



Interim Report

For the six months ended
30 September 2023

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The term 'MAG' (Manchester Airports Group) refers to the consolidated group of entities controlled by Manchester Airport Group Investments Limited (MAGIL).

MAG is the UK's leading airports group, operating Manchester, London Stansted and East Midlands Airports, alongside global airport services business, CAVU.

OUR PURPOSE

At MAG, our role is to connect our customers to the world with great airport experiences and innovative travel services.

OUR VISION

To be a world-leader in the provision of airport facilities and travel services, delivering value for all stakeholders.

OUR MISSION

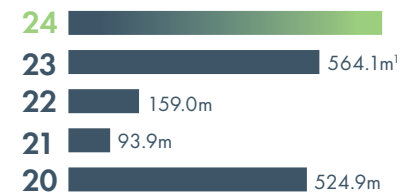
We are on a mission to make our airports and travel services the number one choice for travellers and airlines.

2024 performance highlights

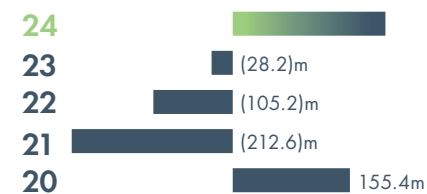
Six months in review

FINANCIAL HIGHLIGHTS

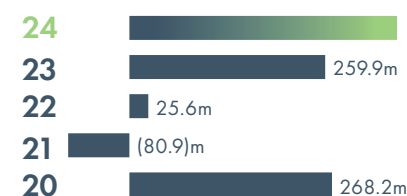
REVENUE

£705.3m

PROFIT/(LOSS) BEFORE TAX

£202.2m

ADJUSTED EBITDA*

£345.8m¹ Restated in the prior period as detailed in note 1.

* As explained in Other information of the financial statements on page 48.

OPERATIONAL HIGHLIGHTS

- **An increase in passenger numbers of 4.4m compared to the same reporting period last year**
- **Route networks continued to strengthen as airlines introduced new routes and increased capacity across the Group**
- **Planning permission secured for a terminal extension at London Stansted to accommodate growing passenger numbers**
- **Retaining an independent five star rating from GRESB – a leading ESG benchmark**

CAVU

CAVU has reported a strong period of trading for the first six months of this year, building on the successful launch of propel™ in April. CAVU's lounges in airports across Europe and North America continue to attract large numbers of guests which together with its recent parking acquisition of ParkVia, contributed to a year-on-year increase in revenue and profit.

→ [Read more on page 07](#)

MANCHESTER

In the first half of FY24, Manchester Airport handled 16.4m passengers, up 14.7% on the same period in FY23. It saw its route network grow, and service levels remain high over the peak summer period. Manchester continued work on phase two of its £1.3bn transformation programme, with the completion of the refurbished Terminal 2 expected in 2025.

→ [Read more on page 07](#)

EAST MIDLANDS

Between April and September, East Midlands Airport handled 2.7m passengers, a figure up 22.7% on the same period last year. Airlines based at East Midlands increased both their capacity and fleet sizes over the first six months of this year, with additional routes to popular destinations across Europe. As the UK's largest pure freight operation, East Midlands handled more than 186,000 tonnes of cargo over the period.

→ [Read more on page 07](#)

LONDON STANSTED

London Stansted continued to be the fastest recovering UK airport in the first half, serving 15.8m passengers, a figure up 12.9% on the same period last year. In July, it became the first major UK airport to see its traffic levels reach pre-pandemic levels. Most recently, the airport received planning permission for terminal extension, which will allow it to reach its permitted passenger cap of 43.0m passengers per year.

→ [Read more on page 06](#)

16.4m
PASSENGERS

2.7m
PASSENGERS

15.8m
PASSENGERS

Chief Executive’s statement

Firm foundations for growth

It is my pleasure to be introducing these interim results as MAG’s new CEO.

I would like to start by placing on record my thanks to Charlie Cornish, who led the business for 13 years.

Under his leadership, MAG achieved significant growth – both organically and through the acquisition of London Stansted – and expanded into new international territories, as well as developing an industry-leading CSR programme.

Latterly, he guided us through the coronavirus pandemic and, at the full-year, we reported a strong financial and operational performance in what was the first 12 months since the removal of Covid-19 travel restrictions.

In our FY23 Annual Report, we set out our strategic priorities, including commitments to providing great customer service and operational excellence while growing our core airports business. We also outlined the positive position our airports were in as they headed into the summer season, with staff numbers at the levels we needed for the peak summer months and our teams consistently delivering a good level of service to passengers.

Last year’s recovery provided the foundation for the Group’s strong performance in the first six months of this financial year.

It is essential we extend that service to all our passengers, whatever their circumstances. We were pleased that all three of our airports received the highest possible rating for the service they provide to passengers with reduced mobility by the Civil Aviation Authority. This reflects our commitment to making travel through our airports as accessible as possible.

Our airports handled 34.9m passengers between 1 April and 30 September, which was an increase of 4.4m compared to the six months ended 30 September 2022.

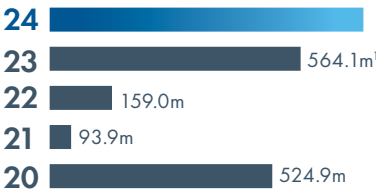
This drove a strong income performance, with the Group recording revenues of £705.3m during the period, which was £141.2m higher than the six months ended 30 September 2022.

Whilst passenger performance remained slightly below pre-Covid levels at the end of the half year, we were pleased to report that the exceeded pre-pandemic volumes in October.

Our focus on providing customers with a strong product mix, and our commitment to working with our airline partners to make travel as affordable and accessible as possible, resulted in a positive performance across all revenue streams despite the cost-of-living pressures faced by many consumers.

REVENUE

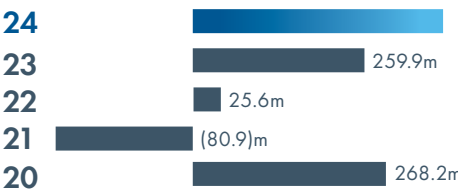
£705.3m



¹ Restated in the prior period as detailed in note 1.

ADJUSTED EBITDA*

£345.8m



* As explained in Other information of the financial statements on page 48.



Our focus is on providing customers with a strong product mix and working with our airline partners to make travel as affordable and accessible as possible.”

Ken O’Toole
Group Chief Executive Officer



Chief Executive’s statement continued

Route networks continued to strengthen as airlines introduced new routes and increased capacity across the Group.

Adjusted EBITDA* stood at £345.8m for the six months ended 30 September 2023, growth of £85.9m on the equivalent period last year. Our strategy is also focused on driving growth in our airports, something we continued to do during the first six months of this financial year.

The main example of that was the progress we made on the second and final phase of our Manchester Airport Transformation Programme (MAN-TP). The project will complete the transformation of Terminal 2, through which 80% of all Manchester Airport passengers will travel upon its completion in 2025. We have received excellent feedback from customers on phase one and we are confident the programme will create a world-class airport experience for our passengers and airlines.

In November, we were pleased to receive planning permission for an extension to London Stansted’s terminal, which will enhance the passenger experience and provide us with capacity to continue to grow.

Capital programmes are being delivered at all three of our airports to accommodate the next generation of security equipment, as part of a government requirement to introduce the technology, which will also deliver significant improvements to the passenger experience at all UK airports.

Our investment in new infrastructure is supported by our long-term borrowing programme, and we were pleased in September to raise £360m in the UK capital markets through the issuance of an 18-year bond. Backed by the majority of UK blue-chip institutional investors, the bond was four times oversubscribed, which is a strong vote of confidence in MAG and our investment plans.

We also set out as strategic priorities our intention to drive sustainable growth in shareholder value, and to play a leading role in decarbonising aviation.

Both those priorities provide the focus for our CSR agenda, which we have been pleased to make progress on during the past six months, including the publication of our new CSR Report in October.

Highlights include Manchester Airport’s landmark partnership with HyNet to secure a direct supply of zero emissions hydrogen fuel, more than 12,000 people supported with skills and employment through our Airport Academies, and more than £1m in donations to local causes through our community funds. You can read more about this on page 8. MAG has also recently retained its five-star GRESB ESG rating, and earlier this year became the only UK airport operator to be named a *Financial Times*’ European Climate Leader for three successive years.

LONDON STANSTED

In July, London Stansted became the first major UK airport to exceed pre-Covid passenger volumes when compared with the same month in 2019.

Across the six months covered by this report, passenger volumes stood at 15.8m, which was a 12.9% increase year-on-year. This reflected the strong recovery of its main carriers, and the excellent choice and value it offers to passengers across its catchment.

A number of airlines announced new routes during the period, including Jet2.com to Morocco, AnadoluJet to Ankara and easyJet to Geneva and Zurich, further enhancing London Stansted’s position as having the most direct connections to Europe of any UK airport. Meanwhile, the twice-daily service to Dubai with Emirates continues to prove popular with travellers, particularly as a way of accessing the airline’s network of global destinations.

Across the six months, 97.6% of passengers passed through security in 15 minutes or less. We were also pleased to see confirmation that the Stansted Express rail service to London Liverpool Street will be restored to four trains per hour from December. The enhanced rail service will support the role the airport plays in providing efficient and affordable access to the world for business and leisure travellers alike, as well as serving as a vital gateway for inbound visitors to the capital.

MANCHESTER AIRPORT

Manchester Airport handled 16.4m passengers between April–September, which was 14.7% up on the prior year, albeit slightly below pre-Covid levels at 94.3%.

As the UK’s global gateway in the North, growth was seen across Manchester’s route network, with many of its low-cost carriers delivering capacity above and beyond pre-Covid levels.

We were pleased to welcome EGYPTAIR to Manchester, with the flagship carrier starting a five times a week service to Cairo. Virgin Atlantic announced the resumption of its popular Las Vegas service, which will begin operating in June 2024.

Across April–September, Manchester delivered a consistently good service to passengers, with 96.2% of people passing through security in 15 minutes or less. We worked hard with airline and ground handling partners to ensure all stages of the customer journey performed well, including through the launch of a multi-skilled Resilience Team – staffed by airport colleagues – that was on hand to support our airlines’ response to a wide range of operational challenges in the moment.

We are disappointed by the Government’s decision not to continue with the second phase of HS2 beyond Birmingham, given its central role in driving economic growth across the North and enabling the development of Northern Powerhouse Rail (NPR). We are now working with the Government and regional stakeholders to develop proposals for NPR that will provide better connectivity across the North and ensure the whole of the North benefits from good access to the region’s global gateway at Manchester Airport and the economic opportunities this unlocks.

EAST MIDLANDS AIRPORT

Passenger volumes at East Midlands grew 22.7% year-on-year to 2.7m during the six months, and stood at 84.4% of pre-Covid levels.

It has been pleasing to see the airlines operating at the airport increase their fleet sizes and capacity, with a number of additional routes being added to the departure boards.

These included TUI’s services to Ankara, Hurghada and Gran Canaria, Eastern Airways adding flights to Paris Orly and Aer Lingus Regional taking on the popular Belfast service.

East Midlands’ reputation as a centrally located airport offering an effortless travel experience was reinforced by the strong operational performance it delivered this summer, with 100% of passengers passing through security in 15 minutes or less.

East Midlands remains the UK’s busiest pure freight airport, playing a vital role in supporting industries that rely on its cargo connectivity. During the period, more than 186,000 tonnes of cargo passed through the airport, which was down 11.2% year-on-year, reflecting a combination of macro-economic challenges faced by the freight and logistics sector as a whole.

CAVU

Developing and scaling CAVU is another of our strategic priorities, and it has been another strong trading period for the business unit. Building on the successful launch of propel™ in April, our new single platform, multiple new clients went live across Europe and North America. Strong guest numbers at our Escape and 1903 Lounges and a strong underlying performance from our existing digital channels, as well as the recent acquisition of ParkVia, all contributed to revenue and profit increasing significantly year-on-year.

Our performance at the mid-point of the reporting period gives me encouragement we will finish the financial year strongly.

I would like to conclude by thanking our colleagues and partners for all their hard work and support. We are clear in our strategy that building a strong, inclusive team will be at the heart of our success. This has been a primary focus of ours across MAG for some time and we are pleased to see that paying off in the performance of the group.

Ken O’Toole
Group Chief Executive Officer

4 December 2023

* As explained in Other information of the financial statements on page 48.



Corporate Social Responsibility

Working together for a brighter future

In the first six months of this financial year, creating a more sustainable future for all continued to sit at the centre of how MAG operates, and we have remained focused on delivering our CSR Strategy “Working together for a brighter future”.

