ZÜRICH AIRPORT

NEWS FLASH

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Good financial year 2016 for Flughafen Zürich AG: Revenue of over CHF 1 billion for the first time and higher profit

Flughafen Zürich AG posts gratifying results for the past financial year. The airport operator generated a profit of CHF 248.0 million in the reporting period.

Passenger volumes were again on a positive trend and reached a new record figure. For the first time, over 27 million people travelled via Switzerland's biggest airport. Both aviation and non-aviation revenue increased in the reporting period. At the general meeting of shareholders on April 20, 2017, the board of directors will – as in the previous year – request payment of both a slightly higher dividend and an additional dividend out of capital contribution reserves.

Traffic volumes

A total of 27,666,428 passengers used Zurich Airport in 2016. The number of local passengers rose by 6.5% to 20.0 million. At the same time, the number of transfer passengers went up by 2.3% to 7.6 million. The share of transfer passengers declined again compared with the previous year, from 28.5% to 27.6%. The average number of passengers per flight rose from 113.7 to 117.2. Whereas the offered seat capacity to and from Zurich increased by 6.6% in 2016, the seat load factor declined by one percentage point to 75.8%. There were a total of 269,160 flight movements in 2016, an increase of 1.5% over the previous year.

Revenue

Revenue increased by 2.4% year on year, from CHF 989.0 million to CHF 1,012.8 million, thus breaking the one billion francs mark for the first time in the company's history. Of the total revenue, approximately 61% or CHF 620.4 million (+3.9%) is attributable to the aviation business.
In the non-aviation business, commercial revenue was increased year on year despite a challenging environment. In contrast, revenue from consulting activities declined, as two consulting mandates in India and Kazakhstan expired. In total, revenue was up by 0.2% to CHF 392.4 million.

Operating expenses and one-off effects

As in the previous year, operating expenses were influenced by one-off effects. During the reporting period, these include the receipt of the additional purchase price payment for the land for «The Circle» of CHF 7.3 million, which fell due upon the initiation of the second phase of the project. There was also a payment in the amount of CHF 3.5 million in connection with the liquidation of

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Swissair in debt restructuring proceedings. When adjusted for these one-off effects, operating expenses totaled CHF 444.7 million. Despite the 5.3% increase in passenger numbers, this is a rise of just 0.7% compared with the adjusted prior-year basis.

EBITDA
The adjusted figure for earnings before interest, tax, depreciation and amortization (EBITDA) amounted to CHF 568.1 million, up 3.8% on the previous year. The adjusted EBITDA margin in the reporting period was thus 56.1% (2015: 55.4%).

Depreciation and amortization
Depreciation and amortization rose from CHF 228.2 million in 2015 to CHF 241.5 million in 2016.

EBIT
The adjusted figure for earnings before interest and tax (EBIT) increased by 2.3% from CHF 319.3 million in 2015 to CHF 326.6 million.

Profit
Profit amounted to CHF 248.0 million. Excluding the one-off effects, the result is CHF 239.5 million, corresponding to an increase of 11.2% compared with the adjusted prior-year basis.

Investments
Investments amounted to CHF 220.7 million in the reporting period (2015: CHF 199.7 million). The largest investments comprised «The Circle» (CHF 46.6 million), the upgrading of Terminal 2 (CHF 36.7 million), the expansion of parking space (CHF 33.5 million) and the refurbishment of the curbside lanes on the arrival and departure levels (CHF 15.2 million).

Outlook
Flughafen Zürich AG expects passenger growth of around 4% in 2017, with slightly more flight movements than in 2016. When adjusted for one-off effects in financial years 2016 and 2017, earnings before interest, tax, depreciation and amortization (EBITDA) are expected to be in line with the previous year, and profit (including noise-related items) is expected to be slightly higher than in 2015.

Changes in the board of directors
Kaspar Schiller (69), who has been a member of the board of directors since 2004, will reach the maximum age for directors of the airport operator this year and is thus stepping down from the board of directors. Ulrik Svensson (55), who has been a member of the board of directors since 2008, stepped down at the end of 2016. He was appointed chief financial officer and a member of the executive board of Deutsche Lufthansa AG. The board of directors would like to thank Kaspar Schiller and Ulrik Svensson for their many years of dedicated service to Zurich Airport.
As communicated at the beginning of February 2017, the board of directors will nominate Josef Felder and Stephan Gemkow as new members of the board of directors at the general meeting of shareholders on April 20, 2017. They both have in-depth knowledge of the aviation industry.

Profit distribution
At the general meeting of shareholders on April 20, 2017, the board of directors will request payment of both an ordinary dividend of CHF 3.20 per share and an additional dividend of CHF 3.20 per share, to be paid out of capital contribution reserves.

The 2016 annual report is available on the Internet at www.zurich-airport.com/annualreport.