

BAA (SP) Limited

Results for six months ended 30 June 2012

July 2012



- Record Heathrow traffic continues
- Strong service standards maintained
- Financial results consistent with expectations
- Financing position transformed

H1 2012 highlights

Traffic and retail performance

Total passenger traffic	+0.8%
Heathrow passenger traffic	+2.2%
NRI per passenger	+2.4%

Key financial highlights

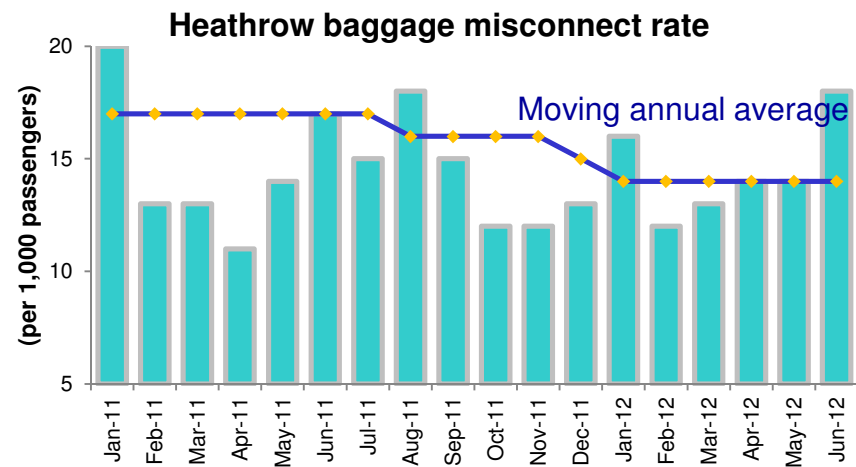
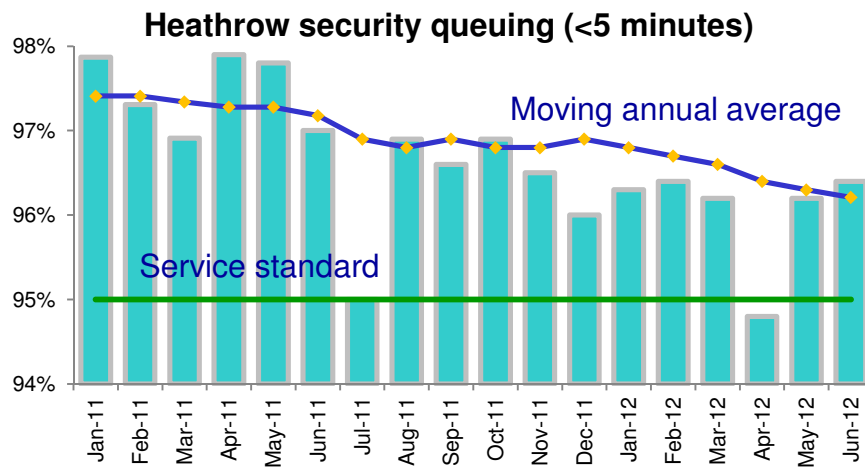
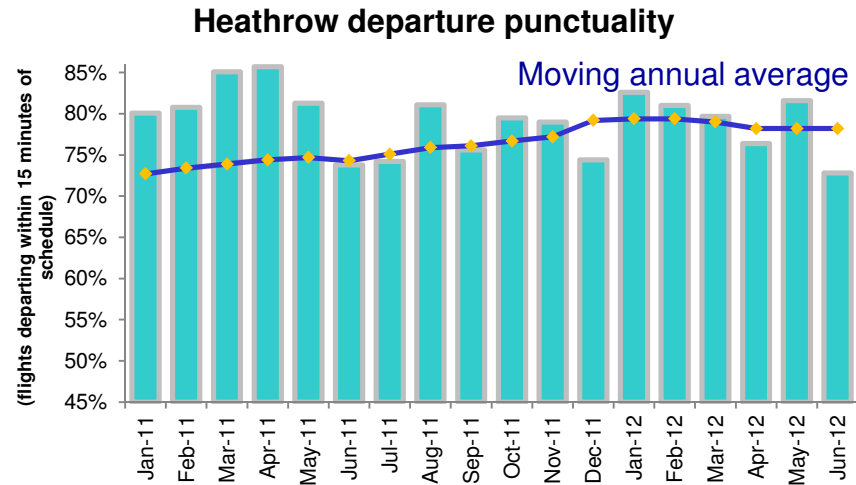
Revenue	+8.4%
Adjusted EBITDA	+8.8%

