

Heathrow

HEATHROW (SP) LIMITED

RESULTS FOR THE THREE MONTHS
ENDED 31 MARCH 2024



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- This presentation must be read in conjunction with the Heathrow’s annual report and accounts for the year ended 31 December 2023.

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2024 Q1 PERFORMANCE



BUSINESS AND FINANCIAL PERFORMANCE

PASSENGERS

18.5m

+9% vs. 2023 Q1

ADJUSTED OPERATING COSTS

£365m

+11% vs. 2023 Q1

GROUP LIQUIDITY

£3.8bn

+4% vs. 2023 Q1

REVENUE

£808m

-1% vs. 2023 Q1

ADJUSTED EBITDA

£443m

-9% vs. 2023 Q1

RAB

£20.1bn

+1% vs. Dec 2023

KEY HIGHLIGHTS

- Strong passenger demand
- Busiest first quarter ever recorded
- Increased passenger service levels
- Good progress on H7 investments
- H7 charges led a revenue decline
- Continue to make an adjusted profit before tax
- Strong liquidity and balance sheet
- New strategy launched
- 2024 Traffic outlook revised

STRATEGIC UPDATE



Heathrow

INTRODUCING OUR NEW STRATEGY



Our Purpose

MAKING **EVERY JOURNEY** BETTER

Our Vision

TO BE AN EXTRAORDINARY AIRPORT, **FIT FOR THE FUTURE**

Our Values



BUSINESS UPDATE



Heathrow

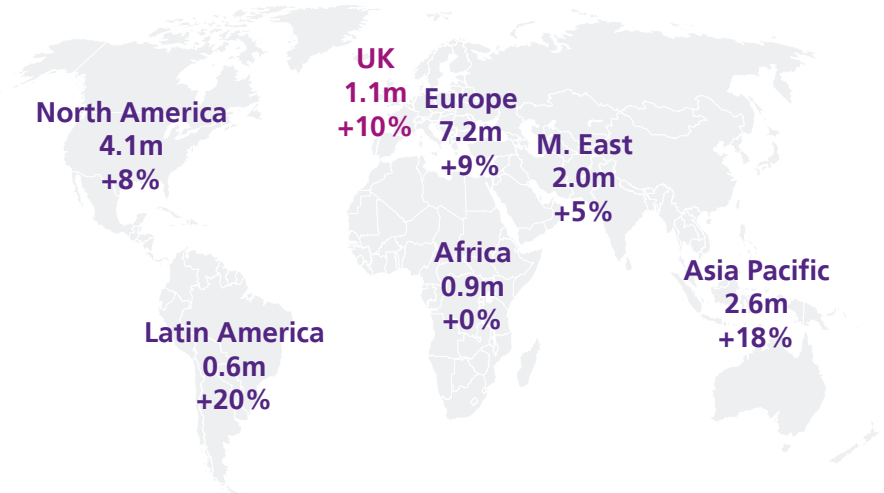
STRONG DEMAND ACROSS ALL MARKETS DRIVES THE BUSIEST FIRST QUARTER EVER RECORDED

Heathrow	2024 Q1	2023 Q1	Vs. 2023 %
Passengers (m)	18.5	16.9	+9%
Passengers ATM	112,766	103,173	+9%
Load factors (%)	75.1	74.3	+1%
Seats per ATM	220.8	220.7	+0%
Cargo tonnage (*) ('000)	394	317	+24%

(*) Includes mail

Heathrow

Q1 2024 passenger numbers by market
(vs Q1 2023)

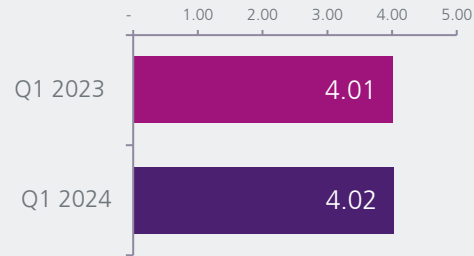


Total of 18.5 million passengers
(+9% vs Q1 2023)

