

YOUR LONDON AIRPORT
Gatwick



Gatwick Airport Limited

Results for six months ended 30 September 2011

29 November 2011

Operational and financial performance

Highlights *

Traffic growth

- Actual + 8.5%

- Underlying + 3.3%

EBITDA (pre-exceptionals) + 34.4%

Capital expenditure £134.1m

RAB £2,119.5m

Senior Net Debt £1,211.3m

Senior RAR 0.57x

- **Underlying traffic growth** from existing carriers, with additional new airlines starting services in Winter 2011
- Continuous improvement in operational performance, **delivering great customer service**
- **Strong financial performance** reflecting passenger growth, restructured landing charges and tight cost control
- Investment programme delivering **new and improved facilities**, on schedule and on budget

Competing to grow and become London's airport of choice

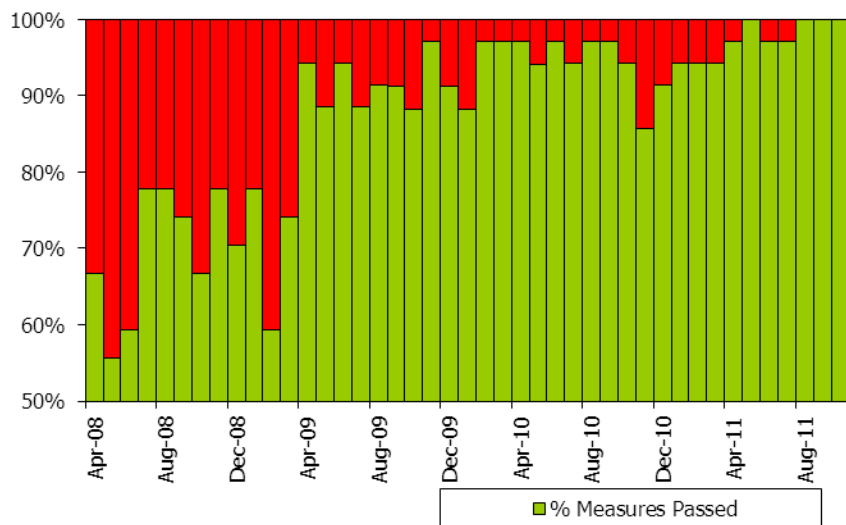
- **Deliver the best passenger experience**
- **Help our airlines grow**
- **Increase value and efficiency**
- **Protect and enhance our reputation**
- **Build a strong environment, health and safety culture**
- **Develop the best people, processes and technology**

Improved service and passenger satisfaction

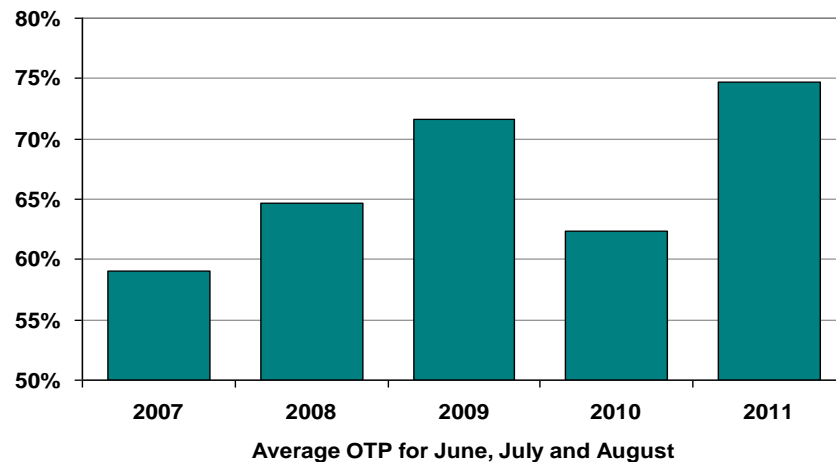
- **All SQR targets achieved** in May 2011 for the first time in Q5 and sustained in August, September and October
- Security performance above target throughout the Summer and every month since change of ownership

- **On-time performance markedly improved** since Summer 2010, with best performance to date in Q5
- Focus on airfield efficiency and turnaround time with airline partners
- Record baggage reclaim performance

