



BAA (SP) Limited

Results for six months ended 30 June 2011

July 2011



- Record Q2 Heathrow traffic
- Good overall service standards
- Strong financial results
- Successful dollar and sterling financings

H1 2011 highlights

Traffic and retail performance

Total passenger traffic	+7.1%
Heathrow passenger traffic	+9.1%
NRI per passenger	+7.6%

Key financial highlights

Revenue	+12.1%
Adjusted EBITDA	+27.1%

Investment and financing

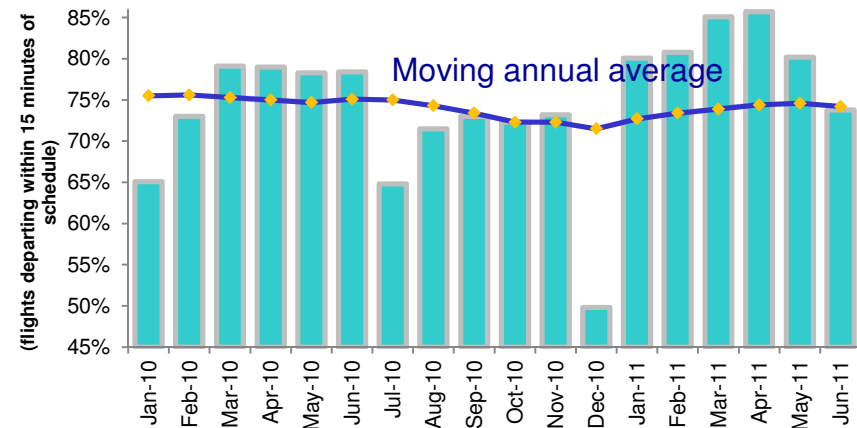
Capital expenditure	£431.1m
Net debt (senior and junior)	£10,128.2m
RAB	£13,373.8m

See page 21 for notes and defined terms

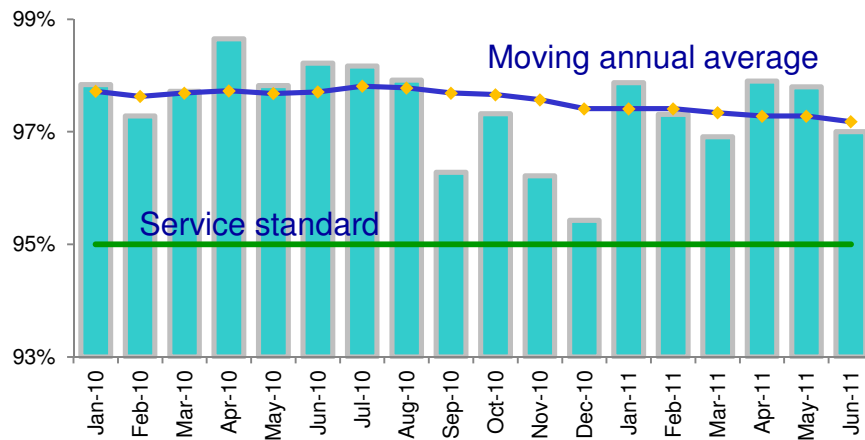
Good overall service standards

- Good performance between January and May
 - some of the best ever punctuality and baggage misconnect rates
- June performance reflects
 - adverse weather and transfer volumes