Our commitment to delivering a more sustainable future continues to be independently recognised, and in October we retained our five-star Global Real Estate Sustainability Benchmark (GRESB) ESG rating.

SUSTAINABLE AVIATION DECARBONISATION ROAD-MAP

In April, we welcomed the publication of a new decarbonisation Road-Map from industry coalition Sustainable Aviation (SA). The Road-Map reflects the advancement made in decarbonisation technologies in the UK and detailed how the UK has become a global leader in sustainable aviation technology. As a founding member of SA in 2005, MAG endorses the findings of the Road-Map, which will allow MAG and the rest of the aviation industry to facilitate the use of low and zero carbon aviation technologies, to reach its collective target of net zero by 2050.

2038
OUR AIRPORT
OPERATIONS WILL BE
NET ZERO BY 2038

MANCHESTER AIRPORT APPRENTICESHIP PROGRAMME

In June, Manchester Airport announced the launch of its new Aviation apprenticeship programme in partnership with Trafford College. The two-year scheme gives students paid experience in all elements of an airport operation, enabling them to gain a recognised qualification without the debt burden of going to university or college. Upon successful completion of the course, apprentices will then be offered a permanent role within the airport with opportunities to progress into team leader positions and beyond as their careers develop. This scheme is in addition to the new internal team leadership apprenticeship, and is just one part of MAG’s commitment to creating opportunity for all by delivering education and skills training across the regions it serves.

JET ZERO EDUCATION

Building on the five Jet Zero pledges MAG made in support of the Government’s Jet Zero Strategy in 2022, in July this year we announced that a Jet Zero Education curriculum would start in the new academic year in the on-site MAG Connect Aerozones. The curriculum focuses on the role Sustainable Aviation Fuel (SAF) will play in the decarbonisation of aviation, with students learning about how SAF is produced, and the benefits it will bring in reducing aircraft emissions which will help meet the aviation industry’s target of net zero by 2050.

OUR ANNUAL CSR REPORT

The official launch of the Jet Zero Education curriculum coincided with the publication of MAG’s annual CSR Report in October. The Report detailed MAG’s achievements over the last 12 months in delivering the CSR Strategy against its three themes: Opportunity for All, Zero Carbon Airports and Local Voices.

Under Zero Carbon Airports we detailed the landmark partnership between Manchester Airport and HyNet, which aims to make it the first UK airport with a direct supply of zero emission hydrogen fuel by the mid-2030s, and the planning permission London Stansted secured to build a 14.3 megawatt solar farm which will help to meet its current and future energy needs.

The Report set out how many people had benefitted from MAG’s commitment to Opportunity for All, which saw more than 6,500 young people visit a MAG Connect Aerozone and more than 12,000 people supported with skills and employment through MAG Connect Airport Academies.

In our commitment to hearing Local Voices, our Report spoke about our new Youth Forums at each airport that enable us to hear directly from younger people about their views on the sustainable development of MAG, and as part of our long-standing commitment to supporting local causes, MAG contributed nearly £1.0m through our community funds.

MORE THAN
3,000
YOUNG PEOPLE
VISITED OUR
AEROZONES

JOBS FAIRS, EDUCATION AND EMPLOYMENT

Across the first six months of this year, we have attended and hosted more than 130 recruitment and skills events to promote the dynamic career opportunities available across MAG.

Our Aerozones have inspired more than 3,000 young people in the first six months of this year, with attendees in the second half of this year set to experience our Jet Zero curriculum outlined above. Since April our on-site Airport Academies have supported more than 5,500 people with employment and skills opportunities, as we continue to deliver on our commitment to Opportunity For All.

COMMUNITY DONATIONS AND SUPPORT

We have continued to support the communities living closest to us, and across all three of our airports we have contributed to various important causes in the first six months of the year. In May, Manchester Airport passed the milestone of £4.0m in Community Trust Fund donations. More than £24,000 in donations were made in April alone, followed by an additional £22,000 to local causes including a food bank and a charity supporting new mothers.

In April, London Stansted pledged £53,000 in donations to 15 organisations local to the airport, followed by a £50,000 donation in July to local charity, Grove Cottage.

East Midlands Airport Community Fund reached a milestone of £2.0m in donations in September, which over time has supported more than 1,700 local causes. In July, the airport facilitated the donation of more than 2,000 books and several laptops to a school in Ghana, through a joint initiative with a local primary school. Using its on-site partnership with DHL cargo services, East Midlands Airport ensured the supplies were transported to Lady of Hope School in Ghana.

Financial review

Profitable growth supports investment



Strong financial performance, driven by choice across our route networks and increased passengers numbers is supporting investment in transformation programmes to deliver world class airport facilities.”

Jan Bramall
Group Chief Financial Officer



HEADLINE FINANCIALS

MAG’s financial performance for the six months ended 30 September 2023 saw a continuing recovery of activity levels, with passenger numbers of 34.9m increasing by 14.4% compared to the six months ended 30 September 2022, and reaching 96% of pre-Covid-19 levels⁶. This strong performance and resultant cash generation has facilitated higher investment levels with capital expenditure increasing by 83.3% to £130.9m.

Passenger growth has driven a revenue increase of £141.2m versus the six months ended 30 September 2022, whilst effective operating cost control resulted in more than half of the revenue uplift flowing through to adjusted EBITDA¹, which increased by £85.9m to £345.8m, and operating profit increased by £196.3m to £218.4m. The significant year-on-year growth in operating profit is also attributable to the £119.7m one-off charge in the comparative period arising from the settlement of MAG’s Deferred Debt Arrangement (DDA) with GMPF.

The Group’s profit before taxation for the period from continuing operations of £202.2m, was impacted by net finance costs of £18.6m and an increase of £2.4m in valuation of the Group’s investment properties.

Net assets attributable to equity holders have increased by £83.2m from the 31 March 2023 position of £2,424.6m, largely due to the profit for the period attributable to equity holders of £131.7m, offset by a dividend payment of £47.5m.

	Six months ended 30 September 2023 £m	Six months ended 30 September 2022 £m	Change £m	Change %
Continuing operations				
Passenger numbers (m)	34.9	30.5	4.4	14.4%
Revenue	705.3	564.1 ⁵	141.2	25.0%
Adjusted EBITDA ¹	345.8	259.9	85.9	33.1%
Operating profit	218.4	22.1	196.3	888.2%
Profit/(loss) before taxation	202.2	(28.2)	230.4	n/a
Adjusted cash generated from operations ²	314.1	287.4	26.7	9.3%
Capital investment	130.9	71.4	59.5	83.3%
Payments to shareholders ³	47.5	–	47.5	100.0%
Net debt (including IFRS 16) ⁴	(1,788.1)	(1,760.0)	(28.1)	(1.6)%
Total equity	2,509.1	2,493.4	15.7	0.6%

1 Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation, gains and losses on sales and valuation of investment property, and before adjusted items.

2 Adjusted cash generated from operations is cash generated from operations before adjusted items.

3 Includes payment of shareholder loan interest.

4 Net debt is defined and reconciled in note 19.

5 Restated in the prior period as detailed in note 1.

MEASURES USED TO ASSESS PERFORMANCE

The Group uses a number of measures to assess financial performance that are not defined within IFRS and are widely referred to as ‘Alternative Performance Measures’ (APMs). The Group’s accounting policies relating to APMs are detailed on page 103 of the MAG Annual Report for the year ended 31 March 2023. Additionally, other information on page 49 details a full description of all of the Group’s APMs, their purpose and definition along with a reconciliation to the nearest IFRS measurement.

Reconciliation of APMs

The reconciliation of APMs used within these statements is accompanied by a reference to the relevant IFRS measure and the adjustments made, and is provided on page 49 in Other information to the condensed financial statements.

6 Compared to the same comparative period to 30 September 2019.

Financial review continued

SUMMARY TRADING PERFORMANCE

	Six months ended 30 September 2023 m	Six months ended 30 September 2022 m	Change m	Change %
Passenger traffic				
Manchester Airport	16.4	14.3	2.1	14.7%
London Stansted Airport	15.8	14.0	1.8	12.9%
East Midlands Airport	2.7	2.2	0.5	22.7%
Total	34.9	30.5	4.4	14.4%

During the six months ended 30 September 2023, MAG continued its growth towards pre-pandemic activity levels with 34.9m passengers (30 September 2022: 30.5m) travelling through the Group's three airports. This amounted to 96% of pre-pandemic levels.

The bulk of the passenger increase has come from our low-cost carrier base with Ryanair, easyJet and Jet2 all delivering an increase across our airports, along with TUI's increasing contribution at Manchester. The six months ended 30 September 2023 also saw a welcome increase in volumes through Emirates' passenger numbers at both Manchester and London Stansted and British Airways' increasing volumes at Manchester. MAG's top 10 locations continue to comprise Dublin, Spain (Canaries, Balaerics and the mainland), Turkey and the Middle East. However, the Group has also seen gains in new destinations at London Stansted and East Midlands to bolster growth. London Stansted benefitted from new Lufthansa flights to Munich, British Airways to Calvi, Jet2 to Athens and Rome alongside 12 new destinations offered by Ryanair, and East Midlands saw new Ryanair offerings to Malta, Cork, Girona and Belfast as well as TUI flights to Antalya and Hurgada.

REVENUE

MAG has delivered a strong performance in the first half of FY24, leveraging from the FY23 recovery, and benefitting from the hard work to achieve the rapid increase in operational capacity in the prior year.

	Six months ended 30 September 2023 £m	Six months ended 30 September 2022 ¹ £m	Change £m	Change %
Summary of revenue stream				
Aviation income	240.2	204.0	36.2	17.7%
Retail concessions	169.2	122.0	47.2	38.7%
Car parking	221.0	183.2	37.8	20.6%
Property and property related income	9.2	9.4	(0.2)	(2.1)%
Other	65.7	45.4	20.3	44.7%
Total revenue	705.3	564.1	141.2	25.0%

	Six months ended 30 September 2023 £m	Six months ended 30 September 2022 ¹ £m	Change £m	Change %
Summary of revenue by division				
Manchester Airport	292.2	239.3	52.9	22.1%
London Stansted Airport	244.1	207.4	36.7	17.7%
East Midlands Airport	54.4	45.7	8.7	19.0%
CAVU	113.4	70.9	42.5	59.9%
Group, Consolidation and other	1.2	0.8	0.4	50.0%
Total revenue	705.3	564.1	141.2	25.0%

¹ Restated in the prior period as detailed in note 1.

The Group's revenue increased by 25.0% compared to the prior period. All three UK airports achieved revenue increases driven by the passenger uplift ranging from 14.7% to 22.7%. Revenue per passenger at all three airports increased across all of the principal revenue streams. Cargo income, across the three airports, continued to soften marginally from pandemic highs from £22.1m to £21.5m.

CAVU, the Group's global distribution business, has continued to show a sharp increase in revenue since its launch in FY22. Revenue increased for the six months to September 2023 by 59.9% to £113.4m from £70.9m² (for the period to 30 September 2022). The increased revenue is driven by the EMEA businesses through distribution, airport contracts and above plan performance of the recently acquired ParkVia business, and the US business, principally through lounges' performance.

The aviation, retail and car parking revenue streams all saw increases driven by the passenger uplift. In addition, yield in aviation, retail and car parking all saw increases at all of our airports. Retail, in particular, saw good growth at all three airports.

	Six months ended 30 September 2023 £m	Six months ended 30 September 2022 ² £m	Change £m	Change %
Breakdown of operating profit				
Revenue	705.3	564.1	141.2	25.0%
Employment costs	(161.3)	(147.1)	(14.2)	(9.7)%
Other operating costs	(198.1)	(157.1)	(26.5)	(20.3)%
Adjusted EBITDA ¹	345.8	259.9	85.9	33.1%
Depreciation and amortisation	(121.4)	(116.1)	(5.3)	(4.6)%
Adjusted items	(6.0)	(121.7)	115.7	95.1%
Operating profit	218.4	22.1	196.3	888.2%

Adjusted EBITDA¹ improved by £85.9m (33.1%) to £345.8m, compared to the prior period. The increase was driven by the rise in passengers year-on-year. Effective cost control enabled over 50% of the revenue uplift to flow through to adjusted EBITDA¹. Employee costs increased by 9.7% to £161.3m, driven by wage inflation and headcount increases. Other operating costs increased by 20.3% to £198.1m with rates and utilities, information systems costs, cleaning, airfield costs and marketing being the main increases.

Depreciation and amortisation costs are marginally higher (£5.3m; 4.6%) than the prior year at £121.4m.

