



YOUR LONDON AIRPORT
Gatwick

INVESTOR UPDATE 2022

23 August 2022

Ivy Holdco Consolidated Results - Parent Company of Gatwick Airport Limited

Meet the Team



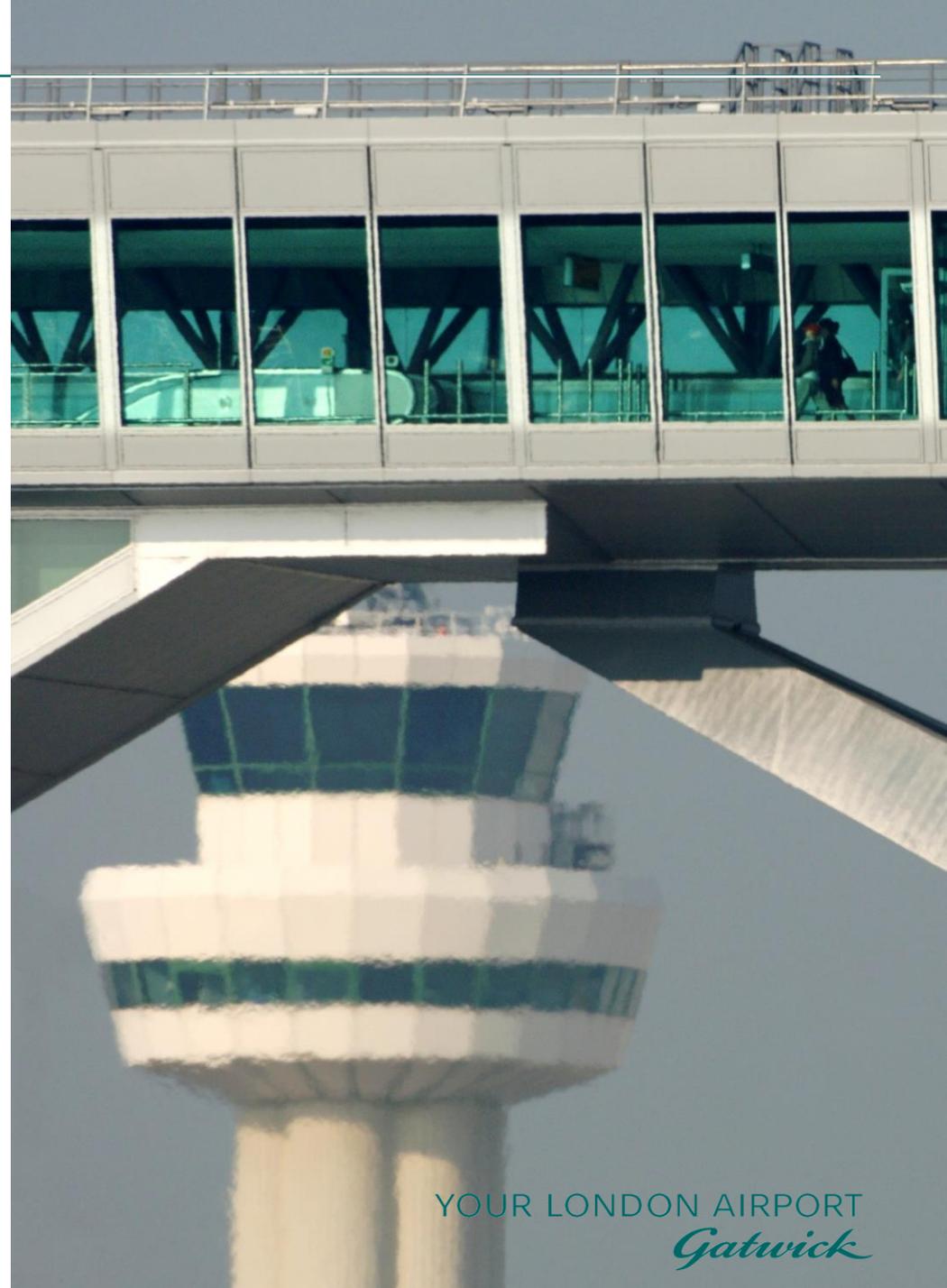
Stewart Wingate

Chief Executive
Officer



Jim Butler

Chief Financial
Officer



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Key highlights

- **Extraordinary effort and hard work** of all frontline colleagues across the Gatwick campus, thank you for helping deliver the **unprecedented ramp up** in H1 2022.
- **Successfully reopening the South Terminal** well in advance of peak summer season. Stronger than expected demand in Q2 reaching **81% vs 2019** in July.
- **Industry leadership** through various efforts including decisively managing capacity growth with airlines for July & August reflecting airline ground handling capability to operate published schedules and ensuring our **passengers receive a good service level**.
- Returned to **positive EBITDA and free cash flow** with careful cost management as recovery ramped up. Liquidity position remains strong.
- **Working with airlines to plan for summer 2023** but medium term uncertainty remains as a result of macro-economic climate, with inflationary pressure on costs and possible impact to demand for the winter season.
- **Gatwick is investing in the future.** Completed resurfacing the main runway and made further progress preparing the planning application to bring the existing northern runway into routine use.
- **Strong focus and investment in people and local economy** recognising the impact of the last 2 years on our communities. **Continuing Gatwick's Net Zero transition** and improving local air quality.



