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London Gatwick Airport's half yearly results for six-month period ending 30 June, 2020

Gatwick publishes half yearly results, as airport takes further steps to protect its future resilience against the economic impact of COVID-19

- **Encouraging start to the year heavily impacted by significant drop in passenger numbers due to COVID-19**
- **Swift action taken to reduce operational costs and capital expenditure whilst the airport remained open throughout the pandemic**
- **Focus on safety and wellbeing of passengers and staff remains a priority**
- **Restructuring sets foundation for business to be in best place for recovery and future growth**

Despite an encouraging start to the year passenger numbers at Gatwick fell by 66% in the first six month ended 30 June, 2020 due to the impact of COVID-19. The airport remained open throughout the pandemic, however all revenue streams were impacted and the collapse in passenger demand led to a 61.3% fall in revenue and a £321m loss. EBITDA fell 98.3%.

Decisive and swift action was taken to protect the financial strength of the business, following the spread of COVID-19 in March. Planned capital expenditure has been reduced by £157m for 2020 and £196m for 2021. Operational costs have been also reduced by over £100m through a variety of actions including consolidating air traffic to one terminal allowing for infrastructure shutdowns, severance programmes and termination of fixed term contracts, and improving efficiencies of its services in line with reduced airline and passenger demand.

A priority continues to be protecting the health and wellbeing of employees and passengers and, following latest Government guidance, a wide range of health measures have been introduced and are continuously assessed to maintain and help restore public confidence in flying. Gatwick currently has 18 airlines flying to 115 airports in 42 countries.

To improve its liquidity, in April 2020 Gatwick secured a £300m loan with a consortium of banks. As at 30 June 2020, Gatwick held a cash balance of c.£326m. In light of the forecast impact on its financial covenants, Gatwick has commenced a three-week consent solicitation process following successful discussions with its lending banks and with bondholders forming a special committee of the Investment Association, in aggregate representing c.46.9% of total secured debt.

In line with further reducing operating costs, with over 70% of Gatwick's employees remaining on furlough, the business has announced a company-wide restructuring proposal which could result in the region of a further 600 job losses. The restructuring will better align the business to passenger and air traffic forecasts whilst allowing it to remain agile should demand recover faster than expected. The recovery period to pre-pandemic traffic levels is forecast to be four to five years.

Gatwick Airport, Chief Executive Officer, Stewart Wingate said:

“Like any other international airport, the negative impact of COVID-19 on our passenger numbers and air traffic at the start of the year was dramatic and, although there are small signs of recovery, it is a trend we expect to continue to see. However, we are focussed on ensuring the business remains robust and is best placed to take advantage of future growth.

“As with any responsible company we have protected our financial resilience by significantly reducing our operational costs and capital expenditure. We are going through a proposed company-wide restructuring programme and I want to thank all my staff for their hard work to date whilst we go through this difficult time. We will emerge a fitter and stronger organisation, best placed to remain flexible and agile in responding to growth opportunities. This includes continuing to do all we can to protect the safety and wellbeing of our staff and passengers.

“In this post COVID-19 travelling world, we are working hard with our airlines to ensure we continue to offer our customers a wide choice of destinations and carriers. We also expect, next year, to progress our plans to bring the existing Northern (stand-by) Runway into routine use which, as we rebuild our passenger numbers over the next four to five years, will enable us to offer even more travel choice. We will ensure we continue to deliver our operation mindful of our environmental, social and governance responsibilities. We want to rebuild better.

Despite the immediate challenges I remain resolutely optimistic that Gatwick will recover and retain its position as one of the UK’s leading travel hubs and economic driver for the region.”

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Notes to Editors

Further information on the financial results and the associated investor presentation can be found at www.gatwickairport.com/investor

About Gatwick Airport

Gatwick is the UK’s second largest airport and flies a range of both short and long-haul point-to-point services. The airport is a vital piece of the UK’s national infrastructure and is also a major driver for both the regional and national economies.

In 2019, a new long-term partnership was formed with VINCI Airports who purchased a 50.01% stake in the airport. This partnership saw Gatwick Airport integrate into the network of VINCI Airports, the leading private airport operator in the world, which manages the development and operation of 45 airports located in Brazil, Cambodia, Chile, Costa Rica, Dominican Republic, France, Japan, Portugal, Serbia, Sweden, the United Kingdom and the United States. Served by more than 250 airlines, VINCI Airports’ network handled 255 million passengers in 2019. Through its expertise as a comprehensive integrator, VINCI Airports develops, finances, builds and operates airports, leveraging its investment capability and know-how to optimise the management and performance of airports and carry out extensions and upgrades. In 2019, its annual revenue for managed activities amounted to €4.9 billion, for a consolidated revenue of €2.6 billion.

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Global Infrastructure Partners (GIP), which manages the remaining 49.99% interest in Gatwick, is an independent infrastructure investor that makes equity investments in high quality infrastructure assets in the energy, transport and water/waste sectors. GIP has US\$70 billion of Assets under Management. Its 41 portfolio companies operate in over 50 countries.

For more information on VINCI Airports please visit www.vinci-airports.com and for more information on GIP please visit <http://global-infra.com>

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