

H8 Passenger Traffic Forecasts

Phase 2 Report

Accessible Presentation



Prepared for: Civil Aviation Authority
Date: November 2025

steer

Disclaimer

Our work is produced for the Civil Aviation Authority for use in association with its consideration of H8 price control arrangements for London Heathrow Airport and is not intended to be relied upon by third parties. Steer accepts no liability for the use of this document other than for the purpose for which it was commissioned.

The projections contained within this document represent Steer's best estimates. While they are not precise forecasts, they do represent, in our view, a reasonable expectation for the future, based on the most credible information available to us as of the date of this report. However, the estimates contained within this document rely on numerous assumptions and judgements and are influenced by external circumstances that can change quickly and influence volumes.

This analysis is based on data supplied by the client/collected by third parties. This has been checked whenever possible, however Steer cannot guarantee the accuracy of such data and does not take responsibility for estimates in so far as they are based on such data.

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Introduction

Our scope of work

Steer has been retained by the Civil Aviation Authority to provide independent advice on traffic forecasts for Heathrow Airport as part of the assessment of airport charges for the H8 regulatory period, covering Calendar Year (CY) 2027 to 2031 inclusive. The objective of our role is to develop a range of passenger forecasts, including a Base Case, for Heathrow Airport that the CAA can use to inform its modelling and analysis for the H8 price control period.

Our scope of work envisages three Phases of activity:

- Phase 1: Support to develop the CAA's broad approach to passenger forecasts;
- **Phase 2: Support to assess Heathrow Airport's Business Plan; and**
- Phase 3: Support to develop the CAA's Initial and Final Proposals for H8.

Over the course of Phase 1 our work focused on developing a strategy and framework for the approach to forecasting passenger numbers for the H8 review covering

- The impact of airport capacity constraints;
- Market segmentation;
- The use of econometric models;
- Scenario analysis; and
- The approach to validation.

This is our Phase 2 Report which covers the following.

Analysis of latest information and impact on Forecast

- Analysis of latest actual monthly traffic data up to September 2025, and any new information from the market including economic forecasts impacting longer term projections and latest forward schedules for Summer 2025 and Winter 2025/2026.

Phase 2 Activities (continued)

Review of HAL and 'Airlines' forecasts

- Review and critique of Heathrow Airport's traffic projections contained in their submitted business plan and review of the Airlines traffic forecasts and supporting evidence in a similar way.
- Assessment of the main drivers of the forecasts (at a minimum Passenger Air Traffic Movements (PATMs), Average Seats per aircraft and Load Factor assumptions) and comparison with Steer Inputs.

Updated Steer forecasts

- Updated Steer forecasts, reflecting review of the latest evidence, latest actuals and schedules and following review of the forecasts and evidence provided by HAL and airlines, as well as feedback from the CAA.

To develop our Report, we have used a variety of datasets including:

- HAL H8 Business Plan and supporting appendixes;
- Airline H8 forecasts and supporting information;
- CAA Airport Traffic Statistics and CAA Departing Passenger Survey
- Websites of Heathrow and other leading airports;
- OAG Schedules Analyser/Traffic Analyser;
- UK DfT National Aviation Traffic Forecasts; and
- IMF World Economic Outlook.

We have also taken into account insights from materials provided by Heathrow Airport and Airlines as input to the first and second Rounds of Constructive Engagement, along with discussions we have held with the respective parties to understand their forecasting methodology and key assumptions.

All forecast numbers are shown "unshocked". Shock Factor is assessed on pages 26 and 27 of the report.

Executive Summary

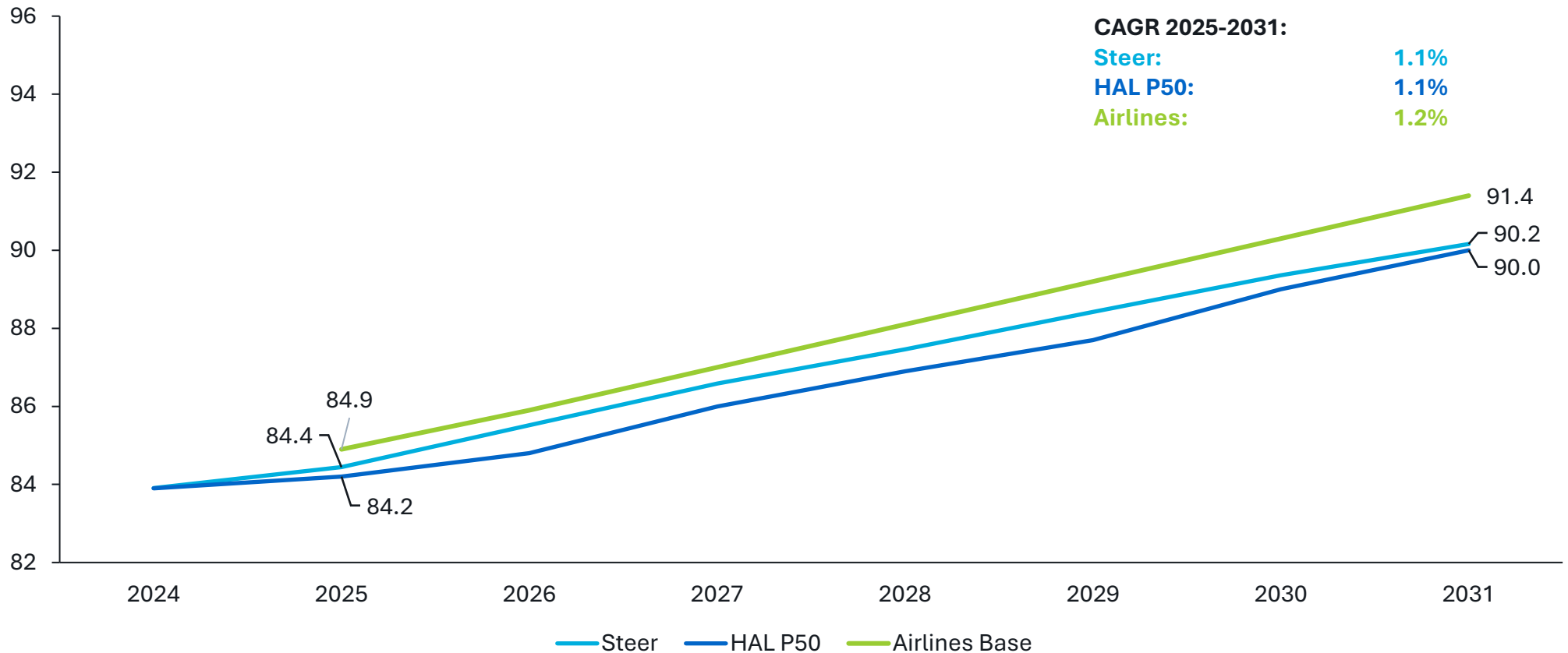


Scope of work and main outcomes

Scope of Work	Outcomes
<p>Analysis of the latest available data including CAA airport data to September 2025, CAA Passenger Survey, HAL published passenger's data, OAG Schedules for Winter 25/26 and beginning of Summer Season 2026, macroeconomic series and publicly available news on fleet developments.</p>	<p>Updated data inputs to calibrate Bottom-Up, Top Down and Throughput forecast models</p>
<p>Review of HAL Business Plan Forecast and Airlines forecast including review of main methodology, assumptions, inputs and outputs, and clarification discussions with HAL and separately the Airlines about the foundation of their forecasts.</p>	<ul style="list-style-type: none"> • HAL: A detailed, driver-based approach combining top-down and bottom-up modelling, calibrated through Monte Carlo simulation, with strong use of public and proprietary inputs but reduced visibility of individual driver effects. • Airlines: A simpler historic-trend methodology using flat PATMs and high-level load-factor/seat assumptions, relying mainly on 20-year trends and shared views, with limited incorporation of forward-looking fleet and market changes.
<p>Updated Steer Passengers forecast including latest inputs derived from analysis of available data, review of HAL Business Plan and Airlines forecast and engagement with stakeholders.</p>	<p>Forecast reaching 90.2m passengers based on updated assumptions on:</p> <ul style="list-style-type: none"> • PATMs trending slightly upward to c.475k by 2031, reflecting ongoing increases in passengers per movement and a gradual reduction in non-commercial ATMs. • Seat density updated using global fleet trends and airline-specific plans (A350/787 growth; older widebodies phasing out). • Load factors moderate upward trend within structural limits. • Virgin Atlantic fleet assumptions fully updated (787 retrofit, A330neo mix).

Steer forecast is consistently higher than HAL P50 throughout H8, however still behind the optimistic Base case view of the Airlines

2024-2031 Passenger Forecast
Millions



Source: HAL, Airlines, Steer Analysis

The aviation market at Heathrow Airport



The aviation market at Heathrow (1): Introduction

In this section of our Report we provide a high-level overview of the aviation market at Heathrow, covering the following elements:

- Headlines from Heathrow's recent annual traffic performance.
 - Key Indicators (2024 and 2023).
 - Recent monthly traffic performance (up to and including September 2025).
- The historical evolution of passenger traffic and the relationship to drivers of air traffic growth.
 - Across the London airports in total.
 - At Heathrow specifically.
- Competition.
 - Between the London airports for Origin-Destination passengers.
 - Between Heathrow and other leading hub airports for connecting passengers.
- Heathrow's airline mix.
- Heathrow's geographical market mix.
- The evolution of runway capacity at Heathrow.

The aviation market at Heathrow (2): Recent Key Indicators (a)

Heathrow Airport – Traffic KPIs, 2024

versus 2023



83.9m

passengers

+5.9%



474k

Total ATMs*

+4.4%



1.5m

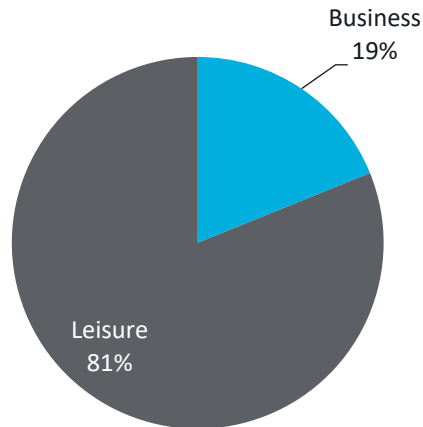
Cargo tonnes
(95% passenger freight)

+10.8%

Source: HAL
*Includes Cargo ATMs

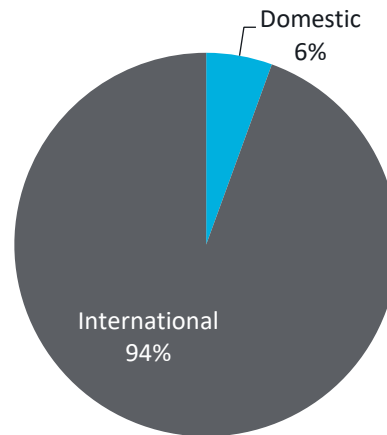
The aviation market at Heathrow (3): Recent Key Indicators (b)

Heathrow Airport – Journey Purpose (O/D Passengers), 2024



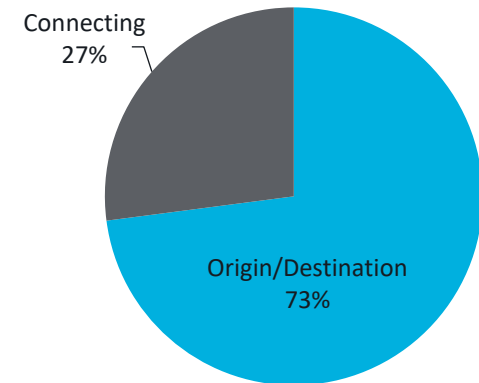
Source: CAA Passenger Survey

Heathrow Airport – Market Mix, 2024



Source: HAL

Heathrow Airport – Journey Type, 2024



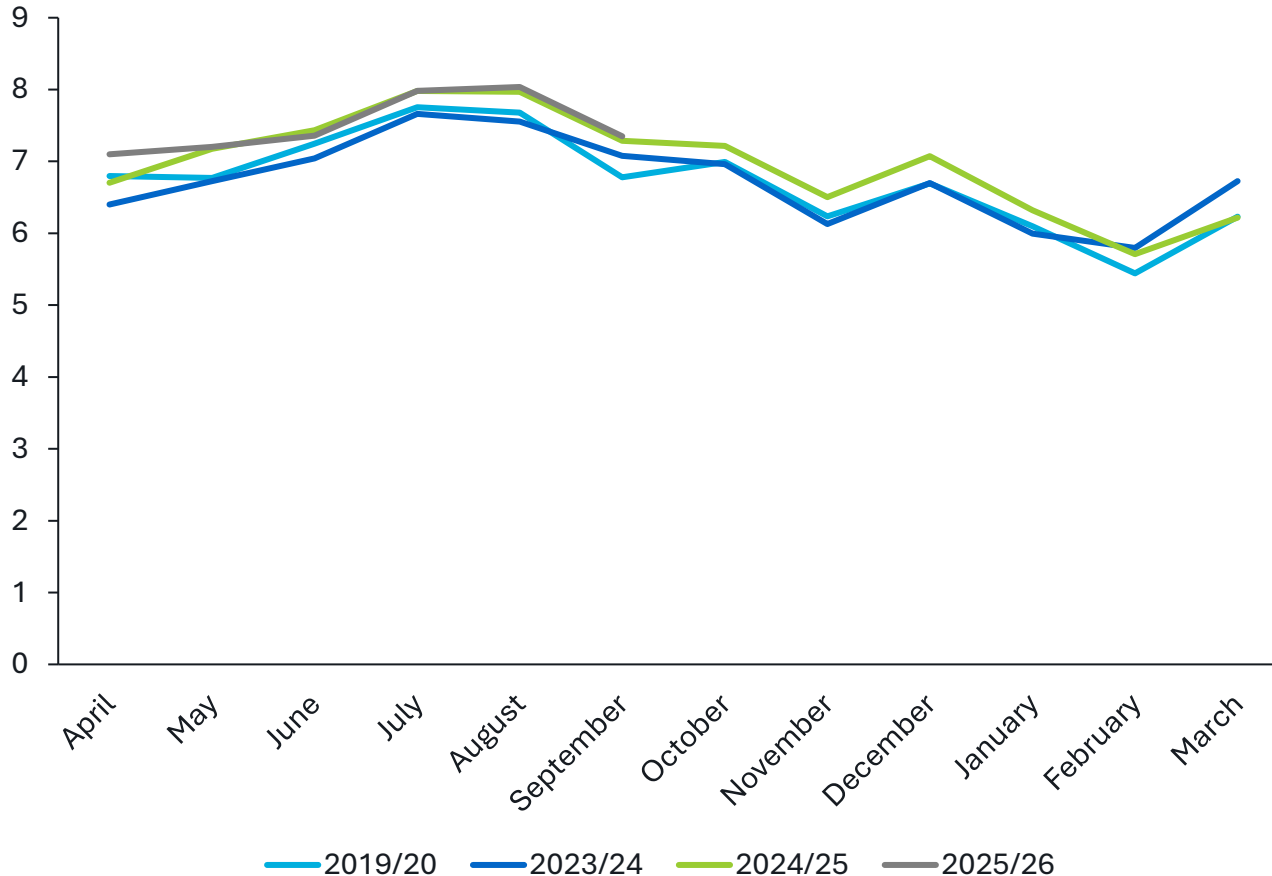
Source: CAA Passenger Survey

In summary Heathrow's passenger traffic can be characterised as:

- Predominantly International in nature.
- Largely Origin/Destination focused but with significant transfer traffic reflecting its status as a global hub.
- Mainly Leisure traffic, although with a higher proportion of business traffic than most other UK airports and with passengers in general historically having higher income levels than at other UK airports except London City (CAA Departing Passenger Survey 2019).

The aviation market at Heathrow (4): Recent Key Indicators (c)

Heathrow Airport – Monthly
Passengers (m)



Heathrow served 83.6 million passengers in the 12 months ending March 2025 according to the traffic statistics published on the airport’s website.

Passenger traffic growth has been strong at Heathrow, with volumes from April 2024-March 2025 up +3.5% versus the prior year (note: with flown ATMs now back at pre-pandemic levels it should not be assumed that such a rate of growth can be maintained going forwards).

Latest September data show a +1.5% growth vs the previous 12 months (12 months rolling),

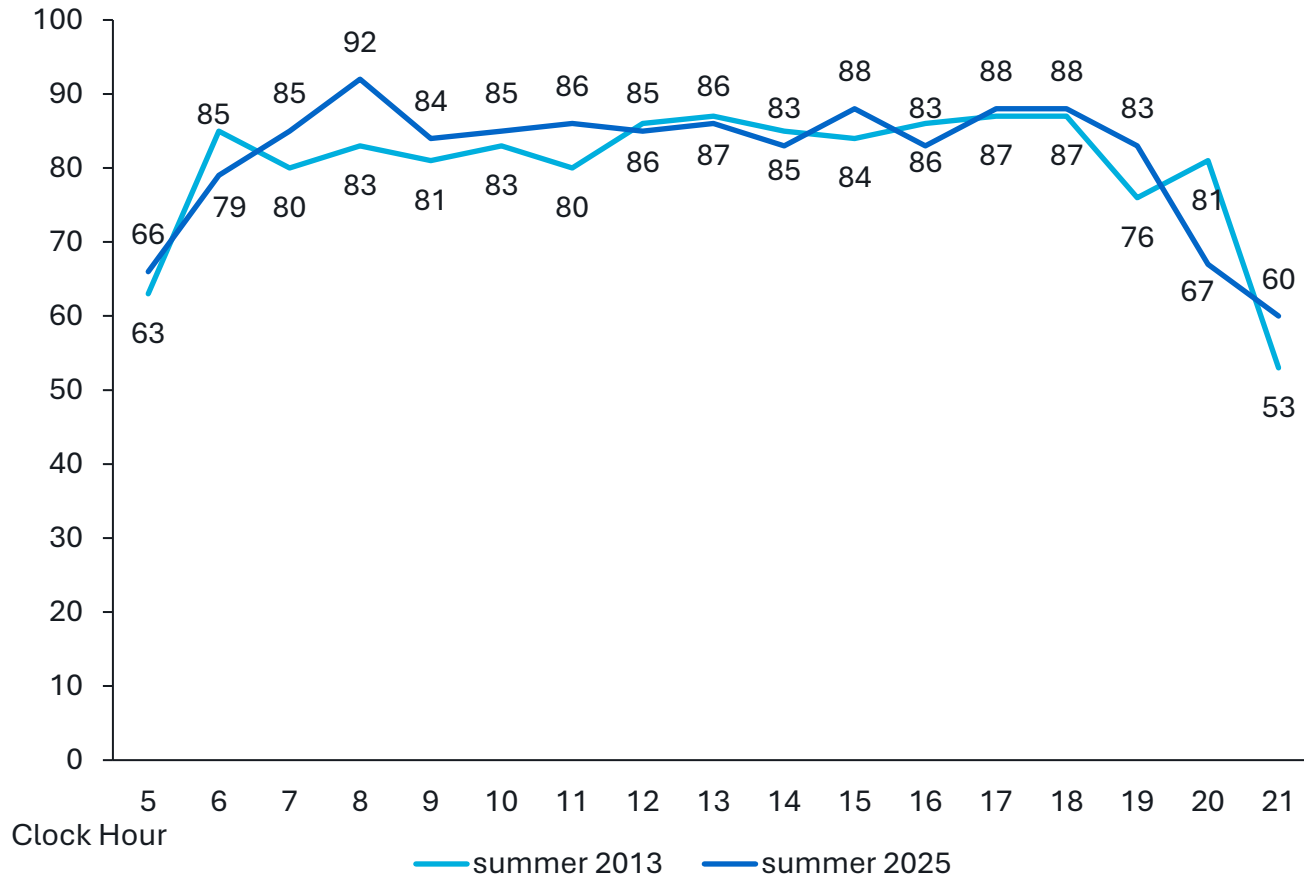
Year ending March	Pax (m)
2018/19	80.4
2023/24	80.8
2024/25	83.6
2025/26 (to Sep. 25)	45.0

Source: Heathrow Airport, Steer analysis

Note: * 80.7m in COVID-19 impacted 2019/20

The aviation market at Heathrow (5): Runway Capacity

Heathrow Airport – Hourly Runway Slot Capacity (daytime), summer 2025 versus. Summer 2013
Hourly Runway Slots



Source: ACL

Within the statutory constraint set by the 480,000 annual commercial ATM Limit, the supply of runway slots has slowly grown, and its profile evolved, reflecting actions taken by Heathrow Airport in collaboration with Airport Coordination Limited ('ACL') and airline users to respond to demand.

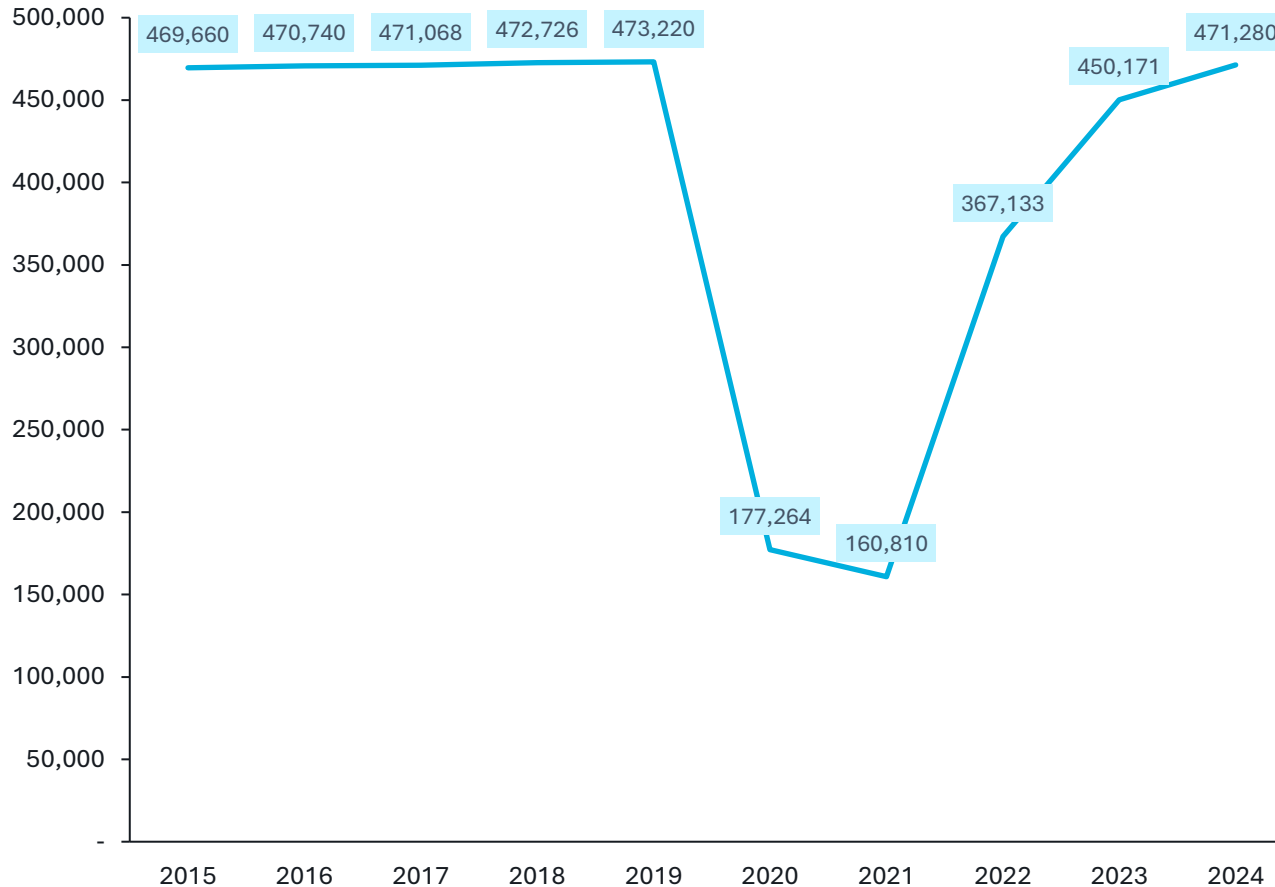
Over time there has been some moderate increase in the total number of daytime runway slots available, with corresponding changes in both peak hour and average hourly capacity.

Note: scheduled slots allocated are not necessarily the same as the Actual ATMs operated, due to cancellations and one-off events.

