



2016 Heathrow Investor Events

Airport Expansion

November 2016

Heathrow
Making every journey better

Heathrow today

- **75 million** passengers in 2015
- **Operating at 98% runway capacity**
- **Skytrax Awards** – Best Terminal, Best Western Europe Airport, Best Shopping
- **UK's busiest port by value:** 1.5 million tonnes a year; 29% of non-EU exports
- **180 destinations / 90 countries**
- **World's busiest 2 runway airport**



Our proposal

- **New runway to the north-west**
- **3,500m long** – enough for any aircraft type to use
- **+260,000** annual flight capacity
- **130 million** total annual passenger capacity
- **Revised** following consultation to reduce noise effects and avoid M4/M25 junction



Economic benefits for the UK

- **Up to 180,000** new jobs across the UK
- **Up to £211bn** in economic benefits across the UK
- **Up to 40 new long haul destinations** for exporters
- **Double the freight facilities** at the UK's busiest port by value



Government supports Heathrow expansion – 25 October 2016



“We believe that the expansion of Heathrow Airport and the north-west runway scheme – in combination with a significant package of supporting measures of the scale recommended by the Airports Commission - offers the greatest level of benefit to passengers, business and to help us deliver the broadest possible benefit to the whole of the UK.”

Rt Hon Chris Grayling MP, oral statement to Parliament, 25 October 2016

“A direct link from Newquay to one of the world’s greatest airports would bring huge opportunities for business and tourism in the South West. That is why the new Heathrow runway is such great news for the region”

Theresa May, Prime Minister, Western Morning News (Devon), 27 October 2016

“#Heathrow delivers most strategic benefit to UK & maintains a global hub in London. Will underpin the area’s prosperity for decades to come”

Philip Hammond, Chancellor of the Exchequer, Twitter, 25 October 2016

Government's decision set out conditions on expansion, broadly aligned with Heathrow and Airports Commission

	Measures
Passengers	<ul style="list-style-type: none"> The aim should be to deliver a plan for expansion that keeps landing charges close to current levels
Noise	<ul style="list-style-type: none"> Ban on scheduled night flights of six and a half hours Introduction of clear, legally binding noise targets Predictable periods of respite from aircraft noise Over £700 million allocated to noise insulation
Air quality	<ul style="list-style-type: none"> The Government will make meeting air quality legal requirements a condition of planning approval
Community	<ul style="list-style-type: none"> A mitigation package for the local community most affected by expansion worth up to £2.6 billion
New connections	<ul style="list-style-type: none"> 6 new routes to Belfast International, Liverpool, Newquay, Humberside, Prestwick and Durham Tees Valley

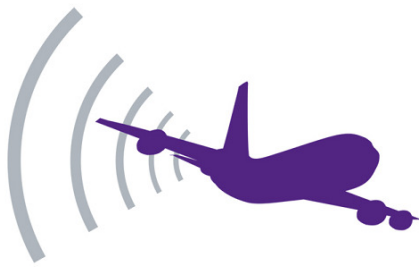
Delivering for our passengers and airlines

- Transformational opportunity for passengers, airlines and Heathrow
 - delivering a next generation, competitive passenger experience
 - cutting end-to-end costs of operation with new technology and operating models
 - reducing ticket prices through greater competition and choice
- Can be delivered affordably for passengers and airlines
- Clear and positive decision from Government enables stronger airline engagement
- Possibility for more flights from existing runways before 2025 subject to consultation

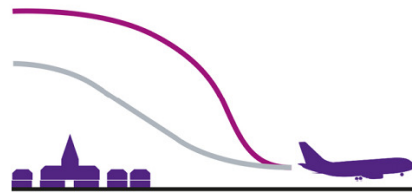
Reducing noise

Noise-mitigating measures have been implemented or are being trialled.

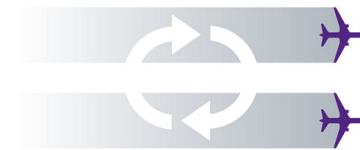
“The Airports Commission concluded that even with the extra flights added by the airport’s expansion fewer people would be affected by noise from Heathrow by 2030 than are today.”



