

Stock exchange release Copenhagen, 1 March 2018

Annual report for 2017

Copenhagen Airports A/S (CPH) set a new passenger record for a seventh consecutive year in 2017. Copenhagen Airport topped 29.2 million passengers for the year, representing growth of 0.5%.

The increase in the number of passengers contributed to a 0.4% increase in revenue to DKK 4,439.4 million. Excluding the effect of the new hotel agreement, where the hotel operation changed from a management contract with Hilton to a minimum-based lease with Nordic Choice Hotels in the second quarter, revenue increased by 3.5%. As a result of the increased revenue and the continuing focus on cost efficiency, the reported profit before tax climbed to DKK 1,635.6 million. Excluding one-off items, profit before tax for 2017 was DKK 1,661.8 million, in line with the guidance set out in the stock exchange announcement of 16 November 2017.

Growth was driven primarily by a higher number of international passengers and, despite an 8.4% fall in transfer traffic, Copenhagen Airport maintained its strong competitive position as a North European hub. There was also increased revenue from the shopping centre and parking.

High investment level creating capacity for further growth

In the past decade, Copenhagen Airports A/S has invested more than DKK 9.5 billion on expanding and developing the airport. In 2017, the investment level once again increased significantly, with the airport spending around DKK 1,477 million on investments across the year.

Among other things, the increased investment allowed CPH to complete the major expansion of the central security checkpoint and begin work on the first two phases of the new Pier E, which will have gates and stands for large long-haul aircraft in particular. Furthermore, an expansion of Terminal 2 was carried out and construction of a new walkway from the metro station to security started. The numerous building activities are an important part of realising the airport's expansion plan, Expanding CPH.

Non-aeronautical growth

Revenue from the shopping centre increased by 6.0% in 2017. The main driver was the increase in local departing passengers. There was also an increased spend per passenger in the shopping centre in 2017, prompted by an improved shop and brand mix as well as the opening of a new area at the expanded central security checkpoint.

Parking revenue grew by 4.1% due to increased capacity (P19), an ongoing stronger online and media presence, and an increase in local departing passengers.

Outlook for 2018

	REALISED 2017	OUTLOOK FOR 2018
Revenue growth	0.4%	decrease of 1-2%
Revenue growth excluding one-off items and the hotel operation	3.5%	decrease of 0.5-1.5%
Profit before tax excluding one-off items, DKK million	1,661.8	1,350-1,450
Profit before tax, DKK million	1,635.6	
Total investments, DKK million	1,477.1	1,800 - 2,100

Outlook for revenue growth

Based on the expected traffic programme for 2018, an increase in the total number of passengers is expected. The development in passenger numbers is a dynamic factor that is subject to both positive and negative influence from general economic developments, decisions by airlines relating to routes and capacity, and isolated events in the aviation industry. The increase in passenger numbers is expected to have a favourable impact on revenue, while growth is more than offset by the announced reduction in airport charges at the end of 2017. Charges are being reduced from April 2018 through two specific initiatives. Firstly, the charges that all airlines pay to use the airport are being reduced and, secondly, a special hub incentive scheme is being introduced, lowering charges for the frequent feeder flights between regional airports and CPH by 35%. Overall, CPH's charges are expected to decrease by an average of 10% from April 2018.

Growth in revenue excluding one-off items and hotel operation is expected to be negative in the range 0.5-1.5% due to the announced reduction in charges.

Outlook for profit before tax

Operating costs are expected to be higher than in 2017, primarily due to the expected rise in passenger numbers, stricter security regulatory requirements and cost inflation, although this will partly be offset by a continuing focus on operating cost efficiency.

Overall, depreciation charges and financing costs are expected to be higher than in 2017, primarily as a result of a high investment level.

Excluding one-off items, profit before tax in 2018 is expected to be in the range of DKK 1,350-1,450 million. Excluding one-off items due to the reduction in charges, EBITDA is expected to be lower in 2018 than in 2017.

Outlook for capital investments

CPH expects to continue to invest in growth for the benefit of passengers and airlines, and is therefore continuing with Expanding CPH, its plan to expand and develop the airport as passenger numbers increase.

CPH also expects to significantly increase its investments in 2018, to an estimated DKK 1.8-2.1 billion, to accommodate Expanding CPH. Planned investments include expansion of the central security checkpoint, improvement of wide-body facilities, a new walkway in Terminal 3, enhanced passport control and expansion of Terminal 2 airside. CPH will also be investing in non-aeronautical projects for the benefit of airlines and passengers.

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

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