

BAA (SP) Limited

Results for year ended 31 December 2011

February 2012



- Improved traffic and service performance
- Another year of strong financial results
- Further strengthening of capital structure
- Growing awareness of importance of hub capacity

2011 highlights

Traffic and retail performance

Total passenger traffic	+3.7%
Heathrow passenger traffic	+5.5%
NRI per passenger	+5.5%

Key financial highlights

Revenue	+9.9%
Adjusted EBITDA	+17.1%

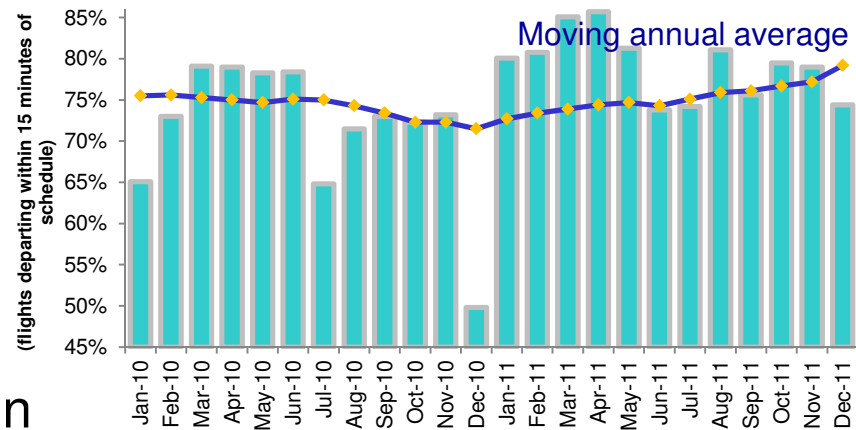
Investment and financing

Capital investment	£934.8m
Net debt (senior and junior)	£10,442.6m
RAB	£13,849.7m

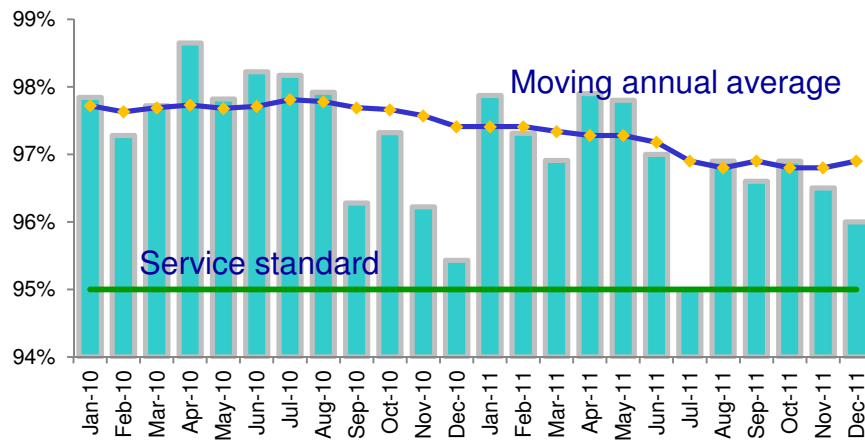
Strong service performance

- Best punctuality in over a decade
- July 2011 security queuing reflects record Terminal 5 traffic volumes
 - more security lanes to be installed
- Strong baggage performance assisted by stable operation
- Operational freedom during disruption could improve service further

