

# 2015 half year financial results Presentation to investors & analysts



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# Schedule

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# 1. Major events HY2015

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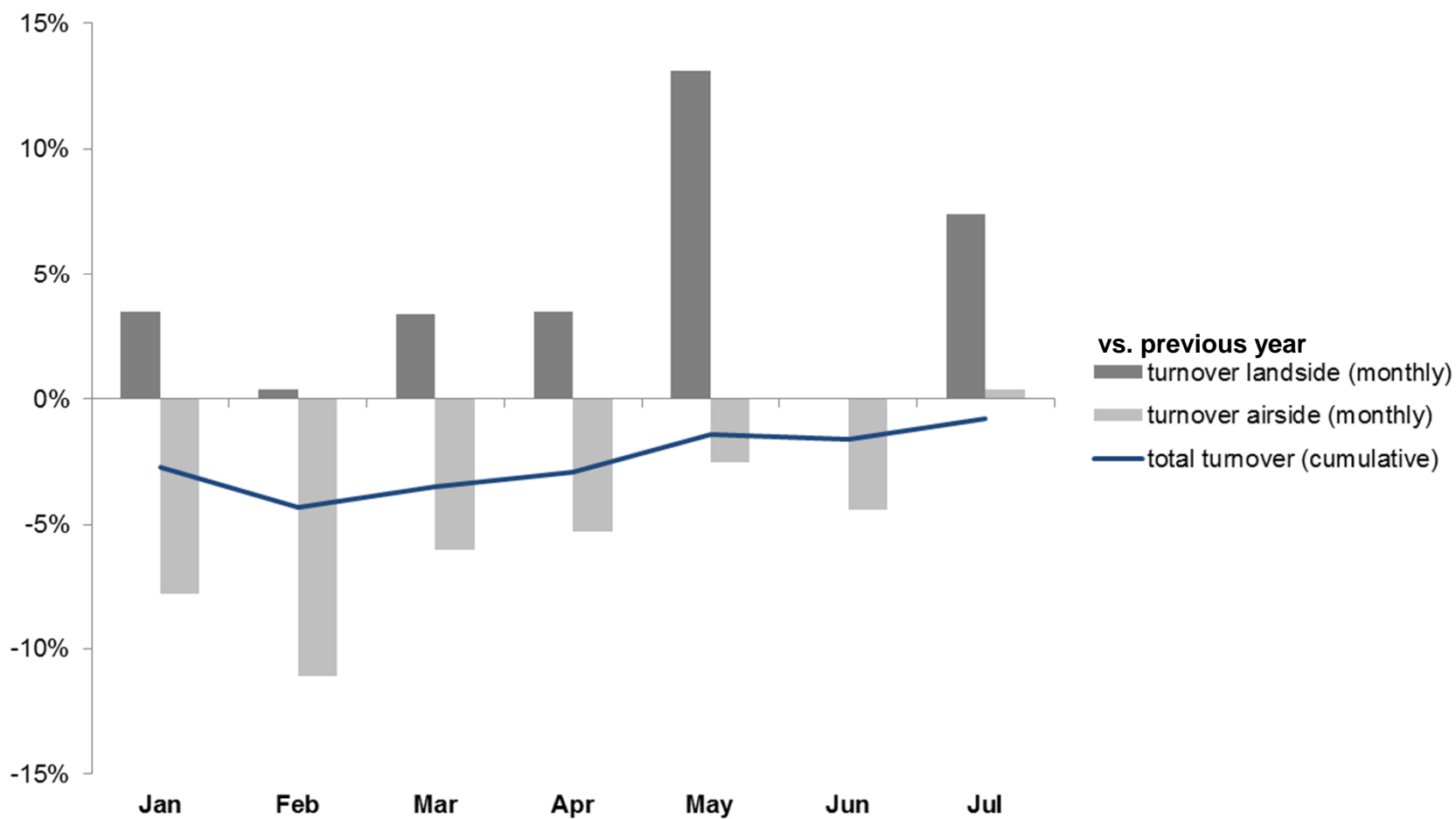
# Solid operating performance

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- Higher aviation and non-aviation revenue
- Solid operating performance characterized by two one-off effects
  - establishment of the co-ownership structure «The Circle»  
+ CHF 34.6 million
  - provision for extended sound insulation program  
- CHF 97.1 million
  - net effect (pre-tax): - CHF 62.5 million
- Profit excluding one-off effects: CHF 90.0 million



# Retail business impacted by strong CHF



# Agreement on charges signed with complainants

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## **Decision by the Swiss Federal Administrative Court (June 25, 2015)**

- no appeals by neither Flughafen Zürich AG nor the complainants
- decision legally valid: WACC, terminal cost allocation

## **Favorable circumstances**

- positive local passenger development
- strict cost and investment discipline; postponement of investments

## **Agreement on charges signed with complainants**

- charges allow cost coverage in the regulated segment
- reduction of passenger charges (financial impact of CHF ~40 million [pre-tax] per year)
- regulatory period of 4 years, starting in the 1<sup>st</sup> half of 2016

## **Next steps**

- Flughafen Zürich AG applies for agreed charges to the Federal Office of Civil Aviation which will issue the new valid charges after review

## Other events in HY2015

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- Standard & Poor's raises rating to **A+**
- Governance: Canton of Zurich appoints three new members of the board



Eveline Saupper



Vincent Albers



Carmen Walker Späh

## 2. Half year financial performance





# Half year traffic figures

in million	Jan-Jun 2015	Jan-Jun 2014	Δ (in %)	
Local passengers	8.7	8.1		+ 6.9%
Transfer passengers	3.5	3.7	-6.3%	
<i>Transfer share (in %)</i>	28.7	31.4		
<b>Total passengers</b>	<b>12.2</b>	<b>11.9</b>		<b>+ 2.7%</b>
<b>Movements (in 1'000)</b>	<b>128.3</b>	<b>128.3</b>		<b>+ 0.0%</b>
whereof line & charter movements	111.5	110.5		+ 0.9%
<b>Cargo (in 1'000 tons)</b>	<b>202.6</b>	<b>211.8</b>	-4.3%	

