

HEATHROW (SP) LIMITED

RESULTS FOR THE NINE MONTHS
ENDED 30 SEPTEMBER 2021



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Q3 2021 PERFORMANCE



OPERATIONAL AND FINANCIAL PERFORMANCE

Passengers

10.16m

-46.4% vs. 9M 20
-83.3% vs. 9M 19

Revenue

£695m

-26.9% vs. 9M 20
-69.8% vs. 9M 19

Operating costs

£578m

-16.5% vs. 9M 20
-31.4% vs. 9M 19

Adjusted EBITDA

£117m

-54.8% vs. 9M 20
-91.8% vs. 9M 19

Liquidity

£4.1bn

+69.4% vs. 9M 20
+182.1% vs. 9M 19

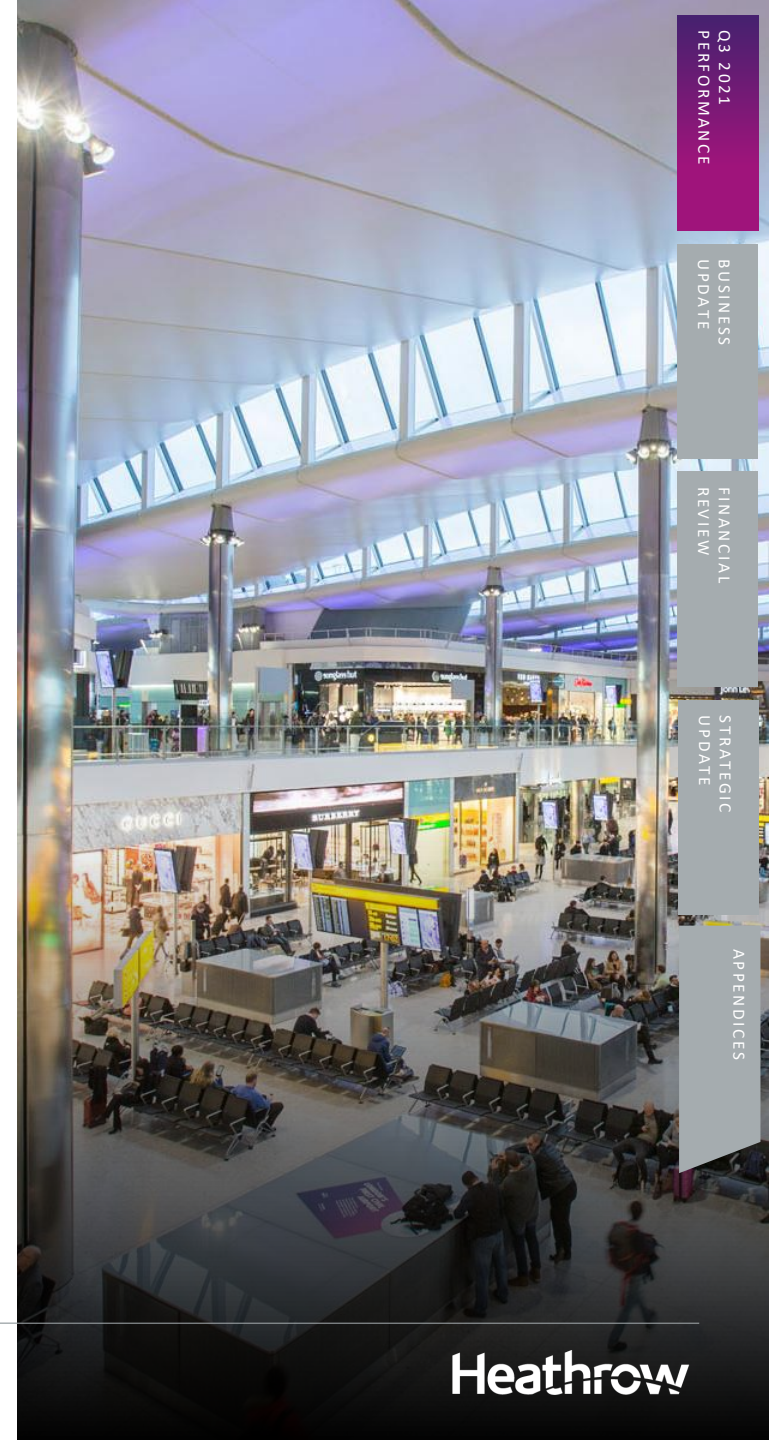
RAB

£17.0bn

+3.4% vs. Dec 20
+2.8% vs. Dec 19

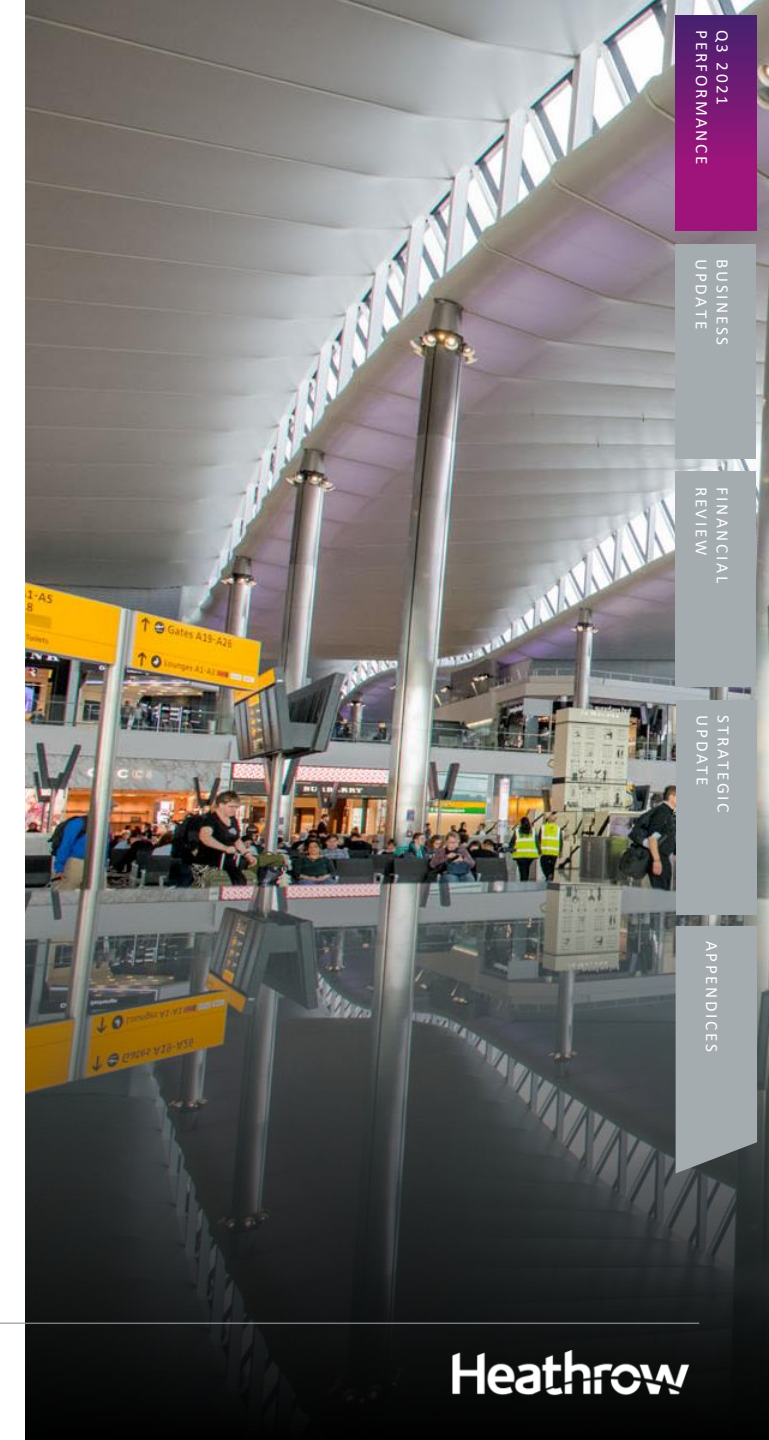
Recovery from COVID-19 underway

- £3.4bn in total losses since the start of pandemic underscore long road ahead
- Gearing up for growth with changes to travel restrictions underpinning three months of consecutive passenger uplift
- Protecting growth by investing ahead of demand and leveraging on a leaner cost base and stronger liquidity position
- Putting sustainability at the centre of our plans with COP26



