



Take off for a sustainable future

Copenhagen Airports
Group Annual Report 2018

Group Annual Report 2018

Pursuant to section 149(2) of the Danish Financial Statements Act, the Group Annual Report is an extract of Copenhagen Airports' complete Annual Report. The complete Annual Report, including the financial statements of the Parent Company, Copenhagen Airports A/S (page 160-173), and the statutory corporate governance statement, can be downloaded on <http://www.cph.dk/en/about-cph/investor/corporate-governance>. Following adoption at the Annual General Meeting, the complete Annual Report will also be available from the Danish Business Authority (Erhvervsstyrelsen).

The allocation of the profit for the year, including the proposed dividend, is described on [page 80](#).

Annual general meeting

The Annual General Meeting will be held on 10 April 2019 at 3 pm at the Vilhelm Lauritzen Terminal.

Corporate responsibility statement

The statutory statements on corporate responsibility and the under-represented gender in accordance with sections 99a and 99b of the Danish Financial Statements Act are given in the management's review "Business model", "Risk management and risks" and in the "Performance" section. In these sections, Copenhagen Airports A/S (CPH) explains how we worked with the non-financial business targets in 2018 and what results we achieved during the year. For a more detailed, quantified description of CR results achieved in 2018, see the non-financial statements on [pages 119-150](#).

Forward-looking statements – risk and uncertainties

This Annual Report includes forward-looking statements as described in the US Private Securities Litigation Reform Act of 1995 and similar acts of other jurisdictions on forward-looking statements, including in particular statements concerning future revenues, operating profits, business expansion and investments. Such statements are subject to risks and uncertainties, as various factors, many of which are beyond CPH's control, may cause actual results and performance to differ materially from the forecasts made in this Annual Report. Such factors include general economic and business conditions, changes in exchange rates, the demand for CPH's services, competitive factors within the aviation industry, operational problems in one or more of the Group's businesses, and uncertainties relating to acquisitions and divestments. See also the section "Risks" on [pages 64-68](#).

Copenhagen Airports A/S

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Municipality of registered office: Tårnby

Terms used

Copenhagen Airports, CPH, the Group and the Company are used synonymously to refer to Copenhagen Airports A/S consolidated with its subsidiaries and associates.

Copenhagen Airport

The airport at Kastrup, Copenhagen, owned by Copenhagen Airports A/S.

Roskilde Airport

The airport at Roskilde owned by Copenhagen Airports A/S.

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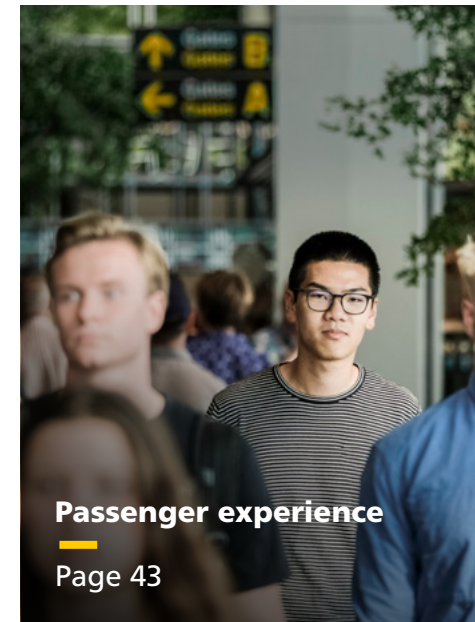
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The Management's review, as defined by the Danish Financial Statements Act, is included on pages 4-74. This Annual Report is published in both English and Danish. In the event of any discrepancies, the Danish version shall prevail.

MANAGEMENT'S REVIEW

The big picture

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Perspectives from the Board of Directors

Everyone should have the opportunity to experience the joy of travel, to experience new cultures, exchange knowledge and goods and to grow as citizens of the world. This creates development for both the individual and society in general – and it generates progress and wealth. But the growth must be sustainable. That is why we are focusing on a new climate strategy.



As Denmark's international airport, we are on an important journey. With more routes and better connectivity, we share the ambition of the national aviation strategy of creating the best possible connections between Denmark and the rest of the world. We wish to create stronger partnerships and more responsible solutions as a precondition for meeting future challenges – not least the climate challenge.

The airport at Kastrup has a 93-year history and over the decades we have accumulated a huge amount of knowledge. At times, however, we may have come across as “know-all” and not good enough at including our stakeholders. Therefore, we are focused not only on sharing our knowledge, but also, just as importantly, learning from others in a joint effort to develop Copenhagen Airport as a critical part of Danish infrastructure.

With this in mind in 2018, we started developing a new overall strategy for the company. The effort to actively include employees, customers and the surrounding society will continue in 2019.

Air travel is essential for maintaining our wealth. A small nation such as Denmark depends on trading with the rest of the world. Air travel, however, also affects the climate. In recent years, we have looked into how we can do more to reduce our climate impact. Establishing strong collaboration on long-term improvements is urgent. Therefore, we are pleased that a unified aviation industry is working together to reduce carbon emissions.

Our new climate vision is to become a ‘zero emission airport’, i.e. an airport completely free of carbon emissions from the airport, air traffic, companies operating at the airport,

and land-based traffic to and from CPH. This must be realised in close collaboration with our partners. This is an ambitious vision, which will make us a pioneering global airport in creating real solutions to the climate impact from aviation.

At the same time, we are strengthening our collaboration with the aviation industry on the development of global, sustainable solutions. This can involve everything from bio-fuel and electro-fuels to the development of electricity-powered aircraft.

We have recently concluded a 5 year charges agreement regarding airport use, which is an important foundation for developing CPH even further in collaboration with the airlines. The agreement creates a secure basis for the airport and the companies that choose to place part of their business here in Denmark.

The charges agreement enables us to carry on developing the airport of tomorrow in a profitable and sustainable way. In 2018, we invested DKK 2.1 billion in expanding and improving the airport – and we expect to continue to make significant investments on the journey towards an airport capable of handling 40 million travellers.

In the spring of 2018, we decided to reduce charges by 10%. As part of the new agreement, we are reducing charges by a further 5% in 2019. This strengthens our partnerships with airlines such as SAS, Norwegian and DAT by creating the basis for growth and giving the airlines better opportunities

for running a healthy business at Copenhagen Airport. The charges agreement also strengthens the collaboration with the airlines on making operations at the airport as efficient as possible.

The Board of Directors would like to acknowledge our positive collaboration with ministries, authorities and organisations on the development of business cases for the airlines, showing the commercial benefits of placing new routes at Copenhagen Airport. We have seen significant growth on long-haul routes in 2018 – not least to China, with the opening of routes to Hong Kong, Chengdu and Beijing.

2018 was yet another busy year for Copenhagen Airport. On 27 December, we reached a milestone: 30 million travellers in one year, while at the same time carrying out several significant construction projects at the core of the airport. This has been challenging. The Board of Directors would like to extend a big ‘Thank you’ to employees and management for the major effort and for a good year.

In the years to come, we wish to strengthen the collaboration with our partners towards making travel more sustainable and creating a greener airport – for the benefit of future generations. As the airport of all of Denmark and southern Sweden, we depend on collaboration based on trust and on the opportunities given us by society and our neighbours. We appreciate the support from the local community and look forward to continuing the future journey in close dialogue with our surroundings.

Board of Directors



The Annual Report in 5 minutes

CPH owns, operates and develops Roskilde Airport and Copenhagen Airport in close collaboration with airlines, ground handlers, concessionaires and other key stakeholders – a complex 24/7 year-round operation.



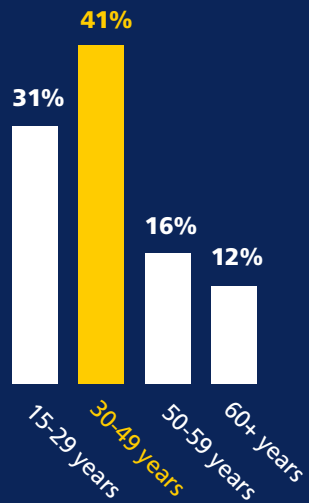
83,010
Passengers per day



81%

Overall
passenger
satisfaction

Age composition



Destination

5% domestic



95% international

Travel purpose



67%
Leisure



33%
Business

Arrived by



33%
Train



25%
Metro



24%
Car



15%
Taxi



3%
Bus

Checked in via



31%
Mobile



27%
Self-service



24%
Internet



18%
Counter

Employees



2,600
CPH employees



22,800
Employees
at the airport



1,300
Businesses
at the airport

Social performance

Environmental performance



4.9 points

in management survey

By the spring of 2018, all CPH managers had completed the 'Lead the Way' management programme. The score in the 2018 management survey increased from 4.8 to 4.9 on a scale of 1-6 across all management levels compared with 2016 benchmark with improvements in all six management competencies. In particular, managers have been excellent at continuing to "lead for the future".

Read more on [page 42](#).



5 new

diversity initiatives

In 2018, we focused particularly on diversity in order to support the employee composition spread and to retain important skills in a demographically challenged job market.

Read more on [page 41](#).



7.2 GWh

energy savings

In 2018, our efforts resulted in total energy savings of 7.2 GWh. We set our first target for energy savings in 2012, and since 2013, we have realised energy savings totalling 30.8 GWh.

Read more on [page 50](#).



0.96 kg CO₂

per passenger

In 2018, CPH's carbon emissions fell from 1.0 kg CO₂ per passenger in 2017 to 0.96 kg. Our goal is to emit zero carbon emissions from the airport's operation and ground transport by 2030.

Read more on [page 48](#).

Financial performance

Revenue

4,444.8 million

Revenue increased by 0.1% to DKK 4,444.8 million (2017: DKK 4,439.4 million), primarily driven by the passenger number increase and concession and parking revenue.

This was offset by the reduction of charges as of 1 April 2018, representing an average drop in charges levels of 10%, as well as a decrease in revenue from the hotel activities as a result of the new hotel agreement with Clarion.

Excluding the effect of the new hotel agreement, revenue grew by 0.9%, which is in line with the prediction of the Q3 2018 report.

Investments

2,078.8 million

In 2018, investments totalled DKK 2,078.8 million. CPH continued the high investment level for the benefit of passengers and airlines.

Total investments are in line with those predicted in the Q3 2018 report.

Profit before tax

1,417.3 million

Profits before tax were DKK 1,417.3 million. This represents a 13.3% drop compared with 2017, primarily due to the reduction of charges as of 1 April 2018, higher depreciations and amortisations, and external costs, partly offset by more passengers, concession and parking income.

Profit before tax excluding one-off items was DKK 1,451.5 million, in line with the prediction of the Q3 2018 report.

Total dividend

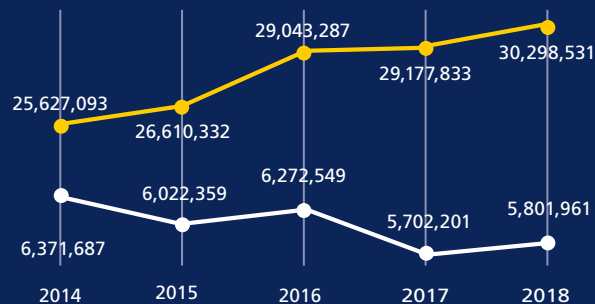
The recommendation is to pay final dividends of DKK 678.1 million, the equivalent of DKK 86.40 per share. Total dividends for the year are therefore DKK 1,105.3 million, equivalent to DKK 140.83 per share, following interim dividends at the midyear of DKK 427.2 million.

Key financial figures

PAX

(Passengers)

- Passengers
- Transfer



Revenue

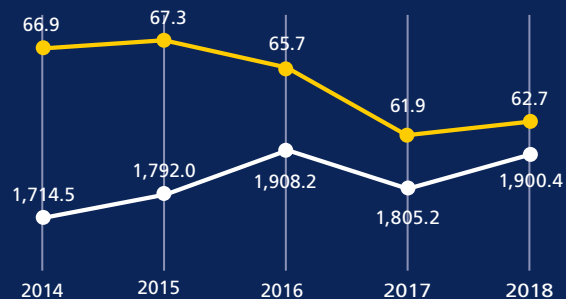
- Revenue/PAX (DKK/PAX)
- Revenue (DKK million)



OPEX

(Operating costs excluding one-off items)

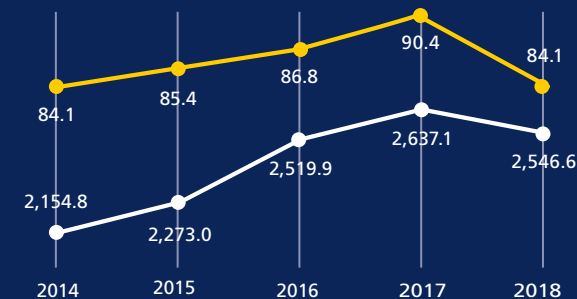
- OPEX/PAX (DKK/PAX)
- OPEX (DKK million)



EBITDA

(Excluding one-off items)

- EBITDA/PAX (DKK/PAX)
- EBITDA (DKK million)



CAPEX

(Investments in non-current assets)

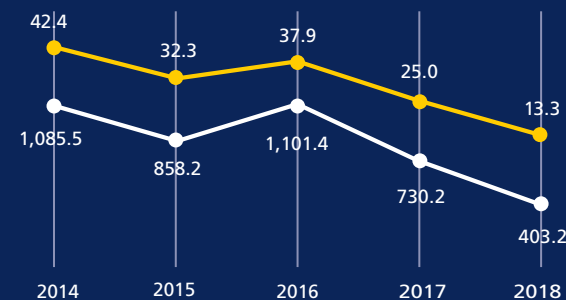
- CAPEX/PAX (DKK/PAX)
- CAPEX (DKK million)



FCF

(Free cash flow)

- FCF/PAX (DKK/PAX)
- FCF (DKK million)



Key financial figures

DKK million	2018	2017	2016	2015	2014
Income statement					
Revenue	4,445	4,439	4,422	4,062	3,868
aeronautical revenue	2,575	2,667	2,600	2,365	2,250
non-aeronautical revenue	1,870	1,772	1,822	1,697	1,618
EBITDA	2,512	2,611	2,505	2,259	2,139
aeronautical EBITDA	1,078	1,231	1,152	1,013	954
non-aeronautical EBITDA	1,434	1,380	1,353	1,246	1,185
EBIT	1,584	1,823	1,799	1,584	1,461
aeronautical EBIT	353	615	606	483	414
non-aeronautical EBIT	1,231	1,208	1,193	1,101	1,047
Net financing costs	167	187	179	180	197
Profit before tax	1,417	1,636	1,620	1,404	1,263
Net profit	1,105	1,286	1,259	1,086	958
Statement of comprehensive income					
Other comprehensive income	42	23	(32)	54	(57)
Comprehensive income	1,147	1,308	1,227	1,140	902
Balance sheet					
Property, plant and equipment	11,726	10,584	9,800	9,403	8,928
Financial investments	86	7	340	246	1
Total assets	12,968	11,590	11,210	10,669	9,888
Equity	3,086	3,152	3,038	2,992	2,845
Interest-bearing debt	7,185	5,934	5,796	5,479	4,735
Capital investments	1,938	1,442	954	995	789
Investment in intangible assets	141	75	80	154	135

DKK million	2018	2017	2016	2015	2014
Cash flow statement					
Cash flow from operating activities	1,980	2,031	1,967	1,850	1,805
Cash flow from investing activities	(1,759)	(1,473)	(1,023)	(1,145)	(922)
Cash flow from financing activities	(74)	(623)	(949)	(668)	(874)
Cash at end of period	159	13	78	83	47
Key ratios					
EBITDA margin	56.5%	58.8%	56.6%	55.6%	55.3%
EBIT margin	35.6%	41.1%	40.7%	39.0%	37.8%
Asset turnover rate	0.37	0.40	0.42	0.40	0.40
Return on assets	13.0%	16.3%	17.0%	15.7%	15.1%
Return on equity	35.4%	41.5%	41.8%	37.2%	33.4%
Equity ratio	23.8%	27.2%	27.1%	28.0%	28.8%
Earnings per DKK 100 share	140.8	163.8	160.4	138.4	122.1
Cash earnings per DKK 100 share	259.1	264.2	250.3	224.4	208.6
Net asset value per DKK 100 share	393.3	401.7	387.1	381.2	362.5
Dividend per DKK 100 share	140.8	163.8	160.4	138.4	122.1
NOPAT margin	27.8%	32.3%	31.6%	30.1%	28.7%
Turnover rate of capital employed	0.41	0.44	0.46	0.45	0.45
ROCE	14.7%	18.1%	18.6%	17.4%	16.8%

The definitions of ratios are in line with the recommendations from 2015 made by the Association of Danish Financial Analysts, except for the ratios not defined by the Association. Definitions of ratios are listed in note 5.10.

Insights from the Executive Management

When we reached 30 million passengers in 2018 on 27 December, it was not just a milestone in the history of a decade of progress for the airport and for Denmark. The milestone also led to reflection on how to run an airport of tomorrow with sustainable growth.

There is no doubt that the future brings new demands and expectations. We must, to a greater extent, drive a development of the airport marked by responsibility, transparency and strong partnerships. And we care about how to best reach out and invite everyone along on this journey.

The overall passenger growth for the year was 3.8% – significantly more than the 0.5% result for 2017. The year's growth was due to more routes and more flights to a wide number of destinations. In terms of the CPH business, however, revenue only increased by 0.1%, to a total of DKK 4.4 billion – primarily as a result of the reduction of charges as of 1 April 2018.

In December 2018, we concluded a new charges agreement with the airlines. The

agreement runs until, and including 2023. Together, we have created further growth opportunities for airline partners, such as SAS, Norwegian and DAT. In addition to lowering charges, we have reached agreement on incentive models to support the goal of the national aviation strategy to strengthen Copenhagen Airport as the traffic hub of Northern Europe, in terms both of attracting new routes and developing existing.

By the end of the year, the airlines and CPH offered 183 direct worldwide routes from Copenhagen – 41 to destinations outside Europe. In addition to a range of new Eastern Europe routes and Southern Europe summer routes, China in particular showed significant growth with new year-round routes to Hong Kong, Beijing and Chengdu. In 2019, we expect 89% more seats to the

four destinations in China will be on sale compared with 2017. This gives Denmark even better opportunities for trade and collaboration. Denmark will therefore see more income from the growing number of Chinese tourists, now able to choose Denmark as their first stop on their European roundtrips.

The United Kingdom is still the largest destination with more than 3 million travellers annually. At the time of writing Brexit is creating some uncertainty regarding future opportunities. However, we expect that an agreement will be reached to ensure a positive framework for air traffic to and from the UK. Whatever the outcome, CPH will make the necessary adaptations.

Traffic to and from the USA has also grown significantly in recent years. By the end of the year, there were ten direct routes between Copenhagen and US cities. As a result, one million American travellers arrive in Denmark via Copenhagen Airport every year.

International travellers arrive at an airport, in which growth and sustainability must be two sides of the same coin. Consequently, in 2018 we continued on reducing the airport's carbon emissions. Many energy saving activities are in progress, e.g. change to LED lighting and replacement of ventilation systems. In Magleby, we have replaced a large old gas boiler with a new modern hybrid system that features an integrated heat pump. In the long term, it will be able to heat using only clean green solar power.

The first big target of our new climate strategy is to eliminate carbon emissions completely from the operation of the airport and land-based traffic to and from the airport by 2030 at the latest. This requires us to continue our transition to a greener airport. At the same time, we will compensate for CPH's residual emissions from 2019, until we have reached the target. We will also need the support of our various airline customers, passengers and key stakeholders to achieve the 2030 target.

The terminals were busy in 2018 with 30 million passengers. That is record breaking. A big 'Thank you' to all our employees, who work 24/7 to make the journey through the airport as pleasant, easy and safe as possible.

The year was also the busiest in recent years in terms of airport expansion. In 2018, we completed the expansion of Terminals 2 and 3 before the security checkpoint and the construction of a new walkway from the metro directly to the security checkpoint and SAS Fast Track. We expanded the security checkpoint to twice the size and doubled the size of the passenger area between Pier



183

direct routes from Copenhagen to global destinations, 41 outside Europe

A and Pier B. Construction is now complete and the many construction walls have been removed.

In addition to this, we invested in aircraft stands, technology and IT – and to help our neighbours in Tårnby and Dragør, we expanded the very busy roundabout at the end of Amager Strandvej at the airport entry.

Construction of the future Pier E and a brand-new passport control is well under way. The first part will be ready in 2019. We are also renovating the area in front of Terminals 2 and 3 and the new Nordic Choice airport hotel and conference centre is under construction. The hotel is scheduled for completion in 2020.

In future construction projects we will further increase our focus on environment, health and safety and work with our partners and suppliers to build more sustainably and improve the working environment on our construction sites.

All construction is taking place while the airport operates without restriction, 24 hours a day, all year round. This can cause



CPH supports the UN Sustainable Development Goals and the 10 principles of the UN Global Compact.

inconvenience, so we would like to thank passengers, employees, airlines, authorities, collaboration partners and neighbours for their continued patience and flexibility.

In spite of the temporary construction walls and detours in the airport, passenger satisfaction remains very high. On a scale of 1 to 5, 81% of passengers rate CPH as either 4 (Very good) or 5 (Excellent). This is a drop of just 1%-point compared with 2018 in the international Airport Service Quality analysis. Our goal is to improve satisfaction as we complete the construction projects.

The same goes for our relationship with neighbours, many of who work at the airport. We wish to show consideration for the concerns of residents of Tårnby and Dragør as much as possible – and to listen to the many good ideas.

A survey of neighbours' views on the airport shows that 95 out of 100 citizens are 'very satisfied' or 'OK' with living in an area neighbouring a busy airport. The survey also shows a great need for more information about what is happening at the airport. In the light of this, in 2018 we improved the open dialogue about airport plans and activities.

The new "Airport Tours" have become a popular way to experience the airport behind the scenes. We have distributed minor sponsorships in the form of "Dear Neighbour" grants for local sports organisations, we have invited children from kindergartens to visit and we have been out on the streets



CPH's Management Team. From the left: Peter Krogsgaard (CCO), Rasmus Lund (CFO), Thomas Woldbye (CEO), Kirstine Bergenholtz (HR Director), Peter Goll (Communication Director), Kristian Durhuus (COO) and Christian Poulsen (CTO & CIO)

and squares with our "neighbour tent". More of these activities will follow.

We are also looking for a closer dialogue with the rest of Denmark, and to be more than just an airport. For instance, we are active in the "Welcome home" network, through which we work with other companies to support veterans in transferring their military skills and experience to a civilian career.

In June, we converted Pier A into an outpost of "The People's Meeting" for the many thousands who flew out for the 'democracy festival' on Bornholm. For example, we invi-

ted the passengers to debates and tastings of Bornholm specialties.

In Jutland and on Bornholm, we held a range of meetings in the regional airports to collect inspiration for a catalogue of the infrastructure investments of tomorrow.

We look forward to an even closer future dialogue with customers, partners and surroundings with the aim of discussing solutions and making sustainable travel the next destination.

Thomas Woldbye
CEO, Copenhagen Airports A/S

Zooming in on the SDGs

We have identified which of the UN's Sustainable Development Goals we specifically are working with and which goals would make sense and create value to work more with in the future.



Based on our CR strategy in 2018, we created a rough list of the goals, towards which CPH is working. We then performed an initial materiality analysis, prioritising the Sustainable Development Goals where the company has the greatest negative and positive impact and where stakeholders have the greatest demands/interests.

Our business, directly or indirectly, touches upon all 17 Sustainable Development Goals, but for this first round, we prioritised goals 8, 9, 12, and 13.

In this annual report on pages [30](#), [42](#), [51](#) and [54](#), you can read more about how we work with the four goals.

Goal 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 9

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



Goal 12

Ensure sustainable consumption and production patterns

Goal 13

Take urgent action to combat climate change and its impacts

At the same time, we selected the goals that we will be focusing on in future: Goals 4 (quality education), 5 (gender equality), and 10 (reduced inequalities).

The Sustainable Development Goals form an overarching framework intended to add greater intent and direction to our CR effort, but also in the longer term an opportunity to work with the development of our business.

In the years to come, we look forward to working more – both strategically and operationally – with these important goals. ■

CPH supports the UN Global Compact

In 2011, CPH signed up to the UN Global Compact to support and help raise awareness of the 10 general principles of corporate responsibility. In this integrated Group Annual Report, we describe our work with corporate responsibility and the results we achieved in 2018.



Our approach to the ten principles

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Human rights

- 1** CPH supports and respects the protection of internationally proclaimed human rights.
- 2** CPH does not take part in any activity violating human rights.

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Working conditions

- 3** CPH employees are free to join associations and exercise their right to collective bargaining.
- 4** CPH supports the elimination of all forms of forced labour.
- 5** CPH supports the effective abolition of child labour.
- 6** CPH supports the elimination of discrimination in respect of employment and occupation.

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Environment

- 7** CPH supports a precautionary approach to environmental challenges.
- 8** CPH undertakes initiatives to promote greater environmental responsibility.
- 9** CPH promotes the development and diffusion of environmentally friendly technologies.

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Anti-corruption

- 10** CPH works against all forms of corruption, including bribery and extortion.

Outlook for 2019

In 2019, CPH expects continued passenger number growth and continued high investment in the expansion and development of the airport. However, the new charges agreement is expected to lead to negative revenue growth and profit before tax.

Revenue growth

Based on the expected traffic programme for 2019, an increase in the total number of passengers is expected. The development in passenger numbers is a dynamic factor subject to both positive and negative influence from general economic developments, decisions on route and capacity changes by airlines, and isolated events in the aviation industry. The increase in passenger numbers is expected to have a positive impact on revenue, while growth is more than outweighed by the reduction of airport charges as of 1 April 2018 and the new charges agreement valid as of April 2019, setting the prices for the use of airport runways, terminals and services, which initially are approx. 5% lower in 2019 compared with 2018. The 2018 charges reduction generally meant that the charges paid by all airlines for using the airport were reduced and at the same time a special incentive scheme was introduced,

reducing charges by 35% for high-frequency feeder flights between regional airports and CPH. Overall, CPH's charges were 10% lower on average per year from April 2018.

Revenue development is expected to be negative in the range of 0-1%, primarily due to the reduction of charges in 2018 and the charges agreement with the airlines coming into effect on 1 April 2019.

Profit before tax

Operating costs are expected to be higher than in 2018, primarily due to the expected rise in passenger numbers, stricter security requirements and cost inflation. This will be partly offset by a continuing focus on operating cost efficiency.

Depreciation and financing costs are expected to be at the 2018 level. Profit before tax in 2019 is expected to be in the range of

DKK 1,250-1,350 million, excluding one-off items. EBITDA is expected to be lower in 2019 than in 2018, excluding one-off items. The result is affected by the reduction of charges in 2018 and the new charges agreement concluded with the airlines.

Depending on the outcome of Brexit, the profit before tax may be impacted negatively by increased operating costs related to airport passport control, utilisation of Pier C capacity and aircraft stand management.

Capital investments

CPH expects to continue to invest for the benefit of passengers and airlines and is

maintaining its growth plan, Expanding CPH, through which CPH will develop and expand the airport as passenger numbers increase.

CPH expects to maintain the investment level in 2019, expected to amount to approx. DKK 1.8-2.1 billion, in order to accommodate the growth plan. Investments include expansion of Terminal 3, wide-body capacity expansion, expanding Pier E, establishing Baggage Factory West and new aircraft stands. CPH will also be investing in non-aeronautical projects. ■

	Realised 2018	Outlook for 2019
Revenue growth	0.1%	negative growth of 0-1%
Profit before tax excluding one-off items, DKK million	1,451.5	1,250-1,350
Profit before tax, DKK million	1,417.3	
Total investments, DKK million	2,078.8	1,800-2,100



MANAGEMENT'S REVIEW

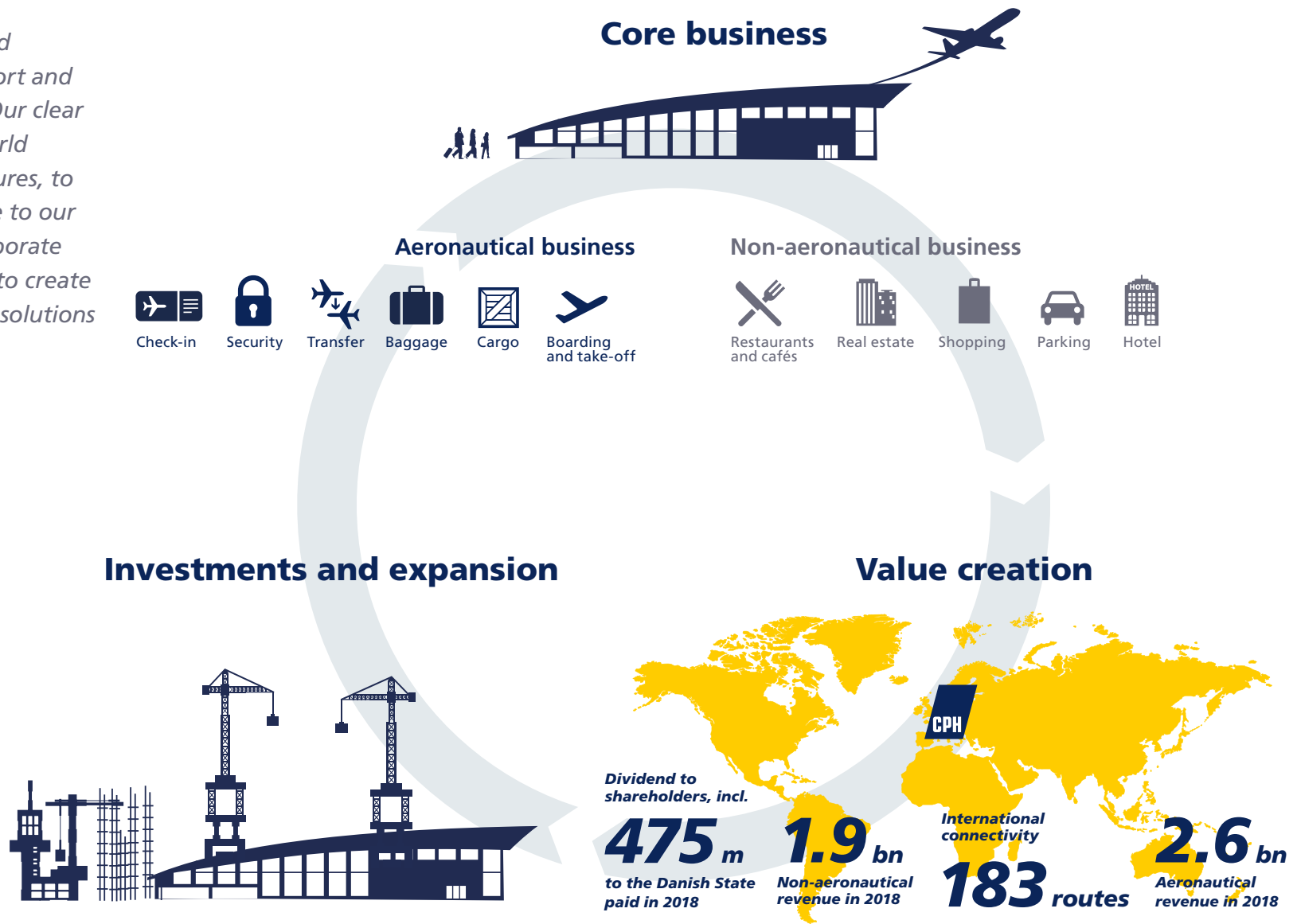
Our business



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Business model

CPH owns, operates and develops Roskilde Airport and Copenhagen Airport. Our clear ambition is to offer world travellers great adventures, to deliver top-level service to our customers and to collaborate with our surroundings to create ever-improving airport solutions for future generations.





The focus of all our activities is for passengers to experience Copenhagen Airport as the best part of the journey to and from their destination.

Every day, our employees and collaborative partners do their utmost, so together we can satisfy passenger needs. And in the future, we will be making an even greater effort to include and invite our surroundings to enter a dialogue on how to find the most responsible solutions for an airport with both a local and an international atmosphere.

We wish to continue to support the Government's aspiration, as formulated in the

national aviation strategy, to strengthen the foundation for connectivity by establishing more routes and more daily departures to and from Denmark and within Denmark.

CPH is governed by Danish and EU legislation. Within this regulatory framework, our business model focuses on making the airport as well operated, efficient and attractive as possible for our customers, thereby creating the greatest possible value for society, business partners, employees and owners.

The travel value chain

CPH's business includes two general areas:

aeronautical and non-aeronautical. The aeronautical segment comprises the activities and services required for airlines to operate their flights – from security to baggage and cargo handling, terminal services, buses, aircraft stands and runways.

The non-aeronautical segment comprises all other activities related to the operation of an airport – from parking to restaurants and shops, hotel operation, and leasing of premises and buildings at the airport.

More than 1,300 companies do business at Copenhagen Airport, and we operate and develop the airport in close collaboration with our partners. This close collaboration is a precondition for all elements of the travel value chain to run smoothly.

CPH has four customer groups: airlines, passengers, concessionaires in the shopping centre and tenants. The airlines pay to use our aeronautical facilities and processes through a system of commercially negotiated charges which, in accordance with the regulations, must be cost-based, transparent and non-discriminatory for all airlines: from check-in and security, through boarding and baggage handling, to runway maintenance.

The charges regulations must be approved by the Danish Transport, Building and Housing Authority. The charges regulations are a result of the charges agreement implemented in a price list agreed between CPH and the airlines. In addition to the charges agreement, the parties conclude a service agreement, the SLA (Service Level

Agreement), describing the requirements for the level of service to be provided in a number of core areas of importance to passengers and airlines. This helps ensure a reasonable correlation between price, quality and capacity. The commercial relations with the remaining three customer groups are handled with traditional sales and marketing activities as well as concession and lease agreements.

Value creation

The combined value creation within the two business areas is vital to our ongoing ability to invest in the development and expansion of the airport and at the same time ensure a reasonable return for CPH's shareholders, including the Danish State. The development, expansion and marketing of the airport ensure new routes and more departures and thereby more passengers. This increases Denmark's international connectivity and generates jobs and growth in GDP. An analysis from 2016 showed that 10 years of increased traffic and improved connectivity added DKK 31 billion to Denmark's GDP and created the basis for 6,400 jobs in the Danish tourist industry. ■



1,300

companies do business at Copenhagen Airport

Business environment

The growth in global air traffic is continuing. The international interest organisation IATA expects passenger numbers to double and reach 8.2 billion globally by 2037.

A competitive market

The growth in the number of passengers is expected to continue, but competition in the aviation industry is tough – both among airlines and airports. Copenhagen Airport is competing with other European hub airports such as Amsterdam, Brussels, Zurich, Stockholm and Vienna to attract new routes and airlines.

Establishing a new route involves substantial investments by the airline. Therefore, the route needs to generate profit as quickly as possible. The profit is achieved by maximising revenues from the average ticket price and seat occupancy and by reducing costs. Other important factors are the airport's ability to offer efficient operation with on-time departures, the number of people in the airport's catchment area, efficient surface traffic (i.e. the public transport that brings passengers to the airport) and economic policy support for the aviation industry.

Copenhagen Airport scores well on all these parameters and our charges are among the lowest in Europe. This increases the opportunities for attracting more routes to Denmark. The largest routes each contribute more than DKK 700 million to the Danish GDP every year.

The framework for our business

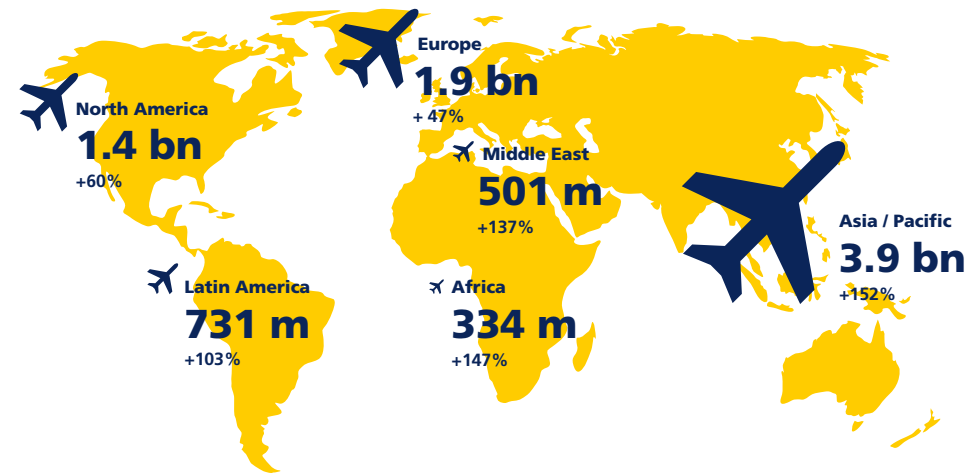
Framework conditions and the demands of the world around us are of major importance for CPH.

CPH is committed to contributing to the efforts to achieve the goals of the government's national aviation strategy. Strengthening the industry's competitiveness and ability to attract investment and create jobs nationwide is thus a central focus point for CPH.

The new Regulations for Civil Aviation, BL 9-15, from the Danish Transport, Construc-

A doubling of passenger numbers by 2037

Expected number of passengers in 2037



tion and Housing Authority came into effect on 1 January 2018. The regulation includes an increased requirement for transfer of profit from the non-aeronautical to the aeronautical segment.