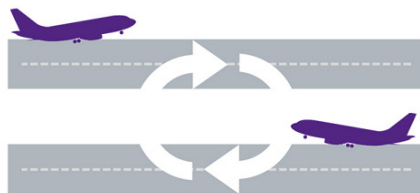
Quieter aircraft



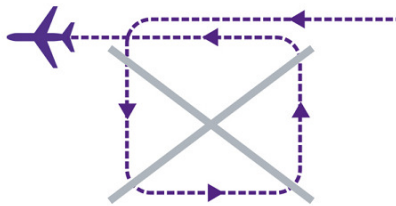
Steeper approaches



Respite through
alternated flight paths



Runway alternation



End of routine stacking

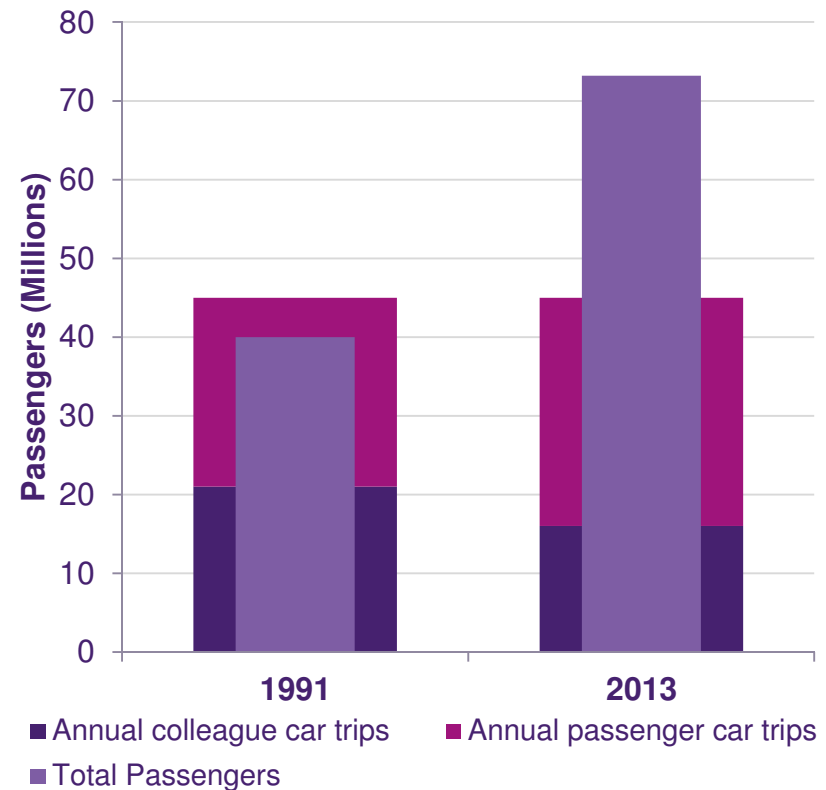


Increased time
without night flights

Extending Heathrow's record in managing air quality

- Emissions cut by 16% over 5 years
- Government, University of Cambridge and Heathrow analysis independently concludes expansion can be delivered within European air quality limits
- Heathrow pledges:
 - no increase in airport-related road traffic
 - target of over 50% passengers using public transport to access airport