SQR targets met in Q5



On-time performance – peak Summer



Route development activity delivering growth

easyJet

BRITISH AIRWAYS

norwegian.no

airberlin

- **Traffic growth in H1 11/12** largely from existing carriers:
 - record load factors each month
 - new routes launched by easyJet, BA, Norwegian
 - airberlin switched from Stansted

Vietnam Airlines

Air Asia



Lufthansa

HONGKONG AIRLINES
香港航空

TURKISH AIRLINES

- **New airlines starting at Gatwick in Winter 2010**, both short-haul and long-haul:
 - AirAsia X switched from Stansted
 - Hong Kong Airlines, daily service to HK
 - Vietnam Airlines, four flights per week to Hanoi & Ho Chi Minh City
 - Lufthansa, double daily to Frankfurt
 - Turkish Airlines, daily to Istanbul

Delivering airport transformation programme

- **Delivery of investment programme on schedule**
 - £134.1m invested in H1 2011/12
 - Monthly investment over last six months > £20m
 - £545m expected investment over next 2.5 years (includes Q5+1 extension year)



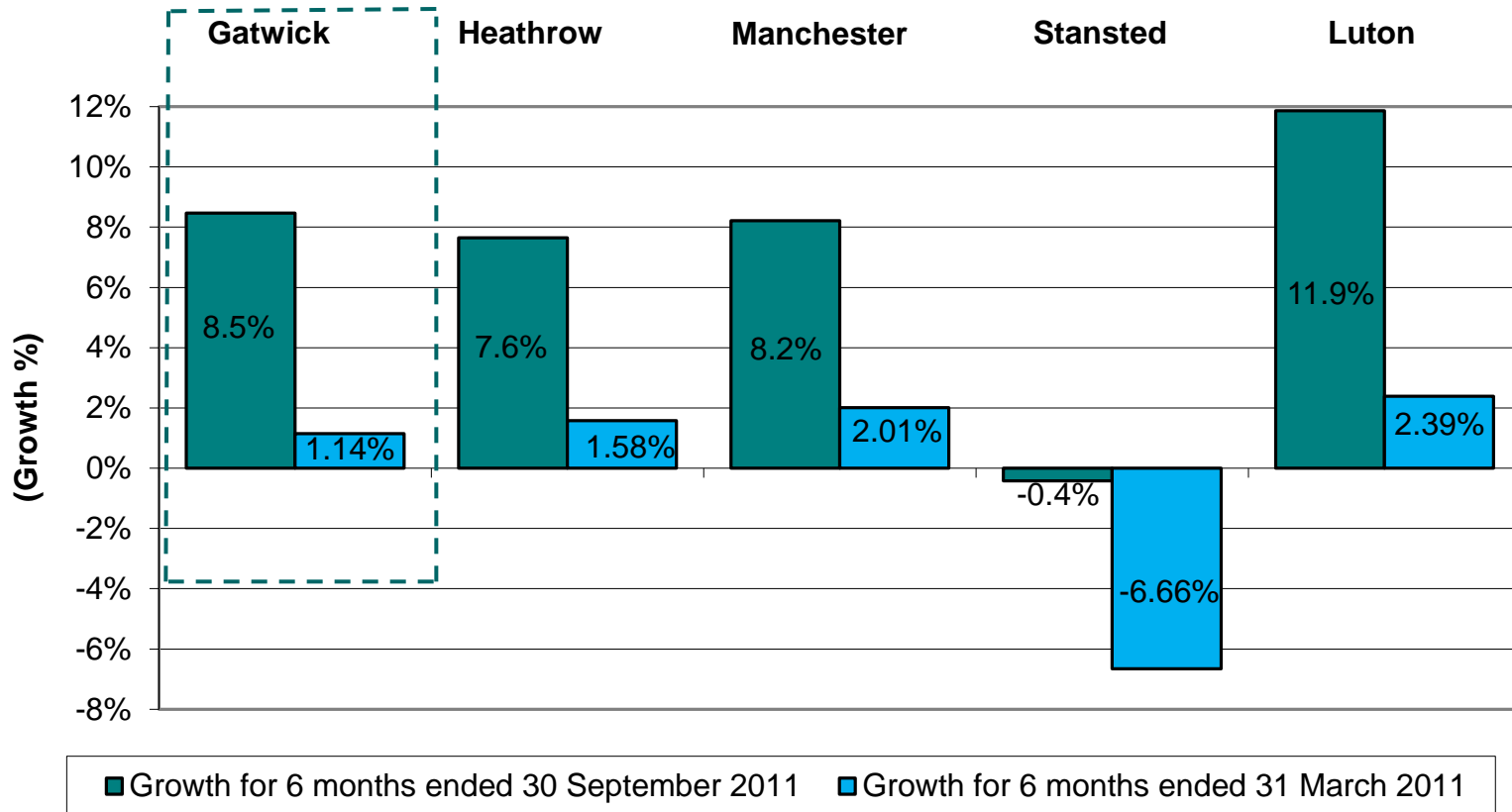
- **Projects completing during 2011/12**
 - South terminal security (£45m)
 - North terminal extension (£75m)
 - South terminal forecourt (£31m)