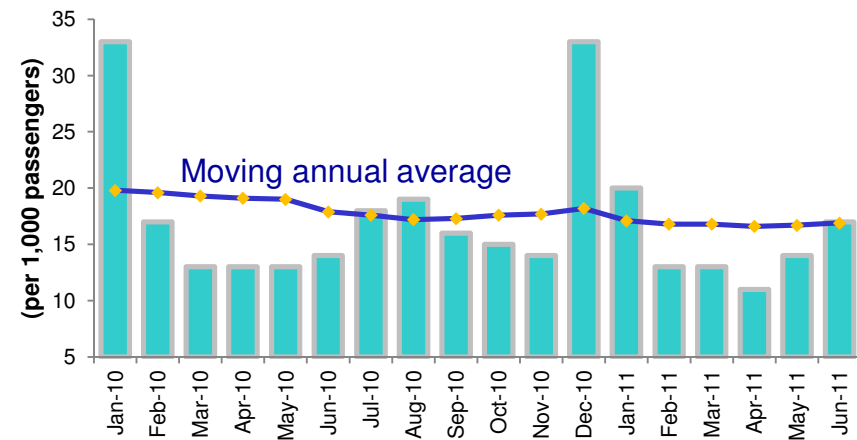
Heathrow departure punctuality



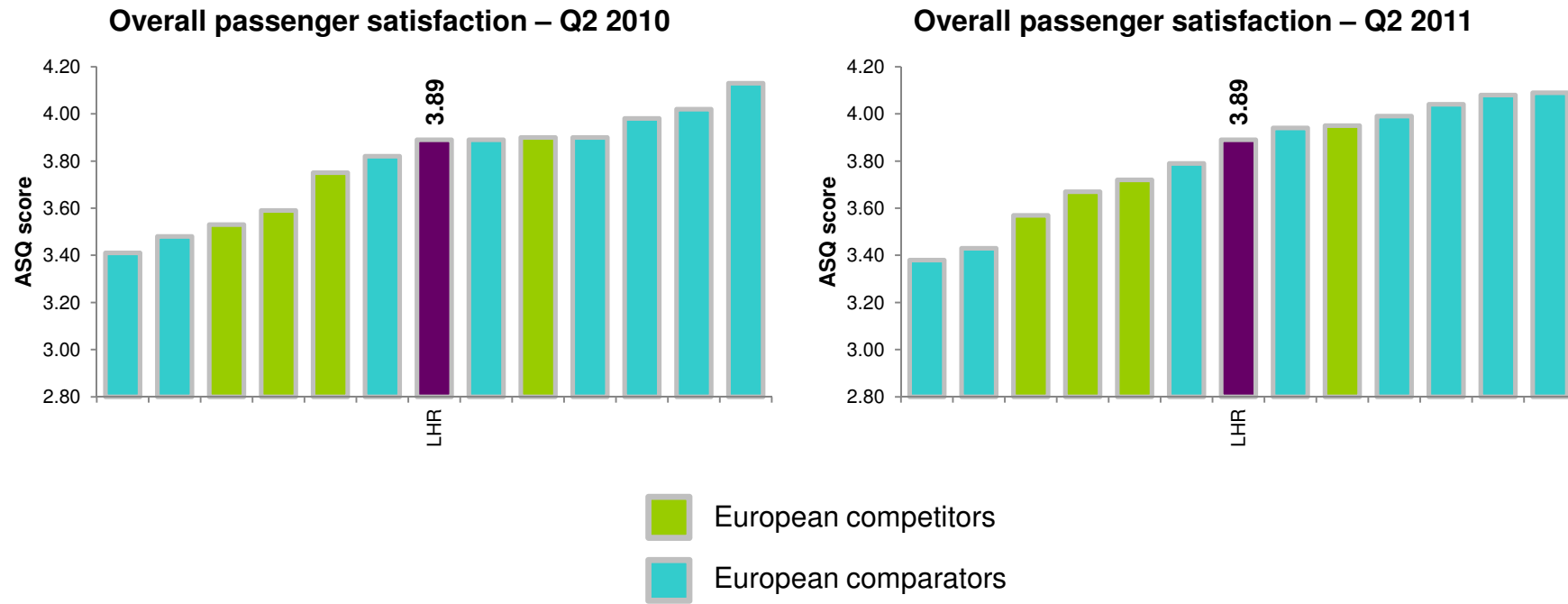
Heathrow security queuing (<5 minutes)



Heathrow baggage misconnect rate



Highest ever Heathrow passenger satisfaction achieved



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

£1 billion being invested at Heathrow in 2011

- Significant work continues across new Terminal 2
 - main terminal building
 - satellite building
 - multi-storey car park
- 80% of main Terminal 2 building's steelwork complete
 - weather proof by early 2012
- Terminal 5C opened in June 2011
- Major works to commence on new Terminal 3 baggage system
- Over £400 million invested at Heathrow in first half of 2011



Terminal 2 site – July 2011

Strong recent traffic performance

- Record Q2 Heathrow traffic
- Performance also reflects reversal of 2010 disruptions
- Underlying performance
 - total: +1.4%
 - Heathrow: +2.9%
 - Stansted: -3.8%
- Recent Heathrow strength reflects increased momentum in North Atlantic traffic
- Higher load factors and moderating traffic declines at Stansted

