



Press release

Heathrow pays shareholders more than it invests in the last four years

- Heathrow pays £3.1bn of dividends to investors in the last 4 years, more than it invested in the airport
- Heathrow Hub asks Transport Select Committee to include the option to extend the northern runway

Thursday 15th March, 2018 – Heathrow Airport Ltd has paid £3.1bn of dividends to investors in the last four years, raising questions about why it should be allowed potentially to double passenger fees to fund the construction of its expensive 3rd Runway scheme.

According to analysis by Heathrow Hub, an independent campaign to extend the existing northern runway instead of pursuing the 3rd Runway, Heathrow Airport's dividends have exceeded its capital expenditure of £2.9 billion during the period.

Heathrow Airport has taken more money out of Heathrow than it has invested. Furthermore, as a private company with a complex, opaque corporate structure owned largely by overseas entities, it does not fully disclose where Heathrow Airport Ltd's dividends end up. For reasons which are not clear, it claims half of its dividends go to its debt investors "as payments on principal and interest."

An extended northern runway would be substantially cheaper, simpler and quieter than the 3rd Runway, with the first phase costing just £3.8bn, a fraction of the price tag for the 3rd Runway, and with no impact on passenger charges.

Heathrow vetoed the cheaper, simpler, quieter extended runway in 2016. Having reviewed the extended runway option at the request of Transport Secretary Chris Grayling, the airport declined to implement it. The current regulatory regime effectively incentivises Heathrow to build a more expensive scheme by approving higher passenger charges, leading to higher dividends.



A spokesman for Heathrow Hub said: "Heathrow should be required to explore all avenues for reducing cost before being allowed to raise passenger fees again.

"It is wrong that the airport has been allowed to veto our cheaper, simpler, quieter extended runway by refusing to implement it. Passengers and airlines will have to pay more as a consequence.

"Instead of concentrating on paying its investors ever higher dividends, Heathrow Airport should reassure passengers that it is acting in their best interests by controlling costs.

"We have asked the Transport Select Committee of the House of Commons to include our cheaper, simpler, quieter extended runway as an option for expansion. It is critical to hold the airport's feet to the fire to protect UK consumers from Heathrow's shareholders' interests."

Heathrow's passenger charges, at £23, are already among the highest in the world according to the CAA, and the Airports Commission expected costs to rise by another 50% should the airport win approval for its expensive 3rd Runway scheme. The scheme design for Heathrow's 3rd Runway keeps changing – because their 3rd runway is inherently unworkable - and it has refused to provide a detailed cost breakdown. The Airports Commission calculated Heathrow's full expansion cost at £31bn.

Heathrow's shareholders are mostly overseas entities and are listed in notes to editors below.

Heathrow Airport Ltd

dividends

Source: annual accounts

£m	2014	2015	2016	2017	Total
Dividends paid to Heathrow Finance	1,098	331	596	1,104	3,129
Capex	856	727	674	687	2,944

ENDS

Contacts

Boscobel & Partners

0203 642 1310

Notes to editors



Heathrow Hub is an independent proposal for expansion at Heathrow, by extending the existing northern runway westwards away from London, negating the need to build a third runway. Planes would land at one end and take off at the other. The scheme is cheaper, quicker and simpler. It also destroys fewer houses. For more information and images, please visit: www.heathrowhub.com

Heathrow Hub's proposal to extend the Northern Runway has been independently costed at £3.9bn for its first phase, or £9.7bn for the full scheme. It can be funded by keeping existing passenger fees flat.

Heathrow Airport's shareholders
FGP Topco Ltd

<u>Ultimate controlling entity</u>	<u>Per cent</u>
Ferrovial	25.00%
Qatar Holding	20.00%
Caisse de depot et placement du Quebec	12.62%
Government of Singapore Investment Corp	11.20%
Alinda Airports	11.18%
China Investment Corporation	10.00%
USS	10.00%