

HEATHROW (SP) LIMITED

RESULTS FOR THE SIX MONTHS
ENDED 30 JUNE 2021



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H1 2021 PERFORMANCE

OPERATIONAL AND FINANCIAL PERFORMANCE

Passengers

3.85m

-75.1% vs. H1 20

-90.1% vs. H1 19

Revenue

£348m

-51.1% vs. H1 20

-76.2% vs. H1 19

Operating costs

£381m

-22.2% vs. H1 20

-31.2% vs. H1 19

Adjusted EBITDA

-£33m

-114.9% vs. H1 20

-103.6% vs. H1 19

Liquidity

£4.8bn

+28.6% vs. H1 20

+76.3% vs. H1 19

RAB

£16.9bn

+2.8% vs. Dec 20

+2.1% vs. Dec 19

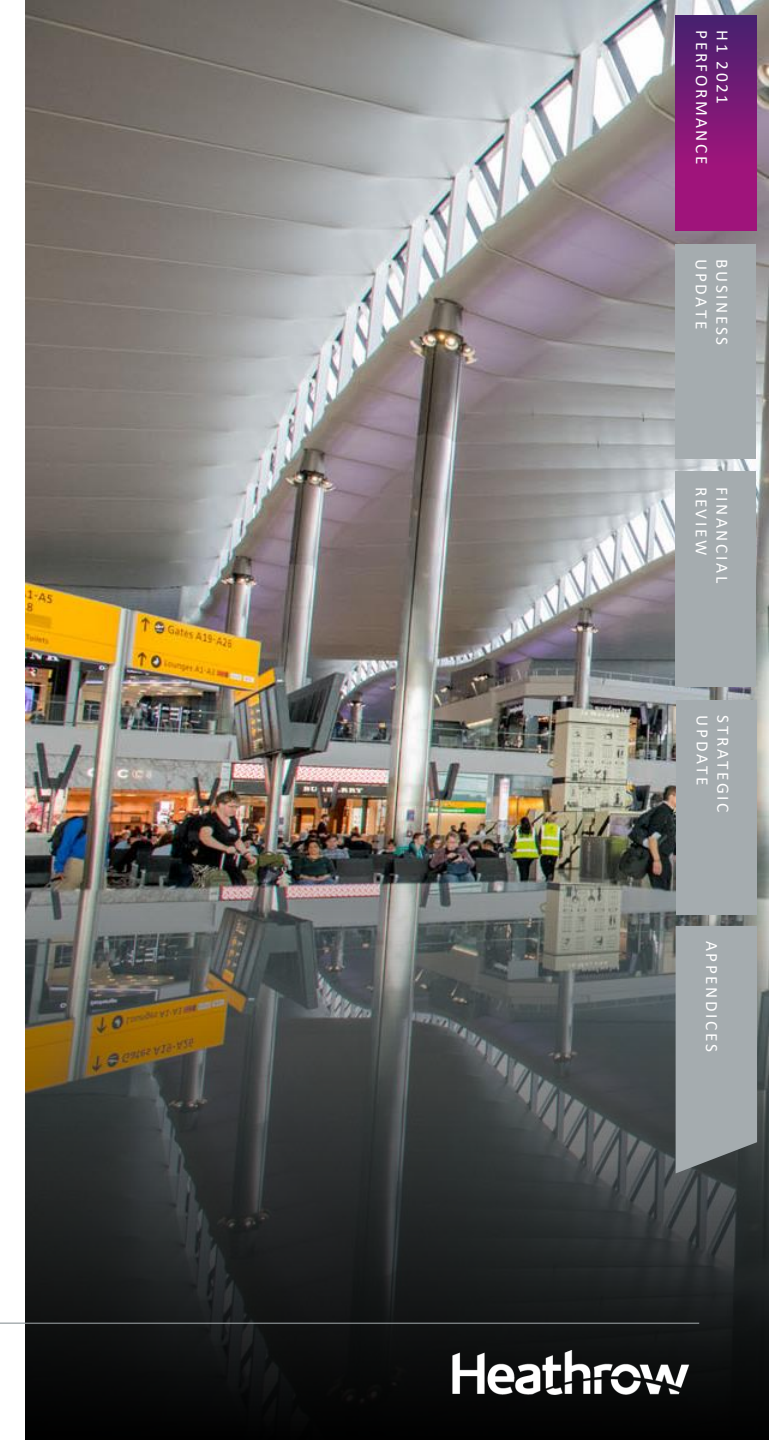
Our response to COVID-19

- Cost base reduced and revenue optimisation
- Strong liquidity position and cash management
- New base case traffic forecast of 21.5m passengers
- Seeking a waiver of the Heathrow Finance ICR covenant for FY2021
- Gearing up for growth and restarting our operations



STRATEGIC PRIORITIES

- Greater resilience, better service, lower cost
- Working with Government to reopen international travel safely
- 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

All COVID-19 safe measures will remain in place, including face coverings

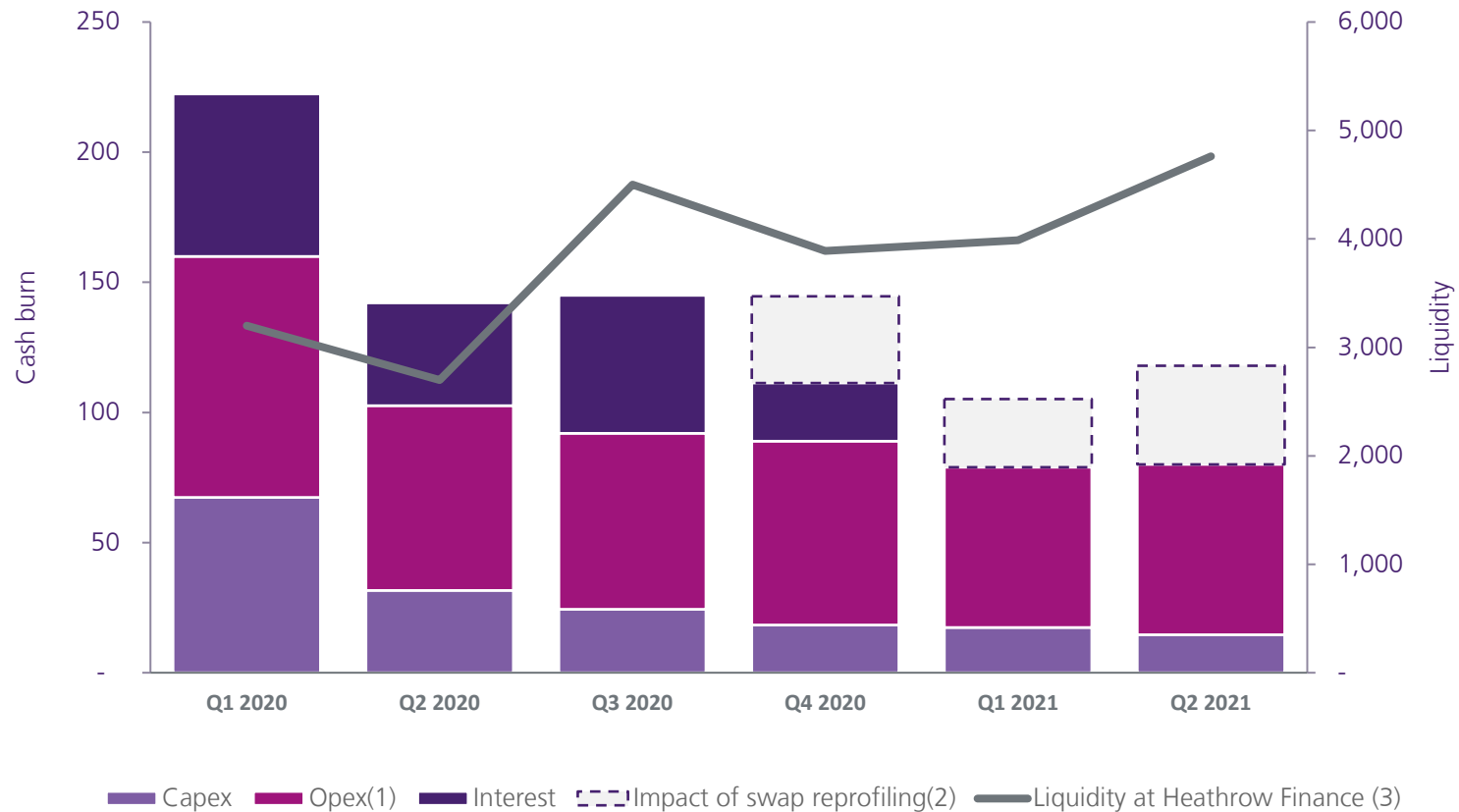
Heathrow's COVID-19 Airport Safety Rating has been upgraded



