

YOUR LONDON AIRPORT *Gatwick*



INVESTOR UPDATE 2023

16 March 2023

Ivy Holdco Consolidated Results - Parent Company of Gatwick Airport Limited

Meet the Team



Stewart Wingate

Chief Executive
Officer



Jim Butler

Chief Financial
Officer



YOUR LONDON AIRPORT
Gatwick

Cocktails Dance floor Tranquility Feeling good
Happy History Stylish Road trip KISS *Gatwick* Culture
Paella



16 March 2023

BUSINESS UPDATE

Executive summary

- Passengers received a **good level of service** during a period of unprecedented ramp up thanks to:
 - The extraordinary **effort and hard work of all frontline colleagues** across the Gatwick Campus
 - Successful and safe **reopening of the South Terminal**
 - **Decisive action** to manage capacity growth with airlines for July and August
- Invested in resilience with **completion of Main Runway resurfacing** and transition of air traffic control services to NATS
- **Net profit of £196.5m** in 2022, after over £830m of losses from 2020 and 2021. Liquidity position remains strong
- **Accelerating our commitment to reach net zero** (Scope 1 and 2) by 2030, ten years ahead of our previous target
- Working with **airlines to plan for summer 2023** operations but uncertainty remains as a result of macro-economic climate and inflationary pressure
- **Re-energising our Capital Investment Programme** in 2023 with focus on improving passenger experience and service, safety and security. Progressing planning application to bring the **existing Northern Runway** into routine use
- Consulted with airlines on updated proposals to extend the **“Contracts and Commitments”** framework beyond March 2025



Key financial metrics beginning to recover

Traffic

32.8m

↑420.6% from 2021

↓29.6% from 2019

Revenue

£776.6m

↑303.0% from 2021

↓9.0% from 2019

Operating costs ¹

£330.3m

↑50.7% from 2021

↓14.1% from 2019

EBITDA

£446.3m

n/m vs 2021

↓5.6% from 2019

Adjusted profit for year ²

£109.8m

n/m vs 2021

↓28.0% from 2019

Profit for the year ²

£196.5m

n/m vs 2021

↑28.9% from 2019

Capital expenditure ³

£64.5m

↑26.2% from 2021

↓74.5% from 2019

Available liquidity

£429.0m

↓39.8% from 2021

↑12.9% from 2019

Senior net debt

£2,744.4m

↓4.0% from 2021

↓6.4% from 2019

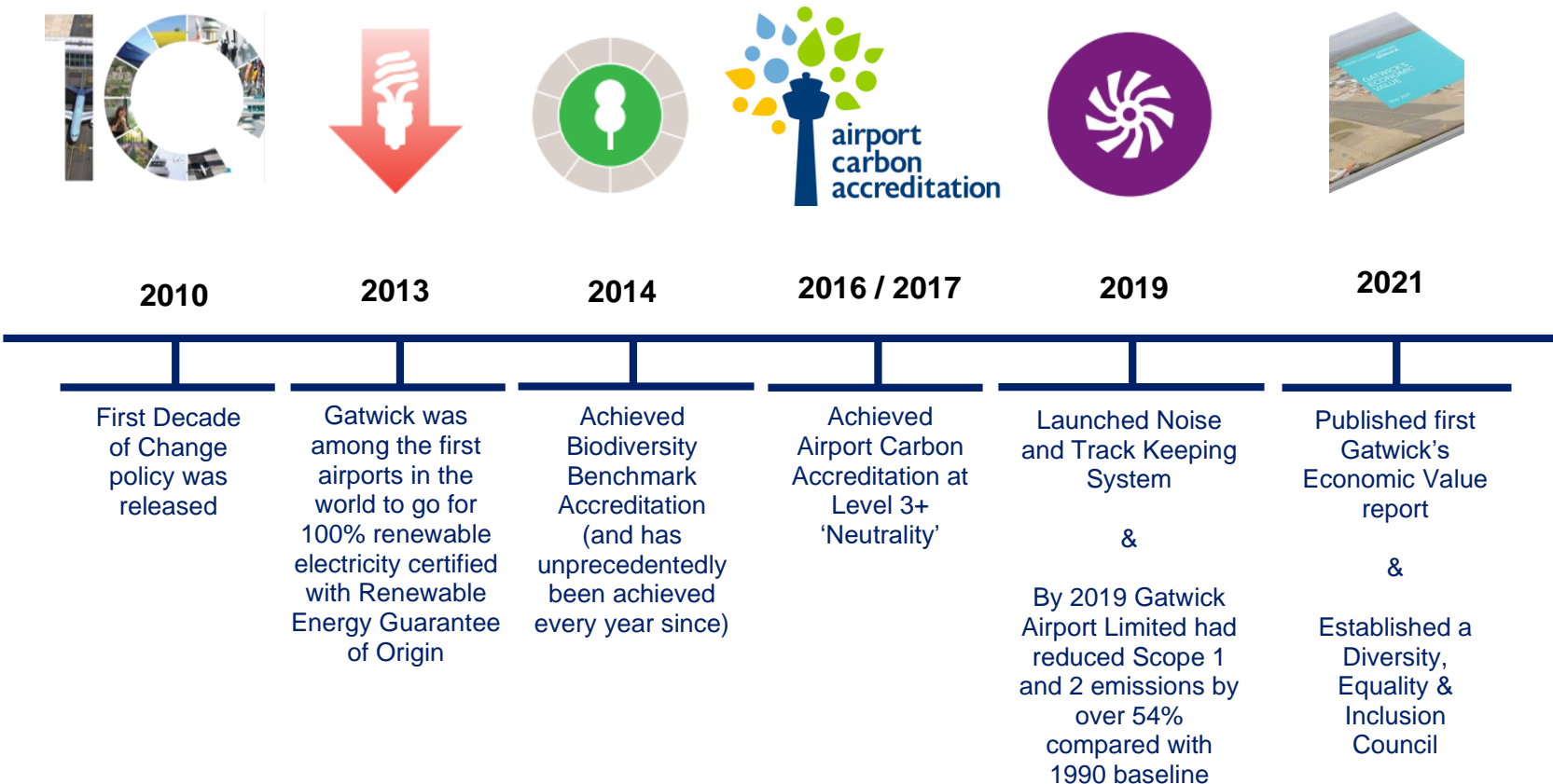
¹ Operating costs excluding depreciation, amortisation and exceptional costs

