

A woman with blonde hair, wearing a grey knitted sweater and a silver watch, is hugging a man from behind. The man has short dark hair and is wearing a dark jacket. They are in an airport terminal, with blurred background elements like a digital display and other people.

HEATHROW (SP) LIMITED

RESULTS FOR THE 3 MONTHS ENDED
31ST MARCH 2022



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2022 Q1 PERFORMANCE



OPERATIONAL AND FINANCIAL PERFORMANCE

PASSENGERS

9.7m

+475% vs. 2021 Q1
-46% vs. 2019 Q1

ADJUSTED EBITDA

£273m

+1,465% vs. 2021 Q1
-33% vs. 2019 Q1

REVENUE

£516m

+213% vs. 2021 Q1
-24% vs. 2019 Q1

LIQUIDITY

£4.1bn

+3% vs. 2021 Q1
+17% vs. 2019 Q1

OPERATING COSTS

£243m

+31% vs. 2021 Q1
-11% vs. 2019 Q1

RAB

£17.7bn

+1% vs. Dec 21
+7% vs. Dec 19

Recovery from COVID-19 underway

- Passenger numbers in line with forecast with increased demand seen across the quarter
- Revenue and operating costs on plan leading to solid EBITDA growth
- Balance sheet remains strong with gearing ratios close to pre-pandemic levels
- Despite a recovery in passenger numbers, cumulative losses have now risen to £4.0bn
- Ramp-up plan delivery has ensured operational resilience, despite peak demand at certain times
- Continuing to rebuild capacity ahead of the Summer

STRATEGIC PRIORITIES

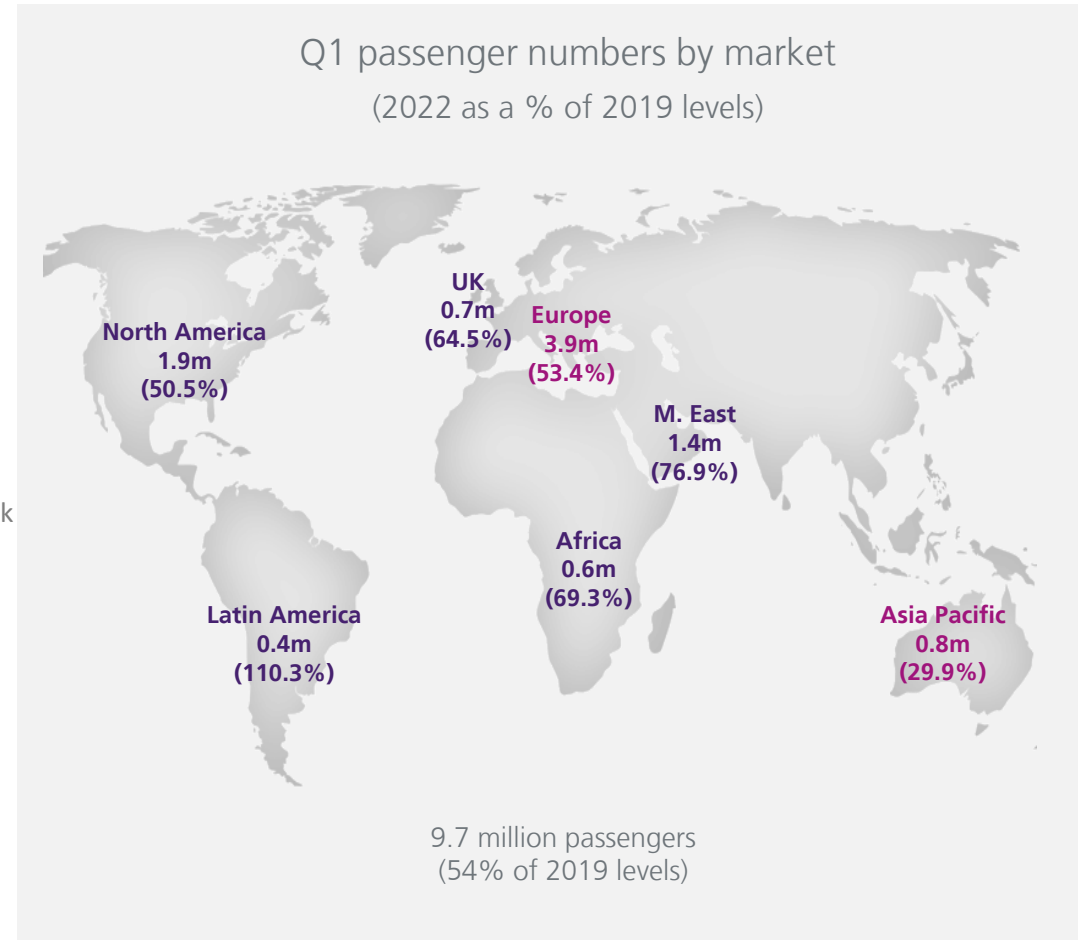
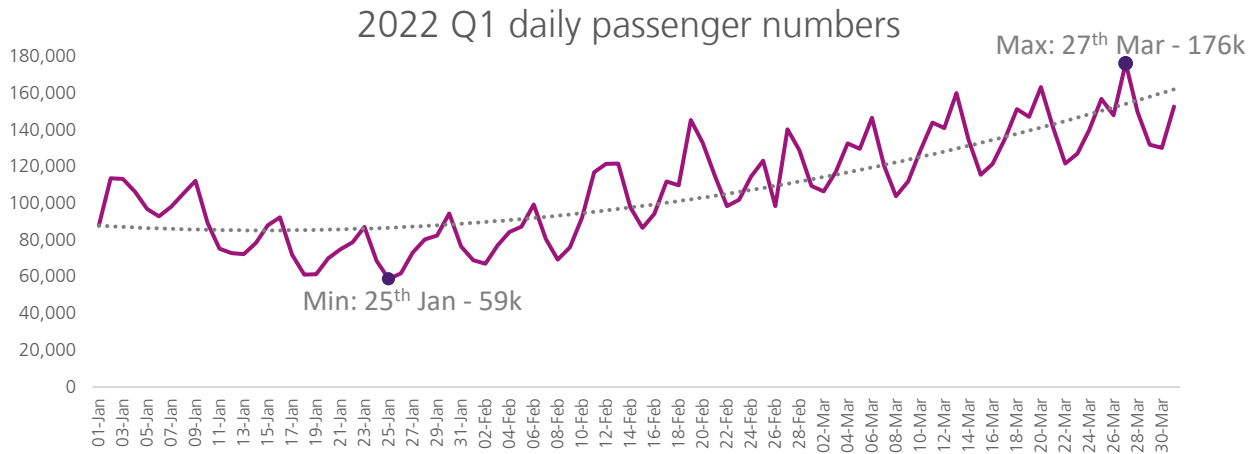
- Greater resilience, better service, lower cost
- Winning the recovery
- Reach a regulatory settlement that maintains great service and a fair return for investors
- Net zero-carbon aviation
- Sustainable, affordable, financeable and deliverable expanded Heathrow