# Financial key figures including noise

in million CHF	Jan-Jun 2015	Jan-Jun 2015*	Jan-Jun 2014	Δ (in %)
Aviation revenue	279.0	279.0	268.8	+ 3.8%
Non-aviation revenue	189.7	189.7	184.8	+ 2.6%
<b>Revenue</b>	<b>468.7</b>	<b>468.7</b>	<b>453.7</b>	<b>+ 3.3%</b>
<b>EBITDA</b>	<b>187.3</b>	<b>249.8</b>	<b>240.6</b>	n/a
<i>EBITDA margin (in %)</i>	40.0	53.3	53.0	
<b>EBIT</b>	<b>74.2</b>	<b>136.7</b>	<b>127.7</b>	n/a
<i>EBIT margin (in %)</i>	15.8	29.2	28.1	
Finance result (net)	-16.9	-16.9	-16.7	+ 0.7%
<b>Profit</b>	<b>40.3</b>	<b>90.0</b>	<b>88.1</b>	n/a
Interest-bearing liabilities (net)	332.3	332.3	691.0	n/a
Cash flow from operating activities	191.2	191.2	213.3	-10.3%
Investments in property	85.8	85.8	111.2	-22.9%
EpS (in CHF)	6.6	14.7	14.3	n/a

\* excluding one-off effects («The Circle» & extended sound insulation program)

# Financial key figures excluding noise

in million CHF	Jan-Jun 2015	Jan-Jun 2015*	Jan-Jun 2014	Δ (in %)
Aviation revenue	273.8	273.8	263.2	+ 4.0%
Non-aviation revenue	189.7	189.7	184.8	+ 2.6%
<b>Revenue</b>	<b>463.5</b>	<b>463.5</b>	<b>448.0</b>	<b>+ 3.4%</b>
<b>EBITDA</b>	<b>280.9</b>	<b>246.3</b>	<b>236.8</b>	n/a
<i>EBITDA margin (in %)</i>	60.6	53.1	52.9	
<b>EBIT</b>	<b>170.6</b>	<b>136.0</b>	<b>127.7</b>	n/a
<i>EBIT margin (in %)</i>	36.8	29.3	28.5	
Finance result (net)	-11.7	-11.7	-15.5	-24.5%
<b>Profit</b>	<b>122.1</b>	<b>94.6</b>	<b>89.6</b>	n/a
Interest-bearing liabilities (net)	818.9	818.9	973.4	-15.9%
Cash flow from operating activities	200.4	200.4	210.2	-4.6%
Investments in property	85.8	85.8	111.2	-22.9%
EpS (in CHF)	19.8	15.4	14.5	n/a

\* excluding one-off effect («The Circle»)

# Aviation



# Aviation segment revenue breakdown

	Jan-Jun 2015	Jan-Jun 2014	Δ (in %)
in million CHF			
① Passenger & security charges	184.0	176.3	+ 4.4%
PRM charges	5.4	5.3	+ 2.7%
Passenger-related noise charges	0.0	2.0	n/a
Landing charges	42.7	42.2	+ 1.4%
② Aircraft-related noise charges	5.2	3.7	+ 41.1%
Emission charges	1.6	1.6	+ 2.4%
Parking charges	3.2	3.4	-4.9%
Freight revenue	3.7	4.0	-6.4%
<b>Total flight operations charges</b>	<b>245.9</b>	<b>238.3</b>	<b>+ 3.2%</b>
Baggage sorting and handling system	14.5	14.1	+ 2.7%
Aircraft energy supply system	6.4	6.4	+ 0.2%
③ De-icing	2.1	0.7	n/a
Other fees	8.3	7.9	+ 5.9%
<b>Total aviation fees</b>	<b>31.3</b>	<b>29.0</b>	<b>+ 7.9%</b>
<b>Total other aviation revenue</b>	<b>1.8</b>	<b>1.5</b>	<b>+ 14.9%</b>
<b>Total aviation revenue</b>	<b>279.0</b>	<b>268.8</b>	<b>+ 3.8%</b>
Ø Landing charge per movement (in CHF)	666.3	657.4	+ 1.3%

1 higher passenger & security charges as a result of the favorable passenger mix

2 higher aircraft noise charges due to the termination of pre-financing by the Canton of Zurich

3 higher revenue from de-icing (mild winter 2014)

