



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

Results for three months ended 31 March 2013

April 2013

Heathrow
Making every journey better

- Robust financial performance continues into early 2013
- Record Q1 Heathrow traffic
- Highest ever passenger satisfaction
- Stansted disposal completed
- CAA publishing initial price cap proposals imminently

Q1 2013 highlights

Traffic and retail performance

Heathrow passenger traffic	+1.8%
NRI per passenger	+1.2%

Key financial highlights

Revenue	+6.1%
Adjusted EBITDA	+10.4%

Investment and financing

Capital expenditure	£275m
Net debt (senior and junior)	£10,569m
RAB	£13,727m

Continuing record traffic

- Strong traffic performance through first quarter – adjusting for leap year growth was 3.0%
- Growth continued to reflect record load factors and larger aircraft
- Strong European growth driven by British Airways' acquisition of bmi
- Middle East performance benefitting from increased capacity

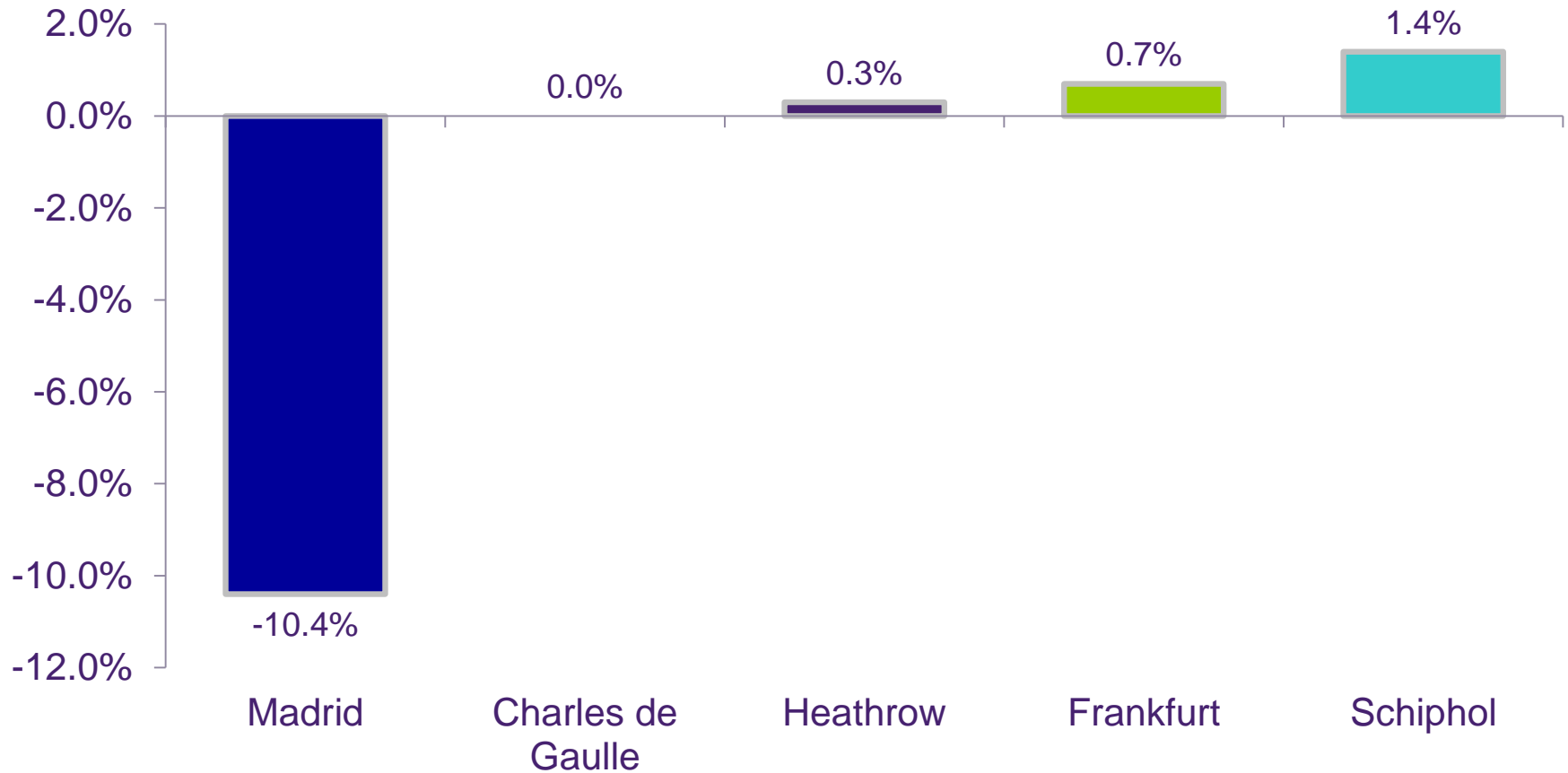
Passenger traffic

3 months ended 31 March

	2012	2013	Change
	(m)	(m)	
<i>By market served</i>			
UK	1.1	1.1	-2.9%
Europe	6.3	6.6	4.7%
North America	3.3	3.3	0.7%
Asia Pacific	2.5	2.5	0.2%
Middle East	1.3	1.4	6.3%
Africa & Latin America	1.2	1.1	-7.1%
Total	15.7	16.0	1.8%

Heathrow's traffic performance remains robust versus other major European hub airports, outperforming in last 6 months

Change in passenger traffic in year ended 31 March 2013

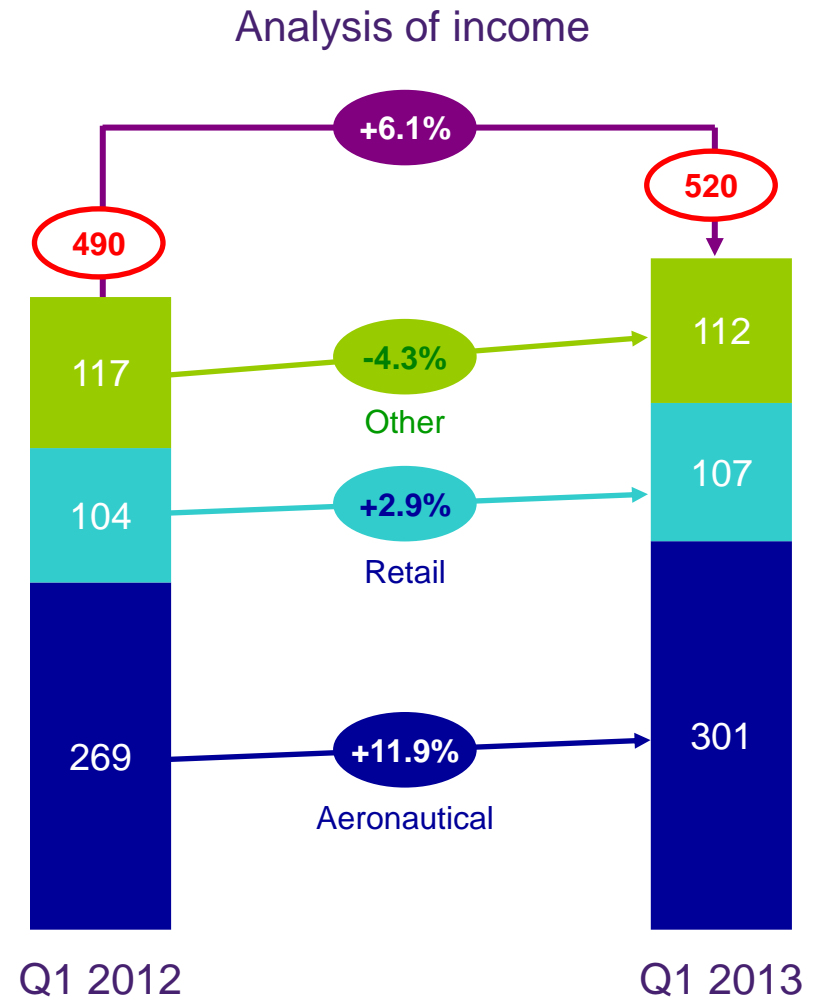


Good start to 2013

(figures in £m)	Q1 2012	Q1 2013	Change
Revenue	490	520	+6.1%
Adjusted operating costs	269	276	+2.6%
Adjusted EBITDA	221	244	+10.4%
Consolidated Heathrow (SP) net debt	11,360	10,569	-7.0%
Consolidated Heathrow Finance net debt	12,086	11,289	-6.6%
RAB (Regulatory Asset Base)	14,814	13,727	-7.3%

