

NATS (En Route) plc financial year ended 31 March 2025

Presentation to bondholders 10 July 2025

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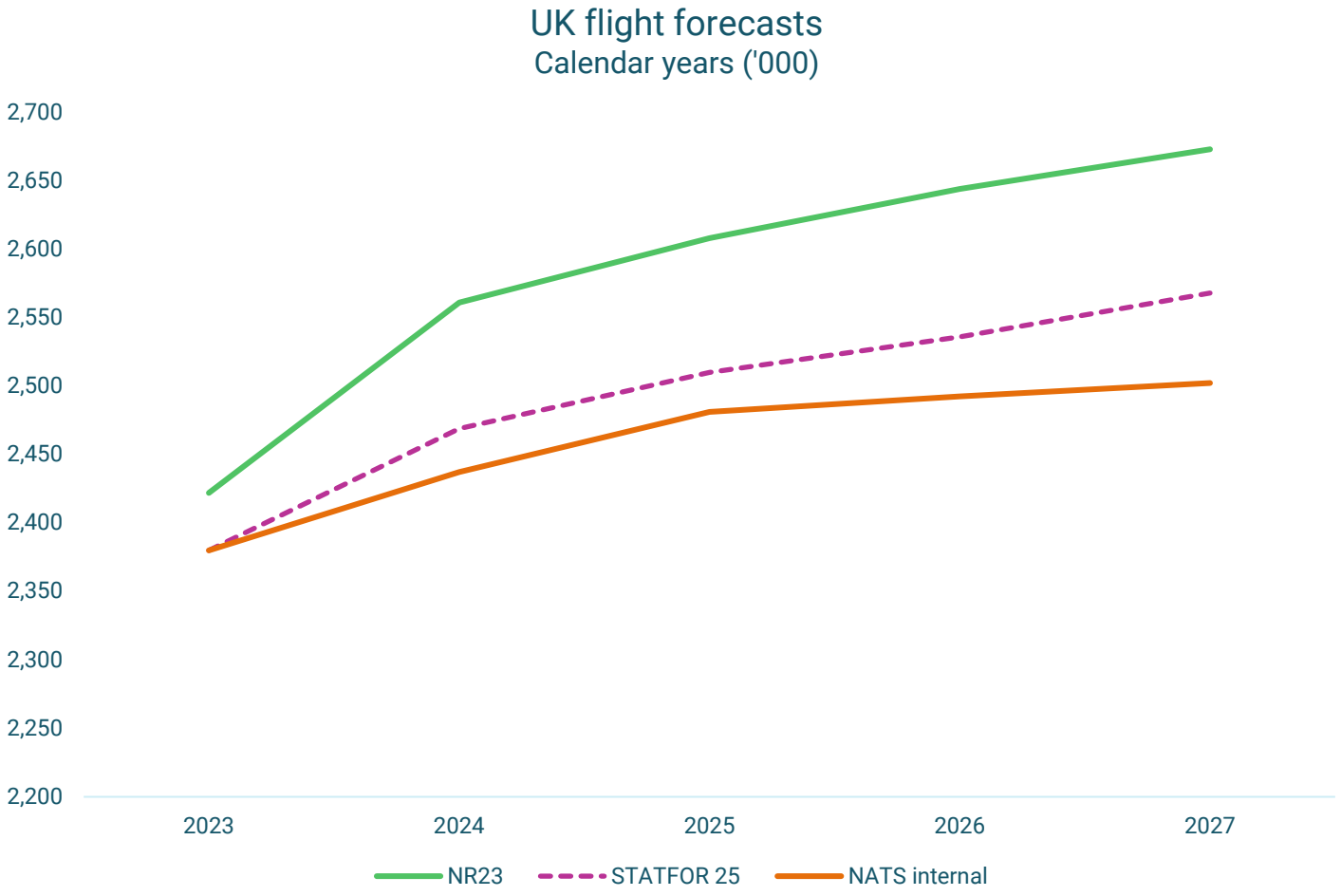
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Highlights from the year

