

# BAA (SP) Limited

Results for three months ended 31 March 2011

April 2011



- Improved service standards
- Continued Heathrow traffic growth
- Strong financial results
- 2011 financial outlook re-confirmed

## Q1 2011 highlights

### Traffic and retail performance

Total passenger traffic	+0.6%
Heathrow passenger traffic	+2.5%
NRI per passenger	+7.0%

### Key financial highlights

Revenue	+5.6%
Adjusted EBITDA	+15.4%

### Investment and financing

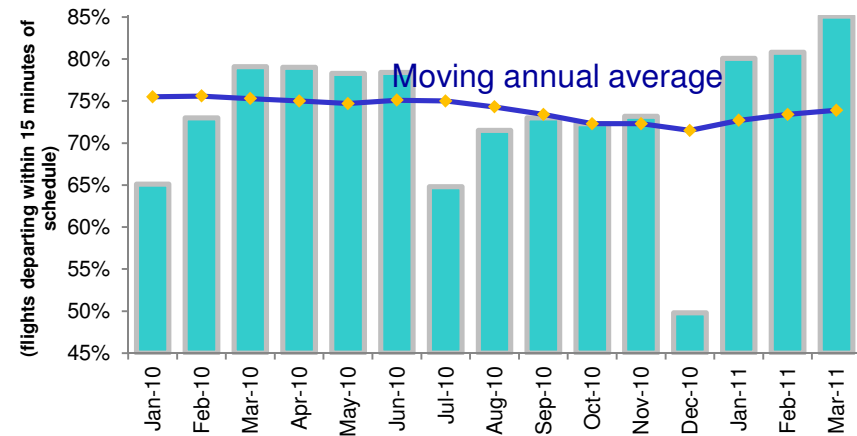
Capital expenditure	£210.1m
Net debt	£9,928.5m
RAB	£13,121.9m

See page 19 for notes and defined terms

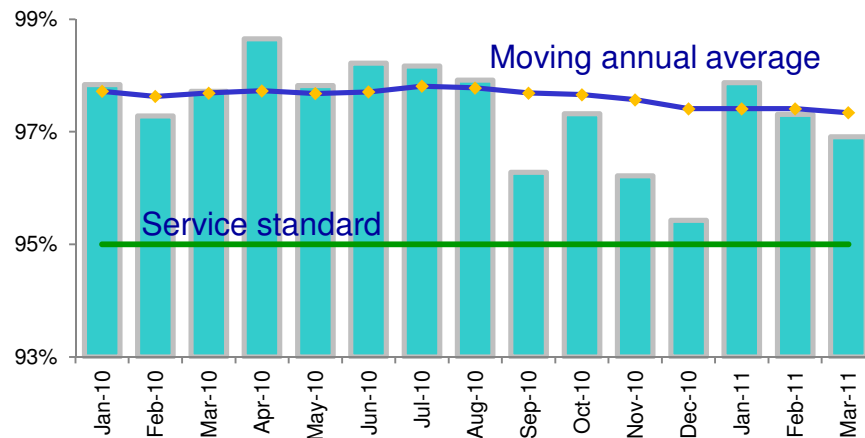
# Improved service standards

- February saw Heathrow's best ever baggage misconnect performance
- March Heathrow departure punctuality highest in recent years
- Consistent security queuing standards

