



Heathrow (SP) Limited (formerly BAA (SP) Limited)

Results for nine months ended 30 September 2012

October 2012

- Record Heathrow traffic despite reduced peak summer volumes
- Record passenger satisfaction through Olympics period
- Resilient financial results
- Stansted disposal underway

Highlights of first nine months of 2012

Traffic and retail performance

Total passenger traffic	-0.5%
Heathrow passenger traffic	+0.6%
NRI per passenger	+4.7%

Key financial highlights

Revenue	+8.2%
Adjusted EBITDA	+9.6%

Investment and financing

Capital expenditure	£832.8m
Net debt (senior and junior)	£11,282.6m
RAB	£14,518.9m

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Record Heathrow traffic for 2012 to date

- Monthly Heathrow records in January, April, June and September
- Business and leisure traffic lower in July and August
 - performance normalised in September
- North Atlantic traffic driving Heathrow growth
- Summer traffic shortfall unlikely to be recovered in rest of 2012
 - 2012 Heathrow traffic previously forecast to be 70.9 million

Passenger traffic

9 months ended 30 September
2011 (m) 2012 (m) Change

By airport

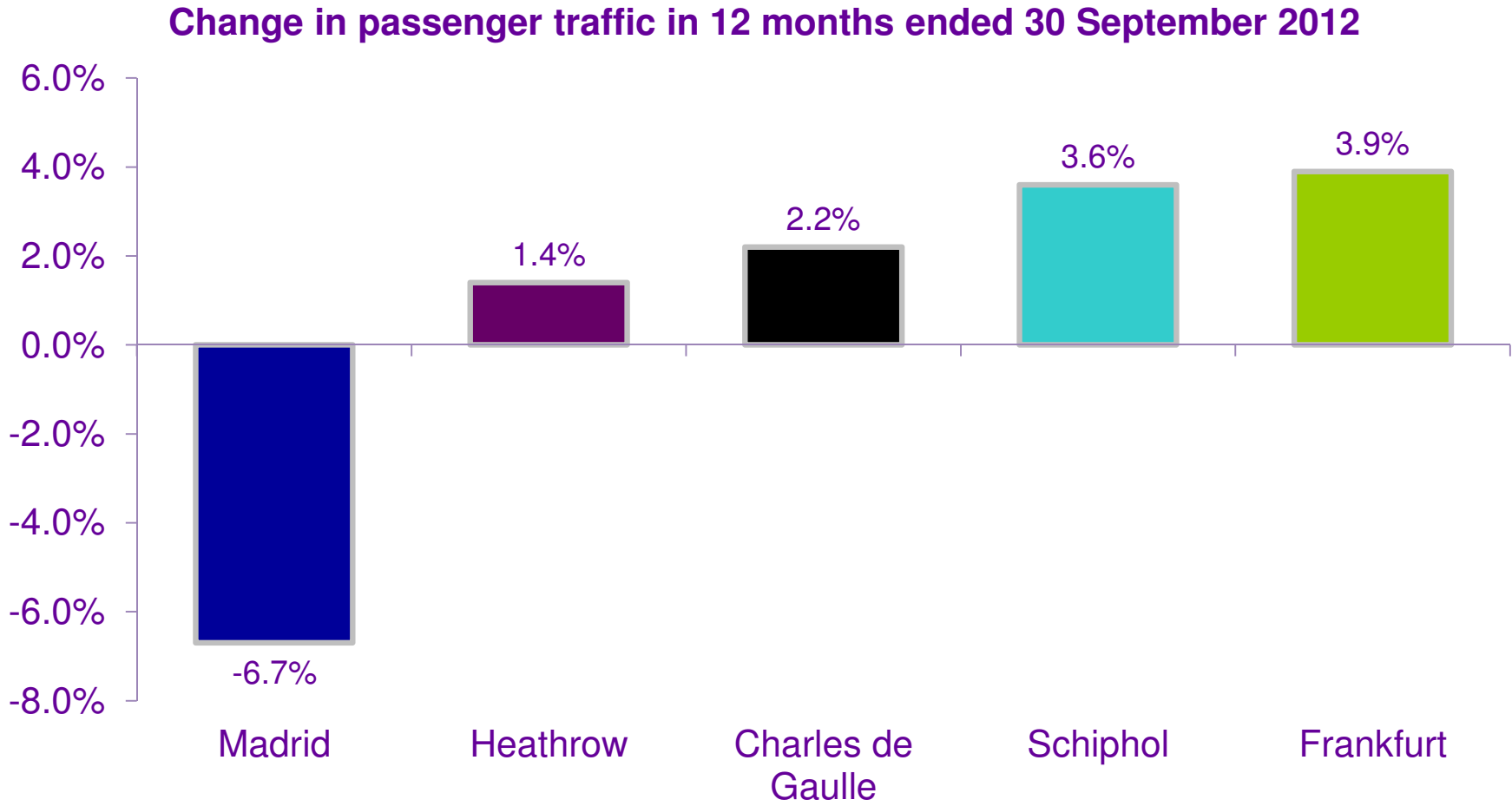
Heathrow	52.6	53.0	0.6%
Stansted	14.1	13.5	-4.6%
Total	66.7	66.4	-0.5%

