

CPH NEWS

INFORMATION TO SHAREHOLDERS IN COPENHAGEN AIRPORTS A/S



The importance of a strong traffic hub



2 CPH News in new clothing
CPH News has been improved after we conducted a reader survey in the previous issue of this newsletter.

3 Strategy paves the way
The continuing development and growth of Copenhagen Airport is fundamental to Denmark's international accessibility and ability to compete.

4 A more diversified product offering
Copenhagen Airport caters to all tastes and temperaments. A new strategy has ensured increased diversification at the shopping centre.

5 Annual report 2010
Strong passenger growth of 9.1% ensured strong results at Copenhagen Airports A/S for 2010 with increases in both revenue and net profit.

6 The Group Annual Report has been joined by a CSR report
The structure of CPH's annual reporting has been changed as from 2010. The Group Annual Report focus solely on finance.

8 New routes
Qatar Airways and Emirates have both announced capacity increases out of Copenhagen Airport, making connections to the Middle East better.

Searching for a new CEO

The Board of Directors is currently conducting a formal search process to find a new CEO. CPH would like to thank Brian Petersen, who left CPH on 1 October 2010, for his work over the past three and a half years.

As always, CPH is being managed by a highly competent management team. The process of finding a new CEO has begun, and CFO Per Madsen has been registered with the Danish Commerce and Companies Management as executive director of the company.

Annual General Meeting 2011

The Copenhagen Airports A/S Annual General Meeting will be held on 30 March 2011 at 3.00 pm at the Vilhelm Lauritzen Terminal.

Notice of the meeting has been sent by post to all registered shareholders.

Group Annual Report 2010

To order a print version of CPH's annual report, send an e-mail to cphweb@cph.dk or contact customer service at +45 32 31 32 31.

CPH and Society was released together with the *CPH Group Annual Report*. It is available in a PDF version at www.cph.dk and can also be requested in a printed version from CPH's customer service at tel. +45 32 31 32 31.



CPH News in new clothing

In this issue of *CPH News*, we are introducing a number of design and content improvements aimed at making our newsletter more interesting for you to read. The changes made were based on the reader survey published in the previous issue of this newsletter.

In the previous *CPH News*, we conducted a reader survey offering a flat screen TV as a prize to be awarded by drawing lots among the respondents. The winner is a happy reader in Grenaa, Denmark, and we would like to thank all of you for the many responses we received.

Looking at the survey results, we were pleased to note that the vast majority of the people who receive *CPH News* actually read it and that shareholders are generally very satisfied with the newsletter. The readers consider the two annual issues a suitable number and by far the majority indicated they preferred to continue receiving the newsletter in hard-copy.

The main subjects of interest to our readers were new initiatives at the airport and the company's financial performance, and we could deduct from the survey that readers would like us to become better at communicating on these issues. In response, we have included in this issue of *CPH News* information on the airport's strategy for the shopping centre aimed at achieving a more differentiated product offering and lower prices.

We have received many good suggestions for improvements to *CPH News*. One

reader suggested we introduce a regular column in which CPH executives take turns presenting new developments at the airport. For this first 2011 issue, we asked our CFO, Per Madsen, to provide some information on the performance on which the financial statements for 2010 were based. We will in future ask other executives to contribute to the column to help keep you, as a reader and shareholder, informed on the initiatives underlying CPH's financial performance.

As many of you may already have noticed, we have changed the design of *CPH News*. Among other things, we have created a better correlation between text and picture and CPH's publications, i.e. annual report, the CSR report *CPH and Society*, *CPH Perspective* (for everyone with a special interest in aviation) and *CPH News* are much better bound together in layout. All publications are available in a PDF version at www.cph.dk, and it is also possible to request a printed version by contacting customer service at +45 32 31 32 31. I hope you will enjoy this issue of *CPH News*.