# Non-aviation



# Non-aviation segment revenue breakdown

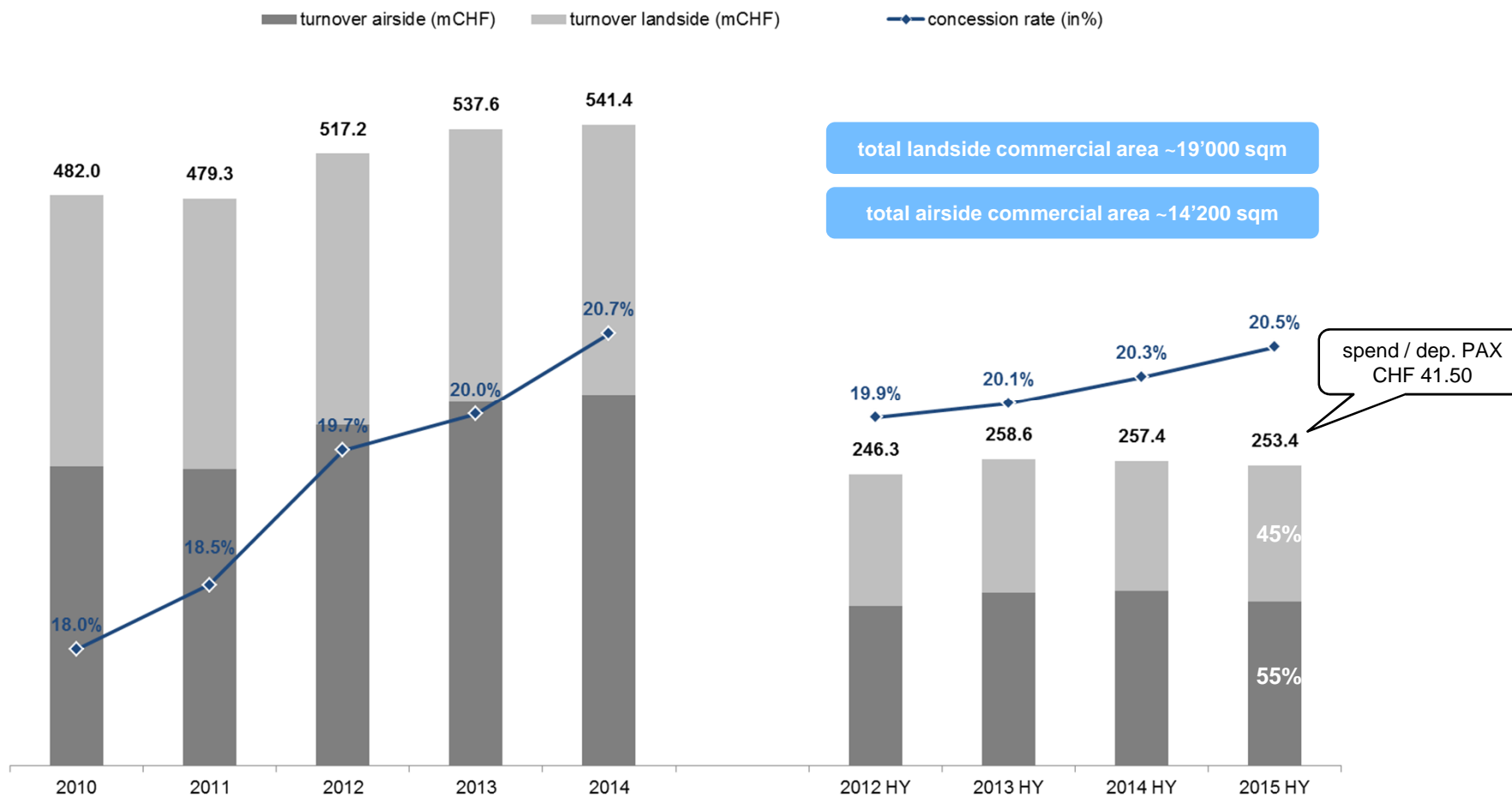
	Jan-Jun 2015	Jan-Jun 2014	Δ (in %)
in million CHF			
① Retail, tax & duty free	44.4	45.0	-1.4%
Food & beverage operations	7.7	7.2	+ 6.3%
② Revenue from multi-storey car parks	36.0	34.9	+ 3.3%
Other commercial revenue	15.3	14.6	+ 4.8%
<b>Total commercial revenue</b>	<b>103.3</b>	<b>101.6</b>	<b>+ 1.7%</b>
Revenue from rental and leasing agreements	43.4	44.5	-2.3%
Energy and utility cost allocation	12.9	12.6	+ 2.2%
Cleaning and other service revenue	4.8	2.8	n/a
<b>Revenue from facility management</b>	<b>61.1</b>	<b>59.9</b>	<b>+ 2.0%</b>
③ <b>Revenue from services</b>	<b>25.3</b>	<b>23.3</b>	<b>+ 8.4%</b>
<b>Total non-aviation revenue</b>	<b>189.7</b>	<b>184.8</b>	<b>+ 2.6%</b>
Ø Revenue retail, tax & duty free, F&B per departing PAX (in CHF)	8.5	8.8	-2.9%

1 stable commercial revenue despite lower commercial turnover

2 higher revenue from car parks because of the higher share of local passengers

3 increasing revenues from consulting activities (Brazil & Kazakhstan)