By market served

UK	4.7	4.5	-3.9%
Europe	34.2	33.8	-1.0%
Long haul	27.9	28.1	0.7%
Total	66.7	66.4	-0.5%

See page 17 for notes and defined terms

Heathrow's traffic performance resilient versus other major European hub airports



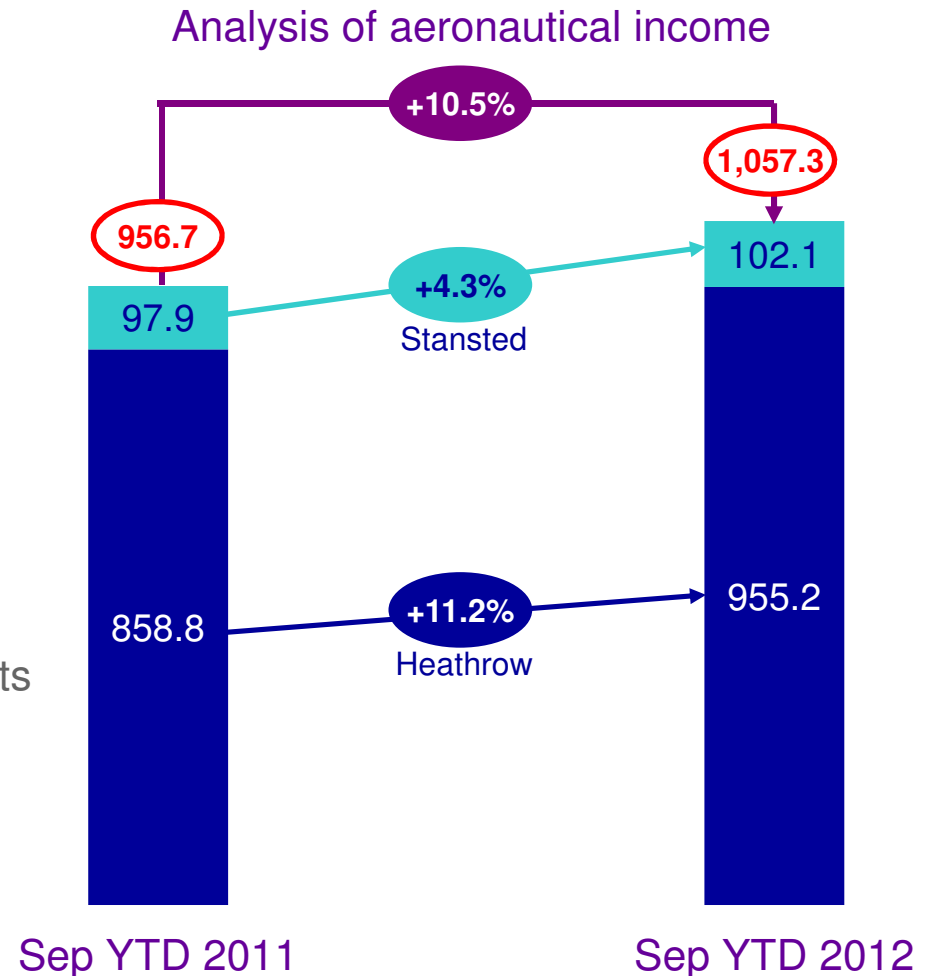
Resilient 2012 financial performance

(figures in £m unless otherwise stated)	Sep YTD 2011	Sep YTD 2012	Change
Revenue	1,703.3	1,843.6	+8.2%
Adjusted operating costs	861.1	920.7	+6.9%
Adjusted EBITDA	842.2	922.9	+9.6%
	Q4 2011	Q3 2012	
Consolidated Heathrow (SP) net debt	10,442.6	11,282.6	+8.0%
Consolidated Heathrow Finance net debt	10,992.2	11,848.6	+7.8%
RAB (Regulatory Asset Base)	13,849.7	14,518.9	+4.8%

