Manchester Airports Group

Investor Presentation

November 2017

magairports.com

MAG

Introduction

Neil Thompson – Chief Financial Officer

Neil joined MAG in 2005, being Commercial FD and then Corporate FD, prior to taking on the role of Chief Financial Officer in March 2011.

Neil previously held senior finance roles at The MAN Group and ALSTOM, with responsibility across businesses in the UK, Europe, North America, Canada, India, Singapore and Australia.

Prior to the power generation sector, Neil spent seven years in financial practice, specialising in Corporate Finance and M&A transactions, latterly with PricewaterhouseCoopers

Andrew Cowan - Chief Executive Officer at Manchester Airport

Andrew joined MAG in January 2013 as Chief Operating Officer with overall responsibility for Manchester, East Midlands and Bournemouth Airports. In 2015 he spent a year as Chief Strategy Officer for the group including Chairing the newly established MAG US business.

In April 2016, Andrew was made Chief Executive of London Stansted Airport and in September 2017 moved to become Chief Executive of Manchester Airport.

Prior to his appointment at MAG, Andrew was the CEO of the construction business Robertson Group, and previous to that a Director of United Utilities.

Iain Ashworth – Corporate Finance Director

Iain is the Group's Corporate Finance Director and Head of Investor Relations. He joined the Group in 2012 to lead the equity investment process into MAG and the subsequent acquisition of London Stansted Airport. His main focus is on the Group's financing, as well as its organic and inorganic growth activities and is also the acting CFO of MAG US.

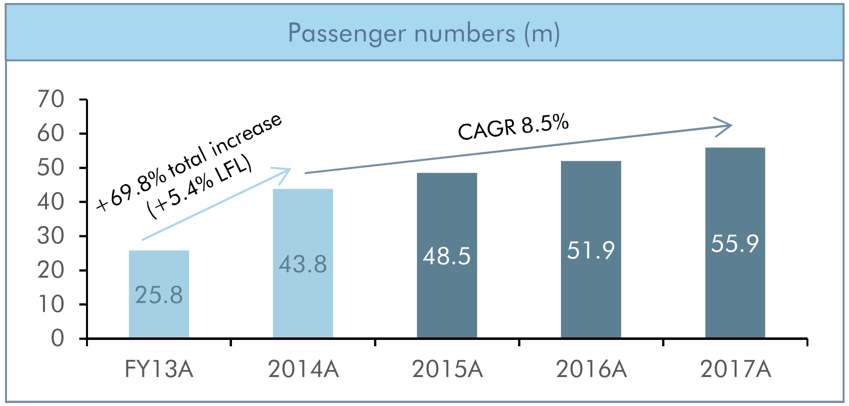
Prior to MAG he was a Director in the corporate finance team at Deloitte and also spent a year with Lloyds TSB in its acquisition finance team.

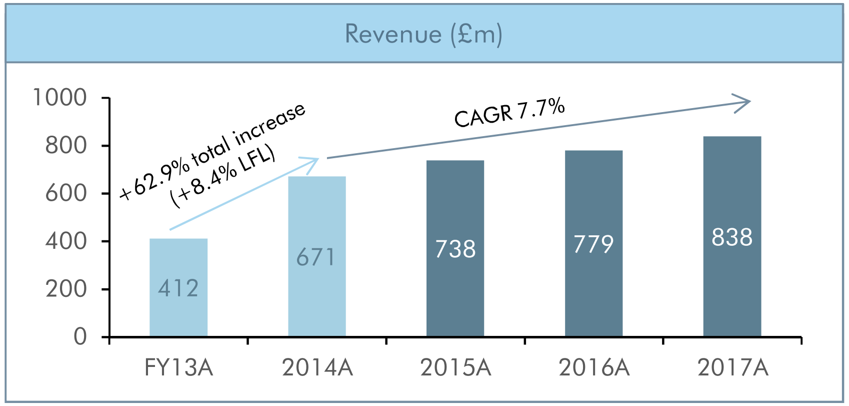
Contents

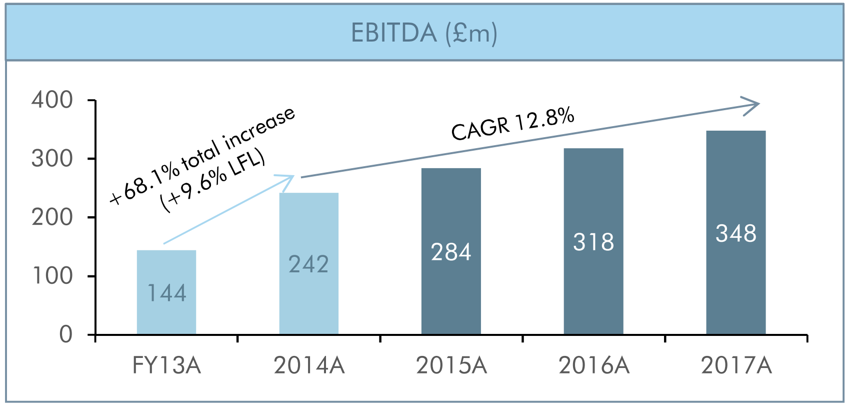
OVERVIEW

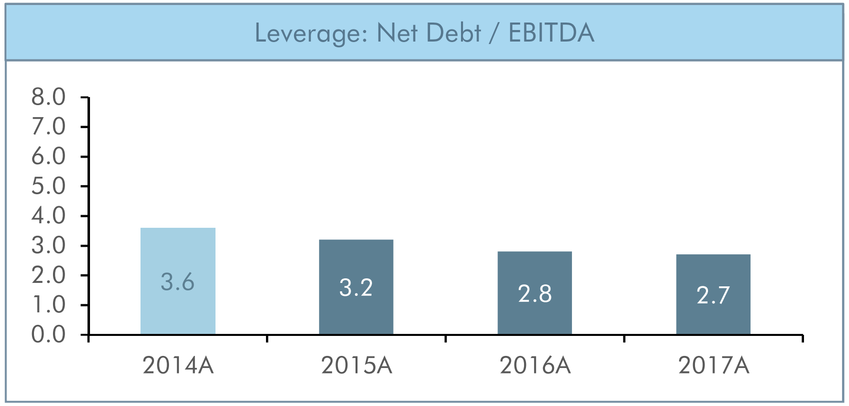
Continuous Momentum since April 2014 Issuance