- Provided a safe, efficient and reliable service for 2.48m flights, up 2.9% on last year
- Average delay per en route flight improved to 4.4 seconds meeting the CAA target of 8.3 seconds
- Adjusted profit before tax was £222m (2024: £274m), in line with expectations given investment into service and infrastructure resilience
- Delivered a strong safety and operating performance with no risk-bearing airprox and a 3Di score of 28.6 for 2024, just outside the CAA target
- Resumed the first dividend payments since November 2019, enabled by strong operating cash flows
- NERL appointed as the UK Airspace Design Service (UKADS) provider by the CAA and DfT

Air traffic volumes



- Flight volumes grew this year by 2.9% to 2.48m, but remained 3.8% lower than the forecast adopted by the CAA for NR23
- Global economic conditions and geopolitical uncertainty are driving a dampened latest STATFOR forecast, with flight volumes annually 1-3% below their forecast a year ago
- Our internal projections reflect the economic slowdown as well as the impact on demand from government mandates for the use of sustainable aviation fuel (SAF)
- Both volumes and CSUs are expected to track below the NR23 settlement for the remainder of the price control period
- The traffic risk sharing mechanism will partially mitigate this volume risk

Deliver a safe, efficient and reliable service every day



No risk-bearing airprox (cat A or B) attributed to our operation (2024: none)



Enhanced safety management system

Safety

- Exceptional safety performance delivered by operational teams underlining strong safety focus and culture
- Met all our safety targets, with no risk-bearing category A or B airprox attributable to NERL, and four high-severity RAT events against our target of less than ten
- Our progress in evolving the maturity of our SMS was recognised in the year with two awards from the Civil Air Navigation Services Organisation (CANSO)

Deliver a safe, efficient and reliable service every day



Average en route delay per flight was 4.4 seconds against target of 8.3 seconds
(CY 2023: 8.8s/flight against target 8.5)



Our 3Di score was 28.6 for calendar year 2024
(CY 2023: 28.2)

Service

- Average delay per flight improved to 4.4 seconds this year, meeting the NR23 target of 8.3 seconds (2024: 8.8s/target of 8.5s)
- This performance reflects the focus on consistency in our service delivery performance at key times of the day and enhancements made to our operational procedures and resilience measures on critical service days

- Our 3Di score was 28.6 for calendar year 2024, just outside the top of the CAA's target range of 25.6 to 28.3
- The score reflects the challenge faced in NR23 given the different external factors influencing 3Di measurement, in the light of continued traffic growth

Delivering a sustainable future



Included in the Financial Times' assessment of Europe's Climate Leaders for fifth year running



Initiated plans to de-gas Prestwick, aiming to making it the world's first net zero air traffic control centre



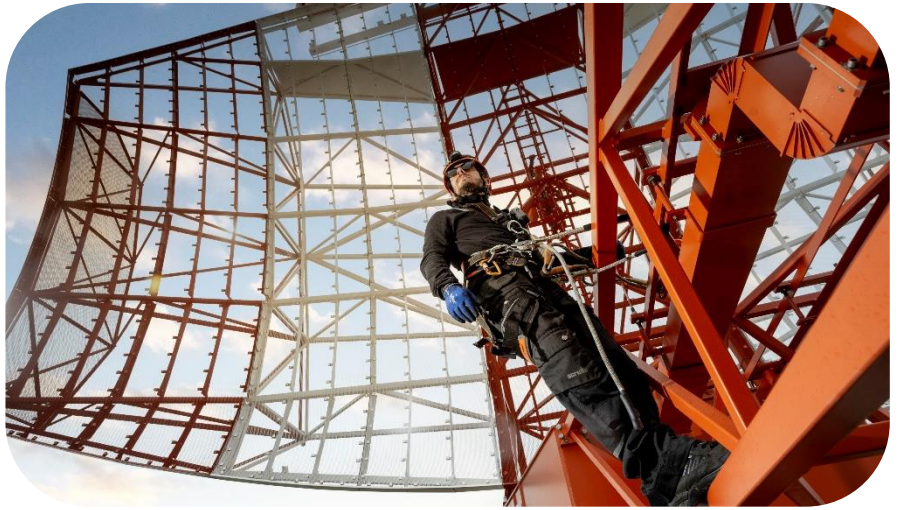
Installed 2,600 panels at Swanwick, the first phase of a scheme that will supply 18% of our operational sites' electricity