Yours sincerely

Henrik Peter Jørgensen
VP for Communications and Editor-in-Chief,
Copenhagen Airports A/S

Strategy paves the way for growth

The competition between international airports continues to intensify, and for that reason it is absolutely crucial that Copenhagen Airports has a clear strategy that paves the way for growth in future. In 2010, we have been focusing on spreading our "dual airport" strategy. This strategy allows us to retain and further develop our hub function while also ensuring that low-fare traffic continues to grow at Copenhagen Airport. This strategy is wide-reaching and aimed at airlines, passengers, employees and concessionaires, all of whom must work together to help ensure that Copenhagen Airport grows and changes with the times, both as an airport and as a workplace. In this way, our dual airport strategy is an integral part of CPH's business approach and creates a unified whole across the airport. This gives Copenhagen, the Øresund region and Denmark the best possible international accessibility for all stakeholders.

Increase in low-fare passengers in 2010

CPH has achieved solid results in 2010 with development in a number of important areas. To ensure CPH captures an increasing share of the growth in low-fare air travel, CPH opened CPH Go in October 2010 as its lowcost pier. The purpose of CPH Go is to offer passengers cheaper tickets to more destinations and at the same time accommodate a wish among the airlines for a differentiated product at lower charges.

In agreement with the airlines CPH cut its passenger charge for CPH Go by about 35 per cent to lay the foundation for further growth in the future. This makes Copenhagen Airport the first major European airport to operate with differentiated charges, which allows it to cater for both the network carriers and the low-cost carriers.

The first carrier to operate at CPH Go, easyJet, is one of the fastest-growing low-fare airlines at Copenhagen Airport, with a growth rate of 28.4 per cent in 2010.



Opening CPH Go has been much of the reason why easyJet opened two new routes out of Copenhagen in 2010 – Paris and Basel – which brings the carrier up to a total of eight routes out of Copenhagen.

In 2010 Copenhagen Airport has achieved a total increase in the number of low-fare passengers of 34.3 per cent, or an increase of 3.8 million passengers. According to new statistics from the European Low Fares Airline Association (ELFAA), the corresponding total number of low-fare passengers in Europe has grown by 6.1 per cent.

More attractive to transfer at Copenhagen

The other leg of the dual airport strategy is a strategic partnership with the two biggest airlines at Copenhagen Airport: SAS and Norwegian. The purpose of this partnership is to oblige the growing number of transfer passengers flying with these airlines by simplifying these airlines' operations at Copenhagen Airport while also supporting their continued growth at the airport. These initiatives have made transfer at Copenhagen Airport more attractive. In the long term, this initiative will make the airport one of the world's best transfer airports and

secure it a position as the foremost international hub in northern Europe.

Close to record number of passengers

The dual airport strategy has guided CPH well throughout 2010 and created results that have given the airport an even stronger position than before. We are one of the fastest-growing major European airports. With growth reaching 9.1%, Copenhagen Airport served a total of 21.5 million passengers in 2010 – only about 28,000 passengers away from beating its own 2008 record. In spite of interruptions such as the Icelandic volcanic ash cloud and the severe winter weather, the increase in passenger numbers provides a solid foundation for future growth, and it also highlights the importance of Copenhagen as a crucial northern European traffic hub and gateway to Scandinavia.

With the results achieved in 2010, CPH holds a strong position from which we will expand and continue to develop all aspects of the business.

Yours sincerely

Per Madsen
CFO, Copenhagen Airports A/S

A more diversified product offering

With the opening of new shops such as JOE & THE JUICE, Pieces, Tiger, Pandora, Lagkagehuset and H&M this spring, Copenhagen Airport can now justifiably claim to offer something for all tastes and temperaments. The many new brands are part of the airport's new strategy for the shopping centre.

A new strategy for the shopping centre is to ensure that Copenhagen is an airport for all people, with a diversified offering of products that meet the passengers' demands and needs.

"The purpose of this strategy is to offer greater price differentiation at Copenhagen Airport to the passengers by launching a number of new shops in a different price segment. As Denmark's window to the world, we want to meet the passengers with strong Danish and Scandinavian brands," explained Carsten Nørland, VP, Sales and Marketing at Copenhagen Airports A/S.

Copenhagen Airport continues to focus on attracting strong, international brands, such as the opening of Dixons Travel in 2010 and the opening of Hamleys at the beginning of the new year. CPH will continue to optimise the shop and product range in the airport's shopping centre in 2011, when a number of concession agreements will be up for re-negotiation and renewal.