- H 1 2021 PERFORMANCE
- BUSINESS UPDATE
- FINANCIAL REVIEW
- STRATEGIC UPDATE
- APPENDICES

PROTECTING OUR BUSINESS – CASH BURN REMAINS REDUCED

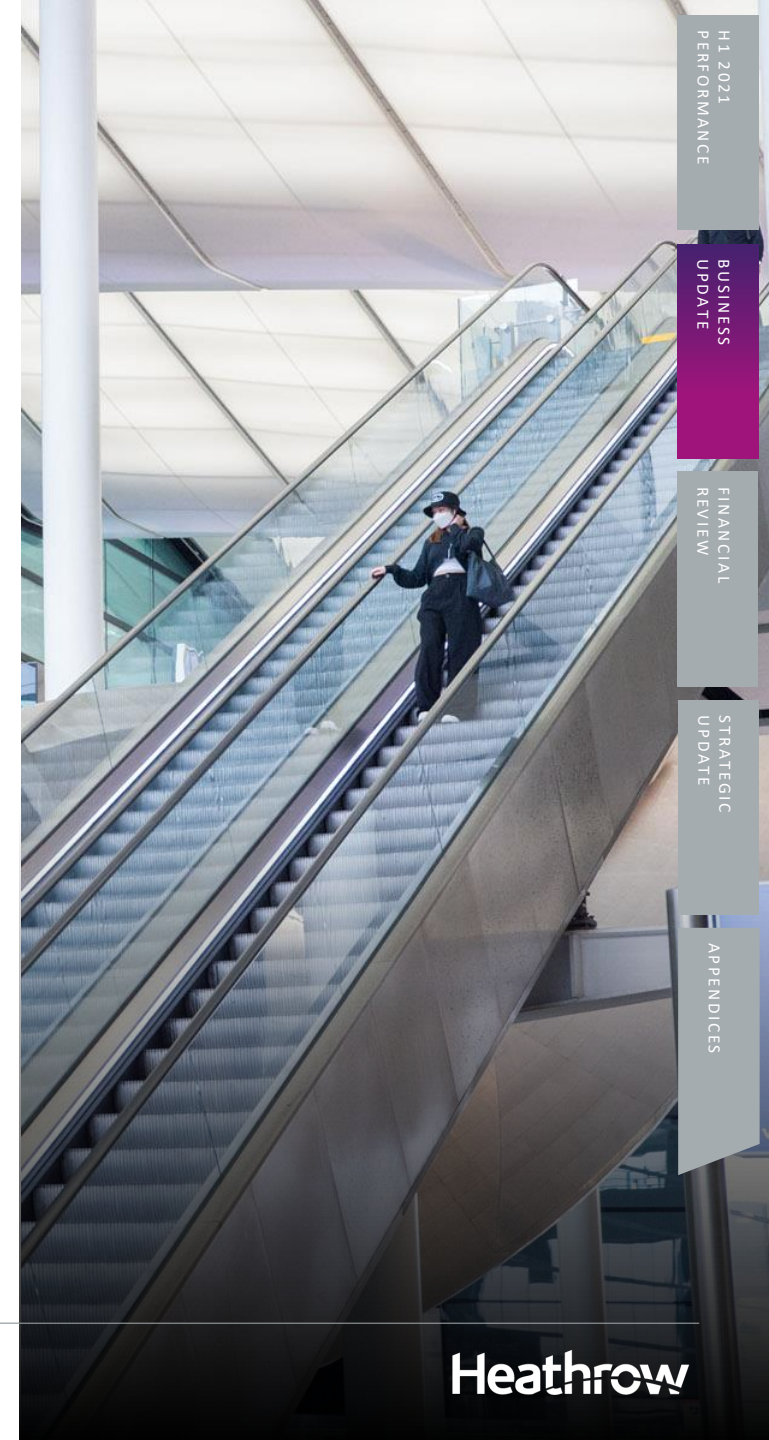
Average monthly cash burn levels and liquidity (£m)