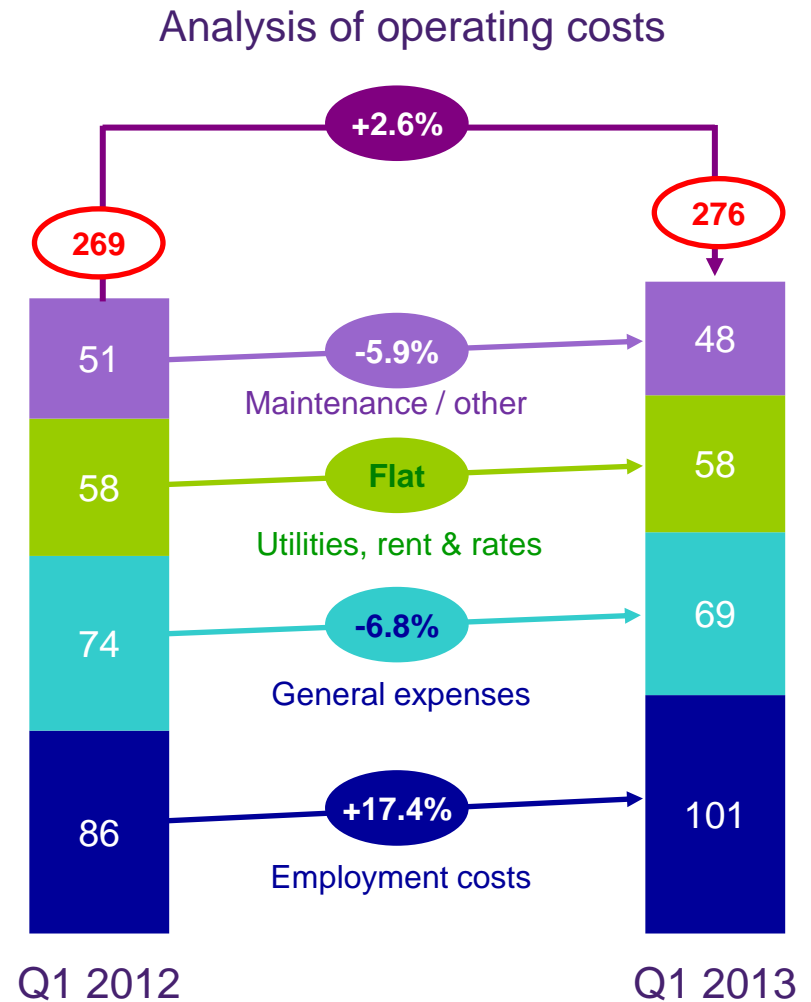
Year starts with good revenue momentum...

- Continued aeronautical income growth
 - record passenger traffic combined with tariff increases
- Retail income continues growing ahead of passenger numbers
- Net retail income ('NRI') per passenger up 1.2% to £6.33
 - growth in bureaux de change and car parking
 - likely adverse impact by shift in mix to European traffic
 - slower luxury retail growth
 - closure of HMV stores, outlets due to reopen shortly with new retailers
- Reduction in other income reflects change in intra-group recharge