STRATEGIC PRIORITIES

- Greater resilience, better service, lower cost
- Rebuilding passenger confidence
- Timely enforcement of existing regulation to correctly balance risk and reward
- Net zero-carbon aviation
- Sustainable, affordable, financeable and deliverable expanded Heathrow



BUSINESS UPDATE



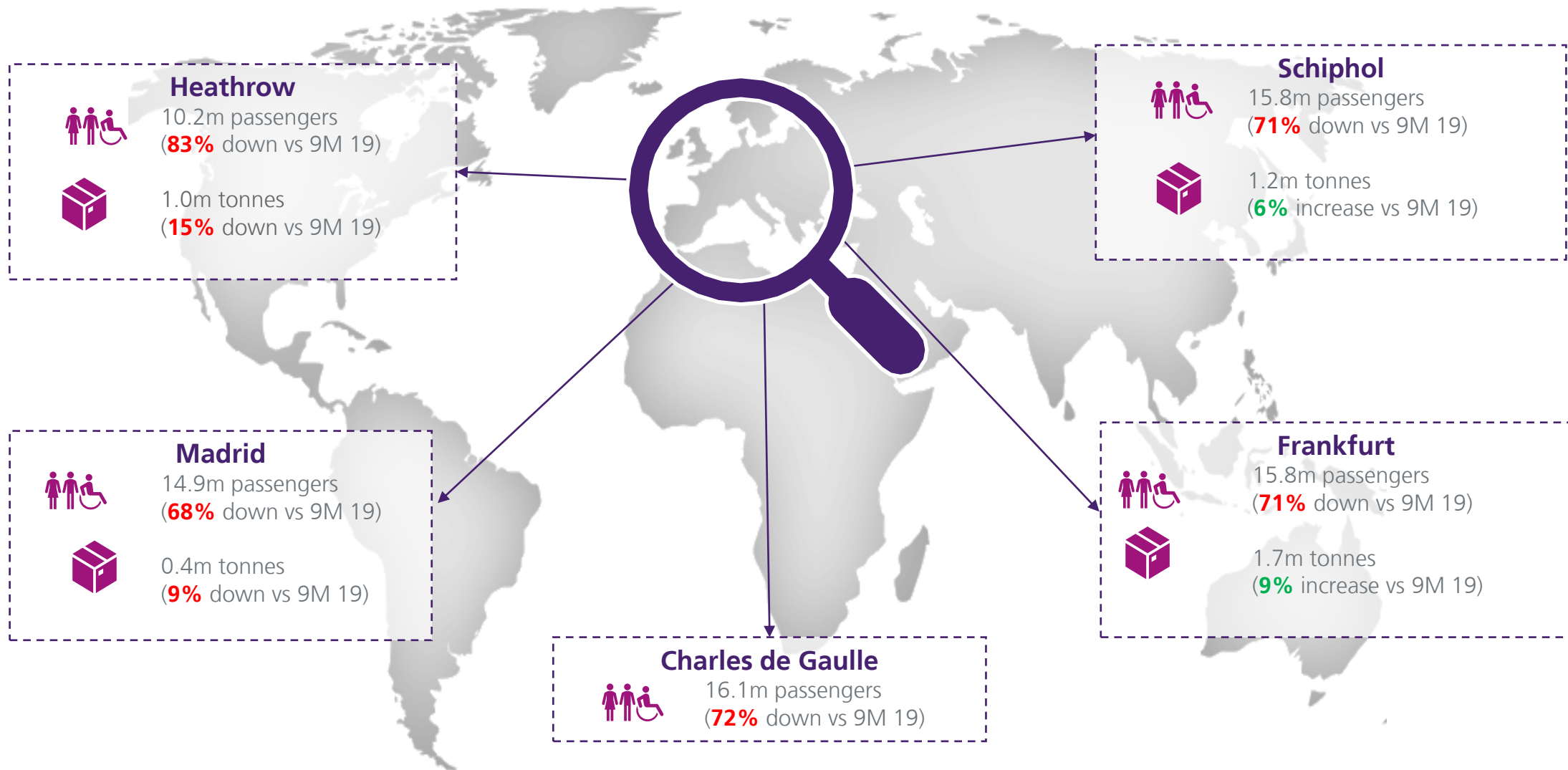
PROTECT OUR BUSINESS – FLY SAFE

The safety of our colleagues and passengers remains our number one priority

- Face coverings and hygiene measures will remain in place
- Social distancing measures will be gradually removed in a phased and controlled manner



