



PREMIUM
Gatwick

by invitation only

Gatwick Airport Limited

Results for the year ended 31 March 2012

25 June 2012

Operational and financial performance

Highlights

Traffic growth

- Actual	+ 6.9%
- Underlying	+ 3.0%

EBITDA (pre-exceptionals)	+ 16.9%
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Capital expenditure	£239.2m
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RAB	£2,201m
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Senior Debt net of cash	£1,326m
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Senior RAR	0.60x
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Senior ICR	3.28x
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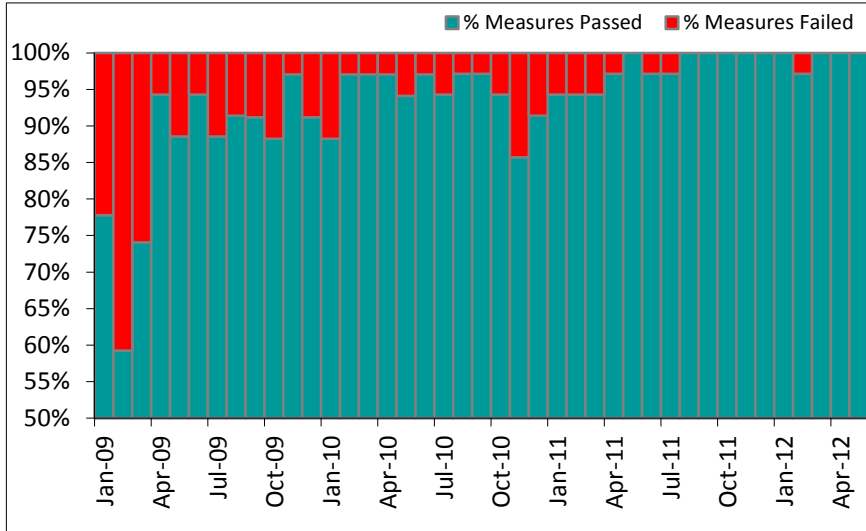
- **Underlying traffic growth** from existing and new carriers, including long haul carriers to Asian markets
- Continuous improvement in operational performance, **delivering great customer service**
- **Strong financial performance** reflecting passenger growth, increase in allowable aeronautical yield and tight cost control
- Investment programme continuing to deliver **new and improved facilities**
- **Financial structure strengthened** through further bond issuance.

