

# 2017 HALF YEAR FINANCIAL RESULTS PRESENTATION TO INVESTORS & ANALYSTS



**Stephan Widrig**  
Chief Executive Officer

**Lukas Brosi**  
Chief Financial Officer

# SCHEDULE

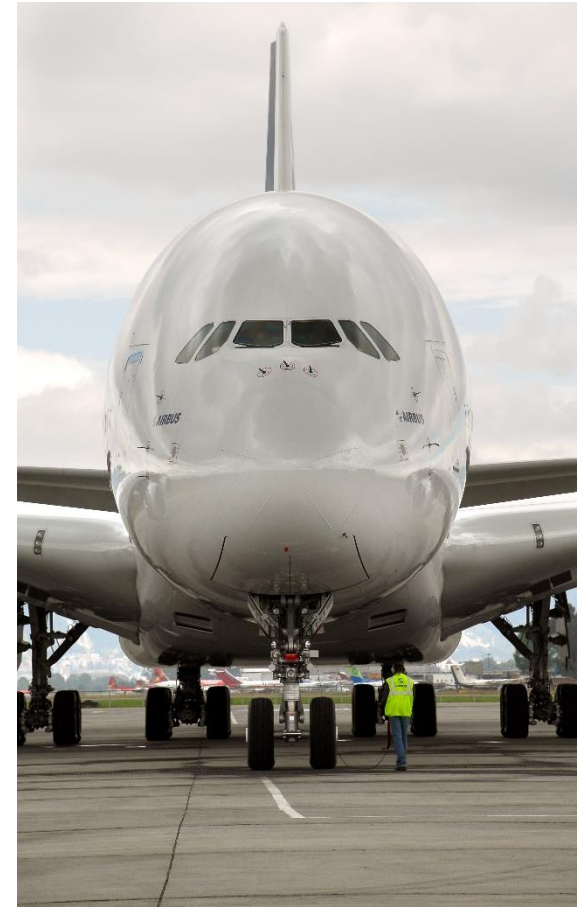
1. Business Update
2. Financial performance
3. Outlook
4. Q&A

# 1. BUSINESS UPDATE









# REVIEW

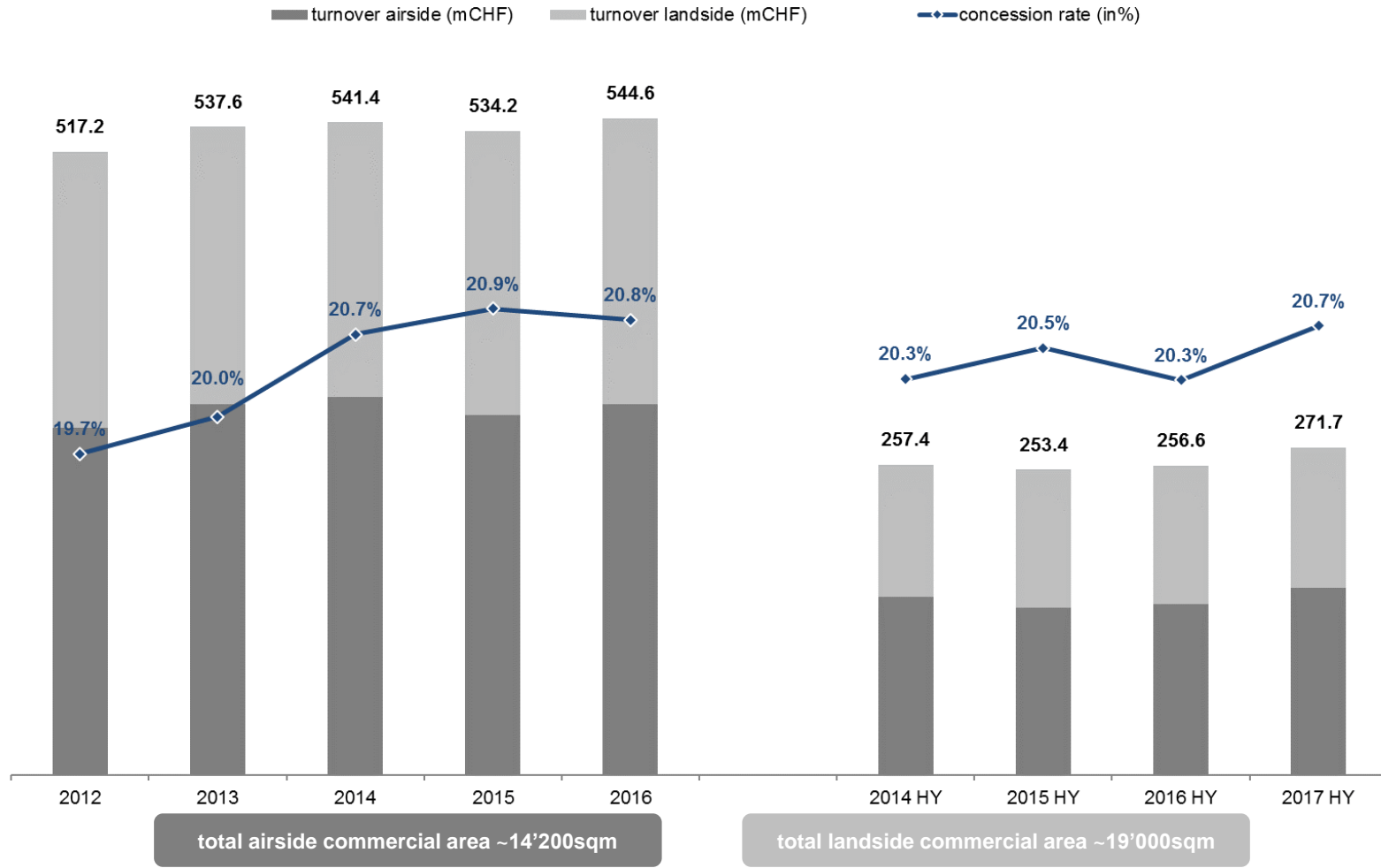
- Strong traffic growth
  - local & transfer segment on positive trend
  - peak days >107,000 PAX
- successes in international business
  - 30-year concession to operate and expand Hercílio Luz International Airport in Florianópolis
  - concession to operate and expand the international airport Diego Aracena in Iquique extended
  - completion of divestment for 5% stake in Bangalore International Airport Ltd.
- rating A+ confirmed by S&P, outlook positive
- bond placement: CHF 350m, 12 years, 0.625%
- revision of Sectoral Aviation Infrastructure Plan (SAIP)