(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

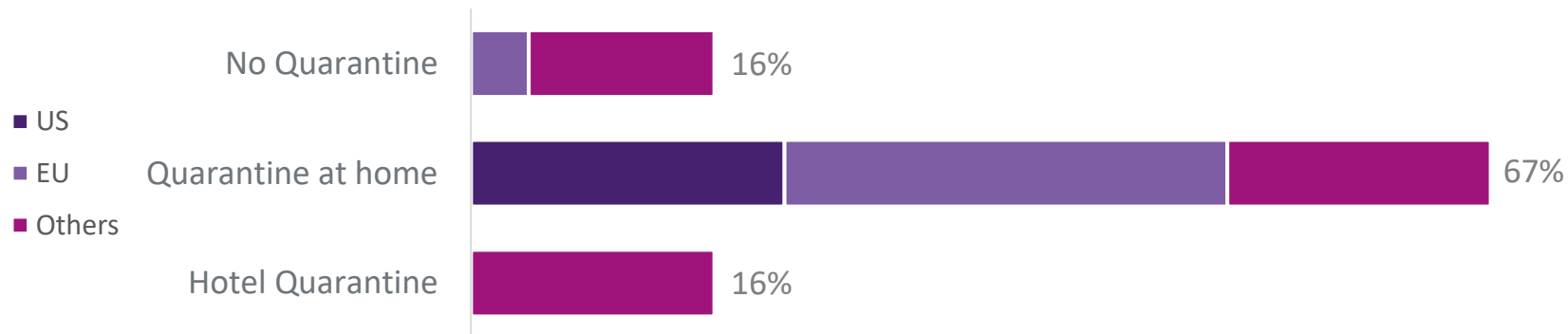


WINNING THE RECOVERY – RESTARTING TRAVEL SAFELY

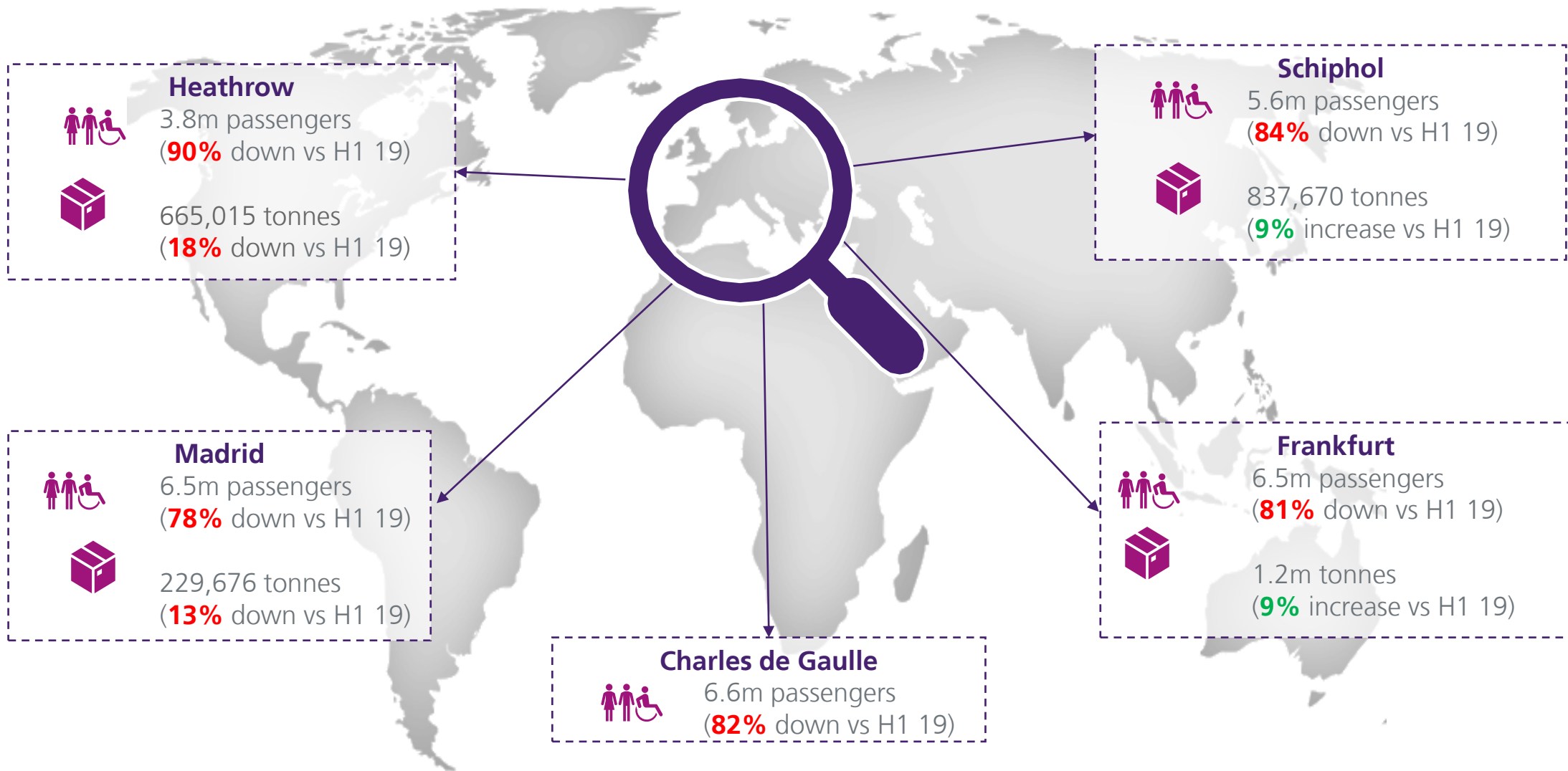
UK Traffic Light System Update

- International travel partially resumed on 17th May
- Fully vaccinated UK residents no longer need to isolate on return from amber countries
- Opportunity to remove restrictions to fully vaccinated passengers from more countries
- Move towards lateral flow testing so more affordable
- Dedicated Red List arrival facility opened from June

Total 2019 passengers based on origin country's traffic light status (%)