Our ambition & strategy, consistently applied

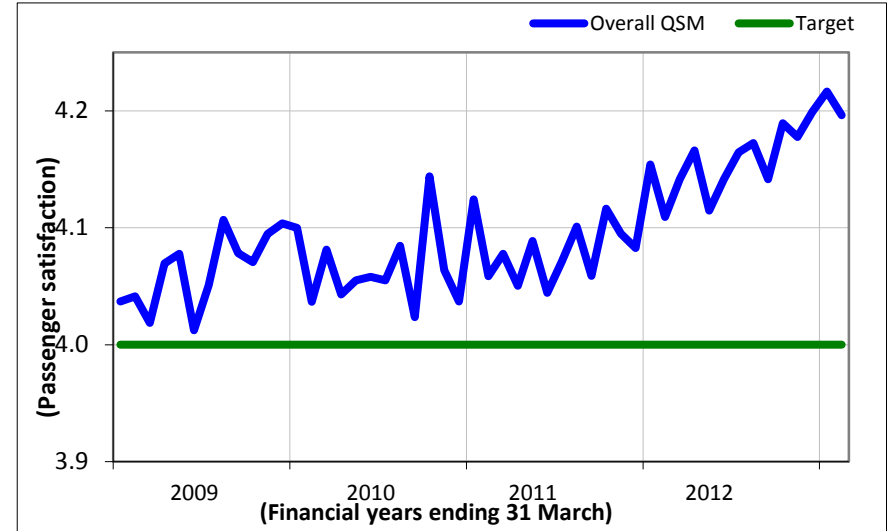


Improved service and passenger satisfaction

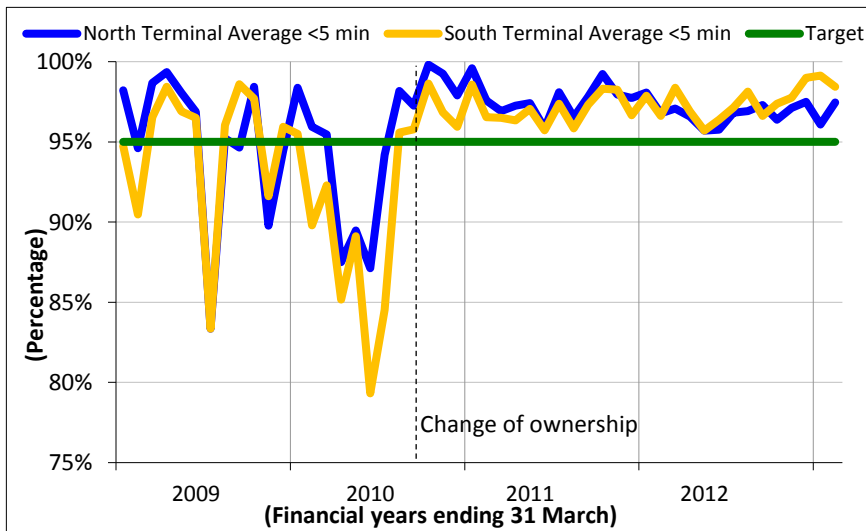
Service quality targets met in Q5



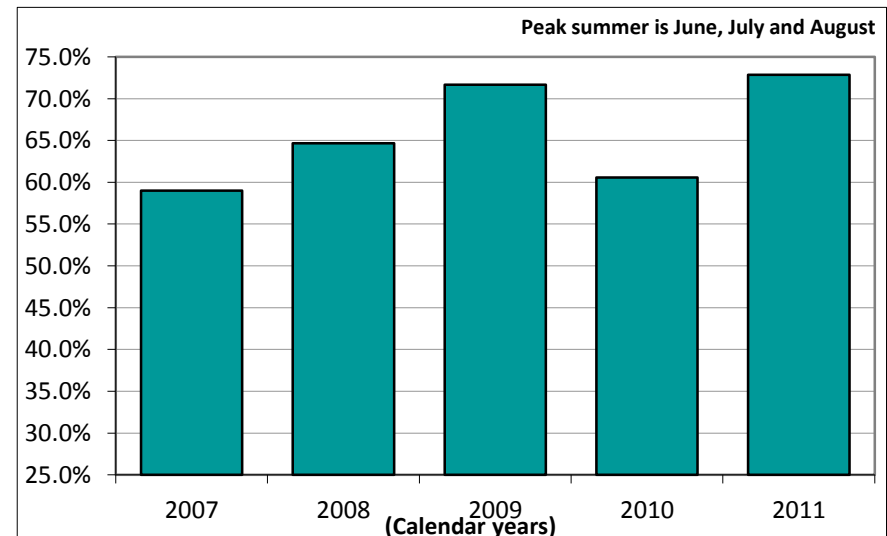
Customer survey score in Q5



Security queuing in Q5



On-time departures in peak summer



New routes delivering growth and connectivity



- Underlying traffic growth largely from existing carriers making **more effective use of peak capacity and available slots**:
 - Record load factors each month; 88.4% in August 2011
 - New routes/frequencies from easyJet, BA, Norwegian
 - Some turnover of airlines/routes e.g. Ryanair, Malev, Delta
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- **New airlines attracted to Gatwick**, in competition with other airports

- Asian airlines starting services as an alternative to Heathrow
 - AirAsia X latest airline to switch from Stansted to Gatwick (but now ceased all European services)
 - Lufthansa and Turkish Airlines providing connectivity beyond home markets
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- **New long-haul Asian carriers for summer 2012**
 - Assisting London's connectivity to the Far East



Investing in airport transformation

- **Delivery of investment programme on schedule**

- £239m invested in 2011/12
- £757m invested in Q5-to-date
- Approx. £436m remaining of Q5 programme (including extension year)



- **Projects completed during 2011/12**

- South Terminal forecourt (£31m)
- South Terminal security (£45m)
- Pier 2 reconfiguration and upgrade (£38m)
- North Terminal extension (£85m)



- **Major projects started in 2011/12**

- South Terminal baggage and Pier 1 (£174m)
- Pier 5 reconfiguration (£72m)
- North Terminal baggage (£46m)
- Main runway resurfacing (£44m)



Delivering a better retail offering

- **Brand new walk-through duty free store**
 - New walk-through duty and tax-free opens July 2012
 - Retail space in the South Terminal departure lounge being reconfigured