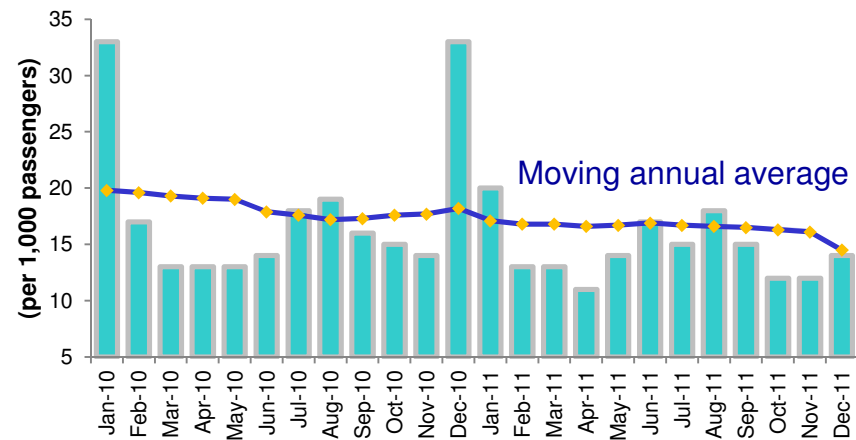
Heathrow departure punctuality



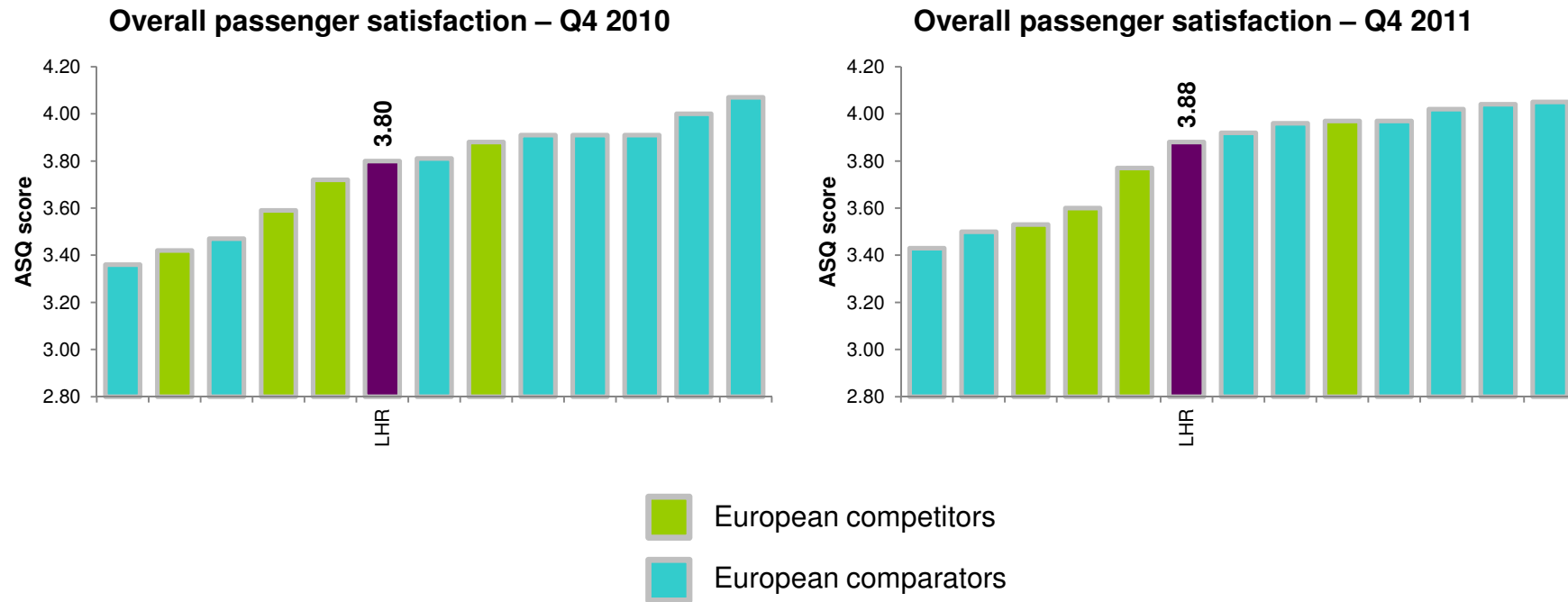
Heathrow security queuing (<5 minutes)



Heathrow baggage misconnect rate



Consistently improving passenger satisfaction with highest annual average Heathrow ASQ score in 2011



Source : Airport Service Quality ('ASQ') surveys by Airports Council International

Continued major investment in Heathrow's long term future

- Over £900 million invested at Heathrow during 2011
- Good progress on new Terminal 2
 - main terminal weather-tight
 - satellite building basement structure
 - work underway on multi-storey car park
- Terminal 5C opened in June 2011
- Baggage tunnel between Terminals 3 and 5 operational shortly
- Major works on new Terminal 3 baggage system