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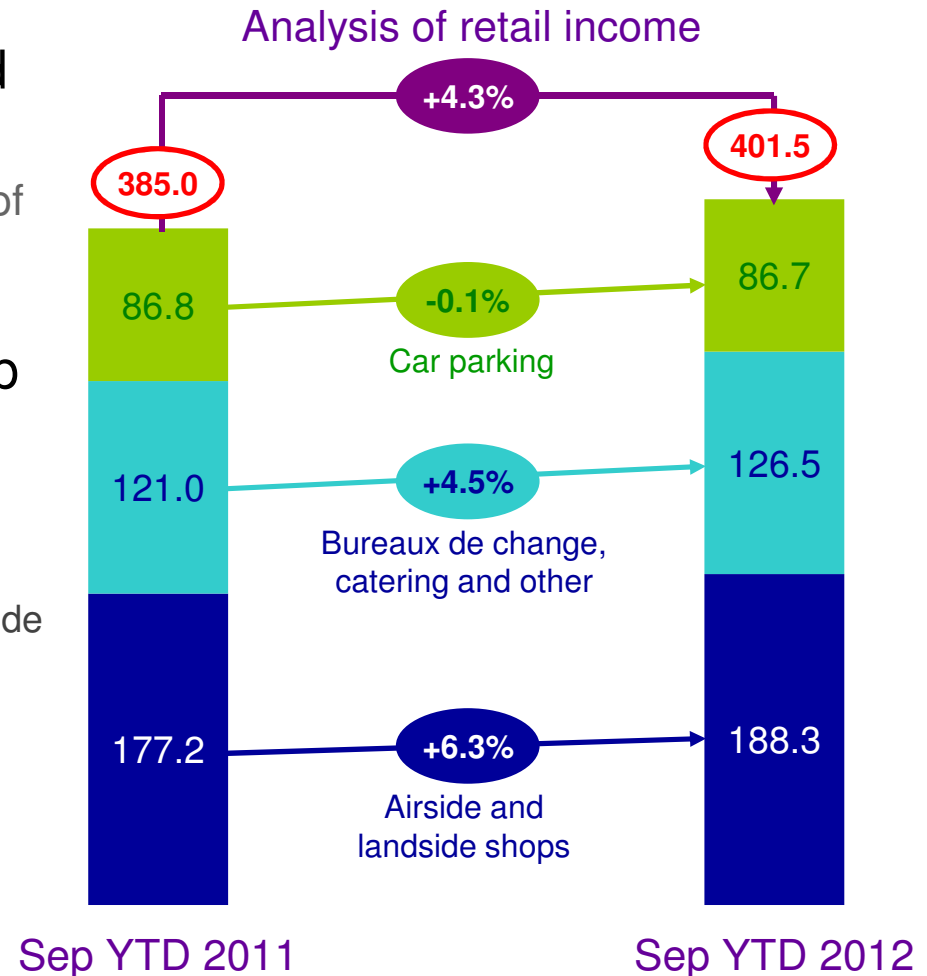
Good aeronautical income growth continues...

- Year on year growth of 10.5%
 - principally reflects tariff increases
- Heathrow yield dilution
 - quieter aircraft, higher proportion of transfer passengers and lower aircraft parking charges
- Yield shortfall recovered through 'K' factor in 2013/14 and 2014/15
- Stansted income
 - tariff increases and lower tariff discounts more than offset declining passengers
- 10.4% headline Heathrow tariff increase from 1 April 2013



...and strong recent retail performance...