MAG has delivered continuous growth in passenger numbers, revenue and EBITDA. Strong growth and a conservative financial policy has led to a planned deleveraging of the group in preparation for planned future investment









Notes: Figures based on Manchester Airport Group Investments Limited ("MAGIL" the Security Group) for year ended 31 March 2017

Credit Overview

As an integral part of the world's third largest O&D market, MAG performance is underpinned by significant and complementary catchment areas, a well invested asset base, experienced shareholders and management as well as diversified revenue streams, routes and airlines

A Truly National Airport Group

- c.50m people live within 2 hours' drive of a MAG airport – over 70% of the UK population. Complementary UK catchment areas offer diversification
- Closest counties have high average income per capita. Catchment areas served well by road and rail
- National footprint provides more commercial opportunities for airline and retail customers. Group's scale affords significant operational efficiencies
- Future connection at MAN to the HS2 rail network

Diversified Mix Of Revenues

- Equal proportion of aeronautical and non-aeronautical revenues
- Successful track record in driving up retail and car parking yields through targeted capital investment and continued innovation in product, pricing and distribution channels
- Strong complementarity of STN and MAN demand characteristics and service areas
- Resilient point-to-point traffic, with O&D forming 99% of MAG's traffic
- Majority of revenues are driven by LCC traffic providing for strong counterparties as it is a proven and resilient business model

Diversified Mix Of Routes

- 282 routes served – 213 at MAN including multiple long-haul routes, and 193 at STN which has more European routes than any other airport
- Successes in extending network including first direct link from MAN to China and direct STN long-haul

MAG

Credit Overview

As an integral part of the world's third largest O&D market, MAG performance is underpinned by significant and complementary catchment areas, a well invested asset base, experienced shareholders and management as well as diversified revenue streams, routes and airlines

Diversified Mix Of Airlines

- Around 80 airline customers across Low Cost, Full Service and Charter
- Long term contracts signed with key customers de-risks growth
- Anchor airport for Ryanair, Europe's leading LCC

Spare Runway Capacity, Modular Investment Programmes, Predictable Costs

- MAN and STN are well invested with spare runway capacity for planned traffic growth
- MAN Transformation Programme refreshes long-term capital plan and provides broader capacity options – more peak capacity, lower opex costs, higher commercial yields and more resilience against changes to operational regulations
- Modular investment programme with ability to defer in the event of an economic downturn
- STN investment to improve terminal throughput and more efficient use of the runway

Experienced Management Team

- Experienced senior management team provides stable platform to deliver the growth strategy increasing revenues and EBITDA year on year
- Performance of STN post-acquisition is testament to the strength of a commercial strategy that incentivises growth and commitment to operational best practice

Long-term, Supportive Shareholders, Prudent Financial Policy

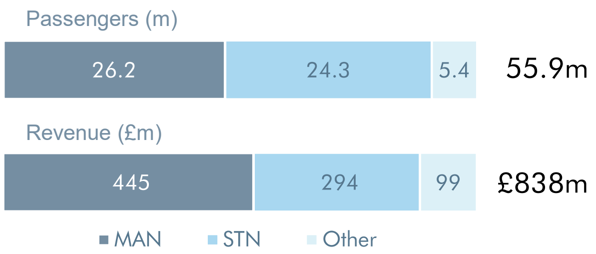
- MCC & District Councils are permanent, long-term shareholders; IFM has 25+ years investment horizon
- Reinforced commitment to prudent financial policy to support Baa1/BBB+ rating with flexibility in dividend profile and appetite for further investment
- Planned equity investment and non-core asset divestments provide prudent funding platform and balance sheet support for growth investments

MAG

CREDIT HIGHLIGHTS

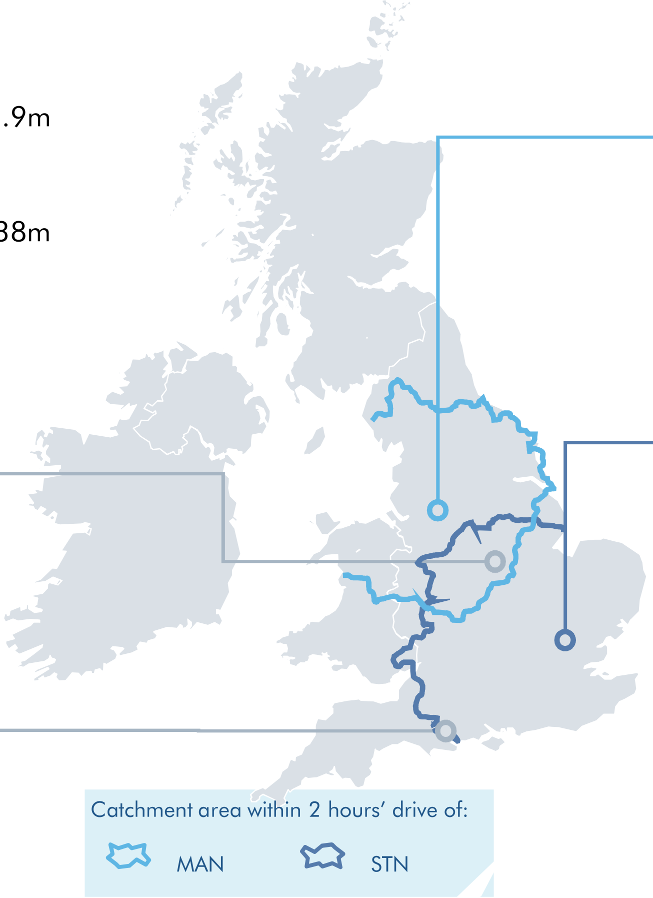
Truly National: MAG's catchment covers 73% of the population

Multi-Airport Group serving 56 million passengers per annum



East Midlands Airport - EMA
- UK's largest freight airport after Heathrow – 328,000 tonnes p.a.
- The main air hub for Royal Mail, DHL, TNT and UPS

Bournemouth Airport - BOH
- Leisure dominated airport with 0.7 million passengers p.a. (1.3% of the Group PAX)
- Wealthy catchment area
- Full length runway with growth potential



