

# YOUR LONDON AIRPORT *Gatwick*



Quarterly information package to secured creditors – March 2021

07 May 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 (issued)	✓	✓	-	✓
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		
	Q1 2021 (Jan21 – Mar21)	Q1 2020 (Jan20 – Mar20)	% change	Apr20 - Mar21	Apr19 – Mar20	% change
<b>Total terminal passengers (000's)</b>	155	7,500	-97.9%	2,820	44,394	-93.6%
<b>Market Analysis:</b>						
<b>Domestic (incl Channel islands)</b>	31	662	-95.3%	317	3,270	-90.3%
<b>Short Haul – EU</b>	71	3,954	-98.2%	1,818	26,399	-93.1%
<b>Short Haul – Non EU</b>	22	1,226	-98.2%	515	6,189	-91.7%
<b>Long haul</b>	31	1,658	-98.1%	170	8,536	-98.0%
<b>Air Transport Movements</b>	2,141	50,130	-95.7%	28,377	269,547	-89.5%

The -97.9% reduction in passengers in Q1 2021 compares to -93.2% reduction in Q4 2020

# Covenant Ratios update

		12 months to March-2021
<b>Senior ICR</b>		
Net cash inflow from operating activities	[£m]	(179.8)
Add back exceptionals (cash)	[£m]	44.4
Less: Cash Taxes	[£m]	0.5
Less: 2% RAB (ave)	[£m]	(79.4)
<b>Cash Flow (A)</b>	[£m]	<b>(214.3)</b>
<b>Net interest paid on Senior Debt (B)</b>	[£m]	<b>97.5</b>
<b>Senior ICR (A/B)</b>	[x]	<b>-2.20x</b>
<b>Senior RAR</b>		
Bonds	[£m]	2,800.0
Bank Debt	[£m]	600.0
Inflation Accretion on SWAPs	[£m]	1.7
Senior Debt	[£m]	3,401.7
Less Cash	[£m]	(281.2)
<b>Senior Net Debt (X)</b>	[£m]	<b>3,120.5</b>
<b>Transfer RAB (Y)</b>	[£m]	<b>3,030.2</b>
<b>Senior RAR (X/Y)</b>	[x]	<b>1.03x</b>

# Liquidity Update

## Available Cash:

### Cash generated from operations of the group

Traffic over the 6-months to end September 2021 is expected to be materially impacted by restrictions to travel as a result of Covid-19. Traffic forecasts have been set at around 8% of 2019 levels for Q2 2021 at which point passengers start to progressively build back to 50% of 2019 levels for Q3. This takes account BA's recent decision to consolidate its short-haul flying programme at Heathrow until October 2021.

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 July, and has concentrated its operations from one pier whilst traffic remains at very low levels. In terms of government support, £8m was received in April relating to the Covid-19 airport and ground operations support package. The continuation of the government job support scheme until the end of September ensures the preservation of jobs through this low demand environment, ahead of the anticipated rebound of demand and operational activity from the summer. Separately, Gatwick has a comprehensive operational readiness plan to ensure it can meet this increased activity and has worked closely with its key airline partners on different operational scenarios. There is also a continued focus on health and safety for both passengers and staff with workplace testing established for employees as well as testing facilities on airport for passengers.

### Interest received and new proceeds

The Gatwick group is downstreaming £370m of new proceeds into the Senior Borrower Group to support liquidity and reduce leverage.

### New Permitted Financial Indebtedness: Class A bond Issue

On 15<sup>th</sup> April, Gatwick issued a £300m 9-year class A bond with a coupon of 2.5%. The net proceeds were used to prepay Gatwick's £300m Term Loan that was issued in April 2020 as part of our proactive debt maturity management.

### Any committed but undrawn Permitted Financial Indebtedness

The Covid Commercial Financing Facility (CCFF) scheme is now closed and therefore no "committed but undrawn amounts" are reflected in this liquidity statement. Prior to the scheme closing, on 19<sup>th</sup> March, Gatwick sold £25m of new commercial paper into the CCFF scheme (reflected in the cash at start of the period), and now has £275m of CCFF debt outstanding of which the full amount matures in March 2022.

## Required Expenditure:

### Capital Expenditure

Further rationalisation of Gatwick's investment plan has been carried out with an annual 2021 capex target of £34m.

### Corporation Tax

Gatwick is expecting a £29.2m corporation tax refund in Q3 2021

	Apr 2021 – Sept 2021
	[£m]
Cash at start of period	281.2
Cash generated from operations of the group	69.6
Interest received and new proceeds	370.0
New Permitted Financial Indebtedness (PFI): Class A bond Issue	295.1
Any committed but undrawn PFI: Liquidity Facility and Overdraft	155.0
<b>Available Cash</b>	<b>1,170.9</b>
Interest payable	-27.6
Prepayment of senior debt: April 2020 Term Loan	-300.0
Corporation Tax	29.2
Capital expenditure	-19.2
<b>Required Expenditure</b>	<b>-317.7</b>
<b>Available Cash Less Required Expenditure</b>	<b>853.3</b>