Measure	s2013	s2025
Peak hour slots	87	92
Average hourly slots	80	82
Total daytime slots	1,367	1,388

The aviation market at Heathrow (6): Passenger ATMs (PATMs)

Heathrow Airport – Annual PATMs
ATMs



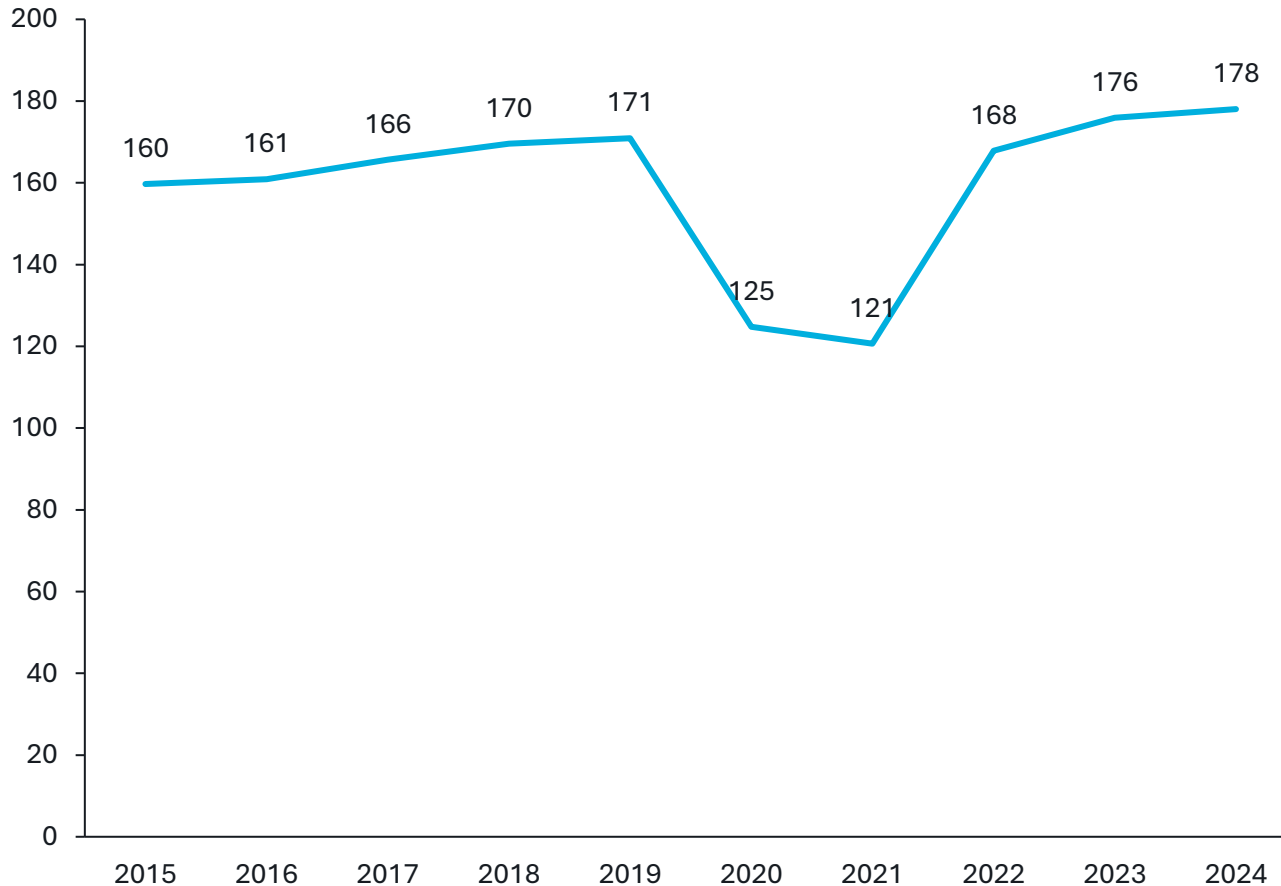
Passenger ATMs reached a historical maximum at Heathrow in 2019 when the airport served 473,220 commercial passenger flights.

In 2024 the airport served 471,280 PATMs, representing 99.6% of the pre-pandemic 2019 value.

Source: CAA Airport Statistics, Steer analysis

The aviation market at Heathrow (7): Passengers per PATM

Heathrow Airport – Passengers/PATM
Pax/ATM



Source: CAA Airport Statistics, Steer analysis

A key effect of the constraints on runway capacity at Heathrow has been to foster increases over time in the number of passengers flown per ATM, based on a combination of growth in both seats/PATM and % load factors.

This reflects the excess passenger demand for Heathrow on the one hand, and its rationed slot capacity (as a consequence of the statutory ATM Limit) on the other.

The development of passengers per ATM can be expected to be an important determinant of overall passenger throughput during H8 and is a key focus of our forecast methodology.

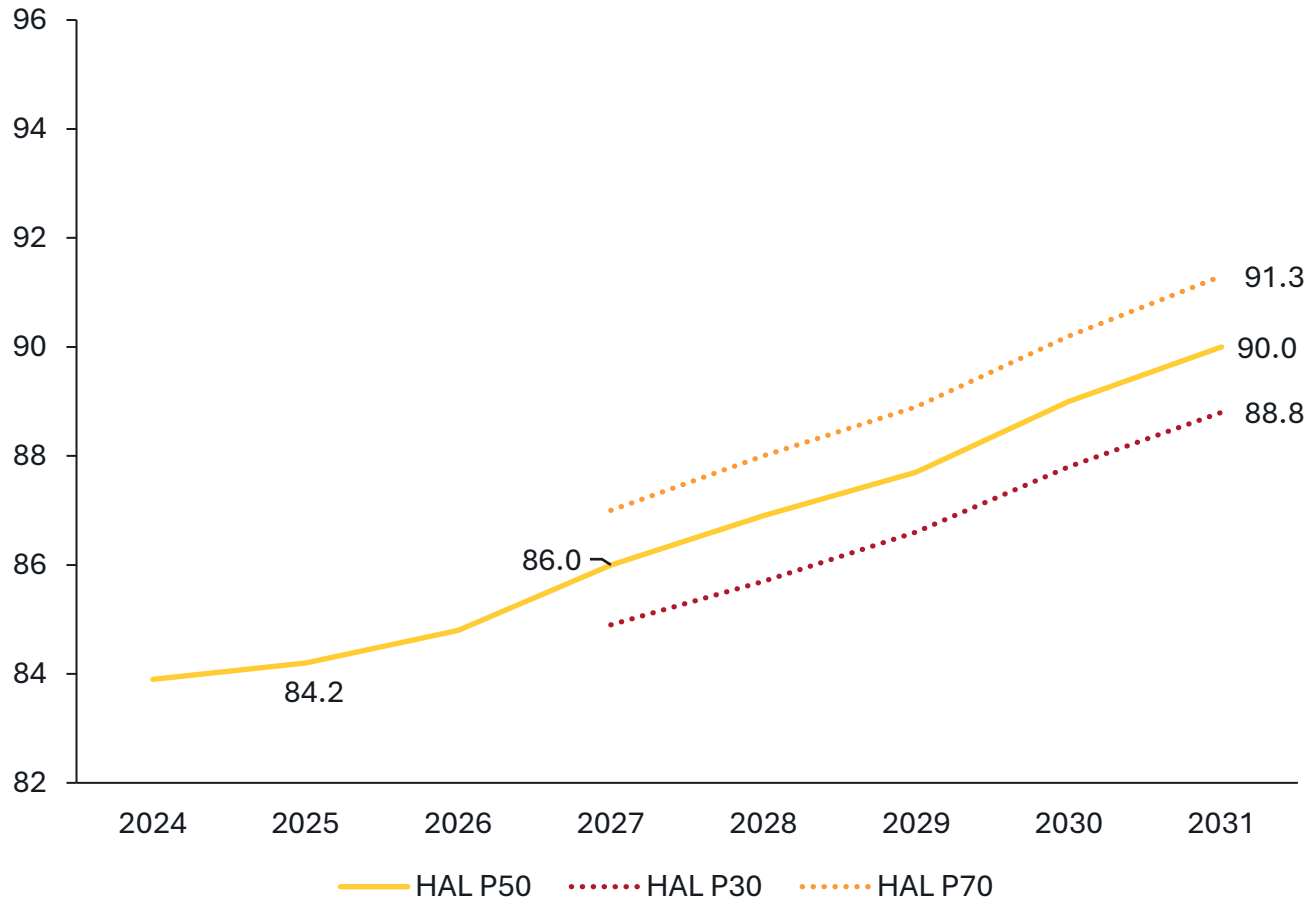
H8 Traffic Forecasts: Review of HAL BP 2025 and Airlines forecasts



HAL 2025 BP: Passenger Forecast and Overview

HAL 2025 BP – 2024A – 2031 Forecast

Passengers (m)



HAL published in July 2025 a Traffic Forecast for H8 period including Passengers and ATM's that supported their business plan, as well as the key assumptions underpinning the forecasts which were included in the Appendix A1.

HAL's P50 Case starts at 84.2m passengers in 2025, an estimation based on latest actuals and schedules for the rest of the year, it then grows at 1.1% CAGR for H8.

Our understanding of the methodology:

HAL has a UK wide and airport specific model using top-down and bottom-up methodologies. It relies on the bottom-up given the constrained nature of Heathrow's traffic.

HAL builds bottom-up assumptions for the three key KPIs PATMs, seats per movement, and load factors using public information on future fleet plans and orders plus stakeholder inputs.

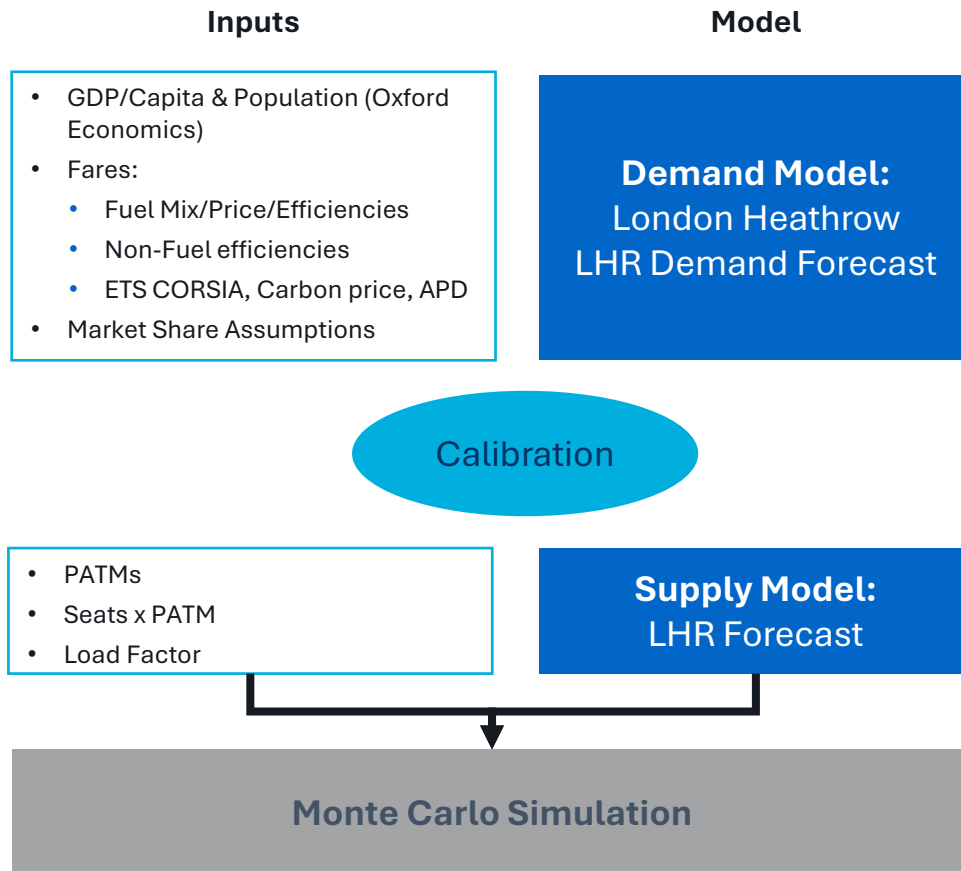
These KPIs and assumptions about their probability distributions feed a Monte Carlo simulation of the overall passenger total. (Table 27 Appendix A1, HAL H8 BP).

Our understanding is that a Monte Carlo simulation has been applied and HAL uses this probability distribution to define their P30, P50 and P70 cases.

Source: HAL, Steer Analysis

Note: HAL 2026 figures were shared post-BP in August 2025.

HAL 2025 BP: Methodology



HAL’s passenger forecast combines a top-down econometric demand model with a bottom-up supply model tailored to Heathrow’s specific constraints.

The **demand model** uses Oxford Economics inputs on GDP, population, and fuel costs to estimate unconstrained air-travel propensity through a two-stage regression, first linking journeys per capita to income and then distributing total journeys between country pairs based on fares and structural market factors.

The **supply model** builds traffic from Heathrow’s operational capacity, airline fleet plans, and seat configurations, accounting for the 480 k ATM cap, slot-utilisation rules, and fleet-delivery delays.

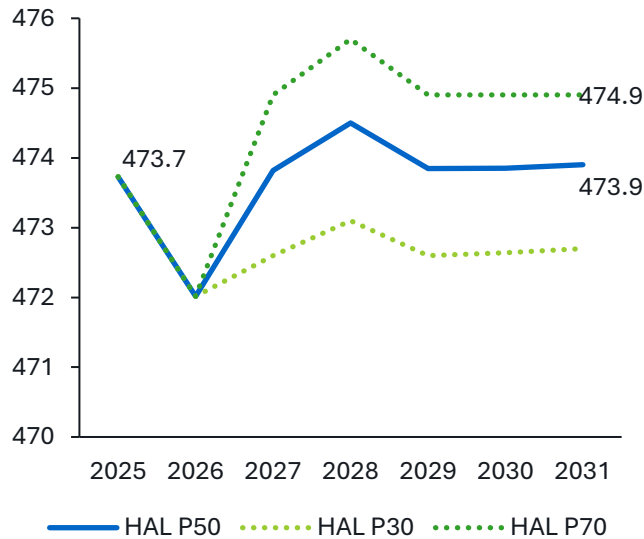
The two models are calibrated and tested through a **Monte Carlo** simulation to define three scenarios covering P30, P50, and P70 outcomes.

A small “shock factor” of about $-(0.84)\%$ per year is then applied to reflect the enduring average effect of unpredictable disruptions on passenger volumes. This is assessed at the end of this section of the report.

HAL 2025 BP: Forecast Assumptions

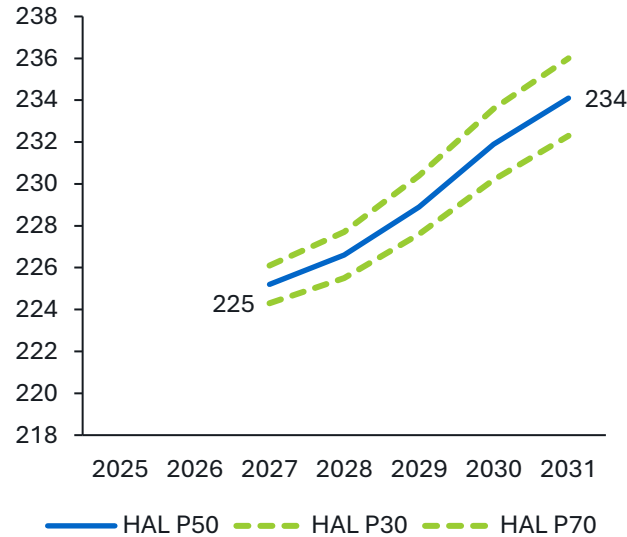
PATM

Thousands



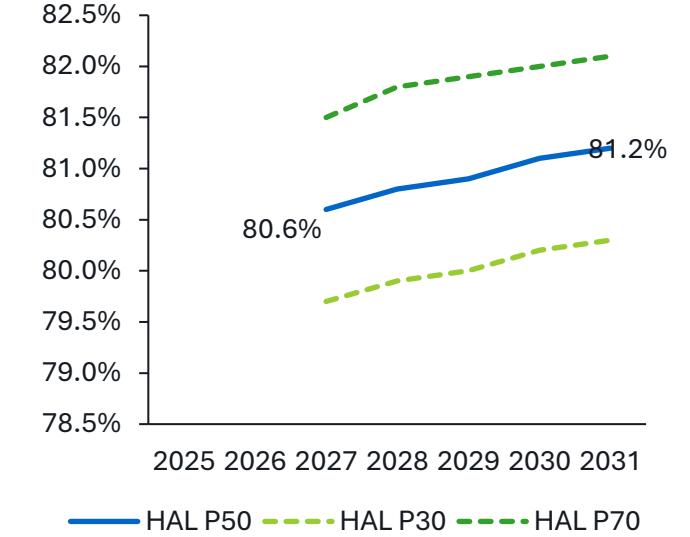
Average Seats/PATM

Seats



Average Load Factors

LF %



- HAL appears to rely primarily on its internal schedule data and ACL coordination feedback rather than external benchmarking or declared airline growth plans
- From 473.7k in 2025 the P50 path trends to 473.9k by the long term with a leap-year uplift in 2028.
- P70 reaches about 475.0k PATMs.



- HAL's seat-capacity assumptions are informed by a mix of historical data, airline fleet order books, and public statements
- Virgin Atlantic long-haul reconfiguration is not included in HAL's assumptions.

- HAL increase in Load Factor is marginal and below what observed historically.
- Drivers cited are the focus on premium cabins, absence of a low-cost carrier at LHR, and a history of LF softening when seat capacity grows.
- No explicit reference is made to airline-level yield optimization or low-cost carrier dynamics, which could affect upside potential.

Source: HAL, Steer Analysis

Note: HAL 2026 figures were shared post-BP in August 2025.

HAL 2025 BP: Steer Assessment

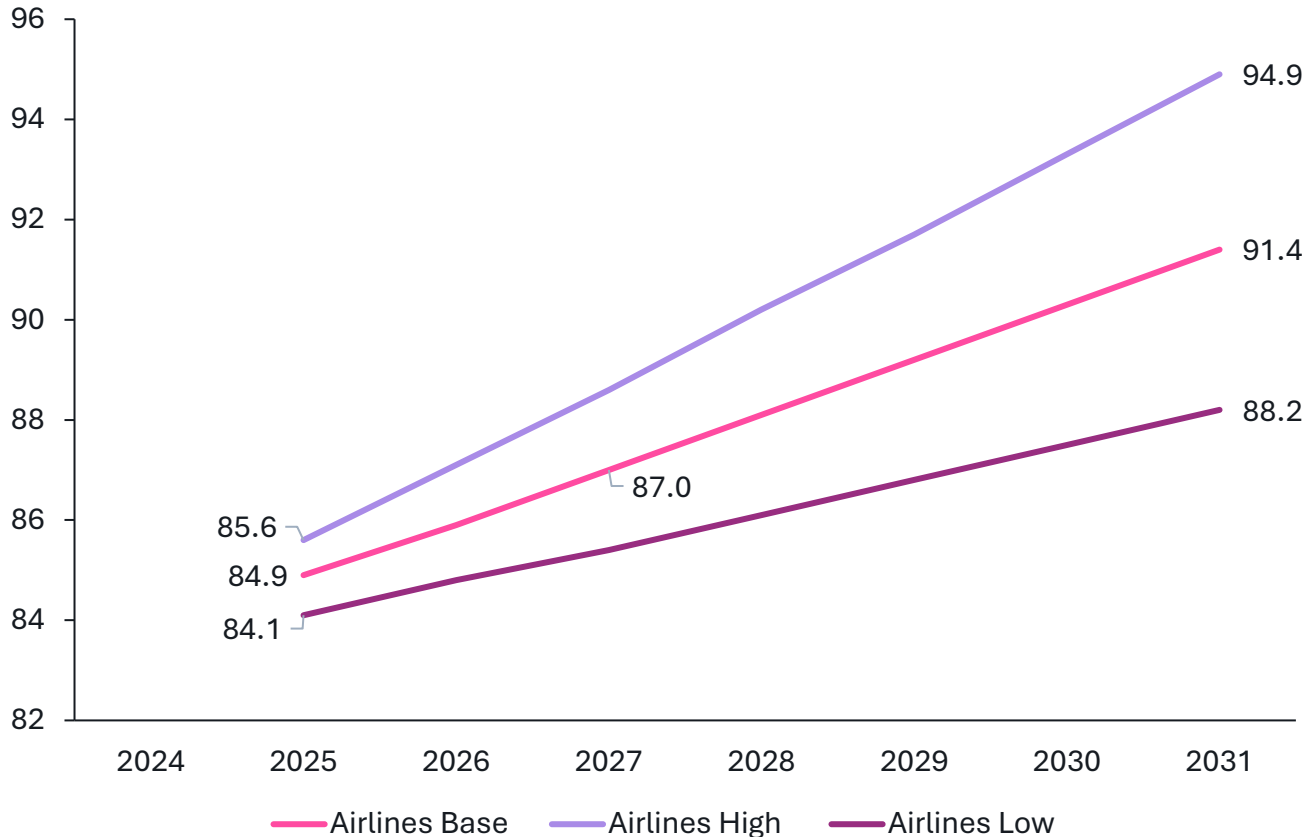
 Strengths	 Weaknesses
<ul style="list-style-type: none"> PATMs assessment are detailed and reflecting dialogue with airlines and ACL, including the treatment of the leap-year effect. 	<ul style="list-style-type: none"> Monte Carlo can be harder to explain to some stakeholders and may obscure the role of underlying drivers.
<ul style="list-style-type: none"> Monte Carlo simulation provides a probabilistic range that tests a statistically meaningful spread of outcomes. 	<ul style="list-style-type: none"> Our understanding is that Monte Carlo has been run not only on PATMs, SPM, and LF, but also on the total passenger forecast itself. The risk is that drivers' development becomes less visible and passengers are no longer presented strictly as the result of driver interactions (i.e. multiplication amongst PATM, Seats and LF, see Table on Page 25).
<ul style="list-style-type: none"> The modelling approach makes good use of public and proprietary data available to HAL providing a detailed route by route analysis. 	<ul style="list-style-type: none"> The analysis presented relates to the unshocked forecast. Since Monte Carlo already embeds a range, adding a separate “shock factor”, for the Shocked-Case on top, risks double-counting risks unless clearly isolated and calibrated.
	<ul style="list-style-type: none"> Does not include updated detailed fleet assumptions such as implication of Virgin Atlantic 787s and 330s reconfiguration towards more premium seats.

Source: Steer Analysis

Airlines Forecast: Passenger's Forecast and Overview

Airlines – 2024A – 2031 Forecast

Passengers (m)



Airlines have published a forecast during the Constructive Engagement phase and have also used this as the basis for the Alternative Business Plan submitted to the CAA in October 2025. This starts at 84.9m in 2025 which, based on latest schedule could potentially be an optimistic view (HAL BP forecasts 84.2), then grows to 88m in 2027 and to 91.4m in 2031 at 1.2% CAGR for H8.

Our understanding of the methodology:

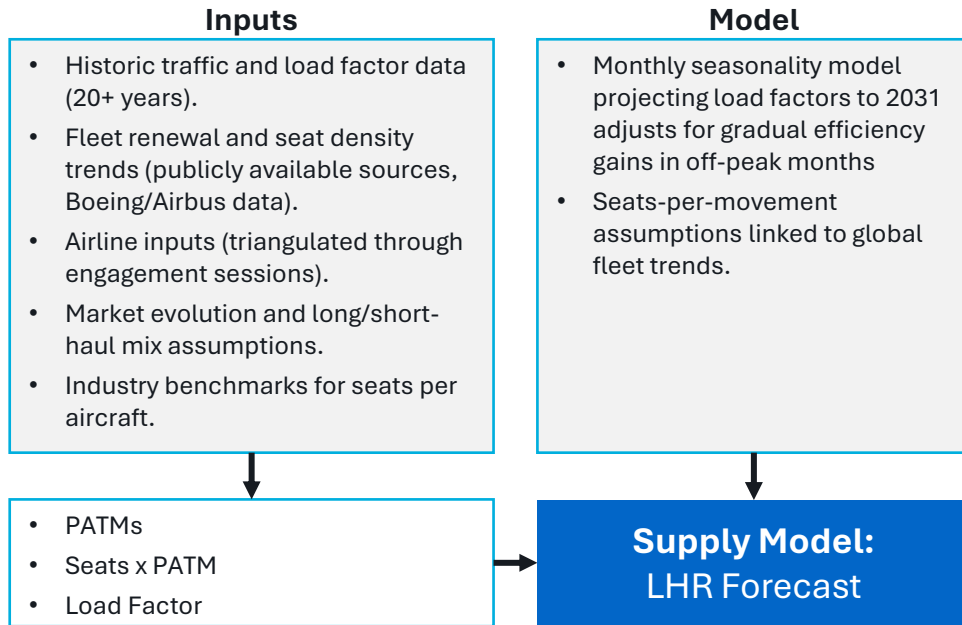
Monthly and seasonal profiles of traffic built from high level assumptions are used to produce the forecasts.

Airlines assume a flat profile for PATMs, with no growth beyond 474.0k movements, reflecting a conservative view of capacity.

The forecast grows mostly thanks to Passengers per ATM and in particular to Load Factors increases.

Airlines have communicated their assumptions come from historical evolution of these factors as well as a shared view amongst the airline stakeholder (however please note it was mentioned that while airlines have shared opinions, they have not shared their detailed forward plan amongst each other for competition purposes).

Airlines Forecast: Methodology



The Airlines' community forecast is based primarily on historical patterns and fleet trends rather than proprietary airline data.

The modelling approach combines over twenty years of passenger and capacity statistics with publicly available fleet information to generate a monthly forecast through 2031.