Investment and financing

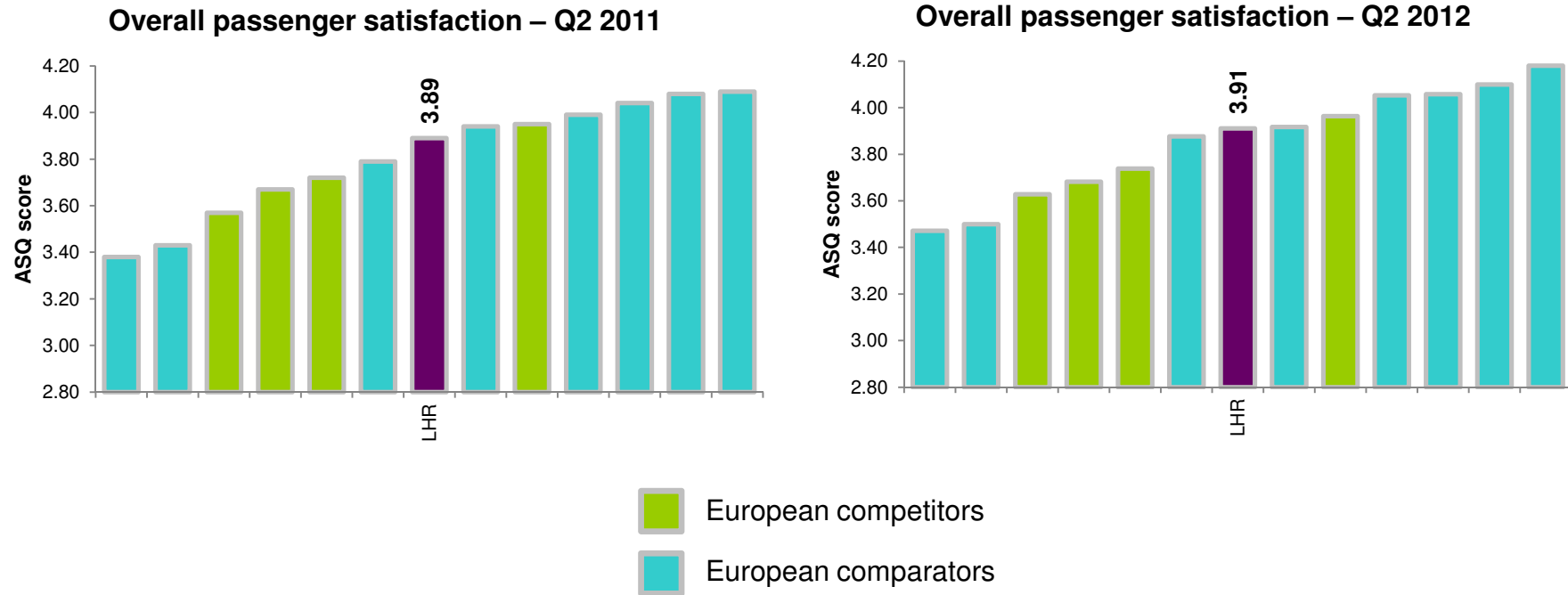
Capital expenditure	£553.5m
Net debt (senior and junior)	£11,031.7m
RAB	£14,253.7m

Strong service performance continues

- Improved passenger satisfaction
 - 2 highest ever ASQ scores at Heathrow
 - rated 2nd of top 5 airports in Europe
 - Terminal 5 voted best terminal globally
 - Stansted best airport globally for LCC
- Punctuality/baggage performance remains robust
- Terminal 5 security queuing being addressed



Continued improvement in Heathrow passenger satisfaction



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

Heathrow transformation continues

- Significant work continues on new Terminal 2
 - on budget and on schedule (construction complete late 2013; operational in 2014)
 - main terminal building
 - weather-tight in February
 - fit-out well under way
 - satellite building
 - scheduled to be weather-tight in Q3 2012
 - multi-storey car park
- Major works continue on new Terminal 3 baggage system
- Terminal 4 departure lounge refurbishment underway
- Close to £550 million invested at Heathrow in first half of 2012



Terminal 2 site – January 2012

Record Heathrow traffic continues

- Q2 continued recent trend of record Heathrow traffic levels
 - 70.1 million annual rolling Heathrow traffic in year to June 2012
 - monthly records in January/April/June
- Adjusting for leap year effect
 - total: +0.3%
 - Heathrow: +1.7%
 - Stansted: -4.9%
- Key factors affecting traffic
 - increased Heathrow aircraft capacity and load factors
 - Heathrow North Atlantic traffic strength
 - Stansted load factors remain strong