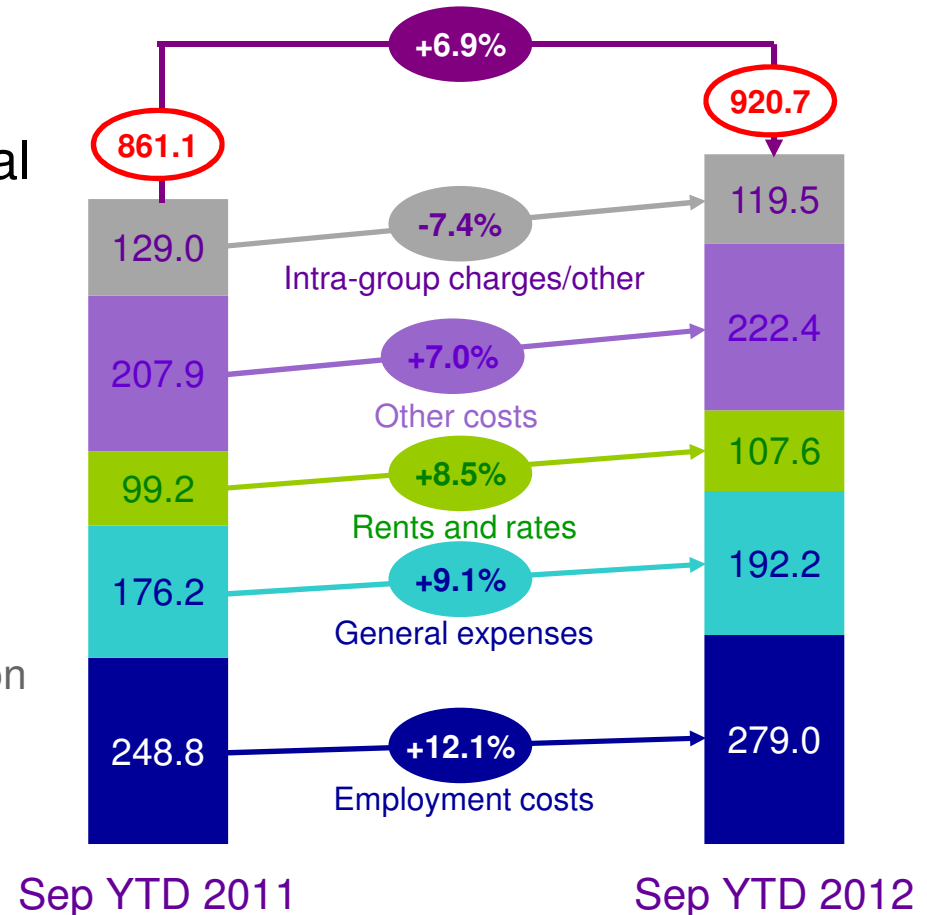
- Retail income up 4.3% and around 5% on underlying basis
 - underlying growth adjusts for benefits of around £5 million in Q2 2011 and £2 million in Q3 2012 (Olympics-related)
- Net retail income per passenger up 4.7% to £5.68 (up 8.9% in Q3)
 - Heathrow
 - +4.8% (underlying: approximately 6%)
 - growth driven by duty and tax-free, airside specialist shops, bureaux de change, catering and advertising
 - Stansted
 - +2.5% due to airside specialist shops, catering and advertising



...together with moderating cost increases...