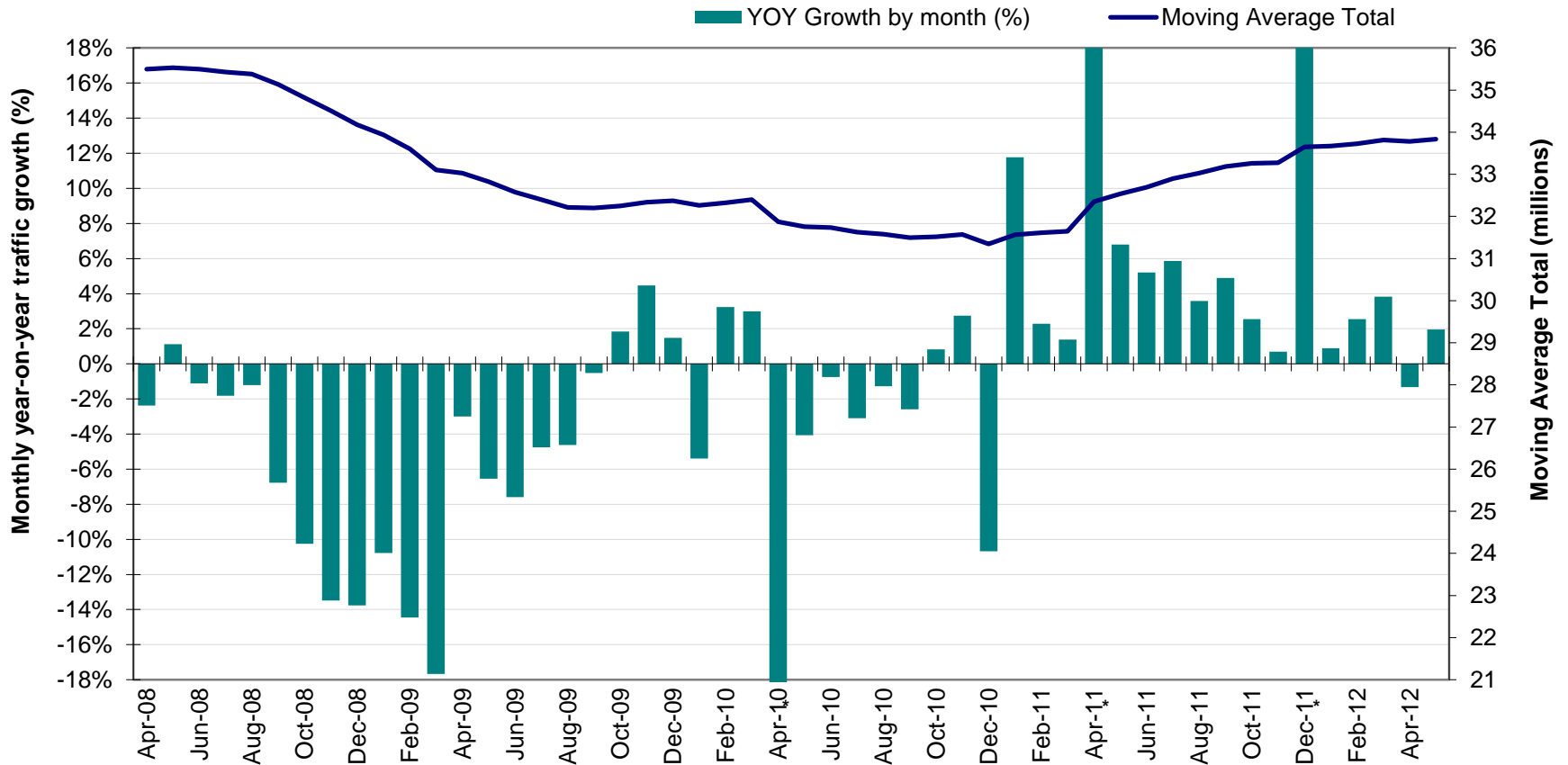
- **Innovative bookshop rebranding**
 - WH Smith stores being rebranded as 'London News Company' or 'London Book Company'
 - First rebranded store opened March 2012; all complete in Summer 2012



- **Improved catering in the North Terminal**
 - Two new restaurants opening this year
 - First airport in the world to offer a Jamie Oliver restaurant, opening July 2012