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23 August 2022

BUSINESS PERFORMANCE

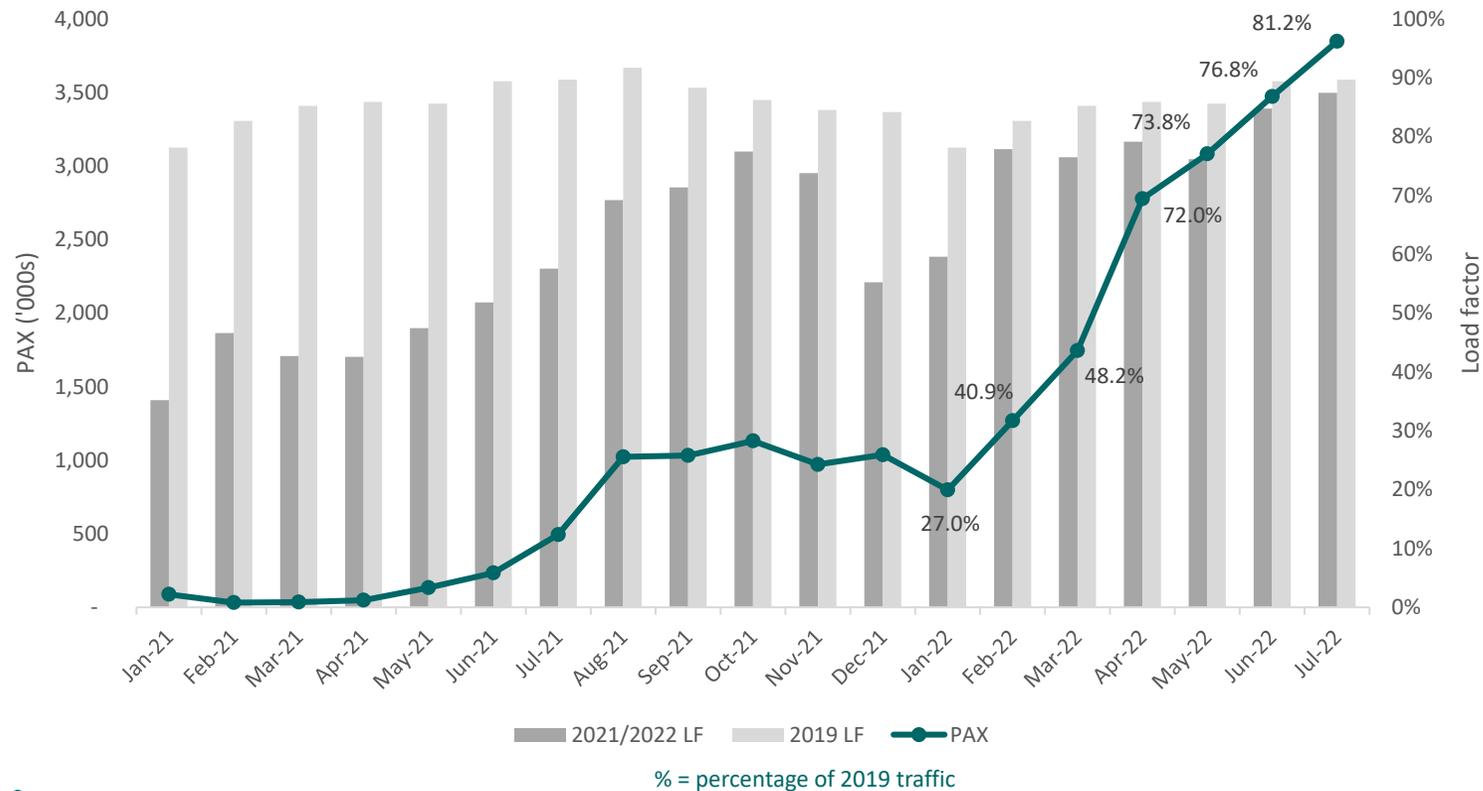
Traffic: recovery reaching 81% vs 2019 in July

2022 traffic

13.1m

↑2,083% from 2021

- Unprecedented ramp up compared to other major European airports following travel restrictions being removed ahead of the Easter holidays.
- Significant recovery in monthly passengers increasing from 0.8m in January to 3.8m in July, with further growth forecast for the peak summer period.



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Wide choice of short haul destinations...



Now flying to 38 short haul destinations this summer



Flying to 98 short haul destinations from Gatwick this summer

Gatwick is serving 157 short haul destinations this summer, 96% compared to 2019



Significantly expanding their Gatwick base with a total of 24 routes compared to 5 in summer 2019



50 short haul destinations which is comparable to their offer in summer 2019 from Gatwick



Increased offer at Gatwick, now flying to 16 destinations versus 7 in summer 2019

...while rebuilding long haul offering



Serving 17 long haul destinations this summer



Long haul destinations which is comparable to their offer in summer 2019



Additional daily service to Dubai in July



Increased capacity versus summer 2019 (+25%)

This summer Gatwick will be serving 35 long haul destinations, 60% compared to 2019



Successful launch of a daily service to Boston in August to complement their popular New York service



