

# Half Year Results 2022

## Presentation to Investors & Analysts

Stephan Widrig, Chief Executive Officer

Lukas Brosi, Chief Financial Officer

August 23, 2022

Zurich Airport

# Content

**01** Business Update

**02** Financial Update

**03** Outlook

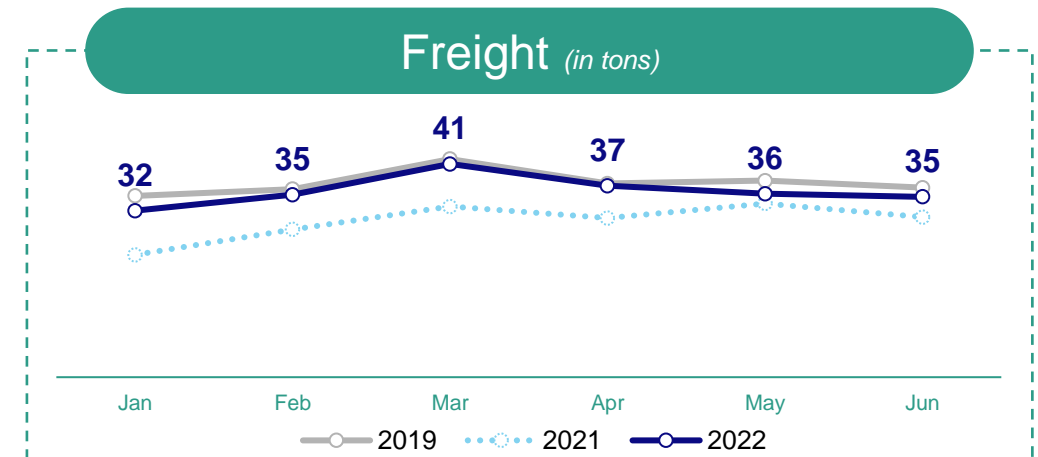
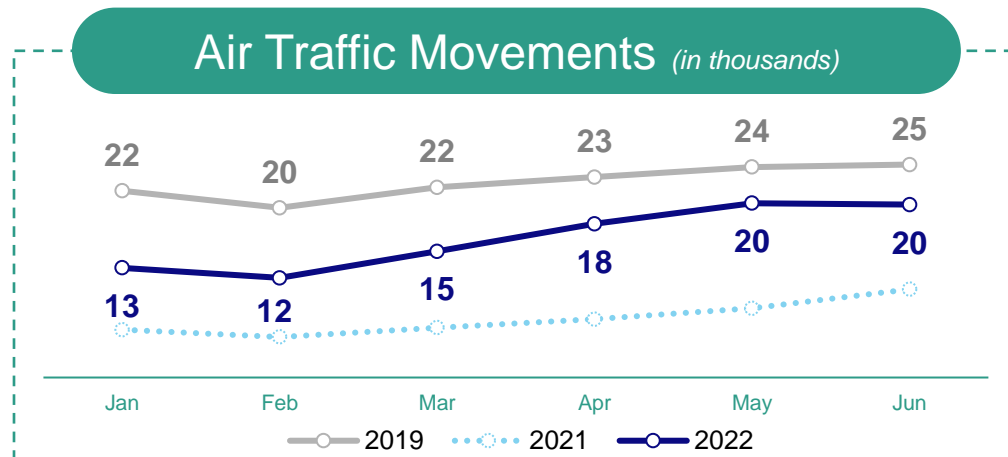
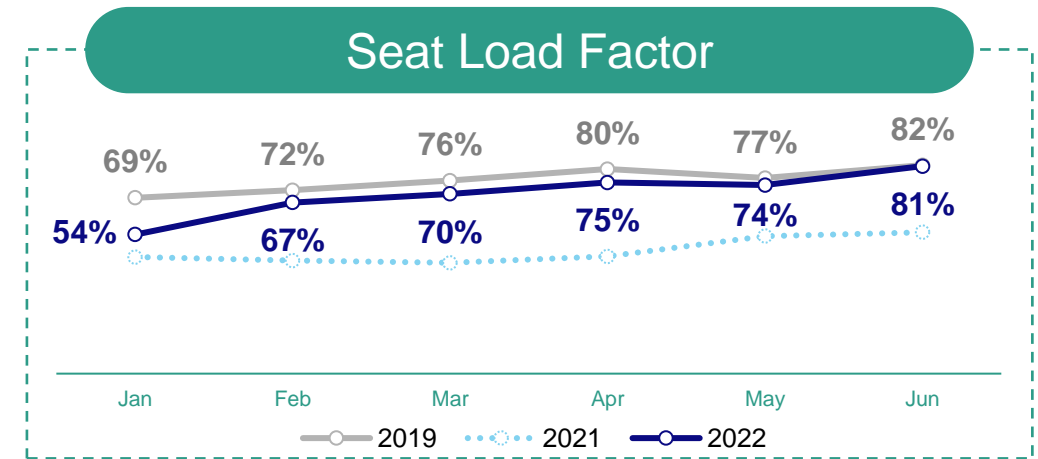
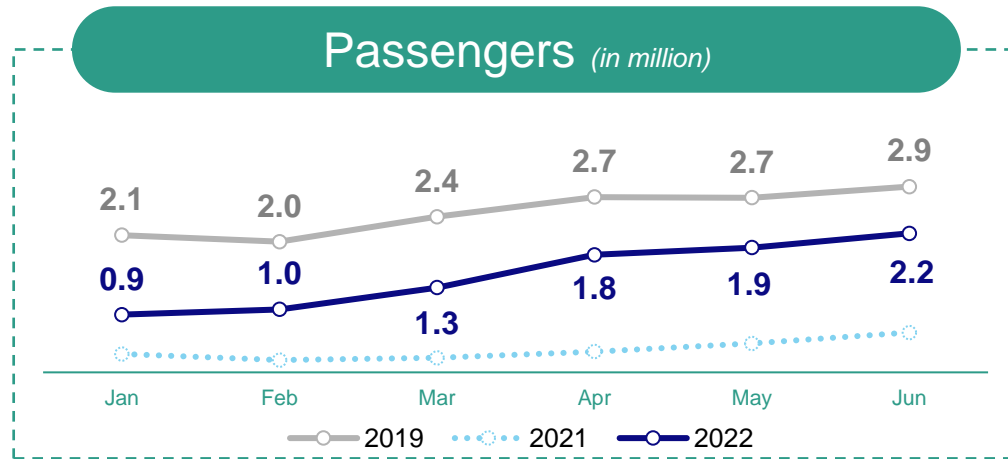
**04** Q&A

**05** Appendix



# Traffic Development ZRH

## Recovery above Expectations in First Half Year



# Milestones



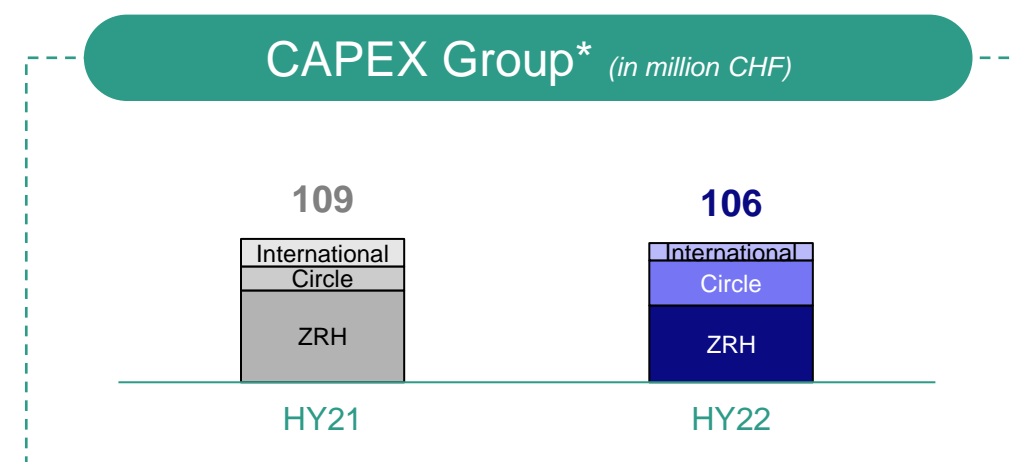
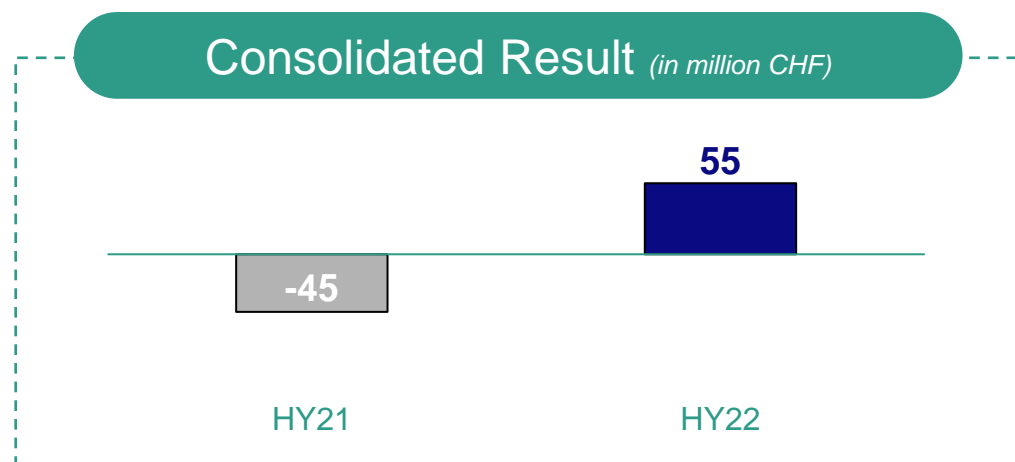
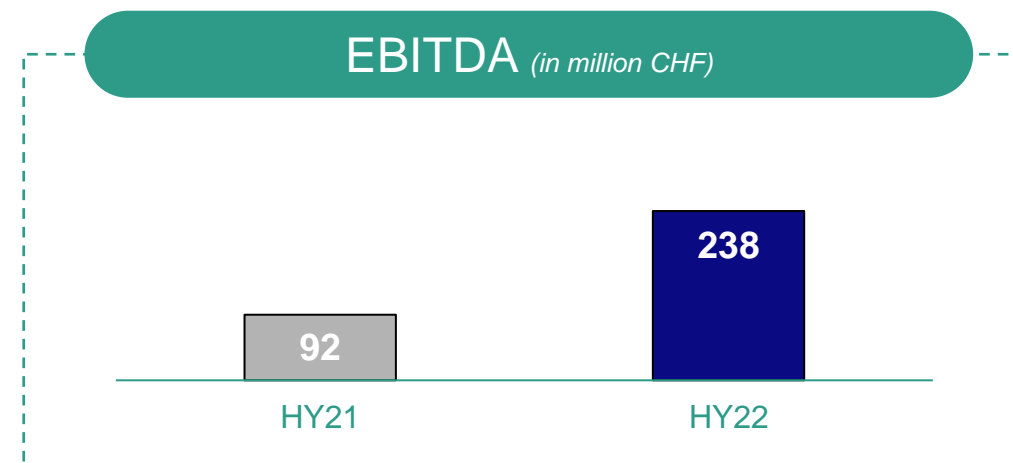
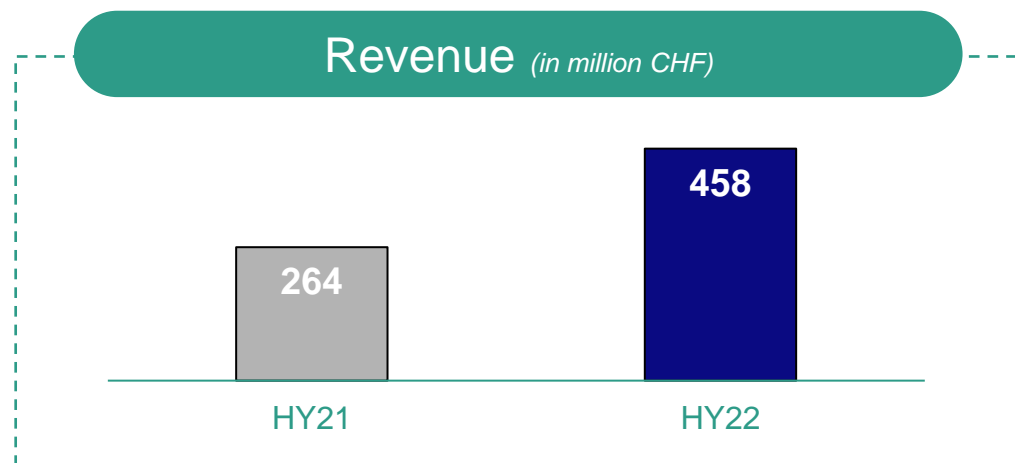
# Milestones

