

The NATS logo is displayed in a bold, white, italicized sans-serif font. The letters are closely spaced, with the 'A' and 'T's having a slight shadow effect. The background is a dark blue night sky with a city skyline and light trails from an airport in the distance.

# NATS

Advancing aviation,  
keeping the skies safe.

NATS (En Route) plc financial year ended 31 March 2021

- Summary
- Regulatory context
- Financials
- Operational highlights
- Sustainability and investment

- Protecting the health, safety and wellbeing of our workforce while maintaining a safe and resilient air traffic control service for our airline and airport customers
- Preserving our liquidity in the face of a loss of income to ensure the viability of our business for all stakeholders
- Securing a revised regulatory settlement which provides a balanced plan for dealing with a post Covid operating environment

# Financial highlights

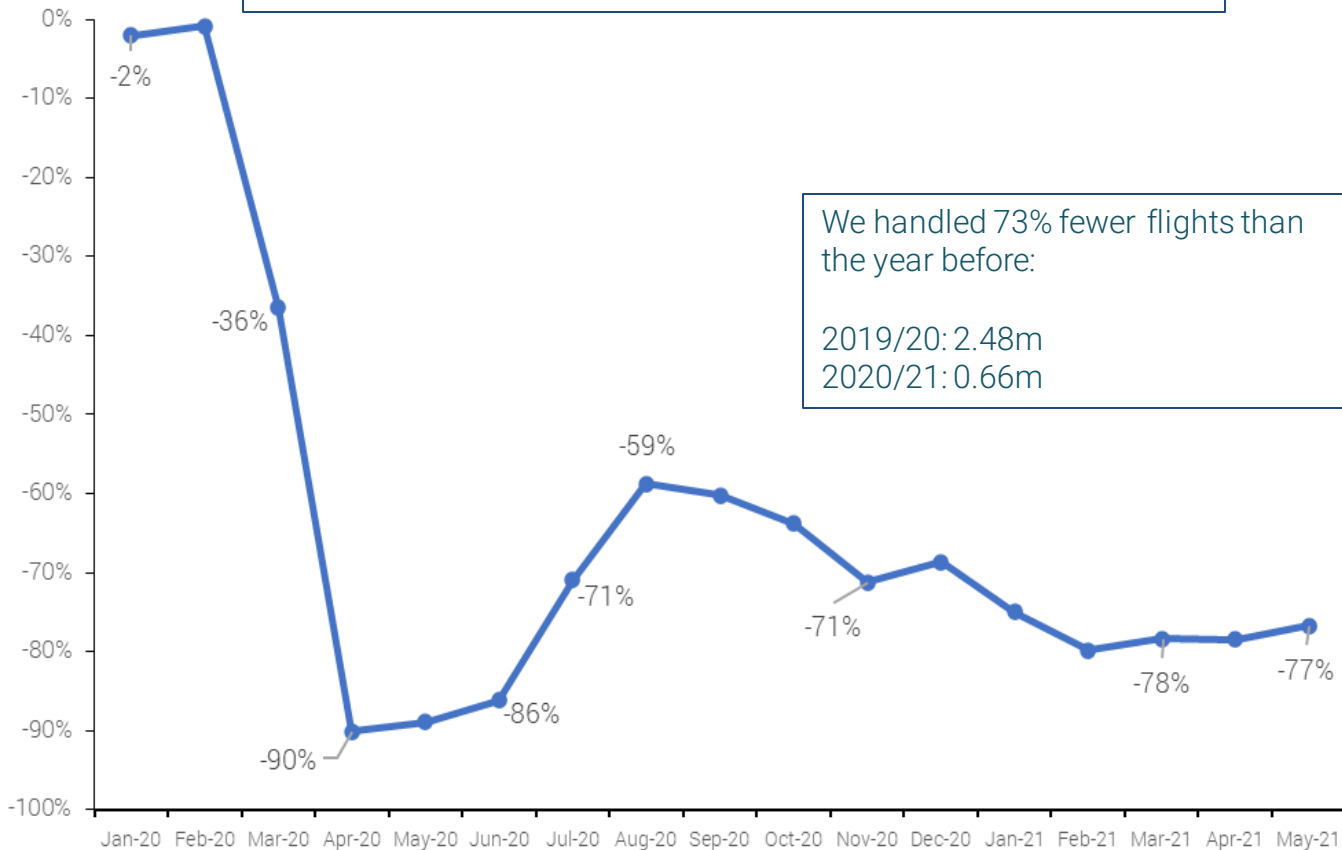


£m	2021	2020	Change
Revenue	270	730	(460)
Regulatory allowances	<u>417</u>	<u>7</u>	<u>410</u>
