

FULL YEAR RESULTS 2018

PRESENTATION TO INVESTORS & ANALYSTS



Stephan Widrig
Chief Executive Officer

Lukas Brosi
Chief Financial Officer

CONTENT

- ▼ **Business Update**
- ▼ **Financial Update**
- ▼ **Outlook**
- ▼ **Q&A**
- ▼ **Appendix**



HIGHLIGHTS

FINANCIAL YEAR 2018

Traffic

- ▼ First time more than **30 million passengers** per year
- ▼ **63 days** with more than 100,000 passengers

New Airlines & Destinations

- ▼ Expansion of **long haul network**
- ▼ Swiss International Airlines strengthened its **European network**

Commercial Activities

- ▼ Strong year in watches, jewelry and F&B lead to **record turnover**
- ▼ Zurich Airport profits from **higher average concession rates**

THE CIRCLE

- ▼ Announcement of **new tenants** (amongst others Raiffeisen Schweiz and Microsoft Switzerland)
- ▼ Construction on time and on budget; opening in 2020

International

- ▼ Construction of new terminal building and airside facilities in **Florianópolis** on track
- ▼ Increasing **EBITDA contribution** from international business

Ratings

- ▼ Standard & Poor's (S&P) raised rating of Zurich Airport to **AA-** (outlook stable)
- ▼ The independent Swiss credit rating agency fedafin confirmed the rating **Aa-** with stable outlook

GROUP KEY FIGURES FY18 (EXCL. ONE-OFF EFFECTS)



31.1	million	+5.8%
Total Passengers		
1,153	m CHF	+11.2%
Revenue		
629	m CHF*	+8.6%
EBITDA		
284	m CHF*	+13.3%
Profit		
290	m CHF	
CAPEX		

*Excluding one-off effects:

- ▶ FY17: Swissair liquidation dividend CHF +4.8m (pre-tax) and Bangalore divestment CHF +36.3m (pre-tax)
- ▶ FY18: Extended sound insulation program CHF -57.6m (pre-tax)

STRONG PERFORMANCE IN AVIATION BUSINESS

- ▼ 5.8% rise in passenger volumes to **31.1m**
 - Local passengers of **22.2m** (+5.6%)
 - Transfer passengers of **8.8m** (+6.4%)
 - Transfer share of **28.4%**
- ▼ Rise in air traffic movements to **278,458** (+3.0%)
 - whereof line & charter movements **244,496**
- ▼ Cargo **+0.6%** to **493,222 tons**



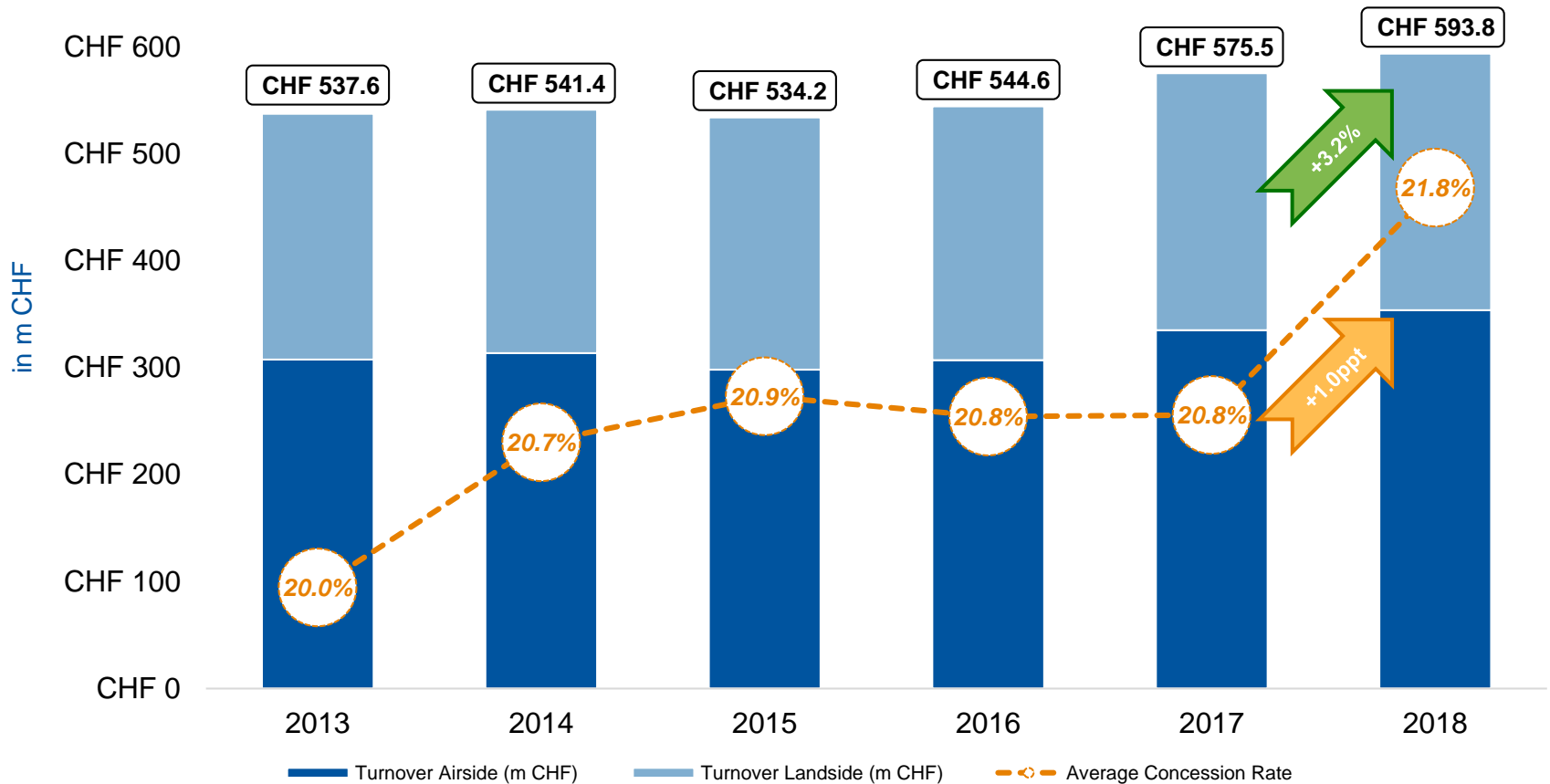
Top 5 Airlines in 2018	
Swiss Airlines	52.9%
Edelweiss Air	7.6%
easyJet	3.3%
Eurowings	2.8%
British Airways	2.0%

