

# Edinburgh Airport Half-Year Update 2020

## The impact of the COVID-19 Pandemic

The COVID-19 global pandemic declared by the World Health Organisation in March 2020 has caused disruption on an unprecedented scale for Edinburgh Airport and the wider aviation industry in the first 6 months of 2020. This disruption is expected to continue for the remainder of 2020 and potentially for a number of years thereafter. Passenger numbers for the 6 months ended 30 June 2020 were down 66% to 2,403,600 (6 months to 30 June 2019 – 7,020,199). In the same period revenue fell by 57% to £43.2m (6 months ended 30 June 2019 - £100.9m). During April 2020 to June 2020 passenger numbers were down 99.2% on the same period in the prior year.

Aviation is among the industries hardest hit by the COVID-19 pandemic, being one of the first to feel its effects. The recovery profile for the aviation industry is expected to be more protracted than for most. The quarantine policy of the UK and Scottish Governments has exacerbated the impact of the pandemic on the industry.

The directors continue to carefully monitor and manage the challenging level of uncertainties associated with the pandemic regarding timing, severity of impact and recovery. With such levels of uncertainties, forecasting passenger levels is challenging. However 2020 could see passenger numbers for the Airport fall below 5 million.

## Edinburgh Airport's response to the COVID-19 pandemic

The COVID-19 pandemic will have a material impact on the financial performance of the Airport in 2020, therefore a series of robust measures to preserve cash, reduce costs and access additional liquidity with adequate headroom have been implemented.

In addition, Edinburgh Airport has invested in measures to ensure its terminal and campus are safe for passengers and staff alike.

Senior management are working closely with Governments to minimise the long term damage to the Airport and the aviation industry.

### **Cost management**

Given the severity of the impact of the COVID-19 pandemic on Edinburgh Airport it was vital that a robust cost reduction programme was implemented swiftly.

Support has been provided from the Scottish Government and the Airport has utilised the UK Government's Coronavirus Job Retention Scheme during the first half of 2020. There has been a significant reduction in capital expenditure on infrastructure designed to support growth, variable costs have been reduced in line with passenger numbers and all discretionary spend has been curtailed.

Given the reduction in passenger numbers, further cost reduction in the form of redundancies has unfortunately proven necessary. A consultation with staff and unions commenced in March 2020 and a staff ballot was held in July. It is expected around one third of staff will be made redundant.

# Edinburgh Airport Half-Year Update 2020

## Edinburgh Airport's response to the COVID-19 pandemic [cont.]

### **Liquidity**

The Airport secured a further £75m 18-month term loan in April 2020 from its banks and agreed with the lender group for them to waive a number of financial and non-financial covenants that are potentially impacted by the COVID-19 pandemic. The financial covenants waivers have been secured for both the June 2020 and December 2020 assessment points.

### **Flysafe**

Passenger confidence in aviation in a COVID-19 environment is crucial to recovery. To support the recovery process, Edinburgh Airport has taken a number of measures to ensure its terminal and campus is safe for all passengers and staff.

“Flysafe” is the brand given to the Airport’s initiative which combines operational changes, such as new walking routes, hand sanitising stations, availability of face coverings & PPE, temperature screening and social distancing, all supported by extensive passenger communications.

The campaign has been deemed effective and met with the approval of Government, stakeholders, staff and passengers alike.

It is anticipated “Flysafe” will remain in place in the coming months whilst the wider pandemic restrictions are in place.

### **Community commitment**

Edinburgh Airport continues its commitment to be an Airport that plays its part in its community by:

- Hosting an NHS Testing Station in its long stay car park to help front line medical teams’ response to the pandemic;
- Remaining open during the pandemic to support essential services including cargo, mail, medical and repatriation flights; and
- Donating £50,000 of its community payments to charities assisting those most affected by the virus.

In addition, many furloughed staff volunteered and fundraised in their local communities across Central Scotland during the pandemic.

### **Looking ahead**

Although much uncertainty remains regarding the future impact of COVID-19 and the pace of the recovery, there is confidence in the recovery of the aviation industry and the long term success of Edinburgh Airport.

### **September 2020**