

HEATHROW (SP) LIMITED

RESULTS FOR THE 9 MONTHS
ENDED 30th SEPTEMBER 2022





CONTENTS

| | |
|--------------------|----|
| Performance | 03 |
| Business Update | 06 |
| Financial Review | 13 |
| Strategic Update | 22 |
| Appendices Content | 25 |

2022 9M
PERFORMANCE



OPERATIONAL AND FINANCIAL PERFORMANCE

PASSENGERS

44.2m

+335% vs. 2021 9M
-27% vs. 2019 9M

ADJUSTED EBITDA

£1,252m

+970% vs. 2021 9M
-14% vs. 2019 9M

REVENUE

£2,106m

+203% vs. 2021 9M
-9% vs. 2019 9M

LIQUIDITY

£4.3bn

+4% vs. 2021 9M
+19% vs. 2019 9M

OPERATING COSTS

£854m

+48% vs. 2021 9M
+1% vs. 2019 9M

RAB

£18.7bn

+7% vs. Dec 21
+13% vs. Dec 19

Operational and financial highlights

- Over 18 million passengers in Q3 made Heathrow the busiest hub airport in Western Europe
- Delivered Summer ramp-up plan with over 1,500 new hires and the transition of airlines back to T4
- The temporary capacity limit introduced in July successfully improved passenger journeys while enabling airlines' ground handlers to resource back to minimum required levels
- Solid financial performance in line with the recovery in demand
- Continue to make an Adjusted loss before tax
- Balance sheet and liquidity remain strong, with RCF fully refinanced and expanded

STRATEGIC PRIORITIES

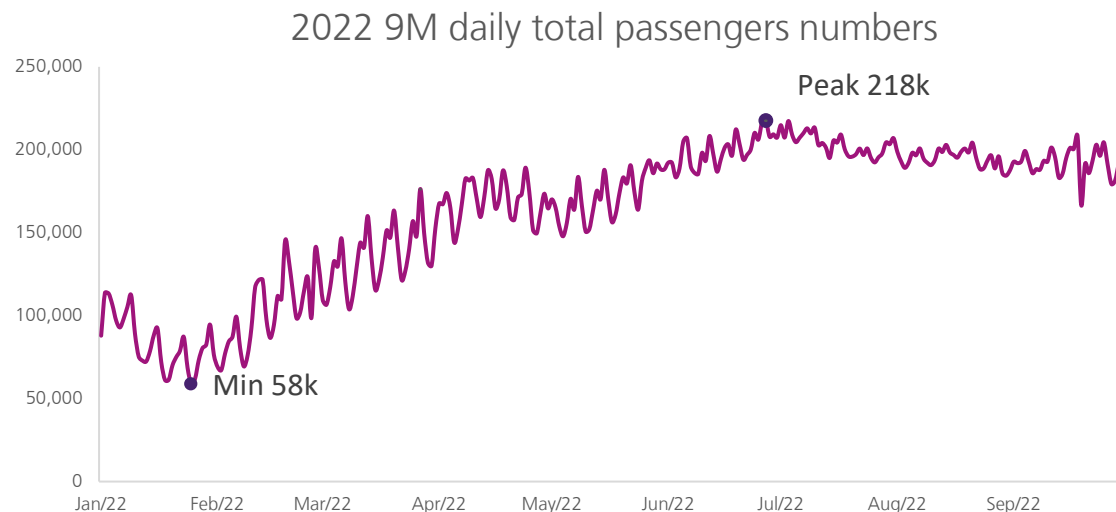
- Rebuild the aviation eco system to focus on safety, service, efficiency and resilience
- Regulatory settlement that incentivises investment to deliver for consumers
- Net zero-carbon aviation
- Sustainable, affordable, financeable and deliverable expanded Heathrow

BUSINESS UPDATE

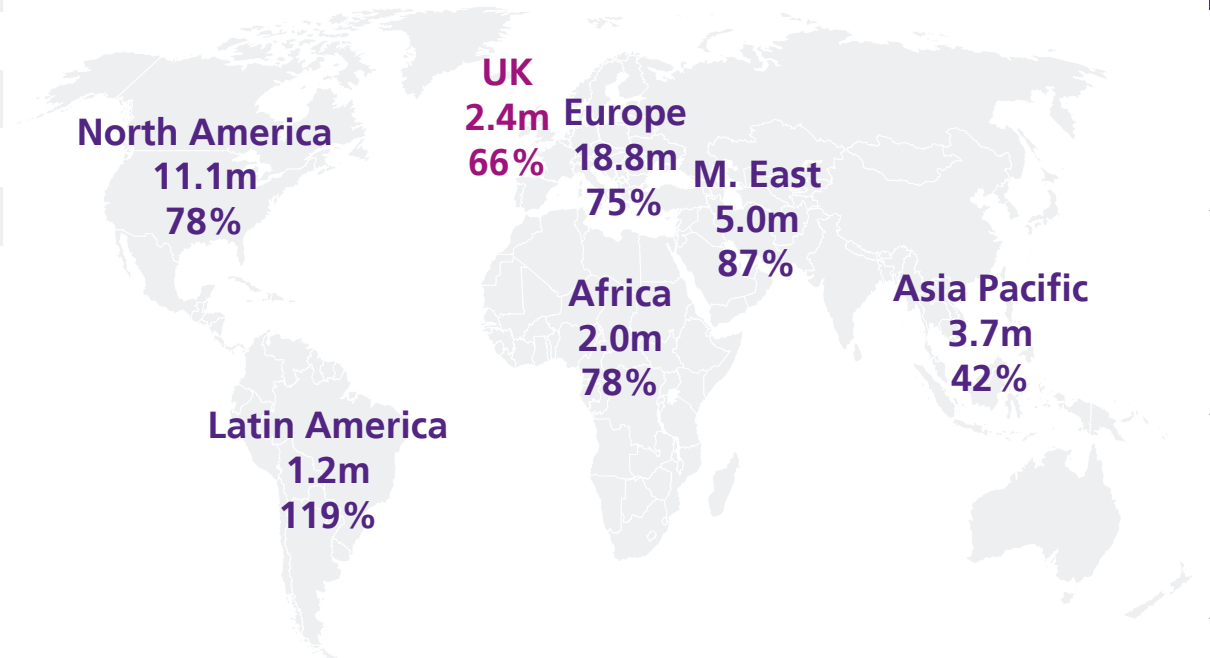


STRONG SUMMER MEANT 44.2 MILLION PASSENGERS TRAVELLED THROUGH HEATHROW IN THE FIRST 9 MONTHS

| Heathrow | 2019 9M | 2020 9M | 2021 9M | 2022 9M |
|----------------------|---------|---------|---------|---------|
| Passengers | 61.0 | 19.0 | 10.2 | 44.2 |
| Passengers ATM | 356,319 | 143,277 | 93,606 | 265,458 |
| Cargo ATM | 2,042 | 15,790 | 21,260 | 8,119 |
| Load factors (%) | 80.2 | 61.5 | 50.1 | 76.6 |
| Seats per ATM | 213.2 | 215.2 | 210.1 | 217.3 |
| Cargo tonnage ('000) | 1,189 | 812 | 1,008 | 1,012 |