NON-AVIATION BUSINESS AND STRATEGIC PROJECTS

- ▼ New commercial contracts increase revenues
- ▼ Commercial turnover
 - Airside **+5.6%**
 - Landside **-0.1%**
- ▼ Strategic projects
 - THE CIRCLE made clearly visible progress; on time and on budget
 - First year of operations in Florianópolis brings positive effect



COMMERCIAL BUSINESS – DEVELOPMENT



Total Airside Commercial Area ~14,200m²

Total Landside Commercial Area ~19,000m²

FOCA REVISION OF THE ORDINANCE ON AIRPORT CHARGES

The Federal Office of Civil Aviation (FOCA) has completed the stakeholder involvement process for the Ordinance on Airport Charges (OAC) in December 2018.

Key Changes in the Draft

Key Component	Currently	Proposed by FOCA	Outcome / Effect
Transfer Payment (EVA based)	Max. 30% for airside commercial activities and car parking	50% for airside commercial activities and max. 75% for car parking	The higher yielding commercial activities segment will further subsidize the aviation business
Allowed Return (WACC)	~5.8%	No change to WACC calculation formula (this results in a significantly lower WACC)	Allowed return on aviation business will be substantially lower, airport charges will decline and aviation revenue drop

Next Steps

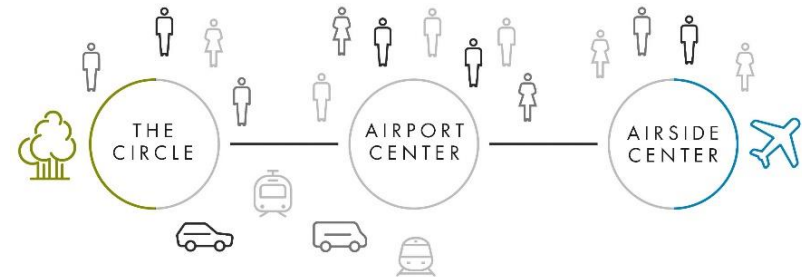
- ▼ **Decision on OAC** by the Swiss Federal Council in summer 2019
- ▼ Start of **negotiating phase** for new charges with airlines and representatives thereafter
- ▼ The **new charges** will take effect towards the end of 2020 at the earliest

If FOCA's proposal is implemented and there is no adjustment to the calculation formula for reasonable capital interest, aviation revenue at Zurich Airport will fall by around 25% in the forthcoming regulatory period.

THE CIRCLE – UPDATE

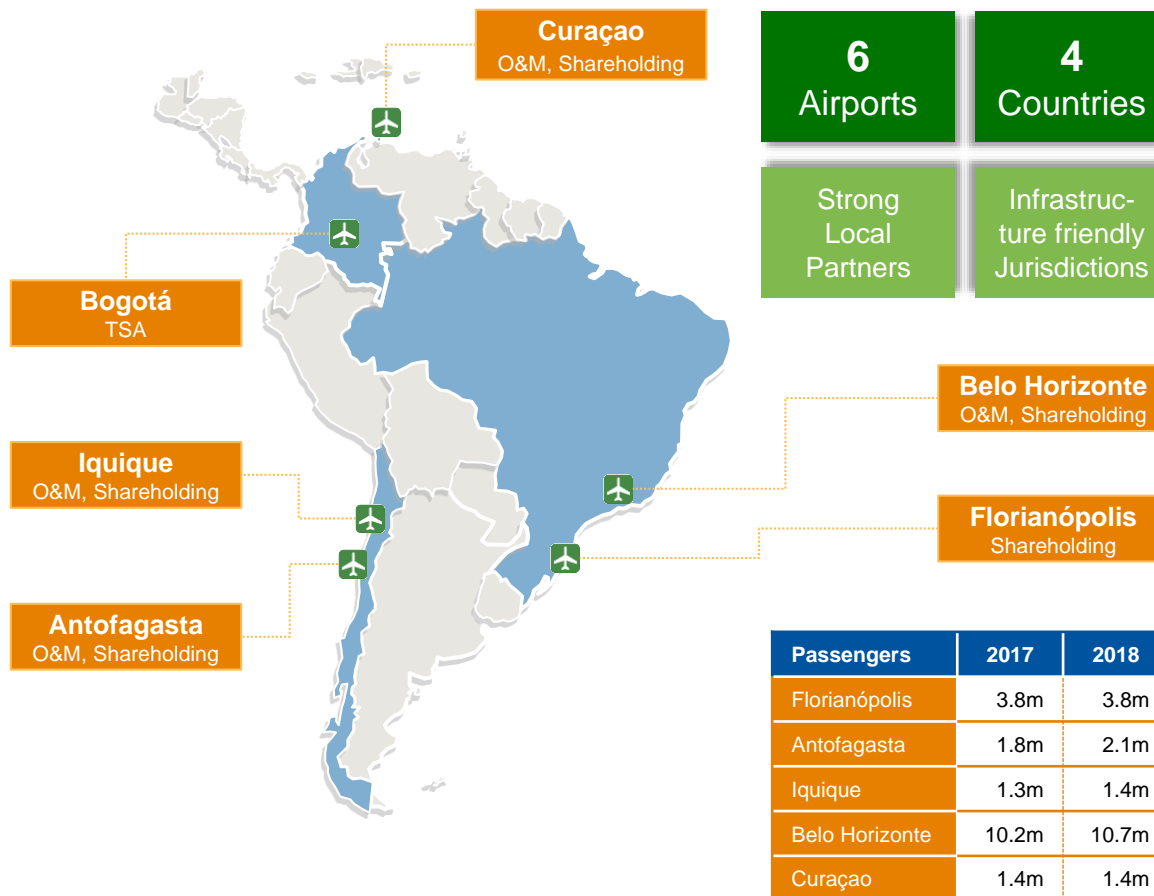


Key Facts	
Total Investment	CHF 1.2 billion
Total Area	180,000m ²
Zurich Airport Share	51%
Opening	2020
Pre-letting Rate	>60%