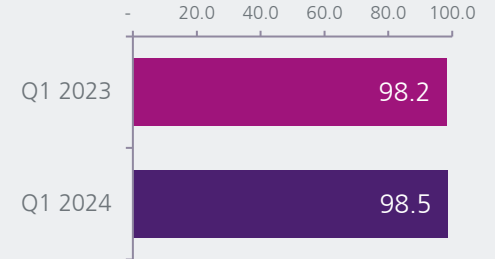
IMPROVED SERVICES TO OUR CUSTOMERS



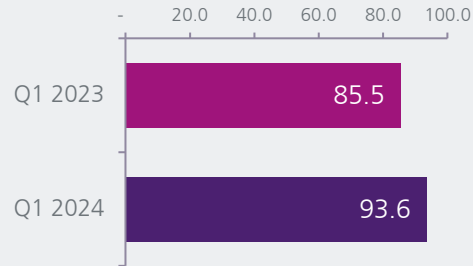
Customer satisfaction
Airport Service Quality 'ASQ'



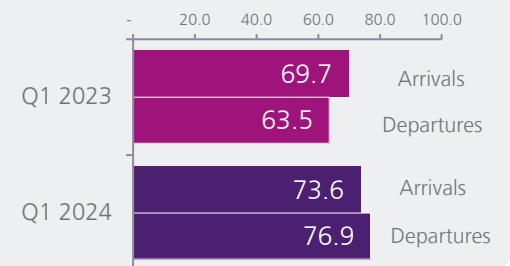
Baggage connection - %
Connection rate per 1,000 passengers



Security performance - %
Waiting time measured under 5 minutes



Arrivals and departures punctuality - %
Within 15 minutes of schedule



£320 MILLION INVESTED IN OUR H7 CAPITAL PLAN



Next-Generation Security

Terminal designs completed and good progress has been made to deliver a total of 146 lanes

T2 Baggage

New system design has begun with baggage partner and IT replacement underway

Carbon & Sustainability

Continuous rollout of EV chargers and new carbon efficient pre-conditioned air units on aircraft stands

Commercial Revenue

Focus on retail, digital and surface access

Asset Management & Compliance

Seven projects completed in Q1 as part of 160 live projects

Efficient Airport

Multiple opportunities identified to improve passenger satisfaction whilst driving efficiencies

JOURNEY TO BE AN EXTRAORDINARY AIRPORT FIT FOR THE FUTURE

REGULATORY DEVELOPMENTS

CAA'S H7 FINAL CONSULTATION
PUBLISHED

'Setting Future Price Controls'
CONSULTATION

CAA'S H8 INDICATIVE PLAN EXPECTED
IN SPRING 2024

LONG-TERM GROWTH AND CAPACITY DEVELOPMENTS

EXPANDING CAPACITY TO MEET
GROWING DEMAND

LONG-TERM PLANS TO DELIVER
EXPANDED CAPACITY UNDER REVIEW

DECARBONISING AVIATION A CENTRAL
PART OF OUR PLAN

HEATHROW 2.0: CONNECTING PEOPLE AND PLANET

2023 SUSTAINABILITY REPORT
PUBLISHED

TASKFORCE ON NATURE-RELATED
FINANCIAL DISCLOSURES (TNFD)

2024 LIFT OFF EVENT

CLASS B SUSTAINABILITY LINKED BOND

FINANCIAL REVIEW



Heathrow

FINANCIAL REVIEW

(£ million)	Q1 2023	Q1 2024	Versus 2023 %
Revenue	814	808	(0.7)
Adjusted operating costs	(328)	(365)	11.3
Adjusted EBITDA	486	443	(8.8)
Adjusted profit/(loss) before tax	(139)	83	159.7
Cash generated from operations	374	460	23.0
Capital expenditure	169	320	89.3

(£ million)	Dec 2023	Mar 2024	Versus Dec 23 %
Consolidated nominal net debt			
Heathrow (SP)	14,795	14,646	(1.0)
Heathrow Finance	16,806	16,605	(1.2)
Regulatory Asset Base	19,804	20,058	1.3

LOWER REGULATED AERO CHARGES PARTIALLY OFFSET BY STRONG DEMAND

Analysis of revenue (£m)



