

# YOUR LONDON AIRPORT *Gatwick*



Quarterly information package to secured creditors – December 2020

12<sup>th</sup> February 2021

# Timetable and contents of quarterly information package

Quarter	Reporting Date *	Traffic Update	Historical Covenant Ratios	3-year forecast Covenant Ratios	6-month Liquidity Forecast
September 2020	13/11/2020 (issued)	✓	✓	-	✓
December 2020	12/02/2021 (issued)	✓	✓	✓	✓
March 2021	14/05/2021	✓	✓	-	✓
June 2021	13/08/2021	✓	✓	✓	✓

In addition to the quarterly information package, Gatwick continues to prepare a Compliance Certificate and Investor Report for each half year, Financial Statements (within 120 days of 31 December), and Interim Financial Statements (within 60 days of 30 June)

# Traffic Update

	Quarter			Moving Annual Total		
	Q4 2020 (Oct20 – Dec20)	Q4 2019 (Oct19 – Dec19)	% change	Jan20 - Dec20	Jan19 - Dec19	% change
<b>Total terminal passengers (000's)</b>	705	10,295	-93.2%	10,165	46,568	-78.2%
<b>Market Analysis:</b>						
<b>Domestic (incl Channel islands)</b>	90	858	-89.5%	947	3,449	-72.5%
<b>Short Haul – EU</b>	402	5891	-93.2%	5,702	27,633	-79.4%
<b>Short Haul – Non EU</b>	132	1446	-90.8%	1,718	6,562	-73.8%
<b>Long haul</b>	80	2099	-96.2%	1,798	8,923	-79.9%
<b>Air Transport Movements</b>	7,702	62,912	-87.8%	76,366	280,660	-72.8%

The -93.2% reduction in passengers in Q4 2020 compares to -86.4% reduction in Q3 2020

# Covenant Ratios update

## Senior RAR

	<u>12m ended</u> <u>31 December</u> <u>2020</u>	<u>12m ending</u> <u>31 December</u> <u>2021</u>	<u>12m ending</u> <u>31 December</u> <u>2022</u>	<u>12m ending</u> <u>31 December</u> <u>2023</u>
	[£m]	[£m]	[£m]	[£m]
Bonds	2,800.0	2,800.0	2,800.0	2,800.0
Bank Debt	600.0	600.0	600.0	600.0
Inf Accretion	25.1	13.6	30.6	48.9
Senior Debt	3,425.1	3,413.6	3,430.6	3,448.9
Less Cash	(293.1)	(507.1)	(371.7)	(501.7)
<b>Senior Net Debt (X)</b>	<b>3,132.0</b>	<b>2,906.5</b>	<b>3,058.9</b>	<b>2,947.2</b>
<b>RAB (Y)</b>	<b>3,317.2</b>	<b>4,359.2</b>	<b>4,075.7</b>	<b>4,012.2</b>
<b>Senior RAR (X/Y)</b>	<b>0.94x</b>	<b>0.67x</b>	<b>0.75x</b>	<b>0.73x</b>

# Covenant Ratios update

## Senior ICR

	<u>12m ended</u> <u>31 December</u> <u>2020</u>	<u>12m ending</u> <u>31 December</u> <u>2021</u>	<u>12m ending</u> <u>31 December</u> <u>2022</u>	<u>12m ending</u> <u>31 December</u> <u>2023</u>
	[£m]	[£m]	[£m]	[£m]
Net cash inflow from operating activities	(120.5)	250.3	352.5	466.6
Add back exceptionals (cash)	46.7	(0.6)	0.0	0.0
Less: Cash Taxes	(2.8)	32.2	(20.9)	(45.8)
Less: 2% RAB (ave)	(82.2)	(76.8)	(84.4)	(80.9)
<b>Cash Flow (A)</b>	<b>(158.8)</b>	<b>205.1</b>	<b>247.2</b>	<b>339.9</b>
<b>Net interest on Senior Debt (B)</b>	<b>122.8</b>	<b>69.5</b>	<b>93.1</b>	<b>138.4</b>
<b>Senior ICR (A/B)</b>	<b>-1.29x</b>	<b>2.95x</b>	<b>2.66x</b>	<b>2.46x</b>

# Liquidity Update

## Available Cash:

### Cash generated from operations of the group

Traffic over the 6-months to end June 2021 is expected to be materially impacted by restrictions to travel as a result of the Covid-19 virus. Traffic forecasts have been set at around 4% of 2019 levels for Q1 2021, at which point passengers start to progressively build back as restrictions begin to lift. Overall, this traffic profile translates into a minimal cash contribution that is generated from the operations over this 6-month period.

In response to this low level of traffic, Gatwick has continued to take significant steps to reduce its operating costs and protect the business. To minimise its operational footprint and therefore operating costs, Gatwick will continue to operate from just the North Terminal until at least June, and has concentrated operations from one pier whilst traffic remains at very low levels. The continuation of the government furlough/job support schemes until end of April ensures the preservation of jobs through this low demand environment, ahead of the anticipated rebound of demand and operational activity in the summer. Gatwick also continues to look at ways to further streamline its non-staff costs through procurement and prioritisation exercises and will benefit from the measures completed in November 2020 through a further redundancy programme as headcount is now c.1,850 compared to c.3,250 in March 2020. Monies associated with the recent release of the Government's Covid-19 airport and ground operations support package (providing support of up to £8m to airports) have not been included in the next 6 months liquidity forecast, as Gatwick works through the detail of its claim.

### Any committed Permitted Financial Indebtedness

At the start of period, there was £125m of undrawn and committed financial indebtedness relating to the Bank of England Covid Commercial Financing Facility (CCFF). On 14<sup>th</sup> January, Gatwick sold £75m of new commercial paper into the scheme and extended the maturity of its initial £175m tranche.

## Required Expenditure:

### Interest, principal and other debt service

Reflects £25.4m SWAP accretion payment, as well as an interest reduction relating to intra-group and derivative activity.

### Capital Expenditure

Further rationalisation of Gatwick's investment plan has been carried out and the estimated annual capex for 2021 is now £34m.

	December- 2020 Quarter End
	January 2021 – June 2021
	[£m]
Cash at start of period	293.1
Cash generated from operations of the group	6.0
Interest received	0.0
Any committed Permitted Financial Indebtedness:	
Of which: Bank of England CCFF (memo: £75m drawn 14 Jan)	125.0
Of which: Liquidity Facility and Overdraft	155.0
<b>Available Cash</b>	<b>574.0</b>
Interest, principal and other debt service (incl SWAP accretion)	-92.4
Corporation Tax	16.1
Capital expenditure	-14.1
<b>Required Expenditure</b>	<b>-90.4</b>
<b>Available Cash Less Required Expenditure</b>	<b>488.6</b>