Passenger traffic

6 months ended 30 June
2010 (m) 2011 (m) Change

By airport

Heathrow	30.1	32.9	9.1%
Stansted	8.5	8.5	0.2%
Total	38.7	41.4	7.1%

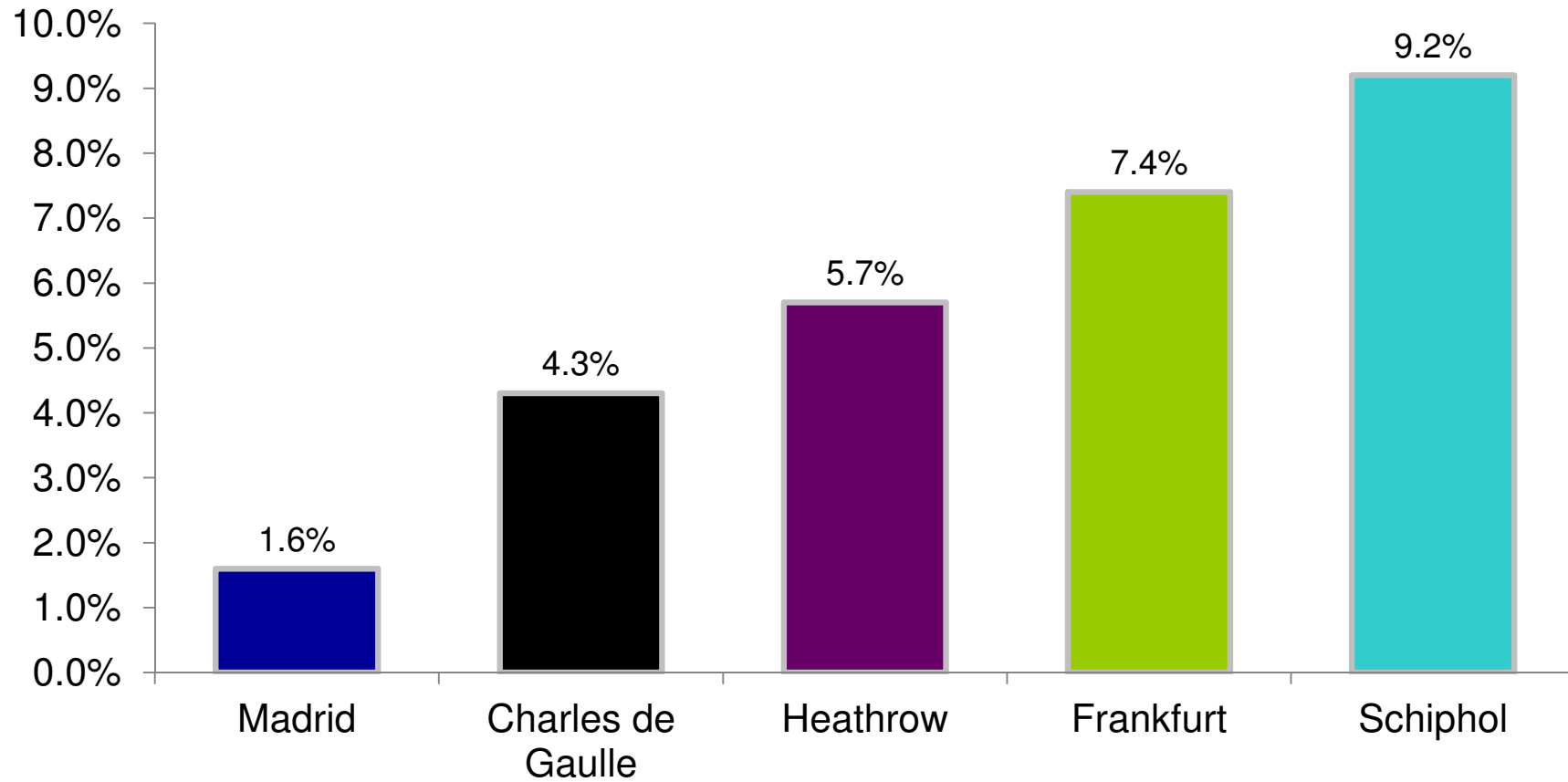
By market served

UK	3.0	3.0	1.1%
Europe	19.5	20.9	7.5%
Long haul	16.2	17.4	7.8%
Total	38.7	41.4	7.1%

See page 21 for notes and defined terms

Heathrow's relative performance has improved as 2010 disruptions have fallen out of last 12 months

