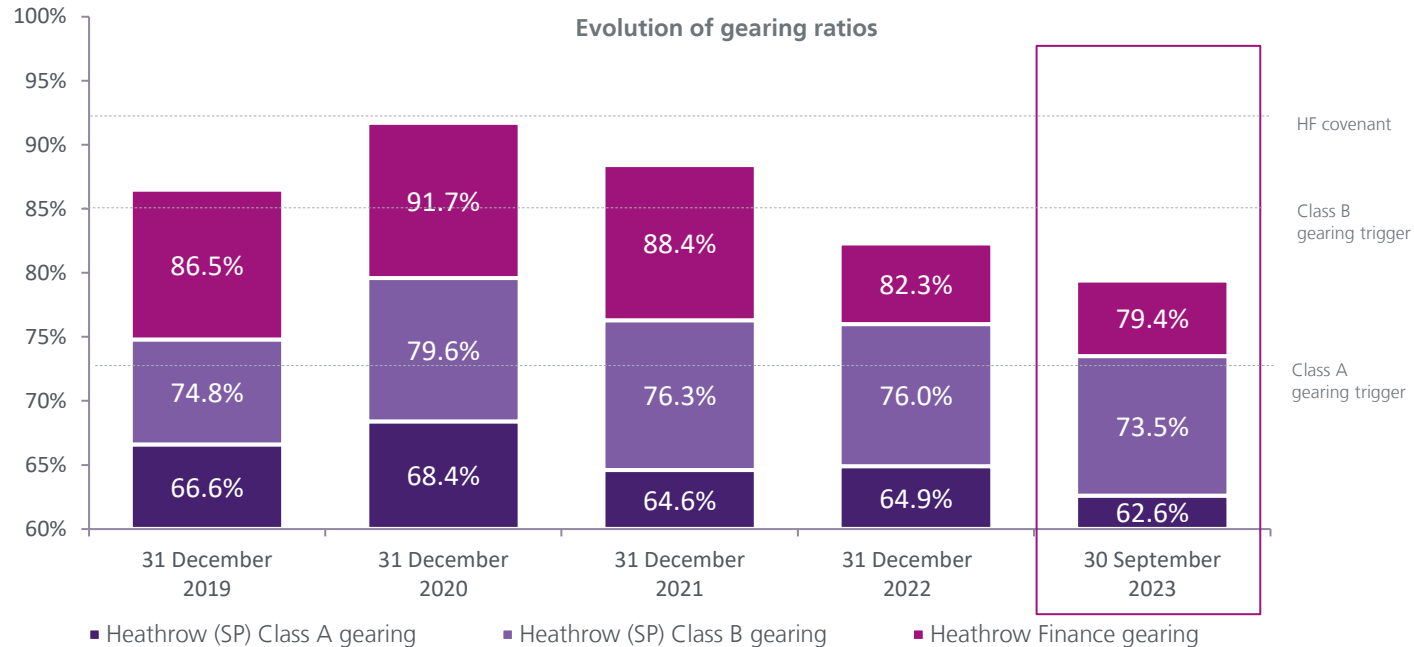
(2) Our swap portfolio repricing resulted in c.£100m of interest prepayment in Q4 2020 with interest savings arising from Q1 2021 to Q4 2022.

(3) Liquidity position including cash and undrawn facilities

# NET DEBT REMAINS STABLE



# GROUP GEARING RATIOS ARE BELOW PRE-PANDEMIC LEVELS



# OUTLOOK

- Updated traffic outlook for 2023 of 79.3 million passengers
- Given the revised traffic outlook, EBITDA for 2023 is expected to be c. £2.2bn
- 2024 traffic is expected to be in line with 2019
- Full updated financial forecast for 2023 and 2024 in our next Investor Report, due to be published in December



# STRATEGIC UPDATE





# TO GIVE PASSENGERS THE BEST AIRPORT SERVICE IN THE WORLD

We delivered...

