



INVESTOR UPDATE

Ivy Holdco Consolidated Results - Parent Company of Gatwick Airport Limited

21 March 2024



**LONDON
GATWICK**

Meet the team



Stewart Wingate

Chief Executive
Officer



Jim Butler

Chief Financial
Officer

BUSINESS UPDATE



Executive summary

Successful year

- Continued traffic recovery leading to strong financial performance
- Hard work of frontline colleagues delivering good service levels including 97.2% of passengers passing through security in under 5 minutes
- NATS assurances now in place for reliable flight schedules



Offering more choice

- Key airlines supporting Commitments Framework with almost 90% of traffic under bi-lateral agreements
- Now flying to 220 destinations and an enhanced retail offering to suit the needs of all passengers
- CAA consultation on Contracts and Commitments proposal with decision expected by the end of 2024



Investing for the future

- Delivery of refreshed Capital Investment Programme underway
- Continue to execute robust sustainability road maps alongside exploring options to reduce emissions from flights
- Sustainable growth plans expected to create significant benefits for the region every year, examination of planning application underway



Strong financial performance in 2023

Traffic

40.9m

↑ 24.7% from Dec 22

Revenue

£1,015m

↑ 30.7% from Dec 22

Operating costs¹

£397m

↑ 20.3% from Dec 22

EBITDA

£618m

↑ 38.4% from Dec 22

Profit for the year

£315m

↑ 69.9% from Dec 22

Capital expenditure

£155m

↑ 139.8% from Dec 22

Available liquidity

£815m

↑ 90.0% from Dec 22

Senior net debt

£2,528m

↓ 7.9% from Dec 22

¹ Operating costs excluding depreciation, amortisation and exceptional costs

BUSINESS PERFORMANCE



Offering our passengers more choice

London Gatwick has an extensive choice of short haul destinations on offer, **new and existing airlines** continue to add services

easyJet

BRITISH AIRWAYS

Wizz

vueling

norwegian

TUI

Lufthansa

**TURKISH
AIRLINES**

**SKY
express**

SWISS



Growing back a stronger long-haul offering

Offering a diverse choice of long-haul destinations, **flying to over 50 long haul destinations** and this summer we will have 85 departures per week heading to Asia including 26 to China



AIR INDIA

السعودية
SAUDIA

 **LONDON GATWICK**


Emirates

QATAR
AIRWAYS القطرية

SINGAPORE AIRLINES

 **Air transat**

jetBlue

 **DELTA**

 **中国南方航空**
CHINA SOUTHERN

 **AIR CHINA**
中国国際航空公司

 **NORSE**


AIR MAURITIUS


Ethiopian
የኢትዮጵያ

 **中國東方航空**
CHINA EASTERN

Track record of delivering the best service and experience

Completed **transformational** enhancements...