## Half Year 2022

<h3>Aviation</h3>	<ul style="list-style-type: none"> <li>• <b>Traffic:</b> Handled 9.1 million passengers in H1 2022; &gt;60% compared to H1 2019</li> <li>• <b>Airlines:</b> Served 181 destinations during first half of 2022, almost on pre-crisis level although reduced frequencies; tariffs reset to previous levels</li> </ul>
<h3>Commercial / Real Estate</h3>	<ul style="list-style-type: none"> <li>• <b>Landside:</b> Landside turnover at pre-crisis levels from April to June</li> <li>• <b>Airside/Parking:</b> Airside turnover and parking revenues in line with traffic recovery</li> <li>• <b>Real estate:</b> New all-time high for real estate revenues</li> </ul>
<h3>International</h3>	<ul style="list-style-type: none"> <li>• <b>India:</b> Construction contract for Noida International Airport signed with EPC contractor</li> <li>• <b>Latin America:</b> Operational performance solid; passenger numbers partially above 2019 levels</li> </ul>
<h3>Investments</h3>	<ul style="list-style-type: none"> <li>• <b>New Dock A:</b> Project design competition completed; plan for LEED certification</li> <li>• <b>Expansion landside and new baggage sorting system:</b> Progress according to plan</li> </ul>
<h3>Sustainability</h3>	<ul style="list-style-type: none"> <li>• <b>Net Zero:</b> Aim to reduce our greenhouse gas emissions to net zero by 2040; ambition to reach the target 10 years earlier than previously planned</li> <li>• <b>Certificate:</b> The Circle certified as Switzerland's best LEED building</li> </ul>

# Financial Summary

## On track to deliver on Guidance



\* Cash view

# Aviation





# Aviation Business ZRH

## Ongoing Air Travel Recovery

Operations have ramped up significantly in the first half of this year with a daily low of around 15,000 passengers in January to more than 80,000 passengers per day in June. Processes in Zurich were relatively stable during summer; however, it takes some time until the issues such as capacity constraints, cancellations and delays occurring in European airspace will be solved.

### PASSENGERS

- Passenger volumes more than quadrupled to **9.1m**
  - Local passengers of **6.6m**
  - Transfer passengers of **2.5m**
  - Transfer share of **27%**

### AIR TRAFFIC MOVEMENTS

- Air traffic movements more than doubled to **97,127**
  - whereof line & charter movements **78,036**

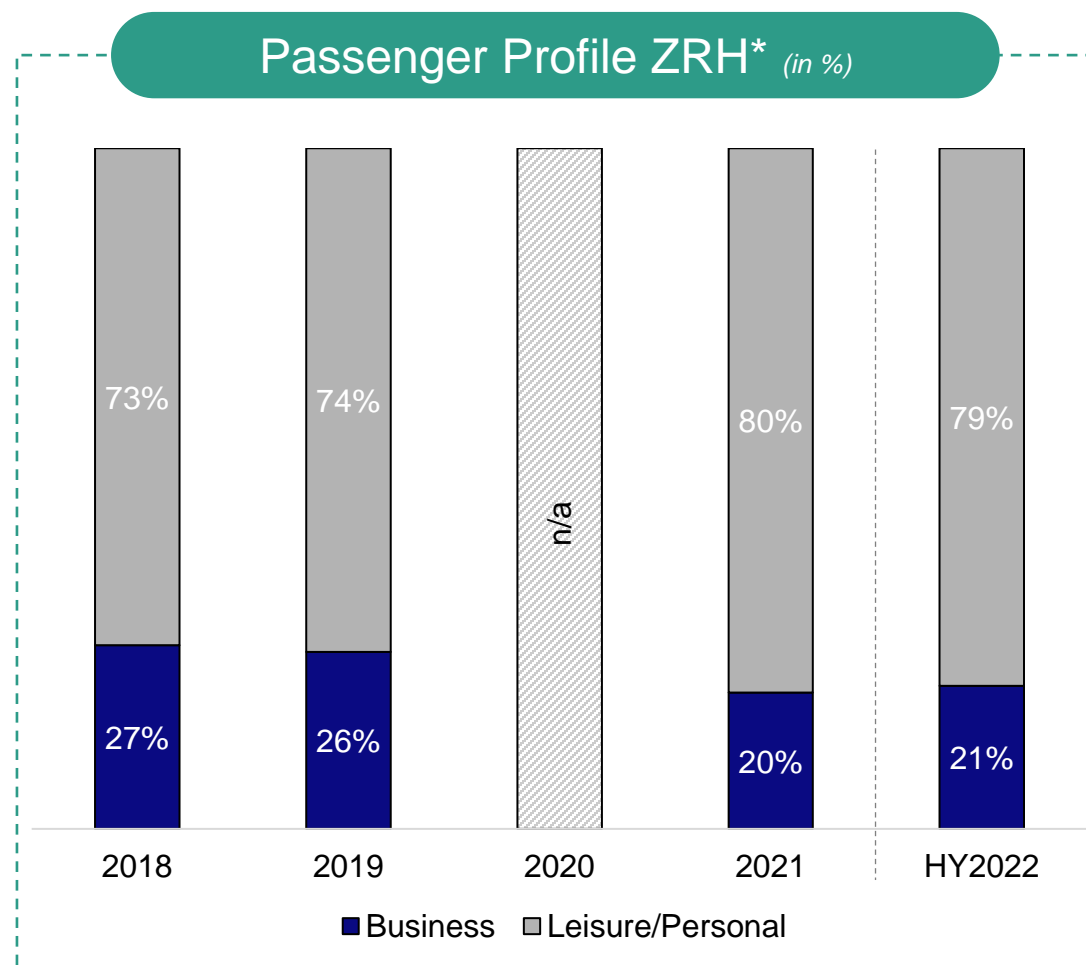
### CARGO

- Cargo +20% to **216,334 tons**



# Passenger Segments

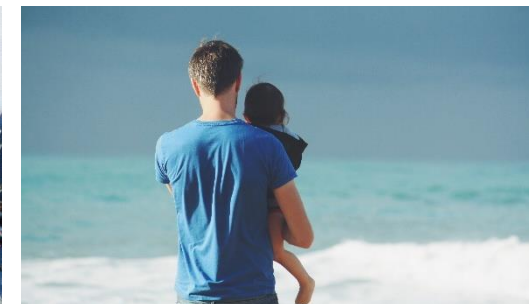
## Business Travelers – Quo vadis?



\* Source: Airport Service Quality Survey (ASQ)



Friends & Family ↗



Leisure & Vacation ↗



Business Europe ↘



Business long haul ↗

# Commercial Business and Real Estate





# Commercial Business and Real Estate

## Resilient Real Estate Business

### COMMERCIAL BUSINESS

The ramp-up of the commercial offering at Zurich Airport went well. In the first half of the year, several shops with attractive brands and a number of restaurants were opened and their product ranges strengthened the attractiveness of the three commercial centers.