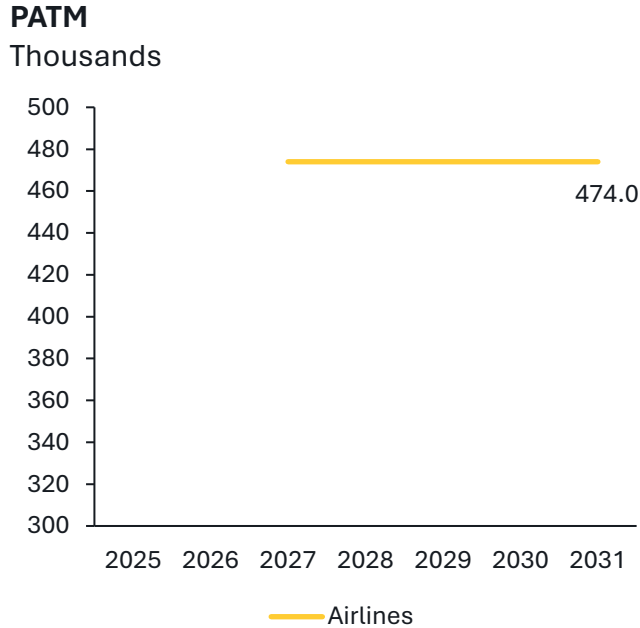
Load factors are built bottom-up, reflecting seasonality and a gradual improvement in off-peak utilisation, while seats per aircraft are informed by ongoing fleet renewal programs and the introduction of larger, more efficient aircraft such as the Boeing 777X.

Inputs from British Airways, Virgin Atlantic, and the Airline Operators Committee (AOC) were incorporated qualitatively, providing triangulation between operator perspectives.

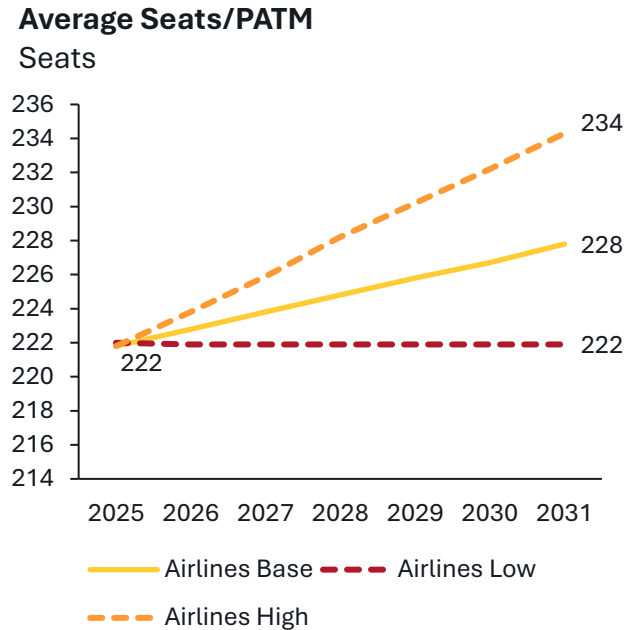
The model remains unconstrained by airport capacity, mirroring HAL's demand scenarios, and the range of outcomes (High, Base, Low) is derived by adjusting the key parameters, seat density, load factor, and long-haul share, based on the perceived likelihood of each scenario.

No London/LHR "Demand/Top-Down" Model was produced.

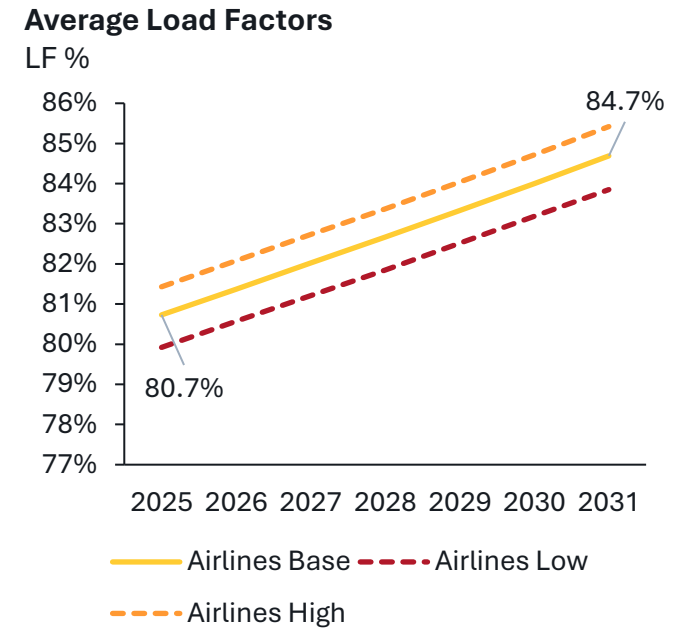
Airlines Forecast: Passenger's Forecast and Overview



- Flat 474.0k for all three cases.





- Conservative view of roughly +1 seat per year, though paired with relatively strong load factor assumptions.
- Forecast does not account for Virgin Atlantic reconfiguration plans (announced in July 2025)



- Optimistic view increasing LF up to 85% in 2031 (historical max since 2015: 80%). Increase focused on off-peak months.

Source: Airlines, Steer Analysis

Airlines Forecast: Steer Assessment

 Strengths	 Weaknesses
<ul style="list-style-type: none"> • Simple approach using flat PATMs and linking future forecast to historical growth in key parameters. 	<ul style="list-style-type: none"> • 2025 figures seem overestimate likely because of timing of the forecast (developed in early 2025).
	<ul style="list-style-type: none"> • Flat PATMs do not allow for optimization of a constrained airport capacity in the medium and long term.
	<ul style="list-style-type: none"> • Simply following historical growth of Pax/ATM might lead to less reasonable assumptions of growth in Seats/ATM and/or load Factors (such as very high Load Factors).
	<ul style="list-style-type: none"> • Does not include updated detailed fleet assumptions such as implication of Virgin Atlantic 787s and 330s reconfiguration towards more premium seats.

Source: Steer Analysis



Forecasts Details

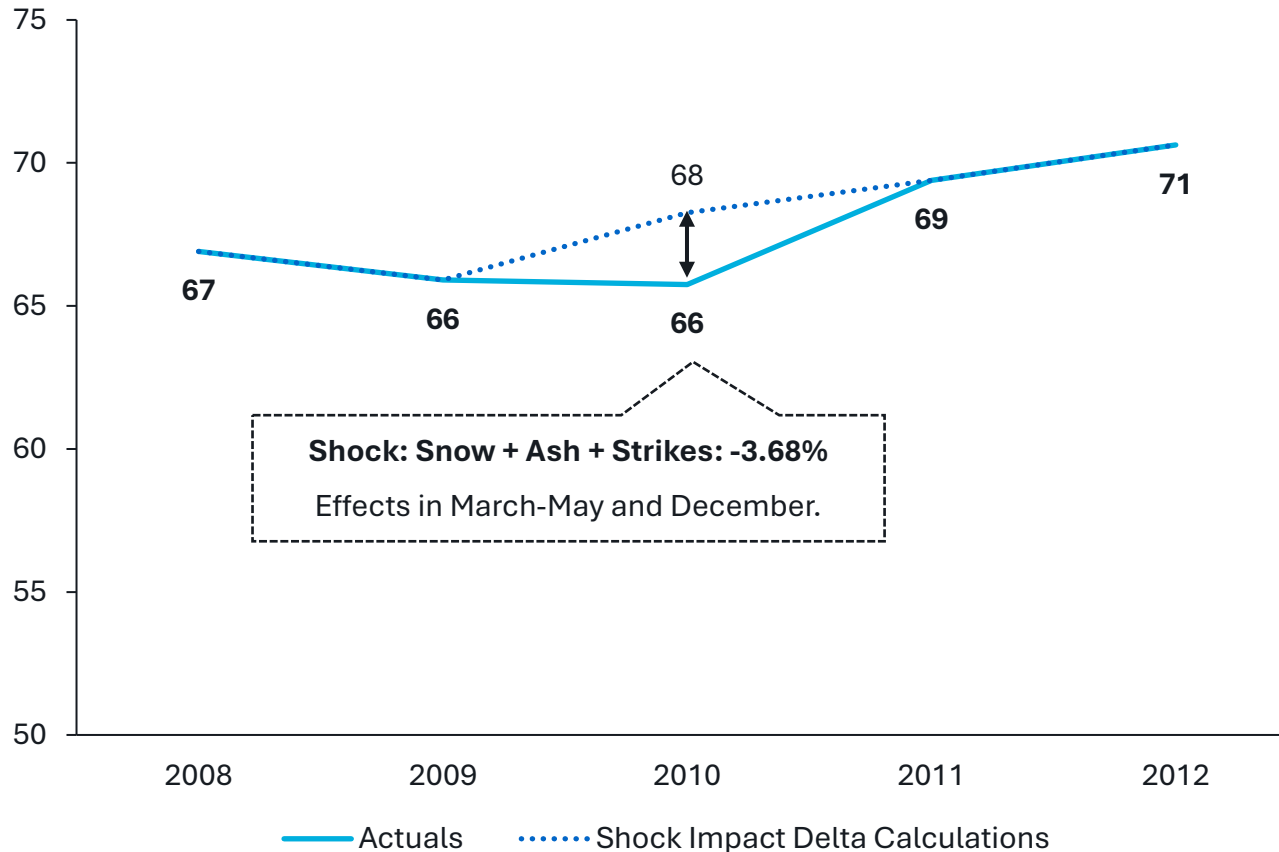
	HAL BP			Airlines		
2031	P50	P70	P30	Base	High	Low
Passengers	90.0	91.3	88.8	91.4	94.9	88.2
PATM	473.9	474.9	472.7	474.0	474.0	474.0
Average Seats	234	236	232	228	234	222
LF	81%	82%	80%	85%	85%	84%
Average Pax/ATM	190	194	187	193	200	186
<i>PATM x Seats x LF</i>	<i>90.1</i>	<i>92.0</i>	<i>88.2</i>	<i>91.4</i>	<i>94.9</i>	<i>88.2</i>
Check:	*	*	*	OK	OK	OK

Source: HAL, Airlines, Steer Analysis
 * See Note on HAL Methodology section.

HAL Shock Factor (1): Methodology

Shock Factor – 2010 Shock Example

Passengers (m)



The shock factor is a small downward adjustment applied to passenger forecasts to reflect that there will be events during the forecast period that are completely unpredictable, but that cause a non-recoverable reduction in passenger volumes.

The CAA and CMA have accepted “using the shock factor allowed us to take account of asymmetric non-economic downside risks (due to events such as adverse weather, volcanic eruptions, terrorism or strike action).” (P31, Economic regulation of Heathrow airport: H7 final issues, March 2024)

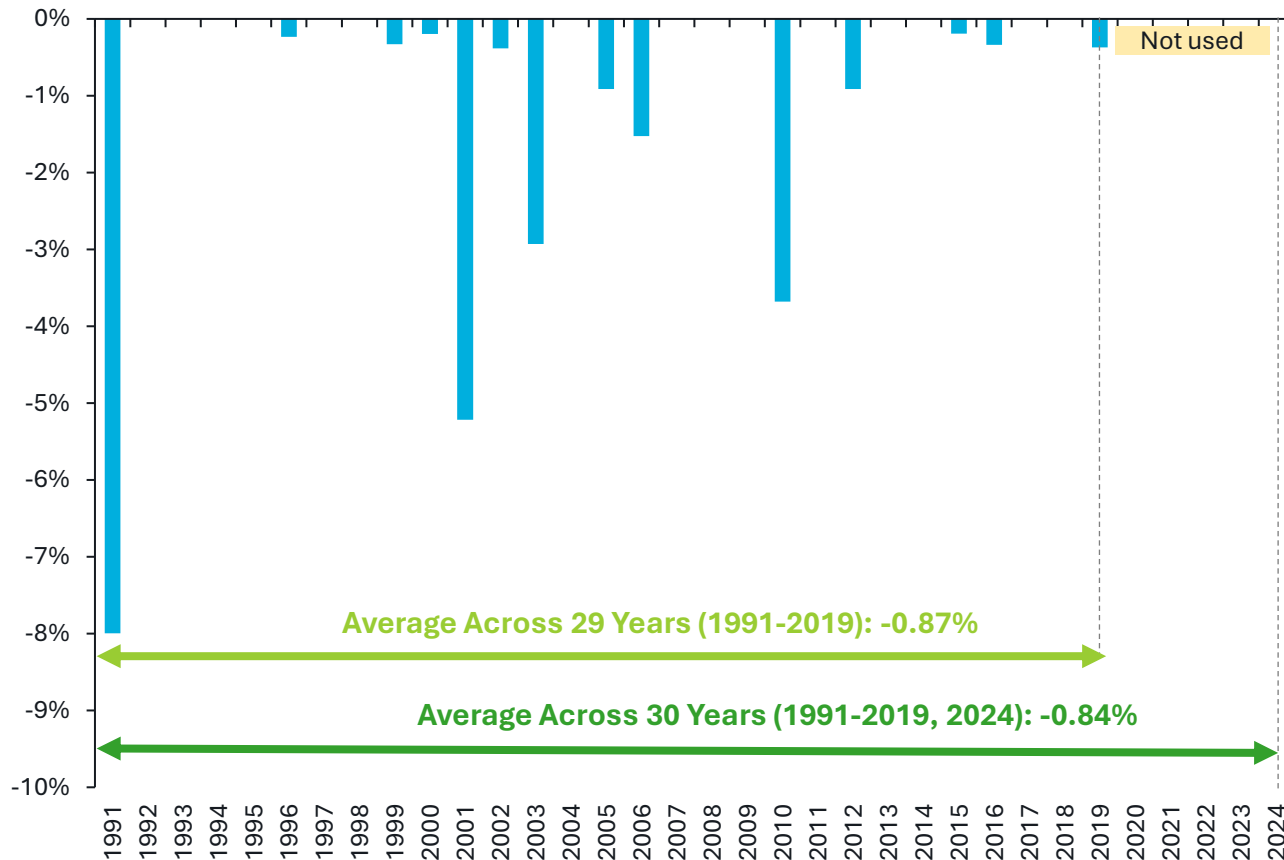
Heathrow calculates the impact of historic shock factor events by retrospectively comparing expected passenger volumes in absence of any disruptive event with the actual passenger out-turn figures in order to determine the impact.

When a shock occurs, Heathrow estimates the expected passenger volume for the affected month by looking at the underlying trend in equivalent months before and after the event. In practice, this is done by averaging the growth ratio of the same month in the year immediately before the shock and the year immediately after it. This provides a proxy for what traffic would have been in the absence of the disruption.

Source: HAL, Steer Analysis

HAL Shock Factor (2): Previous Shocks and Impact to H8

Shock Factor – 1991 to 2024 Period
Shock Factor Calculated/Assumed



Heathrow calculates an average annual loss of 0.87% across the 1991–2019 period, representing the typical recurring impact of historic shock events.

Data beyond 2019 is excluded because 2020–2023 were dominated by Covid impacts, which are addressed separately within the regulatory settlement.

For H8, a single additional year (2024) was added, and as it contains no qualifying shock event, it simply increases the averaging period.

The recalculation over 30 years instead of 29 results in a revised shock factor of -0.84%.

For H7, CAA and Competition and Markets Authority (CMA) approved the methodology and calculation of the shock factor by HAL.

Steer has reviewed the calculation of the revised shock factor that HAL has applied for H8 and confirms that given the methodology as approved by CAA and CMA the calculation is undertaken accurately and as expected.

Source: HAL, Steer Analysis



Steer H8 Traffic Forecasts: Methodology & Assumptions



Methodology (1): Model Suite (a) - Overview

Steer Forecast Methodology Overview

London Area Unconstrained Demand Growth Forecast

This is a **background** model which assesses the potential volume of unconstrained passenger demand across the London airports over the H8 period. We have defined the London airports as: Heathrow, Gatwick, Stansted, Luton, City, and Southend.

It follows econometric principles, linking forecast growth in demand to assumptions about key drivers such as macroeconomic growth and trends in real air fares, along with the influences of factors such as the evolution of connecting traffic. It therefore sets out a demand framework against which Heathrow's throughput evolution can be assessed, along with the means to identify how wider changes to underlying demand across London and the South East could potentially feed through to the volumes Heathrow serves.

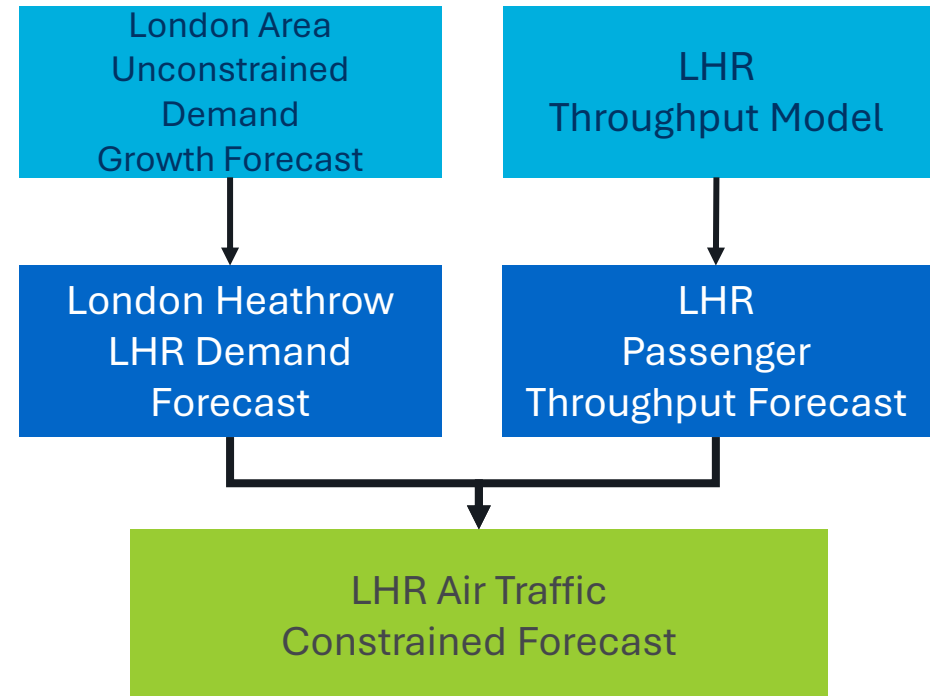
The model includes assumptions about the capacities available at other London area airports and can therefore also be used to test potential influences on Heathrow of airport capacity changes elsewhere in the London area such as the proposed operation of a second runway at Gatwick.

Heathrow Passenger Model ('LHR Throughput Model')

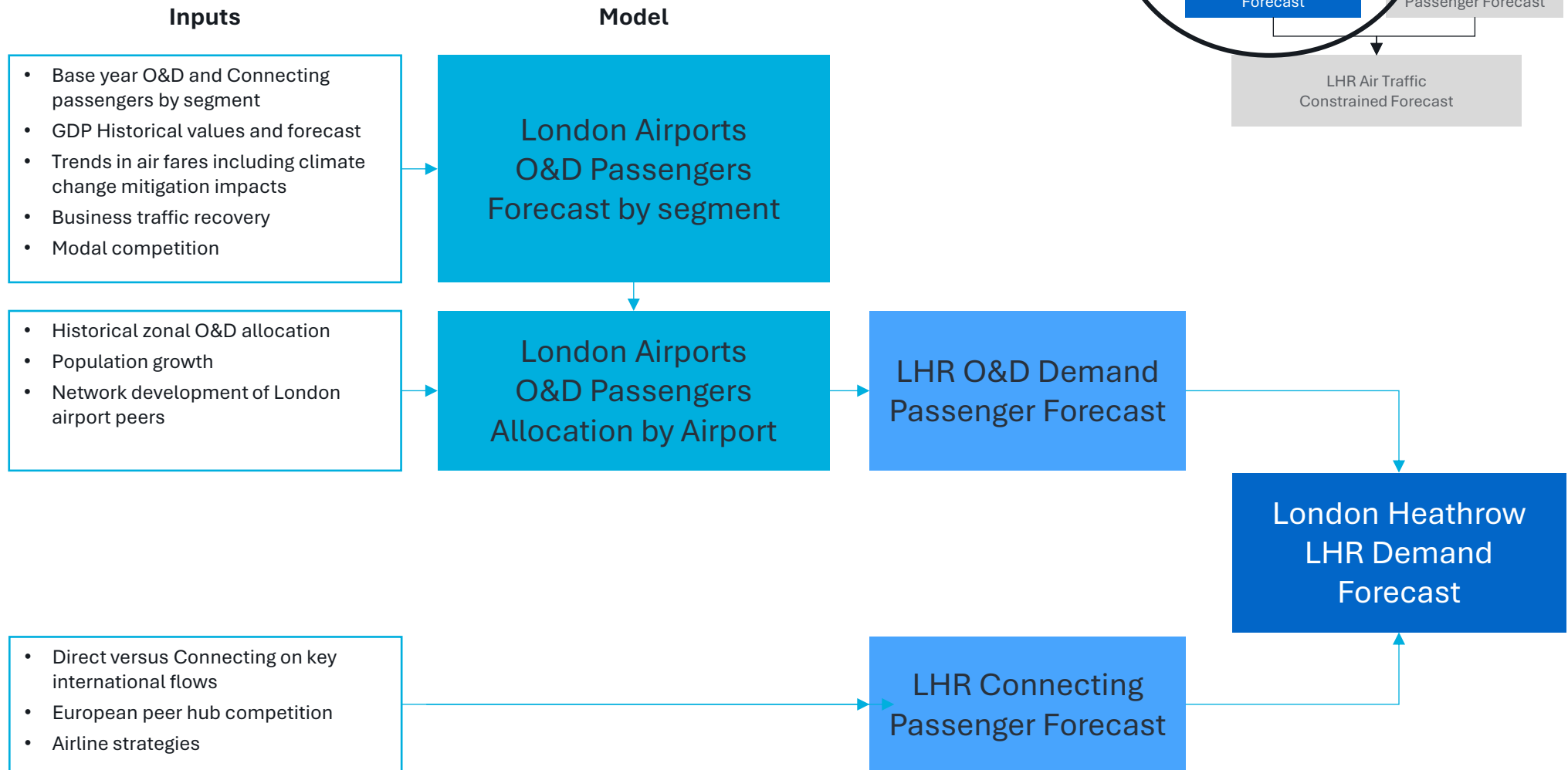
This is the **principal** model we use to generate the traffic forecasts for Heathrow during H8.

It is a 'bottom up' forecast representation of the potential evolution of Heathrow's annual traffic over the H8 period, based on assumptions about:

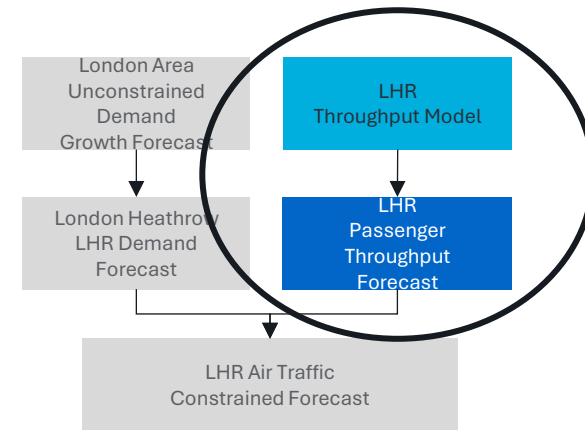
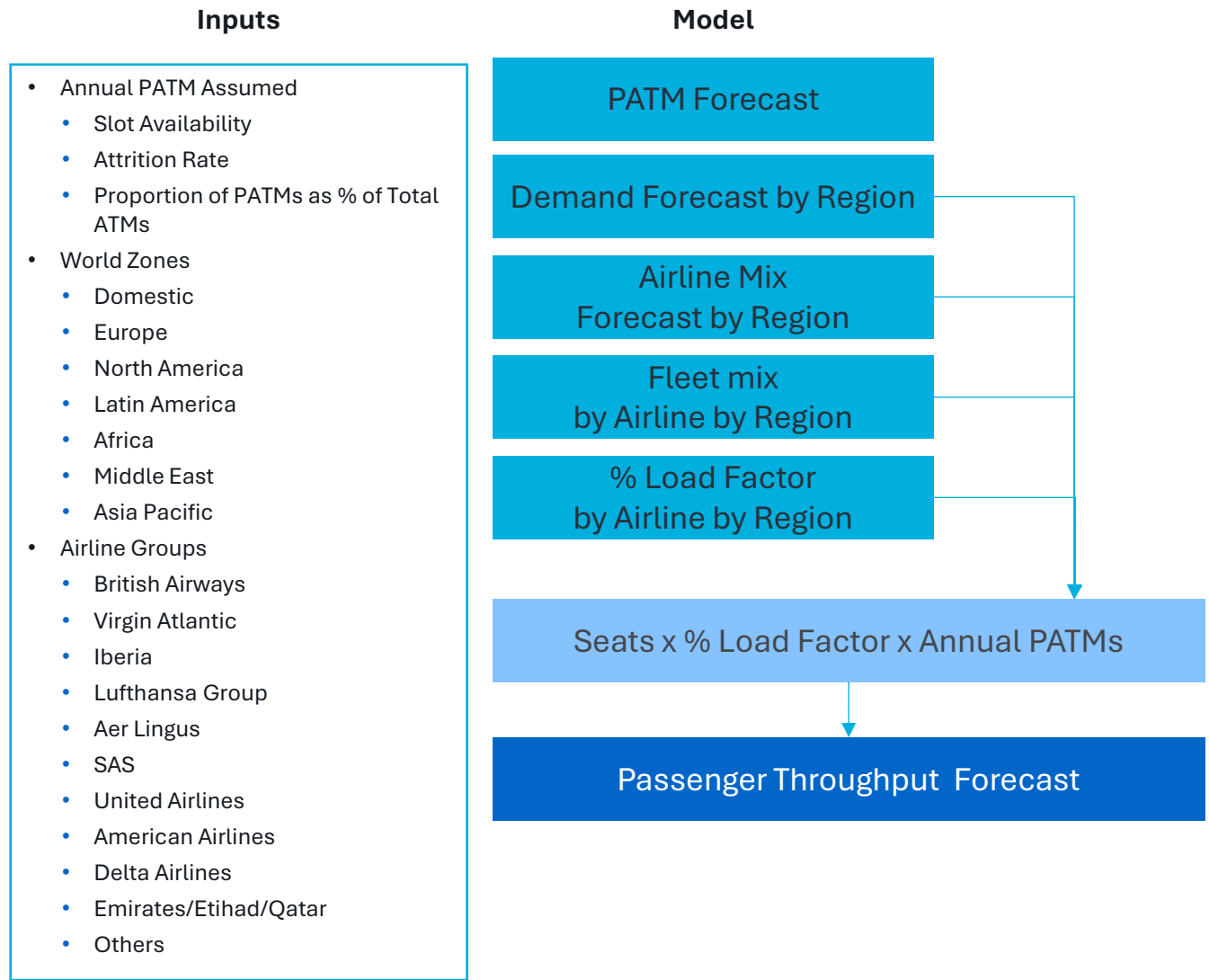
- The volume of annual flown Passenger ATMs;
- World zone market mix;
- Airline group mix;
- Evolution of seat density per Passenger ATM; and
- Evolution of % load factors per Passenger ATM.