INTERNATIONAL ACTIVITIES

Current Portfolio



6 Airports	4 Countries
Strong Local Partners	Infrastructure friendly Jurisdictions

Passengers	2017	2018
Florianópolis	3.8m	3.8m
Antofagasta	1.8m	2.1m
Iquique	1.3m	1.4m
Belo Horizonte	10.2m	10.7m
Curaçao	1.4m	1.4m

Progress Update

Latin America

- Successful operational takeover of Florianópolis Airport in January 2018
- Expansion works in Florianópolis proceeding as planned
- Passenger traffic positively driven at Chilean airports by low-cost carriers

Asia

- New regional office in Kuala Lumpur operational as of August 1, 2018

Upcoming Projects

- 4th privatization round in Brazil
- Focus markets: Indonesia, India and Vietnam

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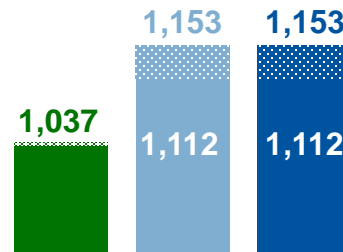


STRONG FY 2018 REVENUE AND PROFIT GROWTH

Revenue

(in million CHF)

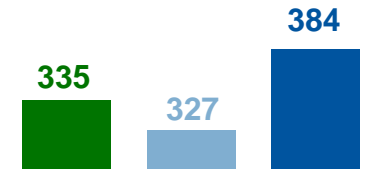
Strong passenger growth, increasing commercial revenues and full consolidation of the international business led to an increase of 11.2%



EBIT

(in million CHF)

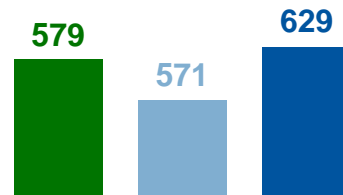
With stable amortization and depreciation figures, the adjusted EBIT rose by 14.6%



EBITDA

(in million CHF)

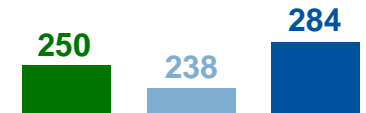
Adjusted for one-off effects, the EBITDA-margin was at a healthy 54.5%



Profit

(in million CHF)

Adjusted profit grew by 13.3% compared with the corresponding period a year ago



Concession accounting

FY17* FY18 FY18*

FY17* FY18 FY18*

*Excluding one-off effects:

FY17: Swissair liquidation dividend CHF +4.8m (pre-tax) and Bangalore divestment CHF +36.3m (pre-tax)

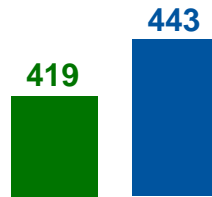
FY18: Extended sound insulation program CHF -57.6m (pre-tax)

AVIATION REVENUES IN LINE WITH VOLUME GROWTH

PAX-related Flight Operations Charges

(in million CHF)

- ▼ PAX-related Charges increased by 5.7%, in line with passenger growth



Aviation Fees and other Aviation Revenues

(in million CHF)

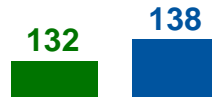
- ▼ Aviation Fees and other Aviation Revenues are up by 3.8%, due to volume effects



Other Flight Operations Charges

(in million CHF)

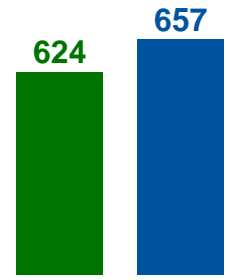
- ▼ Flight Operations Charges grew by 4.5% mainly due to an increase in ATM's and Average Maximum Take-Off Weight



Total Aviation Revenue

(in million CHF)

- ▼ Solid traffic numbers augmented aviation revenues by 5.2%



FY17 FY18

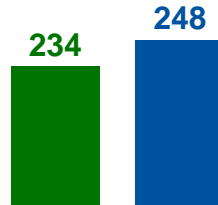
FY17 FY18

NON-AVIATION REVENUES ON TRACK FOR GROWTH

Commercial & Parking Revenue

(in million CHF)

On the back of a higher average concession rate, Commercial Revenue grew disproportionately by 8.9%



Revenue from Services

(in million CHF)

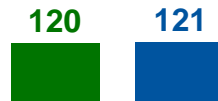
Higher revenues from VIP-Services led to an increase of 5.2%



Revenue Facility Management

(in million CHF)

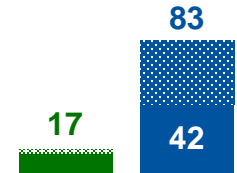
Revenues from Facility Management are slightly up by 1.3%



International Revenue

(in million CHF)

The full consolidation of Florianópolis in Brazil and the airports in Chile increased the international revenues significantly

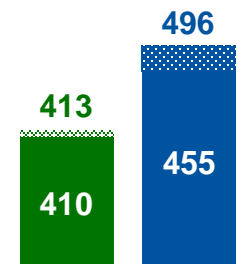


FY17 FY18

Total Non-aviation Revenue

(in million CHF)

Non-aviation revenues grew by 20.2%, primarily as a consequence of the international business



Concession accounting

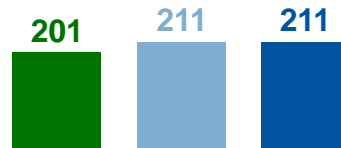
FY17 FY18

DISCIPLINED EXPENSE MANAGEMENT

Personnel Expenses

(in million CHF)

- 5.0% higher personnel expenses driven by the consolidation of our international holdings and a small increase in Zurich