Aeronautical revenue

- Lower revenue due to aero charges set by the CAA

Retail revenue

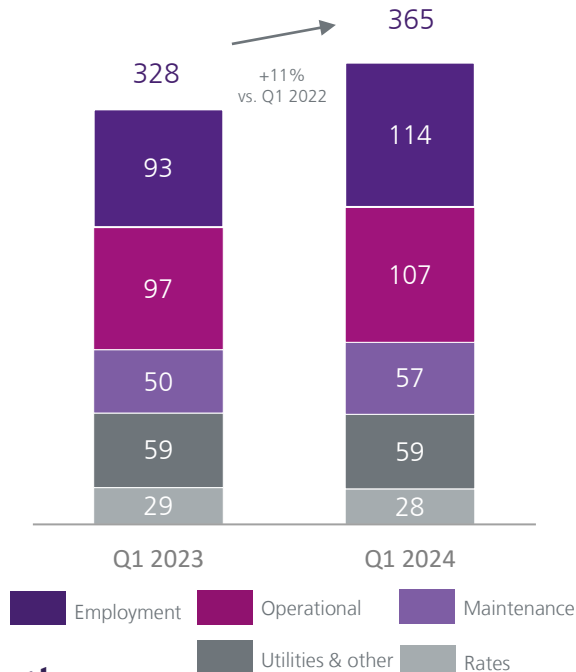
- Increased revenue driven by higher departing passengers and car parking performance

Other revenue

- Higher other regulated charges (ORCs) and partly offset by surface access performance

