ZURICH AIRPORT

NEWS FLASH

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Flughafen Zürich AG reports a profit of 205.9 million Swiss francs in the financial year 2014

Flughafen Zürich AG generated a profit of 205.9 million Swiss francs in 2014. When adjusted for a one-off effect in the prior year, profit rose by 1.3 percent in the year under review.

Passenger volumes also showed positive growth over the past year. In December Zurich Airport welcomed its 25 millionth passenger for the very first time in its history. Owing to the suspension of the five franc noise supplement as per February 2014, aviation revenue fell by 4.4 percent. However, non-aviation revenue increased by 4.0 percent.

Traffic figures

A total of 25,477,622 passengers used Zurich Airport in 2014. The number of local passengers rose by 6.4 percent to 17.7 million. At the same time, the number of transfer passengers fell by 5.5 percent to 7.7 million. The share of transfer passengers thus declined from 32.9 percent in 2013 to 30.3 percent in 2014. The average number of passengers per flight rose from 109 to 110, and the seat load factor went up by 1.1 percent to 75.9 percent in 2014. Seating capacity from and to Zurich increased by 1.3 percent. There were a total of 264,970 flight movements in 2014, an increase of 1.0 percent over the previous year.

Total revenue

Revenue saw a 1.2 percent year-on-year reduction from 975.1 million to 963.5 million Swiss francs. This decline is due solely to the suspension of the five franc passenger noise supplement as per February 2014. Approximately 60 percent of the total revenue of 575.0 million Swiss francs is attributable to aviation operations (minus 4.4 percent). Owing to the above-average growth in the number of local passengers, security and passenger charges rose by 5.0 percent to 383.2 million Swiss francs. Non-aviation revenue increased by 4 percent to 388.5 million Swiss francs. The retail, tax & duty free segments were significant contributors to this positive growth, along with additional revenues from car parking as well as from rental and leasing agreements. As a result of the international business activities of Flughafen Zürich AG, among other things, revenue from services increased by 12.4 percent to 50.2 million Swiss francs.

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Operating expenses
Operating expenses in the year under review fell by 8.4 million Swiss francs to 440.0 million Swiss francs (minus 1.9 percent). This decline is primarily due to the mild weather over the winter months in the reporting period. The mild winter resulted in substantially lower costs for energy and waste (minus 17.7 percent) as well as for materials and maintenance (minus 5.3 percent). Fuel costs were less, and consumption of de-icing agents was lower. Continuing the trend from the previous year, thanks to rigorous cost-cutting and spending discipline, the company was also able to reduce expenses relating to sales, marketing and administration by 3.8 percent.

EBITDA
Earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to 523.3 million Swiss francs, down 3.2 million Swiss francs on the previous year. There was nevertheless a slight improvement in the EBITDA margin to 54.3 percent (2013: 54.0 percent).

Depreciation and amortisation
At 228.9 million Swiss francs, depreciation and amortisation saw a year-on-year rise of 4.2 million Swiss francs. This increase is mainly attributable to the completion of some parts of the Terminal 2 upgrade project, higher runway maintenance, plus the extension to car park 6.

EBIT
Earnings before interest and tax (EBIT) fell from 302.0 million to 294.6 million Swiss francs.

Finance result
The finance result of Flughafen Zürich AG amounted to 33.8 million Swiss francs, a significant improvement on the 134.4 million Swiss francs posted in the prior-year period. The finance result in the 2013 financial year had been impacted by one-off costs related to the restructuring of non-current financial liabilities in the amount of 82.9 million Swiss francs (pre-tax). Owing to this restructuring of non-current financial liabilities in the prior year, significant savings on interest expenses were achieved in the 2014 financial year.

Profit
Net profit amounted to 205.9 million Swiss francs, 68.8 million Swiss francs higher than the previous year. When adjusted to take account of the effects of restructuring non-current financial liabilities in 2013, profit rose by 2.7 million Swiss francs or 1.3 percent over the previous year.

Investments
Investments amounted to 249.0 million Swiss francs in the year under review. The largest investments again comprised the upgrading of Terminal 2 (40.9 million Swiss francs), the renovation of runway 14/32 (39.3 million Swiss francs), various maintenance projects for real estate (25.9 million Swiss francs) and project costs for «The Circle» (25.9 million Swiss francs).

Outlook
For the current 2015 financial year Flughafen Zürich AG anticipates a rise in passenger volumes of one to two percent as well as continued above-average growth in the number of local passengers. A modest increase in the number of flight movements is also expected.

In connection with the partial sale of the land and the establishment of the joint ownership structure for «The Circle», a one-off gain of around 35 million Swiss francs (pre-tax) is expected in the 2015 financial year. Factoring out this exceptional profit and excluding any further unexpected events, Flughafen Zürich AG expects a rise in earnings before interest, tax, depreciation and amortisation (EBITDA), in earnings before interest and tax (EBIT) as well as net profit in 2015.

Dividend
The Board of Directors will propose to the General Meeting of Shareholders on April 28, 2015 a dividend of 13.50 Swiss francs per share.

Venezuela
During 2010, Flughafen Zürich AG and its consortium partner turned to the International Centre for Settlement of Investment Disputes (ICSID) in Washington D.C. in the matter of the expropriation of the Isla de Margarita airport in Venezuela. In November 2014 the ICSID tribunal reached a decision and directed Venezuela to reimburse the Flughafen Zürich AG consortium its legal and project costs and to make a compensation payment of 33.7 million US dollars including interest accruing. Flughafen Zürich AG is entitled to 50 percent of the compensation payment. The parties have 120 days to request the ICSID tribunal to set aside its decision. This period expires on March 18, 2015.