- **Programme for Q5+1 and Q6 now being developed**
 - Q5+1 projects of £250m being consulted on, with potential to accelerate investment
 - Q6 early consultation ahead of April 2012

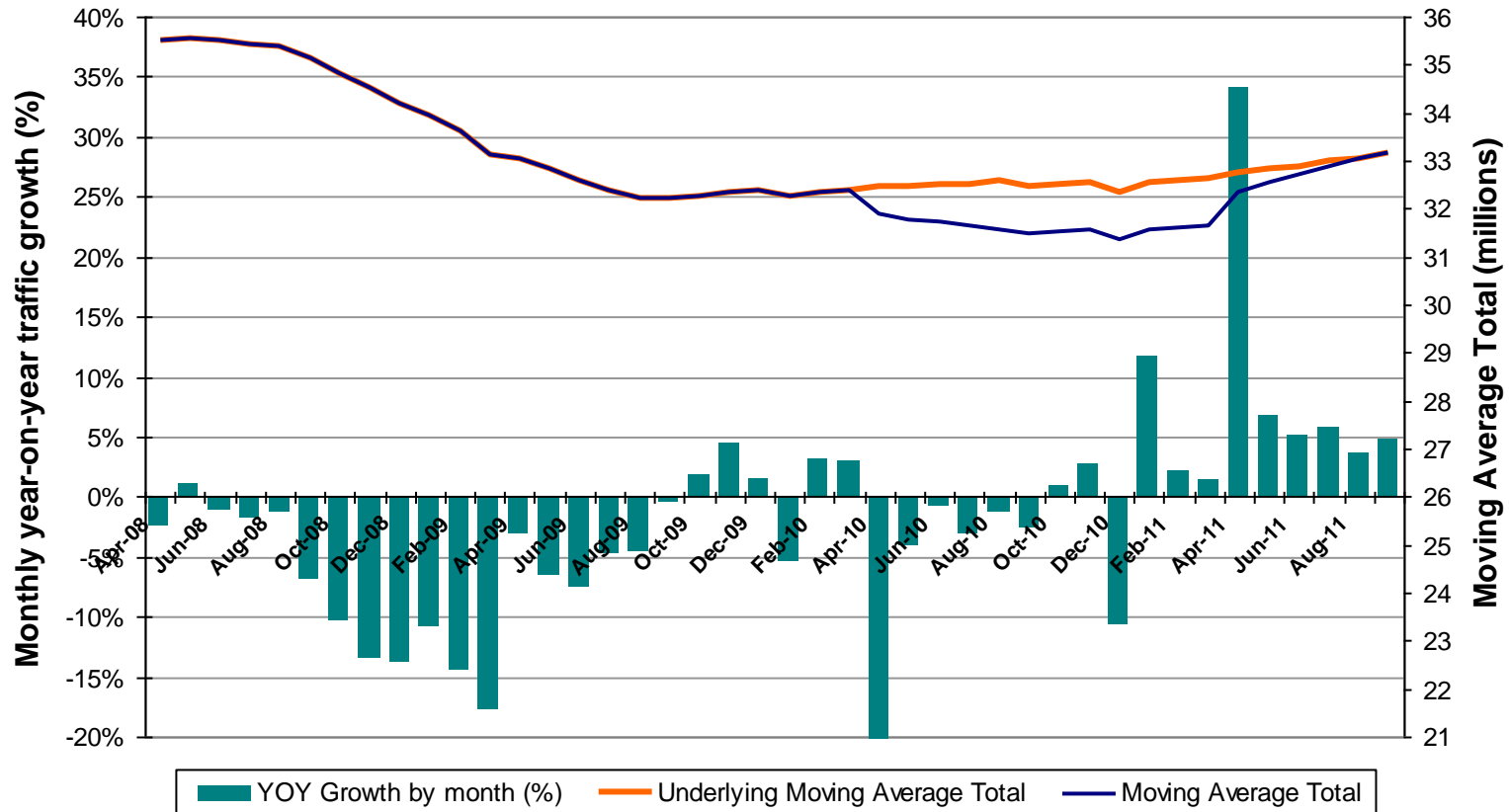


Traffic growth returned in H2 2010/11 and has continued into H1 2011/12



- Traffic for H1 2011/12 was 19.7 million (H1 2010/11: 18.2 million)