# TRAFFIC FIGURES

in million	Jan-Jun 2017	Jan-Jun 2016	Δ (in %)
Local passengers	9.8	9.2	 + 6.1%
Transfer passengers	3.9	3.4	 + 15.7%
<i>Transfer share (in %)</i>	28.7	26.9	+ 6.7%
<b>Total passengers</b>	<b>13.7</b>	<b>12.6</b>	 + 8.6%
<b>Movements (in 1'000)</b>	<b>131.4</b>	<b>129.6</b>	 + 1.4%
whereof line & charter movements	114.4	113.0	 + 1.2%
<b>Cargo (in 1'000 tons)</b>	<b>231.9</b>	<b>206.2</b>	 + 12.5%

# KEY FIGURES COMMERCIAL BUSINESS



# THE CIRCLE ON TRACK



# INTERNATIONAL BUSINESS DEVELOPMENT



## Strategy

Flughafen Zürich AG in charge of operational and commercial management and development, combined with minority or majority investments.

## Focus markets

- Latin America (approx. CHF 200m committed investments)
- Europe (due diligence Belgrade ongoing)
- South and South-East Asia

## Motivation

- secure long-term growth prospects
- maintain profitability
- diversification of revenues



## 2. FINANCIAL PERFORMANCE



# FINANCIAL KEY FIGURES INCLUDING NOISE

in million CHF	Jan-Jun 2017	Jan-Jun 2016	Δ (in %)
Aviation revenue	292.4	292.2	+ 0.1%
Non-aviation revenue	196.4	188.5	+ 4.2%
<b>Revenue</b>	<b>488.8</b>	<b>480.7</b>	<b>+ 1.7%</b>
<b>EBITDA</b>	<b>271.6</b>	<b>265.9</b>	<b>+ 2.2%</b>
<i>EBITDA margin (in %)</i>	55.6	55.3	
<b>EBIT</b>	<b>151.2</b>	<b>150.5</b>	<b>+ 0.5%</b>
<i>EBIT margin (in %)</i>	30.9	31.3	
Finance result (net)	-7.3	-15.0	n/a
<b>Profit</b>	<b>143.2</b>	<b>103.8</b>	n/a
<b>Profit (excl. BIAL)</b>	<b>111.8</b>	<b>103.8</b>	<b>+ 7.7%</b>
Interest-bearing liabilities (net)	206.3	302.6	n/a
Cash flow from operating activities	193.8	175.4	+ 10.5%
CAPEX (incl. THE CIRCLE)	76.1	82.1	-7.3%
EpS (in CHF)	3.6	3.4	+ 7.7%