2022 Q1 BUSINESS UPDATE



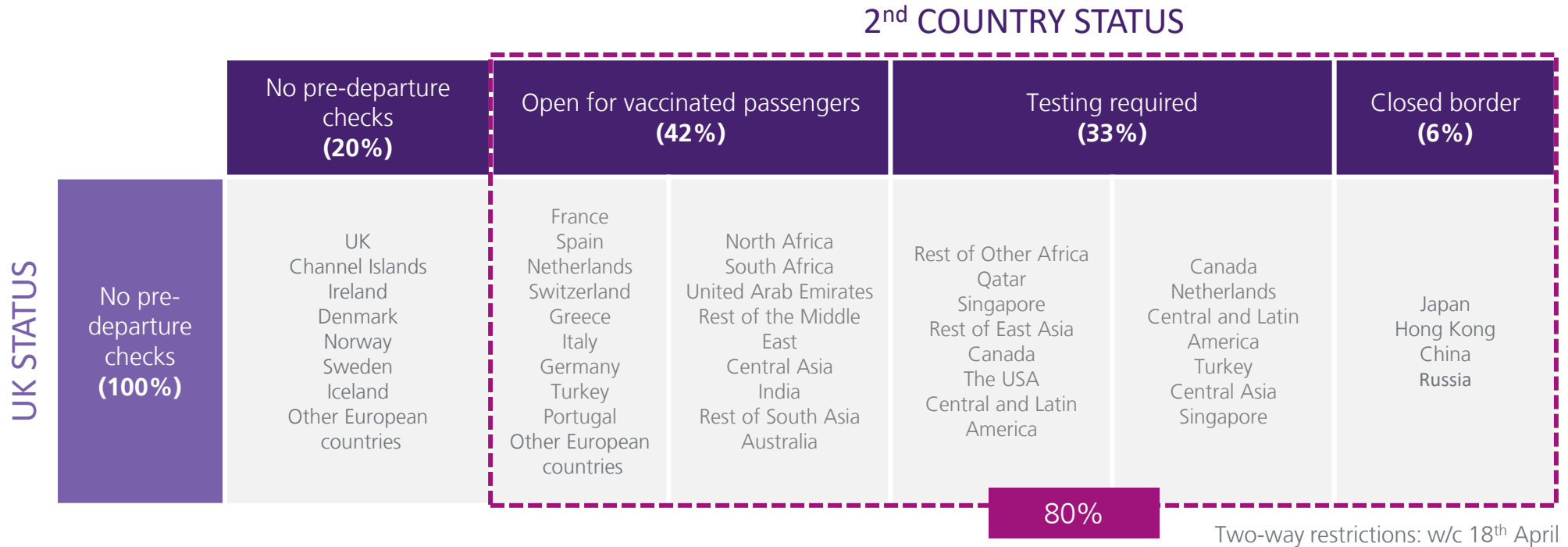
PASSENGERS NUMBERS DEMONSTRATE RECOVERY BUT DEMAND REMAINS PEAKY AND UNCERTAIN

Heathrow	2019 Q1	2020 Q1	2021 Q1	2022 Q1
Passengers	17.9	14.6	1.7	9.7
Passengers ATM	112,016	98,206	17,852	66,230
Cargo ATM	677	760	9,015	3,897
Load factors (%)	74.7	68.6	39.8	66.7
Seats per ATM	214.3	217.5	236.6	218.7
Cargo tonnage ('000)	408	333	321	349



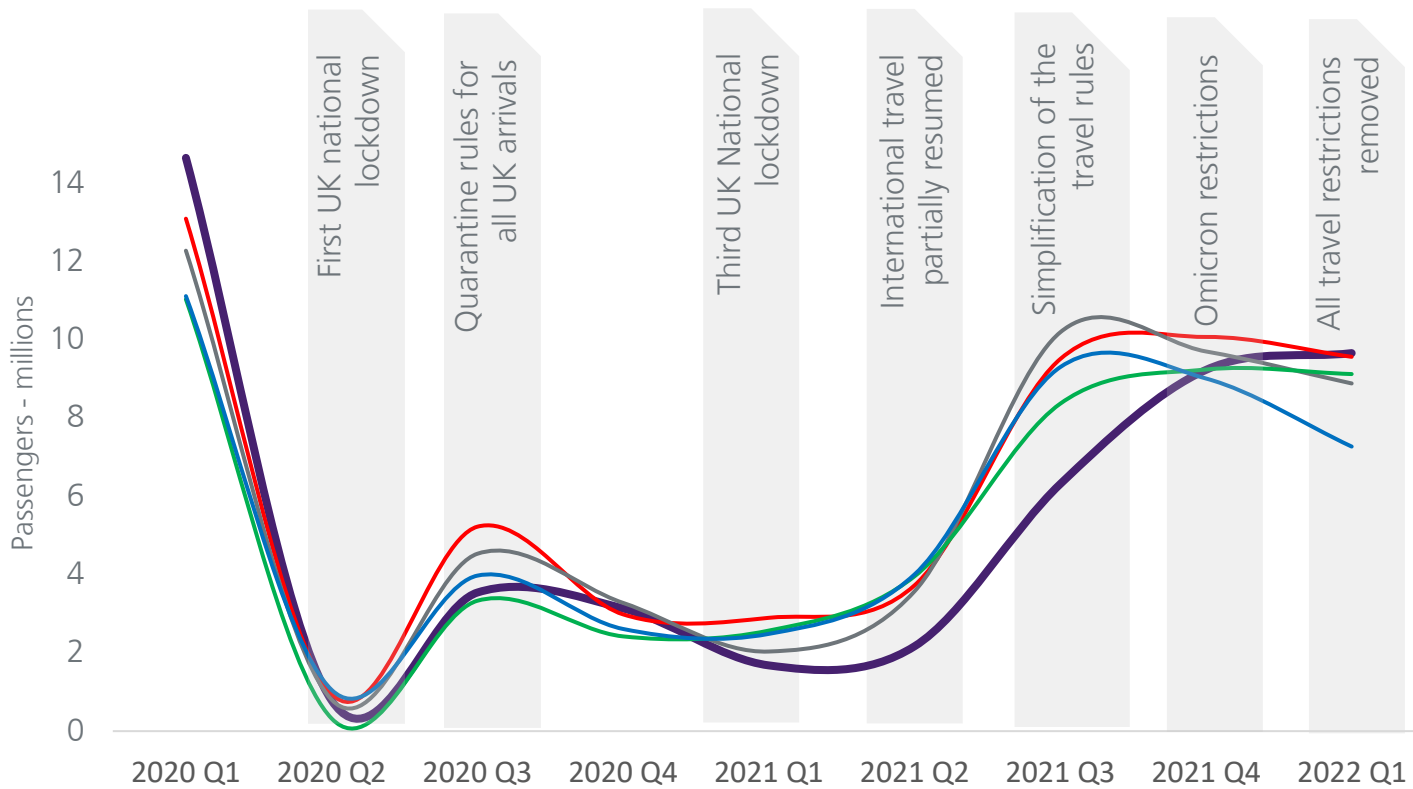
TRAVEL RESTRICTIONS CONTINUE TO LIMIT FULL RECOVERY WHILST INCREASING SHORT TERM OPERATIONAL CHALLENGE

