

Heathrow

HEATHROW (SP) LIMITED

RESULTS FOR THE YEAR ENDED
31 DECEMBER 2023



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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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2023 FY PERFORMANCE



Heathrow

OPERATIONAL AND FINANCIAL PERFORMANCE

PASSENGERS

79.2m

+29% vs. 2022 FY

ADJUSTED OPERATING COSTS

£1,459m

+19% vs. 2022 FY

GROUP LIQUIDITY

£3.8bn

-14% vs. 2022 FY

REVENUE

£3,687m

+27% vs. 2022 FY

ADJUSTED EBITDA

£2,228m

+32% vs. 2022 FY

RAB

£19.8bn

+3% vs. Dec 2022

OPERATIONAL AND FINANCIAL HIGHLIGHTS

- Third-highest year of traffic in Heathrow's history
- Busiest December ever recorded
- Busiest airport in Europe and top five in the world
- Improved passenger service
- Strong EBITDA performance
- Back to profit after four years
- Very strong liquidity and balance sheet
- H7 investments on the way
- SAF incentives increased to 2.5% in 2024

OBSERVATIONS FROM A NEW CEO

- A talented and committed team of colleagues making every journey better
- Driving a more efficient and nimbler organisation for the benefit of our customers
- Make even stronger the good relationships across Team Heathrow
- Driving towards decarbonisation goals
- Creating a fair risk and return to our investors

BUSINESS UPDATE

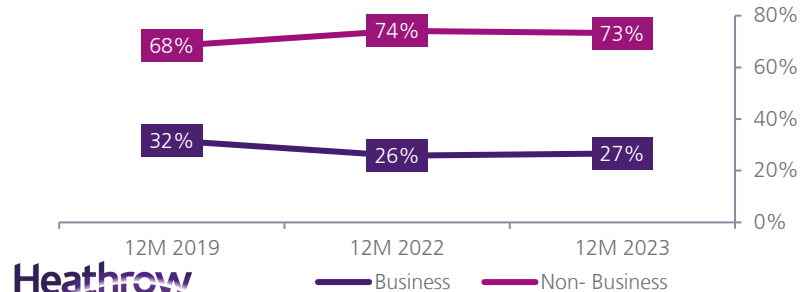


79.2 MILLION PASSENGERS IS THE THIRD-HIGHEST YEAR IN HEATHROW'S HISTORY

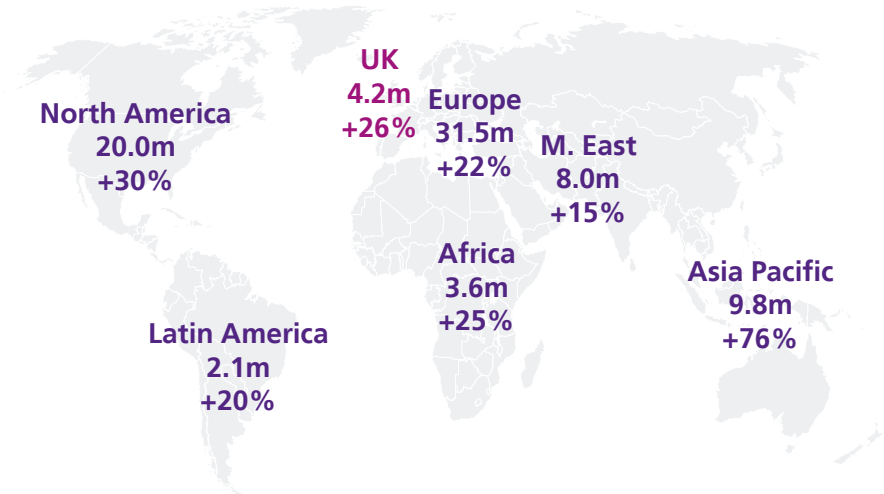
Heathrow	2022 FY	2023 FY	Vs. 2022 %
Passengers (m)	61.6	79.2	+29%
Passengers ATM	367,160	450,194	+23%
Cargo ATM	9,689	3,896	-60%
Load factors (%)	77.0	79.6	+3%
Seats per ATM	218.0	221.0	+1%
Cargo tonnage (*) ('000)	1,400	1,431	+2%