# FINANCIAL KEY FIGURES EXCLUDING NOISE

in million CHF	Jan-Jun 2017	Jan-Jun 2016	Δ (in %)
Aviation revenue	286.9	286.7	+ 0.1%
Non-aviation revenue	196.4	188.5	+ 4.2%
<b>Revenue</b>	<b>483.3</b>	<b>475.2</b>	<b>+ 1.7%</b>
<b>EBITDA</b>	<b>267.7</b>	<b>262.1</b>	<b>+ 2.2%</b>
<i>EBITDA margin (in %)</i>	55.4	55.1	
<b>EBIT</b>	<b>150.0</b>	<b>149.6</b>	<b>+ 0.2%</b>
<i>EBIT margin (in %)</i>	31.0	31.5	
Finance result (net)	-8.8	-9.7	-8.9%
<b>Profit</b>	<b>140.9</b>	<b>108.3</b>	n/a
<b>Profit (excl. BIAL)</b>	<b>109.5</b>	<b>108.3</b>	<b>+ 1.1%</b>
Interest-bearing liabilities (net)	661.7	777.6	-14.9%
Cash flow from operating activities	195.6	176.1	+ 11.1%
CAPEX (incl. THE CIRCLE)	76.1	82.1	-7.3%
EpS (in CHF)	3.6	3.5	+ 1.3%

# AVIATION



# AVIATION SEGMENT REVENUE BREAKDOWN

in million CHF	Jan-Jun 2017	Jan-Jun 2016	Δ (in %)
1 Passenger related operations charges	193.4	198.0	-2.3%
2 Landing charges	39.7	46.0	-13.6%
Aircraft-related noise charges	5.5	5.5	-1.4%
Emission charges	1.8	1.7	+ 5.6%
2 Parking charges	12.5	3.5	n/a
Freight revenue	4.0	3.8	+ 6.2%
<b>Total flight operations charges</b>	<b>256.9</b>	<b>258.5</b>	<b>-0.6%</b>
Baggage sorting and handling system	19.9	15.0	+ 32.7%
Aircraft energy supply system	1.7	6.6	-73.7%
De-icing	6.5	1.9	n/a
Other fees	5.8	8.6	-33.1%
3 <b>Total aviation fees</b>	<b>33.9</b>	<b>32.1</b>	<b>+ 5.7%</b>
<b>Total other aviation revenue</b>	<b>1.6</b>	<b>1.6</b>	<b>-2.1%</b>
<b>Total aviation revenue</b>	<b>292.4</b>	<b>292.2</b>	<b>+ 0.1%</b>
Ø landing charge per movement (in CHF)	604.2	709.3	-14.8%

1 decrease in PAX related charges because of tariff reduction (since September 2016)

2 changes in charging model

3 introduction of new user fees & change in fee structure

# NON-AVIATION



# NON-AVIATION SEGMENT REVENUE BREAKDOWN

in million CHF	Jan-Jun 2017	Jan-Jun 2016	Δ (in %)	
1 Retail, tax & duty free	48.1	44.2		+ 8.8%
Food & beverage operations	8.2	7.8		+ 5.1%
2 Revenue from multi-storey car parks	38.1	36.1		+ 5.5%
Other commercial revenue	16.9	16.1		+ 5.3%
<b>Total commercial revenue</b>	<b>111.3</b>	<b>104.2</b>		<b>+ 6.8%</b>
Revenue from rental and leasing agreements	44.3	44.6		-0.6%
Energy and utility cost allocation	11.4	11.5		-0.9%
Cleaning and other service revenue	4.3	5.1		-16.1%
<b>Revenue from facility management</b>	<b>60.0</b>	<b>61.2</b>		<b>-1.9%</b>
<b>Revenue from services</b>	<b>20.2</b>	<b>19.1</b>		<b>+ 5.8%</b>
3 <b>Revenue from international business</b>	<b>4.9</b>	<b>4.1</b>		<b>+ 20.4%</b>
<b>Total non-aviation revenue</b>	<b>196.4</b>	<b>188.5</b>		<b>+ 4.2%</b>
Ø revenue retail, tax & duty free, F&B per departing PAX (in CHF)	8.2	8.2		-0.4%

1 solid growth in commercial revenues, in particular on airside

2 higher revenue from car parking due to increase in local PAX number

3 new revenue block «international business» because of consolidation of A-Port Chile and Florianópolis

# OPEX & OTHER KEY FIGURES





# OPERATING EXPENSES

in million CHF	Jan-Jun 2017	Jan-Jun 2016	Δ (in %)
① Personnel expenses	97.6	95.5	+ 2.1%
② Police and security	59.7	59.0	+ 1.2%
③ Energy and waste	10.4	8.7	+ 19.7%
Maintenance and material	15.8	15.6	+ 1.0%
Other operating expenses	25.5	25.7	-1.1%
④ Sales, marketing, administration	15.3	16.1	-5.0%
Capitalized expenditure & other income/expenses	-7.0	-5.7	+ 22.0%
<b>Total operating expenses</b>	<b>217.2</b>	<b>214.9</b>	<b>+ 1.1%</b>