Bamboo have announced a weekly flight to Hanoi from October 2022



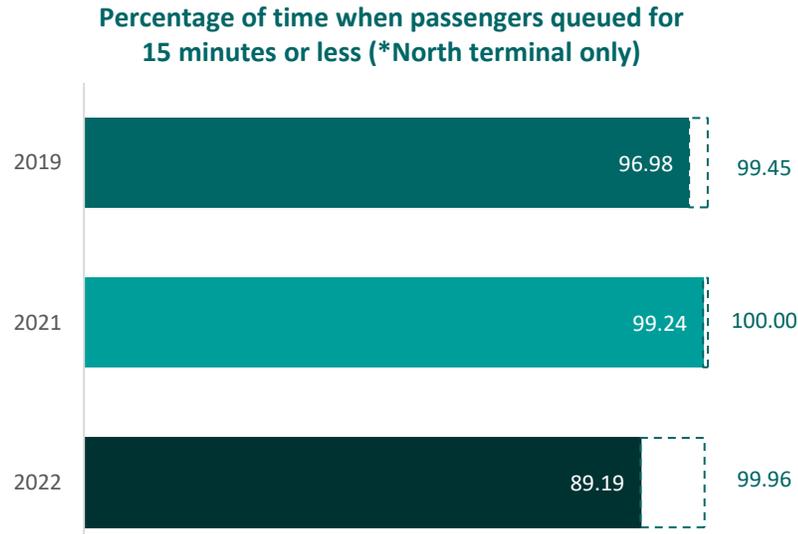
Successful launch of Quebec in May 2022 on top of services to Toronto and Montreal



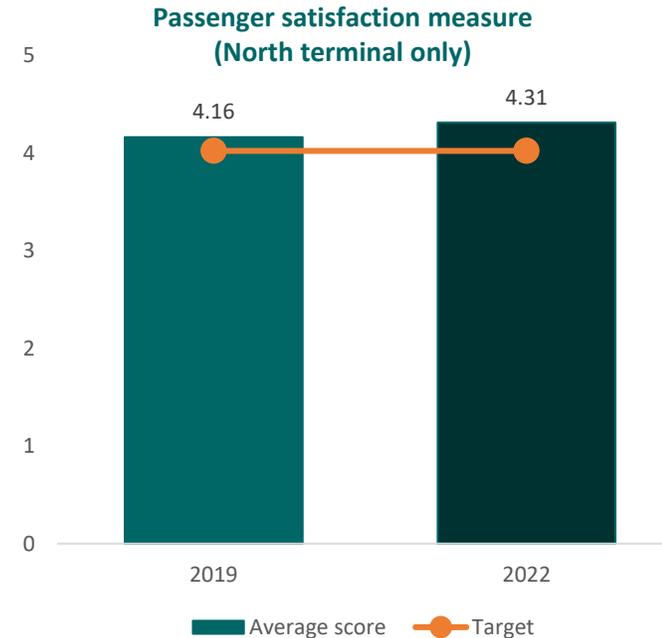
Successful launch of New York in August and further routes to be announced this winter

Strong focus on service and rebuilding passenger confidence

- The Airport continues to make extensive investment in staffing and expects to be fully resourced in the coming months.
- Deliver a robust passenger service over the summer season by supporting the Airport community on a number of mitigations including:
 - Staff summer incentive and retention program
 - “White pass program” to fund incremental resource to non-security functions
 - Inbound baggage incentive for airlines ground handlers
 - Provision of contingent resource for ground handlers
- Delivering on 93% of Gatwick’s Core Service Standard metrics during 2022.

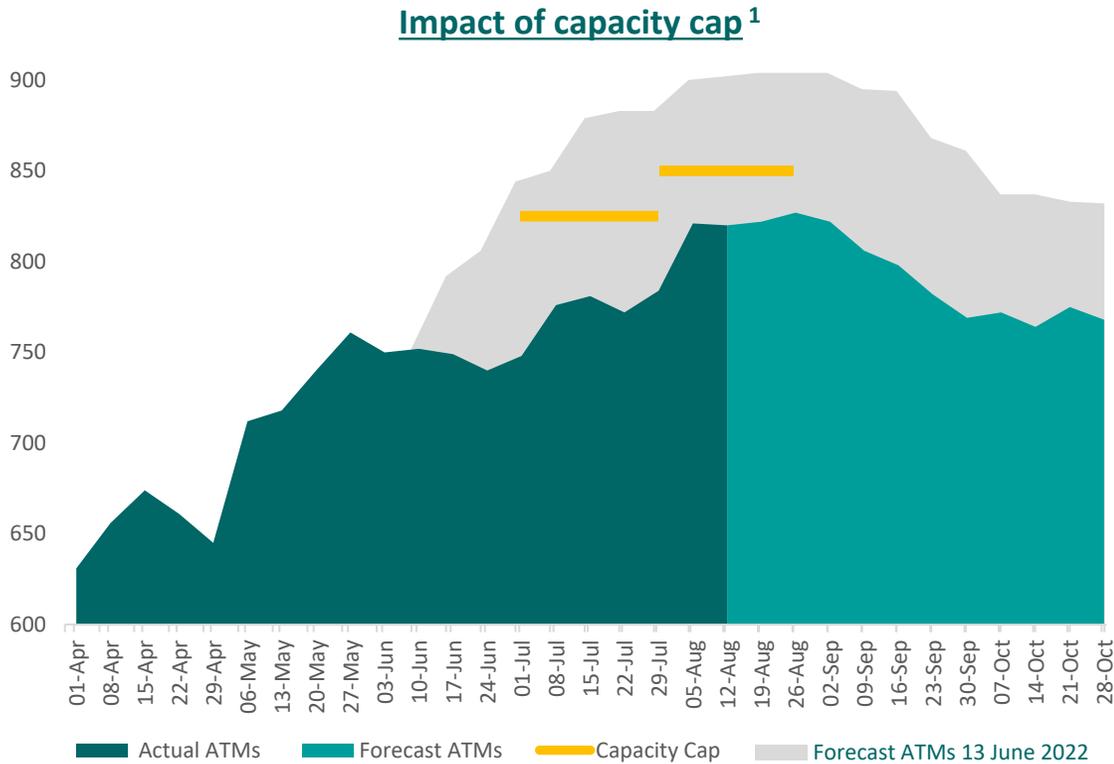


Solid block = % of waiting time measured under 5 minutes
 Dotted block = % of waiting time measured under 15 minutes
 * South terminal metric suspended until June 2022 of which 96.27% passengers queued for 15 minutes or less.

