

Heathrow Airport sets sights on travel recovery from May as losses mount in Q1

UK. London Heathrow Airport today reported its first-quarter results, posting a £329 million loss on revenues of £593 million, which were down by -72.2% year-on-year. Only 1.7 million passengers travelled through the airport, down -91% compared to Q1 2019. Losses since the start of the pandemic are now nearly £2.4 billion.

At or for 3 months ended 31 March	2020	2021	Change (
(£m unless otherwise stated)			
Revenue	593	165	(72
Cash generated from operations	375	132	(64
Loss before tax	(278)	(307)	(10
Adjusted EBITDA ⁽¹⁾	315	(20)	(106
Adjusted loss before tax ⁽²⁾	(41)	(329)	
Heathrow (SP) Limited consolidated nominal net debt ⁽³⁾	13,131	13,064	(0
Heathrow Finance plc consolidated net debt ⁽³⁾	15,120	15,109	(0
Regulatory Asset Base ⁽⁴⁾	16,492	16,396	(0
Passengers (million) ⁽⁵⁾	14.6	1.7	(88
Three months ended 31 March	2020 £m	2021 £m	Var. %
Aeronautical	342	78	(77.2)
Retail	136	27	(80.1)
Other	115	60	(47.8)
Total revenue	593	165	(72.2)

[1 \(click to enlarge](#)

The restart

of international travel on 17 May offers reason for some optimism, though the airport company tempered this with caution.

It said: “While underlying demand for travel remains strong, continuing uncertainty over government policy means we have reduced our passenger forecast for the year to a range between 13 and 36 million, compared to 81 million in 2019.

“As vaccinations are rolled-out and COVID levels fall, restarting travel to markets like the US will be critical to

the UK's economic recovery and we will be prepared to scale-up our operations as demand returns. Border Force's ability to provide an acceptable service for arriving passengers remains primary concern surrounding the restart and Ministers will need to ensure every desk is staffed to avoid unacceptable queues."

Three months ended 31 March	2020	2021	Var.
	£m	£m	%
Retail concessions	61	6	(90.2)
Catering	13	3	(76.9)
Other retail	23	8	(65.2)
Car parking	24	4	(83.3)
Other services	15	6	(60.0)
Total retail revenue	136	27	(80.1)

The deep impact of the pandemic on travel can be seen in the performance by commercial category; [click to enlarge](#)

Retail revenue in the quarter declined by -80.1% driven by reduced passenger numbers and the mix of retail service available due to governmental restrictions on non-essential shops. Retail revenue per passenger increased +73.1% to £16.07 but the figure was distorted due to the reduced passenger numbers.

The company said it has reduced cash burn by -50% versus Q1 2020, with a -33% reduction in operating expenditure and a -77% cut in capital expenditure. Heathrow has increased liquidity by +41% to £4.5 billion since the start of the pandemic, providing cover to meet its commitments for at least 15 months even with low passenger volumes, it said.

(Millions) ⁽¹⁾	2020	2021	Var % ⁽²⁾
UK	0.9	0.2	(81.9)
Europe	5.7	0.6	(89.9)
North America	3.2	0.2	(94.4)
Asia Pacific	2.1	0.3	(86.3)
Middle East	1.6	0.2	(84.2)
Africa	0.8	0.2	(75.7)
Latin America	0.3	0.0	(93.2)
Total passengers	14.6	1.7	(88.5)

(1) For the three months ended 31 March 2021

(2) Calculated using unrounded passenger figures

Heathrow passenger traffic in the period; the company is targeting a modest recovery from 17 May as restrictions on international travel ease

Heathrow CEO John Holland-Kaye said: “These results show how COVID has devastated the aviation sector and British trade. Restarting international travel from 17 May will help to kickstart the economic recovery, allowing exporters to get their goods to market, as well as reuniting families who have been separated for over a year. Heathrow is gearing up for the recovery. By acting early to cut costs and protect cash, we have put ourselves in a strong financial position to weather the storm and are ready to welcome back passengers, while keeping them safe.”

As reported, Dixons Travel, a long-standing Heathrow Airport partner, is exiting the business, amid a backdrop of low passenger numbers and the impact of the government decision to halt airside tax free shopping. [Click here for our story](#) and for reaction from Heathrow Airport Retail Director Fraser Brown.