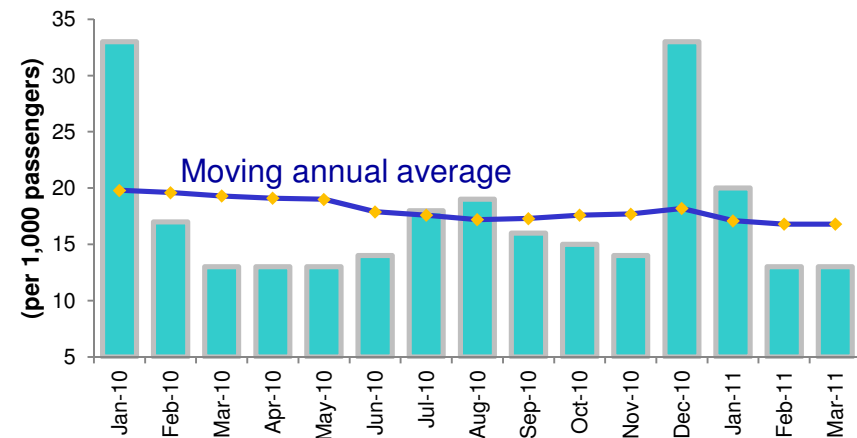
### Heathrow departure punctuality



### Heathrow security queuing (<5 minutes)



### Heathrow baggage misconnect rate



## Over £200 million capital invested at Heathrow

- Significant work across new Terminal 2's full scope
  - main terminal building
  - satellite building
  - multi-storey car park
- Terminal 5C opening imminently
- Major works to commence on new Terminal 3 baggage system



Terminal 2 site – March 2011

## Continued Heathrow traffic growth

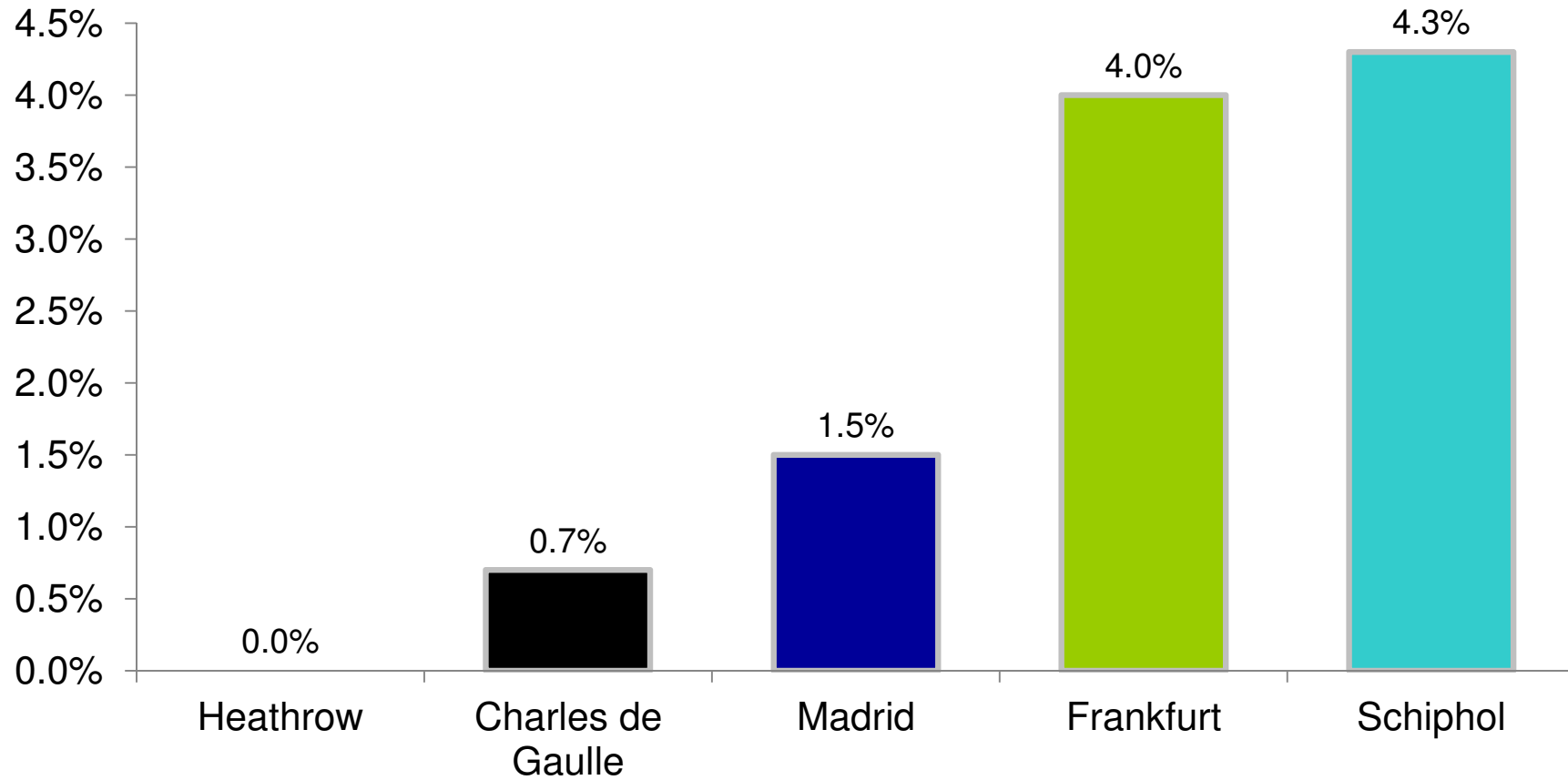
- Year on year performance comparisons affected by
  - different timing of Easter
  - severe weather and strikes in 2010
  - Middle East/North Africa unrest in 2011
- More cautious traffic outlook
  - for 2011 and subsequent years