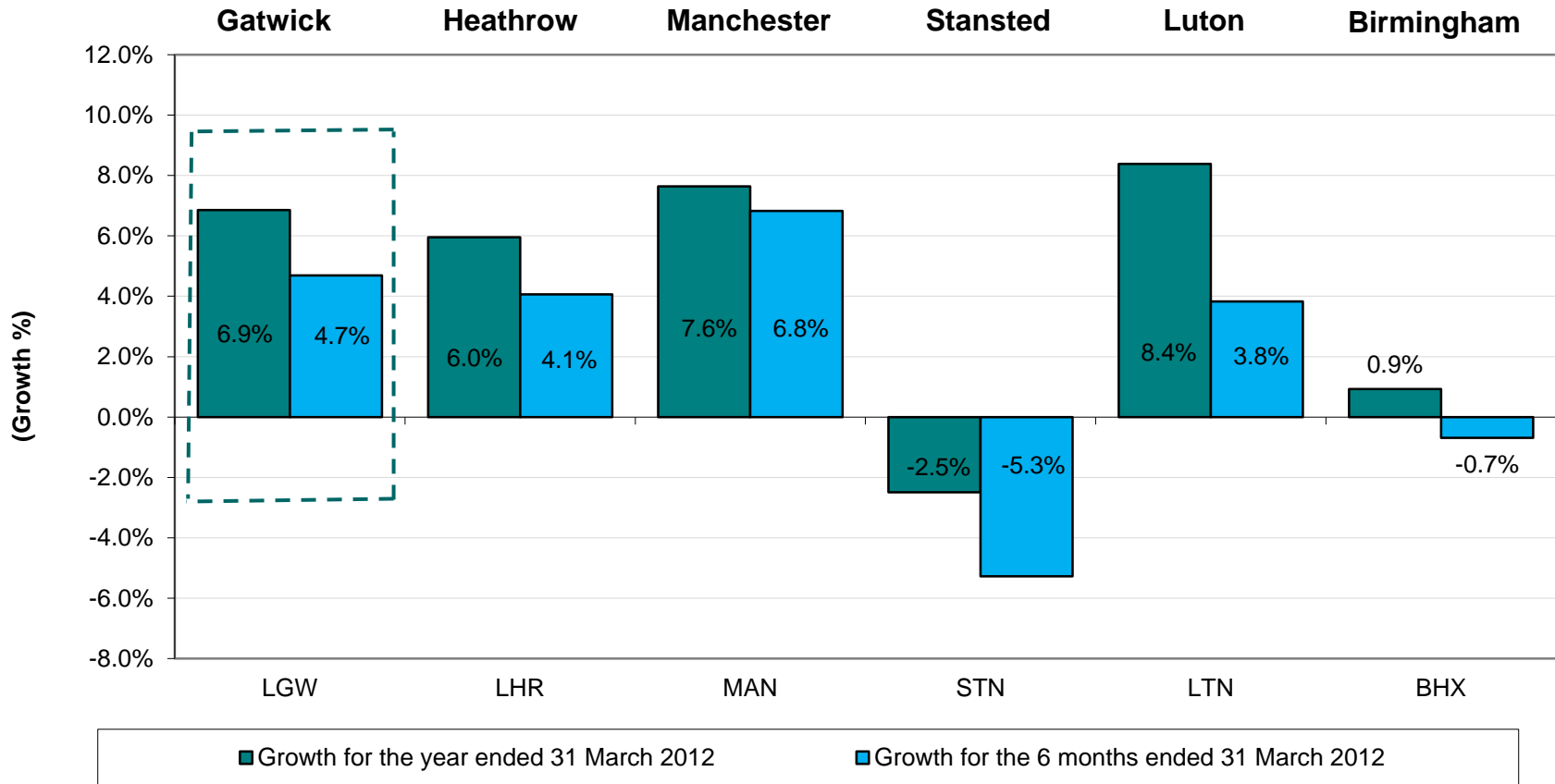
Traffic growth each month in 2011/12



* Apr-10 (20.2%); Apr-11 34.2%; Dec-11 20.1%.

- **33.8 million passengers in 2011/12**
 - +6.9% absolute increase
 - +3.0% underlying increase

Traffic growth at Gatwick comparable to other UK airports



- The positive momentum in developing new services and increased frequencies is tempered by the relatively weak economic outlook and uncertainty as to how the Euro-crisis will be resolved
- Management currently projecting 1.4% growth to 34.3m passengers for 2012/13