² Adjusted profit for the year deducts the exceptional gain on derecognition of financial liabilities of £86.7m post tax (pre-tax gain £111.2m)

³ Capital expenditure in 2022 includes £0.2m (2021: £19.9m) of right of use assets in accordance with IFRS 16

Reinforcing Gatwick’s leadership position in sustainability

Gatwick has made significant progress against Decade of Change goals since launched in 2010



Highlights of 2022

Innovative design to resurface Main Runway, reducing the amount of asphalt required by 70%, saving time, and crucially, carbon emissions

&

Introduced a new carbon charge to incentivise airlines to use more sustainable and cleaner fleets

&

Winner of the Royal Society for the Prevention of Accidents (RoSPA) President’s Award, for Health and Safety

Accelerating our commitment to be net zero by 2030

- Gatwick Airport Limited to invest over £250 million in reducing carbon emissions and becoming net zero (Scope 1 & 2), 10 years ahead of our previous commitment
- Working closely with our stakeholders to reduce Scope 3 emissions and ensure we are creating a sustainable airport for the future
- Will announce details on plans to deliver against our climate mitigation goals when we publish our Decade of Change roadmaps and Carbon Action Plan later this year



Building an EV fleet and infrastructure, HVO and hydrogen fuelling



Decarbonising of heating and cooling systems



Energy efficiency of terminal and buildings

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16 March 2023

BUSINESS PERFORMANCE

Traffic: Strong peak season recovery

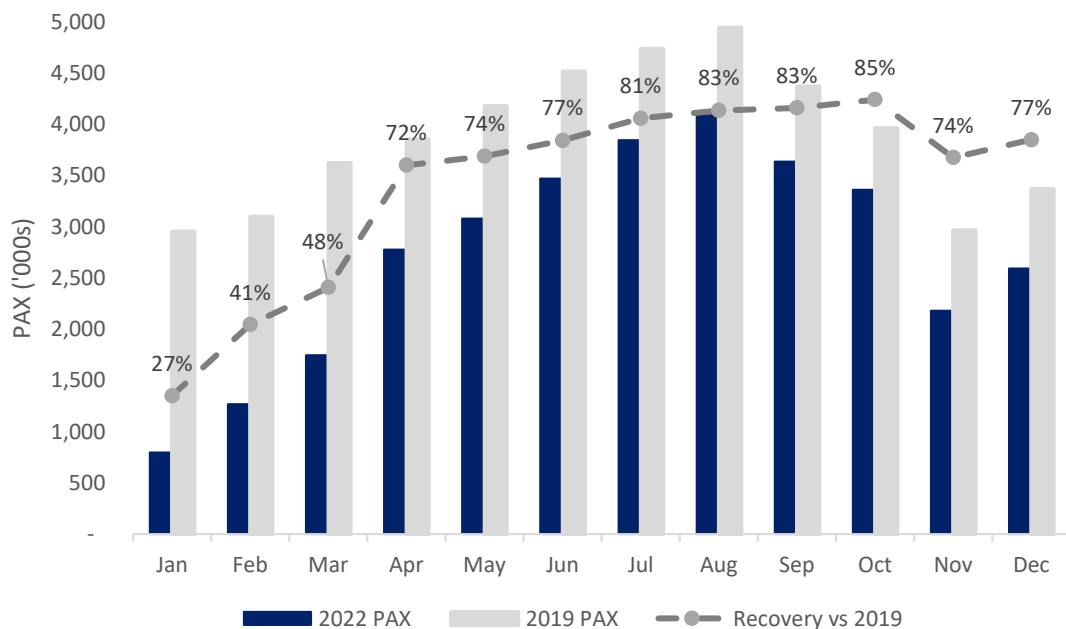
32.8m

↑420.6% from 2021

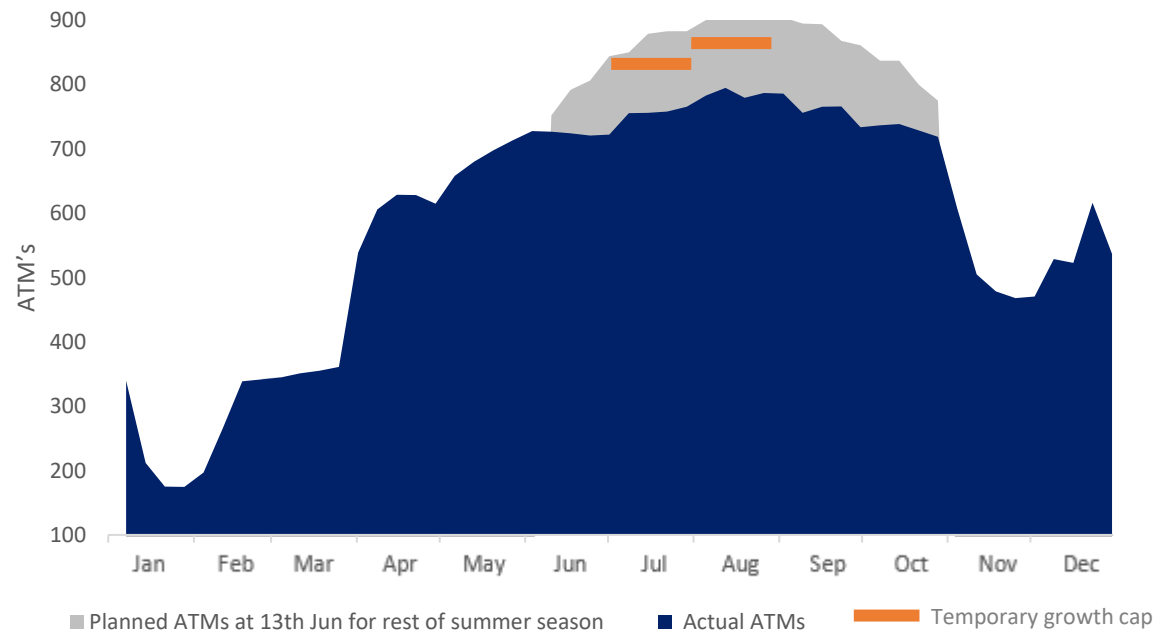
↓29.6% from 2019

- Traffic more seasonal as peak periods recovering faster; will remain more peaked in the short-term. Short-haul recovery reaching 77%
- Slot usage rules disproportionately impacted Gatwick in Q1. Unprecedented ramp up ahead of a busy peak summer season as travel restrictions removed ahead of the Easter holidays and slot usage rules reinstated for summer 22
- Strong recovery in leisure travel, business travel expected to take longer