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



WINNING THE RECOVERY OUR KEY MARKETS ARE NOW OPEN

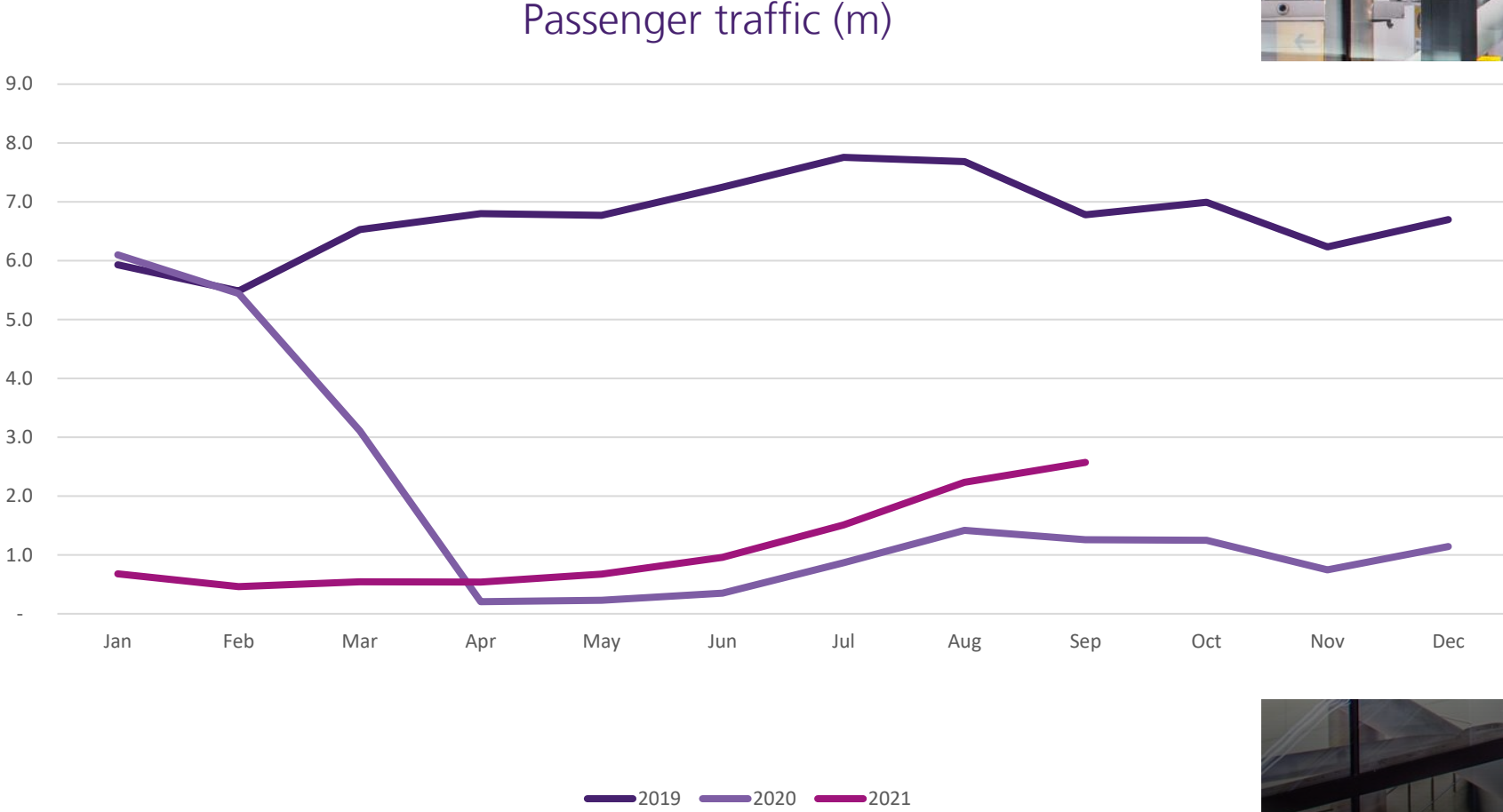
- 95% of our market have vaccines accepted by the UK Government
- 65% of our market allowed with no quarantine for vaccinated passengers

2nd country status

		Open for vaccinated passengers (39%)	Testing required (26%)	Quarantine with testing (1%)	Essential Travel Only - (31%)	Closed Border (3%)
UK Status	Vaccines accepted (95%)	UK and CI Ireland France Spain Switzerland Sweden Greece Denmark Rest of Other Europe** Germany Norway Portugal Rest of Europe Total: (39%)	Netherlands Italy Iceland South Africa Rest of Africa UAE Turkey Rest of South Asia North Africa Qatar Rest of Middle East Canada Total: (25%)	Singapore (1%)	USA (20%) Japan Hong Kong Rest of East Asia India Total: (29%)	Aus/NZ (1%)
	Vaccines not accepted (4.8%)		Russia Central Asia (1%)		Central and Latin America* (2%)	China (2%)
	Red list (0.2%)				Colombia (0.2%)	
		65%				