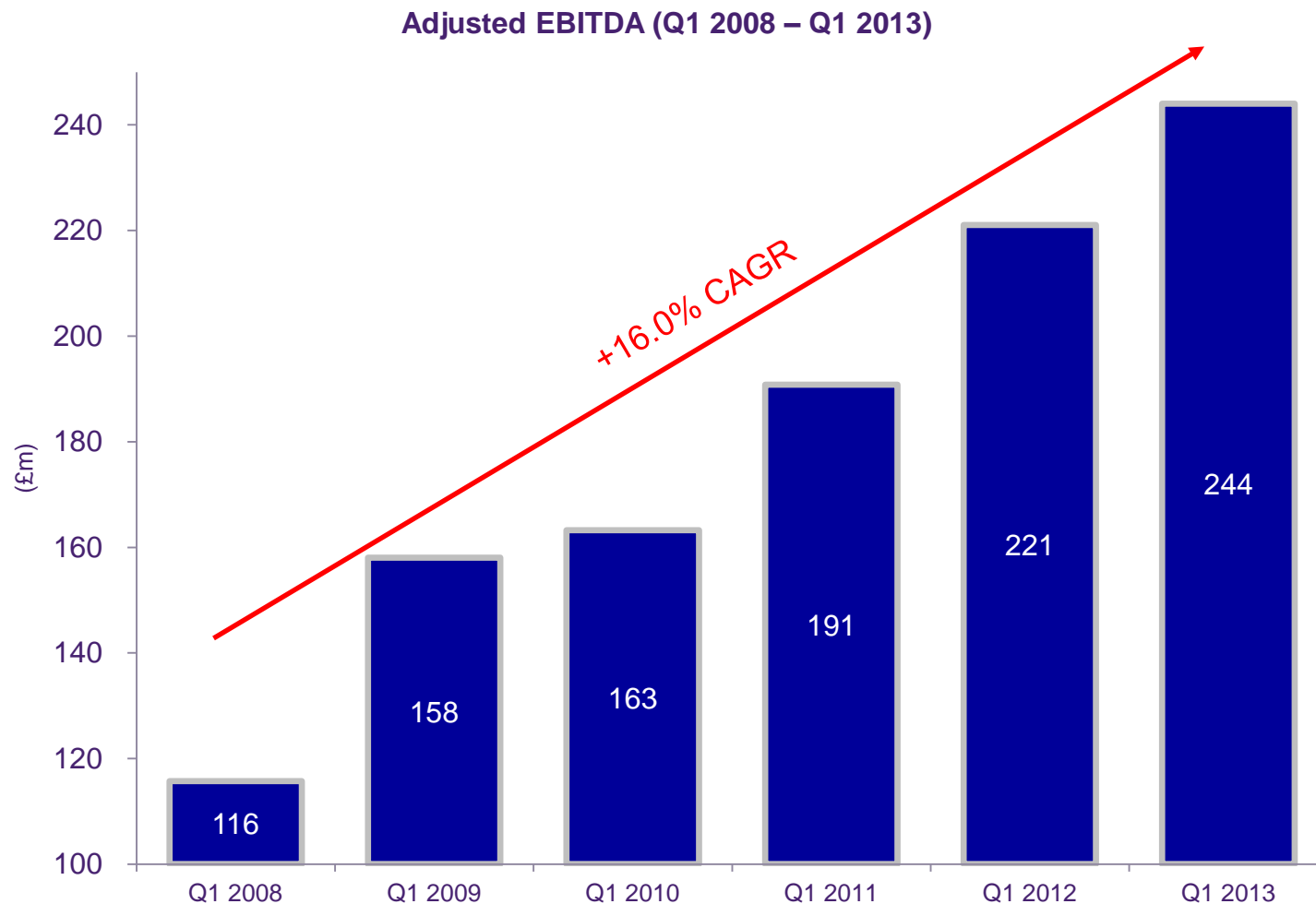


...which outpaced cost increase...

- Good underlying cost performance
- One-off items impact employment costs
 - one-off impact of redundancy related pension charges and efficiency related incentives
- Remaining employment cost rose c.8%
 - higher non-cash pension service charges
 - contractually agreed pay increases
 - growth rate to moderate over remainder of year
- Lower general expenses reflects change in intra-group recharge
 - Offset by reduction in other revenue