Corporate CO_2e emissions reduced by 37% against a 2018/19 baseline of 35%, with improved reduction in scope 3 emissions

Capital investment

- This year, we invested £120m in capital expenditure, up £10m on the prior year, and are projecting to spend c£630m in NR23 on our regulated infrastructure
- The investments included several critical software systems updates, small-scale airspace changes, deployment of a solar array at our Swanwick centre and commencement of a new support building at the Prestwick centre
- In addition, we initiated a long-term investment plan to modernise our current network of primary and secondary long-range radars, replacing 10 and decommissioning 2; the programme will enhance en-route traffic coverage and contribute to our emissions reduction strategy



	2025 £m	2024 £m
SESAR deployment	**29**	43
Airspace modernisation	**9**	9
Infrastructure	**34**	17
Operational systems	**32**	27
Other	**16**	14
Total	**120**	110

Investment in people

Recruitment

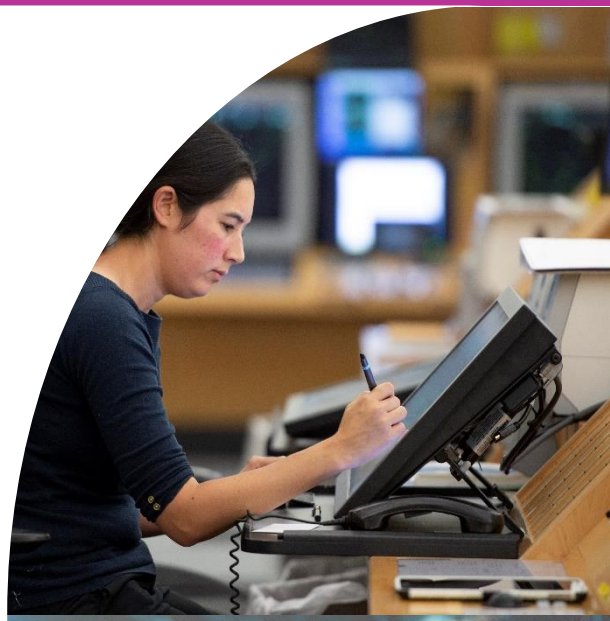
- Continued focus on recruiting and training new controllers to offset those retiring and support provision for long term traffic growth
- Peak annual validations is expected to be reached in early years of NR28

Training Optimisation

- We maintained the approach of optimising use of simulators and partnering with an external training provider to improve resource capacity
- This year 69 trainees completed their initial training whilst 67 controllers extended their validations

Top 25 Employer

- Rated by Best Companies as a ‘Very Good Company to Work For’
- Ranked 27th place in the UK Top 50 Inclusive Companies list