Whilst more countries have removed entry requirements in 2022, 80% of our markets have some form of pre-departure check which increases operational pressure



HEATHROW TRAFFIC RECOVERY HAS TRACKED GOVERNMENT POLICY ON TRAVEL

European hub's passengers and UK travel restrictions

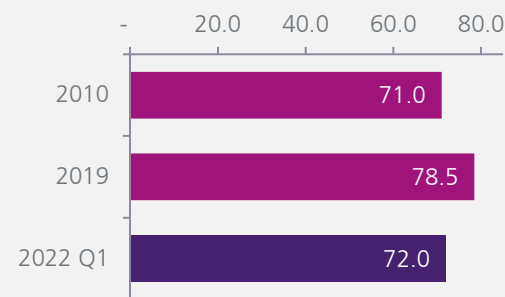


MAINTAINING STRONG SERVICE STANDARDS AND ROBUST OPERATIONS DESPITE RESOURCE CHALLENGES

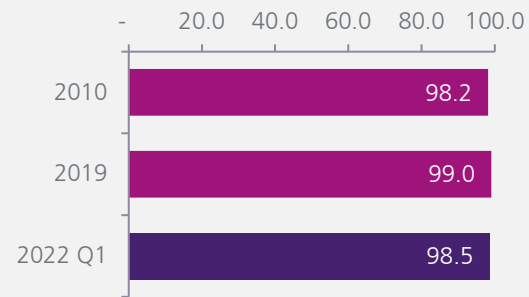
Passenger satisfaction
Airport Service Quality 'ASQ'



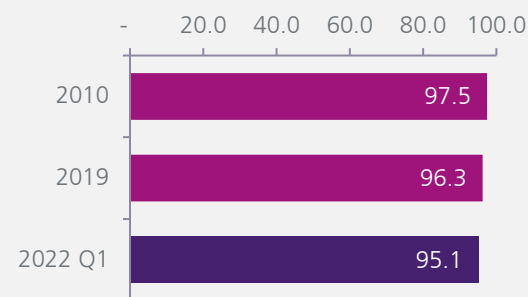
Departure Punctuality - %
Within 15 minutes of schedule



Baggage connection - %
Connection rate per 1,000 passengers

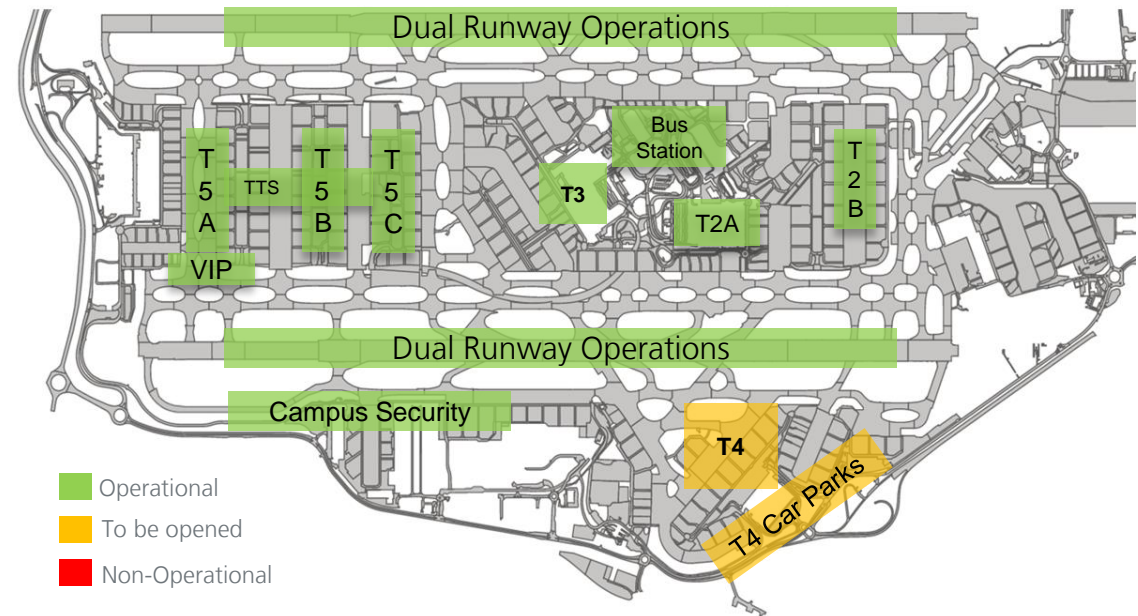


Security queuing - %
Waiting time measured under 5 minutes



SAFE AND SECURE RAMP UP FOCUSED ON CAPACITY, RESOURCING AND INFRASTRUCTURE

- Unlock capacity and improve flow in the terminals through:
 - Check in
 - Ramp/Baggage
 - Security
 - Passengers Requiring Support (PRS)
 - Stands
 - Punctuality
- Actively recruiting ahead of the Summer
- Terminal 4 reopen by July



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

MAINTAINS CURRENT 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 ▪ Efficient airport programme



OUR PLAN FOR H7 IS AFFORDABLE, FINANCEABLE AND INVESTABLE

H7 Timetable



Revised Business Plan Update 2

H7 Charge
£41.95 (2018p)

Capex Plan
£4.1bn (2018p)

WACC
8.5%

RAB Adjustment
£2.5bn (2018p)

- A financeable plan with sufficient cashflow
- Identified material and basic errors in the CAA's analysis
- Our plan delivers the service consumers want, with only a 2% increase in ticket prices
- Reduce charge to £34 by deferring regulatory depreciation but only if a further RAB adjustment is granted
- A risk sharing mechanism which incentivises airlines and the airport to work together to grow passenger volumes

HEATHROW 2.0: CONNECTING PEOPLE AND PLANET

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

- Ensure 2019 was the year of peak carbon
- Transitioned 0.5% of the airport's fuel to SAF, the largest user out of any major airport globally
- London Living Wage extended to all airport's full direct supply chain
- Over 12,000 new skilled job vacancies across the airport