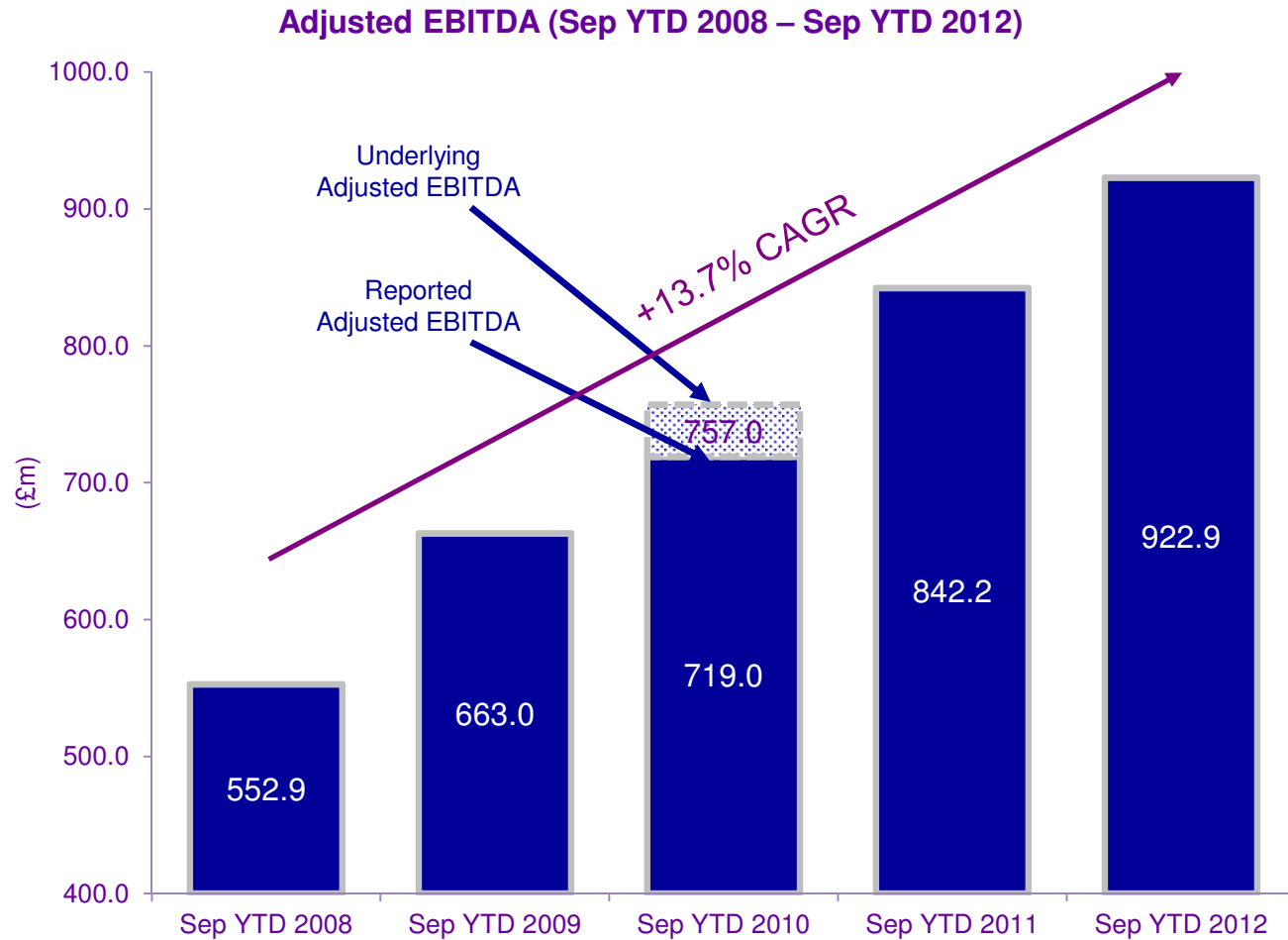
- Year to date costs up 6.9% but, as expected, Q3 moderated to 4.7%
- Increased costs mainly in employment, maintenance, general expenses and rents and rates
 - employment costs: pay rises and pension charge
 - maintenance expenditure: temporary Olympics terminal and February 2012 adverse winter weather
 - general expenses: air traffic control, insurance, cleaning and Olympics
 - rents and rates: annual rates indexation and more rateable property
- £14.3 million Olympics related net costs in year to date