# Key figures commercial business



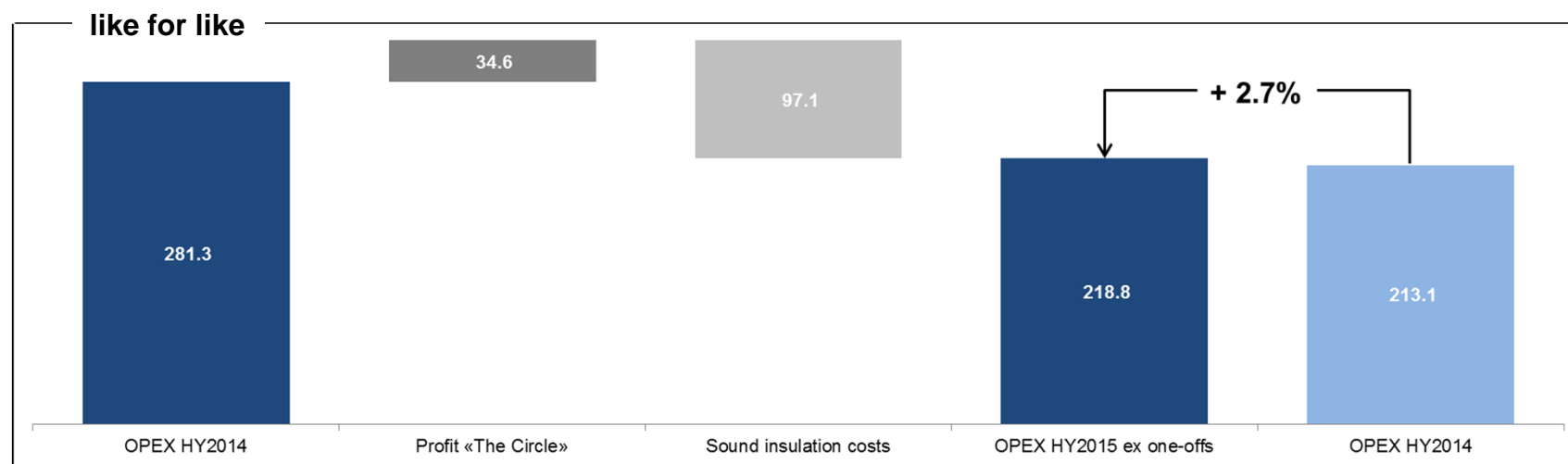


## OPEX & other key figures



# Operating expenses

in million CHF	Jan-Jun 2015	Jan-Jun 2014	Δ (in %)
Personnel expenses	92.3	88.8	+ 4.0%
Police and security	58.7	59.4	-1.1%
Energy and waste	11.3	10.1	+ 11.9%
Maintenance and material	19.6	18.6	+ 5.4%
Other operating expenses	25.3	25.9	-2.1%
Sales, marketing, administration	16.5	15.8	+ 4.7%
Capitalized expenditure & other income/expenses	57.5	-5.5	n/a
<b>Total operating expenses</b>	<b>281.3</b>	<b>213.1</b>	<b>n/a</b>



# Key figures

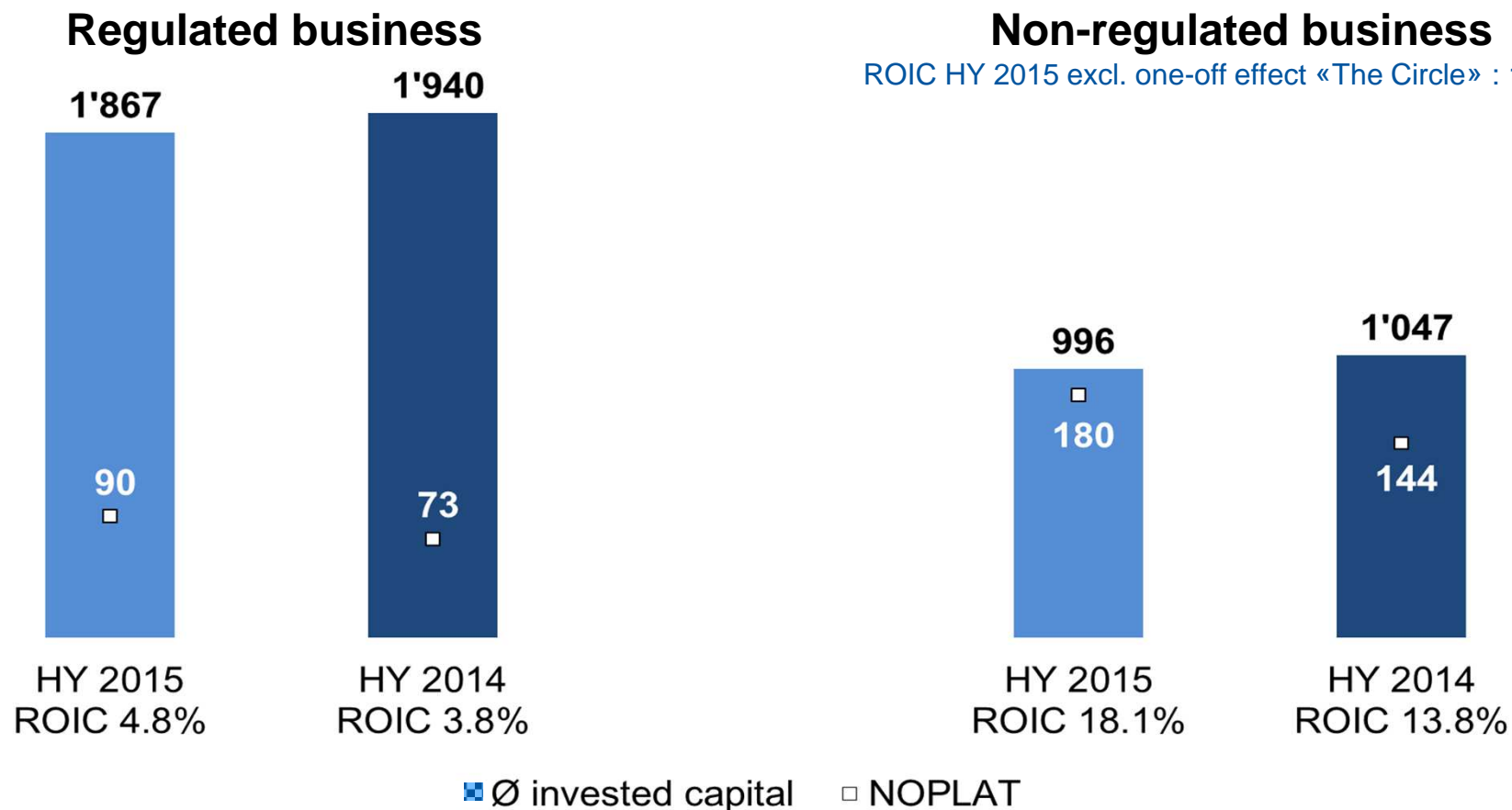
in million CHF	Jan-Jun 2015*	Jan-Jun 2014	Jan-Jun 2015*	Jan-Jun 2014
<b>EBITDA</b>	<b>249.8</b>	<b>240.6</b>	<b>246.3</b>	<b>236.8</b>
<i>EBITDA margin (in %)</i>	53.3	53.0	53.1	52.9
Depreciation and amortization	-113.1	-112.9	-110.3	-109.1
<b>EBIT</b>	<b>136.7</b>	<b>127.7</b>	<b>136.0</b>	<b>127.7</b>
<i>EBIT margin (in %)</i>	29.2	28.1	29.3	28.5
Finance result (net)	-16.9	-16.7	-11.7	-15.5
Associated companies	-3.1	0.0	-3.1	0.0
Income tax expense	-26.7	-22.8	-26.6	-22.7
<b>Profit</b>	<b>90.0</b>	<b>88.1</b>	<b>94.6</b>	<b>89.6</b>
Net financial debt / EBITDA	0.62x	1.32x	1.55x	1.98x
Net financial debt	332.3	691.0	818.9	973.4
<i>ROIC (in %)</i>	7.8	7.4	8.4	7.3
<i>Return on equity (in %)</i>	10.1	10.8	11.8	10.5
<i>Equity ratio (in %)</i>	53.1	55.4	57.9	58.4
Cashflow from operating activities	191.2	213.3	200.4	210.2
Investments in property	85.8	111.2	85.8	111.2
Free cashflow	105.4	102.1	114.6	99.0

