

# MAG update

GM LEP – March 2022



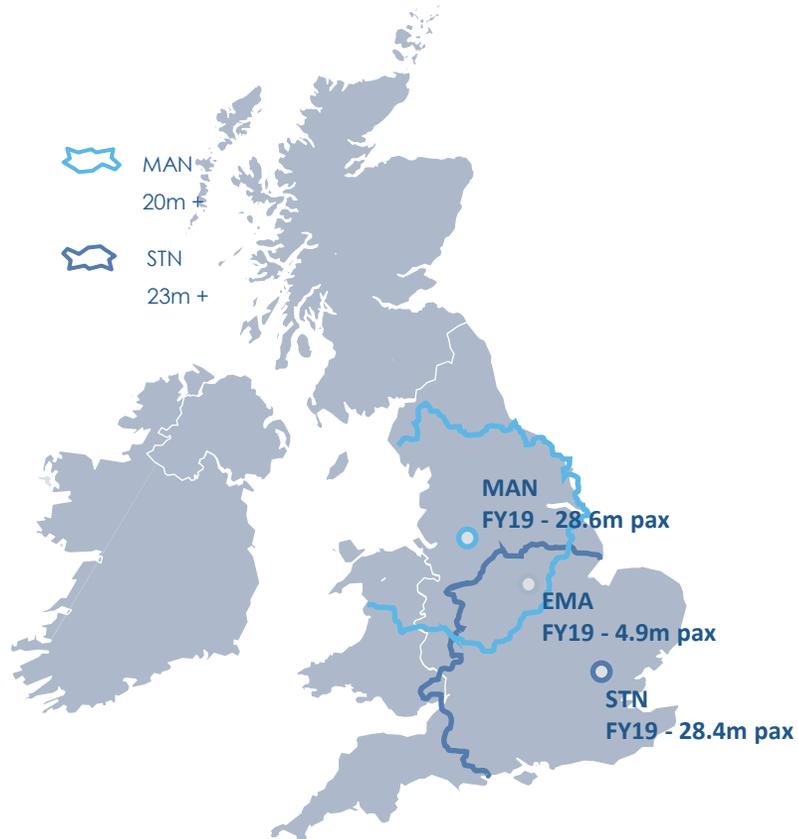
# MAG – THE UK'S LEADING GROUP OF AIRPORTS



MAG is the largest UK owned airport operator, contributing over £8bn to the UK economy and supporting over 130,000 jobs across the supply chain.

Before COVID, MAG airports served around 60 million passengers every year, and provided employment onsite for 40,000 people. MAG's combined catchment covers 70% of UK population within a 2-hour drive.

In addition, MAG has a US business focused on growing its partnerships with US airports through car parks and lounges.



## MANCHESTER



- UK's 3<sup>rd</sup> largest airport
- 28.6m passengers per annum (mppa) in FY19
- 60+ airlines & 220+ destinations
- Two full-length runways with runway capacity for 55mppa
- Over 20m people within a two-hour drive

## STANSTED



- UK's 4<sup>th</sup> largest airport
- 28.4mppa in FY19
- 200+ destinations
- Capacity to serve 43mppa
- Over 23m people within a two-hour drive