Passenger traffic

6 months ended 30 June
2011 (m) 2012 (m) Change

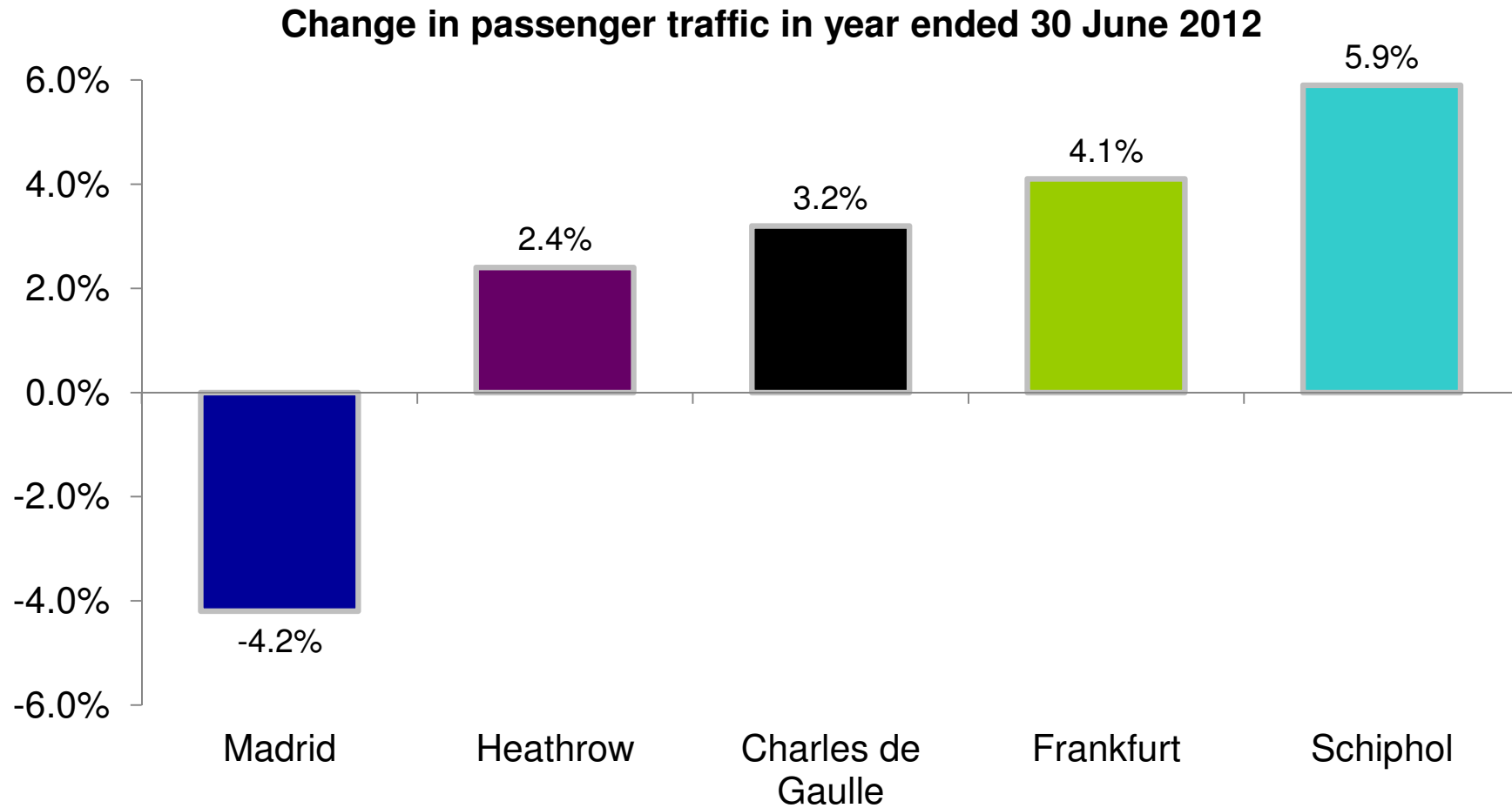
By airport

Heathrow	32.9	33.6	2.2%
Stansted	8.5	8.2	-4.5%
Total	41.4	41.8	0.8%

By market served

UK	3.0	2.9	-3.3%
Europe	20.9	21.0	0.3%
Long haul	17.4	17.8	2.2%
Total	41.4	41.8	0.8%

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



Consistent priorities

Focus on Heathrow

Making every journey better

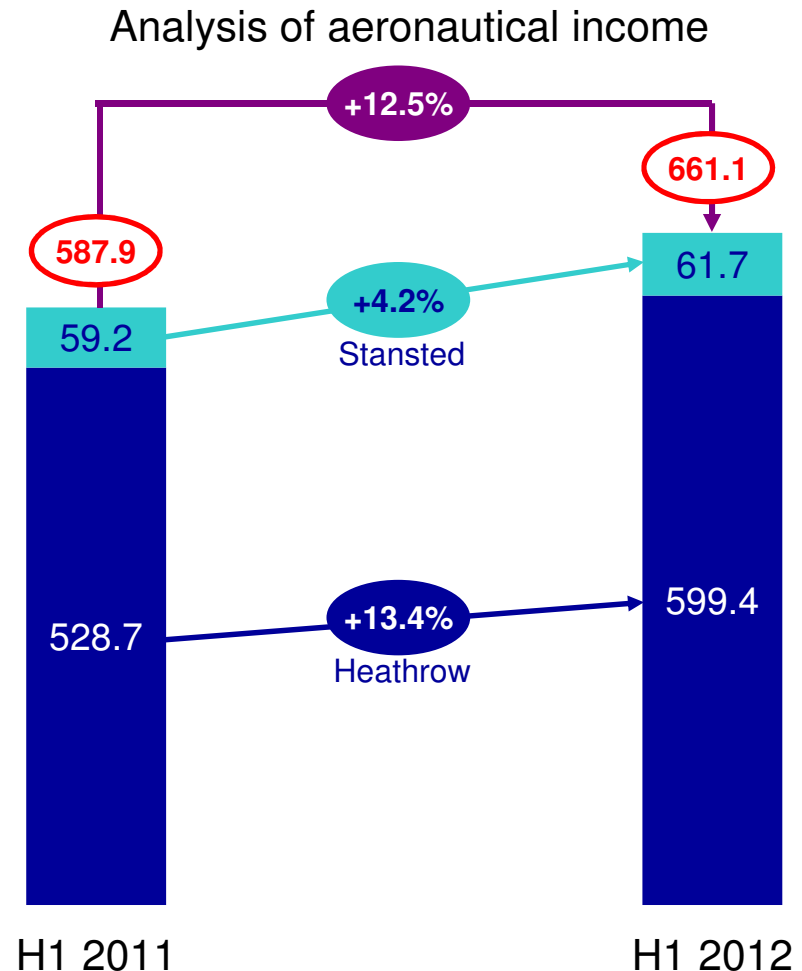
Address policy and regulatory issues

Robust financial performance

(figures in £m)	H1 2011	H1 2012	Change
Turnover	1,073.9	1,164.2	+8.4%
Adjusted operating costs	563.4	609.0	+8.1%
Adjusted EBITDA	510.5	555.2	+8.8%
Consolidated net debt (BAA (SP))	10,442.6	11,031.7	+5.6%
Consolidated net debt (BAA (SH))	10,992.2	11,606.8	+5.6%
RAB (Regulatory Asset Base)	13,849.7	14,253.7	+2.9%