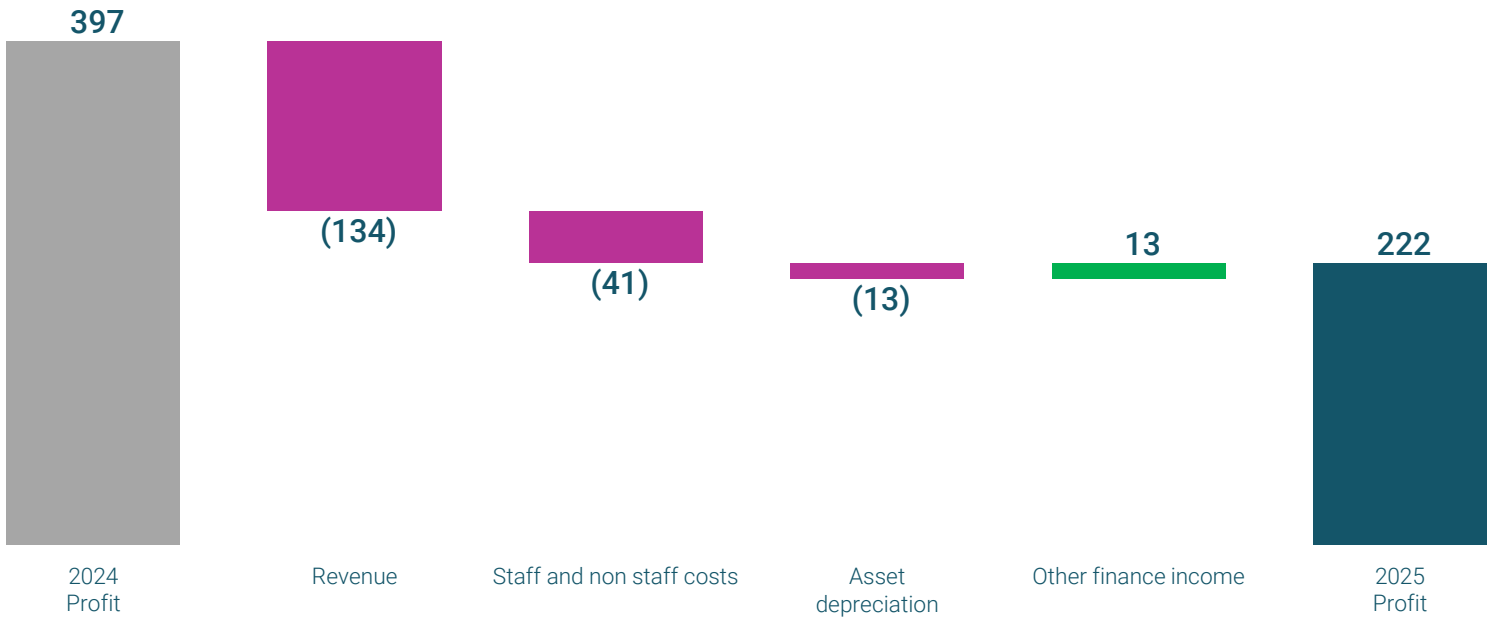
Financial highlights

	2025 £m	2024 £m	Change
Revenue – IFRS	**896**	1030	(134)
Adjusted revenue*	**896**	906	(11)
Statutory profit before tax	**222**	397	(175)
Adjusted profit before tax*	**222**	274	(51)
Debt adjusted cash inflow**	**195**	117	78
Capital expenditure	**120**	110	10
Net debt***	**(801)**	(817)	16
Gearing**** (%)	**42.5%**	41.9%	(0.6%)
Regulatory Asset Base	**2,074**	2,139	(65)
Regulatory return - adjusted	**3.6%**	4.9%	(1.3%)
Dividends	**175**	Nil	175

* Alternative performance measure (APM)
** APM, representing cash flows excluding repayments/drawings on borrowings
***Net debt excludes derivative financial instruments
****APM, ratio of NERL's net debt (as defined by its licence) to regulatory assets

- The adjusted revenue and profit before tax figures, which strip out the one-off effect of prior year £123m Covid income recognition, provide a better view of underlying performance
- On this basis, revenue is down £11m vs prior year, and profit before tax down £51m; these are in line with expectations
- Dividends, which had been suspended since November 2019 due to the pandemic, were resumed this year whilst retaining stable gearing
- Regulatory return currently exceeds the CAA allowance of 3.19%

Profit before tax (£m)