Terminal 2 site – January 2011



Terminal 2 site – January 2012

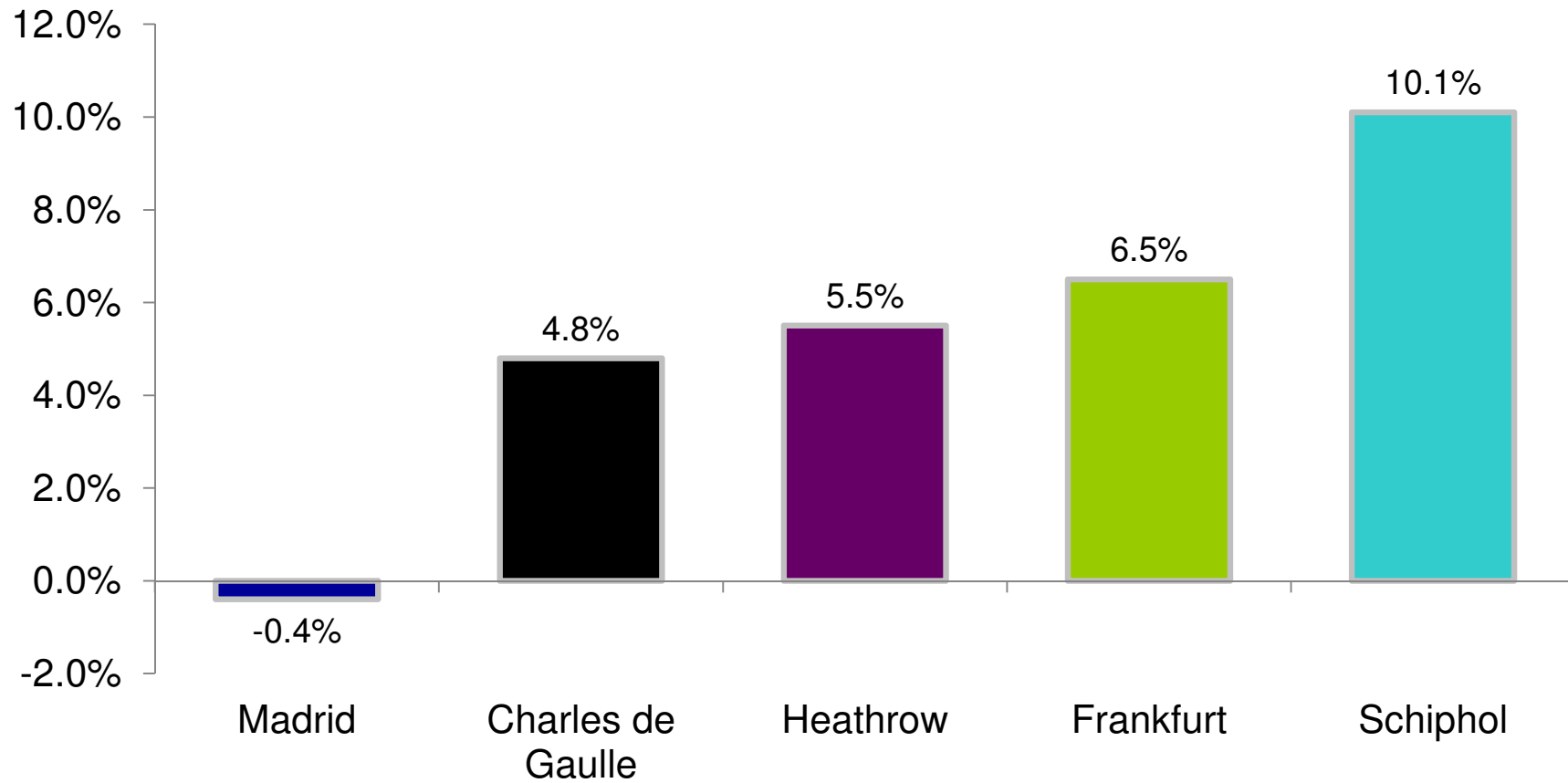
Heathrow operating at full capacity with record traffic in 2011

- Record Heathrow traffic of 69.4m (previous record of 67.9m in 2007)
- Reported performance partly reflects reversal of 2010 disruptions
- Underlying performance
 - total: +0.4%
 - Heathrow: +1.9%
 - Stansted: -5.0%
- Heathrow strength particularly in European and North Atlantic traffic
- Record Stansted load factors suggest gradually more positive demand dynamics

Passenger traffic			
	Year ended 31 December		
	2010 (m)	2011 (m)	Change
<i>By airport</i>			
Heathrow	65.7	69.4	5.5%
Stansted	18.6	18.0	-2.8%
Total	84.3	87.4	3.7%
<i>By market served</i>			
UK	6.6	6.2	-6.3%
Europe	42.8	44.5	4.0%
Long haul	35.0	36.8	5.2%
Total	84.3	87.4	3.7%

Heathrow's traffic performance remains robust versus other major European hub airports