2022 9M passenger numbers by market
(2022 as a % of 2019 levels)



Total of 44.2 million passengers
(73% of 2019 levels)

HEATHROW RECORDED THE BUSIEST SUMMER OUT OF ANY EUROPEAN HUB AIRPORT DESPITE THE TEMPORARY CAPACITY CAP

Heathrow

44.2m passengers
+34m vs. 9M 2021
+335% vs. 9M 2021
-27% vs 9M 2019

Cargo 1.0m tonnes
+0% vs 9M 2021
-15% vs 9M 2019

Charles de Gaulle

42.2m passengers
+26m vs. 9M 2021
+162% vs 9M 2021
-27% vs 9M 2019

Schiphol

39.5m passengers
+24m vs. 9M 2021
+150% vs 9M 2021
-28% vs 9M 2019

Cargo 1.1m tonnes
-12% vs 9M 2021
-7% vs 9M 2019

Madrid

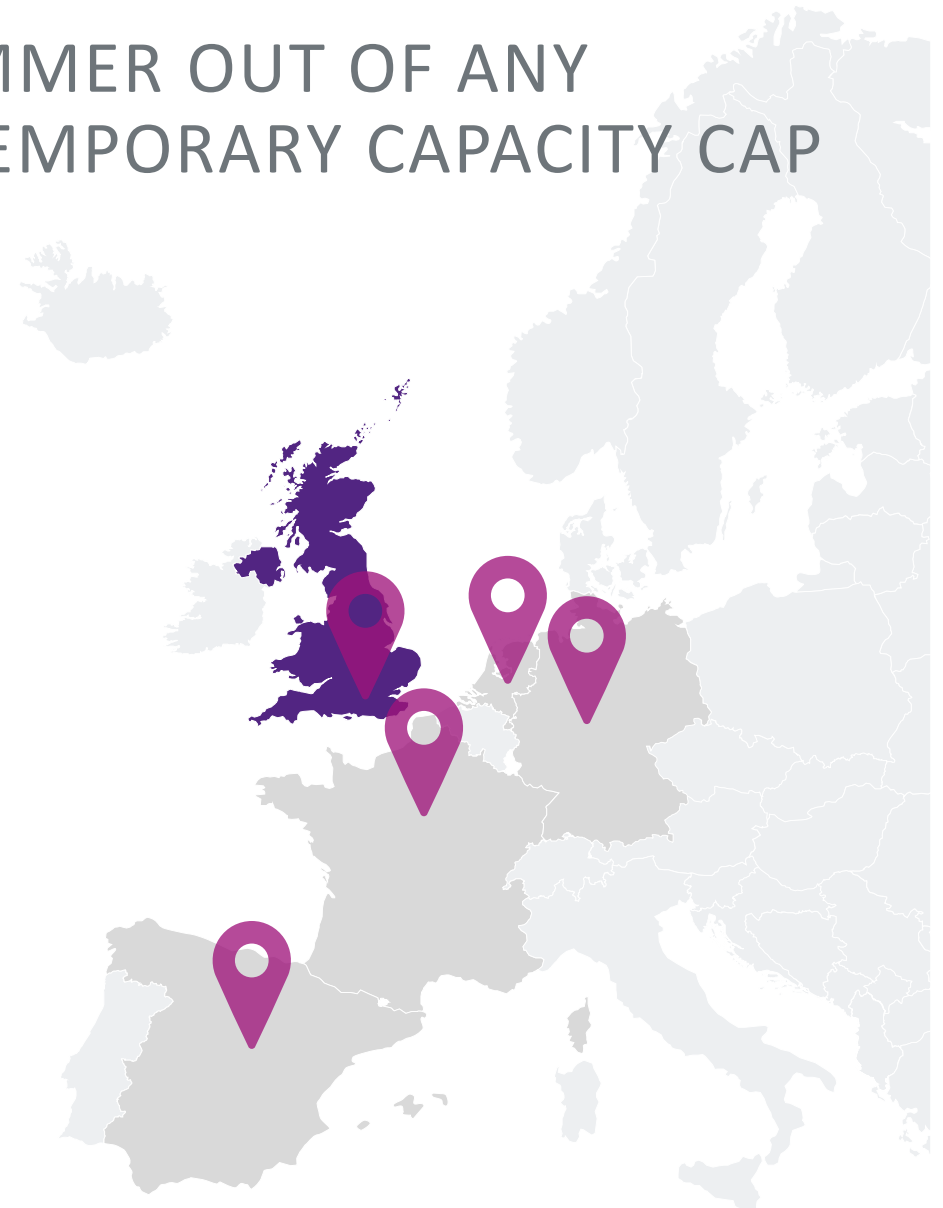
36.8m passengers
+22m vs. 9M 2021
+147% vs 9M 2021
-21% vs 9M 2019

Cargo 0.4 tonnes
+13% vs 9M 2021
+7% vs 9M 2019

Frankfurt

35.9m passengers
+20m vs. 9M 2021
+127% vs 9M 2021
-34% vs 9M 2019

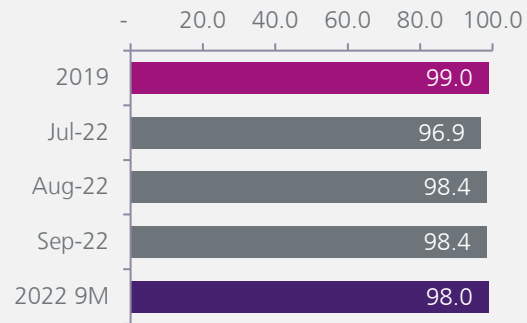
Cargo 1.5m tonnes
-13% vs 9M 2021
-5% vs 9M 2019