...resulted in further strong growth in Adjusted EBITDA



Reconciliation of interest payable with interest paid

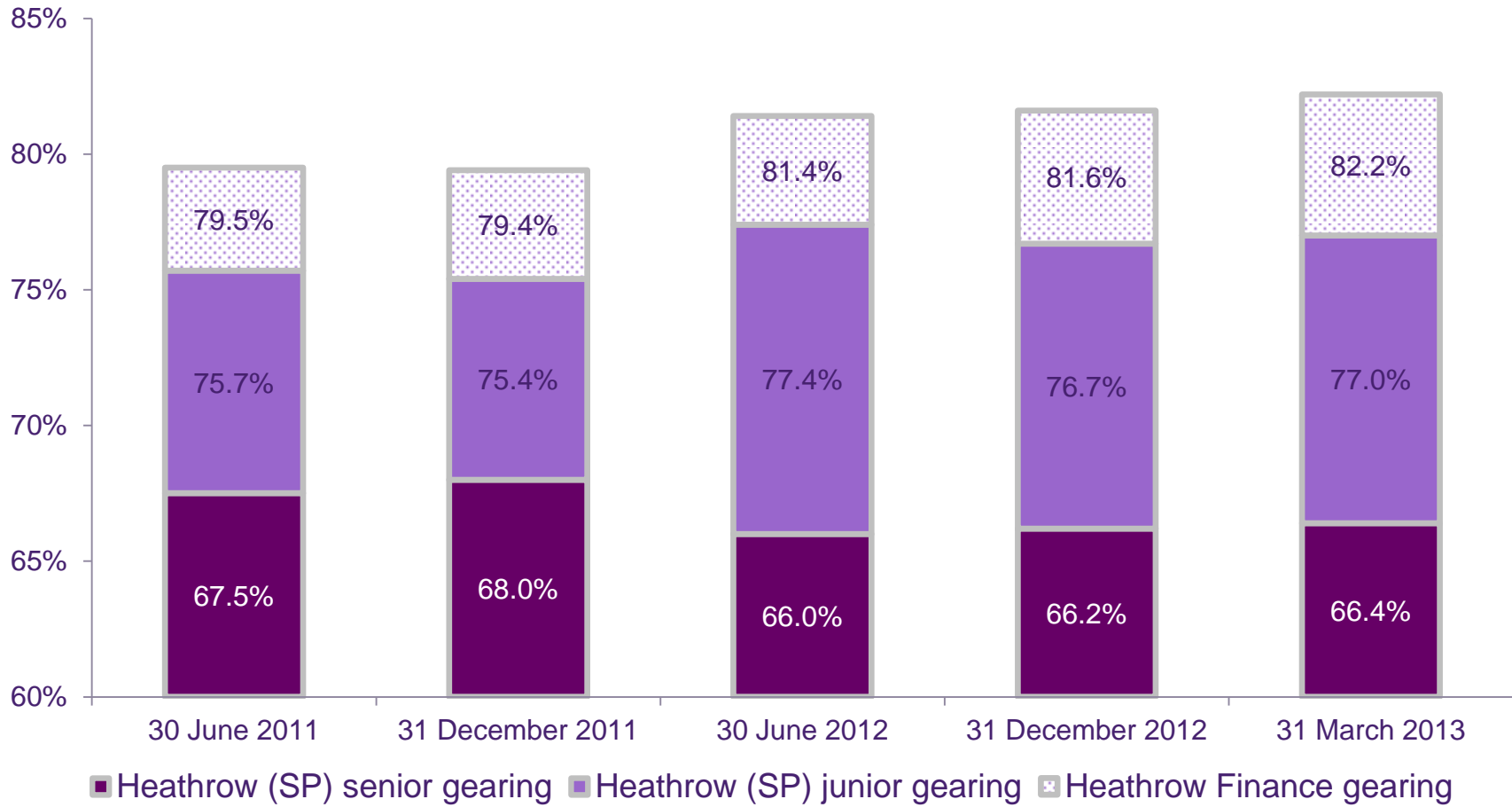
	Q1 2012	Q1 2013		
(figures in £m)	Total	SP debenture	External debt	Total
Net interest payable (profit and loss account)	(205)	(14)	(592)	(606)
Adjust for fair value loss/(gain) on financial instruments	22	0	433	433
Net interest payable net of fair value loss/(gain)	(183)	(14)	(159)	(173)
Amortisation of financing fees and fair value adjustments	10	0	13	13
Interest capitalised	(14)	0	(34)	(34)
Underlying net interest payable	(187)	(14)	(180)	(194)
Other adjustments to reconcile to interest paid				
Derivative interest prepayment amortisation	14	0	0	0
Movement in interest accruals/accretion/other	84	(13)	40	27
Net interest paid (cash flow statement)	(89)	(27)	(140)	(167)