Change in passenger traffic in year ended 30 June 2011



Consistent priorities

Focus on Heathrow

Making every journey better

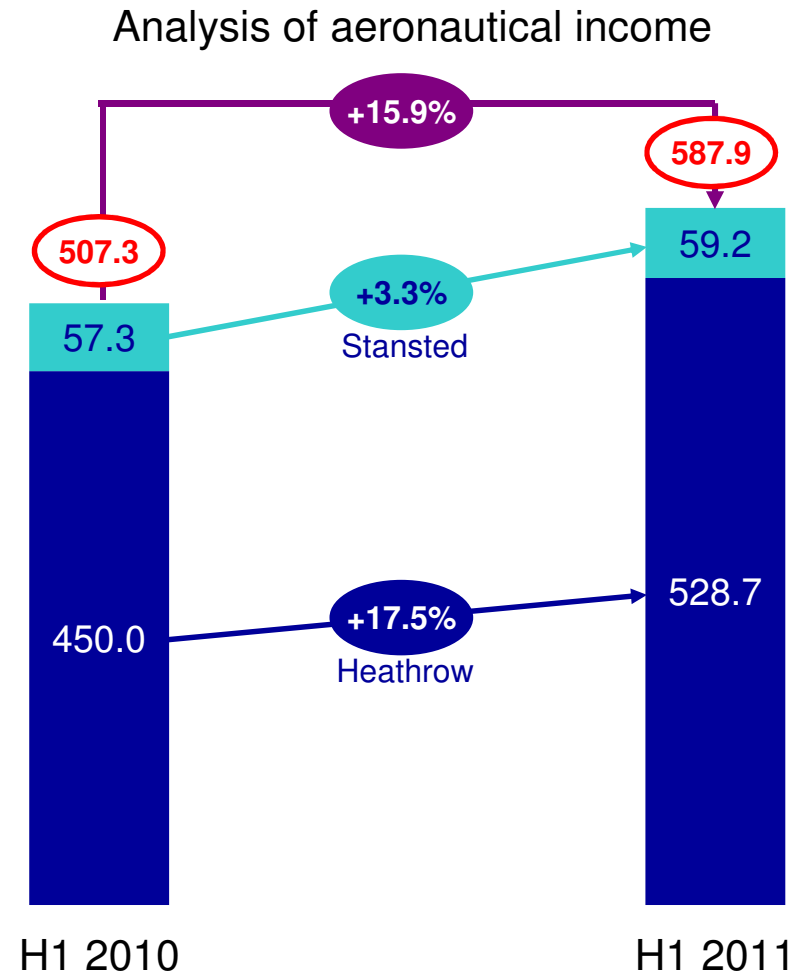
Address policy and regulatory issues

2011 financials benefit from very strong Q2

(figures in £m)	H1 2010	H1 2011	Change
Turnover	957.6	1,073.9	+12.1%
Adjusted operating costs	555.9	563.4	+1.3%
Adjusted EBITDA	401.7	510.5	+27.1%
Consolidated net debt (BAA (SP))	9,921.2	10,128.2	+2.1%
Consolidated net debt (BAA (SH))	10,401.1	10,628.0	+2.2%
RAB (Regulatory Asset Base)	12,776.0	13,373.8	+4.7%

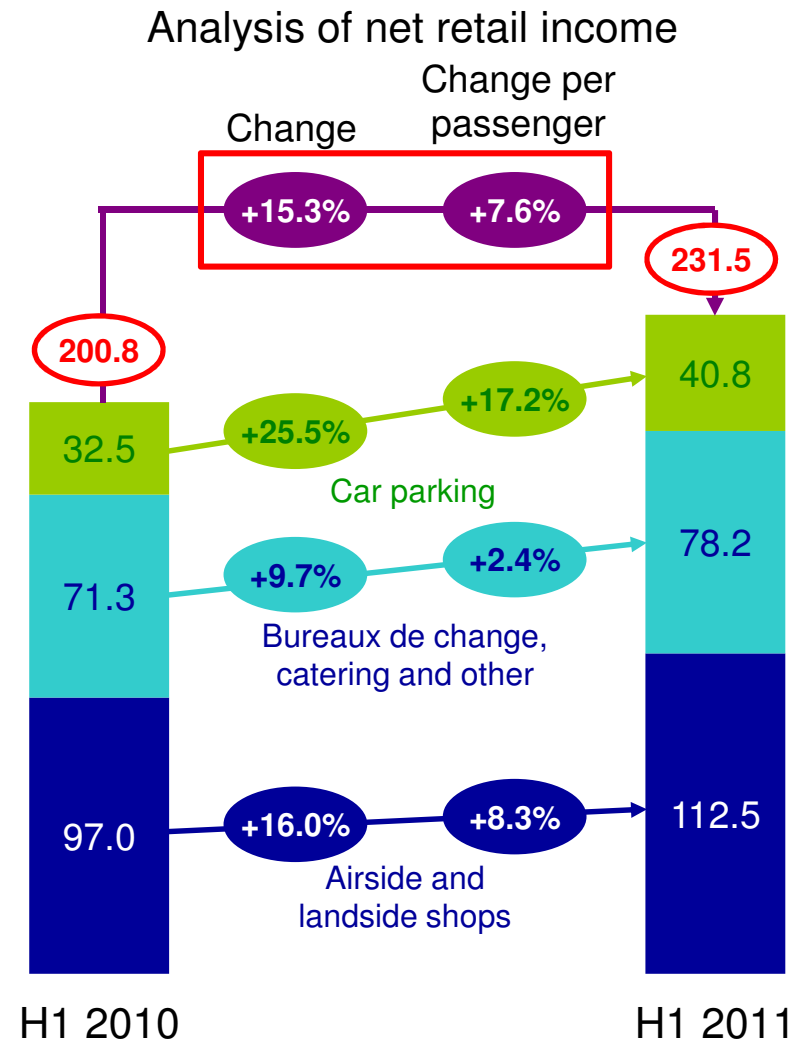
Strong growth in aeronautical income...