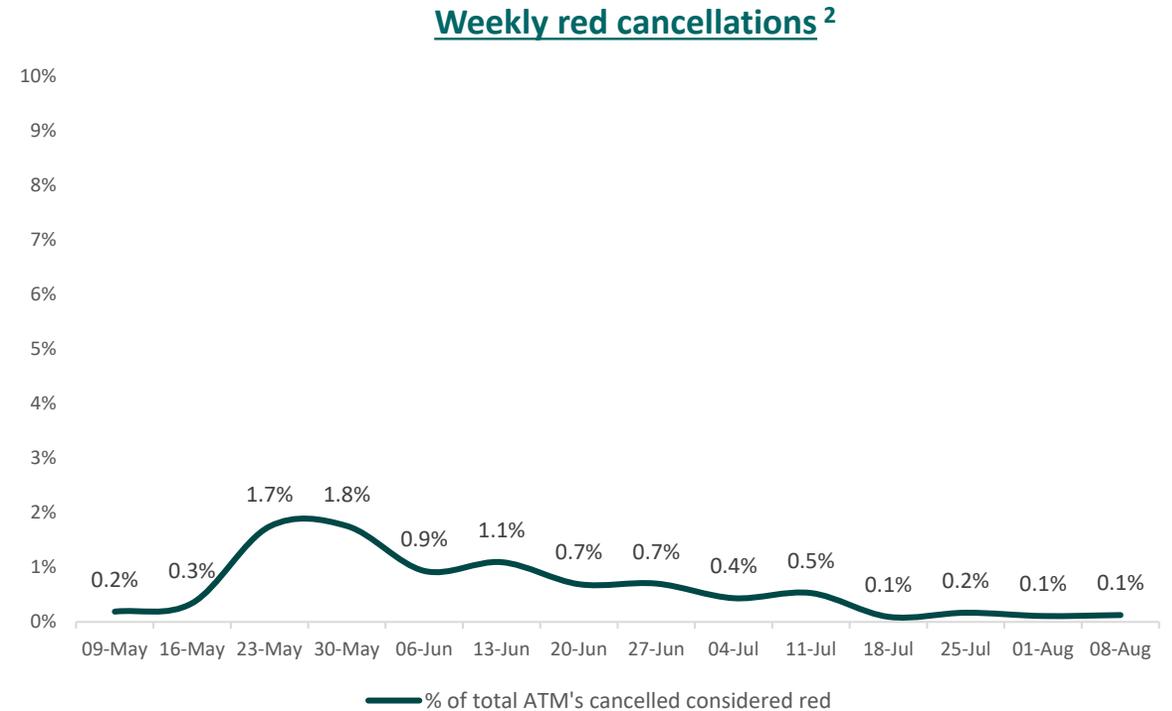


Managing growth through peak summer

- Industry leadership in proactively managing growth capacity for July & August to help airlines operate published schedules.
- Gatwick is working collaboratively with ground handlers and airlines on bridging resource gaps by offering contingent resource and incentives.



¹ ATM's for Friday's before and after capacity cap



² Red cancellation defined as flight cancelled after 5 passengers passed through security

H1 2022: Key financial metrics starting to recover

Traffic

13.1m

↑2,083.3% from 2021

↓41.0% from 2019

Revenue

£291.5m

↑589.1% from 2021

↓21.7% from 2019

Operating costs¹

£143.2m

↓54.8% from 2021

↓25.2% from 2019

EBITDA

£148.3m

n.m. from 2021

↓19.7% from 2019

Profit after tax

£50.6m

n.m. from 2021

↑6.1% from 2019

Capital expenditure²

£30.2m

↓14.7% from 2021

↓78.7% from 2019

Available liquidity

£497.0m

↓36.2% from 2021

↑36.3% from 2019

Senior net debt

£3,097.8m

↑11.5% from 2021

↑17.4% from 2019

¹ Excluding depreciation & amortisation and exceptional costs

² Capital expenditure in 2022 includes £nil (2021: £19.9m) of right of use assets in accordance with IFRS 16.

Revenue: strong revenue performance as traffic recovers

REVENUE

£291.5m

↓21.7% from 2019

AERONAUTICAL INCOME

Airport charges

£142.2m

↓23.8% from 2019

NON-AERONAUTICAL INCOME

Total

£149.3m

↓19.6% from 2019

Retail

£62.7m

↓31.8% from 2019

Car parking

£38.8m

↓4.4% from 2019

Property

£15.0m

↓11.8% from 2019

Other

£32.8m

↓9.4% from 2019

- Reduction in passenger volumes partially offset by traffic mix and increased yield.

- Passenger volume impact on retail and car parking offset by an increase in spend & income per passenger.
- Property income less susceptible to passengers volumes, recovering as airlines and other tenants return to Gatwick.
- Other income decrease mainly driven by reduced traffic.