- Commercial turnover rose from CHF 90m to **CHF 218m** (76% of 2019)

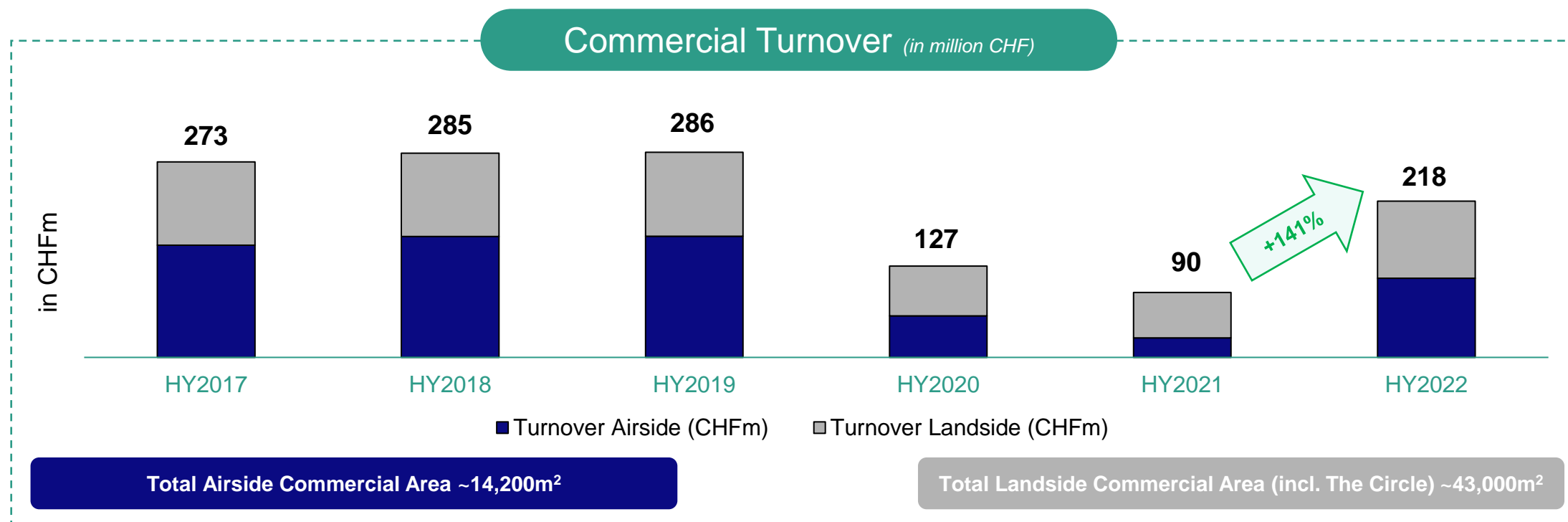
### REAL ESTATE

Since the opening of The Circle in November 2020, 46 companies with around 5,000 employees have moved in.

- Real estate revenues increasing due to The Circle
- Almost all real estate contracts linked to CPI, adjustments taking place

# Commercial Business ZRH

## Strong Commercial Turnover Recovery



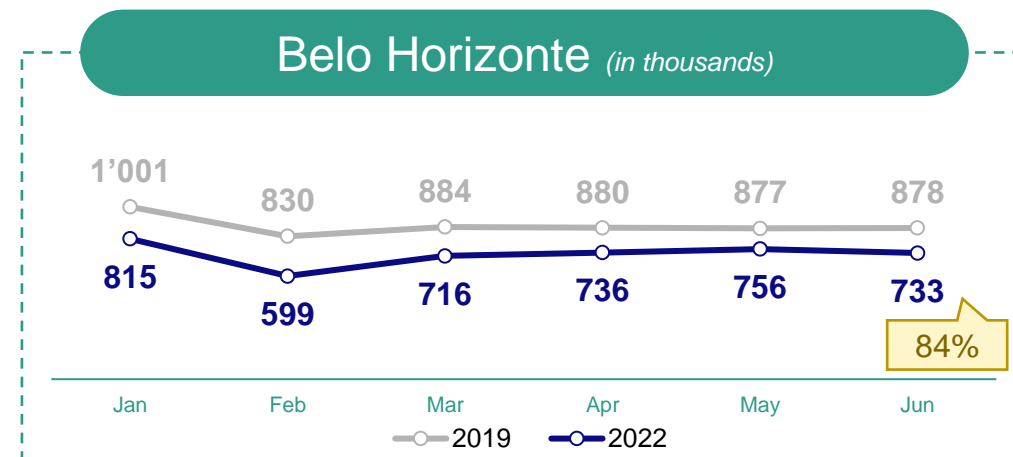
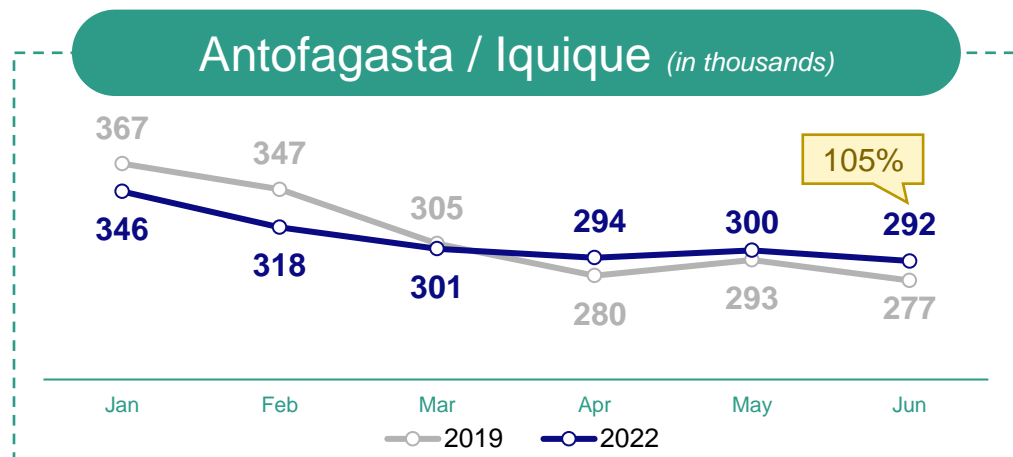
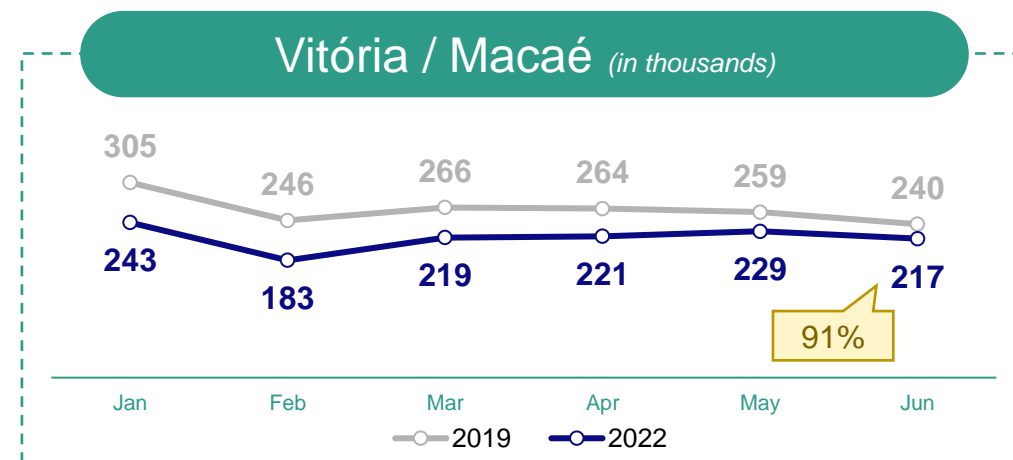
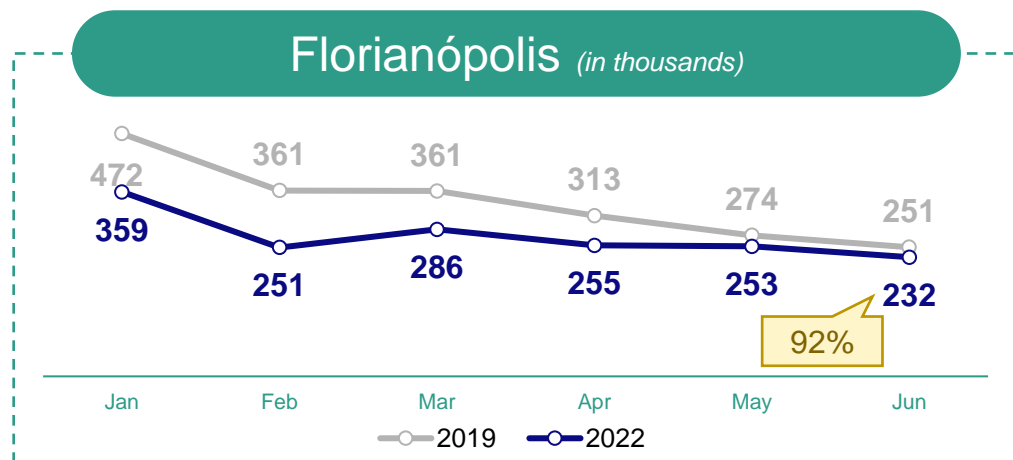
- The increase in passenger numbers had a positive impact on the airside commercial business
- In addition to travelers, there were also more visitors, commuters and employees present at the airport, which contributed to the positive development to pre-crisis levels on landside

# International



# International

## Passenger Numbers reaching around 90% of 2019 Level in Brazil/Chile



# Airports in Latam

## Brazil and Chile

Portfolio airports in Latin America are recovering faster than Zurich Airport, mainly due to a high share of domestic travel.

