

YOUR LONDON AIRPORT *Gatwick*



Quarterly information package to secured creditors – September 2021

12 November 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 2021	12/11/2021 (issued)	✓	✓	-	✓
December 2021	14/02/2022	✓	✓	✓	✓
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		
	Q3 2021 (Jul21 – Sep21)	% change (2021 vs 2019)	Oct20 - Sep21	% change (2021 vs 2020)	% change (2021 vs 2019)
Total terminal passengers (000's)	2,548	-81.9%	3,822	-80.7%	-91.8%
Market Analysis:					
Domestic (incl Channel islands)	515	-39.3%	794	-53.7%	-77.5%
Short Haul – EU	1691	-80.9%	2,365	-78.9%	-91.4%
Short Haul – Non EU	217	-88.2%	399	-86.8%	-94.1%
Long haul	125	-95.1%	264	-93.1%	-97.0%
Air Transport Movements	20,624	-74.5%	35,012	-73.4%	-87.6%

Covenant Ratios update

		12 months to Sept-2021
Senior ICR		
Net cash inflow from operating activities	[£m]	(106.9)
Add back exceptionals (cash)	[£m]	25.6
Less: Cash Taxes	[£m]	0
Less: 2% RAB (ave)	[£m]	(75.2)
Cash Flow (A)	[£m]	(156.5)
Net interest paid on Senior Debt (B)	[£m]	68.2
Senior ICR (A/B)	[x]	-2.30x
Senior RAR		
Bonds	[£m]	3,100.0
Bank Debt	[£m]	300.0
Inflation Accretion on SWAPs	[£m]	6.6
Senior Debt	[£m]	3,406.6
Less Cash	[£m]	(605.1)
Senior Net Debt (X)	[£m]	2,801.5
Transfer RAB (Y)	[£m]	3,839.3
Senior RAR (X/Y)	[x]	0.73x

Liquidity Update

Available Cash:

Cash generated from operations of the group

There was a slow but steady improvement in traffic volumes over the summer reaching a plateau of c1m pax over both of the months of August and September. Government restrictions on travel and testing further relaxed during the last week of October and a meaningful step-up in traffic has been evident since these announcements. Overall liquidity has benefited from strong trading within our commercial activities at the airport over the summer, and has tracked in line with Gatwick's Compliance Case shared during the Waiver process over the summer.

Looking forward, traffic over the 6 months from October 2021 to March 2022 is broadly in line with Gatwick's Liquidity Case (also shared during the Waiver process). This is reflective of traffic being at around 35% of 2019 levels over this 6 month period. This assumption reflects the continuation of the slot waiver over the winter, as well as British Airways short haul consolidation at Heathrow until spring 2022.

In response to this low level of traffic, Gatwick continues 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 Spring 2022. 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.

Repayment of CCFF Debt

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

Capital Expenditure

Capex continues at a run-rate of around £3m per month in Q4 2021, and builds to just under £4m per month in Q1 2022.

Corporation Tax

Gatwick is anticipating to request a £29.8m corporation tax refund in Q1 2022.

	Oct 2021 – Mar 2022
	[£m]
Cash at start of period	605.1
Cash generated from operations of the group	-21.2
Interest received	0.2
Any committed but undrawn PFI: Liquidity Facility and Overdraft	155.0
Available Cash	739.1
Interest payable	-73.6
Repayment of CCFF debt	-275.0
Corporation Tax	29.8
Capital expenditure	-21.2
Required Expenditure	-340.0
Available Cash Less Required Expenditure	399.1