

Edinburgh Airport Half-Year Update 2022

COVID-19 pandemic and travel restrictions

The continued impact of and recovery from the COVID-19 global pandemic has remained a key priority for Edinburgh Airport and the wider aviation industry in the first half of 2022.

The emergence of the Omicron variant in November 2021 resulted in the reintroduction of travel restrictions and changes to testing protocols which carried over into 2022. These restrictions brought further uncertainty regarding the timing and pace of recovery. A successful UK booster vaccination campaign and growing evidence that Omicron was less virulent than previous variants resulted in many of the travel restrictions and testing protocols being relaxed in early 2022. From 18 March 2022, the final remaining COVID-19 travel restrictions in the UK were lifted which has supported a strong passenger recovery since.

Passenger numbers increased significantly in the first half of 2022, compared with the equivalent periods in 2020 and 2021, but remain lower than 2019 pre-pandemic levels. Passenger numbers for the 6 months ended 30 June 2022 had recovered to 4.7m, 67% of 2019 levels (6 months to 30 June 2019 – 7.0m). In the same period, revenue had recovered to 76% of 2019 levels, £77.6m (6 months ended 30 June 2019 - £102.7m).

Recovery and Outlook

The lifting of travel restrictions both in the UK and internationally throughout the first half of 2022, combined with significant pent-up consumer demand for travel has aided a strong recovery of passenger numbers relative to pre-pandemic 2019 levels. The volume of pre-pandemic passenger levels recovered has increased throughout the first half of 2022, resulting in May and June 2022 showing passenger numbers recovered to over 83% of the equivalent period in 2019.

The directors of EAL remain confident Edinburgh Airport is well-placed for a full recovery of pre-pandemic passenger levels in the next 2 years and growth beyond this level over the following years. This confidence in the strength of the Edinburgh aviation market is reflected in the new routes announced in the first half of 2022:

- easyJet to Malaga, Rhodes, Kefalonia and Corfu
- Flybe to Birmingham and Belfast
- Westjet to Toronto
- Sunexpress to Antalya
- BA Cityflyer to Jersey
- Loganair to Londonderry
- Jet2 to Izmir, Skiathos, Santorini and Preveza
- Ryanair to Nimes, Bari, Poitiers, Marrakesh and Santiago

The Airport agreed relaxed financial covenants with its lenders for both June 2022 and December 2022 assessment points. The Airport complied with these relaxed financial covenants at June 2022 and the Directors expect to comply again at December 2022.

Operational challenges

The strong passenger recovery in 2022 has presented operational challenges for the aviation industry as a whole. The unfortunate loss of a significant number of staff across the wider industry during the pandemic led to a requirement to recruit quickly to support the operation through a steep recovery phase. Aviation is dependent on many parties working together, including airlines and their ground handling agents, who were particularly exposed to a difficult recruitment market.

This has created challenges in planning the airport operation whilst recruitment is ongoing. During this period Edinburgh Airport successfully maintained its operation and while on occasions queues at peak times were longer than we would have wanted, EAL staff focussed on minimising the impact on passengers as far as possible. There have been regrettable instances where queuing times have spiked but these have been for a relatively short period of time. This robust operation reflects the successful planning and hard work by the Edinburgh Airport team through a difficult recovery period.

Baggage handling partners have had particular difficulties recruiting staff in advance of and during the recovery phase. This resulted in operational difficulties regarding the transit and storage of baggage, particularly over the busy summer period in 2022. Edinburgh Airport and a number of airlines have continued to work with and support their baggage handling partners to resolve historic and ongoing baggage issues at the airport, to ensure a positive passenger experience over the coming months.

Some airlines have implemented schedule reductions in the first half of 2022 either to address their own operational challenges or to meet capacity caps at other airports. The capacity caps at other airports, and the resulting impacts on Edinburgh Airport's scheduling, are expected to continue through summer 2022 and potentially beyond.

Sustainability

The Airport continues to advance its "Greater Good" strategy launched in 2021, the Airport's approach to a sustainable future for the benefit of its neighbours, Scotland, and the wider environment. A number of initiatives have been progressed in the first half of 2022, including:

- EAL released its first standalone sustainability report in June to coincide with the one-year anniversary of the launch of the Greater Good strategy;
- EAL achieved ACA Level 3 accreditation in March 2022;
- EAL commenced our net zero roadmap refresh, the results of which will be released in autumn 2022;
- EAL engaged with 16 airlines to look for collaboration opportunities between airline and airport, on topics including waste segregation and management and sustainable aviation fuel adoption;
- Over 100 EAL suppliers signed up to EAL's Supplier Sustainability Pledge in the first half of 2022. Suppliers who sign up to the Pledge commit to work in partnership with EAL to make EAL's supply chain more sustainable;
- EAL has begun using HVO fuel, a second-life fuel made from waste cooking oils and left-over processed fats, as a renewable diesel alternative. This fuel is now used to fuel 50+ vehicles on campus; and
- EAL commenced a 2nd materiality study in May 2022, to review the changing view and opinions on material sustainability topics compared to EAL's baseline assessment conducted in 2019. The new and emerging material issues will be included in the next update of the Greater Good strategy.

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