Analysis of adjusted operating costs



See page 17 for notes and defined terms

...has resulted in improved Adjusted EBITDA growth in Q3



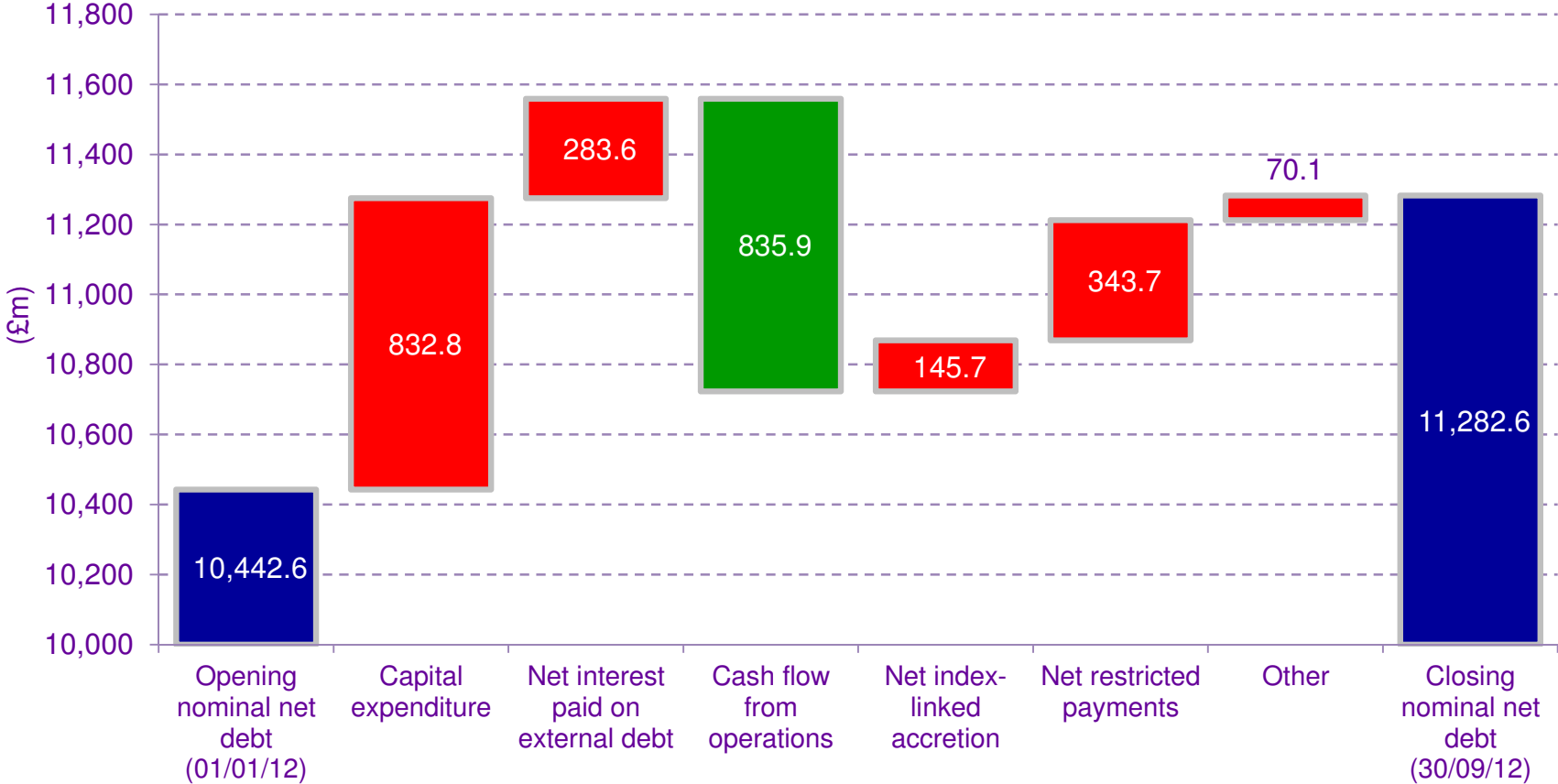
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Reconciliation of interest payable with interest paid

	Sep YTD 2011	Sep YTD 2012		
<i>(figures in £m)</i>	Total	SP debenture	External debt	Total
Net interest payable (profit and loss account)	(658.3)	(39.6)	(247.0)	(286.6)
Adjust for fair value loss/(gain) on financial instruments	72.9	0.0	(250.9)	(250.9)
Net interest payable net of fair value loss/(gain)	(585.4)	(39.6)	(497.9)	(537.5)
Amortisation of financing fees and fair value adjustments	40.3	0.0	34.5	34.5
Interest capitalised	(21.5)	0.0	(69.5)	(69.5)
Underlying net interest payable	(566.6)	(39.6)	(532.9)	(572.5)
Other adjustments to reconcile to interest paid				
Derivative interest prepayment amortisation	48.0	0.0	38.4	38.4
Movement in interest accruals/accretion/other	209.2	(9.1)	210.9	201.8
Net interest paid (cash flow statement)	(309.4)	(48.7)	(283.6)	(332.3)

Post-interest cash flow financed 60% of capital expenditure

Net debt bridge (January 2012 – September 2012)



See page 17 for notes and defined terms

Over £1 billion gearing headroom at Heathrow (SP) and Heathrow Finance



See page 17 for notes and defined terms

Future financing themes

- **Average annual financing requirement declining to less than £1.5 billion**
 - completed refinancing of loan facilities
 - expected reduced capital programme
 - expected continued growth in operating cash flows
- **Liquidity till around end of 2014**
 - supported by newly refinanced 5 year revolving credit facility
 - Stansted sale proceeds will further enhance liquidity and reduce near term funding needs
- **Optimising use of established long term financing platform**
 - continue considering issuance in different currency markets
 - combine ‘syndicated’ bonds with taps/private placements
 - consider more actively managing existing debt portfolio
 - increased selectivity