...and we will do more



- Return to full resourcing
- 464 colleagues promoted
- 1,233 colleagues in training and development programs

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



- Service and punctuality gap improved
- Smooth service during Summer
- "Best Airport in Europe" and 3<sup>rd</sup> in the world by Business Traveller

- New security scanners and T2 baggage system
- Deliver a smooth Christmas getaway



- Most connected airport in the world (OAG)
- PwC Building Public Trust Award - Private Business Category winner

- Return to profit
- Next generation retail and digital strategy
- Property and estate optimisation



- First airport to achieve 1.5-degree SBTi validation
- First sustainability-linked bond covering 'in the air' emissions
- DfT committed to introducing a price mechanism to support SAF

- Host the first passenger plane to fly transatlantic on 100% SAF
- Sustainable Markets Initiative's '30 by 30' campaign / COP28
- Noise Action Plan 2024-28 to be submitted to Defra in October

# Q&A

# APPENDICES CONTENT



# 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, 30 SEPTEMBER 2023

2023 9M  
PERFORMANCE

BUSINESS  
UPDATE

FINANCIAL  
REVIEW

STRATEGIC  
UPDATE

APPENDICES  
CONTENT

Heathrow (SP) Limited	Amount	Available	Maturity
	(£m)	(£m)	
<b>Senior debt</b>			
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%	111	111	2032
€50m Zero Coupon	42	42	2032
€500m 1.875%	443	443	2032
C\$300m 3.7%	363	363	2033
4.500% €650m SLB due 2033	557	557	2033
€650 1.875%	559	559	2034
€50m 4.171%	50	50	2034
€50m Zero Coupon	40	40	2034
€50m RPI +1.382%	74	74	2039
€86 Zero Coupon	75	75	2039
€460m RPI +3.334%	799	799	2039
¥10,000m 0.8%	71	71	2039
€100m RPI +1.238%	147	147	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%	111	111	2049
€400m 2.75%	400	400	2049
€160m RPI +0.147%	205	205	2058
<b>Total senior bonds</b>	<b>11,936</b>	<b>11,936</b>	
Term debt	1,540	1,540	Various
Index-linked derivative accretion	977	977	Various
Revolving / WC facilities	0	1019	2026
Operating lease liability	65	65	Various
<b>Total other senior debt</b>	<b>2,582</b>	<b>3,601</b>	
<b>Total senior debt</b>	<b>14,518</b>	<b>15,537</b>	
<b>Heathrow (SP) Limited cash</b>	<b>(2,037)</b>		
<b>Senior net debt</b>	<b>12,481</b>		