<b>Passenger traffic</b>			
3 months ended 31 March			
	2010 (m)	2011 (m)	Change
<i>By airport</i>			
Heathrow	14.6	15.0	2.5%
Stansted	3.9	3.7	-6.6%
<b>Total</b>	<b>18.6</b>	<b>18.7</b>	<b>0.6%</b>
<i>By market served</i>			
UK	1.5	1.5	0.6%
Europe	9.1	9.1	0.2%
Long haul	7.9	8.0	0.9%
<b>Total</b>	<b>18.6</b>	<b>18.7</b>	<b>0.6%</b>

See page 19 for notes and defined terms

# Heathrow's year on year performance still reflects 2010 disruptions

Change in passenger traffic in year ended 31 March 2011



## Consistent priorities

**Focus on Heathrow**

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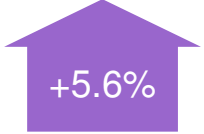

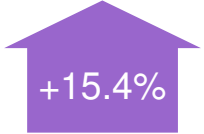



**Making every journey better**

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**Address policy and regulatory issues**

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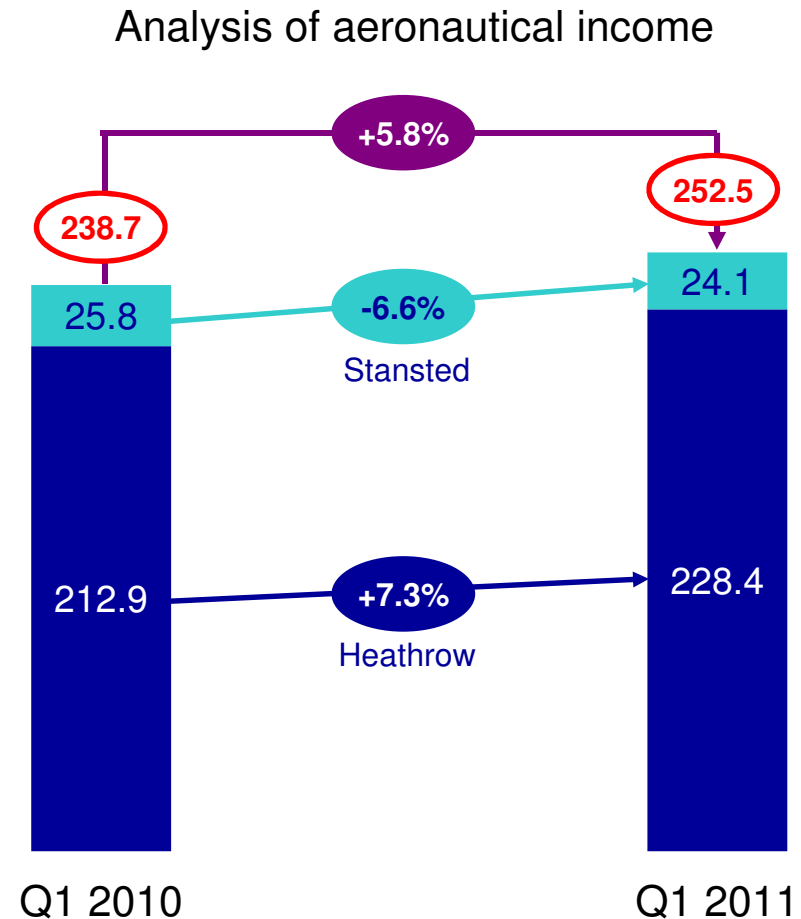
# A strong start to 2011