Methodology (2): Model Suite (b) - Demand



Methodology (3): Model Suite (c) – H8 Throughput



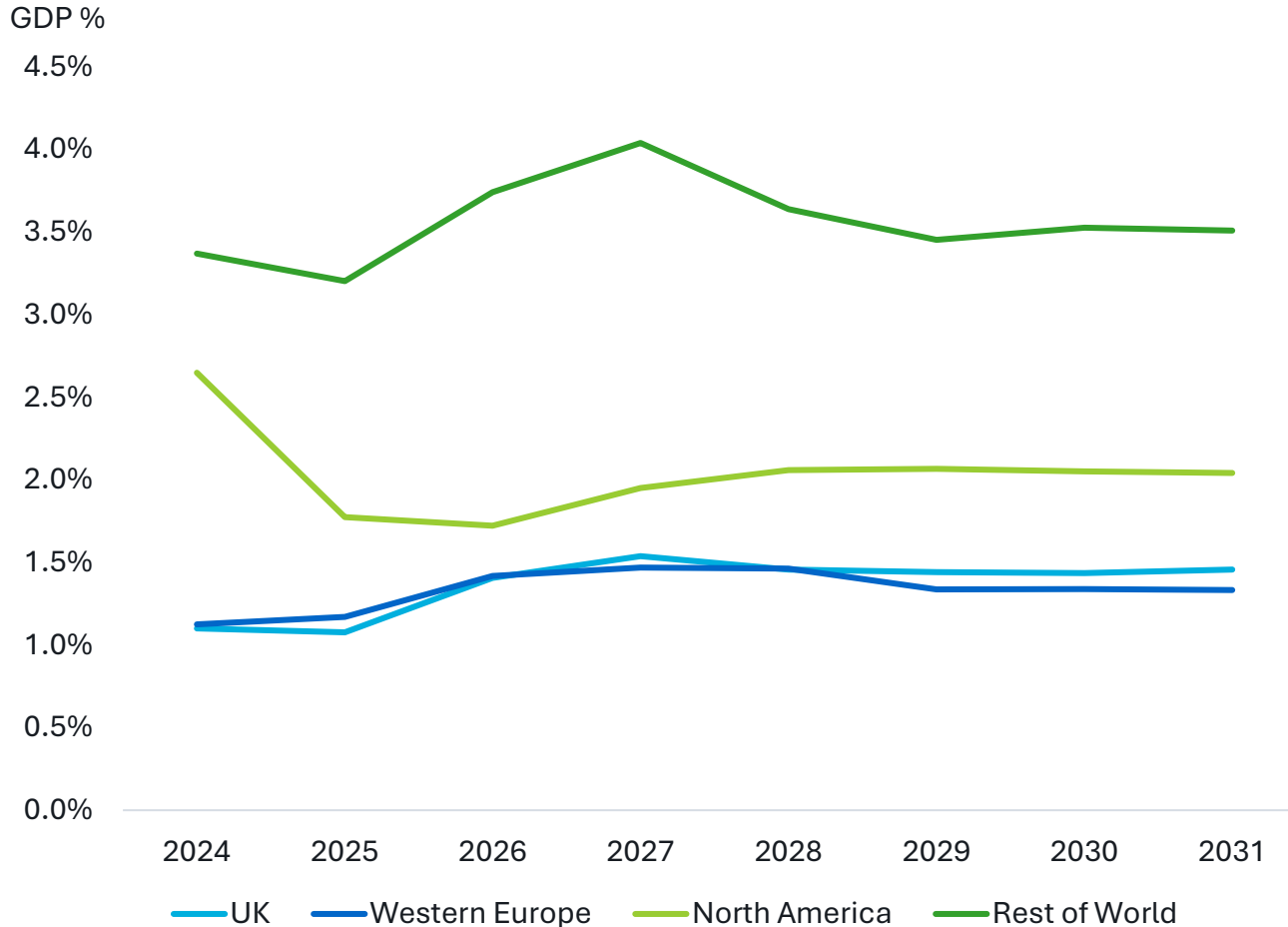
Model structure: **7 world zones** served from Heathrow x **11 airline groupings** present at Heathrow (and covering all of the traffic mix).

Assessment of traffic (passengers) and its key drivers (passenger ATMs, aircraft seat density, % load factors) in each segment e.g. Europe/Lufthansa Group.

In order to protect the confidentiality of airline-related materials the forecast results are rolled up to the geographical market level.

Assumptions (1): Steer London Area Unconstrained Demand Growth Forecast (a) – GDP/Elasticities

Real GDP % growth assumptions (O/D traffic)



Our Origin/Destination traffic demand forecasts are largely driven by assumptions about % changes in GDP of the key world markets served by London’s airports, trends in real air fares (see overleaf), and the corresponding GDP/income and fares elasticities.

We have based our GDP assumptions on recent projections from the IMF, and the elasticity assumptions are derived from published DfT materials (with some adjustment to reflect prospective near term airline capacity development trends).

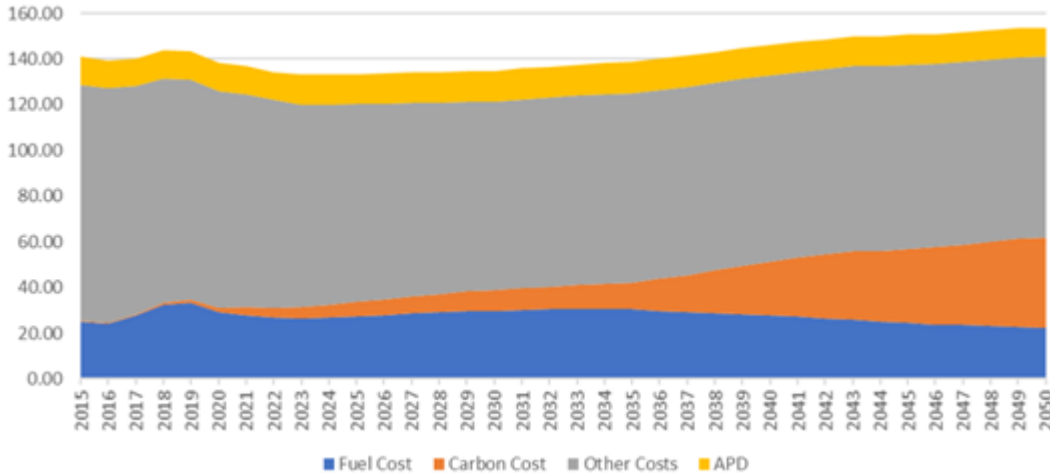
GDP elasticities

Market	UK Res. Business	UK Res. Leisure	Foreign Res. Business	Foreign Res. Leisure
Domestic	1.1	1.0	1.1	1.0
Europe	0.6	1.0	1.1	2.6
North America	0.4	2.0	1.2	2.1
Rest of the World	0.4	2.0	1.2	2.1

Source: IMF WEO, Steer analysis, UK DfT (2022)

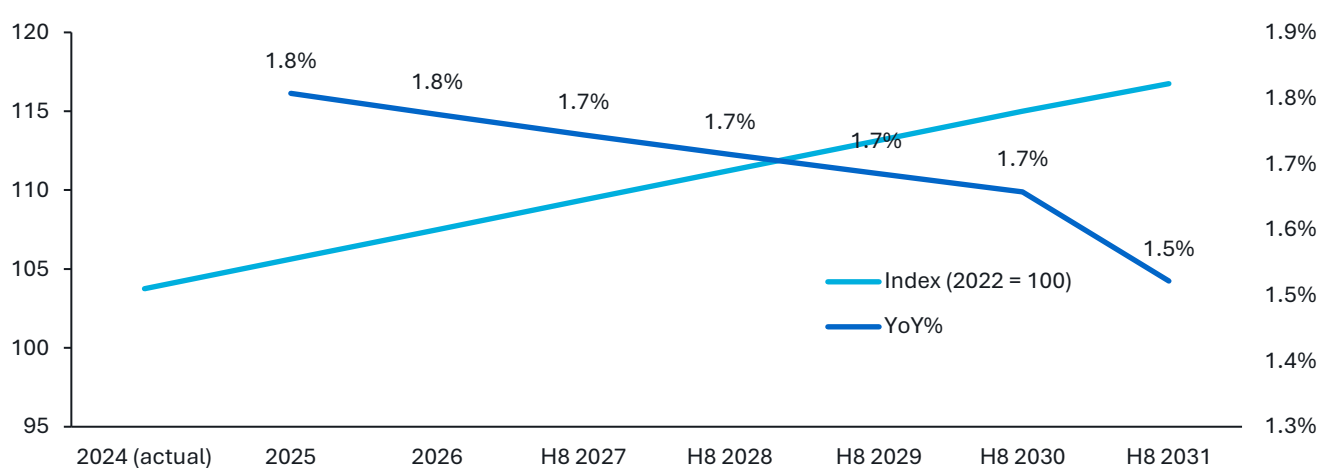
Assumptions (2): Steer London Area Unconstrained Demand Growth Forecast (b) – Fares

Real air fares evolution (UK, DfT national forecasts)
GBP



Real air fares assumptions (O/D traffic)

Real air fares index (2022 = 100)



Source: Steer analysis, Heathrow Airport, DfT

Note: Price elasticities assumed to vary by segment, range -0.2 to -1.1

ONS data indicates that UK-wide air fares reduced prior to the pandemic (CAGR 2012-2019: -2.6%). However, the most recent DfT national forecasts signalled the prospect of future increases in real air fares as a result of carbon costs and the mitigation of CO₂ emissions.

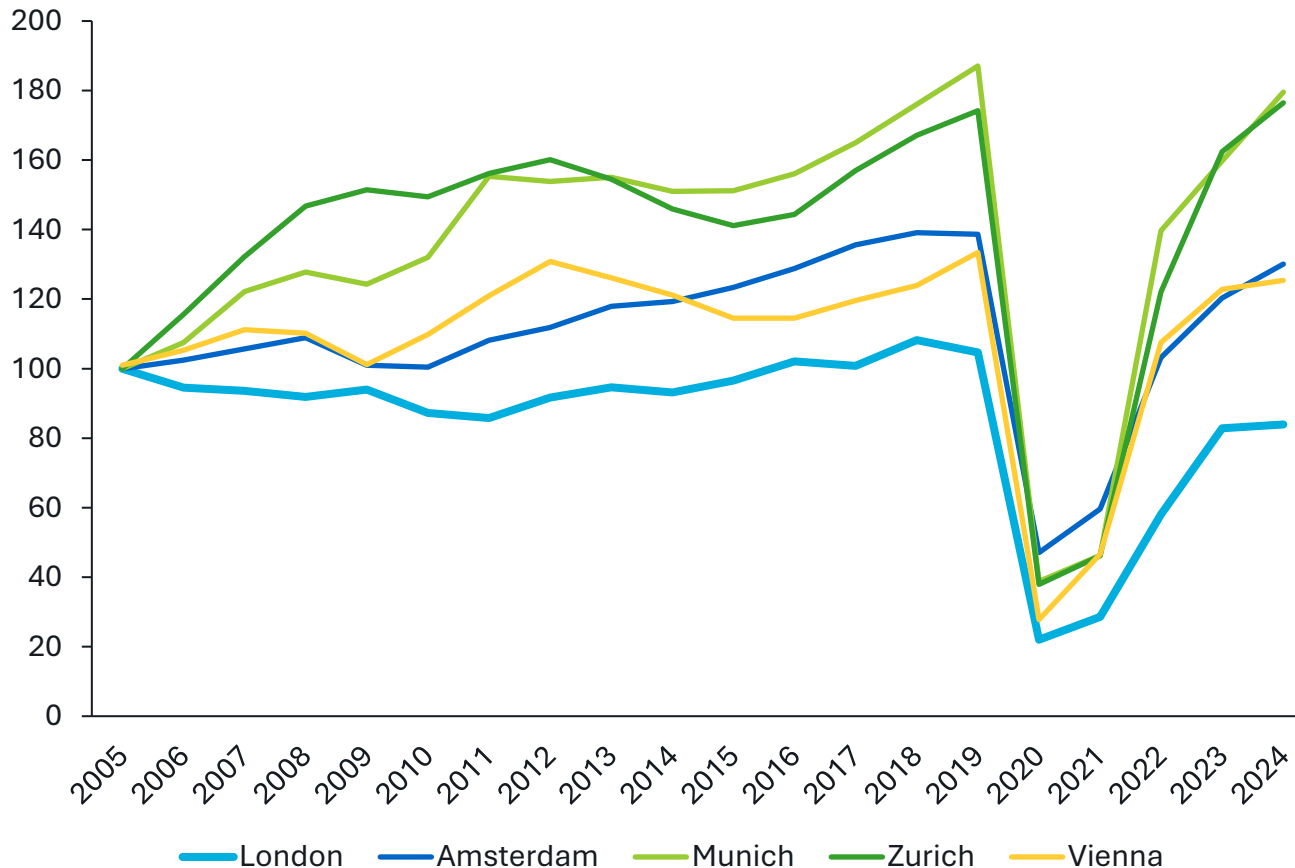
Heathrow have adopted a similar approach in the forecasts presented for Constructive Engagement and assume a +15% absolute increase in real air fares between 2022 – 2030.

We agree with the principle that fares are more likely to rise than fall over the coming years (for example as a result of the mandated use of SAFs which are more expensive than kerosene).

For our forecasts we have adopted the Heathrow view to 2030, interpolating towards the DfT forecast trend after that.

Assumptions (3): Steer London Area Unconstrained Demand Growth Forecast (c) – Transfers

Growth of connecting passenger traffic at selected European airports
Transfers growth index (2005 = 100)



Source: Selected airport websites, Steer analysis

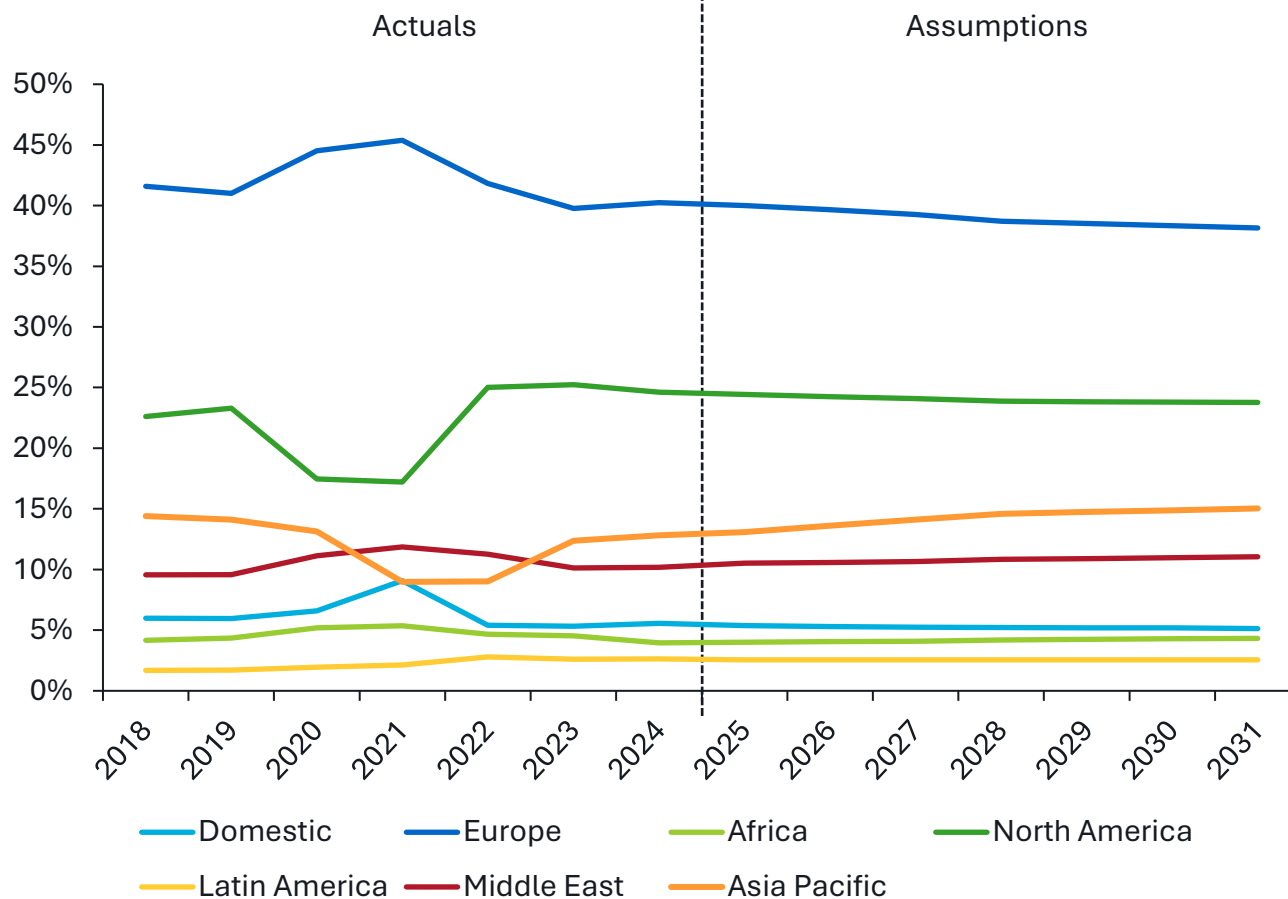
Heathrow has historically served a majority share of London’s overall connecting traffic, in a range that has varied between 74% and 89% since 2005. However, the development of Heathrow’s connecting traffic volumes has been slow, influenced by airport capacity constraints, in contrast to the comparatively more rapid development of connecting traffic at other European hubs.

For our forecast we have assumed that the *unconstrained* growth of London’s connecting traffic during the H8 period will average +3.0% per annum, a level close to the levels of growth achieved historically elsewhere in Europe, and reflecting the demand growth dynamics of the main flows that transfer via Europe’s hub airports.

Airport	Traffic type	CAGR % 2005-19	2024 % vs. 2019
London (6)	Conn.	+0.3%	80%
Amsterdam	Conn.	+2.4%	94%
Munich	Conn.	+4.6%	96%
Zurich	Conn.	+4.0%	101%
Vienna	Conn.	+2.0%	94%
Paris CDG	Total	+2.5%	92%
Frankfurt	Total	+2.2%	87%

Assumptions (4): Steer Throughput Model (a) – World zone market share %

World zone market share at Heathrow Airport – Historical % and forecast evolution
Market Share %



The throughput model is based on the assumed number of Passenger ATMs, Movements, seats per PATM, and % Load Factors that each world zone will serve during the H8 period.

We have assumed that the market mix will continue to develop in line with the historical evolution and following the macroeconomic development of each region (based on IMF April 2025 GDP forecasts) and incorporating recovery from current conflicts (Ukraine, Gaza) in those regions that have been impacted.

World zone market share

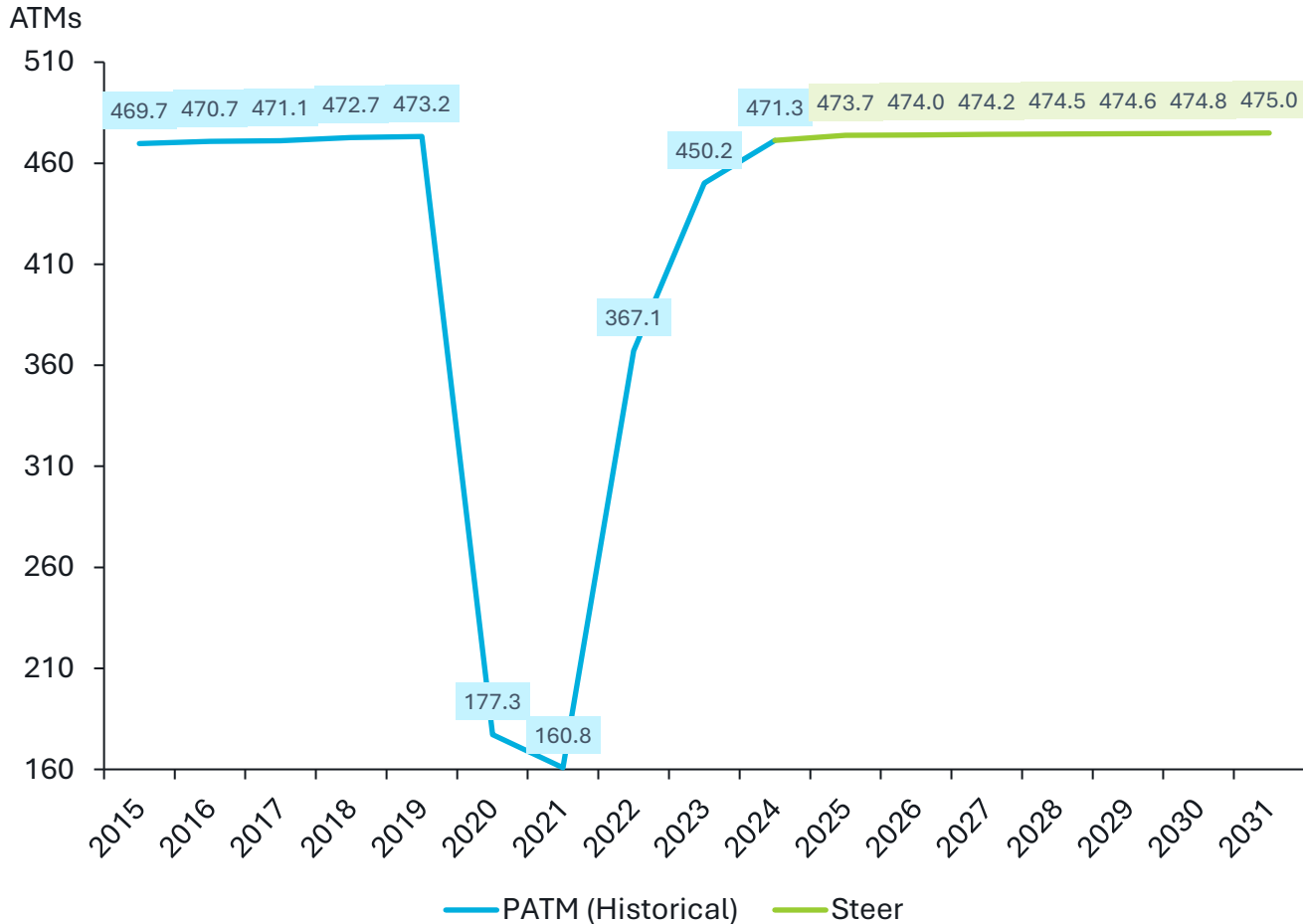
Region	2019	2025	H8 2031
Domestic	6%	5%	5%
Europe	41%	40%	38%
Africa	4%	4%	4%
North America	23%	24%	24%
Latin America	2%	3%	3%
Middle East	10%	11%	11%
Asia Pacific	14%	13%	15%
Total	100%	100%	100%

Source: IMF, CAA Airport Statistics, HAL, Steer analysis



Assumptions (5): Steer Throughput Model (b) – Annual PATMs

Heathrow Airport – Annual PATMs



Source: CAA Airport Statistics, Steer analysis

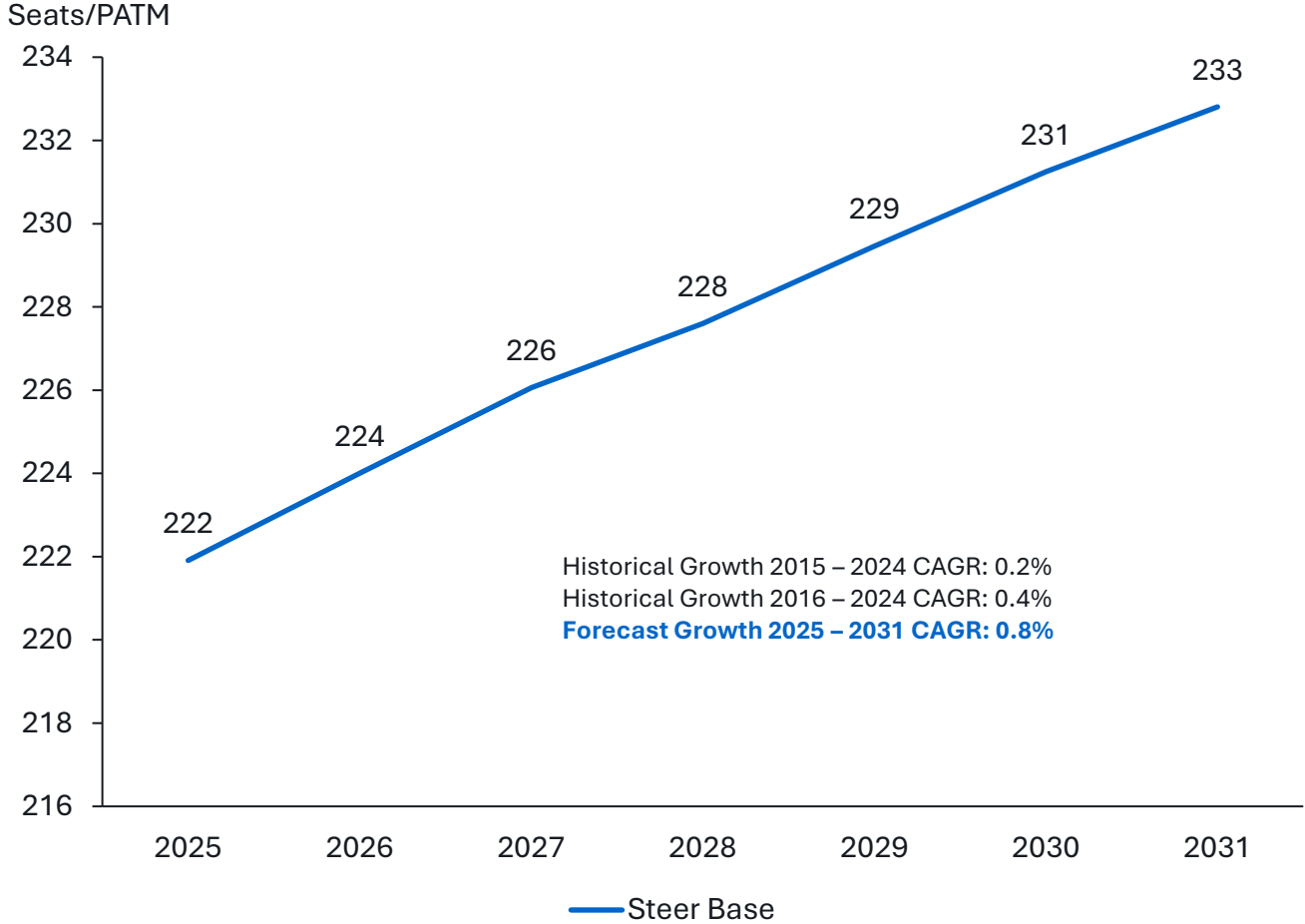
Based on analysis of forward airline schedules we have assumed an increase to 473,729 PATMs in 2025, a +0.5% increase over 2024, and +0.1% versus 2019.