Change in passenger traffic in year ended 31 December 2011



Consistent priorities

Focus on Heathrow

Making every journey better

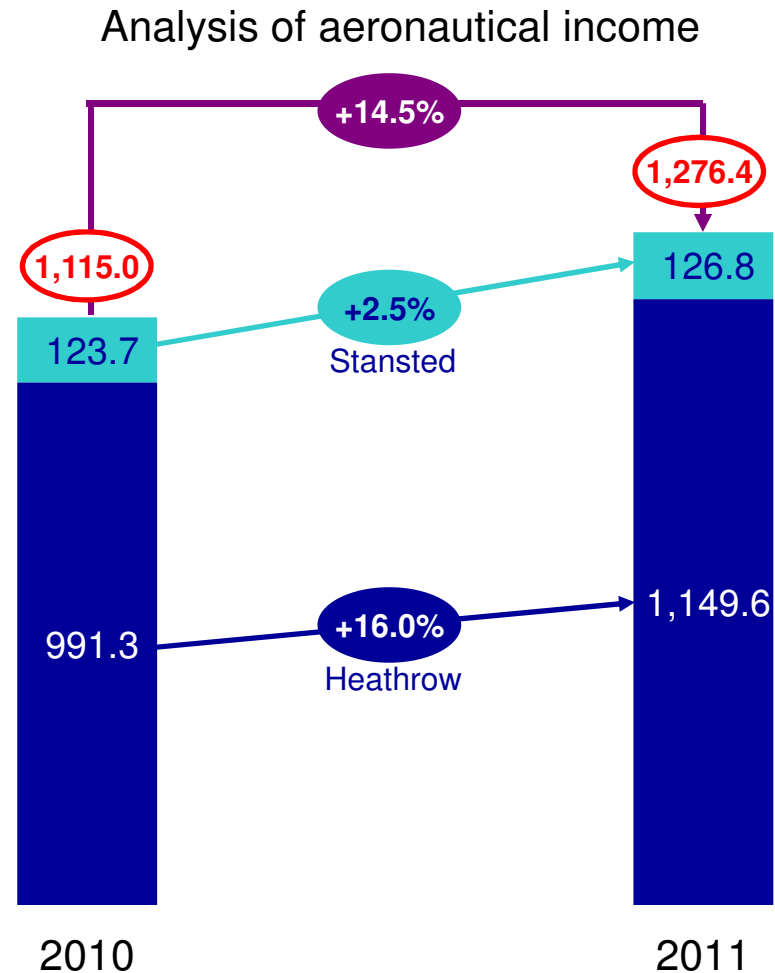
Address policy and regulatory issues

Another year of strong financial performance

(figures in £m)	2010	2011	Change
Turnover	2,074.3	2,280.0	+9.9%
Adjusted operating costs	1,107.4	1,147.9	+3.7%
Adjusted EBITDA	966.9	1,132.1	+17.1%
Consolidated net debt (BAA (SP))	9,921.2	10,442.6	+5.3%
Consolidated net debt (BAA (SH))	10,401.1	10,992.2	+5.7%
RAB (Regulatory Asset Base)	12,776.0	13,849.7	+8.4%

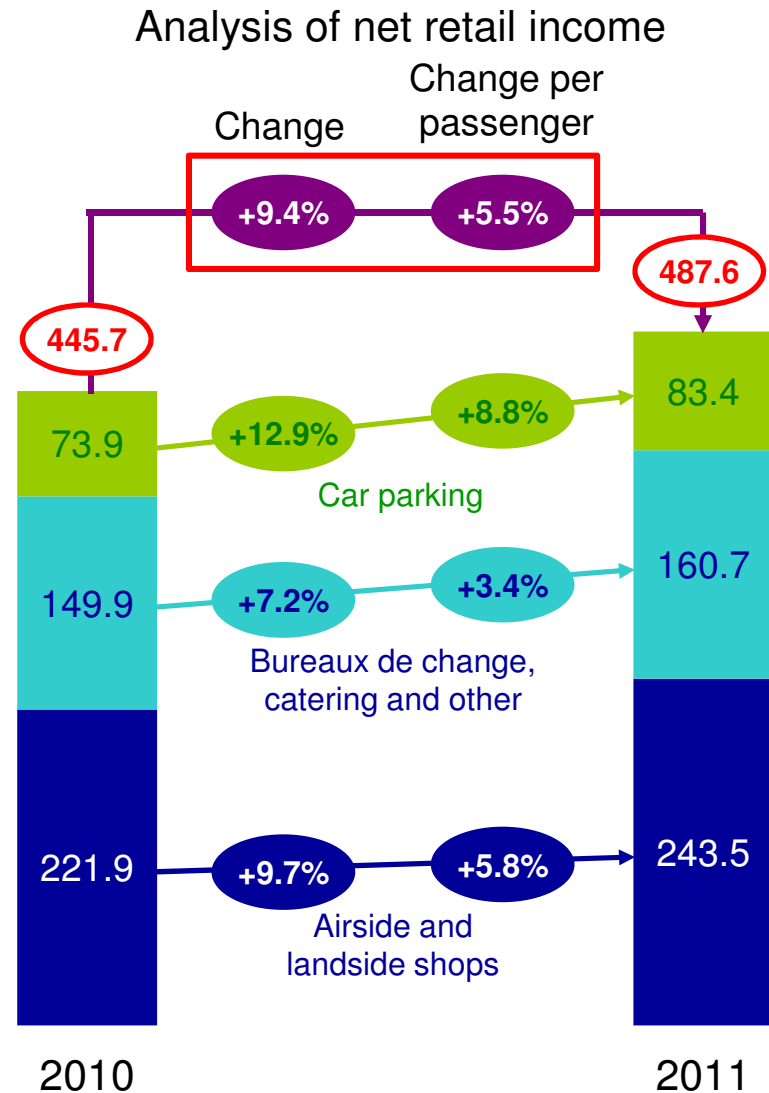
Good growth in aeronautical income...

- Year on year growth of 14.5%
 - tariff increases at both airports
- 15.2% growth in Q4 2011
 - 16.7% growth at Heathrow and 2.1% at Stansted
- Heathrow yields affected by
 - higher than expected proportion of European traffic and quieter aircraft
- £25 million yield shortfall recovered through 'K factor' in 2013/14
- April 2012 headline tariff increases
 - 12.7% at Heathrow
 - 6.83% at Stansted



...and retail outperformance...