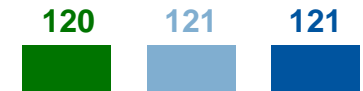


FY17 FY18 FY18*

Police & Security

(in million CHF)

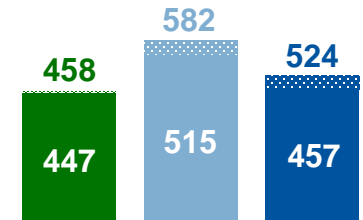
- Small increase due to consolidation of Florianópolis
- In ZRH, costs are marginally lower than last year



Total Operating Expenses*

(in million CHF)

- Adjusted for FY18 one-off effect, OPEX increased by 14.4%, primarily due to setting up operations in Florianópolis
- In ZRH, adjusted OPEX grew by 2.2%



International
Zurich

FY17* FY18 FY18*

*Excluding one-off effects:

FY17: Swissair liquidation dividend CHF +4.8m (pre-tax)

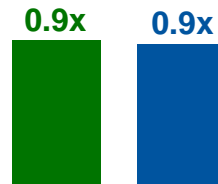
FY18: Extended sound insulation program CHF -57.6m (pre-tax)

FINANCIAL KEY FIGURES

Net Financial Debt / EBITDA

(excl. noise)

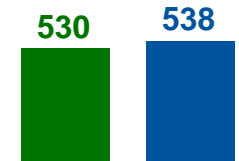
Net Financial Debt stands at CHF 580 m



Operating Cash Flow

(incl. noise, in million CHF)

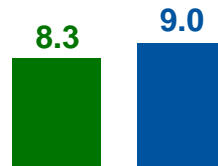
Operating Cash Flow increased by CHF 8 m



ROIC

(incl. noise, in %)

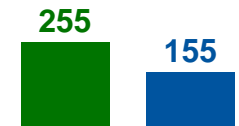
Adjusted for one-off effects, the ROIC has increased by 0.7 percentage points



Free Cash Flow

(incl. noise, in million CHF)

Reduction in Free Cash Flow of CHF 100 m because of substantial higher CAPEX



FY17* FY18*

FY17 FY18

*Excluding one-off effects:

FY17: Swissair liquidation dividend CHF +4.8m (pre-tax) and Bangalore divestment CHF +36.3m (pre-tax)

FY18: Extended sound insulation program CHF -57.6m (pre-tax)

FY 2018 CAPEX OF CHF 290 MILLION

Selected Projects



THE CIRCLE CHF ~95 million



Baggage Handling System CHF ~33 million



Rapid Exit & Multiple Entry CHF ~18 million



Additional Stands CHF ~17 million

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TIMETABLE HIGHLIGHTS

Upcoming Summer Timetable 2019

 SWISS	Danzig (Poland)	Now 4 flights per week
 edelweiss air	Tirana (Albania) Kalamata (Greece)	Now 2 flights per week Now 2 flights per week (seasonal)
 CATHAY PACIFIC	Hongkong	New A350-1000 with increased capacity
 Eurowings	Palma de Mallorca	Now 5 flights per week
 Germania	Tirana	Now 2 flights per week
 AIR CANADA	Vancouver	Increase from 3 to 5 flights per week in summer
 AEGEAN	Athen	Increase from 7 to 9 flights per week

GUIDANCE FOR FULL YEAR 2019

2018 Actual ¹		2019 Guidance
Passengers	31.1 million	▼ Approx. 3% higher
Revenues <i>(incl. Concession Accounting)</i>	CHF 1,153 million	<ul style="list-style-type: none"> ▼ Aviation revenues slightly higher ▼ Slightly higher commercial & real estate revenues ▼ Revenues from international business CHF ~45–50m
Concession Accounting	CHF 41 million	▼ Mid-double digit million amount
Operating expenses <i>(incl. Concession Accounting)</i>	CHF 524 million	<ul style="list-style-type: none"> ▼ Slightly higher costs in ZRH ▼ OPEX international CHF ~30–35m
EBITDA	CHF 629 million	▼ Slightly higher
Depreciation	CHF 244 million	▼ Slightly lower
Profit	CHF 284 million	▼ Approx. 5% higher
Capital expenditures	CHF 290 million	▼ CHF 350-400 million; whereof CHF ~140 million for THE CIRCLE

¹ 2018 excluding one-off effect: Extended sound insulation program CHF –57.6m (pre-tax)

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CORPORATE CALENDAR & CONTACT INFORMATION

- ▼ **March 20, 2019**
HSBC Roadshow (London)
- ▼ **March 21, 2019**
Kepler Swiss Seminar (Zurich)
- ▼ **April 2, 2019**
Vontobel Roadshow (Frankfurt)
- ▼ **April 25, 2019**
Annual General Meeting (Zurich)
- ▼ **May 17, 2019**
Barclays Conference (Paris)
- ▼ **May 22, 2019**
MainFirst Roadshow (Dublin)
- ▼ **June 4 & 5, 2019**
Vontobel Summer Conference (Interlaken)
- ▼ **August 27, 2019**
Publication of half year results 2019



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ZURICH AIRPORT AT A GLANCE

AVIATION / REGULATED

2018 revenue of CHF 657 million

- ▼ “To satisfy the demand for direct connections to the world’s major cities”
- ▼ Regulated business with profitability restrictions; not subsidized
- ▼ Premium mid-sized hub with operating license until 2051
- ▼ Land and infrastructure wholly-owned by Zurich Airport
- ▼ Service to 206 airports in 68 countries
- ▼ Economic importance: 278,458 air traffic movements and 493,222t freight
- ▼ Passengers: currently ~31 million/year
- ▼ Revenue contribution ~60%



NON-AVIATION / UNREGULATED



COMMERCIAL, REAL ESTATE & SERVICES

2018 revenue of CHF 413 million

- ▼ Leading commercial center
- ▼ Average concession rate of >21% of total commercial turnover
- ▼ Commercial revenues driven by passenger numbers (airside) and commuters, employees, shoppers etc. (landside)
- ▼ Revenue contribution ~40%