2022 Q1
FINANCIAL REVIEW

FINANCIAL REVIEW

(£ million)	Q1 2021	Q1 2022	Versus 2021 %
Revenue	165	516	212.7
Adjusted operating costs	(185)	(243)	31.4
Adjusted EBITDA	(20)	273	1,465.0
Loss before tax	(307)	(191)	(37.8)
Cash generated from operations	132	278	110.6
Capital expenditure	52	74	42.3

(£ million)	Dec 2021	Mar 2022	Versus Dec 21 %
Consolidated nominal net debt			
Heathrow (SP)	13,332	13,523	1.4
Heathrow Finance	15,440	15,576	0.9
Consolidated cash at Heathrow Finance	2,882	2,967	3.0
Regulatory Asset Base	17,474	17,675	1.2

REVENUE GROWTH REFLECTS THE INCREASE IN PASSENGERS

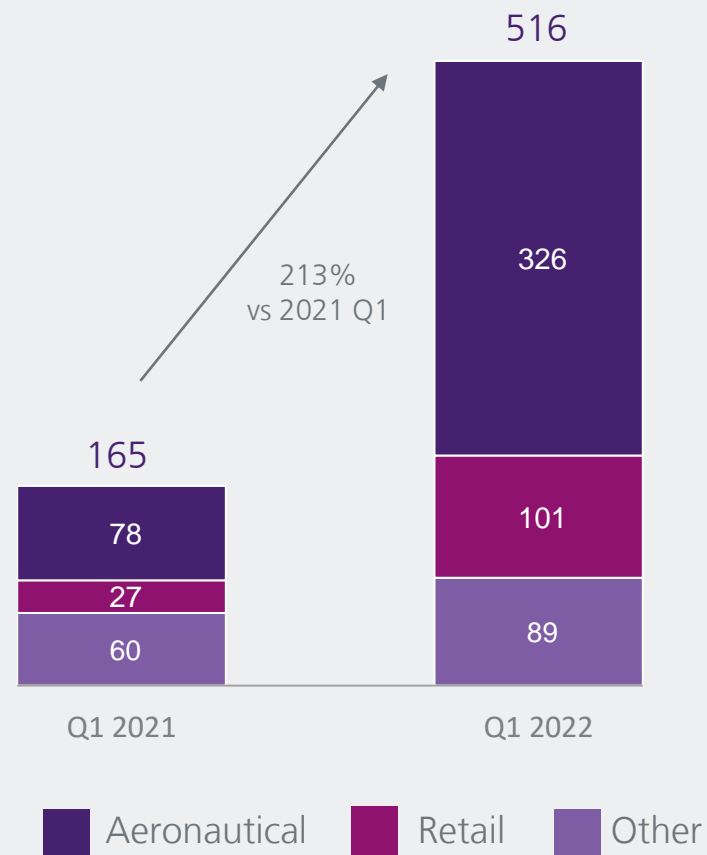
Revenue has significantly increased following the removal of the UK Government travel restrictions

- revenue increased due to higher passenger numbers, aircrafts and cargo movements
- prior year revenue was significantly impacted by the national lockdown

Protecting revenue streams

- Click & Collect
- new food and beverage outlets
- drop-off charge with high compliance rates
- opening additional car parks

Analysis of revenue (£m)