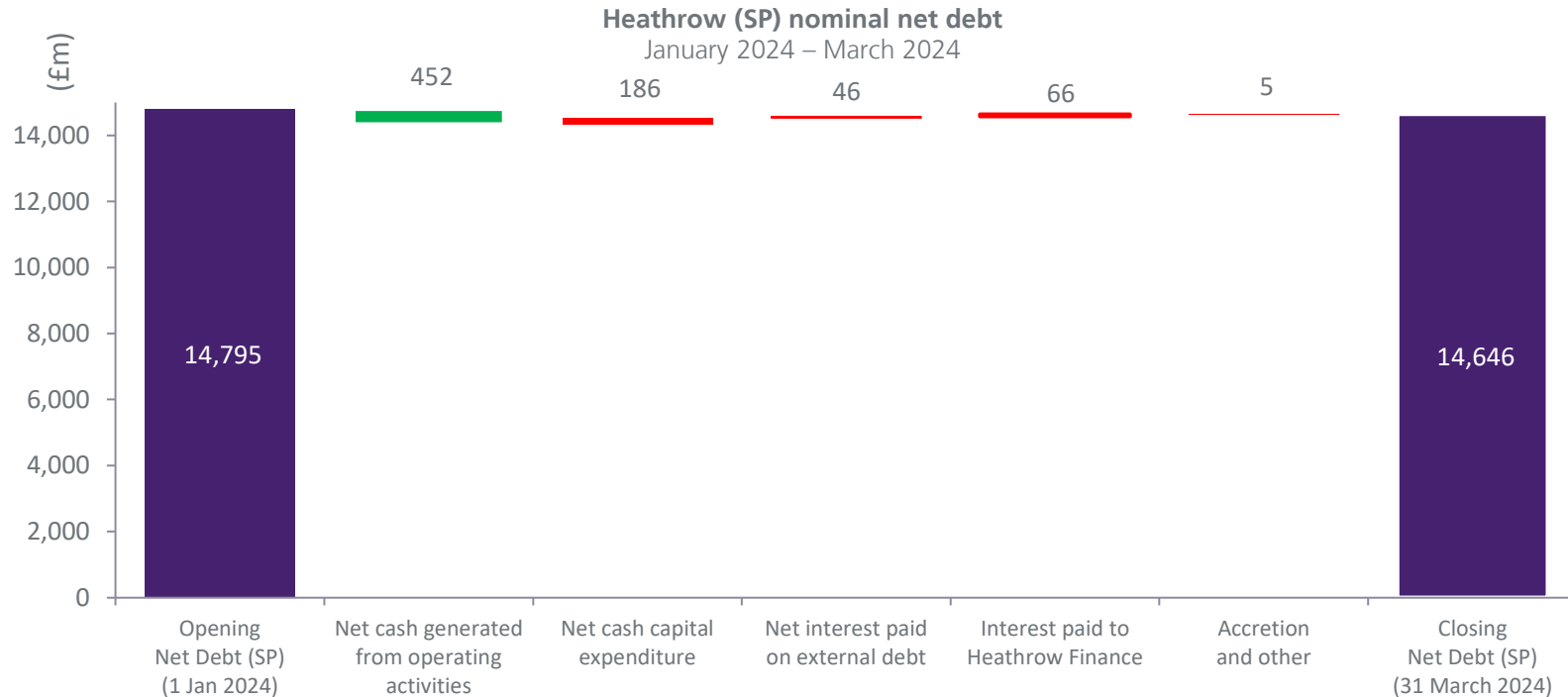
OPERATING COSTS REFLECT HIGHER PASSENGER' NUMBERS AND INFLATION

Analysis of adjusted operating costs (£m)

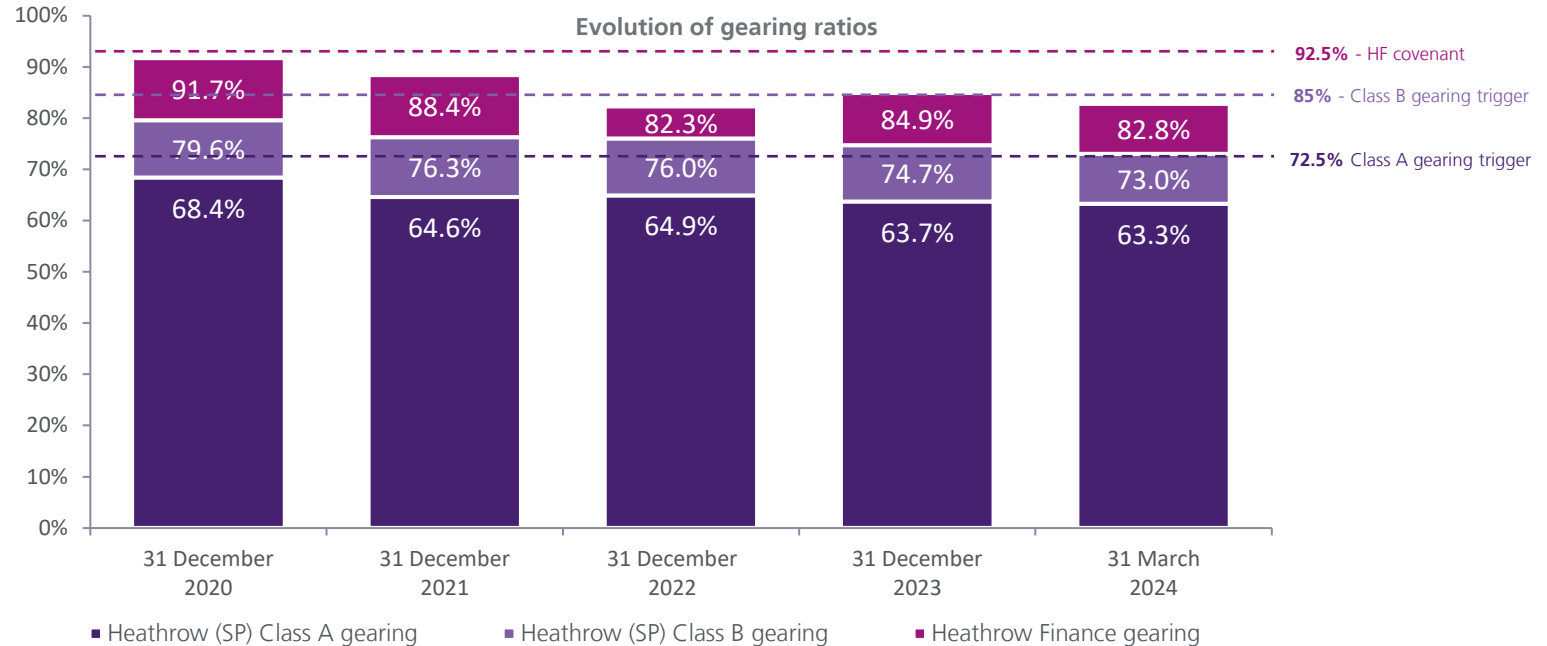


- Employment costs rose with increased staffing for higher demand
- Operational costs increased in line with inflation and higher capacity
- Maintenance costs increased due to cleaning and conservation
- Utilities and other costs stable due to terminals being fully operational
- Business rates remained flat

