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MAG DELIVERS SIXTH CONSECUTIVE YEAR OF GROWTH

MAG, the UK's leading airport group, today reports its audited full-year results for the period 1st April 2016 – 31st March 2017.

Highlights

- Sixth consecutive year of growth in EBITDA (+8.0% to £343.2m), driven by strong growth in passenger numbers across the group (+7.7% to 55.9m) and improved route development.
- Manchester Airport entered the European top 20 biggest airports by passenger numbers, bolstering its position as the UK's leading global gateway outside London. Manchester increased passenger numbers by 11.5% as it capitalised on strong demand for both short and long haul travel. Key short haul growth markets have been Spain, Italy and Greece and new long haul routes to Beijing, San Francisco, Houston and Muscat have been successfully launched.
- London Stansted Airport is now handling 6.8m more passengers per year than when MAG acquired the airport in 2013 - an increase of 39%. Growth over the last year has exceeded expectations, led by continued strong performance from Ryanair, the welcome arrival of Jet2.com, and a continuation of British Airways European services.
- MAG has also applied considerable focus to investing in its business to prepare it for the future:
 - Planning permission was secured at London Stansted for a new £130m arrivals building which will enhance the overall passenger experience and provide the airport with the terminal infrastructure it needs in order to enable it to continue to grow. The airport has also announced its intention to shortly apply for planning permission to raise the current passenger cap from 35m to around 44m passengers per annum.
 - Manchester Airport has recently commenced preparatory works on its £1bn Transformation Programme - a scheme that enables the airport to continue to grow and provide airlines and passengers with an improved airport experience. Delivered in a modular way, the programme will allow MAG to maintain flexibility in timing of build to account for business performance and customer demand.
 - East Midlands Airport has invested £15m in resurfacing its runway and delivered the project through an innovative construction programme that minimised operational impacts on the airport's passenger and cargo flights.
- MAG-O, MAG's online division, has had a successful first year, delivering benefits in terms of customer insight, e-commerce and operational efficiency. MAG-O is focused on utilising the latest mobile and digital technologies to ensure that passengers travelling through MAG airports have the most seamless, efficient and modern travel experience possible.
- MAG Property generated a total income for the Group of £49.1m. Many high-profile international businesses continue to take advantage of the benefits associated with locating close to well connected airports, with MAG Property delivering £27.5m EBITDA within FY17, supported by strong occupancy rates of 92.9% across the portfolio.
- MAG's American business, MAG USA, has continued to grow, with three Escape Lounges now open, a major deal signed with American Express, allowing Platinum Card members complimentary access to Escape Lounges, and a fourth Escape Lounge recently announced at Reno-Tahoe International Airport.
- MAG airports across the UK contributed £6.2 billion in economic activity to UK PLC in FY 2016, an increase of 16% over the financial year. This means that for every £1 the Group earned in revenue, economic activity worth £8 is generated in the wider economy as a result. MAG's airports also delivered a significant reduction in their environmental impact, most notably through a 15% reduction in carbon emissions.
- While demand to fly to and from the UK has continued over the last year, MAG believes that it is critical that European airlines are afforded continued liberal access to the continent's skies after the UK leaves the EU and we are urging Government to prioritise the delivery of an interim deal on aviation as soon as possible.

Key Financials

	12 months ended 31 March 2017 (£m)	12 months ended 31 March 2016 (£m)	Change (%)
Passenger numbers (m)	55.9	51.9	7.7
Revenue	839.6	778.8	7.8
EBITDA*	343.2	317.7	8.0
Operating profit *	205.5	186.9	10.0
Cash flow from operations *	327.7	325.3	0.7
Total dividends paid in the year	140.9	115.8	21.7

*Before significant items

Passengers	12 months ended 31 March 2016 (m)	12 months ended 31 March 2015 (m)	Change (%)
Manchester	26.2	23.5	11.5
London Stansted	24.3	23.2	4.7
East Midlands	4.7	4.5	4.4
Bournemouth	0.7	0.7	-
Total	55.9	51.9	7.7

MAG CEO, Charlie Cornish, said: "This year has seen our airports fly a record number of passengers to a record number of destinations all over the world.

"This improved connectivity has generated a significant increase in the contribution that MAG makes to the UK economy and we encourage Government to prioritise the development of an aviation strategy that makes full use of the runway capacity available today at our four UK airports.

"Our plans for significant investment in Manchester Airport and London Stansted will not only improve the experience for passengers and airlines using our airports but also provide the foundations upon which we will be able to meet anticipated future demand.

"Manchester Airport is now one of Europe's top 20 largest airports, reflecting the quality of the access it offers to global markets and London Stansted will play an increasingly vital role in providing London and the South East with valuable international connectivity.

"It is critical that all European airlines retain liberal access to the continent's skies and we are urging Government to prioritise an interim deal on aviation as part of our Brexit negotiations. Tickets will soon go on sale for flights in the post-Brexit period and both airlines and passengers need to be confident about their ability to fly to and from the UK.

"Looking ahead, our resilient business model, combined with the competitive advantages that our airports offer and our strong financial position will ensure that MAG is well-placed to benefit from the ongoing demand for air travel. The transformative projects that we are undertaking will improve the experience for passengers and enable us to attract more airlines and services to our airports."