1 higher number of full-time positions & IAS 19

2 disproportionately lower increase compared to PAX growth

3 higher procurement prices and higher consumption

4 strict cost discipline in SMA cost

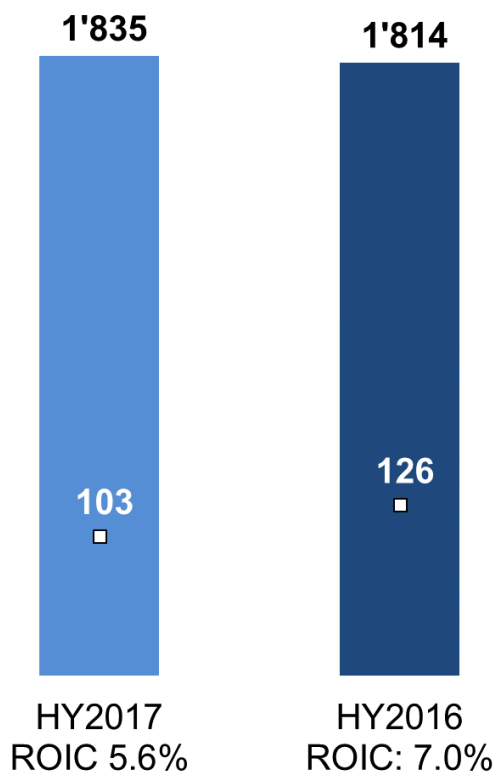
# KEY FIGURES

	incl. noise		excl. noise	
	Jan-Jun 2017*	Jan-Jun 2016	Jan-Jun 2017*	Jan-Jun 2016
in million CHF				
<b>EBITDA</b>	<b>271.6</b>	<b>265.9</b>	<b>267.7</b>	<b>262.1</b>
<i>EBITDA margin (in %)</i>	55.6	55.3	55.4	55.1
Depreciation and amortization	-120.4	-115.4	-117.7	-112.5
<b>EBIT</b>	<b>151.2</b>	<b>150.5</b>	<b>150.0</b>	<b>149.6</b>
<i>EBIT margin (in %)</i>	30.9	31.3	31.0	31.5
Finance result (net)	-7.3	-15.0	-8.8	-9.7
Associated companies	-1.3	-2.8	-1.3	-2.8
Income tax expense	-30.8	-28.9	-30.3	-28.8
<b>Profit</b>	<b>111.8</b>	<b>103.8</b>	<b>109.5</b>	<b>108.3</b>
Net financial debt / EBITDA	0.35x	0.52x	1.15x	1.36x
Net financial debt	206.3	302.6	661.7	777.6
<i>ROIC (in %)</i>	8.4	9.1	8.8	9.5
<i>Return on equity (in %)</i>	11.2	11.7	11.7	13.1
<i>Equity ratio (in %)</i>	54.8	53.6	60.4	60.0
Cashflow from operating activities	193.8	175.4	195.6	176.1
Investments in property	105.0	94.9	105.0	94.9
Free cashflow	88.8	80.5	90.6	81.2

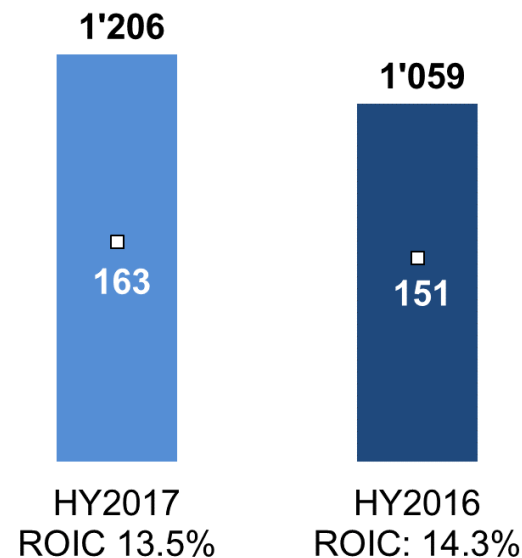
\* excluding BIAL divestment

# SEGMENT REPORT ACCORDING TO IFRS

## regulated business



## non-regulated business



■ Ø invested capital (in CHF million)

□ NOPLAT (in CHF million)  
based on results of the 12-month period preceding the reporting date

# INVESTMENTS

## Investments per June 30, 2017 (in million CHF)

1	THE CIRCLE (51%)	47.7
2	upgrade Zone A	7.3
3	additional stands	6.6
4	refurbishment P1	2.9
	other investments	11.6
<b>Total investments *</b>		<b>76.1</b>

\* based on output, incl. capitalized expenditure

## 2017 planned investment costs for largest projects



**THE CIRCLE**  
CHF ~120 million



**additional stands**  
CHF ~35 million



**upgrade Zone A**  
CHF ~30 million



**refurbishment P1**  
CHF ~10 million

## 3. OUTLOOK



# TIMETABLE HIGHLIGHTS



only minor impact expected after filing for insolvency

## Current summer timetable 2017



Beijing

Star Alliance carrier Air China offers 4 weekly flights to Beijing (start: June 7, 2017)