Total revenue and regulatory allowances	687	737	(50)
(Loss)/profit before tax	(34)	29	(63)
Cash (used)/generated by operations	(258)	212	(470)
Capital expenditure	74	151	(77)
Net debt	599	263	336
Gearing*	49.6%	29.0%	20.6%
Dividends	nil	57	(57)

\* ratio of net debt (as defined by its licence) to regulatory assets

# Traffic vs pre-pandemic levels

Volume of flights in UK airspace as a percentage of 2019 levels



Impacts on FY20/21 results:

- Cash flows: down
- Net debt: up

Costs actions to:

- preserve liquidity
- ensure a sustainable future

Asset values written down

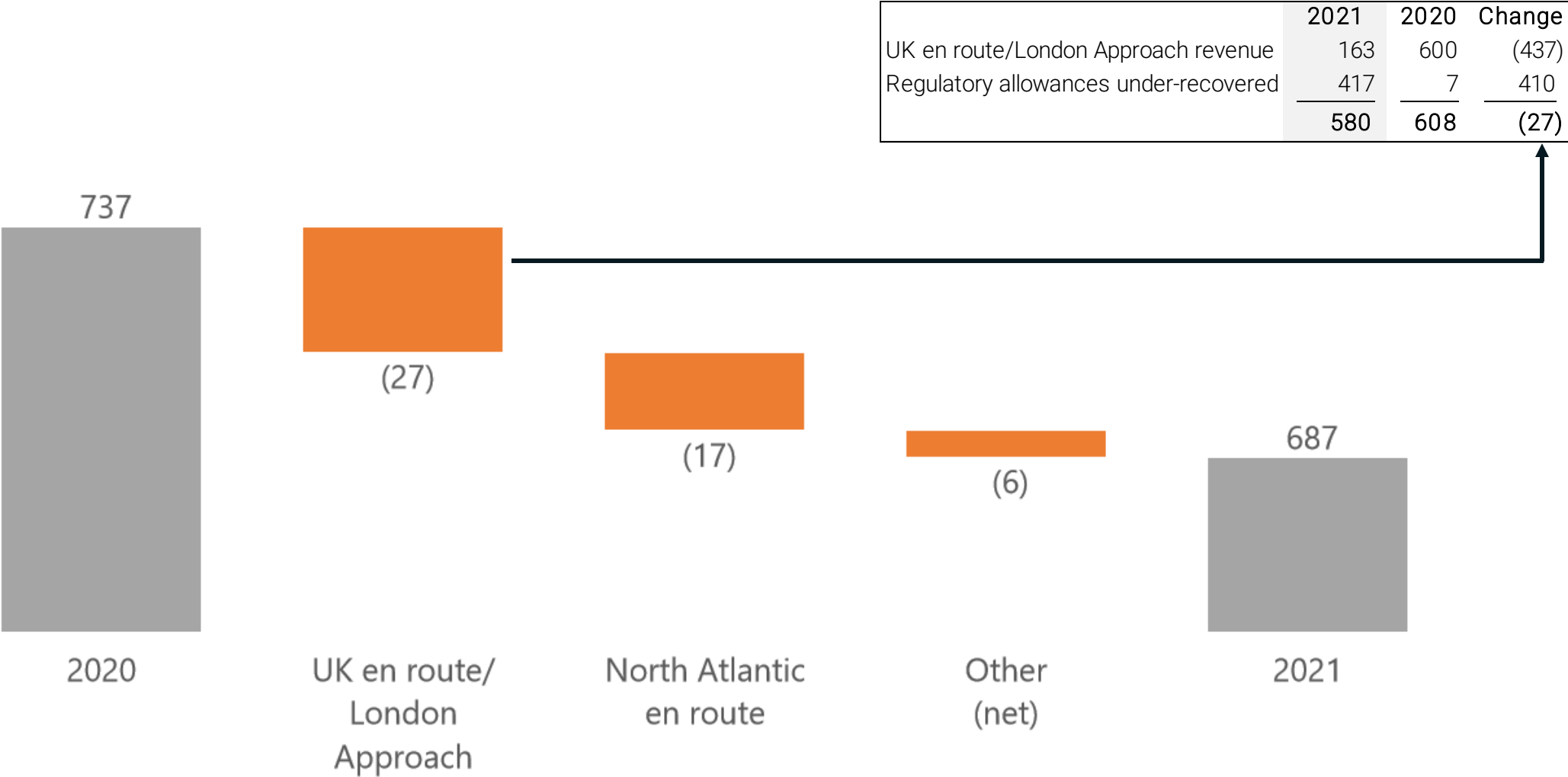
- CMA set a price control for 2020 to 2022, as if Covid had not happened
- CAA to determine a new 5-year price control from 2023 (NR23)
- Traffic risk sharing for 2020 to 2022 is modified. CAA will reconcile actual costs and revenue from airlines to establish the shortfall to be recovered
- CAA is developing an approach to this reconciliation which aims to support NERL's financeability and efficient operation, as well as deliver affordable charges