(*) Includes mail

Passenger Profile by Segments



2023 passenger numbers by market (versus 2022)



Total of 79.2 million passengers (+29% versus 2022)

EUROPE'S BUSIEST AIRPORT AND TOP FIVE IN THE WORLD

Heathrow

79.2m passengers
+17.6m vs. 2022 FY
+28.6% vs. 2022 FY

Cargo 1.4m tonnes
+2.0% vs 2022 FY

Charles de Gaulle

67.4m passengers
+9.9m vs. 2022 FY
+17.3% vs 2022 FY

Schiphol

61.9m passengers
+9.4m vs. 2022 FY
+17.9% vs 2022 FY

Cargo 1.4m tonnes
+4.4% vs 2022 FY

Madrid

60.2m passengers
+9.6m vs. 2022 FY
+18.9% vs 2022 FY

Cargo 0.6m tonnes
+13.6% vs 2022 FY

Frankfurt

59.4m passengers
+10.5m vs. 2022 FY
+21.3% vs 2022 FY

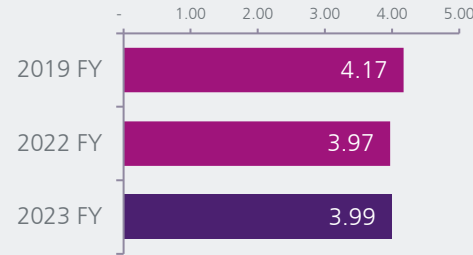
Cargo 1.9m tonnes
-3.9% vs 2022 FY



DELIVERING EXCELLENT SERVICE IS OUR MAIN FOCUS



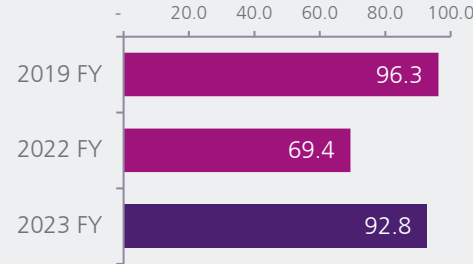
Customer satisfaction
Airport Service Quality 'ASQ'



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



GOOD PROGRESS WITH H7 CAPITAL PROGRAMMES



Asset Management

- 45 projects completed in 2023; 160 live projects and 90 new scopes
- Investment to increase by 25% in 2024



Next-Generation Security

- Terminal designs completed and first lanes delivered
- Continual delivery of new lanes in 2024



T2 Baggage

- Supplier delivery partner chosen
- Baggage asset and IT replacement commenced



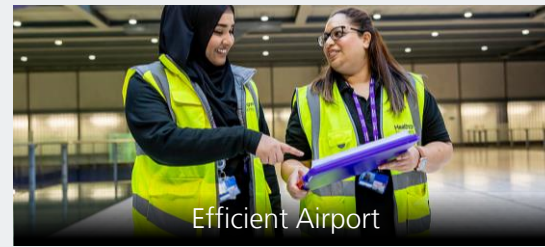
Carbon and Sustainability

- Continuous rollout of EV chargers
- Plans for aircraft stands to be served with new carbon efficient pre-conditioned air units underway



Commercial Revenues

- £92m invested in 2023 across commercial proposition in retail, digital and surface access
- Focus on technology, terminal and external developments and delivery in 2024



Efficient Airport

- Programme mobilisation commenced
- Multiple opportunities to improve passenger satisfaction and automation identified

HEATHROW 2.0: SIGNIFICANT ADVANCE TOWARDS A SUSTAINABLE FUTURE IN GLOBAL AVIATION



Net zero aviation

- First airport to achieve SBTi validation for its 2030 carbon reduction goals
- First sustainability-linked bond covering scope 1 to 3
- Transitioned an additional 1.5% of the airport's fuel to SAF, with plans for continued growth to 2.5% in 2024

Great place to live and work

- Launch of the Giving Back Programme committed to benefiting a million local people by 2030
- Over 1,000 colleagues volunteered over 3,800 hours supporting community initiatives
- Successful Heathrow Business Summit connecting local SMEs with key suppliers
- Continued delivery of the Equality, Diversity, and Inclusion (ED&I) strategy with a 6% YoY increase in colleagues feeling Heathrow is inclusive