Use of Stansted sale proceeds

- Debt repayment
 - £639 million of revolving credit facility
 - £100 million of Class B loan
- £300 million 'equity' element of proceeds distributed out of Heathrow (SP) / Heathrow Finance
 - pay down part of ADI Finance debt
 - make a return to shareholders on their historic investment in Stansted
- £339 million cash remains on balance sheet at period end
- Remainder used for general corporate purposes

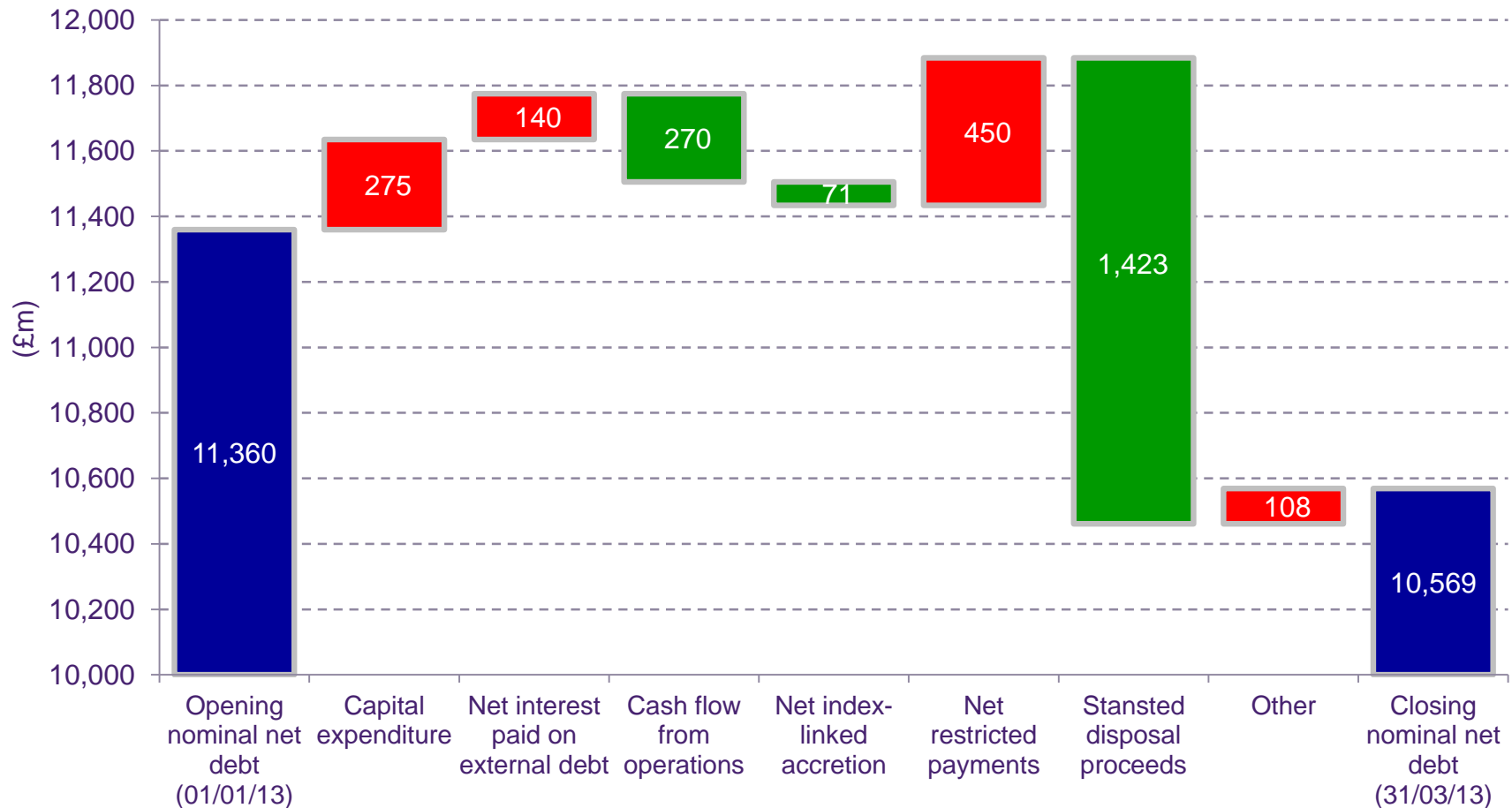
Deleveraging from Stansted disposal offset by impact of seasonal cash flow and interest payments