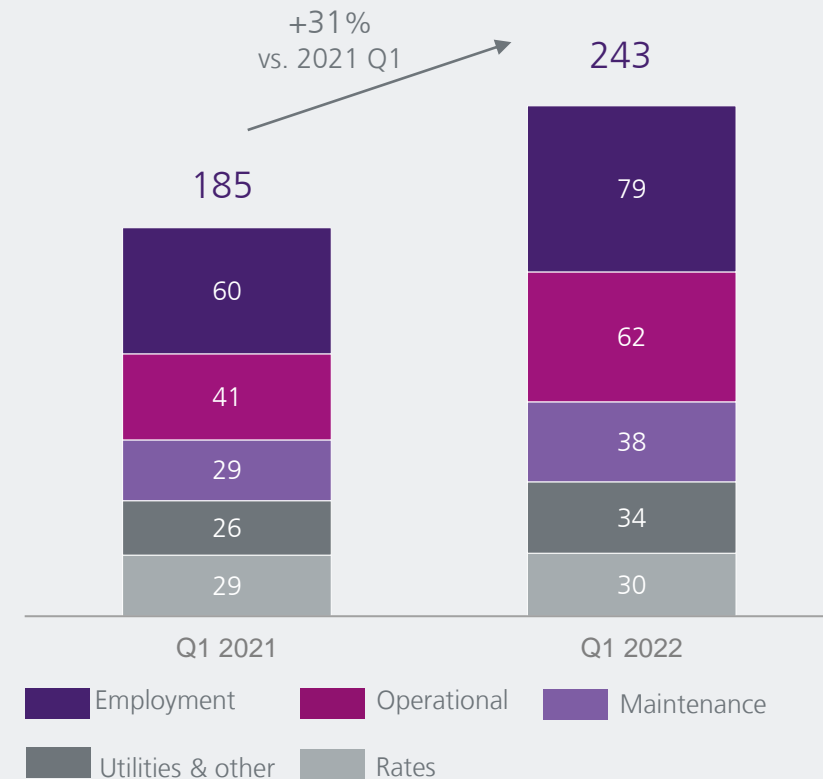


OPERATING COSTS HAVE INCREASED TO SUPPORT THE RECOVERY

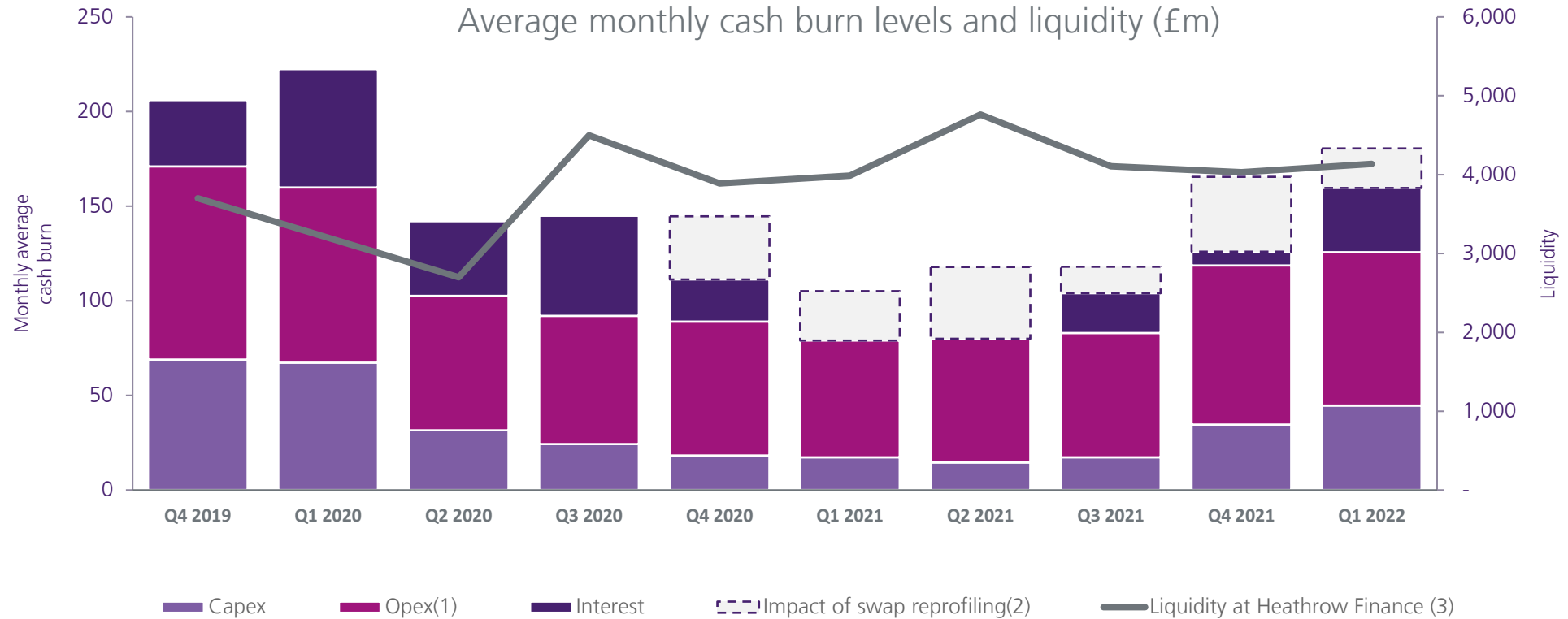
Our operating costs increased 31% in Q1 due to higher passenger numbers, additional operational ramp-up costs and inflation

- Increase in employment costs driven by the end of furlough and recruitment costs
- operational costs have increased due to ramp-up costs
- utilities costs have increased due to higher energy prices
- business rates remain broadly flat

Analysis of adjusted operating costs (£m)