(figures in £m)	Q1 2010	Q1 2011	Change
Turnover	456.1	<b>481.5</b>	 +5.6%
Adjusted operating costs	282.0	<b>280.6</b>	 -0.5%
Adjusted EBITDA	174.1	<b>200.9</b>	 +15.4%
Consolidated net debt (BAA (SP))	9,921.2	<b>9,928.5</b>	 +0.1%
Consolidated net debt (BAA (SH))	10,401.1	<b>10,428.2</b>	 +0.3%
RAB (Regulatory Asset Base)	12,776.0	<b>13,121.9</b>	 +2.7%



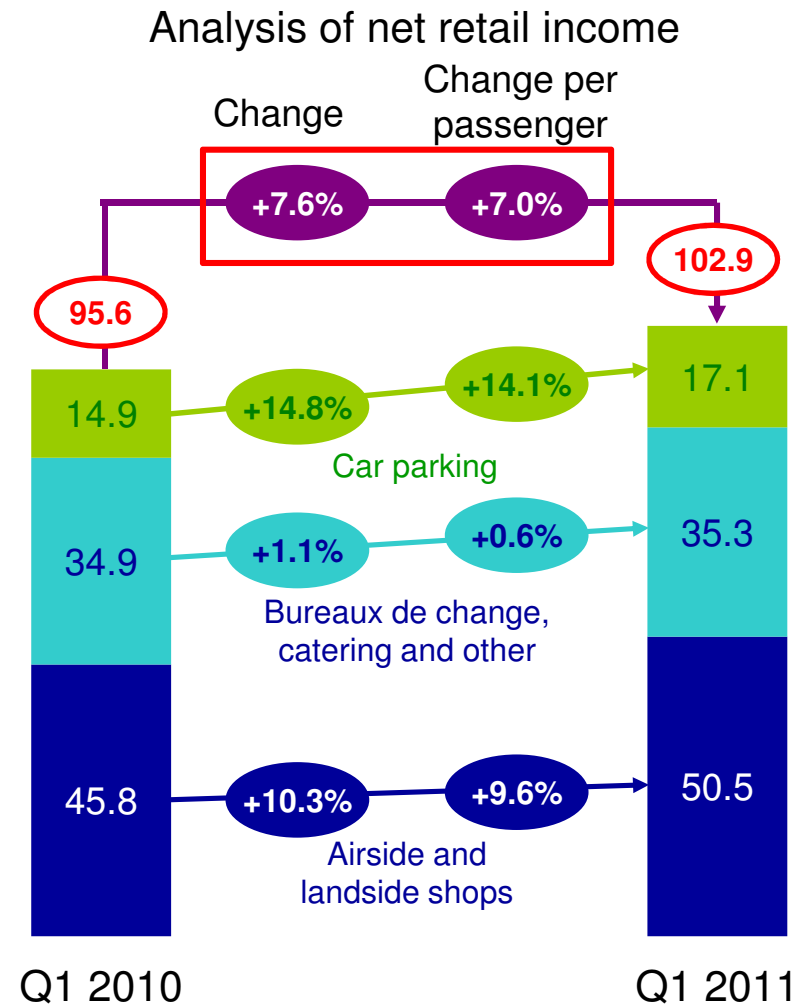
# Revenue growth in aeronautical income...