¹ Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation, gains and losses on sales and valuation of investment property, and before adjusted items.

² Restated in the prior period as detailed in note 1.

Financial review continued

An adjusted items charge of £6.0m was recognised for the six months ended 30 September 2023 (FY22: £121.7m, which was heavily impacted by the £119.7m settlement loss on MAG’s deferred debt agreement with GMPF). The principal component of the current year charge are costs relating to MAG’s Transformation Programme, acquisition expenses and earn-out costs for the ParkVia acquisition.

	Six months ended 30 September 2023 £m	Restated ¹ Six months ended 30 September 2022 £m	Change £m	Change %
Operating profit/(loss) by division				
Manchester Airport	78.3	(77.5)	155.8	n/a
London Stansted Airport	92.3	65.7	26.6	40.5%
East Midlands Airport	17.6	16.1	1.5	9.3%
CAVU	28.0	14.4	13.6	94.4%
Group, consolidation and other	2.2	3.4	(1.2)	(35.3)%
Total operating profit	218.4	22.1	196.3	888.2%

¹ The prior year has been restated as detailed in note 2 on page 32.

NET FINANCE COSTS

Net finance costs have reduced to £18.6m in comparison to the £36.0m charge for the six months ended 30 September 2022. This is primarily due to:

- Improved cash position due to operating performance and ability to repay Revolving Credit Facility in FY23;
- Interest related to pension income £2.0m (30 September 2022: £0.2m);
- Higher capitalisation of interest £3.1m (30 September 2022: £1.8m) of borrowing costs relating to capital investment programmes.
- Finance income of £0.9m (30 September 2022: £nil) in relation to a gilt lock hedge entered into in the period; and
- Higher interest income on intercompany loans £17.3m (30 September 2022: £7.3m)

CASHFLOW

Adjusted cash inflow from operating activities amounted to £314.1m, compared to a cash inflow of £287.4m in the six month period to 30 September 2022. This reflects recovery in passenger levels during the six months period mirroring the increase in adjusted EBITDA to £345.8m (2022: £259.9m).

The Group also incurred a cash outflow of £134.9m from investing activities (30 September 2022: £74.8m) reflecting the increased capital spend levels and the acquisition of ParkVia. Additionally, MAG benefitted from an inflow of £301.9m from financing activity, relating to the issue of a £360.0m bond in September 2023 offset by a £47.5m dividend payment. Overall, net cash and cash equivalents increased by £443.5m in the six month period from £54.5m at 31 March 2023 to £498.0m at 30 September 2023.

GROUP FINANCING AND DEBT

MAG’s financing strategy is based upon maintaining strong investment grade ratings with Fitch and Moody’s, and a long-term financing structure to support growth. MAG holds investment grade BBB+ and Baa1 credit ratings with Fitch and Moody’s, who both reaffirmed this in their recent annual ratings exercises. In September 2023, MAG successfully secured future funding requirements by issuing an 18-year, £360.0m bond in order to ensure sufficient funds are in place to repay the £360.0m bond due to mature in April 2024. The bond was four times oversubscribed demonstrating the confidence in MAG’s future prospects.

Group net debt (including leases) has reduced by £51.7m during the six months to £1,788.1m (31 March 2023: £1,839.8m). At 30 September 2023, there was Group debt of £1,792.7m; lease liabilities of £493.4m (an increase of £35.2m since the year end principally due to remeasurement); offset by net cash of £498.0m. This equates to a headroom of £992.0m comprising the cash balance, the undrawn Revolving Credit Facility of £484.0m and £10.0m of available overdraft facility.

BUSINESS OUTLOOK

The six months ended 30 September 2023 saw MAG build successfully on the strong performance in FY23, with passenger numbers recovering to 96% of pre-pandemic levels. This has enabled increased infrastructure investment and continuation of payments to the Group’s shareholders in respect of shareholder loan interest.

MAG’s performance at the mid-point of the reporting year is encouraging, standing the Group in good stead to finish the financial year strongly.

MAG’s going concern assessment confirms that the going concern assumption can be applied in the preparation of these condensed consolidated interim financial statements. This is detailed further in the Basis of preparation on page 20.

CAPITAL EXPENDITURE

The Group has made an investment of £130.9m in its infrastructure during the six months ended 30 September 2023 (six months ended 30 September 2022: £71.4m). This increased spend level reflects the Group’s investment in: phase 2 of MAN-TP; the systems required under the next generation Security requirements; and airfield renewals.

ACQUISITION OF PARKVIA

On 22 May 2023 MAG acquired 100% of the share capital of Parkcloud Holdings Ltd, trading as ParkVia. ParkVia is an ecommerce airport parking aggregator operating in the UK and the EU. The consideration for the acquisition was an upfront payment of £8.4m. Additionally, there are contingent payments to key management of the acquiree, that are dependent upon post-acquisition performance and continued employment.

As a result of the purchase price allocation exercise performed by an independent valuer for the acquisition, supported by management, the Group have valued the consideration at £8.4m, and recorded £4.6m of intangible assets and £6.1m of goodwill. As the contingent payments are dependent upon ongoing employment, it is recognised as remuneration in the income statement as an adjusted item (see page 33).

Financial review continued

PENSIONS

The accounting surplus/deficit for all Group schemes is calculated by the Directors and supported by independent scheme actuaries, PwC, who incorporate data taken from a number of sources in calculating the closing surplus/deficit position across the four defined benefit schemes. The movement in net surplus included in the financial statements under IAS 19 decreased marginally from £86.6m at 31 March 2023 to £86.1m at 30 September 2023.

Summary of changes in aggregate pension scheme surplus	£m
Net surplus on 31 March 2023 ¹	86.6
Current service & past service cost	(0.7)
Other financial income	2.0
Contributions	0.2
Actuarial loss	(2.0)
Net surplus on 30 September 2023¹	86.1

¹ The surpluses on the Stansted and East Midlands schemes cannot be offset against the liability on the GMPF scheme. The liability on the GMPF scheme (31 March 2023: £3.9m and 30 September 2023: £3.6m) and AVPS scheme (31 March 2023: £0.2m and 30 September 2023: £0.3m) is therefore presented separately in the financial statements.

Taxation

The Group has recognised a tax charge in the income statement of £70.8m (2022: charge of £44.2m). The current year charge is driven by the current year profit before tax at the underlying 31.0% forecast effective corporation tax rate for the year ended 31 March 2024.

EQUITY ATTRIBUTABLE TO OWNERS OF THE GROUP

Equity attributable to owners of the Group are £2,507.8m as at 30 September 2023 (31 March 2023: £2,424.6m). The movement comprises: £131.7m profit after tax and adjusted items, £0.5m profit from discontinued activities, dividend payment of £47.5m, a loss of £1.9m on remeasurement of pension liabilities and a gain of £0.9m on foreign exchange, all recorded in equity.

RISK AND UNCERTAINTIES

The principal strategic level risks and uncertainties affecting the Group, together with the approach to their mitigation, remain as set out on pages 82 to 87 in the 2023 Annual Report and Accounts, which is available on the Group’s website (www.magaairports.com).

DIRECTORS’ RESPONSIBILITIES UNDER S172

Section 172(1) requires the directors to act, in good faith, in a manner they consider seeks to promote the long-term success of the business. The directors have set out their statement in compliance of Section 172(1) in the Group’s audited consolidated financial statements for the period ended 31 March 2023.

Jan Bramall
Group Chief Financial Officer

4 December 2023

Responsibility statement of the Directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge that the condensed set of financial statements has been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and IAS 34 Interim Financial Reporting as adopted for use in the UK.

By order of the Board,

Ken O’Toole
Group Chief Executive Officer

4 December 2023

Financial statements

FINANCIAL STATEMENTS

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Accounting policies

GENERAL INFORMATION

Manchester Airports Group Investments Limited (the ‘Company’) is a private limited liability company incorporated and domiciled in England and Wales in the UK. The Company is the Parent Company and the ultimate holding company of the Group. The address of the registered office is Olympic House, Manchester Airport, Manchester, M90 1QX.

The principal activities of the Group are set out within the Group’s Annual Report for the year ended 31 March 2023 on page 82.

BASIS OF PREPARATION

This set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK. The financial statements are presented in pounds sterling which is also the Group’s functional currency.

The consolidated interim financial information should be read in conjunction with the Annual Report and Accounts for the year ended 31 March 2023. The Annual Report was prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The Group’s business is highly seasonal with customer demand at its strongest during the summer months. Consequently, the Group experiences higher revenues and profits during the first six months of the year.

The consolidated set of interim financial statements has been prepared by the Group applying the same accounting policies and significant judgements as were applied by the Group in its published consolidated financial statements as at 31 March 2023.

The consolidated interim financial information provided in this report is unaudited in the current and prior period. The comparative figures for the financial year ended 31 March 2023 are not the Group’s statutory accounts for that financial year but are derived from those accounts. Those accounts have been reported on by the Company’s auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, and (ii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

GOING CONCERN

The Directors have prepared the interim financial statements on a going concern basis. In assessing the going concern position of the Group, the Directors have considered the current economic uncertainty on the cash flow and liquidity of the Group, for a period to March 2025, and the corresponding impact on cash headroom and financial covenants associated with the Group’s financing arrangements.

The Group is subject to financial covenants on its secured financing facilities, being leverage (Net debt/adjusted EBITDA) and interest cover (adjusted EBITDA less tax/net senior finance charges). The covenants are tested half yearly on 31 March and 30 September. Both financial covenants passed when they were tested on 30 September 2023.

At 30 September 2023, the Group had significant financial liquidity available of £992.0m comprising net cash in hand of £498.0m together with £484.0m of undrawn Revolving Credit Facility and £10.0m in undrawn available overdraft facilities. The Group also has access to a committed £90.0m Liquidity Facility (available until May 2027) to ensure interest payment obligations can be complied with for over 12 months from the date of approval of these interim financial statements. The Group does not expect to utilise the Liquidity Facility. The Group successfully issued a £360.0m bond in September 2023 in order to refinance a £360.0m bond which is due to mature in April 2024. No other borrowings expire within or just after the going concern forecast period.

Since the lifting of restrictions, due to Covid-19, passenger numbers have returned strongly with the Group achieving passenger numbers of 96% of pre-Covid-19 levels during the six months ended 30 September 2023. Passenger numbers for the year ending 31 March 2025 are expected to exceed pre-Covid-19 levels at 63.0m, per the ‘base case’ prepared by management. As a result of this strong trading performance, in combination with the available liquidity outlined above, the Group can maintain sufficient liquidity over a period of at least 16 months from the date of the approval of these financial statements and can meet the requirements of the financing covenants when tested over that period, in the ‘base case’.

GOING CONCERN CONTINUED

The Directors have also prepared a number of severe but plausible downside scenarios, including the impact of ongoing economic and political situations. These downside scenarios model a significant fall in passenger numbers with certain cash and cost mitigations to remove areas of discretionary spend but keep key regulatory or infrastructure spend in place. The Group can, where necessary, also undertake potential mitigating actions within its control, including cutting of additional spend and delaying of further capital expenditure.

Under the downside scenarios, all testing throughout the going concern assessment period is forecast to be compliant with the Group’s covenants when tested at each reporting date and there is sufficient liquidity.

In addition, a reverse stress test has been prepared by management which demonstrates the level of passenger numbers that would result in a covenant breach. This level of passenger numbers is considered to be implausible, based on current passenger levels and industry predictions.

Based upon all the analysis detailed above, the directors have concluded that the Group can meet its covenant requirements and maintain sufficient liquidity throughout the going concern period and as such, it is appropriate for the Group to continue to adopt the going concern basis for the preparation of these accounts.

ACCOUNTING POLICIES IN ADDITION TO THOSE SPECIFIED IN THE GROUP ANNUAL REPORT FOR YEAR ENDED 31 MARCH 2023

The accounting policies that the Group has adopted to determine the amounts included in respect of material items shown in the statement of financial position, and to determine the profit or loss, are listed in full in the Group’s Annual Report and Accounts for the year ended 31 March 2023. These have been applied on a consistent basis.

Recent amendments to UK adopted International Accounting Standards applicable to the reporting period include:

- IFRS 17 – Insurance contracts new standard;
- IAS 12 ‘Income taxes’ – treatment of deferred tax asset and liability balances arising from a single transaction;
- IAS 37 ‘Onerous Contracts’ – defining costs to be included in loss-making contract assessment; and

The amendments had no impact on the consolidated interim financial statements for the six months ended 30 September 2023 and no retrospective amendments were required.