The new charges agreement with the airlines runs from 1 April 2019 to the end of 2023. Charges negotiations were ongoing during 2018, and the Danish Transport, Construction and Housing Authority approved the new charges regulation in January 2019. The charges agreement with the airlines concerns the price paid by airlines for the use of the airport runways, terminals and services, and is essential for providing a stable financial framework for CPH to maintain a high level of investment and expansion. In addition to

lowering the charges, we have reached agreement on three incentive schemes to support the national aviation strategy in strengthening Copenhagen Airport as the traffic hub of Northern Europe:

- A HUB incentive to strengthen regional and domestic traffic to Copenhagen Airport.
- A growth incentive, offering discounts to airlines showing growth on existing routes.
- A start-up incentive, making it financially more attractive to open new routes from Copenhagen Airport.

The operation and development of an airport is characterised by capital-intensive and long-term investments. CPH aims to invest respon-

100

European airports must be carbon neutral by 2030

sibly, maximising capacity and efficiency, and minimising costs for airlines and business partners.

As of 1 April 2018, CPH introduced two initiatives, both reducing the charges paid by airlines for using the airport. The charges were reduced by an overall 10% as of 1 April 2018. Charges were reduced by as much as 35% between Copenhagen Airport and regional airports on high-frequency routes.

Greater focus on the climate agenda

In 2018, the climate took an even more prominent position on the national and international agenda. In October, the government introduced their new climate plan: "Together for a greener future", carrying the message that traffic has to become greener and that Denmark must be at the green vanguard. Danes are to have clean air and a good climate.

International ambitions have been tightened as well: EU, IATA (International Air Transport

Association), and ACI (Airports Council International) are determining new targets. For example, ACI's target is that 100 European airports must be carbon neutral before 2030. This means that the framework for, and demands on our business are currently changing significantly in this respect. But there are also dilemmas, challenges and opportunities in play. Our core business is air travel, and we are very concerned about how we take on our responsibility and contribute to the industry to jointly create real improvements to reduce carbon emissions and other elements affecting the climate. We cannot do this on our own, but we are happy to lead the way to create progress in unison.

At CPH, we are convinced that partnerships and involvement of stakeholders are the key to stronger, more sustainable, innovative solutions – and a precondition for meeting future challenges, reducing our climate impact, and delivering the results that CPH is aiming for, both for society and our business.

A solid political framework is also an important precondition for long-term, responsible solutions related to the climate efforts. In 2018, we were in contact with a range of central players regarding climate challenges and solutions, a collaboration we look forward to continuing with others to create future solutions to aviation-related climate challenges. Read about our efforts to reduce climate impact on [pages 47-51](#). ■



In addition to electric vehicles, we also have 29 gas-driven cars, which emit fewer particles than diesel or petrol vehicles.

Business strategy

Growth and increased competition sharpen the requirements for CPH, and in 2018 we started working on a new overall strategy for the company. We will continue to focus on expansion, efficiency, operation and safety, and we will sharpen our role in society and sustainability.

The new strategy also includes our purpose that underlines our focus on our contribution to society and our wish to reach out and invite everyone along for a fantastic ride. At the same time, we want to make sustainable travel our next destination and we want to support customers, society, and individuals in their quest to grow and explore.

In the current business strategy World Class Hub 2.0 we are focused on five business tracks: Infrastructure and Services, Service Excellence, Commercial Excellence, Expanding CPH, and World Class Cost and Operations. These five business tracks are supplemented by four strategic breakthrough areas that interact with the strategy. Our continuing aim is to create efficiency, capacity, extraordinary customer experiences and competitiveness. Our goal is that the strategy will ensure CPH's competitiveness and position as a world-class hub, so we can continue to support the goal of

the national aviation strategy to increase Denmark's national and international connectivity to the benefit of economic growth, employment and cohesion between regions.



A winning team

Significant and rapid growth places new, even tougher requirements on CPH's employees at all levels. CPH is therefore focused on developing strong strategic competences in both managers and employees, and on developing an even stronger service culture. We work actively with innovation and new technology, including digitalisation, which require new competences. At the same time, CPH wants to maintain the high levels of employee satisfaction, sense of community and pride in the work we do, which are an important basis for delivering joy of travel, good service, efficiency and strong performance.

Through the leadership programme "Lead the Way" and the development programme for specialists and union representatives "Lead for Impact", we aim to ensure that all managers are fit to deliver our strategic ambition and that key influencers across our organization take on a leading role in thinking and working more cross functionally, thereby contributing actively to the development of CPH as an organisation.



Efficient processes

Increased competition in all business areas requires continued focus on efficient processes and a high service level if Copenhagen Airport is to remain an attractive and competitive airport for both airlines and passengers. CPH is aiming to ensure good overview, transparency and reproducibility in the airport's processes. Process improvements greatly help to increase airport capacity in a cost-efficient manner.

For example, in 2018 we have educated 45 process pilots who work structured with process improvements, optimisation of joint processes with our partners on e.g. turnaround, and with the implementation of RPA (Robotic Process Automation) to improve and automate administrative processes.



Partnerships and mutual benefits

A regulated aviation sector in a very complex market is placing ever greater demands on CPH's ability to create partnerships with the players and

stakeholders in and around the airport. CPH is therefore keenly focused on its collaboration with business partners, authorities and other stakeholders. At CPH, we are seeking to create mutual benefits in partnerships with the 1,300+ companies operating at the airport for the good of Denmark, travellers, business partners and CPH.

CPH has implemented a nudging based process in the passport control area, preparing passengers for inspection when waiting in line, which helps the police who does the control. This has resulted in much shorter and more predictable process time and also helps to ensure that flights leave on time benefitting airlines and ground handlers.



A digital airport

Exponential digitalisation, fresh expectations from travellers and rapid changes in passenger behaviour are increasing the need for digitalisation as a key element in optimising our operations and infrastructure, and improving customer experience throughout the travel value chain. CPH needs to use new technologies innovatively and strengthen the digital infrastructure, while at the same time ensuring the efficiency, security and stability of digital processes and solutions.

CPH has established a Tech office that supports the testing and onboarding of new and emerging technologies. It aims to capture, document and communicate the learnings around new technologies. ■

CR focus areas

Our corporate responsibility work is an increasingly integral part of CPH's business strategy, and we measure the results of our work based on a number of strategic goals within three focus areas: People, Planet and Position.



People

We are a dedicated team, and a responsible and inclusive workplace that seeks to create joy of travel within a safe and secure framework. People are our main focal point, and we take pride in treating individuals with respect and hospitality.

- Safety and Security
- Working Environment
- Attractive Workplace
- Passenger Experience



Planet

We have a responsibility to protect our climate and environment, and responsibility is an integral part of our business. We work purposefully and innovatively every day to develop sustainable solutions so that we can also contribute to creating a good environment for future generations.

- CO₂
- Air Quality
- Resources
- Noise



Position

It is important for us to create value and growth for society, so we are investing responsibly and long-term in international and national connectivity. We want to help strengthen the cohesion and development of local communities. We cannot do this on our own, but we are happy to take the lead in order to create shared benefits.

- International Connectivity
- Cohesion
- Local Community Development

Read more about our CR results from [page 35](#). ■



MANAGEMENT'S REVIEW

Performance

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Our performance

Copenhagen Airport reached a milestone in 2018 with 30.3 million passengers, an increase of 1.1 million more travellers than in 2017. By the end of the year, the route network had grown with nine new destinations, three of which were outside Europe. Business aside, passenger satisfaction remains high.

Passengers

Never before in the history of Copenhagen Airport have so many passengers been through the terminals. To be specific, 30,298,531 passengers, which is an increase of 3.8% compared to 2017.

Even though the Danes continue to show a growing desire for travel, the majority of passengers are actually foreign tourists and business travellers visiting Denmark and transfer passengers flying via CPH and onwards out into the world. In 2018, 38%

of travellers were Danes while 62% were foreign.

Strong satisfaction with security

In spite of many busy days with passenger numbers well in excess of 100,000 and many passengers with tightly packed hand luggage, waiting times in the security checkpoint were predictable again in 2018. The satisfaction with predictability is reflected in regular passenger satisfaction surveys, and passengers are also generally very satisfied with the security checkpoint. We have a special obligation and a responsibility to ensure that passengers have an extraordinarily good experience. This means providing a stress-free, efficient and service-oriented security checkpoint of the highest quality, including technologically.

Continued short waiting times

Our investment in re-structuring the lanes, improved queue management and optimised resource use in the Security department together had a positive influence on waiting times in the security checkpoint.

Average waiting time across the year was 3.56 minutes. No passenger waited longer than 20 minutes to move through the security checkpoint.

 **30.3 million**

Passengers in 2018

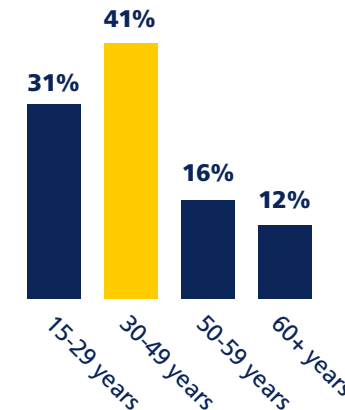
+ 3.8% vs 2017

Busiest day

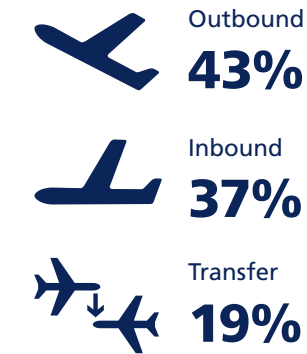


109,399
passengers

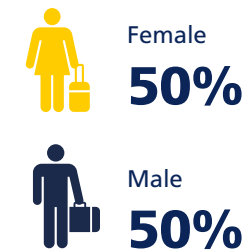
Age composition



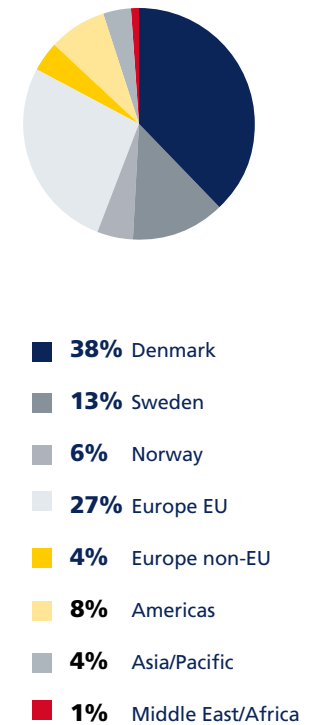
Departing, arriving and transfer passengers



Gender



Nationalities



*Data based on anonymous passenger interviews and traffic report

In CPH, we also focus on short and predictable waiting time in the security checkpoint for passengers on domestic flights, where flight time is short. For this reason in 2016, we developed a security checkpoint solution, targeted at domestic passengers, allowing them to go straight to the security checkpoint, experiencing waiting times of no more than five minutes.

Satisfaction surveys and meetings with commuter organisations show that domestic passengers were very satisfied with the quick access to the security checkpoint in 2018.

The future security checkpoint

After years of intensive construction, CPH inaugurated the expanded security checkpoint in February 2018. The area has now been doubled with a bigger queueing area and more security lanes.

This is just the first step on the road to the security checkpoint of the future. The physical framework is now in place and the next step is to develop the security lanes and include the latest technology so that in future passengers will not have to remove liquids and electronic devices from their hand luggage.

The current regulations regarding liquids were introduced in 2006, and only now is the technology so far developed that CPH can commence the required development work in an operational test environment with passengers.

We have established two new security development lanes, which will be used to monitor



On average, passengers spend 98 minutes in the airport before boarding after having completed the security control.

various security equipment, processes and passenger experiences. We expect to be able to complete the development work by 2020. The plan is to then establish the optimum solution in all security checkpoint lanes.

Our focus is on passenger needs, and a high level of security and employee well-being – and the security checkpoint of the future will continue to meet those requirements.

More options in the terminals

In autumn 2018, CPH opened 4,000 m² of 24 new shops and restaurants between Pier A and B in Terminal 2 after the security checkpoint. We created extra seating for both those passengers who want to eat and those who need a little rest before the journey continues.

Seven out of ten passengers value good experiences and offerings in the terminals as an important part of the journey and with the new area we can accommodate the different needs of the many passengers, thereby strengthen the good experience at the airport. ■



81%

Overall passenger satisfaction



82%

Satisfaction with the security checkpoint

Passenger satisfaction is measured as the ratio of passengers rating CPH as "4-Very good" and "5-Excellent" on a scale of 1 to 5 in the ASQ analysis (Airport Service Quality). Passenger satisfaction with the security checkpoint is a weighted average of 4 dimensions (feeling of safety, thoroughness, helpfulness, and waiting time).



Aircraft operations

In 2018, the number of operations grew by 2.6% to 266,096 take-offs and landings. During the year, 17 routes for new destinations and 19 routes for destinations already served were opened. Eight routes were closed, resulting in net nine additional routes in 2018.

More routes and new destinations

Long-haul traffic operations alone grew by 9.6% in 2018, meaning that CPH continued the development as the gateway of Northern Europe with a steadily growing number of passengers to other parts of the world.

Five new long-haul routes were opened in 2018. Two additional Chinese routes are now available directly from Copenhagen Airport: Hong Kong and Chengdu, the home of the panda.

Routes were also opened to a number of new European destinations. One of these, Kiev, the capital of Ukraine, is now served by two airlines – Wizz Air and Ukraine International Airlines. SAS opened routes for four new destinations: Toulon, Genoa, Tromsø and Gazipasa. Other new routes include Bastia by Norwegian, Tivat by Montenegro Airlines, Sibiu by Wizz Air, Seville by Ryanair, and Østersund by easyJet.

The number of direct European routes (excl. Scandinavia) saw a net growth from 119

to 124. Inside Scandinavia, the number of routes to Norway and Sweden grew from 11 to 12 (new route to Østersund) and the number of domestic routes was unchanged at six.

Definition of a route:

Planned flight and minimum one departure for eight consecutive weeks per airport.

Challenges with ontime performance in Europe

During the summer of 2018, it became obvious that several European air traffic control organisations are unable to handle the current amount of air traffic in Europe without causing massive delays. As a result, CPH's ontime performance for July 2018 was below expectations. The primary reason for this was Air Traffic Control delays in Europe.

Despite the poor result, Copenhagen Airport is still at the top when comparing ontime performance for the 25 largest airports in Europe.

As one of only a few large airports in Europe, CPH also manages to send flights on with delays shorter than what they arrived with. We have achieved this by constantly securing even better collaboration across airlines, ground handlers, Naviair, the pan-European air traffic control Eurocontrol

729

departures and arrivals per day

in Brussels, and other companies and organisations locally in the airport.

The foundation for this work is the A-CDM (Airport Collaborative Decision Making) concept which is under constant improvement and expansion. 2018 saw the start of the establishment of a Ground Coordinator concept which aims to ensure that all parties share the same situational picture as a basis for common decision-making.

The challenges related to handling aircraft traffic in European airspace is expected to continue during the summer of 2019. The strong collaboration between airport partners therefore becomes increasingly more important to be able to manage the challenges as effectively as possible.



Copenhagen Airport is still at the top when comparing ontime performance for the 25 largest airports in Europe.





Cargo

The volume of air cargo via Copenhagen Airport in 2018 was 356,343 tonnes: a small reduction of 2.5% compared with the 365,431 tonnes of 2017. The reduction is primarily due to the loss of freight routes from several weekly departures to China.

There has, however, been a reasonable growth in belly (passenger aircraft hold) cargo on long-haul routes, which improves airline profitability. A frequency increase has resulted in increased capacity directly out of Copenhagen Airport, which the market has supported well. At the same time, there has been a fair increase in integrator, the Express sector companies' freight quantities, based on increased e-commerce to and from Denmark.

In January 2019, we jointly announced with DHL Express their decision to establish a Northern European hub at CPH, involving an investment in excess of DKK 1 billion to establish a handling terminal and distribution centre for their Express products. When the new hub is ready in 2023, DHL Express's



DHL Express has decided to establish a Northern European cargo hub at CPH, involving an investment in excess of DKK 1 billion.

ability to handle packages will increase fivefold. At the same time, a future increase in DHL flight frequency is expected.

In 2019, we will continue implementing our Cargo Strategy and during the first quarter, we will be rolling out important strategic initiatives. For example, we will commence the process for the IATA CEIV airport approval to enable CPH to achieve a quality market for our handling of pharmaceutical products.

During Q1 of 2019, we will also create a Cargo Community with a focus on product development and process descriptions, and we will be setting up work groups related to the various product types and services. ■



Direct flights to

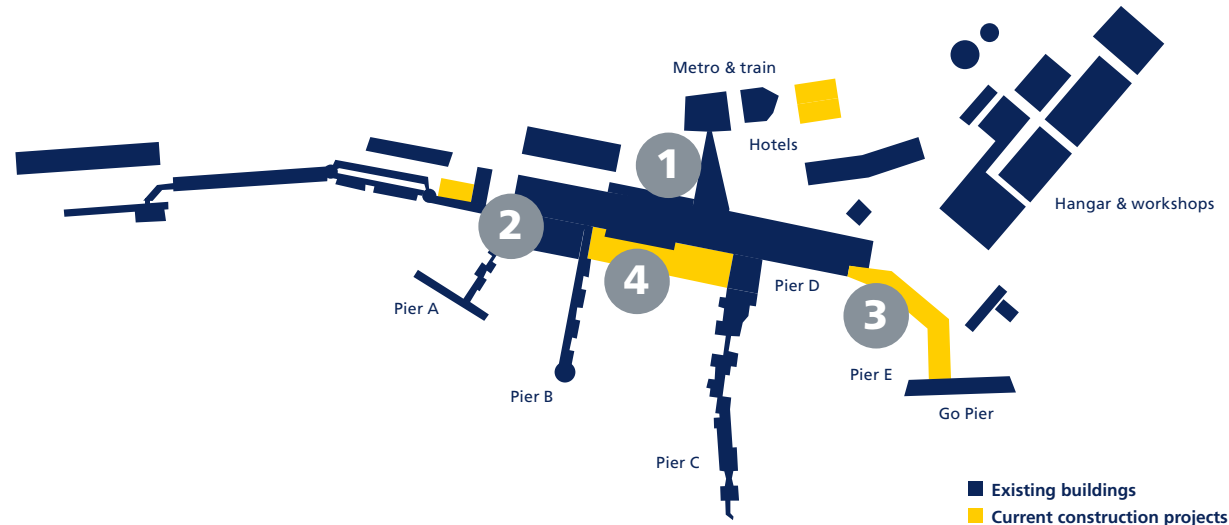
183

destinations

41 *long-haul destinations*

Investments in 2018

More space for passengers, new destinations and extraordinary experiences. In 2018, travellers benefited from investments in the airport of more than DKK 2 billion.



1

Shortcut to the security checkpoint

In early June, we inaugurated a 100-metre-long elevated pedestrian walkway across Terminal 3. The walkway connects the metro with the security checkpoint and offers a much needed shortcut for metro passengers with hand luggage who can go straight to the security checkpoint. The fact is that nowadays, half of all travellers only bring hand luggage. By directing a large number of passengers away from the Terminal 3 floor, more space has been created for departing passengers with luggage and for the many people picking up family or friends.

2

More space in the terminals

In 2018, we also opened the large expansion of the busy terminal area between Pier A and Pier B. The 4,000-m² expansion has been one of the most complicated in the history of Copenhagen Airport. The expansion took place at the centre of the airport in one of the busiest areas during full operational status. The expansion driven by much-needed passage space for passengers, has also allowed for 24 new shops, restaurants and cafés.

3

The new Pier E

The expansion of Pier E and adjacent buildings, a total of 37,200 new m², makes room for 11 new passport control booths, two new customs filters and three aircraft stands serviced from the building. The ground level will feature gate lounges for passengers to wait in if they are to be bussed to their flight. The first phase of the expansion will be in operation in the summer of 2019. Construction of phase 2 has already commenced and is planned to be in operation by 2020.

4

Expansion of Terminal 3

Enabling works for one of the largest expansions in the airport's history is starting up, and the apron between Piers B and C is currently gradually being turned into a construction site. The first stage is planned for completion by 2023 and will, among other things, include an expanded baggage reclaim area, more room for passengers in the passport control in Pier C. The terminal will be expanded by 70,000 m² and the expansion will, when the construction finished, be 270 metres long and extend 60 metres from the current frontal area.

Above ground: Infrastructure

As the airport grows into being able to receive 40 million passengers a year, the infrastructure surrounding the airport must also be developed. We must create more space for both passengers and the approx. 23,000 people working at the airport. As part of this effort, we added capacity to Roundabout East by Kystvejen. The complexity of traffic with rush hour traffic, local traffic from citizens, airport passengers, buses and taxis can result in up to 3,000 vehicles during the busiest weekday hours.

The project was developed and executed in close collaboration with AVS Øresund and Tårnby Municipality who both have a strong focus on traffic optimisation and traffic safety. AVS Øresund owns and operates the motorway bridge, while Tårnby Municipality is responsible for Amager Strandvej and Kystvejen.

Good connections with public transport are also important for passengers, employees and the local community. We therefore warmly welcome the government's decision to establish a new railway station at the airport, and we want to make the best possible contribution to the final solution.

Below ground: Utilities

A long-term view is not only required when planning terminals, piers and aircraft stands. Detailed planning is also required for underground utilities, as these are the very foundation for allowing the new buildings to work. A current example is the new cooling plant to be constructed on Lufthavnsboule-

varde. In time, the building will deliver 10 MW of cooling to various buildings. Other than this, there will be a need for additional power supply, meaning the construction of a new transformer station. A solution was chosen with an emphasis on using less electricity for cooling than we do with our current installations. Read more in the section regarding energy on [page 48](#).

New baggage factory

Additional capacity for baggage handling is an important precondition for being able to expand passenger numbers and to be able to continue to deliver high service to passengers and maintain good punctuality and regularity, also in relation to departing baggage. At the same time, new EU regulations will come into force, which will mean that all our baggage screening machines will need replacing. Soon we will see the first visible preparations for a brand new departing baggage facility. The facility, nick-named 'Baggage Factory West', will be constructed to the west of Terminal 2. The project will cost approx. DKK 800 million and the baggage factory area will be 2,800 m². A further 5,400 m² of basement, offices and support facilities will be established.

Largest airport hotel in the Nordics

By September of 2020, the largest airport hotel and conference centre in the Nordics will open at Copenhagen Airport, right next to Clarion. In combination with the current Clarion Hotel Copenhagen Airport, the new hotel complex will house approx. 1,000 rooms as well as conference and meeting

2,000

daily taxi fares from Copenhagen Airport

facilities for 2,150 guests. The meeting arena will provide Copenhagen with new and better opportunities to attract both national and international conferences and fairs.

New taxi system to improve service level

We have updated our Taxi Management System to motivate taxis not to wait for fares on the local residential streets. The new system rewards skilled and service-minded drivers and is intended to lift the service level experienced by travellers booking a taxi from the airport. Approx. 2,000 taxi trips originate from Copenhagen Airport every day, and in 2018, 15% of travellers arrived by taxi to the airport. The new conditions were developed in collaboration with the three large taxi companies in the capital area.



Through our investments and partnerships, CPH contributes to Sustainable Development Goal No. 9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.



The way we build

In recent years, the interest in sustainable construction has been on the rise, and the responsibilities of construction project parties are now a part of the agenda. CPH has an important responsibility for ensuring that the way we build is responsible. We want to create strong travel experiences in efficient and inspirational surroundings, and at the same time plan and execute our construction projects in a way that requires as few resources as possible, and those that are used are used intelligently. Our CR strategy, for example, includes a goal to recycle more construction materials.

Together with our partners, we work to reduce carbon emissions from operating the airport buildings, and thus – despite passenger growth and more square metres – expect to reduce our total carbon emissions over the coming years.

In our construction projects, we also work to reduce our use of electricity, water and heating, and to optimise our waste management, including environmentally hazardous waste, and



It is estimated that 40% of materials consumed and 40% of energy used in the society at large is used in construction.

we are focused on reducing the related transportation and resource use. Read more about our construction efforts and collaboration with suppliers under Working Environment, [page 39](#).

CPH is a member of the organisation “Foreningen for Byggeriets Samfundsansvar” and in 2018, we implemented a number of measures to sharpen the focus on responsibility related to construction projects, such as:

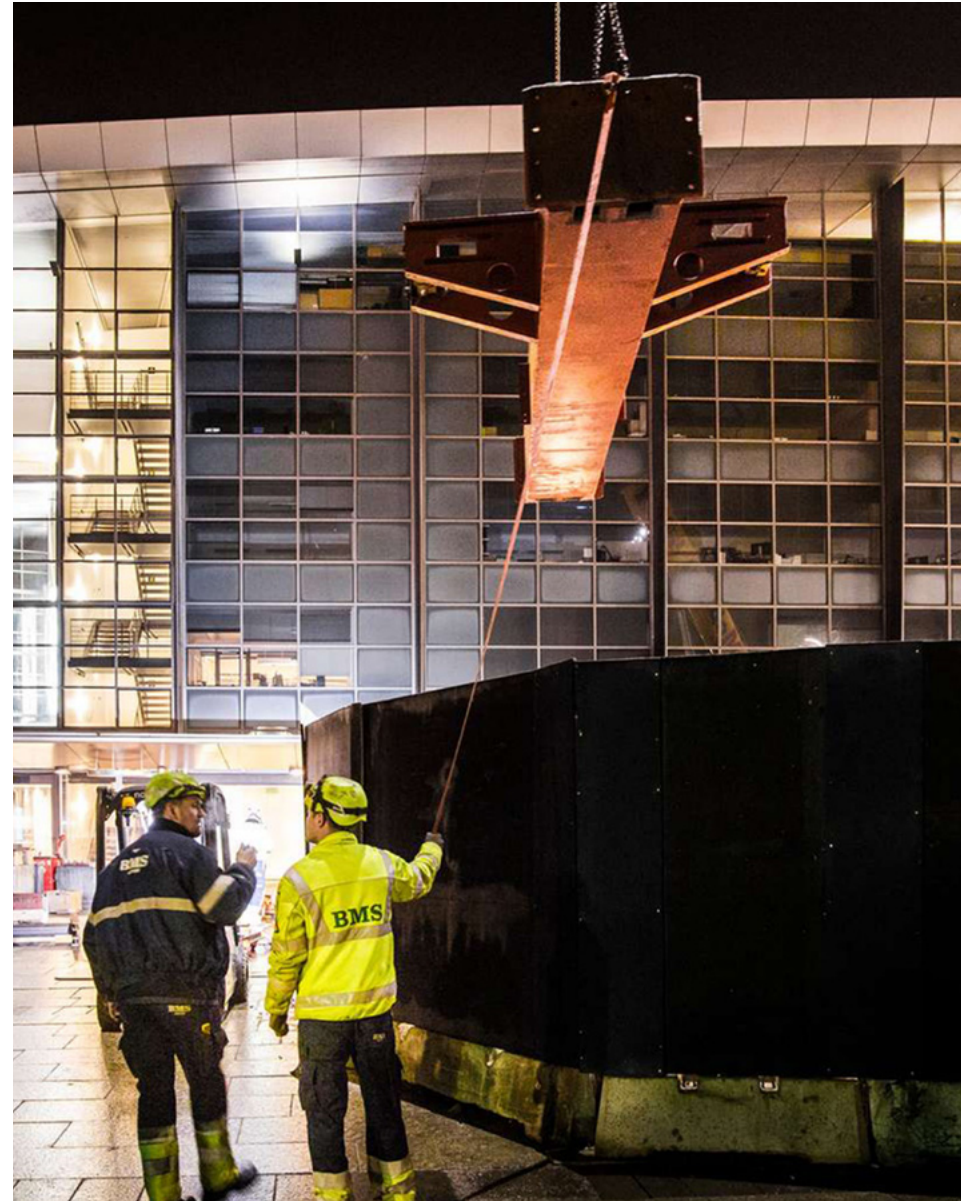
Recycling of dismantled stairs, moving pavements, escalators, and lifts etc. We now include requirements related to this to consultants and contractors working on our projects.

Upcycling i.e. up-qualifying recycling to add new value to an item that would otherwise be considered waste, e.g., by re-inventing as a new, or part of a new product.

Working environment; training and dialogue with our suppliers, skills development for CPH’s project managers, and digital optimisation of reporting.

Certification; ongoing evaluation of construction projects and building operations with a goal to make the smallest possible energy footprint and assessment of projects for sustainability certification.

Contract auditing; apprentice clauses, social clauses, and following up on employment terms at suppliers.



Denmark’s longest indoor walkway of 100 metres is lifted up and moved into Terminal 3

Roskilde Airport

As well as an important training base, Roskilde Airport is one of the leading business airports in Europe. Again this year, our airport in Roskilde proved to be at the top of its category.

In 2018, Roskilde Airport was named third best airport in the category FBO – Fixed-Based Operator (business jet handling) by European Business Air News in their annual rating of more than 450 airports in Europe, the Middle East, Africa and Russia. This makes us the best FBO in Scandinavia and, for the sixth consecutive year, places us in the Top 10 among the 450 airports in the rating.

Roskilde Airport also received a Platinum Award in 2018 for the handling of aircraft fuel. This award is given for strong performance related to Health, Safety and Security Environment (HSSE).

In 2018, traffic development was primarily driven by increased demand for new pilots and training flights, and the number of operations at Roskilde Airport increased by 11.6%.

Focus on environment and energy

Since 2017, Roskilde Airport has been developing an engine testing environment, which enables the testing of certain engines in a closed environment. This helps protect the surroundings against noise. Roskilde Airport also commenced the implementation of UL91 fuel, a more environmentally-friendly fuel type used in some aircraft engines.

In 2018, we replaced the road lighting on Lufthavnsvej and in the hangar area with LED sources, and the complete renovation of runway 11-29 included LED runway lighting. In June 2019, runway lighting on the other airport runway, 03-21, is scheduled for replacing with LED sources.

In 2018, we launched “RKE flight tracker” – a web portal showing flight operations at Roskilde Airport. Neighbours can, based on their address, collect accurate flight information, enabling them to see the specific distance from the aircraft to their address, and the neighbours are also able to contact the airport directly with questions regarding a specific flight and general queries. This initiative is partly based on positive experiences with a similar system at Copenhagen Airport. Visit RKE flight tracker here: <https://flighttracking.casper.aero/rke/> (website only in Danish). ■



Every other year since 1995, Roskilde Airport has hosted the popular Roskilde Airshow where it is possible to experience aircraft and helicopters on the ground and in the air – the 75-year-old DC3 aircraft can also be seen at the show, which will be held again in August 2019.



+11.6%

operations in 2018

Roskilde Airport

Inaugurated 1 April 1973.

The intention was that Roskilde Airport would handle small and medium-sized aircraft operations as part of Denmark’s domestic service. Instead, the airport became a base for private aircraft, taxi flights and flying schools.

1973-1990

State owned, its operations are handled by Copenhagen Airport Authority (Københavns Lufthavnsvæsen) as part of the Ministry of Traffic.

October 1990

Copenhagen Airports A/S takes over the running of both Roskilde Airport and Copenhagen Airport, Kastrup.

Aeronautical business

2018 saw a growth in the number of departing passengers, and we continued the high investment level related to expanding and developing the airport. The reduction of charges, however, had a negative effect on aeronautic revenue and the operating profit.

Revenue

Total aeronautical revenue fell by 3.4%, primarily due to the reduction of charges as of 1 April 2018. This was a result of two initiatives. First, there was a general reduction of the charges paid by all airlines for using the airport. Secondly a special incentive scheme was introduced, reducing charges by 35% for high-frequency feeder flights between regional airports and CPH. It was also decided not to index aeronautical charges as of 1 April 2018. This was partly offset by the 3.8% increase in the number of departing passengers and especially the 4.5% increase in international departing passengers.

Take-off revenue dropped by 2.1% to DKK 451.0 million, compared with the previous

year, primarily due to the reduction of charges. The decrease is partly offset by a take-off weight increase. Take-off weight for passenger-related flight operations increased by 5.4% while take-off weight for cargo operations fell by 12.8%. The number of passenger-related operations increased by 2.7% while cargo-related operations fell by 0.2%.

Passenger revenue fell by DKK 50.6 million, equivalent to 4.1%, primarily due to the reduction of charges.

Security, Explosive Trace Detection (ETD) and handling fees together fell by DKK 32.8 million to DKK 855.2 million, equivalent to 3.7%, due to the reduction of charges.

Operating profit (EBIT)

EBIT fell by 42.6% in 2018 compared with 2017. The decrease is primarily due to reduction of charges as of 1 April 2018 and higher depreciations and amortisations as a result of increasingly higher aeronautical investments and higher operating costs. External costs and staff costs together increased by DKK 75.0 million, partly due to a higher activity level. ■

DKK million	2018	2017	Ch.	Ch. %
Financial performance				
Revenue	2,574.8	2,666.8	(92.0)	(3.4%)
Operating profit (EBIT)	352.9	615.1	(262.2)	(42.6%)
Segment assets	9,057.7	8,238.1	819.6	9.9%
Revenue				
Take-off charges	451.0	460.9	(9.9)	(2.1%)
Passenger charges	1,191.6	1,242.2	(50.6)	(4.1%)
Security charges	609.3	629.2	(19.9)	(3.2%)
ETD charges	43.1	48.2	(5.1)	(10.6%)
Handling	202.8	210.6	(7.8)	(3.7%)
Aircraft parking, CUTE etc.	77.0	75.7	1.3	1.7%
Total	2,574.8	2,666.8	(92.0)	(3.4%)

Non-aeronautical business

2018 showed progress in all non-aeronautical business areas. The shopping centre and parking in particular had a positive impact on the result.

Revenue

Concession revenue from the shopping centre increased by 4.1% in 2018. The primary drivers are the increased numbers of departing passengers, an improved shop and brand mix, and more units in connection with expanding both Terminal 2 and the security checkpoint.

The restaurant segment was optimised with a new Lagkagehuset unit, and ten new units have been added in connection with the expansions. The speciality store concept also counts more units after the expansions.

Parking revenue increased by 10.6%. The growth is due to a changed price structure, introduced last year, which helped increase the average transaction value, a continual strengthening of the online and media effort, and more local departing passengers.

Other revenue increased by 8.5%, primarily due to an increase in car rentals and continued growth related to the advertising contact with Airmagine.

Revenue from renting out premises increased by 5.3% compared with 2017, primarily due to the conclusion of new contracts. Rent from land revenue was similar to the 2017 level. Hotel activity fell by a total of DKK 34.8 million due to the new hotel agreement with Clarion.

Other revenue primarily includes increasing PRM revenue and revenue from Taxi Management Services (TMS). PRM and TMS are non-profit for CPH.

Operating profit (EBIT)

EBIT increased by 2.0% in 2018 compared with 2017. The increase was primarily due to increased parking revenue and shopping centre revenue, partly offset by the impact of the new hotel agreement, increased staff costs, and higher depreciations and amortisations. ■

DKK million	2018	2017	Ch.	Ch. %
Financial performance				
Revenue	1,870.0	1,772.6	97.4	5.5%
Operating profit (EBIT)	1,231.5	1,207.8	23.7	2.0%
Segment assets	3,665.1	3,332.1	333.0	10.0%

DKK million	2018	2017	Ch.	Ch. %
Concession Revenue				
Shopping centre	875.3	840.5	34.8	4.1%
Parking	418.5	378.5	40.0	10.6%
Other revenue	66.9	61.7	5.2	8.5%
Total	1,360.7	1,280.7	80.0	6.2%

DKK million	2018	2017	Ch.	Ch. %
Rent				
Rent from premises	127.2	120.8	6.4	5.3%
Rent from land	48.4	47.4	1.0	2.0%
Other rent	5.4	5.7	(0.3)	(4.5%)
Total	181.0	173.9	7.1	4.1%

DKK million	2018	2017	Ch.	Ch. %
Sales of services, etc.				
Hotel operation – Hilton	-	50.7	(50.7)	(100.0%)
Hotel operation – Clarion	65.4	49.5	15.9	32.1%
Other	262.9	217.8	45.1	20.7%
Total	328.3	318.0	10.3	3.2%

CR results

In 2018, we also strengthened our CR work. Our focus on People, Planet and Position created positive results for both colleagues, society and the core business.



People

- Safety and Security
- Working Environment
- Attractive Workplace
- Passenger Experience



Planet

- CO₂
- Air Quality
- Resources
- Noise



Position

- International Connectivity
- Cohesion
- Local Community Development





People

We are a dedicated team, and a responsible and inclusive workplace that seeks to create joy of travel within a safe and secure framework. People are our main focal point, and we take pride in treating individuals with respect and hospitality.

Objectives

Safety and Security

Our goal is continuously to be one of the best airports at managing flight safety. Every day, we are working proactively and systematically to ensure that our passengers feel safe and secure on their journeys.

Working Environment

We know that a safe and healthy working environment means job satisfaction and a high level of performance. We are therefore working dedicatedly and innovatively to share knowledge and ensure well-being – every day.



Attractive Workplace

We are working in all areas of our company to maintain a high level of engagement and to remain a diverse and inclusive workplace where all employees can develop and fulfil their potential.

Passenger Experience

Every day, we create a safe and comfortable environment at the airport. We are the welcoming host who treats people with respect and concern for their individual needs so we can continue to be one of the best airports in the world at creating joy of travel and providing good travel experiences.





Safety and Security

- Working Environment
- Attractive Workplace
- Passenger Experience

Safety and Security

Our goal is continuously to be one of the best airports at managing flight safety. Every day we are working proactively and systematically to ensure that our passengers feel safe and secure on their journeys.