Passengers by month

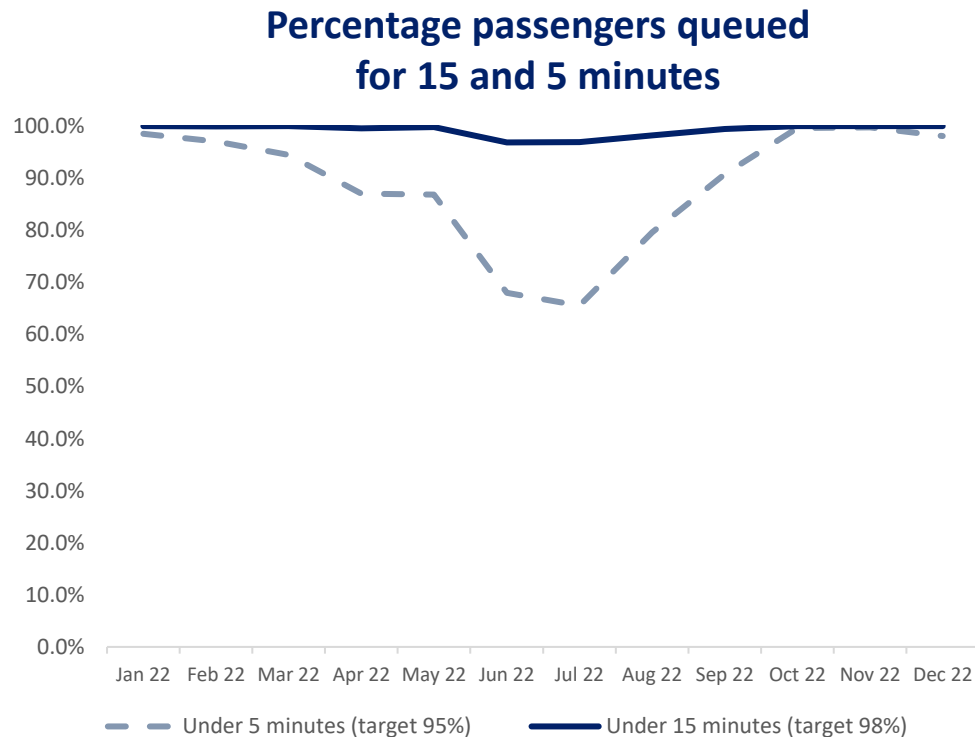


Daily average ATM's by week



Continued focus on service and maintaining passenger confidence

- Delivered a robust passenger service over the summer season by supporting the Airport community on a number of mitigations such as “white pass program” to fund incremental resource and incentives and resource for airline ground handlers
- Operations on the airfield and in the terminals were operating as usual at the end of 2022 and all our CSS measures were reinstated
- Service levels reached those comparable to 2019 by the end of the summer season; investment planned to further improve service and passenger experience



Revenue: Non-aeronautical income fully recovered

REVENUE

£776.6m

↓9.0% from 2019

AERONAUTICAL INCOME

Airport charges

£405.7m

↓11.3% from 2019

- Reduction in traffic partially offset by permitted security charges, inflation, seasonality and contractual arrangement with airlines
- Despite the impact of COVID-19, we continued to price below the level permitted under the commitments framework

NON-AERONAUTICAL INCOME

Total	Retail	Car parking	Property	Other
£370.9m	£158.6m	£101.7m	£30.8m	£79.8m
↑4.6% from 2019	↓20.5% from 2019	↑16.6% from 2019	↓7.5% from 2019	↑4.6% from 2019

- Passenger volume impact on retail income partially offset by inflation, improved spend per passenger as result of increased dwell time, favourable passenger mix and improved commercial terms with concessionaires
- Increased car parking income driven by a higher proportion of UK-originating departing passengers, different mix of products and local market dynamics
- Property income less susceptible to passengers volumes, recovering as airlines and other tenants return to Gatwick
- Other income represents cost recovery for in year and covid impacted years

Operating costs: Continued focus on costs despite inflationary pressures

OPERATING COSTS¹

£330.3m

↓14.1% from 2019

STAFF COSTS

£135.9m

↓32.5% from 2019

- Reduced average FTE from 3,188 in 2019 to 1,977 in 2022
- As at 31 December 2022 the Gatwick Airport Limited team was 2,230 employees and growing

NON-STAFF COSTS

Total	Maintenance & IT	Rent, rates & utilities	General & other
£194.4m	£39.9m	£58.6m	£95.9m
↑6.0% from 2019	↓13.6% from 2019	↑10.6% from 2019	↑13.9% from 2019