## EAST MIDLANDS

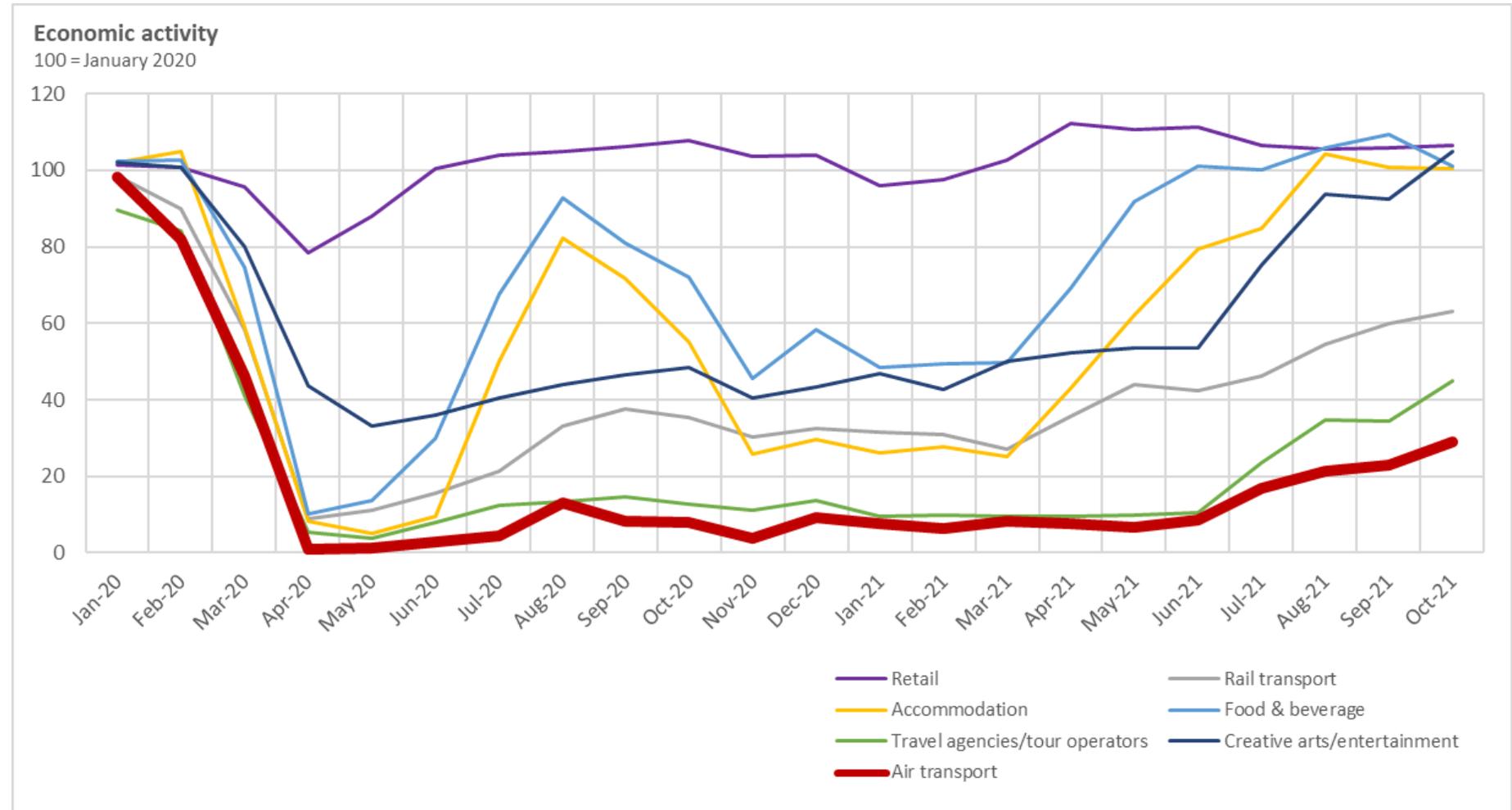


- UK's largest hub for dedicated freight flights
- 440,000 tonnes of freight handled
- Base for express freight - DHL, FedEx, UPS, Royal Mail
- 4.9mppa in 2019
- Proposals for East Midlands Freeport

# UK AVIATION THROUGH THE PANDEMIC

The UK Government has consistently been harsher with international travel restrictions than any domestic measures, since the first months of the pandemic.