The airport's safety objective is to run and develop Copenhagen and Roskilde Airports in such a way that we reduce the risk of being party to an aviation occurrence or accident to as low a level as reasonably practicable in accordance with the ALARP principle (As Low As Reasonably Practicable). In close collaboration with other departments of CPH and our collaborative partners, our objective

is to strengthen Copenhagen and Roskilde airports' position among the world's best in respect of safety management and the attainment of good safety culture.

We strive to make safety present and relevant to the individual colleague, manager and collaboration partner. Our strong, effective reporting culture enables us to learn from the incidents that happen. Based on examples, we maintain a good dialogue with airport users and work together to find even more responsible solutions to avoid similar situations. In 2018, CPH's Safety & Crisis Management department hosted more than 70 dialogue meetings with internal and external airport users where the specific focus was on learning based on examples from Copenhagen and Roskilde airports.

Field Service is one of the departments engaged in piloting external hauliers to and from airport construction sites. They have to navigate a busy and complex environment and may get caught between aircraft when transiting to and from airport runway areas. Examples from real experience are discussed and colleagues provide mutual inspiration for specific areas of attention and what should and must be done in critical situations.

There are several reasons why the strong focus on learning and knowledge-sharing works. We have introduced stickers with bar codes after a suggestion from the airport's Marshaller group, employees signalling aircraft/pilot taxi-routes according to taxi instructions from Air Traffic Controller and/or signalling from aircraft/pilot in connection

with approaching an aircraft stand. Airport users (anyone moving about or working with something that may affect flight safety) can place stickers where they believe it makes sense. The bar code provides easy access to the report form, in which they can enter observations, ideas or concerns while they have them in mind and without having to spend their lunch break on submitting reports.

Many users will typically not be near a PC as they are working outside. Another reason the reporting system works so well and so effectively is that individuals who speak up about their own or others' involvement in safety occurrences are assured that they are exempted from sanctions and have their identity protected.

Borderless learning

In addition to local efforts, Safety & Crisis Management runs the "Safety Benchmark Group", consisting of 17 European airports, which, as well as sharing safety data, meet up twice per year to discuss important learning and knowledge related to safety occurrences. This is invaluable knowledge, which contributes to the airport's capability to constantly improve safety levels.

CPH's participation in international work

CPH contributes via EUROCAE to the development of new "aviation standards". EUROCAE (European Organisation for Civil Aviation Equipment) is the leading body in Europe in the development of "worldwide recognised" industry standards and heads up the work in which the aviation industry,

70

dialogue meetings

Safety and Crisis Management hosted more than 70 dialogue meetings with airport users in 2018.

airlines and airports participate. CPH currently participates in two EUROCAE working groups: WG83 regarding "Airport Foreign Object Debris (FOD) Detection Systems" and WG109 regarding "Runway Weather Information Systems".

As a result, CPH has established itself as a supplier of "Flight Procedure Design" (FPD), partly due to tougher European Aviation Safety Agency (EASA) requirements for our instrument procedures. The suppliers are both internal and external and include, for example, the mandatory five-year validation of instrument procedures. Given that, after 2020, the legislation for the field will require formal certification as "service provider", we have been preparing and developing this work since 2017. It is expected that CPH will be able to formally use the title "Flight Procedure Design Service Provider (FPDSP)" by early 2019. The role must be performed



both internally and externally. CPH expects significant business potential.

CPH's open dialogue with users and our participation in, and contributions to international networks are of great value. We know that the best and most responsible solutions are created by listening to our many stakeholders – and that partnerships, also in the safety field, will become an even greater focus area for us.

Cross-organisational collaboration works

Rampmanship is about strengthening the culture and thereby the behaviour in the airport, particularly between those players engaged in the turn-around process, i.e. getting passengers and baggage off and onto the aircraft. In addition, a number of other partners have a role to play, such as the companies delivering fuel, food and on-board cleaning service.

As the airlines often need to turn around the aircraft as quickly as possible, many of the companies need simultaneous access. This can cause pressure due to the size of the vehicles. This requires mutual respect and understanding, and our joint task is to see flights departing on time – safely and efficiently. In a short film, we explain the roles of the different players in the turn-around process to create better understanding between players. The project has strengthened collaboration between ground handlers and the relationship between CPH and the handlers in general.

We also engage in an ongoing dialogue with handlers regarding other initiatives to generally support the behaviour we look for at the airport. We want to see all activities being performed safely and with respect for our shared customers.

We also use our collaboration forum ASOTC (Airside Safety, Operational and Technical Committee) to provide information regarding the multiple expansion projects so that companies with apron activities are aware of future changes to our infrastructure. In this same forum, we also share knowledge and learning, e.g., regarding local regulations and apron incidents. We see this forum as a place to strengthen collaboration and mutual understanding for the benefit of safety.

Emergency response

An important element in running a safe and secure airport is a constant focus on emergency response. This enables the airport and the responsible players to prevent significant

incidents and to react appropriately during significant crises.

The turning points of efficient emergency response include cross-discipline coordination and training, creating robust emergency services. CPH's emergency response efforts are closely synchronised with the dedicated emergency response players on site, including first and foremost the municipal emergency response and the police, who are responsible for coordinating responses at the airport.

The various emergency responders regularly coordinate the relevant emergency response plans and monitor them through all manner of exercises at the airport. This means that the plans are continuously fine-tuned in relation to risks and available resources.

In 2018, four large-scale exercises were conducted with the focus on practising the coordination between the various players

at the airport and the emergency services. Exercises were carried out at various levels – from the tactical to the strategic.

On 2 October 2018, a major emergency drill was used to practice the sections of the "Copenhagen Airport Master Alarm and Emergency Plan" dealing with standby landings and handling an expected landing accident.

The collaboration between Security, Fire and Rescue together with Naviair and Aviator enabled us, as an airport, to effectively support the authorities in their efforts, thereby creating the fastest possible situation overview, and giving them the best conditions for making decisions.

In 2018, the Airport Alarm and Emergency Group revised the Airport Master Alarm and Emergency Plan. In the past, one major exercise involving the authorities was held every four years, and now they are held three to four times per year.

Airport emergency response efficiency can be maintained because the many different players engage in active collaboration – an important precondition for robust airport emergency services. This high-quality collaboration gives our many passengers and customers reason to feel safe and secure on their journey through the airport. ■



From emergency drill 2 October 2018.



- Safety and Security
- **Working Environment**
- Attractive Workplace
- Passenger Experience

Working Environment

We know that a safe and healthy working environment means job satisfaction and a high level of performance. We are therefore working dedicatedly and innovatively to share knowledge and ensure wellbeing – every day.

It is important to CPH to continue to ensure and help create a pleasant and safe working environment wherever attainable. This applies to our own employees, the many craftspeople working on the airport expansion, and to our many partners working within the airport settings.

Working environment for CPH employees

CPH employees must enjoy a safe and healthy working environment. We prevent occupational injuries via proactive assessments of risks, planning of tasks and learning from the experience harvested every single day. The frequency of occupational injuries with subsequent absence in 2018 was 7.9 with a target of 7.0. The biggest challenge of the year was that 1/3 of occupational injuries involving lost days was due to falling and tripping. In consequence, an effort will be implemented in 2019 with a focus on behaviour related to occupational injuries linked to falling and tripping and what the employee can do to prevent such accidents.

50+

working environment projects in 2018

Our focus is on creating greater awareness in the organisation of the importance of safety. A special fund, "The Working Environment Fund", makes it possible to couple action with ideas and thoughts. Every year, 50+ working environment projects are created with help from the Working Environment Fund, which had a DKK 6 million budget in 2018.

General awareness of absence due to illness

Absence due to illness has many causes, from a short-term common cold to longer-term, complex conditions. For this reason, CPH works with a wide range of initiatives and activities with the aim of an overall reduction of absence due to illness. The approach at CPH focuses on the periods



5.0%

absence due to illness

before, during, and after illness. A core activity of the overall approach is Health Leadership, under which managers, employee representatives and working environment representatives are trained in preventative efforts and, among other things, focusing on employee welfare and action options.

In 2018, we also introduced a new model in parts of the organisation, through which the manager, via conversations with the absent employee, offers care and identifies whether CPH can be of assistance with health insurance, health centre, physiotherapy or work task relief to facilitate the return to work. In 2018, overall absence due to illness was 5.0% and the target for 2023 is 4.4%.



Responsible airport expansion

Expanding the airport while maintaining normal operations, and with an increased passenger number, presents a variety of challenges. Many projects are in the form of additions to existing buildings and are often carried out close to aircraft, passengers and the shopping centre, making construction sites complex.

CPH implemented a number of initiatives in 2018 with the aim of securing continued improvement of the working environment on our construction sites. The initiatives are based on the strategy "Safety culture in construction projects", arranged under the key topics: Culture, Safe Portfolio Execution and Safety Management.

As an example, an introductory film about construction site safety was produced in 2018. From 2019, all construction workers who will be working on a CPH construction

CPH takes its role as professional developer very seriously, and it is important to us that those helping us to expand the airport do not sustain injury on CPH construction sites.

Dan Radmer Henriksen,
Working Environment Manager

site will have to watch the film and must pass a test via e-learning. Read more on [page 31](#) about how we build responsibly.

Collaboration with partners

It is important that the framework we create and the terms, under which the daily airport operations are conducted, are the best possible for our collaboration partners in order for their activities to be performed with the best possible working environment conditions. One of the ways to achieve this is by involving the users when expanding and changing the airport. ■

Good relations give good solutions. It is a delight to observe a CPH project manager and our employees solving complex tasks together, so that we can continue to handle baggage efficiently at the airport. It seems to me that a "We culture" has been created through our way of tackling shared issues – this also promotes job satisfaction.

Søren Roger
Environment and Safety Manager
HR SAS Ground Handling Denmark A/S



Collaboration with police on passport control booths

In 2018, we collaborated closely with the police to develop the passport booths of the future, to represent the border in the new Pier E. As an important element in this work, a full-scale model of the future booths was constructed for a range of user tests in order to optimise the working environment for police personnel. The booths have now entered production to be ready for the opening in 2019.



Collaboration with airport ground handlers

There is also a close collaboration with the airport ground handlers on the best layout of the baggage factories to provide handlers with the best possible working environment. This relates, e.g., to selecting the correct lifting materials and other aids made available to the ground handlers by CPH. 2018 also saw the execution of a shared campaign across the airport and all ground handlers regarding behaviour related to the driving of baggage vehicles in baggage operation locations.



- Safety and Security
- Working Environment
- **Attractive Workplace**
- Passenger Experience

Attractive Workplace

We are working in all areas of our company to maintain a high level of engagement and to remain a diverse and inclusive workplace where all employees can develop and fulfil their potential.



We believe that a diverse workforce is important to ensure the airport's future growth and strategic direction. At the same time, we want to attract and retain important competences in a demographically challenged labour market. In 2018, we focused on several initiatives to create new opportunities for employee development and diversity.

New Flexible education, 'Green Service'

In 2018, we initiated a collaboration with Glad Fonden and Copenhagen Municipality, participating in a new 2-year pilot test project for young people with cognitive disabilities. In August, we welcomed seven young people aged 20-26 who will complete a new Flexible education programme with CPH: 'Green Service'. The programme contains theory components, but mainly practical training, learning to work with plants and green areas at Field Service.

Talent Scouts help young people get a better start

In 2018, the collaboration has come off to a good start with Talent Scouts, which Tårnby and Dragør Municipalities, among others, also use. Five employees mentor five young school leavers who are not yet ready to enter the next stage of education. Talent Scouts is a volunteer organisation offering support to young primary school students aged 12-15 in grades 7, 8 or 9. We also participated in a job fair at Tårnby Municipality town hall, visited by more than 800 people.

New educational opportunities for young people

In the autumn of 2017, a new political agreement was concluded regarding better paths to education and work, including the establishing of new institutions providing preparatory initial training (PIT). The educational programmes will commence on 1 August 2019, and at the same time the production schools will be closed down. CPH has a place on the board since it has great

value for CPH to be able to contribute to the development of educational offers and create job opportunities for young people who are not yet ready for education.



Mentoring talents

I am a mentor because I find it interesting to identify young people's strengths and talents and to see their development over time. Our conversations are educational for me, too. They could easily be future employees at the airport.

Maria Brinch Harpøth is a volunteer mentor under the programme and works as a recruitment consultant in HR.



We think it is important to be involved, because we can help make future job opportunities visible, open up new opportunities and hopefully motivate young people to complete necessary schooling.

*Kirstine Bergenholtz,
HR Director*

Good conditions for a long working life with senior jobs

The share of employees older than 55 is expected to increase in tomorrow's Denmark, and at CPH more than half of employees are over 45. With a new senior corps, we are creating senior jobs equal to seven full-time positions to handle tasks across the organisation. We also apply reduced hours, skill clarification and re-training as part of our updated seniors policy.

Greater focus on motivation and development

To reach an even higher level of skills than today, CPH focuses on further developing our performance management culture. We have evaluated our current culture by involving both managers and employees, and based on their feedback, we are launching a new model in 2019. The new model focuses on motivation and development, among other things, by introducing a new and flexible method of conducting employee/manager conversations, called 'Check In'.



Progress in the management survey

By spring 2018, all CPH managers had completed the 'Lead the Way' management programme, and in the autumn we also invited specialists and employee representatives to complete the training. In order to create a shared company direction, we work on implementing shared tools and a common language. In November of 2018, we also launched a common model for our work with cross-organisational changes. As a result, we have witnessed an overall increase from 4.8 to 4.9 (on a scale of 1-6) in our six management skills: driving change and managing ambiguity; leading for the future; prioritising customer focus, developing organisation and employees; ensuring operational performance; and driving results. The high score on the scale indicates high correlation between the specific statements in the survey and the manager's actual behaviour.

Gender distribution at management and board level

In 2018, CPH continued the focus on the mentorship programme for employees with management aspirations, in relation to which we experience significant interest from women in the organisation. There has been a particular focus on increasing the number of women on the Board of Directors, currently two out of six, not including employee-elected board members. This means that we have achieved equal gender distribution at board level.

In addition to this, we focus on increasing the ratio of female managers via our

recruitment process. For example, we expect our search partners to present candidates of both genders when filling advertised vacancies. For the same reason, we target our job advertising to appeal to both women and men. However, we always hire the best qualified candidate for the position.

These activities support the CPH target that the ratio of female managers must correspond with the ratio of female employees. The ratios in 2018 were 28% and 35% respectively.

Using virtual reality technology

It is important to us to be at the digital vanguard, and that is why for example, we are looking into using Virtual Reality in the traffic area and the possibility of establishing a virtual model of runways and apron where different weather conditions and traffic situations can be simulated. The plan is to assess whether Virtual Reality can support other airside driving situations, or used in other visualisation and learning situations.

Co-founder of Digital Dogme – the IT talents of the future

In 2018, we also implemented other initiatives to disseminate shared tools and thinking. The intention of Digital Dogme is to strengthen the internal digital competence development in partner companies through networking and learning between companies. A common platform contributes to knowledge sharing, but also to companies on their own initiative launching initiatives that can inspire others. CPH has contributed with sharing experiences from the CPH Digi-

tal Lighthouse projects and our objective is now to spotlight the development of digital skills in our own employees. CPH has joined Digital Dogme as one of four founding partners together with Netcompany, TDC, and Danske Bank.

Award for innovation in 'HR Excellence'

On 19 June 2018, CPH received the 'HR Excellence' award at the aviation organisation ACI Europe/World's general meeting in Brussels. The award is given for innovative examples which serve to help and inspire the aviation industry in ways to develop employees, and our contribution was about using new digital opportunities such as e-learning and video. ■



With our efforts in the areas of safety, working environment, attractive workplace, and passenger experience, CPH contributes to Sustainable Development Goal No. 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Artificial intelligence in baggage operations

In 2017, we created CPH Airdeas, inviting employees to submit good ideas for the development of the airport. One of the good ideas is the introduction of artificial intelligence in baggage operations. This means avoidance of quite a bit of wasted time and breaks, and so far there is a 10% improvement in capacity utilisation of baggage conveyors.

16.6

million suitcases were handled at CPH in 2018

On the busiest days, up to 40,000 pieces of departing baggage are handled at the airport.





- Safety and Security
- Working Environment
- Attractive Workplace
- **Passenger Experience**

Passenger experience

Every day, we create a safe and comfortable environment at the airport. We are the welcoming host who treats people with respect and concern for their individual needs so we can continue to be one of the best airports in the world at creating joy of travel and providing good travel experiences.

An extraordinary travel experience

In 2018, we completed a range of initiatives, which contribute to ensuring that passengers have a pleasant and efficient experience

on their journey through Copenhagen Airport. We achieve this in collaboration with our partners, because we are convinced that partnerships create far more innovative and durable solutions.

In the check-in areas, we have installed mobile check-in machines that can be moved around the check-in areas or in front of the security checkpoint as needed. We have also installed baggage tag printers at all gates for hand luggage to go into the hold, so that passengers can still feel safe about passing it on to aircraft crew.

In the gate areas, we will install information monitors to allow all passengers, including the hearing disabled and those speaking other languages, to experience a better information level on their way to boarding their flight.

Three runners sprinted across the new walkway connecting the metro platform with the security checkpoint – marking the official opening of the 100-metre-long bridge across Terminal 3.



In addition, we have completed a range of large expansion projects in the terminals, making more space for passengers and a more efficient route through the airport, such as the new elevated pedestrian walkway, providing direct access from the metro to the security checkpoint.

We have extended the terminal area between Piers A and B to create more floor space, a new play area and three new seating areas with integrated charging facilities.

Read more about our construction projects under the section Investments [page 29](#).

Travellers with special needs

In 2018, we focused on travellers with special needs and improved the assistance offered to passengers with reduced mobility (PRM) via our partner Falck. We have tightened the service requirements, invested in an A380-compatible lift and established the first of several decentralised assistance lounges to



Travellers with special needs must feel safe and have the opportunity to travel on equal terms with other passengers.



give passengers with reduced mobility access to more areas, in which to stay throughout the airport.

A special focus area for us is contributing to making travellers with special needs feel safe and giving them the possibility to travel on equal terms with other passengers. We maintain a constant and active dialogue with organisations with an interest in the airport, and in October of 2018, we held an information evening about the possibilities of travelling with a physical disability in collaboration with Falck and LOPDA (Landsorganisationen Borgerstyret Personlig Assistance (The National Organisation of Citizen-Directed Personal Assistance)). In 2019, we will be hosting more such information evenings which we hope can contribute to encouraging more passengers with special needs to use air travel more in the future.

In 2019, we will also launch an initiative to improve the service and customer experience of individuals with physical, mental, visible and invisible disabilities across the airport's many contact points, companies and employees. Everyone with an ID card and passenger contact will undergo training to give the employee a better understanding of the various passenger groups in the airport. At the same time, the training aims to strengthen the employee's ability to create a positive experience for the individual

At an information evening in October 2018, 30 LOPDA members and their assistants learn about how the assistance is provided throughout the airport, from pavement to aircraft seat and back again.

passenger in relation to the function of the individual employee.

Together with our employees and many excellent partners, we will strengthen our future focus on creating positive travelling experiences at Copenhagen Airport – for everyone.

Targets for the passenger experience

In 2018, we looked into how we might best measure the effort to improve passenger experience, including how to best train our employees so that passengers are met with respect and consideration. We have selected three areas: passenger satisfaction with airport facilities and services, training of employees with direct contact with passengers, and waiting times in the security checkpoint, which is a central experience on the journey through the airport.

In 2018, we completed two Service Excellence course modules for all passenger-orientated employees. The focus was on handling passengers in stressful situations. On the basis of the course, employees have presented service proposals for their own departments and we will be working on, and implementing these in daily operations in 2019.

Read more about how we measure passenger experience on [pages 135-137](#) of the non-financial notes. ■



Business Ethics



At CPH, we see it as an important task to continue the work of expanding our responsibility. We purchase goods from more than 1,600 suppliers worth more than DKK 1.8 billion a year.

As one of Denmark's largest workplaces and a transport hub for millions of travellers, CPH has a responsibility to protect the environment and climate, as well as the people whom we impact, throughout our value chain. We assume the responsibility for applying the proper requirements to our collaboration partners as far as possible within the regulations and frameworks governing us.

Anti-corruption

If an employee is implicated in corruption or bribery, it can have serious consequences for both CPH and the employee in question. We have therefore put in place a number of safeguards to minimise the risk of corruption and bribery.

CPH will not tolerate corruption or bribery. The CPH "Guidelines for employees on

ethical conduct" were introduced in 2013 with the aim of supporting our employees in situations where dilemmas arise and ensuring that our interaction with the outside world and one another is based on sound ethical principles. In 2018, we started work on updating our Code of Conduct.

In addition to compiling the expectations and requirements of CPH to employee actions in relation to issues such as black-mail, bribery and corruption, the codex also describes CPH's expectations of employee behaviour in relation to safety, working environment, confidential information, IT security, external communication, the environment, energy etc.

The credibility of employees in relation to handling customers, suppliers or collaborating partners is essential, and CPH has created specific guidelines for the receiving of gifts and the participation in events and travel in a detailed gifts policy.

**DKK
1.8
billion**

**annual purchase of goods
and services from more
than 1,600 suppliers**

CPH's exposure to bribery, breaches of ethical policy and other risks is monitored through internal control systems, and CPH's overall risk exposure is assessed to ensure that any weaknesses are identified and addressed as quickly as possible. In order to improve the efficiency of our risk management, compliance and internal controls, CPH is organised in accordance with the "three lines of defence" model.

In order to ensure a clear allocation of responsibilities and roles in decision-making processes, CPH has implemented a number of policies of a general and binding nature. It is clearly defined who is authorised to obligate CPH, such as when concluding agreements, who to involve beforehand, and who is authorised to approve payment transactions at specific levels.

To promote an open corporate culture in which everyone can express themselves freely, not least if they become aware of any irregularities or illegal practice, in 2012 CPH launched a whistleblower system. This enables employees and other CPH stakeholders to submit anonymous or non-anonymous reports about serious matters.

The portal is operated by an independent party and provides an anonymous, secure and user-friendly system. Further information on the whistleblower scheme and our procedures for handling reports can be found in our whistleblower policy on the whistleblower portal on www.cph.dk/en. In 2018, CPH continued the scheme and maintained the relevant procedures.

A responsible business partner

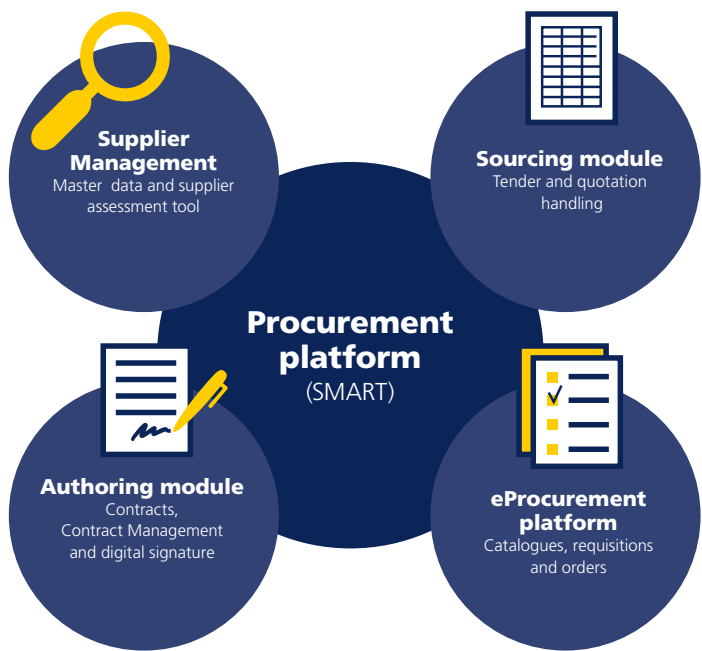
In 2012, CPH set out specific requirements for suppliers in a Supplier Code of Conduct which, based on the principles of the UN Global Compact, requires our suppliers to comply with generally recognised ethical rules, combat corruption, work to ensure good health and safety and protect the environment. Since then, the CPH Supplier Code of Conduct has been a fixed addendum to all standard contracts, and more than 95% of our suppliers have committed to it. The CPH Supplier Code of Conduct is publicly available on www.cph.dk/en.

In order to also promote responsible conduct by our business partners, in 2015, we incorporated the UN Global Compact's principles into the standard lease for concessionaires in the airport's shopping centre with effect from 2016. In 2018, more than 95% of all contracts included the Global Compact clause.

New procurement platform

Over the past three years, the CPH procurement department has been working on implementing a shared procurement platform with a particular focus on Contract Management. Negotiating a large contract takes a lot of work – but getting the most out of a contract requires even more work, as it calls for structured and frequent monitoring of the contract. Using a procurement platform, automating the entire process, gives us an important overview of our total business. This gives us unprecedented control of all our contracts across categories and departments.





The new procurement platform includes four modules:

- Supplier Management – a supplier portal with master data and a supplier assessment tool
- Sourcing module to handle tender and quotation
- Authoring module to prepare contracts and manage the Contract Management discipline as well as digital signature
- eProcurement platform to manage our item catalogues, requisitions and orders.

The purpose of our new procurement platform (SMART) is to achieve transparent and integrated working procedures across the entire Source2Order process.

This enables better auditing, control tracking and reporting. This also ensures compliance between contract and invoice and enables us to perform analyses across all modules. The final implementation of the system is expected to be completed during the first half of 2019, at which time our users will receive training. ■



Respect for human rights

CPH supports and respects human rights and does not take part in any activity that violates such rights. Specifically, we are working to ensure respect for human rights in connection with passenger security checks and handling of personal data. Compliance with passengers' human rights is an integral part of the training of all CPH security officers working at the airport's security checkpoint.

All newly appointed security officers undergo the mandatory training, including topics such as religion, ethnicity and cultural diversity. Passenger body checks are always carried out by a security officer of the same gender.

In relation to data collected in connection with surveillance of the Copenhagen Airport site, CPH has laid down explicit procedures for handling images. This means that only a limited number of employees have access to surveillance images, and there are restrictions on who can use the images and how long they can be stored. The site is regulated

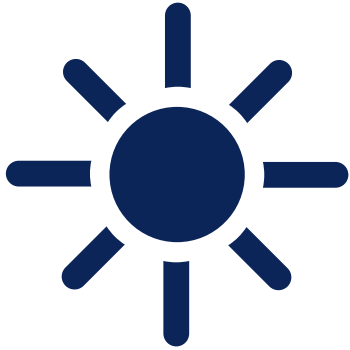
by the Danish CCTV Monitoring Act and the Danish Data Protection Act.

CPH receives personal data in connection with the issuing of ID cards to anyone working at the airport. This information is processed and stored in a separate system in accordance with the Danish Data Protection Act, thus ensuring full confidentiality. CPH did not receive any complaints about the use or handling of personally sensitive information and data in 2018.

In 2018, CPH implemented the General Data Protection Regulation. This has led, among other things, to increased transparency regarding the processing of passenger and employee personal data and the implementation of relevant internal policies and procedures. CPH has processed all enquiries in a timely fashion, including requests for deletion and access. ■



Compliance with passengers' human rights is an integral part of the training of all CPH security officers working at the airport's security checkpoint.



Planet

We have a responsibility to protect our climate and environment, and responsibility is an integral part of our business. We work purposefully and innovatively every day to develop sustainable solutions so that we can also contribute to creating a good environment for future generations.

Objectives

CO₂

Our long-term vision is to be carbon neutral*. As an airport in growth, it is our view that we have a special responsibility to reduce our CO₂ emissions. Reducing our climate impact is an important and integral part of our actions, so every day we are working on innovative solutions that will optimise our energy consumption.

* In early 2019, CPH adopted a new climate vision, which includes the goal of becoming carbon neutral in 2019. Read more about the efforts on the next pages.

Air Quality

It is important for us that air quality is as good as possible, both now and in the future. We are continuously working on new, smart solutions to minimise consumption of fossil fuels at the airport.

Resources

We want to develop our airport responsibly with respect for the planet's limited resources. We are working to implement the circular mindset in our day-to-day operations and ongoing expansion of the airport in order to create the best sustainable solutions for the future.

Noise

We want to develop the airport while at the same time handling noise responsibly. We cannot do this on our own, so we are working to strengthen the dialogue and engagement with our neighbours and operators on future sustainable solutions.





- CO₂
- Air Quality
- Resources
- Noise

CO₂

Our long-term vision is to be carbon neutral*. As an airport in growth, it is our view that we have a special responsibility to reduce our CO₂ emissions. Reducing our climate impact is an important and integral part of our actions, so every day we are working on innovative solutions that will optimise our energy consumption.



*In early 2019, CPH adopted a new climate vision, which includes the goal of becoming carbon neutral in 2019.

Higher climate ambitions

As recent climate research shows, the speed of reducing our climate impact must be improved. Consequently, in 2018 CPH worked on strengthening our climate ambitions – not only in-house, but also to a great degree in collaboration with our partners.

We want all passengers to be able to travel from Copenhagen Airport with a green conscience and we want to contribute to a green transformation of aviation by assuming joint responsibility for carbon emissions at the airport and cooperating with the industry, politicians, researchers and green organisations to create a greener aviation in Denmark. CPH's new, overarching climate vision, therefore, is to become a 'zero emission airport' by 2050, i.e. an airport entirely free of carbon emissions.

This vision reaches many years into the future and requires strong efforts across all companies operating in and around the airport, including airlines, ground handlers, concessionaires in the shopping centre, providers of surface access traffic etc.

The vision is ambitious and the challenge cannot be met with current technologies, but we believe that the green transformation can succeed if we collaborate with all parties who can and wish to contribute to a more sustainable aviation industry.

In 2019, we will work on specifying the new climate strategy and further developing action plans and setting sub-targets for the effort.



Our new climate vision is to become a 'zero emission airport'

Ambitious climate initiative from a united aviation industry

CPH, in collaboration with the Danish Aviation Association (BDL), is taking a major step towards a stronger climate effort. For the first time, a joint climate initiative from the Danish aviation industry has been launched. CPH is participating in the association's climate initiative, which includes new targeted initiatives that ensure a carbon neutral Danish aviation industry by 2050. Read more on www.dansk-luftfart.dk/klima-og-miljoe/ (website only in Danish)

The Danish Aviation Association (BDL)

BDL brings together companies that are active players in the aviation industry in Denmark. The association works to ensure that the Danish aviation industry plays a central role in the domestic growth and development that global development brings. The association also wants to contribute actively to solutions to the challenges that global development entails. The members of the association include airlines, airports, helicopters and air-taxi companies, aviation schools and other aviation-related companies. BDL was founded in May 2010 and is an associated member of the Confederation of Danish Industry.

Three routes to a zero emission airport



Be a green powered airport

Running an energy-efficient airport powered by renewable energy



Have lean, green and clean ground transport

Operating the airport with fossil-free equipment and vehicles and encouraging and supporting sustainable modes of transport to the airport



Accelerate emission-free aviation

Supporting the research and development of sustainable aviation fuel, electro-fuel, electric aircraft and other new technologies



Decrease in carbon emissions per passenger

We have worked systematically on the control and reduction of carbon emissions for many years and have achieved solid results. Despite a large increase in the number of passengers, carbon emissions from CPH (scope 1 and 2) have been kept at a stable level. In the energy area, we have particularly improved efficiency relative to passenger number growth. In 1990, CPH emitted 3.6 kg CO₂ per passenger, in 2006 1.7 kg, and in 2018 we emitted 0.96 kg CO₂ per passenger (equal to 28,970 tonnes).

CPH's carbon target includes emissions over which we have direct control, equal to approx. 7% of total emissions from Copenhagen Airport. Approx. 89% of CPH's carbon emissions relate to the consumption of energy, particularly from electricity and energy for heating. Our work on energy optimisation and conversion to renewable energy sources is consequently key to reducing CPH's carbon emission.

New energy target

In 2017, we set a new energy target. Instead of measuring achieved energy savings, we will now be measuring our energy consumption per m². This represents a stronger obligation and an increased demand relative to our actual consumption, especially considering the large expansion of the airport. In 2018 with 88.6 kWh/m², we already met our target for energy consumption of 90 kWh/m². Therefore, in 2019 we will further increase our target.

We have also set a target to increase the share of renewable energy to cover 10% of CPH's own energy consumption by 2023. CPH has a 125 kW solar panel system, producing approx. 0.4% of the total consumption at CPH. At the end of 2018, we purchased a 250 kW installation to be installed at the beginning of 2019. In addition to this, the plan is to install two more installations in 2019, totalling 1.4 MW – increasing the proportion of renewable energy to approx. 3.5%.

In order to achieve our ambitious energy targets, we will invest DKK 20 million over the next 5 years in energy management and savings and an additional DKK 10 million to install solar panel systems in 2019.

Airport Carbon Accreditation

Airport Carbon Accreditation is the only global standard for the management of CO₂ emissions from airports. It builds on the same principles as the Greenhouse Gas Protocol, but has been adapted to the operational and organisational properties of airports. Airports may be accredited at 4 levels: Mapping, Reduction, Optimisation and Neutrality. Since 2014, CPH has held an ACA certification at Level 3 Optimisation, but from 2019 we will target the highest accreditation level, 3+ Neutrality, effectively achieving carbon neutrality.

www.airportcarbonaccreditation.org

Carbon emissions in Copenhagen Airport

Total carbon emissions in 2018: **386,573 tonnes**

Scope 1 + 2

Total 28,970 tons

Direct carbon emissions (scope 1) and indirect carbon emissions from CPH's activities (scope 2).



CPH's energy and fuel consumption from CPH buildings, runway system and vehicles

7%

Scope 3

Total 357,603 tons

Indirect emissions from activities in the airport not owned or controlled by CPH.



Partners' energy and fuel consumption from buildings, equipment and vehicles

9%

10%



Passengers and airport employees' transport to and from the airport



74%

Aircraft fuel consumption from engine runups, APU and main engines (up to 3000ft)

Carbon neutral from 2019

The systematic work on energy improvements and CO₂ emissions has meant that again in 2018 we were able to renew our Airport Carbon Accreditation (ACA) at level 3, Optimisation. This requires an annual CO₂ footprint report for scopes 1, 2, and 3, a working CO₂ reduction policy and an ongoing dialogue with stakeholders within all three scopes. The accreditation renewal means that we met the 2018 objective.

As of 2019, the target is to seek accreditation at the highest level, 3+, Neutrality. This means that in addition to complying with the requirements mentioned above, we will offset residual emissions from scope

1 and scope 2 and our business travel. This will make CPH carbon neutral. The efforts to reduce carbon emissions continue with increased strength as we strive to reach our new target of an emission-free airport operation and ground transport by 2030.

Partnerships contributing to carbon reductions

For CPH, the carbon emissions in scope 3 account for more than 90% at Copenhagen Airport. These are emissions that CPH does not control, but are able to affect. We attach a lot of importance to doing this, e.g., via partnerships. Air traffic is the largest source

Nordic Initiative for Sustainable Aviation

CPH is also actively involved in the transition to sustainable air traffic: for example, via our participation in NISA (Nordic Initiative for Sustainable Aviation) co-founded by CPH in 2013. NISA is an association with the purpose of bringing together relevant Nordic parties to create more sustainable air traffic in the Nordic area on competitive terms. One example of this from 2018 was a workshop on policies, regulation and technological advancement, and opportunities linked to sustainable aviation fuel, arranged by NISA in collaboration with DTU and Nordic Energy Research (NER) under the Nordic Council of Ministers.

www.cleancluster.dk/nisa

Energy-X

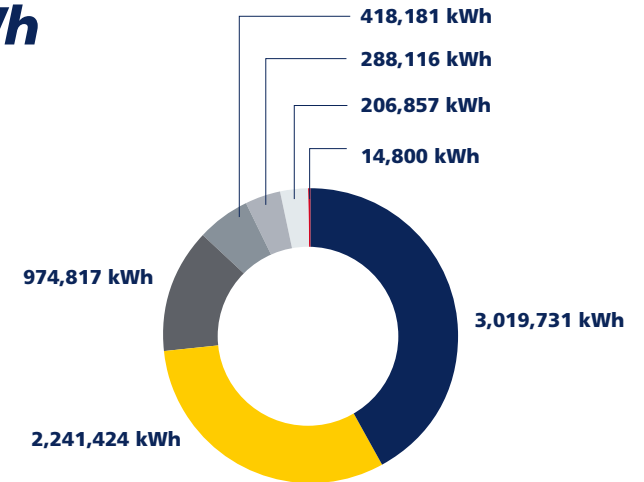
In 2018, CPH entered into collaboration with DTU as industrial partner in project Energy-X, which DTU is setting up. The vision behind Energy-X is to create disruptive new technology which, via catalysis, makes it possible to efficiently convert solar and wind power to a chemical state – and thereby into fuel – and to scale it up sufficiently to make it interesting, for example, to the aviation industry. The project is expected to run over a number of years and initially the role of CPH will be to assist with relevant airport data, and, in the longer term, demonstration projects at the airport.

www.energy-x.eu

Total energy savings in 2018

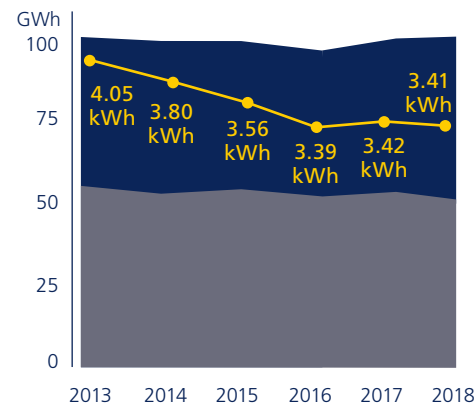
7,163,926 kWh

- Ventilation
- Heating installations
- BMS system
- Cooling (incl. ATES)
- General lighting
- Technical insulation
- Outdoor lighting



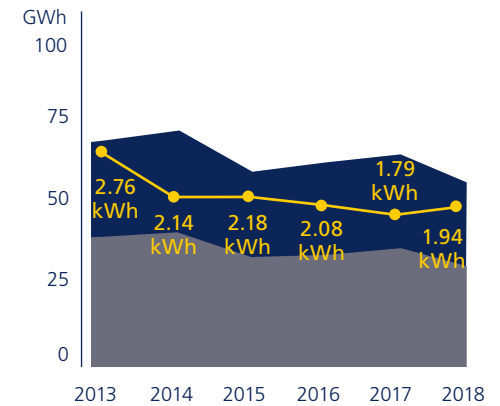
Power consumption at Copenhagen Airport 2013-2018

- Total power consumption at CPH Airport
- Power consumption, CPH share
- Power consumption per passenger



Heating consumption at Copenhagen Airport 2013-2018

- Total heating consumption at CPH Airport
- Heating consumption, CPH share
- Heating consumption per passenger



of carbon emissions, which is why our main focus here is on reducing emissions e. g. by requiring that aircraft taxi to the stand on just one engine and that they turn off the main engine as soon as the aircraft is parked.