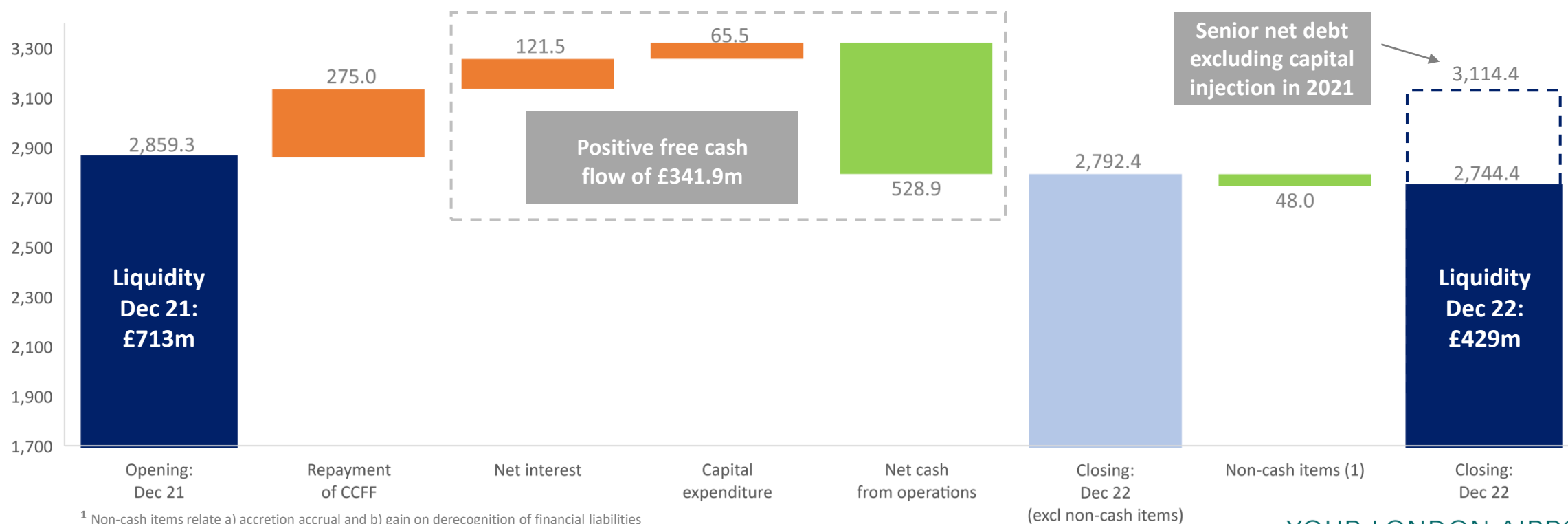
- Maintenance & IT costs reduction driven by contract review, scope revisions and consolidation coupled with smaller operational footprint in Q1 with South Terminal reopening on 27 March
- Utility costs increased but protected through hedging strategy and partially offset by lower consumption
- General and other costs are largely fixed in nature such as police, ATC and insurance, as well as those that have both fixed and variable elements like special-assistance, cleaning and hold baggage screening. Labour intensive contracts exposed to wage inflation

¹ Operating costs excluding depreciation, amortisation and exceptional costs.

Cashflow: Return to positive cash flow following capital injection in 2021

- Successfully completed a tender offer to purchase some of the outstanding Class A bonds utilising cash headroom to lower short-term cost of carry and thus temporarily reducing gross debt
- As of 31 December 2022 senior net debt would have been in excess of £3.1bn without the capital injection in 2021

Senior Net Debt: Change from December 2021 to December 2022



¹ Non-cash items relate a) accretion accrual and b) gain on derecognition of financial liabilities

Compliance certificate summary

- Sufficient headroom on both Senior ICR and Senior RAR as traffic recovery continues
- Temporary amendment to the calculation of the Senior RAR (under the second waiver agreement) remains in place until June 2024

	Year ended 31-Dec-22	Year ended 31-Dec-23	Year ended 31-Dec-24	Year ended 31-Dec-25
Cash flow (per covenant)	£450.7m	£384.8m	£456.0m	£494.6m
Total senior interest (net)	£108.7m	£133.1m	£127.9m	£165.0m
Senior ICR (trigger <1.50x; default <1.10x)	4.15x	2.89x	3.57x	3.00x
Senior net debt (per covenant)	£2,745m	£2,595m	£2,964m	£3,607m
Transfer RAB ¹	£5,003m	£5,493m	£5,972m	£6,802m
Senior RAR (trigger >0.70x; default >0.85x)	0.55x	0.47x	0.50x	0.53x

¹ Transfer date 1 April 2014 and relevant multiple – 11.1.



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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)