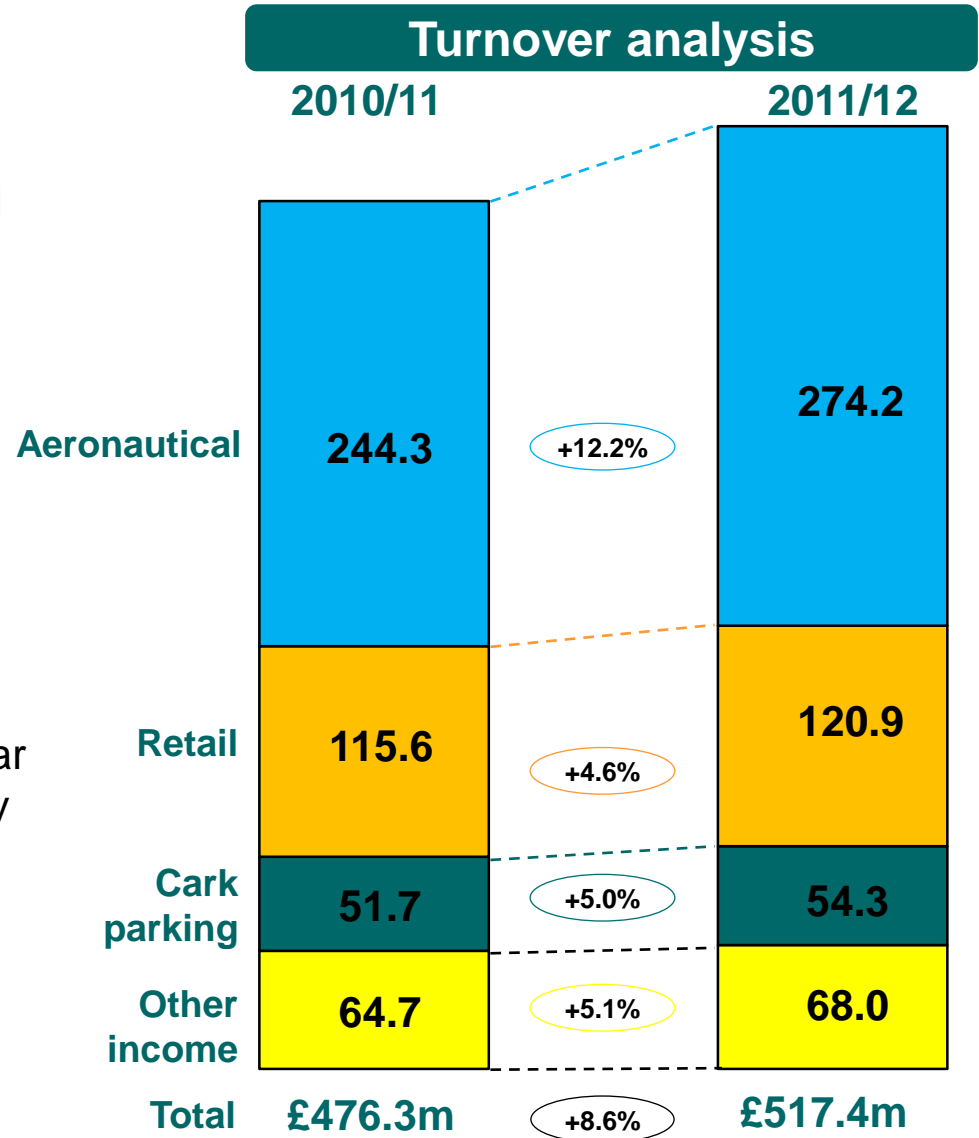
Strong financial performance building on traffic growth

<i>Figures in £m unless stated</i>	Year ended 31 March 2012	Year ended 31 March 2011	Change
Passengers (millions)	33.8	31.6	6.9%
Turnover	517.4	476.3	8.6%
Operating costs (ex D&A and pre-exceptional items)	295.9	286.9	3.1%
EBITDA (pre-exceptional items)	221.5	189.4	16.9%
Net debt *	1,266.5	1,184.3	6.9%
RAB *	2,200.9	1,985.5	10.8%