### MILESTONES

- Financial Re-Equilibrium in Brazil: Completed for 2020, 2021 will be submitted in Q3 2022
- Florianópolis selected as best airport in Brazil, Vitória second
- Completion of new terminal in Iquique expected by year-end



# Noida International Airport Signing of EPC contract and start of construction

- Selected Tata Projects Ltd. to undertake engineering, procurement and construction (EPC) of Noida International Airport. Tata will construct the terminal, runway and other airport infrastructure by the end of 2024
- The airport will combine Indian culture and hospitality with Swiss technology and efficiency to develop a modern and user-friendly design, enabling contactless travel
- The passenger terminal will have short and efficient passenger flows and is committed to minimize environmental impact
- Project runs on schedule and within investment guidance of CHF 750 million





# New Dock A incl. Tower at Zurich Airport

## Competition for winning Project completed

- Provides passengers an enhanced experience and high-quality environment
- Will be built entirely in line with sustainability principles and helps to achieve our ambitious CO<sub>2</sub> reduction targets
- Retail and F&B offering in the new dock base will be expanded significantly



**Pier with the gates**



**View from control tower to end of Dock A**



**Central hub with shopping and services**



**Space within new Dock A**

# Content

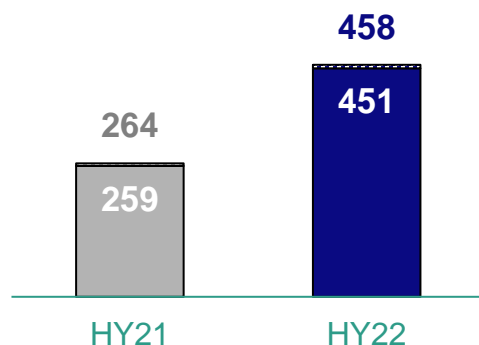
- 01 Business Update
- 02 Financial Update
- 03 Outlook
- 04 Q&A
- 05 Appendix



# Rising Revenue and Profit Half Year 2022

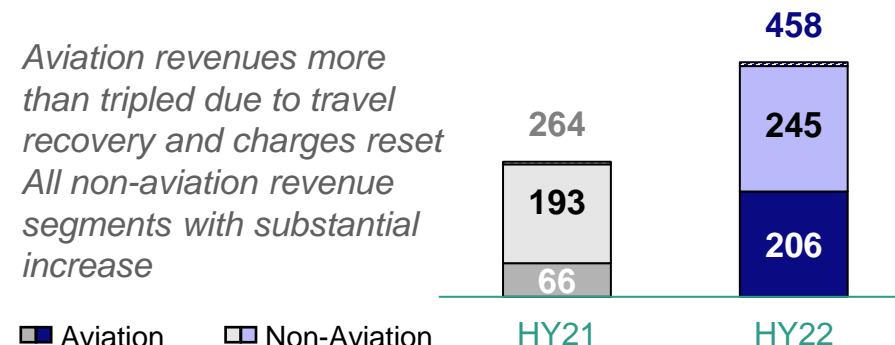
## Revenue (in million CHF)

- Significantly higher revenue numbers as a result of higher traffic figures
- Total revenues at 78% of H1 2019



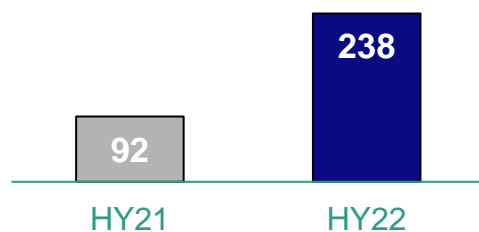
## Revenue Split (in million CHF)

- Aviation revenues more than tripled due to travel recovery and charges reset
- All non-aviation revenue segments with substantial increase



## EBITDA (in million CHF)

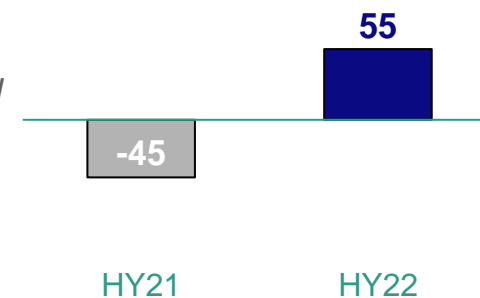
- Mainly higher revenues with positive effect on EBITDA, which more than doubled compared to the same period last year
- At 78% of H1 2019



Concession accounting

## Consolidated Result (in million CHF)

- Higher finance costs due to increased interest payments for international holdings and adjustment to fair value on financial assets of Airport Zurich Noise Fund

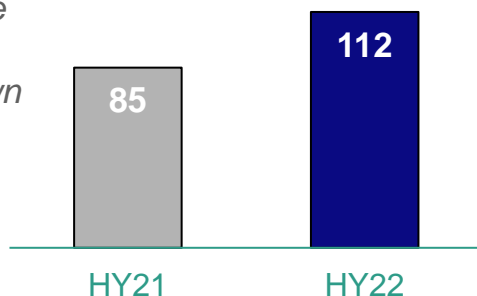


# Non-Aviation Figures

## Half Year 2022

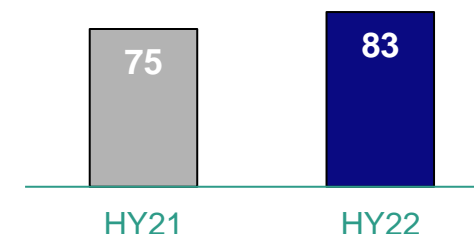
### Commercial & Parking *(in million CHF)*

- Overall better performance of commercial business
- F&B, impacted by lockdown in previous year (only take away), recovered well
- Parking revenues almost doubled



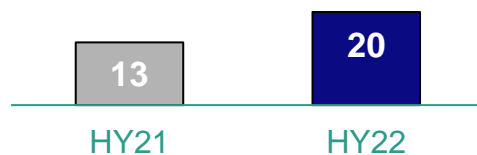
### Real Estate *(in million CHF)*

- Additional revenues from The Circle and higher energy/utility cost allocation increased real estate revenues by 11% marking a new all-time high



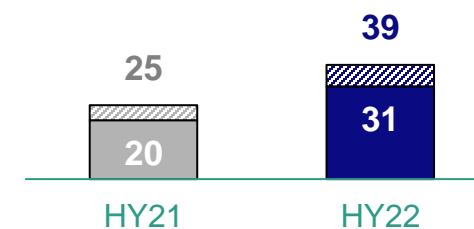
### Revenue from Services *(in million CHF)*

- Services, including catering or VIP services, increased by 49%



### International Revenue *(in million CHF)*

- Due to the faster recovery of the international holdings, revenue (excl. concession accounting) increased by 57%



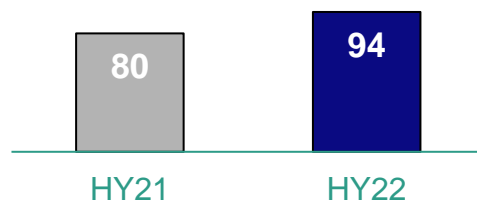
  Concession accounting

# Operating Expenses

## Half Year 2022

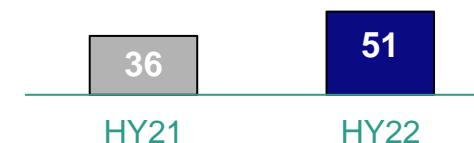
### Personnel Expenses (in million CHF)

- Salary costs rose since short-time work came to an end in H1 2022



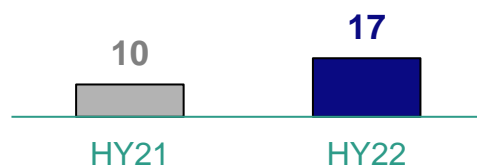
### Police & Security (in million CHF)

- Higher passenger figures led to a 41% increase in police and security costs



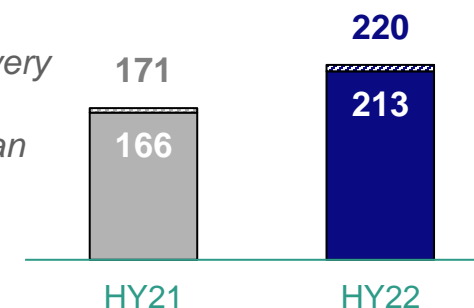
### Energy & Waste (in million CHF)

- Due to rising heating generation costs (natural gas and oil) and additional costs coming from The Circle, energy and waste increased significantly



### Total Operating Expenses (in million CHF)

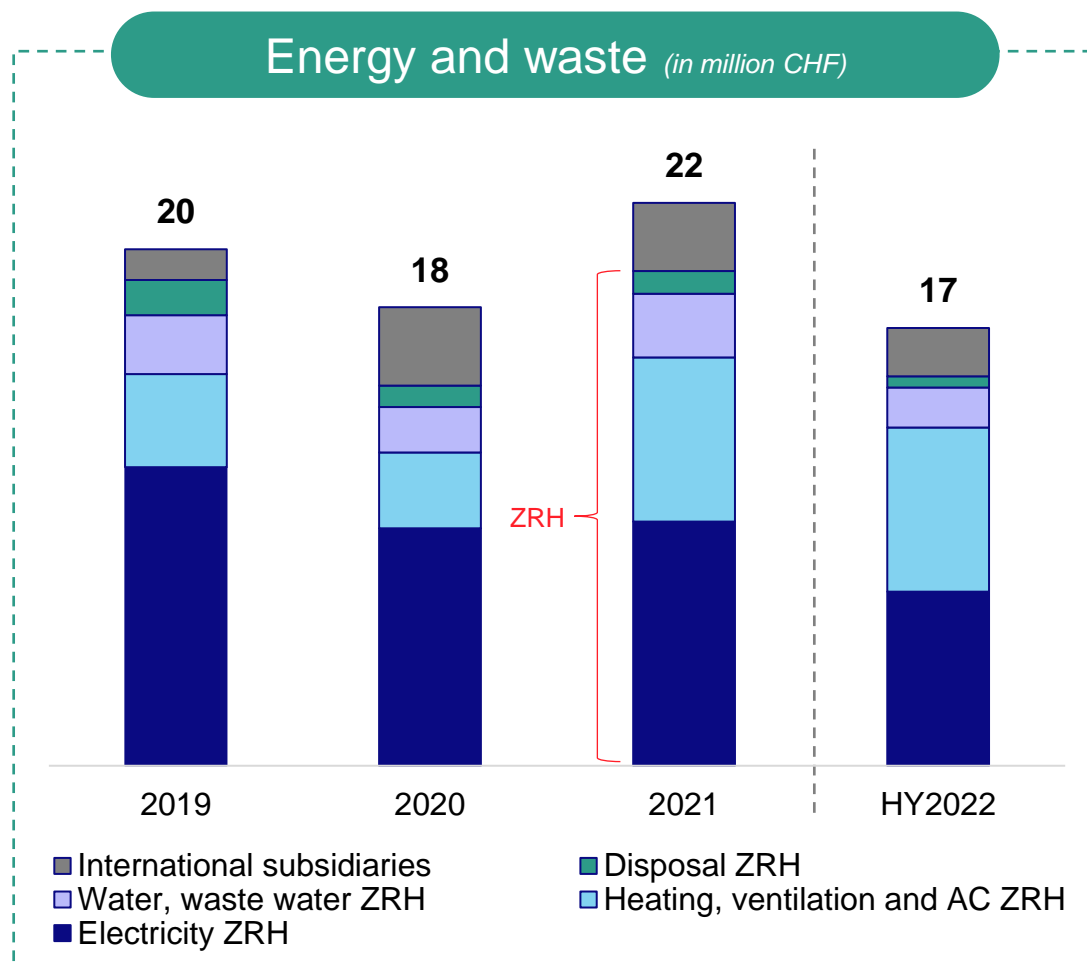
- General increase of total OPEX due to traffic recovery
- Costs excl. concession accounting 11% lower than in first half year of 2019