Manchester Airport - MAN
- UK's 3rd largest airport

London Stansted Airport - STN
- UK's 4th largest airport

MAG Property
- MAG has a property portfolio of > £600m
- c.370 properties, c.50 land assets and c.1,000 tenants

Source: MAG Annual report for the year ending 31st March 2017, MAG Consolidated Financial Statements, Prospectus

MAN and STN serve over 50m passengers

The Group is exposed to two distinct separate and complementary catchment areas with strong characteristics

MAN

- 60+ airlines & 200+ destinations
- One of two UK airports with two full-length runways (the other is Heathrow)
- 22m people within a 2 hour drive
- Largest continental gateway for Northern and Central Britain
- At the heart of UK's North West – the largest economic region outside London and the South East[1]
- Opportunity to use spare capacity to capture new passengers:
  - 3.9m leakage to London's Heathrow and Gatwick[2]
- MAN's on-site bus and train stations serve over 100 towns and cities
  - Future connectivity to High Speed 2 (HS2)
- Serves 26.2 million passengers per annum

STN

- 190+ destinations
- 1 runway with significant spare capacity
- 26m people within a two hour drive
- 15.5m pax within STN catchment travelling from LGW/LTN to destinations served by STN offering opportunity to capture additional market share
- Situated in the wealthy Greater London catchment area and closest major airport to:
  - The City, Canary Wharf, North London and revived East London
  - Cambridge – a top ten UK tourist destination – and the East of England
- 36% of passengers arriving at STN are non-UK, emphasising its importance as a 'destination' airport
- Serves 24.3 million passengers per annum

Source: (1) Office for National Statistics; (2) CAA

Diversified Mix of Revenues

Well balanced revenue base with diversified and resilient commercial activities

Aeronautical revenue

- Continuing growth in pax at MAN and STN drives strong aeronautical revenues
- Traffic growth and lower aero yields driven by LCC growth incentive scheme, ultimately improving overall top-line from improved commercial yields

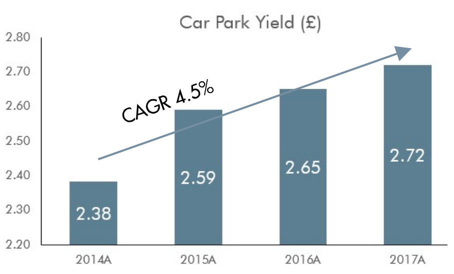
Retail

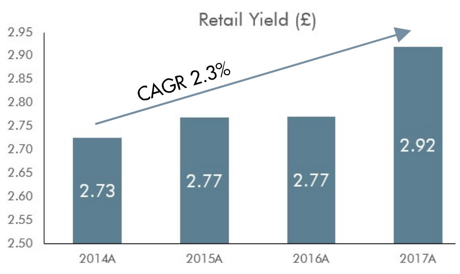
- Pax growth drives retail revenues ↑ 13% in FY17
- Retail yield increase of 5% in FY17 despite challenging market conditions particularly in duty free
- Benefit of full year impact of investment at STN

Car Parking

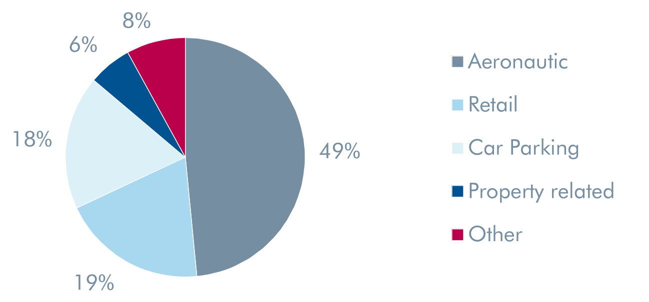
- Focus on innovation, providing more customer choice and maximising utilisation
- Yield growth of 4.5% CAGR since 2014. Focus on M&G facilities and yield management helped by investment in CRM and online booking capabilities

Successful track record in driving retails & car park yields

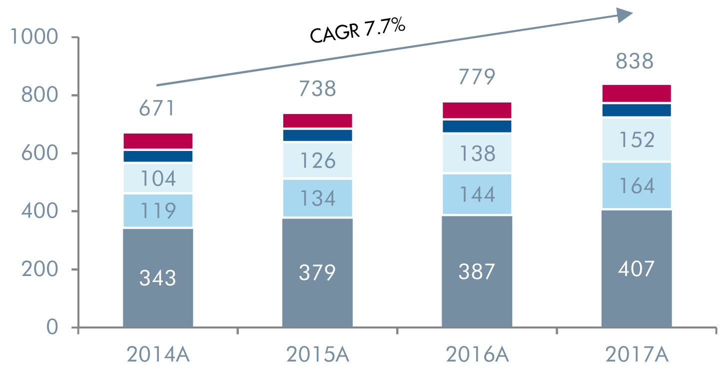




Consolidated Revenue by type (%)



Consolidated Revenue development (£m)



Source: Consolidated financial statements for year ending 31st March 2017
Notes: (1) Property related income includes MAG Property and property related income but excludes retail concession revenues;