Our new climate strategy will continue the work on furthering solutions capable of reducing and eventually eliminating emissions: from scope 3 sources.

Carbon neutral heating ambition

In the western part of the airport, Maglebylille, we operate our own, internal heating network. In 2018, we removed the old boilers from the 1960s and installed a combined solution, and now the system consists of two boilers of approx. 3 MW each and a 600 kW heat pump unit. The main boiler combined with the heat pump utilises the gas as efficiently as is technically possible in an ageing district heating network. The new plant saves approx. 1 million kWh per year (equal to the annual energy consumption of 56 households) and will pay for itself in only four years. The heat consumption in Maglebylille is equal to approx. 13% of the total airport heat consumption.

In 2019, the plan is to expand the system in such a way that the heat pump can manage the full demand during spring, summer and autumn. The heat pump runs on green power from our own solar panels, which are connected to the same electricity network.

Via some additional measures, we can meet our ambition in the years to come for all of Maglebylille to be covered by carbon neutral

heating. At the same time, we are preparing Maglebylille to supply electricity to many of our future work electric vehicles (EVs). This way, we can create a coherent, green energy system.

We take responsibility for all airport buildings

During 2018, we developed and updated our energy management system for all airport buildings. This means that we can monitor energy and water consumption and create key figures, enabling us to compare energy and water consumption between buildings.

We want to highlight the energy saving potential and thereby the climate and financial benefits available to our customers. For example, in 2018 we helped a customer to significantly improve the cooling of district heating. We contacted all customers situated on Kystvejen, which surrounds the eastern part of the airport, to offer them a free energy review.

Green taxi transition

Since we installed our first intelligent EV chargers in 2017, we have now taken the next step. In 2019, we will install super-chargers at the airport; one 150 kW and two 50 kW chargers. This important step is the result



of collaboration with the Capital Region of Denmark and the taxi industry to provide the taxi companies with suitable opportunity to transition to electric taxis. By installing one of the first 150 kW super-chargers in Denmark, we can service the latest EVs, introduced to the market at the beginning of 2019. 150 kW makes it possible, in just 10 minutes, to charge a vehicle for a distance of 200 km.

Our Taxi Management System allows drivers to get higher priority in the line when they arrive in a “green” taxi (a vehicle using alternative propellants, incl. hybrid, gas, hydrogen and electric powered vehicles.). Green taxis also have more favourable queuing rules, as they need the opportunity to recharge.

As diesel is not just a source of carbon emissions, but also contributes negatively to air quality, we are continuously working on developing the EV infrastructure. During the early part of 2019, we also plan to test an electric bus with the long-term aim of replacing all our diesel-powered buses with green alternatives.

61%

of the passengers used public transport to the airport in 2018



Through our focus on mitigating climate changes via partnerships, CPH contributes to Sustainable Development Goal No. 13: Take urgent action to combat climate change and its impacts.

Large share of public transportation

Traffic to and from Copenhagen Airport is also a significant source of the emission of CO₂ – making up approx. 10% of total emissions. At CPH, we are proud of the infrastructure around the airport, making it easy arrive at and leave the airport using public transport. ■



- CO₂
- Air Quality
- Resources
- Noise

Air Quality

It is important for us that air quality is as good as possible, both now and in the future. We are continuously working on new, smart solutions to minimise consumption of fossil fuels at the airport.

Air quality, both inside and outside the airport area, can be affected by emissions from combustion engines at the airport – aircraft as well as vehicles. We therefore work systematically on improving air quality, both in relation to the effect on neighbouring areas and on the airport working environment.

Close collaboration throughout the airport

For many years, CPH has taken responsibility for contributing actively to improved air quality at the airport and for the people who work on the airport site. Key to this work is our effort to reduce the level of ultrafine particles. In the period 2011-2016, this effort resulted in a reduction of more than 50% in the central part of the airport's apron, and measurements for 2017 and 2018 show that this reduction level has been maintained. We constantly seek new and innovative solutions to reduce the use of fossil fuels, which are usually the direct cause of ultrafine particles.

One contributory factor to the reduction is a set of regulations for the airlines, including restrictions on the use of main engines and APUs – small jet engines that serve as generators when the aircraft is on the ground. These must be switched off as soon as the aircraft reaches the gate. In addition, airlines are generally encouraged to save fuel: for example by only using one engine when taxiing to runways from airport terminal buildings and vice versa.

Our new climate vision also leads to an increased effort towards a green transition of land-based operations in the airport area. In order to reach the target of an emission-free airport operation and ground transport by 2030, one of our main priorities is environmentally friendly vehicles used for various support tasks at the airport. Through the CPH air quality programme all partners using vehicles in the airport area collaborate on reducing ultrafine particles. The particular

50%

fewer ultrafine particles at the airport apron in 2011-2016 and the reduction was maintained in 2017 and 2018.

focus is on transitioning diesel vehicles to more environmentally friendly alternatives. Whenever a vehicle needs replacing, the option of a more environmentally friendly alternative than diesel, e.g., gas or electric, is considered. CPH has a total of 29 gas-powered vehicles, as well as a number of electric vehicles for special purposes and, for now, six EVs. The gas-powered vehicles

can be re-fuelled at our two gas stations and at least 25% of the gas pumped is biogas-based. In 2018, CPH also focused on the avoidance of idling with the campaign "1 minute – that's it".

CPH contribution to knowledge on ultrafine particles

The trailblazing work on air quality at CPH has captured the attention of other airports, which have also started focusing on ultrafine particles. As a result, CPH joined an international project titled "Aviator" (Assessing aViation emission Impact on local Air quality at airports: TOwards Regulation). The project is approved as a Horizon2020 project and funded by the EU. The purpose is to measure ultrafine particles at various airports and to measure particles from various aircraft engines in laboratories. ■



CPH's first electric van

We are the first in Denmark to invest in an e-Crafter. The e-Crafter features a compact electric motor, which is substantially lighter than an internal combustion engine. No local emissions are produced during operations. The electric motor also emits very little noise and requires less maintenance. Braking results in kinetic energy which is transformed into electric energy.

Lars Faurschou and Søren Salwin from Airside Support next to the new e-Crafter.



- CO₂
- Air Quality
- **Resources**
- Noise

Resources

We want to develop our airport responsibly with respect for the planet's limited resources. We are working to implement the circular mindset in our day-to-day operations and ongoing expansion of the airport in order to create the best sustainable solutions for the future.



Better use of resources

With approx. 23,000 jobs, 30 million passengers and 266,000 flight operations in a year, combined with ongoing expansion of the facilities at the airport, there will always be a certain, unavoidable consumption of

resources. In light of this, we have intensified our focus on resource consumption.

In 2018, CPH commenced in earnest its work on circular economy. The concept of circular economy and its underlying principles are relatively new to most managers and employees. As a result, we have held a number of workshops at CPH, with the output from these workshops forming the basis for the first circular economy action plan at CPH.

Among the things focused on is how CPH will be executing our future expansion projects and, in that connection, the requirements that we will be making to our suppliers.

As an example, it is a CPH ambition to include sustainability and circular principles in the expansion of Terminal 3 airside and in the new baggage building, both of which are in the design stage. Read more about how we build on [page 31](#).

Focus on recycling

CPH handles a large volume of waste every year and, given the expansion plan, it is important to ensure that as much waste as possible is recycled. The target for 2023 is therefore that at least 60% of waste from the day-to-day operation of terminal areas, service areas and administration at Copenhagen Airport should be recycled.

In 2018, 21% of waste from daily operations went for recycling, a 7%-point drop compared with 2017. The drop was partly due to a period of operational problems with



60%

of waste from the day-to-day operation should be recycled by 2023

the bio-waste collection system, partly due to a substantial increase in the amount of waste for other recovery. This is likely to be a result of overspill from other airport waste systems (e.g. construction), which has been included in the operations waste numbers. Next year, we will be implementing initiatives to reduce such mixing. The total quantity of waste was 5,366 tonnes, 9.8% more than in 2017. In comparison, the passenger number grew by 3.8%.

Still providing a large contribution to recycling is the bio-waste concept, under which restaurants and cafés in the airport shopping centre have their bio-waste collected for recycling in a biogas plant. A total of 395 tonnes of biowaste were collected in 2018.

CPH also has a focus on recycling excess materials connected to construction projects either in the same or new construction projects. One example is the noise barriers as described on [page 55](#). Another example is the asphalt residue from maintenance works

on runways being transported to an environmentally-approved asphalt deposit inside the airport area. The asphalt residue can then be reused in new construction projects – typically as a replacement for base gravel.

As one of several case companies, CPH participates in a project titled “Generation and use of secondary chemical resources” (“Generering og anvendelse af sekundære kemiske ressourcer”), for which the Danish Chamber of Commerce has received funding from the Danish Environment Technology Development and Demonstration Programme (Miljøteknologiske Udviklings- og Demonstrationsprogram (MUDP)). The CPH case is focused on investigating opportunities for and barriers to better recycling of propylene glycol after it has been used for de-icing aircraft. ■

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Through our focus on bio-waste, construction materials, and recycling of e.g. propylene glycol, CPH contributes to Sustainable Development Goal No. 12: Ensure sustainable consumption and production patterns.



De-icing of aircraft removes snow and ice from the aircraft's wings to prevent ice formation on wings and flaps during take-off. De-icing is done just before take-off on platforms with collecting systems for the excess de-icing fluid.





- CO₂
- Air Quality
- Resources
- **Noise**

Noise

We want to develop the airport while at the same time handling noise responsibly. We cannot do this on our own, so we are working to strengthen the dialogue and engagement with our neighbours and operators on future sustainable solutions.

Valuable dialogue about noise

Noise from air traffic and activities related to air traffic is one of the most tangible environmental effects of operating an airport. CPH works systematically and in collaboration with a wide range of partners in relation to noise.

CPH monitors air traffic and noise from aviation activities 24 hours a day year round at 12 measuring stations, six of which are located in residential areas around the airport and six on the airport site itself. In addition, noise is checked using a range of different calculating methods, including the TDENL method (Total Day-Evening-Night Level), a control method which uses a single number to describe the development in noise impact from air traffic. The TDENL value for 2018 was calculated at 145.3 dB, which is inside the noise limit stipulated in the airport's environmental permit for aircraft noise. Every three years, CPH has a calculation made on the noise impact, Lden, which also shows the geographical distribution of noise. During the first half of 2019, CPH will prepare a calculation for air traffic in 2018, giving a more detailed view of the noise distribution.

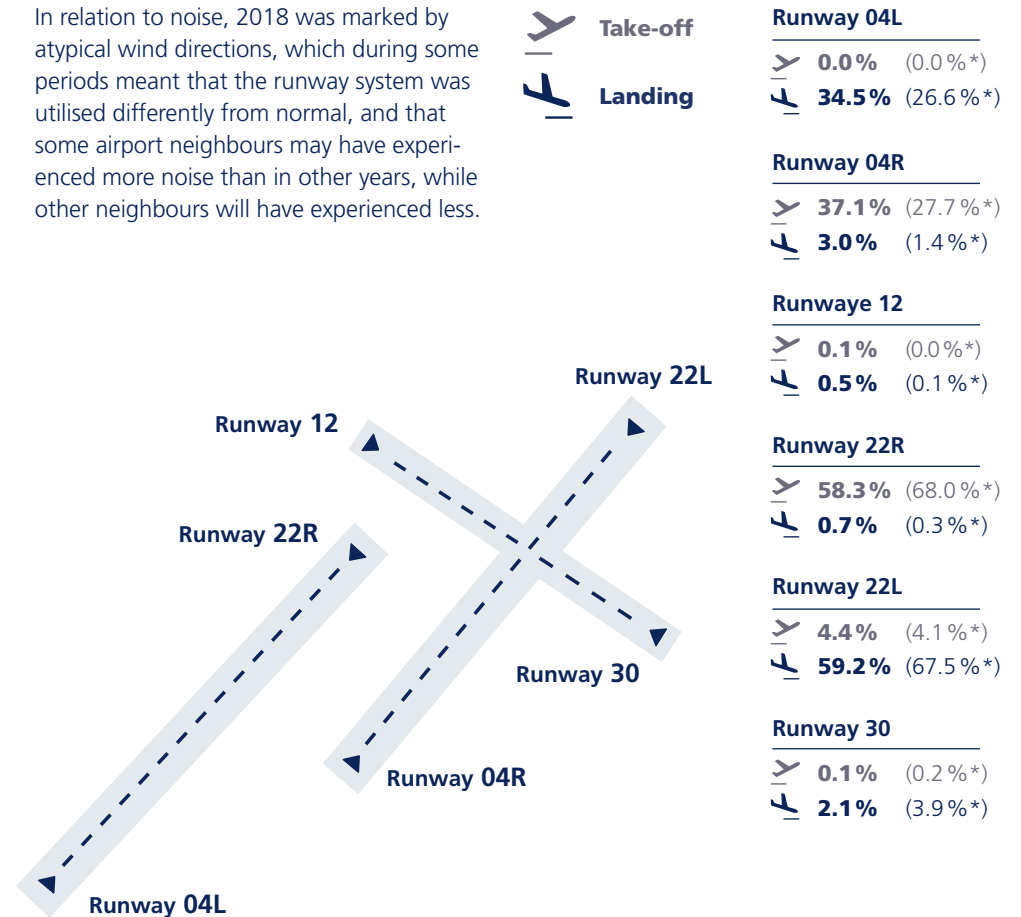
More noise shielding

Where noise barriers are constructed out of surplus soil from excavation works, resources are also saved relative to materials, which otherwise would have had to be transported to the airport for the construction, just as the surplus soil would have had to be transported further away.

In 2018, we received environmental approval for and have commenced an extension to an existing noise barrier, and we have applied for permission to establish two new noise barriers at the end of the airport facing Dragør. In 2019, we will investigate the opportunities for establishing additional shielding.

Runway usage in 2018

In relation to noise, 2018 was marked by atypical wind directions, which during some periods meant that the runway system was utilised differently from normal, and that some airport neighbours may have experienced more noise than in other years, while other neighbours will have experienced less.



* Runway usage in 2017

Focus on dialogue with neighbours

We prioritise an open and fact-based dialogue with neighbours to Copenhagen Airport and Roskilde Airport regarding the impact of the airports on the neighbouring areas. It is important and valuable to CPH to get to know our neighbours' views on the airport even better and to enter into a dialogue – often dominated by the noise issue.

In order to strengthen this, in 2018 CPH launched RKE flight tracker – a web-portal showing air traffic at Roskilde Airport. Read more about Roskilde Airport on [page 32](#) and view the Roskilde Airport flight tracker here: <https://flighttracking.casper.aero/rke/> (website only in Danish). See also WebTrak for Copenhagen Airport here: <https://webtrak.emsbk.com/cph>

During 2018, CPH went on tour with our “Dear neighbour” tent, which was both an educational and a positive experience. Since 2017, we have performed neighbour analyses, and the most recent analysis was completed by the end of 2018. The analysis includes questions, about neighbour attitudes to airport noise, which in 2018 shows a decrease in the share of neighbours who feel bothered by aircraft noise “all the time”/“every day” from 20% in 2017 to 14% in 2018.

Read more about our neighbour activities under Local community development on [page 60](#). ■



Local kindergarten visits the airport



Position

It is important for us to create value and growth for society, so we are investing responsibly and long-term in international and national connectivity. We want to help strengthen the cohesion and development of local communities. We cannot do this on our own, but we are happy to take the lead in order to create shared benefits.

Objectives

International Connectivity

We are continuing to actively expand connectivity to the whole world in order to create even more growth opportunities. We are committed to helping create world-class benefits – for the business community, the labour market and tourism.

Cohesion

It is important for us to create value for society, so we are investing responsibly and long-term in connecting Denmark even better domestically. With strong products and effective solutions, we want to provide good travel experiences and help strengthen growth and cohesion in Denmark.

Local Community Development

We want to be a dynamic and inclusive company that, backed by local policy, aims to create long-term solutions. We contribute to valuable development and growth in the local region – for the benefit of the local economy and our neighbours and with respect for people and the environment.





International Connectivity

- Cohesion
- Local Community Development

International connectivity

We are continuing to actively expand connectivity to the whole world in order to create even more growth opportunities. We are committed to helping create world-class benefits – for the business community, the labour market and tourism.

CPH works hard to make Denmark globally attractive by creating international connectivity.

We believe that everyone should have the opportunity of experiencing the joy of travel, experiencing different cultures, and exchanging knowledge. For this reason, CPH puts

great emphasis on international connectivity, because it affects the globalisation of Denmark and is an important parameter for the country – in relation to commerce, job opportunities, and attracting tourists. Together with the airlines, we are expanding international connectivity in order to create even more growth opportunities.

We want to create even better conditions for commerce, the job market, and the tourist industry when international companies are looking for a new location for their activities.

Continued strengthening of route network

CPH has seen strong development again this year, and now offers 183 routes from Copenhagen Airport. Both short haul routes (from 136 to 142) and long haul routes (from 38 to 41) show an increase.

Top 10 destinations in 2018

Average number of passengers per day.



In 2018, a net total of 21 new weekly long-haul frequencies were announced. 27 were announced opened and six were announced closed. As a result, long haul traffic growth is expected to increase in 2019 based on frequencies announced in 2018 alone. Additional announcements are expected in 2019.

The CPH Asia strategy also has been highly successful. In 2018, four new Chinese routes were opened: Air China to Beijing, Cathay Pacific to Hong Kong, SAS to Hong Kong, and Sichuan Airlines to Chengdu. The Cathay Pacific summer route, however, will not return in 2019, due to SAS moving their Hong Kong route from Stockholm to Copenhagen.

In 2019, we look forward to continue the close collaboration with the airlines, to contribute to increase international connectivity and bring people closer together. Read more about operations developments in Our Results on [page 26](#).

Connectivity is also about cohesion; it has to be easy to get from A to B, including inside the Danish borders. Read more about cohesion in the next section. ■





- International Connectivity
- **Cohesion**
- Local Community Development

Cohesion

It is important for us to create value for society, so we are investing responsibly and long-term in connecting Denmark even better domestically. With strong products and effective solutions, we want to provide good travel experiences and help strengthen growth and cohesion in Denmark.

At CPH, we are constantly working on making it attractive to travellers to fly domestically, thereby contributing to more future domestic travellers. The so-called domestic track, a special fast passage through the security checkpoint for passengers with short flight times, is a good example of how

we wish to give high priority to domestic travellers in order to ensure a simple and predictable journey and a strong product, which contributes to adding cohesion within Denmark.

Denmark's airports are essential for creating cohesion in Denmark. Commerce, tourists and individual Danes benefit greatly from being able to travel between the various regions of Denmark. It ensures national cohesion.

On this basis, CPH has taken the initiative to convene a number of round-table meetings with Denmark's six largest airports and commercial stakeholders associated with. The purpose is to prepare a shared proposal from the industry in the form of an investment catalogue of important infrastructure projects, on which the Danish Parliament can base their considerations related to the strengthening of airport connectivity.

CPH has therefore also actively entered the work on integrating domestic flights in the Travel Plan (Rejseplanen), an initiative included in the government's Aviation Strategy for Denmark. The initiative will make it easier and more transparent to travel via air across parts of the country.

Good infrastructure is the basis for growth, employment and development. Good roads and public transportation are the basis for citizens to be able to travel around the country. Where connected to an airport, the reach and potential is even greater. ■



We want to continue and strengthen the recent years' important and valuable collaboration with regional Danish airports, politicians and corporate entities in all of Denmark's regions.

*Peter Goll
Communications Director*





- International Connectivity
- Cohesion
- **Local Community Development**

Local Community Development

We want to be a dynamic and inclusive company that, backed by local policy, aims to create long-term solutions. We contribute to valuable development and growth in the local region – for the benefit of the local economy and our neighbours and with respect for people and the environment.

The good neighbour

At CPH, we are very conscious of the value of dialogue with our surroundings and we take a very keen interest in the local community. Not only can we communicate

more about what is going on at the airport but when meeting citizens, politicians, and businesses, we can also talk about our plans, challenges and dilemmas in a way that is relevant and accessible – and we can learn more about what is important to both children and adults from the local area.

“*We see ourselves as an important part of the local community on Amager. We are happy to be able to give something back to Amager and the many people who are part of the voluntary work of clubs and societies.*

*Kristian Durhuus,
COO*

We are pleased with the many positive neighbour experiences we have had in 2018. We were visited, for example, by local kindergartens, and celebrated Halloween with some of them.

In September, five local sports organisations' efforts in benefit of the local area were acknowledged with grants at an event at 'Hotel Clarion'. The five local organisations focus on their own area of sports, but they have a shared basis in their many activities on Amager. The organisations do not only provide the framework for active experien-

ces, but also social dedication and events of great importance to the local community. This deserves to be celebrated.

In 2018, we also paid a number of visits to the local community with our “Neighbour tent”, giving us the opportunity for a positive and informal discussion with our neighbours.

It is highly valuable to us to listen to ideas and suggestions for how we can become even better at running the airport and at the same not just benefit but also support the development of our local area. And we do more than just listening. After all, when we at CPH are behind some of the largest construction projects in Denmark, we have a clear obligation to keep the local community informed, not least those neighbours who experience the significant building activity on a daily basis.

For this reason, in 2018 we launched both the website www.cph.dk/nabo (only available in Danish) and a Facebook group, where we provide information about the expansion, plans and investments at our airport.

Dialogue and long-term solutions

Copenhagen Airport is one of Denmark's largest workplaces, and one of our characteristics is that more than a third of our employees live locally. As a consequence, the close and long-standing relationship with our local community is strengthened every day when our active neighbours become our dedicated employees.

The positive dialogue with our neighbours is coupled with an equally strong and important dialogue with local authorities, creating the framework for our continued development, since only local political support will enable us to create long-term solutions and new opportunities.



Kristian Durhuus, COO, with Amager's swimming club KVIK, who received a “Dear Neighbour” scholarship.





Up close and personal with the aircraft

Christian and Hans are two airport veterans with 30 years' experience between them. They both work at VIP Service at CPH, which receives royals, ministers and celebrities, and helps with events. Now they and five guides also host the CPH visit department, Airport Tours. Airport Tours is a good example of how we invite the public inside and provide a positive experience for both visitors and hosts.

CPH started offering airport tours in 1925. During the 1960s and until the beginning of the 1970s, the modest sum of DKK 0.10 paid for a trip to Pier B to look at the aircraft. If you would like to find out more, visit: www.cph.dk/om-cph/kaere-nabo/airport-tours (page only in Danish)

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We never know what a tour might bring. We get new people and new questions every time. They really appreciate seeing the aircraft, getting close to the big vehicles and hearing our story. I get a real buzz from a tour like that.

*Hans Nordbæk Rasmussen,
VIP Service at CPH*

Airport Tours also explains about our beehives behind the airport where we produce honey in collaboration with Bybi.

The Amager-based project, Bybi is a local, social economy enterprise working for a richer nature and a better society based on the belief that we all have something to contribute. Regardless of background.

In 2018, approx. 125 litres of airport honey were produced.



Taxation

With approx. 2,600 employees, CPH is an important contributor of taxes to the Danish State. This applies both to taxes expensed by CPH and taxes collected (in transit) by CPH. The CPH tax contribution totalled DKKK 1,389 million in 2018, including company taxes, environmental and energy taxes, salary taxes etc., VAT and property taxes. In 2017, CPH and its holding company KAP were among the top 25 contributors of corporation tax in Denmark.

Group structure, ownership, tax strategy

With its subsidiaries, CPH operates two airports in Denmark and owns a hotel in Denmark, making it primarily liable for tax in Denmark. In addition, an associated company in Denmark is independently liable for tax. 59.3% of the shares in CPH are owned by Copenhagen Airports Denmark ApS (CAD). CAD is indirectly controlled by Kastrup Airports Parent ApS (KAP), the highest level Danish holding company with which CPH is jointly taxed. KAP, as the administration company in the joint taxation arrangement, is responsible for submitting tax returns and for communicating with Danish tax authorities regarding corporation tax. In this connection, CPH reports to KAP. CPH's corporation tax policy only relates to Copenhagen Airports A/S and its subsidiaries – not the holding companies.

Tax compliance

CPH has a clear compliance strategy with the objective that both corporation tax and other taxes are paid on time and reported in accordance with legislation. This also applies to taxes collected (in transit).

Total tax contribution

In 2018, CPH contributed DKK 1,389 million in taxes (2017: DKK 1,338 million), of which DKK 392 million was expensed by CPH (2017: DKK 387 million). CPH collected DKK 997 million (2017: DKK 951 million) in taxes (in transit) such as VAT, payroll tax, and environment and energy taxes. Most of the tax expensed for CPH is tax on company profits. In 2018, corporation tax was 88% of the total expensed taxes in CPH (2017: 91%). Other expensed taxes are environment and energy taxes, social contributions (payroll tax, etc.), VAT and property taxes. Payroll tax

is primarily paid by CPH's employees. Public airports in Denmark are generally exempt from property taxes.

Corporation tax

The corporation tax rate in Denmark is 22%. CPH's effective tax rate for 2018 is 22% (2017: 21.4%). CPH makes maximum capital allowance for non-current assets, which reduces corporation tax while increasing deferred tax correspondingly. Corporation tax is paid throughout the year, while the remainder is paid in the subsequent year. CPH pays an interest supplement on the residual tax. See note 2.5 on [pages 96-97](#) in the financial statements for additional information. ■

DKK
1,389
million

total CPH tax contribution in 2018

Taxation



DKK million	2018				2017				2016			
	Expensed by CPH	Collected in transit	Total	In %	Expensed by CPH	Collected in transit	Total	In %	Expensed by CPH	Collected in transit	Total	In %
Tax Contribution												
Corporation tax ¹	344	-	344	25%	351	-	351	26%	306	-	306	24%
Planet taxes ²	4	51	55	4%	4	48	52	4%	3	46	49	4%
People taxes ³	24	473	497	36%	20	461	481	36%	19	442	461	36%
VAT ⁴	1	466	467	33%	1	436	437	33%	1	450	451	35%
Property taxes ⁵	19	7	26	2%	11	6	17	1%	12	(6)	6	1%
Total	392	997	1,389	100%	387	951	1,338	100%	341	932	1,273	100%
In %	28%	72%	100%		29%	71%	100%		27%	73%	100%	

¹ Corporation tax – current corporation tax.

² Environmental/energy taxes expensed by CPH or collected from tenants.

³ Payroll taxes withheld from wages or paid by employer.

⁴ VAT paid by customers.

⁵ Property taxes.

MANAGEMENT'S REVIEW

Risks

A short, solid yellow horizontal bar is positioned below the word 'Risks'.

Risk management & risks

At CPH, we assume the responsibility for our risks. 2018 has been a year marked by negotiating an agreement about the charges payable by airlines to use the airport. An agreement, which will support the government's national aviation strategy to increase international connectivity.

CPH is exposed to a wide range of risks, and adopting a holistic approach to risk management is therefore an important management tool for us.

The ongoing identification, assessment and monitoring of internal and external risks enables CPH to identify changes in the perceived risk exposure at an early stage and ensure timely risk management action.

Risk management method and approach at CPH

The CPH approach to risk management is proactive and consistent, ensuring that all risks are handled systematically with the involvement of relevant competences across CPH. Risk management is thus integrated into our business activities with the aim

of preventing and preparing for incidents, reducing uncertainty, leveraging opportunities and helping to meet the company's strategic goals.

Where a risk or opportunity arises, it will typically have a range of underlying causes. For each of these, the CPH risk management system indicates to what extent CPH is capable of exerting influence and thereby is capable, via preventative measures (e.g. regulations, procedures and internal controls) to affect the likelihood of the risk/opportunity occurring. Each risk is described in a risk card. The risk card includes all relevant information revealed via the risk assessment. Risk cards contribute to subsequent reporting, providing daily management and the Board of Directors with a good overview of

all significant risks in a simple and readily understandable form, enabling the prevention, monitoring and rapid and efficient action related to risks.

To enhance CPH's ability to withstand and react to an adverse incident or crisis, and to limit its negative consequences, CPH has a Business Continuity Management programme. The aim of the programme is to ensure a structured approach to maintaining a number of reactive measures, including emergency response and contingency plans. We have also, where relevant, further reduced our exposure to negative events by means of insurance cover.

The current perceived risk exposure is integrated into decision-making processes across

the organisation and helps to make decisions that are affected by one or more risks in accordance with the defined risk appetite.

CPH is on a journey towards becoming more inviting and transparent to our stakeholders and the public. In the future, we will increasingly share and discuss solutions and challenges with our collaborative partners. We want to be open about our dilemmas, opportunities and choices in order to strengthen stakeholder confidence.

On this journey, we consider risk management to be one of several important tools that will help us reach the goal – responsibly and while creating value.



Governance structure and organisation of risk management

The management team at CPH is responsible for risk management and supervising its implementation. The Board of Directors monitors risk management via the Audit and Risk Management Committee.

The Board of Directors has also determined and set the overriding risk appetite, which forms the basis for ongoing assessment and prioritising of risks relative to CPH objectives.

The practical risk management performance is monitored and facilitated by the Group Risk Manager. Responsibility for individual risks is embedded in all parts of the organisation and handled by selected “risk owners” in the various business units.

This includes identification, evaluation, management, control and reporting of risks, as well as provision of an informed decision-making basis consistent with CPH’s risk appetite.

Similarly, all risks are fully discussed, reconciled and quality-assured at individual meetings with risk owners and at management group meetings in the respective business units in advance of the quarterly ERM reporting.

CPH’s quarterly risk reporting structure



Significant risks

Our overall risk register includes strategic, financial, operational and reputational risks. Assessment of individual risks is made in relation to the CPH risk appetite and overarching objectives. The overall risk profile for CPH rarely changes significantly from one year to the next.

The following section describes the types of risk, which we consider to be particularly significant relative to our core business.

Financial risks

CPH’s financial risks are managed by the company’s Finance department. The principles and framework for financial risk management are approved at least once a year by the Board of Directors. For further information about how financial risks are managed, please read note 4.3 to the financial statements, [pages 108-112](#).

	Description	Impact	Mitigation
Safety and Security	<p>Safety comes before everything else in a workplace such as CPH. Employee and passenger safety is therefore at the core of our risk management. In accordance with CPH's risk tolerance, safety has the highest priority and is the focus of our daily activities. Our ambition is to continue to be one of the best airports in the world at managing safety.</p>	<p>Accidents or violations of rules can have very serious consequences at CPH, where approx. 23,000 people go to work and 83,000 travellers pass through every day. As an airport, we keep a focus on delivering precise, reliable operations, while complying with all current regulations and keeping the safety needs of employees and passengers in focus.</p>	<p>CPH expends considerable effort in monitoring, preventing and responding to safety and security incidents, and in this regard we have developed specific emergency response plans to be able to react at short notice to potential incidents – in close dialogue with our users. Every month, CPH follows up, measures and reports on incidents based on the relevant KPIs. View an example in the note on page 127. CPH is also subject to a wide range of regulatory requirements concerning both safety and security, and its compliance is monitored and checked by the Danish Transport, Construction and Housing Authority on an ongoing basis.</p>
Environment including climate	<p>CPH takes its environmental responsibility seriously, and is working long term and systematically to minimise its environmental impact and to ensure environmental responsibility in both operating and sustainably developing the airport. In recent years, there has been a strong focus on climate change, both nationally and internationally. The frameworks for, and demands on our business are changing fast, and it is becoming ever more necessary to take responsibility, identify opportunities and solve challenges.</p>	<p>Airport operations can impact the environment in many different ways, e.g. in terms of noise, air quality, surface water, wastewater and groundwater. Construction works at the airport can also affect the environment. The way we build, including the handling and transportation of construction materials, waste, resource consumption, and recycling, plays a significant role in our environmental and climate impact.</p>	<p>CPH – often in partnerships with others – seeks out innovative methods and solutions to environmental challenges, always working in compliance with relevant environmental regulations. We work systematically to ensure that the airport is operated and developed responsibly with due consideration for the environment including climate. This is integral to CPH's activities and decision-making processes. Furthermore, identifying and reducing potential environmental risks is a statutory requirement in major projects. For further information regarding the environment, please see pages 47-56.</p>
IT security breaches	<p>Digitalisation is a strategic focal point for CPH. This includes being innovative and using the digitalisation wave as a lever for growth, leading to a sharp focus on ensuring that CPH's IT strategy supports this.</p>	<p>CPH is particularly dependent on well-functioning and reliable IT systems, which affect CPH's ability to run the airport efficiently and keep passengers safe. Cybercrime is a concrete threat, as hackers can cause disruption that extends far beyond the actual incident.</p>	<p>At CPH we have a strong focus on protecting our IT systems from hacking, internet crime and viruses. With this in mind, we have adopted an IT security strategy to reduce the risk of CPH's IT systems being compromised and harmed.</p>
Airport charges	<p>The charges level, which is agreed in a regulated process, has a direct bearing on CPH's competitiveness and ability to continue to invest in growth.</p>	<p>In 2017, the government introduced a new national aviation strategy and new legislation regulating charges. CPH fully supports the strategy objectives with a particular focus on increasing Denmark's international connectivity, and in 2018 we focused on concluding a negotiated agreement with the airlines within the framework of this legislation.</p>	<p>It has been of vital importance to CPH to have a stable framework for our economy to enable us to maintain a high level of investment and expansion. In January 2019, the Danish Transport, Construction and Housing Authority approved the new charges regulation. The charges agreement is valid for the period 1 April 2019 – 31 December 2023 and determines the cost of using the airport runways, terminals and services.</p>

Description	Impact	Mitigation
Regulation	<p>As a partly state-owned, private, regulated business, CPH depends on the politically-determined regulatory framework, national as well as EU-related.</p>	<p>Within this regulatory framework, our business model focuses on making the airport as well run, efficient and attractive as possible for customers, thereby creating the greatest possible value for society, business partners, employees and owners.</p>
Reputation	<p>CPH monitors the relevant authorities to keep abreast of new legislation and changes to existing legislation. Where appropriate, CPH provides consultation responses and participates in relevant trade organisations. CPH is engaged in an ongoing dialogue with relevant authorities nationally and in the EU.</p>	<p>It is very important for CPH's license to operate that it is – and is perceived as – a responsible company that creates cohesion and focuses on ethics and compliance, while also creating value and growth for society and our shareholders.</p>
CPH's hub status	<p>As a transport hub for millions of travellers and hundreds of companies, we perform a societal task of major local, regional and national importance. The ongoing relationship and dialogue with our stakeholders and their perception of us are key to CPH's licence to operate and licence to grow. As an airport, we also have an impact on our surroundings, and it is important that we achieve the goals we set as a company in a responsible manner.</p>	<p>At CPH, we are conscious of the responsibility involved in operating and developing Copenhagen Airport. Thus, we are aware of the importance of having a good reputation and being a responsible company. Throughout 2018, we continued working on our CR efforts, working, for example, on the UN Sustainable Development Goals in order to create a greater sense of direction for the work. Within risk management, CPH therefore seeks to ensure that its reputation is not damaged, but instead continuously enhanced in the eyes of stakeholders.</p>
Capacity	<p>In order to support the national aviation strategy, CPH works actively to increase international connectivity. Today, CPH has a route network, which exceeds what the catchment area can support. The reason is that some airlines use CPH as a hub airport for long-haul overseas routes, where passengers are flown in from surrounding cities to “feed in” to these.</p>	<p>If feeder traffic and/or overseas routes fall away, this could have a negative impact on CPH's hub status and thus on the route network, putting CPH at risk of temporary surplus capacity.</p>
Capacity	<p>The CPH immediate expansion plan is to reach 40 million passengers per year. A growth strategy this ambitious requires investments in extra capacity.</p>	<p>The most critical capacity process areas are security checkpoint, baggage handling and passport control, as they are vital if passengers are to make their departures on time. These areas are therefore considered to have a major impact on our daily operations and reputation.</p>
		<p>Planning and execution of the expansion projects at Copenhagen Airport seek to balance expected developments in airline customers and passenger volume with agreed service levels, while ensuring operational flexibility and efficiency. In 2018, CPH inaugurated a new, expanded security checkpoint, an elevated pedestrian walkway from the metro station directly to the security checkpoint and SAS Fast Track, and the area on the other side of the security checkpoint between Piers A and B has been expanded by 4,000 m². At the same time, construction of the brand new Pier E, a total of 37,200 new m², is well underway.</p>

Governance, leadership & shares

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Shareholder information

Throughout 2018, CPH's shares were listed in Nasdaq Copenhagen's Nordic Large Cap segment, which consists of companies (excluding C25) with a market capitalisation of EUR 1 billion or more.