Concession accounting

# Costs for Energy and Electricity

Mainly higher Heating Costs which can partially be passed through to Tenants



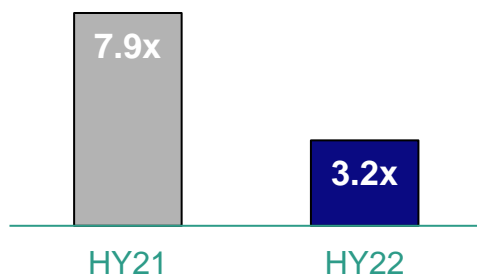
- Costs for energy and waste have been rising; however, still on low levels relative to total costs (7% of total OPEX in HY2022)
- The increase is mainly attributable to
  - Higher prices for oil/gas/electricity costs
  - Incremental costs from additional real estate such as Priora (acquired at the end of 2019) and The Circle (opened in 2020)
- A part of the price increase (approx. 50%) can be passed through to tenants resulting in higher 'energy and utility cost allocation' revenues
- If there should be a gas/electricity shortage or contingencies in winter, there is the option to either use gas or oil for heating and generation of electricity in Zurich. However, burning of oil results in around 25% more CO<sub>2</sub> emissions than gas.

# Financial Key Ratios

## Half Year 2022

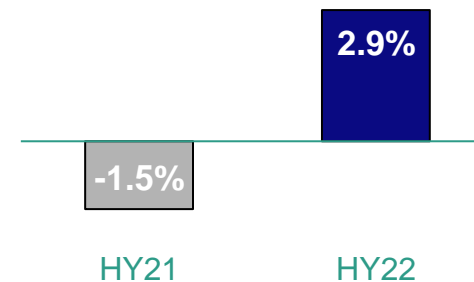
### Net Financial Debt / EBITDA

- Net Financial Debt increased slightly to CHF 1,414m



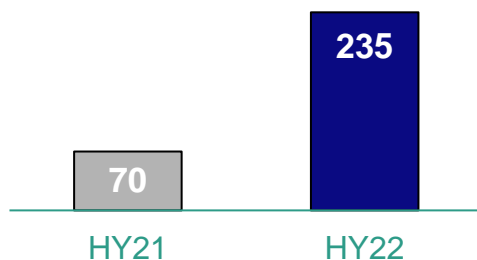
### ROIC (in %)

- Higher earnings before interest turned ROIC positive again



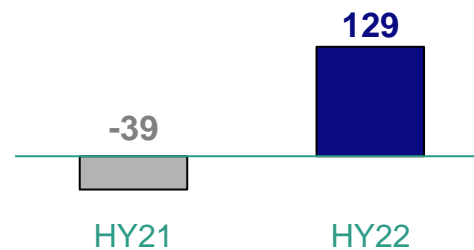
### Operating Cash Flow (in million CHF)

- An improved performance led to a more than threefold increase in operating cash flow



### Free Cash Flow (in million CHF)

- Low CAPEX coupled with an improved performance resulted in a positive free cash flow



# Group CAPEX Half Year 2022



**New Baggage Sorting System** ~CHF 36 million



**Refurbishment Runway 10/28** ~CHF 17 million



**The Circle** ~CHF 11 million



**Noida International Airport** ~CHF 11 million

Total Group CAPEX\* of  
CHF 106 million

\* Cash view



# Content

- 01 Business Update
- 02 Financial Update
- 03 Outlook
- 04 Q&A
- 05 Appendix



# Outlook

## Guidance 2022

### 2021 Actual

<b>Passengers ZRH</b>	10.2 million
<b>Revenues</b> <i>(excl. IFRIC12)</i>	CHF 669 million
<b>Aviation revenues</b>	CHF 241 million
<b>Non-Aviation revenues</b> <i>(excl. IFRIC12)</i>	CHF 429 million
<b>Operating expenses</b> <i>(excl. IFRIC12)</i>	CHF 371 million
<b>Amortization</b>	CHF 280 million
<b>Consolidated Result</b>	CHF -10 million
<b>CAPEX</b>	CHF 206 million*

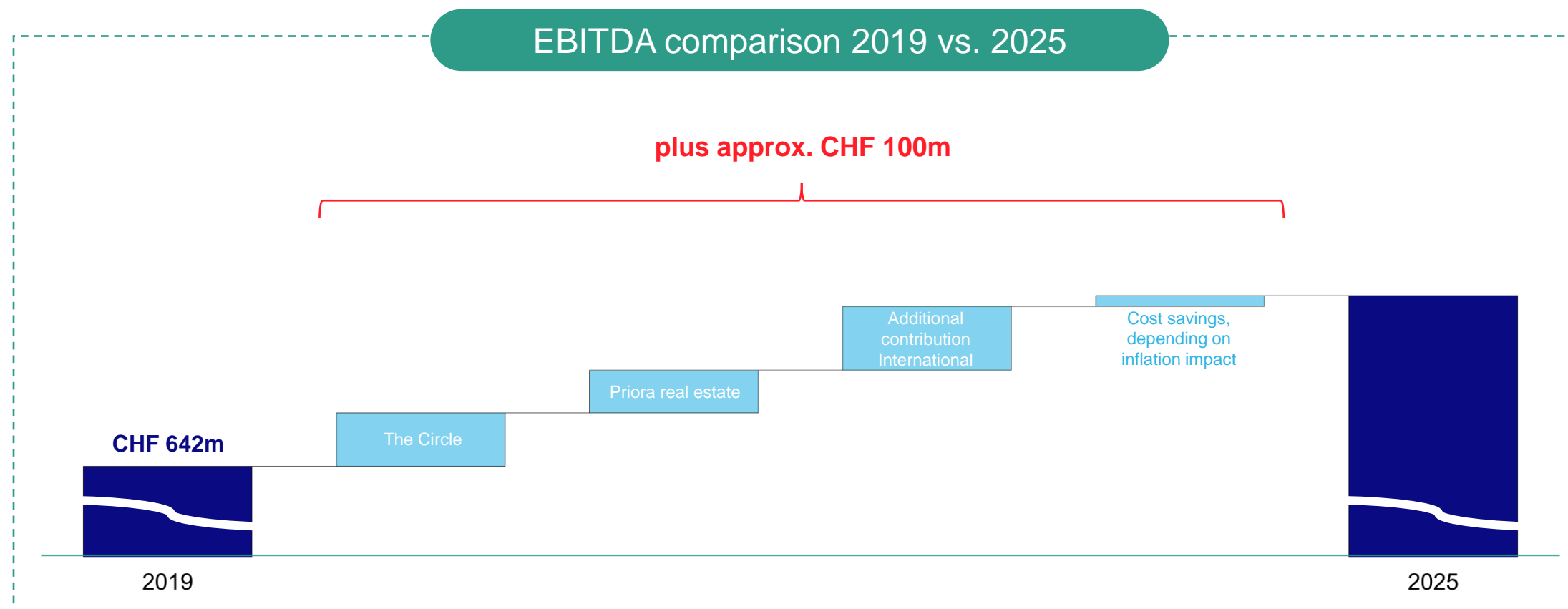
### 2022 Guidance

- Expected to recover to slightly more than 20m, approx. 2/3 of pre-crisis volumes
- Aviation: in line with traffic
- Non-Aviation: 10%-20% higher than in 2021
  - Commercial revenues: slower growth due to application of IFRS 16 (see appendix)
  - Real estate: higher revenues compared to 2021 due to The Circle
  - International: Faster recovery (Latam 80-100% of 2019 traffic expected in 2022)
- Approx. 25% higher than in 2021 (short-time working scheme expired end of February, volume impact)
- Below 2019 level despite Circle, Priora and International
- Slightly higher
- Low three-digit million amount expected
- CHF ~200m in Zurich, CHF ~200m International

\* Cash view

# Situation after Recovery

## 2019 vs. 2025



With traffic at pre-crisis level, EBITDA will be up to CHF 100m higher than pre-crisis

# Content

- 01 Business Update
- 02 Financial Update
- 03 Outlook
- 04 Q&A
- 05 Appendix



# Corporate Calendar

## Contact Information

- **August 24, 2022**  
Stifel Roadshow (Frankfurt, virtual)
- **September 6, 2022**  
UBS BLT Conference (London)
- **September 28/29, 2022**  
Santander Euro-Latam Conference (New York)
- **November 4, 2022**  
ZKB Swiss Equities Conference (Zurich)
- **March 14, 2023**  
Publication of full year results 2022