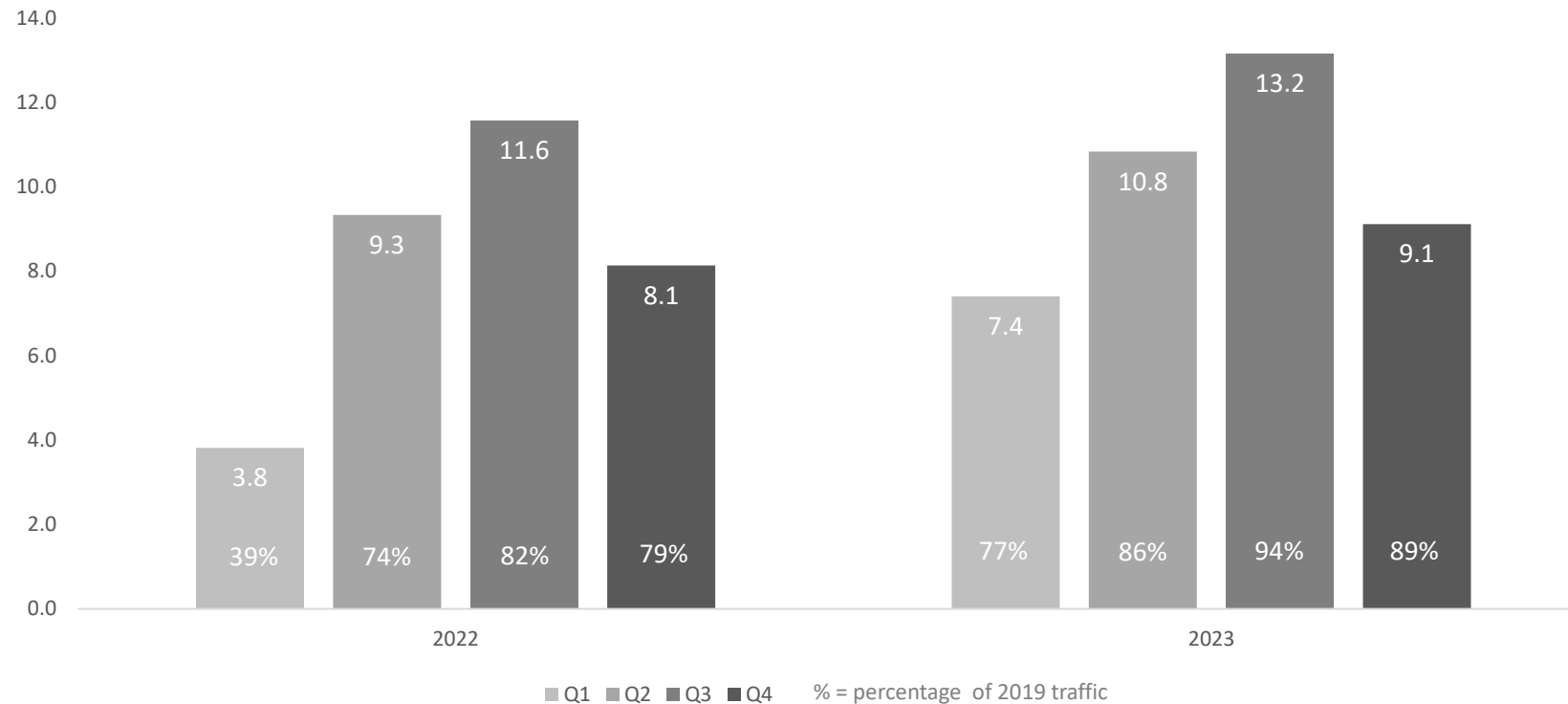


Traffic outlook: Building upon 2022 despite short-term uncertainty

Confident recovery will continue into 2023, boosted by:

- Announcement of 80:20 slot usage rules for the summer 2023 season, though airlines taking advantage of 5% dispensation allowance
- Existing and new airlines offering passengers more choice with a number of exciting announcements

2022 traffic 32.8m 70.4% of 2019	2023 traffic 40.5m 87.0% of 2019
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Existing and new airlines offering our passengers more choice

easyJet

Strong recovery and continuing to build network at Gatwick, launching services to Calvi and Ancona this summer



Air India launching 12 flights a week to Goa, Ahmedabad, Amritsar and Kochi



Lufthansa

Lufthansa starting two daily services to Frankfurt

BRITISH AIRWAYS



New long-haul services this summer to Georgetown, Las Vegas, Vancouver and new short-haul services to Salzburg, Montpelier, Corfu and Mykonos



Launched services to Lyon and Grenoble this winter and adding services to Dalaman, Antalya and Nice this summer



Adding service to Ohrid, Macedonia this summer and launching Marsa Alam, Egypt for winter 2023

