

Media Briefing

Unite@ Heathrow



Summary:

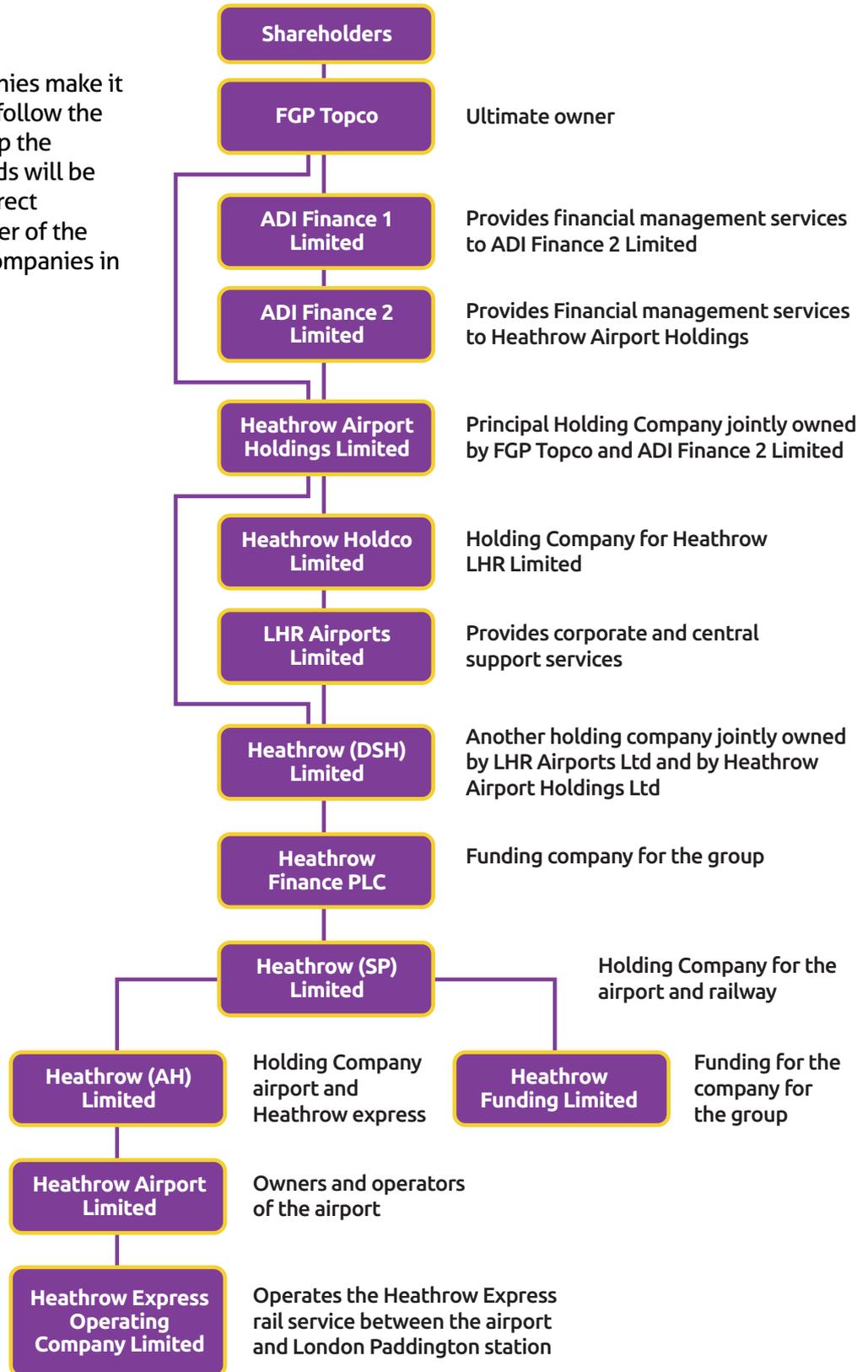
- More than 4,500 Heathrow security, engineering, fire service, passenger services and airside operations staff face wages cuts of up to £8,000 a year. The airport's fire and rehire plans came after 800 workers had already left the business after agreeing to take voluntary severance.
- Heathrow's workers are being made to pay the price for crippling amounts of debt borrowed against physical infrastructure by the airport's leadership, a large proportion of which has been paid out as shareholder dividends through opaque corporate structures.
- Heathrow Airport Limited (HAL)'s total debt in 2019 stood at £15.449 billion against assets of £15.8 billion. This is more than twice the level of debt of any of Heathrow's own comparator international airports.
- Despite massive debt, Heathrow has paid out more than [£4 billion in dividends since 2012](#), including £100 million this year. Dividends are not connected to profits, but on the size of the airport's [Regulated Asset Base](#), resulting in borrowing increasing shareholder payments.
- Just [£137 million in corporation tax has been paid over the same period](#), while 92 per cent of Heathrow's shareholders [do not pay UK tax](#).
- In addition to the dividends, Heathrow CEO John Holland-Kaye received £2.6m in 2019 in pay and bonuses and more than £4 million in 2018. Holland-Kaye's remuneration is more than three times that received by CEO's at Heathrow comparator international airports.
- The total 2019 pay for the 49 directors of HAL, Heathrow Airport Holdings Limited and FGP Topco Limited was more than £21 million, with some individuals earning in excess of £1 million.
- The airport generates a steady stream of income, with HAL making pre-tax profits of around £3 billion since 2014, yet debt over the same period has increased by nearly £4 billion, even as dividend payments have continued unabated.
- Heathrow's leadership has also been accused of [vastly overcharging for simple construction work](#), including £74,000 for cutting down three trees (20 times the average cost), £202.7 million for building a multi-storey car park (four times the average cost) and £1 million for building a smoking shelter.
- Heathrow's unsustainable debt levels, including through the leveraging of assets to pay massive dividends and paying inflated construction charges, is a form of bandit capitalism which poses a direct risk to a national asset which generates around [£10 billion in Gross Value Added per year](#) to the economy.
- With Heathrow perilously close to bankruptcy because of corporate irresponsibility it is incumbent on The Civil Aviation Authority (CAA) regulator to investigate and take steps to safeguard the future of the airport.
- Given Heathrow's huge role in maintaining the UK's economic wellbeing, utilisation of the Civil Aviation Act 1982 to allow the secretary of state for transport to be able to give HAL direct orders in the interests of national security should not be ruled out.
- The airport's endemic financial issues will only be solved by reforming its corporate governance, not by targeting the hardworking staff who keep it running.
- Impacted staff predominantly live in the communities surrounding the airport, including Hounslow, Heston, Feltham, Twickenham, Kingston upon Thames, Harrow, Hayes, Harlington, Hillingdon, Slough, West Drayton, Uxbridge and Southall. Others travel from Hemel Hempstead, Reading, Ilford and Luton to work at the airport. Many staff fear that they will be forced to sell their homes and cars or move to cheaper areas.
- 41.8 per cent of impacted staff are female, 58.2 per cent are male
- 8.7 per cent are aged 25 and under, 32.1 per cent are aged between 25 and 35, 39.2 per cent are between 36 and 50, 9.19 are aged between 51 and 65. 0.4 per cent aged 66 and over.
- 51.6 per cent are Black, Asian or Minority Ethnic (BAEM), 46.7 per cent are non-BAEM.