Investor relations policy

CPH's investor relations policy is to offer a consistently high level of information on CPH's goals, performance and outlook through an active and open dialogue with shareholders, other investors and stakeholders.

IR activities in 2018

In 2018, shareholders and other stakeholders were able to find updated information on CPH's financial performance on www.cph.dk/en. In addition, two issues of CPH's shareholder newsletter "CPH News" were published (only available in Danish). The Annual Report 2018 is available online on www.cph.dk/en.

Analyst coverage

As a result of CPH's ownership structure, no share analysts cover CPH.

The share

At 31 December 2018, CPH had share capital of DKK 784,807,000 divided into

7,848,070 shares, each with a nominal value of DKK 100. There is only one share class, and no shares carry special rights. The shares are listed on Nasdaq Copenhagen under ISIN DK0010201102.

A total of 263,773 shares were traded during the year, equivalent to 3.4% of the share capital and an average of 1,064 shares per trading day. The total value of the shares traded was DKK 1,501 million. CPH's market capitalisation was DKK 42.7 billion at the end of the year (2017: DKK 44.5 billion)

Shareholders

CPH had 4,425 registered shareholders at 31 December 2018.

Treasury shares

In 2018, CPH did not buy or sell treasury shares. CPH held no treasury shares at the end of the year.

Dividend policy

The goal of CPH's dividend policy is to create shareholder value. A key element in doing so is the maintenance of an efficient and prudent capital structure that provides funding for business and investment requirements.

Credit rating

CPH is rated by two credit rating agencies: Fitch (BBB+) and Moody's (Baa2).

Management's interests at 31 December 2018

Board of Directors

- Jesper Bak Larsen:
5 shares (2017: 15 shares)
- John Flyttov:
1 share (2017: 1 share)

No options or warrants have been issued to members of the Board of Directors or Executive Management. See note 2.4 to the financial statements on remuneration to the Executive Management.

Holdings of more than 5%

The following shareholders held more than 5% of the share capital on 1 March 2019:

- Copenhagen Airports Denmark ApS (CAD)
- The Danish State

Shareholder structure

31 December 2018

- **59.3%** Copenhagen Airports Denmark ApS (CAD)*
 - Ontario Teachers' Pension Plan (OTPP)
 - The Danish Labour Market Supplementary Pension (ATP)
- **39.2%** The Danish State
- **1.4%** Danish private and institutional investors
- **0.1%** International private and institutional investors



* See note 5.5 to the financial statements on related parties for a further description of OTPP's and ATP's ownership of shares in CPH.

Corporate governance

Good corporate governance at CPH is about supporting value creation and accountable management, thereby contributing to long-term success. The following sections describe CPH's general management structure and processes.

Annual General Meeting

The Annual General Meeting is the highest authority in all company matters. CPH's Annual General Meeting is held before the end of April each year.

Board of Directors

The Board of Directors comprises nine members. Six members are elected by the Annual General Meeting and three by the employees. The Board of Directors undertakes the overall and strategic management of CPH. The roles and responsibilities of the Board are defined in rules of procedure, which specify that the Board must:

- ensure that CPH is properly organised and that the Executive Management performs its duties in an appropriate manner;
- ensure that bookkeeping and financial reporting are carried out satisfactorily and that the necessary procedures for risk management and internal controls are in place;

- ensure that CPH's financial resources are appropriate;
- define CPH's overall targets, strategy, action plans and investment policy.

The Board of Directors meets seven times a year, including for a two-day strategy seminar. The agenda of the meetings is set out in an annual plan to ensure that the principal tasks are performed in a timely manner and distributed reasonably between the year's meetings.

CPH's employees elect three members to CPH's Board of Directors. Employee-elected members are elected for a period of four years. The most recent employee election took place in March 2015, meaning that new members are to be elected in March 2019. Pursuant to Danish legislation, employee-elected members have the same rights, obligations and responsibilities as board members elected by the Annual General Meeting.

The Board of Directors has prepared a description of competencies, which must be held by CPH board members. Nominations for board members are prepared in keeping with this competency specification. The competency specification states, for example, that board members must possess a relevant professional background with a particular focus on airports or other relevant sectors. Qualifications must include experience from corporate advisory work, primarily in the areas of commercial and financial advice, commercial operations and air traffic development.

The Board of Directors has determined an assessment procedure in accordance with corporate governance recommendations. In December of 2018, an assessment was conducted of the overall board and the individual members as well as the collaboration with the Executive Management and the top management level of CPH. The assessment is presided over by the Chairman of the Board of Directors and was in 2018 conducted as a questionnaire survey combined with follow-up dialogue within the board. The main conclusion from the assessment was that the work of the board functions well, generally speaking. The dialogue about individual assessment elements identified some areas that the board aims to develop further, and a plan has been determined for developing these same areas.

Chairmanship

The Board of Directors of CPH has appointed a chairmanship consisting of the chairman and the two deputy chairmen. The chairmanship prepares and organises the work

of the Board of Directors with a view to supporting the Board in fulfilling its tasks, duties and responsibilities effectively and responsibly.

The chairmanship also performs the role of a nomination and remuneration committee. In 2018, the chairmanship held 17 meetings, including seven extraordinary meetings and one working session. At these meetings, the chairmanship considered a number of issues in accordance with an annual plan for the various activities for which the chairmanship is responsible.

Audit and Risk Management Committee

The Board of Directors of CPH has established an Audit and Risk Management Committee (ARMC). The primary objective of the committee is to assist the Board of Directors in fulfilling its accounting, reporting and auditing responsibilities, and in areas connected with control and risk management at CPH.

In 2018, the Audit and Risk Management Committee met five times. This included one risk seminar. At these meetings, the committee considered a number of issues in accordance with an annual plan for the various activities set out in the terms of reference for the committee.

Executive Management

The Executive Management undertakes the day-to-day management of CPH. In so doing, the Executive Management follows the guidelines and directions laid down by the Board of Directors in the instructions for the Executive Management.

The Executive Management makes recommendations to the Board of Directors concerning financial resources, organisation, insurance matters, and the definition and implementation of CPH's overall targets, strategy, action plans and investment policy.

Finally, the Executive Management provides reports and information to the Board of Directors in a timely manner on day-to-day operations and financial matters.

Internal controls

CPH actively works to maintain its internal controls, strengthen embedding and engage with employees so that we create a strong foundation for the ongoing efforts in this area.

The Board of Directors and Executive Management have the overall responsibility for the internal control environment, while the Audit and Risk Management Committee

monitors CPH's internal control systems to ensure that any weaknesses are identified and addressed as quickly as possible. Among other things, this monitoring covers CPH's exposure to fraud and breaches of ethical policies as well as an assessment of CPH's overall risk exposure. See more about CPH's risk exposure under "Risk management and risks" on [page 65](#).

The responsibility for risk management, compliance, and internal controls is divided between a number of departments and functions.

The tasks are closely coordinated to ensure that the internal control systems and risk management processes function as intended. In order to further strengthen the effectiveness of risk management and internal control, CPH is organised according to the "three lines of defence" model. This model supports effective communication on risk management, compliance and internal control by defining the distribution of roles and responsibilities within the following three groups:

- Functions that own and manage risks;
- Functions that oversee risks;
- Functions that provide independent assurance.

Reference to the statement on corporate governance

CPH prepares a detailed statement on corporate governance that includes information on its position on the recommendations of the Danish Committee on Corporate Governance. The statement also presents the main elements of CPH's internal control and risk management systems in connection with the financial reporting process.

The statutory statement on corporate governance, cf. the Danish Financial Statements Act, section 107b, is available on CPH's website on: www.cph.dk/en/about-cph/investor/corporate-governance. ■



Board of Directors & Executive Management



Lars Nørby Johansen

Danish citizen, born in 1949. Chairman of the Board since 2014. Elected for one year at a time. Independent Board member.

Board positions
Chairman

- William Demant Invest
- Oticon Foundation
- Codan AS and Codan Forsikring AS
- Dansk Vækstkapital
- University of Southern Denmark
- Rockwool Foundation
- Montana
- Trapholt. Museum of Modern Art and Design

Deputy Chairman

Arp-Hansen Hotel Group

Relevant competences

Previously chairman of the Copenhagen Stock Exchange Committee on Corporate Governance. Previously a member of the Board of Directors of Copenhagen Airports A/S in 2000-2002.

Meetings attended

Board meetings: 7
Chairmanship meetings: 17



David Stanton

British citizen, born in 1969. Managing Director at Ontario Airports Investments Ltd. Member and deputy chairman of the Board since 2011. Chairman of the Audit and Risk Management Committee. Elected for one year at a time.

Board positions
Member

- Birmingham Airport
- London City Airport

Relevant competences

Expertise in finance, accounting, business development and commercial operations with in-depth knowledge of the aviation sector.

Meetings attended

Board meetings: 7
ARMC meetings: 5
Chairmanship meetings: 16



Ulrik Dan Weuder

Danish citizen, born in 1969. Senior Vice President and Head of Global Direct Investments (GDI) at ATP. Member and deputy chairman of the Board since December 2017. Member of the Audit and Risk Management Committee.

Board positions
Member

Redexis, non-executive director

Relevant competences

Significant experience in planning, financing and expanding infrastructure. Manages ATP investments worth over DKK 70 billion, DKK 34 billion of which in infrastructure.

Meetings attended

Board meetings: 7
ARMC meetings: 5
Chairmanship meetings: 16



Charles Thomazi

Canadian citizen, born in 1963. Managing Director, Ontario Teachers' Pension Plan (OTPP). Member of the Board since 2015. Elected for one year at a time.

Board positions
Member

- Brussels Airport
- Ontario Airports Investments Limited
- Maple Co

Relevant competences

More than 25 years' experience in the financial sector and more than 18 years' experience in infrastructure. Has worked across numerous sectors, but with a focus on transport infrastructure.

Meetings attended

Board meetings: 6



Janis Kong

British citizen, born in 1951. Member of the Board since 2012. Member of the Audit and Risk Management Committee. Elected for one year at a time. Independent Board member.

Board positions
Chairman

Bristol Airport

Member

- Portmeirion Group plc
- TUI Group AG
- Roadis

Relevant competences

In-depth knowledge of the airport sector achieved through a 33-year career at British Airports Authority plc, where she held a number of positions, including chairman of Heathrow Airport Ltd.

Meetings attended

Board meetings: 7
ARMC meetings: 5



Marlene Haugaard

Danish citizen, born in 1964. Senior Vice President in NCC Building Danmark. Member of the Board since 2018. Elected for one year at a time. Independent Board member.

Board positions
Chairman

Chairman of "Forum for Udbud" (Forum for tender) established by the Minister for Industry, Business and Financial Affairs.

Member

- Advisory Board of DTU Management
- Danish National Metrology Institute

Relevant competences

More than 30 years of in-depth knowledge of, and experience with management, consultancy and strategic advising within the fields of concrete, construction and environment.

Meetings attended

Board meetings: 5

Employee representative



Jesper Bak Larsen

Danish citizen, born in 1971.
Electrician.

Employee representative
Member of the Board since 2011.
Elected for four years at a time.

Meetings attended
Board meetings: 7



John Flyttov

Danish citizen, born in 1956.
Security officer.

Employee representative
Member of the Board since 2015.
Elected for four years at a time.

Meetings attended
Board meetings: 7



Dan Hansen

Danish citizen, born in 1978.
Semi-skilled worker.

Employee representative
Member of the Board since 2015.
Elected for four years at a time.

Meetings attended
Board meetings: 7

Executive management



Thomas Woldbye, CEO

Danish citizen, born in 1964.
Joined Copenhagen Airports A/S on 1 May 2011 as CEO. Previously worked for A. P. Moller-Maersk for 27 years, including approx. 20 years abroad.

Board positions
Chairman

- Copenhagen Airports International A/S
- Copenhagen Airport Hotels A/S
- Welcome Home (Veterans organisation)

Member

- Centre for Leadership, Cfl
- Wonderful Copenhagen
- DI's Committee on Business Policy
- SITA N.V.
- ACI Europe

Consolidated financial performance & statements

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Financial performance

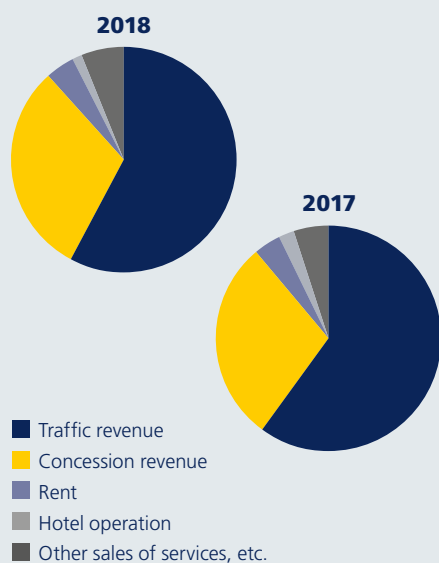
Revenue

Consolidated revenue grew by DKK 5.4 million equivalent to 0.1 %. Revenue amounted to DKK 4,444.8 million and consists of aeronautical revenue of DKK 2,574.8 million and non-aeronautical revenue of DKK 1,870.0 million.

The development was mainly driven by an increase in passenger numbers and a rise in concession revenue and parking revenue offset by a decrease in the revenue from the hotel due to the

Revenue

DKK 4,444.8 million
+ 0.1 %



new hotel agreement with Clarion. Excluding the hotel activity, the underlying revenue increased by 0.9 %. The increase in the non-aeronautical revenue was offset by a decrease in aeronautical revenue due to the reduction of charges as of 1 April 2018. This was a result of two initiatives: a general reduction in the charges paid by the airlines for using the airport while at the same time introducing a special incentive scheme, reducing charges by 35 % for high-frequency feeder flights between the regional airports and Copenhagen Airport. It was also decided not to index aeronautical charges as of 1 April 2018.

Operating costs

Operating costs including depreciation and amortisation increased by 10.7 % to DKK 2,828.4 million, excluding one-off items and the hotel activity of DKK 38.0 million consisting mainly of the effect of the new hotel agreement, restructuring costs, charges regulation and strategy.

The rise in operating costs was mainly due to a DKK 140.0 million increase in depreciation and amortisation due to the continued high level of investment and accelerated depreciations of non-current assets in connection with Pier E and aircraft stands. External costs increased by DKK 111.8 million as a result of the higher activity level, expenses related to the domestic campaign, increased service contracts for operating systems, additional consultant expenses related to the new hotel and strategy reassessment. Staff costs increased by DKK 21.4 million mainly due to the higher activity level primarily due to more passengers and higher investment level.

EBITDA

Reported EBITDA decreased by 3.8 % to DKK 2,512.4 million. Excluding one-off items and the hotel activity, EBITDA fell by 3.6 %.

EBIT

Reported EBIT decreased by 13.1 % to DKK 1,584.4 million. Excluding one-off items and the hotel activity, EBIT fell by 13.1 %.

Net financing costs

Net financing costs decreased by DKK 20.2 million compared to 2017, mainly due to an increase in capitalised interest on non-current assets as result of the higher investment level. This is partly offset by higher interest expenses due to higher loan volume.

Tax on profit for the year

Tax on the profit for the year was DKK 312.0 million, resulting in an effective tax rate of 22.0 %. The tax rate in 2018 was 22.0 % (2017: 22.0 %).

Net profit

Net profit for the year fell by DKK 180.2 million, to DKK 1,105.3 million, a decrease of 14.0 %. The decrease was primarily due to a reduction in charges as of 1 April 2018, increase in external costs, and depreciation and amortisation, partly offset by a rise in passenger numbers, concession revenue and parking revenue. Excluding one-off items and the hotel activity, net profit for the year amounted to DKK 1,066.6 million.

DKK million	Income statement				Income statement excluding one-off items and the hotel operation			
	2018	2017	Ch.	Pct.	2018	2017	Ch.	Pct.
Revenue	4,444.8	4,439.4	5.4	0.1 %	4,379.4	4,339.2	40.2	0.9 %
Other income	2.2	2.9	(0.7)	(24.1 %)	2.2	2.9	(0.7)	(24.1 %)
External costs	583.9	496.7	87.2	17.6 %	557.1	445.3	111.8	25.1 %
staff costs	1,350.7	1,334.7	16.0	1.2 %	1,343.3	1,321.9	21.4	1.6 %
EBITDA	2,512.4	2,610.9	(98.5)	(3.8 %)	2,481.2	2,574.9	(93.7)	(3.6 %)
EBIT	1,584.4	1,822.9	(238.5)	(13.1 %)	1,553.2	1,786.9	(233.7)	(13.1 %)
Profit before tax	1,417.3	1,635.6	(218.3)	(13.3 %)	1,386.1	1,599.6	(213.5)	(13.3 %)
Net profit for the year	1,105.3	1,285.5	(180.2)	(14.0 %)	1,066.6	1,243.7	(177.1)	(14.2 %)

Financial statements of income, 1 January – 31 December

NOTE	DKK million	2018	2017
	Income statement		
	Traffic revenue	2,574.8	2,666.8
	Concession revenue	1,360.7	1,280.7
	Rent	181.0	173.9
	Sale of services, etc.	328.3	318.0
2.1, 2.2	Revenue	4,444.8	4,439.4
	Other income	2.2	2.9
2.3	External costs	583.9	496.7
2.4	Staff costs	1,350.7	1,334.7
3.1	Amortisation and depreciation	928.0	788.0
	Operating profit	1,584.4	1,822.9
4.1	Financial income	6.2	2.1
4.1	Financial expenses	173.3	189.4
	Profit before tax	1,417.3	1,635.6
2.5	Tax on profit for the year	312.0	350.1
	Net profit for the year	1,105.3	1,285.5
5.9	Earnings per DKK 100 share (basic and diluted) EPS is stated in Danish kroner	140.8	163.8

NOTE	DKK million	2018	2017
	Statement of comprehensive income		
	Net profit for the year	1,105.3	1,285.5
	Items that are reclassified to the income statement		
	Currency translation of equity in foreign branch	(0.7)	-
	Value adjustments of hedging instruments	169.6	(407.6)
4.1	Value adjustments of hedging instruments transferred to financial income and expenses in the income statement	(115.6)	436.6
2.5	Tax on other comprehensive income	(11.9)	(6.4)
	Other comprehensive income for the year	41.4	22.6
	Total comprehensive income for the year	1,146.7	1,308.1

Group balance sheet

As of 31 December 2018, the Group had assets of DKK 12,968.1 million (2017: DKK 11,590.1 million). The increase of DKK 1,378.0 million was mainly due to a higher investment level.

Non-current assets

Non-current assets totalled DKK 12,268.4 million (2017: DKK 11,038.9 million), or 94.6 % of total assets (2017: 95.2 %). The largest investments in 2018 comprised capacity expansion at the central security checkpoint, improvement of wide-body facilities, expansion of Terminal 2 airside, expansion of Terminal 3 landside, establishment of Pier E and expansion of cooling capacity and IT systems.

Current assets

Current assets totalled DKK 699.7 million (2017: DKK 551.2 million). The increase was primarily due to higher cash and cash equivalents.

Liabilities

Liabilities totalled DKK 9,881.8 million at 31 December 2018 (2017: DKK 8,437.7million). Non-current liabilities increased by DKK 1,789.0 million compared to 31 December 2017 (2017: a decrease of DKK 997.1 million), while current liabilities excluding the current portion of financial institutions and other loans amounted to DKK 1,644.2 million (2017: DKK 1,339.4 million), an increase of DKK 304.8 million. The increase was mainly due to higher liabilities related to trade payables as a result of higher investment level and activity level.

Breakdown of investments in the aeronautical and non-aeronautical segments



Balance sheet, 31 December

NOTE	DKK million	2018	2017
	Assets		
	Non-current assets		
3.2	Total intangible assets	456.0	448.1
3.3	Property, plant and equipment		
	Land and buildings	5,103.3	4,955.6
	Plant and machinery	4,080.4	4,021.5
	Other fixtures and fittings, tools and equipment	649.5	681.2
	Property, plant and equipment in progress	1,893.0	925.2
	Total property, plant and equipment	11,726.2	10,583.5
	Financial investments		
3.4	Investments in associate	0.4	0.4
4.3	Other financial assets	85.8	6.9
	Total financial investments	86.2	7.3
	Total non-current assets	12,268.4	11,038.9
	Current assets		
	Receivables		
5.1	Trade receivables	473.4	427.5
	Other receivables	7.8	48.7
	Prepayments	59.4	62.4
	Total receivables	540.6	538.6
	Cash	159.1	12.6
	Total current assets	699.7	551.2
	Total assets	12,968.1	11,590.1

NOTE	DKK million	2018	2017
	Equity and liabilities		
	Equity		
	Share capital	784.8	784.8
	Reserve for hedging	(94.1)	(119.2)
	Cost of hedge	(16.5)	(33.5)
	Retained earnings	2,412.1	2,520.3
	Total equity	3,086.3	3,152.4
	Non-current liabilities		
2.5	Deferred tax	1,015.2	1,035.6
4.2	Financial institutions and other loans	6,553.3	4,653.3
4.3	Other payables	37.9	128.5
	Total non-current liabilities	7,606.4	5,817.4
	Current liabilities		
4.2	Financial institutions and other loans	631.2	1,280.9
	Prepayments from customers	340.9	235.9
	Trade payables	713.8	506.4
2.5	Income tax	200.4	213.9
4.3, 5.2	Other payables	381.5	374.7
	Deferred income	7.6	8.5
	Total current liabilities	2,275.4	2,620.3
	Total liabilities	9,881.8	8,437.7
	Total equity and liabilities	12,968.1	11,590.1

For more information, see list of notes on [page 84](#).

Equity and dividend

Equity

Equity totalled DKK 3,086.3 million at 31 December 2018 (2017: DKK 3,152.4 million), a decrease of DKK 66.1 million.

Change in equity

Equity was decreased by the dividends of DKK 1,212.8 million (2017: DKK 1,193.8 million) paid to shareholders, partly offset by the profit for the year of DKK 1,105.3 million (2017: DKK 1,285.5 million). In addition, there was a positive impact from value adjustments of hedging transactions and the associated tax effect of DKK 42.1 million (2017: positive impact of DKK 22.6 million). The value adjustments related to currency swaps to hedge USD and GBP exposure and to interest rate swap contracts. In addition, there were exchange rate adjustments of equity in foreign branch, resulting in a negative impact of DKK 0.7 million.

Dividend

The Board of Directors proposes a final dividend of DKK 678.1 million, equivalent to DKK 86.40 per share, for adoption at the Annual General Meeting. The total dividend for the year amounts to DKK 1,105.3 million, equivalent to DKK 140.83 per share after an extraordinary dividend of DKK 427.2 million, equivalent to DKK 54.43 per share, was distributed on 9 August 2018 based on the interim profit.

Dividends paid in 2018 consist of dividend in respect of 2017 of DKK 785.6 million and dividend in respect of 2018 of DKK 427.2 million. Dividend paid in 2017 consists of dividend in respect of 2016 of DKK 693.9 million and dividend in respect of 2017 of DKK 499.9 million.

See the Parent Company's statement of equity with respect to which reserves are available for distribution.

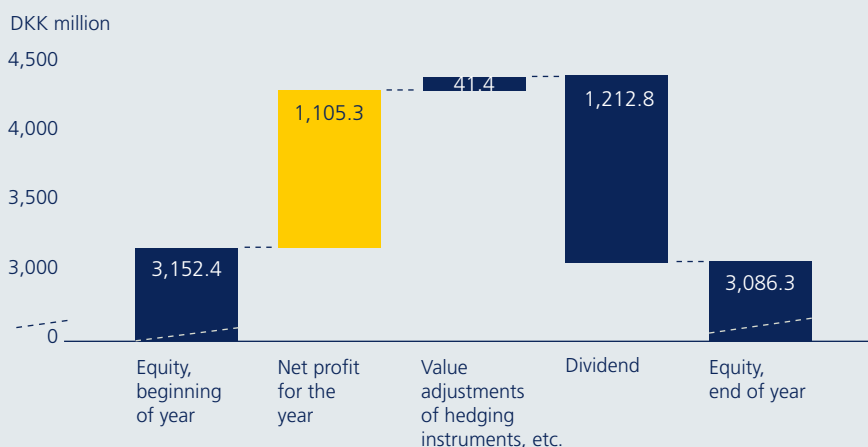
Equity ratio

The equity ratio amounted to 23.8 % (2017: 27.2 %) of the balance sheet total, a decrease of 3.4 percentage point compared to 2017 mainly related to the higher investment level.

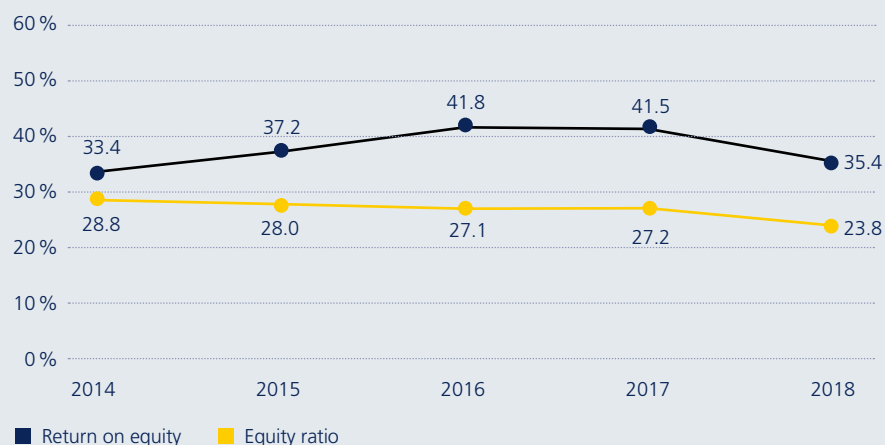
Return on equity

The return on equity was 35.4 %, a decrease of 6.1 percentage points compared to 2017. The decrease was primarily due to the development in profit for the year.

Equity movements in 2018



Equity ratio and return on equity



Statement of changes in equity, 1 January – 31 December

DKK million	2018					2017				
	Share capital	Reserve for hedging	Cost of hedge	Retained earnings	Total	Share capital	Reserve for hedging	Cost of hedge	Retained earnings	Total
Equity at 1 January	784.8	(119.2)	(33.5)	2,520.3	3,152.4	784.8	(115.0)	(60.3)	2,428.6	3,038.1
Comprehensive income for the year										
Net profit for the year	-	-	-	1,105.3	1,105.3	-	-	-	1,285.5	1,285.5
Other comprehensive income										
Currency translation of equity in foreign branch	-	-	-	(0.7)	(0.7)	-	-	-	-	-
Value adjustments of hedging instruments	-	115.3	17.0	-	132.3	-	(344.7)	26.8	-	(317.9)
Value adjustments of hedging instruments transferred to financial income and expenses in the income statement	-	(90.2)	-	-	(90.2)	-	340.5	-	-	340.5
Total other comprehensive income	-	25.1	17.0	(0.7)	41.4	-	(4.2)	26.8	-	22.6
Total comprehensive income for the year	-	25.1	17.0	1,104.6	1,146.7	-	(4.2)	26.8	1,285.5	1,308.1
Transactions with owners										
Dividends paid	-	-	-	(1,212.8)	(1,212.8)	-	-	-	(1,193.8)	(1,193.8)
Total transactions with owners	-	-	-	(1,212.8)	(1,212.8)	-	-	-	(1,193.8)	(1,193.8)
Equity at 31 December	784.8	(94.1)	(16.5)	2,412.1	3,086.3	784.8	(119.2)	(33.5)	2,520.3	3,152.4

Cash flow statement

Cash flow from operating activities

Cash flow from operating activities amounted to DKK 1,980.0 million, a decrease of DKK 50.9 million compared to 2017. This is mainly due to higher interest payments due to higher loan volume and higher tax payments.

Cash flow from investing activities

Payments for intangible assets and property, plant and equipment totalled DKK 1,761.3 million (2017: DKK 1,477.1 million).

Cash flow from financing activities

The cash flow from financing activities relates to repayment of USPP loans of USD 200 million, dividend payment and minor mortgage repayments. This was partly offset by proceeds from a loan of DKK 900 million with Nordic Investment Bank (NIB), a loan of DKK 1.0 billion with European Investment Bank (EIB) and a loan of DKK 500 million with Danske Bank and drawdowns on credit facilities. The loans will finance investments in capacity and expansions at Copenhagen Airport.

Cash and cash equivalents

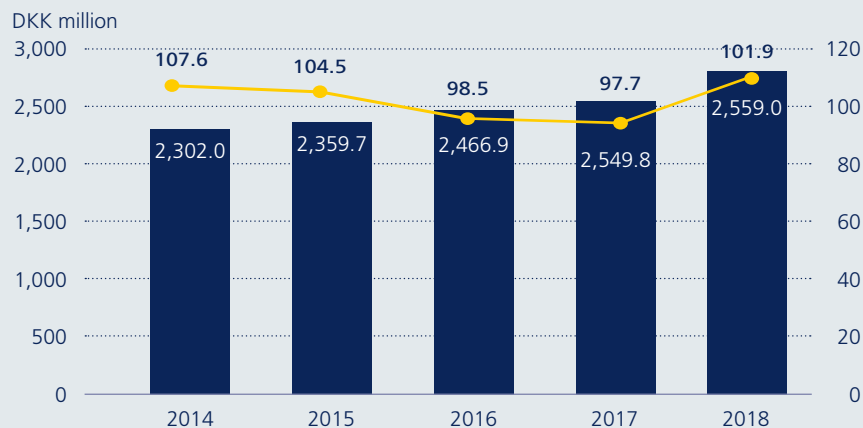
CPH had cash and cash equivalents of DKK 159.1 million (2017: DKK 12.6 million) and committed undrawn credit facilities of DKK 2,242.9 million at 31 December 2018 (2017: DKK 3,366.5 million).

Financing

As of 31 December 2018, CPH had interest-bearing debt of DKK 7,184.5 million (2017: DKK 5,934.2 million) and net interest-bearing debt of DKK 7,025.4 million (2017: DKK 5,921.6 million). The difference of DKK 159.1 million (2017: DKK 12.6 million) consisted of cash and cash equivalents. Of this interest-bearing debt, 91.2 % (2017: 78.4 %) was non-current, i.e. with a maturity of more than one year from 31 December 2018, and consisted primarily of facilities in USD, DKK and GBP. See note 4.2 for further information.

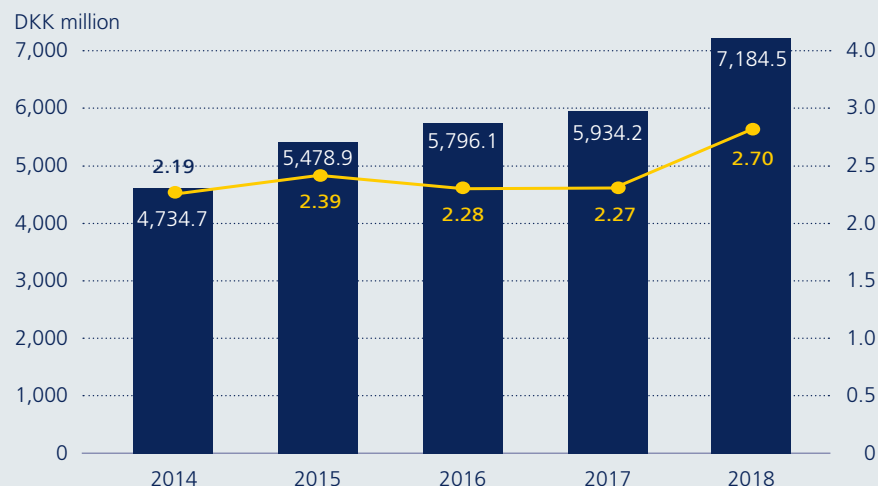
In December 2018, CPH entered a five-year committed credit facility with a club of banks totalling DKK 2.0 billion. The new facility address all short- and medium-term refinancing risks. The new facility ensures that CPH will continue to be able to meet its investment commitments. The facility expires 20 December 2023.

Cash flow



■ Cash flow from operating activities before financial items and tax
■ EBITDA index

Financing



■ Interest-bearing debt
■ Leverage ratio

Cash flow statement, 1 January – 31 December

NOTE	DKK million	2018	2017
Cash flow from operating activities			
5.3	Received from customers	4,503.2	4,398.7
5.3	Paid to staff, suppliers, etc.	(1,944.2)	(1,848.9)
	Cash flow from operating activities before financial items and tax	2,559.0	2,549.8
5.3	Interest received, etc.	1.9	1.3
5.3	Interest paid, etc.	(223.1)	(217.7)
	Cash flow from operating activities before tax	2,337.8	2,333.4
2.5	Income taxes paid	(357.8)	(302.5)
	Cash flow from operating activities	1,980.0	2,030.9
Cash flow from investing activities			
3.3	Payments for property, plant and equipment	(1,620.2)	(1,402.5)
3.2	Payments for intangible assets	(141.1)	(74.6)
	Sales of property, plant and equipment	2.3	3.7
	Cash flow from investing activities	(1,759.0)	(1,473.4)

NOTE	DKK million	2018	2017
Cash flow from financing activities			
4.2	Repayments of long-term loans	(200.0)	(505.7)
4.2	Proceeds from long-term loans	2,100.0	1,100.0
4.2	Repayments of short-term loans	(1,580.0)	(233.6)
4.2	Proceeds from short-term loans	818.3	210.0
	Dividends paid	(1,212.8)	(1,193.8)
	Cash flow from financing activities	(74.5)	(623.1)
	Net cash flow for the year	146.5	(65.6)
	Cash at beginning of year	12.6	78.2
	Cash at end of year	159.1	12.6

Notes to the financial statements

NOTE

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- Contains accounting policies
- Contains significant estimates and judgements
- Contains estimates and judgements

NOTE

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Notes / General

NOTE Significant accounting policies

1.1

To make the report more manageable and readable, the accounting policies and the estimates and judgements for specific items are placed together with the appropriate note, and all information related to the item is in one place.

Basis of preparation of the financial statements

CPH is a limited company domiciled in Denmark and listed on Nasdaq Copenhagen.

The consolidated financial statements of CPH are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and further requirements applicable in Denmark.

The financial statements of the Parent Company, Copenhagen Airports A/S, are prepared in accordance with the Danish Financial Statements Act.

Significant accounting estimates

The estimates made by CPH in determining the carrying amounts of assets and liabilities are based on assumptions that are subject to future events. These include, among other things, estimates of the useful lives of property, plant and equipment, and their residual values. Estimates and underlying assumptions are based on historical data and a number of other factors that Management considers relevant under the given circumstances. There are no changes in the estimates made by CPH in determining the carrying amounts compared to 2017. The carrying amounts of these items are disclosed in notes 3.2 and 3.3.

For a description of CPH's risks, see note 4.3 on financial risks.

General information

The consolidated financial statements are prepared under the historical cost principle. Assets and liabilities are subsequently measured as described below.

Basis of consolidation

The Group Annual Report comprises the Parent Company, Copenhagen Airports A/S, and companies where the Parent Company directly or indirectly controls the majority of the votes or in some other way controls the companies (subsidiaries). Companies where CPH controls

less than 50 % of the votes and does not have control but exercises significant influence are considered associates.

In the consolidation, intercompany income and expenses, shareholdings, dividends and balances, and realised and unrealised intercompany gains and losses on transactions between the consolidated companies are eliminated.

CPH's Group Annual Report is prepared on the basis of the financial statements of the Parent Company and the subsidiaries. The financial statements used in the consolidation are prepared in accordance with CPH's accounting policies.

Other income

Other income contains items of a secondary nature relative to CPH's primary activities, including gains and losses on sales of assets.

Foreign currency translation

CPH's functional currency is the Danish krone (DKK). This currency is used as the measurement and presentation currency in the preparation of the Annual Report. Therefore, currencies other than DKK are considered foreign currencies.

Transactions denominated in foreign currencies are translated at the exchange rate ruling at the transaction date. Gains and losses arising as a result of differences between the exchange rate at the transaction date and the exchange rate at the date of payment are recognised in the income statement as Financial income or Financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled on the balance sheet date are translated at the exchange rates ruling at the balance sheet date.

Statement of comprehensive income

CPH presents comprehensive income in two statements: an income statement and a statement of comprehensive income, showing the results of operations for the year and income included in other comprehensive income. Other comprehensive income comprises hedging transactions. Tax related to other comprehensive income for the individual items is disclosed in the relevant notes.

Notes / General

NOTE 1.1 Significant accounting policies (continued)

Equity

Dividend

Dividends expected to be declared in respect of the year are stated under equity. Dividends are recognised as a liability at the time of adoption by the shareholders at the Annual General Meeting.

Reserve for hedging

The reserve for hedging transaction contains the accumulated net change in the fair value of hedging transactions that meet the criteria for hedging future cash flows and where the hedged transaction has not yet been realised.

The reserve is dissolved, when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or the hedging relationship is no longer effective.

Cost of hedge

Cost of hedging includes total cost of hedging for hedge transactions. Expenses are dissolved, when the hedged transaction is realised.

Prepayments and deferred income

Prepayments recognised under assets comprise costs incurred relating to the following financial year and are measured at nominal value.