...delivering **further improvements**



Rail station redevelopment



Electric vehicle charging forecourt



Runway and taxiway resurfacing and rehabilitation



Rapid exit taxiway



Next Generation Security screening equipment



North terminal IDL refurbishment



Multi-storey car park 7



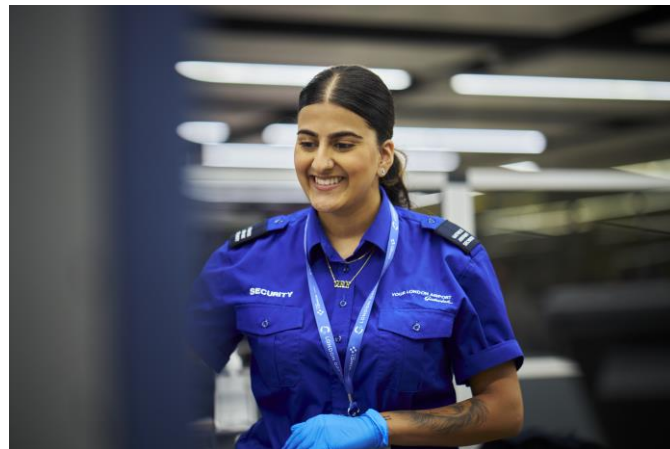
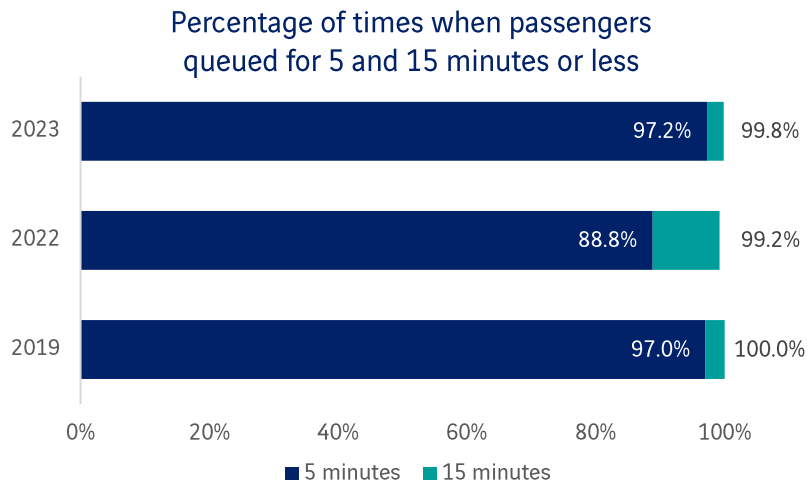
Pier 6 western extension

Delivering strong service levels remains the critical focus

Supported by the hard work of frontline colleagues, we **achieved 546 out of 552** agreed service measures

Significant investment underway on further improving service and experience with the introduction of Next Generation Security screening equipment

Proposed extension to the Contract and Commitments Framework considers **strengthening ATC and special assistance metrics**



Traffic recovery continues with short haul reaching 94%

2023

40.9m

↑ 24.7% from 2022

↓ 12.2% from 2019

Continued recovery with **strong peak period performance**, but more seasonal as long-haul and business travel taking longer to reach 2019 levels

Awarded CAPA - Centre for Aviation's Large Airport of the Year for remarkable post-pandemic recovery and innovative plans for the future