Trendy clothing and accessories

With the opening of a two-storey H&M store in the Cylinder in Terminal 2 this spring, there will be plenty of opportunities to buy inexpensive tops, swimsuits and shorts for the holidays. The H&M shop will offer fashion clothing for both men and women.

"H&M is absolutely the best bet for a concept that meets passenger demand. They offer clothing and accessories for any style and occasion. With their products and latest fashion styles, H&M attract a broad range of customers from students to extremely fashion conscious people as their collections are very broad and always include new and exciting styles," said Carsten Nørland.

Passengers will also be able to find trendy clothes and accessories in shops such as the T-Shirt Store, Pieces and Pandora, all of which opened in 2010.

Freshly baked bread and healthy sandwiches

The food and beverage range offered at the airport grew in the summer of 2010 with the opening of the juice bar JOE & THE JUICE, where passengers can buy freshly prepared healthy sandwiches as well as beverages.

On 1 March, Lagkagehuset, one of the best brands in bread and bakery goods in Denmark, opened at Copenhagen Airport. As something new, Lagkagehuset has added hot dishes to the menu at its airport shop and will be expanding on that concept in future.

"Our selection is basically the same as at our ten other shops, but at the airport we are especially focused on the needs of travellers. Our opening hours at the

Fact sheet:

- The concessionaires at Copenhagen Airport are contractually committed not to sell their products at higher prices than those charged in downtown Copenhagen, and CPH conducts regular price checks to ensure that the airport shops satisfy this requirement.
- CPH has decided to adopt a strategy of offering perfumes and cosmetics at prices guaranteed to be at least 20% below recommended retail prices.
- At the end of 2010, the shopping centre at Copenhagen Airport had ten duty- and tax-free shops, 72 specialty shops and service units, and 20 restaurant and bar units.
- Copenhagen Airport also has offers for arriving passengers, who are permitted to shop in all the shops, restaurants, bars and cafés in the transit hall.

airport are longer than traditional Danish bakery opening hours because there's more demand for hot food there, especially in the evening," says Lagkagehuset CEO Kristian Madsen.

To start with, chilli con carne has been added to the menu – but in a new guise: it comes baked in a very special kind of bread. This quality bakery also has salads, sandwiches, focaccia and pizzas on the menu.

Group Annual Report 2010

A strong 9.1% growth in passenger numbers generated good results for Copenhagen Airports A/S (CPH) in 2010 with increases in both revenue and net profit. CPH's "dual airport" strategy has started to be successful, generating substantial growth in low-cost-carrier traffic and historic longhaul growth. This has made Copenhagen Airport one of the fastest growing major European airports in 2010. Copenhagen Airport expects passenger numbers to continue to grow in 2011. In 2010 CPH sold its investment in a number of Mexican airports, with a favourable impact on profit.

Traffic

Passenger numbers at Copenhagen Airport rose 9.1% in 2010, resulting in a revenue increase of 10.8% to DKK 3.2 billion. Adjusted for special items, profit after tax rose 18.2% to DKK 763.4 million, primarily as a result of the growth in passenger numbers and an agreement to terminate a long-term lease with SAS Cargo.

Had it not been for the ash cloud which closed European airspace for several days, Copenhagen Airport would have exceeded its passenger record from 2008, and this massive passenger growth made Copenhagen Airport one of the most rapidly growing major European Airports in 2010.

The number of locally departing international passengers grew by 9.5%, whilst transfer traffic grew by 7.8%. Low-cost traffic accounted for 3.8 million passengers in 2010, equivalent to a 34.3% increase. By the end of 2010, low-cost traffic accounted for 17.8% of traffic at Copenhagen Airport, and the share grew during the year.

Traffic revenue grew by 8.0% to DKK 1.7 billion, primarily due to the higher passenger numbers.

The increase in the number of low-cost customers and the growing number of

transfer passengers represent clear evidence that CPH's "dual airport" strategy is working. The opening of CPH Go with a 35% lower passenger charge supports one part of the dual strategy of generating growth in both low-cost traffic and network traffic. The strategic collaboration with the network carriers, including Copenhagen Airports' largest customer, SAS, as well as with Norwegian, supports the overall strategy. It was also pleasing to see that after eight years of falling transfer traffic, this trend was reversed in 2010.