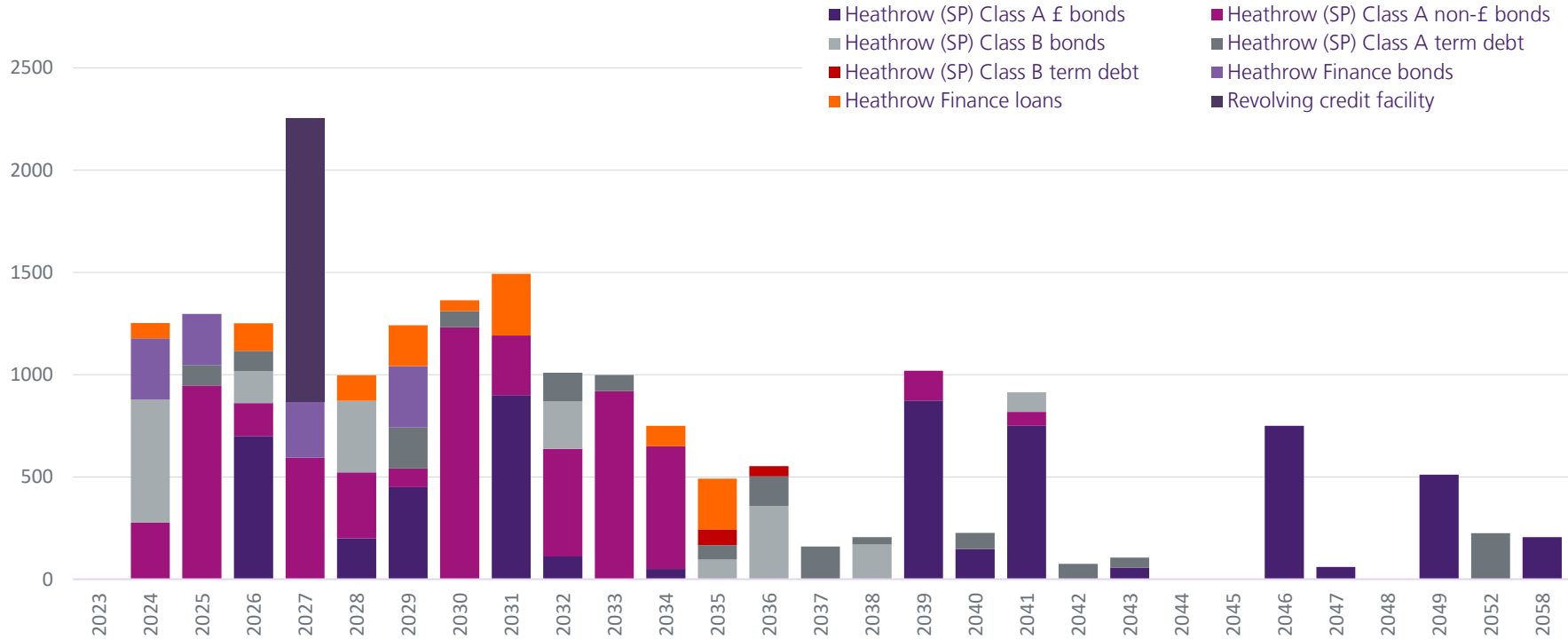
Heathrow (SP) Limited	Amount	Available	Maturity
	(£m)	(£m)	
<b>Junior debt</b>			
€600m 7.125%	600	600	2024
€155m 4.221%	155	155	2026
€350m 2.625%	350	350	2028
€182m 0.101%	232	232	2032
€75m RPI + 0.347%	96	96	2035
€75m RPI + 0.337%	96	96	2036
€180m RPI +1.061%	261	261	2036
€51m RPI + 0.419%	65	65	2038
€105m 3.460%	105	105	2038
€75m RPI + 0.362%	96	96	2041
<b>Total junior bonds</b>	<b>2,058</b>	<b>2,058</b>	
Term debt	125	125	Various
Junior revolving credit facilities	0	367	2026
<b>Total junior debt</b>	<b>2,183</b>	<b>2,550</b>	
<b>Heathrow (SP) Limited group net debt</b>	<b>14,664</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
€200m	200	200	2029
€53m	53	53	2030
€302m	302	302	2031
€100m	100	100	2034
€250m	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>(1,183)</b>		
<b>Heathrow Finance plc net debt</b>	<b>1,181</b>		

Heathrow Finance plc group	Amount	Available
	(£m)	(£m)
<b>Heathrow (SP) Limited senior debt</b>	<b>14,518</b>	<b>15,537</b>
<b>Heathrow (SP) Limited junior debt</b>	<b>2,183</b>	<b>2,550</b>
<b>Heathrow Finance plc debt</b>	<b>2,364</b>	<b>2,364</b>
<b>Heathrow Finance plc group debt</b>	<b>19,065</b>	<b>20,451</b>
<b>Heathrow Finance plc group cash</b>	<b>(3,220)</b>	
<b>Heathrow Finance plc group net debt</b>	<b>15,845</b>	



# DEBT MATURITY PROFILE AT 30 SEPTEMBER 2023



# 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 7**

Passenger and cargo numbers as of 30 September 2023 were sourced from companies' websites.

**Page 8**

Airport Service Quality 'ASQ' – quarterly Airport Service Quality surveys directed by Airports Council International (ACI). Survey scores range from 1 up to 5.  
Arrivals / Departure punctuality – the percentage of flights departing within 15 minutes of schedule.  
Baggage connection – number of bags connected per 1,000 passengers.  
Security queuing - % of security waiting time measured under 5 and 10 minutes time period measured.

**Page 11**

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 13**

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

**Page 15**

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 16**

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

**Page 23-24**

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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