- Heathrow income reflects
  - tariff and traffic increases
- Stansted income reflects
  - lower tariffs and traffic partially offset by increased aircraft parking times
- Tariff increases and change in Heathrow tariff structure implemented on 1 April 2011



## ...and continued excellent retail performance...

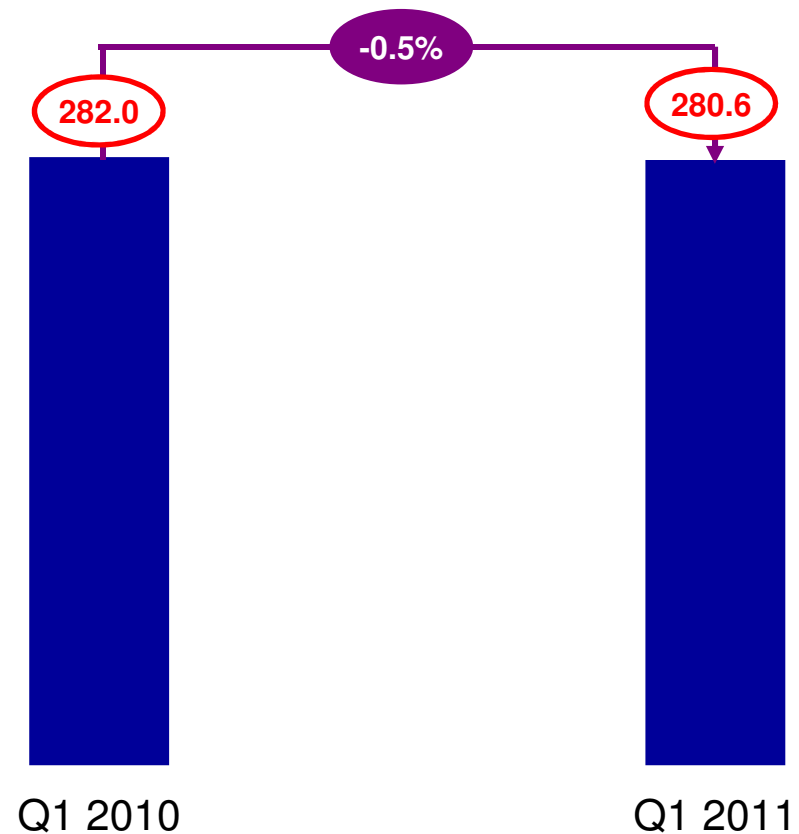
- Net retail income per passenger up 7.0% to £5.51
  - Heathrow: +7.3%
  - Stansted: +2.0%
- Continued tax and duty-free and airside specialist shops momentum
  - luxury goods
  - additional space
- Significant car parking improvement
  - across Heathrow and Stansted
  - transaction volumes and tariff increases
  - greater premium usage
- Heathrow wins Skytrax global retail award again



...combined with good cost control...