Operating costs: continued benefit of business restructuring

OPERATING COSTS¹

£143.2m

↓25.2% from 2019

STAFF COSTS

£57.2m

↓43.4% from 2019

- Reduced average FTE from 3,027 in 2019 to 1,820 in 2022 (-39.9%).
- As at 30 June 2022 Gatwick Airport Limited had 2,065 employees.

NON-STAFF COSTS

Total

£86.0m

↓4.8% from 2019

Maintenance & IT

£17.6m

↓26.1% from 2019

Rent, rates & utilities

£29.1m

↑3.6% from 2019

General & other

£39.3m

↑2.3% from 2019

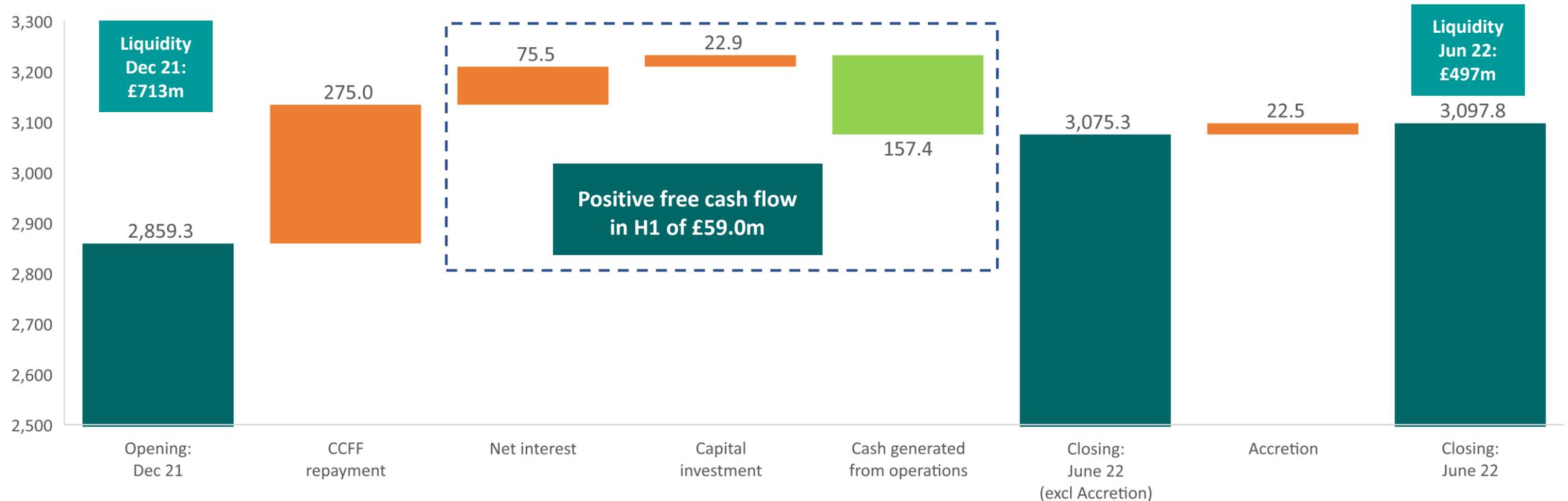
- IT costs reduction driven by contract review and consolidation.
- Scope revisions driving maintenance and operational costs reduction in line with smaller operational footprint in Q1 with South Terminal reopening on 27 March.
- Utility costs increased but protected through hedging strategy and partially offset by lower consumption.
- Halting of all discretionary spend driving general expense reduction.

¹ Excluding depreciation & amortisation and exceptional costs.

Cashflow: return to positive free cash flow

- Liquidity remains strong, despite £275m repayment from cash of unsecured Covid Corporate Financing Facility (CCFF)
- Return to positive free cash flow of £59m (excluding CCFF repayment)