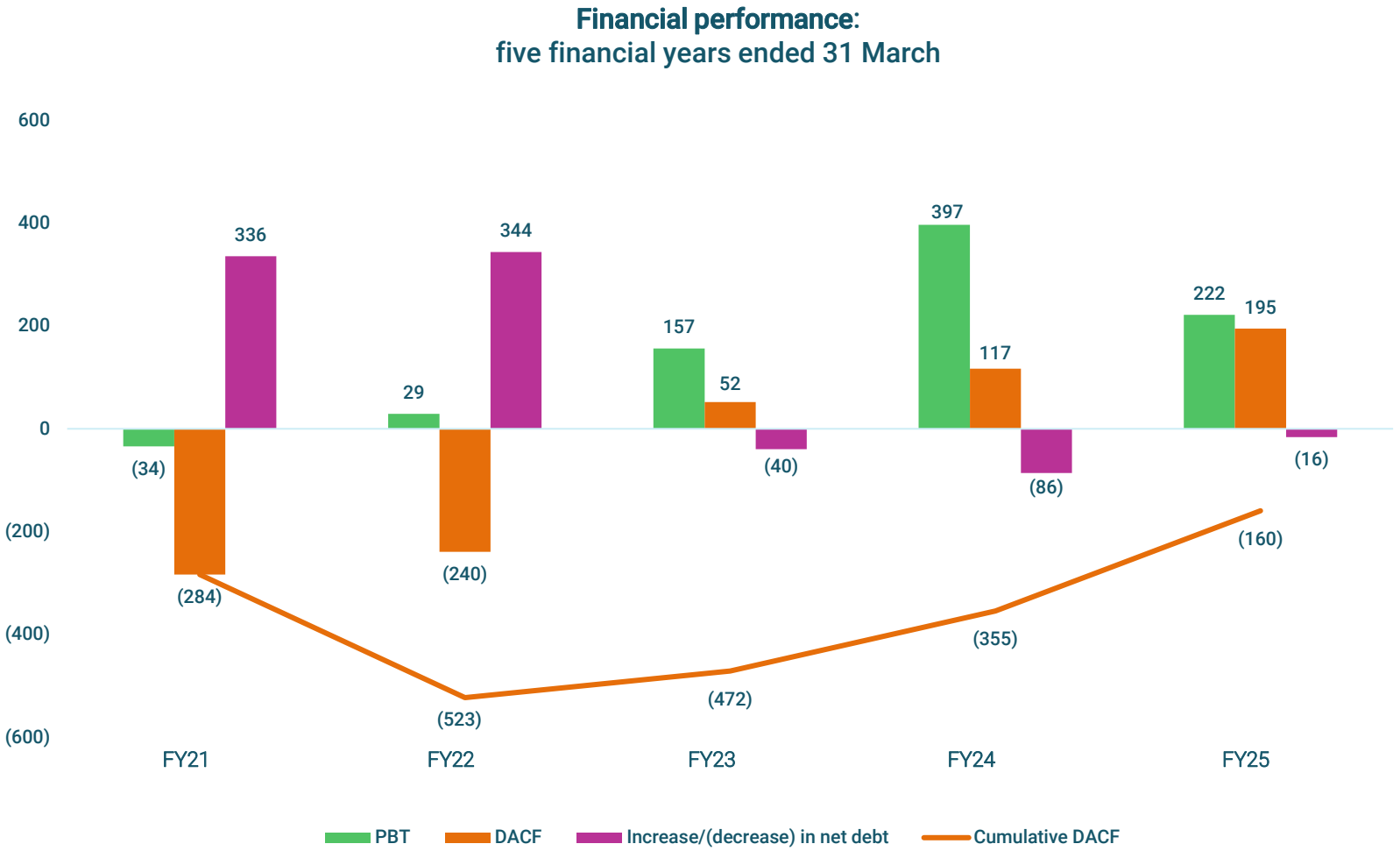
- Lower revenue reflects the unwind of last year's one-off Covid income
- Growth in operating costs driven by staff costs, with investment in workforce to support the increase in traffic volumes and develop future technology; non-staff costs increased with hosting of data infrastructure
- A full year's depreciation was charged this year on assets that entered service in the second half of the previous year
- Other finance income rise related to unwinding of Covid income shortfall discounting and interest on cash

Cash flow

	2025 £m	2024 £m	Change
Net cash generated from operating activities	**327**	213	114
Net cash outflow from investing activities	**(111)**	(101)	(10)
Net cash outflow from financing activities	**(235)**	(79)	(156)
Increase in cash and cash equivalents during the year	**(19)**	33	(53)
Cash and cash equivalents at 31 March	**72**	91	(19)
Debt Adjusted Cashflows (DACF)	**195**	117	78
Available Liquidity	**402**	491	(89)

- Increase in net operating cash inflows largely reflects improved revenue receipts and ongoing recovery of the Covid income shortfall
- Net outflows from investing remain in line with prior year, funding capital investment
- Net outflows from financing activity driven by £175m dividend payments and £90m amortising bond repayments, offset by £70m RCF drawings
- Available liquidity, which includes the undrawn portion of the bank facility, exceeds £400m

Profit, cash flows and financial position in context (£m)



- Debt-adjusted cash flow improved by £78m in 2025, bolstered by improved operating inflows, and is now more closely aligned with PBT
- DACF is expected to exceed profit over the latter years of NR23, whilst operating cash flows continue to benefit from the ongoing recovery of the Covid income shortfall
- Expect to utilise manageable levels of debt to deliver NR23 and provide efficient and stable funding over the remaining period of Covid shortfall recovery