Cancun, San Jose, San Diego

new long-haul destinations with 2 weekly flights



Prague, Palma de Mallorca

3 weekly flights



Naples, Nice, Venice

year-round service to Nice and Venice, seasonal service to Naples with up to 4 weekly flights



Bergen, Cork, Westerland, Figari, Nis

new destinations served with up to 2 weekly flights



Jerez de la Frontera, Marsa Alam, Rostock, Nis, Ankara

Germania expands its Network from Zurich offering up to 2 weekly flights

## Upcoming winter timetable 2017/18



Wroclaw

3 weekly flights



Reykjavik

the Icelandic carrier now also offers flights during winter and starts out with 2 weekly rotations



Kittilä

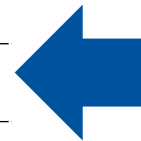
starting from December 16, 2017, Finnair will operate the non-stop flight once per week

# CONSOLIDATION OF INTERNATIONAL BUSINESS

## A-Port Chile

(2016 figures)

PAX	3.1m (IQQ & ANF)
revenue	CHF 7m
EBITDA	CHF 3m

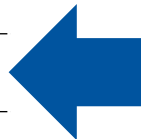


revenues from «international activities»

## FLN

(2016 figures)

PAX	3.5m
revenue	CHF 27m
EBITDA	CHF 13m



revenues as of 2018 only;  
start-up costs 2017: mid-single digit million amount

## Concession accounting (IFRIC 12)

- 2017: low-double digit million amount (non-aviation revenue & OPEX)
- 2018/2019: mid-double digit million amount (non-aviation revenue & OPEX)
- ≈ neutral on EBITDA level

# GUIDANCE 2017

PAX <i>local transfer</i>	approx. 6% higher <i>disproportionately lower growth</i> <i>disproportionately higher growth</i>
revenue <i>aviation</i> <i>non-aviation</i>	higher <i>slightly higher</i> <i>higher (incl. concession accounting)</i>
OPEX	higher (incl. concession accounting)
EBITDA	stable
depreciation & amortization	approx. CHF 245 million
profit incl. noise	stable
CAPEX	approx. CHF 250-300 million, whereof CHF 120 million for THE CIRCLE (51%)

Guidance is based on the consolidated income statement 2016 & 2017 excl. the following one-off effects (in CHF million):

2016	land sale (2 <sup>nd</sup> stage) THE CIRCLE	OPEX	7.3 (+)	8.5 (+) (post-tax)
	Swissair liquidation dividend	OPEX	3.5 (+)	
2017	Bangalore divestment	associates	36.3 (+)	32.4 (+) (post-tax)
	Swissair liquidation dividend	OPEX	4.8 (+)	



## 4. Q&A



Transport Conference London (UBS)

Tuesday, September 12, 2017

Roadshow Madrid (Santander)