MAG

A Growing and Diversified Route Network

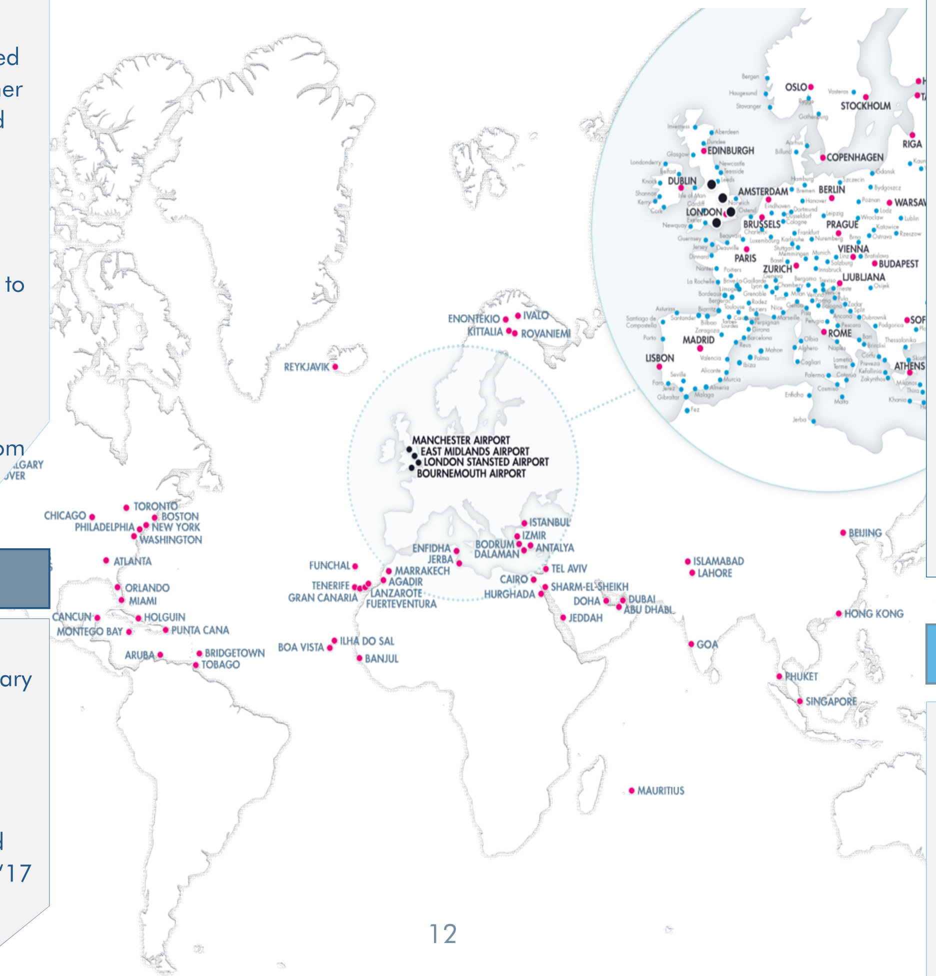
MAG continues to diversify its routes and airline network and now serves 282 routes. Capacity is growing together with introduction of new routes

North America

- Singapore Airlines commenced new service to Houston in Winter '16
- New MAN Thomas Cook launched Los Angeles and Boston in Summer '16, Tobago from Winter '16 and San Francisco from March '17
- Virgin began services to San Francisco and Boston from MAN, both in March '17
- New Thomson services from STN to Montego Bay in '17
- Additional MAN – New York capacity with Thomas Cook in Summer '17
- New Primera Air daily services from STN to New York and Boston to commence in April '18

Middle East

- Emirates at MAN became an all Airbus A380 operation from January '17
- Adding capacity – over 70 direct links a week from MAN during summer
- New MAN Oman Air commenced daily service to Muscat from May '17
- New MAN Saudia launched new service to Riyadh in June '17



Europe / North Africa

- Cobalt Aero – new service to Cyprus from MAN and STN launched in Summer'16
- New Ryanair and easyJet routes from STN/MAN/BOH in Winter '16
- Flybe – new Winter '16 services from MAN to Chambery and Innsbruck
- BA weekend services from STN in Summer '16 and MAN in Summer '17
- Jet2 - commenced operations at STN in 2017 with a 6-aircraft base serving 27 destinations. Recently announced a further 4 aircraft to expand the number of destinations to 38 from Summer '18
- New Krakow and Naples services from BOH
- New Vueling and Norwegian services from MAN

Far East

- Hainan Airlines launched a 4 x weekly service to Beijing from MAN in June '16 – increased to daily in July '17
- Singapore Airlines now operate non-stop to Singapore from MAN
- Thomson grew its MAN long haul network with services to Phuket, Mauritius and Goa

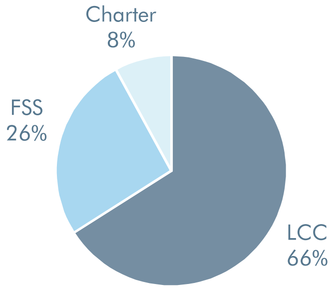
Source: Management Information

Diversified Mix of Airlines Protects Against Downside

Benefit of a diversified mix of c.80 airline customers, including low cost, full service and charter carriers

- Resilient point-to-point traffic, with O&D forming 99% of MAG's traffic
- O&D passengers generally less dependent on airline decisions regarding airport choice providing for less volatile traffic than transfer traffic
- Long-term commercial agreements have been signed with all key customers
- Continuing to focus on securing growth from the robust and fast growing low cost carrier market

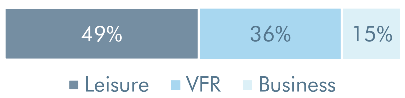
A diversified mix of airlines

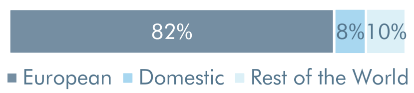


Top airlines in number of pax (2017)	MAG	MAN	STN
RYANAIR	**48%**	16%	82%
easyJet	**10%**	12%	11%
TUI	**6%**	10%	2%
Thomas Cook	**5%**	8%	2%
Jet2	**5%**	8%	-
flybe	**4%**	8%	-

78%

Purpose of travel and Destination





Source: Consolidated financial statements for year ending 31st March 2017

Monarch

- Airline placed into administration on 2nd Oct 2017
- Carried 1.6m passengers in the 12 months to September 2017, representing less than 3% of total MAG passenger volumes
- Monarch was operating on routes served by multiple airlines. Following a temporary winter 2017 impact of less than 0.6m pax, no material impact is expected on FY18 pax from Monarch, with all traffic expected to be taken up by other carriers
- Only one very limited route (to Zagreb), which carried c.11,000 passengers per annum, was operated exclusively by Monarch

Ryanair

- Ryanair's planned winter schedule changes are anticipated to reduce the number of pax by c.500k for the current year. However, with outperformance by Ryanair the net impact against Plan will be less than 100k pax, and Ryanair will still be growing year on year at STN. The pax impact is temporary with all services being resumed in 2018 along with further growth.