WINNING THE RECOVERY DEMAND IS STARTING TO RETURN



Q3 2021
PERFORMANCE

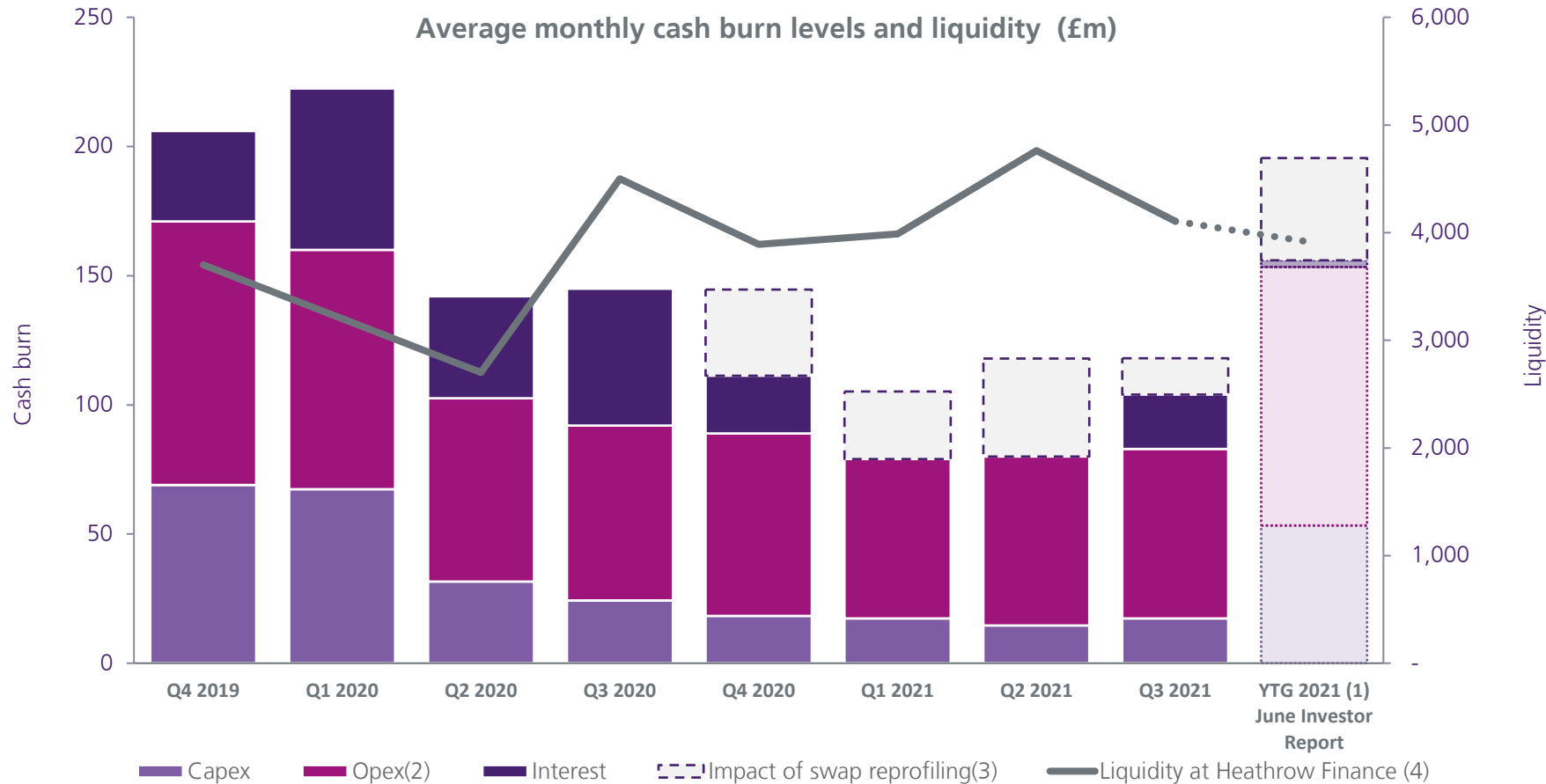
BUSINESS
UPDATE

FINANCIAL
REVIEW

STRATEGIC
UPDATE

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WINNING THE RECOVERY WE ARE NOW INVESTING AHEAD OF GROWTH

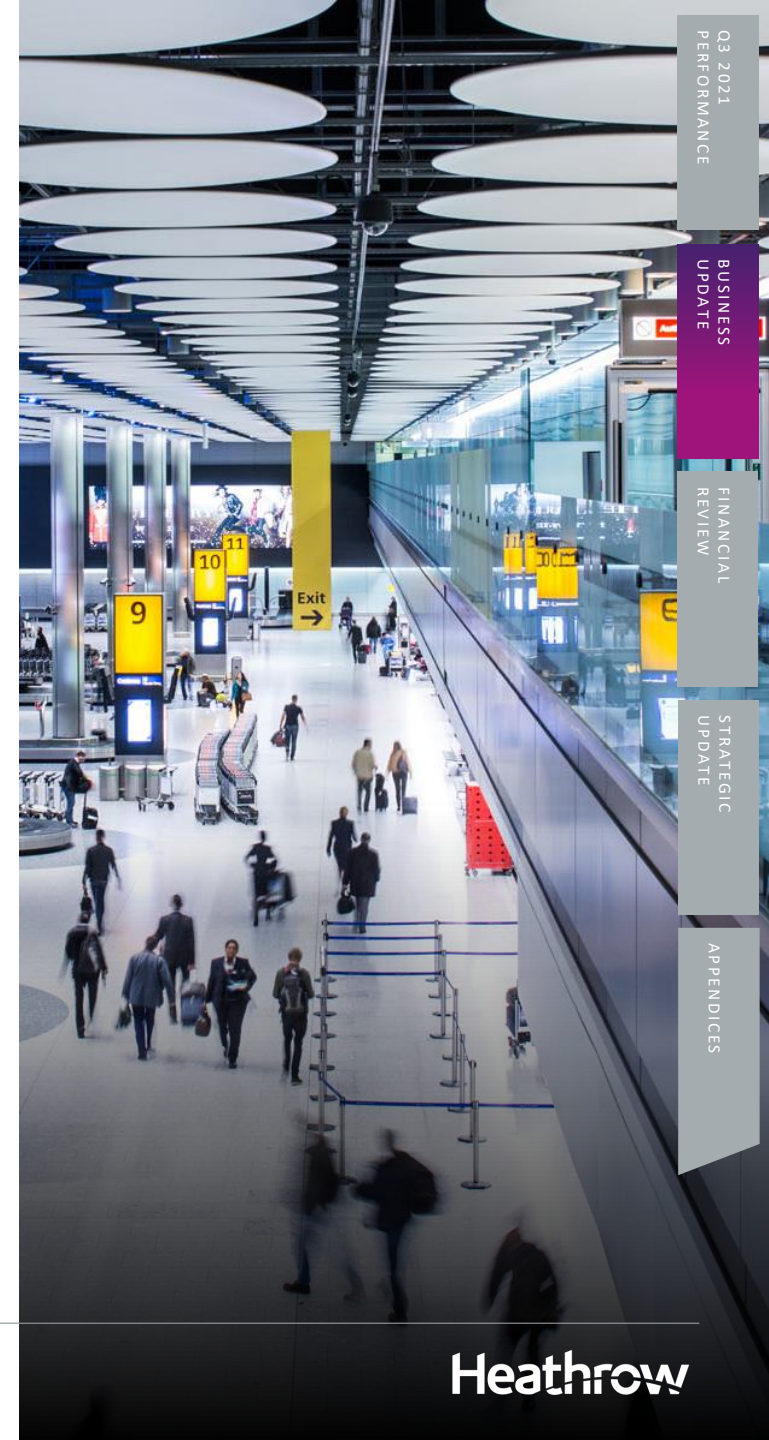


(1) YTG based on the June Investor Report

(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

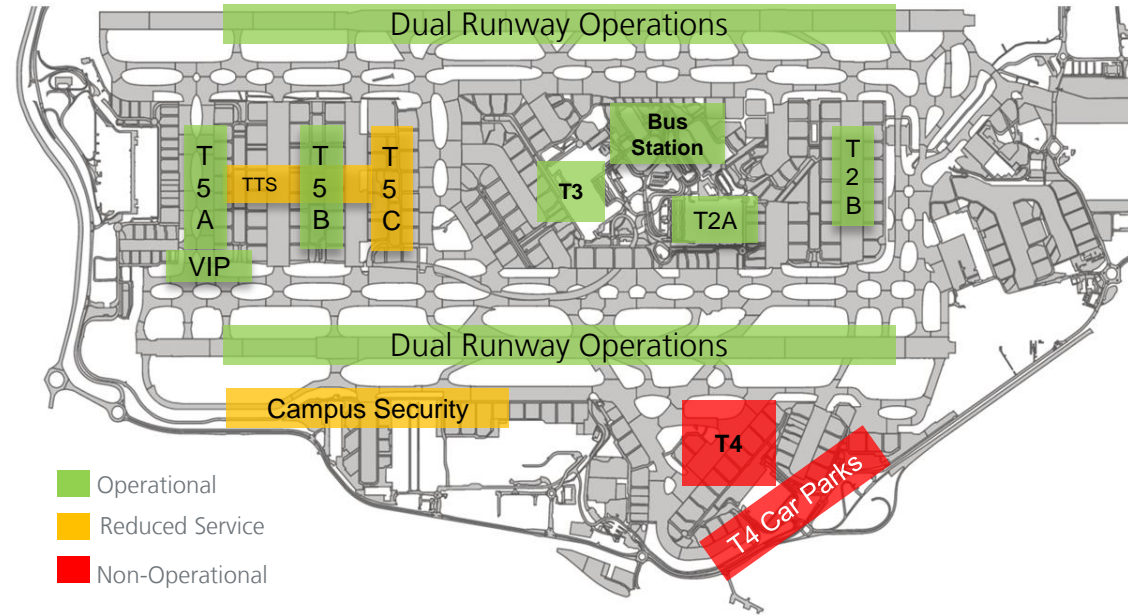


WINNING THE RECOVERY – MOST AIRPORT FACILITIES NOW OPEN

Gearing up for growth

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

Ready to meet the demand from increases in airline schedules



- Operational
- Reduced Service
- Non-Operational

Heathrow Express & TFL Rail (normal timetable T2, T3, T5)	Restaurants
Passenger Car Parks (MSCP2, MSCP3, MSCP5 CTA / T5 Long Stay)	Retail (Non-essential retail at T2 / T3 / T5)
POD parking (open) and Business parking (closed)	Airline lounges
	Colleague Car Parks (N1/N5 and PEX)



BUILDING BACK BETTER – PATH TO NET ZERO CARBON

We've made great strides in decarbonising Heathrow both in the air and on the ground:

Airport operation carbon neutral



Sustainable Aviation Fuels (SAF) integrated into our operation



Net Zero Aviation Consultation



IATA set a 2050 net zero goal for global aviation

62% of Heathrow airlines have committed to 10% SAF by 2030

The COP26 Climate Change Conference is a fantastic opportunity to showcase the solutions for net zero flight.



Government launched its new strategy for net zero, including an ambition for 10% SAF by 2030 and funding of close to £400m for SAF plants.