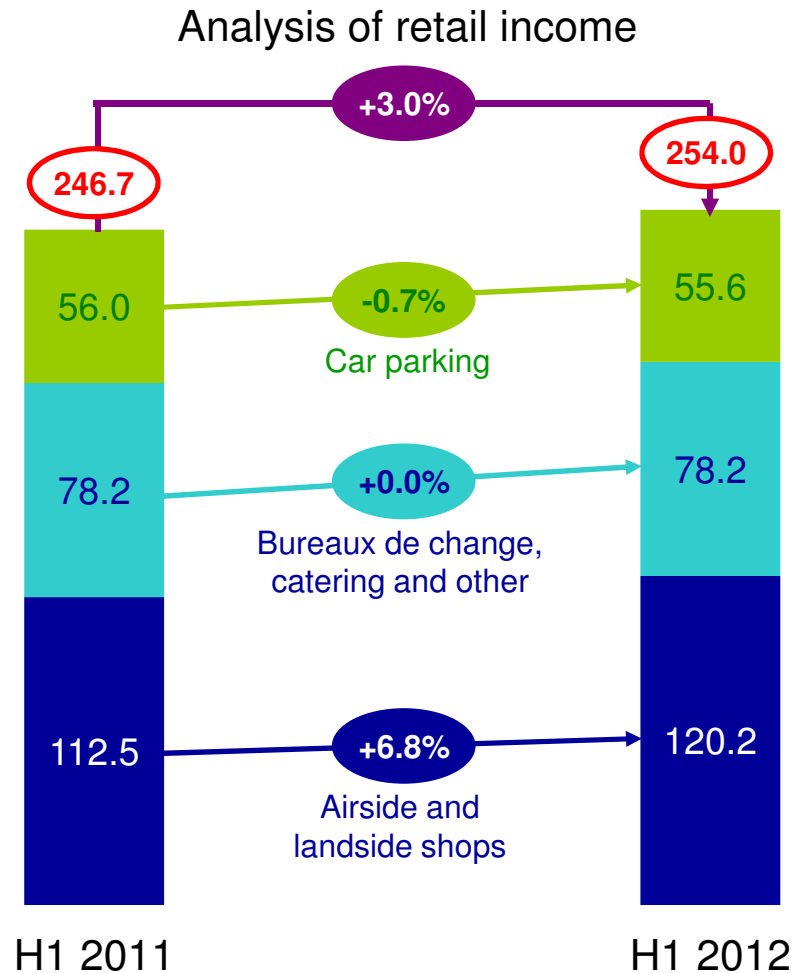
Good growth in aeronautical income maintained...

- Year on year growth of 12.5%
 - tariff increases at both airports supported by Heathrow traffic increase
- Heathrow yields diluted by
 - Q1: quieter aircraft and fewer flights
 - Q2: more transfer passengers and lower aircraft parking charges
- Yield shortfall recovered through 'K' factor in 2013/14 and 2014/15
- Stansted income
 - declining passengers more than offset by tariff increases and lower tariff discounts



...and continued robust underlying retail performance...

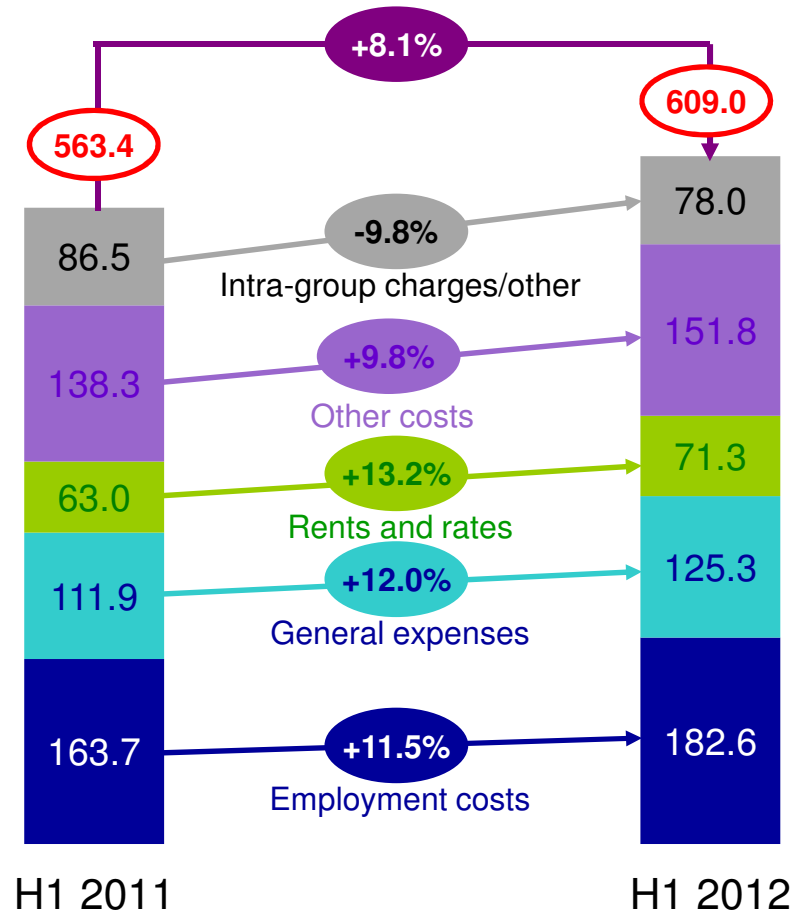
- Retail income up 3.0% at £254.0 million
 - underlying growth of approximately 5%
 - reported growth reflects one-off benefits at Heathrow of around £5 million in Q2 2011 not repeated in 2012
- Net retail income per passenger up 2.4% to £5.72
 - Heathrow
 - +2.1% (underlying: approximately 4.5%)
 - robust underlying performance in duty and tax-free, airside specialist shops, bureaux de change, catering and car parking
 - Stansted
 - +1.4%
 - growth reflects lower retail expenditure