Deferred income recognised under liabilities comprises payments received relating to income in subsequent financial years and is measured at nominal value.

Cash flow statement

The cash flow statement shows CPH's cash flows for the year distributed between operating, investing and financing activities as well as the net changes in cash for the year and CPH's cash at the beginning and end of the year.

Cash and cash equivalents

Cash includes cash and balances on accounts available at no or short notice.

Cash flow from operating activities

The cash flow from operating activities comprises payments from customers less payments to employees, suppliers, etc., adjusted for financial items paid and income taxes paid.

Cash flow from investing activities

The cash flow from investing activities comprises cash flows from the purchase and sale of intangible assets and property, plant and equipment.

Cash flow from financing activities

The cash flow from financing activities comprises cash flows from the raising and repayment of long-term and short-term debt to financial institutions as well as payments to shareholders.

Notes / General

NOTE 1.2 Recently adopted accounting standards and interpretations for implementation

A number of minor changes to existing accounting standards were implemented in the financial year 2018. CPH has assessed the effect of the updated IFRS standards and interpretations. CPH has concluded that all applicable standards and interpretations that came into force for financial years commencing on 1 January, 2018, are either not relevant to CPH or do not have a material impact on CPH's financial statements.

New standards, amendments and interpretations adopted but not yet effective

The following new standards, amendments and interpretations of relevance to CPH have been issued by the IASB and adopted by the EU. The standards are not yet effective and will therefore not be implemented in the Annual Reports until they take effect.

- **IFRS 16, Leases:** Going forward, the lessee is required to recognise all leases as a lease liability and a lease asset in the balance sheet with two exceptions: short-term leases (less than 12 months) and leases relating to low-value assets. It must furthermore be considered whether the agreement is a lease or a service arrangement.

The current rules for the lessor remain largely unchanged. Consequently, leases are still to be classified as finance leases and operating leases.

The standard will be effective for financial years beginning on or after 1 January 2019.

CPH has assessed the effect of the new IFRS standards and interpretations and expects the following effect on implementation:

- CPH has completed the analysis of the effect of implementing IFRS 16. Based on the analysis, it is assessed that implementation of the standard will not have a material impact on CPH's financial reporting.

IASB has issued the following new interpretation, which could be relevant to CPH, but which has not yet been adopted by the EU:

- **IFRIC 23, Uncertainty over Income Tax Treatments:** The interpretation clarifies that it must be determined whether each tax position is to be treated individually or collectively with other uncertain tax positions. The assessment should be based on the assumption that the tax authorities have the same knowledge of the enterprise's circumstances and, therefore, the assessment should disregard any detection risk. This determination may be based, for example on how tax statements are prepared or how the enterprise expects the tax authorities to treat the uncertain tax positions. The uncertain tax position must be recognised if it is probable that the enterprise will have to pay or receive refunds. The uncertain tax position must be measured so as better to reflect the receivable/liability and the related uncertainty.

The amendment will be effective for financial years beginning on or after 1 January 2019.

CPH expects to implement this interpretation when it becomes effective. CPH has not conducted an in-depth analysis of the interpretation, but does not expect the interpretation to have a material impact on CPH's financial reporting at present.

Notes / General

NOTE **One-off items**

1.3

One-off items comprise revenue and expenses of an exceptional nature relative to CPH's operating activities, such as costs incurred for structuring of processes and structural adjustments as well as any gains and losses on divestments related thereto and which, over time, are of material importance. Other amounts of a one-off nature are also included in this line item, including gains on the divestment of operations.

The hotel operation comprises a specific operation, which changed in 2017 from a management contract with Hilton to a minimum-based lease with Nordic Choice Hotels. Under the old agreement, both revenue and costs related to the hotel activity were recognised in the respective financial items. Under the new agreement, the hotel operation is no longer recognised in the CPH Group, but is included in rental income.

The Income statements for 2017 and 2018 have been adjusted for one-off items and the hotel activity to make the years comparable.

Notes / General



NOTE
1.3

One-off items (continued)

		2018					2017				
NOTE	DKK million	Including one-off items	One-off items	Excluding one-off items	Hotel operation*	Excluding one-off items and the hotel operation	Including one-off items	One-off items	Excluding one-off items	Hotel operation*	Excluding one-off items and the hotel operation
2.1. 2.2	Revenue	4,444.8	-	4,444.8	(65.4)	4,379.4	4,439.4	-	4,439.4	(100.2)	4,339.2
	Other income	2.2	-	2.2	-	2.2	2.9	-	2.9	-	2.9
2.3	External costs	583.9	(26.8)	557.1	-	557.1	496.7	(13.9)	482.8	(37.5)	445.3
2.4	Staff costs	1,350.7	(7.4)	1,343.3	-	1,343.3	1,334.7	(12.3)	1,322.4	(0.5)	1,321.9
	EBITDA	2,512.4	34.2	2,546.6	(65.4)	2,481.2	2,610.9	26.2	2,637.1	(62.2)	2,574.9
3.1	Amortisation and depreciation	928.0	-	928.0		928.0	788.0	-	788.0		788.0
	Operating profit	1,584.4	34.2	1,618.6	(65.4)	1,553.2	1,822.9	26.2	1,849.1	(62.2)	1,786.9
4.1	Net financing costs	167.1	-	167.1		167.1	187.3	-	187.3		187.3
	Profit before tax	1,417.3	34.2	1,451.5	(65.4)	1,386.1	1,635.6	26.2	1,661.8	(62.2)	1,599.6
2.5	Tax on profit for the year	312.0	7.5	319.5		319.5	350.1	5.8	355.9		355.9
	Profit after tax	1,105.3	26.7	1,132.0	(65.4)	1,066.6	1,285.5	20.4	1,305.9	(62.2)	1,243.7

* An adjustment for the hotel operation has been made only down to EBITDA level.

Notes / Results for the year

NOTE 2.1 Segmental information

2.1 Accounting policies

The accounting policies for recognition and measurement of segmental information are the same as for the income statement and balance sheet.

The operating results of the segments comprise directly attributable revenue less related operating costs. Operating costs comprise external costs, staff costs and amortisation and depreciation.

Segment assets comprise non-current assets used directly in the operating activities of each segment and current assets directly attributable to the operating activities of each segment, including trade receivables, other receivables, prepayments and deferred income. Jointly used properties are allocated to the segments on the basis of an overall estimate of the amount of space used.

Segment liabilities comprise liabilities that have arisen out of the segment's operations, including prepayments received from customers, trade payables and other payables.

Operating segments

CPH has two segments: Aeronautical and Non-aeronautical.

The segmental classification follows the legal and organisational classification of the Group's activities, and the aeronautical segment comprises the regulated part of Copenhagen Airports (traffic charges). The non-aeronautical segment comprises all other activities. This classification is appropriate, as the aeronautical segment reporting also constitutes the reporting of regulatory activities under BL 9-15 (traffic charges). BL 9-15 is described in note 5.6.

Aeronautical

This segment comprises the operations and functions that the airports at Kastrup and Roskilde make available so that airlines can operate their flights, including facilities required for passengers to pass through these airports. Revenue in the aeronautical segment comprises passenger, security, ETD (Explosive Trace Detection), take-off and aircraft-parking charges and other income, including handling and CUTE charges (IT technology used in connection with check-in).

Non-aeronautical

This segment comprises the other facilities and services provided at the airports to passengers and others, including car-parking facilities, shops, restaurants, rest areas, lounges and the hotel. The vast majority of the operations are operated by concessionaires. The segment also includes the leasing of CPH's buildings, premises and land to non-Group lessees. Revenue in the non-aeronautical segment comprises concession revenue; rent from buildings, premises and land; revenue from parking, the hotel operation and services for persons with reduced mobility (PRM); Taxi Management Services (TMS); sales of consulting services concerning airport operation; and other services.

Revenue related to CPH's largest customer amounted to DKK 937.3 million in 2018 (2017: DKK 1,015.5 million), representing 21.1 % of revenue (2017: 22.9 %). This revenue relates to both the aeronautical and non-aeronautical segments. Revenue related to the second-largest customer amounted to DKK 511.7 million in 2018 (2017: DKK 525.5 million), representing 11.5 % of revenue (2017: 11.8 %). This revenue relates to both the aeronautical and non-aeronautical segments. Revenue related to the third-largest customer amounted to DKK 425.9 million in 2018 (2017: DKK 425.5 million), representing 9.6 % of revenue (2017: 9.6 %). This revenue relates solely to the non-aeronautical segment.

Notes / Results for the year

NOTE 2.1 Segmental information (continued)

DKK million	2018			2017		
	Business areas			Business areas		
	Aeronautical	Non-aeronautical	Total	Aeronautical	Non-aeronautical	Total
Revenue	2,574.8	1,870.0	4,444.8	2,666.8	1,772.6	4,439.4
Operating profit	352.9	1,231.5	1,584.4	615.1	1,207.8	1,822.9
Non-current assets	8,744.5	3,437.7	12,182.2	7,914.5	3,117.1	11,031.6
Other assets	313.2	227.4	540.6	323.6	215.0	538.6
Investments in associates		0.4	0.4		0.4	0.4
Unallocated assets*			244.9			19.5
Total assets	9,057.7	3,665.5	12,968.1	8,238.1	3,332.5	11,590.1
Liabilities	853.8	590.0	1,443.8	698.2	427.3	1,125.5
Unallocated liabilities**			8,438.0			7,312.2
Total liabilities	853.8	590.0	9,881.8	698.2	427.3	8,437.7
Investments in fixed assets (including capitalised interest)	1,554.6	524.1	2,078.8	1,115.4	401.7	1,517.1
Amortisation and depreciation	725.3	202.7	928.0	615.9	172.1	788.0

* Unallocated assets include cash and financial assets.

** Unallocated liabilities include deferred taxes, borrowings from financial institutions and other loans, other long-term liabilities and income tax payable.

Notes / Results for the year

NOTE Revenue

2.2

Accounting policies

Revenue comprises the year's traffic revenue, rent, concession revenue and sales of services, net of value added tax and price reductions directly related to sales, cf. the segmental information in note 2.1.

Traffic revenue

Traffic revenue comprises passenger, security, ETD, take-off and aircraft-parking charges, handling and CUTE charges (IT technology used in connection with check-in), and are recognised in connection with delivery made at the time of departure of the aircraft of the related services. In traffic revenues, start-up discounts for previously unserved routes, transfer / transit discounts based on the last 12 months of traffic and incentive scheme for high-frequency feeder routes are deducted. The NO_x charge is included in take-off charges.

Concession revenue

Concession revenue comprises sales-related revenue from Copenhagen Airport's shopping centre, which is recognised in line with the revenue generated by the concessionaires. Revenue from car-parking facilities is recognised upon leaving the car-parking facilities (exiting the car park).

Rent

Rent comprises rent for buildings and land and is recognised over the terms of the contracts.

Revenue from sales of services etc

Revenue from sales of services etc. comprises revenue from the hotel operation and other activities, including services for persons with reduced mobility (PRM), which are recognised when delivery of the services takes place, and taxi management services (TMS), which are recognised on arrival at the taxi stand. Other services typically include a delivery obligation that is recognized either linearly over a period or at a particular time when the services are provided.

DKK million	2018	2017
Traffic revenue		
Take-off charges	451.0	460.9
Passenger charges	1,191.6	1,242.2
Security charges	609.3	629.2
ETD charges	43.1	48.2
Handling	202.8	210.6
Aircraft parking. CUTE. etc.	77.0	75.7
Total traffic revenue	2,574.8	2,666.8
Concession revenue		
Shopping centre	875.3	840.5
Car parking	418.5	378.5
Other concession revenue	66.9	61.7
Total concession revenue	1,360.7	1,280.7
Rent		
Rent from premises	127.2	120.8
Rent from land	48.4	47.4
Other rent	5.4	5.7
Total rent	181.0	173.9
Sales of services etc.		
Hotel operation. Hilton	-	50.7
Hotel operation. Clarion	65.4	49.5
Other sales of services. etc.	262.9	217.8
Total sales of services etc.	328.3	318.0
Total revenue	4,444.8	4,439.4

Notes / Results for the year

NOTE 2.2 Revenue (continued)

Composition of revenue

	2018					
	Aeronautical segment	Non-aeronautical segment				
DKK million	Traffic revenue	Concession revenue	Car parking	Rent	Other services	Total
Total on segments	2,574.8	942.2	418.5	181.0	328.3	4,444.8
Time of recognition						
- At a certain time	2,574.8	-	418.5	-	-	2,993.3
- Over time	-	942.2	-	181.0	328.3	1,451.5
Total	2,574.8	942.2	418.5	181.0	328.3	4,444.8
Type of contract						
- Fixed price	2,574.8	106.4	418.5	181.0	328.3	3,609.0
- Revenue-based contracts	-	835.8	-	-	-	835.8
Total	2,574.8	942.2	418.5	181.0	328.3	4,444.8

Segmentation from last year remains unchanged.

DKK million	2018	2017
Rent relating to leases non-cancellable by lessee		
Within 1 year	227.1	170.4
Between 1 and 5 years	586.0	454.4
After 5 years	3,607.5	3,697.6
Total	4,420.6	4,322.4

Concession charges (minimum charges) related to the shopping centre and other concessions are subject to the level of activity.

CPH's revenue consists only of services in the aeronautical and non-aeronautical segments.

There is no financing element, as payment terms follow cash payment on delivery or 14 days credit.

Notes / Results for the year

NOTE 2.3 External costs

2.3

Accounting policies

External costs comprise administrative expenses, sales and marketing expenses, and other operating and maintenance costs.

DKK million	2018	2017
Operation and maintenance	374.5	355.1
Energy	100.8	45.0
Administration	86.1	71.8
Other	22.5	24.8
Total external costs	583.9	496.7

External costs increased by DKK 87.2 million compared to 2017. This is mainly due to the higher activity level, expenses in connection to the domestic campaign, increased service contracts for operating systems, expenses for consultants in connection with the new hotel and reassessment of strategy. This was partly offset by the effect of the new hotel agreement. See also note 1.3 on one-off items.

In 2018, CPH incurred one-off items of DKK 26.8 million, mainly related to restructuring, charges regulation and expenses in relation to reassessment of the strategy (2017: DKK 13.9 million). See note 1.3 for an overview of one-off items.

NOTE 2.4 Staff costs

2.4

Accounting policies

Staff costs comprise salaries, wages and pension contributions for CPH staff, including the Executive Management, fees to the Board of Directors and other staff costs.

Regular pension contributions under defined contribution plans are recognised in the income statement in the period in which they arise. For civil servants seconded by the Danish State, CPH recognises a pension contribution in the income statement, which is fixed each year by the State and paid to the State on a regular basis.

DKK million	2018	2017
Salaries and wages	1,353.8	1,316.1
Pension contributions	112.8	109.5
Other social security costs	10.3	10.0
Other staff costs	52.5	61.2
	1,529.4	1,496.8
Less work performed on own accounts	178.7	162.1
Total staff costs	1,350.7	1,334.7

In 2018, salaries and wages increased by DKK 37.7 million, mainly due to the annual salary adjustment and an increase in headcount of 41 full-time employees. This was partly offset by an increase in capitalisation of DKK 16.6 million on the many growth projects.

Notes / Results for the year

NOTE 2.4 Staff costs (continued)

DKK million	2018	2017
Remuneration to the Executive Management		
Cash remuneration to the Executive Management including pension contributions, company car, etc	6.7	6.7
Provision for short-term incentive plan for members of the Executive Management, see below	3.5	3.6
Provision for long-term incentive plan for members of the Executive Management, see below	2.5	2.5
Total	12.7	12.8
Emoluments to the Board of Directors*		
Lars Nørby Johansen	1.0	0.9
Marlene Haugaard	0.3	-
Janis Kong	0.3	0.3
Jesper Bak Larsen	0.3	0.3
John Flyttov	0.3	0.3
Dan Hansen	0.3	0.3
Total	2.5	2.1
Emoluments to the Audit and Risk Management Committee*		
Janis Kong	0.2	0.2
Total emoluments to the Board of Directors	2.7	2.3
Total emoluments to the Board of Directors and the Executive Management	15.4	15.1
Number of people employed by CPH		
Average number of full-time employees	2,472	2,431
Of which civil servants who, pursuant to the Copenhagen Airports Act, retain their status as State employees	18	24

* The rest of the Board members decided to renounce their emoluments.

Employer-administered pension contributions accounted for DKK 1.0 million (2017: DKK 1.0 million) of the salaries paid to members of the Executive Management.

The remuneration to the Executive Management consists of a fixed basic salary (including pension contributions), certain benefits (free company car, etc.) and an incentive plan, which is described below. In the event of termination of employment by CPH, the members of the Executive Management are entitled to a maximum of 12 months' remuneration and an one-off payment equivalent to 24 months' basis salary.

In order to promote a sound long-term approach, a rolling three-year incentive plan has been introduced for the Executive Management. For 2018, the total costs expensed for the long-term incentive plan were DKK 2.5 million (2017: DKK 2.5 million). The three-year incentive plan cannot exceed six months' salary per annum. The short-term incentive plan has terms of up to one year. The target of the short-term incentive plan is 50 % of the executive's fixed annual salary but the value may be up to a maximum of 75 % if targets are exceeded. For 2018, the total accrued costs for the short-term incentive plan were DKK 3.5 million (2017: DKK 3.6 million).

The total remuneration in 2018 to members of the Executive Management was DKK 12.7 million (2017: DKK 12.8 million), including a provision of DKK 2.5 million for a potential payout under the long-term incentive plan (2017: DKK 2.5 million) and a provision of DKK 3.5 million for the short-term incentive plan (2017: DKK 3.6 million). Pension contributions for members of the Executive Management are paid regularly to private pension companies. CPH has no liabilities in this respect.

Remuneration to the Board of Directors and Executive Management in 2018 was paid in accordance with the "General guidelines for remuneration to the Board of Directors and Executive Management of Copenhagen Airports A/S". Key management consists of the Executive Management.

CPH makes annual pension contributions to the Danish State. These contributions are paid for those employees who, under their contracts of employment, are entitled to a pension from the Danish State. The rate of pension contributions is fixed by the Minister for Finance was 21.2 % in 2018 (2017: 21.2 %). In 2018, these pension contributions amounted to DKK 1.1 million (2017: DKK 1.3 million).

In 2018, CPH incurred one-off cost items of DKK 7.4 million (2017: DKK 12.3 million) related to restructuring, including redundancy payments. See note 1.3 for an overview of one-off items.

Notes / Results for the year

NOTE 2.5 Tax on profit for the year

Accounting policies

Copenhagen Airports A/S is taxed jointly with Kastrup Airports Parent ApS (KAP), Copenhagen Airports Denmark Holding ApS (CADH) and Copenhagen Airports Denmark ApS (CAD), and the two wholly owned subsidiaries Copenhagen Airports International A/S (CAI) and Copenhagen Airport Hotels A/S (CAH). KAP is the administrative company for the jointly taxed companies and settles corporation taxes due to the tax authorities. CPH, CAI and CAH pay tax on account to KAP and settle tax underpaid/overpaid with KAP.

Income tax for the year, consisting of the year's current tax and the year's change in deferred tax, is recognised in the income statement at the amount that can be attributed to the profit for the year, and posted directly in other comprehensive income at the amount that can be attributed to movements therein.

Current tax liabilities are carried on the balance sheet as current liabilities to the extent such items have not been paid. Tax overpaid on account is included as a separate line item under Receivables. Interest and allowances regarding tax payments are recognised under Financial income and Financial expenses.

Deferred tax is calculated according to the balance sheet liability method on all temporary differences between the carrying amount and tax base of assets and liabilities.

Deferred tax is calculated on the basis of the tax rules and tax rates that will apply under the legislation in force at the balance sheet date when the deferred tax item is expected to crystallise as current tax. Changes in deferred tax resulting from changes in tax rates are recognised in the income statement.

Deferred tax assets are recognised in the balance sheet at the value at which they are expected to be realisable.

DKK million	2018	2017
Tax expense		
Current income tax	344.3	347.8
Change in deferred tax	(20.4)	8.7
Total	323.9	356.5
Tax is allocated as follows:		
Tax on profit for the year	312.0	350.1
Tax on other comprehensive income related to hedging instruments	11.9	6.4
Total	323.9	356.5

Notes / Results for the year

NOTE 2.5 Tax on profit for the year (continued)

DKK million	2018	2017
Breakdown of tax on profit for the year		
Tax calculated at 22.0% of profit before tax	311.8	359.8
Tax effect of:		
Non-deductible costs including effect of interest limitation, etc.	0.2	(9.7)
Total	312.0	350.1
Provisions for deferred tax		
Balance at 1 January	1,035.6	1,026.9
Change in deferred tax	(20.4)	8.7
Balance at 31 December	1,015.2	1,035.6
Breakdown of deferred tax provisions		
Property, plant and equipment	984.1	1,017.0
Other receivables	(1.7)	(3.8)
Other payables	32.8	22.4
Total	1,015.2	1,035.6

DKK million	2018	2017
Income tax payable		
Balance at 1 January	213.9	168.7
Tax paid on account in current year	(144.2)	(133.9)
Payment of tax related to previous year	(213.6)	(168.7)
Current income tax	344.3	347.8
Balance at 31 December	200.4	213.9

The Company is subject to interest limitation rules. As a result of the uncertainty regarding the deductibility of certain exchange loss carried forward, the Company does not recognise the tax base of these costs. The tax base of such exchange loss carried forward is DKK 0 million (2017: DKK 6.0 million).

From 1 July 2012, Copenhagen Airports AVS has had a secondary liability for the tax liabilities of the Danish holding companies, which hold 59.3% of the shares in the Company. This liability is limited to 59.3% of tax liabilities payable on or after 1 July 2012.

In 2018, CPH incurred one-off tax items of DKK 7.5 million (2017: DKK 5.8 million).

Notes / Investments

NOTE 3.1 Amortisation and depreciation

Accounting policies

Amortisation and depreciation comprise the year's charges for this purpose on CPH's intangible assets and property, plant and equipment.

DKK million	2018	2017
Software	133.2	129.3
Land and buildings	299.0	243.3
Plant and machinery	334.7	272.2
Other fixtures and fittings, tools and equipment	161.1	143.2
Total amortisation and depreciation	928.0	788.0

Total amortisation and depreciation charges increased by DKK 140.0 million, mainly because of the continuing high level of investment and immediate depreciation of facilities in connection with the building of Pier E and stands.

NOTE 3.2 Intangible assets

Accounting policies

Software is measured at cost less accumulated depreciation.

Major projects, in which software is the principal element, are recognised as assets if there is sufficient certainty that the capitalised value of future earnings will cover the related costs.

Software costs comprise salaries, amortisation and other costs that can be attributed directly or indirectly to the software. Costs also include interest expenses incurred during the development of the software.

Software projects that are clearly defined and identifiable, where the technical rate of utilisation, adequate resources and potential scope for development in the Group can be demonstrated, and where the intention is to produce and use the project, are recognised as non-current intangible assets, provided there is sufficient assurance that the value in use from future earnings will cover development costs.

Amortisation is charged on a straight-line basis commencing when the project is ready for use. The amortisation period is 3-5 years.

Impairments

The carrying amount of software and software under development is tested at least annually for any impairment beyond that expressed in amortisation charges. Where there are such indications, an impairment charge is made against the recoverable amount of the assets where this is lower than the carrying amount.

The recoverable amount of the asset is determined as the higher of the net selling price and the value in use. The recoverable amount of software is assessed together with other assets in the smallest group of assets, for which a reliable recoverable amount can be determined in an overall assessment.

Estimates and judgements

The estimated useful lives are determined based on historical experience and expectations of future use of the assets. These may prove to be unachievable, which could lead to future reassessment of their useful lives and a need for impairment.

Notes / Investments



NOTE
3.2 **Intangible assets (continued)**

DKK million	2018			2017		
	Software	Software under development	Total	Software	Software under development	Total
Cost						
Accumulated cost at 1 January	990.3	115.7	1,106.0	901.6	146.9	1,048.5
Additions	-	141.1	141.1	-	74.5	74.5
Disposals	(50.0)	-	(50.0)	(17.0)	-	(17.0)
Transferred	72.1	(72.1)	-	105.7	(105.7)	-
Accumulated cost at 31 December	1,012.4	184.7	1,197.1	990.3	115.7	1,106.0
Amortisation						
Accumulated amortisation at 1 January	657.9	-	657.9	545.6	-	545.6
Amortisation	133.2	-	133.2	129.3	-	129.3
Amortisation on disposals	(50.0)	-	(50.0)	(17.0)	-	(17.0)
Accumulated amortisation at 31 December	741.1	-	741.1	657.9	-	657.9
Carrying amount at 31 December	271.3	184.7	456.0	332.4	115.7	448.1

Major investments in intangible assets include system for aircraft stands, development of airport system software and other IT systems.

Notes / Investments

NOTE 3.3 Property, plant and equipment

Accounting policies

Property, plant and equipment are measured at cost less accumulated depreciation.

Cost comprises the cost of acquisition and costs directly related to the acquisition up until the time when the asset is ready for use. In the case of self-constructed assets, cost comprises direct costs attributable to the asset, including salaries and wages, materials components, and work performed by subcontractors. Cost also includes interest expenses during construction.

The depreciation base is determined as cost less any residual value. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets and begins when the assets are ready for use.

Land is not depreciated.

Useful lives of property, plant and equipment:

Land and buildings

Land improvements (sewers etc.)	40 years
Buildings (terminals, offices etc.)	80-100 years
Buildings (other)	40 years
Fitting out	5-10 years

Plant and machinery

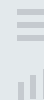
Runways, roads, etc. (foundations)	80-100 years
Surface of new runways, roads etc.	10 years
Technical installations on runways	15 years
Technical installations (lifts etc.)	20 years
Technical installations in buildings	25 years

Other fixtures and fittings, tools and equipment

IT equipment	3-5 years
Energy plant	15 years
Vehicles etc.	4-15 years
Furniture and fittings	10 years
Hotel equipment	15-20 years
Security equipment	10 years
Technical equipment	10 years
Other equipment	5 years

Gains and losses on the sale of non-current assets are recognised under Other income.

Notes / Investments



NOTE **Property, plant and equipment (continued)**

3.3

Significant estimates and judgements

Property, plant and equipment are depreciated to the estimated residual value over their estimated useful lives, which CPH has estimated above. These estimates are based on the Company's business plans and expected useful lives of the assets, the technical and maintenance state of the assets, and regulatory requirements. The residual value is estimated at DKK 184.7 million (2017: DKK 184.7 million) at the balance sheet date. The useful lives and residual values of property, plant and equipment are reviewed at least at every year-end based on these factors. CPH evaluates the carrying amounts in order to assess whether events have occurred that require an adjustment of these amounts because they are not expected to be recoverable.

In estimating the runways' useful lives, CPH has chosen to divide the system into three elements: foundations, surfaces and technical installations. CPH's assessment is that each element has a different useful life. The runway surfaces have shorter lives than the foundations due to immediate wear: their useful life expectancy is 10 years. This assessment is supported by historical replacement of runway surfaces and planning for future replacement. Technical installations related to the runways are estimated to have a useful life of 15 years. It is assessed that these technical installations do not have the same useful life as other technical installations, taking into account security measures.

Impairment

The carrying amount of property, plant and equipment is tested at least annually for any indications of impairment beyond that expressed in the depreciation charges. Where there are such indications, an impairment charge is made against the recoverable amount of the assets where this is lower than the carrying amount.

In assessing the recoverable amount, CPH takes into account significant indicators of potential impairment such as purchase and sales prices, and general market conditions.

Notes / Investments

NOTE 3.3 Property, plant and equipment (continued)

DKK million	2018				
	Land and buildings*	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost					
Accumulated cost at 1 January	8,174.4	8,010.3	1,986.0	925.2	19,095.9
Additions	-	-	-	1,937.7	1,937.7
Disposals	(122.5)	(175.0)	(130.0)	-	(427.5)
Transferred	446.7	393.6	129.6	(969.9)	-
Accumulated cost at 31 December	8,498.6	8,228.9	1,985.6	1,893.0	20,606.1
Depreciation					
Accumulated depreciation at 1 January	3,218.8	3,988.8	1,304.8	-	8,512.4
Depreciation	299.0	334.7	161.1	-	794.8
Depreciation on disposals	(122.5)	(175.0)	(129.8)	-	(427.3)
Accumulated depreciation at 31 December	3,395.3	4,148.5	1,336.1	-	8,879.9
Carrying amount at 31 December	5,103.3	4,080.4	649.5	1,893.0	11,726.2

* CPH properties have been mortgaged for a total of DKK 849.1 million (2017: DKK 849.1 million).

Major investments in 2018 included expansion of capacity at the central security checkpoint, improvement of widebody facilities, expansion of Terminal 2 airside, expansion of Terminal 3 landside, establishment of Pier E, expansion of cooling capacity and various investments.

Notes / Investments



NOTE
3.3 **Property, plant and equipment (continued)**

DKK million	2017				Total
	Land and buildings*	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction	
Cost					
Accumulated cost at 1 January	7,605.0	7,552.5	1,729.1	795.3	17,681.9
Additions	-	-	-	1,442.5	1,442.5
Disposals	(9.3)	(12.3)	(6.9)	-	(28.5)
Transferred	578.7	470.1	263.8	(1,312.6)	-
Accumulated cost at 31 December	8,174.4	8,010.3	1,986.0	925.2	19,095.9
Depreciation					
Accumulated depreciation at 1 January	2,984.5	3,728.9	1,168.2	-	7,881.6
Depreciation	243.3	272.2	143.2	-	658.7
Depreciation on disposals	(9.0)	(12.3)	(6.6)	-	(27.9)
Accumulated depreciation at 31 December	3,218.8	3,988.8	1,304.8	-	8,512.4
Carrying amount at 31 December	4,955.6	4,021.5	681.2	925.2	10,583.5

* See previous page.

Notes / Investments

NOTE **Subsidiaries and associate**

3.4

Accounting policies

For a definition of subsidiaries and associated company see note 1.1 Significant accounting policies under Basis of consolidation.

Subsidiaries

- Copenhagen Airport Hotels A/S, Tårnby, Denmark
 - 100 % owned by CPH
- Copenhagen Airports International A/S, Tårnby, Denmark
 - 100 % owned by CPH

Associate

- Airport Coordination Denmark A/S, Tårnby, Denmark
 - 50 % owned by CPH

Notes / Financing and financial risks

NOTE 4.1 Financial income and expenses

4.1 Accounting policies

Financial income and expenses include interest, realised and unrealised exchange differences, recycled accumulated gains and losses on swaps related to terminated hedges, amortisation of mortgage loans and other loans, including reversal of fair value adjustments of effective hedges of loans, supplements and allowances under the on-account tax scheme. Fair value adjustment of interest elements of swaps classified as a cash flow hedge for accounting purposes is recognised in comprehensive income.

DKK million	2018	2017
Financial income		
Interest on other receivables	1.5	0.7
Exchange gains	4.7	1.4
Total financial income	6.2	2.1

Financial income increased by DKK 4.1 million, primarily due to currency fluctuations in the market.

DKK million	2018	2017
Financial expenses		
Interest on debt to financial institutions and other loans, etc.	213.5	219.8
Capitalised interest expenses regarding assets under construction	(51.6)	(39.9)
Exchange losses	3.6	1.4
Other financing costs	2.8	3.1
Amortisation of loan costs	5.0	5.0
Total financial expenses	173.3	189.4

In calculating loan costs for the cost of assets, an effective interest rate of 3.5 % was applied in 2018 (2017: 4.0 %), corresponding to CPH's weighted average cost of capital for borrowings for purchases of property, plant and equipment.

As stated under Currency swaps and Hedging transactions in note 4.3 on financial risks, CPH uses currency swaps to hedge foreign currency loans so that the exchange rate exposure on interest as well as principal is converted from the foreign currency into fixed payments in DKK over the terms of the respective loans. The loans in question have been fully hedged.

Exchange rate adjustments of loans as well as currency swaps (for loan principals) are recognised in Financial income/expenses in the income statement at a net amount of zero, as the exchange rate adjustment of the loans is fully offset by an opposite exchange rate adjustment of the currency swaps.

The net value of the exchange loss recognised in 2018 includes an unrealised exchange loss of DKK 115.6 million (2017: unrealised exchange gain of DKK 436.6 million) related to long-term loans denominated in USD and GBP offset by an unrealised exchange gain on currency swaps of DKK 115.6 million (2017: unrealised exchange loss of DKK 436.6 million) relating to the same loans.

Other financing costs mainly consist of interest on tax payments and interest costs on commercial exposures.

Amortisation of loan costs relates to costs in connection with the establishment of bank loans and credit facilities.

Notes / Financing and financial risks

NOTE 4.2 Financial institutions and other loans

4.2

Accounting policies

Mortgage loans, loans from financial institutions and other loans are recognised when taken out at the amount received. In subsequent periods, the loans are measured at amortised cost so that the effective interests are recognised in the income statement over the term of the loan.

DKK million	2018	2017
Financial institutions and other loans are recognised in the balance sheet as follows:		
Non-current liabilities	6,553.3	4,653.3
Current liabilities	631.2	1,280.9
Total	7,184.5	5,934.2

DKK million	1 January	Cashflows	Non-cash changes		31 December 2018
			Reclassification and loan costs	Foreign exchange movements	
Liabilities arising from financing activities					
Long term loans	4,653.3	1,900.0	(93.0)	93.0	6,553.3
Short term loans	1,280.9	(761.7)	89.4	22.6	631.2
Total	5,934.2	1,138.3	(3.6)	115.6	7,184.5

DKK million	1 January	Cashflows	Non-cash changes		31 December 2017
			Reclassification and loan costs	Foreign exchange movements	
Liabilities arising from financing activities					
Long term loans	5,733.4	594.3	(1,407.1)	(267.3)	4,653.3
Short term loans	62.7	(23.6)	1,411.1	(169.3)	1,280.9
Total	5,796.1	570.7	4.0	(436.6)	5,934.2

Notes / Financing and financial risks

NOTE 4.2 Financial institutions and other loans (continued)

CPH had the following loans at 31 December:

DKK million	Loan	Currency	Fixed/floating	Maturity date	Carrying amount		Fair value*	
					2018	2017	2018	2017
	Overdraft	DKK	Floating	-	57.1	33.5	57.1	33.5
	Danske Bank	DKK	Fixed	29 Jan 2019	500.0	-	500.1	-
	RD (DKK 58 million)**	DKK	Floating	30 Jun 2035	48.0	51.0	48.0	50.9
	RD (DKK 64 million)**	DKK	Fixed	23 Dec 2032	47.6	50.5	48.9	55.0
	Nordea Kredit**	DKK	Floating	30 Dec 2039	450.9	450.9	450.9	450.9
	Nordic Investment Bank (NIB)***	DKK	Fixed	12 Feb 2026	114.7	130.0	123.1	142.4
	Nordiske Investerings Bank (NIB)****	DKK	Fixed	19 Dec 2027	900.0	-	971.6	-
	European Investment Bank (EIB)****	DKK	Fixed	15 Dec 2026	250.0	250.0	247.3	249.7
	European Investment Bank (EIB)****	DKK	Fixed	7 Apr 2032	600.0	600.0	564.8	589.6
	European Investment Bank (EIB)****	DKK	Fixed	26 Jan 2033	400.0	-	398.4	-
	European Investment Bank (EIB)****	DKK	Fixed	14 Aug 2033	600.0	-	554.8	-
	USPP bond loan	DKK	Fixed	27 Aug 2025	1,055.0	1,055.0	1,126.3	1,118.9
	USPP bond loan	USD	Fixed	27 Aug 2018	-	620.8	-	647.4
	USPP bond loan	USD	Fixed	29 Jun 2018	-	620.8	-	630.1
	USPP bond loan	USD	Fixed	29 Jun 2020	958.4	912.5	992.8	979.1
	USPP bond loan	USD	Fixed	22 Aug 2023	1,043.1	993.2	1,083.1	1,053.7
	USPP bond loan	GBP	Fixed	29 Jun 2020	190.3	193.0	201.1	212.4
	Total				7,215.0	5,961.2	7,368.2	6,213.6
	Loan costs for future amortisation				(30.5)	(27.0)	(30.5)	(27.0)
	Total				(30.5)	(27.0)	(30.5)	(27.0)
	Total				7,184.5	5,934.2	7,337.7	6,186.6

* See note 4.3 for a description of the method for determining the fair value of financial liabilities.

** CPH's properties have been mortgaged for a total value of DKK 849.1 million (2017: DKK 849.1 million).

*** Funding for the expansion of Pier C.

**** Funding for the expansion of Copenhagen Airport, which is expected to be completed by the end of 2024.

The fixed-rate USPP bond loans of USD 307 million and GBP 23 million (2017: USD 507 million and GBP 23 million) were swapped to DKK on close of contract, both in terms of principal and interest payments, using currency swaps.

The interest rate risk in connection with the floating-rate loan from Nordea Kredit has been hedged by an interest rate swap until 2020.

Notes / Financing and financial risks

NOTE **Financial risks**

4.3

Accounting policies

In connection with CPH's hedging of future financial transactions and cash flows, derivative financial instruments are used as part of CPH's risk management.

Derivative financial instruments are initially recognised in the balance sheet at fair value on the transaction date under Other receivables and Other payables, respectively.

Changes in the fair value of derivative financial instruments that are designated as fair value hedges of a recognised asset or liability are recognised in the income statement together with any changes in the fair value of the hedged asset or hedged liability.