- Traffic in H1 2010/11 adversely affected by volcanic ash, airline network issues, and third party industrial action - underlying growth approximately 3.3%

Monthly growth and moving average traffic in Q5



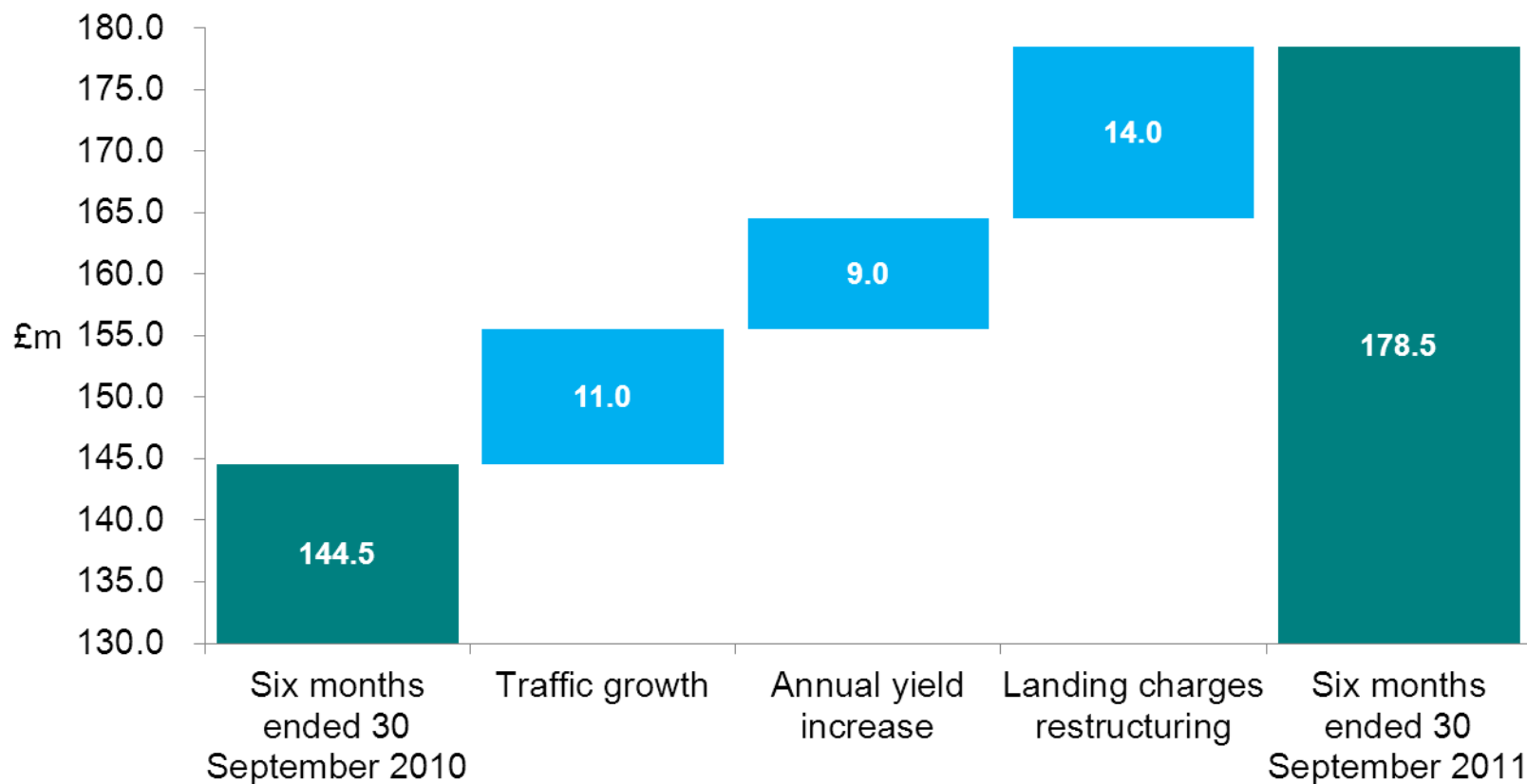
- Outlook for full year 2011/12 left unchanged at 33.6m, dependent on Winter volumes in light of current economic conditions.
- Gatwick is now projecting 34.1m passengers for 2012/13.