Heathrow Corporate Structure

Each of these companies pays dividends to the company or companies above until it reaches FGP Topco who then pays the shareholders the dividend.

These linked companies make it far more difficult to follow the flow of the money up the structure as dividends will be split between the direct payment to the owner of the chain and the two companies in between.



Heathrow Financial Overview

In 2009, when the civil airport industry was still reeling from the financial crisis, the main parent company FGP Topco took over Heathrow, as a result of the Monopolies Commission decision to break up British Airports Authority (BAA). FGP Topco made the purchase with just £13.1 million of capital and the rest of the £10.7 billion was private sector debt.

Since 2012 it has paid £4 billion in dividends to shareholders by selling assets and recapitalising its outstanding debt mountain. In 2019, the total debt borrowed against its assets stood at £15.449 billion against assets of £15.8 billion.

Profits

Heathrow Airport Limited

Pre-tax profits:

£819 million in 2019, £602 million in 2018, £507 million in 2017, -£101 million loss in 2016, £933 million in 2015, and £291 million in 2014.

FGP Topco Ltd

Pre-tax profits:

£567 million in 2019, £454 million in 2018, £583 million in 2017, -£182 million loss in 2016, £680 million in 2015, and £140 million in 2014.

Debts/liabilities

Heathrow Airport Limited

Long Term Debt

-£14,298 million in 2019, -£12,417 million in 2018, -£11,620 million in 2017, -£12,661 million in 2016, -£11,611 million in 2015, and -£11,570 million in 2014.

Long Term Liabilities

-£14,814 million in 2019, -£14,227 million in 2018, -£13,296 million in 2017, -£13,145 million in 2016, -£12,694 million in 2015, and -£12,065 million in 2014.

Current Liabilities

-£1,309 million in 2019, -£1,061 million in 2018, -£1,696 million in 2017, -£1,594 million in 2016, -£1,471 million in 2015, and -£1,341 million in 2014.