incl. noise

excl. noise

\* excluding one-off effects

# Segment report (in million CHF)



ROIC HY 2015 excl. one-off effect «The Circle» : 15.4%

*based on results of the 12-month period preceding the reporting date*

# Outlook



## Year-to-date traffic & commercial figures

in million	Jan-Jul 2015	Jan-Jul 2014	Δ (in %)	
Local passengers	10.6	9.9		+ 7.2%
Transfer passengers	4.2	4.4	-5.5%	
<i>Transfer share (in %)</i>	28.3	30.9		
<b>Total passengers</b>	<b>14.9</b>	<b>14.4</b>		+ 3.2%
<b>Movements (in 1'000)</b>	<b>153.3</b>	<b>152.8</b>		+ 0.3%
whereof line & charter movements	133.2	132.1		+ 0.8%
<b>Cargo (in 1'000 tons)</b>	<b>237.9</b>	<b>248.7</b>	-4.3%	

	Jan-Jul 2015	Jan-Jul 2014	Δ (in %)	
<b>Total turnover in million CHF</b>	<b>305.0</b>	<b>307.5</b>	-0.8%	
<i>Airside (change vs. previous year period in %)</i>	-4.8	0.9		
<i>Landside (change vs. previous year period in %)</i>	4.6	-1.8		
<b>Commercial turnover / dep. PAX in CHF</b>	<b>41.0</b>	<b>42.7</b>	-3.9%	
<i>Airside (change vs. previous year period in %)</i>	-7.8	0.2		
<i>Landside (change vs. previous year period in %)</i>	1.3	-2.5		

## Guidance 2015: update

The guidance is excluding the one-off effects from «The Circle» and the extended sound insulation program.

PAX	2.5-3% higher (ex 1-2%)
Revenue	in line with PAX growth
<i>Aviation</i>	<i>disproportionately higher to PAX growth due to favorable passenger mix</i>
<i>Non-aviation</i>	<i>slightly lower</i>
OPEX	slightly higher
<i>EBITDA margin</i>	<i>stable</i>
Depreciation & amortization	stable
Profit incl. noise	5-10% higher
Profit excl. noise	5-10% higher
CAPEX	CHF ~250 million including «The Circle» (ex CHF 250-300 million)

### 3. Business update

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# Investments

Investments per June 30, 2015 (in million CHF)		
1	Upgrade terminal 2	21.4
2	«The Circle» (51%)	16.0
3	Expansion parking	10.4
4	Various maintenance projects in real estate	9.6
5	Redesign curbside lanes	4.4
6	Implementation of general drainage plan	3.3
7	Renovation runway 14/32	1.9
8	Renovation apron	1.6
	other investments	7.7
<b>Total investments *</b>		<b>76.3</b>

\* based on output, incl. capitalized expenditure

## 2015 planned investment costs for largest projects



**«The Circle»**  
CHF ~50 million



**Upgrade T2**  
CHF ~40 million



**Civil engineering**  
CHF ~30 million



**Expansion parking**  
CHF ~26 million

# SWISS fleet (2016-2018): ~20% additional capacity

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## short-haul



20 Avro RJ100



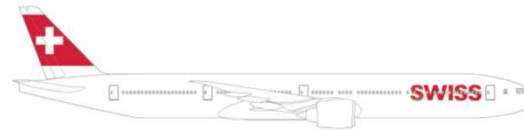
30 CSeries 100

→ ~25% seat upside

## long-haul



9/15 A340-300



9 B777-300ER

→ ~50% seat upside

# Timetable highlights

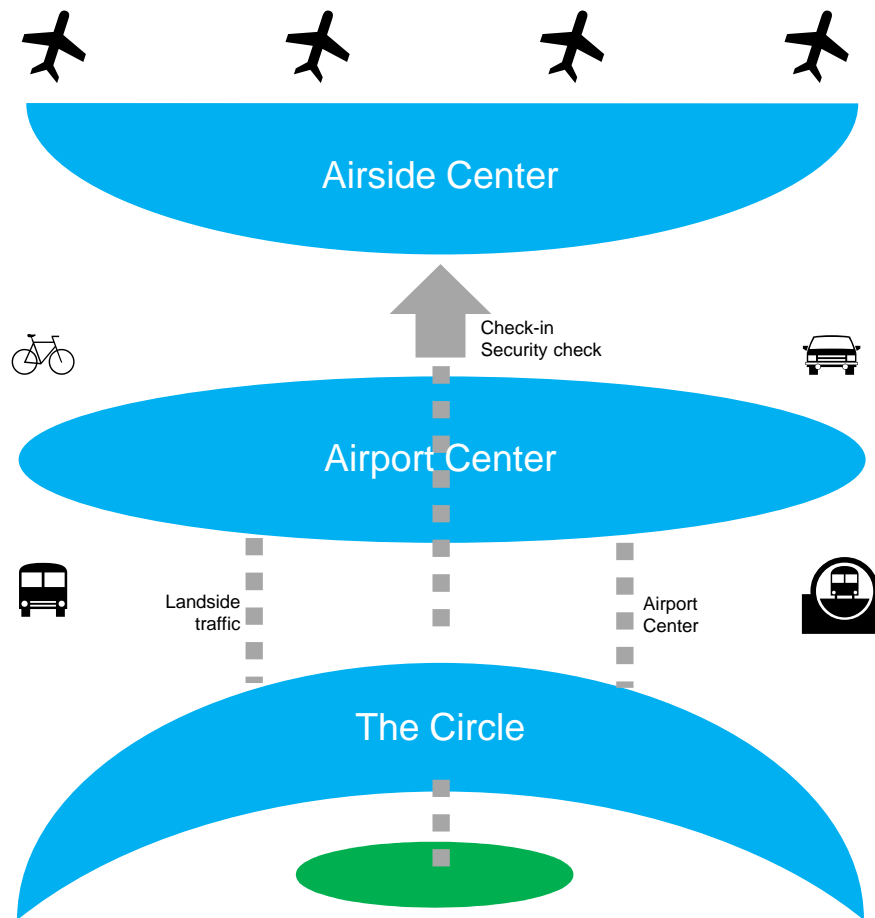
## Current summer timetable 2015 (since March 29, 2015)