COMPARISON TO EUROPEAN HUBS



NOW IS THE TIME TO RESTART INTERNATIONAL TRAVEL SAFELY

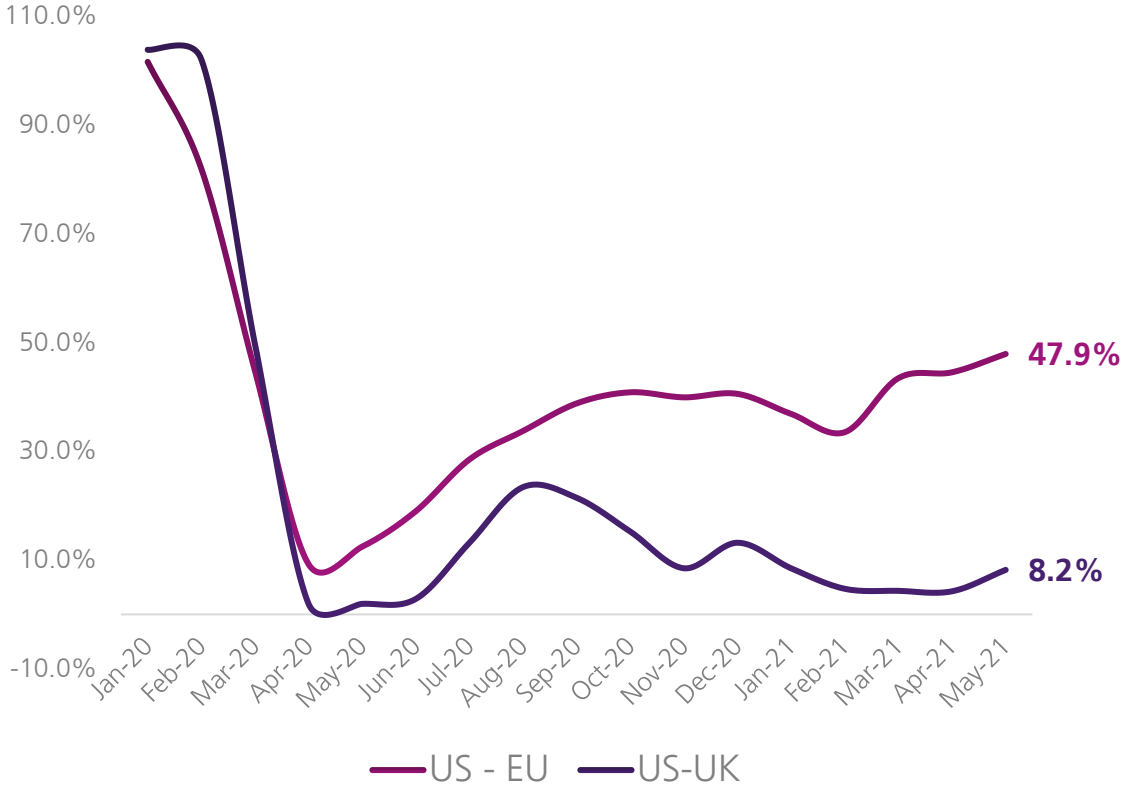
COVID-19 Vaccination rate

% of adult population (over 18s) who have received at least one vaccine dose



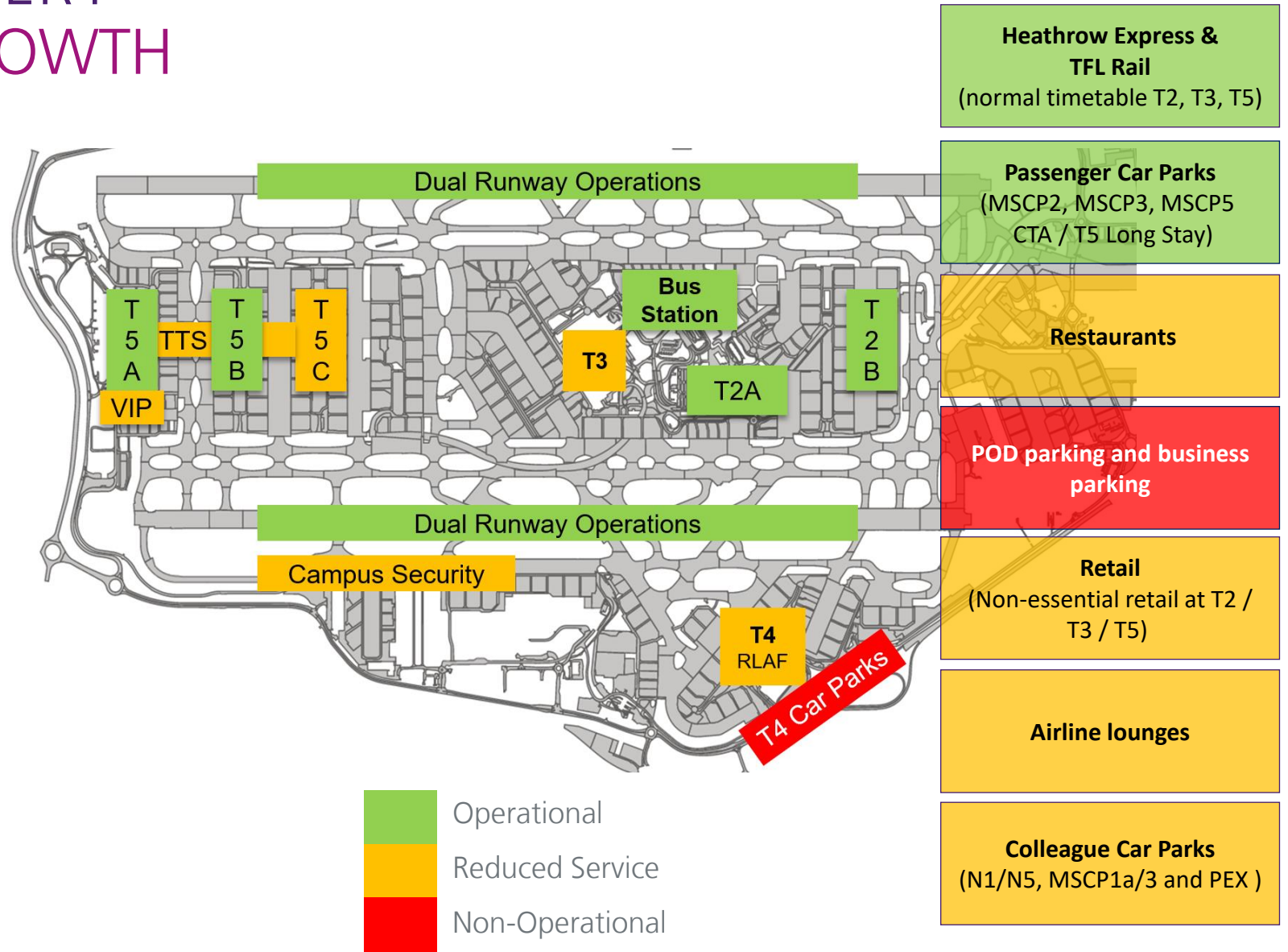
Traffic recovery – US-UK / US-EU routes

Total Passenger numbers as a share of 2019 passengers (Pre-Crisis)



WINNING THE RECOVERY – GEARING UP FOR GROWTH

- Terminal 3 and second runway operations recommenced
- Terminal 4 operating as a dedicated 'red list' facility
- **77%** of retail stores have reopened in T2 and **78%** in T5



BUILDING BACK BETTER – DELIVERING HEATHROW 2.0 AND PATH TO NET ZERO CARBON

We continue playing a leadership role on decarbonising the aviation sector



Sustainable Markets Initiative

Jet Zero Council



Department for Transport

DfT's Net Zero Aviation Consultation



Department for Transport

and making tangible progress



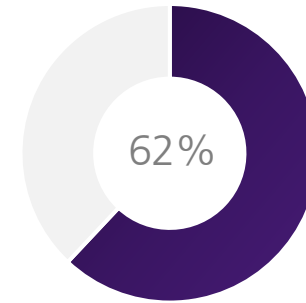
Airport operation carbon neutral



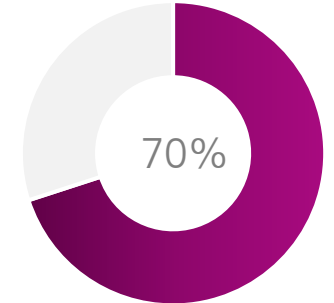
Sustainable Aviation Fuels (SAF) integrated in our operation



UK 'Future Flight' programme



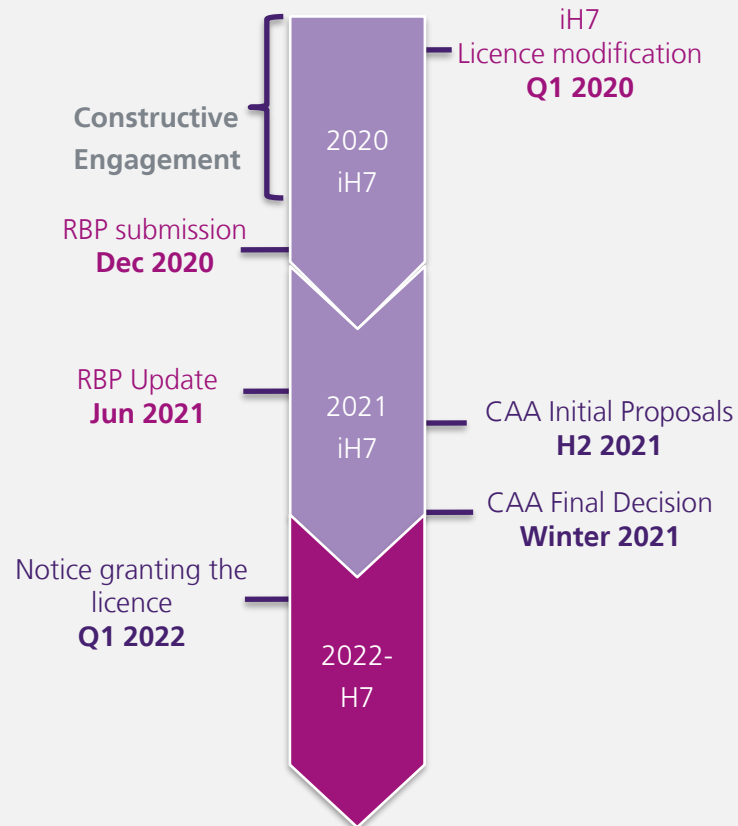
62% of Heathrow airlines have committed to 10% SAF by 2030



Over 70 % of Heathrow airlines have committed to net zero by 2050

BUILDING BACK BETTER – REGULATORY DEVELOPMENTS

H7 Timetable



CAA consultations

- Response to Heathrow’s request for a COVID-19 related RAB adjustment
- Working paper on Q6 capital expenditure and early expansion costs
- Way Forward document CAA’s initial assessment of our Revised Business Plan

H7 next steps

- Revised Business Plan update
- CAA to publish Initial Proposals later in 2021 for the next regulatory settlement (H7) which will start in 2022

Full recovery of COVID losses (£2.5bn RAB adjustment)

Average Aero Charge £32

£4.2bn CAPEX Plan

8.5% WACC

Partial recovery of COVID losses (£300m RAB adjustment)

Average Aero Charge £43

£2.5bn CAPEX Plan

10.4% WACC

The timetable set out above is consistent with Appendix C of CAP2139.