Senior Net Debt: Change from December 2021 to June 2022



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2021
Performance
Summary



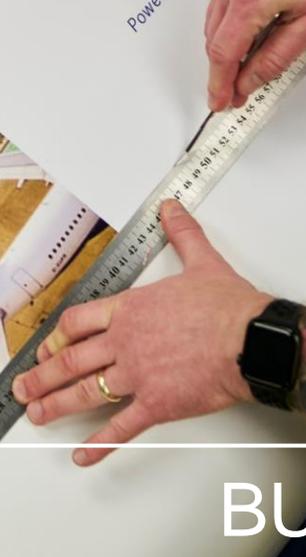
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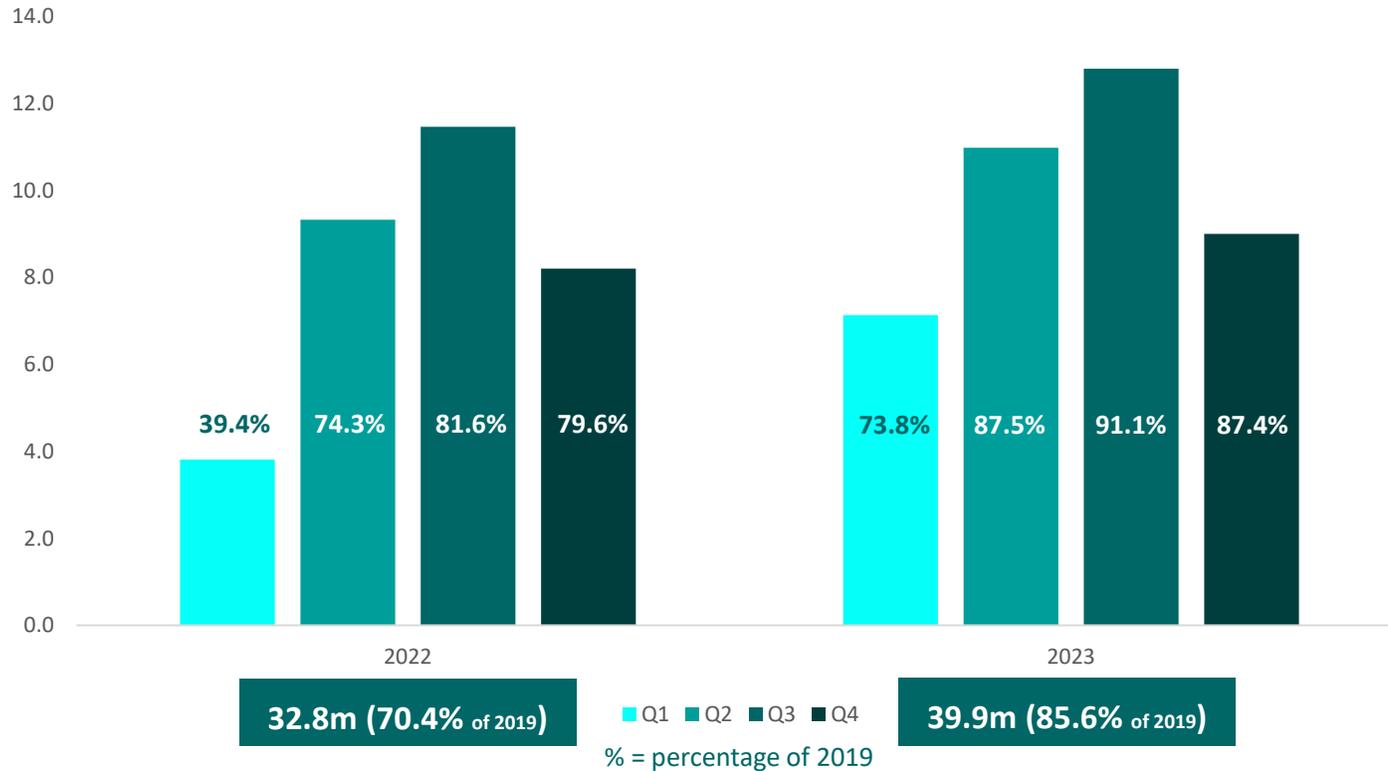
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BUSINESS OUTLOOK

Traffic outlook: mid-term uncertainty remains

- Revised traffic guidance for 2022, up 7.2% from previous forecast of 30.6m mainly driven by increased demand in Q2 with recovery reaching 81% vs 2019 in July.
- Collaboratively working with airlines to reduce levels of cancellations by proactively managing capacity for July & August to ensure published schedules are operated.
- Uncertainty around the mid-term but remain confident in a long term recovery



Compliance certificate summary

- Covenant waiver remains in place:
 - Senior ICR and Senior RAR levels waived in respect of the calculation date falling June 2022;
 - Temporary amendment to the calculation of the Senior RAR (under the second waiver agreement) commences July 2022 until June 2024
- Sufficient headroom on both Senior ICR and Senior RAR as traffic recovers.

	12 MTHS ENDED 30-Jun-22	YEAR ENDING 31-Dec-22	YEAR ENDING 31-Dec-23	YEAR ENDING 31-Dec-24
Cash flow (per covenant)	£87.7m	£357.7m	£401.9m	£423.7m
Total Senior interest (net)	£96.9m	£95.6m	£138.9m	£137.0m
Senior ICR (trigger <1.50x; default <1.10x)	0.91x	3.74x	2.89x	3.09x
<i>Cash ICR₁</i>	<i>1.51x</i>	<i>4.64x</i>	<i>3.63x</i>	<i>3.89x</i>
Senior Net Debt (per covenant)	£3,097.8m	£2,910.0m	£2,751.1m	£3,077.0m
Transfer RAB ₂	£3,412.4m	£4,962.1m	£5,241.6m	£5,656.6m
Senior RAR (trigger >0.70x; default >0.85x)	0.91x	0.59x	0.52x	0.54x

¹ Cash ICR is net cash flow from operating activities less cash tax divided by net Senior interest (i.e. net cash flow not adjusted downwards by 2% of Transfer RAB, unlike Senior ICR).

² Transfer date 1 April 2014 and Relevant Multiple – 11.1.



Second Decade of Change: Progress in 2022



Support our people and invest in our local communities

- Gatwick high standards of Health, Safety and Environment have been recognised by Royal Society for the Prevention of Accidents (RoSPA) President's Award, the 10th consecutive award received.
- Partnered with the DWP and a wide range of airport employers to deliver four highly successful local jobs fairs.



Continue our transition to Net Zero and improve air quality

- Detailed engineering led roadmap completed to identify initiatives to reduce GAL's carbon footprint and to develop opportunities to reduce waste and potable water consumption.
- Maintained Airport Carbon Accreditation at Level 3+, with the aim of becoming Level 4+ in 2023 and engaging with partners to reduce overall emissions.



Reduce our impact on the local environment and waste

- Improving materials segregation at source through a trial of new recycling stations in our North Terminal and with key concessionaires.
- Gatwick was awarded our eighth consecutive Biodiversity Benchmark Award, demonstrating our industry leading approach and ongoing commitment to biodiversity.