The number of intercontinental routes grew significantly during 2010. With the opening of Qatar Airways to Doha, Air Canada to Toronto, Delta Air Lines to New York JFK, Egypt Air to Cairo, Cimber Sterling to Tel Aviv and Norwegian to Marrakech and Agadir, the total number of intercontinental routes out of Copenhagen has now reached 22, the highest number in this millennium. The intercontinental routes also contribute to the increase in the number of transfer passengers, and they support Copenhagen Airport's position as a key northern European traffic hub.

Commercial

CPH implemented a new strategy for the shopping centre in 2010 in order to achieve greater differentiation by opening

a number of new shops in different price segments. In 2010, shop openings such as JOE & THE JUICE, Pieces, Tiger and Pandora were good examples of this new strategy. CPH intends to continue to optimise the shop mix and product offerings in 2011.

Commercial revenues increased by 14.3%, primarily as a result of rising rent following an agreement to terminate a long-term lease with SAS Cargo and the changed recognition of revenue from CPH Parkering A/S.

International

In 2010, CPH sold its 49% investment in the Mexican airport company Inversiones y Técnicas Aeroportuarias, S.A. de C.V. ("ITA") for DKK 498.5 million. The divestment added DKK 286.7 million to profit before tax.

Continuing investment in CPH infrastructure

CPH invested DKK 774.7 million in 2010 in infrastructure expansion and improvement, including the construction of CPH Go, a new odd-size baggage drop in Terminal 3 and a groundwater cooling system in Terminal 3.

In order to strengthen capacity and improve passengers' experience in the growing intercontinental traffic, CPH intends to further expand Pier C in 2011,

Financial highlights and key ratios	Carrying amount excluding one-off items		Carrying amount	
	2010	2009	2010	2009
Revenue	3,242	2,923	3,239	2,923
EBITDA	1,758	1,561	1,964	1,518
EBIT	1,266	1,090	1,472	1,047
Profits before tax	1,022	862	1,228	820
Net profit	763	646	909	614
EBITDA-margin %	54.2	53.4	60.6	52.0
EBIT-margin %	39.0	37.3	45.4	35.8
Asset turnover rate %	-	-	17.9	13.2
Return on equity %	-	-	27.2	19.2

the pier primarily used for intercontinental traffic. In 2011, CPH also plans to expand the check-in facilities in Terminal 2 in order to meet the demand for additional check-in desks as a result of the growing passenger numbers. CPH also intends to increase its outbound baggage capacity in 2011 by renovating and optimising its baggage system.

Outlook

Based on the expected traffic programme for 2011, the total number of passengers is expected to continue to increase. The full-year effect of the new routes in 2010 is expected to have a positive effect in 2011 together with the expected new routes.

The increase in passenger numbers is expected to have a positive impact on

revenue. Operating costs are also expected to be higher than in 2010, primarily due to the forecast passenger growth and cost inflation. In accordance with the charges agreement, CPH is committed to invest an average of DKK 500 million per year supplemented by commercial investments for the benefit of the airlines and passengers, with a resulting increase in depreciation.

Financial costs are expected to be lower than in 2010. Overall, profit before tax is expected to be on a level with 2010 when taking into account one-off items.

This text is an extract of the Group Annual Report 2010 announcement released to NASDAQ OMX on 21. February 2011. The full-length report is available at www.cph.dk.

The Group Annual Report has been joined by a CSR report

The structure of CPH's annual reporting has been changed as from 2010. The Group Annual Report focus solely on financial issues, and the former environmental report will form part of a new report, *CPH and Society*, covering all non-financial issues.

As a major listed company, CPH is subject to a number of annual reporting requirements, both in terms of its reporting on the financial side of the business, with stricter note disclosure requirements in the group annual report, and its non-financial reporting, where CPH is

required to report on its corporate social responsibility – CSR.