Accounting policies continued

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the preparation of these consolidated financial statements, the Group has made judgements and estimates in a number of key areas. The assumptions and estimates are based on management’s best knowledge of the event or actions in question; however, actual results may ultimately differ from these estimates.

CRITICAL JUDGEMENTS

In preparing the six months consolidated interim financial information, the areas where judgement has been exercised by management in applying the Group’s accounting policies include 1) going concern, and 2) impact of Transformation Programmes on fixed asset balances which were detailed in the Annual Report and Accounts for the year ended 31 March 2023. In addition, management also considers the classification of Property, Plant & Equipment balances and the acquisition accounting of Parkvia as critical judgement areas.

Acquisition accounting of ParkVia

On 31 May 2023 MAG acquired 100% of the equity of ParkCloud Holdings Limited, trading as ParkVia, for an initial consideration of £8.4m. The Directors appointed PwC to undertake a valuation exercise to allocate the purchase price across intangible assets and goodwill. In addition, there are contingent payments dependent upon continued employment of management and the future performance of the acquiree, which have been charged to the income statement, within adjusted items, as remuneration. Further details of the acquisition and the Group’s accounting of the purchase are detailed in note 10.

ESTIMATION UNCERTAINTY

The key sources of estimation uncertainty are aligned to the Annual Report and Accounts for the year ended 31 March 2023. The critical accounting estimates areas that have been reconsidered are: valuation of investment properties; valuation of the Group’s net pension surplus/liability, and; impairment of non-financial assets. These are detailed below.

a) Investment properties

MAG’s commercial investment properties were valued at fair value at 30 September 2023 by JLL. The valuations were prepared in accordance with IFRS and the appraisal and valuation manual issued by the Royal Institution of Chartered Surveyors. Valuations were carried out having regard to comparable market evidence of transaction prices and rental values for similar properties, land valuations and the residual valuation approach for development land. The value of the Group’s commercial investment properties has been included in the financial statements at the value advised by its professional advisors. Consistent with the Group’s treatment in prior years, the Group’s residential properties have not been revalued at the half year though this has not had a material impact upon the accounts.

ESTIMATION UNCERTAINTY CONTINUED

b) Pensions

Certain assumptions have been adopted for factors that determine the valuation of the Group’s liability for pension obligations at year end, future returns on pension scheme assets and charges to the income statement. The factors have been determined in consultation with the Group’s independent actuary taking into account market and economic conditions as at 30 September 2023. Changes in assumptions can vary from year-to-year as a result of changing conditions and other determinants which may cause increases or decreases in the valuation of the Group’s liability for pension obligations. The objective of setting pension scheme assumptions for future years is to reflect the expected actual outcomes. The impact of the change in assumptions on the valuation of the net financial position for pension schemes is reflected in the statement of other comprehensive income. Further details are available in note 17.

c) Impairment of non-financial assets

Estimates of the Group’s operating cash flows, based upon the latest approved forecasts, have been considered as the underlying basis of the MAG’s impairment assessment. These are consistent with the FY24 Business Plan that was used for the impairment assessment as at 31 March 2023. For the Interim Report and Accounts MAG have further considered the recent increase in discount rates coupled with known material changes in operating cash flows to assess whether any impairment was needed to be booked in the interim accounts.

Consolidated income statement
for the six months ended 30 September 2023

		Unaudited			Unaudited		
		Six months ended 30 September 2023 £m	Six months ended 30 September 2023 £m	Six months ended 30 September 2023 £m	Six months ended 30 September 2022 ² £m	Six months ended 30 September 2022 £m	Six months ended 30 September 2022 ² £m
	Note	Total before adjusted items	Adjusted items	Total after adjusted items	Total before adjusted items	Adjusted items	Total after adjusted items
Continuing operations							
Revenue	1	705.3	–	705.3	564.1	–	564.1
Operating expenses		(480.9)	(6.0)	(486.9)	(420.3)	(121.7)	(542.0)
Operating profit ¹		224.4	(6.0)	218.4	143.8	(121.7)	22.1
Gains and losses on sales and valuation of investment properties	9	2.4	–	2.4	(14.3)	–	(14.3)
Finance income	4	19.9	0.9	20.8	10.7	–	10.7
Finance costs	4	(39.1)	(0.3)	(39.4)	(46.7)	–	(46.7)
Profit/(loss) before taxation		207.6	(5.4)	202.2	93.5	(121.7)	(28.2)
Taxation	5	(70.6)	(0.2)	(70.8)	(44.2)	–	(44.2)
Profit/(loss) after taxation		137.0	(5.6)	131.4	49.3	(121.7)	(72.4)
Discontinued operations							
Profit from discontinued operations (net of tax)		–	0.5	0.5	–	3.9	3.9
Profit/(loss) for the period/year		137.0	(5.1)	131.9	49.3	(117.8)	(68.5)
Attributable to:							
Equity holders of the Group		136.8	(5.1)	131.7	49.3	(117.8)	(68.5)
Non-controlling interests		0.2	–	0.2	–	–	–
Earnings per share expressed in pence per share							
Continuing operations		78.2	(3.2)	75.0	28.1	(69.4)	(41.3)

The accompanying notes form an integral part of the consolidated financial statements.

1 The operating profit before adjusted items for year ended 31 March 2023 was £169.3m. Detailed results for the year ended 31 March 2023, including results before and after adjusted items, can be found in the Annual Report and Accounts for the year ended 31 March 2023.

2 Restated in the prior period as detailed in note 1.

Consolidated statement of comprehensive income
for the six months ended 30 September 2023

	Note	Unaudited Six months ended 30 September 2023 £m	Unaudited Six months ended 30 September 2022 £m	Year ended 31 March 2023 £m
Profit/(loss) for period/year		131.9	(68.5)	(55.0)
Other comprehensive (expense)/income				
Items that will not be reclassified to profit or loss:				
Remeasurement of retirement benefit liabilities	17	(2.0)	167.8	177.4
Deferred tax on remeasurement of retirement benefit liabilities	5	0.1	(12.9)	(39.5)
Effect of change in rate of corporation tax on deferred tax	5	–	–	(7.0)
Items that are or may be reclassified subsequently to profit or loss:				
Foreign exchange movement		0.9	13.9	6.0
Taxation on foreign exchange movement	5	–	–	(0.3)
Other comprehensive (expense)/income for the period		(1.0)	168.8	136.6
Total comprehensive income for the period		130.9	100.3	81.6

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated statement of financial position

for the six months ended 30 September 2023

	Note	Unaudited Six months ended 30 September 2023 £m	Unaudited Six months ended 30 September 2022 £m	Year ended 31 March 2023 £m
Non-current assets				
Goodwill	11	216.7	214.4	210.1
Intangible assets	11	97.6	86.1	88.3
Property, plant and equipment	7	3,093.5	3,082.2	3,074.8
Right-of-use assets	8	471.0	435.6	437.0
Long-term lease receivable		11.2	11.2	11.2
Investment properties	9	157.5	170.5	155.1
Other long-term asset		–	3.6	–
Amounts owed by Group undertakings > 1 year		673.5	–	673.4
Retirement benefit assets	17	90.0	77.4	90.7
		4,811.0	4,081.0	4,740.6
Current Assets				
Inventories		4.2	4.6	4.1
Trade and other receivables		171.4	147.6	117.3
Cash and cash equivalents		599.0	748.4	159.7
Amounts owed by Group undertakings		–	657.8	–
		774.6	1,558.4	281.1
Current liabilities				
Borrowings < 1 year	12	(460.5)	(134.9)	(105.2)
Trade and other payables		(289.0)	(251.6)	(254.1)
Deferred income		(41.3)	(44.1)	(35.6)
Provisions		(18.6)	(16.1)	(20.0)
Current lease liabilities	16	(11.3)	(8.8)	(9.4)
Current tax liabilities		(56.8)	(49.8)	(15.1)
Amounts owed to Group undertakings		(12.9)	(0.1)	(10.0)
		(890.4)	(505.4)	(449.4)
Net current (liabilities)/assets		(115.8)	1,053.0	(168.3)
Non-current liabilities				
Borrowings	12–15	(1,433.2)	(1,918.5)	(1,436.1)
Retirement benefit liabilities	17	(3.9)	(3.9)	(4.1)
Non-current lease liabilities	16	(482.1)	(446.2)	(448.8)
Deferred tax liabilities		(245.5)	(248.9)	(235.2)
Provisions		(2.1)	(2.2)	(2.1)
Other non-current liabilities		(19.3)	(20.9)	(20.3)
		(2,186.1)	(2,640.6)	(2,146.6)
Net Assets		2,509.1	2,493.4	2,425.7
Shareholders' equity				
Share capital		175.3	175.3	175.3
Share premium		–	3,059.4	–
Other reserve		(1,249.6)	(1,249.6)	(1,249.6)
Foreign currency reserve		4.9	12.2	4.0
Retained earnings		3,577.2	496.1	3,494.9
Equity attributable to equity holders of the Group		2,507.8	2,493.4	2,424.6
Non-controlling interest		1.3	–	1.1
Total equity		2,509.1	2,493.4	2,425.7

The accompanying notes form an integral part of the financial statements.

The financial statements on pages 20 to 47 were approved by the Board of Directors on 4 December 2023 and signed on its behalf by:

Ken O'Toole
Group Chief Executive
MAG

Consolidated statement of changes in equity

for the six months ended 30 September 2023

		Unaudited							
		Attributable to equity holders of the Company							
		Share capital £m	Share premium £m	Foreign currency reserve £m	Other reserve £m	Retained earnings £m	Total £m	Non-controlling interest £m	Total equity £m
Note									
	Balance at 1 April 2023	175.3	–	4.0	(1,249.6)	3,494.9	2,424.6	1.1	2,425.7
	Total comprehensive income for the period								
	Profit for the period	–	–	–	–	131.7	131.7	0.2	131.9
	Foreign exchange movement	–	–	0.9	–	–	0.9	–	0.9
	Remeasurement of retirement benefit liabilities, net of tax	5, 17	–	–	–	(1.9)	(1.9)	–	(1.9)
		–	–	0.9	–	129.8	130.7	0.2	130.9
	Transactions with owners recorded directly in equity								
	Dividends paid to equity holders	–	–	–	–	(47.5)	(47.5)	–	(47.5)
	Balance at 30 September 2023	175.3	–	4.9	(1,249.6)	3,577.2	2,507.8	1.3	2,509.1

Consolidated statement of changes in equity

for the six months ended 30 September 2022

		Unaudited					
		Attributable to equity holders of the Company					
	Note	Share capital £m	Share premium £m	Foreign currency reserve £m	Other reserve £m	Retained earnings £m	Total equity £m
Balance at 1 April 2022		175.3	3,059.4	(1.7)	(1,249.6)	409.7	2,393.1
Total comprehensive income for the period							
Loss for the period		–	–	–	–	(68.5)	(68.5)
Foreign exchange movement		–	–	13.9	–	–	13.9
Remeasurement of retirement benefit liabilities, net of tax		–	–	–	–	154.9	154.9
		–	–	13.9	–	86.4	100.3
Transactions with owners recorded directly in equity							
Dividends paid to equity holders		–	–	–	–	–	–
Balance at 30 September 2022		175.3	3,059.4	12.2	(1,249.6)	496.1	2,493.4

The accompanying notes form an integral part of the financial statements.

Consolidated statement of changes in equity
for the year ended 31 March 2023

	Note	Attributable to equity holders of the Company					Non-controlling interest ³ £m	Total equity £m
		Share capital £m	Share premium £m	Foreign currency reserve ¹ £m	Other reserve ² £m	Retained earnings £m		
Balance at 1 April 2022		175.3	3,059.4	(1.7)	(1,249.6)	409.7	–	2,393.1
Total comprehensive income for the year								
Loss for the year		–	–	–	–	(55.0)	0.1	(54.9)
Acquisition of non-controlling interests		–	–	–	–	–	1.0	1.0
Foreign exchange movement, net of tax		–	–	5.7	–	–	–	5.7
Remeasurement of retirement benefit liabilities, net of tax	5,17	–	–	–	–	1379	–	1379
Effect of change in rate of corporation tax		–	–	–	–	(7.0)	–	(7.0)
Transactions with owners recorded directly in equity								
Capital reduction		–	(3,059.4)	–	–	3,059.4	–	–
Dividends paid to equity holders ⁴		–	–	–	–	(50.1)	–	(50.1)
Balance at 31 March 2023		175.3	–	4.0	(1,249.6)	3,494.9	1.1	2,425.7

1 The foreign currency reserve reflects exchange rate differences arising when converting the Group's US operations results into the reporting presentation currency using the average rate to translate the income statement and the spot rate to translate the statement of financial position.

