

Company Announcement

Copenhagen, 3 March 2020

Annual Report for 2019

A drop in revenue and lower dividend

It was a busy year for Copenhagen Airport in 2019 as passenger numbers on the 188 direct routes reached close to 30.3 million. That meant 82,895 travellers passing through the terminals on an average day on their way to or home from a vacation or a business trip.

CPH's overall revenue fell by 2.2% to DKK 4,345.7 million (2018: DKK 4,444.8 million), which was in line with the guidance provided in the Q3 2019 report.

The aeronautical business was marked by lower charges paid by airlines for using the airport. Charges were lowered 10% in 2018 and by another 5% in 2019. In addition, traffic at the airport was affected by a number of bankruptcies, a seven-day strike by SAS pilots and by Norwegian's new strategy of focusing on profitability rather than growth. Aeronautical revenue was down by 6.2% to DKK 2.4 billion.

The non-aeronautical business is based on, among other things, rental income, concession revenue from parking and the shopping centre. Overall, the non-aeronautical revenue for the year was up by 3.2% to DKK 1,930.5 million.

Profit before tax for 2019 fell by 8.7% to almost DKK 1.3 billion. Profit before tax excluding one-off items was DKK 1,310.4, in line with the guidance provided in the Q3 2019 report.

Historically, CPH have met the shareholders' expectations of dividend payments, including that of the Danish state, and has annually distributed 100% of the net profit; but in light of the situation with the global economic uncertainty, lower charges and a very high level of investments, the Board of Directors have decided to recommend to the Annual General Meeting that no dividend will be paid for the second half of 2019. For the first half of 2019, dividends of 50% of the half-year result were paid. Thus, for the full financial year 2019, a total dividend of 23.3% is paid. The dividend policy to pay out 100% of the company's result over time is maintained.

Business under pressure

CPH reached a milestone on 4 June 2019 when H.R.H. Crown Prince Frederik inaugurated Pier E, a DKK 2 billion project for a new terminal building that provides more space for travellers and large modern aircraft on long-haul routes out of Europe. However, the business of Copenhagen Airport A/S is under growing pressure, and about DKK 2 billion has been invested annually in recent years to develop the airport. These are record investments that are much higher than CPH's current profit before tax. That is not a sustainable situation in the long term. The CPH cash flows have come even more under pressure due to global economic uncertainty, Brexit, trade wars and the corona virus. CPH aim to continue investing in the *Airport of the Future* and to improve Denmark's international connectivity through direct routes to all parts of the world. The plan is to develop the airport as passenger numbers increase. However, in light of the growing global economic uncertainty, all of the planned investments may not be possible given the cash flows available. As a result, CPH will assess and amend the level of investments according to the general economic development and risk situation. If CPH are to succeed, we will need as stable a framework and as predictable a financial platform as possible. Climatic and financial sustainability is essential for the airport.

Accelerating the green transition

The airport's financial strength and the necessary green transition are inextricably intertwined. CPH accelerated the transition in 2019, involving everything from solar panels and energy savings to adding new electric vehicles. The airport operations were certified as carbon neutral by Airports Council International. This is the highest level of certification under the ACA programme (Airport Carbon Accreditation). The accreditation is based both on CPH's own climate and environmental efforts and through a certified climate project in Laos. The next target is to make airport operations completely emissions-free by 2030.

In 2019, the Danish aviation industry teamed up to launch a climate initiative based on the ambition to make Danish aviation a zero-emissions industry by 2050. Through the proposal to establish an aviation climate foundation and active participation in the Danish government's climate partnership with the aviation industry,

CPH can work with scientists, policy-makers and green organisations to chart the direction and accelerate the transition to sustainable aviation.

New strategy: Architects of the future Airport

In 2019, CPH launched a strategy for the airport of the future: Architects of the future Airport. While building on CPH's existing platform of efficient and safe operations, CPH's new strategy is also focused on CPH's role in society, sustainable developments and on taking the passenger experience to the next level. CPH must focus even more on passengers, the airlines and all CPH's other customers. CPH needs to innovate and simplify, making everyday things easier and providing an even better experience for all users of the airport.

CPH has identified a number of core areas – a range of take-offs to drive innovation and change. Their focal points include sustainable aviation, engaging stakeholders and neighbours even more in creating the airport of the future, accelerating digitalisation and developing the jobs and skills of the future.