Reflecting the ongoing assumed increases in underlying passenger demand to fly through Heathrow we assume that passenger ATMs will continue to slowly increase throughout H8, reaching 474,950 PATMs by 2031.

This represents a marginal annual increase (CAGR 2019–2031: <0.04%), which we consider reasonable and achievable. Over time, airports tend to experience a gradual shift toward commercial passenger services, driven by consistently stronger demand and more favourable economics compared to cargo and general aviation. We assume this dynamic will lead to a reduction in non-commercial operations, combined with a reduction in the number of cancellations.

Assumptions (6): Steer Throughput Model (c) – Average Seats/PATM (a)

Heathrow Airport - Average Seats per Passenger ATM



We have assessed the average seats per PATM through H8 based on assumptions about changes in airline mix (within each of the main world zones operating from Heathrow), aircraft fleet changes within each airline group, and changes in aircraft seat density for each airline/world zone category. Steer’s assessment includes assumptions around Virgin Atlantic Seats Reconfiguration. At the aggregate level the evolution in seats/PATM is summarised below:

Heathrow Airport - Average Seats per PATM


Region	2025	H8 2031
Domestic	166	177
Europe	179	190
Africa	269	271
North America	272	280
Latin America	276	285
Middle East	337	341
Asia Pacific	296	303
Total	222	233

Source: Steer analysis



Assumptions (7): Steer Throughput Model (c) – Average Seats/PATM (b)

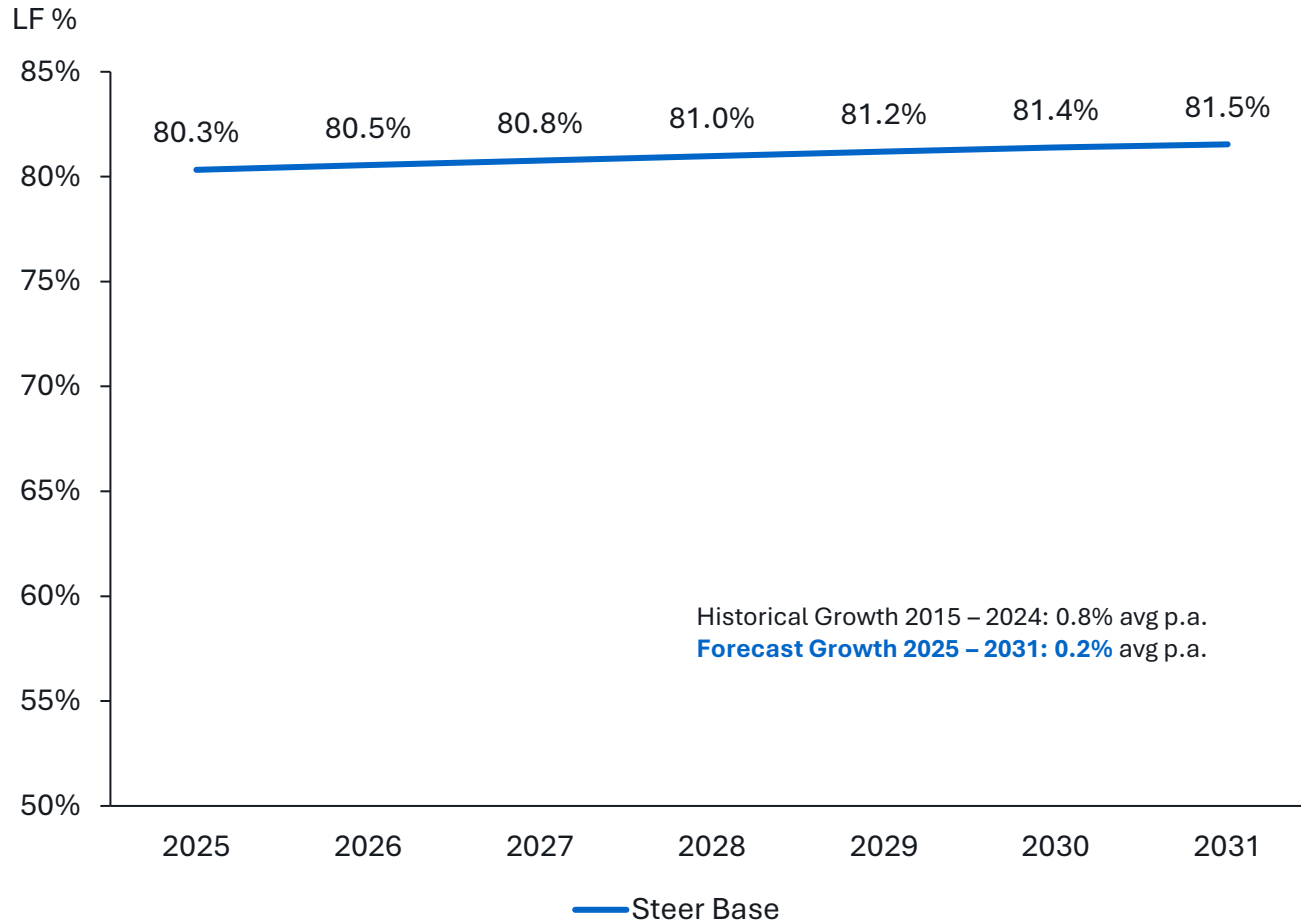
Region	Fleet Mix change assumed
Domestic	<ul style="list-style-type: none"> Focus will remain on narrowbodies – with assumed growth in seat density overtime.
Europe	<ul style="list-style-type: none"> Mostly driven by narrowbodies – assumed growth in this segment plus rise in seat density over time. Gradual decrease of older widebodies (A330/340) in favour of A350s. Embraer(s) and A220s reducing slightly in share for airlines that have limited orders.
Africa	<ul style="list-style-type: none"> Some decline in A380 and A340 usage. Shift toward A350s and B777s. Increased reliance on narrowbodies for smaller routes.
North America	<ul style="list-style-type: none"> Major orders on airlines operating this market focused on B777s, B787-10s, and A350s. A380s assumed to decrease on this segment. Older models like B767/B757 to be retired or retrofitted. Mixed trends for narrowbodies, depending on carrier strategy.
Latin America	<ul style="list-style-type: none"> Continued introduction and focus on A350s and A330-900s.
Middle East	<ul style="list-style-type: none"> Broad reduction in A380 operations. Orders and trends favour B777s and A350s. Some fleet renewal assumed.
Asia Pacific	<ul style="list-style-type: none"> Decline in A380s and older B777s. Growth in A350s. Narrowbody usage decreasing slightly over time.

Airline	Fleet Mix change assumed
 July 2025	<ul style="list-style-type: none"> +80% of the 787s fleet is assumed to be retrofitted to approximately 230 seats starting in 2028, assuming remaining the 787s stay at c. 270 seats. Almost half of the new 330s deliveries will have a lower configuration of 230 seats from late 2026 while other orders will be at 260 seats. This affects mostly Long-Haul International segments (Americas, Asia, Middle East and Africa).

Source: Steer analysis

Assumptions (8): Steer Throughput Model (d) – Load Factors

Heathrow Airport % Load Factors – Forecast evolution



Source: Steer analysis

Load factor assumptions are derived from the assumed evolution of airline mix and fleets within each world zone, along with seat density evolution.

At the aggregate level the evolution in % load factors is summarised below:

Region	2025	H8 2031
Domestic	76.2%	77.4%
Europe	76.3%	78.1%
Africa	84.7%	84.6%
North America	83.6%	83.5%
Latin America	87.6%	88.7%
Middle East	78.7%	83.7%
Asia Pacific	84.3%	86.6%
Total	79.9%	81.5%

Regional differences in load factor growth reflect a combination of historic load factor trends over the past decade, differences in market maturity, and region-specific assumptions on fleet mix evolution and aircraft upgauging.

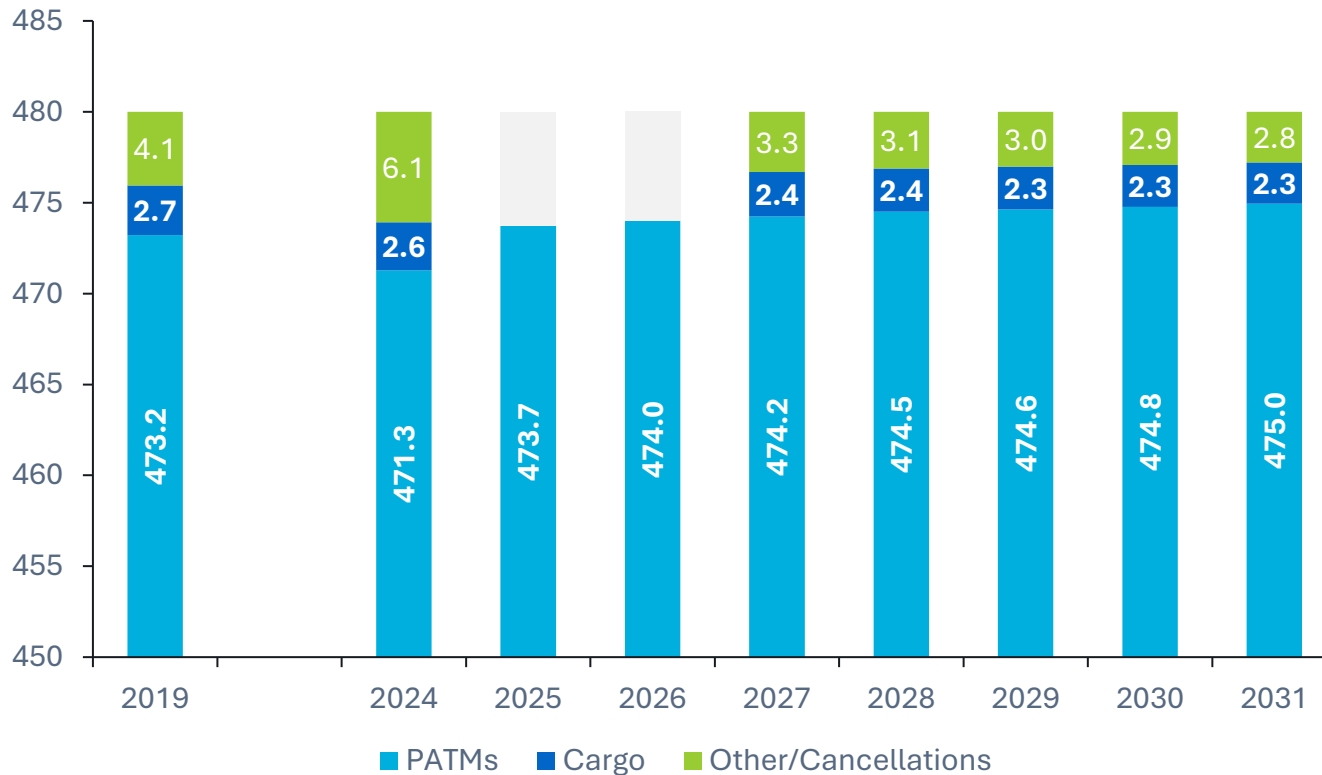
Load factors increased steadily during the pre-COVID period however it is assumed that over the long term this evolution will reach a plateau and the opportunity to increase will be less.

Load Factors have been modelled at annual level but Steer has considered increases in off-peak periods.



Assumptions (9): Cargo and Other ATMs

Heathrow Airport – Annual PATMs
ATMs



Slide 46 illustrates Steer’s assumption that total annual ATMs gradually increase towards 475k by 2031.

This reflects broader trends at highly constrained hubs, where airlines optimise slot use by focusing on higher-yield, higher-capacity commercial passenger services. As a result, we expect a gradual shift in the composition of movements, with a relative strengthening of passenger ATMs.

In parallel, Cargo ATM projections have been provided by the CAA for inclusion and are projected to moderately decline over time, reaching approximately 2,300 ATMs by 2031.

The forecast also assumes a small, progressive reduction in non-commercial and cancellation movements, supported by improved operational resilience and reduced schedule volatility.

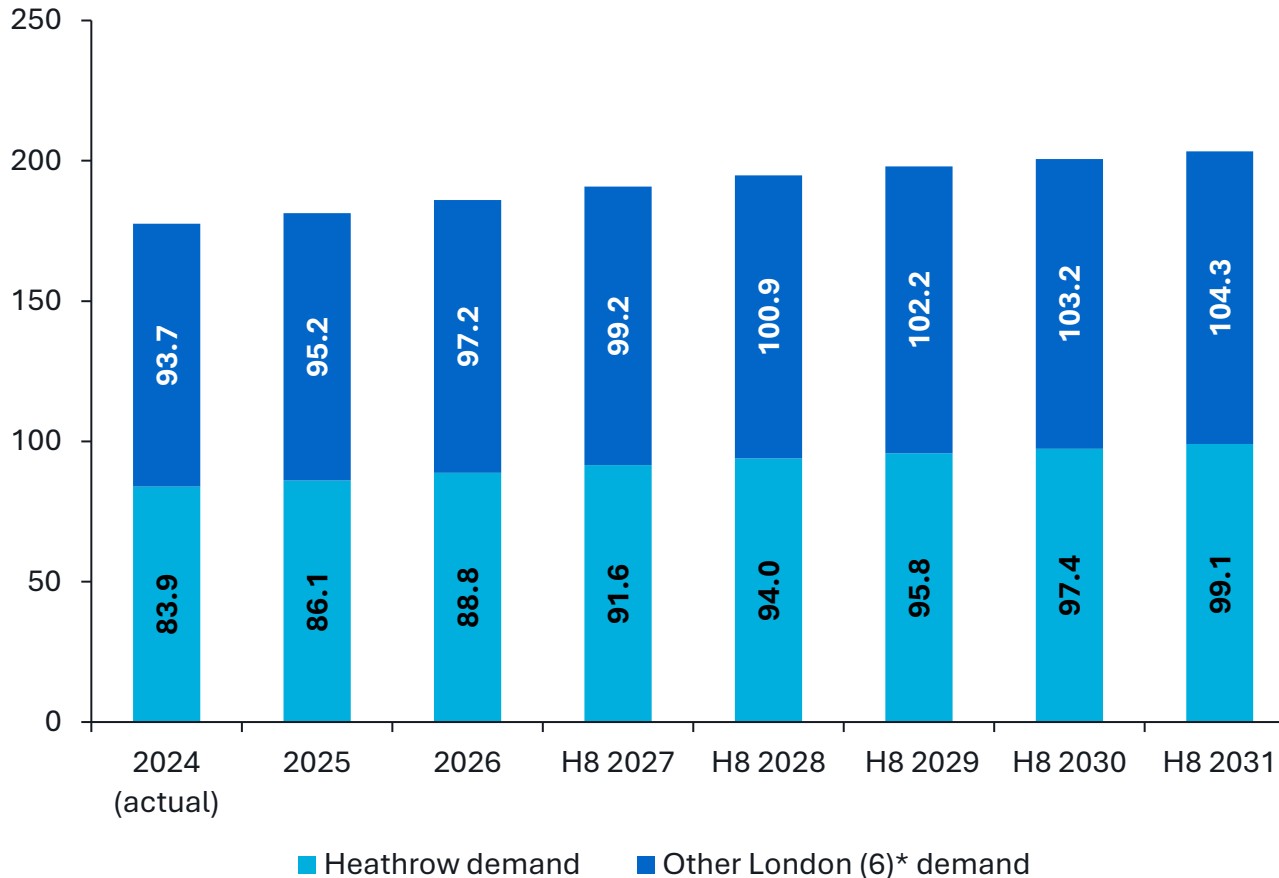
Source: CAA, Steer analysis

Steer Traffic Forecasts: Results



Traffic Forecasts (1): Steer London Area Unconstrained Demand Growth Forecast

London Airports – Annual Passengers (Unconstrained Demand), 2024 – 2031
Passengers (m)



We have forecast total London airports **unconstrained demand**** to grow in absolute terms by c.15% by 2031, to c.203.4 million passengers per annum.

Heathrow’s own unconstrained demand growth is forecast to be higher, increasing by 18% in absolute terms. This is mainly a function of Heathrow’s high share (c.82%) of London’s international connecting traffic which is assumed to be the fastest growing demand element in the forecast.

The demand forecast makes no assumption about the release of material new airport capacity during the period to 2031; if realised (e.g. LGW R2 opening) this could both spur higher demand and also impact on Heathrow’s underlying market share. Similarly, no new runway is assumed for Heathrow.

Forecast	CAGR % H8 period
Total London Demand	+1.6%
Heathrow Demand	+2.0%

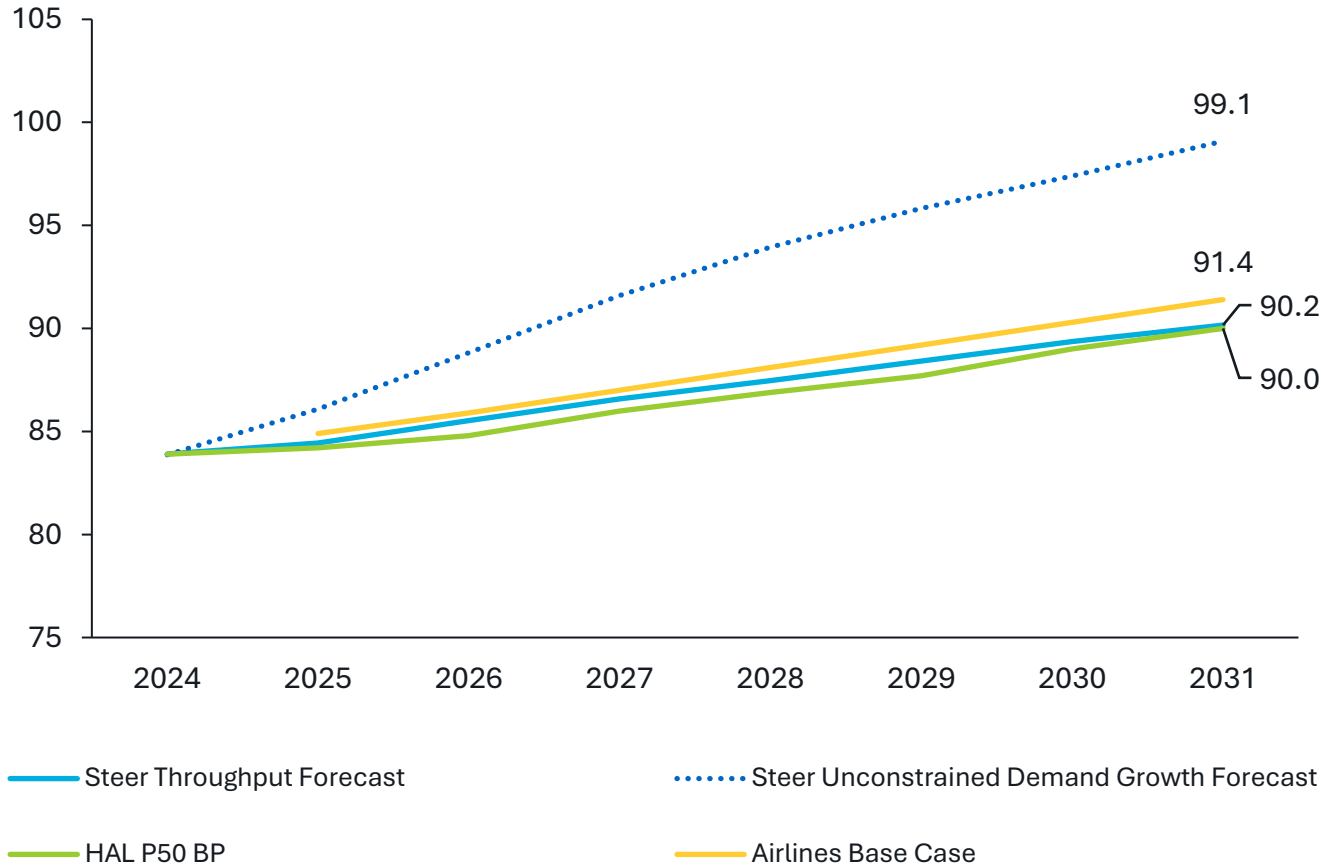
Source: CAA Airport Statistics, Steer analysis

* Heathrow, Gatwick, Stansted, Luton, City, Southend

** Whilst the forecast is labelled as “Unconstrained”, 2024 Actual Passengers volumes reflect a constrained environment at LHR. Forecast growth for the H8 period however is to be considered Unconstrained.

Traffic Forecasts (2): Steer Passenger Forecast (a)

Heathrow Airport – Annual Passengers (Throughput), 2024 – 2031
Passengers (m)



This is our key forecast for H8.

Steer forecast assumes that Heathrow will continue to see modest passenger throughput growth in H8, arising from its key drivers:

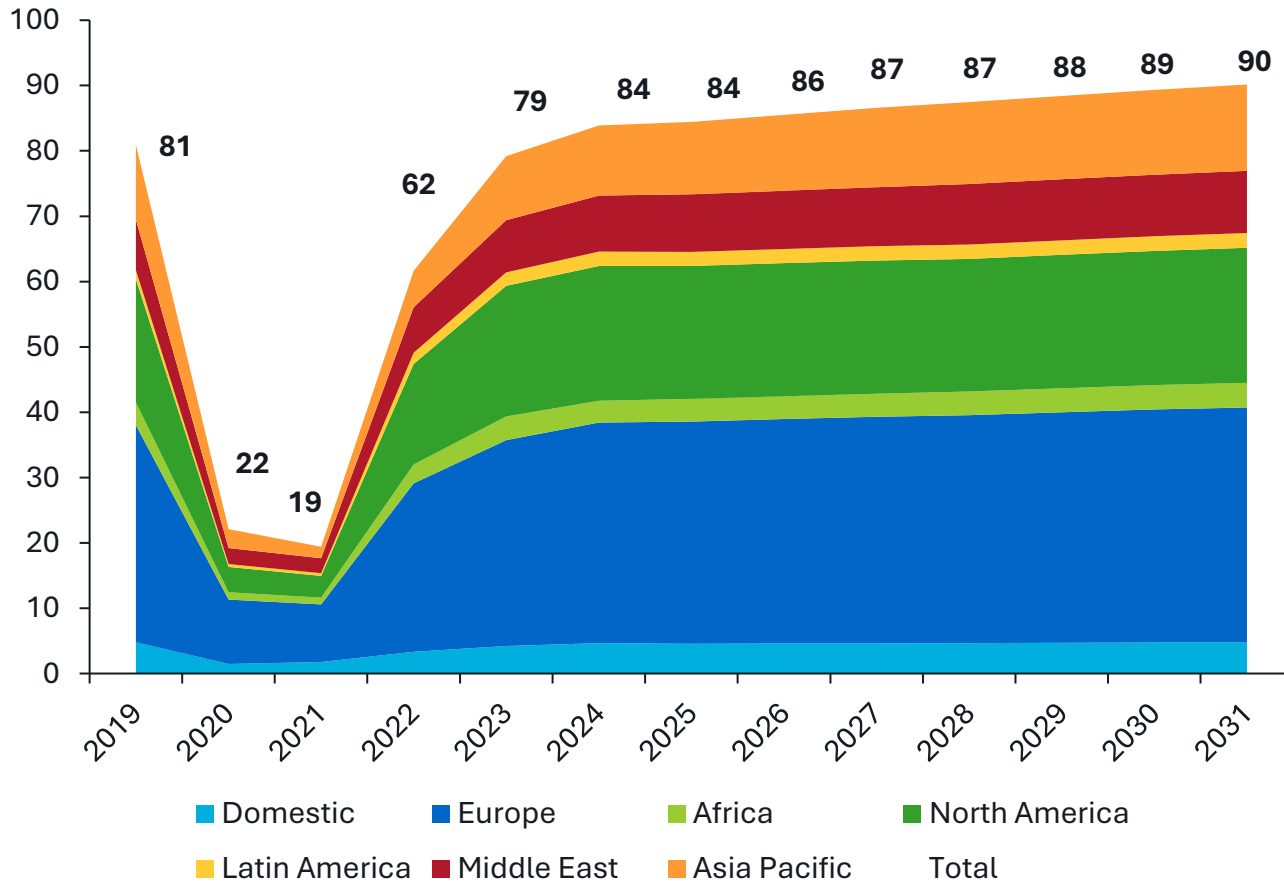
- Small increases in annual PATMs, within the overall 480,000 ATM Limit.
- Further ongoing market mix shift towards Long Haul, including unwinding of recent conflict-related impacts.
- Ongoing evolution of seats/PATM and % load factors within individual market segments.
- Forecast does not assume any terminal capacity constraints, only the ATM Limit constraint.