Recent development in London airport's gearing ratios



Reduction in net debt reflects Stansted disposal

Net debt bridge (January 2013 – March 2013)



Conclusion

- Good start to year
- Record Q1 Heathrow traffic and highest ever passenger satisfaction
- Stansted disposal completed
- CAA publishing initial price cap proposals imminently
- Outlook for 2013 remains consistent with December 2012 investor report

Appendix

Heathrow (SP)'s consolidated net debt at 31 March 2013

		Amount		Amount and features of available facilities				
		(£m)		Local currency	S&P/Fitch rating		Maturity	
				(m)	(£m)			
Senior (Class A)								
Bonds		396	396	396	396	A-/A-		2013/15
		513	513	750	513	A-/A-		2014/16
		300	300	300	300	A-/A-		2015/17
		319	319	500	319	A-/A-		2015/17
		300	300	300	300	A-/A-		2016/18
		434	434	500	434	A-/A-		2016/18
		584	584	700	584	A-/A-		2017/19
		272	272	400	272	A-/A-		2017/19
		510	510	750	510	A-/A-		2018/20
		250	250	400	250	A-/A-		2019/21
		250	250	250	250	A-/A-		2021/23
		621	621	1,000	621	A-/A-		2021/23
		185	185	185	185	A-/A-		2022/24
		750	750	750	750	A-/A-		2023/25
		700	700	700	700	A-/A-		2026/28
		200	200	200	200	A-/A-		2028/30
		900	900	900	900	A-/A-		2031/33
		42	42	50	42	A-/A-		2032/34
		42	42	50	42	A-/A-		2032/34
		527	527	527	527	A-/A-		2039/41
		750	750	750	750	A-/A-		2041/43
Total bonds		8,845	8,845	8,845	8,845			
Bank debt	EIB Facilities	246	246	246	246	n/a		2013/22
	Revolving/Working Capital Facilities	0	0	1,600	1,600	n/a		2017
Total bank debt		246	246	1,846	1,846			
Total senior debt		9,091	9,091	10,691	10,691			
Junior (Class B)								
Bonds		400	400	400	400	BBB/BBB		2018
		400	400	400	400	BBB/BBB		2020
		600	600	600	600	BBB/BBB		2024
Bank debt	Term Loan Facility	50	50	50	50	n/a		2014
	Revolving Facility	0	0	400	400	n/a		2017
Total junior debt		1,450	1,450	1,850	1,850			
Gross debt		10,541	10,541	12,541	12,541			
Cash		(339)	(339)					
Index-linked derivative accretion		367	367					
Net debt		10,569	10,569					

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 2012
 - 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
- 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 the same period of 2012, except for net debt and RAB where the change is relative to 31 December 2012
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 - Adjusted operating costs exclude depreciation, amortisation and exceptional items
- Page 8
 - Adjusted EBITDA: earnings before interest, tax, depreciation and amortisation and exceptional items
 - Adjusted EBITDA for all years is in respect of continuing operations only, i.e. excluding Gatwick and Stansted
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 - Gearing is the ratio of external nominal net debt (including index-linked accretion) to the RAB (regulatory asset base)
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 - Net index-linked accretion reflects accretion charge for the period of £53 million offset by accretion prepayments of £124 million
 - Stansted disposal proceeds of £1,423 million reflects £1,500 million gross proceeds adjusted principally for cash set aside to meet pension-related liabilities and transferred to Stansted on disposal
 - Other net debt movement reflects mainly £124 million accretion prepayment to reverse the amount included in net index-linked accretion given that accretion is already included in opening net debt

Heathrow

Making every journey better