OUR SERVICE STANDARDS REMAIN BEHIND PRE-PANDEMIC LEVELS

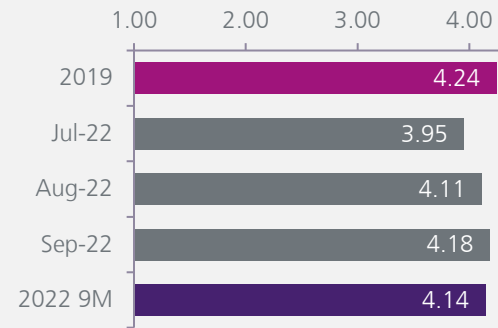
Baggage connection - %

Connection rate per 1,000 passengers



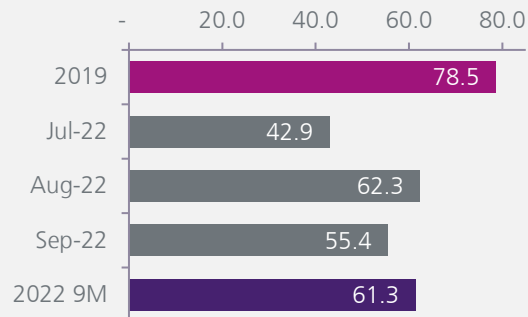
Passenger satisfaction

'QSM' Overall Departures Experience



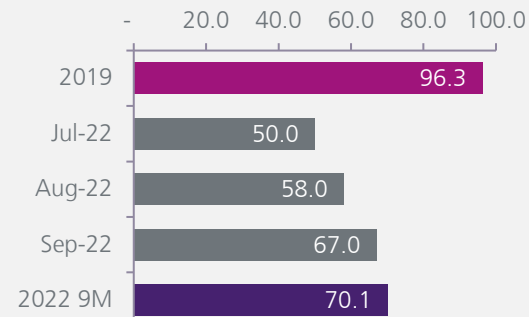
Departure punctuality - %

Within 15 minutes of schedule



Security queuing - %

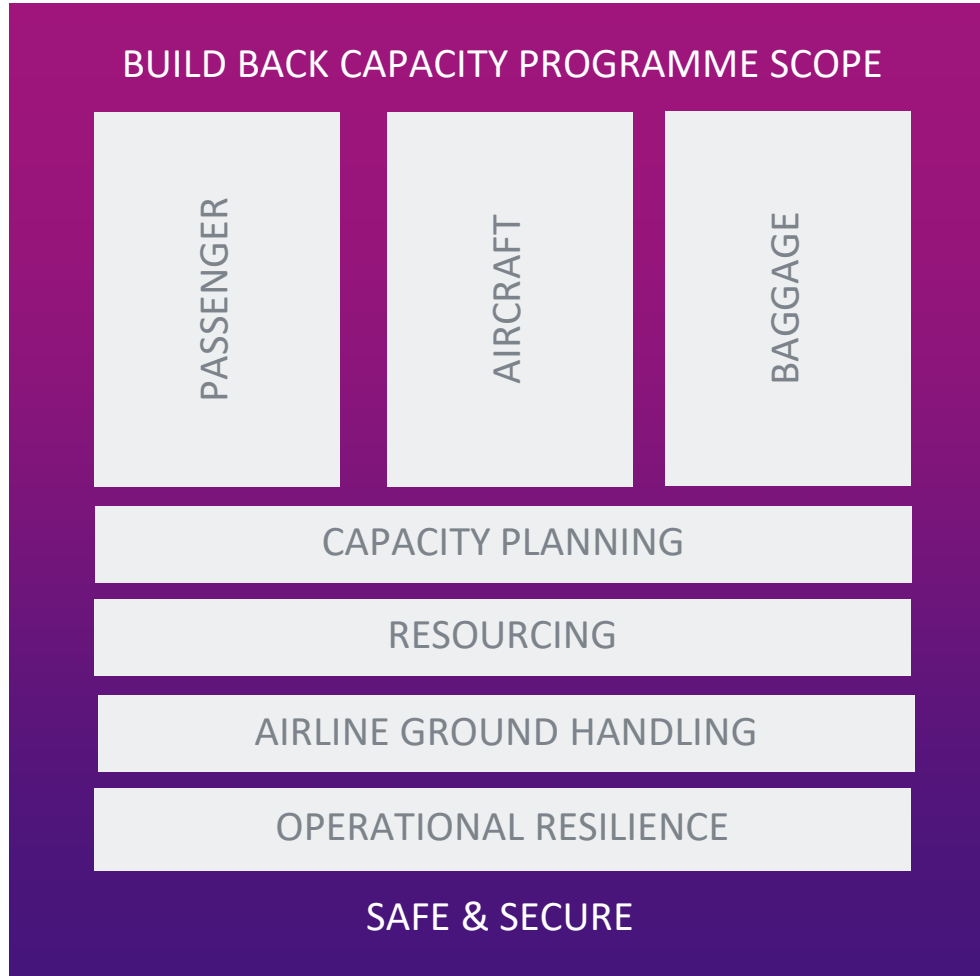
Waiting time measured under 5 minutes



Note: September was impacted by severe weather



OUR FOCUS IS NOW ON BUILDING BACK FULL CAPACITY, RESILIENCE AND SERVICE BY THE END OF 2023



- Ecosystem wide review to align capacity and demand to ensure the operation is not over-stretched during peak periods
 - Working with airlines on a more targeted approach to replace the cap
- Recruitment taskforce established to reduce the vacancy gap
 - Projects to accelerate the reduction of unfilled Heathrow colleague roles
 - Heathrow Academy to support Team Heathrow's resourcing
- Airline ground handling medium-term resilience and efficiency enhancements
 - Colleague ID process enhancements;
 - Collaboration between stakeholders;
 - Implement community-wide data sharing and planning.

CAA'S FINAL PROPOSAL RESTRICTS INVESTMENT AND DOES NOT DELIVER THE OUTCOMES CONSUMERS WANT

H7 Timetable



CAA's Final Proposals

H7 Charge
£24.14 (2020p)

Capex Plan
£3.6bn (2020p)

WACC
4.2%

RAB Adjustment
£0.3bn (2020p)

- CAA's proposals as currently set out are not deliverable or financeable
- Our response to the CAA included updated forecasts for H7 passenger traffic and requested correction of basic errors:
 - Review the unevdenced or inappropriate assumptions in its forecasts of opex
 - Correct the errors in its financial modelling and in its commercial revenues forecasting
 - Review its approach to cost of equity and implement a market-based approach
 - Align its approach to the treatment of inflation with that taken by the CMA

HEATHROW 2.0: CONNECTING PEOPLE AND PLANET

- We welcome the ICAO Assembly's landmark commitment to target net zero carbon emissions for international aviation by 2050
- Working with UK Government to ensure that policies are in place to support the rapid increase in production and use of SAF
- Our SAF landing charges incentive – designed to deliver 0.5% SAF during 2022 – was over-subscribed
- Consulting on incentives to more than double the SAF mix at Heathrow in 2023
- Surface Access Strategy published
- Heathrow Business Summit is scheduled for 15th November



FINANCIAL REVIEW



FINANCIAL REVIEW

| (£ million) | 9M 2021 | 9M 2022 | Versus 2021 % | Q3 2021 | Q3 2022 | Versus 2021 % |
|--------------------------------|------------|------------|------------------|------------|------------|------------------|
| Revenue | 695 | 2,106 | 203.0 | 347 | 826 | 138.0 |
| Adjusted operating costs | (578) | (854) | 47.8 | (197) | (318) | 61.4 |
| Adjusted EBITDA | 117 | 1,252 | 970.1 | 150 | 508 | 238.7 |
| Adjusted Loss before tax | (1,068) | (442) | 58.6 | (281) | (121) | 56.9 |
| Cash generated from operations | 326 | 1,252 | 284.0 | 149 | 497 | 233.6 |
| Capital expenditure | 148 | 318 | 114.9 | 52 | 103 | 98.1 |

| (£ million) | Dec 2021 | Sep 2022 | Versus Dec 21 % |
|---------------------------------------|-------------|-------------|--------------------|
| Consolidated nominal net debt | | | |
| Heathrow (SP) | 13,332 | 14,514 | 8.9 |
| Heathrow Finance | 15,440 | 15,623 | 1.2 |
| Consolidated cash at Heathrow Finance | 2,882 | 2,938 | 1.9 |
| Regulatory Asset Base | 17,474 | 18,674 | 6.9 |