In combination with CPH's growing need and wish to communicate on an increasing range of aspects of its business, new requirements have prompted CPH to

change its annual reporting structure from 2010. Having previously prepared an annual report and an environmental report, CPH has from 2010 prepared a purely financial Group Annual Report and an independent non-financial CSR report, *CPH and Society*.



More than just a business enterprise

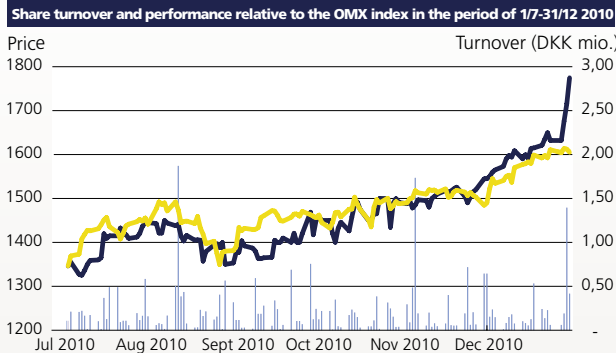
This new structure allows CPH to target its Group Annual Report at those of CPH's stakeholders who are principally interested in CPH's financial performance and prepare a separate report aimed at CPH's other stakeholders who are interested in a more holistic presentation of CPH – as a business enterprise, a workplace and a traffic hub.

"Our decision to issue a CSR report is a natural response to the increased focus on corporate social responsibility. CPH plays a vital role in its local and regional community as a workplace for 22,000 people and, as the biggest traffic hub in Scandinavia, Copenhagen Airport is key

to Denmark's international accessibility – and also, very much so, to Denmark's ability to compete internationally," said Henrik Peter Jørgensen, VP, Communications at CPH and continues:

"Therefore Copenhagen Airport plays an important role in many more aspects than just its financial performance. With *CPH and Society*, we want to give our stakeholders insight into how CPH manages its corporate social responsibility and ensures that this responsibility is integrated into its business strategy. This is the only way we can maintain and strengthen the position of Copenhagen Airport in the growing competition with the other major airports in Europe".

Share performance graph



July – December 2010

You can follow the share performance graph every day at www.cph.dk under Investor. Here you can also compare the stock to other airport stocks.

Route news

Better connections to the Middle East

Qatar Airways and Emirates are both increasing capacity at Copenhagen Airport, improving connections to the Middle East even better.

In future, travelling to the Middle East will be even easier and faster as Qatar Airways increases capacity, including a daily service between Doha, Qatar and Copenhagen.

Qatar Airways' service to Doha in Qatar has been a great success since the airline introduced four weekly frequencies in March 2010 with a small A319LR seating 110 passengers. Since then, the airline has upgraded with a larger type of aircraft and more weekly frequencies. From the end of March, Qatar is increasing capacity further to operate daily flights. This makes Copenhagen Airport the fastest and most positively growing European destination in Qatar Airway's history. From March, it will be the airport's third largest intercontinental airline.

At the same time, Emirates, the largest airline in the Middle East, will open a new all-year service from Dubai to Copenhagen, with daily flights providing connections to South-East Asia, India and Australia. Emirates will use Airbus A330-200 on the service with 237 seats in three classes.

New SAS route to Wroclaw

SAS will launch four weekly frequencies on its service between Copenhagen and the Polish city of Wroclaw on 2 May. Wroclaw is the regional capital of Lower Schlesia in the south-western corner of Poland. The city is the fourth-largest in Poland, boasting roughly 700,000 inhabitants. In 2012, Wroclaw will be one of the host cities of the European soccer championship in Poland and the Ukraine.

New service to Basel

With the transition to its summer programme on 27 March, Swiss International Air Lines will open a new service with six weekly frequencies between Copenhagen and Basel, strengthening connections between two cities which are both strong in the medical devices industry. In addition, Danish travellers will have easier access to Swiss ski resorts and cultural events, as well as wine districts in France. Swiss already operates flights between Copenhagen and Zurich.

Subscribe to CPH's RSS-feed

At www.cph.dk, you can subscribe to Copenhagen Airports' free RSS-feed, which includes news, traffic statistics, reports and the electronic version of CPH News. The next issue of CPH News will be out in August 2011.

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