Monday, October 2, 2017

Publication full year results 2017

Friday, March 2, 2018

General meeting of shareholders

Thursday, April 19, 2018

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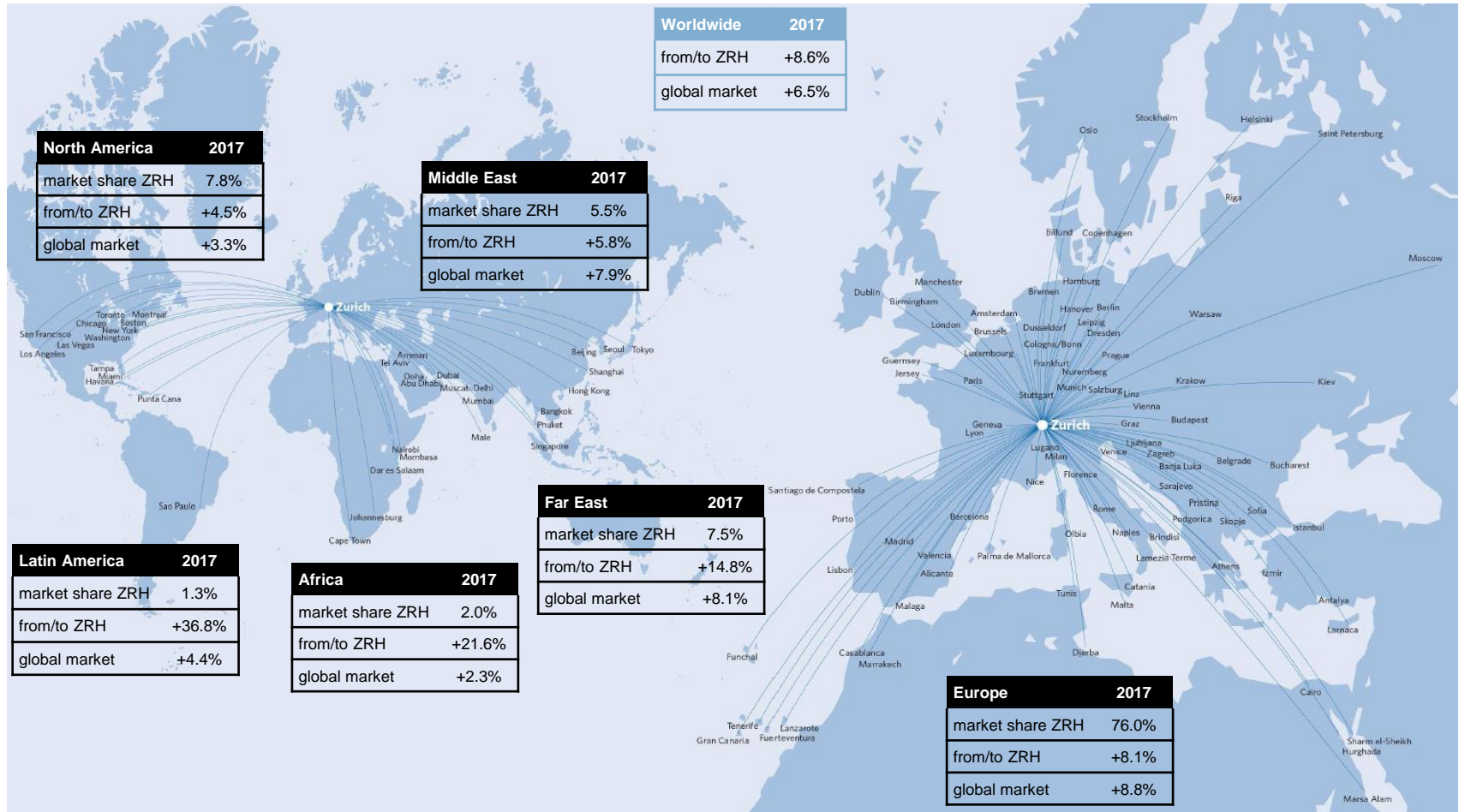
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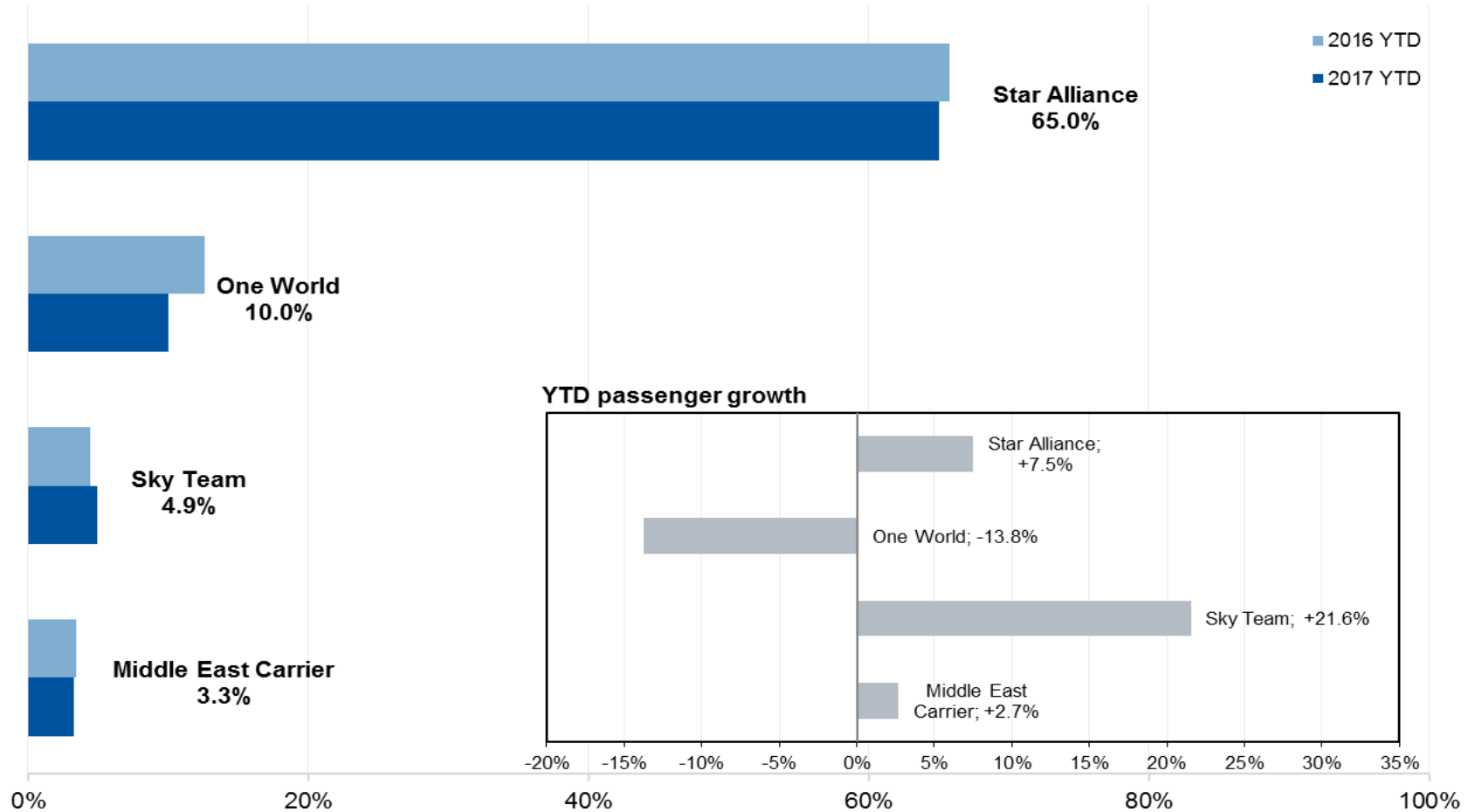
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# PASSENGER DEVELOPMENT