Solid financial performance building on traffic growth

<i>Figures in £m</i>	6 months ended 30 September 2011	6 months ended 30 September 2010	Change
Passengers (m)	19.7	18.2	8.5%
Turnover	314.5	273.9	14.8%
Operating costs (ex D&A and pre-exceptionals)	150.1	151.6	-1.0%
EBITDA (pre-exceptionals)	164.4	122.3	34.4%
Net debt *	1,194.7	771.3	54.9%
RAB *	2,119.5	1,830.1	15.8%

* Net debt and RAB are shown as at 30 September 2011 and 2010

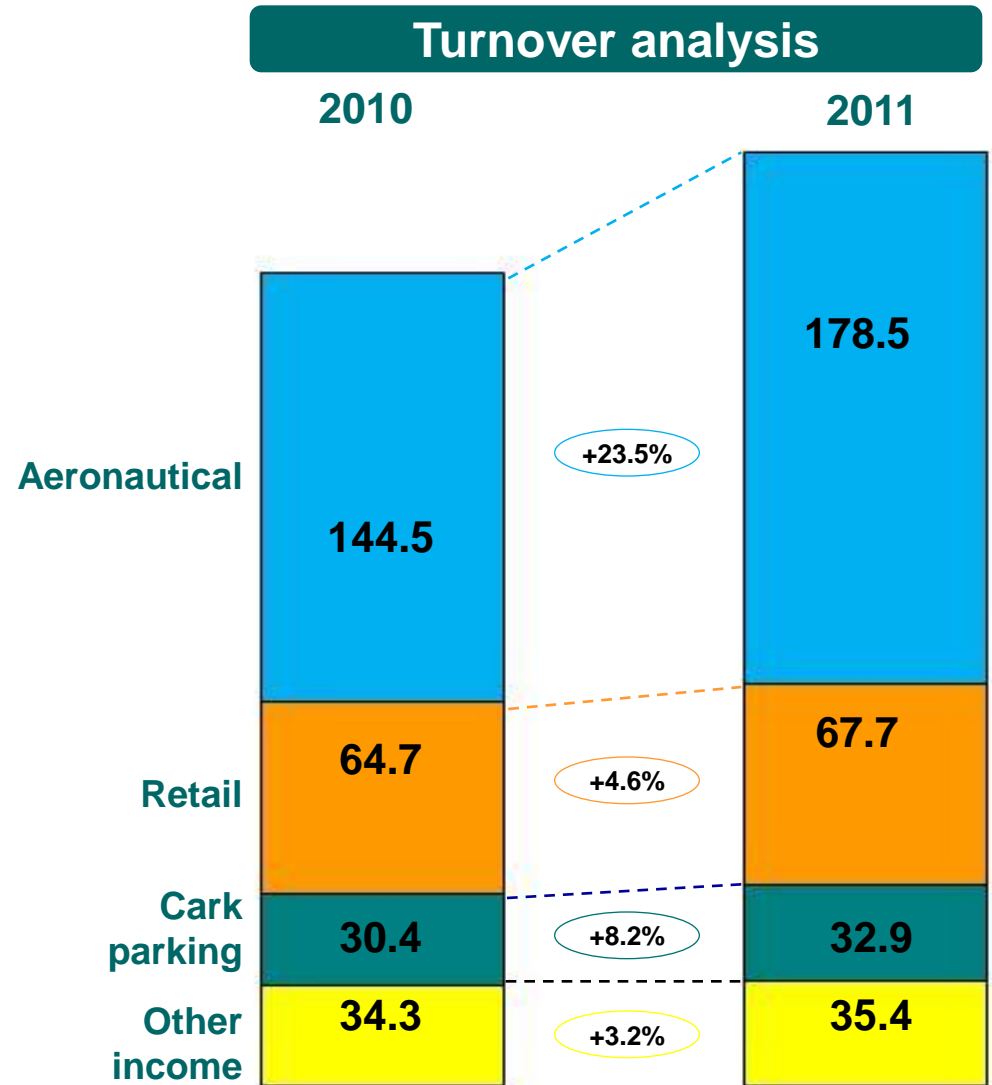
Airport charges restructured for 2011/12, resulting in shift of H1 and H2 revenues