We're encouraging the Government to mandate 10% SAF by 2030 with progressive increases to 2050 and a price support mechanism

Plans for COP

- SAF powered flights between Heathrow and Glasgow with BP and BA
- Sustainability Showcase at T5
- Working with government, SMI and WEF to build momentum for net zero aviation and SAF

BUILDING BACK BETTER – REGULATORY DEVELOPMENTS

H7 Timetable



CAA's Initial Proposals

The CAA's Initial Proposals set out the following policy positions for the H7 period

- H7 smoothed charge ranges between £34.40 and £24.50 (2020p)
- Capital expenditure ranges between £1.6bn and £3bn
- A pre-tax WACC range of between 7.09% and 4.38%
- A new traffic risk sharing mechanism and mechanisms to deal with asymmetric risk and cost uncertainty

2022 Airport Charges Consultation

- The CAA proposes to set an interim charge of £29.50 (2020p) with a true up following final H7 decision
- Subject to consultation, with responses due on 17 November



FINANCIAL REVIEW

FINANCIAL REVIEW

(£ million)	9M 2020	9M 2021	Versus 2020 %	Q3 2020	Q3 2021	Versus 2020 %
Revenue	951	695	(26.9)	239	347	45.2
Adjusted operating costs	(692)	(578)	(16.5)	(202)	(197)	(2.5)
Adjusted EBITDA	259	117	(54.8)	37	150	308
Loss before tax	(1,517)	(1,384)	8.8	(487)	(516)	(6.0)
Cash generated from operations	215	326	51.6	(79)	149	(288.6)
Capital expenditure	449	148	(67.0)	73	52	(28.8)

(£ million)	Dec 2020	Sep 2021	Versus Dec 20 %
Consolidated nominal net debt			
Heathrow (SP)	13,131	13,322	1.5
Heathrow Finance	15,120	15,427	2.0
Regulatory Asset Base	16,492	17,060	3.4
Consolidated cash at Heathrow Finance	3,891	4,106	5.5

REVENUE IMPACTED BY REDUCED TRAFFIC

Revenue impacted by government restrictions and gradual reopening of international travel

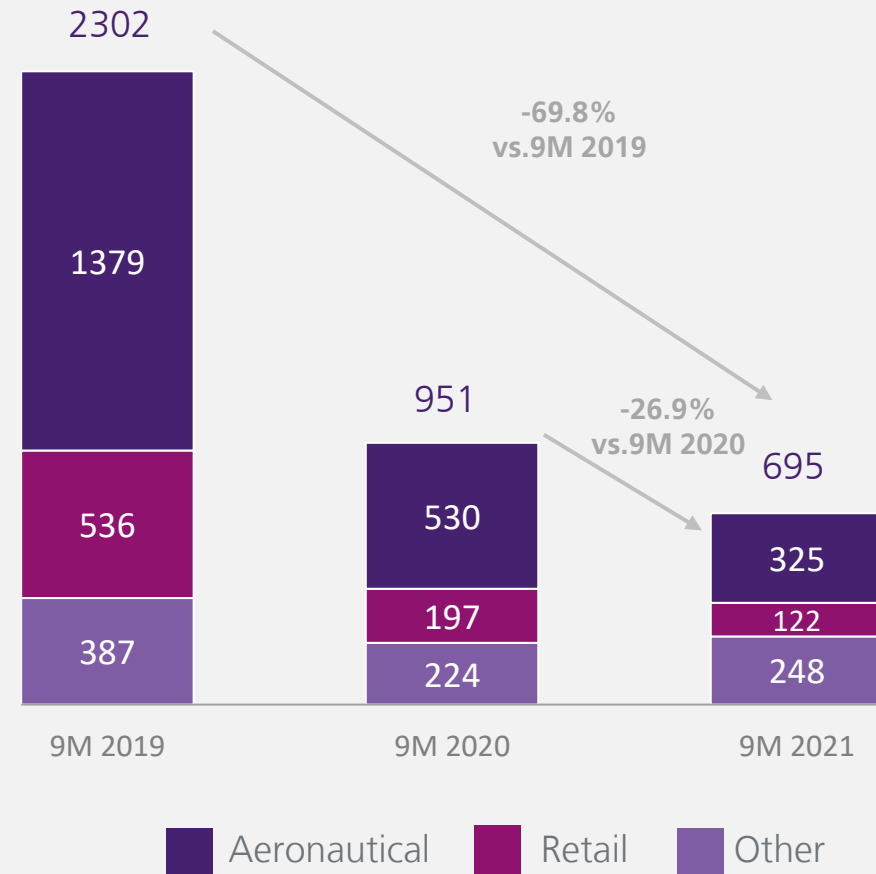
- lower passenger numbers mainly in H1 21
- lower aircraft movements
- government decision on VAT

Revenue protection initiatives

- maximising traffic & cargo
- drop-off changers
- click & collect

It is disappointing that the government decision leaves Britain as the only country in Europe without tax-free shopping and undermines the UK's competitiveness.

Analysis of revenue (£m)