STRATEGIC GROWTH PROJECTS / UNREGULATED

THE CIRCLE

2018 investments of CHF 95 million

- ▼ Business and lifestyle center
- ▼ Overall CHF 1.2 billion investment, 180,000m² lettable area and 6,500 jobs
- ▼ Co-owned with Swiss Life AG (49%)
- ▼ Expect knock-on effect on existing commercial business from additional commuters and visitors
- ▼ Completion of construction by end 2019; opening of main area in 2020

INTERNATIONAL BUSINESS

2018 revenue of CHF 83 million

- ▼ Long-term growth potential in international markets as airport developer and operator
- ▼ Diversification of revenues to strengthen future profitability
- ▼ Financial capacity for investments with focus on airports in Latin America and Asia
- ▼ Profit target contribution ~15%

GROUP KEY FIGURES YTD*

In million CHF	Including noise		Excluding noise	
	Jan – Dec 2018	Jan – Dec 2017	Jan – Dec 2018	Jan – Dec 2017
Aviation revenue	656.7	624.2	645.0	612.7
Non-aviation revenue	496.2	412.9	496.2	412.9
Revenue	1,152.9	1,037.1	1,141.2	1,025.6
EBITDA	571.0	583.6	620.3	575.6
<i>EBITDA margin (in %)</i>	49.4	56.3	54.3	56.1
Depreciation and amortization	(244.5)	(243.7)	(239.7)	(238.4)
EBIT	326.5	339.9	380.6	337.1
<i>EBIT margin (in %)</i>	28.3	32.8	33.3	32.9
Finance result (net)	(23.1)	(18.3)	(15.4)	(17.7)
Associated companies	(4.3)	33.2	(4.3)	33.2
Income tax expense	(61.3)	(69.3)	(74.6)	(68.4)
PROFIT	237.8	285.5	286.3	284.2

*As reported; including one-off effects:

▼ FY17: Swissair liquidation dividend CHF +4.8m (pre-tax) and Bangalore divestment CHF +36.3m (pre-tax)

▼ FY18: Extended sound insulation program CHF -57.6m (pre-tax)

REVENUE BREAKDOWN: AVIATION BUSINESS

In million CHF	Jan – Dec 2018	Jan – Dec 2017
Passenger-related operations charges	443.0	419.3
Landing charges	86.8	82.6
Aircraft-related noise charges	11.6	11.6
Emission charges	4.1	3.8
Parking charges	26.3	25.1
Freight revenue	8.9	8.7
Total flight operations charges	580.7	551.1
Baggage sorting and handling system	43.5	41.4
De-icing	11.7	12.8
Check-In	5.9	5.8
Aircraft energy supply system	3.8	3.6
Other fees	6.1	5.9
Total aviation fees	71.1	69.5
Total other aviation revenue	4.8	3.6
TOTAL AVIATION REVENUE	656.7	624.2
Avg. landing charge / movement (in CHF)	623.7	610.9

REVENUE BREAKDOWN: NON-AVIATION BUSINESS

In million CHF	Jan – Dec 2018	Jan – Dec 2017
Retail, tax & duty-free	111.4	102.1
Food & beverage operations	18.9	17.5
Revenue from multi-story car parks	81.5	79.4
Other commercial revenue	36.6	35.2
Total commercial revenue	248.3	234.2
Revenue from rental and leasing agreements	90.0	89.2
Energy and utility cost allocation	22.0	21.4
Cleaning and other service revenue	9.4	9.1
Revenue from facility management	121.4	119.8
Revenue from services	43.7	41.6
Revenues international	42.2	14.2
Revenues from construction projects	40.7	3.1
Total revenues international	82.9	17.3
TOTAL NON-AVIATION REVENUE	496.2	412.9
Avg. revenue retail, tax & duty free, F&B per departing PAX (in CHF)	8.4	8.1

OPERATING EXPENSES BREAKDOWN

In million CHF	Jan – Dec 2018	Jan – Dec 2017
Personnel expenses	211.5	201.5
Police and security	121.2	119.6
Energy and waste	21.2	18.8
Maintenance and material	38.8	38.0
Other operating expenses	54.8	51.6
Sales, marketing, administration	45.4	38.5
Expenses from construction projects	40.7	3.1
Capitalized expenditure & other income/expenses*	48.4	(17.6)
TOTAL OPERATING EXPENSES	581.9	453.5
Whereof ZRH	514.7	442.3
Whereof international	67.2	11.2