Numbers in 2018 prices



FINANCIAL REVIEW

FINANCIAL REVIEW

(£ million)	H1 2020	H1 2021	Versus 2020 %	Q2 2020	Q2 2021	Versus 2020 %
Revenue	712	348	(51.1)	119	183	53.8
Adjusted operating costs	(490)	(381)	(22.2)	(212)	(196)	(7.5)
Adjusted EBITDA	222	(33)	(114.9)	(93)	(13)	(86.0)
Loss before tax	(1,059)	(868)	(18.0)	(781)	(561)	(28.2)
Cash generated from operations	294	177	(39.8)	(81)	45	(155.6)
Capital expenditure	296	96	(67.6)	72	44	(38.8)

(£ million)	Dec 2020	Jun 2021	Versus Dec 20 %
Consolidated nominal net debt			
Heathrow (SP)	13,131	13,176	0.3
Heathrow Finance	15,120	15,222	0.7
Regulatory Asset Base	16,492	16,946	2.8
Consolidated cash at Heathrow Finance	3,891	4,759	22.3

REVENUE IMPACTED BY REDUCED TRAFFIC

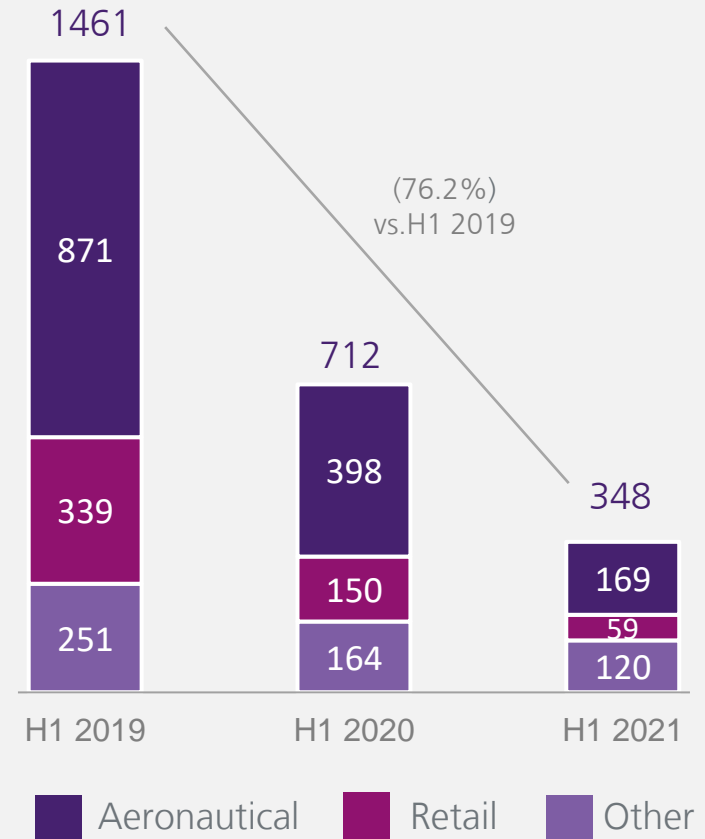
Revenue heavily impacted by government restrictions and gradual reopening of international travel

- passenger numbers remain low
- lower aircraft movements
- consolidation of retail outlets
- government decision on VAT

Seeking opportunities to optimise our revenue

- cargo
- contractual negotiations with concessionaires
- targeted promotions pre-order and collect services offered by retailers
- rent protection
- ORCs charge

Analysis of revenue (£m)



EARLY MANAGEMENT ACTIONS DRIVE 35% REDUCTION OF CONTROLLABLE COSTS VS 2019

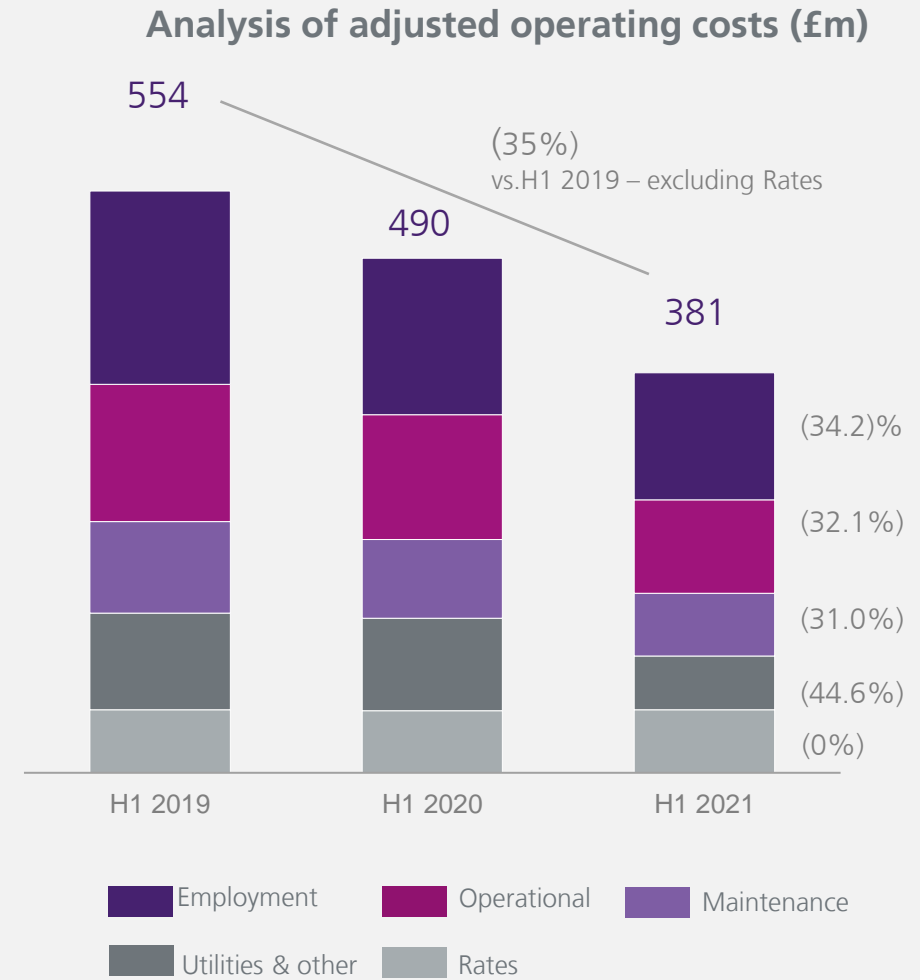
Our controllable costs (excl. Rates) are c.35% below 2019 levels due to management initiatives