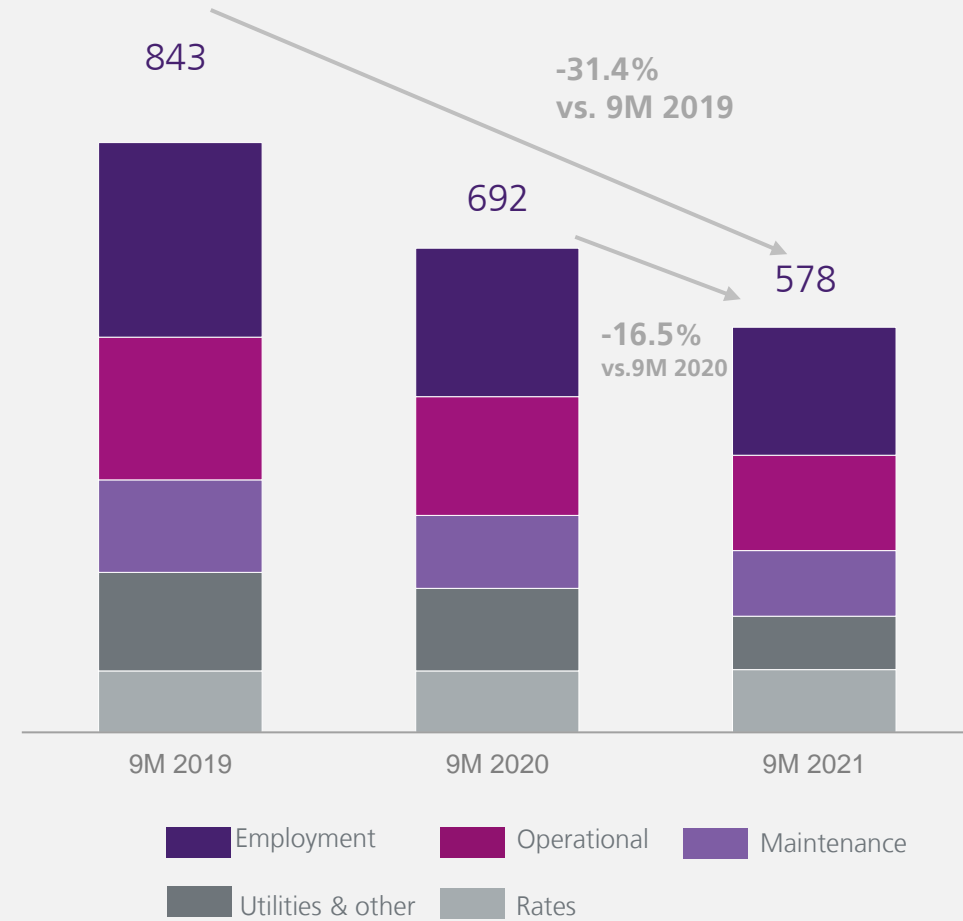


OUR OPERATING COSTS REMAIN REDUCED

Our operating costs are c.16.5% below 2020 and 31.4% below 2019 levels

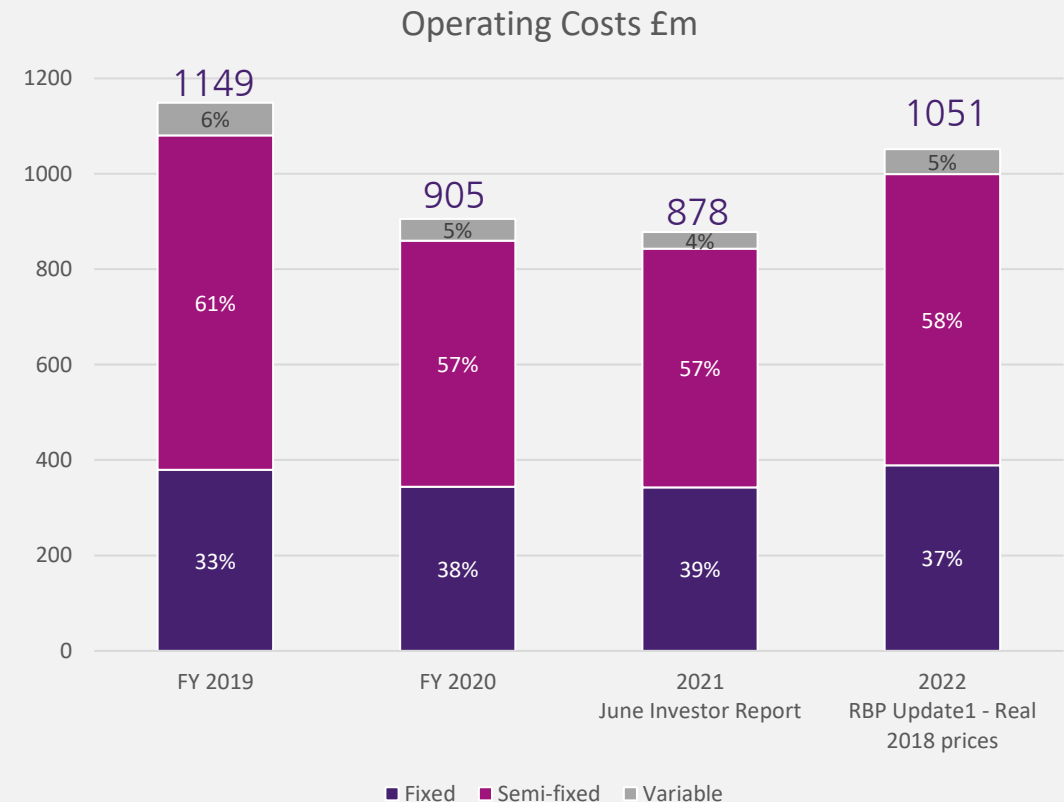
- benefits of our organisational changes
- consolidation of operations, mainly in H1 2021
- renegotiation of our suppliers' contracts
- business rates remain broadly flat since 2019

Analysis of adjusted operating costs (£m)