Conclusion

- Record Heathrow traffic despite reduced peak summer volumes
- Record passenger satisfaction through Olympics period
- Resilient forecast 2012 outturn with further progress expected in 2013
- Stansted disposal underway

Appendix

Heathrow (SP)'s consolidated net debt at 30 September 2012

		Amount and features of available facilities			
		Amount	Local currency	S&P/Fitch rating	Maturity
		(£m)	(m)	(£m)	
Senior (Class A)					
Bonds		396.4	396.4	A-/A-	2013/15
		512.9	749.9	A-/A-	2014/16
		300.0	300.0	A-/A-	2015/17
		319.3	500.0	A-/A-	2015/17
		299.9	299.9	A-/A-	2016/18
		433.8	500.0	A-/A-	2016/18
		583.8	700.0	A-/A-	2017/19
		272.3	400.0	A-/A-	2017/19
		510.2	750.0	A-/A-	2018/20
		249.6	249.6	A-/A-	2019/21
		249.8	249.8	A-/A-	2021/23
		621.3	1,000.0	A-/A-	2021/23
		182.6	182.6	A-/A-	2022/24
		749.6	749.6	A-/A-	2023/25
		700.0	700.0	A-/A-	2026/28
		199.9	199.9	A-/A-	2028/30
		900.0	900.0	A-/A-	2031/33
		41.6	50.0	A-/A-	2032/34
		41.9	50.0	A-/A-	2032/34
		518.2	518.2	A-/A-	2039/41
		750.0	750.0	A-/A-	2041/43
Total bonds		8,833.1	8,833.1		
Bank debt	EIB Facilities	265.4	265.4	n/a	2012/22
	Revolving/Working Capital Facilities	140.0	1,600.0	n/a	2013/17
Total bank debt		405.4	1,865.4		
Total senior debt		9,238.5	10,698.5		
Junior (Class B)					
Bonds		400.0	400.0	BBB/BBB	2018
		400.0	400.0	BBB/BBB	2020
		600.0	600.0	BBB/BBB	2024
Bank debt	Term Loan Facility	225.0	225.0	n/a	2014
	Revolving Facility	0.0	400.0	n/a	2017
Total junior debt		1,625.0	2,025.0		
Gross debt		10,863.5	12,723.5		
Cash		(64.8)			
Index-linked derivative accretion		483.9			
Net debt		11,282.6			

Net debt is calculated on a nominal basis excluding intra-group loans and including index-linked accretion and includes non-Sterling debt at exchange rate of hedges entered into at inception of relevant financing

Notes and defined terms

- Page 2
 - Percentage changes are relative to same period of 2011
 - Adjusted EBITDA: earnings before interest, tax, depreciation and amortisation and exceptional items; NRI: net retail income; RAB: Regulatory Asset Base
 - Net debt is consolidated Heathrow (SP) Limited figure calculated on a nominal basis excluding intra-group loans and including index-linked accretion
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 - Totals and percentage change calculated using un-rounded passenger numbers
 - European traffic includes North African charter traffic
- Page 5
 - 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 Heathrow (SP) Limited and Heathrow Finance plc is calculated on a nominal basis excluding intra-group loans and including index-linked accretion
 - Percentage changes are relative to same period of 2011 except for net debt and RAB which are relative to 31 December 2011
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 - Adjusted operating costs exclude depreciation, amortisation and exceptional items
- Page 9
 - Adjusted EBITDA: earnings before interest, tax, depreciation and amortisation and exceptional items
 - Adjusted EBITDA for September YTD 2008 and September YTD 2009 is in respect of continuing operations only, i.e. excluding Gatwick
 - Underlying Adjusted EBITDA for September YTD 2010 adjusts for the estimated financial impact in that period of disruption from volcanic ash and airline industrial action
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 - Other net debt movement reflects mainly £27.5 million inflow from Heathrow Finance on-lending proceeds from increased loan more than offset by loan refinancing fees, swap cancellation costs and group relief payments
- Page 12
 - Gearing is the ratio of external nominal net debt (including index-linked accretion) to the RAB (Regulatory Asset Base)

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