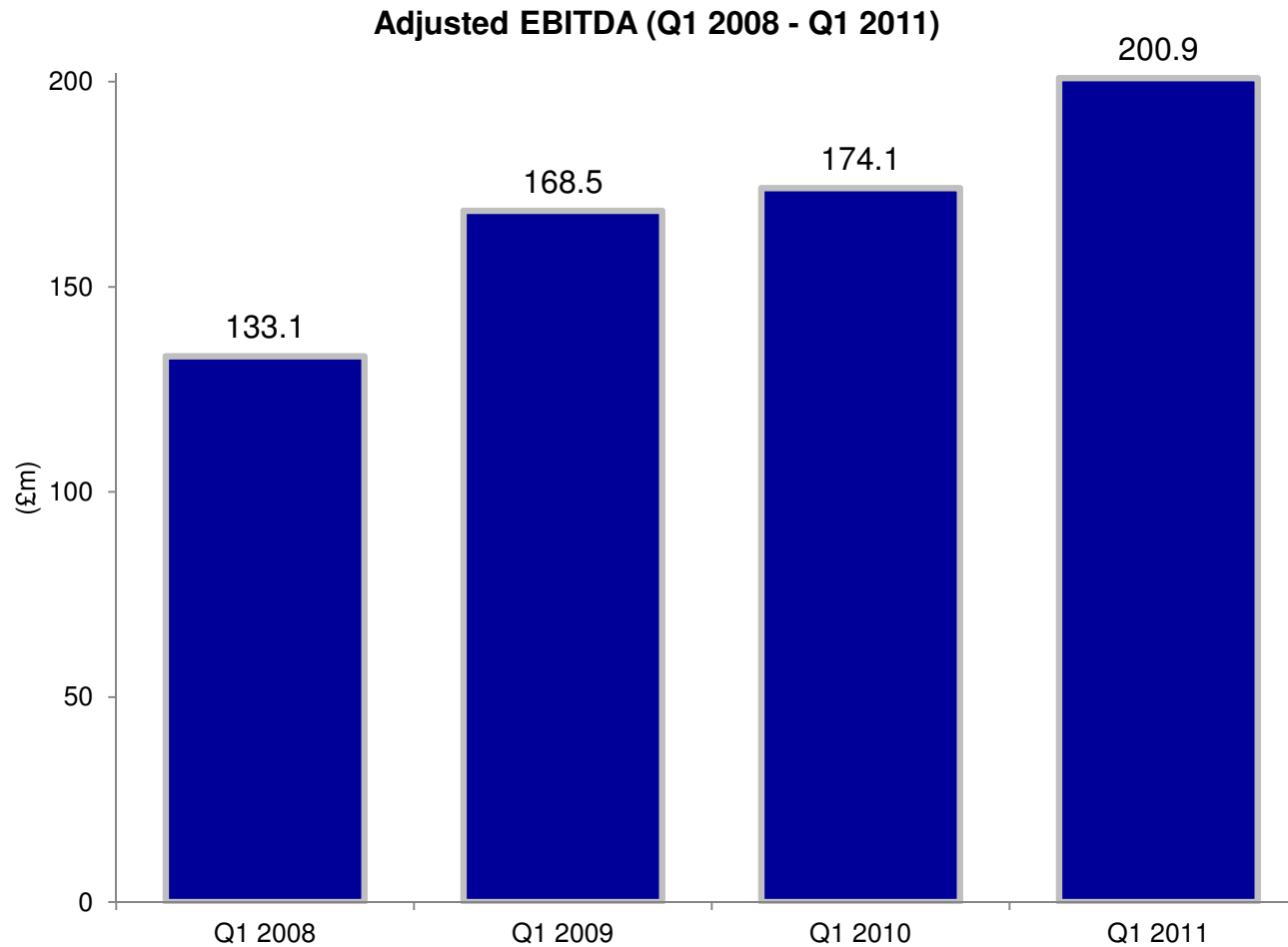
- Q1 2011 cost performance beat budget
- 2011 full year budget cost increases phased mainly in last 9 months
- Q1 cost reduction v 2010
  - no recurrence of January 2010's severe winter weather
  - lower gas prices and electricity consumption
  - cost reductions partially offset by employment costs and rents and rates