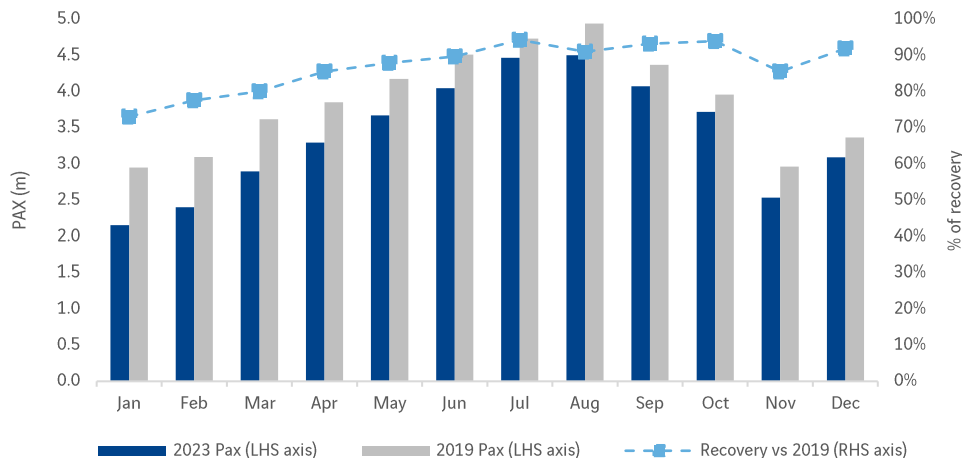
Forecast 2024

43.7m

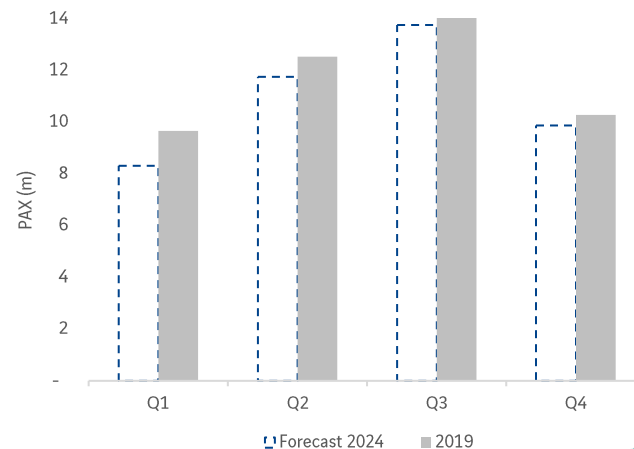
↑ 6.8% from 2023

↓ 6.2% from 2019

Actual 2023 passengers by month



Forecast 2024 passengers by quarter



25% increase in traffic driving revenue growth

- **Airport and traffic charges**

- Income per passenger +8% resulting from a combination of inflation, seasonality, traffic mix and contractual arrangement with airlines

- **Retail and car parking**

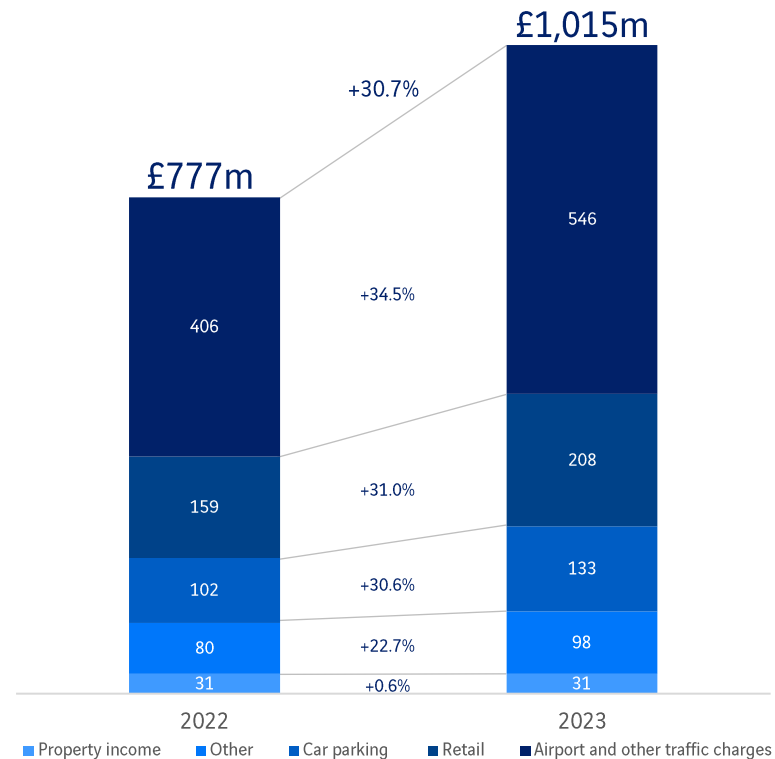
- Retail spend per passenger +5% with strong performance in Duty Free and Catering driven by more choice for passengers
- Car parking continuing to see higher proportion of UK-originating departing passengers than pre-COVID-19 along with a different mix of products

- **Other**

- Mainly pass through costs such as check-in facilities, hold-baggage screening, services for special assistance passengers and utility costs

- **Property**

- Property income less susceptible to passengers volumes



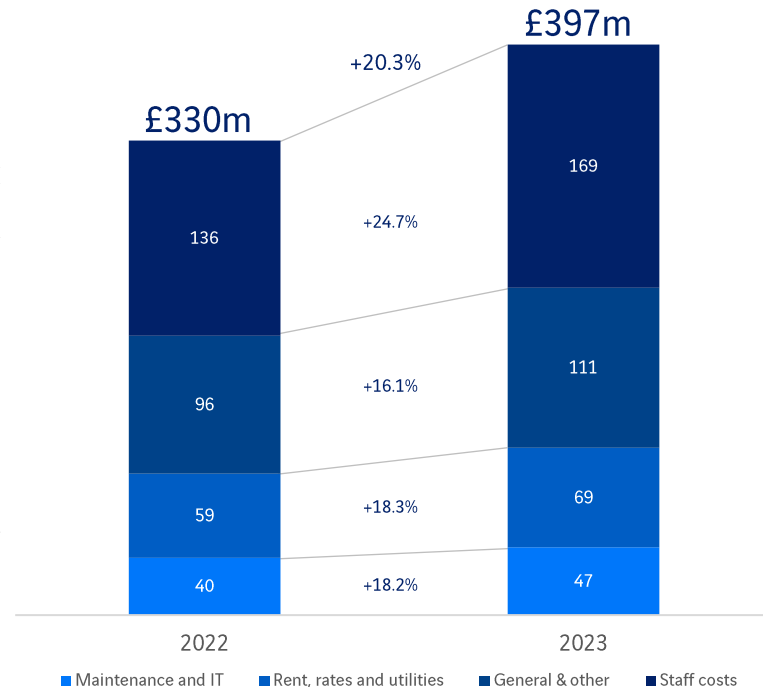
Focus on balancing operating costs with requirements

