

Highlights

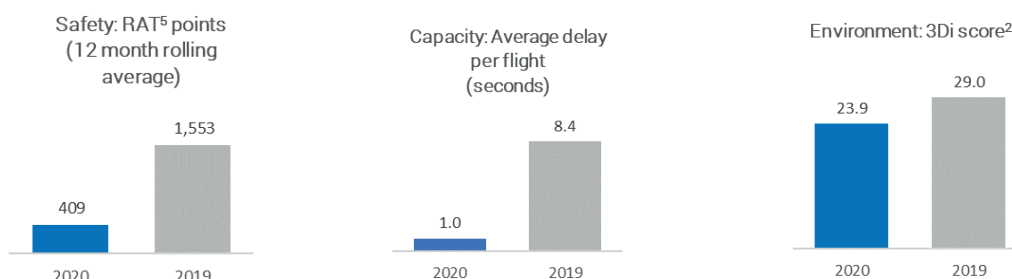
Financial highlights (year ended 31 March)

£m (unless specified)	2021	2020	Change (%)
Revenue and regulatory allowances	823.0	892.1	-7.7%
(Loss)/profit before tax	(37.8)	25.3	-
Cash (used in)/generated from operations	(264.5)	217.1	-
Capital expenditure	78.8	158.5	-50.3%
Net debt ^a	502.8	170.7	+194.6%
Gearing ^b (%)	49.6%	29.0%	+71.0%
Dividends	nil	59.0	-

Notes: ^a includes advances of en route charges and excludes derivative financial instruments; ^b ratio of NERL's net debt (as defined by its licence) to regulatory assets¹

- The loss for the year reflects the impact of Covid-19 (Covid) on the group's revenue and regulatory allowances and the carrying value of its assets. We took action to reduce our cost base to preserve liquidity and to ensure that we are in a sustainable position to support the recovery in aviation.
- In June 2021, NERL completed a full refinancing of its debt structure. It secured £1.6bn of funding by issuing £750m of unsecured bonds and agreeing £850m of new unsecured bank facilities. This enabled the repayment of more expensive secured bonds in place since 2003 and of existing bank borrowings, including a £380m facility agreed in August 2020 which provided additional liquidity in response to Covid. The refinancing ensures the group is well placed for a range of recovery outcomes.

Operational highlights



Note: the operational metrics shown above are measured on a calendar year basis for regulatory purposes.

- Our priority has been the health and wellbeing of our workforce while maintaining a safe and resilient service for our customers. We have made significant economies but retained the skills and capacity necessary to safely support the recovery of aviation.
- The volume of flights in the year fell by 73% to 661,000 (2020: 2.48m) reflecting Covid travel restrictions.
- There were no risk-bearing airprox³ attributed to our operation during the financial year (2020: one).
- The CMA's final decision on the RP3 price control has been overtaken by the impacts of Covid on the sector. The CAA is to determine a new five-year price control starting in 2023, which will include an assessment of the recovery of NERL's revenue shortfall in years 2020 to 2022.
- The London City digital tower entered operational service in January 2021.
- Gatwick Airport awarded us a 10-year air traffic control and engineering contract from October 2022.
- We are committed to sustainable aviation and shared our flight efficiency tool with the global industry.

¹ A number of explanatory notes are provided on page 166 of this report. Abbreviations used in this report are provided on page 165.