- Passenger charges unaltered
- Winter landing charges eliminated
- Permitted yield increase placed on Summer landing fees

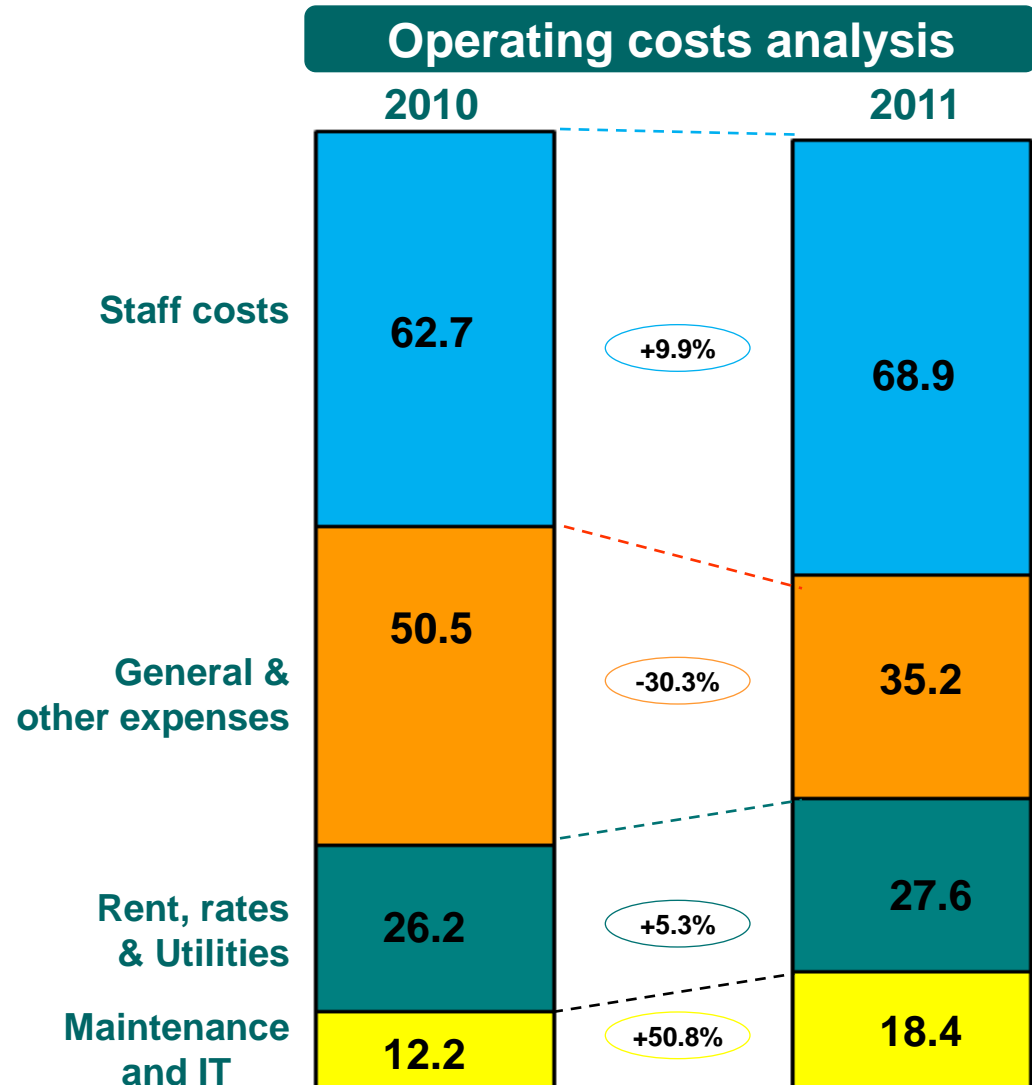
Increased turnover reflecting traffic growth and re-weighted airport charges

