

# YOUR LONDON AIRPORT *Gatwick*



Quarterly information package to secured creditors – June 2021

13 August 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 (Issued)	✓	✓	✓	✓

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 (Apr21 – Jun21)	% change (2021 vs 2019)	Jul20 - Jun21	% change (2021 vs 2020)	% change (2021 vs 2019)
<b>Total terminal passengers (000's)</b>	415	-96.7%	3,189	-90.0%	-93.2%
<b>Market Analysis:</b>					
<b>Domestic (incl Channel islands)</b>	158	-82.5%	468	-80.3%	-87.1%
<b>Short Haul – EU</b>	200	-97.4%	1,994	-89.3%	-92.7%
<b>Short Haul – Non EU</b>	28	-98.3%	531	-88.2%	-92.2%
<b>Long haul</b>	29	-98.7%	196	-96.9%	-97.8%
<b>Air Transport Movements</b>	4,545	-94.0%	32,252	-83.4%	-88.6%

# Covenant Ratios update

## Senior RAR

	<u>12m ended</u> <u>30 June 2021</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	3,100.0	3,100.0	3,100.0	3,100.0
Bank Debt	300.0	300.0	300.0	300.0
Inf Accretion	2.0	8.9	24.6	43.8
Senior Debt	3,402.0	3,408.9	3,424.6	3,443.8
Less Cash	(623.5)	(643.8)	(540.7)	(675.1)
<b>Senior Net Debt (X)</b>	<b>2,778.5</b>	<b>2,765.1</b>	<b>2,883.9</b>	<b>2,768.7</b>
<b>RAB (Y)</b>	<b>2,479.4</b>	<b>3,648.6</b>	<b>3,227.5</b>	<b>3,070.2</b>
<b>Senior RAR (X/Y)</b>	<b>1.12x</b>	<b>0.76x</b>	<b>0.89x</b>	<b>0.90x</b>

# Covenant Ratios update

## Senior ICR

	<u>12m ended</u> <u>30 June 2021</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	(154.5)	20.9	352.6	458.0
Add back exceptionals (cash)	28.8	-	-	-
Less: Cash Taxes	-	29.9	(6.0)	(16.3)
Less: 2% RAB (ave)	(67.7)	(69.7)	(68.8)	(63.0)
<b>Cash Flow (A)</b>	<b>(193.4)</b>	<b>(18.9)</b>	<b>277.8</b>	<b>378.7</b>
<b>Net interest on Senior Debt (B)</b>	<b>77.1</b>	<b>67.9</b>	<b>96.6</b>	<b>141.1</b>
<b>Senior ICR (A/B)</b>	<b>(2.51)</b>	<b>(0.28)</b>	<b>2.88</b>	<b>2.68</b>

# Liquidity Update

## Available Cash:

### Cash generated from operations of the group

Traffic is forecast to be at 24% and 51% of 2019 levels for Q3 and Q4 2021 respectively. Traffic continues to be impacted by UK and country destination Covid-19 restrictions. There was a slow but steady improvement in traffic volumes in June and there is an expectation during the second half of the year that this improvement will accelerate following the recent amendment removing the requirement for those who are fully vaccinated returning from an 'amber' list country to quarantine for 10 days on their return. The requirement to quarantine has also been removed for EU and US residents arriving in the UK who are fully vaccinated. The extension of the slot waiver for winter 2021/22 has also been factored into Q4.

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 Spring 2022. In terms of government support, the continuation of the government job support scheme until the end of September continues to be utilised during this low demand environment. As the operation ramps up to fulfil the increased activity, there is a continued focus on health and safety for both passengers and staff. Workplace testing has also been established for employees as well as testing facilities on airport for passengers.

## Required Expenditure:

### Interest Payable

Relates to bond and RCF interest payments

### 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 anticipating to request a £29.9m corporation tax refund in Q4 2021

	Jul 2021 – Dec 2021
	[£m]
Cash at start of period	623.6
Cash generated from operations of the group	41.7
Interest received	0.2
Any committed but undrawn PFI: Liquidity Facility and Overdraft	155.0
<b>Available Cash</b>	<b>820.5</b>
Interest payable	-34.5
Corporation Tax	29.9
Capital expenditure	-16.9
<b>Required Expenditure</b>	<b>-21.5</b>
<b>Available Cash Less Required Expenditure</b>	<b>799.0</b>