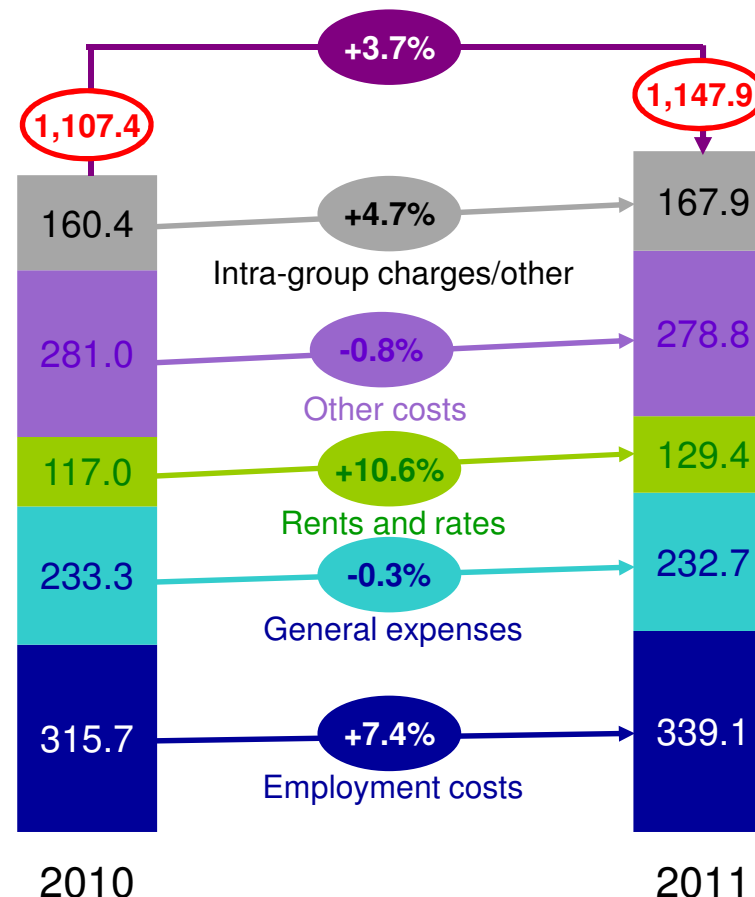
- Gross retail income up 8.9% at £518.6 million
- Benefit of higher passenger traffic
- Net retail income ('NRI') per passenger also up 5.5% to £5.58
 - follows 12.1% growth in 2010
 - +3.5%/+3.8% in Q3/Q4 2011
 - Heathrow: +5.3%
 - Stansted: +3.4%
- Continued momentum in tax and duty free and specialist shops
- Strong Heathrow catering
- Car parking growth maintained particularly in premium services



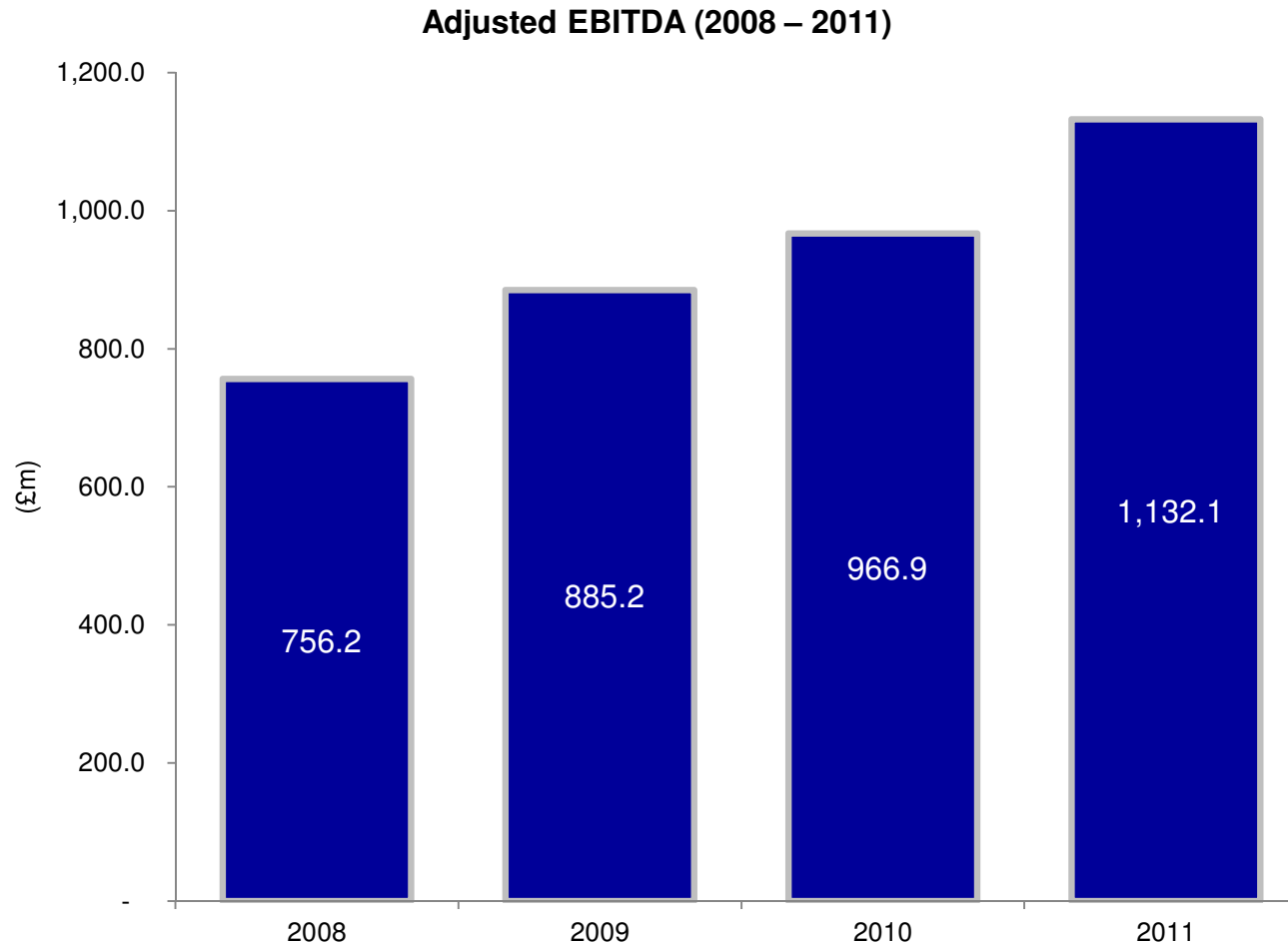
...combined with lower than expected operating costs...