- 15.9% growth in H1 2011
- 24.9% growth in Q2 2011
 - 26.7% at Heathrow and 11.4% at Stansted
 - no recurrence of 2010 disruptions
 - improved underlying traffic trends at both Heathrow and Stansted
 - tariff increases at both airports
- Heathrow growth partially offset by lower than forecast yields
 - higher than expected proportion of European traffic and quieter aircraft
 - increased remote stand usage
 - yield reductions recovered either in coming months or through 'K factor'



...and continued excellent retail performance...

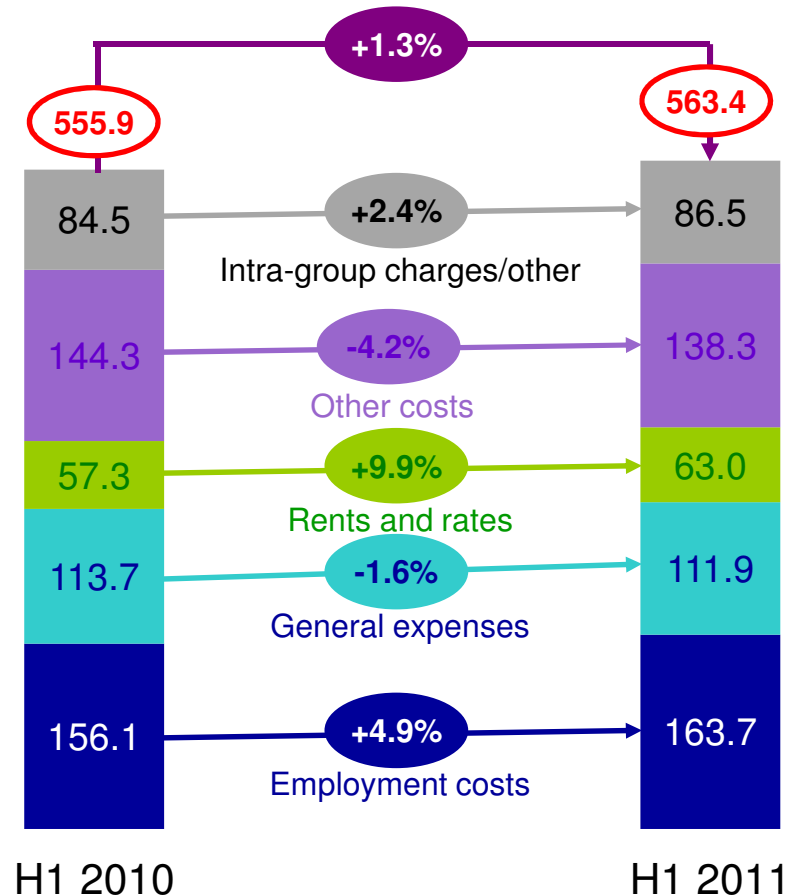
- Benefit of higher passenger traffic
- Net retail income per passenger also up 7.6% to £5.59
 - Heathrow: +7.7%
 - Stansted: +4.2%
- Continued strength particularly in tax and duty-free
 - additional space in Terminals 3 and 5
- Further acceleration in recent car parking momentum
- Improved Q2 Stansted performance



...combined with good cost control...