Business Review

MAG has delivered its sixth year of growth, improving once again both passenger numbers and EBITDA. The increase in EBITDA (+ 8.0% to £343.2m) has come despite a sustained period of political uncertainty and was driven by both aviation and non-aviation revenues.

MAG airports served 55.9m passengers last year, up 4.0m (7.7%) year on year, as passengers and airlines continued to fly with enthusiasm to both EU and non-EU destinations.

London Stansted is continuing to provide vital runway capacity in the South East, growing +4.7% YoY to 24.3m passengers. Manchester, meanwhile is playing an ever more important role as the North's global gateway, with successful long haul route launches and very strong holiday traffic to the Mediterranean leading to double digit passenger growth. Last year passenger numbers grew 11.5% to 26.2m.

Having addressed the question of where new runway capacity should be developed, MAG believes that the Government's aviation strategy should now focus on ensuring that existing runway capacity at airports such as Manchester and London Stansted is developed to its full potential.

Manchester Airport has broken into the list of top 20 largest airports in Europe by passenger numbers, reflecting the increasing quality of global connectivity that the airport is able to offer. Manchester's growth has been driven out of all areas of its aviation offering; EU & non EU; long haul & short haul; low cost & full service.

A good example is the direct flight to Beijing that was launched in June last year, which very quickly experienced load factors that surpassed expectations and its frequency has been increased from four flights a week to six, with Boeing 787 Dreamliners coming onto the route from this summer. Similarly, the Manchester - Hong Kong route has been so successful its frequency has been expanded to a daily flight.

This year also saw the start of our 10-year investment programme in Manchester Airport, which will see us invest over £1 billion on improving its facilities for the millions of passengers who visit every year.

London Stansted Airport is a very different proposition to the airport we acquired four years ago. We have spent nearly £150m to date on the airside and landside terminal facilities and the airport now sees nearly 7m more passengers through its doors every year than it did in 2013.

We have recently announced additional investment of £130m in a 34,000m² arrivals facility which will form the centrepiece of our next phase of enhancements at London Stansted. These will both improve the passenger experience and provide capacity for growth at the airport over the next decade.

This year, Jet2.com commenced operations from London Stansted and their package offering has already proved very popular with passengers in the catchment area. Meanwhile, the successful extension of a growth deal with Ryanair has led to consistently high load factors to an unrivalled list of European destinations. We were also delighted to welcome British Airways back for an expanded summer programme.

East Midlands Airport has a very important dual role as both the biggest airport for dedicated cargo traffic in the UK, and a key hub for passenger traffic for the cities of Nottingham, Derby and Leicester. The airport has had a successful year, with passenger growth up 4.4%. This achievement is made all the more impressive by the fact we completely re-laid the airport's single runway through a series of weekend closures in November and December 2016, meaning no passengers could fly from East Midlands over seven successive weekends.

Again, despite the weekend closures, the airport also handled more cargo than in the previous year, cementing its position as a key component of the 'Midlands Engine'.

Bournemouth Airport's passenger levels were in line with the prior year at 0.7m.

The Group has continued to successfully drive **non-aviation revenues**, which allow us to invest in the future of our business and offer more competitive deals to airlines, and by extension lower fares to passengers. Despite a challenging year for duty free, our retail revenues have remained strong and our pre-booked parking products have continued to prove very popular.

Elsewhere, **MAG Property's** ongoing commitment to investing in and developing the property and land at our airports has enabled the successful expansion of property solutions, generating a total property income for the Group of £49.1m. Since the creation of the Airport City Enterprise Zone at Manchester Airport, a total of 821,000 sq ft of space has been developed for international businesses, creating 2,555 new jobs within the region.



MAG-USA is now operating three “Escape Lounge” concepts across the USA – one on the West Coast (Oakland), one in the Mid West (Minneapolis-St Paul) and one on the East Coast (Bradley), with another on the way at Reno-Tahoe for winter 2017.

Our **Corporate Social Responsibility** (CSR) strategy is also paying dividends. In FY 2016, MAG’s airports contributed £6.2 billion in economic activity to UK PLC. More route launches, particularly to long haul destinations, mean this figure is likely to rise this year, which is good news for the communities we serve. In the same period, our carbon emissions fell by 15%.

The Group announces a final dividend of £93.9m, taking total dividends in respect of the full year ended March 2017 to £140.9m, a 21.7% year-on-year increase.

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About MAG

MAG is a leading UK airport group and owns and operates four UK airports - Manchester, London Stansted, East Midlands and Bournemouth. The Group sees over 55 million passengers flying through its airports every year, which together employ over 40,000 people on site.

MAG also has a substantial property business, with over £600m of investment property assets across its airports, and has a 50% investment in the £1bn, 5m sq ft Airport City development at Manchester Airport. Its MAG USA business, meanwhile, works with airports to develop and operate terminal and retail solutions, passenger lounges and car parking facilities.

MAG’s ownership structure is unique and comprises an effective blend of public and private shareholders, including Manchester City Council (35.5%), IFM Investors (35.5%) and the nine other Greater Manchester local authorities (29%).