- benefits of our organisational changes
- consolidation of operations, mainly in Q1 2021
- renegotiation of our suppliers' contracts

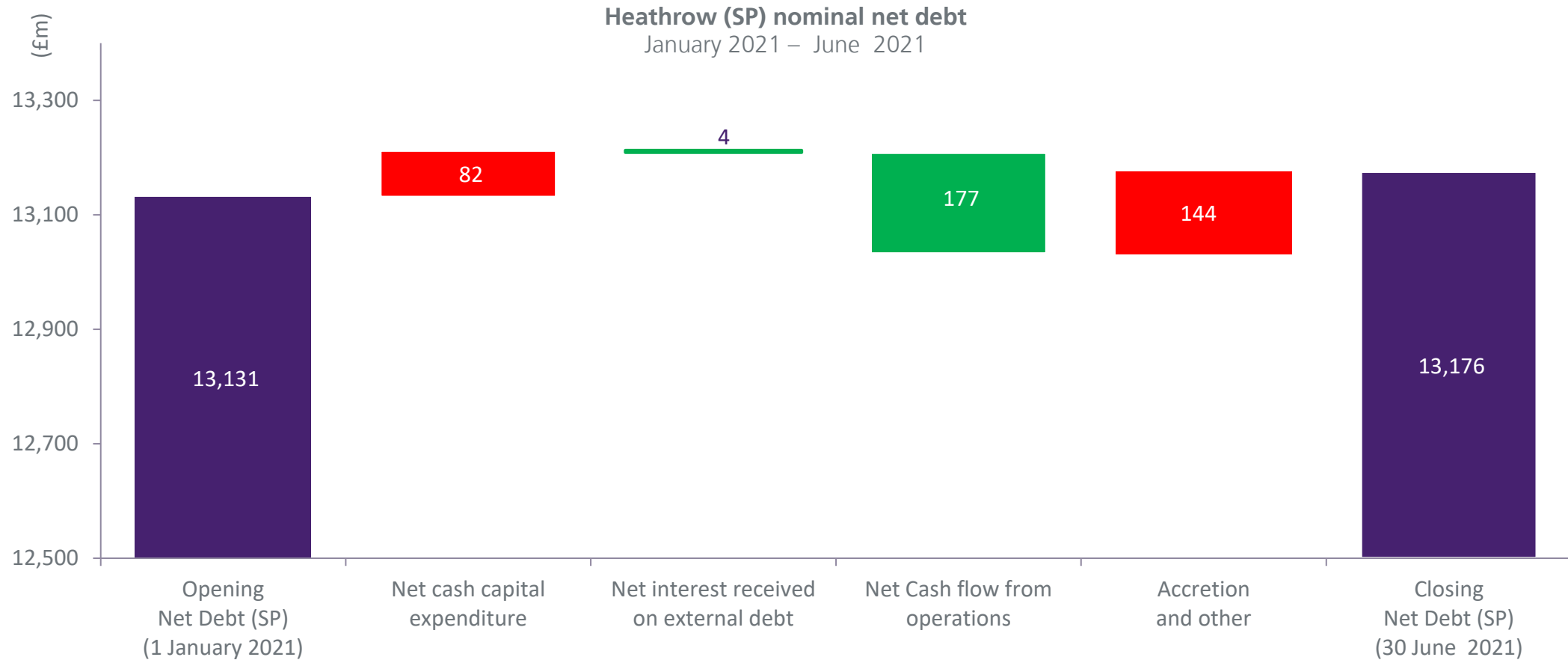
Inadequate governmental support puts pressure on our controllable costs

- business rates remain flat since 2019
- extension to the furlough scheme beyond September

Incremental costs associated with operational ramp-up are expected to be offset by the additional revenues