Balance sheet

	2025 £m	2024 £m	Change
Goodwill	**38**	38	-
Tangible and intangible fixed assets	**1,080**	1,088	(8)
Right-of-use assets	**29**	31	(2)
Pension scheme (deficit)/surplus	**(24)**	10	(34)
Amounts recoverable under NERL's licence	**781**	799	(18)
Amounts payable under NERL's licence	**(67)**	(55)	(12)
Deferred tax liability	**(205)**	(205)	-
Derivatives (net)	**(78)**	(80)	2
^Cash and cash equivalents	**72**	91	(19)
^Borrowings	**(836)**	(865)	29
^Lease liabilities	**(37)**	(43)	6
Other net balances	**(53)**	(35)	(18)
Net assets	**700**	774	(74)

^components of net debt; net debt in 2025: £(801m) [2024: £(817m)]

- Resumption of dividends, alongside the change to deficit in the defined benefit pension scheme, drives the £(74m) reduction in net assets
- The pension deficit resulted from under-performance in growth assets; these are partially offset by the reduction in scheme liabilities arising from higher corporate bond yields
- Net amounts recoverable/(payable) under NERL's licence decreased by £30m

Funding overview

Description	Size	Rate	Tenor	Maturity	Amortisation
1.75% 2033 bonds	£445m	Fixed	12.5yrs	Sep-33	Bullet
1.375% 2031 bonds	£450m	Fixed	10yrs (~7yrs WAL)	Mar-31	Sculpted amortisation
Revolving Facility Agreement (RFA)	£400m	Floating	3yrs	Dec-27*	Bullet
Total Funding	**£1,295m**				

Instrument	Outstanding notional	Tenor	Maturity	Amortisation
RPI Swap	£200m	10yrs	Mar-31	Bullet
RPI Swap	£10m	23yrs	Mar-26	Amortising
Total Swaps	**£210m**			

*The RFA includes options, subject to bank agreement, to extend the loan by up to two years expiring December 2029

- The Revolving Facility Agreement was refinanced in 2024
- At 31st March 2025 the facility was drawn by £70m