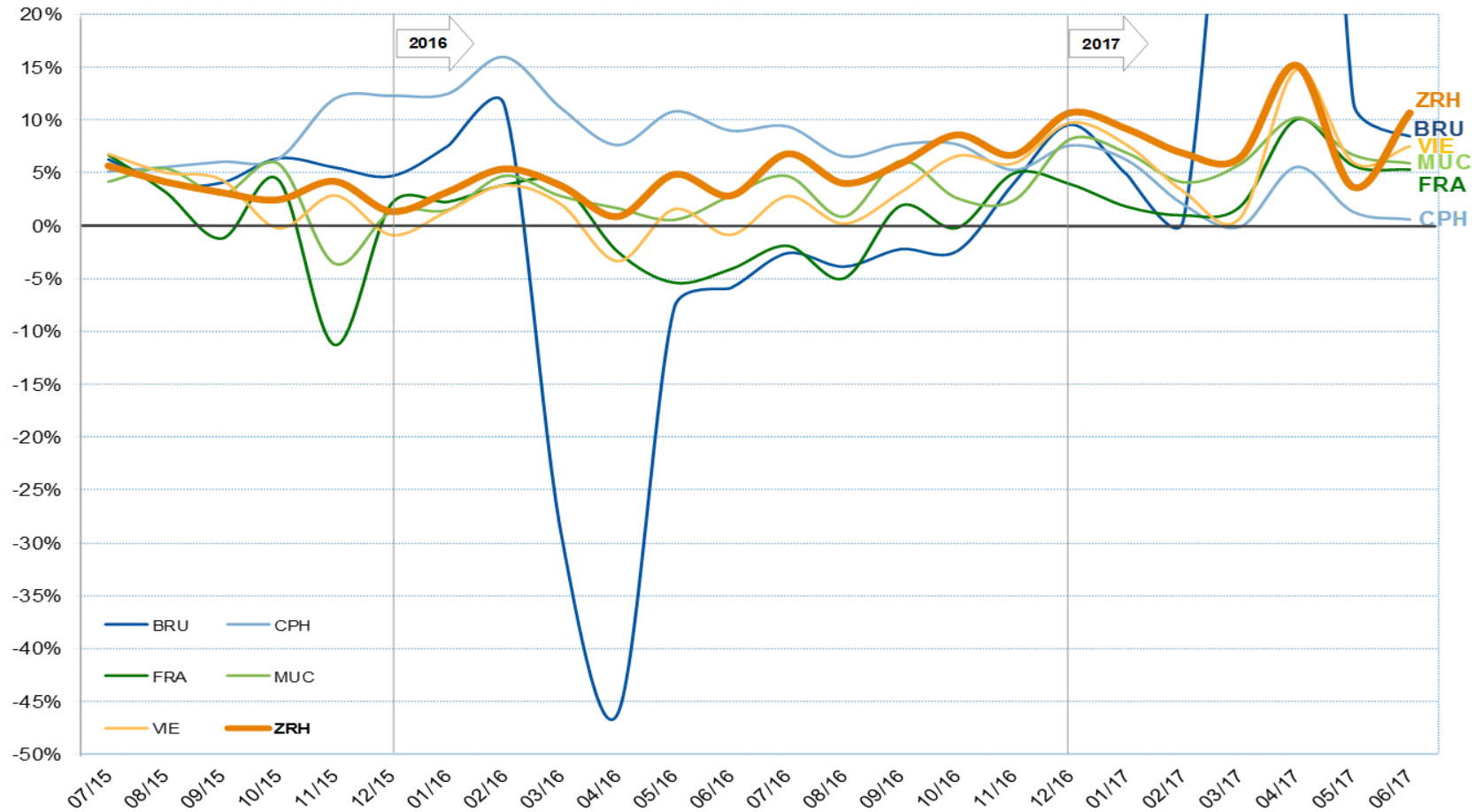
Source: ACI & ZRH data warehouse (global market figures: Jan – May 2017)