WE CONTINUE TO INVEST AHEAD OF GROWTH

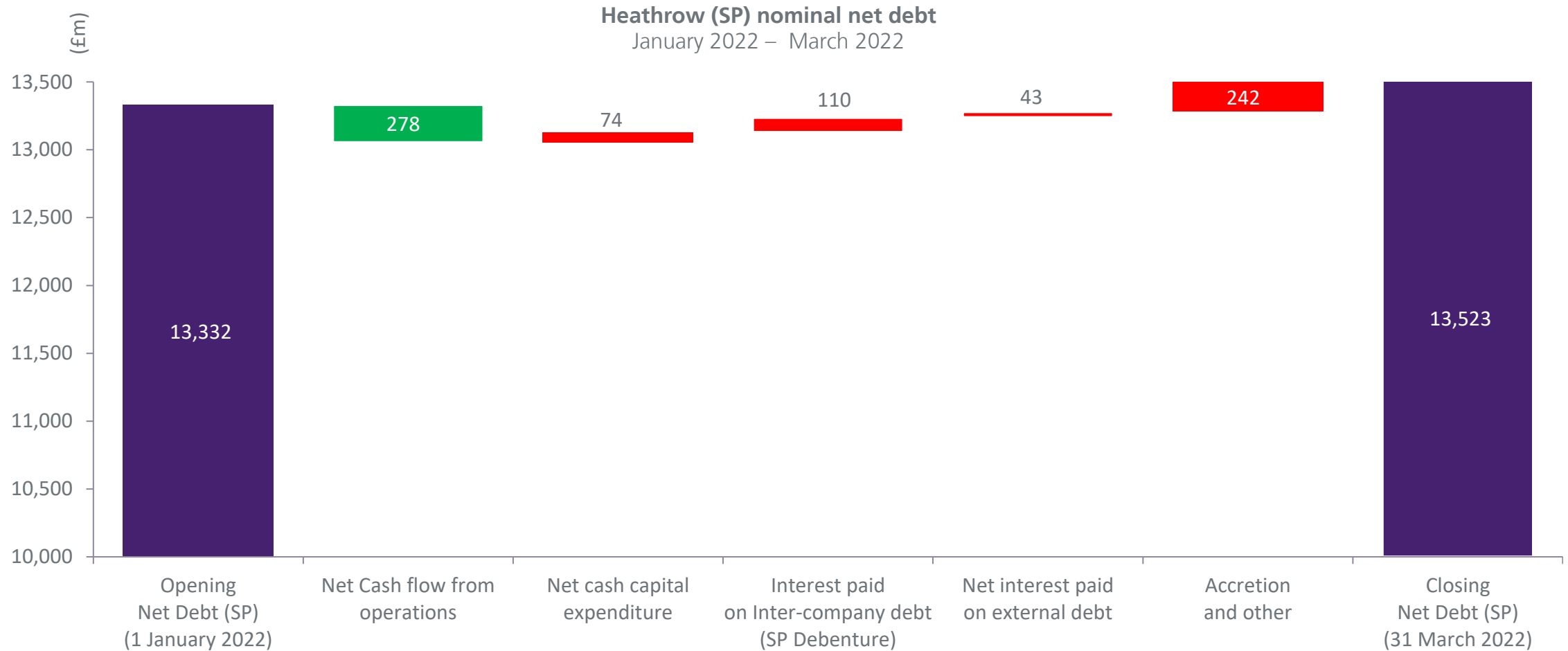


(1) Opex excludes impact of 2020 opex prepayments of c.£280m

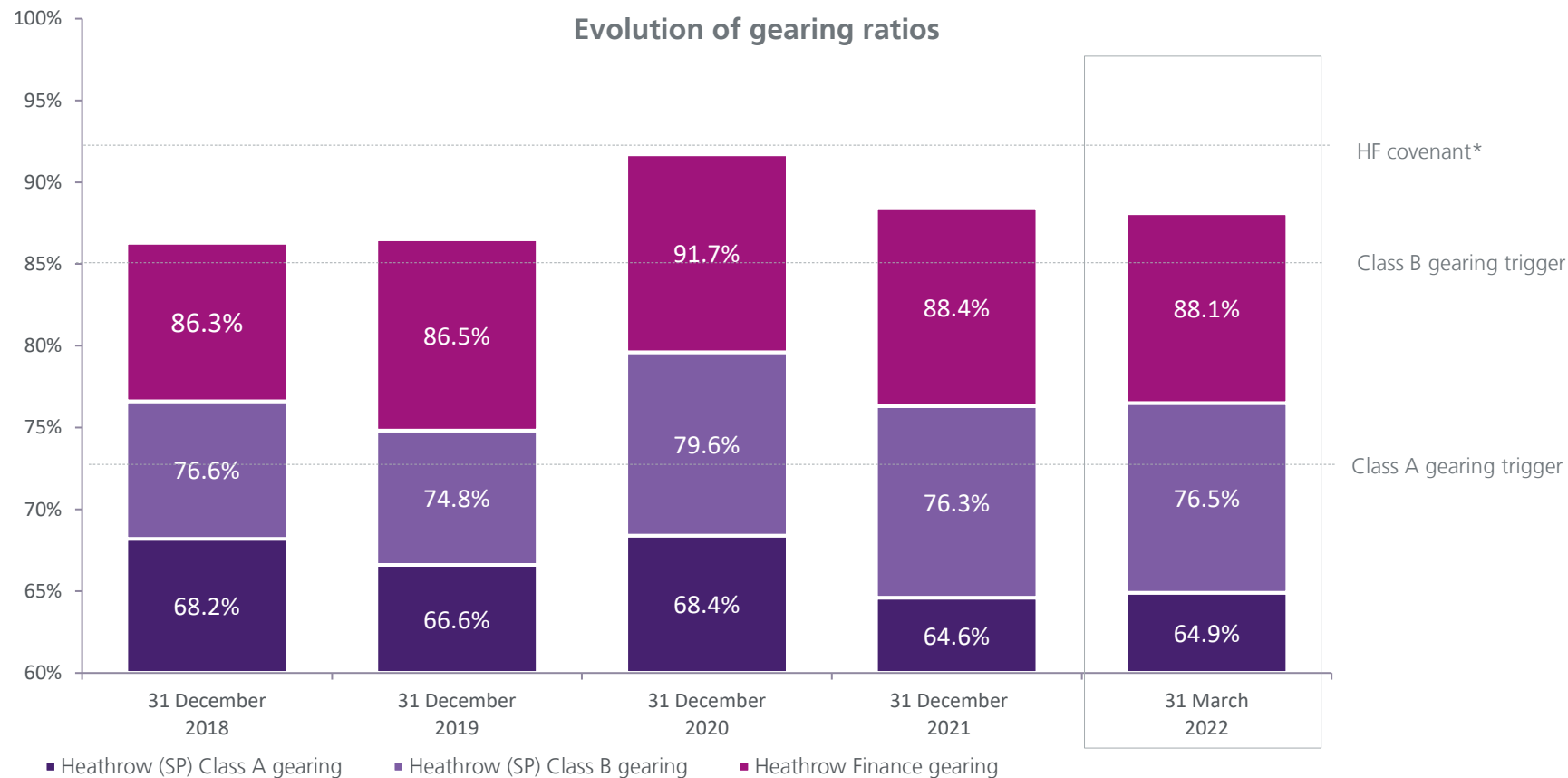
(2) Our swap portfolio reprofiling resulted in c.£100m of interest prepayment in Q4 2020 with interest savings arising from Q1 2021 to Q4 2022.

(3) Liquidity position including cash and undrawn facilities

FOCUS ON CASHFLOW PROTECTION



GEARING RATIOS RETURNING TO PRE-PANDEMIC LEVELS



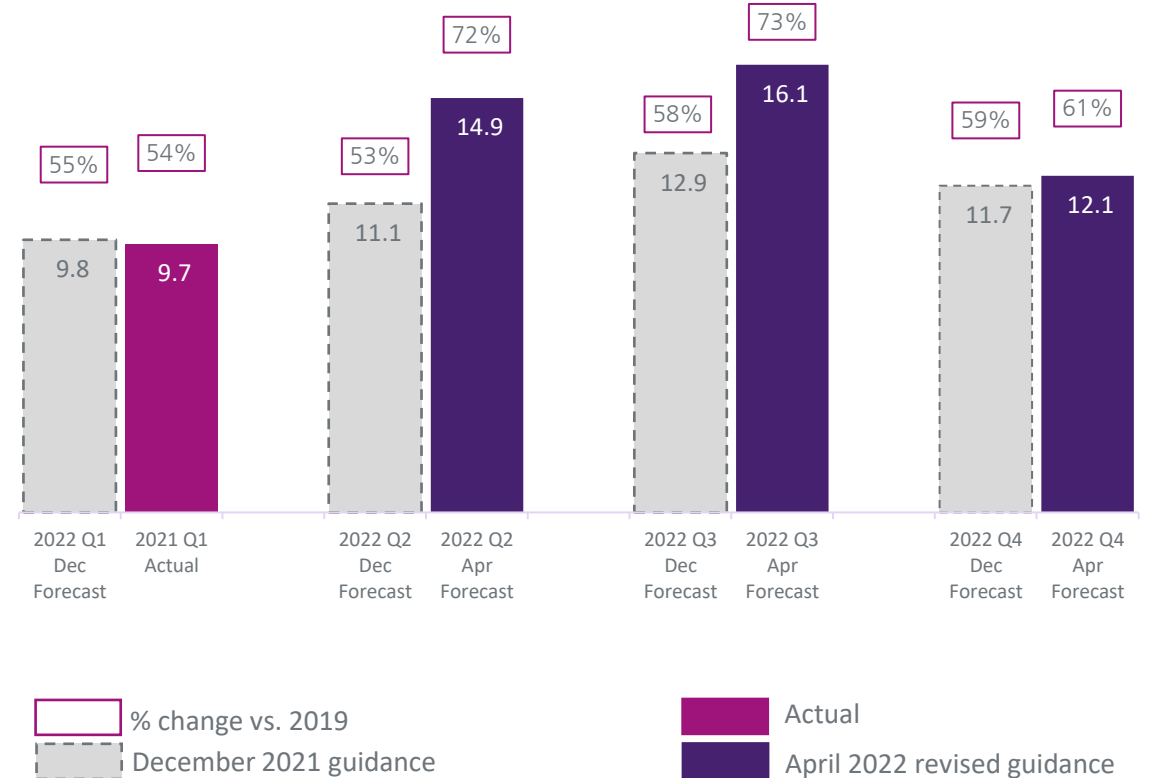
(*) Heathrow Finance's RAR covenant now restored to 92.5% (temporarily increased to 95.0% for the testing date occurring on 31 December 2020 and 93.5% for the testing date occurring on 31 December 2021, following the waiver secured on 8 July 2020)

UPDATED PASSENGER FORECAST FOR 2022

2022 traffic forecast revised upwards to reflect stronger expected demand through to Summer

- 2022 traffic forecast revised to 52.8 million to reflect strength of short-term demand outlook
- Upwards revision based on a strong Easter following faster than expected removal of UK travel restrictions and release of pent-up demand
- Strong summer forecasted but with significant downside risk due to capacity concerns