- Increased costs mainly in employment costs and rates
- Employment costs reflect headcount and pay rises
- Higher rates reflect
 - increased rateable values
 - no repetition of 2010 rebate
- Cost trends moderated towards end of year
 - no recurrence of December 2010 snow related costs (in general expenses)
 - lower utility costs given mild 2011 autumn and reduced unit costs

Analysis of adjusted operating costs



...has led to continued strong growth in Adjusted EBITDA, once more within 1% of forecast

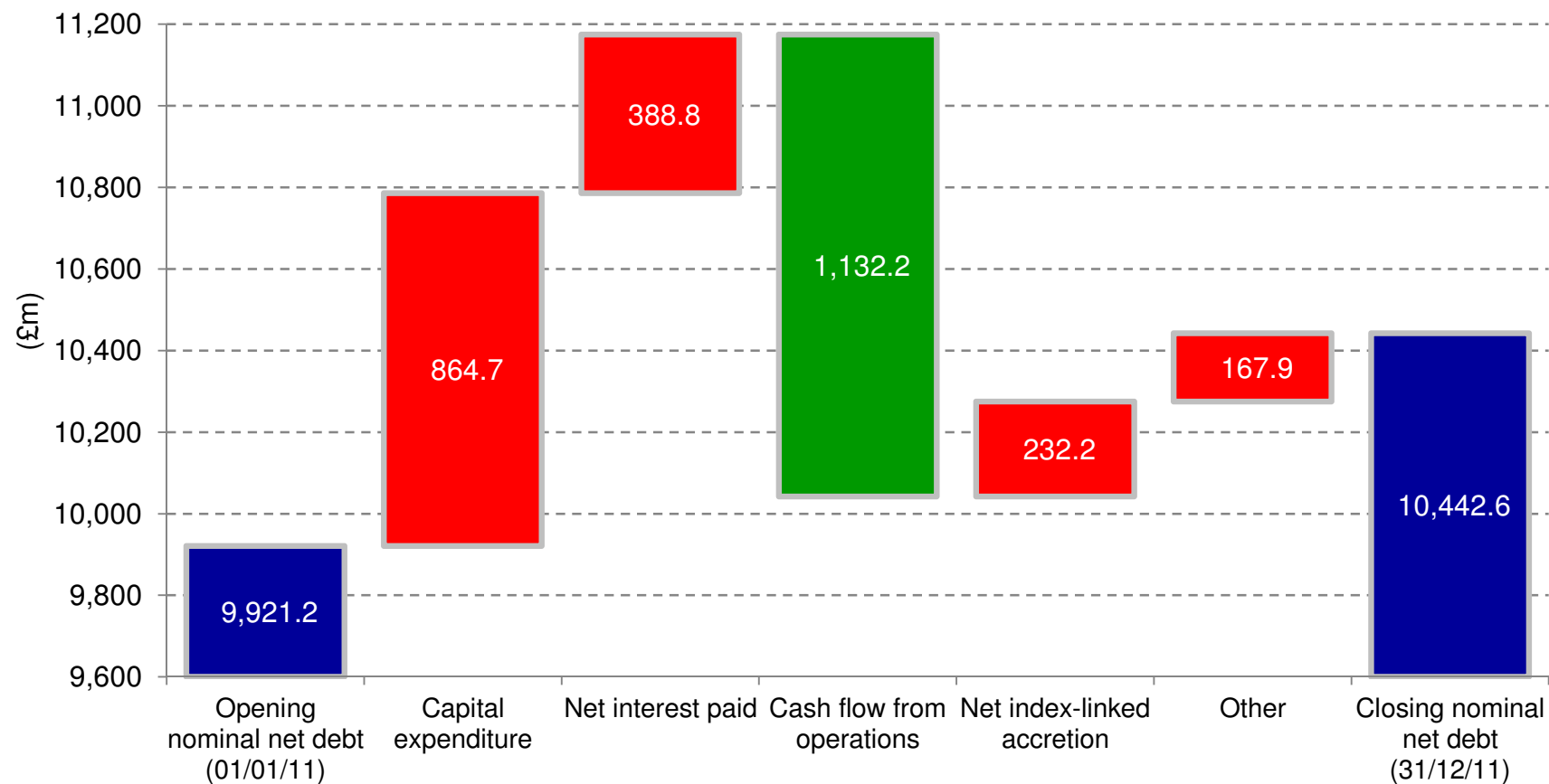


Reconciliation of interest payable with interest paid

	2010	2011		
<i>(figures in £m)</i>	Total	SP debenture	External debt	Total
Net interest payable (profit and loss account)	(732.2)	(46.9)	(788.9)	(835.8)
Adjust for fair value loss on financial instruments	35.8	0.0	45.9	45.9
