

YOUR LONDON AIRPORT *Gatwick*



Quarterly information package to secured creditors – December 2021

11 February 2022

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 2021	12/11/2021 (issued)	✓	✓	-	✓
December 2021	14/02/2022 (issued)	✓	✓	✓	✓
March 2022	13/05/2022	✓	✓	-	✓
June 2022	12/08/2022	✓	✓	✓	✓

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 2021 (Oct21 – Dec21)	% change (2021 vs 2019)	Jan21 - Dec21	% change (2021 vs 2020)	% change (2021 vs 2019)
Total terminal passengers (000's)	3,137	-69.5%	6,255	-38.5%	-86.6%
Market Analysis:					
Domestic (incl Channel islands)	542	-36.8%	1,246	31.6%	-63.9%
Short Haul – EU	1699	-71.2%	3,662	-35.8%	-86.7%
Short Haul – Non EU	515	-64.4%	781	-54.5%	-88.1%
Long haul	381	-81.8%	566	-68.5%	-93.7%
Air Transport Movements	24,665	-60.8%	51,975	-31.9%	-81.5%

Covenant Ratios update

Senior RAR

	<u>12m ended</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>	<u>12m ending</u> <u>31 December</u> <u>2024</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	0
Inf Accretion	17.3	33.1	50.0	67.4
Senior Debt	3,417.3	3,433.1	3,450.0	3,167.4
Less Cash	(558.0)	(459.4)	(634.1)	(93.1)
Senior Net Debt (X)	2,859.3	2,973.8	2,815.9	3,074.4
RAB (Y)	3,549.2	4,760.6	5,026.2	5,381.7
Senior RAR (X/Y)	0.81	0.62	0.56	0.57

Covenant Ratios update

Senior ICR

	<u>12m ended</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>	<u>12m ending</u> <u>31 December</u> <u>2024</u>
	[£m]	[£m]	[£m]	[£m]
Net cash inflow from operating activities	(34.0)	336.9	524.4	576.8
Add back exceptionals (cash)	2.0	0.0	0.0	0.0
Less: Cash Taxes	0.0	19.2	(31.6)	(43.8)
Less: 2% RAB (ave)	(68.7)	(83.2)	(97.9)	(104.1)
Cash Flow (A)	(100.7)	272.9	394.9	428.9
Net interest on Senior Debt (B)	67.7	96.8	141.4	141.1
Senior ICR (A/B)	(1.49)	2.82	2.79	3.04

Liquidity Update

Available Cash:

Cash generated from operations of the group

Cash at the start of the period was broadly in line with Gatwick's Compliance Case shared during the summer 2021 waiver process, once adjusting for a timing difference relating to a corporation tax refund. December was impacted by the spread of the Omicron variant of Covid-19, which led to both the re-introduction of UK arrival testing as well as restrictions being added across a number of international destinations. Despite these restrictions and testing requirements, Gatwick still hosted over 1m passengers through the North Terminal during the month, which demonstrated an increased willingness to travel. Strong trading within our commercial activities has continued, which helped to offset slightly lower traffic.

Looking forward, traffic over the 6 months from January 2022 to June 2022 is forecast to be around 49% of 2019 levels. The first quarter is forecast to be weaker than anticipated as a result of various international restrictions still in place. However, observed capacity over the second quarter is indicating an accelerated recovery into the summer season, which is aided by the return of British Airways short haul and an expanded easyJet, Wizz Air and Vueling operation. The end of the slot-usage waiver for the summer season helps to underpin this growth.

In response to this acceleration of airline capacity, Gatwick is taking the appropriate steps to re-open South Terminal in time for the beginning of the summer season. As the operation ramps up to fulfil the increased activity, there is a continued focus on health and safety for both passengers and staff. Additional training is being rolled-out across the campus, and staff are being rotated during the quieter months to maintain currency.

Required Expenditure:

Interest Payable

Relates to bond and RCF interest payments.

Repayment of CCFF Debt

Gatwick will repay the outstanding Bank of England CCFF commercial paper from cash in the business.

Capital Expenditure

Capex accelerates in to Q2 due to construction activity associated with our main runway re-surfacing work.

Corporation Tax

This includes a £34m corporation tax refund relating to prior years, offset by a half year tax estimate of £7.5m

	Jan 2022 – Jun 2022
	[£m]
Cash at start of period	558.0
Cash generated from operations of the group	72.1
Interest received	0.2
Any committed but undrawn PFI ¹ : Liquidity Facility and Overdraft	155.0
Available Cash	785.3
Interest payable	-73.4
Repayment of CCFF debt	-275.0
Corporation Tax	26.8
Capital expenditure	-34.6
Required Expenditure	-356.2
Available Cash Less Required Expenditure	429.1