- Aeronautical revenues increased by 23.5%
- Net retail income per passenger decreased by £0.11 to £3.42
 - Changes to EU/non-EU passenger mix
 - Planned reductions in retail area during development activity around ST Security and NT
- Net car parking income per passenger increased by £0.07 to £1.29
 - New Gatwick booking engine came online in December 2010



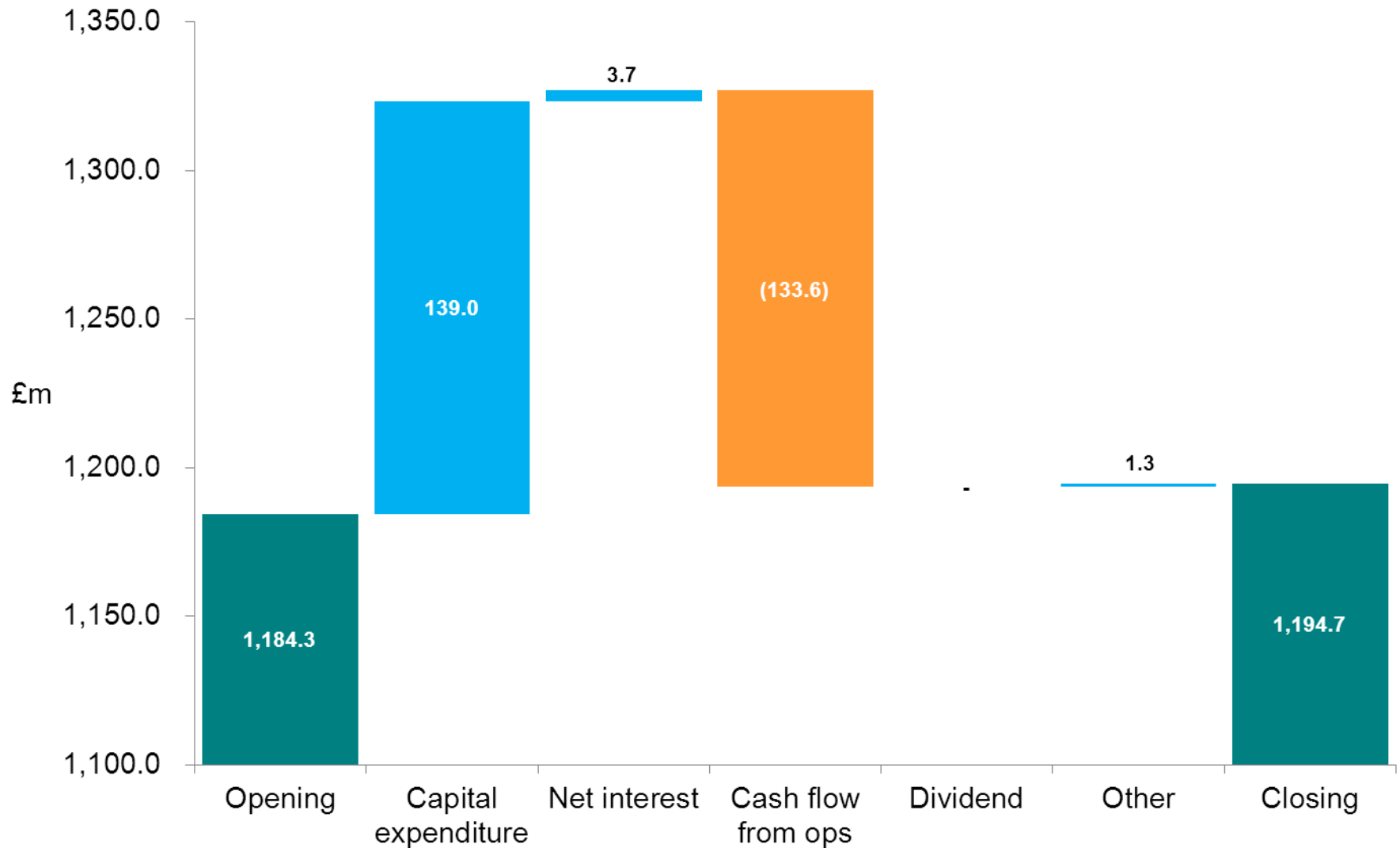
Adjusted operating costs* held steady

- Reliance on BAA removed:
 - IT systems separation completed in October 2011
 - Transitional IT costs reduced from £9.1m to £2.0m (within general & other expenses)
- Staff costs increase driven by:
 - Higher staff and contractor numbers in non-operational roles post-acquisition
 - Higher staff capitalisation reflecting work on investment programme (within general & other expenses)
 - Lower operational headcount continued



* Operating costs excluding depreciation and amortisation

Net debt 31 March 2011 to 30 September 2011



* Interest capitalised of £7.1m is included within capital expenditure

Long-term bond/bank funding platform established March 2011

- **Strong liquidity position** to fund investment programme of c.£545m over next 2.5 years from:
 - Undrawn commitments (£340m as at 30 September 2011)
 - Annual cash flow from operations (£198.5m for the 12 months ended 30 September 2011)
- Further refinancing in due course, but **able to wait for right market conditions**
 - Already 50% funded through bond market
 - 3 years to maturity of bank facilities
 - No additional external debt in ownership structure

Financial ratio	Year ended 30 September 2011	Year ended 31 March 2011