Track record of achieving passenger growth without any more cars on the road

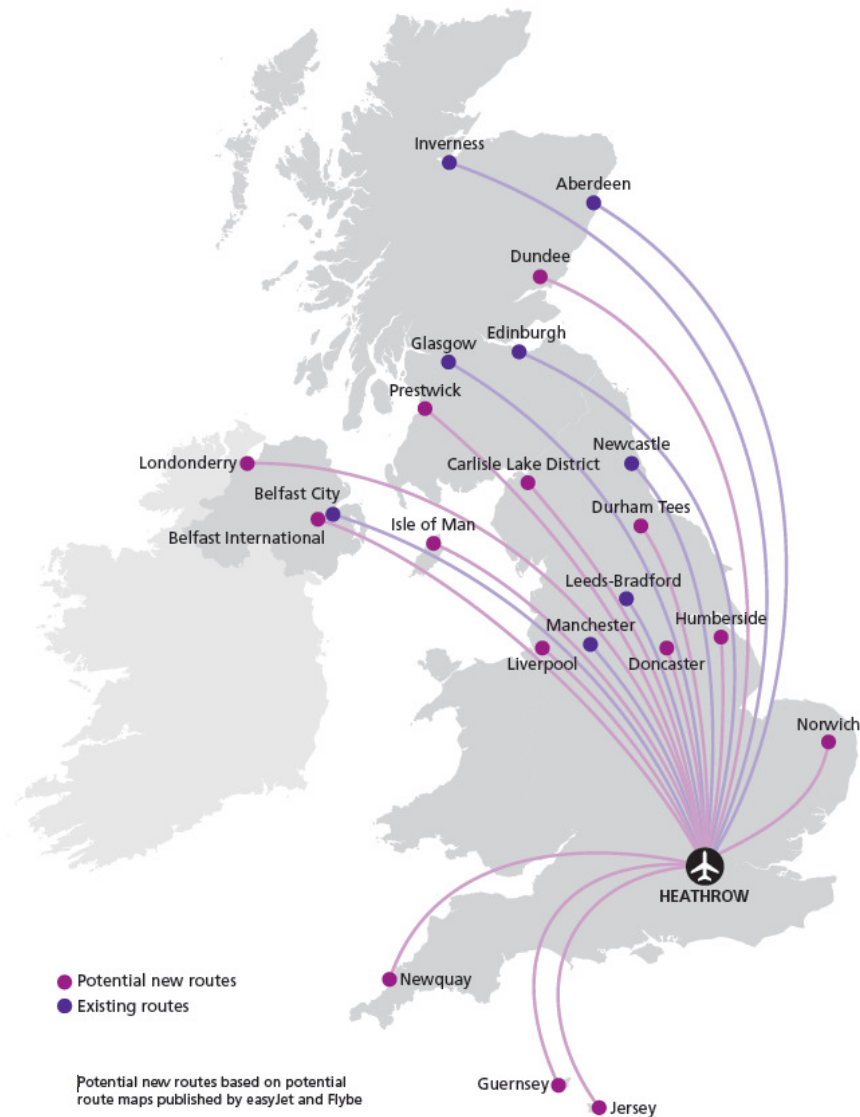


Ensuring local communities benefit from expansion



Supporting new connections to the UK's regions

Indicative airline route maps



What happens next?

Government's View



Early 2017

Draft Airports National Policy Statement (NPS) published

The NPS will set out the Government's position for developing a new runway by 2030.

Spring – Summer 2017

Select Committee Scrutiny of Draft NPS

The opportunity for parliamentary scrutiny of the draft NPS by the appointed Select Committee.

Late 2017/early 2018

Publication of final Airports National Policy Statement

Government publishes final NPS in Parliament, with a subsequent debate followed by a vote.

2018 – 2021/22

Promoter takes forward scheme

Once the National Policy Statement has been designated, Heathrow is able to begin the formal process of seeking planning permission, which includes further consultation with local communities.

Early 2017

Start of national and local consultation on contents of draft NPS

This will include a series of local and regional events around the country and in the vicinity of the selected airport. Expected to last for 16 weeks until Spring 2017.

Summer – Autumn 2017

Analysis and review of responses & revision of NPS

Full analysis of all responses received during the public consultation and associated events. Government reviews responses to the consultation and final report from the Select Committee and the NPS is revised to take these into account.

Late 2017/early 2018

Designation of National Policy Statement

Assuming the final NPS passes the parliamentary vote, it can be designated by the Transport Secretary.

2025 – late 2020's

New runway operational

Assuming the planning and construction process runs in line with the timetable set out by Heathrow, the new runway is expected to be operational between 2025 and late 2020's.