FINANCIAL REVIEW



FINANCIAL REVIEW

(£ million)	FY 2022	FY 2023	Versus 2022 %
Revenue	2,913	3,687	26.6
Adjusted operating costs	(1,229)	(1,459)	18.7
Adjusted EBITDA	1,684	2,228	32.3
Adjusted (loss)/profit before tax	(684)	38	105.6
Cash generated from operations	1,719	2,092	21.7
Capital expenditure	442	604	36.7

(£ million)	Dec 2022	Dec 2023	Versus Dec 22 %
Consolidated nominal net debt			
Heathrow (SP)	14,579	14,795	1.5
Heathrow Finance	15,786	16,806	6.5
Regulatory Asset Base	19,182	19,804	3.2

REVENUE RECOVERY DRIVEN BY PASSENGER GROWTH

Aeronautical revenue performance

- Increased passenger numbers
- 2023 aero charges

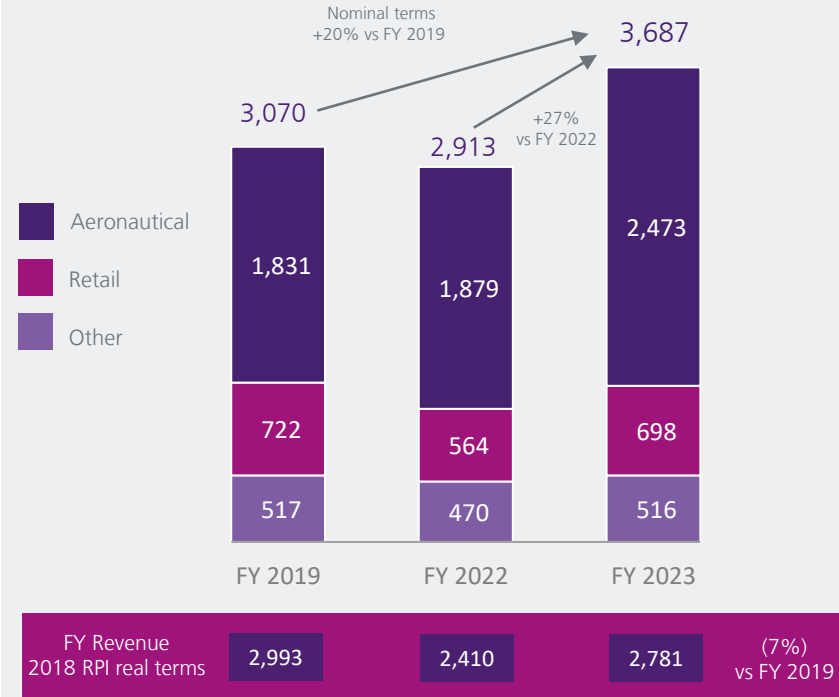
Retail

- Commercial performance impacted by the removal of VAT-free shopping

Other revenue

- Heathrow Express revenue improvement in line with higher passenger numbers

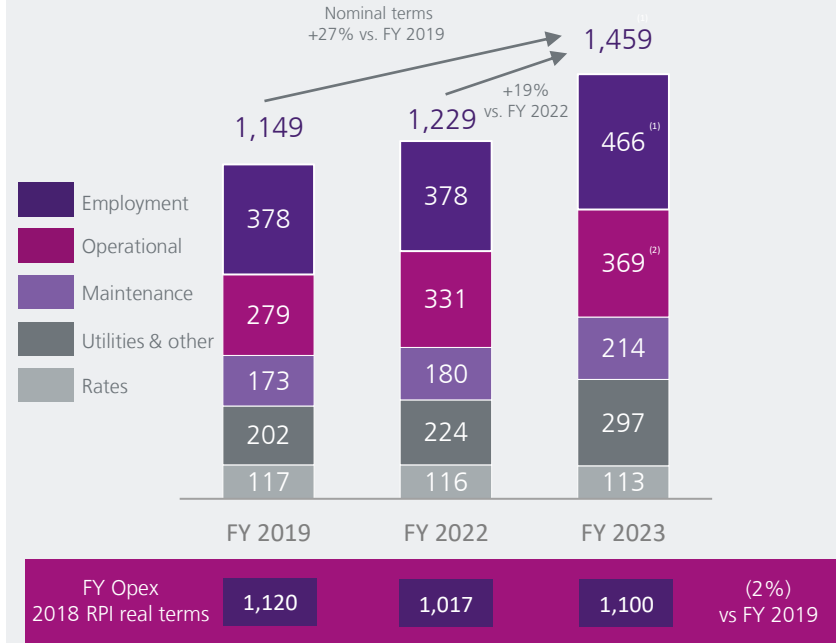
Analysis of revenue (£m)