FGP Topco Ltd

Long Term Debt

-£16,676 million in 2019, -£14,060 million in 2018, -£13,116 million in 2017, -£14,544 million in 2016, -£12,661 million in 2015, and -£13,718 million in 2014.

Long Term Liabilities

-£17,970 million in 2019, -£16,501 million in 2018, -£15,609 million in 2017, -£15,507 million in 2016, -£14,792 million in 2015, and -£14,929 million in 2014.

Current Liabilities

-£1,162 million in 2019, -£1,248 million in 2018, -£1,773 million in 2017, -£1,888 million in 2016, -£1,445 million in 2015, and -£1,370 million in 2014.

Reserves

Heathrow Airport Limited

£2,670 million in 2019, £2,469 million in 2018, £2,420 million in 2017, £1,750 million in 2016, £2,011 million in 2015, and £1,865 million in 2014.

Heathrow Airport Holdings Limited

-£2,035 million in 2019, -£1,906 million in 2018, -£1,963 million in 2017, -£1,601 million in 2016, -£778 million in 2015, and -£1,186 million in 2014.

FGP Topco Ltd

£822 million in 2019, £960 million in 2018, £909 million in 2017, £970 million in 2016, £1,609 million in 2015, and £1,202 million in 2014.

Dividend payments

Heathrow Airport Ltd

£421 million in 2019, £483 million in 2018, £277 million in 2017, £594 million in 2016, £361 million in 2015, and £419 million in 2014.

FGP Topco Ltd

£500 million in 2019, £500 million in 2018, £525 million in 2017, £325 million in 2016, £300 million in 2015, and £1,075 million in 2014.

Many of Heathrow's 13 subsidiary companies lead to trusts or offshore bank accounts making the dissection of the flow of capital difficult, however since 2012 a total of [£4 billion has been paid out in dividends](#), including £100 million in 2020.

Major shareholders

FGP Topco Ltd

25.00% HUBCO NETHERLANDS B.V. - Global HubCo B.V. is located in NOORD-HOLLAND, Netherlands and is part of the Custodial & Trust Services Industry and subsidiary of Ferrovial SA (Spain).

20.00% QATAR HOLDING AVIATION - a subsidiary of the Qatar sovereign wealth fund which also owns London's Harrods store. (Qatar).

12.62% CAISSE DE DEPOT ET DE PLACEMENT DU QUEBEC – a Canadian investment house for 41 public and para-public organisations, mainly pension and insurance plans. (Canada).

11.21% BAKER STREET INVESTMENT PTE. LTD. – or GIC as it is known is a Private Company Limited by shares, incorporated on 15 February 2006 in Singapore. (Singapore).

11.71% QS AIRPORTS UK, LP – is a limited partnership company which is registered in the UK but based in the Grand Caymans, managed by Alinda Capital

Partners (Cayman Islands).

10.00% STABLE INVESTMENT CORPORATION – or China Investment Corporation (CIC). An investment house that provides investment opportunities throughout China. (China).

10.00% USS BUZZARD LIMITED – a subsidiary of Universities Superannuation Scheme (USS) (Guernsey UK).

Directors' remuneration

John Holland Kaye is the CEO of both Heathrow Airport Limited and its holding company Heathrow Airport Holding Limited. There are different directors in each company. John Holland-Kaye received £2.6 million in 2019 from Heathrow Airport Limited but it is unclear if he received an additional payment from Heathrow Airport Holdings Limited. In 2018 John Holland-Kaye received £4,326,483 from Heathrow Airport Ltd.

Heathrow Airport Limited

£millions	2019	2018	2017	2016	2015	2014
Directors Remuneration	£5.208	£7.192	£4.511	£4.455	£4.801	£5.319
Highest Paid Director	£1.067	£1.744	£0.892	£0.979	£1.020	£0.886

8 Directors in 2019

Heathrow Airport Holdings Limited

£millions	2019	2018	2017	2016	2015	2014
Directors Remuneration	£5.323	£7.051	£4.520	£4.259	£5.330	£4.269
Highest Paid Director	£2.6057	£4.262	£2.097	£1.978	£2.061	£0.975

26 Directors in 2019

FGP Topco Limited

£millions	2019	2018	2017	2016	2015	2014
Directors Remuneration	£10.598	£14.212	£9.266	£8.713	£1.200	£1.080
Highest Paid Director	£1.200	£1.200	£?	£?	£?	£?

15 Directors in 2019

CEO and director biographies

John Holland-Kaye became CEO in July 2014 and became a board member of Bazalgette Tunnel Ltd. in July 2014. He is also CEO of LHR Airports Limited and Heathrow Holdings Limited. His previous roles at Heathrow include delivering the new Terminal 2.