2 Relates to acquisition of London Stansted Airport in February 2013.

3 During the period, the Group acquired a majority interest in a concession in a lounge. MAG has assessed that it controls the concession in the lounge and has consolidated 100% of the revenue, expenses, assets and liabilities in the income statement and balance sheet. The profit for the year and other reserve movements have been split between those attributable to MAG's equity holders and those attributable to the non-controlling interest.

4 A dividend of £50.1m was declared and paid to Parent Company Manchester Airport Finance Holdings Limited in the year.

Consolidated statement of cash flows
for the six months ended 30 September 2023

	Note	Unaudited			Unaudited	
		Six months ended 30 September 2023 £m	Six months ended 30 September 2023 £m	Six months ended 30 September 2023 £m	Six months ended 30 September 2022 £m	Year ended 31 March 2023 £m
		Before adjusted items	Adjusted items	After adjusted items	After adjusted items	After adjusted items*
Cash flows from operating activities						
Profit for the period/year		137.0	(5.6)	131.4	(72.4)	(59.5)
Taxation	5	70.6	0.2	70.8	44.2	0.1
Gains and losses on sales and valuations of investment properties	9	(2.4)	–	(2.4)	14.3	26.3
Finance cost	4	39.1	0.3	39.4	36.0	88.3
Finance income	4	(19.9)	(0.9)	(20.8)	–	(27.1)
Depreciation, amortisation and impairment		121.4	0.8	122.2	116.1	257.0
Increase in trade and other receivables and inventories		(57.8)	–	(57.8)	(57.1)	(21.1)
Decrease in amounts owed by Group Companies		0.4	–	0.4	0.4	4.9
Increase in trade and other payables		25.4	1.5	26.9	85.9	63.6
Increase in retirement benefits provision ¹		0.3	–	0.3	118.0	121.2
Cash generated from continuing operations		314.1	(3.7)	310.4	285.4	453.7
Result before taxation – discontinued operations				0.7	3.9	5.7
Movements in working capital – discontinued operations				5.0	–	(5.7)
Interest paid				(42.2)	(43.6)	(88.2)
Interest received				2.6	–	7.0
Tax paid				–	–	(32.1)
Net cash from operating activities				276.5	245.7	340.4
Cash flows from investing activities						
Purchase of property, plant and equipment				(122.4)	(71.6)	(174.4)
Purchase of intangible fixed assets				(6.8)	–	(8.2)
Proceeds (net of selling costs) from sale of property, plant, equipment and investment properties				–	–	1.3
Increase in grants				–	0.7	–
Payment of deferred consideration on prior acquisitions				–	(7.8)	(7.8)
Consideration on acquisitions, net of cash acquired				(5.7)	–	–
Receipt of funds from other Group Companies				–	3.9	–
Net cash used in investing activities – continuing activities				(134.9)	(74.8)	(189.1)
Cash flows from financing activities						
Repayment of bank loan borrowings				–	–	(484.0)
Bonds issued in the period				358.4	–	–
Transaction costs related to loans and borrowings				(3.2)	(4.4)	(4.3)
Payment of principal on lease liabilities				(5.8)	(4.4)	(9.7)
Dividends paid to shareholders				(47.5)	–	(50.1)
Net cash from/(used in) financing activities				301.9	(8.8)	(548.1)
Net increase in net cash and cash equivalents	19			443.5	162.1	(396.9)
Net cash and cash equivalents at beginning of the period				54.5	451.4	451.4
Net cash and cash equivalents at end of the period				498.0	613.5	54.5

1 This includes the settlement of the Deferred Debt Arrangement (DDA) in September 2022 and March 2023 (Note 17).

* Detailed results for the year ended 31 March 2023, including results before and after adjusted items, can be found in the Annual Report and Accounts for the year ended 31 March 2023.

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements

for the six months ended 30 September 2023

1. REVENUE

An analysis of the Group’s revenue is as follows:

	Unaudited Six months ended 30 September 2023 £m	Unaudited Six months ended 30 September 2022 ¹ £m	Year ended 31 March 2023 £m
Aviation income	240.2	204.0	355.9
Commercial income			
Retail concessions	169.2	122.0	234.5
Car parking	221.0	183.2	325.1
Property and property-related income	9.2	9.4	18.6
Other	65.7	45.4	93.3
Total commercial income	465.1	360.1	671.5
Total income	705.3	564.1	1,027.4

1 The revenue and operating costs for the six months to 30 September 2022 have been restated by £26.5m in order to correct an error in relation to cost of sales better reflected in operating expenses rather than a reduction to revenue. This restatement has no impact on net assets, the results for the year or cash flows.

Revenue from all income streams is recognised in line with IFRS 15.

Other income includes utilities recovery £25.6m (30 September 2022: £12.6m), refuelling £6.1m (30 September 2022: £6.1m) and retail travel services income £7.9m (30 September 2022: £7.2m).

2. BUSINESS AND GEOGRAPHICAL SEGMENTS

For management purposes, the Group is organised into four main operating divisions: Manchester Airport, London Stansted Airport, East Midlands Airport and CAVU.

The reportable segments are consistent with how information is presented to the Group Chief Executive (Chief Operating Decision Maker) to report its primary information for the purpose of assessment of performance and allocation of resources.

With the exception of CAVU, the primary business of all of these operating divisions is the operation and development of airport facilities in the UK. CAVU’s US revenue is less than 10% of total Group revenue. Consequently, no geographical split of performance has been included.

	Unaudited						
	Manchester Airport £m	London Stansted Airport £m	East Midlands Airport £m	CAVU £m	Group, consolidation and other ¹ £m	Consolidated – continuing operations £m	Discontinued operations ² £m
Six months ended 30 September 2023							
Revenue							
Total revenue	293.0	244.1	54.4	113.4	1.2	706.1	–
Inter-segment sales ³	(0.8)	–	–	–	–	(0.8)	–
External revenue	292.2	244.1	54.4	113.4	1.2	705.3	–
Result							
Segment operating profit before adjusted items	81.9	92.3	17.6	30.1	2.5	224.4	–
Adjusted items	(3.6)	–	–	(2.1)	(0.3)	(6.0)	0.7
Segment operating profit after adjusted items	78.3	92.3	17.6	28.0	2.2	218.4	0.7
Gains and losses on sales and valuation of investment properties						2.4	–
Finance income						20.8	–
Finance costs						(39.4)	–
Profit before taxation						202.2	–
Other information							
Segment assets ⁴	2,100.1	1,649.5	300.5	297.8	1,237.7	5,585.6	–
Segment liabilities ⁴	(1,391.1)	(185.1)	(63.7)	(148.0)	(1,288.6)	(3,076.5)	–
Capital expenditure	77.2	33.8	12.3	6.9	0.7	130.9	–
Intangible expenditure	0.2	0.2	0.2	1.7	4.5	6.8	–
Depreciation	62.2	33.5	8.2	4.4	3.8	112.1	–
Amortisation	2.3	0.3	–	3.0	3.7	9.3	–
Taxation	(25.8)	(29.1)	(5.6)	(9.5)	(0.8)	(70.8)	(0.2)

Notes to the financial statements continued

for the six months ended 30 September 2023

2. BUSINESS AND GEOGRAPHICAL SEGMENTS CONTINUED

Six months ended 30 September 2022 (restated)	Unaudited						
	Manchester Airport £m	London Stansted Airport £m	East Midlands Airport £m	CAVU ⁵ £m	Group, consolidation and other ¹ £m	Consolidated – continuing operations ⁵ £m	Discontinued operations ² £m
Revenue							
Total revenue	241.3	207.4	45.7	70.9	0.8	566.1	–
Inter-segment sales ³	(2.0)	–	–	–	–	(2.0)	–
External revenue	239.3	207.4	45.7	70.9	0.8	564.1	–
Result							
Segment operating profit before adjusted items	44.1	65.8	16.1	14.4	3.4	143.8	–
Adjusted items	(121.6)	(0.1)	–	–	–	(121.7)	3.9
Segment operating (loss)/profit after adjusted items	(77.5)	65.7	16.1	14.4	14.4	22.1	3.9
Gains and losses on sales and valuation of investment properties						(14.3)	–
Finance income						10.7	–
Finance costs						(46.7)	–
Result before taxation						(28.2)	3.9
Other information							
Segment assets ⁴	2,045.6	1,616.5	289.3	122.9	1,565.1	5,639.4	–
Segment liabilities ⁴	(1,477.5)	(314.3)	(102.3)	(85.6)	(1,166.3)	(3,146.0)	–
Capital expenditure (property, plant and equipment & intangible assets)	40.6	17.3	2.6	8.5	4.1	73.1	–
Depreciation	58.7	35.7	6.5	2.1	6.0	109.0	–
Amortisation	2.7	0.1	–	3.5	0.8	7.1	–
Taxation (charge)/credit	(12.9)	(28.5)	(3.8)	(4.2)	5.2	(44.2)	–

Restatements

The business and geographical segments at 30 September 2022 have been restated in order to correct an error in relation to the allocation of certain costs and the Group tax charge across the segments. This restatement has no impact on net assets, the profit/(loss) for the year or cash flows.

Adjustments made to business and geographical segments note as at 30 September 2022

Income statement	Manchester Airport £m	London Stansted Airport £m	East Midlands Airport £m	CAVU £m	Group, consolidation and other £m	Total – continuing operations £m
Segment operating (loss)/profit before adjusted items	(4.7)	(4.6)	(0.7)	(0.8)	10.8	–
Adjusted items – operating costs	(1.9)	(0.1)	–	–	2.0	–
Segment operating (loss)/profit after adjusted items	(6.6)	(4.7)	(0.7)	(0.8)	12.8	–
Other information						
Segment assets	(24.3)	(16.5)	(3.5)	(7.0)	51.3	–
Segment liabilities	(115.4)	(107.1)	(47.0)	(3.6)	273.1	–
Taxation credit/(charge)	0.5	1.2	0.2	0.2	(2.1)	–
Segment operating (loss)/profit before adjusted items	(4.7)	(4.6)	(0.7)	(0.8)	10.8	–

1

Group consolidation and other includes, Group, Head Office, MAG Property, and other subsidiary companies and balances arising on consolidation, which are not specific to the other main operating divisions. Assets include goodwill and fair value adjustments arising on consolidation. Liabilities include borrowings, further details of which can be found in note 14 Borrowings.

2

MAG’s non-core property has been disclosed separately as discontinued operations. As at 30 September 2020, the non-core property had been disposed of by the Group. The ongoing post-sale disclosure reflects changes in conditional balances that have changed since the date of disposal.

3

Sales between segments are at arm’s length.

4

Reflects the segment’s assets and liabilities which are external to the Group.

5

Restated in the prior period as detailed in note 1.

3. ADJUSTED ITEMS

	Unaudited Six months ended 30 September 2023 £m	Unaudited Six months ended 30 September 2022 £m	Year ended 31 March 2023 £m
Recorded in operating profit			
Adjusted items – operating costs	6.0	121.7	141.2
Total adjusted items recorded in result from operations	6.0	121.7	141.2
Adjusted items – finance costs/(income) (see note 4)	(0.6)	–	0.3
Total adjusted items recorded in finance costs	(0.6)	–	0.3
Total adjusted charge recorded before taxation²	5.4	121.7	141.5
Recorded in result from discontinued operations			
Adjusted items recorded in discontinued operations	(0.7)	(3.9)	(5.7)
Total (credit) recorded in profit before tax from discontinued operations²	(0.7)	(3.9)	(5.7)
Total charge before tax	4.7	117.8	135.8

1

Adjusted items from continuing operations – operating income/(costs)
The Group has recognised an overall cost of £6.0m in adjusted items for the six months ended 30 September 2023 (30 September 2022: income of £121.7m). A charge of £3.1m has been recognised in relation to an operational airport transformation scheme which is an initiative to improve the airport environment. Costs of £2.1m have been recognised in relation to the acquisition of ParkCloud Holdings Limited, further details can be found in note 10. During the period management have undertaken a review of certain assets, as a result of this review £0.8m of additional non-planned depreciation has been recognised.

2

Adjusted items from discontinued operations
Discontinued operations’ adjusted items for the six months ended 30 September 2023 is income of £0.7m (30 September 2022: costs of £3.9m) relating to a further update to the escrow provision in relation to the sale of non-core property. The £0.5m profit on discontinued operations in the income statement includes £0.2m of tax attributable to profits in the period.