Analysis of adjusted operating costs



See page 19 for notes and defined terms

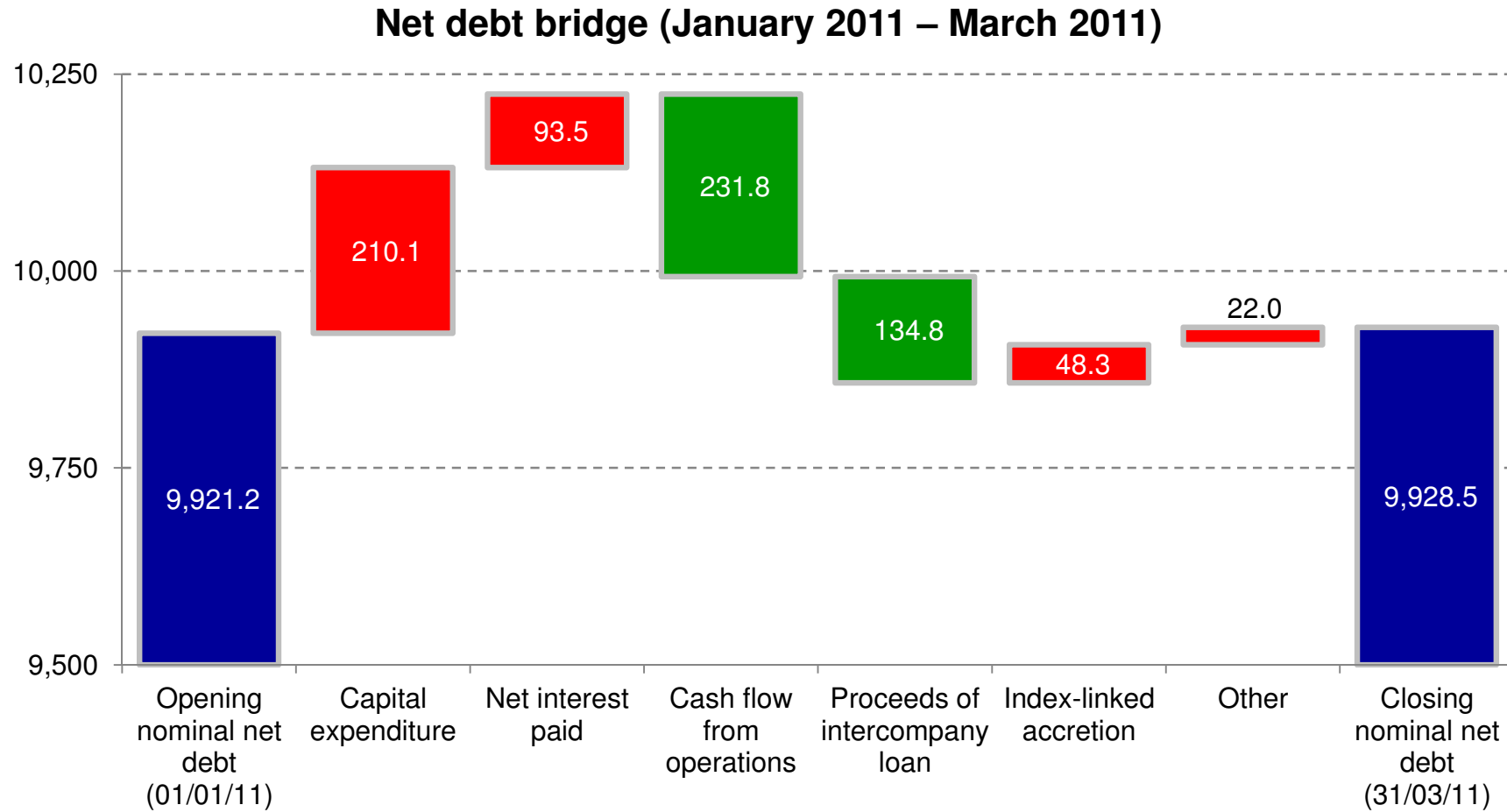
...have led to increased Adjusted EBITDA, supporting significant capital investment



## Reconciliation of interest payable with interest paid

	Q1 2010		Q1 2011	
<i>(figures in £m)</i>	Total	SP debenture	External debt	Total
Net interest payable (profit and loss account)	(196.0)	(13.3)	(293.8)	(307.1)
Adjust for fair value loss on financial instruments	15.0	0.0	115.4	115.4
Net interest payable net of fair value loss	(181.0)	(13.3)	(178.4)	(191.7)
Amortisation of financing fees and fair value adjustments	12.5	0.0	12.4	12.4
Interest capitalised	(4.7)	0.0	(7.1)	(7.1)
Underlying net interest payable	(173.2)	(13.3)	(173.1)	(186.4)
<b>Other adjustments to reconcile to interest paid</b>				
Derivative interest prepayment amortisation	35.8	0.0	19.8	19.8
Movement in interest accruals/accretion/other	34.4	(3.9)	77.0	73.1
Net interest paid (cash flow statement)	(103.0)	(17.2)	(76.3)	(93.5)

# Modest underlying increase in net debt



# Gearing headroom maintains recent trend



## Conclusion

- Improved service standards
- Continued Heathrow traffic growth
- Excellent retail momentum continues
- Strong financial results
- 2011 financial outlook re-confirmed