OPERATING COSTS REFLECT HIGHER INFLATION

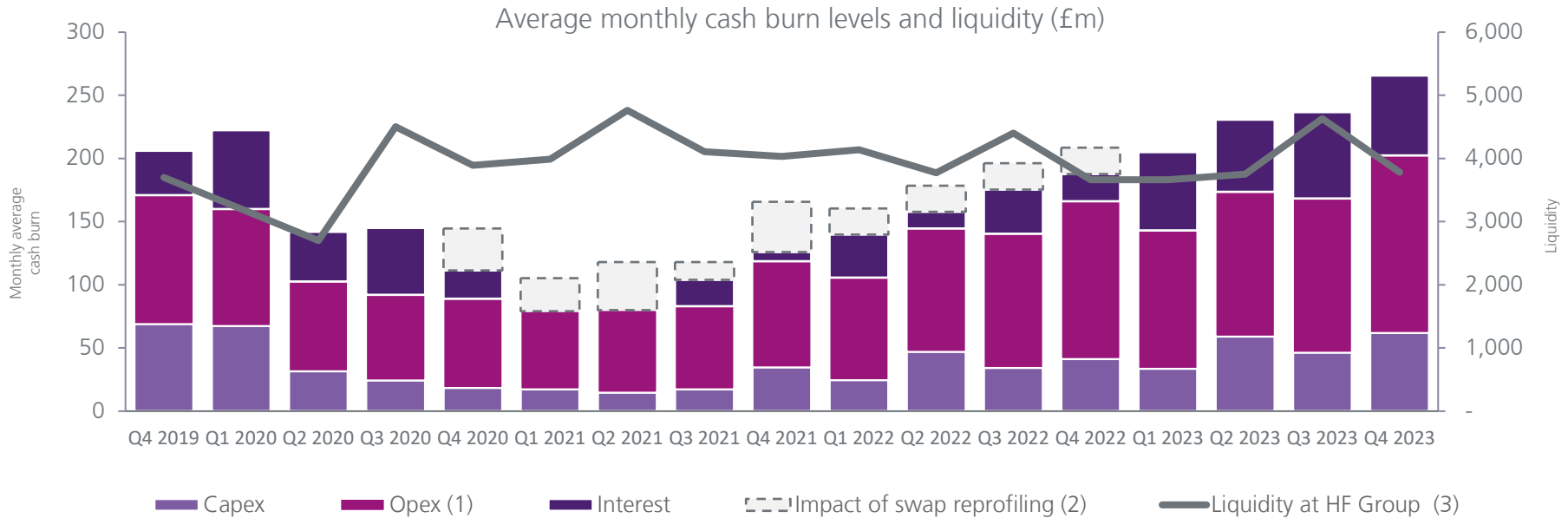
- Employment and operational costs increased in line with inflation and higher capacity
- Maintenance costs increased due to cleaning and conservation
- Utilities and other costs have been impacted by higher consumption due to terminals being fully operational and higher energy prices
- Business rates 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