REVENUE GROWTH REFLECTS THE INCREASE IN PASSENGERS

Strong growth in aeronautical revenue

- Higher passenger numbers and aircraft cargo movements
- Increase in aero charges given 2022 interim tariff set by CAA

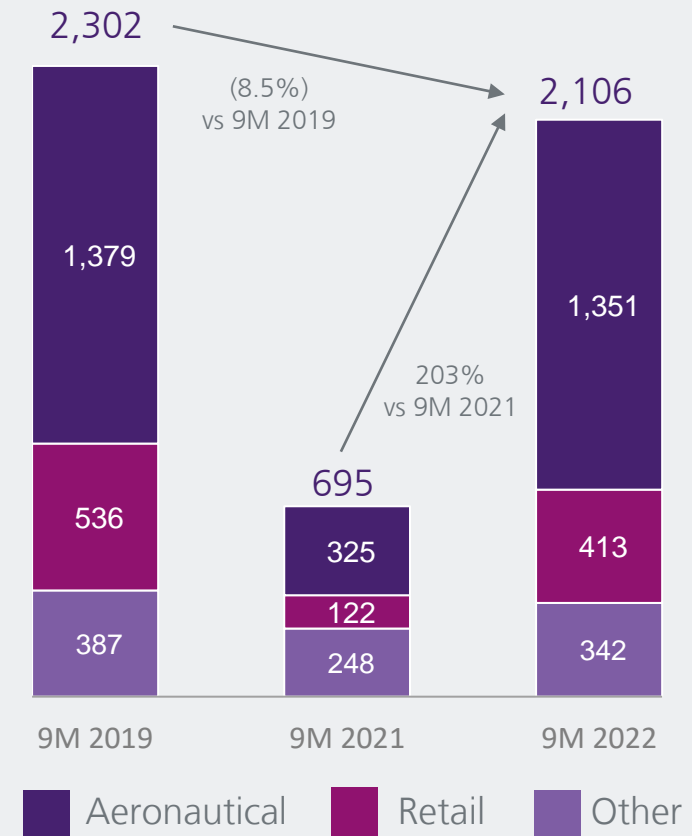
Retail recovering in line with passenger growth

- Higher departing passengers, car parking and premium services

Other revenue growth

- Heathrow Express recovering, ahead of launch of through running Elizabeth Line

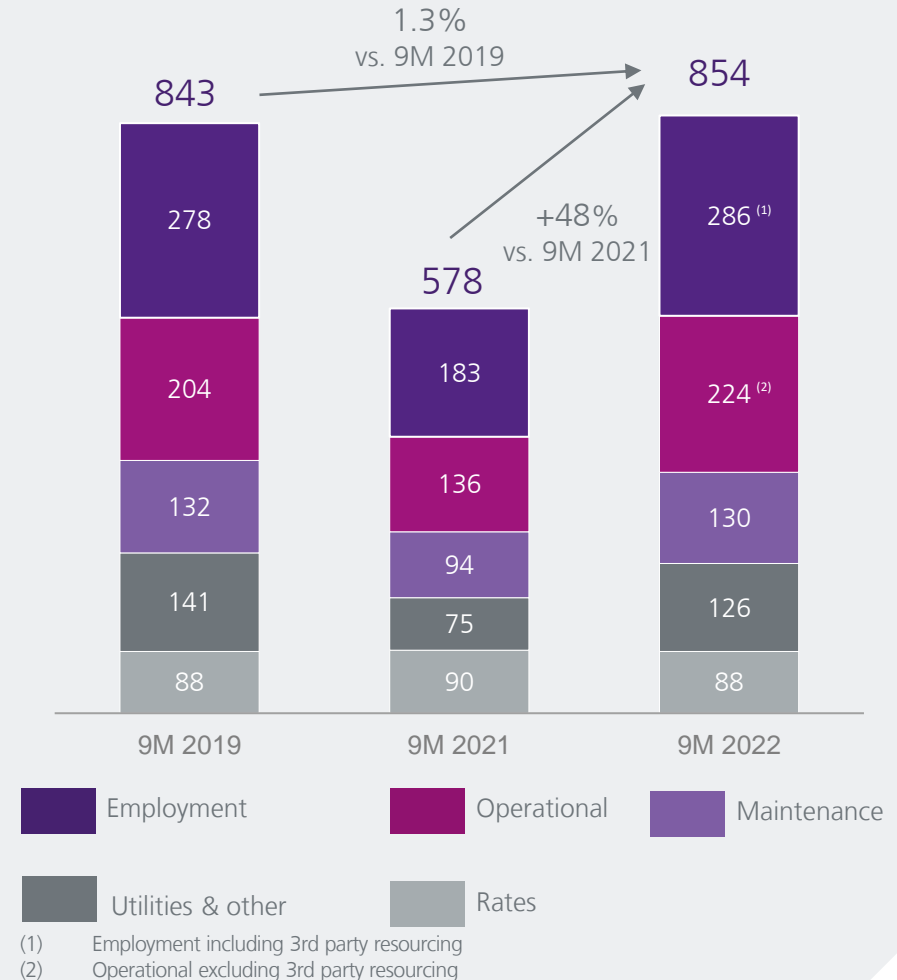
Analysis of revenue (£m)



OPERATING COSTS HAVE INCREASED TO SUPPORT THE INCREASE IN CAPACITY

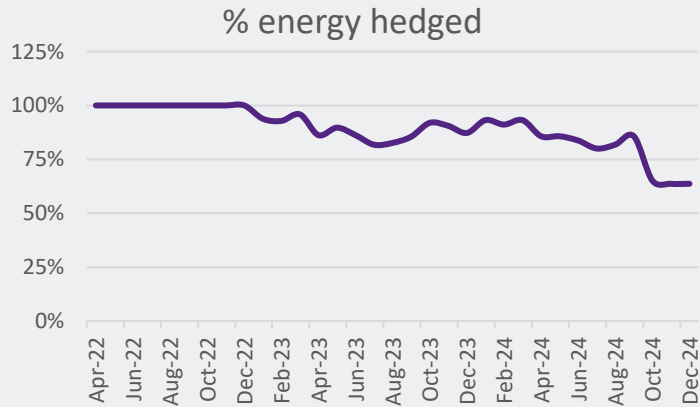
- Increase in employment costs driven by additional colleagues, recruitment, overtime and training costs
- Operational and maintenance costs reflect full reopening of operations, high inflation and service quality rebate
- Utilities costs have increased due to higher consumption and higher energy prices
- Business rates remain broadly flat
- Focus on investing ahead of demand and minimising impact of inflation and energy prices

Analysis of adjusted operating costs (£m)