### Investor Relations Team

+41 (0)43 816 71 61

investor.relations@zurich-airport.com



**Lukas Brosi**

Chief Financial Officer



**Stefan Weber**

Head Financial Services



**Marcel Heinzer**

Senior Manager IR & Treasury

# Content

- 01 Business Update
- 02 Financial Update
- 03 Outlook
- 04 Q&A
- 05 Appendix



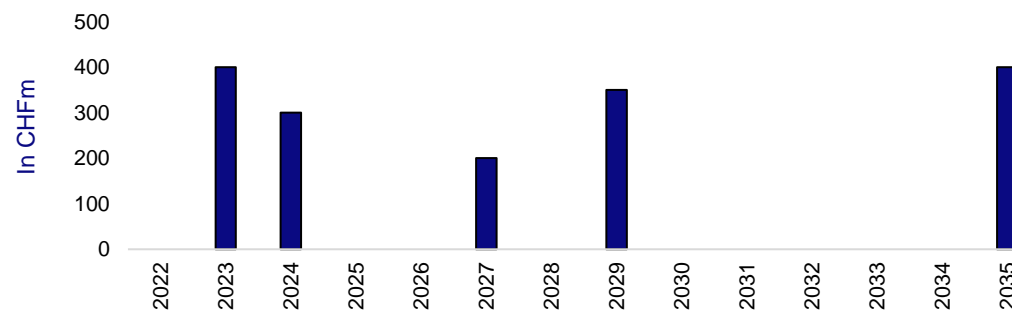
# Liquidity and Debt Overview

## As of June 30, 2022

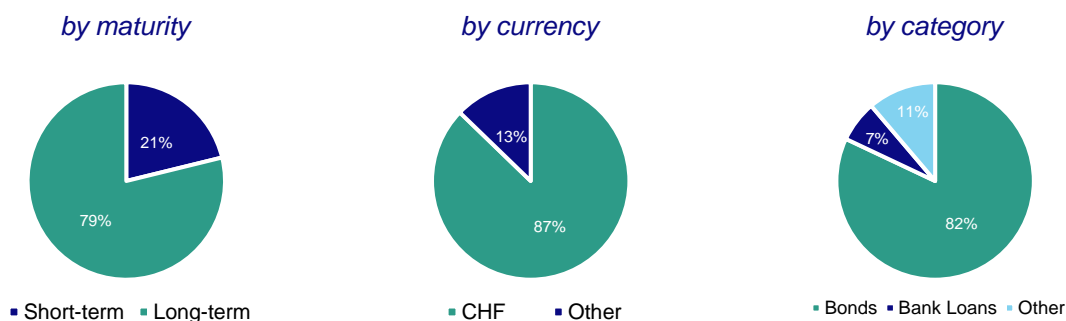
### Liquidity (in CHFm)

Committed Credit Facilities	CHF 300m
Total utilization (incl. guarantees)	CHF 12m
<b>Available short-term credit facilities</b>	<b>CHF 288m</b>
Cash balance (excl. Noise Fund) at June 30, 2022	CHF 597m
<b>Total liquidity (excl. AZNF) at June 30, 2022</b>	<b>CHF 885m</b>

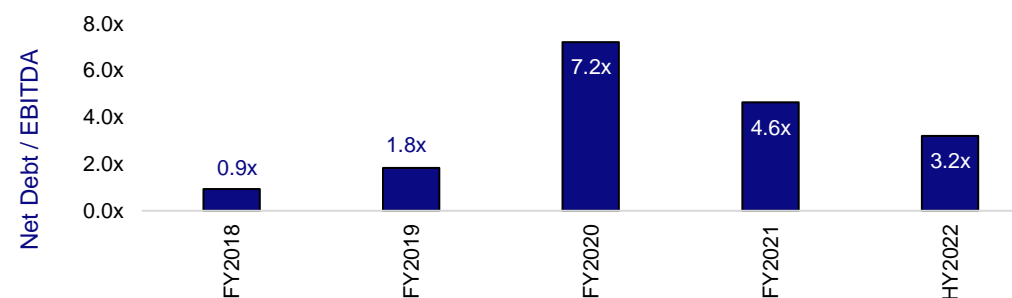
### Bond Maturity Profile (in CHFm)<sup>1</sup>



### Debt Composition (in CHFm)<sup>2</sup>



### Net Debt / LTM EBITDA (excl. noise)



Aim to reduce debt to levels prevailing before COVID-19

<sup>1</sup> Only shows bonds denominated in CHF

<sup>2</sup> Incl. lease liabilities

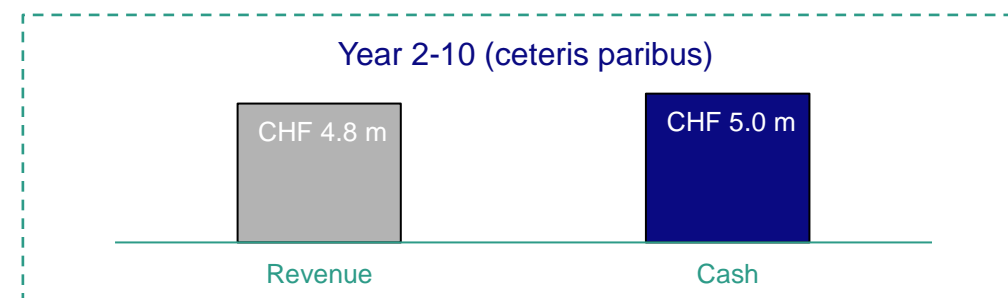
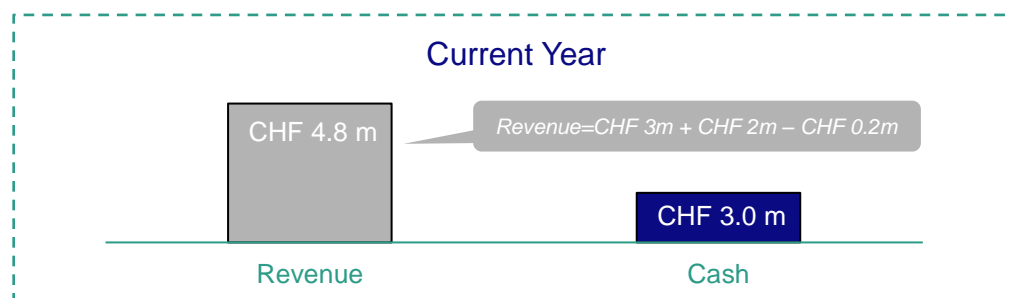
# Commercial Contracts

## Implementation of IFRS16 for Commercial Contracts

**EXAMPLE**

IFRS16	Old Terms	New Terms	Comments
MAG*	CHF 5m p.a.	CHF 3m for the current year, thereafter again CHF 5m p.a.	One-time reduction of MAG
Length of contract	10 years	10 years	Length unchanged
Concession	CHF 5m – CHF 3m = CHF 2m		This amount will be activated and amortized until end of contract
Amortization	CHF 2m / 10 years = CHF 0.2m p.a.		Straight line depreciation

\*Minimum Annual Guarantee



- The illustration above does not take accruals into account (usually MAG's are paid in the subsequent year)
- IFRS16 is not applicable for official lockdown, which directly impacts revenues
- The above illustrated process applies to each new concession given separately



# Zurich Airport at a Glance

## Diversified Airport Operator

### AVIATION / REGULATED

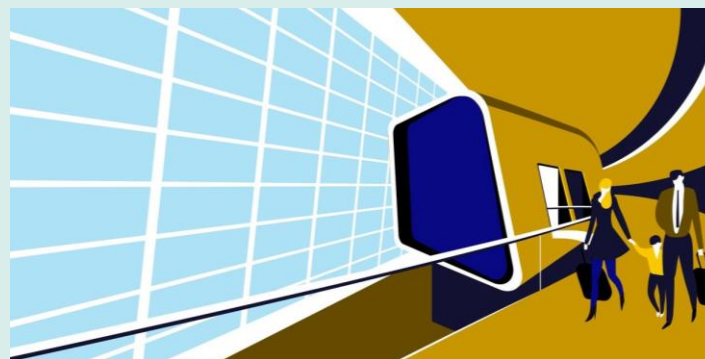
#### 2021 revenue of CHF 241 million

- “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 177 airports in 66 countries
- Economic importance: 132,600 air traffic movements and 393,062t freight
- Passengers: ~31 million/year (pre Covid-19)
- Revenue contribution ~55% (pre Covid-19)



<sup>1</sup> incl. concession accounting

### NON-AVIATION / UNREGULATED



#### Real Estate & Services

##### 2021 revenue of CHF 185 million

- Real estate revenue mainly consists of fixed rental contracts and offers good visibility
- A total of 36 properties purchased in 2019 from Piora Suisse AG
- The Circle successfully opened in November 2020 and improves tenant profile further
- Services includes, for instance, communication services, catering or fuel charges
- Revenue contribution ~15% (pre Covid-19)

#### Commercial

##### 2021 revenue of CHF 199 million

- Leading commercial center in Switzerland
- Commercial revenues driven by passenger numbers (airside) and commuters, employees, shoppers etc. (landside)
- Revenue contribution ~20% (pre Covid-19)

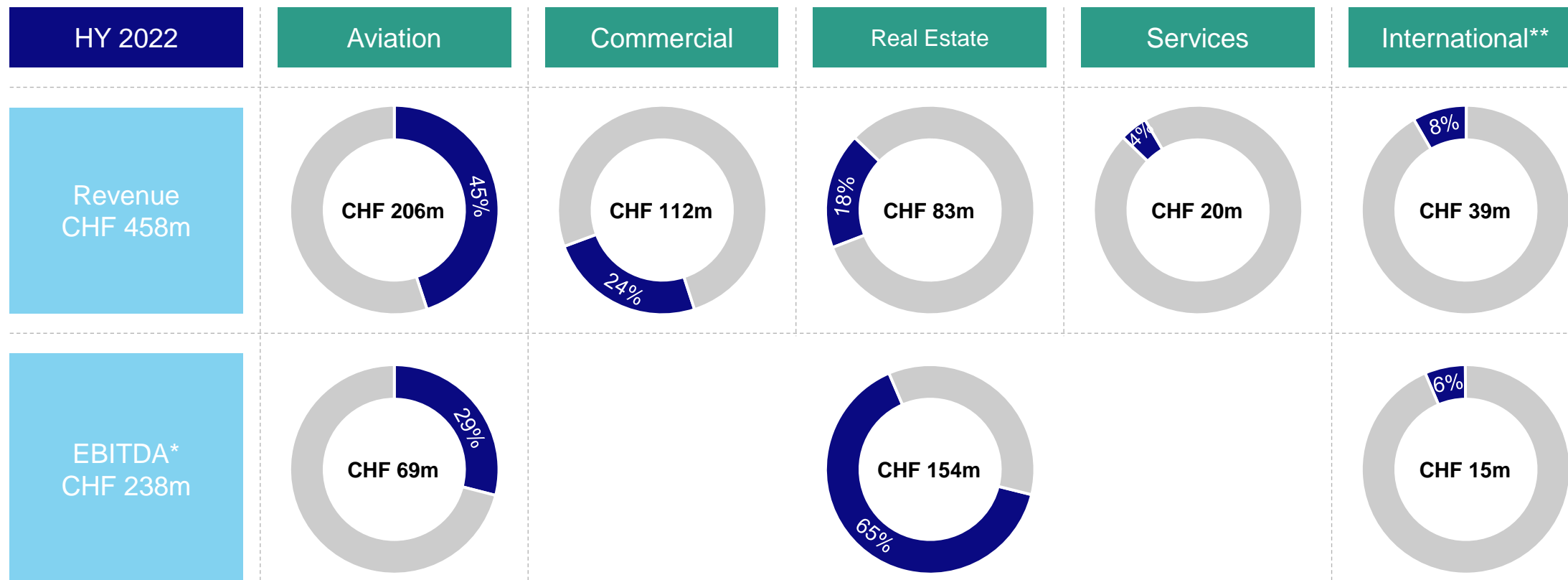
#### International Business

##### 2021 revenue of CHF 55 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 Brazil and India
- Profit target contribution ~15%