* Net debt and RAB are shown as at 31 March 2012 and 2011

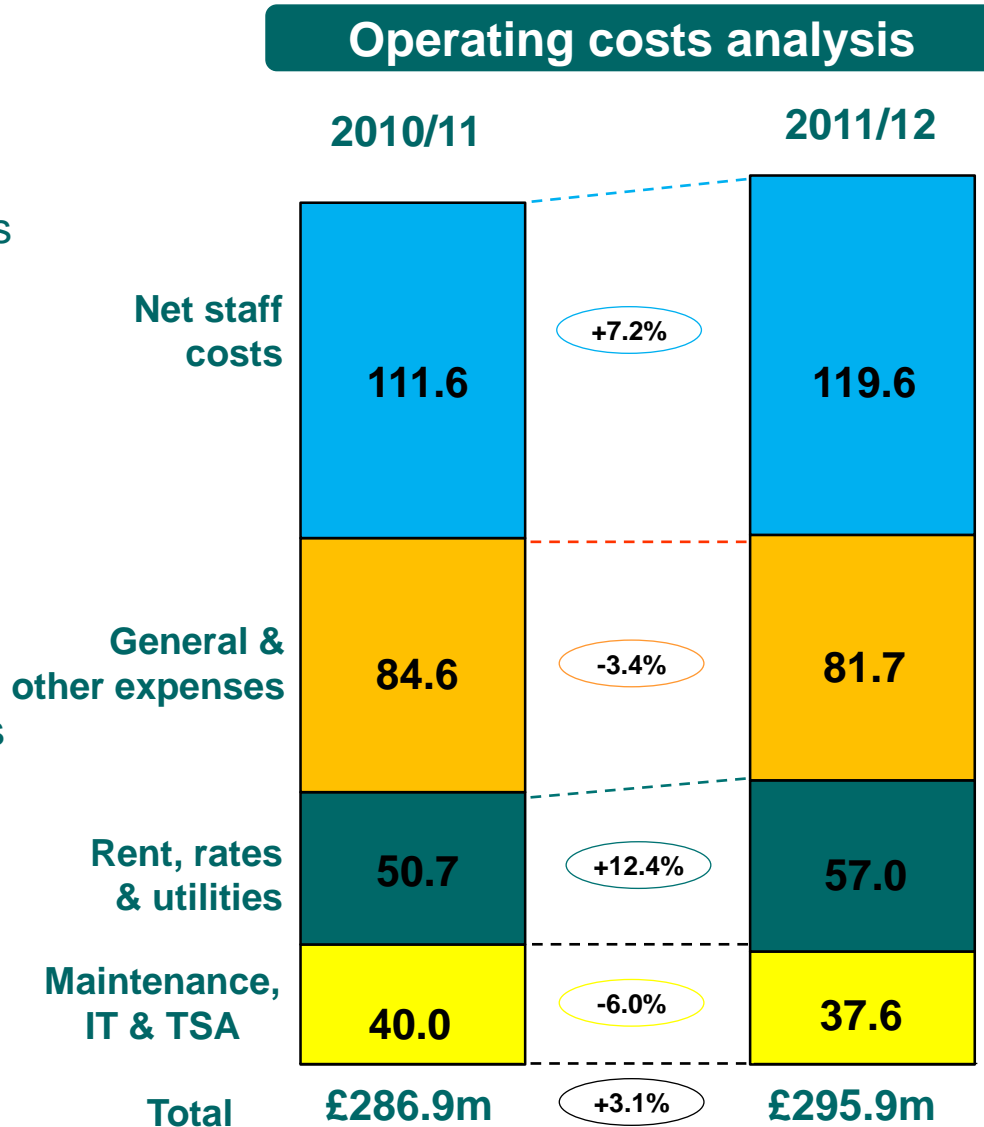
Increased turnover reflecting traffic growth and increase to aeronautical yield

- **Aeronautical income up +12.2%**, reflecting increases in passengers (+6.9%) and allowable yield (+5.8%)
- **Retail revenue up +4.6%**. Net retail income per passenger declined by £0.08 to £3.54, reflecting
 - greater proportion of EU passengers
 - retail footprint reduced by 6.2% during terminal redevelopment
 - ST retail with new duty and tax-free store to open in July 2012
- **Car park revenue up +5.0%**. Net car park income per passenger higher by £0.08 at £1.20, reflecting
 - more effective pricing and increased short-stay capacity
 - but, lower proportion of UK originating passengers