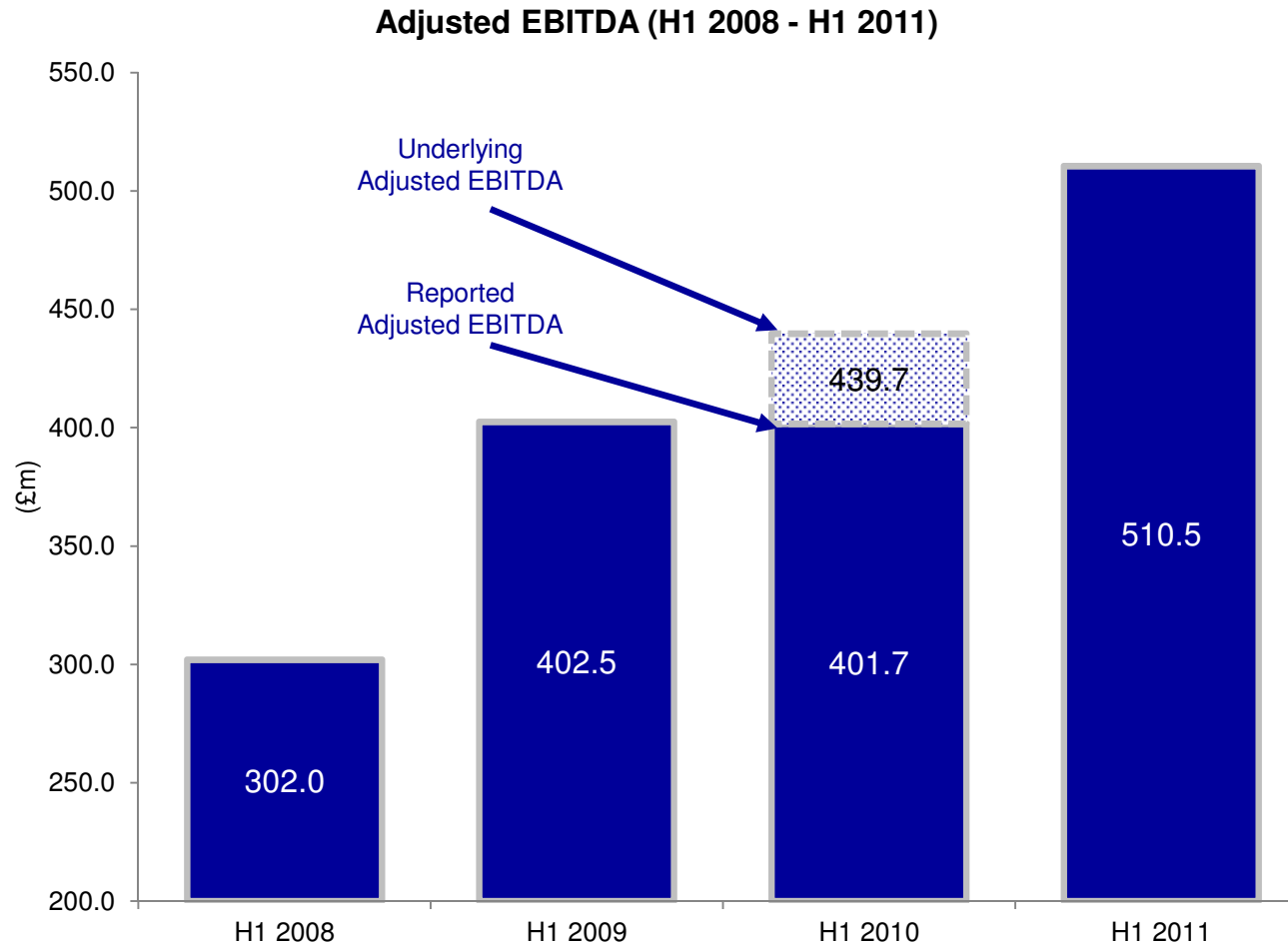
- Modest increase in costs due to...
 - pay rises and increased headcount within employment costs
 - increased rates
 - intra-group costs
- ...partially offset by
 - lower maintenance costs (no recurrence of January 2010 weather)
 - lower gas prices and electricity consumption
- Cost performance in line with expectations for year to date
- Full year forecast cost increase in 2011 phased mainly later in year

Analysis of adjusted operating costs



See page 21 for notes and defined terms

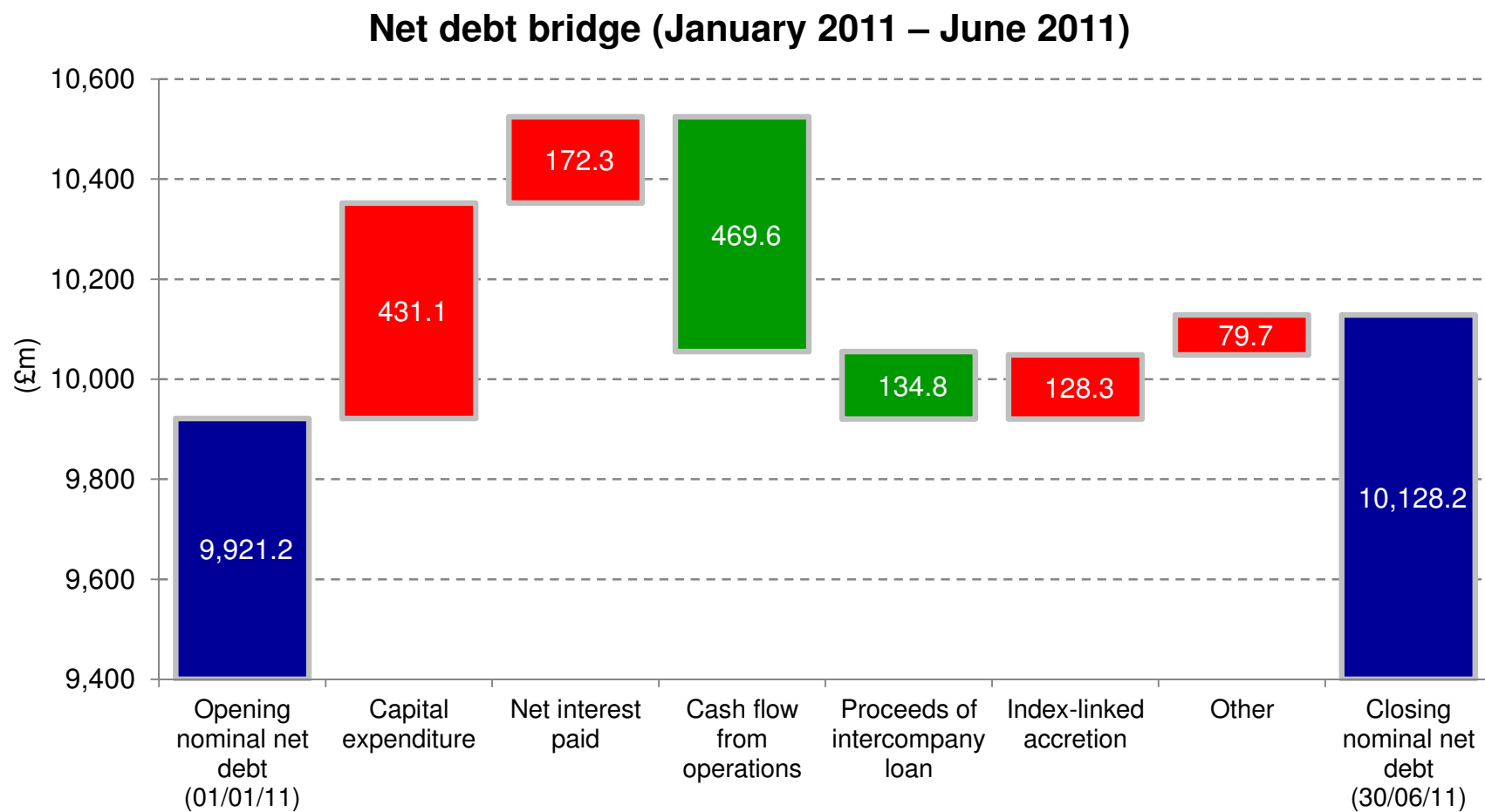
...have led to increased Adjusted EBITDA, supporting significant capital investment