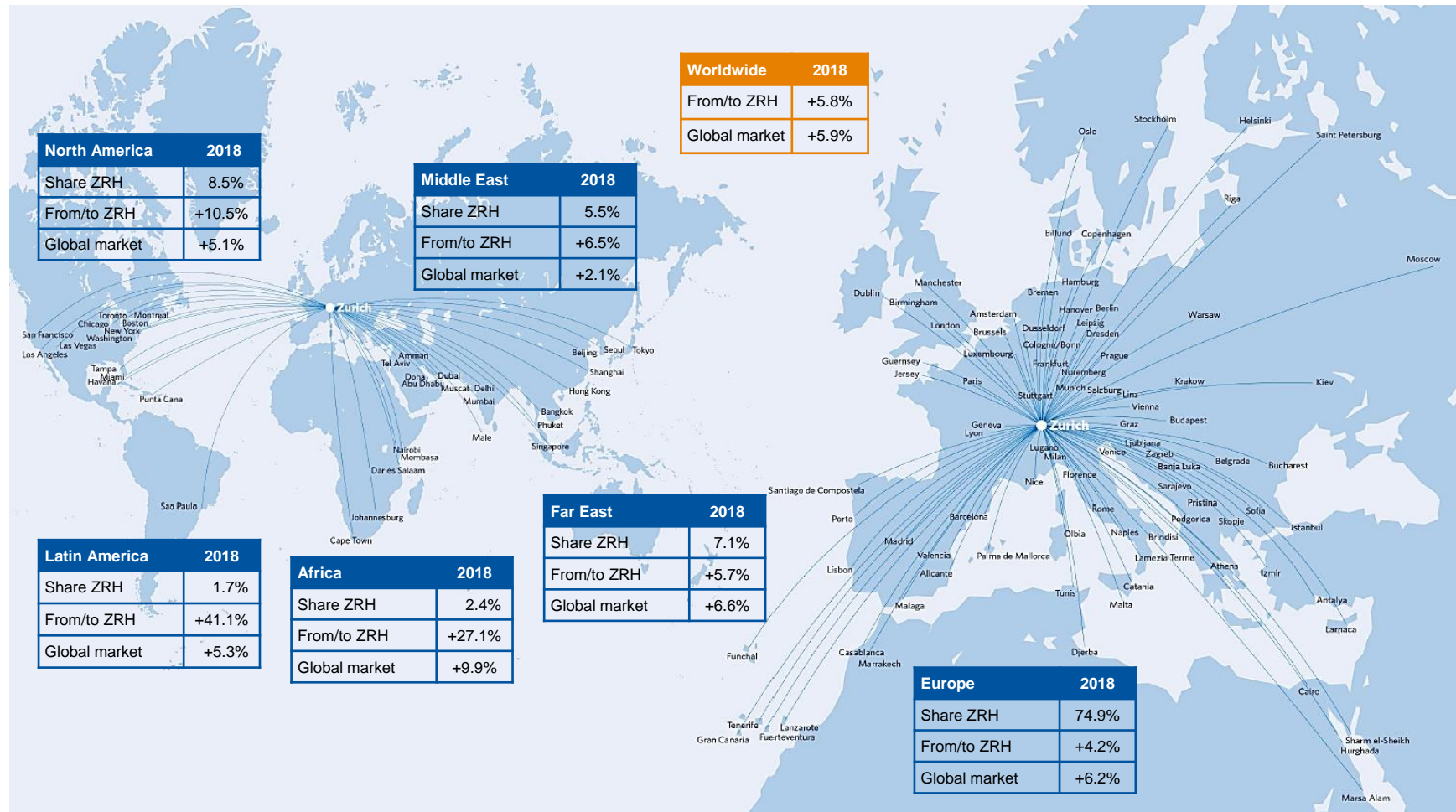
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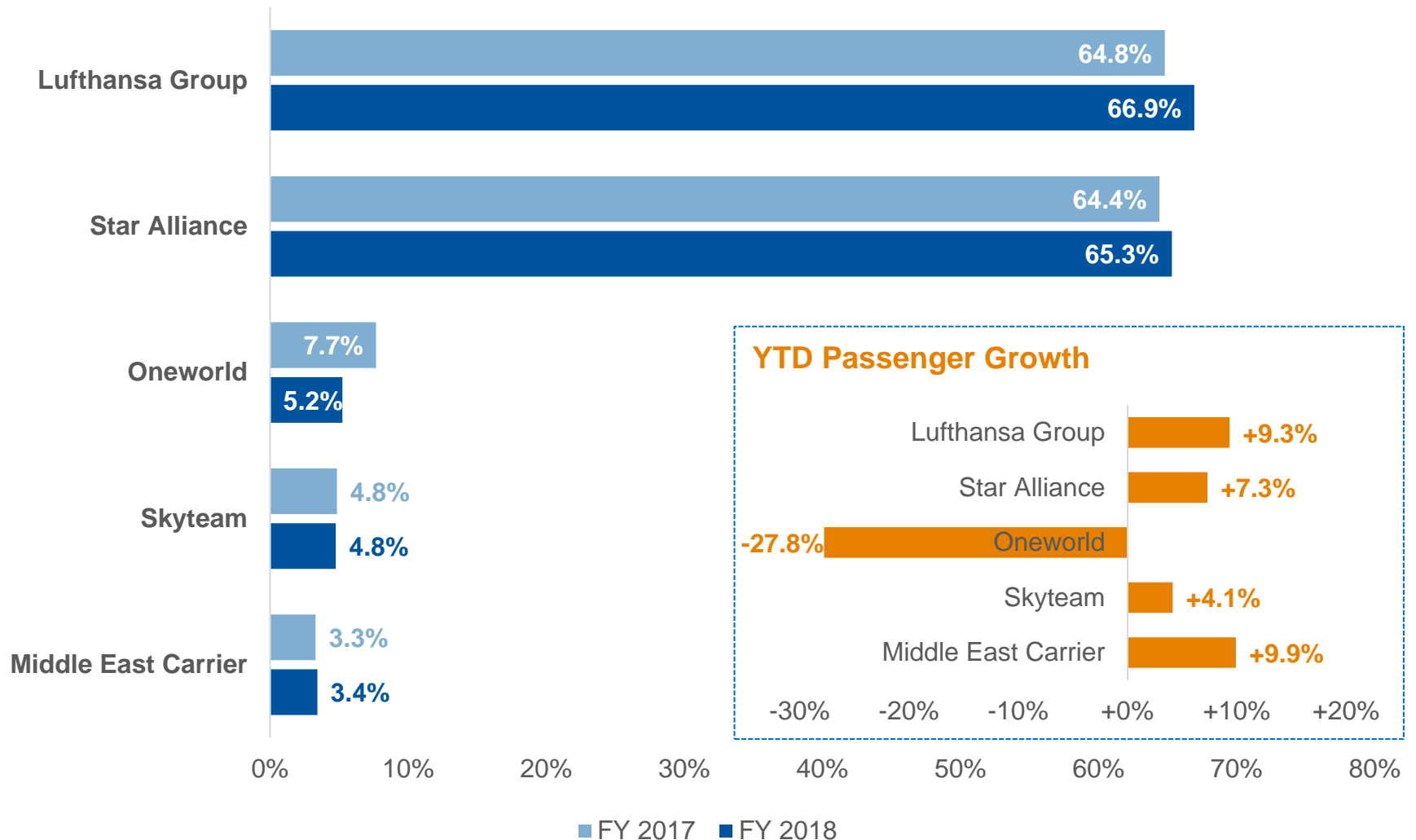
PASSENGER DEVELOPMENT