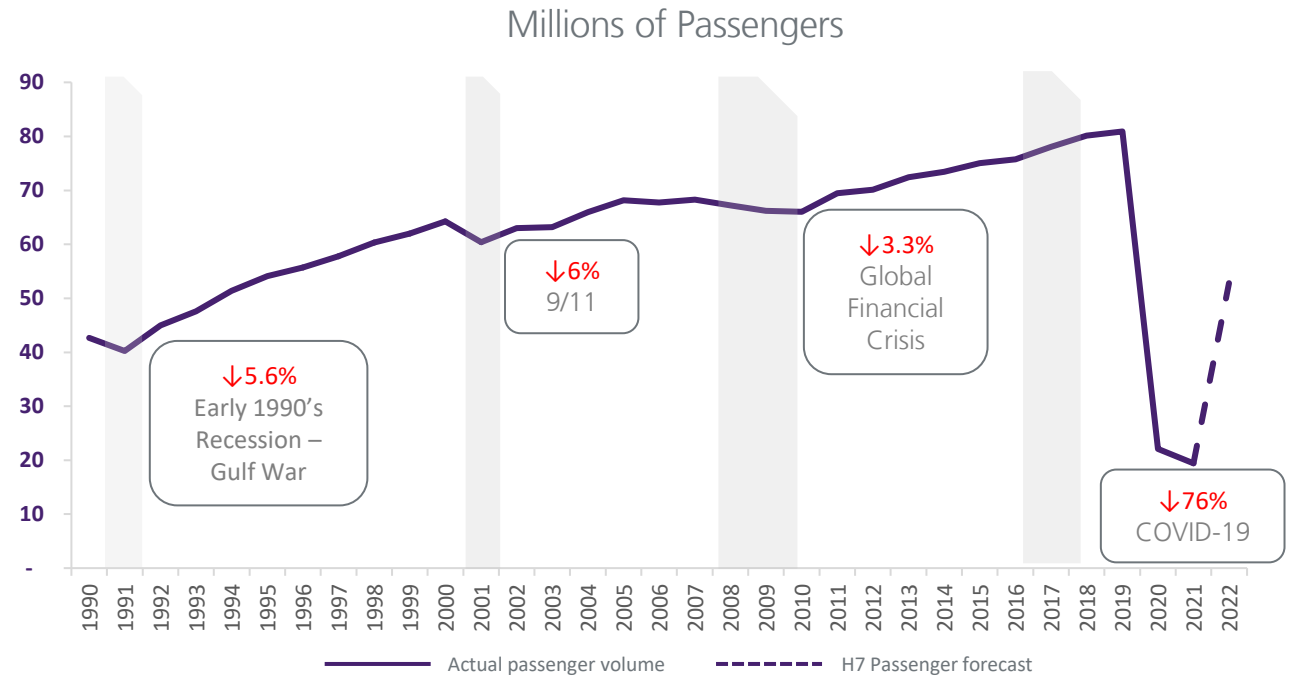
2022 Traffic forecast and % change vs. 2019



GLOBAL EVENTS BRING UNCERTAINTY TO MEDIUM-TERM FORECASTS

It is unclear whether the current surge in outbound leisure demand is sustainable or when inbound demand will return at scale

- historical traffic affected by global events
- medium term uncertainty remains high with some significant potential headwinds for later in the year:
 - high fuel prices
 - cost of living increase
 - impact of war in Ukraine
 - new COVID variants of concern



2022 OUTLOOK

- Traffic forecast updated to 52.8 million passengers
- Further details including a financial update will be provided in the next Investor Report in June
- 2022 H1 results to be published on 26 July 2022





2022 Q1 STRATEGIC UPDATE

TO GIVE PASSENGERS THE BEST AIRPORT SERVICE IN THE WORLD

OBJECTIVES



- Improve colleague facilities and wellbeing
- Invest further in recruitment, training and development
- Implement London Living Wage across supply chain



- Maintain service standards, focus on passengers who require support
- Improve punctuality and flow of passengers, planes, bags and cargo



- Coordinate safe ramp up of operations across Team Heathrow
- Secure a “fair bet” regulatory settlement



- Deliver Heathrow 2.0
- Net zero aviation
- Plan restart of expansion programme



QUESTIONS?

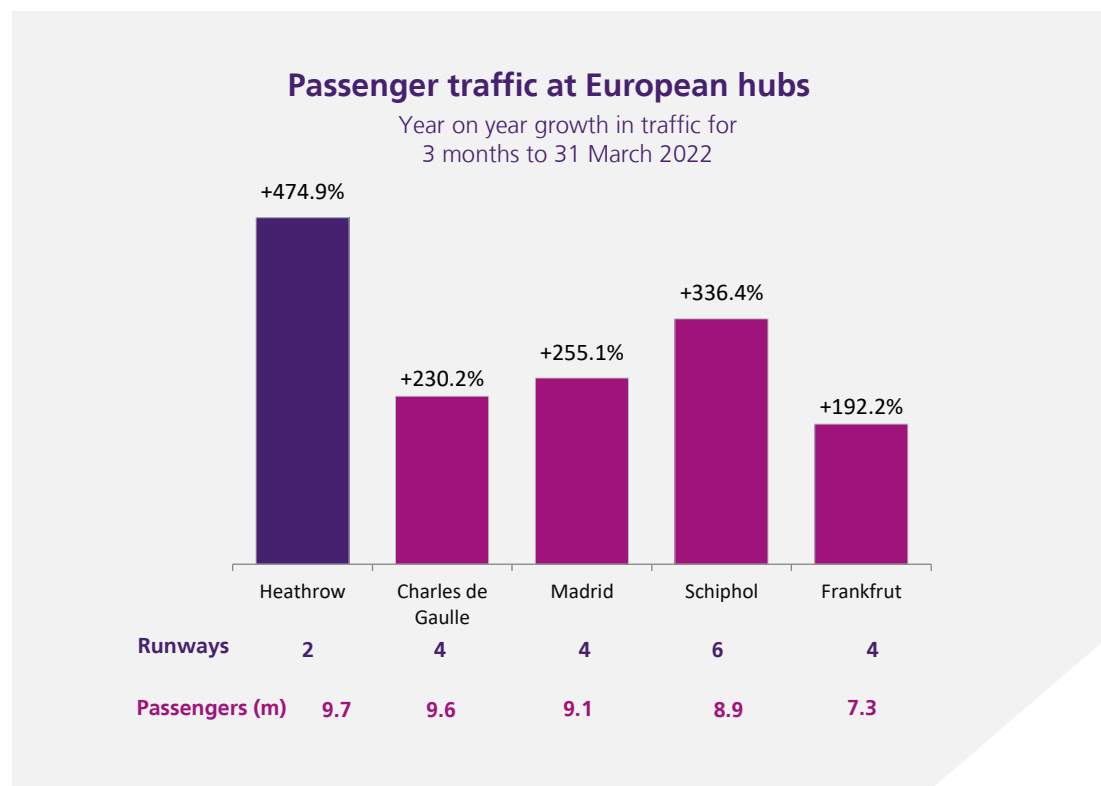
2022 Q1 APPENDICES CONTENT



COMPARISON AGAINST EUROPEAN HUBS

Heathrow	2019	2020	2021	2022
Passengers	17.9	14.6	1.7	9.7
Long-haul traffic growth/(decline) (%)	2.1	(16.5)	(88.3)	444.6
Short-haul traffic growth/(decline) (%)	0.6	(20.4)	(88.8)	513.5
Passengers ATM	112,016	98,206	17,852	66,230
Cargo ATM	677	760	9,015	3,897
Load factors (%)	74.7	68.6	39.8	66.7
Seats per ATM	214.3	217.5	236.6	218.7
Cargo tonnage ('000)	408	333	321	1,403