Cash flow (per covenant)	£159.1m	£144.8m
Total interest (net)	£28.5m	£42.0m
Senior ICR	5.59x	3.45x
Trigger	<1.50x	<1.50x
Senior Net Debt (drawn)	£1,211.3m	£1,202.2m
RAB	£2,119.5m	£1,985.5m
Senior RAR	0.57x	0.61x
Trigger	>0.70x	>0.70x

Regulatory developments

- Q5 extended by one year to end March 2014 through negotiation with airlines
 - RPI *minus* 0.5% price cap applies to year 2013/14
- Civil Aviation Bill (formerly “Airport Economic Regulation Bill”) to be introduced to Parliament in the first quarter of 2012
 - Draft Bill published 23 November, content as expected following earlier DFT proposals
 - Draft Bill introduces explicit financing duty on CAA and derogations for existing financing arrangements
 - Select Committee initial review scheduled for December 2011
- CAA assessment of airport market power progressing
 - Emerging view of CAA outlined mid November
 - Gatwick’s analysis indicates it does not have “significant market power”
 - CAA to publish its initial assessment in January 2012
- Q6 preparation
 - Initial discussions with airlines on Q6 progressing well

Conclusion

- **Underlying traffic growth in H1**, modest growth expected in H2
- **Strong financial performance** reflecting passenger growth, restructured landing charges and tight cost control
- **All service quality regime measures achieved** for four of last six months to end October and **significant improvement in on-time performance** over the Summer
- Investment programme on track, delivering **new and improved facilities**

Full details of today's announcement at: gatwickairport.com/investor

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Questions