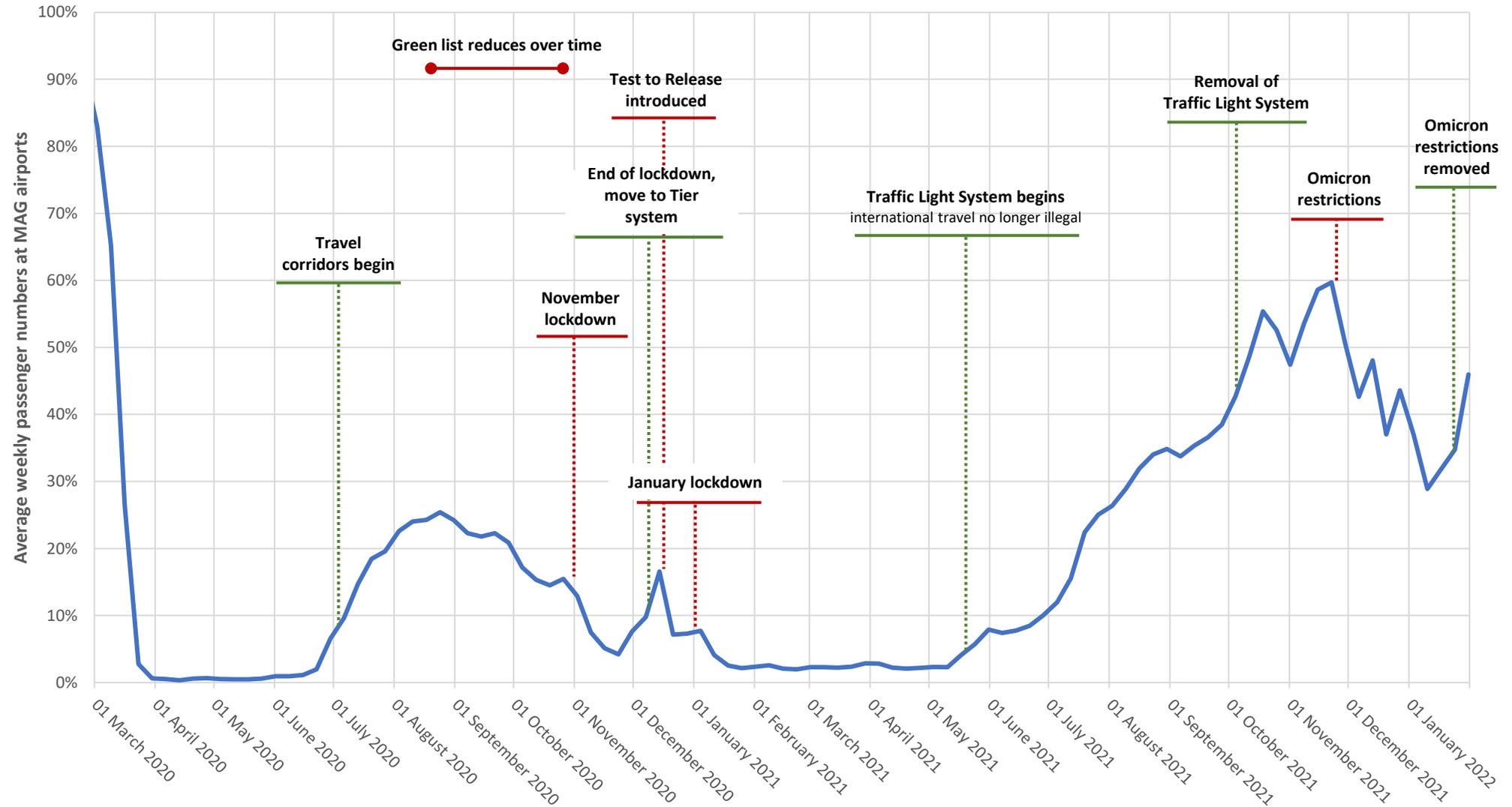
The Office of National Statistics has consistently reported that air transport is the most impacted sector of the UK economy.