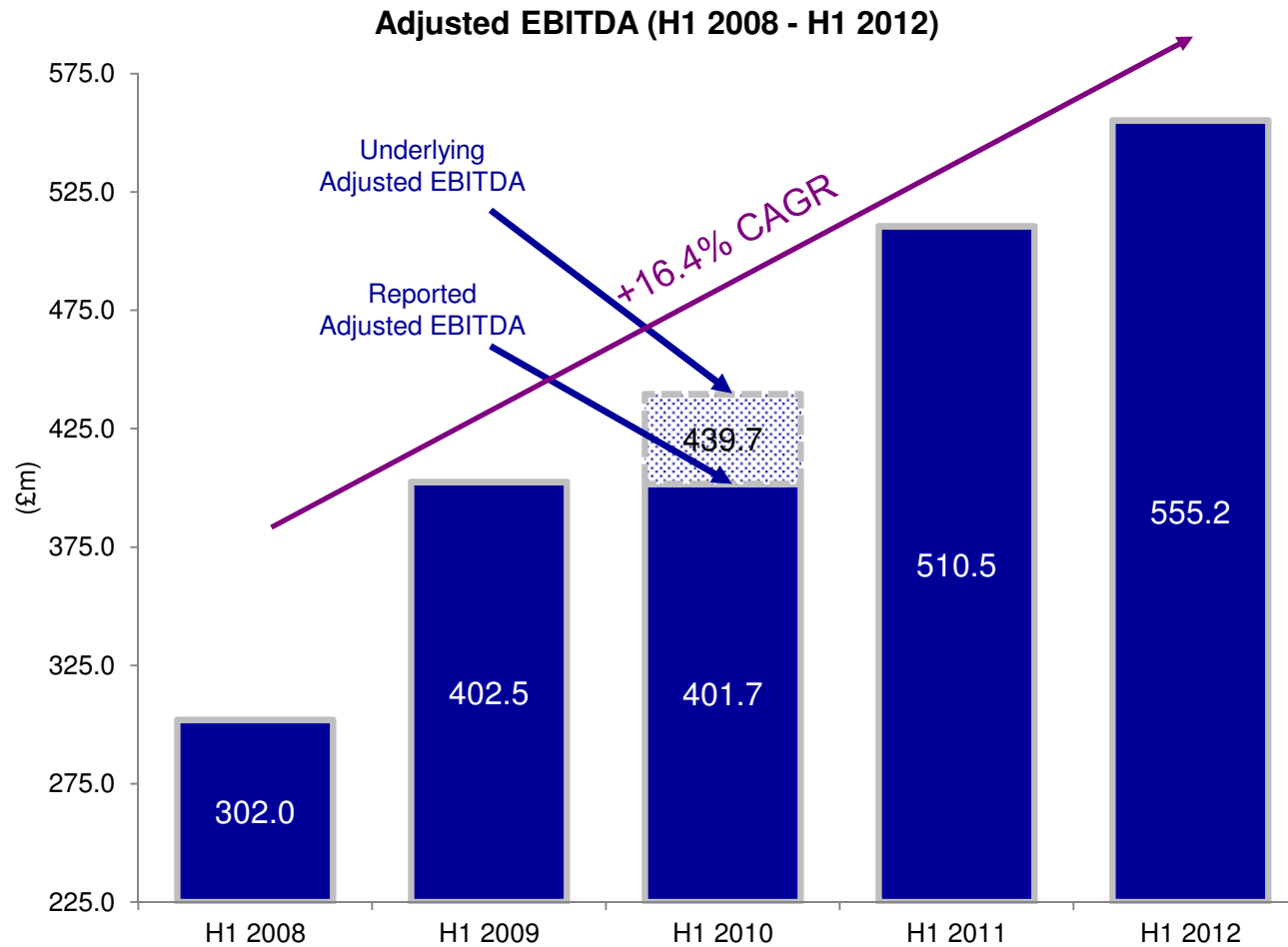
...outpaced cost increases...

- Phasing of cost increases weighted to first half of year
- 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, ground transport, cleaning and Olympics
 - rents and rates: annual rates indexation and more rateable property
- £10.8 million in Olympics related costs in year to date