Heathrow	2019	2020	2021	2022
ASQ	4.18	4.20	4.25	4.13
Baggage connection (%)	99.0	99.0	99.0	98.7
Departure punctuality (%)	82.6	83.4	82.5	72.0



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 31 MARCH 2022

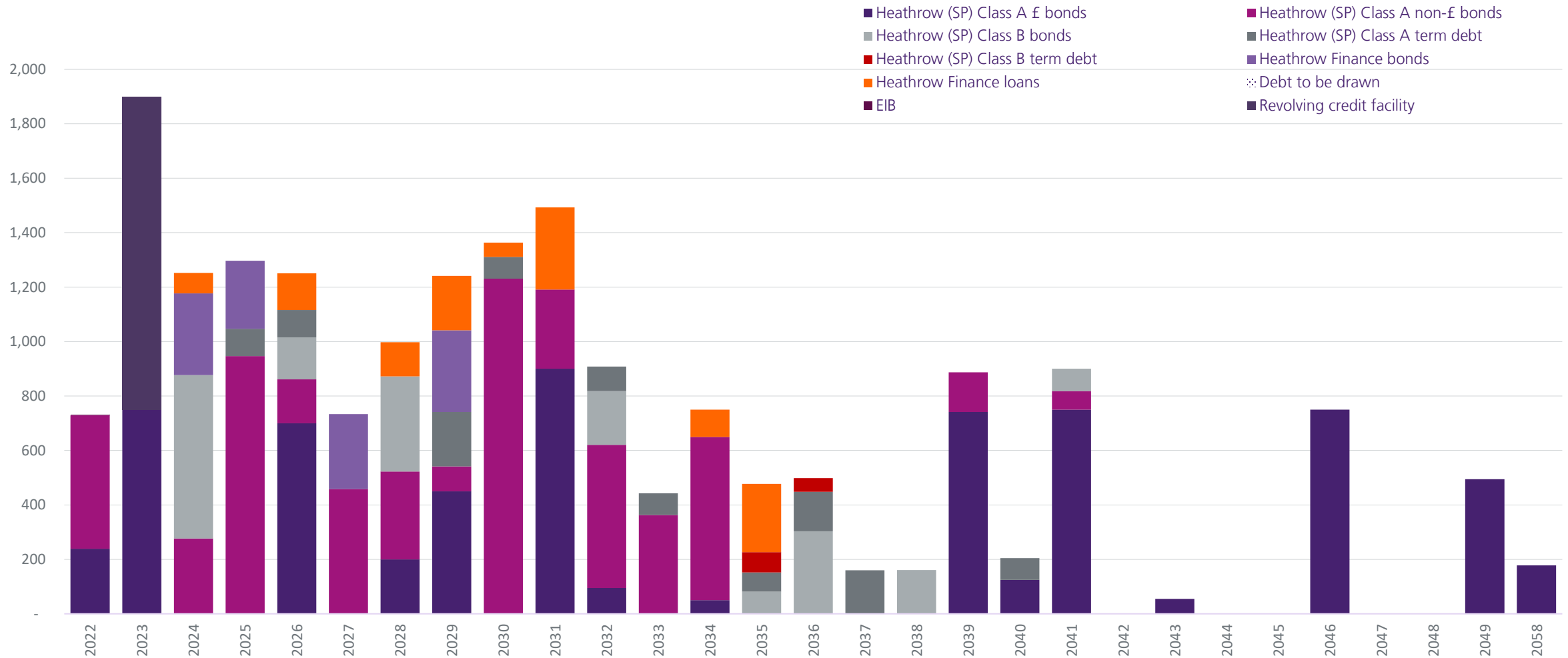
Heathrow (SP) Limited	Amount	Available	Maturity
Senior debt	(£m)	(£m)	
£180m RPI +1.65%	239	239	2022
€600m 1.875%	490	490	2022
£750m 5.225%	750	750	2023
CHF400m 0.5%	277	277	2024
C\$500m 3.25%	266	266	2025
€750m 1.50%	681	681	2025
CHF210m 0.45%	161	161	2026
£700m 6.75%	700	700	2026
NOK1,000m 2.65%	84	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%	95	95	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%	63	63	2039
€86 Zero Coupon	75	75	2039
£460m RPI +3.334%	678	678	2039
¥10,000m 0.8%	71	71	2039
£100m RPI +1.238%	124	124	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%	95	95	2049
£400m 2.75%	400	400	2049
£160m RPI +0.147%	178	178	2058
Total senior bonds	12,448	12,448	
Term debt	1,105	1,105	Various
Index-linked derivative accretion	537	537	Various
Revolving / WC facilities	0	900	2023
Operating lease liability	35	35	Various
Total other senior debt	1,677	2,577	
Total senior debt	14,125	15,025	
Heathrow (SP) Limited cash	(2,656)		
Senior net debt	11,468		

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%	197	197	2032
£75m RPI + 0.347%	82	82	2035
£75m RPI + 0.337%	82	82	2036
£180m RPI +1.061%	222	222	2036
£51m RPI + 0.419%	56	56	2038
£105m 3.460%	105	105	2038
£75m RPI + 0.362%	82	82	2041
Total junior bonds	1,930	1,930	
Term debt	125	125	Various
Junior revolving credit facilities	0	250	2023
Total junior debt	2,055	2,305	
Heathrow (SP) Limited group net debt	13,523		

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	(311)		
Heathrow Finance plc net debt	2,053		

Heathrow Finance plc group	Amount	Available
	(£m)	(£m)
Heathrow (SP) Limited senior debt	14,125	15,025
Heathrow (SP) Limited junior debt	2,055	2,305
Heathrow Finance plc debt	2,364	2,364
Heathrow Finance plc group debt	18,544	19,693
Heathrow Finance plc group cash	(2,968)	
Heathrow Finance plc group net debt	15,576	

DEBT MATURITY PROFILE AT 31 MARCH 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.

Page 10

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 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.

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 29

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 31 March 2021 sourced from companies' websites.

Long and short haul for 2019-2021 has been restated to correct the growth rate

Page 31-32

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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