Outcome of CAA reconciliation will not be known until 2022.

Consequently:

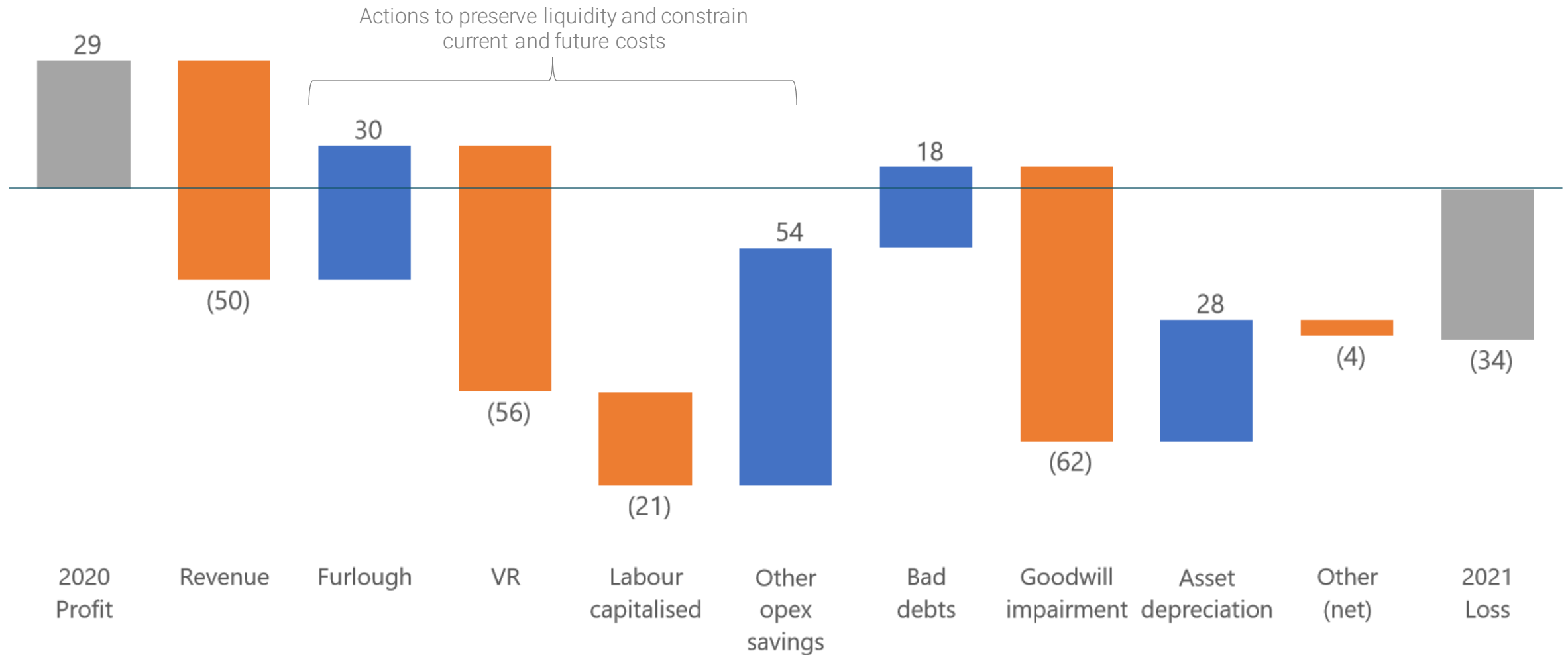
- i) **FY20/21 result:** included an assessment of the outcome of the CAA's reconciliation exercise, the extended period for recovering the shortfall in revenues through regulatory allowances, and a new basis of presentation
- ii) **Refinancing:** sized and structured to take account of/allow flexibility for outcome of CAA's review