Changes in the fair value of derivative financial instruments designated as hedges of expected future cash flows are recognised in other comprehensive income and accumulated under Reserve for hedging. If the expected future transaction results in the recognition of non-financial assets or liabilities, amounts previously deferred in other comprehensive income are transferred via other comprehensive income from equity and included in the initial measurement of the cost of the asset or liability, respectively. Other amounts deferred in other comprehensive income as part of equity are transferred to the income statement in the period in which the hedged transaction affects the income statement.

The fair value of interest rate and currency swaps is determined as the present value of expected future cash flows. The fair value of forward exchange contracts and other derivative financial instruments is determined based on observable exchange rates and the swap and forward rates at the balance sheet date. An evaluation of own and counterparty credit risks is also included.

CPH's risk management policy

CPH's financial risks are managed from its head office by the Treasury department. The principles and framework governing CPH's financial management are laid down once a year by the Board of Directors. The financial risks occur primarily as a result of operating and investing activities and are hedged to the greatest extent possible.

Credit risks

CPH's credit risks are primarily related to receivables, bank deposits, securities and derivative financial instruments.

The credit risk regarding receivables arises when CPH's revenue in the form of traffic charges, concession charges, rent etc. is not prepaid, or when customer solvency is not covered by guarantees etc.

CPH's revenue comprises aeronautical revenue from national and international airlines, and non-aeronautical revenue from national and international companies within and outside the aviation industry. As part of CPH's internal procedures regarding risk management, the credit risk relating to customers is monitored on a monthly basis. This is done by reviewing any failure to pay amounts due and assessing whether the customer has financial problems.

CPH's trading partners SAS, Norwegian and Gebr. Heinemann (the largest concessionaire), constitute the only significant concentration of credit risk. The gross receivables from sales of services to these customers amounted to approximately 36.1 % (2017: 40.1 %) of the total. SAS's credit rating from Standard & Poor's is B+ (2017: B+). Norwegian does not have a published credit rating but has provided a deposit for rent. Gebr. Heinemann does not have a published credit rating but has provided a banker's guarantee to CPH equivalent to four months' revenue (2017: four months' revenue). The remaining credit risk is distributed among CPH's other customers. See note 5.1 on trade receivables for further information.

Credit risks related to bank deposits, securities and derivative financial instruments arise as a result of uncertainty regarding the counterparty's ability to meet liabilities when due. CPH

Notes / Financing and financial risks

NOTE **Financial risks (continued)**

4.3

seeks to limit the credit risk regarding bank deposits and derivative financial instruments by diversifying financial contracts and by entering into contracts only with financial counterparties with satisfactory credit ratings. The credit risk is calculated per counterparty based on the actual market value of the contracts entered into. At the balance sheet date, CPH had no credit risk on derivative financial instruments.

Credit exposure to financial counterparties at 31 December 2018 totalled DKK 159.1 million (2017: DKK 12.6 million), corresponding to the value of bank deposits and money market deposits, including accrued interest.

Capital management

CPH's policy concerning borrowings is, as far as possible, to ensure a certain flexibility by diversifying funding by maturity date and counterparties. Furthermore, it is CPH's policy to comply with the loan covenants in its loan agreements. The Board of Directors ensures, together with management, that the Company has a sound capital structure and, based on this, the financing policy is approved on an annual basis.

CPH, itself and on behalf of its subsidiaries, has undertaken not to create or permit to subsist any charge over its assets or those of its subsidiaries, subject to a maximum permitted amount. Furthermore, CPH has made a commitment to its lenders to comply with a number of other terms and conditions, including financial covenants. A number of CPH's agreements on loans and credit facilities can be terminated in the event of failure to comply with these terms and conditions. CPH complied with all terms and conditions as at 31 December 2018. For information about dividend policy, see [page 70](#).

Liquidity risk

CPH's liquid assets consist of cash totalling DKK 159.1 million (2017: DKK 12.6 million) and guaranteed unused long-term credit facilities totalling DKK 2,000.0 million (2017: DKK 3,300.0 million). CPH also has overdraft facilities available of DKK 42.9 million (2017: DKK 66.5 million). In addition to a general operational risk assessment, CPH endeavours to have minimum un-drawn credit facilities of DKK 250.0 million at any time so that it is able to meet its obligations at any time and still have the capital resources needed to conduct its business.

A complete overview of payment commitments is disclosed on the following pages. All cash flows are undiscounted and include all liabilities under the contracts. Interest payments on floating-rate debt not yet hedged are recognised at the fixed forward rate from the day the loans are expected to be swapped, based on the yield curve applicable at the balance sheet date. The DKK value of future interest and principal payments on loans in foreign currency is calculated based on the exchange rate at the balance sheet date.

Notes / Financing and financial risks

NOTE 4.3 Financial risks (continued)

Maturity at 31 december, DKK million	2018					Carrying amount
	0-1 year	1-5 years	Efter 5 years	Total	Fair value level 2*	
Recognised at amortised cost						
Financial institutions and other loans	815.3	3,480.9	3,794.6	8,090.8	7,368.2	7,215.0
Trade payables	713.8	-	-	713.8	713.8	713.8
Other payables	381.5	-	-	381.5	381.5	381.5
Total	1,910.6	3,480.9	3,794.6	9,186.1	8,463.5	8,310.3
Recognised at fair value						
Derivative financial instruments	-	36.9	48.9	85.8	85.8	85.8
Total	-	36.9	48.9	85.8	85.8	85.8
Total financial liabilities	1,910.6	3,517.8	3,843.5	9,271.9	8,549.3	8,396.1
Recognised at amortised cost						
Cash	159.1	-	-	159.1	159.1	159.1
Trade receivables	473.4	-	-	473.4	473.4	473.4
Other receivables	7.8	-	-	7.8	7.8	7.8
Total	640.3	-	-	640.3	640.3	640.3
Recognised at fair value						
Derivative financial instruments	-	35.3	2.6	37.9	37.9	37.9
Total	-	35.3	2.6	37.9	37.9	37.9
Total financial assets	640.3	35.3	2.6	678.2	678.2	678.2

* The fair value of financial liabilities is the present value of the expected future instalments and interest payments, except for trade payables, other payables and receivables, which are stated at the net carrying amount at year-end. A zero-coupon interest rate for similar maturities plus estimated credit cost based upon the present rating of the Company is used as the discount rate. The fair value of derivative financial instruments is determined based on published exchange rates, swap and forward rates, etc. An evaluation of own and counterparty credit risk is also included. The fair value measurement of financial instruments is divided into the following measurement hierarchy:

Level 1: Observable market prices of identical instruments

Level 2: Valuation models primarily based on observable prices or traded prices of comparable instruments

Level 3: Valuation models primarily based on non-observable prices

The fair value of CPH's forward exchange contracts and other derivative financial instruments (interest rate and currency swaps) is considered a level 2 fair value measurement, as the fair value is primarily determined directly based on published exchange rates and quoted swap and forward rates at the balance sheet date.

Notes / Financing and financial risks

NOTE 4.3 Financial risks (continued)

Maturity at 31 december, DKK million	2017					Carrying amount
	0-1 year	1-5 years	Efter 5 years	Total	Fair value level 2*	
Recognised at amortised cost						
Financial institutions and other loans	1,518.5	1,742.3	3,543.2	6,804.0	6,213.6	5,961.2
Trade payables	506.4	-	-	506.4	506.4	506.4
Other payables	374.7	-	-	374.7	374.7	374.7
Total	2,399.6	1,742.3	3,543.2	7,685.1	7,094.7	6,842.3
Recognised at fair value						
Derivative financial instruments	43.3	78.8	6.4	128.5	128.5	128.5
Total	43.3	78.8	6.4	128.5	128.5	128.5
Total financial liabilities	2,442.9	1,821.1	3,549.6	7,813.6	7,223.2	6,970.8
Recognised at amortised cost						
Cash	12.6	-	-	12.6	12.6	12.6
Trade receivables	427.5	-	-	427.5	427.5	427.5
Other receivables	48.7	-	-	48.7	48.7	48.7
Total	488.8	-	-	488.8	488.8	488.8
Recognised at fair value						
Derivative financial instruments	6.5	-	0.3	6.8	6.8	6.8
Total	6.5	-	0.3	6.8	6.8	6.8
Total financial assets	495.3	-	0.3	495.6	495.6	495.6

* See previous page.

Notes / Financing and financial risks

NOTE Financial risks (continued)

4.3

Market risks

Interest rate risks

It is CPH's policy to hedge interest rate risks on its loans whenever it is considered that the interest payments can be hedged at a satisfactory level. Hedging is normally by means of entering into interest rate swaps under which floating-rate loans are swapped to a fixed interest rate.

Interest rate swaps have been used to hedge the floating rate on certain mortgage loans over a part of the loans maturity. At the balance sheet date, CPH had outstanding interest rate swaps at a notional amount of DKK 499.4 million (2017: DKK 507.8 million). The remaining period is approximately 2.5 years. The fair value of the interest rate swaps amounts to DKK (20.6) million (2017: DKK (37.9) million).

In order to reduce its overall interest rate sensitivity, CPH seeks to ensure that its debt has a duration that to a certain extent takes into account the useful lives of its assets. The duration of CPH's loans at 31 December 2018 has been determined at approximately 8.1 years (2017: approximately 6.9 years).

Most of CPH's loan portfolio is at fixed rate or has been swapped to fixed interest rate. Fluctuations in the interest rate level would therefore have only a limited impact on CPH's income statement.

As the exchange rate and interest rate risk of debt denominated in USD, GBP and DKK is hedged by USD/DKK, GBP/DKK and DKK interest rate swaps, a change in interest rate levels would affect equity.

Sensitivity analysis of the current portfolio of swap contracts

DKK million	2018	2017
Effect on equity of:		
An increase in the DKK rate of interest of 1 %-point	40.5	100.8
A decrease in the DKK rate of interest of 1 %-point	(15.0)	(110.4)
An increase in the USD rate of interest of 1 %-point	85.5	94.1
A decrease in the USD rate of interest of 1 %-point	(83.0)	(99.6)
An increase in the GBP rate of interest of 1 %-point	16.2	5.5
A decrease in the GBP rate of interest of 1 %-point	(16.8)	(5.7)

A change in the DKK, USD or GBP interest rate would have an opposite effect on the loan portfolio. However, as the liability is recognised at amortised cost, it would not impact the carrying amount and thereby equity.

Exchange rate risks

Exchange rate fluctuations would have only a low impact on CPH's operating results because most of its revenues and costs are settled in DKK.

Currency swaps

Currency swaps have been used to hedge fixed-rate bond loans denominated in USD and GBP by swapping the exchange rate exposure on both interest and principal from fixed payments in USD and GBP to fixed payments in DKK throughout the terms of the respective loans. The total notional amount of these outstanding cross-currency swaps at 31 December 2018 was USD 307 million and GBP 23 million (2017: USD 507 million and GBP 23 million). The carrying amount of the currency swap contracts amounted to DKK 68.5 million (2017: DKK (83.8) million).

Hedging transactions

The net fair value stated will be transferred from Reserve for hedging to the income statement as and when the hedged interest payments are made. The terms to maturity of the cross-currency swaps match the terms to maturity of the related loans. The term to maturity of one of the interest rate swaps is shorter than the underlying mortgage loan, but the hedge matches the interest payments on the loans for the full terms of the hedge.

Notes / Other notes

NOTE Trade receivables

5.1

Accounting policies

Receivables are recognised in the balance sheet at amortised cost less any write-down.

Estimates and judgements

Write-downs are recognised for bad debt, where it is considered to have been an objective indication that a receivable is impaired. Write-downs are made on an individual level, if there is an objective indication that an individual receivable is impaired, such as non-payment of overdue amounts or financial difficulties with the debtor in the form of suspension of payments, bankruptcy, expected bankruptcy or the like.

For receivables where there is no objective indication of impairment at individual level, the remaining receivables for objective indication of impairment are assessed. The objective indications are based on historical loss experiences.

DKK million	2018	2017
Trade receivables	508.9	457.7
Write-down	35.5	30.2
Net trade receivables	473.4	427.5
Write-down for bad and doubtful debts		
Accumulated write-down at 1 January	30.2	33.2
Change in write-down for the year	(9.3)	8.2
Realised loss for the year	7.3	0.4
Reversal	7.3	(11.6)
Accumulated write-down at 31 December	35.5	30.2

The year's movements are recognised in the income statement under External Costs. The carrying amount is the fair value.

In a number of cases, CPH receives collateral security for sales on credit, mainly regarding non-aeronautical activities, and such collateral is included in the assessment of the write-down required for bad and doubtful debts. The collateral may be in the form of financial guarantees. Of the trade receivables of DKK 473.4 million (2017: DKK 427.5 million), DKK 167.7 million (2017: DKK 130.2 million) was covered by collateral security. The maximum credit risk is reflected in the carrying amount of the financial assets in the balance sheet.

CPH's trade receivables at 31 December 2018 included receivables of DKK 37.8 million (2017: DKK 38.7 million), which were written down to DKK 2.3 million (2017: DKK 8.5 million) on the basis of individual assessments.

Overdue receivables at 31 December 2018 that had not been written down totalled DKK 56.0 million (2017: DKK 34.1 million). The list of receivables by maturity is as follows:

DKK million	2018	2017
Overdue but not impaired receivables by maturity		
Less than 30 days	55.0	37.3
30 to 90 days	2.8	(0.7)
More than 90 days	(1.8)	(2.5)
Total	56.0	34.1

Notes / Other notes

NOTE 5.2 Other liabilities

Accounting policies

Other payables are recognised when, as a result of events occurring on or before the balance sheet date, the Group has a legal or constructive obligation and it is probable that an outflow of economic benefits will be required to settle the obligation.

Other payables primarily comprise holiday pay liabilities, payroll taxes, VAT and interest payable and are measured at nominal value. Other payables also comprise the fair value of derivative financial instruments.

DKK million	2018	2017
Holiday pay and other payroll items	288.2	283.3
Interest payable	41.8	39.7
Other costs payable	51.5	51.7
Balance at 31 December	381.5	374.7

Other payables increased by DKK 6.8 million, primarily due to an increase in headcounts due to higher activity level, salary adjustment and higher interest payable as a result of higher loan volume, partly offset by improved loan terms.

NOTE 5.3 Notes to the cash flow statement

DKK million

DKK million	2018	2017
Received from customers		
Revenue	4,444.8	4,439.4
Change in trade receivables and prepayments from customers	58.4	(40.7)
Total	4,503.2	4,398.7
Paid to staff, suppliers, etc.		
Operating costs	(1,934.6)	(1,831.4)
Change in other receivables, etc.	(218.1)	20.9
Change in cost-related trade payables, etc.	208.5	(38.4)
Total	(1,944.2)	(1,848.9)
Interest received, etc.		
Interest received, etc.	-	-
Realised exchange gains	1.9	1.3
Total	1.9	1.3
Interest paid, etc.		
Interest paid, etc.	(219.9)	(214.1)
Realised exchange losses	(0.4)	(0.5)
Other financial costs	(1.3)	(1.9)
Other interest expenses	(1.5)	(1.2)
Total	(223.1)	(217.7)

Notes / Other notes

NOTE **Financial commitments**

5.4

CPH is committed to providing redundancy pay to civil servants pursuant to the provisions of the Danish Civil Servants Act, cf. note 2.4.

As of 31 December 2018, CPH had entered into contracts to build facilities totalling DKK 773.6 million (2017: DKK 383.0 million) and other commitments totalling DKK 72.9 million (2017: DKK 23.2 million). Major commitments include contracts for capacity expansion of the baggage factory, improvement of wide-body facilities, and expansion of the Terminal 3 airside. Other commitments include administrative, IT and service contracts.

CPH has entered into a contract to replace the airport's traffic system for handling aircraft settlement at a purchase price of DKK 36.0 million (2017: DKK 36.0 million). The commitment covers the investment in software. In addition, the contract includes a commitment in the form of annual service costs contingent on the number of passengers. There may be uncertainty in the calculation of the liability due to the estimated number of passengers. The total commitment amounted to DKK 91.5 million (2017: DKK 100.3 million) and is specified as follows:

DKK million	2018	2017
Within 1 year	17.7	20.2
Between 1 and 5 years	48.9	44.3
More than 5 years	24.9	35.8

In January 2017, Petter Anker Stordalen and CPH entered into an agreement that Nordic Choice Hotels would assume management of the existing airport hotel from 1 April 2017. The existing airport hotel will be upgraded to a high-end Clarion Hotel. The agreement also included the construction of a 600-room Comfort Hotel and a 3,000 m² conference facility, expected to be opened by Nordic Choice Hotels in 2020. The total budget for upgrading and new construction will be approximately DKK 1.0 billion. When work on the new hotel and conference centre is complete, Petter Anker Stordalen's property company, Strawberry Fields, will hold a 47 % stake in the two hotels and the conference centre, with CPH holding the remaining 53 %. CPH retains control.

Under the agreement with Naviair for the provision of air traffic services, CPH has undertaken to be liable for any terminal navigation charges (TNC) that Naviair users may fail to pay. This liability takes effect when the claim has been ascertained and documented as irrecoverable, and when other specifically agreed terms and conditions have been met.

Debt to financial institutions is secured by mortgages on CPH's properties as described in note 3.3.

CPH has a secondary liability for the tax liabilities of the Danish holding companies, which hold 59.3 % of the shares in the Company. See note 2.5 for additional information.

CPH is not party to any significant agreements that take effect, alter or terminate upon change of control of CPH.

Notes / Other notes

NOTE 5.5 Related parties

CPH's related parties are the Danish Labour Market Supplementary Pension (ATP) and the Ontario Teachers' Pension Plan (OTPP), cf. their controlling ownership interests in CPH and an associate (see note 3.4), and the Board of Directors and Executive Management. See also note 2.4 regarding remuneration to the Board of Directors and Executive Management.

ATP and OTPP (via their respective underlying holding companies) jointly own and control Copenhagen Airports Denmark ApS (CAD), company reg. (CVR) no. 29144249. CAD is indirectly controlled by Kastrup Airports Parent ApS (KAP), company reg. (CVR) no. 33781903, which is owned by ATP and OTPP.

KAP is thereby the ultimate holding company of CPH. The consolidated annual report of KAP, in which CPH is included as a subsidiary, may be obtained from KAP through Azets Insight A/S, Lyskær 3C, 2730 Herlev, Denmark.

CAD holds 59.3 % of both the shares and voting rights in CPH.

ATP and OTPP (through their respective underlying holding companies) have signed a shareholders' agreement providing for agreement between the two parties on all material resolutions. The agreement also stipulates rules for the nomination of members of the Board of Directors of CPH.

For additional information on ATP and OTPP, see www.atp.dk and www.otpp.com.

NOTE 5.6 Concession for airport operation and charges regulation

Pursuant to section 55 of the Danish Air Navigation Act, special permission from the Minister for Transport, Building and Housing is required for airport operations. The permissions for the airports at Kastrup and Roskilde, which are issued by the Danish Transport, Construction and Housing Agency (DTCA), are valid until 1 January 2020, at which time they must be renewed.

Commission Regulation (EU) No 139/2014 establishes requirements and administrative procedures related to aerodromes and aerodrome operators. On 22 December 2016, CPH received new certificates from the DTCA under the EU Aerodromes Regulation. These certificates have been issued to CPH as aerodrome operator and replace the former technical approvals. The certificates are valid indefinitely.

The Minister for Transport, Building and Housing may lay down regulations concerning the charges that may be levied on the use of aerodrome ("charges regulation").

The charges regulation for CPH relating to 2018 was set out by the DTCA in BL 9-15, 3rd edition of 8 March 2011, "Regulation on payment for use of airports (airport charges)", with annex 1 of 20 November 2013. According to BL 9-15, 3rd edition, the airlines and the airport are first requested to seek consensus on future airport charges in the coming regulatory period. If this is not possible, the DTCA will set annual revenue caps, which comprise the maximum total amount the airport can apply for each of the years as a basis for setting the charges for the use of the aeronautical facilities and services (fall-back). If the charges are negotiated by the parties, the parties must also agree on the length of the coming regulatory period. If the parties cannot agree on the terms and conditions through negotiation, the regulatory period is four years.

BL 9-15, 3rd edition, includes various rules on determining charges by negotiation and in the event of a fall-back situation. In a fall-back situation, the revenue caps will be determined to cover the operating costs, depreciation and cost of capital for efficient operation of the airport. Based on the revenue cap, CPH is then required to prepare a proposal for charges during the regulatory period, for approval by the DTCA. BL 9-15, 3rd edition, includes various rules on how to calculate these revenue caps.

Notes / Other notes

NOTE 5.6 **Concession for airport operation and charges regulation (continued)**

During the period 1 March to 1 September 2014, the airlines and CPH (under the supervision of the DTCA) negotiated and concluded a charges agreement that is valid from 1 April 2015 to 31 March 2019. According to the charges agreement, the price for using the airport will follow the Danish Consumer Price Index and be indexed yearly with effect as of 1 April. CPH decided not to index the charges per 1 April 2018. Instead CPH decided, in order to accommodate wishes from both the political side and from airlines, to reduce the charges with effect from 1 April 2018. On average, charges were reduced by 10%.

In accordance with the charges agreement and security requirements concerning explosives trace detection (ETD), CPH introduced a new separate security charge on 1 September 2015 corresponding to CPH's costs to comply with the new requirements. Since 1 April 2018, the security charge has been DKK 3.37 per locally departing passenger (2017: DKK 4.30). The charge will be adjusted on 1 April each year to continuously reflect the actual costs for CPH. The charge will expire as of 1 April 2019 in connection with the conclusion of the new charges agreement.

In November 2017, the DTCA issued BL 9-15, 4th edition, which entered into force on 1 January 2018. BL 9-15, 4th edition, replaced BL 9-15, 3rd edition, and governed the charges negotiation that took place in 2018 between the airlines and CPH, in which the parties should seek to agree on the charges from 1 April 2019 onwards. If the parties had failed to agree, the DTCA would have set the revenue caps for the airport. BL 9-15, 4th edition, includes, as the previous regulation, various rules on how to calculate the revenue caps. The regulatory period is two years in case the charges are not agreed between the parties. The parties can agree amongst themselves on the charges for a period up to six years. In 2018, CPH and the airlines entered into a charges agreement that was approved by DTCA in January 2019 that sets out the charges applicable for the period 1 April 2019 – 31 December 2023.

For additional information, see the Copenhagen Airports Act, the Danish Air Navigation Act, the Copenhagen Airport Expansion Act, the Articles of Association of Copenhagen Airports A/S and EU regulations, including regulations concerning design, operation, facilities etc.

NOTE 5.7 **Fees to auditors appointed at the Annual General Meeting**

DKK million	2018	2017
Audit fee to PwC	1.3	1.2
Fees for assurance engagements other than audit	0.4	0.4
Tax advice	0.1	0.2
Non-audit services	0.7	0.9
Total audit fee	2.5	2.7

Fees for services other than statutory audit of the consolidated financial statements and the financial statements of the Parent Company provided to CPH by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab amount to DKK 1.2 million (2017: DKK 1.5 million) and mainly relate to review of non-financial statements, accounting advice and tax assistance.

Notes / Other notes

NOTE 5.8 Post-balance sheet events

5.8

No material events have occurred subsequent to the balance sheet date.

NOTE 5.9 Capital and EPS

5.9

DKK million		2018	2017
EPS =	Net profit for the year	1,105.3	1,285.5
	Number of outstanding shares (thousands)	7,848	7,848
EPS = (diluted)	Net profit for the year	1,105.3	1,285.5
	Average number of outstanding shares, fully diluted (thousands)	7,848	7,848

NOTE 5.10 Definitions of key financial figures

5.10

Asset turnover rate	Revenue divided by average operating assets
Cash earnings per share (CEPS)*	Net profit/(loss) for the year plus amortisation and depreciation divided by average number of shares
Earnings per share (EPS)	Net profit/(loss) for the year divided by average number of shares
Equity ratio	Equity at year-end as a percentage of total assets at year-end
EBITDA index	Cash flow from operating activities before financial items and tax divided by EBITDA
EBITDA margin	Operating profit/(loss) adjusted for amortisation and depreciation as a percentage of revenue
EBIT margin	Operating profit/(loss) as a percentage of revenue
Leverage ratio	Net interest-bearing debt divided by EBITDA
Net asset value per share	Equity at year-end divided by number of shares at year-end
NOPAT margin*	Net profit/(loss) for the year adjusted for net financial expenses after tax and changes in deferred tax for the year divided by revenue
Payout ratio	Dividend divided by net profit/(loss) for the year
Return on assets	Operating profit/(loss) as a percentage of average operating assets
Return on equity	Net profit/(loss) for the year divided by average equity
ROCE*	EBIT divided by average equity plus non-current liabilities and current interest-bearing debt
Turnover rate of capital employed*	Revenue divided by average equity plus average non-current liabilities and current interest-bearing debt

The definitions of ratios are in line with the recommendations from 2015 made by the Association of Danish Financial Analysts, except for the ratios marked with *, which are not defined by the Association.

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Social performance, 1 January – 31 December



NOTE	Unit	Target 2023	2018	2017	2016	
Safety and security						
2	Incidents of aircraft damage in which CPH is a contributing party per 10,000 operations	number	Reduce the risk of aircraft damage	0.11	0.00	0.11
3	Rate of employee reporting to CPH	%	97	91	95	96
4	Number of high-risk birdstrikes per 10,000 operations	number	Reduce the risk of birdstrikes	1.47	1.39	1.24
Working environment						
5	Number of occupational injuries per million working hours in CPH	number	5.0	7.9	7.6	8.7
5	Number of occupational injuries per million working hours on CPH building sites	number	5.0	21.5	18.3	10.8
5	Rate of absence due to illness	%	4.4	5.0	4.6	5.1
5	Number of initiatives initiated to reduce occupational health and safety	number	5	3	N/A	N/A
Attractive workplace						
6	Employee satisfaction	scale 0-100	82	81	83	81
7	Degree of diversity	achieved/not achieved	Max. 70% belong to the same gender and age group in departments with min. 20 employees	Not achieved	Not achieved	N/A
7	Five annual initiatives to strengthen the diversity of CPH	achieved/not achieved	5 initiatives per year	Achieved	N/A	N/A
Passenger satisfaction						
8	Passenger satisfaction with terminal facilities and services	%	71	69	67	69
9	Employee empathy and understanding of airport passengers	%	90	80	N/A	N/A
10	Waiting time in central security check (CSC) – CSC all day (99% < 20 min)	%	N/A	100	100	99
10	Waiting time in central security check (CSC) – CSC in peak (90% < 15 min)	%	N/A	99	99	97

Planet performance, 1 January – 31 December



NOTE	Unit	Target 2023	2018	2017	2016	
CO₂						
11	Increase share of renewable energy	%	At least 10	0.24	0.23	0.22
11	Maintain ACA accreditation at minimum level 3 optimisation	level	Level 3	Achieved	Achieved	Achieved
11	CO ₂ per passenger	kg CO ₂ per passenger	Max. 0.75	0.96	1.00	1.01
11	Energy consumption per m ²	kWh/m ²	Max 90 kWh/ m ²	89	84	109
Air quality						
12	All vehicles with a car pass required to satisfy UGG	%	90	59	57	55
13	Newly established aircraft stands	%	100	100	100	N/A
13	Renovated aircraft stands	%	100	100	100	N/A
Resources						
14	Increase the recycling rate (for waste from daily operations in terminal areas, service areas and administration at CPH)	%	At least 60	21	28	25
Noise						
15	Number of noise-related initiatives	number	10	2	N/A	N/A

Position performance, 1 January – 31 December



NOTE	Unit	Target 2023	2018	2017	2016	
International connectivity						
16	Progress in Airport Connectivity Index (ACI)	index	9,928	8,933	8,613	8,289
17	Annual long-haul departures at CPH	number	10,000	8,688	7,928	7,919
18	Point-to-point connectivity	number	131	124	119	110
Cohesion						
19	Degree of how attractive to fly domestic	%	48	48	42	N/A
20	Number of domestic passengers	number	1,834,000	1,586,728	1,611,369	1,710,868
21	ASQ satisfaction among domestic passengers	%	85	83	86	84

Roskilde Airport, 1 January – 31 December



NOTE	Unit	2018	2017	2016
22 Roskilde Airport				
CO ₂ emissions, scopes 1 + 2	tonnes	520	511	532
Direct energy consumption, scope 1	MWh	784	841	906
Indirect energy consumption, scope 2	MWh	745	728	728
Energy savings, scopes 1 + 2	MWh	-	26.8	-



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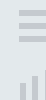
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NOTE 1 Summary of significant accounting policies

Basis of preparation of the non-financial statements

The non-financial accounts are prepared in accordance with the statutory statements on corporate responsibility and the under-represented gender in accordance with sections 99a and 99b of the Danish Financial Statements Act and constitute a detailed description of achieved results in 2018 within our CR focus areas People, Planet and Position.

Read the CPH CR policy at <https://www.cph.dk/en/about-cph/corporate-responsibility/cr-policy> and about the main results of the year in section CR results on [pages 35-61](#). Additional information can be found on the following pages, where status is shown for relevant KPI figures and indicators.

Since 2011, CPH has supported the ten UN Global Compact principles regarding human rights, workers' rights, environment, and anti-corruption. As a Global Compact signatory, CPH reports on activities undertaken to incorporate the ten principles into strategy, operations and company culture. As part of this effort, CPH also works on communicating the ten principles to suppliers and collaborating partners. See the table on [page 14](#) for more detail about CPH's work on implementing the ten principles. In 2017, CPH began to focus on the UN's Sustainable Development Goals (SDGs). This happened as part of the updated CPH CR strategy, in which CPH initiated a process with the goal of determining which of the 17 SDG's and 169 sub-goals to select as future focus areas and which goals it would make sense and add value to CPH to engage with henceforth. In 2018, CPH continued working on this analysis, and the result is that CPH has now prioritised four Sustainable Development Goals (see [page 13](#)). At the same time, CPH selected the goals that CPH will work more with moving forward. This work will continue in 2019.

Materiality

It is CPH's responsibility to ensure that issues are reported which are relevant to CPH stakeholders and which are of material importance to our business both now and in the future.

In 2014, CPH integrated its financial and non-financial reporting. In 2017, in order to reflect CPH's targeted CR approach and to incorporate the objectives even further in the business strategy, CPH completely restructured the objectives, which further the work of operating and developing Copenhagen Airport in a responsible way and achieving results.

In 2016, CPH conducted a materiality analysis among the primary CPH stakeholders, which identified the key CR risks and opportunities seen from the perspective of stakeholders.

In 2017, the results of the analysis created the background for the updated CPH CR strategy, in which CPH has maintained the three strategic focus areas – People, Planet, and Market Position – and selected 11 priority areas for the coming years. The 2016 analysis has therefore to a high degree contributed to the formulation and development of the new CR strategy and it has provided input for the selection of contents and data for this group financial statement.

In 2018, CPH continued to work on the three strategic focus areas and the Sustainable Development Goals. In this connection, CPH has carried out an initial materiality analysis that has formed the basis for prioritizing the Sustainable Development Goals. CPH has chosen to continue its work with a focus on the already achieved results analyzed in previous years. The selection of data that is part of the non-financial reporting has been made on legal requirements

Notes



NOTE 1 Summary of significant accounting policies (continued)

and the management's annual evaluation of what is deemed to be significant to report to CPH's stakeholders. Both short- and long-term value creation are taken into account. The management's assessment is based on an evaluation of last year's integrated group annual report, Looking back moving forward 2017, materiality assessment and input and comments from relevant stakeholders and the owner group.

All CPH reporting sites and companies use identical measuring and calculating methods. Data and information are recorded continuously based on reporting from individual areas and functions at the airports and are generally based on externally documented records, internal records, calculations and, to a lesser extent, estimates. The specific statement method for each KPI is stated under accounting practice in the associated note. Historical data is only adjusted where the change exceeds 2% of the consolidated figure, in which case the reason will be detailed in a note.

Changes relative to 2017

In 2018, CPH maintained its CR strategy and continued the work on integrating and connecting the business strategy and the CR strategy, which began in 2017. All notes still follow the three areas – People, Planet, and Market Position – which have been divided into 11 selected areas as in 2017.

In 2018, the work continues with KPI's and the notes. When comparing with 2017, we have included an additional eight KPI's in the 2018 financial statement, represented in five notes.

Some of the new KPI's included in 2018 are: Passenger satisfaction with facilities and services in terminals, employee ability to empathise with and understand airport passengers, waiting times at CSC, reduction of CO₂ emissions, number of noise-related initiatives, and number of initiatives implemented to reduce working environment stresses.

For 2018, not all subjects or KPI's are ready to be measured and reported on, and they are therefore not included in the notes.

Delimitation

The Group Financial Statement 2018 forms CPH's statutory annual reporting. For additional information regarding corporate responsibility work at CPH, please see the website www.cph.dk/en.

The Group Financial Statement 2018 represents the CPH Communication on Progress (COP report) for UN Global Compact.

Basis of consolidation

The Annual Report includes reporting for the entire Group with respect to non-financial data and disclosures. Companies are consolidated into or eliminated from reporting with effect from the date when they are controlled by or no longer controlled by CPH, as the case may be.

NOTE 2 **Incidents of aircraft damage in which CPH is a contributing party per 10,000 operations**

Accounting policy

Aircraft damage is defined as all types of damage to aircraft contributed to by CPH's equipment or employees. This KPI is stated as incidents of aircraft damage per 10,000 operations.

incidents. Incidents reported by the persons involved are stated as incidents subject to reporting that have been reported by the persons involved in the specific incident.

Sources are pilot/airline reports, handling company reports, security reports and direct information from persons involved in such

	Unit	Target 2023	2018	2017	2016
Safety and security, KPI					
Incidents of aircraft damage in which CPH is a contributing party per 10,000 operations	number	Reduce the risk of aircraft damage	0.11	0.00	0.11

Compared with numbers from previous years, CPH do not consider the three aircraft accidents, in which CPH was a contributing factor, to be an unusual deviation.



Safety and security

Our goal is continuously to be one of the best airports at managing flight safety. Every day we are working proactively and systematically to ensure that our passengers feel safe and secure on their journeys.

NOTE
3 **Rate of employee reporting to CPH**

Accounting policy

The target is based on whether safety episodes that come under the employee reporting obligation are actually reported by the persons involved.

Employee reports are compared to information from other sources, which may be pilot reports, marshal reports, security reports, air traffic controller reports and observations. If a safety episode has come to the attention of the CPH safety management department via these sources and no employee report has been submitted, this brings down the results.

Rate of employee reports is measured as a percentage of all episodes reported by the persons involved.

CPH SCM considers only the following three types of safety episode to be covered by the reporting obligation:

- a) Unauthorised runway incursion
- b) Aircraft damage
- c) Driving in front of/behind a moving aircraft

The employee reporting obligation applies only to employees of CPH, Naviair, handling companies and airlines operating at the airport.

	Unit	Target 2023	2018	2017	2016
Safety and security, KPI					
Rate of employee reporting to CPH	%	97	91	95	96

In 2018, CPH has introduced a more efficient reporting system and even more actively promoted reporting of safety related incidents both in CPH departments and amongst our external collaboration partners. This means that employees and collaborating partners are even more alert to reporting what they observe others doing. For example, CPH is now informed more directly from airlines via pilot observations when vehicles

may have come too close to aircraft. Furthermore, there are also some instances where the involved party (person) did not even know that the person had caused a potential safety incident, for example, by driving too close to an aircraft. For this reason, the person was not able to report himself.



Safety and security

Our goal is continuously to be one of the best airports at managing flight safety. Every day we are working proactively and systematically to ensure that our passengers feel safe and secure on their journeys.

Notes / People



NOTE
4 **Number of high-risk birdstrikes per 10,000 operations**

Accounting policy

Bird strikes are stated as the number of high-risk collision birds per 10,000 operations.

Bird strikes are defined as:

- *Bird found dead on runway during inspection, as a result of reporting from pilot about potential birdstrike*
- *Bird found dead near runway area without reporting on possible bird strike from pilot.*
- *DNA material collected from aircraft*

All collision birds are determined by Wildlife Hazard Management Specialist or by DNA analysis.

Bird strikes only include the number of species-determined collision birds classified as red or orange risk. Actual bird strikes where DNA is not found or collision birds are not collected are not included in the report.

Collision birds are classified and species determined as red and orange risk after collection by airport bird control, as per the CPH Wildlife Hazard Management Specialist 'Acquired management action' table prepared in connection with the annual Risk Assessment Matrix for CPH.

	Unit	Target 2023	2018	2017	2016
Safety and security, KPI					
Number of high-risk birdstrikes per 10,000 operations	number	Reduce the risk of birdstrikes	1.47	1.39	1.24

The fluctuation seen in the values over the past few years can be attributed to natural variation, as there are various uncontrollable factors (e.g. climate) that effect bird behaviour and hence, indirectly, the number of birdstrikes.

Safety and security

Our goal is continuously to be one of the best airports at managing flight safety. Every day we are working proactively and systematically to ensure that our passengers feel safe and secure on their journeys.

Notes / People



NOTE 5 Working environment

Accounting policy

The number of occupational injuries is stated as the number of occupational injuries occurring in the year in question leading to one or more days of absence in addition to the incident day. The occupational injury frequency is stated as the number of occupational injuries with absence per 1 million actual working hours.

Actual working hours are stated as planned working hours (nominal hours) minus planned time off. Planned time off is defined as holiday with and without pay, additional holiday days and other compensatory days. For salaried staff, CPH still uses a nominal year calculation.

Absence due to illness is stated on the basis of registration in the CPH employee systems.