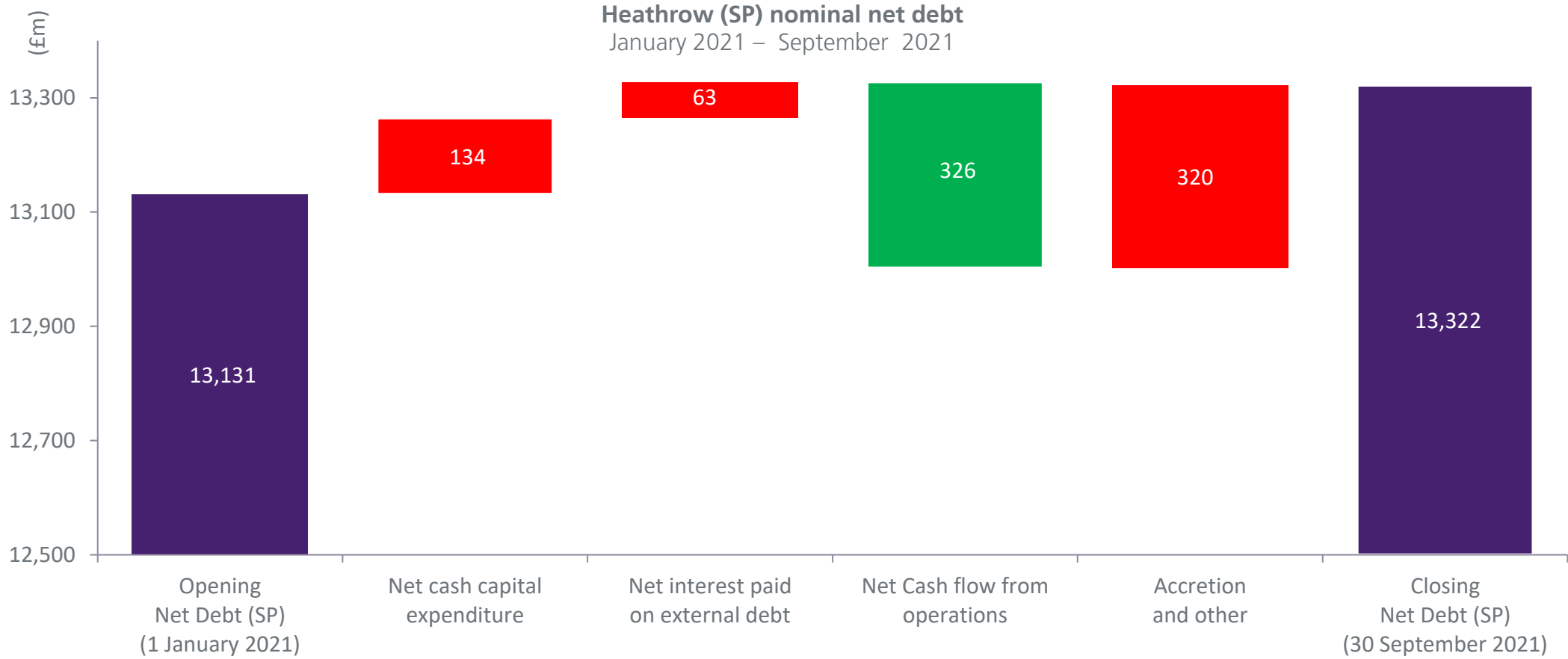


OUR OPERATING COSTS ARE EXPECTED TO INCREASE AHEAD OF DEMAND

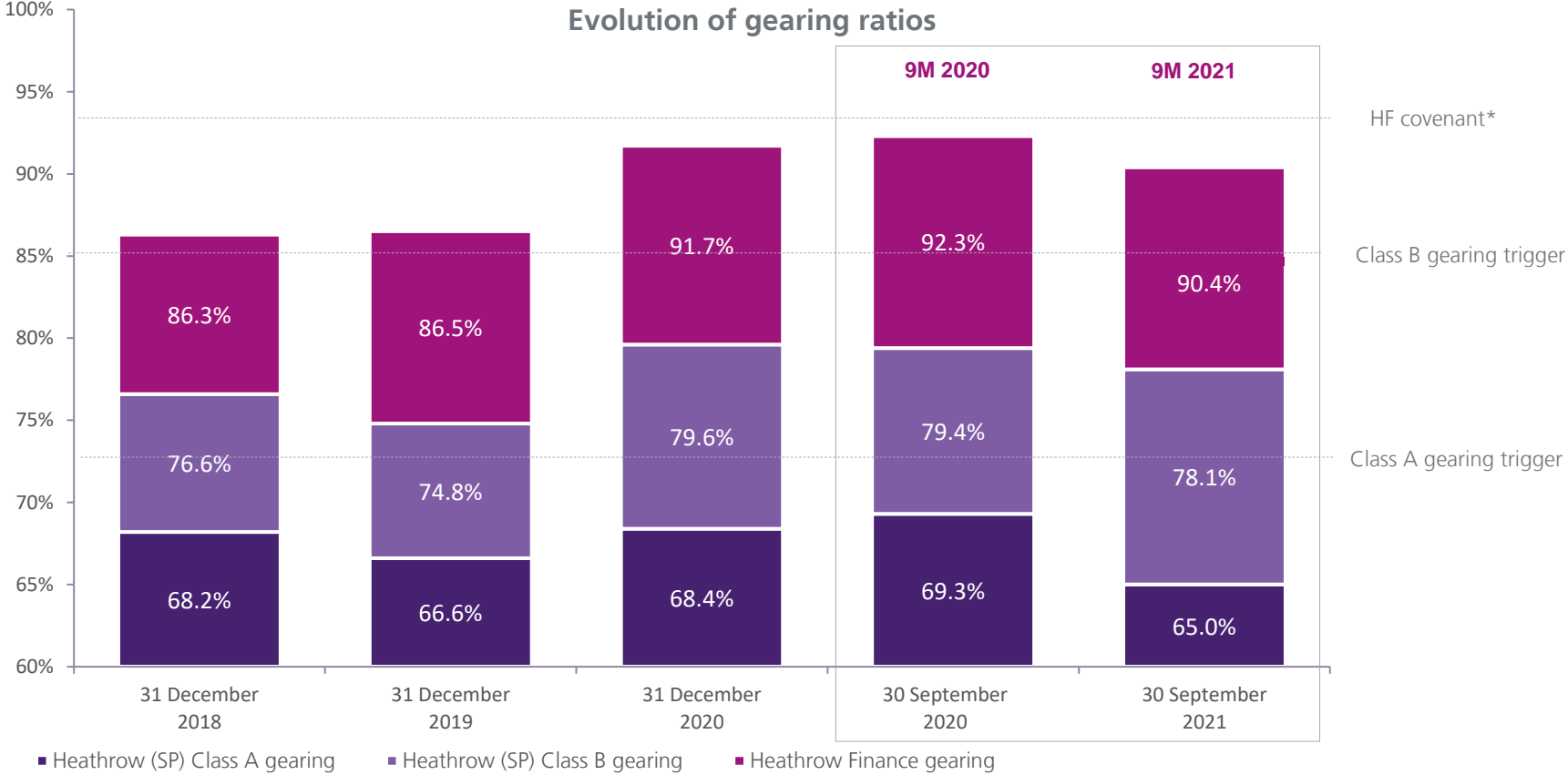
- Our operating costs base is c. 95% fixed and semi-fixed
- Proportion of 2020 and 2021 cost savings were temporary
- Temporary savings included furlough, pay reduction, bonus and consolidation of operations
- Incremental costs associated with operational ramp-up are expected during Q4 and 2022



FOCUS ON CASHFLOW PROTECTION



MANAGEMENT ACTIONS PROVIDE ADDITIONAL HEADROOM WHILE TRAFFIC RECOVERS



(*) 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.

OUTLOOK

- Full year outlook remains in line with our base case published in June, whilst recognising material uncertainty
- No covenant breach forecast in 2021 – the limited headroom to the Heathrow Finance ICR covenant mitigated via the waiver successfully approved in August
- Updated financial forecast for 2021 and 2022 in our next Investor Report due to be published in December



Check-in information

Public health notice

You must wear a face covering in the terminal

Wash your hands regularly

Keep a safe distance from others

Time	Destination	Zone
10:15	Atlanta	DL311 D
10:50	Malta	KM101 B 820-822
11:25	Singapore	SQ317 A A29-A32
11:30	Istanbul	TK1980 A
11:45	Seattle	DL8316 D
11:50	Kyiv	PS118 B 817-818
11:55	Paris (CdG)	AF1581 D
12:10	Rome	AZ203 C
12:15	Islamabad	V5378 D D19-D26
12:15	Athens	A3601 B
13:05	Washington	UA919 D
13:15	Abu Dhabi	NZ601 B D31-D34
13:15	Toronto	AI 902 D41-D46
14:20	Priority Check-in	UA902 A
14:25	Dubai	9W802 A A30-A32
14:25	Geneva	EK002 A A19-A26
14:50	Bucharest	LX355 B
15:00	Cairo	RO392 B Opens 11:50
15:30	Frankfurt	M5778 D
16:55	Rome	LH909 B
17:05	Amman	AZ207 C Opens 13:55
17:30	Frankfurt	RJ112 B B17-820
17:35	Paris (CdG)	LH915 B
		UQ8281 D Opens 14:35

A19-A31
Premium check-in

STRATEGIC UPDATE

Toilets: Zones A and C

Customs enquiries: Zone A

TO GIVE PASSENGERS THE BEST AIRPORT SERVICE IN THE WORLD



- Q3 2021 PERFORMANCE
- BUSINESS UPDATE
- FINANCIAL REVIEW
- STRATEGIC UPDATE**
- APPENDICES

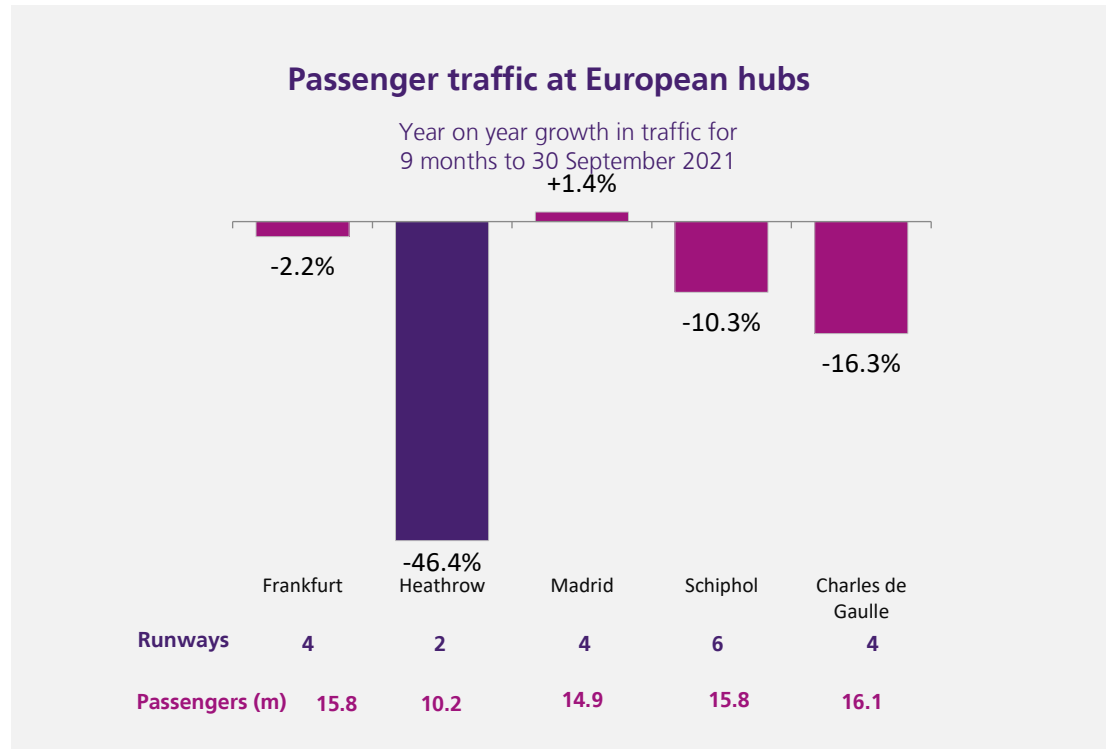
QUESTIONS?