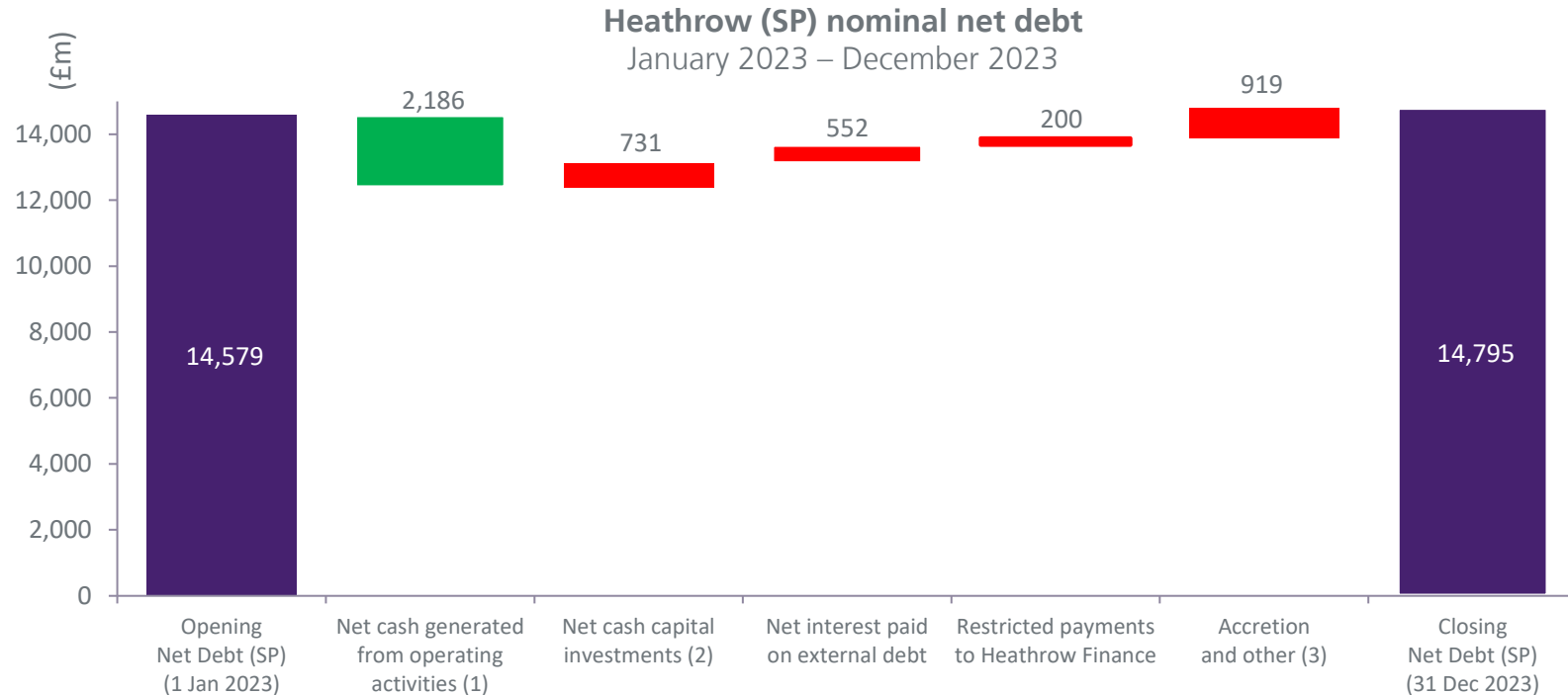


(1) Opex excludes impact of 2020 opex prepayments of c.£280m

(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

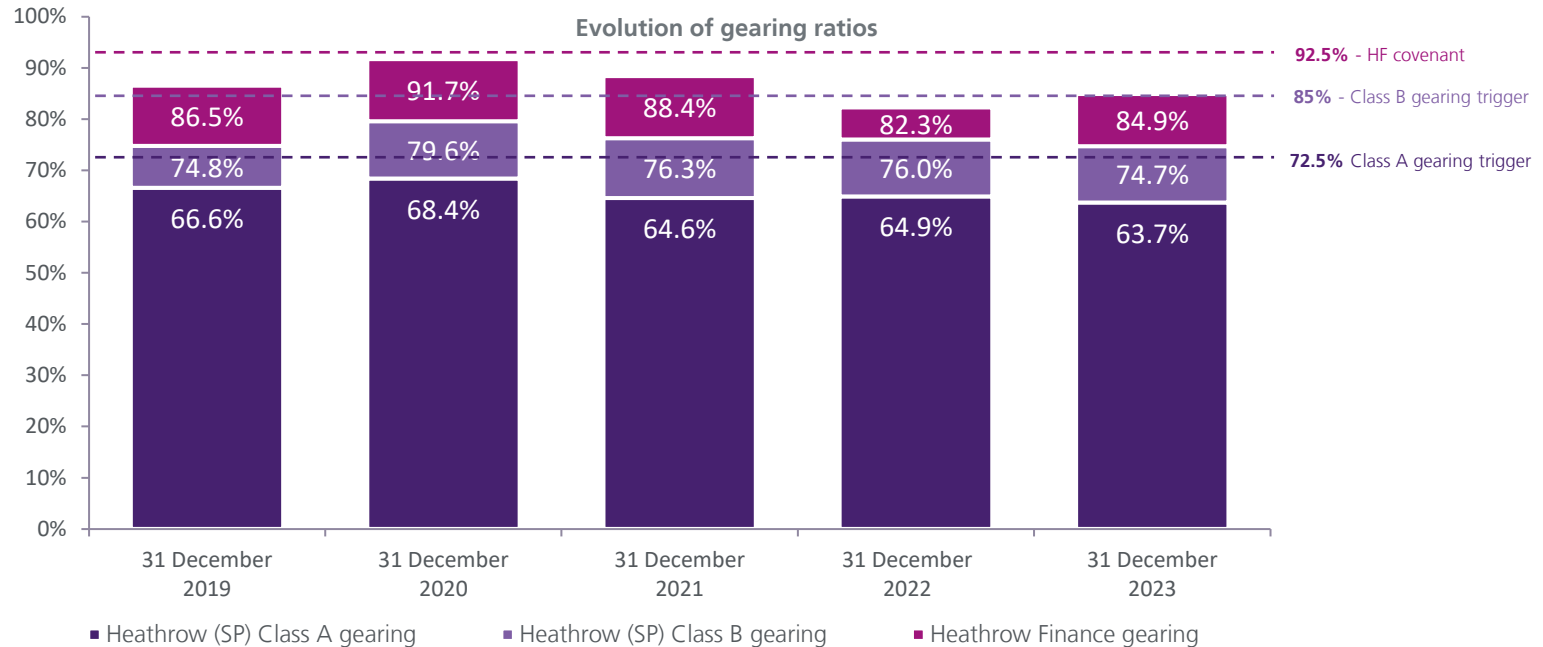


(1) Adjusted for £95m restricted payment to Heathrow Finance (accounted for in working capital movements)

(2) Includes £127m capital advance on purchase of building

(3) Includes £858m accretion charge on index-linked bonds and swaps

GROUP GEARING RATIOS ARE BELOW PRE-PANDEMIC LEVELS



OUTLOOK

- Traffic outlook for 2024 of 81.4 million passengers as per the December Investor Report
- EBITDA forecast for 2024 of c. £1.9 billion as per December Investor Report
- No dividends currently forecast for 2024
- 2024 funding plan of c. £1 billion



STRATEGIC UPDATE



Heathrow

MAKING EVERY JOURNEY BETTER

- Heathrow had a successful year in 2023 and laid a strong foundation for the future
- Investments in people, ensuring skilled and motivated colleagues to drive future growth
- Becoming a more efficient and productive airport to deliver great outcomes for stakeholders
- Develop a refreshed strategy, which will be launched later this year
- We remain committed to a long-term sustainable expansion