RISK OF RISING ENERGY PRICES IS PARTIALLY MITIGATED BY OUR ENERGY MANAGEMENT FRAMEWORK

Proactive Hedging



- Heathrow’s energy hedging policy is designed to achieve an average price with the minimum risk
- 100% protected in 2022 and c.90% hedged in 2023

Lower Consumption



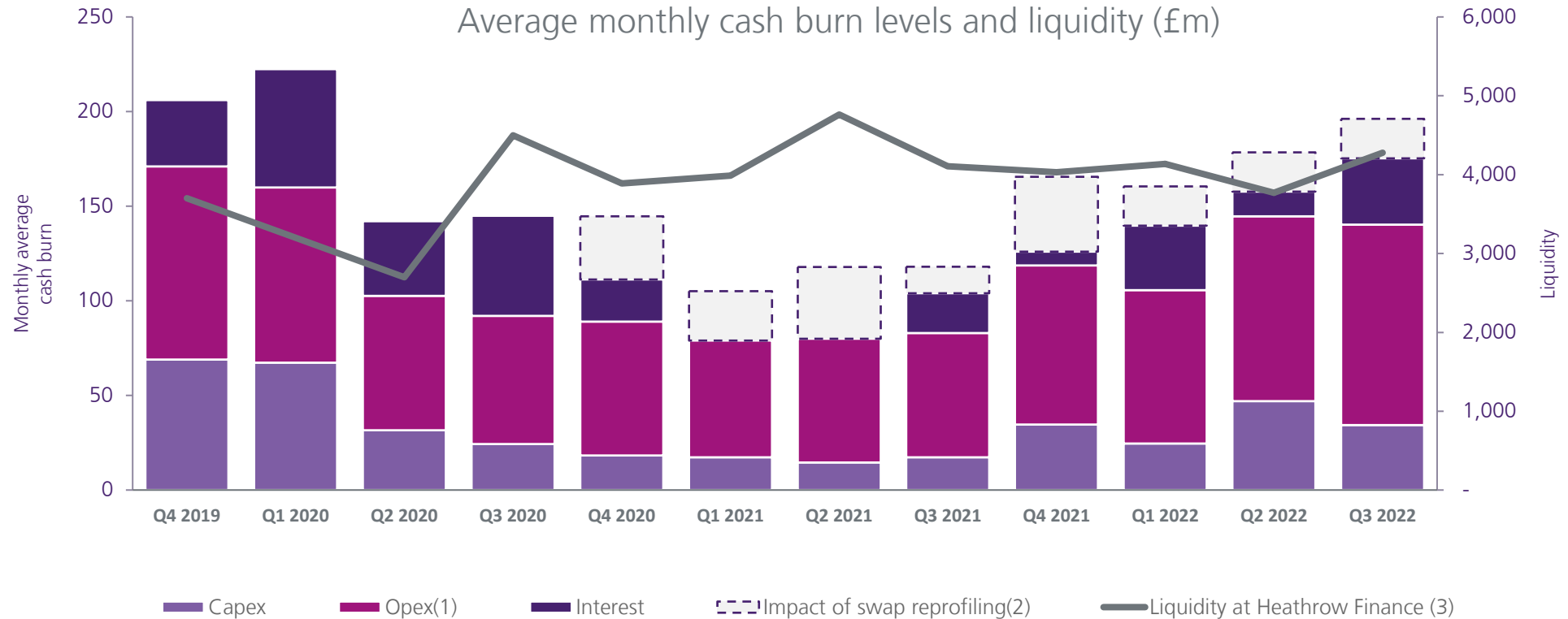
- Upgraded around 200,000 lights to LED
- Upgraded over 100 air handling units
- Optimising heating and ventilation

Energy Efficiency & Renewables



- Reduce demand/consumption and reliance on the Grid
- Improve efficiency
- Source remaining energy from low/zero carbon and renewable resources