Global Market Figures Jan – Dec 2018



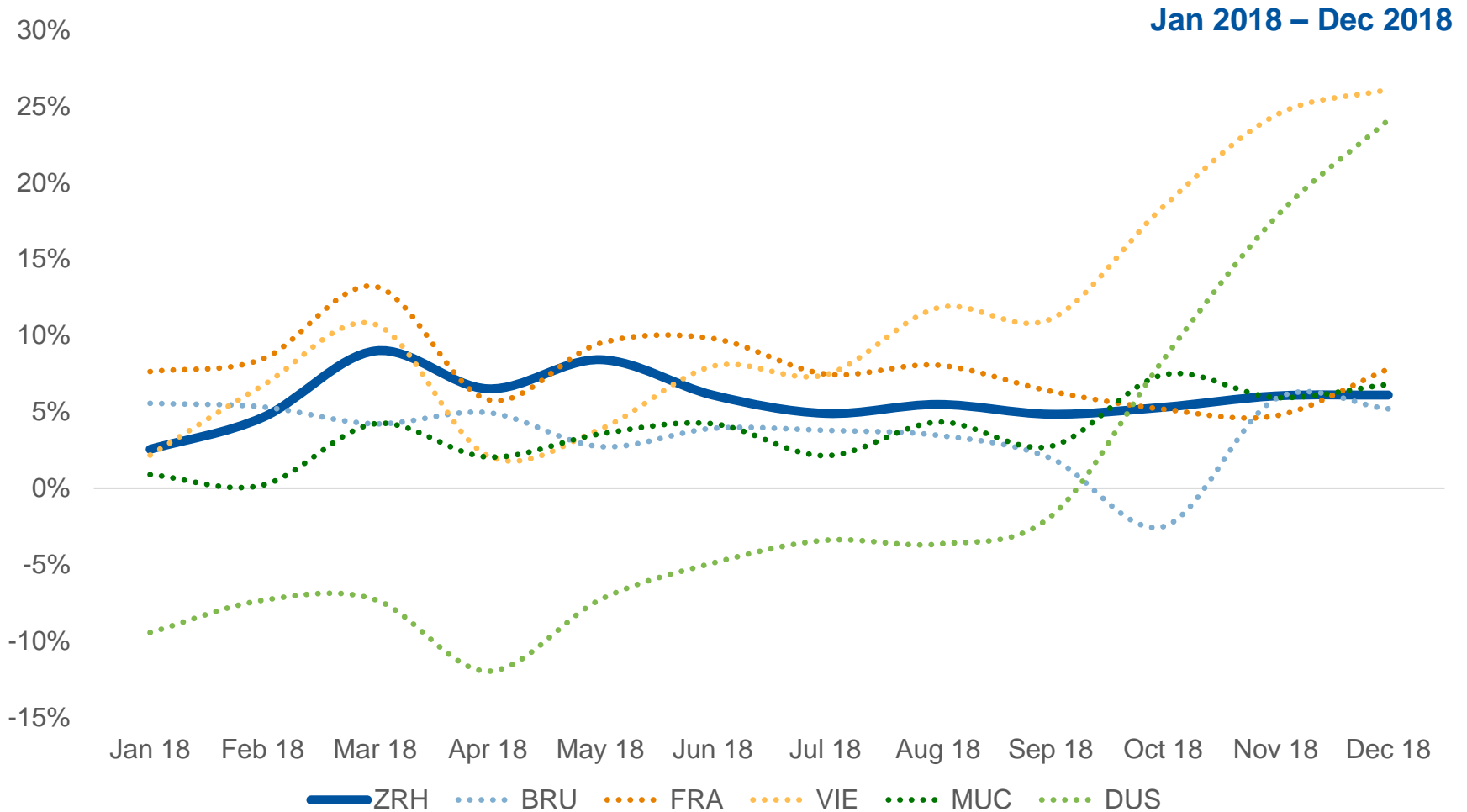
Source: ACI & ZRH data warehouse, 2018

FY 2018 ALLIANCE SHARE ZRH



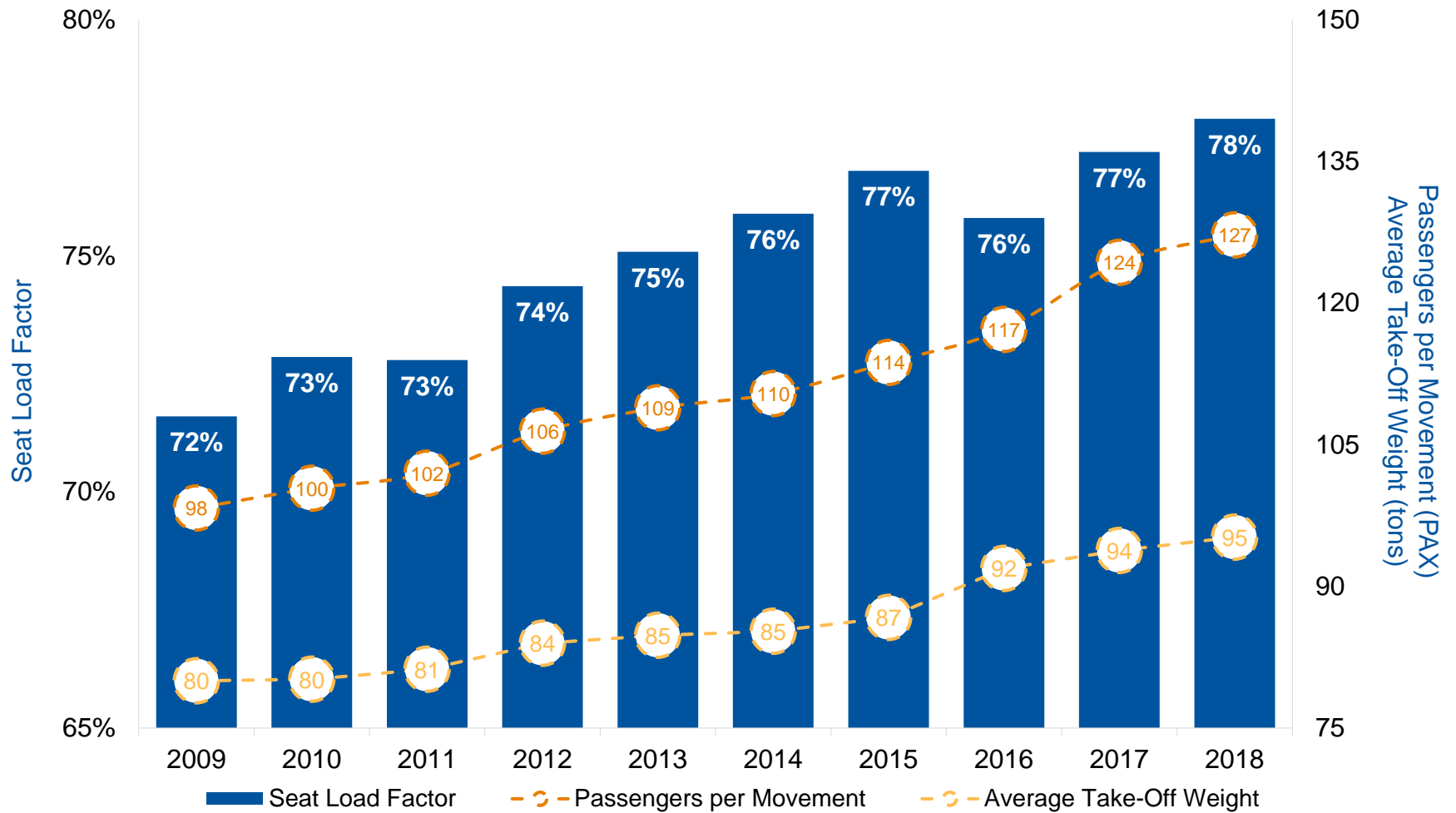
Source: ZRH data warehouse, 2018

LUFTHANSA HUBS PASSENGER DEVELOPMENT