FOCUS ON CASHFLOW PROTECTION - CASH OUTFLOWS NEUTRALISED WITH ONLY £45M INCREASE IN NET DEBT



FINANCIAL RESILIENCE

Protecting the business

- Cashflow management
- Balance sheet management

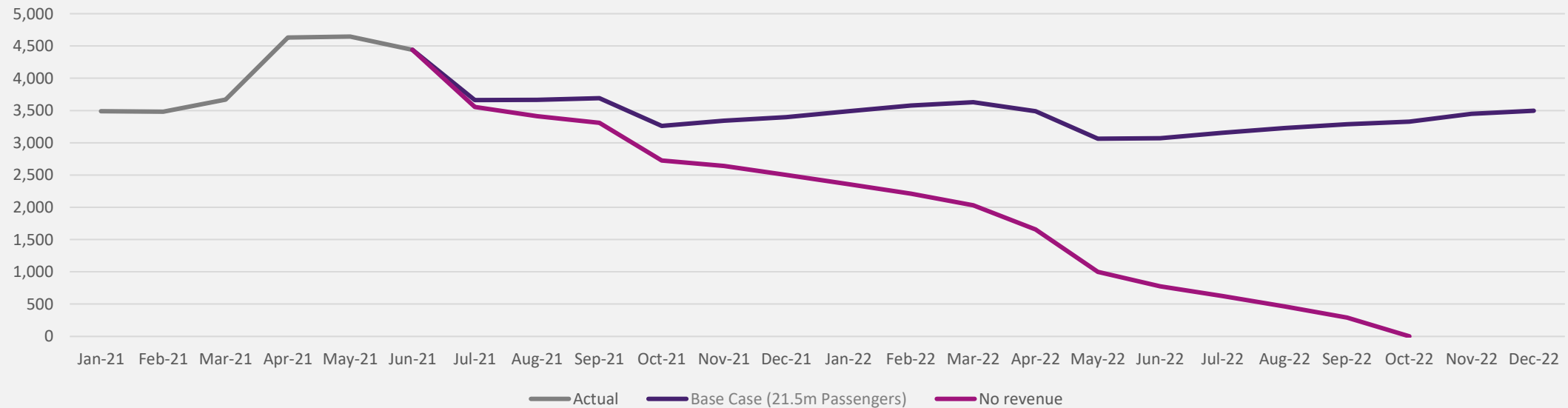
Winning the recovery

- S&P and Fitch affirmed our credit rating as investment grade

Building back better

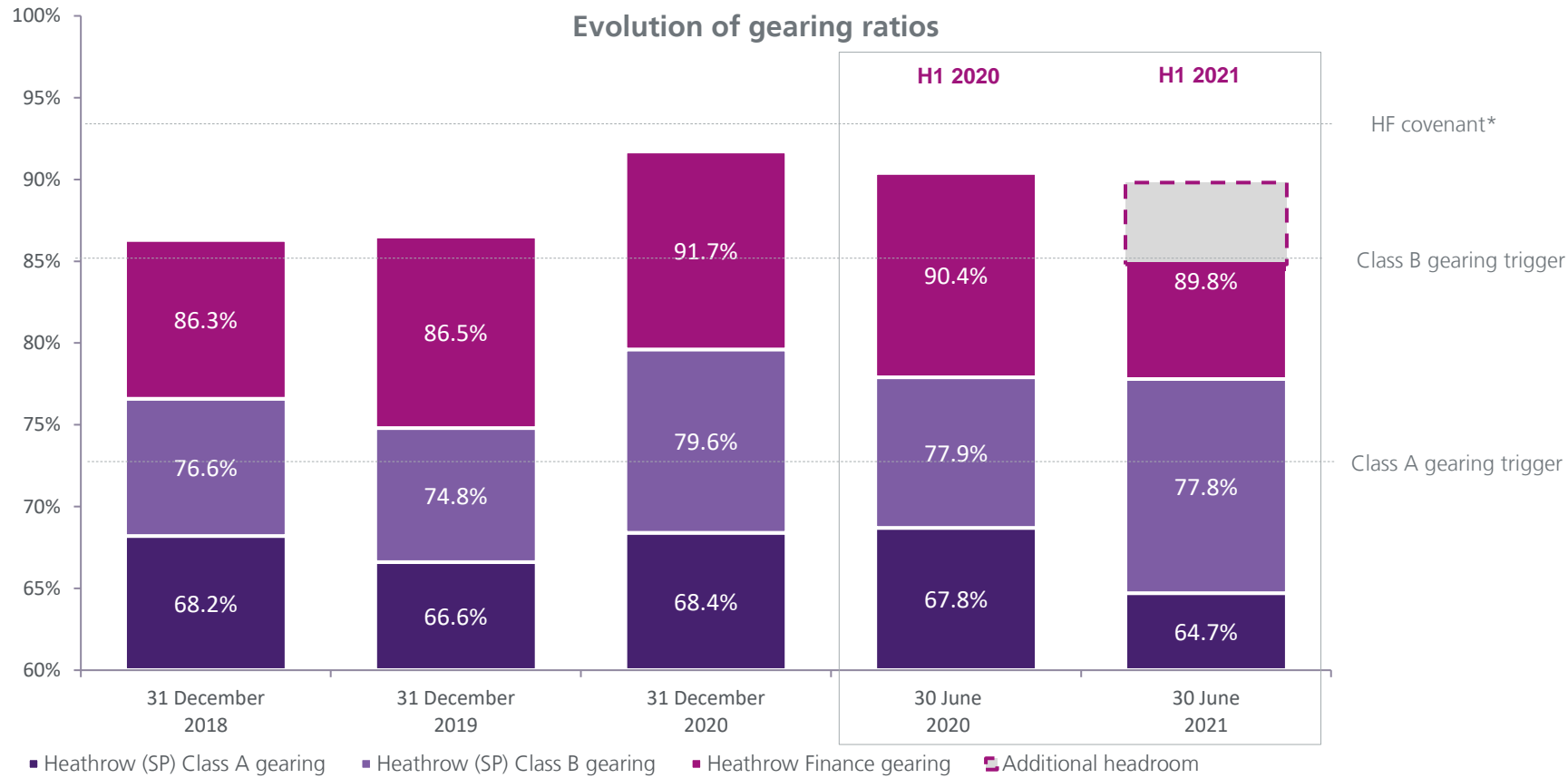
- ESG financing

Liquidity horizon - Heathrow (SP) Liquidity position - £ million



MANAGEMENT ACTIONS PROVIDE ADDITIONAL HEADROOM WHILE TRAFFIC RECOVERS

£600m capital injection secured in 2020 and interim £300m RAB adjustment protect gearing covenant in 2021 and give c.5% additional headroom



(*) 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

Material uncertainty remains on traffic recovery, revised base case of 21.5m passengers

- Base case scenario: no covenant breach forecast in 2021 but limited headroom to our Heathrow Finance ICR covenant
- 13 million passenger severe but plausible downside scenario: no gearing covenant breach across the Group. However, Heathrow Finance's ICR covenant would breach
- We are seeking a waiver of the Heathrow Finance ICR covenant for the 2021 financial year





Check-in information



A19-A31
Premium check-in

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 A D41-D46
14:20	Priority Check-in	UA902 A
14:25	Dubai	9W902 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 817-820
17:35	Paris (CdG)	LH915 B
		UQ8281 D Opens 14:35

Time	Destination	Zone
17:35	Osaka	EW940 B
17:40	Sofia	FR802 A Opens 16:35
18:05	Istanbul	TK1972 A
18:10	Stockholm	NO328 C
18:10	Nairobi	AV188 B 813-815
18:20	Warsaw	LO280 B
18:20	Dhaka	9G601 B
18:50	Phnom Penh	9G601 B
18:50	Phnom Penh	9G601 B
19:00	London	BA149 C Opens 15:40
19:10	London	BA149 C Opens 15:40
19:10	London	BA149 C Opens 15:40
19:10	London	BA149 C Opens 15:40
19:25	Zurich	LH287 B
19:35	Vientiane	LX327 B
20:35	Dubai	9W902 A
20:40	Dubai	EI179 C
21:00	Abu Dhabi	EK004 A A19-A26
21:10	Abu Dhabi	ET701 D
21:30	Tel Aviv	EY618 D Opens 17:40
22:05	Singapore	VS453 D D19-D26
22:10	Istanbul	TK1980 A
22:30	Lagos	V5411 D D19-D26

STRATEGIC UPDATE

Toilets: Zones A and C

Customs enquiries: Zone A

TO GIVE PASSENGERS THE BEST AIRPORT SERVICE IN THE WORLD



- H1 2021 PERFORMANCE
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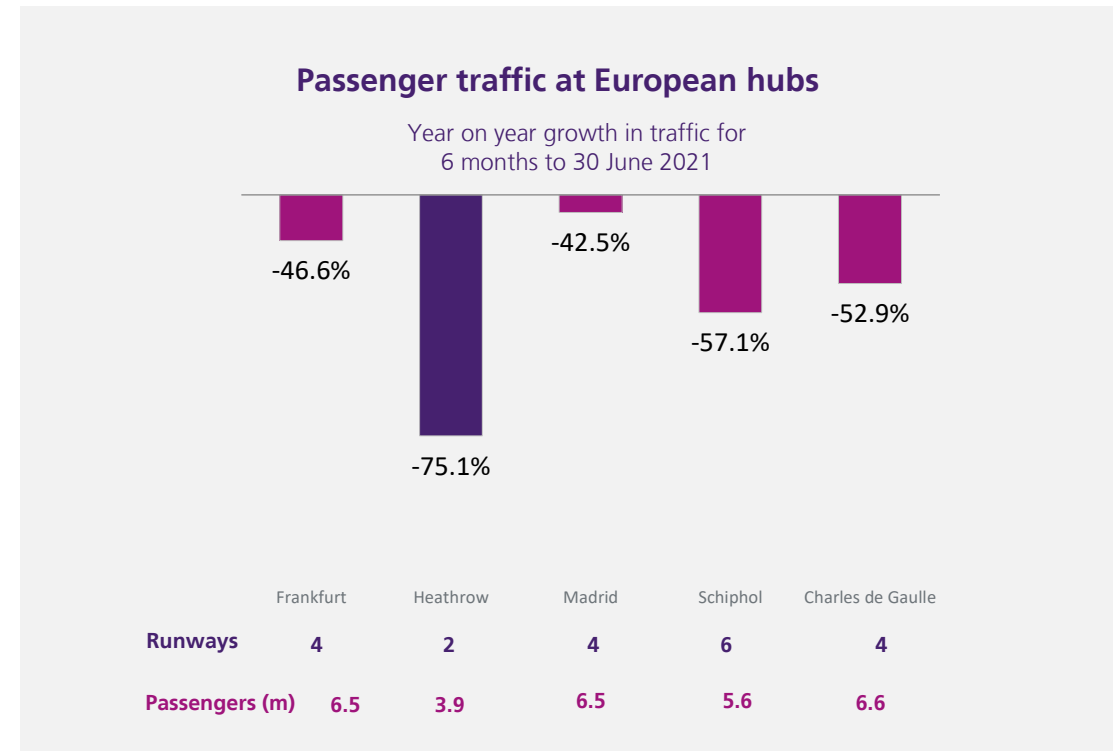
QUESTIONS?