Source: Office of National Statistics

# THE IMPACT OF COVID ON MAG TRAFFIC

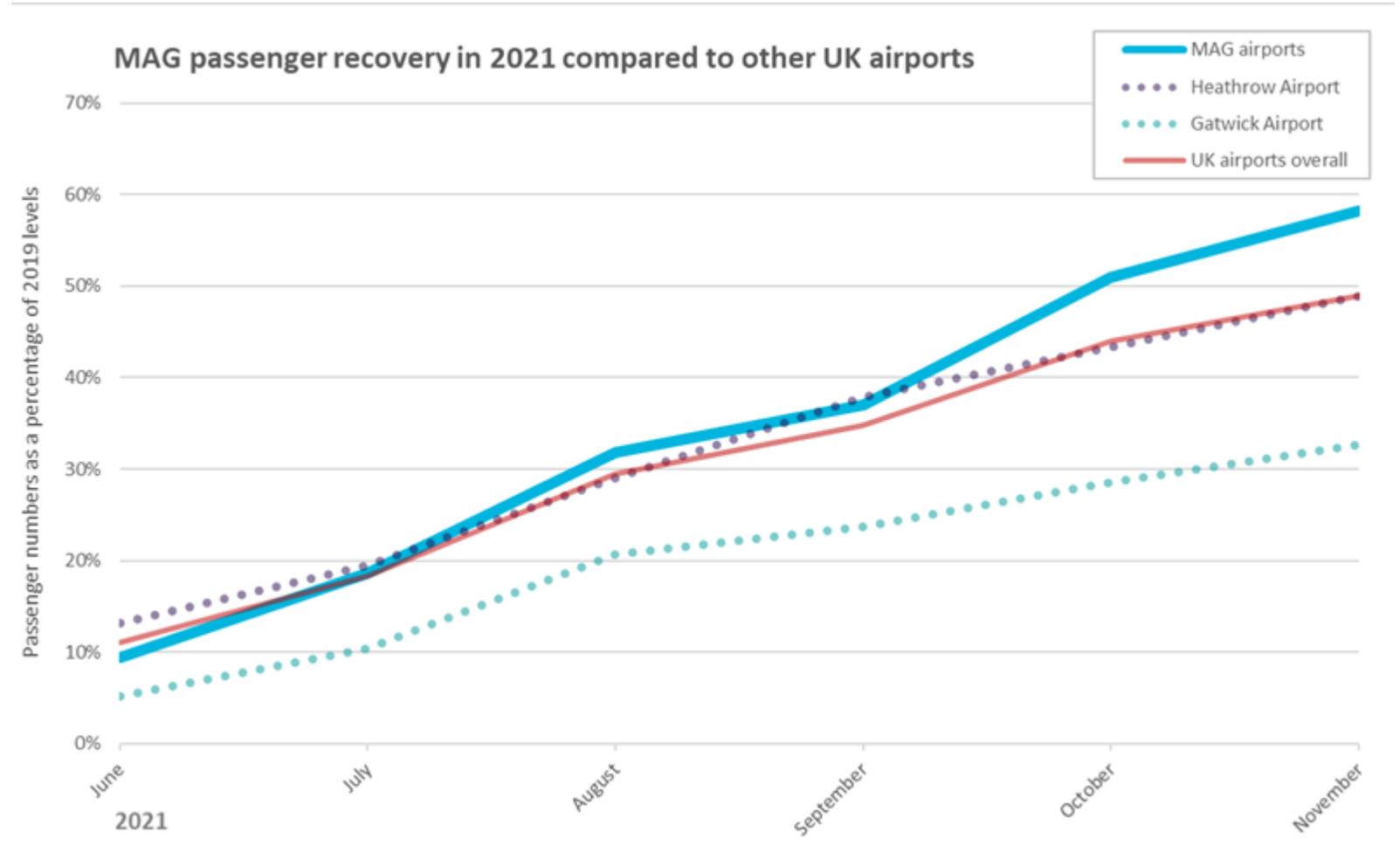
- International travel restrictions in some form or another since March 2020.
- National lockdowns reduced passenger traffic to less than 5% of 2019 levels.
- Changing travel rules held back consumer confidence.
- Between March 2020 and July 2021, traffic remained below 30% of 2019 levels.



# PASSENGER RECOVERY THROUGHOUT 2021



- International travel restrictions over summer 2021 suppressed passenger numbers
- Lifting of some restrictions in October saw passenger numbers begin to rise quickly.
- In October and November, MAG airports recovered more quickly driven by favourable airline mix
- This gives us confidence about the level of recovery in 2022
- Passenger numbers in 2022 have reached 50%-60% of pre-Covid levels, with consumer sentiment approaching 2019 levels



# MANCHESTER TRANSFORMATION PROGRAMME



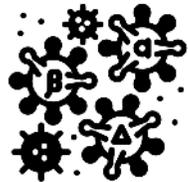
- First announced in 2015, MAG's £1bn transformation programme set out a vision to create state-of-the-art facilities that provided a first-class customer experience and cemented our role as the UK's global gateway in the North.
- Work on Phase 1 started in 2017 and was completed on time and on budget although the pandemic delayed opening by a year. The construction phase created more than 1,500 jobs, including 150 apprenticeships.
- The terminal extension opened in July 2021, hosting several northern brands.
- Potential for Phase 3 to begin over the next three years, including refurbishment of existing terminals and adding new piers.

As we look ahead to 2022, there are several factors we know will impact our performance across the Group:



## Government travel policy

We are working to provide evidence to governments here and in other countries to guide their approach to COVID travel policy for the year ahead.



## Future variants of concern

The trajectory of the pandemic has been for new variants of genuine concern to be more transmissible but less severe, but it is not certain what the next concerning variant will look like or how governments will respond.



