

Strong traffic growth for MAG drives retail +7%

Manchester Airports Group (MAG), which owns Manchester, Stansted, East Midlands and Bournemouth airports says it has delivered its fifth year of growth - for the period 1 April 2015 - 31 March 2016 - improving both passenger numbers and EBITDA.



The increase in EBITDA (+12% to £317.7m/\$420m) was driven by both aviation and non-aviation revenues.

Strong passenger growth drove retail revenues up by 7% and MAG described its retail yield as 'stable despite challenging conditions, particularly duty free'.

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Group Income Statement				
£m	Group FY16	Group FY15	Variance (£'m)	Variance (%)
Aeronautical	387.4	378.8	+8.6	+2.3%
Retail	143.8	134.3	+9.5	+7.1%
Car Parking	137.6	122.4	+15.2	+12.4%
Property	47.5	46.4	+1.1	+2.4%
Other	62.5	56.5	+6.0	+10.6%
Revenue	778.8	738.4	+40.4	+5.5%
Employee costs	(174.2)	(165.9)	(8.3)	(5.0%)
Non-employee costs	(297.5)	(288.9)	(8.6)	(3.0%)
Operating Costs	(471.7)	(454.8)	(16.9)	(3.7%)
Property development	10.6	-	+10.6	n/a
EBITDA	317.7	283.6	+34.1	+12.0%

For the first time in the Group's history, combined passenger volumes exceeded 50m, reaching a total of 51.9m, with increased capacity and load factors driving numbers 7% higher than in the previous year.

RECORD-BREAKING YEAR FOR PASSENGERS

Manchester Airport, experienced a 'record breaking' year, with August 2015 being the busiest month in the airport's 77-year history. The rise in passengers has driven up aviation income across the Group by 2.3% to £387.4m, says MAG.

EBITDA at Manchester Airport was driven by success across all main revenue streams of aviation, retail and car parking and increased by 6.3% to £146.5m.

In March 2016 planning consent was granted for the 10-year, £1bn Manchester Airport Transformation Programme (MANTP), which was awarded to consultancy firm Arcadis in January 2016, **(as previously reported here)**.

Both Arcadis and MAG say they will be drawing on 'Arcadis' expertise in the aviation sector', with previous experience drawn from international airport projects, including Sao Paulo, Lima, Abu Dhabi, Dublin, Changi,

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Hong Kong and Marseilles – as well as a number of other UK airports.

STANSTED STILL FASTEST GROWING

Not to be outdone by MAN, London Stansted Airport delivered a very strong performance in the period, with passenger numbers growing by 2.3m and EBITDA increasing 16.2% to £133.0m.



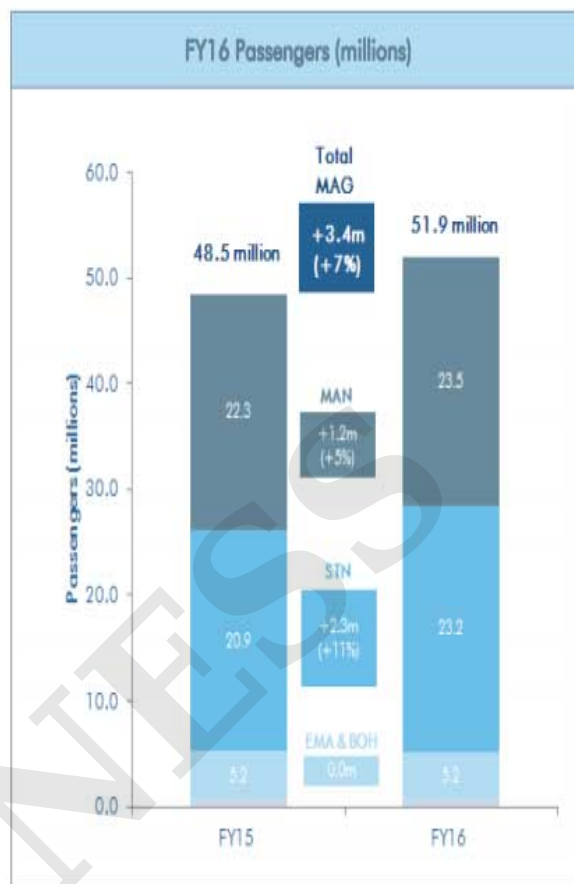
Manchester Airport has seen huge improvements in its retail in the last financial year.

“This has ensured that Stansted remains the fastest growing major airport in the UK and places it amongst the best performing airports in Europe,” says MAG. “The growth has been driven by low cost carriers such as Ryanair, but also by expanding the range of other carriers at the airport, such as the introduction of long haul routes to Las Vegas, Orlando and Cancun.”

MAG rightly points out that it is now three years since it acquired London Stansted from BAA and in that time it has grown passenger volumes by six million and transformed the terminal facilities.

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“Enhancements have included an upgrade of the departures area ‘Satellite 1’ to transform it into a premium facility able to support further growth in full scheduled services, including long haul,” adds MAG. In addition, the retail and food and beverage offering at the airport has been totally transformed as has been witnessed at numerous stages of development by TRBusiness.



EAST MIDLANDS AND BOURNEMOUTH

At East Midlands Airport, performance on the passenger side has been ahead of expectations in the year to March 2016, with increased flights and improved load factors with Ryanair and Jet2.com partially mitigating the withdrawal of Monarch from the airport. EBITDA increased 7.1% to £21.0m.

Bournemouth Airport's passenger levels were broadly in line with the prior year at 0.7m, with revenue of £11.3m being 1.8% ahead of last year.

Elsewhere, MAG Property has agreed a number of significant deals across its airports as occupiers seek to take advantage of the benefits that come from locating close to global connectivity.

The President of The People's Republic of China, Xi Jinping, joined Prime Minister David Cameron in October to unveil the £130m Airport City Manchester China Cluster scheme, which alongside the new Beijing flight with Hainan Airlines, will reinforce Airport City's credentials as China's Gateway to the Northern economy.

Also at Airport City, Amazon agreed to occupy a 654,000sq ft fulfilment centre, a facility that upon completion will generate up to 1,500 jobs. This, combined with other deals through the year, generated a total profit on disposal of £10.6m and led EBITDA in MAG Property to rise 57.5% to £26.3m.

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One of the largest WDF stores in the UK retailers portfolio at Stansted Airport.

Looking overseas, MAG-USA has had a productive first year of operation. During that time it has been successful in bidding for the construction and operation of three 'Escape Lounges'; one at Minneapolis-St Paul is already open, one at Oakland Airport in California will open in the next few months and one at Bradley Airport in Connecticut will open later this year.

ROOM TO GROW

Charlie Cornish, Chief Executive of MAG, said that the company was particularly pleased that its portfolio of airports was able to outperform some of its biggest competitors and still has the capacity to grow – a clear advantage over Heathrow and Gatwick at present.



"In the coming years, as this country continues to see an increase in air travel, Government must ensure that aviation policy makes best use of capacity at airports where it already exists, such as London Stansted and Manchester," says Cornish.

"MAG's business strategy has a long-term focus with resilient foundations. This will stand us in good stead to respond to any adverse consequences that may be felt by the UK economy following the country's decision to leave the EU. Our strategy to drive top-line growth, improve efficiency and broaden our mix of business will continue and in the coming year we will ensure that we remain focussed on delivering further profitable growth.

"As the country enters a new era, we will be working closely with the rest of our industry to ensure that once we leave the EU the UK remains a member of the

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European single aviation market. At no point have the excellent international air links that this country's airports provide been more vital to the nation's future prosperity and economic growth.”

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