Our forecast lies between the current central positions shared by Heathrow as part of its business plan submission and the Airlines through Constructive Engagement.

Source: CAA Airport Statistics, HAL, Airlines, Steer analysis
Note: HAL 2026 figures were shared post-BP in August 2025.

Traffic Forecasts (3): Steer Passenger Forecast (b) – Steer Base Case (i)

Heathrow Airport – Annual Passengers (Throughput), 2019 – 2031, by world zone
Passengers (m)



Region	2024 as % of 2019	2031 % of 2024	CAGR: H8 2027-H8 2031
Domestic	97%	102%	+0.7%
Europe	102%	107%	+0.9%
Africa	94%	114%	+1.8%
North America	110%	100%	+0.3%
Latin America	159%	103%	+0.8%
Middle East	110%	111%	+1.4%
Asia Pacific	94%	123%	+2.1%
Total	104%	107%	+1.0%

Source: CAA Airport Statistics, HAL, Steer analysis

Traffic Forecasts (4): Steer Passenger Forecast (c) – Steer Base Case (ii)

Heathrow Airport – Annual Passengers (Throughput), 2024 – 2031

KPI	2024A	2025	2026	H8 2027	H8 2028	H8 2029	H8 2030	H8 2031
Annual PATMs (000s)	471.3	473.7	474.0	474.2	474.5	474.6	474.8	475.0
Av. Seats/PATM	221	222	224	226	228	229	231	233
% Load Factor	80.7%	80.3%	80.5%	80.8%	81.0%	81.2%	81.4%	81.5%
Passengers (m)	83.9	84.4	85.5	86.6	87.5	88.4	89.4	90.2

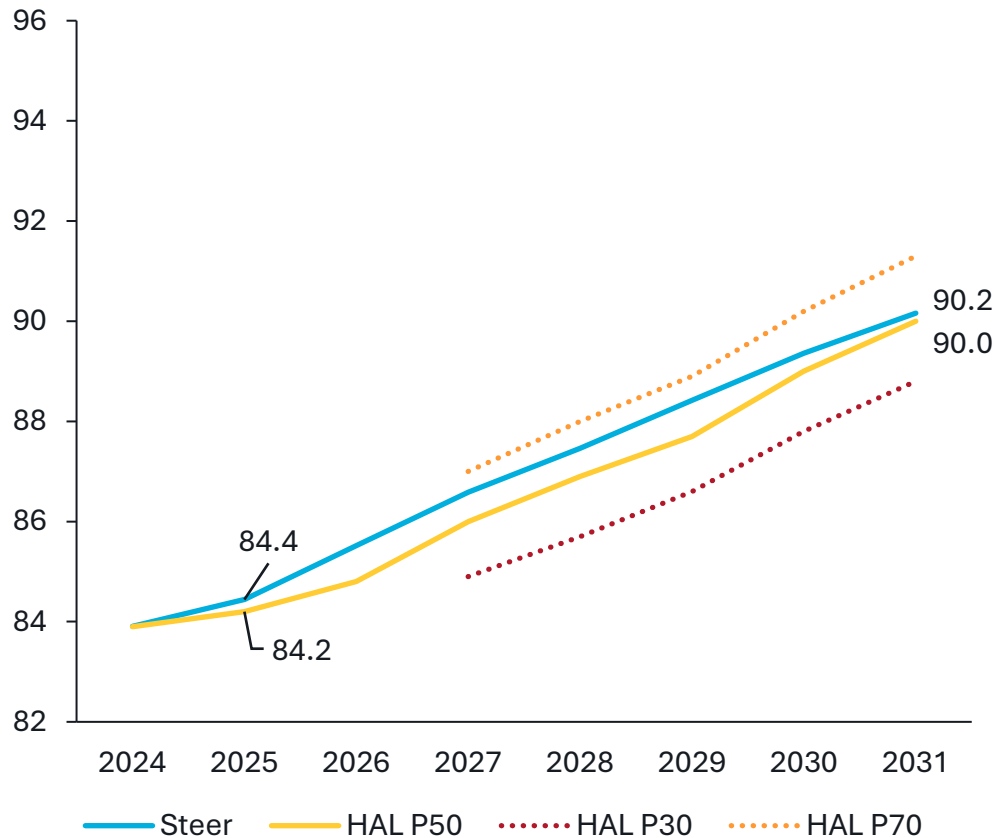
Source: CAA Airport Statistics, HAL, Steer analysis

Traffic Forecasts: Benchmarks and Comparisons



Steer forecast is consistently higher than HAL P50 throughout H8, however still behind the optimistic Base case view of the Airlines

2024-2031 Passenger Forecast
Millions



Source: HAL, Airlines, Steer Analysis
All figures are based on un-shocked forecast
Note: HAL 2026 figures were shared post-BP in August 2025.

2024-2031 Passenger Forecast
Millions



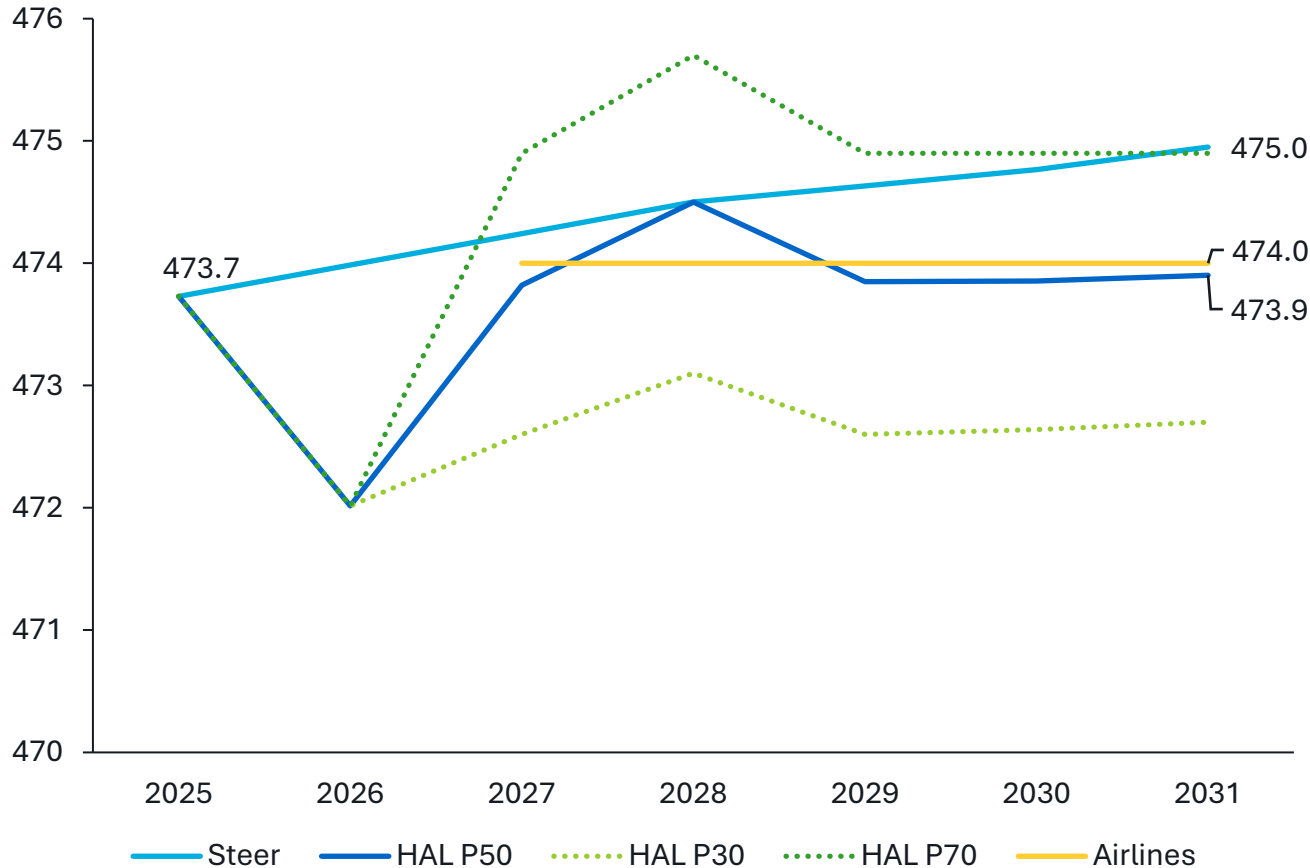
Summary of key assumptions by forecast

	Steer	HAL P50	Airlines Base
Passengers	<ul style="list-style-type: none"> • 2025: 84.4m • 2029: 88.4m • 2031: 90.2m • H8: 442.0m • <i>CAGR: 25-31: 1.1%</i> 	<ul style="list-style-type: none"> • 2025: 84.2m • 2029: 87.7m • 2031: 90.0m • H8: 439.7m • <i>CAGR: 25-31: 1.1%</i> 	<ul style="list-style-type: none"> • 2025: 84.9m • 2029: 89.2m • 2031: 91.4m • H8: 446.0m • <i>CAGR: 25-31: 1.2%</i>
Passengers ATMs	<ul style="list-style-type: none"> • Linear marginal increase from 473.7k to 475.0k. Driven by marginal reduction of cancellations and better utilization of the 480k cap using same regime. • 475.0k is also the value reached by HAL in 2028 (leap year) and in their P70 case. 	<ul style="list-style-type: none"> • Decrease in 2026 of 1.7k PATMs. • Only marginal increase up to 473.9k in long term. • Leap year 2028 outlier at 475k. 	<ul style="list-style-type: none"> • Flat 474.0k for all three cases.
Average Seats	<ul style="list-style-type: none"> • Steer model includes bottom-up assumptions for 11 airline groups across 7 world regions with detailed fleet assumption for each. Our report will include details of these assumptions. • We included Virgin Atlantic widebody reconfiguration program, reducing seats per aircraft. 	<ul style="list-style-type: none"> • HAL methodology includes bottom-up assumptions based on fleet analysis and public information. • HAL does not include assumptions around Virgin Atlantic wide-body reconfiguration. 	<ul style="list-style-type: none"> • Conservative view of +1 seat/yr, however coupled with aggressive Load Factor assumptions. • Airlines does not include assumptions around Virgin Atlantic wide-body reconfiguration.
Load Factors	<ul style="list-style-type: none"> • Load Factor modelled at different world regions levels. Average increase (to 82%) is consistent with historical growth. 	<ul style="list-style-type: none"> • Only marginal increase with values stable around 81% 	<ul style="list-style-type: none"> • Optimistic view increasing LF up to 85% in 2031 (historical max since 2015: 81%). • Load factors reflect higher increases in off-peak months.

Source: HAL, Airlines, Steer Analysis
All figures are based on un-shocked forecast

Traffic Forecasts Comparison (1): PATMs

Passenger ATMs
Thousands



Key Highlights

Steer assumes HAL, Airlines and ACL will continue the effort to push and increase cap utilization and that with reducing cancellations there will be space to operate up to 475k Passenger Movements at LHR.

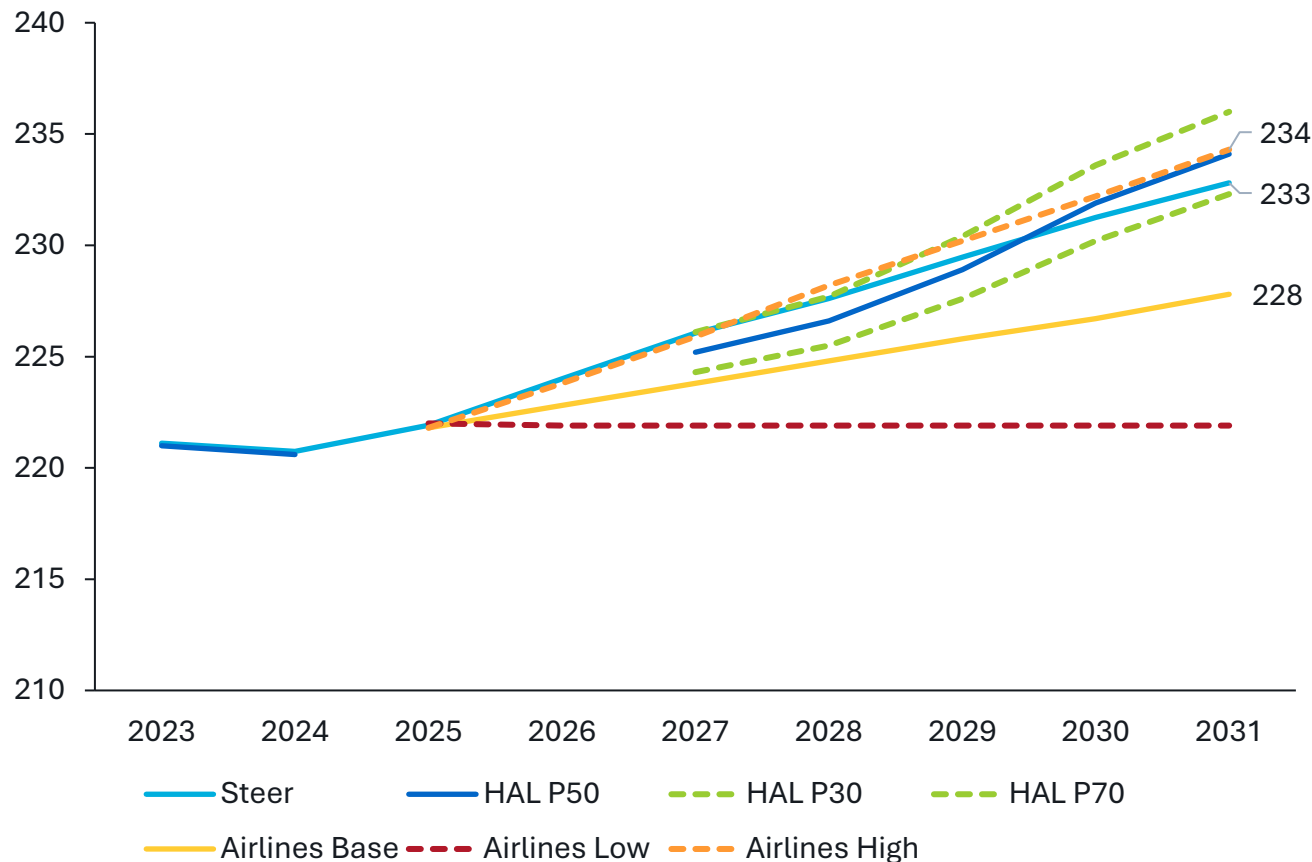
This figure has been deemed reasonable for 2028 from HAL (leap year) and is in line with the HAL P70 forecast as well.

We assume the current regime for the ATM cap governed by ACL under local rule continues as is.

Source: HAL, Airlines, Steer Analysis
Note: HAL 2026 figures were shared post-BP in August 2025.

Traffic Forecasts Comparison (2): Average Seats per ATM

Average Seats/PATM
Seats



Source: HAL, Airlines, Steer Analysis

Key Highlights

HAL is assuming an increase driven by fleet changes of 2 to 3 seats per year.

Steer view is slightly more conservative and includes latest Virgin Atlantic developments.

Airlines assumes a conservative +1 seats/yr.



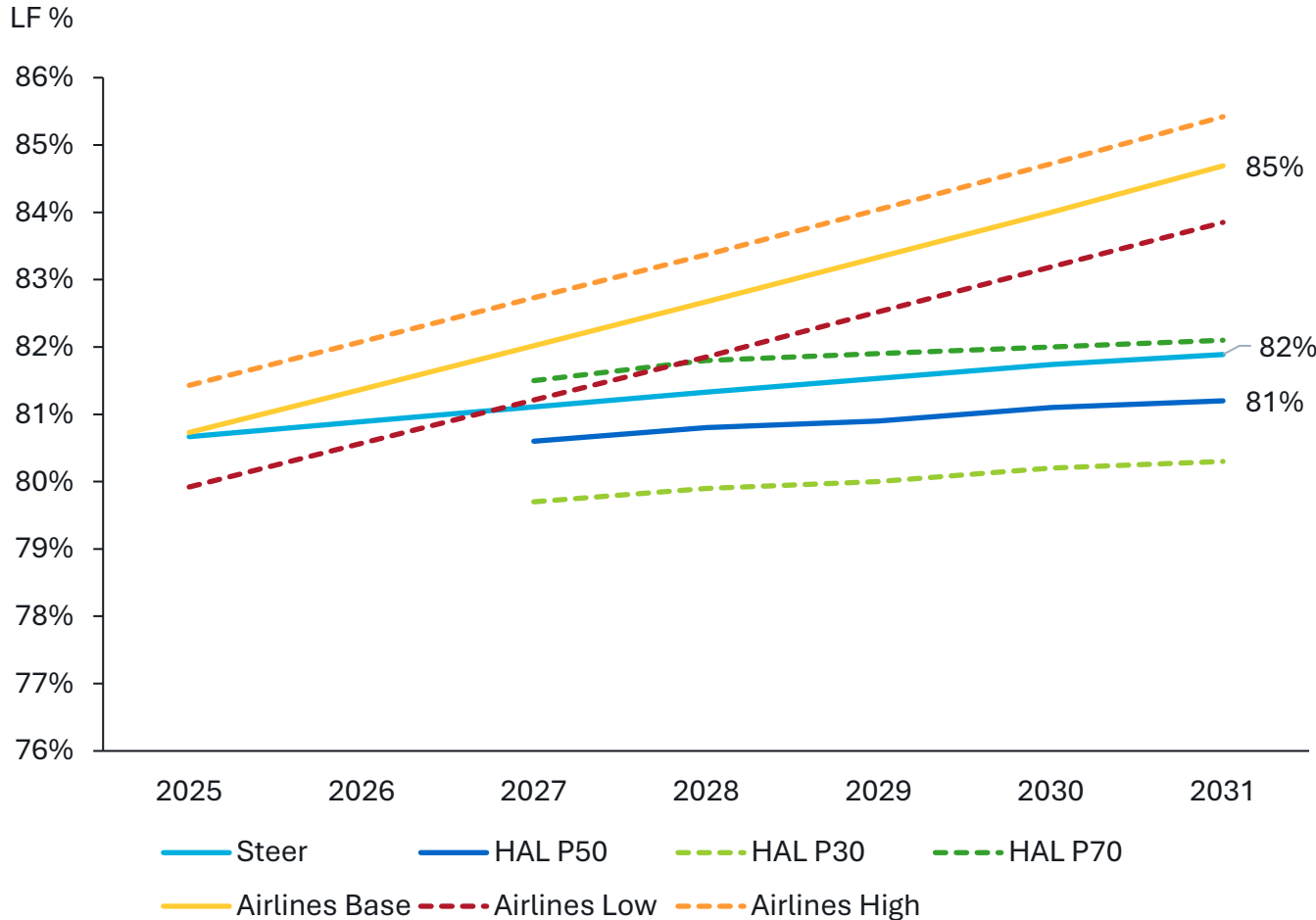
More than 80% of the 787s fleet is assumed to be retrofitted to approximately **230 seats** starting in 2028, assuming remaining the 787s stay at c. 270 seats.

Almost half of the new 330s deliveries will have a lower configuration of 230 seats from late 2026 while other orders will be at 260 seats.

(July 2025)

Traffic Forecasts Comparison (3): Load Factors

Average Load Factors



Key Highlights

HAL is assuming a minor increase in Load Factors of only 0.6% across the whole H8 period.

Historically Load Factors have grown approximately 0.8% per annum between 2015 and 2024 therefore HAL assumption seems conservative.

Steer is assuming an increase up to 82% in 2031.

Airlines are assuming load factor growth to around 85% in 2031. Achieving sustained LFs at this level could be challenging primarily from an airline operational perspective rather than from terminal capacity constraints. An average LF of 85% would imply peaks close to 90% in busy months, which is more typical of highly streamlined LCC operations with uniform narrowbody fleets and simplified processes, rather than the mixed fleet and carrier profile seen at Heathrow. Moreover, this level of LF has not been reached at the airport in the past decade.

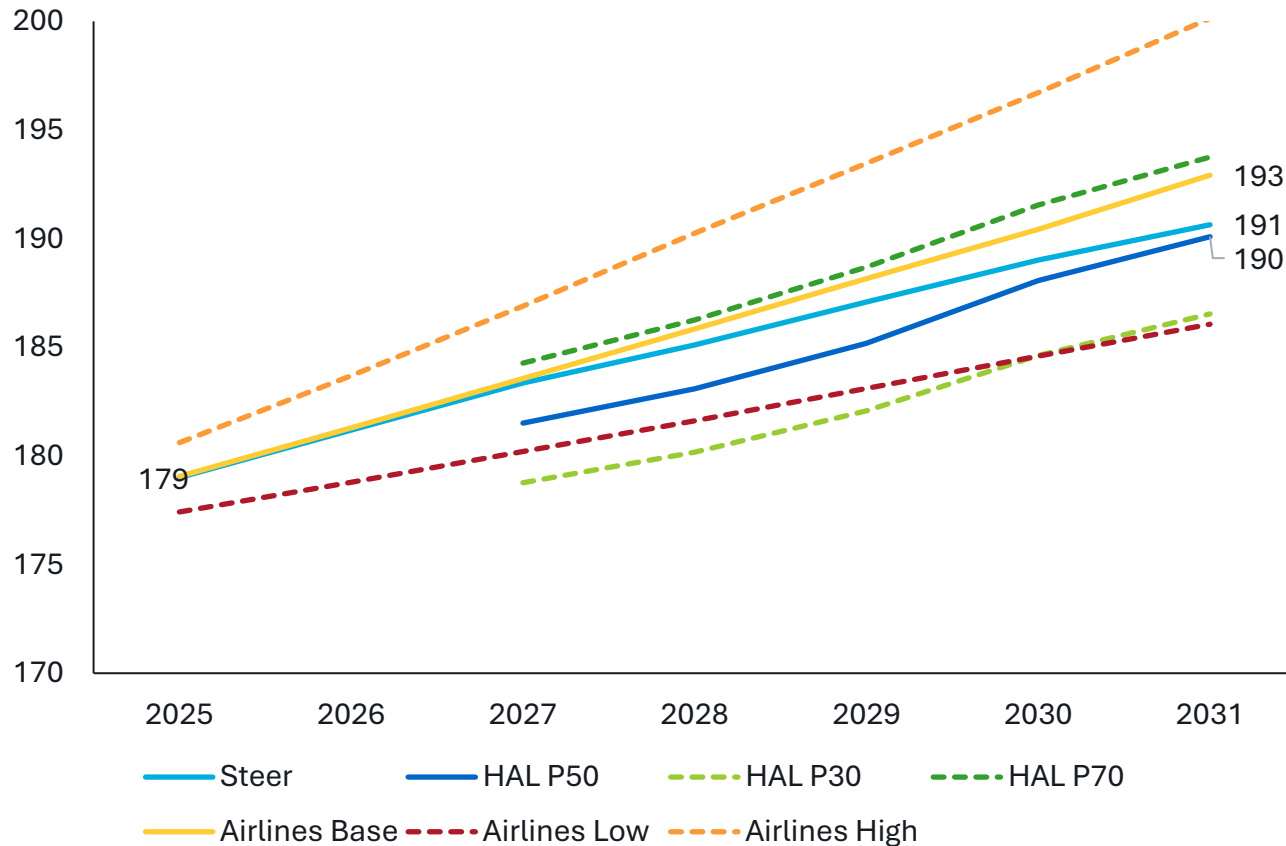
2024 approximate Load Factor: 80.7%

Source: HAL, Airlines, Steer Analysis



Traffic Forecasts Comparison (4): Pax/ATM

Average Pax/PATM
Pax



Key Highlights

The combination of higher Average Seats in the first part of H8 and higher Load Factors in the second, results in Steer Pax/ATM being higher than HAL.

