1.1. Activities

- The Group’s principal activities are the operation of Farnborough Airport, offering a full service business airport for passengers, crew and aircraft, business aviation services, and the Aviator Hotel.

1.2. Impact of Covid-19 on activity

- Farnborough Airport has been impacted by continued material COVID-19 restrictions in 2021 in its operating environment. Traffic volumes during England’s third lockdown (January to May 2021) were 54% below 2019 levels. Since May Farnborough Airport has seen a partial recovery in traffic volumes as travel restrictions have eased with June, July and August numbers being 68%, 78% and 108% respectively of 2019 levels. This traffic performance demonstrates Farnborough Airport’s relative resilience within the aviation sector, maintaining a higher proportion of traffic than the commercial aviation sector during periods of travel restrictions and recovering faster than the commercial aviation sector outside these periods.

- Activities at the Hotel continued to be suppressed throughout the first half of 2021, driven by the level of restrictions for hospitality businesses in the Hotel’s operating environment.

- The focus on the safety of employees and customers throughout COVID-19 has continued to be a relentless focus for management. The airport introduced significant measures to maintain safe operations including social distancing, provision of PPE and revised screening procedures.

- The airport has remained open for normal operating hours throughout 2021 as it did during 2020, continuing to support international business connections during the pandemic whilst options for business travel through commercial airlines was severely restricted. The airport was also proud to support the UK Government’s travel controls in response to the pandemic through being designated a red list entry airport.
1.3. Financial resilience

- A cost control programme was introduced at the outset of the pandemic to enable the business to protect the jobs of our highly skilled and dedicated workforce. Measures included the re-negotiation of contracts with key suppliers, strict controls of non-contracted costs and the deferral of non-essential capital expenditure. The Group has been able to protect jobs throughout this period of unprecedented stress for the aviation and hospitality sectors without redundancies being made across the Group.

- The Group has continued to generate positive net cash flow, maintained a strong liquidity position and not breached any debt covenants throughout COVID-19. At 30 June 2021, the Group had £35.5m cash in hand, net current assets of £19.2m and drawn down external bank facilities of £155.6m. Interest under these facilities is payable each quarter; the loan matures in September 2024. The facilities include covenants on interest rate coverage (available cashflow to senior net debt service costs) and leverage (senior net debt to EBITDA). The Group reports backward performance and forward projected performance against these ratios quarterly. The Group maintained headroom on both of these ratios throughout the first half of 2021 and continues to do so.

1.4. Customer focus

- Farnborough Airport continues to be recognised as one of Europe’s leading business aviation airports, having been named Best Fixed Base Operation in the Europe, Middle East, Africa and Asia Pacific category for the 15th time in the Aviation International News FBO Survey 2021, and Europe’s top Fixed Base Operator for the 16th time in the 2021 Professional Pilot PRASE Survey.

1.5. Environmental, Social and Governance

- Farnborough Airport has recently become one of the first business aviation airports to offer Sustainable Aviation Fuel (SAF). The airport became the first business aviation airport to achieve carbon neutral status under the programme run by the Airports Council International in 2018, and offering SAF to clients is another significant milestone in the airport’s sustainability programme. SAF, over the life cycle, reduces greenhouse gas emissions up to 80 per cent compared to fossil jet fuel.