APPENDICES

COMPARISON AGAINST EUROPEAN HUBS

	2020	2021
Passengers	15.4	3.9
Long-haul traffic growth/(decline) (%)	(58.7)	(71.2)
Short-haul traffic growth/(decline) (%)	(61.8)	(78.3)
Passengers ATM	108,125	61,235
Cargo ATM	9,391	18,386
Load factors (%)	65.4	40.0
Seats per ATM	218.4	157.0
Cargo tonnage ('000)	550	665

	2020	2021
ASQ	--*	4.29
Baggage connection	99.1	99.1
Departure punctuality	86.0	86.3



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 JUNE 2021

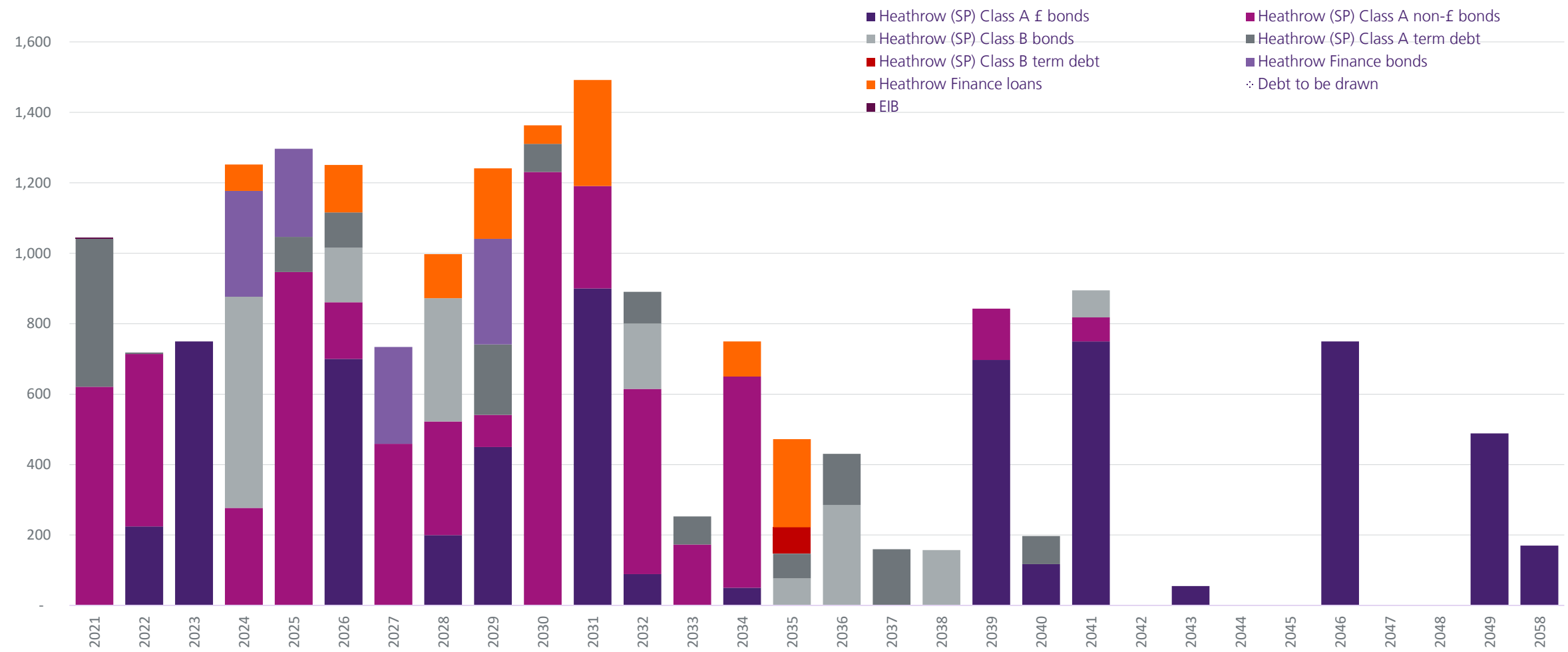
Heathrow (SP) Limited	Amount	Available	Maturity
Senior debt	(£m)	(£m)	
US\$1,000m 4.875%	621	621	2021
£180m RPI +1.65%	224	224	2022
€600m 1.875%	490	490	2022
£750m 5.225%	749	749	2023
CHF400m 0.5%	277	277	2024
C\$500m 3.25%	266	266	2025
€750m 1.50%	681	681	2025
CHF210m 0.45%	161	161	2026
£700m 6.75%	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%	89	89	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%	59	59	2039
€86 Zero Coupon	75	75	2039
£460m RPI +3.334%	638	638	2039
¥10,000m 0.8%	71	71	2039
£100m RPI +1.238%	117	117	2040
£750m 5.875%	750	750	2041
A\$125m 3.500%	68	68	
£55m 2.926%	55	55	2043
£750m 4.625%	750	750	2046
£75m RPI +1.372%	89	89	2049
£400m 2.75%	400	400	2049
£160m RPI +0.147%	170	170	2058
Total senior bonds	12,792	12,792	
Term debt	1,529	1,529	Various
index-linked derivative accretion	181	181	Various
Revolving/working capital facilities	900	900	2021
Operating lease liability	3	3	2021
Total other senior debt	2,613	2,613	
Total senior debt	15,405	15,405	
Heathrow (SP) Limited cash	(4,441)		
Senior net debt	10,964		

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%	185	185	2032
£75m RPI + 0.347%	77	77	2035
£75m RPI + 0.337%	77	77	2036
£180m RPI +1.061%	209	209	2036
£51m RPI + 0.419%	52	52	2038
£105m 3.460%	105	105	2038
£75m RPI + 0.362%	77	77	2041
Total junior bonds	1,887	1,887	
Term debt	75	75	2035
Junior revolving credit facilities	250	250	2021
Total junior debt	2,212	2,212	
Heathrow (SP) Limited group net debt	13,176		

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	(318)		
Heathrow Finance plc net debt	2,046		

Heathrow Finance plc group	Amount	Available
	(£m)	(£m)
Heathrow (SP) Limited senior debt	15,405	15,405
Heathrow (SP) Limited junior debt	2,212	2,212
Heathrow Finance plc debt	2,364	2,364
Heathrow Finance plc group debt	19,981	19,981
Heathrow Finance plc group cash	(4,759)	
Heathrow Finance plc group net debt	15,222	

£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 10

Passenger and cargo numbers as at 30 June 2021 sourced from companies websites.

Page 11

Vaccine level: Our World In Data – 22 July 2021

Passengers: CAA - United Kingdom / Bureau of Transport Statistics - United States / EU transport statistics (AVIA data table)

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 19

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 June 021 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