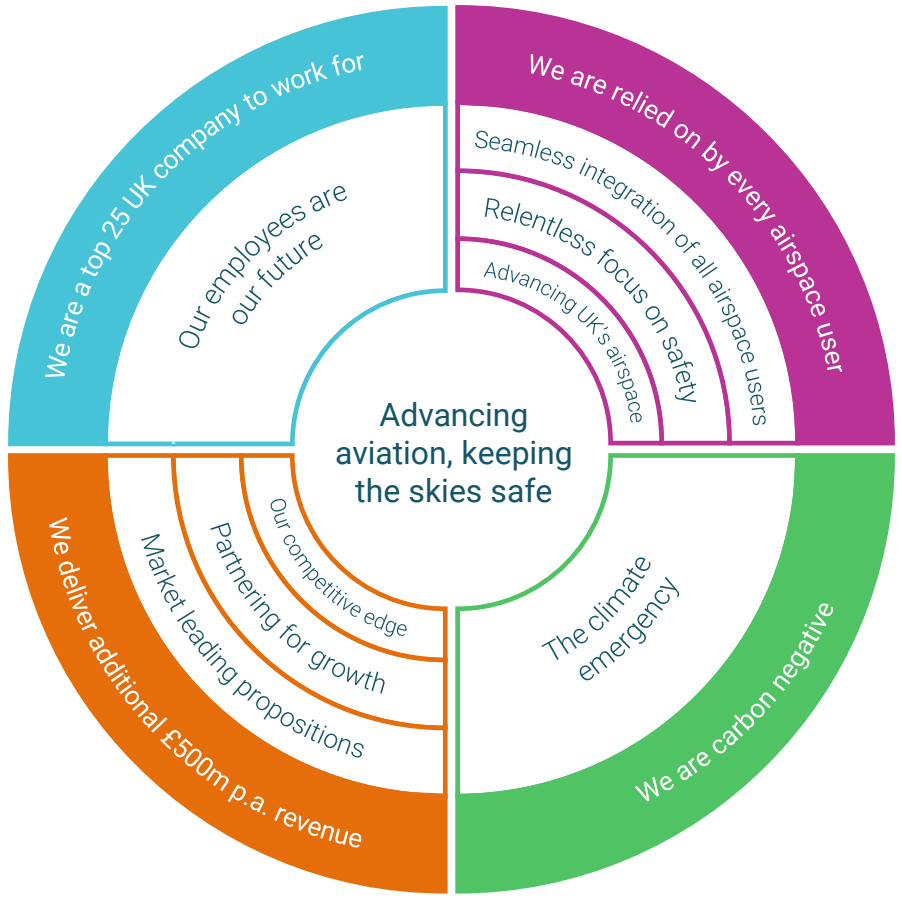
Regulatory matters

- NR28 price control (2028 – 2032) early customer engagement expected to begin in the autumn of 2025 – assumed timing of submission of NERL's NR28 plan is the summer of 2026
- In June 2025, NERL was appointed the UK Airspace Design Service (UKADS) provider by the CAA and DfT; the role will be to coordinate and sponsor future airspace changes in the complex airspace over London and the Southeast
- Following consultation, we have submitted our NATS OpenAir service proposal to the CAA, which seeks to enable safe integration of new airspace users – proposals will include a charging mechanism and model of regulatory oversight
- On 1st July the CAA published its interim report on recommendations from the 2023 technical event, confirming NERL's delivery of these is expected to be validated this summer



Concluding remarks

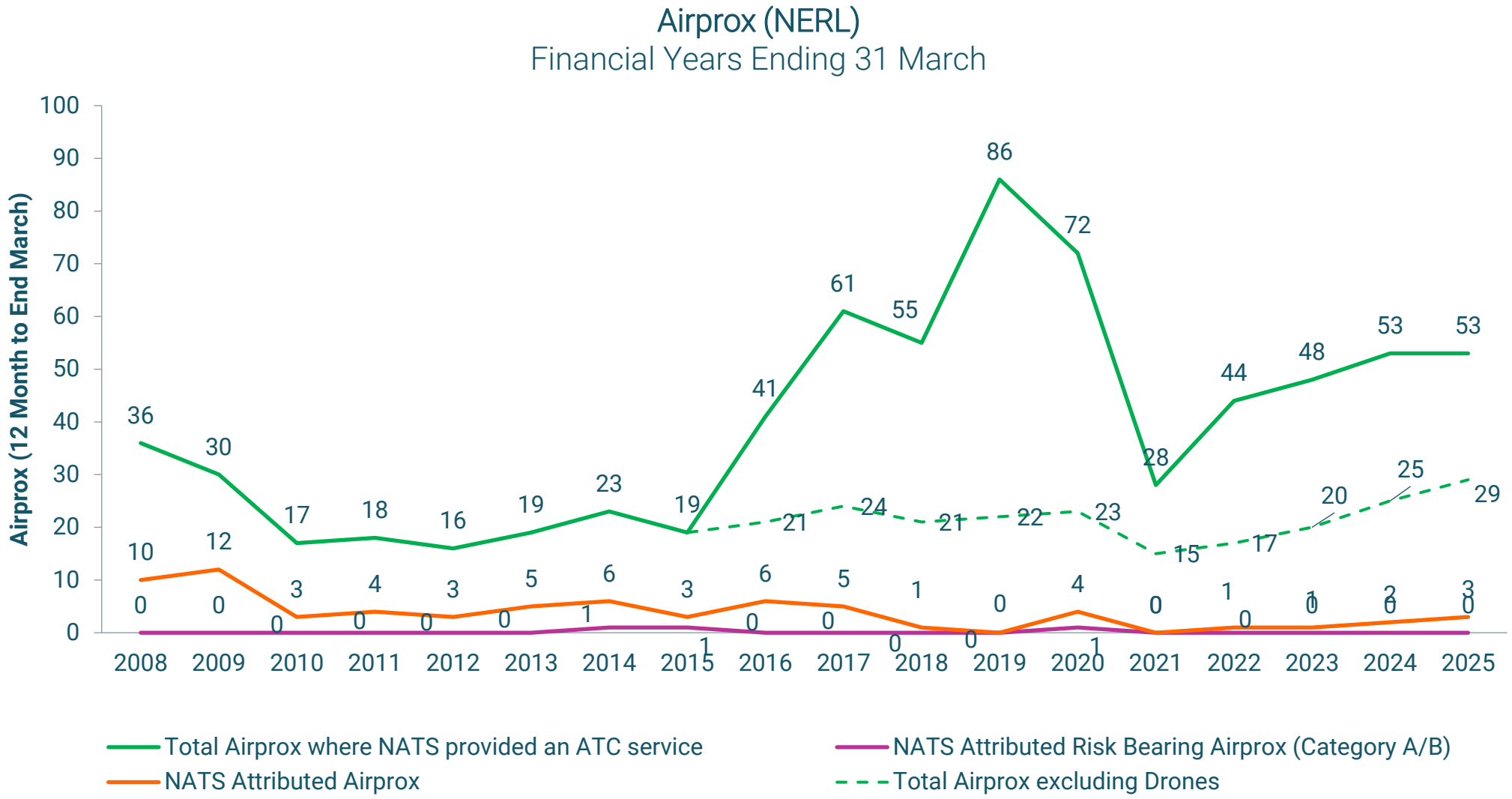
- We maintained a safe, efficient and reliable service, delivering on our safety and capacity performance targets, in the context of traffic growth
- The trajectory for future traffic growth remains positive despite global economic challenges
- Financial performance saw a return to a healthy balance between profit and cash, allowing payment of dividends
- We have invested in our capability for handling future traffic growth with a resilient and sustainable infrastructure