Heathrow

Making every journey better

Regulatory context

- CAA welcomed UK government decision and laid out key priorities
 - value for money and cost efficiency must be designed in
 - thorough and meaningful process of strategic engagement with airline community
 - CAA will monitor engagement and report back to transport secretary by end 2017
 - importance of engaging with local communities
- CAA already engaged in expansion process
 - Q6 expected to be extended by one year with a further year's extension to be considered
 - consulted on costs related to obtaining planning permission ('Category B') from July 2016 with outcome expected to be confirmed before end 2016
 - framework for recovering future construction costs ('Category C') to be developed and consulted on

Near term financial implications

- Financing principles
 - target existing investment grade credit ratings
 - existing debt financing platform demonstrably scalable
 - confident of sufficient debt market capacity
- Very manageable incremental financing requirement prior to commencing construction
- Category B costs (related to obtaining planning permission) principles
 - 2017 costs associated estimated to be ~£100m; more details in December 2016 investor report
 - total costs estimated at £250-350m to 2019/2020

We are confident expansion is deliverable

- Right answer for the whole of the UK economy
 - significant local and national wealth and job creation
- Overwhelming political, local community, airline, union and business support for expansion
- Heathrow plan and Airports Commission conditions address local and environmental issues
 - 6.5 hours without scheduled night flights
 - mitigation package of c. £2.6bn
- Track record of delivering major projects on time and budget
 - Terminal 5 and Terminal 2
 - Chairman's experience with London 2012
- Strong financial resources
 - high quality, committed shareholder base
 - established debt financing platform, including bond issuance in 6 currencies

What an expanded Heathrow could look like



Disclaimer

This presentation has been prepared by the Heathrow Group solely for information and reference purposes. This presentation must not be reproduced (in whole or in part, directly or indirectly) by any person, without the prior written consent of the Heathrow Group. Nothing in this presentation constitutes or shall be deemed to constitute an offer or solicitation to buy or sell or to otherwise deal in any securities, or any interest in any securities, and nothing herein should be construed as a recommendation or advice to invest in any securities.

This presentation may contain forward looking statements that reflect the current judgment of the management of the Heathrow Group regarding conditions that it expects to exist in the future. Forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in the future and, accordingly, are not guarantees of future performance. Management's assumptions rely on its operational analysis and expectations for the operating performance of each of the Heathrow Group's assets based on their historical operating performance and management expectations as described herein. Factors beyond management's control could cause events to differ from such assumptions and actual results to vary materially from the expectations discussed herein. Recipients are cautioned that the assumptions and forecast information that may be included herein are not fact and should not be relied upon as being necessarily indicative of future results and are cautioned not to place undue reliance on such assumptions and forecast information. Each of the Heathrow Group and its representatives (including employees, officers, contractors and professional advisers) expressly disclaim any obligation or undertaking to update any forward-looking statements contained in this presentation.

The information and opinions contained in this presentation and provided in connection with this presentation are provided as at the date of this presentation and are subject to change without notice (and any such change may be material).

The information contained in this presentation is compiled from Heathrow Group data and, to the extent available, other third party data, including governmental, industry, market and other official or third party sources. Any third party information contained in this presentation has been obtained from public sources believed to be reliable, but no guarantee can be given as to the accuracy or completeness of such third party data. Please note that this presentation and any other information or opinions provided in connection with this presentation have not been independently verified or reviewed, including by the Heathrow Group's auditors. Accordingly, this presentation and any other information or opinions provided in connection with this presentation may not contain all material information concerning the Heathrow Group and no representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of this presentation and any other information or the opinions provided in connection with this presentation, and no person shall have any right of action (in negligence or otherwise) against the Heathrow Group and/or its representatives (including employees, officers, contractors and professional advisers) in relation to the accuracy or completeness of any such information or in relation to any loss howsoever arising from any use of this presentation or the information or opinions provided in connection with this presentation or otherwise arising in connection with the presentation. Each of the Heathrow Group and its representatives expressly disclaim any obligation or undertaking to update any information or opinions contained in this presentation or provided in connection with this presentation.

This document has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Heathrow Group nor any person who controls it (nor any director, officer, employee not agent of it or affiliate or adviser of such person) accepts any liability or responsibility whatsoever in respect of the difference between the document sent to you in electronic format and any hard copy version made available to you.

By accepting delivery of and/or reading this presentation you acknowledge and agree to be bound by the obligations and restrictions set out above.

Heathrow

Making every journey better