	Dresden, Graz, Leipzig, Ljubljana, Zagreb	➔	new daily services; 17 additional new services several times per week
	Hong Kong	➔	daily service
	Antalya, Tenerife, Palma, Larnaca	➔	additional services
	Abu Dhabi	➔	daily flights with B787 instead of A330: additional capacity and improved onboard product

## Upcoming highlights (future timetable seasons)

	various	➔	B777 to replace A340, CSeries to replace RJ100: additional capacity and improved onboard product
	Las Palmas, Tenerife, Catania, Lamezia Terme, Rio de Janeiro	➔	additional short haul services in winter 2015/16, new long haul destination Rio starting in April 2016
	Warsaw	➔	Polish flag carrier LOT returns to ZRH with a double daily service starting in June 2016
	Seoul	➔	winter schedule 2015/16 with increased capacity due to larger equipment (B77W instead of B772)
	Dubai	➔	second daily flight with A380 instead of B777

# Three different centers at the airport



# «The Circle» is under construction!



# «The Circle» at Zurich Airport

## Milestones

- selection of total contractor
- façade construction awarded

## Timeline

- demolition work already concluded
- construction work will commence in fall
- first parts of the building will be visible as of 2016

## Marketing

- focus on anchor tenant office segment
- fine-tuning of brands & dialogue concept



# Strategy of international airport activities

## Motivation

Strategic growth pillar to promote the company's long-term growth and improve the quality of earnings through diversification.

## Investment scope

- Focus - investments combined with operational support contracts where we can invest our acknowledged operational expertise to generate superior returns
- Assets - brown- and greenfield projects  
- *developed assets with stable returns*
- Markets - emerging markets with high infrastructure development and investment needs  
- *complemented by more stable but lucrative developed market opportunities*

## Financing

Funding by additional debt on corporate balance sheet and free cashflow. The option of a capital increase is excluded.



## 4. Q&A



Roadshow Madrid (Kepler Cheuvreux)	Thursday, September 10, 2015
Roadshow Frankfurt (Bank Vontobel)	Wednesday, September 16, 2015
Roadshow Zurich (Credit Suisse)	Friday, September 18, 2015
Roadshow London (UBS)	Wednesday, September 30, 2015
Roadshow US/Canada (Royal Bank of Canada)	Winter 2015 / 2016
Publication full year results 2015	Friday, March 11, 2016