Analysis of adjusted operating costs



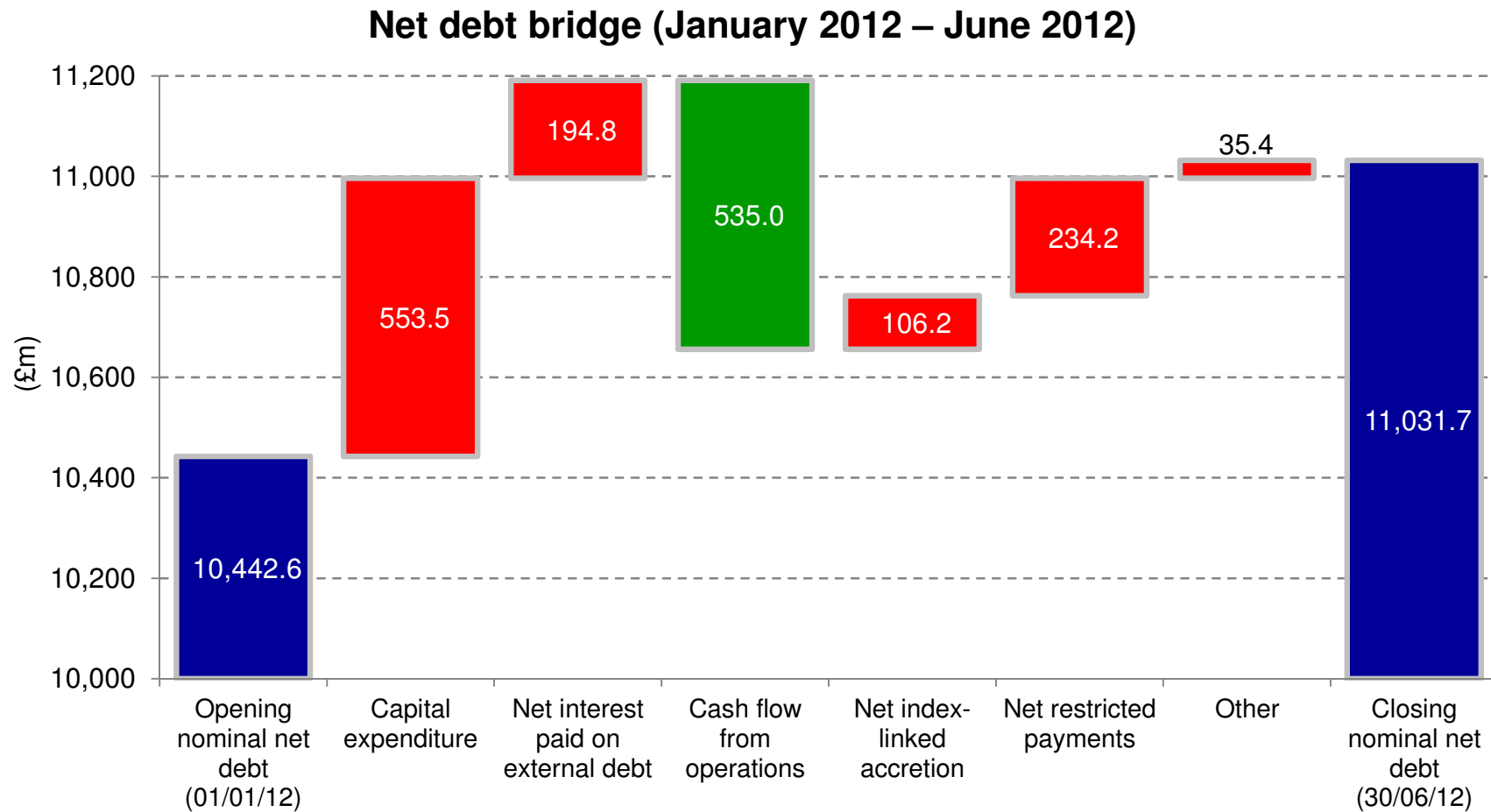
...leading to increased Adjusted EBITDA, supporting significant capital investment



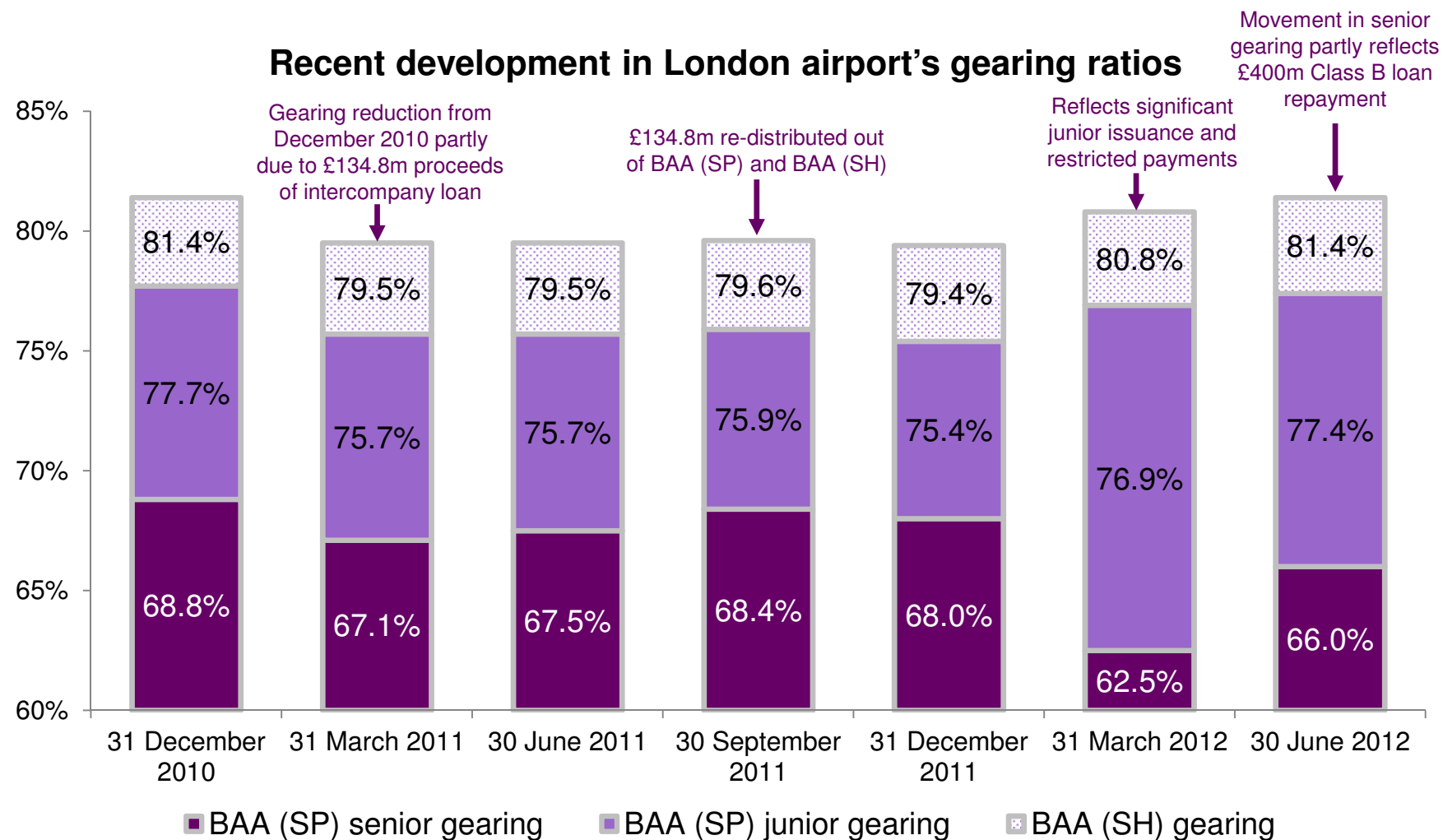
Reconciliation of interest payable with interest paid