Notes to the financial statements continued

for the six months ended 30 September 2023

4. FINANCE COSTS

Note	Unaudited Six months ended 30 September 2023 £m	Unaudited Six months ended 30 September 2022 £m	Year ended 31 March 2023 £m
Interest receivable on bank loans and overdrafts	2.3	2.2	5.6
Interest receivable from Group undertakings	17.3	7.3	20.2
Interest income on long-term lease receivable	0.3	1.2	1.4
Total finance income before adjusted items	19.9	10.7	27.1
Adjusted items	0.9	–	–
Total finance income after adjusted items	20.8	10.7	27.1
Interest payable on bank loans and overdrafts	1.9	7.7	11.0
Interest payable on bonds	29.0	28.4	56.8
Interest cost on defined benefit pension schemes	(2.0)	(0.2)	(0.5)
Interest cost on lease liabilities	13.3	11.9	23.8
Capitalisation of borrowing costs	(3.1)	(1.1)	(3.1)
Total finance costs before adjusted items	39.1	46.7	88.0
Adjusted items	0.3	–	0.3
Total finance costs after adjusted items	39.4	46.7	88.3

During the period, the Group issued a £360.0m publicly listed fixed rate secured bond. Before issuing the bond the Group entered into a gilt lock arrangement to partially hedge interest rate fluctuations, this resulted in a gain of £0.9m which has been recognised in adjusted interest income as MAG elected not to apply hedge accounting.

MAG capitalises borrowing costs in accordance with IAS 23. The increase in interest capitalisation to £3.1m (September 2022: £1.1m) reflects the continuation of works on the Group's qualifying transformation project.

5. TAXATION

	Unaudited Six months ended 30 September 2023 £m	Unaudited Six months ended 30 September 2022 £m	Year ended 31 March 2023 £m
Current taxation			
UK corporation tax on profits for the period	61.6	42.2	49.3
Adjustment in respect of prior year	–	–	(2.5)
Total current taxation	61.6	42.2	46.8
Deferred taxation			
Temporary differences arising in the period	9.2	1.2	(23.9)
Adjustment in respect of prior period	–	0.8	(10.3)
Effect of change in rate of corporation tax	–	–	(11.4)
Total ordinary deferred taxation	9.2	2.0	(45.6)
Total taxation charge¹	70.8	44.2	1.2

¹ Includes a charge of £0.2m for adjusted items in the six months ended 30 September 2023 (30 September 2022: £nil).

5. TAXATION CONTINUED

Taxation on items charged to equity

	Unaudited Six months ended 30 September 2023 £m	Unaudited Six months ended 30 September 2022 £m	Year ended 31 March 2023 £m
Deferred taxation on remeasurement of retirement benefit liabilities	(0.1)	12.9	39.5
Effect of change in rate of corporation tax	–	–	7.0
Deferred tax on foreign exchange movement	–	–	0.3
Total taxation charge	(0.1)	12.9	46.8

The current taxation charge for the period has been calculated based on the forecast underlying effective tax rate for the full year of 31%.

The deferred tax asset and liability amounts at 30 September 2023 have been calculated at 25% (30 September 2022: 25%).

The tax charge for the six months ended 30 September 2023 is £70.8m (30 September 2022: £44.2m). The effective tax rate for the period is higher than the actual corporation tax rate of 25%, predominantly due to the impact of non-deductible items.

The tax payment for the six months ended 30 September 2023 is £nil (2022: £nil).

6. DIVIDENDS

	Unaudited Six months ended 30 September 2023 £m	Unaudited Six months ended 30 September 2022 £m
Amounts recognised as distributions to equity holders in the period		
Dividend paid in relation to the six months ended 30 September 2023 of £47,545,415 (March 2023: £50,114,311)	47.5	–
Amounts recognised as distributions to equity holders in the year	47.5	–

Notes to the financial statements continued
for the six months ended 30 September 2023

7. PROPERTY, PLANT AND EQUIPMENT

	Unaudited					Total £m
	Freehold land and property £m	Long leasehold property £m	Airport infrastructure £m	Plant, fixtures and equipment £m	Assets in the course of construction £m	
Cost						
At 1 April 2023	156.8	1,041.4	2,721.8	1,064.9	251.9	5,236.8
Additions	–	–	–	–	130.9	130.9
Reclassification from assets in the course of construction	–	0.5	21.3	10.8	(32.6)	–
Impairment	–	–	–	–	(0.8)	(0.8)
Reclassification to intangible assets	–	–	–	(11.5)	(2.8)	(14.3)
Disposals	–	–	(0.8)	(0.8)	–	(1.6)
At 30 September 2023	156.8	1,041.9	2,742.3	1,063.4	346.6	5,351.0
Depreciation						
At 1 April 2023	53.7	454.9	957.3	696.1	–	2,162.0
Charge for the period	–	16.6	52.4	35.6	–	104.6
Reclassification to intangible assets	–	–	–	(7.5)	–	(7.5)
Depreciation on disposals	–	–	(0.8)	(0.8)	–	(1.6)
At 30 September 2023	53.7	471.5	1,008.9	723.4	–	2,257.5
Carrying amount						
At 30 September 2023	103.1	570.4	1,733.4	340.4	346.9	3,093.5
At 31 March 2023	103.1	607.7	1,764.5	368.8	251.9	3,074.8
At 30 September 2022	103.1	599.8	1,800.3	401.0	178.0	3,082.2

The carrying amount of land not depreciated as at 30 September 2023 is £204.4m (31 March 2023: £204.4m).

Capitalised borrowing costs

During the six months ended 30 September 2023, borrowing costs of £3.1m were capitalised (30 September 2022: £1.1m), relating to borrowing costs incurred in FY24 to date. Capitalised borrowing costs were calculated on a monthly basis, by applying the rate of interest for the relevant month to expenditure incurred in that month. The average rate of interest applied in the six months to 30 September 2023 was 3.87% (30 September 2022: 3.65%). These borrowing costs were capitalised due to the transformational capital investment project being undertaken at Manchester Airport.

Impairment review

During the six months ended 30 September 2023, management considered if there were any trigger events that would lead to a requirement to carry out an impairment review of the fixed assets. No such events were identified and as such, a full impairment review will be undertaken at the year end in line with IAS 36.

In the year ended 31 March 2023, management announced their decision to mothball Manchester T1 as a result of the launch of MAN-TP phase 2, which led to accelerated depreciation of the related assets. For the six months ended 30 September 2023, the additional depreciation incurred as a result of this decision was £6.0m.

The carrying value of the property, plant and equipment for each CGU was assessed by management as part of the year end impairment exercise.

Assets in the course of construction

Assets in the course of construction have seen an increase in the six months to 30 September 2023 as result of MAN-TP phase 2 being progressed alongside the investment in future security requirements across the three airports.

8. RIGHT-OF-USE ASSETS

	Unaudited			
	Land and buildings £m	Airport infrastructure £m	Plant, fixtures and equipment £m	Total £m
Cost				
At 1 April 2023	246.6	218.8	18.4	483.8
Additions	6.5	–	0.7	7.2
Remeasurement	6.9	27.4	–	34.3
At 30 September 2023	260.0	246.2	19.1	525.3
Depreciation				
At 1 April 2023	23.4	12.8	10.6	46.8
Charge for the period	4.2	1.9	1.4	7.5
At 30 September 2023	27.6	14.7	12.0	54.3
Carrying amount				
At 30 September 2023	232.4	231.5	7.1	471.0
Carrying amount				
At 31 March 2023	223.2	206.0	7.8	437.0
At 30 September 2022	218.5	207.7	9.4	435.6

Key lease arrangements

Key lease arrangements are detailed in the Annual Report and Accounts for the year ended 31 March 2023.

9. INVESTMENT PROPERTIES

	Unaudited Investment properties £m
Valuation	
At 1 April 2023	155.1
Revaluation	2.4
At 30 September 2023	157.5
Carrying amount	
At 30 September 2022	170.5

The fair value of the Group’s commercial investment property portfolio at 30 September 2023 was based on a valuation carried out by JLL Ltd.

A valuation exercise was not carried out for the residential property portfolio at 30 September 2023, as the Directors do not believe that the movement from 31 March 2023 would be material. Fisher German LLP carried out the valuation of the Group’s residential property portfolio at 31 March 2023.

The valuers are independent and have appropriate recognised professional qualifications, and recent experience in the locations and categories of the locations being valued. The valuations, which conform to International Valuation Standards, were arrived at by reference to market evidence of transaction prices for similar properties, land valuations and analysis of demand within the vicinity of the relevant properties. Under IAS 40, a fair value method has been adopted to revalue investment properties that become occupied by the Group and are transferred to property, plant and equipment.

The fair value measurement for all of MAG’s investment properties has been categorised as a Level 3 fair value based upon the inputs to the valuation technique used. The valuers have used the following bases of valuation:

Notes to the financial statements continued

for the six months ended 30 September 2023

9. INVESTMENT PROPERTIES CONTINUED

Commercial property

Valuation technique	Significant unobservable Inputs	Inter-relationship between key unobservable inputs and fair value measurements
<ul style="list-style-type: none">Investment property – the investment property valuations as having been carried out using the comparative and investment methods. The valuation of the commercial property has been assessed using analysis of appropriate comparable investment and rental transactions, together with evidence of demand within the vicinity of the property and taking into account size, location, terms and other factors.Land under development – residual valuation approach estimates the Gross Development Value (GDV) of the proposed development (usually the market value using the investment method) and making an appropriate deduction for development costs, finance and developer’s profit).Other development land – valuation was based upon the net price per acre in the current market.	<ul style="list-style-type: none">Investment propertyYieldsEnterprise rental values	<p>The estimated fair value would increase if:</p> <ul style="list-style-type: none">yields were lowerenterprise rental values were higheroccupancy rates were highernon-payment of rent was lowerthe risk adjusted discount rate was lower

The rental income earned by the Group from its commercial and residential investment properties amounted to £3.8m (30 September 2022: £5.2m).

Losses on sale and valuation of investment properties for the period ended 30 September 2023 was a gain of £2.4m (30 September 2022: £14.3m loss), £2.4m was attributable to gains on revaluation in the period (30 September 2022: £14.5m of losses), and there were £nil of gains on sales of investment properties in the six months (30 September 2022: £0.2m).

10. ACQUISITION

Acquisition of ParkCloud Holdings Limited

On 31 May 2023, MAG acquired 100% of the share capital of ParkCloud Holdings Limited, trading as ‘ParkVia’, a Manchester based ecommerce airport parking aggregator in the UK and EU market. Initial cash consideration of £8.4m was paid, with further contingent payments depending on continued performance of key management, and financial performance in the first year following acquisition.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of ParkCloud Holdings Limited as at the date of acquisition were:

Fair value recognised on acquisition

	Unaudited 30 September 2023
Assets	
Operator relationships (note 11)	3.4
Technology – internally developed (note 11)	1.5
Trade and other receivables	1.4
Cash at bank and in hand	2.7
Total identifiable assets on acquisition	9.0
Liabilities	
Trade and other payables	(5.5)
Deferred tax liability	(1.2)
Total identifiable liabilities on acquisition	(6.7)
Total identifiable net assets on acquisition	2.3
Goodwill arising on acquisition	6.1
Purchase consideration transferred	8.4
Purchase consideration	
Shares issued at fair value	8.4
Total	8.4

10. ACQUISITION CONTINUED

Assets acquired and liabilities assumed continued

The acquisition date fair value of the trade receivables amounts to £1.4m and it is expected that the full contractual amounts can be collected.

The deferred tax liability comprises the tax effect of temporary differences between the fair value of acquired intangible assets and their tax base.

From the date of acquisition, ParkCloud Limited contributed £1.2m of revenue and £0.3m to profit before tax from continuing operations of the Group.

These results are included within the CAVU operating segment.

The goodwill of £6.1m comprises the value of future operator relationships, route to market growth opportunities, brand , the value of the workforce and expected synergies expected from the acquisition. Due to the nature of the industry brand is not considered material to recognise as a separable intangible asset. None of the goodwill recognised is expected to be deductible for income tax purposes.

Analysis of cash flows on acquisition:

	Unaudited 30 September 2023 £m
Transaction costs of the acquisition (included in cash flows from operating activities)	(0.6)
Consideration paid to acquire the subsidiary, net of cash acquired (included in cash flows from investing activities)	(5.7)
Net cash flow on acquisition	(6.3)

Net cash flow on acquisition

Transaction costs of £2.1m were expensed and are included in adjusted operating expenditure.