New master plan for the airport of the future

Also in 2019, CPH submitted an application to the authorities to enact new legislation that would constitute the framework for the continued development and sustainable transition to the airport for the future. Supported by SAS, Norwegian and DAT, CPH wants to relocate the rarely used third runway – the cross-wind runway. This will free up space for the modern fuel-efficient and less noisy aircraft types of the future. According to a new master plan, CPH will over a number of years be able to further develop the airport within the current area, with all facilities under one roof and with the shortest possible walking distances to gates and public transport.

All-time high passenger satisfaction

The year ended with good news. According to the international Airport Service Quality (ASQ*) survey conducted at more than 350 airports the world over, the passenger satisfaction rate at Copenhagen Airport improved from 81% to a record 86% of passengers saying they are satisfied or very satisfied with the service, the facilities and their passage through the airport. CPH believes that the passenger satisfaction rate is a direct and measurable result of the many new facilities and the excellent service offered to passengers at Copenhagen Airport by the airlines, the police the customs authorities, the groundhandlers' check-in and baggage handling staff, shop and restaurant staff and by CPH's own staff in areas such as cleaning and the security checkpoint.

At the Annual General Meeting on 2 April 2020, the Board of Directors proposes this time not to pay any dividend for the second half of 2019 for adoption at the Annual General Meeting. The total dividend for the year amounts to DKK 237.6 mill., equivalent to DKK 30.28 per share. The dividend corresponds to 50% of the half-year profit paid on 13 August 2019.

Outlook for 2020

	Realised 2019	Outlook for 2020
Revenue growth	(2.2%)	0-3%
Profit before tax, excluding one-off items, DKK million	1,310.4	1,100-1,300
Profit before tax, DKK million	1,293.3	
Total investments, DKK million excluding hotel	2,142.1	1,800 -2,200

Revenue growth

Global aviation is under pressure due to economic uncertainty, trade wars, corona virus, Brexit and climate change. Passenger numbers can be driven both up or down by general economic developments, fuel prices, single events such as bankruptcies and strikes, as well as airlines' adjustments to their routes and capacity during the year.

The increased uncertainty is reflected in the expected revenue growth in 2020: a broad range from 0-3%. Revenue growth is driven by developments in passenger numbers, expected growth in the non-aeronautical part of the business and the agreed adjustment of charges that took effect on 1 January 2020.

PROFIT BEFORE TAX

Operating costs are expected to be higher than in 2019, primarily due to the development in passenger numbers, cost inflation, capacity expansion and the execution of our new strategy "Architects of the future Airport". Costs are partly offset by a continued focus on streamlining operations.

Overall, depreciation charges and financing costs are expected to be higher than in 2019, primarily as a result of a high investment level. Profit before tax for 2020 is expected to be in the DKK 1,100-1,300 million range, excluding one-off items. EBITDA is expected to be at the level reported for 2019, excluding one-off items.

CAPITAL INVESTMENTS

CPH aims to continue investing in the Airport of the Future and to improve Denmark's international connectivity through direct routes to all parts of the world. The plan is to develop the airport as passenger numbers increase. However, in light of the growing global economic uncertainty, all of the planned investments may not be possible given the cash flows available. As a result, we will assess and amend the level of investments according to the general economic development and risk situation.

In 2020, CPH still expects to maintain a high level of investment (excluding hotel construction) of around DKK 1.8-2.2 billion. Investments include site development and preliminary works for the terminal extension between Piers B and C, phase two of Pier E, new luggage handling facilities and new car park facilities.

We will also wish to continue to invest in the green transition, making the airport's operations sustainable, emissions-free and fully carbon neutral by 2030. In 2020, we will continue to invest in solar panels and electric vehicles among other things. In addition, other non-aeronautical investments will be made for the benefit of both airlines and passengers.

In the third quarter of 2020, CPH expects to open the new Comfort Airport Hotel with about 600 rooms and 3,000 m² of conference facilities. This is an investment expected to amount to between DKK 0.9 billion and DKK 1.0 billion. On its completion, Petter Anker Stordalen's real estate company, Strawberry Fields, will acquire a 47% interest in the two hotels and the conference centre. CPH will hold the remaining 53%.

The Group's Annual Report is attached in PDF format.

COPENHAGEN AIRPORTS A/S

P.O. Box 74
Lufthavnsboulevarden 6
2770 Kastrup
Denmark

Contact:
Rasmus Lund
CFO

Tel.: +45 3231 3231
Fax: +45 3231 3132
E-mail: cphweb@cph.dk
www.cph.dk

CVR no. 14 70 72 04