	H1 2011		H1 2012	
<i>(figures in £m)</i>	Total	SP debenture	External debt	Total
Net interest payable (profit and loss account)	(536.9)	(25.2)	(193.5)	(218.7)
Adjust for fair value loss/(gain) on financial instruments	143.9	0.0	(152.0)	(152.0)
Net interest payable net of fair value loss/(gain)	(393.0)	(25.2)	(345.5)	(370.7)
Amortisation of financing fees and fair value adjustments	27.9	0.0	24.7	24.7
Interest capitalised	(14.8)	0.0	(38.8)	(38.8)
Underlying net interest payable	(379.9)	(25.2)	(359.6)	(384.8)
Other adjustments to reconcile to interest paid				
Derivative interest prepayment amortisation	33.9	0.0	28.0	28.0
Movement in interest accruals/accretion/other	173.7	5.0	136.8	141.8
Net interest paid (cash flow statement)	(172.3)	(20.2)	(194.8)	(215.0)

Post-interest cash flow financed close to 60% of capital expenditure



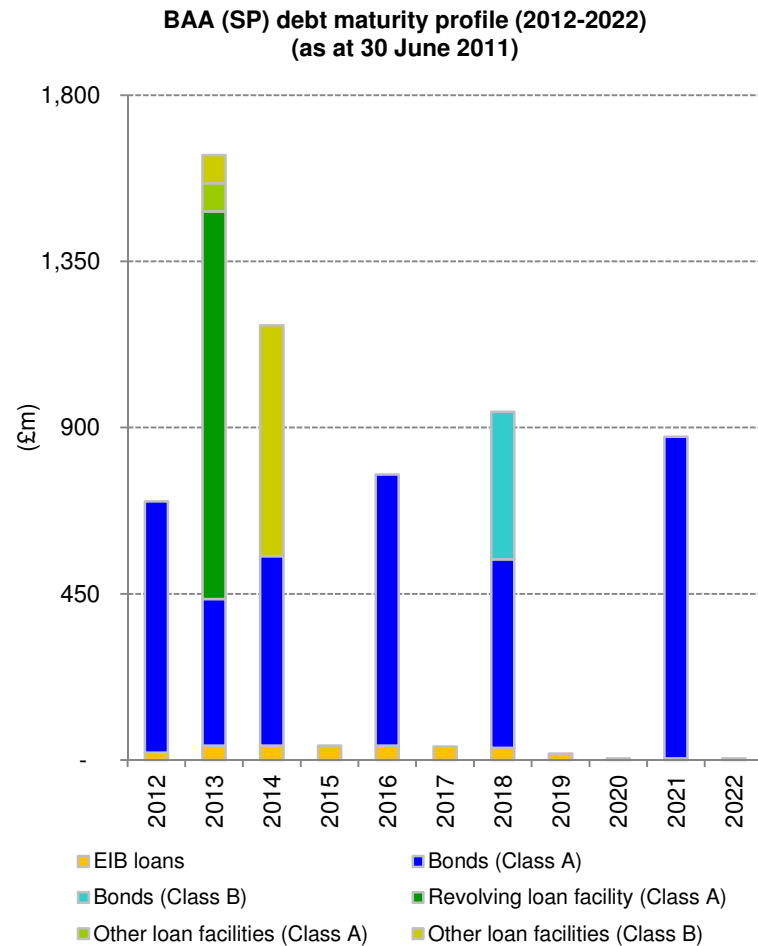
Over £1 billion gearing headroom at BAA (SP) and BAA (SH)