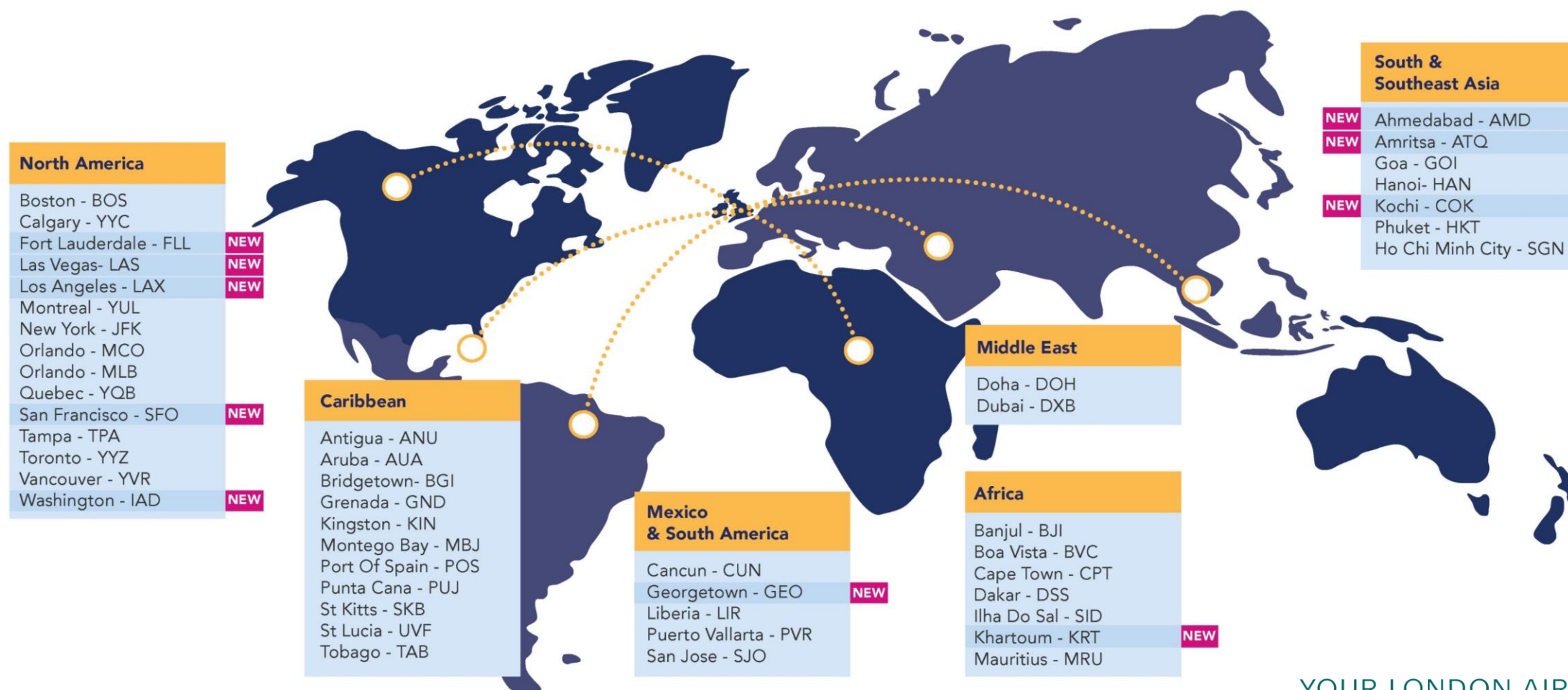
vueling

Focused on growing the eight new Spanish routes launched in 2022



Delta returning with daily service to New York in April

Gatwick currently serves **47** long haul destinations*



Rapidly building back our Capital Investment Programme

- **During 2022 Gatwick invested in key projects such as:**
 - Main Runway resurfacing to increase resilience
 - Continued to partner with Network Rail to significantly transform the train station. Expected to complete later in 2023
 - Continued to develop plans to maximise use of the existing Main Runway and to bring the standby Northern Runway into routine use
- **In 2023 we will invest in the passenger experience, service, capacity and building further airfield resilience**



North Terminal IDL refurbishment



Train station redevelopment



Pier 6 extension



Multi story car park 7

Commitments framework continues to deliver positive outcomes for passengers

Engaging with the airport community on a proposal to extend the Contracts and Commitments framework by 4 years beyond the current expiry date of 31 March 2025

Contracts and Commitments framework:

- encourages bilateral agreements with airlines which incentivise growth and passenger choice
- allows long-term positive airline partnerships to improve passenger experience
- provides increased flexibility to respond to changing passenger and airline requirements