CASH BURN CONTINUES TO INCREASE TO RESTORE CAPACITY AND SERVICE LEVELS TO PRE-PANDEMIC LEVELS

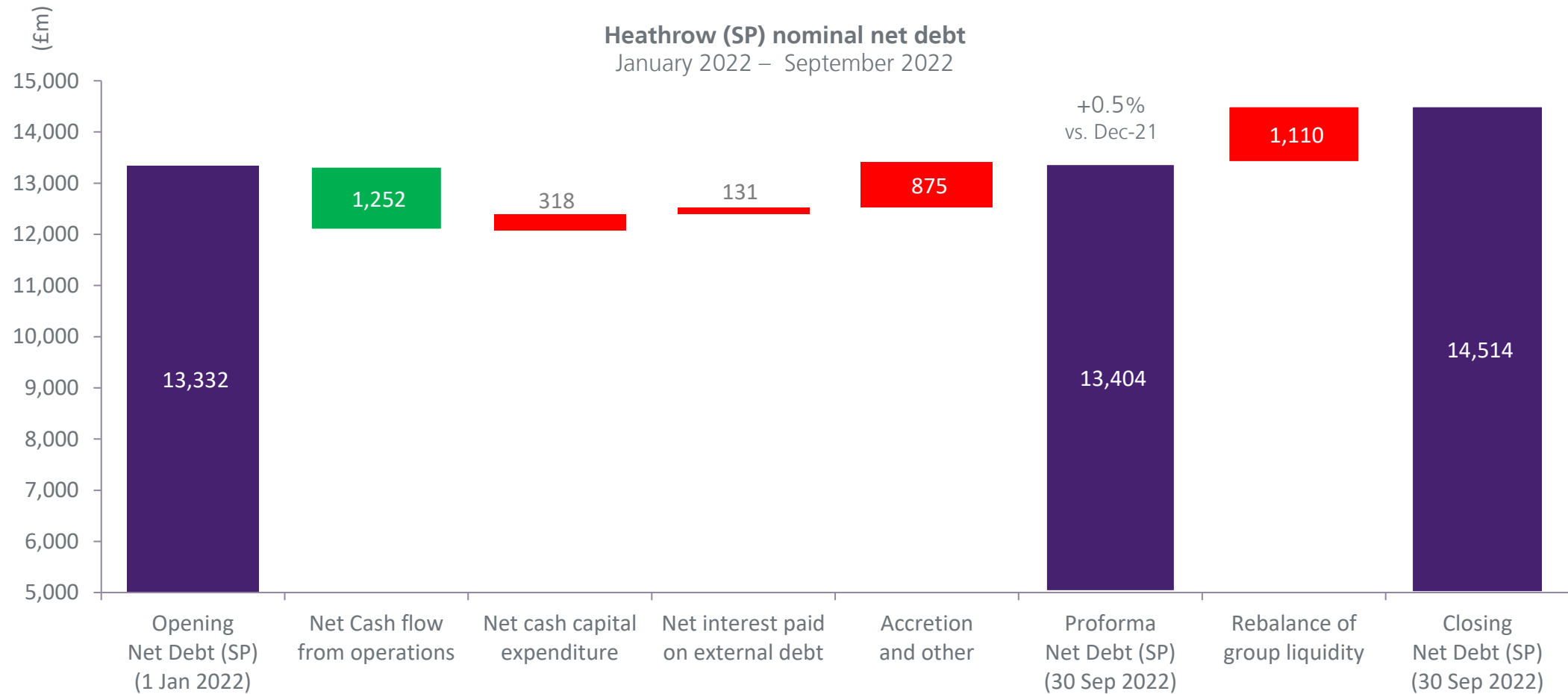


(1) Opex excludes impact of 2020 opex prepayments of c.£280m

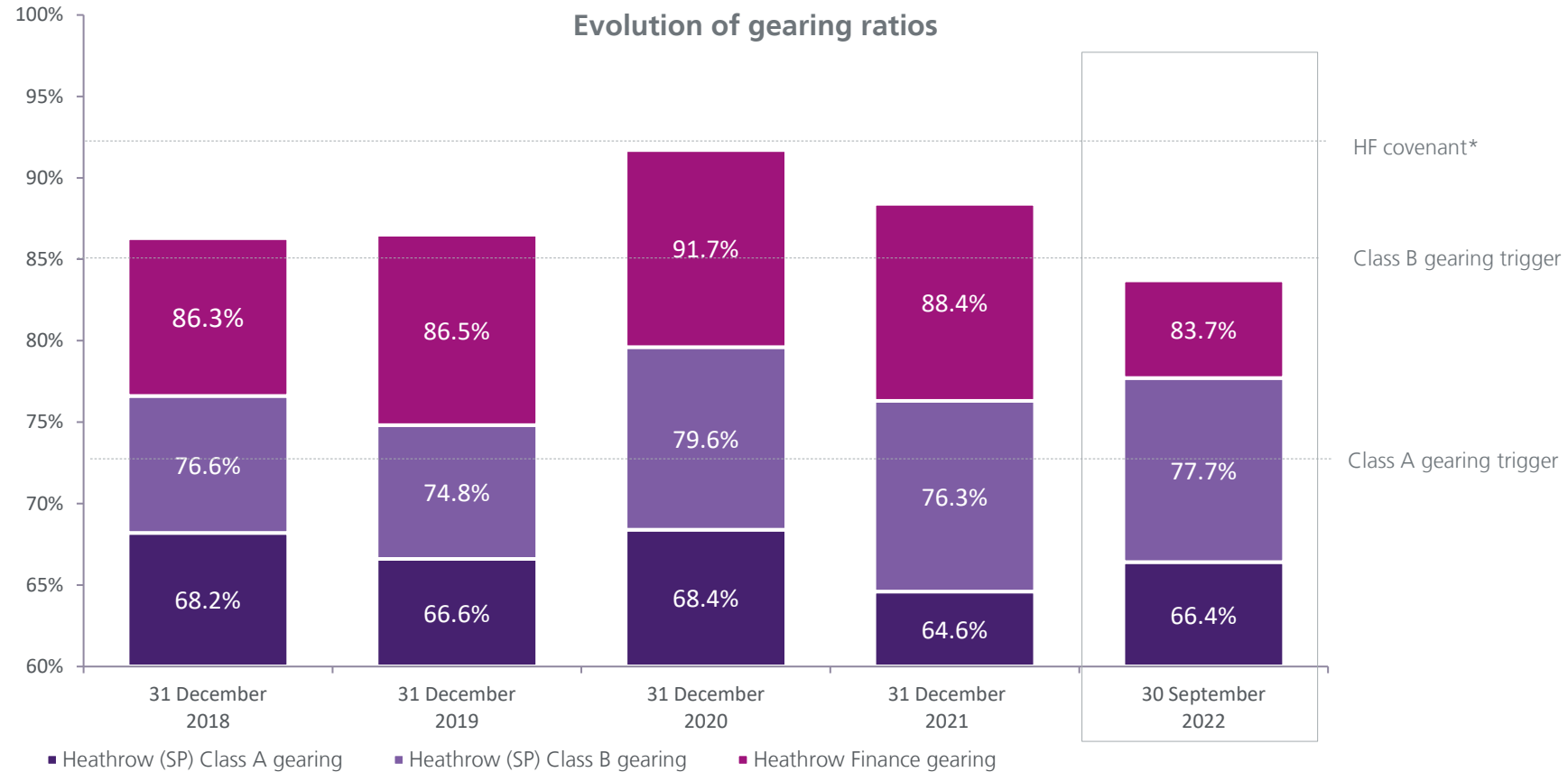
(2) Our swap portfolio reprofiling resulted in c.£100m of interest prepayment in Q4 2020 with interest savings arising from Q1 2021 to Q4 2022.

(3) Liquidity position including cash and undrawn facilities

OUR EFFORTS TO PROTECT LIQUIDITY AND CASHFLOW HAVE ENABLED NO MATERIAL CHANGE IN GROUP NET DEBT



GROUP GEARING RATIOS ARE IN LINE WITH PRE-PANDEMIC LEVELS



(*) Heathrow Finance's RAR covenant now restored to 92.5% (temporarily increased to 95.0% for the testing date occurring on 31 December 2020 and 93.5% for the testing date occurring on 31 December 2021, following the waiver secured on 8 July 2020)

OUTLOOK

- Traffic outlook for 2022 updated to a range of 60 to 62 million passengers
- Given the updated traffic outlook, EBITDA for 2022 is expected to be c. £1.6bn
- Full updated financial forecast for 2022 and 2023 in our next Investor Report, due to be published in December



STRATEGIC UPDATE



TO GIVE PASSENGERS THE BEST AIRPORT SERVICE IN THE WORLD

We delivered...

...and we will do more



- Improved colleague facilities and wellbeing
- Over 1,500 new colleagues and 500 internally promoted
- Winter support plan for all colleagues
- 50% female colleagues at Band A and Executive level
- Heathrow midnight marathon

- Invest further in recruitment, training and development
- Become the employer of choice for local diverse talent



- Removed temporary capacity cap
- Services and punctuality improved
- Supported Operation London Bridge

- Build Back Capacity Programme
- Restore pre-pandemic service standards
- Better use of data to improve flow of passengers, planes, bags and cargo
- New security scanners and T2 baggage system



- Europe's busiest airport over Summer
- RCF fully refinanced and expanded

- CAA Final Decision



- ICAO commitment to target net zero
- SAF landing charges incentive was over-subscribed
- Surface Access Strategy published
- Expansion review has commenced

- COP27 in November
- Review SAF landing charges incentive for 2023
- Heathrow Business Summit in November

Q&A



APPENDICES CONTENT



HEATHROW EXPANSION

We remain committed to a long-term sustainable expansion

- Expansion plans under review
- Positive outcome from a judicial review and ANPS in place
- Decarbonising aviation a central part of the Government's green growth agenda