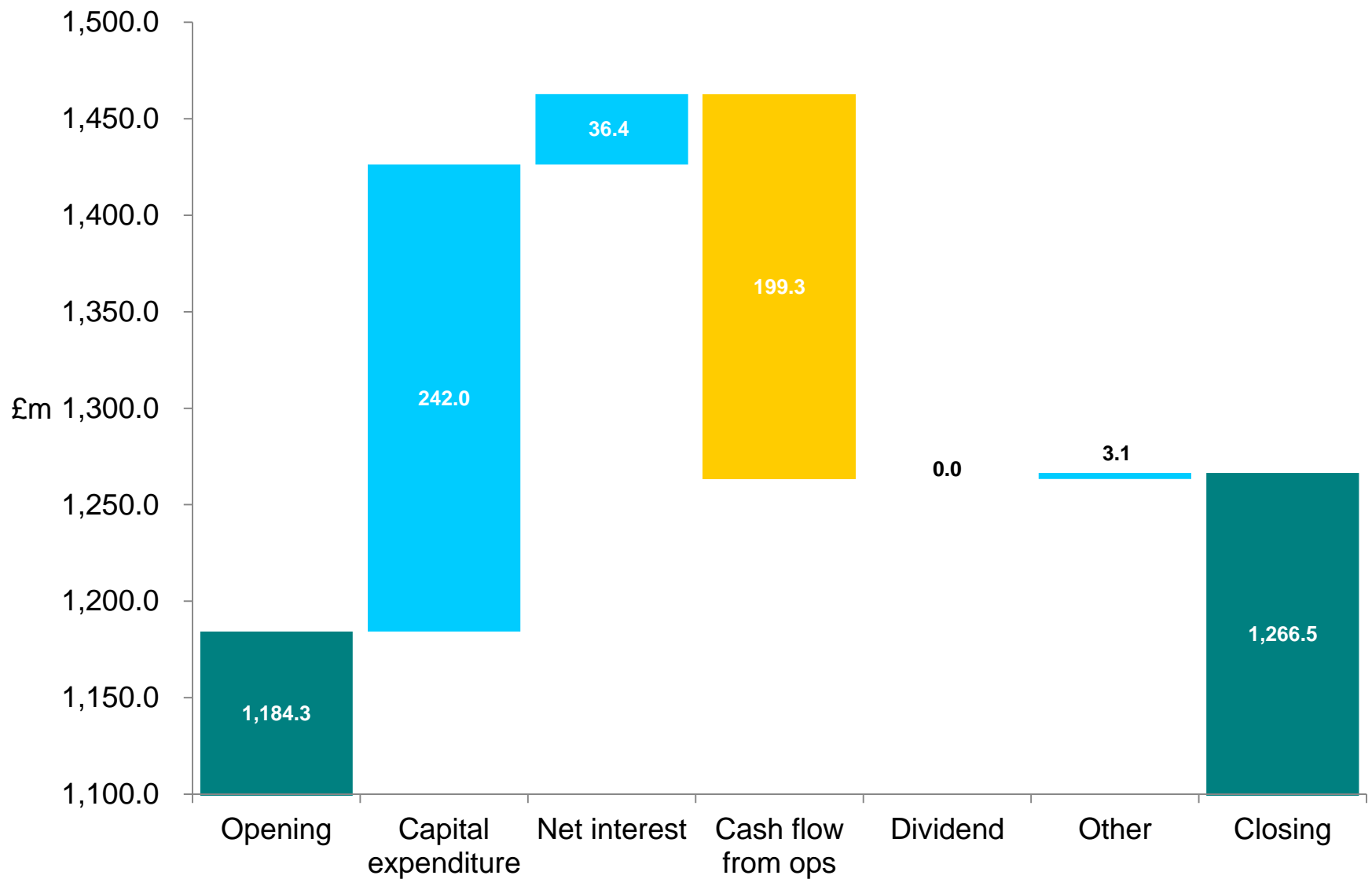
Increase of 3% in adjusted operating costs*

- **Reliance on BAA removed**
 - IT systems separation completed in October 2011
 - Transitional IT under TSA costs reduced from £14.4m to £2.4m
- **Staff costs increase reflects:**
 - RPI-linked, 2-year pay deal for negotiated grades
 - Lower operational headcount
 - Increased staff costs associated with the capital investment and IT programmes offset by capitalisation



* Operating costs excluding depreciation and amortisation

Net debt 31 March 2011 to 31 March 2012



* Interest capitalised of £11.7m is included within capital expenditure

Re-financing risk lowered through further bond issuance in January 2012

- **Debt maturity profile reduces refinancing risk**
 - £300m 2041/43 Class A Bond
 - £300m 2037/39 Class A Bond
 - £300m 2026/28 Class A Bond
 - £300m 2024/26 Class A Bond
 - £106m Dec-14 Bank Facilities
- **Strong liquidity position** to fund investment programme of c.£436m over next two years from:
 - Undrawn bank commitments (£350m as at 31 March 2012)
 - Annual cash flow from operations (£199m for the year ended 31 March 2012)
- **£75m restricted payment** planned July 2012

Financial ratio	Year ended 31 March 2012	Year ended 31 March 2011
Cash flow (per covenant)	£154.7m	£144.8m
Total interest (net)	£48.1m	£42.0m
Senior ICR	3.28x	3.45x
Trigger	<1.50x	<1.50x
Senior Debt net of cash	£1,325.8m	£1,212.8m
RAB	£2,200.9m	£1,985.5m
Senior RAR	0.60x	0.61x
Trigger	>0.70x	>0.70x

Regulatory developments

- **Civil Aviation Bill progressing through Parliament**
 - General duty on CAA to further interests of passengers
 - Provision for derogations for pre-existing financing arrangements
- **CAA undertaking assessment of airport market power**
 - Gatwick's analysis indicates it does not have “substantial market power”
 - CAA's initial views are that each of LGW, LHR & STN have some degree of market power and thus could be subject to economic regulation beyond the end of Q5
 - CAA continuing work on market power and alternatives for economic regulation
- **Beyond Q5 preparation**
 - Constructive Engagement with the airlines underway based on initial business plan
 - Outputs of Constructive Engagement to inform the Company's business plan to be submitted to CAA in early 2013
- **Q5 extension year**
 - Gatwick and airlines defining new capital expenditures triggers for 2013/14