Well-Invested to Support Growth Strategy

Both MAG and STN have significant spare runway capacity for growth. MAG's capital plan has continued investment in asset base including maintenance of existing assets and new value generating developments

Well invested asset base with discretionary spend based on need

MAN has 2 full length runways (LHR is the only other UK airport with more than 1 such runway). STN has spare runway capacity for c.20m pax growth, and is well positioned to support London system

MAN TP progressing well through design stages and construction work has commenced. Terminal construction contract awarded to Laing O'Rourke.

Initial planning costs for the multi-million pound transformation programme at STN, including a purpose-built arrivals facility. Phase 1 underway with future phases in detailed design.

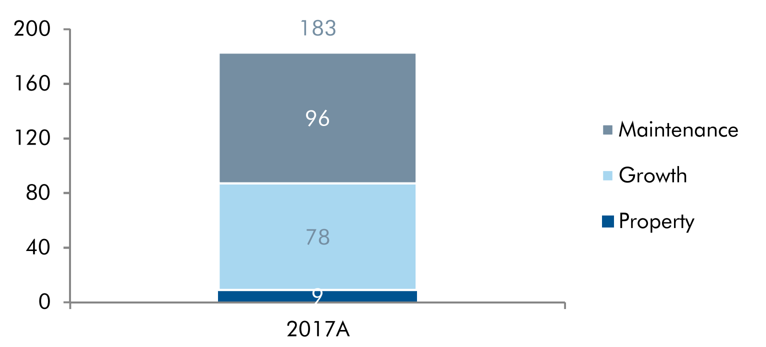
Significant ongoing investment in IT infrastructure, back-office systems and software to enable the Group to support additional growth and manage its assets more efficiently.

Runway resurfacing works at EMA supporting cargo and passenger operations – 50,000 tonnes of asphalt and 1,200 runway lights. Completed over seven consecutive weekends.

Revenue diversification from low-risk investment in property estate, including Airport City.

Source: Management Information

Capital Investment (£m)



MAG resilient even in an adverse Brexit scenario

- Modular programme - flexibility in build phasing; ability to react to changing market circumstances and re-profile investment.
- As with any other major investment decision MAG continues to monitor market - considered Brexit scenarios analysis.
- Conservative financial risk profile - headroom to respond to changing market conditions.
- Strong shareholder support with the ability to vary dividends to fund investments and maintain financial risk profile.
- Planned equity and divestments provide balance sheet support for growth investments.

Responding to an Evolving Market

The growth of MAN and STN provides an opportunity to consolidate our position as the key strategic transportation hub in the North of England and to optimise our spare capacity in a constrained London system. We are rephasing £1.5bn of MAG's 20 year £3.5bn capital plan with manageable growth capex largely spread over the next 6 years

Manchester

- ✔ MAN is well invested with two full-length runways providing significant spare capacity and the discretion to review and re-scope projects in the event of an economic downturn.
- ✔ MAN is the UK's largest and fastest growing major airport outside of the London system and illustrates the success of MAG's commercial strategy of incentivising growth.
- ✔ The transformation programme announced at MAN will cost c.£1bn over the next 6 years.
- ✔ The refresh of the MAN Master Plan is an opportunity to:
  - Create more flexibility in capacity options;
  - Provide more operational resilience;
  - Create facilities that are more adaptable to change; and
  - Create space to facilitate new products and processes.

Stansted

- ✔ STN has grown by over 40% since 2013 - London system is constrained – We are planning for future growth and making the most efficient use of our single runway.
- ✔ Invested already in our terminal and satellite facilities, adding value to airlines who have experienced significant growth in passenger numbers.
- ✔ New £0.5bn capital programme at STN to be completed over the next 4 years.
- ✔ The new phased investment will match terminal capacity to runway capacity and:
  - Increase levels of services and enhance airline/passenger experience;
  - Improve efficiency in the terminals and on the airfield to increase throughput; and
  - Ensure there is adequate expansion/flexibility within the design to accommodate airline, regulatory and capacity changes.

Experienced Management Team

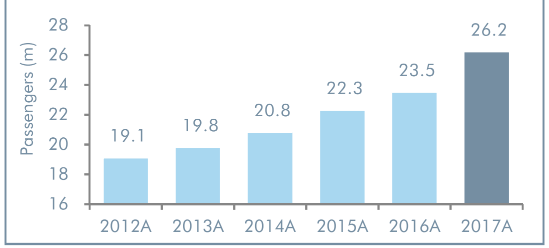
Management team has a proven track record of implementing earnings-enhancing strategies across MAG

Charlie Cornish	Neil Thompson	Andrew Cowan	Ken O'Toole	Andrew Harrison
Chief Executive	Chief Financial Officer	Chief Executive Officer at MAN	Chief Executive Officer at STN	Chief Strategy Officer

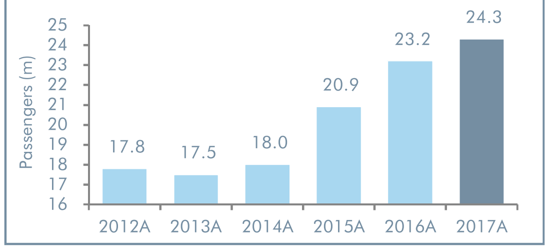
Delivering on Strategy

- ✓ Focus on low cost carrier market in addition to full service scheduled carriers
- ✓ Long-term commercial agreements with airlines
- ✓ Incentivised commercial agreements with retail partners
- ✓ Expansion of car parking operations
- ✓ Growing Retail & Car Parking yield at a faster rate than inflation
- ✓ Focussed capital programme

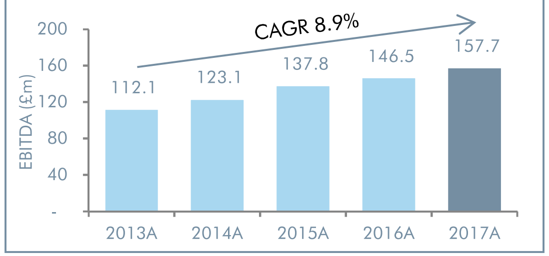
MAN… now in 6th year of sustained growth