Contingent payments based on future performance

As part of the purchase agreement of ParkCloud Holdings Limited, a contingent payment has been agreed. This has been considered in line with the requirements of IFRS 3 and has been deemed to be remuneration. The cost of the payment is being recognised in operating expense over the period to which the earn out relates.

11. INTANGIBLE ASSETS

	Unaudited			
	Goodwill £m	Software costs £m	Other intangible assets £m	Total £m
Cost				
At 1 April 2023	210.1	74.4	76.6	361.1
Additions in relation to acquisition in the year	6.1	1.5	3.4	11.0
Reclassification from property, plant and equipment (see note 7)	–	14.3	–	14.3
Foreign exchange differences	0.5	–	0.2	0.7
Additions	–	6.6	0.2	6.8
At 30 September 2023	216.7	96.8	80.4	393.9
Amortisation				
At 1 April 2023	–	32.3	30.4	62.7
Charge for the year	–	6.8	2.5	9.3
Reclassification from property, plant and equipment (see note 7)	–	7.5	–	7.5
Foreign exchange differences	–	–	0.1	0.1
At 30 September 2023	–	46.6	33.0	79.6
Carrying amount				
At 30 September 2023	216.7	50.2	47.4	314.3
At 31 March 2023	210.1	42.1	46.2	298.4
At 30 September 2022	214.4	38.9	47.2	300.5

Notes to the financial statements continued

for the six months ended 30 September 2023

11. INTANGIBLE ASSETS CONTINUED

Goodwill

The brought forward goodwill total of £210.1m is attributable to the acquisition of London Stansted Airport (£166.3m) and the UK and US distribution companies acquired in 2019 and 2021, with balances of £4.5m and £39.3m respectively. Additions in the year of £6.1m relate to the acquisition of ParkCloud Holdings and its subsidiary ParkVia Limited. The goodwill relating to the acquisitions of the US distribution entities is denominated in US dollars and as a consequence of changes in the USD: GBP exchange rate in the period, the goodwill attributable to these entities in the period end accounts has increased by £0.5m from £39.3m to £39.8m.

Other intangible assets

The other intangible assets total of £47.4m is attributable to Metrolink (£29.8m), airspace redesign (£4.6m), the acquisition of the UK distribution companies (£1.8m), the acquisition of the trade relationships of ParkCloud Holdings and ParkVia Limited (£3.4m) and the remaining £7.1m relates to the operator and trade names acquired in FY21 from airportparkingreservations.com LLC (APR), ParkSleepFly.com (PSF) and shuttlefinder.net (SF).

Impairment

A detailed impairment assessment was undertaken by management at 31 March 2023. For the six months to 30 September 2023, management considered if there were any trigger events that would require a full impairment assessment to be undertaken. No such events were identified, and consequently no impairment has been assessed for the half year.

12. BORROWINGS

	Note	Unaudited 30 September 2023 £m	Unaudited 30 September 2022 £m	31 March 2023 £m
Overdraft	13	101.0	134.9	105.2
Bonds	14	359.5	–	–
Current borrowings		460.5	134.9	105.2
Bank loans and overdrafts ¹	13	(3.9)	479.6	(3.7)
Bonds	14	1,437.1	1,438.9	1,439.8
		1,433.2	1,918.5	1,436.1

Borrowings are repayable as follows:

In one year or less, or on demand				
Overdrafts	13	101.0	134.9	105.2
Bonds	14	359.5	–	–
		460.5	134.9	105.2
In more than one year, but no more than two years				
Bonds	14	–	358.6	359.0
		–	358.6	359.0
In more than two years, but no more than five years				
Bank loans	13	(3.9)	479.6	(3.7)
In more than five years – due other than by instalments				
Bonds	14	1,437.1	1,080.3	1,080.8
Non-current borrowings		1,433.2	1,918.5	1,436.1
Total borrowings		1,893.7	2,053.4	1,541.3

¹ Repayment of the bank loan amount is based upon the maturity of the RCF facility net of the RCF fees.

12. BORROWINGS CONTINUED

The Group issued a £360.0m publicly listed fixed rate secured bond on 20 September 2023 with a scheduled and legal maturity of 30 September 2041. All proceeds from the issue of the bonds (net of certain issuance fees) were placed on deposit and will be used to repay the £360.0m bond maturing on 2 April 2024.

Details of the Group’s borrowings can be found in the Annual Report and Accounts for the year ended 31 March 2023.

13. BANK LOANS AND OVERDRAFTS

	Unaudited 30 September 2023 £m	Unaudited 30 September 2022 £m	31 March 2023 £m
Bank overdrafts	101.0	134.9	105.2
Bank loans and overdrafts – current	101.0	134.9	105.2
Secured Revolving Credit Facility	–	484.0	–
Less: unamortised debt issue costs ¹	(3.9)	(4.4)	(3.7)
Bank loans and overdrafts – non-current	(3.9)	479.6	(3.7)
Bank loans and overdrafts – Total	456.6	614.5	101.5

¹ Issue costs arising in relation to obtaining finance are amortised over the duration of the financing as part of the effective interest rate.

At 30 September 2023, the Group had £nil (30 September 2022: £484.0m) undrawn committed borrowing facilities in respect of which all conditions precedent had been met at that date. The undrawn committed borrowing facilities consist of a £500.0m Secured Revolving Credit Facility (£nil drawn as at 30 September 2023) less certain carve-outs in respect of ancillary facilities of £16.0m. The Group also had access to £10.0m of overdraft facilities.

Interest on the Secured Revolving Credit Facility is linked to SONIA plus a margin. See note 15 for further information on financial liabilities, and note 12 for maturity analysis.

14. BONDS

	Unaudited 30 September 2023 £m	Unaudited 30 September 2022 £m	31 March 2023 £m
Repayable other than by instalments			
MAG bond 4.125% £360.0m due 2024	360.0	360.0	360.0
MAG bond 4.750% £450.0m due 2034	450.0	450.0	450.0
MAG bond 2.875% £300.0m due 2039	300.0	300.0	300.0
M.A.G bond 6.125% £360.0 million due 2041	360.0	–	–
MAG bond 2.875% £350.0m due 2044	350.0	350.0	350.0
Less: discount on issue	(10.6)	(9.5)	(9.3)
Less: unamortised debt issue costs	(12.8)	(11.6)	(10.9)
	1,796.6	1,438.9	1,439.8
Current	359.5	–	–
Non-current	1,437.1	1,438.9	1439.8

See note 15 for further information on financial liabilities and note 12 for maturity analysis.

Notes to the financial statements continued

for the six months ended 30 September 2023

15. FINANCIAL INSTRUMENTS

Financial liabilities
(a) Interest rate profile of financial liabilities

The following table provides a comparison, by category, of the carrying amounts and the fair values of the Group’s key financial instruments as at 30 September 2023, 30 September 2022 and 31 March 2023. Fair value is defined as the amount at which a financial instrument could be exchanged in an arm’s length transaction between informed and willing parties, other than in a forced of liquidation sale, and excludes accrued interest. Where available, market values have been used to determine fair values. Where market values are not available, fair values have been calculated by discounting expected cash flows at prevailing interest rates.

	Unaudited		Unaudited			
	30 September 2023	30 September 2023	30 September 2022	30 September 2022	31 March 2023	31 March 2023
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	£m	£m	£m	£m	£m	£m
Financial liabilities:						
Instruments held at amortised cost						
Bank loans and overdrafts	(97.1)	(97.1)	(614.5)	(614.5)	3.7	3.7
Trade payables	(52.0)	(52.0)	(42.7)	(42.7)	(53.9)	(53.9)
Bonds	(1,796.6)	(1,526.2)	(1,438.9)	(1,110.4)	(1,439.8)	(1,237.1)
	(1,945.7)	(1,675.3)	(2,096.1)	(1,767.6)	(1,490.0)	(1,287.3)
Financial assets:						
Instruments held at amortised cost						
Cash at bank and in hand	599.0	599.0	748.4	748.4	159.7	159.7
Trade receivables	88.3	88.3	76.8	76.8	53.7	53.7
Other assets held at fair value						
Investment properties	157.5	157.5	170.5	170.5	155.1	155.1
	844.8	844.8	995.7	995.7	368.5	368.5
Net financial liabilities	(1,100.9)	(830.5)	(1,100.4)	(771.9)	(1,121.5)	(918.8)

Fair value hierarchy

Financial instruments carried at fair value are required to be measured by reference to the following levels:

- Level 1 – quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

15. FINANCIAL INSTRUMENTS CONTINUED

Summary of methods and assumptions used for determining fair values

Financial instrument	Level	Estimate basis
Bonds	1	The fair value of publicly listed bonds is based on market prices or, if not available, brokers’ quotes. The carrying value is net of unamortised issue costs.
Bank loans	2	The fair value of the bank loans approximates to the carrying value given their floating rate basis and interest setting frequency. The carrying value is net of unamortised issue costs.
Other borrowings	2	The fair value of other borrowings is based on a discounted cash flow methodology that reflects movements in underlying market rates.
Cash at bank and in hand	2	The fair value of cash at bank and in hand approximates to the carrying value as all deposits have same day access.
Trade receivables and payables	2	The fair value of trade receivables and trade payables approximates to the carrying value given their short-term nature.
Investment properties	3*	The fair values of investment properties are based on an income capitalisation methodology.

* Refer to note 9 for valuation techniques applied.

(b) Interest rate profile of financial liabilities

The interest rate profile of the Group’s financial liabilities as at 30 September 2023 was as follows:

	Unaudited 30 September 2023 £m	Unaudited 30 September 2022 £m
Fixed rate financial liabilities	(1,796.6)	(1,438.9)
Floating rate financial liabilities	(97.1)	(614.8)
	(1,893.7)	(2,053.7)

The Revolving Credit Facility bears an interest rate based on SONIA between one week and six months, plus a credit margin. The overdrafts bear interest at Bank of England Base Rate, plus a credit margin.

The Group has prepared an analysis of the impact of potential likely changes in interest rates.

The result of an increase in interest rates of 1% per annum would be to (decrease)/increase income and equity for the year by the following amounts:

	Unaudited 30 September 2023 £m	Unaudited 30 September 2022 £m
Impact on income statement	5.0	1.3
	5.0	1.3

Notes to the financial statements continued
for the six months ended 30 September 2023

16. LEASE LIABILITIES

	Unaudited			
	Land and buildings £m	Airport infrastructure £m	Plant, fixtures and equipment £m	Total £m
Cost				
At 1 April 2023	234.7	216.5	7.0	458.2
Additions	6.5	–	–	6.5
Foreign exchange movement	0.2	–	–	0.2
Interest charge for the period	6.9	6.3	0.1	13.3
Payments of liabilities	(11.3)	(6.7)	(1.1)	(19.1)
Remeasurement	6.9	27.4	–	34.3
At 30 September 2023	243.9	243.5	6.0	493.4

Maturity analysis of lease liabilities – discounted

	Unaudited			
	Land and buildings £m	Airport infrastructure £m	Plant, fixtures and equipment £m	Total £m
Within 1 year	8.7	0.6	2.0	11.3
Within 2 to 5 years	29.6	2.9	4.0	36.5
Over 5 years	205.6	240.0	–	445.6
Total	243.9	243.5	6.0	493.4

Maturity analysis of lease liabilities – undiscounted

The table below shows the gross undiscounted contractual cash outflows in relation to the Group’s lease liabilities as at 30 September 2023 to the contract maturity date.

	Unaudited			
	Land and buildings £m	Airport infrastructure £m	Plant, fixtures and equipment £m	Total £m
In one year or less, or on demand	21.4	13.1	2.3	36.8
In more than one year, but not more than two years	20.8	13.1	1.8	35.7
In more than two years but not more than five years	54.6	39.4	2.4	96.4
In more than five years	724.4	715.4	–	1,439.8
Total	821.2	781.0	6.5	1,608.7

The expense relating to variable lease payments not included in the measurement of lease liabilities is £2.7m (2022: £0.7m). Expenses relating to both short-term leases and low-value leases are £nil (2022: £nil).

17. RETIREMENT BENEFITS

	Unaudited 30 September 2023 £m	Unaudited 30 September 2022 £m	31 March 2023 £m
Balance in schemes at the start of the period	86.6	22.1	22.1
Movement in period:			
Current service cost and administration expenses recognised in income statement	(0.7)	(0.8)	(1.1)
Contributions	0.2	3.9	7.4
Settlements	–	(119.7)	(119.7)
Net income/(expense) recognised in the income statement (after allowing for the impact of the asset ceiling)	2.0	0.2	0.5
Total remeasurements in the statement of comprehensive income	(2.0)	167.8	177.4
Impact of change in the asset ceiling	86.1	73.5	86.6

The total of £86.1m shows the net position across the Group, however the surplus in STAL and EMIA (£90.0m in total) cannot be offset against the deficit of the GMPF and AVPS (£3.9m in total), so these are presented separately in the statement of financial position at year-end.