Net interest payable net of fair value loss	(696.4)	(46.9)	(743.0)	(789.9)
Amortisation of financing fees and fair value adjustments	64.5	0.0	52.4	52.4
Interest capitalised	(22.7)	0.0	(27.1)	(27.1)
Underlying net interest payable	(654.6)	(46.9)	(717.7)	(764.6)
Other adjustments to reconcile to interest paid				
Derivative interest prepayment amortisation	140.6	0.0	62.1	62.1
Movement in interest accruals/accretion/other	120.2	5.3	308.4	313.7
Net interest paid (cash flow statement)	(393.8)	(41.6)	(347.2)	(388.8)
Prepayment of derivative interest	(36.7)	0.0	0.0	0.0
Net interest paid (for interest cover ratio purposes)	(430.5)	(41.6)	(347.2)	(388.8)

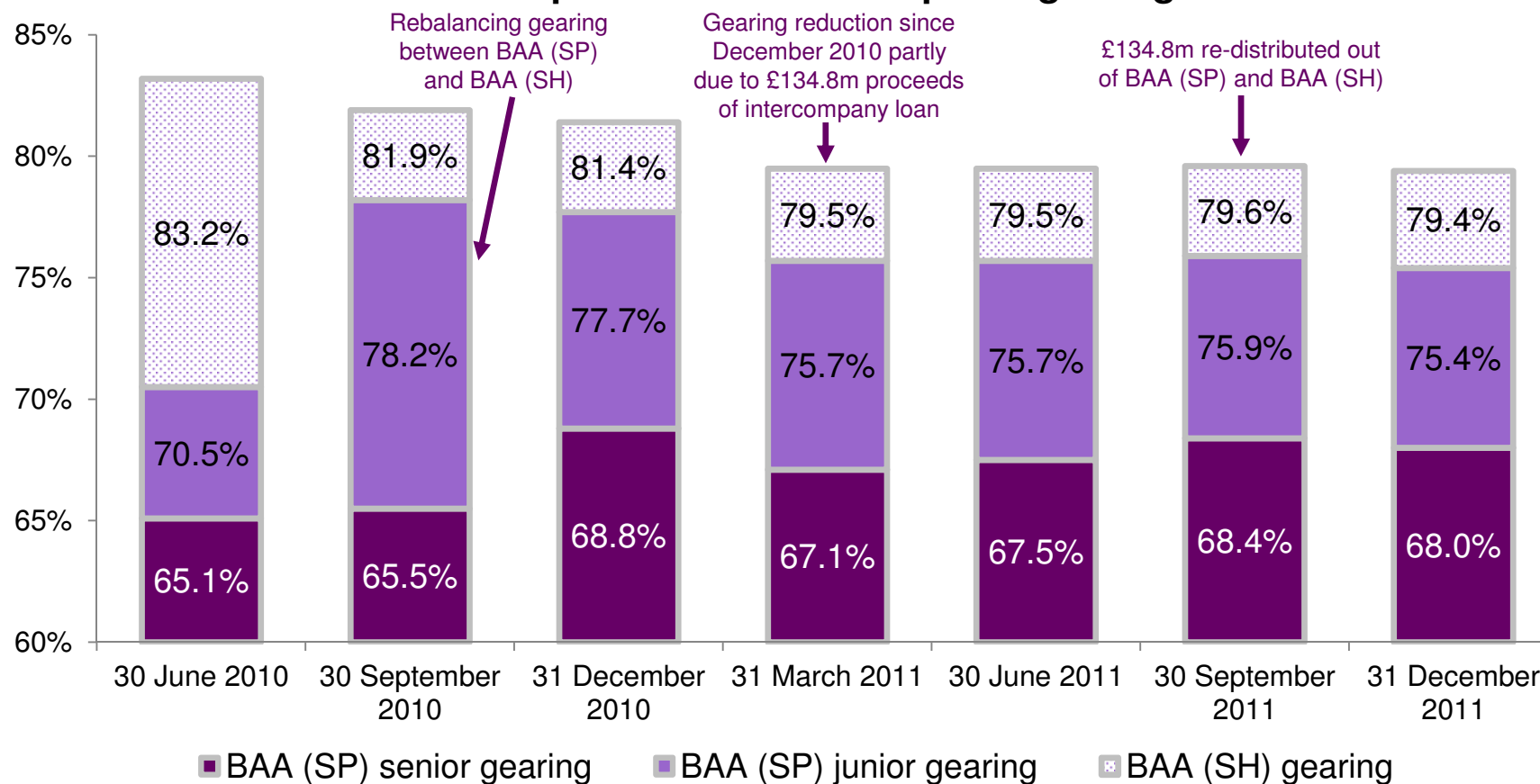
Post-interest cash flow financed 85% of capital expenditure

Net debt bridge (January 2011 – December 2011)



Well over £1 billion debt capacity at BAA (SP) and BAA (SH)