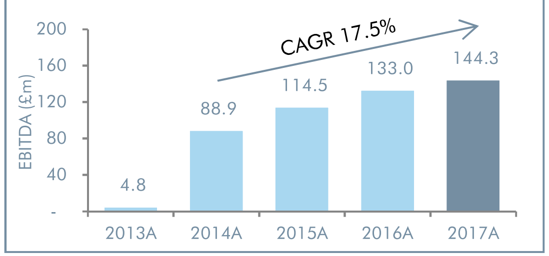
STN…strong growth since acquisition



MAN EBITDA



STN EBITDA



The continued strong growth at MAN and STN illustrates the success of MAG's commercial strategy

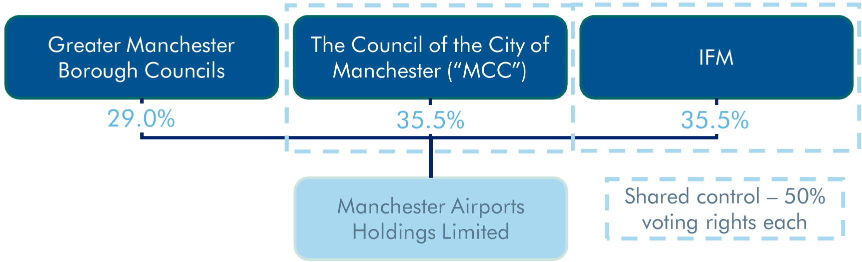
Note: FY to March in each case

FINANCING HIGHLIGHTS

Long-Term, Supportive Shareholders

Strong long-term shareholders, supporting MAG's growth and committed to BBB+ rating

Stable, long-term shareholders



Ownership structure

- Fully aligned interests reflected in equal voting rights for IFM and MCC
- Long term commitment matches IFM pension fund ownership
  - 25+ years investment horizon
  - Open-ended fund structure with no exit requirement
- Shareholders support management strategy
  - Dividend policy targets leverage, credit rating and growth investments

IFM[1]

- Leading investment manager with c.£58bn equity funds under management
- Interest in MAG is held in an open ended fund
- Long-term investor in airports and other infrastructure assets
- Extensive experience in the airport sector through shareholdings in:
  - Melbourne Airport, acquired in 1997, 34.9m passengers
  - Brisbane Airport, acquired in 1997, 22.9m passengers
  - Perth Airport, acquired in 1997, 13.6m passengers
  - NT Airports, comprising Darwin, Alice Springs and Tennant Creek Airports, acquired in 2001, 3.7m passengers
  - Adelaide Airport, acquired in 2002, 8.0m passengers
  - Vienna Airport, acquired in 2014, 23.4m passengers

Prudent financial policy

- Reinforced commitment to prudent financial policy to support Baa1/BBB+ rating
- Flexibility in dividend profile
- Appetite for further investment
- Options for additional funding:
  - New Equity / Loans from shareholders
  - Recycling of non core property equity

Notes/Sources: (1) Company Website. Passenger numbers for 2016/17

Stable Financial Leverage & Strong Interest Cover

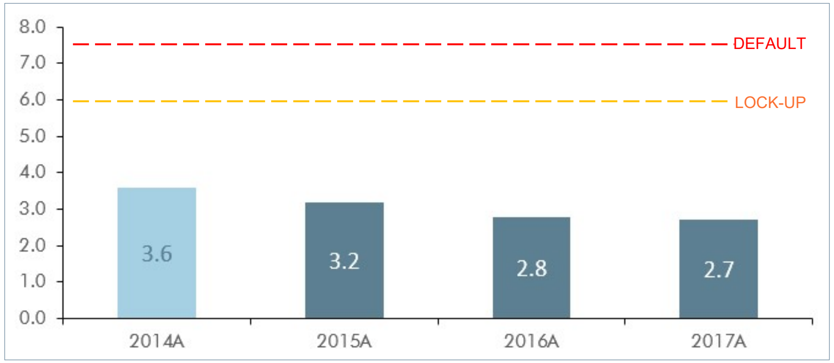
On-going commitment to Baa1/ BBB+ ratings and conservative finance structure incorporating a large proportion of medium and long-term fixed interest Bond finance with shorter term flexibility provided by a £500m Revolving Credit Facility

Prudent financing policy…

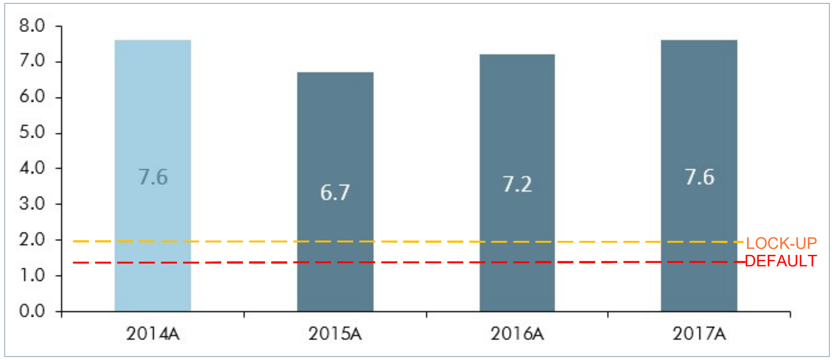
- MAG is committed to maintaining strong investment grade ratings and conservative leverage is core to that objective:
  - Baa1 rating reaffirmed by Moody's in October 2017; and
  - BBB+ rating reaffirmed by Fitch in November 2017.
- Leverage and Interest cover ratios more favourable to plan due to lower than forecast usage of the Revolving Credit Facility (RCF).
- Significant headroom in financial covenants:
  - Leverage at 2.7x vs. lock-up at 6.0x; and
  - Interest cover at 7.6x vs. lock-up at 2.0x.
- Credit metrics have strengthened steadily since 2013 due to strong earnings growth and cash generation.
- Leverage will increase through the investment cycle but will be sized to maintain strong adjusted rating metrics aligned with current Baa1/BBB+ ratings.
- RCF and LF were refinanced in June 2016 providing a new larger £500m RCF (LF remains at £60m) expiring in June 2022 providing further flexibility for investments at MAN and STN.