# Revenue and regulatory allowances (£m)

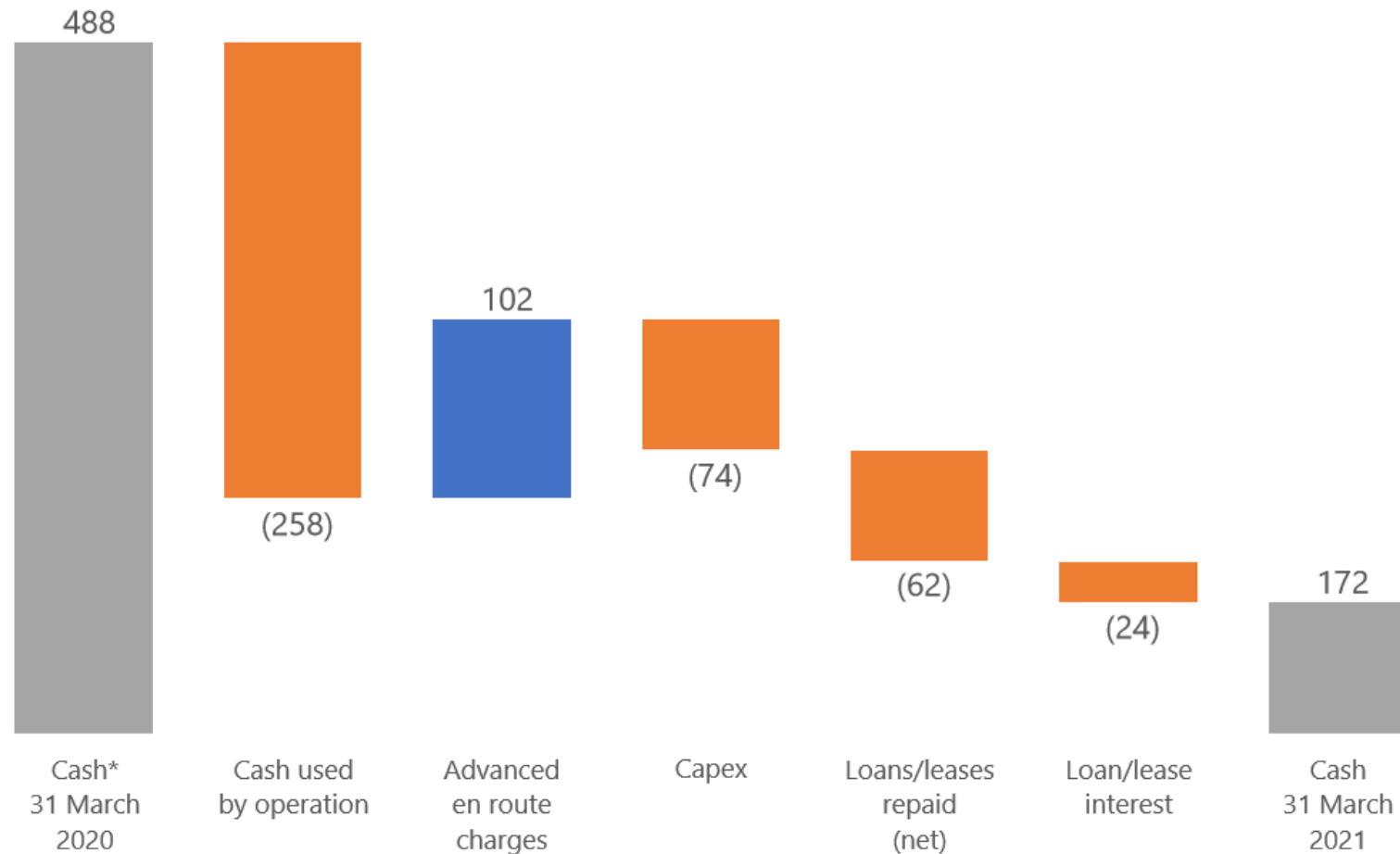




# Loss before tax (£m)



# Cash flow (£m)



\* incl. short term deposits of £37m at 31 March 2020

# Balance sheet

£m	2021	2020
Goodwill	38	149
Tangible and intangible fixed assets	1,060	1,072
Right of use assets (e.g. CTC lease)	43	56
Amounts recoverable under regulatory agreement	445	10
Pension scheme IAS 19 (deficit)/surplus	(24)	173
Deferred tax liability	(122)	(156)
Amounts payable under regulatory agreement	(139)	(137)
Other net liabilities	(159)	(128)
Derivative financial instruments	(103)	(105)
Cash and short term deposits	172	488
Bond and bank loans	(644)	(686)
Advances to be settled	(67)	-
Lease liabilities	(60)	(65)
<b>Net debt</b>	<b>(599)</b>	<b>(263)</b>
<b>Net assets</b>	<b>440</b>	<b>671</b>

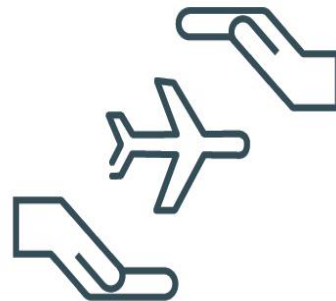
← Key movements

- Conserved £200m of cash through cost savings, capex suspension, and furlough scheme
- June 2021 refinancing: £1.6bn of funding enabling redemption of more expensive bonds and bank facilities. Providing long term, sustainable and efficient funding
  - Available liquidity at June 2021: c. £900m
- Cost prudence remains essential. This liquidity is to bridge the extended period for recovering our revenue shortfall and to deal with ongoing uncertainty

- Our priority has been the health and wellbeing of our workforce while maintaining a safe and resilient service for customers
- Our focus has also been on retaining the skills and capacity necessary to safely support the long term recovery of aviation



We handled **660,000 flights**  
(2020: 2.48m)



**No Airprox** attributed to our operation



Average en route delay per flight was **1.0 seconds** for calendar year 2020.  
(2019 calendar year: 8.4s)