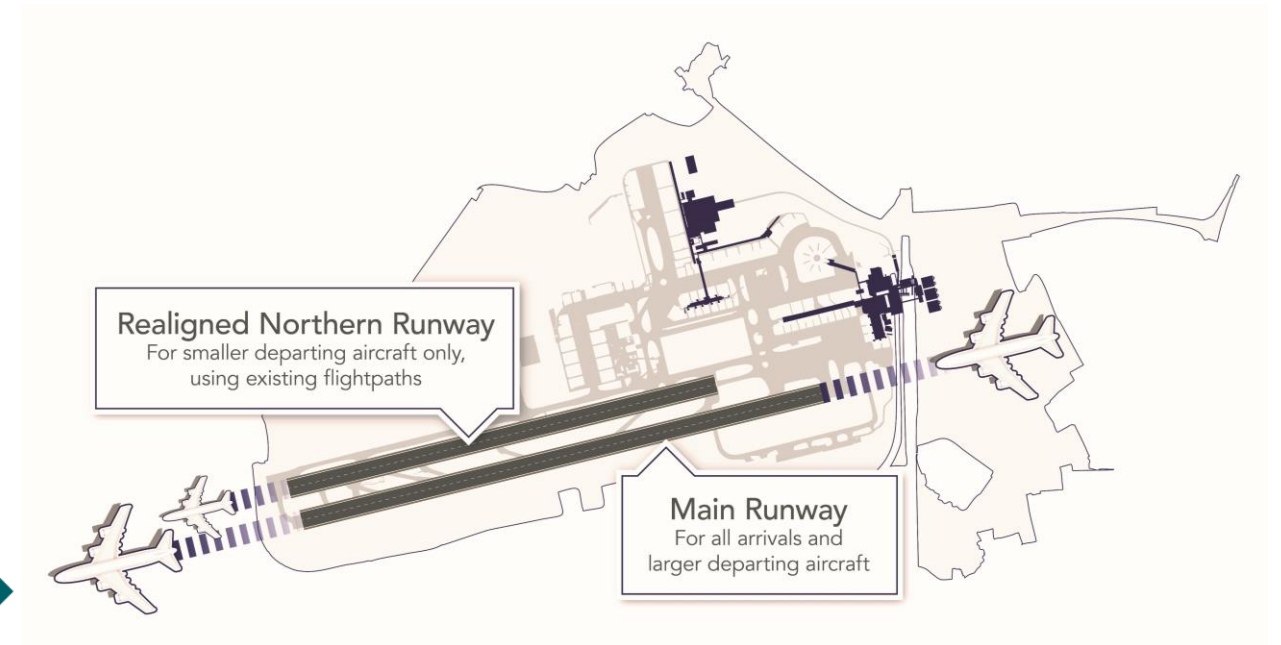
Both, during covid and the start of recovery have again proved the commitments framework delivers positive outcomes for passengers



Progressing long term sustainable growth projects

Bringing the Northern Runway into routine use would offer an **innovative, low-impact** way of unlocking new **capacity** and increasing **resilience** from the airport's **existing infrastructure**

Second public consultation completed in July 2022. **Progressing planning application** to bring the existing Northern Runway into routine use



Conclusion

- Successfully delivered a **safe and strong service** through a period of **unprecedented** growth demonstrating **industry leadership** and working collaboratively **with our airlines and airport community**
- **Delivered robust** financial performance in 2022 and recovery continues in 2023 with **traffic guidance increased** accordingly. **Medium-term uncertainty** remains from macro-economic conditions
- Significantly **increasing our capital investment** improving service levels, **passenger experience** and providing further **resilience**
- **Accelerating** our commitment to be **net zero by 2030**
- Gatwick is preparing to submit updated proposals to the CAA on extension of **“Contracts and Commitments”**
- Confidence remains strong in **Gatwick’s long term sustainable growth plans** through:
 - **Preparing planning application** to bring the **existing Northern Runway** into routine use
 - Commitment to develop plans to **maximise use of the Main Runway**



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16 March 2023

THANK YOU

Appendix 1: Financial performance

£m	Year ended 31 December 2022	Year ended 31 December 2019	% change 2022 vs 2019	Year ended 31 December 2021	% change 2022 vs 2021
Passengers (m)	32.8	46.6	(29.6%)	6.3	420.6%
Revenue	776.6	853.5	(9.0%)	192.7	303.0%
Other operating income	-	3.8	(100.0%)	-	-
Operating costs ¹	(330.3)	(384.6)	(14.1%)	(219.2)	50.7%
EBITDA	446.3	472.7	(5.6%)	(26.5)	n.m.
Depreciation and amortisation	(164.2)	(179.3)	(8.4%)	(174.7)	(6.0%)
Exceptional costs	(30.5)	(18.4)	65.8%	(0.1)	n.m.
EBIT	251.6	275.0	(8.5%)	(201.1)	n.m.
Profit/(loss) after tax	196.5	152.5	28.9%	(370.6)	n.m.
Capital expenditure ²	64.4	253.0	(74.5%)	51.1	26.2%
Senior net debt	2,744.4	2,931.3	(6.4%)	2,859.3	(4.0%)

¹ Excluding depreciation & amortisation and exceptional costs

² Capital expenditure in 2022 includes £0.2m (2021: £19.9m) of right of use assets in accordance with IFRS 16.