## IR contacts

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# Disclaimer

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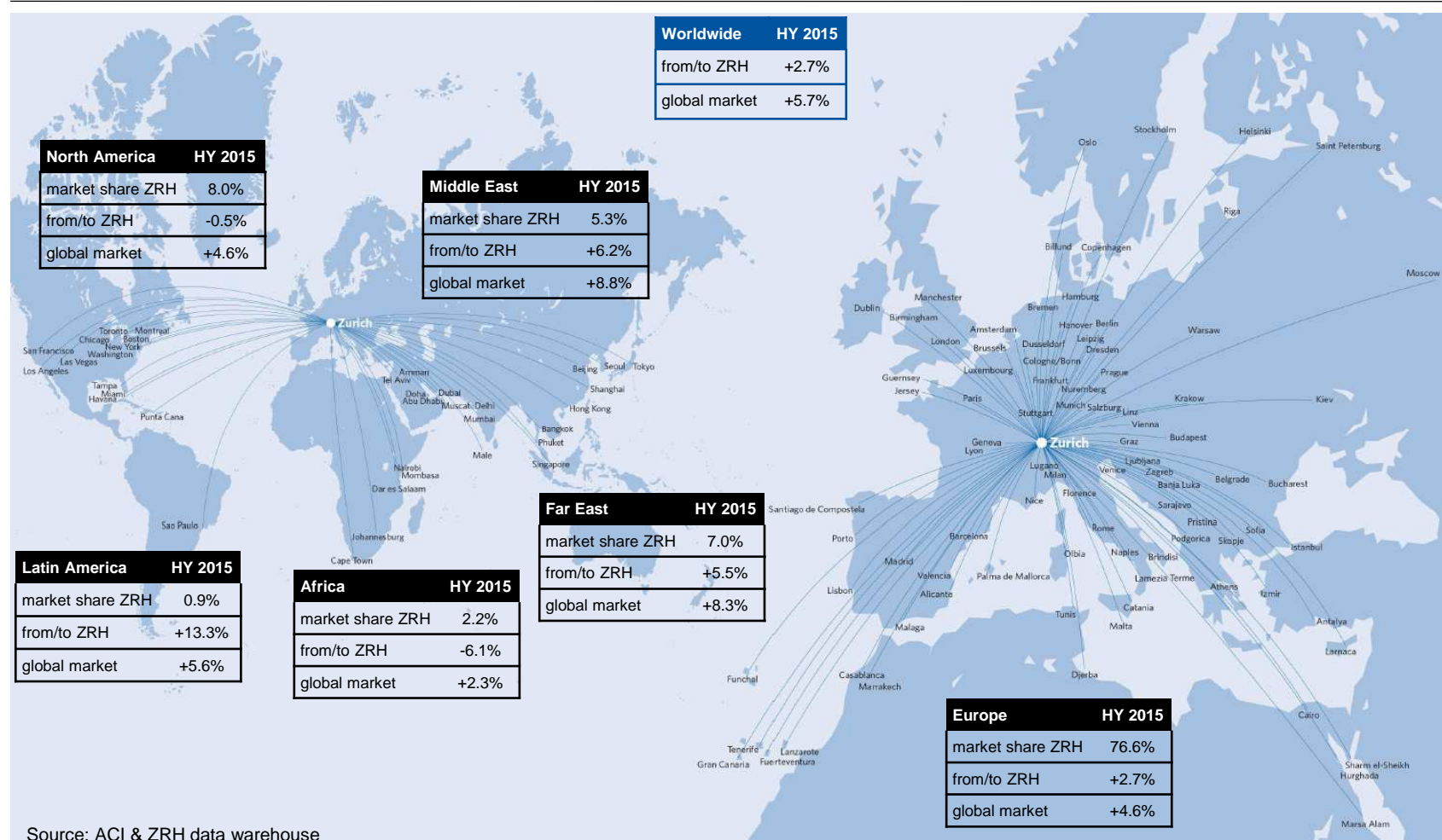
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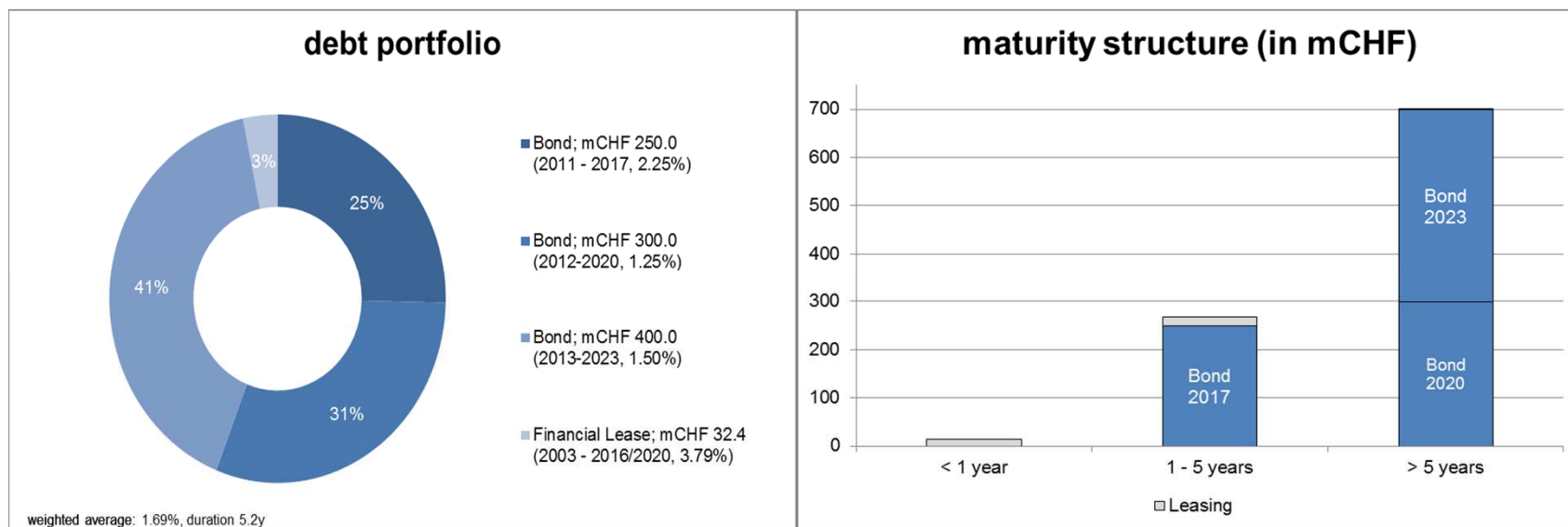
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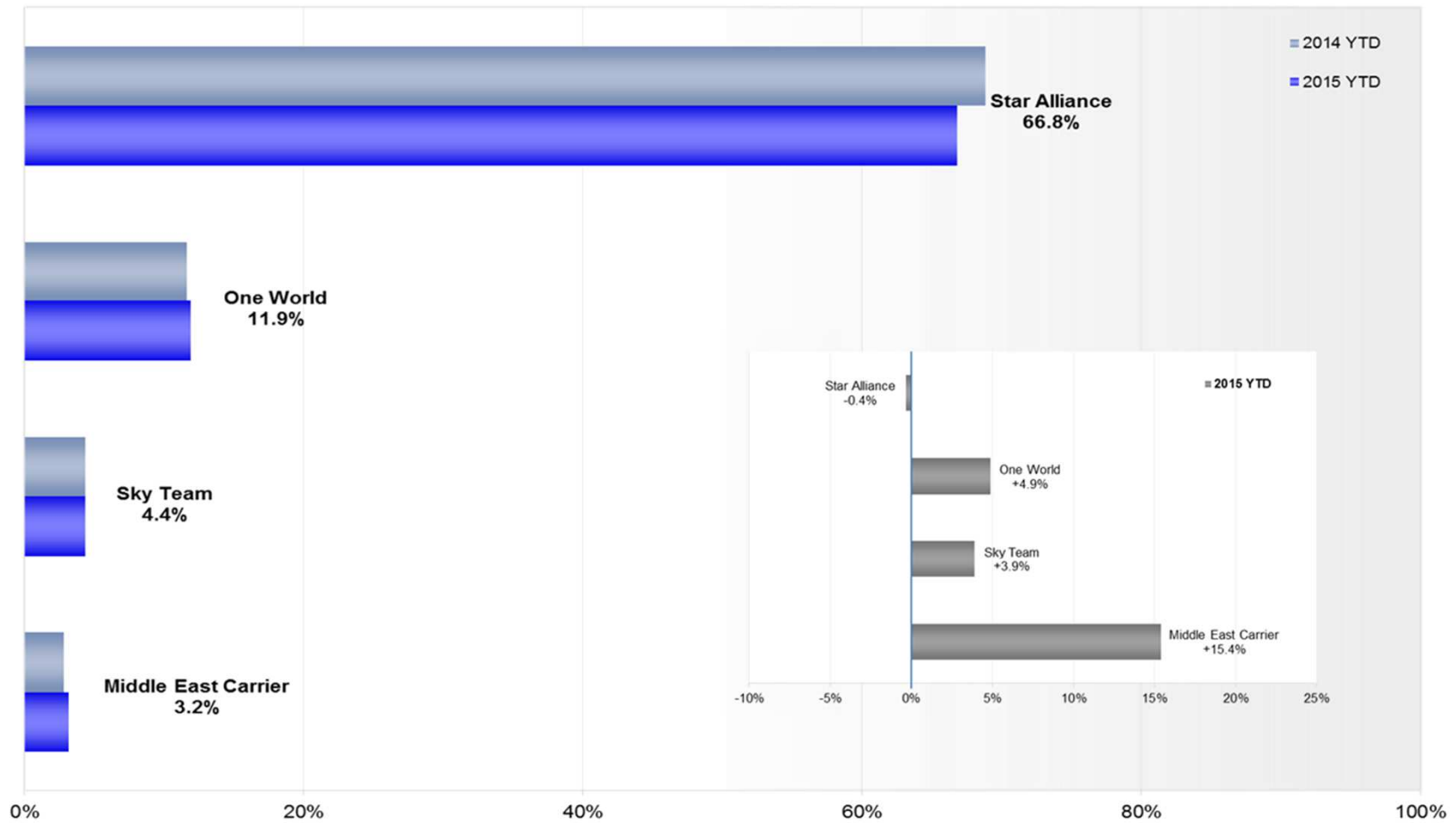
# Passenger development