Airlines are assuming higher Load Factors and lower Average Seats per ATMs and reaching a slightly higher figure for Pax/ATMs

Historically Pax/ATM have increase of slightly less than 2 pax/ATM since 2015 (which would be in line with Steer growth), however opportunities to upgauge and optimize seat configurations are likely to decrease overtime.

Source: HAL, Airlines, Steer Analysis



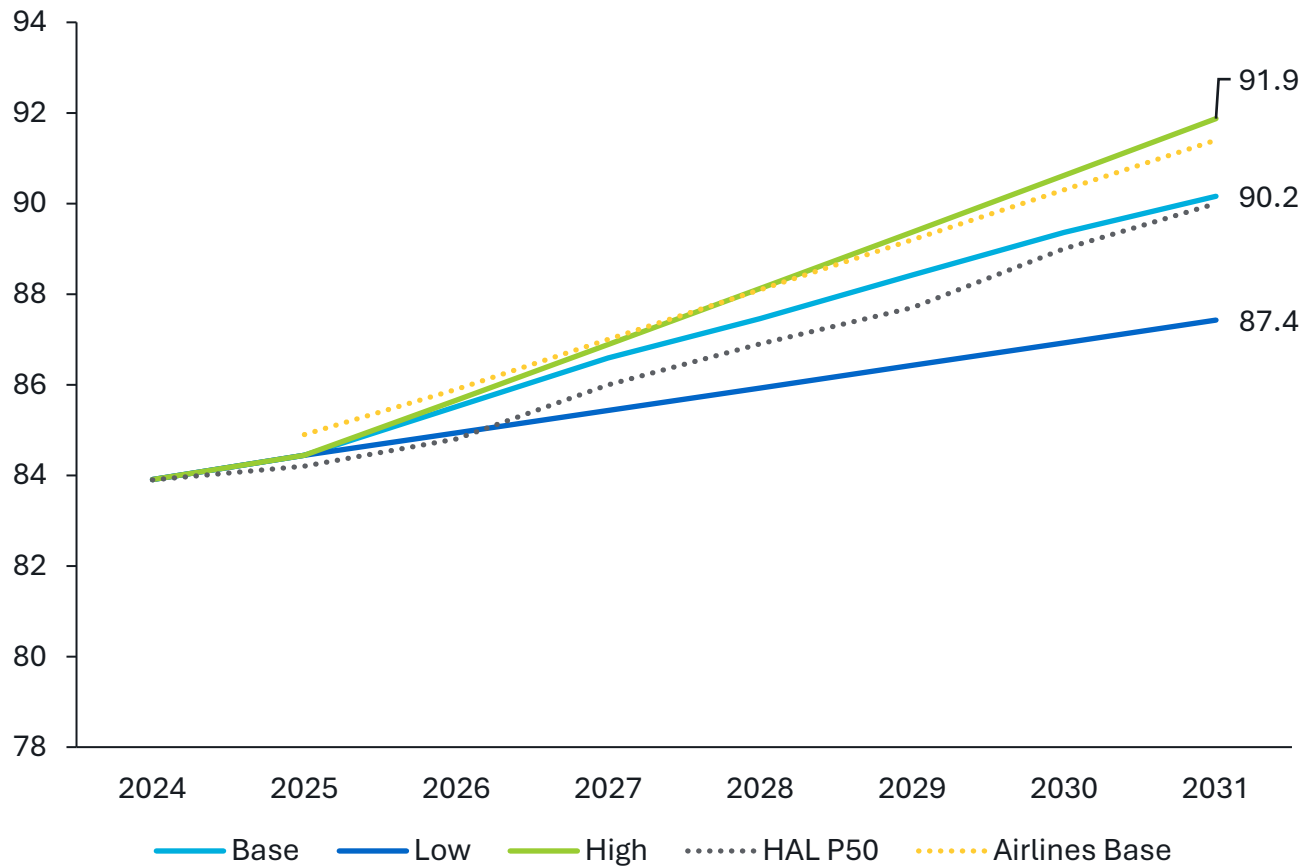
Steer Traffic Forecasts: Scenarios



Steer High Case is in line with Airlines Base Case

2024-2031 Passenger Forecast – Steer High/Low/Base

Millions



Key Highlights

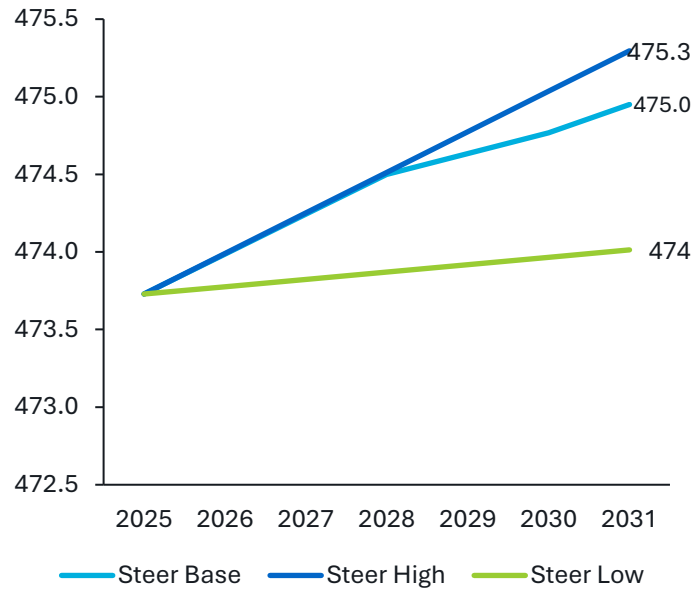
Steer developed three sensitivities around the main drivers: PATMs, Average Seats and Load Factors.

Source: Steer Analysis

Note: HAL 2026 figures were shared post-BP in August 2025.

Steer Traffic Forecasts Scenarios: Sensitivities assumptions

PATM
Thousands

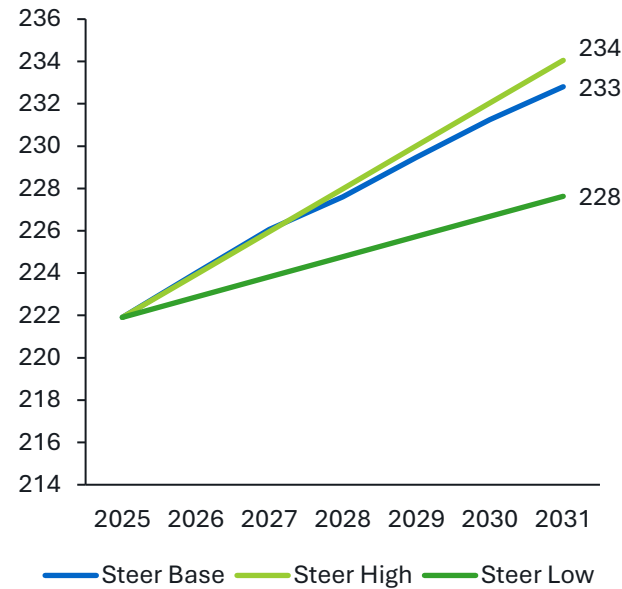


High Case assumes that PATMs could develop even further up to 475.3k in 2031.

Low Case is closer to Airline and HAL view with a rather flat view of the evolution of PATMs

Source: Steer Analysis

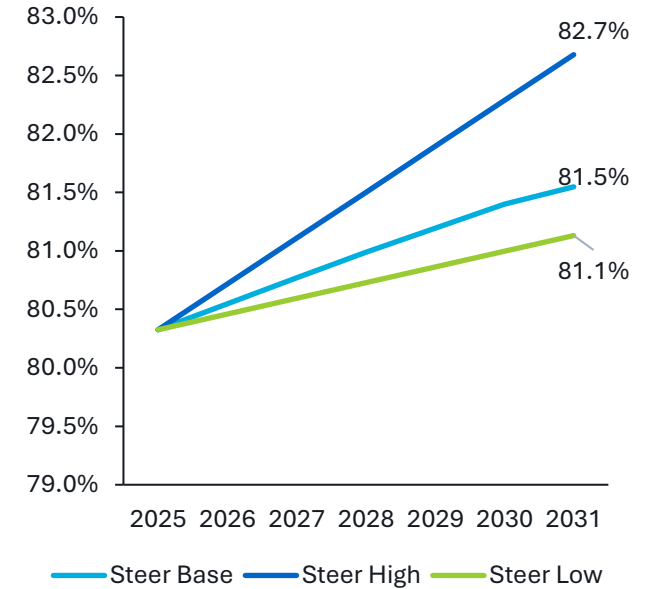
Average Seats/PATM
Seats



High Case assumes further fleet development which will align with the +2 seats per annum increase assumed by HAL.

Low case assumes fleet mix will suffer from delays of new aircraft deliveries and seat density not developing as it did historically.

Average Load Factors
LF %



High Case assumes closer to historic trends in passenger load factor growth

Low case assumes moderate growth similar to HAL's P50 case.

Forecasts Details

	Steer			HAL			Airlines		
2031	Base	High	Low	P50	P70	P30	Base	High	Low
Passengers	90.2	91.9	87.4	90.0	91.3	88.8	91.4	94.9	88.2
PATM	475.0	475.3	474.0	473.9	474.9	472.7	474.0	474.0	474.0
Average Seats	233	234	228	234	236	232	228	234	222
LF	82%	83%	81%	81%	82%	80%	85%	85%	84%
Average Pax/PATM	190	193	184	190	194	187	193	200	186
<i>PATM x Seats x LF</i>	90.2	91.9	87.4	90.1	92.0	88.2	91.4	94.9	88.2
Check:	OK	OK	OK	*	*	*	OK	OK	OK

Source: HAL, Airlines, Steer Analysis; All figures are based on un-shocked forecast

* See Note on HAL Methodology section.

Appendix



Glossary

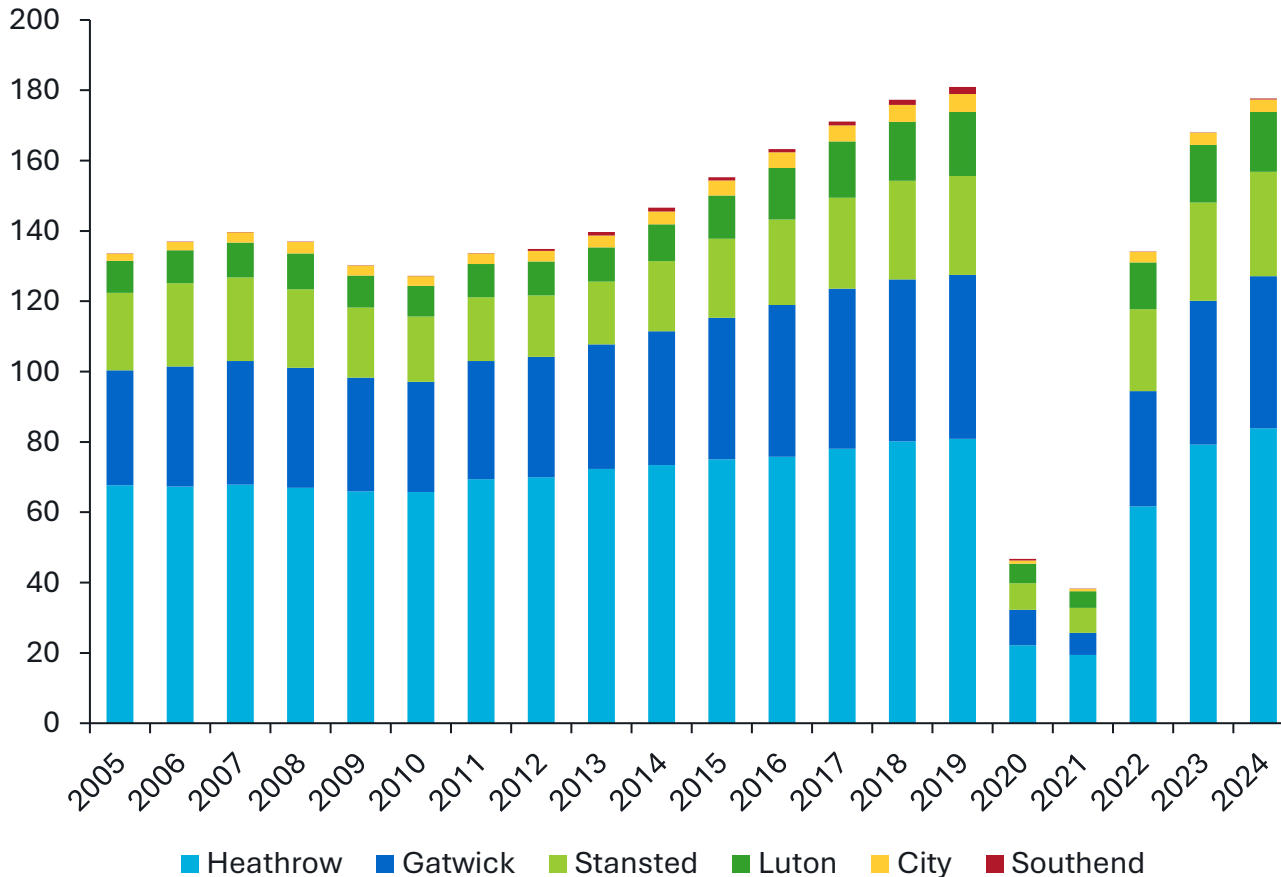
Glossary

Term	Definition
ACL	Airport Coordination Limited
(P)ATM	(Passenger) Air Transport Movement
CAGR	Compound Average Growth Rate (%)
CY	Calendar Year
FY	Financial Year
GDP	Gross Domestic Product
H8	Regulatory Period, Jan 2027 – Dec 2031 inclusive
HAL	Heathrow Airport Limited
O/D	Origin-Destination
PAX	Passengers

Note: Unless stated otherwise, Steer numbers are referring to flown Passenger ATMs, whether actual or forecast, therefore excluding Cargo Movements, Non Commercial Movements and Cancellations.

The aviation market at Heathrow: London airports traffic (a)

London airports - Total passenger traffic, 2005 – 2024
Passengers (m)



In total London’s six commercial airports served **177.7 million** passengers during 2024.

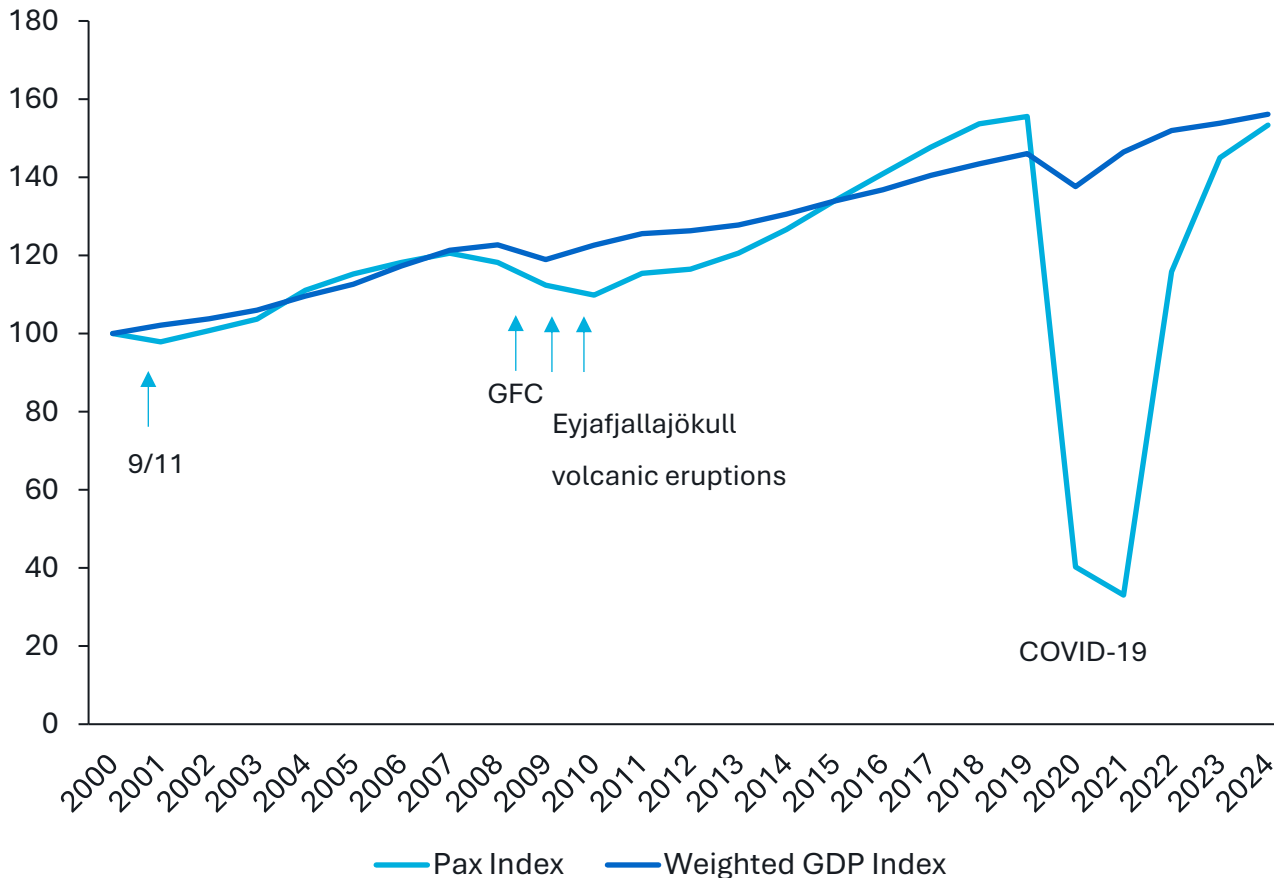
Traffic in 2024 had almost fully recovered at the overall London level to pre-pandemic levels (98%).

Between 2005 and 2019 London’s traffic growth averaged +2.2% p.a., albeit this was higher in the period immediately leading up to 2019 (CAGR 2012-2019: +4.3%), complemented by growth in low cost carrier capacity at London’s other airports, although Heathrow’s own throughput also grew by over 10 million passengers p.a. in this period.

Airport	CAGR % 2005-2019	% recovery 2024 vs. 2019
Heathrow	+1.3%	104%
Gatwick	+2.6%	93%
Stansted	+1.8%	106%
Luton	+5.1%	93%
City	+7.0%	70%
Southend	n/a	14%
Total	+2.2%	98%

The aviation market at Heathrow: London airports traffic (b)

% growth evolution of London airports - Total passenger traffic, 2000 – 2024
Evolution Index (2000 = 100)



Source: CAA Airport Statistics, IMF WEO, Steer analysis

The general traffic growth evolution of the historical period was punctuated by several major downside shocks, including 9/11, the Global Financial Crisis, the effects of the Icelandic volcano eruptions in 2010, and the COVID-19 pandemic.

On an underlying basis, excluding shock events, London's overall passenger traffic levels increased by between 1.2x and 2.0x weighted GDP growth in the years leading up to the pandemic.

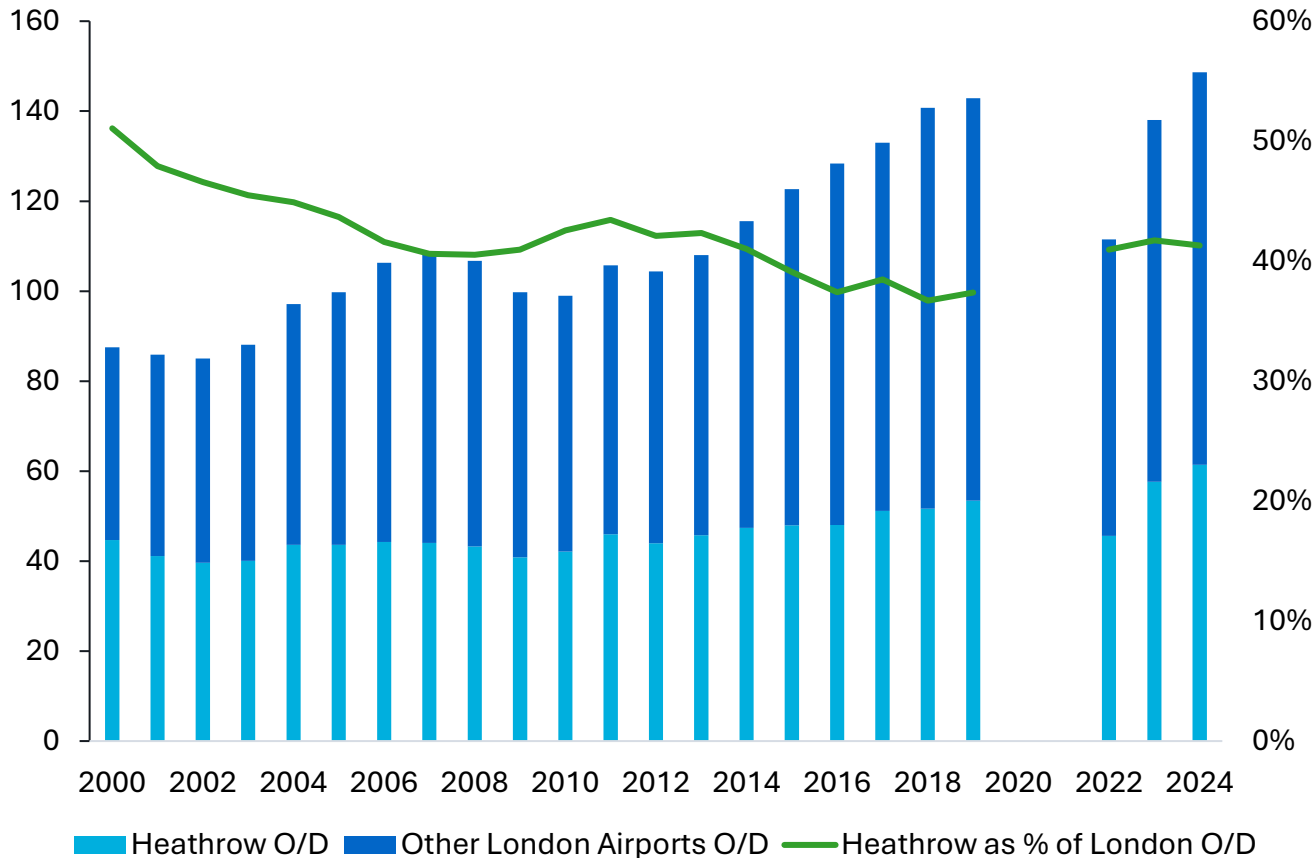
Period	Pax CAGR %	Weighted GDP CAGR %	Elasticity
2002-2007	+3.7%	+3.2%	+1.2
2011-2019	+3.8%	+1.9%	+2.0

Note that the elasticities presented are illustrative.

Our unconstrained forecast demand model (presented later) assigns individual macroeconomic and other assumptions to passenger markets.

The aviation market at Heathrow: O&D traffic competition (a)

London airports - Origin/Destination passenger traffic, 2005 – 2024
Passengers (m)



Over the historical long term Heathrow's share of the total O/D traffic using London's airports fell (albeit within a growing market which grew by c.44% in absolute terms between 2000 and 2019).

However, we assess that Heathrow's O/D traffic has now fully recovered back to, and above, its pre-pandemic position whereas collectively the other London airports have not yet benefitted from a full recovery of their O/D passenger volumes (due to several structural factors such as the demise of certain airlines in the intervening years e.g. Flybe, and the specific impacts of lower levels of business flying at London City).