Recent development in London airport's gearing ratios



Interest cover ratios have also improved significantly

Interest cover ratios (ICR) for years ended 31 December				
<i>(figures in £m unless otherwise stated)</i>	2009	2010	2011	Trigger or covenant levels
Ratio inputs				
Cash flow	737.7	671.9	812.7	n/a
Senior interest paid	455.5	322.6	294.6	n/a
Junior interest paid	497.5	362.9	347.2	n/a
Group interest paid (BAA (SH))	487.0	434.5	374.8	n/a
Ratios				
Senior ICR	1.62x	2.08x	2.76x	<1.40x
Junior ICR	1.48x	1.85x	2.34x	<1.20x
Group ICR (BAA (SH))	n/a	1.55x	2.17x	<1.00x

Further strengthening of capital structure

- £3 billion in new financing raised in last 12 months
 - £1.6 billion during 2011
 - £750 million Class A bond; £130 million Class A index-linked bond
 - US\$1 billion Class A bond
 - £50 million BAA (SH) institutional loan
 - £1.5 billion since beginning of 2012
 - CHF400 million Class A bond
 - €700 million Class A bond; €50 million Class A private placement
 - £600 million Class B bond
- Bank refinancing facility fully repaid in September 2011
- 2012 financing priorities
 - further bond issuance and refinancing of bank capital expenditure facility
- Currently sufficient liquidity to meet debt maturities, capital expenditure, interest payments and dividends until August 2013

Conclusion

- Improved traffic and service performance
- Another year of strong financial results
- Further strengthening of capital structure
- Growing awareness of importance of hub capacity
- Material increase in profits and investment expected in 2012

Appendix

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

		Debt outstanding at 31 December 2011		Amount and features of available facilities			
		Amount		Local currency	S&P/Fitch Rating	Maturity	
		(£m)		(m)	(£m)		
Senior (Class A)							
Bonds		680.2	680.2	999.9	680.2	A-/A-	2012/14
		396.4	396.4	396.4	396.4	A-/A-	2013/15
		512.9	749.9	749.9	512.9	A-/A-	2014/16
		299.9	299.9	299.9	299.9	A-/A-	2016/18
		433.8	500.0	500.0	433.8	A-/A-	2016/18
		510.2	750.0	750.0	510.2	A-/A-	2018/20
		249.8	249.8	249.8	249.8	A-/A-	2021/23
		621.3	1,000.0	1,000.0	621.3	A-/A-	2021/23
		749.6	749.6	749.6	749.6	A-/A-	2023/25
		700.0	700.0	700.0	700.0	A-/A-	2026/28
		199.9	199.9	199.9	199.9	A-/A-	2028/30
		900.0	900.0	900.0	900.0	A-/A-	2031/33
		403.6	403.6	403.6	403.6	A-/A-	2039/41
		750.0	750.0	750.0	750.0	A-/A-	2041/43
Total bonds		7,407.6	7,407.6	7,407.6	7,407.6		
Bank debt	EIB Facility	293.6	293.6	293.6	293.6	n/a	2012/22
	Capex/Working Capital Facility	1,395.0	1,395.0	2,350.0	2,350.0	n/a	2013
Total bank debt		1,688.6	1,688.6	2,643.6	2,643.6		
Total senior debt		9,096.2	9,096.2	10,051.2	10,051.2		
Junior (Class B)							
Bonds		400.0	400.0	400.0	400.0	BBB/BBB	2018
Bank debt	Term Loan Facility	625.0	625.0	625.0	625.0	n/a	2014
	Capex Facility	0.0	0.0	400.0	400.0	n/a	2013
Total junior debt		1,025.0	1,025.0	1,425.0	1,425.0		
Gross debt		10,121.2	10,121.2	11,476.2	11,476.2		
Cash		(27.8)	(27.8)				
Index-linked derivative accretion		349.2	349.2				
Net debt		10,442.6	10,442.6				

Net debt is calculated on a nominal basis excluding intra-BAA 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 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 and includes non-Sterling debt at exchange rate of hedges entered into at inception of relevant financing
- Page 6
 - Totals and percentage change calculated using un-rounded passenger numbers
 - European traffic includes North African charter traffic
- Page 9
 - 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 and includes non-Sterling debt at exchange rate of hedges entered into at inception of relevant financing
 - Percentage changes are relative to same period of or date in 2010
- Page 12
 - Adjusted operating costs exclude depreciation, amortisation and exceptional items
- Page 13
 - Adjusted EBITDA: earnings before interest, tax, depreciation and amortisation and exceptional items
 - Adjusted EBITDA for 2008 and 2009 is in respect of continuing operations only, i.e. excluding Gatwick
- Page 15
 - Other net debt movement reflects mainly swap cancellations and group relief payments
- Page 16
 - Gearing is the ratio of external nominal net debt (including index-linked accretion) to the RAB (regulatory asset base)
- Page 17
 - Interest cover ratio is the ratio of net cash flow to interest paid
 - Net cash flow is cash flow from operations (excluding items of a one-off, non-recurring, extraordinary or exceptional nature) less tax paid to HMRC and 2% of Regulatory Asset Base. One-off items excluded from statutory cash flow from operations to determine cash flow for interest cover ratio purposes were a £47.2 million one-off working capital inflow and £4.7 million reorganisation cost outflow in 2011 and an £8.9 million reorganisation outflow in 2010

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