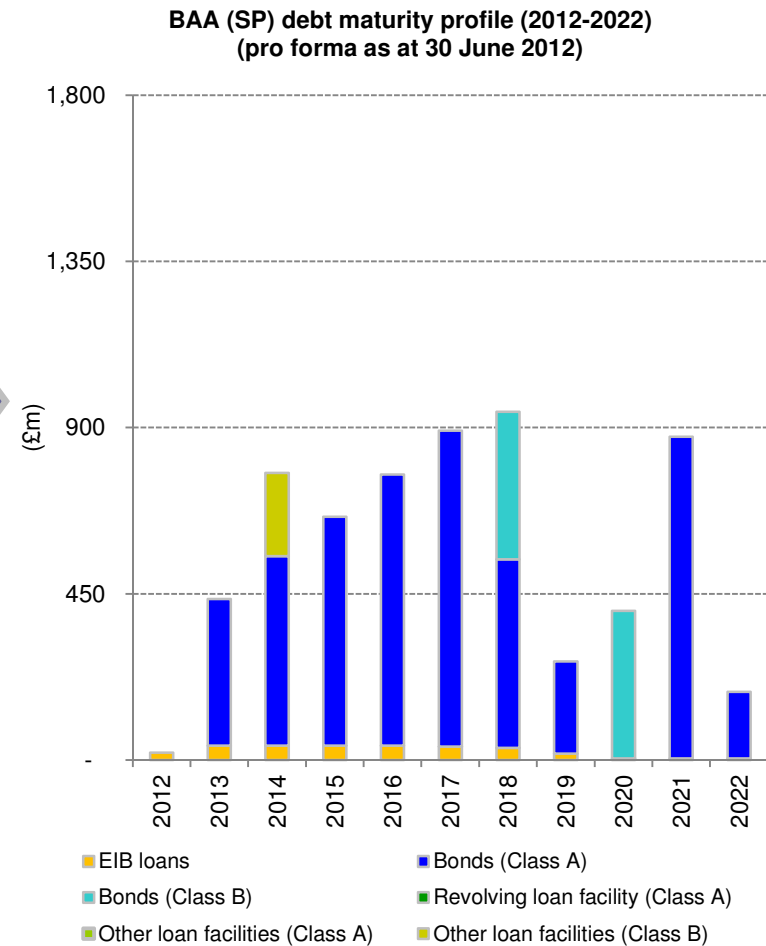
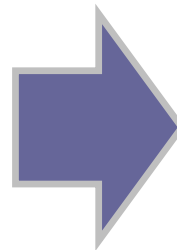
Financing transformed

	December 2011		June 2012	Change
Average life of debt	9.8 years	→	10.7 years	+1 year
Debt due within 3 years	£3.7 billion	→	£1.9 billion	-£1.8bn
Bond proportion of total debt	77%	→	95%	+18pp
Liquidity horizon	20 months	→	30 months	+50%
Bond issue currencies	3	→	5	+2
Foreign currency bonds	£2.8bn (27%)	→	£3.6bn (34%)	+£0.8bn

Significantly improved debt maturity profile



£3.7 billion maturing beyond 2022



£4.5 billion maturing beyond 2022

Transformed financing position provides liquidity until end of 2014

- Over £3 billion raised in 11 capital markets transactions across 5 currencies
 - 2 Class B bonds raised £1 billion
 - debut Swiss franc and Canadian dollar bonds
- New £2.75 billion 5 year revolving credit and liquidity facilities completed
 - significant oversubscription
 - general corporate purposes revolving credit facilities
 - Class A: £1.5 billion
 - Class B: £400 million
 - £100 million working capital facility
 - £750 million standby liquidity facilities

Conclusion

- Record Heathrow traffic continues
- Strong service standards maintained
- Financial results consistent with expectations
- Financing position transformed

Appendix

BAA (SP)'s consolidated net debt at 30 June 2012

		Amount	Amount and features of available facilities		
		(£m)	Local currency	S&P/Fitch rating	Maturity
			(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
		249.8	249.8	A-/A-	2021/23
		621.3	1,000.0	A-/A-	2021/23
		181.0	181.0	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
		516.1	516.1	A-/A-	2039/41
		750.0	750.0	A-/A-	2041/43
Total bonds		8,579.8	8,579.8		
Bank debt	EIB Facilities	274.1	274.1	n/a	2012/22
	Revolving/Working Capital Facilities	108.8	2,108.8	n/a	2013/17
Total bank debt		382.9	2,382.9		
Total senior debt		8,962.7	10,962.7		
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		10,587.7	12,987.7		
Cash		(4.2)			
Index-linked derivative accretion		448.2			
Net debt		11,031.7			

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 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 BAA (SP) Limited figure calculated on a nominal basis excluding intra-BAA group loans and including index-linked accretion
- 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
 - 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 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 £27.5 million inflow from BAA (SH) on-lending proceeds from increased loan more than offset by loan refinancing fees, swap cancellation costs 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
 - Figures are in respect of BAA (SP) Limited external nominal debt
 - Figures at 30 June 2012 assume that completion of C\$400 million 7 year Class A bond, that occurred after period end, happened on 30 June 2012]
 - Bond proportion of total debt is proportion of gross debt excluding index-linked accretion
 - Proportion of foreign currency bonds is as a proportion of total gross debt
 - Liquidity horizon at December 2011 was referred to in 2011 BAA (SP) Limited annual report as being “...until the final maturity of its revolving capital expenditure facility in August 2013”. Liquidity horizon at June 2012 assumes completion of C\$400 million bond issue that happened after period end and was referred to in June 2012 investor report as being “...until at least the end of 2014”
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 - Pro forma debt maturity profile at 30 June 2012 assumes that completion of C\$400 million 7 year Class A bond, that occurred after period end, happened on 30 June 2012

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