HEATHROW NOMINAL NET DEBT AT 30 SEPTEMBER 2022

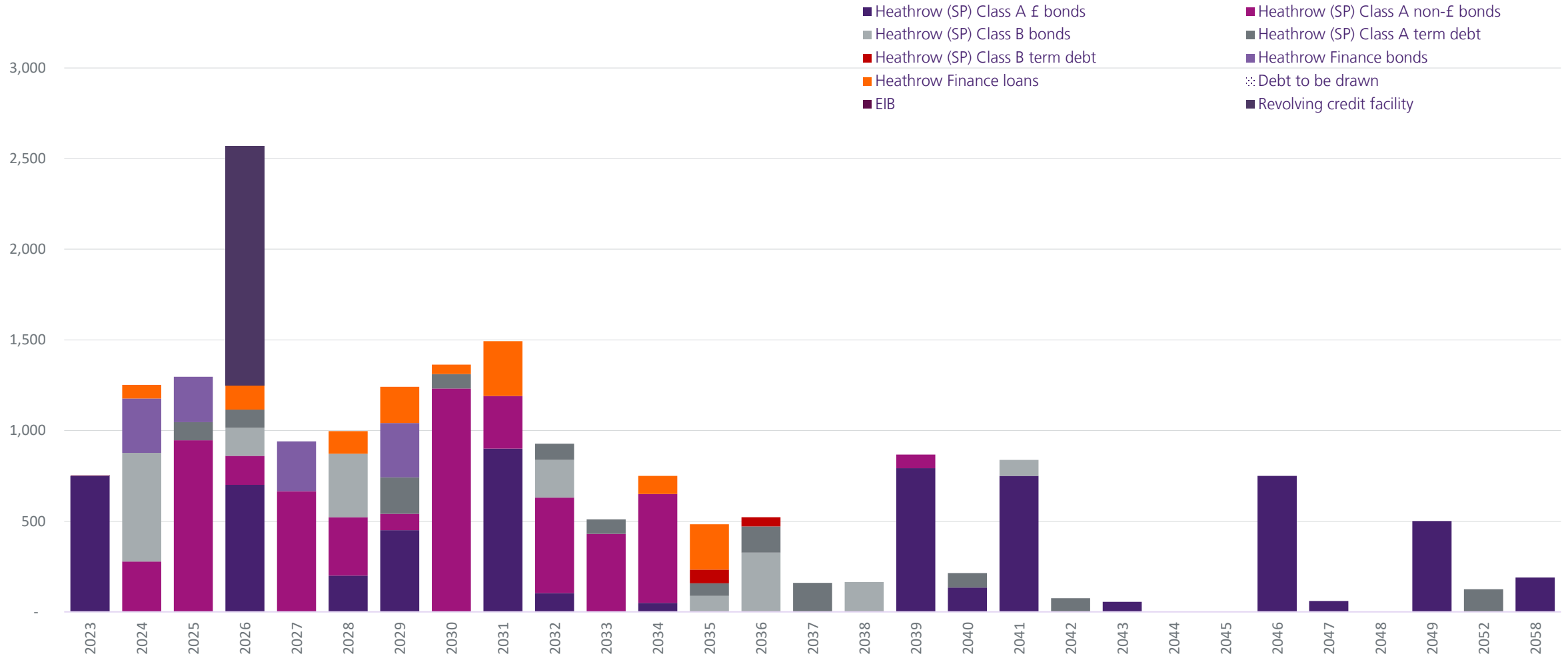
| Heathrow (SP) Limited | Amount | Available | Maturity |
|-----------------------------------|----------------|---------------|----------|
| Senior debt | (£m) | (£m) | |
| £750m 5.225% | 750 | 750 | 2023 |
| CHF400m 0.5% | 277 | 277 | 2024 |
| C\$500m 3.25% | 266 | 266 | 2025 |
| €750m 1.50% | 681 | 681 | 2025 |
| CHF210m 0.45% | 161 | 161 | 2026 |
| £700m 6.75% | 700 | 700 | 2026 |
| NOK1,000m 2.65% | 84 | 84 | 2027 |
| C\$650m 2.7% | 374 | 374 | 2027 |
| C\$400m 3.4% | 226 | 226 | 2028 |
| £200m 7.075% | 200 | 200 | 2028 |
| A\$175m 4.150% | 96 | 96 | 2028 |
| CHF165m 1.800% | 136 | 136 | 2029 |
| £450m 2.75% | 450 | 450 | 2029 |
| NOK1,000m 2.50% | 91 | 91 | 2029 |
| €750m 1.5% | 566 | 566 | 2030 |
| C\$400m 3.872% | 238 | 238 | 2030 |
| €500m 1.125% | 427 | 427 | 2030 |
| C\$500m 3.661% | 291 | 291 | 2031 |
| £900m 6.45% | 900 | 900 | 2031 |
| €50m Zero Coupon | 42 | 42 | 2032 |
| £75m RPI +1.366% | 103 | 103 | 2032 |
| €50m Zero Coupon | 42 | 42 | 2032 |
| €500m 1.875% | 443 | 443 | 2032 |
| C\$300m 3.7% | 363 | 363 | 2033 |
| €650 1.875% | 559 | 559 | 2034 |
| £50m 4.171% | 50 | 50 | 2034 |
| €50m Zero Coupon | 40 | 40 | 2034 |
| £50m RPI +1.382% | 67 | 67 | 2039 |
| €86 Zero Coupon | 75 | 75 | 2039 |
| £460m RPI +3.334% | 724 | 724 | 2039 |
| ¥10,000m 0.8% | 71 | 71 | 2039 |
| £100m RPI +1.238% | 133 | 133 | 2040 |
| £750m 5.875% | 750 | 750 | 2041 |
| A\$125m 3.500% | 68 | 68 | 2041 |
| £55m 2.926% | 55 | 55 | 2043 |
| £750m 4.625% | 750 | 750 | 2046 |
| £60m 4.702% | 60 | 60 | 2047 |
| £75m RPI +1.372% | 101 | 101 | 2049 |
| £400m 2.75% | 400 | 400 | 2049 |
| £160m RPI +0.147% | 189 | 189 | 2058 |
| Total senior bonds | 11,999 | 11,999 | |
| Term debt | 1,305 | 1,305 | Various |
| Index-linked derivative accretion | 751 | 751 | Various |
| Revolving / WC facilities | 0 | 970 | 2026 |
| Operating lease liability | 34 | 34 | Various |
| Total other senior debt | 2,090 | 3,060 | |
| Total senior debt | 14,089 | 15,059 | |
| Heathrow (SP) Limited cash | (1,683) | | |
| Senior net debt | 12,406 | | |

| Heathrow (SP) Limited | Amount | Available | Maturity |
|---------------------------------------------|---------------|--------------|----------|
| Junior debt | (£m) | (£m) | |
| £600m 7.125% | 600 | 600 | 2024 |
| £155m 4.221% | 155 | 155 | 2026 |
| £350m 2.625% | 350 | 350 | 2028 |
| £182m 0.101% | 208 | 208 | 2032 |
| £75m RPI + 0.347% | 89 | 89 | 2035 |
| £75m RPI + 0.337% | 89 | 89 | 2036 |
| £180m RPI +1.061% | 238 | 238 | 2036 |
| £51m RPI + 0.419% | 60 | 60 | 2038 |
| £105m 3.460% | 105 | 105 | 2038 |
| £75m RPI + 0.362% | 89 | 89 | 2041 |
| Total junior bonds | 1,983 | 1,983 | |
| Term debt | 125 | 125 | Various |
| Junior revolving credit facilities | 0 | 350 | 2026 |
| Total junior debt | 2,108 | 2,458 | |
| Heathrow (SP) Limited group net debt | 14,514 | | |