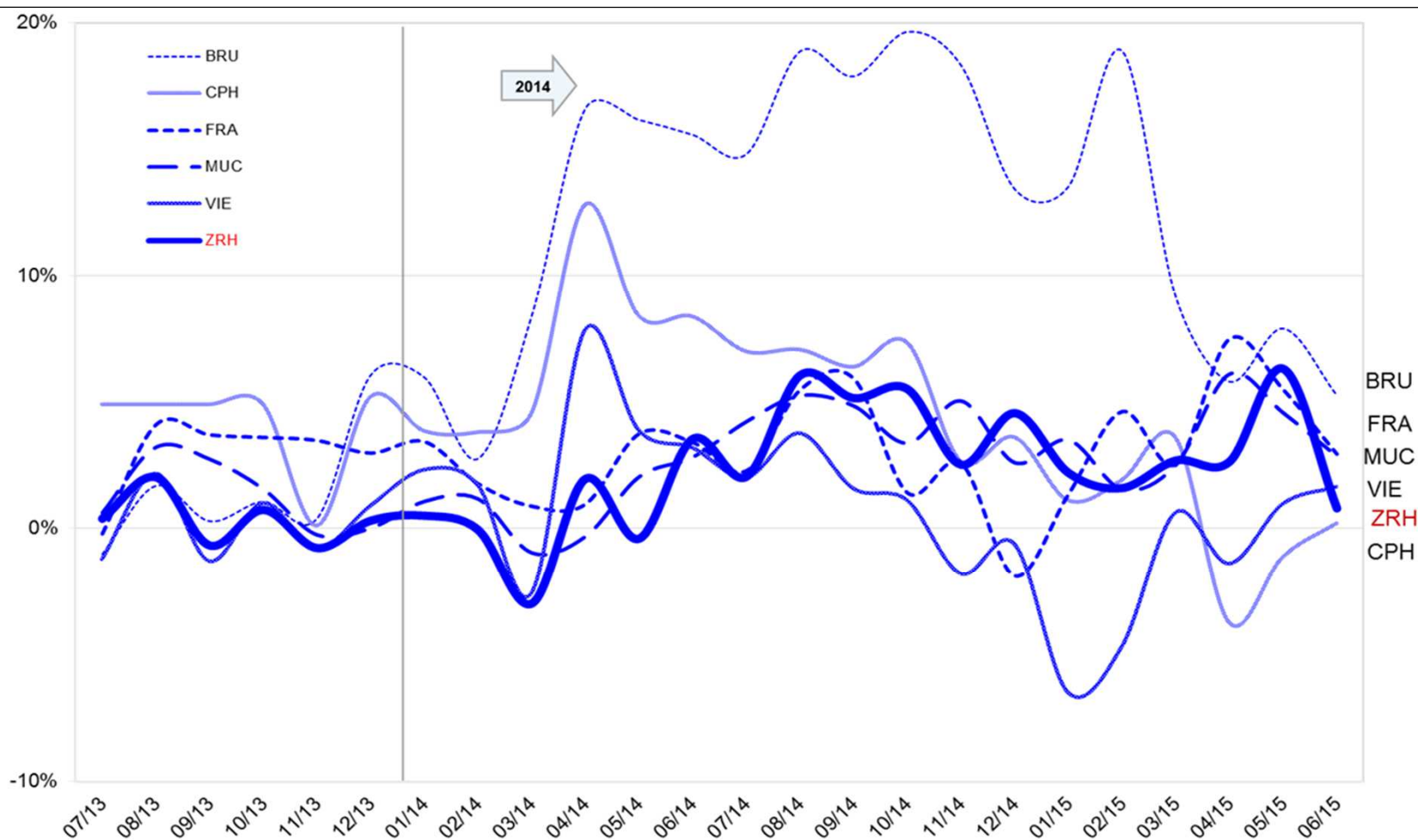
# Financial liabilities (per June 30, 2015)



# Customer segments ZRH HY2015



# Star Alliance hubs (Jan 2015 – Jun 2015)



# Key indicators