## Airline strategies and consumer behaviour

Our airlines are likely to take a range of approaches to how they build back their networks i.e. scheduling choices, when to restore specific routes, etc.



## Wider Government aviation policy

As we emerge from the pandemic, Government will focus on broader strategic policy issues for aviation, including its plan for net zero. We will work to shape policies to ensure they reflect MAG's priorities.



## Delivering a strong recovery

After a long period with low passenger volumes, we are focused on preparing for a strong recovery in 2022. We have major recruitment campaigns running and we're working closely with airport partners to ensure we're operationally ready for a busy summer season.

As the outlook becomes clearer, there are a number of ways that we will be supporting the region:



## **Airport recruitment**

We are recruiting for 500 roles at Manchester Airport to support summer recovery, running jobs fairs and social media campaigns to promote opportunities with MAG and business partners.



## **Airport Academy**

Our partnership with Trafford College offers free training programmes. Upon completion, participants are guaranteed an interview with the airport. In 2019, 435 people from in and around Manchester gained employment at the airport as a result of the Academy's support.



## **Inspiring the next generation**

Our AeroZones provide free interactive education centres for schools and colleges at each airport, designed to inspire the next generation to work in the aviation industry. Manchester's Aerozone will welcome 5,000 school children every year.



## **Supporting local communities**

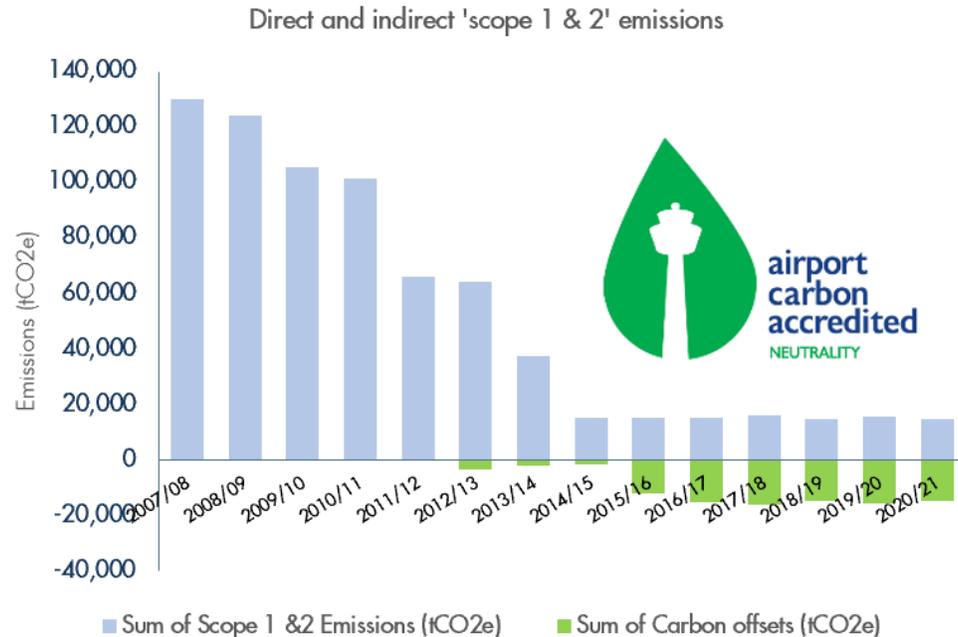
Our grants for small charities and organisations enable them to carry out their work and improve communities. The Community Trust Fund has invested more than £3.5m in the local area.

# THE PATH TO NET ZERO AVIATION

## MAG Airports – carbon neutral to net zero by 2038

- MAG became the first carbon neutral UK airport group in 2015.
- MAG has committed to achieving net zero by 2038.

### Journey to Carbon Neutrality



## UK Aviation – a roadmap to net zero by 2050

The sector will be net zero by 2050 through:

- **System efficiencies** – airspace modernisation will deliver 20% of emission savings for this decade
- **Sustainable aviation fuels** – UK manufacture will begin by the mid-2020s and provide 30% of fuel by 2040
- **Zero emission flights** – improved fuel efficiency and introduction of alternatively powered flights in 2030s
- **Carbon markets and removals** – aviation will need to pay to remove carbon emission via market-based measures
- **Influencing consumers** – providing more information and measures such as our CarbonClick partnership