Current directorships: Heathrow Airport Holdings Limited, LHR Airports Limited, Heathrow Airport Limited, Heathrow Airport Holdco Limited and Bazalgette Tunnel Limited. Previously divisional CEO of Taylor Wimpey Plc. and prior to that he was managing director and national sales director of Bass Brewers. He is a member of the Prince of Wales Sustainable Markets Council, DEFRA's Council for Sustainable Business, and chairs Business in the Community's (BITC) Employment Skills Leadership Team.

Lord Paul Clive Deighton, Chairman of Heathrow Holdings, British Conservative politician who served as commercial secretary to HM Treasury from January 2013 to May 2015. Deighton is a former investment banker who previously served as chief executive of the London Organising Committee of the Olympic and Paralympic Games (LOCOG).

His current directorships include not just Heathrow Airport Holdings but also chairman of the Economist Newspaper, 34 Cadogan Square Limited, Tomorrow 32 Limited, Squareup Europe Ltd, Squareup (UK) Ltd. and the Economist Group Trustee Company Ltd. (the last being Active but dormant).

Javier Echave, Chief financial officer, was closely involved in establishing the current capital structure and positioning Heathrow in the financial markets. He played a key role in the delivery of a cost-efficiency programme and in ensuring appraisal of a multi-billion capital investment plan.

Carol Hui, chief of staff and general counsel, responsible for legal affairs, business assurance, external and internal communications, sustainability and the environment. Previous career in transport, oil and gas, infrastructure industries and was corporate finance lawyer for Slaughter and May.
Non Exec Directors

Professor David Begg appointed in November 2010 Chairman of the British Chamber of Commerce Infrastructure Commission, CEO of the Portobelo Partnership, Advisor to the Greater Manchester Transport Executive, Publisher and contributor to Transport Times Magazine and visiting Professor to Plymouth University.

He was past chairman of Tube Lines and chairman of the Commission for Integrated Transport - an independent advisory board for the Government.

Rt Hon Ruth Kelly appointed in April 2019 Previous Labour secretary of state for Transport and Financial Secretary to the Treasury.

Rachel Lomax appointed in November 2010 until Feb 2020. Served as deputy Governor of the Bank of England from 2003 to 2008, before joining the Bank she was permanent secretary of three government departments including the Department of Transport, Welsh Office and the Department for Work and Pensions. Her early career was spent at the Treasury, Cabinet Office and the World Bank.

Exec Directors

In addition to John Holland-Kaye, Javier Echave and Carol Hui (listed above):

Chris Garton: Chief operating officer since 2018 who had a similar role at Dubai Airport but his previous role was director of asset management at the Association of British Ports, and previously held positions at Gatwick.

Stuart Birral: Chief information officer appointed June 2015, previously worked for Formula 1's McLaren Group. He also spent three years at Gatwick as their CIO during the break up of BAA.

Ross Baker: Chief commercial officer appointed in January 2017, previously he was director of operations, director of strategy. Previous roles include 10 years with British Airways in a range of operational and commercial managerial roles.

Emma Gilthorpe: Executive director expansion appointed January 2017 after joining Heathrow in September 2009 as regulatory director. Previously BT plc's group director of industrial policy and regulation and a number of senior roles at Cable and Wireless.

Andrew MacMillan: Chief strategy officer appointed January 2017 after joining in October 2009 in strategy, operational and regulatory roles.

Paula Stannett: Chief people officer (Head of HR) appointed January 2013 after working for Heathrow mainly in HR Roles.

Heathrow debt and CEO remuneration in comparison to comparator international airports in the Airport Benchmarking Group

Heathrow airport states 'that alongside Hong Kong airport established an Airport Benchmarking Group in 2017 to provide a platform for major global hub airports to learn from each other by comparing performance, sharing experience, and identifying best practices.'

Heathrow airport

Total debt – £15.5 billion

CEO pay and bonuses – £3.7 million

Hong Kong airport

Total debt – £2.9 billion

CEO pay and bonuses – £1.1 million

Toronto Pearson airport

Total debt – £4.3 billion

Los Angeles International airport

Total debt – £7.3 billion

San Francisco airport

Total debt – £6.9 billion

Munich airport

Total debt – £801 million

CEO pay and bonuses – £461,000

Amsterdam Schiphol airport

Total debt – £3.1 billion

CEO pay and bonuses – £574,000

Sydney airport

Total debt – £7 billion

CEO pay and bonuses – £1.9 million

Paris airport

Total debt – £6.8 billion





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