Source: ACI & ZRH data warehouse, 2018

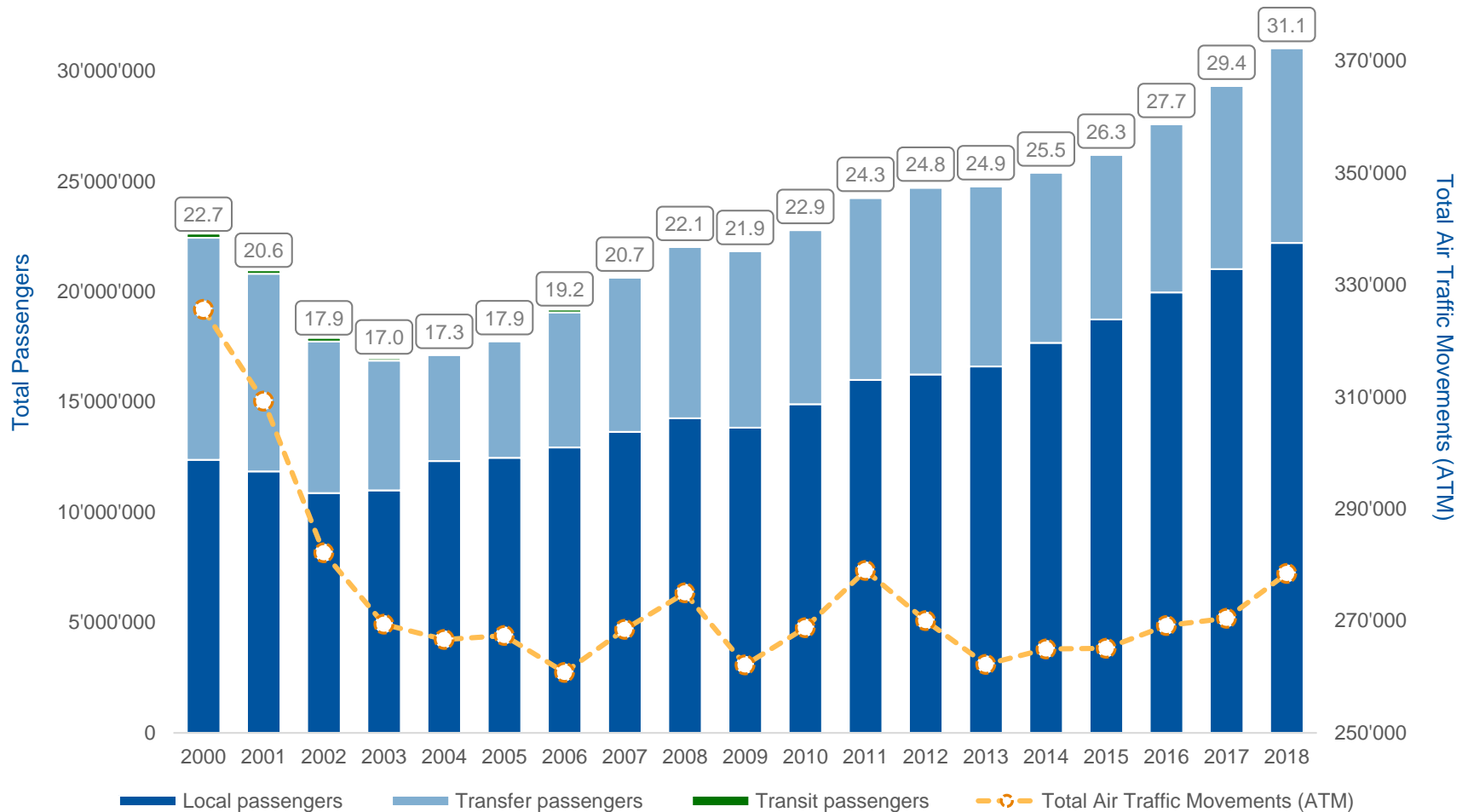
TRAFFIC RATIOS



Source: ZRH data warehouse, 2018

PASSENGERS AND MOVEMENTS DEVELOPMENT

STEADY TRAFFIC GROWTH



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