Conclusion

- **Underlying traffic growth**, slowing growth in 2012/13
- **Connecting London** to Asian markets for Summer 2012
- Continuous improvement in operational performance, **delivering great customer service**
- Investment programme on track, **transforming facilities**
- **Strong financial performance** in 2011/12, but moderating in 2012/13 with lower growth in traffic (+1.4%) and aeronautical yield (+1.5%)

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

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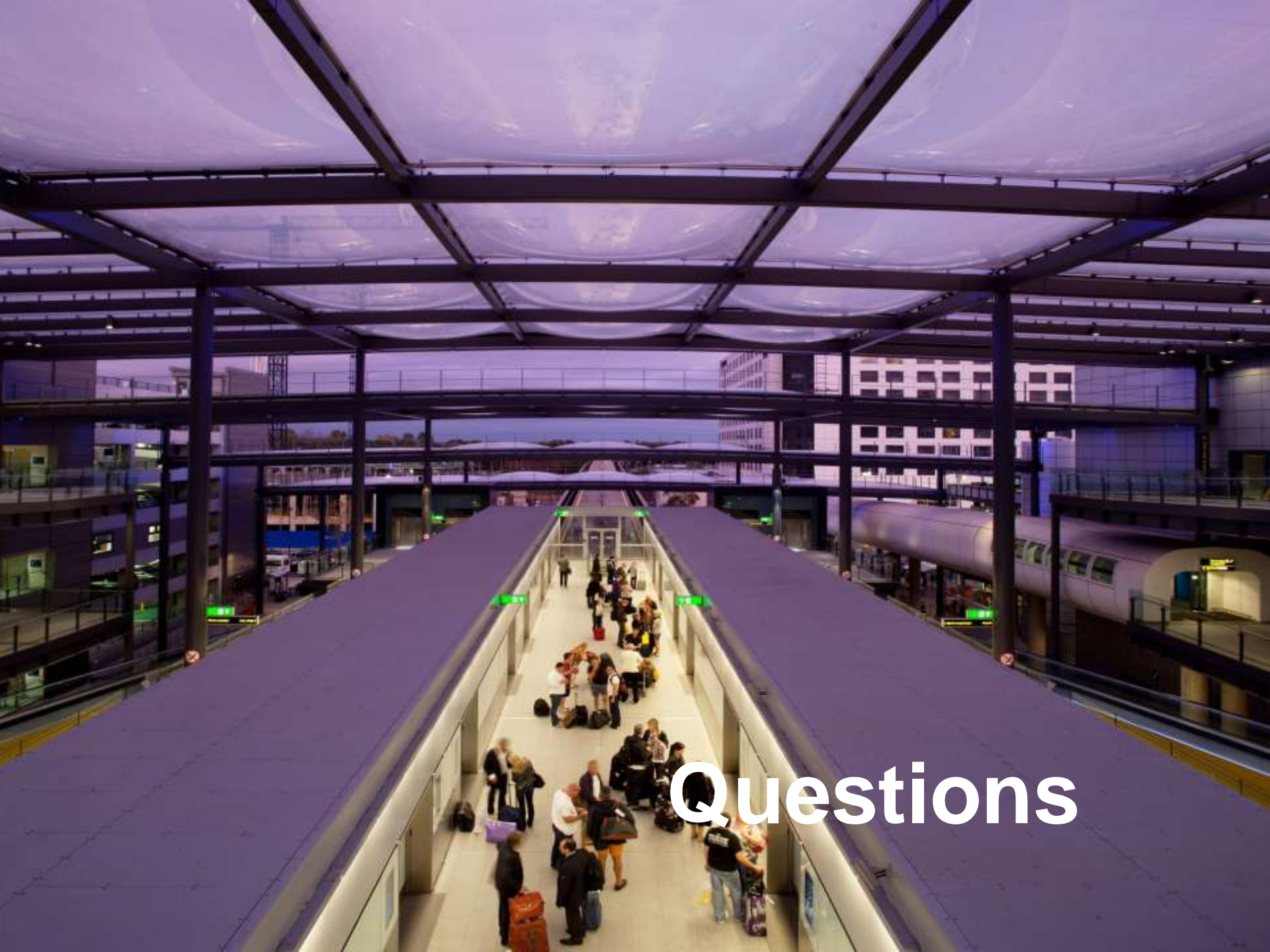
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