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, 31 DECEMBER 2023

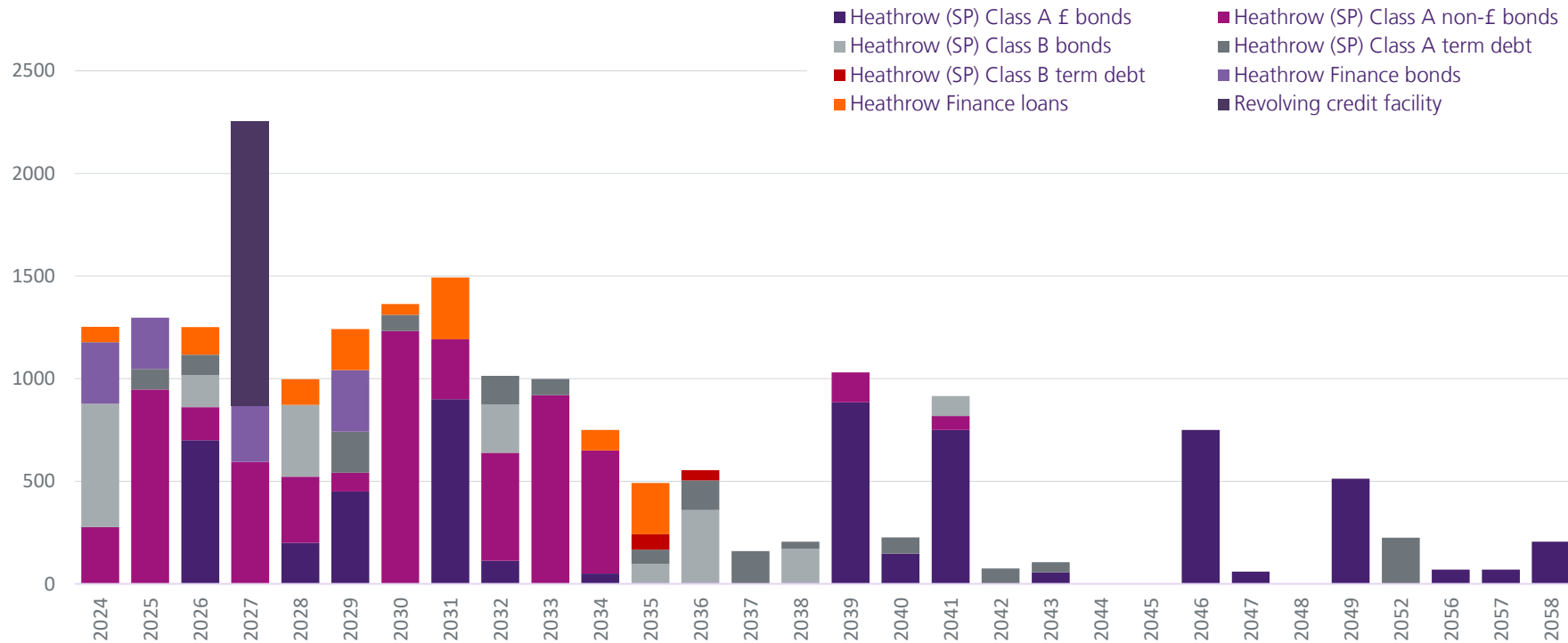
Heathrow (SP) Limited	Amount	Available	Maturity
Senior debt	(£m)	(£m)	
CHF400m 0.5%	277	277	2024
€500m 3.25%	266	266	2025
€750m 1.50%	681	681	2025
CHF210m 0.45%	161	161	2026
€700m 6.75%	700	700	2026
NOK1,000m 2.65%	84	84	2027
€650m 2.7%	374	374	2027
€5400m 3.4%	226	226	2028
€200m 7.075%	200	200	2028
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
€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%	75	75	2039
€86 Zero Coupon	75	75	2039
€460m RPI +3.334%	809	809	2039
¥10,000m 0.8%	71	71	2039
€100m RPI +1.238%	147	147	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%	206	206	2058
Total senior bonds	12,092	12,092	
Term debt	1,540	1,540	Various
Index-linked derivative accretion	807	807	Various
Revolving / WC facilities	0	1019	2026
Operating lease liability	64	64	Various
Total other senior debt	2,411	3,430	
Total senior debt	14,503	15,522	
Heathrow (SP) Limited cash	(1,896)		
Senior net debt	12,607		

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%	235	235	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	2,063	2,063	
Term debt	125	125	Various
Junior revolving credit facilities	0	367	2026
Total junior debt	2,188	2,555	
Heathrow (SP) Limited group net debt	14,795		

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
€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	(353)		
Heathrow Finance plc net debt	2,011		

Heathrow Finance plc group	Amount	Available
	(£m)	(£m)
Heathrow (SP) Limited senior debt	14,503	15,522
Heathrow (SP) Limited junior debt	2,188	2,555
Heathrow Finance plc debt	2,364	2,364
Heathrow Finance plc group debt	19,055	20,441
Heathrow Finance plc group cash	(2,249)	
Heathrow Finance plc group net debt	16,806	

DEBT MATURITY PROFILE AT 31 DECEMBER 2023



NOTES, SOURCES AND DEFINED TERMS

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

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Passenger and cargo numbers as of 31 December 2023 were sourced from companies' websites.

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.

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 16

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

Page 18

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 19

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

Page 26-27

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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