- Staff costs

- Average FTE increase of 329 (+16%) ensuring appropriate staffing levels as passenger numbers have grown
- Salary increase following pay deal effective April 1st 2023

- Non-staff costs

- A proportion of these costs are less elastic to traffic such as police, ATC and insurance but operational contracts like special-assistance, cleaning and hold baggage screening linked to traffic volumes and impacted by salary inflation
- Rates increased driven by higher rateable value effective from 1 April 2023 along with increased utilities costs due to higher prices and consumption
- Greater maintenance activity in 2023 as a result of both terminals being open for the full year.
- A trend towards more cloud-based IT solutions resulting in more cost treated as operating expense, as opposed to capital expenditure



Above operating costs exclude depreciation, amortisation and exceptional costs

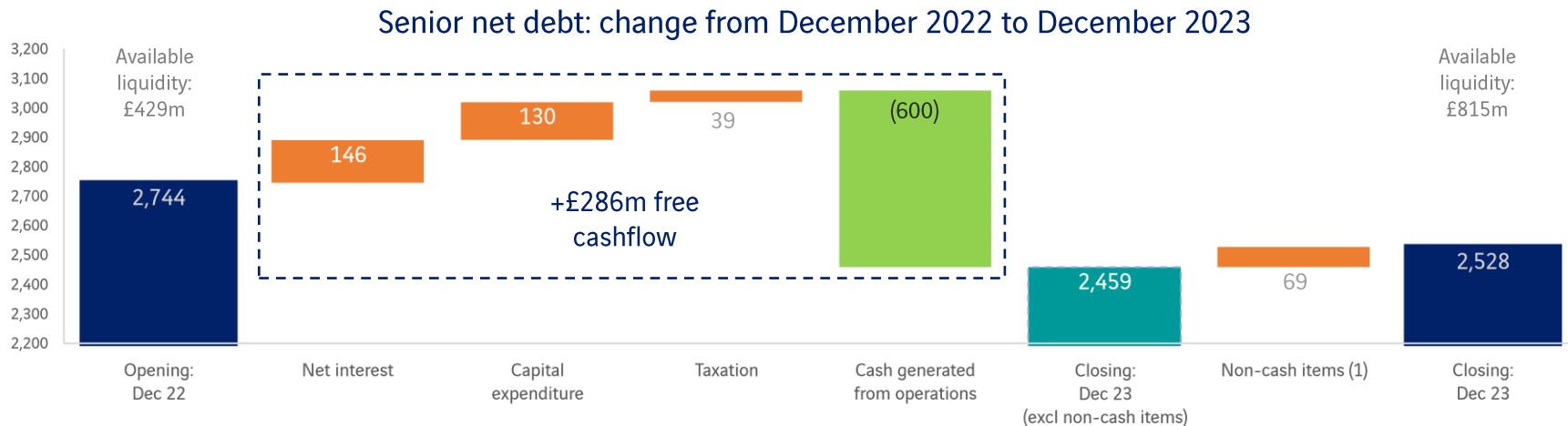
Increased traffic driving strong free cashflow

Operating cash exceeded financing costs, taxation and capital investment

- enabling £150m Class A bond repayment in January 2024 utilising cash headroom

Limited short-term refinancing risk

- revolving credit facility renewal in June 2025 followed by £300m Class A bond in March 2026



¹ Non-cash items relate to inflation accretion accrual

Compliance certificate summary

Sufficient headroom on both Senior ICR and Senior RAR as result of strong traffic and financial performance