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Q&A


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Appendices

Deliver a safe, efficient and reliable service every day



Delivering a sustainable future

Description	FY 2024/25 (or CY 2024)	FY 2023/24 (or CY 2023)
Service performance and resilience		
3Di (calendar year)	**28.57*** **	28.3
Environmental performance ^		
Scope 1 emissions (location-based tonnes CO_2e)	**2,964"**	2,548"
Scope 1 emissions (market-based tonnes CO_2e)	**269"**	97"
Scope 2 emissions (location-based tonnes CO_2e)	**10,744"**	11,057"
Scope 2 emissions (market-based tonnes CO_2e)	**-"**	84"
Scope 3 categories 1, 3, 4, 6 and 7 emissions (tonnes CO_2e)	**11,887"**	12,792"
Total scope 1, 2 and 3 categories 1, 3, 4, 6, 7 (tonnes CO_2e) – location based	**25,595"**	26,397"
Scope 3 category 11 emissions (tonnes CO_2)	**24,553,624"**	24,069,952"**
Scope 4 modelled enabled ATM-related CO_2 reduction in tonnes	**2,876"**	799"**
Water supply and treatment (m^3)	**48,031"**	35,800"
Energy consumption (gas + electricity) MWh	**63,773"**	64,988"
Transportation: owned and leased vehicle fuel consumption (as reported within scope 1) KWh	**520,698**	810,057
Transportation: business travel (scope 3) from employee-owned vehicles and hire cars KWh	**1,154,662**	614,568
CO_2e intensity metrics		
Total scope 1 + 2 emissions (location-based tonnes CO_2e)	**13,708"**	13,605"
Total scope 1 + 2 emissions (market-based tonnes CO_2e)	**269"**	180"
Total scope 1 + 2 intensity metric (location-based tonnes CO_2e per £m of revenue)	**12.8**	11.4
Total scope 1 + 2 intensity metric (market-based tonnes CO_2e per £m of revenue)	**0.3**	0.2"
Net zero metrics towards validated science-based target		
Percent reduction of CO_2e against 2018-19 baseline (scope 1, 2 and 3 categories 1, 3, 4, 6, 7)	**Target: -35% Actual: -37%"**	Target: -29% Actual: -35%"
Percent change in CO_2e against 2018-19 baseline (scope 1 and 2 emissions) *	**-34%**	-34%"
Percent reduction of CO_2e against 2018-19 baseline (scope 3 categories 1, 3, 4, 6, 7) *	**-40%**	-35%"
Physical and transition climate risk monitoring		
Aviation Index: Percent of public that feel emission reduction should be most prioritised for improvement (calendar year)	**53%**	54%


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End