# Appendix

# BAA (SP)'s consolidated net debt at 31 March 2011

		Debt outstanding at 31 March 2011		Amount and features of available facilities			
		Amount		Local currency	S&P/Fitch Rating	Maturity	
		(£m)		(m)	(£m)		
<b>Senior (Class A)</b>							
Bonds		680.2		999.9	680.2	A-/A-	2012/14
		396.4		396.4	396.4	A-/A-	2013/15
		512.9		749.9	512.9	A-/A-	2014/16
		299.9		299.9	299.9	A-/A-	2016/18
		433.8		500.0	433.8	A-/A-	2016/18
		510.2		750.0	510.2	A-/A-	2018/20
		249.8		249.8	249.8	A-/A-	2021/23
		749.6		749.6	749.6	A-/A-	2023/25
		700.0		700.0	700.0	A-/A-	2026/28
		199.9		199.9	199.9	A-/A-	2028/30
		900.0		900.0	900.0	A-/A-	2031/33
		250.4		250.4	250.4	A-/A-	2039/41
<b>Total bonds</b>		<b>5,883.1</b>		<b>5,883.1</b>			
Bank debt	Refinancing Facility	1,195.3		1,195.3	1,195.3	A-/A-	2012/13
	EIB Facility	324.0		324.0	324.0	n/a	2011/22
	Capex Facility	1,260.0		2,300.0	2,300.0	n/a	2013
	Working Capital Facility	0.0		50.0	50.0	n/a	2013
<b>Total bank debt</b>		<b>2,779.3</b>		<b>3,869.3</b>			
<b>Total senior debt</b>		<b>8,662.4</b>		<b>9,752.4</b>			
<b>Junior (Class B)</b>							
Bonds		400.0		400.0	400.0	BBB/BBB	2018
Bank debt	Refinancing Facility	103.0		103.0	103.0	BBB/BBB	2013
	Term Loan Facility	625.0		625.0	625.0	n/a	2014
	Capex Facility	0.0		400.0	400.0	n/a	2013
<b>Total junior debt</b>		<b>1,128.0</b>		<b>1,528.0</b>			
<b>Gross debt</b>		<b>9,790.4</b>		<b>11,280.4</b>			
<b>Cash</b>		<b>(39.4)</b>					
<b>Index-linked derivative accretion</b>		<b>177.5</b>					
<b>Net debt</b>		<b>9,928.5</b>					

Net debt is calculated on a nominal basis excluding intra-BAA group loans and including index-linked accretion

# Notes and defined terms

- Page 2
  - Percentage changes are relative to 2010
  - Adjusted EBITDA: earnings before interest, tax, depreciation and amortisation and exceptional items; NRI: net retail income; RAB: Regulatory Asset Base
  - Net debt is consolidated BAA (SP) Limited figure calculated on a nominal basis excluding intra-BAA group loans and including index-linked accretion
- Page 5
  - Totals and percentage change calculated using un-rounded passenger numbers
  - European traffic includes North African charter traffic
- Page 8
  - Adjusted operating costs exclude depreciation, amortisation and exceptional items
  - Adjusted EBITDA: earnings before interest, tax, depreciation and amortisation and exceptional items
  - Consolidated net debt at BAA (SP) Limited and BAA (SH) plc is calculated on a nominal basis excluding intra-BAA group loans and including index-linked accretion
- Page 11
  - Adjusted operating costs exclude depreciation, amortisation and exceptional items
- Page 12
  - Adjusted EBITDA: earnings before interest, tax, depreciation and amortisation and exceptional items
  - Adjusted EBITDA for Q1 2008 and Q1 2009 is in respect of continuing operations only, i.e. excluding Gatwick
- Page 14
  - Other net debt movement primarily reflects a payment of historic accretion on restructured index-linked swaps, further costs relating to the Gatwick disposal and group relief payments
  - The intercompany loan injected £134.8 million into BAA (SP) Limited from elsewhere in the BAA group with £110.0 million coming from Naples airport disposal proceeds and £24.8 million from excess cash at BAA (SH) plc from its refinancing completed in 2010
- Page 15
  - Gearing is the ratio of external nominal net debt (including index-linked accretion) to the RAB (regulatory asset base)
  - The intercompany loan injected £134.8 million into BAA (SP) Limited from elsewhere in the BAA group with £110.0 million coming from Naples airport disposal proceeds and £24.8 million from excess cash at BAA (SH) plc from its refinancing completed in 2010

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