| Heathrow Finance plc | Amount | Available | Maturity |
|----------------------------------------|----------------|--------------|----------|
| | (£m) | (£m) | |
| £300m 4.75% | 300 | 300 | 2024 |
| £250m 5.75% | 250 | 250 | 2025 |
| £275m 3.875% | 275 | 275 | 2027 |
| £300m 4.125% | 300 | 300 | 2029 |
| Total bonds | 1,125 | 1,125 | |
| £75m | 75 | 75 | 2024 |
| £135m | 135 | 135 | 2026 |
| £125m | 125 | 125 | 2028 |
| £150m | 200 | 200 | 2029 |
| £52m | 53 | 53 | 2030 |
| £301m | 301 | 301 | 2031 |
| £52m | 100 | 100 | 2034 |
| £300m | 250 | 250 | 2035 |
| Total loans | 1,239 | 1,239 | |
| Total Heathrow Finance plc debt | 2,364 | 2,364 | |
| Heathrow Finance plc cash | (1,255) | | |
| Heathrow Finance plc net debt | 1,109 | | |

| Heathrow Finance plc group | Amount | Available |
|--------------------------------------------|----------------|---------------|
| | (£m) | (£m) |
| Heathrow (SP) Limited senior debt | 14,089 | 15,059 |
| Heathrow (SP) Limited junior debt | 2,108 | 2,458 |
| Heathrow Finance plc debt | 2,364 | 2,364 |
| Heathrow Finance plc group debt | 18,561 | 19,881 |
| Heathrow Finance plc group cash | (2,938) | |
| Heathrow Finance plc group net debt | 15,623 | |

DEBT MATURITY PROFILE AT 30 SEPTEMBER 2022



NOTES, SOURCES AND DEFINED TERMS

Page 4

Adjusted EBITDA: is profit before interest, taxation, depreciation, amortization and fair value adjustments on investment properties and exceptional items.

Page 8

Passenger and cargo numbers as at 30 September 2022 sourced from companies websites

Page 9

Courtesy & Helpfulness of Airport Colleagues (QSM)
International (ACI). Survey scores range from 1 up to 5.
Departure punctuality – percentage of flights departing within 15 minutes of schedule.
Baggage connection – numbers of bags connected per 1,000 passengers.
Security queuing - % of security waiting time measured under 5 minutes, based on 15-minute time period measured.

Page 14

Operating costs exclude depreciation, amortization and fair value adjustments on investment properties and exceptional items.
Adjusted EBITDA: is profit before interest, taxation, depreciation, amortization and fair value adjustments on investment properties and exceptional items.
Capital expenditure includes capital creditors.
Consolidated net debt at Heathrow (SP) Limited and Heathrow Finance plc is calculated on a nominal basis excluding intra-group loans and including index-linked accretion.
RAB: Regulatory Asset Base.

Page 16

Operating costs exclude depreciation, amortisation and fair value adjustments on investment properties and exceptional items.

Page 19

Opening and closing nominal net debt includes index-linked accretion.
Cash capital expenditure for the period.
Other comprises index-linked accretion, external tax payments and fees paid in relation to financing transactions.

Page 20

Gearing ratio: external nominal net debt (including index-linked accretion and additional lease liabilities) to RAB (regulatory asset base).

Page 27-28

Net debt is calculated on a nominal basis excluding intra-group loans and including index-linked accretion and includes non-sterling debt at exchange rate of hedges entered into at inception of relevant financing.
Maturity is defined as the Scheduled Redemption Date for Class A bonds.

DOCUMENT DISCLAIMER

- **The information and opinions contained in this presentation are provided as at the date of this document.**
- This presentation contains certain statements regarding the financial condition, results of operations, business and future prospects of Heathrow. All statements, other than statements of historical fact are, or may be deemed to be, “forward-looking statements”. These forward-looking statements are statements of future expectations and include, among other things, projections, forecasts, estimates of income, yield and return, pricing, industry growth, other trend projections and future performance targets. These forward-looking statements are based upon management’s current assumptions (not all of which are stated), expectations and beliefs and, by their nature are subject to a number of known and unknown risks and uncertainties which may cause the actual results, prospects, events and developments of Heathrow to differ materially from those assumed, expressed or implied by these forward-looking statements. Future events are difficult to predict and are beyond Heathrow’s control, accordingly, these forward-looking statements are not guarantees of future performance. Accordingly, there can be no assurance that estimated returns or projections will be realised, that forward-looking statements will materialise or that actual returns or results will not be materially lower than those presented.
- All forward-looking statements are based on information available as the date of this document, accordingly, except as required by any applicable law or regulation, Heathrow and its advisers expressly disclaim any obligation or undertaking to update or revise any forward-looking statements contained in this presentation to reflect any changes in events, conditions or circumstances on which any such statement is based and any changes in Heathrow’s assumptions, expectations and beliefs.
- This presentation contains certain information which has been prepared in reliance on publicly available information (the “Public Information”). Numerous assumptions may have been used in preparing the Public Information, which may or may not be reflected herein. Actual events may differ from those assumed and changes to any assumptions may have a material impact on the position or results shown by the Public Information. As such, no assurance can be given as to the Public Information’s accuracy, appropriateness or completeness in any particular context, or as to whether the Public Information and/or the assumptions upon which it is based reflect present market conditions or future market performance. The Public Information should not be construed as either projections or predictions nor should any information herein be relied upon as legal, tax, financial or accounting advice. Heathrow does not make any representation or warranty as to the accuracy or completeness of the Public Information.
- All information in this presentation is the property of Heathrow and may not be reproduced or recorded without the prior written permission of Heathrow. Nothing in this presentation constitutes or shall be deemed to constitute an offer or solicitation to buy or sell or to otherwise deal in any securities, or any interest in any securities, and nothing herein should be construed as a recommendation or advice to invest in any securities.
- This document has been provided to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither Heathrow nor any person who controls it (nor any director, officer, employee not agent of it or affiliate or adviser of such person) accepts any liability or responsibility whatsoever in respect of the difference between the document provided to you in electronic format and the hard copy version available to you upon request from Heathrow.
- Any reference to “Heathrow” means Heathrow (SP) Limited (a company registered in England and Wales, with company number 6458621) and will include its parent company, subsidiaries and subsidiary undertakings from time to time, and their respective directors, representatives or employees and/or any persons connected with them.
- This presentation must be read in conjunction with the Heathrow’s annual report and accounts for the year ended 31 December 2021.



Heathrow

Visit us: www.heathrow.com/company/investor-centre