Airport	CAGR % 2005-2019	% recovery 2024 vs. 2019
Heathrow	+1.3%	115%
Other London airports*	+3.6%	98%
London O/D Total	+2.7%	104%

Source: CAA Airport Statistics, CAA Passenger Survey, Steer analysis
 Note: O/D data not available for 2020 & 2021 from CAA Passenger Survey.
 * Gatwick, Stansted, Luton, City, Southend

The aviation market at Heathrow: O&D traffic competition (b)

London airport used by passenger zone of Origin/Destination, 2024

Zone	LHR	LGW	STN	LTN	LCY	Total
Berkshire	60	27	6	7	<1	100
Bucks.	43	17	9	30	<1	100
Oxon	61	23	7	8	<1	100
London	47	22	19	9	4	100
Isle of Wight	31	61	3	5	<1	100
Hants	39	49	7	4	1	100
Surrey	43	50	3	3	1	100
West Sussex	19	75	3	2	1	100
East Sussex	15	79	4	1	1	100
Kent	22	55	16	4	3	100
Total South East	44	30	15	8	3	100
Non-South East	53	16	19	11	1	100
Total O/D	48	24	17	9	2	100

Source: CAA Passenger Survey, Steer analysis

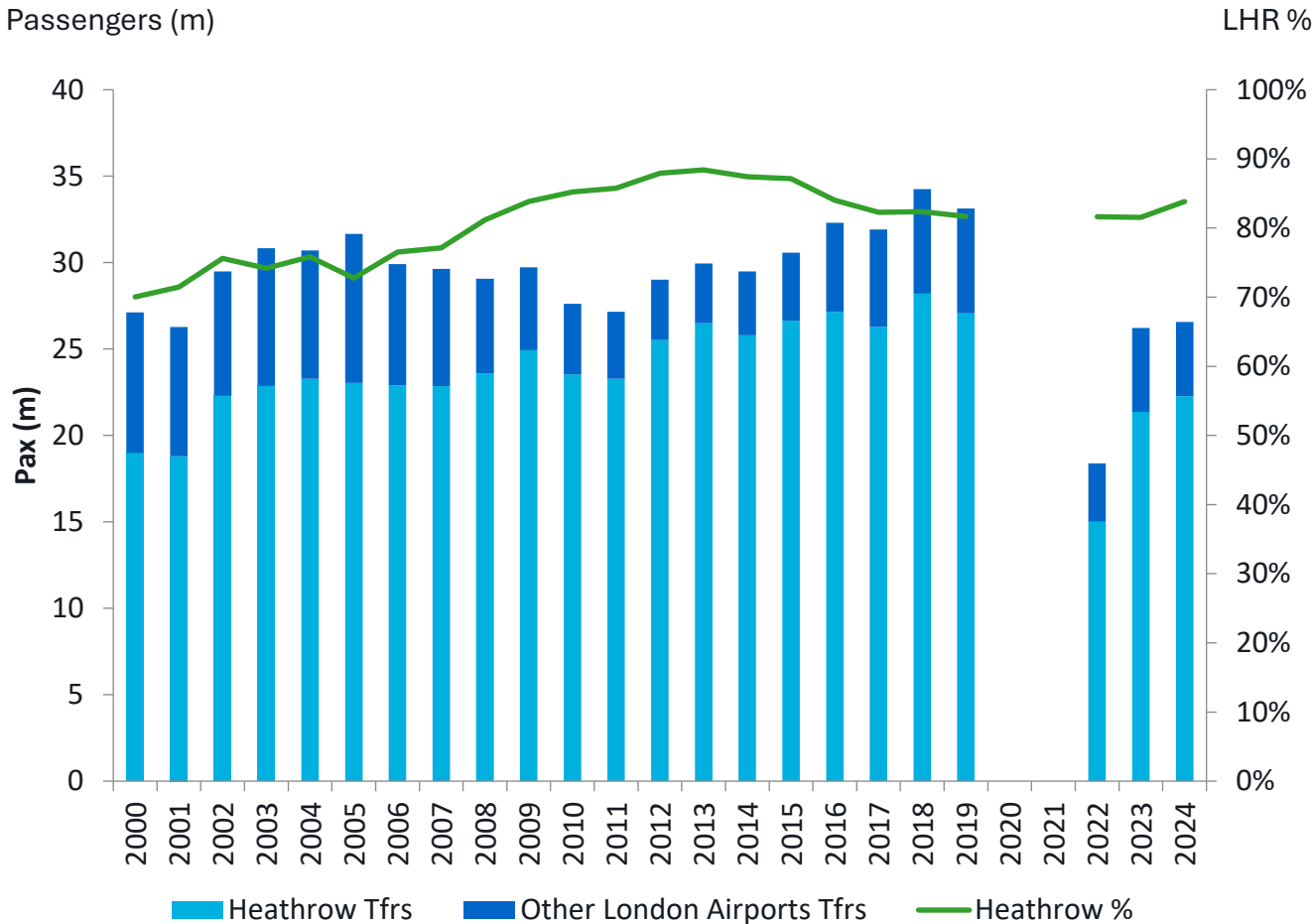
Heathrow tends to be the most favoured airport for non-connecting passengers whose trips originate in London and/or counties to the west.

Gatwick has relatively stronger appeal to passengers with O/Ds to the south of the capital.

- **Key**
Airport attracting the highest % of passengers from a given zone

The aviation market at Heathrow: Transfer traffic competition (a)

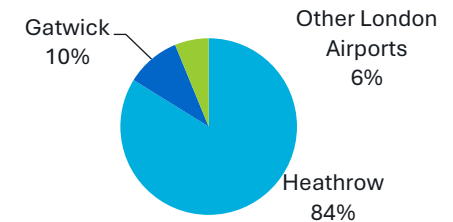
London airports - Transfer passenger traffic, 2005 – 2024 (est.)
Passengers (m)



Heathrow has historically held a majority share of the traffic that connects via London’s airports. This reflects the airport’s dense route network and frequency structure, along with the full service orientation of its carriers (and in particular the hub operations of British Airways and its oneworld alliance partners).

Given its share of the London market in practice Heathrow only faces limited competition from other airports in the capital for connecting traffic.

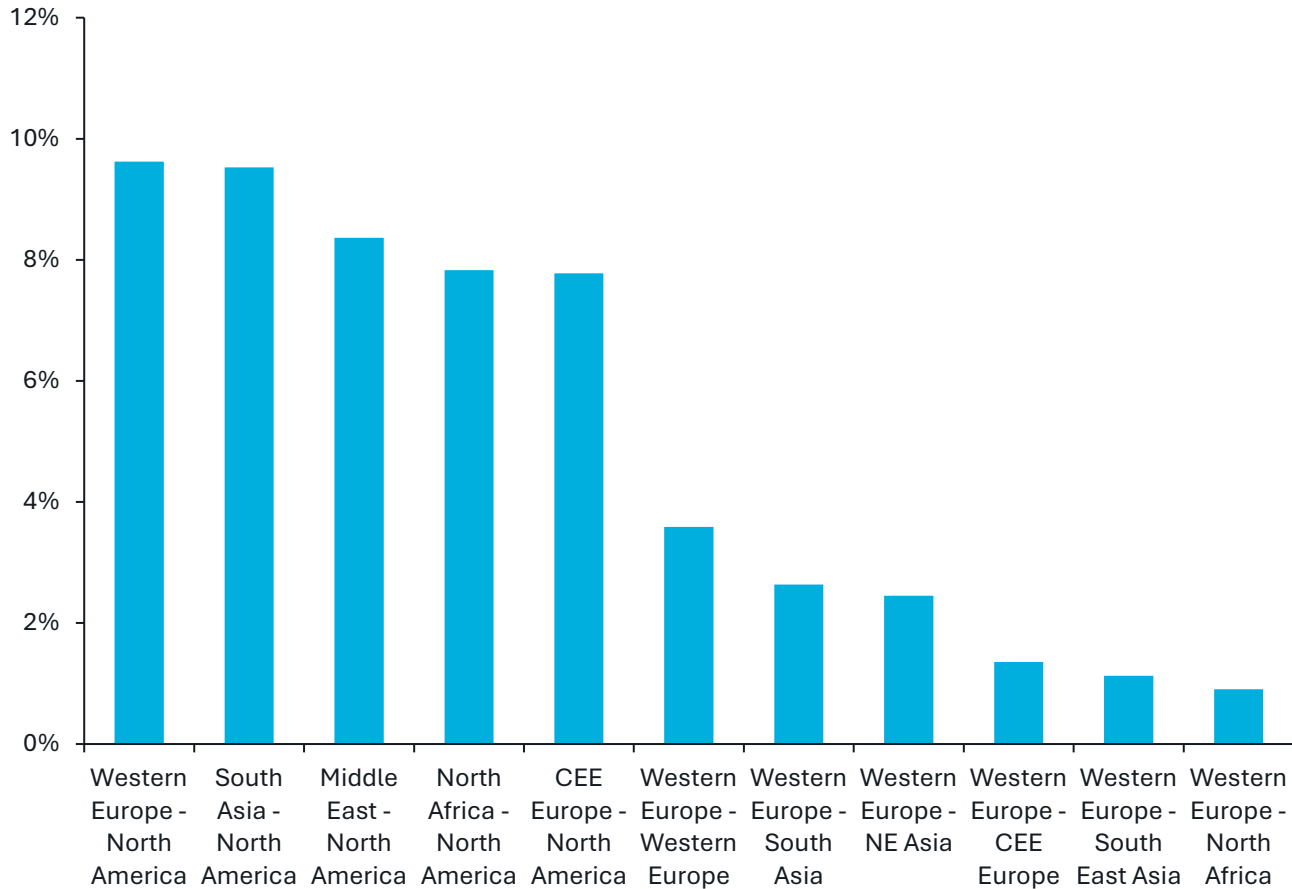
Airport	CAGR % 2005-2019	% 2024 (est.) vs. 2019
Heathrow	+1.2%	82%
Other London airports*	-2.5%	71%
London Total	+0.3%	80%



Source: CAA Airport Statistics, CAA Passenger Survey, Steer analysis
 Note: Transfer data not available for 2020 & 2021 from CAA Survey. 2024 = estimate
 * : Gatwick, Stansted, Luton, City, Southend

The aviation market at Heathrow: Transfer traffic competition (b)

Heathrow Airport % share of key global connecting traffic flows, 2024
 % of pax connecting via hub airport



Source: OAG Traffic Analyser, Steer analysis

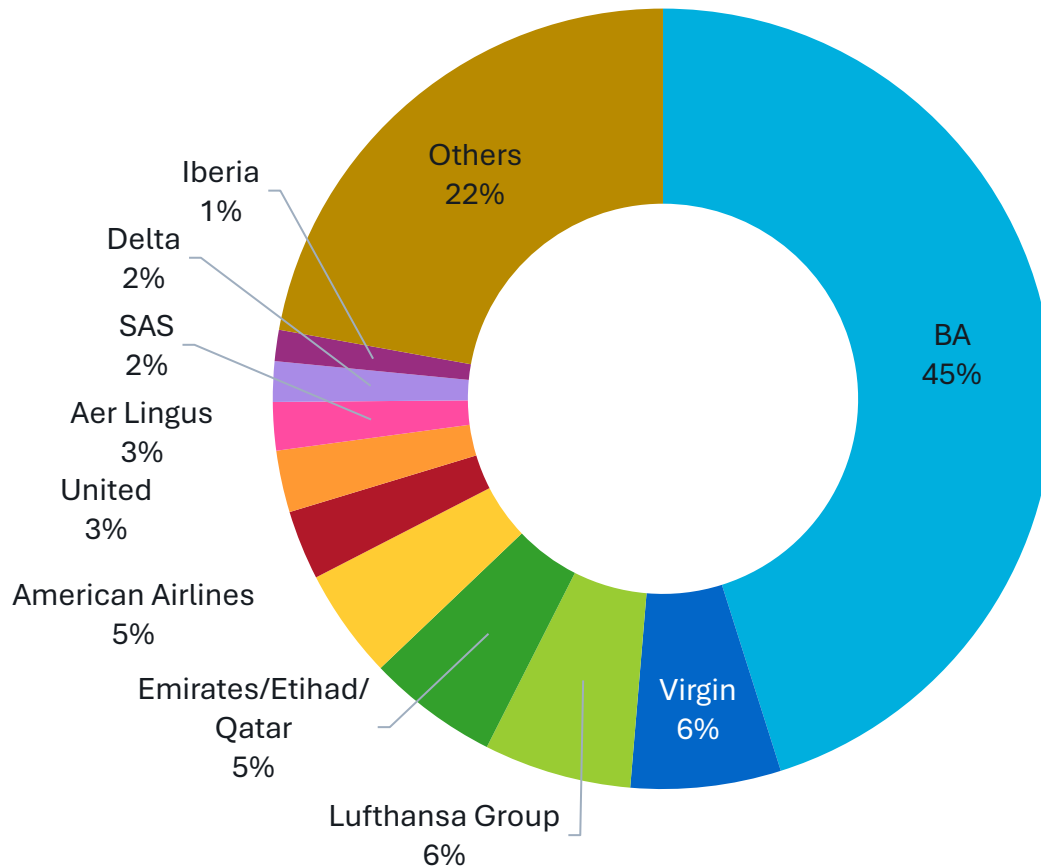
However, Heathrow faces significant competition for connecting traffic both:

- a) in terms of trends in how people fly (at the global level passenger volumes flying direct point-to-point grew by +20% in absolute terms between 2014-2024 versus +16% for connecting passenger flows) and,
- b) connecting passenger choice given the opportunity to transfer at a range of leading European hub airports (e.g. CDG, AMS, MAD, FRA) along with others further afield (e.g. IST, Gulf hubs).

Airport	CAGR % 2005-2019	% recovery 2024 (est.) vs. 2019
Heathrow	+1.3%	115%
Other London airports*	+3.6%	95%
London O/D Total	+2.7%	102%

The aviation market at Heathrow: Airline mix

Heathrow Airport – Airline seat mix %, 2024



Source: OAG, Steer analysis

British Airways is the largest carrier by volume serving Heathrow, providing 45% of the scheduled seats on offer during 2024.

Oneworld alliance airlines, including BA accounted for over 56% of Heathrow's scheduled seat capacity in 2024.

Virgin Atlantic is the second largest carrier in terms of seat offer and a member of the SkyTeam alliance. Overall, SkyTeam alliance airlines accounted for 13% of Heathrow's scheduled seat capacity in 2024.

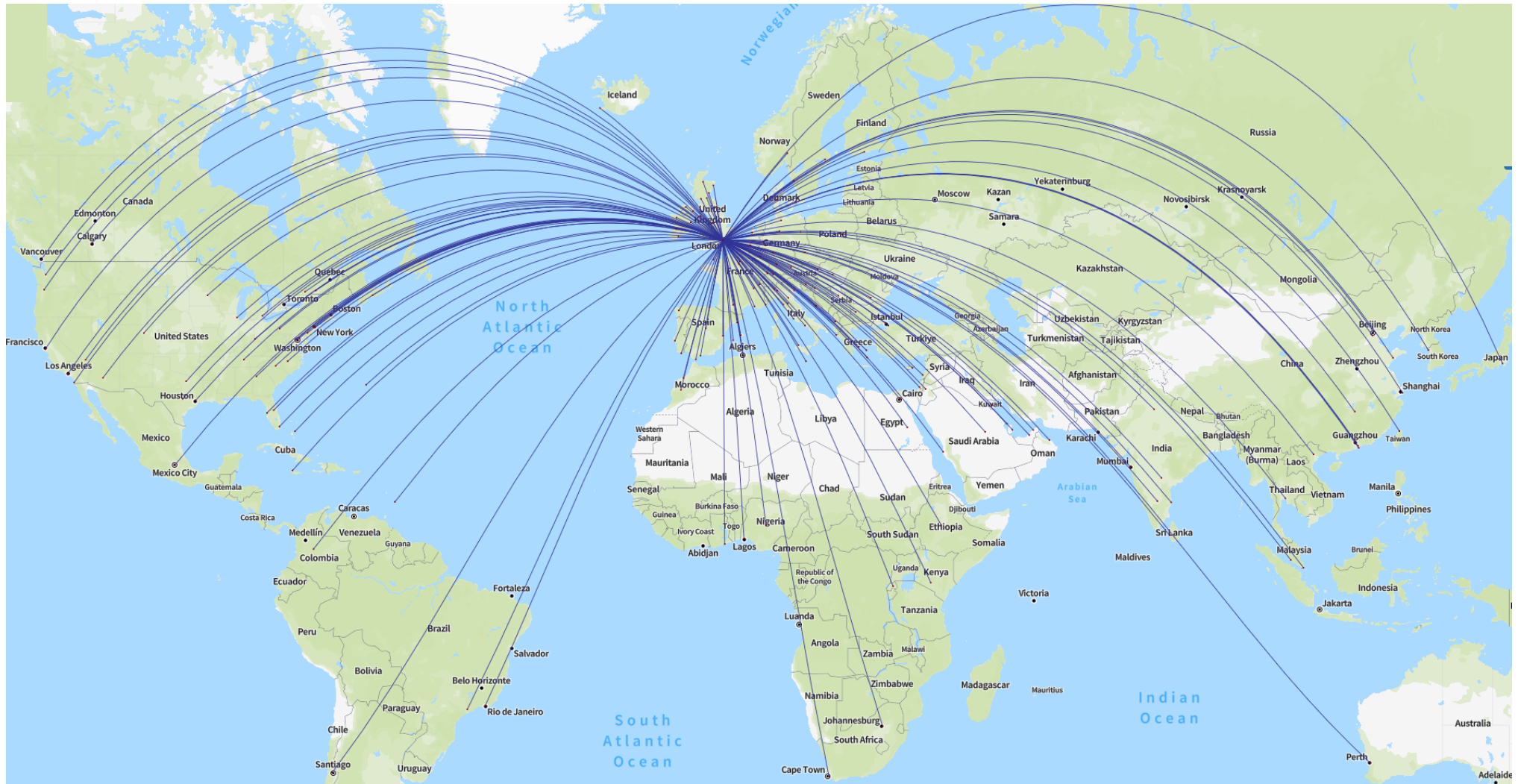
Star Alliance is represented by Lufthansa and its group airlines (Swiss, Eurowings, Austrian, ITA, SN Brussels) along with partners and accounted for 18% of capacity

Leading non-aligned carriers include the other 'ME3s' – Emirates and Etihad.

The aviation market at Heathrow: Destination market mix (a)

Destinations served from Heathrow Airport – Summer 2025

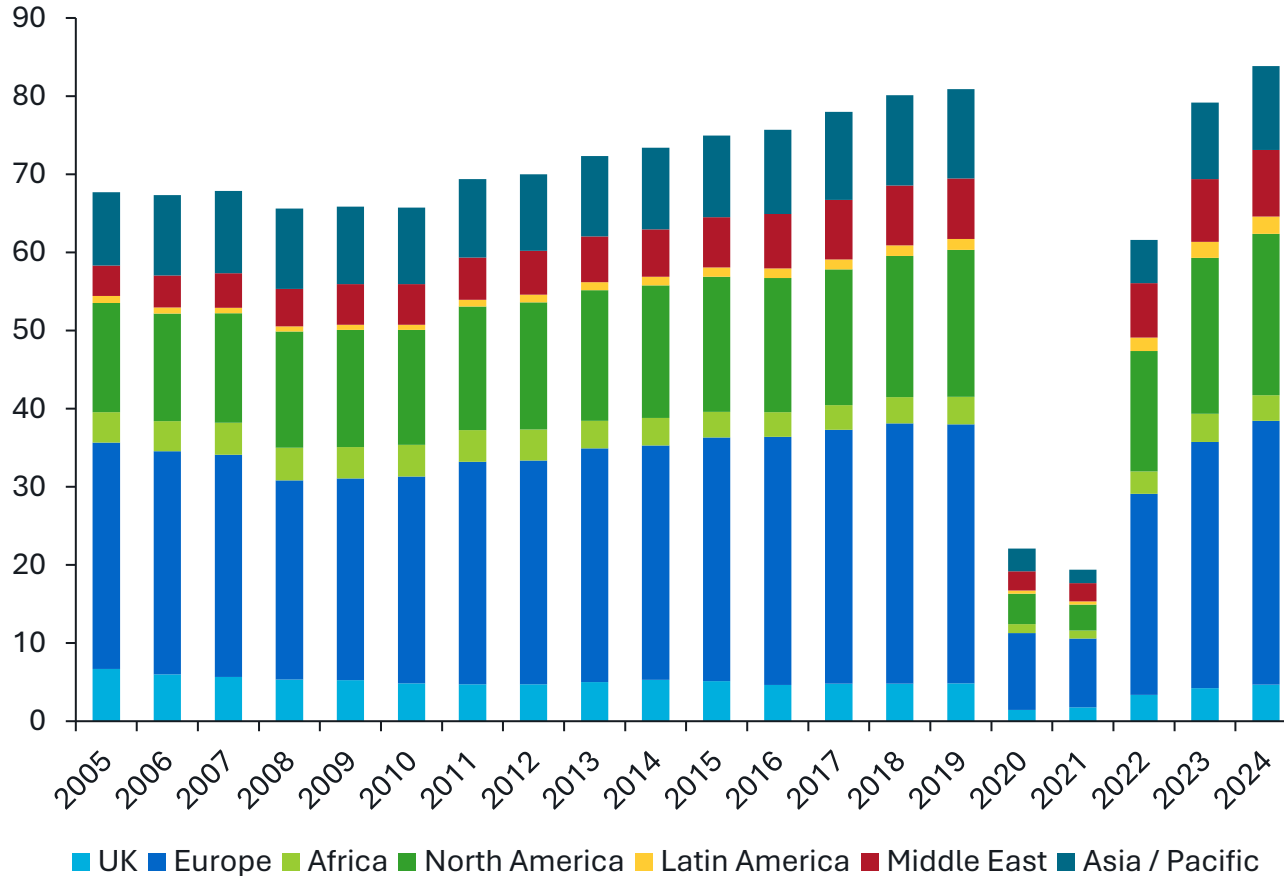
Heathrow is the world's most connected airport, offering passenger flights to 220 destinations worldwide in 2025.



Source: OAG, Steer analysis

The aviation market at Heathrow: Destination market mix (b)

Heathrow Airport – Passengers by destination (world zone), 2005 - 2024
Passengers (m)



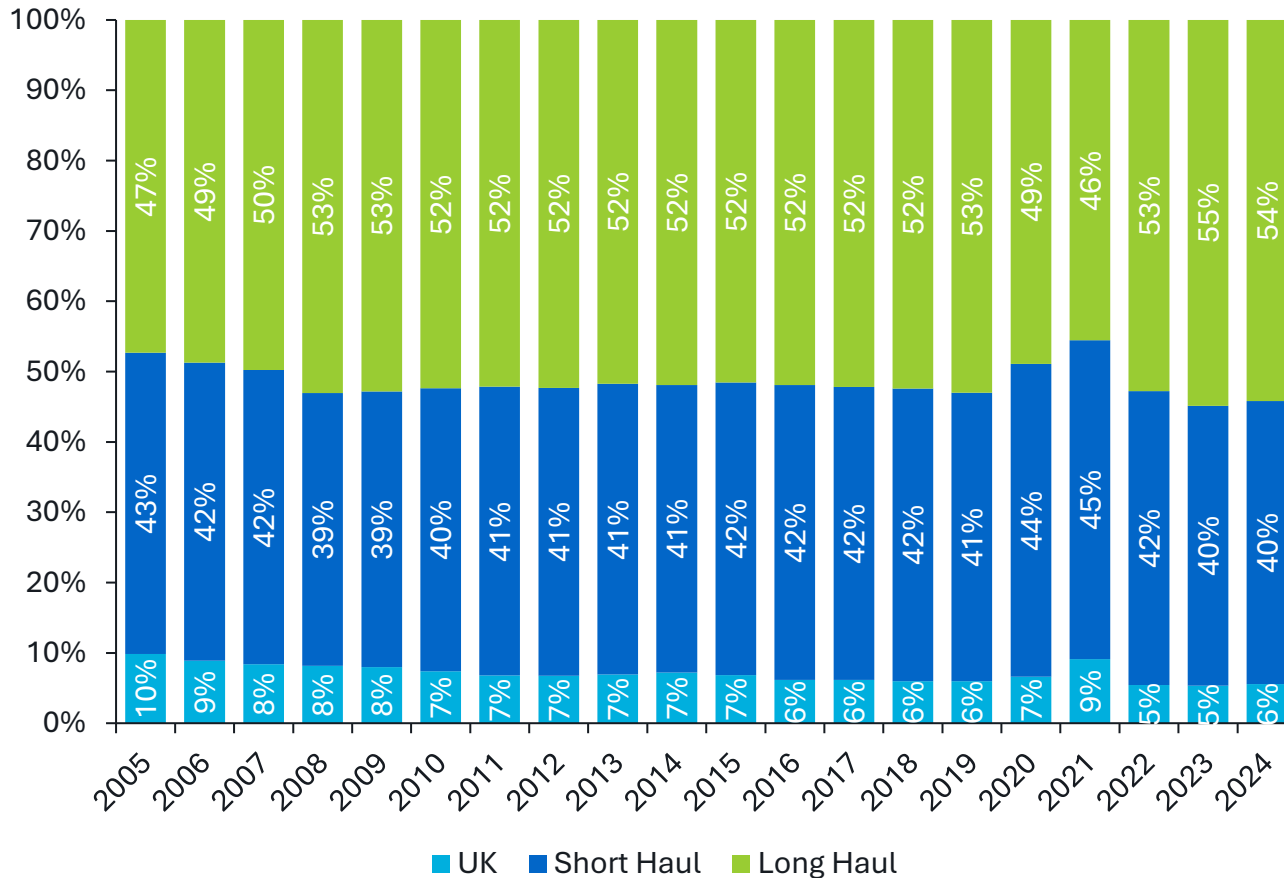
At the world zone level Heathrow’s passenger traffic growth prior to the pandemic was primarily driven by its long haul markets. In general, the same markets have also recovered strongly from the traffic downturn created by the pandemic (with the exception of Africa and Asia/Pacific where COVID-19 restrictions were generally loosened later and which has more recently seen route suspensions due to the war in Ukraine), complemented also by the full recovery of Heathrow’s large market to destinations in the European Union (over 28 million passengers during 2024).

Market	CAGR % 2005-2019	% recovery 2024 vs. 2019
UK	-2.3%	96%
Europe	+1.0%	102%
Africa	-0.7%	94%
North America	+2.2%	110%
Latin America	+3.4%	159%
Middle East	+5.0%	110%
Asia/Pacific	+1.4%	94%
Heathrow Total	+1.3%	104%

Source: HAL

The aviation market at Heathrow: Destination market mix (c)

Heathrow Airport – Passengers by destination (world zone, aggregated), 2005 – 2024
 % of LHR Passengers



At a more macro level, there has been a general ongoing shift in market share at Heathrow, with Long Haul markets growing faster than Short Haul and, in particular, Domestic.

There was some minor reversal of the long term trend during 2024. However, we assess that this reflects temporary airline reactions to impacts from the conflicts in Ukraine and Gaza.

Source: HAL, Steer analysis

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