Investing for the future

Gatwick continued to manage capital expenditure, spend of £30.2m in H1 2022 by prioritising critical asset replacement and investing for long term sustainable growth.

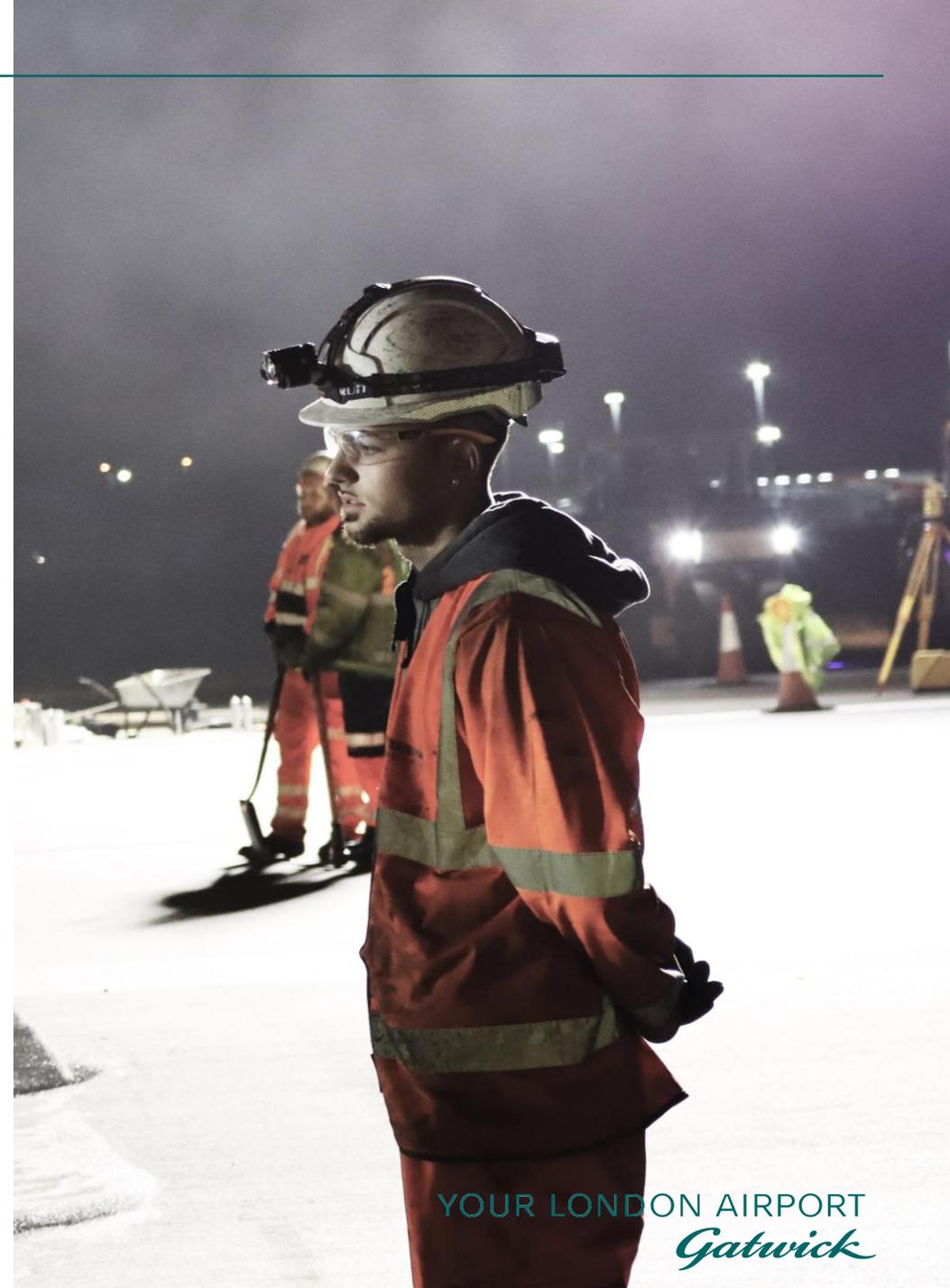
So far in 2022 Gatwick has invested in:

- Critical asset replacement including airfield data systems - building resilience
- Partnership to significantly transform the rail station improving passengers journey and experience
- Second consultation on 27 July 2022 on Northern Runway project

Significant increase in capital investment expected over the next 18 months.

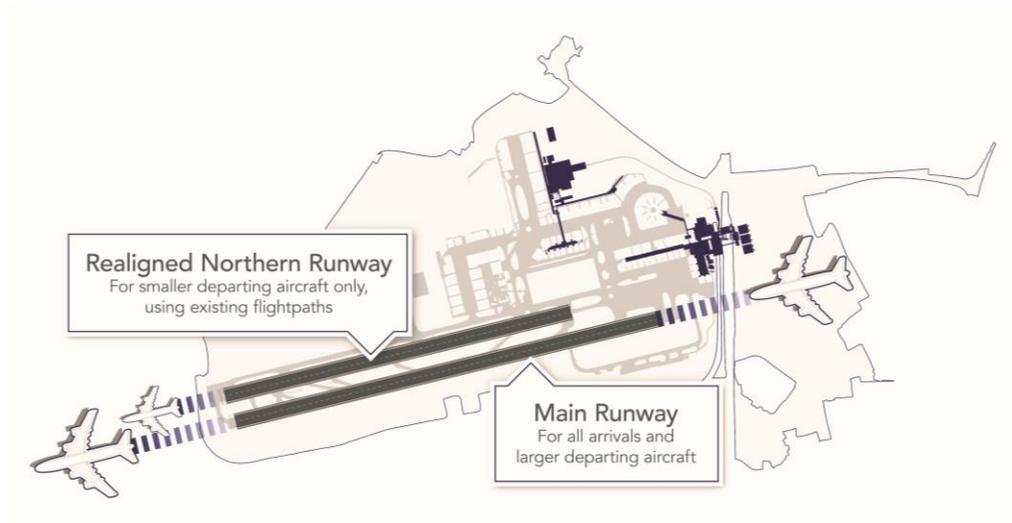
Gatwick has completed the resurfacing the central section of main runway:

- 5th rehabilitation in its lifetime.
- Innovative design to reduce the amount of asphalt by over 70%.
- Night time operations, air traffic moved to Northern runway between 11pm and 5.30am.



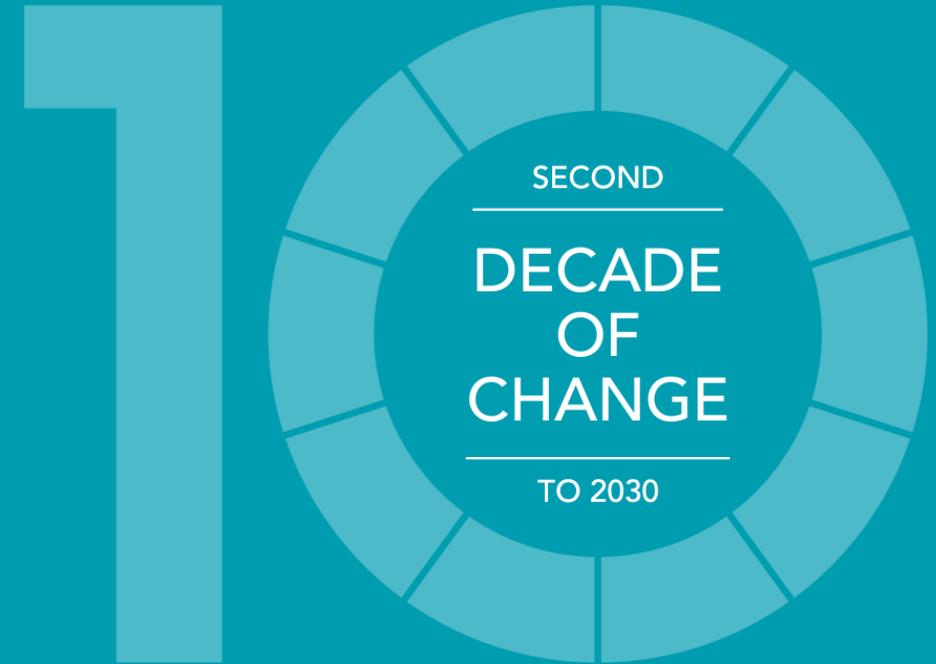
Driving forward on long term sustainable growth projects

Northern Runway Program



Conclusion

- Successfully delivered a **safe and strong service** through a period of **unprecedented** growth demonstrating **industry leadership** and working collaboratively **with its airlines and airport community**.
- Gatwick is **now planning for future** peak period operations.
- **Solid H1 2022** financial performance with full year **traffic guidance increased** accordingly. Significant amount of **medium-term uncertainty** from exceptional macro-economic conditions.
- Preparing to significantly **increase our capital investment** providing further **resilience**, improving service levels & **passenger experience** and supporting our transition to **Net Zero before 2040**.
- Strong confidence in **Gatwick's long term sustainable growth** potential through:
 - **Preparing to submit planning application** in H1 2023 to bring the **existing standby runway** into routine use.
 - **Commitment to make best use of our infrastructure** by increase in main runway capacity.
 - **Second Decade Of Change**



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global

We're looking forward to
**creating more than 18,000
extra jobs in the local area**



**Our Northern
Runway will
make it happen**

Find out more

[gatwickairport.com/
futureplans](https://gatwickairport.com/futureplans)



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23 August 2022

THANK YOU

Appendix 1: Financial performance

£m	6 month period ended 30 June 2022	6 month period ended 30 June 2019	% change 2022 vs 2019	6 month period ended 30 June 2021	% change 2022 vs 2021
Passengers (m)	13.1	22.2	(41.0%)	0.6	2,083.3%
Revenue	291.5	372.2	(21.7%)	42.3	589.1%
Other operating income	-	3.9	(100.0%)	-	-
Operating costs ¹	(143.2)	(191.4)	25.2%	(92.5)	(54.8%)
EBITDA	148.3	184.7	(19.7%)	(50.2)	n.m.
Depreciation and amortisation	(81.9)	(89.5)	8.5%	(86.9)	5.8%
Exceptional costs	-	(13.8)	100.0%	(0.1)	100.0%
EBIT	66.4	95.2	(30.3%)	(137.2)	n.m.
Profit/(loss) after tax	50.6	47.7	6.1%	(244.6)	n.m.
Capital expenditure ²	30.4	142.1	78.7%	35.4	14.7%
Senior net debt	3,097.8	2,638.2	(17.4%)	2,778.5	(11.5%)

¹ Excluding depreciation & amortisation and exceptional costs

² Capital expenditure in 2022 includes £nil (2021: £19.9m) of right of use assets in accordance with IFRS 16.