

Edinburgh Airport Half-Year Update 2021

COVID-19 pandemic and travel restrictions

The unprecedented impact of the COVID-19 global pandemic on Edinburgh Airport and the wider aviation industry has continued into 2021. Ongoing travel restrictions, including the suspension of all travel corridors in January 2021, along with ongoing frequent revisions to quarantine requirements have resulted in significantly reduced passenger levels. Passenger numbers remain significantly lower than 2019 pre-pandemic levels. Passenger numbers for the 6 months ended 30 June 2021 were down 95% from 2019 to 374,850 (6 months to 30 June 2019 – 7,020,199). In the same period revenue fell by 86% from 2019 to £14.0m (6 months ended 30 June 2019 - £100.9m). The gradual relaxation of domestic travel restrictions in the UK has resulted in increased passenger numbers in June, albeit still significantly lower than the equivalent month in 2019.

Quarantine requirements continue to suppress demand for international air travel. With few exceptions, international travel has been severely restricted during the first half of 2021. Despite these operating conditions, Edinburgh Airport has remained open throughout the pandemic to support essential travel, cargo flights and medical flights.

The outlook for the remainder of 2021 and beyond remains uncertain and dependant on the timing and pace of the recovery. The decisions made by the UK and Scottish Governments through the pandemic have had a material adverse impact to the aviation industry and are expected to delay its recovery. Senior management has continued to work closely with Governments to minimise the long-term damage to the Airport and the aviation industry. International travel restrictions will not end overnight but are likely to phase out gradually as the global vaccine rollout progresses. The timing of the recovery will also depend on the impact of any new variants of the virus and the corresponding Government response. However, the directors believe the company is well placed to identify and manage its business risks effectively, despite the inherent uncertainties faced. The directors also believe the business is well positioned to capitalise on the likely growth areas in the initial recovery, expected to be low cost carriers, domestic and leisure flights.

The pace of the UK's vaccination roll out programme and corresponding recent relaxation of travel restrictions does provide some optimism for the recovery in air travel.

The COVID-19 pandemic has continued to have a material adverse impact on the financial performance of the Airport during the first half of 2021. Edinburgh Airport has maintained a series of robust measures to preserve cash, reduce costs and secure additional liquidity.

Cost management

The Airport has continued to utilise the UK Government's Coronavirus Job Retention Scheme during the first half of 2021 while passenger volumes remain low. Edinburgh Airport has also continued to maintain the cost reduction programme introduced in 2020, in particular:

- significant reduction in capital expenditure on infrastructure designed to support growth;
- reduced variable costs in line with passenger numbers; and
- curtailed all discretionary spend.

Liquidity

The Airport refinanced £175m of maturing bank debt facilities in April and May 2021, ensuring there are no debt facilities maturing until at least March 2024. The pricing on £100m of the refinanced bank debt facilities is linked to performance across a basket of ESG KPIs. Additionally, £75m of shareholder support has been secured, providing additional liquidity. The Airport has also agreed with its lenders to waive financial covenants at both the June 2021 and December 2021 assessment points with relaxed financial covenants agreed for both the June 2022 and December 2022 assessment points.

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Continuing operational measures - Flysafe

Edinburgh Airport has continued to operate measures to ensure its terminal and campus are safe for all passengers and staff.

Introduced in 2020 in response to the pandemic, “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, enhanced health measures and social distancing, all supported by extensive passenger communications.

The campaign has been a success and has met with the approval of Government, stakeholders, staff and passengers alike. In January 2021, Edinburgh Airport became the first UK airport to achieve a 4-star Skytrax COVID-19 safety rating.

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

New routes

Despite the ongoing pandemic, the Airport has secured a number of new routes in 2021, demonstrating the underlying strength of the Edinburgh aviation market:

- Virgin Atlantic to Barbados and Orlando.
- AirBaltic to Riga;
- Ryanair to Zadar, Knock, Turin and Shannon;
- easyjet to Canary Islands, Bournemouth and Gibraltar;
- Loganair to Cardiff, Exeter, Newquay and Southampton;
- Aer Lingus to Belfast;
- BA Cityflyer to Guernsey and Southampton; and
- Turkish Airlines to Antalya.

Sustainability

The recovery from the COVID-19 pandemic is an opportunity for businesses to reframe their approach. Edinburgh Airport has taken this opportunity to launch its “Greater Good” strategy, the Airport’s approach to a sustainable future for the benefit of its neighbours, Scotland, and the wider environment. This policy aims to achieve sustainability by linking environmental, societal and economic issues and solutions. The sustainable activities are split into four pillars:

- **Zero Carbon** – the Airport’s strategy to tackle emissions and improve the Airport’s carbon footprint. This includes the recently announced plans to install an onsite solar farm which could provide 25% of the Airport’s ongoing energy needs.
- **Enhancing Scotland** – creating an Airport that offers passengers a sustainable connectivity experience by reducing its environmental impact and providing options for passengers to do that. This includes minimising waste, promoting recycling and eliminating landfill.
- **Scotland’s best business** – the further development of a business with integrity, working with the Airport’s People, Passengers and trusted Partners. This includes a focus on supporting employees, increasing diversity and social inclusion and making publicly available the Sustainability Report, including an ESG statement.
- **Trusted Neighbour** – share the benefits of growth with the communities closest to the Airport, whilst reducing any negative impacts associated with an Airport. This will include transparent community engagement, minimising negative impacts on noise, air and water quality and a focus on growing the Airport’s regional economy.

By committing to deliver against a number of published KPIs for each sustainability pillar, Edinburgh Airport believes it can achieve the ambitious sustainability goals which it has set, in a transparent manner open to public review, scrutiny and debate.

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Community Commitment

Edinburgh Airport continues its commitment to play 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
- Opening the first public COVID-19 screening centre at an airport in Scotland in November 2020. The centre allows the public to receive fast and accurate PCR swab tests.

September 2021