

NEWS FLASH**March 2, 2018****Successful financial year in 2017: good result thanks to higher passenger volumes, positive development in the commercial segment and one-off gain in international business**

Flughafen Zürich AG has posted a good result for 2017. The airport operator's profit of CHF 285.5 million shows an increase on the previous year. The year-on-year rise in consolidated profit of CHF 37.5 million was primarily due to the CHF 31.4 million arising from the successful sale of the equity investment in Bangalore. Adjusted for one-off effects, consolidated profit improved by CHF 10.8 million (+4.5%).

Last year, over 29 million people arrived at, departed from or transferred to other flights at Switzerland's biggest airport. The trend in passenger volumes was again positive and reached a new record. Both aviation and non-aviation revenue increased in the reporting period. At the general meeting of shareholders on 19 April 2018, the board of directors will therefore – as in the previous year – propose payment of both a slightly higher dividend and an additional dividend out of capital contribution reserves.

Traffic volumes

In 2017, a total of 29,369,094 passengers flew via Zurich Airport, representing a year-on-year increase of 6.3%. The number of local passengers rose by 5.3% to 21.0 million. At 28.3%, the share of transfer passengers was above the previous year's figure (+0.7 percentage points). The number of passengers transferring at Zurich Airport increased by 8.8% to 8.3 million. In 2017, there were 270,453 flight movements, up 0.5% compared with 2016. A total of 490,452 tons of freight were transported via Zurich Airport. The freight volume thus rose by 13.1% over the previous year. Along with the rise in total passenger numbers, the increase in the number of peak days with over 100,000 passengers travelling per day also merits a mention. During the year under review, Zurich Airport saw 22 such days (previous year: 7).

Revenue

In the reporting period, Flughafen Zürich AG's revenue increased from CHF 1,012.8 million to CHF 1,037.1 million (+2.4%). Aviation business accounts for around 60% or CHF 624.2 million (+0.6%). It should be borne in mind that the airport operator lowered its flight operations charges in September 2016. However, strong growth in passenger volumes drove up revenue by CHF 3.8 million. In the non-aviation business, our partners succeeded in lifting retail sales in a contracting market by CHF 30.9 million to CHF 575.5 million last year. Consequently, commercial and parking revenue rose by 6.1% to CHF 234.2 million. Together with revenue from facility management and services plus revenue from international business – stated for the first time as a separate item – non-aviation revenue increased by a total of CHF 20.5 million to CHF 412.9 million (+5.2%).

Operating expenses and one-off effects

Operating expenses rose by CHF 19.5 million in 2017 from CHF 434.0 million to CHF 453.5 million. Both in the reporting period and year before, this figure includes one-off effects that resulted in lower expenses. In 2016, a payment in connection with the liquidation of Swissair and the additional purchase price payment for land for THE CIRCLE reduced operating expenses by a total of CHF 10.8 million. In 2017, operating expenses were reduced by a further payment from the bankruptcy assets of Swissair amounting to CHF 4.8 million. Excluding the one-off effects operating expenses rose by just CHF 13.5 million (+3.0%). This increase includes CHF 7.0 million from the newly consolidated subsidiaries in Chile and Brazil.

EBITDA

Earnings before interest, tax, depreciation and amortization (EBITDA) rose to CHF 583.6 million. Adjusted for one-off effects, EBITDA increased by CHF 10.8 million to CHF 578.8 million, corresponding to an EBITDA margin of 55.8% (2016: 56.1%).

Depreciation and amortization

Depreciation and amortization were up year on year by 0.9% to CHF 243.7 million.

EBIT

Earnings before interest and tax (EBIT) amounted to CHF 339.9 million in the reporting period. If one-off effects are excluded, EBIT increased year-on-year by 2.6% to CHF 335.1 million.

Profit

Profit comes to CHF 285.5 million. Excluding the one-off effects (including the sale of the investment in Bangalore), the result is CHF 250.3 million, an increase of 4.5% over the adjusted prior-year figure.

Investments

In the reporting period, Flughafen Zürich AG invested CHF 239.0 million in ongoing projects (2016: CHF 220.7 million). Investments in THE CIRCLE, which were higher than last year owing to the progress made on this building project, contributed in large part to this figure. Further significant investment projects included the upgrading and extension of the baggage sorting system plus projects for expanding the aircraft stands on the western and southern sides of the airport.

Outlook

Flughafen Zürich AG expects passenger volumes to grow by 3.5-4% in the current financial year. Given the expected growth in passenger volumes, aviation revenue will increase accordingly. Revenue is also expected to rise in the non-aviation segment, driven in particular by the new duty free formats and international business activities. Factoring out the one-off effects in financial year 2017 and any other such effects in the current year, EBITDA and consolidated profit should exceed the prior-year figure.

Auditors

Flughafen Zürich AG has launched a tender for the auditor's mandate. Following a diligently conducted evaluation process, the board of directors will propose a change of auditor to the general meeting of shareholders. The audit mandate is to be transferred to EY as of 2018.

Distribution of profits

At the general meeting of shareholders on 19 April 2018, the board of directors will propose payment of both an ordinary dividend of CHF 3.30 per share and an additional dividend of CHF 3.20 per share, to be paid out of capital contribution reserves.

The 2017 Annual Report of Flughafen Zürich AG is now available as an online [Annual Report](#).