# ALLIANCE SHARES ZRH (OF SCHEDULED FLIGHTS ONLY)



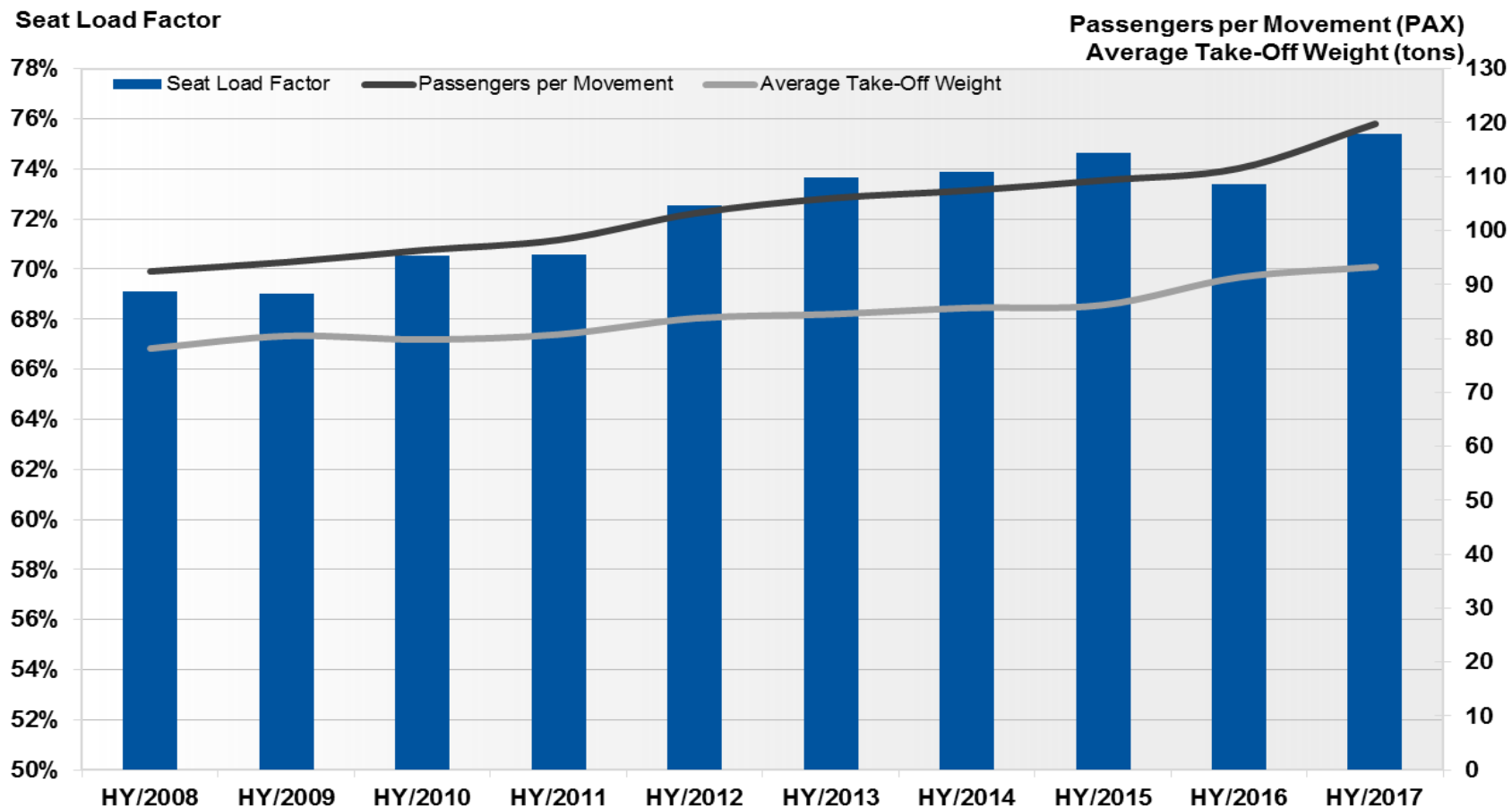
Source: ACI & ZRH data warehouse

# STAR ALLIANCE HUBS PASSENGER DEVELOPMENT



Source: ACI & ZRH data warehouse

# KEY INDICATORS



Source: ACI & ZRH data warehouse