Source: Management Information

Leverage: Net Debt / EBITDA



Interest Cover: EBITDA less Tax / Finance Charges



MAGIL covenant calculations per Common Terms Agreement dated 14 Feb 2014

MAG

Rating Agency Feedback

Strong BBB+/Baa1 grade ratings from Moody's and Fitch

Moody's

Baa1 (Stable)

- "Following the acquisition of STN in 2013, MAG has exposure to two major and largely complementary catchment areas in the UK. London and the South-East of England is the UK's most significant region in terms of economic activity and affluence of the population, and is a major tourist destination."
- "The exposure to Ryanair is somewhat mitigated by the importance of MAG and STN to Ryanair. Approximately 20% of Ryanair's total passengers fly through MAG airports and 17% through STN alone."
- "The acquisition of STN, with a purchase price of £1.5 billion, was a significant transaction for MAG but the overriding approach to financial risk means the profile of the enlarged MAG remains fairly strong…

  Our forecasts are underpinned by an expectation that MAG's management will continue to target a strong investment grade rating and seek to maintain its financial profile through a flexible dividend policy and, if required, through balance sheet strengthening measures."
- "The structure includes a comprehensive security package and formal inter creditor arrangements. Whilst there are financial ratio covenants, these do not tangibly act to limit additional indebtedness given the significant ratio headroom that currently exists."

FitchRatings

BBB+ (Stable)

- The rating action considers MAG's recent solid operating and financial performance, its moderate current and projected leverage as well as its large capex and dividends flexibility which can be used in case of asset underperformance.
- MAG has continued the recent historical trend of strong growth driven by low cost carriers at MAN and STN. Pax growth in the financial year to March 2017 was 7.7% helping EBITDA to grow by 8% to GBP343.2m from GBP317.7m in 2016.
- "All of MAG's airports have seen substantial capital investment over recent years and have sufficient spare capacity to accommodate forecast traffic in the medium term."
- "MAG's strong cash flow generation should fund flexible dividend distributions and a share of the large capex plan."


Q&A

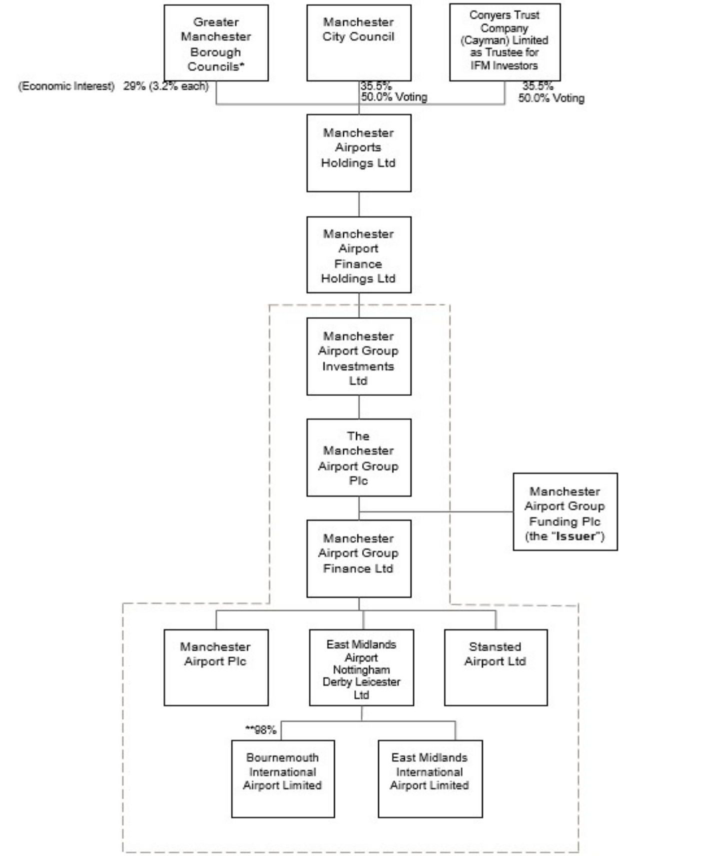
APPENDIX

APPENDIX I

Transaction Structure

Corporate and Capital Structure

A robust long-term capital structure supported by diverse sources of financing



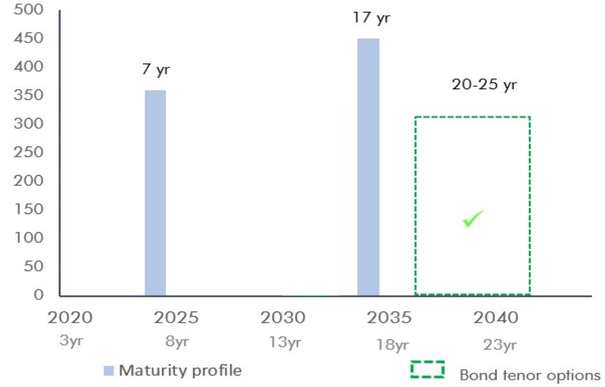
Key: Ring-fenced security group showing the companies that are Obligors. The Issuer is not an Obligor but does provide security to the Bondholders and other creditors of the Issuer. Certain other companies that are part of the group are not shown in this structure chart.

*These are: the Borough Council of Bolton, the Borough Council of Bury, the Oldham Borough Council, the Rochdale Borough Council, the Council of the City of Salford, the Metropolitan Borough Council of Stockport, the Tameside Metropolitan Borough Council, the Trafford Borough Council and the Wigan Borough Council

** Economic Interest percentage. Where not indicated, each relevant shareholder holds 100 per cent. economic ownership.

Debt Maturity Profile

- Two existing bonds maturing in 2024 (7 yr) (£360m) and 2034 (17 yr) (£450m)
- Revolving Credit Facility (£500m); Liquidity Facility £60m maturing June 2022
- RCF is £207m drawn as at October 2017 (LF is undrawn)



Proposal description

- Standard secured financing structure
- Bank and bond debt rank pari passu and both benefit from the 12 month liquidity facility
- Expected to be £300m with a maturity of 20-25 years
- Bond proceeds will be used to repay existing bank debt

MAG

Proposed Transaction – Key Terms

Public Bond Issuance			
Issuer	Manchester Airport Group Funding plc	Minimum Denominations	£100,000 / £1,000
Borrower	Manchester Airport Group Finance Limited	Security	Full fixed and floating security over assets in the security group Hard-wired appointment of admin receiver
Series	Guaranteed Secured EMTN Programme	Issuance Size	Expected to be £300,000,000
Currency	GBP	Listing	London Stock Exchange
Maturity Profile	Bullet	Coupon Type	Fixed rate
Tenor	[20-25] years	Use of Proceeds	To refinance the Existing Indebtedness on the Initial Issue Date
Expected Issue Rating	Baa1 stable / BBB+ stable (Moody's / Fitch)	Bookrunners	Barclays, BNP Paribas, RBS