During the period, the Group operated defined benefit pension schemes. The main schemes were as follows:

- M.A.G (STAL) Pension Scheme.
- Airport Ventures Pension Scheme (AVPS).
- The Greater Manchester Pension Fund (unfunded arrangement only) (GMPF).
- EMIA Pension Scheme (EMIA).

These are referred to collectively, as the ‘schemes’.

STAL has a surplus of £79.1m (30 September 2022: £66.5m) and EMIA has a surplus of £10.9m (30 September 2022: £10.9m) which would be in the form of refunds. The Group’s assessment is that it has a right to a refund of surplus under the IFRIC 14 requirements based on the scheme rules. Since the schemes are closed to future accrual, the surplus can only be recognised as a right to refund.

The AVPS has a deficit of £0.3m (30 September 2022: £nil) and GMPF has a deficit of £3.6m (30 September 2022: £3.9m deficit).

E.M.I.A. Pension Scheme contains Level 3 assets where valuation is not based upon observable market data. The valuations, which conform to International Valuation Standards, were arrived at by reference to market evidence of transaction prices for similar assets and discounted cash flow methods.

The valuation techniques applied to the Level 3 assets within the Group’s pension schemes are: EMIA annuities (to discharge liability relating to specific scheme members) – valued at the corresponding amount of the relevant scheme member’s scheme obligation.

Notes to the financial statements continued

for the six months ended 30 September 2023

17. RETIREMENT BENEFITS CONTINUED

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

	Six months ended 30 September 2023
0.5% p.a. increase in real discount rate	(12.8)
0.5% p.a. decrease in real discount rate	14.3
0.5% p.a. increase in RPI inflation*	11.4
0.5% p.a. decrease in RPI inflation*	(11.3)
1 yr increase in life expectancy	4.0
1 yr decrease in life expectancy	(4.0)

* Including other inflation linked assumptions such as CPI inflation and pension increases. Please note that a 0.5% p.a. increase in RPI may have a lower impact due to rounding of the impacts here and the effect of the caps and floors on pension increases.

18. RELATED PARTY TRANSACTIONS

The ultimate parent entity is Manchester Airports Holdings Limited, a company registered in England and Wales. The ultimate controlling entity is Manchester Airports Holdings Limited.

Transactions involving The Council of the City of Manchester and the other council shareholders

The Council of the City of Manchester (MCC) is a related party to Manchester Airports Holdings Limited, as MCC owns 35.5% of the share capital of the Company,

Included in external charges are charges for rent and rates amounting to £9.7m (31 March 2023: £37.3m) and other sundry charges of £0.1m (31 March 2023: £0.1m). Within these figures, Manchester benefitted from a £10.5m rebate as a result of a negotiation of historic rates expense. The period-end balance for these values is £nil (31 March 2023: £0.3m). The majority of these amounts are due to MCC. The remainder are collected by MCC and distributed to other local authorities.

Transactions involving Manchester Airports Holdings Limited (MAHL)

Manchester Airports Holdings Limited (MAHL) is the ultimate Parent Company of Manchester Airport Group Investments Limited.

As at 30 September 2023, the amount of loans outstanding owed by MAHL was £219.1m (31 March 2023: £214.1m), relating to historical transactions and interest on the unpaid balance. Included within finance income is interest on loans outstanding owed by MAHL of £6.8m (31 March 2023: £9.5m)

Transactions involving Manchester Airport Finance Holdings Limited (MAFHL)

Manchester Airport Finance Holdings Limited (MAFHL) is the Parent Company of Manchester Airport Group Investments Limited.

As at 30 September 2023, the amount of loans outstanding owed by MAFHL was £370.1m (31 March 2023: £378.7m) relating to historical payments of shareholder loan interest by the MAGIL Group on behalf of MAFHL. In addition, included within finance income is interest on loans outstanding owed by MAFHL of £9.5m (31 March 2023: £6.1m).

Transactions involving MAG Overseas Investments Limited (MOIL)

MAG Overseas Investments Limited (MOIL) is a fellow Group Company of the MAHL Group.

As at 30 September 2023, the net balance owed by MOIL was £35.2m (31 March 2023: £34.2m), relating to funding provided by the MAGIL Group. Included within finance income is interest on loans outstanding owed by MOIL of £0.9m (31 March 2023: £6.1m)

Transactions involving other related parties

As at 30 September 2023, the amounts owing to Manchester Central Convention Complex Ltd were £nil (31 March 2023: £nil), amounts owed by were £nil (31 March 2023: £nil) and transactions during the year amounted to £0.2m of purchases and £0.4m in sales (31 March 2023: £1.0m).

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Unaudited			30 September 2023 £m
	1 April 2023 £m	Cash flow £m	Other non-cash movements £m	
Cash at bank and in hand	159.7	439.3	–	599.0
Cash and cash equivalents disclosed on the statement of financial position	159.7	439.3	–	599.0
Overdrafts	(105.2)	4.2	–	(101.0)
Bonds due < 1 year	-	–	(359.5)	(359.5)
Current debt	(105.2)	4.2	(359.5)	(460.5)
Non-current debt	(1,436.1)	3.9	(1.0)	(1,433.2)
Net debt	(1,381.6)	447.4	(360.5)	(1,294.7)
IFRS 16				
Current debt	(9.4)	–	(1.9)	(11.3)
Non-current debt	(448.8)	19.1	(52.4)	(482.1)
	(458.2)	19.1	(54.3)	(493.4)
Net debt (including IFRS 16)	(1,839.8)	466.5	(414.8)	(1,788.1)

20. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	30 September 2023 £m	30 September 2022 £m	31 March 2023 £m
Capital expenditure that has been contracted for but has not been provided for in the financial statements	162.1	60.0	132.2

Capital commitments have increased substantially as a result of implementation of future security requirements across the three airports, alongside the continuation of Phase 2 of the Manchester terminal 2 transformation programme.

The Group has performance bonds and other items arising in the normal course of business amounting to £3.0m at 30 September 2023 (31 March 2022: £3.0m).

Other information

OVERVIEW

These APMs are primarily used to:

- provide management with a basis of planning and assessing Group performance;
- set levels of management performance based remuneration;
- calculate covenant compliance; and
- explain Group performance with MAG’s investor base.

ADJUSTED ITEMS

Many of the Group’s APMs are measures prior to the impact of adjusted items.

Applied consistently over time, adjusted items are items of income and expense that, because of their size, unusual nature, or frequency of the events giving rise to them, merit separate presentation, as these are incremental and to allow an understanding of the Group’s underlying financial performance from its trading activities. Such items include:

- **Impairment of assets**
Impairment charges related to non-current assets are non-cash items and tend to be significant in size. The presentation of these as adjusted items further enhances the understanding of the ongoing performance of the Group. Impairments of property, intangible assets and other tangible fixed assets are included in adjusted items if related to a fundamental transformation project or if significant in size. Other impairments are included in underlying results.
- **Major reorganisation of businesses and costs associated with acquisitions**
Restructuring costs are classified as adjusted items if they relate to a fundamental change in the organisational structure of the Group, or a fundamental change in the operating model of a business within the Group. Costs may include redundancy, property closure costs and consultancy costs, which are significant in size and will not be incurred under the ongoing structure or operating model of the Group. All costs related to the acquisition of businesses will be classified as ‘adjusted’.
- **Other specific items**
Other specific items are recorded in adjusted items where they do not form part of the underlying trading activities of the Group, in order to enhance the understanding of the financial performance of the Group.

TABLE OF DEFINITIONS FOR ALTERNATIVE PERFORMANCE MEASURES (APMS) USED BY MAG

An explanation of the relevance of each APM, and their limitations, is presented in the table below.

APM	Closest Equivalent Statutory Measure	Purpose	Definition
Income statement measures			
Adjusted EBITDA	Operating profit	<p>The Group’s adjusted EBITDA measure is consistent with the way that Executive Management and the Board assess the Group’s financial performance.</p> <p>Additionally, it is a key metric used by the investor community to assess performance of the Group’s operations.</p>	<p>Earnings before interest, tax, depreciation and amortisation prior to the impact of adjusted items.</p> <p>Reconciled to GAAP from result from operations measured in accordance with IFRS excluding:</p> <ul style="list-style-type: none">• Depreciation and amortisation (note 4), and;• The impact of adjusted items (note 3).
Adjusted result from operations	Operating profit	Adjusted result from operations is a measure of the GAAP metric whilst adjusting for adjusted items.	Operating profit/(loss) measured in accordance with IFRS excluding the impact of adjusted items (note 3).
Earnings per share – attributable to ordinary shareholders before adjusted items	Basic earnings per share	Earnings per share – attributable to ordinary shareholders before adjusted items provides the Group’s equity holders with a post-tax measure of profitability split by class of shares.	Calculated as profit after tax adjusted for the impact of adjusted items divided by the weighted average of ordinary shares (A, B & C shares).
Cashflow measures			
Adjusted cash generated from operations	Net cash from operating activities	This is a measure of the Group’s cash generation from operation and working capital efficiency after adjusting for the impact of adjusted items.	Net cash from operating activities before the cash impact of adjusted items.
Other measures			
Net debt	Borrowings	Net debt is a prominent metric used by credit rating agencies and investors to assess the strength of a company’s balance sheet.	<p>Borrowings less cash and cash equivalents. The measure excludes financial lease liabilities calculated under IFRS 16.</p> <p>Where the Annual Report references ‘net debt (including IFRS 16)’ this aggregates the net debt amount and the carrying value of lease liabilities.</p>
Net Senior Debt	Borrowings	Net Senior Debt is used in the calculation of the Group’s leverage covenant.	<p>Comprising the Group’s secured funding arrangements (bonds and drawdown RCF), less cash and cash equivalents.</p> <p>Reconciled to GAAP measure ‘borrowings’ (by excluding the carrying value of shareholder loans, less cash and cash equivalents.</p>
Return on Capital Employed (‘ROCE’)	Calculated from Result for the period/year and Net assets	ROCE is a commonly used profitability metric to assess the efficient allocation of the Group’s resources irrespective of capital structure.	ROCE is calculated from adjusted operating profit as a percentage of average capital employed, and on a historical cost basis.

Other information continued

Reconciliation of APMs to statutory measures

The following analysis provides a reconciliation of each APM to their nearest equivalent statutory measure.

	Note	Unaudited Six months ended 30 September 2023 £m	Unaudited Six months ended 30 September 2022 £m	Year ended 31 March 2023 £m
Adjusted operating profit		224.4	143.8	169.3
<i>Adjusted items deducted to arrive at APM:</i>				
Extinguishment of the deferred debt agreement		–	–	(119.7)
Impairment of assets, asset write-downs and depreciation		–	–	(15.9)
Major reorganisation of businesses and transformation	3	(0.8)	(1.8)	(4.1)
Legal and other items	3	(5.2)	(119.9)	(1.5)
		(6.0)	(121.7)	(141.2)
Operating profit		218.4	22.1	28.1
Adjusted profit		224.4	143.8	169.3
Add back: Depreciation and amortisation	7, 11	121.4	116.1	241.1
Adjusted EBITDA*		345.8	259.9	410.4
Cash generated from continuing operations		309.6	285.4	453.7
Total adjusted items in results for continued operations before tax		(5.4)	(121.7)	(141.5)
		(5.4)	(121.7)	(141.5)
<i>Add back of non-cash adjusted items:</i>				
Net finance income – adjusted items		(0.6)	–	0.3
Impairment of property, plant and equipment		–	–	15.9
Working capital movements, relating to adjusted items		–	–	1.0
Non-cash pension settlement loss		–	119.7	119.7
Non-cash adjusted items:		(0.6)	119.7	136.9
Cash impact of adjusted items to be added back		(6.0)	(2.0)	(4.6)
Adjusted cash generated from operations		315.6	287.4	458.3
Total cash and cash equivalents (including overdrafts)		498.0	613.5	54.5
Current debt (excluding IFRS 16)	12	(359.5)	–	–
Non-current debt	12	(1,433.2)	(1,918.5)	(1,436.1)
Net debt (excluding IFRS 16)		(1,294.7)	(1,305.0)	(1,381.6)
Cash at bank and in hand	19	599.0	748.4	159.7
Overdraft	13	(101.0)	(134.9)	(105.2)
Net Cash		498.0	613.5	54.5



MAGIL

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