APPENDICES

COMPARISON AGAINST EUROPEAN HUBS

	2020	2021
Passengers	19.0	10.2
Long-haul traffic growth/(decline) (%)	(66.6)	(54.6)
Short-haul traffic growth/(decline) (%)	(70.9)	(38.5)
Passengers ATM	143,277	96,606
Cargo ATM	15,790	21,260
Load factors (%)	61.5	50.1
Seats per ATM	215.2	210.1
Cargo tonnage ('000)	812	1,008

Heathrow	2020	2021
ASQ	4.29	4.22
Baggage connection	99.2	99.0
Departure punctuality	87.3	84.0



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 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 30 SEPTEMBER 2021

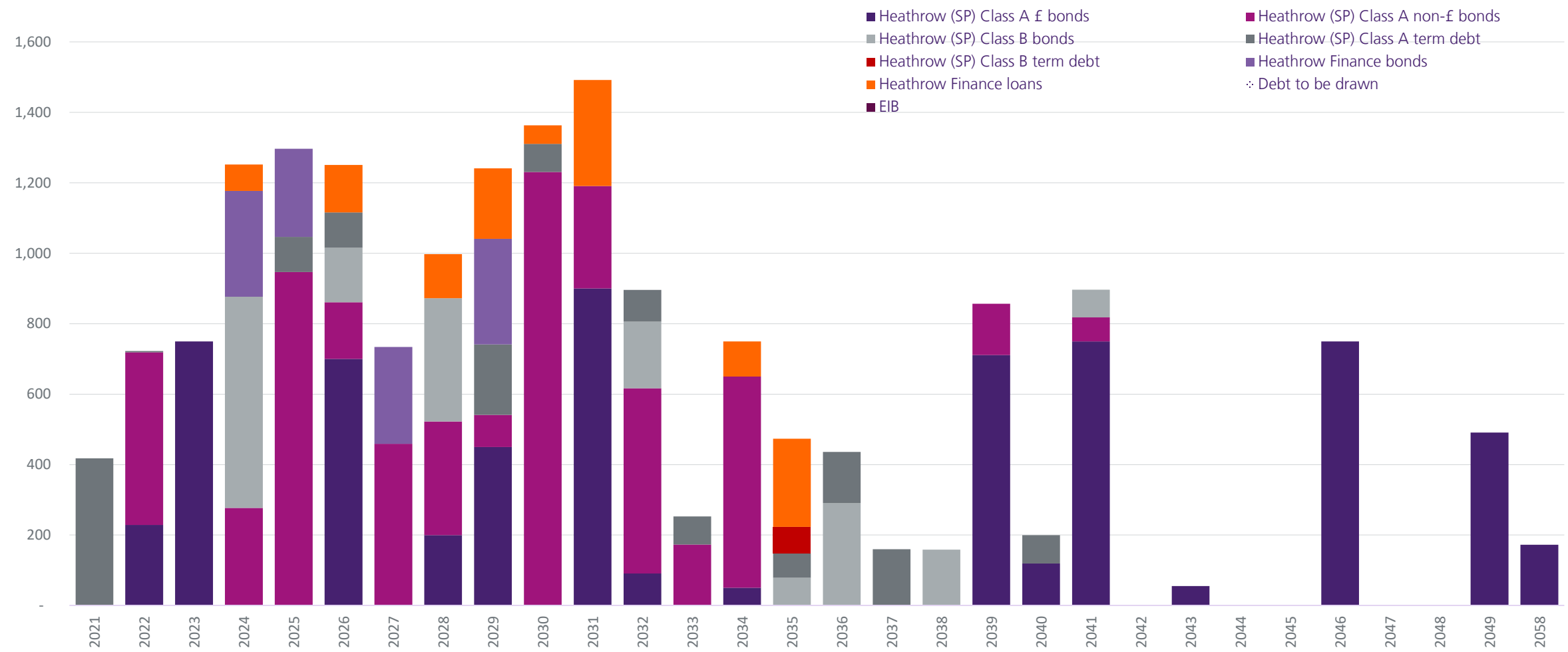
Heathrow (SP) Limited	Amount	Available	Maturity
Senior debt	(£m)	(£m)	
£180m RPI +1.65%	229	229	2022
€600m 1.875%	490	490	2022
£750m 5.225%	750	750	2023
CHF400m 0.5%	277	277	2024
C\$500m 3.25%	266	266	2025
€750m 1.50%	681	681	2025
CHF210m 0.45%	161	161	2026
£700m 6.75%	700	700	2026
NOK1,000m 2.65%	84	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%	91	91	2032
€50m Zero Coupon	42	42	2032
€500m 1.875%	443	443	2032
C\$300m 3.7%	173	173	2033
€650 1.875%	559	559	2034
£50m 4.171%	50	50	2034
€50m Zero Coupon	40	40	2034
£50m RPI +1.382%	60	60	2039
€86 Zero Coupon	75	75	2039
£460m RPI +3.334%	650	650	2039
¥10,000m 0.8%	71	71	2039
£100m RPI +1.238%	119	119	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%	91	91	2049
£400m 2.75%	400	400	2049
£160m RPI +0.147%	172	172	2058
Total senior bonds	12,198	12,198	
Term debt	1,527	1,527	Various
index-linked derivative accretion	288	288	Various
Revolving/working capital facilities	900	900	2021
Operating lease liability	32	32	2021
Total other senior debt	2,747	2,747	
Total senior debt	14,945	14,945	
Heathrow (SP) Limited cash	(3,847)		
Senior net debt	11,098		

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%	189	189	2032
£75m RPI + 0.347%	78	78	2035
£75m RPI + 0.337%	78	78	2036
£180m RPI +1.061%	213	213	2036
£51m RPI + 0.419%	53	53	2038
£105m 3.460%	105	105	2038
£75m RPI + 0.362%	79	78	2041
Total junior bonds	1,899	1,899	
Term debt	75	75	2035
Junior revolving credit facilities	250	250	2021
Total junior debt	2,224	2,224	
Heathrow (SP) Limited group net debt	13,322		

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	(259)		
Heathrow Finance plc net debt	2,105		

Heathrow Finance plc group	Amount	Available
	(£m)	(£m)
Heathrow (SP) Limited senior debt	14,945	14,945
Heathrow (SP) Limited junior debt	2,224	2,224
Heathrow Finance plc debt	2,364	2,364
Heathrow Finance plc group debt	19,533	19,533
Heathrow Finance plc group cash	(4,106)	
Heathrow Finance plc group net debt	15,427	

£1.5 BILLION MATURITIES IN 2021 ARE ALREADY PREFUNDED



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 30 September 2021 sourced from companies websites.

Page 9

*Brazil, Chile and many Caribbean Islands vaccine are approved

**Serbia and Belarus not approved

Page 16

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.

Capital expenditure includes capital creditors.

Page 18

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

Page 20

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 21

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

Page 27

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 29-30

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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