# Performance by Segment

## Aviation Segment recovering fast



The non-aviation segment proved to be more resilient than aviation during the pandemic

\*incl. noise    \*\*incl. concession accounting

# Commercial Centers at Zurich Airport

## Three Different Commercial Centers



# Group Key Figures

## Income Statement

in million CHF

	Jan – Jun 2022	Jan – Jun 2021
Aviation revenue	205.9	65.5
Non-aviation revenue	252.4	198.1
<b>Revenue</b>	<b>458.3</b>	<b>263.6</b>
<b>EBITDA</b>	<b>238.3</b>	<b>92.2</b>
<i>EBITDA margin (in %)</i>	52.0	35.0
Depreciation and amortization	(142.0)	(134.8)
<b>EBIT</b>	<b>96.3</b>	<b>(42.6)</b>
<i>EBIT margin (in %)</i>	21.0	(16.2)
Finance result (net)	(26.9)	(11.5)
Associated companies	0.0	(2.1)
Income tax expense	(14.0)	11.1
<b>Consolidated result</b>	<b>55.4</b>	<b>(45.1)</b>

# Revenue Breakdown

## Aviation Business

in million CHF

	Jan – Jun 2022	Jan – Jun 2021
Passenger-related operations charges	129.6	29.2
Landing charges	28.8	10.6
Aircraft-related noise charges	4.9	2.0
Emission charges	1.3	0.6
Aircraft parking charges	11.5	8.7
Freight charges	3.8	3.3
<b>Total flight operations charges</b>	<b>179.9</b>	<b>54.3</b>
Baggage sorting and handling system	15.2	4.7
De-icing	3.2	2.2
Check-In	1.8	0.8
Aircraft energy supply system	1.9	0.8
Other fees	1.8	1.5
<b>Total aviation fees</b>	<b>23.9</b>	<b>10.0</b>
<b>Total other aviation revenue</b>	<b>2.1</b>	<b>1.2</b>
<b>Total aviation revenue</b>	<b>205.9</b>	<b>65.5</b>
Avg. landing charge / movement (in CHF)	592.8	516.9

# Revenue Breakdown

## Non-Aviation Business

in million CHF

	Jan – Jun 2022	Jan – Jun 2021
Retail, tax & duty-free	51.3	52.4
Food & beverage operations	11.4	5.3
Advertising media and promotion	8.6	6.1
Other commercial revenue	6.8	4.3
Revenue from multi-story car parks	33.5	17.2
<b>Total commercial and parking revenue</b>	<b>111.6</b>	<b>85.2</b>
Revenue from rental agreements	64.9	60.9
Energy and utility cost allocation	15.2	10.9
Cleaning and other real estate revenue	2.4	2.8
<b>Total real estate revenue</b>	<b>82.5</b>	<b>74.6</b>
<b>Total revenue from services</b>	<b>19.8</b>	<b>13.3</b>
Revenue from international airport concessions and consulting activities	31.3	20.0
Revenue from construction projects as part of concession agreements	7.2	5.0
<b>Total revenue from international business</b>	<b>38.5</b>	<b>24.9</b>
<b>Total non-aviation revenue</b>	<b>252.4</b>	<b>198.1</b>

# Cost Overview

## Operating Expenses Breakdown

in million CHF

	Jan – Jun 2022	Jan – Jun 2021
Personnel expenses	94.4	80.1
Police and security	50.5	35.8
Energy and waste	17.2	9.5
Maintenance and material	15.1	11.5
Other operating expenses	22.9	22.2
Sales, marketing, administration	19.5	15.0
Expenses from construction projects	7.2	4.9
Capitalized expenditure & other income/expenses	(6.8)	(7.6)
<b>Total operating expenses</b>	<b>220.1</b>	<b>171.4</b>
Whereof ZRH	196.6	152.7
Whereof international	23.5	18.7

# International

## Active in Emerging Markets

### Florianópolis International Airport

- New terminal completed in October 2019; no major mid-term investments expected

### Airports in Vitória/Macaé

- Portfolio consisting of two airports; operational take-over at beginning of 2020

### Belo Horizonte International Airport

- Opening of new terminal in 2016; minority shareholding



### Diego Aracena International Airport

- New terminal close to completion
- Thereafter, no major investments expected

### Andrés Sabella Gálvez International Airport

- 3<sup>rd</sup> busiest airport in Chile by 2019 passengers

### Noida International Airport

- Initial capacity of 12m passengers p.a.
- EPC contract signed in June 2022
- Phase I investments of approx. CHF 750m

Airport	Location	Passenger Development (in million)				Concession Period	Stake
		2018	2019	2020	2021		
Florianópolis International Airport	Florianópolis	3.8	3.9	1.9	2.4	2017 – 2047	100%
Eurico de Aguiar Salles / Benedito Lacerda Airport	Vitória / Macaé	3.1	3.3	1.7	2.2	2019 – 2049	100%
Belo Horizonte International Airport	Belo Horizonte	10.7	11.2	4.8	6.9	2014 – 2044	12.75%
Andrés Sabella Gálvez International Airport	Antogasta	2.1	2.2	1.1	1.5	2011 – 2025*	100%
Diego Aracena International Airport	Iquique	1.4	1.6	0.9	1.3	2018 – 2040*	100%
Curaçao International Airport	Curaçao	1.4	1.5	0.5	0.8	2003 – 2033	9.69%
Noida International Airport	New Delhi	n/a	n/a	n/a	n/a	2021 – 2061*	100%

\* expected



# International

## Portfolio Overview – Majority Owned Airports

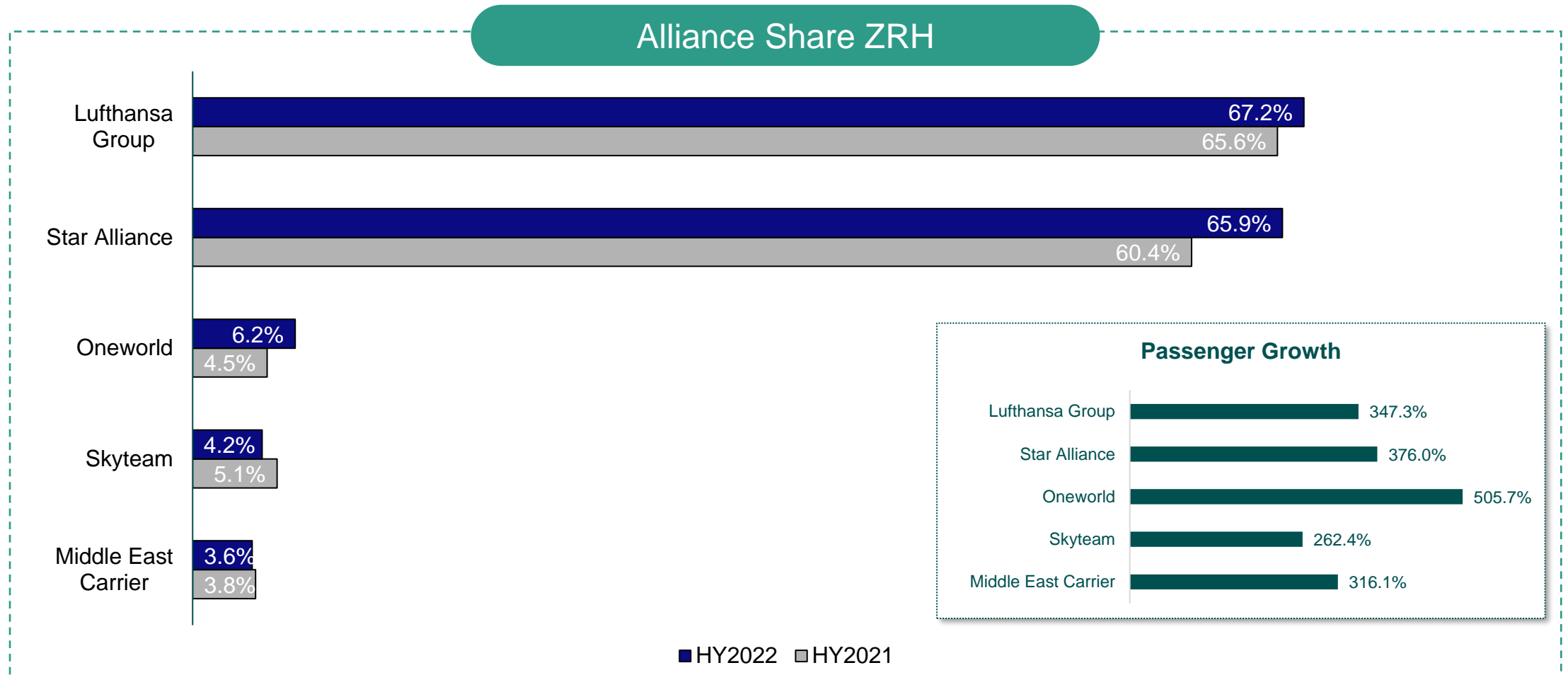
	Florianópolis, Brazil			Vitória/Macaé, Brazil			Aport (Antogasta and Iquique), Chile*			Noida Delhi, India**		
	HY22	HY21	Δ	HY22	HY21	Δ	HY22	HY21	Δ	HY22	HY21	Δ
<b>Passengers (in millions)</b>	1.6	0.9	78%	1.3	0.8	63%	1.9	1.1	73%	n/a	n/a	n/a
<b>Revenues (in CHF millions)</b>	12.1	6.2	95%	11.3	6.0	86%	14.6	10.0	47%	0.5	0.1	n/a
<i>of which concession accounting</i>	0.1	0.2	(39%)	1.0	0.2	n/a	6.1	4.5	36%	n/a	n/a	n/a
<b>OPEX (in CHF millions)</b>	(5.5)	(4.3)	29%	(6.0)	(4.4)	36%	(9.9)	(7.3)	36%	(1.2)	(1.4)	(14%)
<i>of which concession accounting</i>	(0.1)	(0.2)	(39%)	(1.0)	(0.2)	n/a	(6.1)	(4.5)	36%	n/a	n/a	n/a
<b>EBITDA (in CHF millions)</b>	<b>6.5</b>	<b>1.9</b>	<b>241%</b>	<b>5.3</b>	<b>1.6</b>	<b>224%</b>	<b>4.8</b>	<b>2.7</b>	<b>74%</b>	<b>(0.7)</b>	<b>(1.3)</b>	<b>(46%)</b>
<b>Ownership</b>	100%			100%			100%			100%		