OUR NET DEBT REMAINS STABLE



COMFORTABLE GEARING HEADROOM ACROSS ALL LEVELS



OUTLOOK



- Updated traffic outlook for 2024 of 82.4 million passengers
- EBITDA for 2024 is expected to be £1,938 million
- Full updated financial forecast for 2024 in our next June Investor Report
- 2024 H1 results to be published on 24 July 2024

Q&A

APPENDICES CONTENT



HEATHROW NOMINAL NET DEBT, 31 MARCH 2024

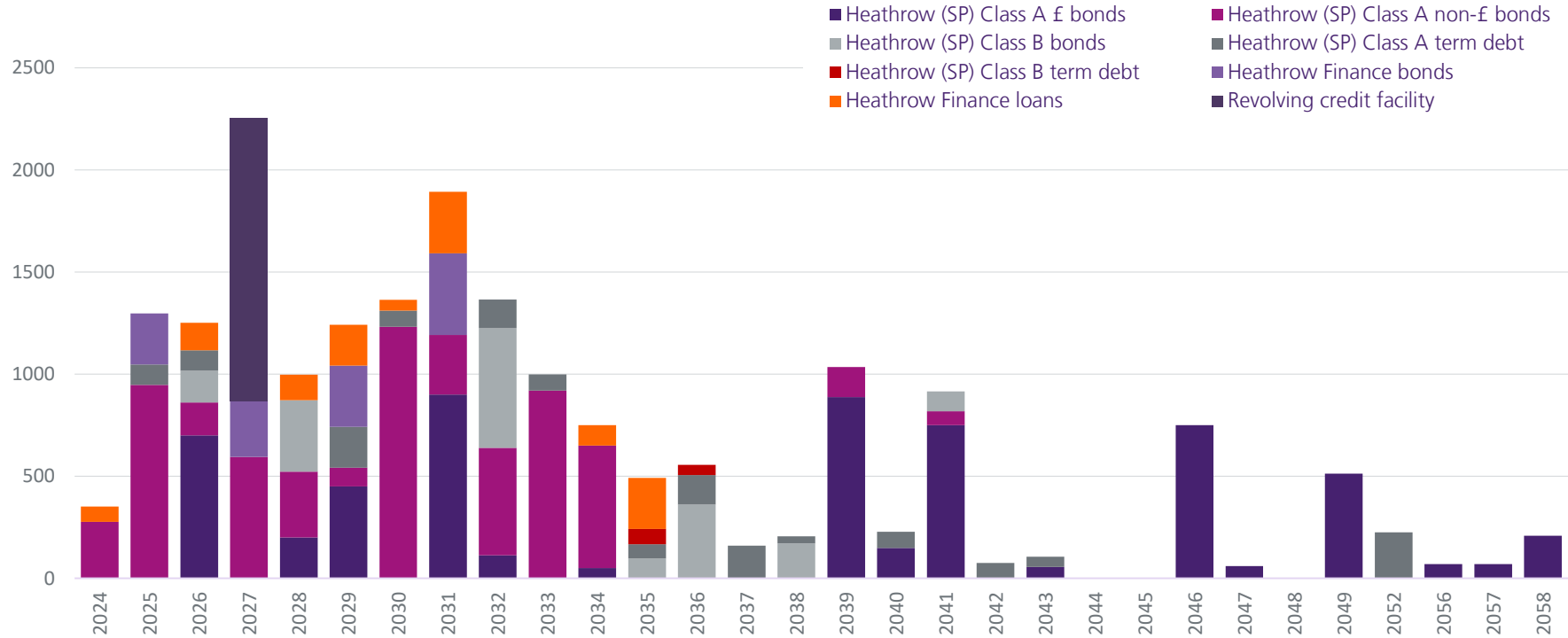
Heathrow (SP) Limited	Amount	Available	Maturity
Senior debt	(£m)	(£m)	
CHF400m 0.5%	277	277	2024
€500m 3.25%	266	266	2025
€750m 1.50%	681	681	2025
CHF210m 0.45%	161	161	2026
€700m 6.75%	700	700	2026
NOK1,000m 2.65%	84	84	2027
€3650m 2.7%	374	374	2027
€5400m 3.4%	226	226	2028
€200m 7.075%	200	200	2028
AS175m 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
€5400m 3.872%	238	238	2030
€500m 1.125%	427	427	2030
€500m 3.661%	291	291	2031
€900m 6.45%	900	900	2031
€50m Zero Coupon	42	42	2032
€75m RPI +1.366%	113	113	2032
€50m Zero Coupon	42	42	2032
€500m 1.875%	443	443	2032
€3300m 3.7%	363	363	2033
4.500m €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%	76	76	2039
€86 Zero Coupon	75	75	2039
€460m RPI +3.334%	813	813	2039
¥10,000m 0.8%	71	71	2039
€100m RPI +1.238%	148	148	2040
€750m 5.875%	750	750	2041
AS125m 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%	113	113	2049
€400m 2.75%	400	400	2049
€70m 6.070%	70	70	2056
€70m 6.070%	70	70	2057
€160m RPI +0.147%	208	208	2058
Total senior bonds	12,100	12,100	
Term debt	1,540	1,540	Various
Index-linked derivative accretion	846	846	Various
Revolving / WC facilities	0	1019	2026
Operating lease liability	63	63	Various
Total other senior debt	2,449	3,468	
Total senior debt	14,549	15,568	
Heathrow (SP) Limited cash	(1,846)		
Senior net debt	12,703		