Temporary amendment to the calculation of the Senior RAR (under the second waiver agreement) remains in place until June 2024

	Year ended 31 Dec 23	Year ended 31 Dec 24	Year ended 31 Dec 25	Year ended 31 Dec 26
Cash flow (per covenant)	£457.0m	£522.2m	£573.8m	£600.1m
Total senior interest (net)	£131.5m	£124.4m	£167.4m	£207.5m
Senior ICR (trigger <1.50x; default <1.10x)	3.48x	4.20x	3.43x	2.89x
Senior net debt (per covenant)	£2,528m	£3,159m	£3,764m	£4,583m
Transfer RAB ¹	£5,665m	£6,329m	£7,368m	£7,904m
Senior RAR (trigger >0.70x; default >0.85x)	0.45x	0.50x	0.51x	0.58x

¹ Transfer date 1 April 2014 and relevant multiple –11.1

BUSINESS OUTLOOK



The London Gatwick community ready for a strong 2024

Strong collaboration with partners to provide passenger with **a more reliable schedule**

Our readiness

London Gatwick have key infrastructure available, resurfaced main runway and new rapid exit taxiway to improve operational performance



Increased resilience

NATS since provided assurances and implemented significant changes to ensure reliable schedules in 2024

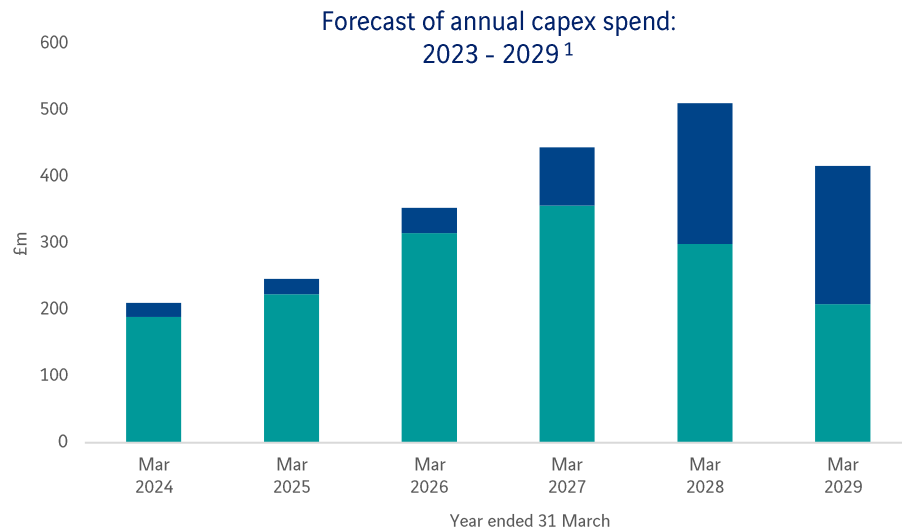


Ready to go

Worked collaboratively the airlines and wider airport community to prepare in advance of the upcoming summer season

Rapidly building back Capital Investment Programme

To be the airport for everyone, **consulted and agreed with airlines** to invest in passenger experience, service, capacity and building further airfield resilience



■ Northern Runway Project

¹ Capital investment programme aligned to regulatory year covering 12 months to March

Investing in and strengthening passenger experience

Enhancing experience and choice for passengers with a broad range of retail offering, introducing new and exciting brands



Investing in the next generation

PEOPLE AND COMMUNITIES

Support our people and invest in our local communities

Education and careers

Opened **new STEM centre** as we continue to build education and careers programmes, we **reached over 98,000 students this year**



Limiting noise

Held 21 airline engagement sessions with a **focus on noise and safety** alongside launching new interactive Airline Noise Performance Table



Regional supply chain

Hosted second London Gatwick Economic Summit leading **long-term sustainable local economic growth** and future inward investment



Making tangible progress in reducing emissions

NET ZERO

Continue our transition to net zero and improve air quality

Our progress

Successful rollout of HVO across majority of our fleet, this will **cut carbon emissions from diesel vehicles by 90%**