\*including revenue from consulting activities in Bogotá and Curaçao

\*\*concession accounting not applicable for Noida Delhi

# Alliance Share ZRH

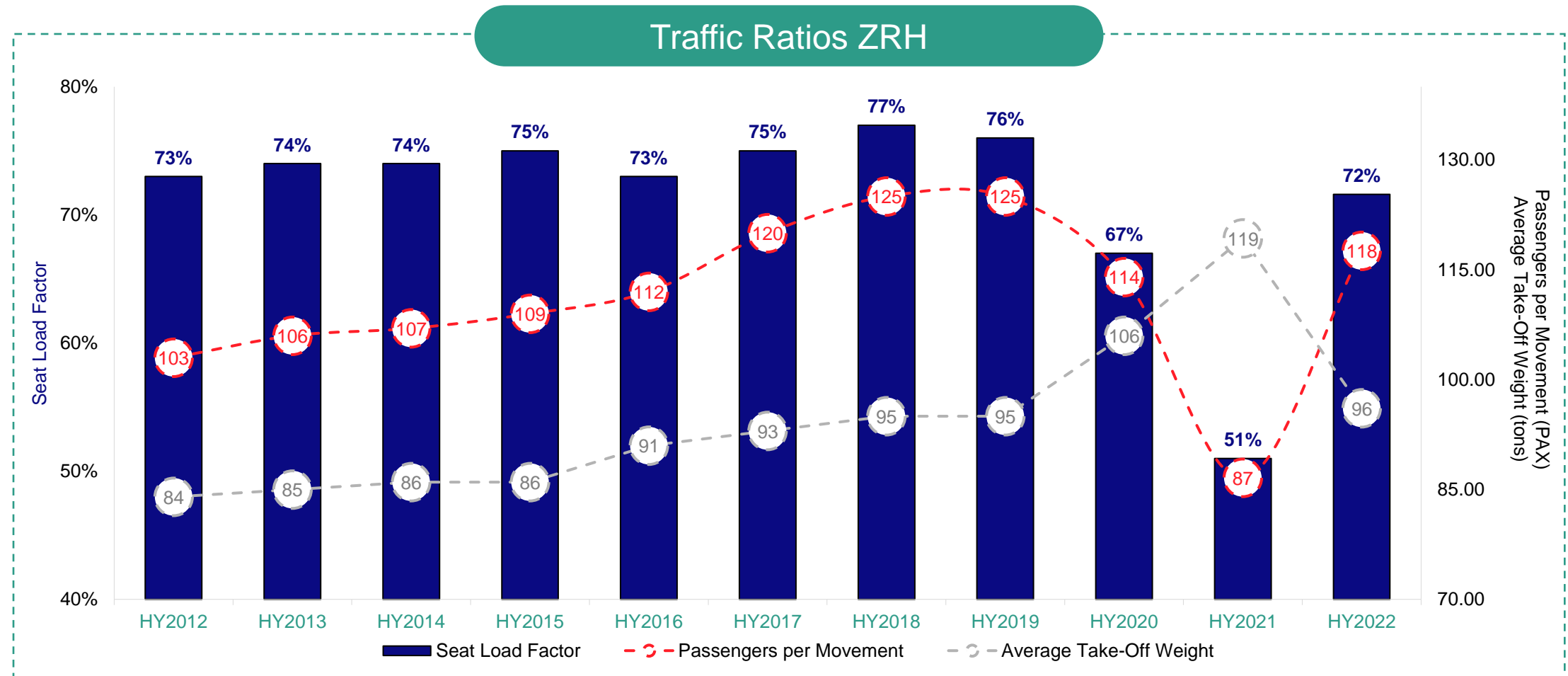
## Largest Alliances in ZRH (Jan – Jun 2022)



Source: ZRH data warehouse, 2022

# Traffic Ratios

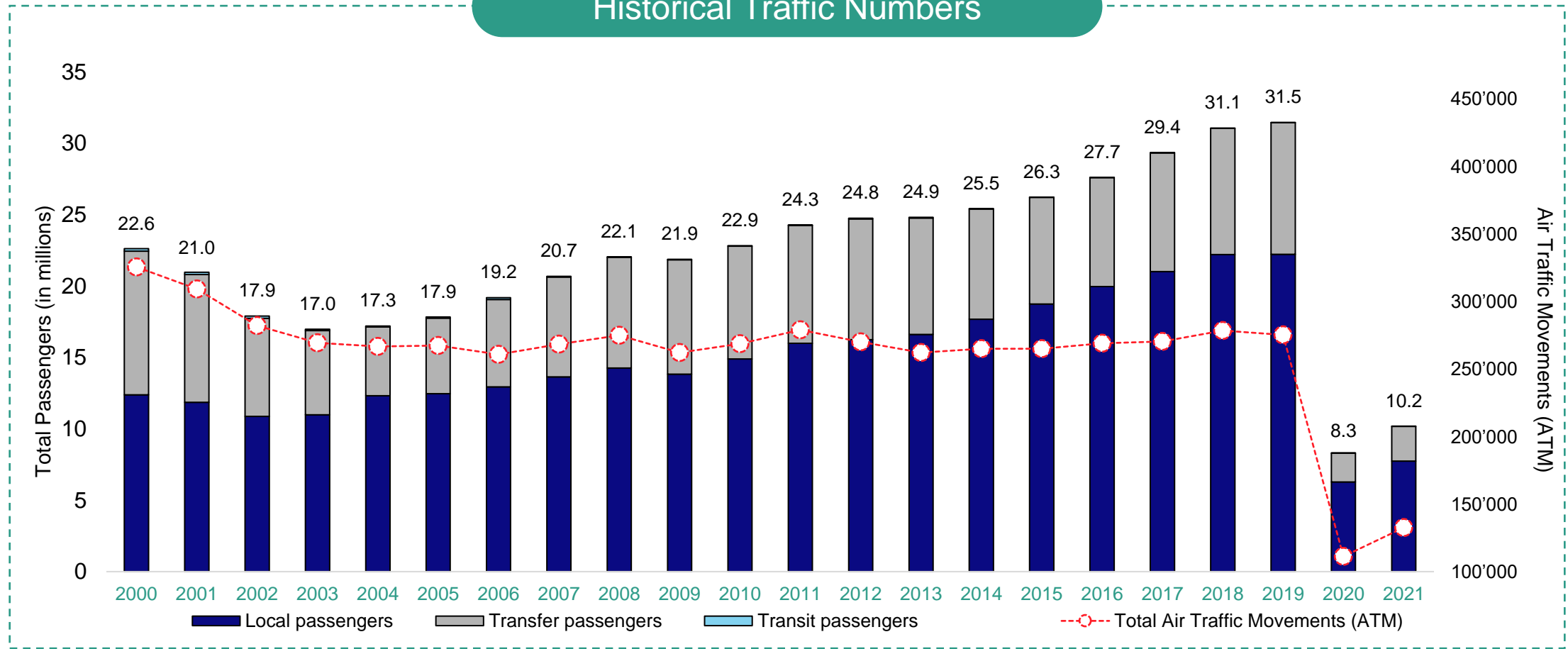
## Seat Load Factor, Passengers per Movement and Take-Off Weight



Source: ZRH data warehouse, 2021

# Passengers and Movements Development Since ZRH Privatization

## Historical Traffic Numbers



# Disclaimer

## Forward-Looking Statements

This document has been prepared by Flughafen Zürich AG for use in this presentation.

The information contained in this document has not been independently verified. No representation or warranty – whether express or implied – is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained therein. Neither the company nor any of its affiliates, advisors or representatives shall have any liability whatsoever (in negligence or otherwise) for any loss arising from any use of this document or its content or otherwise arising in connection with this document.

This document does not constitute an offer or invitation to purchase or subscribe for any shares and neither this document nor any part of it shall form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

This document contains forward-looking statements that are based on current estimates and assumptions made by the management of Flughafen Zürich AG to the best of its knowledge. Such forward-looking statements are subject to risks and uncertainties, the non-occurrence or occurrence of which could cause the actual results – including the financial condition and profitability of Flughafen Zürich AG – to differ materially from or be more negative than those expressed or implied by such forward-looking statements. This also applies to the forward-looking estimates and forecasts derived from third-party studies. Consequently, neither the Company nor its management can give any assurance regarding the future accuracy of the opinions set forth in this document or the actual occurrence of the predicted developments.

By accepting this document, you agree with foregoing.