## 2020–21 Highlights



Maintained safe, resilient airspace system with low Covid infection rates among our employees



Gender pay gap reduced, more action in progress



Employee networks go from strength to strength; globeAll, SkyPride, Ability, Womens and YoungProfessionals



Awarded Royal Society for Prevention of Accidents President's Award, having achieved the Gold Award for the tenth year in a row



Payroll giving hits new highs with 12% of employees donating £228k to charity



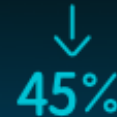
Brought forward our estate net zero targets from 2050 to 2035



Recognised as a European Climate Leader by the Financial Times



Agreed sustainability-linked bank facility



Emissions from running our business have reduced 45% since our baseline 2018/19



Improvements to airspace efficiency helped enable almost 40,000 tonnes of CO<sub>2</sub> emissions savings



Commitment to science-based targets to limit warming to 1.5 degrees above pre-industrial levels

“Advancing aviation, keeping the skies safe” is our purpose. It defines why we exist.

The changes we are making now, and over the next ten years will ensure the UK remains at the forefront of global aviation, shape the way we travel and support a more sustainable industry

## Airspace Modernisation

Working with airports and airlines to make routes more direct, more efficient and reducing delay

## Technology innovation

Updating our core ATM infrastructure to strengthen safety, increase efficiency, and reduce the environmental impact of flights

## Research & Development

Working with partners from industry, academia and Government

## Integrating airspace users

Future-proofing our systems to provide safe and secure air traffic control services for anyone who wants to fly any type of aircraft (including drones) in our skies



NATS

Q&A