Working as a community

Achieved Level 4+ 'Transition' **demonstrating our commitment** to reducing our own direct emissions, and to driving third parties on our airport campus



Together as an industry

Ambitious about **tackling scope 3 emissions**, actively exploring options to reduce emission from flights and surface transport



Reducing our impact on the local environment

LOCAL ENVIRONMENT

Reduce our impact on the local environment and waste

Enhancing biodiversity

Won Airports Council International's (ACI) **Eco Innovation Award for Environmental Excellence**



Tackling hygiene poverty

Partnered with **Crawley & Horley Hygiene Bank** to donate toiletries sacrificed by passengers, diverted 4 tonnes from landfill



Zero waste to landfill

Our onsite materials recovery facility enabled **59% of commercial and operational waste was repurposed for beneficial reuse**



Continued support for Commitments Framework

Following extensive engagement with airlines and passenger representatives, Gatwick submitted a **proposal to extend the current Commitments Framework until 31 March 2029**

The CAA consulted on Gatwick's proposal, and we **expect a decision to be reached by the end of 2024**

Our vision "To be the airport for everyone, whatever your journey" will flow through our investment plans and operations

Service

- Proposes strengthening air traffic control and special assistance metrics

Investment

- Substantially enhanced capital programme, ambition to invest £2 billion by 2029 under a lower price ceiling

Price

- Proposal to limit increases in airport charges to a ceiling of CPI-1%¹ for the first two years of the period with a trajectory of CPI+0% thereafter

Capacity growth & resilience

- Committing to cover all costs associated with Gatwick's Northern Runway Project through this proposed regulatory extension period

¹ not reducing below 0% nominal

Growth plans supporting local and regional economy

Northern Runway planning application examination underway. **Privately financed plan** to bring existing Northern Runway into routine will **improve resilience and help meet future demand** in the London system

The **low impact proposal**, with most construction taking place within the current airport boundary contains significant commitments including legally binding agreements to **control noise and reduce carbon emissions**

2018-2023	Pre application: develops project and consults
Aug 2023	Acceptance stage: application submitted to the Planning Inspectorate, they have 28 days to accept or reject
Q3 2023	Pre-examination: applicant publicises acceptance and how interested parties can get involved
H1 2024	Examination: written evidence and hearings take place
Feb 2025	Recommendation and decision: PINs has three months to submit recommendation to Secretary of State
2025	Delivery
2029	Operational implementation



Conclusion

- **Delivering high levels of service that is expected at London Gatwick**
 - Strong collaboration and planning with London Gatwick community, ready for a busy summer
 - Proposed important enhancements to Contract and Commitments Framework to continue delivering positive outcomes for passengers and airlines through 2029
- **Continued traffic growth and strong financial performance expected this year**
 - Attracting world class airlines and offering wide choice of destinations to top global locations expected to drive traffic growth
 - Revenue growth alongside continued careful cost control will ensure strong financial performance in 2024
- **Committed to sustainable growth**
 - Delivering ambitious Capital Investment Programme, which includes £250m investment to become a net zero airport (Scope 1 and 2 emissions) by 2030
 - Detailed examination of Northern Runway planning application underway, strong confidence in London Gatwick's long-term ambitions and potential

THANK YOU

Presentation available on our website at www.gatwickairport.com



Appendix 1

Financial performance £m	Year ended 31 December 2023	Year ended 31 December 2022
Passengers (m)	40.9	32.8
Revenue	1,015.1	776.6
Operating costs ¹	(397.4)	(330.3)
EBITDA	617.7	446.3
Depreciation and amortisation	(154.1)	(164.2)
Exceptional costs	-	(30.5)
EBIT	463.6	251.6
Profit after tax	314.8	196.5
Capital expenditure	154.7	64.5
Senior net debt	2,527.6	2,744.4

¹ Operating costs excluding depreciation, amortisation and exceptional costs

² Group entered into new facility in February 2023

Available liquidity £m	As of 31 December 2023	As of 31 December 2022
Cash and cash equivalents	259.9	34.0
Overdraft	5.0	5.0
Revolving credit facility	300.0	240.0
Additional credit facility ²	100.0	-
Liquidity facility	150.0	150.0
Total available liquidity	814.9	429.0