Number of occupational injuries in CPH construction sites with a requirement for Client Coordination of the working environment effort. Stated as the number of occupational injuries in the year in question leading to one or more days of absence in addition to the incident day. The occupational injury frequency is stated as the number of occupational injuries with absence per 1 million actual working hours.

Counting initiatives implemented by CPH to reduce and prevent working environment impact on our tenants and users.

Working environment

We know that a safe and healthy working environment means job satisfaction and a high level of performance. We are therefore working dedicatedly and innovatively to share knowledge and ensure wellbeing – every day.

	Unit	Target 2023	2018	2017	2016
Working environment, KPI					
Number of occupational injuries per million working hours in CPH	number	5.0	7.9	7.6	8.7
Number of occupational injuries per million working hours on CPH building sites	number	5.0	21.5	18.3	10.8
Rate of absence due to illness	%	4.4	5.0	4.6	5.1
Number of initiatives launched to reduce the work environment impacts	number	5	3	N/A	N/A
Indicators					
Absence due to occupational injuries	%		0.1	0.1	0.1
Occupational injuries involving lost days	number		32	30	33
Health checks	number		332	366	365
Physiotherapy treatments/massages	number		291	143	766

NOTE
5 **Working environment (continued)**

The number of occupational accidents with absence for CPH employees has increased by two, which is an expression of the fact that the improvement curve is being flattened out in this area.

A number of efforts are constantly being made to prevent occupational accidents, but it will be more difficult to see the effects of these in relation to earlier.

The number of work-related accidents were absence at CPH building places is increasing in 2018. The main reason is that two very large projects (Finger E and extension of Terminal 2 airside) throughout 2018, have been in a phase where the risk of accidents at work is high. Despite this, the trend declined throughout 2018, which supports the great efforts made in this area.

Sickness absence has increased, primarily due to an influenza epidemic that hit Denmark all the way to March. If the epidemic had not hit, the year's result would be close to the target.

During the year, there were three initiatives aimed at improving the work environment impacts for CPH's tenants and users. All three Initiatives are multiannual and will form the basis for a closer and permanent focus on CPH's role and the opportunity to positively influence the 3rd party's working environment.

During the year, the following initiatives were taken:

- 1) Working environment in the forecourt.
- 2) Collaboration with the police on occupational health and safety conditions for police officers.
- 3) Monthly meetings in BAG with Handlers and other players in the luggage factories.

NOTE **Employee satisfaction**

6

Accounting policy

CPH's annual engagement survey encourages all employees to respond to a series of statements on development, communication and collaboration, culture and values, psychosocial working environment and strategy. The engagement index score is the average for a series of statements that relate directly to employee satisfaction, motivation, individual well-being and working in teams.

All persons permanently employed at CPH, including permanent substitutes, were able to participate in the survey and were sent

an e-mail on the subject. This did not include employees who had given or been given notice.

An employee's information is included from the date the employment contract is signed and where the information is no longer included in the group figures from the time when the salary payment to an employee ceases.



Attractive workplace

We are working in all areas of our company to maintain a high level of engagement and to remain a diverse and inclusive workplace where all employees can develop and fulfil their potential.

	Unit	Target 2023	2018	2017	2016
Attractive workplace, KPI					
Employee satisfaction	scale 0-100	82	81	83	81
Indicators					
Response rate	%		90	93	89

Employee satisfaction and response rate are still at a very high level, and the decrease is not considered to be significant.

Notes / People



NOTE **Degree of diversity**

7

Accounting policy

At CPH, we work actively to increase diversity and inclusion at all levels of the organisation across CPH, in teams and departments. Here it is crucial for CPH to respect and pay attention to all six diversity dimensions, which are defined by the Department of Human Rights: gender, age, nationality, religion, sexual orientation and disability. As part of this work, CPH has defined KPIs for diversity and inclusion, which are described in the Corporate Responsibility policy.

Information on employees such as age and gender is generally based on CPH's HR system records, in which an employee's data is recorded from the date the employment contract comes into force and until the employee is no longer on the payroll.

A special focus area is the implementation of new initiatives aimed at seniors and possibly younger future employees every year. The selection of these initiatives is supported by age reporting.

The Diversity and Inclusion Strategy defines how CPH wishes to work with diversity and inclusion in the coming years.

Attractive workplace

We are working in all areas of our company to maintain a high level of engagement and to remain a diverse and inclusive workplace where all employees can develop and fulfil their potential.

	Unit	Target 2023	2018	2017	2016
Attractive workplace, KPI	achieved/not achieved	Max. 70% belong to same gender and age group in departments with min. 20 employees	Not achieved	Not achieved	N/A
Degree of diversity					
Five annual initiatives to strengthen the diversity of CPH	achieved/not achieved	5 initiatives per year	Achieved	N/A	N/A
Indicators					
Total number of employees	number		2,632	2,573	2,478
Women in the workforce	%		35	35	35
Men in the workforce	%		65	65	65
Women in management	%		28	30	30
Men in management	%		72	70	70

Notes / People



NOTE
7 **Degree of diversity (continued)**

	Unit	Target 2023	2018	2017	2016
Women on the Board of Directors (elected by AGM)	%		33	33	17
Men on the Board of Directors	%		67	67	83
New employees, women	number		147	169	174
New employees, men	number		211	217	238
New employees, 0-25 years	number		78	67	67
New employees, 26-35 years	number		82	103	126
New employees, 36-49 years	number		134	153	158
New employees, 50-99 years	number		64	63	61
Average age	years		46	45	45
50 years or over	%		39	36	34
Employees, 0-25 years	number		108	97	94
Employees, 26-35 years	number		350	365	349
Employees, 36-49 years	number		1,148	1,177	1,198
Employees, 50-99 years	number		1,026	934	857
Managers, 0-25 years	number		1	-	-
Managers, 26-35 years	number		8	12	17
Managers, 36-49 years	number		111	123	128
Managers, 50-99 years	number		88	76	77

The percentage distribution across the various parameters is largely unchanged over the past three years. There is a minor fluctuation for the age group 0-25 (new hires and employees), which can be ascribed to the increase in the number of apprentices.

The following initiatives have been ongoing during the year:

- Increase in number of apprentices
- Talent scouts
- Approval of the seniors scheme
- Collaboration with the GLAD foundation
- Participation in new FGU board (establishing new Preparatory Basic Training / "Forberedende Grunduddannelse")

Notes / People



NOTE **8** **Passenger satisfaction with terminal facilities and services**

Accounting policy

ASQ (Airport Service Quality) is an international benchmark study based on passenger satisfaction conducted at more than 300 airports worldwide on behalf of the Airports Council International (ACI) airports' international interest organisation.

Satisfaction is measured as the ratio of travellers who rate CPH "5-Excellent" and "4-Very Good" on a scale of 1-5.

The KPI is measured via an average ASQ measurement of passenger satisfaction with six services in the terminals:

- Ambience of the airport
- Cleanliness of airport terminal

- Comfort of waiting/gates areas
- Availability of washrooms
- Flight Information screens
- Internet access/Wi-Fi

Satisfaction in ASQ is measured via airports at the airport using paper questionnaires filled in by passengers in the gate immediately before departure. Questionnaires are distributed and collected by market researchers Epinion in Q1 2018 and Wilke in Q2-Q4.

There are Guidelines for ASQ setup, which CPH must meet before the results are approved by ACI.

	Unit	Target 2023	2018	2017	2016
Passenger satisfaction, KPI					
Passenger satisfaction with terminal facilities and services	%	71	69	67	69

Most underlying drivers are relatively stable compared with recent years, but a significant improvement in satisfaction with Wi-Fi elevates the score from 67% in 2017 to 69% in 2018. The improvement in satisfaction with Wi-Fi is due to the fact that since Q2 2018 it is

becoming easier to connect to Wi-Fi simply by selecting the free CPH Wi-Fi connection instead of having to submit the same personal information as before.

Passenger Experience

Every day, we create a safe and comfortable environment at the airport. We are the welcoming host who treats people with respect and concern for their individual needs so we can continue to be one of the best airports in the world at creating joy of travel and providing good travel experiences.

Notes / People



NOTE 9 **Employee empathy and understanding of airport passengers**

Accounting policy

The KPI covers the percentage share of operational employees with direct passenger contact who have completed a Service Excellence course (module 1 or module 2). The KPI is calculated as the

percentage share of the relevant employees who were scheduled to take a Service Excellence course and who have completed either module 1 or module 2 during the accounting year.

	Unit	Target 2023	2018	2017	2016
Passenger Experience, KPI					
Employee empathy and understanding of airport passengers	%	90	80	N/A	N/A

New courses are planned in 2019, which will ensure that those who did not participate in the planned courses in 2018 will subsequently complete the course. As it is a new start-up course, the result for 2018 is considered satisfactory.

Passenger Experience

Every day, we create a safe and comfortable environment at the airport. We are the welcoming host who treats people with respect and concern for their individual needs so we can continue to be one of the best airports in the world at creating joy of travel and providing good travel experiences.

Notes / People



NOTE
10

Waiting time in central security check (CSC)

Accounting policy

The passenger's waiting time is calculated from the time the passenger arrives at the balcony leading to CSC, from Terminal 2, Terminal 3 or from the arcade, to the security personnel commencing the security check of the passenger.

Data for the individual waiting time is collected via BlipTrack Solutions. BlipTrack is a system that uses Wi-Fi technology to pick up the passenger's movement between two points.

The passenger's movement is collected only if it carries a device where Wi-Fi is turned on.

CSC latency every day measures the number of Wi-Fi observations (passengers) where the median wait time is higher than 20 minutes or less divided by the total number of Wi-Fi observations (passengers) recorded during the week being measured. The measurements are recorded in the period between 4.00 am and 11.00 pm.

CSC peak latency (90% <15 min) is calculated as the number of Wi-Fi observations (passengers) where the median wait time is greater than 15 minutes or less divided by the total number of Wi-Fi observations (passengers) recorded at the two peak intervals: between 5.00 and 9.00 and between 3.00 and 7.00 over the week being measured.



Passenger Experience

Every day, we create a safe and comfortable environment at the airport. We are the welcoming host who treats people with respect and concern for their individual needs so we can continue to be one of the best airports in the world at creating joy of travel and providing good travel experiences.

	Unit	2018	2017	2016
Passenger Experience*, KPI				
Waiting time in central security check (CSC)				
– CSC all day (99% < 20 min)	%	100	100	99
Waiting time in central security check (CSC)				
– CSC in peak (90% < 15 min)	%	99	99	97

2018, like 2017, was characterised by stable and predictable waiting times in the security check, even though there were several passenger journeys with more, and often more desently-packed hand luggage.

*Passenger Experience, the KPI applies until 31 March 2019.

NOTE
11

CO₂

Accounting policy

The volume of CO₂ emissions (scopes 1 and 2) is calculated based on the consumption of power, natural gas, district heating and fuel for vehicles and diesel generators, and emission factors for the individual sources of CO₂. Emission factors are provided by the utility company HOFOR for district heating and by Energinet.dk for power. Emission factors for other sources of CO₂ are provided by the Danish Energy Authority. For power, natural gas and district heating, a rolling average for the five calendar years preceding the reporting year is used. CO₂ per passenger is calculated from scope 1 and scope 2 CO₂ emissions.

The calculation of other relevant indirect CO₂ emissions (scope 3) is based on measurements, traffic counts, questionnaire surveys, key figures and assumptions. Due to materiality considerations, assumptions have primarily been used for the smallest sources. The calculation is limited to the island of Amager and flight operations below 3,000 feet, and by source to utilities and transportation.

The share of renewable energy is calculated as the quantity of power produced by solar panel systems located at Copenhagen Airport as a percentage of CPH's total power consumption in the relevant year.

In June 2014, CPH received an airport carbon accreditation at level 3 – "optimisation" – from Airports Council International (ACI). "Optimisation" is the highest level achievable without buying CO₂ quotas or similar, and requires an airport to calculate its CO₂ emissions and specify carbon reduction targets. It further requires the airport to engage with third parties in calculating the airport's total carbon footprint.

The annual effect of energy efficiency measures is calculated. The annual energy saving is calculated in MWh and is distributed between electricity and heat savings (natural gas and district heating), respectively. The savings are calculated/certified by an external company that works according to Dansk Energis "Code of Conduct"

Energy consumption by m² is calculated as the total CPH consumption per m². The energy consumption includes all of the above energy species.

Square metres for CPH's building stock are calculated via CPH's space management system, which is updated daily.



CO₂

Our long-term vision is to be carbon-neutral. As an airport in growth, it is our view that we have a special responsibility to reduce our CO₂ emissions. Reducing our climate impact is an important and integral part of our actions, so every day we are working on innovative solutions that will optimise our energy consumption.

Notes / Planet

NOTE 11 CO₂ (continued)

	Unit	Target 2023	2018	2017	2016
CO₂, KPI					
Increase share of renewable energy	%	Min. 10	0.24	0.23	0.22
Maintain ACA accreditation at minimum level 3 optimisation	level	level 3	Achieved	Achieved	Achieved
CO ₂ per passenger	kg CO ₂ per passenger	Max. 0.75 kg	0.96	1.00	1.01
Energy consumption per square meter	kWh/m ²	Max 90 kWh/ m ²	89	84	N/A

The production of electricity via solar panels in Magleby was 14% higher in 2018 than 2017, a result of more than 70 summer days against 13 summer days in 2017.

The effort level for execution of energy savings, extreme weather conditions, and the addition of area in relation to the expansion of CPH are the only causes for fluctuations.

	Unit	Target 2023	2018	2017	2016
Indicators					
Total energy savings	MWh		7,164	6,850	4,588
Power	MWh		1,533	893	1,597
Heating, including natural gas	MWh		5,631	5,957	2,991
Direct energy consumption, scope 1	MWh		12,125	12,517	13,574
Petrol	m ³		14	11	11
Diesel	m ³		763	699	731
Natural gas purchased	m ³		1,083,760	1,097,773	1,057,046
Natural gas consumed	m ³		460,174	482,531	462,042
Natural gas for vehicles	m ³		17,051	15,231	6,151
Fueloil	m ³		-	-	107
Indirect energy consumption, scope 2	MWh		77,077	69,793	78,883
Power purchased	MWh		103,395	99,907	98,595
Power consumed	MWh		51,618	50,547	53,175
Renewable energy produced	MWh		123	114	116
District heating purchased	GJ		211,061	194,499	217,773
District heating consumed	GJ		91,653	75,695	92,968
Total CO₂ emissions, scopes 1 + 2	tonnes		28,970	27,885	29,638
Scope 1	tonnes		3,131	3,000	3,297
Diesel/petrol	tonnes		2,058	1,882	1,966
Fueloil	tonnes		-	-	283
Natural gas (heating and vehicles)	tonnes		1,073	1,123	1,048
Scope 2	tonnes		25,839	24,885	26,341
Power and district heating	tonnes		25,839	24,885	26,341
Total CO₂ emissions, scope 3	tonnes		357,603	341,318	353,524
Power, district heating and natural gas	tonnes		28,024	26,847	25,096
Aircraft emissions	tonnes		285,439	270,956	281,042
Catchment area traffic	tonnes		37,678	37,349	39,873
Airside traffic	tonnes		6,462	6,166	7,513



NOTE
12

Air quality

Accounting policy

UGG (very low-emission equipment): Once a year, all companies that have vehicles on the airport site (and hence fitted with a car pass) are requested to self-report, taking the end of the calendar year as the cut-off point. The companies are required to draw up a list of vehicles used, stating type of equipment, make, year of manufacture, fuel (and, in the case of diesel vehicles, whether a particulate filter is fitted), together with an assessment of whether the vehicle conforms to the definition of UGG. It is only equipment, that operates at the airport and it does not include car and vans

of less than 3,500 KG owned by the companies. In addition, spot checks are carried out on new vehicles or where there is a suspected fault. The companies' statements are transferred to a spreadsheet showing the aggregated information. The companies' individual lists and the aggregated information are confidential and are stored by CPH. Based on the aggregated information, a non-confidential "very low-emission equipment %" is calculated, covering all self-reported vehicles

	Unit	Target 2023	2018	2017	2016
Air quality, KPI					
All vehicles with a car pass required to satisfy UGG	%	90	59	57	55

There was a change of 2 percentate points compared with the statement for 2017. The positive development can be attributed to the replacement of vehicles to more environmentally friendly models. The positive trend is expected to continue in the future, as manufacturers introduce more environmentally friendly alternatives.

Air quality

It is important for us that air quality is as good as possible, both now and in the future. We are continuously working on new, smart solutions to minimise consumption of fossil fuels at the airport.



NOTE
13

Air quality

Accounting policy

100% of the renovated or newly established aircraft stands since 2017 must be established with permanent electricity supply and aircraft ventilation systems. Asset managers must provide ongoing information regarding aircraft stand works, including to ensuring that the aircraft stand overview in local regulations is updated.

The number of, new installations and renovations are calculated and aligned with the aircraft stand overview information about layout.

A percentage is calculated for new installations and renovations respectively.

	Unit	Target 2023	2018	2017	2016
Air quality, KPI					
Newly established aircraft stands	%	100	100	100	N/A
Renovated aircraft stands	%	100	100	100	N/A
Indicators					
Total aircraft stands	number		144	135	N/A

All aircraft stands that have been renovated in recent years have all been equipped in accordance with the aircraft stand policy. The most recently renovated aircraft stands, E70-E75 and the newly established E82-E90 are all equipped with: Permanent 400 Hz converter, PCA system (axa powercoil with integrated cooling unit), Wells for 400 Hz and PCA supply, LED aircraft stand lighting, 50 Hz boards for connection of mobile equipment, DGS.

Air quality

It is important for us that air quality is as good as possible, both now and in the future. We are continuously working on new, smart solutions to minimise consumption of fossil fuels at the airport.

Notes / Planet



NOTE
14

Resources

Accounting policy

The amount of waste is calculated based on annual statements from the waste recipients used. The waste recipients are Amager

Ressourcecenter, AV Miljø, Fortum OW, Biotrans-Nordic, I/S SMOKA, Marius Pedersen, Ragn-Sells, RGSNORDIC og STENA Recycling. The waste recipients must be approved by the municipality.

	Unit	Target 2023	2018	2017	2016
Resources, KPI					
Increase the recycling rate (for waste from daily operations in terminal areas, service areas and administration at CPH)	%	Min. 60	21	28	25
Indicators					
Recycling	tonnes		1,134	1,354	2,111
Other recovery	tonnes		3,931	3,225	3,314
Disposal	tonnes		301	308	243
Total waste	tonnes		5,366	4,887	4,768

The food waste handling system was out of order for nearly three months. This has resulted in a 16% reduction of actual waste quantities for recycling.

The quantity of waste for other recovery increased by 22%. There are no airport operations changes to explain this increase. The waste can therefore only be overspill from other waste systems in the airport – including the many construction and civil engineering projects.

Resources

We want to develop our airport responsibly with respect for the planet's limited resources. We are working to implement the circular mindset in our day-to-day operations and ongoing expansion of the airport in order to create the best sustainable solutions for the future.

NOTE
15

Noise

Accounting policy

The CPH CR strategy goal for noise includes the effort to improve dialogue and engagement with our neighbours and operators regarding the sustainable solutions of the future.

Measurements are in the form of neighbour analyses with an aim to implement noise-related initiatives.

A noise-related initiative is defined as an initiative voluntarily implemented by CPH, for which the purpose, or part of the purpose is to improve neighbour experiences related to airport noise. They are therefore initiatives in addition to statutory demands on CPH.

	Unit	Target 2023	2018	2017	2016
Noise, KPI					
Number of noise-related initiatives	antal	10	2	N/A	N/A

This data type has not been aggregated for the years 2016 and 2017. For 2018, the following initiatives were completed or initiated:

- Noise barrier 3 expansion
- Flight tracker implemented for Roskilde Airport in order to improve transparency regarding airport traffic and improve dialogue with neighbours, to include the processing of complaints.



Noise

We want to develop the airport while at the same time handling noise responsibly. We cannot do this on our own, so we are working to strengthen the dialogue and engagement with our neighbours and operators on future sustainable solutions.

Notes / Position



NOTE 16 **Progress in airport connectivity index (ACI)**

Accounting policy

The airport connectivity index (ACI) is calculated using data received from ACI Europe, the European association of airport operators. In June each year, ACI Europe publishes the Airport Industry Connectivity Report, showing the number of direct and indirect connections for each airport. Direct connections are calculated as the total

number of direct connections from CPH to all other destinations, and indirect connections are calculated as the total number of connections with an extra stop at another airport, quality-adjusted in the form of extra flying time and waiting time.

	Unit	Target 2023	2018	2017	2016
International connectivity, KPI					
Progress in Airport Connectivity Index (ACI)	index	9,928	8,933	8,613	8,289
Indicators					
Direct destinations	number		2,691	2,615	2,596
Indirect destinations	number		6,242	5,998	5,692
Direct routes from CPH	number		183	174	165

In 2018, the connectivity index increased by 3.7% – distributed across 2.9% more direct and 4.1% indirect destinations. The increase in direct connectivity is mainly due to more direct routes out of CPH, with an increase from 174 in 2017 to 183 in 2018. The growth in indirect connectivity is due to better connections from secondary hubs where passengers from CPH can transfer.



International connectivity

We are continuing to actively expand connectivity to the whole world in order to create even more growth opportunities. We are committed to helping create world-class benefits – for the business community, the labour market and tourism.

Notes / Position



NOTE **17 Annual long-haul departures at CPH**

Accounting policy

Long-haul departures are calculated based on data from CPH's traffic statistics system, which records all flight operations (take-offs/landings). The definition of long-haul includes all destinations outside Europe, including Greenland and excluding

Turkey and Russia. Long-haul departures are calculated as the number of departures from CPH to the respective destinations, as defined as a route that is flown at least eight times per year over a minimum of eight consecutive weeks.

	Unit	Target 2023	2018	2017	2016
International connectivity, KPI					
Annual long-haul departures at CPH	number	10,000	8,688	7,928	7,919

The number of long-haul destination departures increased by 10% in 2018 compared with 2017. This is mainly due to increased capacity to India, China, the Middle East and North Africa.



International connectivity

We are continuing to actively expand connectivity to the whole world in order to create even more growth opportunities. We are committed to helping create world-class benefits – for the business community, the labour market and tourism.

Notes / Position



NOTE **Point-to-Point connectivity**

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Accounting policy

Point-to-point connectivity is calculated based on data from CPH's traffic statistics system, which records all flight operations (take-offs/landings). A point-to-point destination is defined as a route that is flown at least eight times per year over a minimum of eight consecutive weeks. Point-to-point route is defined as a direct connection without a stopover.

In the number of point-to-point destinations from CPH to the respective destinations, only destinations in Europe and the Faroe Island are included, but not Scandinavia and Denmark. Scandinavia and Denmark are regarded more as feeder routes to the transfer hub in CPH, and are not therefore included, to get an indicator that is so close to point to point traffic flow.

	Unit	Target 2023	2018	2017	2016
International connectivity, KPI					
Point-to-point connectivity (European destinations)	number	131	124	119	110

The number of direct routes increased by nine, the equivalent of 5%. Long-haul destinations (from 38 to 41), European destinations (from 119 to 124) and Scandinavian destinations (from 11 to 12) all showed growth.



International connectivity

We are continuing to actively expand connectivity to the whole world in order to create even more growth opportunities. We are committed to helping create world-class benefits – for the business community, the labour market and tourism.

Notes / Position



NOTE 19 Degree of how attractive to fly domestic

Accounting policy

The attractiveness of domestic flying rather than using any other form of transportation is calculated on the basis of an internet analysis performed by Epinion in their Denmark Panel. The analysis is fully representative across gender, age and region.

	Unit	Target 2023	2018	2017	2016
Cohesion, KPI					
Degree of how attractive to fly domestic	%	48	48	42	N/A

The attractiveness of domestic flights increased from 42% to 48% from 2017 to 2018, which was a significant increase. This was due to the fact that several of the respondents who did not take a position in the first measurement and responded neutral, in a later measurement responded that it is more attractive to fly domestic. In the first measurement and responded neutral, has in a later measurement answered that it is more attractive to fly domestic.



Cohesion

It is important for us to create value for society, so we are investing responsibly and long-term in connecting Denmark even better domestically. With strong products and effective solutions, we want to provide good travel experiences and help strengthen growth and cohesion in Denmark.

Notes / Position



NOTE **20** **Number of domestic passengers**

Accounting policy

Domestic passengers are calculated based on data from CPH's traffic statistics system. There is a statutory duty to record the number of passengers. This is done by the handling companies on behalf of the airlines, and comprises passengers in transit or departing from

Copenhagen Airport. The number of domestic passengers is calculated based on universal time, and includes both arriving, transfer and departing passengers.

	Unit	Target 2023	2018	2017	2016
Cohesion, KPI					
Number of domestic passengers	number	1,834,000	1,586,728	1,611,369	1,710,868

The total number of domestic passengers fell by app. 25,000, or 1.5%, in 2018. The total number of departures and arrivals fell by 1.6%, but the seat supply number rose by 0.4%. The reason is that the average number of seats per aircraft increased from 95 to 97, or 2.0%. The fact that the number of passengers fell in spite of an increase in seat capacity is due to the average load factor falling from 59.6% to 58.5%. All domestic destinations saw reductions, except Billund, which remained largely unchanged, and Sønderborg, which grew. The destination with

the greatest drop in absolute figures, approx. 17,000 (or 2.0%) was Aalborg, Denmark's largest domestic route. Karup also contributed significantly to the drop with approx. 14,000 fewer passengers, a drop of 10%. Sønderborg showed the greatest increase with approx. 5,400, or 9.2%, more passengers.



Cohesion

It is important for us to create value for society, so we are investing responsibly and long term in connecting Denmark even better domestically. With strong products and effective solutions, we want to provide good travel experiences and help strengthen growth and cohesion in Denmark.

Notes / Position



NOTE **ASQ satisfaction among domestic passengers**

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Accounting policy

ACI's passenger satisfaction benchmark ASQ measures satisfaction by means of interviews at the airport using paper questionnaires completed by the passengers at the gate just before departure. Domestic passenger satisfaction is measured as the percentage of passengers who rate CPH as "5-Excellent" or "4-Very Good" on a scale of 1-5. The questionnaires are handed out and collected by the market research agency Epinion.

The interviews are planned to be representative in terms of airlines/destinations, and each quarter CPH receives a sample plan from ACI's international bureau TNS, based on planned aircraft seats from OAG Direct Flights Data. Overall, around 3,000 interviews are conducted with departing passengers each year, of which approximately 200 or 6% are with domestic passengers.

The ASQ set-up is subject to detailed guidelines, with which CPH must comply, before the results are approved by ACI.

	Unit	Target 2023	2018	2017	2016
Cohesion, KPI					
ASQ satisfaction among domestic passenger	%	85	83	86	84

Overall satisfaction is slightly below 2017. The terminal renovations peaked in 2018, and this has had a negative impact on the satisfaction of domestic travelers. The renovations affect the travel experience of an efficient journey, which domestic travellers emphasise, and this has led to a decrease in 2018.



Cohesion

It is important for us to create value for society, so we are investing responsibly and long-term in connecting Denmark even better domestically. With strong products and effective solutions, we want to provide good travel experiences and help strengthen growth and cohesion in Denmark.

Notes / Roskilde Airport, 1 January – 31 December



NOTE
22

Roskilde Airport

Accounting policy

CO₂ emissions, scopes 1 + 2

CO₂ emissions (scopes 1 and 2) is calculated based on the consumption of power, natural gas, fuel for vehicles and diesel generators, and emission factors for the individual sources of CO₂. Emission factors for power are provided by Energinet.dk. Emission factors for other sources of CO₂ are provided by the Danish Energy Authority. For power and natural gas, a rolling average for the five calendar years immediately before the reporting year is used.

Direct energy consumption, scope 1

CPH is responsible for purchasing energy for Roskilde Airport. Roskilde Airport's energy consumption is calculated as the quantity of natural gas purchased. Diesel consumption is adjusted for changes in inventory levels. Consumption is calculated based on the airport's own records, checked against invoices received.

Indirect energy consumption, scope 2

CPH is responsible for purchasing energy for Roskilde Airport. Roskilde Airport's energy consumption is calculated as the quantity of energy purchased. Consumption is calculated based on the airport's own records, checked against invoices received.

Energy savings, scopes 1 + 2

The annual effect of energy-efficiency measures is calculated. The annual energy saving is calculated in MWh and broken down into savings on power and heating (natural gas) respectively. The savings are calculated/certified by an external firm, which complies with Danish Energy's Code of Conduct.

	Unit	2018	2017	2016
Roskilde Airport				
CO ₂ emissions, scopes 1 + 2	tonnes	520	511	532
Direct energy consumption, scope 1	MWh	784	841	906
Indirect energy consumption, scope 2	MWh	745	728	728
Energy savings, scopes 1 + 2	MWh	-	26.8	-

Roskilde Airport's energy consumption and CO₂ emissions are on par with 2017.



Management's statement & auditor's reports

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Management's Statement

The Group Annual Report – which according to section 149 of the Danish Financial Statements Act is an extract of the Company Annual Report – does not include the financial statements of the Parent Company, Københavns Lufthavne A/S. The financial statements of the Parent Company have been prepared as a separate publication available at www.cph.dk/en.

The financial statements of the Parent Company form an integral part of the full Annual Report. The full Annual Report, including the financial statements of the Parent Company, will be filed with the Danish Business Authority, and copies are also available from the Danish Business Authority on request.

The allocation of the profit for the year, including the proposed dividend, is described on [page 80](#).

The full Annual Report contains the following Management's statement and auditor's report.

Management's statement

The Board of Directors and the Executive Management have today considered and adopted the Annual Report of Københavns Lufthavne A/S for the financial year 1 January – 31 December 2018.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Com-

pany Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

CPH's non-financial statements, which include social and environmental aspects, have been prepared in accordance with the specific accounting policies in this area.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Group and the Company, and of the results of the Group and Company operations and consolidated cash flows for the financial year 1 January – 31 December 2018.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

CPH's non-financial statements, which include social and environmental aspects, have been prepared in accordance with relevant principles. The non-financial reporting represents a balanced

and reasonable presentation of the Company's social and environmental performance.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 5 March 2019

Executive Management



Thomas Woldbye
CEO

Board of directors



Lars Nørby Johansen
Chairman



David Stanton
Deputy chairman



Ulrik Dan Weuder
Deputy chairman



Charles Thomazi



Janis Kong



Marlene Haugaard



Jesper Bak Larsen



John Flyttov



Dan Hansen

Independent Auditor's Report

To the shareholders of Københavns Lufthavne A/S

Our opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2018 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2018 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements of Københavns Lufthavne A/S for the financial year 1 January to 31 December 2018 [pages 75-118](#) comprise the income statement and statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the notes, including summary of significant accounting policies.

The Parent Company Financial Statements of Københavns Lufthavne A/S for the financial year 1 January to 31 December 2018 pages 160-173 comprise the income statement, the balance sheet, the statement of changes in equity and the notes, including summary of significant accounting policies.

Collectively referred to as the "Financial Statements".

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

Following the admission of the shares of Københavns Lufthavne A/S for listing on Nasdaq Copenhagen, we were first appointed auditors of Københavns Lufthavne A/S in 1995. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 24 years including the financial year 2018.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2018. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (continued)

Key audit matters

How our audit addressed the key audit matters

Recognition of revenue

Revenue comprises an aeronautical and a non-aeronautical segment. Revenue in the aeronautical segment comprises passenger, security, take-off and aircraft parking charges and other charges. Revenue in the aeronautical segment is recorded on the basis of various data sources that are integrated through automated and manual processes.

Revenue in the non-aeronautical segment comprises concession income, rental income and parking charges. Concession income and rental income are recorded on the basis of contracts signed. The income is recorded through automated processes and partially through manual processes as regards revenue-based contracts. Parking charges are recorded automatically upon leaving the parking area by means of parking barriers.

Effective processes and controls are crucial for correct recording of revenue.

We focused on this area because the large number of processes and transactions related to the various revenue streams involves a risk of misstatement of revenue recognition.

Refer to note 2.2 in the Consolidated Financial Statements.

We considered the appropriateness of the Company's accounting policies for revenue recognition of the various revenue streams, discussed the principles with Management and assessed compliance with applicable accounting standards, including implementation of IFRS 15.

We gained an understanding of the Group's internal processes and controls and tested relevant controls on a sample basis. In this connection, we tested IT general controls related to the financial reporting, relevant automated application controls and manual controls.

We performed substantive audit procedures regarding revenue through reconciliation of transactions with significant contracts and charges regulation etc. in order to assess the existence, completeness, accuracy and correct timing of revenue recognition.

We performed data analysis including analysis of revenue transactions in order to identify transactions outside the ordinary transaction flows.

Key audit matters

How our audit addressed the key audit matters

Property, plant and equipment

Property, plant and equipment account for more than 90% of the Group's total assets, and investments for the year amounted to DKK 1,938 million.

The individual items of property, plant and equipment consist of a large number of transactions that are recorded through manual processes on a current basis. Investments through internal production and through the conclusion of agreements with contractors require robust control procedures and systems to ensure that the assets are recognised and measured accurately in the Financial Statements.

A large part of property, plant and equipment are specialised and require considerable estimates by Management for the determination and reassessment of useful lives, which is done in cooperation with the Company's own specialists.

We focused on this area due to the complexity and the considerable estimates made by Management in connection with the determination of useful lives.

Refer to note 3.3 in the Consolidated Financial Statements.

We gained an understanding of the Group's internal controls and performed an evaluation and validation of these through test of relevant controls, including procedures ensuring the existence and correct recording additions, transfers and disposals of property, plant and equipment.

We evaluated Management's assessment of the useful lives of property, plant and equipment through analysis of the historical need for write-downs related to scrapped assets. Moreover, we obtained data on the historical useful lives of special airport-specific facilities and compared these with Management's assessment of the useful lives of property, plant and equipment.

We obtained specifications of investments made by the Company and reviewed the investment plans for the most comprehensive investments, which primarily comprised continued investments in development of wide-body-facilities, the establishment of Pier E, the expansion of Terminal 2 and Terminal 3, and the expansion of the security area in order to assess the effect of the investments on the existing facilities.

Independent Auditor's Report (continued)

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Fi-

nanical Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities

for the Audit of the Financial Statements Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hellerup, 5 March 2019

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 3377 1231

Brian Christiansen
State Authorised Public Accountant
mne23371

Søren Ørjan Jensen
State Authorised Public Accountant
mne33226

Limited assurance report of the independent auditor

To the Stakeholders of Københavns Lufthavne A/S

Københavns Lufthavne A/S engaged us to provide limited assurance on the consolidated non-financial statements in the Annual Report for the year ended 31 December 2018.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us not to believe that

- Management has completed a documented assessment of materiality as described on [pages 125-126](#) when defining the contents of the consolidated non-financial statements;
- The annual report 2018, comprising both consolidated financial and non-financial statements, have been prepared in accordance with the UN Global Compact principles;
- The consolidated non-financial statements stated on [pages 119-150](#) in the 2018 annual report of Københavns Lufthavne have been prepared, in all material respects, in accordance with the non-financial accounting policies stated on [pages 125-150](#).

This conclusion is to be read in the context of what we say in the remainder of our report.

What we are assuring

The scope of our work was limited to assurance over consolidated non-financial statements as stated on [pages 119-150](#) in the 2018 Københavns Lufthavne Annual Report. Furthermore, we were to assess and conclude with limited assurance whether the 2018 Annual Report have been prepared in accordance with the principles of the UN Global Compact, and whether Københavns Lufthavne have completed an assessment of materiality as described.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits and Reviews of Historical Financial Information'. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our independence and quality control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other ethical requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our work was carried out by an independent multidisciplinary team with experience in sustainability reporting and assurance.

Understanding reporting and measurement methodologies

Data and information need to be read and understood together with the accounting principles ([pages 125-150](#) of the 2018 Københavns Lufthavne Annual Report), which Management is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Work performed

We are required to plan and perform our work in order to consider the risk of material misstatement of the data. In doing so and based on our professional judgement, we:

- Conducted an assessment of how Københavns Lufthavne has reported upon ten principles of UN Global Compact;
- Conducted interviews with key functions in Københavns Lufthavne and checked working papers to assess whether Management conducted a materiality assessment as described on [pages 125-126](#);
- Made inquiries regarding methods, procedures and internal control as well as conducted selected interviews with data and reporting responsible personnel and checks to underlying documentation;
- Conducted analytical review of the data and trend explanations submitted for consolidation at Group level.

Limited assurance report of the independent auditor (continued)

Management's responsibilities

Management of Københavns Lufthavne is responsible for:

- Designing, implementing and maintaining internal controls over information relevant to the preparation of the consolidated non-financial statements for 2018 that are free from material misstatement, whether due to fraud or error;
- Establishing objective accounting principles for preparing data;
- Measuring and reporting the consolidated non-financial statements for 2018 based on the accounting principles;
- Ensuring compliance with UN Global Compact and completion of a materiality assessment when defining contents of the non-financial statements.

Our responsibility

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the consolidated non-financial statements as stated on [pages 119-150](#) in the 2018 Annual Report are free from material misstatement, whether due to fraud or error, and for assessing compliance with UN Global Compact and for assessing the materiality assessment completed;

- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Stakeholders of Københavns Lufthavne.

Hellerup, 5 March 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR no. 3377 1231

Søren Ørjan Jensen
State Authorised
Public Accountant

Jens Pultz Pedersen
M.Sc. (engineering)