APPENDIX II

Financials

Strong Cash Generation

Strong trading performance combined with an excellent cash conversion ratio underpins prudent financial leverage

Group Cash Flow Statement

£m	FY17 Actual	FY16 Actual	Variance (£)	Variance (%)
Op Cashflow	**334.7**	**332.8**	**+1.9**	**+0.6%**
Interest paid	(41.8)	(43.0)	+1.2	(2.8%)
Tax paid	(35.2)	(30.4)	(4.8)	+15.8%
Maintenance capex	(95.8)	(64.6)	(31.2)	+48.4%
Free Cashflow	**161.9**	**194.8**	**(32.9)**	**(16.9%)**
Growth capex	(38.0)	(35.5)	(2.5)	+7.1%
Proceeds from sales	56.2	14.1	+42.1	+298.6%
MANTP	(40.2)	(15.3)	(24.9)	+162.2%
Significant items	(7.1)	(2.9)	(4.2)	+144.8%
Cash flow pre funding/dividends	**132.8**	**155.2**	**(22.4)**	**(14.4%)**
Increase in borrowings	44.1	(20.0)	+64.1	(320.5%)
Increase in amounts owed by Group Companies	(174.5)	(140.2)	(34.3)	+24.5%
Net Cashflow	**2.4**	**(5.0)**	**+7.4**	**(148.1%)**

Note – Operating Cashflow has been shown excluding Increase in amounts owed by Group Companies as consistent with the Prospectus. Increase in amounts owed by Group Companies has been included after Free Cashflow and therefore Net Cashflow is as presented in the MAGIL statutory accounts

Strong cash generation

- Strong cash flow allows the Group to continue to invest in the asset base and fund growth.
  - Cash generated from operations up by £1.9 million from £332.8 million to £334.7 million.
  - £58.6m increase in capital spending primarily driven by MANTP and resurfacing works undertaken at EMA.
  - Proceeds of £56.2m received from partial disposal of residential portfolio at STN, development land and logistics facilities.
  - Commitment to sustaining strong investment grade credit ratings drives the dividend policy.

MAG

APPENDIX III

Brexit

Brexit – UK Context

The UK importance as an aviation hub and a mutual interest in accessible air travel and connectivity puts a deal at the top of the UK Government's and EU Brexit agenda.

The importance of UK as an airport hub in Europe and Globally

- The UK is the world's 3rd largest and Europe's no. 1 airport hub by number of passengers – including 215m passenger traffic in the resilient segment O&D.
- London is the largest and wealthiest urban area in Europe, as well as a major global destination, from both a touristic and business perspective. In 2016, its airports registered 163.5 million passengers.
- Countries such as Spain, Portugal, Italy and Greece are highly dependent on the UK market to support their tourism industries - 53% of passengers at Faro airport in 2016 were from the UK.
- The UK Aviation sector's contribution to the UK GDP and employment is £70bn and 1.5m jobs respectively, or about 5% of the economy as a whole.
- Getting an adequate deal done is high up on the agenda for the UK Government.
- There is unlikely to be capacity to reroute all UK transfer traffic through Europe should a deal fall over (Charles de Gaulle, Schiphol, Frankfurt & Barajas are all close to max capacity and couldn't pick up all Heathrow transfers).
- No feasible alternatives for UK-international travel.

"Alternative arrangements will be required for air services to or from these countries when the UK leaves the EU. New arrangements are a top priority for the government"…. "best possible access to European aviation markets"
– UK Government

"As we exit the EU, there will be a clear interest for all sides to seek arrangements that continue to support affordable and accessible air transport for all European citizens, as well as maintaining and developing connectivity"
- UK White Paper

MAG

Brexit – MAG Position

Brexit consensus forecasts indicate potential lower levels of economic growth. MAG's Financial strategy means strong financial position to deal with the potential impacts of Brexit

- Strong Financial Position:
  - financial performance ahead of five-year plan and strong growth in its core businesses;
  - a capital programme that can be flexed to economic conditions;
  - Supportive liquidity policy and relationships with diversified funding providers;
  - low leverage and debt levels compared to its higher medium-term optimal levels; and
  - commitment to two strong BBB+/Baa1 ratings enabling efficient capital market access.
- The UK Government has identified aviation as its top transport Brexit issue, and highlighted the importance of minimising uncertainty for 'network industries' including aviation - MAG continues to work closely with airlines, other airports and the UK Government.
- Latest set of results demonstrates resilience to economic and political uncertainty.

Airport Businesses in strong positions:

- Stansted:
  - Risk reduction/diversification from complementarity of STN and MAN demand characteristics and service areas;
  - Well-balanced mix of traffic by purpose of travel (leisure, family visits and business) provides resilience;
  - Strength in low cost carrier base historically the most resilient passenger segment;
  - Significant passenger overspill from LHR/LGW system in the 10-15 years before a runway is built at LHR; and
  - 50% inbound traffic benefit from FX rates.
- Manchester:
  - Operates as northern hub – strong catchment area and good geographical location for airlines.

APPENDIX IV

Glossary

Glossary of Terms

BOH	Bournemouth Airport
CAGR	Compound Annual Growth Rate
CRM	Customer Relations Management
EMA	East Midlands Airport
HS2	High Speed 2
IFM	Industry Funds Management
LCC	Low Cost Carrier
LF	Liquidity Facility
LFL	Like for Like
LGW	Gatwick Airport
LHR	Heathrow Airport
LTN	Luton Airport
M&G	Meet & Greet
MAGIL	Manchester Airport Group Investments Limited
MAHL	Manchester Airports Holdings Limited
MAN	Manchester Airport
MAN TP	Manchester Airport Transformation Programme
MCC	The Council of the City of Manchester
O&D	Origin & Destination
PAX	Passengers
RCF	Revolving Credit Facility
STN	London Stansted Airport
STN TP	Stansted Airport Transformation Programme
VFR	Visiting Friends and Relatives

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