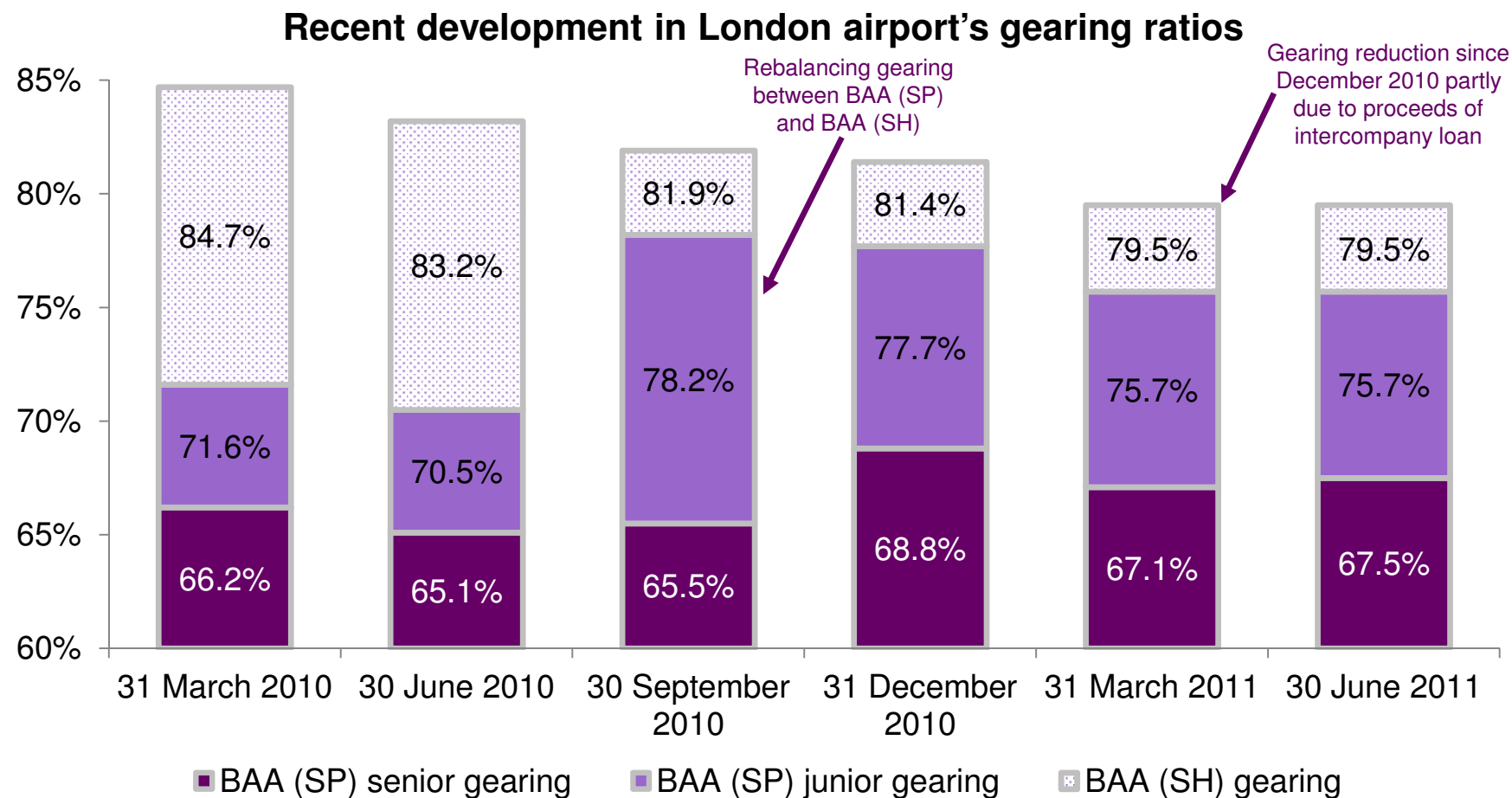
Reconciliation of interest payable with interest paid