Heathrow (SP) Limited	Amount	Available	Maturity
Junior debt	(£m)	(£m)	
£155m 4.221%	155	155	2026
£350m 2.625%	350	350	2028
£182m 0.101%	235	235	2032
6.000% £350 million SLB	350	350	2032
£75m RPI + 0.347%	97	97	2035
£75m RPI + 0.337%	97	97	2036
£180m RPI + 1.061%	262	262	2036
£51m RPI + 0.419%	66	66	2038
£105m 3.460%	105	105	2038
£75m RPI + 0.362%	97	97	2041
Total junior bonds	1,818	1,818	
Term debt	125	125	Various
Junior revolving credit facilities	0	367	2026
Total junior debt	1,943	2,310	
Heathrow (SP) Limited group net debt	14,446		

Heathrow Finance plc	Amount	Available	Maturity
	(£m)	(£m)	
£250m 5.75%	250	250	2025
£275m 3.875%	275	275	2027
£300m 4.125%	300	300	2029
£400m 6.625%	400	400	2031
Total bonds	1,225	1,225	
£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
Total loans	1,239	1,239	
Total Heathrow Finance plc debt	2,364	2,364	
Heathrow Finance plc cash	(505)		
Heathrow Finance plc net debt	1,959		

Heathrow Finance plc group	Amount	Available
	(£m)	(£m)
Heathrow (SP) Limited senior debt	14,549	15,568
Heathrow (SP) Limited junior debt	1,943	2,310
Heathrow Finance plc debt	2,464	2,464
Heathrow Finance plc group debt	18,956	20,342
Heathrow Finance plc group cash	(2,351)	
Heathrow Finance plc group net debt	16,605	

DEBT MATURITY PROFILE AT 31 MARCH 2024



NOTES, SOURCES AND DEFINED TERMS

Page 5

Adjusted EBITDA: is profit before interest, taxation, depreciation, amortization and fair value adjustments on investment properties and exceptional items.

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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 screening - % of security waiting time measured under 5 and 10 minutes 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 17

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 18

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

Page 22-23

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.

MAKING
EVERY
JOURNEY
BETTER

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