	H1 2010		H1 2011	
<i>(figures in £m)</i>	Total	SP debenture	External debt	Total
Net interest payable (profit and loss account)	(407.2)	(25.3)	(511.6)	(536.9)
Adjust for fair value loss on financial instruments	76.9	0.0	143.9	143.9
Net interest payable net of fair value loss	(330.3)	(25.3)	(367.7)	(393.0)
Amortisation of financing fees and fair value adjustments	26.7	0.0	27.9	27.9
Interest capitalised	(10.0)	0.0	(14.8)	(14.8)
Underlying net interest payable	(313.6)	(25.3)	(354.6)	(379.9)
Other adjustments to reconcile to interest paid				
Derivative interest prepayment amortisation	70.6	0.0	33.9	33.9
Movement in interest accruals/accretion/other	64.9	8.1	165.6	173.7
Net interest paid (cash flow statement)	(178.1)	(17.2)	(155.1)	(172.3)

Post-interest cash flow financed 70% of capital expenditure



Over £1 billion gearing headroom at BAA (SP) and BAA (SH)



Liquidity strengthened by recent bond issues

- £1.5 billion in new financing completed in Q2 2011
 - debut US\$ bond – US\$1 billion Class A 10 year bond
 - £750 million Class A 30 year bond
 - re-opening of existing Class A index-linked bond due 2039
- Refinancing facility reduced to £152.4 million due 2013
- Sufficient liquidity until 2013 to meet February 2012 bond maturity, capital expenditure and interest payments

Conclusion

- Record Q2 Heathrow traffic
- Good overall service standards
- Strong financial results
- Successful dollar and sterling financings

Appendix

BAA (SP)'s consolidated net debt at 30 June 2011

		Debt outstanding at 30 June 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	512.9	749.9	512.9	A-/A-	2014/16
		299.9	299.9	299.9	299.9	A-/A-	2016/18
		433.8	433.8	500.0	433.8	A-/A-	2016/18
		510.2	510.2	750.0	510.2	A-/A-	2018/20
		249.8	249.8	249.8	249.8	A-/A-	2021/23
		621.3	621.3	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
		395.7	395.7	395.7	395.7	A-/A-	2039/41
		750.0	750.0	750.0	750.0	A-/A-	2041/43
Total bonds		7,399.7	7,399.7	7,399.7	7,399.7		
Bank debt	Refinancing Facility	76.2	76.2	76.2	76.2	A-/A-	2013
	EIB Facility	313.2	313.2	313.2	313.2	n/a	2011/22
	Capex/Working Capital Facility	1,050.0	2,350.0	2,350.0	2,350.0	n/a	2013
Total bank debt		1,439.4	2,739.4	2,739.4	2,739.4		
Total senior debt		8,839.1	10,139.1	10,139.1	10,139.1		
Junior (Class B)							
Bonds		400.0	400.0	400.0	400.0	BBB/BBB	2018
Bank debt	Refinancing Facility	76.2	76.2	76.2	76.2	BBB/BBB	2013
	Term Loan Facility	625.0	625.0	625.0	625.0	n/a	2014
	Capex Facility	0.0	400.0	400.0	400.0	n/a	2013
Total junior debt		1,101.2	1,501.2	1,501.2	1,501.2		
Gross debt		9,940.3	11,640.3	11,640.3	11,640.3		
Cash		(50.3)					
Index-linked derivative accretion		238.2					
Net debt		10,128.2					

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
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 - 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
 - Percentage changes are relative to same period of 2010 except for net debt and RAB which are relative to 31 December 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 H1 2008 and H1 2009 is in respect of continuing operations only, i.e. excluding Gatwick
 - Underlying Adjusted EBITDA for H1 2010 adjusts for the estimated financial impact in that period of disruption from volcanic ash and airline industrial action
- Page 15
 - Other net debt movement reflects mainly swap cancellations 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
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 - 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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